



M A R T I N A R N O L D

Princes Parade

Financial Appraisal

Client:

Save Prince's Parade Group

Date:

12 October 2017

Job No:

MA:0000

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Princes Parade

ACCOMPANYING NOTES / SUPPORTING INFORMATION

The following text has been provided to explain the rationale behind the appraisal for Princes Parade. This includes where applicable cost data from recent live projects, the source of build rates applied to measured quantities and any assumptions made within the appraisal.

Information Used

The information used to produce this appraisal is contained within the planning application reference number Y17/1042/SH available on Shepway District Council's planning website.

Schedule of Accommodation

There is no definitive schedule of accommodation contained in the planning application. We have therefore apportioned the units on the basis of an 80/20 split between flats and houses. The application refers to "the vast majority will be flats" which informs this assumption. The unit sizes have been assumed to be national minimum space standard sizes. A split between 2 bed 3 person flats and 2 bed 4 person flats has also been assumed. We have made an assumption that the circulation space associated with the flats will be 22% of the building which is fairly typical with new developments. We have assumed that 30% of the units will be affordable housing and this will be split 60/40 between affordable rent and shared ownership which is policy compliant.

Build Rates

The build rates used for the residential and leisure centre elements of the scheme are based upon BCIS average prices rebased for Kent. The commercial and hotel elements of the scheme are assumed to be built as shell and core only so that the end user can fit out to their specification.

Private Sales Values

Private sales values are not based upon a formal valuation but are based on a review of properties available and recently sold on Rightmove. There are a couple of new build developments recently completed or currently completing that provide good comparables.

Affordable Values

Shared ownership values are based upon 80% of private sales values. This is typical of recent S/O offers. Affordable Housing values are based upon a capitalisation of local housing allowance rates.

Other Incomes

Commercial values are based on a capitalisation of anticipated rent values which have been assumed as £9/sqft. We have little comparable information to support this assumption so there is an element of pricing risk associated with this. An income of £3.2m has been allowed for associated with the leisure centre as it is understood that this money is available from S106 contributions.

Site Costs

Site costs have been ascertained from the application information as best as possible. Where possible items have been quantified. Where this is not possible then approximate quantities based on a rough measure of the drawings have been used or allowances have been made.

Other Assumptions

All other assumptions are as per notes in document and are typical of current development rates.

Conclusion

The appraisal currently shows that based upon the assumptions listed that the scheme is not viable as the residual land value figure is -£7,642,884

Princes Parade

Date: 12th October 2018

£

£

Total Income

59,312,611

Total Development Costs

Residential Build Cost including parking
Remediation Costs & Demolition
Services/ Infrastructure
Commercial Works

Total Construction Costs

47,674,743

Fees	at 10.00% of Build Cost	4,767,474
Marketing Fees for Private Sale	at 3.50% of sales income	1,596,000
Other Fees		0
Headline Margin	20.00% of private income	9,120,000
Finance		2,169,201
Stamp Duty	Stamp duty at 4% (excl VAT)	0
Land Acquisition Fees	Stamp duty at 1% (excl VAT)	0
Rights of light/party wall	Excl	0
S106/S278 Contributions	Assumed £5k per unit	750,000
Local CIL	Local at £100/sqm	878,077

Total Development Costs

66,955,495

Residual Land Value

-7,642,884

Income and Construction Cost Summary for Princes Parade

Description	Quantity	Unit	Rate	Current Build Cost	Current Income	Information Driver/Notes
Site Clearance	78,750	m2	£ 20.00	£ 1,575,000.00		Approx Quant. Site area.
Ground Remediation - Capping Layer	78,750	m2	£ 18.00	£ 1,417,500.00		Approx Quant
Ground Remediation - Hotspots and risk allowance	1	item	£ 250,000.00	£ 250,000.00		
Site Levels	31,500	m3	£ 110.00	£ 3,465,000.00		Approx Quant, based on 400mm cut. Allowed as hazardous.
Service Diversions	1	item	£ 210,000.00	£ 210,000.00		Diversion to rising main and 160m of water supply pipe.
Substations	2	nr	£ 100,000.00	£ 200,000.00		
Services Allowance - Connections	150	nr	£ 3,000.00	£ 450,000.00		
Services Corridor to Princes Parade	650	m	£ 1,500.00	£ 975,000.00		
Drainage - Attenuation Tanks	1	item	£ 110,500.00	£ 110,500.00		Assumed quant from similar size project. Cut assumed hazardous.
Japanese Knotweed - one plant	1	item	£ 15,120.00	£ 15,120.00		Removal of one plant dig and dump.
Cycle Storage	150	nr	£ 200.00	£ 30,000.00		
New Road	1,050	m	£ 1,200.00	£ 1,260,000.00		
New Promenade	11,550	m2	£ 180.00	£ 2,079,000.00		
Leisure Centre	2,961	m2	£ 2,513.00	£ 7,440,993.00	£ 3,200,000.00	
Leisure Centre - Externals	3,315	m2	£ 250.00	£ 828,750.00		Approx Quant
Car Parking	103	nr	£ 4,500.00	£ 463,500.00		
New Trees	250	nr	£ 1,200.00	£ 300,000.00		Approx Quant
Soft Landscaping	43,935	m2	£ 15.00	£ 659,025.00		Approx Quant based on 60% of site area.
Energy Allowance/Zero Carbon Payment	150	nr	£ 2,500.00	£ 375,000.00		
E/O Piled Foundations	4,567	m2	£ 250.00	£ 1,141,698.72		Understood piling required throughout
Primary Sea Wall Works	1,050	m	£ 1,000.00	£ 1,050,000.00		Allowance based on architects' drawings.
Secondary Sea Wall Works	1,050	m	£ 1,000.00	£ 1,050,000.00		Allowance based on architects' drawings.
E/O Luxury Spec Upgrade incl ensuites	105	nr	£ 9,500.00	£ 997,500.00		
Road Retaining Structure	1,050	m	£ 1,500.00	£ 1,575,000.00		Assumed required.
Ecological Risk Allowance	1	item	£ 250,000.00	£ 250,000.00		
Private			basic with no abnormal founds	£ 11,423,780.77	£ 45,600,000.00	
Intermediate				£ 1,905,931.64	£ 6,320,000.00	
Affordable Rent				£ 2,842,217.97	£ 2,435,019.60	
Commercial				£ 1,206,500.00	£ 1,757,591.10	
Leasehold reversions					£ -	
Contingency @	5%			£ 2,127,725.86		
Sub - Totals				£ 47,674,742.96	£ 59,312,610.70	

**Princes Parade
Accommodation Schedule**

Unit Type	Unit Area (sqm)	Tenure	Number	Total Net Area (sqm)	Net/Gross Ratio	Total Gross Area (sqm)	Build Rate	Build Cost	Income per Unit	Total Income
1 Bed 2 Person Flat	50.00	Private	42	2,100.00	78%	2,692.31	£ 1,301.00	3,502,692.31	£ 300,000.00	£ 12,600,000.00
2 Bed 3 Person Flat	63.00	Private	10	630.00	78%	807.69	£ 1,301.00	1,050,807.69	£ 400,000.00	£ 4,000,000.00
2 Bed 4 Person Flat	74.00	Private	33	2,442.00	78%	3,130.77	£ 1,301.00	4,073,130.77	£ 500,000.00	£ 16,500,000.00
3 Bed 5 Person House	100.00	Private	10	1,000.00	100%	1,000.00	£ 1,301.00	1,301,000.00	£ 600,000.00	£ 6,000,000.00
4 Bed 7 Person House	115.00	Private	10	1,150.00	100%	1,150.00	£ 1,301.00	1,496,150.00	£ 650,000.00	£ 6,500,000.00
1 Bed 2 Person Flat	50.00	Intermediate	7	350.00	78%	448.72	£ 1,301.00	583,782.05	£ 240,000.00	£ 1,680,000.00
2 Bed 3 Person Flat	63.00	Intermediate	2	126.00	78%	161.54	£ 1,301.00	210,161.54	£ 320,000.00	£ 640,000.00
2 Bed 4 Person Flat	70.00	Intermediate	5	350.00	78%	448.72	£ 1,301.00	583,782.05	£ 400,000.00	£ 2,000,000.00
3 Bed 5 Person House	96.00	Intermediate	2	192.00	100%	192.00	£ 1,301.00	249,792.00	£ 480,000.00	£ 960,000.00
4 Bed 7 Person House	107.00	Intermediate	2	214.00	100%	214.00	£ 1,301.00	278,414.00	£ 520,000.00	£ 1,040,000.00
1 Bed 2 Person Flat	50.00	Affordable Rent	11	550.00	78%	705.13	£ 1,301.00	917,371.79	£ 73,433.45	£ 807,768.00
2 Bed 3 Person Flat	63.00	Affordable Rent	3	189.00	78%	242.31	£ 1,301.00	315,242.31	£ 89,754.60	£ 269,263.80
2 Bed 4 Person Flat	70.00	Affordable Rent	7	490.00	78%	628.21	£ 1,301.00	817,294.87	£ 89,754.60	£ 628,282.20
3 Bed 5 Person House	96.00	Affordable Rent	3	288.00	100%	288.00	£ 1,301.00	374,688.00	£ 112,195.20	£ 336,585.60
4 Bed 7 Person House	107.00	Affordable Rent	3	321.00	100%	321.00	£ 1,301.00	417,621.00	£ 131,040.00	£ 393,120.00
Commercial	1,270.00	Commercial		1,270.00	100%	1,270.00	£ 950.00	1,206,500.00	£ 1,757,591.10	£ 1,757,591.10
Totals			150	11,662.00		13,700.38		17,378,430.38		56,112,610.70