

39a Fitzjohn's Avenue and Land at Mansfield Gardens NW3 5JT

Independent Viability Review

**Prepared on behalf of the London
Borough of Camden**

24th May 2024

Planning Reference: 2024/0728/P



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Contents

1.0	Introduction	2
2.0	Summary Table	4
3.0	FVA Checklist	5
4.0	Conclusions And Recommendations.....	6
	Benchmark Land Value.....	6
	Development Value	6
	Development Costs	7
	Appraisal Results & Recommendations	8
	Sensitivity Testing	8
5.0	Principles Of Viability Assessment.....	9
6.0	Benchmark Land Value.....	10
	Viability Benchmarking.....	10
	The Proposed Benchmark.....	12
	Our Assessment of Benchmark Land Value.....	13
7.0	Development Values	16
	Open Market Sales ('OMS') Residential Values	16
	Parking	23
8.0	Development Costs	24
	Construction Costs	24
	Additional Costs	24
	Profit.....	24
9.0	Author Sign Off.....	26
	Appendix 1: Build Cost Report.....	27
	Appendix 2: BPS Appraisal	32
	Appendix 3: Residential Evidence.....	33
	Appendix 4: Glossary	34

1.0 Introduction

- 1.1 BPS Chartered Surveyors have been instructed by the London Borough of Camden ('the Council') to undertake a review of a Financial Viability Assessment ('FVA') prepared by Quod on behalf of 39 Fitzjohn's Avenue Ltd ('the Applicant') in connection with a planning application for the redevelopment of the above site.
- 1.2 The subject site comprises of 39a Fitzjohn's Avenue and land at Maresfield Gardens. No. 39a Fitzjohn's Avenue is an extension to the building at 39 Fitzjohn's Avenue, which does not fall within the application site redline boundary, and benefits from an extant planning consent for redevelopment. The property, 39a Fitzjohn's Avenue, is plain and institutional in character.
- 1.3 We have included the following redline site boundary plan taken from the Council's website:



- 1.4 The location is predominantly residential in nature. The site is located within 'Sub-Area 1' of the Fitzjohn's and Netherhall Conservation Area. The property at 39a Fitzjohn's Avenue is not listed.
- 1.5 The proposals are for:

Development of the land adjacent to 46 Maresfield Gardens including the erection of a five-storey (plus lower ground floor) building to provide new residential accommodation (Class C3), associated basement excavation, hard and soft landscaping works, boundary treatment works,

and other associated works. Substantial demolition and redevelopment of 39a Fitzjohn's Avenue for the provision of residential accommodation (Class C3) including erection of three-storey rear extension, part one-/part two-storey roof extension, associated basement excavation, hard and soft landscaping works, front boundary treatment works, and other associated works.

- 1.6 The basis of our review is the FVA prepared by Quod, dated February 2024, which concludes that the scheme currently shows a deficit of approximately **-£8,222,000** and therefore no affordable housing can viably be offered.
- 1.7 We have downloaded documents available on the Council's planning website.
- 1.8 We have received a live version of the Argus appraisal included in Quod's report.
- 1.9 We have assessed the cost and value inputs within the financial appraisal in order to determine whether the scheme can viably make any affordable housing contributions.
- 1.10 We have searched the Council's planning website and have not identified any other recent or outstanding planning applications relating to the site. This site is part of a wider masterplan to develop 39 Fitzjohn's Avenue and the rear gardens. The redevelopment of the main house, 39 Fitzjohn's Avenue, has been granted consent under application, 2020/2169/P.
- 1.11 A Land Registry search shows that the Applicant purchased the titles, NGL913501, NGL913502, NGL913503 for £19,750,000 in May 2018.
- 1.12 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS1 of the RICS Valuation – Global Standards 2022, the provisions of VPS1–5 are not of mandatory application. Accordingly, this report should not be relied upon as a Red Book Valuation. The Valuation Date for this Viability Review is the date of this report, as stated on the title page. This Viability Review has been undertaken in accordance with the Terms & Conditions provided to the Council and with any associated Letters of Engagement and should only be viewed by those parties that have been authorised to do so by the Council.
- 1.13 This Viability Review adheres to the RICS Professional Statement on Financial Viability in Planning (published May 2019). In accordance with this Statement, we refer you to our standard terms and conditions which incorporate details of our Quality Standards Control & Statement on Limitation of Liability/ Publication.

2.0 Summary Table

2.1 Our analysis presents the following outturn financial position for the project:

Input	Quod	BPS	Comments
Income			
Open Market Sales	£48,915,000 (£1,233 psf)	£55,275,000 (£1,393 psf)	Disagreed
Ground Rents	£nil	£nil	Agreed
Car Parking	£0	£150,000	Ambiguous
Expenditure			
Benchmark Land Value	£7,200,000	£-	Inconclusive (Inadequate assessment provided)
Build Costs	£25,214,744	£23,340,307	Disagreed
Contingency	5%	5%	Agreed
Professional Fees	12%	10%	Disagreed
OMS Marketing Fees	3%	2.5%	Disagreed
OMS Disposal Fees	2%		
S106 Costs	£330,000	£330,000	Ambiguous (Council to confirm)
MCIL2 / Borough CIL	£3,877,304	£3,877,304	
Finance Rate	12%	7%	Disagreed
Profit (on GDV)	20%	17.5%	Disagreed
Development Timeframes			
Pre-construction Period	9-months	9-months	Agreed
Construction Period	24-months	22-months	Disagreed
Pre-Sales / Sales Rate	35% 2 units pcm	50% 2 units pcm	Disagreed
Sales Period	12-months	8-months	Disagreed
Viability Position			
Surplus/Deficit	-£8,222,000	+£11,130,000	Not conclusive
Actual Profit (on GDV)	3.2%	37.6%	

3.0 FVA Checklist

- 3.1 The table below summarises the documentation received at the date of this submission. As outlined below the Quod submission lacks considerable information relating the Benchmark Land Value. We therefore request that the additional information highlighted below is provided to support their assessment.

Existing Site	
Land Ownership Plan	Downloaded.
Measurements of the Existing Site / Buildings	Received.
Floor Plans	Received.
Detailed Description of the Existing Site	Not Provided.
A Schedule of Condition	Not Provided.
External Photographs of the Existing Site / Buildings	Received.
Internal Photographs of the Existing Site / Buildings	Received.
NPPG Compliant BLV Assessment	Not Provided.
Recent Transactional Evidence Supporting BLV Assumptions	Not Provided.
Cost plan/estimate to support refurbishment assumptions	Not Provided.
Proposed Development	
Application Plans	Downloaded.
Accommodation Schedule	Received.
Measurements of the Proposed Scheme (GIA/NIA)	Received.
Design and Access Statement	Downloaded.
Planning Statement	Downloaded.
Recent Transactional Evidence Supporting GDV Assumptions	Received.
Construction	
A Cost Plan	Received.
Development Programme	Not Provided.
Appraisals	
Copy of the Live Argus Appraisal	Received.

4.0 Conclusions And Recommendations

- 4.1 We have reviewed the FVA prepared by Quod on behalf of the Applicant which concludes that the proposed scheme generates a negative residual land value of **-£1.02m** which is £8.22m below their benchmark land value of £7.2m. On this basis the scheme generates a deficit of approx. **-£8.2m** and therefore cannot provide any affordable housing contribution.
- 4.2 We note that if the Applicant were to continue on this basis, they would make a net profit return of 3.2% on GDV (c. £1.56m) which is below the profit target of 20% on GDV (c. £9.8m) sought in Quod's assessment.

Benchmark Land Value

- 4.3 Quod have provided an un-evidenced opinion of value from a local estate agent, who state the value of the existing property to be £7.0m, with a potential to increase this value to £9.0m after refurbishment. The opinion constitutes no more than a couple of sentences and is not supported by any evidence.
- 4.4 Regardless, Quod consider the property to have an "EUV" of £6.0m after deducting a refurbishment allowance of £2.0m. To this they have applied a Landowner Premium of 20% to arrive at a BLV of £7.2m. We note that the application of a premium in this instance is not compliant with NPPG. Moreover, Quod's assessment constitutes nothing more than a paragraph and does not include any reasoning or evidence to support the value and cost assumptions made.
- 4.5 Despite being in C3 use, floor plans show that this property is not currently suited to being a standard residential dwelling. Moreover, upon request we have been provided with internal photographs which show the property to be completely stripped out and boarded.
- 4.6 As such, in its current state the property is not capable of occupation and as such the Existing Use Value is nominal. We have not been provided with an adequately evidenced Alternative Use Value assessment to review and on this basis cannot comment further.
- 4.7 Having taken the above into consideration, we consider the Benchmark Land Value should be £nil pending a properly evidenced and NPPG compliant assessment from Quod.

Development Value

- 4.8 The scheme includes 33 units (29 flats, 2 maisonettes and 2 houses).

- 4.9 Quod have provided a pricing schedule prepared by a local estate agent. A handful of secondhand asking prices and transactions are referred. No supporting analysis or commentary is provided and as such it is unclear how the agent has determined these values.
- 4.10 We have undertaken our own research and have found there to be a lack of comparable new build transacted evidence in the locality. As such there is uncertainty regarding the achievable values. We have therefore had to rely on a mix of dated new build sales data and secondhand evidence due to this being the only evidence available.
- 4.11 We consider the values proposed by Quod to be understated and our suggested revisions result in an increase of 11.5% to the private sales values. We consider our pricing conservative for some units given they are more akin to the secondhand evidence tone given that this is the only evidence available at this stage. We consider it essential that the pricing is kept under review.
- 4.12 There is a provision for 3 car parking spaces within the proposed development. We have assumed these will be sold separately and have included a value of £50,000 per space (£150,000) pending evidence from Quod.

Development Costs

- 4.13 Our Cost Consultant, Neil Powling has reviewed the Cost Plan for the proposed scheme prepared by Anstey Horne, dated February 1st, 2024, and concludes that:
- Our benchmarking results in an adjusted benchmark for 39A Fitzjohn's Avenue of £5,568/m² that compares to the Applicant's £5,666/m² a difference of £98/m² (£155,748). The results for the adjacent land at Maresfield Gardens is £5,039/m² that compares to the Applicant's £5,253/m² a difference of £213/m² (£656,785). With the discrepancy identified in 3.9 above we consider the construction cost to include in the appraisal to be £23,340,307.*
- 4.14 We have reviewed the other costs outlined within the FVA and consider the OMS disposal fees to be excessive and have reduced these. We have also revised the finance rate to 7% and the profit target to 17.5% on GDV.
- 4.15 We have reviewed the proposed development timeframes and consider the construction and sales period to be excessive and have therefore reduced these within our appraisal.

Appraisal Results & Recommendations

- 4.16 We have been provided with a live version of the Argus appraisal included in Quod's report to which we have applied our amendments. These amendments are outlined in the table included at Section 2.
- 4.17 The appraisal includes a fixed Benchmark Land Value to ensure that land interest charges are not under or overstated. The appraisal also includes a fixed developer profit target as a cost to the scheme. Therefore, if a deficit is generated then the scheme does not cover its costs and is thus unviable. If a surplus is generated then this is surplus profit which can be used to contribute towards affordable housing.
- 4.18 As outlined above, we are unable to reach a conclusive position on the BLV due to the inadequate assessment provided by Quod. On this basis, our findings are provisional and not conclusive.
- 4.19 Our appraisal currently shows a surplus of £11,130,000 and therefore providing scope for an affordable housing contribution. However, this is subject to change once the BLV matter is resolved.
- 4.20 We recommend that the scheme should be subject to an early and late stage review in order that the viability can be assessed over the lifetime of the development.

Sensitivity Testing

- 4.21 We have undertaken sensitivity analysis firstly on the Benchmark Land Value. Whilst we do not consider Quod's assessment to be adequate if we were to adopt their position of £6,000,000 (less the premium in accordance with NPPG), then our appraisal would still generate a surplus of over £3,000,000. This is for demonstrative purposes only and should not be interpreted as an agreement to Quod's BLV.
- 4.22 Secondly, we have undertaken sensitivity analysis on the private sales values and build costs. The analysis indicates that the scheme would become unviable if build costs increased by 10% and sales values reduced by 20%.

5.0 Principles Of Viability Assessment

- 5.1 Development appraisals work to derive a residual value. This approach can be represented by the formula below:

$$\begin{aligned} &\text{Gross Development Value} - \text{Development Costs (including Developer's Profit)} \\ &= \text{Residual Value} \end{aligned}$$

- 5.2 The residual value is then compared to a benchmark land value. Existing Use Value (EUV) and Alternative Use Value (AUV) are standard recognised approaches for establishing a land value as they help highlight the apparent differences between the values of the site without the benefit of the consent sought.
- 5.3 The rationale for comparing the scheme residual value with an appropriate benchmark is to identify whether it can generate sufficient money to pay a realistic price for the land whilst providing a normal level of profit for the developer. In the event that the scheme shows a deficit when compared to the benchmark figure the scheme is said to be in deficit and as such would be unlikely to proceed.
- 5.4 Development appraisals can also be constructed to include a fixed land value and fixed profit targets. If an appropriate benchmark is included as a fixed land value within a development appraisal this allows for interest to be more accurately calculated on the Benchmark Land Value, rather than on the output residual value. By including fixed profit targets as a cost within the appraisal, programmed to the end of development so as not to attract interest payments, the output represents a 'super' profit. This is the profit above target levels generated by the scheme which represents the surplus available towards planning obligations.
- 5.5 This Viability Review report adheres to the RICS Professional Statement on Financial Viability in Planning: Conduct and Reporting (published May 2019). In accordance with this Statement, Section 8 below incorporates details of our Quality Standards Control & Statement on Limitation of Liability/ Publication. This report has been prepared according to the Professional Statement's requirement for objectivity and impartiality, without interference and with reference to all appropriate available sources of information. Where information has not been obtainable, we have stated this expressly in the body of the report.

6.0 Benchmark Land Value

Viability Benchmarking

6.1 Planning Policy Guidance, published May 2019, states:

Benchmark land value should:

- *be based on existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees and*

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs, and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. These may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

The evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

[...] Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement).

6.2 The NPPF recognises the need to provide both landowners and developers with a competitive return. In relation to landowners this is to encourage landowners to release land for development. This is set out in PPG as follows:

To define land value for any viability assessment, a benchmark land value should be established on the basis of existing use value (EUV) of the land, plus a premium for the

landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The Premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

- 6.3 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published March 2021, supports the NPPG's definition of Benchmark Land Value.

- 6.4 NPPG further defines EUV as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

- 6.5 The Mayor of London's Affordable Housing and Viability SPG published August 2017 states a clear preference for using EUV as a basis for benchmarking development as this clearly defines the uplift in value generated by the consent sought. This is evidenced through the following extract:

The Mayor considers that the 'Existing Use Value plus' (EUV) approach is usually the most appropriate approach for planning purposes. It can be used to address the need to ensure that development is sustainable in terms of the NPPF and Development Plan requirements, and in most circumstances the Mayor will expect this approach to be used.

- 6.6 Guidance indicates that the sale of any premium should reflect the circumstances of the landowner. We are of the view that where sites represent an ongoing liability to a landowner and the only means of either ending this liability or maximising site value is through securing a planning consent this should be a relevant factor when considering whether a premium is applicable. This view is corroborated in the Mayor of London's Affordable Housing and Viability SPG which states:

Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a

lower premium of no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary.

- 6.7 While EUV is the primary approach to defining BLV, in some circumstances an Alternative Use Value approach can be adopted. This is the value of the land for a use other than its existing use. NPPG outlines:

If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan.

[...] Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued.

- 6.8 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published March 2021, supports the definition of AUV from NPPG and reiterates that any AUV must reflect relevant policy requirements.
- 6.9 When adopting an AUV approach, the premium to the landowner is implicit and therefore an additional landowner premium should not be added as this would be double counting.
- 6.10 NPPG and RICS guidance are clear that if refurbishment or redevelopment is necessary to realise an existing use value then this falls under the AUV provision of NPPG and no landowner premium should be added.

The Proposed Benchmark

- 6.11 Quod have included an opinion of value from GH estate agents within their report. This is the extent of the valuation advice provided by the estate agents:

Pricing cont/....

In addition to the pricing above, you also asked us to look at the stand-alone freehold house of 6,500 sq. ft. In its current undermodernized we would estimate the value to be £7,000,000, once modernised we estimate the value to be in excess of £9,000,000.

6.12 The above does not constitute a robust nor evidenced assessment of Benchmark Land Value. As such, no weight can be attached to this assessment of value.

6.13 Nonetheless, Quod provide their own opinion of value and the extent of their Benchmark Land Value assessment is as follows:

3.12 In accordance with the above policy and professional guidance, the EUV has been calculated based on the existing use value (EUV) of the existing property. The existing property at 39a has an internal area of 6,780 SQ FT and planning consent in place for its use as a single dwelling. The EUV of the property has been assessed to be £6m (c.£885 PSF). This is based on the assumption that the building once reconfigured as an existing house would be worth c.£8m+ but the purchaser would make a deduction of approximately c.£2m to reflect the existing condition of the property. A purchaser of this type of property would typically use their own funds for the works and would occupy the completed home. Further deductions for finance and developer's profit etc would not therefore be included in any calculation made by an owner occupier purchasing the property.

3.13 Where a premium of 20% is added to the EUV (the midpoint of the 10-30% range advocated by GLA guidance) the Benchmark Land Value (BLV) for 39a would be £7.2m+.

3.14 In respect of the Land to the rear of 39, this part of the site presently contains no buildings. It is however widely acknowledged that all development land in London has a minimum below which it is highly unlikely to be released for development by any rational landowner in the short to medium term. In light of the conclusions set out in the next section of the report, further consideration has not been given to the value of this part of the site. The applicant reserves the right to review this if necessary.

6.14 Again, this does not constitute a robust nor appropriately evidenced BLV assessment. No evidence or explanation has been provided to justify the value of £6,000,000 nor the cost of £2,000,000 assumed.

6.15 We would also note that in accordance with NPPG, where costs are assumed for an existing use to continue or be realised then this becomes an Alternative Use Value ('AUV') approach, and a Landowner Premium is not appropriate. Quod's BLV is therefore being overstated.

6.16 Overall, Quod have not provided an adequately informed nor evidenced BLV assessment for us to review.

Our Assessment of Benchmark Land Value

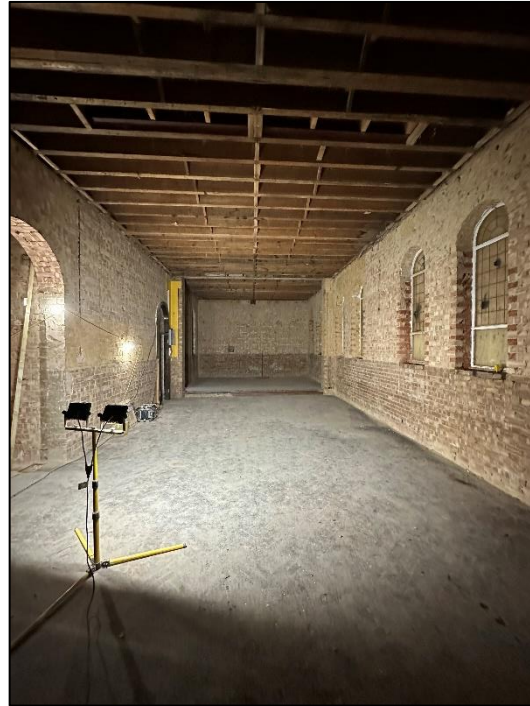
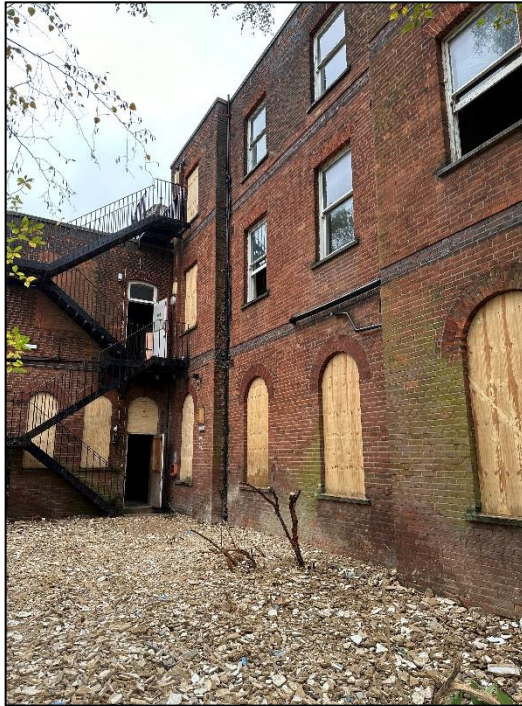
6.17 The property is a semi-detached, institutional building comprising a gross internal area (GIA) of 630 sqm as highlighted in the Planning Statement.

6.18 The building is connected to the main house at 39 Fitzjohn's Avenue by a recessed bay. The main building benefits from extant planning consent for 35 residential units and sits outside of the application redline boundary.

- 6.19 Photographs included in the Design and Access Statement appear to show the property in moderate external condition, but little information is provided in regard to its internal condition.
- 6.20 The existing legal use of the subject property is C3 Dwellinghouse according to the Planning Application Form. We are aware from the floor plans that the property is largely made up of dormitories and some workshop space. The Design and Access Statement advises that this building was a later extension to the main property and was used by the Jesuits. As such, it is the property is not currently configured as a standard residential dwelling as demonstrated by the floor plans below:



- 6.21 Moreover, upon request, we received additional photographs from the Applicant in order to better understand the internal and external condition of the subject property. Upon review, it is evident that the subject property is uninhabitable in its current condition. The windows have been boarded up and the interior has been stripped out. Example photos are included below:



- 6.22 On the basis of its current state of repair and internal configuration, the property is not habitable in its existing use. On this basis, the Existing Use Value of the property would be nominal.
- 6.23 Should refurbishment be assumed to bring this property to a habitable standard then this would constitute an Alternative Use Value approach in accordance with NPPG. At this stage, Quod have not provided us with a sufficiently evidenced AUV assessment to review and as such we are unable to comment further.
- 6.24 Should an AUV assessment be forthcoming then this must be fully evidenced with comparable evidence and supported by a detailed cost estimate. It must be robustly demonstrated that any AUV complies with planning policy, can be legitimately carried out and is a viable proposition.
- 6.25 On this basis we have adopted a nominal EUV of £1. This is not our finalised position but in the absence of an adequate assessment from Quod to review we are unable to reach a conclusive position on the BLV.

7.0 Development Values

- 7.1 The residential element of the proposed scheme, as sought by the planning application, is for 33 residential units comprising the following accommodation:

	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	6 Bed	Total
Maresfield Gardens	8	14	4	0	0	0	26
	28%	59%	13%	0%	0%	0%	100%
39A Fitzjohn's Avenue	0	1	1	0	0	2	4
	0%	25%	25%	0%	0%	50%	100%
Totals	8	18	5	0	0	3	33
	24%	55%	15%	0%	0%	6%	100%

Open Market Sales ('OMS') Residential Values

- 7.2 All 33 units are proposed to be for OMS and Quod have sought opinion from Goldschmidt Howland Estate Agents ('GH') for the pricing of the proposed units. These values have been assumed as follows:

Floor	Unit	Beds	Sqm	Sq Ft	Unit price	Price / Sq ft
Lower Ground	LG A	2	94	1012	£1,120,000	£1,107
	LG B	1	68.6	738	£870,000	£1,178
	LG C	3	111.2	1197	£1,365,000	£1,140
Upper Ground	UG A	2	79	850	£1,020,000	£1,199
	UG B	1	56.1	604	£650,000	£1,076
	UG C	2	78.8	848	£1,015,000	£1,197
	UG D	3	96.3	1037	£1,115,000	£1,076
First Floor	1A	2	79	850	£1,040,000	£1,223
	1B	1	56.1	604	£725,000	£1,201
	1C	2	78.8	848	£1,040,000	£1,226
	1D	2	78.2	842	£1,030,000	£1,224
	1E	2	67.4	725	£890,000	£1,227
	1F	1	38.3	412	£515,000	£1,249
Second Floor	2A	2	79	850	£1,065,000	£1,252
	2B	1	56.1	604	£740,000	£1,225
	2C	2	78.8	848	£1,060,000	£1,250
	2D	2	78.2	842	£1,055,000	£1,253
	2E	2	67.4	725	£905,000	£1,247
	2F	1	38.3	412	£525,000	£1,273
Third Floor	3A	2	77.9	839	£1,070,000	£1,276
	3B	1	55.5	597	£745,000	£1,247
	3C	2	69.8	751	£960,000	£1,278

	3D	3	94	1012	£1,265,000	£1,250
	3E	2	89.5	963	£1,230,000	£1,277
Fourth Floor	4A	1	54.7	589	£750,000	£1,274
	4B	2	66.8	719	£935,000	£1,300
	4C	2	63.9	688	£895,000	£1,301
	4D	3	87.8	945	£1,205,000	£1,275
	4E	2	83	893	£1,160,000	£1,298
Maisonette 1		3	246	2648	£2,915,000	£1,101
Maisonette 2		2	185	1991	£2,190,000	£1,100
House 3		6	584	6286	£8,150,000	£1,296
House 4		6	549	5909	£7,700,000	£1,303
Total			3686.5	39681	£48,915,000	£1,233

- 7.3 Quod have adopted GH's opinion of pricing and therefore have applied an average rate of £1,233 psf to their appraisal which amounts to a total GDV of £48,915,000.
- 7.4 GH have identified asking prices of second-hand flats within the local area. The majority of this evidence comprises of converted period properties which have been subdivided into individual self-contained flats. No analysis is provided to demonstrate comparability to the proposed scheme.
- 7.5 As outlined in the planning documents, the existing building will be demolished, and a new building will be built. We therefore consider evidence of secondhand period conversions to be somewhat limited as the subject development will be new build. Furthermore, new build properties tend to command a significant premium above secondhand properties which will not be reflected within the evidence tone presented by GH. As such this evidence should be treated with caution.
- 7.6 GH have also provided sold prices of secondhand houses in the area to support the proposed values of the maisonette and houses. They identify six properties in total which we have discussed in further detail below.
- 7.7 GH have identified 19 Daleham Gardens which sold for £10,700,000 (£1,041 psf) in January 2023. This property is a large-detached six-bedroom house, comprising 9,600 sqft, with a large rear private garden located in Belsize Park. This property appears to be in good decorative order and is located in an attractive area. We consider this to be a relevant comparable although note it is a larger property by comparison to the proposed houses and is located on a single plot.
- 7.8 They have also identified a four-bedroom detached house, comprising 7,420 sqft, on Templewood Avenue which sold for £7,250,000 (£977 psf). This property presents in good

decorative order and benefits from a large rear garden and indoor swimming pool. We consider this property to be relevant although it is larger than the proposed dwellings and is located within a superior location.

7.9 In addition, GH consider a six-bedroom house on Thurlow Road, which sold for £5,950,000 (£1,253 psf), to be comparable to the proposed houses. This property is a large semi-detached house with a private rear garden. The property comprises 4,749 sqft and requires modernisation. We do not consider this to be a strong comparable and we expect the proposed houses to achieve significantly higher values by comparison.

7.10 Finally, GH have identified a three-bedroom modern family house on Arkwright Road, comprising 1,300 sqft, which sold for £1,475,000 (£1,135 psf). This property offers little comparison to the proposed maisonette units, and we consider it to be a poor comparison.

7.11 We have undertaken our own research into transactions in the area surrounding the subject site and have identified the following additional market evidence relating to two new-build schemes:

- Novel House, NW3 1JD
- Hampstead Manor, NW3 7ST

7.12 Novel House is a bespoke development of flats located to the north of Hampstead Station. It comprises 17 units in total and includes residential amenities such as a gym, communal gardens, underground car parking and a concierge service. We have identified an average price of £1,883 psf for units sold within the past two years. Full transactions are included at Appendix 4.

7.13 We consider this development to be relevant given it provides new build sales data and its close proximity to the subject site (0.7 miles). Novel House could be considered a superior location and benefits from superior amenities including a gym and underground car parking. We consider the pricing to be a relevant guide to the upper end of pricing within the Hampstead area.

7.14 We have also identified the Hampstead Manor development which redeveloped a large period house and grounds into a modern, bespoke development. Hampstead Manor is located c. 0.8 miles from the subject site. This development comprises 13 separate buildings, providing a range of flats, terraced houses, and large, detached family houses.

7.15 We have identified an average achieved value of £1,233 psf for this development although the sales evidence is dated, relating to 2021 and early 2022. We have only identified a single

resale which was of Flat 10 (1,572 sqft) which resold in May 2023 for £1,840,000 (£1,170 psf). Full transactions can be found at Appendix 4.

7.16 Due to the lack of recent and relevant new build sales evidence in the area, we have also considered second-hand properties which are on the market or have sold within the past two years. We have attached our comparable evidence report at Appendix 4.

7.17 Based on the evidence outlined at Appendix 4, we consider the following:

Flats

7.18 The scheme includes a mix of 1, 2 and 3-bedroom flats. Much of the available evidence comprises of second-hand flats in period buildings which will be inferior to the proposed new build scheme.

7.19 The scheme includes 8 x 1 bed flats ranging in size between 412 sqft and 738 sqft. Quod have adopted values ranging between £525,000 (£1,273 psf) and £870,000 (£1,178 psf).

7.20 We have identified two ground floor 1-bedroom properties at Prince Arthur Road which have recently been refurbished internally. The properties measure 609 sqft and 664 sqft and are under offer at £775,000 each (£1,167 psf and £1,272 psf). We consider these to be of relevance but would expect the proposed scheme to achieve higher values to reflect a new build premium and its superior location.

7.21 We have also identified a flat at Hampstead Manor measuring 452 sqft which sold for £590,000 (£1,305 psf) and another flat measuring 624 sqft which sold for £850,000 (£1,361 psf). We acknowledge that these transactions are now dated but these do indicate that Quod's values are likely understated.

7.22 The scheme includes 17 x 2 bed flats ranging in size between 688 sqft and 1,012 sqft. Quod have adopted values ranging between £890,000 (£1,227 psf) and £1.23m (£1,277 psf).

7.23 We have identified a second hand 2 bed flat on Fitzjohn's Avenue measuring 840 sqft which sold for £1,185,000 (£1,410 psf). The flat was refurbished internally prior to the sale but we would expect the proposed units to achieve a premium given that they will be new build. Quod have priced similar sized flats at £1,015,000 (£1,197 psf) - £1,070,000 (£1,276 psf) which are significantly below this secondhand achieved price. This demonstrates that Quod's pricing is understated.

7.24 We have identified a secondhand 2 bed flat which sold at Belsize Court for £1,312,500 (£1,293 psf). It measures 1,015 sqft and is therefore similar in size to the proposed larger 2 bed flats.

We would expect the proposed 2 beds to achieve higher values particularly given that they will be new build. Quod's pricing at £1,230,000 for the similar size 2 bed flats is understated in the context of this secondhand achieved price.

- 7.25 A secondhand 2-bed flat on Fitzjohn's Avenue comprising 1,087 sqft, is on the market for £1,600,000 which equates to £1,472 psf. This flat benefits from a communal garden. We consider this a useful comparable given its close proximity to the subject but note that it is not new build. This does indicate again that Quod's values for the larger 2 bed flats are understated.
- 7.26 We also consider the 2-bedroom flat on the market for £1,300,000 at Winchester Road, comprising 778 sqft to be relevant. This equates to a value of £1,670 psf. This property is 0.4 miles from the subject and was recently refurbished internally. We consider this to be a better representation of potential proposed scheme values, albeit note this is still a secondhand comparable. We note Quod's pricing of similar sized dwellings are below £1m and as such appear understated in this context.
- 7.27 The scheme includes 4 x 3-bedroom flats measuring between 945 sqft and 1,197 sqft. Quod have adopted values ranging between £1,115,000 (£1,076 psf) and £1,365,000 (£1,140 psf).
- 7.28 GH have identified a secondhand 3 bed measuring 945 sqft at Buckland Crescent. The asking price is stated to be £1,250,000 (£1,323 psf). We note that this property is secondhand, and we would expect the proposed units to achieve a new build premium. On this basis, Quod's lower pricing of £1,115,000 (£1,076 psf) for the similar sized 3 beds is understated.
- 7.29 We consider the new build 3-bedroom flat comprising 1,575 sqft at 27 Belsize Lane to be relevant. We note this is larger than the 3-bedroom flats at the proposed scheme, but it is new build and is located only 0.18 miles from the subject site. This property benefits from superior amenities such as a private garden and underground parking. This property is under offer and based on its asking price (£2,675,000) this equates to £1,698 psf. Whilst we acknowledge that this flat is larger and benefits from underground parking, the proposed scheme is superiorly located and will be new build. On balance, this indicates to us that Quod's values for the larger 3 bed flats are likely understated.

Maisonettes

- 7.30 The scheme includes a 2 bed (1,991 sqft) and 3 bed (2,648 sqft) maisonette. Quod have priced these at £2,190,000 (£1,100 psf) and £2,915,000 (£1,101 psf) respectively.

- 7.31 We have found there to be a lack of 2 bed maisonette evidence in the locality and as such have relied upon the 2-bed flat comparables identified and the 3-bed maisonette pricing discussed below.
- 7.32 The largest 2 bed flat we have identified is at Maresfield Gardens and is therefore within close proximity of the subject site. The property measures 1,663 sqft and is therefore still smaller than the proposed maisonette. The property is on the market with an asking price of £3,250,000 (£1,954 psf) which is substantially above the price of £2,190,000 Quod have applied to a larger, new build maisonette.
- 7.33 We have also identified the transaction of a secondhand 2 bed maisonette on Netherhall Gardens which achieved £2,910,000 (£2,341 psf). The property is larger than the proposed at 1,243 sqft but the price will not reflect a new build premium. This demonstrates that Quod's substantially lower price of £2,190,000 is understated.
- 7.34 We consider the 3-bedroom maisonette at Buckland Crescent, 0.3 miles from the subject, to be a relevant comparable. It comprises 2,520 sqft which compares similarly to the proposed 3-bed maisonette. The property is on the market for £3,995,000 (£1,585 psf).
- 7.35 We note from the plans that the proposed 3 bed maisonette will benefit from having a gym, private terrace, and private garden. The property at Buckland Crescent also benefits from these amenities and whilst it is not new build, it has been recently refurbished internally. We therefore consider Quod's value of £2,915,000 to be understated, noting that this smaller secondhand maisonette is currently on the market for a significantly higher asking price of £3,995,000.

Houses

- 7.36 The proposed scheme includes 2 x 6-bedroom houses measuring 5,909 sqft and 6,286 sqft respectively. Quod have priced these at £7,700,000 (£1,303 psf) and £8,150,000 (£1,296 psf).
- 7.37 We note from the plans that these will benefit from private gardens, terraces, a gym, nursery, and study. The study/nursery could be altered to create a seventh bedroom.
- 7.38 We have identified a 7-bedroom house at Redington Gardens, Hampstead, on the market for £9,950,000 comprising 7,352 sqft which equates to a price of £1,353 psf. This property benefits from a private garden, roof terrace, gym and games room and is arranged over 5 floors. Located 0.8 miles from the subject site we consider this property to be relevant in establishing the value for the proposed houses, though acknowledge that it is larger and comprises of an additional bedroom.

- 7.39 We have also identified the property at Loudoun Road, NW8 which was recently built. This 5 bed house measures 3,868 sqft and is on the market for £6,000,000, equating to a price of £1,551 psf. The property benefits from a gym, games room, spa facilities and rear private garden. We note this property is considerably smaller than the proposed houses and has one less bedroom.
- 7.40 Furthermore, a secondhand semi-detached 6 bed property at Redington Road sold for £6,050,000 (£1,709 psf). The property is significantly smaller than the proposed houses at 3,541 sqft. Moreover, we would expect the proposed houses, being new build and detached to achieve much higher values by comparison.
- 7.41 Based on the evidence outlined above we consider Quod's values to be understated for the detached houses.

BPS Pricing

- 7.42 Due to the lack of directly comparable new build evidence in this location we consider there to be some uncertainty regarding the achievable values at this scheme. However, based on the evidence identified we consider Quod's pricing to be understated.
- 7.43 We have outlined our revised pricing below:

Floor	Unit	Beds	Sqm	Sq Ft	Unit price	£psf
Lower Ground	LG A	2	94	1,012	£1,350,000	£1,334
	LG B	1	68.6	738	£870,000	£1,179
	LG C	3	111.2	1,197	£1,495,000	£1,249
Upper Ground	UG A	2	79	850	£1,210,000	£1,424
	UG B	1	56.1	604	£775,000	£1,283
	UG C	2	78.8	848	£1,210,000	£1,427
	UG D	3	96.3	1,037	£1,410,000	£1,360
First Floor	1A	2	79	850	£1,210,000	£1,424
	1B	1	56.1	604	£775,000	£1,283
	1C	2	78.8	848	£1,210,000	£1,427
	1D	2	78.2	842	£1,205,000	£1,431
	1E	2	67.4	725	£1,000,000	£1,379
	1F	1	38.3	412	£590,000	£1,432
Second Floor	2A	2	79	850	£1,215,000	£1,429
	2B	1	56.1	604	£775,000	£1,283
	2C	2	78.8	848	£1,215,000	£1,433

	2D	2	78.2	842	£1,205,000	£1,431
	2E	2	67.4	725	£1,000,000	£1,379
	2F	1	38.3	412	£590,000	£1,432
Third Floor	3A	2	77.9	839	£1,200,000	£1,430
	3B	1	55.5	597	£755,000	£1,265
	3C	2	69.8	751	£1,100,000	£1,465
	3D	3	94	1,012	£1,400,000	£1,383
	3E	2	89.5	963	£1,325,000	£1,376
Fourth Floor	4A	1	54.7	589	£765,000	£1,299
	4B	2	66.8	719	£995,000	£1,384
	4C	2	63.9	688	£950,000	£1,381
	4D	3	87.8	945	£1,375,000	£1,455
	4E	2	83	893	£1,300,000	£1,456
Maisonette 1		3	246	2,648	£3,800,000	£1,435
Maisonette 2		2	185	1,991	£2,900,000	£1,457
House 3		6	584	6,286	£8,700,000	£1,384
House 4		6	549	5,909	£8,400,000	£1,422
Total			3,687	39,681	£55,275,000	£1,393

- 7.44 Overall, our values reflect an increase of £6,360,000 on the values proposed by Quod which equates to an uplift of 11.5%.
- 7.45 We note that some of our units values may be considered conservative given that they are more akin to the secondhand evidence tone and thus may not reflect a new build premium. We reserve the right to revisit our assessment.
- 7.46 We consider it essential that this scheme is subject to open book review mechanisms, particularly due to the uncertainty regarding achievable values caused by the lack of comparable new build evidence in the immediate area.

Parking

- 7.47 The proposed development will include 3 parking spaces. We have assumed a value of £50,000 for these spaces assuming they will be sold separately. This is pending evidence from Quod.

8.0 Development Costs

Construction Costs

- 8.1 Our Cost Consultant, Neil Powling, has analysed the build cost plan for the proposed scheme prepared by Anstey Horne, dated 1st February 2024, and concludes that:

Our benchmarking results in an adjusted benchmark for 39A Fitzjohn's Avenue of £5,568/m² that compares to the Applicant's £5,666/m² a difference of £98/m² (£155,748). The results for the adjacent land at Maresfield Gardens is £5,039/m² that compares to the Applicant's £5,253/m² a difference of £213/m² (£656,785). With the discrepancy identified in 3.9 above we consider the construction cost to include in the appraisal to be £23,340,307.

- 8.2 Mr Powling's full cost report can be found at Appendix 1.

Additional Costs

- 8.3 Quod have applied the following additional cost assumptions:

- Professional fees of 12%
- Marketing fees of 3%
- Sales agent and legal fees of 2%

- 8.4 We consider the 12% professional fees to be excessive and have adopted 10% within our appraisal.

- 8.5 Quod have adopted a total of 5% for marketing, sales, and agent fees on the OMS values which we consider to be high. We have adopted 3% total for these disposal costs.

- 8.6 CIL/S106 charges have been assumed at the Quod appraisal value of £330,000. We request the Council verify this amount.

- 8.7 Finance has been included at 12% assuming that the scheme is 100% debt financed. We consider this finance allowance to be excessive and note it significantly exceeds the rate we are seeing across other Applicant FVAs, including those also prepared by Quod.

- 8.8 We have reduced this rate to 7% to be more in line with what we are agreeing on other similar schemes.

Profit

- 8.9 The developer profit target adopted by Quod is 20% on GDV. We note that this is at the maximum level set out in the NPPG indicative range and is thus typically reserved for the most

high-risk developments. We do not consider this scheme, which is a relatively small single phased development to be particularly high risk. In addition, according to Quod's assessment the Applicant is willing to proceed with a scheme that makes a net profit return of 3% on GDV. On this basis we consider a target return of 17.5% on GDV to be more than adequate.

- 8.10 We note that we would apply a lower target to affordable housing should this be provided.
- 8.11 We recommend that should the scheme be delayed, and the early-stage review triggered then a lower profit target of 15% on GDV should be adopted for the purposes of the review.

Development Timeframes

- 8.12 Quod have adopted a pre-construction period of 9 months and a construction period of 24 months. Our Cost consultant has reviewed the programme with reference to the BCIS endurance indicator and finds:

The duration allowed in the Applicant's appraisal comprises a pre-construction period of 9 months and a construction period of 24 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 87 weeks (20.1 months) with a 90% confidence interval for this estimate of 78 to 96 weeks (18 to 22.2 months). We consider the Applicant's allowance for pre-construction reasonable. However, we consider the duration for construction compared to BCIS slightly long and suggest the duration is included in the viability calculation as 22 months.

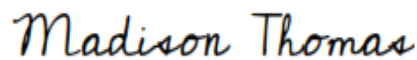
- 8.13 Quod have adopted pre-sales of 35% and a sales period of 12 months. This amounts to 2 units sold per month. No evidence has been provided to support these assumptions.
- 8.14 We have identified sales rates from Molior for the Hampstead Manor development. An initial 23 units went on sale post completion and by the end of the first month 18 were sold. This development went on sale Dec 2016 and by Sept 2020, 116 out of 125 units had sold. On average this equates to approx. 2.5 units per month, albeit this development comprises significantly more units than the proposed scheme. We acknowledge also that the sales data is historic having taken place between 2016-2020.
- 8.15 We have reviewed Quod's assumptions in the light of similar schemes we have assessed and consider their pre-sales rate of 35% to be low. We have increased this to 50% which equates to 17 units being sold off-plan and a total sales period of 8 months, on the assumption 2 units will be sold per month.

9.0 Author Sign Off

- 9.1 This report is provided for the stated purpose and for the sole use of the named clients. This report may not, without written consent, be used or relied upon by any third party.
- 9.2 The author(s) of this report confirm that there are no conflicts of interest and measures have been put in place to prevent the risk of the potential for a conflict of interest. In accordance with the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting* September 2019, this report has been prepared objectively, impartially, and with reference to all appropriate sources of information.
- 9.3 The following persons have been involved in the production of this report:

**John Shaw**

RICS Membership no. 0795883
For and on behalf of
BPS Chartered Surveyors

**Madison Thomas MRICS**

RICS Registered Valuer
RICS Membership no. 6892167
For and on behalf of
BPS Chartered Surveyors

24th May 2024

Appendix 1: Build Cost Report

Project: 39A Fitzjohn's Avenue and Land at Maresfield Gardens,
Camden
2024/0728/P

Independent Review of Assessment of Economic Viability

1 SUMMARY

- 1.1 The Cost Plans received are in an elemental format for all sections. The services costs are in sufficient detail but have not been presented in elemental format in the summary. There is good supporting detail.
- 1.2 Our elemental analysis of the costs of the mechanical and electrical installations to 39A has revealed a discrepancy that results in a total construction cost of £25,214,744.
- 1.3 Our benchmarking results in an adjusted benchmark for 39A Fitzjohn's Avenue of £5,568/m² that compares to the Applicant's £5,666/m² a difference of £98/m² (£155,748). The results for the adjacent land at Maresfield Gardens is £5,039/m² that compares to the Applicant's £5,253/m² a difference of £213/m² (£656,785). With the discrepancy identified in 3.9 above we consider the construction cost to include in the appraisal to be £23,340,307.
- 1.4 The duration allowed in the Applicant's appraisal comprises a pre-construction period of 9 months and a construction period of 24 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 87 weeks (20.1 months) with a 90% confidence interval for this estimate of 78 to 96 weeks (18 to 22.2 months). We consider the Applicant's allowance for pre-construction reasonable. However, we consider the duration for construction compared to BCIS slightly long and suggest the duration is included in the viability calculation as 22 months.

2 METHODOLOGY

- 2.1 The objective of the review of the construction cost element of the assessment of economic viability is to benchmark the Applicant's costs against RICS Building Cost Information Service (BCIS) average costs. We use BCIS costs for benchmarking because it is a national and independent database. Many companies prefer to benchmark against their own data which they often treat as confidential. Whilst this is understandable as an internal exercise, in our view it is insufficiently robust as a tool for assessing viability compared to benchmarking against BCIS. A key

characteristic of benchmarking is to measure performance against external data. Whilst a company may prefer to use their own internal database, the danger is that it measures the company's own projects against others of its projects with no external test. Any inherent discrepancies will not be identified without some independent scrutiny.

- 2.2 BCIS average costs are provided at mean, median and upper quartile rates (as well as lowest, lower quartile and highest rates). We generally use mean or occasionally upper quartile for benchmarking. The outcome of the benchmarking is little affected, as BCIS levels are used as a starting point to assess the level of cost and specification enhancement in the scheme on an element-by-element basis. BCIS also provide a location factor compared to a UK mean of 100; our benchmarking exercise adjusts for the location of the scheme. BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. We generally consider both default and maximum 5-year and also 30-year average prices. We have previously considered 5-year data more likely to reflect current regulations, specification, technology and market requirements, but because of reduce sample sizes in the last 5 years we consider the default values the most appropriate for benchmarking.
- 2.3 BCIS average prices are available on an overall £ per sqm and for new build work on an elemental £ per sqm basis. Rehabilitation/conversion data is available on an overall £ per sqm and on a group element basis i.e., substructure, superstructure, finishings, fittings and services - but is not available on an elemental basis. A comparison of the applicants elemental costing compared to BCIS elemental benchmark costs provides a useful insight into any differences in cost. For example: planning and site location requirements may result in a higher-than-normal cost of external wall and window elements.
- 2.4 If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking that the costs are reasonable, and the benchmarking exercise must be undertaken with caution. The elemental split is not available from the BCIS database for rehabilitation work; the new build split may be used instead as a check for some, but certainly not all, elements. Works to existing buildings vary greatly from one building project to the next. Verification of costs is helped greatly if the cost plan is itemised in reasonable detail thus describing the content and extent of works proposed.
- 2.5 BCIS costs are available on a quarterly basis - the most recent quarters use forecast figures; the older quarters are firm. If any estimates require adjustment on a time basis, we use the BCIS all-in Tender Price Index (TPI).
- 2.6 BCIS average costs are available for different categories of buildings such as flats, houses, offices, shops, hotels, schools etc. The Applicant's cost plan should ideally keep the estimates for different categories separate to assist more accurate benchmarking. However, if the Applicant's cost plan does not distinguish different categories, we may calculate a blended BCIS average rate for benchmarking based on the different constituent areas of the overall GIA.
- 2.7 To undertake the benchmarking, we require a cost plan prepared by the applicant; for preference in reasonable detail. Ideally the cost plan should be prepared in BCIS elements. We usually have to undertake some degree of analysis

and rearrangement before the applicant's elemental costs can be compared to BCIS elemental benchmark figures. If a further level of detail is available showing the build-up to the elemental totals it facilitates the review of specification and cost allowances in determining adjustments to benchmark levels. An example might be fittings that show an allowance for kitchen fittings, bedroom wardrobes etc that is in excess of a normal BCIS benchmark allowance.

- 2.8 To assist in reviewing the estimate we require drawings and (if available) specifications. Also, any other reports that may have a bearing on the costs. These are often listed as having being used in the preparation of the estimate. If not provided we frequently download additional material from the documents made available from the planning website.
- 2.9 BCIS average prices per sqm include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs include OHP but not preliminaries. Nor do average prices per sqm or elemental costs include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs. We consider the Applicants detailed cost plan to determine what, if any, abnormal and other costs can properly be considered as reasonable. We prepare an adjusted benchmark figure allowing for any costs which we consider can reasonably be taken into account before reaching a conclusion on the applicant's cost estimate.
- 2.10 We undertake this adjusted benchmarking by determining the appropriate location adjusted BCIS average rate as a starting point for the adjustment of abnormal and enhanced costs. We review the elemental analysis of the cost plan on an element-by-element basis and compare the Applicants total to the BCIS element total. If there is a difference, and the information is available, we review the more detailed build-up of information considering the specification and rates to determine if the additional cost appears justified. If it is, then the calculation may be the difference between the cost plan elemental £/m² and the equivalent BCIS rate. We may also make a partial adjustment if in our opinion this is appropriate. The BCIS elemental rates are inclusive of OHP but exclude preliminaries. If the Applicant's costings add preliminaries and OHP at the end of the estimate (as most typically do) we add these to the adjustment amounts to provide a comparable figure to the Applicant's cost estimate. The results of the elemental analysis and BCIS benchmarking are generally issued as a PDF but upon request can be provided as an Excel spreadsheet.
- 2.11 We have considered the duration of the construction period by reference to the average duration calculation resulting from use of the BCIS Duration Calculator, and if we consider appropriate have drawn attention to any significant divergence between the Applicant's duration and the BCIS calculation. The duration is expected to be the result of a programme in appropriate detail for the stage of the project that should be prepared by a specialist in the field. We consider our experience of construction and duration sufficient for benchmarking comparisons using BCIS, but do not possess the appropriate qualifications and experience for undertaking a more detailed examination of the construction duration.

3 GENERAL REVIEW

- 3.1 We have been provided with and relied upon the Financial Viability Assessment issued February 2024 by Quod together with the Cost Plans Nr 2C Rev 0 for 39A

and the same reference for land adjacent to Maresfield Gardens issued by Anstey Horne - Base 4Q 2023.

- 3.2 We have also downloaded a number of files from the planning web site.
- 3.3 The information we require to undertake the cost benchmarking process outlined in section 2 is a reasonably detailed cost estimate in elemental detail with each element separately costed, with separate sub-totals in accordance with the BCIS/NRM rules of measurement, preferably presented as an elemental summary, and supported by a sufficiently detailed build-up to indicate the proposed specifications. If fit-out is separated in the estimate it too should be in similar elemental detail.
- 3.4 The Cost Plans received are in an elemental format for all sections. The services costs are in sufficient detail but have not been presented in elemental format in the summary. There is good supporting detail.
- 3.5 The base date of the cost plan is 4Q2024. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The BCIS all-in Tender Price Index (TPI) for 4Q2023 is 388 (Provisional) and for 2Q2024 391 (Forecast).
- 3.6 The design information used to produce the cost plan has been scheduled. There is structural information listed, but no services sources listed although technical assumptions for MEP have been provided.
- 3.7 The cost plan includes an allowance of 16% for preliminaries. The allowance for overheads and profit (OHP) is 7%. We consider taken together these allowances to be reasonable.
- 3.8 The allowance for contingencies is 5% which we consider reasonable. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.
- 3.9 Our elemental analysis of the costs of the mechanical and electrical installations has revealed a discrepancy that results in a total construction cost of £25,214,744.
- 3.10 We have extracted the cost information provided by the Applicant into a standard BCIS/NRM format to facilitate our benchmarking.
- 3.11 Sales have been included in the Appraisal at average figures of £1,233/ft² (Net Sales Area).
- 3.12 We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Camden of 130 that has been applied in our benchmarking calculations.
- 3.13 We have adopted the same GIA used in the Applicant's cost plans; we assume these to be GIAs calculated in accordance with the RICS Code of Measurement 6th Edition 2007.
- 3.14 39A Fitzjohn's Avenue is a 5-storey conversion to form two houses and two maisonettes, the new building on the adjacent land at Maresfield Gardens is a 6 storey block of flats.

- 3.15 Our benchmarking results in an adjusted benchmark for 39A Fitzjohn's Avenue of £5,568/m² that compares to the Applicant's £5,666/m² a difference of £98/m² (£155,748). The results for the adjacent land at Maresfield Gardens is £5,039/m² that compares to the Applicant's £5,253/m² a difference of £213/m² (£656,785). With the discrepancy identified in 3.9 above we consider the construction cost to include in the appraisal to be £23,340,307.
- 3.16 The duration allowed in the Applicant's appraisal comprises a pre-construction period of 9 months and a construction period of 24 months. The results determined from the BCIS duration calculation provides an estimated average construction duration from start on site to construction completion of 87 weeks (20.1 months) with a 90% confidence interval for this estimate of 78 to 96 weeks (18 to 22.2 months). We consider the Applicant's allowance for pre-construction reasonable. However, we consider the duration for construction compared to BCIS slightly long and suggest the duration is included in the viability calculation as 22 months.

BPS Chartered Surveyors

15th May 2024

Appendix 2: BPS Appraisal

39a Fitzjohn Avenue and Land at Maresfield Gardens
BPS Proposed Scheme Appraisal (100% Private)

Development Appraisal
BPS Surveyors
24 May 2024

APPRAISAL SUMMARY**BPS SURVEYORS****39a Fitzjohn Avenue and Land at Maresfield Gardens
BPS Proposed Scheme Appraisal (100% Private)****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	33	39,681	1,392.98	1,675,000	55,275,000

Additional Revenue

Car Parking			150,000	150,000	
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NET REALISATION**55,425,000****OUTLAY****ACQUISITION COSTS**

Fixed Benchmark Land Value (TBD)	1				
Fixed Benchmark Land Value (TBD)			1		
				1	

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Construction Costs	33 un	707,282	23,340,307	
Contingency		5.00%	1,167,015	
Borough CIL			3,445,412	
MCIL2			431,892	
				28,384,626

Section 106 Costs

Section 106 Costs	33 un	10,000.00 /un	330,000	330,000
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PROFESSIONAL FEES

Professional Fees		10.00%	2,334,031	2,334,031
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MARKETING & LETTING

Residential Disposal Fees		2.50%	1,381,875	1,381,875
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MISCELLANEOUS FEES

Developer Profit Target		17.50%	9,699,375	9,699,375
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FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Land			0	

39a Fitzjohn Avenue and Land at Maresfield Gardens
BPS Proposed Scheme Appraisal (100% Private)

Construction	2,125,148	
Other	40,246	
Total Finance Cost		2,165,394
TOTAL COSTS	44,295,303	
PROFIT		11,129,697

Performance Measures

Profit on Cost%	25.13%
Profit on GDV%	20.14%
Profit on NDV%	20.14%
IRR% (without Interest)	34.52%
Profit Erosion (finance rate 7.000)	3 yrs 3 mths

39a Fitzjohn Avenue and Land at Maresfield Gardens
BPS Proposed Scheme Appraisal (100% Private)

Development Appraisal
BPS Surveyors
24 May 2024

39a Fitzjohn Avenue and Land at Maresfield Gardens
BPS Proposed Scheme Appraisal (100% Private)

Table of Profit Amount and Profit on GDV%

Sales: Rate /ft²										
Construction: Gross Cost	-20.000%	-15.000%	-10.000%	-5.000%	0.000%	+5.000%	+10.000%	+15.000%	+20.000%	+25.000%
	1,114.39 /ft²	1,184.04 /ft²	1,253.69 /ft²	1,323.33 /ft²	1,392.98 /ft²	1,462.63 /ft²	1,532.28 /ft²	1,601.93 /ft²	1,671.58 /ft²	1,741.23 /ft²
-20.000%	£7,966,187	£10,204,514	£12,428,951	£14,648,111	£16,859,111	£19,070,111	£21,281,111	£23,492,111	£25,703,111	£27,914,111
18,672,246	18.015%	21.719%	24.984%	27.895%	30.500%	32.858%	35.000%	36.957%	38.750%	40.400%
-15.000%	£6,510,610	£8,757,330	£10,995,303	£13,217,812	£15,436,819	£17,647,819	£19,858,819	£22,069,819	£24,280,819	£26,491,819
19,839,261	14.723%	18.639%	22.102%	25.171%	27.927%	30.407%	32.661%	34.719%	36.606%	38.342%
-10.000%	£5,050,399	£7,303,075	£9,548,119	£11,785,638	£14,006,674	£16,225,527	£18,436,527	£20,647,527	£22,858,527	£25,069,527
21,006,276	11.421%	15.544%	19.193%	22.444%	25.340%	27.956%	30.322%	32.482%	34.462%	36.283%
-5.000%	£3,585,464	£5,845,323	£8,095,541	£10,338,908	£12,575,388	£14,795,535	£17,014,235	£19,225,235	£21,436,235	£23,647,235
22,173,292	8.108%	12.441%	16.273%	19.689%	22.751%	25.493%	27.983%	30.244%	32.318%	34.225%
0.000%	£2,112,954	£4,381,353	£6,639,964	£8,888,007	£11,129,697	£13,364,994	£15,584,397	£17,802,943	£20,013,943	£22,224,943
23,340,307	4.778%	9.325%	13.347%	16.926%	20.135%	23.028%	25.631%	28.007%	30.173%	32.166%
+5.000%	£634,906	£2,911,147	£5,176,277	£7,432,430	£9,680,472	£11,920,487	£14,153,856	£16,373,258	£18,591,652	£20,802,652
24,507,322	1.436%	6.196%	10.405%	14.154%	17.513%	20.539%	23.278%	25.758%	28.029%	30.108%
+10.000%	£846,143	£1,437,150	£3,709,340	£5,971,201	£8,224,895	£10,472,938	£12,711,276	£14,942,717	£17,162,120	£19,380,360
25,674,338	-1.913%	3.059%	7.456%	11.371%	14.880%	18.045%	20.906%	23.507%	25.874%	28.049%
+15.000%	£2,327,193	£43,900	£2,236,831	£4,507,231	£6,766,125	£9,017,361	£11,264,092	£13,502,065	£15,731,579	£17,950,982
26,841,353	-5.263%	-0.093%	4.496%	8.583%	12.241%	15.537%	18.526%	21.241%	23.717%	25.981%
+20.000%	£3,808,242	£1,524,949	£758,344	£3,035,023	£5,302,155	£7,561,048	£9,809,827	£12,054,881	£14,292,854	£16,520,440
28,008,368	-8.612%	-3.246%	1.524%	5.780%	9.592%	13.028%	16.134%	18.964%	21.548%	23.910%
+25.000%	£5,289,291	£3,005,998	£722,705	£1,560,588	£3,833,216	£6,097,079	£8,354,250	£10,602,292	£12,845,670	£15,083,643
29,175,384	-11.961%	-6.398%	-1.453%	2.972%	6.935%	10.505%	13.740%	16.679%	19.366%	21.831%

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /ft²

Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
Private Residential	1	£1,392.98	4.50 Up & Down

Construction: Gross Cost

Original Values are varied by Steps of 5.000%.

Heading	Phase	Amount	No. of Steps
Construction Costs	1	£23,340,307	4.50 Up & Down

Appendix 3: Residential Evidence

RESIDENTIAL COMPARABLE EVIDENCE

39a Fitzjohn's Avenue & Land at
Maresfield Gardens

Contents

1.0 New Build Comparable Evidence..... 2

2.0 Second Hand Comparable Evidence..... 5

1.0 New Build Comparable Evidence

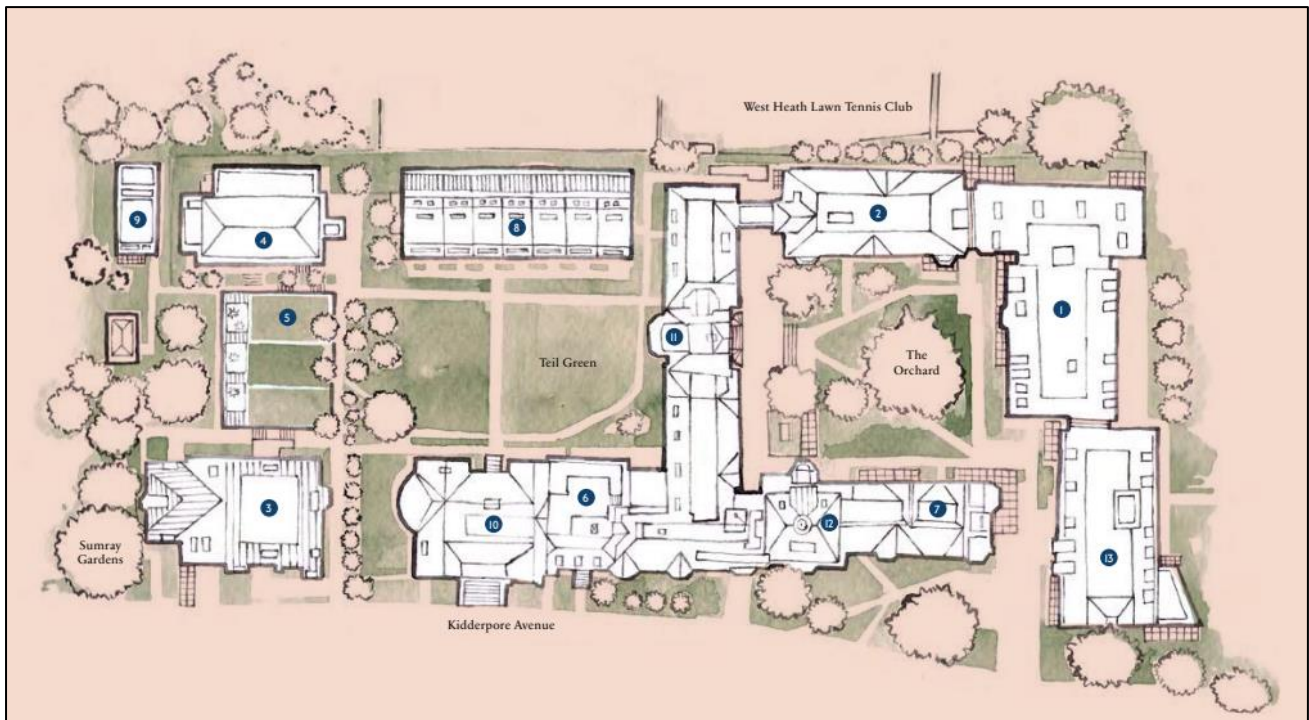
1.1 We have identified two new build developments within the local area which we consider to be relevant to the pricing of the proposed scheme.

- Novel House, NW3
- Hampstead Manor

Novel House

1.2 We have identified the following achieved values relating to this development, outlined below:

Unit	Address	Type	Price	Date Sold	Sqm	Sq Ft	£/ Sq Ft
APARTMENT 3	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£3,490,000	27/01/2023	100	1,076	£3,242
APARTMENT 9	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£4,000,000	25/01/2023	258	2,777	£1,440
APARTMENT 8	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£4,250,000	13/01/2023	258	2,777	£1,530
APARTMENT 10	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£2,950,000	07/12/2022	164	1,765	£1,671
APARTMENT 16	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£3,630,000	12/07/2022	145	1,561	£2,325
APARTMENT 6	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£2,730,000	25/05/2022	174	1,873	£1,457
APARTMENT 6	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£2,730,000	25/05/2022	174	1,873	£1,457
APARTMENT 11	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£3,434,306	12/05/2022	164	1,765	£1,945
APARTMENT 5	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£2,850,001	20/04/2022	179	1,927	£1,479
APARTMENT 7	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£7,400,000	14/03/2022	329	3,541	£2,089
APARTMENT 4	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£3,800,000	04/02/2022	79	850	£4,468
APARTMENT 14	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£3,940,000	03/12/2021	157	1,690	£2,331
APARTMENT 12	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£4,000,000	09/11/2020	155	1,668	£2,397
APARTMENT 15	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£6,000,000	09/11/2020	231	2,486	£2,413
APARTMENT 17	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£10,900,000	09/11/2020	286	3,079	£3,540
APARTMENT 13	NOVEL HOUSE, 29 NEW END, NW3 1JD	Flat	£3,500,000	05/11/2020	155	1,668	£2,097

Hampstead Manor

1.3 We have identified the following achieved values relating to this development, outlined below:







Unit	Address	Type	Price	Date Sold	Sqm	Sq Ft	£/ Sq Ft
	4 TEIL ROW, NW3 7SU	Terraced	£2,850,000	06/06/2022	180	1,938	£1,470
APARTMENT 3	CHAPMAN HOUSE, 8D KIDDERPORE AVENUE, NW3 7SU	Flat	£1,800,000	31/03/2022	174	1,873	£961
APARTMENT 8	MAYNARD HOUSE, 8C KIDDERPORE AVENUE, NW3 7SU	Flat	£850,000	15/12/2021	73	786	£1,081
	7 TEIL ROW, NW3 7SU	Flat	£2,600,000	20/09/2021	180	1,938	£1,341
APARTMENT 16	BAY HOUSE, 10A KIDDERPORE AVENUE, NW3 7SU	Flat	£1,350,000	13/08/2021	80	861	£1,567
APARTMENT 7	MAYNARD HOUSE, 8C KIDDERPORE AVENUE, NW3 7SU	Flat	£950,000	30/06/2021	71	764	£1,243
	3 TEIL ROW, NW3 7SU	Terraced	£2,600,000	30/06/2021	180	1,938	£1,341
APARTMENT 13	CHAPMAN HOUSE, 8D KIDDERPORE AVENUE, NW3 7SU	Flat	£2,150,000	28/06/2021	198	2,131	£1,008
APARTMENT 1	CHAPMAN HOUSE, 8D KIDDERPORE AVENUE, NW3 7SU	Flat	£1,430,000	21/04/2021	147	1,582	£903
APARTMENT 12	MAYNARD HOUSE, 8C KIDDERPORE AVENUE, NW3 7SU	Flat	£1,651,400	30/03/2021	114	1,227	£1,345








APARTMENT 3	MAYNARD HOUSE, 8C KIDDERPORE AVENUE, NW3 7SU	Flat	£850,000	08/02/2021	58	624	£1,361
	1 SUMRAY ROW KIDDERPORE AVENUE, NW3 7SU	Terraced	£1,940,000	29/01/2021	135	1,453	£1,335
APARTMENT 2	BAY HOUSE, 10A KIDDERPORE AVENUE, NW3 7SU	Flat	£1,080,000	29/01/2021	94	1,012	£1,067
APARTMENT 1	BAY HOUSE, 10A KIDDERPORE AVENUE, NW3 7SU	Flat	£590,000	28/01/2021	42	452	£1,305
APARTMENT 6	DUDIN BROWN HOUSE, 8A KIDDERPORE AVENUE, NW3 7SU	Flat	£1,327,500	21/01/2021	79	850	£1,561
	2 TEIL ROW, NW3 7SU	Terraced	£3,105,000	21/01/2021	180	1,938	£1,602
	2 TEIL ROW, NW3 7SU	Terraced	£3,105,000	21/01/2021	180	1,938	£1,602
APARTMENT 2	MAYNARD HOUSE, 8C KIDDERPORE AVENUE, NW3 7SU	Flat	£1,774,125	04/01/2021	131	1,410	£1,258






2.0 Second Hand Comparable Evidence







2.1 The proposed development will consist of 1-bed, 2-bed, and 3-bed flats alongside two maisonettes and two houses. We have therefore considered comparable evidence in relation to the proposed scheme, outlined below:

Address	Date	Price	Size	£ / Sq ft	Details
1-bedroom flats within ½ mile					
 <p>Fitzjohn's Avenue Hampstead, NW3</p>	OM	£825,000	937 sq ft	£880	1-bedroom flat 0.26 miles from subject site, in good condition. Located in period house converted to flats.
 <p>Buckland Crescent, Belsize Park, NW3</p>	Under Offer	£1,000,000	975 sq ft	£1,025	Spacious 1-bedroom flat in a converted period building. 0.25 miles from subject.
 <p>Buckland Crescent, NW3</p>	Sold STC	£1,000,000	1,032 sq ft	£969	Spacious 1-bedroom flat in a converted period building. Includes private terrace. 0.31 miles from subject.
 <p>Belsize Park, NW3</p>	OM	£895,000	1,025 sq ft	£873	1-bedroom, 1 bathroom ground floor flat located 0.16 miles from subject. Benefits from a rear garden but requires refurbishment and modernisation.
 <p>Greenhill, Prince Arthur Road, Hampstead, London NW3</p>	Sold STC	£775,000	609 sq ft	£1,272	1-bedroom, 1 bathroom flat on the ground floor which has been completely refurbished to a high standard. Benefits from landscaped communal gardens and off-street parking.

 <p>Prince Arthur Road, Hampstead, London, NW3</p>	Under Offer	£775,000	664 sq ft	£1,167	1 bedroom 1 bathroom flat on the ground floor which has been refurbished to a high standard. Benefits from landscaped gardens and off-street parking. Desirable development.
2-bedroom flats within ½ mile					
 <p>Netherhall Gardens, London</p>	OM	£975,000	861 sq ft / 79.9 sq m	£1,132	Refurbished 2-bedroom flat located within a period building. 0.21 miles from subject.
 <p>Maresfield Gardens, Hampstead, NW3</p>	OM	£3,250,000	1,663 sq ft	£1,954	2-bedroom, 2-bathroom flat, part of new development of apartments located within a Victorian villa, 0.19 miles from subject. Benefits from a paved terrace.
 <p>Fitzjohn's Avenue, London, NW3</p>	OM	£1,600,000	1,087 sq ft	£1,472	2-bedroom, 2 bathroom flat located in a period building development converted to flats. Located 0.1 miles from subject. Benefits from communal gardens.
 <p>Winchester Road, Belsize Park, NW3</p>	OM	£1,300,000	778 sq ft	£1,670	2-bedroom, 1 bathroom flat located in a period building 0.4 miles from subject. Property has recently been refurbished and benefits from private garden access.
 <p>Ornan Road, Belsize Park, NW3</p>	Under Offer	£1,200,000	1,000 sq ft	£1,200	2-bedroom, 1 bathroom flat, recently refurbished located within a period building. 0.2 miles from subject site.
	Sold STC	£1,100,000	1,000 sq ft	£1,100	2-bedroom, 2 bathroom flat located

					within a period building, 0.27 miles from subject site.
Buckland Crescent, Belsize Park, NW3					
	OM	£875,000	851 sq ft	£1,028	2-bedroom 1 bathroom flat located within a period house. Recently refurbished and located 0.21 miles from subject site.
Netherhall Gardens, London					
3-bedroom flats within ½ mile					
	Sold STC	£3,250,000	1,844 sq ft / 171.31 sqm	£1,762	3-bedroom 2-bathroom raised ground level flat with underground parking and communal gardens. Located within period building, 0.13 miles from subject
Fitzjohn's Avenue, Hampstead					
	Sold STC	£3,100,000	2,449 sq ft / 227.5 sq m	£1,265	3-bedroom 3-bathroom large flat located in period building. In good condition, 0.33 miles from subject.
Belsize Park Gardens, London NW3					
	Under Offer	£2,675,000	1,575 sq ft / 146 sq m	£1,698	3-bedroom 3-bathroom flat located in new build development. Benefits from private garden, underground parking. 0.18 miles from subject
27 Belsize Lane, Belsize Park, NW3					
	Under Offer	£2,500,000	1,697 sq ft / 158 sq m	£1,473	3-bedroom 3-bathroom flat located in a period building. Benefits from a private garden. 0.19 miles from subject.
Belsize Park, London, NW3					
	OM	£2,050,000	1,680 sq ft	£1,220	3-bedroom 2-bathroom apartment located in a period building, in good

Winchester Road, London					condition. 0.41 miles from subject.
 Rosslyn Hill, Belsize Park NW3	OM	£2,000,000	1,625 sq ft / 151 sq m	£1,230	3-bedroom 2-bathroom duplex flat located in a period building. Located 0.36 miles from subject.
Duplex and maisonettes within ½ mile					
 Penthouse Apartment, Nutley Terrace, Hampstead NW3	OM	£3,995,000	2,800 sq ft / 260 sqm	£1,427	3-bedroom, 3-bathroom penthouse duplex apartment located in a development of flats within a period building. 0.03 miles from subject site. Benefits from two terraces and underground parking.
 Buckland Crescent, NW3	OM	£3,995,000	2,520 sq ft / 234 sqm	£1,585	3-bedroom, 3-bathroom maisonette located 0.3 miles from the subject. Benefits from a landscaped south-facing garden and has been refurbished to a high standard.
 Fitzjohns Avenue, Hampstead, NW3	OM	£3,475,000	3,006 sq ft / 279 sqm	£1,156	4-bedroom, 4-bathroom split level apartment inside a period building. 0.21 miles from subject.
 Netherhall Gardens, Hampstead, London	OM	£2,850,000	1745 sq ft / 162 sqm	£1,633	4-bedroom 2-bathroom duplex located within a period building 0.21 miles from the subject. Benefits from a private garden and terrace.

 Fitzjohns Avenue	OM	£2,000,000	1,429 sq ft / 133 sqm	£1,400	3-bedroom 2-bathroom duplex apartment with a private garden and terrace set within a period building. 0.09 miles from the subject.
Detached and semi-detached houses within 1 mile					
 Redington Gardens. Hampstead, London NW3	OM	£9,950,000	7,352 sq ft / 683 sqm	£1,353	7-bedroom, 6-bathroom house, arranged over 5 floors, 0.82 miles from subject. Benefits from private garden, roof terrace, gym, and games room.
 Blenheim Road, London NW8	OM	£6,850,000	3,979 sq ft / 370 sqm	£1,722	5-bedroom, 5-bathroom house within a grade II listed period house. Benefits from a private garden, cinema room, boot room. 0.97 miles from subject site.
 Loudoun Road, NW8	OM	£6,000,000	3,868 sq ft / 359 sqm	£1,551	5-bedroom, 5 bathroom detached house located 0.77 miles from the subject site. Benefits from a fully equipped gym, games room and spa facilities and rear private garden.
 Acacia Road, St John's Wood, London	Sold	£10,950,000	3,577 / 332 sqm	£3,061	5-bedroom, 5-bathroom house located 0.9 miles from the subject. Benefits from a large south facing garden and terrace alongside off street parking for two cars.
 Chalcot Gardens, Belsize Park, NW3	OM	£6,500,000	3,658 sq ft / 340 sqm	£1,777	5-bedroom, 4-bathroom semi-detached house 0.66 miles from the subject site. Benefits from a private garden and roof terrace.

Address	Date	Price	Sqft	£ / Sq ft	Details
2-bedroom flats					
Flat 1, 62 Fitzjohn's Avenue, NW3 5LT	Apr 2022	£720,000	721	£999	2 bed, 1 bath, 1 reception room.
Belsize Court, Flat 48, Wedderburn Road, NW3 5QH	Dec 2023	£1,312,500	1,015	£1,293	2 bed, 2 bath. Benefits from communal gardens.
54, First Floor Flat, Belsize Park NW3 4EE	Sept 2023	£1,240,000	707	£1,754	2 bed, 1 bath flat, refurbished before sale.
25c Belsize Avenue, NW3 4BL	Jan 2023	£1,420,000	1,138	£1,248	2 bed, 2 bath flat.
Flat 4, 11 Fitzjohn's Avenue, NW3 5JY	Aug 2023	£1,185,000	840	£1,410	2 bed 2 bath flat, recently refurbished.
Flat 8, 21 Fitzjohn's Avenue NW3 5JY	Aug 2023	£1,346,000	1098	£1,226	2 bed 2 bath flat.
3-bedroom flats					
9a Wedderburn Road, London, NW3 5QS	Sept 2023	£4,250,000	1,195	£3,556	3 bed, 2 bath with balcony and parking.
7a Belsize Park Gardens, NW3 4LB	Dec 2023	£2,050,000	1,903	£1,077	3 bed 2 bath flat.
Flat 6, 80 Fitzjohn's Avenue, London, NW3 5LS	May 2023	£1,250,000	1,337	£935	3 bed 3 bath flat.
2&3-bedroom maisonettes					
91, Belsize Lane, NW3 5AU	Sept 2023	£2,040,000	1,420	£1,436	3 bed maisonette, split across three floors.
63 Netherhall Gardens, NW3 5RE	Nov 2023	£2,910,000	1,243	£2,341	2 bed 2 bath maisonette.
6 bed houses					
17 Redington Road, NW3 7QX	Nov 2023	£6,050,000	3,541	£1,709	6 bed semi-detached.

Appendix 4: Glossary

Term	Definition (links provided for further information)
Actual Developer Return (or profit)	As opposed to target return, the actual return is what developers are due to receive from a development scheme.
Affordable Rent:	Affordable rent is rent that is set at up to 80% of market rent (including service charges). Includes SR, LAR and DMR housing.
Social Rent (SR)	Social rent is usually rent that is paid to registered providers and local authorities. It is low-cost rent that is set by a government formula.
London Affordable Rent (LAR)	London Affordable Rent (LAR) homes are rented by social landlords with rents capped at benchmark levels published by the Greater London Authority. They are lower than the 80% per cent of market rents at which affordable rents can be charged. The London Plan
Discounted Market Rent (DMR)	Usually at 80% or less of open market rent, or to LAR levels.
Alternative Use Value (AUV)	Ultimately, AUV considers other options for a property to ascertain the highest value and best use for the land. There's usually more than one thing that can be done to release value in a site, and it's logical that the landowner should consider all avenues before bringing a scheme forward. Government guidance allows viability assessors to consider the alternative use value of a building as a benchmark, provided this relates to a lawful use which complies with the adopted development plan. This alternative use can therefore be: <ul style="list-style-type: none"> - a legal permitted change of use or development (which does not require planning permission) - an existing planning permission (for example a smaller scheme) - or a proposal which fully complies with all development plan policies. Existing Use Value remains the preferred method of assessing BLV under PPG and AUV use is limited by a number of specific conditions. NPPG
Benchmark Land Value (BLV)	The benchmark land value (BLV) is the hypothetical land value used to assess planning viability; it does not include hope value. Established based on either the existing use value (EUV) or the Alternative Use Value (AUV) of the land and may include a Landowner Premium. NPPG
Construction Costs	Total build costs associated with the development.
Build to Rent (BTR)	Build to Rent is a property development that is designed with the sole intention of appealing to the rental market as opposed to long-term home ownership. The London Plan
Co-Living	the practice of living with other people in a group of homes that include some shared facilities (typically shared working, leisure spaces and kitchens). The London Plan
Community Infrastructure Levy (CIL)	The Community Infrastructure Levy (CIL) is a levy on development that councils across the country, are implementing. It helps to pay for local infrastructure including schools, paths, parks, open spaces and healthcare facilities.
Developer Return (or profit)	The amount or percentage return retained or retainable by the developer. NPPG
Developer return on cost	The amount of developer Return expressed as a percentage of Build Costs. NPPG
Developer return on GDV	The amount of Developer Return expressed as a percentage of GDV. NPPG
Development Appraisal	A financial appraisal of a development. It is normally used to calculate either the residual site value or the residual development profit, but it can be used to calculate other outputs. RICS Development Valuation
Existing Use Value (EUV)	What property or land is worth in its current form. In other words, the hypothetical price that it can be sold for on the open market, assuming it will only be used for the existing use for the foreseeable future and that no capital works will be undertaken. It excludes hope value for redevelopment. NPPG
Extra Care	The term 'extra care' housing is used to describe developments that comprise self-contained homes with design features and support services available to enable self-care and independent living.

Fair Value	'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.' (This definition derives from international Financial Reporting Standards IFRS 13.) The Red Book
Gross Development Value (GDV)	The value of a development once construction has been completed, or the total sum of the sales values for the finished development. NPPG
Gross External Area (GEA)	Broadly speaking the whole area of a building taking each floor into account, including the thickness of the external walls. Most similar to IPMS 1. Code of Measuring Practice IPMS
Gross Internal Area (GIA)	Broadly speaking the whole enclosed area of a building taking each floor into account and excluding the thickness of the external walls. Most similar to IPMS 2. Code of Measuring Practice IPMS
Ground Rent	An additional amount which many people who own leasehold properties must pay. It's charged by a "landlord", although the more accurate term is perhaps "freeholder" – the person who owns the land, and ultimately owns the lease. No longer applied on new dwellings.
House of Multiple Occupation (HMO)	A property shared by at least 3 people who are not from 1 'household' (for example a family) and share facilities like the bathroom and kitchen. You must have a licence if you're renting out a large HMO in England or Wales. Your property is defined as a large HMO if all of the following apply: <ul style="list-style-type: none"> it is rented to 5 or more people who form more than 1 household. some or all tenants share toilet, bathroom, or kitchen facilities. at least 1 tenant pays rent (or their employer pays it for them) The London Plan
Internal Rate of Return (IRR)	The rate of interest (expressed as a percentage) at which all future project cash flows (positive and negative) will be discounted in order that the net present value (NPV) of those cash flows, including the initial investment, be equal to zero. IRR can be assessed on both gross and net of finance. RICS Development Valuation
Shared Ownership (SO)	The purchaser pays a mortgage on the share they own and pays a subsidised rent to a housing association on the remaining share. The purchaser has the option to increase their share during their time in the property via a process known as 'staircasing', and in most cases can staircase all the way to 100%. It is a form of intermediate housing.
London Living Rent (LLR)	London Living Rent is a type of intermediate affordable housing for Londoners to build up savings to buy a home. London Living Rent provides rented homes on stable tenancies, with rents based on a third of local household incomes. It is a form of intermediate housing. The London Plan
ITZA	ITZA is surveyor-abbreviation meaning 'area in terms of Zone A'. Totalling the Zone A equivalent of each zone (i.e. Zone B/2, Zone C/4 etc) and expressing the total in terms of Zone A is a method of analysing rents. Code of Measuring Practice
Landowner Premium	The premium (or the 'plus' in EUV+) is a component of benchmark land value. It is the amount (if any) above existing use value (EUV) that goes to the landowner and reflects an incentive for the landowner to dispose of the land for development. NPPG
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The Red Book
National Planning Policy Framework (NPPF)	The revised National Planning Policy Framework sets out government's planning policies for England and how these are expected to be applied. National Planning Policy Framework
Net Internal Area (NIA)	Broadly speaking the usable area within a building measured to the face of the internal finish of perimeter or party walls, excluding corridors and WCs etc and taking each floor into account. Most similar to IPMS 3. Code of Measuring Practice IPMS
Net Sales Area (NSA)	Net Sales Area is the GIA of a new or existing residential dwelling, including basements, mezzanines, galleries and hallways, but excluding garages, conservatories, balconies, outbuildings, terraces and restricted height areas under 1.5m. Code of Measuring Practice
Net Lettable Area (NLA)	As above, expressing the area to be rentalised. Code of Measuring Practice
Planning Obligations	Planning obligations are legal obligations entered into to mitigate the impacts of a development proposal. This is usually via s106 agreement. Planning obligations run with the land, are legally binding and enforceable. They can include affordable housing, infrastructure contributions, CIL etc.
NPPG	The National Planning Practice Guidance adds further context to the National Planning Policy Framework (NPPF) and it is intended that the two documents should be read together. Plan makers must have regard to national policies and advice contained in the guidance when developing their plans. The guidance is also a 'material consideration' when taking decisions on

	planning applications. This means that if a local policy is deemed out of date, local authorities may be directed by the national guidance's requirements.
Open Market Sale (OMS)	Housing that is to be sold at Market Value.
Residual Value	The amount remaining once the gross development cost of a project is deducted from its gross development value (GDV) and an appropriate return has been deducted. RICS Development Valuation
Retirement Living	A retirement village or development built specifically for older adults - often those aged 55, 60 or 65 and over. They come with a range of superb facilities and can offer on-site care.
RICS	Royal Institution of Chartered Surveyors.
Target Developer Return (or profit)	The target profit required by the developer. NPPG
The Red Book	The Red Book is issued by RICS and details mandatory practices for RICS members undertaking valuation services. It also offers a useful reference resource for valuation users and other stakeholders. The Red Book
Zoning	In retail property valuation, Zoning is the area closest to the street and the most valuable area of retail, with the value decreasing with distance from the frontage: Zone B is the next 6 metres and then Zone C until the entire depth of the retail area is allocated into a zone. Anything after Zone C is usually delegated as the remainder (of space). Code of Measuring Practice

The above definitions are indicative only and are not to be relied upon. Professional advice should always be sought.

