

# 39a Fitzjohn's Avenue and Land at Maresfield Gardens, NW3 5JT

## Addendum Report 1

Prepared on behalf of the London  
Borough of Camden

Issued: 14<sup>th</sup> October 2024

Planning Reference: 2024/0728/P



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## 1.0 Introduction

- 1.1 BPS Chartered Surveyors have been instructed by the London Borough of Camden ('the Council') to provide a review of a response letter prepared by Quod dated 12<sup>th</sup> August 2024.
- 1.2 This addendum follows on from our Independent Viability Review dated 24<sup>th</sup> May 2024 which provides a review of Quod's Financial Viability Assessment ('FVA') dated February 2024, prepared on behalf of the Applicant in connection with the redevelopment of the above site.
- 1.3 This addendum should therefore be read in conjunction with the above reports.
- 1.4 In our previous report we determined that the proposals produced a surplus of £11,130,000. Our report however, remained inconclusive pending provision of fully justified Benchmark Land Value assessment from the Applicant.
- 1.5 Quod have provided an updated BLV as part of their latest response and have also addressed the following areas of disagreement:
  - Sales revenue
  - Parking revenue
  - Build Costs
  - Professional Fees
  - Disposal Fees
  - Finance rate
  - Profit on GDV
  - Construction Timescales
- 1.6 We have dealt with each of these points within this addendum report.

## 2.0 Summary Table

2.1 Having considered Quod's latest comments and appraisal, the following table summarises our **current** respective positions:

Input	Quod	BPS	Comments
Income			
Open Market Sales	£48,915,000 (£1,233 psf)	£50,196,465 (£1,265 psf)	Disagreed – Quod position remains <u>unchanged</u> .
Car Parking	£150,000	£150,000	Agreed
Expenditure			
Benchmark Land Value	£8,250,000	£6,635,000	Disagreed – Quod position has <u>increased</u> .
Build Costs	£25,214,302	£24,874,070	Disagreed
Contingency	5%	5%	Agreed
Professional Fees	12%	10%	Disagreed – Quod position remains <u>unchanged</u> .
OMS Marketing Fees	3%	2.5%	Disagreed – Quod position remains <u>unchanged</u> .
OMS Disposal Fees	2%		
S106 Costs	£330,000	£330,000	Ambiguous - We require confirmation from the Council on this input.
MCIL2 / Borough CIL	£3,877,304	£3,877,304	Ambiguous - We require confirmation from the Council on this input.
Finance	12%	7%	Disagreed – Quod position remains <u>unchanged</u> .
Profit (on GDV)	20%	17.5%	Disagreed – Quod position remains <u>unchanged</u> .
Development Timeframes			
Pre-construction Period	9-months	9-months	Agreed
Construction Period	24-months	24-months	Agreed
Pre-Sales	35% (2 units pcm)	50% (2 units pcm)	Disagreed – Quod position remains <u>unchanged</u> .
Sales Period	12-months	8-months	Disagreed – Quod position remains <u>unchanged</u> .
Viability Position	<b>-£13,426,197</b>	<b>-£1,739,063</b>	Disagreed – (c. £13.5m deficit with 20% profit target). Quod deficit position has <u>increased</u> .
Actual Profit	<b>-7.37%</b>	<b>14%</b>	<b><u>Significantly reduced deficit identified.</u></b>

## 3.0 Conclusions & Recommendations

### Conclusions & Recommendations

- OMS Sales Values – Disagreed (BPS decrease in sales values).
- Benchmark Land Value – Disagreed (Quod increase and higher than BPS current assessment).
- OMS Marketing & Disposal Fees – Disagreed (no change).
- Build Costs – Disagreed (base build costs increased and refurbishment costs included).
- Finance – Disagreed (no change).
- Professional Fees – Disagreed (no change).
- Profit on GDV – Disagreed (no change).

- 3.1 As outlined in the summary table above, Quod have increased their Benchmark Land Value and construction costs. All other inputs remain as their initial report dated February 2024. Despite expressing significant disagreement with our previous report.
- 3.2 Quod are reporting a greater deficit than they previously reported in their FVA dated February 2024. In their FVA, Quod reported a deficit of £8,222,000. Quod have not included developer profit in their latest appraisal which we assume is an error, as they state in their Addendum that they maintain a 20% target profit on GDV.
- 3.3 Quod's appraisal has a total deficit of **-£3,613,197**. With the inclusion of a 20% profit target this deficit increases to **-£13,426,197** from their reported February 2024 deficit of **-£8,221,816**. This shows a deterioration in viability of £5,204,381 or 63%. This is despite nominal changes in GDV and costs, 0.3% increase in GDV and a £442 increase in anticipated construction costs (Quod's figures)
- 3.4 The Applicant previously reported a net profit on GDV of 3.2%. Their latest appraisal equates to a net profit on GDV of -7.37% (without inclusion of developer profit). We do not consider the latest viability position reported by Quod to be realistic as they are suggesting the Applicant would make a significant real terms loss and we therefore question the deliverability of this scheme. Nor is there any evidence of such a significant market movement to justify this change.
- 3.5 In the absence of clear and relevant sales evidence we have adjusted our assessment of GDV for the purposes of this review. We maintain the view that higher values are potentially achievable but acknowledge there is gap between relevant but historic sales evidence and much higher specification schemes where we consider the proposed scheme sits. As such and consistent with an evidence based approach we have reduced our GDV estimate. On this

basis our revised appraisal indicates a scheme deficit of **-£1,739,063** which equates to a net developer profit on GDV of 14%. We therefore consider an affordable housing contribution to be unviable at this time. We do however consider an early and late-stage review of viability needs to be incorporated into any subsequent S106 Agreement given the that in our view there is a real possibility of sales values being above the level we have accepted.

- 3.6 We have sensitivity tested the scheme and our findings are included in **Appendix 2**. If sales values were to increase by 2.5% and construction costs were to decrease by 2.5% this scheme would effectively breakeven.
- 3.7 This Addendum provides a response to Quod's latest report as requested by the Council.

## 4.0 Summary of Quod's Response Dated 12<sup>th</sup> August 2024

### Residential Values (No change)

- 4.1 Quod has relied upon the advice of Goldschmidt and Howland (GH) (estate agents) in respect of the anticipated value of the residential element of the scheme. GH disagree with the sales values adopted in our previous review. They disagree with the inclusion of a new build premium and consider that the lack of car parking within the proposed scheme would result in a c. 20% reduction to the value of the flats. Moreover, they do not agree that the evidence referenced in our report is comparable to the application scheme particularly the Hampstead Manor scheme.
- 4.2 Quod have included correspondence with an alternative agent, Stone which promotes an opinion on the proposed sales rate of £1,250 psft for the proposed scheme. Quod do not definitively state their sales value position in their response but have provided an appraisal which includes an overall sales rate of £1,233 psft which shows no change from their previously adopted sales figures.

### Car Parking Revenue (Accept BPS Position)

- 4.3 Quod agree with our car parking revenue of £50,000 per space (£150,000 total). We therefore consider this point to be resolved.

### Benchmark Land Value (Increased)

- 4.4 Quod have provided an updated Benchmark Land Value assessment which assumes refurbishment of the existing premises to bring the property to a marketable condition. We have been provided with a schedule of refurbishment costs which show a total cost estimate of £1.75m.
- 4.5 Quod consider that once refurbishment has been completed the existing property could be sold as a market dwelling for in excess of £10m which after allowing for refurbishment nets down to a figure of £8.25m (£1,450 psft). They have provided transactional evidence to support their value. They consider that a local premium applies to larger houses which rarely become available on the market but have not provided evidence to support this.
- 4.6 This conflicts with Quod's assessment in their February report which stated:

*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.*

- 4.7 It is noted that refurbishment costs have been reduced by £250,000 (12.5%) and the suggested value of the property increased by £2m (25%).
- 4.8 On this basis, Quod consider that the property would be worth £8.25m+ after accounting for refurbishment costs. This is an increase of £1.05m to their previous Benchmark Land Value of £7.2m (14.5%).

#### Build Costs

- 4.9 Quod state they have been advised by their QS that since submission of their cost plan, inflation has caused costs to increase by 1% and their revised cost figure totals £25,214,302. This is surprisingly some £442 below the cost included in Quod's February 2024 report. We note however that Quod's response includes a cost report dated 24<sup>th</sup> May 2024 from Anstey Horne which concludes a cost figure of £25,214,744 is appropriate. This figure is the same sum as included in Quod's February appraisal although Quod's report predates Anstey Horne's May report by three months. We note the cost total provided by Anstey Horne has not changed between either report. We assume the cost figure in Quod's appraisal is stated in error.
- 4.10 Neil Powling, has reviewed the build costs proposed by the Applicant and his conclusions are as follows:

*The Applicant has provided their opinion of the construction cost in section 004 of the Clarifications. They have allowed for an inflation figure of 1% resulting in a revised construction cost of £25,214,302. They quote Annex 5 which is the Anstey Horne Review dated 31st July 2024 of BPS Viability Review Report dated 24th May 2024. This was a report originally received by us from Anstey Horne 1st August 2024. It was considered by us at the time as part of our dealings with Anstey Horne. Daniel Robins of Anstey Horne and Neil Powling representing BPS came to an amicable agreement on the construction costs and this was summarised in our email of 5th August 2024 in the sum of £24,560,003. An email string including a subsequent query from Anstey Horne is attached. It is correct that there has been some inflation since then – the BCIS TPI index of 391 from 2Q2024 (the date of our report) if inflated to 3Q2024 (the date of the Quod Clarifications) would be 0.77%. if inflated to a current 396 4Q2024 of 1.28% the updated construction cost (4Q2024) would be £24,874,070. We consider it reasonable to include this sum in the current viability appraisal.'*



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- 4.11 On this basis, we have revised our appraisal to include a construction cost of £24,874,070 (including contingency).

Professional Fees (No change)

- 4.12 Quod maintain a 12% professional fees allowance and provide a further breakdown of the fee assumptions by percentage but do not provide any further evidence in support of these.

Finance Rate (No change)

- 4.13 Quod consider that evidence has now been presented to support their finance rate of BoE base rate + 6% fees. They have maintained a finance rate of 12% within their appraisal. This evidence comprises a letter which appears to have been solicited from a prospective funder.

4.14 Developer Profit

- 4.15 Quod maintain the view that a 20% profit on GDV is reasonable. Regardless, their current viability position of 3.2% (with inclusion of developer profit) on GDV is significantly lower than this target return.

Construction Period (Increased)

- 4.16 Quod suggest their construction period should be extended by 6-months to account for delays in new fire safety requirements. We note that there have been no changes to Quod's appraisal. Further explanation of the issue would be required to support any such change.

## 5.0 Proposed OMS Values

Quod Feb 24	BPS May 24	Quod Latest Position.	Overall
£1,233 psf.	£1,393 psf.	£1,233 psf.	<b>Disagreed</b>

- 5.1 The proposed scheme is located on Fitzjohn's Avenue, a predominantly residential street comprising large residential houses and converted flats. The site is located within 'Sub-Area 1' of the Fitzjohn's and Netherhall Conservation Area. The existing building will be demolished and a new building comprising of 29 flats (1,2 and 3 bedroom), 2 maisonettes (3 & 2-bedroom and 2 houses (5 bedrooms). The flats in the new building do not benefit from substantial amenities although the design and access statement identifies 113.4 sqm of ancillary residential space on the upper and lower ground floors. Moreover, the proposed six-bedroom houses will benefit from having a nursery space included. All units on the site will benefit from landscaped communal gardens and the flats have private terraces.
- 5.2 Our previous report concluded that Quod's adopted sales values were understated based on the evidence from additional comparable developments we had identified in the local area. These were the developments at Novel House (NW3 1JD, c. 0.6 miles from subject) and Hampstead Manor (NW3 7ST, c. 0.85 miles from subject).
- 5.3 By contrast, Quod's FVA provided sales data from second-hand properties, which we considered to be less relevant comparables given that the proposed units will be new build. Nonetheless, Quod's pricing was below the second-hand evidence tone in the local area which further indicated that their values were understated.
- 5.4 In their response, Quod have submitted an opinion of value provided by Stone London (estate agents) which references the following schemes:
- 5.4.1 Clay Yard (NW6 2EF)
  - 5.4.2 Verdica (NW1 8RF)
  - 5.4.3 Vabel Haverstock (NW3 2BL)
  - 5.4.4 Belsize Firehouse (NW3 4PB)
  - 5.4.5 West Hampstead Central (NW6 1SD)
  - 5.4.6 49 Fitzjohn's Avenue (NW3)

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Clay Yard (NW6 2EF)

- 5.5 This development comprises two buildings (Heights & Mansions) with a total of 106 new units, offering 1-, 2-, and 3-bedroom flats. The scheme includes amenities such as a landscaped courtyard, gardens, private balconies, terraces or winter gardens for each flat, and access to a gym and residents' lounge with business facilities. Part-time on-site concierge services are also available.
- 5.6 We received evidence from Stone London indicating a number of units are reserved, exchanged or complete and an average price of £1,084 psf. However, we have not independently verified these sales as they are not yet on the Land Register. According to Molior, the average asking price for these units is £1,109 psf. Based on the prices the units are being marketed at this represents a marginal discount on the asking prices and indicates strong demand.
- 5.7 This development is located c. 0.9 miles from the subject site. Its immediate location is predominantly residential with some industrial uses. The scheme is situated adjacent to the railway which leads to West Hampstead (Thameslink) Station. We consider this location to be inferior to the subject site as the location is a quieter and more desirable residential area with large houses and within the Fitzjohn's and Netherhall Conservation area. Albeit we consider the Clay Yard is well-connected to public transport with a PTAL rating of 6a compared to the subject rating 5.

Verdica (NW1 8RF)

- 5.8 This development comprises 89 private new-build units, offering a mix of studio, 1-, and 2-bedroom apartments, with completion expected in Q3 2024. Residents will benefit from landscaped gardens and the surrounding local amenities. Molior indicates an average asking price of £1,289 psf.
- 5.9 The development is located approximately 1.1 miles from the subject site, in a primarily residential area with some retail along Chalk Farm Road and is c. 100 meters from Chalk Farm Station. The Denton Estate lies to the north, and the area is undergoing significant regeneration and redevelopment. Whilst the location is notably busier than the subject site, we consider this development to be relevant as it is a recent new build scheme.
- 5.10 There is a wide contrast in locations between the two schemes and Verdica is not located in a quiet residential area with large houses. Moreover, it is located in Chalk Farm which is outside of the Hampstead market vicinity and closer to the busier location of Camden Town. We have

not been able to identify any achieved sales relating to this scheme and Stone London have provided a list of asking prices for this development which appear to be identical to the prices we have identified on Molior.

Vabel Haverstock (NW3 2BL)

- 5.11 This development comprises 29 units, offering a mix of 1-, 2-, and 3-bedroom apartments. According to Molior, practical completion occurred in July 2022, with two units remaining unsold. We are not aware of any significant amenities beyond landscaped communal gardens.
- 5.12 The development is approximately 200 meters from the Verdica development, and we consider the location to be very similar, as it is situated around 50 meters (directly opposite) from Chalk Farm Station. The development fronts Haverstock Hill, a main road with primarily retail shops. This development is similar to the Verdica and thus a wide contrast from the location surrounding the subject site. The subject site is situated on a quieter residential street comprising large houses, converted flats and within a conservation area. Furthermore, this development is located in a busier and noisier location, fronting a main road and opposite Chalk Lane underground station.
- 5.13 Quod has provided sales values indicating an achieved rate of £1,144 psft, though we have not been able to verify these values as no completed transactions have been added to the Land Register. The remaining unsold units include a 1-bedroom flat listed at £650,000 (£1,157 psft) and a 2-bedroom flat listed at £875,000 (£1,168 psft) according to Molior.
- 5.14 Whilst we consider this to be relevant, the uncertainty surrounding the achieved values at this development and in addition to the locational difference compared to the subject site we consider this comparable to have less weight than the Clay Yard scheme. Moreover, we consider this scheme to be inferior to the Verdica development, whilst being c. 200 metres away it is set back further from the main road and a larger development comprising more units, greater amenities and overall, a superior scheme.

Belsize Firehouse (NW3 4PB)

- 5.15 This development comprises 11 units (2016/0745/P) and is located approximately 850 metres from the subject site. The scheme is a conversion of a vacant Grade II listed firehouse to a residential development. There are no significant amenities within the development, other than a communal terrace (48 sqm) although it cannot be confirmed if this is accessible to all residents. This scheme included limited parking provision of 8 spaces in respect of the 11 units

and spaces were sold separately. Reflecting on Goldschmidt's views on the impact of parking spaces, we consider this comparable to be highly relevant.

- 5.16 Although an achieved overall sales rate of £1,245 psf. is reported, we consider the sales evidence to be historic, as most units were sold between 2020 and 2021, the last sale dated June 2022. In terms of location, however, we find this development to be highly comparable, as it is less than a mile away and situated on a similarly quiet residential street in Belsize Park.
- 5.17 This scheme is a conversion from an old firehouse. The internal spaces reflect its commercial past and although converted to a high standard we consider new build is likely to offer superior quality. We have identified floor plans on the planning portal for this development, which we have taken into consideration within our assessment.
- 5.18 It can be seen that some of the units have unusual layouts and x3 1-bedroom flats comprising 51 sqm (units 2,3 and 4) are located at basement level. Moreover, there are two maisonettes, unit 1 comprising 52 sqm is split across the basement level and the ground floor, unit 8 is also 1-bedroom but considerably larger comprising 90 sqm. We consider the configuration of these units to be inferior to the new build designed scheme at 39a Fitzjohn's Avenue as the space is less confined and more adaptable.
- 5.19 The subject site is c. 400 metres to Finchley Road underground station and c. 800 metres from Hampstead underground station. In comparison, Belsize Firehouse is c. 600 metres to Swiss Cottage underground station and c. 600 metres to Belsize Park underground station. Both sites are similar in terms of access to the underground.
- 5.20 We have uplifted the average achieved rate psf. based on the sales date for each unit and the House Price Index uplift to July 2024 (latest available data entry). Based on the HPI uplift we have identified a current day average value of £1,292 psf.
- 5.21 We would expect the subject property to achieve higher values than this scheme but consider the sales values achieved to represent the minimum expectations.
- 5.22 Considering the inferior nature of this scheme, we consider our pricing of £1,393 to be reasonable accounting for the location of the proposed scheme, the new build fit-out and amenity space which is superior to the Belsize Firehouse. We are aware that all of the proposed units at the subject scheme will have private amenity space which is not the case at Belsize Firehouse. Quod have priced the proposed scheme lower than this scheme having accounted for the uplift in HPI. Moreover, the HPI does not consider the specific location of the subject site and takes data from second hand stock across the Camden Local Authority.

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West Hampstead Central (NW6 1SD)

- 5.23 This development comprises a total of 85 private flats, a mix of 1- and 2-bedroom units in Hampstead. The development is located within walking distance (c. less than 3 minutes) of West Hampstead Thameslink, Tube and Overground stations. Residents benefit from landscaped gardens, an indoor gym and a 12-hour concierge service.
- 5.24 We have identified an average asking price of £1,213 from Molior and Quod have suggested this development has achieved an average rate of £1,164 psf. We have not been able to verify these sales.
- 5.25 This development is c. 1.2 miles from the subject site and situated off the busy West End Lane Road. The surrounding area is mixed with the three railway lines to the south of the site and the immediate area comprising residential and retail. Overall, we do not consider this location to be very comparable to the subject site as the subject scheme is located on a quiet residential road and in a conservation area. Moreover, we would consider the proposed scheme to achieve greater sales values noting its superior location and thus consider the sales evidence presented by Quod to be relevant in this regard.

49 Fitzjohn's Avenue

- 5.26 We have also identified a development c. 500 metres from the subject site on Fitzjohn's Avenue. We are aware that this is a conversion of a red brick Victorian property which has been split into 6 premium residential flats comprising a mix of 3 and 4 bedrooms. We have identified two properties relating to this development (flat two) a 3-bedroom flat comprising 1,087 sq ft on the lower ground floor on the market for £1,600,000 (£1,472 psft) and (flat four) a 3-bedroom flat comprising 1,127 sq ft on the ground floor with a private balcony on the market for £1,750,000 (£1,552 psft). We are aware that these units have been on the market for a considerable amount of time as the planning application was granted in 2017 and we are aware that flat four has been reduced from £2,000,000. The development benefits from landscaped communal gardens and off-street parking but lacks significant amenities available at larger schemes.
- 5.27 Whilst we consider this development to be relevant, we have not been able to identify any achieved sales, and it appears that units are overpriced having been reduced and remain on the market. The asking prices for this scheme are above our suggested achievable values for the subject.

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### Summary

- 5.28 To summarise, we consider the most relevant comparison scheme to the subject to be the Belsize Firehouse development but note sales data is now historic. Quod have not commented on the comparable evidence we identified in our May 2024 report, and we remain of the view that these comparables are a strong indication of the sales values achievable at the proposed scheme but consider them to be towards the upper range of values within the Hampstead market area.
- 5.29 We previously identified an achieved value of £1,883 for sold units at Novel House over the past two years. Moreover, we identified an average achieved value of £1,233 psft for the units sold at Hampstead Manor but note much of the sales evidence is historic having transacted in late 2021 and early 2022. Both of these developments are located in quiet residential areas which within c.1 mile of the subject site. Novel House is a small bespoke scheme with a concierge, gym and underground secure parking which we consider to be superior to the proposed scheme and as mentioned, represents the higher achievable values in this locality.
- 5.30 We have also identified 49 Fitzjohn's avenue which is located on the same road as the subject site. We are aware of two units on the market and asking prices are £1,472 psft and £1,552 psft for the two, 3-bedroom flats. It appears that these units are overpriced given the development completed and these units remain to be sold.
- 5.31 We have evaluated the capital values of the Belsize Firehouse scheme in light of the proposed scheme. In the pricing schedule included in our previous review, we priced a 1-bedroom flat comprising 56.1 sqm on the upper ground floor of the proposed scheme at £775,000. This looks reasonable when compared to unit 2, 55 sqm which sold for £725,000 (£1,247 psft) in February 2021 and unit 15, 56 sqm which sold for £860,000 (£1,427 psft) in October 2020.
- 5.32 Noting that we consider Belsize Firehouse to be the most relevant point of comparison we have translated the unit pricing of this scheme into the subject which shows an overall average of £1,265 psf. This is before any allowance for indexation. Whilst we consider our previously reported sales value estimate to be realistic, we accept there is limited recent sales evidence directly supporting our position as it lies above schemes such as the Firehouse and below schemes such as Novel house. We therefore have accepted minimum pricing reflecting the Firehouse conditional on the inclusion of early and late-stage review provisions to enable actual achieved values for this scheme to be considered at a later date.
- 5.33 Additionally, we previously considered comparables for houses and maisonettes, we are aware are part of the plans for the development at the subject site. Quod have not provided

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any evidence to substantiate a sales value for these units. Therefore, we rely on the previously identified evidence to support our valuation of these units. For reference, we have adopted a rate of £1,265 across the development to arrive at a GDV of £50,196,465 for the proposed scheme.

5.34 Quod have not provided a pricing schedule and their current sales position remains unclear.



6.0 Benchmark Land Value

Quod FVA Feb 24	BPS Report May 24	Quod Current Position	Overall
£7.2m	Inconclusive.	£8.25m	Disagreed

6.1 In our initial review of the Quod Financial Viability Assessment (FVA) dated February 2024, we were unable to conclusively comment on the Benchmark Land Value due to insufficient information provided by the Applicant regarding the subject property. The evidence presented by Quod, which focused on large mansion houses in the local area, was not comparable to the subject property. Photos of the property's interior revealed that it had been stripped-out and was uninhabitable as a family dwelling. Given this evidence, we were unable to assess Quod's valuation of the Benchmark Land Value (BLV), as the comparable properties identified were not remotely similar to the subject property in this context.

Quod Approach

- 6.2 Quod have provided an updated assessment of the Benchmark Land Value to which they have now taken a AUV (Alternative Use Value) approach. They have now valued the site assuming that the existing premises could be refurbished into a large family dwelling. We are aware from the original planning application that the existing property has C3 residential use.
- 6.3 Quod have included sales evidence of large 6-bedroom mansion houses in the local vicinity, seeking to use these properties as comparables to establish an existing use value for the adjoining institutional property which is split into dormitories.
- 6.4 Quod have included a refurbishment cost of £1.75m to reinstate the property to a marketable condition. They have provided evidence to support their assessment of refurbishment costs.
- 6.5 In addition, Quod have sought additional advice from Goldschmidt Howland ('GH') estate agents who have provided the following additional comparable evidence to support their value of c. £10m once the existing property is refurbished. This contradicts their previous assessment; GH had previously advised Quod that the existing property would be c. £9m once refurbished.

No	Address	Asking/Guide Price	Exchange Price	Size (sq ft)	£ per sq ft	Date of Exchange
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1	Windmill Hill	£6,300,000	6,200,000	2950	£2,101.70	02.01.2024
12B & 88	Church Row & Frogna	£11,500,000	Price Exchanged is confidential and cannot be disclosed	7896	£1,139.82	19.01.2024
20	Church Row	£4,850,000	£4,200,000	3149	£1,333.76	29.02.2024
90	Frogna	£6,500,000	£5,950,000	2458	£2,420.67	04.03.2024
25	Christchurch Hill	£4,000,000	£4,565,000	2646	£1,725.25	28.05.2024
18	Keats Grove	£5,250,000	£5,700,000	2375	£2,400.00	26.06.2024
41	Rudall Crescent	£3,250,000	£3,411,000	1947	£1,751.93	01.08.2024
14	Downshire Hill	£4,250,000	£4,000,000	3000	£1,333.33	02.08.2024

- 6.6 It is unclear how Quod have compared the identified properties to the existing property, as there is no analysis in their report regarding key comparable features such as location, size, and amenities. We have reviewed the comparables provided by Quod and analysed the features of these properties, including our findings in **Appendix 4**. Our analysis indicates that the properties identified by GH and subsequently presented by Quod do not adequately compare to the subject site as they are far superior properties.

#### BPS Approach

- 6.7 It is important to clarify some important characteristics of the existing property, 39a Fitzjohn's Avenue is an institutional building comprising 630 sqm / 6,781 sq ft (as per Planning Statement) which is connected to 39 Fitzjohn's Avenue by a recessed bay. This is not a standard semi-detached residential dwelling.
- 6.8 We are aware that the adjoined building is made up of dormitories and workshop space and was purpose built to provide an extension to the main property for the Jesuits who occupied the building.
- 6.9 Quod have included refurbishment costs of £1.75m. They have provided a full breakdown of these costs which our QS has reviewed, and concludes the following:

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*'Our BCIS calculation of the cost for conversion and refurbishment of the existing property including a 5% contingency is £2,531,701 (£4,277/m²).'*

- 6.10 This is a considerably higher cost figure than the refurbishment costs stated by Quod, and we therefore consider Quod's assessment to be understated. The full cost report is attached at **Appendix 1**.
- 6.11 Moreover, Quod's assessment of refurbishment costs is limited to construction costs, and does not include contingency, professional fees, disposal fees, finance and profit which should be included as part of any residual value assessment.
- 6.12 Based on the estimated refurbishment costs, it is unlikely that the renovation will extend beyond a basic level of refurbishment. The proposed renovations do not include the installation of kitchen and bathroom units, which is not reflective of a comparable 5 or 6-bedroom house that would be 'oven ready' for the market. Consequently, the final value of the property cannot be directly compared to the evidence of large period mansion properties in the immediate area. Many of these comparable properties are purpose-built family homes rather than extensions to existing structures, and they typically retain significant period features. Furthermore, the properties in this locality often come with substantial amenities, including large gardens, parking, indoor gyms, swimming pools, and dedicated study or studio rooms which is not available at the subject property.
- 6.13 While we have included evidence of period properties in **Appendix 3**, we maintain that the quality and characteristics of these properties are significantly superior to those of the existing property, even after any refurbishment has taken place and should be weighted accordingly in assessing the existing value for the subject property. Alternatively, a higher and more realistic assessment of costs could be included together with the associated costs as outlined above,
- 6.14 Based on the evidence we have identified, we consider the semi-detached 7-bedroom double-fronted Victorian family residence in Hampstead, NW3 comprising 5,629 sq ft to be relevant. The property has gated parking, a large front driveway, landscaped garden, and a self-contained guest annexe. The property is on the market at £6,495,000 which if sold for the asking price, would equate to £1,154 sq ft. We consider this property to be far superior to the subject property in its existing use. If we were to allow for a discount of the refurbishment costs (c. 2.5m) this would equate to a value of £3,995,000 (£710 psft).
- 6.15 Additionally, we find the 6-bedroom terraced period property located on Glenloch Road, Belsize Park NW3, to be relevant. This property totals 3,648 sq ft and features three reception

rooms, four bathrooms, a private garden, and a roof terrace. It is currently listed on the market for £3,800,000, which equates to £1,042 psft. We consider this property to be less comparable than the 7-bedroom Victorian residence in Hampstead as its terraced and smaller in size but still provides valuable context for our analysis. The asking price per sq ft is relevant, and we anticipate that the subject property would require a significant discount due to the extent of refurbishment required.

- 6.16 We have also identified the property located at 75 Greencroft Gardens, Hampstead, London NW6 3JQ, which is a substantial 10-bedroom semi-detached residence comprising 5,240 sq ft. Images from the auction particulars indicate that this property is in poor condition and would likely require significant refurbishment to make it suitable for the market or private tenure. The sales details associated with this property are somewhat ambiguous; it is noted that it sold prior to auction with a guide price of approximately £3.3 million. Additionally, we have identified three transactions recorded on the same date in April 2024, which reflect sales of £3.2 million, £3.4 million, and £3.8 million. The reason for this variance is unclear, although the first completion price of £3.2 million (£610 psft) appears to be the most realistic and aligns closely with the auction guide price. Considering the similar size and number of bedrooms, we regard this property as a highly relevant comparable, with the sales value likely reflecting the extent of refurbishment required to restore the property.
- 6.17 We have also identified the property at 18 Anson Road, London NW2 3UU, which sold at auction for £1,140,000 in July 2024. While the auction particulars do not specify the floor area, records from the EPC register indicate a floor area of 208 sqm, equivalent to 2,239 sq ft. This results in a price per sq ft of £509. The property is in poor condition, with boarded-up windows. Given its state of repair and its close proximity to the subject site (within 2 miles), we consider this property to be a relevant comparable.

#### BPS Summary

- 6.18 Based on the evidence, we have identified a potential range of £509 - £710 psft for the value of the existing property. We consider the location of 75 Greencroft Gardens to be highly comparable to the subject site, noting it's in a quiet residential area in a desirable part of Hampstead. Regardless of the ambiguity surrounding the transacted price we consider that the condition of the property, size and number of bedrooms to be comparable and thus we consider a rate of £610 psf. to be reasonable for the Benchmark Land Value. Moreover, we consider the price paid to be reflective of the poor condition of the property.

- 6.19 Based on our analysis, we have determined a Benchmark Land Value (BLV) of £4,135,000 for the existing property in its current poor and uninhabitable condition, considering evidence from similar properties that also require extensive refurbishment. If we incorporate the estimated refurbishment costs of approximately £2.5 million to bring the property to a marketable dwelling, the total value rises to £6,635,000, which translates to £978 psft. This figure appears reasonable when compared to the prices and transactions of properties with a similar size and configuration in the local market. However, given that this property is institutional in nature, its market appeal would be less than a period property with large, landscaped gardens and characteristic features. Therefore, we consider the slight discount in this instance to be justified.
- 6.20 We have identified a 6/7-bedroom semi-detached Victorian house located on Tanza Road, which is well maintained and features four reception rooms and a private rear garden. This property has a total area of 4,378 square feet and is currently on the market for £6,800,000 (£1,553 psft). We regard this property as considerably better located, offering direct access to Hampstead Heath. Additionally, it is a Victorian house with a large private rear garden and many original features, enhancing its appeal.
- 6.21 We also consider the 9-bedroom Victorian house located on Woodchurch Road, South Hampstead, to be relevant. This property, which is listed at £5,500,000, comprises 4,198 sq ft (£1,310 psft) and features five bathrooms, a south-facing garden, off-street parking, and a garage. As a Victorian period property with a spacious south-facing garden, off-street parking, and garage, it is overall superior to the subject property, making the proposed discount appear reasonable.
- 6.22 Overall, we have adopted a BLV of £6,635,000 in our appraisal (see **Appendix 2**).

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## 7.0 Build Costs

- 7.1 Our Cost Consultant, Neil Powling, has analysed the revised build cost plan for the proposed scheme prepared by Anstey Horne, dated July 2024, and concludes that:

*'The Applicant has provided their opinion of the construction cost in section 004 of the Clarifications. They have allowed for an inflation figure of 1% resulting in a revised construction cost of £25,214,302. They quote Annex 5 which is the Anstey Horne Review dated 31s July 2024 of BPS Viability Review Report dated 24th May 2024. This was a report originally received by us from Anstey Horne 1st August 2024. It was considered by us at the time as part of our dealings with Anstey Horne. Daniel Robins of Anstey Horne and Neil Powling representing BPS came to an amicable agreement on the construction costs and this was summarised in our email of 5th August 2024 in the sum of £24,560,003. An email string including a subsequent query from Anstey Horne is attached. It is correct that there has been some inflation since then – the BCIS TPI index of 391 from 2Q2024 (the date of our report) if inflated to 3Q2024 (the date of the Quod Clarifications) would be 0.77%. if inflated to a current 396 4Q2024 of 1.28% the updated construction cost (4Q2024) would be £24,874,070. We consider it reasonable to include this sum in the current viability appraisal.'*

- 7.2 On this basis, we have included a revised build cost total of £24,874,070 in our appraisal. We have attached a full version of Neil Powling's report in **Appendix 1**.

## 8.0 Other Cost & Fee Inputs

### Finance Rate

- 8.1 Quod continue to pursue a finance rate of 12% which is inconsistent with several others of their recent FVAs which we have reviewed. A sample of other finance rates Quod have recently reported are as follows:
- 8.1.1 Heliport House FVA dated (March 2024) – 7% finance rate.
  - 8.1.2 Earls Court FVA (July 2024) – 7% finance rate.
  - 8.1.3 Rom Valley Retail Park & Seedbed Centre (September 2024) – 7% finance rate.
- 8.2 As highlighted by the evidence of contradictory finance rates on other schemes across London it appears that Quod's adopted position of 12% appears unreasonable in this instance.
- 8.3 We have also compared this to other Applicant FVAs we have reviewed for the Borough:
- 8.3.1 York Way N7 9QG (February 2024) – 7.25% finance rate agreed.
  - 8.3.2 69-70 & 71 Warren Street & 301-305 Euston Road (June 2024) – 7.5% finance rate agreed.
  - 8.3.3 3,5 & 7 Fortress Road NW5 (July 2024) – 7% finance rate agreed.
- 8.4 As shown above, Quod's finance rate of 12% is inconsistent with the rate they are promoting on other developments and the rate we are seeing in other FVAs within the Borough. On this basis, we maintain that 7% is reasonable and is consistent with the tone above.
- 8.5 It should also be noted that in accordance with RICS Guidance, assessments of viability assume 100% debt financing, reflecting that there are a wide range of methods and costs associated with financing development and these will vary across developments and developers. Therefore, it is accepted standard practice to adopt a generic finance rate. In this context it is highly relevant to look across other viability assessments for prevailing rates rather than the specific circumstances of the applicant, which is again noted as inappropriate in RICS Guidance.

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Professional Fees

- 8.6 Quod maintain professional fees at 12%. Once again, this is higher than we have agreed on other viability reviews. Quod have provided a breakdown of fee percentages but no evidence that these are realistic in this instance.
- 8.7 Quod included professional fees of 10% in their Heliport House FVA dated March 2024 which they also stated were 'industry standard assumptions'. It is not clear why Quod have deviated from this approach in this assessment

OMS Marketing & Disposal Fees

- 8.8 Quod have included marketing fees of 3% and 2% for disposal fees. We consider total marketing and disposal fees of 5% to be overstated and not reflective of the current market or in-line with other schemes we have reviewed. We would not expect cost levels at this rate even for schemes where they are intentionally marketed and a detailed breakdown of anticipated expenditure under this heading is requested.
- 8.9 Quod included residential disposal fees of 3% in their Heliport House FVA dated March 2024 and £1,000 per unit in legal fees. This highlights inconsistencies in Quod's approach for this scheme.

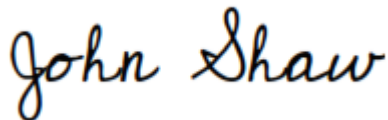
Developer Profit

- 8.10 Quod maintain their position that a 20% return on GDV is appropriate. This contrasts with our review which found a lower target of 17.5% to be reasonable for this scheme, noting its scale and single phased delivery in a much sought after part of London.
- 8.11 Quod conclude that the proposed scheme would generate a negative profit of -7.37% which is a real terms loss to the Applicant. It is to be assumed that Quod and the applicant intend to deliver the scheme, presumably in anticipation of improving sales values. It is therefore inconsistent to argue that a minimum profit return of 20% of GDV is necessary for delivery whilst arguing the scheme would in reality make a loss.
- 8.12 Quod included a 17.5% developer profit in their FVA of Heliport House dated March 2024. Once again, this highlights inconsistencies in the target profit that Quod are working towards.
- 8.13 Our appraisal has identified a net profit of 14% on GDV.

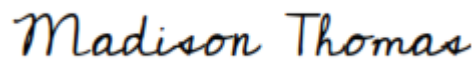


## 9.0 Author Sign Off

- 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

**Andrew Jones MRICS**

RICS Registered Valuer  
RICS Membership no. 0085834  
For and on behalf of  
BPS Chartered Surveyors

October 2024

# Appendix 1: Build Cost Report

## Project: 39A Fitzjohn's Avenue and Land at Maresfield Gardens, Camden Response to Quod Clarifications issued 12.8.24

### Independent Review of Assessment of Economic Viability

#### 1 SUMMARY

##### Existing building dwelling costs

- 1.1 There is no provision in the estimate for the works to the existing building for contingencies; we have allowed 5% in our benchmarking. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.
- 1.2 Our elemental analysis and benchmarking are attached. The Applicant has concluded a total construction cost of £1.75M. Section 003 of the Clarifications refers to such homes requiring full modernisation and bringing the property back into habitable use with replacement windows, services and installation of a new kitchen and bathroom. Our elemental analysis includes two columns of BCIS costs at a Camden location of 128 (red font). Note the Location Factor (LF) for Camden at the time of our May 2024 report was 130, we have used the current figure of 128. The column under Group Element is the particularly relevant one to compare to the group element figures from the Annex 3 costs. We also show a column of new build element totals to assist comparison on an elemental basis. Unfortunately, BCIS do not provide elemental data for individual elements for refurbishment projects.
- 1.3 We do not consider the level of costs allowed in Annex 3 to be commensurate with the level of works and specification we would expect for a significant detached property in this location. This is very apparent by comparing Annex 3 to BCIS figures.
- 1.4 We have benchmarked the costs of this refurbishment using a BCIS mean rate of £3,316/m<sup>2</sup> for 820.1 Rehabilitation/ conversion One off housing detached adjusted for a Camden location. We have allowed for demolitions etc (Abnormals) and external works as the Annex 3 costs. We have also allowed a contingency of 5% (not provided by the Applicant in their clarifications cost of £1.75M.) Our BCIS calculation of the cost for conversion and refurbishment of the existing property including a 5% contingency is £2,531,701 (£4,277/m<sup>2</sup>).

##### Annex 5 the Construction Cost of the proposed scheme

- 1.5 The Applicant has provided their opinion of the construction cost in section 004 of the Clarifications. They have allowed for an inflation figure of 1% resulting in a revised construction cost of £25,214,302. They quote Annex 5 which is the Anstey Horne Review dated 31s July 2024 of BPS Viability Review Report dated 24th May 2024. This was a report originally received by us from Anstey Horne 1st August 2024. It was considered by us at the time as part of our dealings with Anstey Horne. Daniel Robins of Anstey Horne and Neil Powling representing BPS came to an amicable agreement on the construction costs and this was summarised in our email of 5th August 2024 in the sum of £24,560,003. An email string including a subsequent query from Anstey Horne is attached. It is correct that there has been some inflation since then - the BCIS TPI index of 391 from 2Q2024 (the date of our report) if inflated to 3Q2024 (the date of the Quod Clarifications) would be 0.77%. if inflated to a current 396 4Q2024 of 1.28% the updated construction cost (4Q2024) would be £24,874,070. We consider it reasonable to include this sum in the current viability appraisal.

## 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 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 £/m<sup>2</sup> 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 Quod Clarifications dated 12<sup>th</sup> August 2024 together with Annex 3 and Annex 5.

#### Existing building dwelling costs

- 3.2 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.
- 3.3 Annex 3 the existing building dwelling costs is in an elemental format for all sections. The services costs are not in elemental detail. There is reasonable supporting detail.
- 3.4 The base date of the estimate is 3Q2024. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The BCIS all-in Tender Price Index (TPI) for 3Q2024 is 394 (Provisional) and for 4Q2024 396 (Forecast).
- 3.5 The design information used to produce the estimate has been scheduled. There is no structural or services information listed.
- 3.6 The estimate includes an allowance of 16% for preliminaries. The allowance for overheads and profit (OHP) is 7%. We consider both of these allowances reasonable.
- 3.7

There is no provision in the estimate for the works to the existing building for contingencies; we have allowed 5% in our benchmarking. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.

3.8

We have extracted the cost information provided by the Applicant into a standard BCIS/NRM format to facilitate our benchmarking.

3.9

Our elemental analysis and benchmarking are attached. The Applicant has concluded a total construction cost of £1.75M. Section 003 of the Clarifications refers to such homes requiring full modernisation and bringing the property back into habitable use with replacement windows, services and installation of a new kitchen and bathroom. Our elemental analysis includes two columns of BCIS costs at a Camden location of 128 (red font). Note the Location Factor (LF) for Camden at the time of our May 2024 report was 130, we have used the current figure of 128. The column under Group Element is the particularly relevant one to compare to the group element figures from the Annex 3 costs. We also show a column of new build element totals to assist comparison on an elemental basis. Unfortunately, BCIS do not provide elemental data for individual elements for refurbishment projects.

3.10

We do not consider the level of costs allowed in Annex 3 to be commensurate with the level of works and specification we would expect for a significant detached property in this location. This is very apparent by comparing Annex 3 to BCIS figures.

3.11

We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Camden of 128 that has been applied in our benchmarking calculations.

3.12

We have adopted the same GIA used in the Applicant's estimate; we assume this to be the GIA calculated in accordance with the RICS Code of Measurement 6<sup>th</sup> Edition 2007.

3.13

The building is a 3-storey detached house with some demolition works and refurbishment.

3.14

We have benchmarked the costs of this refurbishment using a BCIS mean rate of £3,316/m<sup>2</sup> for 820.1 Rehabilitation/ conversion One off housing detached adjusted for a Camden location. We have allowed for demolitions etc (Abnormals) and external works as the Annex 3 costs. We have also allowed a contingency of 5% (not provided by the Applicant in their clarifications cost of £1.75M.) Our BCIS calculation of the cost for conversion and refurbishment of the existing property including a 5% contingency is £2,531,701 (£4,277/m<sup>2</sup>).

#### Annex 5 the Construction Cost of the proposed scheme

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The Applicant has provided their opinion of the construction cost in section 004 of the Clarifications. They have allowed for an inflation figure of 1% resulting in a revised construction cost of £25,214,302. They quote Annex 5 which is the Anstey Horne Review dated 31st July 2024 of BPS Viability Review Report dated 24th May 2024. This was a report originally received by us from Anstey Horne 1st August 2024. It was considered by us at the time as part of our dealings with Anstey Horne. Daniel Robins of Anstey Horne and Neil Powling representing BPS came to

an amicable agreement on the construction costs and this was summarised in our email of 5th August 2024 in the sum of £24,560,003. An email string including a subsequent query from Anstey Horne is attached. It is correct that there has been some inflation since then - the BCIS TPI index of 391 from 2Q2024 (the date of our report) if inflated to 3Q2024 (the date of the Quod Clarifications) would be 0.77%. if inflated to a current 396 4Q2024 of 1.28% the updated construction cost (4Q2024) would be £24,874,070. We consider it reasonable to include this sum in the current viability appraisal.

BPS Chartered Surveyors

Date: 2024

## Appendix 2: Argus Appraisal



39a Fitzjohn Avenue and Land at Maresfield Gardens  
BPS Proposed Scheme Appraisal (100% Private)  
Addendum Appraisal October 2024

Development Appraisal  
BPS Surveyors  
14 October 2024

**APPRAISAL SUMMARY****BPS SURVEYORS****39a Fitzjohn Avenue and Land at Maresfield Gardens  
BPS Proposed Scheme Appraisal (100% Private)  
Addendum Appraisal October 2024****Appraisal Summary for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Residential	33	39,681	1,265.00	1,521,105	50,196,465

**Additional Revenue**

Car Parking			150,000	150,000	
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**NET REALISATION****50,346,465****OUTLAY****ACQUISITION COSTS**

Fixed Benchmark Land Value		6,635,000			
Fixed Benchmark Land Value			6,635,000		
				6,635,000	

**CONSTRUCTION COSTS**

Construction	Units	Unit Amount	Cost		
Construction Costs	33 un	753,760	24,874,070		
Borough CIL			3,445,412		
MCIL2			431,892		
				28,751,374	

**Section 106 Costs**

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

**PROFESSIONAL FEES**

Professional Fees		10.00%	2,487,407		
				2,487,407	

**MARKETING & LETTING**

Residential Disposal Fees		2.50%	1,254,912		
				1,254,912	

**MISCELLANEOUS FEES**

Developer Profit Target		17.50%	8,810,631		
				8,810,631	

**FINANCE**

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

39a Fitzjohn Avenue and Land at Maresfield Gardens  
BPS Proposed Scheme Appraisal (100% Private)  
Addendum Appraisal October 2024

Land	1,257,492	
Construction	2,156,239	
Other	402,473	
Total Finance Cost		3,816,204
TOTAL COSTS		52,085,528
PROFIT		(1,739,063)

Performance Measures

Profit on Cost%	-3.34%
Profit on GDV%	-3.46%
Profit on NDV%	-3.46%
IRR% (without Interest)	3.73%
Profit Erosion (finance rate 7.000)	N/A

39a Fitzjohn Avenue and Land at Maresfield Gardens  
BPS Proposed Scheme Appraisal (100% Private)  
Addendum Appraisal October 2024

Development Appraisal  
BPS Surveyors  
14 October 2024

39a Fitzjohn Avenue and Land at Maresfield Gardens  
BPS Proposed Scheme Appraisal (100% Private)  
Addendum Appraisal October 2024

## Table of Profit Amount and Profit on GDV%

Sales: Rate /ft²										
Construction: Gross Cost	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	1,138.50 /ft²	1,170.13 /ft²	1,201.75 /ft²	1,233.38 /ft²	1,265.00 /ft²	1,296.63 /ft²	1,328.25 /ft²	1,359.88 /ft²	1,391.50 /ft²	1,423.13 /ft²
-10.000%	(£2,866,585)	(£1,829,830)	(£793,075)	£243,679	£1,280,434	£2,314,532	£3,345,570	£4,376,608	£5,403,455	£6,429,130
22,386,663	-6.345%	-3.941%	-1.663%	0.498%	2.551%	4.498%	6.348%	8.111%	9.786%	11.385%
-7.500%	(£3,621,459)	(£2,584,705)	(£1,547,950)	(£511,195)	£525,560	£1,562,315	£2,595,048	£3,626,086	£4,657,124	£5,682,961
23,008,515	-8.016%	-5.567%	-3.246%	-1.045%	1.047%	3.036%	4.924%	6.720%	8.434%	10.063%
-5.000%	(£4,376,334)	(£3,339,579)	(£2,302,824)	(£1,266,069)	(£229,315)	£807,440	£1,844,195	£2,875,564	£3,906,602	£4,936,792
23,630,367	-9.687%	-7.192%	-4.829%	-2.587%	-0.457%	1.569%	3.499%	5.329%	7.075%	8.742%
-2.500%	(£5,131,208)	(£4,094,453)	(£3,057,698)	(£2,020,944)	(£984,189)	£52,566	£1,089,321	£2,125,043	£3,156,080	£4,187,118
24,252,218	-11.358%	-8.818%	-6.412%	-4.129%	-1.961%	0.102%	2.067%	3.938%	5.716%	7.415%
0.000%	(£5,886,082)	(£4,849,328)	(£3,812,573)	(£2,775,818)	(£1,739,063)	(£702,309)	£334,446	£1,371,201	£2,405,559	£3,436,597
24,874,070	-13.029%	-10.444%	-7.995%	-5.672%	-3.465%	-1.365%	0.635%	2.541%	4.357%	6.086%
+2.500%	(£6,640,957)	(£5,604,202)	(£4,567,447)	(£3,530,692)	(£2,493,938)	(£1,457,183)	(£420,428)	£616,327	£1,653,081	£2,686,075
25,495,922	-14.700%	-12.070%	-9.578%	-7.214%	-4.968%	-2.832%	-0.798%	1.142%	2.994%	4.757%
+5.000%	(£7,395,831)	(£6,359,076)	(£5,322,322)	(£4,285,567)	(£3,248,812)	(£2,212,057)	(£1,175,303)	(£138,548)	£898,207	£1,934,962
26,117,774	-16.371%	-13.696%	-11.161%	-8.756%	-6.472%	-4.299%	-2.230%	-0.257%	1.627%	3.426%
+7.500%	(£8,150,705)	(£7,113,951)	(£6,077,196)	(£5,040,441)	(£4,003,686)	(£2,966,932)	(£1,930,177)	(£893,422)	£143,333	£1,180,087
26,739,625	-18.042%	-15.321%	-12.744%	-10.299%	-7.976%	-5.766%	-3.662%	-1.656%	0.260%	2.090%
+10.000%	(£8,905,580)	(£7,868,825)	(£6,832,070)	(£5,795,316)	(£4,758,561)	(£3,721,806)	(£2,685,051)	(£1,648,296)	(£611,542)	£425,213
27,361,477	-19.713%	-16.947%	-14.327%	-11.841%	-9.480%	-7.234%	-5.094%	-3.055%	-1.108%	0.753%
+12.500%	(£9,660,454)	(£8,623,699)	(£7,586,945)	(£6,550,190)	(£5,513,435)	(£4,476,680)	(£3,439,926)	(£2,403,171)	(£1,366,416)	(£329,661)
27,983,329	-21.384%	-18.573%	-15.910%	-13.384%	-10.984%	-8.701%	-6.527%	-4.454%	-2.475%	-0.584%

## Sensitivity Analysis : Assumptions for Calculation

### Sales: Rate /ft²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Private Residential	1	£1,265.00	4.50 Up & Down

### Construction: Gross Cost

Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
Construction Costs	1	£24,874,070	4.50 Up & Down

## Appendix 3: BLV Evidence

Image	Address	Size (sq ft)	Price	Price / psf.	Description
	Lancaster Grove, Belsize Park, London, NW3	4817	£9,500,000	£1,972	7-bedroom detached mansion with multiple living spaces, including a drawing room, study, and a kitchen with dining room. Features en-suite bathrooms and more.
	Hampstead, London, NW3	5629	£6,495,000	£1,154	7-bedroom double-fronted Victorian family residence with gated parking, landscaped garden, and a self-contained guest annexe. Semi-detached.
	Thurlow Road, Hampstead, NW3	3375	£6,000,000	£1,778	6-bedroom semi-detached house with period features, private garden, and freehold status. Located in a prime area of Hampstead.
	Glenmore Road, Belsize Park, London, NW3	3265	£4,000,000	£1,225	6-bedroom Edwardian family home with period features, shaker-style kitchen, private rear garden, and a self-contained cinema/TV room. Semi-detached.
	Glenloch Road, Belsize Park, London, NW3	3648	£3,800,000	£1,042	6-bedroom terraced period property with 3 reception rooms, 4 bathrooms, a private garden, and a roof terrace. Terraced.
	Fairhazel Gardens, London, NW6	3026	£3,500,000	£1,157	5-bedroom Victorian terrace house located in South Hampstead's conservation area, featuring a courtyard garden and access to communal gardens. Terraced.
	Frogmal Close, Hampstead, NW3	2395	£4,700,000	£1,962	6-bedroom unmodernised semi-detached house designed by Ernst Freud, with planning permission to extend. Features a south-west facing garden.

	Greencroft Gardens, South Hampstead, NW6	2832	£3,000,000	£1,059	5-bedroom Victorian townhouse with west-facing rear garden, balcony, and access to communal gardens. Terraced.
	Lyndhurst Road, Hampstead, London, NW3	3610	£7,000,000	£1,939	6-bedroom detached residence with front and rear gardens, off-street parking, and original sash windows. Located in a quiet part of Hampstead.
	Tanza Road, London, NW3	4378	£6,800,000	£1,553	6/7-bedroom semi-detached Victorian house, beautifully maintained with 4 reception rooms and private rear garden with direct access to Hampstead Heath.
	Nassington Road, Hampstead, NW3	4046	£5,400,000	£1,335	6/7-bedroom late Victorian house extended on the ground floor and attic, located 150 meters from Hampstead Heath. Semi-detached.
	Woodchurch Road, London, NW6	4198	£5,500,000	£1,310	9-bedroom Victorian house with 5 bathrooms, south-facing garden, off-street parking, and garage. Located in South Hampstead. Terraced.

## Appendix 4: Quod BLV Evidence Analysis



Attribute	1 Windmill Hill	12B & 88 Church Row & Frognal	20 Church Row	90 Frognal	25 Christchurch Hill	18 Keats Grove	43 Rudall Crescent	14 Downshire Hill
Property Type	Semi-Detached	Semi-Detached	Terraced	Semi-Detached	Terraced	Semi-Detached	Unknown	Converted to Flats
Bedrooms	5	5	5	4	5	4	4	4
Bathrooms	3	2	3	2	3	4	2	2
Receptions	4	3	4	3	3	2	3 (Reception Room, Family Room, Play Room)	None
Garden	Yes	Mature landscaped garden	Yes	Private landscaped garden	south-west facing garden	Two-level paved and walled garden	Rear Garden	Large front and rear gardens
Balcony	Yes	Yes	None	None	Terrace and balcony	Cast-iron balconies	None	None
Parking	Resident Parking	Off-Street Parking, Resident Parking	Resident Parking	Resident Parking	Resident Parking	Off-Street Parking	Permit Parking	None
Tenure	Freehold	Freehold	Freehold	Freehold	Freehold	Freehold		Freehold
Grade	None	Grade II Listed	None	Period	Period	Grade II Listed	None	Grade II Listed
Additional House	None	Two-bedroom house ('The Folly')	None	None	None	None	None	Set out as two flats
Garage	None	Separate garage	None	None	None	None	None	None

Transport Links		Hampstead Tube Station, Finchley Road (Metropolitan and Jubilee Lines)		Hampstead Tube Station, Finchley Road (Metropolitan and Jubilee Lines)	Hampstead Underground (Northern Line)	Hampstead Heath Overground (0.3m), Belsize Park (0.7m), Hampstead Underground (0.9m)		Hampstead Underground (Northern Line), Hampstead Heath Overground
Special Features		Orangery/Conservatory, Two Cellars, Feature Fireplace, Walk-in Wardrobe, Wine Cellar	None	Private entrance, Courtyard, Study, Workshop, Utility Room, Direct garden access	Arranged over five floors, Feature fireplace, Study, Two kitchens, Far-reaching views, Separate entrance to garden floor	Four-storey, Bowed bays, Potential for extension, Views over Keats House, Gated driveway	Guest Cloakroom / Utility Room	Early 19th Century charm, Stunning aspects/views, Upper flat with tenant since 1962 at £28,500 p/a