



JAMESTOWN ROAD – BPS REVIEW OF FINANCIAL VIABILITY ASSESSMENT

In November 2024, we undertook a Financial Viability Assessment ('FVA') of 4C Jamestown Road Limited's proposed development comprising 187 Purpose Built Student Housing Accommodation ('PBSA') units and 27 C3 affordable housing units. 'BPS Surveyors' ('BPS') issued an "Independent Viability Review" dated 12 December 2024 which suggested that the Proposed Development would, if brought forward, generate a £5.2 million surplus.

We issued a response to this "Independent Review" on 23 December which addressed erroneous assumptions made by BPS. They have issued a document titled "Addendum Report 1" dated 16 January 2025. This document notes that they have agreed that their previous allowance for operating costs ('Opex') was too low and should be adjusted upwards to £3,250 per bed per annum. Consequently, their reported surplus has fallen from £5.2 million to £4.3 million.

The following main inputs remain in dispute:

- Capital value of PBSA;
- Construction costs
- Capital value of social rented housing;
- Capital value of commercial floorspace;
- Profit on PBSA.

Almost 80% of the difference between BPS and ourselves relates to their understatement of construction costs and overstatement of the capital value of the PBSA. We have therefore focused on these two inputs but – for the avoidance of doubt – this should not be taken to mean that there is any agreement with BPS on the other inputs.

1. Construction costs

BPS's Addendum admits that their cost review is based solely on BCIS data and their response provides no benchmarking data from live developments. Furthermore, the response from Geoffrey Barnett Associates ('GBA') contains a number of errors regarding preliminaries. Nevertheless, GBA have requested further information on the live developments that Gardiner & Theobald ('G&T') relied upon in their pricing exercise.

GBA state that "we have not found any evidence in BCIS database of student accommodation as [sic] £5,567.54 per m2 as proposed" but they fail to acknowledge that the BCIS is **not** a comprehensive database comprising all developments. BCIS relies upon contractors submitting tender returns and only a relatively small proportion do so. This is why it is important to also benchmark costs against live developments and GBA have not done so.

G&T have highlighted the following issues with GBA's analysis (see Appendix 1):

- GBA have not allowed for any subcontractors' preliminaries in their analysis;
- GBA have not reflected scheme-specific costs for plant screens on roof; façade access; façade detailing (decorations and window reveals);
- GBA have not reflected the high wall to floor ratio (54% for student and 70% for residential) which is typically below 45%;
- GBA have not allowed for soffits and finishes to balconies and walkways;
- GBA have not allowed for Loose Furniture, Fittings and Equipment and no allowances for fitout to the Amenity spaces;
- No allowance for basement MEP including mechanical ventilation;
- No allowances in preliminaries for challenging site constraints and location.

G&T's cost plan for Jamestown Road sits within the mid-range for residential and PBSA projects in London. Based on the additional information and clarifications provided by G&T, we invite GBA to revisit their position.



We note in correspondence between LBC officers and BPS a suggestion that from officers that BCIS cost data should be given greater weight than scheme-specific cost plans. This matter has been tested at appeal (see for example APP/Q1445/W/18/3192649) and, for the avoidance of doubt, inspectors have concluded that more weight should be given to scheme-specific cost plans.

2. Capital value of PBSA

In their December 2024 report, BPS increased the capital value of the PBSA from £63.8 million to £74.18 million (before purchaser's costs) by increasing the rents and reducing the operating costs ('Opex'). BPS increased the rents as follows:

- Standard studio: from £362 to £403 per week
- Premium studio: from £384 to £440 per week
- Wheelchair accessible studio: from £386 to £450 per week

In their January addendum report, BPS have accepted that their Opex costs of £3,000 per bedspace per annum were too low and have increased these to £3,250 per bedspace. As a result, BPS have reduced their capital value from £74.18 million to £73.13 million.

Homes for Students operate the near-by PBSA scheme at Hawley Crescent which will provide a similar level of amenity to the subject scheme. They have confirmed that their achieved rents are significantly lower than those applied by BPS, as summarised in Table 2.1. they have also provided details of rents achieved at the other closest student housing schemes to the subject site (see Appendix 2). HfS can confirm these rents directly with BPS and we can facilitate this discussion if it is required.

Table 2.1: BPS rents in comparison to HfS rents at Hawley Crescent

Unit type	BPS suggested rents	HfS current year achieved rents per week
Bronze Studio	£419	£389
Silver Studio	£430	£399
Gold Studio	£439	£419

HfS have also confirmed the rents being achieved at Urbanest St Pancras, the Stay Club Camden and The Stay Club Kentish Town and their proposed rents for the subject scheme are in line or higher than these schemes. Units at Urbanest are higher but this is a more central location with the Kings Cross Argent scheme and benefiting from a wider range of local amenities.

Applying these rents to the subject scheme results in a capital value (before purchaser's costs) of £66.87 million, or £357,594 per bedspace, as shown at Appendix 2. It should be noted that these rents are now higher than those advised by HfS for the subject scheme.

We note that BPS have applied higher rents to wheelchair units than other units, simply by virtue of their size (which in turn is driven by the need to accommodate sufficient space for turning circles). This is likely to be considered discriminatory and contrary to best practice, and presumably an error.

BPS's capital value of £397,000 per bedspace is significantly higher than any recent transactions of student housing assets, which raises serious doubts as to the veracity of their assumptions.



3. Section 106 contributions

Discussions between the Council and the Applicant on the package of Section 106 contributions that the scheme will be required to make are on-going. We understand that the full package of contributions that the Council is seeking is £1,212,570 (increased from the initial estimate of £734,510). While we have reflected this higher contribution package in our updated appraisal, the Applicant considers this to be a worst case scenario with the potential for a reduction through on-going negotiations.

4. Amended appraisal

We have amended our appraisal to reflect the adjustment to rents set out above and this is attached as Appendix 4. The Proposed Development generates a deficit of £20.32 million. When corrected for the understated build cost and overstated value of the PBSA units, BPS's appraisal will also show a deficit, albeit marginally smaller than ours due to the differing position they have adopted with regards to other inputs (profit, capital value of social rented housing and capital value of commercial floorspace).

BNP Paribas Real Estate
28 January 2025



APPENDIX 1: G&T RESPONSE TO GBA COST COMMENTARY

REPORT REV -

JAMESTOWN ROAD

GBA Associates Review Comments

23rd January 2024 – REV -

By: Gardiner & Theobald

For: Regal London

1. EXECUTIVE SUMMARY

G&T have received GBA Associate's (GBA) response to G&T's Build Cost Review.

G&T have broken down the comments in GBA's response into the below:

1. GBA have re-confirmed that they have reviewed using BCIS rates plus abnormals. G&T have reviewed the abnormals again (below).

Abnormal costs

Extra over for piling	1,257	m2 @	£350	/m2	£439,950
Extra over for contiguous piling	200	m @	£3,000	/mm	£600,000
Extra over for basement (new)	612	m2 @	£1,000	/m2	£612,000
Extra over for basement existing	568	m2 @	£500	/m2	£284,000
Extra over for bolt on walkways between residential blocks	212	m2 @	£800	/m2	£169,600
Extra over for balustrades	225	m @	£1,000	/m	£225,000
Extra over for insert balconies	64	m2 @	£1,000	/m2	£64,000
Extra over for bolt on balconies	13	no @	£10,000	/no	£130,000
Extra over for bio-diverse green roof	678	m2 @	£350	/m2	£237,300
Extra over for parapet with railing	287	m @	£700	/m	£200,900
Extra over for high wall : floor ratio	9,265	m2 @	£350	/m2	£3,242,750
Extra over for furniture and blinds	187	no @	£6,000	/no	£1,122,000
Extra over for sprinkler system	9,265	m2 @	£55	/m2	£509,575
					£7,837,075

- a. The above rates are low and assume they do not include for subcontractors preliminaries. All subcontractors will have their own set of preliminaries (Frame, Façade, Fitout etc) as they will have their own management, design and site based needs. An additional 10-20%, depending on the trade, should be applied to these rates, as they do not appear to be reflective of current market returns. In addition, Main Contractor Preliminaries, OH&P and Risk have also not been applied – likely to add an additional 20% to these rates.
- b. There are additional items or abnormals that it is not clear are included in the BCIS rates because they are not Jamestown specific. These are:
 - i. Plant screens on roof
 - ii. Façade access
 - iii. Detailing required to façade to meet planning requirements e.g. decorations and window reveals
 - iv. High Wall to Floor Ratio (54% for Student and 70% for Residential) – we would typically expect this to be below 45%. We do not know how the BCIS projects façade rates are reflective of this as they are not measured or representative of

Jamestown, and unclear how GBA have assessed their uplift on top of BCIS in comparison to our G&T measure.

- v. Soffits and finishes to balconies and walkways
 - vi. Signage
 - vii. Loose FF&E outside of the units e.g. reception, basement bike racks, communal and amenity areas – there is no fitout to the Amenity space for the student area allowed for in GBA's 'abnormals'.
 - viii. No insight as to whether lifts are included in the BCIS rates, including bike, firefighting and goods lifts.
 - ix. Basement MEP has not been included in the GBA abnormals. This will include mechanical ventilation. Note that this has been included in G&T's basement costs.
 - x. Challenging site constraints and location – additional preliminaries not factored into GBA's abnormals.
 - xi. Underfloor heating assumed.
2. GBA's benchmarking only shows 2 schemes from London. Appendix A shows 13 schemes that are G&T projects, now with student projects included, all located within London. The majority have been tendered post 2021, with all cost data uplifted to current day. These include abnormals, Main Contractor on-costs and risk, and are at Final Account stage. G&T have all cost data on these projects including full tender returns, which is not the case for BCIS projects.

Jamestown, at £499 /ft² GIA and £5371 m² GIA, sits within the mid-range of Private Sale and PBSA projects. The reasons it would sit on the slightly higher end of the benchmarking would be for the project's abnormals: basement, high wall to floor ratio, external walkways, balconies etc.


3. GBA have also commented the below:

'We also would like to point out that in proposed costs sub-contractors' preliminaries at 20% are included for all elements of work as well as main-contractor's preliminaries at 15%. We consider that to be incorrect and appears to contain a duplication of preliminaries costs. We query what exactly is included in sub-contractors' preliminaries?'

Sub-Contractor preliminaries vary between 10-20% dependent on the trade, and are not 20% throughout.

As mentioned in point 1, every sub-contractor will incur their own preliminaries separate to the main contractors. The Main Contractors Preliminaries will cover overall logistics and site set up, preconstruction activities, contractor design fees (as it is Design and Build), site management, skips, scaffold access etc. Sub-Contractor's Preliminaries will cover anything specific to their trade – they will have their own trade management fees, own surveyors, own logistics to allow for, specialist design etc.

For example, G&T have extracted a tender return for a sub-contract Drylining package on a project in central London, received November 2024. The preliminaries are 18% of the materials (supply and install) cost.

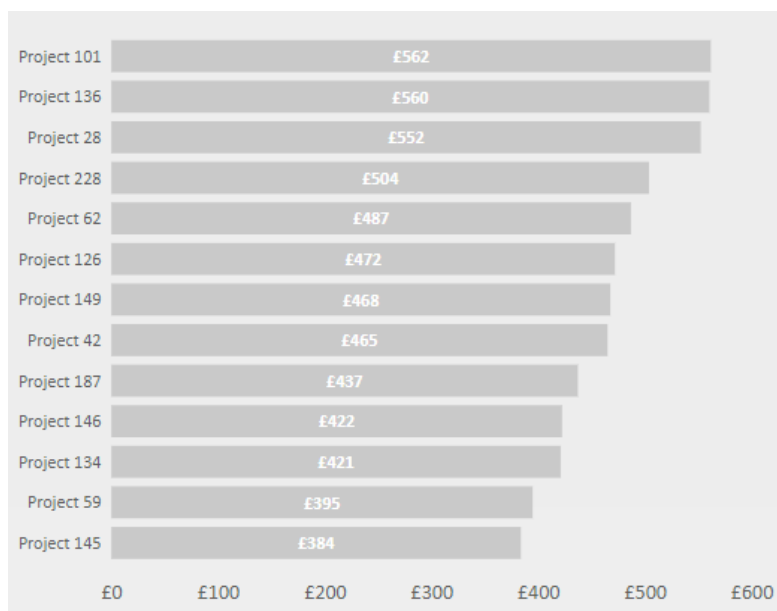
COST SUMMARY PAGE			
Title:	CONFIDENTIAL		
Client:	CONFIDENTIAL		
Package:	Drywall and Ceilings		
FJ REF:	FJ-ES-054	DATE:	05 November 2024
Addressed to:			
WORKS ITEMS			
1	Drywall Works	£	1,131,793.84
2	Ceiling Works	£	367,694.58
3	Preliminaries	£	271,659.82
Please review all tender notes for clairty on what we have allowed for to make up our			18%
TOTAL :		£	1,771,148.24

To give insight into what these sub-contractor preliminaries cover, see below breakdown to the £271k. On Jamestown, our drylining preliminaries have been included at 15%. This varies between sub-contractor and trade package.

Item	Description	Qty	Unit	Attendance	Rate	Total	Notes
	Pre-Construction						
1	Project Manager	10	Weeks	25%	2,187.50	£ 5,468.75	
2	Design and Drawings					£ 60,000.00	
	Construction						
1	Project Manager (1nr)	20	Weeks	100%	2,187.50	£ 43,750.00	
2	Site Manager (1nr)	20	Weeks	100%	1,687.50	£ 33,750.00	
3	Financial Controller (1nr)	20	Weeks	25%	2,500.00	£ 12,500.00	
4	Health and Safety Visits	20	Weeks	25%	937.50	£ 4,687.50	
5	Offloading and disturbance of materials and clearance of rubbish to central points	1	Item			£ 70,000.00	
6	Disposal of plasterboard waste		Item			Excluded	
7	Document Controller (offsite)	20	Weeks	20%	937.50	£ 3,750.00	
8	PPE		Item			£ 6,507.98	
9	Liftings, Pecos & Towers works		Item			£ 26,870.58	
10	Tube and fitting scaffolding		Item			Excluded	
11	MEWPS		Item			Excluded	
12	Provision of laser levelling equipment		Item			£ 625.00	
13	Small tools and toolboxes		Item			Included	
14	Task lighting		Item			Included	
15	Telehandler		Item			Excluded	
16	Design and drawings		Item			£ -	
17	Mock ups		Item			Excluded	
18	Samples		Item			Excluded	
19	Performance bond		Item			Excluded	
20	O&M Contribution		Item			£ 3,750.00	
	These preliminary cost above are calculated based on the following start and finish dates:- 07/07/2025 - 11/15/2025						
Preliminary Costs Total						£ 271,659.82	

APPENDIX A – G&T BENCHMARKING DATA

Project Location	Project Name Appearing In Report	Base Date	City	GIA Total (ft2)	GIA (m2)	Total Cost for Analysis (uplifted to current quarter)	£/ft2 GIA	£/m2 GIA	Blended Sales value (£/ft2) - not uplifted	Tenure types	Above Ground Storeys	Contract Type
Southwark	Project 101	2Q2023	London	645,710	59,988	£362,702,381.58	£562	£6,046		Private Sale, Affordable Housing, Intermediate	23	JCT D&B
Camden	Project 136	3Q2021	London	46,274	4,299	£25,931,102.87	£560	£6,032	£3,000	Private Sale	9	JCT D&B
Earls Court	Project 28	2Q2017	London	319,238	29,658	£176,314,853.05	£552	£5,945	£2,100	Private Sale	7	JCT D&B
Southwark	Project 228	3Q2024	London	172,976	16,070	£87,154,926.44	£504	£5,423		PBSA	16	JCT D&B
Kings Cross	Project 62	4Q2021	London	214,762	19,952	£104,564,926.91	£487	£5,241	£1,700	Private Sale, Affordable Housing	13	JCT D&B
Holborn	Project 126	3Q2023	London	213,416	19,827	£100,710,827.79	£472	£5,079		PBSA	12	JCT D&B
Marylebone	Project 149	3Q2020	London	269,454	25,033	£125,980,132.55	£468	£5,033	£3,500	Private Sale, Affordable Housing	6	JCT D&B
Canada Water	Project 42	3Q2021	London	200,450	18,622	£93,199,916.20	£465	£5,005	£1,100	Private Sale, Intermediate	35	JCT MPCC
Marylebone	Project 187	1Q2022	London	417,117	38,751	£182,330,670.13	£437	£4,705			8	JCT D&B
Kings Cross	Project 146	2Q2021	London	267,025	24,807	£112,769,783.98	£422	£4,546		Affordable Housing, Build to Rent	15	JCT D&B
Kings Cross	Project 134	3Q2020	London	72,732	6,757	£30,621,690.29	£421	£4,532	£1,700	Private Sale	22	JCT D&B
Canada Water	Project 59	2Q2021	London	76,596	7,116	£30,237,944.67	£395	£4,249		Affordable Housing, Intermediate	5	JCT D&B
Kings Cross	Project 145	3Q2021	London	344,320	31,988	£132,137,346.58	£384	£4,131	£1,500	Affordable Housing	12	JCT D&B





APPENDIX 2: HFS SCHEDULE OF ACHIEVED PBSA RENTS

Overview & Location									
33-35 Jamestown Road, Camden, London, NW1 8BW.									

Competitors									
Main Competitors	Name of Property	Owner/Operator	Beds	Room Type	2024/25 Weekly Rent	Current Weekly Rent	Sold Out	Tenancy Length (Weeks)	Amenities
1	Camden Hawley Crescent 0.1 miles	Homes For Students	123	Silver Twin Studio	£269.00	£269.00	X	45	All Bills Included, Free Wifi, Communal TV Lounge, Bike Storage
				Bronze Studio	£379.00	£389.00	X	51	
				Silver Studio	£389.00	£399.00	X	51	
				Gold Twin Studio	£279.00	£279.00	X	51	
2	Urbanest St Pancras 0.9 miles	Urbanest	313	Private Room	£329.00	£329.00	X	51	All Bills Included, Free Wifi, Bike Storage, Games Room
				En-suite	£379-£389	£399.00	X	51	
				Studio Apartment	£489-£509	£499.00	X	51	
				Single Studio	£364.00	£364.00	X	51	
3	The Stay Club Camden 0.3 miles	The Stay Club	256	Studio	£349.00	£349.00	X	51	All Bills Included, Free Wifi, Café, Lounge, Gym, Catering
				Accessible Studio	£335.00	£335.00	X	51	
				Premium Single Studio	£373.00	£394.00	X	51	
				Premium Studio	£373.00	£389.00	X	51	
				Premium Studio Plus	£384.00	£400.00	X	51	
				Compact Studio	£341.00	£341.00	X	51	
				Accessible Studio Plus	£401.00	£341.00	X	51	
				Accessible Studio	£355.00	£355.00	X	51	
4	The Stay Club Kentish Town 0.9 miles	The Stay Club	277	Studio	£371.00	£371.00	X	51	All Bills Included, Free Wifi, Café, Catering, Cinema, Security, Terrace, Gym, DJ Bar, Study Rooms, Library, Bike Storage
				Premium Studio	£385.00	£385.00	X	51	
				Single Studio	£371.00	£371.00	X	51	
				Premium Single Studio	£385.00	£385.00	X	51	



APPENDIX 3: PBSA CAPITAL VALUE

Room Type	Tenancy Length (weeks)	Beds	Weekly Rate		Total Rent	Occupancy	Less Voids/Bad Debt/PSP Charges
LOO Typical unit (17 - 18 sqm)	51	9	£	389	£ 178,551	98.5%	£ 173,194
LO1 Typical unit (17 - 18 sqm)	51	23	£	389	£ 456,297	98.5%	£ 442,608
LO2 Typical unit (17 - 18 sqm)	51	23	£	389	£ 456,297	98.5%	£ 442,608
LO3 Typical unit (17 - 18 sqm)	51	23	£	389	£ 456,297	98.5%	£ 442,608
LO4 Typical unit (17 - 18 sqm)	51	23	£	389	£ 456,297	98.5%	£ 442,608
LO5 Typical unit (17 - 18 sqm)	51	15	£	389	£ 297,585	98.5%	£ 288,657
LO6 Typical unit (17 - 18 sqm)	51	15	£	389	£ 297,585	98.5%	£ 288,657
LOO Premium unit (23 to 25 sqm)	51	1	£	399	£ 20,349	98.5%	£ 19,739
LO1 Premium unit (23 to 25 sqm)	51	6	£	399	£ 122,094	98.5%	£ 118,431
LO2 Premium unit (23 to 25 sqm)	51	6	£	399	£ 122,094	98.5%	£ 118,431
LO3 Premium unit (23 to 25 sqm)	51	6	£	399	£ 122,094	98.5%	£ 118,431
LO4 Premium unit (23 to 25 sqm)	51	6	£	399	£ 122,094	98.5%	£ 118,431
LO5 Premium unit (23 to 25 sqm)	51	6	£	399	£ 122,094	98.5%	£ 118,431
LO6 Premium unit (23 to 25 sqm)	51	6	£	399	£ 122,094	98.5%	£ 118,431
LOO WCA unit	51	1	£	389	£ 19,839	98.5%	£ 19,244
LO1 WCA unit	51	3	£	389	£ 59,517	98.5%	£ 57,731
LO2 WCA unit	51	3	£	389	£ 59,517	98.5%	£ 57,731
LO3 WCA unit	51	3	£	389	£ 59,517	98.5%	£ 57,731
LO4 WCA unit	51	3	£	389	£ 59,517	98.5%	£ 57,731
LO5 WCA unit	51	3	£	389	£ 59,517	98.5%	£ 57,731
LO6 WCA unit	51	3	£	389	£ 59,517	98.5%	£ 57,731
	51	187	£	391	£ 3,728,763	98.5%	£ 3,616,900

Operating costs	16.803%	£	607,750
Net income		£	3,009,150
Capital value	4.50%	£	66,870,002

APPENDIX 4: REVISED APPRAISAL

BNP Paribas Real Estate

Development Appraisal

Jamestown Road

PBSA with 36% C3 affordable

Report Date: 28 January 2025

Jamestown Road
PBSA with 36% C3 affordable

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales	Adjustment	Net Sales
C3 Social Rent	17	1,293.14	2,245.00	170,771	2,903,099	0	2,903,099
C3 Intermediate	10	748.76	4,867.00	364,421	3,644,215	0	3,644,215
Totals	27	2,041.90			6,547,314	0	6,547,314

Rental Area Summary

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA	187	3,662.50	987.55	19,342	3,009,152	3,616,900	3,009,152
Flexible commercial	1	293.10	484.38	141,972	141,972	141,972	141,972
Totals	188	3,955.60			3,151,124	3,758,872	3,151,124

Investment Valuation

PBSA							
Current Rent	3,009,152	YP @	4.5000%	22.2222	66,870,051		
Flexible commercial							
Market Rent	141,972	YP @	6.5000%	15.3846			
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,050,874		
					68,920,925		

GROSS DEVELOPMENT VALUE

				75,468,240			
Purchaser's Costs		3.00%	(2,067,628)				
				(2,067,628)			

NET DEVELOPMENT VALUE

				73,400,612			
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NET REALISATION

				73,400,612			
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OUTLAY

ACQUISITION COSTS

Benchmark Land Value			11,700,000				
Stamp Duty		5.00%	585,000				
Agent Fee		1.00%	117,000				
Legal Fee		0.80%	93,600				
				12,495,600			

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost				
Construction	1 un	49,126,872	49,126,872	49,126,872			
Contingency		5.00%	2,456,344				
CIL			3,511,592				
S106			1,212,570				
				7,180,506			

PROFESSIONAL FEES

Professional fees		10.00%	4,912,687				
				4,912,687			

MARKETING & LETTING

Letting Agent Fee		10.00%	14,197				
Letting Legal Fee		5.00%	7,099				
				21,296			

DISPOSAL FEES

Sales Agent Fee		1.50%	1,101,009				
Sales Legal Fee		0.50%	367,003				
				1,468,012			

MISCELLANEOUS FEES

Profit on PBSA		15.00%	10,030,508				
Profit on Commerical		15.00%	307,631				
Profit on affordable		6.00%	392,839				
				10,730,978			

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)							
Land			2,802,268				
Construction			4,982,109				
Total Finance Cost				7,784,377			

TOTAL COSTS

				93,720,327			
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PROFIT

				(20,319,715)			
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Performance Measures

Profit on Cost%		(21.68)%					
Profit on GDV%		(26.92)%					
Profit on NDV%		(27.68)%					
Development Yield% (on Rent)		3.36%					
Equivalent Yield% (Nominal)		4.56%					
Equivalent Yield% (True)		4.70%					
IRR		(12.15)%					
Rent Cover	-6 yrs	-5 mths					
Profit Erosion (finance rate 7.000%)		N/A					