

# 33-35 Jamestown Road, London NW1 7DB

## Addendum Report 2

Prepared on behalf of the London  
Borough of Camden

Issued: 14<sup>th</sup> February 2025

Planning Reference: 2024/4953/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 and analysis in response to the BNP Paribas Real Estate ('BNPPRE') letter dated 28<sup>th</sup> January 2025. This BPS Addendum follows on from the following reports issued in relation to the subject scheme:

- BNPPRE's Financial Viability Assessment ('FVA') dated November 2024 prepared on behalf of 4C – Jamestown Road Limited ('the Applicant')
- BPS' Review dated 12th of December 2024 prepared on behalf of the LPA
- BNPPRE's Letter dated 23rd December 2024
- BPS' Response dated 16<sup>th</sup> of January 2025

1.2 This addendum should therefore be read in conjunction with the above reports.

1.3 We concluded in our previous report that the proposals produced a surplus of **£4.3m**. The points dispute include:

- PBSA GDV
- Social Rent Values
- Commercial GDV
- BLV
- Construction Costs
- Profit Target

1.4 Having considered BNPPRE's latest comments, the following table summarises our **current** respective positions:

Input	BNPPRE Dec 24	BPS Jan 25	BNPPRE Jan 25	BPS Feb 25	Comments
Income					
PBSA GDV	£63,810,533 (£341,000 per bed)	£73,143,910 (£391,000 per bed)	£66,870,051 (£358,000 per bed)	£73,143,910 (£391,000 per bed)	Disagreed
Social Rent GDV	£2,903,099 (£2,245psm/ £209psf)	£3,550,000 (£2,743psm/ £255psf)	£2,903,099 (£2,245psm/ £209psf)	£3,550,000 (£2,743psm/ £255psf)	Disagreed
Intermediate GDV	£3,644,215 (£4,867psm/ £452psf)	£3,644,215 (£4,867psm/ £452psf)	£3,644,215 (£4,867psm/ £452psf)	£3,644,215 (£4,867psm/ £452psf)	Agreed
Commercial GDV	£2,050,874 (£7,000psm/ £650psf)	£2,575,045 (£8,783psm/ £816psf)	£2,050,874 (£7,000psm/ £650psf)	£2,575,045 (£8,783psm/ £816psf)	Disagreed
Expenditure					

Benchmark Land Value	£11.7m	£8.3m	£11.7m	£8.3m	Disagreed
Build Costs (inc. contingency)	£51,583,216	£41,532,287	£51,583,216	£46,756,981	Disagreed
Professional Fees	10%	10%	10%	10%	Agreed
Private Legal & Agent Fees	2%	2%	2%	2%	Agreed
Commercial Letting & Legal Fees	15%	15%	15%	15%	Agreed
CIL	£3,511,592	£3,511,592	£3,511,592	£3,511,592	Ambiguous - We require confirmation from the Council on this input.
S106	£734,510	£734,510	£1,212,570	£1,212,570	Ambiguous - We require confirmation from the Council on this input.
Finance	7%	7%	7%	7%	Agreed
Profit: PBSA	15%	12.5%	15%	12.5%	Disagreed
Affordable	6%	6%	6%	6%	
Commercial	15%	15%	15%	15%	
Development Timeframes					
Pre-construction Period	6-months	6-months	6-months	6-months	Agreed
Construction Period	30-months	30-months	30-months	30-months	Agreed
Sales Period	1-month	1-month	1-month	1-month	Agreed
Viability Position	-£22.2m	+£5.2m	-£20.32m	-£2.5m	Disagreed
Actual Profit	-£11.9m (-16.5% on GDV)	+£15.2m (18.5% on GDV)	Not Stated	+£7.5m (9. on GDV)	Disagreed

#### 1.5 Our updated conclusions are as follows:

- Having analysed the additional information submitted by G&T (Applicant's QS) in support of the construction cost, our QS, GBA, have increased their assessed construction costs to £46,756,981 (including contingency). However, they still cannot justify a construction cost of £51,583,216 proposed by the Applicant, as it is not supported by both BCIS and G&T own data.

- Although we note that BNPPRE moved their position slightly and increased the rental values adopted previously, we consider the evidence provided is not sufficient and does not meet the parameters outlined in paragraph 2.5 of our Addendum. We maintain our original assessment to be appropriate.
- We have adopted an increased allowance for S106 costs of £1,212,570, albeit we require this to be verified by the Council.
- After these changes, we have identified an overall deficit of -£2.5 million. On this basis, we agree with BNPPRE that the proposed scheme would not be able to further contribute to affordable housing.

1.6 This Addendum provides a response to BNPPRE's latest report as requested by the Council.

## 2.0 Response to BNPPRE

### Construction Costs

- 2.1 We note BNPPRE maintains their earlier assessment of the construction costs to be appropriate. They have provided further response from Gardiner & Theobald (dated 23<sup>rd</sup> January 2025). Our Cost Consultant, GBA, reviewed their Addendum and subsequent evidence and concluded as follows:

*“Out of all submitted residential samples we consider that samples #187, #59, #62, #145, #146 are comparable with the proposed residential development. We consider that a total construction cost of £46,756,981, including contingency, (based on G&T own data) would be the most appropriate.”*

- 2.2 On this basis, we have included a build cost of £46,756,981 (inc. contingency) in our assessment.

### Student Accommodation GDV

- 2.3 We have previously agreed with BNPPRE’s assessment of OPEX and capitalisation yield, however we disagreed on estimated rental values.
- 2.4 In our respective assessments, we have previously adopted following rental values:

Studio Type	No of units	Avg sizes (sqm)	BPS' weekly Rent	BNPPRE's Av. weekly rent
Standard studio	131	17-18	£403	£362
Premium studio	37	23-25	£440	£384
Wheelchair accessible studio	19	25-27	£450	£386
Total (rounded)	187			£376

- 2.5 BNPPRE states in their report that we have adopted higher rental values in respect of the wheelchair accessible studios reflecting their larger size. It is clear, however, from the table above that BNPPRE made a similar assumption. Wheelchair accessible studios need to comply with building regulations, however, typically, they are not reserved solely for disabled occupants. We require BNPPRE to clarify whether there will be restriction imposed through the S106 Agreement restricting these units to disabled occupation only.
- 2.6 BNPPRE provided additional evidence from Homes for Students of rents at other PBSA schemes, including Hawley Crescent, Urbanest St Pancras, Stay Club Camden and Stay Club Kentish Town. Regardless of our request from our January 25 Addendum (para 2.5), we have

not been provided with a unit-by-unit pricing schedule. There is also no confirmation whether all the achieved rents reflect any subsidies or university grants. There is also no information on the unit sizes.

2.7 BNPPRE states in their report that details provided by Homes for Students reflect achieved rents. We note, however, that Urbanest St Pancras as well as the Stay Club are not available on the Homes for Students website and appear to be run by different operators. Homes For Students also does not clarify whether the rents are actually achieved rents.

2.8 In the main body of their report, BNPPRE outlined rents achieved at Hawley Crescent, which differ from the information provided by Homes for Students in the Appendix. The reason for the difference has not been clarified by BNPPRE. The alleged rents achieved at Hanwley Crescent are outlined below:

- Bronze Studio: £389pw
- Silver Studio: £399pw
- Gold Studio: £419pw

2.9 BNPPRE revised assessment of the rental values is outlined in the table below:

Studio Type	No of units	Avg sizes (sqm)	BPS' weekly Rent	BNPPRE's Av. weekly rent
Standard studio	131	17-18	£403	£389
Premium studio	37	23-25	£440	£399
Wheelchair accessible studio	19	25-27	£450	£389

2.10 Overall, do not consider the level of evidence provided by BNPPRE to satisfy the informational parameters outlined in our previous Addendum and in light of this we maintain our original assessment to be appropriate.

#### Section 106 contributions

2.11 We note BNPRPE increased their assumption of the S106 contributions from £734,510 to £1,212,570. No breakdown or any supporting evidence have been provided to support this figure. We have included this figure in our assessment, albeit we require the Council to verify this.

### 3.0 Author Sign Off

- 3.1 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.
- 3.2 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.
- 3.3 The following persons have been involved in the production of this report:



**Agnes Mrowiec MRICS**  
RICS Membership no. 6821180  
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

February 2025

# Appendix 1: Build Cost Report

## ADDENDUM REPORT 14 FEBRUARY 2025

This Addendum Report is submitted in response to Gardiner & Theobold (G&T) GBA Associates Review Comments dated 20<sup>th</sup> December 2024. We comment as follows:-

### 1.0 USE OF BCIS RATES:

- 1.1 The proposed development comprises 187 student accommodation units (PBSA) and 27 social rate / intermediate residential units.  
G&T opinion is that BCIS rates should not be used as a cost modelling tool alone and not applicable for Design and Build Contracts.
- 1.2 G&T originally submitted the cost plan (partially quantified). The cost per m2 GIA in accordance with the cost plan is £5,567/m2, which is £1,085/m2 higher than our own assessment with use of BCIS rates and identified abnormal costs. It is identified in the GBA report that the large part of this difference is related to fit-out and M&E costs (£972/m2)
- 1.3 In the comments dated 20<sup>th</sup> December G&T benchmarked the rate of £5,567/m2 against their own data on *“projects that have been tendered, reached CSA and an agreed Final Account in last 5 years, all residential schemes within London”*. G&T referred to 11no projects (#99, # 132, #28, #61, #145, #42, #183, #142, #130, #59, #141).
- 1.4 As there was no information provided for the above projects apart from the cost per ft2 GIA, on 13<sup>th</sup> January 2025 GBA requested more detailed information on above developments from the G&T data base to establish if they are comparable with the proposed development.

### 2.0 SUBMITTED G&T DATA:

- 2.1 In GBA Associates Review Comments dated 23<sup>rd</sup> January 2025 there was submitted different data consisting of 13no London projects (2 PBSA samples and 11 residential samples), with much more detailed analysis submitted under email dated 07<sup>th</sup> February 2025 containing a brief description of each scheme, GIA, base date, London Borough, cost per ft2 (uplifted to current quarter), and its elemental breakdown. It should be noted that only 4 projects (#59, #42, #28, #145) among 13no project were as listed previously (see above para 1.3), all the others were different.
- 2.2 In email dated 10<sup>th</sup> February 2025 G&T confirmed that the rates submitted for 13no projects were inclusive of build costs, enabling works, external works and services and employer’s instructions for measured works. The base date for mentioned projects varies between 2Q2017 and 3Q2024, however it was stated in G&T *“GBA Associates Review Comments”* dated 23<sup>rd</sup> January 2025, that *“total cost of analysis uplifted to current quarter”*. Therefore, we consider the rates in the submitted G&T data will not need further adjustment to make them comparable with 4Q2024 (the time of assessment of the proposed scheme).

### 3.0 ANALYSIS OF SUBMITTED DATA:

- 3.1 Two samples are related to PBSA (#129, #228), with the cost per m2 GIA £5,080 and £5,425. Average between them is £5,253/m2

- 3.2 11 samples are related to residential development. It should be noted that the residential part of the proposed development is social rate / intermediate, 6 storey block without a basement, the structure of the building is not particularly technically challenging. The major abnormal cost associated with this building would be bolt on walkways between residential blocks and to apartments. In our opinion sample #59 will be very close to the proposed residential scheme, and cost per m2 is £4,251/m2.
- 3.3 In our opinion samples #101, #136, #134, #42, #28, #149 are not directly comparable for various reasons, such as they represent high-rise towers, mostly private sale, high quality or luxurious residential developments, include basements, offices and penthouses. Inevitably, the cost per m2 in such residential developments will be much higher than in the proposed scheme. In order to be objective, we consider the following samples can be comparable to some extent to the proposed residential scheme: #187, #59, #62, #145, #146 (although they include some offices and commercial premises).

Sample	Base date	Cost £/m2
#187	1Q2022	£4,704
#59	2Q2021	£4,251
#62	4Q2021	£5,242
#145	3Q2021	£4,133
#146	2Q2021	£4,542
<b>Average</b>		<b>£4,574</b>

4.0 **CALCULATION OF CONSTRUCTION COSTS WITH G&T DATA:**

Description	GIA, m2	Rate £/m2	TOTAL, £
Rates based on 5 residential samples (#187, #59, #62, #145, #146) and 2 PBSA samples			
PBSA	6,449	£5,253	£33,876,597
Residential	2,816	£4,574	£12,880,384
<b>Total</b>			<b>£46,756,981</b>
Rates based on the closest residential sample #59 and 2 PBSA samples			
PBSA	6,449	£5,253	£33,876,597
Residential	2,816	£4,251	£11,970,816
<b>Total</b>			<b>£45,847,413</b>

**5.0 CONCLUSION:**

- 5.1 We generally agree that a detailed cost plan is more precise method of calculating of construction costs than use of database rates. However, comparison of construction costs per m2 calculated with use of cost plan with data base rates provides understanding where the cost of the development sits within the database.
- 5.2 We conclude that provided samples of residential developments are not directly comparable with proposed development apart from sample #59, but admit that samples #187, #59, #62, #145, #146 can be used for establishing of an average rate per m2. It is not supported by BCIS and G&T own database that that the construction cost per m2 of a standard social rate / intermediate residential flats can be the same or very close to PBSA with large number of very small units, each of which is equipped with bathrooms and kitchens and fully furnished. Submitted samples #101, #136, #134, #42, #28, #149 represent a mix of residential and offices/commercial, private and affordable, luxurious and high quality, high-rise towers and buildings with basements or double basements.
- 5.3 Out of all submitted residential samples we consider that samples #187, #59, #62, #145, #146 are comparable with the proposed residential development. We consider that a total construction cost of £46,756,981, including contingency, (based on G&T own data) would be the most appropriate.
- 5.4 We consider that proposed construction cost of £51,583,216 is based on a higher specification than average of PBSA and social rate / intermediate residential units, as indicated by G&T own data.

# Appendix 2: Argus Appraisal

# APPRAISAL SUMMARY

BPS SURVEYORS

## Jamestown Road PBSA with 33% C3 affordable- Net Profit

### Appraisal Summary for Phase 1

Currency in £

#### REVENUE

Sales Valuation	Units	ft <sup>2</sup>	Sales Rate ft <sup>2</sup>	Unit Price	Gross Sales	Adjustment	Net Sales
C3 Social Rent	17	13,923	254.97	208,824	3,550,000	0	3,550,000
C3 Intermediate	10	8,060	452.14	364,421	3,644,215	0	3,644,215
<b>Totals</b>	<b>27</b>	<b>21,983</b>			<b>7,194,215</b>	<b>0</b>	<b>7,194,215</b>

#### Rental Area Summary

	Units	ft <sup>2</sup>	Rent Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA	187	39,457	98.83	20,852	3,291,476	3,899,391	3,291,476
Flexible commercial	1	3,155	56.50	178,258	178,258	178,258	178,258
<b>Totals</b>	<b>188</b>	<b>42,612</b>			<b>3,469,733</b>	<b>4,077,648</b>	<b>3,469,733</b>

#### Investment Valuation

<b>PBSA</b>							
Current Rent	3,291,476	YP @	4.5000%	22.2222	73,143,910		
<b>Flexible commercial</b>							
Market Rent	178,258	YP @	6.5000%	15.3846			
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,575,045		
<b>Total Investment Valuation</b>					<b>75,718,955</b>		

#### GROSS DEVELOPMENT VALUE

82,913,170

Purchaser's Costs			(2,271,569)				
Effective Purchaser's Costs Rate		3.00%					(2,271,569)

#### NET DEVELOPMENT VALUE

80,641,601

#### NET REALISATION

80,641,601

#### OUTLAY

##### ACQUISITION COSTS

Benchmark Land Value	8,300,000						
Benchmark Land Value			8,300,000				
					8,300,000		
Stamp Duty		5.00%	415,000				
Agent Fee		1.00%	83,000				
Legal Fee		0.80%	66,400				
					564,400		

##### CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost				
Construction	1 un	46,756,981	46,756,981				
CIL			3,511,592				
S106			1,212,570				
					51,481,143		

##### PROFESSIONAL FEES

Professional fees		10.00%	4,675,698				
					4,675,698		

##### MARKETING & LETTING

Letting Agent Fee		10.00%	17,826				
Letting Legal Fee		5.00%	8,913				
					26,739		

##### DISPOSAL FEES

Sales Agent Fee		1.50%	1,209,624				
Sales Legal Fee		0.50%	403,208				
					1,612,832		

**Jamestown Road****PBSA with 33% C3 affordable- Net Profit****FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)		
Land	1,987,354	
Construction	4,497,992	
Total Finance Cost		6,485,346

**TOTAL COSTS** **73,146,158**

**PROFIT** **7,495,444**

**Performance Measures**

Profit on Cost%	10.25%
Profit on GDV%	9.04%
Profit on NDV%	9.29%
Development Yield% (on Rent)	4.74%
Equivalent Yield% (Nominal)	4.57%
Equivalent Yield% (True)	4.71%
IRR% (without Interest)	14.04%
Rent Cover	2 yrs 2 mths
Profit Erosion (finance rate 7.000)	1 yr 5 mths

# APPRAISAL SUMMARY

BPS SURVEYORS

**Jamestown Road**  
**PBSA with 33% C3 affordable**

Appraisal Summary for Phase 1

Currency in £

## REVENUE

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Flexible commercial	1	3,155	56.50	178,258	178,258	178,258	178,258
<b>Totals</b>	<b>188</b>	<b>42,612</b>			<b>3,469,733</b>	<b>4,077,648</b>	<b>3,469,733</b>

## Investment Valuation

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Market Rent	178,258	YP @	6.5000%	15.3846			
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,575,045		
<b>Total Investment Valuation</b>					<b>75,718,955</b>		

## GROSS DEVELOPMENT VALUE

**82,913,170**

Purchaser's Costs			(2,271,569)				
Effective Purchaser's Costs Rate		3.00%					(2,271,569)

## NET DEVELOPMENT VALUE

**80,641,601**

## NET REALISATION

**80,641,601**

## OUTLAY

### ACQUISITION COSTS

Benchmark Land Value	8,300,000						
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Stamp Duty		5.00%	415,000				
Agent Fee		1.00%	83,000				
Legal Fee		0.80%	66,400				
					564,400		

### CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost				
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					26,739		

### DISPOSAL FEES

Sales Agent Fee		1.50%	1,209,624				
Sales Legal Fee		0.50%	403,208				
					1,612,832		

**Jamestown Road  
PBSA with 33% C3 affordable****MISCELLANEOUS FEES**

Profit on PBSA	12.50%	9,142,989	
Profit on Commerical	15.00%	386,257	
Profit on affordable	6.00%	431,653	
			9,960,898

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		1,987,354	
Construction		4,497,992	
Total Finance Cost			6,485,346

**TOTAL COSTS****83,107,056****PROFIT****(2,465,455)****Performance Measures**

Profit on Cost%	-2.97%
Profit on GDV%	-2.97%
Profit on NDV%	-3.06%
Development Yield% (on Rent)	4.18%
Equivalent Yield% (Nominal)	4.57%
Equivalent Yield% (True)	4.71%
IRR% (without Interest)	4.25%
Rent Cover	-9 mths
Profit Erosion (finance rate 7.000)	N/A