14-17 Red Lion Square, WC1R 4QH

Independent Viability Review

Prepared on behalf of The London Borough of Camden

28 March 2017

BPS
Chartered Surveyors

82 South Street, Dorking, RH4 2HD
www.bps-surveyors.co.uk
Tel: 01483 565 327

1.0 INTRODUCTION

1.1. BPS Chartered Surveyors has been instructed by The London Borough of Camden ('the Council') to review a viability assessment prepared by Bailey Venning Associates ('BVA') on behalf of 13-17 Red Lion Square LLP ('the applicant') in respect of the redevelopment of 14-17 Red Lion Square into 4 townhouses.

1.2. The subject property comprises two pairs of Grade II listed buildings which were originally constructed in the late 17th century as dwelling houses. The site is located towards the south eastern corner of Red Lion Square gardens. The buildings' existing use is B1 (a) office space and they have a combined GIA of 1,810m^2 (19,483 ft^2). The current application proposes the following:

'Refurbishment and change of use of 14-17 Red Lion Square from B1(a) Office use to C3 Residential, as four self-contained family dwellings as originally designed.'

1.3. The four proposed dwellings consist of 3 x four bedroom houses and 1 x five bedroom house. The values of these units have been estimated by CBRE.

1.4. Based on the Council's CPG8 policy, BVA state that the maximum in-lieu payment in this case is £824,150. The BVA viability assessment seeks to demonstrate that the current scheme can only contribute a sum of £90,000.

1.5. Our review has sought to scrutinise the costs and value assumptions that have been applied in the BVA viability appraisal in order to determine whether the current affordable housing offer represents the maximum that can reasonably be delivered given the viability of the proposed development.

2.0 CONCLUSIONS & RECOMMENDATIONS

2.1 Following our review of the costs and values in BVA's appraisal, we are firmly of the opinion that the scheme can viably make the full contribution required as set out in CPG8.

Approach	Benchmark	Residual	Surplus / (Deficit)
BVA	£[redacted]	£[redacted]	£90,280
BPS - BVA Profit and Finance Rate	£6,841,870	£10,050,280	£3,208,410
BPS - Standard Assumptions	£6,841,870	£8,361,657	£1,519,787

2.2 We have included a 'standard assumptions approach' whereby we have adopted 20% profit on GDV, 10% combined professional fees and 7% interest rates in order to demonstrate that even with increased costs the scheme can make the full payment in-lieu.

2.3 The points raised in the documents that support the application significantly undermine the Colliers report's findings, specifically by highlighting that continued office use of the buildings is not feasible without a significant level of expenditure. This indicates that Colliers have included an insufficient level of refurbishment costs in their appraisal. The Design & Access Statement and Planning Statement discuss the limitations of this property and conclude that it is unsuited for future office use and would not meet the needs of modern occupiers.

2.4 The office refurbishment cost information provided by Artelia has been reviewed by our Cost Consultant and he is of the opinion that the current costs are understated. He is of the opinion that a figure of £2,401,779 is more appropriate, compared to Artelia figure of £[redacted]. Once we have adjusted the existing use valuation to incorporate these increase refurbishment costs, the EUV figure decreases from Colliers' £[redacted] to £6,219,822, to which we add a 10% landowner premium to reach an "EUV-plus" benchmark land value of £6,841,870.

2.5 Our revised EUV valuation is based on our Cost Consultant's costs and does not account for the numerous difficulties that this property would face if office use were continued. We therefore consider our EUV estimate to potentially be optimistic, as there a number of issues that could prevent office continued office use, including its low energy rating and the floor loading which is inadequate for an office building.

2.6 Our Cost Consultant, Neil Powling, has reviewed the proposed scheme cost information, provided by JLL, for the application scheme. Neil's finding are summarised below (and his full report can be found at Appendix A):

'Notwithstanding the limited detail provided in the order of cost estimate, we consider these costs to be a reasonable early stage estimate of the costs of undertaking the indicated rehabilitation and conversion works.'

2.7 With regards to the residential sales values, it would appear that newly refurbished townhouses in the area could achieve values in excess of [redacted]. However we cannot provide a definitive answer based upon the limited relevant local sales evidence available and current asking prices. As such we are of the opinion that the solution would be to include an outturn review in the Section 106 Agreement if the level of in-lieu payment fall below the policy target.

3.0 PRINCIPLES OF VIABILITY ASSESSMENT

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

Gross Development Value - Development Costs (including Developer's Profit) = Residual Value

3.2 The residual value is then compared to a benchmark land value. Existing Use Value (EUV) and Alternative Use Value (AUV) are standard recognised approaches for establishing a land value as they help highlight the apparent differences between the values of the site without the benefit of the consent sought.

3.3 The rationale for comparing the scheme residual value with an appropriate benchmark is to identify whether it can generate sufficient money to pay a realistic price for the land whilst providing a normal level of profit for the developer. In the event that the scheme shows a deficit when compared to the benchmark figure the scheme is said to be in deficit and as such would be unlikely to proceed.

3.4 We note the GLA prefer EUV as a basis for benchmarking development as this clearly defines the uplift in value generated by the consent sought. We find the Market Value approach as defined by RICS Guidance Viability in Planning 2012 if misapplied is potentially open to an essentially circular reasoning. The RICS Guidance promotes use of a modified standard definition of "market Value" by reference to an assumption that the market values should reflect planning policy and should disregard that which is not within planning policy. In practice we find that consideration of compliance with policy is generally relegated to compliance somewhere on a scale of 0% to the policy target placing land owner requirements ahead of the need to meet planning policy.

3.5 There is also a high risk that the RICS Guidance in placing a very high level of reliance on market transactions is potentially exposed to reliance on bids which might a) represent expectations which do not mirror current costs and values as required by PPG. b) May themselves be overbids and most importantly c) need to be analysed to reflect a policy compliant position. To explain this point further, it is inevitable that if site sales are analysed on a headline rate per acre or per unit without adjustment for the level of affordable housing delivered then if these rates are applied to the subject site they will effectively cap delivery at the rates of delivery achieved of the comparable sites. This is an essentially circular approach which would effectively mitigate against delivery of affordable housing if applied.

3.6 The NPPF recognises at 173, the need to provide both land owners and developers with a competitive return. In relation to land owners this is to encourage land owners to release land for development. This has translated to the widely accepted practice when using EUV as a benchmark of including a premium. Typically, in a range from 5-30%. Guidance indicates that the scale of any premium should reflect the circumstances of the land owner. We are of the view that where sites represent an ongoing liability to a land owner and the only means of either ending the liability or maximising site value is through securing a planning consent this should be a relevant factor when considering whether a premium is applicable.

4.0 VIABILITY BENCHMARK

4.1 The viability benchmark is based upon a valuation report produced by Colliers International (Colliers) and dated September 2015. The Colliers report states the existing use value of office buildings at £[redacted] which included a small allowance for refurbishment of £[redacted]. BVA have raised concerns that the refurbishment allowance assumed by Colliers is low and have, based on advice from a Cost Consultant, Artelia, increased the cost provision to £[redacted]. This results in an existing use value of £[redacted] which has been adopted as their Viability Benchmark.

4.2 Colliers have applied uniform rents across each of the four properties with variance in value depending on the floor with prime rents over the ground and first floors and discounted rent over the remaining floors. The combined rental value by floor for all four units are as follows;

	Total Area m^2 (ft^2)	Rent - £ per m^2 (ft^2)	Rent p/a
Lower Ground	275 (2,961)	[redacted]	[redacted]
Ground	238 (2,563)	[redacted]	[redacted]
First	278 (2,989)	[redacted]	[redacted]
Second	293 (3,153)	[redacted]	[redacted]
Third	271 (2,922)	[redacted]	[redacted]
Sub Total / Average	**1,355 (14,588)**	[redacted]	[redacted]

4.3 We have collated the following evidence in order to test the validity of Colliers assumptions.

Address	Date	Area m^2 (ft^2)	Rent p/a	£ per m^2 (ft^2)
4th floor, 69-73 Theobalds Road, WC1X 8TA	07/16	213 (2,295)	£104,423	£490 (£45.50)
3rd floor (part), 57-58 Russell Square, WC1B 4HS	06/16	76 (822)	£28,770	£377 (£35)
Entire Building, 44 Russell Square, WC1B 4JP	05/16	560 (6,028)	£255,555	£455 (£42)
Ground (rear), 4 Bloomsbury Place, WC1A 2QA	03/16	33 (355)	£16,593	£503 (£46.74)

4.4 The space at Theobalds Road is situated on the top floor of a purpose built office block and is in close proximity to Red Lion Square. The space benefits from being newly refurbished with air con, good natural light, suspended ceilings and a passenger lift. The sublease was agreed at a rate of £490 per m^2 (£45.50/ft^2).

4.5 A single suite was taken on part of the 3rd floor of 58 Russell Square with a rent of £377 per m^2 (£35/ft^2) listed online. This space is similar in many senses, albeit only a suite as opposed to a single building. The building has the benefit of a passenger lift, manned reception and conference facilities available to occupiers.

4.6 44 Russell Square was sublet as a whole at a rent equivalent to £455 per m^2 (£42/ft^2). The remaining term equated to 10 years with a review and tenant break after 5 years.

4.7 4 Bloomsbury Place was let in March 2016 on a 5 year lease with a rent equating to £503 per m^2 (£46.74/ft^2). The space was at the rear of the ground floor.

4.8 The evidence would suggest that Colliers rates are still reasonable and applicable in the current market.

4.9 Colliers have applied an equivalent yield of [redacted] which is, in our view, generous given the difficulties this property faces. The piecemeal layout and quality of space would limit the quality of occupiers that could be expected with tenants of weak covenants likely. CBRE research[1] would suggest prime UK office yields of 5.36% and 3.75% and 4.25% for Prime West End and Prime City respectively[2]. Indeed Colliers research[3] states a prime yield in the area of 4.5%. This would suggest that for this assent [redacted] is optimistic.

4.10 Our Cost Consultant has reviewed the cost information provided by Artelia and he is of the opinion that the current costs are understated. Neil's estimate based on BCIS is as follows;

	Existing GIA	BCIS rate £/m^2	Total
Rehab existing offices	1,811m^2	£1,148	£2,079,463
Add contingency		5.0%	£103,973
			£2,183,436
Add fees		10.0%	£218,344
Total Refurb cost			£2,401,779

4.11 There are however a number of key issues that require addressing before we draw any conclusions with regards to the costs and values.

4.12 Firstly we highlight that the cost do not account for the issues raised in para 2.1.3 of the Design & Access statement (D&A) which states that there are issues with the floor coverings that would require rectifying in order to meet the needs of a modern office user.

4.13 Secondly we highlight para 2.1.4 of the D&A which comments on the requirements under the Energy Act 2011 for commercial premises to be let

[1] CBRE Marketview, UK Prime Rent and Yield Monitor, Q3 2016
[2] CBRE Marketview, UK Monthly Index, October 2016

[3] Colliers International, Research & Forecast Report – London Offices, Q3 2016

with an EPC rating of F or G. Given their current ratings we would have to strongly agree with the final statement in 2.1.4;

'It will be increasingly disruptive and costly to adapt these properties to comply with modern regulations for commercial office use and under the 2011 Act; there is no exemption for Listed Buildings. It is clear that these buildings historic fabric and lack of energy efficiency call further into question their long term viability as B1 commercial offices.'

4.14 It should be noted that our Cost Consultant has not accounted for works needed to comply with the 2011 Act and added the following on the matter;

'Upgrading the building to current energy efficiency would be expensive. Some of what you might do - such as new high performance windows might conflict with the listed requirements. It is difficult to put a figure on it without a detailed study and much better information - but my cost would certainly be increased and probably much nearer to the residential cost.'

4.15 We note that the planning statement highlights, in section 5, three options for the building. It is clear from the evidence before us that option one is not viable. The works would not be sufficient to secure the office use beyond 01 April 2018 as well as the issues surrounding the floor loadings.

4.16 The points raised in the documents that support the application significantly undermine the Colliers report and highlight that continued office use in this location is not a viable option. Nonetheless we have tried to take a pragmatic approach to valuing the EUV.

4.17 In coming to a conclusion with regards to the EUV of the property we apply the rental levels suggested by Colliers and a yield of [redacted]. We have applied a generous void of 12 months that accounts for the limited refurbishment and letting incentives.

4.18 Our EUV figure is £6,219,822 to which we add a 10% premium to reach an EUV plus value of £6,841,870.

4.19 We would like to highlight that this is based on our Cost Consultant's costs and does not account for the numerous difficulties that this property would face if office use were continued.

5.0 CONSTRUCTION COSTS

5.1 Our Cost Consultant, Neil Powling, has reviewed the cost information, provided by JLL, for the application scheme. Neil's finding are summarised below and his full report can be found at Appendix A;

'Notwithstanding the limited detail provided in the order of cost estimate, we consider these costs to be a reasonable early stage estimate of the costs of undertaking the indicated rehabilitation and conversion works.'

5.2 Developers Profit has been included at a rate of 15% on costs which equates to a rate of 13.04% on gross development value. It is common for developers profit on private residential accommodation to be 20% on GDV.

5.3 Professional Fees have been included at a rate of 8% which is towards the lower end of the scale of commonly accepted figures but would not be inappropriate for a scheme of this nature and as such we agree that this figure is appropriate.

5.4 Contingency have been included at 5% of construction costs, we agree that this figure is appropriate.

5.5 Disposal Fees have been included at a rate of 2% and 0.75% on agent and legal fees respectively. We agree that these figures are in line with current market expectations.

5.6 Finance has been included at a rate of 5.5% with a credit rate of 2%. This is lower than the standard rates advocated by a number of consultants but it should be noted that site specific factors should be taken into consideration and in particular the risk associated with an individual development.

6.0 RESIDENTIAL VALUES

6.1 The value of the four private residential units has been determined by CBRE Residential, the details of which are as follows.

Unit	Beds	Area m^2 (ft^2)	Price	£ per m^2 (ft^2)
14 RLS	4	458 (4,973)	[redacted]	[redacted]
15 RLS	4	426 (4,628)	[redacted]	[redacted]
16 RLS	5	439 (4,768)	[redacted]	[redacted]
17 RLS	4	409 (4,445)	[redacted]	[redacted]
Total		1,731 (18,814)	[redacted]	[redacted]

6.2 These values are based on CBRE's local knowledge of the area and comparable evidence, although none of the latter is provided. Given that the document is dated April and that it contains 'suggested marketing prices' which 'should not be relied upon by any third parties' we thought it prudent to review local market conditions in order to determine whether or not the above prices are appropriate.

6.3 The units are well located given that they are situated on a square and are under a 5 minute walk from Holborn Station which services the Central and Piccadilly line. We are of the opinion that these factors will have a significant impact on prices when compared to properties further from Underground stations and not on squares.

6.4 The following table includes properties sold in the last 2 years within half a mile of the subject site. We have adjusted the listed price by local HPI in order to generate a current day value;

Address	Beds	Sale date	Price + HPI	Floor area m^2 (ft^2)	£ per m^2 (ft^2)
34 John Street WC1N 2AT	6	27/05/16	£6,778,710	560 (6,028)	£12,105 (£1,125)
47 Doughty Street WC1N 2LW	4	19/12/14	£4,356,250	334 (3,595)	£13,043 (£1,212)
36 Great James Street WC1N 3HB	4	30/09/15	£3,788,668	297 (3,197)	£12,756 (£1,185)
6 North Mews WC1N 2JP	4	20/01/15	£1,867,186	163 (1,755)	£11,455 (£1,064)
27 Johns Mews WC1N 2NS	3	04/09/15	£2,460,174	176 (1,894)	£13,978 (£1,299)

6.5 Of the above properties the most relevant would be the John Street, Doughty Street and Great James Street given that they are all buildings of a similar age, all constructed in the Georgian period. These properties are also located further north in the Bloomsbury area.

6.6 The following properties are currently listed online;

Address	Beds	Asking Price	Floor area m^2 (ft^2)	£ per m^2 (ft^2)
John Street	5	£4,999,950	536 (5,765)	£9,336 (£867)
Myddelton Square	5	£3,750,000	344 (3,705)	£10,895 (£1,012)
Sekforde Street	4	£2,250,000	164 (1,770)	£13,686 (£1,271)
Great Ormond Street	3	£5,999,000	433 (4,661)	£13,855 (£1,287)
Red Lion Square	3 (Flat)	£2,350,000	123 (1,325)	£19,090 (£1,774)

6.7 The 5 bedroom property on John Street is a Grade II listed building on the market with the benefit of planning to increase the size of the basement and add a swimming pool. It is located approximately 0.3 miles to the north east of the subject site. Currently the property is in need of refurbishment. The expenditure required is likely to have had a significant impact on the asking price.

6.8 Myddleton Square is a 5 bedroom, Grade II listed property which was renovated in 2014. It is approximately 1 mile from the subject site in Pentonville, an area of generally lower values in comparison to the subject site when examining heat maps.

6.9 Sekforde Street is in Clerkenwell, under 1 mile to the east of the subject site and as above is area of generally lower values in comparison to the subject site. The property is Grade II listed and includes a self-contained studio on the lower ground floor.

6.10 The Grade II listed property on Great Ormond Street is 0.3 miles to the north of the subject site. The listing states three/four bedrooms. The location and indeed the size of this property make it the most relevant comparable out of those listed above.

6.11 The flat at Red Lion Square in a converted 1950s/60s office building. With an asking price of £2,350,000 and area of 123 m^2 (1,325ft^2), which reflects a rate £19,090 per m^2 (£1,774/ft^2), we have included it in order to support the view that Red Lion Square is a particularly high value area. We appreciate that it is a flat and would therefore have high sales rate in terms of floor area but thought it prudent to highlight.

6.12 The new units will be large units with numerous reception rooms and individual lifts, they will be towards the upper end of the local market and certainly command a substantial premium.

6.13 Overall it would appear that newly refurbished townhouses in the area could achieve values in excess of [redacted] However we cannot provide a definitive answer based upon the limited relevant local sales evidence available and current asking prices. As such it we are of the opinion that the solution would be to include an outturn review in the section 106 agreement.

BPS Chartered Surveyors

Project: 14-17 Red Lion Square, Camden, WC1R 4QH 2016/3635/P

Appendix A Cost Report

1 SUMMARY

1.1 The Order of Cost is at a high level of detail and we suggest should be succeeded by a more detailed Stage C cost plan. There is a single sum allowed for mechanical, electrical and public health services equating to £[redacted] stated as being commensurate with high end residential. This sum should be supported with more detail on specification and itemised costing.

1.2 Notwithstanding the limited detail provided in the order of cost estimate, we consider these costs to be a reasonable early stage estimate of the costs of undertaking the indicated rehabilitation and conversion works.

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.

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 average prices; the latter are more likely to reflect current regulations, specification, technology and market requirements.

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 ie. substructure, superstructure, finishings, fittings and services - but is not

2.4 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.

If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking
2.5 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
2.6 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.

BCIS costs are available on a quarterly basis - the most recent quarters use forecast figures, the older quarters are firm. If any estimates require
2.7 adjustment on a time basis we use the BCIS all-in Tender Price Index (TPI).

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.

2.8

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
2.9 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.

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.
2.10 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.

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.

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^2 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.

3 GENERAL REVIEW

3.1 We have been provided with and relied upon the Affordable Housing Report issued by Bailey Venning Associates dated June 2016, the Artelia Appraisal Rev D, the Design & Access Statement, the Planning Statement, the JLL Initial Order of Cost Feb 2016 and the Argus Developer Report.

3.2 We have also downloaded a number of files from the planning web site - in particular the proposed drawings and the Room-by-Room Report.

3.3 The Initial Order of Cost was prepared February 2016 and we have taken as a base date of 1Q2016. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The current forecast all-in TPI figures for 1Q2016 are 273 and for 4Q2016 286 - an increase of 4.55%. The TPI data in the present market circumstances is in a state of flux and frequent revision.

3.4 The Order of Cost is at a high level of detail and we suggest should be succeeded by a more detailed Stage C cost plan. There is a single sum allowed for mechanical, electrical and public health services equating to £[redacted] stated as being commensurate with high end residential. This sum should be supported with more detail on specification and itemised costing.

3.5 The cost plan includes an allowance of 14.86% for preliminaries and overheads and profit (OHP) 6.48%; we consider these allowances reasonable. The allowance for contingencies (included separately as 5% in the Appraisal) is 4.99% which we consider reasonable. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.

3.6 Sales have been included in the Appraisal at average figures of £[redacted] (Net Sales Area).

3.7 We have downloaded current BCIS data for benchmarking purposes including a Location Factor for Camden of 124 that has been applied in our benchmarking calculations.

3.8 Refer to our attached file "Elemental analysis and BCIS benchmarking".

3.9 The building is an existing terrace of four houses with basement, ground and three floors ie five storeys. The existing building is to be converted back from the current office use to the original residential terraced housing. We consider BCIS data for one-off 3 units or less to be more appropriate for benchmarking than the estate housing.

3.10 Notwithstanding the limited detail provided in the order of cost estimate, we consider these costs to be a reasonable early stage estimate of the costs of undertaking the indicated rehabilitation and conversion works.

BPS Chartered Surveyors
Date: 29th November 2016