

CONFIDENTIAL

AGAR GROVE ESTATE REGENERATION

Financial Viability Report

AUGUST 2019

Incorporating

EC HARRIS
BUILT ASSET
CONSULTANCY



CONTENTS

CONFIDENTIALITY	2
EXECUTIVE SUMMARY	3
1 INTRODUCTION	4
1.1 History of the Scheme.....	4
2 ACCOMMODATION SCHEDULE	5
2.1 Original (Most recent CIP).....	5
2.2 Revised MMA Accommodation Schedule.....	5
3 DEVELOPMENT APPRAISALS	5
3.1 Development Appraisal from the April 2019 CIP.....	6
3.2 Development Appraisal for the Proposed MMA.....	7
3.3 CIP to MMA Development Appraisal Comparison.....	8
4 CONCLUSION	9

Confidentiality

This Financial Viability Report is confidential and has been prepared and submitted solely for London Borough of Camden (LBC) and its preferred viability consultant in regards to this planning application.

LBC and its consultant agrees that it shall not therefore, without Arcadis' prior written consent, refer to or use our name or this document for any other purpose, disclose its contents or refer to them in any prospectus or other document, or make them available or communicate them to any other party.

Arcadis shall have no liability in connection with the use of this document for any other purpose. No other party is entitled to rely on this document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Therefore, on the basis that the information within this report is provided in confidence and contains commercially sensitive information, it should be afforded exemption from the Freedom of Information Act by virtue of the provisions of Section 41 and 43.

Executive Summary

1. This report details the financial viability that has been submitted for the Agar Grove Estate Regeneration (AGER) on behalf of London Borough of Camden (LBC).
2. The document provides a summary of outputs of the viability appraisal and the overall conclusion of the assessment.
3. The MMA would lead to a minor increase in Residual Land Value (or surplus) as LDC label it, of £677,811 on a current day cost and value basis, or £759,287 if inflated on CIP guidance (see 3.3).
4. Based on an inflated basis, the biggest surplus generated (from the MMA appraisal in 3.2) is £6,776,827, whilst this may appear a large figure that could be reinvested into additional affordable housing, it is currently being used to cross subsidise other phases of the scheme that are loss leading, and in any case;
5. Were a Developer to be building the site out, inline with RICS Viability Guidance LBC could reasonably seek a Developers Margin. They could also recoup their finance costs, of c. 7% on all debt. They could also add a land value to recoup, as in effect, they are gifting this to the scheme for free (zero cost).
6. Even if a typical developers margin of 20% on Private value, and 6% on Affordable Housing value were sought, this would create an effective cost to the scheme of £9,852,286, instantly making the scheme negative in terms of surplus, and that would be before any finance or land costs were included.
7. For this reason alone (adding in a Developers Margin), the scheme as proposed (the MMA) clearly demonstrates that no additional Affordable Housing could be provided beyond that already including in the scheme.
8. LBC is a Borough Council that is not commercially driven and therefore not considered a typical developer that would require both a 'competitive return' as a landowner and as a developer.
9. It is because of this that LBC would still be willing and able to proceed with the development as submitted, unlike a typical developer.

1 Introduction

This viability report seeks to demonstrate that the maximum amount of Affordable Housing achievable on site is being proposed by LBC.

The report should be read in conjunction the Planning Statement and architectural schedules. These documents detail the planning policies relevant to the scheme and how the scheme complies with those policies.

This report seeks to justify that whilst there has been a minor change in tenure mix and floor area through the proposed MMA for Phase 1c (including Blocks I,J,K,L). Any increase in surplus is so minor as to not warrant a further increase in Affordable Housing provision, beyond that already included as part of the MMA.

We have only reviewed the viability of the element of the scheme that is subject to the MMA (Blocks I,J,K,L).

1.1 History of the Scheme

The regeneration of AGER began in 2014 and seeks to bring social and economic betterment to the AGER area and the LBC.

- The principle aim of the proposed development is to provide significantly enhanced replacement properties for existing tenants of the estate.
- Along with the re-provision of existing tenants, another key principle is to ensure that there is a clear and coherent community spirit within the scheme whilst ensuring minimal disruption to the existing residents through a single decant strategy where feasible.
- Arcadis, through their merger with EC Harris LLP have a detailed understanding of the viability of the AGER scheme, having been involved in the viability discussions in December 2013 for the original scheme wide Planning Application.

2 Accommodation Schedule

2.1 Original (Most recent CIP)

Detailed below is a breakdown of the original scheme's accommodation schedule for blocks I,J,K,L (known as phase 3) – reflective of the CIP (Community Investment Programme) work undertaken in March of 2019.

Units	Nr	Tenure %	Affordable %
Private sale units	73	66%	
Social rent reprovic	5	5%	13%
Intermediate units	33	30%	87%
New affordable unit:	-	0%	0%
Total	111		

2.2 Revised MMA Accommodation Schedule

Here is the revised Accommodation as per the MMA. There is an increase in 14 units, as can be seen.

Units	Nr	Tenure %	Affordable %
Private sale units	84	67%	
Social rent reprovic	5	4%	12%
Intermediate units	36	29%	88%
New affordable unit:	-	0%	0%
Total	125		41

3 Development Appraisals

Currently the scheme is to be delivered with LBC acting as developer. Due to accounting treatments and requirements relating to the Housing Revenue Account, the Council's financial model differs from that of a typical developer.

This process was already agreed and established as part of the original application and is an approach EC Harris/Arcadis has replicated for other Estate Regenerations in LBC, such as Bacton Lowrise, Maitland Park and pertinently, the original Agar Grove scheme.

As can be seen from the following appraisals, LBC have chosen not to take; a Developers Profit, or charge a Finance Cost, or take a Land Value (known as Benchmark Land Value in typical viability reports) as they are both Developers and Landowner for the majority of the site. Please note however that some land assembly 'Buyback' costs have been allowed for, inline with RICS guidance and standard industry practice.

3.1 Development Appraisal from the April 2019 CIP

Agar Phase 3 - CIP					
Private Sale Income	NIA (ft2)	£/ NIA (ft2)	Uninflated	Inflated	£/ NIA (ft2)
Plot JKL	55,434	£865	£47,942,069	£49,551,354	£894
			Sub £47,942,069	£49,551,354	
Social Rent Reprovison					
Plot I	3,724	£0	Sub £0	£0	£0
			£0	£0	
Intermediate Income			Total		
Plot I	22,507	£195	£4,397,868	£4,397,868	£195
Plot JKL	-	£0	£0	£0	£0
	23,939		Sub £4,397,868	£4,397,868	
			Total <u>£52,339,936</u>	<u>£53,949,221</u>	
Grant Funding			£500,000	£500,000	
Gross Development Value			£52,839,936	£54,449,221	
Private Sale Income	GIA (m2)	£ / m2 (GIA)	Uninflated	Inflated	£/ NIA (ft2)
Plot JKL	6,525	£3,007	£19,621,379	£20,374,442	£3,122
			Sub £19,621,379	£20,374,442	
Social Rent Reprovison					
Plot I	519	£2,852	Sub £1,480,188	£1,536,997	£2,961
			£1,480,188	£1,536,997	
Intermediate Income			Total		
Plot I	2,662	£2,852	£7,592,024	£7,883,404	£2,961
Plot JKL	-	£0	£0	£0	£0
	23,939		Sub £7,592,024	£7,883,404	
Total Construction Costs			<u>£28,693,591</u>	<u>£29,794,843</u>	
Forecast Leaseholder Buybacks			£5,512,300	£5,512,300	
Acrued Leaseholder Buybacks			£6,730,215	£6,730,215	
Forecast Homeless & Disturb.		37 £8,300	£307,100	£307,100	
Acrued Homeless & Disturb.			£109,199	£109,199	
Section 106/CIL			£40,903	£42,563	
Pre-contract Fees			£1,378,419	£1,378,419	
Post-Contract Fees			£545,178	£566,102	
Development Contingency			5% Construction £1,992,870	£1,992,870	
Sales & Marketing Costs			2.50% Private Income £1,198,552	£1,238,784	
Scheme Costs			£46,508,327	£47,672,395	
Finance Costs			£0	£0	
Scheme Profit			£0	£0	
Scheme Positon			£6,331,610	£6,776,827	

3.2 Development Appraisal for the Proposed MMA

Agar Phase 3 - MMA						
Private Sale Income	NIA (ft2)	£/ NIA (ft2)		Uninflated	Inflated	£/ NIA (ft2)
Plot JKL	57,070	£863		£49,255,000	£51,076,605	£895
			Sub	£49,255,000	£51,076,605	
Social Rent Reprovison						
Plot I	3,724	£0	Sub	£0	£0	£0
				£0	£0	
Intermediate Income						
Plot I	23,013	£247		£5,679,953	£5,679,953	£247
Plot JKL	926	£213		£197,547	£197,547	£213
	23,939		Sub	£5,877,500	£5,877,500	
			Total	<u>£55,132,500</u>	<u>£56,954,105</u>	
Grant Funding				£500,000	£500,000	
Gross Development Value				£55,632,500	£57,454,105	
Private Sale Income	GIA (m2)	£ / m2 (GIA)		Uninflated	Inflated	£/ NIA (ft2)
Plot JKL	8,597	£2,383		£20,487,812	£21,274,129	£2,474
			Sub	£20,487,812	£21,274,129	
Social Rent Reprovison						
Plot I	440	£3,104	Sub	£1,365,661	£1,418,075	£3,223
				£1,365,661	£1,418,075	
Intermediate Income						
Plot I	3,238	£3,104		£10,050,024	£10,435,742	£3,223
Plot JKL	108	£0 *		£0	£0	£0
	23,939	*included above	Sub	£10,050,024	£10,435,742	
			Total Construction Costs	<u>£31,903,498</u>	<u>£33,127,945</u>	
Forecast Leaseholder Buybacks				£5,563,323	£5,563,323	
Acrued Leaseholder Buybacks				£6,730,215	£6,730,215	
Forecast Homeless & Disturb.		37	£8,300	£307,100	£307,100	
Acrued Homeless & Disturb.				£109,199	£109,199	
Section 106/CIL				£40,903	£42,563	
Pre-contract Fees				£1,509,410	£1,509,410	
Post-Contract Fees				£606,166	£629,431	
Development Contingency				5% Construction	£2,058,989	£2,058,989
Sales & Marketing Costs				2.50% Private Income	£1,231,375	£1,276,915
Scheme Costs				£50,060,177	£51,355,089	
Finance Costs				£0	£0	
Scheme Profit				£0	£0	
Scheme Positon				£5,572,323	£6,099,016	

3.3 CIP to MMA Development Appraisal Comparison

Agar Phase 3 - CIP					
	NIA (ft2)	£/ NIA (ft2)	Uninflated	Inflated	£/ NIA (ft2)
Private Sale Income					
Plot JKL	1,636	£802	1,312,931	1,525,252	£932
			Sub	£1,312,931	£1,525,252
Social Rent Reprovision					
Plot I	-	£0	Sub	-	£0
				£0	£0
Intermediate Income			Total		
Plot I	506	£2,534	1,282,086	1,282,086	£2,534
Plot JKL	-	£0	197,547	197,547	£0
	506		Sub	£1,479,632	£1,479,632
			Total	£2,792,564	£3,004,884
Grant Funding				-	-
Gross Development Value			£2,792,564	£3,004,884	
	GIA (m2)	£ / m2 (GIA)	Uninflated	Inflated	£/ NIA (ft2)
Private Sale Income					
Plot JKL	2,072	£418	866,433	899,687	£434
			Sub	£866,433	£899,687
Social Rent Reprovision					
Plot I	- 79	£1,450	Sub -	114,527	- 118,922
				-£114,527	-£118,922
Intermediate Income			Total		
Plot I	576	£4,267	2,458,000	2,552,338	£4,431
Plot JKL	108	£0	-	-	£0
	684		Sub	£2,458,000	£2,552,338
			Total Construction Costs	£3,209,907	£3,333,102
Forecast Leaseholder Buybacks			51,023	51,023	
Acrued Leaseholder Buybacks			-	-	
Forecast Homeless & Disturb.		37	£8,300	-	
Acrued Homeless & Disturb.			-	-	
Section 106/CIL			-	-	
Pre-contract Fees			130,991	130,991	
Post-Contract Fees			60,988	63,329	
Development Contingency		5% Construction	66,118	66,118	
Sales & Marketing Costs		2.50% Private Income	32,823	38,131	
Scheme Costs			£3,551,851	£3,682,695	
Finance Costs			£0	£0	
Scheme Profit			£0	£0	
Scheme Positon			-£759,287	-£677,811	

4 Conclusion

The MMA would lead to a minor increase in Residual Land Value (or surplus) as LDC label it, of £677,811 on a current day cost and value basis, or £759,287 if inflated on CIP guidance (see 3.3).

Based on an inflated basis, the biggest surplus generated (from the MMA appraisal in 3.2) is £6,776,827, whilst this may appear a large figure that could be reinvested into additional affordable housing, it is currently being used to cross subsidise other phases of the scheme that are loss leading, and in any case;

1. Were a Developer to be building the site out, inline with RICS Viability Guidance LBC could reasonably seek a Developers Margin. They could also recoup their finance costs, of c. 7% on all debt. They could also add a land value to recoup, as in effect, they are gifting this to the scheme for free.
2. Even if a typical developers margin of 20% on Private value, and 6% on Affordable Housing value were sought, this would create an effective cost to the scheme of £9,852,286, instantly making the scheme negative in terms of surplus, and that would be before any finance or land costs were included.

For this reason alone (adding in a Developers Margin), the scheme as proposed (the MMA) clearly demonstrates that no Affordable Housing could be provided beyond that already including in the scheme.

LBC is a Borough Council that is not commercially driven and therefore not considered a typical developer that would require both a 'competitive return' as a landowner and as a developer.

It is because of this that LBC would still be willing and able to proceed with the development as submitted, unlike a typical developer.

- The evidence for the sales values can be found in Appendix A.
- The evidence for the Arcadis Build Cost Review can be found in Appendix B.
- The evidence for a BCIS comparison can be found in Appendix C.
- The inflation assumptions (based on CIP guidance) can be found in Appendix D.

APPENDIX A

Savills Pricing Schedule

Project: Agar Grove, NW1
Client: Hawkins Brown
Schedule: Accommodation Schedule dated 10/07/2019
Date: 12/07/2019
Ref: MS/LRD



Row Labels	No. of Units	Unit Mix	Average NSA M ²	Average NSA FT ²	Total Area M ²	Total Area FT ²	Average Price	Average £psf	Total Price
1B1P	1	1%	37	398	37	398	£407,500	£1,023	£407,500
1B2P	43	51%	55	589	2,353	25,328	£521,802	£886	£22,437,500
1B2P M4(3)	5	6%	58	624	290	3,122	£515,000	£825	£2,575,000
2B3P	2	2%	63	678	126	1,356	£601,250	£887	£1,202,500
2B3P M4(3)	3	4%	73	786	219	2,357	£633,333	£806	£1,900,000
2B4P	22	26%	71	767	1,568	16,878	£639,659	£834	£14,072,500
2B4P Duplex	8	9%	93	996	740	7,965	£740,000	£743	£5,920,000
3B5P	1	1%	86	926	86	926	£740,000	£799	£740,000
Grand Total	85	100%	64	686	5,419	58,330	£579,471	£844	£49,255,000

Notes and Assumptions

- 1 Pricing based on plans provided by Hawkins Brown
- 2 Assumes a high quality finish and specification throughout
- 3 We have priced all Private for Sale units at the scheme

Please note: that any information, advice and prices in this document are given purely as guidance unless otherwise explicitly stated. Our views on price are not intended as a formal valuation and should not be relied upon by any person as such. Our views on price are given in the course of our estate agency role. Neither Savills nor the author accept any liability or responsibility whatsoever to any person who may seek to rely upon any information, advice or prices contained in this document, whether in whole or in relation to a part or parts only. Reliance placed on any advice, price or information in this document will be at the recipient's sole risk. Savills does not accept any responsibility or liability whatsoever for the present or future accuracy of any information, advice or prices given in this document.

Project: Agar Grove, NW1
Client: Hawkins Brown
Schedule: Accommodation Schedule dated 10/07/2019
Date: 12/07/2019
Ref: MS/LRD



Please note: that any information, advice and prices in this document are given purely as guidance unless otherwise explicitly stated. Our views on price are not intended as a formal valuation and should not be relied upon by any person as such. Our views on price are given in the course of our estate agency role. Neither Savills nor the author accept any liability or responsibility whatsoever to any person who may seek to

Notes and Assumptions

- 1 Pricing based on plans provided by Hawkins Brown
- 2 Assumes a high quality finish and specification throughout
- 3 We have priced all Private for Sale units at the scheme

Block	Core	Unit	Unit Type	Floor	Tenure	Outdoor Space	Net Saleable Area M ²	Net Saleable Area FT ²	Price	£/ft ²
JKL		WCA Type 01	2B3P M4(3)	0	Private		77	829	£637,500	£769
JKL		WCA Type 01	2B3P M4(3)	0	Private		72	775	£632,500	£816
JKL		WCA Type 01	2B3P M4(3)	0	Private		70	753	£630,000	£836
JKL		WCA Type 02	1B2P M4(3)	0	Private		58	624	£515,000	£825
JKL		WCA Type 02	1B2P M4(3)	0	Private		59	635	£515,000	£811
JKL		WCA Type 02	1B2P M4(3)	0	Private		58	624	£515,000	£825
JKL		WCA Type 02	1B2P M4(3)	0	Private		58	624	£515,000	£825
JKL		WCA Type 05	1B2P M4(3)	0	Private		57	614	£515,000	£839
JKL		Duplex 01	2B4P Duplex	0	Private		97	1044	£765,000	£733
JKL		Duplex 01	2B4P Duplex	0	Private		97	1044	£765,000	£733
JKL		Duplex 01	2B4P Duplex	0	Private		90	969	£750,000	£774
JKL		Duplex 01	2B4P Duplex	0	Private		109	1173	£790,000	£673
JKL		Duplex 01	2B4P Duplex	0	Private		91	980	£750,000	£765
JKL		Duplex 02	2B4P Duplex	0	Private		91	980	£750,000	£765
JKL		Duplex 03	2B4P Duplex	0	Private		83	893	£675,000	£756
JKL		Duplex 05	2B4P Duplex	0	Private		82	882	£675,000	£765
JKL		Type 01	1B2P	1	Private		62	667	£525,000	£787
JKL		Type 02	1B2P	1	Private		59	635	£522,500	£823
JKL		Type 03	1B2P	1	Private		60	646	£522,500	£809
JKL		Type 03	1B2P	1	Private		60	646	£522,500	£809
JKL		Type 04	1B2P	1	Private		53	570	£515,000	£903
JKL		Type 05	2B4P	1	Private		69	743	£627,500	£845
JKL		Type 05	2B4P	1	Private		72	775	£637,500	£823
JKL		Type 06	1B2P	1	Private		56	603	£517,500	£859
JKL		Type 07	1B2P	1	Private		61	657	£522,500	£796
JKL		Type 17	2B3P	1	Private		65	700	£612,500	£875
JKL		Type 02	1B2P	2	Private	Balcony	47	506	£505,000	£998
JKL		Type 03	1B2P	2	Private	Balcony	60	646	£527,500	£817
JKL		Type 03	1B2P	2	Private	Balcony	60	646	£527,500	£817
JKL		Type 05	2B4P	2	Private	Balcony	70	753	£632,500	£839
JKL		Type 05	2B4P	2	Private	Balcony	72	775	£642,500	£829
JKL		Type 06	1B2P	2	Private	Balcony	55	592	£520,000	£878
JKL		Type 08	1B2P	2	Private	Balcony	58	624	£525,000	£841
JKL		Type 08	1B2P	2	Private	Balcony	54	581	£520,000	£895
JKL		Type 09	1B2P	2	Private	Balcony	47	506	£505,000	£998
JKL		Type 10	1B2P	2	Private	Balcony	51	549	£517,500	£943
JKL		Type 11	1B2P	2	Private	Balcony	53	570	£517,500	£907
JKL		Type 12	2B4P	2	Private	Balcony	82	883	£660,000	£748
JKL		Type 13	2B4P	2	Private	Balcony	69	743	£632,500	£852
JKL		Type 13	2B4P	2	Private	Balcony	69	743	£632,500	£852
JKL		Type 14	2B4P	2	Private	Balcony	70	753	£632,500	£839
JKL		Type 15	1B2P	2	Private	Balcony	57	614	£522,500	£852
JKL		Type 16	1B2P	2	Private	Balcony	52	560	£517,500	£925
JKL		Type 02	1B2P	3	Private	Balcony	47	506	£507,500	£1,003
JKL		Type 03	1B2P	3	Private	Balcony	60	646	£530,000	£821

JKL		Type 03	1B2P	3	Private	Balcony	60	646	£530,000	£821
JKL		Type 05	2B4P	3	Private	Balcony	72	775	£647,500	£835
JKL		Type 05	2B4P	3	Private	Balcony	69	743	£637,500	£858
JKL		Type 06	1B2P	3	Private	Balcony	55	592	£522,500	£883
JKL		Type 08	1B2P	3	Private	Balcony	54	581	£522,500	£899
JKL		Type 08	1B2P	3	Private	Balcony	58	624	£527,500	£845
JKL		Type 09	1B2P	3	Private	Balcony	48	517	£515,000	£997
JKL		Type 10	1B2P	3	Private	Balcony	51	549	£520,000	£947
JKL		Type 11	1B2P	3	Private	Balcony	53	570	£520,000	£911
JKL		Type 12	2B4P	3	Private	Balcony	82	883	£665,000	£753
JKL		Type 13	2B4P	3	Private	Balcony	69	743	£637,500	£858
JKL		Type 13	2B4P	3	Private	Balcony	70	753	£637,500	£846
JKL		Type 14	2B4P	3	Private	Balcony	70	753	£637,500	£846
JKL		Type 15	1B2P	3	Private	Balcony	56	603	£522,500	£867
JKL		Type 16	1B2P	3	Private	Balcony	53	570	£520,000	£911
JKL		Type 03	1B2P	4	Private	Balcony	60	646	£532,500	£825
JKL		Type 03	1B2P	4	Private	Balcony	60	646	£532,500	£825
JKL		Type 05	2B4P	4	Private	Balcony	73	786	£652,500	£830
JKL		Type 06	1B2P	4	Private	Balcony	55	592	£525,000	£887
JKL		Type 08	1B2P	4	Private	Balcony	54	581	£525,000	£903
JKL		Type 08	1B2P	4	Private	Balcony	58	624	£530,000	£849
JKL		Type 09	1B2P	4	Private	Balcony	49	527	£517,500	£981
JKL		Type 10	1B2P	4	Private	Balcony	51	549	£522,500	£952
JKL		Type 11	1B2P	4	Private	Balcony	54	581	£525,000	£903
JKL		Type 12	2B4P	4	Private	Balcony	82	883	£670,000	£759
JKL		Type 13	2B4P	4	Private	Balcony	67	721	£645,000	£894
JKL		Type 13	2B4P	4	Private	Balcony	69	743	£642,500	£865
JKL		Type 14	2B4P	4	Private	Balcony	70	753	£642,500	£853
JKL		Type 15	1B2P	4	Private	Balcony	57	614	£527,500	£860
JKL		Type 16	1B2P	4	Private	Balcony	52	560	£522,500	£933
JKL		Type 18	1B2P	5	Private	Balcony	54	581	£527,500	£908
JKL		Type 19	2B4P	5	Private	Balcony	71	764	£657,500	£860
JKL		Type 20	3B5P	5	Private	Balcony	86	926	£740,000	£799
JKL		Type 21	1B1P	5	Private	Balcony	37	398	£407,500	£1,023
JKL		Type 22	1B2P	5	Private	Balcony	49	527	£520,000	£986
JKL		Type 23	1B2P	5	Private	Balcony	50	538	£520,000	£966
JKL		Type 24	2B3P	5	Private	Balcony	61	657	£590,000	£899
JKL		Type 25	2B4P	5	Private	Balcony	70	753	£647,500	£859
JKL		Type 27	1B2P	5	Private	Balcony	50	538	£520,000	£966
JKL		Type 28	2B4P	5	Private	Balcony	61	657	£555,000	£845
Total							5419	58,330	£49,255,000	£844

APPENDIX B

Arcadis Build Cost Summary

AGAR GROVE, CAMDEN: BLOCK I, and BLOCK J, K, L (PHASE 1C)

Executive Summary

Overview

This report contains the Stage 2 Cost Plan prepared for London Borough of Camden for the development of Phase 1c consisting of Block I (40 units) and Block J, K & L (86 units) at Agar Grove.

The Cost Plan has been prepared on the basis of the Stage 2 design information produced by the architects, structural engineer & MEP consultants. Details of the Stage 2 information has been listed in assumptions information used section.

The costs assume the works will be procured under a single stage design and build route across a single phase.

Approach to Measurement

Traditional strip foundations are assumed below ground for each scheme with a reinforced concrete ground floor slab. Foundations have been allowed for under the perimeter of external walls.

The frame and upper floors are assumed to be reinforced concrete, lift and stair cores have been measured and allowed for as reinforced concrete. The facade treatment included assumes a mid-range brickwork, cladding and glazing system to the residential units.

In the absence of a firm decision over which Energy Strategy will be adopted, our cost plan is based on Option 1; Communal ASHP (2 units per core), 1,000 litre buffer vessel per core, HIU and cylinder c/w immersion per dwelling. All dwellings have wet underfloor heating, additional cylinder and immersion for water heating and electric cooking.

Please ensure costs provided are read in conjunction with the lists of assumptions and exclusions sections.

Financial Overview

The estimated out-turn construction costs (inclusive of on costs) are as follows:

- Block I - £10,493,175.51
- Blocks J, K & L - £21,082,180.74
- Site wide facilitating and external works - £3,469,645.24

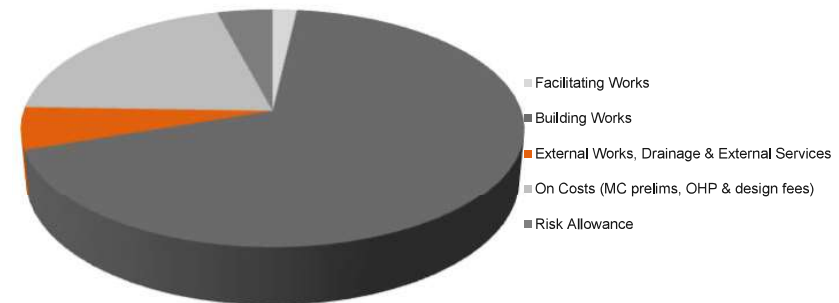
The total development cost equates to **£34,812,461 (£3,112/m2 or £289/ft2)** based on a gross internal floor area of 11,187m2 or 120,417ft2.

The rates used within the body of this report and summarised here are dated Q2 2019 and are provided on a 'Current Day Fixed Price Basis'.

Construction Costs

Construction Costs	Total (£)	£ / m ²	£ / ft ²
Element	GIFA: 11,187 m ² 120,417 ft ²		
Facilitating Works	£ 627,199	£ 56	£ 5
Building Works	£ 23,686,018	£ 2,117	£ 197
External Works, Drainage & External Services	£ 1,975,530	£ 177	£ 16
Sub Total	£ 26,288,746	£ 2,350	£ 218
On Costs (MC prelims, OHP & design fees)	£ 7,087,446	£ 634	£ 59
Risk Allowance	£ 1,436,269	£ 128	£ 12
Cost Estimate - 2Q2019 (excl Inflation)	£ 34,812,461	£ 3,112	£ 289
Construction Inflation - Excluded	£ -	£ -	£ -
Tender Inflation - Excluded	£ -	£ -	£ -
Cost Estimate - 2Q2019 (excl Inflation)	£ 34,812,461	£ 3,112	£ 289

Graphical Analysis



AGAR GROVE, PHASE 1C

Cost reconciliation: Cost Model to Cost Plan

ELEMENT	£			£/m²		£/ft²		£/m²		£/ft²	
	STAGE 2 COST PLAN GIFA: 11,187m2 126 units Q2 2019	COST MODEL GIFA: 10,195m2 111 units Q1 2019	Movement +/- +992m2 +15 units	Cost Plan	Cost Plan	Cost Model	Cost Model	Movement+/-	Movement+/-		
0 Facilitating Works											
0.1: Facilitating Works	627,199	0	627,199	56	5	0	0	56	5		
Element Total	627,199	0	627,199	56	5	0	0	56	5		
1 Substructure											
1.1: Substructure	1,520,458	1,563,800	-43,342	136	13	153	14	-17	-2		
Element Total	1,520,458	1,563,800	-43,342	136	13	153	14	-17	-2		
2 Superstructure											
2.1: Superstructure	12,825,776	11,131,753	1,694,023	1,146	107	1,092	101	55	5		
Element Total	12,825,776	11,131,753	1,694,023	1,146	107	1,092	101	55	5		
3 Internal Finishes											
3.1: Internal finishes	2,061,872	1,691,408	370,464	184	17	166	15	18	2		
Element Total	2,061,872	1,691,408	370,464	184	17	166	15	18	2		
4 Fittings, Furnishings and Equipment											
4.1: Fittings, Furnishings and Equipment	857,750	1,020,000	-162,250	77	7	100	9	-23	-2		
Element Total	857,750	1,020,000	-162,250	77	7	100	9	-23	-2		
5 Services											
5.1: Services	6,420,162	5,691,000	729,162	574	53	558	52	16	1		
Element Total	6,420,162	5,691,000	729,162	574	53	558	52	16	1		
8 External Works											
8.1: External Works	1,975,530	1,298,260	677,270	177	16	127	12	49	5		
Element Total	1,975,530	1,298,260	677,270	177	16	127	12	49	5		
Sub Total Building Works	26,288,746	22,396,221	3,892,525	2,350	218	2,197	204	153	14		
9 Main Contractor's Preliminaries											
9.1: Main Contractor's Cost Item 16%	4,206,199	3,583,395	622,804	376	35	351	33	25	2		
<i>Note: Percentage in the Project Summary</i>											
Element Total	4,206,199	3,583,395	622,804	376	35	351	33	25	2		
10 Main Contractor's Overheads and Profits											
10.1: Main Contractor's Overheads & Profits 6%	1,829,697	1,625,965	203,732	164	15	159	15	4	0		
<i>Note: Percentage in the Project Summary</i>											
Element Total	1,829,697	1,625,965	203,732	164	15	159	15	4	0		
11 Project/ Design Team Fees											
11.3: Main Contractor's Design Fees 4%	1,051,550	1,119,811	-68,261	94	9	110	10	-16	-1		
Element Total	1,051,550	1,119,811	-68,261	94	9	110	10	-16	-1		
13 Risks											
13.2: Construction Risk	1,436,269	1,436,269	0	128	12	141	13	-12	-1		

NOTES

- Layout changes have increased the total area, previously no winter gardens and fourth floor has a complete new layout.
- Block I areas increased from 3,181m2 to 3,352m2 (+171m2)
- Block J K L areas increased from 7,014m2 to 7,835m2 (+821m2)
- Overall area increase of 992m2.

1. Facilitating works previously excluded in cost model

- Frame & upper floors – equates to £282/m2 GIFA. The model included E275 which we felt was reasonable given height (6 storeys). The roof structure has been measured within the roof where as in the model this was priced within the frame. This explains the high roof element cost when compared to the model which only priced for the finish.
- Increase in cost to RC frame/upper floors rebar is now priced at £1,200/t to meet current rates being shown within the market.
- More units than in the cost model and complete re-configuration to fourth floor and the introduction of winter gardens throughout which was not included before.
- External walls - Information more detailed and we have now and have carried out a full measure as opposed to a perimeter x storey height method in the model.
- Internal doors - The Cost Model assumed this quantity as there were not internal layouts

1. Not measured wardrobes etc in cost plan excluded due to no detail

- The use of ASHPs, central buffer vessels, and the introduction of cylinders and immersion heaters within the apartments.
- In the absence of detailed design, we are allowing 2 nr MVHR units to duplexes as we feel this is prudent unless it is confirmed by Max Fordham that the required design and performance parameters can be met using only 1.
- Increase of units has resulted in more sanitary appliances and services required

- External works – when the cost models were produced, the EVs were pro-rated across all blocks (I, JKL, Lulworth, B and CDE) by GIFA. Specific Block I and JKL external works have now been measured/priced. Some of the increase (£675K) can be explained as an add/omit from the other blocks not part of this phase. There is also a lot of external planting, trees, walls, gates etc which we would not necessarily have considered within the cost models.
- New elements to landscaping, fences, t-shaped walls to entrances.
- New allowances for furniture and signage.
- Re-measured works to services with new information provided.

Previously allowed 5% in cost model

Risk allowance pot as per Cost Model

AGAR GROVE, PHASE 1C

Cost reconciliation: Cost Model to Cost Plan

	£			GIFA (m2)		GIFA (ft2)		£/m²		£/ft²	
	STAGE 2 COST PLAN	COST MODEL	Movement +/-	Cost Plan	Cost Plan	Cost Model	Cost Model	Movement+/-	Movement+/-		
Element Total	1,436,269	1,436,269	0	128	12	141	13	-12	-1		
TOTAL CONSTRUCTION COST	34,812,461	30,161,661	4,650,799	3,112	289	2,958	275	153	14		

NOTES

1. Layout changes have increased the total area, previously no winter gardens and fourth floor has a complete new layout.
2. Block I areas increased from 3,181m2 to 3,352m2 (+171m2)
3. Block J K L areas increased from 7,014m2 to 7,835m2 (+821m2)
4. Overall area increase of 992m2.

APPENDIX C

BCIS – Build Cost Inflation

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 17-Aug-2019 00:40

› Rebased to London Borough of Camden (131; sample 52)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	2,018	987	1,683	1,922	2,280	6,819	953
1-2 storey (15)	1,922	1,185	1,639	1,841	2,118	3,556	227
3-5 storey (15)	1,987	987	1,679	1,899	2,263	4,256	633
6+ storey (15)	2,480	1,479	2,039	2,327	2,640	6,819	90

Arcadis (UK) Limited

Arcadis House
34 York Way
London N1 9AB
United Kingdom
T: +44 (0)20 7812 2000

[arcadis.com](https://www.arcadis.com)

