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**BY EMAIL ONLY**

3 December 2021

Dear David

**FINANCIAL VIABILITY ASSESSMENT: CLOCKWORK FACTORY, 13 BLACKBURN ROAD, WEST HAMPSTEAD, LONDON, NW6 1RZ (PLANNING REF: 2020/2940/P)**

## Introduction

In July 2020, West Hampstead Investments Partnerships Limited (hereafter the Applicant) submitted a planning application (Ref: 2020/2940/P) for the redevelopment of the above site (the Site) to provide a mixed-use scheme comprising 53 residential apartments and up to 4,797 sqm (GIA) of commercial floorspace.

The planning application was supported by a financial viability assessment, prepared by Boyer and dated February 2021 which was subsequently reviewed by BPS Chartered Surveyors (BPS) on behalf of the London Borough of Camden (the Council). BPS requested further information and justification from Boyer in relation the scheme's viability, however discussions between the two parties have since ceased, and the planning application remains undecided.

The Applicant has now instructed Montagu Evans to review and update the financial viability assessment for the proposed scheme. (For clarity, Boyer remain the Applicant's planning advisors, but Montagu Evans are now the viability advisors.)

This letter provides a summary of Boyer and BPS's historic viability discussions, and provides our own opinion of the viability position today. In reaching our conclusions we have relied upon the following information:

- Financial viability assessment, prepared by Boyer and dated February 2021;
- Independent Viability Review, prepared by BPS and dated 8 June 2021;
- Up to date tenancy schedule and floorplans for the existing accommodation;
- Schedule of accommodation and floorplans for the proposed scheme; and
- Updated cost plan summary, prepared by Beadmans and dated Q4 2021.



## Previous Viability Assessment

The financial viability assessment prepared by Boyer (dated February 2021) concluded that the proposed scheme, with the inclusion of 100% private residential accommodation, resulted in a land value of £2,826,922, representing a viability deficit of approximately **-£6,723,078**, when compared to a benchmark land value (BLV) of at least £9,550,000. Boyer's report concluded that the *"proposed development could not support any affordable housing contribution"*.

BPS undertook a review of the submitted financial viability assessment (dated June 2021) and were of the opinion that the proposed scheme (assuming 100% private residential) generated a surplus of approximately £3,461,000 when compared to a lower BLV of £5,893,000. BPS concluded that the scheme *"can readily provide an affordable housing contribution whilst remaining viable"*.

The table below summarises the viability findings set out in Boyer and BPS's respective reports:

	Boyer	BPS
<b>Viability appraisal of proposed scheme (assuming 100% private)</b>	£2,826,922	c.£9,354,000
<b>Benchmark Land Value (BLV)</b>	£9,550,000	£5,893,000
<b>Viability deficit/surplus</b>	<b>-£6,723,078</b>	<b>+£3,461,000</b>

BPS agreed with Boyer's overall approach as well as the majority of their inputs and assumptions. We do not propose discussing or unravelling the agreed assumptions at this time (except for construction costs which are discussed later) but reserve the right to revisit all of the assumptions. The differences in opinion between Boyer and BPS relate to the following:

- Benchmark Land Value (BLV);
- Proposed residential Gross Development Value (GDV);
- Proposed commercial Gross Development Value (GDV);
- Developer's return; and
- Development timings.

We summarise these five disputed items in turn below.

### Benchmark Land Value

The existing Site comprises a former office building which was converted to residential use under Permitted Development Rights in 2015. It provides a total of 29 residential apartments extending to a total NSA of 15,108 sq ft alongside nine car parking spaces. The existing residential unit mix is 15 x studio flats, 13 x 1-bedroom flats and 1 x 2-bedroom flat arranged over ground, first and second floors.



Both Boyer and BPS approached the BLV on an Existing Use Value Plus basis, by first assessing the Site's Existing Use Value, and then considering an appropriate landowner's premium to apply.

In order to arrive at an appropriate Existing Use Value (EUV) for the existing residential accommodation and car parking, Boyer undertook an investment valuation. We have summarised Boyer's approach in the table below:

Element	Assumptions	EUV
Residential (29 units)	<ul style="list-style-type: none"> <li>Total rental income of £547,980 per annum</li> <li>Capitalised using a 6.50% yield</li> </ul>	£8,425,000
Car parking (9 spaces)	<ul style="list-style-type: none"> <li>Total rental income of £15,500 per annum</li> <li>Capitalised using a 7.00% yield</li> </ul>	£220,000
<b>Total</b>		<b>£8,645,000</b>

As shown in the table above, Boyer considered a total EUV of £8,645,000 to be appropriate for the existing residential accommodation and car parking. This excludes any landowner's premium to incentivise the landowner to release their Site for development.

In addition, Boyer's report provided an alternative EUV approach whereby the existing residential accommodation was valued assuming each unit was sold on a long leasehold basis with vacant possession. Boyer arrived at a higher residential EUV of £11,325,000 on this basis by adopting the following vacant possession values:

- 15 x studio units at £325,000
- 13 x one-bedroom units at £450,000 each
- 1 x two-bedroom unit at £600,000 each

When including the value attributable to the car parking (£220,000), this provided an alternative EUV of £11,545,000.

For clarity, Boyer's assessment adopted the lower combined EUV figure of £8,425,000 for the existing residential accommodation to arrive at a total EUV of **£8,645,000** (with the inclusion of the car parking).

BPS disagreed with a number of assumptions adopted in Boyer's EUV assessment of the residential accommodation and car parking and arrived at a significantly lower combined EUV of **£5,893,000**. The table below provides a summary of BPS's EUV assessment and the key assumptions:



Element	Assumptions	EUV
Residential (29 units)	<ul style="list-style-type: none"> <li>Total rental income of £547,980 per annum</li> <li>25% operating costs</li> <li>Capitalised using a 6.50% yield</li> <li>6-month letting void</li> </ul>	£5,710,000
Car parking (9 spaces)	<ul style="list-style-type: none"> <li>Total rental income of £13,750 per annum (as per conversations with Boyer)</li> <li>Capitalised using a 7.00% yield</li> <li>Purchasers' costs reflecting 6.8%</li> </ul>	£183,000
<b>Total</b>		<b>£5,893,000</b>

We understand BPS requested further information in relation the existing residential accommodation including an up-to-date tenancy schedule confirming the current passing rent (following a discrepancy found in the provided tenancy schedule), copies of the existing leases, evidence of the current condition of the residential flats and information regarding a warehouse within the site boundary. In the absence of further information, BPS applied a nil value (£0) to the warehouse. On a without prejudice basis, we have taken the same approach.

Due to the absence of information relating to the condition of the existing residential accommodation and the *'ambiguity surrounding key valuation inputs'*, BPS did not undertake an alternative EUV valuation assuming each residential unit was sold on a long leasehold basis and with vacant possession.

We have been provided with up-to-date information regarding the existing residential apartments and their tenancies, which has allowed us to undertake an updated assessment of BLV. This is summarised in the next section of this letter.

#### Proposed Residential GDV

The proposed scheme comprises a total of 53 residential units extending to a total NSA of 31,293 sq ft.

Boyer's assessment adopted a residential GDV of £29,900,000 (reflecting £955 per sq ft). BPS adopted a slightly higher GDV of £30,800,000 (reflecting £984 per sq ft) with reference to height premiums as justification.

On a without prejudice basis in order to reach an agreement, we are willing to accept BPS's higher proposed residential GDV of £30,800,000 (reflecting £984 per sq ft).

#### Proposed Commercial GDV

The proposals include a total of 3,487 sqm (37,538 sq ft) NIA of office accommodation arranged on the lower levels (basement and ground floor) of Block A and Block B and all of Block C (basement to 8<sup>th</sup> floor).



Boyer's adopted a rental value of £30.00 per sq ft (providing a gross rental value of £1,126,140 per annum) after a 12-month rent free period before applying a yield of 5.25% to arrive at a commercial GDV (before purchasers' costs) of £20,380,319. This equates to £542 per sq ft when applied to the total NIA of 37,538 sq ft.

BPS considered a rental value of at least £40.00 per sq ft could be achieved for new build office accommodation and felt that a 12-month rent free period was high, however agreed with the adopted yield of 5.25% as '*broadly acceptable in this instance*'. BPS adopted a rental value of £40.00 per sq ft (providing a gross rental value of £1,501,520 per annum), a shorter 6 month rent free period and a 5.25% yield to arrive at a GDV (before purchasers' costs) of £27,877,946. This equates to £742 per sq ft, which is significantly higher than Boyer's opinion of commercial GDV (£542 per sq ft).

In order to reach an agreement and on a without prejudice basis, we are willing to accept BPS's higher commercial GDV of £27,877,946 for the proposed commercial accommodation, reflecting £742 per sq ft.

#### Developer's Return

Boyer's assessment adopted a profit allowance of 17.50% on GDV for the private residential and commercial accommodation. BPS's report agreed with the residential margin but stated that they '*would expect to see a lower profit target for the commercial element, to reflect the reduced risk*' and subsequently adopted a lower profit allowance of 15.00% on GDV for the commercial element.

We consider 17.50% on GDV would be appropriate to reflect the significant quantum of office accommodation proposed, as well as the optimistic rents that have been adopted, in line with BPS's opinion of value. However, in order to reach an agreement and on a without prejudice basis, we are willing to accept BPS's lower profit allowance of 15.00% on GDV for the commercial element.

#### Development Timings

Boyer's assessment adopted a 27-month development programme, made up of a 3-month pre-construction period, 21-month construction period and 3-month sales period. However, we note that 100% of their private residential GDV was modelled as being received 1 month after practical completion.

BPS considered Boyer's pre-construction and construction periods to be reasonable but reduced the sales period to 1 month to reflect the proposed timing of receipts (100% received 1 month after PC).

We consider it is likely the timing of the residential receipts in Boyer's assessment was an error, however in order to reach agreement and on a without prejudice basis, we are prepared to accept the lower sales period of 1 month.



## Updated Viability Assessment

Following our review of Boyer's financial viability assessment and BPS's report, we have undertaken an updated financial viability assessment. This includes updated assessments of both the BLV and the proposed viability appraisal.

### Updated BLV Assessment

We have been provided with an updated tenancy schedule of the existing residential apartments and car parking spaces, dated October 2021, and attached as **Appendix 1**. A summary of the tenancy schedule is set out below:

Flat No	Floor	Type	Unit size (NSA sqft)	Rent (£ pcm)	Rent (£ pa)
1	Ground	2-Bed	786	£1,800	£21,600
2	Ground	1-Bed	667	£1,733	£20,800
3	Ground	1-Bed	667	£1,700	£20,400
4	Ground	1-Bed	667	£1,603	£19,240
5	Ground	1-Bed	667	£1,650	£19,800
6	Ground	1-Bed	667	£1,603	£19,240
7	Ground	1-Bed	667	£1,625	£19,500
8	Ground	1-Bed	667	£1,760	£21,120
9	Ground	1-Bed	667	£1,660	£19,920
10	Ground	1-Bed	667	£1,700	£20,400
11	1st	1-Bed	560	£1,650	£19,800
12	1st	Studio	366	£1,365	£16,380
13	1st	Studio	366	£1,365	£16,380
14	1st	Studio	366	£1,322	£15,864
15	1st	Studio	409	£1,452	£17,420
16	1st	Studio	409	£1,257	£15,080
17	1st	Studio	409	£1,275	£15,300
18	1st	1-Bed	614	£1,575	£18,900
19	1st	Studio	366	£1,400	£16,800
20	1st	Studio	366	£1,400	£16,800
21 (Vacant)	1st	Studio	441	£1,408 (quoting)	£16,896 (quoting)
22 (Vacant)	1st	Studio	430	£1,408 (quoting)	£16,896 (quoting)
23	1st	1-Bed	624	£1,733	£20,800
24	2nd	Studio	366	£1,408	£16,900
25	2nd	Studio	366	£1,300	£15,600
26	2nd	Studio	366	£1,322	£15,864
27	2nd	Studio	441	£1,400	£16,800
28	2nd	Studio	430	£1,387	£16,640
29	2nd	1-Bed	624	£1,733	£20,800
<b>Total</b>			<b>15,108</b>	<b>£43,995 pcm</b>	<b>£527,940 pa</b>



Car parking space	Rent (£ pcm)	Rent (£ pa)
1	£167	£2,000
2	£167	£2,000
3	£167	£2,000
4	£167	£2,000
5	£167	£2,000
6	£167	£2,000
7 (Vacant)	£0	£0
8 (Vacant)	£0	£0
9	£146	£1,750
<b>Total</b>	<b>£1,146</b>	<b>£13,750</b>

As of October 2021, 27 out of the 29 existing flats are let on ASTs with the majority of leases expiring in 2022. Flats 21 and Flat 22 are vacant and we understand they are currently available to let at a quoting rent of £1,408 per month (£16,896 per annum). This provides a gross rental income of £527,940 per annum for the existing residential accommodation (assuming the two vacant flats are let at the quoting rents). Additionally, 7 out of the 9 car parking spaces are let on licence agreements producing a total gross rental income of £13,750 per annum.

To assess the EUV of the Site, we have undertaken an investment valuation by applying an all-risks yield to the gross rent receivable after allowing for an appropriate allowance for operating expenditure.

Our assessment of EUV assumes that all of the flats are let at market rent including the two vacant flats (Flat 21 and Flat 22), producing a gross rental income of £527,940 per annum, as set out in the table above.

We have applied a deduction of 25% for operational expenditure to reflect the costs for voids, letting fees, insurance, maintenance, management, utilities, and bad debts. This results in a net annual income of £395,955 per annum.

We have referred to the CBRE UK Bed Sectors Property Investment Yield Guide (September 2021) which provides a net yield (after allowance for operational costs) of 3.65% and 4.00% for Good Secondary and Secondary residential in London Zone 2 respectively, which has remained stable over the last 12 months. We also note that the Knight Frank Residential Investment Yield Guide for Q1 2021 provides a net yield of 3.25% for Zone 2 Prime.

BPS's report provides evidence of residential investment transactions, showing achieved net yields of between 4.61% and 5.17%. Following a review of this evidence as well as the CBRE and Knight Frank investment yield guide, we have capitalised the net rental income of £395,955 per annum using a net initial yield of 4.00%. This provides a gross capital value of £9,898,868, reflecting £655 per sq ft when applied to the total NSA of 15,108 sq ft.

For the nine car parking spaces, we have capitalised the gross rental income of £13,750 per annum using a net initial yield of 7.00%. This results at a gross capital value of £196,431.

The table below summarises our assessment of EUV of the existing residential accommodation and car parking:



Element	Assumptions	EUV
Residential (29 flats)	<ul style="list-style-type: none"> <li>Gross Rental income of £527,940 per annum</li> <li>25% OPEX deduction</li> <li>4.00% yield</li> </ul>	£9,898,868
Car Parking	<ul style="list-style-type: none"> <li>Gross Rental income of £13,750 per annum</li> <li>7.00% yield</li> </ul>	£196,431
<b>Gross Capital Value</b>		<b>£10,095,300</b>
Less purchasers' costs (6.8%)		£686,480
<b>Total</b>		<b>£9,408,819</b>

Our assessment of EUV for the residential accommodation and car parking results in a gross capital value of £10,095,300, and net capital value (less purchasers' costs) of £9,408,819. This equates to a gross capital value of £668 per sq ft when applied to the NSA of 15,108 sq ft.

We note that our EUV of the existing residential apartments represents approximately two thirds on a £ per sq ft basis of the value that both ourselves and BPS have assumed in relation to the proposed new build residential (being £984 per sq ft). We consider this to be a reasonable discount for modern second-hand residential investment properties compared to new build accommodation.

To be consistent with Boyer and BPS's approach to viability, we have also undertaken an alternative EUV of the existing residential apartments assuming the units were sold on a long leasehold basis with vacant possession.

We have been provided with a Sales Market Report, prepared by local estate agent, Dutch & Dutch and dated 10 June 2021 (attached at **Appendix 2**). Dutch & Dutch have undertaken a valuation of two of the existing flats including Flat 20, comprising a studio flat extending to 366 sq ft, and Flat 3, comprising a one-bedroom flat extending to 667 sq ft. The Sales Market Report provides a value of £290,000 for Flat 20 (reflecting £792 per sq ft) and value of £425,000 for Flat 3 (reflecting £637 per sq ft).

Following a review of comparable evidence of similar second-hand flats in the local and surrounding area as well as the Sales Market Report prepared by Dutch & Dutch, we have applied the following estimated sales values to the existing residential accommodation:



Flat	Floor	Type	Size (NSA Sq Ft)	Estimated Sales Value (£)	Estimated Sales Value (£psf)
1	Ground	2-Bed	786	£500,000	£636
2	Ground	1-Bed	667	£425,000	£637
3	Ground	1-Bed	667	£425,000	£637
4	Ground	1-Bed	667	£425,000	£637
5	Ground	1-Bed	667	£425,000	£637
6	Ground	1-Bed	667	£425,000	£637
7	Ground	1-Bed	667	£425,000	£637
8	Ground	1-Bed	667	£425,000	£637
9	Ground	1-Bed	667	£425,000	£637
10	Ground	1-Bed	667	£425,000	£637
11	1st	1-Bed	560	£400,000	£714
12	1st	Studio	366	£290,000	£792
13	1st	Studio	366	£290,000	£792
14	1st	Studio	366	£290,000	£792
15	1st	Studio	409	£315,000	£770
16	1st	Studio	409	£315,000	£770
17	1st	Studio	409	£315,000	£770
18	1st	1-Bed	614	£410,000	£668
19	1st	Studio	366	£290,000	£792
20	1st	Studio	366	£290,000	£792
21	1st	Studio	441	£320,000	£726
22	1st	Studio	430	£320,000	£744
23	1st	1-Bed	624	£415,000	£665
24	2nd	Studio	366	£290,000	£792
25	2nd	Studio	366	£290,000	£792
26	2nd	Studio	366	£290,000	£792
27	2nd	Studio	441	£320,000	£726
28	2nd	Studio	430	£320,000	£744
29	2nd	1-Bed	624	£415,000	£665
<b>Total</b>			<b>15,108</b>	<b>£10,510,000</b>	<b>£696</b>

As shown in the table above, we have adopted an estimated sales value of between £290,000 and £320,000 to the existing studio flats, between £415,000 and £425,000 to the existing one-bedroom flats and £500,000 to the existing two-bedroom flat. This provides a total of £10,510,000 for the existing residential accommodation, reflecting £696 per sq ft when applied to a NSA of 15,108 sq ft.

We note that this reflects a discount of approximately 30% on a £ per sq ft basis compared to the private residential values adopted by both ourselves and BPS for the proposed residential accommodation (reflecting £984 per sq ft). We consider this to be a reasonable discount for second-hand accommodation. It also represents a slight (approximately 6%) premium to our opinion of the value of the same units on a rental basis (£655 per sq ft when excluding the value of the car parking), which, again, we consider appropriate.



When including the value attributable to the car parking of approximately £183,000 (which allows for purchasers' costs), this provides an alternative total EUV of £10,693,000 for the existing residential accommodation and car parking.

#### Viability Appraisal

Boyer's viability appraisal for the proposed scheme was supported by an order of cost estimate prepared by the Applicant's Quantity Surveyor, Beadmans dated 12 May 2020. This provided a total construction cost (inclusive of a 5.00% contingency and 16.00% preliminaries but excluding professional fees) of £28,855,000. This reflected £306 per sq ft when applied to the total GIA of 94,227 sq ft.

We have been provided with an updated cost plan summary, prepared by Beadmans and dated Q4 2021 (attached at **Appendix 3**). This provides an adjusted construction cost estimate of £29,725,000, reflecting £315 per sq ft. This presents an increase of approximately 3% from the cost estimate prepared in May 2020 to reflect present day costs in light of recent much-publicised build cost inflation. We consider this to be reasonable and therefore have adopted today's cost figure of £29,725,000 in our updated assessment.

Our updated appraisal for the proposed scheme, assuming 100% private residential accommodation and accepting a number of BPS's assumptions on a without prejudice basis (including a residential GDV of £984 per sq ft, commercial GDV of £742 per sq ft, profit allowance of 15.00% on GDV for commercial and 1 month sales period) as well as the updated construction cost estimate results in a revised land value of **£7,897,247**.

A copy of the revised viability appraisal is attached at **Appendix 4**.

## Conclusions

Our updated assessment of the BLV and viability appraisal for the proposed scheme still results in a viability deficit, albeit reduced and ranging between -£1,502,000 and -£2,796,000, depending on the approach to arrive at the BLV. This is summarised in the table below:

Benchmark Land Value (BLV)	Proposed Scheme Residual Land Value (100% private scheme)	Viability Deficit
£9,400,000  (Adopting an investment valuation of the existing residential accommodation)	£7,897,247	-£1,502,753
£10,693,000  (Adopting a capital valuation of the existing residential accommodation assuming each unit is sold with vacant possession and on a long leasehold basis)	£7,897,247	-£2,795,753



This report therefore robustly demonstrates that the proposed scheme remains unable to viably support any affordable housing contribution when measured against market-normal aspirations.

Despite the viability conclusions herein, the Applicant is mindful of the need for affordable housing in Camden and has informed us of their intention to offer a £500,000 off site contribution towards affordable housing, in addition to the combined £1,870,202 contributions towards CIL and S106 already allowed for in our appraisal.

This offer is made on a without prejudice basis in the interests of reaching agreement. We can confirm that, including the Applicant's proposed £500,000 contribution towards affordable housing, the proposals would remain profitable and deliverable, albeit at margins that we consider to be below the market expectation.

We hope that this our letter is clear, and the viability position can now be agreed.

Yours sincerely,



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# **APPENDIX 1**

## **TENANCY SCHEDULE**



## Clockwork Factory

Tenancy Schedule - dated 6th October 2021

Flat Number	Floor	Type	Unit size (NSA sqft)	Tenants Details	Rent (£ pa)	Rent (£ pcm)	Expiry Date of AST
1	Ground	2-Bed	786	Haris & Abdullah	£21,600	£1,800	24/06/22
2	Ground	1-Bed	667	Anna & Ori	£20,800	£1,733	22/09/22
3	Ground	1-Bed	667	Naina Gupta	£20,400	£1,700	02/10/22
4	Ground	1-Bed	667	Nikita Gupta	£19,240	£1,603	31/03/22
5	Ground	1-Bed	667	Alasdair & Shivani	£19,800	£1,650	24/08/22
6	Ground	1-Bed	667	Mihai & Monika	£19,240	£1,603	17/02/22
7	Ground	1-Bed	667	Giovanna Morra	£19,500	£1,625	10/06/22
8	Ground	1-Bed	667	Iori Endo	£21,120	£1,760	31/03/22
9	Ground	1-Bed	667	Rosie Whitely	£19,920	£1,660	08/04/22
10	Ground	1-Bed	667	Richard Bees	£20,400	£1,700	03/10/22
11	1st	1-Bed	560	Offer Agreed	£19,800	£1,650	24/03/22
12	1st	Studio	366	Faazil Hussain	£16,380	£1,365	28/08/22
13	1st	Studio	366	Danielle Lee	£16,380	£1,365	29/03/22
14	1st	Studio	366	Natasha Jasinski	£15,864	£1,322	09/04/22
15	1st	Studio	409	Luba Mushtuk	£17,420	£1,452	21/12/21
16	1st	Studio	409	Fabio	£15,080	£1,257	24/11/21
17	1st	Studio	409	Alison Jones	£15,300	£1,275	13/09/22
18	1st	1-Bed	614	Unknown	£18,900	£1,575	19/10/22
19	1st	Studio	366	Michael Mashkautsan	£16,800	£1,400	31/01/22
20	1st	Studio	366	Hanna Hakansdotter	£16,800	£1,400	25/10/21
21	1st	Studio	441	VACANT	£16,896	£1,408	N/A
22	1st	Studio	430	VACANT	£16,896	£1,408	N/A
23	1st	1-Bed	624	Irem Erten	£20,800	£1,733	08/09/22
24	2nd	Studio	366	Carolina Bab	£16,900	£1,408	20/10/21
25	2nd	Studio	366	Klaudia	£15,600	£1,300	23/03/22
26	2nd	Studio	366	Unknown	£15,864	£1,322	19/10/22
27	2nd	Studio	441	Heidi Cotton	£16,800	£1,400	14/08/22
28	2nd	Studio	430	Anne Cheung	£16,640	£1,387	14/03/22
29	2nd	1-Bed	624	Enrico & Francesca	£20,800	£1,733	29/03/22
<b>Total</b>			<b>15108</b>		<b>£527,940</b>	<b>£43,995</b>	

Car parking space 1				Greene & Co	£2,000	£167
Car parking space 2				Greene & Co	£2,000	£167
Car parking space 3				Greene & Co	£2,000	£167
Car parking space 4				Greene & Co	£2,000	£167
Car parking space 5				Greene & Co	£2,000	£167
Car parking space 6				Greene & Co	£2,000	£167
Car parking space 7				VACANT	£0	£0
Car parking space 8				VACANT	£0	£0
Car parking space 9				Mr Oren Chen	£1,750	£146
<b>Total</b>					<b>£13,750</b>	<b>£1,146</b>

Total rent recievable

£541,690



# **APPENDIX 2**

## **MARKET REPORT**



# Sales Market Report



Flat 20, Clockwork Factory Apartments, 13 Blackburn Road,  
London, NW6 1RZ

Prepared by  
David Matthews  
07956661987  
david@dutchanddutch.com





# Your Property

Flat 20, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ



## Market Value Estimate

£290,000 (£822/sqft)

### Type of Home

Purpose Built Flat

### Tenure

Leasehold

### Listed Building

No

### Bedrooms

1

### Bathrooms

1

### Internal Area

353 Sq.Ft. (32.79 Sq.M.)

### Conservation Area

N/A

### Flood Risk

None

### Council Tax Band

D (£1,623 p/yr)

### Borough

Camden

### Planning Potential (Based on properties with planning on street)

Low

### Similar Properties on the Street

14

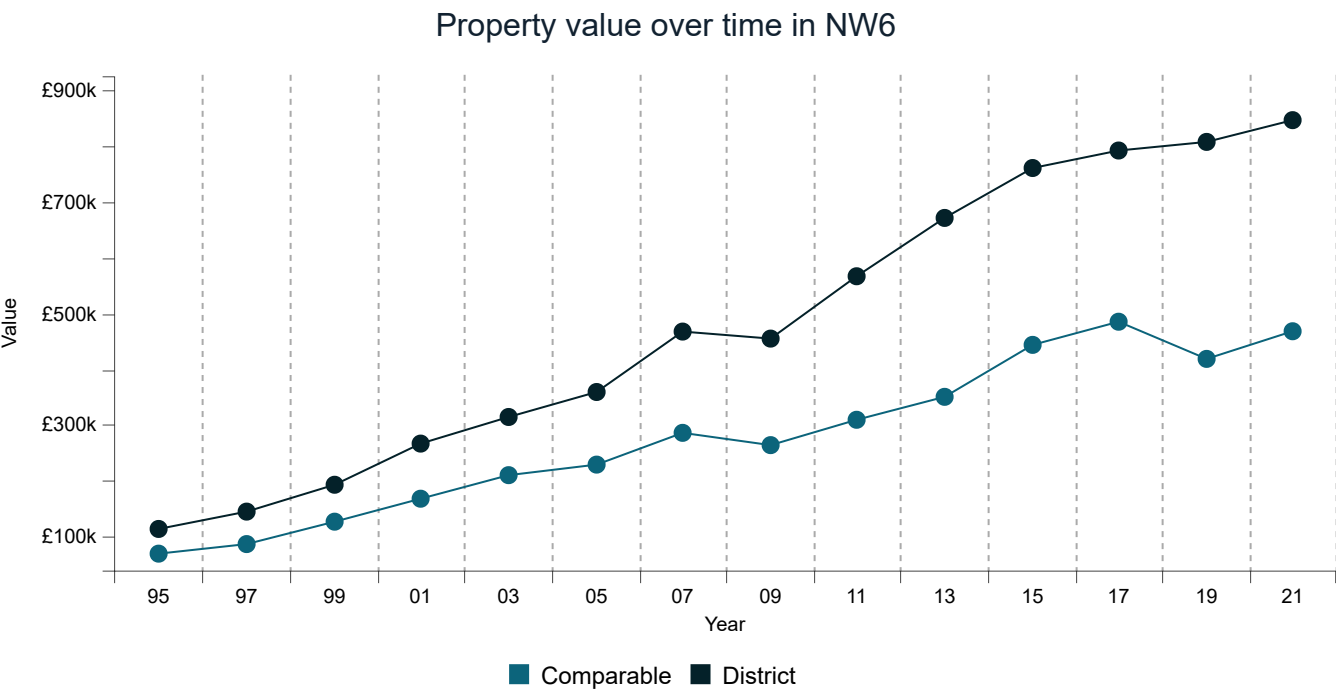
David Matthews  
07956661987  
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# Your Property

Flat 20, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ



## Where your property sits in the market

Your property is one of the 29,303 flats that make up London, NW6.

Our latest research tells us that, on average, 1 bedroom flats are worth £484,181.

In total, there are currently 185 1-bedroom flats for sale in London, NW6 and in the last year, there were 303 flats sold in London, NW6. The average sale price of these properties was £692,646.

Overall, we have consistently found that the market for flats in your immediate area, that have been professionally marketed and strategically priced, has remained buoyant throughout the past year.

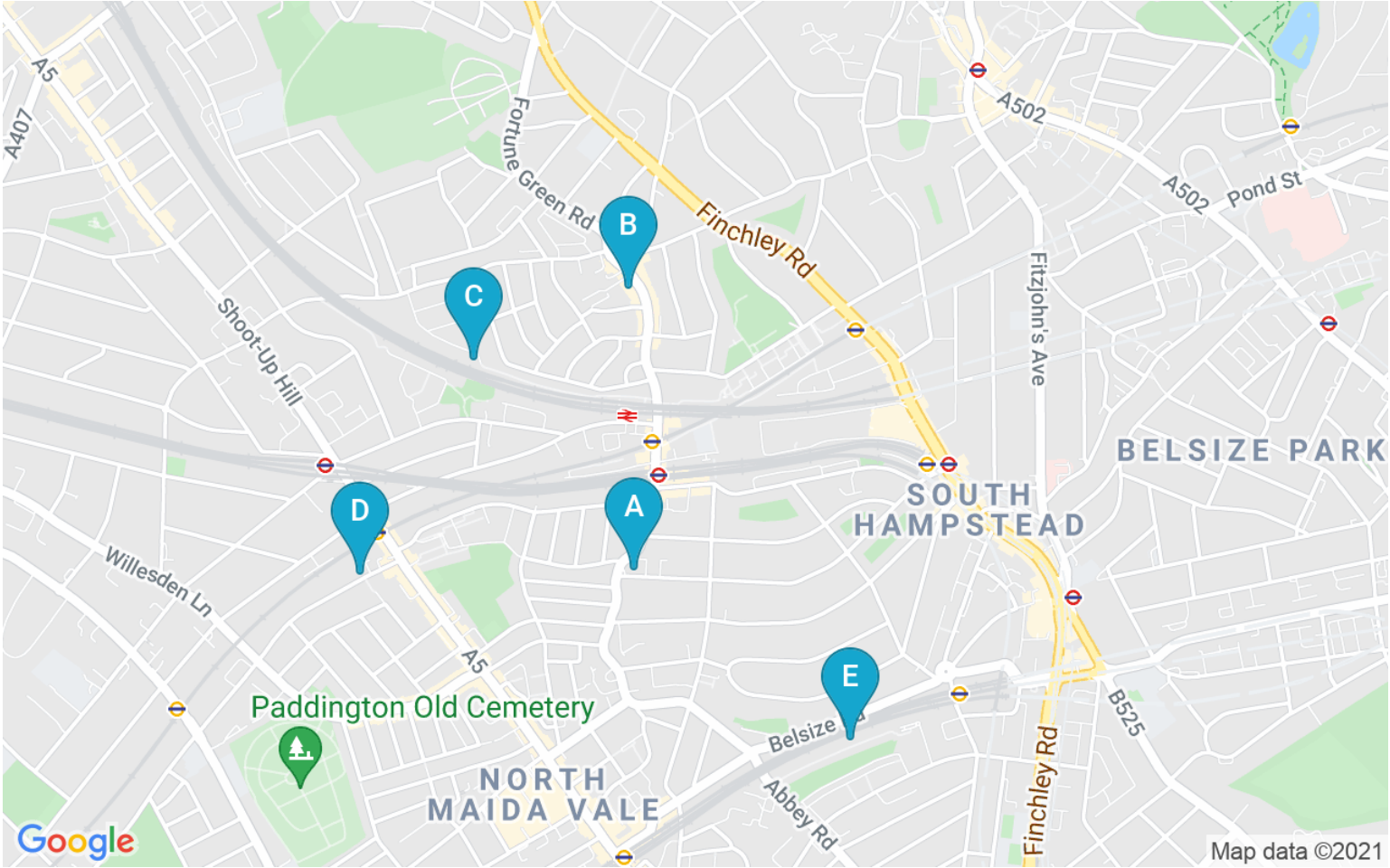
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# Recently Sold Map

Flat 20, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ



Address	Distance	Sale Date	Sale Price	£/SqFt	Beds	SqFt
A Flat 2, Embassy House, West End Lan...	0.26 miles	10/10/2018	£346,000	£731	1	474
B Flat A, 299 West End Lane, London	0.27 miles	13/11/2019	£340,000	£486	2	700
C 40a, Broomsleigh Street, London	0.4 miles	12/10/2018	£314,544	£596	1	527
D Flat 13, William Dromey Court, Dyne R...	0.62 miles	17/12/2020	£312,000	£568	1	549
E 72f, Rowley Way, London	0.59 miles	22/11/2019	£325,000	£671	1	484

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# On The Market

Flat 20, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ



Address	Distance	Price	Beds	Baths	
A Netherwood Street, NW6	0.48 miles	£299,950	1	1	Homevie...



Address	Distance	Price	Beds	Baths	
B Abbey Road, NW6	0.51 miles	£275,000	1	N/D	Jorgense...



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# On The Market

Flat 20, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ

---

Address	Distance	Price	Beds	Baths
C Willesden Lane, NW6	0.91 miles	£285,000	1	N/D AMM Pro...

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# Sales Market Report



Flat 3, Clockwork Factory Apartments, 13 Blackburn Road,  
London, NW6 1RZ

Prepared by  
David Matthews  
07956661987  
david@dutchanddutch.com





# Your Property

Flat 3, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ



## Market Value Estimate

£425,000 (£681/sqft)

### Type of Home

Purpose Built Flat

### Tenure

Leasehold

### Listed Building

No

### Bedrooms

1

### Bathrooms

1

### Internal Area

624 Sq.Ft. (57.97 Sq.M.)

### Conservation Area

N/A

### Flood Risk

None

### Council Tax Band

E (£1,984 p/yr)

### Borough

Camden

### Planning Potential (Based on properties with planning on street)

Low

### Similar Properties on the Street

12

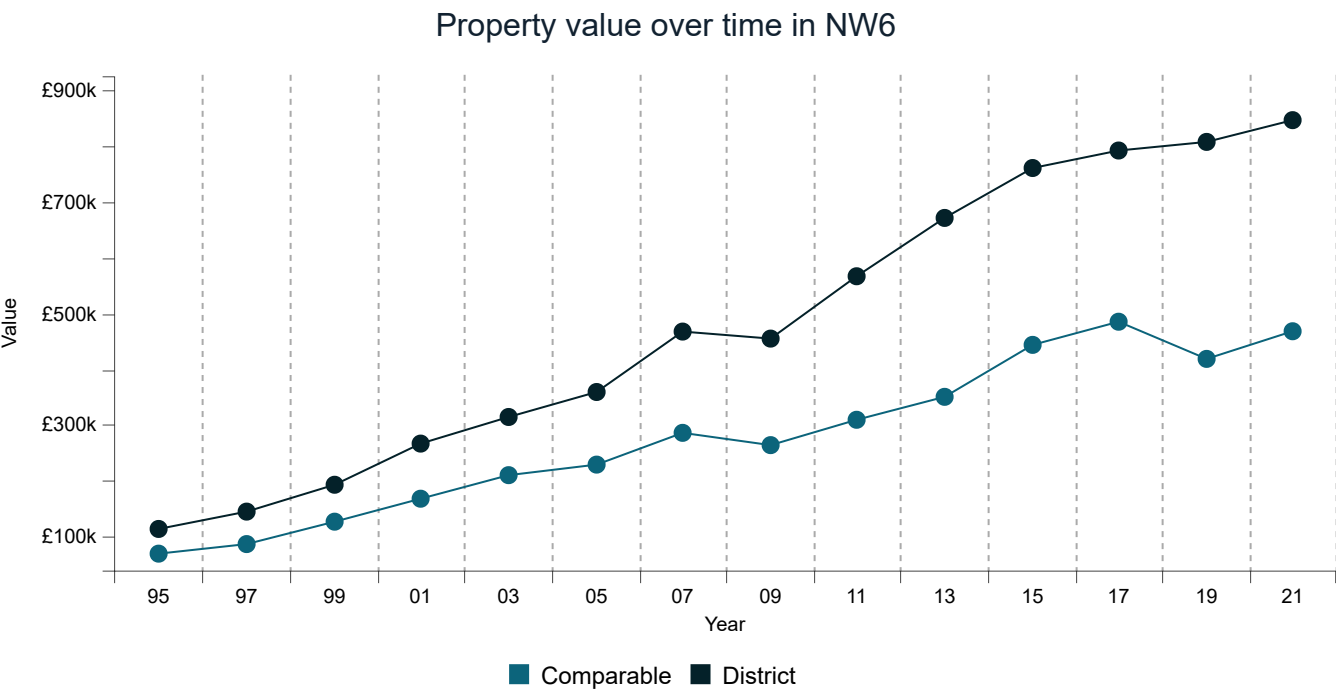
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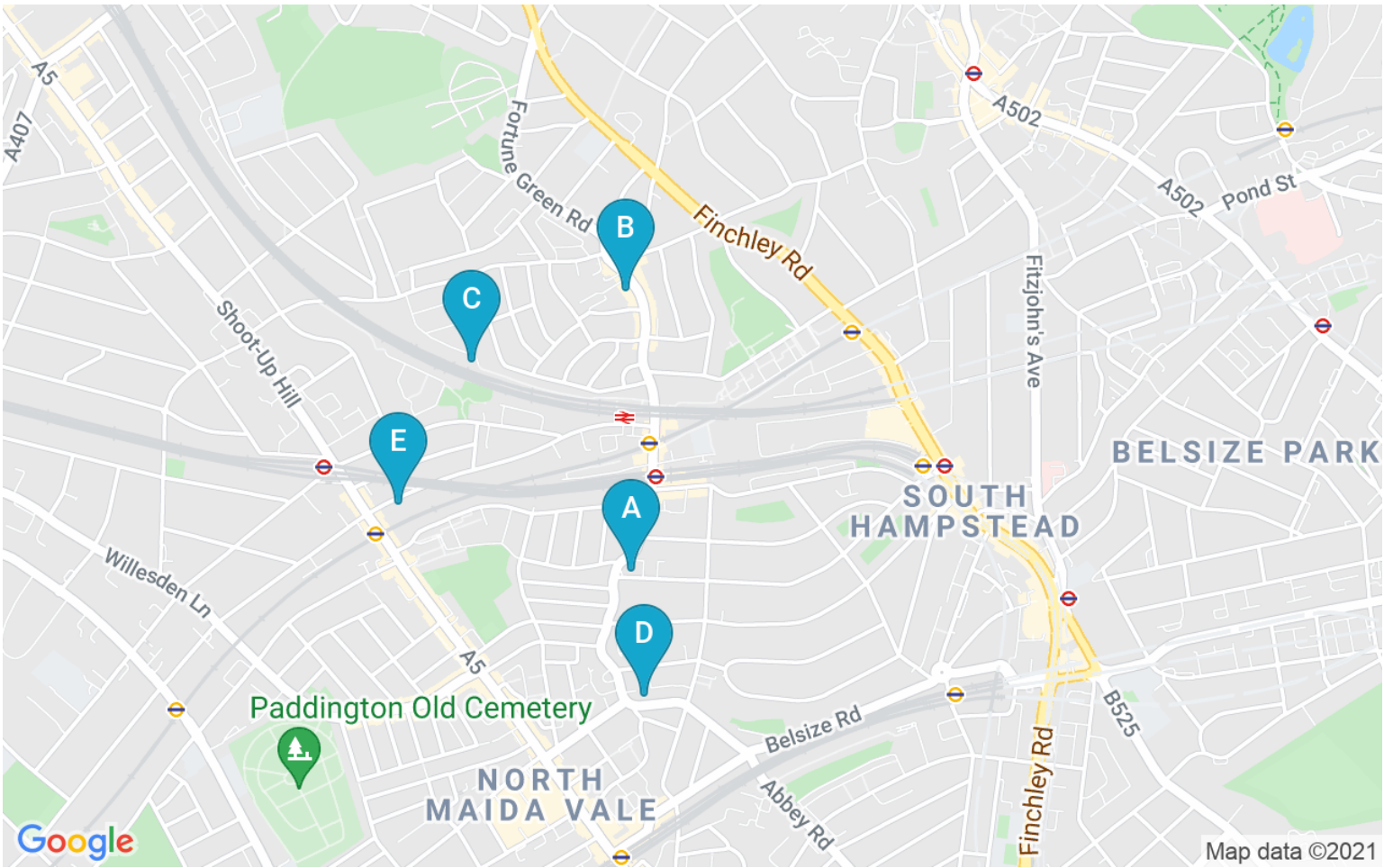
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B Flat A, 299 West End Lane, London	0.27 miles	13/11/2019	£340,000	£486	2	700
C 40a, Broomsleigh Street, London	0.4 miles	12/10/2018	£314,544	£596	1	527
D Flat 3, 150 Abbey Road, London	0.45 miles	02/11/2018	£340,000	£790	1	431
E Flat B, 20 Iverson Road, London	0.52 miles	11/05/2020	£305,000	£659	2	463

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# On The Market

Flat 3, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ



Address	Distance	Price	Beds	Baths	
A Minton Mews, NW6	0.16 miles	£330,000	1	N/D	Phillip Arn...



Address	Distance	Price	Beds	Baths	
B Sumatra Road, NW6	0.24 miles	£345,000	1	1	BidX1



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# On The Market

Flat 3, Clockwork Factory Apartments, 13 Blackburn Road, London, NW6 1RZ

Address	Distance	Price	Beds	Baths
C Sumatra Road, NW6	0.24 miles	£345,000	1	N/D Foxtons



Address	Distance	Price	Beds	Baths
D West End Lane, NW6	0.28 miles	£349,950	1	1 Hamptons



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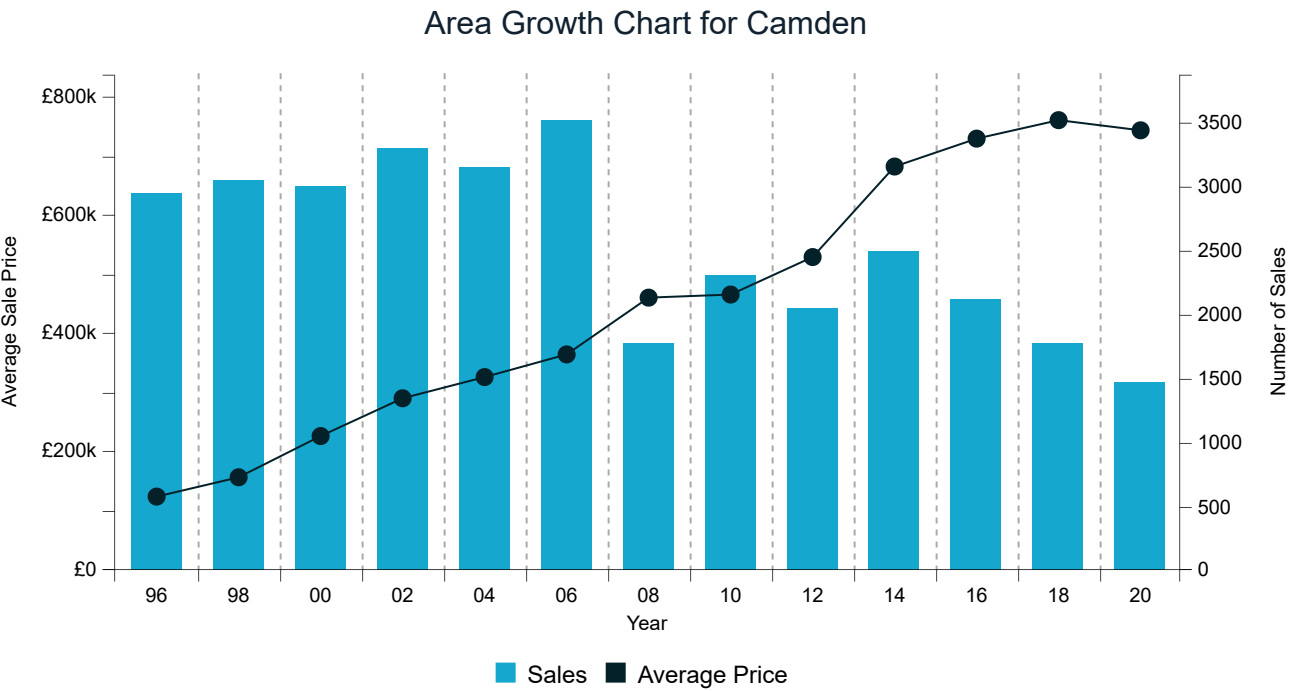
# Market Analysis

Values in London, NW6 have changed by 12.23% in the last 12 months and 6.93% over the last 5 years respectively.

To put this into perspective, the change in average values across the UK were 10.57% for the last 12 months and 18.66% for the last 5 years.

The current average value for the area is £726,489.

For a more detailed and visual breakdown, please see the graphs I have prepared for you below.



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# Market Analysis



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# **APPENDIX 3**

## **UPDATED COST PLAN**



INFLATION SUMMARY UPDATE TO Q4 2021					£	£/m <sup>2</sup>	£/ft <sup>2</sup>
Demolition of Existing Building					450,000	70	7
<b>Building A - Residential</b>					<i>£ over Building A GIA</i>		
Shell & Core, Communal Fit Out & Services					3,499,000	1,548	144
1B1P Internal Fit Out 16 nr £ 54,000					864,000	382	36
2B4P Internal Fit Out 4 nr £ 79,000					316,000	140	13
3B5P Internal Fit Out 6 nr £ 105,000					630,000	279	26
CAT A Office Fit Out (optional) 2,691 ft <sup>2</sup> £ 46 / ft <sup>2</sup>					124,000	55	5
Office Gnd flr WC - by tenant					Excluded		
Sub total					5,433,000	2,404	223
<b>Building B - Residential</b>					<i>£ over Building B GIA</i>		
Shell & Core, Communal Fit Out & Services					3,427,000	1,548	144
1B1P Internal Fit Out 9 nr £ 54,000					486,000	220	20
1B2P Internal Fit Out 17 nr £ 61,000					1,037,000	468	44
3B5P Internal Fit Out 1 nr £ 105,000					105,000	47	4
CAT A Office Fit Out (optional) 2,379 ft <sup>2</sup> £ 46 / ft <sup>2</sup>					110,000	50	5
Office Gnd flr WC - by tenant					Excluded		
Sub total					5,165,000	2,333	216
<b>Building C - Office CAT A</b>					<i>£ over Building C GIA</i>		
Basement Structure					3,785,000	884	82
Shell & Core, Communal Fit Out & Services					5,833,000	1,363	127
Office CAT A Fit Out					1,499,000	350	33
Sub total					11,117,000	2,597	241
<b>External Works (inc lighting &amp; services):</b>					<i>£ over Plot GIA</i>		
Landscaping to front courtyard area 430 m <sup>2</sup> £ 375 / m <sup>2</sup>					161,000	18	2
Landscaping to side & rear 180 m <sup>2</sup> £ 300 / m <sup>2</sup>					54,000	6	1
Landscaping to loading bay & parking 380 m <sup>2</sup> £ 225 / m <sup>2</sup>					86,000	10	1
Statutory Services					300,000	34	3
Sub total					601,000	69	6
<b>On Costs:</b>							
Preliminaries 16%					3,571,000	408	38
OH&P 4.5%					1,165,000	133	12
Contingency 5%					1,353,000	155	14
<b>Sub total (at base date Q2 2020)</b>					<b>28,855,000</b>	<b>3,296</b>	<b>306</b>
Inflation from base date to Q4 2021 <i>(based on bcis all-in TPI)</i>					870,000		
Inflation to start on site beyond Q4 2021					Excluded		
Professional Fees					Excluded		
<b>TOTAL CONSTRUCTION COST AT Q4 2021</b>					<b>29,725,000</b>	<b>3,396</b>	<b>315</b>
<b>Summary of GIA</b>					<b>Summary of NIA</b>		
	m <sup>2</sup>	ft <sup>2</sup>	m <sup>2</sup>	ft <sup>2</sup>		Wall to Floor	Nett to Gross
Building A (Resi)	2,260	24,326	1,729	18,611	Building A (Resi)		77%
Building B (Resi)	2,214	23,831	1,650	17,760	Building B (Resi)		75%
Building C (Office)	4,280	46,069	3,020	32,507	Building C (Office)		71%
<b>Total GIA</b>	<b>8,754</b>	<b>94,227</b>	<b>6,399</b>	<b>68,879</b>	<b>Average</b>		<b>74%</b>



# **APPENDIX 4**

## **UPDATED VIABILITY APPRAISAL**



**APPRAISAL SUMMARY****MONTAGU EVANS LLP****Clockwork Factory, West Hampstead, NW6****Appraisal Summary for Phase 1****Currency in £****REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Private residential	53	31,293	984.25	581,132	30,800,000

**Rental Area Summary**

	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rent Rate ft<sup>2</sup></b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>
Offices	3	37,538	40.00	500,507	1,501,520	1,501,520

**Investment Valuation****Offices**

Market Rent	1,501,520	YP @	5.2500%	19.0476	
(6mths Rent Free)		PV 6mths @	5.2500%	0.9747	27,877,946

**GROSS DEVELOPMENT VALUE****58,677,946**

Purchaser's Costs		(1,895,700)
Effective Purchaser's Costs Rate	6.80%	(1,895,700)

**NET DEVELOPMENT VALUE****56,782,245****NET REALISATION****56,782,245****OUTLAY****ACQUISITION COSTS**

Residualised Price		7,897,247
Purchaser's Costs	6.80%	537,013
		537,013

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>
Construction costs	94,227	315.46	29,725,000
Camden CIL estimate			1,070,522
MCIL estimate			699,680
S106 estimate			100,000
			31,595,202

**PROFESSIONAL FEES**

Professional fees	10.00%	2,972,500
		2,972,500

**MARKETING & LETTING**

Residential Marketing	1.00%	308,000
Commercial Marketing	0.25%	69,695
Commercial Letting Agent Fee	10.00%	150,152
Commercial Letting Legal Fee	5.00%	75,076
		602,923

**DISPOSAL FEES**

Resi & Commercial Sales Agent Fee		278,779
Resi & Commercial Sales Legal Fee	0.50%	283,911
		562,690

**MISCELLANEOUS FEES**

Residential profit	17.50%	5,390,000
Commercial profit	15.00%	4,181,692
		9,571,692

**FINANCE**

Debit Rate 6.5000%, Credit Rate 0.0000% (Nominal)		
Total Finance Cost		3,042,979



Clockwork Factory, West Hampstead, NW6

TOTAL COSTS

56,782,245

PROFIT

0

Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	2.64%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	6.17%
Profit Erosion (finance rate 6.500)	N/A