

DACORUM BOROUGH COUNCIL COMMUNITY INFRASTRUCTURE LEVY DRAFT CHARGING SCHEDULE ADDITIONAL VIABILITY NOTE IN RELATION TO RETAIL APRIL 2014

Peacock and Smith and Aspinall Verdi on behalf of W.M. Morrison Supermarkets Plc. submitted representations to Dacorum Borough Council's Draft Charging Schedule consultation on 5 March 2014. This note addresses the issues raised in their representation.

Build costs

BNP Paribas Real Estate acknowledges that both build costs and income are likely to change over time, and this is one of the reasons why the adoption of a 'buffer' below maximum potential CIL rates is important in setting rates. This ensures that the rates are not set at the margins of viability and allows for changes in the market over time as well as site specific circumstances. In this regard the build costs were not underestimated, they were adopted from BCIS reflecting build costs for such development in the local market at the point at which the viability assessment was prepared. BNP Paribas Real Estate has undertaken further viability testing to establish the impact of the updated build costs as identified by Aspinal Verdi as follows:

- Hypermarkets/Supermarkets up to 1,000 sq m: £1,286 per sq m (£119.47 per sq ft); and
- Hypermarkets/Supermarkets up to 1,000 sq m − 7,000 sq m: £1,243 per sq m. (£115.48 per sq ft).

Profit

BNP Paribas Real Estate disagrees with respect to the comment that developers profit should be increased to 25% on cost. Profit correlates with risk and 20% profit on costs is the level assumed by developers in viability appraisals of such commercial units submitted in support of planning applications. It is therefore considered to be reflective of current market expectations. In addition, supermarket space is unlikely to be developed speculatively, so in our experience 20% profit on cost is generous and as such is accepted as a reasonable market assumption. We would also highlight that in their CIL viability assessment for Sandwell Metropolitan Borough Council, Aspinall Verdi adopted a profit of 20% on cost for such developments. We see no reason why the risk of delivering supermarkets in Dacorum is more risky than developing in Sandwell.

Professional fees

In BNP Paribas Real Estate's experience professional fees can range between 8% and 12% and as such we consider that an allowance of 10% is a reasonable level of fees for the majority of schemes and in an area wide viability assessment. With respect to planning fees these are accounted for in professional fees. Further it is considered that the contingency of 5% adopted within the appraisals, which is also applied to the professional fees, would account for any unforeseen costs.

We further note that that Aspinal Verdi deemed an allowance of 10% to be acceptable in their CIL Viability Report for Sandwell Metropolitan Borough Council.

Rent

BNP Paribas Real Estate notes that Aspinal Verdi has not submitted any evidence to substantiate their assertion regarding retail rents. We would highlight that as identified at para 6.43 in our Viability Report we have identified that rents for such space are between £18 - £26 per sq ft as evidenced by the following:

- lettings of floorspace for convenience based supermarkets and superstores and retail warehousing;
- rents adopted by the VOA for such space; and



 advice from our Valuation Team, who undertake extensive numbers of valuations on supermarkets across the Country.

In order to assess the impact of change in rent to £20 per sq ft we have re-run our appraisals assuming a base rent of £20 per sq ft.

Rent Free

BNP Paribas Real Estate notes that in our initial viability assessment a rent free period of 2 years was adopted, reflecting an overly cautious position. In their Viability Assessment for Sandwell Aspinall Verdi adopted a rent free period of 6 months. In this regard we have reduced the rent free period assumed in our further viability testing to 6 months.

Yield

We have identified that yields achieved on units occupied by the major occupiers (i.e. Tescos, Sainsburys, Morrisons, Waitrose, ASDA) are keener than the 5.75% originally adopted in our viability study. Yields on such space are currently more in line with 5.25% to 4.5% and keener in some instances, whilst yields achieved on units occupied by independent local tenants are in the region of 7.5%. This is based on research using:

- databases such as our in house comparable database, Focus and EGi;
- discussions with active local agents; and
- advice from our in house valuation team who undertake valuations regularly for major supermarkets.

Yield differentials have a significant bearing on the outcome of a development appraisal. At a yield of 7.5% our appraisals (attached as **Appendix 1** to this note) indicate that a retail development of 280 square metres is unlikely to generate surplus residual values above the value of current floorspace i.e. such development is considered to be unviable. As highlighted above, due to the covenant strength of the large national retailers, investment yields are lower, resulting in a higher capital value. Adopting a lower yield of 5.25%, our appraisals (280 sq m unit, 1,000 sq m unit and 5,000 sq m unit attached as **Appendix 2**) show that a maximum CIL of up to £651 per sq m could be levied on such retail space, depending on the size of the store (which has an impact on build costs) and the value of the existing use of the site.

Conclusion

In light of the above and the results of our updated viability appraisals, we recommend that the Council considers setting their rates in the context of a maximum CIL of up to £341 per sq m (based on CUV 2 of the 280 sq m and £1,000 sq m stronger covenant appraisals). Given this position, BNP Paribas Real Estate recommends that the Council maintains their proposed DCS CIL rate of £150 per sq m, which allows for a generous buffer to deal with site specific issues and changes in values over time.



APPENDIX 1: RETAIL APPRAISAL OF 280 SQ M STORE AT LOWER COVENANT STRENGTH (TYPICAL OF LOCAL INDEPENDENT RETAILER)

Commercial Development

	£s per sqft	Yield	Rent free
Appraisal 1	£15.00	7.75%	.50 years
Appraisal 2	£16.00	7.75%	.50 years
Appraisal 3	£17.00	7.75%	.50 years
Appraisal 4	£20.00	8.00%	.50 years
Appraisal 5 (base)	£20.00	7.75%	.50 years
Appraisal 6	£20.00	7.50%	.50 years
Appraisal 7	£21.00	7.75%	.50 years
Appraisal 8	£22.00	7.75%	.50 years
Appraisal 9	£23.00	7.75%	.50 years
Appraisal 10	£24.00	7.75%	.50 years

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£7.00	7.00%	2.00 years	20.00%
Current use value 2	£15.00	8.00%	2.00 years	20.00%
Current use value 3	£20.00	7.00%	2.00 years	20.00%

Results - Maximum CIL rates per square metre

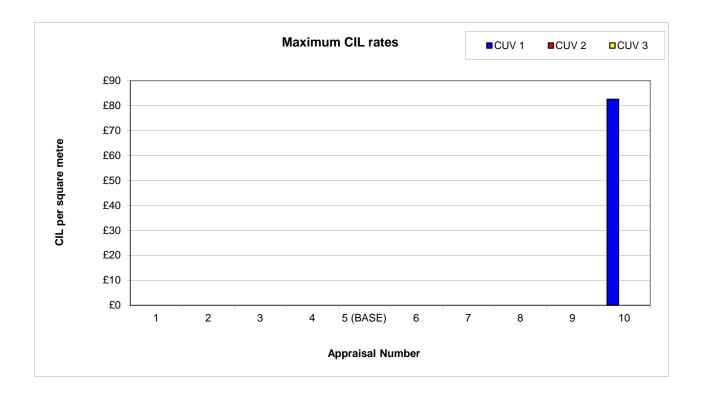
	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-33%	£0	£0	£0
Appraisal 2	-25%	£0	£0	£0
Appraisal 3	-18%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	0%	£0	£0	£0
Appraisal 7	5%	£0	£0	£0
Appraisal 8	9%	£0	£0	£0
Appraisal 9	13%	£0	£0	£0
Appraisal 10	17%	£83	£0	£0

Use class:	Convenience supermarket/superstore and retail warehouse
Location:	Whole of Borough (280 sq m) Lower Covenant Strength

Existing floorspace as % of new

Net off existing floorspace from CIL calculation:

Ctrl + y to goal seek max CIL



Commercial Development

Use class: Convenience supermarket/superstore and retail warehouse

Location: Whole of Borough (280 sq m) Lower Covenant Strength

DEVELOPMENT VALUE	Common ass	sumptions	Apprais	al 1	Appr	aisal 2	Apprais	sal 3	Appra	aisal 4	Apprai	sal 5	Appra	isal 6	Apprai	sal 7	Appra	isal 8	Apprais	sal 9	Apprais	sal 10
				ļ				Į.														
Rental Income	Floor area			per annum	•	£ per annum	•	per annum		£ per annum £		per annum		£ per annum £		per annum		£ per annum £		per annum £ p		E per annum
Rent - area 1	1,005		£15.00	£15,070	£16	£16,074	£17.00	£17,079	£20.00	£20,093	£20.00	£20,093	£20.00	£20,093	£21.00	£21,097		£22,102	£23.00	£23,107	£24.00	£24,111
Rent - area 2	1,005		£15.00	£15,070	£16	£16,074	£17.00	£17,079	£20.00	£20,093	£20.00	£20,093	£20.00	£20,093	£21.00	£21,097		£22,102	£23.00	£23,107	£24.00	£24,111
Rent - area 3	1,005	0.044	£15.00	£15,070	£16	£16,074	£17.00	£17,079	£20.00	£20,093	£20.00	£20,093	£20.00	£20,093	£21.00	£21,097		£22,102	£23.00	£23,107	£24.00	£24,111
Total floor area / rent		3,014		£45,209		£48,223		£51,237		£60,278		£60,278		£60,278		£63,292		£66,306		£69,320		£72,334
Rent free/voids (years)			0.5	0.9634	0.5	0.9634	0.5	0.9634	0.5	0.9623	0.5	0.9634	0.5	0.9645	0.5	0.9634	0.5	0.9634	0.5	0.9634	0.5	0.9634
Yield	7.75%		7.75%		7.75%		7.75%		8.00%		7.75%		7.50%		7.75%		7.75%		7.75%		7.75%	
Capitalised rent				£561,969		£599,434		£636,899		£725,036		£749,292		£775,169		£786,757		£824,222		£861,686		£899,151
GROSS DEVELOPMENT VALUE																						
Purchaser's costs	5.80%			£32.594		£34,767		£36,940		£42,052		£43,459		£44,960		£45,632		£47,805		£49,978		£52,151
1 410114001 0 00010	0.0070			£529,375		£564,667		£599,958		£682,984		£705,834		£730,209		£741,125		£776,417		£811,709		£847,000
DEVELOPMENT COSTS				ĺ				·		,		,		•		,		ŕ				ŕ
Land costs				£248.174		£248,174		£248,174		£248,174		£248.174		£248,174		£248,174		£248,174		£248,174		£248,174
Stamp duty and acquisition costs				-£14,270		£246,174 -£14,270		£246,174		£240,174 -£14,270		£240,174 -£14,270		£246,174 -£14,270		£240,174 -£14,270		£240,174		£246,174 -£14,270		£246,174 -£14,270
Stamp duty and acquisition costs				-2.14,270		-214,210		-214,210		-2.14,210		-214,270		-214,270		-214,270		-214,210		-214,270		-214,210
				i				i														
Development Costs																						
Existing floor area	35%	1,055																				
Demolition costs	£5 psf			£5,274		£5,274		£5,274		£5,274		£5,274		£5,274		£5,274		£5,274		£5,274		£5,274
Building costs	£119.47 psf			£439,122		£439,122		£439,122		£439,122		£439,122		£439,122		£439,122		£439,122		£439,122		£439,122
Area	82% grs to net	3,676																				
External works	10.00%			£43,912		£43,912		£43,912		£43,912		£43,912		£43,912		£43,912		£43,912		£43,912		£43,912
Professional fees	10.00%			£48,831		£48,831		£48,831		£48,831		£48,831		£48,831		£48,831		£48,831		£48,831		£48,831
Contingency	5.00%			£26,857		£26,857		£26,857		£26,857		£26,857		£26,857		£26,857		£26,857		£26,857		£26,857
Mayoral CIL	£0.00	3,014		£0		£0		£0		£0		£0		03		£0		£0		£0		£0
Residual S106	£5 psf	0.011	0400	£15,070	0404	£15,070	0445	£15,070	00.4	£15,070	000	£15,070	000	£15,070	070	£15,070		£15,070	000	£15,070	050	£15,070
CIL	£s psf	3,014	-£132	-£399,063	-£124	-£372,323	-£115	-£345,545	-£94	-£283,261	-£92	-£277,253	-£82	-£246,553	-£79	-£239,159	-£70	-£212,285	-£62	-£185,405	-£53	-£158,992
<u>Disposal Costs</u>				i				i														
Letting Agent's and legal fee (% of rent)	15.00%			£6,781		£7,233		£7,685		£9,042		£9,042		£9,042		£9,494		£9,946		£10,398		£10,850
Agent's fees (on capital value)	1.00%			£5,620		£5,994		£6,369		£7,250		£7,493		£7,752		£7,868		£8,242		£8,617		£8,992
Legal fees (% of capital value)	0.50%			£2,810		£2,997		£3,184		£3,625		£3,746		£3,876		£3,934		£4,121		£4,308		£4,496
Finance																						
Loan arrangement fee	1.00%			£1,800		£2,067		£2,335		£2,958		£3,018		£3,325		£3,399		£3,668		£3,937		£4,201
Interest rate	7.00%			2.,,,,,,		22,001		22,000		112,000		,		,				20,000		,		2.,22.
Interest	18 months			£10,249		£11,706		£13,165		£16,575		£29,190		£18,542		£18,963		£20,427		£21,892		£23,332
Profit on cost				£88,209		£94,021		£99,794		£113,824		£117,627		£121,255		£123,657		£129,327		£134,992		£141,152
Profit on cost (%)				19.99%		19.98%		19.95%		20.00%		20.00%		19.91%		20.03%		19.99%		19.95%		20.00%
FIGHT OH COST (%)				13.33%		19.96%		13.33%		20.00%		20.00%		19.91%		20.03%		13.33%		19.90%		20.00%
Net additional floorspace (sq ft)		1,959		1,959		1,959		1,959		1,959		1,959		1,959		1,959		1,959		1,959		1,959
Net additional floorspace (sq m)		182		182		182		182		182		182		182		182		182		182		182

Commercial Development

	Common as	sumptions	CUV	1	CUV	/ 2	CUV	3
Current use value								
Existing space as percentage of new	35%	1,055						
Rent per sq ft			£7 psf		£15 psf		£20 psf	
Rental income per annum			£7,384		£15,823		£21,097	
Rent free/voids (years)			2.0	0.8734	2.0	0.8573	2.0	0.8734
Total revenue, capitalised (including all costs)			7.00%		8.00%		7.00%	
Refurbishment costs	£50 psf		£52,744		£52,744		£52,744	
Fees	7%		£3,692		£3,692		£3,692	
Capitalised rent, net of refurb and fees				£35,701		£113,136		£206,812
Purchaser's costs	5.75%							
Current use value				£35,701		£113,136		£206,812
CUV including Landowner premium			20%	£42,841	20.00%	£135,763	20.00%	£248,174



APPENDIX 2: RETAIL APPRAISAL OF 280 SQ M, 1,000 SQ M AND 5,000 SQ M STORES AT HIGHER COVENANT STRENGTH (TYPICAL OF LARGE NATIONAL RETAILER)

Commercial Development

	£s per sqft	Yield	Rent free
Appraisal 1	£15.00	5.25%	.50 years
Appraisal 2	£16.00	5.25%	.50 years
Appraisal 3	£17.00	5.25%	.50 years
Appraisal 4	£20.00	5.50%	.50 years
Appraisal 5 (base)	£20.00	5.25%	.50 years
Appraisal 6	£20.00	5.00%	.50 years
Appraisal 7	£21.00	5.25%	.50 years
Appraisal 8	£22.00	5.25%	.50 years
Appraisal 9	£23.00	5.25%	.50 years
Appraisal 10	£24.00	5.25%	.50 years

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£7.00	7.00%	2.00 years	20.00%
Current use value 2	£15.00	8.00%	2.00 years	20.00%
Current use value 3	£20.00	7.00%	2.00 years	20.00%

Results - Maximum CIL rates per square metre

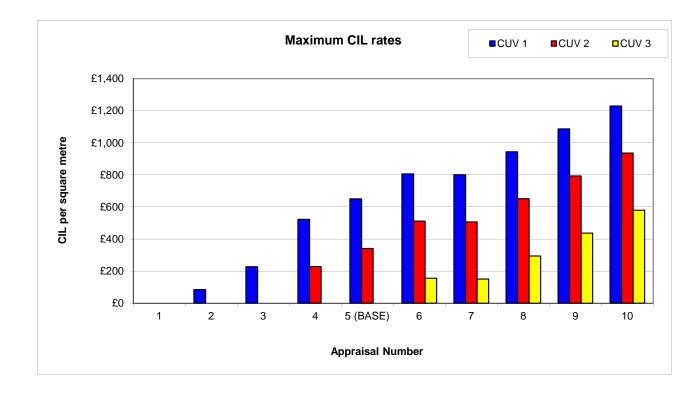
	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-33%	£0	£0	£0
Appraisal 2	-25%	£85	£0	£0
Appraisal 3	-18%	£228	£0	£0
Appraisal 4	0%	£523	£229	£0
Appraisal 5 (base)	-	£651	£341	£0
Appraisal 6	0%	£806	£512	£156
Appraisal 7	5%	£801	£507	£151
Appraisal 8	9%	£944	£651	£294
Appraisal 9	13%	£1,087	£793	£437
Appraisal 10	17%	£1,229	£936	£580

Use class:	Convenience supermarket/superstore and retail warehouse
Location:	Whole of Borough (280 sq m) Higher Covenant Strength

Existing floorspace as % of new

Net off existing floorspace from CIL calculation:

Ctrl + y to goal seek max CIL



Commercial Development

Use class: Convenience supermarket/superstore and retail warehouse

Location: Whole of Borough (280 sq m) Higher Covenant Strength

Place Plac	DEVELOPMENT VALUE	Common ass	sumptions	Appraisa	al 1	Appra	aisal 2	Apprai	isal 3	Appra	aisal 4	Арр	oraisal 5	Appr	raisal 6	Appra	aisal 7	Appra	aisal 8	Appra	isal 9	Appra	isal 10
Pears - sear 1.68																							
Pert - sease					per annum	£ psf	£ per annum §	•	Eperannum £	•	£ per annum	•		•		•	£ per annum	£ psf	£ per annum £ p			•	
Performance of the part 1,000 10,	Rent - area 1			£15.00	,				£17,079		,						, , , , , ,		, , ,				
February	Rent - area 2	1,005		£15.00	£15,070	£16	£16,074	£17.00	£17,079	£20.00	£20,093	£20.0	0 £20,09	£20.00	£20,093	£21.00	£21,097	£22.00	£22,102	£23.00	£23,107	£24.00	
Mort Insolved (years)	Rent - area 3	1,005		£15.00	£15,070	£16	£16,074	£17.00	£17,079	£20.00	£20,093	£20.0	0 £20,09	£20.00	£20,093	£21.00	£21,097	£22.00	£22,102	£23.00	£23,107	£24.00	£24,111
Professional Companies 2.59% 2.5	Total floor area / rent		3,014		£45,209		£48,223		£51,237		£60,278		£60,27	3	£60,278		£63,292		£66,306		£69,320		£72,334
Capitalised out E80,088 1898,388 1891,294 E1,195,001 E1,195,002 E1,195,003 E1,297,002 E1,29	Rent free/voids (years)			0.5	0.9747	0.5	0.9747	0.5	0.9747	0.5	0.9736	0.5	5 0.9747	0.5	0.9759	0.5	0.9747	0.5	0.9747	0.5	0.9747	0.5	0.9747
OROSS DEVELOPMENT VALUE Purchaser's costs	Yield	5.25%		5.25%		5.25%		5.25%		5.50%		5.25%	%	5.00%	b	5.25%		5.25%		5.25%		5.25%	
DEVELOPMENT COSTS 1	Capitalised rent				£839,368		£895,326		£951,284		£1,067,021		£1,119,15	3	£1,176,514		£1,175,116		£1,231,074		£1,287,032		£1,342,989
EVELOPMENT COSTS CAMPAIN CAMPAI	GROSS DEVELOPMENT VALUE																				- 1		
Development Costs	Purchaser's costs	5.80%			£48,683		£51,929		£55,174		£61,887		£64,91	1	£68,238		£68,157		£71,402		£74,648		£77,893
Development Costs					£790,685		£843,397		£896,110		£1,005,133		£1,054,24	7	£1,108,276		£1,106,959		£1,159,671		£1,212,384		£1,265,096
Stamp duty and acquisition costs	DEVELOPMENT COSTS				·								, ,										
Stamp duty and acquisition costs	Landacata				CO40 474		C249 474		C249 174		C249 174		C249 17	1	C249 174		C249 474		C249 174		C249 474		C249 174
Development Costs					,		,				,		,		,		,		,				
Estating floor area 385 1,055	Stamp duty and acquisition costs				-£14,270		-£14,270		-£14,270		-£14,270		-£14,271		-£14,270		-£14,270		-£14,270		-£14,270		-£14,270
Estating floor area 385 1,055																							
Estating floor area 385 1,055	Development Costs																						
Demoltion costs		35%	1.055																				
Building costs	•		1,000		£5 274		£5 274		£5 274		£5 274		£5.27	1	£5 274		£5 274		£5 274		£5 274		£5 274
Area \$25 show the body show to show the body show the show the body show the					,		,				,		,		,		,		,				
External works 10.00%			3 676		2400,122		2400,122		2400,122		2400,122		2400,12	-	2400,122		2400,122		2400,122		2400,122		2400,122
Professional fees 10,00% F48,831 F48,831			3,070		£/13 013		£//3 012		£/13 Q12		£//3 Q12		£/13 Q11	2	£/13 012		£//3 013		£//3 Q12		£//3 013		£//3 Q12
Contingency 5.00% £26,857 £26,					,		,				,		,				,		,				
Mayoral CIL					,				,		,		,				,		,				
Residual S106			0.044																		_		
Cil. Es pst 3,014 -£66 -£198,093 -£52 -£158,174 -£39 -£117,855 -£12 -£35,886 -£3 -£9,342 -£15 -£43,716 -£14 -£42,190 -£27 -£82,375 -£41 -£122,335 -£54 -£162,343 -£102,343 -£102,345 -£102	•		3,014																				
Disposal Costs Letting Agent's and legal fee (% of rent) 15,00% £6,781 £7,233 £7,685 £9,042 £9,042 £9,042 £9,042 £9,042 £9,044 £9,946 £10,398 £10,850 Agent's fees (on capital value) 1,00% £8,394 £8,953 £9,513 £10,670 £11,192 £11,765 £11,751 £12,311 £12,870 £13,430 Legal fees (% of capital value) 0,50% £4,197 £4,477 £4,766 £5,335 £5,596 £5,883 £5,876 £6,155 £6,435 £6,715 Finance			0.044	000	•			000		040						04.4				044		05.1	
Letting Agent's and legal fee (% of rent) Agent's fees (on capital value) 1.00% E6,781 E2,333 E7,685 E9,042 E9,042 E9,042 E9,042 E9,044 E9,946 E10,398 E10,850 E13,430 E13,430 E13,430 E6,715 E12,311 E12,817	CIL	£s pst	3,014	-£66	-£198,093	-£52	-£158,174	-£39	-£117,855	-£12	-£35,886	-£	3 -£9,34	2 £15	£43,716	£14	£42,190	£27	£82,375	£41	£122,335	£54	£162,343
Agent's fees (on capital value) 1.00%	Disposal Costs								- 1												i		
Legal fees (% of capital value) 0.50% £4,197 £4,477 £4,756 £5,335 £5,596 £5,883 £5,876 £6,155 £6,155 £6,435 £6,715 Finance Loan arrangement fee 1.00% Interest rate Interest rate Interest 18 months £21,018 £23,182 £25,366 £25,366 £29,832 £43,547 £44,546 £184,576 £184,426 £193,083 £201,978 £210,823 Profit on cost Profit on cost (%) Net additional floorspace (sq ft) 1,959	Letting Agent's and legal fee (% of rent)	15.00%			£6,781		£7,233		£7,685		£9,042		£9,04	2	£9,042		£9,494		£9,946		£10,398		£10,850
Finance Loan arrangement fee 1.00% Interest rate Interest 18 months 18 months 18 months 18 months 19 month	Agent's fees (on capital value)	1.00%			£8,394		£8,953		£9,513		£10,670		£11,19	2	£11,765		£11,751		£12,311		£12,870		£13,430
Loan arrangement fee 1.00% £3,810 £4,209 £4,612 £5,432 £5,697 £6,228 £6,213 £6,614 £7,014 £7,414 lnterest rate 7.00% lnterest to 18 months £21,018 £23,182 £25,366 £29,832 £43,547 £34,040 £36,217 £38,383 £40,551 Profit on cost £131,608 £140,548 £149,062 £167,738 £175,546 £184,576 £184,426 £193,083 £201,978 £210,823 Profit on cost (%) 19.97% 20.00% 19.95% 20.03% 19.98% 19.98% 19.98% 19.99% 19.	Legal fees (% of capital value)	0.50%			£4,197		£4,477		£4,756		£5,335		£5,590	6	£5,883		£5,876		£6,155		£6,435		£6,715
Interest rate 7.00% Intere	Finance_																						
Interest rate 7.00% Intere	Loan arrangement fee	1.00%			£3,810		£4,209		£4,612		£5,432		£5,69	7	£6,228		£6,213		£6,614		£7,014		£7,414
Interest 18 months £21,018 £23,182 £25,366 £29,832 £43,547 £34,040 £34,040 £36,217 £38,383 £40,551 Profit on cost £131,608 £140,548 £149,062 £167,738 £175,546 £184,576 £184,426 £193,083 £201,978 £210,823 Profit on cost (%) 19.97% 20.00% 19.95% 20.03% 19.98% 19.98% 19.99% 19.99% 19.99% 20.00% Net additional floorspace (sq ft) 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959	3				,								,				,				·		
Profit on cost £131,608 £140,548 £149,062 £167,738 £175,546 £184,576 £184,426 £193,083 £201,978 £210,823 Profit on cost (%) 19.97% 20.00% 19.95% 20.03% 19.98% 19.98% 19.99% 19.98% 19.99% 19.99% 20.00% Net additional floorspace (sq ft) 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959					£21.018		£23.182		£25.366		£29.832		£43.54	7	£34.097		£34.040		£36.217		£38.383		£40.551
Profit on cost (%) 19.97% 20.00% 19.95% 20.03% 19.98% 19.98% 19.99% 19.99% 20.00% Net additional floorspace (sq ft) 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959 1,959					,								,•		,,,,,		,				,		
Net additional floorspace (sq ft) 1,959 1,					,								,				,						
	Profit on cost (%)				19.97%		20.00%		19.95%		20.03%		19.98%	6	19.98%		19.99%		19.98%		19.99%		20.00%
	Net additional floorenace (eq.ft)		1 050		1 050		1 050		1 050		1 050		1 050		1 050		1 050		1 050		1 050		1 050
					,								,		,								

Commercial Development

	Common as	sumptions	CUV	1	CUV	/ 2	CUV	3
Current use value								
Existing space as percentage of new	35%	1,055						
Rent per sq ft			£7 psf		£15 psf		£20 psf	
Rental income per annum			£7,384		£15,823		£21,097	
Rent free/voids (years)			2.0	0.8734	2.0	0.8573	2.0	0.8734
Total revenue, capitalised (including all costs)			7.00%		8.00%		7.00%	
Refurbishment costs	£50 psf		£52,744		£52,744		£52,744	
Fees	7%		£3,692		£3,692		£3,692	
Capitalised rent, net of refurb and fees				£35,701		£113,136		£206,812
Purchaser's costs	5.75%							
Current use value				£35,701		£113,136		£206,812
CUV including Landowner premium			20%	£42,841	20.00%	£135,763	20.00%	£248,174

Commercial Development

	£s per sqft	Yield	Rent free
Appraisal 1	£15.00	5.25%	.50 years
Appraisal 2	£16.00	5.25%	.50 years
Appraisal 3	£17.00	5.25%	.50 years
Appraisal 4	£20.00	5.50%	.50 years
Appraisal 5 (base)	£20.00	5.25%	.50 years
Appraisal 6	£20.00	5.00%	.50 years
Appraisal 7	£21.00	5.25%	.50 years
Appraisal 8	£22.00	5.25%	.50 years
Appraisal 9	£23.00	5.25%	.50 years
Appraisal 10	£24.00	5.25%	.50 years

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£7.00	7.00%	2.00 years	20.00%
Current use value 2	£15.00	8.00%	2.00 years	20.00%
Current use value 3	£20.00	7.00%	2.00 years	20.00%

Results - Maximum CIL rates per square metre

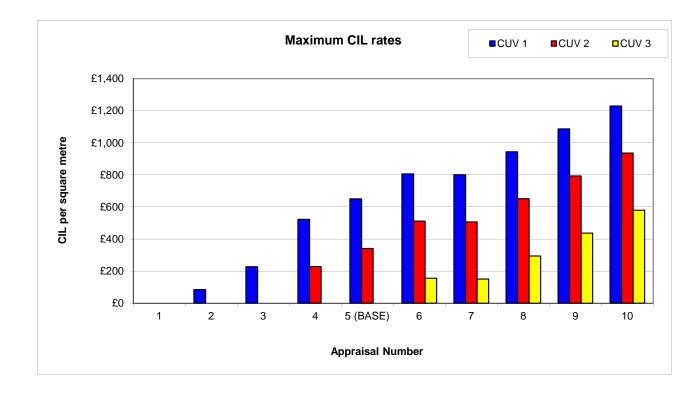
	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-33%	£0	£0	£0
Appraisal 2	-25%	£85	£0	£0
Appraisal 3	-18%	£228	£0	£0
Appraisal 4	0%	£523	£229	£0
Appraisal 5 (base)	-	£651	£341	£0
Appraisal 6	0%	£806	£512	£156
Appraisal 7	5%	£801	£507	£151
Appraisal 8	9%	£944	£651	£294
Appraisal 9	13%	£1,087	£793	£437
Appraisal 10	17%	£1,229	£936	£580

Use class:	Convenience supermarket/superstore and retail warehouse
Location:	Whole of Borough (1,000 sq m) Higher Covenant Strength

Existing floorspace as % of new

Net off existing floorspace from CIL calculation:

Ctrl + y to goal seek max CIL



Commercial Development

Use class: Convenience supermarket/superstore and retail warehouse

Location: Whole of Borough (1,000 sq m) Higher Covenant Strength

DEVELOPMENT VALUE	Common assi	umptions	Apprais	al 1	Appra	aisal 2	Appra	isal 3	Appra	aisal 4	Ар	praisal 5	Appra	nisal 6	Appra	isal 7	Apprai	isal 8	Appra	isal 9	Appra	isal 10
Rental Income	Floor area			per annum	•	£ per annum	•	£ per annum		£ per annum £		£ per annum		£ per annum £ p		E per annum		£ per annum £	•	Eper annum	•	£ per annum
Rent - area 1	3,588		£15.00	£53,820	£16	£57,408	£17.00	£60,996	£20.00	£71,760	£20.0	,		£71,760	£21.00	£75,348	£22.00	£78,936	£23.00	£82,524	£24.00	£86,112
Rent - area 2	3,588		£15.00	£53,820	£16	£57,408	£17.00	£60,996	£20.00	£71,760	£20.0	,		£71,760	£21.00	£75,348	£22.00	£78,936	£23.00	£82,524	£24.00	£86,112
Rent - area 3	3,588		£15.00	£53,820	£16	£57,408	£17.00	£60,996	£20.00	£71,760	£20.0	00 £71,760	£20.00	£71,760	£21.00	£75,348	£22.00	£78,936	£23.00	£82,524	£24.00	£86,112
Total floor area / rent		10,764		£161,460		£172,224		£182,988		£215,280		£215,280		£215,280		£226,044		£236,808		£247,572		£258,336
Rent free/voids (years)			0.5	0.9747	0.5	0.9747	0.5	0.9747	0.5	0.9736	0.	.5 0.9747	0.5	0.9759	0.5	0.9747	0.5	0.9747	0.5	0.9747	0.5	0.9747
Yield	5.25%		5.25%		5.25%		5.25%		5.50%		5.25	%	5.00%		5.25%		5.25%		5.25%		5.25%	
Capitalised rent				£2,997,744		£3,197,594		£3,397,444		£3,810,788		£3,996,992		£4,201,835		£4,196,842		£4,396,692		£4,596,541		£4,796,391
GROSS DEVELOPMENT VALUE																						
Purchaser's costs	5.80%			£173,869		£185,460		£197,052		£221,026		£231,826		£243,706		£243,417		£255,008		£266,599		£278,191
				£2,823,875		£3,012,134		£3,200,392		£3,589,762		£3,765,167		£3,958,129		£3,953,425		£4,141,684		£4,329,942		£4,518,200
DEVELOPMENT COSTS																	/					
				i																i		
Land costs				£886,336		£886,336		£886,336		£886,336		£886,336		£886,336		£886,336		£886,336		£886,336		£886,336
Stamp duty and acquisition costs				-£50,964		-£50,964		-£50,964		-£50.964		-£50,964		-£50.964		-£50,964		-£50.964		-£50,964		-£50.964
				200,000						200,00				,		200,00		227,027		,		
																				i		
Development Costs																				i		
Existing floor area	35%	3,767																				
Demolition costs	£5 psf	0,707		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837
Building costs	£119.47 psf			£1,568,293		£1,568,293		£1,568,293		£1,568,293		£1,568,293		£1,568,293		£1,568,293		£1,568,293		£1,568,293		£1,568,293
Area	82% grs to net	13,127		21,000,200		21,000,200		21,000,200		21,000,200		21,000,200		21,000,200		21,000,200		21,000,200		21,000,200		21,000,200
External works	10.00%	10,121		£156,829		£156,829		£156,829		£156,829		£156,829		£156,829		£156,829		£156,829		£156,829		£156,829
Professional fees	10.00%			£174,396		£174,396		£174,396		£174,396		£174,396		£174,396		£174,396		£174,396		£174,396		£174,396
Contingency	5.00%			£95,918		£95,918		£95,918		£95,918		£95,918		£95,918		£95,918		£95,918		£95,918		£95,918
Mayoral CIL	£0.00	10,764		£0		£0		£0		£0		£00,010		£0		£0		£0		£0		£0
Residual S106	£5 psf	10,701		£53.820		£53,820		£53,820		£53,820		£53.820		£53,820		£53,820		£53,820		£53.820		£53,820
CIL	£s psf	10,764	-£66	-£707,474	-£52	,	-£39	-£420,911	-£12	-£128,163	_4	£3 -£33,364		,	£14	£150,680	£27	£294,196	£41	£436,910	£54	,
OIL	20 poi	10,701	200	2707,171	202	200 1,000	200	2120,011	212	2120,100	•	200,00	210	2100,120	~	2100,000	221	2201,100	~	2100,010	201	2010,100
Disposal Costs																						
Letting Agent's and legal fee (% of rent)	15.00%			£24,219		£25,834		£27,448		£32,292		£32,292		£32,292		£33,907		£35,521		£37,136		£38,750
Agent's fees (on capital value)	1.00%			£24,219 £29,977		£25,634 £31,976		£33,974		£32,292 £38,108		£32,292		£42,018		£41,968		£43,967		£45,965		£47,964
Legal fees (% of capital value)	0.50%			£14,989		£15,988		£16,987		£19,054		£19,985		£21,009		£20,984		£21,983		£22,983		£23,982
Legal rees (% or capital value)	0.50%			114,909		£15,900		110,907		£19,054		119,900		£21,009		£20,964		£21,903		122,903		123,902
Einanaa																						
Finance	1.00%			£13,606		£15,032		£16,472		£19,399		£20,347		£22,242		£22,188		£23,623		£25,050		£26,479
Loan arrangement fee				£13,606		£15,032		£10,472		£19,399		£20,347		1,22,242		£22,188		£23,023		£25,050		£20,479
Interest rate	7.00%			C7F 00F		000.700		000 504		C4.00 F40		0455 500		C121 770		C404 E74		0120.247		0127.000		C144 00C
Interest	18 months			£75,065		£82,792		£90,594		£106,543		£155,523		£121,776		£121,571		£129,347		£137,082		£144,826
Duofit on cost				0470.000		0504.050		0500.000		0500.005		0000 040		0050.400		0050 000		0000 504		0704 050		0750 000
Profit on cost				£470,029		£501,956		£532,363		£599,065		£626,948		£659,199		£658,663		£689,581		£721,352		£752,939
Profit on cost (%)				19.97%		20.00%		19.95%		20.03%		19.98%		19.98%		19.99%		19.98%		19.99%		20.00%
Not additional flagrances (og ft)		0.007		0.007		0.007		0.007		0.007		0.00		0.007		0.007		0.007		0.007		0.007
Net additional floorspace (sq ft) Net additional floorspace (sq m)		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650
net additional hoorspace (sq fff)		650		UCO		050		000		050		050		000		UCO		000		050		050

Commercial Development

	Common as	sumptions	CUV	1	CUV	2	CUV 3		
Current use value									
Existing space as percentage of new	35%	3,767							
Rent per sq ft			£7 psf		£15 psf		£20 psf		
Rental income per annum			£26,372	I	£56,511		£75,348		
Rent free/voids (years)			2.0	0.8734	2.0	0.8573	2.0	0.8734	
Total revenue, capitalised (including all costs)			7.00%		8.00%		7.00%		
Refurbishment costs	£50 psf		£188,370		£188,370		£188,370		
Fees	7%		£13,186	ļ	£13,186		£13,186		
Capitalised rent, net of refurb and fees				£127,503		£404,058		£738,614	
Purchaser's costs	5.75%								
Current use value				£127,503		£404,058		£738,614	
CUV including Landowner premium			20%	£153,004	20.00%	£484,869	20.00%	£886,336	

Commercial Development

	£s per sqft	Yield	Rent free
Appraisal 1	£15.00	5.25%	.50 years
Appraisal 2	£16.00	5.25%	.50 years
Appraisal 3	£17.00	5.25%	.50 years
Appraisal 4	£20.00	5.50%	.50 years
Appraisal 5 (base)	£20.00	5.25%	.50 years
Appraisal 6	£20.00	5.00%	.50 years
Appraisal 7	£21.00	5.25%	.50 years
Appraisal 8	£22.00	5.25%	.50 years
Appraisal 9	£23.00	5.25%	.50 years
Appraisal 10	£24.00	5.25%	.50 years

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£7.00	7.00%	2.00 years	20.00%
Current use value 2	£15.00	8.00%	2.00 years	20.00%
Current use value 3	£20.00	7.00%	2.00 years	20.00%

Results - Maximum CIL rates per square metre

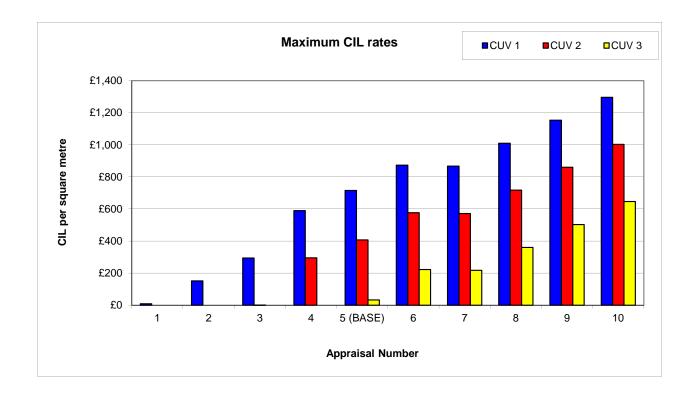
	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-33%	£9	£0	£0
Appraisal 2	-25%	£152	£0	£0
Appraisal 3	-18%	£294	£1	£0
Appraisal 4	0%	£590	£296	£0
Appraisal 5 (base)	-	£715	£408	£33
Appraisal 6	0%	£873	£577	£223
Appraisal 7	5%	£867	£572	£218
Appraisal 8	9%	£1,010	£717	£361
Appraisal 9	13%	£1,154	£860	£503
Appraisal 10	17%	£1,297	£1,003	£646

U	lse class:	Convenience supermarket/superstore and retail warehouse
L	ocation:	Whole of Borough (5,000 sq m) Higher Covenant Strength

Existing floorspace as % of new 35%

Net off existing floorspace from CIL calculation:

Ctrl + y to goal seek max CIL



Commercial Development

Use class: Convenience supermarket/superstore and retail warehouse

Location: Whole of Borough (5,000 sq m) Higher Covenant Strength

DEVELOPMENT VALUE	Common ass	sumptions	Apprais	sal 1	Appra	isal 2	Appra	isal 3	Appra	aisal 4	Appr	raisal 5	Appra	nisal 6	Appra	isal 7	Appra	nisal 8	Apprai	sal 9	Apprai	isal 10
Rental Income	Floor area			per annum		£ per annum	•	£ per annum	- 1	£ per annum £	•	£ per annum		£ per annum £ p		£ per annum	•	£ per annum £	•	per annum £		£ per annum
Rent - area 1	3,588		£15.00	£53,820	£16	£57,408	£17.00	£60,996	£20.00	,	£20.00		£20.00	£71,760	£21.00	£75,348	£22.00	£78,936	£23.00	£82,524	£24.00	,
Rent - area 2	3,588		£15.00	£53,820	£16	£57,408	£17.00	£60,996	£20.00	£71,760	£20.00	,	£20.00	£71,760	£21.00	£75,348	£22.00	£78,936	£23.00	£82,524	£24.00	£86,112
Rent - area 3	3,588		£15.00	£53,820	£16	£57,408	£17.00	£60,996	£20.00	£71,760	£20.00	, ,	£20.00	£71,760	£21.00	£75,348	£22.00	£78,936	£23.00	£82,524	£24.00	£86,112
Total floor area / rent		10,764		£161,460		£172,224		£182,988		£215,280		£215,280		£215,280		£226,044		£236,808		£247,572		£258,336
Rent free/voids (years)			0.5	0.9747	0.5	0.9747	0.5	0.9747	0.5	0.9736	0.5	0.9747	0.5	0.9759	0.5	0.9747	0.5	0.9747	0.5	0.9747	0.5	0.9747
Yield	5.25%		5.25%		5.25%		5.25%	I	5.50%		5.25%		5.00%		5.25%		5.25%		5.25%		5.25%	
Capitalised rent				£2,997,744		£3,197,594		£3,397,444		£3,810,788		£3,996,992		£4,201,835		£4,196,842		£4,396,692		£4,596,541		£4,796,391
GROSS DEVELOPMENT VALUE				i																		
Purchaser's costs	5.80%			£173,869		£185,460		£197,052		£221,026		£231,826		£243,706		£243,417		£255,008		£266,599		£278,191
				£2,823,875		£3,012,134		£3,200,392		£3,589,762		£3,765,167		£3,958,129		£3,953,425		£4,141,684		£4,329,942		£4,518,200
DEVELOPMENT COSTS				ļ				ļ														
Land costs				£886,336		£886,336		£886,336		£886.336		£886,336		£886,336		£886,336		£886,336		£886,336		£886,336
Stamp duty and acquisition costs				-£50,964		-£50,964		-£50,964		-£50,964		-£50,964		-£50,964		-£50,964		-£50,964		-£50,964		-£50,964
. , ,				· i				· i				•		,				,				,
				i				į														
Development Costs																						
Existing floor area	35%	3,767																				
Demolition costs	£5 psf			£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837		£18,837
Building costs	£115.48 psf			£1,515,854		£1,515,854		£1,515,854		£1,515,854		£1,515,854		£1,515,854		£1,515,854		£1,515,854		£1,515,854		£1,515,854
Area	82% grs to net	13,127																				
External works	10.00%			£151,585		£151,585		£151,585		£151,585		£151,585		£151,585		£151,585		£151,585		£151,585		£151,585
Professional fees	10.00%			£168,628		£168,628		£168,628		£168,628		£168,628		£168,628		£168,628		£168,628		£168,628		£168,628
Contingency	5.00%			£92,745		£92,745		£92,745		£92,745		£92,745		£92,745		£92,745		£92,745		£92,745		£92,745
Mayoral CIL	£0.00	10,764		£0		£0		£0		£0		£0		£0		£0		£0		£0		£0
Residual S106	£5 psf			£53,820		£53,820		£53,820		£53,820		£53,820		£53,820		£53,820		£53,820		£53,820		£53,820
CIL	£s psf	10,764	-£59	-£640,139	-£46	-£497,427	-£33	-£354,579	-£6	-£60,096	£3	£32,924	£21	£223,225	£20	£218,030	£34	£360,640	£47	£503,431	£60	£646,372
<u>Disposal Costs</u>				i				i												- 1		
Letting Agent's and legal fee (% of rent)	15.00%			£24,219		£25,834		£27,448		£32,292		£32,292		£32,292		£33,907		£35,521		£37,136		£38,750
Agent's fees (on capital value)	1.00%			£29,977		£31,976		£33,974		£38,108		£39,970		£42,018		£41,968		£43,967		£45,965		£47,964
Legal fees (% of capital value)	0.50%			£14,989		£15,988		£16,987		£19,054		£19,985		£21,009		£20,984		£21,983		£22,983		£23,982
Einenee																						
Finance	4.000/			£13,613		C45 040		£16,469		C40 444		000 044		000 047		COO 40E		£23,621		025.040		000 470
Loan arrangement fee Interest rate	1.00% 7.00%			13,013		£15,040		10,409		£19,414		£20,344		£22,247		£22,195		123,021		£25,049		£26,478
				C7E 400		000 007		COO 570		C4.0C C4.0		C4FF F0C		0404 004		0404.000		0400 000		C4.27.077		0444 000
Interest	18 months			£75,102		£82,837		£90,578		£106,618		£155,506		£121,801		£121,609		£129,338		£137,077		£144,823
Profit on cost				£469,273		£501,046		£532,673		£597,531		£627,306		£658,696		£657,891		£689,773		£721,460		£752,990
Profit on cost (%)				19.93%		19.95%		19.97%		19.97%		19.99%		19.96%		19.96%		19.98%		19.99%		20.00%
Not additional flagger (** 51)		0.007		0.007		0.007		0.007		0.007		0.007		6.007		0.007		0.007		0.007		0.007
Net additional floorspace (sq ft) Net additional floorspace (sq m)		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650		6,997 650
ivet additional hoorspace (sq ffi)		050		050		000		000		000		000		000		000		650		000		050

Commercial Development

	Common as	sumptions	CUV	1	CUV	2	CUV 3		
Current use value									
Existing space as percentage of new	35%	3,767							
Rent per sq ft			£7 psf		£15 psf		£20 psf		
Rental income per annum			£26,372	I	£56,511		£75,348		
Rent free/voids (years)			2.0	0.8734	2.0	0.8573	2.0	0.8734	
Total revenue, capitalised (including all costs)			7.00%		8.00%		7.00%		
Refurbishment costs	£50 psf		£188,370		£188,370		£188,370		
Fees	7%		£13,186	ļ	£13,186		£13,186		
Capitalised rent, net of refurb and fees				£127,503		£404,058		£738,614	
Purchaser's costs	5.75%								
Current use value				£127,503		£404,058		£738,614	
CUV including Landowner premium			20%	£153,004	20.00%	£484,869	20.00%	£886,336	