

Finance Costs/Development Program:

The Applicant has indicated a construction period of 24 months but has also allowed for a 9 month enabling programme to clear the site. I note that as at the date of my inspection the buildings had already been demolished but the rubble not yet cleared. Based on the fact that demolition works have been undertaken I feel that the 9 month lead in period is excessive.

The planning applicant has included a figure of £468,737 reflecting the total interest paid to finance the project however it is not clear what interest rate they have adopted within their appraisal.

Sales and Marketing Costs:

The Applicant's appraisal makes an allowance for marketing costs at 3% which is a little high. Sales legal fees are included at £500/unit which seems reasonable.

Developer's Profit:

The Applicant has adopted the developers return on GDV approach within their appraisal and set this at 15%. This produces a profit of £816,672 and a residual land value of £17,163.

Site Value

A site value of £799,134 has been included within the Applicant's appraisal in order to demonstrate the difference between the site's existing value and the residual land value produced. However I have not been provided with any commentary in respect of how the existing site value has been calculated.

DVS Development Appraisal

Gross Development Value:

I have produced an updated development appraisal for the proposed development scheme, based on the scheme details and information provided by the Applicant and taken from the planning application website. This includes the provision of the s106 contributions as verified by Gedling Borough Council.

I have carried out research and I have calculated the GDV as follows:

£5,814,047

My GDV is based on the Open Market sales of new build and second hand properties located within Colwick, Carlton and Gedling from within the last 12 months.

I have also included a ground rent based on the likely income which could be achieved in respect of the x6 flats and x2 maisonettes. This is based on an income of £200/unit per annum which I have capitalised at 5% to provide a total value of £32,000.