



**Lambert  
Smith  
Hampton**

**[www.lsh.co.uk](http://www.lsh.co.uk)**

Report on

Independent Review of Financial Viability Assessment in relation to the Proposed Development at: -

338-346 High Street Harborne Birmingham  
B17 9PU

on behalf of

Birmingham City Council Planning Management  
1 Lancaster Circus Queensway City Centre  
Birmingham B4 7DJ

Prepared by

Lambert Smith Hampton Interchange Place Edmund Street Birmingham B3 2TA

Tel: 0121 236 2066

Date: 13 March 2024 Ref: NBMDW

**INDEPENDENT REVIEW OF FINANCIAL VIABILITY ASSESSMENT  
IN RELATION TO THE PROPOSED DEVELOPMENT  
AT:**

**338-346 HIGH STREET  
HARBORNE  
BIRMINGHAM  
B17 9PU**

**CONTENTS**

	<b>PAGE NO.</b>
1. Location .....	3
2. The Scheme .....	4
3. White Land Strategies Limited Appraisal Methodology.....	4
4. Development Costs .....	5
5. Receipts.....	6
6. LSH Development Appraisal .....	12
7. Conclusion.....	12

**APPENDICES**

Appendix 1 LSH Development Appraisal

13 March 2024

T +44 (0)121 236 2066  
[LSH Website](#)

Birmingham City Council  
Planning Management  
1 Lancaster Circus Queensway  
City Centre  
Birmingham  
B4 7DJ

**Lambert Smith Hampton**  
Interchange Place  
Edmund Street  
Birmingham  
B3 2TA

**For the attention of: Andrew Fulford, Principal Planning Officer**

File Ref: MBMDW

Dear Sir / Madam

INDEPENDENT REVIEW OF FINANCIAL VIABILITY ASSESSMENT REPORT IN RELATION TO  
THE PROPOSED RESIDENTIAL DEVELOPMENT AT 338-346 HIGH STREET, HARBORNE, BIRMINGHAM

Further to your recent instructions we address below the pertinent issues with regard to the above financial viability assessment prepared by White Land Strategies Limited in support of a planning application submitted by Midland Properties and Finance (Birmingham) Limited.

### ***RICS Professional Standards and Guidance***

#### *Confirmation of Instructions and Terms of Engagement*

We received your instructions to review the viability information submitted by the Applicant and to undertake a review of the Applicant's Financial Viability Assessment (FVA) in line with the RICS Professional Statement: 'Financial viability in planning: conduct and reporting' (1<sup>st</sup> Edition) **May 2019**, which is effective from the **1 September 2019** and the National Planning Practice Guidance (PPG).

We confirm that we do not anticipate that a conflict of interest will arise in acting on behalf of Birmingham City Council (BCC) in respect of this property, as required by **Paragraph 2.2** of the RICS Professional Statement.

The Applicant's FVA has been undertaken by White Land Strategies Limited provides a development appraisal and documents supported by a report dated **November 2023**, subsequent to a report dated **August 2022**.

We have undertaken a review of the information submitted, to assess whether there is a surplus in the scheme which would contribute to the provision of planning contributions, over and above that assessed by the Applicant.

#### *Statement on Objectivity, Impartiality, and Reasonableness*

In line with **Section 2.1** of the RICS Professional Statement, we have adopted a collaborative approach with the Applicant and their advisors, White Land Strategies Limited, in order to review the viability of the proposals.

We have acted with objectivity, impartiality and without interference, and with reference to all appropriate available sources of information in preparing this FVA.

### *FVA Origination, Reviews and Negotiations*

As discussed in **Paragraph 2.8** of the RICS Professional Statement, this letter comprises a review of the Applicant's Viability Submission. It is anticipated that subsequent negotiations may take place after the submission of this FVA relating to any areas of difference between ourselves and the Applicant.

We have, where possible sought to narrow any areas of difference as far as possible, prior to finalising this FVA.

### *Timescales for Carrying Out Our Assessment*

As required by **Paragraph 2.14** of the RICS Professional Statement, we confirm that we have allowed adequate time to produce and review the Applicant's viability information, having regard to the scale of the project.

### *Statement on Duty of Care and Due Diligence*

As required by **Section 4** of the RICS Professional Statement, we confirm that we have carried out our FVA on behalf of Birmingham City Council in line with the Duty of Care and Due Diligence requirements set out in **Section 4** of the RICS Professional Statement.

## **Planning Application**

A full planning application (Ref: 2022/06737/PA) was submitted to Birmingham City Council in respect of 338-346 High Street, Harborne. The application was refused 4 July 2023 and the Applicant is appealing that decision.

The application proposes the demolition of existing buildings and construction of 83 residential apartments across two new development blocks, central amenity space including soft landscaping and planting, cycle storage, bin stores, plant store and enabling works.

The property currently comprises a three storey building providing 3 ground floor retail units with 6 two bedroom flats above together with an undeveloped parcel of land extending to 0.132 acres.

### **1. LOCATION**

Birmingham is the second largest city in the country and the largest in the West Midlands and lies approximately 118 miles north west of London, 80 miles south of Manchester and 16 miles south east of Wolverhampton.

Road communications to the city are excellent with Birmingham lying at the focal point of the M6, M5 and M42 motorways which in turn provide access to the M1, M40 and M54 motorways.

The property is located in the highly sought after suburb of Harborne which provides easy access to Birmingham city centre which is approximately 3.4 miles (5.5 km) to north east, University of Birmingham is approximately 1.2 miles (1.9 km) to the east, and Queen Elizabeth Hospital is approximately 0.8 miles (1.3 km) to the south east. It also provides good schools and a variety of shops and services.

The A4040 is the main road running through the centre of Harborne which adjoins the A38 to the south and A456 to the north. The closest train station is University which is approximately 1.3 miles southwest from the property.

The property is situated on the south side of High Street (B4124) close to its junction with Lordwood Road (A4040). The immediate surrounding area consists of both residential and commercial units which include restaurants, hairdressers, offices and a retirement home located opposite.

The property is close to the junction of Lordswood Road and High Street, the main retail pitch running through the centre of Harborne. It benefits from a mix of local and national occupiers including Sainsbury's, HSBC, Superdrug, Boots, WH Smith, Waitrose, and Costa.

The Copperbox is an existing residential development located on High Street, close to the subject property. The development comprised the conversion of an Open University building into 63no. apartments across 4 floors and was undertaken by Seven Capital.

The Harborne Village Apartments is another exiting residential development that is situated on High Street near the subject property. The development comprises 26 no. one and two bedroom apartments and was delivered by Barberry.

## **2. THE SCHEME**

The application site currently comprises a three storey building providing three ground floor retail units extending to a total NIA of 896.7 sq m (9,652 sq ft) plus 6 two bedroom duplex flats above. Servicing, parking and lock-up garages are provided to the rear and there is also an undeveloped parcel of land extending to 0.132 acres.

Planning consent is sought for the development of two apartment buildings. Block A is 6 storeys in height and proposes 42 apartments with a mix of 7no. 1B1P, 6no. 1B2P, 24no. 2B3P and 5no. 2B4P apartments. The aggregate net sales area is 28,050 sq ft with a gross internal area of 32,536 sqft.

Block B is 4 storeys in height and proposes 41 apartments with a mix of 23no. 1B1P, 4no. 1B2P, 11no. 2B3P and 3no. 2B4P apartments. The aggregate net sales area is 22,890 sq ft with a gross internal area of 27,166 sq ft.

## **3. WHITE LAND STRATEGIES LIMITED APPRAISAL METHODOLOGY**

The financial viability of the proposed development of the site has been assessed by adopting the residual method of valuation. This approach is to value the completed development, the gross development value (GDV), which equates to the aggregate sales values of the individual units.

Construction costs including plot build costs, externals, infrastructure, professional fees, development abnormal costs etc are deducted from the resulting GDV.

The amount by which the GDV exceeds the total costs equates to a surplus which can be used to support developer's profit, land value and other contributions or allowances.

White Land Strategies Limited has reviewed the existing use value of the property. They have applied a rental value of £81,000 per annum to the retail units which has been capitalised off a yield of 6.5%. A rental value of £550 pcm per apartment has been applied to the 6 apartments which has been capitalised off a gross yield of 4%. This produces an existing use value of £2,240,000. A landowner's premium of 20% has then been applied to produce a benchmark land value of £2,688,000.

We understand that tenancies have not been renewed with vacant possession secured in order to facilitate development.

### **Development Appraisal**

In appraising the proposed development, White Land Strategies Limited has adopted the design detailed above and has allowed for the common areas within the apartment block in their calculation of build costs.

## Revenue

A breakdown of individual values is provided within the FVA. The opinions of three local agents have been sourced and the following values have been adopted:

Estate Agent Responses				
	Robert Powell	AmberCourt	Martin & Co	Average
1B1P	£160,000	£160,000	£160,000	£160,000
1B2P	£180,000	£180,000	£175,000	£178,333
2B3P	£230,000	£230,000	£225,000	£228,333
2B4P	£245,000	£245,000	£235,000	£241,667

This produces the following gross development value:

Total Scheme Bed type breakdown				
	No.	Sqft	GDV	£psft
1B1P	30	13,856	£4,800,000	£346.41
1B2P	10	5,701	£1,783,333	£312.83
2B3P	35	25,087	£7,991,667	£318.56
2B4P	8	6,296	£1,933,333	£307.08
	<b>83</b>	<b>50,940</b>	<b>£16,508,333</b>	<b>£324.08</b>

We comment further on the adopted GDV under Section 5 – Receipts, of this report.

## 4. DEVELOPMENT COSTS

As previously explained a benchmark land value of £2,688,000 has been adopted.

Costs and assumptions in the White Land Strategies Limited report include:-

**Build Costs** – the construction costs have been benchmarked to BCIS. A rate of £149.48 per sq ft plus 7% for external works has been adopted together with the following extra over, demolition and abnormal allowances:

Demolition - £180,394  
 Sub levelling and retaining works - £119,223  
 Substructure / piling - £119,002  
 Part L/Future Homes & SAP uplift - £207,495  
 Covered bike and bin store - £64,449

**Professional Fees** – professional fees are included at 8% of the construction cost. These fees apply for architect's fees, quantity surveyor, mechanical / electrical engineer, structural / civil engineer and project manager.

**Contingency** – a contingency allowance of 5% of the build cost has been included.

**Finance** – a finance debit rate of 7% has been adopted.

**Development Timeframe** – a 19 month construction programme has been adopted with a 12 month sales period. The cashflow assumes that 20% apartments are sold in the first month of the sales period with the remaining units distributed equally across the final 11 months.

**Marketing and Sales Costs** – marketing and sales agent's fee of 2.5% has been included together with legal fees of 0.5.

**CIL** – a CIL contribution of £501,497 has been included although this has subsequently reduced to £390,114 after adjustment for the existing building.

### White Land Strategies Limited Viability Assessment Report Conclusions

The competitive return to a developer is made as a profit margin to be received from its development. White Land Strategies Limited consider a target profit of 20% on GDV to be appropriate for a scheme of this nature.

The output of the White Land Strategies Limited appraisal based on a target rate of return of 20% on GDV is a negative residual land value of **-£374,082** demonstrating a viability deficit of **-£3,062,082** when compared to the benchmark land value of £2,668,000.

White Land Strategies Limited conclude that the subject scheme cannot therefore sustain any affordable housing or Section 106 contributions.

### 5. RECEIPTS

Whilst Harborne is a well regarded residential location with a strong retail centre and a wide range of pubs and restaurants and excellent schools it does not have a mature apartment market with the local market generally focussed on family homes.

Current availability includes the following:

<b>1 Bed Apartments</b>					
<b>Address</b>	<b>Type</b>	<b>Newbuild</b>	<b>£</b>	<b>Size</b>	<b>£/psft</b>
Copperbox	studio	N	£185,000	322	£574.53
High Street	1B	N	£185,000	636	£290.88
3B Fellows Lane	1B	N	£159,950	700	£228.50
Flat 5 Rutland Barons Close	1B	N	£155,000	570	£271.93
2 Harborne Park Road	1B	N	£180,000	542	£332.10
			<b>£172,990</b>		<b>£312.26</b>
<b>2 Bed Apartments</b>					
<b>Address</b>	<b>Type</b>	<b>Newbuild</b>	<b>£</b>	<b>Size</b>	<b>£/psft</b>
99 Rose Road	2B	N	£220,000	596	£369.13
Fellows Lane	2B	N	£210,000	645	£325.58
Greenfield Road	2B	N	£259,000	603	£429.52
196 Harborne Park Road	2B	N	£207,500	698	£297.28
254 High Street	2B	N	£230,000	603	£381.43
Martineau Drive	2B	Y	£195,000	657	£296.80
Flat 3 Martineau Drive	2B	Y	£195,000	629	£310.02
			<b>£216,643</b>		<b>£342.25</b>

We are also aware of the following residential apartment sales:

<b>264 High Street, Harborne, Birmingham B17 9PT                      £307 per sq ft</b>	
	<p>The property comprises a ground floor one bedroom apartment extending to 570 sq ft which sold in May 2022 for £175,000, equating to £307 per sq ft. The property comprises a sitting room, fitted kitchen, one double bedroom, bathroom, and parking space in a secure gated car park.</p> <p>The flat is located in a development in Harborne on the High Street. It is surrounded by both residential and commercial occupiers.</p>
<b>Flat 3, Kings Oak, 2 Harborne Park Road, B17 0BF                      £321 per sq ft</b>	
	<p>The property comprises a ground floor one bedroom apartment extending to 549 sq ft which sold in October 2022 for £176,000, equating to £321 per sq ft. The property comprises one double bedroom, lounge / dining area, fitted kitchen and bathroom.</p>
<b>Flat 10, Cheyne Court, Greenfield Rd, Harborne, B17 0EH                      £232 per sq ft</b>	
	<p>The property comprises a second floor two bedroom apartment extending to 969 sq ft which sold in December 2022 for £225,000, equating to £232 per sq ft. The property comprises an entrance hall, fitted kitchen, two bedrooms (one with ensuite) and a bathroom.</p>
<b>Flat 11, The Old Fire Station, Rose Road, Harborne, B17 9LW                      £311 per sq ft</b>	
	<p>The property comprises a top floor two bedroom apartment extending to 732 sq ft which sold in October 2022 for £228,000, equating to £311 per sq ft. The apartment comprises an entrance and inner hallway, two bedrooms, lounge, kitchen, and bathroom.</p>

The above comparables are generally older resales and the proposed development will attract a newbuild premium, finished to a modern specification in compliance with the latest regulations.

As Harborne does not have any newbuild apartment schemes we have also considered the following evidence emanating from more peripheral city centre apartment developments:



### Priory House, Gooch Street North, Birmingham

Priory House is located in Southside near the Gay Quarter. Conversion of a 1950s building over 7 storeys completed to a high standard. The development was completed in late September 2022 with 70% of the apartments sold at this stage.

A one-bedroom apartment (Plot 25) measuring 520 sq ft sold for £242,880 reflecting £452.26. A two-bedroom apartment (Plot 42) measuring 694 sq ft achieved £298,320 at £430 per sq ft. A penthouse (Plot 17) extending to 1,401 sq ft sold for £560,000 reflecting £399.71 per sq ft (including a tandem car parking space). In addition we are also aware of the following sales:

Plot	Type	Area (sq ft)	Exchange Date	Price	Price per sq ft
Apartment 21	1-bed	684	May 2022	£249,500	£365
Apartment 34	1-bed	454	March 2022	£190,000	£419
Apartment 35	1-bed	593	June 2022	£237,500	£401
Apartment 74	1-bed	450	July 2022	£198,500	£441
Apartment 71	1-bed	530	July 2022	£256,500	£484
Apartment 63	1-bed	592	July 2022	£256,080	£433
Apartment 68	1-bed	543	July 2022	£250,800	£462
Apartment 18	2-bed	741	June 2022	£303,600	£410
Apartment 29	2-bed	739	June 2022	£292,500	£396
Apartment 30	2-bed	693	May 2022	£280,000	£404
Apartment 54	2-bed	694	May 2022	£300,960	£434
Apartment 41	2-bed	692	June 2022	£298,320	£431

### Sapphire Court, 215 Bradford Street, Digbeth, B12 0NS

A development of 166 No. 1 and 2 bedroom apartments with 18 duplexes, private terraces and balconies set around two large communal courtyards. The development is arranged over 6 to 8 storeys and is due to reach practical completion in Q1 2025. The development includes 17 No. low cost affordable tenure units.

We are aware of the following:

Floor	Dwelling No.	Net area (sq ft)	Date	Sold Price	£ / psf
Ground	012	441	12/10/2023	£212,000	£480.37
Ground	022	700		£319,500	£456.65
First Floor	108	431	30/06/2023	£207,000	£480.77
First Floor	109	431	19/09/2023	£207,000	£480.77
First Floor	110	431	13/10/2023	£204,750	£475.54
First Floor	111	431		£204,750	£475.54
First Floor	112	452	23/08/2023	£206,610	£457.01
First Floor	113	452	27/09/2023	£208,800	£461.86
First Floor	114	549	13/10/2023	£244,000	£444.47
First Floor	117	657		£321,500	£489.64
First Floor	121	753		£342,250	£454.23
Second Floor	207	474		£220,250	£465.04
Second Floor	209	431		£202,488	£470.29
Second Floor	210	431	10/07/2023	£203,500	£472.64

Floor	Dwelling No.	Net area (sq ft)	Date	Sold Price	£ / psf
Second Floor	211	431	09/08/2023	£208,750	£484.83
Second Floor	212	452	05/10/2023	£216,960	£480.00
Second Floor	213	452	28/09/2023	£212,680	£470.44
Second Floor	214	452	11/10/2023	£217,000	£480.00
Second Floor	215	549	22/08/2023	£241,530	£439.97
Second Floor	217	657	13/10/2023	£324,500	£494.21
Second Floor	219	689		£308,000	£447.09
Second Floor	220	689		£308,000	£447.09
Third Floor	307	474	06/10/2023	£223,250	£471.37
Third Floor	310	431		£206,125	£478.74
Third Floor	311	431		£208,250	£483.67
Third Floor	312	452	22/09/2023	£222,500	£492.16
Third Floor	313	452	17/10/2023	£217,000	£480.00
Third Floor	314	549	22/08/2023	£241,530	£439.97
Third Floor	315	549		£255,250	£464.97
Third Floor	317	657		£327,750	£499.16
Third Floor	319	689		£311,250	£451.81
Third Floor	323	786	28/09/2023	£357,750	£455.28
Fourth Floor	407	474	18/10/2023	£228,500	£482.46
Fourth Floor	408	431	12/09/2023	£216,000	£501.67
Fourth Floor	409	431	24/08/2023	£216,000	£501.67
Fourth Floor	410	431	14/09/2023	£216,000	£501.67
Fourth Floor	411	431	14/09/2023	£216,000	£501.67
Fourth Floor	412	452		£224,250	£496.03
Fourth Floor	413	452	10/10/2023	£217,765	£481.69
Fourth Floor	414	452		£224,250	£496.03
Fourth Floor	415	549		£254,250	£463.15
Fourth Floor	417	657		£330,750	£503.73
Fourth Floor	419	689		£315,250	£457.62
Fifth Floor	507	474		£223,000	£470.85
Fifth Floor	508	431		£221,250	£513.87
Fifth Floor	509	431	12/10/2023	£219,000	£508.64
Fifth Floor	511	431		£220,500	£512.12
Fifth Floor	512	452		£227,000	£502.11
Fifth Floor	513	452	16/08/2023	£227,500	£503.22
Fifth Floor	514	549		£259,599	£472.89
Fifth Floor	515	549		£260,500	£474.53
Fifth Floor	517	657		£335,000	£510.20
Fifth Floor	519	689		£330,750	£480.12
Fifth Floor	520	753		£356,750	£473.47
Fifth Floor	524	786	19/10/2023	£359,750	£457.83

Floor	Dwelling No.	Net area (sq ft)	Date	Sold Price	£ / psf
Sixth Floor	601	452	16/08/2023	£229,185	£506.95
Sixth Floor	604	646		£344,250	£533.03
Sixth Floor	605	646	22/08/2023	£344,250	£533.03
Sixth Floor	606	667		£344,250	£515.83
Sixth Floor	607	667	22/08/2023	£344,250	£515.83
Sixth Floor	608	657	18/10/2023	£339,000	£516.29
Sixth Floor	610	700		£341,000	£487.38
Sixth Floor	611	700		£341,000	£487.38
Seventh Floor	701	452	18/10/2023	£237,750	£525.89
Seventh Floor	702	452	21/07/2023	£237,750	£525.89
Seventh Floor	703	657		£337,000	£513.25
Seventh Floor	704	646		£336,000	£520.25
Seventh Floor	705	646		£336,000	£520.25
Seventh Floor	706	667		£336,000	£503.47
Seventh Floor	708	657	26/10/2023	£341,500	£520.10
Seventh Floor	709	657		£341,500	£520.10
Seventh Floor	710	700	07/07/2023	£343,000	£490.24
Seventh Floor	711	700	23/10/2023	£343,000	£490.24
Seventh Floor	712	786	26/09/2023	£352,495	£448.60

Green – Exchanged

Yellow – Reserved with deposit & paperwork all in order

Orange – As above with engrossed contract signed (usually mean exchange within a week)

### Fountain Lofts, Alcester Street, Digbeth

Plot	Floor	Beds	Bath	Sq ft	Sold	£/psf	Status	Date of Exchange
1	0	1	1	523	£223,500	£427.24	Exchanged	30/11/22
3	0	1	1	549	£227,500	£414.42	Exchanged	01/11/22
9	1	1	1	549	£230,000	£418.97	Exchanged	19/10/22
11	1	2	1	698	£281,500	£403.06	Exchanged	01/11/22
14	2	1	1	531	£230,500	£434.36	Exchanged	09/09/22
15	2	1	1	549	£232,500	£423.53	Exchanged	10/10/22
17	2	2	1	698	£280,000	£400.92	Exchanged	26/10/22
27	4	1	1	549	£237,500	£432.63	Exchanged	17/10/22
30	4	2	1	658	£285,000	£433.34	Exchanged	23/08/22
33	5	1	1	549	£240,000	£437.19	Exchange + complete sim	
13	2	1	1	523	£228,500	£436.79	Exchanged	10/10/22
18	2	2	1	658	£280,000	£425.74	Exchanged	13/01/23
10	1	2	2	727	£299,000	£411.52	Exchange + complete sim	
24	3	2	1	658	£292,500	£444.74	Exchanged	01/11/22
32	5	1	1	531	£238,000	£448.49	Exchanged	07/10/22

35	5	2	1	696	£295,000	£423.59	Exchanged	15/11/22
36	5	2	1	658	£292,000	£443.98	Exchanged	02/11/22
37	0	2	1	659	£296,750	£450.30	Exchanged	29/07/22
7	1	1	1	523	£235,750	£450.65	Exchanged	25/08/22
19	3	1 + study	1	604	£255,500	£423.11	Exchanged	25/10/22
20	3	1	1	531	£236,250	£445.20	Exchanged	11/11/22
26	4	1	1	531	£239,150	£450.66	Exchanged	02/11/22
34	5	2	2	728	£328,150	£450.97	Exchanged	13/01/22

Out of the 35 No. apartments that were available 23 apartments have exchanged and are now essentially contractually committed at the above sales values. The total number of exchanges represents off- plan sales reflecting 66% of the available stock. Based on the exchanges to date they devalue to £431.80 per sq ft overall.

### **Apex Lofts, 50 Warwick Street, Deritend, B12 0NH**

Apex Lofts comprises a mix of self-contained one and two bedroom self-contained apartments, including some duplex units. The units extend to between 539 – 1,022 sq ft depending on type and specification. Some units will benefit from allocated parking and all units will be developed to a high specification. Apex Lofts development is located less than a mile from the subject development, approximately 5 minutes' walking time. We understand the development reached practical completion in Q2 2022.

We understand the most recent sales are being closely guarded although we are aware that sales that commenced over 24 months ago averaged out at over £400 per sq ft and the most recent sales over the last nine months average out at over £430 per sq ft.

### **Timber Yard, Southside**

Timber Yard is a development by Galliard Homes and Apsley House Capital, located in Birmingham's southside district.

Timber Yard is located on Pershore Street and extends to approximately 1.58 acres. The development provides 379 apartments, ground floor commercial space and onsite facilities including a gym, lounge, and cinema room for resident use only. We understand the majority have sold off plan with the average price of £226,575 (£460.52 per sq ft) achieved for a one bed and the average price of £336,523 (£415.97 per sq ft) achieved for a two bed.

### **The Axiom, Court Collaboration**

Court Collaboration has recently completed The Axiom, a seven storey development providing 187 one bed apartments and 117 two bed apartments.

We understand that prices reflect circa £380 to £450 per sq ft.

### **LSH Gross Development Value**

Having regard to the above we have adopted an average sales value of £375 per sq ft.

This produces a total gross development value of £19,102,500.

## 6. LSH DEVELOPMENT APPRAISAL

The residual method of valuation adopted is considered appropriate.

We have undertaken our own development appraisal on the GDV detailed above and what we consider to be reasonable development costs.

In arriving at our opinion of the benchmark land value we have capitalised our opinion of Market Rent for the retail units off a yield of 9% less purchaser's costs. We have valued the residential income off a gross yield of 8% and applied a value of £200,000 per acre to the undeveloped parcel of land. We have not explicitly attributed a value to the garages or parking but they are reflected within our adopted yields. This produces an existing use value of £1,375,000. We have then applied a landowner's premium of 20% to produce a benchmark land value of £1,650,000.

After allowing for the extra over costs the build cost equates to approximately £155 per sq ft which is considered very reasonable in the current market. The adopted build and other construction costs are considered fair and robust.

We have included sales legal fees at 0.35% and have adopted a shorter sales period of 10 months allowing for 30% sales in month 1.

Our target rate of return is 17.5% on GDV.

The output of our appraisal demonstrates some headroom for affordable housing. A £220,000 off-site contribution in lieu of affordable housing, equating to approximately 5% on site provision, plus £25,000 contribution for parking has been provisionally agreed with the Applicant. This is in addition to CIL at £390,114. With the inclusion of these contributions the output of our appraisal is a residual land value of £1,640,678, which is consistent with our opinion of the benchmark land value.

## 7. CONCLUSION

Having regard to the above, we are therefore satisfied the proposed £220,000 off-site contribution in lieu of affordable housing plus £25,000 contribution for parking is the most that the scheme is able to sustain. This is in addition to CIL at £390,114.

We trust the above is sufficient for your purposes, but should you wish to discuss any aspect further then please do not hesitate to contact me.

Yours faithfully



**Mark D Weller BSc (Hons) MRICS**  
Director

**DL** +44 (0)121 237 2359

**M** 07702 883 493

**E** mweller@lsh.co.uk

**APPENDIX 1**  
**LSH DEVELOPMENT APPRAISAL**

100% Open Market Units 17.5% Profit BCIS

---

High Street  
Harborne

---

Development Appraisal  
Lambert Smith Hampton  
12 March 2024

# APPRAISAL SUMMARY

LAMBERT SMITH HAMPTON

100% Open Market Units 17.5% Profit BCIS

Appraisal Summary for Phase 1 OM Residential					
Currency in £					
REVENUE	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Sales Valuation					
Block A - OM	42	28,050	375.00	250,446	10,518,750
Block B	41	22,890	375.00	209,360	8,583,750
<b>Totals</b>	<b>83</b>	<b>50,940</b>			<b>19,102,500</b>
<b>NET REALISATION</b>				<b>19,102,500</b>	
<b>OUTLAY</b>					
<b>ACQUISITION COSTS</b>					
Residualised Price			1,640,678		
Stamp Duty			71,534	1,640,678	
Effective Stamp Duty Rate		4.36%			
Agent Fee		1.00%	16,407		
Legal Fee		0.50%	8,203	96,144	
<b>CONSTRUCTION COSTS</b>					
<b>Construction</b>	<b>ft²</b>	<b>Build Rate ft²</b>	<b>Cost</b>		
Block A - OM	32,536	149.48	4,863,481		
Block B	27,166	149.48	4,060,774		
<b>Totals</b>	<b>59,702 ft²</b>		<b>8,924,255</b>		
Contingency		5.00%	517,640		
Demolition			180,394	9,622,289	
<b>Other Construction Costs</b>					
Externals		7.00%	624,698		
Site levelling and retaining works			119,223		
Substructure / piling			119,002		
Part L and SAP uplift			207,495		
Off-site ext services/diversions			113,288		
Covered bike and bin stores uplift			64,449	1,248,155	
<b>Section 106 Costs</b>					
CIL @£90.39psm 4315.9sqm			390,114		
Section 106 Costs POS			25,000		
Section 106 Costs AH			220,000	635,114	
<b>PROFESSIONAL FEES</b>					



**APPRAISAL SUMMARY****LAMBERT SMITH HAMPTON****100% Open Market Units 17.5% Profit BCIS**

Professional Fees	8.00%	828,224	828,224
<b>DISPOSAL FEES</b>			
Marketing and Sales Agent Fee	2.50%	477,563	
Sales Legal Fee	0.35%	66,859	544,421
<b>TOTAL COSTS BEFORE FINANCE</b>			<b>14,615,026</b>
<b>FINANCE</b>			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		235,767	
Construction		700,951	
Other		207,818	
Total Finance Cost			1,144,537
<b>TOTAL COSTS</b>			<b>15,759,563</b>
<b>PROFIT</b>			<b>3,342,937</b>

**Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR% (without Interest)	23.38%
Profit Erosion (finance rate 7.000)	2 yrs 9 mths

**100% Open Market Units 17.5% Profit BCIS**

**Project Timescale**

Project Start Date	Jun 2021
Project End Date	Feb 2024
Project Duration (Inc Exit Period)	33 months

**1. OM Residential**

