Viability Assessment

Ladds Garden Centre, Bath Road, Hare Hatch, Reading, Berkshire RG10 9SB (Wokingham BC)

19th September 2025

32-33 Cowcross Street London EC1M 6DF • Tel: 020 7490 5505 • Web: www.tmllp.co.uk • Email: enquiries@tmllp.co.uk

Partners: • Thomas Hegan BSc(Hons) MRICS • Nicholas Bignall BSc(Hons) MRICS • Oli Smith BSc(Hons) MRICS • Peter Marshall BSc (Hons) MRICS Dip Rating • Ramsay Evans BA(Hons) MRICS

Consultants: John Turner BSc(Hons) MRICS • Ian Charman FRICS FIRRV • Charlie Hill BSc(Hons) IRRV(Dip)

Turner Morum LLP is a limited liability partnership registered in England & Wales. Company No: OC373392. Registered office: 32-33 Cowcross Street London EC1M 6DF. Regulated by RICS

TURNER MORUM

Contents

Page

Appendices

Author

Ramsay Evans MRICS
Partner – Development Consultancy
Turner Morum LLP
32-33 Cowcross Street, London, EC1M 6DF
www.tmllp.co.uk

Tel: 020 7688 3415
Email: re@tmllp.co.uk

1. INTRODUCTION

1.1. INSTRUCTIONS

1.1.1. The applicant Westbourne Homes has instructed Turner Morum LLP ('TM') to undertake a viability assessment for their proposed scheme at land at Ladds Garden Centre, Bath Road, Hare Hatch, Reading, Berkshire, RG10 9SB

1.2. TURNER MORUM

1.2.1. TM is a London-based firm of Chartered Surveyors established in 1991 which provides specialist advice to a variety of clients covering a range of key areas.

1.2.2. The Development Consultancy team has built up an extensive portfolio of clients including Local Authorities, Landowners, Housing Associations and Developers across the whole of the UK.

1.2.3. The primary services which the department specialise in include advising on the viability of development projects, planning and s106 obligations, option agreements and valuations, land assembly and access issues.

1.2.4. The Partners within the department all regularly provide expert witness evidence within litigation and dispute resolution, which includes:

- Planning Appeals – including public inquiries, and Local Plan / CIL Examinations.
- Arbitrations and Independent Expert Determinations relating to disputes regarding S106 Agreements and Obligations, and
- Arbitrations and Independent Expert Determinations regarding the Market Value and Price payable under Option Agreements,

1.3. ABOUT THE AUTHOR

1.3.1. This report has been prepared by Ramsay Evans MRICS, Partner within the Development Consultancy department at TM.

1.3.2. Ramsay graduated from the University of the West of England (UWE) in 2012 with an RICS accredited Honours Degree in Property Development and Planning and joined TM in 2014, following two years at another property consultancy.

1.3.3. In 2017 Ramsay qualified as a Member of the Royal Institution of Chartered Surveyors (RICS) following completion of the Assessment of Professional Competence (APC).

1.3.4. Ramsay went on to complete the RICS Expert Witness Certificate in 2019 and is an RICS Registered Expert Witness, specialising in planning and development matters.

1.3.5. He was promoted to Partner in 2023 and became a Member of the Chartered Institute of Arbitrators (CIArb) in 2025, following completion of the 18-month RICS Diploma in Arbitration.

1.3.6. Ramsay specialises in providing valuation and viability advice relating to sites across the country. He regularly gives evidence within arbitrations, independent expert determinations and planning appeals – including public inquiries.

1.4. CONTRIBUTORS

1.4.1. Ramsay has been assisted in the production of this viability assessment by Kat Seager MRICS, Associate at TM.

1.5. COMPLIANCE

1.5.1. In undertaking this viability, the author confirms that they are aware of and followed the RICS Professional Standard '*Financial Viability in Planning; Conduct & Reporting*' (2019).

1.5.2. They have also followed relevant viability guidance documents such the RICS Professional Standard '*Assessing viability in planning under the National Planning Policy* Framework *2019 for England*' (2021) and the national Planning Practice Guidance (PPG) on Viability to be read in conjunction with the National Planning Policy Framework (NPPF).

1.5.3. In carrying out this assessment, the author can also confirm they have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information. They are not aware of any conflicts of interest in relation to this assessment.

1.5.4. The author also confirms that in preparing this report, they have not agreed any 'performance-related' or 'contingent' fees.

1.5.5. This report is addressed to the applicant only and it should not be reproduced without prior consent. This report has been provided for its stated purposes and singular use of the named clients and may not be relied upon by any third party.

1.6. THE SITE

1.6.1. The subject site is located in the village of Hare Hatch, the site area equates to 3.43 acres (1.39 hectares) and is made up of an existing garden centre including a café, office buildings and various outbuildings. A plan can be viewed as per Appendix 1.

1.6.2. A site plan can be viewed at **Appendix 1**. Please refer to other planning documentation for a detailed description of the site's location and context.

1.6.3. The proposed scheme is for 19 new-build dwellings and the planning description is as follows:

"***Planning application for the erection of 19 dwellings, associated parking, landscaping and access and demolition of existing buildings***".

2. METHODOLOGY

2.1. My residual appraisal analysis can be summarised as follows: -

1. **Appendix 2 Tab 1A –** Appraisal showing the viability of the proposed scheme including a policy-compliant **40%** affordable housing provision (8 affordable dwellings) split as 6 Social Rent units and 2 Shared Ownership Units.

2. **Appendix 2 Tab 1B** – Appraisal showing the viability of the proposed scheme at the maximum viable level of affordable housing which is **0%.**

2.2. I will now run through the various appraisal inputs in sequential order as they appear in my residual appraisal analysis:

3. APPRAISAL INPUTS

3.1.1. The scheme comprises 19 no. dwellings totalling 29,884 square feet (ft2). Policy requires 40% of dwellings to be affordable, with those affordable dwellings split 70% social rent: 30% shared ownership. This is the starting point for the assessment (per Tab 1A of **Appendix 2**).

3.2. GROSS DEVELOPMENT VALUE

3.2.1. Unit values for the private dwellings are based upon market revenue advice and comparable evidence from Braxton estate agents, totalling c. **£17.84m** (in the 100% private appraisal) and equating to £597 per ft2, as evidenced at **Appendix 3**.

3.2.2. Affordable Revenues are based on benchmark % of Open Market Value ('OMV'). These are included at 45% of OMV for Social Rented units (averaging £265 per ft2) and 65% of OMV for Shared Ownership dwellings (averaging £369 per ft2). These assumptions blend to an average market affordable value of £291 per ft2 equating to 48% of OMV, which I would regard as appropriate, particularly in light of the decline in the market for s106 affordable dwellings from Registered Providers (RP's).

3.2.3. The total Gross Development Value (GDV) for the policy compliant scheme totals **£13.723m**, increasing to £17.84m in the 0% affordable scenario.

3.3. DEVELOPMENT COSTS & PROFIT

3.3.1. Fees and marketing costs in respect of the development are included at standard industry allowances of **2.75%** of Market Housing GDV and **0.5%** of Affordable Housing GDV.

3.3.2. The construction costs are derived from a full site cost plan provided by cost consultants Randall Simmonds. The total costs are assumed at **£8.995m**, covering standard construction costs (£5.56m – equating to £183 per square foot ['psf']), externals (£1.246m), and abnormal costs (£2.186m). The standard Full details of the cost plan can be viewed as per **Appendix 4**.

3.3.3. I have then made allowances for Part L & F (2022) Building Regulations at £4k per unit (totalling £76k) and Future Homes Standards (2025) at £6k per unit (totalling £114k).

3.3.4. An allowance for contingency has been applied at **5%** of the standard construction, external and abnormal/ infrastructure costs.

3.3.5. I have also applied an **7%** professional fee allowance to the standard construction costs, externals, contingency and infrastructure/ abnormals, which I believe to be appropriate given the nature and complexities of the site and proposed development, which is in line with the Wokingham BC Local Plan and Community Infrastructure Levy Viability Study (August 2024) produced by BNP Paribas Real Estate.

3.3.6. I have then made an allowance for Developer Profit at **20%** of Market GDV and **6%** of Affordable Housing GDV. These assumed returns are within industry accepted industry parameters, reflect my understanding of the complexity and risk profile of the development, and result in a 'blended' target return of **15.8%** on total GDV in the policy compliant model (Tab 1A).

3.3.7. Estimated Section 106 ('s106') contributions have been included, as advised by the Applicant at **£100k**.

3.3.8. I have undertaken CIL calculations as summarised at **Tab 4** of **Appendix 2**, which assesses the two affordable housing scenarios. Within the policy compliant scenario the existing area of the site is greater than the proposed scheme, however there is a minor charge with the 0% AH scenario which we calculate to **£9,165**.

3.3.9. It would be necessary for me to update my analysis should s106 or CIL contributions change.

3.3.10. My assessment currently makes no allowance for the Building Safety Levy. The proposed ley rate for previously developed land in Wokingham Borough is £22.49 per square metre.

3.3.11. With regards to the calculation of finance, I have included within my appraisal a quarterly cashflow for each scenario to reflect the cost of finance for my appraisal analysis. The finance cashflows can be seen at **Tabs 5A & 5B** of **Appendix 2** and are intended to reflect the details of the particular scheme including the anticipated build and sale periods. There are a number of assumptions embedded within the finance cashflows but I would summarise the key inputs and assumptions as follows:

- An "all-in" finance rate of **7.5%**
- Site acquisition in Quarter (Q) 1 of Year (Y) 1
- Abnormal costs expended in Y1
- Construction of dwellings commencing in Q2 Y1 over a 15-month period
- First dwelling sales achieved in Q1 Y2, at a peak rate of 7 dwellings sales per quarter
- The above time periods lead to a total development period of 24 months.

The above summarised assumptions lead to finance costs totalling circa **£754k-£824k** which equates to 4.0-4.8% of development costs which in my experience is a reasonable assumption for a cash-intensive, single-phase scheme of this nature. Finance costs can often equate to between 5% and 10% of development costs.

3.3.12. On the basis of the above-summarised inputs, the Residual Land Value (RLV) is c. **-£173k** in the policy compliant appraisal which includes the 40% affordable housing (Tab 1A) and **£2.404m** in the appraisal with no affordable housing contribution included (Tab 1B).

4. RESIDUAL LAND VALUE (RLV)

4.1. My analysis generates an RLV of:

- -£172,561 at 40% affordable housing – as per Tab 1A of **Appendix 2**
- £2,404,211 at 0% affordable housing – as per Tab 1B of **Appendix 2**

5. BENCMARK LAND VALUE (BLV)

5.1. The Structure of my Residual Appraisals produces a Residual Land Value (RLV) which is then compared to the adopted appropriate Benchmark Land Value (BLV). If the RLV exceeds the adopted BLV, a surplus is generated and the scheme can be deemed "Viable". However, if the RLV is less than the adopted BLV, a deficit is produced and the scheme should be considered "Non-Viable".

5.2. Government planning and RICS standards require one to ignore the amount that is actually paid for a development site and instead adopt the Existing Use Value (EUV) Plus Premium approach or the Alternative Use Value (AUV) approach.

5.3. For the purposes of this analysis, I have been provided with an EUV report from Pike Smith Keep Rural, as can be viewed at **Appendix 5**. It will be noted that this report recommends an EUV of **£3.2m** which is adopted within my assessment.

5.4. It is accepted in viability guidance and practice that a premium be applied when adopting an EUV – this premium is intended to reflect the incentive required for a hypothetical landowner to sell their site. In this instance I have chosen to not apply a premium to the £3.2m EUV – which is a position I consider to be optimistic. I would reserve the right to revisit this assumption at a later date.

5.5. I have then made allowances for SDLT (at the prevailing rates – equating to **4.67%**) and Agency/ Legal Fees (at **1.75%**).

6. CONCLUSIONS

6.1. Summary Conclusions

6.1.1. The outturn of my analysis can be summarised as follows:

Tab	Total Units	Affordable % (Units)	GDV	RLV	EUV	Surplus / Deficit	Viable/ Non-Viable?
1A	19	42%	£13,722,750	-£172,561	£3,200,000	**-£3,372,561**	**NON-VIABLE**
1B	19	0%	£17,840,000	£2,404,211	£3,200,000	**-£795,789**	**NON-VIABLE**

6.1.2. It can be noted from the above summary table that the scheme is shown to incur a significant c. **-£3.373m** deficit when the 40% affordable housing contribution is included and this scenario can therefore be considered to be **NON-VIABLE**.

6.1.3. When the affordable housing provision is excluded, the deficit reduces to **-£796k** and the scheme remains **NON-VIABLE** and unable to viably provide an affordable housing contribution.

6.2. SENSITIVITY ANALYSIS

6.2.1. In order to test the viability of the proposed scheme, I have undertaken a sensitivity analysis which tests the impact of revenue & cost variations on the viability of the scheme at 0% affordable housing contribution, by up to a 10% variation:

Tab 1B – GDV vs Total Cost						
	Surplus/Deficit	GDV				
		-10%	-5%	0%	+5%	+10%
TOTAL COSTS	+10%	-£4,123,368	-£3,231,368	-£2,339,368	-£1,447,368	-£555,368
	+5%	-£3,351,579	-£2,459,579	-£1,567,579	-£675,579	£216,421
	0%	-£2,579,789	-£1,687,789	-£795,789	£96,211	£988,211
	-5%	-£1,808,000	-£916,000	-£24,000	£868,000	£1,760,000
	-10%	-£1,036,211	-£144,211	£747,789	£1,639,789	£2,531,789

6.2.2. As the above table summarises, the scheme would only be able to viably provide a contribution towards affordable housing if revenues are modelled to increase by 5%-10% and build costs are modelled to decrease by 5-10%.

6.3. NON-TECHNICAL SUMMARY

6.3.1. The Structure of my Residual Appraisals produces a Residual Land Value (RLV) which is then compared with an appropriate Benchmark Land Value (BLV). If the RLV exceeds the BLV, a surplus is generated and the scheme can be deemed "Viable". However, if the RLV is less than the BLV, a deficit is produced and the scheme should be considered "Non-Viable".

6.3.2. The inputs I have adopted within my analysis can be seen within the summary table below, compared with the Wokingham Borough Council Local Plan and Community Infrastructure Levy Viability Study undertaken by BNP Paribas Real Estate in August 2024:

Input:	TM Assessment Allowance:	Wokingham Local Plan Viability Allowance:
Market Revenues	c. £600 per ft2	£441-£544 per ft2
Fees and Marketing (Market):	2.75%	2.75%
Disposal Fees (Affordable):	0.5%	N/A
Professional Fees:	7.0%	7.0%
Construction Costs	Cost Plan	Median BCIS
Externals	Cost Plan	10%
Contingency	5%	N/A
Developer Profit:	20% on Market GDV 6% on AH GDV	17.5% on Market GDV 6% on AH GDV
Finance Rate:	7.5%	6.5%

6.3.3. In this instance, one can observe from the table at paragraph 6.1 above that the RLV of the proposed scheme does not exceed the adopted BLV even when the affordable housing is reduced to 0%.

7. CONCLUSIONS

7.1. It can be noted from the table at Section 5 above and the appraisal analysis included as **Appendix 2** that the proposed scheme is shown to incur a deficit of c. **-£3.373m** when delivered at a policy compliant 40% affordable housing level, alongside £100k of s106. Even when the affordable housing is reduced to 0% there is a viability deficit of **-£796k**. In these circumstances all scenarios tested should therefore be considered technically **NON-VIABLE**.

7.2. I hope this provides a sufficient level of information. I would welcome the opportunity to discuss the findings of my analysis with you should it be required.

[redacted]

Ramsay Evans MRICS MCIArb
Partner