

APPENDIX 2 - THE ARCADE, BOGNOR REGIS - DEVELOPMENT APPRAISAL (DELIVERY BY DEVELOPER) - MARCH 2023

DELIVERY BY DEVELOPER

Income

Residential Income

				Total
Number of apartments				35
Average rent per apartment (pcm)				£1,078
Gross rent (pcm)				£37,725
Gross rent (pa)				£452,700

Less Operational Costs	25%			-£113,175
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Net Residential Income (pa)				£339,525
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Retail Income

Gross area (sq m)	72.3			
Gross:net	90%			
Net lettable area (sq m)	65.1			
Rental (psm)	£215			
Net rental income (pa)				£13,990

Total Rental Income (pa)				£353,515
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Capitalised at yield of	6.00%			£5,891,918
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Less Purchaser's Costs (SDLT, legal & agents costs)	6.15%			-£362,353
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Less Retail rent free period (6 months incentive)				-£6,995
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Other Income (e.g. other sources of grant)				£0
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Total Income (excl OPE BLRF grant)				£5,522,570
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Costs

Land Acquisition Costs				£215,000
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Vacant Possession Costs				£0
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Planning Costs

Surveys	£75,000			
Planning/heritage consultant	£25,000			
Stakeholder engagement	£7,000			
Additional CGIs	£3,000			
Pre-Application Fee	£1,630			
Planning Fee	£16,664			
Sub-Total Planning Costs				£128,294

Construction Costs

Total Construction Costs	£735,483	Abnormal Refurbishment	£4,728,275	New Build	£971,012	£6,434,771
Of which enabling contract comprises	£628,322					
Overall construction cost (psm)	£2,755					

Development Contingency

Risk of specification (and cost) increasing	2.5%		£160,869		
Possible retailer compensation			£75,000		
Sub-Total Development Contingency					£235,869

Professional Fees	10%		£643,477
Section 106/CIL requirement			£0
Legal Costs			£75,000
<i>Other Development Costs</i>			
Warranty (NHBC or similar)	£1,500 per home		
EPC	£150 per home		
Building Control	£15,000		
FF&E	£30,000		
Apartment fit out - carpets, white goods	£1,750 per home		
Showhomes - fit out / dressing	£12,500		
Marketing collateral	£12,500		
Retail letting agent fee	£13,990		
Sub-Total Other Development Costs			£202,990
VAT			£0
Finance Costs	8%		£1,000,151
Developer's Return	10%		£893,555
Total Costs			£9,829,107
Surplus/(Deficit)			-£4,306,537