

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

<b>DELIVERY BY COUNCIL (changes highlighted in blue)</b>			
<b>Income</b>			
Residential Income			Total
Number of apartments			35
Average rent per apartment (pcm)			£1,078
Gross rent (pcm)			£37,725
Gross rent (pa)			£452,700
<b>Less Operational Costs</b>	<b>20%</b>		<b>-£90,540</b>
Net Residential Income (pa)			£362,160
<b>Retail Income</b>			
Gross area (sq m)	72.3		
Gross:net	90%		
Net lettable area (sq m)	65.1 sq m		
Rental (psm)	£215 psm		
Net rental income (pa)			£13,990
Total Rental Income (pa)			£376,150
<b>Capitalised at yield of</b>	<b>5.75%</b>		<b>£6,541,740</b>
<b>Less Purchaser's Costs</b>	<b>0.00%</b>		<b>£0</b>
Less Retail rent free period (6 months incentive)			-£6,995
<b>Other Income (e.g. other sources of grant)</b>			<b>£100,000</b>
<b>Total Income (excl OPE BLRF grant)</b>			<b>£6,634,745</b>
<b>Costs</b>			
<b>Land Acquisition Costs</b>			<b>£0</b>
Vacant Possession Costs			£0
<b>Planning Costs</b>			
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
<b>Construction Costs</b>			
Total Construction Costs	£735,483	£4,728,275	£971,012
Of which enabling contract comprises	£628,322		
Overall construction cost (psm)	£2,755		
<b>Development Contingency</b>			
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	£2,000 per home	
Showhomes - fit out / dressing	£12,500	
Marketing collateral	£12,500	
Retail letting agent fee	£13,990	
Sub-Total Other Development Costs		£211,740
VAT		£0
Finance Costs	5%	£261,918
Developer's Return	0%	£0
<b>Total Costs</b>		<b>£7,991,069</b>
<b>Surplus/(Deficit) before potential OPE BLRF grant</b>		<b>-£1,356,324</b>
<i>Value engineering target</i>		<b>£278,002</b>
<i>Council capital contribution towards building fabric repairs</i>		<b>£450,000</b>
<i>Potential OPE BLRF grant (per unit)</i>		<b>£628,322 £17,952</b>
<b>Surplus/(Deficit) after potential OPE BLRF grant</b>		<b>£0</b>