Bradford Community Infrastructure Levy Viability Evidence

Prepared on behalf of

City of Bradford Metropolitan District Council

June 2015

Contents

Executive Summary

SCOPE

The Community Infrastructure Levy (CIL) is a discretionary tariff introduced by the 2008 Planning Act which local authorities can charge on each net additional sq. m of development. CIL is the mechanism for securing funding for local infrastructure projects.

DTZ is appointed by Bradford Council to develop the viability evidence base for the Community Infrastructure Levy (CIL) in Bradford District, to undertake comprehensive analysis of development viability and make recommendations for the charges that should form the basis of a Preliminary Draft Charging Schedule.

METHODOLOGY

A comprehensive District wide assessment of viability has been undertaken to examine the capacity of different types of development to withstand a CIL tariff. The methodology used accords with the latest national planning guidance (NPPG) as well as best practice as laid down by the Royal Institute of Chartered Surveyors (RICS) *Financial Viability in Planning* (2012).

Our approach has tested development viability at two levels:

1. Area wide viability testing – using hypothetical development typologies that tested in different value area locations of the District
2. Site specific viability testing – detailed analysis of a sample of strategic 'real world' development sites from the various locations.

Both levels of analysis have used a standard residual development appraisal where the total costs of a development project are deducted from its sale value (i.e. gross/net development value) to determine a residual land value. The residual land value is then benchmarked against a threshold site value to determine the level of 'headroom' for CIL. The analysis factors-in the affordable housing policies of the Bradford Core Strategy DPD Publication Draft and also examines the sensitivities associated with abnormal development costs and future uplifts in build costs.

The 'headroom' figures have then been adjusted to allow a 'viability buffer' in accordance with Government Planning Practice Guidance. This provides additional insulation to safeguard the impact of CIL on development delivery and demonstrates that a reasonable 'balance' has been struck between the viability of development and the desirability of maximising funds to pay for infrastructure.

RESULTS OF VIABILITY TESTING

The results of the viability testing confirm the significant variation in market conditions across the District with different locations and property types displaying a varied ability to withstand a CIL tariff. Residential and retail are the only core property classifications that are considered generally capable of carrying a CIL tariff at the current time. The office and industrial sectors, whilst showing signs of improvement, remain by and large at the margins of viability in Bradford in respect of development activity.

For the residential sector, the area wide viability testing demonstrates that there is headroom for CIL in the high and mid value parts of the District, but that in the lower value areas i.e. Inner Bradford and Keighley, CIL is not realistically viable due to low sales values and other obligations particularly affordable housing. The range of CIL headroom indicated for the residential sector across the District is £0 to £500 per sq. m.

For the retail sector, only supermarkets and retail warehousing are demonstrated to be capable of carrying a CIL tariff. Shopping centre development and smaller parades of shops are more marginally viable due to a range of factors including high site preparation and development costs, incentive package requirements and competition from other established centres affecting occupier demand. The headroom for CIL on supermarkets and retail warehousing is indicated to range from £70 to £290 per sq. m.

In summary the viability assessment indicates the following levels of headroom for CIL on a per sq. m basis:

	Maximum CIL headroom per sq. m	
	Area wide viability model (mean)	**Site specific viability testing (range)**
Residential		
Value area 1	£532	£370 - £540
Value area 2	£228	£180
Value area 3	£50	£0 - £40
Value area 4	£0	0 - £120
Value area 5	£0	£0
Retail		
Shopping centre in a secondary town centre	£0	n/a
Retail warehousing (open A1 consent)	£289	n/a
Parade of Shops	£0	n/a
Supermarket – large	£72	n/a
Supermarket – medium	£0	n/a
Supermarket – small	£0	n/a
All other uses	£0	n/a

RECOMMENDED CIL RATES

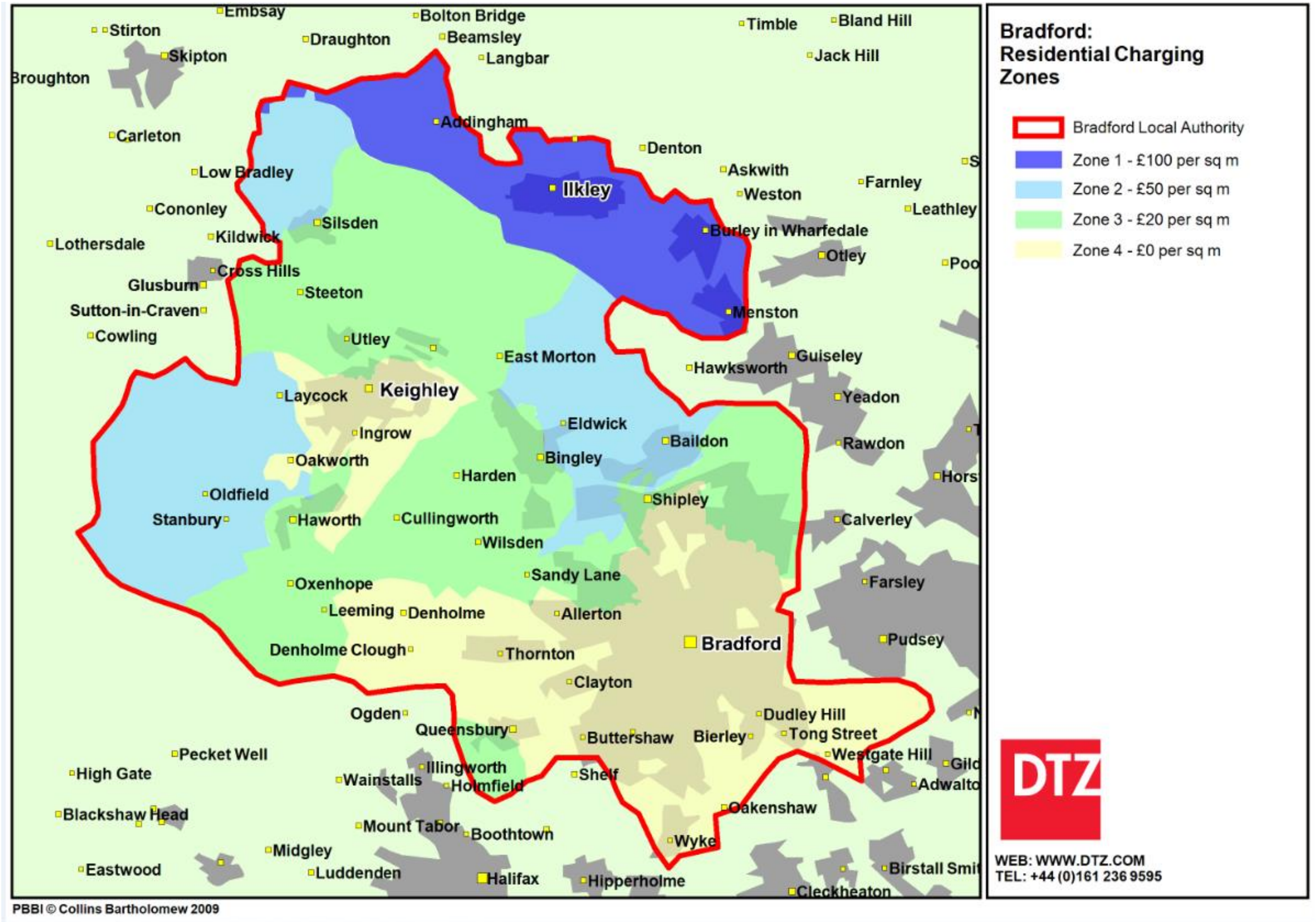
The following CIL rates are recommended, allowing a viability buffer – in accordance with the Government's National Planning Practice Guidance – to insulate the effects on viability of variation in key assumptions. The rates have been benchmarked by relating CIL as a percentage of average construction cost, development cost, GDV and residual land value. At these benchmarks the CIL rates are considered to be robust and highly unlikely to place development delivery at risk.

			Cross checks: CIL as a percentage of:			
	Proposed CIL rate (£ per sq m)	**Discount from Maximum CIL headroom**	**Construction cost**	**Total Development cost**	**GDV**	**Residual land value**
Residential						
Value area 1	**£100**	81.20%	6.50%	3.22%	2.66%	9.35%
Value area 2	**£50**	78.07%	3.71%	2.29%	1.88%	10.00%
Value area 3	**£20**	60.00%	1.48%	1.05%	8.66%	7.46%
Value area 4	**£0**	-	-	-	-	-
Value area 5	**£0**	-	-	-	-	-
Retail						
Shopping centre in a secondary town centre	**£0**	-	-	-	-	-
Retail warehousing (open A1 consent)	**£100**	65.40%	13.44%	4.47%	3.89%	8.73%
Parade of Shops	**£0**	-	-	-	-	-
Supermarket - large	**£50**	28.00%	3.49%	2.02%	1.75%	7.55%
Supermarket - medium	**£0**	-	-	-	-	-
Supermarket - small	**£0**	-	-	-	-	-
All other uses	**£0**	-	-	-	-	-

A plan has been produced illustrating the proposed charging zones based on the value area mapping carried out as part of the study which is shown overleaf.

CONCLUSIONS

The maximum CIL levels indicated in this report have been robustly tested and the recommended CIL rates are considered to represent a pragmatic level that will not compromise the delivery of development. The implementation of an instalment policy together with payments in kind would further support the viability and delivery of development and is likely to be seen favourably by those looking to bring forward development in Bradford. Officers and members should note that there is some flexibility in the way that CIL rates can be set. The recommendations are intended as a guide, but small variations could be justified.



Bradford:
Residential Charging Zones
Bradford Local Authority
Zone 1 - £100 per sq m
Zone 2 - £50 per sq m
Zone 3 - £20 per sq m
Zone 4 - £0 per sq m
WEB: WWW.DTZ.COM
TEL: +44 (0)161 236 9595
Embsay
Stirton
Skipton
Draughton
Bolton Bridge
Beamsley
Langbar
Timble
Bland Hill
Jack Hill
Carleton
Addingham
Denton
Askwith
Weston
Farnley
Leathley
Low Bradley
Ilkley
Cononley
Silsden
Kildwick
Burley in Wharfedale
Otley
Lothersdale
Cross Hills
Glusburn
Steeton
Sutton-in-Craven
Menston
Cowling
Utley
East Morton
Hawksworth
Guiseley
Laycock
Keighley
Yeadon
Ingrow
Eldwick
Baildon
Rawdon
Oakworth
Bingley
Harden
Oldfield
Shipley
Stanbury
Haworth
Cullingworth
Calverley
Wilsden
Sandy Lane
Farsley
Oxenhope
Leeming
Denholme
Allerton
Denholme Clough
Thornton
Bradford
Pudsey
Clayton
Ogden
Dudley Hill
Queensbury
Buttershaw
Bierley
Tong Street
Pecket Well
Westgate Hill
High Gate
Illingworth
Wainstalls
Holmfield
Shelf
Oakenshaw
Blackshaw Head
Mount Tabor
Boothtown
Wyke
Midgley
Eastwood
Luddenden
Halifax
Hipperholme
Cleckheaton
PBBI © Collins Bartholomew 2009

1 Introduction

DTZ is appointed by Bradford Council to develop the viability evidence base for the Community Infrastructure Levy (CIL) in Bradford, to undertake comprehensive analysis of development viability and make recommendations for the charges that should form the basis of a Preliminary Draft Charging Schedule.

This report builds on earlier work carried out on behalf of the Council in 2012/13 and has involved the following steps:

- Reviewing the implications of the amended CIL Regulations and updated case law and highlighting the implications of any changes in the amended regulations for CIL in Bradford
- Providing an updated market assessment and reviewing the appraisal assumptions used in the 2013 economic viability assessment
- Consultation with developers, landowners and other key stakeholders
- Updating the area wide viability modelling previously undertaken in 2013
- Sampling of housing and employment sites and producing separate, bespoke, development appraisals to test the impact of a CIL tariff on specific development sites across the Bradford district
- Providing recommendations for the maximum CIL chargeable across residential and commercial uses.

This report is structured in eight sections. Section 2 of sets out the background to CIL, the regulations governing CIL and recent changes to the regulations. We then explain in Section 3 the approach to viability testing, both in terms of national guidance and the methodology used by DTZ. Section 4 sets out the assumptions used for both residential and commercial area wide viability testing, the results of which are presented in Section 5. Section 6 details those sites which were the subject of specific viability testing and the results of that “real world” viability testing. Finally Section 7 presents the implications for a CIL charging strategy for Bradford followed by Conclusions in Section 8.

2 Community Infrastructure Levy

2.1 BACKGROUND

Community Infrastructure Levy (CIL) is a discretionary tariff introduced by the 2008 Planning Act which local authorities in England and Wales can charge on each net additional sq. m of new floor space (above a minimum scheme of 100 sq. m gross internal area). CIL is the mechanism for securing funding for local infrastructure projects. It is discretionary for local authorities however from April 2015 it will replace that part of the existing S106 agreements that are used for pooled developer contributions.

CIL was brought into effect by the 2010 CIL regulations which have been subsequently updated in 2011, 2012, 2013 and finally in 2014. The updates have been the response to criticism that the levy is too inflexible and have generally sought to make it more practical to implement. The following paragraphs summarise the key elements of CIL.

2.2 LIABILITY FOR CIL

The Levy is generally payable on new development over 100 sq. m. However, there are some kinds of development which do not pay the levy. This includes (but is not exclusive to) development of less than 100 sq m; houses, flats, residential annexes and residential extensions which are built by “self builders”, vacant buildings brought back into the same use and social housing.

Landowners are ultimately liable to pay the Levy although anyone can take responsibility for paying the levy such as a developer or planning applicant. ‘Charging authorities’ are district and metropolitan district councils who are responsible for determining the charging levels and collecting the levy.

Liability for payment is generally triggered by the grant of planning permission (although some forms of development not requiring planning permission such as Permitted Development or Local Development Orders are also required to pay the levy). Payment is due at the point of commencement of development although charging authorities are able to establish policies for payment by instalments and also where planning applications are phased each phase can be treated as a separate chargeable development.

2.3 RATE SETTING

The proposed CIL charging rates must be set out in a Charging Schedule and expressed as pounds per sq. m, applied to the gross internal floor space of the net additional development liable for the levy.

Charging Authorities have autonomy to set their own charging rates however they are required to do so with regard to viability. The regulations state that they should set rates at a level which do not threaten the ability to develop viably the sites and scale of development identified in their Local Plan and should strike an appropriate ‘balance’ between the desirability of funding infrastructure from the levy and the potential impact on viability.

CIL should be set based on a ‘Relevant Plan’ and with regard to the infrastructure requirements of the growth proposed within that Plan. Further, Charging Authorities are required to demonstrate that there is a funding gap (between the total anticipated costs of infrastructure and funding sources available) that necessitates CIL.

Differential rates may be set in relation to:

- Geographical zones within the charging authority's boundaries
- Types of development; and / or
- Scales of development.

However, any such differentials must be justified according to viability evidence (and not, for instance, based on assisting planning policy objectives).

2.4 PROCESS FOR RATE SETTING

The process for adopting a CIL Charging Schedule is as follows:

- the charging authority prepares its evidence base in order to determine its draft levy rates and collaborates with neighbouring/overlapping authorities (and other stakeholders)
- the charging authority prepares a preliminary draft charging schedule and publishes this for consultation
- consultation process takes place
- the charging authority prepares and publishes a draft charging schedule
- period of further representations based on the published draft
- an independent person (the "examiner") examines the charging schedule in public
- the examiner's recommendations are published
- the charging authority considers the examiner's recommendations
- the charging authority approves the charging schedule

2.5 COLLECTING THE LEVY

The charging authority calculates the CIL payment that is due and is responsible for ensuring that payment is made. The process is as follows:

- Planning applicants are required to complete 'Additional CIL Information Form' with their application documents
- Where development is permitted other than through grant of planning permission, the Charging Authority issues a 'Notice of Chargeable Development'
- Applicant submits 'Assumption of Liability Form' confirming identify of land or developer assuming liability for payment
- Collecting Authority submits a 'Liability Notice' to the applicant which sets out the charge due and payment procedure

- Applicant submits a ‘Commencement Notice’ confirming when it is expected development will commence
- Collecting Authority then issues a ‘Demand Notice’ setting out the payment due dates
- Collecting Authority must issue receipt to acknowledge payments

The CIL charges will become due for payment from the point at which the chargeable development commences.

A Charging Authority may allow payment instalments but to do so must produce and publish a payment instalments policy. Where planning permissions are phased, each phase can be treated as a separate chargeable development and therefore payment timescales be reflected by the commencement of each phase (as well as instalments within each phase).

2.6 SPENDING THE LEVY

CIL can be used to fund a wide range of infrastructure including transport, schools, flood defences, health facilities, play areas, parks, recreation and other community facilities. It should be used on new infrastructure and not to remedy pre-existing deficiencies unless those deficiencies will be made more severe by the development.

Charging Authorities are required to allocate at least 15% of the levy to spend on priorities agreed with the local community in areas where the development is taking place. This percentage increases to 25% in instances where communities have produced a Neighbourhood Plan.

Charging Authorities may also pass money to bodies outside their area to deliver infrastructure that will benefit the development of the area. For Bradford, this could enable an arrangement with Leeds City Region authorities to pool a portion of levy receipts to pay for strategic cross border infrastructure.

2.7 CIL AND OTHER PLANNING OBLIGATIONS

CIL replaces that part of S106 agreements that have historically been used for pooling contributions from several developments (e.g. school places). However S106 remains in place for non-pooled contributions that are considered necessary to make development acceptable in planning terms. In addition, Section 278 agreements will remain in place and will allow local authorities to continue to pool contributions for highway projects.

Charging Authorities must avoid ‘double dipping’ where multiple contributions are secured from a single development for the same infrastructure item through both CIL and S106/278. They are required to publish a Regulation 123 list to accompany the Charging Schedule making clear what items will be funded by CIL to ensure that no such duplication takes place.

2.8 RELIEF

As stated above there are a number of forms of development that are exempt from paying the Levy including affordable homes and charitable developments. In addition, the Government Regulations allow for exceptional circumstances under which a development that is liable to pay CIL could be exempt from paying the charge. The exceptional circumstances are:

- A section 106 agreement must exist on the planning permission permitting the chargeable development and
- The charging authority must consider that paying the full levy would have an unacceptable impact on the development's economic viability and
- The relief must not constitute a notifiable state aid

The third requirement is the most restricting of the three and in practice is likely to significantly limit the quantity of cases in which exceptional circumstances can be deployed. The local authority is also required to publicise the fact that it is proposing to offer exceptional circumstances relief.

3 Viability Methodology

3.1 GUIDANCE ON VIABILITY TESTING OF CIL

3.1.1 National Planning Policy Framework

The NPPF makes it clear that viability considerations should be at the heart of plan making:

"To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable. "(Para 173 NPPF)

In relation to CIL it states:

"Community Infrastructure Levy charges should be worked up and tested alongside the Local Plan. The Community Infrastructure Levy should support and incentivise new development, particularly by placing control over a meaningful proportion of the funds raised with the neighbourhoods where development takes place." (Para 175 NPPF)

3.1.2 National Planning Practice Guidance requirements for CIL viability evidence

To underpin the charging levels and demonstrate that the right 'balance' has been struck, NPPG recommends the following principles for viability evidence in support of CIL:

- Area based approach involving a broad test of viability across their area
- Must use 'appropriate available evidence'
- No specific requirement to use any particular valuation model or methodology
- Draw on existing evidence where available including values of land and property prices
- Directly sample an appropriate range of sites across its area, focusing on strategic sites on which the Local Plan relies
- The rates proposed should be consistent with the viability evidence but need not exactly mirror the evidence
- Rates should not be set to the limit of viability and allow a viability buffer
- Full account of development costs should be included in the viability evidence

National Guidance is clear that assessing the viability of local plans does not require the individual testing of every development site. Site typologies may be used to determine area wide viability at a policy level. Viability assessments should therefore reflect the range of different development typologies (both residential and commercial) which are likely to come forward.

At the heart of assessing viability is land or site value. There are various approaches to determining land value which will be outlined in more detail below; however NPPF guidance states that in all cases, land value should reflect emerging policy requirements and planning obligations, provide a competitive return to willing developers and landowners, be informed by comparable, market based evidence.

Paragraph 015 reference ID 10-015-220140306 of the NPPF states that viability should consider *"competitive returns to a willing landowner and willing developer to enable development to be deliverable".* A competitive return is defined as *"the price at which a reasonable landowner would be willing to sell their land for development."* Those options may include the current use value of the land or its value for a realistic alternative use that is in line with the local planning policy.

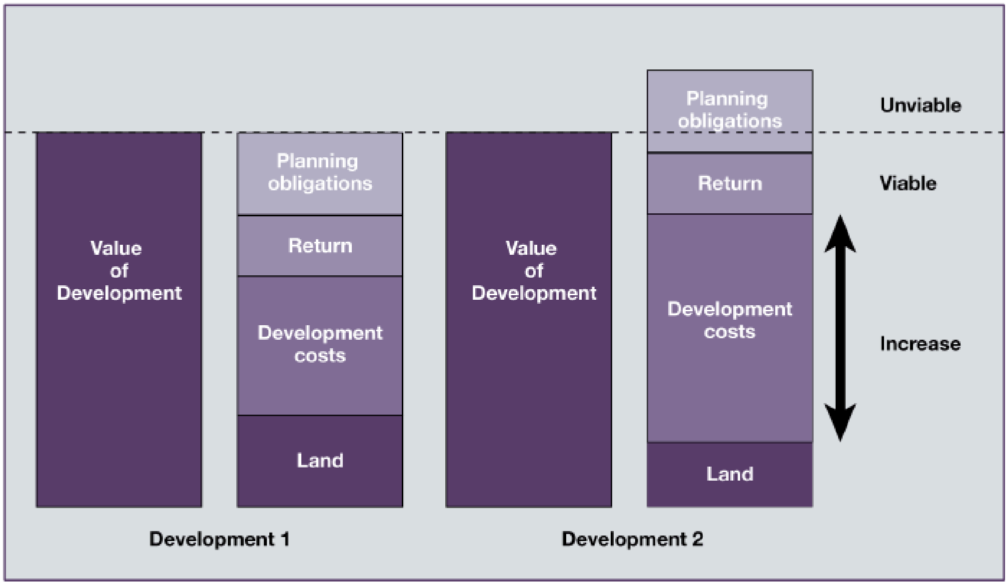
3.1.3 RICS Financial Viability in Planning 2012

The RICS Practice guidance, *Financial Viability in Planning* (2012), is the viability methodology for chartered surveyors practicing in this area. This document provides the following definition:

"An objective financial viability test is the ability of a development project to meet its costs including the costs of planning obligations, while ensuring an appropriate site value for the land owner and market risk adjusted return to the developer in delivering the project" (para 2.1)

This is illustrated in figure 3.1 below which compares two developments. Development 1 demonstrates a viable development whereby the land value, development costs, planning obligations and developers return are equal to the value of development. Development 2 has increased development costs which put downward pressure on the land value capable of being achieved and renders the development unviable as the developer's return and planning obligations remain constant. That all development costs (including land, profit and planning gain) must not exceed the value of development is the guiding principle of all viability assessments and has been applied to our analysis of CIL viability in Bradford.

Figure 3.1: Comparative development viability



Source: RICS Financial Viability in Planning Guidance Note (1st Edition, 2012)

3.1.4 Site value thresholds

The selection of site value thresholds in area wide studies is problematic due to the wide range of hypothetical schemes being tested and the lack of adequate evidence of what minimum level land owners are willing to release their land for.

The RICS guidance note Financial Viability in Planning 2012 defines site value as follows:

"Site Value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan."

It also states that when undertaking Local Plan or CIL (area-wide) viability testing, a second assumption needs to be applied to the above:

"Site Value (as defined above) may need to be further adjusted to reflect the emerging policy / CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted. These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment."

The Local Housing Delivery Group: Viability Testing Local Plans advice for planning practitioners (July 2012), states that viability studies should incorporate a threshold land value based on *'a premium over current use values and credible alternative use values'*. It also highlights the limitations of using market values for policy-making viability evidence recognising that historic market values do not take into account the impact of future policy on land prices.

Whilst there appears to be an inconsistency in the recommendations of the two guidance documents, both effectively recommend that site value thresholds for area wide viability studies should be set somewhere between existing use/credible alternative use and market values assuming planning permission without planning obligations.

National Planning Policy Guidance states that land or site value should:

- Reflect emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge;
- Provide a competitive return to willing developers and land owners (including equity resulting from those building their own homes); and
- Be informed by comparable, market-based evidence wherever possible. Where transacted bids are significantly above the market norm, they should not be used as part of this exercise.

3.2 DTZ VIABILITY METHODOLOGY

3.2.1 Overview

Our approach to testing CIL viability has been carried out at two levels:

1. Area wide viability testing – using hypothetical site typologies based on our assessment of development activity in Bradford District
2. Site specific viability testing – detailed analysis of a number of "real world" strategic sites

Both these assessments have involved a residual appraisal methodology in accordance with the above guidance. However, they have been carried out on a different appraisal software with the area wide analysis based on DTZ's bespoke area wide viability model (based on Excel Spreadsheet), and the site specific analysis based on Argus Developer which is the industry standard for site specific appraisal and valuation. The dual approach has enabled a wider range of site typologies to be tested and a mutually reinforcing sense-check of the results.

3.2.2 Area wide viability testing

The area wide viability testing is the analysis of a selection of hypothetical development schemes to reflect the wide range of circumstances in which development is anticipated to come forward across Bradford District. This includes both residential and commercial developments.

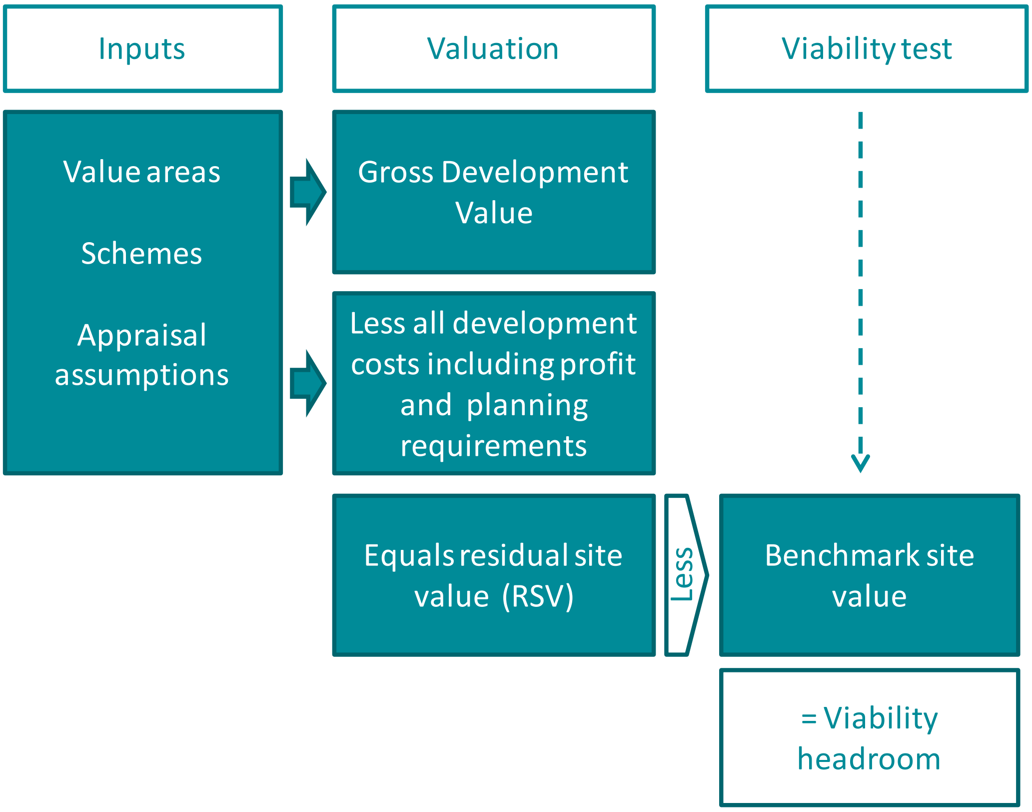
DTZ has developed a spreadsheet based economic viability model that allows a large number of development sites to be tested, including the ability to undertake sensitivity testing of key variables.

This approach is used for area wide viability assessment and involves the following key steps:

- Determination of residential value areas, development schemes and viability assumptions.
- A residual appraisal is then carried out subtracting all anticipated development costs from the scheme's Gross/Net Development Value to arrive at a residual site value for each development scheme.
- The residual site value for each development scheme is then benchmarked against a site value threshold to determine the 'headroom' available for CIL/other planning requirements.

Figure 3.2 below summarises DTZ's approach to area wide viability testing:

Figure 3.2: DTZ approach to viability testing



3.2.3 Site specific viability testing

Our approach to testing of real world sites involved:

- Development of sampling methodology to enable various site sizes, typologies and locations to be tested
- Collation of evidence of real world development sites including build costs, revenues, abnormal costs and planning contributions.
- Development of detailed understanding of the development site, planning considerations and local market conditions.
- Undertake appraisals, using development appraisal software to determine the viability of each development, including sensitivity testing of key variables.
- The residual site value for each development is then benchmarked against a site value threshold to determine the 'headroom' available for CIL/other planning requirements.

3.2.4 Ensuring a suitable balance – the viability buffer

As highlighted above, Government guidance underlines the importance of pragmatism and that CIL rates should be reasonable. At Paragraph 019 Reference ID: 25-019-20140612 of NPPG it specifies that *"It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust".*

Case Law indicates that a 25-30% discount from the CIL headroom is suitable viability buffer. Needless to say, a charging authority should be able to explain its approach and rationale to the setting of CIL.

Therefore, we have applied an appropriate viability buffer to reflect these recommendations which puts in place safeguards to ensure that Bradford District's CIL strategy is viability and 'proofed' and not realistically likely to put development delivery at risk. Further details of our approach are explained in Chapter 7 below.

3.2.5 Developer consultation

DTZ consulted on the assumptions used to inform the area wide viability testing in July 2012 through a survey of developers, house-builders, retail operators and property and planning agents. The consultation was used to test and refine the approach and assumptions behind the viability modelling.

In September/October 2014 stakeholders were invited to engage in a further survey which included updated development assumptions, in line with current market conditions. Those who engaged in the consultation are listed below, however a full list of those invited to participate in the consultation is provided at Appendix C.

- Bellway Homes
- Ben Bailey Homes
- Taylor Wimpey
- Skipton Properties
- Mark Brearley and Company
- Persimmon Homes
- Bradford NHS Trust
- GMI Property Company Ltd
- Steel Consulting
- Jones Homes
- Dacre Son and Hartley
- Keyland Developments
- Yorkshire Building Society
- David Wilson Homes
- Savills

- ID Planning
- Jones Homes
- Accent Homes
- Bradford Chamber Property Forum
- Johnson Brook Planning and Development Consultants

4 Viability Modelling Assumptions

In this Chapter we set out the inputs to the area wide viability analysis. The sections below explain the approach taken to site / scheme selection together with the appraisal assumptions and inputs for each property class. Further evidence in support of the assumptions is set out in the context of the Property Market Assessments at Appendix A.

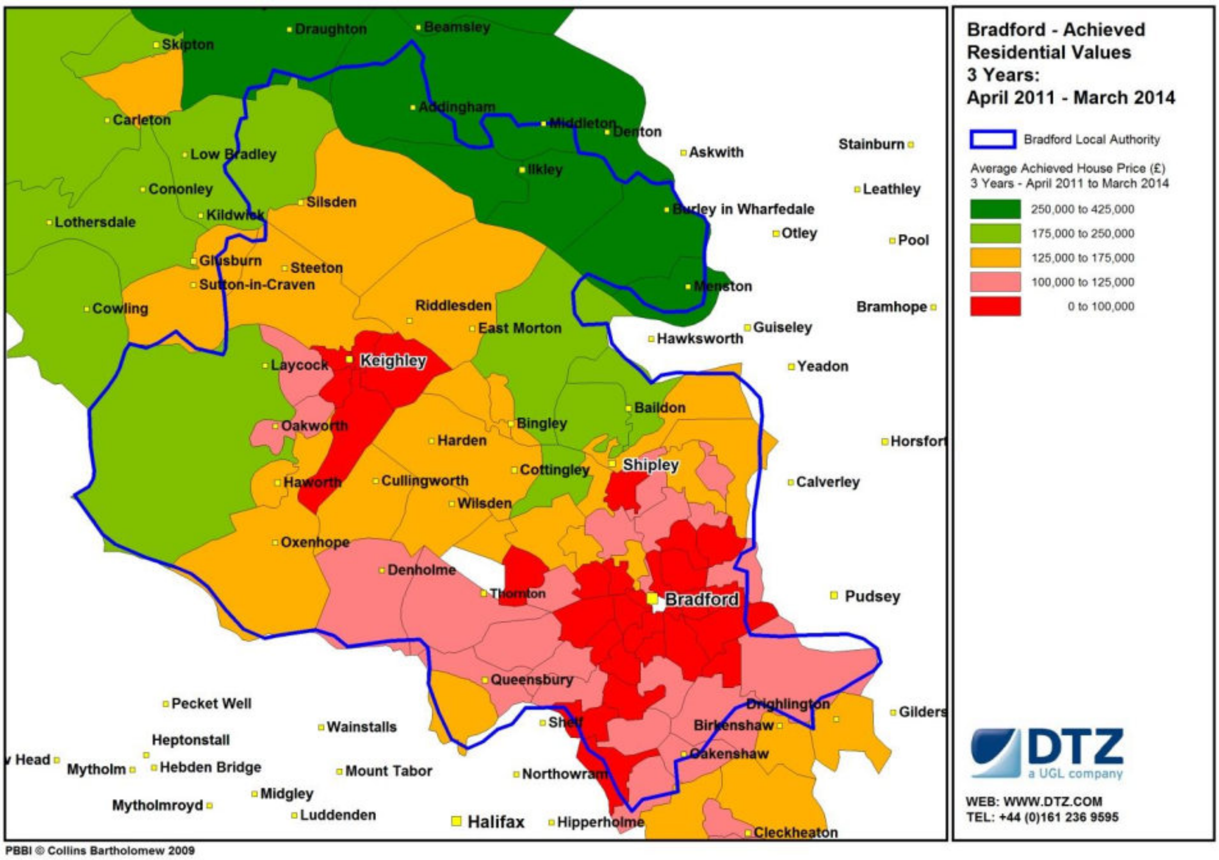
4.1 RESIDENTIAL

4.1.1 Value areas

Five differential value bands have been selected as geographical zones for viability testing of CIL on residential development based on Figure 4.1 below:

- HV1 - £250,000 to £425,000 average house price band
- HV2 - £175,000 to £250,000 average house price band
- HV3 - £125,000 to £175,000 average house price band
- HV4 - £100,000 to £125,000 average house price band
- HV5 - sub £100,000 average house price band

Figure 4.1: Residential value areas



4.1.2 Scheme Selection

Based on our analysis of the development which is most likely to come forward across Bradford, the following five residential schemes have been developed as identified in the table below. The schemes are tested based on an average density of 35 units per hectare and have a range of site sizes and housing mix with a built floor area ranging from 3,290 sq m per hectare (14,332 sq ft per acre) to 3,413 sq ft per hectare (14,865 sq ft per acre).

Developable area				Housing mix %						Built floor area			
ha	acres	Development density (DPH)	No units	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	5 bed house	Sq m	Sq ft	Sq m per ha	Sq ft per acre
0.50	1.24	35	18	0%	0%	20%	50%	25%	5%	1,706	18,366	3,413	14,865
1.00	2.47	35	35	0%	0%	20%	50%	25%	5%	3,413	36,732	3,413	14,865
2.00	4.94	35	70	0%	0%	20%	50%	25%	5%	6,825	73,464	3,413	14,865
5.00	12.36	35	175	5%	5%	20%	40%	25%	5%	16,450	177,066	3,290	14,332
10.00	24.71	35	350	5%	5%	20%	40%	25%	5%	32,900	354,133	3,290	14,332

4.1.3 Unit sizes

The following unit sizes have been used in each of the seven residential schemes. These are based on our local market knowledge and consultation with local and national house builders and have also had regard to the space standards that Bradford Council is considering introducing through the emerging Local Plan process:

House type	Size (sq m)	Size (sq ft)
1 bed flat	51	549
2 bed flat	65	700
2 bed house	77	829
3 bed house	93	1001
4 bed house	115	1238
5 bed house	137	1475

4.1.4 Sales values

Capital revenues (net of incentives) are used in the development viability model on the basis of £ per sq m. 'Current sales values' will form the base viability testing for CIL testing purposes. The sales revenue assumptions are as follows:

	Current sales values assumptions	
	£psm	£psf
Value band 1	£3,100	£288
Value band 2	£2,300	£214
Value band 3	£2,000	£186
Value band 4	£1,750	£163
Value band 5	£1,500	£139

These sales values are based on research of recent new build sales achieved on developments across the District. Further details of the evidence are set out at Appendix A.

4.1.5 Build costs

The following build costs for flats and houses are based on BCIS with the regional multiplier plus an added 15% for external works:

	Build cost (BCIS)		Plus 15% uplift for external works	
	£psm	£psf	£psm	£psf
Houses	£844	£78	£971	£90
Flats	£1,008	£94	£1,159	£108
Source: BCIS median, rebased for Yorks and Humber, July 2014				

4.1.6 Phasing assumptions

The residential development schemes are phased as detailed below:

Phasing assumptions	
Lead in	2 quarters
Construction / sales	Sales staggered 2 quarters after construction start
Sales rates	30 per annum per outlet

4.1.7 Other development costs

The following development assumptions are used in our viability testing and are based on our knowledge and experience of the residential property market:

Other development costs	
Allowance for abnormals	10% uplift on build costs
Site specific section 106	£1000 per unit
Professional fees (inc planning)	6% of construction costs
Contingencies	5% of construction costs
Marketing, sales agent and legal fees	3.5% of revenue
Purchaser's costs	5.8% on purchase price
Finance	6.5% on negative balance
Developer's profit	20% GDV (Market units)
	6% GDV (Affordable units)

4.1.8 Affordable Housing

We have consulted Bradford Council's Affordable Housing Officer to determine the appropriate transfer values for affordable housing across the District.

Our previous economic viability evidence work (2013) used transfer values based on the "Scrutiny of Affordable Housing, Report of the Regeneration and Economy Improvement Committee" (2009) which is available on the Council's website at http://www.bradford.gov.uk/NR/rdonlyres/DBF9D9DB-4EE3-47A5-8A067F313535252C/0/AffordableHousing_Sept2009.pdf. This recommended a 35% discount from market value across the District apart from Wharfedale where a 50% discount from market value should apply.

For the purposes of this report, and as requested by the Council, we have used the affordable housing discounts from market value as presented in the table below for each value area. We have then calculated the developer's profit for the viability analysis (area wide and site specific) on the blended rates shown in the table below:

	Market Value (£ psf)	Affordable Housing (%)	Affordable Housing discount (from Market Value)	Affordable Housing (£ psf)	Developer's profit on GDV (blended rate)
Value area 1	288	30%	50%	144	17.53%
Value area 2	214	20%	35%	139	18.04%
Value area 3	186	20%	35%	121	18.04%
Value area 4	163	20%	35%	106	18.04%
Value area 5	139	15%	35%	90	18.56%

4.1.9 Site Value Thresholds

Recent transactional evidence is limited in Bradford due to limited activity and difficulties accessing relevant data and as a result the evidence is somewhat anecdotal. Discussions with local developers and agents indicates that residential net land values vary from approximately £370,650 per ha (£150,000 per acre) to £1,606,150 per ha (£650,000 per acre). There are examples of sites being sold at less than even the lower level in weak market locations and where there are significant abnormal development costs.

We have selected a range of site value thresholds that are intended to be representative of typical net land prices in different parts of the District. We would stress that hard evidence of transactions is limited however we have reviewed VOA Property Market reports and have consulted land agents, land owners and developers in arriving at the benchmarks used below.

In accordance with RICS guidance, we have discounted the site value benchmarks to allow for the impact of CIL. The discount is 20% from market value:

	Market site values		Site value thresholds for viability analysis (20% discount)	
Land value thresholds	**£ per ha**	**£ per acre**	**£ per ha**	**£ per acre**
Value band 1	£1,606,150	£650,000	£1,284,920	£520,000
Value band 2	£926,625	£375,000	£741,300	£300,000
Value band 3	£741,300	£300,000	£593,040	£240,000
Value band 4	£555,975	£225,000	£444,780	£180,000
Value band 5	£370,650	£150,000	£296,520	£120,000
Area wide assumption for mid and high value scenarios	20% of GDV		16% of GDV	

4.2 RETAIL DEVELOPMENT ASSUMPTIONS

The approach and assumptions used for testing the retail sector are set out in this Section. As with the residential sector, evidence to support the assumptions used are set out in Appendix A.

4.2.1 Scheme selection

Six hypothetical schemes ('archetypes') have been selected for viability testing which are based on the retail development which may come forward across the District. Details of the archetypes, floor area and site coverage are shown in the table below:

		Gross Internal Areas		Net sales areas		Site area	
		Sq m	Sq ft	Sq m	Sq ft	Ha	Acres
Scheme 1	Shopping centre in secondary town centre	5000	53820	3500	37674	1.25	3.09
Scheme 2	Retail warehousing (open A1 consent)	3000	32292	3000	32292	0.75	1.85
Scheme 3	Parade of shops	1000	10764	1000	10764	0.25	0.62
Scheme 4	Supermarket large	4000	43056	4000	43056	1.60	3.95
Scheme 5	Supermarket mid	1500	16146	1500	16146	0.60	1.48
Scheme 6	Supermarket small	350	3767	350	3767	0.14	0.35

4.2.2 Retail Sales values

The table below highlights variations in rental value, yield and occupier incentives for each of the retail archetypes. We have assessed retail transactions in the local area and made adjustments as appropriate to reflect current market conditions and the area wide archetypes.

		Rental value			
		Sq m	Sq ft	Yield	Rent free (months)
Scheme 1	Shopping centre in secondary town centre	161	15	9.00%	18
Scheme 2	Retail warehousing (open A1 consent)	161	15	7.50%	18
Scheme 3	Parade of shops	161	15	9.00%	18
Scheme 4	Supermarket large	161	15	5.50%	6
Scheme 5	Supermarket mid	108	10	5.50%	6
Scheme 6	Supermarket small	129	12	5.50%	6

4.2.3 Development cost and phasing assumptions

The following build costs have been used in our viability appraisals. They are based on BCIS (rebased for Yorkshire and the Humber). A 15 % uplift for external site works has been applied:

		Build cost		Plus 15% uplift for external works	
		Sq m	Sq ft	Sq m	Sq ft
Scheme 1	Shopping centre in secondary town centre	927	86	1066	99
Scheme 2	Retail warehousing (open A1 consent)	539	50	620	58
Scheme 3	Parade of shops	715	66	822	76
Scheme 4	Supermarket large	1037	96	1193	111
Scheme 5	Supermarket mid	1037	96	1193	111
Scheme 6	Supermarket small	1037	96	1193	111

The following phasing assumptions have been used:

Phasing assumptions	
Lead in	2 quarters
Construction period (retail warehousing and supermarket)	4 quarters
Construction period (others)	6 quarters
Sale	On practical completion

The following general assumptions have been applied:

Other development costs	
Abnormals sensitivity (% uplift n build costs)	20%
Site specific S106 costs	£50 psm
Professional fees as % of construction costs	10.00%
Contingencies on construction costs	3.00%
Letting costs (% of rental value)	10.00%
Letting legal costs (% of rental value)	5.00%
Investment sale (% of Net Development Value)	1.00%
Investment sale legal costs (% of NDV)	0.25%
Purchaser's costs (% on purchase price)	5.80%
Finance on negative balance	6.50%
Developer profit (% on cost)	15.00%

4.2.4 Retail Site Value Thresholds

Residual values have been benchmarked against the following site value thresholds:

		Market site values		Site value thresholds for viability analysis (20% discount)	
Site value thresholds		£ per ha	£ per acre	£ per ha	£ per acre
Scheme 1	Shopping centre in secondary town centre	£1,853,250	£750,000	£148,260	£600,000
Scheme 2	Retail warehousing (open A1 consent)	£1,853,250	£750,000	£148,260	£600,000
Scheme 3	Parade of shops	£1,853,250	£750,000	£148,260	£600,000
Scheme 4	Supermarket large	£1,853,250	£750,000	£148,260	£600,000
Scheme 5	Supermarket mid	£1,853,250	£750,000	£148,260	£600,000
Scheme 6	Supermarket small	£1,853,250	£750,000	£148,260	£600,000

4.3 OFFICE DEVELOPMENT ASSUMPTIONS

4.3.1 Scheme selection

Two hypothetical schemes (‘archetypes’) have been selected for viability testing of CIL. Details of the archetypes, floor area and site coverage are provided below:

		Floor area (GIA)		Floor area (NIA)		Site area	
		Sq m	Sq ft	Sq m	Sq ft	Ha	Acres
Scheme 1	Out of town, over two floors	3000	32292	2550	27448	0.38	0.93
Scheme 2	City centre, over four floors	3000	32292	2550	27448	0.19	0.46

4.3.2 Value assumptions

The following rental values, yield and occupier incentive assumptions have been applied in our development appraisals:

		Rental value (£)		Yield	Rent free
		Sq m	Sq ft	%	(months)
Scheme 1	Out of town, over two floors	135	13	12.00%	18
Scheme 2	City centre, over four floors	188	18	8.50%	36

4.3.3 Build cost, development costs and phasing assumptions

The following build costs are assumed. They are based on BCIS build costs rebased for Yorkshire and the Humber. An uplift of 15% is included for external site works:

		Build cost (£)		15% Uplift for externals	
		Sq m	Sq ft	Sq m	Sq ft
Scheme 1	Out of town, over two floors	1180	110	1357	126
Scheme 2	City centre, over four floors	1313	122	1510	140

The following assumptions are assumed in terms of the phasing of office development:

Phasing assumptions	
Lead in	2 quarters
Construction period	4 quarters
Sale	On practical completion

We have also made the following development assumptions:

Other development costs	
Sensitivity for abnormals (% uplift on build costs)	10%
Site specific S106 costs	£0
Professional fees as % of construction costs	10%
Contingencies on construction costs	3%
Letting costs (% of rental value)	10%
Letting legal costs (% of rental value)	5%
Investment sale (% of Net Development Value)	1%
Investment sale legal costs (% of NDV)	0.25%
Purchaser's costs (% on purchase price)	5.80%
Finance on negative balance	6.50%
Developer profit (% on cost)	15%

4.3.4 Office Site Value Thresholds

Residual values have been benchmarked against the following site value thresholds:

		Market site values		Site value thresholds for viability analysis (20% discount)	
Site value thresholds		**£ per ha**	**£ per acre**	**£ per ha**	**£ per acre**
Scheme 1	Out of town	£494,200	£200,000	£395,360	£160,000
Scheme 2	City Centre	£494,200	£200,000	£395,360	£160,000

4.4 INDUSTRIAL DEVELOPMENT ASSUMPTIONS

4.4.1 Scheme selection

Three hypothetical schemes have been selected for viability testing of CIL. Illustrated below are the names of the archetypes, approximate size and site coverage:

		Floor area (GIA)		Floor area (NIA)		Site area	
		Sq m	**Sq ft**	**Sq m**	**Sq ft**	**Ha**	**Acres**
Scheme 1	Small terrace of industrial workshops	2500	26910	2500	26910	0.63	1.54
Scheme 2	Medium sized industrial warehouse building	5000	53820	5000	53820	1.25	3.09
Scheme 3	Large industrial warehouse building	10000	107639	10000	107639	2.50	6.18

4.4.2 Value assumptions

The following rental value, yield and development incentives have been applied for the three industrial schemes:

		Rental value (£)		Yield	Rent free
		Sq m	**Sq ft**	**%**	**(months)**
Scheme 1	Small terrace of industrial workshops	59	6	10.00%	12
Scheme 2	Medium sized industrial warehouse building	54	5	7.50%	12
Scheme 3	Large industrial warehouse building	48	5	7.50%	12

4.4.3 Build cost, development costs and phasing assumptions

The following build costs are assumed. They are based on BCIS build costs rebased for Yorkshire and the Humber. An uplift of 15% is included for external site works:

		Build cost (£)		15% Uplift for externals	
		Sq m	Sq ft	Sq m	Sq ft
Scheme 1	Small terrace of industrial workshops	450	42	518	48
Scheme 2	Medium sized industrial warehouse building	450	42	518	48
Scheme 3	Large industrial warehouse building	450	42	518	48

The following assumptions are assumed in terms of the phasing of industrial development:

Phasing assumptions	
Lead in	2 quarters
Construction period	4 quarters
Sale	On practical completion

We have also made the following development assumptions:

Other development costs	
Sensitivity for abnormals (% uplift on build costs)	10%
Site specific S106 costs	£0
Professional fees as % of construction costs	10%
Contingencies on construction costs	3%
Letting costs (% of rental value)	10%
Letting legal costs (% of rental value)	5%
Investment sale (% of Net Development Value)	1%
Investment sale legal costs (% of NDV)	0.25%
Purchaser's costs (% on purchase price)	5.80%
Finance on negative balance	6.50%
Developer profit (% on cost)	15%

4.4.4 Industrial Site Value thresholds

Residual values have been benchmarked against the following industrial site value thresholds:

		Market site values		Site value thresholds for viability analysis (20% discount)	
Site value thresholds		**£ per ha**	**£ per acre**	**£ per ha**	**£ per acre**
Scheme 1	Small terrace of industrial workshops	£247,100	£100,000	£197,680	£80,000
Scheme 2	Medium sized industrial warehouse building	£247,100	£100,000	£197,680	£80,000
Scheme 3	Large industrial warehouse building	£247,100	£100,000	£197,680	£80,000

4.5 OTHER COMMERCIAL DEVELOPMENT ASSUMPTIONS

4.5.1 Scheme Selection

The following other commercial sectors will be tested in order to determine whether they are able to support any level of CIL. The table below details the floor areas and site area of each archetype.

			Floor area (GIA)		Floor area (NIA)		Site area	
			Sq m	Sq ft	Sq m	Sq ft	Ha	Acres
Scheme 1	Cinema	Leisure park cinema	6000	64583	6000	64583	1.50	3.71
Scheme 2	Hotel	60 bed budget	1800	19375	1350	14531	0.45	1.11
Scheme 3	Restaurant	Leisure park restaurant	400	4306	400	4306	0.16	0.40
Scheme 4	Student accommodation	350 room flatted scheme	8050	86649	5250	56511	0.60	1.48
Scheme 5	Care home	60 bed care home	2586	27835	840	9042	0.65	1.60

The following value assumptions have been used:

			Rental values (£)		Yield	Incentives
			Sq m	Sq ft	%	Months
Scheme 1	Cinema	Leisure park cinema	£129.17	£12.00	7.00%	6
Scheme 2	Hotel	60 bed budget	£148.00	£13.75	6.50%	6
Scheme 3	Restaurant	Leisure park restaurant	£193.75	£18.00	6.50%	12
Scheme 4	Student accommodation	350 room flatted scheme	£167.00	£15.51	7.00%	6
Scheme 5	Care home	60 bed care home	£429.00	£39.86	7.50%	6

The following build costs have been applied. These are based on BCIS costs (rebased for Yorkshire and the Humber) and include an uplift of 15% to take into account external works.

			Build cost (£)		15% Uplift for externals	
			Sq m	Sq ft	Sq m	Sq ft
Scheme 1	Cinema	Leisure park cinema	1183	110	1360	126
Scheme 2	Hotel	60 bed budget	1373	128	1579	147
Scheme 3	Restaurant	Leisure park restaurant	1661	154	1910	177
Scheme 4	Student accommodation	350 room flatted scheme	1268	118	1458	135
Scheme 5	Care home	60 bed care home	1022	95	1175	109

We have assumed the following assumptions in our development appraisals:

Other development costs	
Site specific S106 costs	£0
Professional fees as % of construction costs	10%
Contingencies on construction costs	3%
Letting costs (% of rental value)	10%
Letting legal costs (% of rental value)	5%
Investment sale (% of Net Development Value)	1%
Investment sale legal costs (% of NDV)	0.25%
Purchaser's costs (% on purchase price)	5.80%
Finance on negative balance	6.50%
Developer profit (% on cost)	15%

The following phasing assumptions have been applied:

			Phasing assumptions
Scheme 1	Cinema	Leisure park cinema	2 quarters lead in, 4 quarters build, sell on PC
Scheme 2	Hotel	60 bed budget	2 quarters lead in, 4 quarters build, sell on PC
Scheme 3	Restaurant	Leisure park restaurant	2 quarters lead in, 4 quarters build, sell on PC
Scheme 4	Student accommodation	350 room flatted scheme	2 quarter lead in, 8 quarters build, sell on PC
Scheme 5	Care home	60 bed care home	2 quarters lead in, 6 quarters build, sell on PC

4.5.2 Other Commercial Site Value Thresholds

Residual values have been benchmarked against the following site value thresholds:

			Market site values		Site value thresholds for viability analysis (20% discount)	
			£ per ha	£ per acre	£ per ha	£ per acre
Scheme 1	Cinema	Leisure park cinema	£864,850	£350,000	£691,880	£280,000
Scheme 2	Hotel	60 bed budget	£864,850	£350,000	£691,880	£280,000
Scheme 3	Restaurant	Leisure park restaurant	£864,850	£350,000	£691,880	£280,000
Scheme 4	Student accommodation	350 room flatted scheme	£864,850	£350,000	£691,880	£280,000
Scheme 5	Care home	60 bed care home	£864,850	£350,000	£691,880	£280,000

5 Area Wide Modelling Results

This section sets out the results of the area wide modelling. A summary of the 'headroom' that is available for CIL is provided for each of the hypothetical schemes that have been tested, and in the case of the residential sector, an average (mean) of each value area. Where appropriate, cost sensitivities have also been modelled to demonstrate the effect of adjustment to key variables.

5.1 RESIDENTIAL

5.1.1 Base appraisal

The base appraisals model the viability of development incorporating the draft affordable housing policies and a 10% uplift on build costs as an allowance for site abnormal development costs.

Table 5.1 below illustrates the results for Value Area 1 (Wharfedale), showing a substantial amount of headroom for the Community Infrastructure Levy across all hypothetical sites tested, with a mean of over £500 per sq. m. This reflects the high sales values that are achievable in Wharfedale which drives a residual land value that is significantly in excess of the benchmark land value that has been applied.

Table 5.1: Maximum CIL headroom in Value Area 1 (Wharfedale)

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £1.28m per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
30% AH	0.5	£1,460,492	£2,920,983	£642,460	£818,032	£666
	1	£2,614,134	£2,614,134	£1,284,920	£1,329,214	£556
	2	£5,281,374	£2,640,687	£2,569,840	£2,711,534	£568
	5	£11,359,723	£2,271,945	£6,424,600	£4,935,123	£429
	10	£23,016,666	£2,301,667	£12,849,200	£10,167,466	£441
					Average	£532

Table 5.2: Maximum CIL headroom in Value Area 2 (high value rural villages and towns)

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £741k per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
20% AH	0.5	£742,273	£1,484,546	£370,650	£371,623	£265
	1	£1,461,866	£1,461,866	£741,300	£720,566	£264
	2	£2,820,617	£1,410,308	£1,482,600	£1,338,017	£245
	5	£6,114,913	£1,222,983	£3,706,500	£2,408,413	£183
	10	£12,229,826	£1,222,983	£7,413,000	£4,816,826	£183
					Average	£228

Table 5.2 displays the results for Value Area 2 which is representative of some of the higher value rural towns and villages including parts of Airedale. Value Area 2 also displays the potential for significant CIL headroom ranging from £180 to £265 per sq. m and an average of £228 per sq. m. Similarly to Wharfedale, the headroom that is illustrated arises directly from the difference between the residual site value of the schemes tested and the benchmark land value that is used.

Table 5.3 displays the results for the lower value outer rural villages and towns. This zone is relatively diverse and includes the more affluent parts areas to the East of Bradford, Bingley and parts of Silsden. There is a significantly lower level of headroom for CIL, with a range of £20 per sq. m to £71 per sq. m across the sites tested.

Table 5.3: Maximum CIL headroom in Value Area 3 (Low value rural villages and towns)

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £593k per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
20% AH	0.5	£396,632	£793,265	£296,520	£100,112	£71
	1	£803,025	£803,025	£593,040	£209,985	£77
	2	£1,532,024	£766,012	£1,186,080	£345,944	£63
	5	£3,230,968	£646,194	£2,965,200	£265,768	£20
	10	£6,461,936	£646,194	£5,930,400	£531,536	£20
					Average	£50

Table 5.4 summarises the results for Value Area 4, outer Bradford and other low value areas. This value area has no headroom for CIL, with negative figures reflecting the fact the residual site values of the schemes tested is less than the benchmark site value applied. The results for Value Area 5 (Inner Bradford and Keighley), also show negative results reflecting the much lower sales values that are typically achievable within these locations.

Table 5.4: Maximum CIL headroom in Value Area 4 (Outer Bradford and other low value areas)

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £445k per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
20% AH	0.5	£108,598	£217,197	£222,390	-£113,792	£0
	1	£245,645	£245,645	£444,780	-£199,135	£0
	2	£456,338	£228,169	£889,560	-£433,222	£0
	5	£787,716	£157,543	£2,223,900	-£1,436,184	£0
	10	£1,575,431	£157,543	£4,447,800	-£2,872,369	£0
					Average	£0

5.1.2 Cost sensitivity – 5% uplift

The latest draft version of the Council's Local Plan (the Core Strategy Publication Draft) sets out the following requirements at Policy HO9 which will have an impact on build costs:

- Level 4 of the Code for Sustainable Homes to be achieved from the date of adoption
- Zero Carbon to be achieved from 1st April 2016
- Schemes of 10 or more homes will be expected to include a proportion of accessible homes as part of an overall housing mix

There is much uncertainty regarding the cost of future changes in construction standards. A 5% uplift on build costs has typically been applied for Level 4 of the Code for Sustainable Homes. However a recent report by Zero Carbon Hub highlighted that the costs of meeting sustainable construction standards is coming down as a result of developments in technology and will continue to do so between its date of publication (February 2014) and 2016[1]. The report estimates that for a typical semi detached house the cost uplift would be between £3,700 and £4,700, or £43 and £60 per sq m. This uplift represents an additional circa 4-6% on the build costs applied in the above base appraisals.

In relation to the requirement for homes to include a proportion of accessible homes as part of the mix, the cost impact of this requirement is expected to be small given that it is only 'a proportion' of homes that are required to meet the policy and the physical adjustments to property to enable them to be accessible are modest. The Foundation for Lifetime Homes and Neighbourhoods website estimates that the costs of building to Lifetime Home standards range from £545 to £1615 per dwelling, a cost uplift of approximately 0.5% to 2% on the basis of the size and cost assumptions used in our base appraisals[2].

Therefore, on the basis of this evidence, we can conclude that the cost uplift required for testing these additional policy standards will range from 5%-7% on build costs. However, the base build

1 *Zero Carbon – Cost Analysis: meeting the Zero Carbon Standard* (February 2014)
2 http://www.lifetimehomes.org.uk/pages/costs.html

costs that have been used within our assessment are based on details provided BCIS which are generally at least 5% above what 'volume' house builders are generally able to build at. This is because the major house-builders use their own construction facilities and do not need to pay external contractors. Therefore, the figures used in the base appraisals already allow for some insulation from cost increases in such cases. Notwithstanding this, we have modelled a sensitivity based on a 5% uplift in build costs to demonstrate the impact of such an uplift.

Tables 5.5, 5.6 and 5.7 show the results for Value Area 1, 2 and 3 respectively overleaf. They demonstrate a reduction in the CIL headroom with Value Area 1 with a reduced average of £466 per sq. m, Value Area 2 £170 per sq. m and Value Area 3 a negative average with two out of the five schemes producing no CIL headroom. This indicates that CIL becomes marginal in Value Area 3 given the effect of this cost uplift.

Table 5.5: Maximum CIL headroom in Value Area 1 (Wharfedale) with 5% uplift on build costs

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £1.28m per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
30% AH	0.5	£1,372,798	£2,745,596	£642,460	£730,338	£594
	1	£2,450,582	£2,450,582	£1,284,920	£1,165,662	£488
	2	£4,963,918	£2,481,959	£2,569,840	£2,394,078	£501
	5	£10,654,004	£2,130,801	£6,424,600	£4,229,404	£367
	10	£21,606,864	£2,160,686	£12,849,200	£8,757,664	£380
					Average	£466

Table 5.6: Maximum CIL headroom in Value Area 2 (high value rural villages and towns) with 5% uplift on build costs

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £741k per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
20% AH	0.5	£656,150	£1,312,301	£370,650	£285,500	£203
	1	£1,298,307	£1,298,307	£741,300	£557,007	£204
	2	£2,502,857	£1,251,429	£1,482,600	£1,020,257	£187
	5	£5,399,925	£1,079,985	£3,706,500	£1,693,425	£129
	10	£10,799,849	£1,079,985	£7,413,000	£3,386,849	£129
					Average	£170

Table 5.7: Maximum CIL headroom in Value Area 3 (Low value rural villages and towns) with 5% uplift on build costs

	Site Size (ha)	Residual site value	Residual site value per ha	Benchmark Site Value £ actual (at £593k per ha)	Headroom for CIL (£)	Amount available for CIL (£ per sq m)
20% AH	0.5	£310,510	£621,019	£296,520	£13,990	£10
	1	£637,686	£637,686	£593,040	£44,646	£16
	2	£1,219,822	£609,911	£1,186,080	£33,742	£6
	5	£2,502,582	£500,516	£2,965,200	-£462,618	£0
	10	£5,005,165	£500,516	£5,930,400	-£925,235	£0
					Average	-£8

5.2 RETAIL

The table below highlights the preliminary results for the retail archetypes at baseline costs.

Table 5.8: Maximum CIL headroom retail development at baseline costs

Baseline						
Scheme	GIA (sq m)	Site Size (ha)	Site value	Site value per ha	Site value threshold (actual)	Amount available for CIL (£ per sq m)
Shopping centre in a secondary town centre	5000	1.25	-£1,494,046	-£1,494,815	£1,853,250	£0
Retail warehousing (open A1 consent)	3000	0.75	£2,354,251	£3,139,001	£1,111,950	£414
Parade of Shops	1000	0.25	-£45,144	-£180,576	£370,650	£0
Supermarket - large	4000	1.6	£3,624,748	£2,265,467	£2,372,160	£313
Supermarket - medium	1500	0.6	£292,693	£487,822	£889,560	£0
Supermarket - small	350	0.14	£166,927	£1,192,337	£207,564	£0

The results indicate that there is no headroom for a CIL for any of the retail archetypes with the exception of retail warehouses and large supermarkets. We have also undertaken development appraisals to reflect an uplift in build costs of 20% to take into account site abnormal costs. As can be seen from the Table 5.9 below, the net impact of increasing build costs to take into account of site abnormals is that the maximum headroom for CIL is reduced to £289 per sq. m for retail warehousing and £79 per sq. m for large supermarkets.

Table 5.9: Maximum CIL headroom retail development with 20% uplift on build costs

20% uplift in build costs for abnormals						
Scheme	GIA (sq m)	Site Size (ha)	Site value	Site value per ha	Site value threshold (actual)	Amount available for CIL (£ per sq m)
Shopping centre in a secondary town centre	5000	1.25	-£2,621,325	-£2,097,060	£1,853,250	£0
Retail warehousing (open A1 consent)	3000	0.75	£1,979,807	£2,639,743	£1,111,950	£289
Parade of Shops	1000	0.25	-£215,816	-£863,263	£370,650	£0
Supermarket - large	4000	1.6	£2,659,519	£1,662,200	£2,372,160	£72
Supermarket - medium	1500	0.6	-£69,168	-£115,281	£889,560	£0
Supermarket - small	350	0.14	£82,382	£588,443	£207,564	£0

5.3 OFFICE

The tables below highlight the preliminary results for the office archetypes at baseline costs and also with an uplift in build costs of 10% to account for site abnormals.

Table 5.10: Maximum CIL headroom for office development at baseline costs / with 10% uplift in build costs

Baseline				
Scheme	Site Size (ha)	Site value	Site value per ha	Amount available for CIL (£ per sq m)
Office - City centre over four floors	0.19	-£1,274,000	-£6,705,262	£0
Office - Out of town over two floors	0.93	-£2,391,187	-£2,571,169	£0
10% uplift in build costs for abnormals				
Office - City centre over four floors	0.19	-£1,753,331	-£9,228,057	£0
Office - Out of town over two floors	0.93	-£2,825,906	-£3,038,609	£0

The results demonstrate that there is no headroom for CIL on new office development in Bradford.

5.4 INDUSTRIAL

The tables below highlight the preliminary results for the industrial archetypes at baseline costs and also with an uplift in build costs of 10% to account for site abnormals.

Table 5.11: Maximum CIL headroom for industrial development at baseline costs / with 10% uplift in build costs

Scheme	Site Size (ha)	Site value	Site value per ha	Amount available for CIL (£ per sq m)
Baseline				
Small terrace of industrial workshops	0.63	-£302,911	-£480,811	£0
Medium warehouse building	1.25	-£84,048	-£67,239	£0
Large warehouse building	2.5	-£745,905	-£298,362	£0
10% uplift in build costs for abnormals				
Small terrace of industrial workshops	0.63	-£438,615	-£696,214	£0
Medium warehouse building	1.25	-£352,805	-£282,244	£0
Large warehouse building	2.5	-£1,292,057	-£516,823	£0

The results indicate that there is no headroom for CIL on industrial development in Bradford.

5.5 OTHER COMMERCIAL

The tables below highlight the preliminary results for the other commercial archetypes at baseline costs. The results indicate that there is no headroom for CIL on the other commercial archetypes that have been tested.

Table 5.12: Maximum CIL headroom for other commercial development at baseline costs

Baseline Cinema						
Scheme	GIA (Sq m)	Site Size (ha)	Residual site value	Residual site value per ha	Site value threshold per ha	Amount available for CIL (£ per sq m)
Leisure park cinema	6000	1.5	-£143,695	-£95,796.67	£691,880	£0

Baseline Hotel						
Scheme		Site Size (ha)	Residual site value	Residual site value per ha	Site value threshold per ha	Amount available for CIL (£ per sq m)
60 bed budget hotel	1800	0.45	-£637,062	-£1,415,694.40	£691,880	£0

Baseline Restaurant						
Scheme		Site Size (ha)	Residual site value	Residual site value per ha	Site value threshold per ha	Amount available for CIL (£ per sq m)
Leisure park restaurant	400	0.16	£75,924	£474,525.00	£691,880	£0

Baseline Student accommodation						
Scheme		Site Size (ha)	Residual site value	Residual site value per ha	Site value threshold per ha	Amount available for CIL (£ per sq m)
350 room flatted scheme	8050	0.6	-£2,778,692	-£4,631,153.09	£691,880	£0

Baseline Care Home						
Scheme		Site Size (ha)	Residual site value	Residual site value per ha	Site value threshold per ha	Amount available for CIL (£ per sq m)
60 bed care home	2586	0.65	£442,234	£680,359.75	£691,880	£0

5.6 SUMMARY – MAXIMUM HEADROOM FOR CIL

In summary, the results of the area wide viability analysis indicate the following:

- There is headroom for CIL on residential development in value areas 1, 2 and 3, but not in the weaker markets of inner Bradford and Inner Keighley
- The level of CIL headroom varies considerably between value areas and for the scheme typologies that have been tested; the range is from £0 per sq. m (Value Area 5) to £500 per sq. m (Value Area 1).
- Sensitivities for abnormal cost uplifts reveal the effect is to substantially diminish the potential headroom for CIL, reflecting the risks associated with applying to levy to sites experiencing such abnormal costs
- For commercial uses, CIL headroom is limited to certain types of retail uses, namely retail warehousing and large supermarkets. The level of headroom indicated by the figures for these sub-sectors is substantial at up to £400 per sq for retail warehousing and up to £310 per sq m for large supermarkets; however, the level reduces to £289 per sq. m and £72 per sq. m respectively when taking account of potentially high site abnormals.

The next section of this report details the results of the “real world” site specific viability testing.

6 Site Specific Viability Testing

In accordance with government guidance which recommends undertaking finer grain viability testing of real world sites, we identified a number of developments across the Bradford District and have undertaken development appraisals to determine their capacity to withstand CIL.

The exercise not only acts as a reality check of the area wide viability testing presented earlier in this report, but it also tests the impact of variations to the key assumptions used in our area wide modelling.

Where possible, we have used “real world” evidence provided by the Council and its developer partners to inform the development appraisal inputs. However, where information has not been available, we have used the assumptions from our area wide viability appraisals, supplementing this with additional research as appropriate.

6.1 SITE SELECTION

A broad range of development sites were identified using the following criteria:

1. Site size - sites were selected from the following size bands:

   <0.5 hectares
   0.5 - 2 hectares
   2 hectares+

2. Location – sites were selected from each of the five residential value areas.

3. Type – a mix of sites were selected to reflect previously developed land, greenfield land and sites which comprise both greenfield and previously developed land.

4. Proposed land use – a range of residential, commercial and mixed use development sites were selected.

13 sites were shortlisted which are listed in Table 6.1 overleaf.

DTZ gathered information on each of the development sites to inform the development appraisals. Site proformas were produced to summarise the information and development appraisals were subsequently produced using Argus Developer software to identify the headroom for CIL.

The site proformas and development appraisals are listed in Appendix B.

6.2 RESULTS

This section sets out the results of the site specific viability testing. A summary of the “headroom” that is available for CIL is provided for each of the sites tested and is presented in Table 6.2 below.

Table 6.1 Site Specific Viability Testing – Shortlisted sites

Site no.	Site Name	Value area					AAP area		Type			Size				Use	
		1	2	3	4	5	BCC	S&CRC	PDL	Mixed	Greenfield	Small (<0.5 ha)	Medium (0.5 ha - 2 ha)	Large (2+)	Strategic	Residential	Commercial
1	Shipley Gateway Site (Cragg Road)				x			x	x				x			x	x
2	Bolton Woods Quarry				x			x	x					x			
4	Chatsworth Works					x			x					x		x	x
5	Buck Lane			x										x			x
6	Fagley Quarry					x									x	x	
10	Tyrls, Bradford City Centre					x	x										x
11	Chapel Street, Addingham	x								x			x			x	
12	Sty Lane, Bingley		x								x			x		x	
13	Greenholme Mills, Great Pasture Lane, Burley in Wharfedale	x								x				x		x	x
14	Coutances Way, Ilkley	x									x			x	x		
15	Main Street, Steeton			x							x			x		x	
16	Crack Lane, Wilsden			x							x			x		x	

Table 6.2 Results of Site Specific Viability Testing

Site ref	Site name	Value area	Net site area (acres)	Floor area (total - sq ft)	Floor area AH units (sq ft)	Floor area market units (sq ft)	Residual site value	Threshold site value (per acre)	Threshold (actual)	Headroom (£)	Headroom per sq m)
1a	Shipley Gateway Option 1 Mixed use	4	1.18	12057	n/a	8290	£173,439	£225,000	£265,500	-£92,061	n/a
1b	Shipley Gateway Option 2 Commercial	4	1.18	16146	n/a	n/a	£0	£200,000	£236,000	-£236,000	n/a
2	Bolton Woods	4	69.00	1011900	202380	809520	£4,517,862	£225,000	£15,525,000	-£11,007,138	n/a
4	Chatsworth Works	5	5.52	71370	10980	60390	-£514,666	£150,000	£828,450	-£1,343,116	n/a
5	Buck Lane	3	9.88	147800	n/a	147800	-£989,244	£100,000	£988,400	-£1,977,644	n/a
6	Fagley Quarry	4	42.00	606989	88939	518050	£15,243,815	£225,000	£9,450,000	£5,793,815	£120
10	Tyrls	5	1.00	86000	n/a	86000	£0	£200,000	£200,000	£0	£0
11	Chapel Street	1	3.43	41982	12853	29129	£2,936,040	£520,000	£1,783,600	£1,152,440	£426
12	Sty Lane	2	40.87	445236	88089	357147	£18,118,771	£300,000	£12,259,500	£5,859,271	£177
13	Greenholme Mills	1	4.94	68852	20238	48614	£4,237,663	£520,000	£2,569,840	£1,667,823	£369
14a	Coutances Way (no school)	1	40.29	576987	169224	407763	£41,438,862	£520,000	£20,950,800	£20,488,062	£541
14b	Coutances Way (land left for school)	1	19.41	276821	83504	193317	£19,520,198	£520,000	£10,092,680	£9,427,518	£525
15	Main St Steeton	3	10.38	148803	44545	104258	£2,323,215	£240,000	£2,490,768	-£167,553	£0
16	Crack Lane, Wilsden	3	8.40	95744	10980	84764	£2,300,793	£240,000	£2,016,000	£284,793	£36

NB: It is emphasised that the majority of cases the lack of information relating to site development costs has meant that cost uplifts in accordance with the area wide assumptions have been made. These therefore represent a guide and in reality there may be significant differences which will affect the residual headroom figures listed.

Table 6.2 identifies that those residential sites located in high value areas (Value Area 1) such as Coutances Way, Ilkley; Greenholme Mills, Burley in Wharfedale and Chapel Lane Addingham have capacity to withstand a CIL tariff. The headroom for these sites is some £541, £429 and £426 per sq. m respectively.

Other residential sites such as Sty Lane, Bingley (Value Area 2) can support a CIL tariff of up to £186 per sq. m.

Residential sites in mid value areas (Value Area 3) such as Crack Lane Wilsden and Main Street Steeton can support up to £62 and £15 per sq. m respectively.

With the exception of the Fagley Quarry site which has a CIL headroom of £120 per sq. m) all the residential development sites in lower value areas such as the Shipley Gateway site, Bolton Woods Quarry and Chatsworth Works, Keighley are unable to withstand CIL.

The site specific viability testing has shown that the commercial sites do not have capacity for CIL (Buck Lane and Tyrls).

6.3 SUMMARY

The results of the site specific viability testing mirror those of the area wide viability appraisal in that there is headroom for CIL for residential development in value areas 1, 2 and 3 but not in the weaker markets value areas 4 and 5. Similarly, as per the area wide viability testing, the commercial developments tested through the site specific development appraisals Buck Lane (industrial) and Tyrls (office) do not support CIL.

7 CIL Charging Strategy

7.1 MAXIMUM CIL HEADROOM

The evidence presented above demonstrates the diversity of viability across Bradford with only residential and retail development able to withstand a CIL at the current time. The viability of imposing CIL on residential development is limited to high and mid value areas. The varied results are due to different levels of strength in property markets across the district as reflected in the rent/capital values achievable. The impact of site abnormal costs and other planning standards (including affordable housing and site specific S106 costs) is a factor that limits the 'headroom' for a CIL tariff.

Table 7.1 below illustrates the 'headroom' for CIL for both area wide and site specific viability testing for residential and commercial development. In terms of the residential development, the results are broadly comparable in that Value Area 1 and 2 have a 'headroom' of some £500 per sq m and £200 per sq m respectively. Value Area 3 has a 'headroom' of some £50 per sq m and there is limited or no headroom in Value Areas 4 and 5.

Table 7.1 Maximum CIL Headroom – residential and commercial

	Maximum CIL headroom per sq. m	
	Area wide viability model (mean)	**Site specific viability testing (range)**
Residential		
Value area 1	£532	£370 - £540
Value area 2	£228	£180
Value area 3	£50	£0 - £40
Value area 4	£0	0 - £120
Value area 5	£0	£0
Retail		
Shopping centre in a secondary town centre	£0	n/a
Retail warehousing (open A1 consent)	£289	n/a
Parade of Shops	£0	n/a
Supermarket – large	£72	n/a
Supermarket – medium	£0	n/a
Supermarket – small	£0	n/a
All other uses	£0	n/a

In terms of commercial development the headroom for CIL is some £290 for retail warehousing.

7.2 VIABILITY PROOFING – ACCOUNTING FOR THE "BUFFER"

Caution is required to ensure that the rates that are set for CIL are not at a level that would undermine the delivery of development. CIL is not easy to vary on a case by case basis once set and therefore there is a risk that if not set at an appropriate level that the effect could be either to reduce other planning obligation requirements or in a worst case scenario prevent land from coming forward for development.

The analysis contained in this report is predicated on high level and indicative schemes and assumptions. It should be noted that in reality, the development market is not homogenous and there is potential for wide variation in many of the inputs to a viability appraisal including the price of land, the developer's return and site development costs.

There is also potential for variation in both market conditions and construction costs arising from changes to building regulations (including the anticipated Zero Carbon requirement from 2016) which will influence changes in viability headroom for CIL. Although the market is generally on an upswing, local and sector based changes could cause viability to be destabilised on certain types of sites and uses.

Government guidance makes it clear that CIL rates should not be set right at the margins of viability. At Paragraph 019 Reference ID: 25-019-20140612), the guidance specifies that *"there is room for some pragmatism. It would be appropriate to ensure that a 'buffer' or margin is included, so that the levy rate is able to support development when economic circumstances adjust".* Evidence from recent CIL examinations indicates that a minimum discount of 25-30% from the maximum CIL viability is considered reasonable to demonstrate that the 'balance' has been struck.

There is also evidence of CIL rates being benchmarked in terms of a percentage of development costs as a means of sense checking viability. We consider that a cautious approach would be to ensure that CIL rates are within following ranges as a **further** test for safeguarding viability:

- 5% of total development costs
- 5% of Gross Development Value
- 10-20% of residual land value

5% of total development costs is within the parameters of a developer's typical contingency (where applied) and therefore not considered likely to undermine delivery in the majority of cases. At less than 5% of Gross Development Value, it represents a very small portion of the total income of a development project and therefore a similar view could be taken that is unlikely to impinge on delivery. Similarly if CIL represents less than 10-20% of residual site value it could be viewed as unlikely to prevent land from being brought forward for development and accords with our 20% discount to market value (applied to the site value thresholds).

Therefore, through first assessing the viability of CIL against the site value benchmarks to determine a reasonable 'headroom' and then providing a secondary check through the above additional performance indicators we consider that CIL can be robustly viability proofed.

Looking at the above percentage benchmarks as they relate to maximum CIL headroom figures, many of those benchmarks are exceeded indicating that if CIL were set at the margins of viability that they could place development viability at risk.

7.3 RECOMMENDED RATES

Taking into account this additional analysis, we have adjusted the CIL rates and made recommendations on "proposed CIL rates" which include an appropriate discount from the maximum CIL headroom and also comply with the additional performance benchmarks. The recommended CIL rates, presented in Table 7.2 above include a range of £0 to £100 per sq m on residential development depending on location, rates of £100 per sq m on retail warehousing and £50 per sq m on superstores.

Table 7.2 Maximum CIL Headroom as expressed as a percentage of cost, GDV and land value

			Cross checks: CIL as a percentage of:			
	Proposed CIL rate (£ per sq m)	Discount from Maximum CIL headroom	Construction cost	Total Development cost	GDV	Residual land value
Residential						
Value area 1	**£100**	81.20%	6.50%	3.22%	2.66%	9.35%
Value area 2	**£50**	78.07%	3.71%	2.29%	1.88%	10.00%
Value area 3	**£20**	60.00%	1.48%	1.05%	8.66%	7.46%
Value area 4	**£0**	-	-	-	-	-
Value area 5	**£0**	-	-	-	-	-
Retail						
Shopping centre in a secondary town centre	**£0**	-	-	-	-	-
Retail warehousing (open A1 consent)	**£100**	65.40%	13.44%	4.47%	3.89%	8.73%

Parade of Shops	**£0**	-	-	-	-	-
Supermarket - large	**£50**	28.00%	3.49%	2.02%	1.75%	7.55%
Supermarket - medium	**£0**	-	-	-	-	-
Supermarket - small	**£0**	-	-	-	-	-
All other uses	**£0**	-	-	-	-	-

Using the CIL rates recommended above, we have mapped the residential charging zones for the Bradford District against postcode areas to produce the following plan.

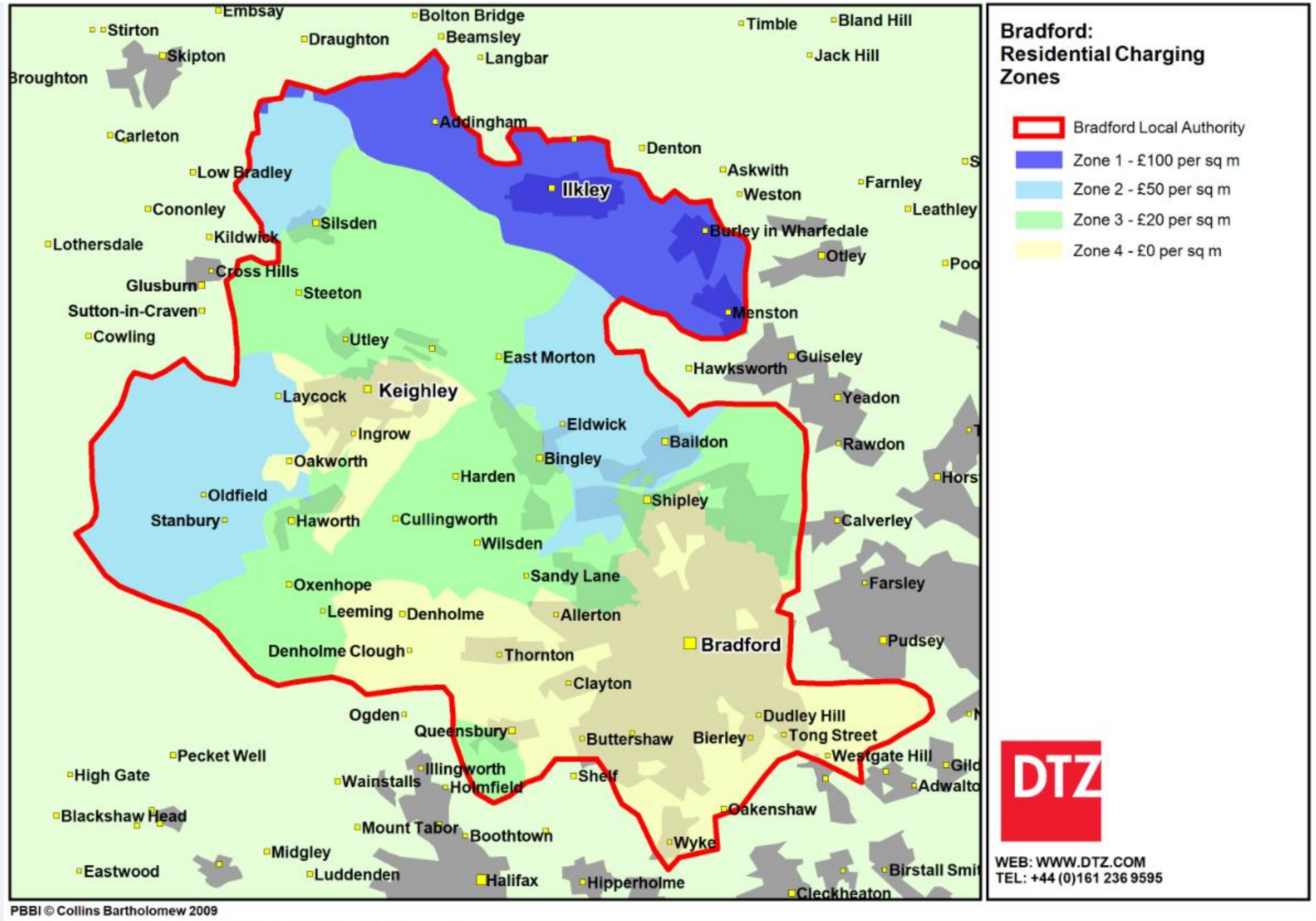
The dark blue area corresponds with the high value areas of Bradford including Addingham, Ilkley, Burley in Wharfdale and Menston. We recommend this forms charging Zone 1 (£100 per sq. m for residential development). Charging Zone 2 (£50 per sq. m for residential development) is indicated by the light blue area on the plan which includes the settlements of Eldwick, Bingley, Oldfield and Stanbury. Charging Zone 3 (£20 per sq. m) comprises mid value settlements including Silsden, Steeton, Haworth, Oxenhope and parts of Queensbury and Shipley.

Charging Zone 4 (£0 per sq. m) captures lower value areas which are unable to withstand a CIL tariff including inner Bradford, Keighley, Buttershaw and Wyke.

7.4 SCOPE FOR FLEXIBILITY

Officers and members should note that there is some flexibility in the way that CIL rates can be set. The recommendations are intended as a guide, but small variations may be capable of justification particularly where they support the principle of achieving a ‘balance’ between the infrastructure funding need and viability.

Figure 7.1 Recommended residential CIL Charging Zones for Bradford



7.5 COLLECTING THE LEVY

The CIL Charging Authority is responsible for collecting the levy (with the exception of London Boroughs). Once the charging schedule has been determined, the Council will need to determine how the levy will be payable.

CIL charges become due on commencement of development as defined by Section 56 (4) of the Town and Country Planning Act 1990. Charging Authorities are at liberty to set their own payment terms, including the option of paying CIL in instalments. However, Government Regulations (69B) specify that the payment terms must be published in an instalments policy which should be available on the Council's website and also at the Councils principal office.

Instalment policies can assist with development viability and delivery by improving the cash flow of a development (as the CIL payment is not paid upfront). Paragraph: 055 – Reference ID: 25-055-20140612 of the Regulations state *"Willingness to allow an instalments policy can be a material consideration in assessing the viability of proposed levy rates. The authority has the freedom to decide the number of payments, the amount and the time due. The authority may revise or withdraw the policy when appropriate".*

Where a Local Authority has no instalment policy in place, payment is due 60 days after development commences.

There are also provisions in the Regulations at Paragraph: 056 – Reference ID 25-056-20140612 enabling local authorities to accept a planning application which has been subdivided into phases for the purposes of the levy. This will be extremely useful for large scale developments such as those proposed at Fagley Quarry, Bolton Woods Quarry and Coutances Way, Ilkley which are likely to be brought forward in a number of phases. The Regulations are helpful in that they allow for detailed and outline permissions to be treated as phased developments of the levy. This will assist with the viability and deliverability of a development as it enables each phase of a development to be separately chargeable for CIL in line with an instalment policy that may be in force.

In order to facilitate the viability and deliverability of development coming forward across the District, we recommend that the Council offers the payment of CIL in instalments as a matter of course. This will make it easier for developers to pay the charge as receipts from new development can be used to pay the Levy.

We recommend the following instalments policy for Bradford:

Instalment Provisions					
Less than £100,000			**More than £100,000**		
Instalment	Amount Due	Due Date	Instalment	Amount Due	Due Date
1	50%	6 months*	1	25%	6 months*
2	50%	12 months*	2	25%	12 months*
			3	25%	18 months*
			4	25%	24 months*

* Payable on the anniversary of the commencement of development

7.6 PAYMENTS IN KIND

There may be circumstances where a charging authority or developer has a preference for a payment in kind to be made to satisfy the CIL liability.

Paragraph: 061 Reference ID: 25-061-20140612 of the Regulations makes provisions for a charging authority to enter into an agreement with a developer to receive land or infrastructure as payment.

Where a charging authority wishes to accept such payments in kind, the conditions of such payments must be set out in detail in a policy document. The document should set out that the local authority will accept infrastructure or land payments and include a list of the type of infrastructure that would be considered acceptable as a payment in kind. This list may include/or comprise the infrastructure requirements identified on the Council's Regulation 123 list.

Where a levy is to be paid as land or infrastructure, a land or infrastructure agreement must be entered into before development commences. This must include the information specified in Regulation 73A.

7.7 MONITORING AND REVIEW

As aforementioned, the property market is heterogeneous and market conditions change over time. The variation or introduction of Government or Local Policy may also impact on the deliverability and viability of development. The Council can monitor CIL through the Local Plan Annual Monitoring Review. In the event of significant changes in circumstances, it is good practice that the Council updates the viability modelling to ensure that the CIL charging schedule is reflective of market conditions.

8 Conclusions

The results of the viability testing demonstrate that in current market conditions it is feasible to introduce CIL in Bradford District, however viability is restricted to certain property types and locations and is highly sensitive to key variables such as development revenues and build costs. This illustrates that development viability for some sectors remains at best marginal and that care is required in the introduction of a CIL tariff so as not to undermine delivery objectives.

The findings of our work demonstrate that there is significant diversity across the District in terms of the ability of residential and commercial development to withstand CIL tariffs. Residential development, retail warehouses and large supermarkets represent the only property classifications on which CIL is considered sensibly feasible at the current time, and in respect of residential, this is only realistically possible in the high to mid value areas of the District.

The maximum CIL levels indicated in this report have been robustly tested and are considered to represent a pragmatic level that will not compromise the delivery of development.

The implementation of an instalment policy and payments in kind provisions will further support the viability and delivery of development and is likely to be seen favourably by regional and national developers looking to bring forward development in Bradford.

Officers and members should note that there is some flexibility in the way that CIL rates can be set. The recommendations are intended as a guide, but small variations may be capable of justification particularly where they support the principle of achieving a ‘balance’ between the infrastructure funding need and viability.

Appendix A – Market Report

RESIDENTIAL

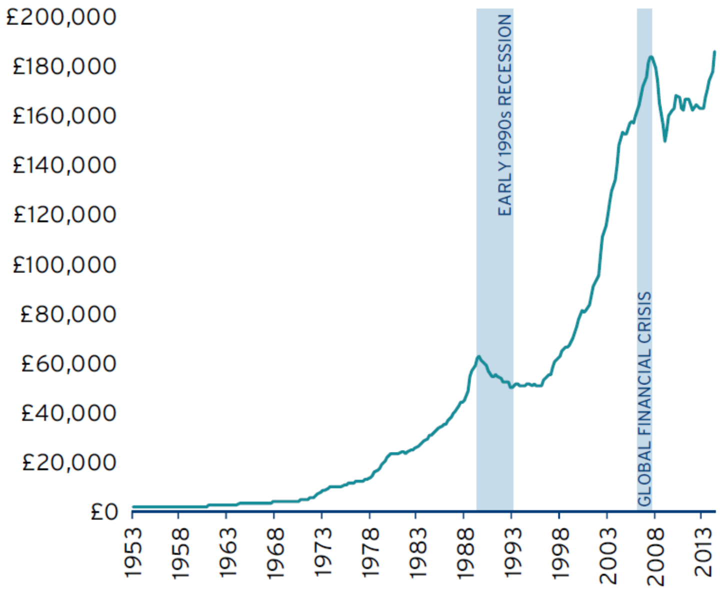
General market outlook

The downturn in the residential property market, prompted by the crisis in the financial markets and the crash of the American real estate market has been well documented. The UK residential property market had experienced a strong period of growth since around the year 2000 up to late 2007 and many predicted that a market adjustment was overdue but few anticipated just how quickly the adjustment would take place. Prior to the downturn, average property prices in the UK had risen by over 100% in the 10 years to 2007 and the price to earnings ratio had got so high that many first time buyers and those on lower incomes were being priced out of the market.

In July 2014 the Nationwide building society reported that UK house prices had risen above their 2007 peak, with the average value of a UK residential property climbing to nearly £189,000 (Figure A1). Consequently, prices have risen by £37,000 or 25% since bottoming out in Q1 2009. Given the length and depth of the recession, the worst since the Great Depression, the recovery in prices appears remarkable.

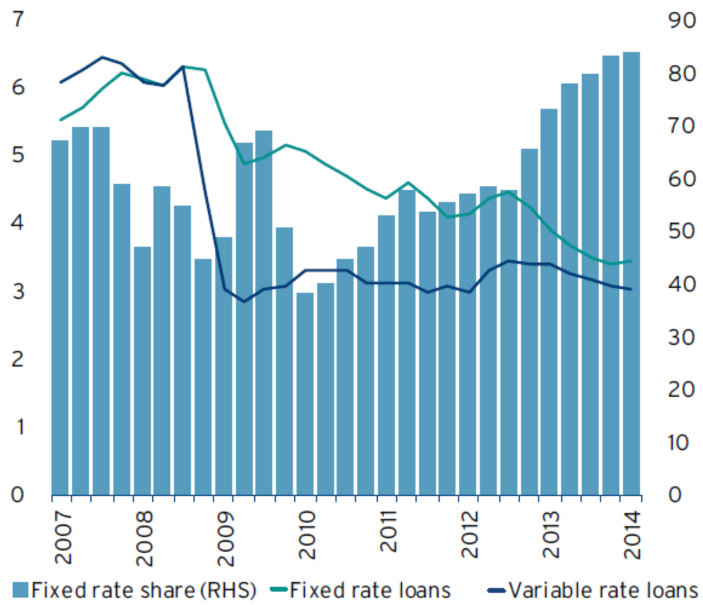
A combination of government policy initiatives (Funding for Lending (FLS), Help to Buy (HTB)) and historically low interest rates; together with the economic recovery, is stimulating the housing market. With the cost of wholesale funding having fallen significantly, lending conditions have markedly improved leading to a 50% rise in gross mortgage lending since the FLS was introduced (Figure A2). According to the Council of Mortgage Lending (CML) total gross mortgage lending, seasonally adjusted, stood at £19.1bn in July, which is the strongest outturn since August 2008.

Figure A1: UK Housing Market



Source: DTZ Research, Nationwide Building Society

Figure A2: Interest rates on residential lending (%) and fixed rate share (%)



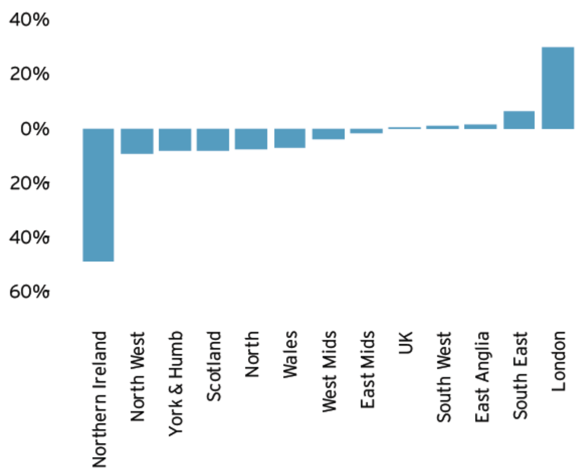
Source: DTZ Research, Nationwide Building Society

Fixed interest mortgage rates have steadily declined since 2009 and their market share has steadily climbed to over 80% in Q1 2014. This clear preference may reflect not only the diminishing margin between fixed and variable rates, but also awareness by mortgagees that interest rates may rise in the foreseeable future.

Despite the fact that UK house prices have recovered to their previous peak, they remain about 10% below the long term trend. Similarly, transactions are around 30% lower and lending activity, despite the recent increases noted earlier, are still 40% below the last peak. The length and depth of the recession means that the value of UK housing, an important driver of economic growth, has been severely dented.

The recovery in UK house prices, however, hides the two tier market which has evolved over the last few years; London versus the rest of the country. The rise in UK house prices has, at the current time, been almost exclusively driven by London and more recently the south. London's status as a global city has been elevated, rather than diminished, by the economic turbulence of the last five years. London has attracted money, people and businesses at record rates and this has been reflected in soaring house prices. London house prices are now, remarkably, 32% above the last peak. House prices in the South East, East and South West have also recently recovered to 2008 levels.

Figure A3: House prices relative to pre-crisis peak, average of Nationwide and Halifax measures



Source: DTZ Research, Nationwide Building Society

Conversely, house prices in the rest of the country remain below 2008 levels. Prices in Northern Ireland are still a staggering 48% below their peak, while the majority of other regions are around 5% below.

Consequently, the big regional price corrections brought about by the recession have yet to be completely reversed. This is not that surprising given that the economic recovery has still to take hold in many parts of the country. But surveys about economic activity and outlook in the regions have been increasingly positive over the course of the year. For example, the Royal Institute of Chartered Surveyors (RICS) report that prices have risen across most regions in recent months, driven by a combination of growing demand and a lack of new (sales) instructions. In addition, the sales-to-stock ratio, which measures market tightness, increased in July to its highest level since 2007.

With the possible exception of London there is little evidence, at the current time to suggest that there is a national housing bubble. However, worries about affordability in the context of little or no wage increases are pervasive. Looking at the house price-to-income ratio suggests that affordability is around seven, well below the pre-crisis peak of eight. In the regions, the price to income ratio has fallen by one and a half times since 2007.

London, unsurprisingly, is the big outlier. Despite strong growth Building Society, ONS incomes and employment, soaring house prices have pushed the price-to-income ratio back to peak levels of 11. Other metrics, such as loan-to-value (LTV) ratios and income multiples tell a similar story. The period of easy credit prior to the crisis had seen homeowners being allowed to borrow higher multiples of their incomes and advance smaller deposits. In both cases these conditions changed substantially in the aftermath of the credit crunch, with lenders significantly tightening their lending criteria. With regards to LTV ratios, tighter lending criteria remain in place today, with Office of National Statistics (ONS) data suggesting that the average LTV ratio is almost 4 percentage points lower than before the crisis — this was one of the key factors underpinning the government's decision to introduce the mortgage guarantee part of HTB. An analysis of income multiples also shows the majority of regions well below previous peaks. However, as with the price to income ratio, values have returned to pre-crisis levels in London. Moreover, in contrast to the other metrics, there are some signs of stress in the other southern English regions as well.

Overall these metrics of affordability suggest that worries about housing bubbles, with the exception of London, may be overdone. Nonetheless, if the BoE's recent rhetoric and introduction of the Mortgage Market Review (MMR) was intended to cool market ardour and thereby delay the expected base rate rises, then it appears to have worked.

An array of recent data suggests that housing activity has cooled somewhat. The July 2014 RICS Residential Market Survey shows that overall buyer demand has stabilised and sales growth has moderated. While the national market broadly appears to be holding firm, enquiries and sales are now falling in London. Instructions are rising sharply and price momentum, whilst positive, has been eroding rapidly over the past three months. Similarly another survey, from mortgage lender Halifax, showed prices slipping in June.

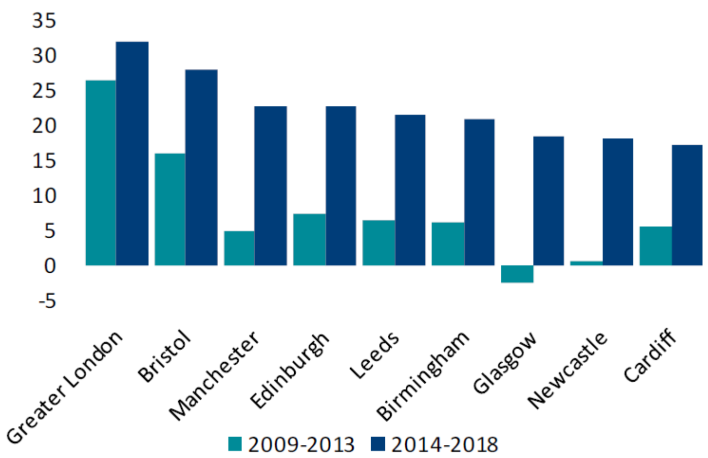
Given these trends and recent downward revisions to earnings forecast we do not expect the BoE to raise the base rate until next year. Thereafter increases are likely to be modest and protracted. The BoE has made it clear that it does not want to act prematurely and endanger the recovery. Despite the concerns about a London house price bubble, the BoE does not want to derail consumer confidence and spending which has been the key driver of the recovery up to this point, and which will be crucial to lifting economic growth in all regions.

All in all we expect the monetary environment to remain accommodative over the next few years. The big policy issue over the medium and longer term, however, will be about the supply of housing. The continued lack of new house building which consistently undershoots target, will inevitably underpin further rises in house prices.

Although the latest survey data suggest that the momentum in prices may have moderated, especially in London, this slowdown is likely to be temporary. The outlook for house prices is strong, reflecting positive demographics and constrained supply in the form of new housing starts.

Moreover, we expect all regions will see relatively strong price growth over the next five years (Figure A4). This reflects our expectation for demand and supply of housing to remain unbalanced.

Figure A4: House price cumulative growth by city



Source: DTZ Research Outlook 2014

In March 2014 the Chancellor announced a raft of measures designed to stimulate the housing market and promote supply. Housing policies announced in the Budget are expected to support 200,000 new homes across the UK. The biggest boost was from a projected 120,000 units expected to result from the four year extension of the Help-to-Buy equity loan scheme to 2020.

First time buyers (FTB) have accounted for nearly 90% of the 17,500 new homes bought under the scheme. Most of these were acquired outside London and the South East, boosting demand in these less active markets. In addition, 15,000 homes are planned to be delivered by the Ebbsfleet Garden City project, 11,000 at Barking Riverside, and 10,000 at Brent Cross. Another 15,000 will come from funding for small developers and more than 40,000 from estate regeneration. Despite these initiatives, however, the supply response is unlikely to be strong enough, especially where it is needed most in London and the South East.

Outside London, the government still owns a considerable amount of land, notably brownfield, which could be sold to house builders, or use its own resources to fund a programme of house building. Large public sector building initiatives were undertaken in the past, but very little social housing has been built in recent years. A programme of public sector housing may be a more direct approach to solving the housing shortage. An alternative is to encourage large financial institutions, such as insurers and pension funds which have traditionally invested in commercial property, to fund the large scale residential building required to meet rising demand. We look at this issue in more detail in the next section of this report.

BRADFORD HOUSING MARKET

The Bradford Housing Market is significantly varied across the District. Over the last twelve months on average, 1,010 properties have sold each quarter. The average house price in Bradford currently stands at circa £149,000. The range of average house prices across property type is as follows:

Table A1: Average house prices in Bradford

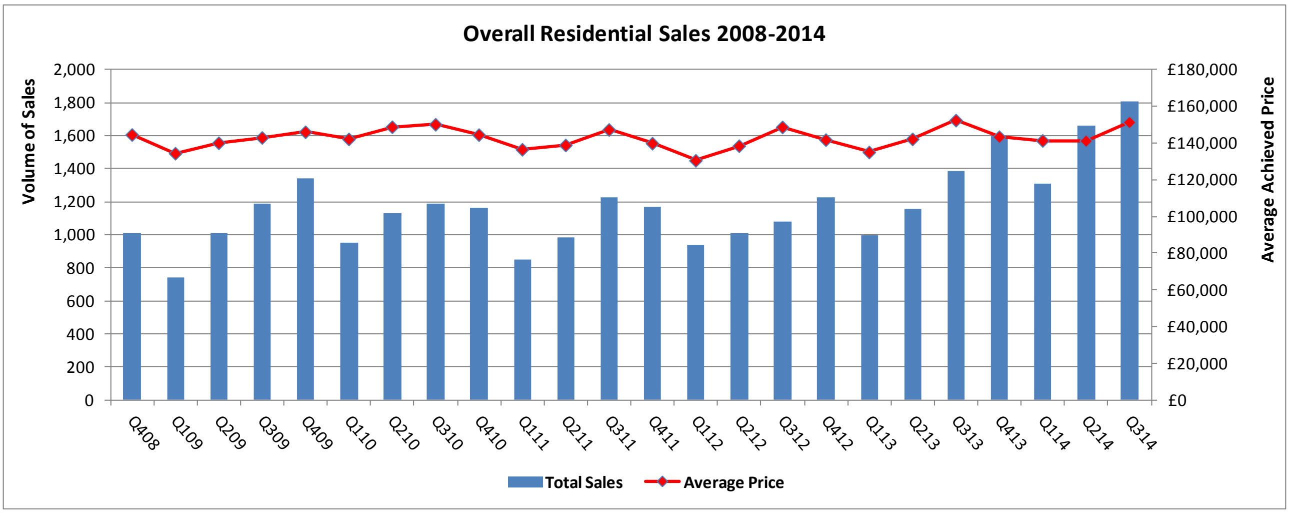
Property Type	Average House Price	Number of Transactions September 2013 – September 2014
Detached	£233,245	1,369
Semi Detached	£139,167	3,090
Terrace	£109,034	3,594
Apartment	£84,914	710

Source: HM Land Registry Q3 2014

It is clear from the information above that the detached market far out performs the remaining property types in the area in terms of value, with there being little difference between the semi detached, terrace and apartment markets. However, the terrace and semi detached markets are the most active accounting for 35% and 41% of the turnover in the market respectively.

The performance of all property types for both quantity of sales and values achieved since 2008 can be see below:

Figure A5 Bradford Housing Market Performance: 2008 -2014



Source: HM Treasury

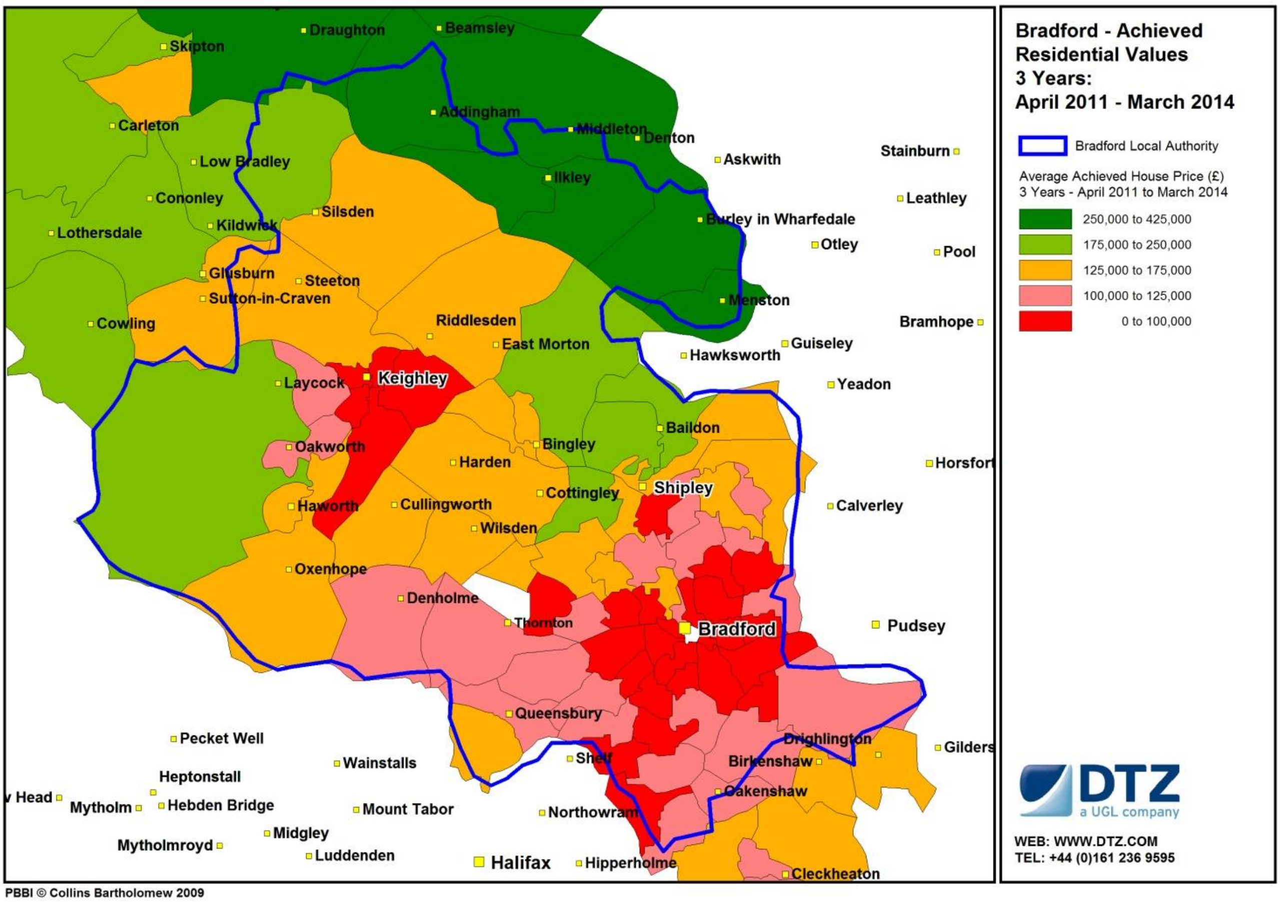
Reports produced by CLG and Arc4 suggest that the Bradford District is a relatively self-contained housing market with low levels of inward migration. Therefore, any demand for new housing needs to be generated in the main from within the population of Bradford as the area is less likely to draw new households into the area than neighbouring housing markets would do. The CLG reports that at least 70% of those moving within Bradford originate from the same area and often from within the same sub area of the Bradford Housing Market.

The Bradford Strategic Housing Market Assessment (2010) reported that 76.8% of households moving within the District currently live within Bradford and 78.6% of residents living in Bradford work in the District. The 2013 Bradford Strategic Housing Market Assessment update report confirmed that as such, Bradford can be described as a self-contained housing market area.

That said there is a strong link with neighbouring authorities and in particular with Leeds, especially in the North Eastern boundary areas of the two authorities in areas such as Ilkley, Otley and Guiseley, more widely known as ‘Wharfedale’.

Analysis of the Bradford Housing market using HM Land Registry postcode data show this wide range of variance across the area and the formation of very specific housing markets. Figure A6 illustrates the mapping of average house prices taken for the quarter April - March 2014 from the HM Land Registry:

Figure A6: Bradford achieved residential values April 2011 to March 2014



Source: HM Land Registry

The plan demonstrates a very clear distribution of values with the rural locations of Wharfedale and parts of Airedale and the west of the District exhibiting the highest property values and urban areas of Greater Bradford and Keighley recording the lowest property values. It should be noted that average house prices are not an accurate representation of new build values and as a result in locations where there is less new build activity, average house price indicators are further reduced.

Achieved values for new build housing vary across the District from around £1,300 per square metre at Dick Lane, Bradford to over £4,000 in Ilkley, highlighting the dual challenge of affordability and viability that the Council must consider when setting CIL rates.

New build values

At present, the residential development industry is heavily driven by two key factors, achievable house prices and transaction rates. Areas which have high house prices are more popular as the risks associated with development in these areas are low. Higher value areas have tended to sustain a stable level of transactional turnover and are more insulated from the mortgage market. Further, such areas are not typically reliant upon first time buyer transactions and have therefore maintained their performance despite the financial downturn. We can see this trend in Bradford by looking at where there are new schemes being developed / marketed.

There are currently a number of recently completed schemes/schemes on site in the area. Table A.2 below, shows a selection of current ammonised schemes and their achieved value in £s per square metre factoring in any incentives.

Table A2: New build schemes in Bradford District

Number of Beds	Transaction Date	Sales Price Achieved (£)	Area (m2)	£/m2
Development 1 - Value Area 3				
3 bed	2014	£155,995	79	£1,974.62
2 bed	2014	£103,995	67	£1,552.16
				£1,763.39
Development 2 - Value Area 3				
3 bed	late 13/14	£121,995	79	£1,544.24
Development 3 - Value Area 5				
2 bed	late 13/14	£94,995	67	£1,417.84
3 bed		£144,500	79	£1,829.11
4 beds		£199,000	102	£1,950.98
				£1,732.64
Development 4 - Value Area 4				
2 bed Apt				
3 beds	2013	£154,000	79	£1,949.37
4 bed	2013	£197,000	102	£1,931.37
				£1,940.37
Development 5 - Value Area 4				
4 beds		£261,500	102	£2,563.73
3 beds		£139,000	79	£1,759.49
2 beds		£119,000	67	£1,776.12
				£2,033.11
Development 6 - Value Area 5				
4 beds	2014	£174,000	102	£1,705.88
3 beds	2014	£147,500	79	£1,867.09
2 bed Apt	2014	£80,000	60	£1,333.33
				£1,635.43
Development 7 - Value Area 5				
2 bed SD	Nov-13	£95,000	67	£1,417.91
2 bed SD	Oct-13	£100,000	67	£1,492.54
3 bed T	Jun-13	£118,195	79	£1,496.14
3 bed SD	Jun-13	£118,495	79	£1,499.94
3 bed SD	Dec-12	£122,695	79	£1,553.10
3 bed SD	Dec-11	£118,995	79	£1,506.27
				£1,494.32

Development 8 - Value Area 5				
3 bed SD	Feb-12	£115,995	79	£1,468.29
2 bed SD	Mar-12	£95,995	67	£1,432.76
3 bed D	Mar-12	£129,995	79	£1,645.51
2 bed SD	Mar-12	£104,650	67	£1,561.94
2 bed SD	Apr-12	£92,995	67	£1,387.99
3 bed D	Jun-12	£128,695	79	£1,629.05
2 bed SD	Jun-12	£98,998	67	£1,477.57
3 bed SD	Jun-12	£103,000	79	£1,303.80
3 bed SD	Oct-12	£102,000	79	£1,291.14
3 bed SD	Nov-12	£105,000	79	£1,329.11
3 bed SD	Nov-12	£100,000	79	£1,265.82
3 bed SD	Dec-12	£110,995	79	£1,405.00
2 bed SD	Feb-13	£96,495	67	£1,440.22
3 bed D	Mar-13	£128,696	79	£1,629.06
2 bed SD	Apr-13	£90,000	67	£1,343.28
2 bed SD	Jul-13	£92,995	67	£1,387.99
				£1,437.41
Development 9 - Value Area 5				
First sale June 2011, sold 80-90 between 2011-14, most of which in Q3 2013 to present.				
2 bed apts	2011	£77,500	68.83	£1,125.99
	Nov-13	£70,000	61.59	£1,136.46
	Apr-14	£71,000	62.22	£1,141.20
	Apr-14	£64,000	62.22	£1,028.69
3 bed SD	Dec-13	£115,000	71.81	£1,601.48
	Feb-14	£111,000	71.81	£1,545.78
	Mar-13	£117,000	71.81	£1,629.34
4 bed SD	2011	£135,000	100.50	£1,343.25
	Nov-13	£150,000	103.20	£1,453.55
4 bed SD	2011	£150,000	95.84	£1,565.15
4 bed D	Mar-14	£183,000	123.47	£1,482.16
				£1,368.46
Development 10 - Value Area 4				
2 bed	Oct-13	£131,000	61.19	£2,140.84
4 bed	Jul-14	£267,000	117.72	£2,268.00
5 bed	Apr-14	£352,000	172.95	£2,035.21
	Apr-14	£323,000	151.63	£2,130.23
				£2,143.57
Development 11 - Value Area 1				
2 bed apts	Jul-13	£345,000	90	£3,833.33
	Jul-13	£425,000	90	£4,722.22
	Aug-13	£330,000	90	£3,666.67
	Aug-13	£345,000	90	£3,833.33
	Sep-13	£355,000	90	£3,944.44
	Sep-13	£391,000	90	£4,344.44
	Feb-14	£345,000	90	£3,833.33
				£4,025.40

Development 12 - Value Area 3				
5 bed D	Apr-14	319995	135	2,370.33
Development 13 - Value Area 2				
4 bed D	Mar-14	£228,000	102	£2,235.29
4 bed D	Dec-13	£265,000	102	£2,598.04
3 bed SD	Nov-13	£180,000	79	£2,278.48
4 bed D	Nov-13	£212,500	102	£2,083.33
4 bed D	Nov-13	£220,000	102	£2,156.86
4 bed D	Nov-13	£215,000	102	£2,107.84
3 bed SD	Sep-13	£175,000	79	£2,215.19
4 bed D	Aug-13	£235,000	102	£2,303.92
4 bed D	Jul-13	£230,000	102	£2,254.90
3 bed SD	Apr-13	£172,000	79	£2,177.22
3 bed T	Apr-13	£175,000	79	£2,215.19
				£2,238.75

As part of the market assessment, consultation with all the major house builders active in the region has been carried out (initially in 2013 and again in 2014). There were a number of key messages emerging from this consultation regarding the attractiveness of different housing types, areas and what the key challenges will be for delivering housing in the short to medium term, as outlined below:

Demand

All house builders reported muted demand overall. The first time buyer market was stated to be almost completely reliant on government schemes such as New Buy, without which the market for certain types of homes would almost disappear. Most of the house builders stated that they are currently targeting two groups. The first is those making their first move up, usually couples or young families, making the most of any equity built up on their current property to make their second more affordable. The second is young professional couples willing to commit dual incomes to a joint mortgage.

In terms of house type, all house builders identified that the strongest demand was for traditional 2 storey family housing. None had plans for flat / apartment led schemes but some said they would consider higher density 3 storey townhouses as part of a large scheme or as part of their affordable housing stock.

Values

Headline values are holding up only through increasing incentive packages in most areas. On new homes stamp duty is almost always paid by the house builder, whilst carpets and occasionally white goods are included. In addition offers such as part exchange are successfully attracting those looking to make their first move up the housing ladder. Analysis of recent transactions suggests that incentives are currently representing approximately 5% of headline achieved values.

Land

All house builders were interested in acquiring and bringing forward new sites in the certain areas. Haworth, Queensbury, Denholme, Ilkley, Calverley proved the most targeted areas, with Bingley also attractive once the current supply of new housing has been taken up. There is little interest in areas such as Holme Wood, Laisterdyke, Ravenscliffe and Manningham at present; although all house builders said they would consider opportunities on a site by site basis.

The value of land in the District varies massively depending on planning status and the existing use. Discussions with house builders revealed that very few sought sites with planning permission for residential, preferring instead to target sites on the basis of location, buy from the landowner either on an option basis or a subject to planning basis, and then design the scheme according to their requirements. As such, land values discussed have represented the existing use of the land plus an appropriate incentive for the landowner to sell it rather than being indicative of openly traded residential land.

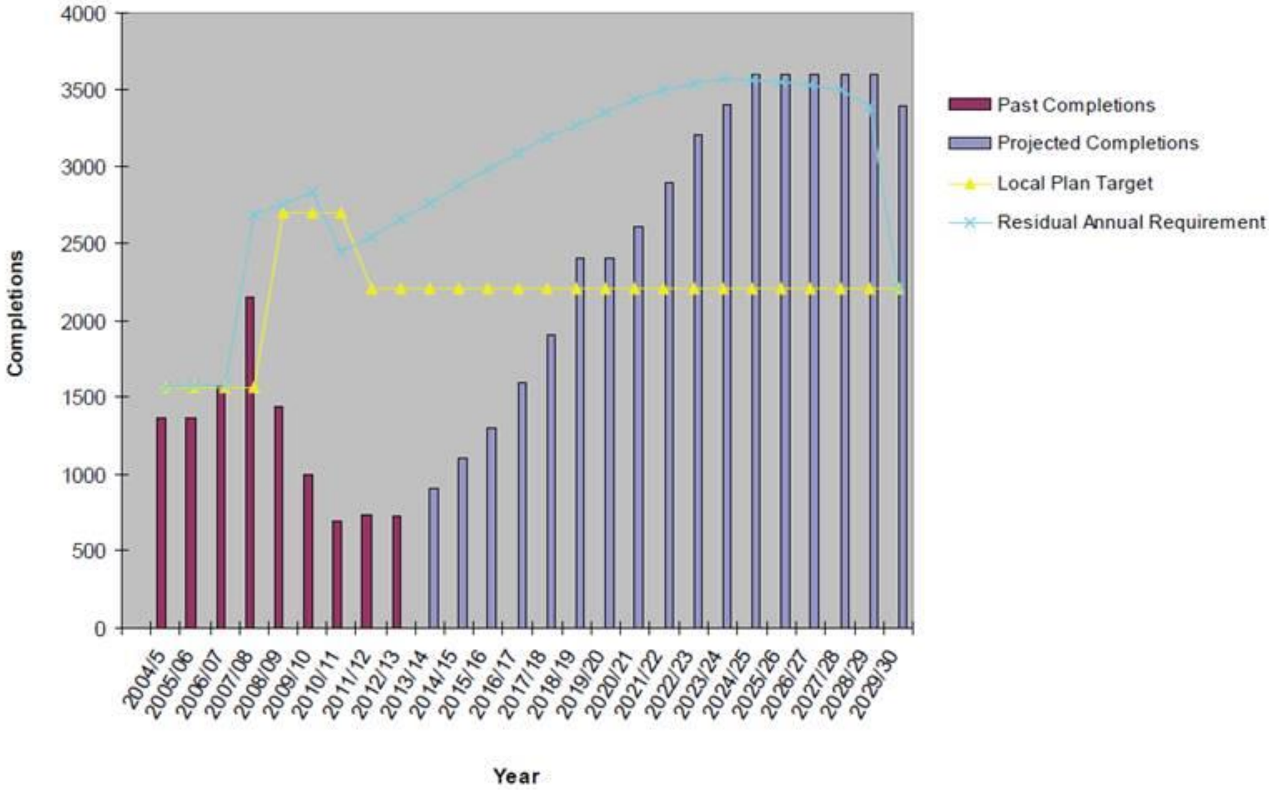
DEVELOPMENT FORECAST

The CSPD sets out housing targets of a minimum of 42,100 homes delivered by 2030.

Bradford Council has developed a housing trajectory based on recent performance of housing completions and anticipated future delivery rates in view of market conditions and supply factors. The trajectory, as illustrated by Figure 3.1 below, is heavily back-loaded, not only to allow for weak market conditions over the short to medium term, but also because the Council anticipate that much of the land releases required to deliver the larger quantities of housing will be brought forward only in the medium to long term because of the need for new allocations and in some cases complex masterplans to unlock sites.

The housing trajectory demonstrates that the rates of delivery throughout the development period are considerable and well in excess of historic rates of completion. Whilst the first five years allow for a lower rate of delivery, this is stepped up year on year and by the final phase of delivery from 2021 onwards, the rate of annual completions is increased substantially to 3,800 per annum, near double the level of completions achieved at the peak of the market in 2007/08 (2156). It is anticipated that this step change in housing delivery performance will be facilitated by a less restrictive planning regime that has hitherto been in place in which large scale land releases are brought forward to meet requirements.

Figure A7: Housing trajectory 2004/5-2027/28



Sources of supply

Under Policy HO2, the CSPD sets out that the sources of housing supply will be as follows:

- Around 19,500 from sites considered by the SHLAA as 'suitable now'
- Around 3,200 from the Canal Road Corridor AAP area
- Around 3,500 from the Bradford City Centre AAP area
- Around 4,600 from areas of RUDP designated safeguarded land
- Around 6,000 houses in the Bradford SE growth area including an urban extension at Holme Wood
- Up to 11,000 from green belt (this includes local green belt releases together with the urban extension at Holme Wood), the majority of which will be in the higher order settlements and which will be focused particularly on the Regional City of Bradford.

In addition, the Core Strategy Publication Draft states that the following growth areas/sites will be prioritised for growth through the allocations process:

- The development of an Urban Eco Settlement in the Shipley and Canal Road Corridor
- Bradford City Centre
- SE Bradford
- Queensbury, Thornton , Silsden and Steeton With Eastburn
- An urban extension at Holme Wood

- Local green belt releases where consistent with the Plan's sustainability principles and where other sources of supply have proved insufficient within the relevant settlement or strategic planning sub area.

Spatial distribution

The CSPD apportions the housing targets geographically in accordance with the spatial strategy set out in the document. This is as follows:

Table A3: Housing apportionment

The Regional City of Bradford				
Bradford City Centre	3,500		Bradford North East	4,700
Canal Road	3,200		Bradford South West	5,500
Shipley	1,250		Bradford North West	4,500
Bradford South East	6,000			
Subtotal	**28,650**			
The Principal Towns				
Ilkley	800		Bingley	1400
Keighley	4500			
Subtotal	**6700**			
Local Growth Centres				
Queensbury	1,000		Thornton	700
Steeton with Eastburn	700		Silsden	1,000
Subtotal	**3,400**			
Local Service Centres				
Addingham	200		East Morton	100
Burley in Wharfedale	200		Harden	100
Baildon	450		Haworth	500
Cottingley	200		Menston	400
Cullingworth	350		Oakworth	200
Denholme	350		Oxenthorpe	100
Wilsden	200			
Subtotal	**3,350**			

The CSPD also sets out a spatial vision for each of the four key 'Sub Area Policies' for City of Bradford, Airedale, Wharfedale and Pennine Towns and Villages. These spatial visions envisage potential greenbelt releases. The key elements of residential development proposed in each of these visions, all of which include the likelihood of greenbelt releases, are as follows:

- City of Bradford – urban regeneration and renewal priorities including City Centre, Canal Road Corridor, Shipley town centre, Leeds Bradford Corridor, Manningham, Little Horton and Allerton;
- Airedale – urban regeneration and renewal priority areas in Keighley and Bingley
- Wharfedale – potential localised greenbelt releases

- Pennine Towns and Villages – potential localised green belt releases at Thornton and Queensbury.

The sub areas outline the need for green belt releases in most parts of the district. The only more specific and definite urban extension being proposed at this stage being that east of the Holme Wood estate as part of the Bradford SE growth area.

Quantity of development

The Bradford Strategic Housing Land Availability Assessment (SHLAA) provides an insight into the anticipated programme of residential development in the short to medium term. The SHLAA, which was published in October 2011 and is currently being updated, provides an assessment of the deliverability of sites and a five year supply position. The five year supply provides details of the sites that are expected to come forward over the five year period 2009/10-2014/15 and therefore represents a useful perspective on the types of residential development that may be required to absorb a CIL charge[3].

The SHLAA concludes that for the period 2009-2014, there are 199 sites with the capacity for 5747 units that are expected to be delivered. This total represents only two years' of supply based on the rolled up five year target for the period. The SHLAA was based on a review of all sites above 0.4 ha and the update is incorporating sites under this threshold and therefore the quantity of units expected to be delivered is considered likely to increase.

DTZ understands that evidence presented to a recent planning inquiry in Bradford relating to Sty Lane in Micklethwaite suggests that the quantity of the five year supply could be increased to approximately 2.5 years supply (7,268 units) as a result of reducing the size threshold and incorporating small sites. This would still leave an outstanding quantum of supply to be met from other sources through:

Windfall schemes

- New allocations – although it is not anticipated that a site allocations document will be adopted until at least 2015, new allocations are likely to come into consideration prior to 2018
- Sites that have been mothballed that might be brought forward if and when market conditions improve

Location of development

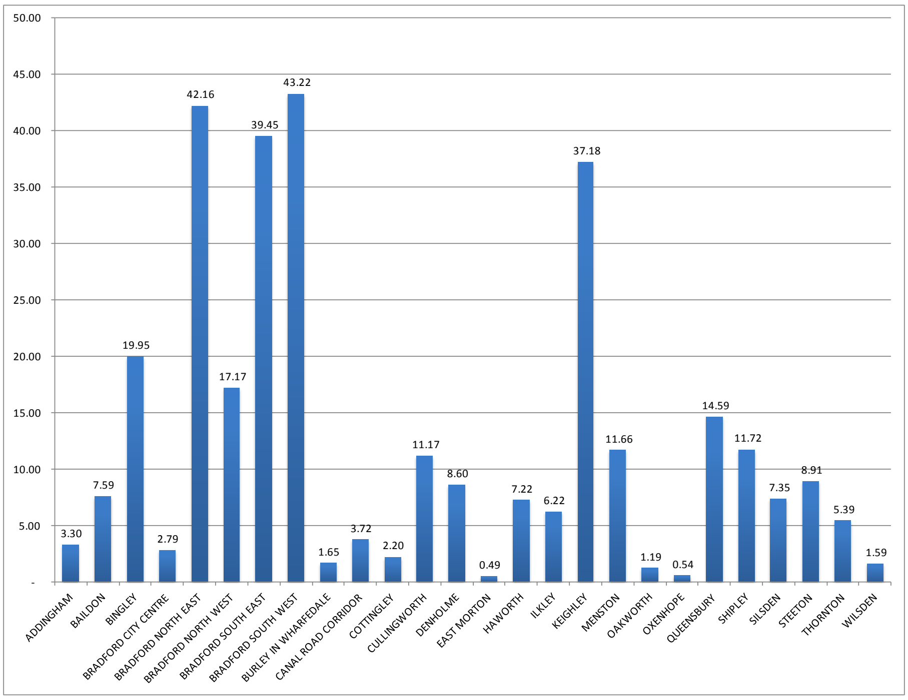
Analysis of the SHLAA deliverable five year supply provides a reasonable indication of the distribution and type of residential developments that are likely to come forward in the near future. As noted above, whilst many of the sites in the five year supply have already been consented and will not therefore be subject to CIL, the data nonetheless provides a useful indication of recent development patterns that are instructive for the future.

---

[3] NB many of the sites in the SHLAA five year supply are already consented and therefore will not be subject to CIL charge when it is implemented. However, the five year supply as a whole provides a useful insight on the type of development likely to come forward.

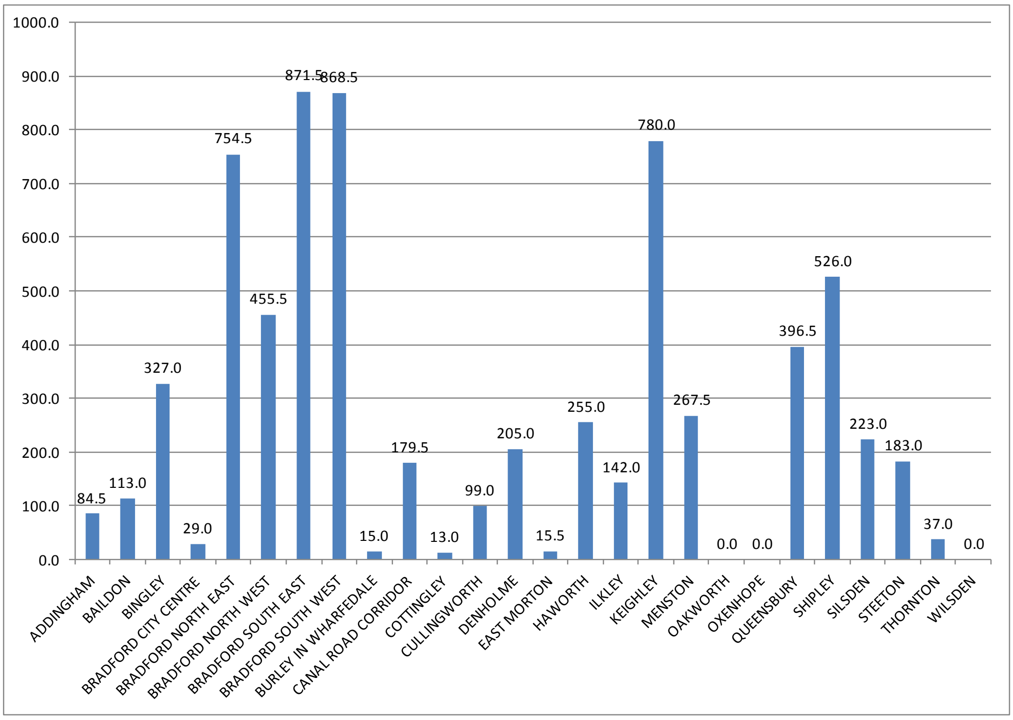
There are 200 sites and 317 hectares in total in the five year supply, and Figure A7 below demonstrates the distribution of the supply in terms of the area of land. Approximately half of all supply is within the Bradford area. Other locations with a relatively high share are Keighley (37 ha) and Bingley (20 ha). Shipley has perhaps a relatively low quantity of sites expected to come forward in the five year supply for its size (12 ha). However, overall, the key pattern is that the majority of development is expected in the major urban settlements, with a much smaller supply in more remote rural locations.

Figure A8: Area of land by location (five year supply 2009/10-2014/15)



The SHLAA also provides an extended trajectory of housing development which can be analysed by location in accordance with the extended timescale of 2013 - 2018. This data, illustrated on Figure A8 below, indicates a broad continuation of the spatial trend set out above (albeit in housing numbers rather than site areas).

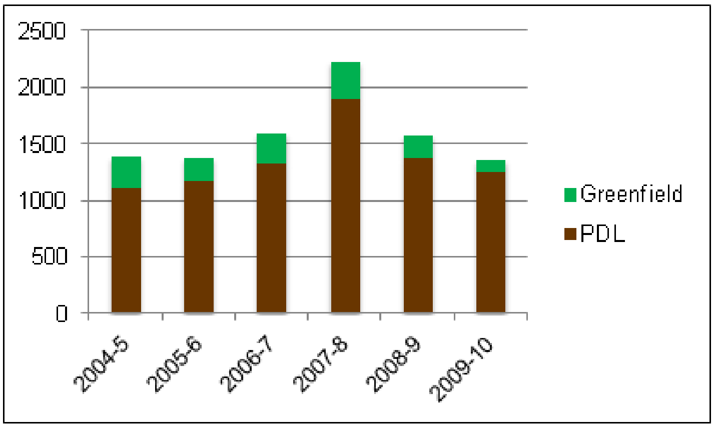
Figure A9: Housing numbers by location 2013-2018



Site type

Sites are categorised as either Greenfield, Previously Developed Land (PDL) or mixed in the SHLAA. In recent years, residential development has been focused on brownfield sites, as indicated by Figure A9:

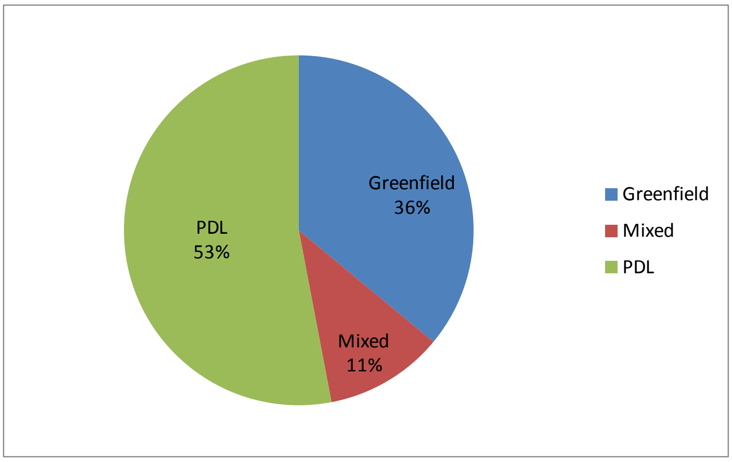
Figure A10: Housing completions 2004-2010 – Greenfield/PDL



As noted above, the Core Strategy Publication Draft indicates the requirement for 50% of residential development to be on PDL sites, and on the basis of historic trends, this could – if it becomes adopted policy – facilitate a shift in development patterns towards greater levels of Greenfield development.

The SHLAA Update 2 indicates that the majority of deliverable sites in Years 1-5 in Bradford are PDL –53% compared with 36% being Greenfield.

Figure A11: Five year supply site typology - Number of sites by land type



A further consideration is that Greenfield land development may arise as a result of land owner and developers seeking to exploit the shortage of a five year supply in order to secure consent for residential development on Greenfield sites.

Site size

The SHLAA 1 sites were analysed on the basis of four size bands:

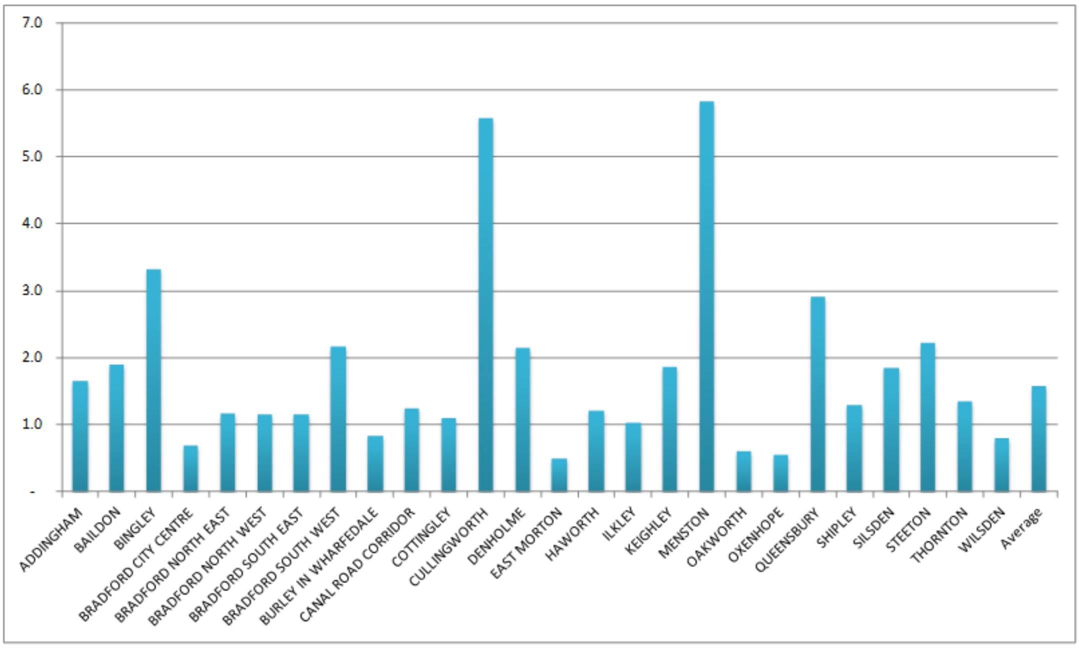
- Under 0.5 ha
- 0.51 ha-3 ha
- 3.1 ha-5 ha
- 5.1 ha+

The SHLAA 2 lowered the threshold to 0.2 ha increasing the availability of smaller windfall sites.

Development densities

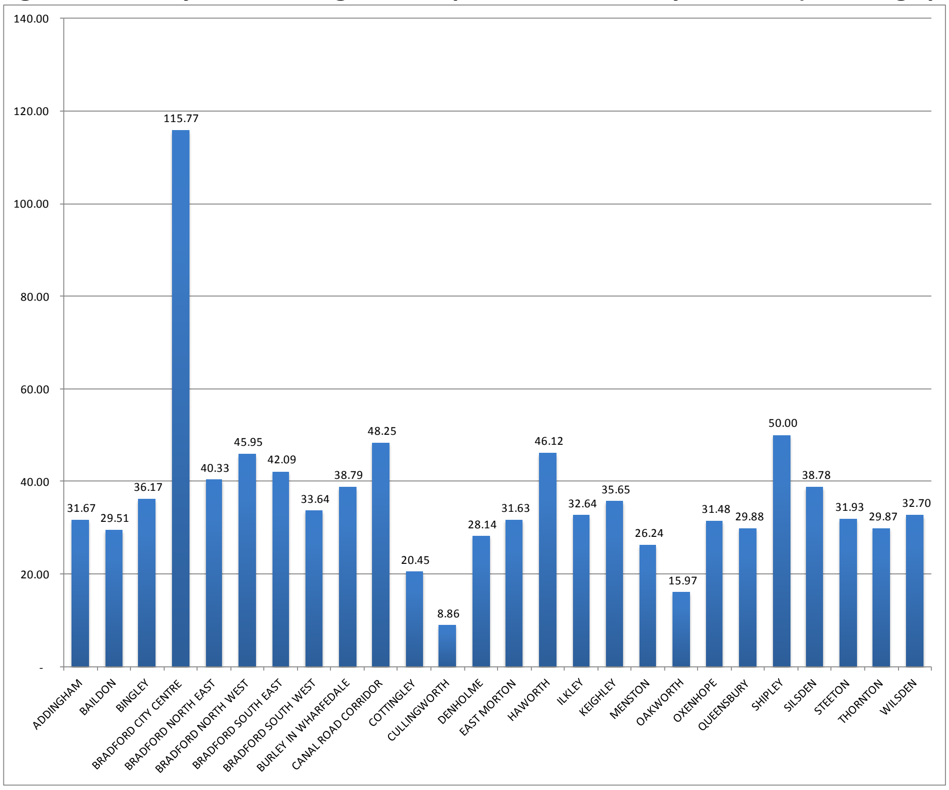
Figure A8 below illustrates the average development densities anticipated for each location drawn from the SHLAA data. Development densities tend to fluctuate between 30 and 40 units per hectare for most locations and with Bradford City Centre having an exceptionally large density of 116 units per hectare, reflecting the composition of development types proposed in the city centre including high density flats. With many areas expected to average 40 units per hectare, this is considered to be challenging with many house builders reporting a desire to revert to lower density development types in the current market. In

Figure A12: Average site size by locality



this respect it is acknowledged that the densities of future planning applications (either variations or new planning applications) are likely to be for lower densities within a general move away from flat / apartment schemes.

Figure A13: Projected average development densities by location (dwellings per ha)



SUMMARY

In summary, Bradford's housing market is characterised by diversity with marked geographical variations in sales values which reflect the activity and viability of development in different locations. In the prevailing macro-economic climate of uncertainty, the variation in conditions has been exacerbated with development activity being concentrated in locations in the north of the District that command higher values and/or there is confidence in demand in the local market. Feedback from the house builder market indicates that this trend is expected to continue at least in the short term.

In respect of the short to medium term development forecast:

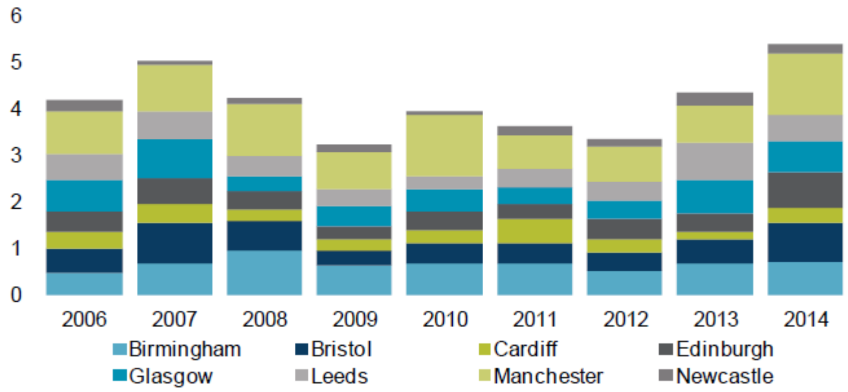
- The 2013 SHLAA indicates there given current projections for population and household growth within the District, there is likely to be a need to increase supply in all sub areas including areas where demand currently equals supply through the plan period.
- The spatial distribution is skewed towards Bradford and other significant urban settlements such as Keighley, although there are some sites expected to come forward in other rural locations in Wharfedale and to the west of the District
- The type of sites shows that there are likely to be a mix of PDL and Greenfield and that conditions relating to the deliverability of brownfield sites may necessitate a significant increase in Greenfield sites across the District with house builders being drawn to locations and sites that they consider to be 'prime'
- There is a mix of site sizes anticipated to come forward, with an emphasis on small to medium size band of 0.5 ha to 3 ha
- Development densities are expected to be at the lower end of the 30-40 units per hectare range, despite the indications of higher development densities in the SHLAA.

OFFICE

General market conditions and outlook

Following the economic downturn, occupier activity in the UK office market has continued to strengthen in regional city centres and 2014 proved a record year for take-up, with 5.7 million sq ft transacted (Figure A14).

Figure A14: Regional office market take-up by city (million sq ft)

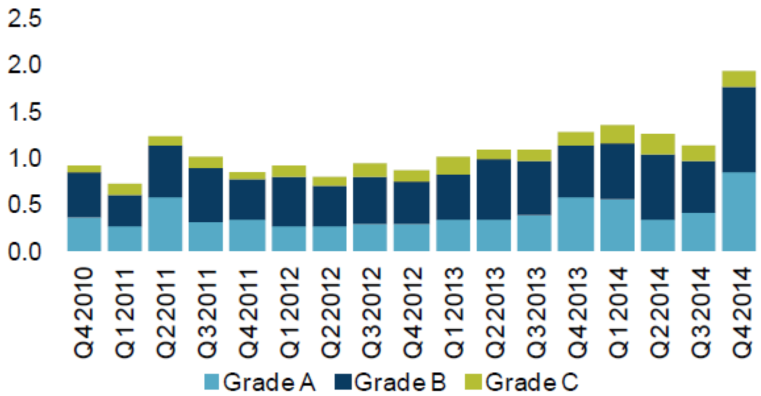


Source: DTZ research

This represented a 25% increase on 2013, driven by a record Q4 2014 of over 1.8 million sq ft - 844,000 sq ft above the long-run regional average. Individually, Manchester and Edinburgh enjoyed their largest annual take-up on record in 2014.

The majority of take-up in 2014 was for grade B space, given the very limited standing grade A stock available. Despite the shortage of standing stock, grade A take-up was its highest since 2007, reflecting the wider trend that occupiers are now seeking better quality, well located space in order to attract and retain the best occupiers.

Figure A15: Regional office market take-up by grade (million sq ft)



Source: DTZ research

Office availability continued to decline across all grades in 2014. Grade A is at a real premium and the number of years of supply at current take-up rates fell from 1.6 years in 2013 to 1.4 years in 2014. Grade B supply fell more dramatically from 2.9 years to 2 years over the same period.

Developers have responded and there is now 6 million sq ft of speculative space to be completed by 2018. This is approximately double the annual average supply since the downturn in 2010, but is still around 40% lower than pre-recession levels.

Average key centre prime headline rents increased 5% in 2014, exceeding £27 per sq ft, and pushed past the previous peak in 2008. Incentives were cut by a third over the year to an average 10 months' rent free on a five year lease. Rents are forecast to rise another 7% over the next five years.

Investor activity was strong in 2014 and annual transaction volumes increased by 40% on 2013, to £1.9 billion. Average prime yields fell to 5.7%, the lowest since March 2008, and are forecast to fall further to 5.4% in 2015.

THE BRADFORD OFFICE MARKET

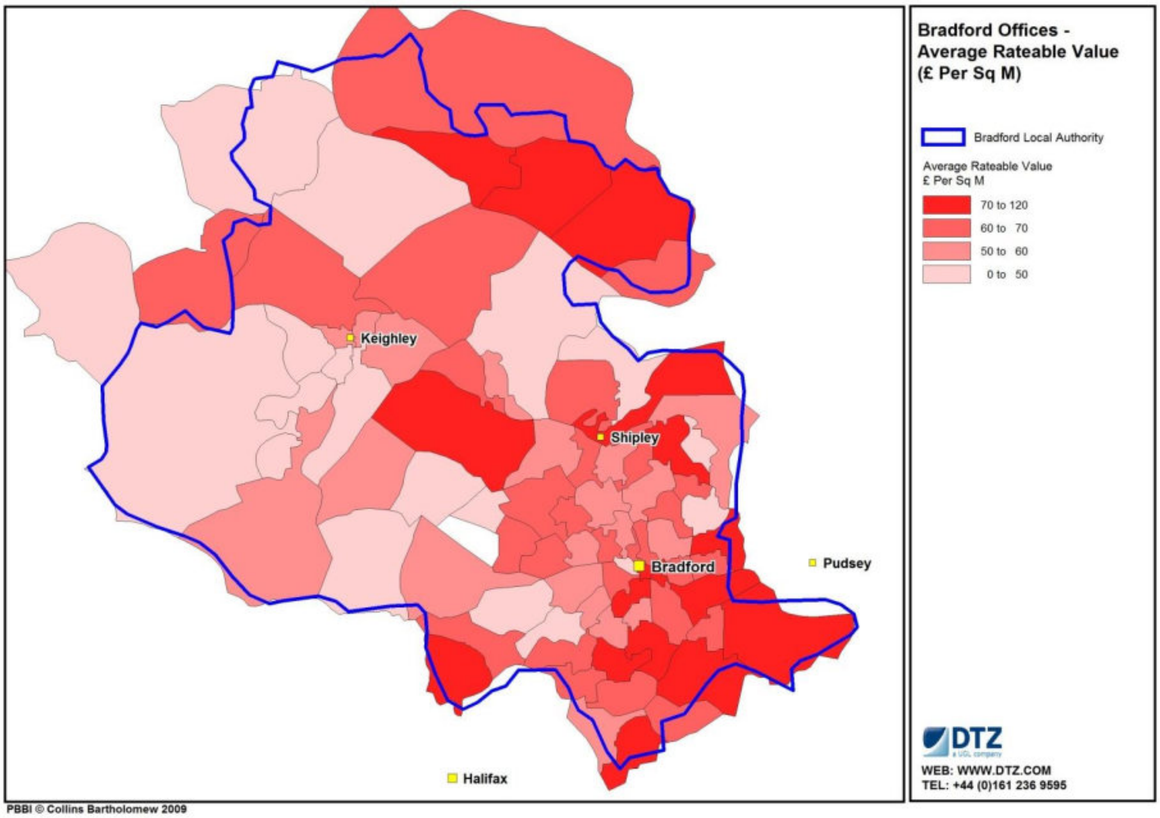
There are signs that availability is falling in some regional locations, including Leeds city centre. However, the potential upside of this to Bradford has been diluted as rental levels have fallen and tenant incentives packages increased in these competing locations. Consequently the rental 'discounts' which could be achieved from locating in Bradford have gradually been eroded.

Furthermore, these reduced rental levels, coupled with the historically low base restricts the feasibility of developing new office accommodation in Bradford without some form of public sector subsidy or other intervention.

Whilst available office accommodation is still plentiful in Bradford, this predominantly consists of Grade B, secondary space in the city centre. The majority of Bradford's higher specification office accommodation is positioned in out of town locations along the M606 / M62 and Aire Valley corridors where take up has remained comparatively robust. A number of enterprise centres and serviced offices have also been developed in these locations including Inspire and the Centre for Excellence.

The rateable value of individual, sector specific properties in Bradford by postcode area has been mapped to enable spatial analysis of the area. This evidence is based on the 2010 Rating list, with rateable value being the annual open market rental value of individual properties on full repairing and insuring terms as at the antecedent valuation date of 2008. The rateable value of property is reviewed on a five yearly cycle. The results of this analysis are illustrated below:

Figure A16: Bradford Average Rental Values by postcode area



The analysis demonstrates that the highest average rateable values are focussed in and around Bradford city centre and other major towns including, Shipley, Keighley and Ilkley, albeit it is generally the outlying areas of these towns where the concentration of higher rateable values are focussed, consistent with out of town office market locations. There is also a noticeable concentration of high banding rateable values towards the M606 / M62 corridor, consistent with the number of out of town office parks in this location including Midpoint, Hope Park and Link 606 highlighting the importance of accessibility to occupiers.

Whilst being a useful geographical indicator of the office market, the rateable evidence provides an average rental value by postcode area. As such the mean values do not only represent new stock, but rather a combination of new and secondary stock which distorts the evidence for the purposes of a viability assessment. Therefore, in locations that are skewed towards an ageing stock with lower rental values, the average rateable values are distorted and not representative of new build rates.

We have supplemented this evidence with headline rental levels, achieved for different lettings to provide the best indication of the geographical performance of the office market, although it should be noted that by definition, headline rents often mask the incentives available to tenants.

As a result of the challenging development market there has been little office development in Bradford city centre since the completion of No1 The Interchange in 2006. The 10,874 sq m (117,000 sq ft) Southgate Scheme, developed by McAleer and Rushe and pre let to Friends Provident is one exception to this, albeit the developer required a public loan to complete the development, which also included a Jury's Inn Hotel.

Whilst market evidence for new development in Bradford is limited some of the most recent letting evidence available from Focus, Estates Gazette and DTZ's own Eclipse has been extrapolated and is set out in Table A4 below to demonstrate headline rental levels and incentives.

Table A4: Bradford Office Transactions

Address/Scheme	Location	Transaction Type	Date of transaction	Tenant	Area (sq ft)	Rent £ pa / £ psf	Lease Terms	Incentives	Comments
Third Floor, Amber Mill, Valley Road, Bradford	City	Rent Review	01 March 2010	Anchor Trust Ltd	10,528	£131,600 **£12.50**			Valuation by CM: ERV £73,700 (£7/ft2) - unit significantly over rented
Future House, Bolling Road, Bradford, BD4	Broomfields	New Letting (& Investment Sale)	01 April 2012	City of Bradford Metropolitan District Council		£600,000 **£7.45**	10 years		Property purchased in April 2012 for £3,900,000 (14.5% NIY)
Wrose Brow Road, Shipley	Shipley	New Letting	01 July 2014		6868	£40,000 **£5.82**	5 years	RF until completion date	Former school, now high spec offices Owned by 'In Communities' Stepped rent: Y1 £40,000 Y2 £50,000 Y3 £55,000
Quayside House, Shipley	Shipley	New Letting	01 July 2014		1145	**£10**			Purpose built, high specification
Unit 69, Listerhills Business Park,	Listerhills	New Letting	01 May 2013		4,112	22,000 **£5.35**	9 years		
Second floor offices, The Wool Exchange, 10 Hustlergate, Bradford	City	New Letting	01 May 2013	Cloud 2 Limited	1,087	£8,153 pa **£7.50**	3 years		Grade 1 listed building the retail centre. No parking
First & Second Floors, 6 Eldon Place	City (N)	New Letting	01 April 2013			7,000 **£5.15**	3 year lease Break Y1	6 weeks rent free	
Forward House, 8 Duke Street, Bradford	City	New Letting	01 March 2013		6,765	£40,590 pa **£6.00**	10 years Break Y5	3 months rent free	Refurbished building, almost wholly occupied by Gordons
Beta House, Parkside Court, Bradford, BD5	Bierley	New Letting	01 March 2013	Yorkshire Building Society	8,200	£64,400 **£7.85**	5 years		
Kenburgh House, Manor Road, Bradford	City	New Letting	01 February 2013	Optical Express Ltd.	1,352	£12,844 pa **£9.50**		9 months rent free (reflected in a reduced rent over years 1 and 2). Additional 3 months in year 3 and 4 if tenant foes not operate break in '15	
Auburn House, Upper Piccadilly, Bradford	City	New Letting	01 February 2013		3,220	£16,950 pa **£5.25**	4 years Break Y2 and Y3	Inclusive of service charge	Period building, cellular offices

Unit E, Home Farm, Esholt, Bradford	Esholt	Rent Review	01 January 2013	Summer Boarding Courses Ltd	2,625	£26,250 **£10.00**	5 years Break Y3	3 months rent free + 3 months IDEB	Grade B
Howard House, 6 Bank Street, Bradford	City	New Letting	01 June 2012	Woodspeen Training	3,324	£14,250 pa **£4.29**	5 years Break 18mths Rent review Y4		
1 Legrams Terrace, Listerhills Road	Listerhills	Rent Review	01 April 2012	Bradford District Care Trust	1,694	£13,000pa **£7.67**	12 years Annual Breaks		
3 Legrams Terrace, Listerhills Road	Listerhills	Rent Review	01 April 2012	Bradford District Care Trust	1,660	£13,000pa **£7.83**	15 years Annual Breaks		
2 Legrams Terrace, Listerhills Road	Listerhills	Rent Review	01 February 2012	HPAS Ltd t/a Safestyle	1,619	£15,000pa **£9.26**	6 years		
Ground Floor Unit 1, St James Business Park			01 November 2011			**£9.25**	10 years Break in Y3/5/7/0 Rent Review Y5	3 months	
7 Legrams Terrace, Listerhills Road	Listerhills	New Letting	01 November 2011	McLaren Group Ltd	1,628	£11,650 **£7.10**	5 years		
5 Legrams Terrace, Listerhills Road	Listerhills	New Letting	01 November 2011	CCS Media Ltd	1,628	£10,000 **£6.14**	3 years Annual Breaks		
Unit 3 Eastbrook Hall, Leeds Road	City		01 July 2011		4,550	38,000 £**8.35/8.07 net**	10 years	7 months rent free	
4 Fieldhead Street, Listerhills Road	Listerhills	New Letting	01 June 2011	Ethnical Care Resources	1,630	£12,000pa **£7.36**	5 years Break Y3		
10-16 St Martins Avenue, Fieldhead Business Centre, Bradford	Listerhills	New Letting	01 April 2011	Bradford District Care Trust	6,797	£60,000 **£8.83**	15 years Break Y5 then annual Rent Review Y5		
6 Legrams Terrace , Listerhills Road, Bradford	Listerhills	New Letting	01 February 2011	Core Integrated Solutions Ltd	1,646	£13,000 **£7.90**	10 years Break Y5 Rent Review Y5		
4 Legrams Terrace , listerhills Road, Bradford	Listerhills	New Letting	01 February 2011	Topco (SNT) Europe Ltd	1,646	£6,500 **£3.95**	9 years Break Y5 Rent Review Y5		

No. 74, Windsor Baths, Morley Street, Bradford	City	New Letting	01 February 2011	E Murray	357	£6,750 **£18.91**			
Trevor Foster Way, Bradford	City	New Letting	01 February 2011	Standard Wool	8,750	£82,000 **£9.37**	10 years Break Y5 Rent Review Y5	3 months rent free Y1-3 £68,000pa Y4-5 £82,000pa Net rent = £76,600 (£8.40)	35 CPS, grade A
6 Fieldhead Street , Listerhills Road, Bradford	Listerhills	Rent Review	01 January 2011	CCS Media Ltd	1,612	£17,500 **£10.86**	6 Years - Expires January 2014		
Trust House, St James Business Park, New Augustus Street , Bradford	City	Rent Review	01 January 2011	Halifax Ltd	22,812	£279,550 **£12.22**	25 years - Expires January 2016		Underlet at £279,550pa. 85 CPS
Part 2nd (B), Arndale House , Bradford	City	New Letting	01 November 2011	A4E Ltd	2,426	£19,000	1 year		Contracted out
Shipley Wharf, Wharf Street, Shipley	Shipley	Lease Renewal	01 November 2012		5,857	**£6.65**	2 years Break Y1		Lease Renewal 12 car parking spaces
Manor Lane, Shipley	Shipley	New Letting	01 July 2012		850	**£7.00**			Former resi
Salts Mill Road, 12-13 Market Street, Shipley	Shipley	New Letting	01 June 2012		7,738	**£6.50**			1960s, Town Centre
Quayside House, Shipley	Shipley	New Letting	01 January 2012		2,500	**£7.50**	3 years	2,500 to 3,500 sq ft Stepped rents £7.50 - £10.00 psf	1990's refurb
Mercury Quays, Shipley	Shipley	New Letting	01 January 2012			**£13.50**	1 year		High quality spec. Several deals on flexible leases
Waterside House, Shipley	Shipley	New Letting	01 January 2012			**£12.50**			Grade A
11-15 Cavendish Street, Keighley	Keighley	Lease Renewal	01 April 2012	S of S for CLG	2,374	£12,500 **£5.25**	3 years		Lease Renewal
Glendale House, FF Northgate, Baildon	Baildon	New Letting	01 March 2011	Don Peel	1,274	£4,000 **£3.14**	5 years	Step rent: Increase to £8,000 in March 2014	
10 Legrams Terrace, Listerhills Road	Listerhills	New Letting	01 March 2011	Bradford and Airedale PCT	1,631	12920 **£7.92**	15 years		

8 Legrams Terrace, Listerhills Road	Listerhills	New Letting	01 September 2010	Bradford and Airedale PCT	1,586	12920 **£8.15**	15 years		
1 Godwin Street, Bradford	CIty	New Letting	01 September 2010	Provident Financial Plc	117,003	£2,156,902 **£17.25**	25 years Rent review Y5 Break in		
Aquarius House, Midpoint Business Park, Thornbury, Bradford, BD3	Thornbury	New Letting	01 June 2010	Cravenhurst Properties Ltd		107,640 **£10**	15 years Break Y5 Rent review Y5		2nd floor 43 car parking spaces
Aquarius House, Midpoint Business Park, Thornbury, Bradford, BD£	Thornbury	New Letting	01 July 2010	Cravenhurst Properties Ltd		£34,460 **£10**	15 years Break Y3 Rent review Y5	12 months rent free	1st floor 13 car parking spaces
Aquarius House, Midpoint Business Park, Thornbury, Bradford	Thornbury	New Letting	01 December 2010	WM Morrison Supermarkets Plc	86,664	**£8**	3 years	Rent years 1&2 £86,664 pa exclusive (£8 p sq ft), year 3 £108,330 pa exclusive (£10 p sq ft). Schedule of Condition. 40 car spaces.	40 car parking spaces
2-8 St Martins Avenue, Fieldhead Business Centre, Bradford	Listerhills	New Letting	01 April 2010	Bradford District NHS Care Trust	7,025	£54,920 **£7.82**	25 years Annual Break from Y3 Rent Review Y3		
Building 2, Scandanavia Business Park, Hunsworth Lane, Cleckheaton, BD19q	Cleackheaton	New Letting	01 January 2010	TMB Fricton (UK) Ltd	22,152	£11,000 **£4.94**	2 years		

The evidence shows a consistent pattern for new / refurbished accommodation with prime, headline rental levels sub £161 per sq m (£15.00 per sq ft) and more typically in the region of £108 – 139 per sq m (£10 - £13 per sq ft). The tenant incentive packages are however variable, contingent on the strength of the occupier and condition of the property amongst other factors. As a rule of thumb 12 months for a 5 year term is commensurate with the market.

The Aire Valley Corridor and in particular Saltaire continues to attract high tech occupiers who are less reliant on the highways infrastructure and have clustered in this location to take advantage of both the spin off opportunities available and the river / canal side location. Take up in the Aire Valley has remained comparatively robust according to agents. In this locality the former Filtronic building at The Waterfront, Saltaire which has recently been refurbished to a Grade A specification is being marketed at rents equivalent to £156 per sq m (£14.50 per sq ft). Recent lettings have been secured at or near this level.

Bradford Council is also promoting the nearby Buck Lane Fields site for a high tech science and technology based Business Park to accommodate occupiers who are unable to secure space in this locality.

Smaller scale office requirements from local businesses and organisations will continue to drive the office activity in other locations, as demonstrated by the recent success of Central Hall in Keighley which has been developed by Keighley Voluntary Services, predominantly for charities and the voluntary sector.

In terms of new build, Aire Valley Business Park, off Wagon Lane, Bingley offers land for build high quality, purpose built office suites available from 70 sq m (750 sq ft) up to 1,394 sq m (15,000 sq ft) to be built out as and when demand facilitates their development. Sales prices of £1,775 per sq m (£165 per sq ft) are being sought.

Although there has been some relatively small scale office activity in recent years across Bradford, Leeds is and will continue to be the prime office centre for the Leeds City Region. However, there are ambitions to strengthen the city centre office market in Bradford and develop new accommodation drawing on the success of the recently completed City Park.

In general, new office requirements in Bradford are likely to be driven by lease events as occupiers seek to relocate from premises either as a result of changing accommodation needs or to take advantage of favourable terms. However, whilst the churn of requirements will create some demand, many occupiers are at the smaller end of the spectrum requiring multi occupancy buildings and with typical rental levels at £108 – 129 per sq m (£10-12 per sq ft) or less, speculative development will be difficult. Any new office development over the short to medium term is likely to be pre let and driven by a major local tenant which has a need to move, such as a public sector agency or other organisation affiliated with Bradford.

In Bradford it is envisaged that any prospective increase in prime rents will not be sufficient to sustain the development of new speculative office accommodation without public sector subsidy over the short term at least.

SUMMARY

There remains significant uncertainty regarding the delivery of new office development in Bradford in the short to medium term. Speculative development is in the main unviable at present and will require a dramatic change in market conditions to enable such development to happen. New development in the short to medium term is therefore likely to be limited to circumstances in which:

- A significant Bradford tenant (e.g. a public sector / public sector affiliated agency) has a requirement for new offices and will act as a prelet for a scheme
- Small scale office workspace in either refurbished schemes or possibly in new build in certain locations where significant prelets can be signed
- Public sector supported development schemes.

INDUSTRIAL
GENERAL MARKET CONDITIONS AND OUTLOOK

2014 was an impressive year for the UK industrial market, with 23 annual, 6-monthly or quarterly take-up records broken across the last 12 months, both regionally and nationally. UK annual grade A take-up was arguably the most significant record broken, with 14.8m sq ft taken, a 2.7m increase on 2013. According to the number of regional records broken, West Midlands was the best performing region of 2014 (Figure A17), accounting for four of the 15 regional records, achieving the highest annual grade A and total take-up volumes.

Figure A17: Number of Regional industrial take –up records broken

Source: DTZ Research, ESRI

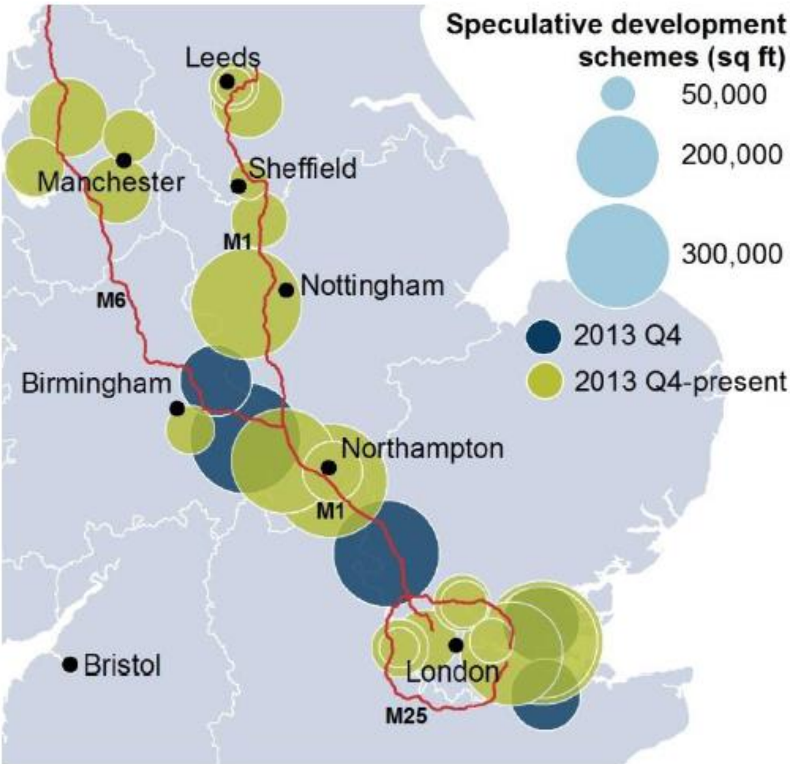
Total take-up across the UK reached 32.7m sq ft in 2014, 2.2m sq ft higher than the previous year and the highest since 2010.

Many factors contributed to the strength of 2014. Predominantly, economic activity continued to recover, with a rise in GDP growth to 2.6% in 2014. The ongoing increase in online shopping is another factor to consider. This, coupled with the overall rise in economic sentiment has meant that retailers and logistics firms have taken the opportunity to expand their networks.

The number of speculative development schemes has increased dramatically since the first spate of schemes in late 2013 (Figure A17). Developers are largely building storage and distribution facilities, as well as some manufacturing, and are targeting locations with a good access to the road network. Figure A18 shows that the new speculative schemes are clearly following the M1 and M6 corridors, and around the M25, where the requirement for distribution hubs is the greatest.

With the ongoing speculative development, grade A availability increased by 941,000 sq ft in 2014, was just under 9.9m sq ft in Q4. These new buildings are being taken up very quickly. For example, the 100,000 sq

Figure A18: Speculative development since Quarter 4 2014

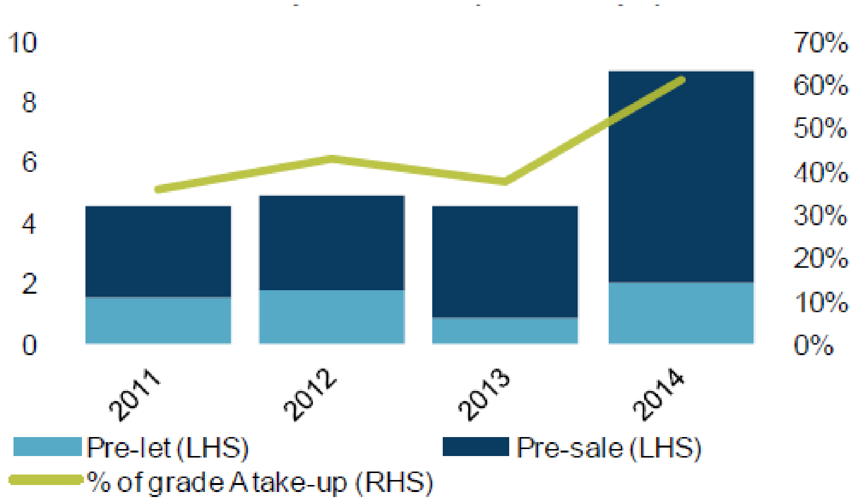


Source: DTZ Research, ESRI

ft speculative scheme at Markham Vale, Chesterfield was acquired by Inspire Pac before construction even began. This means the need for speculative development will continue into 2015, with more schemes set to be announced.

Companies are looking to expand into new premises, taking advantage of the growth in the economy, and with new speculatively built stock being taken up so quickly occupiers are looking at build-to suit schemes more than ever. 9.1m sq ft was taken up through build-to-suit and preletting in 2014, more than double that of 2013. This accounted for 61% of all UK grade A take-up (Figure A19).

Figure A19: UK build-to-suit and prelet deals (million sq ft)

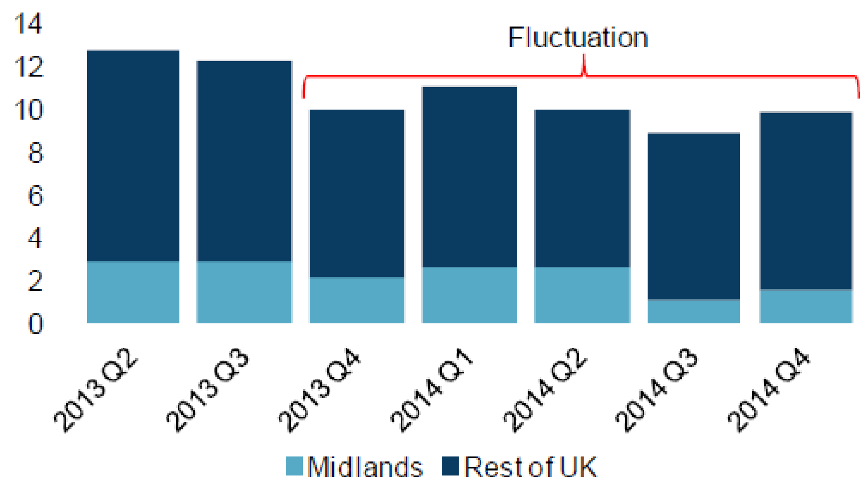


Source: DTZ Research

We expect this trend to be maintained in 2015. Grade A space will continue to be the target of increasing demand from occupiers wishing to expand their businesses or relocate to better quality premises.

The aforementioned speculative development and high rate of grade A take-up has meant that grade A availability figures fluctuated throughout 2014 (Figure A20).

Figure A20: Quarterly Grade A availability (million sq ft)



Source: DTZ Research

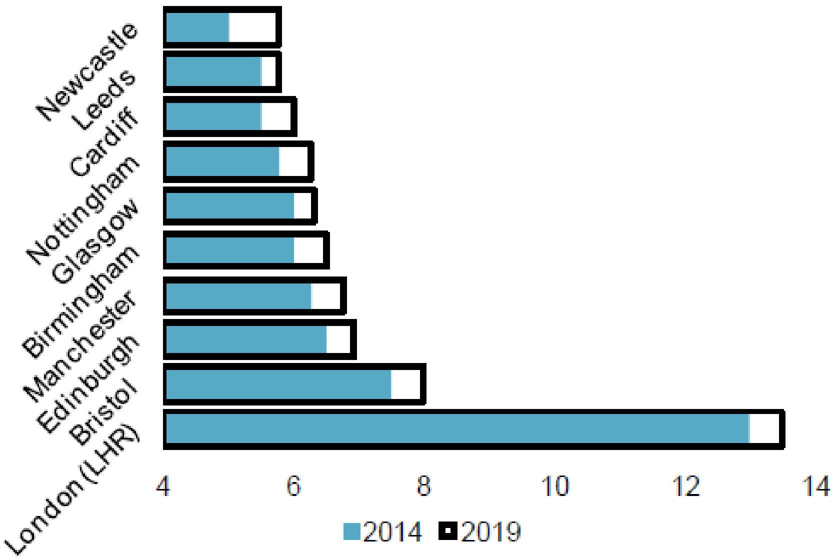
The first few speculative schemes helped to boost grade A availability by 1.1m sq ft in Q1, up to 11m sq ft. By Q3, this had dropped again to 8.9m sq ft, as a large amount of existing grade A buildings were taken up across the Midlands. Grade A availability increased again in Q4 to just over 9.8m sq ft as further speculative schemes were brought to the market.

Usually, such high rates of grade A take-up would create a sharp decline in grade A availability. Indeed, this was the case across the East and West Midlands in Q3, where the regions' combined grade A availability dropped by 59% as indicated in Figure A19 above. However, with 85% of grade A take-up coming through build-to-suit deals and prelets, coupled with increased speculative development, grade A availability actually increased slightly by 87,000 sq ft over the year.

Industrial prime rents are beginning to rise across the country, as the low overall level of grade A availability continues and competition between occupiers increases. The more successful firms are seeking out the best quality stock more than ever, with record levels of grade A take-up over 2014.

Due to the lower amount of activity, Newcastle has been lagging behind the other major centres in terms of rental growth, with current rents at £5.00 per sq ft. We predict a rental growth of 2.9% on average per year, the highest in the UK, over the next five years, after the final existing grade A building was taken up in Q4. This would bring Newcastle back on par with Leeds at £5.75 per sq ft by 2019 (Figure A21).

Figure A21: Prime rental levels (£ per sq ft)

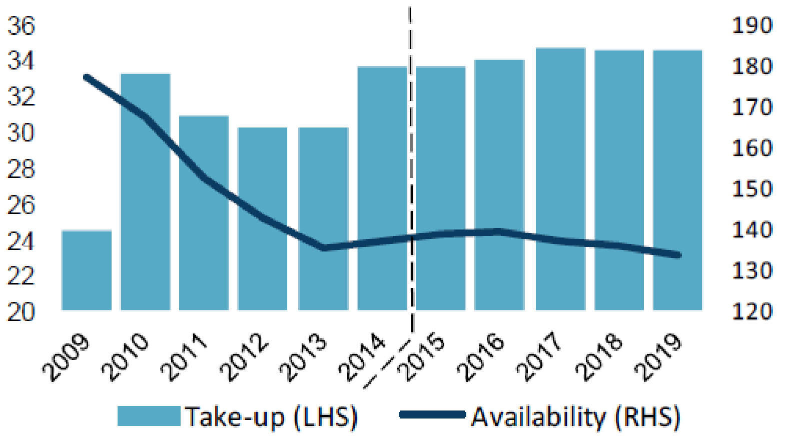


Source: DTZ Research

We expect prime rental growth across all major centres in the UK over the next five years, driven by limited available stock and high levels of occupier activity. This will result in a 1.4% rental growth on average per year across the UK by 2019.

We expect the high levels of take-up in 2014 to be maintained over the next five years, as industrial output increases. This will be backed by occupiers that we expect to adapt their footprints across the UK. However, further difficulties in the Eurozone may have a dampening effect on the level of increased demand. New speculative development caused an increase in availability in 2014. We forecast this slight upward trend to continue over the next couple of years, with availability increasing by 2% by 2016, due to new availability rather than reduced demand. However, we expect this to be a small respite, and availability will not reach historic highs, given the expected strong take-up (Figure A22).

Figure A22: Take-up and availability forecasts (m sq ft)

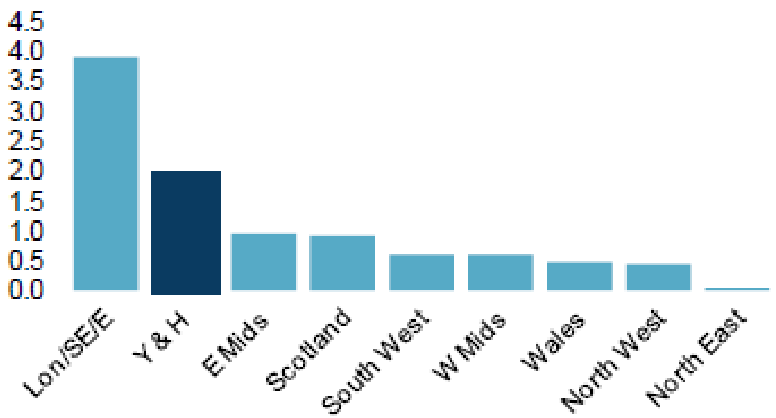


Source: DTZ Research

In Yorkshire and the Humber, take-up totalled just less than 2.1m sq ft in 2014, 1.6m sq ft less than 2013. There was only one grade A deal in the second half of the year where Victoria Plumb took the 277,000 sq ft V277 building in Doncaster. This topped up a stronger half year 1 to give a total of 965,000 sq ft of grade A space taken over 2014.

The downturn in take-up is attributable to the low availability of good quality space, which is stereotypical of all UK regions. Yorkshire and the Humber does in fact have the largest amount of unoccupied grade A space outside of London, South East and East, with just over 2m sq ft available (Figure A23).

Figure A23: 2014 Grade A availability by region (m sq ft)



Source: DTZ Research

Significantly, most of this available space is in the peripheral markets, with no available grade A buildings in the region's main market – Leeds.

Grade A availability has been steadily declining from 3.9m sq ft in Q3 2011, and this has kick-started some recent speculative development in the region. Most notably, three schemes totalling 250,000 sq ft were recently started at the Cross Green Industrial Estate in Leeds. This will help with the complete lack of grade A availability in Leeds, as mentioned previously, and may be a catalyst for other developers to consider building speculatively in the area. Two other speculative developments in Normanton and another at Meadowhall, Sheffield are currently under construction, bringing the total recent speculative development in the region to 600,000 sq ft.

Prime rental levels have been slowly increasing over the past year, with 2014 rents in Leeds closing at £5.50 per sq ft. Low prime availability will help push rents up by 0.9% on average per year over the next five years to £5.75 sq ft. However, a few larger buildings in Leeds are already quoting this price.

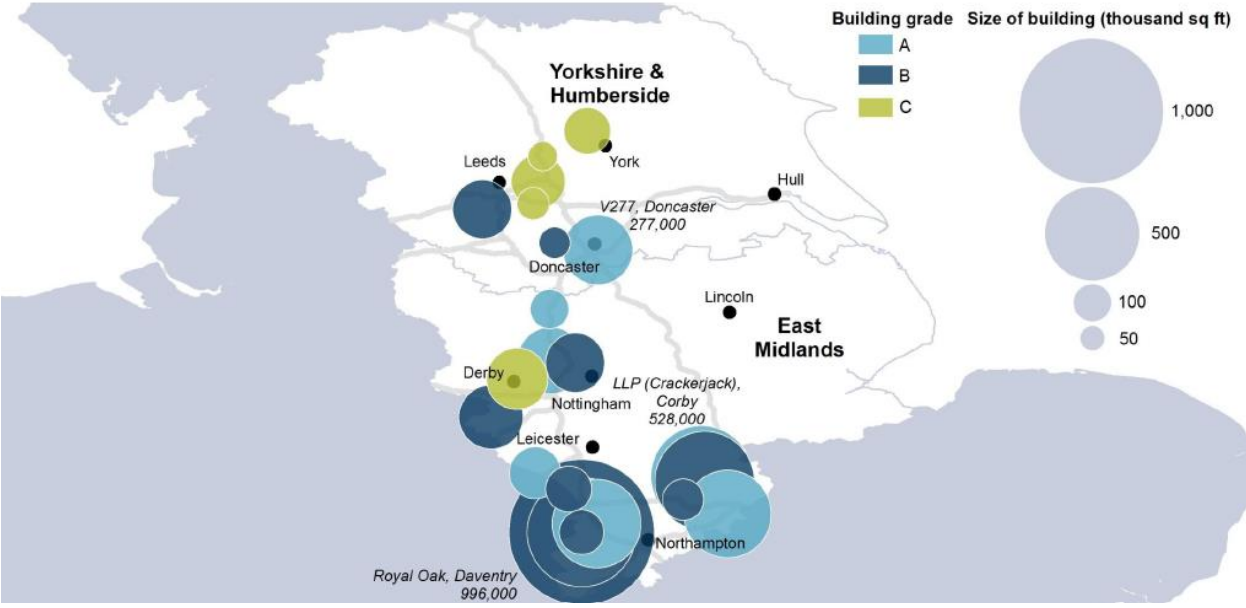
Table A5: Quarterly occupier statistics – Yorkshire and the Humber

		Q4 2013	**Q1 2014**	**Q2 2014**	**Q3 2014**	**Q4 2014**
Yorkshire and Humberside	**Take-up (sq ft)**	1,120,295	711,213	351,585	580,011	411,943
	Availability (Sq ft)	17,092,704	16,627,547	16,403,060	16,403,060	16,126,060
	Leeds prime rents (£)	5.00	5.00	5.00	5.25	5.50

Source: DTZ Research

Occupier demand is expected to be strong over the next year. Next plc and Haribo have already acquired land for build-to-suit projects of 650,000 sq ft in Doncaster, and 330,000 sq ft at Wakefield Europort respectively.

Figure A24: Yorkshire and Humberside and East Midlands Half Year 2 2014 take-up by grade (over 50,000 sq ft)



Source: DTZ Research

Investors' confidence in the UK industrial market continues to grow, with 2014 producing a record amount of investment of industrial property. 2014 volumes totalled over £6.1bn, double the amount invested in 2010 and significantly more than pre-crisis volumes.

Domestic investors still dominate the UK industrial market, accounting for 87% of the total 2014 volume. Even though UK industrial is becoming more attractive, foreign investors are still concentrating on the Central London market and flagship shopping centre deals. The Tritax Big Box REIT and Legal and General were by far the two most active investors in 2014, purchasing £465m and £436m over 12 and 13 deals respectively. The majority of this money was invested into distribution warehouses. The Legal and General PF also bought the Ocean Portfolio for £226.5m in Q4, in the largest Industrial transaction of the year.

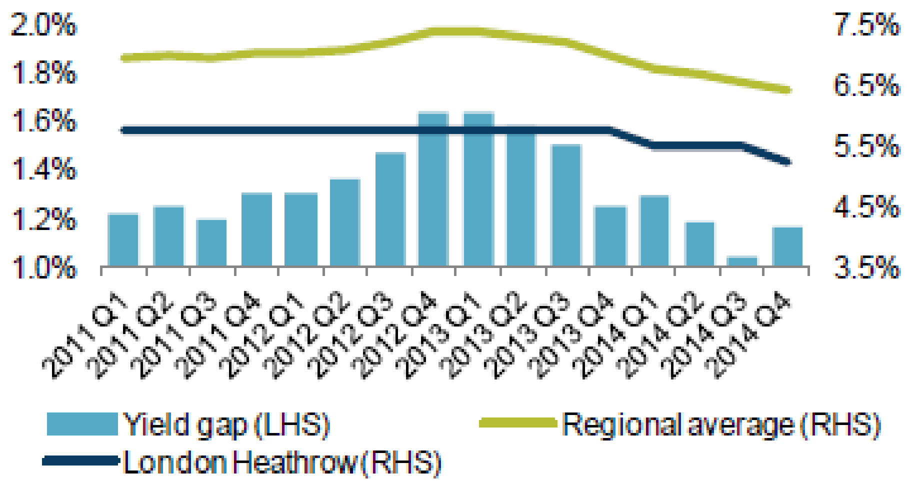
The increase in investor sentiment was evident across the whole country, as all regions exceeded their 10 year average volumes in 2014. Four regions (Yorkshire and Humberside, East Midlands, North West and South West) and multi-regional portfolios had record amounts of investment across 2014. Annual investment in Yorkshire and Humberside had never been higher than £260m, until £331m was recorded in 2013. However, 2014 smashed this record, with over £512m recorded.

There has been a noticeable increase in lot size across Yorkshire and Humberside where the top ten transactions totalled £465m in 2013/14, compared to £214m across 2011/2012. During the recession and the early stages of economic recovery, vendors had to market their buildings at significantly lower prices in order to attract investors. This is also evident in the East Midlands, where average investment prior to 2013 was £312m, compared to the £641m spent in 2014.

Investment into multi-regional portfolios has been increasing over the past four years, with volumes increasing steadily from £856m in 2010 to a record £1.9bn in 2014. Investors have been taking advantage of the economic recovery by targeting these large deals.

The yield gap between London Heathrow and the UK regions continued to decrease through 2014. The gap was smallest in Q3 with a difference of just over 1%. In response to the yield gap shrinking, Heathrow yields have begun to move downwards and now stand at 5.25%. We are forecasting yields to drop in all locations over 2015 as more money in invested into the market.

Figure A25: Prime industrial yields



Source: DTZ Research

THE BRADFORD INDUSTRIAL MARKET

There is a three tier market in operation within Bradford. The prime location is focussed around the M606/M62 corridor, close to junction 26 and is attractive to large distribution market. The secondary market is focussed towards Bradford ring road and other key centres on the A road links, such as Keighley and Silsden. The tertiary market comprises other more peripheral locations within the Bradford area.

Consistent with other property market sectors there has been very little new, prime industrial property constructed in Bradford, with a notable exception being the 92,936 sq m (1,000,000 sq ft) distribution centre constructed by Prologis in a 50/50 Joint Venture with M&S. Other smaller sites are still available at Prologis Park including the Newhall Site which has outline planning consent for a mixed use development of up to 7,500 sq m (80,700 sq ft) across 2.01 hectares (5.15 acres). Phase II comprises a site of 12.72 acres with planning permission for a distribution shed of up to 23,235 sq m (250,000 sq ft).

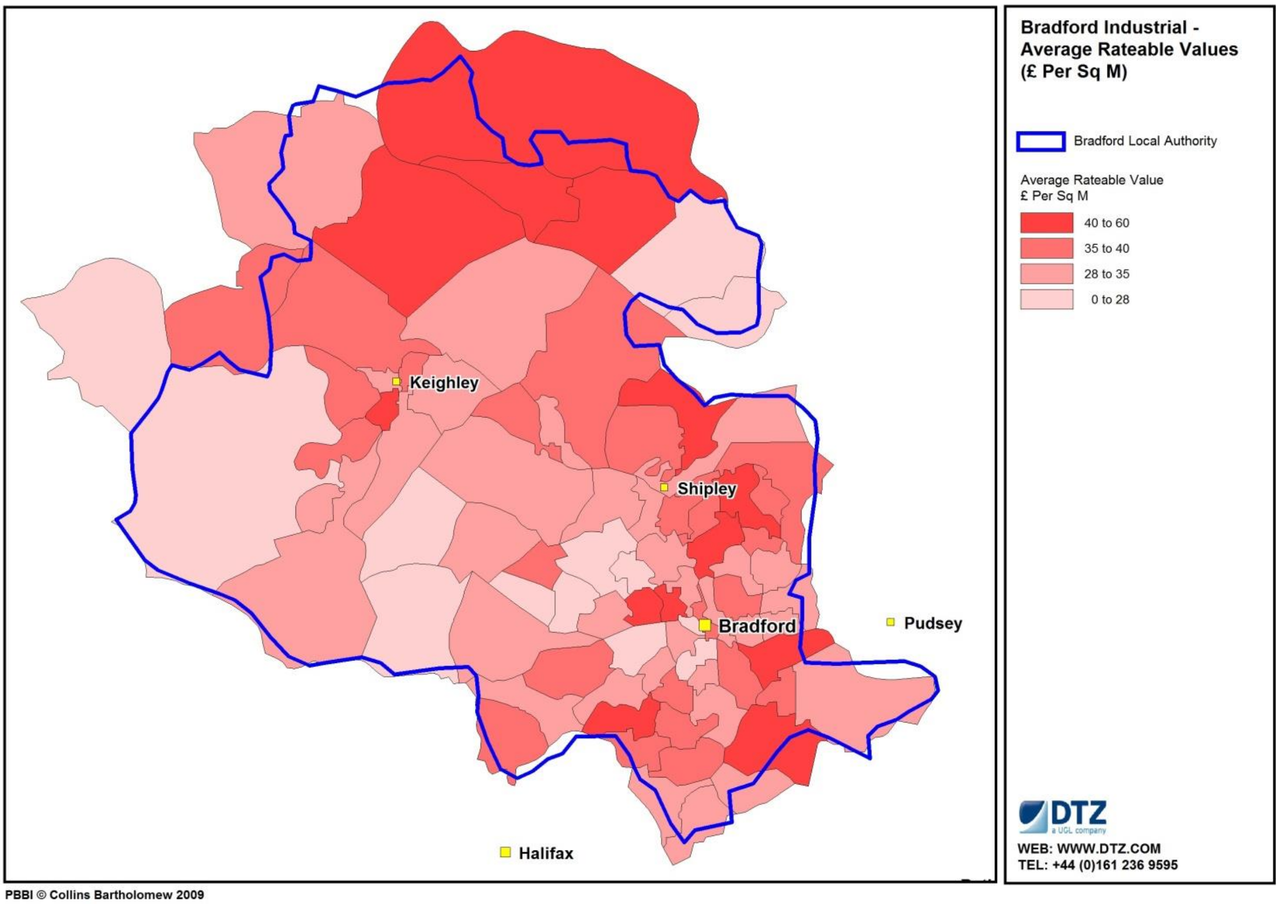
Bradford has a relatively resilient local industrial market for small units in the range of 465 – 3,717 sq m (5,000 – 40,000 sq ft), albeit much of the available stock is old and in increasingly poor condition which is driving new development opportunities. DTZ is aware of confidential requirements for units of 465 sq m

(5,000 sq ft) which could not be met owing to the lack of prime stock with a specification commensurate with the occupiers' requirements.

DTZ expects that the lack of prime stock may result in the return of the speculative development market within the next few years, albeit with the likelihood that this will be focussed towards Junction 26 of the M62. This is evidenced by the movement of developers to acquire prime sites such as the Joint Venture between Yorvale and Maple Grove acquiring the aforementioned site at Wakefield Europort for £555,000 per ha (£225,000 per acre) proving to be one such example of this market recovery.

Rateable values of individual, sector specific properties in Bradford by postcode area have been mapped for industrial property to enable spatial analysis of the area:

Figure A26: Bradford average industrial rental values by post code



The graphic shows that all major established industrial locations are situated along the primary road network and in particular the Bradford Ring Road, A roads and the M606, which provides quick access to the national motorway network. The relocation of the industrial occupiers to primary road corridors has been a feature of the sector over the last thirty years as result of the increasing importance of accessibility and logistics to UK industry.

Whilst there remain many secondary and tertiary industrial estates within or close to town centres, it is anticipated that in the main, future development will be located in road corridor locations, particularly in view of the large supply of land currently allocated in such locations.

Levels of prime rents provide the best indication of the geographical distribution of property market performance and a number of established industrial locations across the sub region are sampled below drawn from Focus, Estates Gazette and DTZ's Eclipse database to provide an indication of the distribution of rents in this regard:

Table A6: Bradford industrial market key indicators

Address/Scheme	Location	Transaction	Date of transaction	Tenant	Area ft2	Rent £ pa / £psf	Lease Terms	Comments
Gresley Road Industrial Estate, Gresley Road , Keighley, BD21	BD21	Rent Review	unknown	James Hargreaves Plumers	6,507	**£33,000 £5.07**		
S T Buildings, Worth Way, Keighley, BD21 5JP	BD21	Lease Renewal	01 July 2013	Unipart Automotive	6,085	£34,500	5 years	
11/13 Great Russell Court, Listerhills Road	BD7	New Letting	01 July 2012	McLaren Group Ltd	6,980	**£24,000 3.44**	4 years Break Y2	
Unit 1/3 Great Russell Court, Listerhills	BD7	New Letting	01 April 2012	Bramner UK Ltd	2,404	**£10,000 £4.16**	5 years	
Unit 4A Adwalton Business Park, 132 Wakefield Road, Drighlington	BD11	New Letting	01 March 2012	Yorkshire Ventilation Systems Ltd	1,861	**£6,000 £3.22**	5 years Break in Y3	Steel portal frame construction Shared service yard to the rear.
North Way, Keighley, BD	BD21	New Letting	12 January 2012	Screwfix	5,205	**£30,000 £5.75 (5.04)**	10 years Break Y5 Rent review Y5	2 weeks rent free, 50% rent for following 18 months
Units 18/19, Castlefields Industrial Estate, Bingley, BD16 2AF	BD16	New Letting	15 November 2011	Clip 'n Climb	19,757	£5,000		TAW
Unit 4D - Adwalton Business Park, 132 Wakefield Road, Drighlington,	BD11	New Letting	29 September 2011	Gane International Ltd	1,993	**£10,000 £5.02**	7 years Break in Y5 Rent Review in Y5	FF Office Accom. steel portal frame construction

Units 26/27, Castlefields Industrial Estate, Bingley,	BD16	New Letting	01 September 2011	Primeur Ltd	12,222	**£36,000** **£2.95**	6 years 12month Rolling Break Rent Review in Y3	
Unit 16, Great Russell Court , Listerhills Road, Bradford,	BD7	Rent Review	23 August 2011	Hose Care (UK) Ltd	2,145	**£12,000** **£5.59**	10 years Lease Expiry 2015	
Unit 19, Great Russell Court , Listerhills Road, Bradford,	BD7	New Letting	09 August 2011	SSE Audio Group Ltd	3,490	**£10,500** **£3.01**	5 years Break in Y3	
Unit 2, Great Russell Court, Listerhills Road, Bradford	BD7	New Letting	26 July 2011	Mahr Impex UK Ltd	2,145	**£6,150** **£2.87**	2 years Break 25/01/13	All inclusive of insurance and service charge; gross rent £9,600 pa.
Units 10/11, Castlefields Industrial Estate, Bingley	BD16	New Letting	15 July 2011	Dowson Food Machinery Ltd	21,769	**£75,000**	1 year	Unit 10 7897 sq ft Unit 11 8812 sq ft Unit S (Corn Store) 5060 sq ft
Unit 7, Great Russell Street , Listerhills Road, Bradford, BD7 1JZ	BD7	New Letting	19 May 2011	Officerulers Ltd	1,202	**£5,200** **£4.33**	3 years	
UNIT 2C REVIVAL IND EST, Wakefield Road , Bradford	BD4	Rent Review	08 May 2011	Wolseley UK		**£57,666**	25 years Rent Review in Y5	
Unit 20, Great Russell Court , Listerhills Road, Bradford, BD7	BD7	New Letting	11 April 2011	J & L Industrial Services Ltd	2,145	**£10,250** **£4.78**	5 years Rent Review in Y3	
Unit B2 Gresley Road Industrial Estate, Gresley	BD21	Rent Review	28 February 2011	Wolseley UK Limited	3,901	**£18,500** **£4.75**	14 years Rent Review in Y5	c.1990 spf trade counter unit on small estate. 18'0" eaves height.

Road , Keighley, BD21								Previous rent was £17,750 per annum.
Unit 2A & 2B, Adwalton Business Park, 123 Wakefield Road , Drighlington, BD11	BD11	New Letting	01 February 2011	Reproworld Ltd	4,670	**£28,080** **£6.01**	5 years	steel portal frame construction
Unit 7 Alston Retail Park, Keighley	BD21	Rent Review	25 December 2010	Motosave Limited	3,729	**£28,000** **£7.50**		Nil increase
Unit 15, Great Russell Court , Listerhills Road, Bradford,	BD1	New Letting	11 December 2010	Eurocell Building Plastics Ltd	3,490	**£15,790** **£4.52**	5 years Break in Y2	
Unit H, Castlefields Industrial Estate , Bingley	BD16	New Letting	25 June 2010	(Ronin Events Ltd) Event Safety Management Ltd	5,904	**£15,240** **£2.58**	6 years Rent Review Y4	Stepped rental of greater of initial rent increased by RPI on 24/6/2014 only plus last day of the term. Year 1 & 2 £15,240.50 Year 3 & 4 £16,626.00 Year 5 & 6 £18,011.50
Unit C, Castlefields Industrial Estate , Bingley	BD16	New Letting	01 April 2010	Prestigious Textiles	3,453	**£15,458** **£4.48**	6 years Break in Y3 Rent Review in Y3	
Unit A, Castlefields Industrial Estate , Bingley	BD16	New Letting	01 April 2010	Prestigious Textiles	3,449	**£15,574** **£4.52**	6 years Break in Y3 Rent Review in Y3	

Unit 3 Revival Park, Millersdale Close, Euroway Trading Estate , Bradford	BD4	Rent Review	25 March 2010	Unipart Automotive	16,004	**£70,400** **£4.40**	25 years Lease expires 24/03/2015	Modern spf warehouse; 5.11 eaves height; 40% site cover. Nil increase on 2005 rent
Unit 14, Great Russell Court , Listerhills Road, Bradford,	BD7	New Letting	19 March 2010	Soyful	2,145	**£10,000** **£4.66**	10 years Break Y3 & Y6 Rent Review Y5	
Unit 12, Castlefields Industrial Estate , Bingley	BD16	New Letting	01 March 2010	Heritage Prams Ltd	7,162	**26603** **£3.71**	6 years Break in Y3 Rent Review in Y3	
Unit 8 - Adwalton Business Park, 132 Wakefield Road, Drighlington	BD11	New Letting	18 January 2010	AM Services	2,989	**£12,901** **£4.32**	3 years	Single storey warehouse/workshop elf contained service yard to rear
Unit 5, Adwalton Moor Business Park, Cross Lane, Drighlington , Leeds	BD11	Rent Review	01 January 2010	Righton Limited	21,726	**£121,723** **£5.60**	20 years Next Rent Review in Y10 (2015)	DESCRIPTION SQ. M. SQ. FT. Warehouse 1,859.36 20,014 Ground & First Floor Office 159 1,711 TOTAL 2018.4 21,726 Lease length - 20.6 years The property is let on full repairing and insuring terms, subject to five yearly upward only rent

								reviews to OMV or a minimum of 3.10% per annum compounded, as below. Year Rent (P.A.) Jan 2015 £141,111 Jan 2020 £163,586 Jan 2025* £189,641 *For the last 6 months of term

In addition to the above we are aware that Landmark has developed a new 11,000 sq m (118,000 sq ft) factory for Weidenhammer, on Burnham Lane and that 9,293 sq m (100,000 sq ft) deals were completed with Expect Distribution (2009, capital value of £753 sq m £70 per sq ft) and Astonish (2010, £646 sq m £60 per sq ft) at Premier Point.

New development, comprising smaller stock of under 465 sq m (5,000 sq ft) is prevalent on Bradford Ring Road and the A road links. These typically consist of extensions to existing business and industrial parks.

Demand for such units is demonstrated by the success of the 2,091 sq m (22,500 sq ft) Wellington Business Park, Sticker Lane, which was constructed in 2008 and consists of two buildings housing a total of eight self-contained business units, ranging from 163 sq m (1,750 sq ft) to 418 sq m (4,500 sq ft).

Another example of demand for smaller accommodation is demonstrated at Ryefield Court Phase II, Silsden which has been constructed on a speculative basis following the success of Ryefield Court Phase I (completed in 2008). Phase II comprises 7 new business units each measuring 220 sq m (2,370 sq ft) split 50:50 between ground / first floor. Phase II was completed on a speculative basis and two units were sold in March 2010 for £215,000, reflecting a capital value of 977 per sq m (90.70 per sq ft). Another was let at a rental equivalent to £151 per sq m (£14 per sq ft), with an option to purchase. The penultimate unit was sold for £180,000 in October 2011, reflecting 818 per sq m (76 per sq ft).

Six units have been developed as phase II at the Crossings Business Park, comprising a terrace of 5 units of 139 sq m (1,500 sq ft) and a standalone unit of 279 sq m (3,000 sq ft). One of the terrace units was sold (May 2012) for £200,000 reflecting £1,435 per sq m (£133 per sq ft), despite the challenging market conditions, demonstrating the robustness of the market for smaller sized units in these locations.

Demand in Silsden and Keighley is been driven by local businesses taking advantage of better specified, new build accommodation through a mixture of relocations and expansions, rather than new entrants. We are informed there is a trend towards upsizing, rather than downsizing in this location. Good quality land values with no abnormal costs are estimated to be in the region of £370,000-£395,000 per ha (£150,000 - £160,000 per acre) in this location, down from a market peak of £495,000 - £540,000 (£200,000 - £220,000 per acre).

A standard industrial warehouse of 140 sq m (1,500 sq ft) with 5% office space could be expected to achieve a sales value of approximately £70 per sq ft rising to £80 per sq ft with 10% office cover assuming a developer led approach. Slightly higher prices may be achieved with an owner occupier.

While there is little rental evidence available for all unit sizes, DTZ is of the opinion that prime, large warehouses of 4,647 sq m (50,000 sq ft) and over would achieve rental values of £4.50 – 4.75 per sq ft and medium sheds under 4,647 sq m (50,000 sq ft) in the range of £4.75 – 5.25 per sq ft. Typical incentives packages across all unit sizes would be 6 -12 months' rent free for a 5 year term. Effective rents are generally therefore in the region of £38 per sq m (£3.50 per sq ft).

SUMMARY

In summary, analysis of the industrial market in Bradford and at wider regional level suggests that there is unlikely to be any significant change in the short term. Future, large scale development activity is likely to be focused in the M606 corridor and close to Junction 26 of the M62. There is an increasing shortage of floor space in the M62 corridor in the large warehouse market as a result of the lack of development in recent years, and therefore over a five year period it is possible that further development of large warehouses will be brought forward in this location.

It is expected that demand will be driven by relocations and expansions of existing occupiers in the Aire Valley, but that new accommodation will continue to be built to replace some of the ageing stock.

There remains significant land within the M606 corridor that is deliverable in the short term including remaining land at West Bowling Golf Course (Prologis) and Cross Lane.

RETAIL
GENERAL MARKET CONDITIONS AND OUTLOOK

UK High Street

UK high street (excluding Central London, auction and mixed use portfolio transactions) investment transactions in 2014 totalled £1.17bn across 242 deals. This comprised 65 assets (£209.13m) in Q1, 73 assets (£280.04m) in Q2, 56 assets (£325.60m) in Q3 and 48 schemes (£357.09) in Q4.

The yearly total of £1.17bn was 6% greater than the £1.10bn transacted in 2013. In Q4, investment volumes increased 10% on the previous quarter, however relative to Q4 2013 volumes were down 5%. As predicted, 2014 saw significant capital chasing retail stock across all subsectors and we expect to see this continue into 2015.

The significant weight of money in the sector has led to a hardening of yields, particularly at the prime and good secondary end of the market where there is proven occupational demand. Although certain investors have moved up the risk curve, demand continues to remain patchy at the weaker end of the market where the occupational story remains challenging.

Throughout 2014, provincial yields have moved in from 5% - 5.25% to 5% although are now trending as stable. Top regional town yields have remained stable throughout 2014, currently at 4.50% although are trending in. London Oxford Street yields have experienced relentless hot demand which has resulted in equivalent yields hardening from 3.5% to 3.25% throughout 2014 and continue to trend inward.

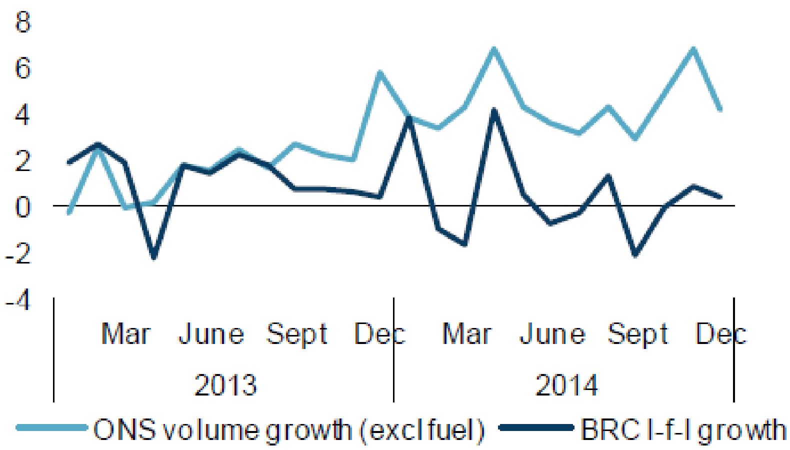
Throughout 2014 the purchaser profile was dominated by Funds, who accounted for 48% of all acquisitions. Private Investors were the second most active investors in 2014, accounting for 33% (£386m) of all acquisitions.

The vendor profile for 2014 was also dominated by Funds who accounted for at 40% of all sales. Private Investors accounted for 24% while Prop Co's were the third most active vendors, accounting for 18% (£208m).

Private Investors were the largest net investors in 2014, purchasing £114m more than they sold. This was followed by Funds who were net investors by £81m. Prop Co's were net sellers in 2014, exiting £62m more than they purchased while developers sold £55m and REITs sold £50m more than they bought.

According to Office of National Statistics figures, the volume of retail sales increased 4.2% in December year-on-year, the 21st month of consecutive year on year growth (Figure A27).

Figure A27: Retail sales and BRC like-for-like retail sales year-on-year growth (%)

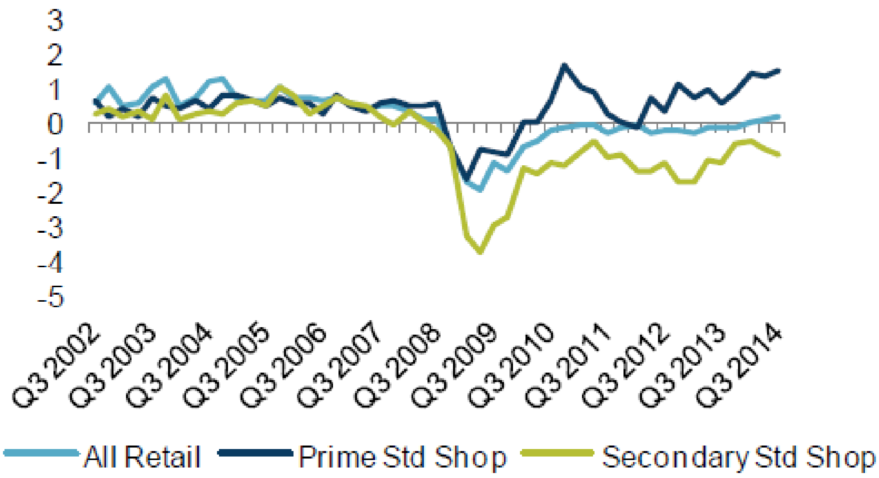


Source: ONS, BRC, DTZ Research

Annually, retail sales volumes increased 4.2% in 2014 on 2013, the fastest annual growth since 2004. Average store prices fell by 2.2% in December year-on-year, the largest fall since June 2002 – the largest contribution to the fall coming from petrol stations. Almost all non-food store types showed increases in the quantity bought in 2014 compared to 2013, the only stores not showing growth being 'second hand goods', 'books, newspapers and stationary', and 'carpets, rugs and floor coverings'.

According to the IPD Quarterly Digest, 'all retail' Q3 2014 rents increased 0.2%, following similar positive growth achieved in Q1 and Q2. The high street sub-sector saw rents rise 0.6% as a whole, prime low yield high street units saw rental growth of 1.6% in Q3 while secondary high yield centres experienced a 0.9% decline – the 25th quarter of negative high yield standard shop rental value growth (Figure A28).

Figure A28: Prime versus secondary shopping centre ERV growth quarter on quarter %



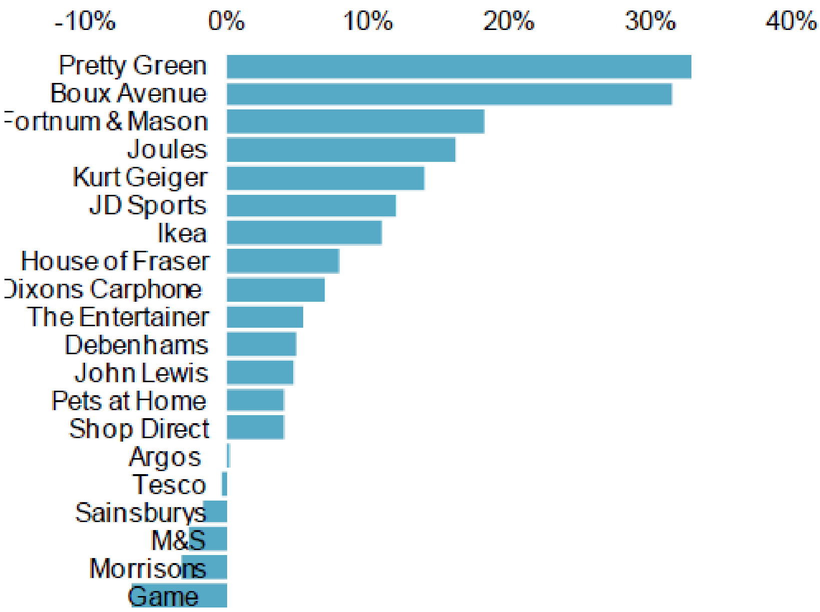
Source: IPD

2014 has been an eventful year for the occupational market – a mixture of flotations, network rightsizing and getting to grips with omnichannel optimisation strategies. The start of the year saw a big boost in click-and-collect strategies (C&C), with the major supermarkets unveiling plans to open C&C points in tube stations followed by a number of other retailers throughout the year.

There was a rush of retailers looking to cash in on a flotation frenzy, started by McColl's and followed by others such as Poundland, Pets at Home and Boohoo. Although successful at the beginning, a number of retailers did shelve their plans. Carphone Warehouse joined forces with Dixons in one of the biggest retail mergers of recent times to create a technological retail powerhouse called Dixons Carphone. Phones 4U fell into administration in one of the largest and most sudden retail collapses in recent memory, preceded by the administration of La Senza – its second collapse in two years, whilst American Eagle successfully opened stores in the UK market.

Of the retailers tracked by DTZ, we saw over 86% report an increase in like-for-like sales growth over the Christmas period compared to 2013. Multichannel, and specifically click & collect services were key drivers of growth highlighting the need for an integrated and seamless offer.

Figure A29: Selection of Christmas like-for-like sales results



Source: Retailer news releases sourced by DTZ research

Clothing and footwear retailers reported the best figures in general, with Pretty Green and Boux Avenue leading the increase in like-for-like sales growth while JD Sports also released positive figures of +12% (Figure A29).

A number of food stores including Morrison's and Sainsbury's reported disappointing sales, although due to low inflation and low volume growth in the sector this was unsurprising and in some cases sales were better than consensus forecasts. At the bottom of the pile was Game with very disappointing sales due to a highly competitive environment and Black Friday.

2014 retail transaction volumes reached the highest levels since 2010. However, the granularity of the sector is prohibitive for a number of the larger institutional and private equity style investors and as such the upswing in volumes seen across the retail warehouse and shopping centre markets has not been witnessed to such a large degree in the high street sector.

We expect Half Year 1 2015 to continue at the same momentum as witnessed in 2014, supported by the availability of debt, positive sentiment and strong cash inflows to the Funds. The election in May could lead to a cooling off period over the summer months and then lead to a busy year end.

We expect demand in the high street sector to continue to focus predominately on prime and good secondary assets. Demand will remain patchy at the weaker end of the market where occupational demand remains challenging.

Funds and Private Investors are likely to dominate the market once again, helping to maintain total volumes and pricing at the prime and good secondary end of the markets. Funds are largely limited to the larger lot sizes while it is the Private Investors who dominate the smaller lots, showing net invest of over £114m in 2014.

Although partly dependent on institutional stock being brought to the market, DTZ anticipate an active year ahead.

Table A7: High Street Yeilds

High Street	December 2013	January 2014	September 2014	October 2014	November 2014	December 2014	Trending
Top Regional Towns	4.75%	4.5%	4.5%	4.5%	4.5%	4.5%	Inward
Provincial Towns	5.25 – 5.50%	5.00 – 5.25%	5%	5%	5%	5%	Stable
London Oxford Street	3.5%	3.5%	6.75-7.25%	6.75-7.25%	6.5-7.0%	6.5-6.75%	Inward

Source: DTZ research

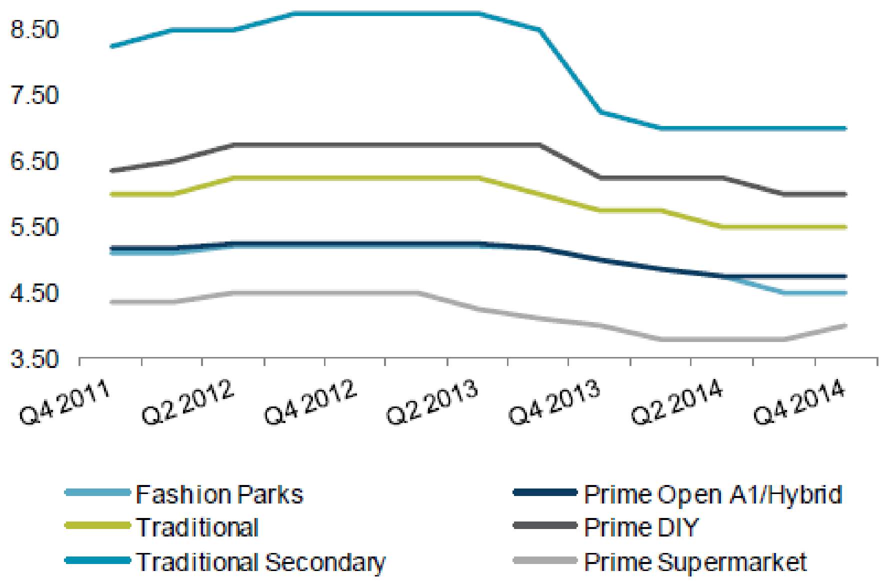
UK Retail Warehousing

2014 saw a large increase in the weight of money chasing stock across all sub-sectors. This was reflected in transaction volumes exceeding £2.9bn. Premium prices were paid as demand out-stripped supply. Q4 saw a large amount of stock enter the market and whilst volumes transacted remained high and £659m traded, the increase in supply took some of the competitive tension away. Over the course of 2014 there were 127 transactions, significantly higher than the 91 deals in 2013.

There remains £250m of stock under offer and a further £240m currently on the open market. Over the course of 2014 there was over £250m of stock withdrawn, a large proportion of which will be brought back to market over the course of 2015. If we include the grey market the stock estimate will be around £1bn.

Over the course of 2014 DTZ saw inward pressures on yields across all sub sectors. Fashion parks experienced an inward shift of 50 bps and the remaining sub sectors hardened around 25 bps over the course of the year. This is supported by six deals that transacted at initial yields sub 5.00% and 15 deals that transacted below 5.50% during 2014. Conversely, during 2013 we saw one and seven deals respectively.

Figure A30: Retail Warehouse Yields (%)

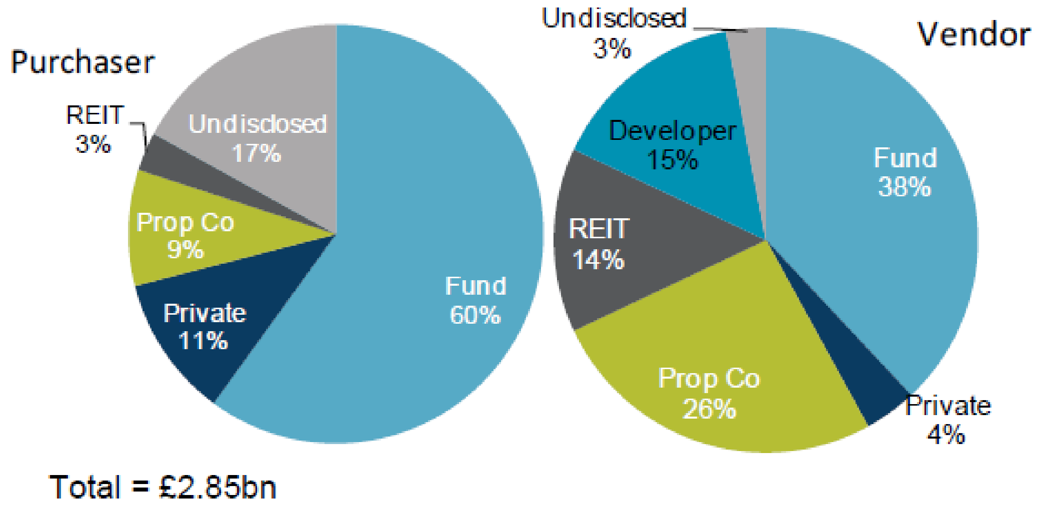


Source: DTZ Research

Q4 saw a large increase in stock offered to the market, giving investors' choice with their stock selection. Consequently, sub-sectors are now trending outwards, with the exception of traditional secondary parks and big box which are classified as stable.

Funds continued to dominate acquisitions throughout 2014, accounting for 60% of purchases, with key players including Aberdeen, Standard Life and Threadneedle (Figure A31).

Figure A31: Transactions 2014 by purchaser and vendor



Source: DTZ Retail Investment

The vendor profile was more evenly spread with Funds accounting for 38% and Prop Co's 26% of sales. Developers were increasingly more active, accounting for 15% of all sales volume.

Developers sold seven assets in 2013 and we have seen this increase to 17 during 2014 with both the Westfield Group and Gallagher Developments being active. We predict this trend to continue with developers playing a bigger part within the market as more new schemes are delivered.

According to ONS figures, the volume of retail sales increased 4.2% in December year-on-year, the 21st month of consecutive year on year growth. Annually, retail sales volumes increased 4.2% in 2014 on 2013, the fastest annual growth since 2004. Average store prices fell by 2.2% in December year-on-year, the largest fall since June 2002 – the largest contribution to the fall coming from petrol stations. Almost all non-food store types showed increases in the quantity bought in 2014 compared to 2013, the only stores not showing growth being 'second hand goods', 'books, newspapers and stationary', and 'carpets, rugs and floor coverings'.

According to the IPD Quarterly Digest, 'all retail' Q3 2014 rents increased 0.2%, following similar positive growth achieved in Q1 and Q2. The retail warehouse sub-sector saw rents rise 0.1% as a whole, prime low yield retail warehouses saw rental growth of 0.2% in Q3 while secondary high yield centres experienced a 0.2% decline.

As we look forward, we can conclude that the 'big box' retail market (234m sq ft gross of food stores and 180m sq ft of retail warehousing) is evolving positively to account for the structural change being driven by omni-channel commerce.

We are forecasting increased overall occupier demand in 2015 at 11.4 m sq ft; split 5.6m sq ft of non food retail, a minimum of 1m+ sq ft of F&B and leisure, and 4.8m sq ft of food demand. The anticipation is there will be more demand than supply coming available from second hand space and development; hence the trend will remain inward for the void rate.

Using our relationships with the core 120 multiple occupiers in the market, the following is an annual assessment of demand dynamics for the sector:

Non Food: This is the third year of our benchmarking and the first time that demand has exceeded 5m sq ft at 5.6m sq ft. We anticipate for retail warehousing 1.5m+ sq ft of fashion / high street demand, 1.25m+ sq ft of furnishing / home demand, 2m+ sq ft of value discounter demand, and 0.85m sq ft of other miscellaneous demand.

Food: We anticipate 4.8m sq ft of food demand of which the single most acquisitive occupier will be Aldi, who should open over 1.5m sq ft of new floorspace via 85 openings. Other discounters Lidl, Netto and Iceland will take discount demand to a total gross requirement of around 2.5m sq ft, as all chains seek to grow market share. Marks & Spencer and Waitrose remain very acquisitive as well. The Big 4 supermarkets have all slowed pipeline to account for flat sales and hence overall food demand is sub 5m sq ft for the first time since we started this analysis in 2013.

Food and Beverage: Demand is very strong and is really constrained by the rate at which pipeline can be developed. Coffee shops, drive throughs and restaurants alongside some pubs will account for over 0.5m sq ft of take-up. This is at a record level for this survey.
Leisure: We have made a conservative estimate that health and fitness clubs and cinemas will account for over 0.5m sq ft on retail parks. Clearly all operators will look at standalone non retail parks, and the reality is expansion is rapid.

It is easy to discount new entrants, but since the start of the recession some incredible new formats have rolled out across retail parks, including the likes of B&M, The Range, Home Bargains, Smyth's Toys. More new entrants / formats are continuing to emerge such as Wilko (three new out of town stores and eight in the pipeline), TK Maxx / Homesense joint stores, JTF, Axminster Tools and JD's Ultimate Outdoor concept. Netto have returned to the UK market with five openings and Iceland have a new larger store format going beyond frozen food trading as The Food Warehouse.

The shopping park market is seeing a greater flow of entrants from the in town market than for a while; Schuh, Simply be, Fat Face, Office, Moss, Superdrug, Holland and Barrett, Specsavers, Vision Express and Card Factory are all examples. Most notable is the scale of investment by big anchor stores in either solus or shopping park flagship units in regional / sub-regionally dominant locations. Next combining Home and fashion together is a huge success while Primark have seven signed deals and many more in advanced stages. Marks & Spencer still have a strong pipeline of variety stores with food to open while Debenhams continue to take space, albeit not quite at the scale of the former names. We also anticipate Sports Direct becoming the next operator to open very large stores in their own right.

In summary demand is stepping up and looks consistent for all levels of towns that have a degree of affluence. Demand is weaker in those towns that are both lower tier in the retail hierarchy and with significantly below average affluence levels.

In reality the development market for non-food schemes has been struggling to produce 1m sq ft of new floor space per annum for the last three to four years. We are seeing a step up in supply of new floor space (often as scheme extensions) but it is hard to anticipate new completed build supply reaching 2m sq ft in 2015.

Trevor Wood estimate the national void rate at 8.8% for all non-food retail warehousing at the end of 2013. We anticipate this will be sub 8% when 2014 figures are published in March. Based on the solidity of operators in the marked we anticipate supply becoming more constrained in 2015 and to end the year at around 7%. It must be said this includes some very secondary stock and is not representative of prime stock in regional centres. DTZ's assessment is prime stock void rate is now nearer to 2%-2.5%, indicating a tight supply situation.

There are a lot of retailers that are mature in sectors including DIY, food stores, toys and technology, and are aspiring to consolidate representation and to optimise store size. This promises the release of floorspace over time, but we are of the view that the release will be over a generation and largely focused in the five years before lease expiry. There will be exceptions to this, but in reality subdivisions / reconfigurations are expensive, as are retail refits and existing store value write offs, so it is fair to believe landlords and retailers alike will focus around lease expiry dates to focus on space optimisation.

In summary we believe the supply / demand pendulum has swung marginally towards favouring landlords.

ERV prospects vary from town to town based on the scale of supply and mix of tenants. However, we adopt a generally positive outlook for most sectors particularly catering, 20,000 sq ft to 30,000 sq ft units, and those parks with a very clear tenant mix niche. In part the outlook is driven by the support landlords are finding from the planning system. Appropriate softening in use consent and applying for a measured amount of mezzanine floor space based on named occupier has been a major factor in the reduction in void rates. In the food stores market it is small food stores that look like the hotspot for ERV outperformance against the rest of the sector.

Liquidity was excellent in the retail warehouse sector in 2014 across all lot sizes, evidenced by the £2.9bn of transactions across 127 deals. There is increasing depth to the type of purchaser; although Funds still dominate at 60% of acquisitions we are seeing property companies and private investors all very active. We are forecasting 2015 to be another strong year in trading volumes, helped by yields falling further in many hot areas of the market. We do not see uniform capital value increases across the market so stock selection will be important for the best performance opportunities.

Shopping Centres

UK shopping centre investment transactions in 2014 totalled £5.83bn across 70 transactions comprising 101 shopping centres.

It has been a year fuelled by the weight of money targeting the sector, notably Asian money with 17% of total market share.

17 shopping centres were under offer at the end of Q4 totalling £1.12bn signalling that 2015 will kick off with a very strong start. There are 26 shopping centres being openly marketed, totalling £742m and we expect 2015 to maintain transaction volumes.

Frustrated capital exerted much pressure on yields throughout 2014. Super prime yields currently at 4.50% moved in from 5.00% - 5.25% in December 2013 although we see super prime to now be trending as stable. Prime yields have come in over the year from 5.50% - 6.00% to 5.25% and are trending inward.

There is arguably stronger demand in the market for secondary product where investors see most value. Investors have moved up the risk curve which has resulted in pressure on dominant secondary yields moving from 7.25% - 8.00% over the year to 6.50% / 6.75%, secondary yields moving from 8.75% - 9.75% to 7.75% / 8.25%- and the biggest shift in yields has come from the tertiary end of the market where yields have moved over 200bps from 11.00% to 8.75%-. All secondary and tertiary yield categories are trending inwards.

Throughout 2014 the purchaser profile was dominated by Funds, accounting for 35% of all acquisitions. Funds that were active in 2014 included LIM, L&G, AXA, M&G, Standard Life, TIAA Henderson Real Estate and the Malaysia's Employees Provident Fund with CBRE GI. REIT's accounted for 34% of total purchaser acquisitions in 2014, with Land Securities, Hammerson, Intu and NewRiver Retail all acquiring shopping centres.

The vendor profile for 2014 was also dominated by Funds at 33%, again with the likes of LIM, L&G, M&G and TIAA Henderson Retail Estate all disposing of assets in addition to Westfield, UBS and Rockspring. PropCo's accounted for 31% with William Ewart Properties, PPG, Abbey Centre Group and Foyleside all selling their assets. REITs represented 21% with Land Securities particularly active in 2014 with the restructuring of its retail portfolio, selling £922m of stock (6 shopping centres) and purchasing the 30% stake in Bluewater plus Buchanan Galleries, Glasgow for a combined total of £833.5m.

Shopping Centre transaction volumes have increased significantly in the last three years with 27 transactions in 2012 totalling £2.49bn, rising to 64 transactions in 2013 at £4.45bn and increasing further to 70 transactions at £5.83bn in 2014.

According to ONS figures, the volume of retail sales increased 6.4% in November year-on-year, the 20th month of consecutive year on year growth and the highest year-on-year increase since May 2004 when sales grew 6.9%. Average store prices fell by 2% in November year-on-year, the largest fall since August 2002 – the largest contribution to the fall coming from petrol stations and foodstores. All store types showed increases in the quantity bought compared to last year; the increase in the quantity bought in department stores showing the largest year-on-year growth since records began and household goods stores showing 16.8% growth.

According to the IPD Quarterly Digest, 'all retail' Q3 2014 rents increased 0.2%, following similar positive growth achieved in Q1 and Q2. The shopping centre sub-sector saw rents rise 0.2% as a whole, prime low yield shopping centres saw rental growth of 0.3% in Q3 while secondary high yield centres experienced a 0.2% growth – the first growth since Q4 2008.

2014 has been an eventful year for the occupational market – a mixture of flotations, network rightsizing and getting to grips with omnichannel optimisation strategies. The start of the year saw a big boost in click-and-collect strategies, with the major supermarkets unveiling plans to open C&C points in tube stations followed by a number of other retailers throughout the year.

There was a rush of retailers looking to cash in on a flotation frenzy, started by McColl's and followed by others such as Poundland, Pets at Home and Boohoo. Although successful at the beginning, a number of retailers did shelve their plans. Carphone Warehouse joined forces with Dixons in one of the biggest retail mergers of recent times to create a technological retail powerhouse called Dixons Carphone. Phones 4U fell into administration in one of the largest and most sudden retail collapses in recent memory, preceded by the administration of La Senza – its second collapse in two years, whilst American Eagle successfully opened stores in the UK market.

2014 transaction volumes were back at pre recession levels. Demand for stock remains exceptionally strong and we expect H1 2015 to continue at the same momentum as witnessed in 2014. The election in May will most certainly lead to a cooling off period over the summer months before a busy year end. We envisage that many opportunity funds that have purchased portfolios and assets over the past three years will look to take advantage of the supply/demand imbalance and may trade on some of their assets.

Demand will outstrip supply in 2015 particularly for quality assets. With the return of UK institutions into the market and better leverage opportunities, DTZ anticipate an active year ahead.

THE BRADFORD RETAIL MARKET

Bradford's retail offer is small for a city of its population size and is dominated by the city centre and Forster Square Retail Park, which comprises approximately 22,770 sq m (245,000 sq ft) of retail warehouse accommodation. Forster Square performs an important role in the absence of the larger floorplates demanded by modern retailers in the city centre high street and shopping centre locations. The Kirkgate Shopping Centre currently functions as the retail core in accommodating a large proportion of the national, multiple retailers represented in Bradford. The centre was partly reconfigured in 2006 to provide the larger floorplates commensurate with modern retailer's requirements. DTZ understands that planning permission has also been granted to update the facade on the corner of Darley Street and Kirkgate and to reconfigure units fronting Kirkgate to provide the aforementioned larger floorplates demanded by retailers.

Most of the secondary retail streets in the city centre have high vacancy rates and whilst this is symptomatic of the wider economy this has been exacerbated in Bradford by the much publicised delays to the Broadway scheme. Footfall has fallen due to the lack of consumer choice and retailers and indeed property owners have adopted a wait and see approach rather than investing and committing to Bradford owing to the ongoing uncertainty. This is demonstrated by the number of shops which have been vacant for long periods.

Bradford already faces strong competition from nearby centres including Leeds city centre, which has been strengthened by the opening of the Trinity shopping centre in Spring 2013, and to a lesser extent Huddersfield and even Halifax. Other development projects are in the pipeline, including the Kingsgate Shopping Centre, Huddersfield which will further strengthen this centre. Out of town accommodation including the White Rose Shopping Centre and Birstall Shopping Park also provide strong competition attracting consumer spend from Bradford.

It is intended that with Broadway, Bradford (due to open in December 2015) will reverse the leakage of consumer spend and improve the vitality and vibrancy of the city centre. The scheme comprises approximately 50,000 sq m (530,000 sq ft) of retail accommodation across two new anchor stores and 70 units. It will significantly change both the overall retail offer and perception of Bradford as a centre, facilitating smaller, complementary development.

Other new retail centred development proposals include the Tramsheds, off Leeds Road which is a retail park of 3,160 sq m (34,000 sq ft) in units ranging between 186 – 929 sq m (2,000 – 10,000 sq ft) and two retail units of 185 sq m (2,000 sq ft) and 220 sq m (2,370 sq ft).

Development opportunities are also being explored for the Royal Mail site between Forster Square and Westfield, Bradford.

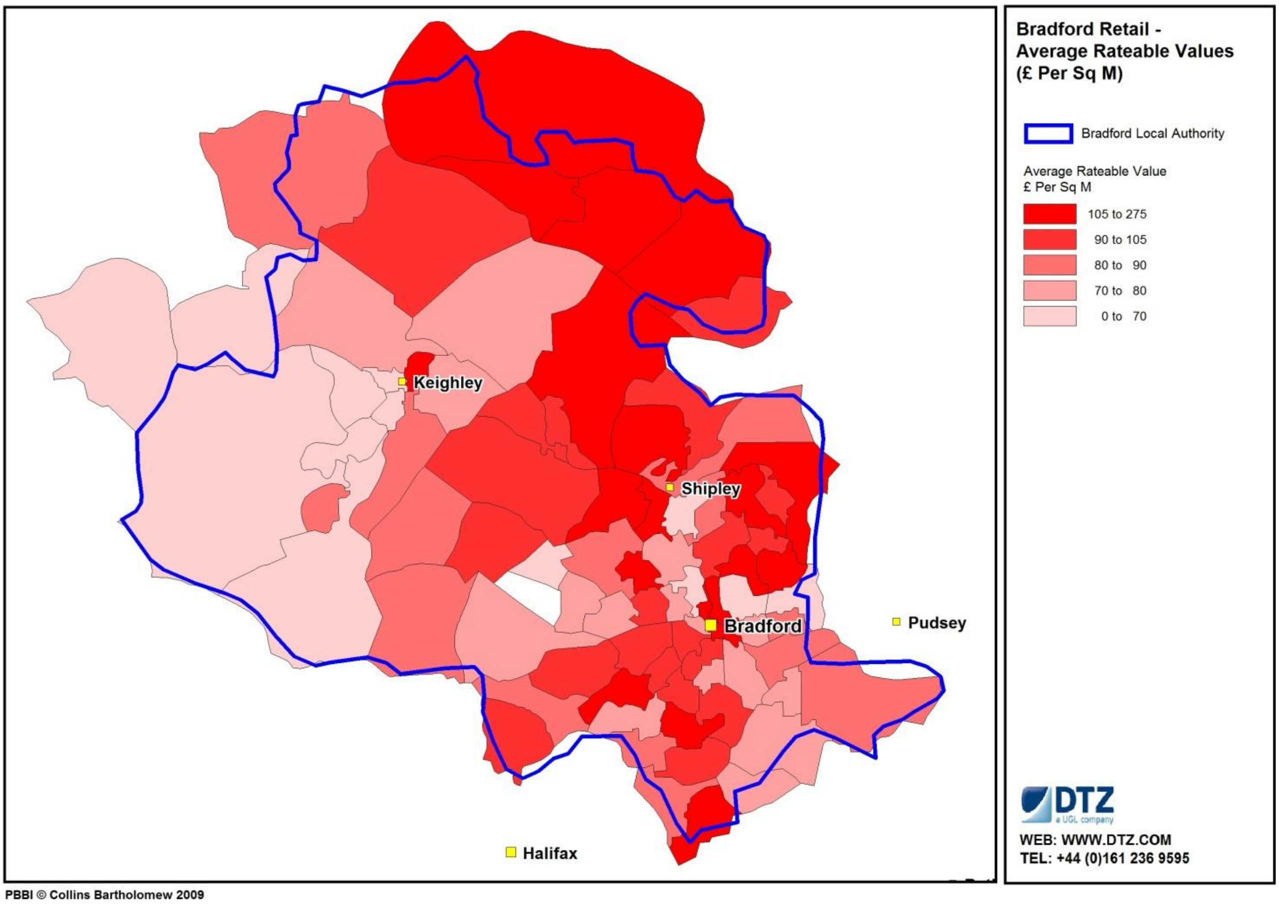
High Street retail in Bradford's other towns has, in common with all but the most affluent centres, also struggled. There has however and continues to be positive signs with the 5,530 sq m (59,500 sq ft) 5Rise Shopping Centre in Bingley enhancing Bingley's retail offer. However, owing to the lack of critical mass 5Rise has, thus far struggled to attract occupiers despite anchor tenants and there is no established rental tone for the scheme with rents in the region of £160 - £270 per sq m (£15 – 25 per sq ft).

The proposed Worth Valley Shopping Centre is set to transform Keighley Town Centre in providing 13,011 sq m (140,000 sq ft) of new retail development, including a cinema of up to 2,602 sq m (28,000 sq ft) of retail space to complement the existing offer. The existing offer is focussed on the Airedale Centre where prime rents are in the region of £700 per sq m (£65 per sq ft) in terms of Zone A are established. It is expected Worth Valley will include a number of A3 (restaurant uses).

Ilkley serves a more affluent catchment population and has shown resilience in the face of a challenging economic climate. A large proportion of shops are occupied by independent traders, predominantly because the floorplates required to attract national, multiple retailers are not readily available. Where space commensurate with their requirements does become available retailer interest is robust, as demonstrated by the arrival of Cafe Nero and Mountain Warehouse when the former Woolworths premises became available.

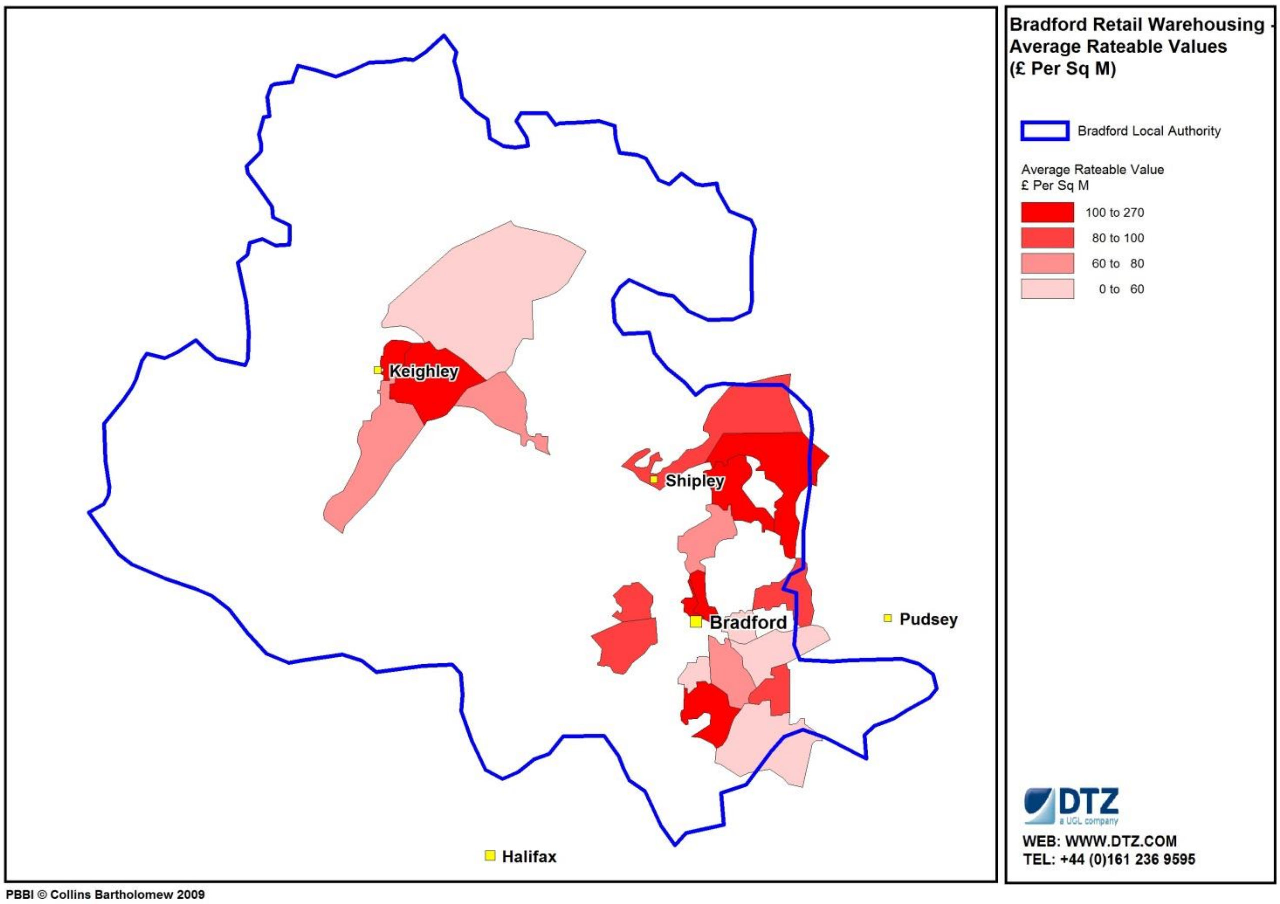
The average rateable values for high street and shopping centre retail premises and retail warehouse premises across the Bradford area are as set out in the Figures A32 and A33 below.

Figure A32: Bradford average retail rental values by post code



As expected the higher rateable value bandings are consistent with the major towns and centres. There is consistency in Ilkley and the surrounding area at this higher banding whilst the rateable values for the Shipley area are slightly more depressed, reflecting market appetite for this location and the nature of stock available.

Figure A33: Bradford average retail warehousing rental values by post code

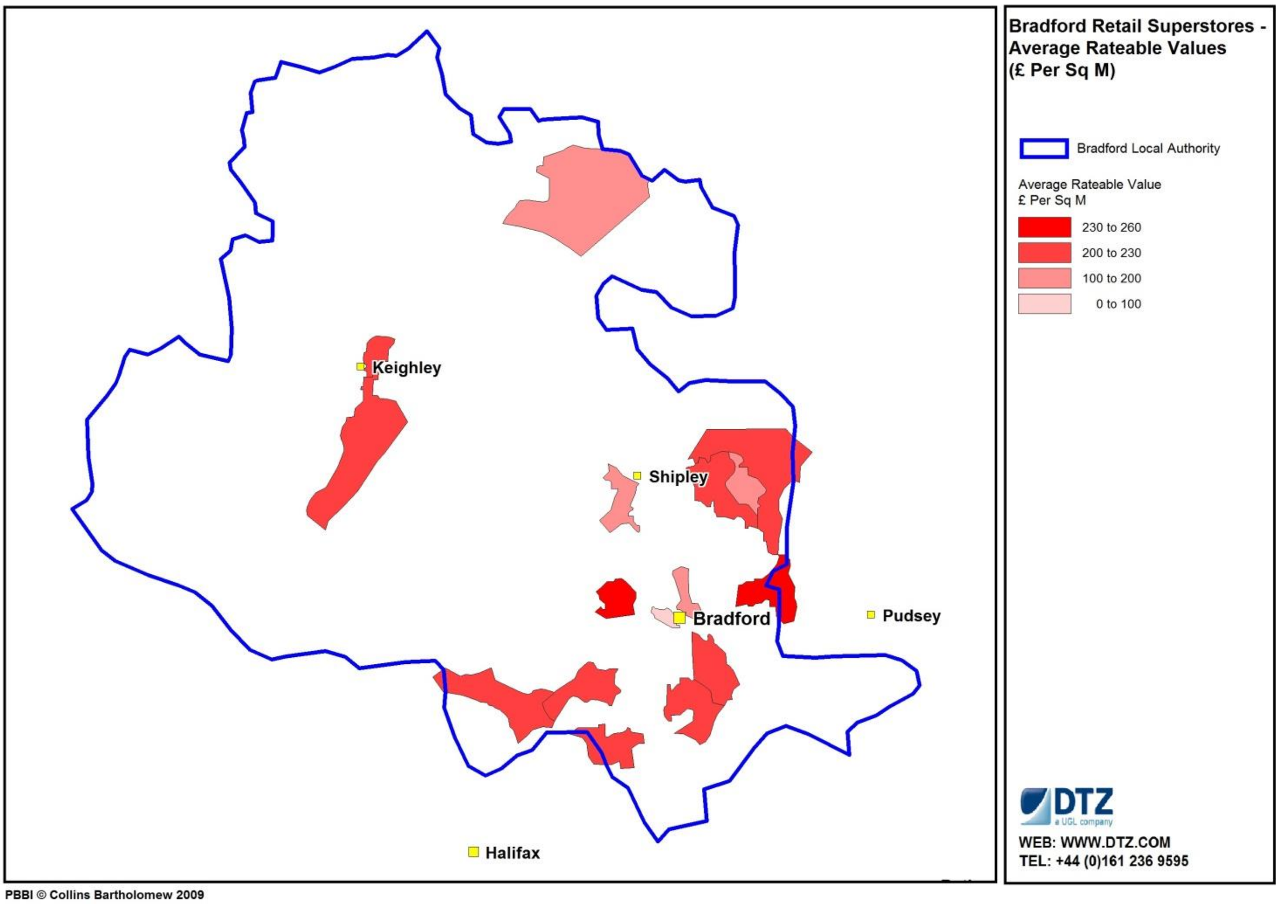


This demonstrates different clusters of retail development, with 'hotspots' around Keighley, probably resulting from the lack of suitable retail accommodation for modern retailers.

There has been little market activity owing to the challenging conditions. However, prime retail rents at Forster Square Retail Park are in the region of £322 per sq m (£30 per sq ft) with prime zone a rents for the Kirkgate Shopping Centre in the region of £1,076 per sq m (£100 per sq ft), down from approximately £1,400 per sq m (£130 per sq ft) at the peak of the market (2007). In terms of other town centre locations recent retail developments are achieving low rental levels of between £108 - £130 per sq m (£10-12 per sq ft). Tenant incentives packages vary, depending on the location and specification of accommodation amongst other factors but for new, prime retail accommodation the equivalent of 18 – 24 months rents free is generally commensurate with the market.

The graphic below shows the location of supermarkets in Bradford.

Figure A34: Bradford average supermarket rental values by post code



The activity of supermarkets had remained positive until the end of 2011 when Tesco announced falling profits and a review of their acquisition activity going forward. Since then all of the "big four" have retrenched plans as demonstrated by Tesco's decision to abort the proposed new store development in Ilkey.

However, reflecting the national trends there remains strong activity in the discount sector with Aldi recently opening a new store development in Silsden.

Table A8: Bradford retail market key indicators

Address/Scheme	Location	Transaction	Date of Transaction	Tenant	Area (sq ft)	Rent £ pa / £ psf	Lease Length	Incentives	Comments
87 Kirkgate, Bradford	City	New Letting	01 July 2014		500	£8000 **£16.00** **£18.00 Zone A**	3 years	None	Stepped rent: Y1 £8,000 Y2 £9,000 Y3 £10,000
46 Leeds Road, Ilkley	Ilkley	New Letting	Jul-14		1643		20 years Rent review Y5 Break Y5	6 months RF	
201 Allerton Road	BD15	Sale	Feb-14			£72,500			
24-24a Barry Street	City	Sale	01 July 2014			**£75,000**			
35 Highgate Road, Clayton Heights, BD13	Clayton	Sale	May-14			£60,000			
6 Duckworth Lane Bradford, BD9	Girlington	Investment Sale	Apr-14			£240,000			
71 Shetcliffe Lane, Bradford, BD4	Bierley	Investment Sale	Jun-14			£140,000			
Southmoor Lodge, Southmoor Road, WF9	Hemworth	Sale	Jul-14			£86,000			
334 Allerton Road, BD15 7BN	Allerton	New Letting	Jun-14		593	**£7,750** **£13.00**	6 years Break Y3	3 months RF	

10-12 Commercial Street	City	Sale	31 January 2014			£138,000			GF 1566 sq ft, FF 1473 sq ft, BM1 1759 sq ft, BM2 283 sqft
390 Kings Road, BD2 1NH	Five Lane En	New Letting	Jun-14		199	**£7,000** **£35.00**	2 years	3 months RF	Includes 2/3 bed flat
100 Southgate, HX5 0EP	Elland	New Letting	Jun-14		694	**£6,500** **£9.37 / £17.00 ZA**	5 years Break 18 months	1 month RF	473 sq ft sales, 221 sq ft store, 376 ITZA
124 Undercliffe Road, BD2 3BN	Undercliffe	Subletting	Apr-14		373	**£5,720** **£12.95 Zone A**	5 years	3 months RF	373 sq ft all zone A, 18 sq ft store, ff ancillary Outside Act
2 The Parade, Holmewood, BD4 9HN	Holmewood	New Letting	Apr-14		694	**£2,500** **£3.60** **£5.60 Zone A**	1 year +		Lease expires 31/12/2015 Outside the Act 473 sq ft sales, 221 sq ft store 447 ITZA

65 Market Street	City	New Letting	01 April 2014		2,496	£12,000 **£4.80** **£20.76 Zone A**	3 years	3 months RF	Outside the Act GF 1156 sq ft sales, BM 1340 sq ft 578 ITZA Empty 3 years
26 Market Street, Bradford	City	Investment Sale	01 July 2014			£3,450,000			Asking price £3.5m Tenanted £348,809pa
Unit 1 26 Market Street	City	New Letting	01 March 2014	Nationwide Building Society	6,545	72000 **£11.00** **£44.45 Zone A**	15 Years Break Y10	15 months RF	1620 ft2 ITZA
Unit 5 26 Market Street	City	New Letting	01 September 2011	The Cash Store Ltd	2,504	20000 **£7.98** **£32.57 Zone A**	10 years		614 ft2 ITZA
Unit 5 26 Market Street	City	New Letting	01 October 2013	Mulcroft Ltd T/A KFC	3,629	35000 **£9.65** **£26.47 Zone A**	5 years		1374 ft2 ITZA
Unit 3 26 Market Street	City	TAW	01 November 2013	Eurostocks Clearance	4,474	£1,810	1 years		1036 ft2 ITZA
Former Mail Centre, Bradford	City	Sale	01 September 2013	British Land (Owner)	100,576 (GIA)	**3400000** **£33.81**	F/H	N/A	4 storey office block, adjoining single storey mail centre

2 Sheep Street, Skipton, BD23	Skipton	New Letting	Dec-12	Vision Express (UK) Ltd	2753	**£45,750** **£6.36 Zone A**	10 years Break Y5 Rent Review Y5	6 months RF	The new lease has been concluded at a rental of £45,750 per annum and was previously £49,650 per annum; as such the property is let off a re-based rent at a rental reflecting £68.50 Zone A.
The Wellcroft Centre, 1 Welllcroft, Shipley, BD18	Shipley	New Letting	Sep-12	Thompson Travel	1668	24300 £14.59	5 years Break Y3	3 months RF	
Barclays Bank, 8 Duke Street, BD24	Settle	Rent Review	25/03/2012	Barclays Bank plc	1354	**£17,500** **£12.92** **£19.00 Zone A**	20 years Lease expiry 14/06/2027 Rent Review Y5 Break in Y10 (2022)		Branch Bank on ground floor of 2/S 1860 building

23 Kirkgate, Keighley, BD20	Keighley	Rent Review	Mar-12	Barclays Bank PLC	829	**£12,700** **£15.30**	20 years Lease expiry 20/05/2028 Rent Review Y5 Break in Y10 (2023)		2-storey 1880 corner building on main street. Bank has vacated.
12 Legrams Lane, Listerhills Road, Bradford, BD7	Listerhills	Lease renewal	Mar-12	Sayid Ayoob	722	**£12,500** **£17.31** **£25.05 Zone A**	5 years Break Y3		
8/10 Legrams Lane, Listerhills Road, Bradford, BD7	Listerhills	New Letting	Oct-11	S Naz Qasim	2415	**£20,000** **£8.28** **£19.12 Zone A**	8 years Break in Y4 Rent Review in Y4		Rent includes 1st floor of 837 Sq Ft
Glendale House, Unit 1 North Gate, Baildon, BD17	Baildon	New Letting	Jun-11	Automation Security Electrical Ltd	674	**£11,700** **£17.35**	5 years		Assigned to Russell Haselhurst in December 2011. T/A Twelve Bar
Barclays Bank Cross Hills 1 Park Street, Cross Hills, Keighley, BD20	Keighley	Rent Review	Mar-11	Barclays Bank PLC	1654	**£8150** **£4.92**	20 years Break Y15 (2023) Next Rent Review 2016 Lease		A Grade II listed former detached house. Previous rent £7,800 per annum.

							expiry 03/07/2028		Agreed review rent at £8,150 pa with Simon Crabtree (Crabtree & Co) analyses: Banking Hall/Office 878 sq ft @ £8.00 overall Safe room 246 sq ft @ £3.00 Staff Room 61 sq ft @ £2.50 Basement (poor) 469 sq ft @ 0.50
The Wellcroft Centre, 2 Wellcroft, Shipley, BD18	Shipley	New Letting	Mar-11	Abbey National Plc (Santander)	1937	**34500** **£17.80**	5 years Break in Y3		
Glendale House, Unit 5 A/B Northgate, Baildon, BD17	Baildon	New Letting	Dec-10	Coral Estates Ltd	1,732	**£23,500** **£13.60**	10 years Rent Review Y5		Coral have one leaseover unit 5a and 5b and sublet 5b to Quick Step

Unit 2/3, Ingleby Road, Bradford	BD8	New Letting	Apr-10	Pakeezah	7,275	**£72,500** **£9.97**	15 years Break Y5 Rent Review Y5		
Unit 5, 57 Great Horton Street, Bradford	City	New Letting	08 March 2010	RS Morgan (t/a Hair Idols)	950	**£21000** **£22.11**	10 years Break Y5 Rent Review Y5		Stepped rent (Yr 1 @ £18,000, Yr 2 @ £18,750, Yr 3 @ £19,500, Yr 4 @ £20,250, Yr 5 @ £21,000) – Vendor will top up the rent to the Yr 5 level.

SUMMARY

In summary, it is possible to draw a geographical distinction in market areas for high street retail in the context of the hierarchy of prime rents above. For smaller centres, the values achievable for high street retail will be significantly reduced and therefore is likely to justify a variable charging rate. With regard to convenience retail, it is more problematic to delimit market areas due to the wide variety of factors that impact on the values that can be achieved for supermarket sites. It is therefore considered that different types of retail development should be considered alongside different locational zones.

OTHER COMMERCIAL SECTORS
RESTAURANTS

In general terms the restaurant market has shown resilience to the economic downturn. There continues to be a geographical divide with London & the south east weathering the recession better than the rest of the country, but with unemployment remaining relatively high and pressures on disposable incomes, operators remain cautious over their expansion plans.

The main restaurant groups that continue to acquire for their various brands, are seeing the current market as an opportunity to further strengthen their dominant position in the market, acquiring units on favourable terms. It has also led them to focus on key requirements and, with investors and developers increasingly looking to court the leisure market, this has extended the choice to operators.

Leisure will comprise a key element of the Westfield scheme, absorbing much of the demand from national and regional operators. Other local and regional operators have clustered in locations such as Leeds Road and Manningham Lane.

HOTELS

Typically the performance of UK regional hotels is linked to the performance of the local economy. Branded hotels are expected to outperform non-branded independents in challenging market conditions since they benefit from access to wider sales and marketing support and distribution channels (routes to customers).

Recently, a number of new brands have entered the market. New budget to mid-market brands include Hampton by Hilton, Garden Inn (Hilton), Courtyard (Marriott) and also include the introduction of non-traditional hotel pod-hotel concepts promoted by easyHotel, nitenite and Yotel. Superior quality full-service brands include DoubleTree and Denizen (Hilton), Pullman (Accor), Indigo (InterContinental Hotels Group), Element and Aloft (Starwood), Andaz (Hyatt), all of which will consider new build or conversion opportunities. Another popular concept is serviced apartments, a sector which has been around for some time but has undergone a rejuvenation in terms of the quality of offering and reduction in the minimum length of stay. Major hotel chains are now launching brands targeted at this market e.g. Staybridge Suites (Intercontinental Hotels Group), Adagio and Suitehotel (Accor).

There are three recent hotel developments in Bradford City Centre which are Jury's Inn, Premier Inn and Travelodge adding to the existing offer, of which the most significant is the Hilton hotel. Premier Inn took a new 25 year lease of a refurbished 116 bed hotel at Broadwater House, Vicar Lane at a rental of £377,000 per annum exclusive equating to £3,250 per room. This was forward funded at £6.1 million representing a 6% yield.

CINEMAS AND OTHER COMMERCIAL LEISURE

Bradford District is well provided for in respect of cinema facilities with a Cineworld at the Leisure Exchange, Vicar Lane Bradford, BD1 45LD and an Odeon Cinema, Gallagher Leisure Park, BD3 7AT.
There are also proposals for a 2,600 sq m (28,000 sq ft) Cineworld at the new Worth Valley Shopping Centre in Keighley.

PUBS AND RESTAURANTS

Over the last 30 years the licensed trade sector has suffered significantly with numerous pub and bar closures (see Table A9 below). The trend is associated with a decline in beers sales and the growth of the off-licence trade, particularly in the sales of alcohol by supermarkets.

Table A9: Total number of pubs in the UK

Year	No of Public Houses
1982	67,800
1987	65,700
1992	61,600
1997	60,600
2002	60,100
2009	52,453
2010	51,178
2011	50,395
2012	49,433
2013	48,006

Source: British Beer and Pub Association, March 2015

The restaurant sector is performing well in comparison as operators have reacted well to changing consumer expenditure patterns, with initiatives which have improved performance such as reward cards, "2-for-1" offers and offers in conjunction with cinema operators. Restaurant demand and rents in the prime locations within Leeds and Harrogate, for example, have increased. Bradford is slightly unusual as a centre due to the dominance of Leeds Road as a location for restaurants over the city centre. That said, the city centre does possess a good selection of mainstream and high end restaurants which capitalise on the footfall from the theatre, cinema and other cultural facilities. Outside of the city centre, Bingley, Shipley, Saltaire and Ilkley all have a wide selection of pubs and restaurants.

STUDENT ACCOMMODATION

The student accommodation property market is extremely challenging. Securing funding is the key issue across the UK with investment funds having little appetite for accommodation proposals based around private lets. There is therefore a requirement for university nominations to increase as a percentage of income. Many of the largest funders also require these nominations to be from a Top 40 University. Since Bradford is currently ranked 77th (2015 League Table Ranking), this is likely to hinder further development unless criteria for funding changes.

Bradford University has a substantially higher than average local population and thus, a smaller requirement for student housing. With tuition fees rising, those local students living in student halls as part of the "university experience" are likely to increasingly see this as an unaffordable luxury and choose to stay at home and commute. This is by no means unique to Bradford, but will no doubt play a factor in determining appetite for new development. We consider it unlikely that further student accommodation will come forward during in the near future unless is it directly developed by the University.

The most recent student housing development is The Green. It offers accommodation on 42 week contracts. Current rental levels are below. There is an additional £252 charge per contract for utilities (excluded from the below).

Table A10: Recent student accommodation developments

Location	Type	Weekly Rent	Contract Rent
Main Campus	En Suite	£96.72	£4,062.24
Main Campus	Standard	£88.98	£3,737.16
Vernon	En Suite	£93	£3,906

Source: Bradford University

SUMMARY

In summary, in addition to the core property classifications, there are a range of other development types that require examination in respect of CIL viability. The likely quantum and type of development anticipated in these classifications is less easy to predict than the standard property classes, however, recent developments provide a useful benchmark for these sectors.

Appendix B – Site Proformas and development appraisals

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 1 Shipley Gateway

Site address	Shipley Gateway Site (Cragg Road) Land and buildings located between Market Square and Otley Road
Site size	1.181 acres (0.8 hectares)
Land ownership/tenure	City of Bradford Metropolitan District Council
Details of proposed development including current planning status	Town centre redevelopment opportunity. The site is located within the Shipley town centre boundary. There is no relevant planning history Two schemes tested.

	Option 1: Mixed use scheme comprising 10 2 bed houses and a small supermarket. Option 2: Mid sized supermarket
Site constraints	There are a number of buildings on the site some of which have existing tenants.
Accommodation schedule	Option 1 assumes: 10 x2 bed houses all at market value. No affordable units are included Unit sizes: 2 bed houses 77 sq m Option 2 assumes a mid sized supermarket 1,500 sq m (16,146 sq ft)
Anticipated start date	Assumed start date as per appraisal date
Build period	Option 1: Lead in 6 months, construction 12 months Option 2 : Lead in 6 months, construction 12 months
Phasing	Option 1: Assumed one phase for commercial and residential development. Residential assumptions: Lead in 3 months. Sales start 3 months after construction start Option 2: Assumed one phase
Planning gain (including AH) & timing of payments	S106 £1000 per unit for residential £50 psm for commercial
Revenue	Assumed current values: Retail warehouse: £12.00 psf rental income 5.5% Yield 6 months rent free Residential: VA4 £1,750 psm
Affordable housing revenues	n/a

Build costs	Assumed current build costs: Residential: £90.00 psf Commercial:£12,837 psf
Abnormal costs	Assumed 20% uplift in build costs

CMBC Site Specific Viability Testing
Site 1 Shipley Gateway Option 1 Mixed Use Scheme

Summary Appraisal for Phase 1

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
2 bed houses	10	8,290	163.00	135,127	1,351,270
Rental Area Summary				**Initial**	**Net Rent**
	Units	**ft²**	**Rate ft²**	**MRV/Unit**	**at Sale**
Supermarket	1	3,767	12.00	45,204	45,204
Investment Valuation					
Supermarket					
Market Rent	45,204	YP @	5.5000%	18.1818	
		PV 0yrs 7mths @	5.5000%	0.9693	796,618
GROSS DEVELOPMENT VALUE				**2,147,888**	
Purchaser's Costs - Residential		5.80%	(46,204)		
				(46,204)	
NET DEVELOPMENT VALUE				**2,101,684**	
NET REALISATION				**2,101,684**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			173,439		
Stamp Duty		4.00%	6,938		
Agent Fee		1.00%	1,734		
Legal Fee		0.50%	867		
Town Planning			50,000		
				232,978	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
Supermarket	3,767 ft²	96 pf²	361,632		
2 bed houses	8,290 ft²	90 pf²	746,100		
Totals	**12,057 ft²**		**1,107,732**	**1,107,732**	
Contingency		3.00%	10,849		
Contingency		5.00%	37,305		
				48,154	
Other Construction					
Abnormals - Residential 20% uplift		20.00%	149,220		
Abormals - Commercial 20% uplift		20.00%	72,326		
				221,546	
Section 106 Costs					
Section 106 - Residential			10,000		
Section 106 - Commercial			17,500		
				27,500	
PROFESSIONAL FEES					
Professional Fes - Residential		6.00%	44,766		
Professional Fes - Commercial		10.00%	36,163		
				80,929	
DISPOSAL FEES					
Sales Agent Fee		3.00%	40,538		
Sales Legal Fee		0.50%	6,756		
				47,294	
FINANCE					
Debit Rate 6.500% Credit Rate 0.000% (Nominal)					
Land			13,249		
Construction			48,168		
Total Finance Cost				61,417	
TOTAL COSTS				**1,827,552**	
PROFIT					

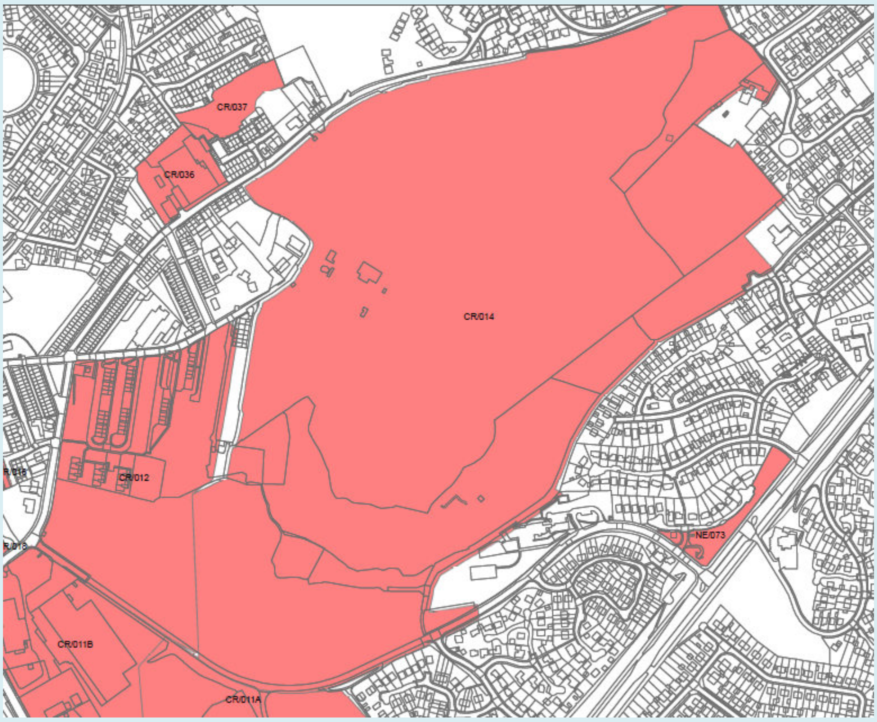
		274,133
Performance Measures		
Profit on Cost%	15.00%	
Profit on GDV%	12.76%	
Profit on NDV%	13.04%	
Development Yield% (on Rent)	2.47%	
Equivalent Yield% (Nominal)	5.50%	
Equivalent Yield% (True)	5.69%	
IRR	31.59%	
Rent Cover	6 yrs 1 mth	
Profit Erosion (finance rate 6.500%)	2 yrs 2 mths	

Site 1 Shipley Gateway Option 2 Commercial Scheme

Summary Appraisal for Phase 1

Currency in £

REVENUE						
Rental Area Summary	**Units**	**ft²**	**Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Supermarket	1	16,146	10.00	161,460	161,460	161,460
Investment Valuation						
Supermarket						
Market Rent	161,460	YP @	6.0000%	16.6667		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.0000%	0.9713	2,613,730	
GROSS DEVELOPMENT VALUE				**2,613,730**		
Purchaser's Costs		5.80%	(151,596)			
				(151,596)		
NET DEVELOPMENT VALUE				**2,462,134**		
NET REALISATION				**2,462,134**		
OUTLAY						
CONSTRUCTION COSTS						
Construction	**ft²**	**Rate ft²**	**Cost**			
Supermarket	16,146 ft²	111 pf²	1,792,206	**1,792,206**		
Contingency		3.00%	53,766			
				53,766		
Other Construction						
Abnormal Costs 20% uplift			360,000			
				360,000		
Section 106 Costs						
Section 106			75,000			
				75,000		
PROFESSIONAL FEES						
professional fees		10.00%	215,221			
				215,221		
MARKETING & LETTING						
Letting Agent Fee		10.00%	16,146			
Letting Legal Fee		5.00%	8,073			
				24,219		
DISPOSAL FEES						
Sales Agent Fee		1.00%	24,621			
Sales Legal Fee		0.25%	6,155			
				30,777		
FINANCE						
Debit Rate 6.750% Credit Rate 0.000% (Nominal)						
Construction			88,603			
Total Finance Cost				88,603		
TOTAL COSTS				**2,639,792**		
PROFIT						
				(177,658)		
Performance Measures						
Profit on Cost%		(6.73)%				
Profit on GDV%		(6.80)%				
Profit on NDV%		(7.22)%				
Development Yield% (on Rent)		6.12%				
Equivalent Yield% (Nominal)		6.00%				
Equivalent Yield% (True)		6.23%				
IRR		(5.88)%				
Rent Cover		-1 yrs -1 mths				
Profit Erosion (finance rate 6.750%)		N/A				

City of Bradford Metropolitan District Council Site Specific Viability Analysis Site 2 Bolton Woods Quarry	
	
Site address	Bolton Woods Quarry
Site size	28ha
Land ownership/tenure	Private
Details of proposed development including current planning status	Longer term redevelopment of the quarry for new housing, open space and community facilities. The site is currently allocated as an existing minerals extraction site The owners have submitted a representation to the Core Strategy supporting residential redevelopment of the site.

Site constraints	Quarry remediation - abnormal costs unknown
Accommodation schedule	1000 residential units delivered in four phases. Assumed: 1 bed flat (40 market, 10 AH) 2 bed flat (40 market, 10 AH) 2 bed house (160 market, 40 AH) 3 bed house (320 market, 80 AH) 4 bed house (200 market, 50 AH) 5 bed house (40 market, 10 AH) Unit sizes: 1 bed flat 51 sq m 2 bed flat 55 sq m 2 bed houses 77 sq m 3 bed houses 93 sq m 4 bed houses 115 sq m 5 bed houses 137 sq m
Anticipated start date	Assumed start date as per appraisal date
Build period	Four phases of 30 months construction.
Phasing	1000 residential units delivered in four phases. Phase 1 - 248 units Phase 2 - 248 units Phase 3 - 252 units Phase 4 - 252 units
Planning gain (including AH) & timing of payments	20% affordable housing S106 - £1,000 per unit paid on commencement of each phase
Revenue	Assumed: VA 4 £1,750 p sm
Affordable housing revenues	Assumed: 65% of market value
Build costs	Assumed current build costs:

	Houses: £971.00 psm Flats: £1,008
Abnormal costs	Assumed 10% uplift in build costs

Site 2 Bolton Woods Quarry

Summary Appraisal for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
1 bed flat	10	5,490	163.00	89,487	894,870
1 bed flat AH	2	1,098	90.00	49,410	98,820
2 bed flat	10	5,490	163.00	89,487	894,870
2 bed flat AH	2	1,098	90.00	49,410	98,820
2 bed house	40	33,160	163.00	135,127	5,405,080
2 bed house AH	10	8,290	90.00	74,610	746,100
3 bed house	80	80,080	163.00	163,163	13,053,040
3 bed house AH	20	20,020	90.00	90,090	1,801,800
4 bed house	50	61,900	163.00	201,794	10,089,700
4 bed house AH	12	14,856	90.00	111,420	1,337,040
5 bed house	10	14,750	163.00	240,425	2,404,250
5 bed house AH	2	2,950	90.00	132,750	265,500
1 bed flat	10	5,490	163.00	89,487	894,870
1 bed flat AH	2	1,098	90.00	49,410	98,820
2 bed flat	10	5,490	163.00	89,487	894,870
2 bed flat AH	2	1,098	90.00	49,410	98,820
2 bed house	40	33,160	163.00	135,127	5,405,080
2 bed house AH	10	8,290	90.00	74,610	746,100
3 bed house	80	80,080	163.00	163,163	13,053,040
3 bed house AH	20	20,020	90.00	90,090	1,801,800
4 bed house	50	61,900	163.00	201,794	10,089,700
4 bed house AH	12	14,856	90.00	111,420	1,337,040
5 bed house	10	14,750	163.00	240,425	2,404,250
5 bed house AH	2	2,950	90.00	132,750	265,500
1 bed flat	10	5,490	163.00	89,487	894,870
1 bed flat AH	3	1,647	90.00	49,410	148,230
2 bed flat	10	5,490	163.00	89,487	894,870
2 bed flat AH	3	1,647	90.00	49,410	148,230
2 bed house	40	33,160	163.00	135,127	5,405,080
2 bed house AH	10	8,290	90.00	74,610	746,100
3 bed house	80	80,080	163.00	163,163	13,053,040
3 bed house AH	20	20,020	90.00	90,090	1,801,800
4 bed house	50	61,900	163.00	201,794	10,089,700
4 bed house AH	13	16,094	90.00	111,420	1,448,460
5 bed house	10	14,750	163.00	240,425	2,404,250
5 bed house AH	3	4,425	90.00	132,750	398,250
1 bed flat	10	5,490	163.00	89,487	894,870
1 bed flat AH	3	1,647	90.00	49,410	148,230
2 bed flat	10	5,490	163.00	89,487	894,870
2 bed flat AH	3	1,647	90.00	49,410	148,230
2 bed house	40	33,160	163.00	135,127	5,405,080
2 bed house AH	10	8,290	90.00	74,610	746,100
3 bed house	80	80,080	163.00	163,163	13,053,040
3 bed house AH	20	20,020	90.00	90,090	1,801,800
4 bed house	50	61,900	163.00	201,794	10,089,700
4 bed house AH	13	16,094	90.00	111,420	1,448,460
5 bed house	10	14,750	163.00	240,425	2,404,250
5 bed house AH	3	4,425	90.00	132,750	398,250
Totals	**1,000**	**1,004,350**			**149,045,540**

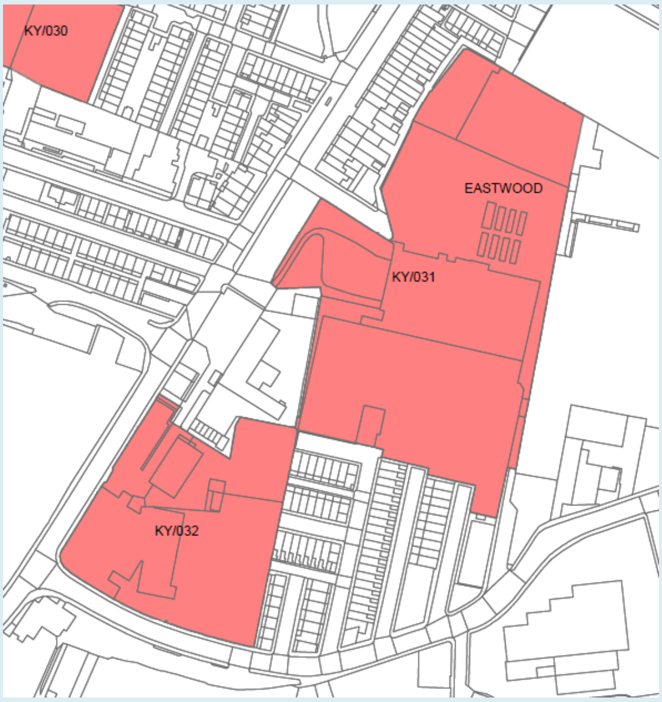
NET REALISATION	**149,045,540**

OUTLAY

ACQUISITION COSTS

Residualised Price (68.00 Acres 66,439.15 pAcre)			4,517,862	
Stamp Duty		4.00%	180,714	
Agent Fee		1.00%	45,179	
Legal Fee		0.50%	22,589	
Town Planning			100,000	
				4,866,344
CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
1 bed flat	5,490 ft²	108 pf²	592,920	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	5,490 ft²	108 pf²	592,920	
2 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed house	33,160 ft²	90 pf²	2,991,032	
2 bed house AH	8,290 ft²	90 pf²	747,758	
3 bed house	80,080 ft²	90 pf²	7,223,216	
3 bed house AH	20,020 ft²	90 pf²	1,805,804	
4 bed house	61,900 ft²	90 pf²	5,583,380	
4 bed house AH	14,856 ft²	90 pf²	1,340,011	
5 bed house	14,750 ft²	90 pf²	1,330,450	
5 bed house AH	2,950 ft²	90 pf²	266,090	
1 bed flat	5,490 ft²	108 pf²	592,920	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	5,490 ft²	108 pf²	592,920	
2 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed house	33,160 ft²	90 pf²	2,991,032	
2 bed house AH	8,290 ft²	90 pf²	747,758	
3 bed house	80,080 ft²	90 pf²	7,223,216	
3 bed house AH	20,020 ft²	90 pf²	1,805,804	
4 bed house	61,900 ft²	90 pf²	5,583,380	
4 bed house AH	14,856 ft²	90 pf²	1,340,011	
5 bed house	14,750 ft²	90 pf²	1,330,450	
5 bed house AH	2,950 ft²	90 pf²	266,090	
1 bed flat	5,490 ft²	108 pf²	592,920	
1 bed flat AH	1,647 ft²	108 pf²	177,876	
2 bed flat	5,490 ft²	108 pf²	592,920	
2 bed flat AH	1,647 ft²	108 pf²	177,876	
2 bed house	33,160 ft²	90 pf²	2,991,032	
2 bed house AH	8,290 ft²	90 pf²	747,758	
3 bed house	80,080 ft²	90 pf²	7,223,216	
3 bed house AH	20,020 ft²	90 pf²	1,805,804	
4 bed house	61,900 ft²	90 pf²	5,583,380	
4 bed house AH	16,094 ft²	90 pf²	1,451,679	
5 bed house	14,750 ft²	90 pf²	1,330,450	
5 bed house AH	4,425 ft²	90 pf²	399,135	
1 bed flat	5,490 ft²	108 pf²	592,920	
1 bed flat AH	1,647 ft²	108 pf²	177,876	
2 bed flat	5,490 ft²	108 pf²	592,920	
2 bed flat AH	1,647 ft²	108 pf²	177,876	
2 bed house	33,160 ft²	90 pf²	2,991,032	
2 bed house AH	8,290 ft²	90 pf²	747,758	
3 bed house	80,080 ft²	90 pf²	7,223,216	
3 bed house AH	20,020 ft²	90 pf²	1,805,804	
4 bed house	61,900 ft²	90 pf²	5,583,380	
4 bed house AH	16,094 ft²	90 pf²	1,451,679	
5 bed house	14,750 ft²	90 pf²	1,330,450	
5 bed house AH	4,425 ft²	90 pf²	399,135	
Totals	**1,004,350 ft²**		**91,569,590**	**91,569,590**
Contingency		5.00%	4,578,480	
				4,578,480
Other Construction				
S106			248,000	

S106		248,000	
S106		252,000	
S106		252,000	
			1,000,000
Municipal Costs			
Municipal Costs		2,271,074	
Municipal Costs		2,271,074	
Municipal Costs		2,271,074	
Municipal Costs		2,271,074	
			9,084,296
PROFESSIONAL FEES			
Professional fees	6.00%	5,494,175	
			5,494,175
DISPOSAL FEES			
Marketing and Sales Agent Fee	3.00%	3,929,017	
Sales Legal Fee	0.50%	745,228	
			4,674,245
FINANCE			
Debit Rate 6.500% Credit Rate 0.500% (Nominal)			
Total Finance Cost			(33,595)
TOTAL COSTS			**121,233,535**
PROFIT			
			27,812,005
Performance Measures			
Profit on Cost%	22.94%		
Profit on GDV%	18.66%		
Profit on NDV%	18.66%		
IRR	49.31%		
Profit Erosion (finance rate 6.500%)	3 yrs 2 mths		

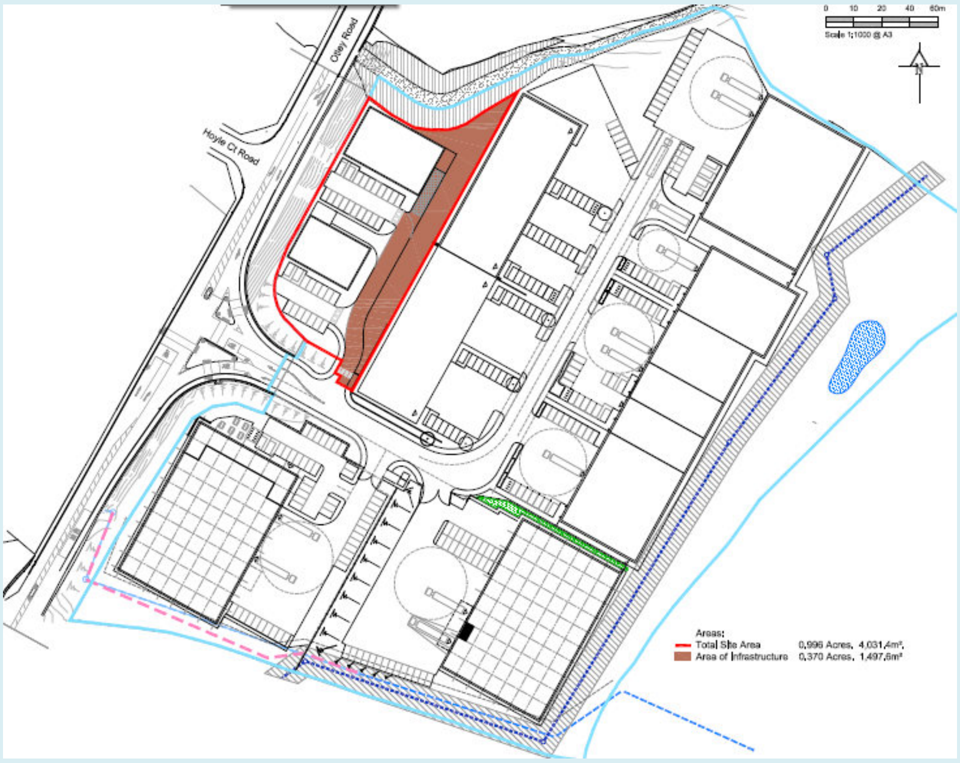
City of Bradford Metropolitan District Council Site Specific Viability Analysis Site 4 Chatsworth Works	
	
Site address	Chatsworth Street, Keighley
Site size	2.24ha (5.523 acres)
Land ownership/tenure	Private
Details of proposed development including current planning status	Part of the site is allocated as an employment site in the RUDP but the rest is unallocated. Assumed site developed for residential use at a density of 35 units per hectare.
Site constraints	Sloping site. Gas storage depot adjacent to the site. Negotiations have taken place to re locate this facility elsewhere.

Accommodation schedule	78 residential units 39 2 bed of which 33 market value and 6 AH 39 3 bed of which 33 market value and 6 AH
Anticipated start date	Assumed start date as per appraisal date
Build period	Assumed 2 sales per calendar month. Industrial 12 months construction
Phasing	One phase
Planning gain (including AH) & timing of payments	S106 - £1,000 per unit 15% affordable housing provision
Revenue	Assumed: £1,500 psm
Affordable housing revenues	Assumed: 60% of MV
Build costs	Assumed current build costs: Houses: £971.00 psm Flats: £1,008
Abnormal costs	Assumed 10% uplift in build costs

Summary Appraisal for Phase 1 Residential

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
2 bed houses	33	27,357	139.00	115,231	3,802,623
2 bed houses (AH)	6	4,974	90.00	74,610	447,660
3 bed houses	33	33,033	139.00	139,139	4,591,587
3 bed houses (AH)	6	6,006	90.00	90,090	540,540
Totals	**78**	**71,370**			**9,382,410**
NET REALISATION				**9,382,410**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			(514,666)		
				(514,666)	
CONSTRUCTION COSTS					
Construction	**ft²**	**Rate ft²**	**Cost**		
2 bed houses	27,357 ft²	90 pf²	2,462,130		
2 bed houses (AH)	4,974 ft²	90 pf²	447,660		
3 bed houses	33,033 ft²	90 pf²	2,972,970		
3 bed houses (AH)	6,006 ft²	90 pf²	540,540		
Totals	**71,370 ft²**		**6,423,300**	**6,423,300**	
Contingency		5.00%	321,165		
				321,165	
Other Construction					
Section 106			78,000		
Allowance for abnormals		10.00%	642,330		
				720,330	
PROFESSIONAL FEES					
Professional Fees		6.00%	385,398		
				385,398	
DISPOSAL FEES					
Marketing, sales, agent & egal fees		3.00%	251,826		
Sales Legal Fee		0.50%	46,912		
				298,738	
FINANCE					
Debit Rate 6.500% Credit Rate 0.000% (Nominal)					
Land			(67,429)		
Construction			74,199		
Total Finance Cost				6,770	
TOTAL COSTS				**7,641,035**	
PROFIT					
				1,741,375	
Performance Measures					
Profit on Cost%		22.79%			
Profit on GDV%		18.56%			
Profit on NDV%		18.56%			
IRR		N/A			
Profit Erosion (finance rate 6.500%)		3 yrs 2 mths			

City of Bradford Metropolitan District Council Site Specific Viability Analysis Site 5 Buck Lane	
	
Site address	Buck Lane
Site size	Approx 15 acres – approx 10 acres developable
Land ownership/tenure	City of Bradford Metropolitan District Council
Details of proposed development including current planning status	Industrial scheme being promoted by Bradford Council. Outline approval for site. Full approval for units currently on site.

Site constraints	Greenfield. Steep slope from roadway, gently sloping river valley, extensive cut and fill, mains sewer running across part of site, soft ground encountered, small area of deep level contamination, flood plain area.
Accommodation schedule	<u>Phase 1</u> 25,000 sq ft industrial unit 6,000 sq ft industrial unit <u>Phase 2</u> 4,300 sq ft retail unit 14,500 sq ft industrial unit 15,000 sq ft industrial unit 20,000 sq ft industrial unit 12,000 sq ft industrial unit <u>Phase 3</u> 25,000 sq ft industrial unit 26,000 sq ft industrial unit 147,800 sq ft in total
Anticipated start date	On site now
Build period	September 2014 – September 2017
Phasing	Phase 1: September 2014 – July 2015 Phase 2: February 2015 – February 2016 Phase 3: March 2016 – September 2017
Planning gain (including AH) & timing of payments	n/a
Revenue	£70.00 - £75.00 psf capital values
Affordable housing revenues	n/a
Build costs	Approx £55 - 60 per sq ft for basic single storey portal framed buildings. Fit out extra over.

Abnormal costs	Cut and fill - £265,000 Retaining structures - £233,000 Drainage attenuation - £55,000 Lime stabilisation - £250,000
Land value	£170,000 an acre as unserviced greenfield site less agreed abnormals.
Any other relevant information	Site is being delivered under a development agreement with Pendle Russell Ltd. Plots are drawn down as the developer signs up end users.

Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE

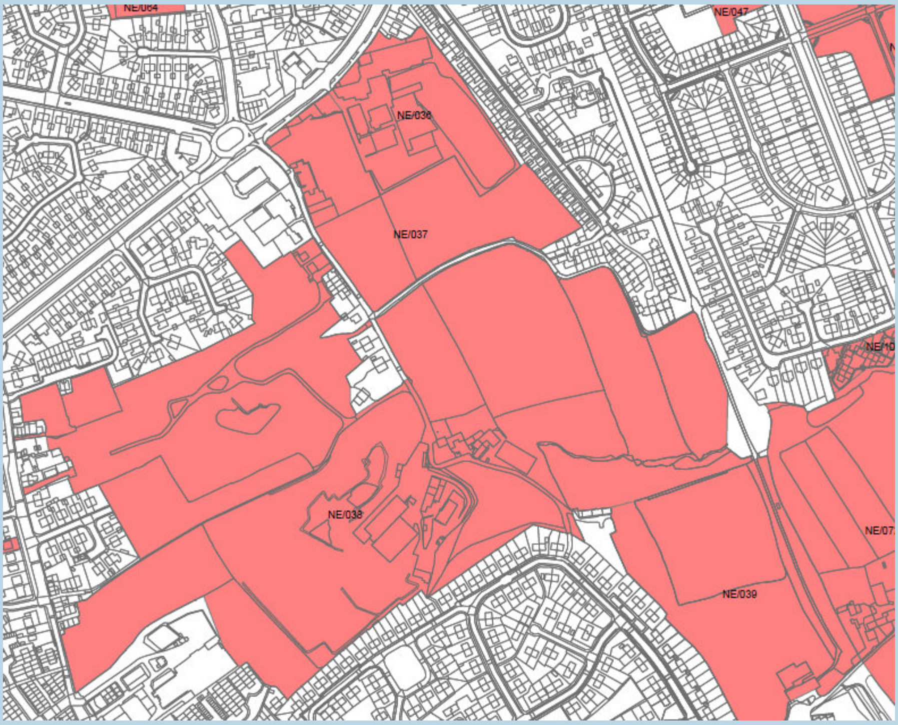
Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
Industrial Unit 1	1	25,000	72.50	1,812,500	1,812,500
Industrial Unit 2	1	6,000	72.50	435,000	435,000
Retail Unit	1	4,300	72.50	311,750	311,750
Industrial Unit	1	14,500	72.50	1,051,250	1,051,250
Industrial Unit	1	15,000	72.50	1,087,500	1,087,500
Industrial Unit	1	12,000	72.50	870,000	870,000
Industrial Unit	1	20,000	72.50	1,450,000	1,450,000
Industrial Unit	1	25,000	72.50	1,812,500	1,812,500
Industrial Unit	1	26,000	72.50	1,885,000	1,885,000
Totals	**9**	**147,800**			**10,715,500**
NET REALISATION				**10,715,500**	

OUTLAY

ACQUISITION COSTS				
Residualised Price			(989,244)	
				(989,244)
CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
Industrial Unit 1	25,000 ft²	58 pf²	1,437,500	
Industrial Unit 2	6,000 ft²	58 pf²	345,000	
Retail Unit	4,300 ft²	58 pf²	247,250	
Industrial Unit	14,500 ft²	58 pf²	833,750	
Industrial Unit	15,000 ft²	58 pf²	862,500	
Industrial Unit	12,000 ft²	58 pf²	690,000	
Industrial Unit	20,000 ft²	58 pf²	1,150,000	
Industrial Unit	25,000 ft²	58 pf²	1,437,500	
Industrial Unit	26,000 ft²	58 pf²	1,495,000	
Totals	**147,800 ft²**		**8,498,500**	**8,498,500**
Developers Contingency		3.00%	254,955	
				254,955
Other Construction				
Cut and Fill			265,000	
Retaining Structutres			233,000	
Drainage attenuation			55,000	
Lime stabilisation			250,000	
				803,000
PROFESSIONAL FEES				
Professional Fees		10.00%	378,350	
				378,350
DISPOSAL FEES				
Sales Agent Fee		1.00%	84,680	
Sales Legal Fee		0.25%	21,170	
				105,850
FINANCE				
Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Total Finance Cost				174,651
TOTAL COSTS				**9,226,062**
PROFIT				
				1,489,438

Performance Measures	
Profit on Cost%	16.14%
Profit on GDV%	13.90%
Profit on NDV%	13.90%
IRR	42.94%
Profit Erosion (finance rate 6.500%)	2 yrs 4 mths

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 6 Fagley Quarry



Site address	Fagley Quarry
Site size	Not confirmed
Land ownership/tenure	Private
Details of proposed development including current planning status	600 new dwellings
Site constraints	Former quarry site
Accommodation schedule	600 units Assumed:

	1 bed flat (26 market, 4 AH) 2 bed flat (26 market, 4 AH) 2 bed house (102 market, 18 AH) 3 bed house (204 market, 36 AH) 4 bed house (128 market, 22 AH) 5 bed house (26 market, 4 AH) Unit sizes: 1 bed flat 51 sq m 2 bed flat 55 sq m 2 bed houses 77 sq m 3 bed houses 93 sq m 4 bed houses 115 sq m 5 bed houses 137 sq m
Anticipated start date	Assumed start date as per appraisal date
Build period	Four phases of 18 months construction
Phasing	Phase 1 - 147 units Phase 2 - 147 units Phase 3 - 147 units Phase 4 – 159 units
Planning gain (including AH) & timing of payments	S106 - £1,000 per unit £331,609 provision of recreation open space £345,450 provision of bus shelters and real time information displays
Revenue	£172.50 psf
Affordable housing revenues	15% AH
Build costs	*Assumed current build costs:* *Houses: £971.00 psm* *Flats: £1,008*
Abnormal costs	Allowance for 20% abnormal costs

Summary Appraisal for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
1 bed flat	6	3,294	172.50	94,703	568,215
1 bed flat AH	1	549	112.12	61,554	61,554
2 bed flat	6	4,200	172.50	120,750	724,500
2 bed flat AH	1	700	112.12	78,484	78,484
2 bed house	25	20,725	172.50	143,003	3,575,063
2 bed house AH	4	3,316	112.12	92,947	371,790
3 bed house	51	51,051	172.50	172,673	8,806,298
3 bed house AH	9	9,009	112.12	112,232	1,010,089
4 bed house	32	39,616	172.50	213,555	6,833,760
4 bed house AH	5	6,190	112.12	138,805	694,023
5 bed house	6	8,850	172.50	254,438	1,526,625
5 bed house AH	1	1,475	112.12	165,377	165,377
1 bed flat	6	3,294	172.50	94,703	568,215
1 bed flat AH	1	549	112.12	61,554	61,554
2 bed flat	6	4,200	172.50	120,750	724,500
2 bed flat AH	1	700	112.12	78,484	78,484
2 bed house	25	20,725	172.50	143,003	3,575,063
2 bed house AH	4	3,316	112.12	92,947	371,790
3 bed house	51	51,051	172.50	172,673	8,806,298
3 bed house AH	9	9,009	112.12	112,232	1,010,089
4 bed house	32	39,616	172.50	213,555	6,833,760
4 bed house AH	5	6,190	112.12	138,805	694,023
5 bed house	6	8,850	172.50	254,438	1,526,625
5 bed house AH	1	1,475	112.12	165,377	165,377
1 bed flat	6	3,294	172.50	94,703	568,215
1 bed flat AH	1	549	112.12	61,554	61,554
2 bed flat	6	4,200	172.50	120,750	724,500
2 bed flat AH	1	549	112.12	61,554	61,554
2 bed house	25	20,725	172.50	143,003	3,575,063
2 bed house AH	4	3,316	112.12	92,947	371,790
3 bed house	51	51,051	172.50	172,673	8,806,298
3 bed house AH	9	9,009	112.12	112,232	1,010,089
4 bed house	32	39,616	172.50	213,555	6,833,760
4 bed house AH	5	6,190	112.12	138,805	694,023
5 bed house	6	8,850	172.50	254,438	1,526,625
5 bed house AH	1	1,475	112.12	165,377	165,377
1 bed flat	8	4,392	172.50	94,703	757,620
1 bed flat AH	1	549	112.12	61,554	61,554
2 bed flat	8	5,600	172.50	120,750	966,000
2 bed flat AH	1	700	112.12	78,484	78,484
2 bed house	27	22,383	172.50	143,003	3,861,068
2 bed house AH	6	4,974	112.12	92,947	557,685
3 bed house	51	51,051	172.50	172,673	8,806,298
3 bed house AH	9	9,009	112.12	112,232	1,010,089
4 bed house	32	39,616	172.50	213,555	6,833,760
4 bed house AH	7	8,666	112.12	138,805	971,632
5 bed house	8	11,800	172.50	254,438	2,035,500
5 bed house AH	1	1,475	112.12	165,377	165,377
Totals	**600**	**606,989**			**99,335,466**

NET REALISATION	**99,335,466**

OUTLAY

ACQUISITION COSTS

Residualised Price (42.36 Acres 359,863.43 pAcre)		15,243,815	
Stamp Duty	4.00%	609,753	
Agent Fee	1.00%	152,438	
Legal Fee	0.50%	76,219	
Town Planning		100,000	
			16,182,225

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
1 bed flat	3,294 ft²	81 pf²	266,814

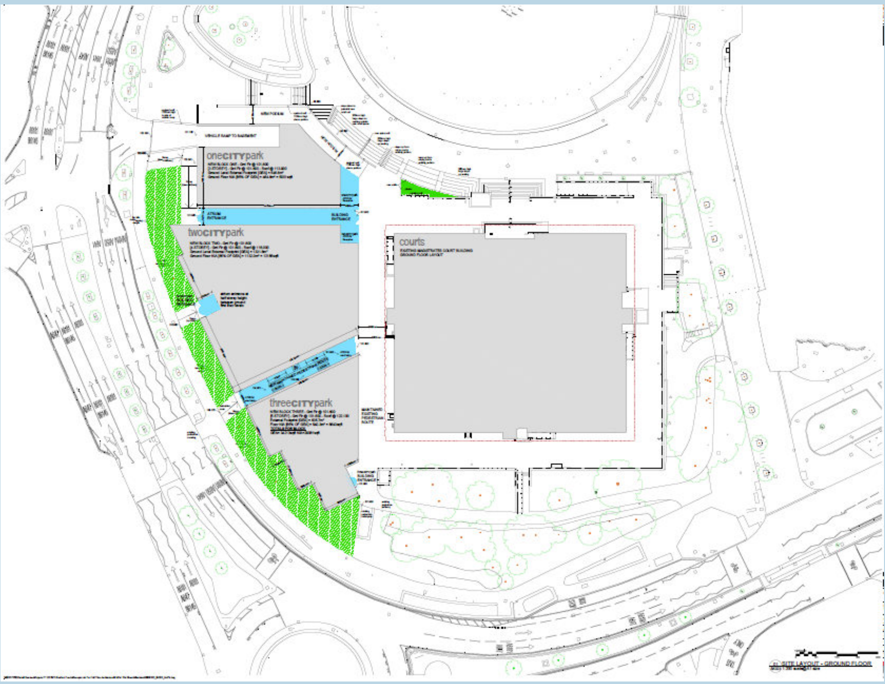
1 bed flat AH	549 ft²	81 pf²	44,469	
2 bed flat	4,200 ft²	81 pf²	340,200	
2 bed flat AH	700 ft²	81 pf²	56,700	
2 bed house	20,725 ft²	81 pf²	1,678,725	
2 bed house AH	3,316 ft²	81 pf²	268,596	
3 bed house	51,051 ft²	81 pf²	4,135,131	
3 bed house AH	9,009 ft²	81 pf²	729,729	
4 bed house	39,616 ft²	81 pf²	3,208,896	
4 bed house AH	6,190 ft²	81 pf²	501,390	
5 bed house	8,850 ft²	81 pf²	716,850	
5 bed house AH	1,475 ft²	81 pf²	119,475	
1 bed flat	3,294 ft²	81 pf²	266,814	
1 bed flat AH	549 ft²	81 pf²	44,469	
2 bed flat	4,200 ft²	81 pf²	340,200	
2 bed flat AH	700 ft²	81 pf²	56,700	
2 bed house	20,725 ft²	81 pf²	1,678,725	
2 bed house AH	3,316 ft²	81 pf²	268,596	
3 bed house	51,051 ft²	81 pf²	4,135,131	
3 bed house AH	9,009 ft²	81 pf²	729,729	
4 bed house	39,616 ft²	81 pf²	3,208,896	
4 bed house AH	6,190 ft²	81 pf²	501,390	
5 bed house	8,850 ft²	81 pf²	716,850	
5 bed house AH	1,475 ft²	81 pf²	119,475	
1 bed flat	3,294 ft²	81 pf²	266,814	
1 bed flat AH	549 ft²	81 pf²	44,469	
2 bed flat	4,200 ft²	81 pf²	340,200	
2 bed flat AH	549 ft²	81 pf²	44,469	
2 bed house	20,725 ft²	81 pf²	1,678,725	
2 bed house AH	3,316 ft²	81 pf²	268,596	
3 bed house	51,051 ft²	81 pf²	4,135,131	
3 bed house AH	9,009 ft²	81 pf²	729,729	
4 bed house	39,616 ft²	81 pf²	3,208,896	
4 bed house AH	6,190 ft²	81 pf²	501,390	
5 bed house	8,850 ft²	81 pf²	716,850	
5 bed house AH	1,475 ft²	81 pf²	119,475	
1 bed flat	4,392 ft²	81 pf²	355,752	
1 bed flat AH	549 ft²	81 pf²	44,469	
2 bed flat	5,600 ft²	81 pf²	453,600	
2 bed flat AH	700 ft²	81 pf²	56,700	
2 bed house	22,383 ft²	81 pf²	1,813,023	
2 bed house AH	4,974 ft²	81 pf²	402,894	
3 bed house	51,051 ft²	81 pf²	4,135,131	
3 bed house AH	9,009 ft²	81 pf²	729,729	
4 bed house	39,616 ft²	81 pf²	3,208,896	
4 bed house AH	8,666 ft²	81 pf²	701,946	
5 bed house	11,800 ft²	81 pf²	955,800	
5 bed house AH	1,475 ft²	81 pf²	119,475	
Totals	**606,989 ft²**		**49,166,109**	**49,166,109**
Contingency		5.00%	2,458,305	
				2,458,305
Other Construction				
S106			169,264	
Abnormals cost allowance		10.00%	1,206,698	
S106			169,264	
Abnormals costs allowance		10.00%	1,206,698	
S106			169,264	
Abnormals cost allowance		10.00%	1,205,474	
S106			169,264	
abnormal costs allowance		10.00%	1,297,742	
				5,593,667
PROFESSIONAL FEES				
Professional fees		6.00%	2,949,967	
				2,949,967
DISPOSAL FEES				
Marketing and Sales Agent Fee		3.00%	2,680,909	
Sales Legal Fee		0.50%	496,677	
				3,177,586

FINANCE

Debit Rate 6.500% Credit Rate 0.500% (Nominal)

Total Finance Cost		308,025
TOTAL COSTS		**79,835,884**
PROFIT		**19,499,582**
Performance Measures		
Profit on Cost%	24.42%	
Profit on GDV%	19.63%	
Profit on NDV%	19.63%	
IRR	38.40%	
Profit Erosion (finance rate 6.500%)	3 yrs 5 mths	

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 10



Site address	Tyrls
Site size	0.3 ha / 0.83 acres
Land ownership/tenure	Public – City of Bradford Metropolitan District Council
Details of proposed development including current planning status	8,500 sq m office building Planning permission granted in outline.
Site constraints	Access improvements required. Demolition of existing buildings – costs not from RGF.
Accommodation schedule	

	8,500 sqm GIA, B1(a) Phase 1: 54,000 sq ft Phase 2: 32,000 sq ft
Anticipated start date	As per appraisal date
Build period	3 month lead in 12 month build
Phasing	N/A
Planning gain (including AH) & timing of payments	£100,000 planning fee included
Revenue	£161 per sq m rent Yield 8.5% Rent free / void – 3 years.
Affordable housing revenues	n/a
Build costs	£1,453 per sq m / £135 per sq ft
Abnormal costs	n/a

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale
One City Park	1	45,900	15.00	688,500	688,500
Two City Park	1	27,200	15.00	408,000	408,000
Totals	**2**	**73,100**			**1,096,500**

Investment Valuation					
One City Park					
Market Rent	688,500	YP @	8.0000%	12.5000	
(2yrs 6mths Rent Free)		PV 2yrs 6mths @	8.0000%	0.8250	7,099,938
Two City Park					
Market Rent	408,000	YP @	8.0000%	12.5000	
(2yrs 6mths Rent Free)		PV 2yrs 6mths @	8.0000%	0.8250	4,207,371
					11,307,309

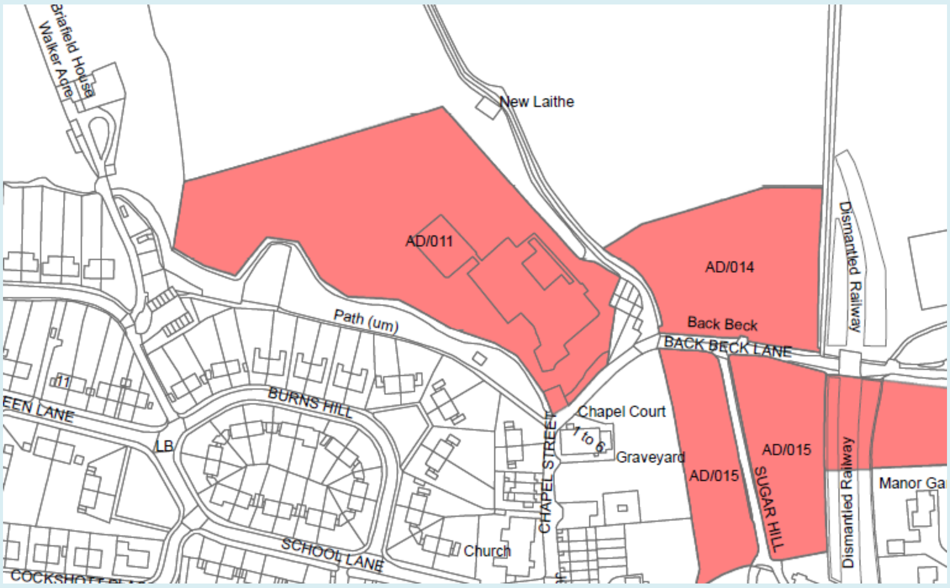
GROSS DEVELOPMENT VALUE				**11,307,309**
Purchaser's Costs		5.80%	(655,824)	
				(655,824)
NET DEVELOPMENT VALUE				**10,651,485**
NET REALISATION				**10,651,485**

OUTLAY

ACQUISITION COSTS				
Town Planning			100,000	
				100,000
CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
One City Park	54,000 ft²	135 pf²	7,290,000	
Two City Park	32,000 ft²	135 pf²	4,320,000	
Totals	**86,000 ft²**		**11,610,000**	**11,610,000**
Contingency		3.00%	348,300	
				348,300
PROFESSIONAL FEES				
professional fees		10.00%	1,161,000	
				1,161,000
MARKETING & LETTING				
Letting Agent Fee		10.00%	109,650	
Letting Legal Fee		5.00%	54,825	
				164,475
DISPOSAL FEES				
Sales Agent Fee		1.00%	106,515	
Sales Legal Fee		0.25%	26,629	
				133,144
FINANCE				
Debit Rate 6.750% Credit Rate 0.000% (Nominal)				
Construction			396,388	
Total Finance Cost				396,388
TOTAL COSTS				**13,913,307**
PROFIT				
				(3,261,822)

Performance Measures	
Profit on Cost%	(23.44)%
Profit on GDV%	(28.85)%
Profit on NDV%	(30.62)%
Development Yield% (on Rent)	7.88%

Equivalent Yield% (Nominal)	8.00%
Equivalent Yield% (True)	8.42%
IRR	(38.18)%
Rent Cover	-2 yrs -12 mths
Profit Erosion (finance rate 6.750%)	N/A

City of Bradford Metropolitan District Council Site Specific Viability Analysis Site 11 Chapel Street	
	
Site address	Chapel Street, Addingham
Site size	1.36 hectare (3.363 acres)
Land ownership/tenure	Public – City of Bradford Metropolitan District Council
Details of proposed development including current planning status	Site of the former Addingham school and playing fields. This is one of few sites outside of the green belt in the village and could deliver an average 44 homes, subject to no objections from Sport England. The site of the former school building was allocated for housing development in the RUDP. The playing fields are currently protected as playing fields under policy OS3 of the RUDP. Without the inclusion of the playing fields to make a more comprehensive site, the housing site cannot come forward as current access from Chapel Lane is poor. Access would be possible from the north west through the playing fields. The Council has looked at the possibility of securing some land to enable this to happen. A pre application was submitted in 2011 for

	residential development across the whole site but nothing has been received since. South eastern half of site formerly allocated as a phase 2 housing site in RUDP. TPO along part of site boundary. The playing field to the rear is not maintained / used. Access to the site is via extremely narrow streets, there may be an opportunity to bring access in from School Lane.
Site constraints	Access
Accommodation schedule	Assumed: 2 bed house (8) (6 market, 2 AH) 3 bed house (20) (14 market, 6 AH) 4 bed house (10) (7 market, 3 AH) 5 bed house (2) (1 market, 1 AH) 2 bed houses 77 sq m 3 bed houses 93 sq m 4 bed houses 115 sq m 5 bed houses 137 sq m
Anticipated start date	Assumed start date as per appraisal date
Build period	24 year programme – construction programme of 16 months with sales staggered 6 months behind construction
Phasing	Assumed: Lead in 6 months Sales start 6 months after construction start 30 units sold per outlet per annum
Planning gain (including AH) & timing of payments	S106 £1,000 per unit Assumed 30% affordable housing
Revenue	Assumed: £3,100 per sq m / £288 per sq ft
Affordable housing revenues	As per agreed transfer values
Build costs	£971 per sq m £90 per sq ft (houses) £1,159 per sq m £108 per sq ft (flats)

Abnormal costs	10% uplift in build costs as allowance for site abnormals

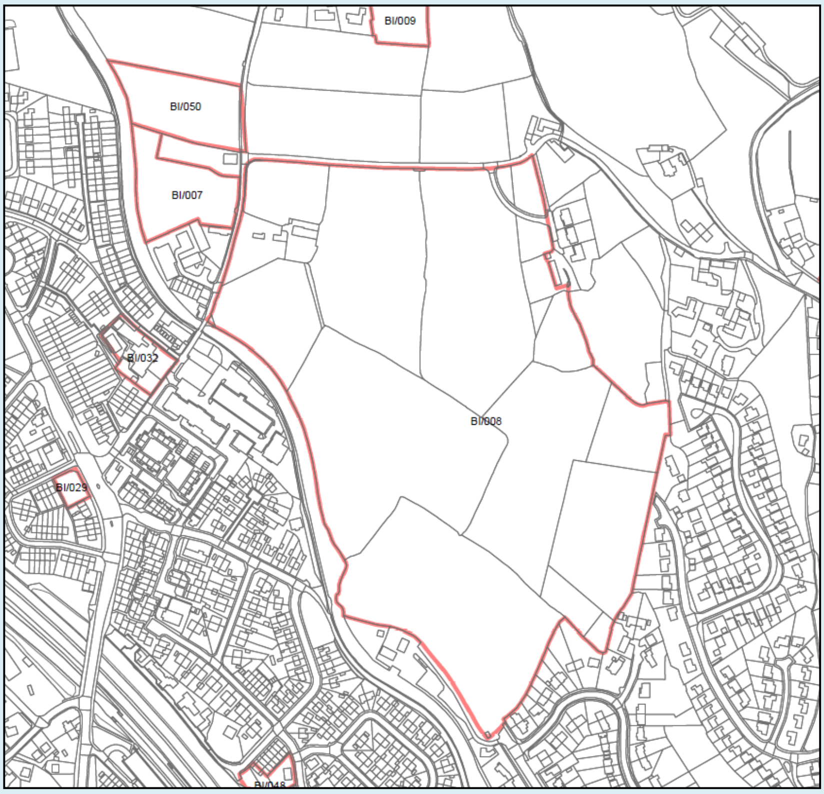
Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
2 bed house	6	4,974	288.00	238,752	1,432,512
2 bed house AH	2	1,658	144.00	119,376	238,752
3 bed house	14	14,014	288.00	288,288	4,036,032
3 bed house AH	6	6,006	144.00	144,144	864,864
4 bed house	7	8,666	288.00	356,544	2,495,808
4 bed house AH	3	3,714	144.00	178,272	534,816
5 bed house	1	1,475	288.00	424,800	424,800
5 bed house AH	1	1,475	144.00	212,400	212,400
Totals	**40**	**41,982**			**10,239,984**

NET REALISATION				**10,239,984**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (3.43 Acres 855,988.23 pAcre)			2,936,040	
Stamp Duty		4.00%	117,442	
Agent Fee		1.00%	29,360	
Legal Fee		0.50%	14,680	
Town Planning			100,000	
				3,197,522
CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
2 bed house	4,974 ft²	90 pf²	448,655	
2 bed house AH	1,658 ft²	90 pf²	149,552	
3 bed house	14,014 ft²	90 pf²	1,261,260	
3 bed house AH	6,006 ft²	90 pf²	540,540	
4 bed house	8,666 ft²	90 pf²	779,940	
4 bed house AH	3,714 ft²	90 pf²	334,260	
5 bed house	1,475 ft²	90 pf²	132,750	
5 bed house AH	1,475 ft²	90 pf²	132,750	
Totals	**41,982 ft²**		**3,779,706**	**3,779,706**
Contingency		5.00%	188,985	
				188,985
Other Construction				
Abnormal costs allowance		10.00%	377,971	
S106			40,000	
				417,971
PROFESSIONAL FEES				
Professional fees		6.00%	226,782	
				226,782
DISPOSAL FEES				
Sales Agent, legals and marketing F		3.50%	293,620	
				293,620
FINANCE				
Debit Rate 6.500% Credit Rate 0.500% (Nominal)				
Land			293,243	
Construction			37,090	
Other			9,996	
Total Finance Cost				340,329
TOTAL COSTS				**8,444,916**
PROFIT				
				1,795,068
Performance Measures				
Profit on Cost%		21.26%		
Profit on GDV%		17.53%		
Profit on NDV%		17.53%		
IRR		31.73%		
Profit Erosion (finance rate 6.500%)		2 yrs 12 mths		

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 12 Sty Lane



Site address	Land at Sty Lane, Micklethwaite, Bingley
Site size	16.89 gross. Net developable around 13 ha 40.865 acres
Land ownership/tenure	Private
Details of proposed development including current planning status	The site is a large greenfield site on the edge of Bingley. The market area is generally medium but the site adjoins an affluent area. Outline planning approval secured subject to section 106 by committee on 19 June 2014 ref: 14/00293/MAO. For a development of between 420 and 440 units.

	The process for achieving approval has taken a long time and has involved refusal, appeal, call and judicial review given the constraints involved in accessing the site over a single lane canal swing bridge.
Site constraints	Slopes, access, medieval monument, trees, canal conservation area, local wildlife habitat and strong local community opposition
Accommodation schedule	The outline application includes a mix of accommodation types from apartments, social housing, 2,3,4 and 5 bed roomed homes. 440 dwellings *Assumed:* *1 bed flat (18 market, 4 AH)* *2 bed flat (18 market, 4 AH)* *2 bed house (70 market, 18 AH)* *3 bed house (141 market, 35 AH)* *4 bed house (88 market, 22 AH)* *5 bed house (18 market, 4 AH)* *Unit sizes:* *1 bed flat 51 sq m* *2 bed flat 65 sq m* *2 bed houses 77 sq m* *3 bed houses 93 sq m* *4 bed houses 115 sq m* *5 bed houses 137 sq m*
Anticipated start date	As per appraisal date
Build period	Construction programme is 4.4 years based on 100 units per annum assuming multiple outlets
Phasing	
Planning gain (including AH) & timing of payments	£91,000 provision and maintenance of signalised junction £6,000 provision of new bus stop and work to kerbs £60,000 variable messaging signs on highway £11,000 maintenance of automatic bollard £500,000 design and maintenance of pedestrian footbridge £259,912 Free annual Metro card for all 440 homes for 1year £2,100 per unit S106

Revenue	Value Area 2 - £2,300 per sq m / £214 per sq ft
Affordable housing revenues	As per agreed transfer values
Build costs	£971 per sq m £90 per sq ft (houses) £1,159 per sq m £108 per sq ft (flats)
Abnormal costs	10% uplift in build costs to allow for site abnormals

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
1 bed flat	18	9,882	214.00	117,486	2,114,748
1 bed flat AH	4	2,196	139.00	76,311	305,244
2 bed flat	18	12,600	214.00	149,800	2,696,400
2 bed flat AH	4	2,800	139.00	97,300	389,200
2 bed house	70	58,030	214.00	177,406	12,418,420
2 bed house AH	18	14,922	139.00	115,231	2,074,158
3 bed house	141	141,141	214.00	214,214	30,204,174
3 bed house AH	35	35,035	139.00	139,139	4,869,865
4 bed house	88	108,944	214.00	264,932	23,314,016
4 bed house AH	22	27,236	139.00	172,082	3,785,804
5 bed house	18	26,550	214.00	315,650	5,681,700
5 bed house AH	4	5,900	139.00	205,025	820,100
Totals	**440**	**445,236**			**88,673,829**

NET REALISATION			**88,673,829**
OUTLAY			
ACQUISITION COSTS			
Residualised Price (40.86 Acres 443,435.42 pAcre)		18,118,771	
Stamp Duty	4.00%	724,751	
Agent Fee	1.00%	181,188	
Legal Fee	0.50%	90,594	
Town Planning		100,000	
			19,215,304

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**	
1 bed flat	9,882 ft²	108 pf²	1,067,256	
1 bed flat AH	2,196 ft²	108 pf²	237,168	
2 bed flat	12,600 ft²	108 pf²	1,360,800	
2 bed flat AH	2,800 ft²	108 pf²	302,400	
2 bed house	58,030 ft²	90 pf²	5,234,306	
2 bed house AH	14,922 ft²	90 pf²	1,345,964	
3 bed house	141,141 ft²	90 pf²	12,730,918	
3 bed house AH	35,035 ft²	90 pf²	3,160,157	
4 bed house	108,944 ft²	90 pf²	9,826,749	
4 bed house AH	27,236 ft²	90 pf²	2,456,687	
5 bed house	26,550 ft²	90 pf²	2,394,810	
5 bed house AH	5,900 ft²	90 pf²	532,180	
Totals	**445,236 ft²**		**40,649,396**	**40,649,396**
Contingency		5.00%	2,032,470	
				2,032,470
Other Construction				
Abnormals		10.00%	4,064,940	
S106			927,912	
				4,992,852

PROFESSIONAL FEES			
Professional fees	6.00%	2,438,964	
			2,438,964
DISPOSAL FEES			
Sales Agent Fee	3.00%	2,292,884	
Sales Legal Fee	0.50%	443,369	
			2,736,253

Land	1,477,625	
Construction	(832,521)	
Other	(33,271)	
Total Finance Cost		611,833
TOTAL COSTS		**72,677,070**
PROFIT		
		15,996,759

Performance Measures

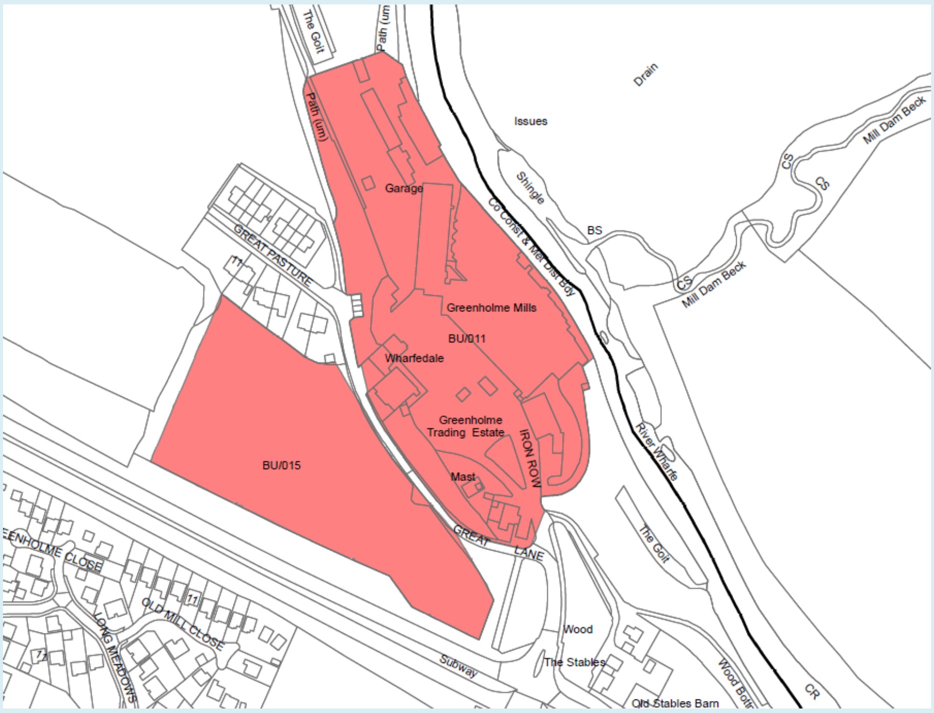
Profit on Cost%	22.01%
Profit on GDV%	18.04%
Profit on NDV%	18.04%
IRR	121.54%
Profit Erosion (finance rate 6.500%)	3 yrs 1 mth

PROFIT	
	15,996,759

Performance Measures

Profit on Cost%	22.01%
Profit on GDV%	18.04%
Profit on NDV%	18.04%
IRR	55.51%
Profit Erosion (finance rate 6.500%)	3 yrs 1 mth

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 13 Greenholme Mills



Site address	Greenholme Mills, Burley in Wharfedale
Site size	2.89ha (2ha developable area for new build 0.89ha potential for mill refurbishment)
Land ownership/tenure	Private
Details of proposed development including current planning status	The site is a partly used mill and land comprising 3 storey building and various outbuildings containing local businesses. The site is underused and in part derelict and could be redeveloped for mixed use which could include residential development. Access is good and is a developed area in the green belt. The site is in an area of washed over green belt outside of the main urban part of the settlement and lies in an area of flood risk. Adjacent homes are washed over green belt. The owner intends bringing the site forward for development but has not made any progress so far. There could be an opportunity

	to release further land in the green belt in this location identified in the growth study. The site has good access and national and local green belt policy would be supportive of the re use of the buildings. The owner considers the site would be appropriate for mixed use including retention of the business and retail uses already on the site together with conversion of the main part of the building to flats with some new build on the vacant land.
Site constraints	Flood risk, topography, proximity to edge of the Burley conservation area.
Accommodation schedule	*Assumed 68 units:* *1 bed flat (2 market, 1 AH)* *2 bed flat (2 market, 1 AH)* *2 bed house (10 market, 4 AH)* *3 bed house (20 market, 8 AH)* *4 bed house (12 market, 5 AH)* *5 bed house (2 market, 1 AH)* *Unit sizes:* *1 bed flat 51 sq m* *2 bed flat 65 sq m* *2 bed houses 77 sq m* *3 bed houses 93 sq m* *4 bed houses 115 sq m* *5 bed houses 137 sq m*
Anticipated start date	As per appraisal start
Build period	24 months
Phasing	One phase over 2 years
Planning gain (including AH) & timing of payments	S106 £1,000 per unit
Revenue	Value Area 1 £3,100 per sq m / £288 per sq ft
Affordable housing revenues	As per transfer values

Build costs	£971 per sq m £90 per sq ft (houses) £1,159 per sq m £108 per sq ft (flats)
Abnormal costs	20% uplift in build costs allowance for abnormals

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
1 bed flat	2	1,098	288.00	158,112	316,224
1 bed flat AH	1	549	144.00	79,056	79,056
2 bed flat	2	1,400	288.00	201,600	403,200
2 bed flat AH	1	700	144.00	100,800	100,800
2 bed house	10	8,290	288.00	238,752	2,387,520
2 bed house AH	4	3,316	144.00	119,376	477,504
3 bed house	20	20,020	288.00	288,288	5,765,760
3 bed house AH	8	8,008	144.00	144,144	1,153,152
4 bed house	12	14,856	288.00	356,544	4,278,528
4 bed house AH	5	6,190	144.00	178,272	891,360
5 bed house	2	2,950	288.00	424,800	849,600
5 bed house AH	1	1,475	144.00	212,400	212,400
Totals	**68**	**68,852**			**16,915,104**

NET REALISATION			**16,915,104**
OUTLAY			
ACQUISITION COSTS			
Residualised Price (3.43 Acres 1,235,470.23 pAcre)		4,237,663	
Stamp Duty	4.00%	169,507	
Agent Fee	1.00%	42,377	
Legal Fee	0.50%	21,188	
Town Planning		100,000	
			4,570,734

CONSTRUCTION COSTS

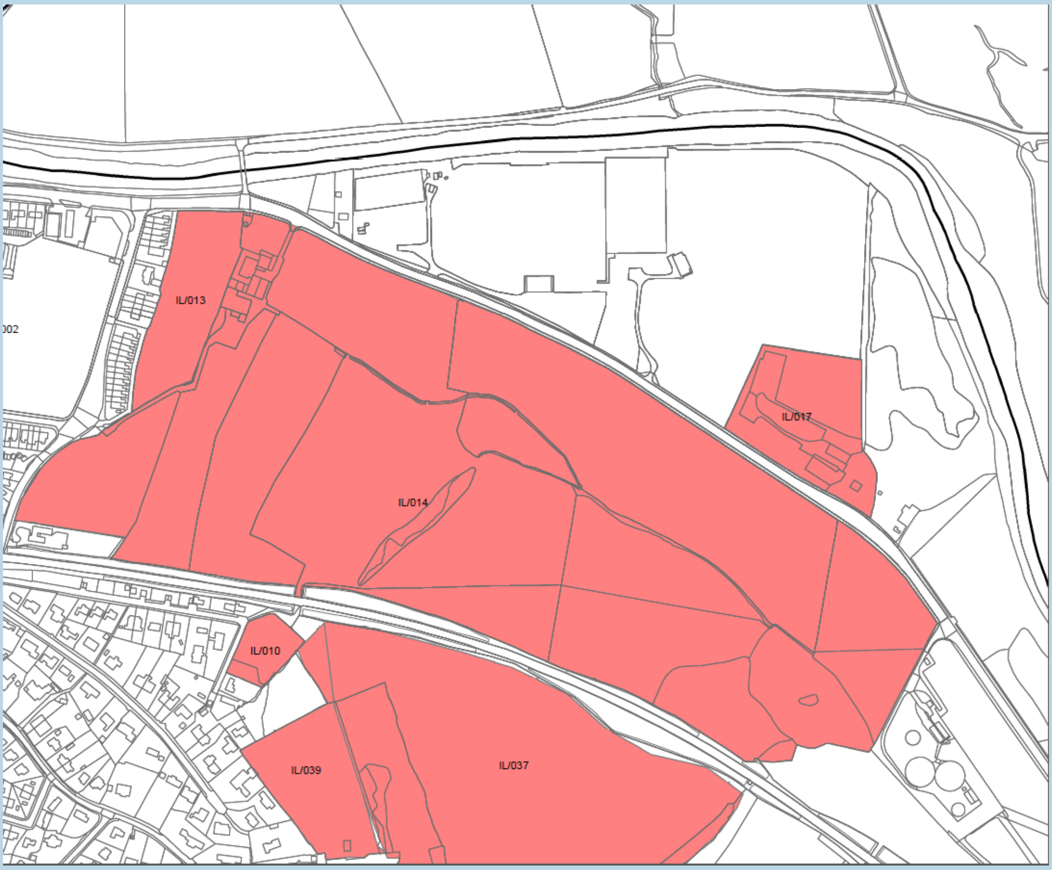
Construction	ft²	Rate ft²	Cost	
1 bed flat	1,098 ft²	108 pf²	118,584	
1 bed flat AH	549 ft²	108 pf²	59,292	
2 bed flat	1,400 ft²	108 pf²	151,200	
2 bed flat AH	700 ft²	108 pf²	75,600	
2 bed house	8,290 ft²	90 pf²	747,758	
2 bed house AH	3,316 ft²	90 pf²	299,103	
3 bed house	20,020 ft²	90 pf²	1,805,804	
3 bed house AH	8,008 ft²	90 pf²	722,322	
4 bed house	14,856 ft²	90 pf²	1,340,011	
4 bed house AH	6,190 ft²	90 pf²	558,338	
5 bed house	2,950 ft²	90 pf²	266,090	
5 bed house AH	1,475 ft²	90 pf²	133,045	
Totals	**68,852 ft²**		**6,277,147**	**6,277,147**
Contingency		5.00%	313,857	
				313,857
Other Construction				
Allowance for abnormals		20.00%	1,255,429	
S106			68,000	
				1,323,429
PROFESSIONAL FEES				
Professional fees		6.00%	376,629	
				376,629
DISPOSAL FEES				
Sales Agent Fee		3.00%	420,025	
Sales Legal Fee		0.50%	84,576	
				504,600

FINANCE

Debit Rate 6.500% Credit Rate 0.500% (Nominal)

Land		555,581	
Construction		27,693	
Other		215	
Total Finance Cost			583,489
TOTAL COSTS			**13,949,886**
PROFIT			
			2,965,218
Performance Measures			
Profit on Cost%	21.26%		
Profit on GDV%	17.53%		
Profit on NDV%	17.53%		
IRR	28.73%		
Profit Erosion (finance rate 6.500%)	2 yrs 12 mths		

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 14 Coutances Way



Site address	Coutances Way, Ilkley
Site size	25.65ha
Land ownership/tenure	Public – City of Bradford Metropolitan District Council
Details of proposed development including current planning status	The site is currently protected as green belt in the RUDP. Recently part of the site was identified as the preferred site for a replacement Ilkley Grammar School under BSF 3 and detailed discussions were in train. Contracts with the Government were not signed before BSF was shelved and consequently no finance was available to undertake the

	build so consequently all work ceased. This is a sustainable site in terms of road infrastructure for new development and the Council is aware that a consortium of developers are working towards delivering a proposal to the Council which will provide the school with private money assuming there is an appropriate level of enabling development to support this. The Council expects the enabling development to be residential but has not yet seen any proposals to date.
Site constraints	Green belt, potential flood risk to the northern part of the site
Accommodation schedule	Option 1 – Whole site developed for housing (16.305 hectares / 40.29 acres) Assumed 4 phases: Phase 1 - 3 1 bed flat (5 market, 2 AH) 2 bed flat (5 market, 2 AH) 2 bed house (20 market, 9 AH) *3 bed house (40 market, 17 AH)* *4 bed house (25 market, 10 AH)* 5 bed house (5 market, 2 AH) Phase 4 1 bed flat (5 market, 2 AH) 2 bed flat (5 market, 2 AH) 2 bed house (20 market, 9 AH) 3 bed house (43 market, 17 AH) 4 bed house (25 market, 10 AH) 5 bed house (5 market, 2 AH) Option 2 – Part of site retained for school, remainder of site 7.854 hectares /19.4 acres developed for residential. Assumed 3 phases: Phase 1 - 2 1 bed flat (4 market, 2 AH) 2 bed flat (4 market, 2 AH) 2 bed house (14 market, 6 AH) 3 bed house (26 market, 12 AH) 4 bed house (16 market, 8 AH) 5 bed house (4 market, 2 AH) Phase 3 1 bed flat (3 market, 1 AH) 2 bed flat (3 market, 1 AH) 2 bed house (11 market, 5 AH)

	3 bed house (22 market, 7 AH) 4 bed house (14 market, 4 AH) 5 bed house (3 market, 1 AH) *Unit sizes:* *1 bed flat 51 sq m* *2 bed flat 65 sq m* *2 bed houses 77 sq m* *3 bed houses 93 sq m* *4 bed houses 115 sq m* *5 bed houses 137 sq m*
Anticipated start date	As date of appraisal
Build period	Option 1 – 4 Phases each 18 month build period Option 2 – 3 Phases Phase 1,12 months, Phase 2, 12 months Phase 3, 10 months
Phasing	Option 1 - 4 Phases Option 2 - 3 Phases
Planning gain (including AH) & timing of payments	n/a
Revenue	£3,100 per sq m / £288 per sq ft
Affordable housing revenues	As per agreed transfer values
Build costs	£971 per sq m £90 per sq ft (houses) £1,159 per sq m £108 per sq ft (flats)
Abnormal costs	Lower part of the site is affected by flood risk. TPOs also present on site.
Any other relevant information	Fields bounding Coutances Way sloping upwards from the road, containing wooded areas and hedgrows in single ownership. The site lies within the green belt and would represent a significant extension to the town. The land adjoins the existing built up area at its western side. There are two area TPO's within the site. Around a

	1/4 of the site - the northern section - lies within flood zone 3a and 3b, however the rest of the site does not lie within these flood zone areas at all. Site was to be developed for new secondary school as part of BSF3 but also offers good potential for residential development as a mixed scheme.

Coutances Way – Option 1

Summary Appraisal for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
1 bed flat	5	2,745	288.00	158,112	790,560
1 bed flat AH	2	1,098	144.00	79,056	158,112
2 bed flat	5	3,500	288.00	201,600	1,008,000
2 bed flat AH	2	1,400	144.00	100,800	201,600
2 bed house	20	16,580	288.00	238,752	4,775,040
2 bed house AH	9	7,461	144.00	119,376	1,074,384
3 bed house	40	40,040	288.00	288,288	11,531,520
3 bed house AH	17	17,017	144.00	144,144	2,450,448
4 bed house	25	30,950	288.00	356,544	8,913,600
4 bed house AH	10	12,380	144.00	178,272	1,782,720
5 bed house	5	7,375	288.00	424,800	2,124,000
5 bed house AH	2	2,950	144.00	212,400	424,800
1 bed flat	5	2,745	288.00	158,112	790,560
1 bed flat AH	2	1,098	144.00	79,056	158,112
2 bed flat	5	3,500	288.00	201,600	1,008,000
2 bed flat AH	2	1,400	144.00	100,800	201,600
2 bed house	20	16,580	288.00	238,752	4,775,040
2 bed house AH	9	7,461	144.00	119,376	1,074,384
3 bed house	40	40,040	288.00	288,288	11,531,520
3 bed house AH	17	17,017	144.00	144,144	2,450,448
4 bed house	25	30,950	288.00	356,544	8,913,600
4 bed house AH	10	12,380	144.00	178,272	1,782,720
5 bed house	5	7,375	288.00	424,800	2,124,000
5 bed house AH	2	2,950	144.00	212,400	424,800
1 bed flat	5	2,745	288.00	158,112	790,560
1 bed flat AH	2	1,098	144.00	79,056	158,112
2 bed flat	5	3,500	288.00	201,600	1,008,000
2 bed flat AH	2	1,400	144.00	100,800	201,600
2 bed house	20	16,580	288.00	238,752	4,775,040
2 bed house AH	9	7,461	144.00	119,376	1,074,384
3 bed house	40	40,040	288.00	288,288	11,531,520
3 bed house AH	17	17,017	144.00	144,144	2,450,448
4 bed house	25	30,950	288.00	356,544	8,913,600
4 bed house AH	10	12,380	144.00	178,272	1,782,720
5 bed house	5	7,375	288.00	424,800	2,124,000
5 bed house AH	2	2,950	144.00	212,400	424,800
1 bed flat	5	2,745	288.00	158,112	790,560
1 bed flat AH	2	1,098	144.00	79,056	158,112
2 bed flat	5	3,500	288.00	201,600	1,008,000
2 bed flat AH	2	1,400	144.00	100,800	201,600
2 bed house	20	16,580	288.00	238,752	4,775,040
2 bed house AH	9	7,461	144.00	119,376	1,074,384
3 bed house	43	43,043	288.00	288,288	12,396,384
3 bed house AH	17	17,017	144.00	144,144	2,450,448
4 bed house	25	30,950	288.00	356,544	8,913,600
4 bed house AH	10	12,380	144.00	178,272	1,782,720
5 bed house	5	7,375	288.00	424,800	2,124,000
5 bed house AH	2	2,950	144.00	212,400	424,800
Totals	**571**	**576,987**			**141,804,000**

NET REALISATION			141,804,000
OUTLAY			
ACQUISITION COSTS			
Residualised Price (13.72 Acres 3,020,325.21 pAcre)		41,438,862	
Stamp Duty	4.00%	1,657,554	
Agent Fee	1.00%	414,389	
Legal Fee	0.50%	207,194	
Town Planning		400,000	
			44,117,999

CONSTRUCTION COSTS

Construction	**ft²**	**Rate ft²**	**Cost**
1 bed flat	2,745 ft²	108 pf²	296,460

1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	3,500 ft²	108 pf²	378,000	
2 bed flat AH	1,400 ft²	108 pf²	151,200	
2 bed house	16,580 ft²	90 pf²	1,492,200	
2 bed house AH	7,461 ft²	90 pf²	671,490	
3 bed house	40,040 ft²	90 pf²	3,603,600	
3 bed house AH	17,017 ft²	90 pf²	1,531,530	
4 bed house	30,950 ft²	90 pf²	2,785,500	
4 bed house AH	12,380 ft²	90 pf²	1,114,200	
5 bed house	7,375 ft²	90 pf²	663,750	
5 bed house AH	2,950 ft²	90 pf²	265,500	
1 bed flat	2,745 ft²	108 pf²	296,460	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	3,500 ft²	108 pf²	378,000	
2 bed flat AH	1,400 ft²	108 pf²	151,200	
2 bed house	16,580 ft²	90 pf²	1,492,200	
2 bed house AH	7,461 ft²	90 pf²	671,490	
3 bed house	40,040 ft²	90 pf²	3,603,600	
3 bed house AH	17,017 ft²	90 pf²	1,531,530	
4 bed house	30,950 ft²	90 pf²	2,785,500	
4 bed house AH	12,380 ft²	90 pf²	1,114,200	
5 bed house	7,375 ft²	90 pf²	663,750	
5 bed house AH	2,950 ft²	90 pf²	265,500	
1 bed flat	2,745 ft²	108 pf²	296,460	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	3,500 ft²	108 pf²	378,000	
2 bed flat AH	1,400 ft²	108 pf²	151,200	
2 bed house	16,580 ft²	90 pf²	1,492,200	
2 bed house AH	7,461 ft²	90 pf²	671,490	
3 bed house	40,040 ft²	90 pf²	3,603,600	
3 bed house AH	17,017 ft²	90 pf²	1,531,530	
4 bed house	30,950 ft²	90 pf²	2,785,500	
4 bed house AH	12,380 ft²	90 pf²	1,114,200	
5 bed house	7,375 ft²	90 pf²	663,750	
5 bed house AH	2,950 ft²	90 pf²	265,500	
1 bed flat	2,745 ft²	108 pf²	296,460	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	3,500 ft²	108 pf²	378,000	
2 bed flat AH	1,400 ft²	108 pf²	151,200	
2 bed house	16,580 ft²	90 pf²	1,492,200	
2 bed house AH	7,461 ft²	90 pf²	671,490	
3 bed house	43,043 ft²	90 pf²	3,873,870	
3 bed house AH	17,017 ft²	90 pf²	1,531,530	
4 bed house	30,950 ft²	90 pf²	2,785,500	
4 bed house AH	12,380 ft²	90 pf²	1,114,200	
5 bed house	7,375 ft²	90 pf²	663,750	
5 bed house AH	2,950 ft²	90 pf²	265,500	
Totals	**576,987 ft²**		**52,558,326**	**52,558,326**
Contingency		5.00%	2,627,916	
				2,627,916
Other Construction				
S106			142,000	
Abnormals cost allowance		10.00%	1,307,201	
S106			142,000	
Abnormals cost allowance		10.00%	1,307,201	
S106			142,000	
Abnormals cost allowance		10.00%	1,307,201	
S106			142,000	
Abnormals cost allowance		10.00%	1,334,228	
				5,823,833
PROFESSIONAL FEES				
Professional fees		6.00%	3,153,500	
				3,153,500
DISPOSAL FEES				
Marketing and Sales Agent Fee		3.00%	3,523,072	
Sales Legal Fee		0.50%	709,020	
				4,232,092
FINANCE				
Debit Rate 6.500% Credit Rate 0.500% (Nominal)				

Total Finance Cost		1,717,384
TOTAL COSTS		**114,231,051**
PROFIT		**27,572,949**
Performance Measures		
Profit on Cost%	24.14%	
Profit on GDV%	19.44%	
Profit on NDV%	19.44%	
IRR	30.48%	
Profit Erosion (finance rate 6.500%)	3 yrs 4 mths	

Coutances Way – Option 2

Summary Appraisal for Merged Phases 1 2 3

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
1 bed flat	4	2,196	288.00	158,112	632,448
1 bed flat AH	2	1,098	144.00	79,056	158,112
2 bed flat	4	2,800	288.00	201,600	806,400
2 bed flat AH	2	1,400	144.00	100,800	201,600
2 bed house	14	11,606	288.00	238,752	3,342,528
2 bed house AH	6	4,974	144.00	119,376	716,256
3 bed house	26	26,026	288.00	288,288	7,495,488
3 bed house AH	12	12,012	144.00	144,144	1,729,728
4 bed house	16	19,808	288.00	356,544	5,704,704
4 bed house AH	8	9,904	144.00	178,272	1,426,176
5 bed house	4	5,900	288.00	424,800	1,699,200
5 bed house AH	2	2,950	144.00	212,400	424,800
1 bed flat	4	2,196	288.00	158,112	632,448
1 bed flat AH	2	1,098	144.00	79,056	158,112
2 bed flat	4	2,800	288.00	201,600	806,400
2 bed flat AH	2	1,400	144.00	100,800	201,600
2 bed house	14	11,606	288.00	238,752	3,342,528
2 bed house AH	6	4,974	144.00	119,376	716,256
3 bed house	26	26,026	288.00	288,288	7,495,488
3 bed house AH	12	12,012	144.00	144,144	1,729,728
4 bed house	16	19,808	288.00	356,544	5,704,704
4 bed house AH	8	9,904	144.00	178,272	1,426,176
5 bed house	4	5,900	288.00	424,800	1,699,200
5 bed house AH	2	2,950	144.00	212,400	424,800
1 bed flat	3	1,647	288.00	158,112	474,336
1 bed flat AH	1	549	144.00	79,056	79,056
2 bed flat	3	2,100	288.00	201,600	604,800
2 bed flat AH	1	700	144.00	100,800	100,800
2 bed house	11	9,119	288.00	238,752	2,626,272
2 bed house AH	5	4,145	144.00	119,376	596,880
3 bed house	22	22,022	288.00	288,288	6,342,336
3 bed house AH	7	7,007	144.00	144,144	1,009,008
4 bed house	14	17,332	288.00	356,544	4,991,616
4 bed house AH	4	4,952	144.00	178,272	713,088
5 bed house	3	4,425	288.00	424,800	1,274,400
5 bed house AH	1	1,475	144.00	212,400	212,400
Totals	**275**	**276,821**			**67,699,872**

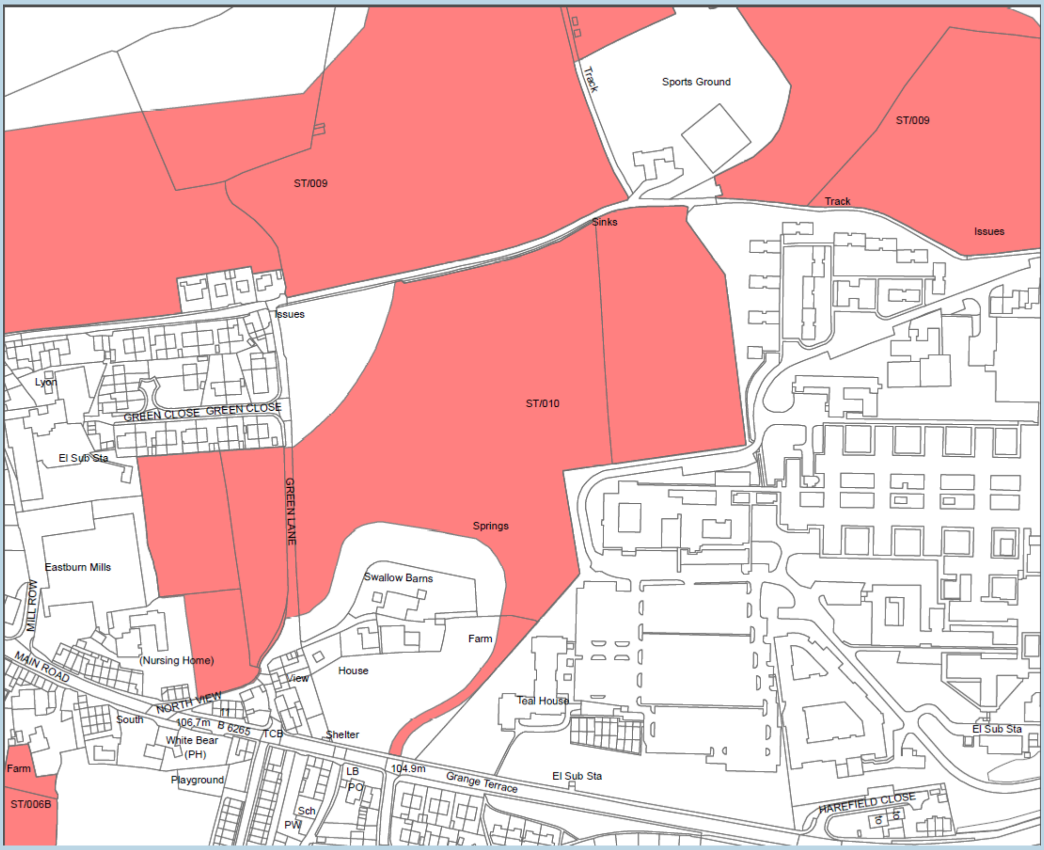
NET REALISATION			**67,699,872**
OUTLAY			
ACQUISITION COSTS			
Residualised Price (10.29 Acres 1,897,006.60 pAcre)		19,520,198	
Stamp Duty	4.00%	780,808	
Agent Fee	1.00%	195,202	
Legal Fee	0.50%	97,601	
Town Planning		300,000	
			20,893,809

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
1 bed flat	2,196 ft²	108 pf²	237,168
1 bed flat AH	1,098 ft²	108 pf²	118,584
2 bed flat	2,800 ft²	108 pf²	302,400
2 bed flat AH	1,400 ft²	108 pf²	151,200
2 bed house	11,606 ft²	90 pf²	1,044,540
2 bed house AH	4,974 ft²	90 pf²	447,660

3 bed house	26,026 ft²	90 pf²	2,342,340	
3 bed house AH	12,012 ft²	90 pf²	1,081,080	
4 bed house	19,808 ft²	90 pf²	1,782,720	
4 bed house AH	9,904 ft²	90 pf²	891,360	
5 bed house	5,900 ft²	90 pf²	531,000	
5 bed house AH	2,950 ft²	90 pf²	265,500	
1 bed flat	2,196 ft²	108 pf²	237,168	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	2,800 ft²	108 pf²	302,400	
2 bed flat AH	1,400 ft²	108 pf²	151,200	
2 bed house	11,606 ft²	90 pf²	1,044,540	
2 bed house AH	4,974 ft²	90 pf²	447,660	
3 bed house	26,026 ft²	90 pf²	2,342,340	
3 bed house AH	12,012 ft²	90 pf²	1,081,080	
4 bed house	19,808 ft²	90 pf²	1,782,720	
4 bed house AH	9,904 ft²	90 pf²	891,360	
5 bed house	5,900 ft²	90 pf²	531,000	
5 bed house AH	2,950 ft²	90 pf²	265,500	
1 bed flat	1,647 ft²	108 pf²	177,876	
1 bed flat AH	549 ft²	108 pf²	59,292	
2 bed flat	2,100 ft²	108 pf²	226,800	
2 bed flat AH	700 ft²	108 pf²	75,600	
2 bed house	9,119 ft²	90 pf²	820,710	
2 bed house AH	4,145 ft²	90 pf²	373,050	
3 bed house	22,022 ft²	90 pf²	1,981,980	
3 bed house AH	7,007 ft²	90 pf²	630,630	
4 bed house	17,332 ft²	90 pf²	1,559,880	
4 bed house AH	4,952 ft²	90 pf²	445,680	
5 bed house	4,425 ft²	90 pf²	398,250	
5 bed house AH	1,475 ft²	90 pf²	132,750	
Totals	**276,821 ft²**		**25,273,602**	**25,273,602**
Contingency		5.00%	1,263,680	
				1,263,680
Other Construction				
S106			92,000	
Allowance for abnormal costs		10.00%	919,555	
S106			92,000	
Allowance for abnormal costs		10.00%	919,555	
S106			92,000	
Allowance for abnormal costs		10.00%	688,250	
				2,803,360
PROFESSIONAL FEES				
Professional fees		6.00%	1,516,416	
				1,516,416
DISPOSAL FEES				
Marketing and Sales Agent Fee		3.00%	1,670,259	
Sales Legal Fee		0.50%	338,499	
				2,008,758
FINANCE				
Debit Rate 6.500% Credit Rate 0.500% (Nominal)				
Total Finance Cost				1,329,156
TOTAL COSTS				**55,088,781**
PROFIT				
				12,611,091
Performance Measures				
Profit on Cost%		22.89%		
Profit on GDV%		18.63%		
Profit on NDV%		18.63%		

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 15 Main Street



Site address	Main Street, Steeton
Site size	unknown
Land ownership/tenure	Private
Details of proposed development including current planning status	The land is allocated as Safeguarded Land in the RUDP. It is a greenfield site which has recently been granted planning permission for 147 homes subject to a section 106 ref 14/00450/MAO.

	The site is in an area where there is other active building under construction in a relatively small settlement which seems to be selling well. It also lies adjacent to the Airedale hospital a major employer in Keighley.
Site constraints	Access
Accommodation schedule	Assumed147 units as per planning application: 1 bed flat (5 market, 2 AH) 2 bed flat (5 market, 2 AH) 2 bed house (21 market, 9 AH) 3 bed house (41 market, 18 AH) 4 bed house (26 market, 11 AH) 5 bed house (5 market, 2 AH) Unit sizes: 1 bed flat 51 sq m 2 bed flat 65 sq m 2 bed houses 77 sq m 3 bed houses 93 sq m 4 bed houses 115 sq m 5 bed houses 137 sq m
Anticipated start date	As per appraisal date
Build period	44 months assumed
Phasing	One phase
Planning gain (including AH) & timing of payments	£158.806 for improvement of recreation open space in Steeton and Eastburn (excluded as this is assumed to be CIL in future scenario) £7,700 upgrading of public bridleway £20,000 for 2 bus stops £17,000 TROs x2 £25,000 provision of puffin crossing £80,000 for new signalised junction Subtotal S106 assumption = £149,700
Revenue	£2,000 per sq m / £186 psf

Affordable housing revenues	As per agreed transfer values
Build costs	£971 per sq m £90 per sq ft (houses) £1,159 per sq m £108 per sq ft (flats)
Abnormal costs	20% uplift in build costs assumed for abnormals allowance

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
1 bed flat	5	2,745	186.00	102,114	510,570
1 bed flat AH	2	1,098	121.00	66,429	132,858
2 bed flat	5	3,500	186.00	130,200	651,000
2 bed flat AH	2	1,400	121.00	84,700	169,400
2 bed house	21	17,409	186.00	154,194	3,238,074
2 bed house AH	9	7,461	121.00	100,309	902,781
3 bed house	41	41,041	186.00	186,186	7,633,626
3 bed house AH	18	18,018	121.00	121,121	2,180,178
4 bed house	26	32,188	186.00	230,268	5,986,968
4 bed house AH	11	13,618	121.00	149,798	1,647,778
5 bed house	5	7,375	186.00	274,350	1,371,750
5 bed house AH	2	2,950	121.00	178,475	356,950
Totals	**147**	**148,803**			**24,781,933**

NET REALISATION **24,781,933**

OUTLAY

ACQUISITION COSTS			
Residualised Price (10.37 Acres 224,032.33 pAcre)		2,323,215	
Stamp Duty	4.00%	92,929	
Agent Fee	1.00%	23,232	
Legal Fee	0.50%	11,616	
Town Planning		100,000	
			2,550,992

CONSTRUCTION COSTS

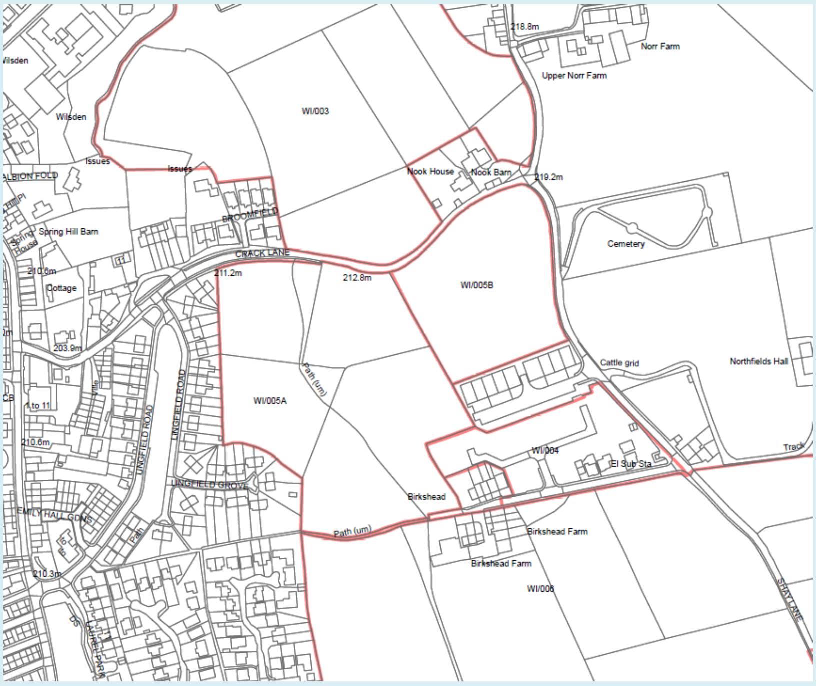
Construction	**ft²**	**Rate ft²**	**Cost**	
1 bed flat	2,745 ft²	108 pf²	296,460	
1 bed flat AH	1,098 ft²	108 pf²	118,584	
2 bed flat	3,500 ft²	108 pf²	378,000	
2 bed flat AH	1,400 ft²	108 pf²	151,200	
2 bed house	17,409 ft²	90 pf²	1,570,292	
2 bed house AH	7,461 ft²	90 pf²	672,982	
3 bed house	41,041 ft²	90 pf²	3,701,898	
3 bed house AH	18,018 ft²	90 pf²	1,625,224	
4 bed house	32,188 ft²	90 pf²	2,903,358	
4 bed house AH	13,618 ft²	90 pf²	1,228,344	
5 bed house	7,375 ft²	90 pf²	665,225	
5 bed house AH	2,950 ft²	90 pf²	266,090	
Totals	**148,803 ft²**		**13,577,656**	**13,577,656**

Contingency	5.00%	678,883	
			678,883
Other Construction			
Abnormals	10.00%	1,357,766	
S106		149,700	
			1,507,466
PROFESSIONAL FEES			
Professional fees	6.00%	814,659	
			814,659
DISPOSAL FEES			
Sales Agent Fee	3.00%	581,760	
Sales Legal Fee	0.50%	123,910	
			705,669

FINANCE

Debit Rate 6.500% Credit Rate 0.500% (Nominal)

City of Bradford Metropolitan District Council
Site Specific Viability Analysis
Site 16 Crack Lane



Site address	Crack Lane, Wilsden
Site size	3.40 hectares
Land ownership/tenure	Private
Details of proposed development including current planning status	Site was allocated as a safeguarded land site in the RUDP. Site has planning permission (ref 13/00093/FUL) and is currently under construction.
Site constraints	Off site highways, potential for flood risk.
Accommodation schedule	82 family homes 3 bed homes (market x8)

	4 bed homes (market x62) 2 bed homes (AH x6) 3 bed homes (AH x6)
Anticipated start date	On site early 2014
Build period	24 months
Phasing	One phase
Planning gain (including AH) & timing of payments	£72,205 contribution for recreation open space in the ward £328,090 Educational infrastructure in the ward On site affordable housing to be built by developer Off site works to be provided by the developer at cost
Revenue	Value Area 3 - £2,000 per sq m £186 per sq ft
Affordable housing revenues	As per agreed transfer values
Build costs	£971 per sq m £90 per sq ft
Abnormal costs	Off site highway infrastructure works Flooding issues were cited by the local community during consultation on the proposal and there have been issues since. 10% uplift in build costs to account for abnormals
Any other relevant information	Site lies in a medium value area, but the village is very popular and is of interest to housebuilders. The village has areas of high value. The site is presently under construction by Harron Homes having been a controversial site with poor access and drainage issues which have continued to blight the development.

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
2 bed house AH	6	4,974	121.00	100,309	601,854
3 bed house	8	8,008	186.00	186,186	1,489,488
3 bed house AH	6	6,006	121.00	121,121	726,726
4 bed house	62	76,756	186.00	230,268	14,276,616
Totals	**82**	**95,744**			**17,094,684**

NET REALISATION				**17,094,684**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (8.40 Acres 273,903.93 pAcre)			2,300,793	
Stamp Duty		4.00%	92,032	
Agent Fee		1.00%	23,008	
Legal Fee		0.50%	11,504	
Town Planning			100,000	
				2,527,337
CONSTRUCTION COSTS				
Construction	**ft²**	**Rate ft²**	**Cost**	
2 bed house AH	4,974 ft²	90 pf²	448,655	
3 bed house	8,008 ft²	90 pf²	722,322	
3 bed house AH	6,006 ft²	90 pf²	541,741	
4 bed house	76,756 ft²	90 pf²	6,923,391	
Totals	**95,744 ft²**		**8,636,109**	**8,636,109**
Contingency		5.00%	431,805	
				431,805
Other Construction				
Abnormals		10.00%	863,611	
S106			82,000	
				945,611
PROFESSIONAL FEES				
Professional fees		6.00%	518,167	
				518,167
DISPOSAL FEES				
Sales Agent Fee		3.00%	472,983	
Sales Legal Fee		0.50%	85,473	
				558,457
FINANCE				
Debit Rate 6.500% Credit Rate 0.500% (Nominal)				
Land			333,550	
Construction			60,241	
Other			(473)	
Total Finance Cost				393,318
TOTAL COSTS				**14,010,803**
PROFIT				
				3,083,881
Performance Measures				
Profit on Cost%		22.01%		
Profit on GDV%		18.04%		
Profit on NDV%		18.04%		
IRR		37.44%		

Appendix C – List of those invited to participate in CIL / Local Plan assumptions consultation

Accent Homes Ltd	Iain Bath Planning
Aldi	Incommunities
Andrew Idle	Indigo Planning
Arnold Laver	JLL
ASDA	JO Steel Consulting
Asquith Group Limited	Johnson and Brook
Atkinson Associates	Jones Homes
Barnsley MBC	Keeopmoat
Barratt Homes	Keyland
Barton Willmore	Kier Property
BEACHCROFT LLP (LEEDS)	Kirklees MDC
Bellway	Knight Frank
Ben Bailey	Langtree
Blue Sky Planning	Leeds City Council
Bolstertone/Urbo	Leeds City Region LEP
Bradford Chamber of Commerce	Lidl
Bradford District Care Trust	Manningham Housing Association
Bradford Teaching hospitals NHS Trust	Marrtree Developments
Bradford University	Marshalls
Brassington Rowan	McAleer and Rushe
Britannia Developments	Miller Homes
British Land	Morphe
Burnett Planning	Morrison
Caddick	Muse
Calderdale MBC	Network Rail
Carter Jonas	Newmason Properties
Catherine Asquith	Nexus Planning
Commerce Court	NLP
Commercial Estates Group	North Yorkshire CC
Craven	Oakgate
Dacres	Opus Land
Dove Haigh Phillips Ltd	Orion Homes
DPP	Patchett Homes
Dransfield	Peacock and Smith
Eddisons	Persimmon Homes
Emerson	Prologis
Firebird Homes	Rapleys
Grant Thornton	Redrow
Gregory Group	RPS Planning
Hallam Land	Rushbond

Halton Homes	Sainsbury
Harrison	Sanderson Weatherall
Harrogate MBC	Savills
Harron Homes	Selby
Hartley Planning Consultants	SJS
Hayfield Robinson	St Modwen
Henry Boot	Starkeys
Herron Homes	Swanvale Development Limited
HOW Planning	Taylor Wimpey
I D Planning	Terrace Hill