

APPENDIX 1

Newmark Viability Presentation – January 2025



Colchester

Local Plan Review

VIABILITY ASSESSMENT

COLCHESTER LOCAL PLAN REVIEW – VIABILITY ASSESSMENT

JANUARY 202



INTRODUCTIONS



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AGENDA

- Viability and Policy
- Methodology
- Research and Initial Assumptions
 - Benchmark Land Values
 - Residential Values
 - Appraisal Assumptions
- Stakeholder feedback

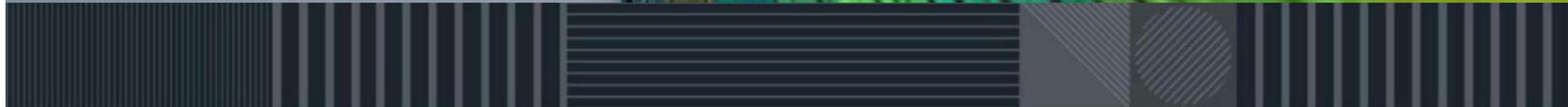
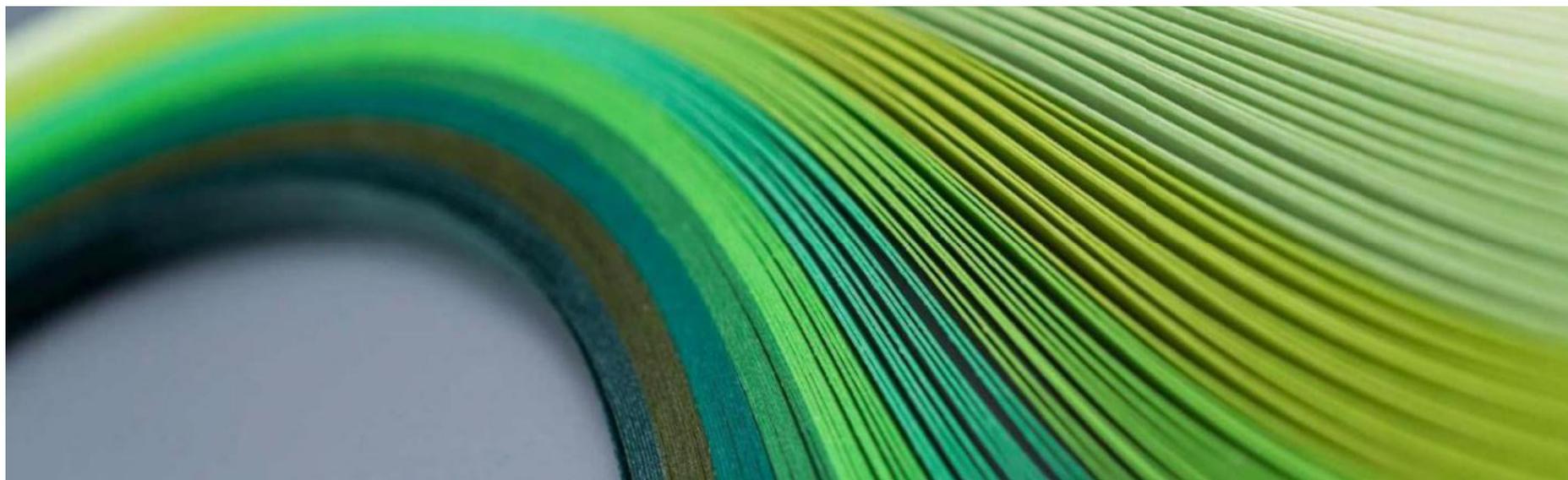
PURPOSE

- To expand on our methodology and the evolving assumptions
- To engage and receive feedback
- Refine our appraisals to incorporate your feedback
- Run our assessment
- Make our recommendations to Colchester City Council

VIABILITY AND POLICY

NPPF December 2024

- Mandatory Housing Targets
- Grey Belt Land
- Brownfield First Approach
- Presumption in favour of Sustainable Development
- Build Out Timelines
- Design Quality and Sustainability



METHODOLOG

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METHODOLOGY – POLICY LED

Our review is in accordance with....

- National Planning Policy Framework 2024
- National Planning Policy Guidance 2024
- RICS Professional Standards ‘Financial Viability in Planning: Conduct and Reporting (2019)’ and ‘Assessing Viability in Planning Under the National Planning Policy Framework 2019 (for England) (2021)’

The Viability Study will provide evidence that the policies are realistic and do not undermine the delivery of the Plan, in accordance with the guidance in the National Planning Policy Framework (NPPF).



METHODOLOGY – BENCHMARK LAND VALUE



Residual Land Value

Gross Development Value
Less
Construction Costs
Fees
S106/CIL
Profit
Finance

Benchmark Land Value

EUV
Premium*
AUV (where appropriate)
Policy compliant site valued using residual and comparative method

*Landowner's Premium

The landowner's premium is the second component of the BLV. The premium should provide a reasonable incentive for a landowner to bring forward land for development, while allowing a sufficient contribution to fully comply with policy requirements. It is the minimum return that would persuade a reasonable landowner to release the land for development, rather than exercise the option to wait or any other options available to the landowner.

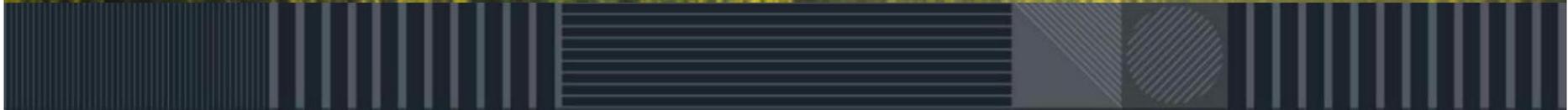
METHODOLOGY – RESIDENTIAL MARKET ASSESSMENT

Our Research

- UK Market Trends
- New Build Achieved Values
- Second-Hand Achieved Values
- New Build Asking Prices
- Site-specific Viability Assessments

Conclusions

- Market Housing Value Assumptions
- Heat Map indicating variances across the Boroug



BENCHMARK LAND VALUE

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BENCHMARK LAND VALUE – REVIEW



Below we set out our Benchmark Land Value assumptions proposed to be adopted in our typology testing. We have based our BLV assumptions on the following sources;

- The 2017 Colchester Economic Viability Assessment (2017)
- Existing financial viability assessments
- Transactional evidence
- Market evidence
- The North Essex Local Plan Section 1 Inspectors Report*
- Stakeholder Engagement

	Small Greenfield £ per Ha (£ per acre)	Medium and Large Greenfield £ per Ha (£ per acre)	Urban area Brownfield £ per Ha (£ per acre)	Rural area Brownfield £ per Ha (£ per acre)
Benchmark Land Value	£250,000 - £500,000 (£125,000 - £250,000)	£247,100 (£100,000)*	£2,471,000 (£1,000,000)	£1,111,950 (£450,000)

BENCHMARK LAND VALUE – EVIDENCE

We would welcome any land transactional evidence for all land uses (including any minimum land value clauses within agreed option agreements) across the borough that we will take into consideration for our final assessment.

We would require specific details including:

- existing use (greenfield / brownfield);
- transaction date;
- net and gross site area;
- price paid;
- planning consent (including affordable housing % and S106 details)
- abnormal costs

**Any confidential information will be treated as such*



RESIDENTIAL MARKET ASSESSMEN

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RESIDENTIAL MARKET ASSESSMENT – NATIONAL MARKET OVERVIEW

- The UK economy experienced moderate growth with GDP recovering post a brief recession. Inflation rose due to higher energy prices, affecting monetary policies.
- House prices show modest growth with fluctuations due to economic pressures, though regional variations exist showing stronger growth in Northern Ireland and regions in the North.
- Interest rates have declined slightly, affecting mortgage costs and sales values.



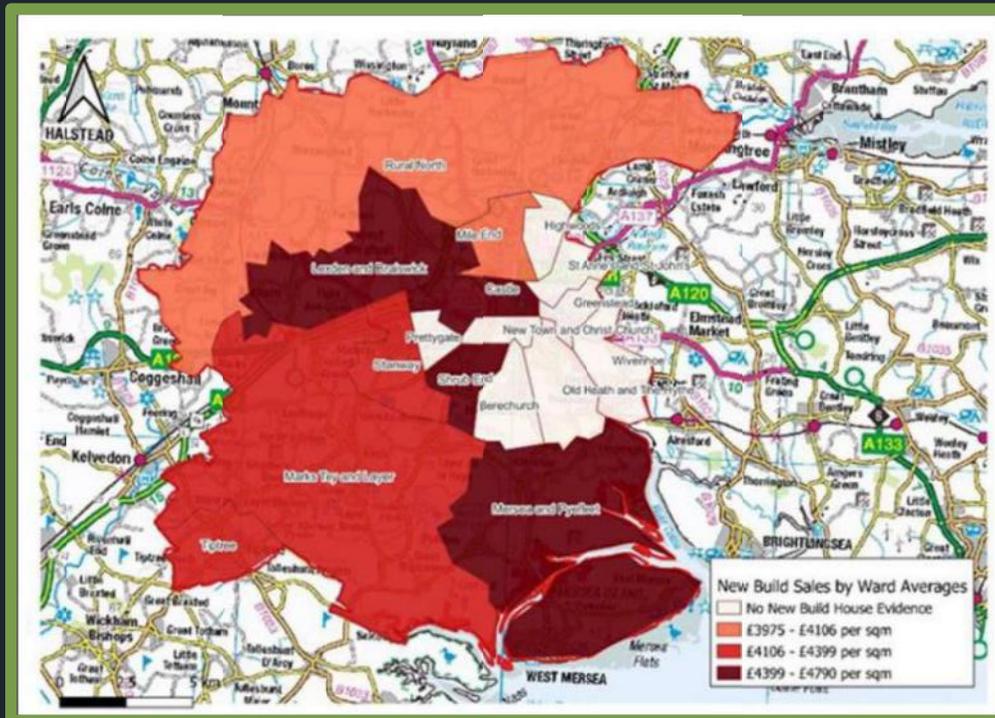
RESIDENTIAL MARKET ASSESSMENT – COLCHESTER OVERVIEW

- Colchester's property prices are higher than the UK average but lower than the East of England's, with new builds similar to national trends but second-hand properties pricier.



Property Type	UK	East of England	Colchester
Flat	£232,436	£207,457	£177,240
Terraced	£239,000	£289,530	£271,373
Semi-detached	£280,895	£352,452	£332,098
Detached	£439,974	£512,497	£513,420
All Property Type	£287,924	£339,440	£310,357

RESIDENTIAL MARKET ASSESSMENT NEW BUILD SALES

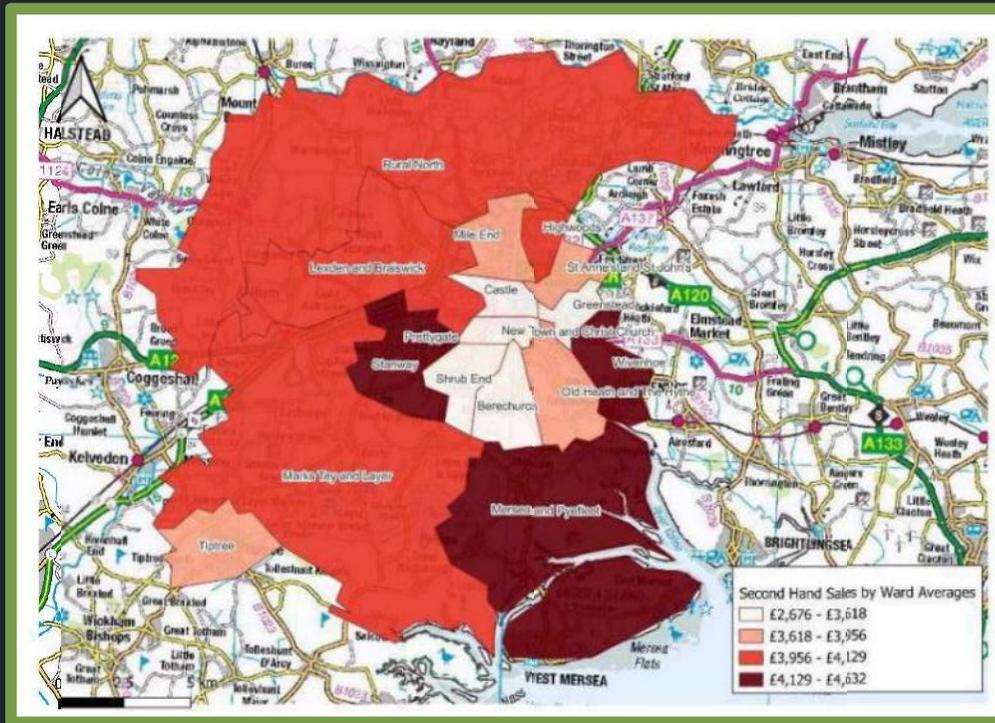


- High-value areas like Shrub End and Castle command premium prices.
- Despite economic fluctuations, demand for new builds remains strong, driven by their appeal and strategic location advantages.

Ward	Average £/sqm
Castle	£4,790
Lexden and Braiswick	£4,704
Marks Tey and Layer	£4,153
Mersea and Pyefleet	£4,404
Mile End	£3,975
Rural North	£4,036
Shrub End	£4,744
Stanway	£4,283
Tiptree	£4,377

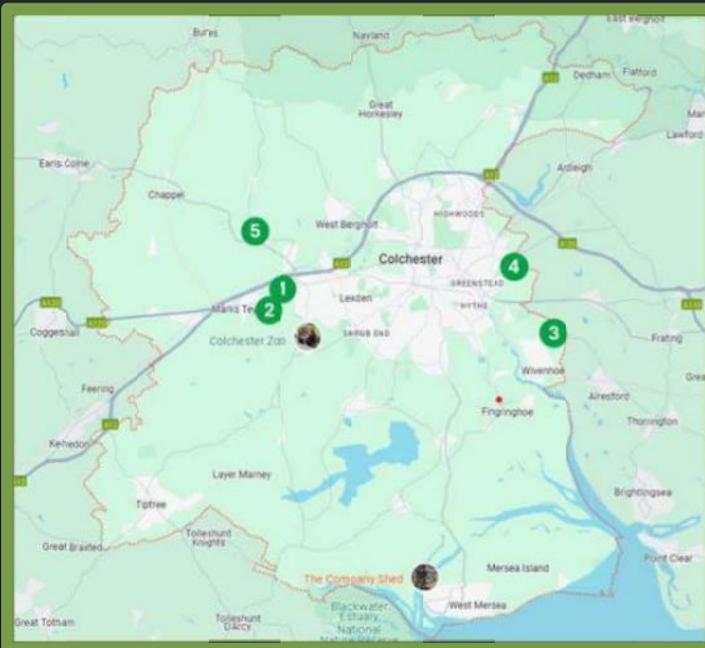


RESIDENTIAL MARKET ASSESSMENT SECOND HAND SALES



- Despite economic fluctuations, the second hand market in Colchester has shown stability.
- Different wards exhibit varying demand levels, influencing prices. Areas like Mersea and Pyefleet see higher demand, reflected in their pricing.
- The type and size of properties significantly impact sales trends, with family homes in desirable areas maintaining robust demand.

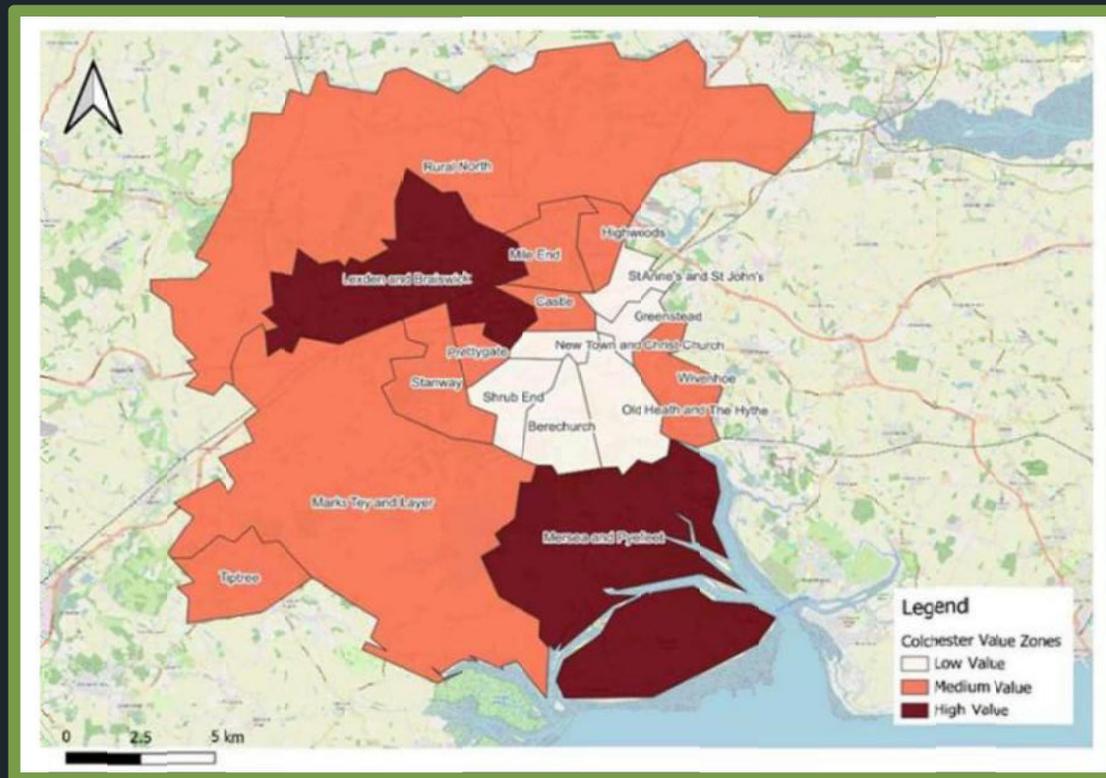
RESIDENTIAL MARKET ASSESSMENT NEW BUILD – ASKING PRICES



- The review of asking prices shows that they generally exceed the average achieved values, but do not necessarily follow the same trend.
- Smaller developments, like those at Grange Paddocks, command higher values per square meter due to their size and location near higher-value areas.
- New build evidence is sparse in some areas, such as the east of the Borough, lower asking prices are noted at Wyvern Place and Hollytree Walk.
- Market changes have influenced dynamics, making current asking prices reflect the latest conditions, though these can vary widely based on developer and availability. Achieved sales data provide a broader and more reliable pricing perspective.



RESIDENTIAL MARKET ASSESSMENT PROPOSED VALUE ZONES



RESIDENTIAL MARKET ASSESSMENT VALUE ASSUMPTIONS

Property Type	Lower Value Zone	Medium Value Zone	Higher Value Zone
1-bed Flat / Maisonette	£200,000	£210,000	£220,000
2-bed Flat / Maisonette	£225,000	£230,000	£240,000
2-bed House	£285,000	£305,000	£325,000
3-bed House	£370,000	£400,000	£430,000
4-bed House	£470,000	£510,000	£550,000
5-bed+ Hous	£635,000	£670,000	£710,000

RESIDENTIAL MARKET ASSESSMENT VALUE ASSUMPTIONS PER SQM

Property Type	Floor Area (sqm)	Lower Value Zone	Medium Value Zone	Higher Value Zone
1-bed Flat / Maisonette	50.00	£4,000	£4,200	£4,400
2-bed Flat / Maisonette	61.00	£3,689	£3,770	£3,852
2-bed House	70.00	£4,071	£4,357	£4,623
3-bed House	93.00	£3,978	£4,301	£4,623
4-bed House	117.00	£4,017	£4,358	£4,700
5-bed+ Hous	165.00	£3,848	£4,061	£4,303



COST ASSUMPTIONS FOR APPRAISAL

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COST ASSUMPTIONS FOR APPRAISAL

Item	Assumptions	Comments
Build Costs – Estate Housing Generally	£1,416 – £1,657 per sqm	Lower – Median BCIS, Essex, 5 years Build Out Rate – 3-6 units per month dependant on typology
Build Costs – Flats 3-5 Storey	£1,834 per sqm	Median BCIS, Essex, 5 years
Build Costs – Flat 6+ Storey	£1,866 per sqm	Median BCIS, Essex, 5 years
Part L & F	4.00% uplift on BCIS	
Future Homes	£7,500 per Unit	
Net Zero Carbon	5.00 – 8.00% Uplift on Base Construction Cost	
Site Clearance / Demolition / Remediation	£100,000 per Acre	
External Works	15.00% of Base Construction Costs	
Site Infrastructure Costs	Included in External Works	
Section 106 Contributions	£10,500 per Unit	Estimated average amount provided by the Council to include: open space; sport provisions; education and healthcare (see Typologies Matrix). Please note further S106 costs will be analysed at a site-specific basis.

COST ASSUMPTIONS FOR APPRAISAL

Item	Assumptions	Comments
Net Biodiversity Costs (BNG)	£1,003 per unit for Greenfield sites £268 per unit for brownfield sites	DEFRA Biodiversity net gain and local nature recovery strategies Impact Assessment (15/10/2019) (Reference No: RPC-4277(1)-DEFRA-EA).
M4(2) Category 2 – Accessible and Adaptable housing	+£521 per unit 100% of all units	DCLG housing Standards Review, Final Implementation Impact Assessment, March 2015, paragraphs 153 and 157.
M4(3)(2)(b) Category 3 - Wheelchair Adaptable dwellings	+£10,111 per unit 10% of units on major development sites	Equality and Human Rights Commission & Habinteg, A toolkit for local authorities in England: Planning for accessible homes.
EV Charging	£500 per unit	

COST ASSUMPTIONS FOR APPRAISAL

Item	Assumptions	Comments
Professional Fees	8.00% - 12.00%	Dependent on complexity of scheme
Contingency	5.00%	On all incurred build costs
Marketing Fees – Market	1.00%	
Sales Agent Fee – Market	1.00%	
Sales Legal Fee – Market	0.35%	
Sales Legal Fee – Affordable	0.25%	
Finance – Debit	7.50%	
Profit on Market Sales	20.00%	Reflecting consideration of developer risk
Profit on Affordable Sales	6.00%	
Site Acquisition – Stamp Duty	At the Prevailing Rate	
Site Acquisition – Agent Fee	1.00% of Land Value	
Site Acquisition – Legal Fee	0.50% of Land Value	



RESIDENTIAL TYPOLOGIE

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RESIDENTIAL TYPOLOGIES



- Typologies are sites with shared characteristics such as location/Value Zone, brownfield or greenfield, size of site and current and proposed use or type of development.
- The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.
- Typologies matrix – Easy to navigate, checks NPPF 10% affordable home ownership requirement.
- Unit sizes based on Nationally Described Space Standards – and Market Evidence.

RESIDENTIAL TYPOLOGIES SPACE STANDARDS

We propose to adopt the floor areas for Market Sales as follows:

- 1 Bedroom Flat – 50 sqm
- 2 Bedroom Flat – 61 sqm
- 2 Bedroom House – 70 sqm
- 3 Bedroom House – 93 sqm
- 4 Bedroom House – 117 sqm
- 5 Bedroom House – 165 sqm

RESIDENTIAL TYPOLOGIES PROPOSED HOUSING MIX



			Affordable Housing (Rented)	
	Market	Affordable Home Ownership	General Needs	Older Persons
1-bedroom	30%	20%	20%	60%
2-bedroom		45%	35%	40%
3-bedroom	45%	35%	35%	
4+-bedroo	25%		10%	

RESIDENTIAL TYPOLOGIES SITE COVERAGE



- Typologies have assumed the below net to gross ratios to take account of any open space and on-site infrastructure.
- Typologies over 0.2ha are assumed to have a net to gross of around 90%.
- Typologies over 2ha are assumed to have a net to gross of around 80%.
- Typologies over 8ha are assumed to have a net to gross of around 65%



FEEDBACK

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FEEDBACK

- You have an opportunity to comment upon our methodology and present your own evidence or findings to be considered.
- Responses will be required within 2 weeks to the following email address:
Local.plan@colchester.gov.uk

FEEDBACK FINAL STEPS

Upon receipt of feedback from this workshop we will:

- Refine our assumptions where appropriate
- Run our appraisals
- Prepare recommendations to members
- Prepare viability assessment for public consultation

FEEDBACK DURING SESSION

Initial feedback during the session related to the following areas:

- BNG– Evidence of higher costs within the market to be submitted, review of how this impacts BLV taking into consideration NPPF 2024.
- Finance Rates – General feedback this figure is considered low. Evidence to be submitted, GE to review taking into consideration SME's. Could result in separate typology to allow for many variances, i.e. profits levels etc.
- Infrastructure Costs – Comments received stating Infrastructure costs included in the 15% externals is not consistent with market, evidence to be submitted and reviewed

APPENDIX 2

Benchmark Land Value Evidence

**Turner Morum
BLV Analysis**

Site Name	LPA	Total Units	Applicant BLV (£ per gross Acre)
Kingsnorth Green, South Ashford Garden Community	Ashford BC	550	£100,000
Chilmington Green, South Ashford Garden Community	Ashford BC	5,750	£100,000
Henley Gate, Ipswich Garden Suburb	Ipswich BC	1,100	£129,000
North Ely	East Cambridgeshire DC	1,093	£125,000
Great Leighs	Chelmsford	750	£101,174
Red House Farm, Ipswich Garden Suburb	Ipswich BC	1,020	£125,000
Gilston Park Estate	East Herts	8,500	£130,567
Swindon East	Swindon	2,380	£100,000
West Northants	West Northamptonshire Council	1,750	£100,000
Ermine Street, Huntingdon	Huntingdonshire DC	1,000	£100,000
St Neots	Huntingdonshire DC	1,020	£100,000
Melton North Sustainable Urban Extension	Melton BC	1,174	£100,000
North Horsham	Horsham DC	2,750	£150,000
Quex, Westergate	Thanet DC	1,600	£100,041
Tendring, Colchester	Colchester DC	7,500	£100,000
SW Aylesbury	Buckinghamshire	1,400	£101,174
Welbourne Garden Village	Fareham DC	6,000	£100,000
Otterpool	Folkestone and Hythe DC	8,500	£100,167
Saltcross Garden Village	West Oxfordshire DC	2,200	£100,000
Shapley Heath Garden Village	Hart DC	5,300	£125,000
Cambourne West	Greater Cambridge	2,350	£104,801

APPENDIX 3

Turner Morum Recent Case Experience



DEVELOPMENT CONSULTANCY

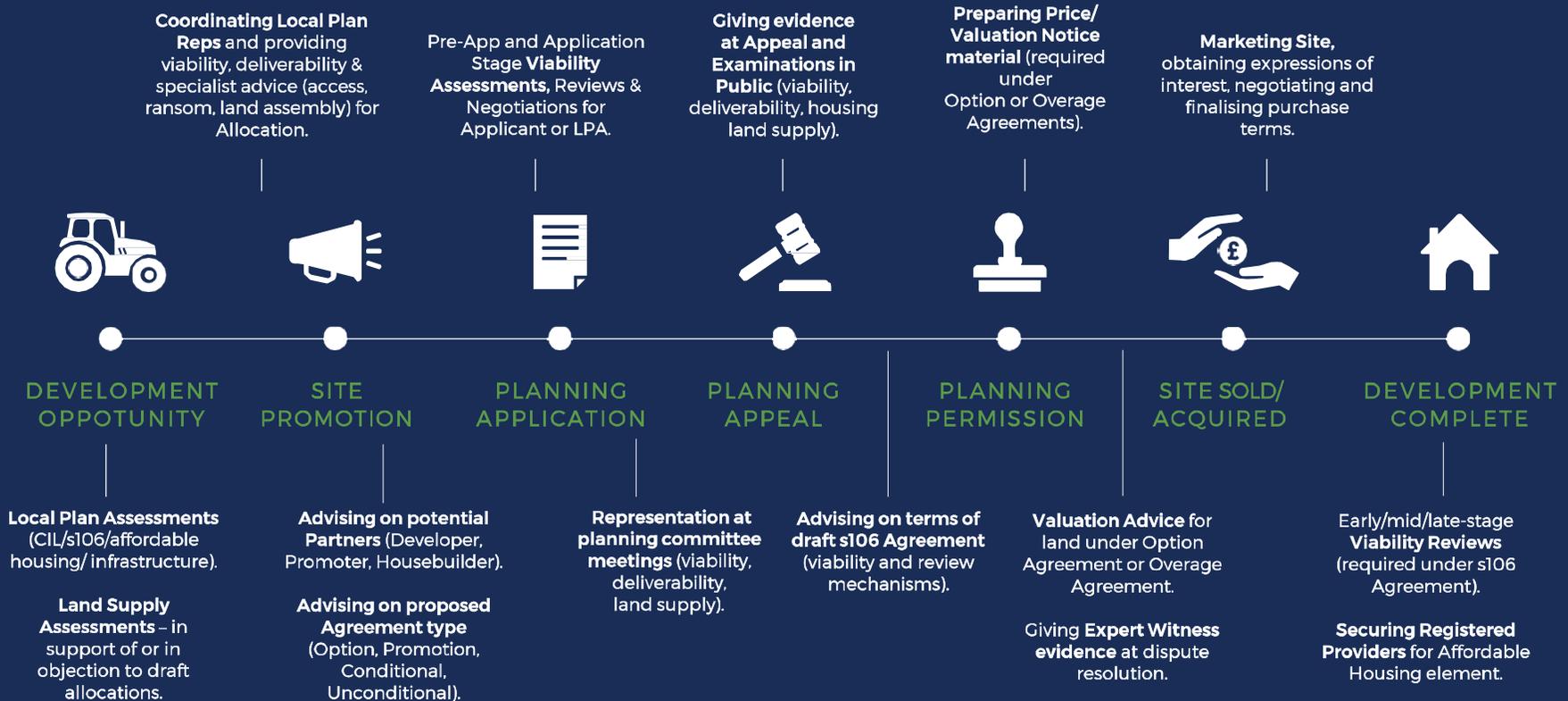
32-33 Cowcross Street, London, EC1M 6DF

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DEVELOPMENT CONSULTANCY SERVICES

OVERVIEW OF SERVICES



DEVELOPMENT VIABILITY



NATIONAL VIABILITY ADVICE

We provide viability advice to a wide range of clients at all stages of the development process - from securing draft allocations to structuring and undertaking review mechanisms. A selection of case studies are summarised below:

<p>Woolwell, South Hams Barwood</p> <p>Viability advice on a 1,640 unit application and Southwest Devon Council's adjoining 360 unit site, subsequent viability negotiations and s106 advice.</p>	<p>North Horsham, Horsham Legal & General</p> <p>Viability and s106 advice on a 2,750 unit scheme including viability review analysis and negotiations.</p>	<p>Cardington, Bedfordshire Gallagher Developments</p> <p>Viability advice and assessment to support an application for a 592 unit scheme.</p>
<p>Guildford Train Centre, Guildford Solum</p> <p>Viability advice provided to the applicant and agreed with the Council to deliver 438 dwellings including shared ownership and 45,000 sqft of commercial uses.</p>	<p>Brooklands College, Surrey CALA</p> <p>A Facilitating Development of 320 dwellings, which cross-subsidised the existing college refurbishments, a listed building and various new facilities.</p>	<p>Long Lawford, Warwickshire Bloor Homes</p> <p>Viability submission for a 149 unit scheme with evidence given at public inquiry in relation to viability and deliverability.</p>
<p>Melton North Sustainable Neighbourhood Barwood, Taylor Wimpey & William Davis</p> <p>Viability advice agreed with the Council for 3 consortium members to deliver c.1,230 units.</p>	<p>Baldock, North Hertfordshire Chalkdene Developments</p> <p>Viability agreed on appeal which allowed the delivery of 52 residential dwellings.</p>	<p>Norton Street, Nottingham Hyson Green Developments</p> <p>Student housing development of 580 rooms where viability was agreed with the Council in the form of a commuted sum payment in-lieu.</p>
<p>Lea Halls, Luton Valorem Investment Partners</p> <p>Viability assessment & negotiation for a 132 unit conversion scheme with viability evidence provided at public enquiry.</p>	<p>Winnycroft, Gloucestershire Barwood Homes</p> <p>Viability advice concerning a 420 unit scheme with viability evidence provided at appeal following refusal.</p>	<p>Hawksley Bungalows, North Hertfordshire Lovell Partnership</p> <p>Viability advice provided on an estate regeneration scheme consisting of 157 units</p>

GARDEN VILLAGE VIABILITY



VIABILITY / DELIVERABILITY ADVICE FOR LARGE, PHASED GARDEN VILLAGES

We advise across the full spectrum of development sites - from small brownfield sites to large strategic and garden village development. We have a comprehensive range of experience across the country on advising on some of the largest and most prominent applications.

Gilston Garden Village, Hertfordshire Places for People

Viability advice for an 8,500 unit garden village scheme comprising six villages, subsequent viability negotiations and advising on review mechanism structure.

Ipswich Garden Community Crest Nicholson & Mersea Homes

Viability advice and review mechanism negotiations for outline planning applications comprising 2,290 dwellings.

North Ashchurch Garden Community, Tewkesbury Bromford Housing Group

Viability advice for up to a 10,000 unit Garden Village scheme of six phases including various mixed uses and employment land.

Tending Colchester Garden Community Clarion

Viability advice for a 7,750 residential unit scheme comprising six phases and negotiations with Council.

Chilmington Green Hodson Developments South Ashford Garden Community

Viability advice and review mechanism structuring for a 5,750 unit scheme. Undertaking the first viability review.

Kingsnorth Green Malcom Jarvis Jones and Pentland Homes South Ashford Garden Community

Viability advice and review mechanism structuring for a 550 unit scheme, giving evidence at appeal.

Court Lodge Hallam Land South Ashford Garden Community

Viability advice for a 1,000 unit scheme and giving evidence at a public inquiry.

Chelmsford Garden Community Ptarmigan Land, Countryside & Halley Developments.

Providing viability and deliverability advice to secure allocation for 6,250 dwellings and coordination of the Infrastructure Delivery Plan.

LONDON VIABILITY



VIABILITY ADVICE WITHIN GREATER LONDON

We have provided viability advice all over London working on a wide range of sites, from single dwelling conversions to over 900 unit brownfield regeneration schemes and have an extensive understanding of dealing with the different London Boroughs as well as the Greater London Authority. See a sample of case studies below:

<p>Manderson House, LB Brentford Blackoynx</p> <p>Viability advice provided for a 111 unit flatted development.</p>	<p>Homebase – North Finchley, LB Barnet Taylor Wimpey</p> <p>Viability advice on 149 units with associated community and amenity uses.</p>	<p>Sedgewick Street, LB Hackney Nudo Properties</p> <p>Extensive viability advice provided for a 245 unit flatted development.</p>
<p>Mayday Road, LB of Croydon Aitch Group</p> <p>Viability advice regarding a 57 unit BTR scheme. Viability agreed on appeal through a S73 application.</p>	<p>Riverside Approach, Barnet Council & Buoygues UK</p> <p>Viability advice regarding a large 359 unit home and community focused regeneration.</p>	<p>Dawlish Studios, LB Merton Goldcrest</p> <p>Viability advice regarding a 12 unit scheme on a former industrial and telecommunications site.</p>
<p>College Towers, LB Croydon Croydon Council</p> <p>Reviewing submission for a 937 unit scheme comprising a mixture of co-living and shared ownership dwellings.</p>	<p>Woodcote Grove House, LB Sutton Sutton Council</p> <p>Advice on the renovation of a Grade II listed building and the delivery of 69 additional assisted living units.</p>	<p>Hornsey Park Road, LB Haringey Orbital Developments</p> <p>Viability advice on a 32 unit scheme, including Class E floorspace.</p>
<p>New Malden, Royal Borough of Kingston-upon-Thames Redrow Homes</p> <p>Initial viability assessment for 15 storey 456 unit scheme and advice for a review mechanism.</p>	<p>Oxgate Farm, London Borough of Brent JPD Corporation Ltd</p> <p>Viability advice on enabling development and conservation deficit for a Grade II** listed house.</p>	<p>24 Naval Row, LB Tower Hamlets, Sundek Ltd</p> <p>Viability advice on the redevelopment of a pub and 8 units, subsequent advice on s106 drafting in respect of the review mechanism.</p>



TEAM



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Tom specialises in providing viability and valuation advice on key strategic sites. Tom regularly provides Expert Witness evidence at Planning Appeals and Inquiries, Arbitrations and court cases covering a wide range of sites all over the country. Tom is an accredited Expert Witness with the advanced award in Expert Witness Evidence and an RICS Registered Valuer.



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Nick is a specialist in residual valuations, cashflow appraisals, review mechanisms, land supply assessments and Infrastructure Delivery Plans. He has extensive viability experience in Greater London and provides Expert Witness evidence for Local Plans, Planning Appeals and valuation disputes.



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Ramsay advises a range of clients on the value and viability of development land across the country. He regularly provides Expert Witness evidence as a RICS Registered Expert Witness within planning appeals, independent expert determinations & arbitrations, and is also a Member of the Chartered Institute of Arbitrators.



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Kat specialises in development appraisals and financial modelling, advising a large range of clients for both viability and valuation exercises across the UK. She holds the RICS Expert Witness Certificate.



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Barney primarily works on development appraisals and associated analysis for residential-led schemes, as well as valuation and market research.



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Hannah's role is assisting the Partners with development appraisals for viability and valuation exercises across the country.



**JOHN TURNER MRICS
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John has extensive experience in providing an array of clients with valuation, viability & specialist advice and has advised on several of the country's largest sites.