

Local Plan Allocation

**Land south of Marks Tey Village
Marks Tey, Colchester**

VIABILITY ASSESSMENT



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Our Ref: pdr
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Date: 9 December 2025
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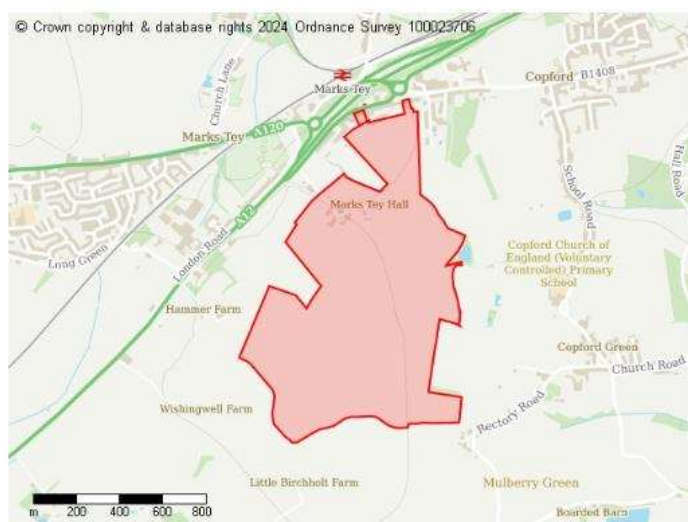
1. Introduction

- 1.1. In February the 2024 Strategic Land Availability Assessment (SLAA): Call for Sites Report was published including the subject site Ref: Site ID 10690.
- 1.2. The next stage of the process was to test the viability and deliverability of this and other sites.
- 1.3. In its review, Newmark states “To determine whether or not a development is viable, the value of the land having regard to the development is measured against the BLV. The value of the land is calculated through a residual approach, providing a Residual Land Value (‘RLV’) which put simply is the Gross Development Value, minus costs and profit. For a scheme to be considered viable, the RLV must exceed the BLV.
- 1.4. National Planning Guidance (‘NPG’) expects that viability is determined regarding a BLV which reflects the site’s Existing Use Value (‘EUUV’) (component 1) and a premium for incentivising the landowner to release the land for development (component 2), or an Alternative Use Value (‘AUV’), having regard to policy.
- 1.5. In our report of 30 September 2025, we advised on an appropriate figure for the BLV.
- 1.6. In October 2025 Newmark published its final Colchester Whole Plan Viability Assessment on behalf of Colchester City Council (CCC). This plan was adopted by CCC in November and put out for consultation to end on 14th January 2026

2. The Subject Site

- 2.1. The site is shown in the image below.

Site ID: 10690



Site details

Site address

Land South of Marks Tey Village, Marks Tey

Site area (hectares)

92.52939999999995 ha

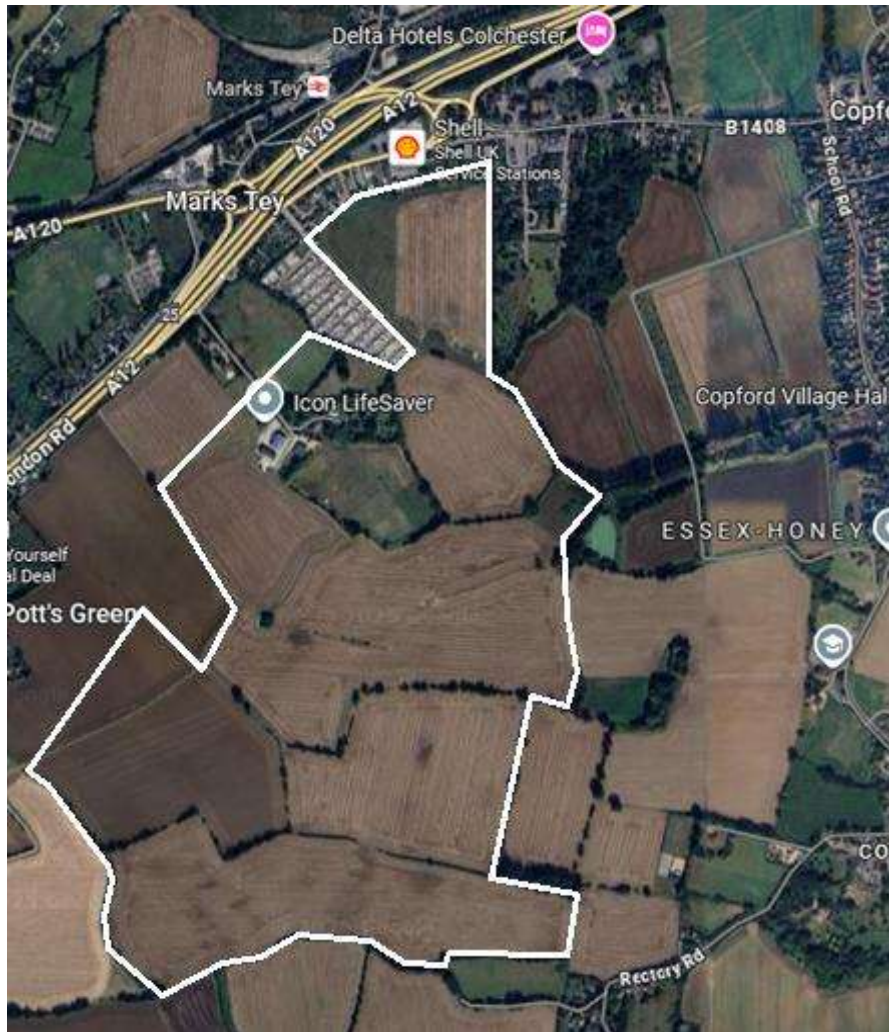
Proposed Future Use

Residential
Commercial
Infrastructure
Green Infrastructure

- 2.2. The overall site area is shown as 92.53 Ha.

2.3. Of this total approximately 3.75 Ha is 'brownfield' ie in existing commercial use; the balance is greenfield ie used for agriculture¹.

2.4. The site is broadly level and predominantly used for growing crops.



2.5. The site is anticipated to deliver 1500 Homes, a school and a range of commercial and community facilities.

2.6. Access to the proposed development will be from the two brownfield areas on London Road, Marks Tey.

2.7. The site also accommodates a range of buildings in the curtilage of Marks Tey Hall and an adjoining development of more modern commercial units in Hall Chase.

¹ Or unused.

3. Newmark's assessment of viability

3.1. In its October 2025 report, Newmark presents the following viability information specific to the subject site, showing the proposed development is viable.

Appraisal Ref:	Land South of Marks Tey Village
Scheme Typology:	Land South of Marks Tey Village
No Units:	1500
Location / Value Zone:	Medium
Greenfield/Brownfield:	Brownfield
Total GDV (£)	574,705,031
Policy Assumptions	-
AH Target %	30%
Site Specific S106 (£ per unit)	25,000
Site Infrastructure (£ per unit)	35,000
Sub-total CIL+S106+Infrastructure (£ per unit)	60,000
Profit KPI's	-
Developers Profit (% on OMS)	20.0%
Developers Profit (% on AH)	6.0%
Developers Profit (% blended)	17.37%
Developers Profit (% on costs)	24.34%
Developers Profit Total (£)	99,823,802
Land Value KPI's	-
RLV (£/acre (net))	304,358
RLV Total (£)	55,671,055
BLV (£/acre (net))	125,000
BLV Total (£)	22,864,163
Surplus/Deficit (£/acre) [RLV-BLV]	179,358
Surplus/Deficit (£/ha)	443,193
Surplus/Deficit Total (£)	32,806,892
Plan Viability comments	Viable

3.2. As there is very limited information about how the development costs have been calculated, this report tests this assumption of viability against the assumptions contained in the appendices to the October 2025 report, particularly Appendix 8 which considers Strategic Sites.

3.3. It is important to state this is not my assessment of viability as it uses Newmark's cost inputs, rather than those I consider appropriate at this moment. Hence, I have used their figures, wherever possible. In the following tables, any figure highlighted in mauve is taken from Newmark's report.

3.4. Figures omitted are highlighted in yellow and discussed below.

4. Gross Development Value

4.1. In the absence of a defined development plan for this site, we have used the following figures.

4.1.1. Unit size and market value.

Beds	Type	Area	Mix %	1500	m ²	£/m	Market Value
1	Flat	50	5	75	3750	4400	£16,500,000
2	Flat	61	5	75	4575	3852	£17,622,900
1	House	58	5	75	4350	4482	£19,496,700
2	House	70	15	225	15750	4623	£72,812,250
3	House	93	45	675	62775	4623	£290,208,825
4	House	117	15	225	26325	4700	£123,727,500
5	House	165	10	150	24750	4303	£106,499,250
			100	1500	142275		£646,867,425

4.1.2. 30% of units (450) to be provided for Affordable Housing on the following mix.

	Mix	Value
Affordable Rent	60%	55%
First Homes	25%	70%
Other	15%	75%
		61.75%

4.2. Assessment of GDV

Dwellings	No	MV	AH	sq.m	Rate	GDV
Market homes	1050	100%		94.85	£4,547	£452,807,198
AH 30%	450		61.75%	94.85	£2,808	£119,832,190
	1500			190	£3,018,658	£572,639,388

4.3. Newmark's assessment is £574,705,031 – which is a mere 0.36% higher.

5. Construction Costs

5.1. Given the close alignment between our respective estimates of GDV, it is reasonable to assume that Newmark's calculation of the floor areas for the dwellings is similar to mine.

Construction Costs		BCIS	Area	Rate/m	Price	
£1,831	Houses	Median	133950	£1,657.00	£221,955,150	
£2,117	Flats	Median	8325	£1,834.00	£15,268,050	(10% circulation)
						£237,223,200
	Future Homes		1500	£7,500	£11,250,000	
	Net Zero	5%			£11,861,160	£7,907
	Garages		375	£0	£0	
	Externals	10%			£23,722,320	
	Abnormals		1500	£5,000	£7,500,000	
	M4(2)	95%	450	£521	£222,728	
	M4(3)(2)(b)	5%	450	£10,111	£227,498	
	EV charging		0	£500	£0	
						£54,783,705
	Contingency		5%			£14,600,345
				Rate/m =	£2,155.09	£306,615,158

5.2. The cost rate per metre is from the Newmark report. It is approximately 9% lower than the current BCIS figure.

5.3. The aggregate cost is £2,155/m².

5.4. Note the following exceptions.

- 5.4.1. As the floor area for the flats is the same as the sales area, I have made an addition of 10% for circulation space and other non-sales areas eg plant rooms, lifts etc. There is no indication whether Newmark has done the same.
- 5.4.2. Newmark does not mention garages. It is reasonable to assume the 3-bed dwellings and above, will have garages. At a cost of £12,000 each this would increase the cost by £4.5m.
- 5.4.3. Newmark specifically excludes a cost for EV charging despite it being included at £500 per dwelling in their February 2025 consultation. They state it is "Now Mandatory, Assuming will be included in BCIS." As BCIS is retrospective I don't agree with that position.
- 5.4.4. No allowance is made for the provision of
 - 5.4.4.1. The possible footbridge over the A12
 - 5.4.4.2. The provision of a school
 - 5.4.4.3. Any additional community buildings.
 - 5.4.4.4. Demolition
 - 5.4.4.5. the additional costs associated with the restoration of Marks Tey Hall.

However, Newmark make an allowance of £5000 per unit for Abnormals and £35,000 per unit (see below) for Infrastructure so I have assumed these figures are in place of the above.

6. Professional Fees

- 6.1. I have adopted the Newmark figure of 8%

7. Disposal Costs

- 7.1. I have adopted the Newmark figure of 3%

8. Other costs

Other Costs					
s106			1500	£25,000	£37,500,000
Abnormals & infrastructure			1500	£35,000	£52,500,000
Building Safety Levy			142275	£32.74	£4,658,084
BNG			1500	£1,003	£1,504,500
					£96,162,584

9. Interest

- 9.1. The Newmark report gives no indication how the inputs shown in the table below are used to calculate the cost of financing the development cash flow.

Interest	Interest	7.50%			
Arrangement fees	0%			£451,647,116	£0
Lead in	6				£64,039,549
Build Period (months)	62.50				
Sales period (months)	62.50	(starting after 12 months)			£64,039,549

- 9.2. Newmark provides the following parameters for calculating the interest.

- 9.2.1. Interest rate 7.5%
- 9.2.2. Lead in period – 6 months.
- 9.2.3. Construction Rate – 4 completions per month.
- 9.2.4. Sales rate – 4 per month

- 9.3. At these rates 1500 houses would take 31 years and 3 months to build. Logically the site will be developed in phases by more than one developer. I have assumed 6 phases each of 250 units at the same rates which is 6 years and 9 months per phase. Assuming each phase is developed at the same time, the aggregate interest cost is £64.381m.

- 9.4. The interest calculation is based on the net cash flow. Hence, revenue from sales is used to offset the costs and reduce the deficit. If a scheme is viable, the revenue exceeds the costs and the cash deficit

trends to zero. In this case that doesn't happen so there will still be an unfunded deficit ie there will be a balance due to the funder which must come from the developer's equity or by reducing the developer's profit. I have not made an allowance for this additional cost

9.5. No allowance has been made for arrangement fees. This could be a significant cost.

10. Benchmark Land Values for Greenfield land.

10.1. Newmark considers the Existing Use Value (EUV) to be £12,500 per acre. I am comfortable with this figure.

10.2. The landowner's premium is the second component of BLV. I have adopted the multiplier at the lower end of the range proposed by HCA ie 10x, as has Newmark. This equates to £308,900/Ha.

10.3. Newmark has calculated the BLV to be £22,864,163. On the assumption they have ignored the brownfield element of the site, Newmark's calculation assumes the total site area is 74 Ha. The draft allocation gives the site are of 92.53 Ha.

10.4. My BLV report (dated 30 September 2025) gives a figure of £30.4m. For consistency I have used the Newmark figures. However, it should not be overlooked this artificially reduces the interest cost.

11. Developer's Profit

11.1. I have used Newmark's figures (which are well supported) of 20% on Market sales and 6% on Affordable Homes

12. Summary

12.1. Using the Newmark figures the site has a negative Residual Land Value of **-£33,047,715**

12.2. Compared to Newmark's assessment of BLV the viability deficit is **-£55,912,187**

Marks Tey - 30% AH; full s106				
Gross Development Value				£574,705,031
Site acquisition expenses, based on BLV	1.50%			£342,967
SDLT based on BLV	2%/5%			£1,132,724
Construction Costs	£2,155.09	psm		£306,615,158
Design, fees and charges	@	8%		£24,529,213
Financial contributions (inc BNG & BSL)				£96,162,584
Marks Tey Hall				£0
Disposal Costs (Agents/Marketing & Legals)	3%			£17,179,182
Finance costs inc arrangement fees	7.50%			£64,039,549
Developer's Profit (AH)	6.0%	of GDV		£7,189,931
Developer's Profit (Market)	20.0%	of GDV		£90,561,440
RLV				-£33,047,715
EUV	Ha	£/Ha	EUV+	
Area	74.03	£30,888	10.00	£22,864,472
BLV				£22,864,472
Deficit				-£55,912,187

12.3. By making the following adjustments to Newmark's figures

12.3.1. GDV of £572,639,388 (see 4.2)

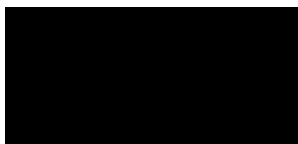
12.3.2. Use current BCIS (see 5.2)

12.3.3. Use the BLV from my report (see 10.4)

the deficit increases to £124m (see following table).

Marks Tey - 30% AH; full s106				
Gross Development Value				£572,639,388
Site acquisition expenses, based on BLV	1.50%			£456,000
SDLT based on BLV	2%/5%			£1,509,500
Construction Costs	£2,372.90	psm		£337,604,418
Design, fees and charges	@	8%		£27,008,353
Financial contributions (inc BNG & BSL)				£96,162,584
Marks Tey Hall				£0
Disposal Costs (Agents/Marketing & Legals)	3%			£17,179,182
Finance costs inc arrangement fees	7.50%			£88,643,693
Developer's Profit (AH)	6.0%	of GDV		£7,189,931
Developer's Profit (Market)	20.0%	of GDV		£90,561,440
RLV				-£93,675,712
EUV	Ha	£/Ha	EUV+	
Area	92.53	£30,888	10.00	£30,400,000
BLV				£30,400,000
Deficit				-£124,075,712

12.4. By using Newmark's figures, I have demonstrated their advice to CCC that this development is viable, appears to be misleading.



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