

DEVELOPMENT VIABILITY ASSESSMENT ASSUMPTIONS

Land Value

The land values assumed are not location specific but reflect a county wide average estimate. The assumptions are: Land for office developments £200,000 per acre; Land for industrial developments £150,000 per acre. All sites are assumed to be fully serviced sites with utilities already provided to the development site.

Infrastructure

Infrastructure is not included as this is always site specific and a general cost would be misleading. For example, an industrial unit is most likely to be located on an estate. In such an instance, it is assumed that the infrastructure of the estate would be in place and that the development would not require significant road works. As stated, we have only considered the development of a hypothetical site of one acre and the development of a single building.

Build Costs

The assessments are based on the following standard build costs: £110 per sq ft for offices; £50 per sq ft for industrial accommodation. Both these costs exclude tenants' fit out.

Professional Fees

Professional fees have been included at 12% and allow for architects, engineers, and Quantity Surveyor and project managers. Disposal costs and fees, including letting agents' fees and legal fees have also been included in the assessment.

Developer's Profit

A developer's profit is included at 18% of gross development value.

Incentives

A rent free period of nine months and an additional void period of nine months have been incorporated into the assessment.

Yield

The yield is the investors estimated rate of return and is used to estimate the capital value of receiving the estimated rental income stream.