Viability Appraisal

for conversion of commercial unit at 474 Oxford, Reading, RG30 1EF to 2no 2-bedroom flats

Viability Appraisal	
REVENUE	
Gross Development Value (sales valuations)	£420,000
Total Revenue	£420,000
COSTS	
Current Value	£205,000
Development Costs	£250,756
Planning Costs	£12,000
Finance Costs	£23,387
CIL	tbc
Total Costs	**£491,143**
TOTAL	
Owners Profit/Loss	-£71,143
Owners Profit Percentage	0%
Affordable Housing Contribution	**£0.00**

Revenue

1. **Gross Development Value**
    a. Sales figures derived from valuation provided by Adams Estates. This cost was increased by 5% per unit.

Costs

1. **Current Value**
    a. Current Value derived from an average figure between valuation carried out by Fiona Brownfoot of Hicks Baker and Caine Springer from Adams Estates. Hicks Baker have been marketing the unit since August 2022.
2. **Development Costs**
    a. The costs to complete the conversion. Current BCIS data suggests the cost for conversion to be £1840-£2040 per sqm. This appraisal adopts the lower figure of £1840 in order to calculate the development cost. This has been multiplied by the GIA of 139 sqm for the proposed dwellings. **
3. **Planning Costs**
    a. This figure represents fees paid to consultants, architects, planners etc
4. **Finance Costs**
    a. Interest costs calculated at 5% per annum with a view that the development will take one full year to complete.

This project is unviable and as such no affordable housing contribution is applicable.

** As the project is unviable, we opted to exclude certain costs. These include marketing costs, incoming services, bin stores and cycle stores. We reserve the right to add these costs as required.

Sales Valuation:

adams estates

66 Christchurch Road | Reading | Berkshire | RG2 7AZ

T 0118935 1616 | E info@adamsestates.net

10th February 2023

Mr Simran Luthra
102 Elm Road
Reading
Berkshire
RG6 5TD

Dear Simran

Re: 474 Oxford Road, Reading, Berkshire, RG30 1EF

Thank you for allowing me the opportunity to inspect the plans of the above property. As promised, I am writing to confirm the marketing strategy which we consider to be most effective for your property.Here's a quick viewpoint on the essential information you need to know:

We prepare thoroughly for this valuation, taking into account recent comparable sales, current availability along with any local data that can influence the asking price. Adapting to the market conditions is key and our proud accuracy ratio of asking price to let price is on average within 1%.

Market Valuation: £200,000 per flat **Commission: 1% + VAT**

Once built, we're confident we would be able to sell the flats for the market valuation price. We have plenty of people looking for flats in the area and wewould aim to achieve a quick sale within 12 weeks from beginning of marketing to a competition date.

We would be delighted to act on your behalf and genuinely believe we provide the most comprehensive, pro-active and successful service in the area, with myself and your dedicated sales progressor at the forefront of the sale of your property from start to finish.

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The Property Ombudsman LETTINGS

The Property Ombudsman SALES

Current Valuation:

RE: 474 Oxford Road, Reading, RG30 1EF

Fiona Brownfoot MRICS <f.brownfoot@hicksbaker.co.uk>

Tuesday, 28 February 2023 at 21:06

To: Simran Luthra; Cc: Richard Duncan MRICS

You replied to this message on 28/02/2023, 21:32.

Simran

Based on the limited market that we can let this unit to and the lack of demand from suitable occupiers, I am of the view that the only way to potentially attract a tenant is by offering the unit at a lower rent of say £18,000.

Therefore on the assumption that the unit could be let at this level to a tenant for a term of 5+ years, and that the tenant provided a level of security either through being an established operator or providing a rent deposit, then I consider that the investment market would view the risk profile as warranting a yield of 12% which would translate to a value of £150,000.

It is possible that a value slightly in excess of this might be able to be secured from an owner occupier but that is likely to be an even more reduced sector of the market.

I trust this is satisfactory for your purpose.

Regards

Fiona

Fiona Brownfoot MRICS
Director (Retail / Restaurant / Leisure)
Mob: 07770 470 214 DD: 0118 955 7083
Email: f.brownfoot@hicksbaker.co.uk

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10th February 2023

Mr Simran Luthra
102 Elm Road
Reading
Berkshire
RG6 5TD

Dear Simran

Re: Commercial Unit, 474 Oxford Road, Reading, Berkshire, RG30 1EF

Thank you for allowing me the opportunity to inspect the above property. As promised, I am writing to confirm the marketing strategy which we consider to be most effective for your property. Here's a quick viewpoint on the essential information you need to know:

We prepare thoroughly for this valuation, taking into account recent comparable sales, current availability along with any local data that can influence the asking price. Adapting to the market conditions is key and our proud accuracy ratio of asking price to let price is on average within 1%.

Market Valuation: £260,000 **Commission: 1% + VAT**

We're confident the commercial unit would sell for the market valuation price. We have plenty of people looking for commercial units in the area and wewould aim to achieve a quick sale within 12 weeks from beginning of marketing to a competition date.

We would be delighted to act on your behalf and genuinely believe we provide the most comprehensive, pro-active and successful service in the area, with myself and your dedicated sales progressor at the forefront of the sale of your property from start to finish.