

Development Viability Assessment

Project: CONVERSION OF GRADE 2 LISTED BUILDING INTO
FIVE FLATS AND THREE TERRACE HOUSES

Address Yeomanry House, 131 Castle Hill, Reading

LPA: Reading Borough Council

Planning Ref: Not yet issued

Client: Yeomanry House Limited

Prepared: 16 March 2026

1. Executive Summary

This report provides a financial viability assessment of the proposed residential development at Yeomanry House comprising of the conversion of this Grade 2 listed building into three houses and five flats. The purpose of the report is to support a planning application submission by demonstrating the financial performance of the scheme and its ability to support planning policy requirements. The analysis indicates that the scheme generates a developer return marginally below standard viability benchmarks typically applied within development appraisal practice.

2. Proposed Development

The proposed development comprises a residential scheme delivering eight private residential units – 5Nr apartments and three terrace houses. The viability assessment considers estimated development costs, anticipated market values, and reasonable developer return expectations consistent with market practice.

3. Methodology

The viability appraisal has been undertaken using a residual development appraisal approach. This method assesses the Gross Development Value (GDV) generated by the completed scheme and deducts the full cost of delivering the development including construction costs, professional fees, contingency allowances and acquisition costs. The resulting balance represents developer profit and is compared against industry benchmark returns.

4. Development Value

Metric	Value
Adjusted Gross Development Value (GDV)	£3,825,001

5. Development Costs

Metric	Value
Total Development Cost	£3,174,529

6. Developer Return

Metric	Value
Developer Profit	£650,473
Profit on GDV	17.0%

Profit on Cost	20.5%
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7. Planning Policy Context

Planning authorities typically apply viability benchmarks to ensure that development schemes deliver a reasonable return to developers while supporting planning obligations where possible. Industry guidance generally considers a developer return in the region of 17.5%–20% of GDV to reflect development risk.

8. Viability Assessment

Viability Indicator	Result
Target Profit Benchmark	17.5% GDV
Achieved Profit	17.0% GDV
Surplus / Shortfall	-£18,902

9. Capacity for Planning Contributions

The appraisal indicates that the scheme generates no surplus above the benchmark developer return. As such, the development is unable to support additional planning obligations without reducing the developer return below an acceptable level required to ensure delivery of the scheme.

10. Sensitivity Analysis

Small fluctuations in market values or construction costs could materially affect the viability position of the scheme. A modest reduction in sales values or increase in construction costs would further reduce the developer return and could render the scheme unviable.

11. Conclusion

The appraisal demonstrates that the proposed development produces a developer return of approximately 17.0% of GDV, which falls slightly below the benchmark target return of 17.5% even without taking into consideration finance costs or any CIL liability. The scheme is therefore considered marginally viable and does not generate sufficient surplus value to support additional planning contributions beyond those already assumed within the development appraisal.

APPENDIX A

VIABILITY CALCULATION SPREADSHEET

APPENDIX B

LANSLEY LETTER DATED 16 MARCH 2026 ADVISING ON EXPECTED RESALE VALUES

APPENDIX C

G S PROPERTY DEVELOPMENTS QUOTATION FOR THE WORKS Rev D