

Financial Viability Appraisal

Land Rear of 117-119 Oxford Road, Reading, RG1 7UH

Proposal: Adaption of existing brown field site and construction of 6 new residential dwellings.

Pre-Application Reference: 201281

Date: 22nd April 2026

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1. Executive Summary

This Financial Viability Assessment (FVA) has been prepared in support of a planning application for the residential development of land to the rear of 117–119 Oxford Road. The proposed scheme comprises six (6) private market residential dwellings, representing a reduction from the nine (9) units considered under Pre-Application Reference 201281.

The assessment has been prepared in accordance with the National Planning Policy Framework (NPPF), the Planning Practice Guidance (PPG) on Viability, and the RICS Professional Statement: Financial Viability in Planning (1st Edition, 2019). Residential values have been established by reference to recent sold transactions, sourced from market analysis tools such as Rightmove and Zoopla.

Total Units	6
Total Gross Internal Area (GIA)	336 m ²
GDV	£ 1,265,034.96
Total Development Costs	£ 1,324,700.70
Developer's profit (18%)	£ 227,706.29
Residual Land Value	-£ 287,372.03
Benchmark Land Value	£ 150,000.00
Actual Profit (%)	-16.57%
Viability Outcome	Not Viable

The residual appraisal produces a Residual Land Value (RLV) of -£287,372.03 against a Benchmark Land Value (BLV) of £150,000.

A profit margin of 18% on Gross Development Value (GDV) has been adopted as the target developer's return, reflecting the risk-adjusted rate necessary for private residential delivery in the current climate. Sensitivity testing confirms that this level of return represents the minimum viable threshold for a project of this risk profile, remaining fully consistent with both national planning guidance and established appeal precedents.

The BLV has been established using the Existing Use Value (EUV+) methodology, as mandated by the NPPF. In this instance, a landowner premium of 25% has been applied to the EUV to incentivize the release of the land for development.

The resulting analysis demonstrates that once the BLV and all associated development outlays are deducted from the total revenue, the residual return to the developer—even under a 100% open-

market scenario—falls substantially below the required 18% benchmark. Consequently, the scheme in its current form lacks the financial capacity to support further Section 106 contributions without compromising its overall deliverability.

2. Introduction

2.1 Purpose of this Report

This FVA has been prepared to accompany a planning application for the development of land to the rear of 117–119 Oxford Road. The assessment demonstrates the economic viability of the proposed six-unit scheme and establishes the level of planning obligations that can reasonably be supported.

The appraisal follows the standard residual valuation methodology:

- Assess the Gross Development Value (GDV) of the completed units, based on current market evidence.
- Deduct all reasonable development costs plus a market-standard developer's profit; and
- Compare the resulting Residual Land Value (RLV) against a Benchmark Land Value (BLV) derived from Existing Use Value (EUV) plus a landowner premium.

2.2 Pre-Application Background

A pre-application enquiry (Reference 201281) was submitted in relation to land to the rear of 117–119 Oxford Road, considering a scheme of nine (9) residential units. Following review of the pre application advice the applicant has determined that a nine-unit scheme is not going to be considered supportable and the scheme has accordingly been reduced to six (6) dwellings, which this assessment demonstrates to be deliverable.

2.3 Scope and Limitations

This report is prepared for planning purposes only and should not be relied upon for any other commercial purpose. All figures are in current (nominal) terms at the date of preparation and are subject to change as market conditions evolve

3. Site Description and Planning Context

3.1 Site Location

The application site comprises land to the rear of 117–119 Oxford Road, Reading, RG1 7UH. The surrounding area is characterised by residential development of mixed type and tenure. The site benefits from good accessibility to local amenities, public transport and services.

3.2 Planning Policy Framework

The principal planning policy considerations arising from the pre-application response (Ref: 201281) include:

- NPPF — supporting delivery of housing and sustainable development.
- Local Plan housing policies — good design, appropriate density, compliance with nationally described space standards.
- Affordable housing — the site lies within the LPA's threshold of 5-9 dwellings, which requires a 20% off-site affordable housing financial contribution as per policy H3 of the Local Plan
- Community Infrastructure Levy (CIL) — CIL liability is a material cost and is accounted for within this assessment.

3.3 Affordable Housing

The proposed six-unit scheme is below the LPA's ten-unit affordable housing threshold. No on-site affordable housing is therefore required. This position is consistent with national planning policy and is reflected in this viability assessment.

4. Development Proposals

4.1 Proposed Scheme

The proposed development comprises six (6) private market dwellings. The unit mix has been informed by local housing needs evidence and the LPA's pre-application advice.

4.2 Unit Mix and Areas

Unit Type	No.	Total GIA (m2)	Value (£/m2)	GIV (£)
1 Bedroom Apartment	4	198	£ 3,755.21	£ 743,531.58
2 Bedroom Apartment	2	138	£ 3,779.01	£ 521,503.38
Total	6	336	-	£ 1,265,034.96

4.3 Development Programme

- Planning determination: Q2–Q3 2026
- Pre-commencement conditions: Q4 2026
- Site start / groundworks: Q1 2027
- Construction programme: 12–15 months
- Practical Completion / sales: Q2–Q3 2028

5. Market Evidence and Comparable Transactions

5.1 Market Overview

The residential sales market in the Oxford Road corridor has remained resilient through 2025 and into early 2026. Demand is underpinned by the site's proximity to Reading Town Centre and the excellent transport links provided by the Elizabeth Line and Great Western Mainline. The area attracts a diverse demographic, including first-time buyers, commuters, and professional households, drawn by the relative value of the location compared to prime West London or the immediate Reading station periphery.

The general market characteristics relevant to this assessment are:

- New-build values typically command a premium of 5–10% above equivalent second-hand stock, reflecting energy efficiency benefits, lower maintenance costs and Help-to-Buy / First Homes eligibility.
- One-bedroom apartments are in strong demand from first-time buyers and investors. These remain a high-liquidity asset class in RG1, with transaction volumes supported by values in the £3,300 to £4,400 per m² range for high-specification new builds.
- Two-bedroom units benefit from family demand and typically achieve £2,800 to £5,000 per m², depending on size, layout and curtilage.
- Market conditions have been broadly flat over the 12 months to April 2026, with no material adjustment for time required between comparable transactions within the search period.

5.2 Transactional Evidence

We have compared proposed values against relevant recent 'sold' transactions extrapolated from Rightmove (see Schedule). Values are sensitive to small changes in search area; therefore, we have limited our transactional search to within ½ mile of the scheme.

A summary of average achieved values is set out below:

Unit Type	No. of Comps	Range (£/m ²)	Average (£/m ²)	Adopted (£/m ²)
1 Bedroom Apartment	10	£ 3,336-£4,337	£ 3,755.21	£ 3,755.21
2 Bedroom Apartment	10	£ 2,819-£5,080	£ 3,779.01	£ 3,779.01

The adopted values are based on the average achieved sales rates for comparable stock, rather than the upper range, to reflect a balanced and evidenced approach to value. For one-bedroom apartments, the adopted rate of £3,755/m² aligns with the average of comparable transactions, which is considered appropriate given that the new-build specification, improved thermal efficiency and reduced service charges are already captured within the comparable evidence base for similar new-build product. For two-bedroom houses, the adopted rates are similarly anchored to the average of achieved transactions, providing a robust and defensible benchmark that reflects typical market conditions rather than outlier performance. Full details of the comparable transactions, including address, transaction date, type, area, price and calculated rate per m², are set out in the Schedule at the end of this report.

5.3 Sales Value Approach

Values are expressed on a pounds per square metre (£/m²) of Gross Internal Area (GIA) basis, consistent with RICS methodology. No adjustment has been made for void period or sales incentives, as the scheme is modest in scale and is expected to sell either off-plan or within a short period following Practical Completion.

All comparable transactions are for private open-market sales. No discounted-sale or affordable housing transactions have been included within the comparable dataset.

6. Gross Development Value (GDV)

6.1 GDV Summary

Having regard to the comparable evidence set out in Section 5 and the Schedule, the following sales values have been adopted:

Unit Type	No.	GIA (m ²)	£/m ²	Unit Value (£)
1 Bedroom Apartment	1	46.5	£ 3,755.21	£ 174,617.27
1 Bedroom Apartment	1	39	£ 3,755.21	£ 146,453.19
1 Bedroom Apartment	1	49.8	£ 3,755.21	£ 187,009.46
1 Bedroom Apartment	1	62.7	£ 3,755.21	£ 235,451.67
2 Bedroom Apartment	1	76	£ 3,779.01	£ 287,204.76
2 Bedroom Apartment	1	62	£ 3,779.01	£ 234,298.62
Total GDV	6	336	-	£ 1,265,034.96

7. Development Costs

7.1 Overview

Development costs have been assessed across the following categories: construction; external works; professional fees; planning and statutory costs; sales and marketing; finance; and contingency. Land costs are excluded from development costs — the residual methodology determines the land value supportable by the scheme.

7.2 Construction Costs

Build costs are based on the BCIS All-in Tender Price Index for new residential construction. To account for persistent inflationary growth over the past few years, the rate of £2,690/m² has been adopted to current Q2 2026 market conditions and adjusted for the subject location.

7.3 Development Cost Schedule

Cost Item	Basis	Rate	Cost (£)
Construction			
Construction (shell, core & fit-out) (GIA / m ²)	336	£2,690	£ 903,840.00
External Works & Landscaping	% of build cost	10%	£ 90,384.00
Fees & Consultancy			
Professional Fees	% of build cost	12%	£108,460.80
Planning and Statutory			
Planning Application and Statutory Fees	Lump sum	-	£15,000.00
Structural Warranty & Build Insurance	Lump sum	-	£ 8,500.00
Sales & Marketing			
Sales Agent Fees	% of GDV	1.50%	£ 18,975.52
Sales Legal Fees	% of GDV	0.50%	£ 6,325.17
Marketing and Show Home Costs	Lump sum	-	£ 12,000.00
Risk & Finance			

Contingency	% of construction + externals	5%	£ 49,711.20
Finance Costs	8%-12%	10%	£ 90,384.00
Community Infrastructure Levy (CIL)	Applicable CIL zone rate / m ²	£120	£ 21,120.00
Total Development Costs (excl. land and profit)	-	-	£ 1,324,700.70

Finance costs have been assessed at 10% per annum on peak debt, applied across the construction and sales period. This rate reflects a mid-market assumption for senior development finance on a scheme of this scale in the current lending environment. It is acknowledged that some lenders are currently pricing development finance at closer to 12% per annum; had a rate of 12% been applied, the finance cost would be proportionately higher, and the residual land value would worsen further, reinforcing the scheme's viability deficit. The 10% rate adopted is therefore considered prudent rather than optimistic, and any upward movement in financing costs would only serve to deepen the negative residual position already demonstrated.

Community Infrastructure Levy (CIL) has been assessed at £21,000, calculated in accordance with the applicable charging schedule for the local authority area. This sum has been included as a discrete developer cost within the appraisal and reflected accordingly in the residual land value calculation.

7.4 Developer's Profit

A developer's profit of 18% on GDV has been adopted. This reflects the minimum return required to incentivise private investment in a scheme of this scale and risk profile, consistent with RICS benchmarks and industry norms for speculative residential development.

Item	Rate	Amount (£)
Developer's Profit on GDV	18%	£ 227,706.29

8. Residual Land Value

8.1 Residual Appraisal

The Residual Land Value is derived by deducting all development costs and the required developer's profit from the GDV. It represents the maximum amount a developer could pay for the land whilst achieving the target return.

Appraisal Component	Amount (£)
GDV	£1,265,034.96
Less Total Development Costs	£1,324,700.70
Less Developer's Profit (18% on GDV)	£ 227,706.29
Residual Land Value (RLV)	-£ 287,372.03

The residual appraisal produces a Residual Land Value of -£287,372.03. This represents the maximum land cost before accounting for SDLT, acquisition legals and any unidentified site abnormal costs.

9. Benchmark Land Value

9.1 Methodology

The Benchmark Land Value represents the minimum value at which a reasonable landowner would release the site. In accordance with the RICS Professional Statement and the PPG on Viability, the BLV is based on Existing Use Value plus a landowner premium sufficient to incentivise release — but not so high as to undermine the ability of the scheme to support planning obligations.

9.2 BLV Calculation

Component	Amount (£)
Rental yield (10% on site value)	£12,000.00
Existing Use Value	£120,000.00
Landowner Premium (25%)	£30,000.00
Benchmark Land Value	£150,000.00

Existing Use Value (EUV) is a valuation method used to determine the worth of land or property based strictly on its current function, ignoring any potential "hope value" from future redevelopment or alternative planning permissions. It has been determined by the current rental yield of £12,000 being 10% of the site value.

10. Viability Conclusion

10.1 RLV vs BLV

Metric	Amount (£)
RLV	-£ 287,372,.03
BLV	£ 150,000
Surplus/Deficit	-£ 437,372.03

The six-unit scheme at land to the rear of 117–119 Oxford Road produces a Residual Land Value of -£287,372.03 against a Benchmark Land Value of £150,000. The deficit of -£437,372.03 confirms that the scheme is not financially viable and is incapable of delivering a contribution to off-site Affordable Housing.

10.2 Planning Obligations

- Affordable Housing: 20% financial contribution required for schemes from 5 to 9 units.
- CIL: Calculated on the applicable charging zone rate and treated as a development cost within this appraisal.
- Biodiversity Net Gain: Costs to achieve the mandatory 10% BNG are captured within professional fees and external works allowances.
- Section 106: Any site-specific obligations will be subject to negotiation. The residual provides limited headroom for significant additional S106 contributions.

10.3 Sensitivity Analysis

Scenario	GDV (£)	Dev Costs (£)	RLV (£)	Outcome
Base Case	£ 1,265,034.96	£ 1,324,700.70	-£ 287,372.03	Not Viable
GDV -5% / Costs base	£ 1,201,783.21	£ 1,324,700.70	-£ 350,623.78	Not Viable
GDV -5% / Costs +5%	£ 1,201,783.21	£ 1,390,935.73	-£ 416,858.81	Not Viable
GDV -10% / Costs +5%	£ 1,138,531.46	£ 1,390,935.73	-£ 480,110.56	Not Viable
GDV +5% / Costs base	£ 1,328,286.71	£ 1,324,700.70	-£ 224,120.28	Not Viable
GDV base / Costs +10%	£ 1,265,034.96	£ 1,457,170.77	-£ 419,842.10	Not Viable

The sensitivity analysis shows that all scenarios result in a negative Residual Land Value (RLV), indicating the development is not financially viable under any tested condition.

A 5% reduction in GDV worsens the RLV from -£287k to -£350k, while combining this with a 5% cost increase pushes it further to -£416k. The most extreme scenario — GDV down 10% with costs up 5% — produces the worst outcome at -£480k. Conversely, even the most optimistic scenario (GDV +5%) still yields a negative RLV of -£224k, confirming the scheme is unviable as currently structured.

10.4 Qualifications

- All figures are in current (nominal) prices at the date of preparation.
- Build costs are BCIS-derived; actual tendered costs may differ.
- Sales values are based on comparable analysis and are subject to market fluctuation.
- Finance costs assume a senior debt facility at 8% pa; actual terms will depend on market conditions and borrower profile.
- No abnormal ground conditions or contamination has been identified. Discovery of such conditions may materially affect viability.
- This report does not constitute a formal Red Book valuation and is prepared for planning purposes only.

11. Addendum

11.1 Building Condition, Longevity and Community Use Sustainability

The existing Hall is a single-storey detached structure in facing brickwork, currently used as a private leased commercial property. The building has been in its current ownership for approximately 40 years, during which time it has not operated as a community use facility. Any suggestion that the site represents a lost or threatened community asset is therefore without foundation.

The building is effectively landlocked, surrounded by three-storey development, with no realistic scope for extension, adaptation, or upgrade to meet modern accessibility, energy, or fire safety standards. The site has no dedicated parking and surrounding streets are subject to permit holder restrictions, further limiting its commercial viability going forward.

Given its physical constraints, tenure history, and the absence of any community use throughout its known ownership, the Hall cannot be viably retained or repurposed over the medium to long term. Residential redevelopment represents the only deliverable use of this landlocked brownfield plot, consistent with both the condition of the building and the planning objectives for the site.

12. Schedule

Location	Sales Price	Agent	Sale date	Accommodation	floor area
Flat 3 9, Russell Street, Reading	£ 4,337.49	Winkworth	22/05/2026	1 Bathroom, no parking	32.
Flat D 24, Russell Street, Reading	£ 3,551.79	Propsect	17/03/2026	1 Bathroom, no parking	45
Flat 3 Oxford House, Cheapside, Reading	£ 3,358.06	NEA	02/03/2026	1 Bathroom, no parking	58
Flat 4, 28 Russell Street, Russell Street, Reading, Berkshire	£ 3,401.11	Propsect	30/01/2026	1 Bathroom, off street parking	50
FLAT 27 HALCYON, CHATHAM PLACE, Reading, Berkshire	£ 3,508.74	Parkers	19/11/2025	1 Bathroom, no parking	57
Flat 45 Mayer House, Chatham Place, Reading, Berkshire	£ 3,939.26	Haslams	17/11/2025	1 Bathroom, off street parking	47
Flat 20 The Picture House, Cheapside, Reading, Berkshire	£ 3,336.53	Romans	12/10/2025	1 Bathroom, off street parking	54
Flat 205, Honister, 20 Alfred Street, Alfred Street, Reading, Berkshire	£ 4,079.18	Parkers	23/09/2025	1 Bathroom	49
Flat 23 Halcyon, Chatham Place, Reading	£ 3,928.50	Winkworth	01/09/2026	1 Bathroom, no parking	56
Flat 1, 16, Goldsmid Road, Reading, RG1 7JZ	£ 4,111.47	Romans	15/04/2025	1 Bathroom, off street parking	44
AVG	£ 3,755.21				

Location	Sales Price	Agent	Sale date	Accommodation	floor area
Flat 31 Halcyon, Chatham Place, Reading	£ 4,057.65	Haslams	08/04/2026	2 Bathrooms, off street parking	74
Flat 12 Mayer House, Chatham Place, Reading	£ 3,250.43	Propsect	01/04/2026	1 Bathroom, no parking	77
Flat 23, The Picture House, Cheapside, Reading, RG1 7AB	£ 3,476.45	Romans	26/03/2026	2 Bathrooms, off street parking	74
Flat 302 Honister 20, Alfred Street, Reading	£ 4,143.76	Quicklisters	23/03/2026	2 Bathrooms, off street parking	72
Flat 602 Honister 20, Alfred Street, Reading	£ 5,080.14	Romans	27/02/2026	2 Bathrooms, off street parking	64
Flat 6 The Picture House, Cheapside, Reading	£ 2,819.91	Lansley	03/02/2026	2 Bathrooms, no parking	71
Flat 4 Phoenix House 125, Waylen Street, Reading	£ 4,100.70	Prospect	23/01/2026	1 Bathroom, off street parking	61
Flat 21, Halcyon, Chatham Place, Reading, RG1 7JW	£ 3,896.21	Chancellors	13/01/2026	2 Bathrooms, no parking	76
Flat 61 Mayer House, Chatham Place, Reading, Berkshire	£ 3,185.85	Chancellors	06/01/2026	1 Bathroom, no parking	77
AVG	£ 3779.01				

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With kind regards.

Yours sincerely



Reuben Diffey BSc Hons MRICS FISVA
RICS Registered Valuer

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