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# **Viability Report – Executive Summary**

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Warwick Mill & London House, Middleton

# Viability Assessment

Warwick Mill & London House, Middleton



## Executive Summary

The RICS Professional Statement Financial Viability in Planning: Conduct and Reporting (1st Edition, May 2019) states that all Financial Viability Assessments ('FVA') **must** be accompanied by non-technical summaries of the report so that non-specialists can better understand them (ref: 2.11).

We summarise the key findings of this assessment below:

|                  |                                                 |
|------------------|-------------------------------------------------|
| <b>Applicant</b> | <b>Kam Lei Fong Group Limited</b>               |
| <b>Address</b>   | <b>Warwick Mill and London House, Middleton</b> |
| <b>Scheme</b>    | <b>Conversion and redevelopment</b>             |

### Appraisal Assumptions

|                                           | <b>100% Private Sales Scheme</b> | <b>15% Affordable Scheme</b> |
|-------------------------------------------|----------------------------------|------------------------------|
| <b>Gross Development Value</b>            | <b>£68,497,854</b>               | <b>£52,487,058</b>           |
| <i>Gross Rent per annum (residential)</i> | £2,563,830                       | £2,554,264                   |
| <i>Gross Rent per annum (commercial)</i>  | £279,885                         | £279,885                     |
| <i>Yield (residential)</i>                | 4.25%                            | 4.25%                        |
| <i>Yield (commercial)</i>                 | 7.5%                             | 7.5%                         |
| <b>Gross Residential Sales Value</b>      | £60,325,412                      | £45,356,888                  |
| <b>Gross Commercial Value</b>             | £3,731,800                       | £3,731,800                   |
| <b>12 months Income</b>                   | £4,440,642                       | £3,398,369                   |
| <b>Development Costs</b>                  | <b>£75,440,355</b>               | <b>£75,440,355</b>           |
| <b>Construction Costs</b>                 | £55,852,024                      | £55,852,024                  |
| <b>Contingency</b>                        | 5% (£2,956,836)                  | 5% (£2,956,836)              |
| <b>External Works</b>                     | £3,284,690                       | £3,284,690                   |
| <b>Professional Fees</b>                  | 7.5% (£4,435,254)                | 7.5% (£4,435,254)            |
| <b>Letting Agent Fee</b>                  | 10% (£27,989)                    | 10% (£27,989)                |
| <b>Letting Legal Fee</b>                  | 5% (£13,994)                     | 5% (£13,994)                 |
| <b>Finance Rate</b>                       | 8% (£8,869,568)                  | 8% (£8,869,568)              |
| <b>Benchmark Land Value</b>               | <b>£1</b>                        | <b>£1</b>                    |
| <b>Existing Use Value</b>                 | £1                               | £1                           |
| <b>Premium</b>                            | £0                               | £0                           |
| <b>Target Profit Margin</b>               | <b>20% on GDV</b>                | <b>20% on GDV</b>            |
| <b>Residual Land Value</b>                | <b>-£20,861,585</b>              | <b>-£30,928,487</b>          |

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