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Community Infrastructure Levy Consultation 2023

QUESTION SUMMARIES DATA TRENDS INDIVIDUAL RESPONSES

All Pages –

Respondent #54 – “ ”

COMPLETE

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Page 1: Survey Information

Q1

Do you confirm that you have read and understood the privacy notice? You must select ‘Yes’ in order to take the survey.

Yes

Page 2: Register for consultation

Q2

Your name:

O'Neill Associates

[redacted]

Contact details:

Organisation (optional)	O'Neill Associates
Address	[redacted]
Address 2	[redacted]
City/town	[redacted]
Post code	[redacted]
Email address	[redacted]

Q4

Do you wish to notified of future updates to CIL by the council? If yes we will use contact details provided above

Yes

Q5

Do you wish to participate in the CIL examination? If yes we will use contact details provided above

Yes

Page 3: Your response

Q6

1a. The Community Infrastructure Levy (CIL) Viability Study informed the production of the proposed rates in the draft CIL Charging Schedule. Do you have any comments on the content of the CIL Viability Study?

See attached document

Q8

2a. Do the proposed levy rates set out in the draft CIL Charging Schedule appropriately reflect the conclusions of the CIL Viability Study?

See attached document

Q10

3a. Do the proposed levy rates set out in the draft CIL Charging Schedule provide an appropriate balance between securing infrastructure investment and supporting the financial viability of new development in the area?

See attached document

Q12

4a. CIL rates should not be set at a level which could render new development financially unviable. To ensure the financial viability of new development in the area, and to take into account variations in land prices and development costs throughout the authority's area, the draft CIL Charging Schedule proposes variable rates for different kinds of development. Do you have any comments on the proposed CIL rates?

See attached documents

Q14

5a. Should any types of development be charged a different CIL rate, and if so, why? Where alternative rates are proposed, please provide evidence to demonstrate why a proposed rate should be changed.

See attached documents

Page 4: Your response

Q16

6a. To support the financial viability of new development in the area, the draft CIL Charging Schedule includes an Instalments Policy which allows specified levels of levy charges to be paid in instalments over a set period of time. Do you have any comments on the draft Instalments Policy?

See attached document

Q18

7a. Part 6 of the CIL Regulations (as amended) allows the Council to give discretionary relief for certain types of development from paying the levy. The Council has not identified any types of development which may require this beyond the compulsory relief and exemptions outlined in the Regulations. Is there a need to provide discretionary relief from the levy to any types of development, and if so, why?

See attached document

Q20

8a. Do you have any other comments on the draft CIL Charging Schedule?

See attached document

Q22

9a. Do you have any other comments on the CIL evidence base?

Respondent skipped this question

Chartered Town Planning Consultants

City of York Community Infrastructure Levy Consultation

27 March 2023

Response on behalf of Helmsley Group, Foss Argo Developments Ltd

INTRODUCTION

i. These representations are made on behalf of Helmsley Group and Foss Argo Developments Limited in response to the City of York Community Infrastructure Levy (CIL) Consultation March 2023.

ii. The representation is supported by and should be read in conjunction with the Technical Representation prepared by CBRE and submitted with this representation.

iii. The Council's decision to introduce a CIL is welcomed because it provides greater certainty in terms of development costs, however the evidence base and charging schedule is fundamentally flawed and unsound.

iv. There has been no meaningful consultation with the development industry prior to the publication of the consultation documentation, except for a workshop with development industry representatives on 22 September 2016. Paragraph 1.11 of the CIL Viability Study (CVS) states that little further evidence was submitted to inform the assumptions in the CVS. However, the presentation at the workshop stated that there would be a public consultation on the preliminary draft charging schedule before this formal consultation period. It is hugely disappointing that the consultation on the preliminary draft charging schedule has not happened, as promised, and a significant weakness of the CIL evidence base that it has not been properly informed by specialists who work in the development industry day to day. Planning Practice Guidance (PPG) Viability (§2, Reference ID: 10-002-20190509) states that:

"*It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers*"

v. The CIL is proposed at a time of considerable uncertainty in terms of both the economy, and Central Government's changes to the developers' contributions regime proposed by the Levelling Up and Regeneration Bill. At the time of writing the Government has published its consultation on The Infrastructure Levy, and inflation was expected to be falling but instead has increased to 10.4% (up from 10.1%) and interest rates have risen from 4.0% to 4.25%. This wider economic picture of rising costs has fed through to rapidly increasing construction costs. Barbour ABI, the market leading provider of construction project information, reported that:

"Price rises were at record levels over summer 2022, with many goods seeing 25 per cent annual inflation. This has now dropped closer to 15 per cent, but some products still hover well above 20 per cent and insulation products have recently jumped to 50 per cent."

vi. Against this uncertain economic background, the Government has suggested a delay the full introduction of its proposed new Infrastructure Levy by up to 10 years due to uncertain of impact on the delivery of development. These same uncertainties exist with the current CIL system.

vii. We request to be notified about:

- submission of the CIL Draft Charging Schedule to the Examiner in accordance with Section 212 of the Planning Act 2008;
- the publication of the recommendations of the Examiner and the reasons for those recommendations; and
- the adoption of the charging schedule by the charging authority.

viii. In accordance with Regulation 21 of the CIL Regulations 2010 we wish to exercise our right to be heard by the examiner either as a consortium or as an independent stakeholder organisation.

ix. The questions (1-9) posed by the Council as part of this consultation and our responses are set out below.

QUESTIONS AND RESPONSES

1) Do you have any comments of the content of the CIL viability study?

Response

Yes, as set out below and please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.

i. There is no Infrastructure Funding Statement as part of the consultation. As such it is unclear what will be delivered through CIL and what will be required to be provided by developers through S106 obligations to make a development acceptable in planning terms. Without this detail, it is not possible to fully understand the viability position of schemes. The Council's approach to on-site open space provision highlights this issue. Currently, the Council applies Policy GI6 (new open space provision) of the Publication Draft Local Plan which states:

"all residential development proposals should contribute to the provision of open space for recreation and amenity."

This is based The Open Space and Green Infrastructure Update 2017 (referred to in the local policy) which requires 40.5 sq m of amenity space for a 1 bed dwelling and 17.8 sq m towards sports. This is not typically possible to provide for on urban sites proposing even low densities, there is not the space. As such the Council typically requires an off-site contribution. Clearly, both on site and/or S106 contributions have a significant impact on viability which has not been considered in the CIL viability study. An example of the application of open space policy/ contributions can be found with reference to planning permission 19/00979/OUTM dated 1 July 2020 which relates to a former gas works that had viability issues even without CIL and therefore would have been undeliverable if the draft CIL charging schedule was applied.

ii. Similarly, the Council's approach to sustainable travel contributions and travel plan obligations which are also applied and are not considered as part of the CIL evidence base.

iii. Although the CVS takes account of S106 obligations the assumption about values and costs are averages. Paragraph 5 of the Consultation Information Booklet published with the CVS is explicit in stating:

"it is not required, and would be impossible, to look at every type of development individually, hence the use of typologies."

In practical terms what this means is that where a residential scheme liable for CIL has higher development costs that affect viability, and given that CIL is non-negotiable, it is the section 106 requirements such as affordable housing, that will be negotiated down. Delivery of affordable housing is a key objective of the emerging local plan which will be severely threatened by the introduction of the draft CIL Charging Schedule. Similarly, the Council has fallen short of its local plan targets for housing delivery for many years which is likely to worsen rather than address the existing backlog.

iv. Paragraph 4.44 of the CVS states that brownfield sites are assumed to include the necessary strategic infrastructure from their existing or previous use. However, this assumption understates the requirement on many brownfield sites to provide reinforced or completely new infrastructure. For example, the Council's drainage and flood risk policies require a 30% betterment for surface water drainage/ SuDS, and flood risk mitigation. As the Local Plans spatial strategy directs development to brownfield sites and the urban area this requirement will impact on a considerable number of development schemes.

v. Similarly, the majority of the city centre is located within an area of archaeological importance, and historic core conservation area. Both of these designations, and associated local plan policies increase development costs and have significant viability implications which are overlooked by the CVS.

vi. The viability evidence base is outdated and doesn't take any account of significant shifts in market conditions in Q3/4 2022. This matter is considered in detail in the CBRE representation.

vii. Viability evidence relies on RICS BCIS build costs. The supporting CBRE report finds these are too low and backward facing. For example, PBSA cannot be built at the costs being assumed and there are a number of errors which, if corrected, would erode any viability headroom for PBSA.

viii. The Planning Practice Guidance (PPG) plan making (paragraph: 039 Reference ID: 61-039-20190315) requires local planning authorities to:

"*prepare a viability assessment in accordance with guidance to ensure that policies are realistic and the total cost of all relevant policies is not of a scale that will make the plan undeliverable*".

This has not been undertaken for the emerging local plan in relation to its latest iteration given most policies have been subject to change during the course of the local plan examination.

ix. Similarly, National Planning Policy Framework paragraph 34, and PPG Paragraph: 002 Reference ID: 10-002-20190509 states that:

"*The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.*"

x. The latest modifications to the emerging local plan increase policy requirements for most developments, particularly major developments. These policies have a cumulative cost impact when taken together. The Council does not appear to have fully considered how sites can also bear CIL given this demanding policy context. A full viability review and justifiable evidence of the modified policy requirements will be necessary. Policy requirements include (not exhaustive), the majority of which are not considered in the CVS:

a) 75% carbon reduction aspirations – policy CC2 (modification) (this is considered within CIL Viability study)

b) 10% Biodiversity net gain (this is considered within CIL Viability study)

c) Accessible Housing Standards (this is considered within CIL Viability study)

d) Archaeology – much of the city centre is within an archaeology area of importance which, taken on its own, gives rise to considerable risk and significant additional delay and development costs

e) H10(i) states:

"higher rates of (affordable housing) provision will be sought where development viability is not compromised".

This implies that development may be subject to additional affordable housing if it can be viably provided, and that a viability assessment will be required for all applications over 5 units which will delay the determination period significantly, particularly given to limited capacity of the District Valuer. Policy H10 requires all viability assessments to be reviewed by the District Valuer.

f) Changes to policy H7 and the requirement for nominations agreements.

g) Air Quality assessments/mitigation for all major applications

h) Flood mitigation measures. Policy requires a 30% betterment for surface water runoff which typically requires attenuation or SuDS, and much of the city centre is within high flood risk area. Again, taken on its own, flood mitigation gives rise to considerable risk and significant additional development costs.

i) Heritage policy. The vast majority of the city centre is within the York Historic Core Conservation Area and contains amongst the highest concentration of listed buildings and scheduled ancient monuments in England. These heritage constraints arising from national and local heritage policies, taken on their own, gives rise to considerable risk and significant additional development costs.

j) Travel Plan obligations e.g. car clubs, free bus travel, cycle equipment contributions, travel plan coordinator.

k) Green infrastructure/ on-site open space provision – the local plan including its evidence base prescribes totally undeliverable targets with regards for open space as part of new development and currently S106 payments are sought for any shortfall. Will this now be provided through CIL and does this mean no on site provision is required? If not, on site provision has significant viability impacts.

2) Do the proposed levy rates set out in the draft CIL Charging Schedule appropriately reflect the conclusion of the CIL Viability Study?

Response

No, the conclusions of the CVS are fundamentally flawed, contain a number of errors and do not justify the draft CIL charging schedule, for the reasons set out below and please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached:

i. The proposed rate or rates would seriously undermine the deliverability of the emerging local plan, particularly with regards to residential completions, PBSA completions, delivery of affordable PBSA and housing, new open space delivery, and brownfield first principles, amongst others.

ii. It is essential that the CIL rates are set at a level which ensures that most developments remain robustly viable over time as development costs change – most likely upwards. As such CIL rates should not be set at a marginal viability point. It is vital for the Council to build in a significant degree of flexibility to ensure durability of the CIL charging schedule. The submitted evidence has been overtaken by rapidly changing economic circumstances and an evolving planning policy context and fails to take account of the following, amongst other aspects:

    a. National consultations on changes to NPPF and CIL
    b. Changes in the housing market and house prices
    c. Changes in inflation, interest rates and the cost of borrowing
    d. Changes in build costs

iii. The residential rates are too high, unjustified and are amongst the highest, if not the highest across the entirety of Yorkshire and Humber, even when allowing for indexation since adoption in other charging authorities. The Council has not provided comprehensive, robust and up-to-date justification for these charges as required by regulation 14(1) of the CIL Regulations (as amended). This is not the case, as shown in the detailed evidence prepared by CBRE that accompanies this response.

iv. The CVS has not properly understood development costs, particularly for brownfield sites. The notion that allocated sites within the local plan incur greater development costs than other residential sites in unjustified. Significantly, the CVS has not adopted a comprehensive and robust 'policy on' approach with the full cost of the emerging local plan policies (including affordable housing) being accounted for, and taking precedence over, the introduction of CIL rate setting.

v. The proposed PBSA CIL rates are also too high and unjustified. By increasing the cost of student housing, it will reduce the affordability of student accommodation for which there is an immediate and growing need. The CIL rates in relation to student accommodation seriously risk constraining PBSA development, which is contrary to the Council's stated aims of supporting and encouraging Askham Bryan

College and the universities' growth and sustainability, and also its draft economic strategy.

vi. Planning applications will no longer be submitted for retail uses, instead they will refer to Class E of the use class order. How will the Council apply the charging schedule to planning permissions that simply apply for class E and do not distinguish between retail or office for example?

vii. It is counter-intuitive that development costs of brownfield sites are lower than greenfield sites for Extra Care accommodation. The proposed CIL rates are contrary to Government and local plan objectives of brownfield first. It is understood that other parties will submit viability evidence challenging the draft CIL charging rates for retirement living.

3) Do the proposed levy rates set out in the draft CIL Charging Schedule provide an appropriate balance between securing infrastructure investment and supporting the financial viability of new development in the area?

Response

No, the proposed CIL rates do not support delivery of the emerging local plan and would have a disastrous effect on local development projects for the reasons set out below and please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached:

i. The 'appropriate balance' is the level of CIL which maximises the delivery of development and supporting infrastructure in the area. This has not been justified and there is a lack of clarity in how the CIL will be allocated and spent.

ii. The *CIL Infrastructure Funding Gap Assessment (IFGA)* and *Consultation Information Booklet (CIB)* documents issued with the Draft Charging Schedule set out to identify the cost of infrastructure required to support new development and where it is to be spent. However, there is a lack of clarity between the documents. For example, the IFGA identifies a cost of £47.3 million required for "Education". However, section 10 of the CIB, states that Infrastructure for the purposes of CIL spend "can" include transport, flood defences, schools, hospitals and other health and social care facilities.

iii. This provides no certainty or clarity, for example, for residential developers as to whether they will be paying CIL and a Section 106 contribution for education; flood alleviation; or health facilities.

iv. The Charging Schedule therefore needs to state clearly what the CIL will be spent on so that developers can make a proper assessment of whether the CIL and S106 costs on a scheme be viable or whether necessary development will be inhibited.

4) Do you have any comments on the proposed CIL rates?

Response

Yes, as set out below and please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.:

i. The CBRE report provides a detailed analysis of the proposed CIL rates, particularly the residential and PBSA rates, and questions their appropriateness given the current uncertain economic environment facing the property and construction sectors. Viability is becoming more challenging as high levels of inflation in build costs are proving persistent and sales values remain static or at best are increasing at below the rate of build cost inflation.

ii. With regards to the Residential CIL rate, this must be considered in the context of the acknowledged poor delivery of housing in the city over a long run period. Evidence we have presented to the Local Plan Examination, using the Council's own data, demonstrates that in the 10 years 2013/13 to 2021/22, house completion rates fell below the OAH of 790 in 7 of those years. However, the Council's housing completion data includes student accommodation. If student accommodation is excluded, housing completions fell below the OAHN for 9 of the 10 years.

iii. Furthermore, the Council's Housing trajectory set out in supporting evidence to the Local Plan Examination, shows that a cumulative undersupply of housing will persist until 2023/24 – i.e. 7 years into the Plan period. Our analysis indicates it will persist until 2024/25, 8 years into the Plan period (See Appendix A).

iv. In this context of long-term undersupply of housing, the imperative is clearly to implement the NPPF requirement to significantly boost the supply of housing. Against this background, the proposed £200 psm rate for housing, the highest rate in the Yorkshire region, seems clearly anomalous and could seriously impede the delivery of housing so desperately required to make good more than a decade of undersupply.

v. A more sophisticated approach to the proposed rates would be setting a distinct city centre zone given the city centre commands the high values but also is subject to significant development cost because it is within an area of archaeological importance (huge risk/ cost for developments historically and in the future), the city centre is all in the historic core conservation area, and most is high flood risk. The rest of the city commands lower values but lower development costs (typically).

5) Where alternative rates are proposed, please provide evidence to demonstrate why a proposed rate should be changed

Response

i. Please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.

6) Do you have any comments on the draft Instalments Policy?

Response

Yes, as set out below:

ii. There is no certainty with regards to larger schemes over £500,000. For example, what happens if the developer and Council are unable to agree a project specific payment schedule?

iii. Please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.

7) Is there a need to provide discretionary relief from the levy to any types of development, and if so, why?

Response

i. Yes, please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.

8) Do you have any other comments on the draft CIL Charging Schedule?

Response

Yes, as set out below:

i. Please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.

ii. The draft CIL Charging Schedule of rates is not well written, particularly in respect of PBSA development.

iii. The definitions are ambiguous e.g. it is unclear what happens in circumstances where PBSA cannot viably provide affordable housing. Will it be subject to CIL because it falls within PBSA without affordable housing? Clearly, if a PBSA scheme cannot support and affordable housing requirement, it is equally, unlikely to be able to support CIL requirement in which case development of necessary student accommodation would be stifled.

9) Do you have any other comments on the CIL evidence base?

Response

i. Yes, please refer to the City of York CIL Charging Schedule Consultation Technical Representations by CBRE, attached.

(ref:ylp2303.CIL reps.V8)

APPENDIX A

Table 1 Revision to the "Table 1 CYC Housing Trajectory, August 2022" in Housing Trajectory Note August 2022 CYC_EX_107_1

Table 1 revision to the "Table 1 CYC Housing Trajectory, August 2022" in Housing Trajectory Note August 2022 CYC_EX_107_1		TOTAL	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	Total for Plan Period	33/34	34/35	35/36	36/37	37/38	Total 5 yr post plan	Post 2038
1. Net Housing Completions 2017 to 2020			**Actual Completions**																							
	Net Housing Completion		1296	449	560	622	402												3329						0	
	Net Communal Establishment and Student Accommodation Completions (Ratios applied)		35	2	67	82	252												438						0	
Total			1331	451	627	704	654												3767							
2. Housing Allocations Below 5 ha (H Sites)																										
H1a & b	Former Gas Works, 24 Heworth Green (National Grid Properties)	607									215		392						607						0	
H3	Burnholme School	83							63	15	5								83						0	
H5	Lowfield School	165						69	24										93						0	
H7	Bootham Crescent	93						25	35	33									93						0	
H8	Askham Bar Park & Ride	60									35	25							60						0	
H10	The Barbican	187											187						187						0	
H20	Former Oakhaven EPH									36									36						0	
H29	Land at Moor Lane Copmanthorpe	92							2	40	50								92						0	
H31	Eastfield Lane Dunnington	82						6	40	37									83						0	
H38	Land RO Rufforth Primary School Rufforth	21							10	11									21						0	
H39	North of Church Lane Elvington	32									17	15							32						0	
H46	Land to North of Willow Bank and East of Haxby Road, New Earswick	117							20	35	40	22							117						0	
H52	Willow House EPH, 34 Long Close Lane	15									15								15						0	
H53	Land at Knapton Village	4									4								4						0	
H55	Land at Layerthorpe	20										20							20						0	
H56	Land at Hull Road	0					0												0						0	
H58	Clifton Without Primary school	15								15									15						0	
Annualised Projected Completions H Sites (Hide)						**0**	**0**	**100**	**194**	**222**	**381**	**82**	**579**	**0**	**0**	**0**	**0**	**0**	1558	**0**	**0**	**0**	**0**	**0**	0	
3. Housing allocations above 5ha (ST Sites)																										
ST1a	British Sugar/Manor School	1100										150	150	150	150	150	150	150	1050	50					50	
ST1b	Manor School	100											35	35	30				100						0	0
ST2	Former Civil Service Sports Ground Millfield Lane	263				0		53	78	52	50	30							263						0	
ST4	Land Adj. Hull Road and Grimston Bar	211									35	40	40	40	40	16			211						0	0
ST5	York Central	2500									45	107	107	107	107	119	119	119	830	119	143	143	143	143	691	979
ST7	Land East of Metcalfe Lane	845										50	90	120	120	120	120	120	740	105					105	0
ST8	Land North of Monks Cross	970								30	70	100	100	100	100	100	100	100	800	100	70				170	0
ST9	Land North of Haxby	735										45	90	90	90	90	90	90	585	90	60				150	0
ST14	Land to West of Wigginton Road	1348										60	60	160	160	160	160	160	920	160	160	108			428	0
ST15	Land to West of Elvington Lane	3339											35	70	105	105	105	140	560	210	210	280	280	280	1260	1519
ST16	Terrys Extension Site - Terrys Clock Tower (Phase 1)	22						21											21						0	
ST16	Terrys Extension Site - Terrys Car park (Phase 2)	0																	0						0	0
ST16	Terrys Extension Site - Land to rear of Terrys Factory (Phase 3)	0																	0						0	0
ST17	Nestle South (Phase 1)	279							279										279						0	0
ST17	Nestle South (Phase 2)	425								35	35	35	35	35	35	35	35	22	302						0	123
ST31	Land to the South of Tadcaster Road, Copmanthorpe	158								35	35	35	35	18					158						0	0
ST32	Hungate (Phases 5+) (Blocks D & H)	375									196				179				375						0	0
ST33	Station Yard Wheldarke	150								7	35	35	35	38					150						0	
ST36	Imphal Barracks, Fulford Road	769																100	100	100	100	100	100	100	500	169
Annualised projected Completions for ST Sites						**0**	**0**	**74**	**357**	**159**	**501**	**687**	**812**	**963**	**1116**	**895**	**879**	**1001**	7444	**934**	**743**	**631**	**523**	**523**	3354	2790
4. Projected Housing Completions From Non Allocated Unimplemented Consents																										
Total		**1713**						**483**	**333**	**363**	**250**	**105**	**143**	**36**		**0**	**0**	**0**	1713	**0**	**0**	**0**	**0**	**0**		
5. Projected completions from communal establishments and student accommodation																									0	
Total		**436**						**357**	**26**	**53**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	436	**0**	**0**	**0**	**0**	**0**	0	
																									0	
Supply Trajectory																									0	
Actual Net Completions (2017 to 2022)			1331	451	627	704	654												3767						0	
Projected Completions (all sites)						0	0	1014	910	797	1132	874	1534	999	1116	895	879	1001	11151	934	743	631	523	523	3354	
Windfalls						0	0	0	0	0	199	199	199	199	199	199	199	199	1592	199	199	199	199	199	995	
Actual and Projected Housing Completions (Inc Windfall Allowance)								1014	910	797	1331	1073	1733	1198	1315	1094	1078	1200	12743	1133	942	830	722	722	4349	
Cumulative Completions (Including Windfalls)			1331	1782	2409	3113	3767	4781	5691	6488	7819	8892	10625	11823	13138	14232	15310	16510		17643	18585	19415	20137	20859		
Requirement (790pa plus 32 under supply) 822dpa			822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	13152	822	822	822	822	822	4110	
Cumulative Requirement			822	1644	2466	3288	4110	4932	5754	6576	7398	8220	9042	9864	10686	11508	12330	13152		13974	14796	15618	16440	17262	0	
Over/Under Suppy			**509**	**138**	**-57**	**-175**	**-343**	**-151**	**-63**	**-88**	**421**	**672**	**1583**	**1959**	**2452**	**2724**	**2980**	**3358**		**3669**	**3789**	**3797**	**3697**	**3597**	0	
																									0	
Detailed Trajectory (including 10% Non-Implementation Rate)																									0	
Projected Completions (all sites)			*0*	*0*	*0*	*0*	*0*	*1014*	*910*	*797*	*1132*	*874*	*1534*	*999*	*1116*	*895*	*879*	*1001*	*11151*	*934*	*743*	*631*	*523*	*523*	*3354*	
Projected Completions (all sites) - 10% Non-implementation Rate Applied			0	0	0	0	0	913	819	717	1019	787	1381	899	1004	806	791	901	10035.9	841	669	568	471	471	3018.6	
Windfall Allowance											199	199	199	199	199	199	199	199	1592	199	199	199	199	199	995	
Total Projected Completions (with 10% Non implementation rate applied and windfalls) + Actual completions 2017-2022			1331	451	627	704	654	913	819	717	1218	986	1580	1098	1203	1005	990	1100	15395	1040	868	767	670	670	4013.6	
Cumulative Completions (with 10% non implementation rate applied and windfalls)			1331	1782	2409	3113	3767	4680	5499	6216	7434	8419	9999	11097	12300	13305	14295	15395		16435	17302	18069	18739	19409		
Annual Target (Inclusive of Shortfall)			822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	822	13152	822	822	822	822	822	4110	
Cumulative Annual Requirement (Inclusive of Shortfall)			822	1644	2466	3288	4110	4932	5754	6576	7398	8220	9042	9864	10686	11508	12330	13152		13974	14796	15618	16440	17262		
Over/Under Supply of Housing (calc = Cumulative completions - cumulative annual target)			**509**	**138**	**-57**	**-175**	**-343**	**-252**	**-255**	**-360**	**36**	**199**	**957**	**1233**	**1614**	**1797**	**1965**	**2243**		**2461**	**2506**	**2451**	**2299**	**2147**		
5 year housng supply																										
5 year requirement (822*5)							4110	4110	4110	4110	4110	4110	4110	4110	4110	4110	4110	4110								
Shortfall to be carried over remainag plan period (Absolute value of H)							343	227	165	0	0	0	0	0	0	0	0	0								
Shortfall within 5 years (5x(G=Remaining Plan Period) (Liverpool)							156	114	92	0	0	0	0	0	0	0	0	0								
20% buffer (0.2*(J+L))							853	845	840	822	822	822	822													
5% buffer (j*.05)														206	206	206	206	206								
Rolling total 5 year requirement (J+L+Buffer)							5119	5068	5042	4932	4932	4932	4932	4316	4316	4316	4316	4316								
Rolling 5 year land supply (Row D)							4652	5319	5598	6085	5871	5876	5396	5338	5002	4764	4444	4014								
Over/Under Supply (with NI applied) against total 5 year requirement (P-0)							-467	251	556	1153	939	944	464	1022	686	449	128	-302								
Land supply in Years (no account for previous oversupply)							4.54	5.25	5.55	6.17	5.95	5.96	5.47	6.18	5.80	5.52	5.15	4.65								
Rolling 5 year requuirement (J=(M orN)-H)										*5292*	*4896*	*4733*	*3975*	*3083*	*2701*	*2519*	*2351*	*2073*								
Land Supply in years inclusive of past oversupply										*5.75*	*6.00*	*6.21*	*6.79*	*8.66*	*9.26*	*9.46*	*9.45*	*9.68*								

CBRE

City of York CIL Draft Charging Schedule Consultation

Technical representation prepared by CBRE UK Ltd jointly on behalf of the following:

- Foss Argo Developments Ltd
- Helmsley Group Ltd

March 2023

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by a consortium of two developers ('the consortium'), each with land and property interests in York, to prepare a formal representation document setting out a technical response to the City of York Council ('CYC') Community Infrastructure Levy ('CIL') Draft Charging Schedule ('DCS') consultation 2023 ('the consultation').

2. CBRE's technical representations focus upon the evidence base underpinning the CYC CIL DCS – specifically the City of York CIL Viability Study Final Report ('CIL Viability Study') produced by Porter Planning Economics ('PPE') and dated December 2022.

3. An overarching representation has been prepared by York-based town planning consultancy O'Neill Associates.

The Consortium

4. The consortium consists of the following developers, each with existing land and property interests within York:

   - Foss Argo Developments Ltd
   - Helmsley Group Ltd

The Consultation

5. CYC published the following documents on 13th February 2023:

   - CIL Statement of Representations Procedure ('SORP')
   - CIL Consultation Information Booklet
   - CIL Draft Charging Schedule ('CIL DCS')
   - CIL Viability Study
   - CIL Infrastructure Funding Gap
   - CIL Associated Mapping (for information only)

6. The consultation ran to 27 March 2023.

7. The SORP confirms BCC's intention to submit the CIL DCS for independent examination following the close of the CIL DCS consultation.

The Consortium's Stance

8. The consortium has fundamental concerns regarding:

   a. CYC's proposal to introduce CIL charging on purpose built student housing (usually referred to as purpose built student accommodation or 'PBSA') development within the CIL DCS; and

b. CYC's proposal to introduce CIL charging on residential dwellings within the City of York in the CIL DCS.

9. It is the consortium's firm view that the introduction of the proposed CIL rates will undermine the viability of new development in an environment where recent long-term construction cost inflation, softened funding investment yields, and increased debt servicing costs have placed increasing pressures on development significantly since mid-2022. This is exacerbated by the limited availability of suitable sites in what represents a highly constrained urban context.

10. In light of above the consortium does not accept the validity and reliability of the published viability evidence base upon which the proposed PBSA and residential charging rates within the CIL DCS relies, and hence the legal compliance of the published CIL DCS with the relevant legislation and guidance.

11. On this basis, the consortium members cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

12. Should CYC determine to submit the CIL DCS for examination, in its current form and without rectifying the issues identified in this representation and O'Neill Associates overarching representation, the consortium will be left with no choice but to seek that the Examiner rejects the Charging Schedule via the examination process.

Request to be Heard and Notification Requests

13. It is stated on the consultation page of CYC's website that representations must clearly state a request to be heard at the examination of the CIL DCS. It also states that representations must clearly state a request for notification of the submission of the CIL DCS for examination, receipt of the Examiner's Report, and CYC's approval of the Charging Schedule.

14. This constitutes the consortium's formal request to be heard at the examination of the CIL DCS, either as a consortium or as independent stakeholder organisation, and to be notified by CYC of the events listed in paragraph 12 above. This notification should be provided to both O'Neill Associates and CBRE, as instructed joint agents.

Matters of Representation

Purpose

15. This section of the document sets out the matters of representation that the consortium determine must be raised with CYC and ultimately, if left unresolved by CYC following the consultation, are for the consideration of the appointed Examiner.

Significance of Proposed CIL DCS Rates

16. The CIL DCS proposes a significant increase in costs via the introduction of CIL charging on multiple uses for the first time.

17. Notably, the CIL DCS introduces the following new zonal charges:

Development type	CIL rate per sqm
Residential dwellings within the City of York	£200
Residential dwellings within the City of York Local Plan strategic sites ST7, ST8, ST9, ST14 and ST15	£0
Residential dwellings within the remaining City of York Local Plan strategic sites	£100
Sheltered / Retirement accommodation	£100
Extra care accommodation on Brownfield sites	£100
Extra care accommodation on Greenfield sites	£0
Purpose Built Student Housing without an affordable housing contribution	£150
Purpose Built Student Housing with 100 or fewer student bedrooms and an affordable housing contribution	£50
Convenience[1] retail with up to 450 sqm gross internal area	£100
Comparison[2] retail built outside the City Centre boundary	£100
Comparison retail built inside of the City Centre boundary	£0
All other development	£0

18. These are not incremental changes, but rather represent a fundamental shift to introduce substantial rates of CIL charging across multiple uses both city-wide and on a zonal basis.

19. It is notable that the rates proposed are amongst the highest, if not the highest, across the entirety of Yorkshire and the Humber, even when allowing for indexation since adoption in other Charging Authorities.

CBRE has provided a full schedule of proposed and adopted rates across the region as a comparison within **Enclosure 1**.[1]

20. As a result, such proposals by CYC must necessitate comprehensive, robust, and up-to-date available evidence of financial viability in order to provide appropriate justification that they will strike an appropriate balance in accordance with Regulation 14(1) of the CIL Regulations (as amended).

Illogical Timing

21. The UK property market is experiencing a highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally over 2022 and which is expected to prevail over the course of 2023. This has led to a high inflationary environment against a backdrop of tightening monetary policy and a UK-wide cost of living crisis. Development and investment across a wide range of sectors are facing headwinds, which commenced in mid-2022 and continue to prevail during 2023.

22. Specifically:

    a. Economic output and outlook has deteriorated as the inflationary squeeze on real incomes weighed on consumer confidence and spending that hit growth momentum. Throughout 2023, CBRE expect unemployment to rise from its current historically low level. In tandem, job vacancies will decrease. Wage growth will not be able to keep up with inflation until late 2023, eroding consumer purchasing power. We expect a moderate recession to occur in 2023, with GDP falling by 0.9%.

    b. Inflation has been rising relentlessly over the past 18 months and is at its highest for 40 years. Inflation has been driven by a post-COVID surge in demand, which could not be met due to supply bottlenecks. Russia's war in Ukraine has exacerbated supply shortages, pushing energy, food, and other commodity prices even higher. Policy choices, such as China's zero-COVID policy, are slowing down the recovery of supply chains, and raising the costs of imported durable goods. In the UK, inflation has been exacerbated by a weak pound, which has made imports more expensive to the UK consumer.

    c. Increased global supply chain disruption has and will continue to put further upward pressure on energy prices, food prices and construction materials. Significant uncertainty persists around the future path of inflation. Inflation remains stubbornly high in early 2023, with the Consumer Prices Index (CPI) rising by 10.4% in the 12 months to February 2023, up from 10.1% in January. CBRE's base case is that CPI inflation will have peaked in Q4 2022 and fall back in the second half of 2023. Implicit in this forecast is the end of the Ukraine conflict by year end with energy - and non-energy commodity prices falling from their current highs.

    d. Monetary tightening is well underway over fears of second-round effects from wage and price-setting. During 2023, the Bank of England will continue to rise interest rates, which CBRE forecast to peak at around 4.5% and push borrowing costs to the highest levels prior to the financial crisis in

[1] Note: this information was obtained from Planning Resource and is understood to have been correct as at August 2022. The rates presented are not indexed, but represent those rates either proposed (latest) or at the date of adoption of relevant Charging Schedules.

2008. As inflation begins to cool, rates will begin to decrease, declining gradually to a 'new normal' of around 2% from 2026 onwards.

e. Faced with spiraling prices and higher interest rates on loans, businesses and consumers are limiting spending. Consumer confidence has been hit, and retail sales will continue to decline until inflation moderates and consumers restore their purchasing power. Businesses will have to cut costs to preserve margins in a high-inflation environment. This will lead to some job losses and higher unemployment in the first half of 2023.

f. The 10-year gilt yield has risen by almost 200bps since the beginning of 2022 and financial conditions are materially tighter than in Q2 2022. The expectation of future short-term interest rate hikes will continue to push upward on long-term market interest rates until the base rate starts to move down.

g. Inflation and rising interest rates have resulted in an increase in property yields. This ongoing yield shift, which commenced from Q3 2022 has hit values and returns for investors. As the cost of capital, closely related to the interest rates of central banks and therefore to inflation, have risen, valuations have been negatively impacted.

23. Specifically considering the PBSA sector, CBRE's baseline forecast for 2023 is as follows:

    a. Overall, the sector continues to be undersupplied but this is highly nuanced, and an understanding of affordability is key. An in-depth understanding of the submarket dynamics is critical.

    b. Investment yields have softened in H2 2022 and high inflation and rising interest rates will continue to impact the investment and funding market over 2023 and into 2024, until inflation abates and central banks pivot on interest rates.

    c. Overall, the development of new PBSA is slowing due to a combination of factors, and this will carry forward throughout 2023. Specifically, the drivers are as follows:

        i. Rising build costs present viability challenges

        ii. The pace of the planning system remains a significant barrier to delivery

        iii. Rising operational costs will also continue to hinder new development given the negative impact on net rental income.

        iv. Development financing is also increasingly expensive and is increasingly difficult to obtain.

24. Specifically considering the residential market, CBRE's baseline forecast for 2023/24 is as follows:

    a. The residential market will face challenges in 2023. This will curb activity and result in moderate price falls in the mainstream housing market. Investment into the sector will remain robust but pricing will adjust to reflect some yield expansion. However, this will be partly mitigated by strong rent growth.

    b. As home buyers are faced with a more challenging backdrop in 2023, activity in the housing market will reduce. Even so, while we expect sales to fall below their long-run average, the market will avoid a 'cliff-edge' fall in activity.

    c. In line with the wider economic slowdown, we expect prices to fall moderately in 2023 and 2024. On balance, we forecast that UK house prices could fall by 3% in 2023, and a further 1% in 2024. But stricter mortgage regulations (since 2014) will somewhat insulate the housing market against large scale distressed sales. The absence of such a 'supply shock' should prevent a significant fall in prices.

d. As a result of the more challenging environment, we expect a smaller potential buyer pool in 2023. This may be compounded by the end of Help to Buy scheme that, on average, has facilitated the sale of 40,000 homes a year since its inception in 2013. Although not everyone using the scheme necessarily needed to, we identified that it's absence could result in a fall of 25,000 new home sales per year going forward.

e. Investment appetite for Build-to-Rent and Co-Living will remain strong. However, pricing will adjust to reflect the higher interest rate environment. The challenging sales market will present opportunities for single-family Build-to-Rent investors. However, high build cost inflation will continue to hamper forward-funding viability in early 2023.

25. CBRE questions the logic and rationale, and efficiency in use of public funds, for introducing a CIL regime at this juncture, given the wider challenges facing development and uncertainty in both the macro-economy and property market.

26. CYC's proposals to increase the cost burden on development at this point will exacerbate uncertainty and slow or stall development and regeneration plans on major sites across the city for PBSA development.

Outdated Evidence

27. The published available evidence to inform the CIL DCS is the CIL Viability Study produced by PPE and dated December 2022.

28. CBRE has reviewed the CIL Viability Study in detail. It is apparent that the input assumptions for PBSA scheme typologies, which are subsequently utilised by PPE in undertaking the viability modelling, analysis, conclusions and recommendations rely substantially upon evidence from Q1-2 2022. Moreover, the input assumptions for residential scheme typologies are base dated as at August 2022.

29. As set out above, and well-documented, have been significant macro-economic headwinds and property market adjustment issues over the period since, as well as substantive ongoing construction cost inflation, which are material considerations that any robust viability evidence base must account for.

30. In addition, the Government is conducting a staged implementation of the Building Safety Act 2022, and has stated that it expects student accommodation to be subject to the regulatory regime under Part Three, which will have implications for the design and construction of new developments.

31. The Government has also recently consulted upon amendments to Approved Document B, which proposes that all new buildings of 30m (circa 10 storeys) or above will require a second separated staircase[2]. The Greater London Authority ('GLA') has pre-empted the Government's conclusions by mandating this requirement for new development in Greater London with immediate effect.

32. The Government is currently considering responses following closure of the consultation on 17 March 2023, but it is widely anticipated that student accommodation will be required to conform to the amendments, which

[2] https://www.gov.uk/government/consultations/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings/sprinklers-in-care-homes-removal-of-national-classes-and-staircases-in-residential-buildings

is prompting developers and investors to factor second staircases into plans for new development going forward in order that they can meet regulations, and be insurable, investable and deliverable. Specifically, Government states:

"58. Recognising that many schemes are in development, and this change would represent a significant change, we are proposing a very short transition period before implementing the changes.

59. The transition period will allow time for schemes to be completed but should not allow the opportunity for developments to get off the ground ahead of the new requirements coming into effect.

60. We would encourage all developments to prepare for this change now."

33. Based on the impact assessment conducted, the Government has publicly acknowledged that the implications of additional construction costs, and loss of build efficiency, will impact negatively on the financial viability of development and, as a result, is likely to reduce the propensity of higher density schemes to deliver affordable housing as a consequence:

"65. The costs of a second staircase will also impact the viability of high rise buildings, this is likely to reduce the amount of affordable housing that can be provided by developers."

34. The impact will be that gross to net build efficiency is reduced, meaning lower net lettable floorspace against a higher or equivalent gross internal area (GIA).

35. It does not appear that the CIL Viability Study has accounted for the this or addressed the implications.

36. CBRE has provided further details upon this relating to PBSA use within the 'Technical Deficiencies' sub-section of this representation.

Technical Deficiencies

Purpose Built Student Housing

37. There are a range of detailed technical issues identified, which render the CIL Viability Study as an unsound basis for setting the proposed CIL rates for purpose built student housing, and which the consortium advocate will require rectification prior to CYC proceeding with the CIL DCS as presently published:

    a. **Rents, Yields and Capital Values for PBSA Typologies:**

        i. The CIL Viability Study tests 5no. PBSA typologies ranging from 25 beds to 600 beds. An average gross rental income is applied of £177/week over 47 weeks (annual) based on the 2022-23 academic year. This is drawn from a cross-section of PBSA schemes across the city, which is provided in Appendix C of the document.

        ii. CBRE notes that the adoption of an 'average' gross rental rate of £177/week is represents a cross-section of both private sector operator PBSA schemes and HEI operated student accommodation.

        iii. CBRE does not disagree with the CIL Viability Study's usage of the average gross rental income of £177/week to be applied to private sector (off-campus) development typologies.

        iv. OPEX is deducted at 30% of gross annual rent to generate a net rental income, which is capitalized at an investment yield of 5.0%. This is stated as generating a capital value of £112,300 per room.

v. The CIL Viability Study cites, at para 3.75 that the above capital value is a "*cautious sales value for the sole purpose of this planning viability assessment*".

vi. CBRE notes that this observation is based on evidence obtained from a Cushman & Wakefield report (non-York specific) drawing on data from H1 2022. It therefore does not represent current market conditions.

vii. Analysing York specifically, there are relatively few recent transactions for which information is available. These are as follows and demonstrate a tone of circa 5.5%-6.5% NIY and capital value of circa £90,000-£100,000 per bed:

1. 62 Layerthorpe: comprising 98 beds transacted in 2019 on a forward fund / commit to iQ Student Accommodation for a total capital value of £92,000 per bed.
2. Haxby Road City Residential: comprising 124 beds transacted in 2018 on a stabilized investment basis at a NIY of 6.5%, reflecting £60,000 per bed.
3. Foss Studios: comprising 220 beds transacted in 2017 on a stabilized investment basis at a NIY of 5.7%, reflecting £106,000 per bed.

viii. The above capital values would suggest that the sum of £112,300 per room adopted in the CIL Viability Study actually exceeds transactional evidence available for York in recent years.

ix. CBRE's research places York as 21st in the league of the UK's cities with the highest full-time student populations in 2021/22, with circa 27,000 full-time students. This is relatively low compared to the top five regional cities (Birmingham, Glasgow, Manchester, Nottingham, Leeds), which collectively accounted for 374,000 full time students.

x. On the basis of the above, CBRE ranks York as a Prime Regional location for PBSA and understand that other agents such as JLL and Knight Frank regard the city on an equivalent basis.

xi. As stated earlier in this document, investment yields have softened since Q3 2022 due to wider macro-economic conditions, and continue to trend weaker in a high interest environment. The latest available investment yield sheets now record Prime Regional PBSA yields as follows:

1. JLL Monthly Yield Sheet: PBSA Prime Regional at 5.25% in January 2023 (softening from 5.0% in Q3-4 2022[3].
2. Knight Frank Prime Yield Guide – March 2023: PBSA Prime Regional at 5.0% - 5.25% (softening from 4.75%-5% in Q3 2022)[4].

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[3] Note: this is provided within **Enclosure 2**.
[4] Note: this is provided within **Enclosure 2**.

3. CBRE UK Living Sectors Investment Yields – March 2023: PBSA Prime Regional at 5.0% and trending weaker (softening from 4.75% in Q3 2022)[5].

xii. In summary, three respected agents all report PBSA Prime Regional yields softening to 5.0% - 5.25% at present day. Importantly, these are not development funding yields, but are stabilized investment yields.

xiii. Institutional forward funding has been one of the main delivery routes for financing the development of PBSA schemes in York and elsewhere across the regions, where brought forward by the private sector (i.e. non-University). CBRE's market intelligence is that funding yields are transacting at a discount of circa 25bps in comparison to stabilized investment yields. As a result, if the rates above are adjusted for development funding, this would see yields at 5.25% - 5.5%.

b. **Construction costs**:

i. The construction costs adopted are set out in Table 5.3 on p.49 are cited as being drawn from RICS BCIS. The source data is referenced as being provided in Appendix D. The RICS BCIS cost is cited as £2,112/m^2 (£196/ft^2) and base-dated at Q3 (i.e. Jul.-Sept.) 2022.

ii. Given that circa 6 months has passed since the construction costs were base dated, CBRE has reviewed the RICS BCIS data as published at 11 March 2023. On an equivalent basis the RICS BCIS median cost now stands at £2,166/m^2 (£201/ft^2), which is an increase of 2.6%. The data is provided within **Enclosure 3**.

iii. CBRE comment that the RICS BCIS costs of £2,166/m^2 (£201/ft^2) are extremely low in the context of PBSA developments being brought forward for delivery in regional cities in the current market, and would highlight that RICS BCIS is a significantly lagging indicator due to the time taken for tender data be provided and reporting updated. Hence, in an inflationary environment over 2022 and 2023, it has consistently underestimated construction costs being generated in real-time. Moreover, as mentioned prior, RICS BCIS will not yet account for changes to fire safety guidance (Approved Document Part B).

iv. CBRE notes that the CIL Viability Study also cites in para. 5.10 that additional allowance of 15% of build costs for external site works such as utilities, car parking and landscaping is provided.

v. However, reviewing the example 100-bed typology appraisal in Appendix A confirms that there is an error, whereby the viability appraisals only account for a 10% external works cost, which means that there is an omission in the viability testing of this typology of at least £280,262.50. This is greater than the entirety of the CIL headroom of £223,666, which would significantly alter the conclusions and recommendations of the CIL Viability Study. In essence, if corrected, it would eradicate any headroom at all for CIL on Typology 10a or 10b alongside the proposed Policy 10 AH OSFC payment, and CIL would require reducing to NIL

[5] Note: this is provided within **Enclosure 2**.

for these typologies. As a result, the charging rate of £50/m^2 proposed within the CIL DCS for "*Purpose Built Student Housing with 100 or fewer student bedrooms and an affordable housing contribution*" would be required to be removed altogether via modification.

vi. In a further apparent error, the 100-bed typology appraisal in Appendix A contains only 8% professional fees, as a cost allowance. However, para. 5.10 states clearly that modelling allows for " *10% of build costs and externals for professional fees associated with the build, including architect fees, planner fees, surveyor fees, and project manager fees*". This means a further cost omission within the viability testing of the PBSA typologies, which will further reduce the viability of this use if reintroduced to the viability appraisals for each PBSA typology.

vii. CBRE has set aside the above points, pending clarification from CYC.

viii. Taking a stand back approach, CBRE's cross-section of market intelligence in the sector is that the current minimum construction cost for developer-led mid-specification PBSA schemes in the regions, equates to circa £85,000 per bed. It is CBRE's direct experience that higher specification schemes, which seek to secure higher rents from students (and which primarily target the international student market) are incurring far higher costs.

ix. In **Table 1** overleaf, CBRE has set out both a comparison between the RICS BCIS median rate costs as at Q3 2022 and March 2023. CBRE considers these costs to be more likely representative of construction to a low-mid specification product, which would achieve a lower than average rental price point in the York market. As the definition in RICS BCiS states it would therefore be more appropriate to reflect student halls of residences (i.e. university-led on campus development), rather than the higher specification product being delivered off-campus by private developers, and those which can secure rents at an average for York (i.e. the £177/week) or above.

x. CBRE notes that the RICS BCIS upper quartile rate (£2,389/m^2 | £222/ft^2) generates a construction cost, when allowing for external works, that is commensurate with the level of costs being seen for mid-market specification PBSA schemes in the regions (at circa £84,500/bed). This is provided for comparison in **Table 1**.

xi. For the reasons set out above, CBRE strongly advocates that the RICS BCIS upper quartile rate should represent the base construction cost for viability testing developer-led (i.e. off campus) PBSA typologies. The median rate simply isn't a realistic cost benchmark to adopt for this purpose in the current market.

Table 1: Comparison Analysis: RICS BCIS Costs Q3 2022 vs. Q1 2023 vs. Minimum Market Rates (CBRE Q1 2023)

RICS BCIS Median Q3 2022			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds (Typologies)	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,112	196	19,288	40,736,256	600	67,894	4,073,626	6,789	44,809,882	74,683	2,323	216
2,112	196	11,251	23,762,112	350	67,892	2,376,211	6,789	26,138,323	74,681	2,323	216
2,112	196	6,429	13,578,048	200	67,890	1,357,805	6,789	14,935,853	74,679	2,323	216
2,112	196	3,215	6,790,080	100	67,901	679,008	6,790	7,469,088	74,691	2,323	216
RICS BCIS Median Q1 2023			**Build**			**External Works @**	**10%**	**Total Costs (Build + Externals)**			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds (Typologies)	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,166	201.2	19,288	41,777,808	600	69,630	4,177,781	6,963	45,955,589	76,593	2,383	221
2,166	201.2	11,251	24,369,666	350	69,628	2,436,967	6,963	26,806,633	76,590	2,383	221
2,166	201.2	6,429	13,925,214	200	69,626	1,392,521	6,963	15,317,735	76,589	2,383	221
2,166	201.2	3,215	6,963,690	100	69,637	696,369	6,964	7,660,059	76,601	2,383	221
RICS BCIS Upper Quartile Q1 2023			**Build**			**External Works @**	**10%**	**Total Costs (Build + Externals)**			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds (Typologies)	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,389	221.9	19,288	46,079,032	600	76,798	4,607,903	7,680	50,686,935	84,478	2,628	244
2,389	221.9	11,251	26,878,639	350	76,796	2,687,864	7,680	29,566,503	84,476	2,628	244
2,389	221.9	6,429	15,358,881	200	76,794	1,535,888	7,679	16,894,769	84,474	2,628	244
2,389	221.9	3,215	7,680,635	100	76,806	768,064	7,681	8,448,699	84,487	2,628	244

Source: RICS BCIS / CBRE Data

c. **Site Areas for Typologies**: It is not clearly stated within the CIL Viability Study as to how the site areas applied for each typology were derived and the evidence used to inform this. Given this is an important basis for setting benchmark land values, CBRE requests that this information is provided by CYC to provided transparency and clarity to stakeholders.

d. **Benchmark Land Value**:

   i. The CIL Viability Study includes the adopted BLVs for non-residential uses within Table 5.6 on p.52. However, the document contains no supporting justification or evidence to underwrite the proposed BLVs, which CBRE considers a significant omission.

   ii. The CIL Viability Study proposes a BLV of £1.5m/ha (£607,000/acre) as the BLV to apply to PBSA typologies. In order to find justification for this BLV, CBRE has had regard to the earlier Technical Note titled *CYC Local Plan Viability Technical Note on Changes to Student Accommodation Policy H7 ('Policy H7 Technical Note')*, which was produced by PPE and which is dated August 2022. An explanation is provided in paras 20-23.

   iii. This is predicated on a logic whereby it is proposed that abandoned or unviable locations and/or dilapidated industrial units will be the typical brownfield sites that will be brought forward for alternative uses, such as PBSA schemes. The transactions drawn upon in Table 4 of the Policy H7 Technical Note, which are cited as comparables, are not relevant to York and it is not stated whether any of the transacted sites were ultimately brought forward for PBSA development.

   iv. CBRE is not aware of any abandoned, unviable or dilapidated industrial premises that could be redeveloped for PBSA use. There is presently a limited supply of sites suitable for redevelopment for PBSA uses across the city, which necessitates PBSA development competing with other forms of prospective development including hotels, traditional residential, elderly persons accommodation or offices.

   v. CBRE is therefore unclear on the logic behind Table 5.6 in the CIL Viability Study, on p.52. This is replicated below. It sets a substantially lower BLV for PBSA development in comparison to competing uses such as Hotel and Care Home uses (both £2m/ha), supermarket use (£2m/ha) and retail warehouse use (£2m/ha).

Table 5.6 Benchmark land values for non-residential existing uses

Typology	BLV per gross area
1: Town centre office	£1,500,000
2: Business park	£1,000,000
3: Industrial / warehouse	£850,000
4: Small local convenience	£2,000,000
5: Supermarket	£2,000,000
7: Retail warehouse	£2,000,000
8: City Centre retail	£4,000,000
9: Hotel (60 beds)	£2,000,000
10: Student accommodation	£1,500,000
11. Care home (60 bed)	£2,000,000

vi. In addition, CBRE also notes that the CIL Viability Study adopts a BLV for residential typology viability testing of £1.7m/ha for brownfield land in its existing use as 'City centre / extension' land within Table 4.15 on p.47.

vii. The CIL Viability Study does not adequately justify why competing brownfield land uses have been viability tested against a higher BLV and PBSA against a lower BLV. This warrants further explanation by CYC.

viii. The risk is that this overstates the propensity for PBSA developments to acquire land at lower prices than competing uses, and through the proposed CIL rates applied to PBSA, then places them at a disadvantage when seeking to acquire land due to overstating viability and the further additional CIL costs applied.

ix. A rational approach would be for BLVs for this use to be considered by way of market transactional analysis of sites brought forward for PBSA use within the city of York in recent years. CBRE recommends that CYC seek to source and consider such evidence in taking a 'stand back' approach and a York-specific market sense-check.

Results & Re-appraisal

38. The CIL Viability Study sets out the results of viability modelling within Table 7.1 on p.61. This is replicated below for ease.

Table 7.1 Recommended non-residential psm CIL rates at different financial buffers

Typology	Headroom per CIL liable sqm	After buffer of		
		50%	33%	25%
1: Town centre office	-£1,034			
2: Business park	-£906			
3: Industrial / warehouse	-£333			
4: Small local convenience	£154	£77	£103	£115
5: Supermarket	-£117			
7: Retail warehouse	£134	£67	£90	£101
8: City Centre retail	-£68			
9: Hotel (60 beds)	-£143			
10a: Student accommodation - 25 bed	£127	£64	£85	£95
10b: Student accommodation - 100 bed	£84	£42	£56	£63
10c: Student accommodation – 200 bed	-£16			
10d: Student accommodation - 350 bed	-£50			
10e: Student accommodation - 600 bed	-£152			
11. Care home (60 bed)	-£937			

39. Whilst the CIL Viability Study only appends a summary viability appraisal for PBSA typology 10b, Table 7.1 clearly demonstrates PPE's headroom analysis concludes that only PBSA typologies 10a and 10b can viably accommodate both any CIL and a 2.5% affordable housing equivalent OSFC contribution per student room as proposed under modifications published under CYC's draft Local Plan Proposed Main Modifications public consultation – specifically via modified Policy H7: Off Campus Purpose Built Student Housing.

40. This is notwithstanding CBRE and the consortium's representations that the conclusions within Table 7.1 and the CIL Viability Study are they themselves outdated and don't reflect deterioration in market conditions since Q3/4 2022.

41. With this in mind, Table 7.1 of the CIL Viability Study shows PBSA typologies 10c – 10e to all fall below the threshold of financial viability. This means they cannot accommodate any CIL, as there is no headroom, but critically these PBSA typologies are also demonstrated as generating negative headroom (shown in red). This means that PPE determine that they are now unable to even partially or fully meet the OSFC costs of Policy H7 whilst remaining financially viable – as they generate negative headroom **before** incurring additional CIL.

42. This directly contradicts Table 6 (replicated below) in the earlier published Technical Note titled *CYC Local Plan Viability Technical Note on Changes to Student Accommodation Policy H7 ('Policy H7 Technical Note')*, which was produced by PPE and which is dated August 2022.

43. The latter document accompanies CYC's draft Local Plan Proposed Main Modifications public consultation – specifically in respect of modified Policy H7: Off Campus Purpose Built Student Housing. The Technical Note, as specifically the conclusions in Table 6, was (and still is) being utilized as the viability evidence base to justify CYC's proposed requirement for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room. This is replicated below for ease.

Table 6 PBSA scheme viability test at CYC Local Plan full policy and different OSFC rates

Scheme type	Land type	Viability and headroom			
		0% OSFC per student room (0% per Cluster unit)	2.5% OSFC per student room (10% per Cluster unit)	5% OSFC per student room (20% per Cluster unit)	10% OSFC per student room (40% per Cluster unit)
25-bed PBSA	Brownfield	£16,025	£10,276	£4,455	-£7,662
100-bed PBSA	Brownfield	£11,884	£6,151	£417	-£11,732
200-bed PBSA - low density	Brownfield	£11,095	£5,379	-£336	-£12,385
350-bed PBSA	Brownfield	£11,088	£5,386	-£316	-£12,326
600-bed PBSA	Brownfield	£8,794	£3,111	-£2,572	-£14,627

44. The CIL Viability Study now supersedes the earlier Technical Note and clearly demonstrates it is out-of-date. In the intervening period between the Policy H7 Technical Note being produced and the CIL Viability Study being published, market conditions have deteriorated – and continued to do so further since – up to present day.

45. Consequently, based on the CIL Viability Study results, there is no longer any evidenced justification for CYC seeking for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room (particularly in 200+ bed typologies), as there is no longer sufficient 'headroom' demonstrable within the tested PBSA typologies to support this financial contribution.

46. PPG Plan Making (para. 039 ref: 61-039-20190315) confirms that, in Plan Making, the Council must prepare a viability assessment in accordance with guidance to ensure that policies are realistic and the total cost of all relevant policies is not of a scale that will make the plan undeliverable.

47. Further elaboration is provided in PPG Viability (para. 002 ref: 10-002-20190509):

    "The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan."

48. As clearly set out in both PPG and the RICS Guidance[6], the impact on viability of a CIL, whether proposed or existing, should be considered alongside the full policy requirements of the Plan – this should therefore include the demonstrable viability of PBSA typologies (off-campus) to provide a 2.5% affordable housing equivalent OSFC contribution per student room.

49. In simple terms, a 'policy-on' approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for, and taking precedence over, the introduction of CIL rate setting. It is not appropriate or justified to set policies within a Plan that are not deliverable and where the underpinning evidence demonstrates (as in this case) that it would be necessary to revert to viability at decision taking stage. PPG Viability is explicit on this point, stating the following in para. 002 ref: 10-002-20190509:

"Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage."

50. On this basis, CYC's modifications proposed to Policy H7 to introduce an 2.5% affordable housing equivalent OSFC contribution per student room are not justified on the basis of appropriate and available evidence, would be expected to necessitate direct recourse to viability assessment and negotiation at the determination stage or may pose a material risk to PBSA development typologies being delivered off-campus at all. **It can only be concluded that this proposed required of Policy H7 is unsound and requires removal.**

51. Noting this issue, the CIL Viability Study also runs viability testing on PBSA typologies, specifically with the cost of meeting the 2.5% affordable housing equivalent OSFC contribution per student room **removed**, to determine CIL headroom to apply to on-campus PBSA. This is replicated in the following table.

Table 7.2 Recommended on campus student accommodation, psm CIL rates at different financial buffers

Typology	Headroom per CIL liable sqm	After buffer of 50%	After buffer of 33%	After buffer of 25%
10a: Student accommodation - 25 bed	£421	£211	£281	£316
10b: Student accommodation - 100 bed	£374	£187	£249	£281
10c: Student accommodation - 200 bed	£272	£136	£181	£204
10d: Student accommodation - 350 bed	£238	£119	£159	£179
10e: Student accommodation - 600 bed	£135	£68	£90	£101

52. CBRE cannot support the levels of CIL headroom being identified within Table 7.2 above for the PBSA typologies, for the reasons set out earlier within this representation.

53. Firstly, there is an inconsistency in the level of buffer back from the calculated maximum headroom being recommended by PPE. For residential typologies (and proposed CIL rates) a buffer of 60% is advocated by PPE, citing market risk and uncertainty. However, for PBSA typologies only 25%-50% buffer is recommended

[6] RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14

for allowance in proposing the setting of the CIL charging rate at £150/m^2. CBRE considers this to be irrational and advocates for consistency in the applying of any buffer – which should be at the very least 50% across all typologies.

54. Even taken on basis presented in Table 7.2 above, scheme typologies of 200+beds do not demonstrate sufficient headroom to accommodate the proposed rate of £150/m^2 for on-campus PBSA development within the CIL DCS.

CBRE Updated Appraisal Modelling – Off-Campus PBSA Development (Private sector-led)

55. Given CBRE's analysis set out above firmly highlights both technical issues with the CIL Viability Study evidence base and that market conditions have deteriorated since its publication, CBRE has run independent viability modelling on PBSA typologies to determine the implications for CIL headroom in the current market.

56. In order to take a comprehensive approach, CBRE has utilised present-day input assumptions for off-campus (developer-led) PBSA development scheme typologies.

57. Firstly, CBRE has set the rental rates to £177/week to represent an average rate across the York market. OPEX is deducted at 30% of the gross annual rent to generate a net rental income. This is consistent with the CIL Viability Study inputs.

58. Secondly, CBRE has capitalised the net rental income at an investment yield of 5.0%. As set out earlier in this representation, most private-sector driven PBSA development has, and is expected to continue to be, institutionally funded. PBSA development funding yields are presently at circa 5.25% - 5.5% for prime regional locations, such as York. CBRE has taken the more optimistic stance of provisionally retaining the rate adopted in the CIL Viability Study, which represents a best case illustrative position as it would be unlikely to be achievable in today's market.

59. Thirdly, CBRE has increased the construction costs to reflect the RICS BCIS upper quartile cost as published at March 2023. This is deemed the most representative benchmark rate for current market construction costs for mid-market specification private-sector led PBSA schemes being brought forward in regional cities.

60. Finally, CBRE has not adjusted the external works and professional fees allowances utilised in the CIL Viability Study modelling – utilising the lower rates in the example appraisal appended to the document, rather than the higher figures referenced in the text. This therefore, again, adopts the most optimistic position absent of clarification from CYC.

61. For all other aspects, CBRE has attempted to mirror the approach in the CIL Viability Study modelling. As previously, this should not be taken as an endorsement, but is deemed reasonable and rational for the purposes of comparison – given it is not the responsibility of the consortium to prepare CYC's evidence.

62. Firstly, CBRE has run the appraisals inclusive of the (modified) Policy H7 requirement to provide a 2.5% affordable housing equivalent OSFC contribution per student room. A headroom analysis is provided overleaf. Appraisal summaries are provided within **Enclosure 4**.

Table 2: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC – Developer-led PBSA Development

Typology	PBSA Beds	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-173	-86	-115	-129
10c	200-bed	-251	-126	-168	-189
10d	350-bed	-276	-138	-184	-207
10e	600-bed	-355	-178	-237	-267

Source: CBRE

63. In summary, the analysis in Table 2 above reiterates that there is no headroom for off-campus developer-led PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

64. Subsequently, CBRE has removed the cost of the affordable OSFC sought via Policy H7 (as modified), which then solely assesses the propensity of the PBSA typologies to accommodate CIL[7]. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 5**.

Table 3: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC – Developer-led PBSA Development

Typology	PBSA Beds	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	34	17	22	25
10c	200-bed	-44	-22	-29	-33
10d	350-bed	-68	-34	-45	-51
10e	600-bed	-146	-73	-98	-110

Source: CBRE

65. In summary, even when removing the cost of the affordable OSFC sought via Policy H7 (as modified), the developer led PBSA typologies remain marginal at best. Only typology 10b (100-beds) generates a surplus,

[7] Note: this replicates the methodology used in the CIL Viability Study and should be cross-referenced with the results shown in Table 7.2 from that document, which is used to inform the CIL rates proposed in the CIL DCS.

and this is relatively nominal once allowing for a 50%+ buffer. No other typologies have any headroom available for either the affordable OSFC sought via Policy H7 (as modified) or CIL.

66. It is also important to note that the Table 3 appraisals include a 5.0% funding yield. If adjusted out to 5.25%, a sensitivity test in Table 4 below shows that this eradicates any prospective surplus to be directed either into the affordable OSFC sought via Policy H7 or CIL. Introducing a CIL liability on this typology would therefore risk the setting of the rate being at or beyond the margin of viability.

Table 4: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC – Developer-led PBSA Development (Yield)

		Headroom	After Buffer of:		
Typology	PBSA Beds	£/CIL Liable sqm	50%	33%	25%
10b	100-bed	-77	-39	-51	-58

Source: CBRE

67. On the weight of the above (and enclosed) evidence, CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either meet the costs of the affordable OSFC sought via Policy H7 (as modified) or CIL. The appraisal summary is provided within **Enclosure 6**.

Residential

68. CBRE notes the following observations on the CIL Viability Study:

    a. **City Centre Development**: CBRE notes that whilst York City Centre development generates the highest sales values, which is itself a symptom of supply-side constraints, the costs of development in the city centre are substantially higher than across the rest of the city. Specifically, it is a an archaeological area of importance, in the historic core conservation area, and most of the city centre is also designated high flood risk with all development having to provide a 30% betterment in terms of surface water runoff (usually through attenuation). These factors, and associated costs, do not appear to have been accounted for within the CIL Viability Study.

    b. **Residential Values**:

        i. **Apartment Development**: CBRE has cross-referenced the 'heat mapping' in Figure 3.8 (p.22) of the CIL Viability Study with the commentary in paragraph 3.20 on average sales values. This states that the average sale price for apartments in the City of York (i.e. city-wide) is £5,335/m^2 (£496/ft^2). CBRE notes that the average cited is inconsistent with the heat map, which shows this rate being at the upper end of the price banding (£3,960/m^2 - £5,399/m^2), and focused in a limited geography, with prices recorded in the majority of the city outside the city centre substantially lower (at £3,564/m^2 - £3,960/m^2 or less). This infers that the pricing adopted is only likely to be appropriate for the city centre itself, and that there is in fact evidence that a lower set of sales values should have been adopted in the CIL Viability Study for apartment development outside the city centre. As it stands, the approach adopted is overstating the development value, and hence viability, of apartment development outside the city centre core.

        ii. **Inflation**: Prices have been adopted at £4,200/m^2 for houses and £5,335/m^2 for flats, which is base dated to August 2022. CBRE has cross-checked against the latest data available from the Land Registry House Price Index ('HPI') for January 2023. This confirms that pricing had remained relatively unchanged, rising 0.6% in the period from August 2022. However, this data lags by circa 3 months and residential developers have publicly reported slowing reservation and conversion rates as well as reduced buyer demand and downward pricing pressure (and increased incentivisation) during Q1 2023. CBRE expects this pressure to continue over 2023 and manifest in price decreases, lower transaction volumes and slower sales trajectories in new build development.

    c. **Residential Build Costs**:

        i. **Flatted / Apartment Costs**: The CIL Viability Study adopts an average cost of £1,505/m^2 for the construction of apartments across York. Based on recent experience, CBRE confirm that it is not possible to construct residential apartments within the city (and certainly not the city centre) at this cost rate. It will substantially overstate the financial viability of flatted apartment development typologies.

        ii. **Inflation**: In a consistent manner to pricing, build costs have been rebased to Q3 2022. CBRE has used the RICS BCIS All-in TPI (published on 10 March 2023) to review construction cost inflation in the intervening period, and has sense-checked this against the locally weighted rates. All-in TPI reports that construction cost inflation equated to circa 2.2% between Q3 2022 and Q1 2023. As a result, construction costs have increased ahead of residential property price inflation, which will have a negative impact on scheme viability.

d. **Garages**: The CIL Viability Study includes a single garage cost of £9,000. Information provided to CBRE by volume housebuilders places the cost at in excess of £10,500 per single garage in Q1 2023. As a result, the cost allowance in the CIL Viability Study is considered low.

e. **Other development costs**:

   i. **Demolition and land remediation**: the costs appear to be based on a historic Homes England document dating from 2015. CBRE is familiar with the document. However, rates adopted should be indexed to present day to fully reflect the impact of inflation.

   ii. **M4(2), M4(3)(A) and M4(3)(B)**: the costs appear to be based on a historic EC Harris report, which dates from 2014. However, rates adopted should be indexed to present day to fully reflect the impact of inflation.

f. Overall, CBRE would advocate a cautious approach is taken by CYC to setting CIL rates in what represents a slowing and, potentially, reversing housing market over the 2023 and 2024 period, particularly if CYC is minded to seek to maintain or increase levels of affordable housing provision as part of the overall housing supply.

Lack of Transparency

69. There is a lack of transparency in the CIL Viability Study that CBRE deems falls short of the requirements and expectations of PPG CIL (Paragraph: 019 Reference ID: 25-019-20190901), PPG Viability (Paragraph: 010 Reference ID: 10-010-20180724), the NPPF (para. 58), the RICS Guidance[8] and RICS Professional Standards[9], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

70. Specifically, only one example appraisal is provided for the PBSA typology (100-bed). This is inadequate and all appraisals for non-residential typologies (notably PBSA) should be issued. Notably, none of the typology appraisals are provided for the proposed CIL charging Zone *"Purpose Built Student Housing without an affordable housing contribution"*.

71. Without this stakeholders cannot see what the gross development value (GDV), construction and other costs, finance roll-up and other various key metrics represent within the typology appraisals – which means the actual viability testing evidence utilized to set proposed CIL rates is not published, available, and cannot be interrogated appropriately.

Failure to Strike an Appropriate Balance

72. In setting CIL rates, BCC must strike an appropriate balance between additional investment to support development and the potential effect on the viability of developments. In accordance with CIL Regulation

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[8] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note

[9] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition

14(1)[10], BCC must be able to demonstrate and explain how the proposed CIL rate(s) will contribute towards the implementation of the Plan and support development across city.

73. As set out in PPG[11], Charging Schedules should be consistent with, and support the implementation of, up-to-date relevant plans.

74. The charging authority must take development costs into account when setting CIL rates, particularly those likely to be incurred on strategic sites or brownfield land. Importantly, development costs include costs arising from existing regulatory requirements, and any policies on planning obligations in the relevant Plan.

75. As also clearly set out in the RICS Guidance[12], the impact on viability of a CIL, whether proposed or existing, should be considered alongside the policy requirements of the Plan. In simple terms, a 'policy-on' approach must be adopted with the full costs of Plan policies (including affordable housing) accounted for, and taking precedence over, the introduction of CIL rate setting.

76. Moreover, CBRE concludes that it is illogical and counter-intuitive for CYC to introduce the proposed CIL rates for PBSA use development for the published CIL Viability Study document does not constitute up-to-date appropriate available evidence to underpin the proposed rates within the CIL DCS.

77. As a result, if submitted to PINS for examination in its present form and with the current evidence base, the consortium would strongly contend that the CIL DCS is unsound and should not be endorsed by the Examiner for the above fundamental reasons and further technical deficiencies expanded upon below.

78. If non-compliance could not be rectified via modification(s), the Examiner would be requested to reject the CIL DCS in accordance with Section 212A(2) of the 2008 Act.

[10] CIL Regulations 2010 (as amended)
[11] PPG CIL: Paragraph: 011 Reference ID: 25-011-20190901
[12] RICS Guidance Note (March 2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England. Para. 3.7.14

Conclusions and Recommendations

80. The consortium cannot endorse or support the CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study, as presently published.

81. In fact, for the reasons set out in this document and its enclosures, the consortium has fundamental doubts regarding the appropriateness of the timing of this consultation on a new CIL DCS. The consortium also has severe reservations regarding the questionable validity and dependability of the published viability evidence base upon which the proposed new charging rates for PBSA use development within the CIL DCS is reliant, and hence the legal compliance of the published CIL DCS with the relevant legislation and guidance.

82. On this basis, the consortium members cannot agree with CYC that there is an appropriately evidenced and legally compliant basis upon which the CIL DCS (as published) could be found sound by an independent Examiner, which should unavoidably lead to the rejection of the Charging Schedule in accordance with Section 212A(2) of the 2008 Act.

83. The consortium therefore hopes that this feedback prepared by CBRE, and the accompanying commentary from O'Neill Associates, is useful to CYC in reconsidering whether it is rational, prudent and justified to be proceeding with pursuing adoption of a CIL charging regime under the current circumstances.

84. To rectify the issues identified, the consortium advocate that the CIL rates proposed to apply to PBSA development should be reduced to £0/m^2. CYC should undertake this action via modification to the published CIL DCS.

85. CBRE's evidence demonstrates this modification to the CIL DCS should also be undertaken in tandem with the removal of proposed modifications CYC's to Policy H7 to introduce an 2.5% affordable housing equivalent OSFC contribution per student room on sites brought forward outside of land held by the consortium.

86. Nevertheless, should CYC determine to submit the CIL DCS for examination, in its current form and without rectifying the issues identified in this representation, the consortium will be left with no choice but to continue to pursue this matter and will seek that the Examiner rejects the Charging Schedule via the examination process.

87. Should CYC wish to engage directly with the consortium on the matter, CBRE will be able to facilitate such arrangements.

Enclosures

Enclosure 1: Schedule of Proposed & Adopted CIL Rates in Yorkshire & Humber Region

Local Authority	CIL status	Date	Residential Charges	Retail/Commercial Charges	Others
Barnsley	Draft Charging Schedule Published	17/10/2016	Four large residential charging zones with rates of £80, £50, £10, and £0 per square metre. Four small residential charging zones with rates of £80, £50, £30, and £0 per square metre.	Retail developments (A1) will be charged £70 per square metre.	No charge for all other uses.
Bradford	**Adopted**	21/03/2017	Four residential development charging zones with rates of £100, £50, £20 and £0 per square metre. No charge for specialist older persons housing.	Two retail warehouse development charging zones with rates of £85 and £0 per square metre. Large scale supermarket developments will be charged £50 per square metre.	No charge for all other uses.
Calderdale	Charging Schedule Submitted	11/01/2019	Six residential housing charging zones with rates of £85, £40, £25, £10, £5 and £0 per square metre. Two residential institutions and care home development charging zones with rates of £360 and £60 per square metre. Hotel developments will be charged at £60 per square metre.	Large convenience retail developments will be charged £45 per square metre. Retail warehouse developments will be charged at £100 per square metre.	All other chargebale uses will be charged £5 per square metre.
East Riding of Yorkshire	Draft Charging Schedule Published	23/01/2017	Five residential development charging zones with rates of £90, £60, £20, £10 and £0 per square metre.	Retail warehouse developments will be charged £75 per square metre.	No charge for all other uses.
Hambleton	**Adopted**	17/03/2015	Private market housing (excluding apartments) will be charged £55 per square metre.	Retail warehouses are to be charged £40 per square metre. Supermarkets are to be charged £90 per square metre.	No charge for all other uses.
Harrogate	**Adopted**	08/07/2020	Small scale residential developments will be charged £50 per square metre. Two charging zones for all other residential developments with rates of £50 and £0 per square metre. Two sheltered housing development charging zones with rates of £60 and £40 per square metre.	Three retail development charging zones for shops with rates of £120, £40 and £0 per square metre. Large supermarket and retail warehouse developments will be charged £120 per square metre. Small supermarkets will be charged £40 per square metre. Distribution developments will be charged £20 per square metre.	No charge for all other uses.
Hull	**Adopted**	23/01/2018	Two residential housing development charging zones with rates of £60 and £0 per square metre. Residential apartment developments will be charged £0 per square metre.	Large scale supermarket developments will be charged £50 per square metre. Small scale supermarket developments will be charged £5 per square metre. Retail warehouse developments will be charged £25 per square metre.	No charge for all other uses.
Kirklees	Examination Report Published	10/01/2020	Four residential charging zones with rates of £80,£20, £5 and £0 per square metre.	No charge for all commercial or industrial uses.	No charge for all other uses.
Leeds	**Adopted**	12/11/2014	Four residential charging zones with rates of £5, £23, £45 and £90 per square metre.	Two charging zones for supermarket developments with rates of £110 and £175 per square metre. Two charging zones for large comparison retail with rates of £35 and £55 per square metre. City centre offices will be charged £35 per square metre.	Publicly funded or not for profit developments will not be charged CIL. All other uses will be charged £5 per square metre.
Richmondshire	Preliminary Draft Charging Schedule Published	24/10/2016	Three residential development charging zones with rates of £120, £50 and £0 per square metre.	Supermarket developments will be charged £120 per square metre. Retail warehouse developments will be charged £60 per square metre. Neighbourhood convenience retail developments will be charged £60 per square metre.	No charge for all other uses.
Rotherham	**Adopted**	07/12/2016	Three residential charging zones with rates of £55, £30 and £15 per square metre. Retirement living developments will be charged £20 per square metre.	Large scale supermarket developments will be charged £60 per square metre. Large scale retail warehouse and retail park developments will be charged £30 per square metre.	No charge for all other uses.
Ryedale	**Adopted**	14/01/2016	Two residential charging zones with rates of £85 and £45 per square metre. No charge for apartment developments.	Supermarkets will be charged £120 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Selby	**Adopted**	03/12/2015	Three residential charging zones with rates of £50, £35 and £10 per square metre.	Supermarkets will be charged £110 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Sheffield	**Adopted**	03/06/2015	Four residential (C3 and C4) charging zones with rates of £80, £50, £30 and £0 per square metre. Hotel developments will be charged £40 per square metre. Student accommodation developments will be charged £30 per square metre.	Large retail developments are to be charged £60 per square metre. Three retail development (A1) charging zones with rates of £60, £30 and £0 per square metre.	No charge for all other uses.
Wakefield	**Adopted**	20/01/2016	Three residential charging zones with rates of £55, £20 and £0 per square metre.	Large supermarkets will be charged £103 per square metre. Retail warehouse developments will be charged £89 per square metre.	No charge for all other uses.

Enclosure 2: Investment Yield Guides – Q1 2023

Prime Yield Guide – March 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 1 March 2023.

Knight Frank

Click here to view previous data

Based on rack rented properties and disregards bond type transactions

SECTOR		MAR-22	SEP-22	DEC-22	JAN-23	FEB-23	MAR-23	1 MONTH CHANGE	MARKET SENTIMENT
Offices (Grade A)	City Prime (Single let, 10 years)	3.75%	4.00%	4.50% - 4.75%	4.75%	4.75%	4.75%		STABLE
	West End: Prime Core (Mayfair & St James's)	3.25%	3.25%	3.50% - 3.75%	3.75%	3.75%	3.75%		STABLE
	West End: Non-core (Soho & Fitzrovia)	3.75% - 4.00%	4.00%	4.25% - 4.50%	4.50%	4.50%	4.50%		STABLE
	Major Regional Cities (Single let, 15 years)	4.75% - 5.00%	5.00% - 5.25%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%	5.75%	-	STABLE
	Major Regional Cities (Multi-let, 5 year WAULT)	5.75% -	5.25% - 5.50%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		WEAKER
	South East Towns (Single let, 15 years)	5.00% - 5.25%	5.25%	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%		WEAKER
	South East Towns (Multi-let, 5 year WAULT)	6.50%	6.75% - 7.00%	7.00% - 7.50%	7.00% - 7.50%	7.00% - 7.50%	7.50%	+	WEAKER
	South East Business Parks (Single let, 15 years)	5.25% +	5.50% - 5.75%	6.75% - 7.00%	6.75% - 7.00%	6.75% - 7.00%	7.00%	+	WEAKER
	South East Business Parks (Multi-let, 5 year WAULT)	6.75% +	7.25% +	7.75% - 8.00%	7.75% - 8.00%	7.75% - 8.00%	8.50% +	+0.50%	WEAKER
	Life Sciences (Oxford, Cambridge)	3.75%	3.75%	4.25%	4.25%	4.25% - 4.50%	4.25% - 4.50%		WEAKER
Warehouse & Industrial Space	Prime Distribution/Warehousing (20 years [NIY], fixed/indexed uplifts)	3.00%	3.50% - 3.75%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75%	-	STABLE
	Prime Distribution/Warehousing (15 years, OMRRs)	3.50%	4.00% - 4.25%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25%	-	STABLE
	Secondary Distribution (10 years, OMRRs)	4.00%	4.50% - 4.75%	5.50% - 6.00%	5.50% - 6.00%	5.50% - 6.00%	5.50% - 5.75%	-	STABLE
	South East Estate (excluding London & Heathrow)	3.25% - 3.50%	4.00%	5.00% - 5.50%	5.00% - 5.50%	5.00% - 5.50%	5.00% - 5.25%	-	STABLE
	Good Modern Rest of UK Estate	3.50% - 3.75%	4.25% - 4.50%	5.25% - 5.75%	5.25% - 5.75%	5.25% - 5.75%	5.25% - 5.50%	-	STABLE
	Good Secondary Estates	4.75% - 5.25%	5.25% - 5.75%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		WEAKER
Specialist Sectors	Car Showrooms (20 years with fixed uplifts & dealer covenant)	5.00%	5.25%	5.75%	5.75%	5.75%	5.75%		STABLE
	Budget Hotels London (20 years, 5 yearly RPI / CPI uplifts)	3.25% - 3.50%	3.25% - 3.50%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50%	-	STABLE
	Budget Hotels Regional (20 years, 5 yearly RPI / CPI uplifts)	4.00%	4.00%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00%	-	STABLE
	Student Accommodation Prime London (Direct Let)	3.75%	3.50%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%		STABLE
	Student Accommodation Prime Regional (Direct Let)	5.00%	4.75% - 5.00%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Student Accommodation Prime London (25 years, Annual RPI)	3.00% - 3.25%	3.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00%	-	STABLE
	Student Accommodation Prime Regional (25 years, Annual RPI)	3.25% - 3.50%	3.50%	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%	4.25%	-	STABLE
	Healthcare (Elderly Care, 30 years, 5 yearly indexed linked reviews)	3.50%	3.25% - 3.50%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		STABLE
	Data Centres (Operational)	4.00% -	4.00%	4.00%	4.00%	4.00%	4.50%	+0.50%	STABLE
	Data Centres (Leased, 15 years, Annual Indexation)	4.00%	4.00% +	4.25% +	4.25% +	4.25% +	4.75%	+0.50%	STABLE
	Income Strip (50 years, Annual RPI/CPIH+1%, Annuity Grade)	2.25%	2.50% +	3.75% - 4.00%	4.00%	4.00%	4.00%		STABLE

Your partners in property.

Prime Yield Guide – March 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 1 March 2023.

Knight Frank

Click here to view previous data

Based on rack rented properties and disregards bond type transactions

SECTOR		MAR-22	SEP-22	DEC-22	JAN-23	FEB-23	MAR-23	1 MONTH CHANGE	MARKET SENTIMENT
High Street Retail	Bond Street	2.75%	2.75% +	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%		WEAKER
	Oxford Street	3.50% +	3.50% +	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%		WEAKER
	Prime Towns (Oxford, Cambridge, Winchester)	6.25%	6.25%	6.75% +	6.75% +	6.75% +	6.75%	-	STABLE
	Regional Cities (Manchester, Birmingham)	6.50% +	6.50%	7.00% +	7.00% +	7.00% +	7.00%	-	STABLE
	Good Secondary (Truro, Leamington Spa, Colchester etc)	8.25% - 8.50%	8.25% 8.50%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%		STABLE
Shopping Centres (sustainable income)	Regional Scheme	7.50%	7.50%	8.00%	8.00% +	8.00% +	8.00% +		WEAKER
	Sub-Regional Scheme	8.50%	8.50%	9.00% +	9.00% +	9.00% +	9.00% +		WEAKER
	Local Scheme (successful)	9.00%	9.25%	9.75% +	9.75% +	9.75% +	9.75% +		WEAKER
	Neighbourhood Scheme (assumes <25% of income from supermarket)	9.00% - 9.25%	9.00% - 9.25%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%		WEAKER
Out of Town Retail	Open A1 Parks	5.25% -	5.00%	6.00% +	6.00% +	6.00% +	6.00%	-	STABLE
	Good Secondary Open A1 Parks	6.25% - 6.50%	6.25%	7.25% +	7.50% +	7.50% +	7.50%	-	STABLE
	Bulky Goods Parks	5.25% -	5.00%	6.00% +	6.00% +	6.00% +	6.00%	-	STABLE
	Good Secondary Bulky Goods Parks	6.25% - 6.50%	6.25%	7.25% +	7.50% +	7.50% +	7.50%	-	STABLE
	Solus Open A1 (15 year income)	4.75%	5.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%		STABLE
	Solus Bulky (15 year income)	4.75%	5.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%		STABLE
Major Foodstores	Annual RPI Increases [NIY] (20 year income)	3.50%	3.75% - 4.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Open Market Reviews (20 year lease)	4.00%	4.25% - 4.50%	5.50%	5.50%	5.50%	5.50%		STABLE
Leisure	Prime Leisure Parks	7.00% +	7.00% +	7.50% +	7.50% +	7.50% +	7.50% +		STABLE
	Good Secondary Leisure Parks	8.00% +	8.00% +	8.50% - 8.75%	9.00% +	9.00% +	9.00% +		WEAKER

Prime Yield Guide – March 2023

Knight Frank Intelligence

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LEADING INDICATORS

The changing structure of the UK economy. Overall, UK economic output grew by +1% year on year in Q4, however, some sectors have recorded a significant increase. Indeed, the Arts & entertainment (+9%), Construction (+5%) and Professional & Scientific (+4%) industries saw increased output year on year in Q4 2022. However, some sectors including Production (-4%) and Manufacturing (-6%) saw output moderate. Here, the higher costs of materials, energy and labour likely weight on output. For the year ahead, the Bank of England forecast inflation to fall to 4% from 10%, which could alleviate some pricing pressures on these sectors that have seen output decline.

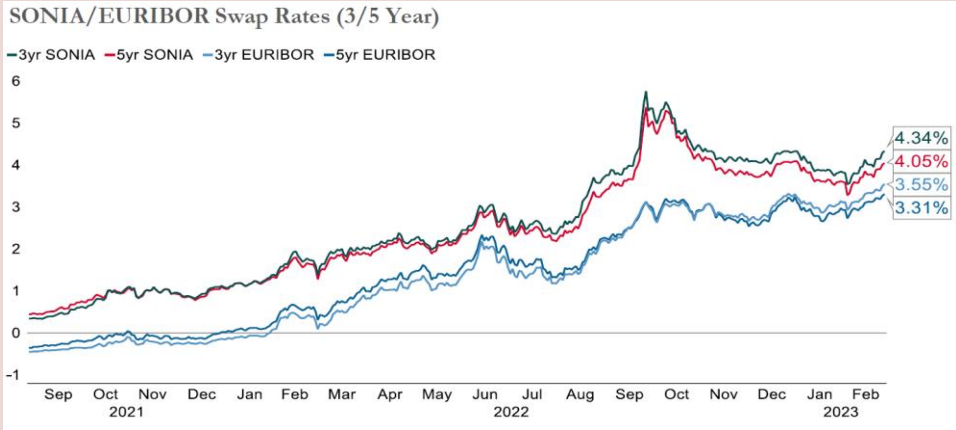
UK inflation continued to slow falling, for the third consecutive month, to 10.1% ahead of expectations. Producer price inflation also moderated, to 14.1%. The positive inflation news has left market commentators deliberating the BoE's next interest rate decision on 23 March. Capital Economics outlined that the likelihood of its forecast of 4.50% peak is lower now, while Oxford Economics expects the central bank to lift its rate by 25bps to 4.25% in March, where it will remain until at least the end of the year.

Flash PMIs for the UK surprised on the upside, with UK services businesses reporting growth for the first time in eight months (figure above 50). Indeed, the UK Services PMI increased to 53.3 in February, from 48.7 in January, beating market expectations of 49.2. Meanwhile, the Manufacturing PMI rose to 49.2 from 47.0 in January, exceeding market forecasts of 47.5.

DEBT MARKET – 27 FEBRUARY 2023

Debt margins have drifted out over the last quarter as a reflection of wider economic uncertainty and dislocation in the market.

Source: Macrobond



BONDS & RATES (01/03/2023)	MAR 2022	JAN 2023	FEB 2023	MAR 2023
SONIA Rate	0.445%	3.427%	3.927%	3.927%
Bank of England Base Rate	0.50%	3.50%	4.00%	4.00%
5-year swap rates	1.794%	4.050%	3.582%	4.308%
10-year gilts redemption yield	1.34%	3.53%	3.17%	3.81%

ESG

Refurbishing Offices

What are the economic and green challenges and opportunities from refurbishing office buildings?

Intelligence Lab

UK Retail Sales Dashboard – January 2023

An overview of UK retail performance, including key metrics on core sub-sectors and e-commerce.

Prime Yield Guide – March 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 1 March 2023.

KEY RESEARCH

UK CRE Quarterly Review – February 2023

The Quarterly UK RE Review outlines the key occupier and investment trends across the different sectors within commercial real estate.

Knight Frank V&A

Did you know

In addition to valuing assets in the main property sectors and having award winning teams in the Healthcare, Student and Automotive sectors, Knight Frank also has expertise in :

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

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We like questions. If you would like some property advice , or want more information about our research, we would love to hear from you.

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Knight Frank Research Reports are available at **knightfrank.com/research**

JLL SEE A BRIGHTER WAY

JLL Monthly Yield Sheet

January 2023

Best in Class Yields – Commercial

Sector	Trending	Jan-23 %	Dec-22 -1 Months %	Oct-22 -3 Months %	Jan-22 -12 Months &
Shops- High Street					
Prime	Weaker	**6.50**	6.50	6.50	6.50
Functional Towns	Weaker	**8.50**	8.50	8.25	8.00
Small Market Towns	Weaker	**10.50**	10.50	10.25	10.00
Shopping Centres					
Dominant Regional	Weaker	**7.25**	7.25	6.75	6.75
City Centre / Sub Regional	Weaker	**8.50**	8.50	8.00	8.00
Secondary Towns	Weaker	**14.00**	13.00	12.00	12.00
Retail Warehouses					
Prime Parks	Weaker	**6.00**	5.75	5.25	5.50
Secondary Parks	Weaker	**8.25**	8.25	7.75	9.00
Solus Units	Weaker	**6.25**	6.00	5.25	5.50
Foodstores - Supermarkets	Weaker	**5.25**	5.25	4.50	3.50
Leisure					
Leisure	Weaker	**8.50**	8.25	7.75	7.75
Offices					
City <£40m	Weaker	**4.50+**	4.50+	4.25	3.75
City £40m - £125m	Weaker	**4.50+**	4.50+	4.25	3.75
City >£125m	Weaker	**4.50+**	4.50+	4.25	3.75
West End <£40m	Stable	**3.75**	3.75	3.75	3.50
West End £40m - £125m	**Stable**	**4.00**	3.75	3.75	3.50
West End >£125m	**Stable**	**4.25**	4.00	4.00	3.50
Greater London Area Preferred	Weaker	**6.25**	6.00	5.75	5.00
South East Prime	Weaker	**6.50**	6.25	6.00	5.25
Regional City Prime	Weaker	**5.50**	5.25	5.25	4.75-
Sub Regional City Prime	Weaker	**6.75**	6.50	6.50	5.75
Life Sciences					
Life Sciences Prime	Weaker	**4.50**	4.50	4.25	3.75
Industrial/Logistics					
Regional Single Let	**Stable**	**5.50**	5.50	4.50	3.50
SE Single Let	**Stable**	**5.25**	5.25	4.25	3.25
London Single Let	**Stable**	**5.00**	5.00	4.00	3.00
Regional Multi Let	**Stable**	**5.50**	5.50	4.75	3.75
SE Multi Let	**Stable**	**5.25**	5.25	4.50	3.50
London Multi Let	**Stable**	**5.00**	5.00	4.00	3.00
Alternatives					
Car Showrooms	**Stable**	**5.50**	5.50	4.75	5.25
Self Storage (Prime)	**Stable**	**5.00**	5.00	5.00	4.75
Hotels London - Prime Covenant / 20 year term	Weaker	**4.25**	4.25	4.00	3.75
Hotels Regional - Prime Covenant / 20 year term	Weaker	**5.00**	5.00	4.50	4.25

Notes

1. Best in Class Yields relate to rack rented investments let with lease lengths considered by the market as most appropriate for the asset class.
2. Trending denotes investor sentiment towards the sector.
3. RPI/CPI uplifts on longer leases can achieve keener yields than those assessed at market rents.
4. Yields are based on transactions and sentiment.
5. Yields stated are Initial Yields for the Alternatives section based on 20 year unexpired leases to strong covenants with indexation/uplifts.
6. Supermarket yields are for 20 year leases with RPI indexed uplifts at 5 year intervals.
7. Colour Key – the colours in the trending and yield column indicate changes since previous month. Green: stronger than previous month, black: same as previous month, red: weaker than previous month.

Source: JLL, 13th January 2023. For indicative purposes only.

Best in Class Yields – Living

JLL

Sector	Trending	Jan-23 %	Dec-22 -1 Months %	Oct-22 -3 Months %	Jan-22 -12 Months &
Elderly Care (NIY)					
Ultra Prime	Stable	**4.25+**	4.25+	3.25	3.50
Prime	Stable	**5.00+**	5.00+	4.00+	4.00+
Core	Stable	**6.00+**	6.00+	5.00+	5.00+
Secondary	Stable	**7.50**	7.50	6.50+	6.50+
Build to Rent (NIY) (Stabilised BTR Purpose Built)					
Prime London Zones 1-3	Weaker	**3.50-**	3.50-	3.25+	3.25+
Outer London Zones 4-6	Weaker	**3.75-**	3.75-	3.50+	3.50+
South East / South West Prime	Weaker	**4.00-**	4.00-	3.75+	3.75+
Prime Regional	Weaker	**4.00+**	4.00+	4.00+	4.00+
Secondary Regional	Weaker	**4.50+**	4.50+	4.50+	4.50
Purpose Built Student Accommodation (NIY) (Direct Let)					
Prime London	Weaker	**3.75+**	3.75+	3.50	3.75
Inner London	Weaker	**4.00+**	4.00+	3.75	4.25-
Super Prime Regional	Weaker	**4.75**	4.75	4.50	4.75+
Prime Regional	Weaker	**5.25**	5.25	5.00	5.00+
Secondary Regional	Weaker	**6.50**	6.50	6.25	6.25+
Other Regional	Weaker	**7.25**	7.25	7.00	7.00+
Purpose Built Student Accommodation (NIY) (25 Year FRI Leases)					
Prime London	Weaker	**3.75**	3.75	3.50	3.00
Inner London	Weaker	**3.75**	3.75	3.50	3.00+
Prime Regional	Weaker	**4.00**	4.00	3.75	3.25
Secondary Regional	Weaker	**4.25**	4.25	4.00	3.75
Other Regional	Weaker	**4.50**	4.50	4.25	4.00
JLL Prime Yield		**5.29**	5.24	4.83	4.51
Money Markets (3rd January 2023)					
UK SONIA Rate		**3.43**	2.93	2.19	0.19
SONIA 5 Years SWAP Rate		**3.95**	3.72	4.94	1.04
Gilt 10 years		**3.65**	3.10	4.18	1.17
Base rate		**3.50**	3.00	2.25	0.25

Notes

1. Yields are based on transactions and sentiment.
2. Trending denotes investor sentiment towards the sector.
3. BTR yields relate to professionally managed private residential assets of institutional grade.
4. PBSA yields relate to professionally managed purposed built student accommodation of institutional grade.
5. *JLL Prime Yield calculation includes both Commercial & Living Yields.*
6. Please note Money Market Yields are volatile - yields quoted as of date specified.
7. Colour Key – the colours in the trending and yield column indicate changes since previous month. Green: stronger than previous month, black: same as previous month, red: weaker than previous month.

Source: JLL, 13th January 2023. For indicative purposes only.

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CBRE

Investor interest is slowly returning to the market for Q1

- Signs of investor interest slowly returning to the market.
  Residential
- Strong rental growth for the upcoming academic year is mitigating yield expansion as market looks towards potential reversions.
  Student
- Transactions showing signs of stability ahead.
  Hotels

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.25	3.25	3.25	3.50	3.60	Weaker
London Zone 2 Good Secondary	3.65	3.65	3.65	4.00	4.00	Weaker
London Zone 3 to 6 Prime	3.35	3.35	3.35	3.65	3.75	Weaker
London Zone 3 to 6 Good Secondary	3.65	3.65	3.65	4.00	4.00	Weaker
Outer London and South East Prime	3.60	3.60	3.60	3.90	4.00	Weaker
Outer London and South East Good Secondary	4.00	4.00	4.00	4.50	4.50	Weaker
Regional Centres excluding South East Prime	4.00	3.85	3.85	4.15	4.15	Weaker
Regional Centres excluding South East Secondary	4.50	4.25	4.25	4.75	4.75	Weaker
Other Regional Centres Prime	4.40	4.15	4.15	4.50	4.50	Weaker
Other Regional Centres Secondary	5.00	4.75	4.75	5.25	5.25	Weaker

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
STUDENT ACCOMMODATION						
Central London Direct Let	3.65	3.50	3.50	3.75	3.75	Weaker
Super Prime Regional Direct Let	4.65	4.50	4.50	4.75	4.75	Weaker
Prime Regional Direct Let	5.00	4.75	4.75	5.00	5.00	Weaker
Secondary Regional Direct Let	8.00	8.00	8.00	8.50	8.50	Weaker
Central London RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Super Prime Regional RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Prime Regional RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Secondary Regional RPI Lease	4.00	4.00	4.50	5.25	5.25	Weaker
HOTELS						
Prime London Vacant Possession	4.50	4.50	4.50	4.75	4.75	Weaker
Prime London Management Contract	5.50	5.50	5.50	5.75	5.75	Weaker
Prime London Lease	3.75	3.75	3.75	4.50	4.50	Weaker
Prime Regional Vacant Possession	6.75	6.75	6.75	7.25	7.25	Weaker
Prime Regional Management Contract	7.75	7.75	7.75	8.50	8.50	Weaker
Prime Regional Lease	4.25	4.25	4.25	5.25	5.25	Weaker

UNITED KINGDOM | LIVING SECTORS INVESTMENT YIELDS | MARCH 2023

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SPECIALIST SUPPORTED LIVING						
London/ SE Prime	5.25	5.25	5.25-5.50	5.25-5.50	5.25-5.50	Weaker
Regional UK Prime	5.25-5.75	5.25-5.75	5.25-5.75	5.40-5.85	5.40-5.85	Weaker
Secondary	6.00	6.00	6.00	6.25	6.25	Weaker
Tertiary	6.25+VP-Resi	6.50+VP-Resi	6.50+VP resi	6.75 –VP-Resi	6.75-VP-Resi	Weaker
INTEGRATED RETIREMENT COMMUNITIES						
London/ SE Prime	N/A	N/A	N/A	N/A	5.00.5.25	Weaker
Regional UK Prime	4.25-5.00	4.25-5.00	4.25-5.00	5.00-5.25	5.50	Weaker
Secondary	6.00	6.00	6.00	6.00	6.00	Weaker
Tertiary	N/A	N/A	N/A	N/A	N/A	Weaker
ELDERLY CARE						
London/ SE Prime	3.5-4.0	3.5-4.0	3.75-4.00	4.00-4.25	4.00-4.25	Weaker
Regional UK Prime	4.5-5.5	4.25-5.00	4.50-5.50	4.75-5.75	4.75-5.75	Weaker
Secondary	7.00	7.00	7.25	7.50-8.00	7.50-8.00	Weaker
Tertiary	8.00	8.00	8.50	9.00	9.00	Weaker
PRIMARY CARE						
London/ SE Prime	3.50	3.50	3.60	4.00	4.00	Weaker
Regional UK Prime	3.75	3.75	3.85	4.25	4.25	Weaker
Secondary	4.50	4.50	4.65	5.35	5.25	Weaker
Tertiary	6.00	6.00	6.25	6.75	6.75	

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SHARED OWNERSHIP						
London/ SE Prime	2.90-3.00	2.90-3.00	3.00	3.00-3.25	3.10-3.25	Weaker
Regional UK Prime	3.00-3.15	3.00-3.15	3.00-3.25	3..15-3.35	3..15-3.40	Weaker
Secondary	3.15-3.35	3.15-3.35	3.25-3.50	3.25-3.50	3.25-3.75	Weaker
Tertiary	3.35-3.60	3.35-3.60	3.50	3.50-3.75	3.50-3.90	Weaker
AFFORDABLE RENT						
London/ SE Prime	3.75-4.00	3.75-4.00	3.75-4.00	3.75-4.15	3.75-4.15	Weaker
Regional UK Prime	4.00-4.25	4.00-4.25	4.00-4.25	4.15-4.40	4.15-4.50	Weaker
Secondary	4.25-4.50	4.25-4.50	4.25-4.50	4.40-4.65	4.40-4.65	Weaker
Tertiary	4.50-4.75	4.50-4.75	4.50-4.75	4.65-490	4.75	Weaker
SOCIAL RENT						
London/ SE Prime	3.50-3.75	3.50-3.75	3.50-3.75	3.65-3.90	3.70-4.00	Weaker
Regional UK Prime	3.75-4.00	3.75-4.00	3.75-4.00	3.90-4.15	3.75-4.15	Weaker
Secondary	4.00-425	4.00-425	4.00-425	4.15-4.40	4.15-4.40	Weaker
Tertiary	4.25-450	4.25-450	4.25-450	4.40-4.65	4.50.4.75	Weaker

Positive start to Q1 with a number of transactions exchanging but pricing remains uncertain with evidence of falling house prices

Single Family Housing

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.50 - 3.75	3.50 - 3.75	3.50 - 3.75	3.70 – 3.85	3.70 – 3.85	Weaker
South East Secondary	3.75 – 3.90	3.75 – 3.90	3.75 – 3.90	3.85 – 4.00	3.85 – 4.00	Weaker
South West Prime	3.65 – 3.90	3.65 – 3.90	3.65 – 3.90	3.85 – 4.00	3.85 – 4.00	Weaker
South West Secondary	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 – 4.15	4.00 – 4.15	Weaker
East of England Prime	3.75 - 4.00	3.75 - 4.00	3.75 - 4.00	3.85 – 4.00	3.85 – 4.00	Weaker
East of England Secondary	4.00 - 4.25	4.00 - 4.25	4.00 - 4.25	4.00 – 4.15	4.00 – 4.15	Weaker
West Midlands Prime	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 – 4.20	4.00 – 4.20	Weaker
West Midlands Secondary	4.15 - 4.40	4.15 - 4.40	4.15 - 4.40	4.20 – 4.40	4.20 – 4.40	Weaker
East Midlands Prime	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 – 4.20	4.00 – 4.20	Weaker
East Midlands Secondary	4.15 - 4.40	4.15 - 4.40	4.15 - 4.40	4.20 – 4.40	4.20 – 4.40	Weaker
North West Prime	4.00 - 4.25	4.00 - 4.25	4.00 - 4.25	4.15 – 4.30	4.15 – 4.30	Weaker
North West Secondary	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50	4.30 – 4.45	4.30 – 4.45	Weaker
North East including Yorkshire and the Humber Prime	4.10 - 4.35	4.10 - 4.35	4.10 - 4.35	4.25 – 4.40	4.25 – 4.40	Weaker
North East including Yorkshire and the Humber Secondary	4.35 - 4.60	4.35 - 4.60	4.35 - 4.60	4.40 – 4.55	4.40 – 4.55	Weaker

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Notes and Definitions

Residential

Our residential yields refer to institutionally managed, private rented residential assets within the UK (build to rent)

1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to the previous month together with our own opinions and judgement
2) Net yields account for operational costs and relevant purchaser's costs
3) Prime refers to assets located in close proximity to transport notes, either brand new or with a high quality specification and level of amenity
4) Zone 2 and Zones 3 to 6 refer to London travel zones system managed by Transport for London

Hotels

1) Vacant possession upscale, stabilised year cap rate
2) Management contract upscale, no guarantee or underwrite, operated by an internationally renowned brand
3) Prime London lease reflects Zone 1, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain
4) Prime regional lease reflects prime UK city locations, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain

Student Accommodation

The net initial yield, which is growth implicit, rather than the equivalent yield, is the key driver in the purpose built student accommodation sector. Allowance for purchaser's costs is made in calculating the net initial yield. All the yields assume completed and stabilised properties and ignore any discount for forward funding. Yields assume a generic lot size of £25m and running costs which a hypothetical purchaser would assume

1) Direct let a well located modern purpose built property of an operationally efficient scale with a strong letting track record and appropriate room mix
2) Central London well located single asset in London zone 1
3) Super prime regional towns and cities with restricted supply or restrictive planning policies
4) Prime regional mature markets with healthy supply and demand ratio and generally more than one university. There is a spread of towns and cities from the prime level to our secondary benchmark
5) Secondary regional towns and cities with perceived oversupply issues, new universities or secondary campuses
6) RPI lease well located, let to a strong university covenant, minimum of 25 years unexpired on FRI terms with annual RPI uplifts

Single Family Housing

Our yield ranges are indicative and represent our view of a stabilised investment.

1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to date together with our own opinions.
2) They represent our indicative view of the net initial yield of a rack rented stabilised investment.
3) These yields represent a cluster of modern dwellings in a single location that would be sold in a single lot to an investor as part of a wider portfolio.
4) 'Prime' is defined as having excellent connectivity to key city hubs, transport links, local employment, amenity and schools, an established depth of rental demand with strong ESG credentials.
5) 'Secondary' - one or more of the above criteria is compromised or missing.
6) Net yields account for operational costs and relevant purchaser's costs.
7) Operational Cost Assumptions typically range between 18.0% - 22.5% (including voids) however we consider this will be analysed more on £ per unit basis as the market matures.
8) Our analysis and yields are indicative, for guidance only and may not be relied upon.

Enclosure 3: RICS BCIS – Rebased to York (March 2023)

BCIS®

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 11-Mar-2023 05:56

› Rebased to York (97; sample 19)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	1,680	835	1,395	1,586	1,891	5,792	856
1-2 storey (15)	1,600	993	1,346	1,509	1,786	3,297	183
3-5 storey (15)	1,653	835	1,390	1,579	1,873	3,531	574
6 storey or above (15)	1,994	1,226	1,632	1,867	2,137	5,792	96
856.2 Students' residences, halls of residence, etc (15)	2,151	1,227	1,919	2,166	2,389	3,500	55

Enclosure 4: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC)

PBSA Typology
100 Units
Includes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY — CBRE

PBSA Typology
100 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 4 100 (V3)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	18,568	43.20	8,021	561,499	802,142	561,499

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	561,499	YP @	5.0000%	20.0000	11,229,988

NET REALISATION				**11,229,988**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(299,818)	
				(299,818)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	28,567	221.90	6,339,110	**6,339,110**
Externals		10.00%	633,911	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	278,921	
				980,832
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	557,842	
				557,842
DISPOSAL FEES				
Sales Agent Fee		2.00%	224,600	
				224,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(48,110)	
Construction			676,317	
Total Finance Cost				628,207
TOTAL COSTS				**9,358,323**
PROFIT				
				1,871,665

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	31.48%

PBSA Typology
100 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
200 Units
Includes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY CBRE

PBSA Typology
200 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 10 200 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	37,135	43.20	8,021	1,123,000	1,604,285	1,123,000

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,123,000	YP @	5.0000%	20.0000	22,459,990

NET REALISATION				**22,459,990**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(925,895)	
				(925,895)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	57,135	221.90	12,678,221	**12,678,221**
Externals		10.00%	1,267,822	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	557,842	
				2,009,664
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,115,683	
				1,115,683
DISPOSAL FEES				
Sales Agent Fee		2.00%	449,200	
				449,200
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(182,766)	
Construction			1,715,650	
Total Finance Cost				1,532,884
TOTAL COSTS				**18,716,657**
PROFIT				
				3,743,333

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	27.39%

PBSA Typology
200 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
350 Units
Includes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY	**CBRE**

PBSA Typology
350 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 15 350 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	64,987	43.20	8,021	1,965,250	2,807,500	1,965,250

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	1,965,250	YP @	5.0000%	20.0000	39,305,000

NET REALISATION				**39,305,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(1,968,058)	
				(1,968,058)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	99,975	221.90	22,184,452	**22,184,452**
Externals		10.00%	2,218,445	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	976,116	
				3,498,561
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,952,232	
				1,952,232
DISPOSAL FEES				
Sales Agent Fee		2.00%	786,100	
				786,100
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(448,777)	
Construction			3,500,754	
Total Finance Cost				3,051,977
TOTAL COSTS				**32,754,164**
PROFIT				
				6,550,836

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	25.12%

PBSA Typology
350 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
600 Units
Includes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY — CBRE

PBSA Typology
600 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 20 600 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	111,406	43.20	8,021	3,369,000	4,812,857	3,369,000

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	3,369,000	YP @	5.0000%	20.0000	67,379,998

NET REALISATION				**67,379,998**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(4,411,795)	
				(4,411,795)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	171,394	221.90	38,032,329	**38,032,329**
Externals		10.00%	3,803,233	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,673,422	
				6,128,655
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,346,845	
				3,346,845
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,347,600	
				1,347,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,203,440)	
Construction			7,335,342	
Total Finance Cost				6,131,902
TOTAL COSTS				**56,149,986**
PROFIT				
				11,230,012

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	22.81%

PBSA Typology
600 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 5: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC)

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY CBRE

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 5 100 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	18,568	43.20	8,021	561,499	802,142	561,499

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	561,499	YP @	5.0000%	20.0000	11,229,988

NET REALISATION				**11,229,988**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			363,392	
				363,392
Stamp Duty			7,670	
Effective Stamp Duty Rate		2.11%		
Agent Fee		1.00%	3,634	
Legal Fee		0.80%	2,907	
				14,211
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	28,567	221.90	6,339,110	
Externals		10.00%	633,911	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	278,921	
				7,319,942
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	557,842	
				557,842
DISPOSAL FEES				
Sales Agent Fee		2.00%	224,600	
				224,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			66,076	
Construction			584,710	
Total Finance Cost				650,786
TOTAL COSTS				**9,358,323**
PROFIT				
				1,871,665

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

IRR% (without Interest)	30.31%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
200 Units
Excludes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY — CBRE

PBSA Typology
200 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 11 200 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	37,135	43.20	8,021	1,123,000	1,604,285	1,123,000

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,123,000	YP @	5.0000%	20.0000	22,459,990

NET REALISATION				**22,459,990**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			409,788	
				409,788
Stamp Duty			9,989	
Effective Stamp Duty Rate		2.44%		
Agent Fee		1.00%	4,098	
Legal Fee		0.80%	3,278	
				17,366
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	57,135	221.90	12,678,221	
Externals		10.00%	1,267,822	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	557,842	
				14,687,885
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,115,683	
				1,115,683
DISPOSAL FEES				
Sales Agent Fee		2.00%	449,200	
				449,200
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			92,674	
Construction			1,487,163	
Total Finance Cost				1,579,837
TOTAL COSTS				**18,716,658**
PROFIT				
				3,743,332

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

PBSA Typology
200 Units
Excludes Policy H7 2.5% OSFC/room

IRR% (without Interest)	26.37%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
350 Units
Excludes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY **CBRE**

PBSA Typology
350 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 16 350 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	64,987	43.20	8,021	1,965,250	2,807,500	1,965,250

Investment Valuation					
Student accommodation - 350 bed typology					
Current Rent	1,965,250	YP @	5.0000%	20.0000	39,305,000
NET REALISATION				**39,305,000**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			379,270		
				379,270	
Stamp Duty			8,463		
Effective Stamp Duty Rate		2.23%			
Agent Fee		1.00%	3,793		
Legal Fee		0.80%	3,034		
				15,290	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Student accommodation - 350 bed typology	99,975	221.90	22,184,452		
Externals		10.00%	2,218,445		
Site Abnormals	1 ac	400,000 /ac	304,000		
Contingency		4.00%	976,116		
				25,683,014	
Other Construction					
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500		
Policy G12 BNG	1 ac	15,000 /ac	11,400		
				798,900	
PROFESSIONAL FEES					
Professional Fees		8.00%	1,952,232		
				1,952,232	
DISPOSAL FEES					
Sales Agent Fee		2.00%	786,100		
				786,100	
FINANCE					
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)					
Land			99,231		
Construction			3,040,130		
Total Finance Cost				3,139,361	
TOTAL COSTS				**32,754,167**	
PROFIT					
				6,550,833	
Performance Measures					
Profit on Cost%		20.00%			
Profit on GDV%		16.67%			
Profit on NDV%		16.67%			
Development Yield% (on Rent)		6.00%			
Equivalent Yield% (Nominal)		5.00%			
Equivalent Yield% (True)		5.16%			

APPRAISAL SUMMARY CBRE

PBSA Typology
350 Units
Excludes Policy H7 2.5% OSFC/room

IRR% (without Interest)	24.15%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
600 Units
Excludes Policy H7 2.5% OSFC/room

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY — CBRE

PBSA Typology
600 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 21 600 (V4)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	111,406	43.20	8,021	3,369,000	4,812,857	3,369,000

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	3,369,000	YP @	5.0000%	20.0000	67,379,998

NET REALISATION				**67,379,998**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(376,826)	
				(376,826)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	171,394	221.90	38,032,329	**38,032,329**
Externals		10.00%	3,803,233	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,673,422	
				6,128,655
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,346,845	
				3,346,845
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,347,600	
				1,347,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(105,374)	
Construction			6,402,315	
Total Finance Cost				6,296,941
TOTAL COSTS				**56,149,993**
PROFIT				
				11,230,005

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	21.82%

PBSA Typology
600 Units
Excludes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 6: Developer-led (Off-campus) PBSA Development 100-bed Typology Appraisal (Excluding Modified Policy H7 OSFC) with Funding Yield at 5.25% (Sensitivity)

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room
Funding Yield at 5.25%

Development Appraisal
CBRE
24 March 2023

APPRAISAL SUMMARY	CBRE

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 6 100 (V4 b)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	18,568	43.20	8,021	561,499	802,142	561,499

Investment Valuation					
Student accommodation - 100 bed typology					
Current Rent	561,499	YP @	5.2500%	19.0476	10,695,227
NET REALISATION				**10,695,227**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			7,307		
				7,307	
Agent Fee		1.00%	73		
Legal Fee		0.80%	58		
				132	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Student accommodation - 100 bed typology	28,567	221.90	6,339,110		
Externals		10.00%	633,911		
Site Abnormals	0 ac	400,000 /ac	68,000		
Contingency		4.00%	278,921		
				7,319,942	
Other Construction					
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000		
Policy G12 BNG	0 ac	15,000 /ac	2,550		
				227,550	
PROFESSIONAL FEES					
Professional Fees		8.00%	557,842		
				557,842	
DISPOSAL FEES					
Sales Agent Fee		2.00%	213,905		
				213,905	
FINANCE					
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)					
Land			1,302		
Construction			584,710		
Total Finance Cost				586,012	
TOTAL COSTS				**8,912,689**	
PROFIT					
				1,782,538	

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	31.69%

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Local Authority	CIL status	Date	Residential Charges	Retail/Commercial Charges	Others
Barnsley	Draft Charging Schedule Published	17/10/2016	Four large residential charging zones with rates of £80, £50, £10, and £0 per square metre. Four small residential charging zones with rates of £80, £50, £30, and £0 per square metre.	Retail developments (A1) will be charged £70 per square metre.	No charge for all other uses.
Bradford	**Adopted**	21/03/2017	Four residential development charging zones with rates of £100, £50, £20 and £0 per square metre. No charge for specialist older persons housing.	Two retail warehouse development charging zones with rates of £85 and £0 per square metre. Large scale supermarket developments will be charged £50 per square metre.	No charge for all other uses.
Calderdale	Charging Schedule Submitted	11/01/2019	Six residential housing charging zones with rates of £85, £40, £25, £10, £5 and £0 per square metre. Two residential institutions and care home development charging zones with rates of £360 and £60 per square metre. Hotel developments will be charged at £60 per square metre.	Large convenience retail developments will be charged £45 per square metre. Retail warehouse developments will be charged at £100 per square metre.	All other chargebale uses will be charged £5 per square metre.
East Riding of Yorkshire	Draft Charging Schedule Published	23/01/2017	Five residential development charging zones with rates of £90, £60, £20, £10 and £0 per square metre.	Retail warehouse developments will be charged £75 per square metre.	No charge for all other uses.
Hambleton	**Adopted**	17/03/2015	Private market housing (excluding apartments) will be charged £55 per square metre.	Retail warehouses are to be charged £40 per square metre. Supermarkets are to be charged £90 per square metre.	No charge for all other uses.
Harrogate	**Adopted**	08/07/2020	Small scale residential developments will be charged £50 per square metre. Two charging zones for all other residential developments with rates of £50 and £0 per square metre. Two sheltered housing development charging zones with rates of £60 and £40 per square metre.	Three retail development charging zones for shops with rates of £120, £40 and £0 per square metre. Large supermarket and retail warehouse developments will be charged £120 per square metre. Small supermarkets will be charged £40 per square metre. Distribution developments will be charged £20 per square metre.	No charge for all other uses.
Hull	**Adopted**	23/01/2018	Two residential housing development charging zones with rates of £60 and £0 per square metre. Residential apartment developments will be charged £0 per square metre.	Large scale supermarket developments will be charged £50 per square metre. Small scale supermarket developments will be charged £5 per square metre. Retail warehouse developments will be charged £25 per square metre.	No charge for all other uses.
Kirklees	Examination Report Published	10/01/2020	Four residential charging zones with rates of £80,£20, £5 and £0 per square metre.	No charge for all commercial or industrial uses.	No charge for all other uses.
Leeds	**Adopted**	12/11/2014	Four residential charging zones with rates of £5, £23, £45 and £90 per square metre.	Two charging zones for supermarket developments with rates of £110 and £175 per square metre. Two charging zones for large comparison retail with rates of £35 and £55 per square metre. City centre offices will be charged £35 per square metre.	Publicly funded or not for profit developments will not be charged CIL. All other uses will be charged £5 per square metre.
Richmondshire	Preliminary Draft Charging Schedule Published	24/10/2016	Three residential development charging zones with rates of £120, £50 and £0 per square metre.	Supermarket developments will be charged £120 per square metre. Retail warehouse developments will be charged £60 per square metre. Neighbourhood convenience retail developments will be charged £60 per square metre.	No charge for all other uses.
Rotherham	**Adopted**	07/12/2016	Three residential charging zones with rates of £55, £30 and £15 per square metre. Retirement living developments will be charged £20 per square metre.	Large scale supermarket developments will be charged £60 per square metre. Large scale retail warehouse and retail park developments will be charged £30 per square metre.	No charge for all other uses.
Ryedale	**Adopted**	14/01/2016	Two residential charging zones with rates of £85 and £45 per square metre. No charge for apartment developments.	Supermarkets will be charged £120 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Selby	**Adopted**	03/12/2015	Three residential charging zones with rates of £50, £35 and £10 per square metre.	Supermarkets will be charged £110 per square metre. Retail warehouses will be charged £60 per square metre.	No charge for all other uses.
Sheffield	**Adopted**	03/06/2015	Four residential (C3 and C4) charging zones with rates of £80, £50, £30 and £0 per square metre. Hotel developments will be charged £40 per square metre. Student accommodation developments will be charged £30 per square metre.	Large retail developments are to be charged £60 per square metre. Three retail development (A1) charging zones with rates of £60, £30 and £0 per square metre.	No charge for all other uses.
Wakefield	**Adopted**	20/01/2016	Three residential charging zones with rates of £55, £20 and £0 per square metre.	Large supermarkets will be charged £103 per square metre. Retail warehouse developments will be charged £89 per square metre.	No charge for all other uses.

Prime Yield Guide – March 2023

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SECTOR		MAR-22	SEP-22	DEC-22	JAN-23	FEB-23	MAR-23	1 MONTH CHANGE	MARKET SENTIMENT
Offices (Grade A)	City Prime (Single let, 10 years)	3.75%	4.00%	4.50% - 4.75%	4.75%	4.75%	4.75%		STABLE
	West End: Prime Core (Mayfair & St James's)	3.25%	3.25%	3.50% - 3.75%	3.75%	3.75%	3.75%		STABLE
	West End: Non-core (Soho & Fitzrovia)	3.75% - 4.00%	4.00%	4.25% - 4.50%	4.50%	4.50%	4.50%		STABLE
	Major Regional Cities (Single let, 15 years)	4.75% - 5.00%	5.00% - 5.25%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%	5.75%	-	STABLE
	Major Regional Cities (Multi-let, 5 year WAULT)	5.75% -	5.25% - 5.50%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		WEAKER
	South East Towns (Single let, 15 years)	5.00% - 5.25%	5.25%	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%	6.00% - 6.50%		WEAKER
	South East Towns (Multi-let, 5 year WAULT)	6.50%	6.75% - 7.00%	7.00% - 7.50%	7.00% - 7.50%	7.00% - 7.50%	7.50%	+	WEAKER
	South East Business Parks (Single let, 15 years)	5.25% +	5.50% - 5.75%	6.75% - 7.00%	6.75% - 7.00%	6.75% - 7.00%	7.00%	+	WEAKER
	South East Business Parks (Multi-let, 5 year WAULT)	6.75% +	7.25% +	7.75% - 8.00%	7.75% - 8.00%	7.75% - 8.00%	8.50% +	+0.50%	WEAKER
	Life Sciences (Oxford, Cambridge)	3.75%	3.75%	4.25%	4.25%	4.25% - 4.50%	4.25% - 4.50%		WEAKER
Warehouse & Industrial Space	Prime Distribution/Warehousing (20 years [NIY], fixed/indexed uplifts)	3.00%	3.50% - 3.75%	4.75% - 5.00%	4.75% - 5.00%	4.75% - 5.00%	4.75%	-	STABLE
	Prime Distribution/Warehousing (15 years, OMRRs)	3.50%	4.00% - 4.25%	5.25% - 5.50%	5.25% - 5.50%	5.25% - 5.50%	5.25%	-	STABLE
	Secondary Distribution (10 years, OMRRs)	4.00%	4.50% - 4.75%	5.50% - 6.00%	5.50% - 6.00%	5.50% - 6.00%	5.50% - 5.75%	-	STABLE
	South East Estate (excluding London & Heathrow)	3.25% - 3.50%	4.00%	5.00% - 5.50%	5.00% - 5.50%	5.00% - 5.50%	5.00% - 5.25%	-	STABLE
	Good Modern Rest of UK Estate	3.50% - 3.75%	4.25% - 4.50%	5.25% - 5.75%	5.25% - 5.75%	5.25% - 5.75%	5.25% - 5.50%	-	STABLE
	Good Secondary Estates	4.75% - 5.25%	5.25% - 5.75%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%	6.50% - 7.00%		WEAKER
Specialist Sectors	Car Showrooms (20 years with fixed uplifts & dealer covenant)	5.00%	5.25%	5.75%	5.75%	5.75%	5.75%		STABLE
	Budget Hotels London (20 years, 5 yearly RPI / CPI uplifts)	3.25% - 3.50%	3.25% - 3.50%	4.50% - 4.75%	4.50% - 4.75%	4.50% - 4.75%	4.50%	-	STABLE
	Budget Hotels Regional (20 years, 5 yearly RPI / CPI uplifts)	4.00%	4.00%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00%	-	STABLE
	Student Accommodation Prime London (Direct Let)	3.75%	3.50%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%	3.75% - 4.00%		STABLE
	Student Accommodation Prime Regional (Direct Let)	5.00%	4.75% - 5.00%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Student Accommodation Prime London (25 years, Annual RPI)	3.00% - 3.25%	3.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00%	-	STABLE
	Student Accommodation Prime Regional (25 years, Annual RPI)	3.25% - 3.50%	3.50%	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%	4.25%	-	STABLE
	Healthcare (Elderly Care, 30 years, 5 yearly indexed linked reviews)	3.50%	3.25% - 3.50%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%	4.00% - 4.25%		STABLE
	Data Centres (Operational)	4.00% -	4.00%	4.00%	4.00%	4.00%	4.50%	+0.50%	STABLE
	Data Centres (Leased, 15 years, Annual Indexation)	4.00%	4.00% +	4.25% +	4.25% +	4.25% +	4.75%	+0.50%	STABLE
	Income Strip (50 years, Annual RPI/CPIH+1%, Annuity Grade)	2.25%	2.50% +	3.75% - 4.00%	4.00%	4.00%	4.00%		STABLE

Your partners in property.

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SECTOR		MAR-22	SEP-22	DEC-22	JAN-23	FEB-23	MAR-23	1 MONTH CHANGE	MARKET SENTIMENT
High Street Retail	Bond Street	2.75%	2.75% +	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%	2.75% - 3.00%		WEAKER
	Oxford Street	3.50% +	3.50% +	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%	4.25% - 4.50%		WEAKER
	Prime Towns (Oxford, Cambridge, Winchester)	6.25%	6.25%	6.75% +	6.75% +	6.75% +	6.75%	-	STABLE
	Regional Cities (Manchester, Birmingham)	6.50% +	6.50%	7.00% +	7.00% +	7.00% +	7.00%	-	STABLE
	Good Secondary (Truro, Leamington Spa, Colchester etc)	8.25% - 8.50%	8.25% 8.50%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%	9.00% - 9.25%		STABLE
Shopping Centres (sustainable income)	Regional Scheme	7.50%	7.50%	8.00%	8.00% +	8.00% +	8.00% +		WEAKER
	Sub-Regional Scheme	8.50%	8.50%	9.00% +	9.00% +	9.00% +	9.00% +		WEAKER
	Local Scheme (successful)	9.00%	9.25%	9.75% +	9.75% +	9.75% +	9.75% +		WEAKER
	Neighbourhood Scheme (assumes <25% of income from supermarket)	9.00% - 9.25%	9.00% - 9.25%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%	9.50% - 9.75%		WEAKER
Out of Town Retail	Open A1 Parks	5.25% -	5.00%	6.00% +	6.00% +	6.00% +	6.00%	-	STABLE
	Good Secondary Open A1 Parks	6.25% - 6.50%	6.25%	7.25% +	7.50% +	7.50% +	7.50%	-	STABLE
	Bulky Goods Parks	5.25% -	5.00%	6.00% +	6.00% +	6.00% +	6.00%	-	STABLE
	Good Secondary Bulky Goods Parks	6.25% - 6.50%	6.25%	7.25% +	7.50% +	7.50% +	7.50%	-	STABLE
	Solus Open A1 (15 year income)	4.75%	5.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%		STABLE
	Solus Bulky (15 year income)	4.75%	5.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%	5.75% - 6.00%		STABLE
Major Foodstores	Annual RPI Increases [NIY] (20 year income)	3.50%	3.75% - 4.00%	5.00%	5.00%	5.00%	5.00%		STABLE
	Open Market Reviews (20 year lease)	4.00%	4.25% - 4.50%	5.50%	5.50%	5.50%	5.50%		STABLE
Leisure	Prime Leisure Parks	7.00% +	7.00% +	7.50% +	7.50% +	7.50% +	7.50% +		STABLE
	Good Secondary Leisure Parks	8.00% +	8.00% +	8.50% - 8.75%	9.00% +	9.00% +	9.00% +		WEAKER

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LEADING INDICATORS

The changing structure of the UK economy. Overall, UK economic output grew by +1% year on year in Q4, however, some sectors have recorded a significant increase. Indeed, the Arts & entertainment (+9%), Construction (+5%) and Professional & Scientific (+4%) industries saw increased output year on year in Q4 2022. However, some sectors including Production (-4%) and Manufacturing (-6%) saw output moderate. Here, the higher costs of materials, energy and labour likely weight on output. For the year ahead, the Bank of England forecast inflation to fall to 4% from 10%, which could alleviate some pricing pressures on these sectors that have seen output decline.

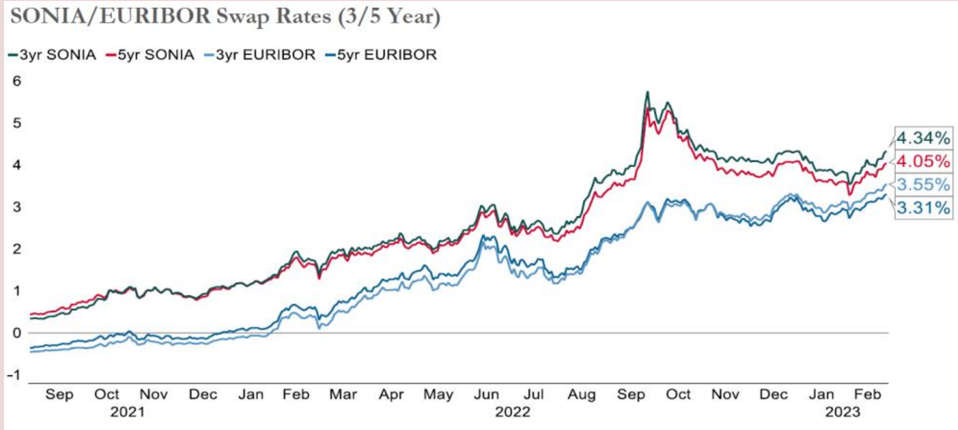
UK inflation continued to slow falling, for the third consecutive month, to 10.1% ahead of expectations. Producer price inflation also moderated, to 14.1%. The positive inflation news has left market commentators deliberating the BoE's next interest rate decision on 23 March. Capital Economics outlined that the likelihood of its forecast of 4.50% peak is lower now, while Oxford Economics expects the central bank to lift its rate by 25bps to 4.25% in March, where it will remain until at least the end of the year.

Flash PMIs for the UK surprised on the upside, with UK services businesses reporting growth for the first time in eight months (figure above 50). Indeed, the UK Services PMI increased to 53.3 in February, from 48.7 in January, beating market expectations of 49.2. Meanwhile, the Manufacturing PMI rose to 49.2 from 47.0 in January, exceeding market forecasts of 47.5.

DEBT MARKET – 27 FEBRUARY 2023

Debt margins have drifted out over the last quarter as a reflection of wider economic uncertainty and dislocation in the market.

Source: Macrobond



BONDS & RATES (01/03/2023)	MAR 2022	JAN 2023	FEB 2023	MAR 2023
SONIA Rate	0.445%	3.427%	3.927%	3.927%
Bank of England Base Rate	0.50%	3.50%	4.00%	4.00%
5-year swap rates	1.794%	4.050%	3.582%	4.308%
10-year gilts redemption yield	1.34%	3.53%	3.17%	3.81%

ESG

Refurbishing Offices

What are the economic and green challenges and opportunities from refurbishing office buildings?

Intelligence Lab

UK Retail Sales Dashboard – January 2023

An overview of UK retail performance, including key metrics on core sub-sectors and e-commerce.

Prime Yield Guide – March 2023

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 1 March 2023.

KEY RESEARCH

UK CRE Quarterly Review – February 2023

The Quarterly UK RE Review outlines the key occupier and investment trends across the different sectors within commercial real estate.

Knight Frank V&A

Did you know

In addition to valuing assets in the main property sectors and having award winning teams in the Healthcare, Student and Automotive sectors, Knight Frank also has expertise in :

- Waste and Energy
- Infrastructure
- Garden Centres
- Film Studios
- Serviced Offices
- Data Centres
- Life Sciences
- Income Strips
- Ground Rents
- Trading assets
- Expert Witness
- IPOs

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JLL SEE A BRIGHTER WAY

JLL Monthly Yield Sheet

January 2023

Best in Class Yields – Commercial

Sector	Trending	Jan-23 %	Dec-22 -1 Months %	Oct-22 -3 Months %	Jan-22 -12 Months &
Shops- High Street					
Prime	Weaker	**6.50**	6.50	6.50	6.50
Functional Towns	Weaker	**8.50**	8.50	8.25	8.00
Small Market Towns	Weaker	**10.50**	10.50	10.25	10.00
Shopping Centres					
Dominant Regional	Weaker	**7.25**	7.25	6.75	6.75
City Centre / Sub Regional	Weaker	**8.50**	8.50	8.00	8.00
Secondary Towns	Weaker	**14.00**	13.00	12.00	12.00
Retail Warehouses					
Prime Parks	Weaker	**6.00**	5.75	5.25	5.50
Secondary Parks	Weaker	**8.25**	8.25	7.75	9.00
Solus Units	Weaker	**6.25**	6.00	5.25	5.50
Foodstores - Supermarkets	Weaker	**5.25**	5.25	4.50	3.50
Leisure					
Leisure	Weaker	**8.50**	8.25	7.75	7.75
Offices					
City <£40m	Weaker	**4.50+**	4.50+	4.25	3.75
City £40m - £125m	Weaker	**4.50+**	4.50+	4.25	3.75
City >£125m	Weaker	**4.50+**	4.50+	4.25	3.75
West End <£40m	Stable	**3.75**	3.75	3.75	3.50
West End £40m - £125m	**Stable**	**4.00**	3.75	3.75	3.50
West End >£125m	**Stable**	**4.25**	4.00	4.00	3.50
Greater London Area Preferred	Weaker	**6.25**	6.00	5.75	5.00
South East Prime	Weaker	**6.50**	6.25	6.00	5.25
Regional City Prime	Weaker	**5.50**	5.25	5.25	4.75-
Sub Regional City Prime	Weaker	**6.75**	6.50	6.50	5.75
Life Sciences					
Life Sciences Prime	Weaker	**4.50**	4.50	4.25	3.75
Industrial/Logistics					
Regional Single Let	**Stable**	**5.50**	5.50	4.50	3.50
SE Single Let	**Stable**	**5.25**	5.25	4.25	3.25
London Single Let	**Stable**	**5.00**	5.00	4.00	3.00
Regional Multi Let	**Stable**	**5.50**	5.50	4.75	3.75
SE Multi Let	**Stable**	**5.25**	5.25	4.50	3.50
London Multi Let	**Stable**	**5.00**	5.00	4.00	3.00
Alternatives					
Car Showrooms	**Stable**	**5.50**	5.50	4.75	5.25
Self Storage (Prime)	**Stable**	**5.00**	5.00	5.00	4.75
Hotels London - Prime Covenant / 20 year term	Weaker	**4.25**	4.25	4.00	3.75
Hotels Regional - Prime Covenant / 20 year term	Weaker	**5.00**	5.00	4.50	4.25

Notes

1. Best in Class Yields relate to rack rented investments let with lease lengths considered by the market as most appropriate for the asset class.
2. Trending denotes investor sentiment towards the sector.
3. RPI/CPI uplifts on longer leases can achieve keener yields than those assessed at market rents.
4. Yields are based on transactions and sentiment.
5. Yields stated are Initial Yields for the Alternatives section based on 20 year unexpired leases to strong covenants with indexation/uplifts.
6. Supermarket yields are for 20 year leases with RPI indexed uplifts at 5 year intervals.
7. Colour Key – the colours in the trending and yield column indicate changes since previous month. Green: stronger than previous month, black: same as previous month, red: weaker than previous month.

Source: JLL, 13th January 2023. For indicative purposes only.

Best in Class Yields – Living

Sector	Trending	Jan-23 %	Dec-22 -1 Months %	Oct-22 -3 Months %	Jan-22 -12 Months &
Elderly Care (NIY)					
Ultra Prime	Stable	**4.25+**	4.25+	3.25	3.50
Prime	Stable	**5.00+**	5.00+	4.00+	4.00+
Core	Stable	**6.00+**	6.00+	5.00+	5.00+
Secondary	Stable	**7.50**	7.50	6.50+	6.50+
Build to Rent (NIY) (Stabilised BTR Purpose Built)					
Prime London Zones 1-3	Weaker	**3.50-**	3.50-	3.25+	3.25+
Outer London Zones 4-6	Weaker	**3.75-**	3.75-	3.50+	3.50+
South East / South West Prime	Weaker	**4.00-**	4.00-	3.75+	3.75+
Prime Regional	Weaker	**4.00+**	4.00+	4.00+	4.00+
Secondary Regional	Weaker	**4.50+**	4.50+	4.50+	4.50
Purpose Built Student Accommodation (NIY) (Direct Let)					
Prime London	Weaker	**3.75+**	3.75+	3.50	3.75
Inner London	Weaker	**4.00+**	4.00+	3.75	4.25-
Super Prime Regional	Weaker	**4.75**	4.75	4.50	4.75+
Prime Regional	Weaker	**5.25**	5.25	5.00	5.00+
Secondary Regional	Weaker	**6.50**	6.50	6.25	6.25+
Other Regional	Weaker	**7.25**	7.25	7.00	7.00+
Purpose Built Student Accommodation (NIY) (25 Year FRI Leases)					
Prime London	Weaker	**3.75**	3.75	3.50	3.00
Inner London	Weaker	**3.75**	3.75	3.50	3.00+
Prime Regional	Weaker	**4.00**	4.00	3.75	3.25
Secondary Regional	Weaker	**4.25**	4.25	4.00	3.75
Other Regional	Weaker	**4.50**	4.50	4.25	4.00
JLL Prime Yield		**5.29**	5.24	4.83	4.51
Money Markets (3rd January 2023)					
UK SONIA Rate		**3.43**	2.93	2.19	0.19
SONIA 5 Years SWAP Rate		**3.95**	3.72	4.94	1.04
Gilt 10 years		**3.65**	3.10	4.18	1.17
Base rate		**3.50**	3.00	2.25	0.25

Notes

1. Yields are based on transactions and sentiment.
2. Trending denotes investor sentiment towards the sector.
3. BTR yields relate to professionally managed private residential assets of institutional grade.
4. PBSA yields relate to professionally managed purposed built student accommodation of institutional grade.
5. *JLL Prime Yield calculation includes both Commercial & Living Yields.*
6. Please note Money Market Yields are volatile - yields quoted as of date specified.
7. Colour Key – the colours in the trending and yield column indicate changes since previous month. Green: stronger than previous month, black: same as previous month, red: weaker than previous month.

Source: JLL, 13th January 2023. For indicative purposes only.

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CBRE

Investor interest is slowly returning to the market for Q1

- Signs of investor interest slowly returning to the market.
  Residential
- Strong rental growth for the upcoming academic year is mitigating yield expansion as market looks towards potential reversions.
  Student
- Transactions showing signs of stability ahead.
  Hotels

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.25	3.25	3.25	3.50	3.60	Weaker
London Zone 2 Good Secondary	3.65	3.65	3.65	4.00	4.00	Weaker
London Zone 3 to 6 Prime	3.35	3.35	3.35	3.65	3.75	Weaker
London Zone 3 to 6 Good Secondary	3.65	3.65	3.65	4.00	4.00	Weaker
Outer London and South East Prime	3.60	3.60	3.60	3.90	4.00	Weaker
Outer London and South East Good Secondary	4.00	4.00	4.00	4.50	4.50	Weaker
Regional Centres excluding South East Prime	4.00	3.85	3.85	4.15	4.15	Weaker
Regional Centres excluding South East Secondary	4.50	4.25	4.25	4.75	4.75	Weaker
Other Regional Centres Prime	4.40	4.15	4.15	4.50	4.50	Weaker
Other Regional Centres Secondary	5.00	4.75	4.75	5.25	5.25	Weaker

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
STUDENT ACCOMMODATION						
Central London Direct Let	3.65	3.50	3.50	3.75	3.75	Weaker
Super Prime Regional Direct Let	4.65	4.50	4.50	4.75	4.75	Weaker
Prime Regional Direct Let	5.00	4.75	4.75	5.00	5.00	Weaker
Secondary Regional Direct Let	8.00	8.00	8.00	8.50	8.50	Weaker
Central London RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Super Prime Regional RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Prime Regional RPI Lease	3.00	2.75	3.25	4.00	4.00	Weaker
Secondary Regional RPI Lease	4.00	4.00	4.50	5.25	5.25	Weaker
HOTELS						
Prime London Vacant Possession	4.50	4.50	4.50	4.75	4.75	Weaker
Prime London Management Contract	5.50	5.50	5.50	5.75	5.75	Weaker
Prime London Lease	3.75	3.75	3.75	4.50	4.50	Weaker
Prime Regional Vacant Possession	6.75	6.75	6.75	7.25	7.25	Weaker
Prime Regional Management Contract	7.75	7.75	7.75	8.50	8.50	Weaker
Prime Regional Lease	4.25	4.25	4.25	5.25	5.25	Weaker

UNITED KINGDOM | LIVING SECTORS INVESTMENT YIELDS | MARCH 2023

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SPECIALIST SUPPORTED LIVING						
London/ SE Prime	5.25	5.25	5.25-5.50	5.25-5.50	5.25-5.50	Weaker
Regional UK Prime	5.25-5.75	5.25-5.75	5.25-5.75	5.40-5.85	5.40-5.85	Weaker
Secondary	6.00	6.00	6.00	6.25	6.25	Weaker
Tertiary	6.25+VP-Resi	6.50+VP-Resi	6.50+VP resi	6.75 –VP-Resi	6.75-VP-Resi	Weaker
INTEGRATED RETIREMENT COMMUNITIES						
London/ SE Prime	N/A	N/A	N/A	N/A	5.00.5.25	Weaker
Regional UK Prime	4.25-5.00	4.25-5.00	4.25-5.00	5.00-5.25	5.50	Weaker
Secondary	6.00	6.00	6.00	6.00	6.00	Weaker
Tertiary	N/A	N/A	N/A	N/A	N/A	Weaker
ELDERLY CARE						
London/ SE Prime	3.5-4.0	3.5-4.0	3.75-4.00	4.00-4.25	4.00-4.25	Weaker
Regional UK Prime	4.5-5.5	4.25-5.00	4.50-5.50	4.75-5.75	4.75-5.75	Weaker
Secondary	7.00	7.00	7.25	7.50-8.00	7.50-8.00	Weaker
Tertiary	8.00	8.00	8.50	9.00	9.00	Weaker
PRIMARY CARE						
London/ SE Prime	3.50	3.50	3.60	4.00	4.00	Weaker
Regional UK Prime	3.75	3.75	3.85	4.25	4.25	Weaker
Secondary	4.50	4.50	4.65	5.35	5.25	Weaker
Tertiary	6.00	6.00	6.25	6.75	6.75	

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SHARED OWNERSHIP						
London/ SE Prime	2.90-3.00	2.90-3.00	3.00	3.00-3.25	3.10-3.25	Weaker
Regional UK Prime	3.00-3.15	3.00-3.15	3.00-3.25	3..15-3.35	3..15-3.40	Weaker
Secondary	3.15-3.35	3.15-3.35	3.25-3.50	3.25-3.50	3.25-3.75	Weaker
Tertiary	3.35-3.60	3.35-3.60	3.50	3.50-3.75	3.50-3.90	Weaker
AFFORDABLE RENT						
London/ SE Prime	3.75-4.00	3.75-4.00	3.75-4.00	3.75-4.15	3.75-4.15	Weaker
Regional UK Prime	4.00-4.25	4.00-4.25	4.00-4.25	4.15-4.40	4.15-4.50	Weaker
Secondary	4.25-4.50	4.25-4.50	4.25-4.50	4.40-4.65	4.40-4.65	Weaker
Tertiary	4.50-4.75	4.50-4.75	4.50-4.75	4.65-490	4.75	Weaker
SOCIAL RENT						
London/ SE Prime	3.50-3.75	3.50-3.75	3.50-3.75	3.65-3.90	3.70-4.00	Weaker
Regional UK Prime	3.75-4.00	3.75-4.00	3.75-4.00	3.90-4.15	3.75-4.15	Weaker
Secondary	4.00-425	4.00-425	4.00-425	4.15-4.40	4.15-4.40	Weaker
Tertiary	4.25-450	4.25-450	4.25-450	4.40-4.65	4.50.4.75	Weaker

Positive start to Q1 with a number of transactions exchanging but pricing remains uncertain with evidence of falling house prices

Single Family Housing

	Mar 22 (%)	Jun 22 (%)	Sep 22 (%)	Dec 22 (%)	Mar 23 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.50 - 3.75	3.50 - 3.75	3.50 - 3.75	3.70 – 3.85	3.70 – 3.85	Weaker
South East Secondary	3.75 – 3.90	3.75 – 3.90	3.75 – 3.90	3.85 – 4.00	3.85 – 4.00	Weaker
South West Prime	3.65 – 3.90	3.65 – 3.90	3.65 – 3.90	3.85 – 4.00	3.85 – 4.00	Weaker
South West Secondary	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 – 4.15	4.00 – 4.15	Weaker
East of England Prime	3.75 - 4.00	3.75 - 4.00	3.75 - 4.00	3.85 – 4.00	3.85 – 4.00	Weaker
East of England Secondary	4.00 - 4.25	4.00 - 4.25	4.00 - 4.25	4.00 – 4.15	4.00 – 4.15	Weaker
West Midlands Prime	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 – 4.20	4.00 – 4.20	Weaker
West Midlands Secondary	4.15 - 4.40	4.15 - 4.40	4.15 - 4.40	4.20 – 4.40	4.20 – 4.40	Weaker
East Midlands Prime	3.90 - 4.15	3.90 - 4.15	3.90 - 4.15	4.00 – 4.20	4.00 – 4.20	Weaker
East Midlands Secondary	4.15 - 4.40	4.15 - 4.40	4.15 - 4.40	4.20 – 4.40	4.20 – 4.40	Weaker
North West Prime	4.00 - 4.25	4.00 - 4.25	4.00 - 4.25	4.15 – 4.30	4.15 – 4.30	Weaker
North West Secondary	4.25 - 4.50	4.25 - 4.50	4.25 - 4.50	4.30 – 4.45	4.30 – 4.45	Weaker
North East including Yorkshire and the Humber Prime	4.10 - 4.35	4.10 - 4.35	4.10 - 4.35	4.25 – 4.40	4.25 – 4.40	Weaker
North East including Yorkshire and the Humber Secondary	4.35 - 4.60	4.35 - 4.60	4.35 - 4.60	4.40 – 4.55	4.40 – 4.55	Weaker

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Notes and Definitions

Residential

Our residential yields refer to institutionally managed, private rented residential assets within the UK (build to rent)

1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to the previous month together with our own opinions and judgement
2) Net yields account for operational costs and relevant purchaser's costs
3) Prime refers to assets located in close proximity to transport notes, either brand new or with a high quality specification and level of amenity
4) Zone 2 and Zones 3 to 6 refer to London travel zones system managed by Transport for London

Hotels

1) Vacant possession upscale, stabilised year cap rate
2) Management contract upscale, no guarantee or underwrite, operated by an internationally renowned brand
3) Prime London lease reflects Zone 1, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain
4) Prime regional lease reflects prime UK city locations, prime covenants leaseholders whose ability to fulfil lease obligations is almost certain

Student Accommodation

The net initial yield, which is growth implicit, rather than the equivalent yield, is the key driver in the purpose built student accommodation sector. Allowance for purchaser's costs is made in calculating the net initial yield. All the yields assume completed and stabilised properties and ignore any discount for forward funding. Yields assume a generic lot size of £25m and running costs which a hypothetical purchaser would assume

1) Direct let a well located modern purpose built property of an operationally efficient scale with a strong letting track record and appropriate room mix
2) Central London well located single asset in London zone 1
3) Super prime regional towns and cities with restricted supply or restrictive planning policies
4) Prime regional mature markets with healthy supply and demand ratio and generally more than one university. There is a spread of towns and cities from the prime level to our secondary benchmark
5) Secondary regional towns and cities with perceived oversupply issues, new universities or secondary campuses
6) RPI lease well located, let to a strong university covenant, minimum of 25 years unexpired on FRI terms with annual RPI uplifts

Single Family Housing

Our yield ranges are indicative and represent our view of a stabilised investment.

1) The yield data provided reflects transaction exchanges and current bidding on investment market deals to date together with our own opinions.
2) They represent our indicative view of the net initial yield of a rack rented stabilised investment.
3) These yields represent a cluster of modern dwellings in a single location that would be sold in a single lot to an investor as part of a wider portfolio.
4) 'Prime' is defined as having excellent connectivity to key city hubs, transport links, local employment, amenity and schools, an established depth of rental demand with strong ESG credentials.
5) 'Secondary' - one or more of the above criteria is compromised or missing.
6) Net yields account for operational costs and relevant purchaser's costs.
7) Operational Cost Assumptions typically range between 18.0% - 22.5% (including voids) however we consider this will be analysed more on £ per unit basis as the market matures.
8) Our analysis and yields are indicative, for guidance only and may not be relied upon.

BCIS®

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 11-Mar-2023 05:56

› Rebased to York (97; sample 19)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	1,680	835	1,395	1,586	1,891	5,792	856
1-2 storey (15)	1,600	993	1,346	1,509	1,786	3,297	183
3-5 storey (15)	1,653	835	1,390	1,579	1,873	3,531	574
6 storey or above (15)	1,994	1,226	1,632	1,867	2,137	5,792	96
856.2 Students' residences, halls of residence, etc (15)	2,151	1,227	1,919	2,166	2,389	3,500	55

PBSA Typology
100 Units
Includes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY CBRE

PBSA Typology
100 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 4 100 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	18,568	43.20	8,021	561,499	802,142	561,499

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	561,499	YP @	5.0000%	20.0000	11,229,988

NET REALISATION				**11,229,988**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(299,818)	
				(299,818)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	28,567	221.90	6,339,110	**6,339,110**
Externals		10.00%	633,911	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	278,921	
				980,832
Other Construction				
Policy H10 AH OSFC Payment	100 un	7,000.00 /un	700,000	
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				927,550
PROFESSIONAL FEES				
Professional Fees		8.00%	557,842	
				557,842
DISPOSAL FEES				
Sales Agent Fee		2.00%	224,600	
				224,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(48,110)	
Construction			676,317	
Total Finance Cost				628,207
TOTAL COSTS				**9,358,323**
PROFIT				
				1,871,665

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	31.48%

PBSA Typology
100 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
200 Units
Includes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY CBRE

PBSA Typology
200 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 10 200 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 200 bed typology	200	37,135	43.20	8,021	1,123,000	1,604,285	1,123,000

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,123,000	YP @	5.0000%	20.0000	22,459,990

NET REALISATION	**22,459,990**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			(925,895)	
				(925,895)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 200 bed typology	57,135	221.90	12,678,221	**12,678,221**
Externals		10.00%	1,267,822	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	557,842	
				2,009,664
Other Construction				
Policy H10 AH OSFC Payment	200 un	7,000.00 /un	1,400,000	
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				1,856,900

PROFESSIONAL FEES

Professional Fees	8.00%	1,115,683	
			1,115,683

DISPOSAL FEES

Sales Agent Fee	2.00%	449,200	
			449,200

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(182,766)	
Construction	1,715,650	
Total Finance Cost		1,532,884

TOTAL COSTS	**18,716,657**
PROFIT	
	3,743,333

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	27.39%

PBSA Typology
200 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
350 Units
Includes Policy H7 2.5% OSFC/room

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PBSA Typology
350 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 15 350 (V3)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 350 bed typology	350	64,987	43.20	8,021	1,965,250	2,807,500	1,965,250

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	1,965,250	YP @	5.0000%	20.0000	39,305,000

NET REALISATION				**39,305,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(1,968,058)	
				(1,968,058)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	99,975	221.90	22,184,452	**22,184,452**
Externals		10.00%	2,218,445	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	976,116	
				3,498,561
Other Construction				
Policy H10 AH OSFC Payment	350 un	7,000.00 /un	2,450,000	
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				3,248,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,952,232	
				1,952,232
DISPOSAL FEES				
Sales Agent Fee		2.00%	786,100	
				786,100
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(448,777)	
Construction			3,500,754	
Total Finance Cost				3,051,977
TOTAL COSTS				**32,754,164**
PROFIT				
				6,550,836

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	25.12%

PBSA Typology
350 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
600 Units
Includes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY — CBRE

PBSA Typology
600 Units
Includes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 20 600 (V3)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	111,406	43.20	8,021	3,369,000	4,812,857	3,369,000

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	3,369,000	YP @	5.0000%	20.0000	67,379,998

NET REALISATION				**67,379,998**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(4,411,795)	
				(4,411,795)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	171,394	221.90	38,032,329	**38,032,329**
Externals		10.00%	3,803,233	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,673,422	
				6,128,655
Other Construction				
Policy H10 AH OSFC Payment	600 un	7,000.00 /un	4,200,000	
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				5,574,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,346,845	
				3,346,845
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,347,600	
				1,347,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,203,440)	
Construction			7,335,342	
Total Finance Cost				6,131,902
TOTAL COSTS				**56,149,986**
PROFIT				
				11,230,012

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	22.81%

PBSA Typology
600 Units
Includes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY **CBRE**

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 5 100 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 100 bed typology	100	18,568	43.20	8,021	561,499	802,142	561,499

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	561,499	YP @	5.0000%	20.0000	11,229,988

NET REALISATION				**11,229,988**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			363,392	
				363,392
Stamp Duty			7,670	
Effective Stamp Duty Rate		2.11%		
Agent Fee		1.00%	3,634	
Legal Fee		0.80%	2,907	
				14,211
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	28,567	221.90	6,339,110	
Externals		10.00%	633,911	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	278,921	
				7,319,942
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	557,842	
				557,842
DISPOSAL FEES				
Sales Agent Fee		2.00%	224,600	
				224,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			66,076	
Construction			584,710	
Total Finance Cost				650,786
TOTAL COSTS				**9,358,323**
PROFIT				
				1,871,665

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

IRR% (without Interest)	30.31%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
200 Units
Excludes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY — CBRE

PBSA Typology
200 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 11 200 (V4)

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
Student accommodation - 200 bed typology	200	37,135	43.20	8,021	1,123,000	1,604,285	1,123,000

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,123,000	YP @	5.0000%	20.0000	22,459,990

NET REALISATION	**22,459,990**

OUTLAY

ACQUISITION COSTS				
Residualised Price			409,788	
				409,788
Stamp Duty			9,989	
Effective Stamp Duty Rate		2.44%		
Agent Fee		1.00%	4,098	
Legal Fee		0.80%	3,278	
				17,366
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	57,135	221.90	12,678,221	
Externals		10.00%	1,267,822	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	557,842	
				14,687,885
Other Construction				
Policy CC1, CC2 & CC3	200 un	2,250.00 /un	450,000	
Policy G12 BNG	0 ac	15,000 /ac	6,900	
				456,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,115,683	
				1,115,683
DISPOSAL FEES				
Sales Agent Fee		2.00%	449,200	
				449,200
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			92,674	
Construction			1,487,163	
Total Finance Cost				1,579,837
TOTAL COSTS				**18,716,658**
PROFIT				
				3,743,332

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

PBSA Typology
200 Units
Excludes Policy H7 2.5% OSFC/room

IRR% (without Interest)	26.37%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
350 Units
Excludes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY CBRE

PBSA Typology
350 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 16 350 (V4)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 350 bed typology	350	64,987	43.20	8,021	1,965,250	2,807,500	1,965,250

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	1,965,250	YP @	5.0000%	20.0000	39,305,000

NET REALISATION				**39,305,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			379,270	
				379,270
Stamp Duty			8,463	
Effective Stamp Duty Rate		2.23%		
Agent Fee		1.00%	3,793	
Legal Fee		0.80%	3,034	
				15,290
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	99,975	221.90	22,184,452	
Externals		10.00%	2,218,445	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	976,116	
				25,683,014
Other Construction				
Policy CC1, CC2 & CC3	350 un	2,250.00 /un	787,500	
Policy G12 BNG	1 ac	15,000 /ac	11,400	
				798,900
PROFESSIONAL FEES				
Professional Fees		8.00%	1,952,232	
				1,952,232
DISPOSAL FEES				
Sales Agent Fee		2.00%	786,100	
				786,100
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			99,231	
Construction			3,040,130	
Total Finance Cost				3,139,361
TOTAL COSTS				**32,754,167**
PROFIT				
				6,550,833

Performance Measures	
Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

APPRAISAL SUMMARY	CBRE

PBSA Typology
350 Units
Excludes Policy H7 2.5% OSFC/room

IRR% (without Interest)	24.15%
Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
600 Units
Excludes Policy H7 2.5% OSFC/room

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APPRAISAL SUMMARY **CBRE**

PBSA Typology
600 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 21 600 (V4)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 600 bed typology	600	111,406	43.20	8,021	3,369,000	4,812,857	3,369,000

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	3,369,000	YP @	5.0000%	20.0000	67,379,998

NET REALISATION				**67,379,998**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(376,826)	
				(376,826)
CONSTRUCTION COSTS				
Construction	ft²	Build Rate ft²	Cost	
Student accommodation - 600 bed typology	171,394	221.90	38,032,329	**38,032,329**
Externals		10.00%	3,803,233	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,673,422	
				6,128,655
Other Construction				
Policy CC1, CC2 & CC3	600 un	2,250.00 /un	1,350,000	
Policy G12 BNG	2 ac	15,000 /ac	24,450	
				1,374,450
PROFESSIONAL FEES				
Professional Fees		8.00%	3,346,845	
				3,346,845
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,347,600	
				1,347,600
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(105,374)	
Construction			6,402,315	
Total Finance Cost				6,296,941
TOTAL COSTS				**56,149,993**
PROFIT				
				11,230,005

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.00%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	21.82%

PBSA Typology
600 Units
Excludes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 4 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room
Funding Yield at 5.25%

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APPRAISAL SUMMARY CBRE

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Appraisal Summary for Phase 6 100 (V4 b)

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Student accommodation - 100 bed typology	100	18,568	43.20	8,021	561,499	802,142	561,499

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	561,499	YP @	5.2500%	19.0476	10,695,227
NET REALISATION				**10,695,227**	

OUTLAY

ACQUISITION COSTS				
Residualised Price			7,307	
				7,307
Agent Fee		1.00%	73	
Legal Fee		0.80%	58	
				132
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	28,567	221.90	6,339,110	
Externals		10.00%	633,911	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	278,921	
				7,319,942
Other Construction				
Policy CC1, CC2 & CC3	100 un	2,250.00 /un	225,000	
Policy G12 BNG	0 ac	15,000 /ac	2,550	
				227,550
PROFESSIONAL FEES				
Professional Fees		8.00%	557,842	
				557,842
DISPOSAL FEES				
Sales Agent Fee		2.00%	213,905	
				213,905
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			1,302	
Construction			584,710	
Total Finance Cost				586,012
TOTAL COSTS				**8,912,689**
PROFIT				
				1,782,538

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.30%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR% (without Interest)	31.69%

PBSA Typology
100 Units
Excludes Policy H7 2.5% OSFC/room

Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths