[redacted]

From: [redacted]
Sent: 06 February 2024 17:07
To: [redacted]
Subject: Representations on the Draft CIL Charging Schedule re off campus student housiing
Attachments: Reps on CYC CIL DCS.Off campus student housing.31.1.24.pdf

Good afternoon [redacted]

Our representations on the draft CIL charging schedule related to off campus student housing has an error, in that the on campus student housing commentary was attached.

Please would you substitute the correct version attached here for that submitted in error.

Many thanks,

[redacted]

[redacted]

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City of York Community Infrastructure Levy Consultation January 2024

Proposals for a levy of £150/m^2 for off campus student housing
Statement of objection on behalf of
The University of York and York St John University

1. INTRODUCTION

1.1 These representations are submitted in response to:

a. the consultation on the revised Community Infrastructure Levy Draft Charging Schedule reference to the revised draft CIL Charging Schedule (as amended on the 21 December 2023) and CIL Sensitivity Test Viability Report Errata Addendum (published 21 December 2023)

b. they should be read in conjunction with previous representations made on behalf of the Higher Education and Further Education institutions named above in response to the City of York Community Infrastructure Levy (CIL) Consultation March 2023.

1.2 **This representation is supported by and should be read in conjunction with the Technical Representation prepared by CBRE and submitted with this representation.**

1.3 Our previous representations objected to the proposed charging levels for both on campus and off campus student housing on the basis that the conclusions of the CIL Viability Study were fundamentally flawed, contained a number of errors and did not justify the draft CIL charging schedules for a number of reasons as outlined.

1.4 Of relevance to these current representations was point Q2) v, which stated that the proposed PBSA CIL rates are too high and unjustified. By increasing the cost of student housing, it will reduce its affordability when there is an immediate and growing need for additional provision. The CIL rates in relation to student housing seriously risk constraining development of purpose built student accommodation, which is contrary to the Council's stated aims of supporting and encouraging the growth and sustainability of the two universities, and also its own draft economic strategy.

1.5 The revised draft CIL charging schedule retains the £150/m^2 for student housing provided off campus. These representations object to this proposed charge as too high and unjustified resulting in a number of negative impacts including:

- a detrimental impact on the provision of student housing for which there is an existing strong demand;
- the detrimental impact on the affordability of the accommodation for students who are already suffering financial hardship due to the high costs of tuition, housing and living expenses;
- The impact on the ability of each university to recruit and retain students from lower income families; and,
- The impact on the successful implementation of support to each university included in policies ED1 and ED4.

2. PLANNING POLICY ON STUDENT ACCOMMODATION

2.1 The commentary in the Education chapter of the draft Local Plan identifies the city's educational facilities as contributing to making York a world class centre for education. Policies support the continued success and further development of the universities.

2.2 To enable the continuing development of the two universities in the city, draft local plan policies require that they address the need for any additional student housing which arises because of future expansion of student numbers, taking account of on site provision and the capacity of off site provision.

- For the University of York the policy is ED1 which requires that provision will be expected to be made on campus in the first instance where this can be accommodated, or off campus in line with considerations under policy H7.

- For York St John University the policy is ED4 which states that it must address the need for any additional student housing which arises because of their future expansion of student numbers. The institution owns two sites for student housing off the main campus: Heworth Croft allocated site SH1 and Peppermill Court, Huntington Road, which would constitute on campus provision by wording in draft policy H7 Off Campus Purpose Built Student Housing.

2.3 Whereas commercial development is largely instigated by private sector parties, policies ED1 and ED4 place a specific obligation on the universities to address the need for student housing to enable their continued wider development. This is in addition to the normal requirements attached to planning permissions such as sustainability, carbon reduction, drainage, biodiversity, archaeology transport etc. This additional obligation requires the universities to instigate and procure adequate on campus provision of student housing where possible, and/or monitor city wide provision of accommodation through liaison with providers. But the accommodation must be affordable for students if it is to fulfil its purpose.

3. FINANCIAL CHALLENGES FACING UNIVERSITIES

3.1 H.E. institutions are established to promote and provide high quality education to a community selected on merit, and to follow an inclusive agenda to encourage applications from students from lower income families. They are non-profit making in character. Their students are faced with high costs for tuition, housing and living costs which threaten the success of inclusivity initiatives.

3.2 The representations submitted for the March 2023 consultation included statements from the two institutions outlining the particular circumstances of each in relation to student housing. These statements are appended again with these representations and are outlined below.

3.3 **York St John University** has a student population of around 7,440. The student body is comprised of a higher proportion of students from more deprived backgrounds that the average H.E. institution and a similarly higher proportion of students declaring a disability. The city centre campus no longer includes student housing. Accommodation comprises owned off campus multiple bed provision, PBSA secured under leases to the University, the private rented sector or PBSA rented separately by students.

3.4 For academic year 2023/24, 100% of first year students are in PBSA not owned or managed by the University (800) and 70% of first year students in HMOs leased by the University (300), are receiving financial support in the form of subsidised rents. The average rent across the private PBSA providers in York is currently 61% higher than the University's own accommodation.

3.5 The University has seen a 47% increase in student hardship applications over the past 3 years to well over 500 applications annually, with the average financial value of hardship support deemed necessary per student increasing by 63% over the same period.

3.6 **The University of York**

The current full time student population is just under 20,000, with 6,811 bedspaces available across the two campuses. Allocation of these is prioritised for first years, international students and those with special needs. The alternatives for other students comprise the private rented sector 50% or PBSA 7.2%.

3.7 In 2021/22 all PBSA provision in York was filled. With student growth forecasts at an additional 2,318 by 2027 and only a further 776 PBSA beds in the pipeline, this will lead to a potential shortfall of between 1,000 and 1,500 beds. Future provision is likely to be a mix of on campus and off campus providing that such provision can be viable based on rents that would be achievable.

3.8 The University owned accommodation is more competitively priced than PBSA alternatives, even including those which include catered services. The HMO market, used predominantly by 2^{nd} and 3^{rd} year students, has traditionally been lower priced, but in the context of rising costs and high demand for accommodation, these prices are now competitive with on-campus accommodation. PBSA rents cover a large range but are higher on average than the options. Section 4 of the appended University statement illustrates the range of rents for its accommodation.

3.9 The University's inclusivity objectives are challenged by the rising cost of housing. It is a very real concern that the high cost will deter students from making an application.

- The on campus accommodation is run at a loss of £5.5m/year in order to respond to affordability problems.

- Significant funds go towards supporting off campus students in the form of accommodation bursaries, (£6-7m), and housing energy grants (£400k-£500k).

3.10 **The Student Cost of Living Report 2023** (commissioned by the Russell Group Students' Union) shows clearly the immense financial pressure the current cost of living crisis has already placed on students. On average, students are sitting below the poverty line for the U.K. 1 in 5 are considering dropping out because they can't afford to continue and 1 in 4 are regularly going without food and other necessities.

3.11 The statements evidence the financial hardship of students studying at these York institutions and the added burden on the institutions to provide support in cases of hardship. This circumstance is being experienced nationally, but due to the high cost of student housing in the city, the problem is particularly acute here.

3.12 The scope for the universities to meet their requirement to ensure that student housing provision keeps pace with increases in student numbers is dependent upon the viability of student housing schemes.

- For the University of York there is scope for additional on campus provision at Heslington, but the University has concluded that off campus provision is also necessary to meet the need.

- For York St John University, they will require the development of their two owned sites to be viable such that their students could afford to rent them. Provision by PBSA developers will also be needed instead of or as well as their own schemes.

4. PROPOSED CIL CHARGING SCHEDULE FOR OFF CAMPUS STUDENT HOUSING

4.1 The CIL charging schedule at £150/m^2 of development would:

- Impact on the viability of future schemes for student housing, to the detriment of the growth of the institutions as supported by draft Local Plan policies ED1, ED4 and ED7;
- Impact on the rents that would need to be charged to the detriment of students' finances and the universities' policies on inclusivity; and,
- Impact on the Council's economic strategy to which each institution contributes by providing high quality educational opportunities and the financial contributions to the local economy.

4.2 The CIL contribution will be mandatory but the contribution to affordable housing under policy H7 is subject to a viability test. This would therefore be likely to reduce the contributions towards affordable housing contrary to the Council's local plan policies. It is considered to be to the benefit of the draft Local Plan strategy in the education policies that these risks are averted.

5. CBRE REPRESENTATIONS

5.1 These representations support the case being made by the universities by interrogating the financial basis on which the Council has concluded that there is sufficient profitability in the PBSA market to fund the CIL payments. This statement is appended here.

5.2 CBRE has prepared additional up-to-date viability evidence within their representation. CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either provide CIL or meet the cost of the affordable off site financial contribution sought under Policy H7.

5.3 CBRE's evidence demonstrates this modification to the Revised CIL DCS should also be undertaken in tandem with the removal of proposed modifications to Policy H7 which seek introduce an 2.5% affordable housing equivalent OSFC contribution per student bedroom on sites brought forward.

5.4 The universities' position is that if there is any headroom available from off campus PBSA development, that this should be directed towards providing affordable student accommodation, in the form of discounts to rental rates to students living on the site. The consortium would secure discounted units by negotiation with the developers or operators.

5.5 The impact of the additional costs arising from the proposed CIL for off campus PBSA developments plus affordable housing off site financial contributions would be to commensurately and significantly increase student rents, which would undermine the objectives of social inclusion by intensifying the affordability challenges already faced. This approach would be wholly contrary to the Council's policy ambitions to increase the supply of affordable living accommodation in the city.

5.6 The CBRE conclusions and recommendations are on page 26 of their representations including that the CIL rate for off campus student housing should be reduced to £0/m^2.

5.7 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.

5.8 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.

Janet O'Neill

31 January 2024

(Reps on CYC CIL DCS.Off campus student housing.31.1.24)

Appended: CBRE City of York Revised CIL Draft Charging Schedule Consultation

January 2024

CBRE

City of York Revised CIL Draft Charging Schedule Consultation

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

- University of York
- York St John University

January 2024

Contents

Introduction

Procedural Matters

Instruction Purpose

1. CBRE UK Ltd ('CBRE') has been instructed by a consortium of higher education institutions comprising the University of York and York St John University ('the consortium') to prepare a formal representation document setting out a technical response to the City of York Council ('CYC') Community Infrastructure Levy ('CIL') revised Draft Charging Schedule ('DCS') consultation ('the consultation').

2. CBRE's technical representations focus upon the evidence base underpinning the CYC CIL DCS Proposed Modifications – specifically the City of York CIL Viability Study Addendum ('CIL Viability Addendum') produced by Porter Planning Economics ('PPE') and dated November 2023.

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

The Consultation

4. CYC published the following documents:

   – CIL Statement of Representations Procedure ('SORP') (published 13 February 2023)
   – CIL Consultation Information Booklet (published 13 February 2023)
   – CIL Draft Charging Schedule ('CIL DCS') (published 13 February 2023)
   – CIL Viability Study (published 13 February 2023)
   – CIL Infrastructure Funding Gap (published 13 February 2023)
   – CIL Associated Mapping (for information only) (published 13 February 2023)
   – CIL Draft Charging Schedule ('Revised CIL DCS') Proposed Modifications (as amended on 21 December 2023)
   – CIL Viability Study Addendum (dated November 2023)
   – CIL Viability Study Addendum Erratum (published 21 December 2023)

5. The consultation ran to 31 January 2024.

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

Prior Representations

7. CBRE was previously instructed by a consortium of higher and further education institutions (University of York, York St John University and Askham Bryan College) to prepare representations on the Local Plan Proposed Modification Consultation February 2023 and the previous CIL Viability Study evidence base produced by PPE on behalf of CYC, as published as part of the CYC CIL DCS consultation 2023.

8. The previous representations highlighted several issues with the evidence base and a number of these areas of critique remain unresolved and similar issues continue in the latest evidence base. In summary, the previous representation identified the following issues:

   - Illogical timing of implementation of CIL during a period of economic deterioration.

- Outdated evidence, in particular relying on unrealistically low construction costs.
- Failure to reflect softening of the investment yields, resulting in overstating PBSA GDV.
- Lack of evidence in supporting proposed Benchmark Land Values ('BLV').
- Lack of transparency by not providing corresponding appraisals for stakeholders to analyse.

9. Within this representation, CBRE has referred to and provided responses back to PPE's and CYC's responses set out in **Appendix 3** of the *Local Plan Responses to new issues raised through consultation on Main Modifications* document dated August 2023, as published by CYC.

10. To CBRE's understanding, PPE and CYC have not provided a formal set of responses to the CIL Viability Study consultation representations in response to developers and stakeholders. As a result, it is unclear how PPE and CYC have appropriately considered and accounted for the high volume of technical representations submitted.

The Consortium

11. The consortium consists of the following leading higher education institutions ('HEI's'), based within York:

- University of York
- York St John University

The Consortium's Stance

12. The consortium is pleased to see that PPE and CYC has altered the proposed charging rates under the Revised CIL DCS such that, as published, CIL will not be charged for 'on-campus' purpose built student accommodation ('PBSA') development. This reflects the results of PPE's revised viability modelling within the CIL Viability Addendum. The consortium wholly endorse this modification to the Revised CIL DCS.

13. However, the consortium continues to harbour fundamental concerns regarding CYC's continued proposal to introduce CIL charging on 'off-campus' PBSA development within the Revised CIL DCS, which have not been adequately addressed.

14. It is the consortium's firm view that the introduction of the proposed CIL charging for off campus PBSA development 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.

15. The negative impact on development viability will be compounded further by CYC's parallel proposal to introduce proposed modifications to draft Policy H7: Off Campus Purpose Built Student Housing, which will result in CYC seeking an off-site financial contribution ('OSFC') towards traditional affordable housing from new off campus PBSA developments across the city.

16. In light of above the consortium does not accept the validity and reliability of the published viability evidence base upon which the proposed off-campus PBSA charging rate within the Revised CIL DCS relies.

17. In parallel, the consortium reports that the student body in York is suffering from the existing severe cost of living pressures. Each member of the consortium has reported that hardship grant applications have increased substantially in recent years and the value of hardship support also rising, with housing costs representing the majority of funds required.

18. The consortium firmly believe that, if there is any headroom available from off campus PBSA development, that this should be directed towards providing affordable student accommodation, in the form of on-site discounts to rental rates charged to students. The consortium would secure discounted units either via nomination agreements or lease agreements directly with developers / operators. This could be controlled either by condition or legal agreement.

19. Instead, the only way to absorb additional costs arising from the proposed CIL for off campus PBSA developments and affordable housing OSFC (under Policy H7) would be to commensurately and significantly increase student rents, which would undermine the consortium's objectives of social inclusion by intensifying the affordability challenges already faced. This approach would be wholly contrary to the CYC's policy ambitions to increase the supply of affordable living accommodation in York.

Request to be Heard and Notification Requests

20. 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.

21. This constitutes the consortium's formal request to be heard at the examination of the CIL DCS, as independent stakeholder organisations, 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

22. 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 Revised CIL DCS Rates

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

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

Revised Draft CIL Charging Schedule

Modifications are represented as: new text in **yellow highlighted bold text.**

Development type		CIL rate per sqm	Modification Proposed Explanation
Residential dwellings within the City of York		£200	No change proposed
Residential dwellings within the City of York Local Plan strategic sites **ST4**, ST7, ST8, ST9, ST14, ST15, **ST31 and ST33**		£0	To include ST4, ST31 & ST33 as £0 to reflect revised viability.
Residential dwellings within the City of York Local Plan strategic sites **ST16 and ST36**		£100	No change to CIL rate. For clarity, this category now only refers to ST16 and ST36
Sheltered/ Retirement accommodation	**Brownfield Sites**	**£100**	Split categories to differentiate between rates proposed for Greenfield / Brownfield to reflect revised viability.
	Greenfield Sites	**£0**	
Extra care accommodation		**£0**	All extra care accommodation now proposed to be £0 rated.
Purpose Built Student Accommodation	**Off Campus**	**£150**	Removed original categories. New split categories to differentiate geographically between on and off campus purpose built student accommodation to reflect revised viability.
	On Campus	**£0**	
Convenience[1] retail with up to 450 sqm gross internal area		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison[2] retail built outside the City Centre boundary		**£0**	Amend the CIL rate to £0 from £100 to reflect revised viability.
Comparison retail built inside of the City Centre boundary		£0	No change proposed
All other development		£0	No change proposed

[1] Convenience retail provides lower value good purchased regularly to meet day to day needs such as food, newspapers, petrol etc.
[2] Comparison retail provides higher value goods purchased less often, such as household items, electrical goods, clothes, shoes etc

25. 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.

26. 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]

27. Due to the deteriorating economic backdrop, no CIL charging schedules have been adopted or revised in either Yorkshire and Humber, or the North West of England since Harrogate adopted their CIL Charging Schedule in July 2020.

28. CBRE is aware that other Local Authorities such as Birmingham City Council has halted proposals to formally review their CIL Charging Schedule over past 18 months due to the challenging economic and property market context. CYC's proposition to introduce high charging rates for the first time is contradictory to decisions being made by other major regional cities and district authorities across the North and Midlands.

29. 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).

30. Further reference to the illogical timing of CYC's decision to introduce a CIL charging regime is set out in the following sub section.

Illogical Timing

31. The UK property market is experiencing a prolonged and highly challenging period, which has been driven by substantial economic and geo-political uncertainty nationally and globally since 2022. 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, continuing throughout 2023 and are expected to prevail into early 2024.

32. Specifically:

    a. The UK economy remains challenged with numerous headwinds. Most notably, inflation remains elevated. Inflation failed to fall as quickly as expected in 2023 and, as a result, the Bank of England increase rates by 175 basis points to 5.25% over the course of the year, the highest level for 15 years.

    b. For businesses, the prolonged period of high inflation has resulted in record wage growth and increased labour costs. This, coupled with the increased debt burden, will continue to erode profit margins, reduce investment, and dampen activity. Weak business sentiment is reflected in the UK Purchasing Managers' Index ('PMI') surveys, and bankruptcies have risen 25% since interest rates began climbing.

    c. The consumer sector has also been hit. Confidence is well below the long-term average, and spending has been flat. This is expected to continue at least in the first part of 2024, especially as costly mortgage refinancing will remain a drag on the economy. However, inflation is expected to continue to fall in 2024, partly due to lower goods prices.

[1] Note: this information was obtained from Planning Resource and is understood to have been correct as at January 2024. The rates presented are not indexed, but represent those rates either proposed (latest) or at the date of adoption of relevant Charging Schedules.

d. Apart from the 2% cut to national insurance, no major tax reforms were announced in the Autumn Statement. Still, an election is imminent – the latest it will happen is January 2025, but it is more likely to be in Q4 2024.

e. The ongoing rollover of fixed rate mortgages throughout 2024 poses a risk to household incomes, and therefore the outlook for growth. The UK has 10.8 million mortgages, the majority of which are fixed, and estimates show less than half have refinanced onto higher rates. As mortgages shift to higher rates, disposable household incomes fall, reducing their ability to spend, leading to weaker than expected consumption and, consequently, weaker growth. The Bank of England's November Monetary Policy Report estimates that less than half of the expected impact of rising interest rates on GDP has materialised. Further effects are expected to unfold, which will continue to drag on the economy. Evidence from the Bank of England suggests households have already reduced consumption in expectation of refinancing in 2024.

f. Global supply chains have been turbulent over recent years since the Covid-19 pandemic and forecasts for 2024 expect issues to continue with labour shortages, increasing inflation, material shortages and sustainability pressures.

g. There are more acute risks to the forecast, in particular, geo-political threats associated with the ongoing conflicts in Ukraine and the Middle East, which may undermine assumptions around falling energy prices. However, forecasts assume there to be no major economic disruptions from current conflicts or other global events.

33. Specifically considering the PBSA sector, CBRE's baseline forecast for 2024 is as follows:

a. Overall, the sector continues to be defined by an acute supply and demand imbalance 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 remained relatively stable for prime regional assets during 2023 and sentiment remains positive into 2024 but for best in class 'clean and green' properties with strong rental growth prospects. Occupancy for the 2023/24 academic year is the strongest on record, and many schemes were at least 98% booked by Spring 2023. The same is expected for the next academic year, which is underpinning strong rent growth projections. However, the outlook for non-prime assets is subdued due to less demand from investors.

c. Overall, the development of new PBSA is slowing due to a combination of factors. This will carry forward throughout 2024 and beyond as starts and completions in 2023 have been at an all-time low, compounding an estimated shortfall of 580,000 beds nationally. 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 along with onerous PBSA planning requirements.

    iii. New Building Safety regulations and proposed energy efficiency standards.

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

    v. Development financing is also increasingly expensive and is increasingly difficult to obtain, with a tight liquidity pool and high competition for investment capital.

vi. Older university stock will need extensive modernization to meet expectations and remain competitive.

34. Against this backdrop, 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.

35. 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.

Outdated Evidence

36. The published available evidence to inform the Revised CIL DCS is the CIL Viability Addendum produced by PPE and dated November 2023.

37. CBRE has reviewed the CIL Viability Addendum 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 the 2023/24 academic year. However, the date this evidence was gathered is unclear.

38. It is well-known that student accommodation operators incorporate dynamic pricing models for advertised rents whereby towards the second half of the academic year, the marketed rental rates are generally at their highest given take-up is reaching or at capacity. Clarity should therefore been provided by PPE as to the date of the PBSA evidence as if PPE gathered their data in the second half of the academic year this could potentially be overstating the average rent for the whole academic year.

39. Moreover, the CIL Viability Addendum documents that the CIL Viability Study overstated the investment yield achievable for Prime Regional PBSA and accordingly adjusted outward the yield from 5.00% to 5.25%.

40. However, CBRE is of the opinion that this does not go far enough in reflecting the softening in yields over the past 18 months. The CIL Viability Addendum does not cite any investment yield evidence to substantiate their conclusion.

41. As set out above, and well-documented, there 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.

42. 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.

43. New Fire Safety (England) Regulations 2022, came into force on 23 January 2023 and under the new Regulations, a responsible person (usually a managing agent or similar) is required to provide information and carry out checks on fire safety for all buildings over 11m (or 5 storey) which contain at least two domestic premises.

44. In accordance with Approved Document B, there is also a requirement for firefighting lifts in buildings to offer additional protection and controls that enable it to be used by the fire and rescue service when fighting a fire. This is a requirement when the lift needs to travel more than 18m above or 10m below the fire service vehicle access level. The firefighting lift must have a secondary back-up power supply to ensure it continues to operate in the event of power failure in the building, a lift control system and a lift communication system.

45. 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.

46. 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 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."

47. CBRE can provide examples of recently submitted PBSA schemes in York, which already take into account the Government's proposal for a second staircase in order to future proof the developments. These example schemes include:

    a. 15 Foss Islands Road, York (planning ref: 23/01647/FULM): The proposed accommodation is arranged over ground floor + 4 storeys and incorporates 3 staircases and a dual lift core.

    b. Coney Riverside, Coney Street, York (planning ref: 22/02525/FULM): The proposed accommodation is arranged over basement, ground + 5 storeys and incorporates 3 staircases with dual and singular lift cores in Zone 3 and 1 staircase with a dual lift core in Zone 4.

48. 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."

49. 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).

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

[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

51. Finally, the Government launched the Building Safety Levy: Technical Consultation on 23rd January 2024[3]. This confirms that an additional charge on new development – including both residential and PBSA uses – is proposed to be charged on a broadly consistent basis to CIL. Whilst a 50% discount will be applied to development on brownfield land, it will nevertheless reflect an additional and non-negotiable capital cost to new development schemes, and will impact negatively on development viability.

52. The additional cost of the Building Safety Levy has yet to be quantified, meaning it is difficult to accurately account for this additional cost within the CIL setting process. However, the most prudent approach would be to ensure that a substantial buffer is introduced prior to the setting of CIL rates – of at least 50% of the available 'surplus' for CIL as tested via the viability modelling process.

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

Lack of Transparency

54. 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[4] and RICS Professional Standards[5], and which does not facilitate the viability evidence being genuinely 'available' for stakeholders to analyse.

55. Whilst all appraisals have now been provided, the corresponding cashflows have not. This is inadequate and all cashflows for residential and non-residential typologies (notably PBSA) should be issued.

56. Without this stakeholders cannot see stabilisation and exit periods corresponding to gross development value (GDV), monthly apportionment of construction and other costs and finance roll-up. This means the actual viability testing evidence utilised to set proposed CIL rates is not published in its entirety, available, and cannot be interrogated appropriately.

Technical Deficiencies

57. There are a range of detailed technical issues identified, which render the CIL Viability Study Addendum as an inadequate basis for CYC utilising to underpin justification for the proposed CIL rates for off campus purpose built student housing:

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

        i. The CIL Viability Addendum tests 5no. off-campus PBSA typologies ranging from 25 beds to 600 beds. An average gross rental income is applied of £201/week over 47.6 weeks (annual)

[3] https://www.gov.uk/government/consultations/building-safety-levy-technical-consultation?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=a5093222-a03d-44be-baf1-04a3e1bbf108&utm_content=daily
[4] RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England, RICS Guidance Note
[5] RICS (2019) RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition

based on the 2023-24 academic year. This is drawn from a cross-section of PBSA schemes across the city, which is provided in Appendix A1.4 of the document.

ii. CBRE notes that the adoption of an 'average' gross rental rate of £201/week represents a cross-section of both private sector operator PBSA schemes and HEI operated off-campus student accommodation.

iii. CBRE does not disagree with the CIL Viability Addendum's usage of the average gross rental income of £201/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 capitalised at an investment yield of 5.25%. This is stated as generating a capital value of £128,035 per room.

v. Analysing York specifically, there are several 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. 3 James Street: comprising 303 beds transacted in June 2023 on a forward fund to S Harrison at a yield of 5.50% to 5.75%.
    2. 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.
    3. 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.
    4. Foss Studios: comprising 220 beds transacted in 2017 on a stabilized investment basis at a NIY of 5.7%, reflecting £106,000 per bed.

vi. The above evidence suggests that the adopted sum of £128,035 per room and a yield of 5.25% utilised within the CIL Viability Study Addendum actually exceed transactional evidence available for York in recent years.

vii. 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.

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

ix. PBSA prime regional (direct let) stabilised investment yields softened from Q3 2022 due to wider macro-economic conditions, then remained at 5.0%-5.25% throughout 2023. The latest available investment yield sheets now record Prime Regional PBSA yields for stabilised asset as follows:

1. Knight Frank Prime Yield Guide – January 2024: PBSA Prime Regional at 5.0% - 5.25% (softening from 4.75%-5% in Q3 2022)[6].

2. CBRE UK Living Sectors Investment Yields – January 2024: PBSA Prime Regional at 5.0% (softening from 4.75% in Q3 2022)[7].

x. In summary, respected agents all report PBSA Prime Regional stabilised yields softening to 5.0% - 5.25% at present day. Importantly, these are not development funding yields, but are stabilised investment yields, which do not account for development and stabilisation (letting) risk (i.e., transaction by a fund of a high specification stabilised standing PBSA asset).

xi. 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 up to 50bps in comparison to stabilised investment yields. As a result, if the rates above are adjusted for development funding, this would see yields at 5.5%-5.75%, which is reflective of the recent forward funding deal in York at 3 James Street.

xii. PPE has evidently not considered current PBSA investment evidence in York and has failed to reflect that forward funding is the key delivery route for financing PBSA schemes in the current market. Consequently, PPE is incorrectly overstating the GDV of the PBSA typologies.

b. **PBSA Room Sizes:**

i. The PBSA comparables cited in the Appendix A1.4 do not provide room sizes for the purpose of analysis. The comparables are merely categorised as 'standard', 'large', 'studio' etc., which is not transparent and does not assist with comparison between room types.

ii. The CIL Viability Study Addendum adopts a generic room size of 17.25m². However, it is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum as to how this room size has been determined, the room type itself (i..e, studio or cluster/en-suite) and the evidence used to inform the area.

iii. Based on CBRE's knowledge of the York PBSA market, the adopted room size utilised within the CIL Viability Study Addendum is positioned between the expected size range for 'studios' and 'cluster/en-suites'. Studios are typically larger at an absolute minimum of 20-21m², whilst cluster / en-suite rooms are generally much smaller at circa 10-15m² and attract lower weekly rents in comparison to PPE's rental assumption.

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

iv. CBRE is aware that CYC has recently refused a planning application for a PBSA scheme at 15 Foss Islands Road based on limited room size and lack of communal space[8]. The Foss Islands Road scheme included 137 no. studios ranging in size from 20-42m².

v. The Foss Islands Road scheme has been resubmitted for planning with adjusted room sizes and to resolve the reason for refusal by CYC, the communal areas have been increased which results in a revised net to gross efficiency of 60%. Additionally, the Coney Riverside proposed development scheme (planning ref: 22/02525/FULM) has also been resubmitted for planning and demonstrates a net to gross efficiency of 60%.

vi. This evidenced efficiency is 5% lower than that assumed by PPE in the PBSA viability testing. The consequence of this is that the GIA area utilised in viability testing would be expected to be 5% larger than currently modelled by PPE. Hence, PPE's estimation of build costs for each of the PBSA viability typologies is 5% lower than it should be, which erroneously overstates the financial viability of the PBSA typologies.

vii. Taking this into consideration, it is therefore highly unlikely that the proposed scheme used in the PBSA typologies testing would actually be granted planning consent by CYC as the room sizes would be considered too small for studios or not akin with comparable cluster/en-suite room sizes and the communal areas would be insufficient to meet CYC planning officer's minimum expectations. The room sizes would evidently need to be larger whilst maintaining an appropriate gross to net efficiency. Any reduction in gross to net efficiency would lead to the loss of valuable amenity space which drives the rental value. As a result, this necessitates a proportionate increase in both room sizes and GIA within the PBSA typologies tested.

viii. Adoption of an unjustified and incorrect room size and building GIA by PPE / CYC poses a significant risk to overstating the viable delivery of PBSA developments by understating the total construction costs attributable to the PBSA typologies.

ix. For the reasons set out above, CBRE strongly advocates that the room size adopted for viability testing developer-led (i.e. off campus) PBSA typologies is reflective of the York PBSA market.

x. CBRE has prepared an analysis of the impact upon the NIA and GIA of PBSA typologies' when utilising the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market. This analysis is provided in **Table 1**.

xi. The below table demonstrates that adopting an informed, representative room size has a significant impact (c. 16% increase) on the GIA of the PBSA typologies.

[8] Planning application ref: 22/01795/FULM. Refused 13 July 2023. CYC stated a reason for refusal of the application concerned *"The proposed development fails to promote the health and well-being of future occupants due to the limited room size of the studios and lack of communal spaces throughout all levels of the development"*.

Table 1: PBSA Typologies | NIA & GIA Analysis: 65% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**65.0%**	15,923	600	**20.0**	12,000	**65.0%**	18,462	**16%**
350	**17.25**	6,038	**65.0%**	9,288	350	**20.0**	7,000	**65.0%**	10,769	**16%**
200	**17.25**	3,450	**65.0%**	5,308	200	**20.0**	4,000	**65.0%**	6,154	**16%**
100	**17.25**	1,725	**65.0%**	2,654	100	**20.0**	2,000	**65.0%**	3,077	**16%**

Source: CYC / CBRE Data

xii. This is based on the assumption of 65% net to gross, which through the Foss Islands refusal demonstrates that 65% is insufficient to meet CYC planning policy requirements as a result, CBRE has also tested the impact of correcting the PBSA built GIA within each of the typologies at a 60%[9] net to gross efficiency, which is expected to be consistent with CYC's requirements for communal and amenity space within PBSA schemes. This analysis is provided in **Table 2**.

Table 2: PBSA Typologies | NIA & GIA Analysis: 60% Gross:Net

CIL Viability Study Addendum PBSA off campus					CBRE Analysis based on York PBSA Market					
Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	Beds	Net Room (m2)	NIA (m2)	Gross: Net	GIA (m2)	GIA Increase %
600	**17.25**	10,350	**60.0%**	17,250	600	**20.0**	12,000	**60.0%**	20,000	**16%**
350	**17.25**	6,038	**60.0%**	10,063	350	**20.0**	7,000	**60.0%**	11,667	**16%**
200	**17.25**	3,450	**60.0%**	5,750	200	**20.0**	4,000	**60.0%**	6,667	**16%**
100	**17.25**	1,725	**60.0%**	2,875	100	**20.0**	2,000	**60.0%**	3,333	**16%**

Source: CYC / CBRE Data

[9] The resubmitted planning applications for 15 Foss Islands Road (planning ref: 23/01647/FULM) and Coney Riverside (planning ref: 22/02525/FULM) demonstrate a gross to net efficiency of 60.0%.

xiii. The CIL Viability Addendum therefore misrepresents the correct NIA and GIA to be utilised for the PBSA typologies in order to secure planning permission in York, which has severe consequences in understating the total construction costs.

xiv. CBRE strongly advocates that CYC review the NIA and GIA of PBSA typologies to be reflective of the York PBSA market and CYC's precedents for securing planning permission and adjust their inputs accordingly.

c. **Construction costs**:

i. The construction costs adopted are set out in para 42. (CIL Viability Study Addendum, page 12) are cited as being drawn from RICS BCIS. The RICS BCIS median cost is cited as £2,199/m^2 (£204/ft^2) and base-dated at Q2 (i.e. Apr-Jun.) 2023.

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 16 January 2024. On an equivalent basis the RICS BCIS median cost now stands at £2,211/m^2 (£205/ft^2), which is an increase of 0.5%. The data is provided within **Enclosure 3**.

iii. CBRE comment that the RICS BCIS costs of £2,211/m^2 (£205/ft^2) are extremely low in the context of off-campus developer / operator led PBSA developments being brought forward for delivery in regional cities in the current market. CBRE also 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), which prudent developers have been told by the Government to design into schemes.

iv. In **Table 3** overleaf, CBRE has set out both a comparison between the RICS BCIS median rate costs as at Q2 2023 and January 2024. 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 £201/week) or above.

v. CBRE notes that even the RICS BCIS upper quartile rate (£2,437/m^2 | £226/ft^2) generates a construction cost which remains significantly below the level of costs being seen for mid-market specification PBSA schemes in the regions (i.e., circa £100,000 per bed). This is provided for comparison against the RICS BCIS median rate in **Table 3**.

vi. CBRE can provide up to date benchmarking evidence on construction costs for recently tendered PBSA schemes of 400+ beds. The construction costs have been indexed from the contract award date to present day (Q1 2024) in order to reflect inflation during the intervening period.

1. Nottingham scheme of circa 550 beds: £251/ft^2 (July 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £253/ft^2

2. Liverpool scheme of 400-500 beds: £248/ft^2 (June 2023, similar date to the CIL viability evidence base) adjusted using BCIS All-in TPI to Q1 2024 £252/ft^2

vii. This benchmarking evidence suggests that even the RICS BCIS upper quartile rate is unrealistically low and developers are facing significantly higher construction costs for PBSA schemes.

viii. For the reasons set out above, CBRE strongly advocates that the RICS BCIS upper quartile rate should represent the **absolute minimum** base construction cost for generic 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. PPE's use of an unrealistically low construction cost will erroneously state the viability of the PBSA typologies tested.

Table 3: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on PPE's gross to net efficiency of 65.0%

RICS BCIS Median Q2 2023		Build				External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	18,462	40,596,923	600	67,662	4,059,692	6,766	44,656,615	**74,428**	**2,419**	225
2,199	204	10,769	23,681,538	350	67,662	2,368,154	6,766	26,049,692	**74,428**	**2,419**	225
2,199	204	6,154	13,532,308	200	67,662	1,353,231	6,766	14,885,538	**74,428**	**2,419**	225
2,199	204	3,077	6,766,154	100	67,662	676,615	6,766	7,442,769	**74,428**	**2,419**	225

RICS BCIS Median Q1 2024		Build				External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	18,462	40,818,462	600	68,031	4,081,846	6,803	44,900,308	**74,834**	**2,432**	226
2,211	205.4	10,769	23,810,769	350	68,031	2,381,077	6,803	26,191,846	**74,834**	**2,432**	226
2,211	205.4	6,154	13,606,154	200	68,031	1,360,615	6,803	14,966,769	**74,834**	**2,432**	226
2,211	205.4	3,077	6,803,077	100	68,031	680,308	6,803	7,483,385	**74,834**	**2,432**	226

RICS BCIS Upper Quartile Q1 2024		Build				External Works		Total Costs (Build + Externals)			
						@	10%				
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.4	18,462	44,990,769	600	74,985	4,499,077	7,498	49,489,846	**82,483**	**2,681**	249
2,437	226.4	10,769	26,244,615	350	74,985	2,624,462	7,498	28,869,077	**82,483**	**2,681**	249
2,437	226.4	6,154	14,996,923	200	74,985	1,499,692	7,498	16,496,615	**82,483**	**2,681**	249
2,437	226.4	3,077	7,498,462	100	74,985	749,846	7,498	8,248,308	**82,483**	**2,681**	249

Source: RICS BCIS / CBRE Data

Table 4: Comparison Analysis | RICS BCIS Costs Q2 2023 vs. Q1 2024 vs. Minimum Market Rates (CBRE Q1 2024)

Based on corrected gross to net efficiency of 60.0%

RICS BCIS Median Q2 2023			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,199	204	20,000	43,980,000	600	73,300	4,398,000	7,330	48,378,000	**80,630**	**2,419**	225
2,199	204	11,667	25,655,000	350	73,300	2,565,500	7,330	28,220,500	**80,630**	**2,419**	225
2,199	204	6,667	14,660,000	200	73,300	1,466,000	7,330	16,126,000	**80,630**	**2,419**	225
2,199	204	3,333	7,330,000	100	73,300	733,000	7,330	8,063,000	**80,630**	**2,419**	225

RICS BCIS Median Q1 2024			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,211	205.4	20,000	44,220,000	600	73,700	4,422,000	7,370	48,642,000	**81,070**	**2,432**	226
2,211	205.4	11,667	25,795,000	350	73,700	2,579,500	7,370	28,374,500	**81,070**	**2,432**	226
2,211	205.4	6,667	14,740,000	200	73,700	1,474,000	7,370	16,214,000	**81,070**	**2,432**	226
2,211	205.4	3,333	7,370,000	100	73,700	737,000	7,370	8,107,000	**81,070**	**2,432**	226

RICS BCIS Upper Quartile Q1 2024			Build			External Works @	10%	Total Costs (Build + Externals)			
£/m2	£/ft2	GIA (m2)	Cost (£)	Beds	£/Bed	Cost (£)	£/Bed	Cost (£)	£/Bed	£/m2	£/ft2
2,437	226.40	20,000	48,740,000	600	81,233	4,874,000	8,123	53,614,000	**89,357**	**2,681**	249
2,437	226.40	11,667	28,431,667	350	81,233	2,843,167	8,123	31,274,833	**89,357**	**2,681**	249
2,437	226.40	6,667	16,246,667	200	81,233	1,624,667	8,123	17,871,333	**89,357**	**2,681**	249
2,437	226.40	3,333	8,123,333	100	81,233	812,333	8,123	8,935,667	**89,357**	**2,681**	249

Source: RICS BCIS / CBRE Data

d. **Contingency**:

i. The contingency rate adopted within the CIL Viability Study Addendum is cited at 4.00%. Whilst PPE acknowledge that contingency is *"understood to be in the region of 3% to 5% of build costs plus externals"*[10]. PPE has apparently taken a 'midpoint' of 4.00% without providing any explanation of the relevance to varying development typologies and, greenfield and brownfield sites.

ii. CBRE consider this an unreasonably low allowance for brownfield sites in York. Such sites include significant site preparation works such as demolition of existing buildings and remediation. Redevelopment of brownfield sites therefore carries a greater level of risk in comparison to greenfield sites and often uncover additional costs to construction at commencement or during the development programme. Moreover, brownfield sites in York commonly have a number of constraints including (or within close proximity to) listed buildings, an Area of Archaeological Importance and/or a conservation area.

iii. CBRE is therefore of the opinion that the contingency rate for brownfield sites should be adjusted upwards from 4.00% to 5.00% to reflect an adequate allowance for contractor's and developer's risk in a historic city with known contingency issues.

e. **Abnormals:**

i. The CIL Viability Study Addendum applies costs related to 'abnormals' within the brownfield land typology appraisals at £400,000 per net hectare and within the mixed greenfield/brownfield land typology appraisals at £200,000 per net hectare.

ii. The CIL Viability Study references that these 'high-level' demolition and land remediation costs are informed by Homes England (formerly the HCA) guidance dated 2015[11]. CBRE has researched this guidance and it appears the publication was withdrawn on 24 May 2022. It therefore brings to question whether the CIL Viability Study Addendum should also rely on information withdrawn from the public domain and which provides out of date cost information, particularly given the high inflation environment impacting build costs since the date of publication (circa 8-9 years ago).

iii. Nevertheless, it is also unclear how CYC has calculated the abnormal costs from the information set out in the Homes England guidance note or whether appropriate indexation has been applied to the costs (up to present day) to reflect significant cost inflation in recent years.

iv. CBRE has analysed the abnormal costs adopted within the CIL Viability Study Addendum for PBSA. These costs range from £20,000 to £652,000 based on site areas of between 0.05 and 1.63 net hectares.

[10] CIL Viability Study (December 2022)
[11] Homes & Communities Agency, Guidance on dereliction, demolition and remediation costs (March 2015)

v. Taking a stand back approach, this level of costs is unrealistically low and does not provide sufficient allowance for the abnormal costs associated with redevelopment of a brownfield site in York.

vi. CBRE has analysed the abnormals associated with the redevelopment of a number of brownfield sites in York. The abnormals costs cited include items such as demolition of existing buildings, site clearance, flood defence works, archaeology works, public realm, listed building works and conservation area. Other abnormal costs include land remediation.

vii. The abnormal costs cited by developers are significantly higher than the rates adopted within the CIL Viability Study Addendum. CBRE therefore requests that clarification is provided by CYC as to the methodology used for calculating site abnormal costs and whether the costs have been indexed appropriately.

f. **Development Programme**:

i. The CIL Viability Study Addendum does not set out a clear, detailed cashflow outlining development expenditure, finance roll up and revenue over the assumed development programme. The information provided is considered insufficient to undertake a detailed analysis of PPE's cashflow. CBRE requests that this information is provided by CYC to provide transparency and clarity to stakeholders.

g. **Site Areas for Typologies**:

i. It is not clearly stated within the CIL Viability Study or CIL Viability Study Addendum 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 provide transparency and clarity to stakeholders

h. **Benchmark Land Value**:

i. The CIL Viability Study Addendum includes the adopted BLVs for on campus and off campus PBSA with non-residential uses on p.13, the document contains no supporting evidence or justification to underwrite the proposed BLVs, which CBRE considers a significant omission.

ii. The CIL Viability Study Addendum proposes varying BLVs for on campus and off campus PBSA as follows:

1. A BLV of **£450,000/ha (£182,000/acre)** for on campus PBSA on the basis that on campus PBSA is likely to occur only at Campus East where greenfield sites exist. This is the same rate as for greenfield residential testing.

2. A BLV of **£1.5m/ha (£607,000/acre)** for off campus PBSA based on the assumption of "*city centre residential developments on brownfield sites considered no longer fit for purpose for their existing use*"[12].

iii. In order to find justification for this BLV, CBRE has had regard to the earlier EX/CYC//107/2 – Appendix 1 Technical Note. An explanation is provided in paras 20-23.

iv. 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 EX/CYC//107/2 – Appendix 1 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.

v. 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.

vi. CBRE therefore remains unclear on the logic behind the BLVs in the CIL Viability Study Addendum, which have been extracted from the appraisals and reiterated in the **Table 5** below. It sets substantially lower BLV for PBSA development in comparison to competing uses such as small local convenience and retail warehouse (both £2m/ha).

Table 5: CIL Viability Study & CIL Viability Study Addendum | Non-Residential BLV

Typology	BLV per gross area (hectares)
Retirement / Extra Care (Urban)	£1,120,000
Retirement / Extra Care (Village/ Rural)	£900,000
Small local convenience	£2,000,000
Retail warehouse	£2,000,000
On Campus PBSA	£450,000
Off Campus PBSA	£1,500,000

Source: CYC

[12] CIL Viability Study Addendum (November 2023)

vii. In addition, CBRE also notes that the CIL Viability Study Addendum adopts a BLV for residential typology viability testing of £1.7m/ha for brownfield land in its existing use as 'City centre / extension' land in Appendix A1.5.

viii. 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.

ix. 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.

x. 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.

xi. CBRE has gathered market transactional evidence for sites brought forward for PBSA use as set out below.

1. 3 James Street, York: In September 2022, the 0.92-acre site was acquired by 77 York Limited for £4,040,200 (£4,391,522/gross acre). 303-bed PBSA scheme (planning ref: 22/00367/FULM).

2. Fawcett Street, York: In June 2022, the 0.40-acre site was acquired by L&S York Ltd for £2,800,000 (£6,975,651/gross acre). 85-bed PBSA scheme (planning ref: 21/01570/FULM).

3. The Coal Yard, Mansfield Street, York: In May 2018, the 0.38-acre site was acquired by Residential Capital (York) Ltd for £814,000 (£2,145,223/gross acre). Over 100-bed PBSA scheme (planning ref: 17/02702/FULM).

xii. 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

58. The CIL Viability Study sets out the results of viability modelling within Table A1.11 on p.13. This is replicated overleaf for ease.

Table A1.11 Viability of PBSA developments off campus and on campus in CYC and their psm CIL liable floorspace headroom

Typology	Headroom per CIL liable sqm	After buffer of 50%	33%	25%
On campus PBSAs				
10a: Student accommodation - 25 bed	£141	£71	£94	£106
10b: Student accommodation - 100 bed	£91	£46	£61	£68
10c: Student accommodation - 200 bed	-£36			
10d: Student accommodation - 350 bed	-£72			
10e: Student accommodation - 600 bed	-£139			
Off campus PBSAs				
10a: Student accommodation - 25 bed	£494	£247	£329	£370
10b: Student accommodation - 100 bed	£437	£218	£291	£328
10c: Student accommodation - 200 bed	£325	£162	£217	£244
10d: Student accommodation - 350 bed	£284	£142	£189	£213
10e: Student accommodation - 600 bed	£169	£85	£113	£127

59. Table A1.11 presents PPE's headroom analysis which concludes that all off campus PBSA typologies can viably accommodate both CIL and an affordable housing OSFC contribution of £7,000 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. The headroom analysis concludes that the only on campus PBSA typologies 10a and 10b can viably accommodate CIL (noting the affordable housing OSFC is not applicable to on campus PBSA).

60. This is notwithstanding representations that the conclusions within Table A1.11 and the CIL Viability Study Addendum are not reflective of the full deterioration in market conditions over the past 18 months.

61. With this in mind, Table A1.11 of the CIL Viability Study Addendum shows on campus 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).

62. The CIL Viability Study Addendum states that it is rare for small PBSA schemes to be developed on campus and the majority of new on campus PBSA schemes are generally 200 beds or more. CYC conclude that to *"avoid overcomplicating the charging schedule"*, CYC *"do not consider that on campus PBSA developments merit adding to the CIL charging schedule"* (p14). CBRE endorses this as a logical conclusion.

63. Furthermore, the CIL Viability Study Addendum runs viability testing on PBSA typologies including the cost of meeting the 2.5% affordable housing equivalent OSFC contribution per student room (i.e., a cost of £7,000/bed) to determine the additional CIL headroom to apply to off-campus PBSA.

64. 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. Neither can CBRE support in CYC seeking for off-campus PBSA schemes to provide a 2.5% affordable housing equivalent OSFC contribution per student room.

65. 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%[13] is advocated by PPE, citing market risk and uncertainty.

66. However, for PBSA typologies only 25%-50% buffer is recommended 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.

67. On the basis presented in Table A1.11 above, scheme typologies of 350+beds do not demonstrate sufficient headroom (with a 50% buffer) to accommodate the proposed rate of £150/m^2 for off-campus PBSA development within the Revised CIL DCS.

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

68. Given CBRE's analysis set out above firmly highlights both technical issues with the CIL Viability Study Addendum evidence base and methodology of inputs, CBRE has run independent viability modelling on PBSA typologies to determine the implications for CIL headroom in the current market.

a. **CIL Headroom Analysis | Revised NIA and GIA:**

i. Firstly, the CIL Viability Study Addendum adopts an unjustified and incorrect room size and gross to net efficiency for the PBSA typologies which poses a significant risk in overstating the viable delivery of a scheme due to understating the total construction costs attributable to the PBSA typologies. In order to determine the implications of this on CIL headroom, CBRE has tested the off campus PBSA typology models with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market and the gross to net efficiency (i.e., 60%) required by CYC. For the purpose of this analysis, all other inputs are consistent with the CIL Viability Study Addendum. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 4**.

Table 6: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-173	-87	-115	-130
10c	200-bed	-254	-127	-170	-191
10d	350-bed	-283	-141	-189	-212
10e	600-bed	-365	-183	-244	-274

Source: CBRE

ii. In summary, the analysis in Table 6 above demonstrates that when adopting an appropriate NIA and GIA, plus PPE's own inputs, there is no headroom for off-campus developer-led

[13] CIL Viability Study (December 2022)

PBSA schemes to provide the affordable OSFC sought via Policy H7 (as modified) and CIL liability.

iii. 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. A headroom analysis is provided below. Appraisal summaries are provided within **Enclosure 5**.

Table 7: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	27	13	18	20
10c	200-bed	-53	-27	-35	-40
10d	350-bed	-80	-40	-53	-60
10e	600-bed	-163	-82	-109	-122

Source: CBRE

iv. In summary, the analysis in **Table 7** suggests that when adopting an appropriate NIA and GIA, plus PPE's inputs, there is limited headroom for off-campus developer-led PBSA schemes to provide the CIL liability.

v. In summary, when removing the cost of the affordable OSFC sought via Policy H7 (as modified) the only typology to generate a surplus is 10b (100-beds) and this does not achieve the DCCS rate of £150/m². The larger typologies do not have sufficient headroom available for either the affordable OSFC sought via Policy H7 (as modified) or CIL.

vi. However, CBRE highlight that this conclusion is based on PPE's inputs contained within the CIL Viability Study Addendum with which CBRE has highlighted technical issues. This analysis is therefore a starting point and CBRE has addressed these technical issues below.

b. **CIL Headroom Analysis | CBRE Modelling:**

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

ii. Firstly, CBRE has tested the off campus PBSA typologies with the adoption of the (absolute) minimum comparable room size for studios (at 20m²) in the York PBSA market along with an evidenced gross to net efficiency acceptable by CYC.

iii. Secondly, CBRE has set the rental rates to £201/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 Addendum inputs.

iv. Thirdly, CBRE has capitalised the net rental income at a forward fund investment yield of 5.50%. 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 5.50% - 5.75% for prime regional locations, such as York. CBRE has taken an optimistic stance of adopting the lower end of this rate at 5.50%, which represents a strong / best case illustrative position.

v. CBRE has also increased the construction costs to reflect the RICS BCIS upper quartile cost as published at January 2024. This is deemed the absolute minimum benchmark rate for current market construction costs for mid-market specification private-sector led PBSA schemes being brought forward in regional cities.

vi. Finally, CBRE has adjusted the contingency allowance utilised in the CIL Viability Study Addendum modelling to reflect the higher figure referenced in the text of 5.00%.

vii. For all other aspects, CBRE has attempted to mirror the approach in the CIL Viability Study modelling. As previously discussed, 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.

viii. 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 6**.

Table 8: Headroom Analysis (for CIL) Incorporating Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-600	-300	-400	-450
10c	200-bed	-675	-337	-450	-506
10d	350-bed	-699	-349	-466	-524
10e	600-bed	-775	-388	-517	-581

Source: CBRE

69. In summary, the analysis in **Table 8** 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.

70. 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. A headroom analysis is provided in **Table 9** below. Appraisal summaries are provided within **Enclosure 7**.

Table 9: Headroom Analysis (for CIL) Excluding Modified Policy H7 OSFC | Developer-led PBSA Development

Off Campus Typology	PBSA	Headroom £/CIL Liable sqm	After Buffer of: 50%	33%	25%
10b	100-bed	-391	-196	-261	-293
10c	200-bed	-467	-233	-311	-350
10d	350-bed	-491	-245	-327	-368
10e	600-bed	-568	-284	-379	-426

Source: CBRE

71. In summary, even when removing the cost of the affordable OSFC sought via Policy H7 (as modified), the developer led PBSA typologies remain unviable with no headroom available for CIL.

72. **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**.

Conclusions and Recommendations

73. The consortium cannot endorse or support CYC's Revised CIL DCS, and its underpinning evidence base in the form of the CIL Viability Study Addendum, as presently published or CYC's proposed modifications to Policy H7: Off Campus Purpose Built Student Housing proposing introduction of an OSFC (at a rate of 2.5% affordable housing equivalent per student bedroom) towards traditional affordable housing secured from off campus PBSA development.

74. 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 Revised CIL DCS is reliant, and hence the legal compliance of the published Revised CIL DCS with the relevant legislation and guidance.

75. On this basis, the consortium 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.

76. 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.

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

78. CBRE has prepared additional up-to-date viability evidence within this representation. CBRE is of the firm professional opinion that there is no financial viability headroom in the current market for PBSA typologies to either provide CIL or meet the costs of the affordable OSFC sought via Policy H7 (as modified).

79. CBRE's evidence demonstrates this modification to the Revised 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.

80. Nevertheless, should CYC determine to submit the Revised 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.

81. 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 2024

CBRE

After a difficult 2023, Q1 looks likely to follow the same pattern.

Retail
Low volumes continue with few prime opportunities available.

Out of Town Retail
A few assets sold prior to year end, with several more under offer.

Industrial
Limited prime opportunities and worries over weaker rental growth prospects.

Offices
A few transactions completed at the end of the year in a weak market .

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
OFFICES						
West End (Mayfair/St James's)	3.75	3.75	4.00	4.00	4.00	Weaker
West End Non Core	4.00	4.25	4.50	4.75	4.75	Weaker
City of London	4.50	5.00	5.50	5.75	5.75	Weaker
M25/South East	6.25	6.50	6.85	7.00	7.00	Weaker
Regional Cities	6.00	5.75	6.00	6.25	6.25	Weaker
Good Secondary	9.25	9.50	9.75	10.00	10.00	Weaker
Secondary	13.00	13.50	13.75	14.00	14.00	Weaker
INDUSTRIAL						
Prime Distribution	5.25	5.25	5.25	5.25	5.25	Weaker
Prime Estate (Greater London)	4.75	4.75	4.75	4.75	4.75	Weaker
Prime Estate (Ex Greater London)	5.25	5.25	5.25	5.25	5.25	Weaker
Good Secondary	6.25	6.25	6.25	6.50	6.50	Weaker
Secondary Estate	7.25	7.25	7.25	7.50	7.50	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
HIGH STREET SHOPS						
Prime	6.75	6.75	6.75	7.00	7.00	Stable
Good Secondary	9.00	9.00	9.00	9.00	9.00	Stable
Secondary	12.00	12.00	12.00	12.00	12.00	Weaker
SUPERMARKETS						
Prime	5.25	5.25	5.25	5.25	5.25	Weaker
SHOPPING CENTRES						
Prime	8.25	8.25	8.25	8.25	8.25	Stable
Best Secondary	12.00	12.00	12.00	12.00	12.00	Stable
Secondary	16.00	16.00	16.00	16.00	16.00	Stable
RETAIL WAREHOUSES						
Park – Prime – Open User	5.75	5.50	6.00	6.25	6.25	Weaker
Park – Prime – Bulky User	5.75	5.50	6.00	6.25	6.25	Weaker
Solus – Prime – Bulky User	5.75	5.50	5.75	6.25	6.25	Weaker
Park - Secondary	7.75	7.50	7.75	8.00	8.00	Weaker

CBRE

All sectors remain trending weaker as financial indicators improve.

Changes in red/ Last month in brackets

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
LEISURE						
Prime Leisure Park	7.50	7.50	7.75	8.00	8.00	Weaker
Good Secondary Leisure Park	10.00	10.25	10.75	11.50	11.50	Weaker
Cinema Prime	7.50	7.50	8.00	8.50	8.50	Weaker
Health & Fitness Prime	5.75	5.50	5.50	6.00	6.00	Weaker
HOTELS						
Prime London Vacant Possession	4.75	4.75	4.75	5.00	5.00	Weaker
Prime London Management Contract	5.75	5.75	5.75	6.00	6.00	Weaker
Prime London Lease	4.50	4.50	4.75	4.75	4.75	Weaker
Prime Regional Vacant Possession	7.25	7.25	7.25	7.50	7.50	Weaker
Prime Regional Management Contract	8.50	8.50	8.50	8.50	8.50	Weaker
Prime Regional Lease	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 2023 (%)	June 2023 (%)	Sept 2023 (%)	Dec 2023 (%)	Jan 2024 (%)	Trend
PUBS						
Prime London Corporate Pub	4.00	4.00	4.25	4.50	4.50	Weaker
Prime Regional Corporate Pub	6.75	6.75	7.50	8.00	8.00	Weaker
ROADSIDE & AUTOMOTIVE						
Car Showroom Prime RPI Lease	5.75	5.75	6.00	6.00	6.00	Weaker
Petrol Filling Station Prime RPI Lease	5.25	5.25	5.50	5.50	5.50	Weaker
Car Park Prime RPI Lease	5.50	5.50	5.75	6.50	6.50	Weaker
FINANCIAL INDICATORS						
Base Rate	4.00	4.50	5.25	5.25	5.25	◀▶
5 Year Swaps	4.02	4.48	4.92	4.09	3.62	▼
10 Year Gilts	3.82	4.18	4.61	4.16	3.82	▼
RPI	13.40	11.40	9.00	6.10	5.30	▼
CPI	10.10	8.70	6.80	4.60	3.90	▼

CBRE

Yields and sentiment unchanged

Residential

Yields and sentiment unchanged. Investors buoyed by tentative signs of positivity in economy.

Changes in red/Last month in brackets

Student

Sentiment remains positive for best in class "clean and green" properties with strong rental growth prospects, however, non-prime assets are seeing less demand from investors.

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
RESIDENTIAL						
London Zone 2 Prime	3.60	3.60	3.85	4.15	4.15	Weaker
London Zone 2 Good Secondary	4.00	4.00	4.25	4.50	4.50	Weaker
London Zone 3 to 6 Prime	3.75	3.75	4.00	4.25	4.25	Weaker
London Zone 3 to 6 Good Secondary	4.00	4.00	4.15	4.50	4.50	Weaker
South East Prime	4.00	4.00	4.15	4.25	4.25	Weaker
South East Good Secondary	4.50	4.50	4.50	4.50	4.50	Weaker
Regional Cities Prime	4.15	4.15	4.25	4.35	4.35	Weaker
Regional Cities Secondary	4.75	4.75	4.75	4.75	4.75	Weaker
Other Regional Centres Prime	4.50	4.50	4.50	4.50	4.50	Weaker
Other Regional Centres Secondary	5.25	5.25	5.25	5.25	5.25	Weaker

	Mar 23 (%)	Jun 23 (%)	Sep 23 (%)	Dec 23 (%)	Jan 24 (%)	Trend
SINGLE FAMILY HOUSING						
South East Prime	3.80	3.80	4.00	4.15	4.15	Weaker
North West Prime	4.15	4.15	4.25	4.35	4.35	Weaker
HEALTHCARE						
Care Homes Prime (Not for Profit)	4.15	4.25	4.50	4.50	4.50	Weaker
Care Homes Prime (SPV)	5.50	5.50	5.50	5.50	5.50	Weaker
Care Homes Secondary	7.50	7.50	7.50	7.75	7.75	Weaker
STUDENT ACCOMMODATION						
Central London Direct Let	3.75	3.75	4.00	4.25	4.25	Stable
Prime Regional Direct Let	5.00	5.00	5.00	5.00	5.00	Stable
Secondary Regional Direct Let	8.50	8.50	8.50	8.50	8.50	Stable
Central London RPI Lease	4.00	4.00	4.00	4.25	4.25	Stable
Prime Regional RPI Lease	4.00	4.00	4.00	4..25	4..25	Stable
Secondary Regional RPI Lease	5.25	5.25	5.25	5.50	5.50	Stable

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Prime Yield Guide – January 2024

Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Yields are reflective of income-focussed transactions of prime, stabilised institutional-grade assets. Yields are provided on a Net Initial Yield (NIY) basis assuming a rack rented property.

SECTOR		JAN-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	1 MONTH CHANGE	MARKET SENTIMENT
Student Property	Prime London - Direct Let	3.75% - 4.00%	4.00% - 4.25%	4.00% - 4.25%	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional - Direct Let	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%	5.00% - 5.25%		STABLE
	Prime London - 25 yr lease, Annual RPI	4.00% - 4.25%	4.00%	4.00% +	4.00% +	4.25%	4.25% +	4.25% +		NEGATIVE
	Prime Regional - 25 yr lease, Annual RPI	4.25% - 4.50%	4.25%	4.25% - 4.50%	4.25% - 4.50%	4.50%	4.50% +	4.50% +		NEGATIVE
Co-Living	Prime London	4.00%	4.00% +	4.00% +	4.25%	4.25%	4.25%	4.25%		STABLE
	Prime Regional	4.75%	4.75% +	4.75% +	5.00%	5.00%	5.00%	5.00%		STABLE
Build to Rent	Zone 1 London Prime	3.25% +	3.60%	3.75%	3.75% +	3.90%	3.90%	3.90%		STABLE
	Zone 2 London Prime	3.25% - 3.50%	3.80%	3.90%	4.00%	4.00% +	4.00% +	4.00% +		STABLE
	Zones 3-4 London Prime	3.5% +	3.90%	4.00%	4.00% +	4.15% +	4.15% +	4.15% +		STABLE
	Greater London Prime	3.75% +	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	South East Prime	3.75% - 4.00%	4.00% - 4.10%	4.10%	4.10% +	4.25% +	4.25% +	4.25% +		STABLE
	Tier 1 Regional Cities	4.00%	4.20%	4.25%	4.35%	4.50% -	4.50%	4.50%		STABLE
	Tier 2 Regional Cities	4.25% - 4.50%	4.50%	4.50% +	4.65%	4.75% +	4.75% +	4.75% +		STABLE
	South East – Single Family Housing	3.75% +	3.75% - 4.00%	4.00%	4.00% +	4.00% +	4.00% +	4.00% +		STABLE
	Regional – Single Family Housing	4.00% - 4.25%	4.25% +	4.50%	4.50% +	4.50% +	4.50% +	4.50% +		STABLE
Seniors Housing	Prime South East	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +	5.25% +		STABLE

Your partners in property.

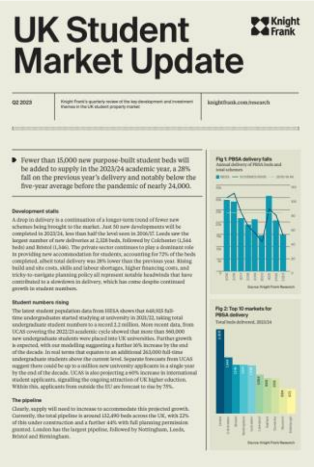
Prime Yield Guide – January 2024

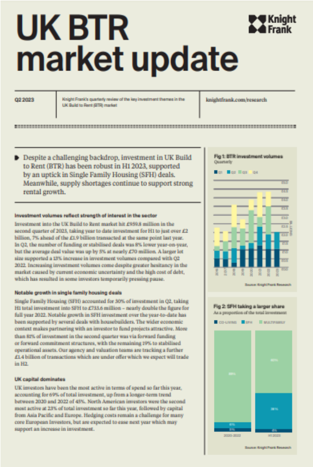
Knight Frank Intelligence

This yield guide is for indicative purposes only and was prepared on 11th January 2024.

Knight Frank

KEY RESEARCH


UK Student Market Update


UK BTR market update

CLICK TO DOWNLOAD PBSA

CLICK TO DOWNLOAD BTR

Knight Frank Research looks at the latest investment and development trends in the UK Student & BTR sector in Q3 2023

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**

Enclosure 3: RICS BCIS – Rebased to York (January 2024)

BCIS®

£/M2 STUDY

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

Last updated: 13-Jan-2024 07:26

Rebased to 1Q 2024 (389; forecast) and York (98; 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)	1,748	865	1,451	1,645	1,976	5,925	828	
1-2 storey (15)	1,649	1,007	1,386	1,561	1,842	3,419	173	
3-5 storey (15)	1,725	865	1,443	1,638	1,943	3,616	554	
6 storey or above (15)	2,057	1,255	1,667	1,935	2,232	5,925	98	
856.2 Students' residences, halls of residence, etc (15)	2,190	1,260	1,963	2,211	2,437	3,582	52	

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

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

Development Appraisal
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25 January 2024

APPRAISAL SUMMARY — LICENSED COPY

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

Appraisal Summary for Phase 5 100 (V2)

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	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION	**12,804,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(321,685)	
		(321,685)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	**7,329,925**
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				1,123,509
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%	645,033	
			645,033

DISPOSAL FEES

Sales Agent Fee	2.00%	256,080	
			256,080

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(51,402)	
Construction	760,990	
Total Finance Cost		709,587

TOTAL COSTS	**10,670,000**
PROFIT	
	2,134,000

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)	31.70%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

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

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

Appraisal Summary for Phase 6 200 (V2)

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	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION	**25,608,000**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(1,005,781)	
		(1,005,781)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	**14,659,850**
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				2,295,018
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%	1,290,067	
			1,290,067

DISPOSAL FEES

Sales Agent Fee	2.00%	512,160	
			512,160

FINANCE
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)

Land	(198,017)	
Construction	1,929,803	
Total Finance Cost		1,731,786

TOTAL COSTS	**21,340,000**
PROFIT	
	4,268,000

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)	27.57%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

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

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

Appraisal Summary for Phase 7 350 (V2)

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	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION				**44,813,792**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(2,159,876)	
				(2,159,876)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	**25,654,398**
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				3,998,233
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%	2,257,587	
				2,257,587
DISPOSAL FEES				
Sales Agent Fee		2.00%	896,276	
				896,276
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(490,017)	
Construction			3,939,325	
Total Finance Cost				3,449,308
TOTAL COSTS				**37,344,826**
PROFIT				
				7,468,966

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)	25.28%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

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

Development Appraisal

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

Appraisal Summary for Phase 8 600 (V2)

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	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION	**76,824,178**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)			(4,860,938)	
				(4,860,938)

CONSTRUCTION COSTS
Construction

	ft²	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
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%	3,870,171	
			3,870,171

DISPOSAL FEES

Sales Agent Fee	2.00%	1,536,484	
			1,536,484

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(1,318,728)	
Construction	8,254,486	
Total Finance Cost		6,935,758

TOTAL COSTS	**64,020,142**
PROFIT	
	12,804,037

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)	22.94%
Rent Cover	3 yrs 2 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
Excludes Policy H7 2.5% OSFC/room
100 Beds

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

Appraisal Summary for Phase 1 100 (V1)

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	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.2500%	19.0476	12,804,000

NET REALISATION				**12,804,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			343,343	
				343,343
Stamp Duty			6,667	
Effective Stamp Duty Rate		1.94%		
Agent Fee		1.00%	3,433	
Legal Fee		0.80%	2,747	
				12,847
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	204.29	7,329,925	
Externals		10.00%	732,993	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		4.00%	322,517	
				8,453,434
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%	645,033	
				645,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	256,080	
				256,080
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			62,329	
Construction			669,382	
Total Finance Cost				731,712
TOTAL COSTS				**10,670,000**
PROFIT				
				2,134,000

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)	30.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

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

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

Appraisal Summary for Phase 2 200 (V1)

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	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.2500%	19.0476	25,608,000

NET REALISATION				**25,608,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			336,588	
				336,588
Stamp Duty			6,329	
Effective Stamp Duty Rate		1.88%		
Agent Fee		1.00%	3,366	
Legal Fee		0.80%	2,693	
				12,388
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	204.29	14,659,850	
Externals		10.00%	1,465,985	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		4.00%	645,033	
				16,954,869
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%	1,290,067	
				1,290,067
DISPOSAL FEES				
Sales Agent Fee		2.00%	512,160	
				512,160
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			75,713	
Construction			1,701,316	
Total Finance Cost				1,777,028
TOTAL COSTS				**21,340,000**
PROFIT				
				4,268,000

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)	26.64%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

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

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APPRAISAL SUMMARY	LICENSED COPY

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

Appraisal Summary for Phase 3 350 (V1)

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	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.2500%	19.0476	44,813,792

NET REALISATION				**44,813,792**
OUTLAY				
ACQUISITION COSTS				
Residualised Price			204,653	
				204,653
Agent Fee		1.00%	2,047	
Legal Fee		0.80%	1,637	
				3,684
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	204.29	25,654,398	
Externals		10.00%	2,565,440	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		4.00%	1,128,793	
				29,652,631
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%	2,257,587	
				2,257,587
DISPOSAL FEES				
Sales Agent Fee		2.00%	896,276	
				896,276
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			52,396	
Construction			3,478,702	
Total Finance Cost				3,531,098
TOTAL COSTS				**37,344,828**
PROFIT				
				7,468,964

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)	24.38%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

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

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25 January 2024

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

Appraisal Summary for Phase 4 600 (V1)

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	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.2500%	19.0476	76,824,178

NET REALISATION	**76,824,178**

OUTLAY

ACQUISITION COSTS		
Residualised Price (Negative land)	(818,452)	
		(818,452)

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Student accommodation - 600 bed typology	215,278	204.29	43,979,211	**43,979,211**
Externals		10.00%	4,397,921	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		4.00%	1,935,085	
				6,985,006
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%	3,870,171	
			3,870,171
DISPOSAL FEES			
Sales Agent Fee	2.00%	1,536,484	
			1,536,484

FINANCE		
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(228,187)	
Construction	7,321,459	
Total Finance Cost		7,093,272

TOTAL COSTS	**64,020,141**
PROFIT	
	12,804,037

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)	22.03%
Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 6: Developer-led (Off-campus) PBSA Development Typology Appraisals (Including Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 13 100 (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	21,528	44.61	9,603	672,210	960,300	672,210
Investment Valuation							
Student accommodation - 100 bed typology							
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000		
NET REALISATION				**12,222,000**			
OUTLAY							
ACQUISITION COSTS							
Residualised Price (Negative land)			(1,744,175)				
				(1,744,175)			
CONSTRUCTION COSTS							
Construction	**ft²**	**Build Rate ft²**	**Cost**				
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**			
Externals		10.00%	812,323				
Site Abnormals	0 ac	400,000 /ac	68,000				
Contingency		5.00%	446,778				
				1,327,101			
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%	714,844				
				714,844			
DISPOSAL FEES							
Sales Agent Fee		2.00%	244,440				
				244,440			
FINANCE							
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)							
Land			(242,974)				
Construction			834,982				
Total Finance Cost				592,007			
TOTAL COSTS				**10,184,999**			
PROFIT							
				2,037,001			
Performance Measures							
Profit on Cost%		20.00%					
Profit on GDV%		16.67%					
Profit on NDV%		16.67%					
Development Yield% (on Rent)		6.60%					
Equivalent Yield% (Nominal)		5.50%					
Equivalent Yield% (True)		5.69%					
IRR% (without Interest)		40.21%					
Rent Cover		3 yrs					
Profit Erosion (finance rate 8.500)		2 yrs 2 mths					

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 14 200 (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	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION				**24,444,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(3,809,821)	
				(3,809,821)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
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%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(661,256)	
Construction			2,116,943	
Total Finance Cost				1,455,687
TOTAL COSTS				**20,370,001**
PROFIT				
				4,073,999

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	34.83%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 15 350 (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	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801

NET REALISATION	**42,776,801**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(7,012,275)	
				(7,012,275)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
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%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(1,410,817)	
Construction			4,322,340	
Total Finance Cost				2,911,522
TOTAL COSTS				**35,647,336**
PROFIT				
				7,129,466

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	31.95%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

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PBSA Typology
Includes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 16 600 (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	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION				**73,332,170**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(13,056,267)	
				(13,056,267)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
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%	4,289,033	
				4,289,033
DISPOSAL FEES				
Sales Agent Fee		2.00%	1,466,643	
				1,466,643
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(3,166,713)	
Construction			9,057,416	
Total Finance Cost				5,890,704
TOTAL COSTS				**61,110,125**
PROFIT				
				12,222,045

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.31%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

Enclosure 7: Developer-led (Off-campus) PBSA Development Typology Appraisals (Excluding Modified Policy H7 OSFC) (Sensitivity)

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
100 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 9 100 (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	21,528	44.61	9,603	672,210	960,300	672,210

Investment Valuation

Student accommodation - 100 bed typology					
Current Rent	672,210	YP @	5.5000%	18.1818	12,222,000
NET REALISATION				**12,222,000**	

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,049,259)	
				(1,049,259)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 100 bed typology	35,880	226.40	8,123,232	**8,123,232**
Externals		10.00%	812,323	
Site Abnormals	0 ac	400,000 /ac	68,000	
Contingency		5.00%	446,778	
				1,327,101
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%	714,844	
				714,844
DISPOSAL FEES				
Sales Agent Fee		2.00%	244,440	
				244,440
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(146,285)	
Construction			743,374	
Total Finance Cost				597,089
TOTAL COSTS				**10,184,997**
PROFIT				
				2,037,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	37.54%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
200 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

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	43,056	44.61	9,603	1,344,420	1,920,600	1,344,420

Investment Valuation

Student accommodation - 200 bed typology					
Current Rent	1,344,420	YP @	5.5000%	18.1818	24,444,000

NET REALISATION				**24,444,000**
OUTLAY				
ACQUISITION COSTS				
Residualised Price (Negative land)			(2,420,391)	
				(2,420,391)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 200 bed typology	71,760	226.40	16,246,464	**16,246,464**
Externals		10.00%	1,624,646	
Site Abnormals	0 ac	400,000 /ac	184,000	
Contingency		5.00%	893,556	
				2,702,202
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%	1,429,689	
				1,429,689
DISPOSAL FEES				
Sales Agent Fee		2.00%	488,880	
				488,880
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(422,202)	
Construction			1,888,456	
Total Finance Cost				1,466,253
TOTAL COSTS				**20,369,997**
PROFIT				
				4,074,003

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	32.48%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
350 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 11 350 (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	75,347	44.61	9,603	2,352,724	3,361,034	2,352,724

Investment Valuation

Student accommodation - 350 bed typology					
Current Rent	2,352,724	YP @	5.5000%	18.1818	42,776,801

NET REALISATION	**42,776,801**

OUTLAY

ACQUISITION COSTS				
Residualised Price (Negative land)			(4,584,492)	
				(4,584,492)
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Student accommodation - 350 bed typology	125,578	226.40	28,430,935	**28,430,935**
Externals		10.00%	2,843,093	
Site Abnormals	1 ac	400,000 /ac	304,000	
Contingency		5.00%	1,563,701	
				4,710,795
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%	2,501,922	
				2,501,922
DISPOSAL FEES				
Sales Agent Fee		2.00%	855,536	
				855,536
FINANCE				
Debit Rate 8.500%, Credit Rate 0.000% (Nominal)				
Land			(927,979)	
Construction			3,861,716	
Total Finance Cost				2,933,737
TOTAL COSTS				**35,647,333**
PROFIT				
				7,129,468

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	29.71%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths

PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity
600 beds

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PBSA Typology
Excludes Policy H7 2.5% OSFC/room
CBRE Sensitivity

Appraisal Summary for Phase 12 600 (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	129,167	44.61	9,603	4,033,269	5,761,813	4,033,269

Investment Valuation

Student accommodation - 600 bed typology					
Current Rent	4,033,269	YP @	5.5000%	18.1818	73,332,170

NET REALISATION	**73,332,170**

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(8,908,941)	
		(8,908,941)

CONSTRUCTION COSTS
Construction

	ft²	Build Rate ft²	Cost	
Student accommodation - 600 bed typology	215,278	226.40	48,739,015	**48,739,015**
Externals		10.00%	4,873,901	
Site Abnormals	2 ac	400,000 /ac	652,000	
Contingency		5.00%	2,680,646	
				8,206,547
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%	4,289,033	
			4,289,033

DISPOSAL FEES

Sales Agent Fee	2.00%	1,466,643	
			1,466,643

FINANCE

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)		
Land	(2,180,996)	
Construction	8,124,389	
Total Finance Cost		5,943,393

TOTAL COSTS	**61,110,141**
PROFIT	
	12,222,029

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%
Development Yield% (on Rent)	6.60%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%
IRR% (without Interest)	26.97%
Rent Cover	3 yrs
Profit Erosion (finance rate 8.500)	2 yrs 2 mths