

Clarendon House, Watford

4 Floors Office / 10 Floors Residential (41 Apartments)

Development Appraisal
Prepared by Adam Osborne MRICS
GL Hearn
25 January 2017

APPRAISAL SUMMARY

GL HEARN

Clarendon House, Watford 4 Floors Office / 10 Floors Residential (41 Apartments)

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
4th Floor - Residential	1	3,142	500.00	1,571,000	1,571,000
5th Floor - Residential	1	3,142	500.00	1,571,000	1,571,000
6th Floor - Residential	1	3,142	500.00	1,571,000	1,571,000
7th Floor - Residential	1	3,203	500.00	1,601,500	1,601,500
8th Floor - Residential	1	3,203	500.00	1,601,500	1,601,500
9th Floor - Residential	1	2,455	500.00	1,227,500	1,227,500
10th Floor - Residential	1	2,455	500.00	1,227,500	1,227,500
11th Floor - Residential	1	2,455	500.00	1,227,500	1,227,500
12+13th Floor (Duplex) - Residential	1	4,126	500.00	2,063,000	2,063,000
Totals	9	27,323			13,661,500

Rental Area Summary

	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale
Ground Floor - Offices	1	3,030	22.00	66,660	66,660
1st Floor - Offices	1	4,293	22.00	94,446	94,446
2nd Floor - Offices	1	4,293	22.00	94,446	94,446
3rd Floor - Offices	1	4,293	22.00	94,446	94,446
One Bedroom Ground Rents	16			250	4,000
Two Bedroom Ground Rents	25			350	8,750
Totals	45	15,909			362,748

Investment Valuation

Ground Floor - Offices

Market Rent	66,660	YP @	7.0000%	14.2857	
		PV 1yr @	7.0000%	0.9346	889,987

1st Floor - Offices

Market Rent	94,446	YP @	7.0000%	14.2857	
		PV 1yr @	7.0000%	0.9346	1,260,961

2nd Floor - Offices

Market Rent	94,446	YP @	7.0000%	14.2857	
		PV 1yr @	7.0000%	0.9346	1,260,961

3rd Floor - Offices

Market Rent	94,446	YP @	7.0000%	14.2857	
		PV 1yr @	7.0000%	0.9346	1,260,961

One Bedroom Ground Rents

Market Rent	4,000	YP @	5.0000%	20.0000	
		PV 6mths @	5.0000%	0.9759	78,072

Two Bedroom Ground Rents

Market Rent	8,750	YP @	5.0000%	20.0000	
		PV 6mths @	5.0000%	0.9759	170,783
					4,921,725

GROSS DEVELOPMENT VALUE

18,583,225

Purchaser's Costs

(285,460)

(285,460)

NET DEVELOPMENT VALUE

18,297,765

NET REALISATION

18,297,765

OUTLAY

ACQUISITION COSTS

Residualised Price	508			
Fixed Price	2,392,000			
Total Acquisition (0.34 Acres 7,036,787.77 pAcre)		2,392,508		2,392,508
Stamp Duty		109,125		
Agent Fee	1.00%	23,925		
Legal Fee	0.50%	11,963		
			145,013	

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
--------------	-----	----------	------

Clarendon House, Watford
4 Floors Office / 10 Floors Residential (41 Apartments)

Ground Floor - Offices	4,843 ft ²	162.00 pf ²	784,623	
1st Floor - Offices	4,843 ft ²	162.00 pf ²	784,596	
2nd Floor - Offices	4,843 ft ²	162.00 pf ²	784,596	
3rd Floor - Offices	4,843 ft ²	162.00 pf ²	784,596	
4th Floor - Residential	3,817 ft ²	167.00 pf ²	637,485	
5th Floor - Residential	3,817 ft ²	167.00 pf ²	637,485	
6th Floor - Residential	3,817 ft ²	167.00 pf ²	637,485	
7th Floor - Residential	3,817 ft ²	167.00 pf ²	637,394	
8th Floor - Residential	3,817 ft ²	167.00 pf ²	637,394	
9th Floor - Residential	3,020 ft ²	167.00 pf ²	504,287	
10th Floor - Residential	3,020 ft ²	167.00 pf ²	504,287	
11th Floor - Residential	3,020 ft ²	167.00 pf ²	504,287	
12+13th Floor (Duplex) - Residential	4,740 ft ²	167.00 pf ²	791,638	
Totals	52,258 ft²		8,630,152	8,630,152

Contingency	3.00%	258,905	
Demolition		100,000	
CIL (residential)		308,394	
Financial Contribution		368,000	
			1,035,299

PROFESSIONAL FEES

Professional Fees	10.00%	863,015	
			863,015

MARKETING & LETTING

Letting Agent Fee	10.00%	35,000	
Letting Legal Fee	5.00%	17,500	
			52,500

DISPOSAL FEES

Sales Agent Fee	1.00%	182,978	
Sales Legal Fee	0.50%	91,489	
			274,466

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Land		392,869	
Construction		642,286	
Letting Void		151,178	
Other		1,835	
Total Finance Cost			1,188,167

TOTAL COSTS
14,581,120
PROFIT
3,716,645
Performance Measures

Profit on Cost%	25.49%
Profit on GDV%	20.00%
Profit on NDV%	20.31%
Development Yield% (on Rent)	2.49%
Equivalent Yield% (Nominal)	6.90%
Equivalent Yield% (True)	7.21%

IRR	20.91%
-----	--------

Rent Cover	10 yrs 3 mths
Profit Erosion (finance rate 6.000%)	3 yrs 10 mths

Clarendon House, Watford**4 Floors Office / 10 Floors Residential (41 Apartments)****Initial****MRV**

66,660

94,446

94,446

94,446

4,000

8,750**362,748**

Clarendon House, Watford

4 Floors Office / 10 Floors Residential (41 Apartments)