Local Plan and Community Infrastructure Levy

Viability Assessment

Completed on behalf of Northumberland County Council

May 2018

CP Viability Ltd

Independent Property Experts

CONTENTS

1. INTRODUCTION

1.1. Scope of work

1.1.1. Northumberland County Council ("the Council") is currently in the process of developing its Local Plan. To support this process, the Council requires independent viability testing of its policies to ensure deliverability. In particular, we are instructed to advise the Council regarding:

I. Appropriate affordable housing quantum and mix.
II. Appropriate levels of other Section 106 policy requirements (such as education contributions, open space provision etc).
III. Other policy provisions which could impact on scheme viability (such as the potential introduction of the Nationally Described Space Standards, certain Building Regulations standards etc).

1.1.2. In conjunction with viability testing of the plan's policies, the Council is also considering whether to adopt a Community Infrastructure Levy (CIL). This would provide funding to known infrastructure requirements across the County. The Council therefore also requires viability testing to determine potential CIL rates that could be applied.

1.1.3. We are advised that in recent years the Council has commissioned other studies, which have also considered plan viability. As part of this study we have reviewed these assessments and will look to build on previous work undertaken in reaching our conclusions.

1.2. CP Viability Ltd

1.2.1. CP Viability specialises in providing advice to local authorities on all matters related to housing and commercial development; including individual site assessments, area wide studies and also providing expert witness advice at planning appeals. The company's Director, David Newham, has extensive experience in undertaking development appraisals and market studies.

1.3. Report Structure

1.3.1. This report is structured as follows:

2. NATIONAL POLICY CONTEXT AND PROFESSIONAL GUIDANCE

2.1. National Planning Policy Framework (NPPF)

2.1.1. The NPPF sets out the Government's planning policies and how these should be applied in plan making (albeit various changes to the NPPF are currently being proposed by central government – see below 2.2 for further details).

2.1.2. At the current time, the NPPF includes a short section entitled "Ensuring viability and deliverability" and can be summarised as follows:

Para 173 – states that plans should be deliverable, therefore policy obligations should not be set at unrealistic levels which could potentially undermine sites being brought forward for delivery. All Council policies should be at a level which still allows for a "competitive return" to a willing landowner and willing developer.

Para 174 – the Council's policy requirements should be clearly set out within the Local Plan. The cumulative impact of the Council policies should not "put implementation of the plan at serious risk and should facilitate development throughout the economic cycle". To achieve this an evidence-based approach should be adopted, albeit relying only on relevant data / information.

Para 175 – CIL should be tested alongside the Local Plan. Again, the sentiment is clear that the level of CIL should not over burden a scheme, and should incentivise development.

2.2. Proposed changes to NPPF (consultation from March 2018)

2.2.1. As indicated above, the Government has published draft changes to the NPPF, which is currently being taken through a consultation process. Following the consultation, it is envisaged any changes will be formally confirmed during the summer 2018.

2.2.2. With regard specifically to viability, the proposed wording can be summarised as follows:

Para 34 – Plans should set out the contributions expected in association with particular sites and types of development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, green and digital infrastructure). Such policies should not make development unviable and should be supported by evidence to demonstrate this. Plans should also set out any circumstances in which further viability assessment may be required in determining individual applications.

Para 58 – Where proposals for development accord with all the relevant policies in an up-to date development plan, no viability assessment should be required to accompany the application. Where a viability assessment is needed, it should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.

Para 68 – Strategic planning authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability.

2.2.3. The draft NPPF text therefore proposes to replace paragraphs 173, 174 and 175, as outlined above in 2.1. The key principles which drive viability, though, remain relatively similar. However, the draft text now explicitly refers to Planning Practice Guidance for a recommended approach to assessing viability (see below 2.3 and 2.4).

2.2.4. In Annex 2 the types of dwellings that constitutes 'affordable housing' is also set out, which includes the following:

(i) **Affordable housing to rent**: to qualify the dwellings have to be (a) no more than 80% of the market rent (b) landlord is a Registered provider, unless a build to rent scheme (c) remains at an affordable price in the future. For Build to Rent schemes affordable housing is expected to be the normal form of affordable housing provision (i.e. up to 80% of Market Rent).

(ii) **Starter homes**: to qualify the dwellings must be offered to the market at no higher than 80% of the equivalent market value and can only be purchased by first-time buyers, under the age of 40, with household incomes less than £80,000 per annum.

(iii) **Discounted market sales housing**: to qualify the dwellings must be offered to the market at no higher than 80% of the equivalent market value and must remain affordable more future households.

(iv) **Other affordable routes to home ownership**: this can include shared ownership, relevant equity loans, other low cost homes for sale and rent to buy.

2.2.5. Aside from viability, the government is also proposing a number of other measures, including:

- Minimum densities for new housing in city centres and around transport hubs.

- Policy changes to support conversion of empty space above high street shops and convert retail and employment land into housing.

- Permitted development rights to allow demolition of commercial buildings where they are being replaced with new homes.

- Consultation on strengthening policy to ensure that land allocated in local plans that has no prospect of a planning application being made is deallocated.

- An expectation on Local Authorities to bring forward smaller sites (which should make up 20% of housing supply).

- Removal of restrictions to the 'pooling' of Section 106 contributions, in certain circumstances.

2.2.6. Should the final version of the NPPF differ significantly from the draft wording outlined above, the approach to the viability testing (and the assumptions made) can be revisited accordingly.

2.3. Planning Practice Guidance (PPG)

2.3.1. This is an online tool, which is regularly updated. This seeks to provide planning guidance in the context of the NPPF, covering a variety of areas including: CIL, Planning obligations, Housing – optional technical standards, self-build and custom housebuilding and Starter Homes (amongst others).

2.3.2. For the purposes of this study we would highlight the following:

Local Plans

National planning policy places Local Plans at the heart of the planning system, so it is essential that they are in place and kept up to date.

Appropriate and proportionate evidence is essential for producing a sound Local Plan

Viability

The PPG outlines 4 key underlying principles in relation to viability:

Evidence based judgement: assessing viability requires judgements which are informed by the relevant available facts. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market.

Understanding past performance, such as in relation to build rates and the scale of historic planning obligations can be a useful start. Direct engagement with the development sector may be helpful in accessing evidence.

Collaboration: a collaborative approach involving the local planning authority, business community, developers, landowners and other interested parties will improve understanding of deliverability and viability. Transparency of evidence is encouraged wherever possible. Where communities are preparing a neighbourhood plan (or Neighbourhood Development Order), local planning authorities are encouraged to share evidence to ensure that local viability assumptions are clearly understood.

A consistent approach: local planning authorities are encouraged to ensure that their evidence base for housing, economic and retail policy is fully supported by a comprehensive and consistent understanding of viability across their areas. The National Planning Policy Framework requires local planning authorities to consider district-wide development costs when Local Plans are formulated, and where possible to plan for infrastructure and prepare development policies in parallel. A masterplan approach can be helpful in creating sustainable locations, identifying cumulative infrastructure requirements of development across the area and assessing the impact on scheme viability

CIL

Charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London). They will need to draw on the infrastructure planning evidence that underpins the development strategy for their area. Charging authorities should use that evidence to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across their area.

An area-based approach should be therefore adopted, where viability is tested across the different market areas of the Council's boundary. Clear evidence should be provided to support the adopted CIL rates and a balance should be sought between maximising funds for infrastructure projects ensuring that schemes remain viable and deliverable. In this regard, a 'buffer' allowance in setting the CIL charge is recommended, which will help limit the impact of changing market conditions on scheme deliverability.

2.4. Proposed changes to PPG (consultation from March 2018)

2.4.1. The draft text includes the following in relation to viability:

- Plan makers should engage with landowners, developers, infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage. In the absence of this evidence the site should not be allocated. Plan makers should indicate in plans where further evidence and viability assessment may be required.

- It is important that local authorities are sufficiently flexible to prevent planned development being stalled in the context of significant changes in costs and values that occur after a plan is adopted. Including policies in plans that set out when and how review mechanisms may be included in section 106 agreements will help to provide more certainty through economic cycles.

- For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, having regard to outliers in the data.

- Plan makers can undertake individual site-specific viability assessments.

- The price paid for land is not relevant justification for a scheme being unviable.

- To define land value for any viability assessment, a benchmark land value (BLV) should be calculated on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum price at which it is considered a rational landowner would be willing to sell their land.

- In all cases, benchmark land value should:

    (i) fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge;

    (ii) fully reflect the total cost of abnormal costs; site-specific infrastructure costs; and professional site fees;

    (iii) allow for a premium to landowners (including equity resulting from those building their own homes); and

    (iv) be informed by comparable market evidence of current uses, costs and values wherever possible. Where recent market transactions are used to inform assessment of benchmark land value there should be evidence that these transactions were based on policy compliant development. This is so that previous prices based on non-policy compliant developments are not used to inflate values over time.

- Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.

- For the purpose of plan making an assumption of 20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish viability of the plan policies. A lower figure of 6% of GDV may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces the risk. Alternative figures may be appropriate for different development types e.g. build to rent. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development.

- Build costs should be based on appropriate data, for example that of the Building Cost Information Service (BCIS).

- Explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return.

2.5. Recent / relevant Case Law

2.5.1. We are aware of the recent case in the High Court of Justice between Parkhurst Road Limited, the Secretary of State for Communities and Local Government and the Council of the London Borough of Islington (Citation Number [2018] EWHC 991).

2.5.2. The claimant (Parkhurst Road Limited) sought to challenge a previous appeal decision relating to the development of a Former Territorial Army Centre in Islington, London, which had previously been dismissed through a Planning Appeal process. The case involved the examination of a number of key viability issues, most notably in relation to establishing Benchmark Land Values (BLV).

2.5.3. Mr Justice Holgate dismissed the appeal and in his judgement supported the approach adopted by the Council to establish the BLV of the site for the purposes of the viability appraisal. The method used involved establishing the existing use value and then applying a premium uplift to this figure to arrive at a suitable BLV. This, therefore, broadly supports the approach advocated by the draft PPG changes (outlined above in 2.4).

2.5.4. However, it is stressed that, due to the unique nature of development sites, we do not consider it necessarily appropriate to apply rulings for individual schemes to all projects. The Parkhurst Rd Ltd case had a variety of factors unique to its own particular market and circumstances, which would not necessarily apply to other schemes. That said, the ruling does broadly support the draft PPG changes, which we have taken into consideration in the methodology adopted for the purposes of this study.

2.6. Technical Housing Standards – nationally described space standard

2.6.1. This acts as an optional planning requirement, to be potentially factored into a Council's Local Plan following a viability assessment (it is not therefore currently a statutory requirement). This deals with internal spaces of new dwellings, setting out the following aspirations:

Table 1 – Minimum gross internal floors areas and storage (sq m)

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) *			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

2.6.2. It is therefore appropriate to test the impact that the above optional standards could have on viability and scheme deliverability.

2.7. Accessible and adaptable dwellings

2.7.1. This relates to a section of the Building Regulations 2010, "Access to and use of buildings: Approved Document M". To meet the optional standard the following must be provided:

2.7.2. There are 3 categories which form Part of Approved Document M, defined as follows:

M4 (1) Category 1: Visitable dwellings. Reasonable provision should be made for people to gain access to and use the dwelling and its facilities.

M4(2) Category 2: Accessible and adaptable dwellings. Reasonable provision must be made for people to gain access to and use the dwelling and its facilities. The provision made must be sufficient to meet the needs of occupants with differing needs including some older or disabled people and to allow adaptation of the dwelling to meet the changing needs of occupants over time.

M4 (3) Category 3: Wheelchair user dwellings. Reasonable provision must be made for people to gain access to and use the dwelling and its facilities. The provision must be made sufficient to (a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs or (b) meet the needs of occupants who use wheelchairs.

2.7.3. The Council's emerging policy relates to M4 (2) and M4 (3) (a) and (b), as described above.

2.7.4. As this is an optional standard, there is limited available evidence to demonstrate the impact meeting this standard would have on overall build costs. For this reason, it is considered the EC Harris "Housing Standards Review – Cost Impacts" report from Sept 2014 provides an important evidence base for the construction costings. The report includes a variety of cost estimates related to construction work, process costs, approval costs etc. Table 2 below sets out a breakdown of the costs shown in the EC Harris report, indexed to March 2018.

Table 2 – Summary of EC Harris M4 (2) cost estimates, plus indexation

M4 (2)	1b flat	2b flat	2b house	3b house	4b house
Access cost	£ 940	£ 907	£ 523	£ 521	£ 520
Process costs	£ 48	£ 48	£ 48	£ 48	£ 48
Access recipient cost	£ 4	£ 4	£ 4	£ 4	£ 4
Access type approval cost	£ 416	£ 416	£ 416	£ 416	£ 416
Access type approval recipient cost	£ 92	£ 92	£ 92	£ 92	£ 92
	£ 1,500	£ 1,467	£ 1,083	£ 1,081	£ 1,080
Allowing for RPI indexation since Sep 14 (6%)	**£ 1,590**	**£ 1,555**	**£ 1,148**	**£ 1,146**	**£ 1,145**

2.7.5. Please note, at the time of the EC Harris report there was no minimum dwelling size standard (the NDSS was first introduced in 2015, after the report). In their review, EC Harris subsequently made an additional "access related space cost" for providing slightly larger dwellings. As NDSS already allows for increased dwelling sizes (compared to the assumptions made in the EC Harris report), if NDSS is applied in the viability testing the additional increased dwelling cost referred to by EC Harris can been excluded from the analysis (as inclusion would reflect double-counting).

2.7.6. The overall cost impact of the M4 (2) standards for accessible and adaptable housing is therefore considered to be relatively small. For example, if applied to 25% of new build schemes, for a development of 15 dwellings the overall cost impact is likely to be in the region of £5,000, for a 50 dwelling scheme circa £17,500 and for a 100 dwelling scheme approximately £35,000.

2.7.7. The EC Harris report also provides costings for M4 (3), which relates to wheelchair-user access. These costs are significantly higher and come in two levels: M4 (3a) adaptable and M4 (3b) accessible. For M4 (3a), indexed to March 2018, the extra-over construction cost (after allowances for inflation) equates to roughly £9,000 to £12,500 per dwelling. For M4 (3b) this increases to up to circa £25,000 per dwelling. In both cases, the M4 (3) standard would therefore have a greater impact on viability when compared to the M4 (2) standard.

2.8. Viability Testing Local Plans – Local Housing Delivery Group ("Harman Review") – June 2012

2.8.1. This is a key document for providing technical guidance on how to undertake an area wide viability study.

2.8.2. This gives detailed commentary on various aspects of an area wide study, but has a particular focus on Threshold Land Value ("TLV"), stating:

Pg 29 – *"We recommend that the TLV is based on a premium over current use values and credible alternative use value…"*

Pg 30 – *"It is widely recognised that this approach [i.e. a percentage increase over the current use value] can be less straight forward for non-urban sites or urban extensions, where landowners are rarely forced or distressed sellers…This is particularly the case in relation to large greenfield sites…Accordingly, the uplift to the current use value sought by landowners will invariably be significantly higher than in an urban context and requires very careful consideration".*

2.8.3. The guidance therefore recommends a clear methodology for determining the BLV, which is to apply a premium to the EUV of the land. This is in keeping with the proposed changes to the PPG, as outlined above.

2.8.4. However, the guidance recognises that this is more straight forward for urban / brownfield sites, where a premium (perhaps in the order of 10% – 50%) is deemed sufficient to incentivise a landowner to release the land for development.

2.8.5. This, though, would not be the case for non-urban / greenfield land where the current use value may only be a modest agricultural value (for example £10,000 per Ha). For this greenfield land, clearly an uplift of 50% (or £5,000 per Ha) would not be sufficient to release the land for development. The uplift would need to be considerably more.

2.8.6. In this regard, the guidance only highlights the recommended method for determining the BLV, it does not seek to fix parameters as to how the method is applied. Instead, the guidance is clear that the assessor should adopt an evidence-based approach when seeking to establish the level of premium appropriate above a EUV:

Pg 30 – "…local sources should be used to provide a view on market values (the 'going rate'), as a means of giving a further sense check on the outcome of the current use value plus premium calculation".

Pg 30 – "…for sites of this nature [i.e. greenfield], it will be necessary to make greater use of benchmarks, taking into account local partner views on market data and information on typical minimum price provisions used within developer / site promoter agreements for sites of this nature".

2.8.7. In this respect, direct evidence of agreed BLV's can be the main focus of the assessor, with land transactional evidence acting only as a general 'sense check'. This is again in keeping with the proposed changes to PPG.

2.9. Financial Viability In Planning – RICS Guidance Note 1 – Aug 2012

2.9.1. The purpose of this guidance note is more focused on individual viability assessments. However, there are still key principles discussed in the document which are to be adhered to when undertaking area wide viability assessments.

2.9.2. Again, there is a focus on site value, which is typically one of the most controversial elements of a viability assessment:

Para 2.3.2. Box 7 – *"Site value should equate to the market value subject to the following assumption: that the value has regard to the development plan policies and all other material planning considerations and disregards that which is contrary to the development plan".*

2.9.3. Site value therefore must reflect the plan policies and should not, therefore reflect the unrealistic requirements of a particular landowner.

2.9.4. However, the proposed changes to the PPG (as discussed above in 2.4) clearly states that for plan making a "EUV plus premium" approach should be adopted. For the purposes of this study, we have subsequently adopted the method outlined in the draft PPG.

3. MARKET CONDITIONS

3.1. Introduction

3.1.1. In reviewing local market conditions we have had regard to previous studies undertaken on behalf of the Council.

3.1.2. In addition, we have looked at market trends and analysed general economic conditions across Northumberland, drawing on a variety of data sources, including the Land Registry, Zoopla / Rightmove (websites which specialise in residential sales and market trends), regional reports undertaken by property agents and CoStar SUITE (a paid for service which provides data on commercial property markets).

3.2. Residential Market

3.2.1. According to the Zoopla Zed Index (an index which, using sales data from the Land Registry and asking prices, estimates the value of all residential dwellings across England and Wales) the value of residential property across Northumberland has increased by 25.35% during the last 5 years. This compares with an average increase of 33.14% across England during the same period. This suggests house price inflation has been more modest across Northumberland when compared to the national average. However, the average increase for the North East region during the same period equates to 15.96%. Northumberland has therefore outperformed the North East region during this period, suggesting that relative demand levels for the County are strong.

3.2.2. In terms of current average values, in Northumberland the Zoopla data shows a figure of £192,947. This is slightly above the north east regional average of £190,204.

3.2.3. Furthermore, in April 2018 Bdaily News ran an article referencing a regional increase in north east house prices by circa £5,000 in the previous month (a rise of 3.2% in April 2018)[1]. The data was taken from KIS sales and lettings agents. This suggests that demand levels currently remain strong in the region, which is helping place an upward pressure on house prices.

3.2.4. More specifically, in terms of settlement values Northumberland covers a large geographical area therefore there is naturally scope for a wide variance in local market values. This is demonstrated through the Zoopla data, which shows average settlement values ranging from circa £90,000 to just under £500,000.

3.2.5. The Zoopla data also shows that there are examples where there is significant variance in average values between settlements that lie within close proximity to one another.

3.2.6. That said, and accepting that there will always be variances in values between settlements, we note previous studies undertaken on behalf of the Council broadly categorised the County across four broad areas being:

> **Central** – which included Hexham, Morpeth, Prudhoe, Corbridge and Ponteland. A large proportion of this area includes Green Belt land, as well as part of the North Pennines Area of Outstanding Beauty. Generally, supports higher values compared with other parts of the County.

[1] https://bdaily.co.uk/articles/2018/04/29/north-east-house-prices-up-5000-in-the-last-month

North – which included Berwick-upon-Tweed, Alnwick, Belford, Seahouses, Rothbury and Wooler. This area includes part of the Northumberland National Park and Northumberland Coast Area of Outstanding Natural Beauty. Supports some average to high values compared to other parts of the County.

South East – which included Amble, Ashington, Bedlington, Blyth, Cramlington, Guidepost / Stakeford / Choppington, Newbiggin-by-the-sea and Seaton Delaval / New Hartley / Seghill / Holywell. This area includes some Green Belt land but comprises a higher proportion of developed / previously developed land. Generally, this supports lower to average values compared to other parts of the County.

West – which included Haltwhistle, Haydon Bridge, Allendale and Bellingham. This area includes part of the Northumberland National Park and North Pennines Area of Outstanding Natural Beauty, generally has a more sparse population and is dominated by agriculture, forestry and tourism. Values typically are average to high in this area.

3.2.7. The above areas are considered to reflect a reasonable high-level view of the wider Northumberland County market. Whilst there is some granularity within the local markets (with some limited examples of large swings in value between settlements close to one another) generally speaking the four areas outlined above are considered to be a reasonable reflection of the market dynamics. This allows a starting point on which to consider market fluctuations across the County.

3.2.8. In terms of dwelling type, based on comments received from stakeholders and following our research into the market, there remains a limited appetite from developers to bring forward apartment schemes. Prior to the market crash in 2008, demand for apartments was driven by a buoyant buy-to-let investor market. The collapse of the buy-to-let market post 2008 resulted in a sharp fall in values within the apartment sector and in many cases developers were left with apartment blocks that they were unable to sell unless heavily discounted. With the buy-to-let market having yet to recover (and not expected to within the short to medium term), funders and developers continue to take a cautious approach to this apartment sector, with the market preference mainly focusing on more traditional 2 / 2.5 storey houses.

3.2.9. However, the SHMA does point to an increased demand for level access flats/apartments and bungalows from older people looking to downsize from family homes. Throughout the UK, there is an established market for 'over 55s' apartment living, typically delivered by specialist providers such as McCarthy and Stone and Churchill Retirement Living. McCarthy and Stone do have an established presence in Northumberland (in Alnwick, Morpeth and Ponteland) as well as the wider North East (including currently marketing schemes in Sunderland, South Shields, Newcastle and Darlington). The established demand would suggest there is an opportunity for specialists to provide 'over 55s' apartment living within the County.

3.3. Commercial Market

3.3.1. As part of our considerations we have reviewed regional commercial property market papers prepared by national property agents. One of these is Knight Frank's "North East Property Market Report" for 2018. This states the following:

- **Office sector**: 2017 saw take up 12% below the long-term average. Out-of-town office take-up 21% below the 5 year average. Demand has tended to favour quality, mainly focused on Grade A stock. Supply is currently under pressure within the Newcastle market, as with only a limited number of schemes likely to come forward in the near future.

- **Industrial sector**: take-up of industrial space in 2017 for the north east totalled 4.4million sq ft, down from 6.7million in 2016 and significantly below the 5 year average of 7.1million. The number of transactions totalled 491, significantly down on 2016 (602). The results are seen as a consequence of a lack of good quality stock and also a general slowdown of activity in anticipation of Brexit. With regards to stock availability, there is currently around 4.2million sq ft of available stock, but only circa 10% is considered to comprise modern accommodation.

3.3.2. In May 2017 Costar published an article entitled "North East CRE markets shrug off Brexit concerns". This stated the following:

- According to Cushman and Wakefield's Newcastle Property Outlook for 2017 the North East has not been adversely impacted by Brexit.

- The North East's logistics market tops Cushman and Wakefield's 'Fair Value' ranking, offering the best value for investors across UK regions and sectors. This is primarily due to the devaluation of Sterling, which is expected to boost trade in the region.

- 2017 saw the "start of a post-Brexit consensus as the key players get on with business in a market defined by under supply in the key industrial and office markets, and a real estate industry struggling to adapt to the pace of disruption in the retail sector".

- However, the article goes on to state, "the region will continue to suffer from the marginal viability of new development, which will hold back the supply of much-needed new space and with it the regional economy. We feel that as in past cycles, brave developers who commit to providing space will be rewarded with strong tenant demand."

3.3.3. In September 2017 Property Week published an article relating to take up of large logistics and industrial units (over 4,500 sq m). Quoting Knight Frank, the article refers to a limited amount of transactions in the North East for large logistical and industrial units. However, it states that this is not due to a lack of activity or demand, but instead a result of the limited modern stock available.

3.3.4. The evidence above suggests that demand levels remain positive for good quality, modern industrial accommodation, if available. This suggests that new industrial development would be well received in the regional market place. The office market activity is mainly focused in major city locations (the most regionally dominant being Newcastle). There continues to be a general fall in demand for out-of-town offices, reflecting a wider trend experienced throughout the UK.

3.3.5. As for the **retail market**, Savills published a market report in May 2017 which focused on retail warehousing, stating the following:

- Weakening expectations for UK consumer spending, as well as an increasingly negative view amongst US retailers and investors about their markets at home has led to a slowdown in retailer demand for retail warehouse units over the last quarter. However, this slowdown should be taken in the context of record level of demand from bulky goods retailers recorded in 2015 and 2016.

- Nevertheless, for those retailers who are expanding, supply continues to be problematic, with vacancy rates in the retail warehouse sector having fallen to their lowest ever levels. These low vacancy levels are putting an upward pressure on headline rents. That said, Savills comment that they expect rents to only marginally increase in the next few years. This, though, still suggests there are development opportunities to meet this pent up demand with good quality stock.

- Investor demand for retail opportunities is expected to grow in the short to medium term, primarily due to a rising demand from institutional investors (such as pension funds). The retail sector is deemed to be attractive due to the combination of the relatively attractive yields on offer and that retail warehousing is comparatively defensive against structural changes in the retail market.

- Whilst the ideal remains retail warehousing opportunities in London / the South East, Savills comment that these opportunities remain rare and as such they expect to see some institutional investors expanding their geographical focus further north. Regions like the North East offer comparatively strong returns, which are likely to be viewed as attractive where strong covenants are involved.

3.3.6. Finally, we would also comment that in recent years there has been a general fall in demand for large, new supermarkets, which has been experienced across the UK. Consumer spending habits have shifted since the market crash of 2008, which has seen a rise of discount brands such as Aldi and Lidl who have significantly increased their share of the market place. Coupled with the continued growth in online retailing, the knock-on effect on the development industry has been a significant fall in demand for large supermarkets facilities, but a sharp rise in requirements for smaller supermarket units typically in and around large villages or town settlements. This trend is anticipated to

continue in the future with the discount brands looking to expand their businesses and increase their market share.

3.3.7. In summary, there remain macro-economic challenges for the commercial sector, with the uncertainty surrounding Brexit likely to impact on market conditions in the short to medium term. That said, demand levels for good quality, modern stock remains strong, particularly in the industrial and logistical sector and also retail warehousing. Furthermore, the discount supermarket brands continue to expand their operations. In this regard, there remain opportunities for new commercial development.

4. METHODOLOGY

4.1. Introduction

4.1.1. For the purposes of our study we have adhered to the Guidance for plan viability testing as set in the Harman Review (referenced above in Section 2).

4.1.2. Central to undertaking viability testing is the residual method of valuation (sometimes referred to as a development appraisal).

4.2. The Residual Method

4.2.1. This is an established valuation approach, which can be illustrated by the following equation:

Completed Development Value

(i.e. Total Revenue)

Less

Development Costs

(Developer's Profit + Construction + Fees + Finance)

Equals

Residue for Land Acquisition

4.2.2. In other words, to arrive at the land value the assessor assumes the scheme has been completed, and from this income takes away all the costs associated with delivering that scheme. The remaining sum, or 'residual' (if any is left), equates to the value that could be paid for the land based on the development being proposed.

4.2.3. Whilst a simple concept, it is stressed that in reality the residual method often becomes a complicated and detailed approach. This is because the methodology inherently requires a wide variety of inputs to be factored into the assessment, all of which are subject to variance (e.g. sales values, build costs, professional fees, abnormal works, Council policies, profit, marketing, finance etc). All of these inputs need to be considered carefully, as potentially relatively small variances to one or two inputs could have a significant impact on the results of the assessment. This inherent flaw in the methodology is recognised by the RICS and wider industry, and as a result 'sensitivity' testing is recommended to try and minimise the impact of these potential variances. Nevertheless, the industry still considers this to be the most appropriate methodology for assessing development sites and appraising land value.

4.2.4. Furthermore, in undertaking a residual appraisal it is important to factor in the impact that the timings of payments and income can have on funding and cash flow. For this reason, and particularly for more complex developments, it is appropriate to use a discounted cash-flow approach when preparing a residual appraisal.

4.2.5. The residual method can be applied to both residential and commercial development and is therefore applicable to Whole Plan and CIL viability testing. We have subsequently utilised this approach in undertaking our viability testing.

4.2.6. The Harman Review is clear that the appraisal inputs (e.g. revenue, build costs, professional fees, developer's profit etc) should be evidence based and reflect the dynamics of the market being assessed. Stakeholders should be engaged to ensure the adopted inputs are as robust as possible.

4.3. Evidence

4.3.1. Primary data is crucial to ensuring the viability testing is robust. This can include a variety of sources, such as the Land Registry for residential and land sales, paid for services such as Costar SUITE (providing commercial property rents, yields and capital values), Essential Information Group property Auctions (giving details of land transactions), build cost databanks such as the Build Cost Information Service (BCIS) part of the RICS, historic viability assessments undertaken within Northumberland and the wider region giving parameters for appraisal inputs etc.

4.3.2. Likewise appeal decisions from the Planning Inspectorate can provide a useful indication of appraisal inputs, albeit the context of each case needs to be understood before conclusions are reached.

4.3.3. The Harman Review indicates that stakeholders should be engaged to ensure the appraisal inputs are reflective of market conditions and are deliverable.

4.3.4. As indicated above, in recent years the Council has commissioned a variety of area wide studies linked to the preparation of its Local Plan. This included the following:

- Analysis of Northumberland Threshold Land Values (DVS Sept 2015).
- Undertaking of 4 Site Development Appraisals (DVS Sept 2015).
- Hypothetical Site Types – Development Appraisals (DVS May 2016).
- Real Site Types – Development Appraisals (DVS June 2016).

- Northumberland Local Plan Draft Core Strategy and CIL Viability Assessment: Housing Delivery Report (Draft final report) June 2016.

4.3.5. The above studies have been used as a starting point for the viability testing. This therefore has formed part of the wider evidence base.

4.3.6. Finally, we also consider it appropriate to review other area wide studies undertaken on behalf of neighbouring authorities. These provide a useful insight into plan viability testing in the regional market. The studies identified include the following:

- Richmondshire: CIL Viability Study (Peter Brett Associates Jan 16)
- Stockton on Tees: Affordable Housing Viability Study (3 Dragons Oct 16)
- Sunderland: Whole Plan Viability Assessment (HDH Planning Aug 17)
- Gateshead & Newcastle: Viability and Deliverability Report (Feb 16)
- County Durham: Local Plan viability (draft Apr 18)

Please note, Darlington Borough Council and Hartlepool Borough Council are currently at different stages of implementing a Local Plan. However, we have been unable to identify any viability assessments for these authorities.

4.4. Benchmark Land Value

4.4.1. Having established the residual land value of a particular development, to determine viability, this is then compared to the Benchmark Land Value (BLV). As indicated above, the Harman Review defines the BLV (which it refers to as the Threshold Land Value – both can be regarded as meaning the same) as follows:

Pg 28 – *The value at which a typical willing landowner is likely to release land for development, before payment of taxes (such as capital gains tax).*

4.4.2. In other words, it is the land price that a *hypothetical* landowner would be willing to accept to release the land for development. This is important, as the BLV looks to determine what the 'average' land value should be to incentivise releasing the land, not the specific circumstances of individual parties.

4.4.3. To test viability, the BLV is then compared with the residual land value. If the residual land value falls under the BLV, a landowner would not be incentivised to release the land, therefore the scheme is deemed to be unviable. If the residual land value is above the BLV the landowner would be incentivised, therefore under these circumstances the scheme is regarded as being viable.

4.4.4. The BLV is therefore not assessed as part of the residual method described above, instead it is arrived at separately. In order to establish an appropriate BLV both the Harman Review and the proposed draft changes to the PPG recommend the following:

- First, the assessor should identify the existing use value (EUV) of the site. This is because the BLV cannot fall below the EUV, otherwise there would be no financial benefit to releasing the land for development.

- Secondly, a level of premium should be applied to the EUV. This follows the principle that in reality a landowner would want some level of uplift over the EUV in order to incentivise a release of the land (if there was no uplift, the landowner would be better selling the land 'as is'). The Harman Review / draft PPG wording suggests this should be a fixed percentage uplift for non-agricultural land and a multiplier for agricultural land.

- Thirdly, in addition to identifying the EUV, the assessor should consider any alternative use value (AUV), other than a residential use. For example, a brownfield site on the edge of a city centre may have a limited EUV as a temporary car park. However, given its location it may be suitable to provide a variety of uses, including office development, industrial, retail or leisure. In these circumstances, the AUV is likely to be higher than the EUV, in which case it takes precedent for the purposes of determining the BLV.

- Fourthly, the Harman Review indicates that reviewing land transactional evidence can be used as a broad 'sense check'. However, it cautions that historic land sales evidence can be misleading, as it will take into account out of date policy costs. The Harman Review is clear that the BLV needs to take into account future plan policy requirements and how these will impact on land values, not land values achieved under different planning policy regimes. The Harman Review therefore concludes that market values are useful as a broad overview, *"but it is not recommended that these are used as the basis for the input to a model".* The draft PPG wording is more explicit on this point and specifically states that hope value should not be reflected in the BLV. The draft PPG wording also states that the best market evidence should be identified through land that has recently secured a planning consent and recently sold. The price achieved should then be compared with the EUV to determine the broad level of uplift suitable to incentivise a landowner in that particular market.

4.4.5. The Harman Review recommends that the BLV is not set at the 'margins of viability' and therefore there is an appropriate 'cushion' built into the modelling. We have subsequently looked to incorporate this into our testing.

4.4.6. As indicated above, the Harman Review also discusses the differences between land in an urban context and edge of settlement farmland. For farmland, the EUV is likely to be modest (based on agricultural rates) when compared to sites in more urban locations. For this reason, the level of uplift between these types of sites is likely to be different. The Harman Review does not provide specific figures regarding the level of uplift. However, from our experience, for agricultural land we typically see BLV's circa 10 to 50 times higher than the EUV (depending on the location of the site). For sites in an urban context, the uplift tends to be a percentage, somewhere in the order of 10% to 30% higher than the EUV.

4.4.7. For the purposes of our viability testing we have adhered to the principles regarding BLV as set out in the Harman Review and as proposed in the draft PPG wording from March 2018.

4.5. Site Types

4.5.1. The Harman Review states that the types of sites assessed as part of the viability testing should represent the likely supply of development over the plan period. Once identified, these are then tested using the residual method, with comparisons to the separately identified BLV, as outlined above.

4.5.2. The Harman Review indicates that site testing can either be based on real 'live' sites or hypothetical site typologies, drawing upon historic completions and planning permissions.

4.5.3. In either case, a reasonably wide variety of sites should be considered. Appendix A of the Harman Review indicates a number of factors which could be considered when assessing hypothetical site typologies, including

- Varying levels of infrastructure dependent on the size of the scheme.

- The potential for 'abnormal' costs such as remediation and decontamination.

- Different BLV's dependent on the nature of the land (e.g. greenfield versus previously developed land in an urban area).

- Geographical locations impacting on revenue and sales rates.

4.5.4. The Harman Review goes on to say that a balance needs to be struck between key viability considerations and ensuring there are a manageable number of site typologies to ensure the testing is as robust as possible. In other words, for the purposes of whole plan and CIL testing, it is acknowledged that all variations will not be able to be fully tested. However, what is important is that key fluctuations are reflected through the viability modelling as much as possible.

4.6. Iterative Approach

4.6.1. Having identified appropriate sites for the purposes of the modelling (whether real sites or hypothetical), the residual method is then used, which generates a land value that can be compared to the BLV. As indicated above, if the land value is above the BLV, the scheme is deemed to be viable, if it is below the scheme is unviable.

4.6.2. Once it has been determined whether a scheme is viable or not, adjustments can be made to the planning policy contributions to adjust the outcome of the viability. For example, if the full aspirational policy provisions are applied and the scheme is shown to be unviable, this would demonstrate that the policy provisions are unlikely to be deliverable (therefore failing to meet the requirements of the NPPF). In this scenario, the policy provisions can be reduced and the scheme re-tested. This can be done on an iterative basis up to the point where the scheme is deemed to be viable. Alternatively, it may be that the aspirational policy provisions are tested and the scheme is comfortably viable, generating a surplus of income. Under this scenario, the policy provision (for example CIL rate) could be increased and the scheme re-tested (again on an iterative basis) until there is a pre-set position of viability is reached.

4.6.3. In adopting an iterative approach, it is therefore important to identify 'base' appraisals, from which adjustments can be made. This can either be on the basis of the full policy aspirations being excluded, and then added back in on an iterative basis up to a pre-determined point of viability. Or alternatively the base appraisals could include the full policy aspirations from the outset, and if the testing shows there is significant viability pressure the policy provisions could be adjusted down again up to a pre-determined point of viability.

4.7. Our Approach

4.7.1. On the basis of the above we have adopted the following approach for the purposes of the Whole Plan and CIL viability testing:

- We have identified hypothetical site types, which we consider to best reflect the future supply of sites across the County (both for residential and commercial development sites), having regard to site allocations proposed in the draft Local Plan.

- However, for large strategic development sites (say 300 dwellings or more) we consider it appropriate to undertake site specific testing on 'real' identified schemes.

- For each hypothetical site type or real site we have modelled a base development appraisal, inputting the revenue and costs associated with that scheme. This has been modelled in accordance with the residual method, whereby the outcome is the land value (with all other inputs fixed costs). The same approach has also been applied to commercial site testing (for the purposes of identifying CIL).

- Initially, we look to test base appraisals, building in the emerging policies. We have run each base appraisal at 0%, 5%, 10%, 15%, 20%, 25% and 30% affordable housing and recorded the residual land values for each. If the residual land value is above the BLV, the scheme is deemed to be viable, if below it is deemed unviable.

- With regard to CIL charges, for those base appraisals that show a viable position we re-run the appraisals applying different CIL rates, increasing the amount on an iterative basis up to a point where the scheme is deemed to be unviable. This gives us an indication of appropriate CIL rates per sq m, and also allows us to consider what an appropriate 'buffer' allowance should be factored in to help ensure viability (in accordance with the NPPF / PPG).

- Finally, we also undertake sensitivity testing, where key appraisal inputs are varied to test the impact on viability. This aids the overall analysis and ensures that the conclusions reached are as robust as possible.

- In forming our recommendations, a holistic approach is taken to all testing results.

5. RESIDENTIAL VIABILITY ASSUMPTIONS

5.1. Introduction

5.1.1. This section looks at the appraisal testing for residential development, with a view to providing recommendations regarding affordable housing provisions, S106 obligations, CIL charging rates and any other relevant policy which could impact on viability.

5.1.2. As indicated above, for the purposes of this study, we have utilised hypothetical sites within the modelling, as follows:

Site type 1	1 dwelling
Site type 2	2 dwellings
Site type 3	6 dwellings
Site type 4	15 dwellings
Site type 5	50 dwellings
Site type 6	100 dwellings
Site type 7	40 dwellings (sheltered flats)

5.1.3. As discussed in Section 3, there is a general lack of activity within the apartment sector across Northumberland, due to limited appetite from funders / developers to bring these sites forward and also limited demand from purchasers (particularly in lower value locations where, due to the high build costs associated with apartment blocks, it is unlikely viable schemes will be demonstrated). In higher value locations, there may be some opportunities for apartment schemes, however we anticipate these opportunities will be limited. For the purposes of this study, we have therefore focused mainly on housing.

5.1.4. That said, we anticipate there will be demand in the future for 'over 55s' apartment living (delivered by specialists such as McCarthy and Stone and Churchill Retirement Living). The type of accommodation provided can vary depending on the level of facilities / care. For example, McCarthy and Stone predominantly offer 2 products, the first being 'Retirement Living' where some shared common rooms are provided and some limited on-site staff / nursing, a model which assumes those living in the block have a greater level of independence. The second is 'Assisted Living', which provides more on-site services (such as café and hair salons) as well as more on-site staff, often able to provide specialist care as needed. The Assisted Living model is more costly, which means the overall value of the apartments is higher when compared to the Retirement Living model.

5.1.5. Given the nature of specialist over 55s apartment living, 'on-site' affordable housing is not considered practicable within these types of apartment blocks (due to issues with management), however it may be the case that an off-site affordable housing commuted sum or CIL charge could be payable, if viability can be demonstrated. To explore this more fully, we have adopted our site Type 7, as outlined above.

5.1.6. In terms of residential values, to reflect geographical differences between locations we have looked to identify value 'bands' reflecting theses value variations being; low, medium, high and highest.

5.1.7. To assist in this, we have utilised the 'current average value' function on the Zoopla website (which is based on data collected from the Land Registry). This gives an average value for the County as a whole (currently £192,947) and also a current average value for various main towns and service centres within Northumberland. To determine each value banding we have set the following criteria (which are considered to be reasonable parameters):

Low value area – current average value sub 80% of £192,947

Medium value area – current average value 80% to 120% of £192,947

High value area – current average value 120% to 200% of £192,947

Highest value area – current average value over 200% of £192,947

5.1.8. Please see attached Appendices A1 and A2 for a map of the different value locations and their average values as shown through Zoopla. The settlements considered are as follows:

Table 3 – Value locations

Highest Value	High Value	Medium Value	Low Value
Bellingham	Allendale	Belford	Amble
Corbridge	Alnwick	Berwick-upon-Tweed	Ashington
Ponteland	Hexham	Haltwhistle	Bedlington
	Morpeth	Haydon Bridge	Blyth
	Rothbury	Prudhoe	Choppington
		Seahouses	Cramlington
		Wooler	Newbiggin-by-the-Sea
			Seaton Delaval

5.1.9. A further key variation in the viability outcome is in relation to the nature of the land, specifically whether this has been previously developed (often called 'brownfield') or undeveloped land (often referred to as 'greenfield'). As discussed above in Section 4, the underlying existing use value will be significantly different for a greenfield site compared to previously developed land. A greenfield site will typically have an underlying agricultural or amenity land value, typically at a relatively modest level. In comparison, previously developed land will usually have a value based on its existing planning consent, which is likely to be higher than an agricultural land value. It may also have an alternative commercial use, which would need to be factored into any assessment of value.

5.1.10. Greenfield and previously developed land therefore offer different development propositions for house builders / developers. In recognition of these differences we therefore consider it appropriate to model each site type on the basis of both a greenfield site and separately as previously developed land.

5.1.11. Furthermore, as this study relates to Whole Plan and CIL testing, our assessments separately consider the following:

(i) Affordable housing and S106 contributions

(ii) CIL charge

5.1.12. In accordance with the guidance we have looked to ensure our appraisals are not at the margins of viability, and therefore included suitable 'buffers' to help ensure the assessments are robust.

5.2. Density and gross-to-net ratios

5.2.1. Density rates will fluctuate from scheme to scheme and are usually expressed as a rate per net or gross Ha. We have considered this on the basis of dwellings per net Ha.

5.2.2. Housing density can depend on a variety of factors, for example higher value locations tend to attract larger homes, therefore lower density rates per net Ha (and vice versa). Furthermore, if a scheme has a high proportion of bungalows (which tend to have larger plots) this can also reduce the density of a scheme.

5.2.3. In past studies undertaken on behalf of Northumberland, a ratio of 100% has been allowed for sites up to 0.4Ha, 83% gross to net on sites between 0.4Ha and 2 Ha and over 2Ha 70%, consistent with the methodology applied in the Council's Strategic Housing Land Availability Assessment (SHLAA).

5.2.4. In terms of other local authorities the assumptions can be summarised as follows:

Durham County Council (Apr 2018 Draft) – gross to net ratios range from 80% to 90%.

Sunderland City Council (Aug 2017) – for sites up to 0.4Ha the gross to net ratio is 100%, reduced to 75% to 90% for 0.4Ha to 2Ha. For all schemes over 2Ha the ratio ranges from 50% to 75%.

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – for sites up to 0.4Ha the gross to net ratio is 100%, reduced to 90% for 0.4Ha to 2Ha. For all schemes over 2Ha the ratio is 75%.

North Tyneside Council (Jun 2016) – for sites up to 0.4Ha the gross to net ratio is 100%, reduced to 75% to 90% for 0.4Ha to 2Ha. For all schemes over 2Ha the ratio ranges from 50% to 75%.

Stockton Borough Council (Oct 2016) – not stated

5.2.5. In the context of the above, the gross to net assumptions previously applied in the past Northumberland studies fall broadly in line with the approaches adopted by other local authorities. On this basis, the allowances are considered to be reasonable for the purposes of the viability testing.

5.2.6. With regard to dwellings per net Ha, we have again looked at the approach of other local authorities:

Durham County Council (Apr 2018 Draft) – 30 to 35 dwellings per net Ha

Sunderland City Council (Aug 2017) – 20 to 40 dwellings per net Ha

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – 40 to 50 dwellings per net Ha.

North Tyneside Council (Jun 2016) – 27 dwellings per net Ha

Stockton Borough Council (Oct 2016) – 25 to 50 dwellings per net Ha

5.2.7. We have also referred to an in-house database which records individual viability appraisals as prepared by applicants and submitted to CP Viability. The database includes over 100 appraisals from the wider northern and east midlands region of England, showing key viability assumptions made by applicants. Given the sensitive nature of the data we are unable to disclose the full information, however we are able to consider average rates as calculated (which has been accepted as evidence within an appeal setting). It is recognised this offers only an insight into the market and clearly there will be fluctuations from site to site. Nevertheless, this is considered to be useful data and can complement other available evidence.

5.2.8. With regards to dwellings per net Ha, there is a wide range of figures shown within the database. For example, for schemes providing between 10 and 50 dwellings, the rate of units per net Ha ranges from 17 (comprising bungalows) up to over 50 units (often involving 2.5 / 3 storey dwellings). Likewise, for schemes providing over 50 dwellings the highest density is shown as 67 units per net Ha (which is from a scheme within a larger urban context).

5.2.9. For our typology based on 6 dwellings, we consider 20 dwellings per net Ha to be appropriate, increasing to circa 27 dwellings per net Ha for 15 dwellings. For schemes comprising 50 or more dwellings, which are more likely to be implemented by a regional or national house builder, a ratio of circa 35 dwellings per net Ha is considered to be appropriate.

5.3. Dwelling sizes

5.3.1. As with density / gross-to-net ratios, dwelling sizes will vary from site to site. In higher value, semi-rural locations it may be that the local purchaser market expects larger detached housing, which would increase the overall average on a per unit basis. Conversely, in lower market areas, to meet market demand it may be more appropriate to have a higher proportion of smaller semi-detached / terraced dwellings, which would serve to reduce the overall average.

5.3.2. In previous studies the Council has adopted the following average dwelling sizes, used in the viability modelling:

1b flat	43.38 sq m
2b flat	66.52 sq m
2b house	65.03 sq m
3b house	91.75 sq m
4b house	124.38 sq m

5.3.3. We have sense checked this against the other local authority studies:

Durham County Council (Mar 2018 Draft) – a single average equivalent to 95 sq m was adopted.

Sunderland City Council (Aug 2017) – 68 sq m to 130 sq m

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – 45 sq m to 121 sq m

North Tyneside Council (Jun 2016) – 65 sq m to 130 sq m

Stockton Borough Council (Oct 2016) – 70 sq m to 120 sq m

5.3.4. The allowances are broadly in line with other local authority studies. However, the Council is currently considering whether to introduce the Nationally Described Space Standards (NDSS). As indicated above in 2.6, this is an optional policy requirement which can be introduced by a Council at the plan making stage, subject to viability, and involves setting minimum dwelling sizes for all development.

5.3.5. The NDSS rates (shown above in section 2.6) provide minimum figures dependent on the number of bedrooms in a dwelling. However, for each dwelling there is some flexibility as different minimum requirements are adopted dependent on how many persons will reside in the dwelling. This recognises the fact that dwellings will not only vary dependent on the number of bedrooms but will also differ depending on whether they are flats, bungalows, terraced, semi-detached, detached etc and also how many storeys are provided. For example, in the 3 bed dwelling category the minimum standards provide two further sub-categories, relating to the number of persons and also the number of storeys. For each of these sub-categories a different minimum dwelling size is indicated, as follows:

Table 4 – NDSS 3 bed dwelling category example

Number of beds	Number of persons	1 storey (sqm)	2 storey (sqm)	3 storey (sq m)
3	4	74	84	90
3	5	86	93	99
3	6	95	102	108

5.3.6. In summary, to meet the NDSS standard a 3 bed dwelling could therefore range from 74 to 108 sq m dependent on the style of dwelling and number of storeys. A similar fluctuation in size also applies to all other dwellings (with bedrooms ranging from 1 to 6).

5.3.7. The Council is subsequently looking to assess how the introduction of the NDSS would impact on the viability testing of the Local Plan, and in particular whether this would have a negative effect on viability.

5.3.8. From a plan viability testing perspective, it is not possible or necessary to test all of the variations of the NDSS standard. This is because there would be several thousand size iterations which would need testing, which is not practical. Furthermore, it is unnecessary to attempt to guess the precise mix that a developer would look to apply, instead the guidance states that an average viability assumption complimentary to the local market should be adopted.

5.3.9. In this regard, specifically for the purpose of a plan viability test, it is reasonable to adopt average NDSS dwelling sizes, based simply on the number of bedrooms. To arrive at an average we have identified the lowest and highest sizes for each dwelling category and taken the middle point between the two. For single dwelling schemes, though, we have allowed the highest NDSS rate, as it is assumed for single plots larger dwellings would be provided.

5.3.10. Having established the average for the NDSS, we have then looked to compare this with the Council's previous assumptions on dwelling size (as shown above in 5.3.2). This is to determine whether there is any significant change if the NDSS is applied. The results are summarised below. Please note we have only included dwellings ranging from 1 to 4 bedrooms, as this is consistent with past viability assumptions and also reflects the majority of the dwelling types that are likely to be brought forward during the plan period. Furthermore, we have looked to mirror the dwelling types as previously assumed by the Council and therefore have assessed flats and houses separately.

Table 5 – NDSS average sizes compared with previous Council assumptions

Number of beds	Low (sq m)	High (sq m)	NDSS Average (sq m)	Council Average (sq m)	Change %
1b flat	39	50	44.50	43.38	2.52%
2b flat	61	70	65.50	66.52	-1.56%
2	70	79	74.50	65.03	12.71%
3	84	108	96.00	91.75	4.43%
4	97	130	113.50	124.38	-9.59%

5.3.11. Adopting the average NDSS therefore would result in a relatively small increase in the size for 1bed flats, but a small decrease in the size of 2 bed flats. The most significant adjustment would be for 2 bed dwellings, which would increase (in the testing) by around 9.5 sq m per dwelling. There would be a smaller increase in 3 bed dwellings, of around 4.25 sq m. However, in 4 bed dwellings there would be a significant reduction by over 10 sq m.

5.3.12. We have firstly considered the impact NDSS would have on overall scheme density. We have calculated the average area (shown in sq m) per net developable hectare for both the NDSS and the Council's previous assumptions. The results are shown below (please note we have limited the analysis to schemes comprising 6 or more houses):

Table 6 – Council previous area assumptions density (sq m per net Ha)

	6 units	15 units	50 units	100 units
Sq m per net Ha	2,161	2,765	3,383	3,552

Table 7 – NDSS density (sq m per net Ha)

	6 units	15 units	50 units	100 units
Sq m per net Ha	2,095	2,744	3,357	3,525

5.3.13. As shown above, using the average sizes and the methodology outlined above, the introduction of the NDSS has only a marginal impact on the density rates for schemes. On this basis, the impact of introducing NDSS to the study is likely to have only a marginal impact on the viability testing and certainly not to the extent that would render a scheme unviable.

5.3.14. As for market demand and affordability for purchasers we have considered the overall impact the NDSS would have on the viability testing when considering the value of 2 and 3 bed dwellings (compared with the Council's previous assumptions). Using the Council's previous average size assumptions, a 3bed house would extend to 91.75 sq m. For the purposes of the exercise only, applying a rate equivalent to £1,750 per sq m would give an overall house value of £160,500. Adopting the NDSS average would increase the size to 96 sqm. Again, adopting £1,750 per sq m would therefore increase the overall value to £168,000 (an increase of around 5%). For a 2bed house, the increase would be more pronounced, being from £114,000 to £130,000 (increase of around 12.5%).

5.3.15. It is stressed that the above examples are arbitrary, as in reality (for reasons of quantum) larger dwellings command lower rates per sq m. In other words, if a rate of £1,750 per sq m applied to a 2 bed house of 65 sq m, a lower rate would be applicable to a 2 bed house of 74.5 sq m. For the larger units, an adjustment £1,700 per sq m is considered reasonable, for the purposes of the example. This would reduce the NDSS 2 bed to £126,650.

5.3.16. From an affordability perspective, assuming the NDSS average was applied to a 3-bed house, assuming a 90% mortgage, the level of deposit would increase by £750. In terms of mortgage repayments, assuming a capital repayment debit interest rate of 2% for a 35 year term (fixed for 2 years), with longer mortgage terms increasingly popular in the market place (particularly with first time buyers), the monthly mortgage payment would increase from circa £482 per calendar month (pcm) to £504 pcm, or an uplift of £22 pcm.

5.3.17. Similarly, assuming the NDSS average was applied to a 2-bed house, assuming a 90% mortgage, the level of deposit would increase by £1,265. In terms of mortgage repayments, assuming a capital repayment debit interest rate of 2% for a 35 year term (fixed for 2 years), the monthly mortgage payment would increase from circa £342 per calendar month (pcm) to £380 pcm, or an uplift of £38 pcm.

5.3.18. For some purchasers, the increases outlined above may be unaffordable. However, for others the increases would be relatively comfortable and would not undermine their ability to proceed with a purchase. On this basis, we do not anticipate the application of the NDSS would undermine the purchaser market. It may, though, have a narrowing effect on the purchaser market, which in turn may have some limited impact on sales rates.

5.3.19. In summary:

- For the purposes of the viability testing a single, average NDSS figure can be applied to 1 and 2 bed flats, as well as 2, 3 and 4 bed houses.

- Applying the NDSS to the viability modelling would lower the size of 2 bed flats and 4 bed dwellings, compared with previous assumptions. However, for 2 and 3 bed dwellings there would be an increase.

- In the viability modelling, the introduction of NDSS would only marginally increase density rates. However, this is not considered to be to the extent as to undermine scheme delivery. For this reason, if the NDSS is applied to the viability testing the net developable areas would not require significant adjustment.

- There may be some limited impact on affordability in the market place, however for most purchasers it is not envisaged that the increase in size would impact on their ability to proceed with a purchase. However, a slight narrowing of the purchaser market could be argued to result in a slight slowing of sales rates, which should be considered as part of the viability testing.

5.3.20. **With regard to the appropriate mix of dwellings, the approach previously adopted was based mainly on a ratio of 20% 2 bed dwellings, 40% 3 bed and 40% 4 bed. This is considered to be a reasonable average assumption for the purposes of the viability testing.**

5.4. Revenue – Market Value

5.4.1. For market value housing we have reviewed previous studies undertaken across the County.

5.4.2. In addition, as shown in Appendix A3, we have identified sales evidence from across the County, utilising the Land Registry. Using the online functions we have limited the data collected to different postcode areas within Northumberland, new build dwellings, type of dwelling (i.e. semi, detached, terrace etc) and sales achieved since Jan 2016. By collating the data in this way we are able to undertake a more focused analysis.

5.4.3. To aid our analysis further, we have also looked to identify the sizes of the comparable data collected. This enables us to establish values on a 'rate per sq m' basis, which ensures that 'like for like' comparisons can be made (if the overall size of a dwelling is not known it could be the case that the comparable evidence is derived from substantially larger dwellings, which could potentially lead to inaccurate analysis).

5.4.4. In order to identify the size of each property, we have cross-referenced the Land Registry data with dwelling sizes as shown on the respective EPC Register. The size of each dwelling is given as a single figure (in square metres). We consider the use of the EPC register to be appropriate for the purposes of this study when analysing sales values, for the following reasons:

(i) This approach has been adopted by other neighbouring authorities in their own area-wide viability testing and accepted through an examination process (Newcastle and Gateshead both adopted this approach in their Core Strategy assessment and CIL testing, each of which was successfully taken through examination).

(ii) In our experience, it is an approach used on a wide-spread basis in preparation of viability assessments for individual planning applications and area wide studies. The method is used by Local Authorities, surveyors, landowners and house-builders (albeit it is accepted that not all parties consistently use the approach).

(iii) For the purposes of an area-wide study the assessor is looking to establish appropriate average sales values. It is accepted that the sales data collected through the Land Registry will reflect a variety of different dwelling types, for example some of dwellings that form the date will comprise garages and some of which will not. The rates per sq m data will therefore show a range of figures to reflect these variations. However, we have not looked to adopt values at the top end of the range, but instead looked to arrive at average values, which mitigates these variations in the data.

5.4.5. Please note, we would also stress that there is a lag of around 3 – 6 months in the Land Registry data, due to the time it takes for new transactions to be submitted to the Land Registry following a sale and to be uploaded onto the database. As such, any house price inflation that has taken place in recent months (over a 1 to 2 quarter period) is not reflected in the evidence. Allowances therefore need to be made in the analysis for this inflation.

5.4.6. During previous studies the sales rates applied were as follows:

Low	-	£1,600 per sq m
Medium	-	£2,000 per sq m
High	-	£2,400 per sq m
Highest	-	£2,800 per sq m

5.4.7. Taking into account the previous figures applied, the Land Registry data identified, average settlement values in Zoopla and also house price inflation during the last few years we have arrived at the following adjusted sales values:

Table 8 – Market value average sales values (£ per sq m)

Value banding	Average value 2/2.5 storey (£ per sq m)
Low	£1,700
Medium	£2,100
High	£2,500
Highest	£2,800

5.5. Revenue – Affordable Housing

5.5.1. In previous testing the Council has allowed transfer values for affordable rent units equivalent to 45% of the market value. For intermediate / shared ownership units the allowance has been increased to 67.5% of market value.

5.5.2. The local authority regional studies show the following allowances:

Durham County Council (Apr 2018 Draft) – affordable rent equivalent to 50% of market value, for intermediate / shared ownership 67.50% of market value.

Sunderland City Council (Aug 2017) – for the affordable rent units a 'rent and yield' approach has been adopted, whereby the net rental has been arrived at (by deducting management, voids, repairs) before capitalising using an appropriate yield. For the intermediate / shared ownership 65% of market value has been assumed.

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – affordable rent equivalent to 55% of market value, for intermediate / shared ownership 70% of market value.

North Tyneside Council (Jun 2016) – have adopted fixed transfer values, ranging from £65,000 to £92,000 for affordable rented units and £70,000 to £80,000 for intermediate / shared ownership.

Stockton Borough Council (Oct 2016) – approach unclear.

5.5.3. There are therefore a number of approaches to identifying transfer values, albeit the most favoured tends to be in line with the Council's existing approach whereby a percentage of the equivalent market value is allowed.

5.5.4. Having considered the above, we consider a 'percentage of market value' to be an appropriate approach for the purposes of an area-wide viability study. Furthermore, and based on our experience of undertaking individual viability assessments, **we consider there to be scope to increase the affordable rented allowance to 50% of market value. For intermediate / shared ownership the previous allowance of 67.5% is still considered to be reasonable.**

5.5.5. In addition, 'Starter Homes' has been introduced as an additional potential product for consideration. Whilst the dwellings would be sold in the open market and therefore are different to affordable rent and intermediate / shared ownership dwellings (which are transferred to a Registered Provider), this would nonetheless reflect a product which is made more affordable to the end occupier. There are various conditions relating to Starter Homes, including age restrictions on who can acquire them and also a price cap equating a maximum of 80% of the equivalent market value.

5.5.6. For Discounted Market Sales (DMS), this would ensure the units remain affordable dwellings in perpetuity (whereas a Starter Home would only be affordable at the point of the first sale) and it is not limited to first time buyers. For DMS, the draft NPPF wording also refers to these units being offered as a maximum up to 80% of the market value (which should therefore be reflected in the viability testing).

5.6. Plot construction costs

5.6.1. For the purposes of this review, plot construction costs mean the cost of building each dwelling, including preliminaries and contractor's margin, but excluding externals, abnormals and a contingency allowance.

5.6.2. With regard to 'plot construction' costs (the cost of constructing a house from foundations up, but excluding any external works) we have considered a variety of evidence, including reviewing past appraisals received by the Council (which remain commercially sensitive, although the average across the sample can be disclosed), comments from stakeholders, regional area wide studies taken on behalf of neighbouring Councils and data sources, in particular the Build Cost Information Service (BCIS) of the RICS.

5.6.3. During 2017 build cost inflation rose sharply, with some commentators seeing this as a consequence of Brexit (due to a reduction in the skilled labour market). This rise has increased pressure on viability in some areas. However, it remains to be seen whether this is a short-term adjustment in the market or a longer term trend. The BCIS published an article in January 2018 which predicted tender prices would fall in the year to Q3 2018 (see Appendix 1). The BCIS All-in Tender Price Index (see Appendix 2) shows the following:

1Q 2017	-	298
2Q 2017	-	320
3Q 2017	-	312
4Q 2017	-	321
1Q 2018	-	317
2Q 2018	-	315
3Q 2018	-	314

5.6.4. This shows there was a sharp 'jump' in build costs between Q1 and Q2 in 2017, however since this time there has been some consolidation in the market, which is expected to continue. This suggests that the sharp increase in build cost inflation is a short-term adjustment.

5.6.5. The BCIS is a favoured tool in the industry, particularly for the purposes of an area wide study. This is because the data, which is based on voluntary tender information submitted to the RICS, gives a rate per sq m to apply to an assessment. Furthermore, it also can be rebased to particular locations, and can also be adjusted dependent on the size of your dwellings (for example a rate is given for 2 storey housing and a separate rate for single storey dwellings), therefore giving greater accuracy.

5.6.6. However, we would stress that, like any data source, it does have weaknesses which can often be overlooked. Firstly, the 'rate per sq m' shown in the BCIS includes the plot construction cost, site preliminary costs and the contractor's overhead allowance. However, it excludes external costs, contingency allowance and all abnormal works. If the BCIS is adopted the items excluded therefore need to be added back in. Likewise, it is important that items such as preliminaries are not 'double counted'.

5.6.7. Secondly, it is important to understand the context of the data. From our analysis, between January 2012 and March 2017 there were 137 separate housing schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 68 houses, with an average of 12.52 houses per scheme submitted into the data. 85% of the sample comprised schemes consisting of 20 houses or less and only 1.46% of the sample (2 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors. We note that no volume housebuilder contributed to the aforementioned sample.

5.6.8. It is generally accepted that volume housebuilders are able to construct houses at a cheaper rate than smaller building firms (owing to their ability to bulk-buy materials and their ability to offer more regular work, therefore negotiate cheaper contracts with sub-contractors etc). The BCIS acknowledges this through a note on "Economies of Scale" it published on 25th Oct 2016, which states the following:

Pricing levels on building contracts tend to fall as the size of the project increases.

The latest BCIS Tender Price Study, based on project tender price indices analysed by contract sum, shows that pricing levels fall by as much as 20% between small contracts and multimillion pound schemes.

Compared to the mean value of projects in the study of £1.7million projects, pricing on small projects is 10% higher, while pricing on projects over £40million can be 10% lower.

5.6.9. As indicated above, the sample used in the elemental analysis does not include data from larger scale projects, it is mostly derived from schemes comprising 20 or less houses. As the cheaper volume house-builder costs are not reflected within this sample, the data can be regarded as being inherently high, at least when trying to determine the construction costs for a large scheme (in excess of say 50 units). For this reason, the BCIS is considered to be less reliable for larger developments (particularly those which would require implementation by a large volume house builder). To account for this, the BCIS lower quartile figure is often deemed a more appropriate benchmark for larger scale projects.

5.6.10. Thirdly, the data is partly estimated and is vulnerable to short-term 'spikes' in the wider construction market (regardless of whether this has in fact filtered through to specific tender prices for specific products e.g. housing). This can cause sharp short-term 'jumps' in the BCIS rates shown, which then typically level off in the future. For undertaking a study at a particular point in time, this can provide an unbalanced view of the market. As indicated above, at the current time the BCIS rates reflect recent sharp inflationary pressure, but as shown it is expected that the impact of this will level off in the coming months. From a viability testing perspective, applying the current BCIS rates, which incorporate the recent spikes in the market place, can provide an unbalanced view of scheme viability.

5.6.11. In summary, the BCIS is a useful tool and is routinely used when undertaking area wide assessments. However, there are weaknesses in the data sampling, particularly when assessing larger scale projects. As such, the context of the data needs to be understood and adjustments are needed to ensure appropriate build costs are applied.

5.6.12. Furthermore, the following appeal decisions are relevant here:

Poplar Close, Ruskington (ref 3150756)

- Greenfield site, 67 dwellings.
- Average sales values £2,100 - £2,300 per sq m.
- Use of lower quartile BCIS agreed and accepted by the Inspector.

Flaxley Rd, Selby (ref 3149425)

- Greenfield site, 202 dwellings.
- Average sales values £2,000 per sq m.
- Inspector ruled that the lower quartile BCIS was not appropriate for determining build costs when a scheme was (i) likely to be delivered by a volume house builder and (ii) other information / data was available.
- A figure below the lower quartile was accepted by the Inspector.

Lowfield Road, Bolton upon Dearne, Barnsley (PINS ref 3170851)

- Greenfield site, Phase3 97 dwellings.
- Low value location.
- Inspector accepted build costs significantly lower than the BCIS lower quartile, on the basis of the scheme was likely to be delivered by a 'low cost' developer.

5.6.13. Two of the three appeal decisions therefore advocate the use of a build cost below the BCIS lower quartile. In the case of a low value location scheme (implemented by a 'low cost' developer), the build costs are someway below the BCIS lower quartile rate. This is also reflected in our own experience of undertaking individual viability assessments in low value locations, where we typically see build costs below the BCIS lower quartile rate. It also matches evidence held by the Councils from their own records of individual viability schemes being delivered in lower value locations, which support figures below the BCIS lower quartile rate.

5.6.14. The local authority regional studies show the following allowances:

Durham County Council (Apr 2018 Draft) – for schemes of 20 units or less the BCIS median is applied, for schemes of 50 dwellings or more the lower quartile is applied.

Sunderland City Council (Aug 2017) – adopt the mid-point between the median and lower quartile.

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – range between BCIS lower quartile and median.

North Tyneside Council (Jun 2016) – consider the BCIS and then adopt a lower rate (equivalent to £830 per sq m).

Stockton Borough Council (Oct 2016) – adopt the BCIS median, although they comment that they consider this to be a conservative approach.

5.6.15. The identified evidence broadly supports the use of the BCIS, however it also highlights the limitations of the data and indicates that adjustments are appropriate (dependent on the nature of the site in question) for the purposes of plan viability testing.

5.6.16. **For the purposes of the testing we have applied the BCIS lower quartile to schemes providing 50 or more dwellings** (being site types likely to be brought forward by regional and national house builders). However, as discussed above, this is considered to be a cautious approach and in reality schemes are likely to be brought forward with reduced build costs, particularly by low cost developers. For this reason, we have adopted a sensitivity test which reduces the build costs by 5% and separately a further sensitivity test which appraises a low cost developer model.

5.6.17. **For site types of 15 or less units, we have applied a mix between the lower quartile and median** (the lower quartile has been used for medium and low value areas, recognising that specifications will differ dependent on the market value of the end product).

5.7. Externals, contingency and professional fees

5.7.1. The Council have previously used the following allowances for these costings:

- Externals 10% to 15% of build costs
- Contingency 3.75% of build costs
- Professional fees 10% of build costs
- Total 23.75% to 28.75% of build costs

5.7.2. To consider these allowances we have reviewed the 100 plus viability appraisals submitted to CP Viability for the wider Northern and East Midlands region (as discussed previously). The results of our analysis are summarised below:

Externals

- Sub 10 dwellings average 9.88%
- 10 to 50 dwellings average 13.40%
- Over 50 dwellings average 18.32%

Contingency

- Sub 10 dwellings average 3.02%
- 10 to 50 dwellings average 3.29%
- Over 50 dwellings average 2.90%

Professional fees

- Sub 10 dwellings average 8.31%
- 10 to 50 dwellings average 6.69%
- Over 50 dwellings average 5.78%

5.7.3. The above evidence suggests external costs in the region of 15%, contingency at 3% and professional fees of circa 6.5%. This gives an overall total of 24.50%. Whilst the individual elements are different the overall allowances are therefore broadly in line with the range previously adopted by the Council.

5.7.4. As further evidence, we have reviewed the local authority regional studies which show the following allowances:

Durham County Council (Apr 2018 Draft) – externals 15%, contingency 3% to 5% and professional fees 5% to 10%. Total ranges from 23% to 30%.

Sunderland City Council (Aug 2017) – externals 5% to 20%, contingency 2.5% to 5%, professional fees 10%. Total ranges from 17.5% to 35%.

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – externals 10%, contingency 5% and professional fees 10%. Total 25%.

North Tyneside Council (Jun 2016) – externals 20%, contingency 0% to 5%, professional fees 10%. Total ranges from 30% to 35%.

Stockton Borough Council (Oct 2016) – externals 15%, contingency 0%, professional fees 8% to 12%. Total ranges from 23% to 27%.

5.7.5. Please note, the above evidence (both the viability appraisals data and local authority studies) implicitly include the NHBC warranty and EPC register costs.

5.7.6. Having considered all of the above we have made some adjustments to reflect the specific nature of the site type. For example, for smaller sites of 6 dwellings or less we have assumed 10% externals, but for schemes of 15 dwellings or more we have assumed 15% externals (reflecting the fact there will be larger requirements for roadways and general external infrastructure on larger schemes). We have also differentiated between greenfield (3%) and brownfield (5% sites with regards to contingency allowances, as recognition that brownfield sites tend to have a higher risk of hidden costs (such as decontamination works). Likewise for professional fees, we have applied a range of 6% to 10% dependent on the size of the scheme (the larger the scheme, the lower the professional fee percentage, reflecting some quantum savings and also the fact that regional / volume housebuilders utilise existing product types and therefore can reduce design costs.

5.7.7. Overall (to include contingency, externals and professional fees), our allowances range from circa 20% to 30%, which is considered to be reasonable in light of the identified evidence.

5.8. Abnormals

5.8.1. These can be defined as construction costs which are over-and-above the standard requirements of a scheme. This can include a variety of costs, such as remediation works, decontamination, demolition, enhanced foundation solutions, flood mitigation works, 'opening' infrastructure works etc.

5.8.2. There is a relationship between land value and abnormal costs, the general principle being that if two identical sites are next to one another, the site with higher abnormal costs will have a lower site value and vice versa. This follows the way the market works, as a housebuilder / developer would look to negotiate a reduced price if abnormal costs were identified. Likewise, it is reasonable to assume that, if abnormal costs are found, and these abnormal costs will always need to be incurred to bring that site forward (for example identified land contamination), a landowner would need to readjust their expectations and lower their requirements regarding the site value.

5.8.3. In theory, it could be argued that there should be a direct corresponding relationship between the level of abnormal costs and site value. However, there remains a minimum requirement below which landowners may not be incentivised to release the land for development, even if there appears to be a justification to the reduction based on the level of abnormal costs. The market is imperfect in this respect and therefore landowners may look to negotiate a compromise, rather than simply accepting that all the abnormal costs should be deducted from the land price.

5.8.4. Typically, most sites will attract some level of abnormal costs, although this will vary significantly from site to site. This may not necessarily follow preconceptions of where abnormal costs are likely to be incurred. For example, an undeveloped greenfield site may appear to be a straight forward development opportunity, however following investigation enhanced foundations could be found due to adverse ground conditions, flood mitigation works may be required, access issues could be identified etc. For these reasons, abnormal costs will always need to be determined on a site-by-site basis.

5.8.5. However, for the purposes of a Local Plan viability study, it is considered appropriate to make some allowance within the modelling for abnormal costs, even though in reality it is impossible to accurately gauge an 'average' (therefore any allowance made will be arbitrary). What is important is that whatever the level adopted this should be considered alongside the site value (see below section 5.14).

5.8.6. The Council previously adopted nil abnormals for the purposes of the viability testing (albeit the site values were adjusted accordingly to reflect this). However, as indicated above, we consider it appropriate to make some allowance.

5.8.7. There is no consensus as how best to gauge the abnormal costs, with some councils adopting a percentage of build costs, with others applying a rate per Ha. This is shown within the local authority regional studies:

Durham County Council (Mar 2018 Draft) – £75,000 per net Ha for greenfield and £150,000 per net Ha for brownfield.

Sunderland City Council (Aug 2017) – 10% of build costs for brownfield sites and zero for greenfield sites.

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – 5% of build costs.

North Tyneside Council (Jun 2016) – £100,000 per Ha for brownfield, zero for greenfield.

Stockton Borough Council (Oct 2016) – for schemes over 50 dwellings a range of £50,000 to £200,000 per net Ha.

5.8.8. With regards to approach, we note that applying a percentage against build costs results in the level of abnormal costs increasing arbitrarily between sites (with the highest rates recorded in the high and medium value areas). There is no reason why a site in a higher value area would carry increased abnormal costs, therefore the percentage approach unduly penalises sites in higher value areas.

5.8.9. As shown above, a number of the other authorities apply different rates between brownfield and greenfield sites, on the basis that there is (arguably) a greater chance of incurring abnormal costs on previously developed land (as issues such as contamination are more likely to be a factor). However, if this approach is adopted then separate sites values must also be applied to greenfield and brownfield sites. There is no correct approach in this regard and a single abnormal costs allowance is just as reasonable as applying a split rate for greenfield and brownfield sites. However, it is important to be consistent and ensure there is an appropriate balance when assessing the site value.

5.8.10. We conclude that it is appropriate to make some level of allowance for abnormal costs in the viability modelling but recognising that this should be balanced with the adopted site value. Furthermore, applying a rate per net Ha is a better approach than applying a percentage rate to build costs (as the latter unfairly penalises sites located within higher value areas). **We consider an allowance of £150,000 per net Ha to be appropriate for the modelling for brownfield sites, reduced to £75,000 per net Ha for greenfield sites**.

5.9. S106 Payments

5.9.1. S106 capital contributions can cover a wide variety of policy areas including areas such as: education, health, public open space, highway works, travel plans, ecology etc. However, please note for the purposes of this study affordable housing is not included as being part of the S106 contributions and instead this is dealt with separately in the viability testing.

5.9.2. However, the precise level of each policy requirement will fluctuate from site to site dependent on local need. It is not therefore the case that each site will carry a fixed policy requirement. For example, it may be that in a certain area there is a specific education need which triggers a policy contribution on new residential development. In other areas, there may be no education need, therefore the policy contribution is not triggered. From a viability perspective it would therefore be unfair to apply a fixed education contribution to all sites, as this would have a negative impact on viability in the testing in areas where an education contribution was not required (and therefore skew the results).

5.9.3. For the purposes of plan viability testing it is not therefore appropriate to adopt a 'worst case' position whereby the maximum policy contributions are applied. Likewise, adopting a nil contribution would be as equally unrealistic. The Harman Review and subsequent PPG guidance again indicates that average costs should be factored into the appraisal testing.

5.9.4. Furthermore, if a CIL rate is introduced, some of the infrastructure requirements that would have previously been triggered through a S106 capital contribution would now fall under the CIL (currently through the Regulation 123 List). In the viability testing there would therefore be a risk of 'double counting' if the S106 allowance is set too high. This therefore needs to be carefully considered in the viability testing.

5.9.5. For the purposes of the viability testing, it is considered appropriate to adopt a single, average S106 payment for each site, calculated on a 'per dwelling' basis (this is an approach routinely adopted in whole plan viability testing).

5.9.6. To identify an appropriate average rate we have reviewed past S106 contributions secured by the Council from new development. We recognise that these contributions have been secured in a policy regime that does not include CIL charges. Downward adjustments should therefore be made to the S106 contributions to reflect the inclusion of CIL in the testing (so as to avoid double-counting, as referenced above).

5.9.7. The Council has provided us with details of past S106 contributions made by developers on new build residential schemes. **Please note, a number of the applications provided to us made zero S106 contributions, we have therefore only summarised below those schemes where payments were made:**

Table 9 – Past S106 financial contributions secured by the Council

Planning ref	Dwellings	S106 contributions	S106 per dwelling
17/01123/FUL	13	£ 7,800	£ 600
17/01942/FUL	13	£ 30,800	£ 2,369
16/02211/FUL	24	£ 21,120	£ 880
Average	**16.67**	**£ 19,907**	**£ 1,283**
16/02081/OUT	30	£ 39,400	£ 1,313
17/00248/VARYCO	35	£ 40,000	£ 1,143
16/04680/OUT	36	£ 24,636	£ 684
16/00876/FUL	39	£ 7,800	£ 200
17/00701/VARYCO	39	£ 21,000	£ 538
16/01688/OUT	45	£ 30,500	£ 678
16/00860/FUL	50	£ 16,500	£ 330
17/00080/FUL	51	£ 59,168	£ 1,160
15/02466/VARYCO	54	£ 146,770	£ 2,718
15/03676/FUL	59	£ 23,000	£ 390
17/01149/FUL	62	£ 145,200	£ 2,342
Average	**45.45**	**£ 50,361**	**£ 1,045**
16/01330/FUL	75	£ 11,000	£ 147
16/00138/FUL	80	£ 250,000	£ 3,125
16/02336/FUL	89	£ 594,000	£ 6,674
15/04272/OUT	90	£ 105,000	£ 1,167
15/04270/OUT	121	£ 70,000	£ 579
16/04622/FUL	142	£ 75,375	£ 531
15/00078/OUT	150	£ 200,000	£ 1,333
15/00897/OUT	192	£ 210,000	£ 1,094
15/00381/OUTES	233	£ 60,000	£ 258
Average	**130.22**	**£ 175,042**	**£ 1,656**
14/04160/FUL	392	£ 639,714	£ 1,632
14/04099/OUT	480	£ 42,000	£ 88
B/08/00465/FUL	715	£ 8,654,000	£ 12,103
15/00901/OUTES	1600	£ 3,920,988	£ 2,451
Average	**796.75**	**£ 3,314,176**	**£ 4,068**

5.9.8. As shown above, for scheme typologies of 15, 50 and 100 dwellings, the average S106 contributions ranges from circa £1,000 to £1,700 per dwelling. For larger, strategic sites (circa 400 dwellings or more) the contributions may potentially increase, although we do note that the data is skewed by one particular scheme.

5.9.9. Taking into account the above data, as well as the future likely policy asks and also the introduction of a CIL charge, we consider a S106 contribution equivalent to £1,500 per dwelling to be appropriate for the purposes of viability testing (applied to each of the scheme typologies). For larger strategic sites (say circa 400 dwellings or more), there is the potential for these schemes to attract a higher rate. However, these could be considered on a 'case by case' basis as and when the strategic sites are identified.

5.10. Marketing and legal fees

5.10.1. In previous viability testing an allowance equivalent to 4% of revenue had been applied, plus £500 per dwelling for legal fees.

5.10.2. The averages for marketing as shown from our in-house viability database are as follows:

- Sub 10 dwellings average 2.83%
- 10 to 50 dwellings average 2.90%
- Over 50 dwellings average 2.67%

5.10.3. The local authority regional studies show the following:

Durham County Council (Apr 2018 Draft) – marketing 2% to 3%

Sunderland City Council (Aug 2017) – marketing 3.5% (reduced for affordable)

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – marketing 3.5%

North Tyneside Council (Jun 2016) – marketing 3%

Stockton Borough Council (Oct 2016) – marketing 3%

5.10.4. Based on the above we consider the allowance of 4% to be overly cautious. For larger schemes there will be economies of scale which will reduce the overall marketing cost. Furthermore, for small projects the developer would likely use a local agent, rather than incurring the cost of a marketing suite etc (which would minimise the costs involved). **As an overall average, we consider 3% of revenue (applied to the market value dwellings) to be a reasonable marketing cost allowance for schemes providing 15 or more dwellings. For 6 dwellings or less we have reduced the rate to 1.5%.**

5.10.5. **A £500 per unit legal fee is considered to be reasonable for the market value dwellings. For the affordable units, which are typically transferred in bulk to a single party, the costs will be reduced. We consider an allowance of £300 per affordable unit to be reasonable.**

5.11. Finance

5.11.1. Previous studies included a 6.5% debit interest charge.

5.11.2. The debit interest rates shown in our in-house viability database are as follows:

- Sub 10 dwellings average 6.33%
- 10 to 50 dwellings average 5.81%
- Over 50 dwellings average 5.71%

5.11.3. The above therefore shows debit interest charges falling as the size of the scheme increases. This reflects the fact that smaller schemes are likely to be implemented by local / small house builders, generally regarded as being a higher risk by lenders. For the largest schemes, it is normally the case that these are delivered by national volume house builder plcs, regarded as lower risk borrowers, (which serves to reduce the interest rate charged).

5.11.4. As for the local authority regional studies, these show the following debit interest rates:

Durham County Council (Apr 2018 Draft) – 5.5% to 6.5% debit

Sunderland City Council (Aug 2017) – 6% debit plus 1% arrangement

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – 6.5% debit and 1.5% credit

North Tyneside Council (Jun 2016) – 6.5% debit and 6.5% credit

Stockton Borough Council (Oct 2016) – 6% debit

5.11.5. Based on our viability database the 6.5% debit allowance appears cautious. However, this allowance is generally in line with the approach adopted by other local authorities in their own viability studies. For this reason, and assuming the rate would also cover arrangement fees / exit fees etc, **we consider an average 6.5% debit charge to be appropriate for the purposes of the testing**.

5.11.6. In addition, we consider it appropriate to factor in some level of credit rate. For larger schemes, there is likely to come a point in time when the level of revenue is greater than the level of outgoing costs. When this occurs it is reasonable to assume that the developer would invest the surplus into 'something', rather than leaving the money to be eroded by inflation. It may be that this is regarded as an opportunity cost and therefore inputted into another scheme the developer is involved with. Alternatively, there may an opportunity to invest the money into a yield generating investment, such as bonds, shares, property etc.

5.11.7. **For the purposes of the viability testing we consider an average credit rate of 3% to be appropriate** (reflecting the fact that developers are typically sophisticated businesses and would not simply input the money into a savings account but would look to maximise the return from this surplus, such as using it to reduce the borrowing on a future scheme). It is stressed, however, that in reality this is only likely to impact on the larger projects (likely to be 100 dwellings or more).

5.12. Build / sales rates

5.12.1. Previous studies assumed that schemes providing less than 60 units would attract average sales rates equivalent to 30 units per annum, whilst for over 60 units this would increase to 60 units per annum.

5.12.2. Construction rates should broadly reflect likely sales rates. This follows the principle that there is little benefit to constructing dwellings at a significantly faster rate than they can be sold at, as it creates the risk that homes with be left empty for extended periods (and could be targeted for vandalism, naturally deteriorate etc). In this respect, we consider it appropriate to first consider the sales rates and from this an appropriate construction rate can then be applied.

5.12.3. Across the wider north east region there is evidence of sales rates in excess of 40 dwellings per annum for schemes of 60 units or less. However, this tends to be from schemes where there is a high demand from buyers looking to take advantage of the government's Help to Buy: Equity Loan scheme.

5.12.4. However, there are also examples of schemes where sales rates are below this level. Regarding the Help to Buy: Equity Loan scheme the intention is currently for this to end in 2020. Whilst there may be some short-term impact on sales rates, longer term rates are likely to level off. Furthermore, the introduction of NDSS may have some limited impact on sales rates in certain locations. This would too justify a more cautious approach to sales rates.

5.12.5. Smaller schemes also tend to have longer sales rates (when expressed as a rate per calendar month). This is partly due to the lower marketing costs and lower profile nature of bespoke schemes.

5.12.6. Having considered the above, **we have adopted the following sales rates, which are considered to be cautious but appropriate for the purposes of the testing:**

1, 2, 6 and 15 dwellings: 1 sale per calendar month

50 dwellings: 2.08 sales per calendar month (25 per annum)

100 dwellings: 2.75 sale per calendar month (33 per annum)

5.12.7. Strategic site are likely to generate a higher sales rates, with multiple outlets in situ. This can be assessed on a site by site basis as and when any strategic sites are identified.

5.13. Developer Profit

5.13.1. The Councils assumption is based on the following:

- 17% (smaller scale) to 20% (larger scale) on revenue applied to the market value dwelling sales
- 6% on revenue applied to the affordable housing transfer values

5.13.2. The averages for developer profit as shown from our in-house viability database are as follows:

- Sub 10 dwellings average for market value dwellings 16.17%
- 10 to 50 dwellings average for market value dwellings 17.68%
- Over 50 dwellings average for market value dwellings 18.81%

5.13.3. This suggests that profit requirements tend to reduce for smaller schemes and increase for larger projects. It also suggests that profit margins are not fixed and can fluctuate from scheme to scheme.

5.13.4. Furthermore, there are examples from appeal decisions where a variety of profit margins have been accepted. For example, at the *Poplar Close, Ruskington (ref 3150756)* appeal decision a 17.5% profit margin was deemed acceptable by the Inspector. In contrast, at the *Flaxley Rd, Selby (ref 3149425)* appeal the Inspector agreed to a 20% rate. This therefore highlights the nature of development and the fact that risk will differ from site to site. For example, it is reasonable to assume that a 50 dwelling scheme in a high value greenfield location would carry a lower risk than a 50 dwelling scheme in a low value brownfield location. The variation of risk and profit therefore reflects the workings of a free market.

5.13.5. As for the local authority regional studies, these assume the following:

Durham County Council (Apr 2018 Draft) – 15% to 20% on revenue for market value and 6% for affordable housing.

Sunderland City Council (Aug 2017) –20% on revenue

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – 20% on revenue for market value and 6% for affordable housing

North Tyneside Council (Jun 2016) –20% on revenue for market value and 6% for affordable housing

Stockton Borough Council (Oct 2016) –20% on revenue for market value and 6% for affordable housing

5.13.6. The majority of the above studies therefore advocate a 'split' profit approach, applying a higher rate to the market value dwellings and a lower rate to the affordable units. This approach is considered to be logical as there is a different risk profile attached to market value dwellings, which are sold speculatively in the open market, compared with affordable units which are often 'pre-sold' before construction and transferred in bulk to a single party (therefore a much lower risk).

5.13.7. We also note that in the draft PPG changes (discussed above in section 2.4) reference is made to a split of 20% on market value and 6% on affordable:

> *For the purpose of plan making an assumption of 20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish viability of the plan policies. A lower figure of 6% of GDV may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces the risk. Alternative figures may be appropriate for different development types e.g. build to rent. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development.*

5.13.8. The wording is not definitive and only suggests the figures of 20% and 6% may be deemed appropriate for plan-making. There is also a suggestion that alternative figures may be adopted where there is sufficient supporting evidence. This could be interpreted as meaning that a split allowance of 20% / 6% is reasonable, unless there is evidence to justify an adjustment.

5.13.9. However, we would stress that the above profit split is not appropriate when considering Private Rented Sector (PRS) development. This is where a multi-storey apartment block is sold, as a single entity, to an institutional investor (such as a pension fund). As the dwellings are sold in bulk, to a single party (with a deal often agreed prior) the risk profile is different to houses, which are sold speculatively and individually. From our experience and also from schemes appraised by the Council, a profit margin of circa 10% on revenue is considered to be more appropriate.

5.13.10. Having considered all of the above, there is a legitimate argument to support a range of developer profit rates, at least for the market value dwellings. However, **on balance and for the purposes of a plan-making study in this case we consider the split allowance of 20% / 6% to be reasonable (albeit if anything on the cautious side) for schemes being sold speculatively to individual purchasers.**

5.14. Residential Benchmark Land Value (BLV)

5.14.1. The principles behind this concept are discussed briefly above in section 4.4. In short, the BLV represents the minimum land value that a hypothetical landowner would accept to release their land for development, in the context of the prevalent planning policies. A BLV does not therefore attempt to identify the market value, it is a distinct concept.

5.14.2. To identify the BLV, the Harman Review and the proposed PPG changes recommend using a premium over existing use value (EUV) and credible alternative values as a means of determining the BLV.

5.14.3. The draft PPG changes go on to say that the BLV should:

- Fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge;

- Fully reflect the total cost of abnormal costs; site-specific infrastructure costs; and professional site fees;

- Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.

5.14.4. This follows the principle that if two identical sites are next to one another, and one has significant abnormal costs and the other does not, the site with abnormal costs will naturally have a lower site value than the land unconstrained by abnormals. In other words, as abnormal costs increase, site value decreases and vice versa (although it is not necessarily the case that cost equals value). This is because a landowner would be forced to reduce their expectations of value as a developer would have to factor in the cost of undertaking the abnormal costs, resulting in a lower offer. As long as the landowner still secured a reasonable uplift over the EUV this would represent an acceptable deal and therefore the scheme would be viable. It would become unviable if the offer became too close to the EUV leaving no incentive for the landowner to release the land for development.

5.14.5. In terms of assessing the uplift above the EUV, a differential should be made between assessing previously developed land and agricultural (greenfield) land. This is because the underlying EUV of an agricultural field will typically be significantly lower when compared to previously developed land. This means that different premiums will need to be applied to encourage landowners to sell.

5.14.6. The Harman Review and proposed PPG changes are each silent on the precise level of premium. However, based on our experience in the market place a premium in the region of 10% to 30% above the EUV is typically expected for previously developed land (dependent on the nature of the land). For agricultural land, where values will be relatively consistent regardless of locational factors, the level of premium will be significantly higher (and can fluctuate typically from 10 to 50 (or higher) times the EUV).

5.14.7. However, the draft PPG goes on to suggest that one approach to assessing the premium over the EUV is to identify recent sales of land (to capture the latest market conditions) that have recently secured a planning permission (to capture the most up-to-date planning policies). This can then be compared to the EUV of that site. The difference between the two figures can be regarded as a guide to premium uplifts in that location. However, there are 2 key difficulties attached to this approach:

- There are a wide variety of factors which impact on land values, including overall site size, gross to net ratios, density, proposed dwelling types, location, planning policy contributions (which fluctuate from site to site), abnormal costs, infrastructure works, the financial circumstances of the vendor and purchaser, restrictive covenants on the title, easements, whether the sale took place prior to or post achieving planning consent etc. All the factors that impacted on value will not typically be known to an assessor nor available in the public domain. This means analysing land transactions is extremely difficult and not particularly reliable.

- The amount of data available is likely to be limited, reducing the reliability of the evidence.

5.14.8. In previous studies, the following BLVs were applied to the viability testing:

Greenfield

Sub £1,750:	£245,000 to £320,000 per gross Ha
£1,750 to £2,250:	£320,000 to £370,000 per gross Ha
Over £2,250:	over £370,000 per gross Ha

Brownfield

All sites:	£185,000 to £310,000 per gross Ha

5.14.9. By way of evidence we have assessed the local authority regional studies, which assume the following:

Durham County Council (Apr 2018 Draft) – range of £200,000 to £900,000 per Ha for greenfield sites, reduced to £175,000 to £800,000 per Ha for previously developed land.

Sunderland City Council (Aug 2017) – range of £370,000 to £900,000 per net Ha.

Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – for 'urban' sites a range for £200,000 to £2,100,000 per gross Ha, for 'non-urban' sites £360,000 to £530,000 per gross Ha.

North Tyneside Council (Jun 2016) –adopt an EUV plus incentive approach whereby for greenfield sites an EUV of £20,000 per Ha is applied and then 50% of the scheme revenue is added. For brownfield, an EUV of £350,000 per Ha is applied, plus 20% of scheme revenue.

Stockton Borough Council (Oct 2016) – range from £250,000 to £600,000 per net Ha.

5.14.10. As a general sense check of landowner expectations from the wider north of England and East Midlands regions, we have again reviewed our in-house viability database, albeit restricting the search from Jan 2016. It is acknowledged that this data is derived from a much broader area, often outside of the north east. Nonetheless, this is useful for gauging a general 'tone' of BLVs across a broad area. It is also stressed that, bar some inevitable outlying examples, BLVs for the majority of the cases remain within a relatively narrow spectrum across this wide region, as summarised below (please note the figures are given on a per gross Ha basis, therefore net rates would be higher):

- 54 schemes within the sample ranging from 4 dwelling schemes 1,250.

- The average BLV is typically at its highest for schemes providing 40 units or less (an average across the sample of just under £1.1million per gross Ha).

- For schemes providing 40 to 100 units the average reduces significantly to circa £450,000 per gross Ha. For schemes providing in excess of 100 dwellings the average reduces further to circa £350,000 per gross Ha. This can be explained by quantum, as larger parcels are being purchased 'in bulk' the rate paid reduces.

- Across the whole sample, the range is wide from circa £100,000 to over £2million per gross Ha. However, the majority of the sample (around 75% of the date) falls within the relatively narrow band of £150,000 to £650,000 per gross Ha. It is noted that these sites tend to be in broadly low and mid value areas.

5.14.11. We have also considered land transactions in Northumberland, albeit recognising, as indicated above, the limitations to assessing land sales data:

Table 10 – Greenfield land sales Northumberland

Address		Pcode	Type	Gross Land area (Ha)	Sale Price	Sold (price per Ha)	Sale Date
Land at Edgewell Court	Prudhoe	NE42 6HW	Greenfield	0.13	£ 69,000	£ 530,769	21/07/2015
Hunter Avenue	Blyth	NE24 3JT	Greenfield	0.22	£ 34,500	£ 156,818	24/09/2013
South Loansdean	Morpeth	NE61 2DW	Greenfield	0.28	£ 365,000	£ 1,303,571	01/02/2017
Lionheart Enterprise Park	Alnwick	NE66 2EP	Greenfield	0.42	£ 100,000	£ 238,095	01/04/2015
Tweedside indust Est	Berwick	TD15 2XF	Greenfield	0.46	£ 29,500	£ 64,130	14/05/2014
Lilswood Holiday Park	Hexham	NE47 0HX	Greenfield	0.61	£ 225,000	£ 368,852	14/11/2017
Cowpen Rd	Blyth	NE24 5EZ	Greenfield	1.56	£ 115,000	£ 73,718	20/05/2013
Spencer Rd	Blyth	NE24 5TG	Greenfield	1.56	£ 170,000	£ 108,974	09/09/2013
Hadston Industrial Estate	Morpeth	NE65 9YG	Greenfield	1.74	£ 131,000	£ 75,287	06/04/2015
Showfields, Haydon Bridge	Hexham		Greenfield	2.41	£ 1,661,808	£ 689,547	20/01/2017
Newbiggin Rd	Ashington	NE63 0TB	Greenfield	2.45	£ 225,000	£ 91,837	16/10/2013
Bassington Avenue	Cramlington	NE23 8AQ	Greenfield	3.12	£ 650,000	£ 208,333	23/06/2015
South Fields	Morpeth		Greenfield	3.66	£ 2,539,019	£ 693,721	08/07/2015
Woodland Rise	Hexham		Greenfield	3.90	£ 8,293,741	£ 2,126,600	15/05/2015
Coquet Park	Felton		Greenfield	3.95	£ 2,045,000	£ 517,722	03/11/2016
Percy Wood Golf Club	Morpeth	NE65 9BB	Greenfield	72.85	£ 16,000,000	£ 219,629	01/02/2018
Burgham Park Golf club	Morpeth	NE65 9QP	Greenfield	93.08	£ 1,360,000	£ 14,611	03/03/2017

Table 11 – Brownfield land sales Northumberland

Address		Pcode	Type	Gross Land area (Ha)	Sale Price	Sold (price per Ha)	Sale Date
Land at 106 Milburn Rd	Ashington	NE63 0PQ	Brownfield	0.01	£ 15,000	£ 1,153,846	30/01/2017
Former Miner's Welfare	Cramlington	NE23 7PR	Brownfield	0.2	£ 100,000	£ 500,000	30/01/2018
Gas House Lane	Morpeth	NE61 1SR	Brownfield	0.23	£ 80,000	£ 347,826	18/02/2014
Former Fire Station	Alnwick	NE66 2PA	Brownfield	0.58	£ 450,000	£ 775,862	20/02/2018
Former Coal depot, Ellington Rd	Ashington	NE63 8TT	Brownfield	1.13	£ 200,000	£ 176,991	09/05/2015
Malvins Rd	Blyth		Brownfield	1.30	£ 545,600	£ 419,692	28/08/2015
Woodhorn Lane	Ashington		Brownfield	2.55	£ 1,545,000	£ 605,882	24/03/2017
Barley Meadows, off B1326	Cramlington		Brownfield	7.61	£ 5,965,000	£ 783,837	28/10/2016
Taylors Wynd, Hepscott Park	Stannington	NE61 6NF	Brownfield	11.35	£ 6,887,950	£ 606,868	30/03/2017

Table 12 – Land available for sale as at April 2018 Northumberland

Address		Pcode	Type	Gross Land area (Ha)	Asking	Ask (price per Ha)
Land at 106 Milburn Rd	Ashington	NE63 0PQ	Brownfield	0.01	£ 39,950	£ 3,073,077
Former bus garage	Morpeth	NE61 5RQ	Brownfield	0.03	£ 125,000	£ 5,000,000
Mian Rd, Milfield	Wooler	NE71 6JD	Brownfield	0.03	£ 125,000	£ 3,993,610
Blue House Farm Cottages Nedder	Bedlington	NE22	Greenfield	0.06	£ 80,000	£ 1,333,333
Bridge End Indust Est	Hexham	NE46 4DQ	Greenfield	0.06	£ 70,000	£ 1,166,667
Fair View	Prudhoe	NE42 6EU	Greenfield	0.06	£ 100,000	£ 1,666,667
Tulip St	Prudhoe	NE42	Mix	0.09	£ 130,000	£ 1,444,444
14 Middle Drive, Darras Hall	Ponteland	NE20	Greenfield	0.10	£ 350,000	£ 3,500,000
Windsor Place	Ponteland	NE20	Greenfield	0.13	£ 350,000	£ 2,692,308
2 Kenmore Rd, Swarland	Morpeth	NE65	Greenfield	0.14	£ 165,000	£ 1,178,571
Carterside Farm	Rothbury	NE65 7RT	Greenfield	0.15	£ 160,000	£ 1,066,667
Felton	Morpeth	NE65	Greenfield	0.16	£ 300,000	£ 1,875,000
The Mill Plot, Doddington	Wooler	NE71	Greenfield	0.16	£ 125,000	£ 781,250
Castle Garth	Morpeth	NE65	Greenfield	0.20	£ 250,000	£ 1,250,000
Warenford	Belford	NE70 7HL	Greenfield	0.25	£ 300,000	£ 1,200,000
Tow House, Bardon Mill	Hexham	NE47 7EG	Greenfield	0.25	£ 180,000	£ 720,000
Shilburn Rd	Allendale	NE47	Greenfield	0.35	£ 225,000	£ 642,857
Land by Railway station	Chathill	NE67 5DF	Greenfield	0.38	£ 50,000	£ 131,579
Seabank, The Crescent	Berwick		Greenfield	0.39	£ 650,000	£ 1,666,667
Cowpen Rd	Blyth	NE24 5TR	Greenfield	0.40	£ 75,000	£ 187,500
Westwood, Bardon Mill	Hexham	NE47 7JF	Greenfield	0.40	£ 40,000	£ 100,000
Main St	Seahouses	NE68 7UD	Greenfield	0.42	£ 500,000	£ 1,190,476
Eastlands	Kirkwhelpington	NE19 2RW	Greenfield	0.46	£ 600,000	£ 1,304,348
Land at Belmont, Haydon Bridge	Hexham	NE47	Mix	0.49	£ 375,000	£ 765,306
At Aidan's RC First School	Ashington	NE63 0LF	Brownfield	0.60	£ 300,000	£ 500,000
NE town centre	Morpeth	NE61	Greenfield	0.72	£ 500,000	£ 694,444
Thropton	Morpeth	NE65	Greenfield	0.76	£ 250,000	£ 328,947
Land at	Haltwhistle	NE49	Greenfield	0.81	£ 200,000	£ 246,914
Hartburn	Morpeth	NE61	Greenfield	1.18	£ 340,000	£ 288,136
Blyth Riverside Business Park	Blyth	NE24 4RR	Greenfield	1.21	£ 300,000	£ 247,934
Cornhill-on-Tweed	Cornhill	TD12	Greenfield	2.63	£ 80,000	£ 30,418
High House Lane	Morpeth	NE61	Greenfield	6.07	£ 135,000	£ 22,241
Ulgham	Morpeth	NE61	Greenfield	7.04	£ 120,000	£ 17,045
Slaley	Slaley	NE47	Greenfield	10.21	£ 150,000	£ 14,691
Stobswood	Morpeth	NE61	Greenfield	10.30	£ 160,000	£ 15,534
High Bracken Hill	Lowgate		Greenfield	40.94	£ 550,000	£ 13,434

5.14.12. The above therefore shows a wide range of land values, highlighting the difficulty in undertaking a comparable approach (as land values vary dependent on location, use, future development potential, abnormals, Council planning policies etc).

5.14.13. As suggested in the draft PPG changes, we have looked to identify recent sales based on a recent planning permission (therefore capturing the most up to date planning policies). Once established this can be compared to the EUV to determine premium uplift when considering the BLV. In practice, though, this has proven difficult with limited available evidence. In terms of greenfield sites, based on an agricultural EUV of say £17,500 per Ha, two sales have been identified in Morpeth and Felton, showing multiples of circa 30 to 40 above the EUV. However, these sales took place in 2015 and 2016 under a different planning policy regime. As for brownfield sites, assuming an EUV of say £175,000 to £300,000 per Ha (dependent on the value area), we have identified four sales between 2015 and 2017 showing an uplift range generally in the region of 20% to 50%.

5.14.14. Having considered all of the above, we have adopted the following BLV allowances in the appraisal testing (please note for the brownfield sites we have worked on the basis of a circa 25% uplift over the EUV).

Table 13 – Recommended BLV assumptions

Value area	Greenfield	Multiple of EUV	Brownfield
Highest	£600,000	34.29	£350,000
High	£450,000	25.71	£300,000
Medium	£300,000	17.14	£250,000
Low	£150,000	8.57	£200,000

6. RESIDENTIAL VIABILITY TESTING AND RESULTS

6.1. Base appraisals

6.1.1. The results for the residential base appraisals are shown in the attached Appendices B1 to B7.

6.1.2. For clarity, the base appraisals adopt the assumptions outlined above in Section 5. Furthermore, for each typology we have varied the amount of on-site affordable housing between 0% and 30% (with a tenure mix of circa 50:50 between affordable rented and other forms of affordable home ownership such as discounted market sales (DMS), Starter Homes and intermediate shared ownership / equity dwellings). Please note, if the mix of affordable units is adjusted this could impact on the viability outcome. For example, if there is a greater weight towards rented affordable units, this is likely to have a detrimental impact on viability. Conversely, if there is a greater weight towards affordable ownership, this is likely to have positive impact on viability.

6.1.3. The appraisals are also adjusted to reflect the four values areas (highest, high, medium and low), as well as greenfield and brownfield distinctions. The residual land value is then compared with the separately assessed BLV. If the residual land value is below the BLV, the scheme is deemed to be unviable. If the residual land value is above the BLV the scheme is deemed to be viable. At this point a CIL charge is then factored into the appraisal testing, applied as a rate per sq m to the modelling and increased up to a point where the scheme is still deemed to be viable (but allowing for a reasonable 'buffer' to ensure it is not at the margins of viability).

6.1.4. By way of a summary for each typology:

Typology 1 – 1 dwelling (Appendix B1)

- The affordable housing provision does not apply to this size scheme.
- For greenfield sites, schemes in the high and highest locations are shown to be viable, but unviable in medium and low.
- For brownfield sites, the schemes are comfortably viable in the highest, high and medium value areas. However, the low value typology is shown to be unviable.

Typology 2 – 2 dwellings (Appendix B2)

- The affordable housing provision does not apply to this size scheme.
- For brownfield sites (which have only been tested for this typology), the schemes are viable in the highest and high value areas. However, the medium and low value typologies are shown to be unviable.

Typology 3 – 6 dwellings (Appendix B3)

- The affordable housing provision does not apply to this size scheme.
- For brownfield sites (which have only been tested for this typology), the schemes are comfortably viable in the highest and high value areas.
- In the medium value areas the schemes are marginally unviable (equivalent to around £5,000). If the S106 contributions were reduced slightly the typology would become viable.
- The low value areas are shown to be unviable.

Typology 4 – 15 dwellings (Appendix B4a to B4b)

- We have tested affordable housing provisions from 0% up to 30%, at 5% intervals.

- With a 5% affordable housing provision the outcomes in the low and medium values areas (for both greenfield and brownfield) are shown to be unviable. High and highest value areas are shown to be comfortably viable.
- For the high and highest value areas a viable outcome is shown with 30% affordable housing. At these levels a CIL rate of £50 per sq m is comfortably viable in the highest value locations. In the high value locations the rate reduces to circa £20 per sq m. If the affordable housing provision is reduced, the CIL rates could be increased.

Typology 5 – 50 dwellings (Appendix B5a to B5c)

- We have tested affordable housing provisions from 0% up to 30%, at 5% intervals.
- With a 5% affordable housing provision the outcomes in the low value areas (for both greenfield and brownfield) are shown to be unviable. High and highest value areas are shown to be comfortably viable.
- With a 15% affordable housing provision the outcomes in the medium value areas (for both greenfield and brownfield) are shown to be viable. At these levels a CIL rate of £10 per sq m is viable. High and highest value areas are shown to be comfortably viable.
- For the high and highest value areas a viable outcome is shown with 30% affordable housing. At these levels a CIL rate of £60 per sq m is comfortably viable in the highest value locations. In the high value locations the rate reduces to circa £40 per sq m. If the affordable housing provision is reduced, the CIL rates could be increased.

Typology 6 – 100 dwellings (Appendix B6a to B6c)

- We have tested affordable housing provisions from 0% up to 30%, at 5% intervals.

- With a 5% affordable housing provision the outcomes in the low value areas (for both greenfield and brownfield) are shown to be unviable. Medium, high and highest value areas are shown to be comfortably viable.
- With a 15% affordable housing provision the outcomes in the medium value areas (for both greenfield and brownfield) are shown to be viable. At these levels a CIL rate of £10 per sq m is viable. High and highest value areas are shown to be comfortably viable.

- For the high and highest value areas a viable outcome is shown with 30% affordable housing. At these levels a CIL rate of £60 per sq m is comfortably viable in the highest value locations. In the high value locations the rate reduces to circa £40 per sq m. If the affordable housing provision is reduced, the CIL rates could be increased.

Typology 7 – 40 dwellings Sheltered Accommodation (Appendix B7)

- The affordable housing provision does not apply to this size scheme.
- The typologies are comfortably viable in the highest and high value areas. The highest value area can comfortably support a CIL rate of circa £50 per sq m. The high value area can support a CIL rate of circa £25 per sq m.
- The low and medium value areas are shown to be unviable.

6.2. Sensitivity Test 1 – 5% reduction in build costs

6.2.1. During the last 6 – 9 months there has been a 'spike' in construction costs (which is reflected in the current BCIS rates), driven principally by labour shortages in the market place, as well as continued increases in the cost of materials. Anecdotally, we are aware that some active within the industry consider this to be due to Brexit, with EU labourers leaving Britain to return to mainland Europe. It therefore remains to be seen how long this will impact on the construction sector and whether the current sharp rise in costs is a short-term phenomenon.

6.2.2. At the current time, build cost inflation is in excess of house price inflation. This creates a risk that the viability testing therefore unfairly underplays the viability of sites within the County, because the testing so happens to have been carried out at a point in time when build cost inflation has spiked.

6.2.3. Over the longer-term, house price inflation has in fact been higher than build cost inflation. By way of evidence, we have analysed data from the Land Registry since the records began in Jan 1995 to May 2018 (therefore covering a period of around 23 years). We have rebased to residential sales achieved across Northumberland, covering all property types. The change in value during this period can be summarised as follows:

Average Northumberland residential sales value Jan. 1995	-	£47,068
Average Northumberland residential sales value Oct. 2017	-	£151,322

6.2.4. Since January 1995 residential sales values in Northumberland have therefore increased by circa 321%. This is the equivalent of an average increase of circa 5.25% per annum.

6.2.5. In terms of build cost inflation, as discussed above in 5.6, we have analysed the BCIS All-in Tender Price Index. By way of additional analysis, we have also analysed the BCIS Housing Tender Price Index. To ensure a consistent comparison with sales value inflation, we have assessed the data from January 1995. The data is summarised as follows:

Housing TPI Index Jan. 1995	-	125
Housing TPI Index Autumn 2017	-	323 (the latest available data)

6.2.6. Since January 1995 the Housing Tender Price Index have therefore increased by circa 258% (equivalent to around 4.25% per annum). In this respect, since January 1995 house prices have increased at a quicker rate than construction costs. Please note, the BCIS All In TPI, which includes commercial as well as residential projects, also shows a similar increase during this period of around 250%.

6.2.7. On the basis of the above evidence, we therefore consider it appropriate to run sensitivity testing at a reduced construction cost (as the BCIS rate currently reflects a 'spike' when compared to the longer-term data). For the purpose of the testing we have reduced the construction costs by 5%.

6.2.8. Reducing the build costs has a positive impact on the viability result. With this in mind we have focused our analysis on the medium and low value areas (where there was greater pressure on the viability compared to the high and highest value areas in the base appraisal testing).

6.2.9. For the low value typologies, the reduction in the build costs is not sufficient to change the viability outcome from the base appraisal results (in other words, the outcomes remain unviable).

6.2.10. For the medium value typologies, at 15 dwellings the results remain unviable. For 50 and 100 dwellings, the outcomes are viable with 15% affordable dwellings. The CIL charge can be increased from £10 per sq m (as shown in the base appraisals) to £20 per sq m.

6.3. Sensitivity Test 2 – Low cost housebuilder model

6.3.1. The base appraisal testing returned unviable results in low value areas. However, this contradicts site delivery across Northumberland, as sites are coming forward and being delivered in the lowest value areas. In some cases, these sites are being delivered by specialist 'low value' house builders (such as Gleeson, Keepmoat, Lovell Homes, Kier etc). These housebuilders typically have a different business model to other volume housebuilders, reflecting the delivery of a cheaper product.

6.3.2. With this is mind we have subsequently looked to test, on 50 dwellings or higher schemes, the low-cost house builder models. This includes a low base build cost of £850 per sq m (based on other individual viability appraisals we are currently aware of from the wider region), an increase of external costs to 20% and a reduced finance rate of 5.5%.

6.3.3. For 50 dwellings schemes in low value areas, the greenfield typology gives a viable outcome with 15% affordable housing applied (nil CIL). The brownfield equivalent is only marginally unviable (and is therefore deemed to be viable at 10% affordable housing).

6.3.4. Similarly, for 100 dwellings schemes in low value areas, the greenfield typology gives a viable outcome with 15% affordable housing applied (nil CIL). The brownfield equivalent is only marginally unviable (and is therefore deemed to be viable at 10% affordable housing).

6.3.5. This testing therefore suggests that schemes can be delivered in low value areas and support some level of affordable housing.

6.4. Sensitivity Test 3 – 100% affordable housing ownership

6.4.1. The proposed changes to the NPPF and PPG places a greater emphasis on affordable housing ownership, rather than rental products. We have therefore looked to test how applying 100% affordable housing ownership (to include products such as Starter Homes) could impact on the viability outcomes.

6.4.2. We have focused our analysis on the low value areas, to assess whether this would change the outcomes from being unviable to viable. However, the testing results show that, even with a low affordable housing provision (5%), all of which are provided as affordable ownership products, the schemes are still shown to be unviable.

6.4.3. In this respect, increasing the level of affordable ownership products instead of affordable rented would not be sufficient to change the viability outcome in low value areas. However, it would undoubtedly improve viability in medium, high and highest value areas and would increase the level of affordable housing provision that could be delivered (somewhere in the order of a 5% increase).

6.5. Sensitivity Test 4 – M4 (2) and M4 (3) Optional Building Regulations Standards

6.5.1. For the purposes of this sensitivity test we have only explicitly included costs relating to the M4 (2) standard, which has been applied to 25% (or thereabouts) of the dwellings within each typology. For this test, we have not therefore allowed any costs relating to the M4 (3) standard.

6.5.2. As detailed in section 2.7, to meet the criteria set out under Building Regulations 2010 M4 (2), the costs are estimated at circa £1,000 to £1,500 per dwelling. Taking a cautious approach, and for the purposes of the testing we have applied a rate equivalent to £2,000 per dwelling. As indicated above, we have tested this on the basis that 25% of the dwellings would meet the M4 (2) standards.

6.5.3. The results show that, when applied to 25% of the dwellings within a scheme, this only has a nominal impact on the overall viability outcome. **We do not therefore consider that requiring up to 25% of the dwellings in a development to meet the M4 (2) accessibility and adaptability standard would have a negative impact on the viability outcome** (i.e. it would not be sufficient to turn a scheme from being viable to unviable). This therefore implies that there is scope to potentially increase the proportion above 25%, if required by the Council.

6.5.4. The application of M4 (3) to enable homes to be adaptable or accessible for wheelchair users however carries a significantly higher cost burden. In accordance with the EC Harris costings, to meet M4 3 (a) the cost in likely to be in the order of £10,000 per dwelling. To meet M4 (3) (b) the costs are significantly higher (being in the region of £20,000 to £25,000 for houses). At this level **requiring the wheelchair-user M4 (3a) adaptable and M4 (3b) accessible standards could potentially have a negative impact on the viability outcome, and could be the difference between a site being viable or unviable, dependent on the proportion of dwellings the standard is applied to**. Further testing is required on this matter, therefore the approach adopted in this particular sensitivity analysis will be reviewed going forward (and it is likely different proportions of the M4 (2) and M4 (3) standards will be applied to test their impact on overall scheme viability).

6.6. Conclusions from residential site testing

6.6.1. As indicated in the Harman Review, plan-level appraisal testing can only provide a general overview on viability at a specific point in time. Individual site testing will still be appropriate to take into account site specific circumstances and fluctuations in market conditions.

6.6.2. Within this context, our appraisals show that the majority of the site types are viable (or in the case of the low value areas can be shown to be viable if adjusted to a low cost house builder model). However, once affordable housing provisions and CIL charges are factored in and increased this puts a downward pressure on the viability of the schemes, to the extent where some adjustments in policy are necessary so as to minimise as much as possible the impact on delivery. Some of this 'flex' in policy could be through a reduction in required affordable housing provisions or through reduced CIL rates.

6.6.3. We would stress that our appraisals, in accordance with the Harman Review, adopt a cautious position, for example:

- By adopting BCIS figures, which are considered to be typically above the build costs incurred in reality by regional / national volume house builders.
- Initial sales values are on the cautious side, particularly in low and medium value areas.
- Past S106 contributions, particularly for schemes less than 50 dwellings, are typically lower than our allowance of £1,500 per sq m.
- We have allowed cautious 'buffers' when determining appropriate CIL rates.

6.6.4. Through our iterative process, and on the broad assumption of policy contributions costs equivalent to £1,500 per dwelling, we recommend the following broad affordable housing provisions as being appropriate (allowing for a 'buffer' on viability, in accordance with the Harman Review):

Affordable housing provision

Highest value location	**-**	**30% affordable housing**
High value location	**-**	**25% affordable housing**
Medium value location	**-**	**15% affordable housing**
Low value location	**-**	**10% affordable housing**

6.6.5. For CIL rates, again we have factored in a suitable 'buffer' allowance when analysing the results, to ensure policy requirements do not take schemes to the margins of viability.

CIL charge

Highest value location	**-**	**£60 per sq m**
High value location	**-**	**£30 per sq m**
Medium value location	**-**	**£10 per sq m**
Low value location	**-**	**£0 per sq m**
Sheltered accommodation	**-**	**£50 per sq m highest value area**
Sheltered accommodation	**-**	**£25 per sq m high value area**

6.6.6. Please note, if a CIL charge was not introduced by the Council it is possible that this would simply serve to proportionally increase the level of S106 contributions that a scheme would need to provide (which would have otherwise been effectively paid for through the CIL). In this case, there would be a neutral impact on the viability testing. However, it is not necessarily the case that a CIL rate is equal to S106 policy requirements. If it was found that by not introducing the CIl there was a surplus of available monies (that were not required for S106 contributions) this would improve the overall viability of the scheme, therefore help in the delivery of other policy areas such as affordable housing or M4 (2) and M4 (3). This, though, would need to be considered in more detail, particularly in relation to whether S106 policy contributions would need to increase if CIL was not introduced.

7. NON-RESIDENTIAL VIABILITY TESTING

7.1. Scheme typologies

7.1.1. In previous testing the following non-residential site typologies were applied:

Table 14 – Previous site typologies

	GIA sq m	Coverage	Gross	Net Ha
A1 – Large supermarket	2,500	40%	0.64	0.26
A1 – small supermarket	1,200	30%	0.40	0.12
A1 – mini supermarket	270	70%	0.04	0.03
A1 – retail warehouse	2,300	40%	0.58	0.23
A1-A5 – small retail	270	70%	0.04	0.03
B1a – town centre office	1,150	115%	0.05	0.05
B1a – out of town office	3,200	50%	0.64	0.32
B2 – industrial	2,900	40%	0.73	0.29
B1c – light industrial	3,600	40%	0.90	0.36
B8 – storage distribution	6,900	35%	1.99	0.70
C1 – Hotel	2,500	60%	0.42	0.25
D2 – Leisure	2,800	40%	0.70	0.28

7.1.2. The above typologies are broadly considered to be appropriate in the current market for non-residential viability testing. However, there is currently little market demand for new-build 'large supermarket' development and also min-supermarkets. New-build activity within this sector has largely been around discount-supermarkets in recent years (and this trend is expected to continue at least in the short to medium term). We have therefore only tested a discount supermarket typology (based on what was previously referred to as the A1 small supermarket of 1,200 sq m).

7.2. Revenue

7.2.1. In assessing non-residential revenues we have mostly adopted a 'rent and yield' approach, whereby the Market Rent is identified for the completed accommodation and then capitalised using an appropriate yield. This reflects standard practice within the industry. However, the hotel typology is an exception, where we have focused principally on a capital value per room.

7.2.2. The rental evidence is shown in Appendices C1 to C4.

7.2.3. Evidence of investment yields is shown in Appendices D1 to D3.

7.2.4. Having considered the evidence, we have adopted the following revenue inputs in the appraisals:

Table 15 – Revenue inputs

	Rent per sq m	Yield
A1 – discount supermarket	£170	5.75%
A1 – retail warehouse	£130	7%
A1-A5 – small retail	£300	8%
B1a – town centre office	£170	7.5%
B1a – out of town office	£170	7.5%
B2 – industrial	£80	8%
B1c – light industrial	£80	8%
B8 – storage distribution	£70	8%
C1 – Hotel*		
D2 – Leisure	£150	7%

*For the hotel typology we have adopted a capital value equivalent to £62,500 per room.

7.2.5. Furthermore, in the current market it is commonplace for landlords to attract tenants through rental incentives, such as rent free periods. In recognition of this we have allowed rent free periods ranging from 6 to 12 months.

7.3. Construction costs

7.3.1. The allowances are based on BCIS data. For all typologies the BCIS median has been utilised. The BCIS is considered to be reliable as a data set for non-residential development. For this reason, we consider it appropriate to favour the median rates for the site typologies.

7.4. Other non-residential development costs

7.4.1. We have adopted the following assumptions in the modelling:

Externals – expressed as a percentage of the BCIS median rate. We have applied a range from 5% to 15% dependent on the typology (for example a retail warehouse where there would be a large external loading / parking area 15% has been applied, however for a cinema where there is limited external space 5% has been applied).

Contingency – expressed as a percentage of the BCIS median rate and externals. We have applied a range from 3% to 5%.

Professional fees – expressed as a percentage of the BCIS median rate and externals. We have applied 10% to all typologies.

Disposal / letting fees – expressed as a percentage of revenue. Sales agent fees at 1% of capital value, plus 0.25% to cover legal costs. Letting agents fees at 10% of first years rent, plus 5% to cover legal costs.

Profit – for non-residential development this is typically expressed as a percentage rate based on development cost. The appropriate level will fluctuate dependent on the nature of investment. For example, a pre-let scheme (where the tenant moves in immediately upon completion of the construction works) carries a significantly lower risk than a speculatively built project where the occupier has to be identified after the construction works have commenced. For pre-let schemes, in our experience profit margins tend to be sub 15% on cost. For speculative schemes the profit is adjusted to typically above 15% on cost. For the purposes of this modelling we therefore have typically applied an average of 15% on cost (expect for the small retail model, which is considered to carry a higher risk and has therefore been adjusted to 20%).

7.5. Non-residential Benchmark Land Value ("BLV")

7.5.1. We refer to the analysis above in 5.14. The same approach and land transactions analysis applies to non-residential sites.

7.5.2. We have adopted the following rates for each typology (please note the adopted figures reflect the size of the schemes, with the smallest schemes carrying higher rates per Ha for reasons of quantum):

Table 16 – Non-residential BLVs

	Rate per Ha
A1 – discount supermarket	£400,000
A1 – retail warehouse	£800,000
A1-A5 – small retail	£12,500,000
B1a – town centre office	£5,000,000
B1a – out of town office	£500,000
B2 – industrial	£300,000
B1c – light industrial	£300,000
B8 – storage distribution	£300,000
C1 – Hotel*	£1,000,000
D2 – Leisure	£1,000,000

7.6. Non-residential appraisal results

7.6.1. Based on the above appraisal inputs the schemes returns the following outcomes:

Table 17 – Non-residential appraisal results

	Surplus / deficit over BLV	Outcome	CIL Rate per sq m
A1 – discount supermarket	£61,017	Viable	£75
A1 – retail warehouse	£428,609	Viable	£100
A1-A5 – small retail	-£98,107	Unviable	£0
B1a – town centre office	-£924,510	Unviable	£0
B1a – out of town office	-£1,917,482	Unviable	£0
B2 – industrial	-£140,142	Unviable	£0
B1c – light industrial	-£172,108	Unviable	£0
B8 – storage distribution	-£563,903	Unviable	£0
C1 – Hotel	-£984,750	Unviable	£0
D2 – Leisure	-£441,095	Unviable	£0

7.7. Non-residential conclusions

7.7.1. As shown above, the majority of the non-residential modelling returns an unviable result (with the residual land value below the BLV).

7.7.2. **The only typologies which return a viable position are the retail warehouse and discount supermarket typologies. Given their positive viability, in each case we have looked to factor in a CIL charge, increasing this within the modelling on an iterative basis. Having undertaken this process, we conclude that the retail warehouse typology can support a CIL charge equivalent to £100 per sq m. For the discount supermarket, a slightly lower rate equivalent to £75 per sq m is deemed appropriate.**

7.7.3. As per the residential testing, if a CIL charge was not introduced by the Council it is possible that this would simply serve to proportionally increase the level of S106 contributions. This, though, would need to be explored in more detail as it is also the case that potentially, by not introducing the CIL, there could be surplus monies available in the appraisal, which would ultimately serve to improve overall scheme viability.

8. CONCLUSIONS AND RECOMMENDATIONS

8.1. For residential sites, the overwhelming majority of our hypothetical tests show that development across the County is viable and able to deliver some level of policy contribution.

8.2. However, as expected, it is noted that schemes in low value locations attract the greatest pressure on viability and therefore will be unable to support the same policy contributions than schemes in higher value areas. Adjustments should therefore be made to policy levels dependent on locational factors. Our approach suggests that four locational categories (low, medium, high and highest) would be appropriate for the Northumberland market and enable robust policies to be reflective of value fluctuations across the County.

8.3. Furthermore, it should be noted that our base appraisal testing applies average NDSS sizes within the modelling. Compared to previous size assumptions adopted in past Northumberland viability testing, the application of the average NDSS rates results in upward adjustments in the sizes of 2 and 3 bed dwellings, but results in reduced average sizes for the 4 bed dwellings. Having applied the average NDSS rates to each typology we have then calculated an average single size per dwelling (expressed on a 'per sq m' basis). When the past average single rate per sq m is compared to our NDSS average rate, the two figures are broadly similar. From this perspective, applying the NDSS rates therefore has only a minimal impact on the viability modelling when compared against past assumptions.

8.4. Having undertaken sensitivity testing, we also conclude that a policy that requires say up to 25% of dwellings to meet the M4 (2) accessible and adaptable standards (of the Building Regulations 2010) does not have a significant impact on scheme viability (i.e. the costs impact is relatively small and would not be sufficient to change the viability outcome of a project). However, meeting the enhanced standard of M4 (3) attracts a more significant cost and this would potentially undermine scheme viability.

8.5. Having adopted a rigorous appraisal testing approach, where each policy has been tested plus sensitivity analysis, we conclude that, based on average policy contributions / costs equivalent to £1,500 per dwelling, the following affordable housing figures provisions are appropriate:

Affordable housing provision

Highest value location	**-**	**30%**
High value location	**-**	**25%**
Medium value location	**-**	**15%**
Low value location	**-**	**10%**

8.6. It was also found that specialist 'over 55s' retirement living / sheltered accommodation (in the high and highest value locations) were viable and could provide some level of contribution. This could be in the form of a CIL charge, which we calculated as being in the region of £25 to £50 per sq m. Alternatively, this could be provided as a commuted sum, with a range of £1,250 to £2,500 per dwelling recommended.

8.7. For other CIL rates, again we have factored in a suitable 'buffer' allowance when analysing the results, to ensure policy requirements do not take schemes to the margins of viability.

CIL charge

Highest value location	**-**	**£60 per sq m**
High value location	**-**	**£30 per sq m**
Medium value location	**-**	**£10 per sq m**
Low value location	**-**	**£0 per sq m**

8.8. Finally, with regard to non-residential site testing, our modelling showed that only retail warehousing and discount supermarket development would be able to viably support a CIL charge. Building in appropriate 'buffer' allowances, we recommend the following provisions:

Retail warehouse development	**- £100 per sq m**
Small supermarket development	**- £75 per sq m**

8.9. As commented above under the residential and non-residential results, if the Council chose not to introduce a CIL this may have a neutral impact on the viability testing, as it may simply serve to increase the S106 contributions required for each scheme. However, this would need further consideration as it is not always the case that a CIL rate is directly equal to an equivalent S106 policy. It may be that by not introducing the CIL a surplus of monies is generated in the appraisals, which would have a positive impact on the overall scheme viability. Further analysis on this point should be undertaken to inform the Council's decision regarding the CIL.

APPENDICES

Appendix A

A1 Average New-Build Value Areas by Settlement Map

A2 Zoopla Average Values

A3 Average New-Build Sales Values

Appendix B – Residential Typologies

B1 1 dwelling – 0% affordable

B2 2 dwellings – 0% affordable

B3 6 dwellings – 0% affordable

B4a 15 dwellings – 5% affordable

B4b 15 dwellings – 30% affordable

B5a 50 dwellings – 5% affordable

B5b 50 dwellings – 15% affordable

B5c 50 dwellings – 30% affordable

B6a 100 dwellings – 5% affordable

B6b 100 dwellings – 15% affordable

B6c 100 dwellings – 30% affordable

B7 40 dwellings Sheltered Accommodation – 0% affordable

Appendix C – Non-Residential Rental Evidence

C1 Industrial Rents

C2 Office Rents

C3 Retail Rents

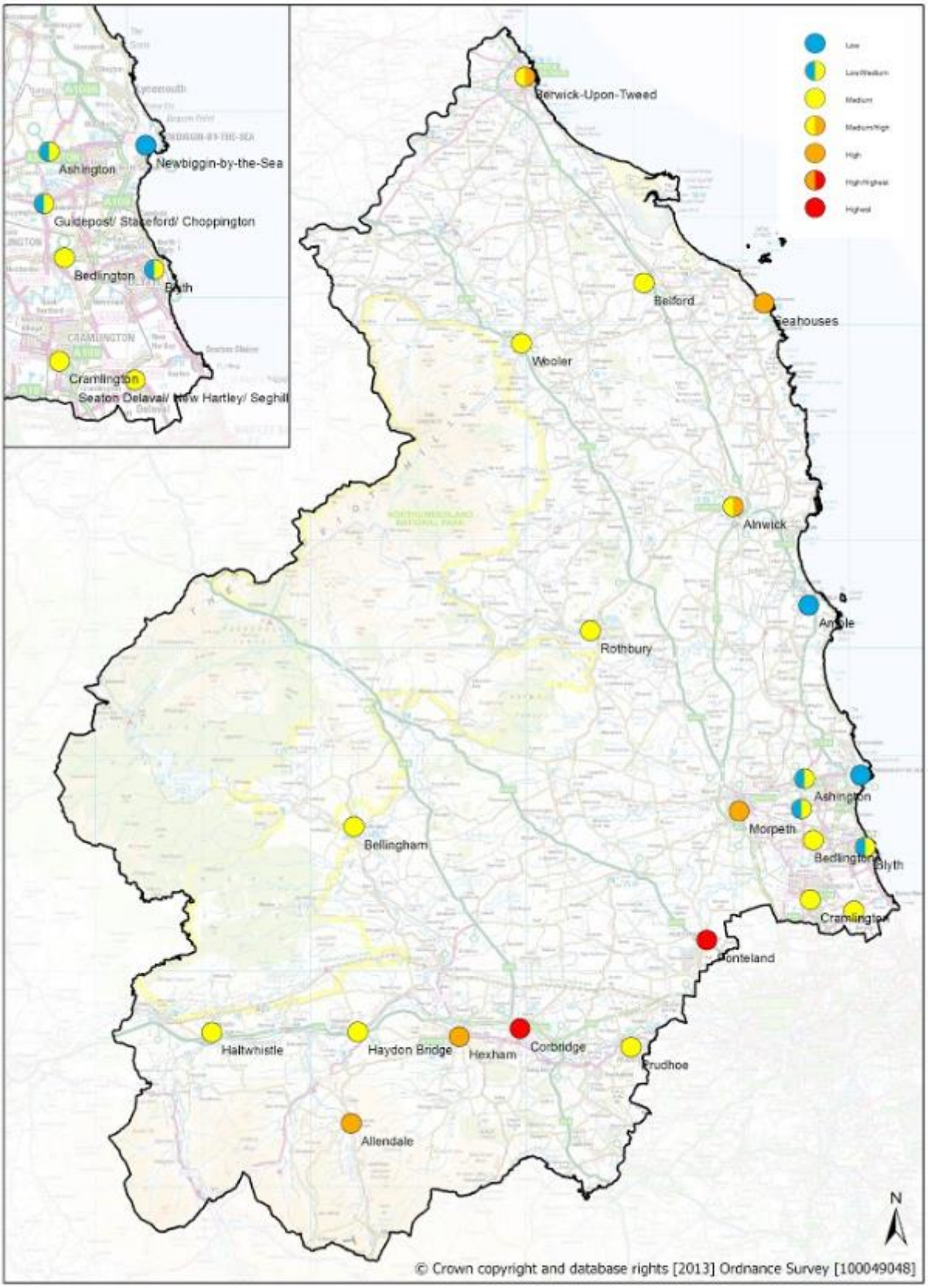
C4 Retail Warehouse

Appendix D – Non-Residential Rental Yield Evidence

D1 Retail Yields

D2 Office Yields

D3 Industrial Yields


Ashington
Newbiggin-by-the-Sea
Guidepost/ Stakeford/ Choppington
Bedlington
Blyth
Cramlington
Seaton Delaval/ New Hartley/ Seghill
Berwick-Upon-Tweed
Belford
Seahouses
Wooler
Alnwick
Amble
Rothbury
Ashington
Morpeth
Bedlington
Blyth
Cramlington
Bellingham
Ponteland
Haltwhistle
Haydon Bridge
Hexham
Corbridge
Prudhoe
Allendale
N
© Crown copyright and database rights [2013] Ordnance Survey [100049048]

APPENDIX A2 - ZOOPLA AVERAGE VALUES Area	Av Value	Northumberland Av May 2018	% of average	Value banding	Above or below?
Allendale	£ 255,346	£ 192,947	132.34%	High	120% to 200%
Alnwick	£ 243,219	£ 192,947	126.05%	High	120% to 200%
Hexham	£ 275,839	£ 192,947	142.96%	High	120% to 200%
Morpeth	£ 236,905	£ 192,947	122.78%	High	120% to 200%
Rothbury	£ 245,599	£ 192,947	127.29%	High	120% to 200%
Bellingham	£ 397,575	£ 192,947	206.05%	Highest	over 200%
Corbridge	£ 410,457	£ 192,947	212.73%	Highest	over 200%
Ponteland	£ 496,983	£ 192,947	257.57%	Highest	over 200%
Amble	£ 150,102	£ 192,947	77.79%	Low	sub 80%
Ashington	£ 114,413	£ 192,947	59.30%	Low	sub 80%
Bedlington	£ 150,213	£ 192,947	77.85%	Low	sub 80%
Blyth	£ 127,390	£ 192,947	66.02%	Low	sub 80%
Choppington	£ 120,020	£ 192,947	62.20%	Low	sub 80%
Cramlington	£ 151,724	£ 192,947	78.64%	Low	sub 80%
Newbiggin-by-the-sea	£ 91,831	£ 192,947	47.59%	Low	sub 80%
Seaton Delaval	£ 152,604	£ 192,947	79.09%	Low	sub 80%
Belford	£ 223,793	£ 192,947	115.99%	Medium	80% to 120%
Berwick upon Tweed	£ 192,685	£ 192,947	99.86%	Medium	80% to 120%
Haltwhistle	£ 156,690	£ 192,947	81.21%	Medium	80% to 120%
Haydon Bridge	£ 207,984	£ 192,947	107.79%	Medium	80% to 120%
Prudhoe	£ 194,982	£ 192,947	101.05%	Medium	80% to 120%
Seahouses	£ 224,477	£ 192,947	116.34%	Medium	80% to 120%
Wooler	£ 190,307	£ 192,947	98.63%	Medium	80% to 120%

Appendix A3 - Average new build values	Postcode	Zoopla Av April 2018	Det av size	Detached	Semi av size	Semi	Terr av size	Terr	Flat av size	Flat
Berwick upon Tweed	TD15	£ 181,917	0	£ -	0	£ -	122	£ 1,920	0	£ -
Ashington	NE63	£ 115,478	114	£ 1,752	76	£ 1,895	75	£ 1,553	56	£ 1,561
Amble	NE65	£ 147,203	99	£ 1,846	71	£ 1,849	77	£ 1,572	0	£ -
Blyth	NE24	£ 128,573	107	£ 1,946	73	£ 1,887	72	£ 1,899	55	£ 2,236
Newbiggin	NE64	£ 92,193	141	£ 2,023	94	£ 1,741	53	£ 2,829	0	£ -
Prudhoe	NE42	£ 189,663	152	£ 2,105	0	£ -	0	£ -	0	£ -
Bedlington	NE22	£ 148,526	100	£ 2,110	76	£ 2,117	0	£ -	53	£ 1,337
Seaton Delaval	NE25	£ 149,228	110	£ 2,110	77	£ 2,006	61	£ 1,711	43	£ 1,669
Alnwick	NE66	£ 236,718	120	£ 2,272	91	£ 2,113	0	£ -	60	£ 1,782
Cramlington	NE23	£ 150,661	122	£ 2,321	105	£ 2,063	148	£ 2,194	0	£ -
Longframlington	NE65	£ 288,154	117	£ 2,352	88	£ 2,142	67	£ 1,903	0	£ -
Warkworth	NE65	£ 309,092	132	£ 2,435	0	£ -	0	£ -	0	£ -
Embleton	NE66	£ 267,933	133	£ 2,546	0	£ -	0	£ -	0	£ -
Longhorsley	NE65	£ 328,225	116	£ 2,571	0	£ -	0	£ -	0	£ -
Morpeth	NE61	£ 231,828	137	£ 2,585	77	£ 2,189	72	£ 2,241	66	£ 1,559
Wylam	NE41	£ 339,793	154	£ 2,674	0	£ -	69	£ 2,106	0	£ -
Corbridge	NE45	£ 403,063	186	£ 2,678	0	£ -	0	£ -	0	£ -
Hexham	NE46	£ 271,867	150	£ 2,790	121	£ 2,145	77	£ 1,874	68	£ 2,700
Ponteland	NE20	£ 487,177	103	£ 2,799	81	£ 2,623	0	£ -	89	£ 3,465

APPENDIX B1 - TYPOLOGY 1 - 1 DWELLING 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?
Type 1	Highest	Greenfield	150	0.22	£ 600,000	£ 152,000	£ 169,269	£ 17,269	11.36%	VIABLE
Type 1	High	Greenfield	150	0.22	£ 450,000	£ 119,000	£ 127,138	£ 8,138	6.84%	VIABLE
Type 1	Medium	Greenfield	150	0.22	£ 300,000	£ 86,000	£ 70,456	-£ 15,544	-18.07%	UNVIABLE
Type 1	Low	Greenfield	150	0.22	£ 150,000	£ 53,000	£ 13,775	-£ 39,225	-74.01%	UNVIABLE
Type 1	Highest	Brownfield	150	0.11	£ 350,000	£ 58,500	£ 165,638	£ 107,138	183.14%	VIABLE
Type 1	High	Brownfield	150	0.11	£ 300,000	£ 53,000	£ 123,435	£ 70,435	132.90%	VIABLE
Type 1	Medium	Brownfield	150	0.11	£ 250,000	£ 47,500	£ 66,754	£ 19,254	40.53%	VIABLE
Type 1	Low	Brownfield	150	0.11	£ 200,000	£ 42,000	£ 10,072	-£ 31,928	-76.02%	UNVIABLE

APPENDIX B2 - TYPOLOGY 2 - 2 DWELLINGS 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?
Type 2	Highest	Brownfield	300	0.30	£ 350,000	£ 125,000	£ 187,905	£ 62,905	50.32%	VIABLE
Type 2	High	Brownfield	300	0.30	£ 300,000	£ 110,000	£ 117,730	£ 7,730	7.03%	VIABLE
Type 2	Medium	Brownfield	300	0.30	£ 250,000	£ 95,000	£ 23,167	-£ 71,833	-75.61%	UNVIABLE
Type 2	Low	Brownfield	300	0.30	£ 200,000	£ 80,000	-£ 72,575	-£ 152,575	-190.72%	UNVIABLE

APPENDIX B3 - TYPOLOGY 3 - 6 DWELLINGS 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?
Type 3	Highest	Brownfield	629	0.30	£ 350,000	£ 125,000	£ 423,268	£ 298,268	238.61%	VIABLE
Type 3	High	Brownfield	629	0.30	£ 300,000	£ 110,000	£ 282,862	£ 172,862	157.15%	VIABLE
Type 3	Medium	Brownfield	629	0.30	£ 250,000	£ 95,000	£ 90,021	-£ 4,979	-5.24%	UNVIABLE
Type 3	Low	Brownfield	629	0.30	£ 200,000	£ 80,000	-£ 108,218	-£ 188,218	-235.27%	UNVIABLE

APPENDIX B4a - TYPOLOGY 4 - 15 DWELLINGS 5% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 695,062	£ 467,562	205.52%	VIABLE	£ 50	£ 74,050	£ 393,512	173%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 401,030	£ 206,030	105.66%	VIABLE	£ 25	£ 37,025	£ 169,005	87%
Type 4	Medium	Brownfield	1,481	0.65	£ 250,000	£ 162,500	-£ 937	-£ 163,437	-100.58%	UNVIABLE	£ -	£ -	£ -	
Type 4	Low	Brownfield	1,481	0.65	£ 200,000	£ 130,000	-£ 424,187	-£ 554,187	-426.30%	UNVIABLE	£ -	£ -	£ -	
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 764,228	£ 374,228	95.96%	VIABLE	£ 50	£ 74,050	£ 300,178	77%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 470,195	£ 177,695	60.75%	VIABLE	£ 25	£ 37,025	£ 140,670	48%
Type 4	Medium	Greenfield	1,481	0.65	£ 300,000	£ 195,000	£ 71,657	-£ 123,343	-63.25%	UNVIABLE	£ -	£ -	£ -	
Type 4	Low	Greenfield	1,481	0.65	£ 150,000	£ 97,500	-£ 349,293	-£ 446,793	-458.25%	UNVIABLE	£ -	£ -	£ -	

APPENDIX B4b - TYPOLOGY 4 - 15 DWELLINGS 30% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 562,734	£ 335,234	147.36%	VIABLE	£ 50	£ 74,050	£ 261,184	115%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 296,103	£ 101,103	51.85%	VIABLE	£ 20	£ 29,620	£ 71,483	37%
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 622,502	£ 232,502	59.62%	VIABLE	£ 50	£ 74,050	£ 158,452	41%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 355,872	£ 63,372	21.67%	VIABLE	£ 20	£ 29,620	£ 33,752	12%

APPENDIX B5a - TYPOLOGY 5 - 50 DWELLINGS 5% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 3,205,627	£ 2,470,627	336.14%	VIABLE	£ 75	£ 370,125	£ 2,100,502	286%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,253,565	£ 1,623,565	257.71%	VIABLE	£ 50	£ 246,750	£ 1,376,815	219%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 983,766	£ 458,766	87.38%	VIABLE	£ 20	£ 98,700	£ 360,066	69%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	-£ 324,415	-£ 744,415	-177.24%	UNVIABLE	£ -	£ -	£ -	
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 3,392,669	£ 2,132,669	169.26%	VIABLE	£ 75	£ 370,125	£ 1,762,544	140%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,440,608	£ 1,495,608	158.27%	VIABLE	£ 50	£ 246,750	£ 1,248,858	132%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,170,890	£ 540,890	85.86%	VIABLE	£ 20	£ 98,700	£ 442,190	70%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	-£ 119,185	-£ 434,185	-137.84%	UNVIABLE	£ -	£ -	£ -	

APPENDIX B5b - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 3,045,028	£ 2,310,028	314.29%	VIABLE	£ 60	£ 296,100	£ 2,013,928	274%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,123,081	£ 1,493,081	237.00%	VIABLE	£ 30	£ 148,050	£ 1,345,031	213%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 893,507	£ 368,507	70.19%	VIABLE	£ 10	£ 49,350	£ 319,157	61%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	-£ 379,020	-£ 799,020	-190.24%	UNVIABLE	£ -	£ -	£ -	
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 3,222,177	£ 1,962,177	155.73%	VIABLE	£ 60	£ 296,100	£ 1,666,077	132%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,300,229	£ 1,355,229	143.41%	VIABLE	£ 30	£ 148,050	£ 1,207,179	128%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,070,733	£ 440,733	69.96%	VIABLE	£ 10	£ 49,350	£ 391,383	62%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	-£ 184,331	-£ 499,331	-158.52%	UNVIABLE	£ -	£ -	£ -	

APPENDIX B5c - TYPOLOGY 5 - 50 DWELLINGS 30% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 2,751,314	£ 2,016,314	274.33%	VIABLE	£ 60	£ 296,100	£ 1,720,214	234%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,878,935	£ 1,248,935	198.24%	VIABLE	£ 40	£ 197,400	£ 1,051,535	167%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 715,446	£ 190,446	36.28%	VIABLE	£ 10	£ 49,350	£ 141,096	27%
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 2,914,559	£ 1,654,559	131.31%	VIABLE	£ 60	£ 296,100	£ 1,358,459	108%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,042,232	£ 1,097,232	116.11%	VIABLE	£ 40	£ 197,400	£ 899,832	95%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 878,742	£ 248,742	39.48%	VIABLE	£ 10	£ 49,350	£ 199,392	32%

APPENDIX B6a - TYPOLOGY 6 - 100 DWELLINGS 5% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 6,393,484	£ 4,993,484	356.68%	VIABLE	£ 75	£ 740,250	£ 4,253,234	304%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 4,526,497	£ 3,326,497	277.21%	VIABLE	£ 50	£ 493,500	£ 2,832,997	236%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 2,033,243	£ 1,033,243	103.32%	VIABLE	£ 20	£ 197,400	£ 835,843	84%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	-£ 552,735	-£ 1,352,735	-169.09%	UNVIABLE	£ -	£ -	£ -	
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 6,749,380	£ 4,349,380	181.22%	VIABLE	£ 75	£ 740,250	£ 3,609,130	150%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,882,677	£ 3,082,677	171.26%	VIABLE	£ 50	£ 493,500	£ 2,589,177	144%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,390,715	£ 1,190,715	99.23%	VIABLE	£ 20	£ 197,400	£ 993,315	83%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	-£ 150,819	-£ 750,819	-125.14%	UNVIABLE	£ -	£ -	£ -	

APPENDIX B6b - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 6,035,558	£ 4,635,558	331.11%	VIABLE	£ 60	£ 592,200	£ 4,043,358	289%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 4,232,312	£ 3,032,312	252.69%	VIABLE	£ 30	£ 296,100	£ 2,736,212	228%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 1,823,978	£ 823,978	82.40%	VIABLE	£ 10	£ 98,700	£ 725,278	73%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	-£ 691,622	-£ 1,491,622	-186.45%	UNVIABLE	£ -	£ -	£ -	
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 6,372,069	£ 3,972,069	165.50%	VIABLE	£ 60	£ 592,200	£ 3,379,869	141%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,569,062	£ 2,769,062	153.84%	VIABLE	£ 30	£ 296,100	£ 2,472,962	137%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,162,100	£ 962,100	80.18%	VIABLE	£ 10	£ 98,700	£ 863,400	72%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	-£ 309,930	-£ 909,930	-151.66%	UNVIABLE	£ -	£ -	£ -	

APPENDIX B6c - TYPOLOGY 6 - 100 DWELLINGS 30% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 5,516,818	£ 4,116,818	294.06%	VIABLE	£ 60	£ 592,200	£ 3,524,618	252%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 3,807,172	£ 2,607,172	217.26%	VIABLE	£ 40	£ 394,800	£ 2,212,372	184%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 1,524,035	£ 524,035	52.40%	VIABLE	£ 10	£ 98,700	£ 425,335	43%
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 5,824,495	£ 3,424,495	142.69%	VIABLE	£ 60	£ 592,200	£ 2,832,295	118%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,115,078	£ 2,315,078	128.62%	VIABLE	£ 40	£ 394,800	£ 1,920,278	107%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 1,833,008	£ 633,008	52.75%	VIABLE	£ 10	£ 98,700	£ 534,308	45%

APPENDIX B7 - TYPOLOGY 7 - 40 DWELLINGS SHELTERED ACCOMMODATION 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL rate psm	Total CIL	Adjusted surplus	Surplus % of BLV
Type 7	Highest	Brownfield	2,032	0.57	£ 350,000	£ 199,500	£ 873,183	£ 673,683	337.69%	VIABLE	£ 50	£ 101,600	£ 572,083	286.76%
Type 7	High	Brownfield	2,032	0.57	£ 300,000	£ 171,000	£ 391,028	£ 220,028	128.67%	VIABLE	£ 25	£ 50,800	£ 169,228	98.96%
Type 7	Medium	Brownfield	2,032	0.57	£ 250,000	£ 142,500	-£ 281,693	-£ 424,193	-297.68%	UNVIABLE				
Type 7	Low	Brownfield	2,032	0.57	£ 200,000	£ 114,000	-£ 977,323	-£ 1,091,323	-957.30%	UNVIABLE				
Type 7	Highest	Greenfield	2,032	0.57	£ 600,000	£ 342,000	£ 964,686	£ 622,686	182.07%	VIABLE	£ 50	£ 101,600	£ 521,086	152.36%
Type 7	High	Greenfield	2,032	0.57	£ 450,000	£ 482,532	£ 611,695	£ 129,163	26.77%	VIABLE	£ 25	£ 50,800	£ 78,363	16.24%
Type 7	Medium	Greenfield	2,032	0.57	£ 300,000	£ 171,000	-£ 183,116	-£ 354,116	-207.09%	UNVIABLE				
Type 7	Low	Greenfield	2,032	0.57	£ 150,000	£ 85,500	-£ 878,241	-£ 963,741	-1127.18%	UNVIABLE				

INDUSTRIAL RENTAL EVIDENCE

Address	City	Total sq m	Rent psm	Rent Type	Use	Start Date	Term
Rivermead	Hexham	110	£ 22	Effective	Industrial	08/08/2016	3 yrs
Nelson Way	Cramlington	6,680	£ 22	Effective	Industrial	01/05/2016	10 yrs
Ennerdale Rd	Blyth	1,771	£ 23	Achieved	Industrial	01/03/2016	mtm
Grasmere Way	Blyth	326	£ 23	Effective	Industrial	30/08/2016	3 yrs
Ennerdale Rd	Blyth	2,381	£ 23	Effective	Industrial	15/04/2016	10 yrs
Station Rd	Prudhoe	2,561	£ 23	Effective	Industrial	01/04/2016	15 yrs
A698	Berwick Upon Tweed	385	£ 24	Asking	Industrial	01/07/2016	
Rotary Pky	Ashington	162	£ 24	Effective	Industrial	21/03/2016	5 yrs
Stanners Complex	Morpeth	512	£ 26	Effective	Industrial	31/12/2015	10 yrs
Bassington Ln	Cramlington	304	£ 26	Effective	Industrial	24/02/2017	3 yrs
Fourstones	Hexham	375	£ 27	Achieved	Industrial	15/03/2016	
Atley Way	Cramlington	2,656	£ 27	Effective	Industrial	01/12/2016	10 yrs
Rivermead	Hexham	110	£ 28	Effective	Industrial	13/10/2017	3 yrs
Bassington Ln	Cramlington	200	£ 29	Effective	Industrial	27/04/2016	3 yrs
Bowes Ct	Bedlington	339	£ 29	Achieved	Industrial	14/10/2016	
Fourstones	Hexham	675	£ 30	Effective	Industrial	03/11/2017	3 yrs
4 Coniston Ct	Blyth	1,857	£ 30	Asking	Industrial	10/07/2017	
South Nelson Rd	Cramlington	503	£ 30	Effective	Industrial	12/05/2016	3 yrs
89 Plessey Rd	Blyth	487	£ 31	Asking	Industrial	01/03/2016	
Bassington Ln	Cramlington	201	£ 31	Effective	Industrial	04/08/2016	5 yrs
Bassington Ln	Cramlington	200	£ 31	Effective	Industrial	04/01/2016	5 yrs
Green Ln	Ashington	66	£ 31	Effective	Industrial	17/03/2017	2 yrs
Bassington Ln	Cramlington	200	£ 32	Effective	Industrial	01/02/2016	3 yrs
Fourstones	Hexham	375	£ 32	Effective	Industrial	01/08/2017	3 yrs
Grasmere Way	Blyth	123	£ 32	Effective	Industrial	20/08/2016	3 yrs
Bassington Ln	Cramlington	152	£ 32	Effective	Industrial	09/02/2016	3 yrs
Bassington Ln	Cramlington	200	£ 35	Effective	Industrial	26/04/2017	3 yrs
Longridge Ct	Bedlington	200	£ 35	Effective	Industrial	25/04/2017	3 yrs
Fourstones	Hexham	121	£ 35	Achieved	Industrial	15/06/2016	
21 Wansbeck Business Park	Ashington	718	£ 35	Effective	Industrial	01/03/2016	10 yrs
Colbourne Cres	Cramlington	957	£ 35	Asking	Industrial	01/05/2017	
Colbourne Cres	Cramlington	319	£ 35	Asking	Industrial	01/04/2017	
Bowes Ct	Bedlington	341	£ 35	Asking	Industrial	14/10/2016	
Bassington Ln	Cramlington	194	£ 36	Effective	Industrial	30/06/2017	5 yrs
Grasmere Way	Blyth	123	£ 36	Effective	Industrial	22/08/2016	3 yrs
West Sleekburn	Bedlington	683	£ 37	Asking	Industrial	01/05/2017	
Stephenson Ct	Bedlington	230	£ 37	Effective	Industrial	13/01/2017	3 yrs
Coquet Enterprise Park	Morpeth	245	£ 37	Effective	Industrial	07/12/2016	2 yrs
Bowes Ct	Bedlington	202	£ 37	Effective	Industrial	15/07/2016	1 yr
1 Errington St	Blyth	324	£ 37	Asking	Industrial	15/03/2016	
Nelson Way	Cramlington	548	£ 38	Asking	Industrial	04/01/2017	
Grasmere Way	Blyth	123	£ 38	Effective	Industrial	11/03/2016	3 yrs
Nelson Way	Cramlington	1,338	£ 38	Asking	Industrial	04/01/2017	
Station Rd	Belford	251	£ 38	Asking	Industrial	22/10/2016	
Stephenson Ct	Bedlington	234	£ 38	Effective	Industrial	30/12/2016	3 yrs
3 Rotary Way	Ashington	1,330	£ 39	Asking	Industrial	01/06/2017	
Grasmere Way	Blyth	123	£ 42	Effective	Industrial	31/03/2017	3 yrs
1-5 Burt St	Blyth	220	£ 42	Effective	Industrial	01/06/2017	3 yrs
1-5 Burt St	Blyth	220	£ 43	Effective	Industrial	01/06/2017	5 yrs
Bentley Ct	Blyth	88	£ 43	Effective	Industrial	17/03/2016	5 yrs
Grasmere Way	Blyth	215	£ 43	Asking	Industrial	01/09/2017	
Grasmere Way	Blyth	123	£ 43	Effective	Industrial	01/08/2017	3 yrs
Spencer Rd	Blyth	90	£ 43	Effective	Industrial	12/12/2016	3 yrs
Grasmere Way	Blyth	113	£ 43	Effective	Industrial	20/10/2016	3 yrs
Coquet Vw	Morpeth	149	£ 44	Asking	Industrial	03/01/2017	
Coquet Vw	Morpeth	253	£ 44	Asking	Industrial	01/01/2016	3 yrs
Rotary Pky	Ashington	162	£ 44	Effective	Industrial	23/03/2016	3 yrs
3 Burt St	Blyth	441	£ 44	Effective	Industrial	20/05/2017	3 yrs
Rotary Parkway	Ashington	2,605	£ 44	Asking	Industrial	01/11/2016	10 yrs
Rotary Pky	Ashington	162	£ 46	Effective	Industrial	01/05/2017	3 yrs
Rotary Pky	Ashington	245	£ 46	Asking	Industrial	10/08/2016	1 yr
Bentley Ct	Blyth	103	£ 46	Effective	Industrial	24/08/2017	3 yrs
Nelson Way	Cramlington	557	£ 47	Effective	Industrial	10/06/2016	5 yrs
Longridge Ct	Bedlington	99	£ 47	Effective	Industrial	05/09/2016	3 yrs
Jubilee Industrial Estate	Ashington	56	£ 48	Effective	Industrial	22/11/2017	1 yr
South Road Industrial Estate	Alnwick	309	£ 48	Asking	Industrial	01/11/2016	

Jubilee Industrial Estate	Ashington	74	£	48	Effective	Industrial	08/04/2016	3 yrs
Tyne View Rd	Haltwhistle	102	£	49	Asking	Industrial	01/05/2016	3 yrs
Tyne View Rd	Haltwhistle	102	£	49	Asking	Industrial	01/05/2016	3 yrs
Baker Rd	Cramlington	1,520	£	49	Asking	Industrial	11/08/2016	
East Ord Industrial Estate	Berwick Upon Tweed	406	£	49	Asking	Industrial	01/03/2016	3 yrs
Tyne View Rd	Haltwhistle	204	£	50	Asking	Industrial	20/01/2017	
2 Princess Ct	Prudhoe	464	£	50	Asking	Industrial	01/05/2017	3 yrs
Butchers Ln	Morpeth	184	£	50	Asking	Industrial	01/03/2016	3 yrs
Chareway Ln	Hexham	237	£	51	Asking	Industrial	01/02/2017	
Tyne View Rd	Haltwhistle	100	£	51	Asking	Industrial	01/09/2017	
Glendale Ct	Morpeth	37	£	51	Achieved	Industrial	01/03/2016	3 yrs
Coniston Rd	Blyth	294	£	51	Achieved	Industrial	15/07/2016	
Grasmere Way	Blyth	123	£	51	Effective	Industrial	22/01/2016	3 yrs
Glendale Ct	Morpeth	23	£	52	Effective	Industrial	01/02/2017	3 yrs
Rotary Pky	Ashington	929	£	52	Effective	Industrial	01/06/2016	10 yrs
Nelson Way	Cramlington	557	£	53	Effective	Industrial	08/05/2016	5 yrs
Green Ln	Ashington	32	£	53	Effective	Industrial	08/01/2016	3 yrs
4A-4B Atley Way	Cramlington	341	£	53	Asking	Industrial	01/09/2017	
Altey Way	Cramlington	281	£	53	Asking	Industrial	01/04/2017	
Longridge Ct	Bedlington	93	£	54	Effective	Industrial	13/01/2017	3 yrs
Station Rd	Belford	95	£	54	Asking	Industrial	01/03/2016	3 yrs
41B Colbourne Cres	Cramlington	602	£	54	Asking	Industrial	23/02/2016	
Colbourne Ave	Cramlington	1,493	£	55	Asking	Industrial	01/01/2016	
Armstrong Ct	Ashington	259	£	55	Asking	Industrial	01/04/2016	3 yrs
South Rd	Alnwick	450	£	56	Asking	Industrial	31/10/2016	
Coopies Ln	Morpeth	376	£	56	Asking	Industrial	01/04/2016	3 yrs
Coniston Rd	Blyth	147	£	57	Effective	Industrial	21/06/2017	3 yrs
Armstrong Ct	Ashington	129	£	57	Asking	Industrial	01/05/2016	3 yrs
Green Ln	Ashington	66	£	57	Effective	Industrial	17/06/2016	3 yrs
Armstrong Ct	Ashington	252	£	58	Asking	Industrial	06/05/2016	3 yrs
Colbourne Ave	Cramlington	180	£	59	Effective	Industrial	30/09/2017	3 yrs
Coquet Vw	Morpeth	91	£	60	Asking	Industrial	01/07/2017	3 yrs
Armstrong Ct	Ashington	129	£	60	Asking	Industrial	15/09/2016	
Tyne View Rd	Haltwhistle	54	£	61	Asking	Industrial	01/02/2016	3 yrs
Green Lane	Ashington	64	£	61	Effective	Industrial	09/01/2017	3 yrs
Tyne View Rd	Haltwhistle	57	£	62	Asking	Industrial	01/10/2017	3 yrs
Spencer Ct	Blyth	110	£	62	Asking	Industrial	01/01/2016	3 yrs
Atley Way	Cramlington	124	£	62	Asking	Industrial	01/05/2017	
Haugh Ln	Hexham	93	£	62	Effective	Industrial	01/06/2016	3 yrs
Atley Way	Cramlington	139	£	62	Asking	Industrial	01/04/2017	
Spencer Ct	Blyth	52	£	62	Asking	Industrial	01/01/2016	3 yrs
Coopies Ln	Morpeth	250	£	62	Asking	Industrial	07/12/2016	
Armstrong Ct	Ashington	127	£	62	Asking	Industrial	09/09/2017	3 yrs
Armstrong Ct	Ashington	124	£	62	Asking	Industrial	01/07/2017	3 yrs
East Ord Industrial Estate	Berwick Upon Tweed	275	£	62	Asking	Industrial	01/02/2017	
Green Lane	Ashington	64	£	62	Effective	Industrial	14/12/2016	3 yrs
Princess Ct	Prudhoe	227	£	63	Asking	Industrial	03/01/2017	
Princess Ct	Prudhoe	228	£	63	Asking	Industrial	15/09/2016	
Armstrong Ct	Ashington	124	£	63	Asking	Industrial	01/05/2017	
Ashington Ct	Ashington	46	£	63	Effective	Industrial	17/08/2017	3 yrs
Haugh Ln	Hexham	96	£	64	Effective	Industrial	01/11/2016	5 yrs
Atley Way	Cramlington	140	£	64	Asking	Industrial	07/10/2016	
Spencer Ct	Blyth	210	£	64	Asking	Industrial	01/05/2016	3 yrs
Princess Ct	Prudhoe	176	£	64	Asking	Industrial	03/01/2017	
Lintonville Pike	Ashington	70	£	65	Effective	Industrial	01/10/2017	3 yrs
Butchers Ln	Morpeth	92	£	65	Asking	Industrial	01/03/2017	
Moorland Way	Cramlington	253	£	65	Asking	Industrial	01/03/2017	3 yrs
Lintonville Pky	Ashington	70	£	65	Effective	Industrial	17/02/2017	3 yrs
Pegswood Industrial Estate	Morpeth	139	£	65	Asking	Industrial	01/09/2016	
Pegswood Industrial Estate	Morpeth	93	£	65	Asking	Industrial	15/02/2016	1 yr
Pegswood Industrial Estate	Morpeth	139	£	65	Asking	Industrial	15/02/2016	
Lintonville Pky	Ashington	70	£	65	Effective	Industrial	29/01/2016	3 yrs
Lintonville Pky	Ashington	70	£	65	Achieved	Industrial	29/01/2016	3 yrs
East Ord Industrial Estate	Berwick Upon Tweed	109	£	65	Asking	Industrial	20/10/2016	
Station Rd	Belford	44	£	65	Asking	Industrial	01/04/2016	3 yrs
Spencer Ct	Blyth	210	£	65	Asking	Industrial	01/03/2017	3 yrs
Spencer Rd	Blyth	214	£	65	Asking	Industrial	01/03/2017	3 yrs
Poplar Ct	Cramlington	350	£	66	Asking	Industrial	01/11/2016	
Pegswood Industrial Estate	Morpeth	93	£	66	Asking	Industrial	15/04/2016	

Church Ln	Hexham	285	£	66	Asking	Industrial	30/06/2017	
Amble Industrial Estate	Morpeth	75	£	67	Asking	Industrial	01/07/2016	3 yrs
Spencer Ct	Blyth	70	£	67	Asking	Industrial	01/05/2016	3 yrs
South Nelson Rd	Cramlington	156	£	67	Asking	Industrial	29/02/2016	
Pegswood Industrial Estate	Morpeth	139	£	67	Effective	Industrial	01/01/2017	1 yr
Spencer Ct	Blyth	104	£	67	Asking	Industrial	01/03/2016	3 yrs
Earls Ct	Prudhoe	131	£	67	Asking	Industrial	01/05/2016	3 yrs
Pegswood Industrial Estate	Morpeth	139	£	67	Asking	Industrial	15/02/2016	
Ashington Ct	Ashington	46	£	67	Effective	Industrial	11/10/2017	3 yrs
Ashington Ct	Ashington	70	£	67	Effective	Industrial	29/09/2017	3 yrs
Ashington Ct	Ashington	46	£	67	Effective	Industrial	15/08/2017	3 yrs
Hotspur Ct	Alnwick	139	£	67	Effective	Industrial	05/01/2016	1 yr
Poplar Ct	Cramlington	350	£	67	Asking	Industrial	01/03/2017	3 yrs
Spencer Ct	Blyth	138	£	67	Asking	Industrial	01/07/2017	3 yrs
Spencer Ct	Blyth	110	£	68	Asking	Industrial	01/06/2017	
South Nelson Rd	Cramlington	154	£	68	Asking	Industrial	29/02/2016	
Princess Ct	Prudhoe	139	£	68	Asking	Industrial	01/07/2016	1 yr
Moorland Way	Cramlington	93	£	68	Asking	Industrial	01/12/2016	
Princess Ct	Prudhoe	139	£	69	Asking	Industrial	01/07/2017	3 yrs
Atley Way	Cramlington	139	£	70	Asking	Industrial	09/09/2017	3 yrs
Pegswood Industrial Estate	Morpeth	93	£	70	Effective	Industrial	15/01/2017	1 yr
South Nelson Rd	Cramlington	154	£	70	Achieved	Industrial	25/07/2016	
Moorland Way	Cramlington	93	£	70	Asking	Industrial	01/07/2016	3 yrs
Spencer Ct	Blyth	70	£	70	Asking	Industrial	01/07/2016	3 yrs
Moorland Way	Cramlington	141	£	71	Asking	Industrial	01/08/2017	3 yrs
Pegswood Industrial Estate	Morpeth	93	£	71	Asking	Industrial	15/04/2016	
Moorland Way	Cramlington	335	£	71	Asking	Industrial	01/06/2017	
Colbourne Cres	Cramlington	319	£	71	Asking	Industrial	14/04/2016	
Spencer Ct	Blyth	70	£	72	Asking	Industrial	01/03/2017	3 yrs
Spencer Ct	Blyth	70	£	72	Asking	Industrial	01/02/2017	
Spencer Ct	Blyth	70	£	72	Asking	Industrial	15/09/2016	
Butchers Ln	Morpeth	46	£	72	Asking	Industrial	01/06/2017	
Butchers Ln	Morpeth	46	£	72	Asking	Industrial	07/09/2016	
Bridge End Industrial Estate	Hexham	210	£	74	Asking	Industrial	30/06/2017	3 yrs
Spencer Ct	Blyth	68	£	74	Asking	Industrial	01/03/2017	3 yrs
Pegswood Industrial Estate	Morpeth	46	£	75	Asking	Industrial	01/05/2017	
Pegswood Industrial Estate	Morpeth	46	£	75	Effective	Industrial	31/12/2016	1 yr
Poplar Ct	Cramlington	158	£	75	Asking	Industrial	01/02/2017	
Amble Industrial Estate	Morpeth	51	£	75	Asking	Industrial	01/07/2017	3 yrs
Windmill Way	Berwick Upon Tweed	68	£	75	Asking	Industrial	01/06/2017	
Spencer Ct	Blyth	53	£	76	Asking	Industrial	01/05/2016	3 yrs
Spencer Ct	Blyth	53	£	76	Asking	Industrial	01/04/2016	3 yrs
Pegswood Industrial Estate	Morpeth	46	£	76	Effective	Industrial	01/08/2017	1 yr
Amble Industrial Estate	Morpeth	50	£	77	Asking	Industrial	01/07/2016	3 yrs
Spencer Ct	Blyth	53	£	77	Asking	Industrial	01/05/2017	3 yrs
Spencer Ct	Blyth	53	£	77	Asking	Industrial	01/09/2017	3 yrs
Willowtree Industrial Estate	Alnwick	78	£	77	Asking	Industrial	07/07/2016	3 yrs
Willowtree Industrial Estate	Alnwick	70	£	78	Asking	Industrial	01/06/2016	3 yrs
Willowtree Industrial Estate	Alnwick	124	£	78	Asking	Industrial	12/11/2017	3 yrs
Willowtree Industrial Estate	Alnwick	78	£	79	Asking	Industrial	01/07/2017	3 yrs
Moorland Way	Cramlington	56	£	79	Effective	Industrial	01/09/2017	3 yrs
16 Dukes Ct	Prudhoe	50	£	80	Effective	Industrial	27/07/2017	3 yrs
Dukes Ct	Prudhoe	50	£	80	Effective	Industrial	16/01/2017	3 yrs
Dukes Ct	Prudhoe	20	£	80	Effective	Industrial	02/11/2017	3 yrs
Dukes Ct	Prudhoe	20	£	80	Effective	Industrial	27/03/2017	3 yrs
Grasmere Way	Blyth	215	£	81	Effective	Industrial	30/09/2016	5 mos
South Nelson Rd	Cramlington	103	£	82	Asking	Industrial	29/02/2016	
Marquis Ct	Prudhoe	112	£	83	Effective	Industrial	14/09/2017	3 yrs
Moorland Way	Cramlington	56	£	84	Asking	Industrial	01/02/2017	
Moorland Way	Cramlington	56	£	84	Asking	Industrial	15/09/2016	
Moorland Way	Cramlington	56	£	84	Asking	Industrial	01/12/2016	
Moorland Way	Cramlington	55	£	85	Asking	Industrial	10/09/2017	3 yrs
Dukes Ct	Prudhoe	20	£	85	Effective	Industrial	13/01/2017	3 yrs
Dukes Ct	Prudhoe	20	£	85	Effective	Industrial	10/10/2016	3 yrs
Moorland Way	Cramlington	64	£	86	Asking	Industrial	01/07/2017	3 yrs
South Nelson Rd	Cramlington	53	£	91	Asking	Industrial	01/02/2017	3 yrs

OFFICE RENTAL EVIDENCE

Address	City	Sq m	Rent £psm	Rent Type	Start Date	Use	Term
Crosland Park	Cramlington	232	£ 33	Effective	19/10/2015	Office	5 yrs
17 High Market	Ashington	278	£ 36	Asking	19/06/2015	Office	
Burt St	Blyth	2,154	£ 37	Effective	01/06/2017	Office	10 yrs
Broad Law	Cramlington	133	£ 38	Achieved	22/01/2015	Office	5 yrs
64A Front St W	Bedlington	72	£ 41	Effective	04/02/2016	Office	2 yrs
38-42 Hide Hl	Berwick Upon Tweed	256	£ 42	Achieved	21/10/2015	Office	1 yr
10 Market Pl	Hexham	73	£ 43	Effective	09/01/2017	Office	3 yrs
Crosland Park	Cramlington	232	£ 45	Effective	26/07/2017	Office	3 yrs
Fourstones	Hexham	124	£ 48	Achieved	15/03/2016	Office	
Coniston Rd	Blyth	57	£ 51	Achieved	15/07/2016	Office	
32-34 Bondgate Within	Alnwick	102	£ 54	Effective	15/07/2016	Office	3 yrs
Bridge St	Blyth	180	£ 54	Effective	08/04/2015	Office	5 yrs
St Marys Chare	Hexham	525	£ 54	Asking	01/09/2017	Office	
Crosland Park	Cramlington	139	£ 54	Effective	24/06/2016	Office	5 yrs
Crosland Park	Cramlington	139	£ 55	Effective	23/06/2016	Office	5 yrs
8-9 Market Pl	Hexham	78	£ 56	Asking	14/09/2017	Office	
Burn Ln	Hexham	179	£ 56	Effective	15/05/2016	Office	6 yrs
Warden	Hexham	89	£ 56	Asking	01/10/2016	Office	
Crosland Park	Cramlington	149	£ 57	Effective	11/08/2015	Office	3 yrs
Ochrelands	Hexham	64	£ 59	Asking	01/09/2016	Office	
24 Bondgate Within	Alnwick	124	£ 59	Effective	01/12/2014	Office	6 yrs
Crosland Park	Cramlington	149	£ 59	Effective	20/05/2016	Office	3 yrs
Bridge St	Blyth	117	£ 60	Effective	18/01/2016	Office	1 yr 3 mos
Crosland Park	Cramlington	223	£ 61	Effective	01/09/2016	Office	5 yrs 7 mos
Freehold St	Blyth	92	£ 61	Effective	08/09/2015	Office	12 yrs
18A Bridge St	Morpeth	64	£ 62	Effective	15/07/2015	Office	2 yrs
Freehold St	Blyth	88	£ 65	Effective	08/09/2015	Office	12 yrs
5 Cattle Market	Hexham	146	£ 65	Asking	01/04/2015	Office	
Butchers Ln	Morpeth	92	£ 66	Asking	03/01/2017	Office	
Butchers Ln	Morpeth	92	£ 66	Asking	09/09/2016	Office	
45 Croft Rd	Blyth	150	£ 67	Effective	31/03/2014	Office	3 yrs
Crosland Park	Cramlington	82	£ 67	Effective	22/02/2017	Office	3 yrs
56-60A Front St W	Bedlington	129	£ 68	Effective	06/01/2017	Office	5 yrs
Esther Ct	Ashington	190	£ 68	Effective	26/07/2016	Office	5 yrs 2 mos
8 Bondgate Within	Alnwick	51	£ 68	Effective	10/07/2017	Office	3 yrs
Butchers Ln	Morpeth	46	£ 72	Asking	07/09/2016	Office	
Esther Ct	Ashington	224	£ 73	Effective	01/03/2017	Office	5 yrs
Freehold St	Blyth	91	£ 73	Asking	01/04/2015	Office	
Bridge St	Blyth	158	£ 75	Effective	04/11/2015	Office	9 yrs 6 mos
Freehold St	Blyth	75	£ 75	Asking	01/04/2015	Office	
36 Rear of Bridge St	Morpeth	45	£ 78	Effective	01/03/2017	Office	3 yrs
Apex Business Vlg	Cramlington	114	£ 78	Asking	01/04/2017	Office	
Esther Ct	Ashington	240	£ 81	Effective	22/09/2017	Office	5 yrs
Esther Ct	Ashington	92	£ 81	Effective	01/06/2017	Office	3 yrs
Atley Way	Cramlington	91	£ 82	Achieved	31/03/2015	Office	3 yrs
Vine Ter	Hexham	98	£ 86	Asking	02/11/2014	Office	
Apex Business Park	Cramlington	171	£ 88	Effective	01/04/2017	Office	3 yrs
17 Market Pl	Morpeth	181	£ 89	Asking	01/08/2014	Office	
Apex Business Park	Cramlington	66	£ 91	Effective	01/03/2017	Office	3 yrs
6A Manchester St	Morpeth	60	£ 92	Effective	15/03/2017	Office	5 yrs
Apex Business Vlg	Cramlington	115	£ 92	Effective	01/04/2016	Office	5 yrs
Atley Way	Cramlington	91	£ 92	Achieved	01/02/2017	Office	
Atley Way	Cramlington	91	£ 92	Effective	01/01/2017	Office	3 yrs
82 Beatrice St	Ashington	56	£ 92	Asking	24/06/2015	Office	
Quayside	Berwick Upon Tweed	54	£ 95	Asking	01/08/2014	Office	
Quayside	Berwick Upon Tweed	113	£ 96	Effective	24/02/2016	Office	9 yrs 6 mos
Burn Ln	Hexham	374	£ 96	Achieved	25/03/2014	Office	10 yrs
26 Apex Business Vlg	Cramlington	115	£ 97	Effective	15/07/2016	Office	5 yrs
Quayside	Berwick Tweed	36	£ 97	Asking	01/08/2014	Office	
34A Bridge St	Morpeth	29	£ 98	Effective	04/12/2016	Office	5 yrs
Apex Business Vlg	Cramlington	60	£ 101	Effective	01/07/2017	Office	3 yrs
2 Clayport St	Alnwick	47	£ 101	Achieved	17/07/2014	Office	3 yrs

60 Front St	Bedlington	48	£	103	Achieved	01/09/2015	Office	3 yrs
2 Clayport St	Alnwick	47	£	105	Effective	01/12/2016	Office	3 yrs
Apex Business Vlg	Cramlington	56	£	107	Asking	01/07/2014	Office	1 yr 5 mos
Pegswood Vlg	Morpeth	46	£	110	Asking	15/05/2014	Office	
Sanderson Arcade	Morpeth	87	£	111	Asking	01/12/2014	Office	
The Riding	Hexham	43	£	116	Effective	01/11/2017	Office	1 yr
30 Apex Business Vlg	Cramlington	60	£	116	Effective	15/01/2014	Office	3 yrs
Burn Ln	Hexham	104	£	120	Asking	09/03/2017	Office	
9-16 Telford Ct	Morpeth	261	£	124	Effective	05/09/2014	Office	10 yrs
Manor Walks	Cramlington	41	£	125	Effective	09/11/2016	Office	3 yrs
63 Bridge St	Morpeth	368	£	133	Asking	01/04/2017	Office	
Linnet Ct	Alnwick	224	£	135	Effective	13/03/2017	Office	10 yrs
6A Greensfield Ct	Alnwick	150	£	135	Effective	13/05/2016	Office	7 yrs
Sanderson Arcade	Morpeth	16	£	135	Effective	15/01/2016	Office	1 yr
Hawthorn Close	Alnwick	172	£	135	Asking	01/09/2015	Office	5 yrs
Linnet Ct	Alnwick	224	£	135	Asking	15/04/2015	Office	
Berrymoor Ct	Cramlington	113	£	139	Achieved	30/07/2016	Office	
Telford Ct	Morpeth	247	£	140	Effective	06/07/2015	Office	5 yrs
9-16 Telford Ct	Morpeth	87	£	145	Asking	01/07/2017	Office	3 yrs
Telford Ct	Morpeth	87	£	145	Asking	01/05/2017	Office	3 yrs
Berrymoor Ct	Cramlington	567	£	145	Asking	01/03/2017	Office	
Berrymoor Ct	Cramlington	209	£	145	Effective	01/06/2016	Office	10 yrs
Berrymoor Ct	Cramlington	209	£	145	Asking	15/08/2015	Office	
Berrymoor Ct	Cramlington	209	£	145	Asking	15/08/2015	Office	
Berrymoor Ct	Cramlington	488	£	145	Asking	15/08/2015	Office	
Silverton Ct	Cramlington	488	£	145	Asking	21/05/2015	Office	
Berrymoor Ct	Cramlington	567	£	151	Asking	01/03/2017	Office	
South Park	Hexham	192	£	161	Asking	09/04/2014	Office	
South Park	Hexham	59	£	161	Asking	10/03/2014	Office	
Atley Way	Cramlington	91	£	164	Asking	01/06/2014	Office	
Atley Way	Cramlington	24	£	165	Asking	14/04/2017	Office	
Telford Ct	Morpeth	87	£	167	Asking	05/05/2015	Office	

RETAIL RENTAL EVIDENCE

Address	City	Rent PA	Total sq m	Rent £ psm	Start Date	Use	Term
Powburn	Alnwick	£ 2,400	97	£ 25	05/06/2015	Retail	5 yrs
Shields Rd	Morpeth	£ 4,965	139	£ 36	15/03/2016	Retail	7 yrs
Nelson Way	Cramlington	£ 13,321	354	£ 38	22/05/2017	Retail	5 yrs
77 Station Rd	Ashington	£ 4,673	122	£ 38	21/12/2015	Retail	6 yrs
6 Narrowgate	Alnwick	£ 7,500	184	£ 41	10/04/2017	Retail	4 yrs
1-3 Delaval Ter	Blyth	£ 7,164	163	£ 44	30/08/2017	Retail	5 yrs
24 Fenkle St	Alnwick	£ 10,000	224	£ 45	18/06/2014	Retail	5 yrs
12 Narrowgate	Alnwick	£ 7,000	153	£ 46	01/05/2014	Retail	5 yrs
10 Gilesgate	Hexham	£ 12,000	259	£ 46	01/04/2014	Retail	6 yrs
14 Newgate St	Morpeth	£ 6,000	127	£ 47	01/03/2014	Retail	5 yrs
1-3 Foul Ford	Berwick Upon Tweed	£ 9,000	190	£ 47	30/06/2017	Retail	
5-9 Church St	Blyth	£ 15,000	309	£ 49	11/04/2014	Retail	10 yrs
11-13 Marygate	Berwick Upon Tweed	£ 21,533	434	£ 50	01/11/2015	Retail	10 yrs
20C Hide Hl	Berwick Upon Tweed	£ 2,500	50	£ 50	01/04/2014	Retail	
59 North Seaton Rd	Ashington	£ 4,500	87	£ 51	01/08/2014	Retail	3 yrs
7 Bowes St	Blyth	£ 7,000	136	£ 52	15/07/2016	Retail	
Station Rd	Ashington	£ 8,376	157	£ 53	03/05/2016	Retail	6 mos
Main Rd	Wylam	£ 25,000	466	£ 54	27/08/2017	Retail	20 yrs
15-17 Oldgate	Morpeth	£ 30,000	551	£ 54	02/03/2016	Retail	15 yrs
17 Front St	Prudhoe	£ 9,000	162	£ 56	17/03/2014	Retail	4 yrs 5 mos
16-18 Front St	Bedlington	£ 9,000	157	£ 57	20/10/2014	Retail	
20 Hide Hl	Berwick Upon Tweed	£ 7,500	129	£ 58	01/01/2015	Retail	10 yrs
1-3 Woolmarket	Berwick Upon Tweed	£ 10,000	171	£ 58	02/06/2017	Retail	
9 Park Ave	Bedlington	£ 1,850	31	£ 59	08/06/2015	Retail	5 yrs
7-9 Marygate	Berwick Upon Tweed	£ 15,000	252	£ 60	01/12/2014	Retail	
16-18 Front St	Bedlington	£ 9,000	149	£ 61	20/10/2014	Retail	
16-18 Front St	Bedlington	£ 8,000	130	£ 62	31/03/2016	Retail	
2 Whitley Ter	Bedlington	£ 8,000	127	£ 63	15/08/2017	Retail	
Priestpopple	Hexham	£ 18,500	275	£ 67	09/04/2014	Retail	
6-6A Newgate St	Morpeth	£ 12,751	188	£ 68	04/01/2016	Retail	5 yrs
Bowes St	Blyth	£ 37,000	543	£ 68	16/03/2017	Retail	10 yrs
Bowes St	Blyth	£ 8,000	117	£ 69	16/03/2017	Retail	10 yrs
137-139 Ashington Dr	Choppington	£ 5,426	79	£ 69	01/05/2017	Retail	5 yrs
11 The Oval	Bedlington	£ 2,500	36	£ 70	01/02/2016	Retail	5 yrs
8 Hencotes	Hexham	£ 4,800	69	£ 70	15/05/2014	Retail	3 yrs
122 Milburn	Ashington	£ 3,870	55	£ 70	01/08/2017	Retail	10 yrs
19 Newcastle Rd	Blyth	£ 5,300	73	£ 72	20/09/2016	Retail	3 yrs
45 Hallstile Bank	Hexham	£ 19,534	266	£ 74	01/11/2015	Retail	6 yrs
51 Front St	Newbiggin By The Sea	£ 8,000	109	£ 74	08/09/2017	Retail	5 yrs
24A Newgate St	Morpeth	£ 4,440	60	£ 74	02/09/2017	Retail	5 yrs
25-27 Gibson St	Newbiggin By The Sea	£ 6,240	80	£ 78	23/06/2017	Retail	7 yrs
12-14 Bondgate Within	Alnwick	£ 24,000	305	£ 79	15/07/2016	Retail	
2 Parsons St	Blyth	£ 3,420	43	£ 79	01/02/2015	Retail	2 yrs
Grangemoor Rd	Morpeth	£ 3,500	44	£ 79	01/04/2017	Retail	5 yrs
23 Hide Hl	Berwick Upon Tweed	£ 8,656	109	£ 80	01/04/2016	Retail	5 yrs
40 Front St W	Bedlington	£ 5,804	72	£ 80	15/10/2015	Retail	10 yrs
154 Milburn Rd	Ashington	£ 5,401	65	£ 83	01/03/2017	Retail	5 yrs
22 Battle Hl	Hexham	£ 9,000	109	£ 83	01/02/2015	Retail	
100 Marygate	Berwick Upon Tweed	£ 14,148	164	£ 86	01/09/2017	Retail	5 yrs
23 North Seaton Rd	Ashington	£ 6,591	76	£ 87	01/04/2017	Retail	5 yrs
37 Waterloo Rd	Blyth	£ 20,773	238	£ 87	18/07/2016	Retail	10 yrs
47 Bondgate Within	Alnwick	£ 23,374	262	£ 89	24/02/2017	Retail	10 yrs
42 Bridge St	Morpeth	£ 32,887	368	£ 89	17/11/2017	Retail	10 yrs
76A Front St	Bedlington	£ 7,000	77	£ 91	01/09/2015	Retail	5 yrs
Front St	Cramlington	£ 11,500	125	£ 92	01/05/2014	Retail	15 yrs
13 Hide Hl	Berwick Upon Tweed	£ 8,000	87	£ 92	01/11/2014	Retail	
Greys Yard	Morpeth	£ 18,500	202	£ 92	30/11/2014	Retail	
31 Station Rd	Ashington	£ 20,000	217	£ 92	10/07/2015	Retail	10 yrs
9 Battle Hl	Hexham	£ 10,698	116	£ 93	18/04/2017	Retail	3 yrs
8 Hencotes	Hexham	£ 4,800	52	£ 93	01/05/2016	Retail	5 yrs
110-110A Front St E	Bedlington	£ 6,000	64	£ 94	01/04/2015	Retail	5 yrs
Keel Row	Blyth	£ 42,500	449	£ 95	01/11/2015	Retail	
32-34 Marygate	Berwick Upon Tweed	£ 37,500	394	£ 95	15/06/2015	Retail	

13 Castlegate	Berwick Upon Tweed	£	6,500	68	£	96	16/07/2014	Retail	
25-27 Gibson St	Newbiggin By The Sea	£	7,800	81	£	96	03/08/2015	Retail	10 yrs
8 Regent St	Blyth	£	7,800	80	£	98	01/04/2016	Retail	5 yrs
76 Station Rd	Ashington	£	5,200	51	£	101	10/03/2014	Retail	10 yrs
60 Bridge St	Berwick Upon Tweed	£	7,000	67	£	104	14/05/2015	Retail	5 yrs
4 Front St	Prudhoe	£	8,631	83	£	104	02/02/2017	Retail	3 yrs
6-6A Manchester St	Morpeth	£	8,500	80	£	106	01/11/2016	Retail	5 yrs
Grangemoor Rd	Morpeth	£	3,500	33	£	108	10/05/2017	Retail	5 yrs
87 Marygate	Berwick Upon Tweed	£	21,000	193	£	109	15/08/2015	Retail	5 yrs
22 Front St E	Bedlington	£	4,000	37	£	109	03/05/2016	Retail	3 yrs
15 North Seaton Rd	Ashington	£	8,000	73	£	109	23/02/2017	Retail	10 yrs
60 Bridge St	Berwick Upon Tweed	£	6,000	55	£	110	01/04/2014	Retail	1 yr
Quayside	Berwick Tweed	£	5,200	47	£	110	01/07/2014	Retail	
10 Battle Hl	Hexham	£	15,852	143	£	111	15/10/2015	Retail	10 yrs
14 Woodhorn Rd	Ashington	£	11,000	99	£	111	07/10/2016	Retail	
3 St Marys Chare	Hexham	£	10,500	94	£	112	27/10/2017	Retail	5 yrs
Bowes St	Blyth	£	26,500	236	£	112	02/06/2015	Retail	10 yrs
3 Cattle Market	Hexham	£	17,500	154	£	114	10/03/2014	Retail	
22 Battle Hl	Hexham	£	12,000	105	£	114	10/03/2014	Retail	6 yrs
Keel Row	Blyth	£	16,830	146	£	115	01/09/2016	Retail	10 yrs
10 Front St	Prudhoe	£	6,320	55	£	116	23/12/2015	Retail	6 yrs
16-20 Fore St	Hexham	£	63,000	543	£	116	14/09/2015	Retail	10 yrs
8 Bridge St	Blyth	£	12,000	103	£	116	01/10/2014	Retail	4 mos
26-28 Newgate St	Morpeth	£	1,920	16	£	117	10/09/2014	Retail	
46 Priestpopple	Hexham	£	18,000	153	£	117	01/11/2015	Retail	10 yrs
1 Woodhorn Rd	Ashington	£	5,500	47	£	117	20/03/2014	Retail	6 yrs
Woodhorn Rd	Ashington	£	8,000	67	£	119	31/01/2014	Retail	5 yrs
29 Station Rd	Ashington	£	23,500	194	£	121	01/05/2015	Retail	5 yrs
2 Battle Hl	Hexham	£	11,887	97	£	123	21/09/2016	Retail	6 yrs
131B Pont St	Ashington	£	2,340	19	£	123	15/01/2017	Retail	3 yrs
South Rd	Alnwick	£	39,426	316	£	125	21/08/2015	Retail	15 yrs 5 mos
12 Station Rd	Ashington	£	15,000	120	£	125	27/07/2016	Retail	9 yrs
Market St	Cramlington	£	7,000	56	£	126	16/04/2014	Retail	3 yrs
11 Cattle Market	Hexham	£	27,750	220	£	126	07/05/2014	Retail	10 yrs
Townfoot	Morpeth	£	12,000	95	£	127	01/03/2017	Retail	
1A Market Pl	Alnwick	£	12,000	94	£	127	01/01/2015	Retail	3 yrs
38 Station Rd	Ashington	£	8,656	68	£	127	15/03/2017	Retail	5 yrs
41a Station Rd	Ashington	£	12,000	93	£	129	24/11/2014	Retail	5 yrs
2 Meadowfield	Ashington	£	8,500	66	£	130	01/07/2015	Retail	10 yrs
17 Clayton St	Bedlington	£	4,800	37	£	131	01/03/2017	Retail	1 yr
18a Manchester St	Morpeth	£	4,500	34	£	132	02/03/2015	Retail	3 yrs 8 mos
South Rd	Alnwick	£	201,218	1,517	£	133	15/10/2015	Retail	15 yrs
Station Rd	Hexham	£	250,000	1,879	£	133	03/03/2014	Retail	15 yrs
4 Regent St	Blyth	£	10,400	78	£	133	15/08/2015	Retail	3 yrs
68 Front St	Prudhoe	£	5,600	42	£	133	15/10/2016	Retail	5 yrs
7D Newgate St	Morpeth	£	3,900	29	£	134	06/06/2017	Retail	1 yr
13a Narrowgate	Alnwick	£	6,200	46	£	134	15/06/2014	Retail	
83 Station Rd	Ashington	£	8,500	63	£	134	02/10/2014	Retail	5 yrs
106 Marygate	Berwick Upon Tweed	£	12,000	89	£	135	29/12/2016	Retail	
8 Narrowgate	Alnwick	£	8,000	59	£	136	01/05/2014	Retail	5 yrs
Dewley	Cramlington	£	14,000	102	£	138	01/09/2016	Retail	
10 Market Pl	Wooler	£	58,800	404	£	145	05/11/2014	Retail	20 yrs
Regent St	Blyth	£	18,202	124	£	146	20/12/2016	Retail	5 yrs
129-131 Marygate	Berwick Upon Tweed	£	9,000	61	£	146	16/07/2014	Retail	
10 Wanley St	Blyth	£	8,000	55	£	146	01/06/2014	Retail	
58 Front W	Bedlington	£	4,900	33	£	147	24/10/2016	Retail	1 yr
23 Newgate St	Morpeth	£	16,000	109	£	147	01/11/2014	Retail	10 yrs
Newman @ Battle Hill	Hexham	£	11,716	78	£	150	15/03/2016	Retail	9 yrs
Station Rd	Hexham	£	44,520	295	£	151	14/04/2014	Retail	15 yrs 9 mos
4-4A Battle Hl	Hexham	£	12,500	82	£	152	20/10/2014	Retail	10 yrs
127 Ashington Dr	Choppington	£	4,500	30	£	152	01/10/2015	Retail	5 yrs
14 Narrowgate	Alnwick	£	8,175	53	£	154	07/05/2014	Retail	5 yrs
71-73 Front St	Newbiggin By The Sea	£	15,000	97	£	155	02/11/2015	Retail	7 yrs
25 Main St	Seahouses	£	7,250	46	£	156	25/02/2015	Retail	6 yrs
34 Fore St	Hexham	£	52,500	334	£	157	29/09/2014	Retail	10 yrs
46 Bondgate Within	Alnwick	£	29,000	184	£	158	14/12/2014	Retail	10 yrs

8 Market St	Blyth	£	12,000	76	£	159	30/04/2017	Retail	
14 Narrowgate	Alnwick	£	8,500	53	£	160	23/05/2015	Retail	
Willowburn Ave	Alnwick	£	90,000	557	£	161	01/08/2016	Retail	25 yrs
Station Rd	Hexham	£	108,500	657	£	165	24/03/2014	Retail	15 yrs
Station Rd	Hexham	£	118,125	708	£	167	01/02/2016	Retail	15 yrs
94-94B Marygate	Berwick Upon Tweed	£	9,000	54	£	168	09/02/2017	Retail	3 yrs
33 Gibson St	Newbiggin By The Sea	£	4,160	24	£	173	13/05/2015	Retail	10 yrs
4a Market Pl	Morpeth	£	50,000	288	£	174	01/08/2014	Retail	
20 Market Pl	Bedlington	£	10,001	56	£	179	24/10/2014	Retail	10 yrs
2 Manchester St	Morpeth	£	54,955	305	£	180	25/05/2016	Retail	2 yrs 3 mos
58A & B Station Rd	Ashington	£	6,000	33	£	180	28/01/2015	Retail	5 yrs
Castle Sq	Morpeth	£	7,500	41	£	181	01/10/2014	Retail	5 yrs
14 Priestpopple	Hexham	£	10,000	55	£	182	01/09/2017	Retail	
25-28 Market St	Blyth	£	40,000	220	£	182	01/08/2015	Retail	
13 Battle Hl	Hexham	£	14,000	77	£	183	01/08/2014	Retail	10 yrs
12 Battle Hl	Hexham	£	15,000	81	£	184	28/07/2017	Retail	
16 Oldgate	Morpeth	£	12,000	65	£	185	10/11/2017	Retail	5 yrs
14 Bridge St	Blyth	£	10,400	56	£	185	11/02/2014	Retail	
8 Regent St	Blyth	£	15,000	81	£	185	01/10/2014	Retail	
7A Regent St	Blyth	£	10,000	54	£	187	15/04/2014	Retail	
73 Queen St	Morpeth	£	12,720	66	£	192	15/03/2016	Retail	3 yrs
40 Station Rd	Ashington	£	12,500	65	£	192	15/06/2014	Retail	3 yrs
10 Narrowgate	Alnwick	£	8,000	40	£	198	01/04/2014	Retail	5 yrs
14 Fore St	Hexham	£	14,000	70	£	199	20/10/2017	Retail	3 yrs
108 Marygate	Berwick Upon Tweed	£	12,000	59	£	202	05/11/2014	Retail	
18 Market St	Cramlington	£	6,000	30	£	202	13/10/2014	Retail	3 yrs
7-9 Bridge St	Blyth	£	64,498	312	£	207	15/11/2015	Retail	3 yrs
32 Newgate St	Morpeth	£	16,000	76	£	210	01/10/2014	Retail	
5 Woodhorn Rd	Ashington	£	5,950	28	£	211	05/02/2014	Retail	3 yrs
Morpeth Rd	Ashington	£	30,000	139	£	215	01/06/2014	Retail	
35 Station Rd	Ashington	£	9,750	45	£	216	28/05/2014	Retail	
40 Marygate	Berwick Upon Tweed	£	22,000	100	£	219	12/06/2017	Retail	
1 Battle Hl	Hexham	£	8,400	37	£	226	15/04/2016	Retail	6 yrs
83-85 Plessey Rd	Blyth	£	7,500	33	£	227	01/09/2015	Retail	4 yrs
Keel Row	Blyth	£	10,002	44	£	229	29/10/2015	Retail	7 yrs
33 Gibson St	Newbiggin By The Sea	£	5,720	25	£	232	19/09/2014	Retail	10 yrs
25 St Marys Chare	Hexham	£	9,500	40	£	235	01/11/2014	Retail	6 yrs
55 Bridge St	Morpeth	£	19,200	81	£	236	20/03/2017	Retail	
17 Newgate St	Morpeth	£	6,500	27	£	238	01/11/2016	Retail	
21 Bridge St	Morpeth	£	34,000	142	£	240	01/04/2014	Retail	10 yrs
Manor Walks	Cramlington	£	65,000	271	£	240	01/07/2014	Retail	10 yrs
2 Regent St	Blyth	£	4,420	18	£	250	17/03/2014	Retail	3 yrs
12 Hallstile Bank	Hexham	£	6,000	24	£	255	01/12/2015	Retail	2 yrs
42-44 Woodhorn Rd	Ashington	£	23,000	85	£	269	31/01/2014	Retail	
33 Gibson St	Newbiggin By The Sea	£	6,480	24	£	269	24/05/2017	Retail	3 yrs
82 Marygate	Berwick Upon Tweed	£	15,000	54	£	279	01/12/2014	Retail	
Sanderson Arcade	Morpeth	£	72,500	256	£	284	16/07/2015	Retail	
Hill St	Corbridge	£	11,000	37	£	294	01/05/2017	Retail	3 yrs
16 St Marys Chare	Hexham	£	6,000	20	£	299	02/12/2014	Retail	5 yrs
17 Newgate St	Morpeth	£	6,500	21	£	304	01/11/2016	Retail	
3 Newmarket	Morpeth	£	9,500	31	£	305	01/03/2017	Retail	
28 Bridge St	Morpeth	£	14,509	47	£	309	01/10/2016	Retail	6 yrs
26 Fore St	Hexham	£	14,000	45	£	314	01/09/2015	Retail	3 yrs
5-5A Oldgate	Morpeth	£	17,500	56	£	314	01/01/2015	Retail	25 yrs
72 Bondgate Within	Alnwick	£	22,498	69	£	324	24/05/2017	Retail	1 yr
5 Regent St	Blyth	£	43,000	132	£	326	09/06/2015	Retail	10 yrs
16B St Marys Chare	Hexham	£	5,250	16	£	332	27/01/2017	Retail	1 yr
17 Newgate St	Morpeth	£	6,500	19	£	335	01/11/2016	Retail	
Sanderson Arc	Morpeth	£	55,617	164	£	338	01/12/2015	Retail	10 yrs
16 St Marys Chare	Hexham	£	5,500	16	£	344	10/09/2014	Retail	5 yrs
17 Newgate St	Morpeth	£	6,500	18	£	359	01/11/2016	Retail	
5-7 Bridge St	Morpeth	£	42,500	116	£	367	15/06/2015	Retail	10 yrs
19-19A St Marys Chare	Hexham	£	12,180	29	£	415	19/05/2014	Retail	10 yrs
19 Watling St	Corbridge	£	8,000	18	£	442	30/09/2017	Retail	3 yrs
20A Watling St	Corbridge	£	15,500	24	£	644	23/05/2014	Retail	
36A Fore St	Hexham	£	11,000	14	£	795	15/02/2015	Retail	5 yrs

Lease Comps Details

Lease Comps Report

1 Willowburn Ave - Detached Unit

Alnwick, NE66 2JH - Northumberland Submarket

MARKET AT LEASE

Vacancy Rates	2016 Q2	YOY
Current Building	95.1%	-
Submarket 2-4 Star	3.6%	▼ 1.0%
Market Overall	3.1%	▲ 0.3%

Same Store Asking Rent/SF	2016 Q2	YOY
Current Building	£15.00	-
Submarket 2-4 Star	£19.70	▼ 0.7%
Market Overall	£25.25	▼ 2.0%

Submarket Leasing Activity	2016 Q2	YOY
12 Mo. Leased SF	82,348	▼ 20.5%
Months On Market	9.4	▼ 2.0

TENANT

Tenant Name:	Pets at Home Ltd
Industry:	Retailers/Wholesalers
SIC:	Misc Retail Stores

LEASE

SF Leased:	6,000 SF
Sign Date:	Apr 2016
Space Use:	Retail
Lease Type:	Direct
Floor:	GRND Floor
Suite:	Stand Alone Unit

LEASE TERM

Start Date:	Aug 2016
Expiry Date:	Jul 2041
Lease Term:	25 Years

TIME ON MARKET

Date On Market:	Jun 2010
Date Off Market:	Apr 2016
Months on Market:	71 Months

LEASING AGENTS

Sykes Property Consultants
Clavering Pl
Newcastle Upon Tyne, NE1 3NG
Jonathan Sykes 0191 466 1076

RENTS

Asking Rent:	£90,000/Yr

CONCESSIONS AND BUILDOUT

Buildout Status:	Shell Space

PROPERTY EXPENSES

Service:	Fully Repairing & In...
Service Charge:	None

TIME VACANT

Date Vacated:	Aug 2016
Date Occupied:	Aug 2016
Months Vacant:	1 Day

PROPERTY

Property Type:	Retail	NIA:	6,308 SF
Status:	Built Jun 2016	Floors:	1
Tenancy:	Single	Floor Size:	6,308 SF
Construction:	Steel	Vacancy at Lease:	95.1%

LEASE NOTES

Pets At Home has taken 6,000 sq ft (557.4 sq m) of ground-floor retail space from Northumberland Estates Ltd on confidential terms. Sykes Property Consultants acted on behalf of Northumberland Estates Ltd. The quoting rent was £90,000 pa. Deal confirmed by Jonathan Sykes at Sykes Property Consultants.

Lease Comps Details

Lease Comps Report

2 Station Rd

Hexham, NE46 1AJ - Northumberland Submarket

TENANT

Tenant Name:	Poundstretcher Ltd
Industry:	Retailers/Wholesalers
SIC:	Misc Retail Stores

LEASE

SF Leased:	7,621 SF
Sign Date:	Feb 2016
Space Use:	Retail
Lease Type:	Direct
Floor:	GRND Floor
Suite:	3

RENTS

Asking Rent:	£121,936/Yr
Achieved Rent:	£118,125/Yr
Net Effective Rent:	£118,125/Yr

CONCESSIONS AND BUILDOUT

Asking Discount:	3.13%
Buildout Status:	Full Build-Out

LEASE TERM

Start Date:	Feb 2016
Expiry Date:	Jan 2031
Lease Term:	15 Years
Breaks:	Tenant - Feb 2026
Reviews:	Feb 2021, Feb 2026

PROPERTY EXPENSES

Service:	Fully Repairing & In...
Service Charge:	Withheld
Business Rates:	£42,372/Yr

MARKET AT LEASE

Vacancy Rates	2016 Q1	YOY
Current Building	0.0%	▼ 21.5%
Submarket 2-4 Star	4.1%	▲ 0.2%
Market Overall	2.8%	▲ 0.2%

Same Store Asking Rent/SF	2016 Q1	YOY
Current Building	£16.00	◄► 0.0%
Submarket 2-4 Star	£19.63	▼ 0.6%
Market Overall	£25.25	▼ 1.7%

Submarket Leasing Activity	2016 Q1	YOY
12 Mo. Leased SF	96,046	▲ 36.3%
Months On Market	10.9	▲ 1.0

TIME ON MARKET

Date On Market:	Mar 2014
Date Off Market:	Feb 2016
Months on Market:	23 Months

TIME VACANT

Date Vacated:	Mar 2014
Date Occupied:	Feb 2016
Months Vacant:	23 Months

LEASING AGENTS

Knight Frank LLP
55 Baker St
London, W1U 8AN
Alex Munro 020 7861 1116

Sykes Property Consultants
Clavering Pl
Newcastle Upon Tyne, NE1 3NG
Jonathan Sykes 0191 466 1076

PROPERTY

Property Type:	Retail
Status:	Built Feb 2014
Tenancy:	Multi
Construction:	Steel
Parking:	147 Surface Spaces...

NIA:	34,923 SF
Floors:	1
Floor Size:	34,923 SF
Vacancy at Lease:	0.0%

LEASE NOTES

Poundstretcher Ltd has taken 7,621 sq ft (708 sq m) of ground-floor retail space within Unit 3 from Network Rail Ltd on a 15-year lease at £118,125 pa, subject to five-yearly rent reviews and an option to break in year 10. Knight Frank LLP & Sykes Property Consultants acted on behalf of Network Rail Ltd. Achieved rent confirmed by Jonathan Sykes at Sykes Property Consultants. EPC Rating confirmed as: F.

Lease Comps Details

Lease Comps Report

3 South Rd - Aldi

Alnwick, NE66 2PA - Northumberland Submarket

MARKET AT LEASE

Vacancy Rates	2015 Q4	YOY
Current Building	3.7%	-
Submarket 2-4 Star	4.4%	▼ 1.5%
Market Overall	2.7%	▼ 0.1%

Same Store Asking Rent/SF	2015 Q4	YOY
Current Building	£13.73	-
Submarket 2-4 Star	£19.50	▼ 1.5%
Market Overall	£25.12	▼ 2.8%

Submarket Leasing Activity	2015 Q4	YOY
12 Mo. Leased SF	105,520	▲ 55.1%
Months On Market	9.3	▼ 2.0

TENANT

Tenant Name:	Aldi
Industry:	Retailers/Wholesalers
SIC:	Grocery Stores

LEASE

SF Leased:	16,332 SF
Sign Date:	Oct 2015
Space Use:	Retail
Lease Type:	Direct
Floor:	GRND Floor

LEASE TERM

Start Date:	Oct 2015
Expiry Date:	Oct 2030
Lease Term:	15 Years
Reviews:	Oct 2020, Oct 2025

TIME VACANT

Date Occupied:	Oct 2015

RENTS

Achieved Rent:	£201,218/Yr

PROPERTY EXPENSES

Service:	Fully Repairing & In...

PROPERTY

Property Type:	Retail	NIA:	16,332 SF
Status:	Built 2015	Floors:	1
Tenancy:	-	Floor Size:	16,332 SF
Construction:	Reinforced Concrete	Vacancy at Lease:	3.7%
Parking:	80 Surface Spaces a...	Land Acres:	2.92

RENTAL YIELD EVIDENCE											
No.	Name	Address	Town	Pcode	Built	Sq m	Yield	Price Per SF	PropertyType	Sale Date	Sale Price
16		16-20 Fore St	Hexham	NE46 1LZ	1900	547	5.81	174.2	Retail	01/03/2016	£ 1,025,000
	Barclays Bank	Westgate	Haltwhistle	NE49 9AG	1910	135	6	116.84	Retail	21/03/2016	£ 170,000
22		22 Bridge St	Blyth	NE24 2BW	1920	280	6.45	104.51	Retail	11/02/2016	£ 315,000
37		37 Waterloo Rd	Blyth	NE24 1BW	1876	238	6.5	109.33	Retail	01/10/2016	£ 280,000
10		10 Market Pl	Wooler	NE71 6LH		404	6.62	192.97	Retail	21/09/2015	£ 840,000
27		27-27A Grange Rd	Alnwick	NE66 2XN	1960	87	6.67	140.96	Retail	28/02/2014	£ 132,500
	Booker Cash And Carry	Coopies Ln	Morpeth	NE61 6JS	1975	3,232	6.74	51.4	Retail	18/08/2017	£ 1,788,000
	Manor Walks Shopping Centre	Manor Walks	Cramlington	NE23 6RT	1992	37,377	7.1	194.39	Shopping Centre	15/08/2016	£ 78,210,000
32		32-34 Bondgate Within	Alnwick	NE66 1TD	1980	1,239	7.21	101.25	Retail	29/01/2016	£ 1,350,000
	The Toll House	Castle Sq	Morpeth	NE61 1YB	1850	41	7.54	219.53	Retail	25/09/2014	£ 97,690
4		4 Bridge St	Morpeth	NE61 1NG	1859	395	7.65	125.97	Retail	08/07/2014	£ 535,000
23		23 Market Place	Hexham	NE46 3NX	1850	75	7.85	177.46	Retail	30/03/2015	£ 142,500
2		2 Narrowgate	Alnwick	NE66 1JG	1920	254	7.97	124.22	Retail	23/09/2015	£ 340,000
15		15-17 Bondgate Within	Alnwick	NE66 1SX	1880	119	8.14	412.77	Retail	26/04/2017	£ 530,000
119	Scotgate House	119-125 Marygate	Berwick	TD15 1BH	1900	713	8.19	148.53	Retail	07/04/2014	£ 1,140,000
10	Retail Unit	10-12 Battle Hl, Basement	Hexham	NE46 1BB	1920	179	8.34	127.21	Retail	01/04/2016	£ 245,000
60	Retail Unit	60-66B Queen St, 66/Ground	Morpeth	NE65 0DD	1910	42	8.69	122.81	Retail	15/05/2016	£ 56,000
6		6-8 Newgate St	Morpeth	NE61 1BA	1921	254	9	97	Retail	20/07/2015	£ 265,000
26		26-28 Newgate St	Morpeth	NE61 1BA	1934	203	9.21	123.74	Retail	20/05/2014	£ 270,000
70		70-74 Marygate	Berwick	TD15 1BN	1789	371	9.65	200.3	Retail	22/05/2014	£ 800,000
23		23 Station Rd	Ashington	NE63 9UZ	1930	315	10.42	81.74	Retail	06/07/2016	£ 277,000
23		23 Station Rd	Ashington	NE63 9UZ	1930	315	10.57	67.87	Retail	04/03/2016	£ 230,000
45		45-47 High St	Wooler	NE71 6BH	1920	531	11.07	25.38	Retail	01/02/2015	£ 145,000
3	The Phoenix	3 Chisholm Pl	Hexham	NE46 1QL	1900	297	12.1	62.54	Retail	01/11/2015	£ 200,000
110		110-110A Front St E	Bedlington	NE22 5AE	1880	64	12.6	128.28	Retail	28/01/2016	£ 88,000
25		25 Waterloo Rd	Blyth	NE24 1BW	1900	324	14	71.59	Retail	18/05/2015	£ 250,000
	Mecca Bingo	Rink St	Blyth	NE24 1AL	1979	2,554	14.82	34.56	Retail	13/02/2014	£ 950,000
25A		25A Bowes St	Blyth	NE24 1BD	1920	45		92.78	Retail	04/07/2016	£ 45,000
167		167 Woodhorn Rd	Ashington	NE63 9EU	1955	52		80.36	Retail	03/08/2015	£ 45,000
138		138 Milburn Rd	Ashington	NE63 0PQ	1928	52		87.19	Retail	22/02/2017	£ 49,000
73		73 Queen St	Morpeth	NE65 0DA	1920	66		112.13	Retail	29/09/2014	£ 79,950
8		8-8a Bridge St	Blyth	NE24 1BL		103		71.94	Retail	09/02/2015	£ 80,000
6		6 Battle Hl	Hexham	NE46 1BB	1920	93		84.66	Retail	15/02/2016	£ 85,000
1		1-3 Hide Hl	Berwick	TD15 1EQ	1894	46		212.12	Retail	24/01/2014	£ 105,000
151		151-153 Hawthorn Rd	Ashington	NE63 0SP	1910	144		93.49	Retail	01/04/2016	£ 145,000
21		21-22 Market St	Blyth	NE24 1BQ	1920	208		64.76	Retail	15/10/2016	£ 145,000
1		1-1a Battle Hill	Hexham	NE46 1BB	1908	172		82.3	Retail	16/01/2015	£ 152,500
81		81 Front St	Prudhoe	NE42 5PU	1902	199		82.59	Retail	25/04/2017	£ 177,000
5		5-5A Oldgate	Morpeth	NE61 1PY	1895	56		383.33	Retail	07/06/2017	£ 230,000
60		60 Newgate St	Morpeth	NE61 1BE	1935	284		89.96	Retail	02/06/2017	£ 275,000
4		4 Bridge St	Morpeth	NE61 1NG	1859	395		144.81	Retail	10/01/2015	£ 615,000

OFFICE YIELD EVIDENCE											
No.	Name	Address	Town	Pcode	Built	Sq m	Yield	Price Per SF	PropertyType	Sale Date	Sale Price
5		5 Battle Hl	Hexham	NE46 1NL	1910	335	5.5	152.35	Office	08/07/2014	£ 550,000
	Ramparts Business Park	Windmill Way	Berwick	TD15 1TA	2008	836	8.2	67.78	Office	30/09/2016	£ 610,000
45	The Point	45-49 Bowes St	Blyth	NE24 1EB	1889	251		39.61	Office	11/08/2017	£ 107,000
	Prudhoe Health Centre	West Wylam Dr	Prudhoe	NE42 5JE	1967	567		20.5	Office	28/02/2014	£ 125,000
1	The Old Post Office	1 Clayport St	Alnwick	NE66 1LA	1815	473		55.95	Office	29/02/2016	£ 285,000
	Prospect House	Hallgate	Hexham	NE46 1XD	1884	956		44.72	Office	31/07/2016	£ 460,000
	Hepscott Park	Stannington	Morpeth	NE61 6NF	1920	4,338		177.02	Office	30/03/2017	£ 8,265,540

INDUSTRIAL YIELD EVIDENCE											
No.	Name	Address	Town	Pcode	Built	Sq m	Yield	Price Per SF	PropertyType	Sale Date	Sale Price
	Wansbeck Business Park	Rotary Pky	Ashington	NE63 8QW	1999	2,053	7.36	45.03	Industrial	30/06/2015	£ 995,000
	Howdens	Coopies Ln	Morpeth	NE61 6JN	1980	744	8.48	56.19	Industrial	22/10/2014	£ 450,000
	Industrial Unit	Spencer Rd, A - F/Ground	Blyth	NE24 5TG	1975	5,571	10.62	25.01	Industrial	17/07/2017	£ 1,500,000
	Atley Business Park	Atley Way	Cramlington	NE23 1WP	1980	2,656	11.6	16.61	Industrial	10/06/2014	£ 475,000
	Bentley Court	Coniston Rd	Blyth	NE24 4RL	2000	819		29.22	Industrial	04/03/2014	£ 257,500
	Factory/Warehouse	Coniston Rd	Blyth	NE24 4RF	2000	9,415		10.85	Industrial	14/07/2016	£ 1,100,000
	Industrial Unit	Coniston Ct, 2/Ground	Blyth	NE24 4RP	2005	831		607.04	Industrial	01/07/2014	£ 5,430,000
	Industrial Unit	Coniston Ct, 3/Ground	Blyth	NE24 4RF	2005	1,042		484.13	Industrial	01/07/2014	£ 5,430,000
1		1 Atley Way N	Cramlington	NE23 1WW	2018	6,885		149.6	Industrial	11/04/2017	£ 11,087,000