

# **VIV WATTS & JASBINDER SINGH**

Rental Analysis in respect of:

**65-68 High Street  
Burton on Trent  
Staffordshire  
DE14 1LE**

Valuation effective date: 9 March 2020

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## Summary

For ease of reference, a summary of the key aspects of the valuation is set out below. It should be stressed however that these extracts must be read in the full context of the report.

- 1. Address**  
65-68 High Street  
Burton on Trent  
Staffordshire  
DE14 1LE
- 2. Floor Area**  
First Floor: 413.00m<sup>2</sup> (4,446 sq ft)  
Second Floor: 117.00m<sup>2</sup> (1,259 sq ft)  
  
Total (Gross Internal): 530.00m<sup>2</sup> (5,705 sq ft)
- 3. Purpose of Valuation**  
Analysis of the viability gap for a social housing development in comparison to an open market residential scheme
- 4. Effective Valuation Date**  
9 March 2020
- 5. Social Housing Rent**  
£49,920 p.a.x. (Gross)  
(Forty Nine Thousand Nine Hundred and Twenty Pounds)
- 6. Open Market Rent**  
£72,000 p.a.x. (Gross)  
(Seventy Two Thousand Pounds) per annum exclusive
- 7. Gross Development Cost**  
£800,000  
(Eight Hundred Thousand Pounds)

# Rental Analysis relating to 65-68 High Street, Burton on Trent, Staffordshire, DE14 1LE

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AH/TJB/4708/19-173

9 March 2020

Viv Watts & Jasbinder Singh  
65-68 High Street  
Burton on Trent  
Staffordshire  
DE14 1LE

Dear Sirs

## Rental Analysis

In respect of 65-68 High Street, Burton on Trent, Staffordshire, DE14 1LE

### 1.0 Introduction

1.1 Following receipt of your verbal instructions we have carried out our rental analysis of the above-mentioned property.

### 2.0 Identification and status of valuer

Anwar Hussain

BSc (Hons) MRICS

RICS Registered Valuer

2.1 The analysis and rental valuation has been undertaken by Anwar Hussain, RICS Registered Valuer, acting as an External Valuer. Mr Hussain has experience in dealing with the valuation of similar properties in the region.

## 3.0 The client

3.1 Viv Watts & Jasbinder Singh  
65-68 High Street  
Burton on Trent  
Staffordshire  
DE14 1LE

## 4.0 Purpose of valuation

4.1 Analysis of the viability gap for a social housing development in comparison to an open market residential scheme.

4.2 The rental valuation has been based on comparable market evidence.

## 5.0 Property inspection

5.1 The property was inspected and its accommodations documented by Anwar Hussain on 25 February 2020, roughly between the hours of 10am and 11.30am. The weather at the time was cloudy.

## 6.0 Valuation date

6.1 The valuation date is 9 March 2020.

## 7.0 Basis of value

7.1 The property has been valued on an open market rental and social housing rental basis.

7.2 We have prepared our valuation on the basis set out below with the definitions set by the RICS Valuation – Global Standards 2017:

**Market Rent** – “The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”

### 8.0 Location

- 8.1 Burton on Trent is a large industrial town with a population of around 60,000 situated within the Borough of East Staffordshire adjacent to the A38 dual carriageway. The town lies approximately 15 miles south west of Derby and benefits from convenient links via the A38 and A50 to the M1, M6 and national road network.
- 8.2 The premises comprise a part, Grade II Listed building synonymous with Burton on Trent and prominently located on the High Street on the periphery of the town centre in what is a mix of retail and office accommodation lying opposite the former Riverside Centre which will shortly be developed residentially. The retail core of the town centre is within convenient walking time and by road the A38 intersection at Clay Mills is approximately 2 miles away.
- 8.3 A location plan is at Appendix 1.0.

### 9. Description

- 9.1 The building is of part two/three storey, traditional brick construction having an extensive frontage to High Street of approximately 27m (88’7”) and occupying a site of approximately 0.32 hectares (0.79 acres) which includes a large tarmac surfaced car park. The latter is currently let to East Staffordshire Borough Council on an Agreement which can be terminated with either side giving three months notice.
- 9.2 With regard to the appraisal, this relates to the first and second floor of the accommodation which currently comprises office accommodation and the vendor is proposing to convert to provide 12, one bedroom apartments.
- 9.3 Each apartment will comprise lounge/dining room/kitchen, bedroom and bathroom. Internally each apartment will comprise laminate flooring, tiling in the kitchen area and bathroom with plastered and painted walls, spotlighting and heating is via electric wall panel heaters.

9.4 Plans of the proposed development are at Appendix 2.0.

9.5 A site plan and photographs are at Appendices 3.0 and 4.0 respectively.

## 10.0 Schedule of accommodation

10.1 We have inspected the subject property and, in accordance with the RICS Property Measurement (2nd Edition), we have calculated the following floor areas:-

First Floor:	413.00m <sup>2</sup> (4,446 sq ft)
Second Floor:	117.00m <sup>2</sup> (1,259 sq ft)
Total (Gross Internal):	Approx 530.00m <sup>2</sup> (5,705sq ft)

## 11.0 Construction/Development Costs

11.1 A development appraisal for the refurbishment of the existing building to provide 12, one bedroom apartments on the first and second floors has been provided.

11.2 You will note from the schedule that the gross development costs equate to approximately £800,000 to redevelop the upper floors. The costs are detailed in the schedule and the development costs of approximately £90 per sq ft in our opinion is reflective of the market for refurbishment/redevelopment costs for this type of establishment in this location.

11.3 In addition, there are further costs including legal, demolition, M&E design etc which are detailed in the schedule below.

## Rental Analysis relating to 65-68 High Street, Burton on Trent, Staffordshire, DE14 1LE

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### 12.0 Development Appraisal

Apartments	12	
Development Cost per Unit	42,895	514,740
Legal Costs	200	2,400
Demolition	1,000	12,000
M&E Design	500	6,000
Drainage	1,200	14,400
Structural Engineer	750	9,000
Utilities Connection	700	8,400
FF&E	1,500	18,000
Project Supervision	2,000	24,000
Planning	1,392	16,704
	—————	—————
Total Build Costs		625,644
Land Costs		173,678 *
*Pro rata based on floor area and the purchase price		—————
Gross Development Cost		£799,322
		—————
		say £800,000
		—————



## 13.0 Rental Analysis

- 13.1 We have reviewed the social housing rental market and we understand that £80 per week is the market rent for this sector for this type of accommodation in this location. This equates to an annual rent of £4,160 per apartment and a gross rent of £49,920 for all 12. We have then deducted 10% for management costs which equates to a pre-tax rent of £44,928 and then further deducted corporation tax (19%) to arrive at our net income of £36,390. This equates to a yield of 4.5% on the gross development costs of £799,322.
- 13.2 We have then reviewed the rental valuation of the apartments on an open market basis based on the plans, the specification of the apartments and the location on the High Street in Burton on Trent. In our opinion a monthly rent of approximately £500 per calendar month is achievable in this location. This equates to an annual rent of £6,000 per annum, per apartment and a gross rent of £72,000 per annum for all 12 apartments. We have then deducted 10% for management costs, which equates to a pre-tax rent of £64,800 and then further deducted corporation tax (19%) to arrive at a rental income of £52,488 per annum.
- 13.3 As a developer you need to achieve a minimum net yield of 6.5% for a project to be feasible, ie on a gross development cost of £800,000. This equates to a net rent of approximately £52,100 per annum. Based on the two schemes as highlighted above, there would be a shortfall on the social housing net income of approximately £15,710 per annum.
- 13.4 You will note from our analysis a net yield of 6.5% is achievable based on the open market rent scheme in comparison to the social housing scheme which only achieves a yield of approximately 4.5%.
- 13.5 As mentioned earlier in the report you are looking to achieve a net yield on the gross development costs of 6.5% based on the net rental income. We have analysed the two rental incomes and have capitalised both incomes (social housing income and open market income) by a yield of 6.5%.
- 13.6 The social housing income achieves a gross development cost of £559,678 and the open market rent income achieves a gross development cost of £802,200 based on a yield of 6.5%.
- 13.7 Therefore, to conclude, there is a funding viability gap of £242,522 in development costs when comparing the two schemes.

## 14.0 Valuation

**Purpose:**

Analysis of the viability gap for a social housing development in comparison to an open market residential scheme

**Effective Date:**

9 March 2020

**Basis 1:**

Social Housing Rent

**Valuation:**

£49,920 (Forty Nine Thousand Nine Hundred and Twenty Pounds) per annum exclusive (Gross)

**Basis 2:**

Open Market Rent

**Valuation:**

£72,000 (Seventy Two Thousand Pounds) per annum exclusive (Gross)

**Basis 3:**

Gross Development Cost

**Valuation:**

£800,000 (Eight Hundred Thousand Pounds)

## 15.0 Disclosure

- 15.1 This valuation and report has been prepared on the basis that all information and facts, which may affect the valuation, have been disclosed to us by the parties concerned and no liability or responsibility can be accepted, unless full disclosure has been made.

Rental Analysis relating to 65-68 High Street, Burton on Trent, Staffordshire,  
DE14 1LE

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Signed\_\_\_\_\_

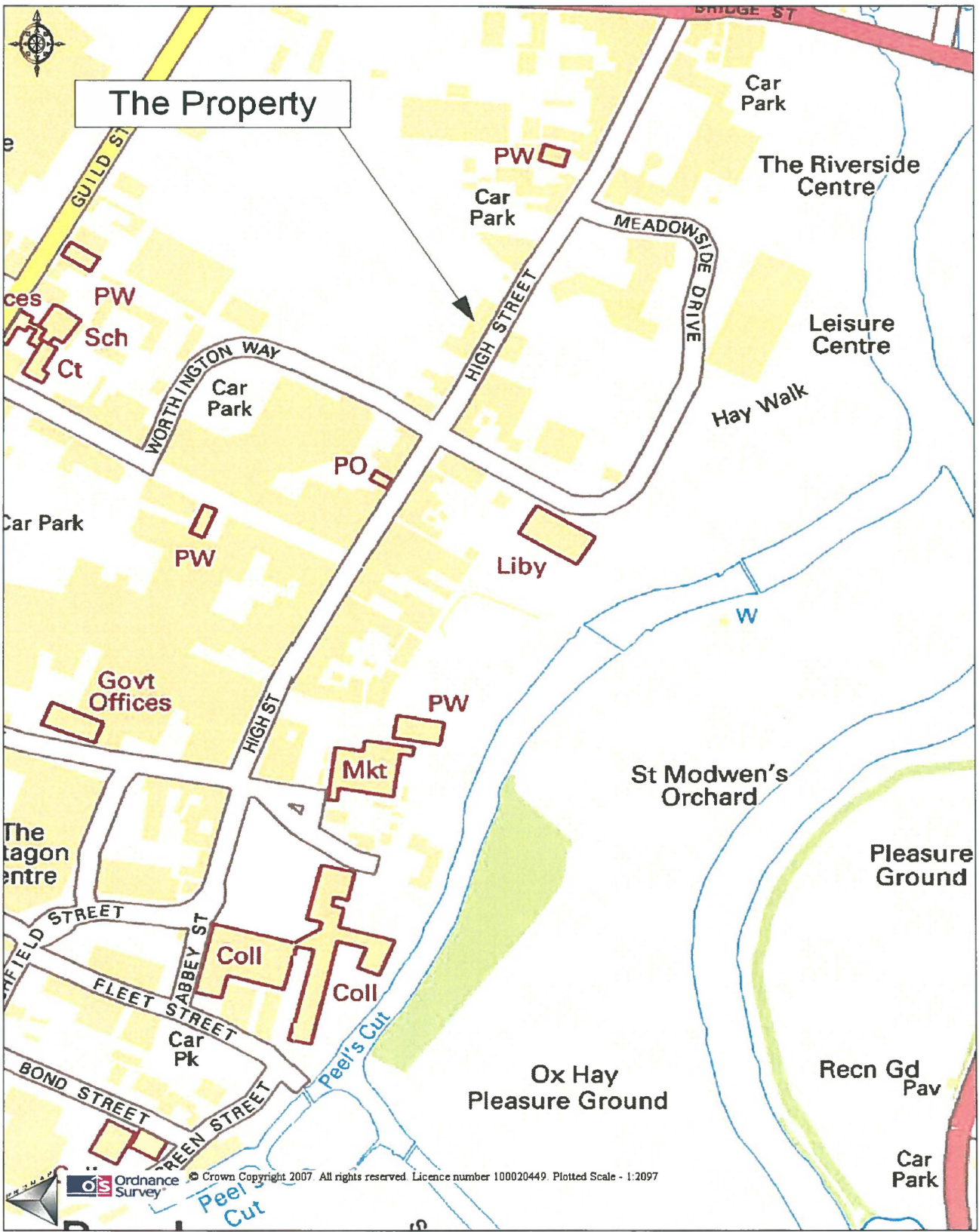
**Anwar Hussain BSc (Hons) MRICS**

RICS Registered Valuer

9 March 2020

**APPENDIX 1.0**

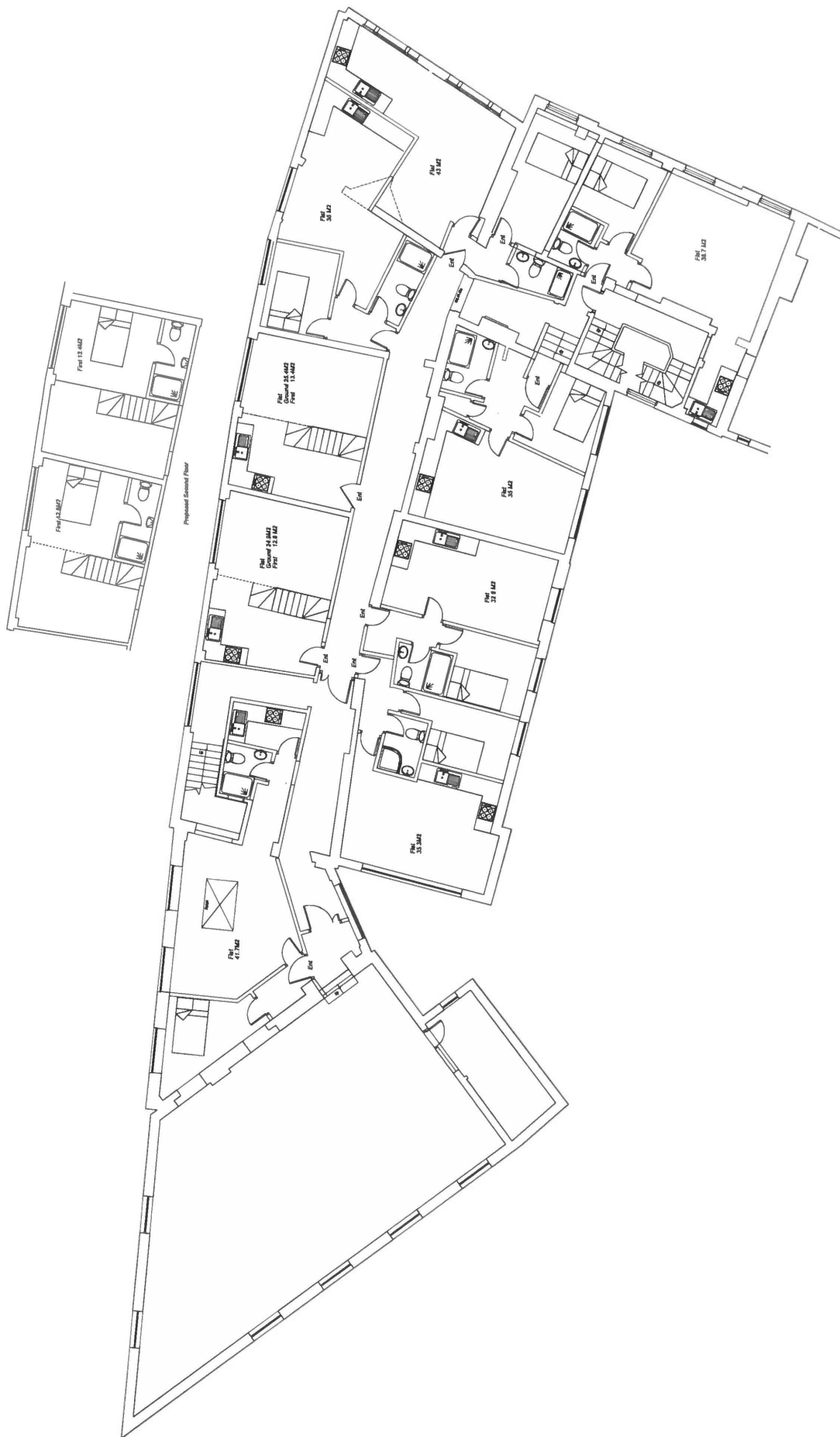
**LOCATION PLAN**



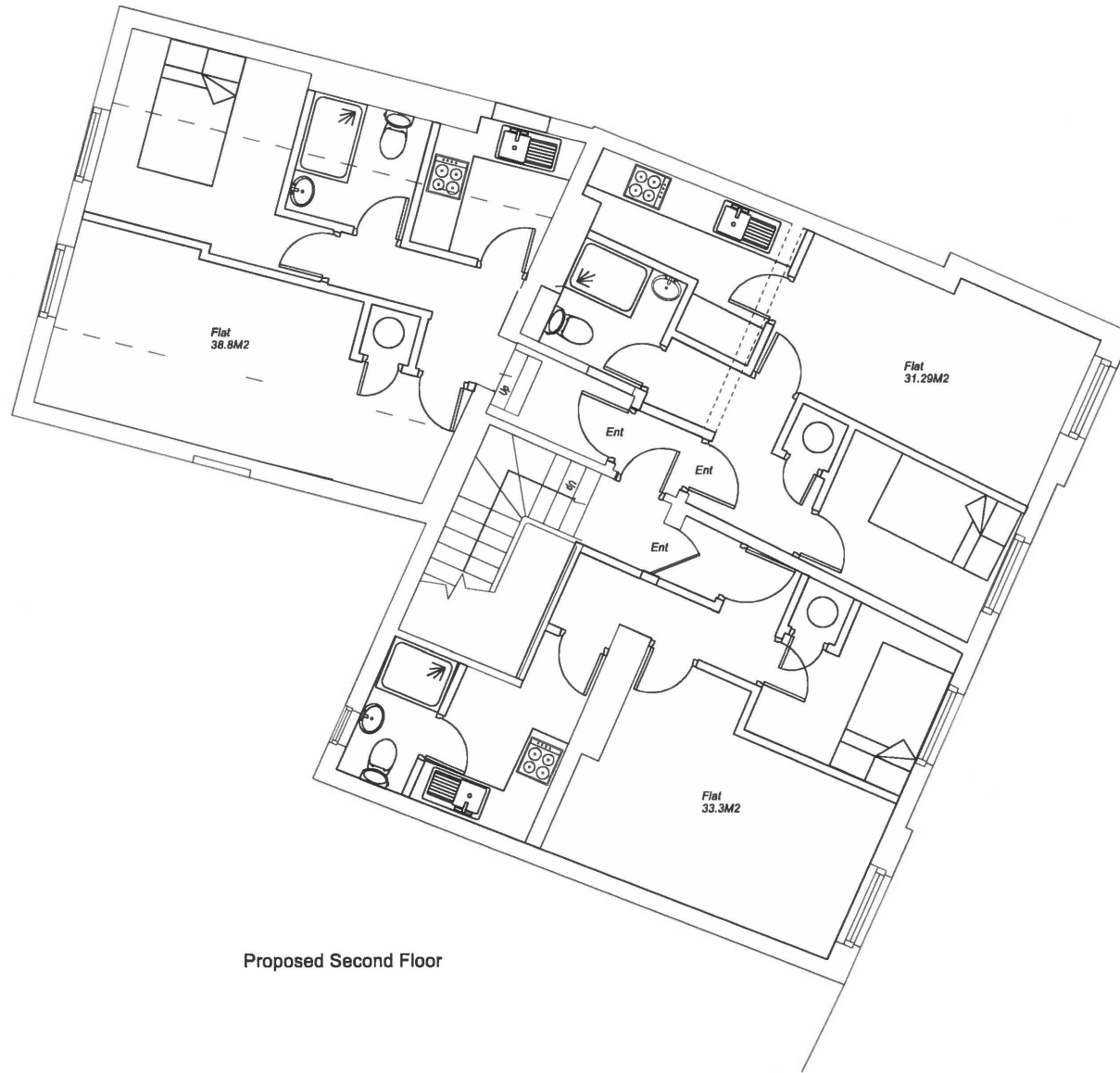
The Property

## **APPENDIX 2.0**

### **PROPOSED DEVELOPMENT PLANS**



Proposed 2nd Floor Layout



Proposed Second Floor



## **APPENDIX 3.0**

### **SITE PLAN**



© Crown Copyright 2008 All rights reserved Licence number 100020449 Plotted Scale - 1:1250



## **APPENDIX 4.0**

### **PHOTOGRAPHS**

FIRST & SECOND FLOORS, 65-68 HIGH STREET, BURTON ON TRENT, STAFFORDSHIRE, DE14 1LE



