BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Review of “Financial Viability Assessment”

Angel Way Car Park, Angel Way, Romford, Essex, RM1 1JH

Prepared for

London Borough of Havering

October 2025

Contents

1	Introduction	3
2	Background and description of the Development	5
3	Methodology	6
4	Review of Assumptions	7
5	Appraisal Results	12
6	Conclusion	15

Appendices

Appendix 1 - Argus Appraisal proposed Development
Appendix 2 - Stace Cost Plan Review

1 Introduction

London Borough of Havering (“the Council”) has commissioned BNP Paribas Real Estate (“BNPPRE”) to advise on a viability assessment of the redevelopment (“the Development”) of Angel Way Car Park, Angel Way, Romford, Essex, RM1 1JH (“the Site”) submitted by Turner Morum LLP (“TM”) on behalf of Mercury Land Holdings Ltd (“the Applicant”).

This report provides an objective assessment of TM’s Viability Assessment Report to determine whether the affordable housing offer and Section 106 contributions as proposed have been optimised.

1.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The practice offers an integrated service from nine offices in eight cities within the United Kingdom and over 180 offices, across 37 countries in Europe, Middle East, India and the United States of America, including 16 wholly owned and 21 alliances. In 2005, the firm expanded through the acquisition of eight offices of Chesterton and in 2007, the firm acquired the business of Fuller Peiser. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France, the second largest bank in the Euro Zone and one of only six top rated banks worldwide.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities, and registered providers (“RPs”).

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Nicholas Pell MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

The Development Viability and Affordable Housing Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities, and registered providers on the provision of affordable housing.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

1.2 Report structure

This report is structured as follows:

- **Section two** provides a brief description of the Development and planning history;
- **Section three** describes the methodology that has been adopted;
- **Section four** reviews the inputs the Applicant has adopted and where we disagree, the inputs we have adopted in our appraisals;
- **Section five** sets out the results of the appraisals;
- Finally, in **Section six,** we draw conclusions from the analysis.

1.3 The Status of our advice

In preparing this report and the supporting appraisals, we have given full regard to the RICS Practice Statement ('PS') 'Assessing viability in planning under the National Planning Policy Framework for England 2019' (first edition, March 2021). However, paragraph 2.2.3 of the PS acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the PS and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.

This report is addressed to London Borough of Havering only. No liability to any other party is accepted.

2 Background and description of the Development

2.1 Site Background and planning history

The 0.53 hectare (1.30 acre) Application Site is located within the London Borough of Havering. The Site is located to the south of St Edwards Way and north of High Street. Romford Station is within 0.3 miles providing access to the Elizabeth Line, Liberty Line and onward journeys via the wider London Underground Network. The Site currently accommodates a multi-storey car park over 4 levels, plus roof parking level and a total of 487 spaces. The ground floor includes retail and commercial space. The surrounding area is predominantly of commercial and residential uses.

2.2 Proposed Development

According to the planning application, the proposed Development is for:

"Full planning application for the demolition of the Angel Way multi-storey car park, commercial units and all structures and redevelopment of the site for residential led, mixed-use scheme providing 106 x 1, 2 and 3 bed dwellings and 105 sq.m, GEA Flexible Class E / F1 (commercial / community use) unit, with car parking, landscaping and related infrastructure including a new sub-station".

We have summarised the proposed Development in Table 2.2.1.

Table 2.2.1: Proposed Development residential units

Unit type	No. of units	No of bedrooms	Average unit size (sq ft)	Total area (sq ft)
One bedroom unit	39	1	562	21,934
Two bedroom unit	56	2	787	44,090
Three bedroom unit	11	3	984	10,823
Total	**106**			**76,847**

The proposed Development also includes 93 square metres (976 square feet) of Flexible Class E / F1 space.

3 Methodology

TM have undertaken their appraisal using a bespoke excel model. We have not been provided with a live version of their model; therefore, we are unable to confirm the accuracy of the underlying formulae.

We have used Argus Developer ("Argus") to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuation. Further details can be access at www.argussoftware.com.

Argus is essentially a cash-flow model. Such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, including either the profit margin required or land costs. In our appraisals we include profit as a development cost.

We are of the opinion that Argus provides an accurate reflection of the economics of the Development. Therefore, we have adopted this tool for the purposes of our assessment.

The difference between the total development value and total costs equates to the residual land value ("RLV"). The model is normally set up to run over a development period from the date of the commencement of the project until the project completion, when the development has been constructed and is occupied.

The cash-flow approach allows the finance charges to be accurately calculated over the development period. This approach can accommodate more complex arrangements where a number of different uses are provided or development is phased.

In order to assess whether a development scheme can be regarded as being economically viable it is necessary to compare the RLV that is produced with a benchmark land value. Benchmark land value should be based on EUV plus a site-specific premium or an Alternative Use Value, in line with the requirements of the Planning Practice Guidance. If the Development generates a RLV that is higher than the benchmark it can be regarded as being economically viable and therefore capable of providing additional affordable housing. However, if the Development generates a RLV that is lower than the benchmark it should be deemed economically unviable and the quantum of affordable housing should be reduced until viability is achieved.

4 Review of Assumptions

In this section, we review the assumptions adopted by TM for the purposes of running their appraisal of the Development.

4.1 Gross Development Value ("GDV")

4.1.1 Private residential sales values

The proposed Development comprises 106 residential units including one, two and three bedroom apartments. The Applicant proposes all of the residential units to be of private housing tenure. In summary, TM have assumed an average value of £576 per square foot within the proposed Development.

Market Commentary

Since early 2020, the global economy has been subject to a degree of turbulence arising from the consequences of the Covid-19 pandemic; subsequent supply chain and labour market issues; and increases in energy prices resulting from Russia's invasion of Ukraine. The UK economy has also been adversely affected by its departure from the European Union and the resulting impact on trade and tourism, as well as the government's September 2022 'Fiscal Event'. The combined effect resulted in a sharp increase in inflation to 10.7% in October 2022. In response, the Bank of England ('BoE') increased its base rate from 0.1% in March 2020 to 5.25% in September 2023. Inflation (as measured by the Consumer Price Index ('CPI')) subsequently fell from a high of over 10% in October 2022 to 1.7% in September 2024 but increased again to 3.4% (annual) in March 2025.

The BoE's November 2023 Monetary Policy Report identified "*a market-implied path for Bank Rate that remains around 5.25% until 2024 Q3 and then declines gradually to 4.25% by the end of 2026, a lower profile than underpinned the August projections*". The BoE's Monetary Policy Committee ('MPC') has subsequently reduced the base rate from 5.25% to 4.5% in February 2025, with two further rate cuts to 4.25% in June 2025 and 4% in August 2025.

Despite the impact of these events, the UK housing market outperformed expectations between 2020 and mid-2022 and has subsequently remained reasonably resilient despite increasing costs of borrowing. In its September 2025 House Price Index release, Nationwide reported that annual UK house price growth was 2.2% in September similar to the 2.1% seen in August. Commenting Nationwide's Chief Economist, Robert Gardener, observed that *"The broad stability in the annual rate of house price growth over the past three months mirrors that of activity. The number of mortgages approved for house purchase have been hovering at around 65,000 cases per month, close to the pre-pandemic average (despite the higher interest rate environment).*

Despite ongoing uncertainties in the global economy, underlying conditions for potential home buyers in the UK remain supportive."

Unemployment is low, earnings are rising at a healthy pace, household balance sheets are strong and borrowing costs are likely to moderate a little further if Bank Rate is lowered in the coming quarters as we, and most other analysts, expect.

"Providing the broader economic recovery is maintained, housing market activity is likely to strengthen gradually in the quarters ahead."

The September 2025 Halifax House Price Index provides more pessimistic figures than Nationwide's. Halifax reports that house prices decreased by 0.3% in September versus a rise of 0.2% in August The annual rate of growth slowed from 2% in August to 1.3% in September. Commenting on the figures Halifax's Head of Mortgages, Amanda Bryden, said,

"The average UK house price edged down by -0.3% (£794) in September, following a modest rise in August. The typical home now costs £298,184. Over the past 12 months prices have grown by +1.3%, the slowest annual rate since April 2024.

This slight monthly dip in house prices reflects a housing market that has remained broadly stable, prices are up +0.3% since the start of the year.

It's also important to remember that prices vary widely depending on characteristics like location and property type. As a result, many homes are available at a cost well below this headline figure. For example, for those looking to take their first step on the property ladder, the typical first-time buyer home costs £236,811, up +1.7% year on year, with pockets of even greater affordability to be found across different regions.

"While affordability remains a challenge, a relatively lower mortgage rate environment and steady wage growth have helped support buyer confidence. "Although the broader economic outlook remains uncertain, with the affordability picture gradually improving, we continue to expect modest growth through the remainder of the year."

In their October Housing Market Update, Savills reflect on the north south divergence in house price growth with the North East, Yorkshire and Humber rates much high then the South.

Following a more cautious first half of 2025, Savills have revised their forecasted UK house price growth down in 2025. Their overall forecast growth for London remains at 15.3% between 2025 and 2029 in London, 20.4% in the south east and 24.5% for the UK.

Comparable evidence

As stated above, the proposed Development includes 106 private residential units comprising one, two and three bedroom apartments. TM have referred to a number of schemes within the surrounding area including Queen Moat House; Loam House; and Papermill House. We acknowledge that some of the units within the above named schemes have achieved values of circa £580 per square foot; however, the average unit sizes (particularly at Queen Moat House) are significantly smaller than the proposed Development unit sizes. We have taken this into account in our assessment of achievable values at the proposed Development.

We have undertaken further research into the local market through using online research facilities. After due consideration, we have adopted the values proposed by TM in our assessment equating to an average of £576 per square foot.

4.1.2 Ground rents

TM have not included ground rents within their appraisal.

The Leasehold Reform (Ground Rent) Act 2022 received Royal Assent on 8 February 2022 and came into effect on 30 June 2022. From that date, freeholders were no longer permitted to charge ground rents that exceed "*permitted rent*" which is usually a peppercorn. We have therefore not included ground rents within our appraisal.

4.1.3 Affordable housing revenue

TM have assumed capital values of £288 per square foot and £371 per square foot for the affordable rent (LHA levels) and shared ownership units respectively within their appraisal.

To value the affordable housing units, we have used a bespoke model specifically created for this purpose. This model takes into account factors such as standard levels for individual RPs management and maintenance costs; finance rates currently obtainable in the sector, and a view on the amount of grant that may be obtainable.

The 'Affordable Homes Programme 2021-2026 – Prospectus' document provides a clear indication that Section 106 schemes are unlikely to be allocated Grant funding, except in exceptional circumstances. It is therefore considered imprudent to assume that Grant will be secured. Therefore, our assessment relies upon the assumption that none is provided.

For rented tenures, the model operates a 40-year discounted cashflow in order to arrive at a net present value of the units today. For the shared ownership tenure, the model values a percentage of the Initial Tranche sold to the purchaser and capitalises the net rent on the unsold equity. The rent on the retained equity is set at a level at which total housing costs (ie. the rent plus mortgage on the initial tranche) do not exceed 40% of net household incomes.

We consider the following affordable housing values to be achievable at the proposed Development:

Table 4.1.3.1: BNPPRE affordable housing values

Tenure	Capital value (£ per square foot)
Social rent	£233
Affordable rent (LHA levels)	£315
Shared ownership	£390

4.1.4 Commercial revenue and yield

The proposed Development includes 93 square metres (976 square feet) of Class E / F1 commercial / community space. In summary, TM have assumed a rental value of £32.50 per square foot, capitalised at a 6.5% yield.

We have reviewed the evidence that TM have relied upon in addition to undertaking further research into the local market through using online research facilities. After due consideration, we have adopted the rental values and yield proposed by TM in our assessment as we consider them to be reflective of what is achievable in the current market.

4.2 Development costs

4.2.1 Construction costs

To establish construction costs for the proposed Development, TM have referred to a cost plan prepared by Randall Simmonds LLP (“RS”) dated April 2025 which reports a total cost of £32,596,000 (inclusive of contingency). The total cost rate equates to £3,280 per square metre (£304 per square foot).

The Council have instructed Stace to undertake a review of the RS cost plan. Stace have concluded that the construction costs are marginally above what is reasonable in the current market. We have therefore adopted the total construction cost of £32,443,000 (inclusive of contingency) within our appraisal in line with the advice received from Stace.

A copy of the Stace cost plan review can be found in Appendix 2.

4.2.2 Contingency

TM have included a contingency allowance of 5.5% within their appraisal. We consider the allowance of 5.5% to be above what is reasonable and have adopted a reduced allowance of 5% within our appraisal.

For the avoidance of doubt, due to the contingency being included within the total cost, we have not included a 5% allowance separately within our appraisal.

4.2.3 Professional fees

TM have assumed a professional fees allowance of 6% within their appraisal. No justification has been provided in support of their assumed allowance.

We have taken factors into account such as site constraints and scheme complexity and do not consider the allowance to be above what is reasonable for this scheme. Therefore, we have adopted the professional allowance of 6% within our appraisal.

4.2.4 Planning obligations

TM have included the following planning obligation payments within their appraisal:

- Combined Mayoral and Borough CIL: £1,031; and
- Section 106 payments: £90,029.

We have adopted the above payments on a 'subject to confirmation' and 'without prejudice' basis pending discussions with the Council.

4.2.5 Interest

TM have assumed a debit rate of 7% within their appraisal which they confirm they *"believe is reasonable in the current climate"*.

We consider this assumption to be reasonable in the current market and have adopted an all-inclusive rate of 7% within our appraisal. Although a bank would not provide 100% of the funding required for the proposed Development, it is conventional to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.2.6 Disposal costs

TM have assumed the following disposal costs within their assessment:

- Private residential marketing, sales agency and legal fees: 3% of GDV;
- Affordable housing disposal: 0.5% of GDV; and
- Commercial disposal cost (inclusive of agency and legal fees): 2% of GDV.

Whilst we consider the private residential disposal allowance to be within a reasonable range, we consider the commercial disposal allowance to be above what is reasonable in the current market. We have assumed a total disposal cost of 1.5% of GDV (reflecting sales agency fees of 1% of GDV and legal fees of 0.5% of GDV) in our appraisal.

We have adopted the affordable housing disposal cost of 0.5% of GDV; however, we have taken into account the monetary cost in our assessment as a simple percentage assumption is not considered to be reasonable.

4.2.7 Developer's profit

TM have assumed profit levels of 20% of GDV; 20% of GDV and 6% of GDV for the private residential, commercial and affordable housing elements respectively within their appraisal.

We have taken into account the uncertainty that is now apparent after the United Kingdom's departure from the European Union and the potential risks associated with our future trading relationships with other countries now that transition period has expired, in addition to the risk associated with this specific development.

We have also taken into account the residual impacts of the Coronavirus Pandemic and the subsequent supply chain and cost inflation issues that have emerged, the geopolitical situation which has resulted in an increase in commodities prices (which have subsequently fallen) and high interest rates. We have taken into account the development timetable for the application Scheme in addition to the comments included above.

Our assessment of profit is based upon the perceived risks associated with the proposed Development. In reaching a conclusion on the profit level, we have taken into account the price point of the units included in the scheme in addition to the development timetable. We consider that there will be sufficient demand for the units at the value assumed. We consider a profit level of 17.5% of GDV to be reasonable reflecting the risk profile of the private residential units.

We have assumed a profit level of 15% of GDV for the commercial space. The commercial rental levels are set at levels which will be attractive to the market and the yield reflects risks of letting and long term occupation.

Where applicable, we have assumed a profit of 6% of GDV for the affordable housing element of the scheme. The reduced profit on affordable housing reflects the risk of delivery. The developer will contract with an RP prior to commencement of construction and they are – in effect – acting as a contractor, with their risk limited to cost only. After contracting with the RP, there is no sales risk. In contrast, the private housing construction will typically commence before any units are sold and sales risk is present well into the development period.

4.3 Project timetable

TM have assumed the following development timescales for the proposed Development:

- Pre-construction period: 3 months;
- Construction period: 21 months; and
- Sales period: 6 months assuming 60% of sales achieved within the *“immediate 3 months post completion”;*
- Affordable revenue received 30% at golden brick; 30% during the development programme and the remainder on completion.

We consider the above programme timetable assumed by TM to be reasonable and have therefore adopted it within our assessment.

5 Appraisal Results

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed Development.

5.1 Viability benchmark

The Application Site currently comprises a 4 level multi-storey car park with 487 spaces. The ground floor includes retail and commercial space. To establish a viability benchmark, TM have undertaken an assessment of the car park generating a total capital value of £2,042,717.

TM have set out their Existing Use Value ("EUV") assumptions in section 8.4 of their report, which we have included below for ease of reference:

Table 5.1.1: TM EUV assumptions

Assumption	Percentage (%)	Cost / value (£)
Gross Income		
No. of spaces		487
Day rate		£7.00
Revenue per day		£3,409
Working days		260
Potential Gross Annual Income		**£886,340**
Deductions		
Less for voids	30%	-£265,902
Less for Business Rates		-£54,705
Less for management and maintenance	20%	-£177,268
Less profit	30%	-£265,902
Sub total deductions		**-£763,777**
Capital value		
Net income		£122,563
Capitalisation yield	6.00%	16.666666667
Capital value		**£2,042,717**
Capital value per space		**£4,194**

We have reviewed the Applicant's Planning Statement ("PS") submitted as part of the wider planning application, with particular reference to the existing car park. The PS refers to a Report to Council's Cabinet on 9 August 2023 which reported on the Car Park Utilisation (Occupancy) Surveys with the number of parked cars counted in both mornings and afternoons for the Angel Way Car Park.

The Applicant's PS goes on to state that "*the results show that the maximum occupancy at Angel Way car park was 18% over 45- minute periods only on Wednesday and Thursday (12.00-12.45pm), and a 15- minute period on a Saturday 11.30-11.45am. The highest usage on a Friday was 13% between 12.00-12.45pm*".

TM have not taken this into account in their assessment; rather, they have assumed a high level of occupancy that is clearly not reflective of the current situation at Angel Way Car Park as reported to the Council's Cabinet meeting through a thorough analysis of the car park.

We have therefore undertaken an assessment of the car park assuming a maximum 18% occupancy (as reported by the Applicant's PS). However, we note that only 320 spaces are available for use between Monday and Friday; therefore, we request TM provide further information as to why the remaining 167 spaces are not available on weekdays. We have summarised the calculations in Table 5.1.2.

Table 5.1.2: BNPPRE EUV Assumptions

Assumption	Percentage (%)	Cost / value (£)
Gross Income		
No. of spaces		487
Day rate		£7.00
Revenue per day		£3,409
Working days		260
Potential Gross Annual Income		**£886,340**
Deductions		
Less for voids	30%	-£726,798
Less for Business Rates		-£54,705
Less for management and maintenance	20%	-£31,908
Less profit	30%	-£47,862
Sub total deductions		**-£861,274**
Capital value		
Net income		£25,065
Capitalisation yield	6.00%	16.666666667
Capital value		**£417,760**
Capital value per space		**£857**

It should be noted that whilst TM have applied the management and maintenance and profit to the gross annual income; we have applied it to the net income on a 'without prejudice' basis. If we were to apply it to the gross income, the capital value would be negative.

The only adjustment we have made is in relation to occupancy levels which are taken from the Applicant's own submission.

Taking the above into account, we have reduced the EUV from £2,042,717 to £417,760 which we have adopted as our viability benchmark.

5.2 Appraisal results

TM have concluded that the proposed Development generates a deficit of -£5,455,587 against the viability benchmark.

In our review of TM's appraisal assumptions, we have recommended the following amendments:

- Increase affordable housing values to reflect what is achievable in the current market;
- Reduce construction costs in line with advice received from Stace;
- Reduce contingency allowance in line with advice received from Stace;
- Adjust disposal costs to reflect current market expectations;
- Reduce profit level to reflect the risk profile of the scheme; and
- Reduce the viability benchmark.

We have undertaken an appraisal of the proposed Development in line with the Applicant's proposals, taking into account the recommended amendments. We have summarised the appraisal results in Table 5.2.1.

Table 5.2.1: BNPPRE Appraisal results

Scenario	RLV (£)	Viability benchmark (£)	Surplus / deficit (£)
Scenario 1: Proposed Development with 100% private housing	-£1,100,424	£417,760	-£1,518,184

5.3 Sensitivity analysis – value growth and cost inflation

To provide a more comprehensive understanding of the financial performance of the project, we have undertaken a series of sensitivity analyses of the proposed Development. For the avoidance of doubt, we have applied value growth to private residential values only. We have summarised the results in Tables 5.3.1.

Table 5.3.1: Sensitivity analysis growth / inflation (100% private housing by units)

Change in values	Change in costs	RLV (£)	Viability benchmark (£)	Surplus / deficit (£)
0%	+5%	-£2,741,290	£417,760	-£3,159,050
0%	+10%	-£4,392,054	£417,760	-£4,809,814
+5%	0%	£421,255	£417,760	£3,495
+10%	+5%	£359,632	£417,760	-£58,128
+10%	-10%	£4,840,684	£417,760	£4,422,924
+10%	0%	£1,853,316	£417,760	£1,435,556

5.4 Sensitivity analysis – profit level

The Council have requested that we undertake a sensitivity analysis to establish the impact of a reduced profit level of 15% of GDV. We have therefore undertaken an appraisal including 100% private housing assuming a 15% of GDV profit level for the private residential units. We have summarised the appraisal results in Table 5.4.1.

Table 5.4.1: Sensitivity analysis – profit levels

Scenario	Profit level (% of GDV)	RLV (£)	Viability benchmark (£)	Surplus / deficit (£)
Scenario 1: Proposed Development with 100% private housing	15%	-£132,800	£417,760	-£550,560

6 Conclusion

TM have concluded that the proposed Development with 100% private housing generates a deficit of -£5,455,587 against the viability benchmark.

We have undertaken an assessment of the proposed Development with 100% private housing, as proposed by the Applicant. Taking into account the recommended amendments outlined in section 5 of this report, we have concluded that the proposed Development with 100% private housing generates a deficit of -£1,518,184 against the viability benchmark. Whilst this is a significant reduction in comparison to the deficit concluded by TM, the scheme is not considered to be viable against the viability benchmark.

Appendix 1 - Argus Appraisal proposed Development

FEASIBILITY SUMMARY — BNP PARIBAS REAL ESTATE

Angel Way, Romford
Proposed Development
100% private housing

Appraisal Summary for Stage 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**	
Private residential units	106	76,847	575.65	417,331	44,237,123	
Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Commercial revenue and yield	1	976	32.50	31,720	31,720	31,720
Investment Valuation						
Commercial revenue and yield						
Current Rent	31,720	YP @	6.5000%	15.3846	488,000	
GROSS DEVELOPMENT VALUE				**44,725,123**		
Purchaser's Costs		6.80%	(33,184)			
Effective Purchaser's Costs Rate		6.80%				
				(33,184)		
NET DEVELOPMENT VALUE				**44,691,939**		
NET REALISATION				**44,691,939**		

EXPENSES

ACQUISITION COSTS				
Residualised Price (Negative land)			(1,100,424)	
				(1,100,424)
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Build costs	1 un	32,443,000	32,443,000	**32,443,000**
Borough and Mayoral CIL			1,031	
S106 payments			90,029	
				91,060
PROFESSIONAL FEES				
Profesional fees		6.00%	1,946,580	
				1,946,580
MARKETING & LEASING				
Private residential marketing, agen		3.00%	1,327,114	
Leasing Agent Fee		10.00%	3,172	
Leasing Legal Fee		5.00%	1,586	
				1,331,872
DISPOSAL FEES				
Sales Agent Fee		1.00%	4,880	
Sales Legal Fee		0.50%	2,440	
				7,320
Additional Costs				
Profit on private		17.50%	7,741,497	
Profit on commercial		15.00%	73,200	
				7,814,697
TOTAL COSTS BEFORE FINANCE				**42,534,104**
FINANCE				
Timescale	**Duration**	**Commences**		

FEASIBILITY SUMMARY	BNP PARIBAS REAL ESTATE

Angel Way, Romford
Proposed Development
100% private housing

Pre-Construction	3	Oct 2025	
Construction	21	Jan 2026	
Sale	6	Oct 2027	
Total Duration	30		
Debit Rate 7.0000%, Credit Rate 0.0000% (Nominal)			
Total Finance Cost			2,157,848
TOTAL COSTS			**44,691,952**
PROFIT			
			(13)
Performance Measures			
Profit on Cost%		0.00%	
Profit on GDV%		0.00%	
Profit on NDV%		0.00%	
Development Yield% (on Rent)		0.07%	
Equivalent Yield% (Nominal)		6.50%	
Equivalent Yield% (True)		6.77%	
IRR% (without Interest)		6.66%	
Profit Erosion (finance rate 7.000)		N/A	

Appendix 2 - Stace Cost Plan Review

COST ESTIMATE REVIEW

ANGEL WAY ROMFORD
BNP PARIBAS REAL ESTATE

DOCUMENT CONTROL

Author(s): Matthew Gill
Approvers: Paul Burns
Client Contracting Entity: BNP Paribas Real Estate
Project / Development: Angel Way, Romford
Project No. 2026/0653
Revision Number:

Distribution:

Name	Company	Hard Copy Original	Hard Copy	Email distribution
Nicholas Pell	BNP Paribas	-	-	✓

Revision History:

Issue	Date	Author(s)	Amendments
0			
1			

Signatures:

	Author	Maths Check	Approval	Date:
Print Name:	Matthew Gill	Matthew Gill	Paul Burns	21 October 2025
Signature:	M.Gill			

Disclaimer:

This document has been prepared for the titled project (or named part thereof). It should not be relied upon or used for any other project without an independent check being carried out as to its suitability and prior written authorization being obtained from Stace LLP. Stace LLP accepts no responsibility or liability for the consequences of the use of this document, wholly or in part, for any other purpose than that for which it was commissioned. Any persons using or relying upon this document for such other purpose do so at their own risk. This report was prepared for the sole use of the named Client, as defined above, and shall not be relied upon or transferred to any other party without the express written authorisation of Stace LLP. This report may contain material subject to copyright or obtained subject to license; unauthorised copying of this report will be in breach of copyright/license.

File location:

K:\2026 Jobs\2026-0653 Angel Way, Romford\9. Reports\9.7 - Planning\2510XX Angel Way, Romford - Feasibility Cost Estimate Review Stace MG.docx

CONTENTS

1. EXECUTIVE SUMMARY 4
1.1 INTRODUCTION 4
2. DETAILED REVIEW OF COST ESTIMATE 5
2.1 PROJECT OVERVIEW 5
2.2 STACE ADJUSTMENT 5
2.3 BENCHMARKING 5
2.4 PRELIMINARIES & OVERHEADS & PROFIT 5
2.5 SHELL & CORE 6
2.6 RESIDENTIAL FIT OUT 6
2.7 EXTERNAL WORKS 7
3. SUMMARY 7
3.1 SUMMARY OF FINDINGS 7

APPENDICES

APPENDIX A: BCIS INDEX

1. EXECUTIVE SUMMARY

1.1 Introduction

1.1.1 Stace LLP have been appointed by BNP Paribas to undertake an independent review of the cost estimate prepared by Randall Simmonds LLP in support of the Angel Way Viability Assessment.

1.1.2 The purpose of this review is to assess the reasonableness of the submitted construction costs in the context of current market benchmarks, using both BCIS data and Stace internal project information as reference points.

1.1.3 Randall Simmonds' estimate identifies a total construction cost of £32,596,000, equating to £3,280/m² (£304/ft²) overall, or £2,850/m² (£264/ft²) excluding external works.

1.1.4 Our review concludes that the costs are broadly reasonable and within normal benchmark ranges for a scheme of this type and scale. The only adjustment recommended is a minor reduction to contingency, from 5.5% to 5%, equating to a £153,000 reduction.

1.1.5 The development comprises two residential blocks — a seven-storey block (Block A) and a five-storey block (Block B) — both of which have been designed and costed to a similar standard. Drawings indicate that Block B includes dual staircases and lift shafts, features more typically associated with higher-rise buildings.

1.1.6 While Block B appears to sit close to the height threshold at which enhanced fire safety measures and additional means of escape are required under current regulations, the inclusion of these features likely reflects a precautionary design approach. This would ensure compliance should the final building height, detailed design, or regulatory interpretation place the block within the higher-risk category.

1.1.7 This approach will increase construction costs and marginally reduce saleable floor area, though it may be justified by fire safety strategy, site-specific design considerations, or a desire to future-proof compliance.

1.1.8 We are not fire engineers and therefore make no technical judgment on compliance; however, this element may warrant review by the project's fire engineer or design team to confirm its necessity.

1.1.9 Subject to this note and the minor contingency adjustment, we consider the submitted cost plan to represent a fair and reasonable basis for viability assessment.

2. DETAILED REVIEW OF COST ESTIMATE

2.1 Project Overview

2.1.1 While we have reviewed the estimate, we did not verify the quantities and cannot assume responsibility for their accuracy.

2.1.2 Randall's cost estimate identifies a total cost of **£32,596,000**, equating to:

- £3,280/m² (£304/ft²) Total Build Cost.
- £2,850/m² (£264/ft²) ex externals.

2.2 Stace Adjustment

2.2.1 The Stace adjustment estimate:

- Stace total Adjustment: -£153,000
- Total Project Cost: £32,443,000

2.3 Benchmarking

2.3.1 We have benchmarked the submitted costs against both Stace internal data and BCIS averages for comparable new-build apartment schemes.

Building Function	BCIS	Stace	Randall's
New build; Apartments			
3 - 5 Storey or above (Block B)	£2,369/m²		£2,850/m²
6 Storey or above (Block A)	£2,783/m²	£2,980/m²	£2,850/m²

2.3.2 At first glance, Randall Simmonds' costs appear broadly reasonable. However, the site is divided into two distinct buildings: Block A (seven storeys, c.57% of GIA) and Block B (five storeys, c.43% of GIA). Given the height differential, one would typically expect the average blended rate across both blocks to fall between the two BCIS benchmarks, rather than matching the higher range consistently.

2.3.3 It should be noted that BCIS rates provide an indicative guide only, and a number of project-specific factors — such as site constraints, specification, build methodology, and programme — will influence whether a scheme sits above or below the benchmark range.

2.4 Preliminaries & Overheads & Profit

2.4.1 **Preliminaries**: Randall's have allowed 14% for preliminaries which we consider to within an acceptable range for a profit of this nature.

2.4.2 **Overheads and Proft**: Randall's 6% allowance is acceptable.

2.4.3 **Contingency**: A 5% contingency is acceptable; which has been included within the viability calculation. Randall's additional 0.5% contingency for risk is not considered necessary. The scheme is relatively low risk, and for viability assessments, a 5% allowance is standard industry practice. This equates to a £153,000 reduction.

2.5 Shell & Core

2.5.1 **Enabling Works**: The demolition has been priced as a lump sum. However, by calculating the existing building's approximate cubic volume and reverse-engineering the allowance, the cost equates to circa £30/m³, which sits within normal benchmark ranges for multi-storey concrete demolition works.

2.5.2 **Substructure**: The substructure cost of £970/m² is considered to be within normal benchmark parameters for a scheme of this type and scale, and as such, no adjustment has been made.

2.5.3 **Frame & Upper Floors**: At £402/m², the frame and upper floor costs fall within our benchmark range for buildings exceeding six storeys. While Block B—the shorter, five-storey building—has been priced at the same rate as Block A, this appears reasonable upon review of the drawings. Both blocks have been designed to a comparable standard, and notably, Block B also incorporates two staircases and two lift shafts, despite being below the typical regulatory threshold. On this basis, we have made no adjustments to the frame costs, as the lower block is evidently being constructed to a similar specification and level of compliance as the taller building.

2.5.4 **Roof**: The rates applied to the roof works are considered appropriate and in line with current benchmarks, and therefore no adjustments have been made.

2.5.5 **External Walls**: The allowance of £650/m² for the external walls is considered acceptable, particularly given the intricate façade design and curved elevation detailing, which will increase unit rates compared with more conventional elevations.

2.5.6 **Windows & Doors**: The rates applied to the windows and external doors are considered reasonable and within normal benchmark ranges. The specification appears consistent with a mid- to high-quality residential scheme, and we have therefore made no adjustments.

2.5.7 **Shell and Core Fit Out**: The costs allocated to shell and core works are acceptable and align with current benchmark data for buildings of this scale and specification. No adjustments have been made.

2.6 Residential Fit Out

The rates adopted for the residential fit-out equate to an average of circa £65,000 per unit, which is in line with expectations for a scheme of this type and specification. The allowances appear reasonable and consistent with market benchmarks, and as such, no adjustments have been made.

2.7 External Works

2.7.1 The allowances included for external works are considered to be reasonable and consistent with typical benchmark levels for a development of this nature. The rates adequately cover landscaping, access roads, footpaths, and associated external infrastructure. No excessive or omitted items were identified, and as such, we consider the external works costs to be appropriate and have made no adjustments.

3. SUMMARY

3.1 Summary of Findings

3.1.1 Following our detailed review of the cost estimate prepared by Randall Simmonds LLP, we are satisfied that the overall build costs adopted are broadly reasonable and sit within normal benchmark ranges for a scheme of this type and scale.

3.1.2 The total construction cost of £32,596,000 (£3,280/m²) is consistent with market expectations, taking account of the scheme's specification, site constraints, and design approach.

3.1.3 Both the seven-storey and five-storey blocks have been designed and costed to a comparable standard, with Block B including dual staircases and lift shafts more typically associated with higher-rise buildings. While this will increase construction costs and reduce saleable floor area, it appears likely that the design team have adopted a precautionary approach, given that the smaller block sits close to the regulatory threshold where additional fire-safety measures are required.

3.1.4 This approach may reflect a desire to future-proof compliance or to respond to site-specific fire-safety considerations. We are not fire engineers and therefore make no technical judgment on compliance.

3.1.5 Subject to a minor reduction in contingency (from 5.5% to 5%), we consider the submitted cost plan to represent a fair and reasonable basis for viability assessment.

APPENDIX A:

BCIS INDEX

BCIS®

£/M2 STUDY

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

Last updated: 18-Oct-2025 07:36

Rebased to 4Q 2025 (407; forecast) and Havering (104; sample 14)

MAXIMUM AGE OF RESULTS: 5 YEARS

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
816. Flats (apartments)								
Generally (5)	2,157	1,119	1,694	2,056	2,530	4,020	146	
1-2 storey (5)	2,105	1,119	1,683	2,068	2,505	3,688	29	
3-5 storey (5)	2,115	1,128	1,694	1,975	2,370	4,020	102	
6 storey or above (5)	2,550	1,585	2,416	2,623	2,774	3,192	15	

PAUL BURNS
Divisional Director

07976 001051
p.burns@stace.co.uk

MATTHEW GILL
Associate

07437 536087
m.gill@stace.co.uk