THE LONDON BOROUGH OF HARINGEY (HIGH ROAD WEST PHASE A) COMPULSORY PURCHASE ORDER 2023

(REF APP/PCU/CPOP/Y5420/3316757)

PUBLIC INQUIRY 7-10, 14-17 AND 21-22 NOVEMBER 2023

APPENDICIES TO PROOF OF EVIDENCE OF

COLIN COTTAGE BSc.(Hons) MRICS

SCHEME VIABILITY

ON BEHALF OF CANVAX LIMITED, GOODSYARD TOTTENHAM LIMITED, MELDENE LIMITED, TOTTENHAM HOTSPUR STADIUM LIMITED, PAXTON17 LIMITED, STAREDARE LIMITED and HIGH ROAD WEST (TOTTENHAM) LIMITED

Colin Cottage
Ardent Management Ltd
36 – 38 Botolph Lane
London
EC3R 8DE

DDI: 07768 070255
Email: colincottage@ardent-management.com

Appendix CCA
Appraisal 1 – The CPO Scheme reflecting the FVA agreed inputs.

High Road West Viability
Appraisal 1

Development Appraisal
Ardent
09 October 2023

High Road West Viability
Appraisal 1

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Plot A1 - Social Rent	32	23,800	124.00	92,224	2,951,168
Plot A2 - Social rent	16	13,584	124.00	105,276	1,684,416
Plot A3 - Social rent	13	11,184	124.00	106,678	1,386,816
Plot D - Market Sale	380	244,308	700.00	450,041	171,015,600
Plot C1 - Market Sale	11	8,902	700.00	566,491	6,231,400
Plot C1 - Social Rent	168	130,469	124.00	96,299	16,178,156
Plot B Market Sale	190	134,473	700.00	495,427	94,131,100
Plot B - Social Rent	141	112,289	124.00	98,751	13,923,836
Plot C2 - Market sale	52	35,101	717.50	484,326	25,184,968
Plot G - Social Rent	40	26,092	124.00	80,885	3,235,408
Plot F - Market Sale	280	181,081	717.50	464,020	129,925,618
Plot F - Social Rent	91	73,970	124.00	100,794	9,172,280
Plot F - Shared Ownership	74	49,890	380.00	256,192	18,958,200
Totals	**1,488**	**1,045,143**			**493,978,966**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Plot D - Retail	1	5,834	25.00	145,850	145,850	145,850
Plot C1 Retail	1	1,701	25.00	42,525	42,525	42,525
Plot C1- Sporting Facilities	1	3,169	16.50	52,289	52,289	52,289
Block C2 - Retail	1	1,259	25.00	31,475	31,475	31,475
Block C2 - Sports facilities	1	3,165	16.50	52,223	52,223	52,223
Plot E - Retail	1	17,836	25.00	445,900	445,900	445,900
Plot E - Education	1	13,143		0	0	
Plot G - Retail	1	3,014	25.00	75,350	75,350	75,350
Plot F - Retail	1	7,288	25.00	182,200	182,200	182,200
Plot F - Sports facilities	1	3,169	16.50	52,289	52,289	52,289
Plot F - Office	1	547	27.50	15,043	15,043	15,043

High Road West Viability
Appraisal 1

Totals	**11**	**60,125**			**1,095,142**	**1,095,142**

Investment Valuation

Plot D - Retail					
Market Rent	145,850	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	1,959,074
Plot C1 Retail					
Market Rent	42,525	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	571,201
Plot C1- Sporting Facilities					
Market Rent	52,289	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	674,889
Block C2 - Retail					
Market Rent	31,475	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	422,776
Block C2 - Sports facilities					
Market Rent	52,223	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	674,037
Plot E - Retail					
Market Rent	445,900	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	5,989,380
Plot G - Retail					
Market Rent	75,350	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	1,012,110
Plot F - Retail					
Market Rent	182,200	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	2,447,331

High Road West Viability
Appraisal 1

Plot F - Sports facilities					
Market Rent	52,289	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	674,889
Plot F - Office					
Market Rent	15,043	YP @	5.0000%	20.0000	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.0000%	0.9408	283,050
Total Investment Valuation					**14,708,738**
GROSS DEVELOPMENT VALUE				**508,687,704**	
Purchaser's Costs			(1,000,194)		
Effective Purchaser's Costs Rate		6.80%			
				(1,000,194)	
NET DEVELOPMENT VALUE				**507,687,510**	
Additional Revenue					
Affordable Housing Grant			8,437,440		
Affordable Housing Grant			23,624,832		
Mayor's Land Fund			21,200,000		
Affordable Housing Grant			19,827,984		
Affordable Housing Revenue			5,624,960		
Affordable Housing Grant			12,796,784		
				91,512,000	
NET REALISATION				**599,199,510**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price		35,586,862			
Fixed Price			35,586,862		

High Road West Viability
Appraisal 1

			35,586,862
Stamp Duty		1,768,843	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.30%	462,629	
Legal Fee	0.50%	177,934	
			2,409,407

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Plot D - Retail	7,287	312.92	2,280,248
Plot C1 Retail	2,120	247.31	524,297
Plot C1- Sporting Facilities	3,961	247.31	979,595
Block C2 - Retail	1,572	251.88	395,955
Block C2 - Sports facilities	3,961	251.88	997,697
Plot E - Retail	22,294	232.79	5,189,820
Plot E - Education	16,426	232.79	3,823,809
Plot G - Retail	3,767	226.34	852,623
Plot F - Retail	9,106	274.96	2,503,786
Plot F - Sports facilities	3,961	274.96	1,089,117
Plot F - Office	678	274.96	186,423
Plot A1 - Social Rent	30,342	278.66	8,455,102
Plot A2 - Social rent	17,878	250.92	4,485,948
Plot A3 - Social rent	14,715	250.92	3,692,288
Plot D - Market Sale	321,511	312.92	100,607,222
Plot D Parking	5,759	312.92	1,802,106
Plot C1 - Market Sale	11,713	247.33	2,896,976
Plot C1 - Social Rent	171,700	247.33	42,466,561
Plot C1 - Car Parking	2,454	247.33	606,948
Plot B Market Sale	176,963	279.14	49,397,452
Plot B - Social Rent	147,775	279.14	41,249,913
Plot B - Car Parking	4,755	279.14	1,327,311
Plot C2 - Market sale	46,196	251.88	11,635,848
Plot G - Social Rent	34,333	226.34	7,770,931
Plot F - Market Sale	238,307	274.96	65,524,893
Plot F - Social Rent	97,351	274.96	26,767,631

High Road West Viability
Appraisal 1

Plot F - Shared Ownership	65,638	274.96	18,047,824	
Plot F - Car Parking	5,479	274.96	1,506,506	
Totals	**1,468,002 ft²**		**407,064,829**	
S106			285,552	
CIL			5,689,127	
Carbon Offset			427,665	
				413,467,173
Other Construction Costs				
Infrastructure Costs			6,880,893	
Infrastructure Costs			15,542,223	
Infrastructure Costs			7,608,629	
				30,031,745
PROFESSIONAL FEES				
Professional Fees		10.00%	2,212,741	
Professional Fees		10.00%	10,468,958	
Professional Fees		10.00%	4,747,438	
Professional Fees		10.00%	9,197,468	
Professional Fees		10.00%	1,302,950	
Professional Fees		10.00%	901,363	
Professional Fees		10.00%	862,355	
Professional Fees		10.00%	12,323,481	
				42,016,754
MARKETING & LETTING				
Letting Agent Fee		10.00%	109,514	
Letting Legal Fee		5.00%	54,757	
				164,271
DISPOSAL FEES				
Residential Sales Agent Fee		1.50%	6,303,859	
Commercial Sales Agent Fee		1.00%	147,087	
Residential Agent Fee		1.50%	186,942	
Residential Sales Legal Fee	913 un	800.00 /un	730,400	
Commercial Sales Legal Fee		0.50%	73,544	
				7,441,832

High Road West Viability
Appraisal 1

Additional Costs

Compensation	5,290,697	
		5,290,697
TOTAL COSTS		**536,408,741**
PROFIT		
		62,790,769

Performance Measures

Profit on Cost%	11.71%
Profit on GDV%	12.34%
Profit on NDV%	12.37%
Development Yield% (on Rent)	0.20%
Equivalent Yield% (Nominal)	6.75%
Equivalent Yield% (True)	7.05%
IRR% (without Interest)	4.88%
Rent Cover	57 yrs 4 mths
Profit Erosion (finance rate 0.000)	N/A

Appendix CCB
Nationwide House Price Index September 2023

Nationwide HOUSE PRICE INDEX

www.nationwidehousepriceindex.co.uk

September 2023

House price growth remained weak in September

- House prices unchanged over the month, but remain down 5.3% year on year (c.£14,500)
- All regions recorded annual house price falls in Q3
- South West was the weakest performing region, with prices down 6.3% year-on-year

Headlines	Sep-23	Aug-23
Monthly Index*	511.7	511.9
Monthly Change*	-0.0%	-0.8%
Annual Change	-5.3%	-5.3%
Average Price (not seasonally adjusted)	£257,808	£259,153

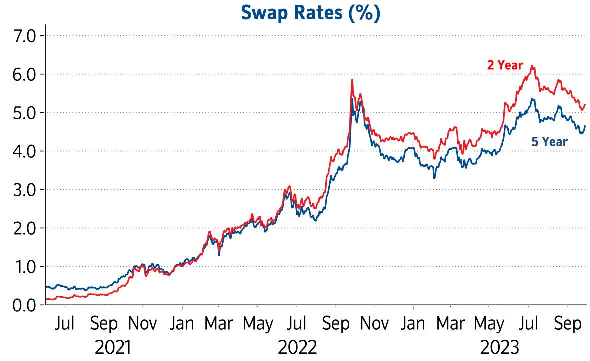
* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said:

"Annual house price growth was unchanged at -5.3% in September. Prices were also flat over the month, after taking account of seasonal effects, following the 0.8% decline seen in August.

"Housing market activity remains weak, with just 45,400 mortgages approved for house purchase in August, c.30% below the monthly average prevailing in 2019 before the pandemic struck. This relatively subdued picture is not surprising given the more challenging picture for housing affordability. For example, someone earning an average income and purchasing the typical first-time buyer home with a 20% deposit would spend 38% of their take home pay on their monthly mortgage payment – well above the long-run average of 29%.

"However, investors have marked down their expectations for the future path of Bank Rate in recent months amid signs that underlying inflation pressures in the UK economy are finally easing, and with labour market conditions softening. This in turn has put downward pressure on longer term interest rates which underpin fixed rate mortgage pricing (see chart below). If sustained, this will ease some of the pressure on those remortgaging or looking to buy a home.



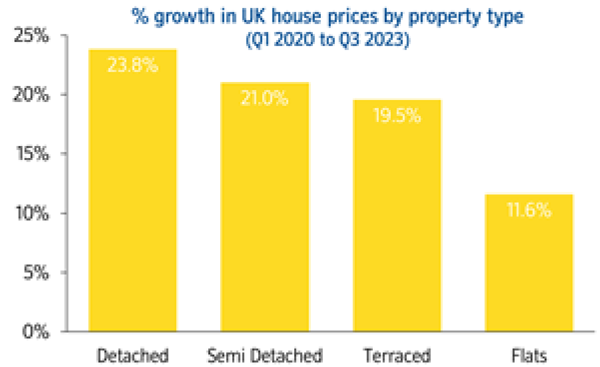
Source: ICAP

"Nevertheless, with Bank Rate not expected to decline significantly in the years ahead, borrowing costs are unlikely to return to the historic lows seen in the aftermath of the pandemic. Instead, it appears more likely that a combination of solid income growth together with modestly lower house prices and mortgage rates will gradually improve affordability over time, with housing market activity remaining fairly subdued in the interim.

Flats underperformed in recent years

"As we noted in our August report, there are signs that more buyers are looking towards smaller, less expensive properties, with transaction volumes for flats holding up better than other property types.

"This may be because affordability for flats has held up relatively better as they experienced less of a price increase over the pandemic period. This is illustrated in the chart below, where average prices for flats have increased by 12% since the start of the pandemic - half the 24% increase recorded for detached properties.



Source: Nationwide

Media enquiries to: Robert Gardner, Chief Economist, robert.gardner@nationwide.co.uk
Mike Pitcher, Media Relations Manager, mike.pitcher@nationwide.co.uk

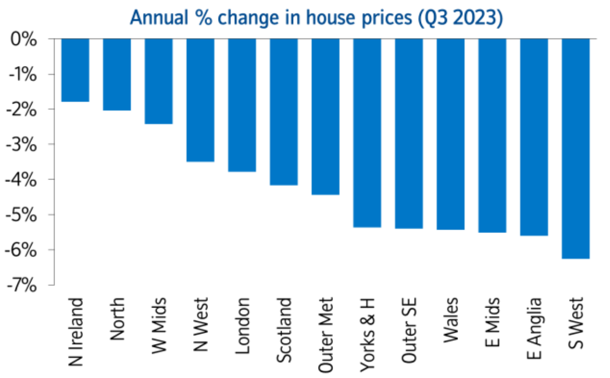
Nationwide Building Society

"Despite signs of demand for flats holding up a little better more recently, the price underperformance has continued in the most recent quarterly data, with flats seeing the largest year-on-year fall (-5.7%), compared to -3.6% for detached, -4.6% for semi-detached and -5.3% for terraced properties.

All regions saw annual price falls in Q3

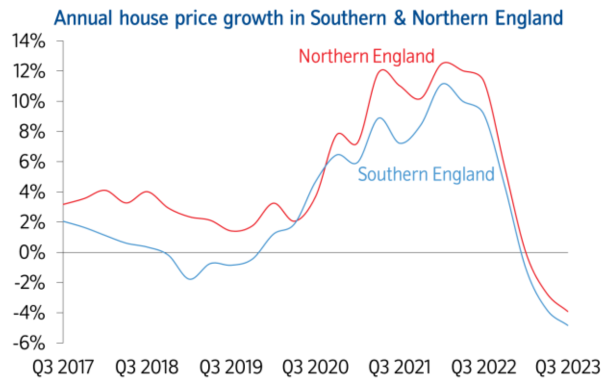
"Our regional house price indices are produced quarterly with data for Q3 (three months to September) showing annual price declines in all regions (see full table on page 4).

"The South West was the weakest performing region, with prices down 6.3% year-on-year, while Northern Ireland remained the best performing region, with a modest 1.8% fall.



"Wales saw a sharp slowing in the annual rate of change to -5.4%, from -1.4% last quarter. While Scotland also saw a slowing in annual house price growth to -4.2%, from -1.5% in Q2.

"Across northern England (which comprises North, North West, Yorkshire & The Humber, East Midlands and West Midlands), prices were down 3.9% compared with Q3 2022. The North was the strongest performing northern region, with the annual rate of change improving from -3.3% to -2.0%, while the East Midlands was the weakest, with a 5.5% decline.



"Meanwhile southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia) saw a 4.8% year-on-year fall. London was the best performing southern region, although still saw a 3.8% annual decline."

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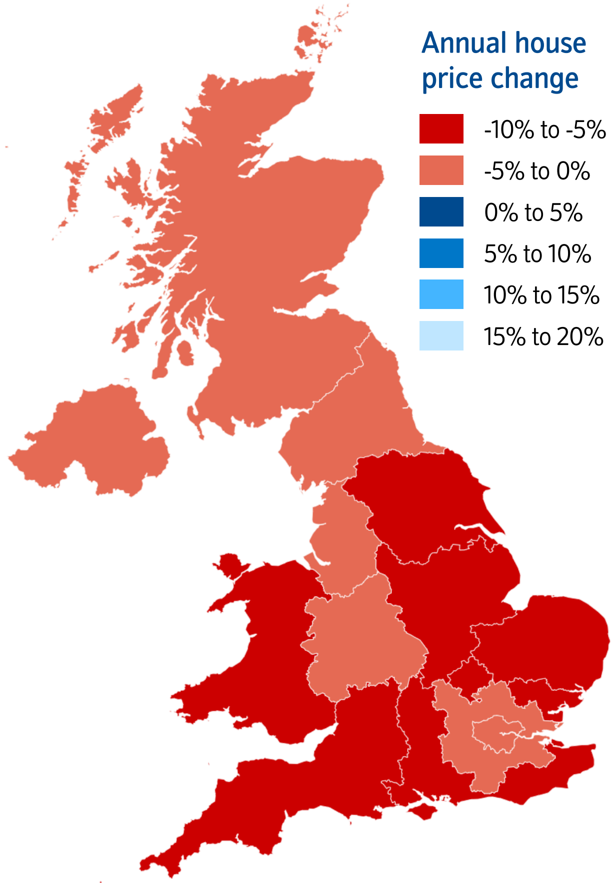
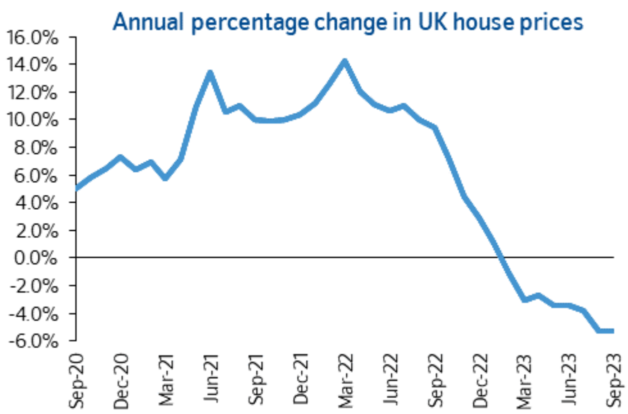
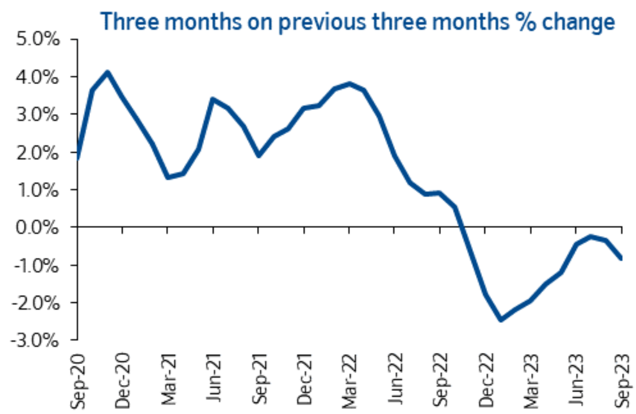
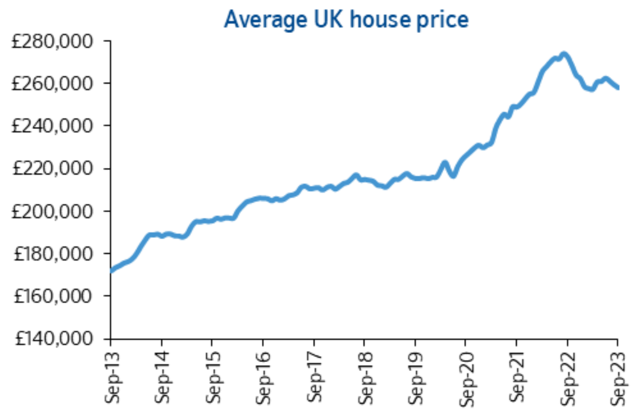
Monthly UK House Price Statistics

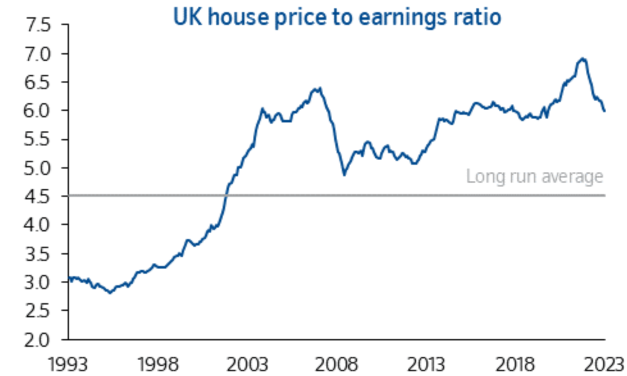
	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Sep-21	0.4	1.9	10.0	248,742
Oct-21	1.0	2.4	9.9	250,311
Nov-21	1.2	2.6	10.0	252,687
Dec-21	1.2	3.2	10.4	254,822
Jan-22	1.0	3.2	11.2	255,556
Feb-22	1.7	3.7	12.6	260,230
Mar-22	1.2	3.8	14.3	265,312
Apr-22	0.1	3.6	12.1	267,620
May-22	0.6	3.0	11.2	269,914
Jun-22	0.1	1.9	10.7	271,613
Jul-22	0.1	1.2	11.0	271,209
Aug-22	0.8	0.9	10.0	273,751
Sep-22	-0.1	0.9	9.5	272,259
Oct-22	-1.0	0.5	7.2	268,282
Nov-22	-1.3	-0.6	4.4	263,788
Dec-22	-0.3	-1.8	2.8	262,068
Jan-23	-0.7	-2.5	1.1	258,297
Feb-23	-0.5	-2.2	-1.1	257,406
Mar-23	-0.8	-2.0	-3.1	257,122
Apr-23	0.4	-1.5	-2.7	260,441
May-23	-0.2	-1.2	-3.4	260,736
Jun-23	0.1	-0.4	-3.5	262,239
Jul-23	-0.3	-0.3	-3.8	260,828
Aug-23	-0.8	-0.4	-5.3	259,153
Sep-23	-0.0	-0.8	-5.3	257,808











Source: Nationwide, ONS

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Quarterly Regional House Price Statistics

Q3 2023

Please note that these figures are for the three months to September, therefore will show a different UK average price and annual percentage change to our *monthly* house price statistics.

Regions over the last 12 months

Region	Average Price (Q3 2023)	Annual % change this quarter	Annual % change last quarter
N Ireland	£180,668	-1.8%	0.7%
North	£156,051	-2.0%	-3.3%
West Midlands	£241,130	-2.4%	-1.9%
North West	£205,553	-3.5%	-4.1%
London	£514,325	-3.8%	-4.3%
Scotland	£176,814	-4.2%	-1.5%
Outer Met	£416,365	-4.4%	-2.9%
Yorks & H	£198,030	-5.4%	-3.2%
Outer S East	£334,215	-5.4%	-3.7%
Wales	£202,065	-5.4%	-1.7%
East Midlands	£228,373	-5.5%	-1.1%
East Anglia	£273,066	-5.6%	-4.7%
South West	£301,600	-6.3%	-4.0%
UK	£260,181	-4.7%	-3.1%

Please see page 5 for definitions of English regions

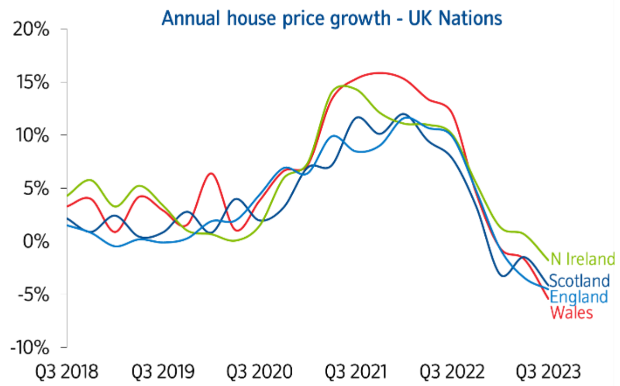
UK Fact File (Q3 2023)	
Quarterly average UK house price	£260,181
Annual percentage change	-4.7%
Quarterly change*	-0.7%
Most expensive region	London
Least expensive region	North
Strongest annual price change	Northern Ireland
Weakest annual price change	South West

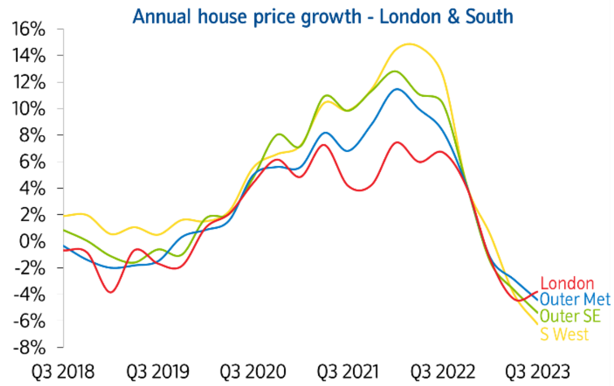
* Seasonally adjusted

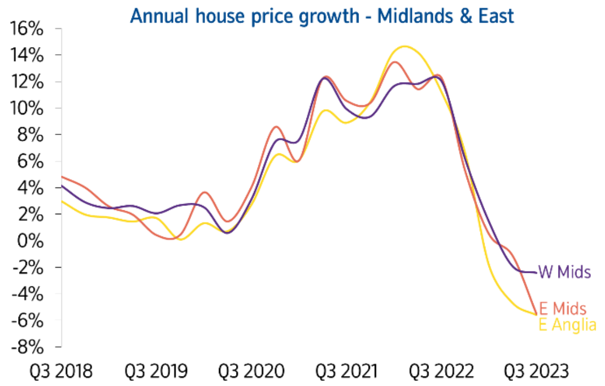
Nations – annual & quarterly price change

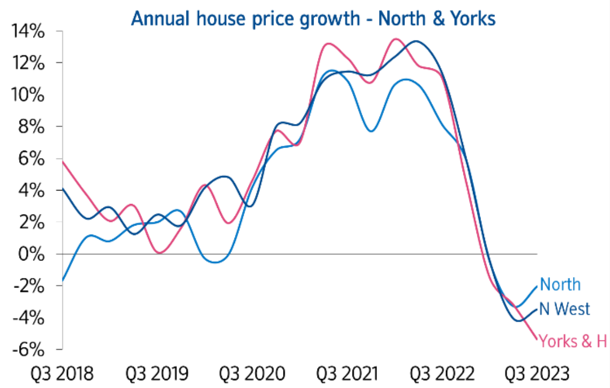
Nation	Average Price (Q3 2023)	Annual % change this quarter	Quarterly % change*
N Ireland	£180,668	-1.8%	-1.3%
Scotland	£176,814	-4.2%	-1.4%
England	£298,441	-4.5%	-0.6%
Wales	£202,065	-5.4%	-1.6%

* Seasonally adjusted









English Region Definitions

East Anglia: Cambridgeshire (Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire), Norfolk (Breckland, Broadland, Great Yarmouth, King's Lynn & West Norfolk, North Norfolk, Norwich, South Norfolk), Peterborough, Suffolk (Babergh, East Suffolk, Ipswich, Mid Suffolk, West Suffolk)

East Midlands: Derby, Derbyshire (Amber Valley, Bolsover, Chesterfield, Derbyshire Dales, Erewash, High Peak, North East Derbyshire, South Derbyshire), Leicester, Leicestershire (Blaby, Charnwood, Harborough, Hinckley & Bosworth, Melton, North West Leicestershire, Oadby & Wigston), Lincolnshire (Boston, East Lindsey, Lincoln, North Kesteven, South Holland, South Kesteven, West Lindsey), North Northamptonshire, Nottingham, Nottinghamshire (Ashfield, Bassetlaw, Broxtowe, Gedling, Mansfield, Newark & Sherwood, Rushcliffe), Rutland, West Northamptonshire

London: Barking & Dagenham, Barnet, Bexley, Brent, Bromley, Camden, City of London, Croydon, Ealing, Enfield, Greenwich, Hackney, Hammersmith & Fulham, Haringey, Harrow, Havering, Hillingdon, Hounslow, Islington, Kensington & Chelsea, Kingston upon Thames, Lambeth, Lewisham, Merton, Newham, Redbridge, Richmond upon Thames, Southwark, Sutton, Tower Hamlets, Waltham Forest, Wandsworth, Westminster

North: County Durham, Cumbria (Allerdale, Barrow-in-Furness, Carlisle, Copeland, Eden, South Lakeland), Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar & Cleveland, South Tyneside, Stockton-on-Tees, Sunderland

North West: Blackburn with Darwen, Blackpool, Bolton, Bury, Cheshire East, Chester West & Chester, Halton, Knowsley, Lancashire (Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire, Wyre), Liverpool, Manchester, Oldham, Rochdale, Salford, Sefton, St. Helens, Stockport, Tameside, Trafford, Warrington, Wigan, Wirral

Outer Metropolitan: Basildon, Bracknell Forest, Brentwood, Buckinghamshire, Castle Point, Chelmsford, Crawley, Dartford, Epping Forest, Gravesham, Harlow, Hart, Hertfordshire (Broxbourne, Dacorum, East Hertfordshire, Hertsmere, North Hertfordshire, St Albans, Stevenage, Three Rivers, Watford, Welwyn Hatfield), Horsham, Luton, Maidstone, Medway, Mid Sussex, Reading, Rochford, Rushmoor, Sevenoaks, Slough, Southend-on-Sea, Surrey (Elmbridge, Epsom & Ewell, Guildford, Mole Valley, Reigate & Banstead, Runnymede, Spelthorne, Surrey Heath, Tandridge, Waverley, Woking), Thurrock, Tonbridge & Malling, Tunbridge Wells, Windsor & Maidenhead, Wokingham

Outer South East: Adur, Arun, Ashford, Basingstoke & Deane, Bedford, Braintree, Brighton & Hove, Canterbury, Central Bedfordshire, Chichester, Colchester, Dover, East Hampshire, Eastleigh, East Sussex (Eastbourne, Hastings, Lewes, Rother, Wealden), Fareham, Folkestone & Hythe, Gosport, Havant, Isle of Wight, Maldon, Milton Keynes, New Forest, Oxfordshire (Cherwell, Oxford, South Oxfordshire, Vale of White Horse, West Oxfordshire), Portsmouth, Southampton, Swale, Tendring, Test Valley, Thanet, Uttlesford, West Berkshire, West Oxfordshire, Winchester, Worthing

South West: Bath & North East Somerset, Bournemouth, Christchurch & Poole, Bristol, Cornwall, Dorset, Devon (East Devon, Exeter, Mid Devon, North Devon, South Hams, Teignbridge, Torridge, West Devon), Gloucestershire (Cheltenham, Cotswold, Forest of Dean, Gloucester, Stroud, Tewkesbury), Isles of Scilly, North Somerset, Plymouth, Somerset (Mendip, Sedgemoor, Somerset West & Taunton, South Somerset), South Gloucestershire, Swindon, Torbay, Wiltshire

West Midlands: Birmingham, Coventry, Dudley, Herefordshire, Sandwell, Shropshire, Solihull, Staffordshire (Cannock Chase, East Staffordshire, Lichfield, Newcastle-under-Lyme, South Staffordshire, Stafford, Staffordshire Moorlands, Tamworth), Stoke-on-Trent, Telford & Wrekin, Walsall, Warwickshire (North Warwickshire, Nuneaton & Bedworth, Rugby, Stratford-on-Avon, Warwick), Wolverhampton, Worcestershire (Bromsgrove, Malvern Hills, Redditch, Worcester, Wychavon, Wyre Forest)

Yorkshire & The Humber: Barnsley, Bradford, Calderdale, Doncaster, East Riding of Yorkshire, Kingston upon Hull, Kirklees, Leeds, North East Lincolnshire, North Lincolnshire, North Yorkshire (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough, Selby), Rotherham, Sheffield, Wakefield, York

Notes

Indices and average prices are produced using Nationwide's updated mix adjusted House Price Methodology, which was introduced with effect from the first quarter of 1995. The data is drawn from Nationwide's house purchase mortgage lending at the post survey approvals stage. Price indices are seasonally adjusted using the US Bureau of the Census X12 method. Currently the calculations are based on a monthly data series starting from January 1991. Figures are recalculated each month which may result in revisions to historical data.

More information on the house price index methodology along with time series data and archives of housing research can be found at www.nationwidehousepriceindex.co.uk

Legal Information

The Nationwide House Price Indices are prepared from information that we believe is collated with care, but no representation is made as to their accuracy or completeness. We reserve the right to vary our methodology and to edit or discontinue the indices at any time, for regulatory or other reasons.

Persons seeking to place reliance on the Indices for any purpose whatsoever do so at their own risk and should be aware that various factors, including external factors beyond Nationwide Building Society's control might necessitate material changes to the Indices.

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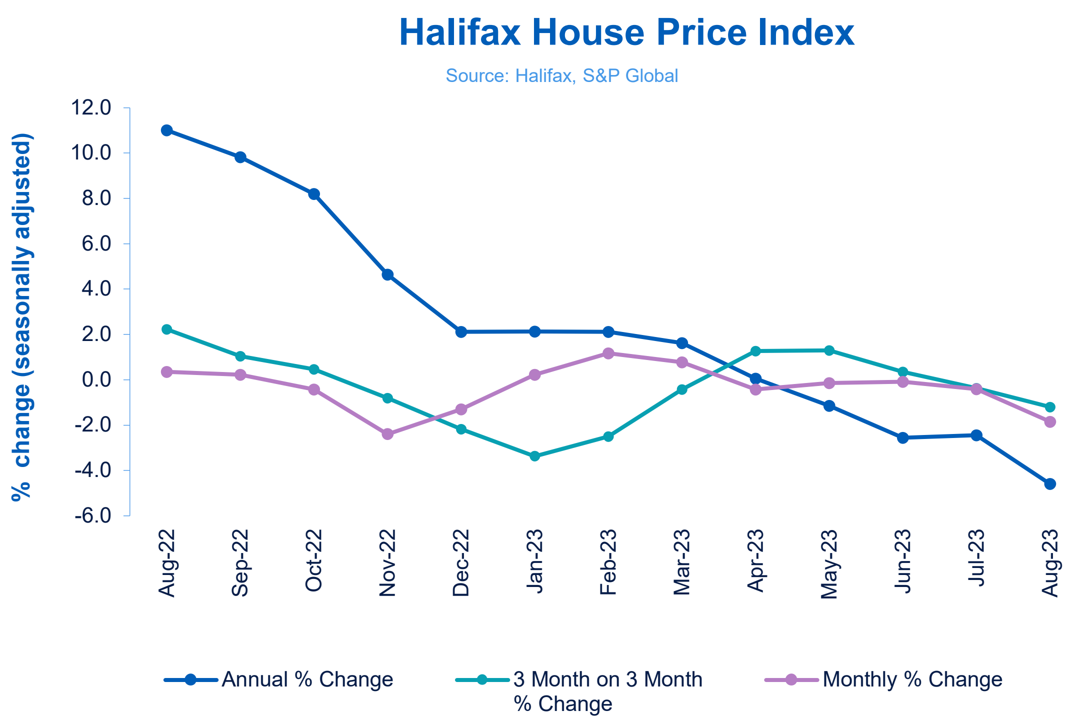
Appendix CCC
Halifax House Price Index August 2023

House Price Index
August 2023

Average house price	Monthly change	Quarterly change	Annual change
£279,569	-1.9%	-1.2%	-4.6%

UK house prices fell in August as impact of higher rates flows through

- **Average house price fell by -1.9% in August, the largest monthly fall since November 2022**
- **Property prices dropped by -4.6% on an annual basis, from -2.5% in July, though prices were at a record peak last summer**
- **Typical UK home now costs £279,569, down by around £14,000 over the last year, back to the level seen in early 2022**
- **Average prices remain around £40,000 above pre-pandemic levels**
- **Southern England and Wales seeing most downward pressure on property prices, Scotland showing greater resilience**



Kim Kinnaird, Director, Halifax Mortgages, said:

“UK house prices fell again in August, with the monthly drop of -1.9% the steepest since last November, following a period of relative stability. The average home now costs £279,569, down by around £5,000 since July, and back to the level seen at the start of last year. On an annual basis prices fell by -4.6%, the biggest year-on-year decrease since 2009, though it should be noted that this is relative to the record-high property prices seen last summer.

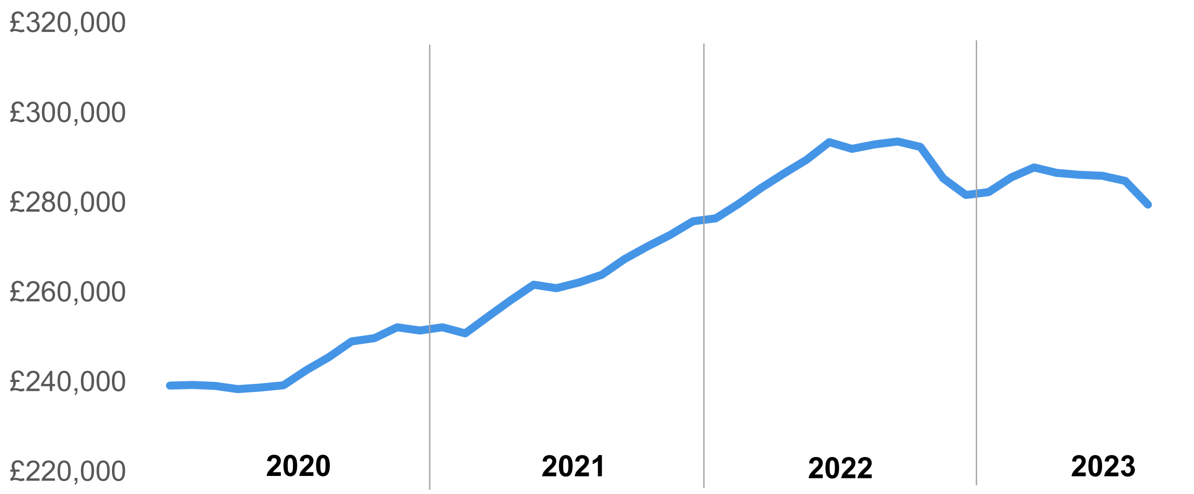
“It’s fair to say that house prices have proven more resilient than expected so far this year, despite higher interest rates weighing on buyer demand. However, there is always a lag-effect where rate increases are concerned, and we may now be seeing a greater impact from higher mortgage costs flowing through to house prices. Increased volatility month-to-month is also to be expected when activity levels are lower, though overall the pace of decline remains in line with our outlook for the year as a whole.

“Market activity levels slowed during August, and while there is always a seasonality effect at this time of year, it also isn’t surprising given the pace of mortgage rate increases over June and July. While these did ease last month, rates remain much higher compared to recent years. This may well have prompted prospective buyers to defer transactions in the hope of some stability, and greater clarity on the future direction of rates in the coming months. The market will continue to rebalance until it finds an equilibrium where buyers are comfortable with mortgage costs in a higher range than seen over the previous 15 years.

“We do expect further downward pressure on property prices through to the end of this year and into next, in line with previous forecasts. While any drop won’t be welcomed by current homeowners, it’s important to remember that prices remain some £40,000 (+17%) above pre-pandemic levels. It may also come as some relief to those looking to get onto the property ladder. Income growth has remained strong over recent months, which has seen the house price to income ratio for first-time buyers fall from a peak of 5.8 in June last year to now 5.1. This is the most affordable level since June 2020, and will be partially offsetting the impact of higher mortgage costs.”

Halifax House Price Index

Average UK house price: January 2020 to August 2023



Source: Halifax, S&P Global

Nations and regions house prices

All UK nations and the nine English regions registered a decline in house prices over the last year, with northern locations generally proving to be more resilient than areas in the south.

Buyers faced with the need to find larger deposits and fund bigger monthly repayments means the South East is experiencing the biggest drop. House prices have fallen by -5.0% on an annual basis (average house price of £379,565).

Wales, which recorded some of the biggest gains in property prices during the pandemic-driven race for space, has seen property prices fall by -4.7% over the last year (average house price of £212,967).

In Northern Ireland property prices have fallen by -1.5% annually (average house price of £182,700). In Scotland property prices fell by just -0.6% over the last year, the slowest pace of decline in the UK (average house price of £201,932).

London remains the most expensive place in the UK to purchase a home, with an average property price of £529,814. However with prices down by -4.1% over the last year, it has seen the biggest fall of any region in cash terms (-£22,777).

Housing activity

- **HMRC monthly property transaction data shows UK home sales increased slightly in July 2023.** UK seasonally adjusted (SA) residential transactions in July 2023 totalled 86,510 – up by 0.8% from June's figure of 85,820 (down 8.9% on a non-SA basis). Quarterly SA transactions (May 2023 - July 2023) were approximately 3.3% lower than the preceding three months (February 2023 - April 2023). Year-on-year SA transactions were 16.3% lower than July 2022 (21.7% lower on a non-SA basis). (Source: HMRC)
- Latest **Bank of England figures** show the number of mortgages approved to finance house purchases decreased in July 2023, by 9.5% to 49,444. Year-on-year the July figure was 21.7% below July 2022. (Source: Bank of England, seasonally-adjusted figures)
- The **RICS Residential Market Survey** results for July 2023 show key metrics continuing to decline. New buyer enquiries returned a net balance of -45%, up slightly from -46% in June, agreed sales -44% (down from -36% previously) and new instructions -15% (previously -3%). (Source: Royal Institution of Chartered Surveyors' (RICS) monthly report)

UK house prices Historical data

National: All Houses, All Buyers (Seasonally Adjusted)

Period	[1]Index Jan 1992=100	[2]Standardised Average Price £	Monthly Change %	Quarterly Change %	[3]Annual Change %
August 2022	505.3	293,025	0.4	2.2	11.0
September	506.4	293,664	0.2	1.0	9.8
October	504.2	292,406	-0.4	0.5	8.2
November	492.2	285,425	-2.4	-0.8	4.6
December	485.8	281,713	-1.3	-2.2	2.1
January 2023	486.9	282,360	0.2	-3.4	2.1
February	492.6	285,660	1.2	-2.5	2.1
March	496.4	287,891	0.8	-0.4	1.6
April	494.3	286,662	-0.4	1.3	0.1
May	493.6	286,234	-0.2	1.3	-1.1
June	493.2	286,011	-0.1	0.4	-2.6
July	491.2	284,852	-0.4	-0.4	-2.5
August	482.1	279,569	-1.9	-1.2	-4.6

Editors' notes

House price data on a quarterly basis provides the clearest indication of overall market trends, smoothing out the monthly volatility caused by the reduced number of monthly transactions used to calculate all house price indices.

1. Index
The standardised index is seasonally adjusted using the U.S. Bureau of the Census X-11 moving-average method based on a rolling 84-month series. Each month, the seasonally adjusted figure for the same month a year ago and last month's figure are subject to revision.

2. Standardised average price
The standardised average price is calculated using the HPI's mix adjusted methodology.

3. National annual change figure
National annual change figures are the seasonally adjusted year-on-year figures.

4. Regional annual change figure
The regional annual change figures are based on the most recent three months of approved mortgage transaction data.

For further information on the methodology follow this link to IHS Markit's website.

Halifax press office contacts

Gregor Low, 07500 078 879, gregor.low@lloydsbanking.com

For historical data or for technical queries please contact economics@ihsmarkit.com

About the Halifax house price index

The Halifax House Price Index is the UK's longest running monthly house price series with data covering the whole country going back to January 1983. From this data, a "standardised" house price is calculated and property price movements on a like-for-like basis (including seasonal adjustments) are analysed over time. The annual change figure is calculated by comparing the current month non-seasonally adjusted figure with the same month a year earlier.

For more information on our housing market research, visit http://www.halifax.co.uk/house-price-index

HALIFAX

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S&P Dow Jones Indices

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Appendix CCD
Knight Frank Residential Development Land Index Q2 2023

Residential Development Land Index

Q2 2023

The Knight Frank Residential Development Land Index is designed to give a snapshot of broad trends in the development land market

knightfrank.com/research

The UK's worsening economic outlook weighed on the residential development land market in the second quarter, leading to a slowdown in activity and a decline in prices across the board

In prime central London, land values fell 5%, the first quarterly decline since the pandemic related downturn during the second quarter of 2020. UK greenfield and urban brownfield values also fell on average by 6.1% and 5.9% in Q2 2023, taking the annual change to -14.6% and -17.9% respectively.

Land values are falling as house prices are declining, borrowing costs are rising sharply and the economic picture remains uncertain. In June, Nationwide reported that house prices were flat compared to a month earlier, but down 3.5% on an annual basis.

While the land price falls are significant, residential land values tend to be volatile and highly sensitive to house price changes. As the economic situation improves and inflation eases, we could see a sharp rebound in land values.

Housebuilders are operating a more cautious approach to land purchases in order to reduce outgoings as slowing sales rates and a need for more competitive pricing squeeze profitability.

Average operating margins for the sector are forecast to fall from 20.1% in the 2021-22 financial year to 15.7% in 2022-23, according to equity research analysis firm Redburn.

Currently, the volume homebuilders are increasing their profit margins to reflect the market uncertainty. Our survey found that around a fifth of housebuilders raised their margins in Q2, with nearly 60% keeping them the same on quarter.

Mortgage rates are approaching 7% following the Bank of England raising the base rate again by 0.5bps in June to 5%, the highest level since October 2008. Persistent inflation drove this decision, with the headline rate remaining at 8.7% in the year to May.

53%

of housebuilders expect land prices to fall in the third quarter (July-September)

42%

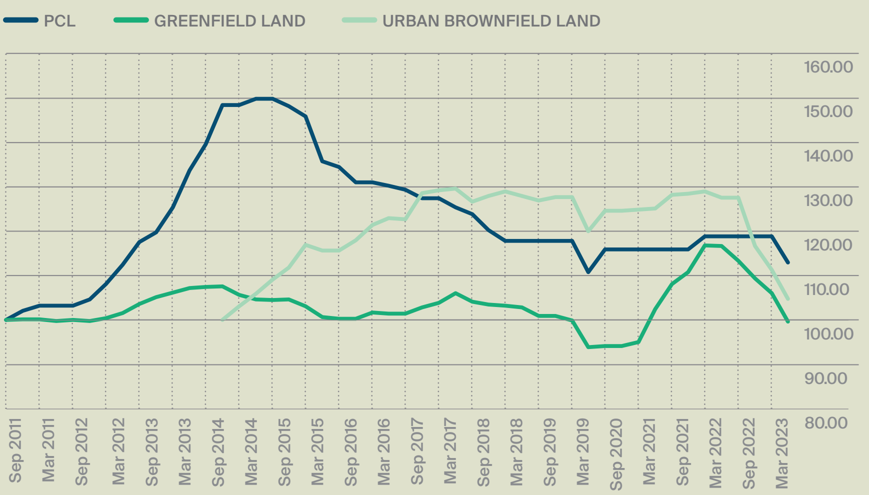
of housebuilders said the short-term outlook for the UK economy was the most challenging factor for their business this quarter

A quarter

have renegotiated a land purchase this quarter

Residential development land prices

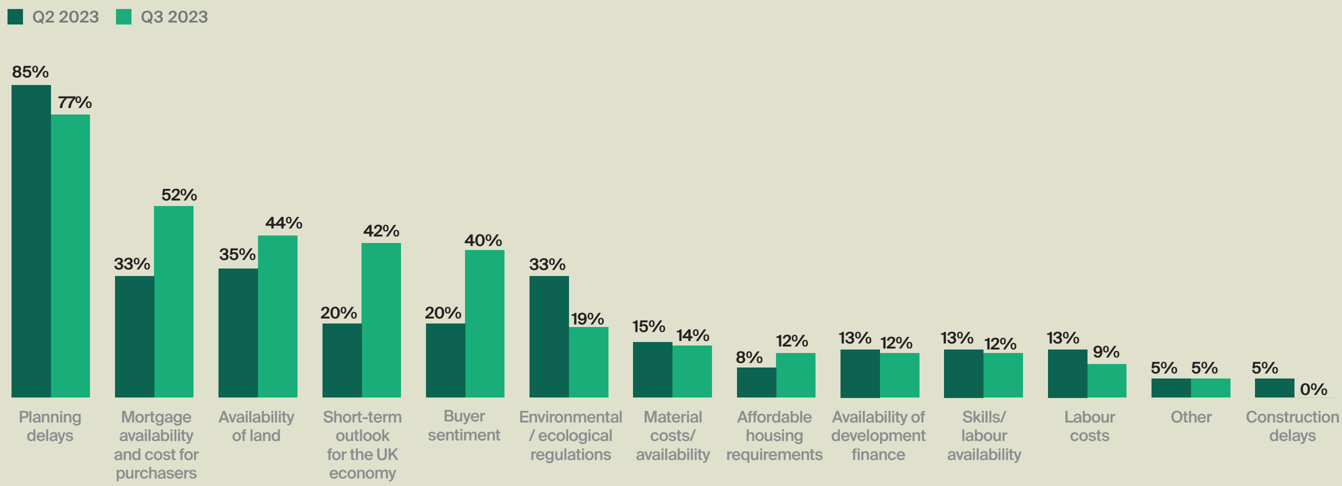
Index rebased 100 = Sep 2011 (Urban Brownfield = Dec 2014)



Source: Knight Frank Research

What do you think will have the greatest impact on the housebuilding sector next quarter?

% of respondents (choose up to three)



Source: Knight Frank Research

Since then, UK inflation has cooled, coming in at 7.9% annually in June, below consensus expectations. This has improved market sentiment and brought interest rate predictions down.

SHIFTING SENTIMENT

Our latest survey of over 45 volume and SME housebuilders shows that the short-term outlook for the UK economy is one of the biggest concerns for the industry. Just over 40% of respondents said that this had been the most challenging factor for their business in Q2, up from 20% who cited this factor in Q1. Likewise, 44% selected 'mortgage availability and cost for purchasers' as the most challenging factor, up from just 15% in the first quarter. Looking ahead, over half thought that 'mortgage availability and cost for purchasers' would have the greatest impact on the housebuilding sector in the third quarter, second to planning delays.

The sluggish economy has led to greater caution towards land purchases, with deferred payment structures, conditional agreements and withdrawals all on the rise. Over 40% of housebuilders said they had been involved in a conditional land purchase in the second quarter, another 40% had agreed a purchase with a deferred payment structure, a quarter said they had renegotiated a purchase and a fifth said they had either withdrawn or deferred a purchase.

Land buyers also want certainty: in terms of preferred status of land to buy, the split in our survey is towards land with principle of development (allocation or consent).

MORE MANAGEABLE BUILD COSTS

The slowdown in construction activity has increased the availability of building materials and labour. Supply chains are also recovering post-pandemic and following disruptions caused by the ongoing Ukraine war. Key building materials such as timber, steel, concrete saw prices surge by around 60-80% in 2021. But there are signs these costs are now abating slightly, and costs for these materials have fallen by around 20% over the past 12 months.

That said, build costs remain historically high: increasing by 8.7% last year and up 24% since 2020, according to the BCIS. Materials costs have risen 43% in two years, while labour costs are up by nearly 10%.

The BCIS is forecasting build costs will increase by a more manageable 5.1%

Volume housebuilders scale back

Larger housebuilders remained selective in terms of land purchases this quarter, with some no longer proceeding on previously approved sites, and most expecting to deliver a reduced volume of new homes over the coming months.

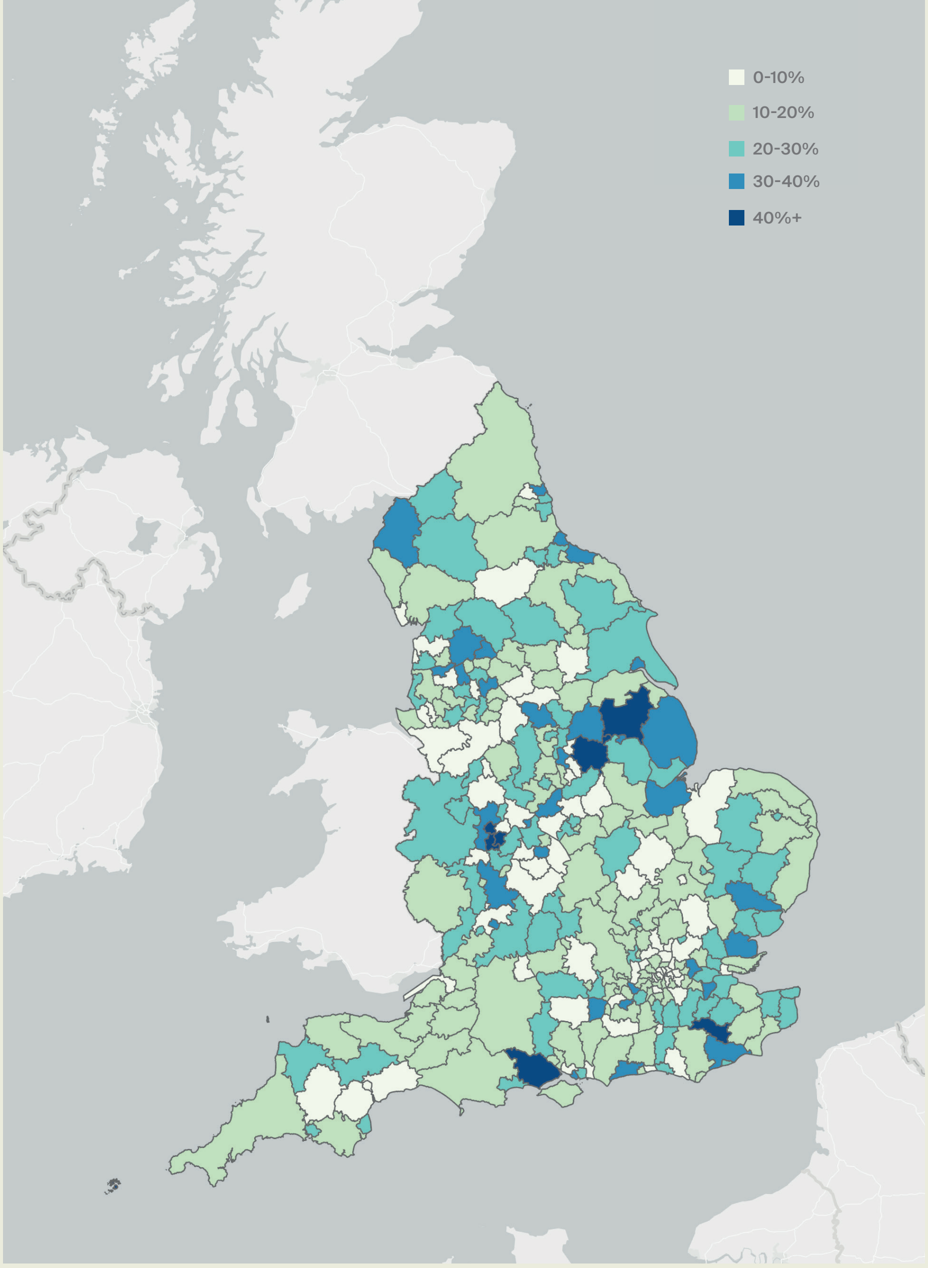
Housebuilder average sales rates were 0.60 in the first half of 2023, up from 0.49 in H2 2022 but below the long run average of 0.70 sales per outlet per week. Activity levels are hugely varied across the country, with scarcer greenfield housing sites in the South East and some regional urban brownfield sites in the North of England attracting competitive bids, with greater affordability in cities such as Manchester and Leeds driving more sales. While housebuilders are diversifying revenue streams through bulk deals with institutional investors in the private rental sector, such as Barratt's 604-homes deal with Lloyd's subsidiary Citra Living in June, 30% of survey respondents said 'normal sales' were the strongest sales supports in the first half of the year, with over 60% selecting 'offering incentives'. Just under a fifth chose sales to build to rent or single family housing operators or investors.

Looking ahead, our survey points to a slowdown in delivery, with 61% now expecting start volumes to decrease in the third quarter, compared to a quarter in Q1 (looking ahead to Q2). Over half of respondents also think land values will fall again in Q3.

The June S&P Global/Cips construction purchasing managers' index found that work on residential building projects decreased for the sixth month running and at the steepest pace since May 2020. Other than the Covid market slowdown, the latest reading for residential construction activity was the lowest for just over 14 years.

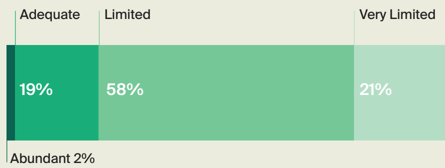
Major development decisions

Percentage agreed by local authorities within 13 weeks over the past two years to end March 2023



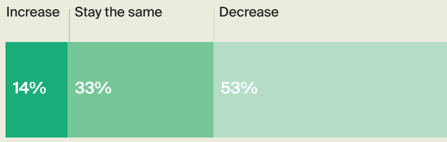
Land availability

% of respondents that said land availability was...



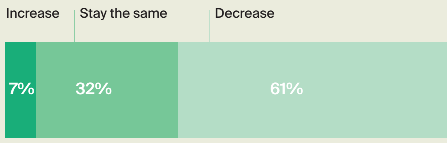
Land prices

% of respondents that thought land prices would...

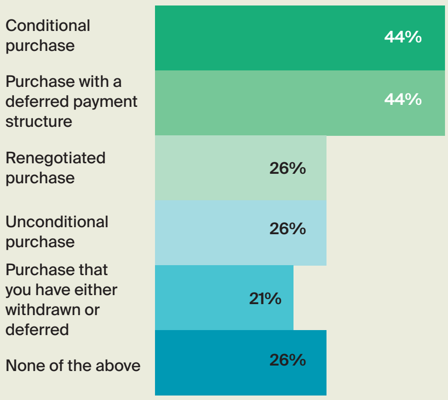


Start volumes

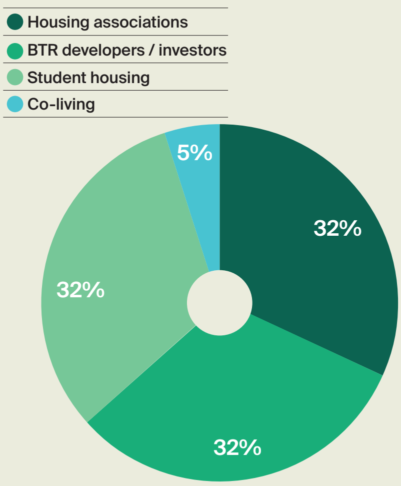
Thinking about the next three months do you expect start volumes to...



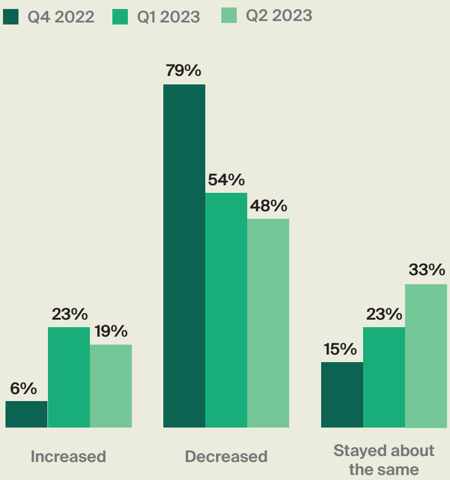
Have you been involved in one of the following land purchase types in H1 2023?



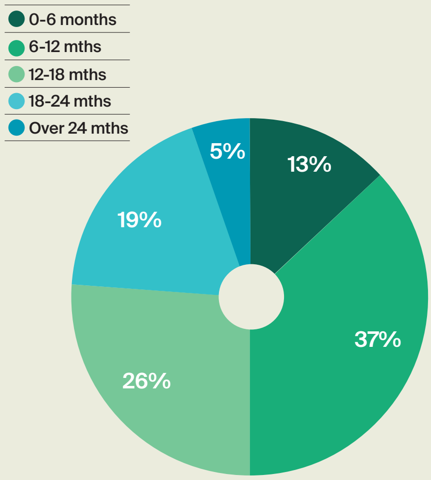
Which group was most active in your region?



How active was the new homes market, looking at site visits and reservations?



How long do you typically allow for getting reserved matters approval on an allocated site?



overall this year and by 10.6% between 2024-2027. Our survey also suggests that build costs are still rising, even if at a slower rate than the surges seen in recent years. Just over half said that prices for key building materials had increased in Q2 compared with Q1, while just under 40% said that labour costs had risen.

PLANNING SLOWDOWN

New development projects have stalled amid uncertainty over the future direction of planning and the subdued state of the property market. The latest Home Builders Federation figures show that 58 LPAs have delayed or withdrawn their local plans. This has contributed to a reduction in planning consents, which will further restrict new build delivery.

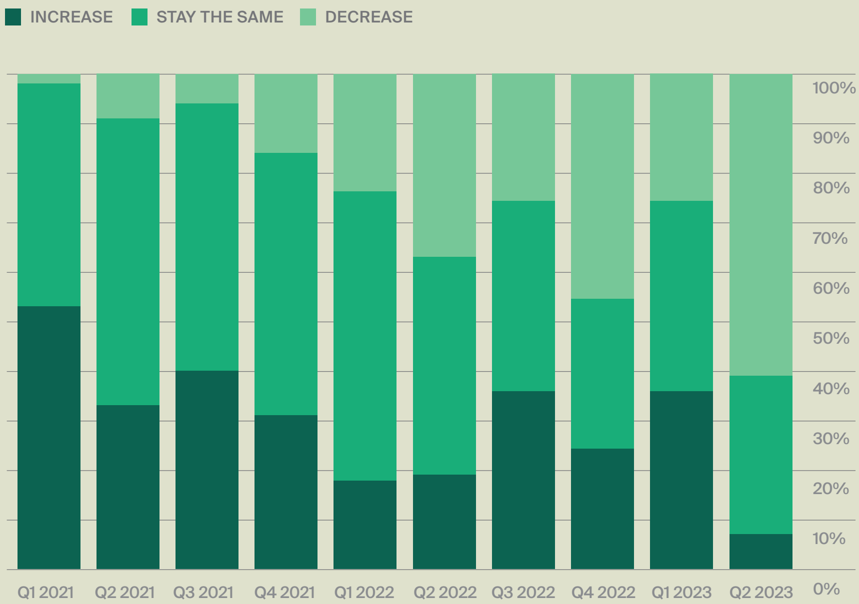
England had the slowest start to the year in Q1 2023 since 2009 in terms of major residential planning decisions granted, government data shows. Decisions granted fell 16% compared to Q1 2022 to 1,037. Our survey also points to planning delays as a recurrent issue, with half of housebuilders allowing over a year to secure reserved matters approval on an allocated site, the next stage after an outline permission has been granted. Typically, this approval process should take eight weeks or three months for large developments. Some homebuilders allow even longer: A further 18% would allow up to two years, with just 13% building in up to six months of approval time.

Nutrient neutrality rules are also weighing on delivery, with the HBF estimating that more than 145,000 new build homes have been stalled as a result. In total, 74 local planning authorities are subject to Natural England's nutrient neutrality guidance, which prevents development in 'catchments' around some waterways if the new homes would increase levels of nutrients.

While the immediate picture for the land market is challenging, a reduction in cost inflation should eventually help reduce pressure on margins and give developers more of an incentive to purchase land. The longer-term fundamentals for the new homes market also remain robust, with supply shortages likely to support pricing.

What will happen to start volumes over the next three months?

% of volume and SME housebuilders that thought start volumes would...



Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Disclaimer

The Knight Frank Residential Development Land Index is designed to give a snapshot of broad trends in the development land market, and should be only be used as such. It is derived from valuations of a basket of more than 70 residential development sites around the country. Every quarter Knight Frank surveys between 30-50 SME and large housebuilders to gauge their sentiment and views on the market. The survey was conducted between 20th June-10 July 2023.

Residential Research

Oliver Knight
Partner, Head of Res Dev Research
+44 20 7861 5134
oliver.knight@knightfrank.com

Anna Ward
Associate
+44 20 3861 6991
anna.ward@knightfrank.com

Residential Development

Justin Gaze
Partner
+44 20 7861 5407
justin.gaze@knightfrank.com

Knight Frank

Appendix CCE
L B Haringey Land Registry House Price Data

UK House Price Index

House price index by type of property in Haringey

July 2022 – September 2023

	Reporting period	Sales volume	House price index All property types
July 2022	monthly	205	129.0
August 2022	monthly	231	130.5
September 2022	monthly	237	134.2
October 2022	monthly	189	133.9
November 2022	monthly	213	134.3
December 2022	monthly	164	132.7
January 2023	monthly	102	133.9
February 2023	monthly	117	131.5
March 2023	monthly	103	131.3
April 2023	monthly	98	129.6
May 2023	monthly	96	131.6
June 2023	monthly		133.7
July 2023	monthly		132.7

Application release 1.5.20

UK House Price Index

Average price by property status in Haringey

July 2022 – September 2023

	Reporting period	Sales volume	Average price New build
July 2022	monthly	205	£526,862
August 2022	monthly	231	£529,148
September 2022	monthly	237	£549,882
October 2022	monthly	189	£551,384
November 2022	monthly	213	£574,471
December 2022	monthly	164	£579,972
January 2023	monthly	102	£597,278
February 2023	monthly	117	£590,515
March 2023	monthly	103	£597,544
April 2023	monthly	98	£595,590
May 2023	monthly	96	£601,760
June 2023	monthly		
July 2023	monthly		

Application release 1.5.20

Appendix CCF
OBR Economic and Fiscal Outlook March 2023

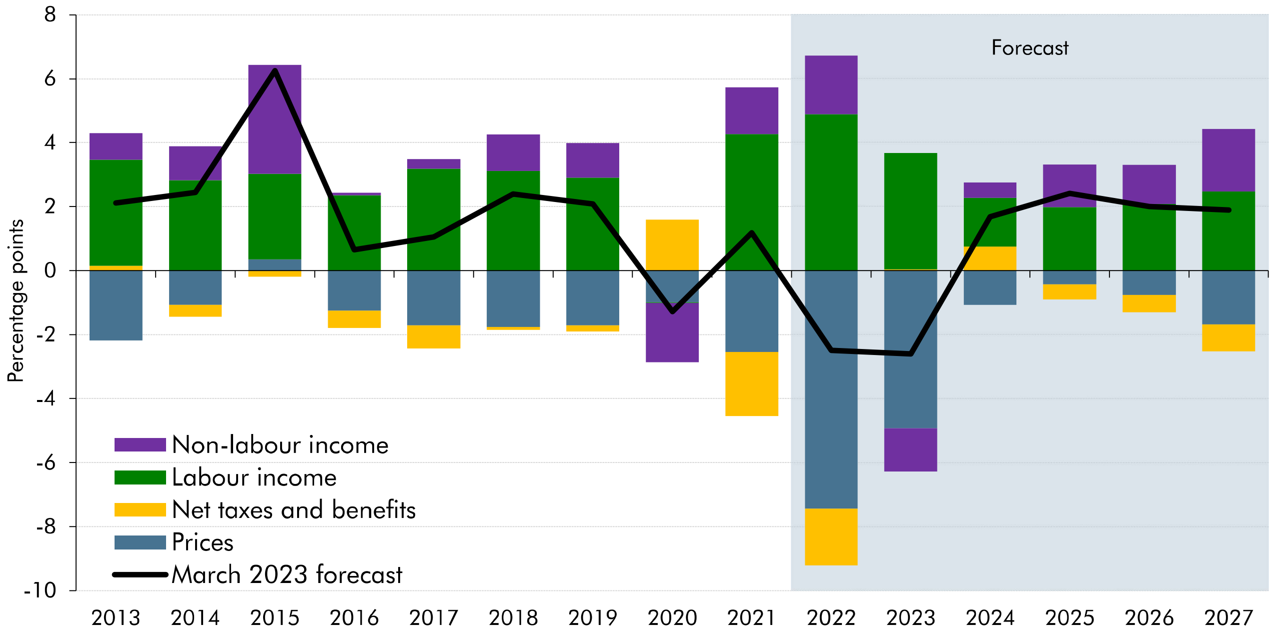
2.45 In 2024, we expect nominal pay growth to ease to 1.8 per cent as inflation falls away and unemployment remains above its equilibrium rate, before averaging 2.0 per cent over the remainder of the forecast, broadly in line with our November forecast. Despite strong nominal earnings growth this year, high inflation means real earnings are broadly flat. Real pay growth then rises to 0.7 per cent in 2024 before averaging around 1 per cent a year over the rest of the forecast.

Households

Household income

2.46 Real household disposable income (RHDI) is expected to fall by 2.6 per cent in 2023, following a fall of 2.5 per cent in 2022 (Chart 2.16). Inflation contributes 4.9 percentage points in 2023 (blue bars), continuing to outstrip the nominal earnings contribution of 3.6 percentage points (green bars) while the contribution of other income also falls 1.3 percentage points (purple bars). RHDI would have fallen by a further 1½ per cent in 2023 were it not for the EPG taking 2 percentage points off CPI inflation this year. And a rise in income and wealth tax payments is broadly offset by a rise in social benefits. RHDI returns to growth in 2024, rising by 1.7 per cent as inflation eases significantly and falls below growth in nominal earnings and non-labour income. RHDI continues to recover in the final three years of the forecast, growing by an average of around 2 per cent. Nominal earnings growth and non-labour incomes add around 3.7 percentage points to annual RHDI growth between 2025 and 2027, while net taxes on households subtract 0.6 percentage points as frozen tax thresholds draw more people into tax and more taxpayers into higher bands.

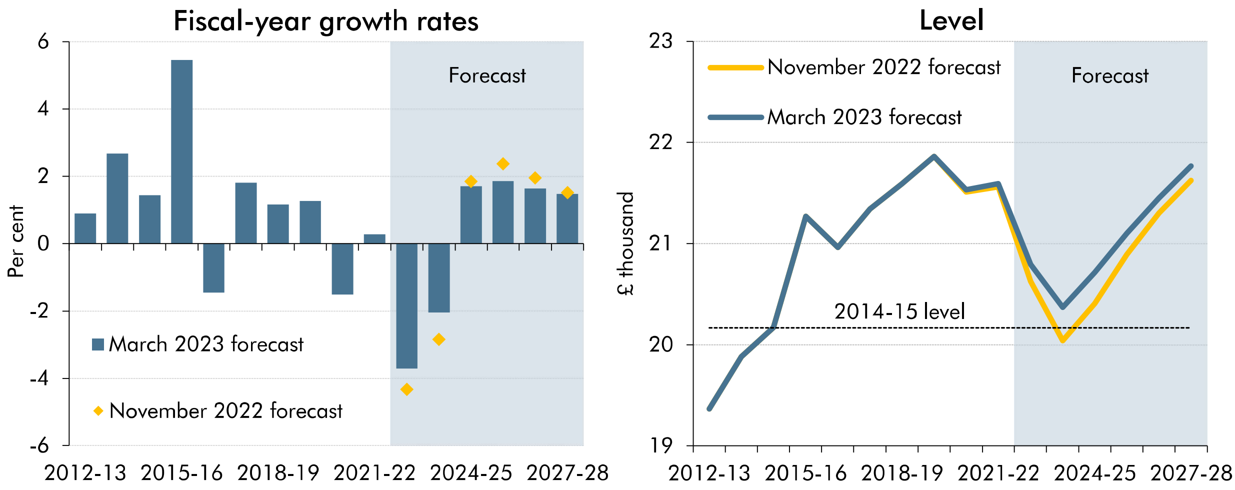
Chart 2.16: Contributions to real household disposable income growth



Source: ONS, OBR

2.47 On a fiscal-year basis, RHDI per person, a measure of living standards, falls by 6 per cent between 2021-22 and 2023-24 (Chart 2.17). Lower inflation (reflecting lower imported commodity prices which improve the terms of trade) and stronger nominal earnings growth mean that this is a 1 percentage point smaller fall than expected in November, but it would still represent the largest two-year fall in real living standards since ONS records started in the 1950s. The fall between 2021-22 and 2023-24 takes RHDI per person to its lowest level since 2014-15. And in 2027-28, real living standards remain around ½ per cent below pre-pandemic levels. As discussed above, this reflects the fact that the UK has suffered a large terms of trade shock, which increased the prices of the goods and services we consume significantly more than the prices of the goods and services we produce.

Chart 2.17: Real household disposable income per person

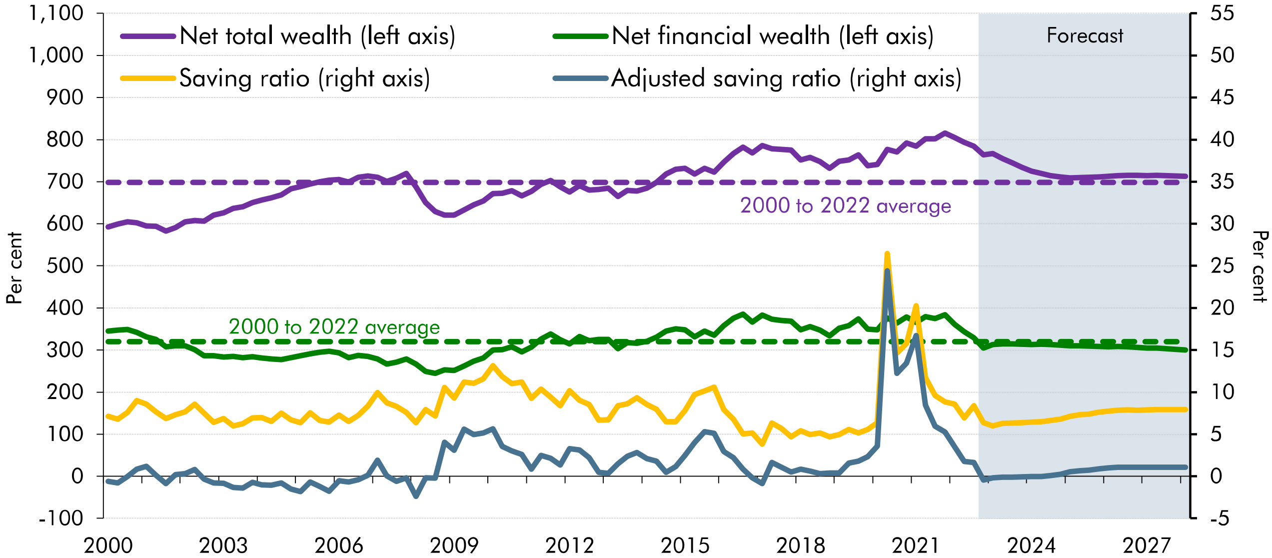


Source: ONS, OBR

Household saving

2.48 Households' saving (excluding adjustments to net equity in pension funds) is expected to drop to around zero in 2023 and 2024 to support consumption in the face of weak real income growth. Restrictions placed on personal mobility and social consumption during the pandemic led to a build-up in total household savings, boosting household wealth. We expect savings to be drawn upon to stabilise spending while inflation remains high, and, as a result, for wealth relative to household income to return to historical averages (Chart 2.18). As cost-of-living pressures ease, the saving ratio rises to around 1 per cent at the forecast horizon, only marginally higher than our November forecast but still around half the post-financial crisis average. The headline saving ratio (which includes adjustments to net equity in pension funds) falls to 6.3 per cent in 2023 before gradually rising to just below 8 per cent in 2027, 2½ percentage points higher than in November due to larger-than-expected pension equity adjustments in recent outturn data.

Chart 2.18: Household wealth and saving



Note: Per cent of household disposable income. Saving ratio as a per cent of household disposable income and the pension equity adjustment. Adjusted saving ratio excludes the pension equity adjustment. Net financial wealth includes pensions and housing debt. Net total wealth also includes housing assets.
Source: ONS, OBR

Private consumption

2.49 Private consumption is forecast to fall by 0.8 per cent in 2023 as the drop in real incomes is only partly offset by lower saving. This fall would be 1½ percentage points larger if the household saving ratio were to remain at 2022 levels, in the absence of stronger incomes. Consumption growth picks up to average 1.7 per cent a year over the rest of the forecast as real income growth turns positive and household saving remains low. Compared to our November assessment, real private consumption is higher over the whole forecast period and by around 1 per cent at the forecast horizon due to lower market expectations for wholesale gas prices and the upgrade in potential output boosting household incomes.

Credit conditions and housing

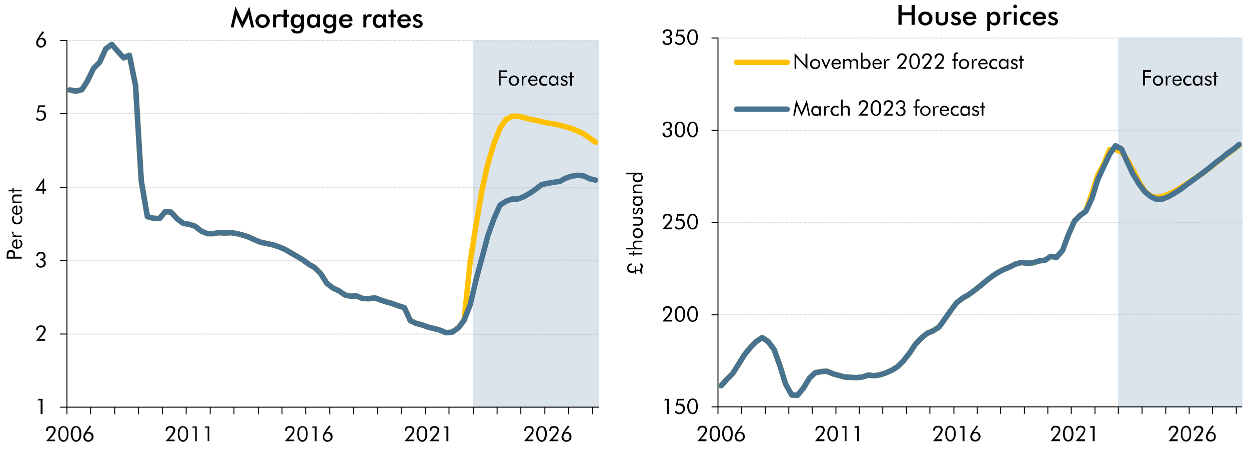
2.50 Average interest rates on the stock of outstanding mortgages are expected to peak at 4.2 per cent in 2027, two times higher than at their trough at the end of 2021. But the peak is 0.8 percentage points lower than forecast in November given lower market expectations for Bank Rate (left panel Chart 2.19). With more than 80 per cent of mortgages on fixed-term contracts and the prevalence of fixed-rate mortgage contracts with terms of more than two years having risen in recent years, the increase in rates on new mortgages over recent months will take several years to feed through to the average mortgage rate.[16]

2.51 Our central forecast is that house prices fall by 10 per cent from their high in the fourth quarter of 2022, a 1 percentage point larger fall than in our November forecast (right panel of Chart 2.19). Property transactions are expected to drop by 20 per cent relative to their

[16] As well as accounting for the effect of lower market interest rates, we have revised up the proportion of mortgages assumed to be fixed for longer periods relative to our November forecast reflecting the shift from two-year to five-year fixed-rate products.

peak in the same quarter. Leading indicators from Halifax and Nationwide suggest that house prices have already fallen by 3 to 6 per cent between their peak in the middle of 2022 and February 2023. Low consumer confidence, the squeeze on real incomes, and the expectation of mortgage rate rises to come are expected to contribute to continued falls in house prices and a reduction in housing market activity.

Chart 2.19: Mortgage rates and house prices



Source: Bank of England, Datastream, ONS, OBR

Trade and the current account

2.52 We expect trade volumes to contract in the near term as the economy stagnates and growth in the UK's major export markets weakens. In 2023, imports fall by 4 per cent, dragged down by lower consumption and investment, while exports fall by 6.6 per cent. Import and export volumes continue to decline in 2024, by 1.3 and 0.3 per cent respectively. Exports return to growth from 2025 onwards while import volumes continue to fall, partly due to the fall in import-intensive components of business investment as the temporary capital allowance measure ends. Weak growth in imports and exports over the medium term partly reflect the continuing impact of Brexit, which we expect to reduce the overall trade intensity of the UK economy by 15 per cent in the long term. Box 2.4 examines the latest evidence for this assumption – with its subsequent impact on productivity – alongside those made about investment and migration following the 2016 EU referendum.

Box 2.4: How are our Brexit forecasting assumptions performing?

Since the June 2016 EU referendum, our forecasts have incorporated a set of assumptions about the economic impact of Brexit. We have reviewed and refined them in subsequent forecasts as new evidence has arrived. This box assesses our current assumptions against the latest evidence:

- On **trade and productivity**, we assume that the volume of UK imports and exports will both be 15 per cent lower in the long run than if we had remained in the EU, reducing the overall trade intensity of GDP. And we assume that this leads to a 4 per cent reduction

Appendix CCG
House price predictions
JLL

24 March 2023

Residential Market Update March 2023 – Spring Budget Overview

The Spring Budget, 2023

Recently news of a rate rise at a Monetary Policy Committee meeting has become almost a foregone conclusion, with rates increasing ten times since December 2021 and the last meeting in February. But views on the outcome of the March meeting were mixed. On one hand, the uncertainty surrounding the collapse of the Silicon Valley Bank and the takeover of Credit Suisse by UBS, alongside more encouraging news on the outlook for inflation from the OBR suggested the committee may stick. But unexpected double digit inflation figures, showing an annual uptick in CPI of 10.4% in February increased the odds of a rate rise.

Despite the announced 25 basis point rise, taking base rates to 4.25%, we still expect this signals a topping out (or near topping out) of rates. This remains in line with the base rate expectations in our November forecast, with JLL expecting house prices will fall by 6% nationally in 2023, with the market starting to see annual growth return in the latter part of 2024.

Updated Office for Budget Responsibility (OBR) forecasts following the Spring Budget show the UK economy is not now expected to enter a technical recession in 2023. However, forecasts suggest a small contraction of 0.2%. At present the UK inflation rate remains stubbornly high, however the OBR has forecast inflation will fall to 2.9% by year end. Despite economic uncertainty, the labour market continues to rally. Although job vacancies have fallen vacancies remain 300,000 above levels recorded pre-pandemic.

Despite expectations the UK will avoid recession, the outlook for growth is more muted. The OBR have forecast GDP growth of 1.8% in 2024, followed by 2.5% in 2025, 2.1% in 2026 and 1.9% in 2027.

The Spring Budget

The Budget was light on specific housing policies and initiatives to boost the supply of new housing in the UK. The costs of living crisis has exacerbated issues surrounding housing affordability and the need for greater innovation on supply side policy.

The news on the energy price cap remaining at £2,500 per annum will, however, be well received by households across the UK. The cap will remain in place until the end of June, by which time the government is hopeful that falling energy prices and more balmy weather will negate the need for further support.

There appear to have been a handful of small steps made to improve the UK's renewable energy sources. The Department for Energy Security and Net Zero was one of four new departments created in February. In addition, the Chancellor has announced that the government is launching Great British Nuclear (GBN) to address constraints in the nuclear market.

The Housing Sales Market

The latest set of responses from the RICS survey saw the majority of agents reporting a continued fall in house prices and new buyer enquiries in February. A net balance of 29% professionals reported a fall in new buyer enquiries, an improvement on the 45% recorded in January. The story is similar across London with a net balance of 44% of professionals reporting a fall in house prices.

The Nationwide UK House Price Index reported house prices fell 1.1% in the year to February 2023, the first annual decline since June 2020. Higher interest rates and cost of living pressures have been slowly filtering through to the housing market over the past five months or so. Albeit recent reductions in mortgage rates and continued resilience in the labour markets have kept annual falls to a minimum so far. According to Nationwide, the average house price in the UK is £257,406, 19% higher than pre-pandemic levels (February 2023 vs. February 2020).

The Rental Market

The Homelet index suggests annual rental growth remains strong at 9.9% across the UK in February 2023, with the current average rent of £1,175 matching the November peak. The latest RICS survey continues to show an imbalance between supply and demand in the both the UK and London rental markets.

In London, the worsening demand supply story has continued to underpin rents, with annual growth of 12.4% in February 2023. The average rent across London reaching £1,975 per month.

Forecasts

Despite some clear challenges, the UK housing market remains in a strong position. Unemployment is still at near record lows, with recent data showing there are over 300,000 more job vacancies now compared to the beginning of the pandemic. JLL are forecasting single digit price falls nationally in 2023 as buyers and vendors adapt to higher mortgage rates and the squeeze in the cost of living. But prices falls will not be universal, we anticipate certain markets, such as central London and high demand city centre locations, will see more modest price falls or marginal price rises this year.

In the rental market the lack of quality rental stock is an ongoing issue. We also expect to see a higher number of prospective buyers, as well as those who would under normal circumstances have transacted under Help to Buy remain in the rental market for longer, adding further demand in an already constrained market.

Residential Forecasts	2023	2024	2025	2026	2027	Total 2023-27	Average pa
UK House Price Change (% pa)	-6.0	1.0	4.0	5.0	5.0	8.9	1.7
UK Rental Value Change (% pa)	4.0	3.5	2.5	2.5	2.5	15.9	3.0

Source: JLL Research

And in case you missed it…

JLL released our latest **Big 6 Residential Development Report**, comparing activity, pricing and rents across six UK cities outside of London. *Veronica Spanos McGill, Senior Analyst at JLL*, speaks to Egi on **the shortfall of rental stock**, with JLL highlighting increasing unaffordability in the housing market will drive demand for an additional 300,000 rental households over the next ten years. And on the story of the rental market, **investment of £15bn has seen London's BTR market grow to 40,000 homes in 2022**.

JLL Research | March 2023

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JLL's Residential and Living team consists of over 300 professionals who provide a comprehensive end-to-end service across all residential property types, including social housing, private residential, build to rent, co-living, later living, healthcare and student housing.

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UK Housing

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House price predictions
Knight Frank

FORECAST

UK housing market forecast update: March 2023

The UK housing market has made a solid start to the year, but price expectations will be properly put to the test in the spring.

Written By:

Tom Bill, Knight Frank

06 Mar 2023

3 minutes to read

Categories:

Property Sector Residential Lettings Residential Sales Topic Forecast

World Regions UK

Current economic and housing market data paints a mixed picture.

The government recorded a budget surplus in January, the FTSE100 exceeded 8,000 for the first time ever in February and the Purchasing Manager's Index jumped unexpectedly in the same month.

Despite the positive news, some economists believe a recession is inevitable as interest rates climb towards 4.5%.

In the housing market, transactions and mortgage approvals have slumped due to the spike in borrowing costs that followed the mini-Budget, but activity has been stronger than expected since Christmas, as we explored here, and trading updates from housebuilders have turned more positive in 2023.

Against this inconsistent backdrop, we have updated our five-year UK housing market forecasts.

We still expect UK house prices to decline by around 10% over the next two years as the impact of higher mortgage rates takes its toll on affordability.

Indeed, the UK Nationwide house price index recorded its largest annual fall (-1.1%) in more than 10 years in February.

Sales market forecast
2023-2027

	2023	2024	2025	2026	2027	5 year Cumulative
UK	-5.0%	-5.0%	4.0%	4.0%	5.0%	**2.5%**
Greater London	-6.0%	-4.0%	3.0%	5.0%	5.0%	**2.5%**
PCL	-3.0%	0.0%	3.0%	4.0%	4.0%	**8.1%**
POL	-4.0%	1.0%	2.5%	2.5%	2.5%	**4.4%**
Prime country	-5.0%	-3.0%	3.0%	3.0%	3.0%	**0.7%**

Source: Knight Frank
Forecasts relate to average prices in the existing homes market. New build prices may not move at the same rate

However, we expect any weakness to be shorter-lived and now forecast a 4% rise in 2025 compared to the 2% increase we predicted in October. Compared to our last forecast, when five-year fixed-rate mortgages were above 6%, some equivalent rates are now below 4%.

Should the solid start to the year continue into the spring, a shallower overall decline would become a more realistic possibility and we will review our forecasts again before the summer.

Current figures certainly suggest that market activity will remain robust. The number of new prospective buyers registering in the UK was 10% above the five-year average in February and the number of offers accepted was 42% higher.

However, exchanges were down by a quarter, highlighting the prolonged nature of the hangover following last September's mini-Budget.

It's also true that higher-value markets, where there is less reliance on mortgage debt, have fared comparatively better so far this year, as we explore here.

We still believe prime London markets will outperform the UK over the next several years due to the higher proportion of cash buyers, as well as the return of international travel, the currency discount and the fact average prices in prime central London are 15% down from the last peak in mid-2015.

The Lettings Market

In the prime London lettings market, supply looks like it may stay lower for longer, keeping upwards pressure on rental values.

Rental market forecast
2023-2027

	2023	2024	2025	2026	2027	5 year Cumulative
UK	4.0%	4.0%	3.5%	3.0%	2.5%	**18.2%**
Greater London	5.0%	4.0%	3.5%	3.0%	3.0%	**19.9%**
PCL	6.0%	3.5%	3.0%	3.0%	3.0%	**19.9%**
POL	6.0%	3.5%	3.0%	3.0%	3.0%	**19.9%**

Source: Knight Frank
Forecasts relate to average rents in the PRS. New build rents, such as those in the BTR sector, may not move at the same rate

Knight Frank

The relative strength of the sales market means there could be fewer accidental landlords this year, which means supply could remain frustratingly tight in many areas.

"Based on the evidence of the last few weeks, it looks increasingly unlikely that the lettings market will return to any sense of normality this year," said David Mumby, head of prime central London lettings at Knight Frank.

For now, our forecasts for prime London markets remain unchanged from October.

Across the UK, there is little sign of the supply/demand imbalance ending in the short-term, with affordability challenges in the sales market likely to underpin demand for rental properties.

At the end of last year, Rightmove reported a 38% reduction in the number of homes listed for rent compared to before the pandemic in 2019, while the RICS Market Survey continues to report a fall in landlord instructions and rising tenant demand.

We have revised up our forecasts for Greater London in 2024 (to 4% from 3%) and in 2025 (to 3.5% from 3%).

Meanwhile, the higher cost of buy-to-let mortgages, recent tax changes and the prospect of further legislative obligations may lead some individual private landlords to sell up, increasing upwards pressure on rents.

This, along with expectations for relatively robust wage growth over the next five years, support our strong outlook for rental growth.

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Fixing the food chain

Tags: UK Housing Market London Lettings Interest Rates Rentals Residential Lettings UK Economy Prime Residential Sales Residential Forecast

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Appendix CCG

House price predictions

Lloyds Banking Group

UK house prices: Lloyds Bank issues update as it warns of four year decline

By Jack Walters
Published: 27/07/2023 - 08:53 | Updated: 27/07/2023 - 08:56

Persistent levels of inflation and increasing interest rates continue to pose a risk to the housing market

Lloyds Banking Group has issued a half-year update on house prices and altered its assumptions on growth.

The financial services company expects average house prices to drop this year.

Lloyd's most severe downside would see prices drop by 9.3 per cent.

However, the bank predicted a 14.8 per cent drop under the same scenario six months ago.

A probable scenario would result in 5.6 per cent drop this year.

But the decline will likely balance out across the next four years, with an average decline of just 1.1 per cent.

Lloyds predicted the most probable decline would be 7.7 per cent with average growth over four years of 1.2 per cent in December.

The bank claimed there remains a “potential risk to affordability” due to persistently high levels of inflation and increasing interest rates.

The risk has not been totally accounted for by its credit loss models.

Lloyds said: “This risk is to customers maturing from low fixed rate deals, the building impact on variable rate product holders, lower levels of real household income and rental cover value.”

His Majesty’s Land Registry recently released the UK’s house price index for May 2023.

It showed house prices have not changed since April but there has been an annual price rise of 1.9 per cent.

The increase took the average property price in the United Kingdom to £285,861.

Annual house price inflation was highest in the North East of England at four per cent in the 12 months to May 2023.

The East of England witnessed the lowest annual growth over the same period.

Appendix CCG
House price predictions
Nomura

ECONOMICS | 3 MIN READ | JANUARY 2023

How Far Could UK House Prices Fall?

We have a central forecast of a 15% fall in UK house prices by mid-2024. We explore some of the upside and downside risks to this forecast.

- Lower house prices reinforce our view of an economy-wide, consumer-driven recession continuing during 2023
- Some of the divergence in London versus regional house price inflation might be explained by the “race for space” - increased working from home since the pandemic
- Softening in the housing market is a factor behind our view of further rate cuts in mid-2024

The adjustment in the UK housing market has already started, with mortgage lenders having reported an almost 3.5% fall in house prices since their peak (Figure 1), and mortgage approvals at their lowest level in a decade (excluding the initial Covid-related

decline). Regionally, house p
more generally has weakene

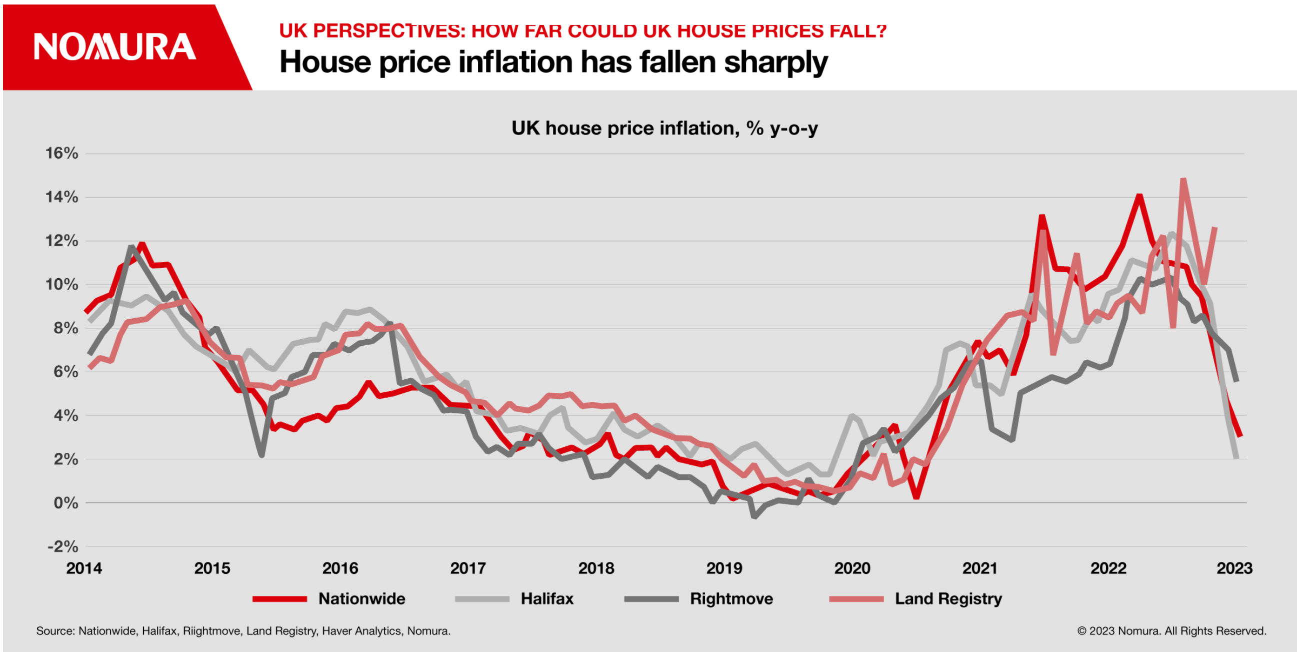

Figure 1

Affordability has deteriorated sharply

There are plenty of ways one may judge how affordable UK housing is. Among all of these measures we make use of the repayment/income ratio (Figure 2) to calibrate how much UK nominal house prices would need to fall in order to return this measure of affordability to its long-run average in an environment of permanently higher interest rates. After all, 2-year fixed mortgage rates are currently around the 5.50% mark having bottomed at around 1.20% at the end of 2021.

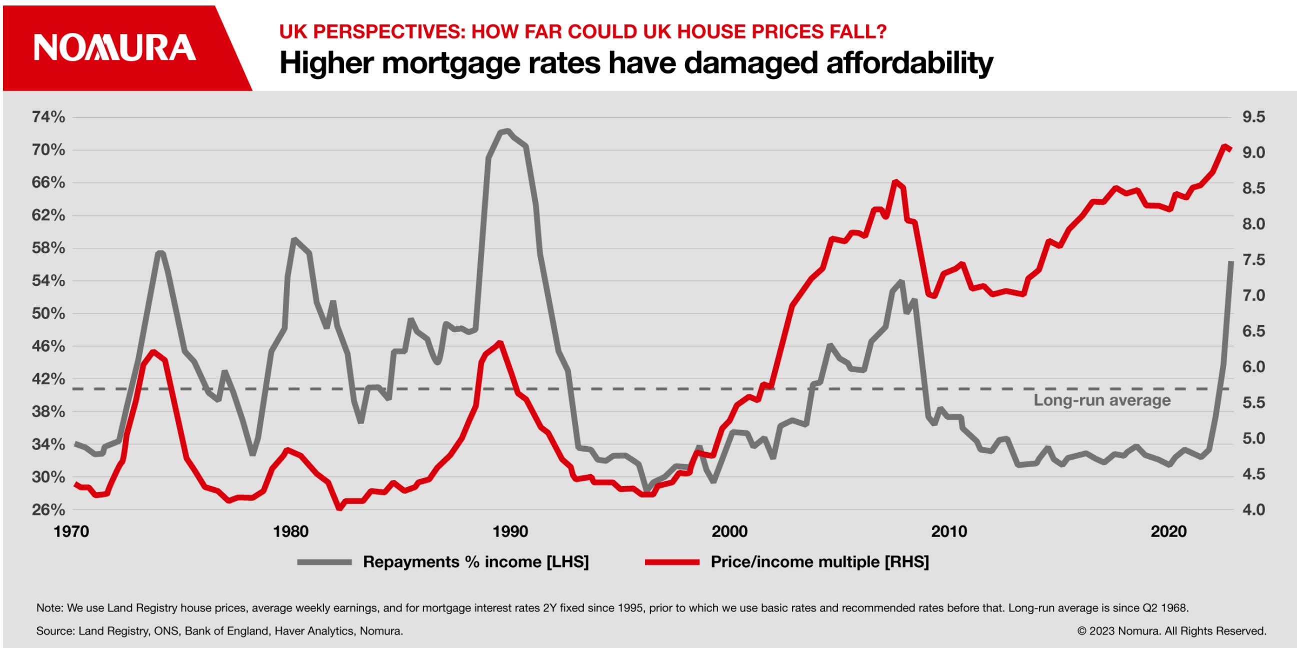

Figure 2

We could see a 15% fa

Making reasonable assumpt
assuming that mortgage rates remain around current levels, depending on the time period over which the adjustment occurs, the peak-to-trough decline required in nominal house prices could be between around 10% and 20% (Figure 3).

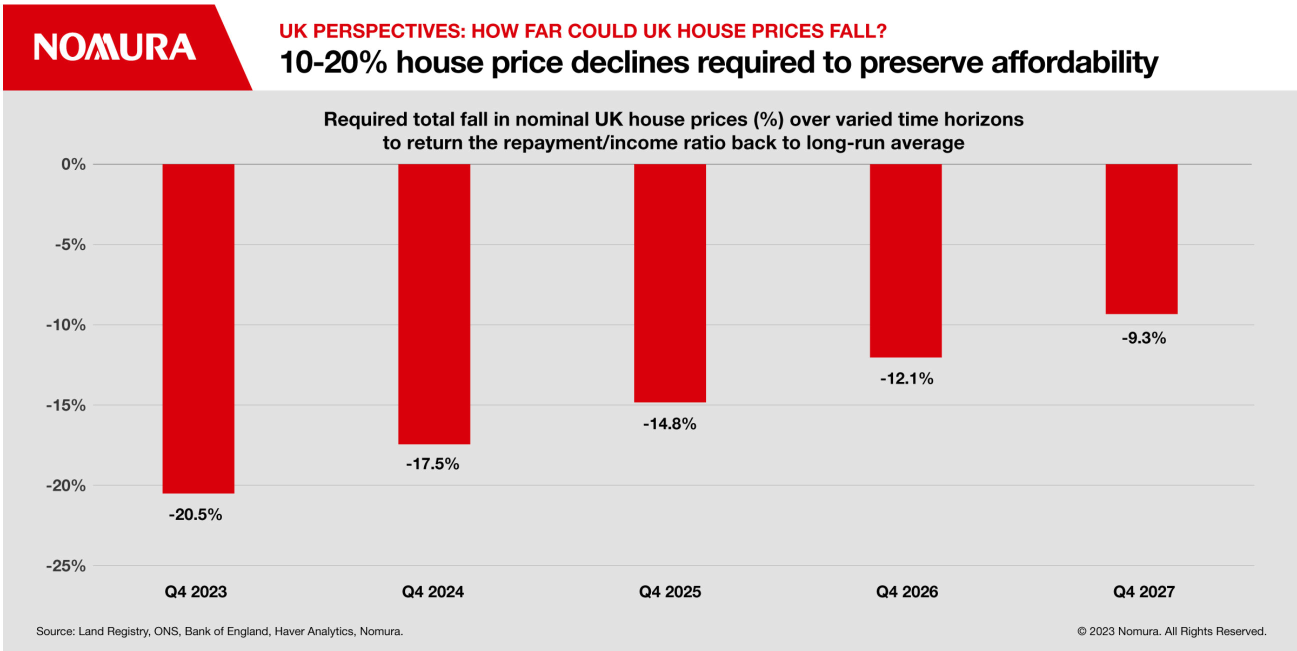

Figure 3

We have thus settled on a central forecast of a 15% fall by mid-2024, which while in the middle of the above range would be a larger fall than assumed by the Bank of England, Office for Budget Responsibility (OBR) and consensus. We explore some of the upside and downside risks to this forecast.

The upside risks

There are a number of reasons why the decline in prices might not end up being as large as this. They include: i) the presence of excess savings built up during the pandemic which could be used as deposits on house purchases, ii) the pandemic increasing the desire for residential space, iii) reduced stamp duty rates, iv) ongoing labour market strength, high inflation (which could quickly reduce house prices in real terms without the need for a nominal fall), v) more fixed rate mortgages helping limit forced sales, vi) better borrower creditworthiness than during the last housing crash, and vii) constraints on housing supply.

The downside risks

There are, equally, a number of downside risks too including: i) high inflation eroding real wages and the ability to save for a housing deposit, ii) a grim outlook for the economy (though not quite as weak as the end of last year), iii) the risk of further mortgage rate rises should the Bank of England feel more Bank Rate hikes were warranted to deal with

sticky inflation, iv) an ageing
term), v) more buy to let prop
(and thus lower profits) by liquidating their properties.

The housing fallout on the macroeconomy

Lower house prices can affect the macroeconomy via two major channels: a) indirectly, as lower house prices tend to be associated with fewer transactions and thus reduced spending on dwelling investment and housing-related goods and services, and through confidence (i.e. wealth effects), and b) directly, via the reduced ability to borrow against housing equity. Lower house prices therefore reinforce our view of an economy-wide consumer-driven recession continuing during 2023 (Figure 4).

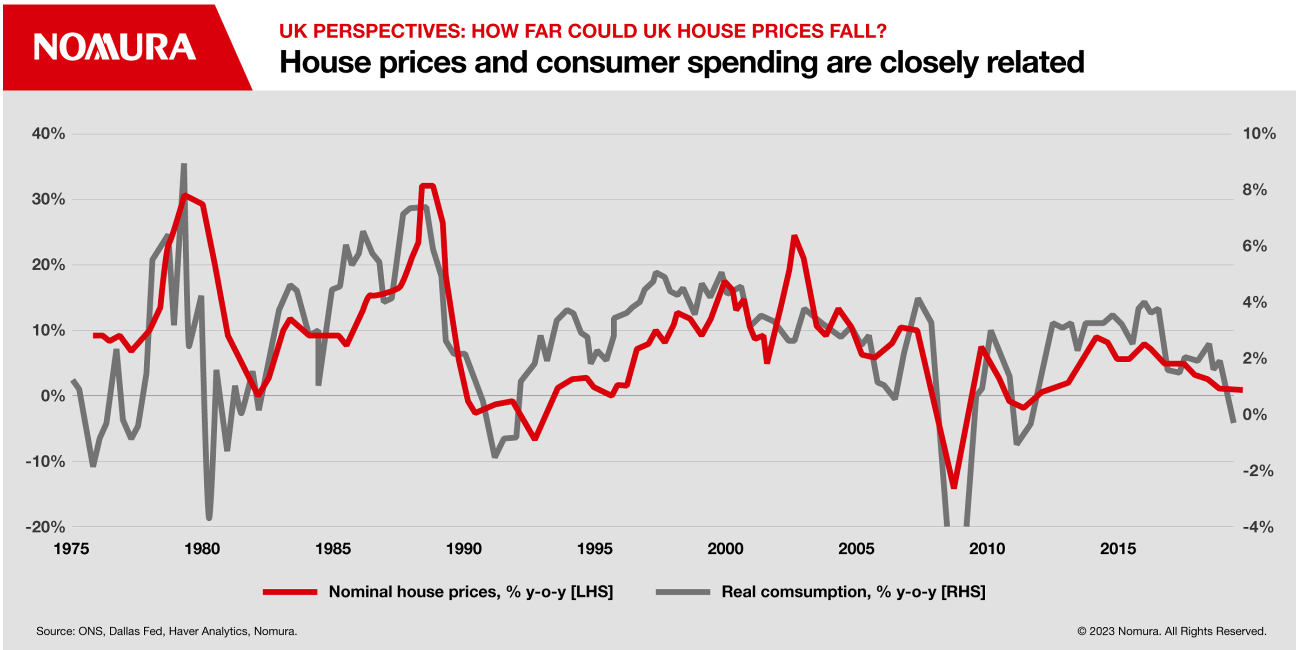

Figure 4

Implications for interest rates

The housing market enjoys a symbiotic relationship with monetary policy. On the one hand, the Bank of England (BoE) raising interest rates sharply creates the need for a downward adjustment in house prices in order to preserve affordability. On the other hand, the BoE does not set policy in a vacuum – a weaker housing market (and economy to boot) should provide justification for the Bank to end its tightening cycle soon (Nomura: 4.25% in March) and begin easing policy in 2024 (3.50% by mid-year).

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EMEA   Economics   volatility

Contributor

George Buckley
Chief UK & Euro Area E

Andrzej Szczepaniak
Senior European Economist

George Moran
European Economist

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Appendix CCH
BCIS General Building Cost Index

BCIS General Building Cost Index #1111
BCIS General Building Cost Index

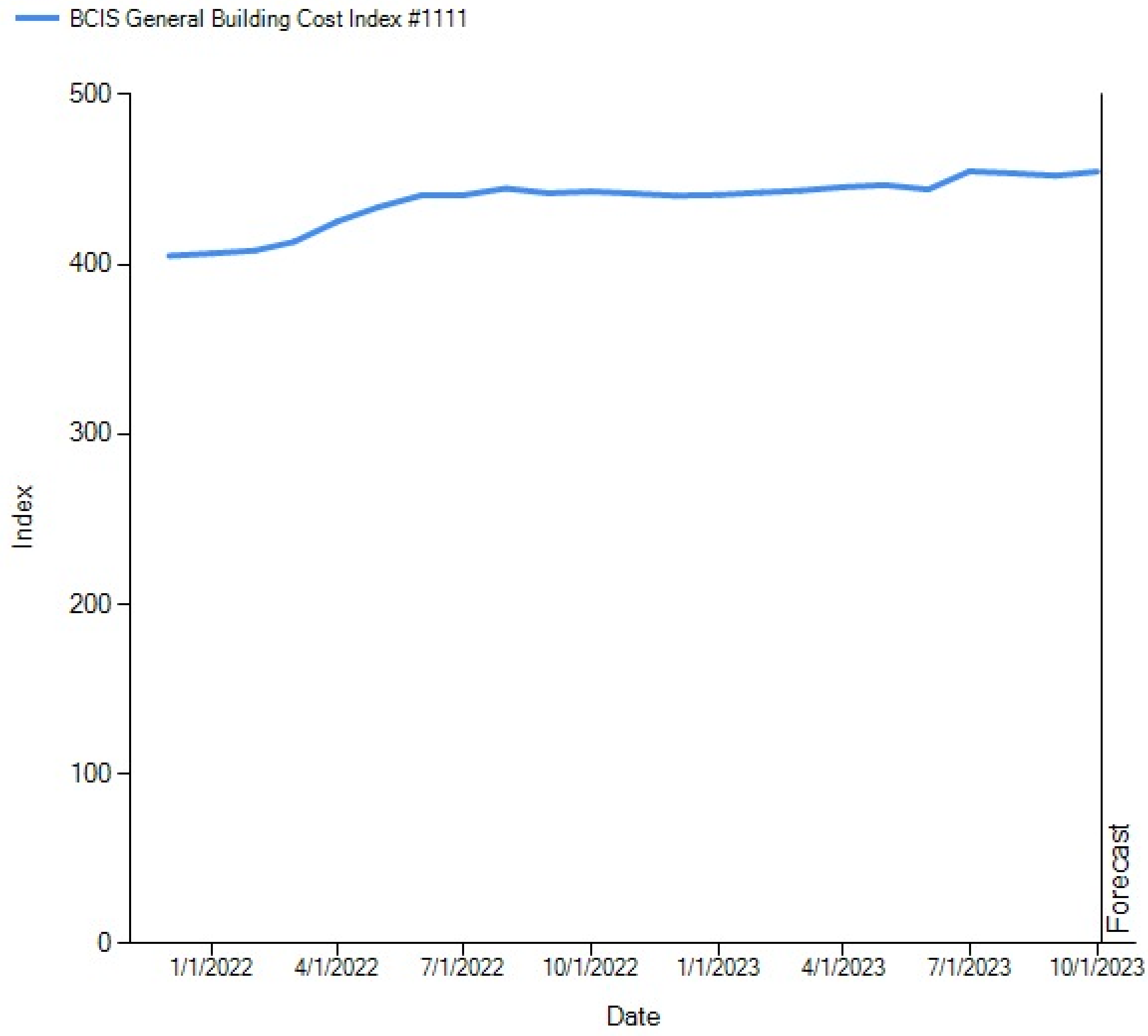
Base date:
1985 mean = 100
Updated:
26-Sep-2023
Series no.
#1111

			Percentage change		
Date	**Index**	**Status**	**On year**	**On quarter**	**On month**
Dec-2021	405.0	Revised	10.6%	1.4%	0.1%
Jan-2022	406.4	Revised	10.7%	1.0%	0.3%
Feb-2022	408.1	Revised	10.2%	0.8%	0.4%
Mar-2022	413.2	Revised	10.6%	2.0%	1.2%
Apr-2022	425.1	Revised	13.2%	4.6%	2.9%
May-2022	433.7	Firm	14.6%	6.3%	2.0%
Jun-2022	440.6	Revised	15.5%	6.6%	1.6%
Jul-2022	440.7	Revised	13.5%	3.7%	0.0%
Aug-2022	444.7	Revised	12.4%	2.5%	0.9%
Sep-2022	441.9	Firm	10.6%	0.3%	-0.6%
Oct-2022	442.9	Firm	10.1%	0.5%	0.2%
Nov-2022	441.7	Revised	9.1%	-0.7%	-0.3%
Dec-2022	440.4	Revised	8.7%	-0.3%	-0.3%
Jan-2023	440.9	Firm	8.5%	-0.5%	0.1%
Feb-2023	442.3	Firm	8.4%	0.1%	0.3%
Mar-2023	443.4	Firm	7.3%	0.7%	0.2%
Apr-2023	445.5	Firm	4.8%	1.0%	0.5%
May-2023	446.7	Firm	3.0%	1.0%	0.3%
Jun-2023	444.1	Provisional	0.8%	0.2%	-0.6%
Jul-2023	454.8	Provisional	3.2%	2.1%	2.4%

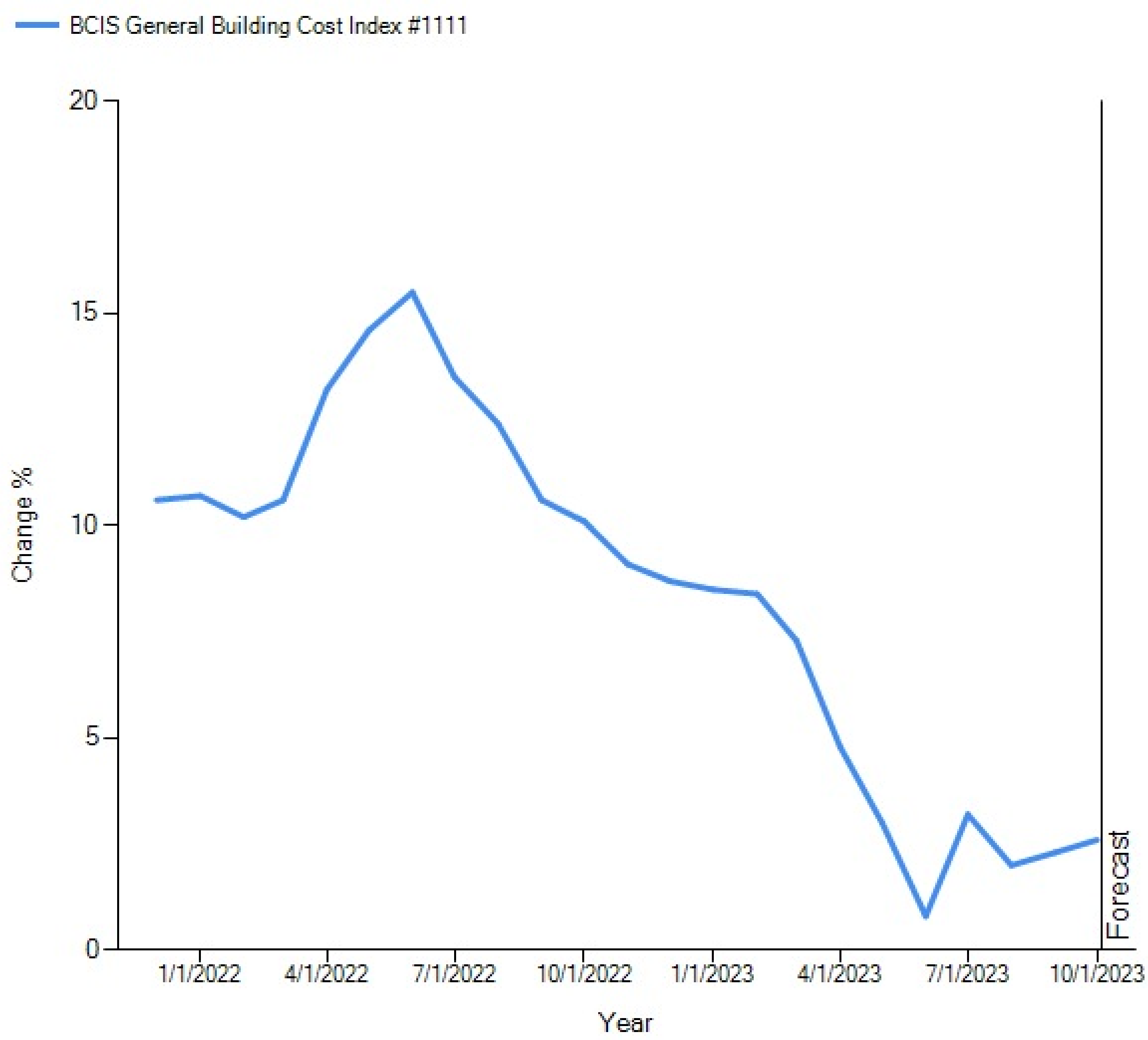
BCIS®

					Base date: 1985 mean = 100 Updated: 26-Sep-2023 Series no. #1111
			Percentage change		
Date	**Index**	**Status**	**On year**	**On quarter**	**On month**
Aug-2023	453.6	Provisional	2.0%	1.5%	-0.3%
Sep-2023	452.2	Forecast	2.3%	1.8%	-0.3%
Oct-2023	454.6	Forecast	2.6%	-0.0%	0.5%

Index value over time



Percentage change over time
Percentage change: Year on year


BCIS General Building Cost Index #1111
Change %
20
15
10
5
0
1/1/2022
4/1/2022
7/1/2022
10/1/2022
1/1/2023
4/1/2023
7/1/2023
10/1/2023
Year
Forecast

BCIS®

BCIS General Building Cost Index #1111
BCIS General Building Cost Index

Base date:
1985 mean = 100
Updated:
26-Sep-2023
Series no.
#1111

			Percentage change		
Date	Index	Status	On year	On quarter	On month
Aug-2023	453.6	Provisional	2.0%	1.5%	-0.3%
Sep-2023	452.2	Forecast	2.3%	1.8%	-0.3%
Oct-2023	454.6	Forecast	2.6%	-0.0%	0.5%
Nov-2023	454.6	Forecast	2.9%	0.2%	0.0%
Dec-2023	454.4	Forecast	3.2%	0.5%	-0.0%
Jan-2024	457.6	Forecast	3.8%	0.7%	0.7%
Feb-2024	458.5	Forecast	3.7%	0.9%	0.2%
Mar-2024	458.8	Forecast	3.5%	1.0%	0.1%
Apr-2024	460.2	Forecast	3.3%	0.6%	0.3%
May-2024	461.0	Forecast	3.2%	0.5%	0.2%
Jun-2024	460.6	Forecast	3.7%	0.4%	-0.1%
Jul-2024	466.6	Forecast	2.6%	1.4%	1.3%
Aug-2024	466.8	Forecast	2.9%	1.3%	0.0%
Sep-2024	466.8	Forecast	3.2%	1.3%	0.0%
Oct-2024	468.9	Forecast	3.1%	0.5%	0.4%
Nov-2024	468.9	Forecast	3.1%	0.4%	0.0%
Dec-2024	468.9	Forecast	3.2%	0.4%	0.0%
Jan-2025	470.4	Forecast	2.8%	0.3%	0.3%
Feb-2025	471.7	Forecast	2.9%	0.6%	0.3%
Mar-2025	472.3	Forecast	2.9%	0.7%	0.1%

BCIS®

Base date:
1985 mean = 100
Updated:
26-Sep-2023
Series no.
#1111

			Percentage change		
Date	Index	Status	On year	On quarter	On month
Apr-2025	474.1	Forecast	3.0%	0.8%	0.4%
May-2025	475.1	Forecast	3.1%	0.7%	0.2%
Jun-2025	474.7	Forecast	3.1%	0.5%	-0.1%
Jul-2025	479.1	Forecast	2.7%	1.1%	0.9%
Aug-2025	479.4	Forecast	2.7%	0.9%	0.1%
Sep-2025	479.4	Forecast	2.7%	1.0%	0.0%
Oct-2025	480.8	Forecast	2.5%	0.4%	0.3%
Nov-2025	481.0	Forecast	2.6%	0.3%	0.0%
Dec-2025	481.1	Forecast	2.6%	0.4%	0.0%

Index value over time

Percentage change over time

Percentage change: Year on year

Appendix CCI
Appraisal 2 – Amended financial appraisal

High Road West Viability
Appraisal 2

Development Appraisal
Ardent
09 October 2023

High Road West Viability
Appraisal 2

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Plot A1 - Social Rent	32	23,800	124.00	92,224	2,951,168
Plot A2 - Social rent	16	13,584	124.00	105,276	1,684,416
Plot A3 - Social rent	13	11,184	124.00	106,678	1,386,816
Plot D - Market Sale	380	244,308	730.00	469,329	178,344,840
Plot C1 - Market Sale	11	8,902	730.00	590,769	6,498,460
Plot C1 - Social Rent	168	130,469	124.00	96,299	16,178,156
Plot B Market Sale	190	134,473	730.00	516,659	98,165,290
Plot B - Social Rent	141	112,289	124.00	98,751	13,923,836
Plot C2 - Market sale	52	35,101	730.00	492,764	25,623,730
Plot G - Social Rent	40	26,092	124.00	80,885	3,235,408
Plot F - Market Sale	280	181,081	730.00	472,104	132,189,130
Plot F - Social Rent	91	73,970	124.00	100,794	9,172,280
Plot F - Shared Ownership	74	49,890	380.00	256,192	18,958,200
Totals	**1,488**	**1,045,143**			**508,311,730**

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Plot D - Retail	1	5,834	25.00	145,850	145,850	145,850
Plot C1 Retail	1	1,701	25.00	42,525	42,525	42,525
Plot C1- Sporting Facilities	1	3,169	16.50	52,289	52,289	52,289
Block C2 - Retail	1	1,259	25.00	31,475	31,475	31,475
Block C2 - Sports facilities	1	3,165	16.50	52,223	52,223	52,223
Plot E - Retail	1	17,836	25.00	445,900	445,900	445,900
Plot E - Education	1	13,143		0	0	
Plot G - Retail	1	3,014	25.00	75,350	75,350	75,350
Plot F - Retail	1	7,288	25.00	182,200	182,200	182,200
Plot F - Sports facilities	1	3,169	16.50	52,289	52,289	52,289
Plot F - Office	1	547	27.50	15,043	15,043	15,043

High Road West Viability
Appraisal 2

Totals	**11**	**60,125**			**1,095,142**	**1,095,142**

Investment Valuation

Plot D - Retail					
Market Rent	145,850	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	1,959,074
Plot C1 Retail					
Market Rent	42,525	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	571,201
Plot C1- Sporting Facilities					
Market Rent	52,289	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	674,889
Block C2 - Retail					
Market Rent	31,475	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	422,776
Block C2 - Sports facilities					
Market Rent	52,223	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	674,037
Plot E - Retail					
Market Rent	445,900	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	5,989,380
Plot G - Retail					
Market Rent	75,350	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	1,012,110
Plot F - Retail					
Market Rent	182,200	YP @	6.7500%	14.8148	
(1yr 6mths Rent Free)		PV 1yr 6mths @	6.7500%	0.9067	2,447,331

Plot F - Sports facilities					
Market Rent	52,289	YP @	7.0000%	14.2857	
(1yr 6mths Rent Free)		PV 1yr 6mths @	7.0000%	0.9035	674,889
Plot F - Office					
Market Rent	15,043	YP @	5.0000%	20.0000	
(1yr 3mths Rent Free)		PV 1yr 3mths @	5.0000%	0.9408	283,050
Total Investment Valuation					**14,708,738**
GROSS DEVELOPMENT VALUE				**523,020,468**	
Purchaser's Costs			(1,000,194)		
Effective Purchaser's Costs Rate		6.80%			
				(1,000,194)	
NET DEVELOPMENT VALUE				**522,020,274**	
Additional Revenue					
Affordable Housing Grant			8,437,440		
Affordable Housing Grant			23,624,832		
Mayor's Land Fund			21,200,000		
Affordable Housing Grant			19,827,984		
Affordable Housing Revenue			5,624,960		
Affordable Housing Grant			12,796,784		
				91,512,000	
NET REALISATION				**613,532,274**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price		47,547,405			
Fixed Price			47,547,405		

			47,547,405
Agent Fee	1.30%	618,116	
Legal Fee	0.50%	237,737	
			855,853

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Plot D - Retail	7,287	359.02	2,616,179
Plot C1 Retail	2,120	290.14	615,097
Plot C1- Sporting Facilities	3,961	290.14	1,149,245
Block C2 - Retail	1,572	288.68	453,805
Block C2 - Sports facilities	3,961	288.68	1,143,461
Plot E - Retail	22,292	262.18	5,844,517
Plot E - Education	16,426	262.18	4,306,569
Plot G - Retail	3,767	252.08	949,585
Plot F - Retail	9,106	317.22	2,888,605
Plot F - Sports facilities	3,961	317.22	1,256,508
Plot F - Office	678	317.22	215,075
Plot A1 - Social Rent	31,321	393.73	12,331,928
Plot A2 - Social rent	17,878	342.76	6,127,863
Plot A3 - Social rent	14,714	342.76	5,043,371
Plot D - Market Sale	321,507	359.02	115,427,443
Plot D Parking	5,759	359.02	2,067,596
Plot C1 - Market Sale	11,711	290.14	3,397,830
Plot C1 - Social Rent	171,694	290.14	49,815,297
Plot C1 - Car Parking	2,454	290.14	712,004
Plot B Market Sale	176,969	314.92	55,731,077
Plot B - Social Rent	147,778	314.92	46,538,248
Plot B - Car Parking	4,758	314.92	1,498,389
Plot C2 - Market sale	46,188	288.68	13,333,552
Plot G - Social Rent	34,337	252.08	8,655,671
Plot F - Market Sale	238,302	317.22	75,594,160
Plot F - Social Rent	97,349	317.22	30,881,050
Plot F - Shared Ownership	65,638	317.22	20,821,686
Plot F - Car Parking	5,479	317.22	1,738,048

High Road West Viability
Appraisal 2

Totals	**1,468,967 ft²**		**471,153,860**	
S106			1,020,001	
CIL			5,192,324	
Carbon Offset			428,087	
				477,794,272
Other Construction Costs				
Infrastructure Costs			2,548,154	
Infrastructure Costs			24,237,931	
Infrastructure Costs			6,952,724	
Infrastructure Costs			9,373,050	
				43,111,859
PROFESSIONAL FEES				
Professional Fees		10.00%	2,466,450	
Professional Fees		10.00%	12,011,122	
Professional Fees		10.00%	5,568,947	
Professional Fees		10.00%	10,376,771	
Professional Fees		10.00%	1,493,082	
Professional Fees		10.00%	1,710,381	
Professional Fees		10.00%	960,526	
Professional Fees		10.00%	14,276,818	
				48,864,097
MARKETING & LETTING				
Letting Agent Fee		10.00%	109,514	
Letting Legal Fee		5.00%	54,757	
				164,271
DISPOSAL FEES				
Residential Sales Agent Fee		1.50%	6,514,845	
Commercial Sales Agent Fee		1.00%	147,087	
Residential Agent Fee		1.50%	194,954	
Residential Sales Legal Fee	913 un	800.00 /un	730,400	
Commercial Sales Legal Fee		0.50%	73,544	
				7,660,830

Additional Costs

High Road West Viability
Appraisal 2

Compensation		5,290,697	
			5,290,697
TOTAL COSTS			**631,289,285**
PROFIT			
			(17,757,011)

Performance Measures

Profit on Cost%	-2.81%
Profit on GDV%	-3.40%
Profit on NDV%	-3.40%
Development Yield% (on Rent)	0.17%
Equivalent Yield% (Nominal)	6.75%
Equivalent Yield% (True)	7.05%
IRR% (without Interest)	-1.10%
Rent Cover	-16 yrs -3 mths
Profit Erosion (finance rate 0.000)	N/A