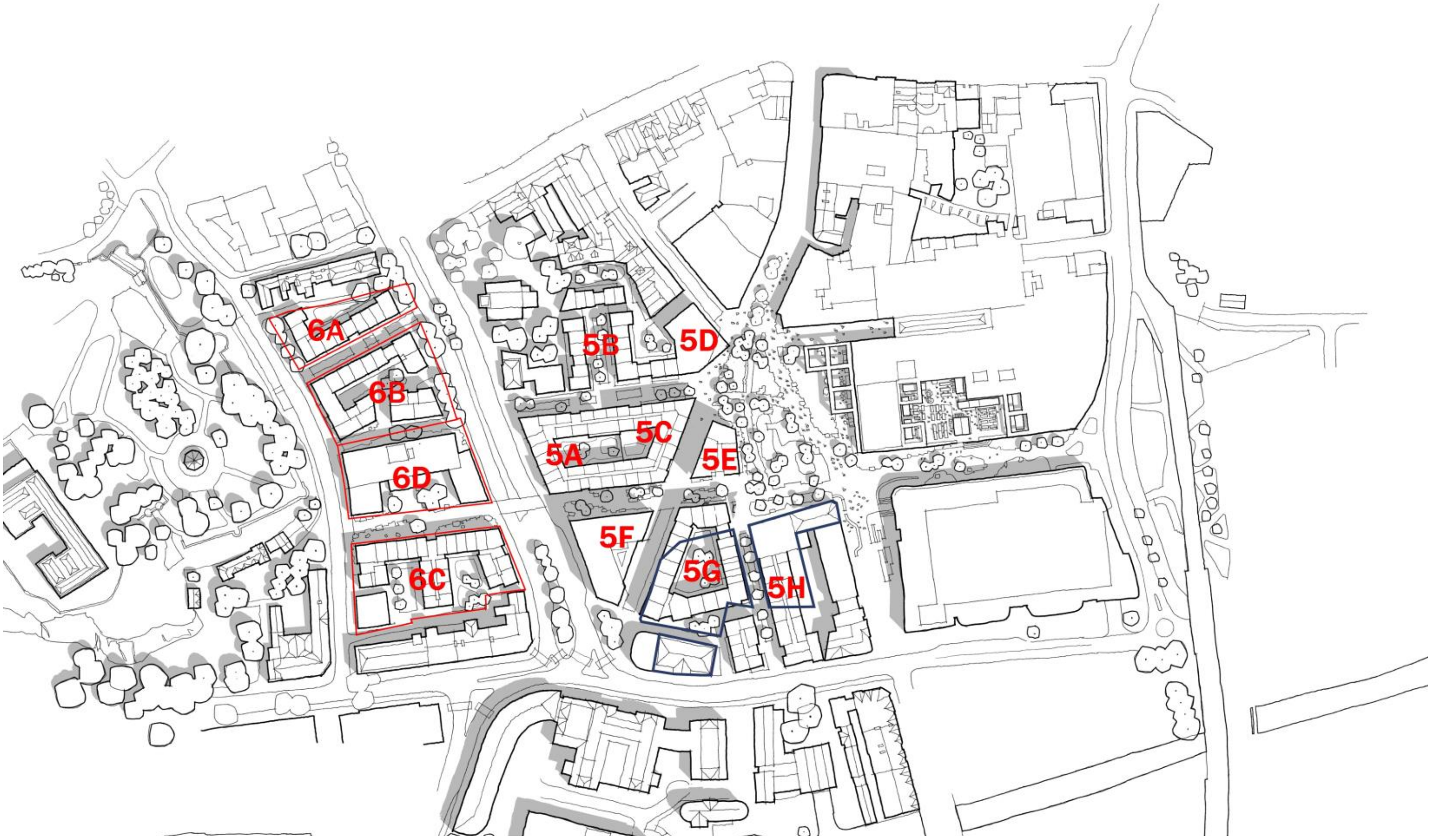


Nottingham Broadmarsh Summary Report

December 2023

JLL SEE A BRIGHTER WAY

The Vision for Broadmarsh

Nottingham City Council (NCC) took full possession of the former Broadmarsh Shopping Centre (Broadmarsh) when the former leaseholder, Intu, was placed in administration. NCC have combined this asset with other adjacent landholdings, including the former college site to the west of Maid Marian Way, to create a wider Broadmarsh programme of works that has the scale to transform the City Centre.

NCC have worked with architects, technical advisors and community stakeholders to develop a concept of what Broadmarsh could become. This has crystalised into a high quality, mixed use development that blends new build and re-use of elements of existing buildings into an entirely new offer for the city – a neighbourhood of aspirational living, work and transformational leisure uses.

In order to move this vision towards delivery NCC have appointed a series of advisors, including JLL.

JLL Instruction

JLL were appointed by NCC in January 2023 to advise on the regeneration of Broadmarsh. This instruction, via the SCAPE framework comprised 3 services:

- Production of a market report to inform the upcoming master plan;
- Commercial property advice to the master planning process;
- Creation of development appraisals to allow analysis of the emerging master plan.

Market Report

JLL reviewed all commercial property sectors relevant to Broadmarsh in order to identify which uses would be most appropriate to the delivery of NCC's vision for the area. The site had a number of distinct character areas which we defined as:

- The College site to the west of Maid Marion Way. It is currently occupied by college buildings, which will be largely demolished in due course. This area is adjacent to the walls of Nottingham Castle, and we would expect the planning department at the Council to require sympathetic development in terms of height and massing.
- The Demolished Broadmarsh to the east of Main Marion Way. This area was formerly occupied by the Broadmarsh Shopping Centre, which has been demolished to surface level. We have assumed that the current multi-storey car park over Maid Marion Way will be demolished, and the road re-aligned to make a sensible development plot.
- The Frame is the area to the east of the masterplan area and west of Middle Hill. This is the remaining, partly undemolished, Broadmarsh Shopping Centre. There has been an aspiration for this to be retained as much as is feasible and re-used in an innovative way.

From the outset, we strongly believed that a comprehensive masterplan, development and management strategy for the whole area would be vital if Broadmarsh was to achieve its potential transformative impact on the City.

Although we divided our recommendation on uses (below) into the three areas above, based on their characteristics, we believe firmly that they can be delivered in a cohesive manner.

The College

Subject to the demolition of the current college buildings and the opinion of the Planning Authorities, we believe this area is suitable for a high-quality residential development.

This could comprise:

- Build-to-Rent Residential
- Open Market Sale Residential
- Later Living / Retirement Residential

The Build-to-Rent option is likely to produce the highest value and the most certainty of delivery, although the Later Living option should also be considered bearing in mind the proximity to the Park Estate and market for affluent downsizers.

We advised that the masterplanner should design the residential in a series of separate blocks, with a maximum of 6 stories to respect the heritage location. This configuration would be able to accommodate whichever of these uses is eventually delivered.

The Demolished Broadmarsh

This is perhaps the least constrained of the three sites as it is fully demolished and is further away from the Castle. We believe this area is suitable for a range of striking high density, modern buildings, potentially with height to maximise value and impact.

This could include a mix of:

- Build-to-Rent (BtR) blocks which create strong land values, but also vitality and customers for the leisure uses proposed in the Frame.
- Purpose Built Student Residential (PBSA), which also creates strong values and vibrancy.
- Offices, which create activity during the day. We believe that new offices will fulfil a latent need in the City from occupiers. However, as this is currently more challenging financially than BtR and PBSA we advised that only one block of the masterplan should be allocated for offices, but with further blocks being flexible in case demand or viability allows them to be delivered as offices.
- A hotel is perhaps the least financially viable use of those we considered but adds vitality to the area. As with the offices, this use should be included in the masterplan, but may change to another use as the development progresses. In the final design this use was moved across to the Frame area.
- The Council had expressed an interest in an events space of some sort, possibly connected with a major national music facility. As such buildings are specialised in terms of acoustics, design, safety etc. we recommended that if it emerged it would have to delivered in this area to allow full design flexibility. However, we expressed our concern that buildings of this nature tend to be large and require large surface areas for a loading bay / yard and safe ingress / egress for large numbers of people. This would take up a large part of the Demolished Broadmarsh area and may not produce a significant land value. We understand that the conversations around this use did not progress so it was not included in the master plan.

The Frame

This is the most complex part of the master plan area due to the Council's proposal to retain some of the remaining structure of the Broadmarsh Shopping Centre and accommodate a range of leisure, retail, workspace and social uses within it.

We provided an indication of the type and quantum of leisure uses that could be accommodated within the frame, but noted that these will be subject to a range of factors including market demand, value created, cost of construction and suitability of the spaces available. The ability of the frame to accommodate these uses in a sustainable manner took up much time during the master planning process.

We also advised that if the size of the frame exceeds the potential demand from leisure occupier it should be considered whether discrete elements could be removed to allow purpose-built structures to be delivered, such as a hotel or the potential events space.

It was noted that the re-use of Severns House would be dependent on its ability to be converted into a new use. This could include residential, a boutique hotel or offices / workspace. The preferred use, at least based on engineering options and financial viability, of a refurbished office would emerge during the master plan process.

We provided further advice on issues such as the potential quantum of development, maximum heights (based on increasing construction costs over certain levels), complimentary uses, rental value and investment yields.

The market report is attached an Appendix A

Pipeline and Demand Report

Following feedback from NCC we produced an addendum to the market report to review in further detail the pipeline of delivery for the various commercial uses we had recommended for Broadmarsh. This allowed us to consider the level of competing sites that may be available before or at the same time as Broadmarsh, and which could impact on occupier and investor demand.

To allow comparison we benchmarked some of the information against the position in Nottingham, Sheffield, Leicester and Birmingham.

This was delivered in July 2023 and contained the following observations and recommendations:

Build-to Rent

The current pipeline BtR schemes, with a combined number of 877 rooms, are due to complete by Winter 2024. This would result in approximately 1,450 BTR rooms in total. This would be a significant increase over the current supply in Nottingham, but it is interesting to compare it to Birmingham which has an additional 6,131 BtR rooms under construction currently.

This huge growth is driven by the weight of investment funds which are currently keen to invest in BtR. The nationwide housing shortage and the uncertainty of retail and offices as an investment class at the moment suggest to us that BtR will remain a strong sector for the future.

According to the English Housing Survey people aged 16-34 are the most active private renters in the UK with 72% of those aged between 16-24 and 38% of those aged between 25-34 privately renting. Nottingham has the highest proportion of its population between the ages of 16 – 34 compared to the other benchmarked cities, yet it has significantly less BtR than all of them. This is not surprising with Birmingham, but the difference with Sheffield and Leicester is striking.

The rents are broadly comparable and show that development is viable. The lack of supply may be connected to the low student retention rates, and indeed part of the cause of it. We know from discussions with Coventry City Council that lack of city centre housing for rent is forcing newly qualified students to live outside the City, even if they have secured jobs within it.

BtR is still a relatively immature market, so we believe there is significant capacity for further development within the city and it should be a key component of the master plan.

Offices

In comparison to other major regional cities such as Leeds, Manchester and Birmingham, Nottingham does not have a large supply of ‘true’ Grade A offices. There are a number of good, refurbished offices in the city, but we would only regard 11 Station Street as approaching true Grade A quality.

As Unity Square is a pre-let to the GPA it does create an opportunity for new occupiers. Effectively, only the unit proposed at The Island Quarter can be regarded as pipeline of new supply. Providing a modest 30,000 sq. ft. of new space to the City in the next 2 – 3 years

According to our research in 2025 there are lease breaks or expiries events for tenants currently occupying offices within a 10-mile radius of Nottingham city centre that would involve potential new lettings for nearly 400,000 sq ft in 2025. The data also showed this was not an exceptional year. The Island Quarter scheme could only accommodate less than 10% of these tenants. Even more strikingly only 2.9% of tenants with lease expiry events between 2025 and 2027 could be accommodated on the Island Quarter scheme. These figures make no allowance for office requirements for new companies or inward investment.

This indicates to us there is a strong opportunity to provide better quality offices at Broadmarsh. The main obstacle to this is the viability of development with the current passing rents. There are a small number of high-quality buildings with excellent tenants such as HMRC at Unity Square, Capital One at Trent House, Eon at Trinity House and Domestic & General at 11 Station Street. However, the market is more usually typified by poor quality stock, dating from the 1960/70/80s. Low office rents reflect the poor quality and much of the stock has been converted into hotels and student residential over the last decade.

The actual take up of new offices is reasonable and compares well with Sheffield and Leicester, but rents being achieved are still very low with £27.00 per sq ft being the headline prime rent. This is a significant risk to the future of the office market as more companies are demanding stringent sustainability levels from their offices before taking out a new lease. These standards have increased build costs and are one of the main reasons that prime rents in Birmingham have moved from £35.00 to £41.50 per sq ft over the last two years.

We believe that the opportunity exists to deliver genuine Grade A offices at Broadmarsh to address this issue and advised that an element of office is included in the master plan, with the potential for additional buildings to be delivered as offices if required.

Hotels

JLL's data on current hotel provision in the City showed a noticeable good spread of existing budget / 3 star / 4 star hotels (these classifications are not consistent, so the 4 star hotels may not be regarded as such by the casual observer), but there is no 5 star hotel and only 1 aparthotel.

The hotel pipeline for Nottingham is relatively small, with one proposed scheme identified 7 miles from the centre, and a 228 hotel included in the Conygar Island Quarter Scheme, but no confirmation yet on when it will be delivered. This illustrates that the shortfall of hotels in the City is not being addressed.

Compared to the other benchmarked cities, Nottingham has the second largest number of hotels (75) with only Birmingham having more hotels (240) and the second largest number of rooms. It is noticeable that Nottingham has the smallest average size of hotel (65 rooms) compared to Sheffield (73), Leicester (69) and Birmingham (86). Hotels prefer to operate with economies of scale with 80 bedrooms being a preference for budget hotel operators. This could indicate that Nottingham has less modern hotels than the comparables.

The occupancy levels and average room rate are good, which shows a resilient market. We believe there would be capacity in the market for a number of new hotels, of which Broadmarsh could accommodate at least one. We recommended a hotel be included in the master plan.

Purpose Built Student Accommodation (PBSA)

Nottingham has a very large student population comparative to the overall population – over 24% inside the City Council boundary and nearly 10% when the wider urban area is taken into account. However, there is purpose-built accommodation for only 35% of the student population, which is far below the figures for Leicester and Sheffield, which are both in excess of 40%.

It is also noticeable that the cost of student accommodation in Nottingham is more expensive than Leicester and Sheffield, which could be due to the current lack of supply and thus competition.

These figures only include commercial purpose-built student accommodation, it does not include University owned Halls of Residence or private homes operated as student HMO.

Our research has shown that there are 4,059 beds in development or planning in the Nottingham pipeline. This would increase the students beds available to nearly 40% of the current student population, which is comparable with Sheffield and Leicester.

We advised that there is a consistent move for students to use PBSA, as opposed to conventional houses, and student numbers are still increasing. This could result in both more students in the City and a higher percentage preferring to live in PBSA. However, the market is not yet mature enough to define what the ideal percentage of students to PBSA beds should be. Therefore, it is difficult to definitively state that PBSA should be delivered at Broadmarsh. We recommended that provision is made in Broadmarsh for PBSA, but with the caveat that the plots could be used for other uses if the demand does not emerge. It was decided during the master plan process to classify all potential PBSA blocks as BtR, but on the assumption that as they are so similar physically, the blocks could be delivered as either use.

Senior Living

Nottingham has the lowest proportion of residents over the age of 65 than the other benchmarking cities, but this could be because of the skewing impact of the large number of residents aged 20-24. The UK is universally facing an aging population and later living schemes will continue to see increased demand.

The Later Living market is more difficult to define than the other uses discussed above as it covers a large range of tenures and services - from conventional flats which can only be bought by over 55s through to full service care homes, and many variations in between. It is also more difficult to assess as there are a variety of schemes and no single definitive list, or indeed agreed definition of what should be classed as Later Living.

Our research focused mainly on the independent senior living schemes, of which we found 185 beds within 10 minutes drive of Broadmarsh currently and 270 in the pipeline. This is a large percentage increase of supply, but for context is less beds in total than the next two BtR schemes that are due to complete in the City.

We advise that a high quality later living scheme adjacent to The Park would be very successful and options for it should be included in the Broadmarsh masterplan. In the master plan this has again been appraised at BtR for simplicity, but the residential blocks the west of Main Marian Way are suitable scale to be delivered as some form of Later Living.

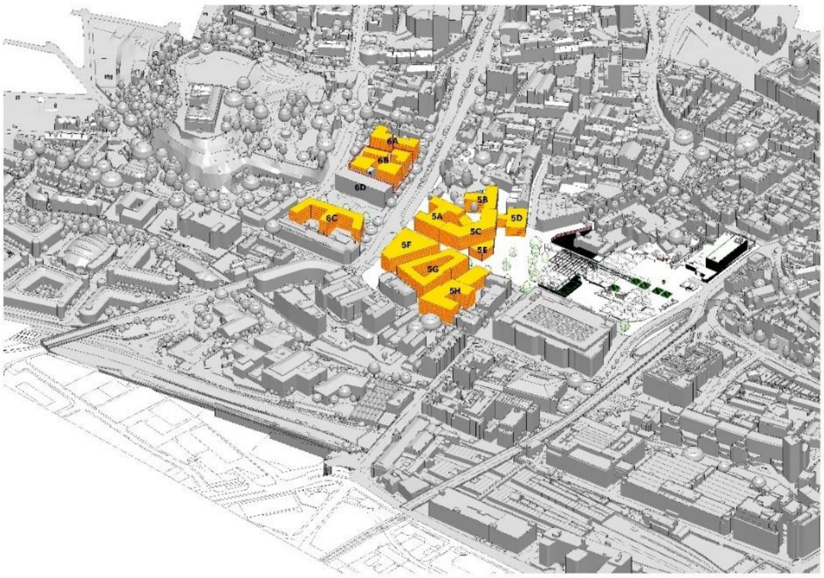
The full pipeline addendum report is attached at Appendix B

Master Plan Process

Initial Appraisals

BDP were appointed as Master Planners for Broadmarsh by NCC in June 2023. We shared our market and pipeline reports and discussed the site with them in a series of calls.

The first set of high level drawings and area schedules for two options were issued to us by BDP in August.



Initial Master Plan concept

These drawings set the principle of naming the naming the three distinct areas we had identified as:

- Area to the west of Maid Marian Way – Plot 6
- Area of mostly demolished buildings to the east of Maid Marian Way – Plot 5
- The remaining Broadmarsh shopping centre structure – The Frame

Pick Everard provided a schedule of construction costs based on these very high level designs and we produced a first set of development appraisals in mid-August.

Our initial appraisals were purely indicative to begin the process of understanding viability. They did not include a proper delivery phasing plan, and values were very broad brush as we did not have detailed designs to work with. The appraisals produced significantly negative land values, but of most use was the initial viability analysis of the keys uses.

Looking very high level at the value of individual elements, and purely focusing on value and build cost we identified the following:

- Resi (BtR): Value = £490 psf. Cost = £223 psf
- Office: Value = £400 psf. Cost = £250 psf
- Retail: Value = £177 psf. Cost = £250 psf

These figures excluded a number of site wide costs so we could identify what was the most profitable element. We identified that residential, in the form of BtR, was the more profitable element. Office and retail would need to be reduced to aid viability.

Second Appraisals Stage

After a series of meeting with the NCC and master plan project team we produced a revised appraisal on the BDP design known as Option 2a, which had been identified as preferrable.

For this appraisal we made the following key changes:

We increased the construction period from 24 months as per the Pick Everard initial cost plan to a more realistic 9 years. This helped to reduce interest costs and assisted the viability overall.

We removed in excess of £30m of infrastructure costs (e.g. MSCP acquisitions, demolition, Maid Marian Way re-alignment, utility upgrades and enhanced sustainability measures) from the appraisal on the basis that these may be dealt with via public sector grant. We had also not yet included a cost for S.106 as we assumed that a scheme with a negative land value would not be required to pay a contribution.

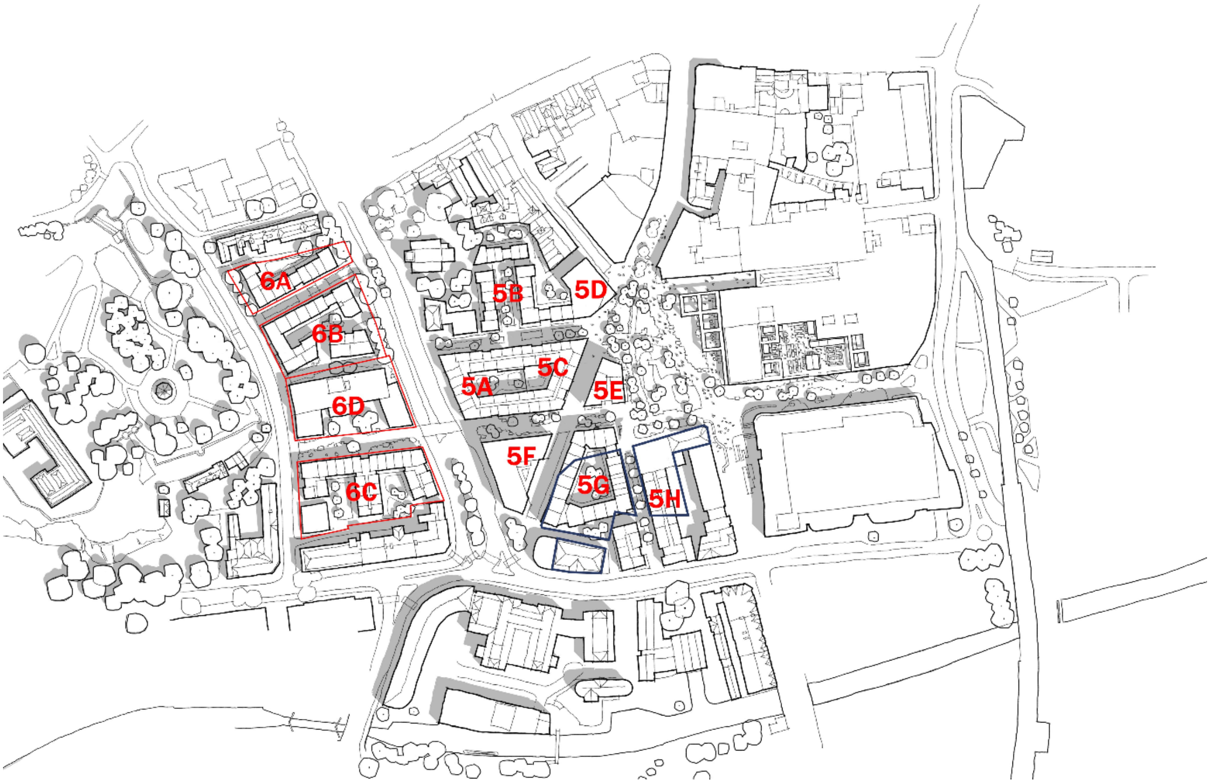
The revised design and the changes we had made resulted in a negative land value of approx. £7.8m. This was not regarded as a reliable indication of the final position as further refinement was required.

Third Appraisals Stage

The next stage was the most significant in refining the appraisals and addressing the viability challenges. The key changes were:

- BDP further refined their designs for efficiency and place making.
- Pick Everard refined their costs and we engaged with them to understand them better to ensure the appraisals reflected all costs.
- The scheme was divided into 4 sections:
  - Plot 6 (buildings 6A, 6B, 6C, 6D)
  - Plot 5 North (Buildings 5B, 5C, 5D, 5E)
  - Plot 5 South (Buildings 5A, 5F, 5H)
  - The Frame.

This was done to allow greater analysis of the viability of the various parts of the scheme, and to allow infrastructure costs to be applied to the areas they facilitated.



Master Plan with adopted building numbers

- The land owned by Sladen Estates (dark blue outline on the plan above) was removed from the appraisals as this was third party land. This removed building 5G from the appraisal, and reduced the size of building 5H.
- A phasing plan was applied to the scheme. This was based on the scheme being delivered in the order of Plot 6, Plot 5 North and Plot 5 South to push the major infrastructure costs around Maid Marian Way and the NCP MSCP towards the end of the development period. We have assumed a building is started every 6 months until the entire scheme is completed. This may be too rapid a delivery plan, but it aided viability by reducing interest costs.
- Construction costs were varied depending on the prominence of the building, and hence the likely increased cost of higher quality facades. Buildings such as 5E and 5F were given higher build costs to reflect their prominence as gateways into the scheme. This allowed more nuanced build costs across the scheme and also improved viability.
- We re-included the various infrastructure costs excluded at the previous stage to increase the realism of the appraisal. We also included a c.£14m S.106 contribution. The scheme could still attempt to reduce this through a viability argument at the planning application stage, but it was included as an aspiration due to this being a Local Authority project.

Infrastructure and Cost Challenges

There are a number of elements in the master plan which provide significant viability challenges, and are potential constraints on the development unless they are removed. For the sake of the appraisals we have assumed that any legal, consent or physical obstacles can be addressed, and we have made suitable financial allowances, plus contingency to cover these.

However, for transparency it is useful to note these elements:

Demolition of the College buildings. (£4.6m). this is to allow comprehensive development of Plot 6.

Acquisition of the NCP lease on the MSCP. (£700k allowance in appraisals, but we believe current negotiations are at a much lower cost). This is necessary to allow the demolition of the MSCP, realignment of Maid Marian Way, and creation of a sensible development area for Plot 5 South.

Demolition of the MSCP. (£3.7m). As above.

Re-alignment of Maid Marian Way. (£3.5m). As above and to improve the connection between Plot 6 and the rest of Broadmarsh.

Demolition of the Frame. (£7.5m - £8.5m depending on extent of demolition). This is necessary to allow the area to be utilised for development.

Utility Upgrade. (£8m).

The Frame

The master plan process followed on from the earlier 'Heatherwick' designs and concept for the frame. This involved using much of the remaining shopping centre frame and floor levels to accommodate a mixed use complex which included leisure, independent retail / F&B, and community uses in an interesting setting.

The NCC project team and their advisors had always acknowledged that the proposed uses where not standard commercial activities as you would see in an 'investment grade' development. As such, it would likely need various forms of public sector grant funding to construct the building and assist its ongoing viability.

BDP assessed how the remaining structure could be used, identifying the areas accessible for occupation and the works necessary to make them useable. Pick Everard then produced an indicative cost plan for these works, which included vital activity such as making the building weather proof and providing basic utilities.

On the basis that from the outset this had not been configured as a standard commercial concept, JLL advised that to appraise it as such was not a useful exercise. Conventional development appraisals as we produced for plots 5 & 6 rely on us being able to estimate occupational rents and investment yields. The development as proposed would not allow that as many uses were unknown, the investment covenant could not be estimated and rents could be mix of turnover or profit rents.

Therefore, we proposed to consider the Frame through a cashflow. We would use the Pick Everard figures to inform the initial construction costs and then make some assumptions on the level of rents that could be achieved from tenants on a broad basis. This effectively considered the frame as an operating business rather than a development. We were neutral as to who was owning or running the business.

The fundamental figures we used were:

- Construction cost of £29m over a period of 3 years
- Lettable area of 52,945 sq.ft (4,919 sq.m.)
- Rent per square foot of £20 p.a.
- The frame takes 4 years to become fully let. All tenancies last 5 years followed by a year's void.
- Interest at 5% on the debt.

The cashflow revealed that because of the £29m of construction incurred at the outset, and the ongoing interest costs the income never manages to catch up with the debt.

So, the £31m of debt at the year 3 has risen to £79m at the end of year 30.

This is a simplistic cash flow which does not take account of inflation, changes in interest rates or the need for major refurbishments during that period. But, overall it illustrates the financial challenge of retaining the full frame.

The cash flow is attached at Appendix C.

The master plan team also voiced concerns over other issues with the frame:

- The high maintenance costs for the building. These could easily create a tenant's service charge that was higher than the rent, and thus put off prospective tenants.
- The large areas of the frame that were too far from access points or sources of light to be easily reused. They could be mothballed initially, but if no use was found for them in due course they would become significant maintenance liabilities.
- The frame is many decades old and has been exposed to the weather for a few years. There are serious concerns (originally voiced by developers in earlier soft market testing) that contractors would be unwilling to work on the frame, or provide warranties for their work, or possibly would only be willing to take on the project if they were delivering an almost complete rebuild. These are all risks on the construction cost and process.

Using the evidence of numerous inspections, liaison with NCC's appointed structural engineers, design work and the cashflow the professional team advised NCC that the remaining frame is too large to preserve and re-use in its entirety. There is full support for the concept of re-using some of the existing building to accommodate and provide a setting for a mixed use, leisure and alternative retail / F&B offer. This would provide activation, vitality and an identify to the new development, but retention of the full remaining frame is actually a threat to this vision.

The master plan team were then instructed to consider options for the partial demolition of the remaining frame.

Revised Frame Options

After studies by BDP into the design and the existing structure it was decided to consider an option with all areas south of the main mall being demolished and replaced with new development. The area of frame north of the mall would be retained for the mixed use scheme described above.

During the master plan process an NHS Trust had begun negotiations with NCC to take some retail units on the north west corner of the retained shopping centre to convert into a diagnostic centre. This facility has been included in all designs produced on the Frame, and the area has been removed from the development appraisals as it is covered by a separate commercial arrangement. Severns House has been retained in all options as a refurbished office building.

JLL were now required to produce appraisals on the two partial demolition options for the frame area. We produced conventional appraisals on the standard buildings, included Severns House, but adopted a different approach with the remaining Frame area. We assumed these areas would be used for a range of alternative retail / F&B uses, but that the operator would have significant costs in fitting out and managing the space (it would be provided as basic, weather proof and roughly serviced space). We assumed it would require a long rent-free period and a profit rent thereafter. So, we applied a basic cost to the space, but did not assume any income. Its value would be in how attractive it made the rest of Broadmarsh to occupiers and investors, and the resulting increase in rents this would create.

Partial Demolition of the Frame

The last option considered for completeness was the complete demolition of the frame. BDP produced the drawing below to allow us to appraise this.

Full Frame Demolition

We now had all of the appraisals we needed to produce a comprehensive assessment of the viability of the entire Broadmarsh scheme.

Final Appraisals of Whole Scheme.

The appraisals, as at December 2023, are producing the following residual land values:

Plot 6 creates a **positive** land value of **£4,867,596**

Plot 5 North creates a **negative** land value of **£890,545**

Plot 5 South creates a **negative** land value of **£3,795,348**

Frame option 3A creates a **negative** land value of **£21,901,529**

Frame option 3B creates a **negative** land value of **£19,717,774**

Frame full demolition option creates a **negative** land value of **£15,890,942**

See the appendices for copies of the appraisals and notes on methodology in appendices D, E, F, G, H and I.

This appraisal clearly divides into two very different elements:

- Plots 5 & 6 are more conventional development and are collectively showing marginal viability. This is from a developer's perspective, but it should be noted they generate only a nominal land value for Nottingham City Council.
- All options for the Frame generate a significant negative land value, even though some distinct elements such as Severns House and a land sale for a hotel produce positive land values.

When considering the figures above we would note the following:

- No allowance has been made for public sector grant support in these figures. It is reasonable assumption that over the life of this development support programmes would be available for projects of this importance.
- The appraisals contain the estimated costs of all major non-construction works including demolition, purchasing the NSP MSCP, realigning Maid Marian Way, major utility upgrades, enhanced costs to meet sustainability targets and compliant S.106 contributions. These are considerable, and some (e.g. S.106, Utility upgrades) may not be required.
- The full demolition of the frame option does not include any allowance for addressing the rights of access currently enjoyed over the roof of the frame by some of the adjacent properties. This may include physical works or compensation payments. This cannot be estimated until the legal position is better understood.
- There is considerable contingency in the appraisals, which allows for unexpected costs, but if not required would result in increased land value.
- As a snap-shot of the scheme, at its current very high level stage of design, these appraisals indicate a project which has challenges, but also has a strong chance of being delivered.

As a snap-shot the appraisals also reflect an element of the current challenges to development nationally, which is principally around construction costs rising faster than rents, while higher interest costs suppress investment yields. A development of this scale will take up to a decade to complete and will probably pass through a least one cycle of property values. To illustrate even a small change in the market we have produced a sensitivity analysis to show the impact of variations of the rent and investment yield on the residual land value.

The sensitivity analysis are attached in full in the appendices. For illustration we have combined the residual values for some options as we believe strongly that the entire Broadmarsh should always be considered as a single scheme.

Combined Residual Land Value for Whole Scheme with Frame Demolition		
Plot	Residual value	
Plot 6	£4,867,596	
Plot 5 North	-£890,545	
Plot 5 South	-£3,795,348	
Frame demolition	-£15,890,942	
Total	-£15,709,239	
Combined residual Land Values for Whole Scheme with Frame Option 3B		
Plot	Original residual value	
Plot 6	£4,867,596	
Plot 5 North	-£890,545	
Plot 5 South	-£3,795,348	
Frame 3B	-£19,717,774	
Total	-£19,536,071	
Combined residual for Whole Scheme with Frame Option 3B and 5% & 10% Increase in Rental Values		
Plot	5% rental increase	10% Rental Increase
Plot 6	£9,420,555	£13,973,541
Plot 5 North	£2,472,762	£5,836,066
Plot 5 South	-£368,487	£3,058,364
Frame 3B	-£17,149,374	-£14,909,060
Total	-£5,624,544	£7,958,911

These three options show that when combined together (with all of the caveats on costs and contingency noted above) the full frame demolition and frame option 3B both produce large negative land values, entirely off-setting the small positive land value from Plots 5/6.

However, the lower section of the table illustrates that if the market were to improve it would only require a 5% increase in rents across the scheme to change the residual land value produced by frame option 3B and Plots 5/6 to reduce the negative land value from minus c.£19.5m to minus c.£5.6m. A 10% increase in rents on the same scenario would create a positive land value of c.£7.9m.

This is only considering rental values. Positive movement in investment yields and construction costs would have similar impact on the land value, and significantly more if some of these factors happened simultaneously.

All sensitivity analysis can be found in appendices J, K, L, M, N and O.

In terms of the current master plan, costing and appraisal process we believe that it has achieved its aims by:

- Illustrating the development capacity of wider Broadmarsh;
- Defining the development parcels;
- Proving broad viability of much of the scheme, even when all required infrastructure costs are included;
- Providing an indication of the level of potential public sector grant that could be sought to deliver an element of the vision of the retention of the Frame.

This stage of the master plan design and viability exercise has reached a strong conclusion. Working within explicitly agreed constraints (e.g. massing restriction, S.106 contributions, retention of part of the frame, etc.) the master plan is now showing a broadly viable (excluding the frame) development, with a commercial layout and mix of uses. We believe that the Council can now confidently share the master plan with external partners and potential developers.

We note the viability challenges of the Frame area, but also believe it has the potential to create a unique offering and will create enhanced value across the Broadmarsh scheme. Having a strong vision is very important in successful regeneration projects.

Appendix A – Market Report

Appendix B – Pipeline Addendum Report

Appendix C – Frame Cashflow

Appendix D – Report on Appraisal Methodology

Appendix E – Final Appraisal of Plot 6

Appendix F – Final Appraisal of Plot 5 North

Appendix G – Final Appraisal of Plot 5 South

Appendix H – Final Appraisal of Frame Option 3B

Appendix I – Final Appraisal of Frame Full Demolition Option

Appendix J – Sensitivity Analysis of Final Appraisals – Plot 6 Rent and Yield

Appendix K - Sensitivity Analysis of Final Appraisals – Plot 6 Construction

Appendix L - Sensitivity Analysis of Final Appraisals – Plot 5 South Rent and Yield

Appendix M - Sensitivity Analysis of Final Appraisals – Plot 5 South Construction

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Appendix A

Market Report

March 2023

Jones Lang LaSalle

Market Report & Masterplan Guidance

Client: Nottingham City Council

Property: Broadmarsh

April 2023

Contents

1. Executive Summary

1.1. Introduction

JLL are instructed by Nottingham City Council to support them in the production of a Masterplan for the wider Broadmarsh area.

This report is the first stage of that support which will inform the Masterplanning process on the wider Broadmarsh area which Nottingham City Council will commence in Spring 2023. This report will assess the supply and demand characteristics for the office, hotel, residential, retail and leisure sectors in Central Nottingham. We will also consider the quantum, massing and preferred locations and servicing requirements for the various uses.

The second stage of the JLL instruction is to work with the Council and their appointed Masterplanners and technical advisors to interpret the information within this report to ensure that the emerging masterplan reflects commercial reality.

1.2. Site Characteristics

The Broadmarsh site can be divided into three broad areas:

1. The College site is the area to the west of Maid Marion Way. It is currently occupied by college buildings, which will be demolished in due course. This area is adjacent to the walls of Nottingham Castle, and we would expect the planning department at the Council to require sympathetic development in terms of height and massing.
2. The Demolished Broadmarsh is the area to the east of Main Marion Way. This area was formerly occupied by the Broadmarsh Shopping Centre, which has been demolished to surface level. We have assumed that the current multi-storey car park over Maid Marion Way will be demolished, and the road re-aligned.
3. The Frame is the area to the east of the masterplan area and west of Middle Hill. This is the remaining, partly undemolished, Broadmarsh Shopping Centre. This area is to be retained as much as is feasible and re-used in an innovative way.

1.3. Potential Uses

We strongly believe that a comprehensive masterplan, development and management strategy for the whole area is vital if it is to achieve it potential transformative impact on the City.

Although we have divided our recommendation on uses into the three areas above, based on their characteristics, we believe that they can be delivered in a cohesive manner.

We provide a summary table of the uses at the end of this exec summary but consider each area in turn here.

1.3.1. The College

Subject to the demolition of the current college buildings and the opinion of the Planning Authorities, we believe this area would be suitable for a high-quality residential development.

This could comprise:

- Build-to-Rent Residential
- Open Market Sale Residential
- Later Living / Retirement Residential

The Build-to-Rent option is likely to produce the highest value and the most certainty of delivery, although the Later Living option should also be considered bearing in mind the proximity to the Park Estate and market for affluent downsizers.

The masterplan should design the residential is a series of separate blocks, with a maximum of 6 stories to respect the heritage location. This configuration would be able to accommodate whichever use is eventually delivered.

1.3.2. The Demolished Broadmarsh

This is perhaps the least constrained of the three sites as it is fully demolished and is further away from the Castle. We believe this area is suitable for a range of striking high density, modern buildings, potentially with height to maximise value and impact.

This could include a mix of:

- Build-to-Rent (BtR) blocks which create strong land values, but also vitality and customers for the uses proposed in the Frame.
- Purpose Built Student Residential (PBSA), which also creates strong values and vibrancy.
- Offices, which create activity during the day. We believe that new offices will fulfil a latent need in the City from occupiers. However, as this is less financially viable than BtR and PBSA it may be necessary to allocate one block of the masterplan for offices, but with further blocks being flexible in case demand or viability forces them to be delivered in other uses.
- A hotel is perhaps the least financially viable use of those we have considered but would need to be delivered in this area as modern hotels are purpose-built for operational efficiency. As with the offices, this use should be included in the masterplan, but may change to another use as the development progresses.
- The Council has expressed an interest in an events space of some sort, possibly connected with a major national music facility. As such buildings are specialised in terms of acoustics, design, safety etc. we suspect that it would be most economically accommodated in this area. However, buildings of this nature tend to be large and require large surface areas for a loading bay / yard and safe ingress / egress for large numbers of people, so would take up a large part of the Demolished Broadmarsh area and may not produce a significant land value.

1.3.3. The Frame

This is the most complex part of the master plan area due to the Council's proposal to retain much of the remaining structure of the Broadmarsh Shopping Centre and accommodate a range of leisure, retail, workspace and social uses within it.

We include an indication of the type and quantum of uses that could be accommodated within the frame in the table at the end of this section. These will be subject to a range of factors including market demand, value created, cost of construction and suitability of the spaces available. We will work with the master planner to understand how these uses can be integrated into the structure.

If the size of the frame exceeds the potential for occupiers, we will also consider whether discrete elements can be removed and other, purpose-built structures created. This could include the hotel or events space depending on the size of the space and viability.

The re-use of Severns House will be dependent on its ability to be converted into a new use. This could include residential, a boutique hotel or offices / workspace. The preferred use, at least based on engineering options and financial viability, will emerge during the master plan process.

1.4. Indicative Quantum of Uses

Site – The College

Broadmarsh

INDICATIVE QUANTUM OF USES

JLL

Nottingham City Council

COLLEGE SITE - Residential

Uses	Storeys	Type	Comments
Build to Rent Residential	Up to 10 storeys	New Build	Each 'scheme' to be 250 units to be attractive to funding market. Mix of 1-to-3-bedroom apartments with minimum amenity of 2 sqm per unit. Potential up to 10 storeys, however, we will work with engineers and architectures due to the cost implications per sq. ft for going higher.

Site – The Demolished Broadmarsh

Broadmarsh

INDICATIVE QUANTUM OF USES

JLL

Nottingham City Council

DEMOLISHED SITE - Mixed use redevelopment (office, student, hotel)

Uses	Storeys	Type	Comment
PBSA	**10-15**	New Build	Scheme to comprise mix of ensuites (80%) and studios (20%). Do not believe this location is suitable for 50/50 split composition. Bed room sizing - cluster ensuites at 13 sqm-16 sqm. Studios of 18 sqm-25 sqm. No beds in block c.300 – 400 beds. Nottingham's Pipeline (c8,000 beds plus+) 350 beds offers reduced risk on occupancy exposure by having a smaller scheme which offers a greater chance of less beds being unoccupied by students Amenity provison of c 2 sqm per bed.
Office	**6-10**	New Build	Floorplates of c. 10,000 sq ft, ideally with a centrally located core so that subdivision into two halves could also be achieved. Ideally parking at 1:1000 sq ft.
Hotel	**6-8**	New Build	Nottingham's hotel market is relatively small with limited development and investment activity, but opportunity for quality 4 star hotel to hotel or budget hotels. Size would be Circa 100 bed hotel, with potential for open access bar / restaurant in both sectors.

Site – The Frame

Broadmarsh

INDICATIVE QUANTUM OF USES

JLL

FRAME - Leisure

Uses	Operators/Type	Sq Ft	Type	Comment
F&B/Bar/Artisan food market	Box Park, The Stack, Mackie Mayor, Escape to Freight Island, Spark	40,000	Frame	Boxpark are now legally committed to Liverpool. Also actively looking at opportunities in Leeds and Manchester. Though Nottingham may not be in their initial rollout priority list, it will likely be in future phase say 3-5 years. Northgate scheme in Chester is a council intiaitve which transformed traditonal market to contemporary artisan food market. Owned and run by the council on rolling. 20% turnover leases.
Competitive Leisure	Paddle Tennis Operators, I'm a Celebrity Get Me Out of Here/ITV, Toca Social (Football concept), Sixes (cricket concept), Trampoline Park, Ninja Warrior – ITV, Golf - Swing Club, Junkyard Golf, Mulligans, Volcano Falls Golf, Boom Battle (mixed leisure) - axe throwing, darts, ping pong, golf. Climbing - Griptonite, RockUpClimbing, Roxy Leisure (Bowling)	60,000	Frame or Basement	There are various different operators who could be attracted to the scheme however a maximum which should be considerd would be 60,000 sq ft over 4 or 5 different units.
Bowling	Hollywood Bowl, Tenpin, Lane 7, Roxy Leisure, Kingpin Lanes	15,000 - 25000	Basement	Frame and basement is potentially not suitable for large scale bowling, but could accommodate smaller boutique operation such as strike
Cinema	Curzon, Everyman	12,000 – 15,000	Basement	Arc just gone into Beeston. Fairly good cinema representation in the city, though Everyman and Curzon not here (3-4 screen boutique). Mainstream cinemas tend not to like basements but Everyman/boutique may consider.
F&B	Wagamamas, Pizza Express etc (national chains)	20,000	Existing Retail Units in frame	Some national and regional restaurants could sit well within the F&B offer, and could be accommodated within the exisitng retail unit shells
Gym	Xtra Fit Capital, Pure Gym, The Gym, Snapp Fitness	30,000	Frame or basement	
Rooftop bar	D&D, Angelica, Living Venture, Pergola	7,000 - 8,000	Frame	The redevelopment could create rooftop units which could be occupied by high end bars and restaurants.
Social Uses	Boxing club, youth centre, gallery	TBC	Frame or basement	Mix to be confirmed by NCC
National Music Facility	Concert hall and rehersal space	TBC	Frame	Details to be confirmed by NCC. Struturally may require to cut through frame for foundations due to need for sound insulation
Tourist attractions	Caves, Raleigh experience	TBC	Frame	Enhanced access to existing caves.

2. Residential – Build to Rent and Market Sale

We first consider the opportunity for residential development within Nottingham City Centre, and hence in the Broadmarsh Masterplan. The residential market, particularly the City Centre flat market, is undergoing a significant transformation from one based on the sale of single units to private individuals to a model based on the sale of entire blocks to institutional investor landlords. This latter model is known within the industry as Build-to-Rent of BTR.

As the physical product for BtR is usually different to open market sale we consider both below separately.

Build to Rent (BTR) and Open Market Sale

Build to Rent (BTR) refers to housing that has been built specifically for the rental market and is not intended for the sales market. In comparison, open market sale refers to housing that has been built on the basis it will be sold fractionally, usually unit by unit as individual homes to owner occupiers and private landlords.

BTR is usually delivered through forward funding, where the purchaser contractually commits to purchase the entire scheme on completion from the developer. Upon practical completion, ownership transfers to the investor/funder who typically then takes on the operation and management of the asset themselves, leasing up the units to tenants and retaining the let building as an income producing asset. Once predominately leased (stabilised), in due course the initial funder may sell on the asset to another BTR investor who will continue to run and manage the building in its entirety.

Forward funding is a lower risk delivery method for the developer as it involves selling the completed development to a single investor rather than relying on the sale of individual units/apartments to a multitude of purchasers. This lower risk makes the development more financially viable as the developer can accept a lower profit. Finance costs are also lower due to the reduced risk and certainty of the exit point. The capital values have also been high due to the recent low interest rates lowering investment yields, though recent economic uncertainty and base rates rises will have affected this.

Conversely, obtaining debt to deliver open market sale schemes can be challenging due to Government efforts to make purchases by private landlords less financially attractive, as this type of purchaser has always been a major part of City Centre schemes.

The physical characteristics of open market sale units usually differ slightly from BTR. Open market sale units tend to be bigger, of a higher specification with reduced amenity space and target an older demographic. A BTR scheme, which to date have targeted young professionals and affluent students tend to have smaller units, more communal space and a reduced car parking requirement. There is also co-living type BTR which includes a significantly higher amount of communal space and small living units, often designed to be shared by two individuals. However, this is a niche part of the market and is only slowly moving across the major cities from London.

We believe that BTR is the stronger market within Nottingham City Centre at the moment and would expect to see strong demand from developers for opportunities at Broadmarsh. We have also provided information on open market sale in case the Council prefers an element to be delivered (it could be seen to create a more permanent community than BTR) or higher interest rate adversely affect the BTR market.

Build to Rent

2.1. Local Supply & Demand

2.1.1. Supply

- The Build to Rent (BTR) sector in Nottingham is in its infancy and supply is currently limited with the majority of rental stock provided through traditional buy to let investors. The current number of BTR apartments is under 500. Saffron Court, managed by Cassidy Group, offers apartments with studios, one and two bedrooms whilst Lace Market Point offers one and two bed apartments only.
- However, occupier and investor demand are strong and several BTR schemes are in development. The Barnum, a Grainger BTR scheme on Queens Road, is aiming to supply 348 units by the end of 2023, with stabilisation (mature trading) expected in 2024. We anticipate the rents achieved here will reflect those at Saffron Court with a c.10-20% premium to reflect the newer build and increased height of the scheme.
- The overall rent for this sector is strong. Though lower than other more mature BTR markets such as Manchester or Leeds, with an average rent of £908 pcm for a 1-bed apartment and £1,296 pcm for a 2-bed apartment. The Wullcomb, Leicester, a new contemporary 11- storey private rental scheme constructed in 2019, has a starting rent (pcm) at £1225 pcm for a 2-bed apartment.

2.1.2. Demand

- Most notably, Barnum offers 348 units in the BTR pipeline, we list below other BTR/PRS schemes within the pipeline we are aware of. Even with this strong pipeline, we believe there is still a strong demand for the BTR market in Nottingham.

Site	Developer	Planning Application Reference	Status of Application	Description
Barnum, Queens Road, Nottingham	Grainger PLC	20/02103/PNMA & 19/01642/PFUL3	Consent Granted – November 2020	▪ 348 apartments comprising studios (no. 17), one (no. 190), two (no. 130) and three-bedroom (no. 7) apartments ▪ Construction has started and is expected to be completed by early summer 2023, and in addition to providing quality homes for rent, the development will include a range of resident amenities, including a residents' lounge, roof terrace, gym and a café.
Chainey Place, London Road, Nottingham	Cassidy Group	19/01382/PVAR3	Consent Granted - September 2019	▪ A PRS/BTR development. ▪ 122 apartments (15 x studio, 63 x 1 bed and 44 x 2 bed). Other amenities include on-site parking, bike store and a gym. The scheme is due to complete in October 2023

The Island Quarter, Island Street, Nottingham	Conygar PLC	18/01354/POUT 20/02790/PFUL3	Consent Granted – June 2020	▪ Conygar acquired the 37-acre Island Quarter site in Nottingham City Centre in December 2016. ▪ Outline planning permission was granted at the Island Site in June 2020 for a mixed-use development including 91,888m2 of residential floorspace (907 residential units) comprising 407 private rented sector units, 500 private apartments and townhouses, ▪ Conygar has full consent to build a 223-bed hotel providing both long and short-stay accommodation, 247 build to rent flats, co-working space and an extensive food and beverage area.

2.2. Physical Characteristics

- Based on our market review and local experience of the sector, we have established an indicative quantum of uses for new build Build-to-Rent (BTR) on the college site.

Use	Type	Site Location	Storeys	Comment
BTR Residential	New Build	College Site and Demolished Broadmarsh	Up to 10, liaise with architects	▪ Each 'scheme' to be 250 units to be attractive to funding market. Mix of 1-to-3-bedroom apartments with minimum amenity of 2 sqm per unit. Potential up to 10 storeys, however, we will work with engineers and architectures due to the cost implications per sq. ft for going higher.

2.3. Values

2.3.1. Rents

- The table below outlines rental prices of BTR/PRS schemes within Nottingham. The average rent for current BTR schemes is £24.05 per sq ft with an average asking rent PCM of £1,259. However, we expect a new build BTR scheme to achieve higher rents as Broadmarsh is better located and will represent newer stock than these schemes.
- More information on the schemes can be found in Appendix 2.

Property	Apartment Type	Sq ft	Asking Rent PCM	£/sq ft
Saffron Court	1 Bed	431	£855	£24
	2 Bed	667	£1,225	£22
	2 Bed	667	£1,150	£21
Hylyfe – Lace Market Point	1 Bed	465	£975	£25
	2 Bed	707	£1,550	£26
	2 Bed	823	£1,800	£26

2.3.2. Yield

- Due to the newer and higher specification of the Broadmarsh scheme, we assume yields to be 5%. The funding market is currently in a position of market uncertainty and thus, we would have to monitor yields as the market evolves.

2.3.3. Land

- It can be estimated that land values stand at £3.5m - £4.5m per acre and an average yield of 4.85%.
- Evidence on recent land sales can be found in Appendix 2.

2.4. Conclusion

- There is a strong demand and market for BTR in Nottingham, with stronger values than open market sale. Therefore, we suggest that there is an opportunity for a BTR scheme on Broadmarsh. This could be located on the former college site as a lower rise scheme (subject to the opinion of planners on the heritage issue) or on the demolished part of the Broadmarsh shopping centre as a higher rise scheme.
- Existing BTR scheme rents are reasonable though we expect a new build BTR product in a central location would achieve higher rents.
- We would advise approximately 250 units per 'scheme', with a mixture of 1-to-3-bedroom apartments with a minimum amenity space of 2 sqm per unit.

Open Market Sale

2.5. Local Supply & Demand

2.5.1. Supply

- Local supply of open market sale is limited within Nottingham City Centre. Conventional city centre apartment schemes have been comparatively limited compared to some other Cities. The market has not been regarded as strong by the wider development community, largely due to a perceived lack of an active office market in the City Centre and the resultant demand from young professionally. However, there are a limited number of new, high-specification open market apartment sale schemes.

- Demand for high specification open market sale schemes is muted. Low capital values for and transaction levels are reflective of the lack of demand in Nottingham.
- We expect that more prospective buyers, as well as those who would under normal circumstances have transacted under Help to Buy, are more likely to remain in the rental market in greater numbers this year, which does not support growth in the open market sale sector.
- We are only aware of a small current development pipeline.

Site	Developer	Planning Application Reference	Status of Application	Description
Trent Bridge Quays (Phase II), Nottingham	Elevate Property Group	18/01570/PFUL3	Consent Granted – April 2020	▪ Comprising 44 apartments, 14 townhouses and retail space. ▪ Construction commenced in 2022 with the 44 apartments looking to be completed in Q1 2023. ▪ Mix of market sale and private rent.

Physical Characteristics

Based on our market review and local experience of open market sale, we have suggested the following indicative quantum of uses for a new open market scheme on the college site.

Use	Type	Site Location	Storeys	Comment
OMS Residential	New Build	College Site	NCC Planners	▪ Each 'scheme' to be of 100 - 250 units to be delivered to a high specification. Mix of 1-to-3-bedroom apartments with townhouses with min communal space of 1 sqm per unit. ▪ Schemes should be designed as phases to allow sales of the initial blocks as later blocks are under construction. This is vital for developer cashflow. ▪ Height to be guided by NCC planners on historic environment, but maximum of 6 stories as guide

2.6. Values

2.6.1. Price per Sq Ft

- We have found the following comparable data on market sales of open market schemes in Nottingham within the last year. The average price per square foot for a 1 bedroom stands at £340, a 2 bedroom stands at £274, and a 3 bedroom stands at £280.

No. of beds	Average Sale Price	Average Sq Ft	Average £/Sq ft
1	£159,142	466	£340
2	£230,500	848	£274
3	£315,000	1,173	£280

2.6.2. Land Values

- There has been a lack of comparable evidence recently. From the prevailing sale value, we believe that land values of £600,000 - £800,000 per acre would be achieved, though this could be exceeded for the right location and specification of product.

2.7. Conclusion

- An open market scheme may be more challenging to fund currently, with developers strongly favouring BTR
- The market for high-quality open market sales schemes in Nottingham is not well established. The absence of this kind of development in Nottingham raises concerns over lack of demand for open market sales at the values necessary to deliver larger schemes at Broadmarsh.
- If there were to be an open market sale scheme on the Broadmarsh site, we would advise it focuses on higher specification for more mature downsizers with the resulting unit sizes larger by c.10 – 20% than BTR.
- We also advise no less than 200 units, sub-divided into blocks of up to 60 units. This would aid delivery, but is also of sufficient quantum to be converted to a BTR scheme prior to completion if necessary.

3. Student

Nottingham has a very large student population, and they comprise a strong economic force within the City. We consider now the opportunity for Purpose Built Student Accommodation (PBSA) at Broadmarsh.

3.1. Local Supply & Demand

3.1.1. Supply

- JLL noted that student residential accounted for 45% of all investment in living assets in 2022, making it the strongest sector of investment against Build-to-Rent and healthcare living sectors.
- A post-Covid university boom has seen students outnumber PBSA beds, with Nottingham Trent experiencing a 17% increase of students from their 2019/20 intake. However, PBSA supply has only increased by 3%. Limited PBSA and HMO stock has pushed students into private rental schemes (JLL UK Living Capital Markets 2022).
- A national trend of supply outstripping demand can be seen in Nottingham. The Higher Education Statistics Agency published that Nottingham Trent University and University of Nottingham make Nottingham home to over 78,000 students. Students reside in either purpose-built student accommodation, operated by private companies such as Unite Students and have been newly built for the sole purpose of providing student accommodation, or traditional university ownthe ed private halls or private HMOs, such as houses or former converted office building flats.
- To deal with this demand, Nottingham has a strong pipeline of over 8,000 beds for PBSA. Below are examples of schemes in the pipeline in various stages of planning:

Site	Developer	Planning Application Reference	Planning Application Status	Description
2 Queens Road	Zen Nottingham	(22/02422/PFUL3)	Submitted, Pending Consideration	▪ Purpose Built Student Accommodation including 86 studios with en-suite facilities, associated access and infrastructure and the demolition of the existing two storey vacant building to the west of the site.
Site of Forest Mill, Alferton Road	Olympian Homes	(22/00045/PFUL3)	Consent granted (February 2023)	▪ Comprising of 344 purpose-built student accommodation apartments (790 bedspaces) (sui generis), together with ancillary leisure and retail facilities and 19 affordable houses
House of Social – former Central Fire Station and Police Station,	Vita Group	22/01204/PFUL3	Submitted, Awaiting decision	▪ Demolition of existing building and the erection of purpose-built student accommodation, with integral ancillary residents' hub and associated communal facilities (Sui Generis) and a new ground floor public food hall together with

Shakespeare Street				associated public open space, landscaping, access, cycle parking and drainage provisions. ▪ We understand this scheme is now paused due to heritage issues.
37-41 Lower Parliament Street – to be known as 'Lombard House'	Bmore in partnership with Unite Students	(21/00797/PFUL3)	Consent granted (October 2021)	▪ Demolition, refurbishment and conversion and new development to provide purpose-built student accommodation (up to 10 storeys), public realm, and a Class E commercial unit. ▪ 273 student beds
Bendigo Buildings, Brook Street	Godwin Developments who completed the sale of the consented scheme to Bricks Group	21/00968/PFUL3	Consent Granted (April 2021)	▪ Demolition of existing building and development of purpose-built student accommodation (up to 13 storeys), with ground floor commercial units, car and cycle parking/ ▪ Planning was amended under 22/02002/PNMA to revise studio/cluster room mix and reduction in bedspaces from 692 to 661.

3.1.2. Demand

- The large influx of students and strong PBSA pipeline indicates strong demand for this sector. However, currently 56.69% of students still reside in HMO's, making HMO's the major accommodation type for students. Nottingham's pipeline may reduce the number of students in HMOs as the PBSA market in central Nottingham is currently not saturated. However, the situation is moving fast in Nottingham. For example, In Manchester PBSA units under construction will increase their stock by 1%, whereas in Nottingham it is 13% (Knight Frank, 2023).
- The completion of these pipeline schemes may cause a risk of over supply to a market that is currently underserved. Despite this, we believe there is still capacity for further PBSA in Nottingham as across the Country newer schemes tend to be preferred by students over existing schemes in converted buildings or earlier generation of PBSA.
- The majority of pipeline schemes are to be delivered within the next 2-3 years. The Broadmarsh site is located more centrally than almost all of these pipeline schemes (although not within an existing PBSA cluster location which funders tend to prefer, which is a concern) and so from a tenant demand and occupancy perspective we believe the scheme could achieve success over many of the pipeline schemes.
- The average asking rental price is £207 for a studio apartment and £174 for ensuite apartments per week for the academic year 2023/24. This is higher than the average rental price per week secured in the academic year of 2022/23.

3.2. Physical Characteristics

3.2.1. Indicative Quantum of Uses

- Based on our market review and local experience of the student market, we have established an indicative quantum of uses for purpose-built student accommodation (PBSA) on the demolished Broadmarsh site.

Use	Type	Site Location	Storeys	Comment
PBSA	New Build	Demolished Broadmarsh	10-15	▪ Scheme to comprise of mix ensuites (80%) and studios (20%). Do not believe this location is suitable for 50/50 split composition. ▪ Bedroom sizing - cluster ensuites at 13 sqm-16 sqm. Studios of 18 sqm-25 sqm. ▪ No beds in block c.300 – 400 beds. Nottingham's Pipeline (c8,000 beds plus+). ▪ 350 beds offers reduced risk on occupancy exposure by having a smaller scheme which offers a greater chance of less beds being unoccupied by students. ▪ Amenity provision of c 2 sqm per bed.

3.3. Values

3.3.1. Rents

- After an analysis of comparable evidence of PBSA schemes within Nottingham, the following average rental values can be determined. Studios have an average price per week of £218, while clusters have an average price per week of £162.

Type	Average PPW
Studios	£201 -£235
Clusters	£152 - £172

- All market evidence can be found within Appendix 3.

3.3.2. Yields and Price per bed

- The following table outlines a number of PBSA investment comparables, including yield and price per bed.
- Net Initial Yields reflect an average of c. 5.5% with an average price per bed of £116, 566.

Address	Date	No. of Beds	Price	Price per bed	Yield (NIY)	Description
Dojo House, Ilkeston Road, Nottingham	05/22	41 studios	U/O circa £4.65m	£113,414	Estimated 5.6%	▪ Communal Gym ▪ Newly built in 2021, sustainable asset (ESG credentials, BREEAM – Excellent)
Boulevard Wharf, Castle Boulevard, Nottingham	Q1 22	66 studios	£10m	£151,515	5.31%	▪ Constructed in 2020 of a high specification overlooking the canal. ▪ Superior in specification and location.
Radford Mill, Nottingham	03/22	483	£59.8 million	£123,809	5.25%	▪ A former Mill building converted in 2019 and comprising 483 student beds over 340 dwellings. ▪ Comprising predominantly studios. ▪ The property benefits from a gym and cinema room.
Deakins Place, Nottingham	07/21	703	£70m	£97,222	6.15%	▪ Completed in 2022. ▪ 720 en-suite and studio unit types, 24-hour gym, yoga studio, cinema room, hosting kitchen
Dagfa House, Nottingham	09/20	229	£26.2m	£114,437	5.06%	▪ 10-year FIR lease to the University of Nottingham, September 2020 to September 2030. At £1,327,000 pa with RPI cap + collar 2%+4%. ▪ Completed in 2019 ▪ Games room, communal space, study space
The Orbital, Ilkeston Road, Nottingham	05/20	103	£10.2m	£99,000	5.9%	▪ A PBSA led scheme built in 2018 with 103 beds made up of a mixture of studios and cluster flats. ▪ Amenities include a communal lounge and an on-site management office.

3.4. Conclusions

- Opportunity for PBSA in central Nottingham due to strong occupational demand and lack of saturation in when compared with other cities.
- Evidence of rental increase from the previous year.
- Due to it being new build in nature and its height, we anticipate the demolished part of the site to be most suitable for PBSA development.
- We recommend a mix of ensuites (80%) and studios (20%), between 10 to 15 storeys with approximately 350 beds per block. We suggest ensuites would range between 13 sqm-16 sqm and studios between 18 sqm-25 sqm.
- Based on student demand, in addition to competitive pricing and values compared with other local cities, we would suggest PBSA development in this location is likely to be viable. Broadmarsh offers a very central location that is approximately half a mile from Nottingham Trent University and a 5-minute walk from the tram stop towards University of Nottingham. The superior location to other pipeline schemes further suggests viability.
- Timing of delivery is important to ensure that the scheme is not developed if there is a risk of over-supply or excessive competition.

4. Offices

Nottingham City Centre has been seen as under-performing as an office location for a few decades. This has resulted in low values deterring new development, with the aging stock falling behind the rental values needed to make development viable, effectively a vicious circle.

However, there is potential for optimism with the recent new development for GPA at Unity Square setting a new quality benchmark. The pressure that occupiers find themselves under to achieve higher environmental performance from their office space also has to the potential to drive demand for new, much higher quality space.

4.1. Local Supply & Demand

4.1.1. Supply

- The most recent short-term take up trends recorded (6 months to Q3 2022) suggest that demand in Nottingham totalled 85,000 sq ft, an increase of over 50% from the previous 6 months. According to PROMIS, the data suggests that on average take up in Rest of GB decreased by -33% to Q3 2022.
- Availability in Nottingham declined over the first half of 2022 despite take up being limited. Some secondary space was removed from the market, alongside a handful of small deals. Very little secondary space was returned over the same period.
- As with many other towns and cities across the UK, Nottingham has seen a net decrease in office stock over the past 5 years. This can be partly attributed to the ability for property owners to change office accommodation to residential accommodation because of permitted development rights.
- This trend has been further accelerated until recently, due to Nottingham having low office rents and weakening investment yields versus rising student rents and strengthening investment yields, the impact was that even reasonable serviceable, well located office buildings were worth more being sold for student conversion.
- To address a shortage of quality office space those landlords who have not exercised their permitted development rights to develop student accommodation, have undertaken speculative refurbishment in order to try and address the supply issues facing Grade A space.
- What is certain that if this lack of prime located Grade A office space continues, Nottingham will not only forego the potential of attracting new occupiers to the City but will also suffer leakage of existing expanding occupiers where we believe there will be a ‘flight to quality’ to be able to retain their talent and comply with Net Zero commitments.
- The below table shows recent and upcoming office completions in Nottingham City Centre. It is worth noting that rent is not applicable for most of the examples below as they have been built for specific occupiers and were not marketed.

Address	Completion	Size (Sq ft)	Rent	Storeys	Comment
1 Unity Square	June 2021	276, 631	N/a	11	▪ Purpose built for HMRC who occupy the whole building on a 25-year lease ▪ Developed by Sladen Estates ▪ BREEAM Excellent rating
11 Station Street	March 2023	51,328	£25 per sq ft	6	▪ Floorplates of 10,901 sq ft ▪ 51, 328 sq ft pre let by Domestic and General ▪ Developed by Bildurn
42 Shakespeare Street	November 2023	57,000	N/a	9	▪ Development for Nottingham Trent University ▪ Owner occupied
Lace Way Office Development, Island Quarter	December 2023	TBA	N/a	N/a	▪ 4-star office ▪ Owned by Conygar Nottingham Limited ▪ Part of mixed-use scheme

4.1.2. Demand

- Despite the disruption of 2020, the office market did bounce back with transactions such as Ideagen taking 34,000sq ft at Ruddington Fields Business Park and Relx taking 19,000 sq ft at Carrington Street.
- Recent take up has been underpinned by one significant deal, representing one of the largest occupier transactions seen in the Nottingham office market since 2018. This was agreed in 2021 when occupier Domestic & General took a 15-year pre-let of 51,000 sq ft at 11 Station Street.
- More significantly, we observed office occupiers challenge their ongoing operational requirements, which has translated into various major occupiers coming forward with major requirements, two of which are in advanced legals whilst the others are circling trying to identify suitable options.
- Delivery of a new build product could promote movement, provide space that fits with ESG/CSR requirements and as a result, attract new occupiers to the city. Sustainability is an important factor for occupiers, particularly corporate occupiers, as they are keen to improve their sustainability credentials. It is notable that the majority of deals relate to refurbished office space fitted out to a good standard. This will provide better sustainability results, but not as good as new build.
- Successful offices are not only of good quality but also provide occupiers with added benefits such as feature receptions/communal areas, welfare facilities such as Barista cafés or gyms and informal meeting space. All of which encourages staff into the office.

4.2. Physical Characteristics

Based on our market review and local experience of the office leasing market, we have developed the below indicative quantum for the demolished part of the Broadmarsh site.

Use	Type	Site Location	Storeys	Comment
Office	New Build	Demolished Broadmarsh	6-10	▪ Floorplates of c. 10,000 sq ft, ideally with a centrally located core so that subdivision into two halves could also be achieved. ▪ Ideally parking at 1:1000 sq ft.

4.3. Values

4.3.1. Rents

- Compared to other major regional centres, Nottingham's prime rental growth has been low, generally underperforming RPI and from internal research undertaken by JLL the average growth has equated to 1.2% per annum over the past 25 years, with dramatic falls linked to economic events followed by gradual rises.
- Where landlords have committed to high quality refurbishments and have responded to occupiers demand for better office space, they have been able to achieve rental growth and building by building move the rents forward, each time enhancing the viability of the next major refurbishment and in turn starting to build a business case for new office development but only in prime locations.
- We set out a number of key comparable evidence below which range from £17.33-£24.50 per sq ft. Broadly speaking based on our experience of development cost/value and subject to analysis of a specific scheme we have determined that rents need to target a minimum rate of £25 per sq ft, and preferably higher, to facilitate viable development, we believe this, or higher, would be achievable with provision of a new high quality product in the city. and whilst there is no immediate evidence to support this pricing level, there is an established price difference in other office markets between good quality refurbished space and new build Grade A accommodation.
- It is worth noting that in Birmingham rents increased from £35per sq ft to £41 in a short space of time due to rising building costs, lack of supply of new offices and environmental credentials.
- The below table provides examples of recent lease completions and the rents achieved:

Address	Date of deal	Sq ft lease	Floor	Type	Rent (Per sq ft)
New Castle House	23/02/2023	15,694	1st	New lease	£22.50
City Gate East, Tollhouse Hill	01/11/2022	19,045	5th	New lease	£24.50
Byron House, Maid Marion Way	22/07/2022	16,100	Ground and 1st	New lease	£19.50
City Gate East, Tollhouse Hill	01/07/2022	10,785	4th	New lease	£22.50

30-40 Hounds Gate	24/02/2021	15,629	Grnd/1st	New lease	£17.33

4.3.2. Yield and Price psf

- Investment volumes slumped during the second half of 2022 due to rising interest rates and the cost of debt. However, because of the strong start to the year, 2022 volumes are similar to 2018 and 2021, which are the best years on record. Investors were attracted to Nottingham's healthy occupier market, with a trend of limited new office supply and strong occupier demand supporting years of strong rental growth and until recently, record low vacancy rates
- ESG has been a key driver for investors in the most recent deals, Corum Asset Management purchased 104,100 SF Trinity House, 2 Burton Street, from Charles Street Buildings Group for £28 million, reflecting a net initial yield of 6.85%. The property is ten years old, single let to E.On and has a BREEAM Excellent rating and an EPC rating of A.
- Forward funding of office development within the city has been and continues to be a challenge. This is down to a dearth of investment transactions within the city and therefore lack of evidence on which funders can rely on and gain comfort from, when compared with other regional cities, where office development has been more forthcoming.
- Another challenge faced within Nottingham is the limited rental growth over time, therefore removing potential growth/upside from office development appraisals when cash flowed over a period of time.
- Finally, we have historically found funders are seeking projects of a greater scale/lot size than may be deliverable in Nottingham. That said, we are of the opinion that an office scheme tailored to the market and with local market leading ESG credentials could provide a quality new product which would appeal to corporate occupiers seeking a move to or within the city.
- The table below provides examples of the most recent office sales, including the sale price and yield:

Address	Date of deal	Sq ft	Sold price	Yield	Price (Per sq ft)	Comments
Trinity House	05/2022	104,179	£28,000,000	6.85%	£269	▪ 9 floors ▪ Fully leased at the time of sale
The Arc, Ng2 Business Park	02/2022	45,000	£13,000,000	4.5%	£289	▪ 4 floors
7 Mansfield Road	11/2021	23,137	£3,600,000	N/a	£156	▪ Megaclose Properties 1 Limited purchased the freehold
Pearson Building	05/2021	70,000	£21,000,000	N/a	£300	▪ Primarily occupied by Job Centre

- 4 storeys

4.3.3. Conclusion

- We anticipate that development of an office component will be best situated in the demolished part of the Broadmarsh site, with floorplates in the region of 10,000 sq ft.
- We would propose at least one building is delivered at a maximum size of 40,000 sq.ft. but with provision for a further building if it is a success.
- In terms of viability, we anticipate the scheme will need to target a minimum rent of £25 per sq ft. We consider this may be achievable providing the scheme meets ESG, CSR and other environmental requirements, which are factors corporate occupiers are increasing demanding to align with their corporate policies.

5. Leisure & Retail

5.1. Local Supply & Demand

5.1.1. Supply and Demand

Retail

- Nottingham is the largest retail market in the East Midlands, with total stock of c.26.8 million sq ft and an established city centre retail offering. Other than the leisure subsector, leasing remains subdued. Vacancies have risen sharply over the past couple of years.
- A slowdown in development activity following the financial crisis, and a focus instead on refurbishing existing space, has kept the market's vacancy rate in check prior to the pandemic.
- Nottingham city centre's retail area is extensive; its north/south configuration came about with the building of the city's two shopping centres in the early 1970s - one at each extreme of the central area. To the north is the Victoria Centre and to the south is the site of the former Broad Marsh Centre, which finally closed in 2020. Between the two are a network of shopping streets, with the city's Council House and Old Market Place situated in the middle.
- Department stores have been closing over the last decade, and at end-2021 there were just two department stores in the city - John Lewis, and House of Fraser with other large stores including Marks & Spencer and a Primark. Debenhams closed in the city in 2021, following entry into administration.
- The prime pitch in Nottingham lies entirely within Victoria Centre on the lower mall. Clumber Street, High Street/Bridlesmith Gate and on the streets surrounding Old Market Square and the Council House, such as Exchange Arcade and Flying Horse Walk. Clumber Street, once part of Nottingham's prime pitch, has become increasingly rundown in recent years. Albert Street/Lister Gate provide a key north-south route, linking Old Market Square with the subject site, Broad Marsh. Better quality retailers tend to be concentrated in the area between Clumber Street and Albert Street, especially Bridlesmith Gate, Exchange Arcade and High Street.
- In Q4 2022, the vacancy rate in Nottingham city centre stood at 15.7% of units, below the UK average of 19.8% and a slight increase on the level recorded in 2020 Q4. Vacancies were generally scattered throughout the central area with concentrations at the southern end of Bridlesmith Gate and along Lister Gate in particular. At Broad Marsh, the vast majority of retail floorspace was behind hoardings or demolished at end-2021.

Leisure

- There are two leisure schemes in central Nottingham. The CornerHouse, which opened in 2001, is in the northern part of the city centre, to the west of the Victoria Centre, close to the Theatre Royal and Nottingham Trent University.
- This four-storey building houses Cineworld, a casino and a nightclub along with a range of bars and restaurants, including TGI Fridays, Turtle Bay, Nando's, Bella Italia and Wagamama.
- In addition to the cinema and F&B offering. The Cornerhouse has curated a mix of leisure operators to diversify their offering. Operators include Axed (an axe throwing venue), Roxy Ball Room, a chain of competitive social gaming bars comprising of bowling, ping-pong, pool, shuffleboard and other games. Fun Station, offering family-oriented leisure activities and games as well as an 18-hole crazy golf course called 'The Lost City'.
- Clifton Boulevard Leisure Park dates from 1991 and is located on Clifton Boulevard, on the western side of the city. It has a somewhat rundown appearance and houses a Showcase cinema, poker club and bowling alley, along with Chiquito's and Nando's restaurants.
- In addition to the above we have seen a number of independent operators take up vacant units within Nottingham City Centre, examples include Hatchett Harrys Axe Throwing and Escapologic escape rooms. However, other than the CornerHouse, Nottingham City Centre lacks a destination leisure venue which could house additional and alternative leisure uses, which are currently in high demand.
- Leisure operators will usually require open floor plates of 2,000 – 4,000 sq.ft. Due to the size of occupation and decline of traditional retail demand, leisure operators will seek discounted rents of c10- 20% and /or generous incentives such as rent-free periods.
- Leisure operators tend to target locations where there are existing clusters of other leisure occupiers, (hence the popularity of the Cornerhouse) and in areas with complimentary uses.
- We believe that leisure use in Nottingham could see very strong demand due to its youthful demographic and high student population. The target demographic for this use is between the ages of 20-35. Currently 30% of Nottingham's population are aged 18-29 and one in seven Nottingham residents are full time university students.
- We believe that including a significant amount of leisure use can offer a number of wider benefits to the overall scheme such as increasing dwell time and extending the customer reach, increasing footfall to the site and bringing people together socially (therefore bringing additional placemaking benefits). This supports and is supported by other uses within Broadmarsh, such as the retail, office and residential offering.
- We would caveat that due to the emerging nature of the leisure industry many of the operators are small chains and start-ups and therefore will carry a weaker covenant compared to established national retail brands. Having said this, there are a number of large, strong covenant companies who have leisure-sub brands. A good example of this being ITV who operate a number of leisure concepts, such as Ninja Warrior, I'm a celebrity get me out of here and The Cube Live.

5.1.2. Development Pipeline

- Pipeline in Nottingham, along with many other regional cities is very limited and of little relevance to Broadmarsh. New out of town schemes in the development pipeline mainly relate to convenience retail, and especially the continuing expansion of the discount food retailers. Aldi has submitted plans for a foodstore in Nottingham and has permission for another in Stapleford.
- Construction of a Lidl foodstore is underway in West Bridgford, alongside a Pure Gym and Starbucks, with plans for another two stores in Long Eaton and Hucknall.
- Other schemes in the retail warehouse pipeline include various alterations at Giltbrook Retail Park for DFS, and 4 new retail/restaurant units. Planning permission also exists for change of use of the former Poundworld at Lady Bay Retail Park for a gym.

5.2. Physical Characteristics

5.21 Retail

- Due to the changing landscape of the retail market, occupiers size requirements have been reducing over the last 10 years. Retail demand at Broadmarsh is likely to fall into a number of sectors:
  - Ancillary retail which will service the other uses such as offices, residential and students. This will take the form of convenience stores, cafes and takeaways. This would be in the region of 2,000 – 4,000 sq.ft units and potentially occupy the ground floor of larger buildings.
  - Experience retail which will see synergies with the wider leisure and F/B offer. These are usually niche retailers focusing on a younger market's interest in fashion, music, sport etc., with requirements for 2,000 – 3,000 sq.ft. These could also encompass the 'maker' units where artisans would both make and sell their products. These latter units could be from 500 sq ft upwards. We see these as been largely accommodated within the Broadmarsh Frame area.
  - Conventional retail will see a strong market from the customers attracted by the diverse offer. These may be established fashion, footwear brands who wish to identify with the exiting concept of the Broadmarsh Frame. They could be accommodated as they bring security of income, but do not change the 'tone' of the scheme to one that competes with the traditional City Centre offer.

Leisure

- Broadmarsh presents a challenge to assessing leisure characteristics as traditionally the optimal physical space for leisure tends to be units of over 10,000 sq ft. Operators are much more flexible in terms of their willingness to take basement floors (generally not relying on window frontage as heavily as retailers), ground floors or upper floors of buildings. We would usually see anchor tenants taking 20,000 sq.ft. – 30,000 sq.ft., with two or free other operators to create a leisure destination.
- However, the Broadmarsh frame concept does not easily accommodate this type of product. We are unsure whether conventional leisure anchors such as a multi-screen cinema or bowling alley would physically fit into the frame. Even if they could be accommodated physically, traditional leisure anchors may be unwilling to move away from their business model of requiring a cluster of national chain restaurants nearby. We also note that cinemas in particular expect large incentives and reduced rent in order to anchor a scheme, and there are

already established cinemas within the City, so a new conventional cinema would only cannibalise their market.

- There is a strong desire to create a new type of leisure destination I the frame which includes a mix of competitive leisure, flexible food offer, markets, social activities etc.
- A venue of this kind would include a diverse mix of food vendors with stalls and bars, a central area with expansive seating areas and space for events to be hosted (e.g., a stage for live music/performers).
- The resultant footfall of this use would increase the prominence of the scheme and provide support to the other uses on site.
- A complimentary use for flexible dining is competitive leisure.
- There are two types of competitive leisure with each having a different target audience. The first of these would be competitive leisure which has food and beverage as a core component to compliment the activities being carried out. The target demographic for this use therefore is generally adults from the ages of 20-40 with examples of operations including: Flight Club Darts, Sixes Social Cricket, Lane7 Bowling, Roxy Ball Room (mixed games, Boom Battle Bar (mixed games), HiJingos Bingo, Mr Mulligan's (Golf) Junkyard Golf.
- These operators rely on income from a charge on the leisure activities themselves and from the F&B revenue. The F&B component (particularly the bar) is important for most brands in this subsector as it can account for over 85% of income
- The second type of competitive leisure venue is one that does not involve F&B as a core component and therefore generally targets families and work events. The cost of the activities is more expensive due to the absence of F&B revenue. Example operators of this use include Ninja Warrior, Hatchet Harry's Axe Throwing, Escape Reality, Escape Hunt, Laser Quest, I'm a celebrity get me out of here and The Cube Live.
- This is another genre of leisure which has a reputation for driving footfall to areas and increasing dwell time at mixed-use sites when implemented successfully.
- We will work with the master planners to understand the ability of these uses to be accommodated in the frame, the construction cost viability, and an appropriate level of occupation to create a destination, but not risk over-supply.

5.3. Values

5.3.1. Rents

Retail

- Our estimates, based on agent sources, suggest that top achievable prime retail rents in Nottingham were around £150 per sq ft Zone A at end 2022; this implies a cumulative decline in prime rents since end 2017 of -40%, compared with the UK average rate of decline of -34.5%. Prime Zone A rents in Nottingham peaked initially at £250 per sq ft in 2008, before dropping markedly during the financial crisis to £200 per sq ft by 2011, experiencing a sharper fall than Major Cities generally.
- The table below highlights retail leasing comparables for Nottingham City Centre over the last 18 months. This demonstrates a blended rental tone of £16.00-£18.00 per sq ft for prime rents with secondary locations

achieving rents of £8.00 - £11.00 per sq ft. We have selected a mix of evidence to be comparable in location and characteristics to Broadmarsh (out of prime location and ground floor of residential flats).

- For clarity, retail rents are based on the front of the unit (Zone A) having a higher rent as that is the point that attracts customers. The rent per sq ft in the unit decline as you move further away from the front until rent at the rear of the unit or on upper floors are a small fraction of the Zone A rent. The average or blended rent of the unit is always significantly below the Zone A rent

- In terms of the concept for the frame, we would expect there to be a range of rental options. These could include:

  - Conventional retail / leisure rental structures for some units
  - Turnover rents (based on the occupiers' income, not a fixed rent) for start-ups, maker units, social activities etc,
  - Flexible licences for periodic uses such as markets, food stalls etc.

The information below relates to conventional retail, as turnover rents and flexible licences are site specific and are difficult to estimate at this concept stage.

Leasing Comparables

Date	Address / Location	Area (Sq ft)	Tenant(s)	Average Rent psf	**Comment**
10/22	120-122 Derby Road, Nottingham	1,033	Universal Works	£17.97	▪ Part of the subject property has recently been let although the tenant has not yet occupied. The property is arranged at ground floor and basement. The basement has been fully refurbished and is usable storage but also contains the staff kitchen and WC. Taken on a five-year lease with a tenant break option at the end of year three and an initial three-month rent-free period.
08/22	Units 1-9, fletcher Gate	5,515	Pizza Punks	£21.76	▪ The property fronts the Lace Market and links the popular leisure destination of Hockley with the rest of Nottingham City Centre. Independent F&B occupier Pizza Punks took a 15-year lease at £120,000 per annum with 5-year breaks.
07/21	116 Derby Road, Nottingham	1,195	Vintage Wines	£8.28	▪ The tenant renewed the occupational lease for a term of 5 years from July 2021. At the time they were negotiating on the adjoining unit which is detailed below and is used for storage purposes. We are of the opinion that the rent is discounted to reflect that it has not been refurbished and also due to quantum with the tenant entering into a lease on the adjoining unit.
12/21	112-114 Derby Road, Nottingham	2,292	Vintage Wines	£8.05	▪ The tenant took a new lease of this refurbished double retail unit to use as a store. the rent has

					been discounted to reflect quantum. The tenant occupies on an internal repairing basis only.
12/20	110 Derby Road	709	Little Brick House (Restaurant)	£10.44	▪ Located adjacent to the subject property and comprising a similar retail unit arranged at ground and basement levels. The property was let in December 2020 on a six-year lease with a review at the end of the third year. The tenant received 3 months' rent free and a further three-month period at half rent. The property had been vacant for a long period prior to this letting which was on internal repairing terms.
Under Offer	89-91 Derby Road, Nottingham	810	Not known	£16.00	▪ Located on Derby Road, in the north-eastern part of the city centre. Comprising of a ground floor retail unit. The tenant is to take a 5-year lease with a stepped rent.
On the market	79-81 Derby Road	750	On the market	£18.00	▪ Located on Derby Road and comprising a ground floor retail unit that is currently undergoing refurbishment. The upper floors have been converted into student accommodation.

Leisure

- There have a limited number of leisure lettings in Nottingham however we understand demand is growing for the city in this subsector. Anchor operators will usually require larger floorplates of up to 100,000 sq ft but most operators need between 5,000 – 30,000 sq ft.

Leasing Comparables

Date	Address	Area (Sq ft)	Tenant(s)	Rent psf	Comment
04/22	22-26 Carrington Street	3,077	TRIB3	£19.50	▪ Located on Carrington Street, opposite the Broadmarsh car park. The unit had been fully renovated and fitted to a Grade A standard. The property has a full height glazed shop frontage. The property was marketed for leisure/F&B purposes and was let on a 10-year lease with a 5-year lease to TRIB3, a boutique fitness studio chain with seven other operational studios across the UK.
04/22	Suite B2/B3 The Cornerhouse	24,450	Roxy Ballroom	£13.57	▪ The 24,450 sq ft unit is located in the basement of the Cornerhouse, an established leisure destination, anchored by a 15 screen Cineworld and numerous entertainment and F&B offers. The space was occupied by Roxy Ballroom, a fast-growing chain of competitive social gaming bars comprising of bowling, ping-pong, pool and shuffleboard. The operators have 15 venues across the UK.

02/22	Suite S1 – The Cornerhouse	3,750	Axed	£16.21	■ Located on the second floor of the Cornerhouse. 3,750 sq ft of space was taken on a 10-year lease by Axed, an axe throwing venue with an existing location in Lincoln and expanding to Birmingham, Sheffield, Leicester and Peterborough. The unit has a higher rent than other units in Cornerhouse due to the size of the letting.

5.3.2. Yields

- Prime yields for Nottingham retail transactions have remained relatively stable over the last two years. There was a significant lack of deals in the 12 months following the Covid-19 pandemic, however these picked up in 2021 and throughout 2022.We would expect good quality retail units let to tenants with a strong covenant to trade between 8.50%-10.0% yields.
- Of course, there will be some variance in this level depending on a number of external factors, such as market conditions and investor sentiment. When comparing retail yields to leisure yields, we would typically look to add 0.5% to leisure transactions as some investors will view this is as an emerging sub-sector which potentially poses higher risk
- These yields apply to traditional retail and leisure. The uncertainty of income and weak covenant strength of the more innovative and flexible uses that are being considered for the frame will be unattractive to the investment market, who value certainty. It is difficult to estimate the investment value of the frame once completed, and it may be necessary for the Council to take a head lease across some parts of the frame in order to create an investment value. As an alternative the Council may wish to retain control in some form and retain the rent.

5.3.3. Price psf

- The table below highlights retail sales comparables for conventional retail Nottingham City Centre over the last 18 months. This demonstrates yields of between 6.31% and 10.29% and capital values of between £71.00 per sq,ft and £378.00 per sq ft

Investment Comparables – Retail						
No.	**Date**	**Address / Location**	**Area sq ft**	**Price (psf)**	**Yield**	**Comment**
1	06/21	72 Ilkeston Road, Nottingham	3,669	£715,000 (£195.00)	6.31%	■ A detached two-storey brick building (former public house) located in an established and popular student location. ■ The building is let to Boots on a 20-year lease from 2008 with a tenant break option in 2023. ■ Passing rent is £40,000 per annum (£17.33 per sq ft).

2	08/22	81-85 Upper Parliament Street, Nottingham	6,985	£496,000 (£71.00)	6.66%	■ A three-storey building currently let to The Private Shop on a six-year lease from January 2019. ■ AWULT 2.25 years.
3	02/21	1-3 Canning Circus, Nottingham	2,432	£415,000 (£171.00)	6.41%	■ A three-storey end of terrace mixed use property comprising two retail units and two self-contained flats. ■ Income at the time of sale was £24,000, secured on short term income to local tenant covenants. ■ The building was purchased to convert into residential accommodation that is now completed.
5	04/22	511 & 511A Woodborough Road, Nottingham	393 (Ground Floor only)	£148,000 (£378.00)	8.25%	■ A mid terrace property comprising a ground floor retail unit with a flat above. ■ The ground floor is let to a local covenant on unknown terms at £7,200pa whilst the residential income totals £5,200pa.
6	12/21	11/11A High Street, Hucknall, Nottingham	2,094	£149,000 (£71.00)	9.69%	■ A mid terrace property providing ground floor retail with a two-storey maisonette above. ■ The ground floor is let to a private individual subject to a reversionary lease for 10 years. The flat is let on an AST with the tenant currently holding over. Together both tenants provide an income of £14,700pa.
7	09/21	203 Main Street, Bulwell	2,333	£260,000 (£111.00)	10.29%	■ An end terrace three storey retail unit situated on a pedestrianised High Street in the town of Bulwell.

						■ It is let to Shoe Zone Retail Ltd on a lease which expires in just under 3 years.
4	05/22	11 Clumber Street, Nottingham	8,147	£1,900,000 (£233.00)	7.55%	■ A Grade II listed building with accommodation over 6 floors situated along Nottingham's prime shopping street. ■ Let to Luxury Leisure Ltd T/A Admiral Casino on a 10-year lease from November 2021 with a tenant option to break in year 5 (UXT 4.55 / 9.55 years). The rent was re-based as part of the lease renewal in 2021.

5.3.4. Case Studies

Below we have listed four existing examples of city centre mixed-use venues where projects have achieved success from an operational and placemaking perspective.

Spark, York
▪ Spark is an outdoor community space, which hosts local start-ups working in food, retail, arts and social enterprise. It is located in the centre of York on Piccadilly and open to visitors six days a week. ▪ The area was previously a run down and underutilised street in the centre of York. It has now been transformed into a vibrant destination which has been hugely popular with local residents and visitors driving footfall to the area and increasing dwell time thereby boosting the success of other uses in the vicinity. ▪ The project supports independent start-ups allowing business to get off the ground and grow their brand. Operators include independent food and drink traders. Shops such as a healing clinic, hair and beauty salon and clothing retailer. ▪ It also hosts a number of additional spaces such as a dedicated co-working space, a shared studio for resident makers and a large multipurpose events space which hosts a range of rotating community events. ▪ The venue is structured and operated as a 'social enterprise and community interest company' limited by guarantee. Operators within the venue will take short term 6–12-month leases. The company has no shareholders and therefore all profit is reinvested back into the project


Chester Northgate, Chester

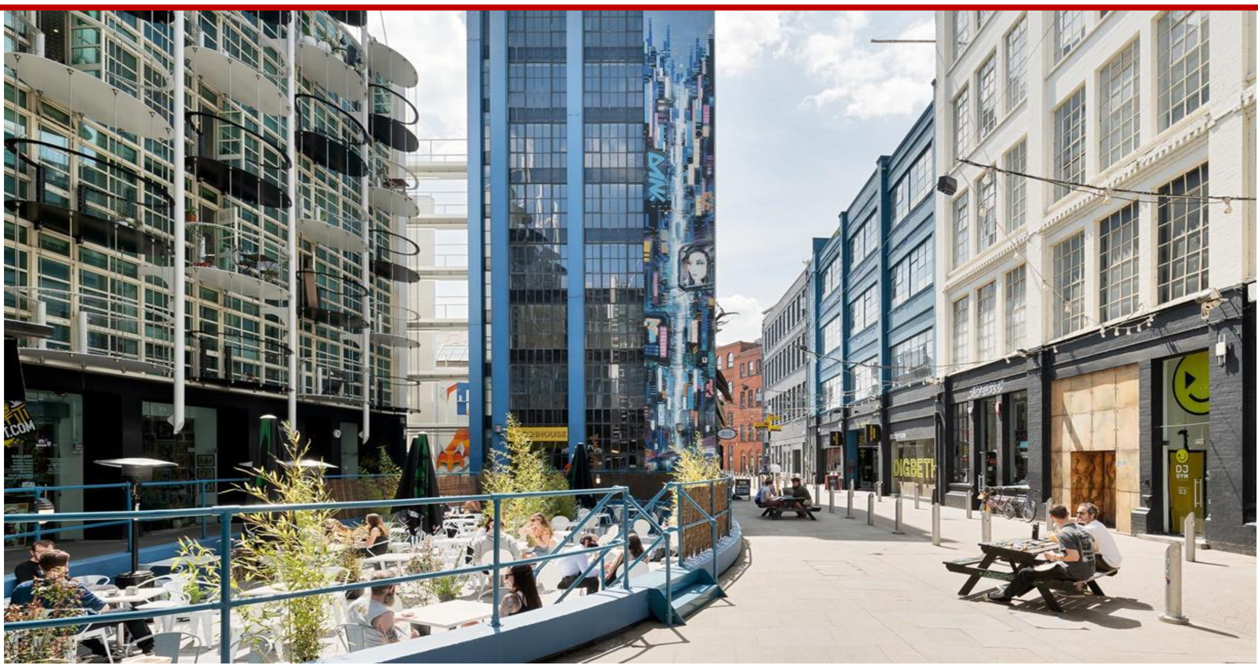
- Northgate is a new market and leisure destination on Northgate Street in the heart of Chester city centre. It comprises of a development of open streets and open square which includes a six-screen cinema, cafes, bars, restaurants, a new indoor market, a multi-storey car park and cycle hub, four office suites and events space.
- The c200,000 sq ft development completed in 2022 at a total value of £65.6m. An events space in the centre will provide a spot for live acoustic music and demonstrations, while different 'zones' will include a garden space for people to purchase plants having been inspired by the 'living walls', and a 'quiet space' for families.
- The project has now been operational for six months and has seen great success in terms of placemaking. The management team was able to secure several pre-lets for the scheme on 5–10-year leases.

Digbeth Dining Club, Midlands

- Digbeth Dining Club is a Midlands-based multi-award-winning events and venue operator. There are currently three permanent venues and there have also been several pop-up venues across the Midlands These include Hockley Social Club on Hampton Street in Birmingham, Herbert's Yard in Longbridge, 8 miles south-west of Birmingham and various pop-up venues across Coventry, Redditch, Wolverhampton
- The operators agree short term leases with a range of independent F&B traders. Across their venues they have over 8,000 visitors every week, making it one of the most popular social dining venues in the country. The main venue is Hockley Social Club in Birmingham City Centre which comprises of a 10,000 sq ft food-hall with 4 resident kitchens, a record store and a coffee shop. The placemaking success has come from the curation of a diverse mix of F&B operators and a sociable open space which drives footfall to the area.

The Custard Factory, Birmingham

- The Custard Factory comprises of the redevelopment of the former headquarters of Birds Custard by mixed-use developer Oval Real Estate. The scheme is located just off High Street in the Digbeth area of central Birmingham, just a short walk from the Bullring and set within 15 acres of restored Victorian Factories. It is a creative hub home to many independent shops, cafes, bars and restaurants. The scheme has leased space to retail and leisure operators such as.
  - Mockingbird Cinema – a boutique cinema with two screens
  - Crazy Pedro's - pizza restaurant
  - NQ64 - a chain of retro arcade bars
  - Chance & Counters - a board game-based F&B concept
  - 670 Grams – a fine dining restaurant
- Phase one consisted of the refurbishment of Scott House which is now home to a community of media companies, artists and small creative enterprises. The loading bay was turned into a lake around which are set 200 studio workshops above ground floor level. On the ground floor itself are meeting rooms, dance studios, holistic therapy rooms, a café and a record and clothes shop. In the foyer are art display cases with a larger gallery space at the rear.
- Phase two, known as 'Gibb Square' focuses on new media and media businesses and includes a hundred studio/offices plus galleries, restaurants and shops set around a central pool with fountains. The pool is sometimes emptied to allow for dance music events.



6. Hotels

6.1. Local Supply & Demand

6.1.1. Supply

- The Nottingham market contains approximately 72 hotel properties
- In total, there are approximately 4,900 rooms in Nottingham with the amount of room-per-hotel being 25 rooms higher than the market average.
- Nottingham city centre has a range of hotel offerings, with representation from many of the larger hotel brands such as Hilton, Best Western, Jurys Inn, Crowne Plaza, Ibis, Travelodge, Mercure and Holiday Inn.
- Within the Nottingham submarket area, there is currently one hotel which is under construction. This hotel isn't located in the city centre. See a summary of details below:

Property Name/Address	Class	Rooms	Floors	Start	Complete	Brand/Developer
Toton Lane Hotel, Stapleford	Economy	80	2	Aug 2022	June 2023	Signet Planning Ltd

- The above 80 rooms will be delivered on Stapleford which is approximately 7.1 miles from Nottingham City Centre

6.1.2. Demand

- Demand for hotel space in Nottingham fell dramatically as a result of the COVID-19 Pandemic. This reflects the fall in demand for hotel rooms across the UK as a whole.
- With the worst of the pandemic now in the rear-view mirror, conditions are improving. Room demand was up 9.1% in December when compared to the same month the prior year, and occupancies are well off their lows.
- According to CoStar, demand for hotel beds will significantly outstrip the supply of hotel rooms available by 2025. Prior to and at the commencement of the COVID-19 pandemic, the 'Midscale and Economy' class had the highest occupancy rate.
- Despite the higher occupancy rates, the 'Midscale and Economy' class accounts for only 31.4% of rooms in the Nottingham market, with the 'Upscale and Upper Midscale' class having the lion's share of the market with 58.1% of all rooms. The lack of Mid and Economy hotels in the city is an opportunity for Broadmarsh.

6.2. Physical Characteristics

Use	Type	Site Location	Storeys	Comment
Hotel	New Build	Demolished Broadmarsh	6 - 8	▪ Nottingham's hotel market is relatively small with limited development and investment activity, but opportunity for either quality 4-star hotel or budget hotels. Size would be Circa 100 bed hotels, with potential for open access bar / restaurant in both sectors.

6.3. Values

6.3.1. Yield and Price psf

- Investors are not active in the Nottingham hotel market, with their only being two properties having transacted in the last 3 years, with no properties having transacted in the last 12 months. A summary of these transactions is shown in the following table:
- The below table details the most recent hotel sales in Nottingham:

Date	Address	Price	Price per Room	Yield	Comments
Dec 2018	Jurys Inn, Waterfront Plaza, Nottingham	£32,800,000	£124,242	5.3%	Long leasehold interest sold. Property had a passing rent of £1,749,738. The property is let on a 35-year lease which expires in October 2040.
Jan 2019	Eastwood Hall, Eastwood, Nottingham	£22,425,000	£149,500	5.3%	Property was sold as part of a portfolio sale. Property is located outside of Nottingham city centre and is in the 'Upscale' class.

- According to CoStar data, as of April 2021, market yields for Midscale and Economy hotels stood at 5.75%, Upscale and Upper Midscale stood at 5.38% and Luxury and Upper Upscale stood at 5.20% for the Nottingham market. The average hotel yield for the Nottingham area stood at 5.46% as of April 2021.

6.3.2. RevPAR and ADR

- Revenue per available room (RevPAR) is a performance measure used in hospitality. It can be calculated by multiplying a hotels average daily room rate by its occupancy rate. Average Daily Rate (ADR) is also used and represents the average rental income per paid occupied room. Both are used as indicators for a hotel's performance.
- Both the RevPAR and the ADR saw gradual, consistent increases in the Nottingham market prior to the onset of the COVID-19 pandemic. Both of these performance indicators saw a significant drop in value with the onset of the pandemic, however it is anticipated that they will gradually begin to increase once more with the easing of restrictions.
- The ADR for 2020 stood at £52.66 showing a decrease of 16.2% from the rates in 2019. It is anticipated that this will fall further to £51.95 across 2021, however from this point it is forecast that ADR will begin to increase once more, reaching a value of £64.08 per room by 2025.
- The RevPAR for 2020 stood at £22.54, showing a decrease of 52.5% from the values seen in 2019. CoStar forecasts that this will increase marginally to £24.30 across 2021 and beyond, reaching a RevPAR of £50.95 by 2025.

6.3.3. Conclusion

- From our market research we would advise that a hotel is included within the demolished part of the Broadmarsh site.
- We anticipate that this hotel would contain approximately 100 beds and be operated by a quality 4-star brand or quality economy operator.

7. Appendices

7.1. Appendix 1 – Residential Market

7.1.1. National Residential Market

JLL are a global real estate business with national coverage across the UK regional markets. We have utilised JLL data to support our review of the national market, which is combined with our regional and local expertise.

JLL is forecasting that house prices nationally will fall in value in 2023 by 6%, which equates to an average discount of £17,500 from the average UK house price of circa £290,000. JLL expects higher borrowing costs, cost of living pressures and the end of Help to Buy to slow the sales market in 2023.

Annual investment in the UK living real estate sectors exceeded £10bn in the third quarter of 2022 funding 63,800 rental homes in over 200 deals in the first three quarters, putting living on track for a record year.

The current supply demand imbalance across the UK rental market looks set to endure as fewer households move across into owner occupation and demand for rental properties increases further.

In regional markets outside of London, rents rose by a significant 8.27% in 2023, underpinned by a continued rise in demand, and an imbalance between supply and demand.

We expect that prospective buyers will remain in the rental market, further contributing to an already constrained rental market and will, we expect, mean the supply demand imbalance and resulting rental growth will continue.

According to provisional HMRC data, as of November 2022, the average house price in the UK is £294,910, and the index stands at 154.67. Property prices have fallen by 0.3% compared to the previous month and risen by 10.3% compared to the previous year.

UK and regional forecast

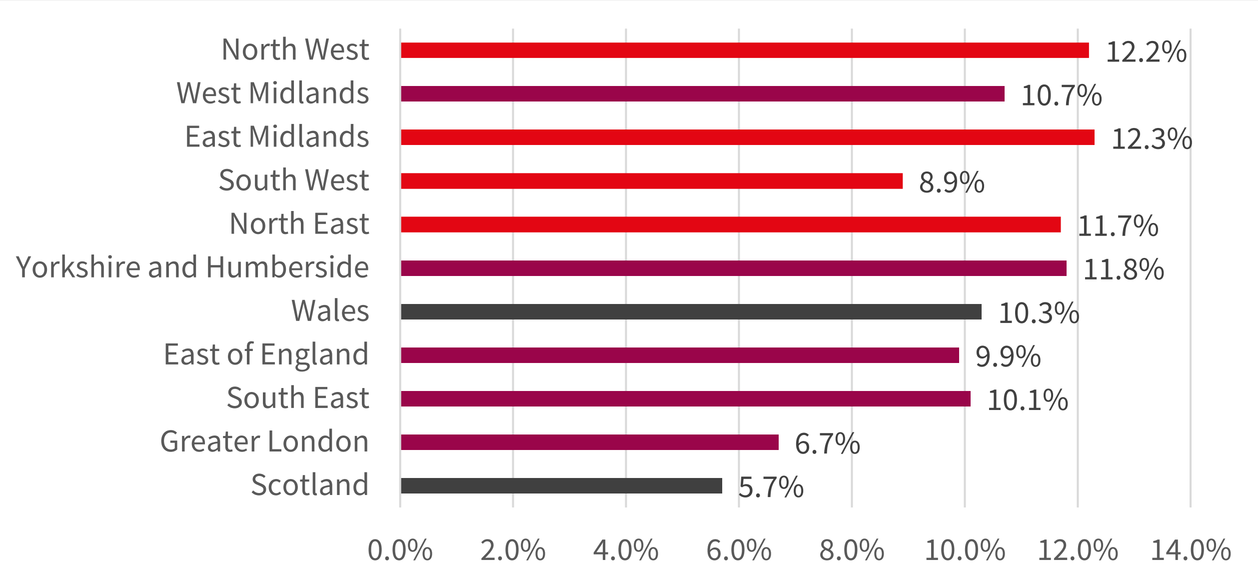
Sales price growth (% pa)	2023	2024	2025	2026	2027	Cumulative 2023-27	Average pa 2023-27
UK	**-6.0**	**1.0**	**4.0**	**5.0**	**5.0**	**8.9**	**1.7**
Central London	2.5	3.0	3.5	4.0	5.0	19.3	3.6
Greater London	-4.0	2.5	4.0	5.0	6.0	13.9	2.6
South East	-6.0	2.0	4.5	4.5	5.5	10.5	2.0
East of England	-6.0	2.0	5.0	4.5	4.5	9.9	1.9
South West	-7.0	1.5	4.0	4.0	4.5	6.7	1.3
East Midlands	-6.0	2.0	5.5	5.0	4.0	10.5	2.0
West Midlands	-7.0	2.0	5.0	5.0	4.5	9.3	1.8
Yorkshire & The Humber	-8.0	1.0	4.0	4.5	3.0	4.0	0.8
North West	-7.0	1.5	4.0	4.0	3.0	5.2	1.0
North East	-8.0	0.0	3.5	5.0	3.0	3.0	0.6
Wales	-8.0	0.0	3.0	5.0	4.5	4.0	0.8
Scotland	-5.0	1.0	3.0	5.0	5.0	9.0	1.7

(Source: JLL, Land Registry)

7.1.2. Regional Residential Market

Land Registry recently reported in the East Midlands in December 2022, the average house price was £256,159 and the index stands at 131.3. Property prices fell by 0.4% compared to the previous month, but there was a growth of 12.3% from the previous. The average flat price was £139,102 in December 2022, with a growth of 0.7% in comparison to the previous month and a growth of 10.3% from the previous year.

The below graph shows regional changes in average value, including a change of up to 12.3% in the average value within the East Midlands. This data includes all house types.



(Source: JLL/Dataloft)

Apartment price level transactions are dominated by first time buyers, fuelled by 'help to buy' with the average price paid by a typical first-time buyer in February 2021 being £180,751, approximately 10.8% higher than the price paid a year prior.

Across the East Midlands, 129,400 transactions (seasonally adjusted) were recorded in December 2020, 31.5% higher than in December 2019. A monthly increase of 13.1% (HMRC).

According to Zoopla data, for the East Midlands, there was an average price change of 1.01% from November 2021 to November 2022, with the annual change up at 10.08%.

Regarding rents in the East Midlands, the current average asking rent stands at £821 per calendar month, according to Zoopla. The breakdown of average asking rents per unit type and size is detailed in the following table:

Property Type	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed
Houses	£442 pcm	£714 pcm	£839 pcm	£1,121 pcm	£1,334 pcm
Flats	£558 pcm	£849 pcm	£1,190 pcm	£1,980 pcm	£1,825 pcm
All	£520 pcm	£802 pcm	£888 pcm	£1,227 pcm	£1,392 pcm

(Source: Zoopla)

7.1.3. Local Residential Market

More locally, the Nottingham housing market has seen the same trends for price and transaction increases.

Land Registry HPI statistics for Nottingham City as of November 2022 (latest data set) across all residential property types, showed an average price of £168,005. This is an increase of 13.6% from November 2021, where the average price was £147,916.

According to Zoopla data over the past 12 months, the average price in Nottingham city centre was £229,355 across all property types. In comparison to other cities in close proximity, this is below Leicester (£255,583), but higher than Derby (£220,835) and Sheffield (£216,034).

Turning to rental statistical data, looking at the website home.co.uk relative to asking rents, the average rent for flats in Nottingham is £906 per calendar month, with the average rent of a room being £534 per calendar month.

The NG1 postcode area shows an average asking rent for all flats is £1,019 per calendar month. We assume the occupation of the new apartment complex Saffron Court on Crocus Street has increased recent market activity and impacted this data set.

7.2. Appendix 2 – BTR

7.2.1. Rental Values

Saffron Court, 5 Crocus Street, Nottingham, NG2 3EB

- Completed in 2019 as a BTR development scheme totalling 350 apartments, over 8 floors and was developed by Cassidy Group.
- Located 0.4 miles from Nottingham train station and 1 mile from the city centre.
- Unit comprises of studios, 1-bedroom and 2-bedroom apartments in blocks between 6 and 7 storeys.
- The average rent is £22.19 per sq ft.

We are aware of the following range of recent and current achieved rents at the scheme:

Apartment Type	Sq ft	Asking Rent	£/sq ft
1 Bed	431	£855	£23.83
2 Bed	667	£1,225	£22.04
2 beds	667	£1,150	£20.69

The location of Saffron Court is not comparable to the subject site due to its distance from the city centre; however, the subject site is a central location. The scheme offers on-site maintenance, courtyard, furnished apartments and parking at £50 per month.

Hylyfe - Lace Market Point, 10 Pemberton Street, Nottingham, NG1 1GS

- Completed in 2021, BTR scheme totalling 90 residential apartments
- Located 0.4 miles from Nottingham train station and 0.8 miles from the city centre.
- Unit comprises of 1 bedroom and 2-bedroom apartments in blocks between 4 to 10 storeys.
- The average rent is £25.90 per sq ft

We are aware of the following range of recent and current achieved rents at the scheme:

Apartment Type	Sq ft	Asking Rent	£/sq ft
1 Bed	465	£975	£25.16
2 Bed	707	£1,550	£26.31
2 Bed	823	£1,800	£26.24

The location of Hylyfe is not comparable to the subject site due to its distance from the city centre. The scheme offers a café/laptop lounge with free Wi-Fi, a courtyard , roof terrace, gym and offers parking.

7.2.2. Land Values

The table below conveys recent land transactions for residential schemes in Nottingham

Land Location	Acre	Price	Price per acre/ per unit	Description
Waterway House, Waterway Street	0.62	£2.2 million	£3,548,000 per acre	Purchased by Rainier Developments from Nottingham City Council. Been acquired to demolish the existing two-storey 1970s office block for new homes. Site is located 0.9 miles from the subject property and 0.5 miles from Nottingham train station.
Arkwright Street	1.5	£7,000,446	£4,670,000 per acre c.£22,000 per unit	Purchased by Cassidy Homes in December 2020. Acquired for PRS/BTR development scheme consisting of 319 units. Consists also of 215m^2 of retail, 167m^2 of resident's amenities, 1,715m^2 of shared first-floor terrace, 97 parking spaces and 324 cycle racks. This site is located 0.3 miles from the subject property and 0.2 miles from Nottingham train station

2 Queens Road	0.22	£850,000	£3,864,000 per acre c.£22,000 per unit	Purchased by Zen Nottingham Ltd in December 2020 for £850,000. The site was acquired with the benefit of outline consent for a scheme consisting of two-storey blocks to provide 39 apartments and 2 commercial units. This site is located 0.5 miles from the subject property and is less than half a mile from Nottingham train station.

Appendix 2 – Open Market Sale

7.2.3. Values

The table below conveys recent land transaction for open market sale schemes in Nottingham.

Land Location	Acre	Price	Price per acre/ per unit	Description
Trent Bridge Quays Phase 2, Meadow Lane	1.18	£950,000	£805,000 per acre c.£16,000 per unit	Purchased by Elevate Property Group in January 2018. Second phase of Trent Bridge Quays. Acquired unconditionally for a scheme consisting of 44 apartments and 14 townhouses. Scheme includes 5,117 sq ft of retail/commercial space fronting Meadow Lane. The site is located 1 mile from the subject property

		and 0.9 miles from Nottingham train station.

7.2.4. Market Values

The tables below convey market values for 1-bed, 2-bed and 2-bed apartments in Nottingham.

1-Bed Apartments

Location	No. of Beds	Sale Price	Sq Ft	£/Sq ft
Unit 21, Hindle House	1 -	£150,000	441	£340
Unit 15 Hindle House	1	£156,000	452	£345
Unit 29, Hindle House	1	£169,995	452	£376
Unit 39, Hindle House	1	£153,000	452	£338
Unit 540, Nottingham One	1	£130,000	458	£284
Trent Bridge View,	1	£225,000	536	£420
Unit 411, Nottingham One	1	£130,000	473	£275

2-Bed Apartments

Location	No. of Beds	Sale Price	Sq Ft	£/Sq ft
The Waterside Trent Bridge, West Bridgford NG2 5PH	2	£385,000	1,254	£307
Unit 48, Hindle House, 11 Traffic Street, Nottingham, NG2 1NE	2	£265,000	710	£373
Unit 3, Hindle House, 11 Traffic Street, Nottingham, NG2 1NE	2	£250,000	710	£352
Unit 19, Hindle House, 11 Traffic Street, Nottingham, NG2 1NE	2	£223,000	743	£300
Unit 100, The Hicking Building, Nottingham, NG2 3BE	2	£140,000	915	£153
Unit M1, Nottingham One, 123 Canal Street, NG1 7HB	2	£120,000	753	£159

<u>Three Bed Apartments</u>

Location	No. of Beds	Sale Price	Sq Ft	£/Sq ft
Apartment 92, Number One, Fletcher Gate, Adams Walk, Nottingham, NG1 1QR	3	£330,000	968	£341
Apartment 10, Number One, Fletcher Fate, Adams Walk, Nottingham, NG1 1QP	3	£300,000	1,377	£218

7.3. Appendix 3 – Student Residential

7.3.1. Rental Values

Castle Gate Haus, dwell Student Living

This site is located 0.2 miles from the subject property and 0.3 miles from Nottingham train station. It is a 133-studio bed scheme with mid-basic room specification and basic amenity provisions.

The rental weekly costs for 2023/2024 range from £182 to £190. Most room types have availability for the 2023/24 academic year as of 14/03/2023

Room Type	Letting Term	Weekly Cost 2022/23 (GOI Per Bed Per Annum)	Weekly Cost 2023/24 (GOI Per Bed Per Annum)
Gold Studio	50	£170 (£8,500)	£182 (£9,100)
Platinum Studio	50	£185 (£9,250)	£190 (£9,500)

Newland House iQ

The site is located 0.5 miles from the subject property and 0.6 miles from Nottingham train station. It is a 350-bed studio and apartment scheme with mid-quality room specifications and strong amenity provision of social areas on site, including a lounge and gym.

The rental weekly costs for 2023/24 range from £223 to £246. The scheme has limited availability for the 2023/24 academic year with only studio rooms available as of 14/03/2023.

Room Type	Letting Term	Weekly Cost 2022/23 (GOI Per Bed Per Annum)	Weekly Cost 2023/24 (GOI Per Bed Per Annum)
Bronze Studio Plus	51	£204 (£10,404)	£246 (£12,546)
Copper Studio	51	£195 (£9,945)	£223 (£11,373)

Prestige Student Living

The site is located 0.7 miles from the subject property and 1 mile from Nottingham train station. It is a 301-bed scheme providing a mix of studio and en-suite rooms with mid-high quality room specifications across all room types and strong amenity provisions.

The rental weekly cost for 2023/24 ranges from £173 to £209. The scheme has limited availability for the 2023/24 academic year across all room types as of 14/03/2023.

Room Type	Letting Term	Weekly Cost 2022/23 (GOI Per Bed Per Annum)	Weekly Cost 2023/24 (GOI Per Bed Per Annum)
Standard En-suite	48	£163 (£7,584)	£173 (£8,304)
Classic En-suite	48	£164 (£7,872)	£172 (£8,256)
Premium En-suite	51	£169 (£8,619)	£184 (£9,384)
Standard Studio	51	£179 (£9,129)	£194 (£9,894)
Premium Accessible Studio	51	£195 (£9,945)	£209 (£10,659)

Mansion Place, Mansion Student

The site is located 0.7 miles from the subject property and 0.8 miles from Nottingham train station. This property is located in a micro-cluster of PBSA located to the east of Nottingham City Centre.

It is a 49-bed scheme providing a mix of studio and en-suite rooms. The rental weekly cost for 2023/24 ranges from £167 to £203. The scheme has limited availability for the academic year across all room types as of 14/03/2023.

Room Type	Letting Term	Weekly Cost 2022/23 (GOI Per Bed Per Annum)	Weekly Cost 2023/24 (GOI Per Bed Per Annum)
Prestige Studio	50	£185 (£9,250)	£203 (£10,150)
Classic En-suite	51	£165 (£8,415)	£167 (£8,517)

7.4. Appendix 4 – Office market

8.3.1 Local Office Market

Nottingham's office-based employment profile reflects the City's service-based economy and is comprised largely of financial and business service firms who typically maintain a regional presence. The largest firm of this nature is US credit card issuer Capital One, which maintains its European head office in the city centre. Business Services firms also constitute a key component of Nottingham's employment profile. Experian, a global information services company, employ around 3,000 members of staff, and the city houses a number of national legal firms, including Browne Jacobson, Freeths and Eversheds Sutherland, as well as leading international accountants PwC, KPMG and Deloitte. The city also plays host to several national businesses including Boots, which have historic ties to the city.

The Nottingham City office market is currently characterised by companies seeking to downsize or reduce their liabilities on excess or redundant space, primarily caused by the Covid-19 pandemic and new working practices. JLL's market research illustrates that whilst growth in the market has been stagnant over recent years, there has recently been activity in the market for highly specified assets. This demand is predominately led by best-in-class operators seeking Grade A space, however, there is a distinct lack of this stock available within the city. This sentiment was confirmed in discussion with other local agents, and we are also aware of an outstanding 30,000sq ft requirement for Grade A space. Following the recent pressures of the Covid-19 pandemic and the promotion of flexible working, there now appears to be a growing trend in return-to-office policies. Companies are seeking highly specified office space to attract and retain talent, this change is being led by larger corporations such as Goldman Sachs and BT who have recently taken 11,000sq ft and 65,000 sq ft in Birmingham and Sheffield respectively.

Recent take-up has been underpinned by one significant deal, representing one of the largest occupier transactions seen in the Nottingham office market since 2018. This was agreed in 2021 when occupier Domestic & General took a 15-year pre-let of 51,000 sq ft at 11 Station Street. D&G are yet to occupy, although 29,545 sq ft of accommodation across the ground, first and second floors have recently been brought back to market available by way of a sub-letting. More recently we are aware that Equifax is under offer on 19,500 sq ft of space within CEG's East West building, whilst that has increased headline rents within the building to a new high of £24.50 psf, we understand the deal is underpinned by a 2-year capital contribution.

As with many other towns and cities across the UK, Nottingham has seen a net decrease in office stock over the past 5 years. This can be partly attributed to the ability of property owners to change office accommodation to residential accommodation because of permitted development rights. Given that Nottingham has two large universities with a high number of students, it is perhaps unsurprising that a lot of the more inferior office stock in the City has been redeveloped/refurbished into student accommodation. This trend has been further accelerated until recently, due to Nottingham having low office rents and weakening investment yields versus rising student rents and strengthening investment yields, the impact was that even reasonable serviceable, well-located office buildings were worth more being sold for student conversion.

To address a shortage of quality office space those landlords who have not exercised their permitted development rights to develop student accommodation, have undertaken speculative refurbishment in order to try and address the supply issues facing Grade A space.

One such example is 13-19 Derby Road. Previously occupied by RBS, the building was refurbished to a high specification and let by JLL to Wren Sterling at a headline rent of £20 per sq ft for a 15-year FRI lease with a tenant break option in year 10. Other accommodation in the city which has recently been refurbished includes the likes of the

City Building on Carrington Street, a four-storey period building with retail on the ground floor and City Gate, Tollhouse Hill. Deals for new office space in this building have achieved headline rental figures of £19 per sq ft with JLL advising the principal occupier. At 30-34 Hounds Gate, Ensek has agreed to take 15,500sq ft of refurbished space over two floors at a reported headline rent of £17.50 per sq ft. Whilst the refurbished schemes are presented locally as Grade A, they are not. They are considered by corporate occupiers as a Grade B+ as they are largely 60s/70s buildings with their inherent constraints. Our work advising many of the major corporate and professional occupiers identifies demand for Grade A space, comparable to the high-quality working environments available in Birmingham, Leeds, Sheffield etc.

8.3.2 Development Pipeline

In the decade preceding the Global Financial Crisis, Nottingham experienced a reasonable level of office development, with large speculative schemes and purpose-built offices for some of Nottingham's largest occupiers in both the city centre and out-of-town markets. The Unity Square development, currently under construction, represents the largest office development to take place in the Nottingham market for a number of years. Acting on behalf of the Government, JLL advised on the site selection and the lease negotiation, this direct experience with the GPA and other key clients gives a unique insight into the site selection process of major occupiers and influences how a local office market can optimise their potential.

Over the last 20 years, office completion in Nottingham has totalled 3.6 million sq ft, equating to an average of 178,000 sq ft per annum. The 277,000 sq ft Unity Square development is currently the only office development under construction in the Nottingham market and equates to 3.2% of the existing office stock. The Unity Square development is due to complete in late 2021, with the entire space being let to HMRC as a regional hub.

For Nottingham, a major constraint to office delivery has been the inability to fund speculative office development. Prior to the 2008 financial crisis, a large proportion of regional office development was funded through bank borrowing and during the crisis, their lending criteria became stricter and generally less attractive to developers. The larger regional markets were able to attract institutional investor funding for speculative development, particularly where take-up rates were consistent, rents were predicted to grow and a shortage in supply. This has meant the Big 6 regional cities have seen the delivery of new build schemes attracting good levels of take-up and rental growth. In turn, encouraging further investment in those markets and away from less established markets. One of the biggest challenges where JLL has worked with potential funders to try to bring forward office development in Nottingham has been the relatively low volumes of transactions compared to the Big 6 cities, the historic rental growth patterns and the investors generally having a minimum lot size in terms of capital commitment meant the scale of a scheme an investor would look to fund would be too large in the context of the Nottingham market. Over the past five years, the reduction in supply and competition from student conversion uses has focused market attention on fewer options, this has helped to move the rents forward significantly which all helps bolster the case for office development. The conclusions of the work we have been doing in this arena have highlighted the necessity for pre-lets or part pre-lets to make development deliverable.

Much of the new supply was developed on a purpose-built basis. Indeed, the largest delivery was Unity Square in Nottingham South Central in 2021. The 277,000 SF property, developed by Sladen Estates for owner Peveril Securities was entirely pre-let in 2018 to the HMRC, on a 25-year lease expiring in 2046. With further new speculative supply arriving just as the pandemic hit, vacancies increased significantly. On the other side of the train station from Unity Square, 11 Station Street is a further 51,000 SF under construction, which is nearing completion. The building was taken on a 15-year lease to Domestic & General in March 2021. There were two standout deliveries in 2020. RM Resources, a global supplier of educational resources has created a new 196,000 SF headquarters in Harrier Park, Hucknall. The 70-acre, Harrier Park, is part of a long-term joint venture between Rolls-Royce and urban regeneration specialist, Muse Developments. Elsewhere, in the Nottingham Fringe submarket on Jesse Boot Avenue, Elizabeth-Garret Anderson Building (141,000 SF) was completed in 2020. Refurbishment of older office space to a higher standard has been common over the past decade. Refurbishment, demolitions, and conversions of low-rated buildings have increased the share of highly rated space, but the total amount of such space remains under 3 million sq ft. This accounts for 15% of the market, compared to a share of 24% in Birmingham and 28% at a national level.

What is certain that if this lack of prime located Grade A office space continues, Nottingham will not only forego the potential of attracting new occupiers to the City but will also suffer leakage of existing expanding occupiers where we believe there will be a 'flight to quality' to be able to retain their talent and comply with NZC commitments.

8.4 Appendix 5 – Hotel Market

8.4.1 Hospitality Trends and Hotel Trends in England

2022 was a strong year for the hotel sector with RevPAR expected to see a 10% uplift on 2019 numbers. Despite a sluggish start to the year, December 2022 is seeing an estimated 25% increase on pre-pandemic levels. The strength of the leisure segment has continued to support the market with the 2022 summer months seeing some of the best metrics, with trading rebounding across all markets, not just those in coastal and rural areas. The return of international demand and events have supported recovery across many markets with places like London and Edinburgh further benefitting from an influx of visitors in September to pay tributes to the late Queen Elizabeth II. A shift towards urban destinations and their diverse offering, from sightseeing to events, is likely to continue supporting key cities across the UK. Business trade also made a comeback in 2022 with COVID-19 now in the rearview mirror. Weekday room nights, which have been slower to recover overall, have taken stronger strides in the months following the summer, with occupancies on peak corporate nights nearing the 90% mark.

Despite challenges in the construction industry, hotel development has continued in the past 12 months. Another 98 hotels were added to the market, which is approximately 11,000 rooms, equivalent to a 2% increase. Supply is expected to increase further with 27,000 rooms still under construction, a 3.9% share of inventory, and most of which are expected to open within the next two years.

However, there may be some uncertainty. As interest rates rise to their highest levels in the past decade, buyers become more cautious over increased risk, therefore, affecting demand. Furthermore, independent operators may face some distress over the next 12 months as financial pressures caused by rising costs, labour shortages and supply chain issues are set to impact underperforming assets.

8.4.2 Regional Hotel Market

The Derbyshire and Nottinghamshire region contains approximately 339 hotel properties, totalling circa 15,000 rooms. In comparison to the national average, the Derbyshire and Nottinghamshire region commands lower room rates. Over the past 3 years, the 12 monthly Average Daily Rate (ADR) has averaged £61, which is £25 lower than the national average of £86.

The COVID-19 Pandemic has severely impacted the entire hospitality sector, the Derbyshire and Nottinghamshire market included. At its lowest point in April 2020, occupancy levels fell to a monthly rate of 23.1%. However, with the recovery from the pandemic is improving conditions. In December 2022, 290,000 rooms were sold which is a considerable increase of 15.5% from December 2021.

The 12-month Revenue per Available Room (RevPAR) for the Derbyshire and Nottinghamshire region was up sharply as of December, climbing at a 47.9% year-over-year rate. Nationally, RevPAR increased at an even stronger rate of 76.1% over the same timeframe.

There are approximately 410 rooms currently under construction in the Derbyshire and Nottinghamshire market, these rooms amount to a 2.8% expansion of the hotel inventory in the area. This marks a continuation of new development in the market, which saw approximately 390 rooms delivered in the past three years.

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JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 400 global research professionals track and analyse economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fuelled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

Appendix B

Pipeline Addendum Report

Jones Lang LaSalle

Addendum

to Market Report & Masterplan Guidance

Client: **Nottingham City Council**

Property: **Broadmarsh**

June 2023

Contents

1. Introduction

1.1. Introduction

This addendum has been produced as an addition to the Draft Market Report and Masterplan Guidance for Broadmarsh, Nottingham which was issued in April 2023 by JLL to Nottingham City Council. The addendum sets out to comment on market capacity and potential competition to the Broadmarsh proposals by reviewing competing development in Nottingham and benchmarking supply of various uses against similar cities.

To analyse the potential market capacity of Nottingham for the uses described in the report we have selected three comparable cities – Sheffield, Leicester and Birmingham. Sheffield and Leicester are similar to Nottingham in size and property market fundamentals. Birmingham has been used as a contrast with a large city from a similar area of the UK.

1.2. Benchmarking Table

The table below compares some key demographic information from the selected cities. This illustrates the similarities and differences between them and includes some key data relevant to the demand for uses.

	Nottingham	Sheffield	Leicester	Birmingham
General				
Population (ONS, 2021)	323,000 City (2021) (5.90% increase from 2011)	556,500 City (2021) (0.7% increase from 2011)	368,600 City (2021) (11.7% increase from 2011)	1,144,919 City (2021) (6.7% increase from 2011)
(Macrotrends, 2021)	807,000 total urban area (2023). Greater Nottingham - Includes Beeston, Carlton, West Bridgford	746,000 total urban area (2023). Includes Rotherham, Rawmarsh and Swallownest	566,000 total urban area (2023). Includes Narborough, Syston and Whetstone	2,665,000 West Midlands conurbation (2023).

By age group (ONS, 2021)	Age	Population	Age	Population	Age	Population	Age	Population
	0 - 4	5.5%	0 - 4	5.4%	0 - 4	6.1%	0 - 4	6.6%
	5 - 9	5.9%	5 - 9	5.8%	5 - 9	6.7%	5 - 9	7.1%
	10 - 15	6.9%	10 - 15	6.8%	10 - 15	8.3%	10 - 15	8.6%
	16 - 19	8.7%	16 - 19	5.6%	16 - 19	6.4%	16 - 19	6.2%
	20 - 24	13.5%	20 - 24	9.1%	20 - 24	9.8%	20 - 24	8.1%
	25 - 34	15.0%	25 - 34	14.3%	25 - 34	14.9%	25 - 34	14.6%
	35 - 49	17.7%	35 - 49	17.9%	35 - 49	20.2%	35 - 49	19.4%
	50 - 64	15.1%	50 - 64	18.0%	50 - 64	15.9%	50 - 64	16.2%
	65 - 74	6.4%	65 - 74	8.9%	65 - 74	6.9%	65 - 74	7.0%
	75 - 84	3.7%	75 - 84	5.9%	75 - 84	3.5%	75 - 84	4.3%
	85+	1.6%	85+	2.3%	85+	1.5%	85+	1.9%

	Nottingham	Sheffield	Leicester	Birmingham
Income – average salary (Plumplot, 2022)	£34,800 pa (2022)	£34,900 pa (2022)	£33,600 pa (2022)	£39,600 pa (2022)

	Nottingham	Sheffield	Leicester	Birmingham
GDP per head (Varbes, 2020)	£34,266	£25,035	£28,271	£26,812
Area of District (ONS, 2016)	74.6 km^2	112.5 km^2	73.3 km^2	267.8 km^2

2. Supply & Development Pipeline

2.1. Introduction

This section outlines the current supply and development pipeline within Nottingham for each of the commercial markets which could be developed on the Broadmarsh site – BTR, PBSA, Offices, Hotels and Senior Living.

2.2. Build to Rent (BTR)

2.2.1. Benchmarking table

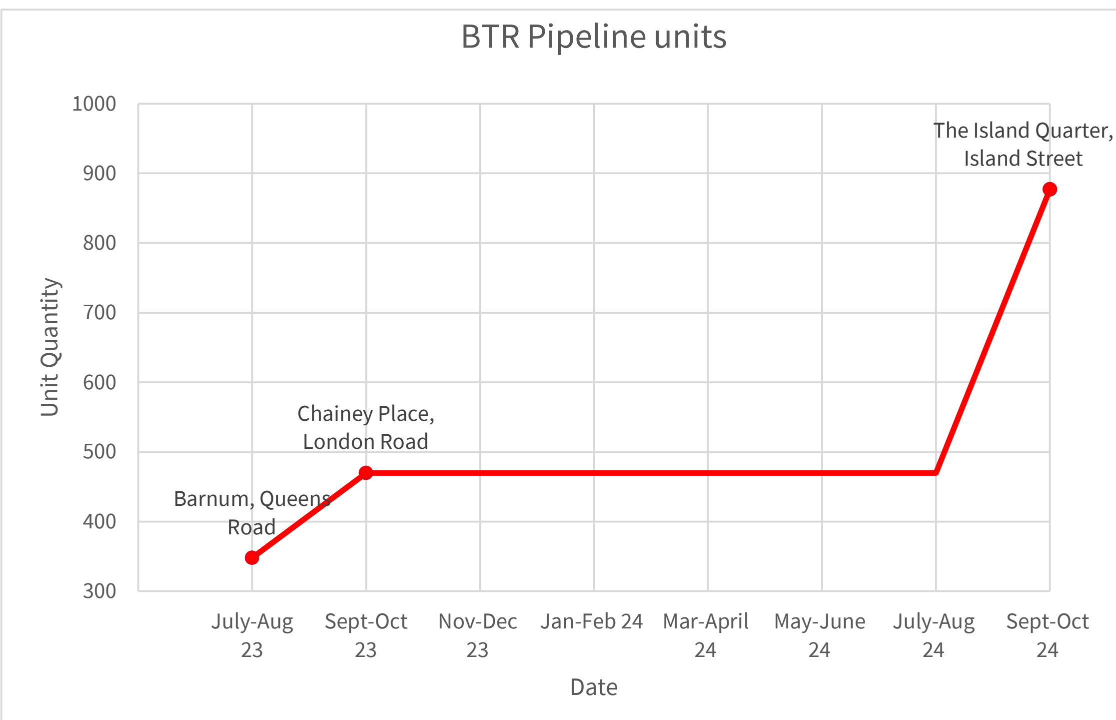
BTR	Nottingham	Sheffield	Leicester	Birmingham
Population of 16-35 year-olds in the local authority (ONS, 2021)	121,000 (37%)	161,000 (29%)	115,000 (31%)	331,000 (28.9%)
Total BTR Units (Colliers – UK Build to Rent Map, 2023)	557	922	913	4,033
Average Rents (Colliers – UK Build to Rent Map, 2023)	1 bed - £900 pcm 2 bed - £1,100 pcm	1 bed - £850 pcm 2 bed - £1,150 pcm	1 bed - £900 pcm 2 bed - £1,200 pcm	1 bed - £900 pcm 2 bed - £1,300 pcm
Housing tenure (ONS, 2021)	▪ Owned - 45.1% ▪ Shared Ownership - 0.5% ▪ Social rent – 26% ▪ Private rent – 27% ▪ Lives rent free – 0.3%	▪ Owned – 58.3% ▪ S/O - 0.3% ▪ Social rent– 22.6% ▪ Private rent– 18.7% ▪ Lives rent free – 0.1%	▪ Owned – 46.7% ▪ S/O - 0.5% ▪ Social rent – 23.2% ▪ Private rent – 29.4% ▪ Lives rent free – 0.3%	▪ Owned – 52.7% ▪ S/O - 0.9% ▪ Social rent – 23.5% ▪ Private rent – 22.6% ▪ Lives rent free – 0.4%

2.2.2. BtR Current Supply

Site	Developer/ Funder	Units	Date of Completion	Rents	Market Segment (budget/mid/high)	Comment
Lace Market Point	Monk Estates	91 apartments	2021	Average rent of £1,237 per month	Mid	▪ Passing rent of £1,350,000 ▪ 51,610 Sqft ▪ 2 commercial units (office and

						café) with a combined income of £37,000 pa ▪ Communal amenities
Saffron Court	Cassidy Group Ltd	350 apartments	Summer 2019	From £675-£1425 per month	Budget	▪ 1, 2 and 3 bed studio apartments. ▪ 6 on the market for rent as of July 2023 ▪ 137 weeks to complete 8 storeys

2.2.3. BTR Development Pipeline



The current pipeline BTR schemes, with a combined number of 877 rooms, are due to complete by Winter 2024. This would result in approximately 1,450 BTR rooms in total. This would be a significant increase over the current supply, but it is interesting to compare it to Birmingham which has an additional 6,131 BtR rooms under construction currently.

This huge growth is driven by the weight of investment funds which are currently keen to invest in BtR. The nationwide housing shortage and the uncertainty of retail and offices as an investment class at the moment suggest to us that BtR will remain a strong sector for the future.

2.2.4. BTR Observations

According to the English Housing Survey people aged 16-34 are the most active private renters in the UK with 72% of those aged between 16-24 and 38% of those aged between 25-34 privately renting.

Nottingham has the highest proportion of its population between the ages of 16 – 34 compared to the other benchmarked cities, yet it has significantly less BtR than all of them. This is not surprising with Birmingham, but the difference with Sheffield and Leicester is striking.

The rents are broadly comparable and show that development is viable. The lack of supply may be connected to the low student retention rates, and indeed part of the cause of it. We know from discussions with Coventry City Council that lack of city centre housing for rent is forcing newly qualified students to live outside the City, even if they have secured jobs within it.

BtR is still a relatively immature market, so we believe there is significant capacity for further development within the city.

2.3. Offices

2.3.1. Benchmarking table

Offices	Nottingham	Sheffield	Leicester	Birmingham
Total city centre office stock (PMA, 2022)	8.5 million sq ft	9.1 million sq ft	5.8 million sq ft	*18.2 million sq ft (JLL) 12.8 million sq ft (PMA)
Total vacancy (PMA, 2022) (JLL, 2023) - Market knowledge	6.7% (PMA)	12.7% (PMA)	4.5% (PMA)	7.00% (JLL)
Total Grade A availability (LSH – Regional Office Market Report, 2022)	*22,000 sq ft Grade A	300,000 sq ft	218,600 sq ft	1,100,000 sq ft
2022 Office Take up (Innes England – Market Insight, 2023) / (JLL – Big 6 Offices Report, 2022)	319,700 sq ft	400,000 sq ft	245,700 sq ft	692,700 sq ft
10-year average Office Take up (LSH – Regional Office Market Report, 2022)	400,00 sq ft	330,000 sq ft	280,000 sq ft	745,000 sq ft
Notable Transactions in last 24 months	▪ HMRC (275,000 sq ft) ▪ Domestic & General (51,300 sq ft) ▪ Potter Clarkson (16,100 sq ft)	▪ Henry Boot (13,000 sq ft) ▪ BT (63,000 sq ft) ▪ SSB Law (43,500 sq ft)	▪ Gallagher (7,000 sq ft) ▪ Europcar Mobility Group (20,000 sq ft) ▪ Hortons Estate Agents (6,500 sq ft)	▪ Global Banking School (44,000 sq ft) ▪ Goldman Sachs (110,000 sq ft) ▪ Mott McDonald (31,000 sq ft)
Headline Rent (JLL, 2023) - Market knowledge	£25.00 per sq ft	£27.00 per sq ft	£20.00 per sq ft	£41.50 per sq ft
Yields (JLL, 2023) - Market knowledge	6.75%	6.75%	6.75%	5.50%
Comments (Innes England – Market Insight, 2023)	*In Nottingham, there are no Grade A office buildings available to let. 11 Station Street has brought back two floors to market as a sublease but seeing as they are overwritten by a headlease to Domestic & General, they are not fully vacant floors.		All of the larger Grade A office space for Leicester is located out of town.	*In regard to total office stock in Birmingham, there are two reported figures.

	Innes England have identified that there is 274,000 sq ft of High Quality office space in Nottingham which they refer to as Grade A but this would not be classed as such in other markets.			

2.3.2. Current Supply – Grade A/High Quality City Centre

Scheme	Available sq ft	Rent (£ psf)
Garment Works, Hounds Gate	2nd – 5,395 sq ft 3rd – 5,258 sq ft Total – 10,653 sq ft	£19.00
Nottingham One	Total – 8,258 sq ft	£23.50
*11 Station Street	1st – 10,901 sq ft 2nd – 10,880 sq ft Total – 21,781 sq ft	£25.00
37 Park Row	2nd – 6,517 sq ft	£TBC
EastWest	3rd – 6,570 sq ft 7th – 5,922 sq ft Total – 12,492 sq ft	£TBC
Agora, Cumberland Place	1st – 5,681 sq ft 3rd – 7,590 sq ft 4th – 7,554 sq ft 6th – 6,587 sq ft Total – 27,412	£21.50
Waterfront Plaza	3rd – 8,680 sq ft 8th – 5,712 sq ft	£22.00

Total - 14,392 sq ft

*In comparison to other major regional cities such as Leeds, Manchester and Birmingham, Nottingham does not have a large supply of 'true' Grade A offices. There are a number of good, refurbished offices in the city, but we would only regard 11 Station Street as approaching true Grade A quality.

2.3.3. Office Development Pipeline – Grade A city centre

Site	Developer	Planning Status	Sq Ft	Estimated Completion	Comment
Unity Square – Phase 2	Sladen Estates	Approved	206,000	2025	▪ 1 Unity Square completed in May 2021 and is now fully let to HMRC and other government departments ▪ Phase 2 will complete in 2025 directly next door to Unit 1
Island Quarter	Conygar Investment Company	Approved (May 2022)	30,000	2025	▪ 400 desks of serviced office accommodation will be provided

As Unity Square is a pre-let to the GPA it does create an opportunity for new occupiers. Effectively, only the unit proposed at The Island Quarter is in the pipeline as new supply. Providing a modest 30,000 sq ft of new space to the City in the next 2 – 3 years.

2.3.4. Future Potential Demand

According to Co-star in 2025 there are 17 lease events for tenants currently occupying offices greater than 8,000 sq ft within a 10-mile radius of Nottingham city centre – see below. That would involve potential new lettings for nearly 400,000 sq ft in 2025.

The table below shows the data - including for the following years to show this is not an exception. We use this data to illustrate the potential demand for new office space in the City. While many occupiers will not relocate at each lease expiry event, some will consider their options. With the current pipeline less than 10% of the potential tenants could be accommodated in the Island Quarter scheme. Or even more strikingly only 2.9% of tenants with lease expiry events between 2025 and 2027 could be accommodated on the Island Quarter scheme.

These figures make no allowance for office requirements for new companies or inward investment.

This indicates to us a strong opportunity to provide better quality offices at Broadmarsh should be considered.

Year	Total sq ft of lease expires	Number of Lease Expiries
2025	399,704	17
2026	307,476	12
2027	325,884	13

2028	134,743	5
2029	92,037	6
2030	261,013	8
2031	63,676	6
2032	79,360	6
2033	137,173	4
2034	205,593	4
2035	62,676	2
2036	0	0
2037	51,328	1
2038	30,056	1
2039	54,282	1
2040	34,351	1
2041	0	0
2042	0	0
2043	0	0
2044	0	0
2045	0	0
2046	276,628	1
Grand Total	2,515,980	88

2.3.5. Offices observations

The office market in Nottingham is difficult to classify into a neat summary. There are a small number of high-quality buildings with excellent tenants such as HMRC at Unity Square, Capital One at Trent House, Eon at Trinity House and Domestic & General at 11 Station Street. The most recent building is a full Grade A quality building delivered at Unity Square for GPA. However, the market is more usually typified by poor quality stock, dating from the 1960/70/80s. Low office rents reflect the poor quality and much of the stock has been converted into hotels and student residential over the last decade.

The actual take up of new offices is reasonable and compares well with Sheffield and Leicester. The rents being achieved are still very low with £27.00 per sq ft being the headline prime rent. This is a significant risk to the future of the office market as more companies are demanding stringent sustainability levels from their offices before taking out a new lease. These standards have increased build costs and are one of the main reasons that prime rents in Birmingham have moved from £35.00 to £41.50 per sq ft over the last two years.

Unless the right quality of offices are delivered in Nottingham the city will struggle to retain the best corporate occupiers, but this requires a leap of faith from the developer to offer new offices at the higher rent necessary.

We believe that the opportunity exists to deliver genuine Grade A offices at Broadmarsh to address this issue.

2.3.6. Business Rates

We have also considered the benefit for the City Council of the business rates from new offices, if they were to be able to retain this tax. From looking at current Business Rate valuations of Nottingham Grade A offices, it is estimated that the business rates payable for a 40,000 sq ft office development at Broadmarsh would equate to £368,640 per annum in revenue for Nottingham City Council if the building was fully let and had a Rateable Value of £18.00 per sq ft (£193.75 per sq m).

Broadmarsh		
Rateable Value		£18.00 per sq ft (est)
Multiplier of	0.512	£9.22 per sq ft
Office size	40,000 sq ft	£368,640.00 pa

This is based on comparables of:

Office	Grading	Rateable Value per sq ft	Business Rates Payable per sq ft
1 Unity Square	Prime Grade A	£17.42	£8.92
Agora, Cumberland Place	High quality	£14.40	£7.37
EastWest	High quality	£12.17	£6.23
Nottingham One	High quality	£11.98	£6.13

We believe that an office development at Broadmarsh would have a higher Rateable Value as it would be designed to a greater standard and achieve higher rents.

2.4. Hotels

2.4.1. Benchmarking table

Hotels	Nottingham	Sheffield	Leicester	Birmingham
Estimated annual visitors (STEAM, 2018)	36m in 2018 (Nottinghamshire)	17m (Sheffield City centre)	35m in 2018 (Leicestershire)	45.5 million (Birmingham city centre)
Major Hoteliers	Premier Inn; Ibis; Mercure; Park Plaza; Travelodge; Crowne Plaza; Best Western; Holiday Inn	Ibis Budget; Travelodge; Easyhotel; Premier Inn; Leonardo; OYO	Premier Inn; Ibis; Travelodge; Holiday Inn; Ramada	Holiday Inn; Jurys Inns; Cairn Hotels; Ibis; Novotel; Premier Inn
No. hotels in city centre (JLL, June 2023) - Market Research	75	43	47	240
No. rooms (JLL, June 2023) - Market Research	4,932	3,149	3,280	20,710
Occupancy Levels – April 2023 (JLL, April 2023) - Market Research	77.0%	82.3%	68.0%	69.4%
Average Daily Rate (JLL, April 2023) - Market Research	£82.44 per night	£84.18 per night	£66.21 per night	£85.82 per night
Comments	Nottingham has the smallest average hotel size of around 65 rooms per hotel based on the data			Birmingham has the largest average hotel size of around 86 rooms per hotel based on the data

2.4.2. Hotels Current Supply

The table below shows the current supply of hotels in Nottingham. It is noticeable that we have recorded a good spread of budget / 3 star / 4 star hotels (these classifications are not consistent, so the 4 star hotels may not be regarded as such by the casual observer), but there is no 5 star hotel and only 1 aparthotel.

This suggests an opportunity on the City, although in reality currently the budget hotel sector is by far the most active and the likely source of a new hotel at Broadmarsh.

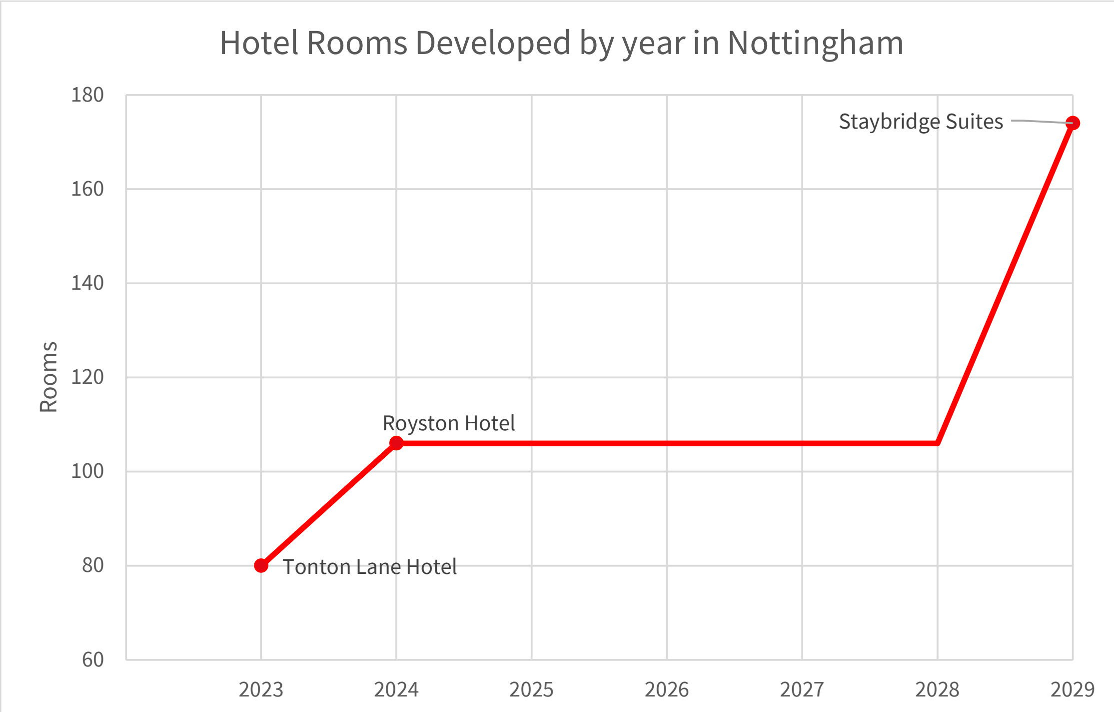
Existing Supply			
Grade	Hotels	Keys	%
5 Star	0	0	0.0%
4 Star	15	1,595	32.3%

Existing Supply			
3 Star	26	1,686	34.2%
Budget	22	1,386	28.1%
Apts	1	231	4.7%
Hostel	0	34	0.7%
	75	4,932	

2.4.3. Hotel Development Pipeline

The hotel pipeline for Nottingham is very small, with one identified being 7 miles from the centre. This illustrates that the shortfall of hotels in the City is not being addressed, but also the current viability challenges to delivering hotels.

Site	Developer	Planning Status	Keys	Estimated Completion	Grade	Description
Royston Hotel	N/a	Final Planning	26	Apr 2024	3 Star	▪ New construction ▪ GIA of 2,811 sq ft
Staybridge Suites Nottingham Island Quarter	Lavignac Securities	Planning	68	Dec 2029	Serviced apartments	▪ New construction ▪ GIA of 51,000 sq ft
Toton Lane Hotel	Signet Planning Ltd	In Construction	80	Aug 2023	Budget	▪ New construction ▪ 2 floors ▪ GIA of 158,586 sq ft ▪ Situated in Stablebridge – 7.1 miles from Nottingham City Centre



2.4.4. Hotels Observations

Compared to the other benchmarked cities, Nottingham has the second largest number of hotels (75) with only Birmingham having more hotels (240) and the second largest number of rooms. It is noticeable that Nottingham has the smallest average size of hotel (65 rooms) compared to Sheffield (73), Leicester (69) and Birmingham (86). Hotels prefer to operate with economies of scale with 80 bedrooms being a preference for budget hotel operators. This could indicate that Nottingham has less modern hotels than the comparables.

The occupancy levels and average room rate are good, which shows a resilient market. We believe there would be capacity in the market for a number of new hotels, or which Broadmarsh could accommodate at least one.

2.5. Purpose-Built Student Accommodation (PBSA)

2.5.1. Benchmarking table

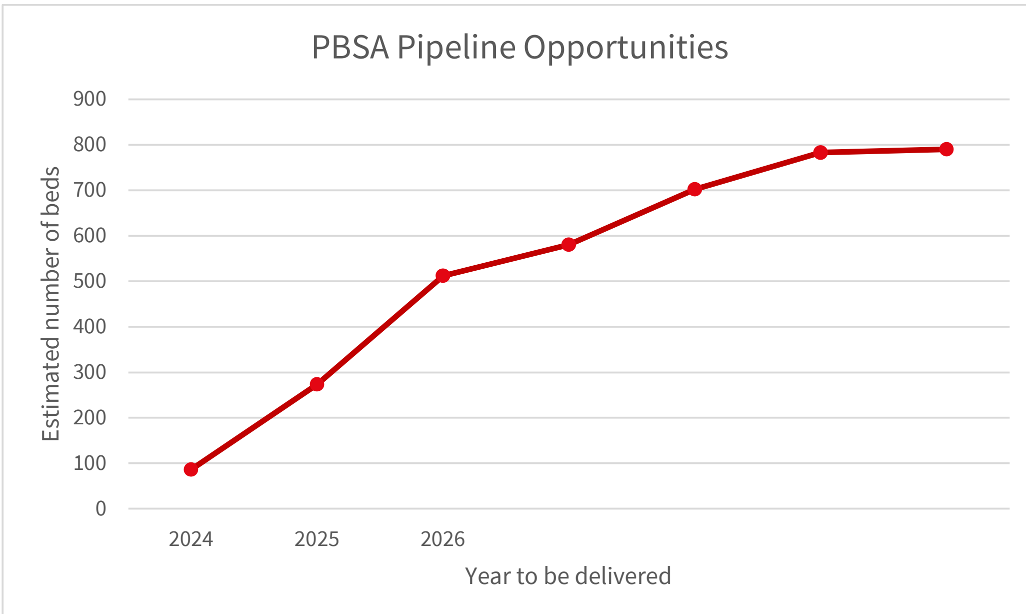
PBSA	Nottingham	Sheffield	Leicester	Birmingham
Student enrolment for Major Universities 2021/22 (HESA, 2021)	78,725	65,400	45,005	85,870
Student enrolment vs City Population	24.4%	11.8%	12.2%	7.6%
Student retention rate (Knight Frank – Student Development Survey, 2021)	23% in 2021	40% in 2021	TBC	46% in 2021
Major Universities	▪ University of Nottingham ▪ Nottingham Trent University	▪ University of Sheffield ▪ Sheffield Hallam University	▪ University of Leicester ▪ De Montfort University	▪ University of Birmingham ▪ Birmingham City University ▪ Aston University
Student Beds vs Student Population (2021/22) (CBRE – Nottingham Student Demand and Supply Report, 2021) (Birmingham City Council, 2023) (Students.com, 2022)	26,919 (Enough beds for 35% of the student population)	28,710 (Enough beds for 43% of the student population) 3rd largest PBSA market in UK behind London & Liverpool	19,100 (Enough for 42% of the student population)	23,491 (Enough beds for 27% of the student population)
PBSA Operators	▪ Unite Students ▪ iQ ▪ Student Roost ▪ Vita ▪ Prestige Student Living	▪ Unite Students ▪ iQ ▪ Student Roost ▪ Vita ▪ Capitol Students ▪ Fresh	▪ Unite students ▪ Liberty Living ▪ De Montfort ▪ DFI	▪ Unite students ▪ IQ ▪ Premier student Halls ▪ Campus Living Villages ▪ Yugo ▪ Fresh
Average weekly ensuite rents (Cushman & Wakefield – UK Student Accommodation Report, 2022)	£155.46	£132.42	£120.00 est	£157.94

2.5.2. PBSA Development Pipeline

We are aware of the PBSA schemes below which are currently in development or planning. If these are all completed (which is not certain in some cases) it would add 4,059 beds to the Nottingham market. This would increase the students beds available to nearly 40% of the current student population, which is comparable with Sheffield and Leicester.

Site	Developer	Planning Application Reference	Planning Status	Beds	Estimated Completion	Comment
The Island Quarter	Conygar Investment Company	18/01354/POUT 21/01032/PFUL3	Permission granted	702	September 2024	▪ Part of a 36-acre development, split across two phases
Site of Forest Mill	Olympian Homes	22/00045/PFUL3	Permission granted	790	Ongoing	▪ 344 apartments with 790 bedspaces. Also provides 68 residential apartments
King Edward Court	Fusion Students	21/01033/PFUL3	Permission granted	580	2024	▪ 8 storeys, to include ground floor offices and retail space
2 Queens Road	Zen Nottingham	22/02422/PFUL3	Submitted, pending consideration	86	Pending application	▪ 86 studios with ensuite facilities, associated access and infrastructure and the demolition of the existing two storey vacant building to the west of the site
House of Social – former Central Fire Station and Police Station, Shakespeare Street	Vita Group	22/01204/PFUL3	Submitted, Awaiting decision	967	Paused	▪ Demolition of existing building and the erection of purpose-built student accommodation, with integral ancillary residents' hub and associated communal facilities (Sui Generis) and a ground floor public food hall together with associated public open space, landscaping, access, cycle parking and drainage provisions. ▪ Scheme is now paused due to heritage issues.
37-41 Lower Parliament Street – to be known as 'Lombard House'	Bmore in partnership with Unite Students	(21/00797/PFUL3)	Consent granted (October 2021	273	September 2024	▪ Demolition, refurbishment and conversion and new development to provide purpose-built student accommodation (up to 10 storeys), public realm, and a Class E commercial unit.
Bendigo Buildings, Brook Street	Godwin Developments who completed the sale of the consented	21/00968/PFUL3	Consent Granted (April 2021)	661	TBC	▪ Demolition of existing building and development of PBSA (up to 13 storeys), with ground floor commercial units, car and cycle parking/

	scheme to Bricks Group					▪ Planning was amended under 22/02002/PNMA to revise studio/cluster room mix and reduction in bedspaces from 692 to 661.



2.5.3. PBSA Observations

Nottingham has a very large student population comparative to the overall population – over 24% against the City Council boundary and nearly 10% when the wider urban area is taken into account. However, there is purpose-built accommodation for only 35% of the student population, which is far below the figures for Leicester and Sheffield, which are both in excess of 40%.

These figures only include commercial purpose-built student accommodation, it does not include University owned Halls of Residence or private homes operated as student HMO.

Our research has shown that there are 4,059 beds in the Nottingham pipeline, which would bring the Nottingham figure much closer to the comparable cities. The figure for Birmingham is below that of Nottingham (at 27%), but this is largely explained by the high percentage of students at BCU and Aston who are local and live at home.

It is also noticeable that the cost of student accommodation in Nottingham is more expensive than Leicester and Sheffield, which could be due to the lack of supply and this competition.

From a Council perspective additional supply may also result in less pressure for family housing in the City to be used for students.

There is a consistent move for students to use PBSA, as opposed to conventional houses, and student numbers are still increasing. This could result in both more students in the City and a higher percentage preferring to live in PBSA. The market is not yet mature enough to define what the ideal percentage of students to PBSA beds should be.

Therefore, it is difficult to definitively state that PBSA should be delivered at Broadmarsh. However, the market is still strong and there is interest from investors as PBSA development is financially viable and regarded as a growth market. We would recommend that provision is made in Broadmarsh for PBSA, but with the caveat that the plots could be used for other uses if the demand does not emerge

2.5 Senior Living

2.5.4. Benchmarking table

	Nottingham	Sheffield	Leicester	Birmingham
% Population over 65 years (ONS, 2021)	11.7%	17.1%	11.9%	13.2%
Predicted % of population over 65 in 2037 (ONS, 2021)	16%	20%	17%	17%
% Increase in the 65+ population from 2011 to 2021 (ONS, 2021)	6.9%	10.6%	16.9%	8.9%
Comments	Nottinghamshire 65+ population to grow by over 30% (52,000) by 2034			Birmingham's over 65 population is set to grow by 29% by 2040

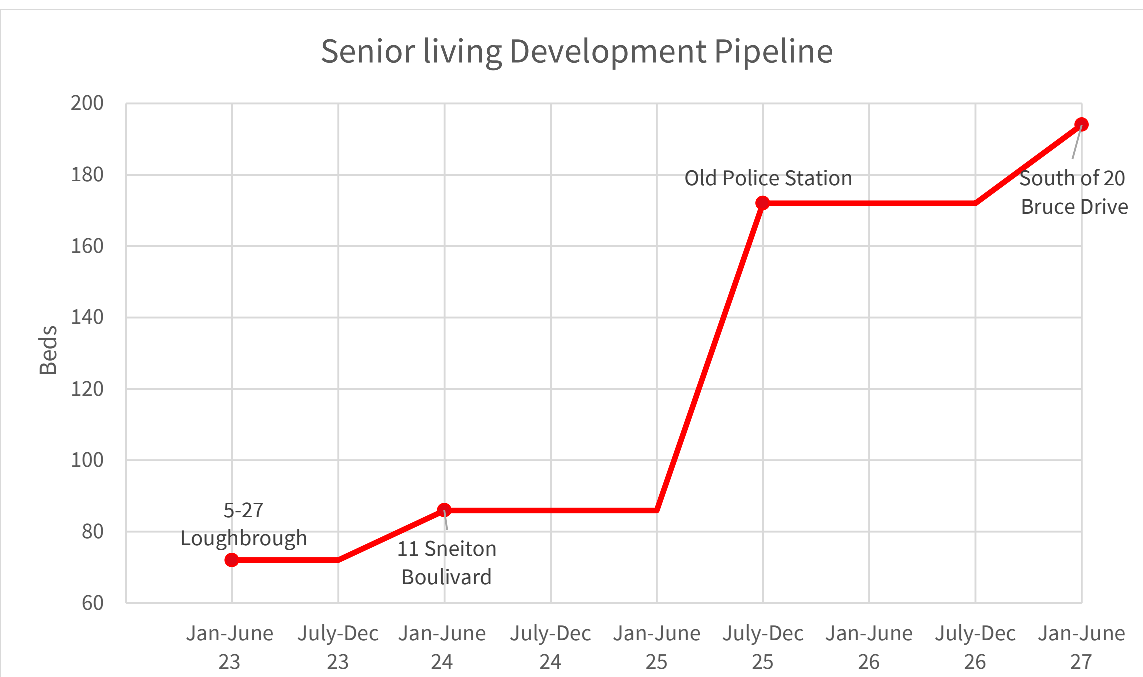
2.5.5. Current Supply – within 10 minutes' drive of subject site

Site	Developer/ Funder	Beds	Date of Completion	Pricing (Rent/Sale Price)	Market Segment (budget/mid/high)	Comment
The Chaddesden	Places for People Homes	37	1989	£1,009 pcm	Budget	▪ a retirement housing complex built in 1989 and run by Residential Management Group (RMG) for over 55s.
River View Court	McCarthy Stone	58	2016	£330,000 1 bed	High	▪ Designed specifically for assisted retirement living for the over 70's located on the banks of the River Trent
Century Court	McCarthy Stone	36	2016	£219,995 1 bed	Mid	▪ Designed for the over 60s.
Giles Court	McCarthy Stone	44	2001	£153,000 1 bed	Mid	▪ Designed for the over 60s
47 Hungerhill Road	Minster Developments	10	2022	TBC	Mid	▪ Residential Development of 10 Supported Living Apartments following demolition of existing dwelling

TOTAL		185				

2.5.6. Senior Living Development Pipeline – within 10 minutes' drive of subject site

Site	Developer	Planning Status	Beds	Estimated Completion	Comment
11 Sneinton Boulevard	Hockley Developments	Granted	14	June 2024	▪ Conversion and alterations to provide 14 one-bed supported living flats (Class C3).
Old Police Station	McCarthy Stone	Granted	86	Sept 2025	▪ The existing building will be demolished to make way for 86 one-and two-bedroom retirement living apartments
5-27 Loughborough	Tanglewood Care Services Ltd	Granted	72	May 2023	▪ Erection of a residential care home for the elderly and associated external works including alterations to access, parking and landscaping
Former Sandicliffe Motors	Churchill Retirement Living	Appealed and granted	54	TBC	▪ Redevelopment of site to form 54 retirement living apartments, together with access, communal facilities, car parking and landscaping
Land South Of 20 Bruce Drive	Private Individual	Granted Outline Planning Permission	22	Jan 2027	▪ 22 one-bedroom apartments (Class C2) and associated support services accommodation and access
55 Main Road	Private Individual	Withdrawn	22	n/a	▪ Proposed Demolition of the Bowls and Social Club and the Erection of 22 Retirement Apartments, New Vehicular Access, Parking and Landscaping



2.5.7. Senior Living Observations

Nottingham has the lowest proportion of residents over the age of 65 than the other benchmarking cities, but this could be because of the skewing impact of the large number of residents aged 20-24. The UK is universally facing an aging population and later living schemes will continue to see increased demand

The Later Living market is more difficult to define than the other uses discussed above as it covers a large range of tenures and services - from conventional flats which can only be bought by over 55s through to full service care homes, and many variations in between. It is also more difficult to assess as there are a variety of schemes and no single definitive list, or indeed agreed definition of what should be classed as Later Living.

Our research has focused mainly on the independent senior living schemes, of which we have found 185 beds within 10 minutes drive of Broadmarsh currently and 270 in the pipeline. This is a large percentage increase, but for context is less beds in total than the next two BtR schemes that are due to complete.

We believe that a high quality later living scheme adjacent to The Park would be very successful and options for it should be included in the Broadmarsh masterplan.

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Appendix C

Frame Cashflow

Construction Costs		area (sq.ft)	Rent sq.ft. p.a.	Rent p.a.	2024	2025	2026	2027	2028	2029	2030	2031	2032
Works	17656000				£5,885,333	£5,885,333	£5,885,333						
Design fees	3002000				£1,000,667	£1,000,667	£1,000,667						
Other project costs	100000				£33,333	£33,333	£33,333						
Risk allowance	6228000				£2,076,000	£2,076,000	£2,076,000						
inflation	2032000				£677,333	£677,333	£677,333						
Total Construction					£9,672,667	£9,672,667	£9,672,667						
Lettable Space Income													
Assumed 12 month void every 5 months. Rent increases 10% on eacch new letting													
Level 0 - Mall Space (28,771 sq.ft divided into 14 units)													
1		2055	20	41101				£41,101	£41,101	£41,101	£41,101	£41,101	
2		2055	20	41101				£41,101	£41,101	£41,101	£41,101	£41,101	
3		2055	20	41101				£41,101	£41,101	£41,101	£41,101	£41,101	
4		2055	20	41101				£41,101	£41,101	£41,101	£41,101	£41,101	
5		2055	20	41101					£41,101	£41,101	£41,101	£41,101	£41,101
6		2055	20	41101					£41,101	£41,101	£41,101	£41,101	£41,101
7		2055	20	41101					£41,101	£41,101	£41,101	£41,101	£41,101
8		2055	20	41101					£41,101	£41,101	£41,101	£41,101	£41,101
9		2055	20	41101						£41,101	£41,101	£41,101	£41,101
10		2055	20	41101						£41,101	£41,101	£41,101	£41,101
11		2055	20	41101						£41,101	£41,101	£41,101	£41,101
12		2055	20	41101						£41,101	£41,101	£41,101	£41,101
13		2055	20	41101							£41,101	£41,101	£41,101
14		2055	20	41101							£41,101	£41,101	£41,101
Level 1 - Roof Terrace													
Internal space		2970	20	59400					£59,400	£59,400	£59,400	£59,400	£59,400
Outdoor flexible space		9020	15	135300					£135,300	£135,300	£135,300	£135,300	£135,300
Level 2 - Roof deck													
Internal space		12184	15	182760								£182,760	£182,760
	Total	52945											
Maintenance Costs - £2 sq.ft. p.a.			2	105890				£105,890	£105,890	£105,890	£105,890	£105,890	£105,890
Annual Costs					£9,672,667	£9,672,667	£9,672,667						
Annual Receipts								£58,516	£417,621	£582,027	£664,230	£846,990	£682,584
Running costs					£9,672,667	£9,672,667	£9,672,667	£58,516	£417,621	£582,027	£664,230	£846,990	£682,584
Interest at 5% p.a. on debt				5	£483,633	£507,815	£1,016,839	£1,551,314	£1,625,954	£1,686,371	£1,741,588	£1,795,456	£1,842,879
Debt Running Total					£10,156,300	£20,336,782	£31,026,287	£32,519,086	£33,727,419	£34,831,763	£35,909,121	£36,857,587	£38,017,882

2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706	£54,706
£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706	£54,706
£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706	£54,706
£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706	£54,706
	£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706
	£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706
	£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706
	£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706	£54,706
£41,101		£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706
£41,101		£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706
£41,101		£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706
£41,101		£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706	£54,706
£41,101	£41,101		£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706
£41,101	£41,101		£45,212	£45,212	£45,212	£45,212	£45,212		£49,733	£49,733	£49,733	£49,733	£49,733		£54,706
	£65,340	£65,340	£65,340	£65,340	£65,340		£71,874	£71,874	£71,874	£71,874	£71,874		£79,061	£79,061	£79,061
	£148,830	£148,830	£148,830	£148,830	£148,830		£163,713	£163,713	£163,713	£163,713	£163,713		£180,084	£180,084	£180,084
£182,760	£182,760	£182,760		£201,036	£201,036	£201,036	£201,036	£201,036		£221,140	£221,140	£221,140	£221,140	£221,140	
£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890	£105,890
£504,325	£734,935	£833,579	£741,242	£942,278	£761,432	£565,346	£819,018	£927,526	£825,955	£1,047,095	£848,164	£632,470	£911,509	£1,030,867	£919,140
£504,325	£734,935	£833,579	£741,242	£942,278	£761,432	£565,346	£819,018	£927,526	£825,955	£1,047,095	£848,164	£632,470	£911,509	£1,030,867	£919,140
£1,900,894	£1,970,723	£2,032,512	£2,092,459	£2,160,019	£2,220,906	£2,293,880	£2,380,307	£2,458,371	£2,534,914	£2,620,362	£2,699,025	£2,791,568	£2,899,523	£2,998,924	£3,097,326
£39,414,451	£40,650,238	£41,849,171	£43,200,388	£44,418,129	£45,877,604	£47,606,138	£49,167,427	£50,698,273	£52,407,231	£53,980,498	£55,831,359	£57,990,457	£59,978,471	£61,946,527	£64,124,714

2049	2050	2051	2052	2053	2054
£54,706		£60,177	£60,177	£60,177	£60,177
£54,706		£60,177	£60,177	£60,177	£60,177
£54,706		£60,177	£60,177	£60,177	£60,177
£54,706		£60,177	£60,177	£60,177	£60,177
£54,706	£54,706		£60,177	£60,177	£60,177
£54,706	£54,706		£60,177	£60,177	£60,177
£54,706	£54,706		£60,177	£60,177	£60,177
£54,706	£54,706		£60,177	£60,177	£60,177
£54,706	£54,706	£54,706		£60,177	£60,177
£54,706	£54,706	£54,706		£60,177	£60,177
£54,706	£54,706	£54,706		£60,177	£60,177
£54,706	£54,706	£54,706		£60,177	£60,177
£54,706	£54,706	£54,706	£54,706		£60,177
£54,706	£54,706	£54,706	£54,706		£60,177
£79,061	£79,061		£86,968	£86,968	£86,968
£180,084	£180,084		£198,093	£198,093	£198,093
£243,254	£243,254	£243,254	£243,254	£243,254	
£105,890	£105,890	£105,890	£105,890	£105,890	£105,890
£1,162,393	£943,569	£706,306	£1,013,249	£1,144,543	£1,021,643
£1,162,393	£943,569	£706,306	£1,013,249	£1,144,543	£1,021,643
£3,206,236	£3,308,428	£3,426,671	£3,562,689	£3,690,161	£3,817,442
£66,168,556	£68,533,415	£71,253,779	£73,803,220	£76,348,838	£79,144,637

Appendix D

Report on Appraisal Methodology

Executive Summary and Conclusion

Plot 6 creates a **positive** land value of **£4,867,596**
Plot 5 North creates a **negative** land value of **£890,545**
Plot 5 South creates a **negative** land value of **£3,795,348**

Frame option 3A creates a **negative** land value of **£21,901,529**
Frame option 3B creates a **negative** land value of **£19,957,201**
Frame full demolition option creates a **negative** land value of **£15,890,942**

This appraisal clearly divides into two very different elements:

- Plots 5 & 6 are more conventional development and are showing overall viability. This is from a developers perspective, but it should be noted they generate only a nominal land value for Nottingham City Council.
- All options for the Frame generate a significant negative land value, even though some elements such as Severns House and a land sale for a hotel appear to be viable.

This is not particularly surprising as Plots 5 & 6 are the type of conventional development that is being delivered in the City already. It should be noted that all development is challenging currently due to high build costs, high interest rates and caution from investors. Our accompanying note on sensitivity analysis illustrates that even small positive movements in these areas will result in a stronger positive land value.

The Frame was always expected to be challenging as it involves significant demolition, infrastructure and construction costs, but delivers a relatively small level of profitable development. As we describe below, we believe the Frames value should be assessed as the increase in value of the conventional buildings in Plots 5 & 6, which would become more desirable due to proximity to such a lively and interesting area. We have shown this potential value 'bounce' in sensitivity analysis which has been supplied separately to the appraisals.

In terms of the current master plan, costing and appraisal process we believe that it has achieved its aims by:

- Illustrating the development capacity of wider Broadmarsh;
- Defining the development parcels;
- Proving broad viability of much of the scheme, even when all required infrastructure costs are included;
- Providing an indication of the level of potential public sector grant that may be needed to deliver an element of the vision of the retention of the Frame.

This stage of the master plan design and viability exercise has reached a strong conclusion. Working within explicitly agreed constraints (e.g. massing restriction, S.106 contributions, retention of part of the frame, etc.) the master plan is now showing a broadly viable (excluding the frame) development, with a commercial layout and mix of uses. We believe that the Council can now confidently share the master plan with external partners and potential developers as part of soft market testing to seek responses. We suggest that further work on refining this stage of the master plan process would not add value and that the design process should proceed to the next stage of more detailed assessment of some of the buildings. This will allow further refinement of the appraisals in due course.

We note the viability challenges of the Frame area, but also believe it has the potential to create a unique offering and will create enhanced value across the Broadmarsh scheme. Having a strong vision is very important in successful regeneration projects – to paraphrase Peter Freeman, the Chairman of Homes England and founder of Argent, "a development may take 20 years to complete, but if people don't believe the vision in the first two years it is doomed."

It is normal that regeneration schemes (as opposed to conventional development) have a viability risk at the outset, and it is the vision that drives people to continue regardless. Indeed, a viability gap at this stage of c.£20m for a scheme as large and transformative as Broadmarsh is less than could be expected. We are aware of a scheme in the West Midlands which is currently at developer procurement stage and has a viability gap of £10m - £15m. The Council has suggested they could help with £5m, but there are still two bidders willing to proceed on the basis that a funding solution will be found. That scheme is for only 200 residential units in a market town, nowhere near the scale of Broadmarsh. Therefore, it is our opinion and advice that the current viability gap should not delay further work proceeding on Broadmarsh to refine the scheme and seek partners, as it is reasonable to assume that it can be bridged through improved market conditions and / or public sector grants.

The appraisal identifies the areas of challenge to viability that the Council can now seek to address with public sector partners, e.g. the Frame, Maid Marian Way and the NCP Car Park. These are at sufficient level of detail to allow the Council and partners to seek solutions such as Homes England funding or other Central and Regional Government funding streams. The appraisal shows that the majority of the 'outputs' are achieved across Plots 5 & 6, which may only need a small amount of finance support to move rapidly into delivery.

We would note that developers of major regeneration schemes expect viability challenges at the early stages. This is the result of difficult locations and an ambitious plan, the delivery of which is the main selling point of large mixed use developers.

Introduction

JLL are advising Nottingham City Council on the development of a master plan for the wider Broadmarsh area. The Council has also appointed BDP to create the master plan designs and Pick Everard to provide cost advice for the appraisals. We have utilised information from both firms to inform the development appraisals we have produced on the scheme.

For appraisal purposes we have divided the Broadmarsh master plan into four areas:

1. All land to the west of Maid Marian Way (known as Plot 6 in the master plan).
2. Land to the east of Maid Marian Way, west of Listergate and broadly north of Collin St (known as Plot 5 north in the master plan).
3. Land to the east of Maid Marian Way, west of Listergate and broadly south of Collin St (known as Plot 5 south in the master plan).
4. Land to the east of Listergate (known as the Frame in the master plan and subject to two options known as 3A and 3B).

Basis of Appraisal

The JLL development appraisals are produced from the perspective of a developer who is assessing, when all costs and values are accounted for, whether the scheme can produce sufficient developer's profit and land value to be considered financially viable.

We assume the developer provides (or secures) all pre-construction and construction funds. They then sell the developments in the investment market to secure the return of their investment and a reasonable profit. The level of rents, investment yields, and developer's profits is taken from our market research into Nottingham and our own market knowledge.

We have used a 'residual appraisal' basis. In this format the end development value of the scheme is assessed. Then all costs are deducted from that figure, including the developer's profit and interest costs. Whatever amount remains (the residual) is the land value, which would be payable to the Council if they own(ed) the land. On some of the appraisals on phases at Broadmarsh the costs actually exceed the end value, which results in a negative land value. In these circumstances delivery can still occur if either the overall value position is positive when a number of phases are combined, or if external public sector grants are secured.

We have not included any public sector grants in these appraisals. If the Council wanted to estimate the level of grant required it could assume it would be equal to the level of negative land value shown. In addition, and depending on the assumptions of the criteria for the public sector grant, it could also include an amount to raise the land value to a reasonable positive figure as this can be included as part of 'gap funding' in some circumstances.

This is an industry standard basis of an appraisal. However, from a City Council perspective it does not include any of their costs that may be incurred prior to the appointment of their development partner (e.g. legal, procurement, technical advice, etc.).

The appraisal assumes that the scheme can secure (or already has) planning consent and that there are no barriers to development such as land ownership, CPO, etc. that would prevent the scheme proceeding.

The appraisal only explicitly includes estimates of known costs (e.g. demolition, utility upgrade, etc.). It does not make explicit assumptions around unknown costs such as ground contamination, unexpected archaeology, etc. but instead includes a series of contingency sums for unexpected costs – details below.

We have not made any allowance in the appraisal for estates service charges. That is because the receipt and expenditure are meant to balance, with no value created for the developer / investor. We would note that it is important to bear service charge in mind when designing communal areas, external landscaping, etc. as an excessive charge can put off occupiers and potentially lower the investment value.

We have assumed that all roads / pavements will either be adopted (with no premium provided) or their maintenance will be covered by service charges.

We have made no allowance for build cost inflation. This has been an issue for all development for the last few years, but in this form of appraisal if we were to include an estimated inflation figure, we would need to include estimates for increased rents, and as assumption piles on assumption it can be move further away from what is actually known. This appraisal should be viewed as a snap-shot in time, but with the separate sensitivity analysis allowing the impact of changes in key inputs to be understood.

We have used the industry standard Argus Developer software to create the appraisals.

Phasing

At such an early stage of scheme development the timing of the construction and sale of the buildings is not known. However, it is important to create some form of phasing plan for the purposes of the appraisal otherwise the expenditure, receipts and particularly interest costs can skew the appraisal results significantly.

For the purposes of the appraisal we have assumed that Plot 6 is developed first, then Plot 5 North and lastly Plot 5 south. We have modelled the construction of a new building beginning every 6 months.

We have assumed the Frame area begins construction at the same time as Plot 6, but this could be deferred until later in the development period if appropriate.

The overall construction programme for the complete scheme in the appraisals runs from January 2024 to July 2031 in the appraisals. The start date is assumed to be when the development partner begins to create their planning application. So, in reality the start date is likely be late in 2024 or early 2025. The actual development period will be dependant on market demand and could run beyond the 7 years we have used.

We now consider the inputs and assumptions for each appraisal in turn.

Plot 6

There are 4 separate residential buildings, with a small element of ancillary retail and community space in building 6D.

Buildings 6A, 6B and 6C are entirely new build. Building 6D is a conversion of the current college building.

We have assumed all of the residential buildings are delivered as Build to Rent (BtR) schemes. This has the benefit of the development being pre-sold to an end investor prior to construction, thus reducing developer's risk. This is the most profitable type of conventional development in the City currently with an investment yield in the region of 5%.

There are a number of non-standard construction costs (provided by Pick Everard) which we have included explicitly in the appraisal:

- The demolition of current buildings;
- Utility upgrades, primarily an electricity upgrade;
- Sustainability targets – an estimated figure in addition to the conventional construction to cover the cost of achieving improved environmental and energy efficiency standards.

We have blended the overall figure provided by Pick Everard for some of these costs equally over the 11 buildings in Plots 5 & 6.

There is potential for a further non-standard cost as we understand there is an overage restriction on the title of the former college. This would require a payment if the level of development on the land exceeds a stated quantum. We have seen this document. We estimate that if it was applied the current scheme would generate a maximum payment of c.£0.5m under the overage. However, we would need to consult legal advice to confirm our understanding of the terms, and we believe it could be less than this figure. Due to the current uncertainty we have included a line in the appraisal with a payment of £1 just to acknowledge this issue and remind the team to review the document.

We have also included a figure for a S.106 contribution, which we have taken from the Council's online estimator. There is potentially a case for the development to provide no S.106 contribution at all. This would be on viability grounds, as although some phases may make a profit, overall including the frame it makes a considerable loss. However, the Council have instructed us to include this sum as an aspiration. We have only assumed a financial payment for s.106, with no affordable residential units on site. This is a sensible assumption as Registered Providers usually do not want social housing units in large, city centre blocks, and there is the additional complication of the high service charge in BtR developments.

The way the Argus software shows the land value is not intuitive, so we explain the following lines in the appraisal to be clear:

- **Negative Land Allowance - Residualised Price (£15,133,727)** is an artificial allowance made by the software because some elements of this phase result in a negative land value. This allowance is put into the appraisal to ensure the interest cost and developer's profit calculation is correct.
- **Acquisition Costs – Residualised Price (£20,001,323)** is the positive land value created by elements of the scheme.
- **Acquisition Costs - Negative Land Allowance (£15,133,727)** is the negative land value created by loss making elements of the scheme.
- **Net Land Cost (£4,867,596)** is the overall positive land value created by Plot 6 which would be received by the Council.

To create the appraisal we have modelled each building and some of the infrastructure costs separately. This is not shown on the appraisal output, but explains the repetition of the constructions costs in particular. This allows us to consider which elements of the appraisal are making or losing money. It is potentially artificial to consider the elements in this way as they are all part of the larger scheme, but we provide the information below for transparency:

- Building 6A – Positive land value of £1,347,650 – this is the smallest resi building, hence the lower return.
- Building 6B – Positive land value of £3,090,224
- Building 6C – Positive land value of £4,462,830
- Building 6D – Positive land value of £11,100,620 – this large profit is due to this being a refurbishment of an existing building. It has the same sale value but its construction costs is £111 sq.ft. as opposed to £195 in the other three buildings.
- Demolition, Utilities, Sustainability and Section 106 collectively create a negative land value of £15,133,727.

Deducting the negative land values from the positive results in the positive land value of **£4,867,596**

Finance costs are included as it is always assumed that all funding is borrowed by the developer, or if internal funds are used then an opportunity cost is applied.

The developer's profits has been based on a 15% return on cost (it is not exact as negative land values skew the calculation slightly). This is the developer's return for their effort and risk. The level is dependent on the level of risk involved. For example, a scheme that involves open sale of market housing is the highest risk residential development and usually requires 15% - 17.5% developer's profit. Pre-sale of a scheme to a registered provider or BtR fund is the lowest level of risk and usually deserves 8% - 12% developer's profit. We have adopted the higher percentage on this scheme to create an additional contingency – see below.

The appraisal contains a range of contingencies:

- A Developers Contingency (more correctly described as Construction Contingency) of 7% on the construction costs of each phase.
- An overall Developers Contingency of 5% across all costs.
- An implicit contingency of approx. 3%-7% across all costs within the developer's profit figure.

The purpose of contingency is to acknowledge that we are very early in the development process and unknown costs may emerge as we progress, and also that unexpected costs often appear once construction has started. The contingency ensures that the scheme can still be viable even if with unexpected costs. In this case we have in the region of £12.5m contingency. If this is not required by the scheme the sum is usually allocated between the landowner and developer by some form of profit overage agreement.

Plot 5 North

All of the development principles are the same as for Plot 6. But we would note the following.

There are 4 separate buildings, Buildings 5B, 5C and 5E are primarily residential with a small element of ancillary retail and community space in buildings 5C and 5E. Building 5D is primarily office space.

All building are new build. We have allowed for higher build costs for buildings fronting the 'Green Heart' public realm because their prominence justifies a higher quality façade.

We have assumed all of the residential buildings are delivered as Build to Rent (BtR) schemes. The office building is assumed to have been entirely or largely pre-let to a Grade A covenant tenant to justify the higher rent and low yield.

There are a number of non-standard construction costs (provided by Pick Everard) which we have included explicitly in the appraisal:

- Utility upgrades, primarily an electricity upgrade;
- Sustainability targets.

There is potential for a further non-standard cost as we are aware of the need to relocate a car park used by Nelsons Solicitors. We have seen the lease covering this occupation and it appears to give the Council the ability to relocate the car parking elsewhere with no compensation payment. We have assumed the Council could provide an area of land to satisfy this condition and so have not included an amount to address this. We advise the Council to have this lease reviewed by legal advisors to ensure we have interpreted it correctly.

We have also included a figure for a S.106 contribution as per Plot 6.

Land value:

- **Negative Land Allowance - Residualised Price (£10,508,726)** is an artificial allowance made by the software because some elements of this phase result in a negative land value.

- **Acquisition Costs – Residualised Price (£9,618,181)** is the positive land value created by elements of the scheme.
- **Acquisition Costs - Negative Land Allowance (£10,508,716)** is the negative land value created by loss making elements of the scheme.
- **Net Land Cost (£890,545)** is the overall Negative land value created by Plot 5 north. So, no land value is created by this phase.

Analysis of the different elements:

- Building 5B – **Positive** land value of **£3,240,015**
- Building 5C – **Positive** land value of **£2,372,368**
- Building 5D – **Positive** land value of **£2,486,365**
- Building 5E – **Positive** land value of **£1,519,433**
- Utilities, Sustainability and Section 106 collectively create a **negative** land value of **£10,508,716**.

Deducting the negative land values from the positive results in the **negative** land value of **£890,545.** It should be noted that that S.106 costs in this calculation are **£5,212,727**, so a simple viability argument on those costs would turn this from a negative to a neutral or positive land value.

Plot 5 South

All of the development principles are the same as for Plot 6. But we would note the following.

There are 3 separate buildings, Buildings 5A and 5H are primarily residential with a small element of ancillary retail and workspace. Building 5F is solely office space.

All building are new build.

We have assumed all of the residential buildings are delivered as Build to Rent (BtR) schemes. The office building is assumed to have been entirely or largely pre-let to a Grade A covenant tenant to justify the higher rent and low yield.

There are a number of non-standard construction costs (provided by Pick Everard) which we have included explicitly in the appraisal:

- NCP desired sale price – the scheme requires the acquisition of the remaining leasehold interest of NCP in the multi-storey car park which straddles Maid Marian Way;
- NCP MSCP demolition;
- Re-alignment of Maid Marian Way – this is required to convert the MSCP area into developable land;
- New Utility Infrastructure;
- Sustainability targets.

A developer, Sladens, own land adjacent to the MSCP. This was previously included in the master plan as Building 5G. However, although the Council may co-operate with Sladens on their proposed development due to some Council land being included, we have excluded it from this appraisal as Sladens would not want to contribute to the site wide costs included. We have assumed the Council will pursue a standalone agreement with Sladens outside of this appraisal.

We have also included a figure for a S.106 contributions as per Plot 6.

Land value:

- **Negative Land Allowance - Residualised Price (£16,559,707)** is an artificial allowance made by the software because some elements of this phase result in a negative land value.
- **Acquisition Costs – Residualised Price (£12,764,359)** is the positive land value created by elements of the scheme.
- **Acquisition Costs - Negative Land Allowance (£16,559,707)** is the negative land value created by loss making elements of the scheme.
- **Net Land Cost (£3,795,348)** is the overall Negative land value created by Plot 5 South. So no land value is created by this phase.

Analysis of the different elements:

- Building 5A – **Positive** land value of **£4,636,541**
- Building 5F – **Positive** land value of **£5,153,007**
- Building 5H – **Positive** land value of **£2,974,810**
- Utilities, Sustainability, Section 106, The NCP Car Park and Maid Marian Way collectively create a **negative** land value of **£16,559,707**

Deducting the negative land values from the positive results in the **negative** land value of **£3,795,348.** As with Plot 5 North, it should be noted that that S.106 costs alone in this calculation are **£3,909,545**, so a simple viability argument on those costs would turn this from a negative to a neutral or positive land value.

The Frame

The master plan has three options for the Frame area, but we can consider them together.

Option 3A assumes the remaining buildings of the former shopping centre are entirely demolished apart from the area which would have been to the north of the main shopping arcade. This area is retained (part of it is the proposed NHS CDC), stripped back to frame and made weather tight – this is identified as Buildings 1 & 2 in the appraisal.

In addition Option 3A includes the delivery of three new buildings on the area of the demolished frame – two residential buildings (Buildings 3 & 4 in the appraisal) with ground floor retail / F&B and a separate standalone hotel. Severns House is refurbished as office accommodation.

Option 3B uses the same assumptions, except that instead of the one of the newbuild residential buildings (Building 3) an element of frame is retained and made weather tight so that it can accommodate some form of food court operator.

We have assumed that all areas of retained frame are given only minimal treatment at this time, on the basis that an operator(s) will be secured and they will complete the fit out required for them to be used as F&B, Leisure, Retail or Community uses. To allow for those high fit out costs, and the uncertain nature of the occupiers, we believe it is sensible to assume a long rent free period. This would be likely be followed by a rent based on a percentage of the operators profits over an achieved threshold. Therefore, we have not included any income or value for the frame areas. Instead we would suggest their value is assessed as the increase in value that could be created in the conventional buildings in Plots 5 & 6, which would become more desirable due to proximity to such a lively and interesting area. We have shown this potential value 'bounce' in sensitivity analysis which has been supplied separately to the appraisals.

The Full Demolition option assumes that all of the current frame is demolished and the area used for a range a standard commercial development.

In all options we have assumed the residential buildings are delivered as Build to Rent (BtR) schemes.

We have not included the costs or receipts in connection with the NHS CDC.

The hotel is configured as a land sale, rather than a development. We have modelled both options based on recent transactions and have confirmed that in the current market the sale of the site to a hotel developer will generate a larger receipt than to develop it. This also reduces the level of contingency that is required – see below.

We have assumed that Severns House can be reconfigured to create modern office space, an assumption that has been agreed with BDP and Pick Everard.

There are a number of non-standard construction costs (provided by Pick Everard) which we have included explicitly in the appraisal:

- The demolition of current buildings;
- Utility upgrades;
- Reconfiguring the Caves – This is an allowance to improve the entrance to the historic caves which are under Broadmarsh.

We have not included a figure for a S.106 contribution in 3A and 3B as they have such significant negative land value, and will likely always need a grant, so we have assumed the S.106 would not be required on viability grounds. We have included a S.106 in the full demolition option. This is also producing a negative land value, but we think this allow better comparison with Plots 5 & 6as this is a more conventional development option than 3A and 3B.

Land value – Option 3A:

- **Negative Land Allowance - Residualised Price (£27,491,514)** is an artificial allowance made by the software because some elements of this phase result in a negative land value.
- **Acquisition Costs – Residualised Price (£5,589,986)** is the positive land value created by elements of the scheme.
- **Acquisition Costs - Negative Land Allowance (£27,491,514)** is the negative land value created by loss making elements of the scheme.
- **Net Land Cost (£21,901,528)** is the overall negative land value created by Frame Option 3A, so no land value would be received by the Council.

Analysis of the different element in Option 3A:

- Building 3 – **Negative** land value of **£3,604,124** – Both residential buildings lose money as we have used higher build costs than in Plots 5 & 6 due to their prominence – this could be reconsidered. Building 3 loses more than Building 5 as it has a larger amount of ground floor retail, which does not generate as much income as residential
- Building 4 – **Negative** land value of **£1,528,652**
- Hotel Land Sale – **Positive** land value of **£1,500,000**
- Severns House – **Positive** land value of **£4,089,986 –** This is strongly positive because as a refurbishment the construction costs are lower than a new build.

- Demolition, Enabling Works, Utilities, and works to Buildings 1 & 2 (the Frame) collectively create a **negative** land value of **£22,358,739**

Deducting the negative land values from the positive results in the **negative** land value of **£21,901,529.**

Land value – Option 3B:

- **Negative Land Allowance - Residualised Price (£25,484,494)** is an artificial allowance made by the software because some elements of this phase result in a negative land value.
- **Acquisition Costs – Residualised Price (£5,527,294)** is the positive land value created by elements of the scheme.
- **Acquisition Costs - Negative Land Allowance (£25,484,494)** is the negative land value created by loss making elements of the scheme.
- **Net Land Cost (£19,957,201)** is the overall negative land value created by Frame Option 3B, so no land value would be received by the Council.

Analysis of the different element in Option 3B:

- Building 4 – **Negative** land value of **£1,528,652**
- Hotel Land Sale – **Positive** land value of **£1,500,000**
- Severns House – **Positive** land value of **£4,089,986**
- Demolition, Enabling Works, Utilities, and works to Buildings 1, 2 & 3 (the Frame) collectively create a **negative** land value of **£23,955,843**

Deducting the negative land values from the positive results in the **negative** land value of **£19,957,201.**

The developer's profits are showing as 13.05% (3A) and 11.06% (3B) return on cost. This is actually a blended rate created within the Argus software as the commercial elements (The residential buildings and Severns House) are using 15% as with Plots 5 & 6, but this is being reduced overall as the Frame is not generating any return.

The appraisal contains a range of contingencies, including on the demolition of the frame. Collectively they equal approx. £9m on 3A and £6m on 3B. The difference is largely explained by the reduced cost of delivering Building 3 as a frame instead of as a residential building because contingencies are worked out a percentage of construction costs. :

Frame full demolition land value:

- **Negative Land Allowance - Residualised Price (£18,646,369)** is an artificial allowance made by the software because some elements of this phase result in a negative land value.
- **Acquisition Costs – Residualised Price (£7,654,430)** is the positive land value created by elements of the scheme.
- **Acquisition Costs - Negative Land Allowance (£18,646,369)** is the negative land value created by loss making elements of the scheme.
- **Net Land Cost (£15,890,942)** is the overall negative land value created by Frame Option 3B, so no land value would be received by the Council.

Analysis of the different element in demolition option:
Building 1D generates a positive land allowance of £857,623 which is predominantly generated by the residential aspect

Building 1G generates a positive land allowance of £1,981,173
Building 1C generates a negative land allowance of £1,587,449
Building 1E generates a negative land allowance of £3,704,634
Building 1B generates a positive land allowance of £77,388
Hotel land sale generates a positive land allowance of £1,500,000
Severns House generates a positive land allowance of £2,449,796

Analysis of the different elements in full demolition option:

- Building 1B – **Negative** land value of **£77,388**
- Building 1C – **Negative** land value of **£1,587,449**
- Building 1D – **Negative** land value of **£857,623**
- Building 1E – **Positive** land value of **£3,704,636**
- Building 1G – **Negative** land value of **£1,981,173**
- Building 1F – Hotel Land Sale – **Positive** land value of **£1,500,000**
- Building 4B - Severns House – **Positive** land value of **£2,449,796**
- Demolition, Enabling Works, Utilities, and s.106 collectively create a **negative** land value of **£19,041,739**

Notes

We would bring the issues below to your attention:

The Development is currently configured as largely a Build to Rent residential. We believe that this is potentially too large a quantum of BtR for the City to avoid in one scheme. However, this is currently the most viable form of development, and over the long period such a scheme requires there will always be a tendency to try and deliver the most viable type of use. We believe that other uses can be considered as viable as BtR, particularly including purpose built student accommodation, retirement living, and some forms of blended affordable/market residential schemes. These are more difficult to model on an appraisal of this nature, but we would expect them all to be viable over the period of development. Therefore, although we have modelled the scheme as largely BtR we believe it will actually be more diverse in reality.

The scheme only includes a relatively small element of offices currently. We would like to include more, but offices are currently challenging to deliver across the Country. The issue in Nottingham is that prevailing rents (c.£25 sq.ft.) are below the level required to develop offices with the latest environmental credentials necessary to attract the strongest tenants. We believe that if these offices were delivered than some occupiers would be willing to pay the rents of in excess of £30 needed. So, we have appraised the offices in the scheme with rents between £30 (conversion) and £35 (new build) per square foot. We believe this is a sensible assumption and would hope if it proved right that more offices could be included in the final development.

We still strongly believe that there is a case for a single master developer delivering the whole scheme. They may sell individual plots to specialist developers, but the major infrastructure costs and the challenge of turning the Frame area into a vibrant and well managed attraction should be tackled by a developer who has a broad and long term view of Broadmarsh.

Appendix E

Final Appraisal of Plot 6

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Development Appraisal
JLL
08 November 2023

APPRAISAL SUMMARY — JLL

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

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

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
6A Resi	1	22,636	25.00	565,900	565,900	565,900
6A Resi	1	7,545	25.00	188,620	188,620	188,620
6B Resi	1	49,467	25.00	1,236,680	1,236,680	1,236,680
6B Resi	1	16,486	25.00	412,140	412,140	412,140
6C Resi	1	59,796	25.00	1,494,900	1,494,900	1,494,900
6C Resi	1	34,334	25.00	858,350	858,350	858,350
6D Resi Refurb	1	45,725	25.00	1,143,120	1,143,120	1,143,120
6D Resi Refurb	1	15,242	25.00	381,040	381,040	381,040
6D Retail	1	2,373	25.00	59,333	59,333	59,333
6D Community	1	3,342	25.00	83,543	83,543	83,543
Totals	**10**	**256,945**			**6,423,625**	**6,423,625**

Investment Valuation

6A Resi					
Current Rent	565,900	YP @	5.0000%	20.0000	11,318,000
6A Resi					
Current Rent	188,620	YP @	5.0000%	20.0000	3,772,400
6B Resi					
Current Rent	1,236,680	YP @	5.0000%	20.0000	24,733,600
6B Resi					

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Current Rent	412,140	YP @	5.0000%	20.0000	8,242,800
6C Resi					
Current Rent	1,494,900	YP @	5.0000%	20.0000	29,898,000
6C Resi					
Current Rent	858,350	YP @	5.0000%	20.0000	17,167,000
6D Resi Refurb					
Current Rent	1,143,120	YP @	5.0000%	20.0000	22,862,400
6D Resi Refurb					
Current Rent	381,040	YP @	5.0000%	20.0000	7,620,800
6D Retail					
Current Rent	59,333	YP @	6.0000%	16.6667	988,875
6D Community					
Current Rent	83,543	YP @	10.0000%	10.0000	835,425
Total Investment Valuation					**127,439,300**
NEGATIVE LAND ALLOWANCE					
Residualised Price			15,133,727		
				15,133,727	
NET REALISATION				**142,573,027**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			20,001,323		
				20,001,323	

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Negative Land Allowance		(15,133,727)		
Net Land Cost		*4,867,596*		
Stamp Duty		5.75%	1,150,076	
Town Planning			260,000	
Survey			80,000	
				1,490,076

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
6A Resi	28,295	195.00	5,517,525
6A Resi	9,431	195.00	1,839,045
6B Resi	61,834	195.00	12,057,630
6B Resi	20,607	195.00	4,018,365
6C Resi	74,745	195.00	14,575,275
6C Resi	42,918	195.00	8,368,912
6D Resi Refurb	57,156	111.00	6,344,316
6D Resi Refurb	19,052	111.00	2,114,772
6D Retail	2,637	195.00	514,215
6D Community	3,713	195.00	724,035
Totals	**320,388 ft²**		**56,074,090**
6A Developers Contingency		7.50%	551,743
6A Prelims		17.50%	1,287,400
6A OHP		7.00%	605,078
6B Developers Contingency		7.50%	1,205,700
6B Prelims		17.50%	2,813,299
6B OHP		7.00%	1,322,251
6C Developers Contingency		7.50%	1,720,814
6C Prelims		17.50%	4,015,233
6C OHP		7.00%	1,887,159
6D Developers Contingency		7.50%	727,300
6D Prelims		17.50%	1,697,034
6D OHP		7.00%	797,606

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Developers Contingency	5.00%	2,318,838	
College Demolition inc prelims/OHP		4,625,000	
			81,648,545
Other Construction Costs			
4/11ths New utility infrastructure		1,454,545	
Utility prelims	17.50%	254,545	
Utility OHP	7.00%	119,636	
4/11ths Sustainability Targets		3,467,272	
			5,295,999
Section 106 Costs			
4/11ths Section 106 Costs		5,212,727	
			5,212,727
PROFESSIONAL FEES			
Professional Fees	8.00%	4,485,927	
			4,485,927
MARKETING & LETTING			
Marketing		200,000	
Letting Agent Fee	10.00%	642,363	
Letting Legal Fee	5.00%	321,181	
			1,163,544
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,274,393	
Sales Legal Fee	0.50%	637,197	
			1,911,590
Additional Costs			
College overage payment		1	
			1
TOTAL COSTS BEFORE FINANCE			**121,209,731**

FINANCE

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)		
Total Finance Cost		2,661,748
TOTAL COSTS		**123,871,479**
PROFIT		
		18,701,548
Performance Measures		
Profit on Cost%	15.10%	
Profit on GDV%	14.67%	
Profit on NDV%	14.67%	
Development Yield% (on Rent)	5.19%	
Equivalent Yield% (Nominal)	5.04%	
Equivalent Yield% (True)	5.20%	
IRR% (without Interest)	47.11%	
Rent Cover	2 yrs 11 mths	
Profit Erosion (finance rate 6.000)	2 yrs 4 mths	

Appendix F

Final Appraisal of Plot 5 North

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

Development Appraisal
JLL
08 November 2023

APPRAISAL SUMMARY

JLL

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

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

Currency in £

REVENUE

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
5B Resi	1	41,321	25.00	1,033,020	1,033,020	1,033,020
5B Resi	1	13,774	25.00	344,340	344,340	344,340
5C Resi	1	27,474	25.00	686,840	686,840	686,840
5C Resi	1	9,157	25.00	228,920	228,920	228,920
5C Retail	1	3,477	25.00	86,918	86,918	86,918
5C Workspace	1	3,962	25.00	99,045	99,045	99,045
5D Office	1	34,474	35.00	1,206,601	1,206,601	1,206,601
5D Retail	1	1,404	25.00	35,100	35,100	35,100
5E Resi	1	31,155	25.00	778,880	778,880	778,880
5E Resi	1	10,385	25.00	259,620	259,620	259,620
5E Retail	1	5,191	25.00	129,780	129,780	129,780
Totals	**11**	**181,773**			**4,889,063**	**4,889,063**

Investment Valuation

5B Resi					
Current Rent	1,033,020	YP @	5.0000%	20.0000	20,660,400
5B Resi					
Current Rent	344,340	YP @	5.0000%	20.0000	6,886,800
5C Resi					
Current Rent	686,840	YP @	5.0000%	20.0000	13,736,800

APPRAISAL SUMMARY	JLL

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

5C Resi					
Current Rent	228,920	YP @	5.0000%	20.0000	4,578,400
5C Retail					
Current Rent	86,918	YP @	6.0000%	16.6667	1,448,625
5C Workspace					
Current Rent	99,045	YP @	6.0000%	16.6667	1,650,750
5D Office					
Current Rent	1,206,601	YP @	6.0000%	16.6667	20,110,008
5D Retail					
Current Rent	35,100	YP @	6.0000%	16.6667	585,000
5E Resi					
Current Rent	778,880	YP @	5.0000%	20.0000	15,577,600
5E Resi					
Current Rent	259,620	YP @	5.0000%	20.0000	5,192,400
5E Retail					
Current Rent	129,780	YP @	6.0000%	16.6667	2,163,000
Total Investment Valuation					**92,589,783**
NEGATIVE LAND ALLOWANCE					
Residualised Price			10,508,726		
				10,508,726	
NET REALISATION				**103,098,509**	
OUTLAY					

APPRAISAL SUMMARY JLL

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

ACQUISITION COSTS

Residualised Price			9,618,181	
				9,618,181
Negative Land Allowance		(10,508,726)		
Net Land Cost		*(890,545)*		
Stamp Duty		5.75%	553,045	
Town Planning			260,000	
Survey			80,000	
				893,045

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
5B Resi	51,651	195.00	10,071,945
5B Resi	17,217	195.00	3,357,315
5C Resi	34,342	195.00	6,696,690
5C Resi	11,446	195.00	2,231,970
5C Retail	3,863	195.00	753,285
5C Workspace	4,402	195.00	858,390
5D Office	40,558	236.00	9,571,688
5D Retail	1,560	236.00	368,160
5E Resi	38,944	209.00	8,139,296
5E Resi	12,981	209.00	2,713,029
5E Retail	5,768	209.00	1,205,512
Totals	**222,732 ft²**		**45,967,280**
5B Developers Contingency		7.50%	1,007,194
5B Prelims		17.50%	2,350,120
5B OHP		7.00%	1,104,557
5C Developers Contingency		7.50%	790,525
5C Prelims		17.50%	1,844,559
5C OHP		7.00%	866,943
5D Contingency		7.50%	745,489

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

5D Prelims	17.50%	1,739,473	
5D OHP	7.00%	817,552	
5E Developers Contingency	7.50%	904,338	
5E Prelims	17.50%	2,110,121	
5E OHP	7.00%	991,757	
			61,239,909
Other Construction Costs			
4/11ths New utility infrastructure		1,454,545	
Utility Prelims	17.50%	254,545	
Utility OHP	7.00%	119,636	
4/11th Sustainability Targets		3,467,272	
			5,295,999
Section 106 Costs			
4/11ths Section 106 Costs		5,212,727	
			5,212,727
PROFESSIONAL FEES			
Professional Fees	8.00%	3,677,382	
			3,677,382
MARKETING & LETTING			
Marketing		200,000	
Letting Agent Fee	10.00%	488,906	
Letting Legal Fee	5.00%	244,453	
			933,359
DISPOSAL FEES			
Sales Agent Fee	1.00%	925,898	
Sales Legal Fee	0.50%	462,949	
			1,388,847
TOTAL COSTS BEFORE FINANCE			**88,259,449**

FINANCE
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

Total Finance Cost		1,507,835
TOTAL COSTS		**89,767,284**
PROFIT		
		13,331,225
Performance Measures		
Profit on Cost%	14.85%	
Profit on GDV%	14.40%	
Profit on NDV%	14.40%	
Development Yield% (on Rent)	5.45%	
Equivalent Yield% (Nominal)	5.28%	
Equivalent Yield% (True)	5.46%	
IRR% (without Interest)	N/A	
Rent Cover	2 yrs 9 mths	
Profit Erosion (finance rate 6.000)	2 yrs 4 mths	

Appendix G

Final Appraisal of Plot 5 South

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

Development Appraisal
JLL
09 November 2023

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

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

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
5A Resi	1	56,802	25.00	1,420,040	1,420,040	1,420,040
5A Resi	1	18,934	25.00	473,340	473,340	473,340
5A Workspace	1	8,379	25.00	209,475	209,475	209,475
5F Office	1	48,089	35.00	1,683,106	1,683,106	1,683,106
5H Resi	1	40,514	25.00	1,012,860	1,012,860	1,012,860
5H Resi	1	10,128	25.00	253,200	253,200	253,200
5H Workspace	1	2,974	25.00	74,340	74,340	74,340
Totals	**7**	**185,819**			**5,126,361**	**5,126,361**

Investment Valuation

5A Resi					
Current Rent	1,420,040	YP @	5.0000%	20.0000	28,400,800
5A Resi					
Current Rent	473,340	YP @	5.0000%	20.0000	9,466,800
5A Workspace					
Current Rent	209,475	YP @	6.0000%	16.6667	3,491,250
5F Office					
Current Rent	1,683,106	YP @	6.0000%	16.6667	28,051,771
5H Resi					

APPRAISAL SUMMARY JLL

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

Current Rent	1,012,860	YP @	5.0000%	20.0000	20,257,200
5H Resi					
Current Rent	253,200	YP @	5.0000%	20.0000	5,064,000
5H Workspace					
Current Rent	74,340	YP @	6.0000%	16.6667	1,239,000
Total Investment Valuation					**95,970,821**
NEGATIVE LAND ALLOWANCE					
Residualised Price			16,559,707		
				16,559,707	
NET REALISATION				**112,530,528**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			12,764,359		
				12,764,359	
Negative Land Allowance		(16,559,707)			
Net Land Cost		*(3,795,348)*			
Stamp Duty		5.75%	733,951		
Town Planning			195,000		
Survey			60,000		
				988,951	
Other Acquisition Costs					
NCP desired sale price			700,000		
				700,000	

APPRAISAL SUMMARY				JLL

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
5A Resi	71,002	195.00	13,845,390	
5A Resi	23,667	195.00	4,615,065	
5A Workspace	9,310	195.00	1,815,450	
5F Office	56,575	213.00	12,050,475	
5H Resi	50,643	195.00	9,875,385	
5H Resi	12,660	195.00	2,468,700	
5H Workspace	3,304	195.00	644,280	
Totals	**227,161 ft²**		**45,314,745**	
5A Developers Contingency		7.50%	1,520,693	
5A Prelims		17.50%	3,548,283	
5A OHP		7.00%	1,667,693	
5F Developers Contingency		7.50%	903,786	
5F Prelims		17.50%	2,108,833	
5F OHP		7.00%	991,152	
5H Developers Contingency		7.50%	974,127	
5H Prelims		17.50%	2,272,964	
5H OHP		7.00%	1,068,293	
Maid Marian Way Contingency		10.00%	352,500	
NCP Contingency		10.00%	377,300	
Maid Marian Way Re-alignment cost			3,525,000	
NCP Demolition			3,773,000	
				68,398,369
Other Construction Costs				
3/11ths New utility infrastructure			1,090,908	
Utility Prelims		17.50%	190,909	
Utility OHP		7.00%	89,727	
3/11ths Sustainibility Targets			2,550,818	
				3,922,362
Section 106 Costs				
3/11ths Section 106 Costs			3,909,545	
				3,909,545

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

PROFESSIONAL FEES			
Professional Fees	8.00%	3,625,180	
			3,625,180
MARKETING & LETTING			
Marketing		150,000	
Letting Agent Fee	10.00%	512,636	
Letting Legal Fee	5.00%	256,318	
			918,954
DISPOSAL FEES			
Sales Agent Fee	1.00%	959,708	
Sales Legal Fee	0.50%	479,854	
			1,439,562
TOTAL COSTS BEFORE FINANCE			**96,667,282**
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			2,214,192
TOTAL COSTS			**98,881,474**
PROFIT			
			13,649,054
Performance Measures			
Profit on Cost%	13.80%		
Profit on GDV%	14.22%		
Profit on NDV%	14.22%		
Development Yield% (on Rent)	5.18%		
Equivalent Yield% (Nominal)	5.34%		
Equivalent Yield% (True)	5.52%		

APPRAISAL SUMMARY JLL

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

IRR% (without Interest)	33.65%
Rent Cover	2 yrs 8 mths
Profit Erosion (finance rate 6.000)	2 yrs 2 mths

Appendix H

Final Appraisal of Frame Option 3B

Broadmarsh Frame Option 3B

Development Appraisal
JLL
23 January 2024

Broadmarsh Frame Option 3B

Appraisal Summary for Merged Phases 1 2 3 4 5 6

Currency in £

REVENUE

Sales Valuation	**Units**	**Unit Price**	**Gross Sales**
hotel land sale	1	1,500,000	1,500,000

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Building 4 - Ground - Retail and F&B	1	5,270	25.00	131,740	131,740	131,740
1st Floor Resi & internal courtyard	1	13,834	25.00	345,844	345,844	345,844
2nd Floor Resi	1	13,834	25.00	345,844	345,844	345,844
3rd Floor Resi	1	13,834	25.00	345,844	345,844	345,844
4th Floor Resi	1	13,834	25.00	345,844	345,844	345,844
5th Floor Resi	1	13,834	25.00	345,844	345,844	345,844
6th Floor Resi	1	13,834	25.00	345,844	345,844	345,844
7th Floor Resi	1	13,834	25.00	345,844	345,844	345,844
SH - Ground Floor - Office	1	11,331	30.00	339,936	339,936	339,936
SH - Ground floor - Plant	1	4,025		0	0	
SH - 1st Floor	1	8,094	30.00	242,832	242,832	242,832
SH - 2nd Floor - Office	1	7,474	30.00	224,208	224,208	224,208
SH - 3rd Floor - Office	1	6,242	30.00	187,272	187,272	187,272
SH - 4th Floor - Office	1	6,242	30.00	187,272	187,272	187,272
Totals	**14**	**145,515**			**3,734,166**	**3,734,166**

Investment Valuation

Building 4 - Ground - Retail and F&B					
Current Rent	131,740	YP @	6.0000%	16.6667	2,195,667
1st Floor Resi & internal courtyard					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
2nd Floor Resi					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
3rd Floor Resi					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
4th Floor Resi					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
5th Floor Resi					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
6th Floor Resi					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
7th Floor Resi					
Current Rent	345,844	YP @	5.0000%	20.0000	6,916,875
SH - Ground Floor - Office					
Current Rent	339,936	YP @	7.0000%	14.2857	4,856,229
SH - 1st Floor					
Current Rent	242,832	YP @	7.0000%	14.2857	3,469,029

Broadmarsh Frame Option 3B

SH - 2nd Floor - Office					
Current Rent	224,208	YP @	7.0000%	14.2857	3,202,971
SH - 3rd Floor - Office					
Current Rent	187,272	YP @	7.0000%	14.2857	2,675,314
SH - 4th Floor - Office					
Current Rent	187,272	YP @	7.0000%	14.2857	2,675,314
Total Investment Valuation					**67,492,649**

GROSS DEVELOPMENT VALUE			**68,992,649**	
Purchaser's Costs		(2,910,293)		
Effective Purchaser's Costs Rate	4.31%			
			(2,910,293)	
NET DEVELOPMENT VALUE			**66,082,356**	
Income from Tenants				
SH - Ground Floor - Office		169,968		
SH - 1st Floor		121,416		
SH - 2nd Floor - Office		112,104		
SH - 3rd Floor - Office		93,636		
SH - 4th Floor - Office		93,636		
			590,760	
NEGATIVE LAND ALLOWANCE				
Residualised Price		25,245,068		
			25,245,068	
NET REALISATION			**91,918,184**	
OUTLAY				
ACQUISITION COSTS				
Residualised Price		5,527,294		
			5,527,294	
Negative Land Allowance	(25,245,068)			
Net Land Cost	*(19,717,774)*			
Stamp Duty	5.75%	231,569		
Town Planning		250,000		
Survey		100,000		
			581,569	

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
Building 4 - Ground - Retail and F&B	6,587	223.00	1,468,901
1st Floor Resi & internal courtyard	16,275	223.00	3,629,325
2nd Floor Resi	16,275	223.00	3,629,325
3rd Floor Resi	16,275	223.00	3,629,325
4th Floor Resi	16,275	223.00	3,629,325
5th Floor Resi	16,275	223.00	3,629,325
6th Floor Resi	16,275	223.00	3,629,325
7th Floor Resi	16,275	223.00	3,629,325
SH - Ground Floor - Office	14,164	111.00	1,572,204

APPRAISAL SUMMARY				JLL

Broadmarsh Frame Option 3B

SH - Ground floor - Plant	4,025	111.00	446,775	
SH - 1st Floor	10,118	111.00	1,123,098	
SH - 2nd Floor - Office	9,342	111.00	1,036,962	
SH - 3rd Floor - Office	7,803	111.00	866,133	
SH - 4th Floor - Office	7,803	111.00	866,133	
Totals	**173,767 ft²**		**32,785,481**	
Building 4 Contractors Contingency		7.50%	2,015,563	
Building 4 - Prelims		17.50%	4,702,981	
Building 4 - contractors overheads		7.00%	2,210,401	
Severns House Developer Contingency		10.00%	591,131	
Severns House Prelims		17.50%	1,034,478	
Severns House OHP		7.00%	486,205	
Developers Contingency		5.00%	1,639,274	
Frame Demolition			5,056,350	
Reconfiguring Caves Area			244,200	
New Utility infrastructure			4,000,000	
Demolition Contingency		10.00%	930,055	
Prelims on Utilities		17.50%	700,000	
OHP on Utilities		7.00%	329,000	
				56,725,119
Other Construction Costs				
Building 3 Frame			1,040,800	
Building 3 Prelims		17.50%	182,140	
Building 3 O&P		7.00%	85,606	
Building 3 Contingency		10.00%	122,294	
Building 1 Frame			185,000	
Building 2 Frame			1,140,600	
Buildings 1&2 roof deck			639,900	
Building 1&2 edge protection			50,000	
Building 1&2 frame cladding			326,100	
Buiding 1&2 facade			1,220,400	
Building 1&2 repair walls			52,800	
Building 1&2 external courtyards			1,084,200	
External Public Realm			1,327,800	
Severns House Courtyard			858,000	
Building 1&2 prelims		17.50%	1,204,840	
Building 1&2 O&P		7.00%	566,275	
Building 1&2 Contingeny		10.00%	808,964	
				10,895,719
PROFESSIONAL FEES				
Building 3 professional fees		8.00%	83,264	
Building 4 Professional Fees		8.00%	2,149,934	
Building 1&2 Professional Fees		8.00%	550,784	
Demolition Professional Fees		8.00%	744,044	
Severns House Professional Fees		8.00%	472,904	
				4,000,930
MARKETING & LETTING				
Marketing			225,000	
Letting Agent Fee		10.00%	373,417	
Letting Legal Fee		5.00%	186,708	
				785,125
DISPOSAL FEES				
Sales Agent Fee		1.00%	645,824	
Sales Legal Fee		0.50%	322,912	
				968,735
TOTAL COSTS BEFORE FINANCE				**79,484,491**

Broadmarsh Frame Option 3B

FINANCE		
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)		
Total Finance Cost		3,250,696
TOTAL COSTS		**82,735,187**
PROFIT		
		9,182,997
Performance Measures		
Profit on Cost%	11.10%	
Profit on GDV%	13.31%	
Profit on NDV%	13.90%	
Development Yield% (on Rent)	4.51%	
Equivalent Yield% (Nominal)	5.53%	
Equivalent Yield% (True)	5.73%	
IRR% (without Interest)	N/A	
Rent Cover	2 yrs 6 mths	
Profit Erosion (finance rate 6.000)	1 yr 9 mths	

Appendix I

Final Appraisal of Frame Full Demolition Option

Broadmarsh Frame Demolition

Development Appraisal
JLL
23 January 2024

APPRAISAL SUMMARY **JLL**

Broadmarsh Frame Demolition

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9

Currency in £

REVENUE

Sales Valuation	**Units**	**Unit Price**	**Gross Sales**
hotel land sale	1	1,500,000	1,500,000

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
1D ground - Retail/F&B	1	11,063	25.00	276,570	276,570	276,570
1D 1st floor Resi	1	6,992	25.00	174,800	174,800	174,800
1D 2nd floor resi	1	6,992	25.00	174,800	174,800	174,800
1D 3rd floor resi	1	6,992	25.00	174,800	174,800	174,800
1D 4th floor resi	1	6,992	25.00	174,800	174,800	174,800
1D 5th floor resi	1	6,992	25.00	174,800	174,800	174,800
1D 6th floor resi	1	6,992	25.00	174,800	174,800	174,800
1G - Ground - F&B	1	4,814	25.00	120,353	120,353	120,353
1G - Ground floor - Resi	1	5,123	25.00	128,080	128,080	128,080
1G 1st floor resi	1	7,182	25.00	179,540	179,540	179,540
1G 2nd floor resi	1	7,182	25.00	179,540	179,540	179,540
1G 3rd floor resi	1	7,182	25.00	179,540	179,540	179,540
1G 4th floor resi	1	7,182	25.00	179,540	179,540	179,540
1C - ground floor - Street food hall	1	14,018	25.00	350,438	350,438	350,438
1C - 1st floor - Street Food Hall	1	14,018	25.00	350,438	350,438	350,438
1C - 2nd floor resi	1	8,783	25.00	219,580	219,580	219,580
1C - 3rd floor resi	1	8,783	25.00	219,580	219,580	219,580
1C - 4th floor resi	1	8,783	25.00	219,580	219,580	219,580
1C - 5th floor resi	1	8,783	25.00	219,580	219,580	219,580
1C - 6th floor resi	1	8,783	25.00	219,580	219,580	219,580
1C - 7th Floor resi	1	8,783	25.00	219,580	219,580	219,580
1E - Ground - Retail and F&B	1	4,930	25.00	123,255	123,255	123,255
1E - 1st Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - 2nd Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - 3rd Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - 4th Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - 5th Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - 6th Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - 7th Floor Resi	1	11,363	25.00	284,085	284,085	284,085
1E - Ground floor - Resi	1	6,422	25.00	160,560	160,560	160,560
1B - Ground - Retail	1	5,037	25.00	125,933	125,933	125,933
1B - 1st floor - resi	1	4,478	25.00	111,940	111,940	111,940
1B - 2nd floor resi	1	4,478	25.00	111,940	111,940	111,940
1B - 3rd floor resi	1	4,478	25.00	111,940	111,940	111,940
1B - 4th floor resi	1	4,478	25.00	111,940	111,940	111,940
1B - 5th floor resi	1	4,478	25.00	111,940	111,940	111,940
SH - Ground Floor - Office	1	11,331	30.00	339,936	339,936	339,936
SH - Ground floor - Plant	1	4,025		0	0	
SH - 1st Floor	1	8,094	30.00	242,832	242,832	242,832
SH - 2nd Floor - Office	1	7,474	30.00	224,208	224,208	224,208
SH - 3rd Floor - Office	1	6,242	30.00	187,272	187,272	187,272
SH - 4th Floor - Office	1	6,242	30.00	187,272	187,272	187,272
Totals	**42**	**334,143**			**8,449,880**	**8,449,880**

Investment Valuation

1D ground - Retail/F&B

Broadmarsh Frame Demolition

Current Rent	276,570	YP @	6.0000%	16.6667	4,609,500
1D 1st floor Resi					
Current Rent	174,800	YP @	5.0000%	20.0000	3,496,000
1D 2nd floor resi					
Current Rent	174,800	YP @	5.0000%	20.0000	3,496,000
1D 3rd floor resi					
Current Rent	174,800	YP @	5.0000%	20.0000	3,496,000
1D 4th floor resi					
Current Rent	174,800	YP @	5.0000%	20.0000	3,496,000
1D 5th floor resi					
Current Rent	174,800	YP @	5.0000%	20.0000	3,496,000
1D 6th floor resi					
Current Rent	174,800	YP @	5.0000%	20.0000	3,496,000
1G - Ground - F&B					
Current Rent	120,353	YP @	6.0000%	16.6667	2,005,875
1G - Ground floor - Resi					
Current Rent	128,080	YP @	5.0000%	20.0000	2,561,600
1G 1st floor resi					
Current Rent	179,540	YP @	5.0000%	20.0000	3,590,800
1G 2nd floor resi					
Current Rent	179,540	YP @	5.0000%	20.0000	3,590,800
1G 3rd floor resi					
Current Rent	179,540	YP @	5.0000%	20.0000	3,590,800
1G 4th floor resi					
Current Rent	179,540	YP @	5.0000%	20.0000	3,590,800
1C - ground floor - Street food hall					
Current Rent	350,438	YP @	6.0000%	16.6667	5,840,625
1C - 1st floor - Street Food Hall					
Current Rent	350,438	YP @	6.0000%	16.6667	5,840,625
1C - 2nd floor resi					
Current Rent	219,580	YP @	5.0000%	20.0000	4,391,600
1C - 3rd floor resi					
Current Rent	219,580	YP @	5.0000%	20.0000	4,391,600
1C - 4th floor resi					
Current Rent	219,580	YP @	5.0000%	20.0000	4,391,600
1C - 5th floor resi					
Current Rent	219,580	YP @	5.0000%	20.0000	4,391,600
1C - 6th floor resi					
Current Rent	219,580	YP @	5.0000%	20.0000	4,391,600

1C - 7th Floor resi					
Current Rent	219,580	YP @	5.0000%	20.0000	4,391,600
1E - Ground - Retail and F&B					
Current Rent	123,255	YP @	6.0000%	16.6667	2,054,250
1E - 1st Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - 2nd Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - 3rd Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - 4th Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - 5th Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - 6th Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - 7th Floor Resi					
Current Rent	284,085	YP @	5.0000%	20.0000	5,681,700
1E - Ground floor - Resi					
Current Rent	160,560	YP @	5.0000%	20.0000	3,211,200
1B - Ground - Retail					
Current Rent	125,933	YP @	6.0000%	16.6667	2,098,875
1B - 1st floor - resi					
Current Rent	111,940	YP @	5.0000%	20.0000	2,238,800
1B - 2nd floor resi					
Current Rent	111,940	YP @	5.0000%	20.0000	2,238,800
1B - 3rd floor resi					
Current Rent	111,940	YP @	5.0000%	20.0000	2,238,800
1B - 4th floor resi					
Current Rent	111,940	YP @	5.0000%	20.0000	2,238,800
1B - 5th floor resi					
Current Rent	111,940	YP @	5.0000%	20.0000	2,238,800
SH - Ground Floor - Office					
Current Rent	339,936	YP @	7.0000%	14.2857	4,856,229
SH - 1st Floor					
Current Rent	242,832	YP @	7.0000%	14.2857	3,469,029
SH - 2nd Floor - Office					
Current Rent	224,208	YP @	7.0000%	14.2857	3,202,971

Broadmarsh Frame Demolition

SH - 3rd Floor - Office					
Current Rent	187,272	YP @	7.0000%	14.2857	2,675,314
SH - 4th Floor - Office					
Current Rent	187,272	YP @	7.0000%	14.2857	2,675,314
Total Investment Valuation					**157,756,107**
GROSS DEVELOPMENT VALUE				**159,256,107**	
Purchaser's Costs			(8,100,442)		
Effective Purchaser's Costs Rate		5.13%			
				(8,100,442)	
NET DEVELOPMENT VALUE				**151,155,665**	
Income from Tenants					
SH - Ground Floor - Office			169,968		
SH - 1st Floor			121,416		
SH - 2nd Floor - Office			112,104		
SH - 3rd Floor - Office			93,636		
SH - 4th Floor - Office			93,636		
				590,760	
NEGATIVE LAND ALLOWANCE					
Residualised Price			18,646,369		
				18,646,369	
NET REALISATION				**170,392,794**	
OUTLAY					
ACQUISITION COSTS					
Residualised Price			7,654,430		
Residualised Price (Negative land)			(4,899,003)		
				2,755,427	
Negative Land Allowance		(18,646,369)			
Net Land Cost		*(15,890,942)*			
Stamp Duty		5.75%	353,880		
Town Planning			350,000		
Survey			349,000		
				1,052,880	

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
1D ground - Retail/F&B	12,292	195.00	2,396,940
1D 1st floor Resi	8,740	195.00	1,704,300
1D 2nd floor resi	8,740	195.00	1,704,300
1D 3rd floor resi	8,740	195.00	1,704,300
1D 4th floor resi	8,740	195.00	1,704,300
1D 5th floor resi	8,740	195.00	1,704,300
1D 6th floor resi	8,740	195.00	1,704,300
1G - Ground - F&B	5,349	195.00	1,043,055
1G - Ground floor - Resi	6,404	195.00	1,248,780
1G 1st floor resi	8,977	195.00	1,750,515
1G 2nd floor resi	8,977	195.00	1,750,515
1G 3rd floor resi	8,977	195.00	1,750,515

Broadmarsh Frame Demolition

1G 4th floor resi	8,977	195.00	1,750,515
1C - ground floor - Street food hall	15,575	209.00	3,255,175
1C - 1st floor - Street Food Hall	15,575	209.00	3,255,175
1C - 2nd floor resi	10,979	209.00	2,294,611
1C - 3rd floor resi	10,979	209.00	2,294,611
1C - 4th floor resi	10,979	209.00	2,294,611
1C - 5th floor resi	10,979	209.00	2,294,611
1C - 6th floor resi	10,979	209.00	2,294,611
1C - 7th Floor resi	10,979	209.00	2,294,611
1E - Ground - Retail and F&B	5,478	195.00	1,068,210
1E - 1st Floor Resi	12,626	195.00	2,462,070
1E - 2nd Floor Resi	12,626	195.00	2,462,070
1E - 3rd Floor Resi	12,626	195.00	2,462,070
1E - 4th Floor Resi	12,626	195.00	2,462,070
1E - 5th Floor Resi	12,626	195.00	2,462,070
1E - 6th Floor Resi	12,626	195.00	2,462,070
1E - 7th Floor Resi	12,626	195.00	2,462,070
1E - Ground floor - Resi	7,136	195.00	1,391,520
1B - Ground - Retail	5,597	195.00	1,091,415
1B - 1st floor - resi	5,597	195.00	1,091,415
1B - 2nd floor resi	5,597	195.00	1,091,415
1B - 3rd floor resi	5,597	195.00	1,091,415
1B - 4th floor resi	5,597	195.00	1,091,415
1B - 5th floor resi	5,597	195.00	1,091,415
SH - Ground Floor - Office	14,164	111.00	1,572,204
SH - Ground floor - Plant	4,025	111.00	446,775
SH - 1st Floor	10,118	111.00	1,123,098
SH - 2nd Floor - Office	9,342	111.00	1,036,962
SH - 3rd Floor - Office	7,803	111.00	866,133
SH - 4th Floor - Office	7,803	111.00	866,133
Totals	**397,250 ft²**		**74,348,666**
Building 1D external courtyards			542,100
Building 1D prelims		17.50%	2,420,029
Building 1D OHP		7.00%	1,137,414
Building 1D contractors Contingency		7.50%	1,218,658
Building 1G Prelims		17.50%	1,837,482
Building 1G OHP		7.00%	863,616
Building 1G contractors contingency		7.50%	925,303
Building 1C OHP		7.00%	1,419,461
Building 1C prelims		17.50%	3,548,653
Building 1C contractros contingency		7.50%	1,787,000
Building 1E - Prelims		17.50%	3,446,488
Building 1E Contractors Contingency		7.50%	1,477,066
Building 1E - OHP		7.00%	1,619,850
Building 1B prelims		17.50%	1,145,986
Building 1B OHP		7.00%	538,613
Building 1B contractors contingency		7.50%	577,086
Severns House Prelims		17.50%	1,184,628
Severns House OHP		7.00%	556,775
SevernsHouse contractor contingency		7.50%	596,545
Building 1D developers Contingency		10.00%	1,865,795
Building 1G Developers Contingency		10.00%	1,486,981
Building 1C developers Contingency		10.00%	2,190,026
Building 1E developers Contingency		10.00%	2,781,316
Building 1B developers Contingency		10.00%	933,405
SevernsHouse Developers Contingency		10.00%	964,880
OHP on Utilities		7.00%	329,000
Prelims on Utilities		17.50%	700,000

Broadmarsh Frame Demolition

Demolition Contingency	10.00%	770,000	
New Utility infrastructure		4,000,000	
Reconfiguring Caves Area		244,200	
Frame Demolition		7,000,000	
			124,457,024
Other Construction Costs			
External Public Realm		663,900	
Building 1G Courtyards		542,100	
Building 1G external public realm		663,900	
Severns House Courtyard		858,000	
			2,727,900
Section 106 Costs			
Section 106 Costs		4,899,003	
			4,899,003
PROFESSIONAL FEES			
Building 1D Professional Fees	8.00%	53,112	
Building 1G professional fees	8.00%	743,512	
Building 1C professional fees	8.00%	1,622,241	
Building 1E Professional Fees	8.00%	1,575,538	
Building 1B professional fees	8.00%	523,879	
Demolition Professional Fees	8.00%	899,536	
Severns House Professional Fees	8.00%	541,544	
			5,959,362
MARKETING & LETTING			
Marketing		275,000	
Letting Agent Fee	10.00%	844,988	
Letting Legal Fee	5.00%	422,494	
			1,542,482
DISPOSAL FEES			
Sales Agent Fee	1.00%	1,496,557	
Sales Legal Fee	0.50%	748,278	
			2,244,835
TOTAL COSTS BEFORE FINANCE			**145,638,913**
FINANCE			
Debit Rate 6.000%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			2,754,358
TOTAL COSTS			**148,393,271**
PROFIT			
			21,999,523
Performance Measures			
Profit on Cost%	14.83%		
Profit on GDV%	13.81%		
Profit on NDV%	14.55%		
Development Yield% (on Rent)	5.69%		
Equivalent Yield% (Nominal)	5.36%		
Equivalent Yield% (True)	5.54%		
IRR% (without Interest)	N/A		
Rent Cover	2 yrs 7 mths		
Profit Erosion (finance rate 6.000)	2 yrs 4 mths		

Appendix J

Sensitivity Analysis of Final Appraisals – Plot 6 Rent and Yield

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

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Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Table of Land Cost and Land Cost

	Rent: Yield				
Rent: Rate /ft²	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	4.5000%	4.7500%	5.0000%	5.2500%	5.5000%
-10.000%	-£4,948,880	-£113,481	£4,238,348	£8,392,546	£12,737,229
22.50 /ft²	-£4,948,880	-£113,481	£4,238,348	£8,392,546	£12,737,229
-5.000%	-£10,012,238	-£4,908,238	-£314,606	£3,841,503	£7,720,118
23.75 /ft²	-£10,012,238	-£4,908,238	-£314,606	£3,841,503	£7,720,118
0.000%	-£15,075,628	-£9,702,965	-£4,867,596	-£492,705	£3,484,430
25.00 /ft²	-£15,075,628	-£9,702,965	-£4,867,596	-£492,705	£3,484,430
+5.000%	-£20,138,997	-£14,497,721	-£9,420,555	-£4,826,954	-£650,918
26.25 /ft²	-£20,138,997	-£14,497,721	-£9,420,555	-£4,826,954	-£650,918
+10.000%	-£25,202,360	-£19,292,458	-£13,973,541	-£9,161,171	-£4,786,312
27.50 /ft²	-£25,202,360	-£19,292,458	-£13,973,541	-£9,161,171	-£4,786,312

Sensitivity Analysis : Assumptions for Calculation

Rent: Yield
Original Values are varied by Steps of 5.000%.

Heading	Phase	Cap. Rate	No. of Steps
6A Resi	1	5.0000%	2.00 Up & Down
6A Resi	1	5.0000%	2.00 Up & Down
6B Resi	2	5.0000%	2.00 Up & Down
6B Resi	2	5.0000%	2.00 Up & Down
6C Resi	3	5.0000%	2.00 Up & Down
6C Resi	3	5.0000%	2.00 Up & Down
6D Resi Refurb	4	5.0000%	2.00 Up & Down
6D Resi Refurb	4	5.0000%	2.00 Up & Down
6D Retail	4	6.0000%	2.00 Up & Down
6D Community	4	10.0000%	2.00 Up & Down

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Rent: Rate /ft²
Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
6A Resi	1	£25.00	2.00 Up & Down
6A Resi	1	£25.00	2.00 Up & Down
6B Resi	2	£25.00	2.00 Up & Down
6B Resi	2	£25.00	2.00 Up & Down
6C Resi	3	£25.00	2.00 Up & Down
6C Resi	3	£25.00	2.00 Up & Down
6D Resi Refurb	4	£25.00	2.00 Up & Down
6D Resi Refurb	4	£25.00	2.00 Up & Down
6D Retail	4	£25.00	2.00 Up & Down
6D Community	4	£25.00	2.00 Up & Down

Appendix K

Sensitivity Analysis of Final Appraisals – Plot 6 Construction

Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

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Broadmarsh Preferred Option V2 sub-set
Plot 6
Only including direct infrastructure costs

Table of Land Cost and Land Cost

Construction: Gross Cost				
-20.000%	-10.000%	0.000%	+10.000%	+20.000%
(£18,981,155)	(£11,924,385)	(£4,867,596)	£2,189,193	£10,034,421
(£18,981,155)	(£11,924,385)	(£4,867,596)	£2,189,193	£10,034,421

Sensitivity Analysis : Assumptions for Calculation

Construction: Gross Cost
Original Values are varied by Steps of 10.000%.

Heading	Phase	Amount	No. of Steps
6A Resi	1	£5,517,525	2.00 Up & Down
6A Resi	1	£1,839,045	2.00 Up & Down
6B Resi	2	£12,057,630	2.00 Up & Down
6B Resi	2	£4,018,365	2.00 Up & Down
6C Resi	3	£14,575,275	2.00 Up & Down
6C Resi	3	£8,368,913	2.00 Up & Down
6D Resi Refurb	4	£6,344,316	2.00 Up & Down
6D Resi Refurb	4	£2,114,772	2.00 Up & Down
6D Retail	4	£514,215	2.00 Up & Down
6D Community	4	£724,035	2.00 Up & Down

Appendix L

Sensitivity Analysis of Final Appraisals – Plot 5 South Rent and Yield

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

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Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

Table of Land Cost and Land Cost

	Rent: Yield				
Rent: Rate /ft²	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	4.5000%	4.7500%	5.0000%	5.2500%	5.5000%
-10.000%	£3,730,480	£7,371,834	£10,649,062	£13,614,165	£16,650,100
22.50 /ft²	£3,730,480	£7,371,834	£10,649,062	£13,614,165	£16,650,100
-5.000%	(£80,746)	£3,762,914	£7,222,200	£10,352,041	£13,197,341
23.75 /ft²	(£80,746)	£3,762,914	£7,222,200	£10,352,041	£13,197,341
0.000%	(£3,891,972)	£153,986	£3,795,348	£7,089,906	£10,084,972
25.00 /ft²	(£3,891,972)	£153,986	£3,795,348	£7,089,906	£10,084,972
+5.000%	(£7,703,191)	(£3,454,933)	£368,488	£3,827,782	£6,972,588
26.25 /ft²	(£7,703,191)	(£3,454,933)	£368,488	£3,827,782	£6,972,588
+10.000%	(£11,514,403)	(£7,063,864)	(£3,058,364)	£565,650	£3,860,216
27.50 /ft²	(£11,514,403)	(£7,063,864)	(£3,058,364)	£565,650	£3,860,216

Sensitivity Analysis : Assumptions for Calculation

Rent: Yield
Original Values are varied by Steps of 5.000%.

Heading	Phase	Cap. Rate	No. of Steps
5A Resi	1	5.0000%	2.00 Up & Down
5A Resi	1	5.0000%	2.00 Up & Down
5A Workspace	1	6.0000%	2.00 Up & Down
5F Office	2	6.0000%	2.00 Up & Down
5H Resi	3	5.0000%	2.00 Up & Down
5H Resi	3	5.0000%	2.00 Up & Down
5H Workspace	3	6.0000%	2.00 Up & Down

Rent: Rate /ft²
Original Values are varied by Steps of 5.000%.

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

Heading	Phase	Rate	No. of Steps
5A Resi	1	£25.00	2.00 Up & Down
5A Resi	1	£25.00	2.00 Up & Down
5A Workspace	1	£25.00	2.00 Up & Down
5F Office	2	£35.00	2.00 Up & Down
5H Resi	3	£25.00	2.00 Up & Down
5H Resi	3	£25.00	2.00 Up & Down
5H Workspace	3	£25.00	2.00 Up & Down

Appendix M

Sensitivity Analysis of Final Appraisals – Plot 5 South Construction

Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

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Broadmarsh Preferred Option V2 - sub-set
Plot 5 South - 5A,5F, 5H
Only Direct Infrastructure Costs

Table of Land Cost and Land Cost

Construction: Gross Cost				
-20.000%	-10.000%	0.000%	+10.000%	+20.000%
(£7,285,661)	(£1,745,168)	£3,795,348	£9,335,863	£15,011,165
(£7,285,661)	(£1,745,168)	£3,795,348	£9,335,863	£15,011,165

Sensitivity Analysis : Assumptions for Calculation

Construction: Gross Cost
Original Values are varied by Steps of 10.000%.

Heading	Phase	Amount	No. of Steps
5A Resi	1	£13,845,390	2.00 Up & Down
5A Resi	1	£4,615,065	2.00 Up & Down
5A Workspace	1	£1,815,450	2.00 Up & Down
5F Office	2	£12,050,475	2.00 Up & Down
5H Resi	3	£9,875,385	2.00 Up & Down
5H Resi	3	£2,468,700	2.00 Up & Down
5H Workspace	3	£644,280	2.00 Up & Down

Appendix N

Sensitivity Analysis of Final Appraisals – Plot 5 North Rent and Yield

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

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Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

Table of Land Cost and Land Cost

	Rent: Yield				
Rent: Rate /ft²	-10.000%	-5.000%	0.000%	+5.000%	+10.000%
	4.5000%	4.7500%	5.0000%	5.2500%	5.5000%
-10.000%	£827,660	£4,401,062	£7,644,581	£10,756,547	£13,875,130
22.50 /ft²	£827,660	£4,401,062	£7,644,581	£10,756,547	£13,875,130
-5.000%	(£2,912,848)	£859,102	£4,253,835	£7,334,659	£10,318,345
23.75 /ft²	(£2,912,848)	£859,102	£4,253,835	£7,334,659	£10,318,345
0.000%	(£6,653,337)	(£2,682,875)	£890,545	£4,123,623	£7,062,800
25.00 /ft²	(£6,653,337)	(£2,682,875)	£890,545	£4,123,623	£7,062,800
+5.000%	(£10,393,834)	(£6,224,850)	(£2,472,762)	£921,987	£4,008,107
26.25 /ft²	(£10,393,834)	(£6,224,850)	(£2,472,762)	£921,987	£4,008,107
+10.000%	(£14,134,317)	(£9,766,823)	(£5,836,066)	(£2,279,666)	£953,430
27.50 /ft²	(£14,134,317)	(£9,766,823)	(£5,836,066)	(£2,279,666)	£953,430

Sensitivity Analysis : Assumptions for Calculation

Rent: Yield
Original Values are varied by Steps of 5.000%.

Heading	Phase	Cap. Rate	No. of Steps
5B Resi	1	5.0000%	2.00 Up & Down
5B Resi	1	5.0000%	2.00 Up & Down
5C Resi	2	5.0000%	2.00 Up & Down
5C Resi	2	5.0000%	2.00 Up & Down
5C Retail	2	6.0000%	2.00 Up & Down
5C Workspace	2	6.0000%	2.00 Up & Down
5D Office	3	6.0000%	2.00 Up & Down
5D Retail	3	6.0000%	2.00 Up & Down
5E Resi	4	5.0000%	2.00 Up & Down
5E Resi	4	5.0000%	2.00 Up & Down
5E Retail	4	6.0000%	2.00 Up & Down

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Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

Rent: Rate /ft²
Original Values are varied by Steps of 5.000%.

Heading	Phase	Rate	No. of Steps
5B Resi	1	£25.00	2.00 Up & Down
5B Resi	1	£25.00	2.00 Up & Down
5C Resi	2	£25.00	2.00 Up & Down
5C Resi	2	£25.00	2.00 Up & Down
5C Retail	2	£25.00	2.00 Up & Down
5C Workspace	2	£25.00	2.00 Up & Down
5D Office	3	£35.00	2.00 Up & Down
5D Retail	3	£25.00	2.00 Up & Down
5E Resi	4	£25.00	2.00 Up & Down
5E Resi	4	£25.00	2.00 Up & Down
5E Retail	4	£25.00	2.00 Up & Down

Appendix O

Sensitivity Analysis of Final Appraisals – Plot 5 North Construction

Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

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Broadmarsh Preferred Option V2 - sub-set
Northern Plot 5 = 5B, 5C, 5D, 5E
Only direct infrastructure costs

Table of Land Cost and Land Cost

Construction: Gross Cost				
-20.000%	-10.000%	0.000%	+10.000%	+20.000%
(£10,540,422)	(£4,824,946)	£890,545	£6,606,023	£12,824,905
(£10,540,422)	(£4,824,946)	£890,545	£6,606,023	£12,824,905

Sensitivity Analysis : Assumptions for Calculation

Construction: Gross Cost
Original Values are varied by Steps of 10.000%.

Heading	Phase	Amount	No. of Steps
5B Resi	1	£10,071,945	2.00 Up & Down
5B Resi	1	£3,357,315	2.00 Up & Down
5C Resi	2	£6,696,690	2.00 Up & Down
5C Resi	2	£2,231,970	2.00 Up & Down
5C Retail	2	£753,285	2.00 Up & Down
5C Workspace	2	£858,390	2.00 Up & Down
5D Office	3	£9,571,688	2.00 Up & Down
5D Retail	3	£368,160	2.00 Up & Down
5E Resi	4	£8,139,296	2.00 Up & Down
5E Resi	4	£2,713,029	2.00 Up & Down
5E Retail	4	£1,205,512	2.00 Up & Down

Philip Farrell
Development Director
[redacted]

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