



Ref: MB/gw

18th January 2021

Ethan Brighton
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Dear Mr Brighton

Barton Road, Havant

I have now had an opportunity of reviewing the three new scenarios that you want me to consider. These are as follows:

- Revise the mix of residential units so that it includes two and three bedroom houses.
- Replacing the McDonalds and Costa with an alternative commercial use.
- Amend the accommodation mix to provide 111(63.5%) 1 bedroom units and 64 (36.5%) 2 bedroom units as opposed to 168 x 1 bedroom units and 23 x 2 bedroom units.

The current arrangement of accommodation has been specifically selected so that it creates sufficient viability that the site comes forward to provide residential development. Any reduction in value caused by reducing the development potential of the site will threaten the chances of it coming forward.

Being a brownfield site, the site has a number of constraints which makes it more challenging to deliver by comparison to an undeveloped rural greenfield site. Consequently, the site requires a scheme that maximises the development potential.

The proposed scheme provides 191 flats on 1.20 ha (2.97 acres) so reflects a density of 159 units per ha (64 units per acre). A typical house scheme would have a much lower density to take account of the low rise characteristics of housing schemes and associated curtilages. Consequently, by incorporating housing as opposed to flats, it will result in a significant reduction in the number of units that can be accommodated on the site. The reduction in the number of units on site will reduce the land value to a point where it is undeliverable. This is because each plot generates a land value consequently every plot lost, will reduce the contribution towards land value and site viability.

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Revising the composition between one and two bedroom flats reduces the total units from 191 units to 175 units which will reduce viability of the scheme. First, as mentioned above, the reduction in the number of units on site will affect the viability as there are less units to contribute a return from. Second, in this case the GDV per square foot of the resulting scheme is reduced. One bedroom flats because they are smaller have a higher value per square foot than two bedroomed units. In this case the average GDV of a one bedroom flat is £356 per square foot as opposed to two-bedroom flats which have a value of £290 per square foot. The result is the building will cost the same to build but the revenue is less.

A house lead scheme would be similar in that it would result in fewer units with the average pounds per square foot less. The result will be less viability of the scheme.

The drive-thru McDonalds and Costa have been selected to enable the commercial element to provide a cross subsidy towards the residential element.

Drive-thru pay substantially elevated price by comparison to other commercial occupiers and therefore creates significant enhanced value over and above standard commercial or employment land.

Due to the site's proximity with residential, there is a limitation to the types of commercial that would be appropriate on the site. Clearly, manufacturing is unlikely to be appropriate because of the adjoining residential dwellings. Although offices may be appropriate on the site, there is an oversupply of offices in the region generally and an office scheme would not be viable to build in this location without a subsidy.

Having considered the alternative potential commercial occupiers, it is clear that the two drive-thru units are needed to provide support to enable the original scheme of 191 units to come forward. Without the drive-thrus being permitted, the site is unlikely to generate sufficient return to enable the proposed residential development to proceed.

In summary, I am of the view that the only way to achieve a viable scheme is to develop the scheme for 175 residential flats, supported by the high value drive-thru McDonalds and Costa unit.

If you require any further clarification, please let me know.

Yours sincerely



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