

Additional Appraisal Evidence - Office

This document contains the following: -

1. North Docklands Further Office Appraisal (Size Sensitivity): This is to respond to an assertion in paragraph 2.4 of *CIL_MIQ10 – Tfl*.
2. North Docklands Further Office Appraisal (JLL Sensitivity): This is to respond to a series of appraisals set out in *CIL_MIQ10 – Tfl* (paragraphs 1.7.7 – 1.8).
3. North Docklands Further Office Appraisal (Market Assumption Update): This is to provide a robust context to the CIL rates proposed in light of the changing market.

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	OFFICE
Location:	North Docklands April '14

	£s per sqft	Yield	Rent free
Appraisal 1	£32.00	5.75%	2.50 years
Appraisal 2	£33.00	5.75%	2.50 years
Appraisal 3	£34.00	5.75%	2.50 years
Appraisal 4	£35.00	6.00%	2.50 years
Appraisal 5 (base)	£35.00	5.75%	2.50 years
Appraisal 6	£35.00	5.50%	2.50 years
Appraisal 7	£36.00	5.75%	2.50 years
Appraisal 8	£37.00	5.75%	2.50 years
Appraisal 9	£38.00	5.75%	2.50 years
Appraisal 10	£39.00	5.75%	2.50 years

Existing floorspace as % of new
30%

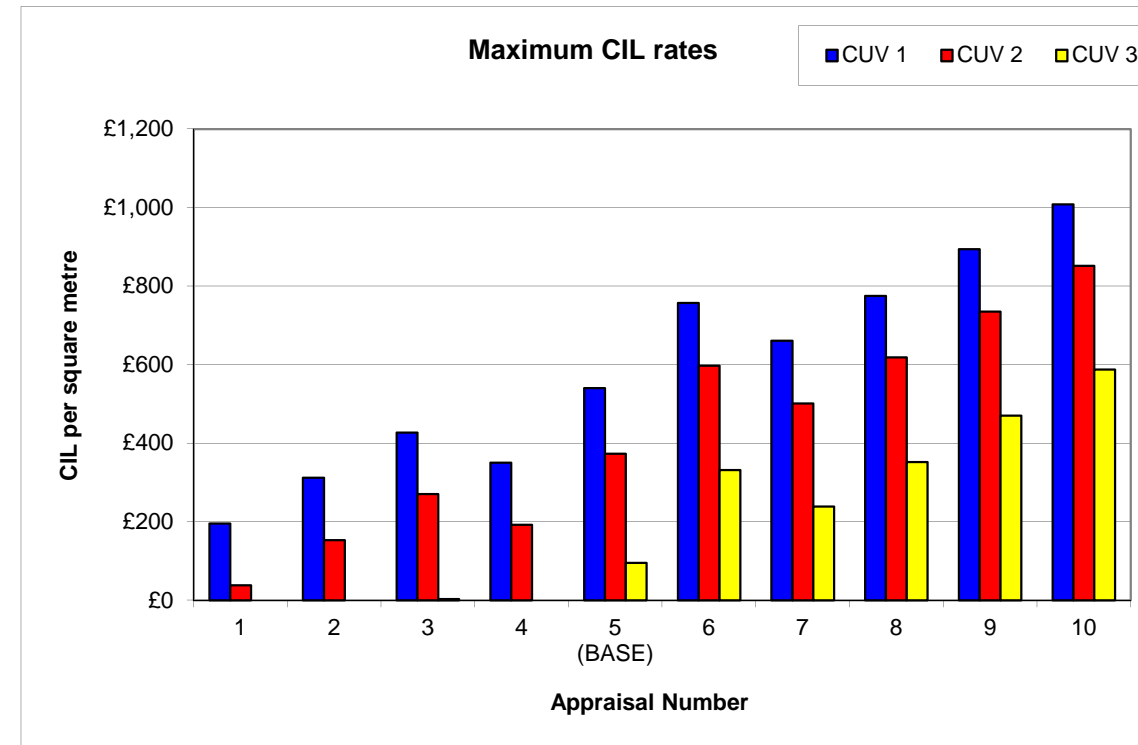
Net off existing floorspace from CIL calculation: n

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£8.00	8.00%	3.00 years	15.00%
Current use value 2	£12.50	8.00%	3.00 years	20.00%
Current use value 3	£18.00	7.25%	3.00 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-9%	£196	£38	£0
Appraisal 2	-6%	£312	£153	£0
Appraisal 3	-3%	£427	£271	£3
Appraisal 4	0%	£350	£192	£0
Appraisal 5 (base)	-	£540	£373	£95
Appraisal 6	0%	£757	£598	£331
Appraisal 7	3%	£661	£501	£239
Appraisal 8	5%	£775	£618	£352
Appraisal 9	8%	£894	£735	£470
Appraisal 10	10%	£1,008	£852	£588



CURRENT USE VALUE
Commercial Development

Use class:	OFFICE
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	Common assumptions	CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	30%	9,000					
Rent per sq ft		£8 psf		£13 psf		£18 psf	
Rental income per annum		£72,000		£112,500		£162,000	
Rent free/voids (years)		3.0	0.7938	3.0	0.7938	3.0	0.8106
Total revenue, capitalised (including all costs)		8.00%		8.00%		7.25%	
Refurbishment costs	£50 psf	£450,000		£450,000		£450,000	
Fees	7%	£31,500		£31,500		£31,500	
Capitalised rent, net of refurb and fees			£232,949		£634,827		£1,329,778
Purchaser's costs	5.75%						
Current use value			£232,949		£634,827		£1,329,778
CUV including Landowner premium		15%	£267,891	20.00%	£761,792	20.00%	£1,595,734

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	OFFICE
Location:	North Docklands April '14 JLL Sensitivity

	£s per sqft	Yield	Rent free
Appraisal 1	£42.00	5.50%	5.00 years
Appraisal 2	£43.00	5.50%	5.00 years
Appraisal 3	£44.00	5.50%	5.00 years
Appraisal 4	£45.00	5.75%	5.00 years
Appraisal 5 (base)	£45.00	5.50%	5.00 years
Appraisal 6	£45.00	5.25%	5.00 years
Appraisal 7	£46.00	5.50%	5.00 years
Appraisal 8	£47.00	5.50%	5.00 years
Appraisal 9	£48.00	5.50%	5.00 years
Appraisal 10	£49.00	5.50%	5.00 years

Existing floorspace as % of new
30%

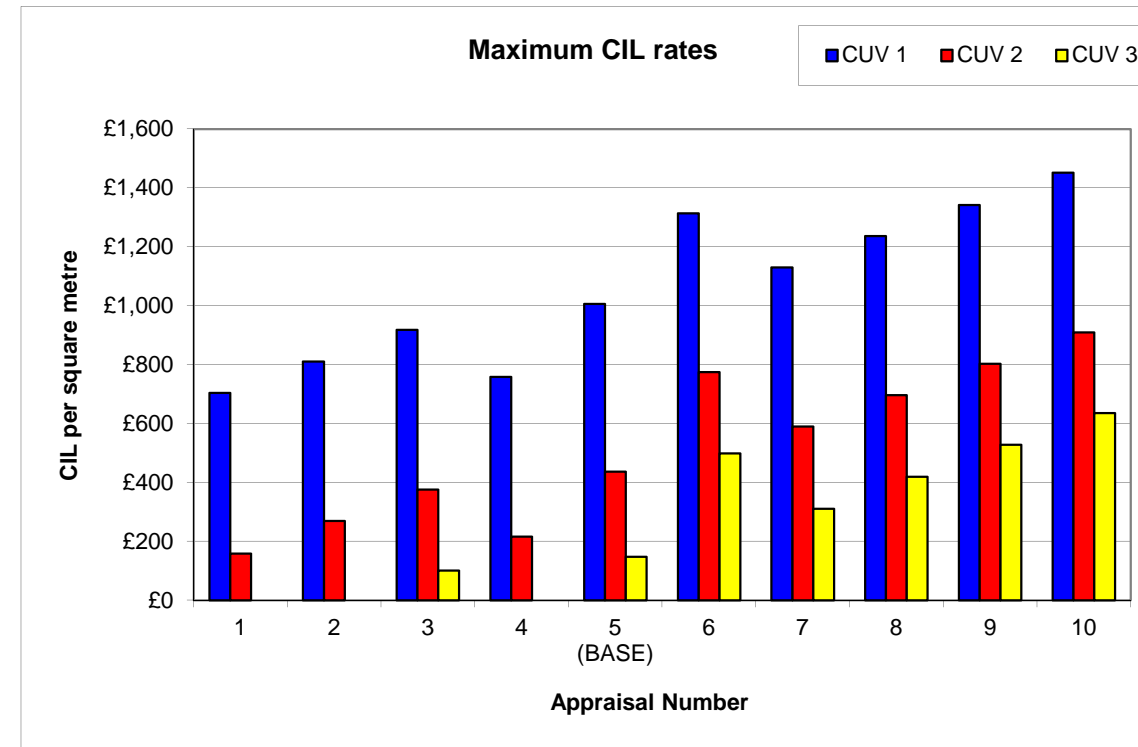
Net off existing floorspace from CIL calculation: n

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£15.00	7.50%	3.00 years	15.00%
Current use value 2	£25.00	6.75%	2.50 years	20.00%
Current use value 3	£30.00	6.50%	2.50 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-7%	£704	£158	£0
Appraisal 2	-5%	£811	£270	£0
Appraisal 3	-2%	£918	£376	£101
Appraisal 4	0%	£759	£216	£0
Appraisal 5 (base)	-	£1,007	£437	£147
Appraisal 6	0%	£1,314	£774	£499
Appraisal 7	2%	£1,131	£590	£311
Appraisal 8	4%	£1,237	£696	£420
Appraisal 9	6%	£1,342	£803	£528
Appraisal 10	8%	£1,453	£910	£636



CURRENT USE VALUE

Commercial Development

Use class: OFFICE

	Common assumptions	CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	30%	9,000					
Rent per sq ft		£15 psf		£25 psf		£30 psf	
Rental income per annum		£135,000		£225,000		£270,000	
Rent free/voids (years)		3.0	0.8050	2.5	0.8493	2.5	0.8543
Total revenue, capitalised (including all costs)		7.50%		6.75%		6.50%	
Refurbishment costs	£50 psf	£450,000		£450,000		£450,000	
Fees	12%	£54,000		£54,000		£54,000	
Capitalised rent, net of refurb and fees		£944,929		£2,327,125		£3,044,758	
Purchaser's costs	5.75%						
Current use value		£944,929		£2,327,125		£3,044,758	
CUV including Landowner premium		15%	£1,086,668	20.00%	£2,792,550	20.00%	£3,653,710

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	OFFICE
Location:	North Docklands April '14 - size sensitivity

	£s per sqft	Yield	Rent free
Appraisal 1	£32.00	5.75%	2.50 years
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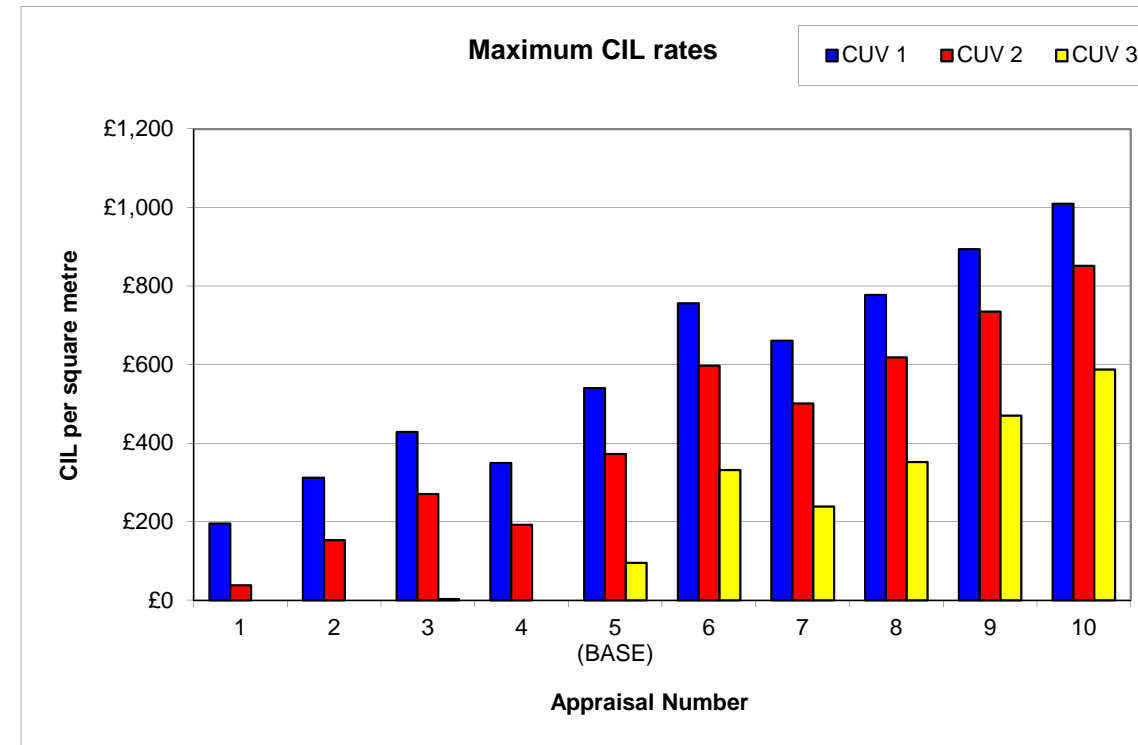
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CURRENT USE VALUE Commercial Development

Use class:	OFFICE
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	Common assumptions	CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	30%	90,000					
Rent per sq ft		£8 psf		£13 psf		£18 psf	
Rental income per annum		£720,000		£1,125,000		£1,620,000	
Rent free/voids (years)		3.0	0.7938	3.0	0.7938	3.0	0.8106
Total revenue, capitalised (including all costs)		8.00%		8.00%		7.25%	
Refurbishment costs	£50 psf	£4,500,000		£4,500,000		£4,500,000	
Fees	7%	£315,000		£315,000		£315,000	
Capitalised rent, net of refurb and fees		£2,329,490		£6,348,266		£13,297,780	
Purchaser's costs	5.75%						
Current use value		£2,329,490		£6,348,266		£13,297,780	
CUV including Landowner premium		15%	£2,678,914	20.00%	£7,617,919	20.00%	£15,957,336