DEVELOPMENT VIABILITY REVIEW – LAND AT STATUS PARK, NOBEL DRIVE, LONDON EB3 5EY

In March 2025, London Borough of Hillingdon ("the Council") commissioned BNP Paribas Real Estate[1] to advise on a viability assessment of the redevelopment ("the Development") of Land at Status Park, Nobel Drive, Hillingdon UB3 5EY ("the Site) submitted by James.R.Brown and Co Ltd ("JRB") on behalf of BMR Property Group ("the Applicant").

Our report provided an objective assessment of JRB's Viability Assessment Report to determine whether the affordable housing offer and Section 106 contributions as proposed have been optimised.

JRB concluded that the proposed Development generated an outturn profit of 2.85% of cost against a target return of 25% of cost. For clarity, using JRB's figures, even if scheme values were to increase by 10% and costs fall by 10%, the Development would still not achieve the target profit level assumed by JRB. We therefore queried how JRB envisaged this scheme to be deliverable based upon their own numbers.

In contrast, we concluded that the proposed Development with 100% private housing, as proposed by the Applicant, generated a surplus of £880,419 against the viability benchmark. This surplus could be used to provide affordable housing, a payment in lieu, or further Section 106 payments (should this be justifiable in planning terms).

Applicant further correspondence

Since the provision of our March 2025 review, we have received further correspondence prepared by JRB, dated 24 February 2026 in addition to having sight of correspondence prepared by Savills (the Applicant's planning consultant) to the Council dated 2 January 2026.

In the first instance, we note that JRB states that the Applicant has offered the Council an affordable housing commuted sum payment of £500,000. This is confirmed in the correspondence prepared by Savills to the Council dated 2 January 2026.

The JRB response refers to the recent fall in residential construction across London, with reference to numerous media articles. We do not seek to comment upon the articles provided by JRB that refer to current housebuilding levels; rather, we have sought to address the Council's query in relation to whether or not the proposal of £500,000 is reasonable in the context of our March 2025 conclusion that the proposed Development with 100% private housing generates a surplus of £880,000.

We have addressed two key elements below, namely the viability benchmark and the change in costs and values over the period since the provision of our March 2025 report.

Viability benchmark: The 0.2 hectares (0.49 acre) Application Site accommodates a car park with 85 spaces and previously benefitted from a planning consent for a 140 bed hotel (reference: 7443/APP/2018/4437). JRB consider that it would be reasonable to assume that the Council would grant a new hotel consent, should the owner submit an application. We stated in our initial review that the Council have informed us that they are unlikely to grant planning permission for a hotel use going forwards at the Application Site.

In addition, JRB referred to the Site for open storage; however, as with the hotel use, the Council have informed us that they do not consider open storage to be an acceptable use on the Site in planning terms. We therefore did not undertake an assessment based upon open storage use.

We do not consider JRB's reference to hotel transactions assuming that 25% of the GDV would be a suitable land value to be reasonable. This methodology is simply too high level and crude, with no

[1] The UK Development Viability and Affordable Housing Team at BNPPRE transferred to Quintic Advisory LLP on 1 March 2026.

evidential base, for any weight to be placed on it. To illustrate the point, we stated in our original report that if this approach were applied to the proposed Development, the land value generated by 25% of JRB's GDV would equate to £4.9 million and there would be a £3.5 million surplus above JRB's claimed benchmark land value.

Due to the comments above and noting that the existing car park is not generating any revenue, we adopted an EUV of £1 in our assessment.

Notwithstanding the comments above, in their assessment of whether the £500,000 commuted sum payment proposed by the Applicant, the Council should note that JRB have not currently submitted an EUV based upon a car park.

Value growth and cost inflation: We have undertaken an assessment of high-level borough-wide changes in costs and values since our March 2025 report. To establish the changes in values we have referred to the Land Registry House Price Index for the London Borough of Hillingdon over the interim period. With regards to the costs, we have referred to the BCIS All In Tender Price Index for the same period.

<u>Conclusion</u>

Our March 2025 report concluded that the proposed Development with 100% private housing would be able to provide a payment in lieu equating to £880,000.

As set out above, in the event that costs and values were updated to current day (without any adjustment to the viability benchmark), we consider the payment in lieu of affordable housing proposed by the Applicant of £500,000 to be reasonable.

Section 106 Agreement inputs

The Council have requested we provide the following assumptions in relation to the review mechanism to be included within the Section 106 Agreement. For the avoidance of doubt, we have not had sight of the Section 106 Agreement; therefore, our assumptions should be verified once the review mechanism structure has been agreed:

- Application Stage GDV: £20,794,020
- Application Stage Build Costs: £12,565,000 (exclusive of contingency)
- Profit: 17.5% of GDV

We do not consider there to be a deficit in the scheme when the above GDV and Build Costs are assumed.

Quintic Advisory
19 May 2026