Quintic
Advisory LLP

Review of "Updated Financial Viability Assessment"

The Barn Hotel, West End Road, Ruislip HA4 6JB

Prepared for

London Borough of Hillingdon

June 2026

Regulated by RICS

Contents

Appendices

Nicholas Pell MRICS
Partner
Quintic Advisory LLP

07881 249 669
nicholas.pell@quinticadvisory.com
www.quinticadvisory.com

1 Introduction

London Borough of Hillingdon ('the Council') has commissioned Quintic Advisory ("Quintic") to advise on a viability assessment of the proposed Development ("the Development") at The Barn Hotel, West End Road, Ruislip HA4 6JB ("the Site") submitted by Savills plc ("Savills") on behalf of Chase New Homes ("the Applicant").

This report provides an objective assessment of Savills' Viability Assessment Report to determine whether the affordable housing offer and Section 106 contributions as proposed have been optimised.

1.1 Quintic Advisory

Quintic Advisory is an independent firm of chartered surveyors, specialising in advice on development viability in planning. Its five partners were previously at BNP Paribas Real Estate's development viability team and have extensive experience of advising on a range of projects across the country.

Quintic Advisory has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ('RPs').

The full range of services includes:

- Planning obligations and Section 106 Negotiation
- Viability Appraisals
- Disposal & Acquisition of S106 Affordable Housing
- Expert Witness
- CIL Viability Evidence Base Production and Advice
- Local Plan Viability Evidence Base Production and Advice
- Affordable Housing Policy Viability Testing
- Masterplan Viability
- Estate redevelopment
- Enabling development for heritage cases
- Option Appraisals
- Valuation

This report has been prepared by Nicholas Pell MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRTPI, MRICS, RICS Registered Valuer.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments. Anthony Lee was a member of the working group under the chairmanship of Sir John Harman that drafted '*Viability testing local plans: Advice for planning practitioners*'. He was also a member of the (then) MHCLG *'Developer Contributions Expert Panel'* which advised on the viability section of the 2019 PPG. He is a member of the RICS Working Group on the valuation of affordable housing.

In addition, we were retained by Homes England to advise on better management of procurement of affordable housing through planning obligations.

1.2 Report structure

This report is structured as follows:

- In Section two we provide a brief description of the Development;
- In Section three, we describe the methodology that the Applicant has adopted and any variations in our approach;
- In Section four, we review the assumptions the Applicant has adopted, and where necessary, explains why we have adopted alternative assumptions in our appraisals;

- In Section five, we set out the results of the appraisals;
- Finally, in Section six, we draw conclusions from the analysis.

1.3 Disclaimer

In preparing this report and the supporting appraisals, we have given full regard to the RICS Practice Statement ('PS') *'Assessing viability in planning under the National Planning Policy Framework for England 2019'* (first edition, March 2021). However, paragraph 2.2.3 of the PS acknowledges that statutory planning guidance takes precedence over RICS guidance. Conflicts may emerge between the PS and the PPG and/or other adopted development plan documents. In such circumstances, we have given more weight to the PPG and development plan documents.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, we have not agreed any 'performance-related' or 'contingent' fees.

We address this report to London Borough of Hillingdon only and it should not be reproduced without our prior consent.

2 Description of the Development

2.1 Site Description

The 0.977 hectare (2.41 acre) Application Site is located within the London Borough of Hillingdon. The Site is located to the east of West End Road and north of Garden Close. Ruislip Station is within 0.1 mile providing access to the National Railway Network. The Site currently comprises The Barn Hotel and remains in use as a hotel and restaurant. The surrounding properties are a mix of commercial and residential uses.

2.2 Proposed Development and background

According to the planning application, the proposed Development is for:

"Partial demolition of 1no. Grade II Listed Building and conversion of Listed Buildings to provide 3no. dwellings. Demolition and redevelopment of the remainder of the site (hotel – C1 Use Class) for residential use (Class C3) with associated access, infrastructure and landscaping. (AMENDED PLANS and DESCRIPTION OF DEVELOPMENT CHANGE 24/04/26) DETAILED DESCRIPTION The partial demolition of 1no. Grade II Listed Building and conversion of the Listed Buildings to accommodate 3 no. dwellings and the replacement of the existing hotel buildings (C1 Use Class) with new building blocks and dwellings that would range between two and four storeys in height to accommodate 68 residential units (a total of 71 residential dwellings within the development) together with associated landscaping, provision of a new access off Garden Close, car parking (including disabled parking bays), cycle parking, refuse stores and servicing arrangements (Planning Application linked to LBC Reference 7969/APP/2024/2452). (AMENDED PLANS and DESCRIPTION OF DEVELOPMENT CHANGE 24/04/26)."

The proposed Development includes 71 residential units, which we have summarised below for ease of reference:

Table 2.2.1: Proposed Development accommodation summary

Unit type	No. of bedrooms	No. of persons	No. of units
Apartment	1	2	26
Apartment	2	3	7
Apartment	2	4	23
Apartment	3	4	5
Apartment	3	5	10
Total			**71**

3 Methodology

Savills have undertaken their appraisal using Argus Developer ("Argus").

We have also undertaken our appraisals using Argus. Argus is a commercially available development appraisal package in widespread use throughout the development industry. It has been accepted by a number of local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

Argus is a cashflow backed model which allows the finance charges to be accurately calculated over the development period. The difference between the total development value and total costs equates to either the profit (if the land cost has already been established) or the residual value. The model is normally set up to run over a development period from the date of the commencement of the project and is allowed to run until the project completion, when the development has been constructed and is occupied.

Essentially, such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, using either the profit margin required or land costs (if, indeed, the land has already been purchased).

The difference between the total development value and total costs equates to either the profit (if the land cost has already been established and inputted as a cost) or the Residual Land Value ('RLV').

The output of the appraisal is a RLV, which is then compared to an appropriate benchmark, typically based on the subject site's Existing Use Value ('EUV') of the site plus, where appropriate, a landowner's premium. The PPG requires that the premium should reflect site-specific circumstances and provide the landowner with a reasonable incentive to bring the site forward for development, in comparison with other options available to them.

Development convention and planning guidance suggests that where a development proposal generates a RLV that is higher than the benchmark, it can be assessed as financially viable and likely to proceed. If the RLV generated by a development is lower than the benchmark, clearly a landowner would sell the site for existing or alternative use or might delay development until the RLV improves.

4 Review of assumptions

In this section, we review the assumptions adopted by Savills in their assessment of the proposed development.

4.1 Gross Development Value ("GDV")

4.1.1 Market Commentary

Since early 2020, the global economy has been subject to a degree of turbulence arising from the consequences of the Covid-19 pandemic; subsequent supply chain and labour market issues; and increases in energy prices resulting from Russia's invasion of Ukraine. The UK economy has also been adversely affected by its departure from the European Union and the resulting impact on trade and tourism, as well as the government's September 2022 'Fiscal Event'. The combined effect resulted in a sharp increase in inflation to 10.7% in October 2022. In response, the Bank of England ('BoE') increased its base rate from 0.1% in March 2020 to 5.25% in September 2023. Inflation (as measured by the Consumer Price Index ('CPI')) subsequently fell from a high of over 10% in October 2022 to 1.7% in September 2024 but increased again and stood at 2.8% in April 2026. The medium to long term impacts on inflation as a consequence of USA and Israeli strikes on Iran remains to be seen.

The BoE's November 2023 Monetary Policy Report identified "*a market-implied path for Bank Rate that remains around 5.25% until 2024 Q3 and then declines gradually to 4.25% by the end of 2026, a lower profile than underpinned the August projections*". The BoE's Monetary Policy Committee ('MPC') has subsequently reduced the base rate from 5.25% to 4.5% in February 2025, with three further rate cuts to 4.25% in June 2025, 4% in August 2025 and 3.75% in December 2025 where it remains as at May 2026. Again, the medium to long term impacts on of USA and Israeli strikes on Iran as it relates to the Base rate and mortgage lending rates remains to be seen.

Despite the impact of these events, the UK housing market outperformed expectations between 2020 and mid-2022 and has subsequently remained reasonably resilient despite increasing costs of borrowing.

In its April 2026 House Price Index release, Nationwide reported that annual UK house price growth increased to 3.0% in April, from 2.2% in March. Commenting Nationwide's Chief Economist, Robert Gardener, observed that,

"UK annual house price growth picked up to 3.0% in April, from 2.2% in March. Prices increased by 0.4% month on month, after taking account of seasonal effects.

Despite the uncertainty caused by developments in the Middle East and the subsequent rise in energy prices, the UK housing market has continued to regain momentum following the slowdown recorded around the turn of the year.

This is somewhat surprising given that indicators of consumer confidence have weakened noticeably. GfK's headline index has fallen to its lowest level since late-2023, reflecting households' more pessimistic views of the economic outlook and their own financial position over the year ahead."

The April 2026 Halifax House Price Index report published in May 2026 reports that house prices reduced by -0.1% in April, following a 0.5% fall in February. The annual rate of growth also slowed from +0.8% in March to +0.4% in April.

Commenting on the figures Halifax's Head of Mortgages, Amanda Bryden, said,
"Average house prices showed little movement in April, edging down by just -0.1% compared to March, with the typical property now costing £299,313. The pace of annual growth also eased to +0.4%.

After a strong start to the year, recent global developments have added a greater degree of uncertainty to the outlook. In particular, higher energy prices have fed into inflation expectations, prompting markets to reassess the path for interest rates – a shift that has already pushed up borrowing costs for many buyers.

This understandably leads to more caution among some households, with the cost-of-living once again front of mind and extra thought being given to planned property moves.

Even so, the housing market continues to display the resilience that has been its hallmark in recent years. While activity is likely to cool in the near term, the underlying picture remains one of relative stability, supported by wage growth that continues to outpace house price inflation.

Another important factor is that the majority of existing homeowners are on fixed-rate mortgages, meaning they are largely insulated from short term changes in interest rates.

A slower pace of house price growth may be disappointing news for existing homeowners. However, for those looking to step onto the property ladder, stable prices are helpful, even if higher mortgage rates mean affordability remains stretched. The average price paid by first time buyers has fallen slightly to £238,908, its lowest level so far this year."

In their May Housing Market Update, Savills reflect on the April 2026 Nationwide report that, *"Annual growth to April was 3.0%, up from 2.2% in March, and was the highest level since May 2025. This momentum will fade over the coming months, however, as inflation and rate rises prompt discretion from buyers".*

Savills report that the approvals for remortgaging have reached a 4-year high, with "*51,300 approvals for remortgaging in March 2026, the highest monthly figure since October 2022".* They indicate that this rise in mortgage rates is reminiscent of Autumn 2022, which has *"prompted homeowners to act promptly to secure the best rate. Rates are comparable to those two years ago but may be a shock for buyers coming off a 5-year fixed term. Mortgage approvals for new house purchases remained resilient, up 1.3% from February. The threat of further rate rises is spurring some immediate action in the short-term where buyers have been able to lock in lower rates".*

They go on to consider that the "more forward-looking indicators show some signs of a slowdown in market activity". They indicate that *"In April, sales agreed (net of fall throughs) fell by -4.6% on the previous month according to TwentyCI, although they remain up 2.6% on the 2017-19 average. In March, RICS reported that surveyors have seen the lowest level of new buyer enquiries since August 2023, alongside greater levels of unsold stock and downward pressure on prices because of recent mortgage rate hikes. These indicators suggest a slowdown in market activity will be reflected in more lagged transaction and mortgage approval metrics over the coming months."*

Savills also note that the Bank of England Monetary Policy Committee voted to hold the base rate at 3.75% on 30 April and is continuing to monitor inflationary risks. Savills suggest that *"While forecasting rates to be held until Q3 2027, Oxford Economics notes that continuing geopolitical uncertainty and the secondary inflationary impacts of higher energy costs in the wider economy has increased the risk of a rate increase in the summer. If rates do increase, the higher costs for borrowers over the longer term will impact affordability."*

The latest five-year forecast from Savills was published on 5 November 2025 and republished on 6 February 2026. Their overall forecast growth for London stands at 13.6% between 2026 and 2030 in London and 22.2% for the UK.

4.1.2 Private residential values – build for sale

The proposed Development includes 71 residential units comprising one, two and three bedroom apartments in addition to three bedroom dwellings. Savills have relied upon a pricing schedule prepared by Hamptons, included in Appendix 6 of their report with an average value equating to £668 per square foot. We have included the Savills pricing summary below for ease of reference:

Table 4.1.2.1: Savills assumed pricing schedule

Unit type	Number of units	Average unit area (sq ft)	Average value (£ per unit)	Average value (£ psf)
1B2P	26	581	£354,231	£610
2B3P	7	723	£526,429	£728
2B4P	23	774	£559,348	£723
3B4P	5	1,223	£761,000	£622
3B5P	10	1,119	£734,000	£656
Total / average	**71**		**£36,905,000**	**£668**

For the avoidance of doubt, we do not consider the pricing schedule prepared by Hamptons to be comparable evidence; rather, it is merely an opinion of value without any supporting evidence. We are therefore unable to comment upon the evidence that Savills / Hamptons have relied upon. We have undertaken research into the local market through using online research facilities. There is a dearth of new build evidence within close proximity to the proposed Development; therefore, we have undertaken further research into the secondary market.

We have noted that Savills / Hamptons have assumed a value of £455,000 for a 3 bedroom 5 person unit extending to 102 square metres when all other units are valued at £755,000. We assume that this is a typographical error as the two bedroom apartment listed after is £455,000. We have therefore adjusted this three bedroom apartment in the first instance to £755,000 in line with the other similar units.

In addition, we have had regard to the comments within the Stace review of the construction costs whereby they state that the internal specification includes a number of high specification items, including premium internal doors, underfloor heating throughout the houses, PV with battery storage and enhanced M&E data installations. Stace state that they would expect the sales values adopted within the appraisal to reflect this level of specification.

After due consideration, we have adopted the following values in our appraisal:

Table 4.1.2.2: Quintic Advisory pricing schedule

Unit type	Number of units	Average unit area (sq ft)	Average value (£ per unit)	Average value (£ psf)
1B2P	26	581	£375,000	£645
2B3P	7	723	£530,000	£733
2B4P	23	774	£575,000	£743
3B4P	5	1,223	£775,000	£634
3B5P	10	1,119	£800,000	£715
Total / average	**71**		**£38,560,000**	**£697**

4.1.3 Ground rents

Savills have not included ground rents within their appraisal.

The Leasehold Reform (Ground Rents) Act 2022 came into effect on 30 June 2022, limiting ground rents in all new leases to a peppercorn. We have therefore assumed that all leases would attract a peppercorn rent and our appraisal does not attach any capital value to the disposal of the freehold.

4.1.4 Affordable Housing

Savills have not undertaken an appraisal including affordable housing; therefore, we are unable to comment upon their affordable housing value assumptions.

To value the affordable housing units, we have used a bespoke model specifically created for this purpose. This model takes into account factors such as standard levels for individual RPs management and maintenance costs; finance rates currently obtainable in the sector, and a view on the amount of grant that may be obtainable.

The 'Affordable Homes Programme 2026-2031' document provides a clear indication that Section 106 schemes are unlikely to be allocated Grant funding, except in exceptional circumstances. However, the Mayor of London's *Support for housebuilding: London Plan Guidance (2026)* indicates that grant funding may be available for schemes providing at least 20% affordable housing. Grant is available for half of the affordable units at £220,000 per social rented unit and £70,000 per shared ownership unit.

For rented tenures, the model operates a 40-year discounted cashflow in order to arrive at a net present value of the units today. For the shared ownership tenure, the model values a percentage of the Initial Tranche sold to the purchaser and capitalises the net rent on the unsold equity. The rent on the retained equity is set at a level at which total housing cost (ie. the rent plus mortgage on the initial tranche) do not exceed 40% of net household incomes.

We consider the following affordable housing values to be achievable at the proposed Development:

Table 4.1.5.1: Quintic Advisory affordable housing values (exclusive of grant)

Tenure	Capital value (£ per square foot)
Social rent	£201
Shared ownership	£412

For the avoidance of doubt, our assessment of affordable housing values does not include grant funding. However, we have undertaken a sensitivity analysis including grant funding which we have included separately within our appraisal. Further information is provided in Section 4.1.5.

4.1.5 Grant funding

Savills have not undertaken an appraisal assuming grant funding; therefore, we are unable to comment upon their appraisal results or grant funding levels.

In our affordable housing sensitivity analysis, we have assumed that the affordable housing tenure is 'social rent' and 'shared ownership' assuming a 70:30 split; therefore, we have included grant funding on half of the proposed affordable housing units at a rate of £220,000 per unit and £70,000 per unit on the social rent and shared ownership respectively. Therefore, the total grant funding assumed within our appraisal equates to £1,240,000 (£220,000 multiplied by 5 and £70,000 multiplied by 2).

4.2 Development costs

4.2.1 Construction costs

To establish construction costs for the proposed Development, Savills have relied upon a cost plan prepared by Academy Consulting ("AC") who have concluded the total construction cost should equate to £25,130,000 reflecting £3,914 per square metre (£363.69 per square foot).

The Council have instructed Stace LLP ("Stace") to undertake a review of the AC cost plan. Stace have concluded that the total cost of £25,130,000 is above what is reasonable in the current market. We have therefore adopted a total cost of £24,780,000 reflecting £3,859 per square metre (£358 per square foot) in line with advice received from Stace on a 'subject to confirmation' basis pending the Applicant's response to the following clarifications / substantiations:

- Listed buildings (Blocks F & G): The costs are not supported by structural condition surveys or heritage specialist recommendations. Further evidence should be provided before these costs are accepted without challenge;
- Internal specification: The cost plan includes a number of higher-specification items, including premium internal doors, underfloor heating throughout the houses, PV with battery storage and enhanced M&E data installations. Sales values should reflect the high specification;
- External works and utilities: external services including Thames Water diversions and attenuation measures are significant and currently unsupported by utility enquiries or a drainage strategy. These costs should be substantiated;
- Substructure: There is extensive use of piling, including to low-rise residential units. The founding strategy should be supported by structural engineering information, particularly given the site's proximity to the railway.

A copy of the Stace cost plan review can be found in Appendix 2.

4.2.2 Contingency

Savills have included a contingency allowance of 6.5% within their appraisal. We consider this allowance to be above what is reasonable and have therefore adopted the 5% contingency within our appraisal.

For the avoidance of doubt, due to the contingency being included within our total cost, we have not included an allowance separately within our appraisal.

4.2.3 Professional Fees

Savills have assumed a professional fees allowance of 8% within their appraisal. They have not provided any justification in support of their assumed allowance.

We have taken factors into account such as site constraints and scheme complexity and do not consider the allowance of 8% to be above what is reasonable for this scheme. After due consideration, we have assumed a professional fees allowance of 8% within our appraisal.

4.2.4 Planning obligations

Savills have included the following planning obligation payments within their appraisal:

- Borough CIL: £554,341;
- Mayoral CIL: £251,307; and
- Section 106 payment: £239,470; and
- Biodiversity Net Gain: £20,000.

We have adopted the above payments on a 'subject to confirmation' and 'without prejudice' basis pending discussions with the Council.

4.2.5 Finance rate

Savills have assumed an all-inclusive finance rate of 7.5% within their appraisal.

We consider this assumption to be above what is achievable in the current market and have adopted an all-inclusive rate of 7% within our appraisal. Although a bank would not provide 100% of the funding required for the proposed Development, it is conventional to assume finance on all cost in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

4.2.6 Disposal costs

Savills have assumed the following disposal costs within their assessment:

- Marketing allowance: £2,000 per unit;
- Sales agency fee: 1.5% of GDV; and
- Sales legal fee: £1,000 per unit.

We consider the above disposal costs to be reasonable in the current market and have therefore adopted them within our appraisal.

4.2.7 Developer's return

Savills have undertaken their assessment on a 'fixed land value' basis; therefore, profit is an output in their appraisal. In summary, the outturn profit in the Savills appraisal equates to 3.03% of GDV which they state "*falls short of standard assumptions of 15 to 20% of GDV*".

We have taken into account the uncertainty that is now apparent after the United Kingdom's departure from the European Union and the potential risks associated with our future trading relationships with other countries now that the transition period has expired, in addition to the risks associated with this specific development.

We have also taken into account the supply chain and cost inflation issues, the geopolitical situation which has resulted in an increase in commodities prices and high interest rates. We have taken into account the development timetable for the Application Scheme in addition to the comments above.

Our assessment of profit is based upon the perceived risks associated with the proposed Development. In reaching a conclusion on the profit level, we have taken into account the price point of the units included in the scheme in addition to the development timetable. We consider that there will be sufficient demand for the units at the value assumed. We consider a profit level of 17.5% of GDV for the build for sale element to be reasonable reflecting the risk profile of the scheme.

Where applicable, we have assumed a profit of 6% of GDV for the affordable housing element of the scheme. The reduced profit on affordable housing reflects the risk of delivery. The developer will contract with an RP prior to commencement of construction and they are – in effect – acting as a contractor, with their risk limited to cost only. After contracting with the RP, there is no sales risk. In contrast, the private housing construction will typically commence before any units are sold and sales risk is present well into the development period.

4.3 Programme timetable

Savills have assumed the following programme timetable in their appraisal:

- Pre-construction period: 6 months;
- Construction period: 18 months; and
- Sales period: 24 months commencing at month 12 of the construction period assuming a sales rate of 3 units per month.

After due consideration, we have adopted the pre-construction and construction periods within our appraisal. However, we have assumed a reduced sales period of 17 months for a 100% private housing scheme assuming 30% off plan sales and a sales rate of 2.9 units per month thereafter. For the avoidance of doubt, the off plan revenue receipts are cashflowed at PC.

5 Appraisal results

In this section, we consider the outputs of the appraisals and the implications for the provision of affordable housing at the proposed Development.

5.1 Viability benchmark

To establish a viability benchmark, Savills have referred back to the benchmark land value agreed between Carter Jonas ("CJ") acting on behalf of the Council for a previous iteration of the scheme, and Savills.

The total viability benchmark equates to £3,520,000 which Savills have adopted within their assessment. We have not been provided with any information in relation to how this capital value was assessed.

In their report, Savills have stated in paragraph 3.3.1 that the Site "*remains in use as a Hotel and Restaurant*". However, we have reviewed the Applicant's Planning Statement dated September 2024, prepared by Barker Parry ("BP") which states in paragraph 7.3 that *"the hotel has been **closed since the end of 2023** and the Site, most notably the listed buildings require significant maintenance and improvements as identified by the Structural Report which accompanies this submission. This makes **any prospect of the hotel use re-opening on the Site unfeasible** and also means residential development is the optimum viable use for the Site when considering heritage asset preservation"* (emphasis added). It is therefore illogical to apply a capital value of £3,520,000 based upon continued use as a hotel when the Applicant's own Planning Statement refers to the prospect of a hotel use re-opening on the Site as unfeasible.

We have also referred to the Structural Survey that has been submitted as part of the planning application which states that the *"existing buildings all show signs of some decay and dilapidation. To ensure the long-term future of these buildings, repairs and localised rebuilding will need to be made to address these defects."*

We have therefore adopted a notional benchmark land value of £500,000 on a strictly 'without prejudice' basis and request that Savills provide the full Existing Use Valuation ("EUV") which supports the capital value of £3,520,000.

5.2 Appraisal results

Savills have appraised the proposed Development with 100% private housing on a Fixed Land basis with the scheme generating an outturn profit of 3.03% of GDV. Savills state that this *"falls short of standard assumptions of 15 to 20% of GDV"*.

In our review of Savills' appraisal assumptions, we have recommended the following amendments:

- Increase private residential values to amend an error within the Savills / Hamptons pricing schedule;
- Undertake an appraisal including affordable housing and grant funding;
- Reduce construction costs in line with advice received from Stace;
- Reduce finance rate to reflect current market expectations;
- Adjust programme timetable to reflect current market expectations; and
- Reduce the viability benchmark.

We have undertaken appraisals of the proposed Development including 100% private housing in line with the Applicant's proposals, taking into account the recommended amendments. We have summarised the appraisal results in Table 5.2.1.

Table 5.2.1: Quintic appraisal results

Scenario	RLV (£)	Viability benchmark (£)	Surplus / deficit (£)
Scenario 1: 100% private housing	£897,034	£500,000	£397,034
Scenario 2: 20% affordable housing (10 social rent units and 5 shared ownership units) including grant	-£761,052	£500,000	-£1,261,052

5.3 Sensitivity analysis – value growth and cost inflation

To provide a more comprehensive understanding of the financial performance of the project, we have undertaken a series of sensitivity analyses of the proposed Development. For the avoidance of doubt, we have applied value growth to private residential values only. We have summarised the results in Table 5.3.1.

Table 5.3.1: Sensitivity analysis growth / inflation (Scenario 1)

Change in values	Change in costs	RLV (£)	Viability benchmark (£)	Surplus / deficit (£)
0%	+5%	-£279,154	£500,000	-£779,154
0%	+10%	-£1,557,299	£500,000	-£2,057,299
+5%	0%	£2,147,526	£500,000	£1,647,526
+10%	+5%	£2,248,529	£500,000	£1,748,529
+10%	-10%	£5,697,041	£500,000	£5,197,041

6 Conclusions

Savills have appraised the proposed Development with 100% private housing on a Fixed Land basis with the scheme generating an outturn profit of 3.03% of GDV. Savills state that this *“falls short of standard assumptions of 15 to 20% of GDV”*.

We have undertaken an assessment of the proposed Development including 100% private housing in line with the Applicant’s proposal. We have concluded that the proposed Development generates a RLV of £897,034 providing a surplus of £397,034 against the viability benchmark.

As we have set out in Section 4.2.1, the construction costs have been adopted on a ‘subject to confirmation’ basis pending clarification / substantiation requests that should be responded to by the Applicant.

In light of the Mayor of London’s *Support for housebuilding: London Plan Guidance (2026)* indicating that grant funding may be available for schemes providing at least 20% affordable housing, we have undertaken a sensitivity analysis inclusive of grant funding. Grant is available for half of the affordable units at £220,000 per social rented unit and £70,000 per shared ownership unit. The proposed Development with 20% affordable housing (10 social rent units and 5 shared ownership units) inclusive of grant funding generates a RLV of -£761,052 providing a deficit of -£1,261,052 against the viability benchmark.

The Council should note that our sensitivity analysis assessment includes grant funding at £220,000 per social rent unit and £70,000 per shared ownership unit. Any reduction in the above grant rates would impact the viability of the scheme. In addition, the Emergency Measures provides 50% Borough CIL relief which would result in a cost reduction of circa £277,500.

Appendix 1 - Argus Appraisal Scenario 1

PROJECT PRO FORMA — QUINTIC ADVISORY LLP

The Barn Hotel
Scenario 1

Project Pro Forma for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Private residential units	71	55,274	697.62	543,099	38,560,000

TOTAL PROJECT REVENUE				**38,560,000**
DEVELOPMENT COSTS				
ACQUISITION COSTS				
Residualized Price			897,034	
				897,034
Land Transfer Tax		5.00%	44,852	
Agent Fee		1.00%	8,970	
Legal Fee		0.80%	7,176	
				60,998
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Build costs	1 un	24,780,000	24,780,000	
Borough CIL			554,341	
Mayoral CIL			251,307	
S106			239,470	
Biodiversity Net Gain			20,000	
				25,845,118
PROFESSIONAL FEES				
Professional fees		8.00%	1,982,400	
				1,982,400
MARKETING & LEASING				
Marketing	71 un	2,000.00 /un	142,000	
				142,000
DISPOSAL FEES				
Sales Agent Fee		1.50%	578,400	
Sales Legal Fee	71 un	1,000.00 /un	71,000	
				649,400
Additional Costs				
Profit on private		17.50%	6,748,000	
				6,748,000
TOTAL COSTS BEFORE FINANCE				**36,324,950**
FINANCE				
Timescale	**Duration**	**Commences**		
Pre-Construction	6	Jun 2026		
Construction	18	Dec 2026		
Sale	17	Jun 2028		
Total Duration	41			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Land			136,323	
Construction			1,377,916	
Other			720,810	
Total Finance Cost				2,235,050
TOTAL COSTS				**38,560,000**
PROFIT				
				0
Performance Measures				
Profit on Cost%		0.00%		
Profit on GDV%		0.00%		
Profit on NDV%		0.00%		
IRR% (without Interest)		6.80%		

Appendix 2 - Stace Cost Plan Review

COST PLAN REVIEW

QUINTIC ADVISORY LLP
OLD BARN HOTEL, WEST END ROAD, RUISLIP

DOCUMENT CONTROL

Author(s): Matthew Gill
Approvers: Paul Burns
Client: Quintic Advisory LLP
Project / Development: Old Barn Hotel, West End Road, Ruislip
Project No. 2027/0255
Revision Number:

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Nicholas Pell	Quintic Advisory	-	-	✓

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	Author	Maths Check	Approval	Date:
Print Name:	Matthew Gill	Miles Darling	Paul Burns	18 June 2026
Signature:	M.Gill			

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APPENDICES

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

1.1.1 We have been instructed to provide an independent review of the Stage 2 Cost Plan prepared by Academy Consulting on behalf of Chase New Homes in respect of the proposed residential development at West End Road, Ruislip (the Scheme). The cost plan, dated March 2026 (Revision 5, base date Q1 2026), estimates the total construction cost at £25,130,000 (excl. VAT, professional fees and inflation), reflecting a blended rate of £3,785/m² GIA across the nine residential blocks and external works.

1.1.2 We have reviewed the cost plan in the context of a Financial Viability Assessment (FVA) and set out our observations below. Our comments are structured around the overall cost level, specific elements which require further evidence, and our recommendation regarding the mechanism for reviewing actual costs at practical completion.

1.2 OVERALL COST POSITION

1.2.1 The blended construction cost of £3,785/m² GIA is, in general terms, on the higher end of the expected range for a low-to-mid-rise residential scheme of this nature in outer West London. We consider this elevated rate to be primarily attributable to four factors:

- The presence of two Grade II listed heritage buildings (Blocks F and G) carrying significant provisional allowances and a high degree of uncertainty at this stage;
- A higher-than-standard internal specification across the houses and apartment blocks;
- Abnormal substructure requirements, including CFA piled foundations to apartment blocks at 15m depth — potentially driven by proximity to the adjacent railway line, which may impose Network Rail asset protection requirements, vibration attenuation and deeper founding strata constraints; and
- The complexity of the external works package, including Thames Water diversions and attenuation provisions.

1.2.2 Taken as a whole, the costs are not outside the realm of possibility for a scheme of this specification. However, we consider that several elements require evidencing before they can be accepted in an FVA context without challenge. We comment on each in turn below.

1.2.3 Overall, whilst we do not consider the Applicant's cost plan to be unreasonable in principle, we consider certain allowances require further substantiation before they can be accepted without challenge. In particular, the allowances associated with the listed buildings, statutory infrastructure works and certain higher-specification items remain insufficiently evidenced at this stage. We also consider the contingency allowance of 6.5% to be excessive given the extent of provisional and risk-related allowances already incorporated within the measured cost plan.

1.2.4 Subject to the comments contained within this report, Stace's adjusted position is that the construction cost should be reduced from approximately **£25.13m** to **£24.78m**, reflecting the adoption of a 5.0% contingency allowance in place of the Applicant's 6.5%. We further recommend that any planning permission is supported by an appropriate late-stage review mechanism to reconcile actual construction costs against those assumed within the Financial Viability Assessment.

2. INTERNAL SPECIFICATION – HIGH SPECIFICATION ITEMS

2.2 The cost plan reflects a specification that goes beyond a standard private sale residential developer baseline in a number of identifiable respects. Where this elevated specification is genuine and consistent with the sales values being achieved, it may be justifiable within the FVA. We would expect the sales values assumed in the appraisal to reflect and support this level of specification. If they do not, the costs would be open to challenge.

2.3 We draw specific attention to the following higher-specification items evidenced within the cost plan:

- **Internal doors**: Internal doors at approximately £750 per door.
- **Underfloor heating**: Underfloor heating to both ground and upper floors of the houses, rather than the more typical radiator-only distribution to upper floors.
- **PV array with battery storage**: Photovoltaic panels with battery storage to pitched roof dwellings, which goes beyond the standard PV array required by London energy policy.
- **M&E — heat source:** Air source heat pumps with centralised plant to apartment blocks (Blocks B, C and K), together with individual ASHP systems to houses. The M&E costs within the cost plan imply units that may be oversized for the dwellings served. ASHP capacity should be determined by a heat loss calculation, which does not appear to have been carried out at this stage. We recommend the M&E allowances are reviewed and, where necessary, adjusted once heat loss calculations have been completed and unit sizing confirmed.
- **Intruder alarms:** The cost plan includes allowances for intruder alarm systems across the dwellings. Whilst a basic alarm installation is not unusual in higher-specification residential schemes, the quantum allowed implies a more comprehensive system than would typically be included at this price point. The scope and specification of the intruder alarm installation should be confirmed and, if not justifiable by reference to the sales values, reduced accordingly.
- **WiFi and TV installations:** The data and communications allowances imply a WiFi and TV installation that goes beyond the standard new-build baseline of a single patch panel in the living area and a telephone point in the hallway. The costs suggest structured cabling, multi-room distribution or a similar enhanced installation. This is a higher-specification item that should be evidenced by a schedule of the proposed installation. Where the scope cannot be supported by the sales values assumed in the FVA, the allowance should be reduced to a standard specification.

2.4 We recommend that the financial appraisal presented with the FVA demonstrates a clear link between the specification assumed in the cost plan and the residential sales values adopted. Where sales values do not reflect a high specification, the cost plan will require adjustment.

3. HERITAGE AND LISTED BUILDINGS (BLOCKS F AND G)

3.1 Blocks F and G are identified as Grade II listed buildings, with the cost plan including provisional allowances for underpinning, full internal strip-out, new services, structural repairs, insulation and heritage-quality finishes throughout. The combined pre-on-cost allowance for these two blocks is approximately £1,465,000 across 336m², equating to blended rates of £6,052/m² (Block F) and £5,282/m² (Block G).

3.2 We consider these rates to be at the higher end of a credible range for listed building refurbishment, but they are not implausible in the absence of more detailed information. The cost plan itself acknowledges that the allowances are provisional and are prepared without the benefit of a structural survey, a services condition report or a heritage specialist's recommendations.

3.3 We have the following specific concerns:

- The substructure allowance for Block F at £1,655/m² reflects a provisional underpinning assumption. We would wish to see a structural engineer's recommendation confirming that underpinning is required and indicating its likely extent before this cost is accepted.
- The works to existing buildings allowances (including damp-proof courses, minor alterations, cleaning of existing surfaces and repairs) are provisional and unsubstantiated at this stage.
- No specialist heritage QS opinion or Historic England guidance has been referenced as a basis for the allowances.

3.4 We recommend that, prior to the FVA being accepted, the applicant is required to provide a structural engineer's condition report and a heritage consultant's schedule of recommended works for Blocks F and G. Without this, the cost plan allowances remain a provisional

4. EXTERNAL WORKS AND STATUTORY INFRASTRUCTURE

4.1 The external works package totals £2,496,380 (including on-costs), of which £820,610 relates to external services — comprising primarily Thames Water diversion and mains reinforcement works, together with surface water attenuation. This figure represents approximately £128/m² on total GIA and is the single largest external works sub-element.

4.2 We note the following:

- **The external services** allowance is unsubstantiated. It has not been evidenced by a utilities survey, a Thames Water pre-application response or a drainage strategy. On schemes of comparable scale, statutory infrastructure costs at this level can be justified, but the absence of supporting information leaves the figure open to challenge.

- **Surface water attenuation** is listed within the external services package without an associated drainage strategy or civil engineer's estimate to support the quantum.

- **Piling**: The cost plan includes CFA piled foundations at 15m depth to the apartment blocks. We also note piling is shown to the low-rise domestic units, which we question — traditional strip or pad foundations may represent a more appropriate and cost-effective solution for dwellings of this scale. It is unclear at this stage whether the piling requirement across all blocks is driven by a structural engineer's assessment of ground conditions, or by the proximity of the adjacent railway line triggering Network Rail asset protection requirements. We recommend the applicant provides a structural engineer's report confirming the founding strategy for each block, with clear justification for piling where it is proposed over conventional foundation solutions.

4.3 We recommend that the applicant is required to provide a utilities survey, a Thames Water pre-application response or equivalent, and a drainage strategy prepared by a civil/drainage engineer to substantiate the external services allowance prior to the FVA being accepted.

5. CONTINGENCY – STACE ADJUSTED POSITION

5.1 Academy Consulting has applied a combined contingency allowance of 6.5%, comprising a 2.0% design risk allowance, a 3.0% design reserve and a 1.5% client contingency. Whilst we recognise that the scheme includes a degree of uncertainty associated with the listed buildings and external infrastructure works, we consider the overall allowance to be above what would typically be expected for viability assessment purposes at this stage of design.

5.2 In reaching this view, we note that a number of the principal project risks have already been explicitly allowed for within the measured cost plan itself. This includes substantial provisional allowances associated with the Grade II listed buildings, underpinning assumptions, heritage repair works, statutory utility diversions, attenuation measures and other abnormal items. Applying a further 6.5% contingency across the entirety of the construction cost risks double-counting elements of uncertainty that have already been priced elsewhere within the estimate.

5.3 On this basis, we consider a contingency allowance of 5.0% to be more appropriate and consistent with normal viability review practice. We therefore recommend the contingency is reduced from 6.5% to 5.0%. Applied to the pre-contingency construction cost of approximately £22,814,000, this results in a reduction of circa £354,000, bringing the Stace-adjusted construction cost to approximately £24,778,000 (before rounding and excluding demolition)

6. RECOMMENDATION – LATE STAGE REVIEW MECHANISM

6.1 Given the level of provisionality in several cost items — in particular the heritage buildings, external statutory infrastructure, and the higher-specification elements of the residential fit-out — we consider it appropriate to recommend that the FVA incorporates an obligation for a late stage review of construction costs.

6.2 We recommend that the following mechanism is adopted:

- At practical completion of the Scheme, the applicant is obligated to provide a full account of actual construction costs, supported by the main contractor's final account and any specialist sub-contract final accounts, to be independently verified by a Stace LLP or agreed third-party cost consultant.
- The actual costs should be reconciled against the cost plan allowances adopted in the FVA. Where actual costs are found to be materially lower than the FVA assumptions — particularly in relation to the heritage buildings and external works — the surplus should be redistributed in accordance with the agreed viability mechanism.

6.3 This approach protects the planning authority's position while providing the applicant with a reasonable mechanism to evidence costs incurred.

7. SUMMARY AND RECOMMENDATIONS

7.1 We summarise our position and recommended actions in the table below.

Area	Stace Position	Required Action
Overall cost level	Generally high but not outside possibility for the stated specification. Sales values in the FVA appraisal must reflect the specification assumed.	Sales values support the specification.
Internal specification	Higher specification evidenced: £750 doors, UFH to all floors, PV with battery storage. M&E position appears overstated generally — ASHP units potentially oversized (no heat loss calculation), intruder alarms above standard scope, WiFi/TV installations beyond standard patch panel and telephone point. Justifiable only if sales values support.	M&E allowances to be reviewed against heat loss calculations and confirmed scope. WiFi/TV and intruder alarm specifications to be evidenced or reduced to standard. Specification to be reconciled against GDV assumptions.
Heritage buildings (F & G)	Provisional allowances at high rates. Underpinning and condition not confirmed by a structural engineer or heritage specialist.	Structural condition report and heritage schedule of recommended works required before costs are accepted.
Substructure — piling depth	15m CFA piles likely driven by railway proximity. Network Rail asset protection obligations and associated costs not separately identified in the cost plan.	Structural engineer's assessment of piling in context of railway proximity required. Network Rail BAPA obligations and costs to be confirmed.
External services / statutory infrastructure	£820,610 unsubstantiated. No utilities survey, Thames Water response or drainage strategy provided.	Utilities survey, Thames Water pre-application response and drainage strategy required.

Contingency	6.5% not justified at Stage 2. Stace recommends 5.0%, reducing the construction total by approximately £354,000.	Contingency reduced to 5.0% in the FVA appraisal.
Late stage review	Recommended. Several cost items are provisional and should be subject to post-completion reconciliation.	Late stage review clause to be included in FVA mechanism, with interim cost reporting at agreed milestones.

PAUL BURNS
Divisional Director

07976 001052
p.burns@stace.co.uk

MATTHEW GILL
Associate

07437 536087
m.gill@stace.co.uk