

Clarendon Road Area Study

Final Report



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Contents

1	Introduction	1
2	Review of Planning Policy and Supporting Information	3
2.1	Introduction	3
2.2	Local Plan Policy and Article 4 Direction.....	3
2.3	Other Policy/Evidence Considerations	5
3	Office Market Commentary	10
3.1	Introduction.....	10
3.2	The Clarendon Road Area Market	10
3.3	Competing Locations.....	17
3.4	Looking Forward	21
4	Case Study Indicative Design and Layouts.....	22
4.1	Introduction.....	22
4.1	Indicative Redevelopments of the Case Study Sites	31
4.2	Capacity for More Offices	36
5	Case Study Viability Appraisals	37
5.1	Introduction.....	37
5.2	Development Options and Assumptions	38
5.3	The Viability Results	41
5.4	Viability Options for Other Uses	41
6	Key Findings and Strategy Recommendations	43

Figures

Figure 1.1: Competing pressures in the Clarendon Road Area	1
Figure 3.1: Office Availability in Hertfordshire (Lambert Smith Hampton)	15
Figure 3.2: Trend in average office rents per annum in the Clarendon Road Area	15
Figure 3.3: Towns with the Strongest Annual Rental Growth	20
Figure 4.2: Design appraisal.....	25
Figure 4.5: Magistrates Court and Police Station.....	33
Figure 4.6: No.39 Clarendon Road	34
Figure 4.7: No.32 Clarendon Road	35
Figure 5.1: Approach to residual land value assessment for whole plan viability	38
Figure 6.2: An LDO strategy for the Clarendon Road Area	47

Tables

Table 2.1: Summary of key local policy documents relevant to the Clarendon Road Area	3
Table 2.2: Recent planning applications associated B1 parking provision on Clarendon Road.....	5
Table 2.3: Summary of the Watford Economic Development and Growth Assessment (2014)	6

Table 2.4: Future demand for additional office employment and floorspace in Watford.....	9
Table 3.1: Key Tenants in the Clarendon Road Area	10
Table 3.2: Recent planning applications on Clarendon Road (see colour code key at the bottom)	12
Table 3.3: Average 2015 rental figures from comparable office locations	19
Table 3.4: Q1 2016 South East office key deals	20
Table 4.1: Existing and potential space on the three tested plot sites	36
Table 4.2: Office sites and floorspace in the Clarendon Road Area	36
Table 5.1: Case study site options	38
Table 5.2: Other assumptions used in appraisal	40
Table 5.3: Viability findings of the three case study sites.....	41

Appendices

Appendix A Case Study Sites Development Appraisals

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1 Introduction

1.1 Scope of the Study

- 1.1.1 The basis of the study is to address the key issues and devise an appropriate strategy associated with maintaining and improving the supply of Grade A office space on Clarendon Road, Station Road and Bridle Path in Watford. This area, which we refer to through this report as the 'Clarendon Road Area' where it is centred, is Watford's prime office location and as such Watford Borough Council (WBC) are committed to maintaining and protecting this position, as reflected within the emerging Local Plan.
- 1.1.2 Despite the prominence of Clarendon Road, the Watford Economic Growth and Delivery Assessment (November 2014) identifies a number of pressures and constraints to the ongoing viability of Grade A office space at this location. This is primarily related to the pressure for conversion to residential and therefore an Article 4 direction was introduced in 2013, so that developers do not have a permitted development right to change use from B1 offices to residential uses.
- 1.1.3 In the current market, there is pressure on Clarendon Road from residential developers seeking to acquire these prime sites for residential uses, which generally will achieve high value. But there are other reasons for the pressure on existing space to develop such as the obsolescence of the existing properties in the current office market, which are explored in this report to the Council. This study has sought to identify these issues, relating to design, scale and viability in this report, to inform a Council strategy to proactively identify and grow opportunities for delivering Grade A stock in the Clarendon Road Area.

Figure 1.1: Competing pressures in the Clarendon Road Area



- 1.1.4 This report explores a number of different factors, which are important in shaping a future for the Clarendon Road Area, primarily focused on supporting businesses requiring high end 'Grade A' office space, which fall under the B1 land use class. This involves looking at existing planning policies and strategies, design principles and viability assessments to assess the existing conditions for the area, and then to look at how a future strategy may secure a viable future for the area that is in line with WBC's objectives and priorities.

Study approach

- 1.1.5 The approach to this commission has been informed by analysing planning and market conditions relevant to the Clarendon Road Area, and through considering constraints and opportunities related to key design principles. In considering these factors, three case study sites on Clarendon Road were selected with WBC for testing and demonstrating what would

be achievable for delivering new office and, if necessary, alternative uses to facilitate the delivery of a strong office market in the Clarendon Road Area.

- 1.1.6 The initial brief requirements included analysis of whether it was necessary to incorporate different uses on sites to improve the deliverability of Grade A offices, and if so, to what degree. If additional uses were necessary to support viability, how could this best be done without compromising the deliverability of other sites. With significant improvements in the office market in Watford and the region, largely fuelled by the UK's growing economy and a lack of office spaces within London, the viability work established early on that pure office use is viable within the realm of acceptable design possibilities on the test sites, and therefore no integration of other uses (i.e. high value residential) is required to deliver viable schemes.
- 1.1.7 It was also identified that integrating offices and residential uses within the same site would rarely be a preferred position for developers or occupiers of either uses, except in the case where residential developers are able to secure permission only by allowing some space for offices. Therefore, the focus has switched from the original brief which was to look at planning space for dual uses to focusing on single uses on a plot by plot basis.
- 1.1.8 The delivery of new Grade A office development in the Clarendon Road Area will ultimately serve to demonstrate viability and be a catalyst for the market. There is a strong office market in this central Watford area, along with substantial investment in Watford Junction which is major transport hub adjacent to the area, so a key issue is about managing the amount of floorspace available to provide the required quantity and quality to meet future requirements in the borough. This report therefore seeks to unpick the myriad of issues relevant to achieving this, concluding with detailed recommendations for a WBC strategy for the Clarendon Road Area.

1.2 Structure of the Report

- 1.2.1 The report is structured to look at planning, viability and design issues associated with devising an appropriate strategy for the Clarendon Road Area, as follows:
 - **Section 2** reviews planning policy and supporting information relevant to the Clarendon Road Area;
 - **Section 3** provides a market commentary, looking at what makes Grade A office space, analysis of comparable locations and information about performance from local market research;
 - **Section 4** provides an overview of key design issues and indicative design layouts based on three sample sites and **Section 5** assesses their viability for coming forward based on current market values and costs; and
 - **Section 6** comprises key recommendations in terms of a future strategy for the Clarendon Road Area.

2 Review of Planning Policy and Supporting Information

2.1 Introduction

- 2.1.1 There is a clear focus through existing policy to retain and enhance the provision of office space in the Clarendon Road Area, and WBC are adopting a proactive stance on this. The policy context reflects not only the importance of the Clarendon Road Area as the key location for office provision in the borough, but also the vulnerability of the location from competing uses, i.e. residential, driven by high values. The policy approach is also driven by the evidence of significant need for additional office space in future years. Overall the policy context aims to promote the location through focusing on employment uses to bolster local prosperity by improving existing stock and restricting change of use to residential by way of an Article 4 Direction.
- 2.1.2 This section addresses the policy context and associated evidence base relevant to The Clarendon Road Area. This includes a review of recent planning applications within this area.

2.2 Local Plan Policy and Article 4 Direction

- 2.2.1 **Table 2.1** below summarises key WBC policy and its relevance to the Clarendon Road Area. Local Plan 1 (CS) outlines how Clarendon Road should remain the focus for employment use, particularly B1 office uses. Despite some buildings remaining vacant in recent years, the policy aims to protect the area from redevelopment as residential.
- 2.2.2 Regulations permitting temporary office-to-residential conversions came into force in May 2013, and were subsequently made permanent on 6 April 2016 subject to some changes. In Watford, an Article 4 direction was implemented in 2013 to ensure that developers will require a planning permission to change use from B1 offices to residential land use. However, there have been a number of changes in land use through applications being granted permission after the Article came into force, but these have been justified based on matters specific to each site.

Table 2.1: Summary of key local policy documents relevant to the Clarendon Road Area

Policy	Date	Policy Summary	Relevance to Clarendon Road
Local Plan Part 1 Core Strategy, Adopted 2013	2006-2031	LPP1 Core Strategy – setting out the key elements of the council's vision and planning structure for the borough.	TC SPA - ensure the office focus remains on Clarendon Road. EMP1 – targets 7000 further jobs, approx. half of which should be provided in Clarendon Road. Encouragement will be given for improvement to employment stock on Clarendon Road. EMP2 – Protect allocated employment areas, primarily for B class uses, whilst recognising that a broader mix of employment generating uses is appropriate in the SPAs.

Policy	Date	Policy Summary	Relevance to Clarendon Road
Local Plan (2006-31) Part 2	Consultation	Under consultation period	Taller buildings policy one pinnacle building at 50m with a general maximum of 35m. Car parking provision – Guidance only not policy. Policy T6, aims to provide a restraint on private car, encouragement of non-car use. Guidance for 0.5 spaces per 30m for new B1 uses. Policy EMP5 Clarendon Road, Station Road and Bridle Path Office Area - development should deliver additional modern, high quality B1a and B1b office floospace to meet the needs of growth sectors.
Local Plan Strategy 2016-36	In planning stage	This will be the next Local Plan, looking ahead horizon to 2036.	Consequently, this may inform the scale of office supply in the Clarendon Road Area to meet a longer term requirement for offices.
Article 4 Direction	From June 2013	Change of use from office to residential requires planning permission within set area.	The Clarendon Road Area is entirely covered.

The 5 year housing supply

- 2.2.3 Despite the overall aim to preserve Clarendon Road as a centre for employment, and the Article 4 direction protecting against residential development in the vicinity, three addresses on the Clarendon Road have been identified as part of WBC's 5 year housing supply. However, one of these, 36 Clarendon Road, has since received a second application which does not include the residential components of the original application (34 units).
- 2.2.4 The three Clarendon Road sites included in the 5 year housing supply are listed below:
- 36 Clarendon Road – 34 residential units;
 - 32 Clarendon Road – 22 residential units; and
 - 24 Clarendon Road – 42 residential units (outside the study area and not subject to Article 4)

Car Parking Guidance

- 2.2.5 The Local Plan Part 2 Consultation proposes a revised policy approach in relation to car parking provision. The changes in the Plan reflect government policy through detailing guidance (as opposed to standards) on the appropriate level of parking.

- 2.2.6 The recommended level of parking provision is determined by the accessibility zone in which the proposed site is located. For B1 offices, the guidance, as published in the Local Plan Part 2 Consultation, proposes the following standards:
- Accessibility Zone 1 = 0.5 spaces per 30 sqm
 - Accessibility Zone 2 = 1 space per 30 sqm
- 2.2.7 All of Clarendon Road falls within Accessibility Zone 1. But the policy states that these ratios are parking guidance and not standards, so it is not a necessary requirement for new office developments within the Clarendon Road Area to meet these standards.¹ A number of recent planning applications on Clarendon Road have been analysed based on their proposed parking provision, shown in **Table 2.2**. This shows that recent applications have provided approximately 60% of the parking suggested in the guidance.

Table 2.2: Recent planning applications associated B1 parking provision on Clarendon Road.

Application Reference	B1 floor space (sqm)	Guidance parking space provision	Parking spaces provided	Percent of guidance provided
15/01539/FUL	2,746	46	27	59%
15/01787/FUL	4,502	75	45	60%

- 2.2.8 The lack of existing car parking provision that has been associated with recent planning applications may reflect a lack of expectation for high levels of parking provision in the area. The close proximity of public transport facilities and high levels of connectivity suggest that the private car is not the predominant mode of transport for existing B1 land uses in the Clarendon Road Area. Also, feedback from the consultations has identified that the Clarendon Road Area may be seen as a cheaper option for occupiers moving from central London, and these occupiers will tend to have lower requirements for car parking.

2.3 Other Policy/Evidence Considerations

Watford Economic Development and Growth Assessment

- 2.3.1 The Watford Economic Development and Growth Assessment (2014) (the EDGA) was prepared by Nathaniel Lichfield and Partners (NLP) on behalf of WBC. It provides an evidence base upon which the LP2 will be based. It also provides information relevant to the market position in Watford generally and to Clarendon Road specifically. It is therefore important to consider this report.
- 2.3.2 Therefore, **Table 2.3** summarises the context, importance, pressures and constraints of Clarendon Road, as identified within the Watford Economic Growth and Delivery Assessment.

¹ Since it is not possible to refuse planning permission on such grounds of deviation from guidance.

Table 2.3: Summary of the Watford Economic Development and Growth Assessment (2014)

Issue	Key Points
Context	<ul style="list-style-type: none"> - Established location for B1 in the area. - Good transport links - Located within M25 – close to London – 15 mins to Euston, trains every 10 mins - Existing high end lets – similar tenants can be attracted - Hotel and conference facilities in the vicinity / in the process of development
Importance	<ul style="list-style-type: none"> - Key location and focus for grade A office space in the area - Importance of Clarendon Road to Watford itself – remains the main location within the borough for office employment and is suggested to contain future jobs as part of the Core Strategy - EMP 1. - SPA 1 – part of future plans along with retail centre to the south
Pressures	<ul style="list-style-type: none"> - Pressure from residential developers. High house prices in the area make residential conversion an attractive investment. Need for new homes exacerbate this problem and increases attractiveness of location. - A number of locations within SPA to provide residential - Need for Article 4 direction demonstrates that WBC aiming to protect Clarendon Road to sustain a focus on B1 uses.
Constraints	<ul style="list-style-type: none"> - Lack of large floor space within one building. Many smaller offices spread across different addresses. - Requirement for high end companies to have all services under one roof - Would attract further investment from long term tenants if higher quality provided - Vacancy levels recorded as relatively high, but high quality office space has very low vacancy. Suggests that the desire to be located on Clarendon Road is present from potential tenants, but a requirement for more high quality b1 f/s.
Future	<ul style="list-style-type: none"> - Clarendon Road requires higher quality office space to ensure higher quality tenants. The need for residential provision should be provided where suitable, but not in a way that detracts from the overall focus of the area. Ancillary facilities should be provided in the area (hotels/conference facilities/convenience stores) as opposed to residential where possible.

Watford

2.3.3 The Watford Economic Development and Growth Assessment makes the following conclusions in relation to the office market in Watford:

- When compared with employment space in the development pipeline, Watford would appear to have insufficient employment floorspace in quantitative terms to meet future needs up to 2031 under the majority of scenarios of future growth;
- Additional space will need to be identified if Business needs are to be met within Watford over the plan period;
- There has been a lack of delivery of high quality office space in Watford in recent years; and

- One of the key challenges WBC must seek to manage is how to ensure delivery of new space, particularly in central Watford.

The Clarendon Road Area

- 2.3.4 In relation to the Clarendon Road Area, the Watford Economic Development and Growth Assessment (EDGA) states;

*'Many of the buildings in and around the Clarendon Road vicinity are not particularly large. As a result, CR may be **missing out on a number of sizeable, active requirements** which are a feature of the market at the moment. Some employers are spread across more than one address which may not be ideal when consideration is taken for their future location. There is the potential that dispersed office space may require a move to new addresses away from Clarendon Road.'*

- 2.3.5 The report confirms that the decision to take out an 'Article 4 Direction' is necessary to protect the employment land on Clarendon Road. In addition, the report addresses the concern that the makeup of existing employment floor space in the vicinity could be an issue for development moving forward. Smaller office space requires the large occupiers in Watford to divide their operations over numerous buildings or floors. This may detract employers in the future from remaining on Clarendon Road, affecting the type of development required in the future.
- 2.3.6 The EDGA reported a vacancy rate of high quality office stock on Clarendon Road to be just 4%, which does not take into account the continued churn of office letting, ensuring there is always a certain level of floor space on the market; whilst low quality vacancy rates in Watford sit at around 15%.
- 2.3.7 The EDGA report also noted that a large amount of the office stock on Clarendon Road needs upgrading to better meet changes in the current and future office requirements across the region.
- 2.3.8 There is evidence in the report to conclude that there is a market for high quality office/employment floorspace that Clarendon Road needs to provide in order to remain an attractive location for high end employers. With the requirement for increased levels of employment floorspace, the report suggests that a number of options emerge for consideration by the council. These include
- Stricter approach to determining proposals for change of use (Article 4 direction taken out in response);
 - Encourage upgrade and refurbishment of existing areas to improve efficiency; and
 - Consider allocating additional sites for office development to increase current choice and capture potential economic opportunities.

Summary

- 2.3.9 In summary, the report shows that Clarendon Road should remain the key employment focus for Watford. However, limited levels of high quality lets are available and the report suggests that these need upgrading to continue to encourage high quality employers to stay in the area. There needs to be an increased provision of 'Grade A' office space in the area, particularly on Clarendon Road. If it does not, then comparable but less sustainable or secondary locations within Watford, and in the surrounding area (considered in the next chapter of this report), may become more attractive to potential tenants.

South West Hertfordshire Economic Study, February 2016

- 2.3.10 The South West Hertfordshire Economic study sets out the economic baseline and growth scenarios for South West Hertfordshire, which includes Watford, Dacorum, Hertsmere and Three Rivers Councils. These authorities are reported to have a shared strong market linkage over a range of data on travel to work, leisure and retail, and migration, so they form a 'functional economic market area' for evidencing future changes in jobs for plan making purposes.
- 2.3.11 The economic baseline, which forms part of the economic study, points to an area with strong economic assets benefiting from close proximity to London. But this is not reflected in the level of recently developed commercial floorspace due primarily to high residential land values.
- 2.3.12 Consultation with commercial agents, which formed part of the evidence base for the study, provided evidence of a severe lack of stock at Clarendon Road and very little office development coming through in Watford since the recession in 2008. The study attributes the lack of employment land as a key factor in restricting office development coming forward. This is in the current climate where new development through rental prices is financially viable.
- 2.3.13 Watford is identified as having a shortage of employment sites coupled with a strong pressure for commercial to residential use due to the higher land value associated with the later use. Owing to the lack of space in Watford, it is noted by commercial agents that the lack of supply is leading potential investors to widen their search, to include a number of locations outside of the area.
- 2.3.14 The study looks at the scale and characteristics of employment growth that the area might plan for over the period from 2013 to 2031 and 2036 and the related requirements for land and floorspace that entails. The 2036 period reflects the next stage of the Watford Plan (Local Plan 3), and therefore it is relevant to consider the employment growth over this period and the Local Plan 2 period separately.
- 2.3.15 The study projects three main growth scenarios, which are:
- **Employment-led Scenario** – Drawing on the employment trend forecasts;
 - **Labour Supply Scenario** – Using ONS's 2012 sub-national population projections as a starting point to estimate the number of new jobs that would need to be created to support South West Herts' growing population; and
 - **Higher Growth Scenario** - The growth potential of the economy is enhanced still further as a result of the major transport investment planned which will increase the appeal of South West Herts as an investment location and improve the viability of new development.
- 2.3.16 For Watford, the economic study identifies the potential number of new office jobs and floorspace that are expected to locate in Watford between 2013 and 2031 and 2036 based on the three different scenarios reported in **paragraph 2.3.15**. These are summarised in **Table 2.4**.

Table 2.4: Future demand for additional office employment and floorspace in Watford

Scenario	Jobs (FTEs)		Flsp metres	
	2013-31	2013-36	2013-31	2013-36
Employment Led Scenario	6,100	6,800	92,400	103,700
Labour Supply Scenario	6,100	7,400	106,800	129,100
Higher Growth Scenario (excl: Radlett SRFI)	8,600	9,400	130,400	143,500

Source: South West Hertfordshire Economic Study, February 2016

- 2.3.17 The report points to significant land requirements for employment in Watford and recommends that the Clarendon Road Area is supported as a location for continued office use.

3 Office Market Commentary

3.1 Introduction

- 3.1.1 In devising a sustainable strategy for the future of Clarendon Road, it is essential that this is rooted in a sound understanding of the market in terms of the product Clarendon Road can deliver, the demand and competition for this product, and how it can be future-proofed to ensure it is deliverable in the longer term. This section considers what the market is, what it is doing and where it is likely to change in terms of the Clarendon Road Area.

3.2 The Clarendon Road Area Market

- 3.2.1 The main office market on the edge of London inside the M25 is Watford. Watford, with two major office locations at the Clarendon Road Area and outside of the centre at Croxley Green Business Park (Three Rivers District Council), is the main office within Hertfordshire. But its stock of offices is heavily concentrated within the town centre area in the Clarendon Area, where major occupiers have headquarters along with other prominent occupiers, discussed below.

Major occupiers on Clarendon Road

- 3.2.2 At present, the Clarendon Road Area is the home for some major occupiers and it would be illogical for any future Clarendon Road Area strategy not to focus on retaining their presence; not least because their presence provides place marketing and instils a confidence among other occupiers and institutional investors to invest in Watford.
- 3.2.3 The key occupiers on Clarendon Road are well established and have generally been in this location for many years, up to 20 years for some. Some key tenants are listed in **Table 3.1**.

Table 3.1: Key Tenants in the Clarendon Road Area

Occupier	Address
KPMG	58 Clarendon Road
TJX Europe	50 & 41 Clarendon Road
FIS Global	41-43 Clarendon Road
Supply Desk (formerly Kellis Group)	31-35 Clarendon Road
Galderma UK	69-71 Clarendon Road
ACI Worldwide	55-57 Clarendon Road
Chubb (formerly ACE Europe)	51 Clarendon Road
Cadbury Schweppes	46 Clarendon Road
Polo Ralph Lauren	46 Clarendon Road

- 3.2.4 Consultation with five of these occupiers on the Clarendon Road has provided useful insight to scope the potential for further investment or disinvestment for offices in the Clarendon Road Area based on their current business satisfaction, including their perceptions of the area as a place to do business, for staff to work and for clients to visit, and their future growth strategies.

- 3.2.5 Overall, the view of key occupiers was positive in terms of Clarendon Road as a place to do business. Key occupiers are in Grade A office buildings to fit the image of the company, with parking available to senior staff only and a limited number of spaces for visitors.
- 3.2.6 This established presence on Clarendon Road brings with it strong loyalty of staff, many of whom are local or travel a short distance to work. This staff loyalty is a key factor in firms staying on Clarendon Road to maintain the existing workforce. One firm noted that should they seek alternative premises then they would look to relocate within a 10 mile radius in order to retain existing staff.
- 3.2.7 This is a positive acknowledgement because in the modern workplace, like that in the Clarendon Road Area, both businesses and its workforce are fairly footloose, and the key ingredients for retaining their presence is their symbiotic relationship induced by making a place a nice place to live and work. Retaining and encouraging businesses and skills in the area should form part of the future Clarendon Road Area strategy.
- 3.2.8 The majority of key occupiers have canteen facilities within their premises and therefore are fairly self-contained and generally happy with this. It was commented by some occupiers that there is a lack of food and drink premises along Clarendon Road and a greater choice would add to the appeal of the location. For one occupier, this was their main gripe.
- 3.2.9 The Clarendon Road Area was considered to be a cost effective location for office space when benchmarked with London and other competing locations like Reading. Without exception, key occupiers identified location as the biggest advantage to Clarendon Road. In particular, proximity to Watford Junction Station with the links to London and also links to the M1 and M25. It was also noted that proximity to the station was less to do with people commuting to the office (most walk or drive a short distance), but rather the ease of getting into London for meetings. However, with the planned improvements to Watford's connectivity with outer, inner and central London, the relationship between local businesses, the local workforce and the business market will broaden out to the benefit of all businesses on the Clarendon Road.
- 3.2.10 The main drawback to the location was considered to be a lack of parking provision. As one noted, parking is very restricted on their site and so staff often park in public spaces within Watford. None of the firms considered that visitor spaces are suitably catered for, with several pointing towards their client and supplier reps needing to drive to their offices for meetings, which is particularly important for some visitors who bring demonstration supplies with them.
- 3.2.11 Traffic congestion on the local road network was also noted as a key concern. It was suggested that taxis serving the train station were adding to the congestion and, at a more micro level, because they were parking along Clarendon Road, this was restricting the visibility for cars pulling out of premises along the road.
- 3.2.12 One of the main businesses identified that they were currently operating at capacity and that they were gradually increasing the number of staff. The company is on a short term lease with a break clause, and therefore it would be likely that additional space will be sought in their shared building or elsewhere. Grade A space would be required, not least because it would reflect on the reputation of the occupier.
- 3.2.13 The recent job expansion of another occupier has led the business to occupy multiple buildings across the Clarendon Road Area. With the expectation of continued growth, they are looking to consolidate into a single large office, potentially requiring more than 40,000 sqm of Grade A floorspace. To achieve this in the Clarendon Road Area, then they would need to redevelop an existing site.
- 3.2.14 Overall, the consultation identified that the presence of established and reputable occupiers, who are satisfied with the local workforce pool, along with the advantages offered by the close

proximity to Watford station with improving access to London, and the wider strategic road access, combine to suggest that the Clarendon Road Area has a comparative advantage for office occupiers in the future. The only threat to this, other than improvements in competing markets, was considered by consultees to be the parking provision related to new developments, with concerns that the overall parking issues in the Clarendon Road Area will worsen. However, given that Clarendon Road is a very sustainable location, parking should not be a critical factor.

Recent planning applications

- 3.2.15 There is scope to consider recent planning applications as a proxy for market conditions since they provide good snapshot of the demand for land use changes in the Clarendon Road Area in recent years. Generally, the incentive for seeking a change of use is likely to be when the gross value of an alternative use is about 25 to 30% or more than the value of the existing use.
- 3.2.16 **Table 3.2** and its key below, provides the summary of recent major planning applications. However, a caution should be applied when considering recent applications because, like in most places outside of the City of London, this will not reflect the positive demand for offices but reflects the high value of housing in an area with high levels of housing pressure. However, the applications do identify the relative position of offices as a preferred land use compared with demand for higher values uses, notably housing, which have potential to displace office requirements from suitable and even strong office locations.

Table 3.2: Recent planning applications on Clarendon Road (see colour code key at the bottom)

Site location	Application reference	Date	Application description	Refused/approved
1 Clarendon Road D17 1LQ (*)	12/01282/FULM	21 st December 2012	Conversion of part of first floor, second floor and roof space to form 21 residential flats and associated parking	Conditionally Granted
24 Clarendon Road (*)	14/01613/JPD	7 th November 2014	Change of use from Office to residential	Not required
36 Clarendon Road, WD17 1HA	14/00531/FULM	7th April 2014	Demolition of an existing buildings and redevelopment of the site to create 2,220 sqm of Office and 34 Residential flats	Granted*
36 Clarendon Road, WD17 1HA	15/01539/FULM	2 nd November 2015	Erection of 6 storey building to provide 2,746 sqm B1a floor space with associated parking	Granted*
39 Clarendon Road			Objection to LP2 – wish to be excluded from employment area	
53 Clarendon Road WD17 1LA	15/01787/FULM	24 th December 2015	Redevelopment of the site to provide an 8-storey building comprising 4,502sqm B1, and one 8 storey building comprising 50 residential units + Basement Car Park	Pending
53 Clarendon Road WD17 1LA	14/01363/FULM	23 rd September 2014	Redevelopment to provide a part 9 part 10 storey building comprising 4,648 sqm of commercial B1 and 52 residential units	Withdrawn (See above entry on the same site)
65-67 Clarendon Road WD17 1DP	11/00872/EXT	24 th August 2011	Renewal of Change of use application from office to 157 bed hotel	Granted

Site location	Application reference	Date	Application description	Refused/approved
65 Clarendon Road, WD17 1DS	15/00588	17 th April 2015	Construction of conference facility above existing car park.	Granted
77 Clarendon Road, WD17 1DS	13/01137/DEM	28 th October 2013	Demolition of Office Block. Objection to Local Plan Part 2 policy. Request to be included in SPA2 (Watford Junction)	
33 Bridle Path	14/01324/FULM	15 th September 2014	Demolition of existing office unit, filling of underground car park and development of 75 residential and	Pending
7,9,15 Bridle Path	14/00555/OUT M	16 th December 2014	Outline application for a mixed-use development of up to 30 residential units	
9 Station Road	12/00306/FULM	7 th June 2012	Demolition of existing building and construction of new block comprising 14 residential units and 200sqm Office space	Granted
21 Station Road			Pre Application discussions on redevelopment for mixed use office, hotel and retail	

Key:

Red – Application for Residential Development
 Blue – Application for Office Development
 Green – Application for Office and residential mixed use
 Orange – Application for a Hotel Development
 Purple – Other

(*) Outside the study area and not subject to Article 4 Direction.

- 3.2.17 From the relevant applications, four were applying for a change of use from office to residential, whilst only two were full applications for solely office development, one of which was withdrawn (note that two of sites are outside the study area). However, three sites have been put forward for mixed use (including 53, Clarendon Road, previously withdrawn) which will include office and residential uses, with a 4th involved in pre application discussions for office, hotel and retail.
- 3.2.18 Two further applications have been made for hotels on Clarendon Road, whilst a final application submitted in 2015 was for the construction of a conference facility.
- 3.2.19 Although the number of recent applications for new or improved office space is small, the development of a hotel and conference facilities suite support this office focussed area in the town by providing supplementary facilities that are likely to be used by occupiers in the office space in the Clarendon Road Area. Also, as outlined in the Watford Economic Development and Growth Assessment, there is a requirement in the vicinity for higher quality and improved office space, as well as larger floor spaces within one building.
- 3.2.20 The recent planning activity on Clarendon Road listed in **Table 3.2** does not suggest that it is likely to lose its focus as a key office location. However, there is always a diverse spread of buyers in most office markets, as recent research by Colliers² have identified that 23% of all office buyers in the South East are seeking to buy to convert to residential uses. But importantly, the applications do not suggest a vastly improved provision of high quality office space, which may reflect a number of concerns in the market about the lack of larger developments plots with sufficient parking to retain and attract large high end companies.

² South East Offices Q1 2016, accessed online: <http://www.colliers.com-/media/files/emea/uk/research/offices/16156%20-%20south%20east%20office%20snapshot%20q1%2016%20-%20v6%20web%20final.pdf?la=en-GB>

Improvements to existing office stock to meet market demand will be required if the area is to reach its economic potential. Therefore, the right type of space is considered next.

Quality of office space

- 3.2.21 The Clarendon Road employment area is the main office location in Watford. The area is in a highly sustainable location due to its proximity to the main line station to the town centre, close to leisure and retail facilities, making it an attractive working environment, as identified by the consultation with major occupiers. Previous research that we have undertaken has shown the unique role of central areas in producing positive benefits for the knowledge based and consumer service activities that locate in town centres. Urban success is based on the concentration of activities in a mix and density that produces location advantages like more face-to-face contact, inter-trading, competitive intensity and wider labour markets that are uniquely achievable in central areas. This is what is likely to the Clarendon Road Area unique advantages in the wider Watford area context.
- 3.2.22 Therefore, It may be an obvious place for Grade A office investment but, as identified in the recent Watford Economic Growth and Delivery Assessment, none of the buildings in the study area are particularly large and consequently it is possible that Watford is failing to deliver on size requirements from large employers, which would then be lost elsewhere leaving the site to the mercy of alternative and potentially higher value uses like housing, as reflected in the recent planning applications and some permissions.
- 3.2.23 However through Local Plan policy and the introduction of the Article 4 Direction, there is a strong drive by the Council to protect the office potential of the area and through a strategy for supporting office development, it is seeking to support improvements to the current offer that will serve to suit future requirements. The policy context and evidence base identifies Clarendon Road as a focus for Grade A office space in Watford. The Economic Development and Growth Assessment identifies that the lack of 'Grade A' office space is a key issue for the future success of Clarendon Road.
- 3.2.24 'Grade A' office space is defined typically as newly built or recently redeveloped within the last 10-15 years. It is finished to a high standard to ensure high quality tenants, and are let at above market rate. 'Grade A' offices will usually be located in central and desirable areas within towns and cities.
- 3.2.25 'Grade B' and 'Grade C' office space is of a lower quality, and is generally older. Grade B may have originally been provided as Grade A, but has been downgraded due to degradation of the building and lack of refurbishment in recent years. The majority of office land use in the Clarendon Road Area is in this class since some is catering for a wide range of tenants and located in desirable but not 'flagship' locations. 'Grade C' provides functional space for basic office use, but rarely provides adequate facilities or a high quality finish. Some of the uses along the Clarendon Road will fall in to this class, particularly those buildings where there have been a number of new developments and applications submitted in recent years, as documented in **Table 2.2**.

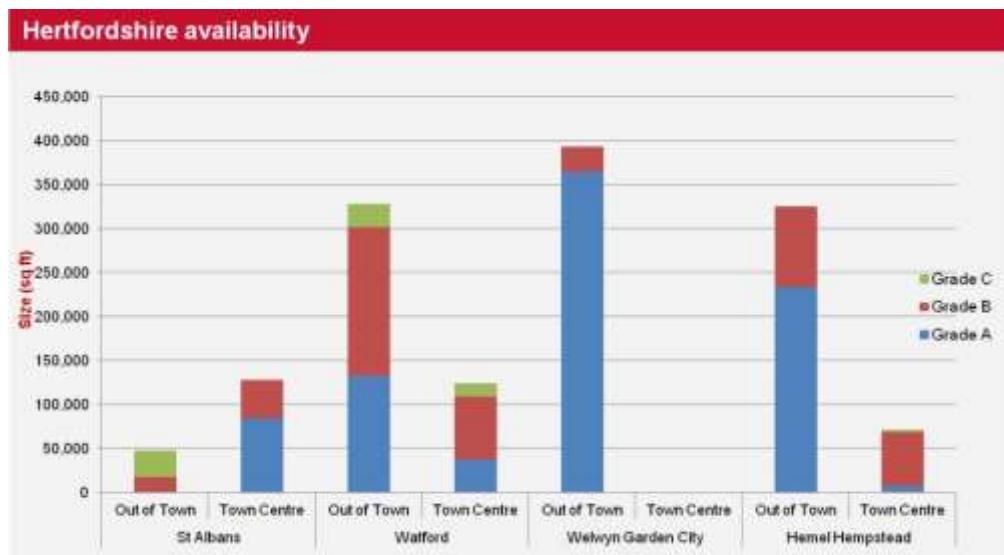
Performance of the local office market

- 3.2.26 Research conducted by Lambert Smith Hampton³ regarding the availability of office space across Hertfordshire indicates that the availability within Watford town centre is considered fairly low. Most importantly, the research also indicates that it is Grade A office space that is in particularly low supply.

³ LSH (2015) Hertfordshire Office Market Pulse Q1 2015

3.2.27 The Watford Economic Development and Growth Assessment (2014) identified that the vacancy for high quality office stock on Clarendon Road was only 4%. This equates to a low vacancy rate which is not likely to be sufficient for an optimal property market. Specifically, the vacancy rate in Clarendon Road should be a frictional rate that is necessary to allow for choice and therefore easy movement of occupiers within the market without impacting on business output or property market prices beyond the long run equilibrium rate. Discussions with local and national property agents suggest that this frictional supply should be somewhere between 5% and 10%. With the vacancy rate in the Clarendon Road Area being just below the market average, this points towards a tight demand within the existing stock.

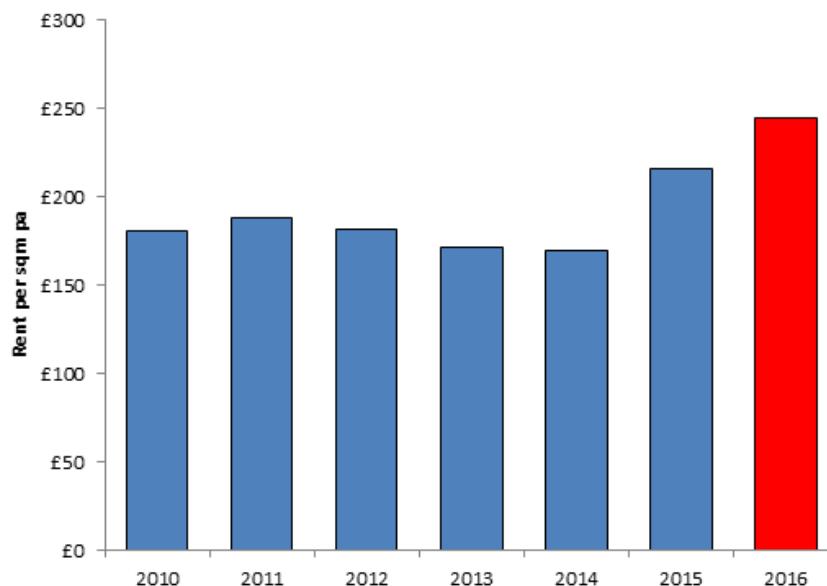
Figure 3.1: Office Availability in Hertfordshire (Lambert Smith Hampton)



Source: Lambert Smith Hampton

Source: PBA Research using EGI data

Figure 3.2: Trend in average office rents per annum in the Clarendon Road Area



Source: PBA Research using EGI data

- 3.2.28 All other things being equal, the by-product of low vacancy of office floorspace can be seen through changes in rental values. Using data from EGI, PBA have calculated the average rental values achieved on transactions on Clarendon Road between 2010 and 2016 (data available up until May 2016). This data indicates that rental values have stayed fairly constant in the post-recession period to 2014, averaging at around £185 per square metre before a significant step change. **Figure 3.2** shows this step change in the last year or so, with the average rents achieved rising to £245 per sqm in 2016. New builds can be expected to achieve higher than these average rents.
- 3.2.29 This is supported by recent research from Savills (March 2016) that notes the Watford office market to currently command a rent of £24 per sqft (c.£250 per sqm). However, it is important to compare this with competing locations and, according to the same research, even at this much higher than trend rents, Watford rents remain cheaper than offices in outer west London. Notable recent transactions in the year to date include the entire building of 64 Clarendon Road (approx. 6,000 sqm) for £260 per sqm and Meridien House (approx. 5,500 sqm) for £255 per sqm.

Feedback from local agents and developers

- 3.2.30 Consultations about the Clarendon Road Area office market area with local agents took place in March 2016. Feedback was also gleaned from a developer workshop held in Watford BC's offices in March 2016, which was attended by various members of the development industry (such as developers, agents housebuilders land promoters, in addition to the consultants and council officers).
- 3.2.31 The consultations highlighted that new office space in Watford would be considered attractive because of its close proximity to the motorway/airport/good schools/parking, and would therefore be attractive to occupiers looking to relocate out of London. This demand was expected to potentially come from more back office functions coming out of London.
- 3.2.32 Historically, the high proportion of the available office space in the borough and in the Clarendon Road Area was second-hand, and considered to be poor in overall appeal, and would not be regarded as prime. It was felt that the relatively new offices in the borough were attractive and fit for purpose, but much of the older stock (Grade B and C) was lacking quality for current high value demand for the location, which was considered to be a prime office location. Also, bigger floor areas were considered to be better for office investment, and therefore many of the existing office spaces were not quite fit for purpose for the current and likely future office market demand coming from businesses and institutional investors.
- 3.2.33 The potential lack of car parking associated with town centres, and specifically with the Clarendon Road Area, was seen only as an issue for certain occupiers and potential investors, with those businesses needing more spaces being more likely to choose to locate to places like Croxley Green Business Park. Also, there is potential competition from Croxley Green with new rail line and good parking.
- 3.2.34 It was also commented that Clarendon Road lacks local services such as café/restaurants to support the employee population. However, this was less critical than having the right quality and size of working space. For example, one participant had recently gained permission for the first speculative office/café scheme on Clarendon Road. But it was noted that the scheme had to be made bigger in scale to attract investors.
- 3.2.35 The lack of recent developments and the high number of vacant buildings in the Clarendon Road Area occurred at a time when there was a lack of market certainty to match the high security sought by investors. However, in Watford, and particularly the Clarendon Road Area, the number of enquiries for office space is now considered to be strong, with the historical uncertainty easing. This has been fuelled by the improvements in the macro-economy and

driven by the shortage of sites for Grade A offices in Watford and the wider London and South East office markets, which are discussed below.

- 3.2.36 The problem now is the lack of space. It was estimated by one agent that there was just around half a year supply of Grade A office supply in Watford. One consultee noted that an office-led development they were working on was the first new development in the area for around seven years.
- 3.2.37 There is a high level of demand for Grade A space in Watford, but the lack of supply has constrained the market and driven prices up. Values for quality office space in the Clarendon Road Area were reported as having risen sharply over the past 18 month period, but were beginning to stabilise. A price of around £25-28 per sqft (approx. £270 to £300 per sqm) for Grade A speculative offices and £30+ per sqft (£320+ sqm) were quoted from several sources in relation to the prime Clarendon Road location, with yields at around 6% reflecting a healthy market driven by occupier businesses moving away from high rents in London. In less prime areas of the Clarendon Road Area, achieved yields were suggested to be around 6.5%.
- 3.2.38 One consultee noted that they had increasingly been helping Watford-based businesses move outside the borough to Leighton Buzzard and Bedford and attributed this trend to the price difference and lack of suitable employment space in Watford.
- 3.2.39 There was a discussion about residential uses in the Clarendon Road Area. It was felt that there may be scope for more employment-led hybrid schemes with residential elements but this would work better by using single sites for one type of use. In part this is because offices and residential users do not always complement each other, as experience from permitted development for mixed use residential conversions elsewhere had highlighted that the noise was a commonly cited concern among the neighbouring commercial occupiers.
- 3.2.40 It was suggested that if a residential element were to be pursued for the Clarendon Road Area, that it would need to come forward on a substantial plot rather than as small part of commercial development. The exception was for corner plots with double frontage, or plots with full perimeter access like the Magistrates and Court and Police Station site, which did potentially allow for true mixed use schemes.
- 3.2.41 It was also noted that the developer market is reluctant to build and purchase mixed use blocks combining residential and office uses. This is because residential developers will want to be in and out quickly, without having the burden of marketing commercial units which tend to take longer to sell and/or let. Also, the current market for commercial/office spaces was considered to be strong enough for pure commercial schemes without need for residential.

3.3 Competing Locations

Locations within Watford Borough

- 3.3.1 There are two key areas that are considered competitors for 'Grade A' office space in Watford Borough. These are located at Belfry Business Park, Colonial Way, and Croxley Green Business Park, Hatters Lane (Three Rivers District Council).

Belfry Business Park, Colonial Way

- 3.3.2 Belfry Business Park (BBP) is located on a wider industrial estate to the north of Clarendon Road. It is approximately equidistant from Watford Junction, but easier to access via car from M1 and A4008. In addition it is likely to avoid traffic congestion around Watford town centre that affects Clarendon Road. There is some 'Grade A' office space at this location, and owing to cheaper rents than the Clarendon Road Area, it could potentially attract occupiers to move to Belfry Business Park.

- 3.3.3 Despite this, the business park offers much less space than the Clarendon Road Area, covering a smaller area with an absence of any ancillary facilities in the vicinity (hotels, restaurants, conference facilities etc.). Although the easy vehicle access may encourage a level of interest from potential high quality occupiers, the lack of space and therefore fewer similar tenants in the vicinity is most likely to not be a large competitor for Clarendon Road in the future.
- 3.3.4 Adjacent to Belfry Business Park are the headquarters of Weatherspoon's and Hilton Worldwide, which would be considered as 'high end' tenants. However, they are located in a slightly isolated location, between residential area to the north and Watford Junction to the south. The location of these high end occupiers is most likely to be related to their close proximity to Watford Junction, and the transport links this provides across the area and the wider UK.

Watford Business Park/Croxley Green Business Park

- 3.3.5 Watford Business Park is located on the southern edge of Watford, outside of the town centre and approximately halfway between Watford and Rickmansworth. It is within Three Rivers District Council and is significantly larger than Belfry Business Park, set on the edge of Watford rather than close to the town centre and the amenities that provides, and Watford Junction. As such, it has poorer public transport links than Clarendon Road and Belfry Business Park, but it does provide a higher level of parking than Clarendon Road. The parking provision at Watford business Park/Croxley Green is 1 space per 30sqm owing to it being within zone 2. Also, because of its out of centre location, the provision of parking is a vital ingredient for encouraging office occupiers. Consequently it attracts business occupiers wanting car parking spaces. The metropolitan Tube Line is located approximately 1km to the northwest of the Business Park, but there is not a direct pedestrian link from the station. These characteristics tend not to be so suitable to the type of businesses that will be leaving central London wanting access to public transport for their staff, and placing less reliance on staff driving to work.
- 3.3.6 Although Watford Business Park is large, the majority is made up of warehousing, car show rooms and 'Grade C' office space. However, Croxley Green Business Park is centred on Hatters Lane to the west of Watford Business Park. This is where the majority of the Grade A office is located, with larger sized buildings with considerable office floor space, inter-dispersed with green spread out spaces since there is more land than the constrained location of Clarendon Road. Much of the 'Grade A' office space has recently been upgraded and the majority of buildings are currently fully let at present, suggesting that the park is fairly successful in terms of attracting occupiers.
- 3.3.7 Although at present public transport connections are not ideal, there are proposals for an extension to the metropolitan line from the Croxley Green Business Park to Watford Junction. This would pass the edge of Watford Business Park, and a station is planned as part of the route. This would improve connectivity, particularly with central London but would also ensure visitors and employees can reach the business park from Watford Junction quickly. There is also a free bus for all employees that connects the park to Watford Town Centre.
- 3.3.8 Consequently, Croxley Green Business Park is a major competitor to the Clarendon Road Area. However, as local agents have suggested, this competitive threat is dampened by its remoteness and its lack of ancillary facilities, which detract from it being a genuine competitor for 'high end' office occupiers. The ease of connectivity and existing facilities located at the Clarendon Road Area, not to mention the close proximity of the town centre should ensure that, as long as improvements and sufficient upgrades to existing office space in the Clarendon Road Area are completed, the location will be preferable for most high end occupiers, and especially those relocating from dense locations like London.

Competing locations in the South East

- 3.3.9 As an office location, Watford's attraction is predominantly based on the excellent levels of connectivity available; by road, rail and air. The south east of England has the largest economy of any region in the UK, largely centred on businesses located in offices in Central London, but also the office occupiers spilling out around London in and outside of the M25 motorway and the London airports, where there are good national and international transport links. Watford is typically defined as being located in the North M25 market area, which includes locations such as Hemel Hempstead, Welwyn Garden City, Luton, Borehamwood, and as far north as Milton Keynes.
- 3.3.10 Watford is part of this sphere of influence from London, and as a result it is likely to be competing with and/or complementing these other outer London and Central London office locations. As such, it is useful to compare the rental values of office space in similar locations around the M25 area to Watford, and in particular Clarendon Road, as shown in **Table 3.3**. This outlines comparable 'Grade A' office space in the south east by average rental price, and annual growth over 2015. It also shows 'Grade B' office space rental prices.

Table 3.3: Average 2015 rental figures from comparable office locations

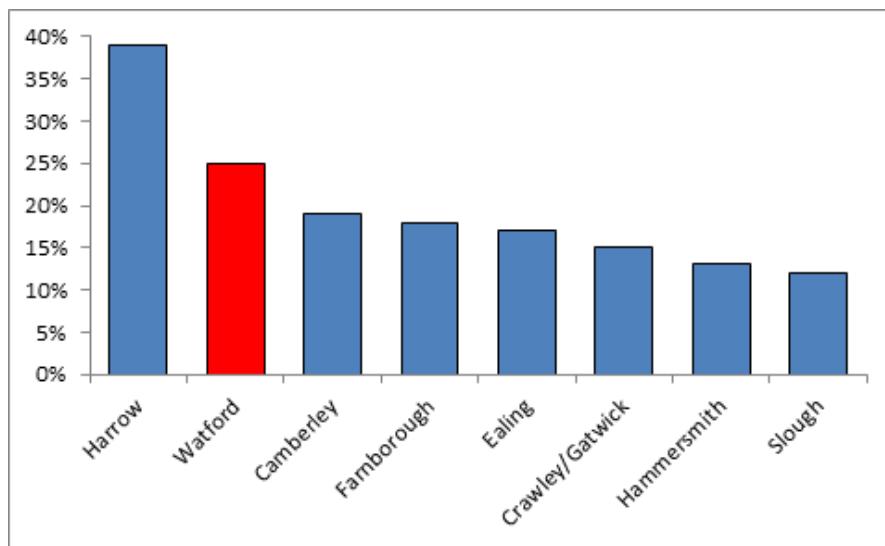
Office centres	Grade A Rent	Grade A Annual Growth (2015)	Average Grade B Rent
Watford	£22.50	0%	£14.00
Milton Keynes	£21.00	0%	£12.00
Luton	£16.00	0%	£11.00
Hemel Hempstead	£17.50	0%	£11.00
Borehamwood	£18.00	0%	£12.50
Welwyn Garden City	£17.00	0%	£13.00
Slough	£27.00	23%	£17.00
Reading	£33.50	8%	£24.00
Crawley	£24.00	2%	£17.50
Bracknell	£22.50	13%	£18.00

Sourced from research provided by Colliers International: <http://www.colliers.com/en-gb/uk/insights/offices-rents-map>

- 3.3.11 Little growth has been recorded in 'Grade A' except in certain locations, all of which are south west of London. Although these are some distance apart, Watford would seem to be competing in terms of price with Milton Keynes, and the south west of London locations. Hemel Hempstead, Luton and Welwyn Garden City are close by and cheaper, but this may reflect less attractive nature of these locations for 'high end' occupiers, and they are further from London in terms of travel time, and are less well connected in particular terms of rail.
- 3.3.12 As of 2015, Watford has the highest average 'Grade A' rent for M25 north area. It has also performed better in terms of rental increase for all offices when compared with other South East town locations, as copied in **Figure 3.3**. This suggests it is the most attractive location when comparing to other areas, aside from perhaps Reading and the south west of London.
- 3.3.13 Identifying a typical initial yield along with the rental levels discussed above is useful for estimating the capitalised value of new office buildings. This is because a yield is a measurement of future rental income from the office property investment based on the property's market value. Therefore, a lower (or keener) yield suggests that the property has

more value. But information about property yields is harder to come by since it will be influenced by a number of factors including the rent, lengths of leases, and lease breaks.

Figure 3.3: Towns with the Strongest Annual Rental Growth



Sourced from research provided by Colliers International: <http://www.colliers.com/-/media/files/emea/uk/research/offices/16156%20-%20south%20east%20office%20snapshot%20q1%2016%20-%20v6%20web%20final.pdf?la=en-GB>

- 3.3.14 As noted earlier, local Watford agents have suggested that the achievable yields for new office buildings in the Clarendon Road Area would be about 6% to 6.5%. For comparison, as shown **Table 3.4**, Colliers report in their March 2016 South East Offices report, priced deals including leases terms and yields for properties across the South East. Colliers also note that at March 2016, the prime office markets in the South East are achieving a fairly static yield of 5.15%. While the estimated yields for the Clarendon Road Area are less favourable for redeveloping offices than in other prime markets in the South East, the rates are not substantially different to the prime markets, and therefore even with the less keen yield of 6.5%, this is comparable with the key deals achieved at the Thames Valley Park in Reading and Seebeck House in Milton Keynes.

Table 3.4: Q1 2016 South East office key deals

Property	Size (sqft)	Size (sqm)	Awult to Break/ Expiry	Price	Net Initial Yield	Purchaser
420 Thames Valley Park, Reading	72,021	6,691	4.9 years / 9.9 years	£25.45m	6.55%	Palm Capital
Frizzell House, Bournemouth	113,983	10,589	25 years / 58 years	£23.15m	4.96%	Canada Life
Seebeck House, Milton Keynes	40,248	3,739	15 years	c£10.3m	6.36%	Palmer Capital
1 The Arena, Bracknell	25,422	2,362	12 years	£7.868m	5.68%	CCLA
GMAC House, High Wycombe	19,678	1,828	9.5 years	£6.175m	5.73%	Worshipful Company of Draper

Sourced from research provided by Colliers International: <http://www.colliers.com/-/media/files/emea/uk/research/offices/16156%20-%20south%20east%20office%20snapshot%20q1%2016%20-%20v6%20web%20final.pdf?la=en-GB>

- 3.3.15 Parking in the centre of Reading is at 1 space per 250sqm, and it is one space per 30sqm/50sqm in Milton Keynes. Spaces in Milton Keynes are provided at exactly the standards, whereas some in Reading are providing more than the standards.
- 3.3.16 In summary this suggests that at present, Watford is the most attractive location in the M25 north area, and gains higher rents than similar locations in the vicinity. However, the constant change in the office market and the requirements for significant upgrading to office stock on Clarendon Road mean that Clarendon Road will need to develop further to continue to be an attractive location for high end occupiers in the area.

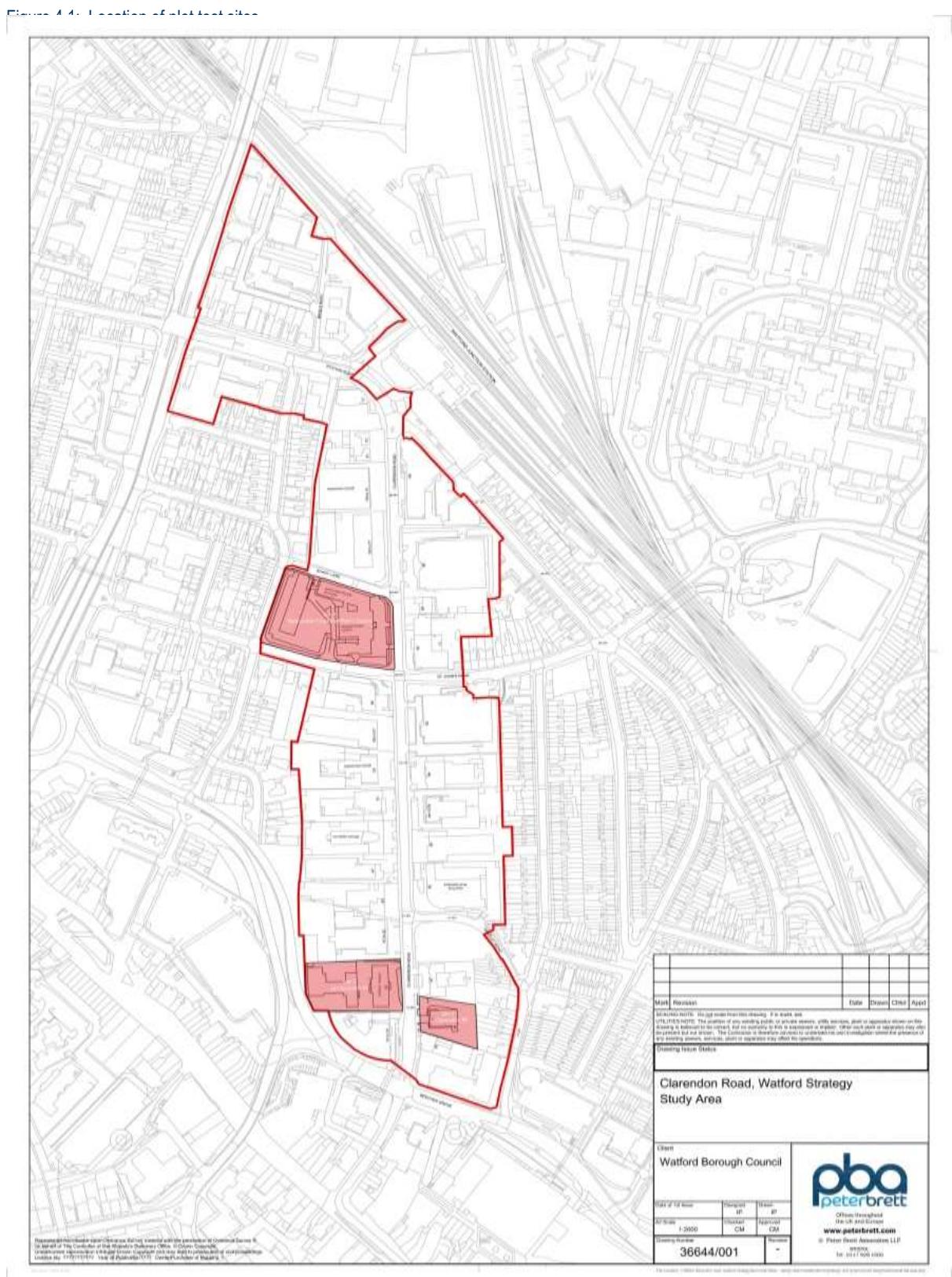
3.4 Looking Forward

- 3.4.1 As discussed in **Chapter 2**, the South West Hertfordshire Economic Study (February 2016) evidences strong demand for office space in Watford due to the continued growth in professional services and other office based sectors, which will result in a significant increase in demand for office space over the next 20 years. This is particularly the case for Grade A headquarters type uses, attracting leading financial, legal, and professional service occupiers.
- 3.4.2 This Economic Study sought to quantify the amount of future office space that would be required in Watford based on three scenarios for future employment sector growth, as summarised in **Table 2.1** in **Chapter 2** of this report. As is well known, forecasts reflect a snapshot in time, and are never certain and often wrong. Nevertheless, we must use them because no other tools are available to help plan for the long term. We consider the market evidence about long term demand for offices using the South West Hertfordshire Economic Study findings since this offers probably the most reliable and up to date evidence to do this. Good planning has to take account of both the near and the far future, in different ways. Therefore, for the purpose of this research, it would be sensible to consider the future trend for office space demand up to 2036, as is reported in the South West Hertfordshire Economic Study.
- 3.4.3 Depending on whether the trend employment led scenario or the higher growth scenario tested in the economic study is to be believed, it is expected that a net additional 103,700 sqm to 143,500 sqm of office floorspace will be required in Watford during the period from 2013 to 2036. This is a healthy requirement and the lower figure alone is equivalent to having another Clarendon Road Area in Watford.
- 3.4.4 The next chapter looks at how much of this required office space may be supported through redevelopments in the Clarendon Road Area. In **Chapter 6**, a comparison is made between future requirements for office space in Watford and the amount of space that should be protected for office expansion in the Clarendon Road Area in order to avoid excessively over or under supplying the market, which would not be a good for Watford's competitive economy.

4 Case Study Indicative Design and Layouts

4.1 Introduction

- 4.1.1 This section addresses key design principles to assess capacity and to guide future developments within the Clarendon Road Area. This is intended to inform the most appropriate design response for different parts of the study area.
- 4.1.2 We consider design in this chapter through a series of plans and draft development schedules. These are discussed and shown as follows:
- Urban design appraisal - key issues of relevance for this piece of work;
 - Car parking plan – existing;
 - Urban design principles – initial thoughts for different locations; and
 - Development schedule.
- 4.1.3 The indicative design work is based on three plot test sites, as follows:
- Site 1 – Magistrates Court and Police Station;
 - Site 2 – No.39 Clarendon Rd; and
 - Site 3 - No.32 Clarendon Rd.
- 4.1.4 These three sites are highlighted in **Figure 4.1**.
- 4.1.5 The case studies are also considered in terms of their potential delivery of new office floorspace in terms of scale and quantum, with the later informing a key part of the findings and recommendation for how much land should be retained for future office redevelopment.



Urban Design Appraisal

- 4.1.6 The plan highlights some key issues which need to be considered in setting up design principles that will apply across the whole site, and for different locations.

Street frontages

- 4.1.7 The Local Plan E6 Policy area contains frontages onto three main streets, and the character of each is different, which are described here:

- **Clarendon Road** – Large floorplate office buildings along both sides of the road, contrasting with development along streets to the rear on either side, which is largely 2 storey residential. These buildings have replaced earlier Victorian Villas and, despite the commercial character, the street is narrower and much quieter in character than either Station Rd or St Albans Rd;
- **Station Road** – This is a busy route leading to Watford Junction Station, with 4 storey modern office buildings on the south side and two storey houses converted to office use on the north side. There is also an imposing 2/3 storey listed pub in this location; and
- **St Albans Road** – Another busy route, with recently developed with 5 storey buildings to the east, and 2/3 storey Victorian terraced buildings forming the edge of a Conservation Area to the west.

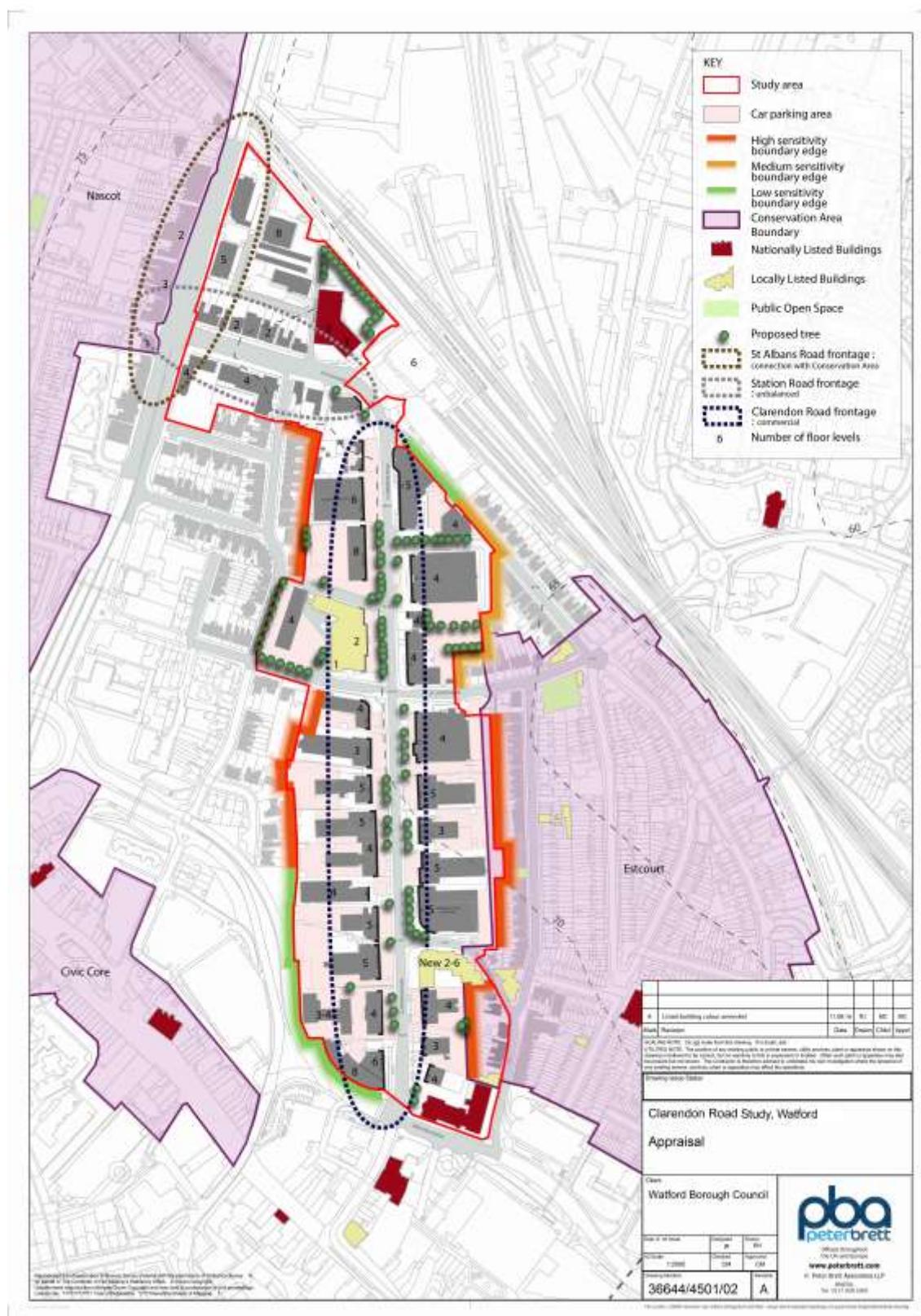
- 4.1.8 The buildings along Clarendon Road currently follow a strong building line with little variation. Most are set back from the road, and the retention of this approach provides opportunities to enhance existing tree planting and reinforce the sense of a boulevard along the street.

- 4.1.9 There is currently variation in height and footprint along Clarendon Road. Buildings such as 58 Clarendon Road, which have a large bulk and mass as well as height, have a greater impact on the street scene than those which create a more continuous frontage, which are observed as a more continuous street.

- 4.1.10 A number of the buildings form a T shape, with frontage to Clarendon Rd with additional accommodation to the rear.

- 4.1.11 Where buildings are on plots that also sit on corners, there will be opportunities for more than one frontage.

Figure 4.2: Design appraisal



Relationships with neighbouring buildings

- 4.1.12 The relationships with neighbouring buildings to the rear raises a number of questions, and some sites within the Clarendon Road Area are more sensitive than others, depending on their neighbouring uses. Variations include:
- Highly sensitive locations where plots are bounded to the rear by 2 storey terraced housing. In these locations the relationship between proximity of the rear element, its height and fenestration are all important;
 - Locations where plots are bounded to the rear by other commercial buildings;
 - Locations where plots have more than one frontage. In some instances, these are quiet residential streets which have a higher level of sensitivity and elsewhere, plots front onto other main streets which have a lower level of sensitivity; for example the plots in the south of Clarendon Road, which also have a frontage onto the ring road;
 - In some locations there is potential to create perimeter block development where the height fronting onto Clarendon Road may be higher than onto other streets;
 - Across parts of the study area , there is a fall in the land from west to east which means that potential development plots will sit up above the residential development to the east. This is likely to exacerbate any impact on the more sensitive locations; and
 - There is potential for over-shadowing from higher buildings, in particular those in the Estcourt Conservation Area to the east.

Car parking

- 4.1.13 The car parking guidance is set out in Local Plan Part 2 Consultation on additional policies and key changes, December 2015 to February 2016. This suggests a car parking level for B1 office buildings of 0.5 spaces per 30 sqm, and a rate of 0.75 spaces per unit for residential units of 1 to 2 bedrooms.
- 4.1.14 The car parking plan shown in **Figure 4.3** is a variation in the way parking is currently provided on site, with some use of the levels to provide basement car parking, and some decked car parking visible at first floor level. When this is at the rear of sites, it also has an impact on the residential dwellings to the rear.
- 4.1.15 There is currently a substantial amount of car parking on site frontages that is evident in the parking plan.

Building heights along frontages

- 4.1.16 Policy TB1 in the building heights SPD provides a guide to building heights. This suggests heights can be up to 35 metres (10 storeys), with potential for one landmark pinnacle building opposite the station of up to 50m (15 storeys).
- 4.1.17 We have set out locations where we consider there to be scope to accommodate buildings up to the level set out in Policy TB1, which is shown in **Figure 4.4**. In general, we believe the area around Watford Junction is most suitable for taller buildings, subject to good design.

- 4.1.18 We consider that there may be some potential for several taller 8+ storey buildings in the south of Clarendon Road, adjacent to the Town Centre and the ring road. Elsewhere we think the appropriate height will be 5/6 storeys.

Figure 4.3: Car parking

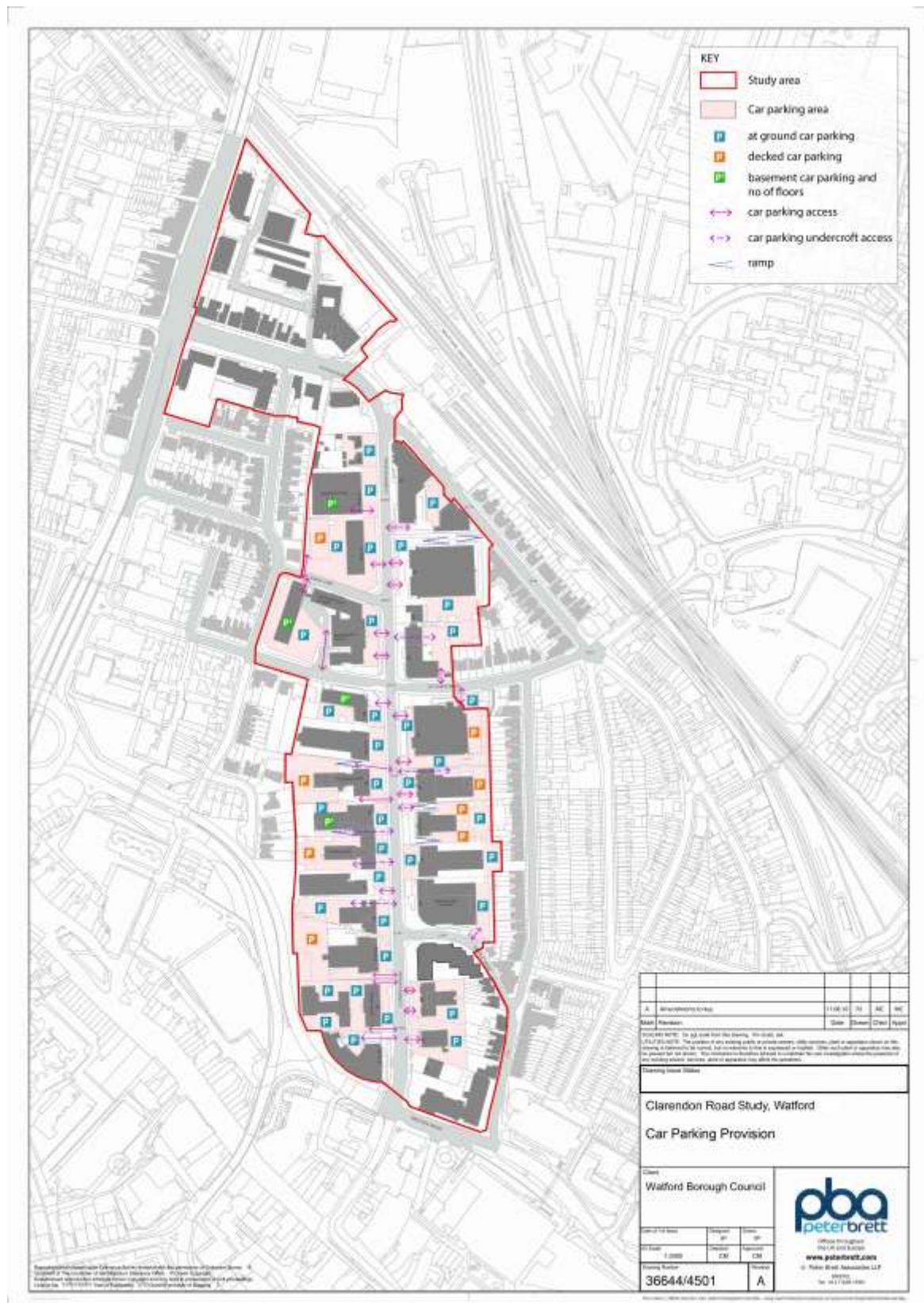
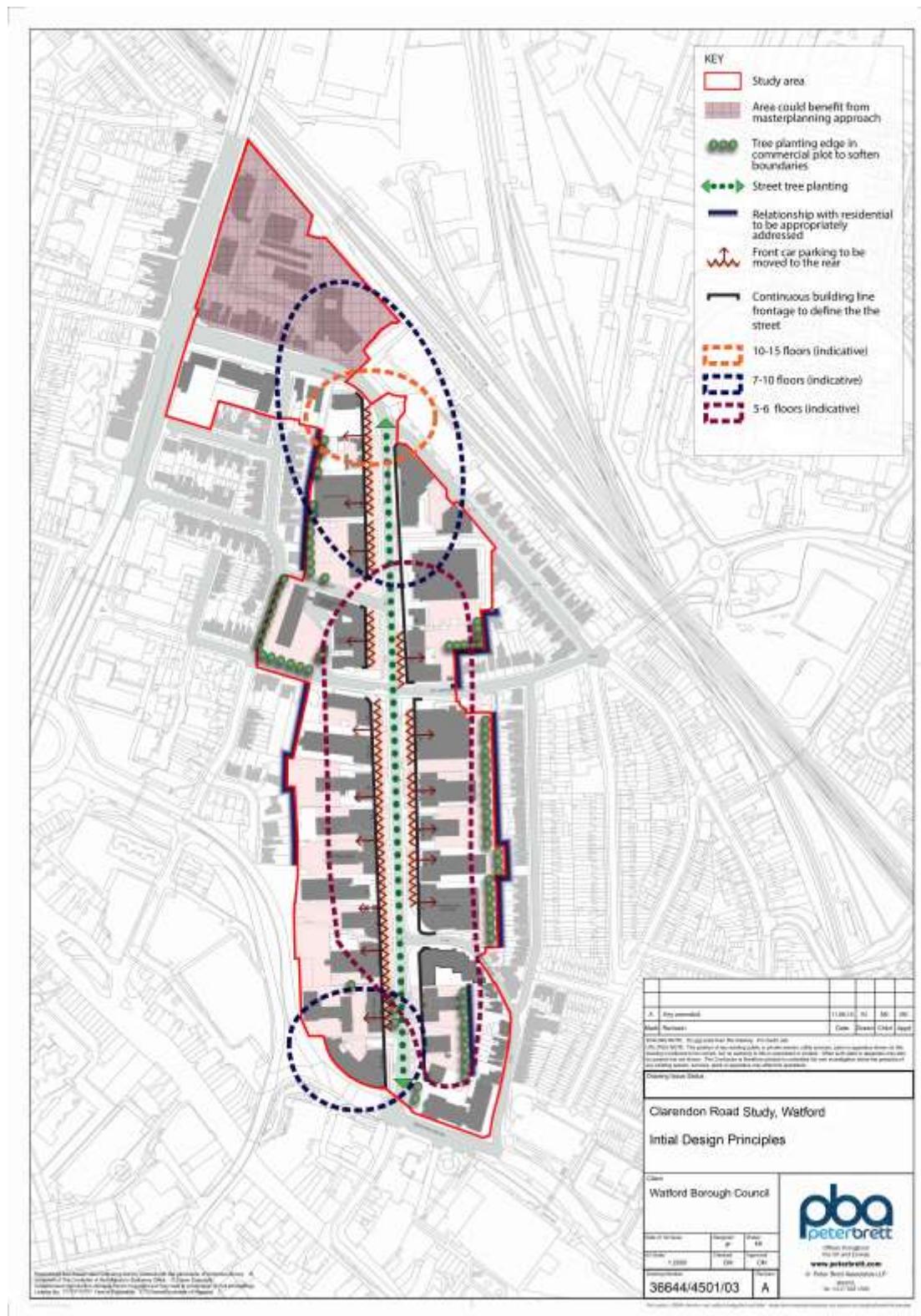


Figure 4.4: Initial design principles



Other elements of site frontages

- 4.1.19 Buildings should be set back to reinforce the existing building line along the street. This set back allows the heights of buildings to rise, without making the street feel too enclosed or oppressive.
- 4.1.20 The frontage areas would benefit from the planting of street trees, public realm treatment, and where appropriate seating and/or café's, through a co-ordinated approach such as a streetscape document.
- 4.1.21 The presence of car parking on the street frontage tends to detract from the character of the street. Where possible, options to provide parking to the rear and undercroft/basement should be explored.
- 4.1.22 The development of a more continuous frontage along Clarendon Road should generate better uses of each plot and create a terraced feel to the street. This would help to minimise the impact of large buildings on the street because the massing of rear extensions cannot be seen from the road.

Treatment of rear boundaries

- 4.1.23 The treatment of rear boundaries should respond to the level sensitivity of the location as discussed above.
- 4.1.24 Where the rear boundaries of plots front onto other streets, opportunity should be taken to reinforce and enhance the character of those streets, including consideration of appropriate height and use.
- 4.1.25 Specific distances for setbacks for rear extensions (or indeed buildings with larger footprints) from rear boundaries could be identified for different heights – e.g. 2 storeys – 10m, 3 storeys – 15m etc. This is something that might be established based on consideration of previous planning applications.
- 4.1.26 In locations where plots back onto residential dwellings, the use of tree planting to screen the taller buildings along with suitable gaps for avoiding overly dominant massing on these elevations will be important.
- 4.1.27 In locations where buildings turn corners and front onto side streets, there may be opportunities to raise heights, and create a more distinctive architectural response.

Car parking

- 4.1.28 Car parking should be provided to the rear of buildings, with undercroft access provided where frontages are continuous.
- 4.1.29 Where changes in site levels allow, basement parking, or courtyards raised on a podium above ground level parking can be considered. However, the use of decked car parking across the whole of the rear of a site may have negative impacts upon properties to the rear.

The northern triangle

- 4.1.30 The area bounded by Station Road, St Albans Rd and Watford Junction is likely to come under pressure for development in the near future (and already is). It includes a substantial area of 'backland' as well as remnant larger residential dwellings fronting onto the north side of Station road in an area where much of the road frontage has already been re-developed to much higher levels.

4.1.31 This area would benefit from master planning treatment to:

- Ensure that taller buildings come forward in the most appropriate locations;
- Allow / stimulate site assembly to take place in a way which could combine plots and avoid incremental development which may damage potential future re-development of adjacent sites; and
- Provide proper consideration of the site containing the Flag pub (listed) and its boundaries onto Bridle path and the footpath link to Watford Junction Station.

4.1 Indicative Redevelopments of the Case Study Sites

Site 1: Magistrates Court and Police Station

Indicative scheme

- 4.1.1 As the tested layout for the redevelopment of this site shows in **Figure 4.5**, this site is envisaged as a perimeter block. A 6 storey office block is created along Clarendon Road, stepping down to 3 storeys as it goes to the back along Westland Road to better relate to the 2 storey houses on the other side of the road.
- 4.1.2 Ground floor and basement car parking would be provided to meet the demands of the new development. The ground floor car parking would be provided under a podium level which is used as a courtyard space on the first floor. Access would be off St Johns Rd.

Site 2: No.39 Clarendon Road

- 4.1.3 This site has frontage onto both Clarendon Road and the ring road. The tested layout of redeveloping this site is shown in **Figure 4.6**, which shows a building to the south reaching 6 storeys along Clarendon Road and 8 storeys along the ring road. The character of the ring road in this location benefits from the addition of taller buildings that follow the plot boundary, as they help to give the space some definition and create a better sense of enclosure. The set back from this road is something that needs further consideration however and is related to whether a footpath / public realm could or should be provided along the ring road.
- 4.1.4 This area generally has potential for some higher buildings (when compared to the central part of the street) because this area is closer to the Town Centre, already has some higher buildings and has some open areas (i.e. the ring road) which would benefit from better enclosure.

Indicative scheme

- 4.1.5 As shown in the tested layout for the redevelopment of this site in **Figure 4.6**, this site has been laid out as a c-shape with the building following the northern edge of the plot. This is a principle which needs consideration. The use of continuous frontage along Clarendon Road is something which helps to maximise the use of the potential space, and brings greater continuity to the street. Most of the existing buildings on the street create their rear off-shoots as a T Shape, but there may be opportunities to develop up to plot boundaries, and thus create a better defined space within the site.
- 4.1.6 There are obvious implications for the potential future re-development of the site to the north. It may be though, that supporting this approach will stimulate developers to create composite sites in the future, with more perimeter block type approaches that together, will allow for buildings to create more useable rear courtyard spaces, rather than sit within the space, leaving left over space around the edge.

- 4.1.7 We propose an intensive use of the plot with a deep 6 storey building. The internal courtyard is a glazed atrium and the whole site is built out.
- 4.1.8 Car parking is provided at both basement and ground floor levels.

Site 3: No.32 Clarendon Road

- 4.1.9 This site has frontage only onto Clarendon Road. To the rear are the backs of residential buildings and the back of a commercial building on Gartlet Road.

Indicative scheme

- 4.1.10 As shown in the tested layout of redeveloping this site in **Figure 4.7**, the principle of a continuous frontage is followed, and the building line turns to follow the same angle as the buildings immediately to the south.
- 4.1.11 The building is a single block which steps down in height from 6 storeys to 3 storeys towards the residential area. The building takes up the majority of the site and extends further north and south.
- 4.1.12 The depth of the office building allows for a setback of 9 m from the boundary. This steps down to the rear and assumes the gable end contains no fenestration. It does however allow for a roof garden at 3rd Storey level, and the impact of this overlooking onto neighbouring gardens needs to be considered.
- 4.1.13 Much of the ground floor is covered with car parking except for the frontage which is retained as office space in order to provide a more active street frontage.
- 4.1.14 Car parking is provided at ground floor level only.

Figure 4.5: Magistrates Court and Police Station



Figure 4.6: No.39 Clarendon Road

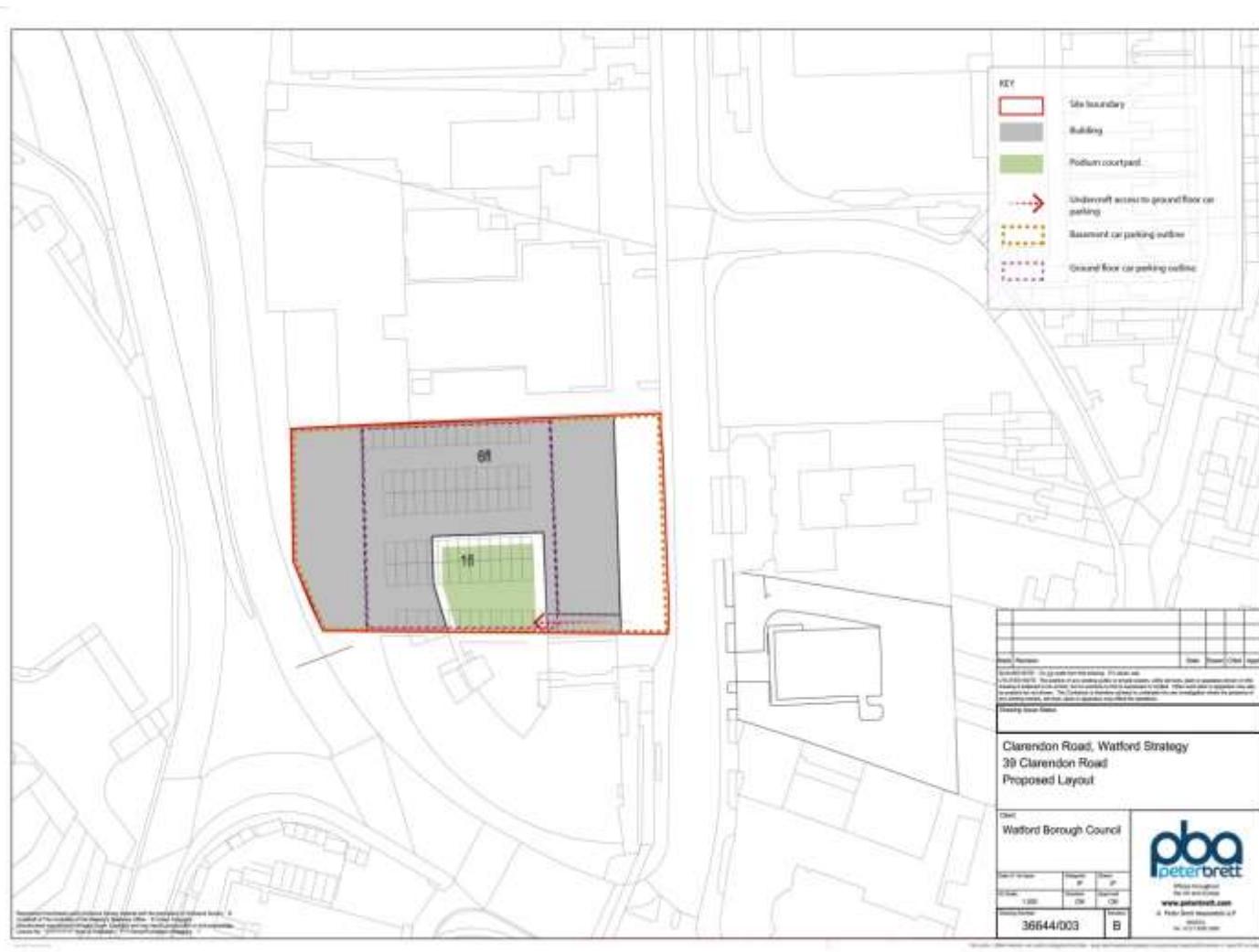


Figure 4.7: No.32 Clarendon Road



4.2 Capacity for More Offices

- 4.2.1 Through redevelopment, it has been demonstrated that the three plot tested sites generate significantly more office floorspace than the existing office floorspace found on these site.
- 4.2.2 **Table 4.1** shows that through redeveloping the three plot test sites to no higher than 6 storeys of Grade A office use, in line with the three design appraisals, there is potential to increase the office floorspace through churn from 12,992 sqm to 41,737 sqm on 1.37 hectares of land across the three tested plots. This increases the overall office floorspace by a multiplying factor of 3.2 per plot.

Table 4.1: Existing and potential space on the three tested plot sites

Case study Site	Area ha	Floorspace (sqm)			Plot ratios		Difference factor
		Existing	Redeveloped	Difference	Existing	Redeveloped	
Magistrates Court and Police Station	0.79	6,677	20,634	13,957	85%	261%	3.1
No.39 Clarendon Road	0.39	5,235	16,102	10,867	133%	410%	3.1
No.32 Clarendon Road	0.18	1,080	5,001	3,921	59%	271%	4.6
Sum	1.37	12,992	41,737	28,745	95%	305%	x3.2

Source: PBA

- 4.2.3 Based on results shown in **Table 4.1**, it is possible to provide an indicative estimate about how much additional office space could be accommodated within the Clarendon Road Area. To do this, existing site area measurements for all plots within the Clarendon Road Area were estimated using CAD; and existing office floorspace measurements (including associated spaces) per plot were estimated from Valuation Office rateable floorspace data. After multiplying the amount of existing office floorspace by a factor of 3.2 derived above from the three design appraisals, some 334,100 sqm of net additional office floorspace could be accommodated within the Clarendon Road Area. This would be achievable without needing to develop at more than 6 storey building heights if all plots came forward for development.

Table 4.2: Office sites and floorspace in the Clarendon Road Area

	Existing (sqm)	Potential (sqm)	Net additional (sqm)
Land with offices	99,000	99,000	0
Office floorspace	104,000	334,098	230,098
Plot ratio	105%	337%	x3.2

Source: PBA derived using CAD and VOA data

- 4.2.4 Later, in **Chapter 6**, this potential capacity for achieving additional office floorspace is compared with the long term forecast demand for office floorspace in Watford to identify if there is any mismatch, in terms of over provision, potentially leaving room for alternative developments. Before considering this, the next chapter considers the viability potential to deliver this space in the Clarendon Road Area based on the design layouts for the three case study plot test sites.

5 Case Study Viability Appraisals

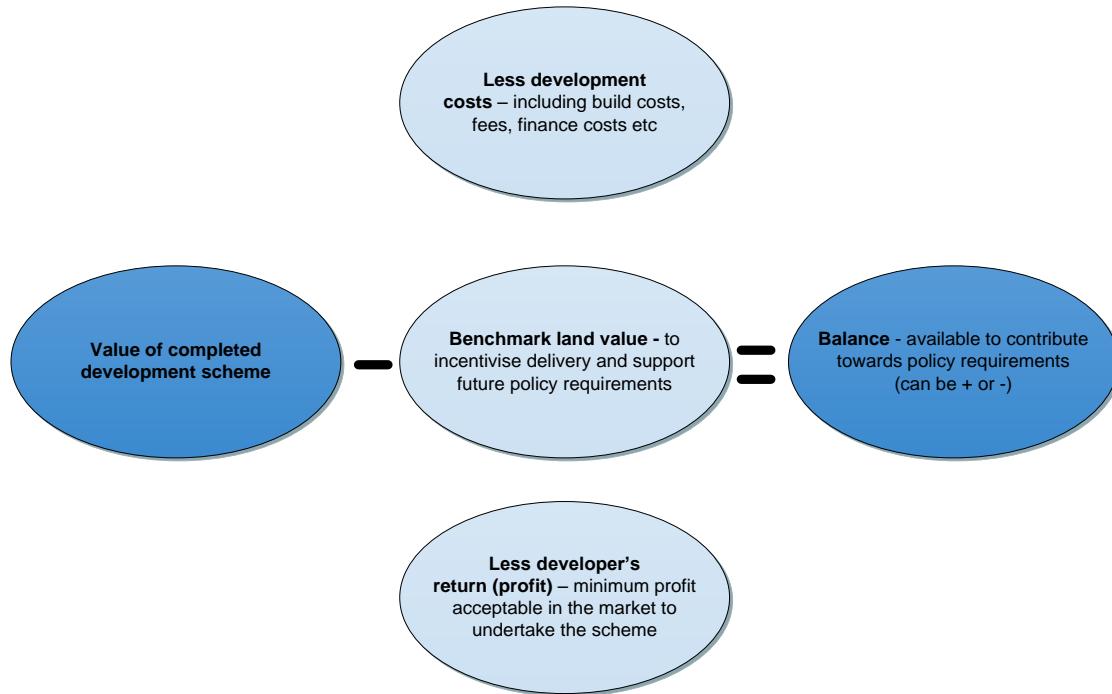
5.1 Introduction

- 5.1.1 The viability of the development of any given site will depend on market conditions at that particular time, including rental and capital values, and on site specific factors such as higher than average project costs. For example, the need for piling due to poor ground conditions; remediation of contaminated land; flood protection measures and/or need to raise floor levels and provide compensatory flood storage; infrastructure costs such as new access roads, highway improvements/roundabouts; availability and capacity of utility supplies; Section 106 Agreement costs; costs incurred in obtaining planning consent including professional advisers etc. If development does not provide an adequate profit margin then schemes are unlikely to proceed.
- 5.1.2 Understanding market viability in development planning decisions is emphasised in two planning viability guides prepared in 2011 separately under the Harman Review and RICSSs on Local Plan Viability.

Approach to viability testing

- 5.1.3 The viability testing of the three case studies is considered in this chapter. This is based on establishing a residual land value for each of the schemes informed by the indicative designs and layouts as discussed in the previous chapter.
- 5.1.4 The approach to viability testing takes the difference between current development values and current costs, and compares the 'residual value' (i.e. what is left over after the cost of building the site is deducted from the potential sales value of the completed site/buildings) with a current benchmark/threshold land value (i.e. the value over and above the existing use value a landowner would accept to bring the site to market for development) to determine if the site development is viable. This is a standard approach and the broad method is illustrated in **Figure 5.1**.
- 5.1.5 The arithmetic of residual land value assessment is straightforward (we use a bespoke spreadsheet models for the assessments). However, the viability assessments in this report are necessarily broad approximations to identify if it is viable to develop new office Grade A office space in the Clarendon Road Area, subject to a margin of uncertainty.
- 5.1.6 The remaining chapter is split into two sections. The first sets out the proposed case study site characteristics, assumptions and evidence that have been used to inform each site appraisal. The second section then assesses the degree in which each of the sites can be considered as a viable and deliverable scheme.

Figure 5.1: Approach to residual land value assessment for whole plan viability



5.2 Development Options and Assumptions

- 5.2.1 The design layouts in the previous chapter highlighted the following options that could be considered for the three case study sites. These are summarised in **Table 5.1**.

Table 5.1: Case study site options

Magistrates court and police station	No.39 Clarendon Rd	No.32 Clarendon Rd
<ul style="list-style-type: none"> ○ 20,634 sqm of office floorspace ○ 280 car parking spaces (6,978 sqm) 	<ul style="list-style-type: none"> ○ 16,102 sqm of office floorspace ○ 175 car parking spaces (6,121 sqm) 	<ul style="list-style-type: none"> ○ 5,000 sqm of office floorspace ○ 48 car parking spaces (1,209 sqm)

- 5.2.2 Our development appraisal of the case study sites accounts for site characteristics, reflecting the type of development that is expected, and uses broad assumptions assigned to current values and costs related to local conditions reflecting findings in Chapter 3 and additional information sources discussed below.

Commercial values

- 5.2.3 Current residential revenues and other viability variables are obtained from a range of sources, including:
- Websites such as EGI and Rightmove are used in order to find rental values and yield data for estimating the capitalised value of commercial developments. That is, the value generated by selling a freehold completed Grade A office scheme in the Clarendon Road Area;

- Direct research with developers and agents operating in the area. We have carried out research with a range of local agents and surveyors. A summary of these discussions are discussed in **Chapter 3; and**
- Developer workshop. PBA presented the values formed via the above sources at a developer workshop held at the Council's offices in March 2016, to ascertain that these were considered reasonable. A summary of these discussions are set out in **Chapter 3.**

5.2.4 From the research PBA arrived at the following values as being representative of the current office market in the Clarendon Road Area:

- Office rental values (per annum) = £270 per square metre; and
- Office yield = 6.5%.

5.2.5 These values are assumed to be the current market rate for new builds in the Clarendon Road Area. However it should be noted that in selecting these, we have erred on the side of caution with these values possibly reflecting the lower end values for new builds in the Clarendon Road Area.

Build costs

5.2.6 Costs have been sourced from a database of actual tender prices for new builds in the market place from the Build Cost Information Service (BCIS), which is published by the Royal Institution of Chartered Surveyors (RICS). The tender price data reflects average costs in the first quarter of 2015, rebased to Watford to reflect local prices.

5.2.7 For office units the build costs vary considerably depending on the building height and therefore the development appraisals assume the following costs for the built space depending on the height of each sections of the design layouts for each site as shown in **Chapter 3:**

- Offices (1 to 2 storeys) = £1,290 per square metre;
- Offices (3 to 5 storeys) = £1,580 per square metre; and
- Offices (6+ storeys) = £1,840 per square metre.

Car parking provision

5.2.8 In terms of car parking provision cost, PBA have used cost data from SPONS, which is a resource similar to BCIS. Each scheme involves different types of car parking, ranging from the lowest cost of developing "at ground parking", to the most expensive, "basement parking". In developing the illustrated car parking provision for each case study site, as shown in **Chapter 3**, the following costs (including professional fees and contingency) are assumed:

- At ground parking = £90 per square metre;
- Ground floor parking = £330 per square metre; and
- Basement parking = £800 per square metre.

Land values

5.2.9 To assess viability, the residual value generated by a scheme is compared with a benchmark value. This benchmark should reflect a competitive return for a landowner to sell their land.

Benchmark values will vary to reflect the landowner's judgements about future rental income from the buildings already occupying the site, future uses, the contextual nature of development, the site density achievable, any site constraints, and so on. However, this should be the minimum land values that reflect policy requirements and planning obligations and provide a competitive return to willing developers and land owners as defined by the NPPG (Viability, para 23). So where transacted bids are significantly above the market norm, they should not be used as part of this exercise.

- 5.2.10 Nonetheless, it is important to appreciate that assumptions on benchmark/threshold land values can only be broad approximations subject to a wide margin of uncertainty. This uncertainty is considered when drawing conclusions and recommendations.
- 5.2.11 PBA have used a range of sources in order to ascertain market land values within this location, including a number of confidential appraisals provided by the local council. For the purpose of these four sites, the following benchmark land value has been used:

- Land value = £4,000,000 per net hectare

Other assumptions

- 5.2.12 In addition to the assumptions set out in this section there are a number of other assumptions that have formed this appraisal. These are included in **Table 5.2**. These all represent assumptions that can be considered as fairly standard by the development industry, and have been tested for appropriateness through consultation at the developer workshop.

Table 5.2: Other assumptions used in appraisal

Cost	Description	Assumptions used in assessment
Marketing/sales costs	This is an allowance for legal, surveyor and marketing fees and based on industry accepted scales.	3% calculated as a percentage of gross development value
Allowance for externals	These covers external build costs and includes items such as car parking, incidental landscaping, connections of services to buildings within the site, etc.	15% calculated as a percentage of build costs
Uplift on Build costs	Applied as a % increase on the BCIS figure in order to achieve a higher build specification associated with BREEAM "Excellent" standards	2% of Non-residential build costs
Site demolition and remediation	This is based on the existing property floorspace area at £60 per sqm in demolition and site clearance costs plus fees, informed by HCA document "Guidance on dereliction, demolition and remediation costs" (March 2015).	£400,620 for the Magistrates Court £314,100 for No.39 Clarendon Road £64,800 for No.32 Clarendon Road
Professional fees	Professional fees are based upon accepted industry standards.	8% calculated as a percentage of build costs.
Contingency	Contingency is based upon the development risk	5% calculated as a percentage of construction cost.

Finance costs	Based upon the likely cost of development finance, we have used current market rates of interest.	6.5% of borrowing per annum
Profit	Gross development profit (includes overheads)	17% as a percentage of total development value
Professional fees on land purchase	This input represents the fees associated with the lands purchase and are based upon the following industry standards	1.75% for surveyors fees and for legal costs as a percentage of the Residual land value
Stamp duty	A Stamp Duty Land Tax is payable by a developer when acquiring development land.	Standard variable rates set out by HMRC

5.3 The Viability Results

- 5.3.1 The summary of the case study site development appraisals are shown in **Table 5.3**. The full viability appraisals for each site option are provided in **Appendix A**.
- 5.3.2 In summary, the indicative design and layouts for the three case study sites all represent viable options for development. That is, after deducting the estimated costs from the estimated gross development value of each option, the residual value is greater than the estimated benchmark market value for the land.
- 5.3.3 This residual value for all three sites identifies a significant headroom and provides confidence that any unaccounted costs or under performance in sales values can be absorbed without impacting on viability.

Table 5.3: Viability findings of the three case study sites

Site Name	Site Area (ha)	Residual value after land purchase	Viable?
Magistrates Court and Police Station	0.79	£1,300,000	YES
No.39 Clarendon Rd	0.39	£5,300,000	YES
No.32 Clarendon Rd	0.18	£2,300,000	YES

- 5.3.4 This is an important conclusion and reflects the sentiment of local agents and developers which were discussed in Chapter 3, that the market is strong for Grade A space in Watford, and that there is now likely to be enough in the rents and the prime yield values to attract investors.

5.4 Viability Options for Other Uses

- 5.4.1 As noted in **Chapter 3**, there have been recent planning applications which either include no office space or some office space as part of a residential application, based on poor viability for offices. The initial aim in conducting viability testing of the Clarendon Road Area was to establish what combinations of commercial and residential units could be considered as a viable development, while also contributing to the various policy constraints (i.e. car parking provision, etc) and being acceptable from a design perspective.
- 5.4.2 However, since it has been demonstrated that redeveloping offices in the current market is viable, albeit with possibly lower returns than residential uses, and it is the objective for the Local Policy objective for the Clarendon Road Area to sustain the office uses and to encourage Grade A redevelopments, then from a planning perspective it is not necessary to

consider a requirement for cross subsidising development through integrating residential uses within the same site.

- 5.4.3 Also, based on the findings in **Chapter 3**, the market is not supportive of this type of approach to creating mixed block or site developments, and would prefer to develop either offices or residential units as single uses schemes on separate plots. This informs how the strategy recommendations for delivering offices in The Clarendon Road Area should be considered, which forms the basis of the next chapter.
- 5.4.4 The exception may be when rents and yields for offices worsen, and therefore introducing higher value uses such as adjoining residential through mixed use developments on sites lacking viability for office uses may be need to be considered. This is because the higher values achieved can help to cross subsidise and bring new office developments forward.
- 5.4.5 Based on our viability assessment of the three plot tested case study sites, a single use office development is viable at rents from about £220 per sqm and yields at a minimum of 6.5%. Should values drop or yields increase beyond these, then it might be appropriate for alternative schemes to come forward on certain sites which are no longer occupied and have no realistically marketable potential to encourage their take up by office occupiers.
- 5.4.6 There is another important consideration to take on board when it comes to new build activity. This is the fact that the cost of the land and construction plus associated fees on medium and larger scale developments is often in excess of resultant market value of the building. Some occupiers are happy to still proceed if the need to borrow is low or it is 'worth' more due to the increased business potential that the premises will enable to be derived (i.e. is not viable but is needed in the context of gaining market share or generating additional turnover / profits).

6 Key Findings and Strategy Recommendations

6.1 Findings

- 6.1.1 This report has investigated the planning, viability and design issues associated with the continuing provision of Grade A office space in the Clarendon Road Area. Understanding these issues enables an appropriate strategic approach to be drawn up to meet the overall objectives of retaining and enhancing the area as a location for Grade A office space.
- 6.1.2 The current policy in the Local Plan seeks to restrict the whole of the Clarendon Road Area to B1 office use. The justification for encouraging and protecting office uses is that the provision of business space facilitates economic opportunities and employment growth, whilst competition in the land market to secure financial reward from higher value uses may undervalue these wider and longer term benefits.
- 6.1.3 Most of the office space in the Clarendon Road Area is currently serving the market well, most is in reasonable condition and vacancy rates are low. Delivery of new Grade A space has been constrained relative to demand because of a lack of suitable sites. Sites which have become available have often been the subject of planning applications for a change to residential uses which would create more value. The findings of this work, however, are that where sites in the Clarendon Road Area are available, current market conditions would suggest that speculative delivery of new Grade A space is a viable option particularly when the opportunity is taken to increase the amount of floorspace.
- 6.1.4 From a design perspective, the findings suggest that it would be possible to achieve higher densities of office floorspace to land without dramatically changing the character of the Clarendon Road Area. Viability is shown to be achievable without the need to increase floorspace beyond six storeys, which should be achievable within all sites. By increasing the floorspace through redevelopment, the character of office developments within the Clarendon Road area would also benefit from more continuous frontage to create a terraced feel to the street. This would help to minimise the impact of large buildings on the street because the massing of rear extensions could not then be seen from the road.
- 6.1.5 Importantly, the viability evidence from this study also demonstrates that it would not be necessary to include residential uses as part of the redevelopment of sites to mixed use schemes in order to provide new office development in the Clarendon Road Area. Office and residential occupiers in any case prefer their accommodation to be kept separate.
- 6.1.6 It is important to recognise that economic viability will be subject to economic and market variations over the Local Plan timescale. Viability is a short-term factor in that it can only tell us what is viable currently, while planning is about the long term. That is why our findings combine two angles. To cover the short term we use market analysis – demand and viability. For office space in the Clarendon Road Area these are both shown to be positive. In looking further ahead, the viability evidence is supplemented by a long term employment forecast. This acts as a proxy measure of future viable demand uses. If the forecasts are right, the demand they forecast should be viable.
- 6.1.7 Future demand for office space in Watford over the life of the Watford Local Plan and beyond has been considered in **Chapters 2 and 3**. To meet this demand, the potential supply of office space in the Clarendon Road Area is considered in **Chapter 4**. To meet the longer term net requirements for new office space in all of Watford borough over the life of the Local Plan, it is estimated that about half of the sites in the Clarendon Road Area would need to be redeveloped to larger offices. But owing to the low rates of redevelopment of the existing sites in the Clarendon Road Area, it is unlikely that the supply of new space will meet forecast demand, at least not before the later years of the plan period.

- 6.1.8 Therefore, a key task of the planning system will be the management of existing employment sites and areas to ensure that enough land is protected from the pressure of higher value uses and to facilitate the renewal or replacement of space which becomes obsolete. This is looked at in the next section, which covers recommendations for a Clarendon Road Area strategy.

6.2 Recommendations

- 6.2.1 Development is largely undertaken by the private sector, but the planning authority can seek to provide suitable sites. Local planning authorities cannot ensure delivery actually takes place and this will depend on the willingness of a developer to invest and a landowner to release the land. In considering whether a site is deliverable now or developable in the future, we have taken account of the local context through our study findings to help shape our recommendations.
- 6.2.2 Overall, the planning strategy for the Clarendon Road Area should be to protect existing sites which are meeting the needs of businesses. When sites do come forward they should be for redevelopment for Grade A office space as single plot or by a combination of plots. As the demand forecasts and capacity projections indicate that there is the potential for the supply to exceed the demand by around 50 per cent, it is important that provision and proposals be monitored in order to identify when this policy should be amended to enable the managed release of the most appropriate sites. This could be best done in the context of a clear overall strategy for the Clarendon Road Area.
- 6.2.3 The current strategy approach through the Article 4 Direction and Local Plan Policy EMP5 (2006 – 2031) is aimed at restricting the whole of the Clarendon Road Area for uses other than B1 office. While protection may be considered necessary in the current market, this alone will not bring about an increase in the supply of space.
- 6.2.4 It is recommended therefore that WBC adopt an approach which is more proactive and focused on delivery rather than solely on restriction.
- 6.2.5 The strategy for Clarendon Road to be delivered through the Local Plan should be constructed in two phases to reflect the progress of the Local Plan:
- Phase 1 – Through Local Plan 2 (2006 – 2031); and
 - Phase 2 – Local Plan Strategy (2016 – 2036).

Local Plan Part 2 (2006 – 2031)

- 6.2.6 The approach through Local Plan Part 2 is set out in Policy EMP5 Clarendon Road, Station Road and Bridle Path Office Area. The policy focuses on protecting existing B1a and B1b uses and allowing a small amount of supporting uses.
- 6.2.7 Local Plan 2 cites emerging evidence (now available through this report) that it is viable to deliver pure office use without the need to include other higher value uses in the development to achieve viability.
- 6.2.8 For now there is excess demand and economic viability for office sites within the Clarendon Road Area, so the emerging Local Plan 2 should not require a necessary change in policy stance. However, the Council should keep under review the amount of land that does come forward to meet projected demand to avoid an excess supply of allocated office sites, which could be detrimental in terms of inefficient use of land and to rental values. Should there be an excess, then it may be necessary to allow alternative uses through a managed release of sites, as an exception to the policy.

Local Plan Review (2016 – 2036)

- 6.2.9 The Local Plan Review has the potential to introduce a more robust strategy (than Local Plan Part 2) for the Clarendon Road area, giving the Council more scope and control in managing the development of the area.
- 6.2.10 Watford Council should consider the following approach to monitoring development and reviewing the need for its policy of protecting employment land:
- A review of employment forecasts and the resulting demand forecasts at 3-5 year intervals, and when there are major step changes in the economy or strategic guidance;
 - Continuous monitoring of key economic data, especially employment change by sector;
 - Development completions (land demand) and commitments (land supply), focusing on net floorspace change (both negative and positive);
 - Vacancy rates (both for land and floorspace), rentals and land values compared to competing areas, which provide a direct measure of the balance; and
 - Insofar as possible, business relocations and expansions into and out of the borough, together with enquiries for business space.
- 6.2.11 Where commercial viability is a criterion in the decision to safeguard or release sites, this viability should not be judged on the basis of current rental values and market conditions alone. Indicative appraisals need to consider how far development is likely to be viable in future. Continual monitoring, as discussed (6.2.10) will be critical in this respect.

Grade A office space

- 6.2.12 Figure 4.4 identifies a number of areas which incorporate plots which are considered to be suitable for taller, Grade A office buildings. These are the less sensitive sites within the Clarendon Road Area where a critical mass of Grade A space facilitating business agglomerations should be actively encouraged by WBC.
- 6.2.13 Within the area identified for taller buildings, there may be a need to encourage sites to combine to achieve the critical mass that development depends on to deliver Grade A space. Fragmented ownerships of sites will deter occupiers from investing. The strategy should provide more general guidance to cover sites that are too small to be identified individually.

Grade B office space

- 6.2.14 Currently much of the office space in the Clarendon Road Area is typical Grade B stock. While it is appropriate that Grade A units should replace Grade B offices, it is not desirable to lose any Grade B space to other uses than offices where there is demand for this type of letting. Not all businesses in Watford will be seeking Grade A space which comes with upper end market rents, since this may not be their primary business location and likewise they may not be able to afford high rents. For example, there is a need to protect smaller firms and make provision for their future needs.
- 6.2.15 It is anticipated that there would be a change of Grade B space to the better quality Grade A offices, and so there will be a need to redevelop some Grade B offices.

Strategy options

- 6.2.16 The key to the revised policy approach is in identifying and encouraging new sites to meet demand. In relation to the whole area, there also needs to be consideration of streetscape

design to facilitate a more continuous frontage along Clarendon Road and to minimise the impact of large buildings on the street.

- 6.2.17 We consider two options for taking the strategy forward, which are an Area Action Plan (AAP) approach or a Local Development Order (LDO) approach.

An AAP approach

- 6.2.18 To support the revised policy in the Local Plan, the Council could also look to prepare an Area Action Plan (AAP) for the Clarendon Road Area. The basis of the AAP would be to support the Local Plan Policy through a detailed analysis of sites suitable to be brought forward for office development and those sites which lend themselves more to residential use.

- 6.2.19 The preparation of an AAP and the necessary statutory consultation would serve to raise the profile of the area and promote a collaborative approach with existing and potential occupiers and investors, ultimately enhancing the reputation of WBC as proactive council and the Clarendon Road Area as an attractive place to do business. Therefore the AAP should:

- Look to address the long term provision of office space as a priority to meet the requirements over the plan period and provide detail relating to areas which could be taken forward for residential development; and
- Provide the detail on how sites are assessed to determine their suitability for office or residential use.

- 6.2.20 This report would form the basis of the AAP, providing the evidence relating to supply and the development potential of sites.

An LDO Approach

- 6.2.21 There is also scope for WBC to follow a Local Development Order (LDO) approach to the delivery of key sites within the Clarendon Road Area. LDOs create certainty for investors and developers as to what will be acceptable in planning terms, thus reducing the risk of development.

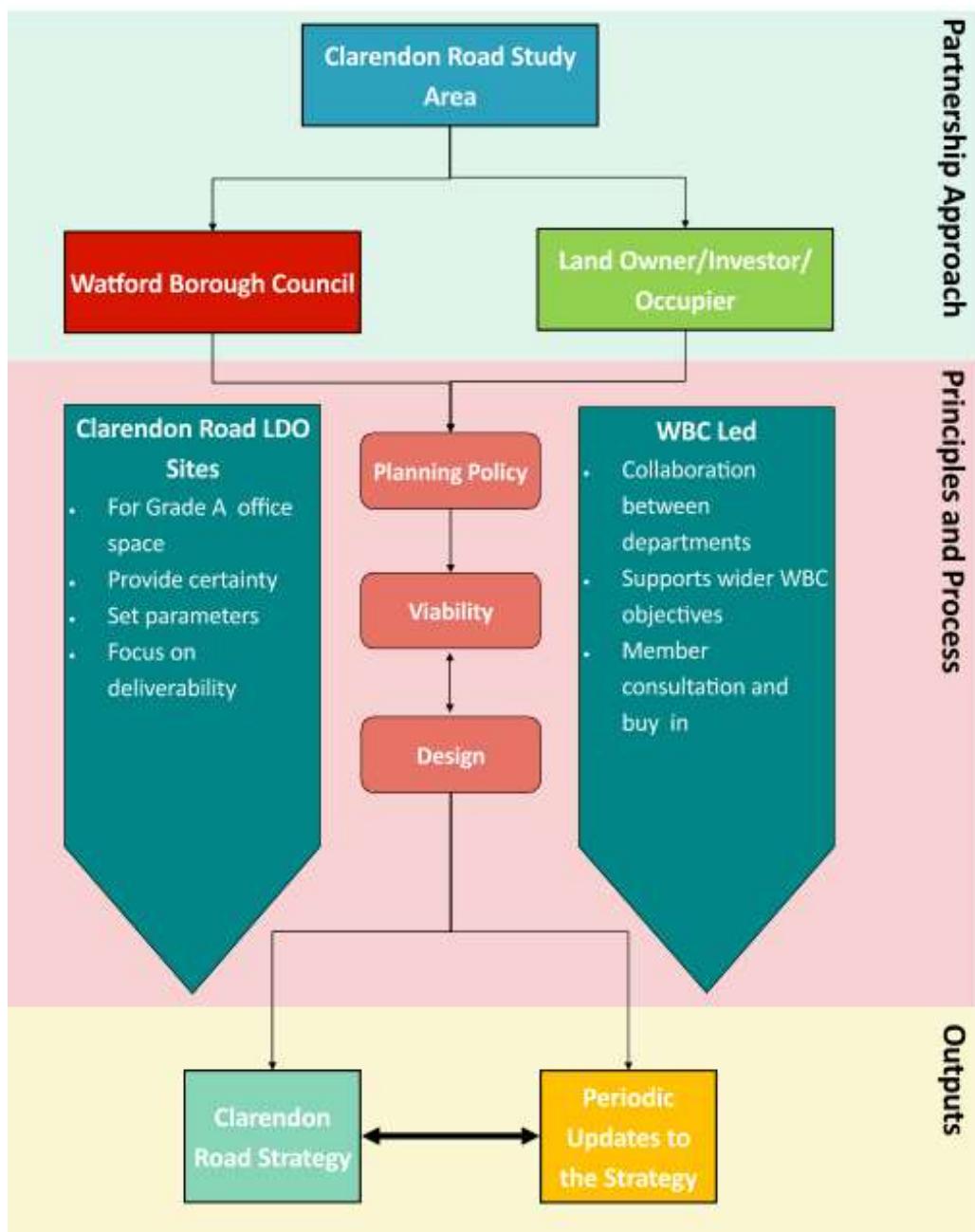
- 6.2.22 Across the Clarendon Road Area, an LDO or a series of LDOs for key sites would:

- Provide WBC with a flexible tool to address the particular circumstances of the Clarendon Road Area and help to accelerate delivery on specific sites;
- Provide certainty in terms of constraints and opportunities as well as clear development parameters in taking sites forward;
- Demonstrate a proactive stance on behalf of the local authority in helping to secure appropriate development, which aligns with the overall objectives for the area in terms of encouraging the delivery of Grade A office space;
- Create a more certain planning environment and thereby making investment more attractive for prospective investors, including overseas investors; and
- Assist in enhancing the reputation of the Clarendon Road Area as an attractive place to invest and help to meet the development priorities that WBC want to achieve.

- 6.2.23 An LDO could be progressed to bring together two or more sites to achieve an appropriate scale of development. This would require consideration of land ownership issues and the LDO can act as a useful tool in this respect, bringing together land owners to help deliver a site which is viable in its entirety. The amalgamation of sites will help to satisfy the floorspace requirements and associated car parking which Grade A space demands.

- 6.2.24 **Figure 6.2** illustrates how the LDO approach sits within a strategy for the Clarendon Road Area.

Figure 6.2: An LDO strategy for the Clarendon Road Area



Updates to the Clarendon Road Area strategy

- 6.2.25 Monitoring of the take up and delivery of Grade A space should be recorded to inform updates to the Clarendon Road Area Strategy. This will allow WBC to pursue a proactive approach to identifying sites preferred for Grade A office space and those which are suitable as residential-led plots.

Appendix A Case Study Site Development Appraisals

Site 1 - Land Value	Value area 1	0 Units	pba peterbrett	TIMING			
ITEM							
Net area (ha)	0.39 Brownfield	Residual Value £17,547,282 per net ha	Technical Checks: Sqm/ha 0 Dwgs/ha 0 Units/pa 0 GDV=Total costs -				
Nr of units	Private 0.00 Affordable 0.00	Social re Affordable rent 0.00 Intermediate 0.00 Starter Homes 0.00		Start Finish Months (nr)			
1.0 Development Value							
1.1 Private units	No. of units	Size sq.m	Total sq.m	£psm	Total Value		
1.6 Non-Residential Units 1.6.1 COM: 1 Office units 1.6.2 COM: 2 Office units 1.6.3 COM: 3 Office units	No. of units 1 1 0	Size sq.m 1847 14255 0	Total sq.m 1570 12117 0	Yield 6.50% 6.50% 6.50%	£psm £270 £270 £270	Total Value £6,521,331 £50,331,115 £0	Jul-17 Jan-19 18.00 Jul-17 Jan-19 18.00 Jul-17 Jan-19 18.00
Gross Development value					£56,852,448		
2.0 Developer's Profit							
2.1 Private units	20.0%	on OM GDV		£0	Jan-19 Feb-19	1.00	
2.2 Affordable units	6.0%	on AH transfer values		£0	Jan-19 Feb-19	1.00	
2.3 Non-residential Units	17.0%	on Non Residential GDV		£9,664,916	Jan-19 Feb-19	1.00	
Total Developer's Profit					£9,664,916		
3.0 Development Costs							
3.1 Sale cost							
3.1.1 Private units only	3.00%	on OM GDV		£0	Jul-17 Jan-19	18.00	
3.1.2 AH Units	0.00%	on AH GDV		£0	Jul-17 Jan-19	18.00	
3.1.3 Non Residential units only	3.00%	on Non Residential GDV		£1,705,573	Jul-17 Jan-19	18.00	
Total Sale cost					£1,705,573		
3.2 Build Costs							
3.2.1 Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
3.2.4 Non Residential 3.2.4.1 COM: 1 Office units 3.2.4.2 COM: 2 Office units	No. of units 1.00 1.00	Size sq.m 1847 14255	Total sq.m 1,847 14,255	Cost per sq.m £1,290 £1,580	Total Costs £2,382,630.00 £22,522,900.00	Jan-17 Jul-18 18.00 Jan-17 Jul-18 18.00	
Total build costs					£24,905,531		
3.3 Extra over construction costs							
3.3.1 Externals	5.0%	of build costs		£0.06	Jan-17 Jul-18	18.00	
3.3.2 Externals (Non Residential)	15.0%	of build costs		£3,735,829.50	Jan-17 Jul-18	18.00	
3.3.3 Site abnormalities (remediation/demolition)				£314,100	Jan-17 Oct-17	9.00	
3.3.4 Site opening up costs	£0	per unit		£0	Jan-17 Oct-17	9.00	
Total extra over construction costs					£4,049,930		
3.4 Professional Fees							
3.4.1 Residential: On Build costs (inc Externals)	10.0%	of build costs (inc. externals)		£0	Jan-17 Jul-18	18.00	
3.4.1 Non-Residential: On Build costs (inc Externals)	8.0%	of build costs (inc. externals)		£2,291,309	Jan-17 Jul-18	18.00	
Total professional fees					£2,291,309		
3.5 Contingency							
3.5.1 Residential: On Build costs (inc Externals & PF)	5.0%	of build costs (inc. externals & PF's)		£0	Jan-17 Jul-18	18.00	
3.5.1 Non-Residential: On Build costs (inc Externals & PF)	5.0%	of build costs (inc. externals & PF's)		£1,546,633	Jan-17 Jul-18	18.00	
Total contingency					£1,546,633		
3.6 Developer contributions							
3.6.1 Lifetime homes	£0	per unit		£0	Jan-17 Jul-18	18.00	
3.6.2 CSH Level 5	0.0%	build cost		£0	Jan-17 Jul-18	18.00	
3.6.3 CIL	£0	per sqm		£0	Jan-17 Oct-17	9.00	
3.6.4 S106/S278/AH contribution	£0	per unit		£0	Jan-17 Oct-17	9.00	
3.6.5 BREEAM 'Excellent'	2.0%	build cost		£498,111	Jan-17 Jul-18	18.00	
3.6.6 Basement carparking Podium carparking At ground carparking				£3,472,352 £0 £197,370	Jan-17 Feb-18 Jan-17 Feb-18 Jan-17 Feb-18	18.00 13.00 13.00	
Total developer contributions					£4,167,833		
TOTAL DEVELOPMENT COSTS					£38,666,809		
4.0 Site Acquisition							
4.1 Net site value (residual land value)				£6,892,572	Jan-17 Oct-17	9.00	
4.2 Stamp Duty				£275,703	Jan-17 Jan-17 Oct-17	9.00	
4.3 Purchaser costs	1.75%	on land costs		£120,620	Jan-17 Oct-17	9.00	
Total site costs					£7,288,895		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]					£55,620,621		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£1,231,828		
5.0 Finance Costs							
5.1 Finance	APR 6.50%	PCM 0.526%	-£1,231,828		Opening Balance Interest Net Cashflow in month Closing Balance		
TOTAL PROJECT COSTS [INCLUDING INTEREST]					£56,852,448		
This appraisal has been prepared by Peter Brett Associates for the Council. The appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to inform the Council about the impact of planning policy has on viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards January 2014) valuation and should not be relied upon as such.							

Site 1 - Land Value	Value area 1	0 Units	pba peterbrett	TIMING			
ITEM							
Net area (ha)	0.39 Brownfield	Residual Value £17,547,282 per net ha	Technical Checks: Sqm/ha 0 Dwgs/ha 0 Units/pa 0 GDV=Total costs -				
Nr of units	Private 0.00 Affordable 0.00	Social re Affordable rent 0.00 Intermediate 0.00 Starter Homes 0.00		Start Finish Months (nr)			
1.0 Development Value							
1.1 Private units	No. of units	Size sq.m	Total sq.m	£psm	Total Value		
1.6 Non-Residential Units 1.6.1 COM: 1 Office units 1.6.2 COM: 2 Office units 1.6.3 COM: 3 Office units	No. of units 1 1 0	Size sq.m 1847 14255 0	Total sq.m 1570 12117 0	Yield 6.50% 6.50% 6.50%	£psm £270 £270 £270	Total Value £6,521,331 £50,331,115 £0	Jul-17 Jan-19 18.00 Jul-17 Jan-19 18.00 Jul-17 Jan-19 18.00
Gross Development value					£56,852,448		
2.0 Developer's Profit							
2.1 Private units	20.0%	on OM GDV		£0	Jan-19 Feb-19	1.00	
2.2 Affordable units	6.0%	on AH transfer values		£0	Jan-19 Feb-19	1.00	
2.3 Non-residential Units	17.0%	on Non Residential GDV		£9,664,916	Jan-19 Feb-19	1.00	
Total Developer's Profit					£9,664,916		
3.0 Development Costs							
3.1 Sale cost							
3.1.1 Private units only	3.00%	on OM GDV		£0	Jul-17 Jan-19	18.00	
3.1.2 AH Units	0.00%	on AH GDV		£0	Jul-17 Jan-19	18.00	
3.1.3 Non Residential units only	3.00%	on Non Residential GDV		£1,705,573	Jul-17 Jan-19	18.00	
Total 3.1					£1,705,573		
3.2 Build Costs							
3.2.1 Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
3.2.4 Non Residential 3.2.4.1 COM: 1 Office units 3.2.4.2 COM: 2 Office units	No. of units 1.00 1.00	Size sq.m 1847 14255	Total sq.m 1,847 14,255	Cost per sq.m £1,290 £1,580	Total Costs £2,382,630.00 £22,522,900.00	Jan-17 Jul-18 18.00 Jan-17 Jul-18 18.00	
Total build costs					£24,905,531		
3.3 Extra over construction costs							
3.3.1 Externals	5.0%	of build costs		£0.06	Jan-17 Jul-18	18.00	
3.3.2 Externals (Non Residential)	15.0%	of build costs		£3,735,829.50	Jan-17 Jul-18	18.00	
3.3.3 Site abnormalities (remediation/demolition)				£314,100	Jan-17 Oct-17	9.00	
3.3.4 Site opening up costs	£0	per unit		£0	Jan-17 Oct-17	9.00	
Total extra over construction costs					£4,049,930		
3.4 Professional Fees							
3.4.1 Residential: On Build costs (inc Externals)	10.0%	of build costs (inc. externals)		£0	Jan-17 Jul-18	18.00	
3.4.1 Non-Residential: On Build costs (inc Externals)	8.0%	of build costs (inc. externals)		£2,291,309	Jan-17 Jul-18	18.00	
Total professional fees					£2,291,309		
3.5 Contingency							
3.5.1 Residential: On Build costs (inc Externals & PF)	5.0%	of build costs (inc. externals & PF's)		£0	Jan-17 Jul-18	18.00	
3.5.1 Non-Residential: On Build costs (inc Externals & PF)	5.0%	of build costs (inc. externals & PF's)		£1,546,633	Jan-17 Jul-18	18.00	
Total contingency					£1,546,633		
3.6 Developer contributions							
3.6.1 Lifetime homes	£0	per unit		£0	Jan-17 Jul-18	18.00	
3.6.2 CSH Level 5	0.0%	build cost		£0	Jan-17 Jul-18	18.00	
3.6.3 CIL	£0	per sqm		£0	Jan-17 Oct-17	9.00	
3.6.4 S106/S278/AH contribution	£0	per unit		£0	Jan-17 Oct-17	9.00	
3.6.5 BREEAM 'Excellent'	2.0%	build cost		£498,111	Jan-17 Jul-18	18.00	
3.6.6 Basement carparking Podium carparking At ground carparking				£3,472,352 £0 £197,370	Jan-17 Feb-18 Jan-17 Feb-18 Jan-17 Feb-18	18.00 13.00 13.00	
Total developer contributions					£4,167,833		
TOTAL DEVELOPMENT COSTS					£38,666,809		
4.0 Site Acquisition							
4.1 Net site value (residual land value)				£6,892,572	Jan-17 Oct-17	9.00	
4.2 Stamp Duty				£275,703	Jan-17 Jan-17 Oct-17	9.00	
4.3 Purchaser costs	1.75%	on land costs		£120,620	Jan-17 Oct-17	9.00	
Total site costs					£7,288,895		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]					£55,620,621		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£1,231,828		
5.0 Finance Costs							
5.1 Finance	APR 6.50%	PCM 0.526%	-£1,231,828		Opening Balance Interest Net Cashflow in month Closing Balance		
TOTAL PROJECT COSTS [INCLUDING INTEREST]					£56,852,448		
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Site 1 - Land Value	Value area 1	0 Units	pba peterbrett	TIMING			
ITEM							
Net area (ha)	0.18 Brownfield	Residual Value £16,265,661 per net ha	Technical Checks: Sqm/ha 0 Dwgs/ha 0 Units/pa 0 GDV=Total costs -				
Nr of units	Private 0.00 Affordable 0.00	Social re Affordable rent 0.00 Intermediate 0.00 Starter Homes 0.00		Start Finish Months (nr)			
1.0 Development Value							
1.1 Private units	No. of units	Size sq.m	Total sq.m	£psm	Total Value		
1.6 Non-Residential Units	No. of units	Size sq.m	Total sq.m	Yield	£psm	Total Value	
1.6.1 COM: 1 Office units	1	277	235	7%	£270	£976,258	Jul-17 Jul-18 12.00
1.6.2 COM: 2 Office units	1	4724	4015	7%	£270	£16,679,354	Jul-17 Jul-18 12.00
1.6.3 COM: 3 Office units	0	0	0	7%	£270	£0	Jul-17 Jul-18 12.00
1.6.4 COM: 1a Office units	0	0	0	7%	£270	£0	Jul-17 Jul-18 12.00
Gross Development value						£17,655,614	
2.0 Developer's Profit							
2.1 Private units	20.0%	on OM GDV		£0	Jul-18 Aug-18	1.00	
2.2 Affordable units	6.0%	on AH transfer values		£0	Jul-18 Aug-18	1.00	
2.3 Non-residential Units	17.0%	on Non Residential GDV		£3,001,454	Jul-18 Aug-18	1.00	
Total Developer's Profit						£3,001,454	
3.0 Development Costs							
3.1 Sale cost							
3.1.1 Private units only	3.00%	on OM GDV		£0	Jul-17 Jul-18	12.00	
3.1.2 AH Units	0.00%	on AH GDV		£0	Jul-17 Jul-18	12.00	
3.1.3 Non Residential units only	3.00%	on Non Residential GDV		£529,668	Jul-17 Jul-18	12.00	
Total						£529,668	
3.2 Build Costs							
3.2.1 Private units	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
3.2.4 Non Residential	No. of units	Size sq.m	Total sq.m	Cost per sq.m	Total Costs		
3.2.4.1 COM: 1 Office units	1.00	276.50	277	£1,290	£356,985.00	Jan-17 Jan-18	12.00
3.2.4.2 COM: 2 Office units	1.00	4724.00	4,724	£1,580	£7,463,920.00	Jan-17 Jan-18	12.00
3.2.4.3 COM: 3 Office units	0.00	0.00	0	£1,840	£0.00	Jan-17 Jan-18	12.00
3.2.4.4 COM: 1a Office units	0.00	0.00	0	£1,584	£0.00	Jan-17 Jan-18	12.00
Total build costs					£7,820,606		
3.3 Extra over construction costs							
3.3.1 Externals	5.0%	of build costs		£0.06	Jan-17 Jan-18	12.00	
3.3.2 Externals (Non Residential)	15.0%	of build costs		£1,173,090.75	Jan-17 Jan-18	12.00	
3.3.3 Site abnormals (remediation/demolition)				£64,800	Jan-17 Jul-17	6.00	
3.3.4 Site opening up costs	£0	per unit		£0	Jan-17 Jul-17	6.00	
Total extra over construction costs					£1,237,891		
3.4 Professional Fees							
3.4.1 Residential: On Build costs (inc Externals)	10.0%	of build costs (inc. externals)		£0	Jan-17 Jan-18	12.00	
3.4.1 Non-Residential: On Build costs (inc Externals)	8.0%	of build costs (inc. externals)		£719,496	Jan-17 Jan-18	12.00	
Total professional fees					£719,496		
3.5 Contingency							
3.5.1 Residential: On Build costs (inc Externals & PF)	5.0%	of build costs (inc. externals & PF's)		£0	Jan-17 Jan-18	12.00	
3.5.1 Non-Residential: On Build costs (inc Externals & PF)	5.0%	of build costs (inc. externals & PF's)		£485,660	Jan-17 Jan-18	12.00	
Total contingency					£485,660		
3.6 Developer contributions							
3.6.1 Lifetime homes	£0	per unit		£0	Jan-17 Jan-18	12.00	
3.6.2 CSH Level 5	0.0%	build cost		£0	Jan-17 Jan-18	12.00	
3.6.3 CIL	£0	per sqm		£0	Jan-17 Jul-17	6.00	
3.6.4 S106/S278/AH contribution	£0	per unit		£0	Jan-17 Jul-17	6.00	
3.6.5 BREEAM 'Excellent'	2.0%	build cost		£156,412	Jan-17 Jan-18	12.00	
3.6.6 Basement carparking				£0	Jan-17 Jan-18	12.00	
Podium carparking				£0	Jan-17 Jan-18	12.00	
At ground carparking				£120,235	Jan-17 Jan-18	12.00	
Total developer contributions					£276,647		
TOTAL DEVELOPMENT COSTS					£11,069,968		
4.0 Site Acquisition							
4.1 Net site value (residual land value)				£2,997,761	Jan-17 Jul-17	6.00	
4.2 Stamp Duty				£119,910	Jan-17 Jan-17	6.00	
4.3 Purchaser costs	1.75%	on land costs		£52,461	Jan-17 Jul-17	6.00	
Total site costs					£3,170,133		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]					£17,241,555		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]					£414,059		
5.0 Finance Costs							
5.1 Finance	APR 6.50%	PCM 0.526%	-£414,059		Opening Balance Interest Net Cashflow in month Closing Balance		
TOTAL PROJECT COSTS [INCLUDING INTEREST]					£17,655,614		
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