

04 Commercial Summary

Introduction

A comparative appraisal of the three examples based on the proposals set out in the example schedules A, B and C. Without information on sizes; layout; positioning and design; programming and acquisition costs; these are nothing more than qualified projections.

At this stage there is no information on the following criteria, below and therefore cannot account for:

- Land Acquisition Costs
- Planning Fees
- Business Acquisition Costs
- CPO Costs
- Developers Profit
- Stamp Duty
- Phasing of Construction and Finance Costs
- Marketing Costs
- Agents/Legal Fees
- Voids/Incentives
- Demolition/Contamination Remediation Costs
- Section 106 Payments
- Professional/Consultancy Fees

In making a comparative appraisal, it has been assumed, will be pro-rata the above costs, and will be fundamentally the same for each example.

Assumptions

- Without details of specific unit sizes and layouts the retail values are based on gross internal area and make no allowance for zoning, location or individual adjustments.
- It has been assumed the residential flats will include a mix of 1 and 2 bedroom flats at an average capital value of £80,000 per unit and the 2 bedroom town houses are taken at

£130,000 per unit capital value. (Estimated end values provided by Sequence).

- Affordable housing assumed to be cost neutral on the usual ratio of 40% of developed units.
- The retail provision to include: -

Shop Type	Approximate Floorspace required
Department Store/ Variety Store	2322 sq.m / 25,000 sq. ft
3 (X) midsize units	929 sq.m / 10,000 sq. ft
Local food store	743 sq.m / 8,000 sq. ft
Unit Shops	139 sq.m / 1500 sq. ft
Grid to provide multiples of single, double and triple units	139 – 418 sq. m / 1500 – 4,500 sq. ft

- The Roger Tym retail assessment makes no distinction between the different categories of retail use i.e: A1; A2; A3; A4; A5; and only refers to comparison retail as opposed to convenience retail. We have assumed that the retail will contain an element of all of these uses, albeit with the majority being A1 retail.
- Under the current car parking policy, the provision of car parking provides no revenue and the capital cost of this, particularly the multi-storey car parking, is a heavy negative on the financial viability.
- Each example also includes for a 40 x room hotel; a primary school; and 1476 sq.m of office accommodation. The cost/value of these will be consistent to each example.

Example A - Shopping Led

Retail	Residential	Office	Community/ Cultural
30,000 sq.m	Flats x 546 units Houses x 51 units	1,476 sq.m	1,300sq.m

- Whilst this example provides more than the Roger Tym assessment, over 10,000 sq.m is non-prime retail.
- The key retail sites are Tresham College (14,500 sq.m) and Market Square/ Silver Street (6149 sq.m). Of the new retail provision 20,649 sq.m will be prime retail. The mass and location of the retail will be fundamental to attracting quality comparison retailers.
- At this stage we have insufficient information to do a full financial appraisal to assess viability. However from the limited comparisons we can make it is apparent that some individual elements of this example will not be viable. However we consider example A to have the best comparative viability.

Example C - Cultural/Community Led

Retail	Residential	Office	Community/ Cultural
25,000 sq.m	Flats x 524 units Houses x 146 units	1,476 sq.m	4,780 sq.m

- This is a variation of example B with the addition of a Cinema within the upper floors of Site E, at the cost of 49 residential units. The financial viability of the Cinema is marginal even before any capital incentives are taken into account.
- The additional Cultural/Community facilities will also have a negative viability, although providing a new library will allow more scope for redevelopment around the Market Square.

Example B - Housing Led

Retail	Residential	Office	Community/ Cultural
15,400 sq.m	Flats x 832 units Houses x 83 units	1,476 sq.m	1,300sq.m

- This example reduces the increase of retail provision by some 38% and increases the residential provision by 20%.
- This equates to prime retail being reduced by 10,275 sq.m, albeit that a large amount of this is at first floor. The reduction in value with less prime retail will not be completely offset by the extra value of the increased number of residential units. E.g. the end value of Site E is likely to be over £5m lower for example B than example A.
- More importantly the reduction in the mass of the prime retail element will affect the attractiveness of the development to the anchor retail stores, which need sufficient unit shops to be sustainable.

Summary

- On the information available at this stage we cannot quantify the financial viability of any of these examples, only the comparative viability assuming the variable costs are equal.
- Example A would appear to have the better financial viability. Assuming land acquisition values and site assembly costs are proportionately on a par, we estimate Example A to have a comparative financial viability better than either Example B or C.
- Example A will provide the better opportunities for attracting national quality retailers and fulfilling the retail aspirations of the town.
- Example C does provide more cultural and community facilities although at a significant financial cost, and the loss of significant retail provision in the prime retail area.
- Example A will have the least effect on the overall residential allocation which, although the difference is not hugely significant, will mean more housing can be allocated to the proposed east and north Urban Extensions to Wellingborough. Example B would have the most effect on the overall residential allocation.
- Although some elements of each example are not individually viable, once the Preferred Option is selected we can analyse the financial viability in more detail and review the individual elements to address this.

Appendix A Tresham Institute Massing Study

The Tresham Institute has provided a schedule for its future requirements up to and beyond 2021. The following massing examples have been drawn up to identify whether their future requirements can be accommodated on three sites within and around the Town Centre.

The three main sites which have been identified are:

- 1) Oxford House site off West Villa Road/Oxford Street
- 2) The Vauxhall garage site of St John's Street
- 3) The Saxby factory site off Midland Road

These requirements are:

- 8,000 sq.m building, ideally designed around a central built glass roof atrium. The building would ideally have some frontage for marketing/presence
- 4,000 sq.m of single storey workshop space with HGV access
- 360 – 400 spaces (Highways Authority Ratio they are using based on the Kettering 11,500 sqm and 350 spaces is 1 space per 33sqm)



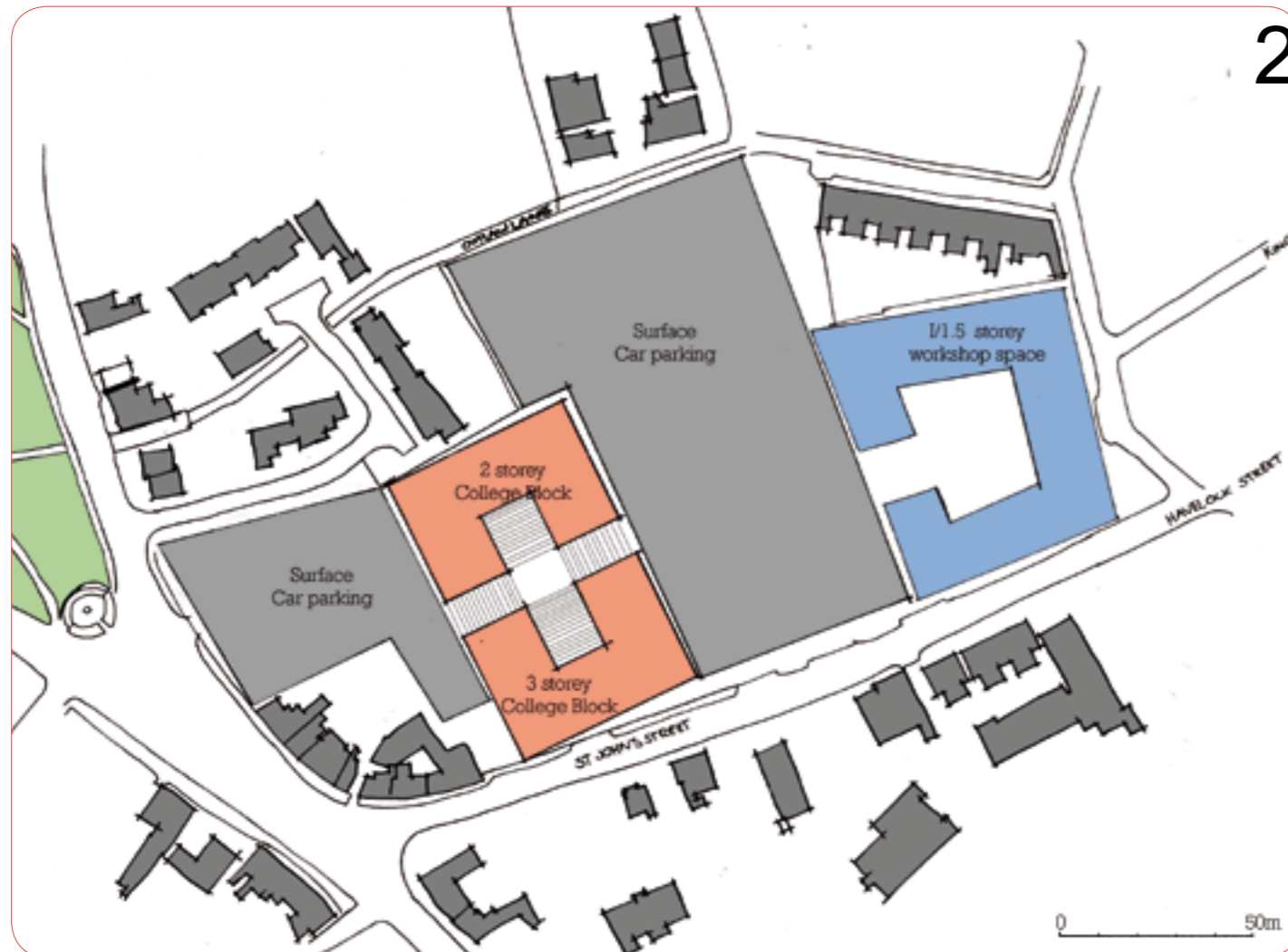
Oxford House

Pros

- The site does allow Tresham to have prominent frontage along an arterial road, leading into the town centre.
- The main teaching and office building as well as the required workshop space can be accommodated.
- Tresham in this location would be situated close to existing public transport networks as well as town cycle links.
- Bassetts close would provide a strong green amenity for the college

Cons

- There is insufficient surface parking to meet the needs of the Tresham Institute. A four level car park, equivalent to three stories would be required. This would need further design thought and possible skinning with residential development in order to reduce the visual impact on surrounding dwellings as well as to overcome the economic implications of building a multi-storey car park.



The Vauxhall Garage site

Pros

- The site does allow Tresham to have frontage off St John's Street.
- All the floor space requirements can be met on this site. Please note a four storey teaching and office block, may not be appropriate in this location, as it creates issues of scale, over-looking and over shadowing for the surrounding properties. Therefore the massing study has taken this into consideration.

Cons

- This location may cause increased traffic along St John's Street.
- HGV servicing requirements may be more difficult to achieve due to current highways layout.



The Saxby Site

Pros

- The site can accommodate all the Institute's floor space requirements.
- It is located off the Midland Road and would have strong links with both the Town Centre and the railway station.
- It is in close proximity to the park, which would provide a green amenity for the college, as well as providing a strong setting.

Cons

- HGV access into the site will need further investigation