

53-55 Vastern Road, Reading



**A Report of the Financial Viability of the proposed application for
residential development including retail floorspace at Vastern
Road, Reading**

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Executive Summary of the Financial Viability of the proposed application for residential development including retail floorspace at Vastern Road, Reading.

A detailed Financial Viability Assessment (FVA) has been submitted to accompany the submission of a detailed planning application for the redevelopment of former SSE site on 53-55 Vastern Road, Reading, RG1 8BU. As part of the FVA, the existing use value of the site, market values and build costs are supported by independent consultant reports. In summary, FVA sets out the development appraisal inputs for the proposed redevelopment of the site in order to demonstrate why the site is not able to deliver any affordable housing.

The site comprises approximately 0.76 hectares (1.8 acres) with currently a total of 50,403sqft of office premises, existing transformer and switch room, together with 150 demarcated parking spaces and 30 visitor parking spaces.

The site is located within the jurisdiction of Reading Borough Council and forms part of the Reading Central Area and the Station / River Opportunity Area.

The submitted detailed planning application seeks permission for;

'the demolition of existing structures and erection of a series of buildings ranging in height from 1 to 11 storeys, including residential dwellings (C3 use class) and retail floorspace (A3 use class), together with a new north-south pedestrian link connecting Christchurch Bridge to Vastern Road'

The development proposals are for 209 new residential properties together with a new café and pedestrian/cycleway through the site providing a key connection from Reading Station to Caversham.

This report demonstrates that the proposed scheme, prior to any market growth assumptions, fails to produce an acceptable return and unable to provide any affordable housing.

The following is a summary of the main inputs into the financial appraisal:

		Proposed Scheme
Revenues		
Private Sale Properties		£78,574,580
Total Revenue		£78,574,580
Costs		
Build Costs		£51,290,407
Professional Fees		£ 4,107,959
Sales, Letting & Marketing		£3,661,256
Finance Cost		£6,397,246
S106 / CiL / 3 rd Party Costs		£2,332,233
Land Cost		£9,600,000
Land Costs (SDLT & Fees)		£768,000
Total Costs		£78,157,102
Overheads and Profit (OH&P)		£417,479
Benchmark OH&P		£15,714,916
Deficit		-£ 15,297,437

The report demonstrates that the proposed scheme remains in deficit to an acceptable benchmark margin by just under £15.3m.