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Your ref:

24th January 2023

By Email

Dear Sir

Representations on behalf of McLaren Property Ltd
Exeter City Council Partial CIL Review with regard to Build-to-Rent; Purpose Built Student Accommodation and Co-Living Schemes

Introduction

AspinallVerdi write on behalf of our client, McLaren Property, who have property development interests in Exeter. McLaren Property specialise in residential led property development and have an interest in BtR, PBSA and Co-Living schemes.

This letter provides our representations with regard to the online questionnaire which addresses agreement or disagreement and comments with regard the proposed CIL rates, with all responses due on by 25th January 2023.

We have previously responded in February 2022 with regard to typologies, land values and values. We have concerns with regard values, sizes and transparency of data used in the testing undertaken by Three Dragons.

The Council have asked Three Dragons to prepare strategic viability evidence to support potential CIL rates on the following limited range of development types:

- Flatted Development including Build to Rent (BtR)
- Privately built student accommodation (PBSA)
- Co-Living

It is suggested by planning policy guidance that engagement with the development industry is an important part of the review process and therefore the consultation paper seeks to obtain views from developers/stakeholders on the inputs used in the viability testing.

We are now responding in view of the online questionnaire, which we have also responded to, and elaborate on our concerns in this letter.

The Proposed CIL Rates

AVL note that Exeter City Council are proposing the following CIL Rates as the updated CIL Charging Schedule, currently under consultation:

Proposed CIL Charging rates 2023

Development Use	Levy (per sq m)	Notes
Residential (excluding Use Class C2 and residential uses identified below as flatted, build to rent, purpose build student accommodation and co-living)	£80*	*Part of October 2013 Charging Schedule - indexed to £118.57 for permission granted in 2022*
Flatted residential – homes with neighbouring uses above and/or below	£0	*New rate for 2022 Draft Charging Schedule*
Build to Rent – purpose built housing, rented out and professionally managed in single ownership and management control	£50	*New rate for 2022 Draft Charging Schedule*
Purpose built student accommodation (PBSA) - student housing whose occupation is limited to students by planning permission or planning obligation	£150	*New rate for 2022 Draft Charging Schedule*
Co-living – purpose built managed rental accommodation comprising private living units with communal facilities, under professional management	£50	*New rate for 2022 Draft Charging Schedule*
Retail (includes former Use Classes A1–A5†) outside the city centre:	£125*	*Part of October 2013 Charging Schedule - indexed to £185.27 for permission granted in 2022*
All other development	£0*	

We are, of course, aware that CIL is subject to indexation, with Residential which gained permission in 2022 being CIL liable at a rate of £118.57psm, but we have concerns that Residential Flatted development will not attract CIL going forward.

All forms of residential development will result in an impact on local infrastructure. However, it is not clear why Residential Flatted development will not attract CIL, Three Dragons cite viability issues, but we consider this needs clarification and evidencing. Build to Rent, Co-Living and PBSA are also flatted schemes, however it appears these are being unfairly penalised with a high CIL rate when they are more heavily subject to up front construction costs and income stabilisation periods of 2 years, something not experienced by Residential Flatted market sale schemes.

All construction is impacted by high costs of materials, regardless of type. However, certain models can feel the impact more, those which have the costs front-loaded such as Build to Rent, Co-Living and PBSA.

By applying CIL to Build to Rent, Co-Living and a particularly high CIL levy on PBSA, this will impact the ability to bring these schemes forward and it appears to be an unfair bias.

We set out our views below according to building typology:

1. Residential and Residential Flatted

The questionnaire asks the participants whether they agree or disagree with the CIL Rate proposed for Residential schemes and secondly, Residential Flatted schemes, proposed as follows:

Residential - £118.57 psm (indexed)
Residential Flatted - £0psm

Aspinall Verdi

We strongly disagree with the Residential Flatted rate. All residential schemes affect infrastructure in terms of roads, doctor's surgeries and schools, not least carbon outputs and other sustainability issues. Whilst the target for Affordable Housing is 35%, this will be site dependent and, lately, due to the continued upward spiral of construction costs will likely also be negotiated down or agreed at a lower level and reviewed again at a later date, closer to completion, due to high costs of construction and to see whether values have improved to a point where the loss is overcome.

It is also a matter of fact that interest rates have risen rapidly over the last year for those borrowing money, which further impacts all development schemes coming forward. However, residential for sale schemes typically benefit from off-plan sales which assists in mitigating the finance costs. Larger schemes are typically phased, therefore the Developer is only at risk a phase at a time, waiting until the majority of units are sold on one phase before starting another. Therefore, the risk profile with residential for sale is not as high as Build to Rent and similar rental models. We do not understand why the proposed CIL rate for Residential should be lower than the proposal for PBSA. It is unclear how it has been perceived that PBSA creates a greater impact on infrastructure.

Residential development in the form of market sale does not discourage car ownership and therefore fails to satisfy some key policy requirements such as Sustainability. Exeter is particularly challenged by car usage and the high level of commute into the City - residential market sale schemes will not alleviate this issue. An example of such residential development is the Linden Homes development at Pinhoe, a suburb on the north eastern outskirts of the City. Houses have hard standing for parking and it is an easy commute into the City should homeowners find it more convenient to drive than get the train. Typically, if people have the choice, they will prefer to drive as they will not be subject to train delays, strikes and increasing fares.

We consider that the traditional Residential market sale, will have more of an impact on infrastructure than Build to Rent, Co-Living or PBSA. This is reflected in the higher CIL charge on Residential. However, we consider that CIL should apply to both Residential and Residential Flatted schemes. We do not believe Residential Flatted market sale should be exempt and consider the viability of residential flatted schemes should be scrutinised as presented by Three Dragons and that testing criteria is transparent.

2. Build to Rent and Co-Living Schemes

The proposed charge for Build to Rent schemes is £50psm, participants to the consultation are asked whether they agree or disagree with this. We disagree with this.

The proposed charge for Co-Living schemes is £50psm. We also disagree with this.

Co-living schemes are often perceived to be at a rental premium to the wider residential market and therefore only available to higher earners. In reality, Co-living rents are targeted at a c.20% discount as opposed to the all-in cost in, for example, Build to Rent accommodation or similar. This discount is only approximate and will depend on room sizes, amenities etc, but there will be a discount.

Three Dragons considers that Residential Flatted market sale doesn't work in terms of CIL, it is unclear in that case, why flatted schemes such as Build to Rent and Co-Living should attract a CIL Levy of £50psm each.

Due to the nature of these residential models, the costs are front loaded and therefore a high CIL will seek to negatively impact these schemes coming forward. It increases the financial risk when construction costs have to be incurred up front. There is not always an investor immediately to hand to provide forward funding. Another issue is that it can take 2 years to stabilise the rental income on Build to Rent and Co-Living schemes.

It is important to note that the Government is supportive of the Build to Rent residential typology. It is a model that is increasingly assisting with providing high quality homes. Build to Rent typically offers tenancies on a 3 year basis, which is termed as 'family friendly', providing greater security of tenure. The government acknowledges that it is not possible to meet housing targets through just one model i.e. build for sale. Both Build to Rent and Co-Living models appeal to young professionals, and Build to Rent also appeals to families.

Co-Living Schemes offer good amenity and have the ability to build a community. It has been demonstrated that Co-Living is beneficial for those coming out of student accommodation in that they can socialise with other young people and that it also assists in mitigating potential mental health issues that can result from isolation.

It is being demonstrated that those wishing to take shorter letting terms are favouring the Co-Living model. This could be for reasons for short terms contracts which require someone to move to a specific location for a designated contract, but who do not want to make a permanent move. They are also an excellent choice for those who are between market sale units, or who are renovating a home. Co-Living is a perfect solution for those who do not wish to be in isolation or have the burden of maintenance The flats are maintained to a high standard and professionally managed which is a very appealing attribute.

TheseBoth Build to Rent and Co-Living housing models will assist in achieving policy goals, such as achieving Council set housing targets and Sustainability goals, deterring and reducing car use as, they will be built close to excellent public transport connections. National Planning Policy states these schemes should provide 20% Affordable Units and therefore also meet the requirement to provide affordable housing. However, a high CIL rate will impact the ability of these schemes to provide this level of Affordable Housing.

At the present time, mortgage availability is at an all-time low for build for sale. Despite proven income and deposit levels it has become difficult for buyers to enter the housing market. Given this difficulty, a superior rental property can step in and provide high quality housing and assist in meeting the Council's housing targets. Multi-family schemes and family rentals form an increasing part of suburban Build to Rent schemes, presenting as low-rise and attractive propositions. Legal & General and Packaged Living are just two investors who have announced their commitment to suburban Build to Rent in the last year or so.

It is a known fact that there is a strong vehicle commute from Torquay to Exeter (delays having been initially addressed by the new by-pass) and if high quality Build to Rent and Co-Living schemes were built in suburban Exeter, this could encourage people not to be reliant on cars. People moving in to these schemes would be discouraged from car ownership if everything is close to hand coupled with good transport links.

3. Purpose Built Student Accommodation (PBSA)

The questionnaire asks whether participants agree or disagree with the proposed CIL rate of £150psm.

We strongly disagree.

PBSA schemes are similar in model typology as Build to Rent and Co-Living. They provide high quality housing to students, professionally managed but typically at lower rents.

It is unclear, given the lower rent issue, how Three Dragons conclude that PBSA should incur a CIL charge of £150psm. Demand for student schemes is increasing, not decreasing, and the pandemic demonstrated that during a lockdown, PBSA offers students a safe place to continue their studies online.

We consider a jump to £150psm to be unjustified given the lower rents generated by PBSA together with income stabilisation timeframes and again, upfront construction costs. This level of CIL will deter these schemes from coming forward.

4. Construction Costs for PBSA and Co-Living Schemes

As mentioned in the previous representations, our clients' cost consultant, Alium Group, reviewed the construction costs adopted by Three Dragons. For PBSA and Co-Living schemes, Three Dragons have adopted the following:

- Three Dragons Report dated February 2022 but mean based on 4Q21 **= £1,838/m2 mean**

Alium subsequently reviewed these costs as follows:

- Alium BCIS advised (dated 12 Februrary 2022) but rebased to 4Q21 = £2,006/m2 mean

Alium have revised these costs as at the January 2023 as follows:

- Revised Alium BCIS (current BCIS dated 14 January 2023) = **£2,127/m2 mean**

This represents an uplift in costs of **£289/m2 mean**, which is a significant increase.

The BCIS Costs are attached to this letter as Appendix 1.

We have no confidence in the evidence as provided by Three Dragons and this, in turn, does not generate confidence that the rates being proposed (across all residential typologies) will not negatively impact the ability to achieve policy compliant levels of affordable housing, which is critical in setting a robust CIL rate. We have previously raised concerns that the CIL testing should be reviewed in further detail and should include robust evidence and up-to-date data.

Our previous representations are attached at Appendix 2 for ease of reference.

5. Conclusion

In relation to the above, and as stated in our previous representations, we consider it would be useful to see:

- Background data which informs scheme densities.
- That values for PBSA and Co-Living are reviewed.
- Background data which informs Benchmark Land Value.
  A review of Construction Cost base data together with Professional Fees for PBSA and Co-Living schemes.
- Background data informing cost uplift on Co-Living base build costs.
- Review Plot costs for flatted development.
- Transparency of data informing Residential Flatted schemes.
- Review Developer Return due to current market risks.
- Flexibility built into the Charging Schedule to allow negotiations on the CIL rate owing to the unique models that BtR, PBSA and Co-Living present, i.e. there is no initial return to the developer and it takes up to two years for one of these products to stabilise.

We consider that Build to Rent, Co-Living and PBSA schemes should be encouraged to come forward and not disincentivised through high CIL charges. These schemes are key to achieving housing targets, assisting with family housing, sustainability goals and providing students with a safe place to continue with their studies (in the event of future lockdowns).

We trust that the above representations will again be considered by the Council as part of the ongoing process for developing the CIL around BtR, PBSA and Co-Living schemes. We would be grateful if you could keep us informed with regard to progress.

If you have any queries please do not hesitate to contact me.

Yours faithfully

Stephanie Eaton MRICS
Director

Appendix 1 – BCIS Costs for PBSA and Co-Living

BCIS® RICS®

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 12-Feb-2022 00:38

› Rebased to 4Q 2021 (344) and Exeter (99; sample 38)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
856.2 Students' residences, halls of residence, etc (15)	2,006	1,126	1,830	1,998	2,203	3,226	57

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 14-Jan-2023 05:56

› Rebased to Exeter (99; sample 38)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
856.2 Students' residences, halls of residence, etc (15)	2,127	1,216	1,910	2,132	2,366	3,459	55

Appendix 2: AVL Previous CIL Representations

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Our ref: 220228 ExeterPartialCILReps_v1.docx

Your ref:

28th February 2022

By Email

Dear Sir

Representations on behalf of McLaren Property Ltd
Exeter City Council Partial CIL Review with regard to Build-to-Rent; Purpose Built Student Accommodation and Co-Living Schemes

<u>Introduction</u>

AspinallVerdi write on behalf of our client, McLaren Property, who have property development interests in Exeter. McLaren Property specialise in residential led property development and have an interest in BtR, PBSA and Co-Living schemes.

This letter provides our representations on the paper produced by the Council entitled 'Viability testing assumptions – consultation paper' dated February 2022.

In this Paper, the Council state:

'The council recognises that since the CIL was brought in there has been changes and new products in the local property market that were not envisaged when the rates were originally set, where the focus was on edge of settlement house led schemes and to a lesser extent new retail development. Since that time new products such as build to rent and co-living have emerged as well as a sustained purpose-built student accommodation market, which has changed in respect of its characteristics and form.'

This paper sets out that the Council have asked Three Dragons to prepare strategic viability evidence to support potential CIL rates on the following limited range of development types:

- Flatted Development including Build to Rent (BtR)
- Privately built student accommodation (PBSA)
- Co-Living

It is suggested by planning policy guidance that engagement with the development industry is an important part of the review process and therefore the consultation paper seeks to obtain views from developers on the inputs used in the viability testing.

We will respond to each question asked by the Council, regarding the Three Dragons proposed inputs, in the following order:

1. Typologies and development characteristics

The table below shows the development typologies, which are proposed in the viability testing.

Table 1: Typologies

Reference	Units	Greenfield /Brownfield	Gross ha	Net ha	Units per net ha	Storey height
Flatted typologies						
Res1	15	GF	0.150	0.150	100	4
Res2	15	BF	0.150	0.150	100	4
Res3	75	BF	0.282	0.268	280	4
Res4	150	BF	0.625	0.500	300	5
Res5	350	BF	1.458	1.167	300	5
Build to Rent						
BtR1	150	BF	0.625	0.500	300	5
BtR2	350	BF	1.458	1.167	300	5
Purpose Built Student Accommodation						
PBSA1	40	BF	0.05	0.05	844	3
PBSA2	100	BF	0.09	0.09	1094	5
PBSA3	250	BF	0.27	0.27	938	6
Co-Living						
CoL1	40	BF	0.6	0.6	714	5
CoL2	100	BF	0.12	0.12	857	6
CoL3	250	BF	0.25	0.25	1,000	7

Source: Exeter City planning applications and officer discussion

"Q1 – Do you agree with the proposed typologies in terms of their range within the development type and their form in terms of site area, density and storey height?"

A. At face value for Flatted and BtR the densities look reasonable, however:

- There is nothing to indicate whether the Brownfield locations are Central or Urban/Sub-urban.
- Greenfield 15 units is the same as Brownfield 15 units. We would expect Greenfield development to be lower density than Brownfield and at a lower storey height.
- There is nothing to state the assumed transport accessibility for each type which again relates to Central/Urban/Sub-urban areas which is key for Co-Living and PBSA schemes.
- AspinallVerdi would like to see how the densities have been calculated for the PBSA and Co-Living Schemes.
- Watkin Jones forward sold a Co-Living scheme in 2021 (Gladstone Road, Exeter) Planning Ref: 19/1417. This was 133 studios on 0.26ha. This equates to 512 studios per ha. Much lower than cited above.

"Q1a – If no to Q1 please suggest an alternative and provide evidence to support your view."

A. The sales particulars of Watkin Jones' scheme are attached at **Appendix B.**

2. Unit size, mix and tenure

Table 2: Dwelling size and mix

Tenure	Flatted	BtR flats	PBSA	Co-Living
Unit sizes				
Market sq/m (blended – 1 to 3 bed)	NIA: 66 GIA: 78	NIA: 66 GIA: 78	Gross room size: 32	Gross room size: 35
Affordable social sq/m (blended – 1 to 2 bed)/discount market rent	NIA: 56 GIA: 66	NIA: 66 GIA: 78	-	Gross room size: 35
Affordable home ownership sq/m (blended – 1 – 2 bed)	NIA: 60 GIA: 71	-	-	-
Market and affordable housing mix				
Market tenure	65%	80%	100%	80%
Affordable tenure	35%	20%	-	20%
Affordable housing tenures				
Affordable social rent mix	70%	-	-	-
Affordable home ownership mix	30%	-	-	-
Discount market rent mix	-	100%	-	100%

Source: Land Registry/EPC; Exeter City planning applications; nationally defined space standards; NPPF

"Q2 – Do you agree with the proposed unit sizes, mix and tenures in terms of their range within development type?"

A. We disagree with several inputs.

The Nationally Described Space Standards (NDSS) should form the basis of the dwelling sizes for the Flatted and BtR schemes. Transactional data may be biased to a certain size of flat or location, which may not provide a standardisation of data.

The Flatted Schemes and BtR affordable provision should reflect the same unit sizes. In the Council's Affordable Housing SPD 2014, it states:

"Size Mix

The Council will require the mix of new affordable housing on each development site, to be representative of the mix of market dwelling types and sizes (including number of bedrooms) being provided. Exeter Core Strategy Policy CP5 sets out the Council's approach to housing mix."

Furthermore, flatted schemes generally provide the same floorplate and number of flats on each floor. Therefore, we consider that for the Flatted schemes, BtR and the affordable housing, the sizes should be the same.

It is noted that the gross to net is 85% in the Three Dragons table. However, it is considered that 85% is not really achievable with the requirements on developments presently, which include bin stores and bicycle storage, which take up a lot of space. A gross to net of 75% is not untypical. To achieve 78% is good.

"Q2a – If no to Q2 please suggest an alternative and provide evidence to support your view."

A. For the Flatted and BtR schemes, NDSS GIA sizes for 1b2p 2b4p and 3b5p are as follows:

Table 3: Unit Sizes for Flatted and BtR schemes

NDSS Units 2 - 3 storey	GIA sqm	NIA sqm
1b2p	58	
2b4p	79	
3b5p	99	
sub total	236	
Average	**79**	**67**

Source: Nationally Described Space Standards

Using NDSS, this provides an average GIA of 79sqm rounded, which is close to the Three Dragons figure. Whilst this is only a small change we consider it reflects a more accurate base for unit sizes.

McLaren Property have undertaken developments of PBSA/Co-Living schemes which reflect thefollowing sizes:.

PBSA

- With regard to PBSA, the GIA per bed should be c. 28sqm.
- The NIA of a cluster bedroom should be c. 13.5sqm and a studio should be c. 17sqm.

CO-LIVING

- Co-Living should target 35.5sqm GIA per bed. In terms of NIA, Co-Living studios are 20sqm. McLaren consider the minimum NIA should be 17sqm (including bathroom pod).

By way of example:

Watkin Jones were recently seeking a forward funding co-investor for a proposed Co-Living Scheme in Gladstone Road, Exeter – the room sizes stated for studios range from 18sqm to 29sqm. (Details are appended at **Appendix B.).** Amenity space is stated to be 3.4 sqm per unit. This site is a city centre location.

The Collective in London operate 17sqm rooms.

Domi operate rooms up to 17sqm.

These operators are in London and therefore the densities will be greater.

3. Development Values

Flatted typology market values

AspinallVerdi note that flatted values are based on all new build transactions listed as flats within the Land Registry and EPC records from November 2015 to November 2021, indexed to November 2021.

Table 4: Market Sales Values £/sq m

Unit Type	Flatted
Per sqm	£4,126
Per unit	£271,000

Flatted typology affordable housing values

The Three Dragons document states that social rent and shared ownership affordable housing transfer values are estimated on a capitalised net rent basis. Social rents are assumed to be 75% of the affordable rent (blended 50/50 between 1 bed and 2 bed), drawn from the LHA based on the Exeter BRMA. First Homes follow the PPG Guidance with a 30% discount on market values.

Table 5: Affordable Housing Assumptions

Social rent		Shared ownership	
Rents	Social rent blended - £108pw	Share size	35%
Service charge	£10 per unit	Rental charge	2.5%
Management and maintenance	£1,000	Capitalisation	4.5%
Voids/bad debts	3%	Value/unit	£176,000
Repairs reserve	£600	**First Homes**	
Capitalisation	4.5%	Value approach	30% discount market
Value/unit	£85,000	Value/unit	£173,000

Table 6: BtR Values £/psm

Unit Type	BtR
Rent per annum	£1,400
Less operating costs, sinking funds & voids	22.8%
Capitalisation rate	4.5%
Value/unit	£350,000

Table 7: PBSA and Co-Living Market Values

Unit Type	PBSA	Co-Living
Weekly rent	Cluster flat ensuite £164 Studio £215	Market: £280 Discount: £224
Rent per annum (assumes 51 weeks for PBSA & 48 weeks for Co-living)	Cluster flat ensuite £8,344 Studio £10,963	Market: £13,416 Discount: £10,733
Less operating costs/sinking fund	30%	35% Market: £4,696
Yield	5.25%	5.25%
Per Room (rounded)	£121,700	Market: £154,000 Discount: £107,000

"Q3 – Do you agree with the proposed values and underlying assumptions for each of the development types?"

A. Market Values

We have no disagreement with the value stated here.

Shared Ownership

AspinallVerdi consider the inputs to Shared Ownership regarding 35% share and 2.5% rental charge to be acceptable.

First Homes

We agree that the discount to market value on First Homes is 30%.

Where we Disagree

We disagree with some of the other inputs as follows:

Affordable Housing LHA Rates for Exeter are:

1 bed	£131.80 per week
2 bed	£156.49 per week

It is therefore unclear how the £108 per week has been derived.as the blended average of the above is £144.15 per week.

There is no consideration of Affordable Rent.

PBSA

The PBSA value for Studios at £215 per week is considered too high, we have collated evidence that confirms £207 per week for PBSA studios.

Co-Living

Three Dragons have uplifted the PBSA values by 30% reflecting the market in Manchester (LockeLiving/Oppidan/Livinc. However, that market is well established compared with Exeter. It would be more appropriate to apply 20sqm for a standard room within a Co-Living scheme. We would assume £215pw - £225pw, this is a slight premium to PBSA.

We have taken this view as it is difficult to gauge at this time as the concept/product isn't yet live in Exeter and any provider would need to establish the market. A slight premium to PBSA due to the room sizes being slightly larger and more amenity space a 5%-10% premium would be more appropriate.

"Q3a – If no to Q3 please suggest an alternative and provide evidence to support your view."

A. AspinallVerdi have included evidence of PBSA studio rents confirming £207per week for PBSA studios, attached at **Appendix C.**

We have attached a statement on Co-Living rents from McLaren Property Ltd at **Appendix D**.

<u>Benchmark Land Values</u>

The document refers to the Department for Levelling Up, Housing and Communities (DLUHC) estimates for Exeter brownfield land being as follows:

- CBD Office Land - £2,500,000 per ha
- Out of centre office land - £990,000 per ha
- Industrial - £900,000 per ha

These are Valuation Office Agency estimates. This document is dated April 2019 although published in 2020. There are notes which accompany this document setting out that where land values for a specific site under appraisal are known these should be used over the typical values presented in this document.

It also states what is not included in the values i.e., commercial land values do not include any liability for CIL and planning consent is already assumed to be in place.

Industrial land assumes all services to the edge of site, the use is restricted to industrial/warehouse and full planning consent is in place. The other assumption is that there are no abnormal site constraints or contamination/remediation issues.

The document goes on to say that "brownfield land values used in site-specific negotiations combined a mix of existing use plus a premium, and other estimates.

- The brownfield existing use estimates ranged from approximately £330,000 per ha to £18,000,000 per ha with the highest of these based on existing city centre prime commercial uses.
- Within the wider range above, there was a set of brownfield land sites on former commercial premises. Again, these varied according to the existing use but suggested a narrower range between approximately £750,000 - £850,000 per ha and £1,000,000 - £2,300,000 per ha."

AspinallVerdi note the following proposed land values Three Dragons have tabled:

Table 8: Existing Use, premiums and benchmark land values

Existing use	Estimated value/ha	Premium	Benchmark/ha
Greenfield (paddock)	£50,000	15x	£750,000
Brownfield	£990,000	20%	£1,188,000

"Q4 – Do you agree with the proposed benchmark land values and underlying assumptions for each of the development types?"

A. AspinallVerdi consider the use of DLUHC Land Values to be inappropriate as there are so many caveats applied to the values.

Without seeing how the values were derived it is difficult to form an opinion. Please can you supply your evidence base?

"Q4a – Are these benchmarks too high for flats, co-living and PBSA?"

A. As above, please provide your evidence base. Brownfield could be slightly higher based on other CIL viability we have seen. Exeter is a busy, University (outstanding) and commuter city and well connected.

"Q4b – If no to Q4 please suggest an alternative and provide evidence to support your view."

A. Exeter City Council hold a Brownfield Land Register – it may be a good start to contact the Estates Team see which locations have the concentrations of Brownfield sites. Some sites are local authority owned and therefore may have a value attributed to them as they would be valued for the Council 's Assets Register.

4. <u>Development Costs</u>

Flatted and BtR development costs

Three Dragons have tabled costs and sources for development costs for Flatted and BtR schemes in the Councils' Paper.

"Q5 – Do you agree with the development costs outlined for Flatted and BtR development types?"

A. We do not agree with the development costs in their entirety.

"Q5a – If no to Q5 please suggest an alternative and provide evidence to support your view."

Base Build Costs

AspinallVerdi consider the Base Build Costs to be incorrect and should be reviewed – we are now in Q1 2022 and costs have changed.

Plot Costs

Plot costs are stated at 10% - we consider this to be too low on an undetailed flatted scheme and should be 15%. 10% is more appropriate for housing estates.

Professional Fees

These show two different rates 8% for 10 – 100 units and 6% for 101+ units. We consider this to be inappropriate. Professional fees should be 12% for 10 to 100 units and 10% for 101+ units.

Legal fees

Legal fees only mention Affordable and First Homes i.e., £500 per unit Affordable and £650 for First Homes. We consider £700 per unit to be appropriate for Market Flats and First Homes. Please could Three Dragons explain the price differential for affordable units?

Developer Return

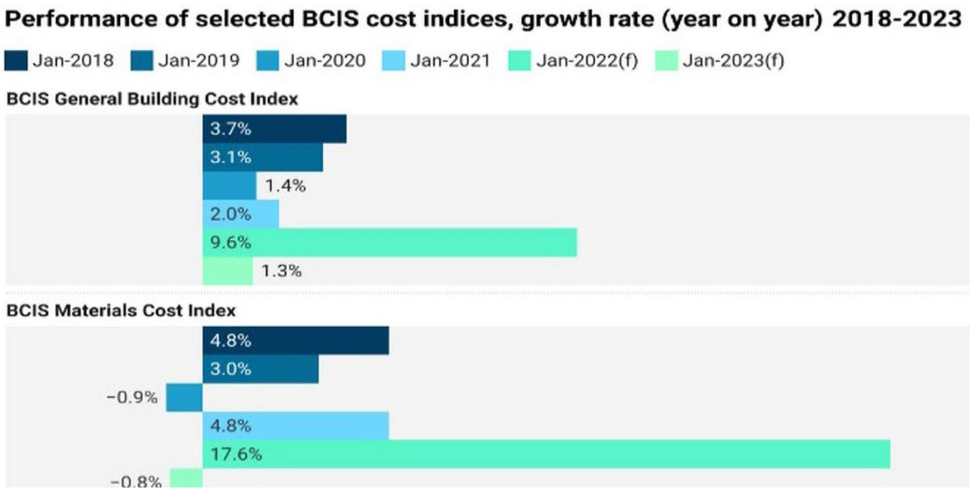
Developer Return has been stated as 17.5% on GDV for market GDV – we consider this should be 20% on market GDV and agree with 6% on Affordable GDV. Banks will want to see a profit of at least 20% on GDV before they will lend at the current time.

Development costs are and have been escalating and there is a lack of skilled construction workers and some construction materials. The RICS reported that at the end of 2021, construction materials cost increases had reached a 40 year high.

Interest rate rises planned for this year will make money more expensive to borrow. This creates more risk and uncertainty.

Planning Policy Guidance Viability at paragraph 18 states for the purposes of plan making an assumption of 15 – 20% on GDV may be considered suitable. However, it is clear that the government associate lower profits with lower risk. Given the risk profile at the present time, 20% on GDV is appropriate.

Table 9: RICS: Performance of selected BCIS cost indices, growth rate (year on year) 2018 - 2023



Source: RICS February 2022

PBSA and Co-Living assumptions

Base Construction Cost

Three Dragons state that PBSA is at mean £1,838/sqsqm under BCIS based to Q3 2021 and Exeter location.

"Q6 – Do you agree with the development costs outlined for PBSA and Co-Living development types?"

A. We disagree with the base construction costs as follows:

AspinallVerdi are aware that McLaren Property's Quantity Surveyors (Alium Group) have checked the basis for Exeter City Councils Base Build Costs. Three Dragons state that PBSA is at mean £1,838/sqm under BCIS based to Q3 2021 and Exeter location. The QS has based the same and wonder whether Three Dragons have based this on older 'forecast' figures as they have changed. 1Q21 is now noted as 'Provisional' which means data has started to be returned from the market. Please find attached the latest update which puts the mean at £2,006/sqm, which is an additional £168/sqm as a starting point. We agree with the Co-Living lack of data but cannot comment further on the 8.6% uplift 'based on uplifts used in other areas'.

"Q6a – If no to Q6 please suggest an alternative and provide evidence to support your view."

A. With regard to the uplift on Co-Living base build costs of 8.6% 'based on uplifts used in other areas' - this seems a little loose as justification and we would like to see the data which backs this up please.

There is no mention of operating costs, which we expect to see at c. 25%.

Conclusion

In relation to the above, we consider it would be useful to see:

- Background data which informs scheme densities.
- That values for PBSA and Co-Living are reviewed.
- Background data which informs Benchmark Land Value.
  A review of Construction Cost base data together with Professional Fees for PBSA and Co-Living schemes.
- Background data informing cost uplift on Co-Living base build costs.
- Review Plot costs for flatted development.
- Review Developer Return due to current market risks.
- Flexibility built into the Charging Schedule to allow negotiations on the CIL rate owing to the unique models that BtR, PBSA and Co-Living present, i.e. there is no initial return to the developer and it takes up to two years for one of these product to stabilise.

We trust that the above representations will be considered by the Council as part of the ongoing process for developing the CIL around BtR, PBSA and Co-Living schemes. We would be grateful if you could keep us informed with regard to progress.

If you have any queries please do not hesitate to contact me.

Yours faithfully

Stephanie Eaton MRICS
Director

Appendix A – Standard Terms of Business

AspinallVerdi – Property Regeneration Consultants

Standard Terms of Appointment

Definitions

“AspinallVerdi” refers to Aspinall Verdi Limited trading as AspinallVerdi – Property Regeneration Consultants providing professional planning and surveying services for property development and regeneration.

“Client” refers to the client named in the Fee Proposal provided with these terms. In the case of sub-contract commissions the Client is the lead contractor for these purposes.

“Fee Proposal” refers to any letter, email, proposal document, tender, Invitation To Negotiate, Invitation To Tender, bid submission, etcetera, taken all together, containing a description of the scope of the services and professional fees.

Description of services to be provided

AspinallVerdi shall provide the services described within the Fee Proposal.

In the event of any inconsistency, the Fee Proposal will apply over these Standard Terms of Appointment.

Professional Fees

All fees for work carried out by AspinallVerdi will be as agreed in the Fee Proposal.

Client’s obligations

The Client will provide in a timely manner all necessary information reasonably required, enabling AspinallVerdi to carry out the services during the appointment.

The Client acknowledges that AspinallVerdi is entitled to rely upon the accuracy, sufficiency and consistency of any information supplied to it by the Client. AspinallVerdi accepts no liability for any inaccuracies contained in any information provided by the Client or any third party on behalf of the Client.

The Client shall ensure that they have a representative authorised to make decisions on their behalf.

Unless otherwise specifically agreed, the Client authorises AspinallVerdi to speak to or meet with any other person it may need to contact in order to provide the services during the appointment.

Changes to the scope of instructions

The Client shall notify AspinallVerdi in writing of any instruction to vary the services.

Abortive work - AspinallVerdi reserves the right to make additional charges in the event that the scope of the services is modified during the appointment, or additional information is provided by the Client requiring additional or abortive work, or any other unforeseen circumstance prevents the timely completion of the appointment.

Unforeseen delays - Where information required to carry out the services is not provided by the Client in a timely manner, or any other unforeseen circumstance prevents the timely completion of the appointment, AspinallVerdi reserves the right to issue an interim invoice based on the tasks in the Fee Proposal that have been completed and/or by reference to time incurred (in hours/days) on the Client’s behalf multiplied by the previously agreed hourly/daily rates.

Material variations - Where there are material variations to the scope of the appointment our professional fees will be based on an amended Fee Proposal or by reference to time incurred (in hours/days) on the Client’s behalf multiplied by the previously agreed hourly/daily rates.

Additional meetings / conference calls – Where the Client requires additional formal meetings or conference calls in lieu of meetings over and above those specified in the Fee Proposal, these will be charged based on the agreed hourly/daily rates.

AspinallVerdi reserves the right to amend these terms of appointment as a consequence of any variation of the services.

Conflicts of Interest

AspinallVerdi will undertake a search of other clients, properties and roles to protect its Clients against any potential conflicts of interest that may exist within the firm.

AspinallVerdi employees must not accept or carry out any instruction where there may be, or reasonably construed to be, a conflict of interest.

If such a conflict of interest arises or becomes known after the instruction has been accepted, AspinallVerdi will withdraw from any instruction unless such conflict of interest is fully disclosed in writing to all relevant parties and all such parties agree that the instruction may be accepted or continued by AspinallVerdi.

Disbursements

The Client will pay all incidental expenses incurred by AspinallVerdi, including without limitation, all travel expenses incurred, accommodation, subsistence, special delivery postage/carrier services, copying, photography, advertising and other goods and services purchased on the Client’s behalf (e.g. Land Registry Title plans, Ordnance Survey plans etc), unless otherwise agreed in the Fee Proposal.

These expenses will be recharged to the Client at cost.

Car mileage will be recharged at 0.55 pence per mile.

Any disbursements properly incurred but not yet processed at the time of any invoice will be invoiced separately.

Payment Terms

The Client shall pay the agreed fees and disbursements to AspinallVerdi for the performance of the services in such instalments as are set out in the Fee Proposal.

All fees and charges are exclusive of Value Added Tax which if due shall be paid concurrently in addition.

Payment shall be made within 30 days of the invoice date.

AspinallVerdi reserves the right to charge interest and debt recovery costs in respect of any amounts that remain unpaid after the date for payment. Interest will be calculated at a rate of 3% per month or part month from the due date on any invoice which remains unpaid 30 days after the invoice date.

Documentation

The copyright in all documents prepared by AspinallVerdi in providing the services shall remain the property of AspinallVerdi. Subject to payment by the Client of the fees properly due to AspinallVerdi under this agreement AspinallVerdi grants to the Client an irrevocable non-exclusive royalty-free licence to copy and use the documents for any purpose related to the project. The costs of copying any documents for the Client by AspinallVerdi shall be recharged to the Client.

AspinallVerdi shall not be liable for any use of the documents for any purpose other than that for which they were prepared and provided by AspinallVerdi or for any use by a third party.
No reliance will be placed by the Client on draft reports or other work products (oral or written) provided by AspinallVerdi as these may vary significantly from any final report or work product.

Intellectual Property

The Client will keep confidential and not disclose any methodologies and/or technology utilised by AspinallVerdi in providing the services.
AspinallVerdi does not normally release digital copies of spreadsheets, valuations and/or development appraisals, although hard copies and pdf copies can be provided.

AspinallVerdi is the beneficial owner of all Intellectual Property Rights arising out of or in connection with the provision of the services to the Client.

Reporting

Unless otherwise agreed, AspinallVerdi will provide an electronic pdf version of the final report/output plus 1 paper copy (if requested).

Incidental expenses for additional copies will be recharged together with administration time for the preparation and collation of further reports.

Should the Client require AspinallVerdi to present the final report, the time costs and disbursements associated with this service will be recharged, unless otherwise agreed in the Fee Proposal.

Data Protection

As a result of AspinallVerdi's relationship with the Client, AspinallVerdi will hold personal data about individuals within the Client's business. AspinallVerdi will process that information only in connection with providing the services and for the purpose of contacting them about other services AspinallVerdi may offer.

Confidentiality

All the work carried out by AspinallVerdi is on a confidential basis.

AspinallVerdi will not disclose any confidential information relating to the Client, which it obtains during the course of the instruction, to any person other than its own advisors.

AspinallVerdi will only disclose its files if required to do so by a court or other tribunal of competent jurisdiction or otherwise only with the Client's written consent.

Assignment

Neither the Client nor AspinallVerdi shall assign the whole or any part of this agreement without the consent of the other in writing. Such consent shall not be unreasonably withheld.

Complaints

In the event that the Client has a complaint the Client shall be entitled to have access to the complaints handling procedure maintained by AspinallVerdi, copies of which are available on request from a Director.

A dispute resolution service is available should the complaint not be settled satisfactorily between the parties.

Notice

Any notice to be given under this Agreement shall be in writing and delivered by hand or sent by recorded delivery post to the party at the address showing in this Agreement or to such an address as the other party may have specified from time to time by written notice to the other.

Suspension and termination

If the Client materially breaches its obligations under this agreement AspinallVerdi may serve on the Client a notice specifying the breach and requiring its remedy within 28 days, and if the Client thereafter fails to remedy that breach within that period AspinallVerdi may terminate this agreement by giving written notice to the Client. The Client shall pay the fees and disbursements to AspinallVerdi for work incurred prior to the termination.

The Client has the right to terminate this agreement at any time on giving reasonable notice to AspinallVerdi and AspinallVerdi has the right to terminate this agreement at any time on giving reasonable notice to the Client.

If a conflict arises during the course of AspinallVerdi's work with the Client it may not be able to continue to act for the Client. If such a conflict arises AspinallVerdi will discuss the position with the Client and agree an appropriate course of action.

Professional indemnity insurance

AspinallVerdi is required to comply with the regulations of the Royal Institution of Chartered Surveyors and the Royal Town Planning Institute in respect of the maintenance of professional indemnity insurance.

The level of PI Insurance cover appropriate for the instruction being undertaken is limited to £1 million. AspinallVerdi shall on the written request of the Client provide evidence that PI insurance is in place.

AspinallVerdi's liability to the Client arising out of these terms of appointment shall be limited to the amount specified above. AspinallVerdi will not be liable for any consequential, special, indirect or exemplary damages, costs or losses or any damages, costs or losses attributable to lost profits or opportunities.

Liability of Employees

The duties and responsibilities owed to the Client are solely and exclusively those of AspinallVerdi. No employee of AspinallVerdi shall be liable to you for any loss or damage howsoever arising as a consequence of the acts or omissions of such employee (including negligent acts or omissions) save and to the extent that such loss or damage is caused by the fraud, dishonesty, wilful misconduct or unauthorised conduct on the part of such employee.

RICS Regulation

AspinallVerdi is regulated by the RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct for firms and all other applicable mandatory professional practice requirements of the RICS, which can be found at www.rics.org. As an RICS regulated firm we have committed to cooperating with the RICS in ensuring compliance with its standards. The firm's nominated RICS Responsible Principal is Atam Verdi, MRICS Chairman.

Law

English law shall apply to this agreement and if there is any dispute, the English courts will have exclusive jurisdiction.

190405 AspinallVerdi Standard Terms and Conditions_v5

Appendix B: Watkin Jones Gladstone Road Scheme

GLADSTONE ROAD, EXETER CO-LIVING

Forward Funding opportunity for a purpose designed and highly amenitised co-living development in Exeter

SAVILLS HAVE BEEN MANDATED BY WATKIN JONES GROUP TO SEEK A FORWARD FUNDING PARTNER FOR A PURPOSE DESIGNED AND HIGHLY AMENITISED 133 UNIT CO-LIVING DEVELOPMENT IN EXETER

KEY INVESTMENT CONSIDERATIONS

- Specifically designed as co-living by award winning architects Manson
- Watkin Jones Group are highly experienced in the delivery of purpose built operational real estate
- Gladstone Road will be the first purpose-built co-living development to come to Exeter and represents an opportunity to acquire an exemplar scheme, setting the standard for future co-living developments in the city and the UK
- A prime forward funding opportunity located in the historic city of Exeter
- Key residential location within the city, on the fringe of the commercial centre and adjacent to a Waitrose Supermarket
- 92% Walk Score rating indicating a vast array of hospitality venues, shopping, parks, culture and entertainment are easily accessible on foot[1]
- Very close proximity to Heavitree Hospital and opposite The University of Exeter's St Lukes Campus, both of which are expected to be key demand pools for the scheme
- Rental Hubs account for 62% of PRS households in Exeter, (cf. 24% South West).[2] Rental Hubs are young professional households in their mid-20s to early-30s, the target demographic for co-living products
- Start on site is targeted for May 2021 with practical completion scheduled for August 2022
- The thoughtfully designed co-living development will comprise:
  - 133 apartments with a Net Internal Area (NIA) of 29,866 sqft
  - Studio apartments ranging from 194 sqft to 312 sqft
  - 4,930 sqft of amenity space (37 sqft per room) will include a residents lounge, dining area, co-working space, gym, cinema room and ancillary space on the ground floor
- The Exeter market is ideally suited for co-living:
  - Rents have grown by 3.2% over the 12 months to September 2020[3]
  - House price to earnings ratio is 8.4x compared with the national average 7.7x indicating even further compromised ability for home ownership[4]
  - Significant student population with ~23,000 full time students living in Exeter[5]
  - Target co-living rents sit approximately 15% under comparable PRS rents and between the median and upper quartile of PRS Household Incomes (assuming 30% is spent on rent) indicating good affordability
  - Over the next 10 years, the population of Exeter is projected to increase by 7% adding a further 8,700 residents living in the city[4]
  - Tight supply of rental product means a significant number of commuters (c. 35,000) travel into the city centre each day

(1) Walk Score
(2) Experian Data
(3) Zoopla - Powered by Hometrack, Savills, Oxford Economics
(4) ONS, Nationwide, UK Finance, ASHE, Rightmove, Land Registry
(5) HESA

LOCATION & SITUATION

LOCATION

Exeter is the city and administrative centre of Devon. It is located in the South West of England and has a population of approximately 130,000.[1] The city is located 73 miles to the South West of Bristol and approximately 170 miles West of London.

Exeter is part of the South West Local Enterprise Partnership, which aims to secure investment in infrastructure and skills to boost the economy. Over £500m has recently been invested in the Exeter area.[2] Inward investment has transformed the area's infrastructure (roads, cycle paths and new railway stations), as well as new housing, new university facilities, new business premises and the improvement of sports facilities.

Plans for the £300m redevelopment of Exeter's city centre set out a clear vision as to the transformational growth of the city - with a strong focus on supporting housing delivery, infrastructure improvements and attracting inward investment to the area.[3]

Exeter is among the UK's top 10 fastest growing cites in terms of gross value added, with strong IT and professional services leading the way as the key employment sectors within the city.[1]

(1) ONS
(2) Department for Transport
(3) Exeter City Council

SITUATION

The development is located to the East of the city centre, situated on Gladstone Road in close proximity to Heavitree Hospital (1 minute on foot) and opposite The University of Exeter's St Lukes Campus (3 minutes on foot). Heavitree Hospital is the largest employer in Exeter.

The development is located adjacent to Waitrose supermarket and other local amenities. It is a 9 minute walk from Princesshay shopping centre and the retail centre of Exeter which includes a John Lewis and multiple restaurants and bars. Other attractions include a Vue Cinema which is 7 minutes' walk from the development.

The development is located under 4km to the West of the M5, which provides access to the national motorway network.

The local area is well served by a number of bus routes, with the nearest bus station being located at the end of Gladstone Road on Heavitree Road, providing access into Exeter city centre.

Exeter St David's Station is located 1.5 miles to the West of the development which provides services to London Paddington, London Waterloo, Bristol, North and South Devon, Plymouth, Cornwall and the national rail network.

Train journey times:

Exeter St David's

Plymouth	1hr 9m
Bristol	1hr 23m
Cardiff	2hr 12m
London	2hr 14m
Birmingham	2hr 45m

Exeter Airport is located under 5 miles away to the East, providing air travel to 50 destinations across the UK and wider Europe, handling in excess of 900,000 passengers per year.[1]

(1) Exeter Airport


UNIVERSITY OF EXETER - STREATHAM CAMPUS
EXETER CENTRAL
EXETER CATHEDRAL
PRINCESSHAY SHOPPING CENTRE
EXETER CITY CENTRE
JOHN LEWIS
ST JAMES PARK
VUE CINEMA
GLADSTONE ROAD
UNIVERSITY OF EXETER - ST LUKE'S CAMPUS
WAITROSE
HEAVITREE HOSPITAL

THE CASE FOR OWNERSHIP OF FOR-RENT RESIDENTIAL PROPERTY

THE CASE FOR OWNERSHIP OF FOR-RENT RESIDENTIAL PROPERTY

The investment case for ownership of for-rent residential property in the UK is underpinned by a number of compelling demographic trends.

Housing Shortage

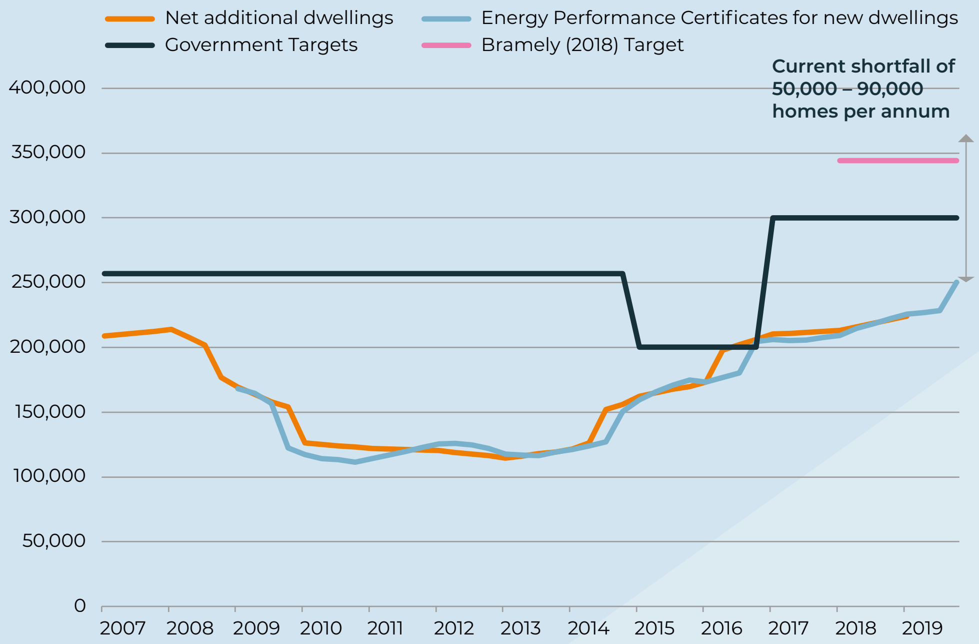
The UK suffers from a chronic, long term under-supply of housing, with a current shortfall of between 50,000 and 90,000 homes per annum.[1]

Housing Unaffordability and Increasing Deposit Requirements

Due to the acute housing shortage, there has been a stark increase in house prices relative to average wage growth, with the house price to earnings ratio now at c.4.5x, compared to 2.6x 19 years ago.[2]

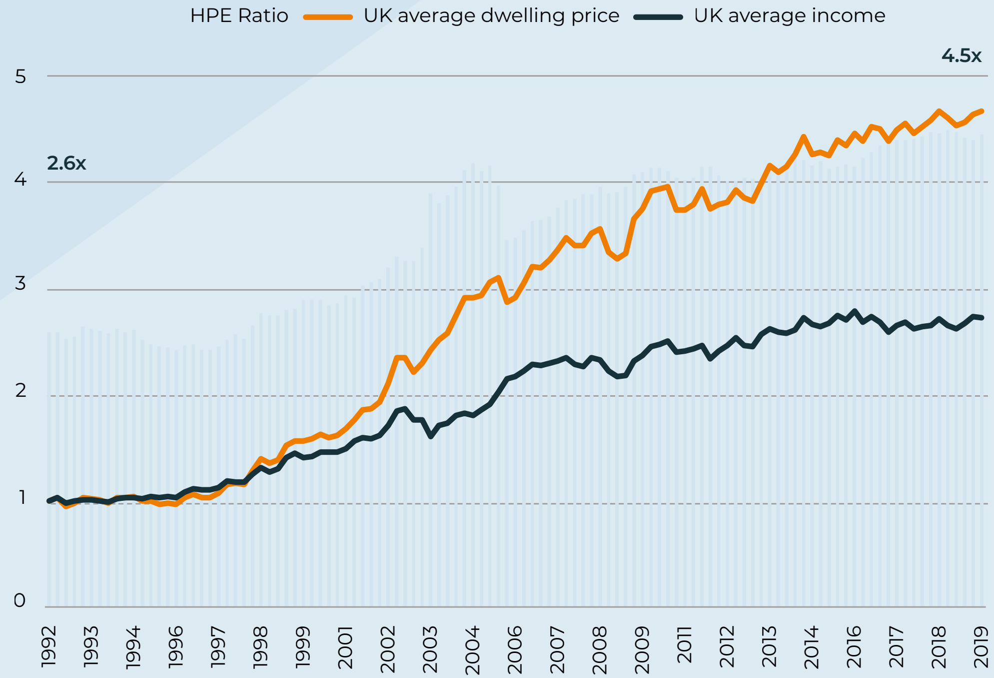
UK HOUSING NEED

THE UK HAS CONSISTENTLY FAILED TO MEET HOUSING NEEDS.



UK FIRST TIME BUYER INCOME VS NATIONAL AV. HOUSE PRICE

HOUSE PRICE TO EARNINGS RATIO NOW STRETCHED TO 4.5X NATIONALLY FOR FIRST TIME BUYERS



(1) DCLG, GOV
(2) ONS

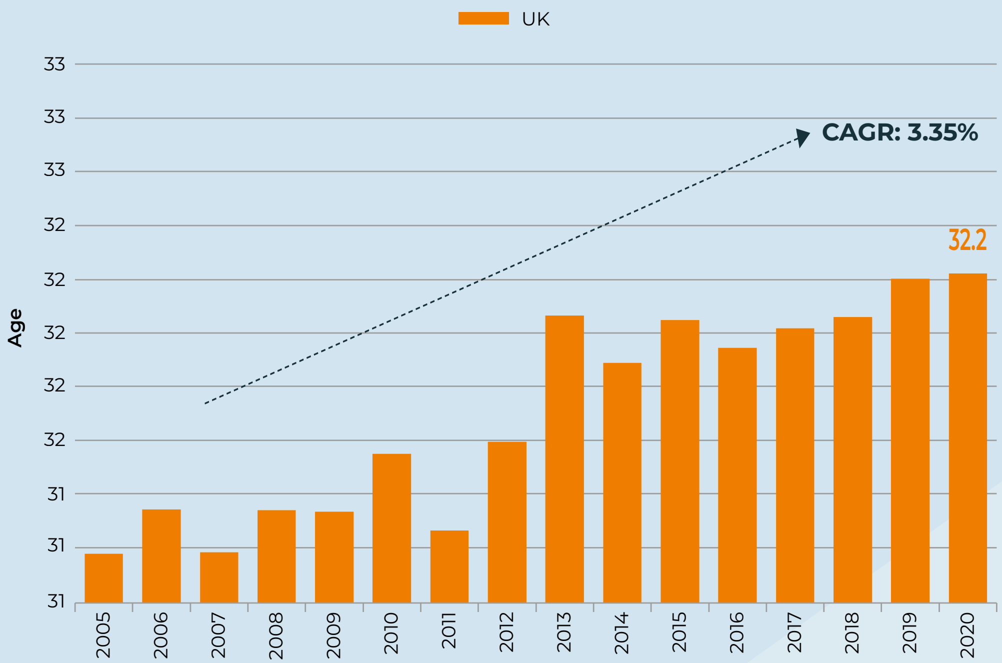
Renting for Longer

As a result today's young adults are significantly less likely to own a home at a given age than those born only three or nine years earlier.[1]

Whilst renting from a private landlord is most common at younger ages, an increase in the number of households in the private rented sector has been seen for all age groups, apart from the very oldest, with people far more likely to be renting privately than 10 – 20 years ago.

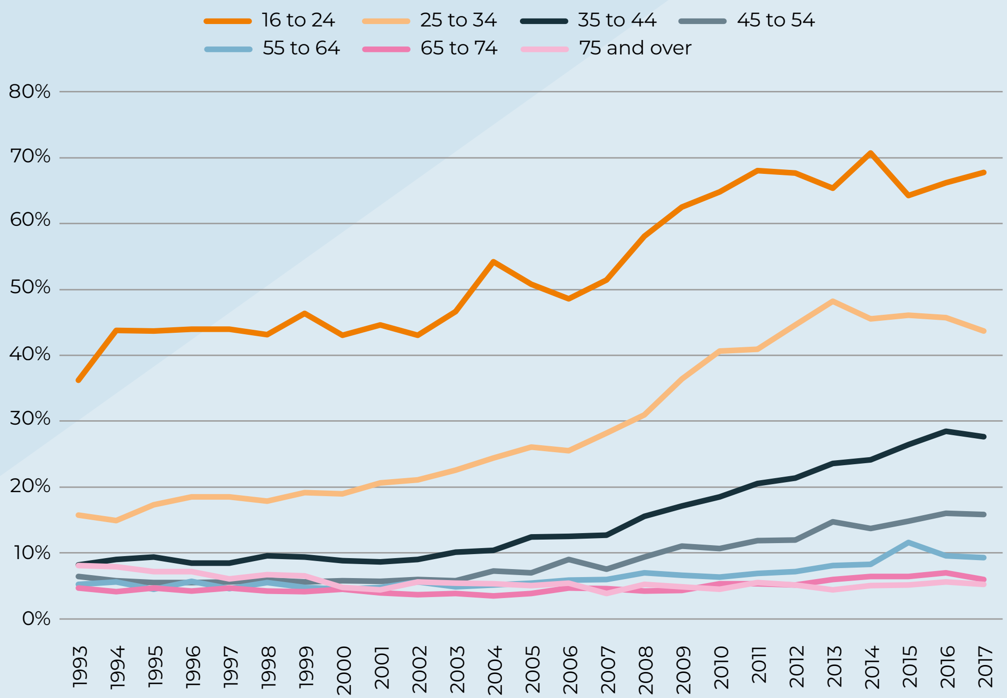
AVERAGE AGE OF RECENT FIRST TIME BUYERS

AVERAGE AGE OF FIRST-TIME BUYERS INCREASED FROM 30.9 YEARS OLD IN 2007-2008 TO 32.9 IN 2018-2019



PERCENTAGE IN THE PRS OVER TIME BY AGE GROUP, ENGLAND

SHARP INCREASE IN THE PROPORTION OF INDIVIDUALS LIVING IN THE PRIVATE RENTED SECTOR ACROSS ALL BUT THE OLDEST AGE GROUPS



(1) UK Finance (05.11.20)

Supportive Government Policy

This shift to institutionally owned, professionally managed for-rent residential accommodation has seen strong Government support.

£9.2bn

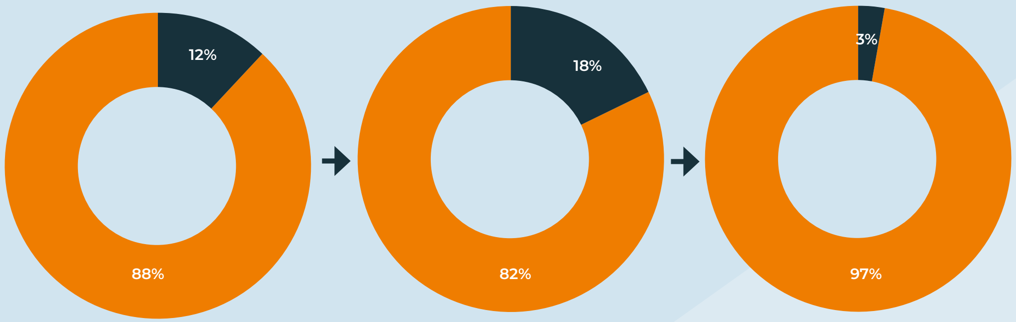
The UK government aims to significantly stimulate growth in the for-rent sector, having invested over £9.2bn to incentivise institutional investors to add to the housing supply

Lack of Institutional Ownership

With a value of £1.2tn[1], the Residential Private Rented Sector (the "PRS") accounts for 18% of all residential real estate in the UK and is 1.3x larger than the entire UK commercial real estate sector (£0.95tn).

Despite this, institutionally owned for-rent assets account for only 3%[1] of the UK's private rented sector ("**PRS**"), suggesting a significant growth opportunity for institutional landlords targeting the sector.

UK REAL ESTATE MARKET		UK RESIDENTIAL MARKET VALUE		UK PRS MARKET	
Commercial Real Estate	£0.95tn	Private Rented	£1.21tn	Institutional	£0.04tn
Residential Real Estate	£6.76th	Owner Occupied & Social	£5.55th	Private Buy to Let	£1.17th



Institutional Ownership in Mature Markets

The UK's limited institutional ownership of for-rent residential real estate is a material contrast to the US and Germany, suggesting that there is huge scope for growth in institutional ownership in the UK residential market.

MARKET COMPARISON[2]

	UK	USA	Germany
Private Rented Households (%)	34%	50%	80%
Institutional Owned Stock	3%	41%	37%

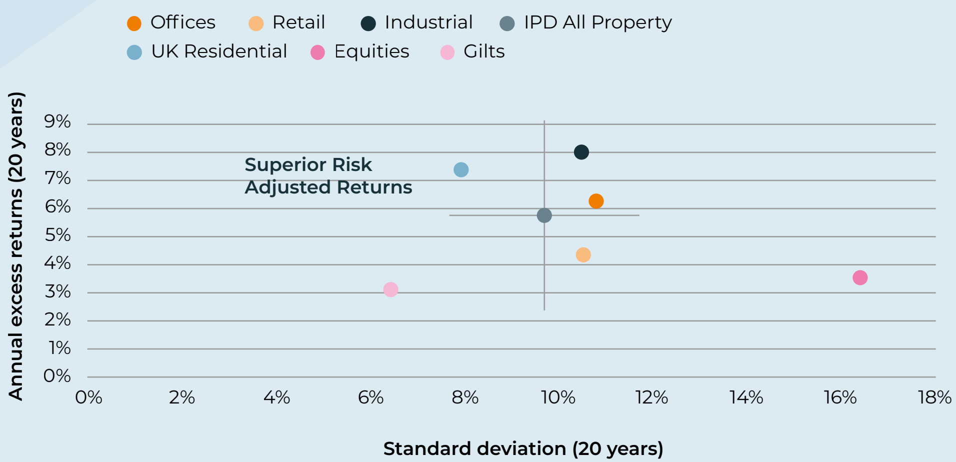
Attractive Investment Performance

For-rent residential property has a strong track record of sustainable risk-adjusted returns with defensive characteristics.

With excess returns (over 10 year gilts) averaging 7.3% per annum over the last 20 years and lower volatility than a number of competing use classes, residential property has provided superior risk-adjusted returns over the longer term.[3]

EXCESS RETURN VS VOLATILITY

RESIDENTIAL REAL ESTATE DELIVERS STRONG RISK ADJUSTED PERFORMANCE



(1) IPF 2019
(2) US Census Bureau Q4: 2019, CBPP Q4: 2019, ONS Q4: 2019, Destatis Q:4 2018, Eurostat Q:4 2018, GSA
(3) MSCI

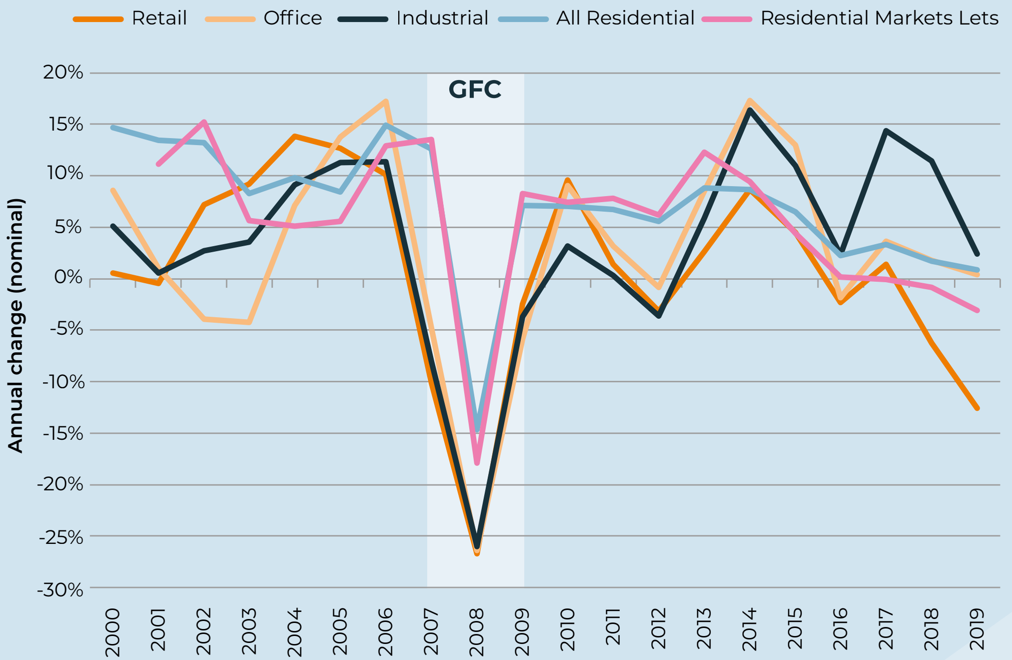
Robust Capital Growth and Resilience in Downturns

Resilience in capital growth during economic downturns has compounded total capital growth, increasing by 7.6% per annum since 1991, significantly higher than commercial property segments.[1]

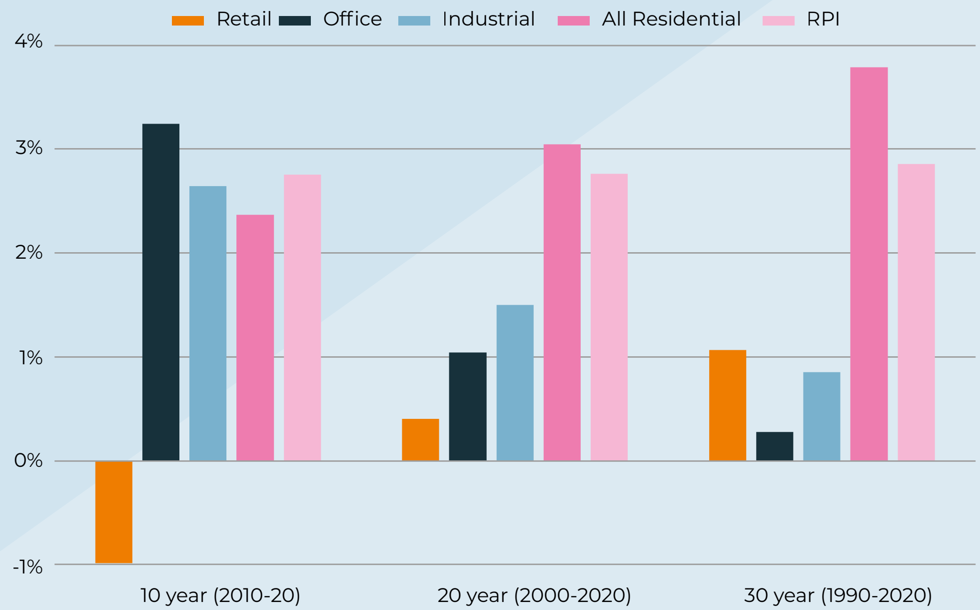
Stable Long Term Rental Growth with Resilient Performance During Covid

Rental growth for residential property has consistently outperformed inflation over the last 10, 20 and 30 years and the residential sector has demonstrated superior rent collection during the current COVID-19 pandemic.[1]

CAPITAL GROWTH (ANNUAL)



RENTAL GROWTH OVER TIME

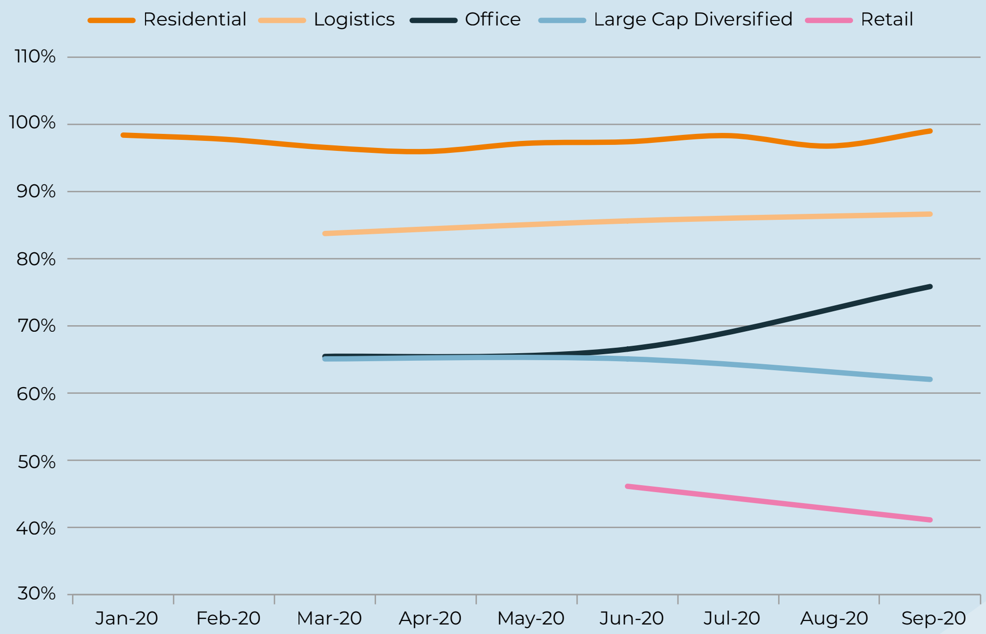


(1) MSCI, ONS

Strong Rent Collection

The UK residential sector has demonstrated compelling defensive characteristics through the COVID-19 pandemic, with excellent rent collection demonstrating that residential is a needs-based asset class, with homes now being used more intensively than ever before.[1]

RENT COLLECTION (%) BY SECTOR

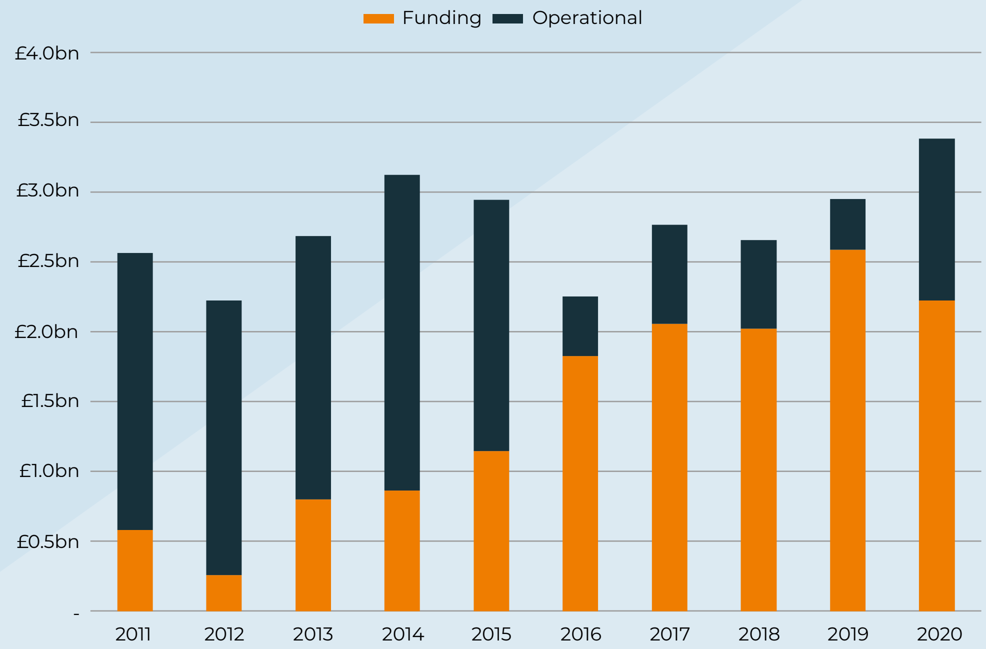


Note: Sector benchmarks are comprised of the following companies: Residential: Grainger, PRS REIT, LGIM; Logistics: Tritax Big Box REIT, LondonMetric, SEGRO, Warehouse REIT; Office: Helical, Derwent London, Great Portland Estates, Workspace Group; Large Cap Diversified: Land Securities; Retail: Hammerson

Changing Institutional Attitudes

Increased appetite for funding's reflects the lack of operational, institutional-grade stock in the market. As the for-rent sector has begun to mature, investors have looked to achieve the benefits associated with best practice multifamily design, including block efficiencies, gross to net efficiencies and economies of scale.[2]

INTITUTIONAL RESIDENTIAL INVESTMENT VOLUMES



(1) Company trading updates, Press search
(2) BPF, Savills

THE CASE FOR CO-LIVING

THE CASE FOR CO-LIVING

Co-living is a growing asset class in the UK which aims to offer an affordable and flexible rental experience to tenants by fostering a sense of community through the provision of well-designed, thoughtful amenity spaces, alongside well-curated social events.

The emergence of co-living as a concept is strongly aligned with the growth in demand for an agile and flexible workforce among highly skilled, knowledge-intensive sectors and continues to be popular amongst 'millennials' and young professionals.

The emergence of co-living in the UK is also a response to the escalating cost of housing in many larger or more dynamic city economies, which is a particular challenge for graduate workers starting their careers. All of these factors are highly relevant to Exeter, which is a fast growing city with a clear need for thousands of additional professional workers over the next decade.

KEY CHARACTERISTICS

- BUILT PURPOSE BUILT
- COMMUNITY CENTRED
- PROFESSIONALLY MANAGED
- FLEXIBLE TENANCIES
- SHARED SPACES
- PLUG & PLAY MODEL
- SERVICE ORIENTED
- SPACE EFFICIENT

TYPICAL AMENITY OFFERING

- RESIDENT LOUNGES
- CO-WORKING SPACES
- ONSITE GYMS
- SOCIAL & PROFESSIONAL EVENTS
- DINING AREAS
- ONSITE CONCIERGE & MAINTENANCE STAFF

CO-LIVING BENEFITS
PUSH AND PULL FACTORS

Co-living offers tenants all the benefits of living in a professionally managed scheme whilst also providing greater flexibility and a ready-made community for which to interact with and enhance their living experience.

PUSH FACTORS

UNPROTECTED DEPOSIT SCHEMES

The EHS reported that 27% of deposits were not protected under Government schemes

FAILING TO MEET QUALITY STANDARDS

25% of privately rented homes in the UK are considered 'non-decent' versus 15% of local authority dwellings and 11% of housing associations

RISK OF PROPERTY SALE

Risk of sale creates tenure anxiety, with 12% of all tenancies ending because private renters are asked to leave by their landlords

POOR LANDLORD MAINTENANCE

Private landlords are often associated with carrying out repairs to a poor standard and with lengthy delays

PULL FACTORS

COMMUNITY

Onsite events and facilities providing additional opportunities to socialise, learn and meet new people living nearby

CONVENIENCE

Turnkey renting solution, often inclusive of furnishings, broadband and shared amenities

AMENITIES

Pooling resources means quality shared spaces, added services and more space to live beyond ones apartment

SUPPORT STAFF

Onsite concierge, security and maintenance staff working together to deliver experiences that consumers have come to expect in other industries

PURPOSE BUILT

Newer buildings built with durability in mind, resulting in fewer maintenance issues

FLEXIBLE, SECURE TENANCIES

Long and short leases available without the risk of eviction from sale to an owner occupier

BENEFITS OF CO-LIVING TO INSTITUTIONS

- Ability to attract a broad spectrum of occupiers, derisking the income profile
- Schemes are purpose-built, allowing investors the scope to maximise efficiency through bespoke designs and maximising net operating income
- Designed and fitted out to target different tenant segments, which is more attractive to tenants and can drive rents and defend occupancy
- Offers the potential for multiple income streams through monetisation of some of the amenity provision, such as the gym
- Institutional management will allow co-living operators to realise rental premiums above comparable new build schemes let by private landlords
- Ability to match long term liabilities with a steady income stream

KEY DATA & DEMOGRAPHICS

EXETER: KEY DATA AND DEMOGRAPHICS

Local Demographics

The last reliable count of the number of PRS households is the 2011 Census, which showed that there were around 11,000 households in Exeter living in the PRS, including 1,300 student households. This equated to 22% of all households, compared with 19% across the South West and 18% nationally.

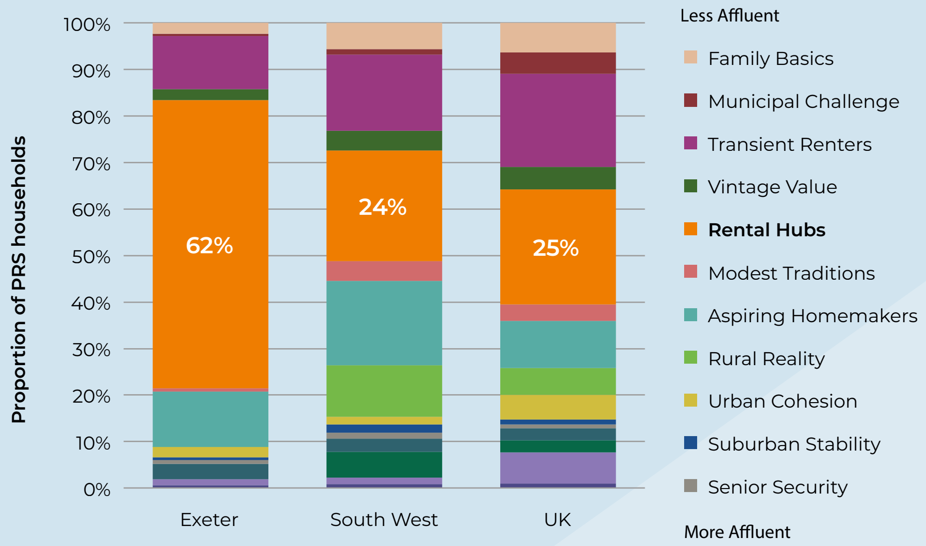
Experian's Mosaic data shows that the dominant group in the city are Rental Hubs, who account for 62% of all PRS households, compared with only 24% across the South West. The Rental Hubs group describes educated young households, typically in their mid-20s to early-30s, working in professional occupations. These are the primary target group for co-living schemes. Their presence indicates strong demand for co-living housing in the city.[1]

68.5% (61,000) of residents in Exeter are categorised as NVQ3 and above, compared to 60.5% in the South West and 58.5% in Great Britain. A more highly skilled resident population is likely to attract employers and maintain higher average salaries, supporting rental growth and rent collection.[2]

Exeter's Gross Value Added (GVA) per capita was £48,343 in 2020, which is higher than the South West (£42,330) and UK (£48,250) indicating that the City is above average in terms of economic productivity. When Exeter's GVA is measured against the UK and South West in the period from 2010 to 2020, it is evident that the city has outperformed in relative terms, having increased at a CAGR of 1.12% compared to 0.58% for the South West and 0.54% for the UK. Oxford Economics forecast that Exeter's GVA growth will become more pronounced in the years from 2020 to 2030, increasing at a CAGR of 0.53% compared to 0.24% South West and 0.20% UK.[3]

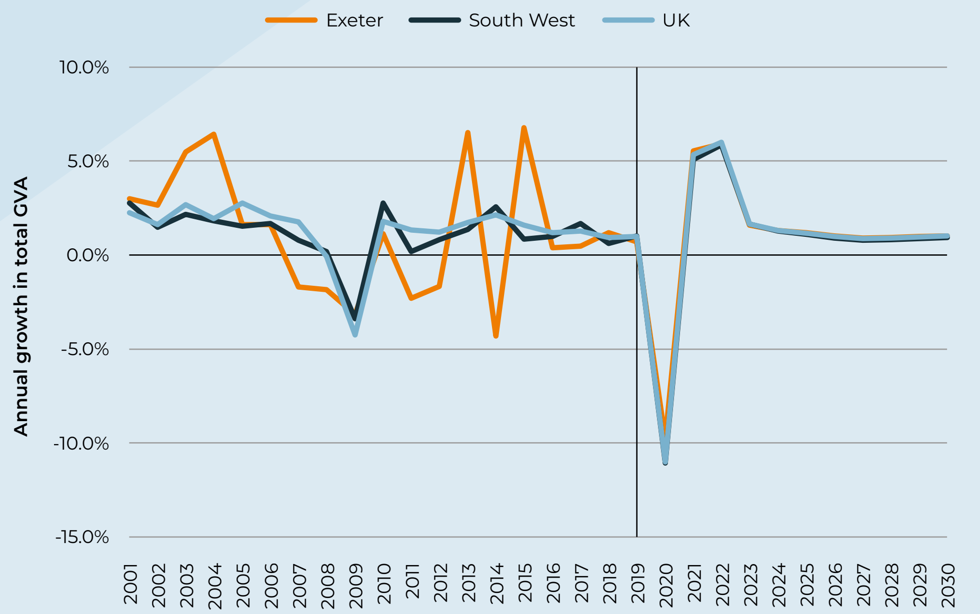
EXPERIAN MOSAIC CLASSIFICATION OF PRS HOUSEHOLDS

(See Appendix for Descriptions of Classifications)



(1) Experian

GVA INDEXATION

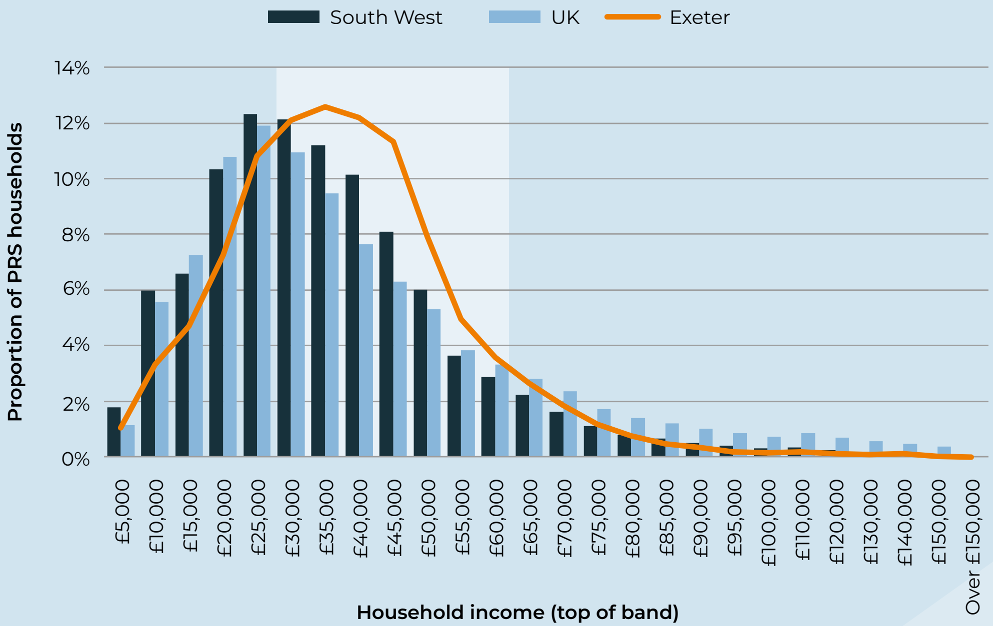


(2) ONS
(3) Oxford Economics

Income & Rents

The graph below displays that PRS households in Exeter have higher median incomes than both the South West and national averages, £34,257 compared with £30,392 and £31,266 respectively.[1] Therefore, PRS households in Exeter are likely to have a greater capacity for high quality rental product.

PRS HOUSEHOLD INCOME DISTRIBUTION



Source: Experian

Assuming that households can afford to spend 30% of gross income on rent, our analysis shows that a median earning household in Exeter could afford c.£860pcm, rising to £1,120pcm for an upper quartile earning household.

PRS HOUSEHOLD INCOMES

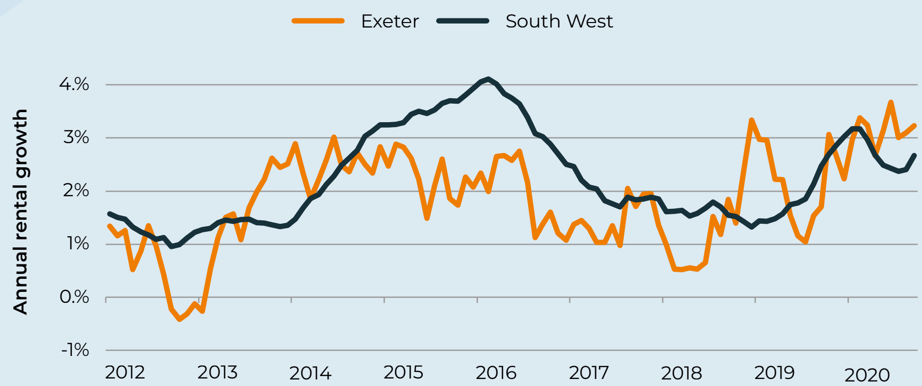
£ per annum	Lower quartile	Median	Upper Quartile	Upper decile
Exeter	£24,003	£34,257	£44,822	£57,381
South West	£20,138	£30,392	£42,798	£58,092
London	£20,104	£31,266	£48,741	£73,903

ESTIMATED RENTS

£ per calendar month	Lower quartile	Median	Upper Quartile	Upper decile
Exeter	£600	£856	£1,121	£1,435
South West	£503	£760	£1,070	£1,452
London	£503	£782	£1,219	£1,848

Rents in Exeter have increased significantly over the past year. As of September 2020 annual rental growth in the city had reached 3.2%, compared with 2.7% across the South West as a whole.[2]

ANNUAL RESIDENTIAL RENTAL GROWTH

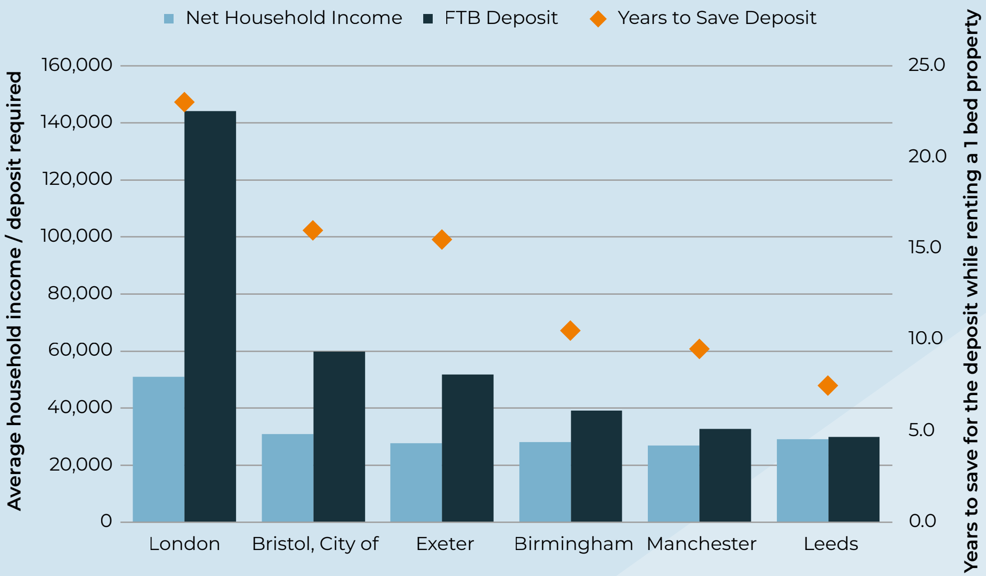


(1) Experian
(2) Zoopla - Powered by Hometrack

House Prices & Affordability

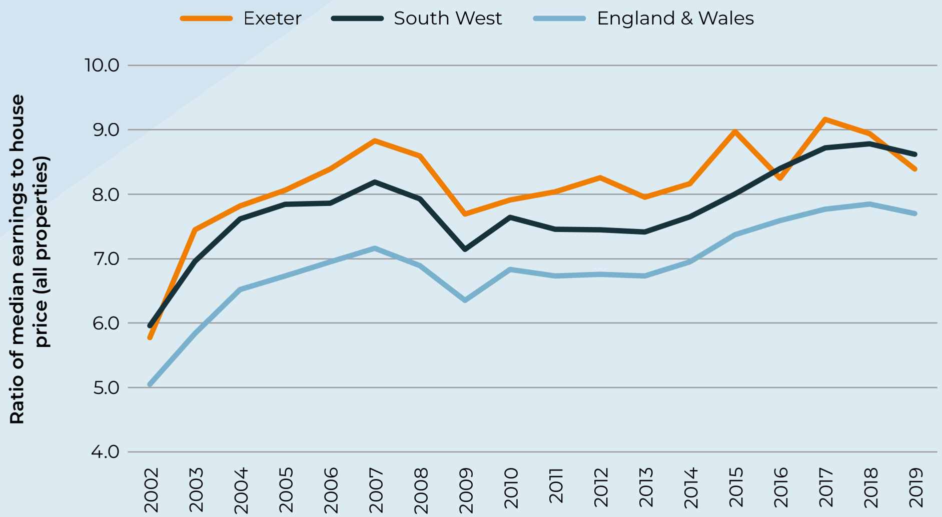
In Exeter the median house price is 8.4x the median resident's annual income. This is higher than the national average (7.7x).[1] This disparity between house prices and incomes in the city puts home ownership further out of reach of many potential first time buyers, driving demand for rented co-living product. Our analysis shows that it would take ~15.5 years to save enough for a deposit in Exeter without any external financial assistance. This will continue to drive demand for rented accommodation.

HOW MANY YEARS TO SAVE FOR A DEPOSIT



Source: Land Registry, UK Finance, ONS, ASHE, Rightmove

HOUSE PRICE TO EARNINGS RATIO



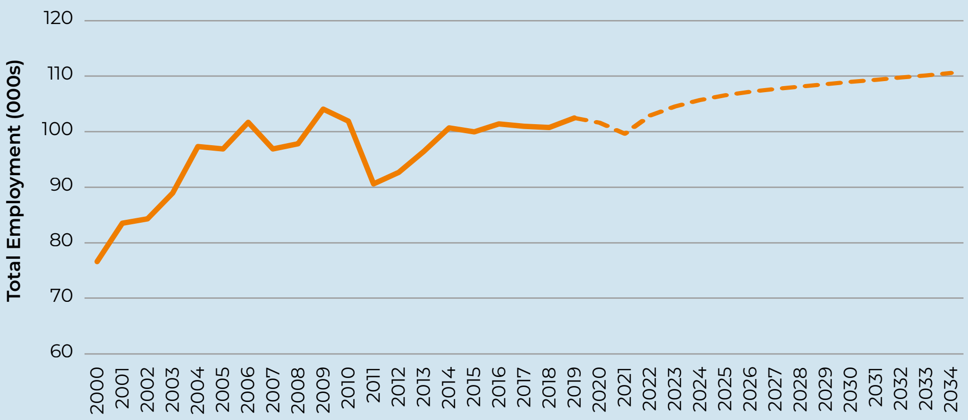
Source: ONS

(1) ONS

Employment

Forecasts indicate that Exeter will experience employment growth of 3.2% p.a. over the next five years, adding a further 3,200 jobs, compared with growth of only 0.6% p.a. across the South West and 1.6% p.a. for the UK. Mirroring the national picture, total employment in Exeter is forecast to fall in 2021. It is expected to bounce back quickly following this and over the next decade total employment is forecast to increase by 5.9%, adding a further 6,100 jobs. This rate of growth is significantly higher than the regional and national averages, which are 1.4% and 2.9% over the same period. The sectors that are expected to drive this growth are Human Health & Social Care, Real Estate Activities and Professional, Scientific and Tech sectors, which are forecast to grow by 14.8%, 13.8% and 11.0% respectively.[1]

TOTAL EMPLOYMENT



Source: Oxford Economics

Exeter is becoming an increasingly attractive location for employers to locate. There have been a number of major office lettings in Exeter since 2017 including AXA, Network Rail, Government Property Agency, Jacobs Engineering and Hawksmoor Investment Management.

MAJOR OFFICE LETTINGS IN EXETER

Address	Occupier	Sq ft	Date	Miles
Vantage Point, Pynes Hill	South West Academic Health Sciences Network	15,000	Q4 2018	1.7
Pynes Hill Court, Rydon Lane	Jacobs engineering	13,900	Q3 2018	1.5
Vantage Point, Pynes Hill	SWAHSN	10,000	Q2 2019	1.7
Pynes Hill Court, Rydon Lane	AXA	8,100	Q3 2018	1.5
Ash Hse, Falcon Rd. Sowton IE	Government Property Agency	7,400	Q3 2020	2.0
Malvern Hse, Yeoford Way, Marsh Barton	Guide Dogs For The Blind	6,600	Q2 2020	2.0
Queens Hse, 8 Little Queen St	Funeral Zone	6,600	Q1 2019	0.6
Barley Hse, March Green Rd	Network Rail	6,400	Q1 2018	1.4
Milford Hse, Pynes Hill	AJ Gallagher (UK)	5,300	Q4 2019	1.7
Exeter BPk, Stratus Hse, Emperor Way	Exeter Friendly Society	4,300	Q3 2019	1.9
Aperture at Pynes Hill, Rydon Land	Wilmott Dixon Construction	4,300	Q1 2019	1.7
Sterling Ct, 17 Dix's Field	Hawksmoor Investment Management	3,600	Q1 2018	0.4
Exeter BPk, Elizabeth Hse, Emperor Way	NHS	3,000	Q2 2018	1.9
Milford Hse, Pynes Hill	WR Group	2,700	Q3 2019	1.7
Total / Average		**97,200**		**1.6**

Source: Promis, EGi

A total of 97,200 sq ft has been let to established employers since 2017 at an average distance of 1.6 miles (30 minutes) from Gladstone Road. More established companies in Exeter are likely to increase graduate retention rates, as students transition out of university into graduate positions in the city, increasing the size of the target demographic for co-living product.

The development is also well positioned within catchment areas of a number of the largest employers in Exeter. The largest employers in the city are Heavitree Hospital (2,000 staff) located 0.6 miles from the development, University of Exeter (1,000 staff, 0.1 and 1.2 miles), Flybe Aviation Services (400 staff, 0.4 miles) Friends Life (350 staff, 3.1 miles) and Stovax Heating Group (320 staff, 2.1 miles).[2]

(1) Oxford Economics
(2) Promis, EGi

Higher Education

The University of Exeter is a member of the prestigious Russell Group and is currently ranked 12th in the UK (The Times Good University Guide 2021) and 146th in the world (Times Higher Education).

Over the next 10 years, the university is set to invest £428m in campuses, estate and infrastructure including Project North Park which involves the enhancement of the existing engineering and lab facilities as well as an improvement in IT services. 28% of the university's full time student population are from outside of the UK and over the last 10 years, international growth has been substantial with a CAGR of 8.2%.[1] In addition, these international students generate £256m of economic output helping to support more than 2,500 jobs within Exeter.

The University is a key contributing factor to the growth of the economy in Exeter creating a total economic output of +£1.17bn and +5,346 jobs, equating to 7% of all employment. In addition to supporting the local economy, ~13.2% of the Universities students stay in Exeter after their studies.

The social and affordable aspect to co-living suits the socio-economic profile of graduates, therefore graduate retention is likely to support demand, positioning Exeter as a key growth market for co-living product.

(1) HESA

22,945
Full time students

6,120
Full time international students

4.81%
10 year full time student CAGR

10,990
Existing PBSA beds

2.10
Student to Bed Ratio

11,955
Full time students unable to access PBSA

1
Russell Group University

12th
The Times Good University Guide

25th
Largest student city population in the UK

Development Pipeline

Currently there is only one other co-living scheme in Exeter's pipeline which is being developed by Curlew. Plans were approved on the 26th October 2020; the scheme comprises the redevelopment of the Harlequin Centre to provide 251 co-living units.

To supplement analysis, we have taken into account PRS schemes, as we anticipate that it is most likely to affect for-rent demand. Note, schemes are not directly comparable, however they provide a good indication of new build PRS supply.

There are currently 22 schemes in the development pipeline with over 50 residential units, in total these schemes comprise 6,200 homes. Of these only two are currently under construction, Bloor Homes scheme at Seabrook Orchards (245 units) and Taylor Wimpey's Riverside Walk development (101 units). Both of these are located in the South of the city. There are a further four schemes within detailed permission, which have a total of 730 units between them. The largest of these is Westco Properties and Vistry Partnership's Pinehoe Quay (380 units). The largest scheme in the pipeline is Bovis Homes' Alphington development, which has outline consent for 2,500 homes.

PRS PIPELINE SCHEMES

No.	Site	Status	Total Units	Developer
1	Seabrook Orchards (Formerly La, Topsham Road, N/O Topsham Town AFC Ground, Exeter, EX2 7DU	Under Construction	245	Bloor Homes South West
2	Riverside Walk, Wear Barton Road, Exeter, EX2 7	Under Construction	101	Taylor Wimpey (Exeter)
3	Pinhoe Quarry, Harrington Lane, Exeter, EX4 8DT	Detailed Permission	380	Westco Properties Ltd, Vistry Partnerships
4	ERADE Redevelopment, 50 Topsham Road, Exeter, EX2 4NF	Detailed Permission	209	Exeter Royal Academy for the Deaf, Acorn Property Group, Castleoak
5	Home Farm, Church Hill, Pinhoe, Exeter, EX4 9	Detailed Permission	90	Burrington Estates Ltd
6	Hill Barton, Adj To Boundary Of Met Office, Exeter, EX1 3	Detailed Permission	51	Persimmon Homes (South West)
7	Apsham Grange, Clyst Road, Topsham, Exeter, EX3 0BY	Detailed Application	155	Taylor Wimpey (Exeter)
8	Land to North West of Met Office, Off Hill Barton Road, Exeter, EX2	Detailed Application	115	Eagle One Ltd, Persimmon Homes (South West)
9	Lower RNSD site, Topsham Road, Exeter, EX2	Detailed Application	112	Barratt Homes Exeter
10	Holland Park Phase 3, Exeter Golf and Country Club, Newcourt Drive, Land to the South, Exeter, EX2 7JQ	Detailed Application	82	Heritage Developments
11	Land at Broom Park Nurseries A, Exeter Road, Topsham, Exeter, EX3 0LY	Detailed Application	64	Heritage Developments (SW) Ltd
12	Exmouth Junction Gateway Site, Prince Charles Road, Exeter, EX4 7EE	Detailed Application	51	Eutopia Homes (Exeter) Limited
13	Alphington Master Lead, South of Alphington, Exeter, EX5	Outline Permission	2,500	Bovis Homes Western
14	Monkerton Farm, Cumberland Way, On Western & Eastern Side, Exeter, EX1 3RG	Outline Permission	523	Taylor Wimpey (Exeter)
15	Land at Home Farm, Church Hill, Pinhoe, Exeter, EX4 9ER	Outline Permission	120	Waddeton Park Ltd
16	Exmouth Junction, The Old Coal Yard Exmouth Junc, Mount Pleasant Road, Exeter, EX4 7AE	Outline Application	465	Eutopia Homes (Exeter) Limited, Midas Construction
17	Land East of Exmouth Branch Li, Old Rydon Lane, Newcourt, Exeter, EX2 7JU	Outline Application	450	BC & EN PRATT
18	Phase 4, Hill Barton Farm, Hill Barton Road, Exeter, EX1 6PR	Outline Application	200	Salter Property Investments Ltd, Vistry Partnerships
19	Land Off Spruce Close, Celia Crescent, Exeter, EX4 9DR	Outline Application	105	Salter Property Investments Ltd
20	Land At Redhills, Exwick Lane, Exeter, EX4 2AP	Outline Application	80	ALD Developments
21	Land East Of, Cumberland Way, Monkerton, Exeter, EX1 3RW	Outline Application	80	Devon County Council
22	Bricknells Bungalow, Old Rydon Lane, Exeter, EX2 7JW	Outline Application	50	intproco

Source: Savills Development Database

INCOME

INCOME

Fresh have provided a budget, which is set out below:

Unit Type	NIA (sqm)	Units	Rent/Month	Annual Rent
Bronze	18-21	104	£823	£1,027,484
Silver	22-25	17	£927	£189,080
Gold	26-29	12	£1,030	£148,381

On the basis of the above, assuming yearly tenancies and 3.45% deductions for voids, discounts and arrears, the forecast annual gross rent is £1,317,789.

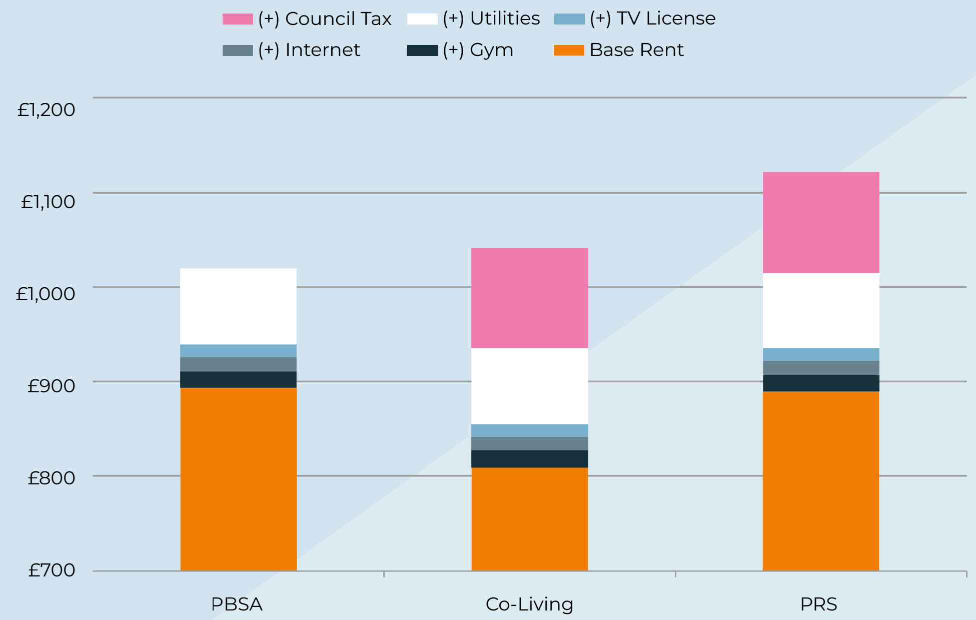
Co-living Rents versus PBSA and PRS

Whilst there's a significant number of professionally managed PBSA schemes located in central Exeter, the same is not true for BtR where delivery is yet to begin in earnest and only one scheme currently exists (Platform). Gladstone Road will be a unique and ground-breaking offer to Exeter and it is imperative that the assessment of rents prioritises prime, modern, high specification buildings in both PBSA and across the residential private rented sector.

Utilising data from the local market, we have analysed the upper quartile of rents offered in both PBSA and PRS / BtR and then compared these to the average rent proposed by Fresh. As we can see illustrated in the below table, the rents proposed by Fresh sit marginally above PBSA and around a discount of 15% to PRS / BtR rents.

	PBSA	Co-Living	PRS
Base Rent	**£893**	**£809**	**£889**
(+) Furnishing	-	-	£77
(+) Gym	£18	£18	£18
(+) Internet	£15	£15	£15
(+) TV License	£13	£13	£13
(+) Utilities	£80	£80	£80
(+) Council Tax		£106	£106
Est. Cost of Occupation	**£1,019**	**£1,041**	**£1,198**
Increase (%)		**+2.13%**	**+15.09%**

EXETER RENT BUILD UP



Whilst Gladstone Road bedroom sizes are comparable to PBSA which indicates good affordability compared to PBSA, they are smaller than prime PRS / BtR. This is addressed in two key areas:

- The gross rents are 15% lower than PRS
- Each tenant has access to very significant professionally managed common areas (totalling 3,907 sqft) including inclusive co-working space that you might otherwise pay

Furthermore, the proposed rents are well within the affordability range for the median to upper quartile earners that this scheme will attract, which are estimated to be £856 - £1,121.

We believe Gladstone Road will be an affordable rental proposition given both rents charged for existing rentalised accommodation in both PBSA and PRS / BtR and in consideration of the affordability metrics shown above.

DEVELOPMENT PROPOSAL

DEVELOPMENT PROPOSAL

The proposed development comprises:

- 133 co-living apartments (2,775 sqm / 29,867 sqft)
- Internal private amenity space of 4,930 sqft anticipated comprise a residents' lounge / games room, co-working space, dining area, fitness suite and lobby area
- External amenity space of 3,003 sqft anticipated to comprise landscaped gardens and 72 cycle storage spaces

Accommodation Summary

Floor	Units	NSA (sqft)	GIA (sqft)	Amenity (sqft)
-1	20	4,424	8,288	474
-	17	3,905	10,671	3,853
1	36	7,893	10,671	-
2	25	5,379	7,664	301
3	24	5,247	7,449	301
4	11	3,017	4,564	-
Total	**133**	**29,866**	**49,307**	**4,930**

Apartment Design

The individual studio apartments have all been carefully designed to maximise space and to cater to the needs of residents with the key features of the offering being as follows:

- Studio sizes range from 194 sqft up to 312 sqft
- Each studio has its own ensuite
- Small kitchenette provided with small table and chairs for dining
- Additional soft armchair seating for relaxing
- Desk providing individual workspace
- Wardrobe with ample storage
- Large open plan space

Amenity

The development will provide a high level of amenity designed specifically with the resident in mind. A summary of the amenity offering is as follows:

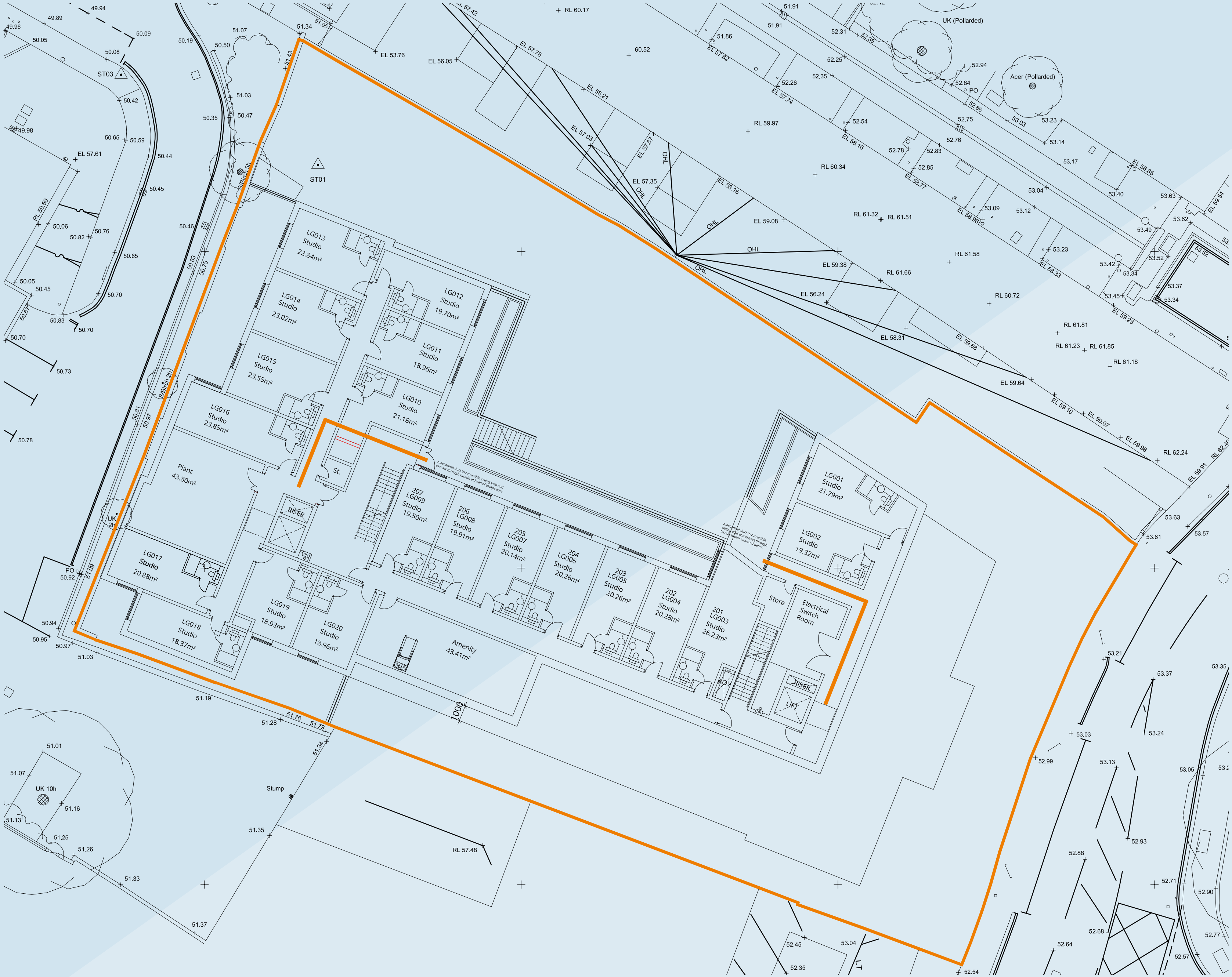
- Communal Kitchen and Dining Space
  - 8 x kitchen stations and additional fridge / storage space
  - Seating at bench tables for up to 40 people
  - Seating at smaller tables for up to 24 people
  - Total area approximately 1,894 sqft
- Workspace and Entrance Foyer Space
  - 8 x work stations with views towards Gladstone Road
  - Breakout seating
  - Library space and soft seating for reading and working
  - Total area of approx. 1,625 sqft
  - Post and parcel room
  - Small back of house and IT facilities
  - 2m reception desk and seating for two staff
  - Access to main core provided adjacent to reception
- Flexible Events and Social Space
  - Casual seating area and TV zone
  - Breakout seating which is easily moveable
  - Foldable games tables which can be moved for larger events
  - Total area of approximately 1,098 sqft

Specification

Full details of the proposed specification are available on the dataroom

FLOORPLANS

Lower Ground Floor



FLOORPLANS

Ground Floor

FLOORPLANS

First Floor

FLOORPLANS

Second Floor

FLOORPLANS

Third Floor

FLOORPLANS

Fourth Floor


WARNING

DELIVERY TEAM

Watkin Jones Group

Watkin Jones Group is the UK's leading developer and manager of residential for rent properties. It is a diverse business with the experience and expertise to develop single use sites through to complex multi-use master planned developments.

They have unrivalled experience in the Purpose Built Student Accommodation market and since 1999, have completed 130 developments totalling 43,483 beds. With a considerable focus on the residential markets as well, Watkin Jones Group has also delivered 2,500 homes for sale.

Build to Rent is a core part of the business and the group has constructed schemes across the UK for institutional investors, and currently have a pipeline to deliver nine schemes comprising 2,300 Build to Rent units.

The developer has a 20-year track record of assured delivery, combined with consumer insights that position them to be at the forefront of product development. With a focus on forward sales in the Student and Build to Rent sectors, the group boasts a strong balance sheet and robust supply chain relationships.

Fresh Property Group

Fresh is Watkin Jones Group specialist accommodation manager. It manages over 20,000 student beds and Build to Rent apartments on behalf of institutional clients, across 66 sites. This gives Watkin Jones an end-to-end solution for investors, provided entirely in-house.

The management service includes design optimisation, mobilisation, marketing & lettings, and facilities management and arguably the most important element of all, customer service, resident engagement and creating an exceptional experience. They maximise the value of clients assets by creating communities that residents love to live in.

For Gladstone Road, Fresh has provided an indicative operating budget for full management of the scheme, which can be made available. Introductions can be made to Fresh to discuss their proposal in greater detail.

Manson Architects

Manson is an award-winning architecture practice. They work across all sectors of the property and construction industry since establishment in 1969. The company has developed a known reputation for innovative design solutions couple with astute commercial awareness and efficient management thus ensuring the timeous delivery of major projects. Manson were listed in 2019's Urban Realm top 100 and were nominated in 2017 for the Scottish Property Award.

Contractor

Watkin Jones Group are in the early stages with regard to procuring a main contractor to construct the project. They will oversee the delivery of the project via a fixed price JCT contract.

FURTHER INFORMATION

Timescales

Construction is anticipated to start in May 2021. The development is anticipated to reach practical completion in August 2022

Tenure

The 999 year leasehold interest at a peppercorn rent is on offer

VAT / Tax

Prospective purchasers should satisfy themselves as to their ultimate Stamp Duty Land Tax Liability.

Parties should assume the property is elected for VAT purposes

Data Room

Further information regarding the project is available on the data room at:

https://sites.savills.com/gladstoneroadexeter

Transaction Structure

Watkin Jones Group is seeking an investor to forward fund the delivery of the development.

Section Process

On behalf of the Watkin Jones Group, Savills are initially seeking forward funding offers through a two stage bid process. The selected party will enter into a Land Sale Contract and simultaneous Development Funding Agreement for the delivery of the scheme.

Appendix

Mosaic Group	Description
Family Basics	Families with limited resources who budget to make ends meet
Municipal Tenants	Urban residents renting high density housing from social landlords
Transient Renters	Single people renting low cost homes for the short term
Vintage Value	Elderly people with limited pension income, mostly living alone
Rental Hubs	Educated young people privately renting in urban neighbourhoods
Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles
Aspiring Homemakers	Younger households settling down in housing priced within their means
Rural Reality	Householders living in less expensive homes in village communities
Urban Cohesion	Residents of settled urban communities with a strong sense of identity
Suburban Stability	Mature suburban owners living settled lives in mid-range housing
Senior Security	Elderly people with assets who are enjoying a comfortable retirement
Domestic Success	Thriving families who are busy bringing up children and following careers
Country Living	Well-off owners in rural locations enjoying the benefits of country life
City Prosperity	High status city dwellers living in central locations and pursuing careers with high rewards
Prestige Positions	Established families in large detached homes living upmarket lifestyles

CONTACT

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Appendix C: Comparable Evidence (Studio Rents BtR)

Bonhay House

ENSUITE ROOM

What's included

Stylish ensuite rooms (single bed)

From **£167.00**
per week

STUDIO

What's included

Ultimate student independence: studio w/double bed

From **£187.00**
per week

ENSUITE ROOM

What's included

Stylish ensuite rooms (single bed)

From **£167.00**
per week

STUDIO

What's included

Ultimate student independence: studio w/double bed

From **£197.00**
per week

22/23 - 44 weeks

King Edward Studios

STUDIO

What's included

Modern, en-suite studio rooms

From **£197.00**
per week

22/23 - 44 weeks

BOOK ROOM

STUDIO

What's included

Modern, en-suite studio rooms

From **£187.00**
per week

22/23 - 51 weeks

BOOK ROOM

The Neighbourhood

← →

Enquire Now >

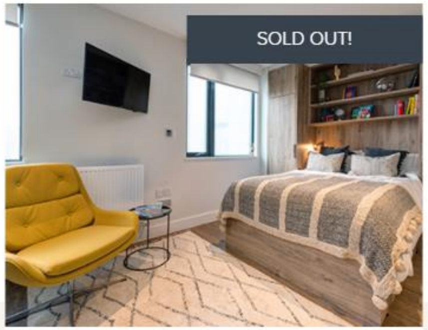
SOLD OUT!

BRONZE CLUB STUDIO

What's included

Launching Sep 21: NEW s/c studio in the Club House

From **£195.00**
per week



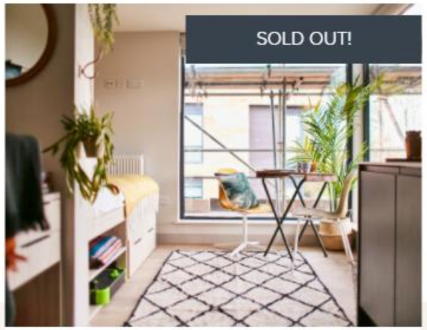
SOLD OUT!

BRONZE STUDIO

What's included

Private s/c studio apartments 3rd floor (16.3m^2)

From **£200.00**
per week



SOLD OUT!

SILVER CLUB STUDIO

What's included

Launching Sep 21: NEW s/c studio in the Club House

From **£210.00**
per week

SILVER STUDIO

What's included

Private s/c studio apartments (17.1 - 19.5.m^2)

From **£220.00**
per week

Point Exe

ENSUITE ROOM

What's included

En-suite rooms in shared apartments

From **£142.00**
per week

22/23 - 42 weeks

BOOK ROOM

STUDIO

What's included

Private en-suite studio rooms

From **£197.00**
per week

22/23 - 42 weeks

BOOK ROOM

ENSUITE ROOM

What's included

En-suite rooms in shared apartments

From **£132.00**
per week

22/23 - 51 weeks

BOOK ROOM

STUDIO

What's included

Private en-suite studio rooms

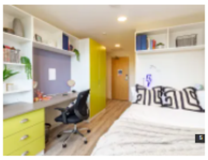
From **£187.00**
per week

22/23 - 51 weeks

BOOK ROOM

The Barn

– 1 Bedroom



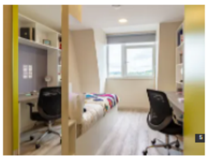
Bronze En Suite

Great affordability with a small double bed alongside your own en suite shower room, study area and loads of storage. Average room 12-14 sqm.

£169 /week

Offers Available

SELECT YOUR ROOM



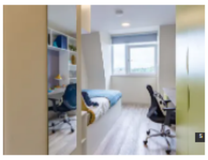
Gold En Suite

Theres room to make the most of the small double bed and en suite shower room, plus storage aplenty. Then off to the shared kitchen and living space w... Read More

£185 /week

Offers Available

CONTACT US



Silver En Suite

All our usual fab features; take in the small double bed, shower room, loads of storage and study area. Average room 17 sqm.

£177 /week

Offers Available

CONTACT US

Queen Street Studio

Classic Studio

Your own private studio located on the lower ground floor. With quality fixtures and fittings, it features an en suite shower room, small double bed, ... Read More

£215 /week

Offers Available

SELECT YOUR ROOM

Premium Studio

Your own private studio located on the ground and lower ground floor. With quality fixtures and fittings, it features an en-suite shower room, small d... Read More

£223 /week

Offers Available

SELECT YOUR ROOM

Premium Plus Studio

Sizeable studios here dont get any better. The same great features, but on the higher floors - many of these studios can boast fantastic roof-top view... Read More

£233 /week

Offers Available

SELECT YOUR ROOM

Large Premium Plus Studio

Offering the same great facilities, but with more space to move around - perfect for couples to share.

£245 /week

Offers Available

SELECT YOUR ROOM

The Depot

– **1 Bedroom**

Deluxe En Suite

The same great features you'd expect from our Premium en suite rooms, but located in a 9–11 bed shared apartment. Average room 15 sqm.

£180 – £190 /week SELECT YOUR ROOM

Classic En Suite

Our Classic En Suite rooms, located between Upper Ground Floor – 2nd Floor come with everything you need for your studies, including small double bed ... Read More

£150 /week CONTACT US

Deluxe Plus En Suite

The same great features you'd expect from our Premium En Suite rooms, but located on floor 3 in a 11 bed shared apartment. Average room 15 sqm.

£190 /week SELECT YOUR ROOM

Platinum En Suite

Looking for a smaller shared apartment? These apartments have 6–8 rooms sharing the kitchen and living area. You'll get your own private bedroom with ... Read More

£195 /week SELECT YOUR ROOM

Premium En Suite

Our Premium En Suite rooms, located on floor 3 & 4 come with everything you need for your studies, including small double bed with under bed storage, ... Read More

£170 /week CONTACT US

Platinum Plus En Suite

Opt for this room to get a larger en suite bedroom all to yourself, but sharing the kitchen and living space with fewer people! Average room 19 sqm.

£205 /week SELECT YOUR ROOM

Classic Plus En Suite

Looking for a bigger room? Our Classic Plus En Suites have the same great features you'd expect but with more space. Located in a 10 – 12 bed shared a... Read More

£155 /week CONTACT US

Cricket Field Court

– 1 Bedroom

En Suite

Great affordability with a small double bed alongside your own en suite shower room, ample storage and a shared kitchen/living room. Average room 13 s... Read More

£204 /week

Offers Available

SELECT YOUR ROOM

Premium En Suite

All the usual fab features of our en suite rooms with more space to move around the small double bed, shower room, study desk and ample storage. Then ... Read More

£212 /week

Offers Available

SELECT YOUR ROOM

Classic En Suite

Our most affordable rooms – with a small double bed alongside your own en suite shower room, ample storage and a shared kitchen/living room.

£195 /week

Offers Available

CONTACT US

Dear Stephanie,

Following our discussions re Co-Living rental tones within the Exeter market we feel it is difficult to pin point where the market should be as there are currently no live operational schemes. We are of the opinion however that the starting point at setting the rental tone should be based off PBSA studio rents. As per your analysis you have determined that a typical student studio rent should be £207pw on a 51 week tenancy.

Our view is that there should be a premium for a Co-Living studio compared to a PBSA studio to reflect the slight increase in size of unit and the additional amenity space that a Co-Living development will benefit from, the premium should be in the region of 5-10%. We would therefore be of the view that a hypothetical 20sq. m Co-Living with c.4sq m /bed amenity space should rent for £225pw in Exeter.

Kind regards

Charles Frost

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