



## Appeal under Section 78 of the Town and Country Planning Act 1990

De Paul House, 628-634 Commercial Road, London E14 7HS

Proof of evidence of Anthony Lee PhD MRTPI MRICS

### APPENDICES

PINS Ref App/E5900/W/20/3250665

LPA Ref: PA/19/00804

15 December 2020

## Appendices

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- Appendix 2 - Via Limehouse hostel current rates
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- Appendix 9 - Development appraisal (35% aff hsg at 50% discount to market rents)
- Appendix 10 - Development appraisal (100% market rents)

## Appendix 1 - Accommodation schedule

Floor	Plot ref	Type	NIA	Occupants	Hostel or HMO	
LG	-1.01	Single room	17.0	1	Hostel	
LG	-1.02	Double room	17.5	2	Hostel	
LG	-1.03	Single room	15.5	1	Hostel	
LG	-1.04	Single room	15.5	1	Hostel	
LG	-1.05	Double room	17.5	2	Hostel	
LG	-1.06					
LG	-1.07	Accessible room	23.5	2	Hostel	
LG	-1.08	Double room	23.5	2	Hostel	
LG	-1.09	Double room	16.5	2	Hostel	
LG	-1.10	Double room	17.0	2	Hostel	
LG	-1.11	Double room	17.0	2	Hostel	
LG	-1.12	Double room	23.5	2	Hostel	
LG	-1.13	Accessible room	28.5	2	Hostel	
LG		Ancillary				337
G	0.01					
G	0.02					
G	0.03					
G	0.04					
G	0.05					
G	0.06					
G	0.07	Single room	15.5	1	Hostel	
G	0.08	Single room	15.0	1	Hostel	
G	0.09	Single room	15.0	1	Hostel	
G	0.10	Accessible room	28.5	2	Hostel	
G	0.11	Double room	23.5	2	Hostel	
G	0.12	Double room	16.5	2	Hostel	
G	0.13	Double room	17.0	2	Hostel	
G	0.14	Double room	16.5	2	Hostel	
G	0.15	Double room	23.5	2	Hostel	
G	0.16	Accessible room	28.5	2	Hostel	
G	0.17	Single room	15.0	1	Hostel	
G	0.18	Single room	15.0	1	Hostel	
G	0.19	Single room	15.5	1	Hostel	
G		Ancillary				316.5
1	1.01	Single room	17.0	1	HMO	
1	1.02	Double room	17.5	2	HMO	
1	1.03	Single room	15.5	1	HMO	
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1	1.05	Double room	17.5	2	HMO	
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1	1.10	Accessible room	28.5	2	HMO	
1	1.11	Double room	23.5	2	HMO	
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1	1.15	Double room	23.5	2	HMO	
1	1.16	Accessible room	28.5	2	HMO	
1	1.17	Double room	17.5	2	HMO	
1	1.18	Double room	18.0	2	HMO	
1	1.19	Double room	18.5	2	HMO	
1		Ancillary				190
2	2.01	Single room	17.0	1	HMO	
2	2.02	Double room	17.5	2	HMO	
2	2.03	Single room	15.5	1	HMO	
2	2.04	Single room	15.0	1	HMO	
2	2.05	Double room	17.5	2	HMO	
2	2.06	Single room	17.0	1	HMO	
2	2.07	Double room	18.5	2	HMO	
2	2.08	Double room	18.0	2	HMO	
2	2.09	Double room	17.5	2	HMO	
2	2.10	Accessible room	28.5	2	HMO	
2	2.11	Double room	23.5	2	HMO	
2	2.12	Double room	16.5	2	HMO	
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2	2.14	Double room	16.5	2	HMO	
2	2.15	Double room	23.5	2	HMO	
2	2.16	Double room	28.5	2	HMO	
2	2.17	Double room	17.5	2	HMO	
2	2.18	Double room	18.0	2	HMO	
2	2.19	Double room	18.5	2	HMO	
2		Ancillary				190.5
3	3.01	Single room	17.0	1	HMO	
3	3.02	Double room	17.5	2	HMO	
3	3.03	Single room	15.5	1	HMO	
3	3.04	Single room	15.0	1	HMO	
3	3.05	Double room	17.5	2	HMO	
3	3.06	Single room	17.0	1	HMO	
3	3.07	Double room	18.5	2	HMO	
3	3.08	Double room	18.0	2	HMO	
3	3.09	Double room	17.5	2	HMO	
3	3.1	Accessible room	28.5	2	HMO	
3	3.11	Double room	23.5	2	HMO	
3	3.12	Double room	16.5	2	HMO	
3	3.13	Accessible room	17.0	2	HMO	
3	3.14	Double room	16.5	2	HMO	
3	3.15	Double room	23.5	2	HMO	
3	3.16	Double room	28.5	2	HMO	
3		Ancillary				244.5
4	4.01	Single room	17.0	1	HMO	
4	4.02	Double room	17.5	2	HMO	
4	4.03	Single room	15.5	1	HMO	
4	4.04	Single room	15.0	1	HMO	
4	4.05	Double room	17.5	2	HMO	
4	4.06	Single room	17.0	1	HMO	
4	4.07	Double room	18.5	2	HMO	
4	4.08	Double room	18.0	2	HMO	
4	4.09	Double room	17.5	2	HMO	
4	4.10	Accessible room	28.5	2	HMO	
4	4.11	Double room	23.5	2	HMO	
4	4.12	Double room	16.5	2	HMO	
4	4.13	Accessible room	17.0	2	HMO	
4	4.14	Double room	16.5	2	HMO	
4	4.15	Double room	23.5	2	HMO	
4	4.16	Double room	28.5	2	HMO	
4		Ancillary				244.5
5	5.01	Single room	15.5	1	HMO	
5	5.02	Single room	12.6	1	HMO	
5	5.03	Double room	23.4	2	HMO	
5	5.04	Single room	14.7	1	HMO	
5	5.05	Double room	25.3	2	HMO	
5	5.06	Double room	23.4	2	HMO	
5	5.07	Single room	12.6	1	HMO	
5	5.08	Single room	15.5	1	HMO	
5		Ancillary				155.6
6	6.01	Double room	20.0	2	HMO	
6	6.02	Single room	12.9	1	HMO	
6	6.03	Single room	14.7	1	HMO	
6	6.04	Double room	25.3	2	HMO	
6	6.05	Single room	12.9	1	HMO	
6	6.06	Double room	20.0	2	HMO	
6		Ancillary				155.6

## Appendix 2 - Via Limehouse hostel current rates

[GBP | English - EN](#)

## Via Limehouse

Check In

Check Out

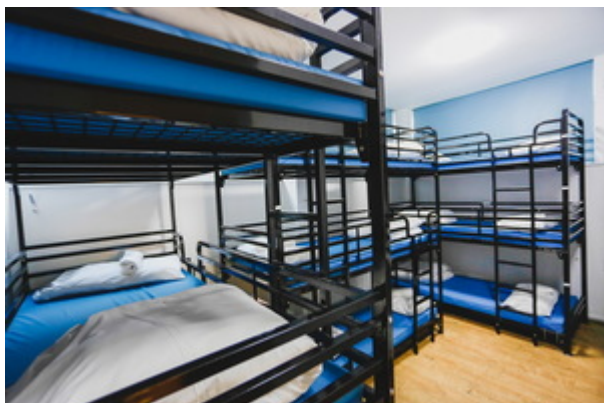
Adults  ▼[Promo Code](#)

Check In

Check Out

Adults  ▼[Promo Code](#)

### Bed in 12 Bed Mixed Dorm

[from GBP 481.60](#)[Cost for 30 nights](#)[Previous](#) [Next](#)

### **Bed in 12 Bed Mixed Dorm**

Bed in 12-bed Dormitory

Number 12 is the number of time and space so staying in this room will make you...

[More Information](#)

from

GBP 481.60

Cost for 30 nights

- 20m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom

[Privacy](#) - [Terms](#)

- City view
- Non-smoking

## Bed in 9 Dorm Shared Facilities



[from GBP 517.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 9 Dorm Shared Facilities

The number 9 is considered long lasting, so maybe you want to book and stay longer with us as you...

[More Information](#)

from  
GBP 517.60  
Cost for 30 nights

Show Rates

- 18m<sup>2</sup>
- 1 Bunk bed
- Shared Bathrooms
- Shared Bathrooms
- City view
- Non-smoking

## Bed in 9 Bed Dorm En-Suite



[from GBP 541.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 9 Bed Dorm En-Suite

The number 9 is considered long lasting, so maybe you want to book and stay longer with us as you...

[More Information](#)

from

GBP 541.60

Cost for 30 nights

Show Rates

- 18m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

## Bed in 6 Bed Dorm Shared Facilities



[Privacy](#) - [Terms](#)

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[from GBP 565.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 6 Bed Dorm Shared Facilities

6 Bed Dorm with Shared Bathroom facilities.

[More Information](#)

from

GBP 565.60

Cost for 30 nights

Show Rates

- 18m<sup>2</sup>
- 1 Bunk bed
- Shared Bathrooms
- Shared Bathrooms
- City view
- Non-smoking

## Bed in 6 Bed Dorm En-Suite



[from GBP 601.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 6 Bed Dorm En-Suite

2 bunkbeds of 3 and a handful of friends or fancy sharing this is the room type for you!

The focus...

[More Information](#)

from

GBP 601.60

Cost for 30 nights

[Privacy](#) - [Terms](#)

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[Show Rates](#)

- 18m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

## [Bed in 6 Bed Female only Dorm](#)



[from GBP 625.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## **Bed in 6 Bed Female only Dorm**

6 Bedded Female Dorm Room with En-Suite Bathroom

[More Information](#)

from

GBP 625.60

Cost for 30 nights

[Show Rates](#)

- 18m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

[Privacy](#) - [Terms](#)

## Bed in a 4 Bed Dorm Shared Facilities



[from GBP 673.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in a 4 Bed Dorm Shared Facilities

Bed in a 4 Bed Mix Dorm with Shared Bathroom Facilities

[More Information](#)

from

GBP 673.60

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 1 Bunk bed
- Shared Bathrooms
- Shared Bathrooms
- City view
- Non-smoking

## Bed in 4 Bed Dorm En-Suite



[from GBP 721.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Bed in 4 Bed Dorm En-Suite

4 Bed Mix Dorm with En-Suite Shower

[More Information](#)

from

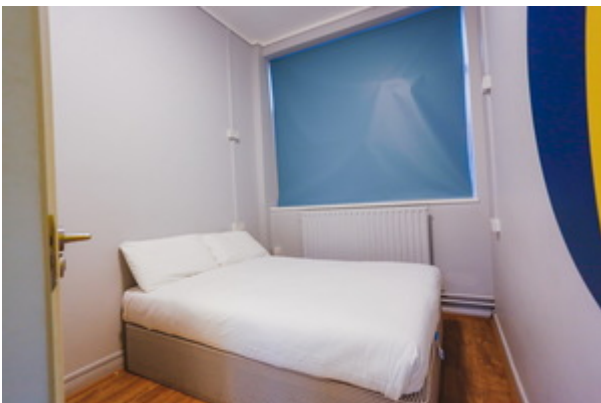
GBP 721.60

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 1 Bunk bed
- 1 Bathroom
- City view
- Non-smoking

## Double Room



[Privacy](#) - [Terms](#)

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[from GBP 2,401.60](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Double Room

Double Room with En-Suite Bathroom

[More Information](#)

from

GBP 2,401.60

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 1 Double bed
- 1 Bathroom
- City view
- Non-smoking

## Twin Room with Bunk Beds



[from GBP 2,403.20](#)

[Cost for 30 nights](#)

[Previous](#) [Next](#)

## Twin Room with Bunk Beds

Private Room with Twin Bunk Beds if you prefer a room with more privacy

[More Information](#)

from

GBP 2,403.20

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>

[Privacy](#) - [Terms](#)

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- 2  
2 Bunk beds
- City view
- Non-smoking

## Twin Room



[from GBP 2,403.20](#)  
[Cost for 30 nights](#)  
Previous Next

## Twin Room

Twin Room with Ensuite Room

[More Information](#)

from  
GBP 2,403.20  
Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 2  
2 Single beds
- 1 Bathroom
- City view
- Non-smoking

## Triple Room



[from GBP 2,740.80](#)

[Cost for 30 nights](#)

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## Triple Room

3 is the magic number!

The focus is on the comfy mattresses along with the crisp linen and fluffy pillows. The...

[More Information](#)

from

GBP 2,740.80

Cost for 30 nights

Show Rates

- 11m<sup>2</sup>
- 3
  - 3 Bunk beds
- 1 Bathroom
- City view
- Non-smoking

## Contact & Location

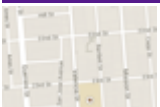
Via Limehouse

628 – 634 Commercial Road, London, ., E14 7HS, United Kingdom

[02035883232](tel:02035883232) 02035883232

[limehouse@viahostels.com](mailto:limehouse@viahostels.com)

[Visit Website](#)



[View in Google Maps](#)

Contact Us

Enjoy all that East London has to offer from our hotel in Limehouse. Here at Via Limehouse we like you feel welcome with a sociable lounge, free WiFi and friendly multi-lingual staff to help you make most of your stay.

[Privacy](#) - [Terms](#)

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Our location in Zone 2 just a short stroll from Limehouse DLR station makes it easy for our guests to get around London. It's just a few minutes from here to Bank Station, which is your gateway to The City, and Tower Gateway right by the Tower of London. You can walk to Canary Wharf from our hostel, to marvel at the skyscrapers and this bustling business district. It's easy to get to the O2 Arena for a show too.

Leave your bag in the free luggage storage or take advantage of our cheap lockers to stash your stuff while you head out and enjoy London. You'll love exploring East London's most interesting areas, from Columbia Road Market to Brick Lane and Shoreditch. The rest of the capital is easy to get around too.

At the end of a busy day, chill out and watch TV in the communal lounge with like-minded travellers. You'll find most of our rooms have private bathrooms, and you can choose anything from a twin or double just for the two of you to a bunk in 12-bedded dorm, perfect for making friends.



## Features

- 24 hour Reception
- Dining Room
- Guest Laundry (charges apply)
- Library
- Non-Smoking Property
  
- TV Room
- Terrace
- Vending Machine (Snacks)
- WiFi Internet
  
- [Terms and Conditions](#)
- [Cancellation Policies](#)





## Appendix 3 - Comparable co-living rents

## Co-living rents

In arriving at the rents set out in Appendix 4, I have considered the location of the Appeal Site relative to other co-living schemes and the amenities provided.

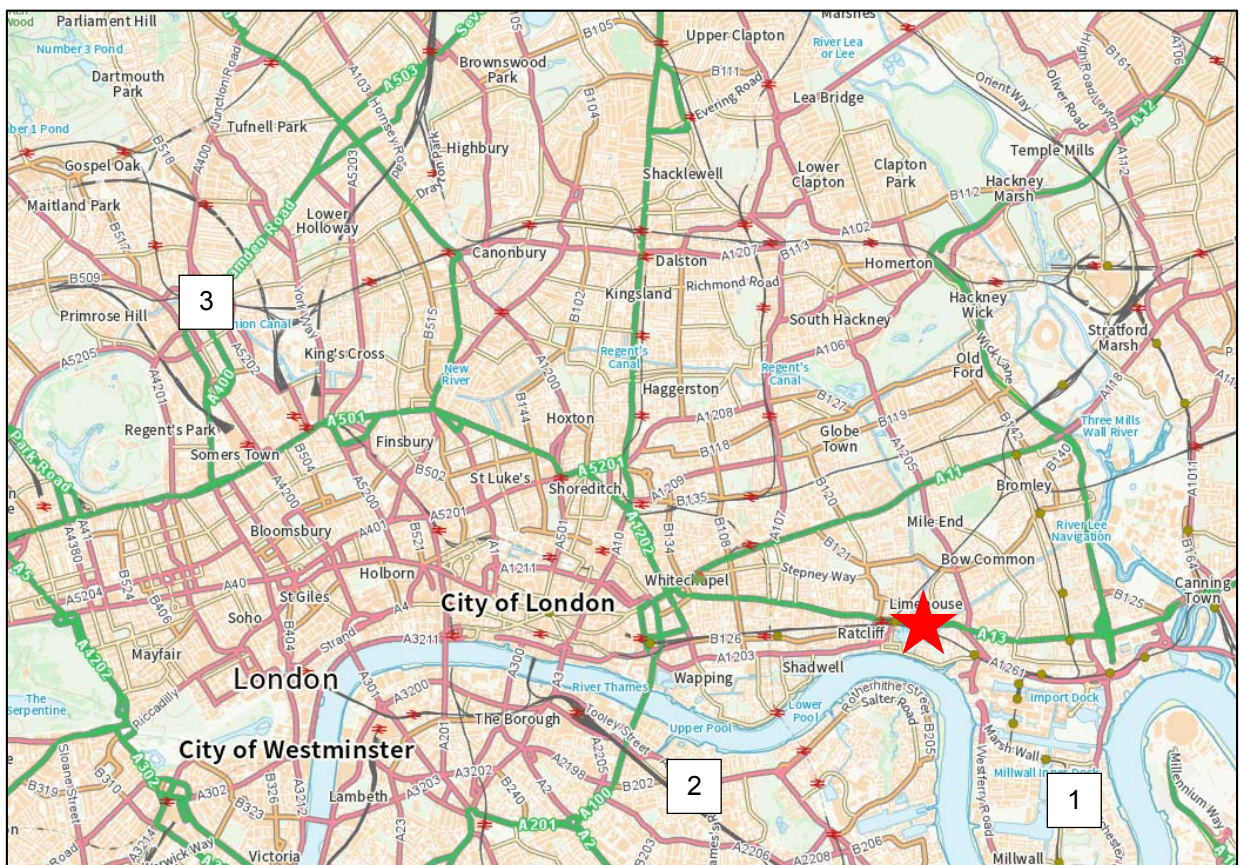
The location of the Appeal Site is outlined in Section 3, which identifies its close proximity to central London and high level of public transport accessibility. In addition, the Appeal Site is sufficiently close to the City for walking or cycling to be an option.

The main comparables I have considered are as follows:

- (1) The Collective, Canary Wharf
- (2) Mason and Fifth, Bermondsey
- (3) Gravity, Camden Lock

The location of these schemes and the Appeal Site (denoted by the red star) are shown in Figure 1.

**Figure 1: Map showing location of the Appeal Site and the comparable schemes**



These schemes share similar characteristics in terms of central location but the Appeal Site has the best access in terms of public transport and journey times to central London.

### **The Collective, Canary Wharf (from £98.60 per night or from £1,300 per calendar month)**

- Gym / swimming pool
- Games room
- Restaurant and bar
- Cinema room
- Living / co-working spaces
- Events

**Mason & Fifth, Bermondsey (£1,400 - £1,500 per calendar month)**

- Living area / dining room
- Outdoor terrace and courtyard
- Events and activities
- Laundry
- Broadband
- House bikes to borrow
- On-site manager
- No on-site gym

**Gravity, Camden Lock (£1,646 per calendar month)**

- Residents' gym
- Laundry
- Dining area
- Living room
- 24/7 security
- Events and activities
- Cleaning service
- Bike storage

- In comparison to the comparables, the Appeal Site is somewhat impacted by traffic on Commercial Road.
- The Collective is further away from Central London but the location is quieter. The Collective benefits from views afforded by its height.
- Gravity is located on a similarly busy main road to the Appeal Site.
- The Appeal Scheme will offer similar amenities to the comparables, although only the Collective provides a swimming pool.
- We would expect the Appeal Scheme to attract slightly lower rents than the comparables, as summarised in Table 2 below.

**Table 2: Appeal Scheme rents**

Room type	No of rooms	Average annual income	Average monthly income
Single en-suite	24	£13,458.09	£1,121.51
Double en-suite	51	£14,610.40	£1,217.53
Accessible double en-suite	9	£14,349.50	£1,195.79

## Appendix 4 - Revised revenues

**St Paul House rental income**

25%

	No of rooms	Revenue per available room	Occupancy	Gross income	Deductions	Net income	Investment yield	Capital value	Capital value per room
Single hostel	9	147,825	100%	147,825	£36,956	110,869	4.25%	2,608,676	289,853
Double hostel	12	223,380	100%	223,380	£55,845	167,535	4.25%	3,942,000	328,500
Accessible hostel	4	74,460	100%	74,460	£18,615	55,845	4.25%	1,314,000	328,500
<b>Hostel totals</b>	<b>25</b>			<b>445,665</b>	<b>111,416</b>	<b>334,249</b>		<b>7,864,676</b>	
Single HMO	24	322,994	100%	322,994	£80,749	242,246	3.25%	7,453,712	310,571
Double HMO	51	745,130	100%	745,130	£186,283	558,848	3.25%	17,195,317	337,163
Accessibile HMO	9	129,146	100%	129,146	£32,286	96,859	3.25%	2,980,281	331,142
<b>HMO totals</b>	<b>84</b>	<b>1,197,270</b>		<b>1,197,270</b>	<b>299,318</b>	<b>897,953</b>		<b>27,629,310</b>	

F&B	Breakfast boxes
	5.25 Per person per night
	41 people
	21 50% takeup
	108
	39,283.13
	15,000.00 Vending machines
	18,999.09 35% EBITDA
	£447,038 4.25% yield

Floor	Plot ref	Type	NIA	Occupants	Hostel or HMO	Rental pcm	Rental p.a.
LG	-1.01	Single room	17.0	1	Hostel	1,369	16,425
LG	-1.02	Double room	17.5	2	Hostel	1,551	18,615
LG	-1.03	Single room	15.5	1	Hostel	1,369	16,425
LG	-1.04	Single room	15.5	1	Hostel	1,369	16,425
LG	-1.05	Double room	17.5	2	Hostel	1,551	18,615
LG	-1.06						
LG	-1.07	Accessible room	23.5	2	Hostel	1,551	18,615
LG	-1.08	Double room	23.5	2	Hostel	1,551	18,615
LG	-1.09	Double room	16.5	2	Hostel	1,551	18,615
LG	-1.10	Double room	17.0	2	Hostel	1,551	18,615
LG	-1.11	Double room	17.0	2	Hostel	1,551	18,615
LG	-1.12	Double room	23.5	2	Hostel	1,551	18,615
LG	-1.13	Accessible room	28.5	2	Hostel	1,551	18,615
LG		Ancillary				337	
G	0.01						
G	0.02						
G	0.03						
G	0.04						
G	0.05						
G	0.06						
G	0.07	Single room	15.5	1	Hostel	1,369	16,425
G	0.08	Single room	15.0	1	Hostel	1,369	16,425
G	0.09	Single room	15.0	1	Hostel	1,369	16,425
G	0.10	Accessible room	28.5	2	Hostel	1,551	18,615
G	0.11	Double room	23.5	2	Hostel	1,551	18,615
G	0.12	Double room	16.5	2	Hostel	1,551	18,615
G	0.13	Double room	17.0	2	Hostel	1,551	18,615
G	0.14	Double room	16.5	2	Hostel	1,551	18,615
G	0.15	Double room	23.5	2	Hostel	1,551	18,615
G	0.16	Accessible room	28.5	2	Hostel	1,551	18,615
G	0.17	Single room	15.0	1	Hostel	1,369	16,425
G	0.18	Single room	15.0	1	Hostel	1,369	16,425
G	0.19	Single room	15.5	1	Hostel	1,369	16,425
G		Ancillary				316.5	
1	1.01	Single room	17.0	1	HMO	1,087	13,045
1	1.02	Double room	17.5	2	HMO	1,196	14,350
1	1.03	Single room	15.5	1	HMO	1,087	13,045
1	1.04	Single room	15.5	1	HMO	1,087	13,045
1	1.05	Double room	17.5	2	HMO	1,196	14,350
1	1.06	Single room	17.0	1	HMO	1,087	13,045
1	1.07	Double room	18.5	2	HMO	1,196	14,350
1	1.08	Double room	18.0	2	HMO	1,196	14,350
1	1.09	Double room	17.5	2	HMO	1,196	14,350
1	1.10	Accessible room	28.5	2	HMO	1,196	14,350
1	1.11	Double room	23.5	2	HMO	1,239	14,871
1	1.12	Double room	16.5	2	HMO	1,196	14,350
1	1.13	Accessible room	17.0	2	HMO	1,196	14,350
1	1.14	Double room	16.5	2	HMO	1,196	14,350
1	1.15	Double room	23.5	2	HMO	1,239	14,871
1	1.16	Accessible room	28.5	2	HMO	1,196	14,350
	1.17	Double room	17.5	2	HMO	1,196	14,350
	1.18	Double room	18.0	2	HMO	1,196	14,350
	1.19	Double room	18.5	2	HMO	1,196	14,350
1		Ancillary				190	
2	2.01	Single room	17.0	1	HMO	1,087	13,045
2	2.02	Double room	17.5	2	HMO	1,196	14,350
2	2.03	Single room	15.5	1	HMO	1,087	13,045
2	2.04	Single room	15.0	1	HMO	1,087	13,045
2	2.05	Double room	17.5	2	HMO	1,196	14,350
2	2.06	Single room	17.0	1	HMO	1,087	13,045
2	2.07	Double room	18.5	2	HMO	1,196	14,350
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2	2.11	Double room	23.5	2	HMO	1,239	14,871
2	2.12	Double room	16.5	2	HMO	1,196	14,350
2	2.13	Accessible room	17.0	2	HMO	1,196	14,350
2	2.14	Double room	16.5	2	HMO	1,196	14,350
2	2.15	Double room	23.5	2	HMO	1,239	14,871
2	2.16	Double room	28.5	2	HMO	1,196	14,350
	2.17	Double room	17.5	2	HMO	1,196	14,350
	2.18	Double room	18.0	2	HMO	1,196	14,350
	2.19	Double room	18.5	2	HMO	1,196	14,350
2		Ancillary				190.5	
3	3.01	Single room	17.0	1	HMO	1,087	13,045
3	3.02	Double room	17.5	2	HMO	1,196	14,350
3	3.03	Single room	15.5	1	HMO	1,087	13,045
3	3.04	Single room	15.0	1	HMO	1,087	13,045
3	3.05	Double room	17.5	2	HMO	1,196	14,350
3	3.06	Single room	17.0	1	HMO	1,087	13,045
3	3.07	Double room	18.5	2	HMO	1,196	14,350
3	3.08	Double room	18.0	2	HMO	1,196	14,350
3	3.09	Double room	17.5	2	HMO	1,196	14,350
3	3.1	Accessible room	28.5	2	HMO	1,196	14,350
3	3.11	Double room	23.5	2	HMO	1,239	14,871
3	3.12	Double room	16.5	2	HMO	1,196	14,350
3	3.13	Accessible room	17.0	2	HMO	1,196	14,350
3	3.14	Double room	16.5	2	HMO	1,196	14,350
3	3.15	Double room	23.5	2	HMO	1,239	14,871
3	3.16	Double room	28.5	2	HMO	1,196	14,350
3		Ancillary				244.5	
4	4.01	Single room	17.0	1	HMO	1,087	13,045
4	4.02	Double room	17.5	2	HMO	1,196	14,350
4	4.03	Single room	15.5	1	HMO	1,087	13,045
4	4.04	Single room	15.0	1	HMO	1,087	13,045
4	4.05	Double room	17.5	2	HMO	1,196	14,350
4	4.06	Single room	17.0	1	HMO	1,087	13,045
4	4.07	Double room	18.5	2	HMO	1,196	14,350
4	4.08	Double room	18.0	2	HMO	1,196	14,350
4	4.09	Double room	17.5	2	HMO	1,196	14,350
4	4.10	Accessible room	28.5	2	HMO	1,196	14,350
4	4.11	Double room	23.5	2	HMO	1,239	14,871
4	4.12	Double room	16.5	2	HMO	1,196	14,350
4	4.13	Accessible room	17.0	2	HMO	1,196	14,350
4	4.14	Double room	16.5	2	HMO	1,196	14,350
4	4.15	Double room	23.5	2	HMO	1,239	14,871
4	4.16	Double room	28.5	2	HMO	1,239	14,871
4		Ancillary				244.5	
5	5.01	Single room	15.5	1	HMO	1,196	14,350
5	5.02	Single room	12.6	1	HMO	1,283	15,393
5	5.03	Double room	23.4	2	HMO	1,348	16,176
5	5.04	Single room	14.7	1	HMO	1,196	14,350
5	5.05	Double room	25.3	2	HMO	1,348	16,176
5	5.06	Double room	23.4	2	HMO	1,348	16,176
5	5.07	Single room	12.6	1	HMO	1,196	14,350
5	5.08	Single room	15.5	1	HMO	1,283	15,393
5		Ancillary				155.6	
6	6.01	Double room	20.0	2	HMO	1,283	15,393
6	6.02	Single room	12.9	1	HMO	1,087	13,045
6	6.03	Single room	14.7	1	HMO	1,196	14,350
6	6.04	Double room	25.3	2	HMO	1,283	15,393
6	6.05	Single room	12.9	1	HMO	1,087	13,045
6	6.06	Double room	20.0	2	HMO	1,283	15,393
6		Ancillary				155.6	

Private terrace - 27 sqm  
Private terrace - 18.7 sqm  
Private terrace - 25.6 sqm  
Private terrace - 24.3 sqm  
Private terrace - 24.4 sqm  
Private terrace - 25.6 sqm  
Private terrace - 18.7 sqm  
Private terrace - 26.8 sqm  
Private terrace - 11.2 sqm  
Private terrace - 10.9 sqm  
Private terrace - 10.9 sqm  
Private terrace - 11.2 sqm

## Appendix 5 - CBRE approach to valuing co-living

## Co-Living: How is it valued?

Jo Winchester, Riah Patel, Riccardo Faccenda



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Recently we have seen the beginnings of institutional investment in the nascent co-living sector, with the launch of the Co-Liv Fund, a joint venture between DTZ IM and The Collective, which has given this new sector a boost. The seed asset in the fund has been the forward funding of a 222 room sui generis scheme in Harrow and Wealdstone. However, in the absence of transactions, 'How do you value co-living?' is perhaps the question we are being asked the most often. A good starting point for any valuation is who would be in the market. In our view, the potential pool of investors is quite wide. The active developers in the market fall into two main camps so far: the co-living specialists, for example The Collective, and those for whom co-living is a diversification of other activities such as student accommodation, or as a strategy to unlock difficult sites or assets. Investors could be drawn from the student accommodation, build to rent or hotel sectors, or hybrid operators, all of which have some overlap with co-living. The product could also appeal to the institutional market with an operator management agreement. In terms of pricing, the levels of return would need to compare sensibly with other 'bed sector' investment opportunities.

'Hotelification' of real estate is a term we are hearing mentioned. One trend we have noticed is that developers and operators are thinking very deeply about their service and amenity offering, as brands are embracing their service and amenity offering as their key pitch to residents and accepting that their rooms are not the only attraction. Co-working spaces, on-site F & B, gyms, concierge and room cleaning are

equally part of the package. From a valuation perspective we are often having to consider a mixture of long stay and short stay income, with associated room rates, cost leakage and cap rates for each revenues stream. Some operators are also promoting their service and amenity proposition as a key driver of enhanced room rates.

As with other bed sectors, the income method is the primary method of valuation. Planning use class and conditions will determine the proportion of long and short stay and length of stay, and may stipulate occupier groups, which may have a bearing on valuation. We suggest applying different yields to long and short stay income, to arrive at a blended yield. The resulting valuation can then be benchmarked against transactions in other bed sectors analysed in terms of price per room, such as PBSA and hotels. Comparison with other sectors such as residential sales values could be interesting, since investors often like to compare values in different uses on a £ per sq ft basis, especially in London.

In terms of cap rates, we would expect these to sit between the build to rent and PBSA sector for long stay income, depending on location, design and the tenant profile. Yields on short stay income would be higher than for long stay and more aligned to hotel cap rates.

### Yields in bed sectors Q4 2019 (CBRE published yield categories)

Sector	London Zone 1	London Zone 2	London Zone 3-6	Outer London/ South East	Larger Regional Towns
Build to Rent	-	3.25%	3.5%	3.75%	4.25%
PBSA Direct Let	4.00%	-	-	-	5.00%+
Hotels VP (upscale)	4.50%	-	-	-	6.25%
Hotels Management Contract	5.50%	-	-	-	7.50%
Hotels Lease – Prime Covenant	3.75%	-	4.00%	-	4.25%

### Rental Levels

Planning conditions may have a key bearing on rental levels. Long stays may be aimed at single professionals but could include students unless specifically excluded. It is worth noting that students may have a bigger budget for accommodation than the working population. Students take accommodation for a defined period of up to 3 years, and can borrow their rent money, which professional people are not able to do. Professional people, whose budget is determined by salary levels, student debts and other financial pressures, may in fact have less 'budget elasticity' than students. As the built product is very similar to PBSA, it is appropriate to make comparisons to PBSA rents, as well as build to rent and the general rental market. Rents need to be set at a level which is geared not only to local salaries, but which also compares attractively to other rental alternatives, after the whole package is taken into account. If the location will support short stays, the rooms rates will be determined by depth of demand and local hotel competition.

### Operating Costs

As a rule of thumb, we would expect long stay costs to be around 25-30% of gross income, similar to student accommodation and build to rent. However, costs for short stays could be much higher, and are a



key driver of value. The level would depend on length of stay and level of service.

## Council Tax

Whereas students are exempt from Council Tax, other tenants will need to pay it. There are few worked examples of how bandings have been assessed in co-living schemes in practice. Developers may need to negotiate the assessment with the Council Tax authority. Hotels may be subject to business rates or a combination of the two. Whether Council Tax is included in the rent, or charged separately to residents, needs to be considered. Developers are advised to seek specialist advice in this area.

## Parking

Another key difference between professional people and students is that the former category may expect to own a car. Although parking in new build schemes is generally discouraged by planning authorities, a parking solution of some kind is desirable, either on site or in a car park, especially outside of London. Office conversions often come with some parking spaces, which is one advantage of this planning route.

## VAT

This is another complex area. VAT would be chargeable on short stay income. In schemes consented under C1 hotel use, it is also chargeable on long stays at 20% for the first 28 days and at 4% thereafter. We recommend interested parties obtain specialist VAT advice from a tax adviser.

**CBRE can provide specialist valuation advice on co-living schemes and sites.**

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## Contacts

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## Appendix 6 - Rent schedules incorporating 35% affordable housing







## Appendix 7 - Development appraisal (35% aff hsg at 30% discount to market rents)

**De Paul House**  
**35% AH - 70% of Mkt Rent**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

**Rental Area Summary**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Hostel rooms	25	477.50	933.33	17,827	334,249	445,665	334,249
HMO rooms	84	1,587.30	685.30	12,950	815,827	1,087,770	815,827
F&B	1			55,000	19,250	55,000	19,250
<b>Totals</b>	<b>110</b>	<b>2,064.80</b>			<b>1,169,326</b>	<b>1,588,435</b>	<b>1,169,326</b>

**Investment Valuation**

Hostel rooms					
Current Rent	334,249	YP @	4.2500%	23.5294	7,864,676
<b>HMO rooms</b>					
Current Rent	815,827	YP @	3.2500%	30.7692	25,102,385
<b>F&amp;B</b>					
Current Rent	19,250	YP @	4.2500%	23.5294	452,941
					<b>33,420,002</b>

**GROSS DEVELOPMENT VALUE**

**33,420,002**

Purchaser's Costs	6.80%	(2,272,560)	(2,272,560)
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**NET DEVELOPMENT VALUE**

**31,147,442**

**NET REALISATION**

**31,147,442**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			8,236,690
Stamp Duty	5.00%		411,834
Agent Fee	1.00%		82,367
Legal Fee	0.80%		65,894
			<b>8,796,785</b>

**CONSTRUCTION COSTS**

Construction	Units	Unit Amount	Cost
Construction costs	1 un	13,400,401	13,400,401
			<b>13,400,401</b>

**Municipal Costs**

MCIL		275,000	275,000
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**PROFESSIONAL FEES**

Professional fees	8.00%	1,072,032	1,072,032
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	311,474	
Sales Legal Fee	0.45%	140,163	
			<b>451,638</b>

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land			1,311,909
Construction			826,677
Total Finance Cost			<b>2,138,586</b>

**TOTAL COSTS**

**26,134,442**

**PROFIT**

**5,013,000**

**Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	15.00%
Profit on NDV%	16.09%
Development Yield% (on Rent)	4.47%
Equivalent Yield% (Nominal)	3.50%



**De Paul House****35% AH - 70% of Mkt Rent**

Equivalent Yield% (True) 3.58%

IRR 18.33%

Rent Cover 4 yrs 3 mths

Profit Erosion (finance rate 6.000%) 2 yrs 11 mths

## Appendix 8 - Development appraisal (35% aff hsg at 40% discount to market rents)

**De Paul House  
35% AH - 60% of Mkt Rent**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

**Rental Area Summary**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Hostel rooms	25	477.50	933.33	17,827	334,249	445,665	334,249
HMO rooms	84	1,587.30	667.56	12,615	794,714	1,059,619	794,714
F&B	1			55,000	19,250	55,000	19,250
<b>Totals</b>	<b>110</b>	<b>2,064.80</b>			<b>1,148,213</b>	<b>1,560,284</b>	<b>1,148,213</b>

**Investment Valuation**

Hostel rooms					
Current Rent	334,249	YP @	4.2500%	23.5294	7,864,676
<b>HMO rooms</b>					
Current Rent	794,714	YP @	3.2500%	30.7692	24,452,746
<b>F&amp;B</b>					
Current Rent	19,250	YP @	4.2500%	23.5294	452,941
					<b>32,770,364</b>

**GROSS DEVELOPMENT VALUE**

**32,770,364**

Purchaser's Costs	6.80%	(2,228,385)	(2,228,385)
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**NET DEVELOPMENT VALUE**

**30,541,979**

**NET REALISATION**

**30,541,979**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			7,829,905
Stamp Duty	5.00%		391,495
Agent Fee	1.00%		78,299
Legal Fee	0.80%		62,639
			<b>8,362,338</b>

**CONSTRUCTION COSTS**

Construction	Units	Unit Amount	Cost
Construction costs	1 un	13,400,401	13,400,401
			<b>13,400,401</b>

**Municipal Costs**

MCIL		275,000	275,000
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**PROFESSIONAL FEES**

Professional fees	8.00%	1,072,032	1,072,032
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	305,420	
Sales Legal Fee	0.45%	137,439	
			<b>442,859</b>

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land			1,247,118
Construction			826,677
Total Finance Cost			<b>2,073,795</b>

**TOTAL COSTS**

**25,626,424**

**PROFIT**

**4,915,555**

**Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	15.00%
Profit on NDV%	16.09%
Development Yield% (on Rent)	4.48%
Equivalent Yield% (Nominal)	3.50%

**De Paul House****35% AH - 60% of Mkt Rent**

Equivalent Yield% (True) 3.58%

IRR 18.47%

Rent Cover 4 yrs 3 mths

Profit Erosion (finance rate 6.000%) 2 yrs 11 mths

## Appendix 9 - Development appraisal (35% aff hsg at 50% discount to market rents)

**De Paul House**  
**35% AH - 50% of Mkt Rent**

Summary Appraisal for Phase 1

Currency in £

**REVENUE**

**Rental Area Summary**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Hostel rooms	25	477.50	933.33	17,827	334,249	445,665	334,249
HMO rooms	84	1,587.30	649.83	12,279	773,601	1,031,468	773,601
F&B	1			55,000	19,250	55,000	19,250
<b>Totals</b>	<b>110</b>	<b>2,064.80</b>			<b>1,127,100</b>	<b>1,532,133</b>	<b>1,127,100</b>

**Investment Valuation**

<b>Hostel rooms</b>					
Current Rent	334,249	YP @	4.2500%	23.5294	7,864,676
<b>HMO rooms</b>					
Current Rent	773,601	YP @	3.2500%	30.7692	23,803,108
<b>F&amp;B</b>					
Current Rent	19,250	YP @	4.2500%	23.5294	452,941
					<b>32,120,725</b>

**GROSS DEVELOPMENT VALUE**

**32,120,725**

Purchaser's Costs	6.80%	(2,184,209)	(2,184,209)
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**NET DEVELOPMENT VALUE**

**29,936,516**

**NET REALISATION**

**29,936,516**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			7,423,119
Stamp Duty	5.00%		371,156
Agent Fee	1.00%		74,231
Legal Fee	0.80%		59,385
			<b>7,927,891</b>

**CONSTRUCTION COSTS**

Construction	Units	Unit Amount	Cost
Construction costs	1 un	13,400,401	13,400,401
			<b>13,400,401</b>

**Municipal Costs**

MCIL		275,000	275,000
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**PROFESSIONAL FEES**

Professional fees	8.00%	1,072,032	1,072,032
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**DISPOSAL FEES**

Sales Agent Fee	1.00%	299,365	
Sales Legal Fee	0.45%	134,714	
			<b>434,079</b>

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land			1,182,327
Construction			826,677
Total Finance Cost			<b>2,009,003</b>

**TOTAL COSTS**

**25,118,407**

**PROFIT**

**4,818,109**

**Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	15.00%
Profit on NDV%	16.09%
Development Yield% (on Rent)	4.49%
Equivalent Yield% (Nominal)	3.51%

**De Paul House****35% AH - 50% of Mkt Rent**

Equivalent Yield% (True) 3.59%

IRR 18.62%

Rent Cover 4 yrs 3 mths

Profit Erosion (finance rate 6.000%) 2 yrs 11 mths

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## Appendix 10 - Development appraisal (100% market rents)



**Panda House  
100% market rents**

Summary Appraisal for Phase 1

Currency in £

**REVENUE**

**Rental Area Summary**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Hostel rooms	25	477.50	933.33	17,827	334,249	445,665	334,249
HMO rooms	84	1,587.30	754.28	14,253	897,952	1,197,270	897,952
F&B	1			55,000	19,250	55,000	19,250
<b>Totals</b>	<b>110</b>	<b>2,064.80</b>			<b>1,251,451</b>	<b>1,697,935</b>	<b>1,251,451</b>

**Investment Valuation**

<b>Hostel rooms</b>							
Current Rent	334,249	YP @	4.2500%	23.5294	7,864,676		
<b>HMO rooms</b>							
Current Rent	897,952	YP @	3.2500%	30.7692	27,629,308		
<b>F&amp;B</b>							
Current Rent	19,250	YP @	4.2500%	23.5294	452,941		
					<b>35,946,925</b>		

**GROSS DEVELOPMENT VALUE**

**35,946,925**

Purchaser's Costs	6.80%	(2,444,391)					
							(2,444,391)

**NET DEVELOPMENT VALUE**

**33,502,534**

**NET REALISATION**

**33,502,534**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price				9,818,978			
Stamp Duty		5.00%		490,949			
Agent Fee		1.00%		98,190			
Legal Fee		0.80%		78,552			
							10,486,669

**CONSTRUCTION COSTS**

Construction	Units	Unit Amount	Cost	
Construction costs	1 un	13,400,401	13,400,401	<b>13,400,401</b>

**Municipal Costs**

MCIL			275,000				275,000
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**PROFESSIONAL FEES**

Professional fees		8.00%	1,072,032				1,072,032
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**DISPOSAL FEES**

Sales Agent Fee		1.00%	335,025				
Sales Legal Fee		0.45%	150,761				
							485,787

**FINANCE**

Debit Rate 6.000% Credit Rate 0.000% (Nominal)							
Land				1,563,930			
Construction				826,677			
Total Finance Cost							2,390,607

**TOTAL COSTS**

**28,110,496**

**PROFIT**

**5,392,039**

**Performance Measures**

Profit on Cost%	19.18%
Profit on GDV%	15.00%
Profit on NDV%	16.09%
Development Yield% (on Rent)	4.45%
Equivalent Yield% (Nominal)	3.48%

**Panda House****100% market rents**

Equivalent Yield% (True) 3.56%

IRR 17.87%

Rent Cover 4 yrs 4 mths

Profit Erosion (finance rate 6.000%) 2 yrs 11 mths