

1 Introduction

- 1.1 The London Borough of Southwark (the 'Council') submitted the New Southwark Plan ('NSP') to the Secretary of State on 16 January 2020, at which point the 'Examination in Public' commenced, which is the last stage of the plan-making process. We understand that at the date of preparation of this note, the Examination in Public has now concluded and no further hearings are scheduled. Subsequent to the closure of the hearings, the inspectors have requested further information in relation to the provision of the additional high level analysis that we undertook on Affordable Workspace. This formed part of the information set out in the Council's *Follow Up Note to Inspector's [sic] Note on Viability and Planning Obligations*¹ ('Follow Up Note (Ref: EIP217)').
- 1.2 We prepared the *New Southwark Plan Evidence Base: Housing and Affordable Workspace Policies Further Viability Sensitivity Testing report* (July 2019)² ('Viability Update Study 2019 (Ref: SP109)'), in which we viability tested the impact of seeking a proportion of new commercial floorspace in developments as affordable workspace. This work tested three commercial typologies, the smallest of which was a 2,500 sq m scheme. During the course of the examination, the inspectors sought clarification on the viability of the 500 sq m threshold for affordable workspace set by Policy P30. The Council subsequently sought further input and advice from us in relation to the likely viability of 500 sq m schemes. As identified in the Follow Up Note (Ref: EIP217), we undertook additional high-level analysis testing a 500 sq m scheme, adopting the same assumptions as used in the original study to consider the impact on the capital value/gross development value ('GDV') of such schemes where affordable workspace is provided.
- 1.3 This note accordingly sets out the details of our high-level testing and analysis undertaken on a 500 sq m scheme in relation to Policy P30 Affordable Workspace that informed the Council's commentary in their Follow Up Note (Ref: EIP217).

2 Testing undertaken

- 2.1 As set out above, we have undertaken an analysis of the impacts on the GDV of a 500 sq m scheme where 10% affordable workspace is provided at a 25% and 50% discount to market rent. Our analysis adopts the same inputs for commercial space as per the Viability Update Study 2019 (Ref: SP109). The results and analysis of this testing are set out in the next section.
- 2.2 We have also prepared appraisals testing a 500 sq m unit scheme brought forward on a larger site (C4a) and smaller site (C4b) based on the site densities of the previous typologies tested. As before, we have viability tested the impact of seeking a proportion of new commercial floorspace in developments as affordable workspace and we have tested the following scenarios:

Table 2.2.1: Scenarios tested

% of floorspace tested as affordable	% discount to market rent into perpetuity
10%	25%
10%	50%
20%	25%
20%	50%
35%	25%
35%	50%
50%	25%
50%	50%

¹ Ref: EIP217 - Matter 9 – Infrastructure (including transport), viability and implementation including monitoring

² Ref: SP109 - New Southwark Plan Housing and Affordable Workspace Viability Update (2019)

2.3 The results and analysis of our appraisals are also set out in the next section.

3 Assessment of the results

Impact on GDV of provision of Affordable Workspace

- 3.1 The results of our high level testing of the impact on GDV of the inclusion of Affordable Workspace as required by Policy P30 on a 500 sq m scheme are set out in tables 3.1.1 and 3.1.2. These reflect a 25% and a 50% discount to market rents respectively on 10% Affordable Workspace.
- 3.2 This analysis has identified a reduction in GDV of between circa 3.8% and 3.5% where 10% of floorspace is provided at 25% discount to market rent and circa 5.67% - 5.87% where the rent is provided at 50% of market rent. The difference in capital value is relatively modest in terms of overall scheme viability and therefore is unlikely to have a significant impact on a scheme's viability and a developer's decision to pursue the delivery of a scheme. Notwithstanding this, we understand that the Council determine schemes on a case-by-case basis and where developers present evidence relating to their scheme with respect to the viability and feasibility of delivering Affordable Workspace under draft Policy P30, this is taken into consideration.

Appraisals of 500 sq m scheme

- 3.3 As identified in section 2 we have also undertaken appraisals of a 500 sq m scheme brought forward on a larger site (C4a) and smaller site (C4b) based on the site densities of the previous typologies tested. The results of our appraisals with varying discounts to market rents and quantum of affordable floorspace are set out in Appendix 1 and summarised in Table 3.3.1 below.
- 3.4 As in the Viability Update Study 2019 (Ref: SP109), the testing has demonstrated that in the majority of instances the requirement for 10% of commercial floorspace to be provided as affordable workspace at a discount of 25% the market rents is likely to have a modest impact on development i.e. no more than 9% and an average of circa 6% reduction in residual land value. We note however, that our testing of schemes at the rent scenario of £35 per sq ft has identified a significant impact. These findings are in line with the previous testing for the larger typologies tested in the Viability Update Study 2019 (Ref: SP109).
- 3.5 As with the Viability Update Study 2019 (Ref: SP109), the results at Appendix 1 identify that the viability of commercial schemes can be challenging within the Borough, however this is not due to the Council's policies, rather it is market factors such as values and build costs. There will always be certain schemes which are identified as being unviable regardless of policy requirements i.e. the quantum of affordable workspace, and these schemes would remain in their existing use until such time as a redevelopment or alternative use option becomes viable. Where viability is demonstrated in our testing however, a requirement for 10% of floorspace at a discount to market rent of 25% is deliverable in the majority of scenarios.
- 3.6 In light of the results of our further testing, we consider that the Council's approach to seeking the delivery of Affordable Workspace through Policy 30 on schemes of 500 sq m and above is reasonable and deliverable, particularly given the flexibility afforded by the Council's policies. The Council's Policy 30 and supporting Policy IP3 (Community infrastructure levy (CIL) and Section 106 planning obligations) allow for a case-by-case approach to be taken where a developer is able to present evidence on the feasibility and viability of the delivery of affordable workspace onsite or as a payment in-lieu in their schemes.

Table 3.1.1 – Impact on GDV of 10% Affordable Workspace at a discount of 25% of Market Rents

Area	Market Yield	AW Yield	Market rent £ per sq ft	Affordable rent at 25% discount to market rent £ per sq ft	100% market scheme rental income per annum	100% market scheme capital value	90% market floorspace - market rent per annum	Market floorspace capital value	10% Affordable workspace discounted rent per annum	Affordable Workspace capital value	Total capital value with Affordable Workspace	Difference	% difference to capital value
Zone 1	4.75%	5.75%	£65.00	£48.75	£349,830	£7,364,842	£314,847	£6,628,358	£26,237	£456,300.00	£7,084,658	£280,184	3.80%
Zone 2 High	4.75%	5.75%	£50.00	£37.50	£269,100	£5,665,263	£242,190	£5,098,737	£20,183	£351,000.00	£5,449,737	£215,526	3.80%
Zone 2 Medium	4.75%	5.75%	£35.00	£26.25	£188,370	£3,965,684	£169,533	£3,569,116	£14,128	£245,700.00	£3,814,816	£150,868	3.80%
Zone 2 Low	5.50%	6.50%	£25.00	£18.75	£134,550	£2,446,364	£121,095	£2,201,727	£10,091	£155,250.00	£2,356,977	£89,386	3.65%
Zone 3 High	6.00%	7.00%	£25.00	£18.75	£134,550	£2,242,500	£121,095	£2,018,250	£10,091	£144,160.71	£2,162,411	£80,089	3.57%
Zone 3 Medium	6.50%	7.50%	£20.00	£15.00	£107,640	£1,656,000	£96,876	£1,490,400	£8,073	£107,640.00	£1,598,040	£57,960	3.50%
Zone 3 Low	6.50%	7.50%	£18.00	£13.50	£96,876	£1,490,400	£87,188	£1,341,360	£7,266	£96,876.00	£1,438,236	£52,164	3.50%

Table 3.1.2 – Impact on GDV of 10% Affordable Workspace at a discount of 50% of Market Rents

Area	Market Yield	AW Yield	Market rent £ per sq ft	Affordable rent at 25% discount to market rent £ per sq ft	100% market scheme rent per annum	100% market scheme capital value	90% market floorspace - Market rent per annum	Market floorspace capital value	10% Affordable workspace – discounted rent per annum	Affordable Workspace capital value	Total capital value with Affordable Workspace	Difference	% difference to capital value
Zone 1	4.75%	5.75%	£65.00	£48.75	£349,830	£7,364,842	£314,847	£6,628,358	£17,492	£304,200.00	£6,932,558	£432,284	5.87%
Zone 2 High	4.75%	5.75%	£50.00	£37.50	£269,100	£5,665,263	£242,190	£5,098,737	£13,455	£234,000.00	£5,332,737	£332,526	5.87%
Zone 2 Medium	4.75%	5.75%	£35.00	£26.25	£188,370	£3,965,684	£169,533	£3,569,116	£9,419	£163,800.00	£3,732,916	£232,768	5.87%
Zone 2 Low	5.50%	6.50%	£25.00	£18.75	£134,550	£2,446,364	£121,095	£2,201,727	£6,728	£103,500.00	£2,305,227	£141,136	5.77%
Zone 3 High	6.00%	7.00%	£25.00	£18.75	£134,550	£2,242,500	£121,095	£2,018,250	£6,728	£96,107.14	£2,114,357	£128,143	5.71%
Zone 3 Medium	6.50%	7.50%	£20.00	£15.00	£107,640	£1,656,000	£96,876	£1,490,400	£5,382	£71,760.00	£1,562,160	£93,840	5.67%
Zone 3 Low	6.50%	7.50%	£18.00	£13.50	£96,876	£1,490,400	£87,188	£1,341,360	£4,844	£64,584.00	£1,405,944	£84,456	5.67%

Note on Additional High Level Viability Analysis of Affordable Workspace at 500 sq m
13 May 2021

Table 3.3.1 – Impact of affordable workspace requirement on commercial development

CIL Zone	Residual Land Value No discount	10% of FS, 25% discount	10% of FS, 50% discount	20% of FS, 25% discount	20% of FS, 50% discount	35% of FS, 25% discount	35% of FS, 50% discount	50% of FS, 25% discount	50% of FS, 50% discount
Zone 1 (£65 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£1,700,715	£1,600,339 6%	£1,501,478 12%	£1,466,116 14%	£1,302,241 23%	£1,348,816 21%	£1,103,003 35%	£1,231,517 28%	£903,767 47%
Zone 2 (High Value £50 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£925,793	£848,580 8%	£772,533 17%	£745,332 19%	£619,274 33%	£655,102 29%	£466,015 50%	£564,871 39%	£312,755 66%
Zone 2 (Medium Value £35 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£150,870	£96,822 36%	£43,589 71%	£24,548 84%	£-64,735 143%	£-39,246 126%	£-173,770 215%	£-103,440 169%	£-282,807 287%
Zone 2 (Low Value £25 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£-563,863	£-594,612 5%	£-629,236 12%	£-638,592 13%	£-694,608 23%	£-675,957 20%	£-759,981 35%	£-713,322 27%	£-825,354 46%
Zone 3 (High Value £25 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£-298,410	£-324,895 9%	£-357,319 20%	£-364,612 22%	£-416,228 39%	£-397,713 33%	£-475,137 59%	£-430,815 44%	£-534,047 79%
Zone 3 (Medium Value £20 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£-570,761	£-589,163 3%	£-613,578 8%	£-618,148 8%	£-656,395 15%	£-641,842 12%	£-699,211 23%	£-665,536 17%	£-742,027 30%
Zone 3 (Low Value £18 per sq ft Market Value)									
C4a & b - 500 sq m of Commercial floorspace	£-645,449	£-662,010 3%	£-683,984 6%	£-688,097 7%	£-722,518 12%	£-709,422 10%	£-761,054 18%	£-730,746 13%	£-799,588 24%

Live schemes viability evidence

- 3.7 In addition to the viability analysis and testing we have undertaken, we are aware that the Council has successfully been applying the draft Affordable Workspace Policy P30 to schemes and has secured commitments of 70,000 sq m of much needed affordable workspace in the Borough.
- 3.8 In particular we note that there are 13 live schemes in the Borough (See Table 3.8.1 below), which are smaller than 2,500 sq m, that are coming forward or for which planning permission has been or is being sought, where developers have agreed to the provision of affordable workspace within their schemes. In particular, this includes the scheme at 301 & 303 Ilderton Road, which provides a single workspace unit of 45 sq m as affordable workspace. This clearly demonstrates on the ground evidence of the viability and deliverability of Policy P30.

Table 3.8.1 Table of live schemes in Southwark where developers have agreed to the delivery of Affordable Workspace in schemes smaller than 2,500 sq m

Planning application number	Address	Workspace Type	B class floor area (affordable) in sq m	Affordable workspace quantum (%)	Status of planning application
18/AP/0196	Land Bounded By Ruby Street, Murdoch Street And 685-695 Old Kent Road, London SE15 1JS	B1c light industrial workspace	173.7	11%	S106 Signed
		Retail unit	87		
17/AP/4596	Frensham Street	Office	131	11%	S106 Signed

Note on Additional High Level Viability Analysis of Affordable Workspace at 500 sq m
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Planning application number	Address	Workspace Type	B class floor area (affordable) in sq m	Affordable workspace quantum (%)	Status of planning application
19/AP/1239	747-759 & 765-775 Old Kent Road, London, Se15 1nz & Land At Devonshire Grove SE15	B1c light industrial workspace	102	10%	S106 still to be completed
17/AP/3757	62 Hatcham Road	Light industrial workspace	111	10%	Under construction
19/AP/5389	221 New Kent Road	Workspace	136	10%	S106 still to be completed
18/AP/3284	596-608 Old Kent Road And Land At Livesey Place, London, SE15 1JB	Workspace	219.3	10%	S106 still to be completed
17/AP/4819	313-349 Ilderton Road, London	Light industrial workspace	166	10%	S106 still to be completed
17/AP/4546	180 Ilderton Road	Artist studio/workspace	235	10%	Under construction
18/AP/1049	78-94 Ormside Street	Light industrial workspace	205	10%	S106 Signed
17/AP/4649	Iberia House, 2 Hatcham Road, London	B1c light industrial workspace	117	10%	S106 Signed
18/AP/2761	301 & 303 Ilderton Road, London	B1c light industrial workspace	45	10%	S106 Signed
20/AP/0039	Bianca Warehouse 43 Glengall Road London	Workspace	238	10%	S106 Signed
20/AP/0556	160 Blackfriars Road	Hotel and B1 workspace or D1 Community space	223		S106 Signed

- 3.9 With respect to extension schemes, we acknowledge that our testing did not specifically include such development typologies. However, there are a number of live examples of both large and small extension schemes that are coming forward in the Borough, for which the Council's draft Affordable Workspace Policy P30 has been applied, and on which the Council have successfully negotiated in-lieu payments. In particular, this includes a smaller office extension of 689 sq m provided in two upper storeys at 150-154 Borough High Street, London SE1 1LB (App Ref: 19/AP/1173). Through the use of the Affordable Workspace Calculator, the Council secured a contribution in lieu of Affordable Workspace of £296,640 on this scheme. This was based on 10% affordable workspace.
- 3.10 This clearly demonstrates that the Council's proposals in Policy 30 Affordable Workspace will not act as a disincentive for the pursuit and delivery of extensions to commercial space in the Borough and that Policy P30 as proposed is deliverable. In addition, we consider that the Council's inclusion of feasibility with respect to onsite Affordable Workspace in Policy P30, as well as the consideration of schemes on a site-by-site basis where there may be viability issues (Policy IP3), provides appropriate flexibility which will ensure the delivery of such development in the Borough as well as securing much needed contributions towards Affordable Workspace.

Conclusion

- 3.11 The further viability analysis and testing set out in this note has considered the viability and deliverability of the requirements of Affordable Workspace on schemes of 500 sq m and below 2,500 sq m. In arriving at our conclusion we have had consideration for; the results set out in Appendix 1 and tables 3.1.1, 3.1.2 and 3.2.1, in conjunction with the live viability data presented by actual schemes being brought forward in the Borough, where developers have agreed to the delivery of Affordable Workspace, in line with requirements of draft Policy 30 (which includes extension schemes). All of the data supports the Council's application of Policy 30 and evidences the Policy's viability and deliverability on schemes of 500 sq m or more in the Borough. Moreover, it confirms that the Council considers schemes on a case-by-case basis. Accordingly, the Council's draft policies P30 (Affordable Workspace) and Policy IP3 (Community infrastructure levy (CIL) and Section 106 planning obligations) build in suitable flexibility for any instances where there may be challenging viability or where it is not feasible to deliver Affordable Workspace as part of a scheme and a payment in lieu can be sought at an appropriate level.
- 3.12 Given this, we consider that draft Policy 30 Affordable Workspace, which sets a threshold level of 500 sq m is both reasonable and deliverable and builds in suitable flexibility such that the Policy will not act as a disincentive or prevent development from coming forward.

**BNP Paribas Real Estate
13 May 2021**



APPENDIX 1 – Appraisal results of 500 sq m scheme

LB SOUTHWARK
AFFORDABLE WORKSPACE UPDATED VIABILITY STUDY 2019 - FURTHER TESTING MARCH 2021

Affordable Workspace	
500 sq m of Commercial floorspace	0.02 Ha

Residual land values:

% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,700,715	£1,800,339	£1,501,478	£1,466,116	£1,302,241	£1,348,816	£1,103,003	£1,231,571	£903,767
Zone 2 High	£362,753	£346,324	£172,333	£174,324	£193,274	£169,102	£166,015	£164,871	£317,755
Zone 2 Medium	£180,870	£36,822	£43,989	£24,548	£68,735	£-39,246	£-173,770	£-103,440	£282,807
Zone 2 Low	£563,863	£594,612	£629,236	£638,592	£694,608	£675,957	£759,981	£713,322	£825,354
Zone 3 High	£238,410	£231,836	£287,319	£384,612	£418,228	£391,713	£476,137	£430,815	£534,047
Zone 3 Medium	£270,761	£589,163	£613,578	£618,148	£656,395	£641,842	£699,211	£665,536	£742,027
Zone 3 Low	£645,449	£662,010	£683,984	£688,097	£722,518	£709,422	£761,054	£730,746	£799,588

Residual Land values compared to benchmark land values

Benchmark Z1 - High									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£90,000.00								
Zone 2 High	£-19,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027
Zone 3 Low	£2,445,449	£2,662,010	£2,686,984	£2,691,097	£2,729,518	£2,716,422	£2,768,054	£2,737,746	£2,809,588

Residual Land values compared to benchmark land values

Benchmark Z1 - Medium									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£72,325.00								
Zone 2 High	£-59,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027
Zone 3 Low	£2,445,449	£2,662,010	£2,686,984	£2,691,097	£2,729,518	£2,716,422	£2,768,054	£2,737,746	£2,809,588

Residual Land values compared to benchmark land values

Benchmark Z1 - Low									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£41,552.00								
Zone 2 High	£-59,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027
Zone 3 Low	£2,445,449	£2,662,010	£2,686,984	£2,691,097	£2,729,518	£2,716,422	£2,768,054	£2,737,746	£2,809,588

Residual Land values compared to benchmark land values

Benchmark Z2 - High									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£27,624.00								
Zone 2 High	£-59,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027
Zone 3 Low	£2,445,449	£2,662,010	£2,686,984	£2,691,097	£2,729,518	£2,716,422	£2,768,054	£2,737,746	£2,809,588

Residual Land values compared to benchmark land values

Benchmark Z2 - Medium									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£17,299.00								
Zone 2 High	£-59,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027
Zone 3 Low	£2,445,449	£2,662,010	£2,686,984	£2,691,097	£2,729,518	£2,716,422	£2,768,054	£2,737,746	£2,809,588

Residual Land values compared to benchmark land values

Benchmark Z2 - Low									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£6,784.00								
Zone 2 High	£-59,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027
Zone 3 Low	£2,445,449	£2,662,010	£2,686,984	£2,691,097	£2,729,518	£2,716,422	£2,768,054	£2,737,746	£2,809,588

Residual Land values compared to benchmark land values

Benchmark Z3 - High									
% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£27,943.00								
Zone 2 High	£-59,285	£-190,661	£-298,522	£-333,994	£-297,726	£-241,184	£-198,097	£-168,493	£-86,723
Zone 2 Medium	£274,207	£-921,420	£-1,027,467	£-1,054,659	£-1,180,726	£-1,144,898	£-1,333,995	£-1,235,129	£-1,487,245
Zone 2 Low	£1,549,130	£1,703,178	£1,736,411	£1,776,452	£1,839,730	£1,839,246	£1,973,770	£1,903,440	£2,262,807
Zone 3 High	£2,463,983	£2,459,612	£2,459,236	£2,439,592	£2,494,608	£2,475,957	£2,559,981	£2,513,322	£2,825,354
Zone 3 Medium	£2,086,410	£2,124,836	£2,157,319	£2,164,612	£2,216,228	£2,197,713	£2,276,137	£2,230,815	£2,534,047
Zone 3 Low	£2,370,761	£2,589,163	£2,613,578	£2,618,148	£2,656,395	£2,641,842	£2,699,211	£2,665,536	£2,742,027

LB SOUTHWARK
AFFORDABLE WORKSPACE UPDATED VIABILITY STUDY 2019 - FURTHER TESTING MARCH 2021

Affordable Workspace	
500 sq m of Commercial floorspace	0.005 Ha

Residual land values:

% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,700,716	£1,800,339	£1,501,478	£1,466,116	£1,302,241	£1,348,816	£1,103,003	£1,231,517	£803,767
Zone 2 High	£392,793	£346,530	£772,533	£745,332	£919,274	£655,102	£466,015	£564,871	£312,765
Zone 2 Medium	£150,870	£96,822	£43,589	£24,548	£84,735	£39,246	£173,770	£103,440	£282,807
Zone 2 Low	£563,863	£584,612	£629,236	£636,592	£694,608	£679,967	£759,981	£713,322	£825,354
Zone 3 High	£298,410	£324,895	£351,319	£364,612	£416,228	£397,713	£476,137	£433,815	£534,047
Zone 3 Medium	£570,761	£589,163	£613,578	£618,148	£656,395	£641,842	£699,211	£665,536	£742,027
Zone 3 Low	£645,449	£662,010	£683,984	£688,097	£722,518	£709,422	£761,054	£730,746	£795,588

Residual Land values compared to benchmark land values

Benchmark Z1 - High	£90,000.00
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% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,250,716	£1,190,339	£1,051,478	£1,016,116	£852,241	£898,816	£653,003	£781,517	£453,767
Zone 2 High	£475,793	£386,530	£322,533	£295,332	£169,274	£206,102	£16,015	£114,871	£137,245
Zone 2 Medium	£299,130	£263,822	£146,811	£95,452	£14,735	£49,246	£623,770	£555,440	£732,807
Zone 2 Low	£1,010,863	£1,044,612	£1,079,236	£1,085,592	£1,144,608	£1,129,967	£1,209,981	£1,153,322	£1,275,354
Zone 3 High	£748,410	£774,895	£807,319	£814,612	£866,228	£847,713	£926,137	£880,815	£984,047
Zone 3 Medium	£1,020,761	£1,039,163	£1,063,578	£1,068,148	£1,106,395	£1,091,842	£1,149,211	£1,115,536	£1,192,027
Zone 3 Low	£1,056,449	£1,072,010	£1,093,984	£1,098,097	£1,132,618	£1,119,422	£1,171,054	£1,139,746	£1,209,588

Residual Land values compared to benchmark land values

Benchmark Z1 - Medium	£72,325.00
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% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,398,948	£1,498,571	£1,199,710	£1,164,348	£1,000,473	£1,047,048	£791,235	£919,749	£589,999
Zone 2 High	£584,168	£495,905	£431,908	£404,707	£240,832	£277,660	£104,350	£203,206	£148,870
Zone 2 Medium	£210,755	£284,503	£318,036	£337,077	£426,360	£400,871	£535,395	£465,065	£644,432
Zone 2 Low	£926,488	£956,237	£990,691	£1,000,212	£1,059,233	£1,043,562	£1,123,606	£1,074,947	£1,156,979
Zone 3 High	£650,921	£686,909	£719,384	£729,827	£777,053	£760,398	£836,762	£795,440	£896,972
Zone 3 Medium	£932,386	£950,788	£975,203	£979,773	£1,018,020	£1,003,467	£1,060,836	£1,027,161	£1,103,652
Zone 3 Low	£1,007,074	£1,023,635	£1,045,609	£1,049,722	£1,088,443	£1,073,947	£1,126,619	£1,092,971	£1,169,213

Residual Land values compared to benchmark land values

Benchmark Z1 - Low	£41,552.00
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% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,492,956	£1,392,579	£1,253,718	£1,218,356	£1,054,481	£1,101,056	£845,243	£973,757	£643,007
Zone 2 High	£739,823	£650,560	£586,563	£559,362	£395,487	£432,315	£167,809	£266,665	£211,319
Zone 2 Medium	£56,890	£110,938	£164,171	£163,212	£272,495	£247,006	£341,530	£311,200	£430,957
Zone 2 Low	£771,623	£802,372	£836,096	£844,352	£902,368	£883,741	£967,741	£921,062	£1,003,114
Zone 3 High	£506,170	£532,655	£568,079	£572,572	£603,889	£585,473	£662,897	£628,575	£711,907
Zone 3 Medium	£778,769	£796,923	£821,348	£825,841	£864,158	£846,602	£904,026	£872,206	£959,792
Zone 3 Low	£863,205	£889,170	£915,144	£919,637	£958,273	£941,182	£998,614	£965,506	£1,047,348

Residual Land values compared to benchmark land values

Benchmark Z2 - High	£27,624.00
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% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,562,598	£1,462,221	£1,323,360	£1,287,998	£1,124,123	£1,170,698	£914,885	£1,043,397	£713,647
Zone 2 High	£767,673	£678,410	£614,413	£587,212	£423,337	£460,165	£194,259	£293,115	£238,669
Zone 2 Medium	£413,750	£411,238	£398,531	£393,572	£492,855	£477,866	£571,390	£541,901	£623,927
Zone 2 Low	£701,963	£732,732	£767,356	£776,712	£832,728	£816,077	£896,174	£861,442	£941,474
Zone 3 High	£436,530	£463,015	£495,439	£502,732	£554,349	£535,833	£613,257	£578,935	£662,167
Zone 3 Medium	£708,881	£727,283	£751,698	£756,248	£794,815	£779,462	£837,331	£803,656	£880,147
Zone 3 Low	£763,669	£780,130	£802,104	£806,617	£845,282	£830,744	£888,114	£854,666	£932,708

Residual Land values compared to benchmark land values

Benchmark Z2 - Medium	£17,299.00
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% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,656,419	£1,556,042	£1,417,181	£1,381,819	£1,217,944	£1,264,519	£1,008,706	£1,137,218	£806,468
Zone 2 High	£836,298	£747,035	£683,038	£655,837	£491,962	£528,790	£272,884	£371,740	£316,294
Zone 2 Medium	£64,375	£10,327	£42,906	£41,947	£151,230	£125,741	£220,265	£189,935	£269,302
Zone 2 Low	£650,858	£667,107	£697,751	£702,879	£754,103	£738,452	£818,476	£791,817	£872,619
Zone 3 High	£384,821	£411,306	£443,831	£448,324	£500,724	£485,235	£561,659	£527,170	£608,242
Zone 3 Medium	£657,256	£675,658	£700,073	£704,643	£742,880	£727,337	£785,761	£752,031	£832,522
Zone 3 Low	£731,944	£749,305	£770,479	£775,932	£809,013	£793,517	£841,549	£817,241	£898,083

Residual Land values compared to benchmark land values

Benchmark Z3 - Low	£6,784.00
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% of AH	C4b - 500 sq m commercial space 0% Aff WS	C4b - 500 sq m 10% FS AWS @ 25% of MR	C4b - 500 sq m 10% FS AWS @ 50% of MR	C4b - 500 sq m 20% FS AWS @ 25% of MR	C4b - 500 sq m 20% FS AWS @ 50% of MR	C4b - 500 sq m 30% FS AWS @ 25% of MR	C4b - 500 sq m 30% FS AWS @ 50% of MR	C4b - 500 sq m 40% FS AWS @ 25% of MR	C4b - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,656,796	£1,556,419	£1,417,558	£1,382,196	£1,218,321	£1,264,896	£1,009,083	£1,137,595	£806,845
Zone 2 High	£891,673	£814,660	£750,663	£723,462	£559,587	£596,415	£340,509	£439,365	£384,919
Zone 2 Medium	£116,850	£22,892	£76,895	£75,936	£268,219	£242,730	£337,254	£307,765	£390,121
Zone 2 Low	£507,783	£528,532	£563,156	£572,512	£628,528	£611,969	£691,993	£657,242	£737,274
Zone 3 High	£332,730	£358,815	£391,239	£395,732	£450,148	£431,633	£509,057	£474,735	£556,967
Zone 3 Medium	£604,681	£623,083	£647,498	£652,048	£690,615	£675,162	£732,586	£700,458	£781,947
Zone 3 Low	£679,369	£695,930	£717,904	£722,017	£756,438	£741,342	£794,974	£761,666	£843,508

Residual Land values compared to benchmark land values

Benchmark Z3 - High	£27,943.00
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% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,803,090	£1,602,713	£1,463,852	£1,428,490	£1,264,615	£1,311,190	£1,055,377	£1,183,889	£853,139
Zone 2 High	£796,078	£706,815	£642,818	£615,617	£451,742	£488,570	£232,664	£331,520	£276,074
Zone 2 Medium	£111,165	£42,813	£98,126	£97,167	£209,450	£178,961	£313,485	£243,155	£322,522
Zone 2 Low	£703,913	£749,002	£784,694	£792,454	£832,292	£819,612	£896,066	£853,007	£939,269
Zone 3 High	£438,125	£464,610	£497,034	£504,327	£555,943	£537,428	£614,852	£579,530	£663,762
Zone 3 Medium	£710,476	£728,878	£753,293	£757,863	£796,110	£781,557	£838,926	£805,251	£881,742
Zone 3 Low	£785,164	£801,725	£823,699	£827,812	£866,233	£849,137	£900,769	£870,461	£951,903

Residual Land values compared to benchmark land values

Benchmark Z3 - Medium	£13,474.00
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% of AH	C4a - 500 sq m commercial space 0% Aff WS	C4a - 500 sq m 10% FS AWS @ 25% of MR	C4a - 500 sq m 10% FS AWS @ 50% of MR	C4a - 500 sq m 20% FS AWS @ 25% of MR	C4a - 500 sq m 20% FS AWS @ 50% of MR	C4a - 500 sq m 30% FS AWS @ 25% of MR	C4a - 500 sq m 30% FS AWS @ 50% of MR	C4a - 500 sq m 40% FS AWS @ 25% of MR	C4a - 500 sq m 40% FS AWS @ 50% of MR
Zone 1	£1,633,348	£1,532,971	£1,394,110	£1,358,748	£1,194,873	£1,241,448	£985,635	£1,114,147	£783,397
Zone 2 High	£899,423	£810,160	£746,163	£7					