

FORT WILLIAM WATERFRONT - MASTERPLANDevelopment Feasibilities/Market Profit Levels

The attached Outline Cost Plan calculates both Expenditure and an Assessed Capitalised Value for each section of the works based on drawing Nr 79798/00509. These calculations do not take account of current Property Values.

The enclosed Cost Plan assumes (Gross) Market Profit Levels of 20% of Capitalised Value.

Indicative Costings

Indicative Costings for each section of the works are included within the Outline Cost Plan. In addition, we would highlight the outline costs for provision of public realm areas which have been detailed on the sample streetscape proposals; namely

- Waterfront Area (at Marina)      £ 3,160,000.00 (*Excludes Land Reclamation / Breakwater Formation*).
- West End Car Park                £ 810,000.00 (*Excludes Cultural Building*)
- Parade                                £ 900,000.00

In addition to the above we would note the following indicative costs for a number of potential elements:

- Breakwater                         - £ 630,000.00
- Marina                                - £ 610,000.00 (*Pontoons Only*)
- Seaplane Facility                 - £ 413,000.00
- Coastal Inspection Works       - £ 1,000.00 (*Allowance/linear metre*)
- Light Controlled Crossing       - £ 75,000.00 (*to Dual Carriageway*)
- Road Surface Treatments       - £10.00 - £30.00/m<sup>2</sup>
- General Landscaping            - £25.00/m<sup>2</sup> as indicative allowance.

### Developer Contributions

Developer Contributions have been calculated as part of the Outline Cost Plan and we would comment on these as follows:

1. For Residential, these range from £3,139.00 to £9,498.00 per unit; based on an average assumed unit size of 85m<sup>2</sup>. The average is £4,311.00.
2. For Commercial, these range from £1,034.00 to £13,915.00 per 100m<sup>2</sup> of Floor Area. The average is £5,124.00.
3. Based on the wide range of values detailed above, one logical solution would be to use average values over the entire development. This could, however, be problematic if works were phased and benefited certain areas ahead of others.
4. With regard to the average contributions calculated (£4,311.00 and £5,124.00) our assessment is that these are exceptionally high in light of current market conditions. A prudent and more realistic level would be less than 50% of this amount which obviously causes a significant funding gap.

Furthermore, it must be appreciated that the calculations in respect of Developer Contributions assume that all building owners are willing and able to carry out the re-development works. This, in our opinion, is highly unlikely within a reasonable timeframe and may result in this methodology of recovering developer contributions being difficult to implement.

Notwithstanding the above, it is worth considering the issue and practicalities of Developer Contributions on a more general level. At present and for at least the short term, there are a number of factors which are likely to restrict the level of any financial contribution a developer is able, or likely to offer:

1. Lower revenue from residential sales.
2. Restricted volume of residential sales.
3. Expansion of commercial organisations curtailed due to recession.
4. Difficulties in securing development finance.
5. Formation of new commercial organisations restricted due to recession.
6. Possible reduction in public spending.

The above factors have led to not only a vast reduction in the number of development opportunities being initiated by developers but also a serious reduction in the extent of Gross Development Profit available which, in turn, results in a smaller pot of monies available for developers to make any financial contributions.

Traditionally, there are various mechanisms that can be used to secure financial contribution:

- a) **Developers are required to make a specific financial contribution based on unit numbers or floor area to pay for a specific community requirement.**

Pros	Cons
<i>Clarity on requirements for developer.</i>	<i>Sensitivity of financial level is critical.</i>
<i>Monies are controlled by the Council.</i>	<i>Community expectations may outweigh available resources.</i>

- b) **Developers are required to carry out a specific package of work in respect of a particular development.**

Pros	Cons
<i>Council does not require to organise works.</i>	<i>Package requires to be defined at early stage.</i>
<i>Scale efficiencies may be achieved.</i>	<i>Less control/ability to vary works.</i>

- c) **Where land is owned by The Council, the Developer Contribution is combined with Tender Offer.**

Pros	Cons
<i>Variation due to number or area fluctuations removed.</i>	<i>Clarity on extent of contribution may be problematic.</i>
<i>Long term relationship with developer is eliminated.</i>	<i>Enhanced contributions for extended development not possible.</i>

It may be applicable to set out any requirements for Developer Contributions through either Local Plan Reviews, Planning Permissions or Tender Documentation for Property Sales, although careful consideration should be given to the extent of contributions in the short term as any significant burdens may dilute Developer interest and effectively restrict development.

In summary, the likelihood of any significant Developer Contributions is currently restricted and any requirement should be carefully considered in order not to further restrict potential development.

In addition to Developer Contributions, it is also worth considering the possibility of contributions from other organisations in the form of grants or loans.

The following are examples of various types of contributions that may be available:

1. Highland and Islands Enterprise:
  - a. Grant towards Infrastructure Improvements.
  - b. Grant or Low Costs Loans to assist Business Start-Up/Expansion.
2. Scottish Government Housing Investment Division:
  - a. Housing Association Grant.
  - b. Private Sale Subsidy.
3. Vacant & Derelict Land Fund (VDLF).
4. Town Centre Regeneration Fund.
5. Fairer Scotland Fund.
6. Historic Scotland.
7. Heritage Lottery Fund.
8. Charitable Grants.

Outwith grant or loan opportunities there are other methods of leveraging finance into projects; namely:

1. Local Asset Backed Vehicles

This allows Local Authorities to use their assets (land or buildings) to level long term investment from the Private Sector.

2. Joint European Support for Sustainable Investment in City Areas (JESSICA's)

This allows the use of European Union Grant Funding although it does seem to be limited to "City Areas".

Fort William Waterfront Masterplan		Overall Summary	
<b>FORT WILLIAM WATERFRONT MASTERPLAN</b>			<u>Assessment of Capitalised Value</u>
<u>Description of Section</u>	<u>Expenditure</u>		
West End Carpark and Associated A82 Approach	9,245,863		4,064,780
Seaplane Facilities	412,500		262,979
Marina	9,733,790		3,863,746
West End - Lundavra Road	4,556,915		3,770,759
High Street - West End	22,795,025		23,189,706
Middle Street - West End	19,936,785		22,729,100
Middle Street - East End	13,843,830		13,513,973
High Street - East End	26,990,150		26,957,309
An-Aird	18,212,370		17,952,217
<b>TOTALS</b>	<b>125,727,228</b>		<b>116,304,569</b>

Fort William Waterfront Masterplan				Developer Contributions			
<b>FORT WILLIAM WATERFRONT MASTERPLAN</b>							
<b>Assessment of Developer Contributions (EXCLUDING MARINA AND SEAPLANE FACILITIES)</b>							
<u>Description of Section/ Phase</u>	<u>Amount of Public Realm Works</u>	<u>Gross Internal Area</u>		<u>Proportion of Cost</u>		<u>Allocation</u>	
		<u>Residential</u>	<u>Commercial</u>	<u>Residential</u>	<u>Commercial</u>	<u>Residential Amount per unit based on average 85m<sup>2</sup> unit</u>	<u>Commercial Amount per 100m<sup>2</sup> of floor area</u>
West End Carpark and Associated A82 Approach	508,465		3,654	-	508,465		13,915.30
Seaplane Facilities							
Marina							
West End - Lundavra Road	33,750		3,265	-	33,750		1,033.69
High Street - West End	630,000	4,614	12,445	170,398	459,602	3,139.11	3,693.07
Middle Street - West End	450,000	3,733	11,591	109,622	340,378	2,496.08	2,936.57
Middle Street - East End	1,050,000	4,163	5,233	465,214	584,786	9,498.72	11,174.97
High Street - East End	900,000	6,918	11,530	337,500	562,500	4,146.79	4,878.58
An-Aird	477,950	8,475	3,710	332,427	145,523	3,334.08	3,922.45
<b>TOTALS/ AVERAGES</b>	<b>4,050,165</b>	<b>27,903</b>	<b>51,428</b>	<b>1,415,161</b>	<b>2,635,004</b>	<b>4,310.96</b>	<b>5,123.68</b>
						<i>Average</i>	<i>Average</i>

Fort William Waterfront Masterplan		West End Carpark			
<b>West End Carpark and Associated A82 Approach</b>					
<u>Expenditure</u>					
Erection of New Building	3,654	m <sup>2</sup>	2,100	7,673,400.00	
Form Parking Area	2,629	m <sup>2</sup>	85	223,465.00	
Upgrade surrounding Public Realm	3,049	m <sup>2</sup>	120	365,880.00	
A82 Surface Treatment	1,500	m <sup>2</sup>	50	75,000.00	
Landscaping to A82 Verges	1,931	m <sup>2</sup>	35	67,585.00	
Sub-total				8,405,330.00	
Professional/ Local Authority Fees			10%	840,533.00	
<b>TOTAL</b>				<b>9,245,863.00</b>	
<u>Assessment of Capitalised Values</u>					
<b>Cultural Centre</b>	<i>Assumed Retail Space (ft<sup>2</sup>)</i>	23,599			
<b>(Note: Retail Space has been assumed as 60% of total)</b>	<i>Assumed Rent Level (£/ft<sup>2</sup>)</i>	16.00			
	<i>Annual Revenue - (5% Voids)</i>	358,701			
	<i>Yield - ASSUMED</i>	8.50%			
	<i>Calculated Capitalised Value</i>	4,220,016	Sum	4,220,016.12	
<b>Carpark</b>	<i>Nr of parking spaces</i>	117			
	<i>Average Revenue per space</i>	£ 700.00			
	<i>Annual Revenue</i>	81,791			
	<i>Yield - ASSUMED</i>	9.50%			
	<i>Calculated Capitalised Value</i>	860,959	Sum	860,959.06	
Sub-total				5,080,975.19	
Deduct Developers Profit			20%	1,016,195.04	
<b>TOTAL</b>				<b>4,064,780.15</b>	

Fort William Waterfront Masterplan		Seaplane Facilities			
<b>Seaplane Facilities</b>					
<u>Expenditure</u>					
Breakwater			Sum	150,000.00	
Pontoon	65	m	500	32,500.00	
Building	95	m <sup>2</sup>	1,500	142,500.00	
A82 Surface Treatment	1,000	m <sup>2</sup>	50	50,000.00	
Sub-total				375,000.00	
Professional/ Local Authority Fees			10%	37,500.00	
<b>TOTAL</b>				<b>412,500.00</b>	
<u>Assessment of Capitalised Values</u>					
<b>Building</b>	<i>Assumed Office Space (ft<sup>2</sup>)</i>	1,023			
	<i>Assumed Rent Level (£/ft<sup>2</sup>)</i>	12.00			
	<i>Annual Revenue - (5% Voids)</i>	11,657			
	<i>Yield - ASSUMED</i>	8.50%			
	<i>Calculated Capitalised Value</i>	137,145	Sum	137,144.75	
<b>Dock</b>	<i>Average Revenue per week</i>	£ 350.00			
	<i>Annual Revenue</i>	18,200			
	<i>Yield - ASSUMED</i>	9.50%			
	<i>Calculated Capitalised Value</i>	191,579	Sum	191,578.95	
Sub-total				328,723.70	
Deduct Developers Profit			20%	65,744.74	
<b>TOTAL</b>				<b>262,978.96</b>	

Fort William Waterfront Masterplan		Marina			
<b>Marina</b>					
<u>Expenditure</u>					
Breakwater/ Land Reclamation			Sum		1,855,000.00
Pontoon	1,100	m	500		550,000.00
Public Realm Areas	14,870	m <sup>2</sup>	150		2,230,500.00
Leisure/ Retail	1,602	m <sup>2</sup>	1,700		2,723,400.00
Marina Facilities	3,250	m <sup>2</sup>	1,000		3,250,000.00
A82 Surface Treatment	1,900	m <sup>2</sup>	50		95,000.00
Sub-total					8,848,900.00
Professional/ Local Authority Fees			10%		884,890.00
<b>TOTAL</b>					<b>9,733,790.00</b>
<u>Assessment of Capitalised Values</u>					
Leisure/ Retail	Assumed Lettable Space (ft <sup>2</sup> )	17,244			
	Assumed Rent Level (£/ft <sup>2</sup> )	18.00			
	Annual Revenue - (5% Voids)	294,868			
	Yield - ASSUMED	8.00%			
	Calculated Capitalised Value	3,685,855			
			Sum		3,685,855.37
Marina Facilities	Assumed Lettable Space (ft <sup>2</sup> )	34,983			
	Assumed Rent Level (£/ft <sup>2</sup> )	9.00			
	Annual Revenue - (5% Voids)	299,102			
	Yield - ASSUMED	8.00%			
	Calculated Capitalised Value	3,738,773			
			Sum		3,738,773.39
Berths/ Moors	Average Revenue per month	£ 10,000.00			
	Annual Revenue	120,000			
	Yield - ASSUMED	11.00%			
	Calculated Capitalised Value	1,090,909			
			Sum		1,090,909.09
Sub-total					4,829,682.48
Deduct Developers Profit			20%		965,936.50
<b>TOTAL</b>					<b>3,863,745.99</b>

Fort William Waterfront Masterplan		West End - Lundavra Road			
<b>West End - Lundavra Road</b>					
<u>Expenditure</u>					
Erection of New 2 Storey Building	1,672	m <sup>2</sup>	1,600		2,675,200.00
Re-model existing 3 Storey Building	1,593	m <sup>2</sup>	900		1,433,700.00
Surface Treatment to Lundavra Road	450	m <sup>2</sup>	75		33,750.00
Sub-total					4,142,650.00
Professional/ Local Authority Fees			10%		414,265.00
<b>TOTAL</b>					<b>4,556,915.00</b>
<u>Assessment of Capitalised Values</u>					
Cultural Centre	Assumed Rental Space (ft <sup>2</sup> )	28,115			
(Note: Rental Space has been assumed as 80% of total)	Assumed Rent Level (£/ft <sup>2</sup> )	15.00			
	Annual Revenue - (5% Voids)	400,643			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	4,713,448			
			Sum		4,713,448.49
Sub-total					4,713,448.49
Deduct Developers Profit			20%		942,689.70
<b>TOTAL</b>					<b>3,770,758.79</b>

Fort William Waterfront Masterplan		High Street - West End			
<b>High Street - West End</b>					
<u>Expenditure</u>					
Hotel Accommodation - Remodelled	3,948	m <sup>2</sup>	800	3,158,400.00	
Office - New Build Form	6,226	m <sup>2</sup>	1,300	8,093,800.00	
Retail - New Build Form	1,354	m <sup>2</sup>	1,150	1,557,100.00	
Residential - New Build Form	4,614	m <sup>2</sup>	1,350	6,228,900.00	
Leisure - New Build Form	917	m <sup>2</sup>	1,150	1,054,550.00	
Improved Public Realm - High Street	4,200	m <sup>2</sup>	150	630,000.00	
Sub-total				20,722,750.00	
Professional/ Local Authority Fees			10%	2,072,275.00	
<b>TOTAL</b>				<b>22,795,025.00</b>	
<u>Assessment of Capitalised Values</u>					
Hotel	Total Area (ft <sup>2</sup> )	42,496			
	Assumed Rent Level (£/ft <sup>2</sup> )	12.00			
	Annual Revenue - (5% Voids)	484,453			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	5,699,447	Sum	5,699,447.06	
Office	Assumed Rental Space (ft <sup>2</sup> )	56,964			
<b>(Note: Rental Space has been assumed as 85% of total)</b>	Assumed Rent Level (£/ft <sup>2</sup> )	15.00			
	Annual Revenue - (5% Voids)	811,732			
	Yield - ASSUMED	8.00%			
	Calculated Capitalised Value	10,146,648	Sum	10,146,647.52	
Retail	Assumed Rental Space (ft <sup>2</sup> )	12,388			
<b>(Note: Rental Space has been assumed as 85% of total)</b>	Assumed Rent Level (£/ft <sup>2</sup> )	22.00			
	Annual Revenue - (5% Voids)	258,913			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	3,046,033	Sum	3,046,033.01	
Residential	Assumed sales rate per m <sup>2</sup>	4,614	m <sup>2</sup>	1,900	8,766,600.00

Fort William Waterfront Masterplan		High Street - West End			
Leisure	Assumed Rental Space (ft <sup>2</sup> )	8,390			
<b>(Note: Rental Space has been assumed as 85% of total)</b>	Assumed Rent Level (£/ft <sup>2</sup> )	15.00			
	Annual Revenue - (5% Voids)	119,556			
	Yield - ASSUMED	9.00%			
	Calculated Capitalised Value	1,328,404	Sum	1,328,404.29	
Sub-total					28,987,131.88
Deduct Developers Profit			20%		5,797,426.38
<b>TOTAL</b>					<b>23,189,705.50</b>

Fort William Waterfront Masterplan		Middle Street - West End			
<b>Middle Street - West End</b>					
<u>Expenditure</u>					
Hotel Accommodation - New	4,446	m <sup>2</sup>	1,400	6,224,400.00	
Retail - Remodelled	2,472	m <sup>2</sup>	800	1,977,600.00	
Retail - New Build Form	3,208	m <sup>2</sup>	1,150	3,689,200.00	
Residential - Remodelled	2,689	m <sup>2</sup>	1,000	2,689,000.00	
Residential - New Build Form	1,044	m <sup>2</sup>	1,350	1,409,400.00	
Leisure - New Build Form	1,465	m <sup>2</sup>	1,150	1,684,750.00	
Improved Public Realm	3,000	m <sup>2</sup>	150	450,000.00	
Sub-total				18,124,350.00	
Professional/ Local Authority Fees			10%	1,812,435.00	
<b>TOTAL</b>				<b>19,936,785.00</b>	
<u>Assessment of Capitalised Values</u>					
Hotel	<i>Total Area (ft<sup>2</sup>)</i>	47,856			
	<i>Assumed Rent Level (£/ft<sup>2</sup>)</i>	12.00			
	<i>Annual Revenue - (5% Voids)</i>	545,562			
	<i>Yield - ASSUMED</i>	8.50%			
	<i>Calculated Capitalised Value</i>	6,418,374	Sum	6,418,374.27	
Retail	<i>Assumed Rental Space (ft<sup>2</sup>)</i>	51,968			
<b>(Note: Rental Space has been assumed as 85% of total)</b>	<i>Assumed Rent Level (£/ft<sup>2</sup>)</i>	22.00			
	<i>Annual Revenue - (5% Voids)</i>	1,086,133			
	<i>Yield - ASSUMED</i>	8.50%			
	<i>Calculated Capitalised Value</i>	12,778,041	Sum	12,778,040.97	
Residential	<i>Assumed sales rate per m<sup>2</sup></i>	3,733	m <sup>2</sup>	1,900	7,092,700.00

Fort William Waterfront Masterplan		Middle Street - West End			
Leisure	<i>Assumed Rental Space (ft<sup>2</sup>)</i>	13,404			
<b>(Note: Rental Space has been assumed as 85% of total)</b>	<i>Assumed Rent Level (£/ft<sup>2</sup>)</i>	15.00			
	<i>Annual Revenue - (5% Voids)</i>	191,003			
	<i>Yield - ASSUMED</i>	9.00%			
	<i>Calculated Capitalised Value</i>	2,122,260	Sum	2,122,259.86	
Sub-total					28,411,375.10
Deduct Developers Profit			20%		5,682,275.02
<b>TOTAL</b>					<b>22,729,100.08</b>

Fort William Waterfront Masterplan		Middle Street - East End			
<b><u>Middle Street - East End</u></b>					
<u>Expenditure</u>					
Hotel Accommodation - Re-modelled	478	m <sup>2</sup>	800	382,400.00	
Hotel Accommodation - New Build Form	2,508	m <sup>2</sup>	1,400	3,511,200.00	
Retail - Remodelled	231	m <sup>2</sup>	800	184,800.00	
Retail - New Build Form	1,538	m <sup>2</sup>	1,150	1,768,700.00	
Residential - Remodelled	693	m <sup>2</sup>	1,000	693,000.00	
Residential - New Build Form	3,470	m <sup>2</sup>	1,350	4,684,500.00	
Leisure - Remodelled	478	m <sup>2</sup>	650	310,700.00	
Improved Public Realm	7,000	m <sup>2</sup>	150	1,050,000.00	
Sub-total				12,585,300.00	
Professional/ Local Authority Fees			10%	1,258,530.00	
<b>TOTAL</b>				<b>13,843,830.00</b>	
<u>Assessment of Capitalised Values</u>					
Hotel	Total Area (ft <sup>2</sup> )	32,141			
	Assumed Rent Level (£/ft <sup>2</sup> )	12.00			
	Annual Revenue - (5% Voids)	366,407			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	4,310,676	Sum	4,310,676.02	
Retail	Assumed Rental Space (ft <sup>2</sup> )	16,185			
	Assumed Rent Level (£/ft <sup>2</sup> )	22.00			
	Annual Revenue - (5% Voids)	338,269			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	3,979,640	Sum	3,979,639.87	
Residential	Assumed sales rate per m <sup>2</sup>	4,163	m <sup>2</sup>	1,900	7,909,700.00

Fort William Waterfront Masterplan		Middle Street - East End			
Leisure	Assumed Rental Space (ft <sup>2</sup> )	4,373			
<b>(Note: Rental Space has been assumed as 85% of total)</b>	Assumed Rent Level (£/ft <sup>2</sup> )	15.00			
	Annual Revenue - (5% Voids)	62,321			
	Yield - ASSUMED	9.00%			
	Calculated Capitalised Value	692,451	Sum	692,450.66	
Sub-total					16,892,466.55
Deduct Developers Profit			20%		3,378,493.31
<b>TOTAL</b>					<b>13,513,973.24</b>

Fort William Waterfront Masterplan		Overall Summary	
<b>FORT WILLIAM WATERFRONT MASTERPLAN</b>			
Description of Section	Expenditure	Assessment of Capitalised Value	
West End Carpark and Associated A82 Approach	9,245,863	4,064,780	
Seaplane Facilities	412,500	262,979	
Marina	9,733,790	3,863,746	
West End - Lundavra Road	4,556,915	3,770,759	
High Street - West End	22,795,025	23,189,706	
Middle Street - West End	19,936,785	22,729,100	
Middle Street - East End	13,843,830	13,513,973	
High Street - East End	26,990,150	26,957,309	
An-Aird	18,212,370	17,952,217	
<b>TOTALS</b>	<b>125,727,228</b>	<b>116,304,569</b>	

Fort William Waterfront Masterplan		An Aird			
<b>An-Aird</b>					
Expenditure					
Retail/ Infrastructure - New Build Form	3,710	m <sup>2</sup>	1,250	4,637,500.00	
Residential - New Build Form	8,475	m <sup>2</sup>	1,350	11,441,250.00	
Public Realm Areas	2,653	m <sup>2</sup>	150	397,950.00	
A82 Surface Treatment	1,600	m <sup>2</sup>	50	80,000.00	
Sub-total				16,556,700.00	
Professional/ Local Authority Fees			10%	1,655,670.00	
<b>TOTAL</b>				<b>18,212,370.00</b>	
<b>Assessment of Capitalised Values</b>					
Retail	Assumed Rental Space (ft <sup>2</sup> )	13,977			
(Note: Rental Space has been assumed as 35% of total)	Assumed Rent Level (£/ft <sup>2</sup> )	22.00			
	Annual Revenue - (5% Voids)	292,118			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	3,436,679	Sum		3,436,679.00
Infrastructure	Assumed Rental Space (ft <sup>2</sup> )	25,957			
(Note: Rental Space has been assumed as remainder of total)	Assumed Rent Level (£/ft <sup>2</sup> )	10.00			
	Annual Revenue - (5% Voids)	246,593			
	Yield - ASSUMED	8.50%			
	Calculated Capitalised Value	2,901,093	Sum		2,901,092.66
Residential	Assumed sales rate per m <sup>2</sup>		8,475	m <sup>2</sup>	1,900
					16,102,500.00
Sub-total					22,440,271.66
Deduct Developers Profit			20%		4,488,054.33
<b>TOTAL</b>					<b>17,952,217.33</b>

