LAND APPRAISAL — RESIDUAL LAND VALUE

Land appraisal & residual land value

Sample scheme — a small residential development (anonymised)

An independent, construction-led appraisal of a proposed development — the build cost, the wider costs of development, and the residual land value — prepared to test viability and inform the decision to proceed. It reads the scheme the way a builder and a developer both need to: what it costs to build, what it is worth finished, and what is left for the land and the risk.

PREPARED FOR	CONSULTANT	BASIS	REFERENCE
Client / developer	Elliot Lipley — E.L_B	Concept scheme & area schedule	E.L_B — sample / extract

> **Illustrative extract.** These three pages are an anonymised sample of how E.L_B appraises a development — the cover, the appraisal, and the build-cost plan. Every figure is indicative and for illustration only; it does not describe any real scheme, valuation or advice, and is not a formal viability assessment or Red Book valuation.

0 0.1 0.5 1m

01 SCHEME SUMMARY

Site	Infill plot, inner London (anonymised)
Proposal	Demolition and a small residential building of four apartments
Accommodation	2 × 1-bed and 2 × 2-bed, over three storeys
Gross internal area	≈ 550 m² GIA
Net saleable area	≈ 430 m² NSA

02 DEVELOPMENT APPRAISAL — RESIDUAL LAND VALUE

A simple residual: what the finished scheme is worth, less what it costs to build, fund and deliver at a sensible profit — the balance is what the land can bear.

LINE	BASIS	AMOUNT
Gross development value (GDV)	4 units, comparable-led sales values	**£3,200,000**
less Build cost	≈ £2,500/m² over 550 m² (see cost plan)	(£1,375,000)
less Professional fees	≈ 12% of build cost	(£165,000)
less Contingency	≈ 5% of build + fees	(£77,000)
less Finance	Interest & arrangement fees, ≈ 14-month programme	(£190,000)
less Developer's profit	≈ 17.5% on GDV	(£560,000)
Residual land value	**Before acquisition costs (SDLT, agent, legal)**	**£833,000**

Indicative and illustrative only. GDV is comparable-led and not a Red Book valuation; build cost is order-of-cost pending design development; abnormals are excluded (see page 3). The residual is sensitive to all of these — a 5% move in GDV or build cost shifts the land value by roughly £160,000 and £70,000 respectively, so the number should be read as a range, not a point.

03 INDICATIVE BUILD-COST PLAN — EXTRACT

Order-of-cost by element, over ≈ 550 m² GIA — to size the decision, not to tender. Elemental rates reflect a considered but not extravagant inner-London residential build.

ELEMENT	£ / M²	TOTAL
Substructure & groundworks	280	£154,000
Superstructure & frame	520	£286,000
External envelope — walls, roof, glazing	430	£236,500
Internal finishes & joinery	360	£198,000
Fit-out & services (MEP)	470	£258,500
External works & drainage	120	£66,000
Preliminaries	220	£121,000
Contractor overheads & profit	100	£55,000
Build cost	**2,500**	**£1,375,000**

Excludes VAT, professional fees, finance and abnormals. Rates are indicative order-of-cost for budgeting and carried into the appraisal on page 2; a firm cost plan follows design development and a full measure.

04 KEY RISKS & ASSUMPTIONS

- **Abnormals excluded.** Ground conditions, party-wall works, service diversions and any basement/retaining works are not in the rate above and can move the figure materially — a site investigation is recommended before the number is relied upon.
- **Planning, CIL & S106.** Not yet fixed; community-infrastructure and any affordable/contribution obligations should be confirmed and carried before the land is committed.
- **Sales values.** GDV is comparable-led and market-sensitive; the appraisal should be re-run against firm agent evidence.
- **Finance & programme.** Assumes an illustrative facility over ≈ 14 months; a slip in programme or a change in rate feeds straight through to the residual.