

**HALL END WORKS  
CHURCH LANE  
WEST BROMWICH  
WEST MIDLANDS**

**REPORT  
PREPARED FOR  
MAR CITY DEVELOPMENTS**

**APRIL 2006**

## **INTRODUCTION**

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## **1. INTRODUCTION**

- 1.1 Further to your recent instructions we have considered the suitability of the site at Hall Works, Church Lane, West Bromwich for its current use and researched the general level of supply and demand for industrial/warehousing property within Sandwell Metropolitan Borough Council.

## **2. LOCATION**

- 2.1 The site is located within the West Bromwich district of the West Midlands conurbation approximately 6 miles north west of Birmingham City Centre and approximately 1.5 miles north west of West Bromwich Town Centre. (See Appendix I)
- 2.2 The property is located approximately 2.5 miles from Junction 1 of the M5 accessed via the (A41) Black Country Spine Road which is approximately 1 mile distant.
- 2.3 The site has a single access point from the (B4149) Church Road and is situated in an area of mixed industrial/residential uses. The access lane is privately owned extending approximately 213 m (700 ft) with an industrial estate to the left (Vector Industrial Estate) with residential housing to the right.

## **3. HISTORY OF SITE**

- 3.1 The site has previously been used for the manufacture of tar and bitumen under the ownership of W H Keys Limited, since circa 1880. The company was placed in Administration in April 2005.
- 3.2 Bache Treharne were instructed in April 2005 by K Rayment and A Supperstone of Messrs BDO Stoy Hayward, Joint Administrators of W H Keys Limited, to dispose of the property.
- 3.3 The site was marketed for approximately two weeks by way of extensive mailing of details and a newspaper advertisement in The Birmingham Post. The short marketing period was a requirement of the Administrators. No guide price was set and Bache Treharne marketed the site on an "invited offers" basis.

- 3.4 Details were sent to Bache Treharne's extensive database list of registered owner/occupiers, developers and investors, West Midlands agents and selected local companies specialising within the similar business of W H Keys Limited.
- 3.5 Approximately ten accompanied viewings were undertaken by a representative of Bache Treharne. Approximately five to six owner/occupier enquiries undertook a "drive by" of the site however, did not progress their interest any further due to the uncertainty and fear of inheriting a clearly large liability for remediating the site.
- 3.6 Due to the high level of interest we set an informal tender for final and best bids on 29 April 2005.
- 3.7 Eight offers were received, all from experienced property developers with track records of remediating contaminated land.
- 3.8 The site was sold to Mar City Developments for £495,000 in June 2005.

#### **4. DESCRIPTION**

- 4.1 The site is irregular in shape comprising firstly an area of manufacturing land extending to 2.0 hectares (4.934 acres) which is enclosed by fencing and houses a number of dilapidated workshops, offices and stores extending to approximately 3,716 sq m (40,000 sq ft). The building to site ratio is 20.3%.
- 4.2 In addition, there is a section of land classified in the local plan as public open space of 0.74 hectares (1.822 acres) which is banked and slopes towards the residential development along Sussex Avenue. The manufacturing element of the site is outlined red on the attached plan in Appendix II whilst the land currently utilised for public open space is highlighted blue and is also attached at Appendix II.
- 4.3 The site has housed various ranges of industrial/chemical manufacturing since the 1880's. The buildings are of various construction including brick block offices in addition to a number of steel portal frame industrial buildings all of which are in extensive disrepair and have come to the end of their physical and economical life.

## 5. PLANNING

- 5.1 Within the Sandwell area the main industrial core surrounds the Birmingham New Road complementing those industrial sites within Walsall Metropolitan Borough Council on the Black Country New Road and Black Country route.
- 5.2 Further employment areas can be found at the Church Lane Industrial Estate approximately 100m east together with space availability on the Kelvin Way Trading Estate, Hill Top Industrial Estate and industrial areas on Clarendon Drive, Western Way and Sedgeley Road West.
- 5.3 Examples of more recent employment developments can be found at Delta Point on Greets Green Road, Great Bridge Centre, Apollo and Opus Nine and Yorks Park, Dudley, in addition to a substantial level of existing stock throughout Sandwell to include Dudley Port, Tividale, Bromford, Earls Green and the Smethwick areas.
- 5.4 The site lies outside the central core and supply of good quality industrial space within the Sandwell area. It is isolated and inconsistent with its neighbouring uses.

## 6. SUPPLY

- 6.1 We attach a schedule of industrial and warehousing property available during the period 31 March 2005 – 31 March 2006.  
(Source: BCI)

| Unit Type             | Total Area Available |                   |
|-----------------------|----------------------|-------------------|
|                       | Sq M                 | Sq Ft             |
| Industrial Unit       | 405,110.65           | 4,360,612.30      |
| Industrial (Craneage) | 853.80               | 9,190.30          |
| Warehouse             | <u>72,767.69</u>     | <u>783,271.40</u> |
| <b>Total</b>          | <b>478,731</b>       | <b>5,153,060</b>  |

6.2 We have matched this with demand taken from enquiries registered with Black Country Investment over the last twelve months for space within the Sandwell and general Black Country area for the corresponding size ranges.

6.3

| Size Ranges (Sq M) | Number of Enquiries | Total Average Requirement (Sq M) |
|--------------------|---------------------|----------------------------------|
| 1 - 50             | 10                  | 250                              |
| 51 - 250           | 124                 | 15,500                           |
| 251 - 500          | 62                  | 23,250                           |
| 501 - 1,000        | 82                  | 61,500                           |
| 1,001 - 2,000      | 81                  | 121,500                          |
| 2,001 - 5,000      | 63                  | 220,500                          |
| 5,001 +            | 51                  | 255,000                          |
| <b>Total</b>       | <b>473</b>          | <b>697,500</b>                   |

## 7. DEMAND

7.1 We have examined the take up in supply over the same period as overall totals.

7.2 the total amount taken up over the comparable twelve month period is 140,175 sq m, a take up of 20%.

7.3 This indicates an annual take up against current supply of 29%, indicating a current supply of over three years supply to meet current demand levels.

7.4 It is generally recognised that the demand for industrial space within the UK is declining due to global economic changes.

7.5 It is therefore reasonable to forecast that the core supply of industrial space is adequate to meet the requirements of modern manufacturing and warehousing uses.

7.6 There are better located sites in Business Zones across Sandwell.

## **8. REDEVELOPMENT**

- 8.1 The site has a history of heavy industrial and chemical manufacturing since the 1880's.
- 8.2 Recent production by the former owners, W H Keys Limited included the manufacture of tar and bitumen primarily used for the construction industry.
- 8.3 The majority of the site was used for open storage of chemicals, oils and building materials which has led to the site suffering massive levels of underground contamination.
- 8.4 The site has 34 breaches logged on The Health & Safety Executive Website under the W H Keys ownership (attached at Appendix III).
- 8.5 Any redevelopment of the site will require complete remediation prior to any construction works.
- 8.6 There are high levels of asbestos, oils and metals present on site and the buildings have exceeded their physical and economic life. Although collapse is unlikely in the immediate future, large sections of the industrial buildings roofs have fallen away and other sections could quite easily follow. We therefore class this site as dangerous particularly now the site is vacant.
- 8.7 Due to being on high ground, the site is isolated and close to residential dwellings and bounded by approximately 10m of shrubs and woodland to the south and west between the Vectra Industrial Park and Ridgeacre Enterprise Park. As the site is not overlooked it is subject to vandalism albeit, the site was subject to an arson attack on the stores to the east of the site in June 2005.
- 8.8 A site of this size should normally be able to sustain a development for warehousing/industrial purposes (B2 and B8) based on a building to site ratio of 40% which would indicate an overall building developable area of 85,970 sq ft to allow sufficient room for yard/access. A building of this size would be unable to attract a single occupier in this location and therefore taking the original footprint of the existing buildings together with the new access and yard areas we envisage a gross development build area of circa 60,000 sq ft achievable. We have, however, adopted the larger figure for the purpose of our appraisal, referred to in 8.10.

8.9 There are a number of considerations which would affect the decision to redevelop the site for employment purposes.

- The site is set back some 700 ft from Church Road and any new development would not be visible to passing traffic making lettings/sales of the units extremely difficult.
- There will be extremely high remediation costs. A brief report dated 3 April 2006 received from WSP Environmental indicates likely costs are between £2,600,000 and £3,400,000. A copy of this is included in Appendix V.
- The intensification of B2/B8 industrial and open storage uses is likely to initiate complaints from local residents from Hall Crescent and Ash Drive due to heavy goods vehicles operating on the private road. Occupiers in whatever size range will require the ability to operate 24 hours and at weekends without restrictions. Any actual planning restrictions or perceived likely future restrictions (through complaints) will deter occupiers and may affect the ability to fund the acquisition.
- Abnormal foundations will be required due to ground conditions resulting in higher cost of development.
- Occupiers will also prefer to be within a wider and established employment environment for security reasons as the immediate proximity of housing can give rise to fears of vandalism and the threat of abuse.
- Occupiers generally prefer to operate in established secure industrial locations with decent levels of occupying rates and access. The subject site does not meet this requirement.
- Providing adequate services to the new buildings will be costly.
- The area shaded blue in Appendix II is used for public open space and attracts a high level of children for recreation space due to the proximity of residential dwellings. It is our concern that traffic accidents could occur as a result of commercial development as this will attract higher levels of HGV flow around the area.



- 8.10 In addition to the above, we have prepared an appraisal which is attached at Appendix IV outlining the viability of an industrial scheme within the constraints described. In addition to the deterrents of the site, this demonstrates that such a scheme is unviable and presents an unacceptable venture to a commercial developer.
- 8.11 In preparing this appraisal, we have adopted remediation figures provided by WSP Environmental. You will note that the lowest figures provided have been used.
- 8.12 The appraisal demonstrates that the site is commercially unviable for employment uses unless a developer was paid £2,700,000 to develop the site. Stripping out the developers profit does not alter the viability.

## **9. SUMMARY**

- 9.1 The use of the site is no longer appropriate to the neighbourhood and surrounding areas.
- 9.2 The buildings on site have passed their economic life and are now dangerous.
- 9.3 Due to the site being isolated, occupiers are at risk from vandalism.
- 9.4 There is an adequate level of stock of good quality and new and second hand industrial buildings to satisfy the markets industrial property requirements in the Sandwell area in better locations.
- 9.5 The site is not viable for redevelopment for the existing occupiers who wish to seek more suitable premises in established industrial area elsewhere. Redevelopment of new industrial units is not a viable proposition.
- 9.6 There is a severe risk that if a change of use is not granted, the developer would not undertake any redevelopment and therefore the site will remain disused.

APPENDIX I



Hall End, Church Lane, West Bromwich



*This map was created with Promap*

APPENDIX II



# W H Keys Ltd, Church Lane, West Bromwich



Ordnance Survey

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**For Identification Purposes Only**

APPENDIX III



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## Breaches found

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| Notice                  | Breach ID | Recipient's Name | Act or Regulation   |
|-------------------------|-----------|------------------|---|
| ■ <a href="#">C1196</a> | 2070      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                                      |
| ■ <a href="#">C1196</a> | 2071      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                                      |
| ■ <a href="#">C1196</a> | 2072      | W H Keys Ltd     | The Electricity at Work Regulations 1989 / 4 /                            |
| ■ <a href="#">C1216</a> | 2119      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                                      |
| ■ <a href="#">C1216</a> | 2120      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                                      |
| ■ <a href="#">C1216</a> | 2121      | W H Keys Ltd     | The Management Of Health And Safety At Work Regulations 1999 / 3 /        |
| ■ <a href="#">C1216</a> | 2122      | W H Keys Ltd     | The Management Of Health And Safety At Work Regulations 1999 / 5 /        |
| ■ <a href="#">C1216</a> | 2123      | W H Keys Ltd     | The Management Of Health And Safety At Work Regulations 1999 / 7 /        |
| ■ <a href="#">C1216</a> | 2124      | W H Keys Ltd     | The Dangerous Substances and Explosive Atmospheres Regulations 2002 / 5 / |
| ■ <a href="#">C1216</a> | 2125      | W H Keys Ltd     | The Control of Substances Hazardous to Health Regulations / 6 /           |

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| Notice                  | Breach ID | Recipient's Name | Act or Regulation   |
|-------------------------|-----------|------------------|---|
| ■ <a href="#">C1453</a> | 2641      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| ■ <a href="#">C1453</a> | 2642      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| ■ <a href="#">C1453</a> | 2643      | W H Keys Ltd     | The Control of Major Accident Hazards Regulations 1999. / 4 / |
| ■ <a href="#">C1454</a> | 2644      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| ■ <a href="#">C1454</a> | 2645      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| ■ <a href="#">C1454</a> | 2646      | W H Keys Ltd     | The Control of Major Accident Hazards Regulations 1999. / 4 / |
| ■ <a href="#">C1455</a> | 2647      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| ■ <a href="#">C1455</a> | 2648      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| ■ <a href="#">C1455</a> | 2649      | W H Keys Ltd     | The Control of Major Accident Hazards Regulations 1999. / 4 / |
| ■ <a href="#">C1456</a> | 2650      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |

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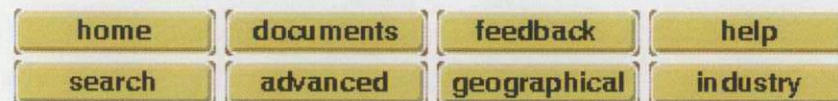
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| ■ <a href="#">C1456</a> | 2652      | W H Keys Ltd     | The Control of Major Accident Hazards Regulations 1999. / 4 /      |
| ■ <a href="#">C1457</a> | 2653      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                               |
| ■ <a href="#">C1457</a> | 2654      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                               |
| ■ <a href="#">C1457</a> | 2655      | W H Keys Ltd     | The Control of Major Accident Hazards Regulations 1999. / 4 /      |
| ■ <a href="#">C1457</a> | 2656      | W H Keys Ltd     | The Provision and Use Of Work Equipment Regs 1998 / 4 /            |
| ■ <a href="#">C1457</a> | 2657      | W H Keys Ltd     | The Provision and Use Of Work Equipment Regs 1998 / 6 /            |
| ■ <a href="#">C1469</a> | 2685      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                               |
| ■ <a href="#">C1469</a> | 2686      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                               |
| ■ <a href="#">C1469</a> | 2687      | W H Keys Ltd     | The Management Of Health And Safety At Work Regulations 1999 / 7 / |

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| <a href="#">C1469</a> | 2688      | W H Keys Ltd     | The Control of Major Accident Hazards Regulations 1999. / 4 / |
| <a href="#">C1470</a> | 2689      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
| <a href="#">C1470</a> | 2690      | W H Keys Ltd     | Health and Safety At Work 1974 / / /                          |
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APPENDIX IV

# Appraisal

## PROJECT: Hall Works, Church Lane, West Bromwich

### Land

|                    |          |        |           |        |
|--------------------|----------|--------|-----------|--------|
| Net Area           | (Acres): | 4.94   |           |        |
| Total Build (GEA); |          | 88,150 | Ratio;    | 40.98% |
| Total Sell (GIA);  |          | 86,000 | Gross/net | 98%    |

### Sales

| Unit       | Sq.Ft.<br>Area (GIA) | £/psf.<br>Rent | £<br>Total |         |
|------------|----------------------|----------------|------------|---------|
| Industrial | 86,000               | 5.00           | 430,000    |         |
| Total      | 86,000               |                |            | 430,000 |

|                        |       |       |           |           |
|------------------------|-------|-------|-----------|-----------|
| Yield                  | 8.00% | 12.50 | 5,375,000 |           |
| Gross Dev. Value (GDV) |       |       |           | 5,375,000 |

### Purchaser's Costs

|            |       |  |        |         |
|------------|-------|--|--------|---------|
| Agents     | 1.00% |  | 53750  |         |
| Legals     | 0.50% |  | 26875  |         |
| Stamp Duty | 4.00% |  | 215000 | 295,625 |

|                      |  |  |  |           |
|----------------------|--|--|--|-----------|
| Net Dev. Value (NDV) |  |  |  | 5,079,375 |
|----------------------|--|--|--|-----------|

### Costs

| Build       | Build Area | Build Rate | Cost      |           |
|-------------|------------|------------|-----------|-----------|
| Industrial  | 88,150     | 32         | 2,820,800 |           |
| Total       | 88,150     |            | 2,820,800 |           |
| Contingency | 4%         |            | 112,832   |           |
| Total Build |            |            |           | 2,933,632 |

### Pre construction

|                        |  |  |       |        |
|------------------------|--|--|-------|--------|
| Planning Fee           |  |  | 3,500 |        |
| TIA                    |  |  | 2,000 |        |
| Building Regs.         |  |  | 2,500 |        |
| Survey                 |  |  | 1,000 |        |
| Engineer SI            |  |  | 5,000 |        |
| Total Pre Construction |  |  |       | 14,000 |

### Other Costs

|                      |  |  |           |           |
|----------------------|--|--|-----------|-----------|
| Abnormal Foundations |  |  | 255,000   |           |
| Design Fees (10%)    |  |  | 25,500    |           |
| Excavation           |  |  | 105,000   |           |
| Demolition           |  |  | 75,000    |           |
| Remediation          |  |  | 2,600,000 |           |
| Total Fixed Costs    |  |  |           | 3,060,500 |

### Professional Fees

|                         |       |  |         |         |
|-------------------------|-------|--|---------|---------|
| Architect               | 4.00% |  | 117,345 |         |
| Quantity Surveyor       | 1.00% |  | 29,336  |         |
| Structural Engineer     | 1.00% |  | 29,336  |         |
| Mech/Elec Engineer      | 0.50% |  | 14,668  |         |
| Project Manager/cdm     | 1.00% |  | 29,336  |         |
| Total Professional Fees |       |  |         | 220,022 |

# Appraisal

| <u>Finance</u>                 | <u>Total</u> | <u>Rate PA</u> | <u>Months</u> | <u>Weight</u> |                  |
|--------------------------------|--------------|----------------|---------------|---------------|------------------|
| Build                          | 2,933,632    | 6.25%          | 9             | 50%           | 68,757           |
| Pre Construction               | 14,000       | 6.25%          | 4             | 100%          | 292              |
| Fixed Costs                    | 3,060,500    | 6.25%          | 9             | 75%           | 107,596          |
| Professional Fees              | 220,022      | 6.25%          | 9             | 50%           | 5,157            |
| Void (on completion)           | 6,228,154    | 6.25%          | 6             | 100%          | <u>194,630</u>   |
| Total Finance                  |              |                |               |               | 376,431          |
| <u>Rent Free</u>               |              |                |               |               |                  |
| Months                         |              |                | 3             |               | 107,500          |
| <u>Marketing</u>               |              |                |               |               |                  |
| Agents/Marketing               | 430,000      | 10.00%         |               |               | 43,000           |
| Legal                          | 430,000      | 5.00%          |               |               | 21,500           |
|                                |              |                |               |               | <u>64,500</u>    |
| Total Development Costs        |              |                |               |               | 6,776,585        |
| <u>Profit</u>                  |              |                |               |               |                  |
| Net Dev. Value (NDV)           |              |                |               |               | 5,079,375        |
| Total Development Costs (TDC)  |              |                |               |               | <u>6,776,585</u> |
| Gross Development Profit (GDP) |              |                |               |               | -1,697,210       |
| Developers Profit              |              | 15.00%         |               |               | <u>1,016,488</u> |
| Gross Land Price               |              |                |               |               | -2,713,698       |
| <u>Land Finance</u>            | <u>Total</u> | <u>Rate PA</u> | <u>Months</u> | <u>Weight</u> |                  |
| Land                           | -2,713,698   | 6.25%          | 10            | 100%          | <u>-141,338</u>  |
| Land Price before costs        |              |                |               |               | -2,572,360       |
| <u>Acquisition Costs</u>       |              |                |               |               |                  |
| Agents                         |              | 1.00%          |               |               | -25,724          |
| Legals                         |              | 0.50%          |               |               | -12,862          |
| Stamp Duty                     |              | <u>4.00%</u>   |               |               | <u>-102,894</u>  |
| Total                          |              | 5.50%          |               |               | <u>-141,480</u>  |
| Net Price                      |              |                |               |               | -2,430,880       |
| Land Price per Acre            |              | -520,931       |               |               |                  |
| <u>Performance Measures</u>    |              |                |               |               |                  |
| Profit on Cost                 | 25.02%       |                |               |               |                  |
| Profit on GDV                  | 18.91%       |                |               |               |                  |
| Profit on NDV                  | 20.01%       |                |               |               |                  |
| Development Yield              | 10.58%       |                |               |               |                  |
| Equivalent Yield (normal)      | 8.47%        |                |               |               |                  |
| Equivalent Yield (true)        | 8.00%        |                |               |               |                  |

## Notes

APPENDIX V





**By Email**

**ENVIRONMENTAL**

Reference: marcity wh keys remediation.doc/sph

One Queens Drive  
Birmingham  
B5 4PJ

03 April 2006

Tel: +44(0)121 352 4700  
Fax: +44(0)121 352 4701  
<http://www.wspgroup.com>

Rob Johnson  
Mar City Developments Limited  
Mar House  
1036 Stratford Road  
Shirley  
Solihull  
West Midlands  
B90 4EE

Dear Rob

**RE: WH KEYS REMEDIATION COST APPRAISAL.**

Please find outlined below an approximate breakdown of likely remediation costs with respect to WH Keys for a residential end use.

*Soil remediation*

- Approximately 21,000m<sup>3</sup> of impacted soils heavily impacted with bitumen / hydrocarbon contamination across the whole site.
- Material not suitable for bio remediation due to elevated PAH's and solid bitumen.
- Majority of material classified as hazardous waste with some segregation for non hazardous.
- Current hazardous waste disposal rate £145 – 160 / m<sup>3</sup>, non hazardous £50 - £70/m<sup>3</sup>.

Removal cost £2.35 – 2.8 million (includes transportation to landfill but not excavation).

WSP are currently looking into using thermal treatment but due to volume of material to be treated and mobilisation cost of plant and equipment including treatment costs this is unlikely to be economical.

*Groundwater remediation*

- In situ groundwater remediation required to protect controlled waters.
- Approximate cost of treatment over 12 month period £250 – £500k
- Reactive barrier along site boundary (regulatory dependant) £150 - £250k.
- Area of free product to be vacuum extracted using pumps and disposed off site.  
Removal costs £30 - £50k.

*Mineshaft treatment*

- To grout and treat the 8 mineshafts on site as these are acting as a potential pathway for contamination. Mine shaft treatment approximately £30k / shaft. Total £240k.

Therefore total remediation costs for a residential end use will be in the region of **£2.8 million to £3.6 million** for the site. This excludes any additional abnormal costs associated with foundation requirements due to the poor ground conditions and depth of made ground.



For future commercial / industrial use of the site remediation works will still be required to prevent any ongoing contamination of controlled waters (costs as per above) and to protect future site

users, however the level of remediation required will not be as stringent a large percentage of the soils to be removed off site for residential are also above the commercial threshold. I have outlined likely costs for a commercial end use.

*Soil remediation*

- Approximately 15,000m<sup>3</sup> of impacted soils.
- Material not suitable for commercial development due to concentrations in excess of 5,000mg/kg.
- Material classified as hazardous waste
- Current hazardous waste disposal rate £145 – 160 / m<sup>3</sup>.

Removal cost £1.9 – 2.6 million (includes transportation to landfill but not excavation).

*Groundwater and mineshaft remediation*

- As above.

In summary for a commercial end use likely remediation costs will be in the order of **£2.6 million to £3.4 million.**

I hope that this meets your current requirements, however should you have any questions please do not hesitate to contact me.

Yours sincerely  
for **WSP Environmental Ltd**

[Redacted]  
Stephen Hayes  
**Associate**

**Mobile** [Redacted]