



**OXFORD CITY COUNCIL  
CIL REVIEW ADDENDUM NOTE – OFFICES AND RESEARCH & DEVELOPMENT RATE  
OPTIONS**

Our July 2023 report ‘Oxford City Council: Local Plan Viability Assessment’ indicated that CIL rates on industrial, logistics and R&D developments could be increased above their current rate of £20 per square metre (£31.59 per square metre after indexation). This Addendum Note should be read alongside that report. The methodology and inputs deployed in this note are the same as those used in the July 2023, except where noted in Appendix 1. The policies tested in the July 2023 report are also applied to this additional testing.

After considering the report, the Council has decided not to seek any changes to the CIL rate applied to industrial developments<sup>1</sup>, but will seek to charge an increased rate on developments of offices and R&D, as the rents used in our assessment were lower than more recent market evidence, particularly for R&D use.

We have therefore run a second set of office and R&D typologies to consider the potential CIL rates for offices and R&D developments in more detail.

**Table 1: Recent research evidence on office and R&D rents**

Research/ Data	Office rent per sq ft	R&D/Labs rent per sq ft
<b>Bidwells - Databook, Oxford Offices and Labs (Jan 2024)</b> <a href="https://www.bidwells.co.uk/globalassets/databook/office--lab/jan-2024/bidwells-arc-market-databook-oxford-offices-labs.pdf">https://www.bidwells.co.uk/globalassets/databook/office--lab/jan-2024/bidwells-arc-market-databook-oxford-offices-labs.pdf</a>	£60 (prime); £45 (secondary good); £25 (secondary poor)	£76.50 (prime fitted); £65 (prime open plan) £55 (prime shell)
<b>Bidwells - Rents for prime [Oxford Office and Lab] space rise (Feb 2024)</b> <a href="https://www.bidwells.co.uk/who-we-are/news/rents-for-prime-space-rise-but-overall-demand-declines-for-oxford-office-and-lab">https://www.bidwells.co.uk/who-we-are/news/rents-for-prime-space-rise-but-overall-demand-declines-for-oxford-office-and-lab</a>		
<b>Savills - Spotlight: Golden Triangle Offices and Labs (August 2023)</b> <a href="https://www.savills.com/research_articles/255800/350489-0-space/">https://www.savills.com/research_articles/255800/350489-0-space/</a>	£62.50 2023 Office (city centre) £50 - 2023 Office (Out of town)	£75 (2023 City centre or out-of-town fitted) £60 (2023 City centre - shell and core) £55 (2023 out-of-town shell and core)
<b>Bidwells Databook, Oxford Offices and Labs (Jan 2023)</b> <a href="https://www.bidwells.co.uk/globalassets/databook/office--lab/spring-2023/bidwells-arc-market-databook-oxford-offices-labs.pdf">https://www.bidwells.co.uk/globalassets/databook/office--lab/spring-2023/bidwells-arc-market-databook-oxford-offices-labs.pdf</a>	£55 (prime) £45 (secondary good) £25 (secondary poor)	£75 (prime fitted) £65 (prime open plan) £55 (prime shell)

We have re-run our appraisals for Oxford offices and R&D lab space with ‘upper quartile’ BCIS costs, reflecting the likely higher cost of constructing these buildings. Having regard to the Bidwells and Savills data above, we have tested office and R&D developments with the following rent levels, reflecting their new build status:

**Table 2: Office and R&D rents tested**

Use	Per sq m	Per sq ft	Per sqm	Per sq ft
Offices	£590	£55	£540	£50
R&D	£590	£55	£540	£50

<sup>1</sup> The vast majority of new industrial space is currently being implemented on one site. There is lack of known B2/B8 floorspace coming forward following this, justifying no change in CIL rates.



It should be noted that the evidence in Table 1 points to higher rents being achieved than those in the tested range of £540 to £590 per square metre. However, we have deliberately adopted a more cautious range for testing purposes.

The appraisal outputs and potential maximum CIL rates (before allowing a viability 'buffer' or 'margin'). It should be noted that some developments will need to contribute towards the Cowley Branch Line. The extent of these contributions is yet to be established, but these will clearly have a bearing on the potential CIL rates that can be set.

The appraisal outputs in tables 3 and 4 (overleaf) summarise the residual land values generated by each typology and deducts from this the Benchmark Land Value for each site, leaving a surplus which is then divided by the gross internal area of the developments (this is shown in the heading "CIL surplus per sqm"). As noted above, this surplus needs to fund both CIL and any Cowley Branch Line contributions to be sought.

**BNP Paribas Real Estate**  
**15 April 2024**



**Table 3: Offices and R&D potential maximum CIL rates (inclusive of Cowley Branch Line contributions) – rents of £590 per sqm (£55 per sq ft)**

LP Ref	Site	Location	Residual land value	Gross site area	BLV	BLV	Surplus	Floor area GIA sqm	CIL surplus per sqm
1	Arc Oxford Business Park 8150,8200, 9200	Outer	£17,478,973	1.93	Undeveloped land	£714,197	£16,764,776	8,595	£1,951
2	Arc Oxford Business Park Plot 2000	Outer	£47,531,825	1.13	Undeveloped land	£418,090	£47,113,736	23,373	£2,016
3	Arc Oxford Business Park Trinity House	Outer	£35,932,050	0.71	Secondary offices	£6,777,038	£29,155,012	17,669	£1,650
4	Arc Oxford Business Park Plots 1, 2 and 4	Outer	£115,306,314	1.80	Undeveloped land	£665,974	£114,640,340	56,700	£2,022
6	Science Park Plot 16	Outer	£40,312,470	1.92	Secondary offices	£324,461	£39,988,009	19,823	£2,017
7	Science Park Plot 27	Outer	£18,924,878	2.24	Undeveloped land	£828,823	£18,096,054	9,306	£1,945
8	Science Park Plots 23-26	Outer	£133,281,490	3.76	Undeveloped land	£1,391,273	£131,890,217	65,539	£2,012
9	Science Park Plot 18 Littlemore House	Outer	£54,232,607	4.66	Secondary offices	£3,557,402	£50,675,205	26,668	£1,900
10	Oxpens	Central	£90,693,206	6.29	Secondary industrial	£2,327,297	£88,365,909	64,057	£1,379
11	Nuffield Sites (Park End St/Hythe Bridge St)	Central	£40,350,880	1.41	Secondary industrial	£521,743	£39,829,137	28,500	£1,398
12	Osney Mead	Central	£477,896,011	17.80	Secondary industrial	£61,468,669	£416,427,342	337,540	£1,234
13	Botley Retail Park (Units 1 and 2)	Central	£5,647,708	1.10	Secondary retail	£1,495,867	£4,151,841	3,989	£1,041
14	135-137 Botley Road	Central	£19,123,486	1.13	Secondary retail	£1,495,867	£17,627,618	13,507	£1,305
15	Oxford North 1	Outer	£127,959,880	30.31	Undeveloped land	£11,215,625	£116,744,255	87,300	£1,337
16	Oxford North (Plot A)	Outer	£22,502,017	3.74	Undeveloped land	£1,383,125	£21,118,892	11,065	£1,909
17	Oxford North (Plot B)	Outer	£33,678,799	5.75	Undeveloped land	£2,127,628	£31,551,170	16,561	£1,905
18	Oxford North (Plot C)	Outer	£31,094,066	5.31	Undeveloped land	£1,964,340	£29,129,725	15,290	£1,905
19	Clarendon Centre	Central	£19,684,150	0.75	Secondary retail	£15,987,301	£3,696,850	15,290	£242

**Table 4: Offices and R&D potential maximum CIL rates (inclusive of Cowley Branch Line contributions) – rents of £540 per sqm (£50 per sq ft)**

LP Ref	Site	Location	Residual land value	Gross site area	BLV	BLV	Surplus	Floor area GIA sqm	CIL surplus per sqm
1	Arc Oxford Business Park 8150,8200, 9200	Outer	£14,159,507	1.93	Undeveloped land	£714,197	£13,445,310	8,595	£1,564
2	Arc Oxford Business Park Plot 2000	Outer	£38,504,963	1.13	Undeveloped land	£418,090	£38,086,874	23,373	£1,630
3	Arc Oxford Business Park Trinity House	Outer	£29,108,124	0.71	Secondary offices	£6,777,038	£22,331,086	17,669	£1,264
4	Arc Oxford Business Park Plots 1, 2 and 4	Outer	£93,408,267	1.80	Undeveloped land	£665,974	£92,742,293	56,700	£1,636
6	Science Park Plot 16	Outer	£32,656,650	1.92	Secondary offices	£324,461	£32,332,189	19,823	£1,631
7	Science Park Plot 27	Outer	£15,330,818	2.24	Undeveloped land	£828,823	£14,501,994	9,306	£1,558
8	Science Park Plots 23-26	Outer	£107,969,742	3.76	Undeveloped land	£1,391,273	£106,578,469	65,539	£1,626
9	Science Park Plot 18 Littlemore House	Outer	£43,933,186	4.66	Secondary offices	£3,557,402	£40,375,784	26,668	£1,514
10	Oxpens	Central	£65,953,819	6.29	Secondary industrial	£2,327,297	£63,626,523	64,057	£993
11	Nuffield Sites (Park End St/Hythe Bridge St)	Central	£29,343,926	1.41	Secondary industrial	£521,743	£28,822,183	28,500	£1,011
12	Osney Mead	Central	£347,535,041	17.80	Secondary industrial	£61,468,669	£286,066,371	337,540	£848
13	Botley Retail Park (Units 1 and 2)	Central	£4,107,120	1.10	Secondary retail	£1,495,867	£2,611,253	3,989	£655
14	135-137 Botley Road	Central	£13,906,962	1.13	Secondary retail	£1,495,867	£12,411,094	13,507	£919
15	Oxford North	Outer	£105,482,520	30.31	Undeveloped land	£11,215,625	£94,266,895	87,300	£1,080
16	Oxford North (Plot A)	Outer	£18,228,615	3.74	Undeveloped land	£1,383,125	£16,845,490	11,065	£1,522
17	Oxford North (Plot B)	Outer	£27,282,792	5.75	Undeveloped land	£2,127,628	£25,155,163	16,561	£1,519
18	Oxford North (Plot C)	Outer	£25,188,931	5.31	Undeveloped land	£1,964,340	£23,224,591	15,290	£1,519
19	Clarendon Centre	Central	£14,314,688	0.75	Secondary retail	£15,987,301	<b>-£1,672,613</b>	15,290	<b>-£109</b>



---

**Appendix 1: Variations to appraisal inputs from main Viability Study**

<b>Appraisal input</b>	<b>Assumption in main Viability Study</b>	<b>Varied input for Addendum</b>
Office rents	£340 to £565 per sqm	£540 to £590 per sqm
Investment yields	City Centre 5.75% Elsewhere 6.00%	5.75% city wide
Rent free period	12 months	Unchanged
Construction costs	£3,123 per square metre	£3,279 per square metre
Section 106	£30 per square metre	Unchanged
Construction	24 months	Unchanged
Investment sale	At PC	Unchanged
Purchaser's costs	6.8% of gross value	Unchanged
Letting agent and letting legals	15% of first year's rent	Unchanged
Sales agent fees	1% of gross value	Unchanged
Legal fees	0.75% of gross value	Unchanged