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5 Market Place, Lambourn, Hungerford, Berkshire RG17 8XU
Telephone: 01488 72911 www.pilgrimbond.co.uk
email: lambourn@pilgrimbond.co.uk

EQUESTRIAN AND RURAL PROPERTY SPECIALISTS

Richard Cosker Esq
RCCTown Planning Consultancy
21 Blounts Court
Potterne
Devizes
SN10 5QA

18th March 2024

Dear Mr Cosker

Alberto Giugni – Downs Equestrian, Baydon SN8 2JS

Thank you for instructing me, on behalf of the applicant Alberto Giugni, to provide a financial viability exercise in respect of the possible holiday accommodation use of the two cottages at Downs Equestrian, Baydon, Wiltshire.

I have attached my budget figures hereto in a spreadsheet which shows a trading loss of £4,280 per annum.
The assumptions that I have made are as follows:

1. The cottages are not particularly attractive or interesting buildings nor are they located in a desirable position for holiday accommodation such as in or near to a popular holiday resort, or a historic town, famous sporting venue or an attractive rural setting with views and recreational facilities nearby. Therefore I do not consider that they would command a very high fee for short term stays. I have also applied a conservative occupancy rate of 60% for the same reasons.

2. These cottages are not proposed conversion of barns or farm buildings for which actual conversion costs can be applied. Therefore I have used average RICS industry standard building costs for new build dwellings of this nature in the area. I have then added £50,000 to cover their adaptation for suitability as holiday cottages such as full furnishing, white goods, cooking, eating and cleaning equipment, fire and health and safety precautions and subscriptions for TV, broadband, etc.
   The build costs work out at £383,321 and I have assumed that 25% of this would be the deposit required and 75% would be funded by borrowings at 5%.

3. The gross income based on the lower fees achievable and 60% occupancy amounts to £36,400 per annum. The cost of employing an agency to advertise and find customers and arrange for cleaning during change overs would reduce this by a further 25%.

4. The net trading "surplus" would therefore result in a loss of £4,280 per annum. This is of course unacceptable due to the plain nature of the cottages and their location in an area that would not command any form of premium. A recent Which report concluded that average holiday lettings should yield a net return of 10-14% after all costs.

I trust that the above is useful but please let me know if I can be of any further assistance,

[redacted]

Cottages 1 & 2 Downs Equestrian Baydon SN8 2JS

Build costs	m²	£/m²		Total	
Cottage1	72	2,387		171,005	
Cottage 2	68	2,387		162,316	
Furnishing/equipment				50,000	
				0	
Total capital set up costs				383,321	
Mortgage deposit 25%				95,830	
Net funding				287,491	
Borrowing @5%	1,890	pcm	£pa	22,680	22,680
Rental income	£/week	60% occupancy		£ pa	
Average £500/week (Cot 1)	500			15,600	
Average £500/week (Cot 2)	500			15,600	
					31,200
Less Agency costs advertising/ change over etc	£pa	25%	0.25	7,800	
Les Subscriptions/insurance/rates/contingencies	£pa			5,000	12,800
Net annual income					-4,280 (loss)