

98 Wilmslow Road, Rusholme, Manchester
Viability Assessment
March 2021



RogerHannah

Contents

1.	Introduction	1
2.	Executive Summary	3
3.	Viability in Planning Guidance	4
4.	Methodology	7
5.	Site Information	8
6.	Gross Development Value	12
7.	Appraisal Inputs	14
8.	Benchmark Land Value	19
9.	Results & Sensitivity Analysis	24
10.	Conclusions	25

Appendices

1. Site Layout and Upper Floor Plans
2. Market Research
3. Policy Compliant Residual Appraisal
4. Residual Appraisal Reflecting Zero Affordable Housing

I. Introduction

Instructions

Roger Hannah has been instructed by Views (Holdings) Limited to provide a financial viability assessment in respect of its proposed development at 98 Wilmslow Road, Rusholme, Manchester. The scheme comprises the development of 42 apartments over first to 3rd floors together with 6 ground floor commercial units, communal areas and a small amount of on-site parking that provides 12 secure spaces.

This report has been prepared to support a planning application and considers the financial impact of the proposed planning obligations. We understand that the report will be submitted to Manchester City Council as part of the planning application for the proposed development.

I.1. RICS Compliance

In accordance with the RICS Professional Statement, Financial viability in planning: conduct and reporting (2019), we can confirm the following:

- The person(s) involved in the preparation and review of this report are suitably qualified professionals that have extensive experience advising on viability matters across the region
- There are no conflicts of interest that affect our independent opinion being provided
- We have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information

We can also confirm that we have had reference to and followed the best practice recommendations in the RICS Guidance Note, Assessing viability in planning under the National Planning Policy Framework 2019 for England (2021).

I.2. Reporting

The following suitably qualified professionals have produced and reviewed this report:

Author:

A handwritten signature in black ink, appearing to read 'R Heathcote'.

.....
Richard Heathcote
Consultant

Reviewer:

A handwritten signature in black ink, appearing to read 'L Mackay'.

.....
Laura Mackay MRICS
Director

I.3. Information Provided

We have been provided with and relied upon the following information:

- Proposed Development Layout and Floor Plans, Appendix 2

2. Executive Summary

Site	The site is located on the edge of the Rusholme District Centre. The site is rectangular in shape and occupies approximately 1,100m² of developed land, to the west of Wilmslow Road (A6010), which connects Manchester City Centre, through to Rusholme, Fallowfield and Withington. The site comprises a food and beverage establishment to the rear with an outdoor dining area to the front. The northern boundary of the site adjoins an existing 3 storey commercial development, the eastern boundary is formed by the A6010 Wilmslow Road, the southern boundary is formed by Grandale Street and the western boundary abuts existing takeaway businesses.
Scheme	The proposed scheme comprises the development of 42 apartments over first to 3 rd floors together with 6 ground floor commercial units, communal areas on-site parking that provides 12 secure spaces.
GDV (Policy Compliant)	£10,264,083
Standard Costs	Base build: £5,548,400 Contingency: 5% Professional fees: 10%
Abnormal Costs	£100,000
Profit	18% on GDV
Benchmark Land Value	£1,320,000
Residual Land Value (Policy Compliant)	£812,000
Residual Land Value (Reduced Policy Compliant)	£1,129,000

3. Viability in Planning Guidance

3.1. National Planning Policy Framework

Paragraph 57 of the National Planning Policy Framework (NPPF), which was last updated in 2021, states the following:

“where up to date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”

The NPPF places emphasis on assessing viability at the plan-making stage, but also recognises that it may also be required at the decision-making stage. It refers to the methodology set out in the Planning Practice Guidance (PPG), which we consider below.

3.2. Planning Practice Guidance

The PPG in respect of viability, which was last updated in July 2021, defines a viability assessment at Paragraph 010 as:

“A process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.”

The preferred method is to assess viability at the plan-making stage through a typology approach. Paragraph 004 states:

“Plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of sites and current and proposed use or type of development . . . Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Plan makers may wish to consider different potential policy requirements and assess the viability impacts of these. Plan makers can then come to a view on what might be an appropriate benchmark land value and policy requirement for each typology.”

The guidance requires standardised inputs to be used when assessing viability in relation to Gross Development Value (GDV), costs (construction costs and planning policy related costs), developer's return and Benchmark Land Value (BLV), each of which will be assessed within this report. The BLV is to be assessed as the Existing Use Value (EUV) plus a minimum premium for the landowner.

The PPG also states that viability may also need to be assessed at the application stage, with paragraph 007 stating:

“Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.”

Paragraph 008 goes on to say that:

“The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and sites circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment.”

The PPG also sets out a clear need for strategic sites to be individually tested, with paragraph 005 stating

“It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic policies of the plan. This could include, for example, large sites, sites that provide a significant proportion of planning supply, sites that enable or unlock other development sites or sites within priority regeneration areas.”

3.3. RICS Assessing viability in planning under the NPPF 2021

We have referred to the best practice recommendations within this Guidance Note, dated 2021, which provides clarifications in relation to the PPG standardised input approach. It sets out the need to use residual appraisals to assess viability in planning, based on the following illustrative diagram:

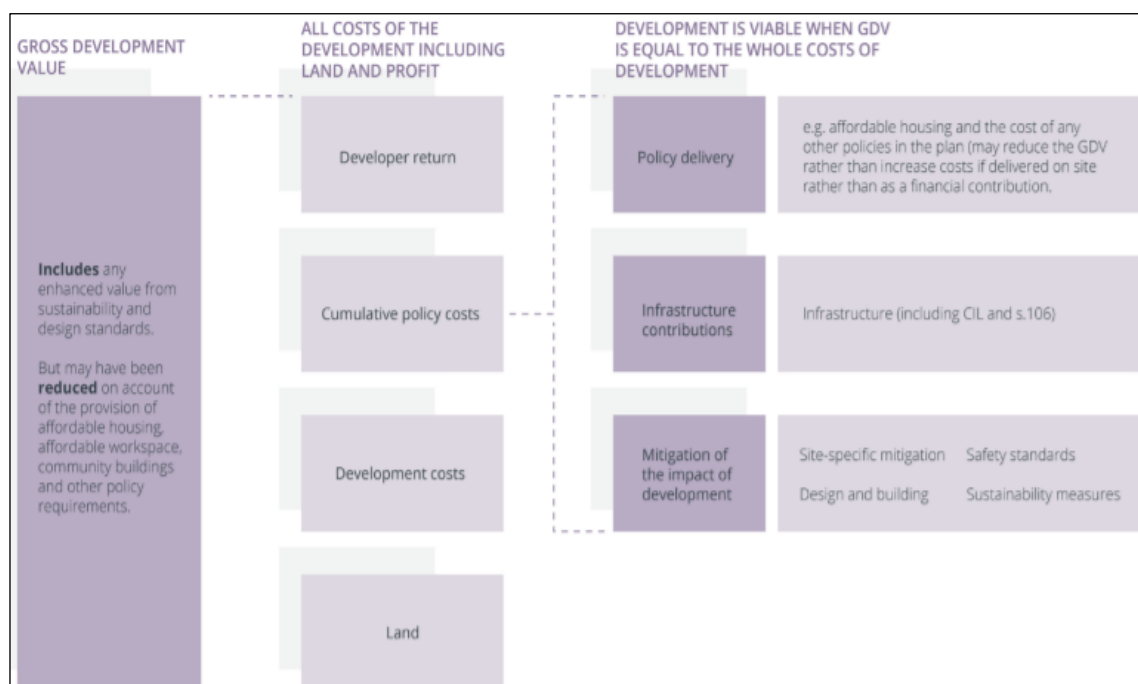


Figure 1: RICS Residual Valuation Framework

This Guidance Note is clear that the NPPF and PPG are the ‘authoritative requirement’, providing clarity on the application of this relevant planning guidance, as well as the relevance of other RICS guidance including the following:

- RICS Professional Statement, Financial viability in planning: conduct and reporting (2019)
- RICS Guidance Note, Valuation of development property (2019)
- RICS Guidance Note, Comparable evidence in real estate valuation (2019)
- RICS Professional Statement, RICS Valuation – Global Standards ‘Red Book’ (2020)

It also provides additional guidance on the Benchmark Land Value (BLV), which should be assessed through a five-stage process:

1. Assess the EUV – the Market Value of the property is in existing use, excluding hope value.
2. Assess the Alternative Use Value (AUV) where appropriate
3. Assess the premium above EUV
4. Determine the residual value of the site, assuming policy compliance, to cross check against the EUV and assessment of the premium
5. Reference land transaction evidence to sense check the EUV and assessment of the premium

We can confirm that we have had reference to the contents of this guidance and followed the best practice recommendations set out within it.

3.4. RICS Financial viability in planning: conduct and reporting

This Professional Statement, dated 2019, sets out mandatory requirements when assessing viability in planning, which we summarise as follows:

- RICS members must advocate reasonable, transparent and appropriate engagement between the parties.
- All inputs into an appraisal must be reasonably justified with as much good quality evidence as possible. Where a reviewer disagrees with any inputs or evidence, differences must be clearly set out with supporting and reasonable justification. Where possible, practitioners should always try to resolve differences of opinion.
- In respect of the Benchmark Land Value RICS members must report the existing use value, premium, market evidence and all supporting considerations, assumptions and justifications adopted.
- All viability assessment must include a sensitivity analysis.
- A non-technical executive summary of the report should be provided, which includes key figures and conclusions, so that non-specialists can better understand them.

We can confirm that we have had regard to the mandatory reporting requirements within this Professional Statement.

4. Methodology

4.1. Site Specific Viability Assessment

In accordance with the scenarios set out in the PPG, we have undertaken a site-specific assessment of viability for the following reasons:

- Additional information is now available in respect of site-specific costs, compared to the assumptions adopted at the plan-making stage

4.2. Adopted Methodology

As per the PPG and RICS guidance, we have adopted the residual method to assess site viability. This is based on the following calculation:

Gross Development Value – (Costs + Developer's Return) = Residual Value

We will then establish the Benchmark Land Value (BLV) as appropriate for assessing viability. Should the residual value be below the BLV, which represents the minimum return a reasonable landowner can expect, the development is deemed to be unviable and changes to planning policy are likely to be required to ensure that the development is delivered.

We have therefore assessed the value of the scheme assuming policy compliance as well as on the basis of reduced policy compliance in order for the BLV to be achieved.

5. Site Information

5.1. Location

The site is located on the edge of the Rusholme District Centre. The site is rectangular in shape and occupies approximately 1,100m² of developed land, to the west of Wilmslow Road (A6010), which connects Manchester City Centre, through to Rusholme, Fallowfield and Withington.

The site comprises a food and beverage establishment to the rear with an outdoor dining area to the front. The northern boundary of the site adjoins an existing 3 storey commercial development, the eastern boundary is formed by the A6010 Wilmslow Road, the southern boundary is formed by Grandale Street and the western boundary abuts existing takeaway businesses.

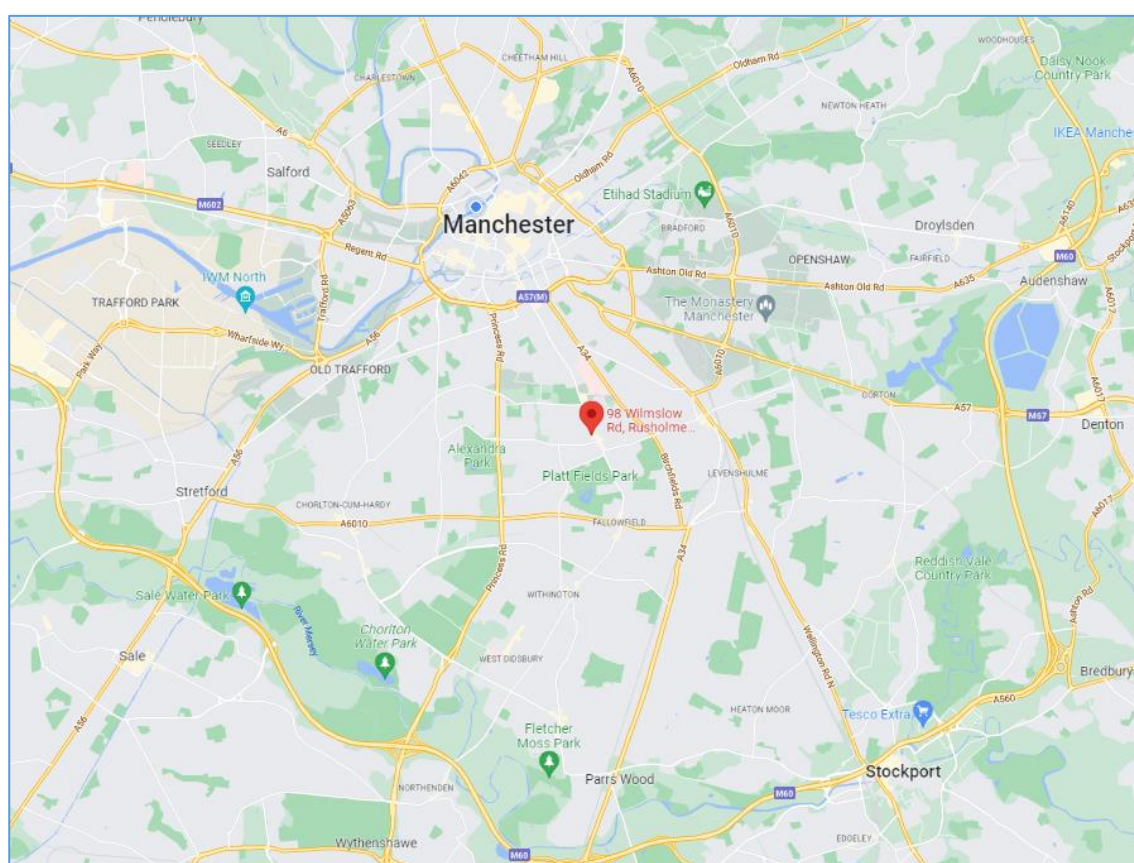


Figure 2: Google Location Map

5.2. Site Description

The site is located along Wilmslow Road, which is predominately comprised of commercial activity, containing shops, bars, cafes, restaurants and convenience stores.

The site is extremely well connected to the City Centre, and surrounding services. Adjoining the site to the north is existing Rusholme Jobcentre. To the east of the site is Wilmslow Road with dedicated two way cycle path and pedestrian pavements as well as adjacent commercial properties. To the south of the site is Grandale Street and Hibbert Street, and to the west are takeaways which adjoin onto residential properties.

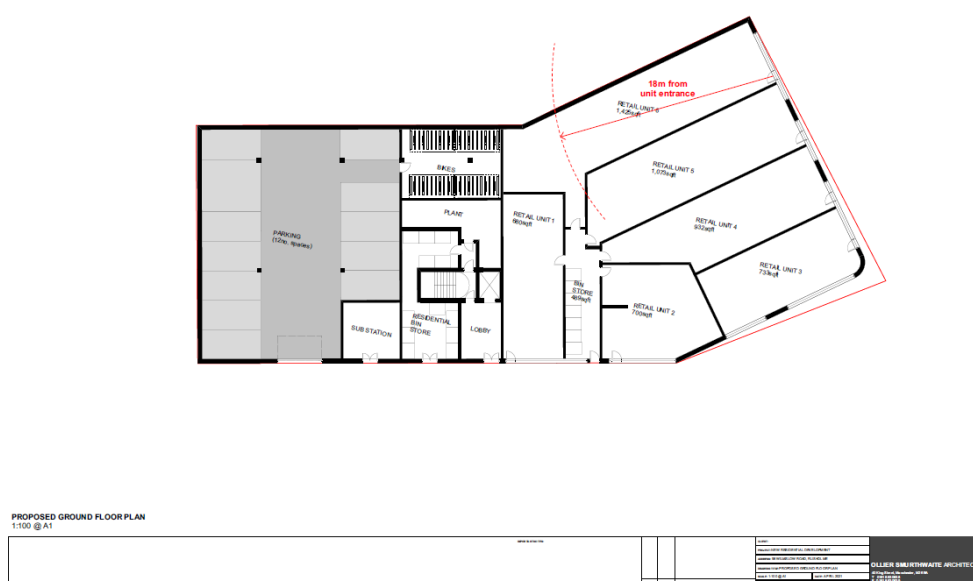


Figure 4: Ground Floor Development Layout

The scheme for 42 residential units is comprised of 25,158 ft² and is detailed in the plans contained within Appendix 2. The accommodation provided is summarised in Figure 5 below:

Name	Type	No of Beds	No of Units	Size (Ft ²)
Type 1	Apartment	1	3	418
Type 2	Apartment	1	3	427
Type 3	Apartment	1	6	446
Type 4	Apartment	2	3	619
Type 5	Apartment	2	3	624
Type 6	Apartment	2	18	650
Type 7	Apartment	2	3	709
Type 8	Apartment	3	3	797
		Total	42	25,158

Figure 5 – Summary Accommodation Schedule

5.4. Planning Requirements

The planning policy requirements associated with the scheme are highlighted in Figure 6 below:

Item	Planning Policy	Requirement
Affordable housing	Core Strategy Policy H8 – Affordable Housing	20%
CIL	N/A	Not applicable
Further financial contributions	TBC	To be determined

Figure 6: Planning Requirements

6. Gross Development Value

Method	The PPG states the following: <i>“Gross development value is an assessment of the value of development. For residential development this may be total sales and/or capitalised net rental income from developments . . . For viability assessment of specific site ort development, market evidence (rather than average figures) from the actual site or from existing developments can be used”</i> The RICS Guidance Note also defines this as follows: <i>“The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing pm that date.”</i> We have therefore assessed the GDV with reference to the comparable method of valuation.																														
Local Market Trends	Average prices for the M14 5AL area are as follows: • Detached £387,000 • Semi Detached £250,000 • Terraced £186,000 • Apartments £186,000 There are limited numbers of sales transactions in the M14 5 submarket area, with just 23 recorded in 2021, of which just 5 were for flats/ maisonettes.																														
Market Analysis	We have considered the relevant market evidence enclosed at Appendix 3. Whilst there are a large number of higher rise developments within or close to the city centre such sites are not comparable with the subject site. We have therefore summarised the closer comparables, located out of centre or in more fringe locations as follows, though none provide a direct comparable to the subject site given its location within an area currently dominated commercial food based businesses and by older stock housing. <table><tr><th>Scheme</th><th>Average Asking Price</th><th>Average Sold Price</th></tr><tr><td>Middlewood Block, Middlewood Locks</td><td>Not Available</td><td>£343 per sq ft</td></tr><tr><td>Lockside Block, Middlewood Locks</td><td>Not Available</td><td>£360 per sq ft</td></tr><tr><td>Lockgate Block, Middlewood Locks</td><td>Not Available</td><td>£353 per sq ft</td></tr><tr><td>Woden Street Block, Middlewood Locks</td><td>Not Available</td><td>£365 per sq ft</td></tr><tr><td>The Landmark, Liverpool Street</td><td>Not Available</td><td>£338 per sq ft</td></tr><tr><td>Manchester Waters, Old Trafford</td><td>£ 391per sq ft</td><td>£327 per sq ft</td></tr><tr><td>Artisan, Loom Building</td><td>Not Available</td><td>£326 per sq ft</td></tr><tr><td>Manchester Place, Cheetham Hill</td><td>Not Available</td><td>£209 per sq ft</td></tr><tr><td>Orange Grove House, Sherwood Street</td><td>Not Available</td><td>£291 per sq ft</td></tr></table>	Scheme	Average Asking Price	Average Sold Price	Middlewood Block, Middlewood Locks	Not Available	£343 per sq ft	Lockside Block, Middlewood Locks	Not Available	£360 per sq ft	Lockgate Block, Middlewood Locks	Not Available	£353 per sq ft	Woden Street Block, Middlewood Locks	Not Available	£365 per sq ft	The Landmark, Liverpool Street	Not Available	£338 per sq ft	Manchester Waters, Old Trafford	£ 391per sq ft	£327 per sq ft	Artisan, Loom Building	Not Available	£326 per sq ft	Manchester Place, Cheetham Hill	Not Available	£209 per sq ft	Orange Grove House, Sherwood Street	Not Available	£291 per sq ft
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Orange Grove House, Sherwood Street	Not Available	£291 per sq ft																													

Amplify Apartments, Salford Quays	£309 per sq ft	Not Available
Sky Gardens, Bentinck Street	£355 per sq ft	Not Available

Whilst there are a large number of developments either currently being marketed or recently sold in and around the city centre these are not comparable with the subject site.

Whilst we have summarised above the more peripheral schemes again given the scale of development and proximity to the city centre the various Middlewood Locks releases offer a superior location to the subject site.

Achieved Gross Sales Values on the other sites range from £209 per sq ft to £338 per sq ft.

A broad value tone of between £270 per sq ft to £320 per sq ft exists for those apartment developments further out from the city and on balance, taking account of the above comparable evidence we would expect average sales values in the order of £276 to £317 per sq ft across the proposed development, with the price in £ per sq ft declining as unit sizes increase.

7. Appraisal Inputs

We have undertaken a residual appraisal of the proposed scheme, adopting a policy compliant level of affordable housing as per the assumptions below.

Appraisal I – Policy Compliant							
Private GDV	Taking account of the evidence and analysis detailed in the previous section, the values adopted by Roger Hannah are highlighted below:						
	Name	No of Beds	Number of Units	Unit Size (FT ²)	Type	Net Value Per Unit	Net Value (ft ²)
	Type 1	1	3	418	Apartment	£132,500	£316.99
	Type 2	1	3	427	Apartment	£135,000	£316.16
	Type 3	1	6	446	Apartment	£140,000	£313.90
	Type 4	2	3	619	Apartment	£190,000	£306.95
	Type 5	2	3	624	Apartment	£190,000	£304.49
	Type 6	2	18	650	Apartment	£197,500	£303.85
	Type 7	2	3	709	Apartment	£210,000	£296.19
	Type 8	3	3	797	Apartment	£220,000	£276.04
		Total	42				£303.18
							£7,627,500
In addition to the above we have valued the 12 on-site parking spaces at £7,500 per space.							
Affordable GDV	In accordance with Core Strategy Policy H8, 20% on-site affordable housing is sought under adopted planning policies. For the purposes of assessing viability, we have assessed the affordable provision split 50:50 between affordable rented and intermediate tenure affordable housing i.e., shared ownership.						
	Based on recent market trends, transfer values equivalent to 40% OMV have been adopted for the rented units and 65% of OMV have been adopted for the intermediate units. The values adopted for the affordable housing units on the subject site are highlighted below:						
	20% Affordable Housing	No of Beds	No of Units	Unit Size (FT ²)	Type	Net Value Per Unit	Net Value (FT ²)
	Type 1 (AR)	1	3	418	Apartment	£53,000	£126.79
	Type 2 (AR)	1	1	427	Apartment	£54,000	£126.46
	Type 2 (INT)	1	2	427	Apartment	£87,750	£205.50
	Type 3 (INT)	1	2	446	Apartment	£91,000	£204.04
			Total	8			£570,500
Commercial Units	For the purposes of this report, rents for the commercial units have been applied at £42.50 per sq ft on average for the units fronting onto Wilmslow Road and £32.50 per sq ft on average for those that front onto Grandale Street. These rentals are considered appropriate for the location and have been arrived at having taken into consideration local demand, and surrounding commercial property. The retail rental income has been capitalised using a low yield of 6.5%.						

	The appraisal timings assume a 5-year lease with a nominal void period and a 9-month rent free period which is a conservative allowance.
Base Build Costs	Based on initial specialist third-party advice and our recent experience with assessing viability developments of a very similar nature, a build cost of £5,548,400 has been included within the appraisals. This is inclusive of competing the ground floor retail space to shell and the on-site parking and communal areas.
External Works	Included above
Parking Provision	Costs Included Above.
Abnormal Costs	A cost allowance of £100,000 has been included within the appraisal to complete initial service disconnections and diversions, site demolition, site clearance and foundation removal only. Other cost items may be identified as detailed scheme design is progressed and further investigations are completed which may impact on total costs.
Contingency	Taking into account the technical challenges posed by this site, it is considered that a reasonably prudent developer would require a contingency to be included within their appraisal at this stage of the development cycle. In line with our professional view and judgement on risk, a contingency sum equating to 5% of the total construction budget has been allowed.
Professional Fees	In accordance with standard industry practice, a provision equating to 10% of the build cost has been allowed which reflects the significant infrastructure and master planning work that is required to deliver a scheme of the size and nature. This figure will cover the following professional costs: • Architect • Landscape Architect • Engineer (Civil and Structural) • Fire Engineer • M&E Consultant • Traffic Engineer • Highways Engineer • Legal Fees (draft S106 agreement etc.) • Topographical Survey • Site Investigations • Ecological Reports • NHBC or other building warranty costs • Planning application fee • Building Regulations application fee • Arboriculture Surveys/Reports • Planning Consultant • Viability Consultant
Section 106 Costs	None included within the appraisals.

CIL	Not applicable
Finance Costs	An interest rate of 7.00% has been adopted, inclusive of all arrangement, management and cost monitoring fees.
Disposal Costs	An allowance of 3.5% of the gross development value has been allowed for sales and marketing costs of the open market sale units. In addition to this, £750 per unit has been allowed for legal fees associated with selling each of the units. These figures are in line with contemporary feedback from developers. They also take into account the significant investment in sales and marketing that will be required in order to achieve the sales rate detailed within the appraisals contained within this report. No sales and marketing costs have been attributed to the affordable units contained within the appraisals. A letting agent fee of 10% and a letting legal fee of 7.5% have been allowed for the commercial units.
Site Acquisition Costs	Legal fees of 0.5% have been assumed for the acquisition, along with an Agency fee of 1% of the site value.
Profit Margin	The site is complex and challenging and constrained by its small size and tight boundaries. On sites as small as the subject site, every element is interlinked, and one slight construction issue has the potential to have a knock-on effect across the site. The nature of the scheme does not allow for partial completion or partial occupation and the result is that all units will have to be built at the same time. This interdependency creates a high level of risks of delays. With all the revenue for the scheme being realised upon completion of all the units, there is a high risk of delays to revenue, increased finance costs and associated commercial implications. This therefore means that during the construction phase there is significant capital commitment to the project with financial returns coming back only once all construction is complete. This is unlike for example a low-rise traditional housing scheme where within reason, construction can be phased, slowed or even halted in the event of a market downturn, thus reducing exposure to market sales risk. The proposed development, once commenced, are required to be completed, regardless of external market conditions during the construction phase as this is the only route to recovering the significant capital investment in the project. As a result, the risks associated with the delivery of the subject site are considered to be relatively high. In light of the unfolding economic impact of the Covid-19 pandemic on the UK economy and emergence from 'Brexit', increasing levels of cost price inflation and rising interest rates we therefore consider that 18.00% return on GDV is a conservative assessment of a risk adjusted developer return.
Timescales	- Sales Period of just 9 months following practical completion - Pre Development Period of just 3 months to let main contract, discharge conditions, etc.

	- Demolition and Site clearance start month 4 for 2 months - Construction starts month 6 with a 15-month construction programme - Commercial units have 6-month void period and a 9-month rent free period. The investment sale occurs 12 months following letting. - Marketing commences on site acquisition - Professional fees profiled to reflect fee expenditure i.e. more professional input up-front as part of the planning process and technical due diligence
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We have also undertaken a second residual appraisal, with reduced levels of policy compliance, based on the assumptions set out above, with the exception of the following:

Appraisal 2 – Reduced Policy Compliance (Zero Affordable Housing)								
Private GDV	The alternative appraisal adopts a zero affordable housing position i.e. 100% market sale. On this basis, the values we have adopted are highlighted below.							
	Name	No of Beds	Number of Units	Unit Size (FT ²)	Type	Net Value Per Unit	Net Value (ft ²)	Total Revenue
	Type 1	1	3	418	Apartment	£132,500	£316.99	£397,500
	Type 2	1	3	427	Apartment	£135,000	£316.16	£405,000
	Type 3	1	6	446	Apartment	£140,000	£313.90	£840,000
	Type 4	2	3	619	Apartment	£190,000	£306.95	£570,000
	Type 5	2	3	624	Apartment	£190,000	£304.49	£570,000
	Type 6	2	18	650	Apartment	£197,500	£303.85	£3,555,000
	Type 7	2	3	709	Apartment	£210,000	£296.19	£630,000
	Type 8	3	3	797	Apartment	£220,000	£276.04	£660,000
		Total	42				£303.18	£7,627,500
Section 106 Costs	None included within the appraisals.							
Profit Margin	On the basis of 100% market sale, a developer return of 18.0% is adopted.							
CIL	Not applicable							
Timescales	- Sales Period of just 9 months following practical completion - Pre Development Period of just 3 months to the let main contract, discharge conditions, etc. - Demolition and Site clearance start month 4 for 2 months - Construction starts month 6 with a 15-month construction programme - Commercial units have 6-month void period and a 9-month rent free period. The investment sale occurs 12 months following letting.							

- Marketing commences on site acquisition
- Professional fees profiled to reflect fee expenditure i.e. more professional input up-front as part of the planning process and technical due diligence

8. Benchmark Land Value

8.1 Method

In any typical viability assessment, a Benchmark Land Value (BLV) is used to assess if a scheme is viable, with a viable development achieving a value above the BLV and unviable development achieving a value below it. Paragraph 013 of the PPG states that:

“A benchmark land value should be established on the basis of the Existing Use Value (EUV), plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell the land for development while allowing a sufficient contribution to fully comply with policy requirement.”

This is often referred to as the EUV+ approach, which we have adopted in this case.

The EUV is defined in Paragraph 015 of the PPG as:

“the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.”

It is clear that the EUV is the Market Value of the land in its current use and we had reference to comparable market evidence as appropriate.

In respect of the minimum premium, paragraph 016 of the PPG states that:

“the premium (or the ‘plus’ in EUV+) is the second component of benchmark land value. It is the amount above the existing use value (EUV) that goes the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.”

The PPG goes on to state that:

“Benchmark land value should:

- *Be based upon existing use value*
- *Allow for a premium to landowners (including equity release from those building their own homes)*
- *Reflect the implications of abnormal costs, site-specific infrastructure costs; and professional site fees” (Paragraph 014)*

“To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. This approach is often called ‘existing use value plus’ (EUV+).” (Paragraph 013)

There are therefore a number of factors that need to be considered when assessing the BLV. There is a need to reflect abnormal costs and planning policy, but there is also a need to consider a reasonable minimum level of return when assessing the premium to ensure this incentivises landowners to release their land for development. These factors can be at odds

with each other, and the PPG is clear that there is a need to “*strike a balance*” between the interests of Local Councils, developers and landowners in order to ensure that land is released for development.

It should also be noted that the PPG is clear that the actual price paid is not relevant for the purpose of viability assessment.

The latest RICS Guidance Note relating to viability in planning, dated 2021, provides additional guidance on the approach to Benchmark Land Value (BLV), which should be assessed through a five-stage process:

1. Assess the EUV – the Market Value of the property is in existing use, excluding hope value
2. Assess the Alternative Use Value (AUV) where appropriate
3. Assess the premium above EUV
4. Determine the residual value of the site, assuming policy compliance, to cross check against the EUV and assessment of the premium
5. Reference land transaction evidence to sense check the EUV and assessment of the premium

We have considered all of the relevant guidance in our assessment of BLV.

8.2 Existing Use Value

The existing building on site comprises a single storey end-terraced former tyre and exhaust depot that has been converted to a café/restaurant trading as Huqqa Lounge.

The property is located on a fairly level, irregular shaped corner site. The existing building is set back from Wilmslow having the benefit of a parking and outside seating area to the front. The property abuts the pavement onto Grandale Street.

The Accommodation provides a large open plan café/restaurant area (135 covers) incorporating part fixed/perimeter seating/booths, a servery to the front right hand corner, customer WC's to the left hand side and commercial kitchen and stores to the rear.

The café/restaurant is well-appointed throughout. Walls and ceilings, have plastered and painted finishes, LED pendant light fittings are provided and floors have tiled or vinyl coverings. Air-conditioning is provided within the café/restaurant area. The existing premises extend to 6373 sq ft when measured on a net internal basis and there are 8 parking spaces the front of the site.

The property is currently let on a short term licence agreement (so as vacant possession can be quickly secured on receipt of an alternative planning consent) for the equivalent of £120,000 per annum. The current business rates assessment has been set at £106,000 by the VOA.

There are also a number of comparable transactions which should be considered, these include:

1. 313 Wilmslow Road, Fallowfield, Manchester M14 6NW:

A detached three storey (plus basement) detached commercial property extending to 7,897 square feet. Previously let to Revolution Bar sold with vacant possession in October 2020 for £960,000 (£121.56psf overall).

2. 203-205 Wilmslow Road, Rusholme, Manchester M14 5AQ

The former HSBC Bank arranged as 2no. ground floor retail units (vacant) with 7 flats above (3no. two bedroom and 4no. studios) sold in October 2019 for £1,550,000. The property had an estimated rental value of £125,400pa. The sale therefore reflected a gross initial yield of 8.09%.

3. 683-693 Wilmslow Road, Didsbury M20 6RE

Sold as an investment for £1,700,000 in December 2019 reflecting a gross initial yield of 6.94%. Tenants included Costa Coffee, David Pluck (NW) and Fortis Insolvency net initial yield. There was a 6.9 year average weighted unexpired term.

4. Grove House, 772-780 Wilmslow Road, Didsbury M20 2DR

Sold as an investment in November 2019 for £2,600,000 This reflects a gross initial yield of 6.70%. Tenants included Oxfam, Subway, Explore Learning and Sterling Partners.

When arriving at the market value of the existing property we taken into consideration the above comparables and considered the investment income.

The passing rent (£120,000 per annum) devalues to £18.82psf overall. The above rental evidence (all of which are considered to be equally relevant) show a range of between £20.14psf and £21.29psf. However, the subject unit is larger and therefore on a quantum basis you may expect a lower rate on a £psf basis. In this instance we consider the subject to have a conservative Market Rent of £95,000pa (£14.90psf).

In arriving at a Market Value we have had regard to the above investment evidence (all considered equally relevant) and after taking into account the property may be over rented we have capitalised the passing rent at a very conservative gross initial yield of 10.00% which provides a Market Value of £1,200,000. We have calculated that this reflects a gross initial yield of 7.92% against the reported Market Rent.

On a vacant possession basis, we have made a deduction on 1 years' rent to allow for voids etc. which provides a rounded down Market Value of £1,100,000 which we have adopted to reflect a conservative Existing Use Value for the site.

8.3 Alternative Use Value

The site is currently let as a café/ restaurant and we consider that there are limited alternative use values that could apply to the subject site that would result in a higher value.

8.4 Minimum Premium

We have considered evidence from various sources to assess the minimum premium, including local plan assumptions, market evidence, and applied our professional judgement based on the balance of this evidence.

The landowner premium should reflect “the minimum return at which it is considered a reasonable landowner would be willing to sell their land”. There is no one size fits all approach to this with site specific factors determining the size of the uplift, with the key factor being that the premium must be at a level that incentivises the landowner to sell. Landowners with large, prominent sites and buildings are likely to have higher aspirations than landowners with smaller, less prominent sites.

To inform the level of premium, typically relevant market evidence of policy compliant residential land transactions would be analysed. Notwithstanding this, there is limited evidence

of comparable of policy compliant transactions in Manchester city centre, making it difficult to assess an appropriate landowner premium based on transactional evidence.

The PPG therefore advises that “Plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time”. We are aware of premiums ranging from 20 to 50% being applied in viability assessments by other consultants in Manchester city centre.

For the purpose of our assessment, we have adopted a premium of 20%, which is at the bottom end of the identified range. This results in a premium of just £220,000 and therefore an EUV+ for the subject property of £1,320,000.

8.5 Residual Site Value

Appendix 3 contains a residual appraisal of the subject site, based on a scheme containing policy compliant levels of affordable housing. The residual value of the land of this basis is **£812,000**.

8.6 Market Comparison

We have had reference to land transactional evidence that is summarised in Figure 6 below, to inform the minimum premium a reasonable landowner would expect:

Address	Date of Purchase	Net Price	Number of Units	Achieved Price Per Unit
Wharf End, Trafford Wharf Road	Apr-18	£5,600,000	354	£15,819
First Street, Manchester	Mar-19	£18,000,000	624	£28,846
Oldham Road, Adlington Road	Dec-20	£4,300,000	144	£29,861
Swan House, Britannia Group	Oct-19	£10,000,000	385	£25,974
Boddingtons (Higher)	Option Exercised	£16,800,000	556	£30,216
1 Lord Street	Jan-18	£5,900,000	192	£30,729
Average Residential Land Value per Net Acre				£26,908

Figure 6: Land Transactions

The evidence shows that land transactions in the city centre are achieving per plot values in the region of £15,000 to £30,000, though for most of the above represent predominantly residential schemes, whereas in this case the value is significantly enhanced by the high value ground floor commercial units.

Our adopted EUV+ value for the site equates to c. £31,428 per residential plot, which whilst at the upper end of the range of residential lead schemes as outlined above, reflects the enhanced value derived from the commercial units which serve to increase the value per residential plot analysis.

We therefore believe that the adopted EUV+ value provides a suitable discount to reflect planning and design risk, along with providing a sufficient allowance for planning contributions and a minimum level of return to the landowner.

8.7 Local Plan Evidence

As a cross-check of the reasonableness of the BLV, whilst not directly comparable to the subject site the September 2020 GMSF Strategic Viability Report Stage I, prepared by Three Dragons, Ward Williams Associates and Troy Planning + Design adopts £15,000,000 per hectare (£6,070,000 per acre) as a benchmark land value for Manchester City Centre, high density residential sites. This would result in a BLV of £1,650,000.

8.8 Benchmark Land Value

Based on above, this is summarised in Figure 7 as follows:

Item	Assessment
Existing Use Value	£1,100,000
Minimum Premium	£220,000
Total	£1,320,000

Figure 7: Benchmark Land Value

9. Results & Sensitivity Analysis

Appraisal 1 (Policy Compliance)	Appraisal 1 (Appendix 3) produces a residual land value of £812,000 which is significantly below the benchmark land value. This confirms that full policy provision of affordable housing (20%) is unviable.
Appraisal 2 (Zero Affordable Housing)	Appraisal 2 (Appendix 4) produces a residual land value of £1,129,000 that is an improvement on viability and represents a viability balance, slightly below the benchmark land value.

Sensitivity Analysis

The above figures clearly demonstrate that the site is deliverable, in the case that the site comes forward without the inclusion of any on site affordable housing. However, the site is significantly unviable if a full policy level of 20% affordable housing is applied.

In accordance with RICS guidance it is appropriate to sensitivity test the appraisals to highlight sensitivity to cost and value change. Figure 8 below highlights the impact of a 5% shift in cost and value on residual land value based on the applicants proposed scheme.

	Baseline Revenue	5% Additional Revenue	5% Decreased Revenue
Baseline Build Cost	£812,000	£1,205,000	£526,000
5% Reduced Cost	£1,102,000	£1,407,000	£739,000
5% Increased Cost	£505,000	£887,000	£215,500

Figure 8 – Sensitivity Analysis

At the time of writing, BCIS cost forecasts are for a 21% increase in construction costs over the next 5-years and up to 10% over the next 12-months.

Conversely Savills are forecasting a ‘soft landing’ for house prices in 2022 with growth of 4.5% forecast as part of a general ‘cooling’ once the SDLT relief measures are lifted.

Accordingly, it is likely that the most appropriate sensitivity test is for sales values and build costs to increase. Assuming a 5% growth in both, the residual land value increases slightly to £887,000 which still represents a scheme deficit and an unviable scheme with 20% affordable housing provision.

10. Conclusions

We have summarised the appraisal results in comparison to the BLV in Figure 9 below:

Description	Appendix 5 Appraisal Based Policy Compliant Scheme (20 % Affordable Housing)	Appendix 6 Appraisal Based on Zero Affordable Housing
Benchmark Land Value	£1,320,000	£1,320,000
Residual Land Value	£812,000	£1,128,000
RLV Surplus/Deficit against BLV	-£508,000	-£192,000
Viability Concern	Yes	Yes

Figure 9: Summary of Viability

The appraisals contained within this report represent a robust assessment of the viability of a residential development on the subject site.

This report has been produced utilising a recognised appraisal software package. Due regard has been given to guidance published by the RICS and the NPPF/NPPG.

The appraisals demonstrate that the site can deliver a scheme of 100% market sale housing but zero affordable housing.

The BLV adopted within the appraisals is in accordance with NPPF/NPPG guidance and reflects a conservative assessment of the uplift required to incentivise the landowner to bring the site forward for development.

The viability tests that have been used compares the residual land values generated by the development, against a conservatively assessed benchmark land value of EUV+. It clearly demonstrates that a full policy compliant provision of affordable housing (20%) is unviable.

This report has tested appraisals of both a scheme for 100% open market sale and a scheme containing 20% on site affordable housing. We have found that with 20% affordable, a land value below the EUV is generated, resulting in a viability deficit is -£508,000 which results in an undeliverable scheme.

In line with planning policy, we are therefore of the opinion that the affordable housing and planning obligations on site should be reduced to reflect scheme viability.

APPENDICES

Appendix I: – Site Layout and Upper Floor Plans

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DATE: 01/01/2025		PAGE: 1 OF 1	
NO.	DESCRIPTION	AMOUNT	CURRENCY
1	RENTAL INCOME	1000.00	USD
2	SALES TAX	100.00	USD
3	PROPERTY TAX	500.00	USD
4	INSURANCE	200.00	USD
5	MAINTENANCE	150.00	USD
6	UTILITIES	100.00	USD
7	ADVERTISING	50.00	USD
8	TRAVEL	20.00	USD
9	FOOD & BEVERAGE	10.00	USD
10	ENTERTAINMENT	5.00	USD
11	SPORTS & RECREATION	5.00	USD
12	ARTS & CULTURE	5.00	USD
13	RELIGION	5.00	USD
14	EDUCATION	5.00	USD
15	HEALTH CARE	5.00	USD
16	TRANSPORTATION	5.00	USD
17	COMMUNICATIONS	5.00	USD
18	RECREATION	5.00	USD
19	FOOD & BEVERAGE	5.00	USD
20	ENTERTAINMENT	5.00	USD
21	SPORTS & RECREATION	5.00	USD
22	ARTS & CULTURE	5.00	USD
23	RELIGION	5.00	USD
24	EDUCATION	5.00	USD
25	HEALTH CARE	5.00	USD
26	TRANSPORTATION	5.00	USD
27	COMMUNICATIONS	5.00	USD
28	RECREATION	5.00	USD
29	FOOD & BEVERAGE	5.00	USD
30	ENTERTAINMENT	5.00	USD
31	SPORTS & RECREATION	5.00	USD
32	ARTS & CULTURE	5.00	USD
33	RELIGION	5.00	USD
34	EDUCATION	5.00	USD
35	HEALTH CARE	5.00	USD
36	TRANSPORTATION	5.00	USD
37	COMMUNICATIONS	5.00	USD
38	RECREATION	5.00	USD
39	FOOD & BEVERAGE	5.00	USD
40	ENTERTAINMENT	5.00	USD
41	SPORTS & RECREATION	5.00	USD
42	ARTS & CULTURE	5.00	USD
43	RELIGION	5.00	USD
44	EDUCATION	5.00	USD
45	HEALTH CARE	5.00	USD
46	TRANSPORTATION	5.00	USD
47	COMMUNICATIONS	5.00	USD
48	RECREATION	5.00	USD
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52	ARTS & CULTURE	5.00	USD
53	RELIGION	5.00	USD
54	EDUCATION	5.00	USD
55	HEALTH CARE	5.00	USD
56	TRANSPORTATION	5.00	USD
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63	RELIGION	5.00	USD
64	EDUCATION	5.00	USD
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66	TRANSPORTATION	5.00	USD
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68	RECREATION	5.00	USD
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70	ENTERTAINMENT	5.00	USD
71	SPORTS & RECREATION	5.00	USD
72	ARTS & CULTURE	5.00	USD
73	RELIGION	5.00	USD
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95	HEALTH CARE	5.00	USD
96	TRANSPORTATION	5.00	USD
97	COMMUNICATIONS	5.00	USD
98	RECREATION	5.00	USD
99	FOOD & BEVERAGE	5.00	USD
100	ENTERTAINMENT	5.00	USD

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Appendix 2: Market Research

Average Price & Volume of Sales

Source: Land Registry

2021

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£425,000	1	£271,871	7	£184,295	10	£154,600	5	£214,959	23
Total	£425,000	1	£271,871	7	£184,295	10	£154,600	5	£214,959	23

2020

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£0	0	£266,417	6	£176,579	12	£145,708	12	£182,198	30
Total	£0	0	£266,417	6	£176,579	12	£145,708	12	£182,198	30

2019

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£0	0	£273,183	6	£200,833	18	£131,832	14	£186,836	38
Total	£0	0	£273,183	6	£200,833	18	£131,832	14	£186,836	38

2018

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£507,500	2	£249,958	12	£167,984	22	£127,962	20	£183,382	56
Total	£507,500	2	£249,958	12	£167,984	22	£127,962	20	£183,382	56

2017

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£250,000	1	£237,278	9	£162,476	23	£117,932	22	£158,490	55
Total	£250,000	1	£237,278	9	£162,476	23	£117,932	22	£158,490	55

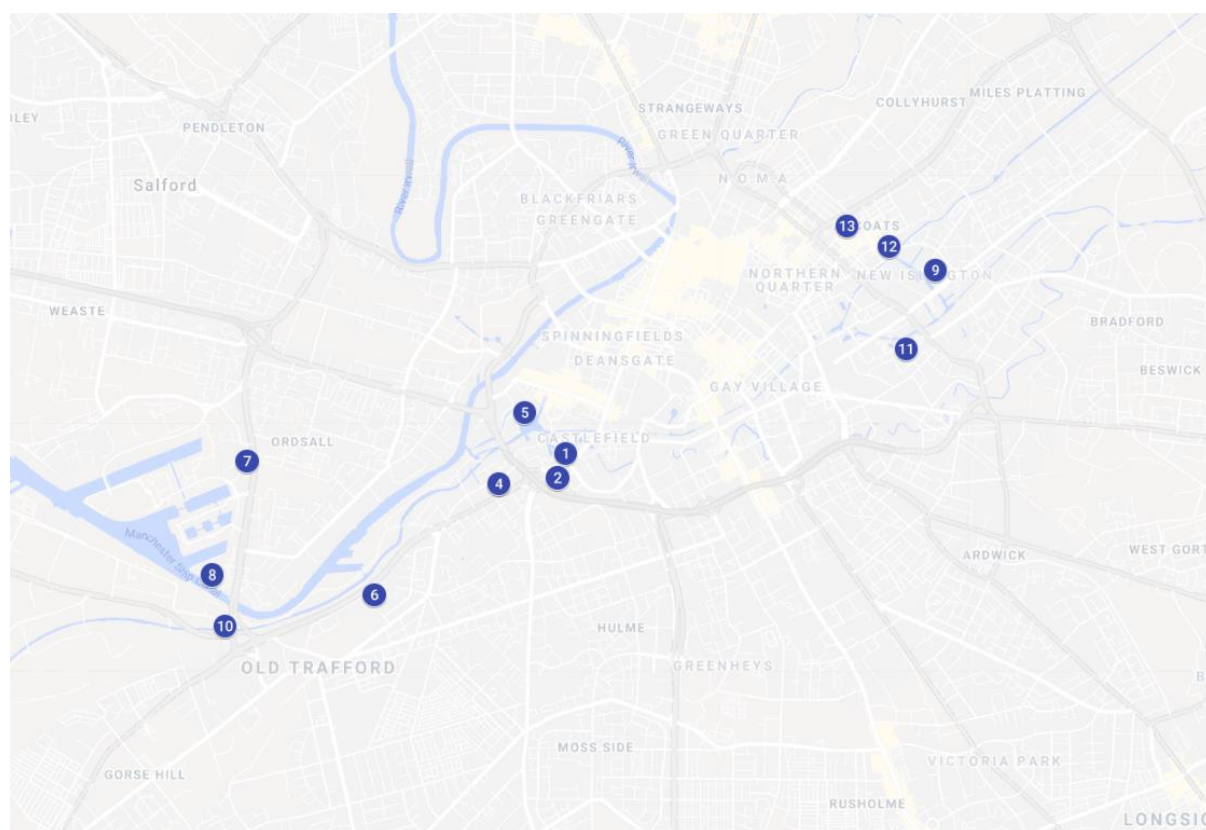
2016

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£300,000	3	£209,400	6	£151,016	32	£116,036	21	£152,027	62
Total	£300,000	3	£209,400	6	£151,016	32	£116,036	21	£152,027	62

2015

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M14 5	£388,700	1	£186,909	17	£133,153	30	£107,028	29	£138,501	77
Total	£388,700	1	£186,909	17	£133,153	30	£107,028	29	£138,501	77

New Build Availability



1. Castlefield Developments - Castle Wharf, Castlefield, M15 4SA

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
2.B2	2	Apartment	1	£388,000	837	£464
3.B3	3	Apartment	2	£775,000	1589	£488
3.B1	3	Apartment	1	£486,500	1163	£418
Average Asking Value (ft²)						£457

2. Open Property - Three60, Great Jackson Street, Manchester, M15 4ZD

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
1B	1	Apartment	1	£287,888	581	£496
Average Asking Value (ft²)						£496

3. DeTrafford - Sky Gardens, Bentinck Street, Manchester, M15 4UU

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
Sky 1	1	Apartment	1	£196,000	527	£372
Sky 2	2	Apartment	1	£255,000	754	£338
Average Asking Value (ft²)						£355

4. DeTrafford - City Gardens, Bentinck Street, Manchester, M15 4SP

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
A	2	Apartment	1	£337,000	682	£494
B	2	Apartment	1	£315,000	654	£482
B	2	Apartment	1	£310,000	654	£474
C	2	Apartment	1	£305,000	662	£461
D	2	Apartment	1	£300,000	620	£484
D	2	Apartment	1	£293,000	620	£473
Average Asking Value (ft²)						£478

5. Lendlease - Potato Wharf, Manchester, M3 4BD

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
A	2	Apartment	1	£326,000	675	£483
B	1	Apartment	1	£224,000	470	£477
C	1	Apartment	1	£230,000	517	£445
A	2	Apartment	1	£323,000	675	£479
D	2	Apartment	1	£323,000	684	£472
Average Asking Value (ft²)						£471

6. XI Developments - Manchester Waters, Old Trafford, M16 0TT

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
212	0	Apartment	1	£129,995	269	£483
205	0	Apartment	1	£129,995	269	£483
204	0	Apartment	1	£129,995	269	£483
214	0	Apartment	1	£187,995	376	£500
210	1	Apartment	1	£187,995	430	£437
E13.05	1	Apartment	1	£192,995	548	£352
801	1	Apartment	1	£196,995	548	£359
1504	1	Apartment	1	£219,995	419	£525
201	2	Apartment	1	£234,995	678	£347
202	2	Apartment	1	£234,995	678	£347
E14.07	2	Apartment	1	£242,995	688	£353
E3.08	2	Apartment	1	£243,995	688	£355
509	2	Apartment	1	£244,995	509	£481
507	2	Apartment	1	£248,995	731	£341
506	2	Apartment	1	£248,995	731	£341
E6.08	2	Apartment	1	£248,995	688	£362
1009	2	Apartment	1	£253,995	688	£369
805	2	Apartment	1	£255,995	731	£350
1006	2	Apartment	1	£257,995	731	£353
811	2	Apartment	1	£265,995	882	£302
E13.08	2	Apartment	1	£269,995	688	£392
803	2	Apartment	1	£269,995	699	£386
1011	2	Apartment	1	£270,995	882	£307
1411	2	Apartment	1	£275,995	882	£313
1506	3	Apartment	1	£369,995	861	£430
E18.02	3	Apartment	1	£394,995	936	£422
Average Asking Value (ft²)						£391

7. Latimer - Amplify Apartments, Salford Quays, M50 3XZ

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
2BD	2	Apartment	1	£249,949	810	£309
Average Asking Value (ft²)						£309

8. Grainger PLC - The Boathouse, Salford Quays, M50 3NW

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
108	2	Apartment	1	£249,950	713	£351
Average Asking Value (ft²)						£351

9. Urban Splash - Finders Quay, New Islington, M4 6AB

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
Plot 13	4	Terraced	3	£495,000	1500	£330
Plot 6	4	Terraced	3	£495,000	1500	£330
Plot 7	4	Terraced	3	£510,000	1500	£340
Plot 8	4	Terraced	3	£510,000	1500	£340
Plot 9	4	Terraced	3	£510,000	1500	£340
Plot 2	4	Terraced	3	£550,000	1500	£367
Average Asking Value (ft²)						£341

10. Cole Waterhouse - No 1 Old Trafford, 4 Wharf End, Trafford Park, Manchester M17 1AB

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
13.1	1	Apartment	1	£211,500	481	£440
15.01	1	Apartment	1	£215,500	481	£448
15.02	1	Apartment	1	£204,500	455	£449
16.01	1	Apartment	1	£217,500	481	£452
16.08	1	Apartment	1	£217,500	481	£452
16.09	1	Apartment	1	£217,500	481	£452
10.05	2	Apartment	1	£285,000	700	£407
11.08	2	Apartment	1	£288,000	681	£423
14.04	2	Apartment	1	£302,000	706	£428
14.06	2	Apartment	1	£303,000	718	£422
15.07	2	Apartment	1	£306,000	706	£433
17.03	2	Apartment	1	£313,000	688	£455
Average Asking Value (ft²)						£438

11. Capital & Centric - Crusader Development, M1 2EY

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
1BD Loft	1	Apartment	1	£200,000	514	£389
2BD Loft	2	Apartment	1	£299,000	794	£377
2BD Loft	2	Apartment	2	£420,000	926	£454
Average Asking Value (ft²)						£406

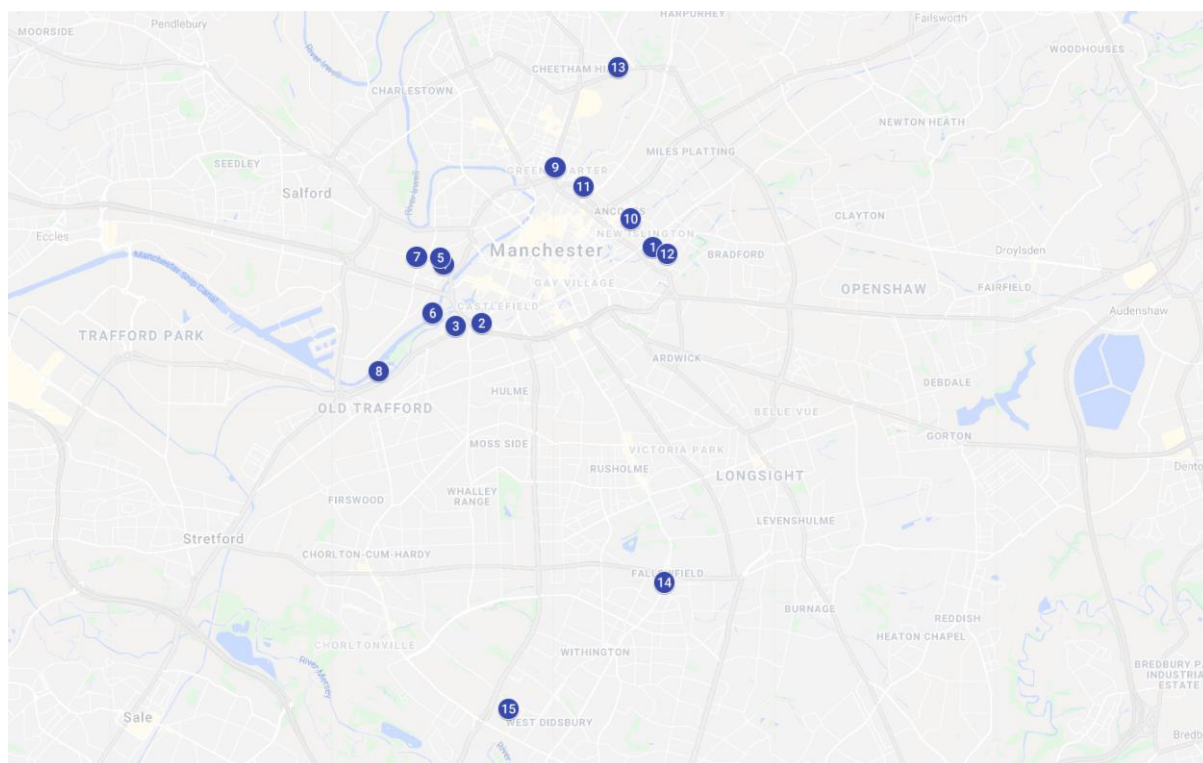
12. MCR Life - New Little Mill, M4 6LN

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
Apt 4	2	Apartment	1	£375,000	976	£384
Apt 12	2	Apartment	1	£345,000	884	£390
Apt 13	1	Apartment	1	£227,500	595	£382
Average Asking Value (ft²)						£386

13. Unknown Developer - Deluna, M4 5EF

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
Type 3	2	Apartment	1	£275,000	764	£360
Average Asking Value (ft²)						£360

New Build Sold



1. MCR Life - One Vesta Street, M4 6LT

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
10	Apt	2	Flat	Oct-20	£245,000	743	£330
102	Apt	2	Flat	Dec-20	£255,000	743	£343
111	Apt	1	Flat	Feb-21	£185,000	527	£351
116	Apt	2	Flat	Jan-21	£245,000	700	£350
117	Apt	1	Flat	Oct-20	£190,000	527	£360
131	Apt	1	Flat	Mar-21	£190,000	527	£360
139	Apt	1	Flat	Oct-20	£189,000	527	£358
143	Apt	2	Flat	Dec-20	£247,500	700	£354
145	Apt	2	Flat	Dec-20	£257,500	753	£342
155	Apt	1	Flat	Dec-20	£193,000	527	£366
156	Apt	3	Flat	Oct-20	£397,500	1055	£377
157	Apt	1	Flat	Feb-21	£195,000	527	£370
163	Apt	1	Flat	Dec-20	£188,000	527	£356
24	Apt	2	Flat	Nov-20	£252,500	700	£361
26	Apt	2	Flat	Nov-20	£300,000	883	£340
3	Apt	2	Flat	Dec-20	£290,000	764	£379
31	Apt	2	Flat	Nov-20	£267,500	753	£355
40	Apt	2	Flat	Dec-20	£272,500	764	£357
45	Apt	2	Flat	Oct-20	£188,000	581	£323
47	Apt	1	Flat	Nov-20	£185,000	527	£351
57	Apt	2	Flat	Jan-21	£257,000	753	£341
59	Apt	1	Flat	Feb-21	£181,000	527	£343
60	Apt	2	Flat	Feb-21	£260,000	764	£340
7	Apt	2	Flat	Oct-20	£295,000	764	£386
71	Apt	1	Flat	Nov-20	£188,000	527	£356
73	Apt	1	Flat	Nov-20	£177,500	527	£337
8	Apt	2	Flat	Nov-20	£350,000	969	£361
82	Apt	2	Flat	Jan-21	£280,000	764	£366
84	Apt	2	Flat	Oct-20	£270,000	764	£353
85	Apt	1	Flat	Dec-20	£180,000	527	£341
91	Apt	2	Flat	Dec-20	£185,000	581	£318
Average Sale Price (ft ²)							£352

2. Renaker - Three60, Silvercroft Street, M15 4ZD

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
806	A	2	Flat	Nov-20	£265,828	635	£419
1203	B	2	Flat	Nov-20	£309,993	786	£395
1003	B	2	Flat	Nov-20	£308,233	786	£392
1007	A	2	Flat	Nov-20	£292,278	635	£460
1009	B	2	Flat	Nov-20	£317,183	786	£404
404	B	2	Flat	Dec-20	£295,443	786	£376
Average Sale Price (ft ²)							£408

3. DeTrafford - St Georges Gardens, Manchester Gardens, M15 4UY

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
101	A	2	Flat	Jan-21	£315,000	753	£418
503	B	1	Flat	Jan-21	£210,000	431	£488
605	A	2	Flat	Jun-21	£372,500	753	£494
505	A	2	Flat	Jun-21	£370,000	753	£491
707	A	2	Flat	Jun-21	£375,000	753	£498
304	A	2	Flat	Jun-21	£365,000	753	£484
104	A	2	Flat	Jun-21	£360,000	753	£478
Average Sale Price (ft ²)							£479

4. Scarborough Group International - Middlewood Block Middlewood Locks, Salford, M5 4YW

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
705	A	2	Flat	Sep-20	£266,000	743	£358
505	A	2	Flat	Sep-20	£260,000	743	£350
403	B	2	Flat	Oct-20	£262,000	732	£358
501	A	2	Flat	Oct-20	£260,000	743	£350
308	C	2	Flat	Dec-20	£262,000	721	£363
203	B	2	Flat	Dec-20	£258,000	732	£352
105	A	2	Flat	Jan-21	£262,000	743	£353
108	C	2	Flat	May-21	£270,000	721	£374
109	D	3	Flat	Aug-21	£318,200	958	£332
102	B	2	Flat	Aug-21	£238,650	732	£326
209	D	3	Flat	Aug-21	£312,650	958	£326
110	E	2	Flat	Aug-21	£234,950	753	£312
101	A	2	Flat	Aug-21	£234,950	743	£316
409	D	3	Flat	Aug-21	£316,350	958	£330
309	D	3	Flat	Aug-21	£316,350	958	£330
Average Sale Price (ft ²)							£342

5. Scarborough Group International - Lockside Block Middlewood Locks, Salford, M5 4YQ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
505	A	2	Flat	Sep-20	£266,000	743	£358
111	A	2	Flat	Sep-20	£262,000	743	£353
405	A	2	Flat	Sep-20	£264,000	743	£355
303	A	2	Flat	Oct-20	£266,000	743	£358
609	A	2	Flat	Dec-20	£272,000	743	£366
509	A	2	Flat	Jan-21	£268,000	743	£361
101	A	2	Flat	Feb-21	£264,000	743	£355
105	B	2	Flat	Feb-21	£248,000	689	£360
208	A	2	Flat	Feb-21	£262,000	743	£353
103	C	2	Flat	Feb-21	£260,000	678	£383
404	C	2	Flat	Mar-21	£264,000	678	£389
410	D	3	Flat	Mar-21	£344,000	990	£347
310	D	3	Flat	Apr-21	£342,000	990	£345
201	A	2	Flat	May-21	£262,000	743	£353
Average Sale Price (ft ²)							£360

6. Scarborough Group International - Lockgate Block Middlewood Locks, Salford, M5 4YU

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
309	A	3	Flat	Nov-20	£344,000	958	£359
204	B	2	Flat	Jul-21	£258,000	743	£347
Average Sale Price (ft²)							£353

7. Scarborough Group International - Woden Street Block Middlewood Locks, Salford, M5 4YJ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
1202	A	2	Flat	Sep-20	£289,463	624	£464
217	B	2	Flat	Oct-20	£192,000	721	£266
Average Sale Price (ft²)							£365

8. High Street Group - The Landmark, Liverpool Street, Salford, M5 4LE

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
101	A	2	Flat	Jul-21	£214,341	635	£338
Average Sale Price (ft²)							£338

9. XI Developments - Manchester Waters, Old Trafford, M16 0YD

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
704	A	1	Flat	Nov-20	£159,995	549	£291
101	A	0	Flat	May-21	£144,494	398	£363
Average Sale Price (ft²)							£327

10. Beaumont Morgan - Hallmark Tower, M4 4FZ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
4	Apt	2	Flat	Apr-21	£274,000	678	£404
9	Apt	2	Flat	Apr-21	£281,000	732	£384
13	Apt	2	Flat	Apr-21	£276,000	657	£420
14	Apt	2	Flat	Apr-21	£273,000	732	£373
Average Sale Price (ft²)							£395

11. MCR Life - New Little Mill, M4 6GH

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
27	Apt	2	Flat	Nov-20	£285,000	764	£373
28	Apt	2	Flat	Nov-20	£210,000	581	£361
29	Apt	2	Flat	Oct-20	£215,000	581	£370
30	Apt	2	Flat	Nov-20	£365,000	980	£373
31	Apt	2	Flat	Oct-20	£220,000	614	£359
32	Apt	2	Flat	Nov-20	£330,000	893	£369
33	Apt	2	Flat	Nov-20	£332,500	829	£401
36	Apt	2	Flat	Nov-20	£355,000	926	£383
42	Apt	2	Flat	Nov-20	£367,500	980	£375
47	Apt	2	Flat	Nov-20	£330,000	818	£403
59	Apt	2	Flat	Dec-20	£470,000	1130	£416
60	Apt	2	Flat	Jan-21	£440,000	614	£717
65	Apt	2	Flat	Oct-20	£366,500	861	£426
66	Apt	2	Flat	Oct-20	£410,000	947	£433
67	Apt	2	Flat	Nov-20	£370,000	829	£446
8	Apt	2	Flat	Jan-21	£210,000	581	£361
Average Sale Price (ft ²)							£410

12. Homezz Ltd - Printing Press House, M4 4HD

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
1	Apt	2	Flat	Apr-21	£248,000	743	£334
11	Apt	1	Flat	May-21	£175,398	506	£347
12	Apt	1	Flat	Nov-20	£223,250	560	£399
15	Apt	2	Flat	Feb-21	£284,000	646	£440
16	Apt	2	Flat	Feb-21	£297,000	710	£418
17	Apt	1	Flat	May-21	£243,238	463	£526
18	Apt	2	Flat	Oct-20	£339,700	872	£390
2	Apt	2	Flat	Dec-20	£255,000	807	£316
21	Apt	1	Flat	Mar-21	£271,000	570	£475
22	Apt	1	Flat	Nov-20	£252,000	570	£442
23	Apt	1	Flat	Oct-20	£219,760	560	£393
28	Apt	2	Flat	Mar-21	£282,000	700	£403
3	Apt	2	Flat	Jan-21	£260,000	710	£366
34	Apt	1	Flat	Mar-21	£255,000	570	£447
35	Apt	1	Flat	Nov-20	£225,000	484	£465
4	Apt	2	Flat	Nov-20	£284,314	721	£394
40	Apt	2	Flat	Jan-21	£267,000	667	£400
42	Apt	2	Flat	Oct-20	£290,978	657	£443
45	Apt	1	Flat	Dec-20	£199,950	463	£432
46	Apt	1	Flat	Apr-21	£235,000	570	£412
47	Apt	1	Flat	Nov-20	£206,000	484	£425
5	Apt	2	Flat	May-21	£251,656	743	£339
51	Apt	2	Flat	Mar-21	£309,518	678	£456
58	Apt	2	Flat	Feb-21	£310,555	958	£324
6	Apt	2	Flat	Mar-21	£259,564	764	£340
60	Apt	2	Flat	Feb-21	£215,592	818	£264
61	Apt	2	Flat	May-21	£182,498	840	£217
8	Apt	1	Flat	Mar-21	£242,000	581	£416
9	Apt	1	Flat	Mar-21	£253,599	581	£436
						Average Sale Price (ft ²)	£395

13. Artisan - Loom Building/Vulcan Mill, M4 7BF

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
11	Apt	2	Flat	Apr-21	£222,871	775	£288
44	Apt	2	Flat	Mar-21	£252,000	743	£339
48	Apt	2	Flat	Apr-21	£239,416	710	£337
69	Apt	2	Flat	Apr-21	£239,000	818	£292
85	Apt	2	Flat	Oct-20	£245,554	721	£340
86	Apt	2	Flat	Nov-20	£292,000	818	£357
						Average Sale Price (ft ²)	£326

14. Rowlinson Construction - Manchester Place, Cheetham Hill, M8 0UB

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
26	Type D	3	Semi-detached	Jul-20	£179,950	872	£206
20	Type C	2	Semi-detached	Jul-20	£159,950	786	£204
17	Type EI	3	Semi-detached	Aug-20	£192,500	883	£218
25	Type D	3	Semi-detached	Dec-20	£179,950	872	£206
18	Type C	2	Semi-detached	Oct-20	£159,950	786	£204
19	Type C	2	Semi-detached	Aug-20	£159,950	786	£204
37	Type C	2	Semi-detached	Jul-20	£164,950	786	£210
38	Type C	2	Semi-detached	Jul-20	£164,950	786	£210
39	Type C	2	Semi-detached	Aug-20	£164,950	786	£210
35	Type D	3	Semi-detached	Sep-20	£184,950	872	£212
34	Type D	3	Semi-detached	Oct-20	£184,950	872	£212
40	Type EI	3	Semi-detached	Sep-20	£192,500	883	£218
Average Sale Price (ft ²)							£209

15. Unknown Developer - Orange Grove House, 2 Sherwood Street, Manchester M14 6NJ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
2	Apt	2	Flat	Feb-21	£185,000	635	£291
Average Sale Price (ft ²)							£291

16. Unknown Developer - Quantum House, 2 Kensal Drive, Manchester M20 2NE

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)
109	Apt	3	Flat	Feb-21	£360,000	947	£380
308	Apt	3	Flat	Mar-21	£550,000	1410	£390
Average Sale Price (ft ²)							£385

Second Hand Sales

Search criteria: within 1 miles of postcode M14 5AL. Sales Completed within past 12 months.

Source: HM Land Registry

Address	Last sale price	Last sale date	Property type	Bedrooms
8, Conyngnam Road, Manchester M14 5SA	£600,000	28/01/2021	Flat	1
Flat 44, Appleby Lodge, Wilmslow Road, Manchester M14 6HY	£85,000	10/02/2021	Flat	1
14, Blue Moon Way, Manchester M14 7SH	£125,000	24/02/2021	Flat	
Apartment 6, Ellerslie Court, Upper Park Road, Manchester M14 5RH	£160,000	05/02/2021	Flat	2
14, Hadfield Close, Rusholme, Manchester M14 5LY	£160,000	26/02/2021	Flat	2
Flat 2, 14, Brighton Grove, Manchester M14 5JR	£150,000	24/02/2021	Flat	2
Flat 6, 132, Dickenson Road, Manchester M14 5HT	£123,000	05/03/2021	Flat	2
Flat 21, Victoria Terrace, 135 - 149, Hathersage Road, Manchester M13 0HY	£80,000	30/03/2021	Flat	1
Flat 52, Appleby Lodge, Wilmslow Road, Manchester M14 6HY	£119,950	12/03/2021	Flat	1
Flat 96, Appleby Lodge, Wilmslow Road, Manchester M14 6HG	£165,000	08/03/2021	Flat	2
26, Hancock Close, Manchester M14 5UW	£107,000	26/04/2021	Flat	1
67a, Bankfield Avenue, Manchester M13 0YQ	£85,000	12/04/2021	Flat	1
Flat 3, 10 - 12, Curzon Avenue, Manchester M14 5PU	£33,333	09/04/2021	Flat	2 to 3
Flat 7, 10 - 12, Curzon Avenue, Manchester M14 5PU	£33,333	09/04/2021	Flat	1
Flat 2, 10 - 12, Curzon Avenue, Manchester M14 5PU	£33,333	09/04/2021	Flat	2
Flat 9, 12, Curzon Avenue, Manchester M14 5PU	£33,333	09/04/2021	Flat	1
Flat 8, 10 - 12, Curzon Avenue, Manchester M14 5PU	£33,333	09/04/2021	Flat	1
Flat 1, 10 - 12, Curzon Avenue, Manchester M14 5PU	£33,333	09/04/2021	Flat	1
Flat 1, 13, Ash Grove, Manchester M14 5GQ	£51,870	14/05/2021	Flat	2
Flat 2, 13, Ash Grove, Manchester M14 5GQ	£47,880	14/05/2021	Flat	2 to 3
Apartment 32, 347, Moss Lane East, Manchester M14 4LB	£155,000	21/05/2021	Flat	1
Flat 95, Appleby Lodge, Wilmslow Road, Manchester M14 6HG	£165,000	06/05/2021	Flat	2
Flat 3, Appleby Lodge, Wilmslow Road, Manchester M14 6HZ	£290,000	04/05/2021	Flat	3
13, Melrose Apartments, 159, Hathersage Road, Manchester M13 0HX	£113,000	28/05/2021	Flat	2
Flat 18, Ashburne House, Oxford Place, Manchester M14 5SF	£112,000	30/06/2021	Flat	2
Flat 19, Parkside, 193, Hart Road, Manchester M14 7BA	£166,500	24/06/2021	Flat	2
Flat 303, 2, Blue Moon Way, Manchester M14 7SH	£115,000	16/07/2021	Flat	
Flat 5, Ashburne House, Oxford Place, Manchester M14 5SF	£180,000	21/07/2021	Flat	2
114, Hadfield Close, Rusholme, Manchester M14 5LY	£162,500	11/08/2021	Flat	2
Flat 14, Egerton Court, Upper Park Road, Manchester M14 5SL	£139,000	29/09/2021	Flat	2

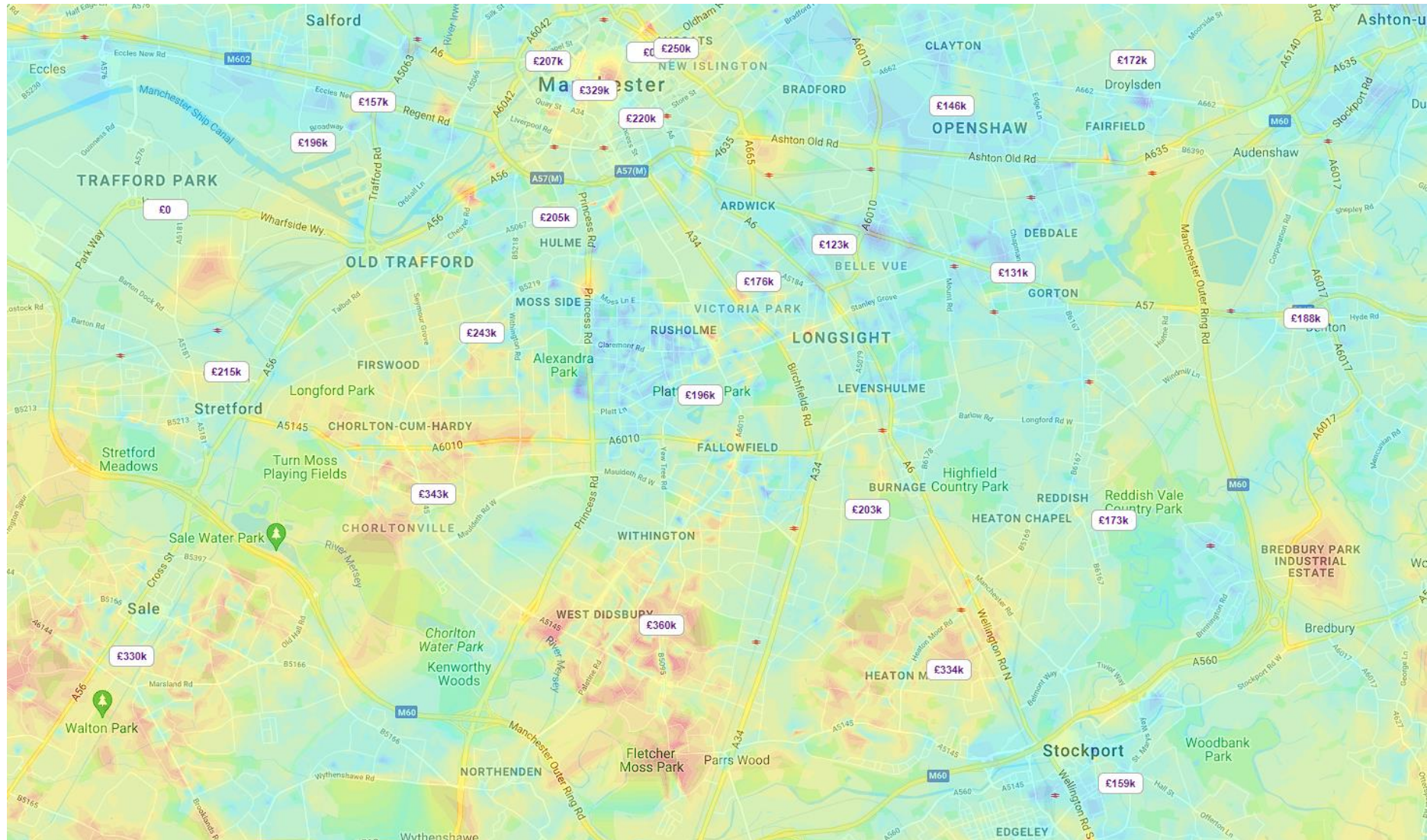
Second Hand Available

Search criteria: Modern houses for sale within 1 mile of postcode M14 5AL

Source: www.rightmove.co.uk

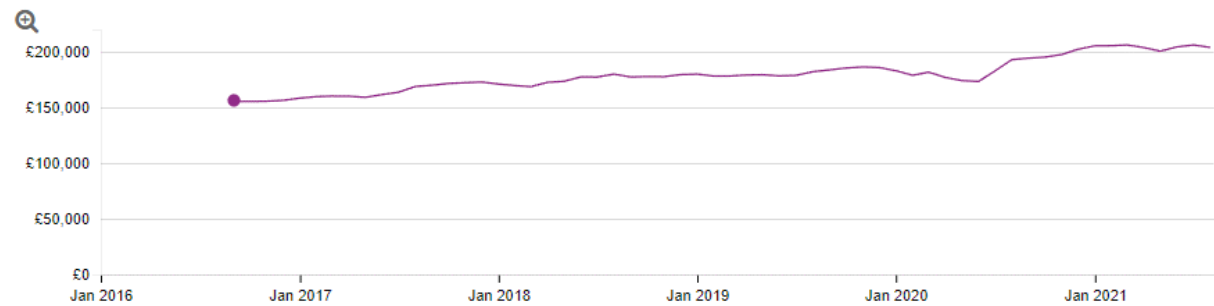
Address	Type	Bedrooms	Price
Hadfield Close, Manchester	Apartment	2	£168,950
Hadfield Close, Manchester	Apartment	2	£165,000
Brighton Court, Manchester	Apartment	2	£160,000
Thorne House, Manchester	Apartment	2	£160,000
The Gallery, Fallowfield	Apartment	2	£155,000
Oxford Place, Rusholme	Apartment	3	£150,000
Lane Court, Manchester	Apartment	1	£140,000
Melrose Apartments, Manchester	Apartment	1	£135,000
Melrose Apartments, Manchester	Apartment	1	£125,000
Conyngnam Road, Manchester	Apartment	1	£110,000
Dickenson Road, Rusholme	Apartment	1	£80,000

Property Price Heat Map

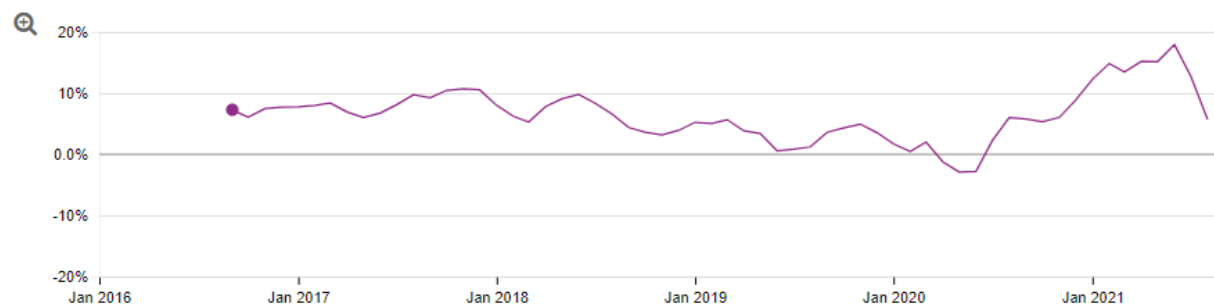


Average price by type of property in Manchester

Source: HM Land Registry



Percentage change (yearly) in Manchester



Price Trends – M14 5AL

Market Characteristics	Manchester	National
Market Size Indicator: no. of transactions	29,597	4,886,506
Market Size Indicator: total no. of properties	234,290	25,000,000
Market liquidity Indicator: transactions / properties	12.63%	19.55%
Market Growth Indicator: new homes built	3,318	570,561
Market Growth Indicator: new builds / transactions	11.21%	11.68%

Growth Rate	Manchester	National
5 year house price growth	7.20%	6.90%
Last 12 months house price growth	5.70%	5.40%

Average House Prices

Source: HM Land Registry

Postcode Area – M14 5AL

Property Type	Oct-16	Oct-21	Change
Detached	£301,262	£387,409	29%
Semi	£199,162	£250,741	26%
Terraced	£144,088	£186,227	29%
Flat	£168,439	£185,889	10%
All	£176,057	£216,398	23%

Appendix 3 – Policy Compliant Residual Appraisal

REVENUE		File: Policy Comp	
Commercial Wilmslow Road	4,163.00 sq-ft at 42.50 psf/pa	176,928	
Commercial Grandale Street	1,380.00 sq-ft at 32.50 psf/pa	44,850	
Inv.Value-A	Net annual income	221,778	
	Capitalised at 6.5% Yield	3,411,962	
	Less Unpaid Rent: 9 Months Income	166,333	
	Less Purchasers costs at 5.8%	187,045	3,058,583
Open Market Gdv			6,545,000
12 Parking Spaces	12 units at 7,500.00 ea.		90,000
Affordable Housing Gdv	-E		570,500
(Net Income: 221,778) (Inv.Sales: 3,058,583) (Dir.Sales: 7,205,500)		REVENUE	10,264,083
(Revenue Totals labelled -E do not attract Fees)			

COSTS

Site Value		812,000	
Site Stamp Duty		30,100	
Site Legal Fees	at 0.50%	4,060	
Site Agency Fees	at 1.00%	8,120	
		Site Costs	854,280
Total Construction		5,548,400	
Site Demolition & Foundation Removal		100,000	
Contingency	at 5.00%	282,420	
Professional Fees		564,840	
		Build Costs	6,495,660
Letting Agents Fee	at 10.00%	22,178	
Letting Legal Fees	at 7.50%	16,633	
Invest.sale Agents Fee	at 1.25%	40,311	
Invest.sale Legal Fees	at 1.25%	40,311	
Direct Sale Agents Fee	at 3.50%	232,225	
Direct Sale Legal Fees		31,500	
		Disposal Fees	383,159
INTEREST	(See CASHFLOW)		683,952
7.00% pa	on Debt charged Monthly and compounded Monthly		
Site Costs	Month 1 (Sep 22)		
Total Construction (bld.)	Month 6 to 20 (Feb 23 - Apr 24)		

Site Demolition & Foundation Removal	Month 4 to 5 (Dec 22 - Jan 23)
Contingency	Month 4 to 20 (Dec 22 - Apr 24)
Professional Fees	Month 1 to 8 (Sep 22 - Apr 23)
Direct Sale Agents Fee	Month 1 to 25 (Sep 22 - Sep 24)
Direct Sale Legal Fees	Month 20 to 28 (Apr 24 - Dec 24)
Inv.Value-A 6.5%	Month 37 (Sep 25)
Open Market Gdv (sale)	Month 20 to 28 (Apr 24 - Dec 24)
12 Parking Spaces (sale)	Month 20 to 28 (Apr 24 - Dec 24)
Affordable Housing Gdv (sale)	Month 20 to 28 (Apr 24 - Dec 24)

PROFIT	1,847,032	COSTS	8,417,051
PROFIT/SALE	18.00%	PROFIT/COST	21.94%

Appendix 4 – Residual Appraisal Reflecting Zero Affordable Housing

REVENUE		File: 100% Market Housing	
Commercial Wilmslow Road	4,163.00 sq-ft at 42.50 psf/pa	176,928	
Commercial Grandale Street	1,380.00 sq-ft at 32.50 psf/pa	44,850	
Inv.Value-A	Net annual income	221,778	
	Capitalised at 6.5% Yield	3,411,962	
	Less Unpaid Rent: 9 Months Income	166,333	
	Less Purchasers costs at 5.8%	187,045	3,058,583
Open Market Gdv			7,627,500
12 Parking Spaces	12 units at 7,500.00 ea.		90,000
(Net Income: 221,778) (Inv.Sales: 3,058,583) (Dir.Sales: 7,717,500)		REVENUE	10,776,083

COSTS

Site Value		1,129,000	
Site Stamp Duty		45,950	
Site Legal Fees	at 0.50%	5,645	
Site Agency Fees	at 1.00%	11,290	
		Site Costs	1,191,885
Total Construction		5,548,400	
Site Demolition & Foundation Removal		100,000	
Contingency	at 5.00%	282,420	
Professional Fees		564,840	
		Build Costs	6,495,660
Letting Agents Fee	at 10.00%	22,178	
Letting Legal Fees	at 7.50%	16,633	
Invest.sale Agents Fee	at 1.25%	40,311	
Invest.sale Legal Fees	at 1.25%	40,311	
Direct Sale Agents Fee	at 3.50%	270,113	
Direct Sale Legal Fees		31,500	
		Disposal Fees	421,046

INTEREST	(See CASHFLOW)	728,025
7.00% pa	on Debt charged Monthly and compounded Monthly	
Site Costs	Month 1 (Sep 22)	
Total Construction (bld.)	Month 6 to 20 (Feb 23 - Apr 24)	
Site Demolition & Foundation Removal	Month 4 to 5 (Dec 22 - Jan 23)	
Contingency	Month 4 to 20 (Dec 22 - Apr 24)	

Professional Fees	Month 1 to 8 (Sep 22 - Apr 23)		
Direct Sale Agents Fee	Month 1 to 25 (Sep 22 - Sep 24)		
Direct Sale Legal Fees	Month 20 to 28 (Apr 24 - Dec 24)		
Inv.Value-A 6.5%	Month 37 (Sep 25)		
Open Market Gdv (sale)	Month 20 to 28 (Apr 24 - Dec 24)		
12 Parking Spaces (sale)	Month 20 to 28 (Apr 24 - Dec 24)		
PROFIT	1,939,466	COSTS	8,836,617
PROFIT/SALE	18.00%	PROFIT/COST	21.95%



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