

Former Boddingtons Brewery, Manchester
Viability Assessment
December 2021



RogerHannah

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1. Introduction

1.1. Instructions

Roger Hannah has been instructed by Clarion Housing Association to provide a financial viability assessment in respect of its proposed development at the former Boddingtons Brewery, Manchester. The scheme comprises the development of 461 apartments.

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.

1.2. 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).

1.3. Reporting

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

Author:

.....
Tom Merrills
Consultant

Reviewers:

.....
Laura Mackay MRICS
Director

.....
Mike Coulter
Consultant

1.4. Information Provided

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

- Proposed Development Layout, Appendix 2

2. Executive Summary

Site	The site is located at the junction of Great Ducie Street and the A56, Manchester, opposite Manchester Arena. The site is bounded by the new (under construction) City Centre Campus building to the south and the Travelodge hotel to the north. Access to the site is gained from the A56 which forms the western boundary of the site and further residential development proposals under application ref: 118831/FO/2018 form the eastern boundary.
Scheme	The scheme comprises the development of 461 apartments and a small degree of ground floor commercial space.
GDV	£127,205,223
Standard Costs	Base build: £79,759,692 Garages: None Contingency: 5% Professional fees: 10%
Abnormal Costs	Included in base build costs
Profit	17.5% on GDV
Benchmark Land Value	£2,040,000
Residual Land Value (Policy Compliant)	-£5,223,704
Residual Land Value (Reduced Policy Compliant)	£1,984,000

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:

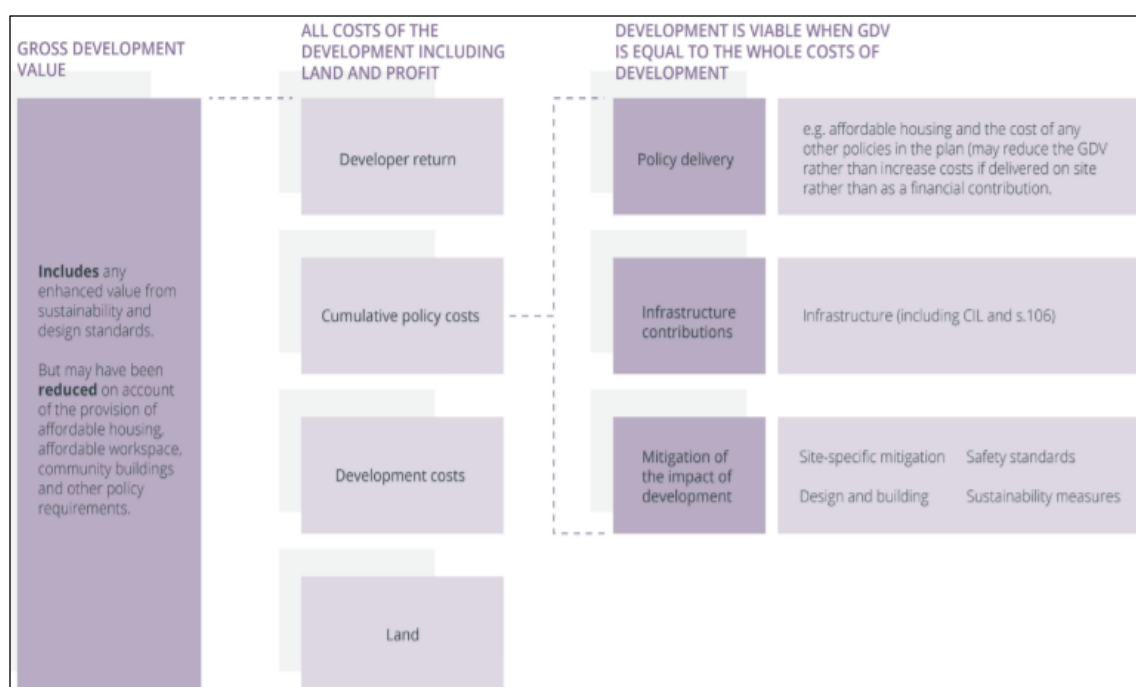


Figure 1: RICS Residual Valuation Framework

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 at the junction of Great Ducie Street and the A56, Manchester, opposite Manchester Arena. It is located immediately to the north of Manchester city centre which is the principal centre of the Northwest region, offering the employment, retail and leisure amenities expected of a major city.

The site is bounded by the new (under construction) City Centre Campus building to the south and the Travelodge hotel to the north. Access to the site is gained from the A56 which forms the western boundary of the site and further residential development proposals under application ref: 118831/FO/2018 form the eastern boundary.

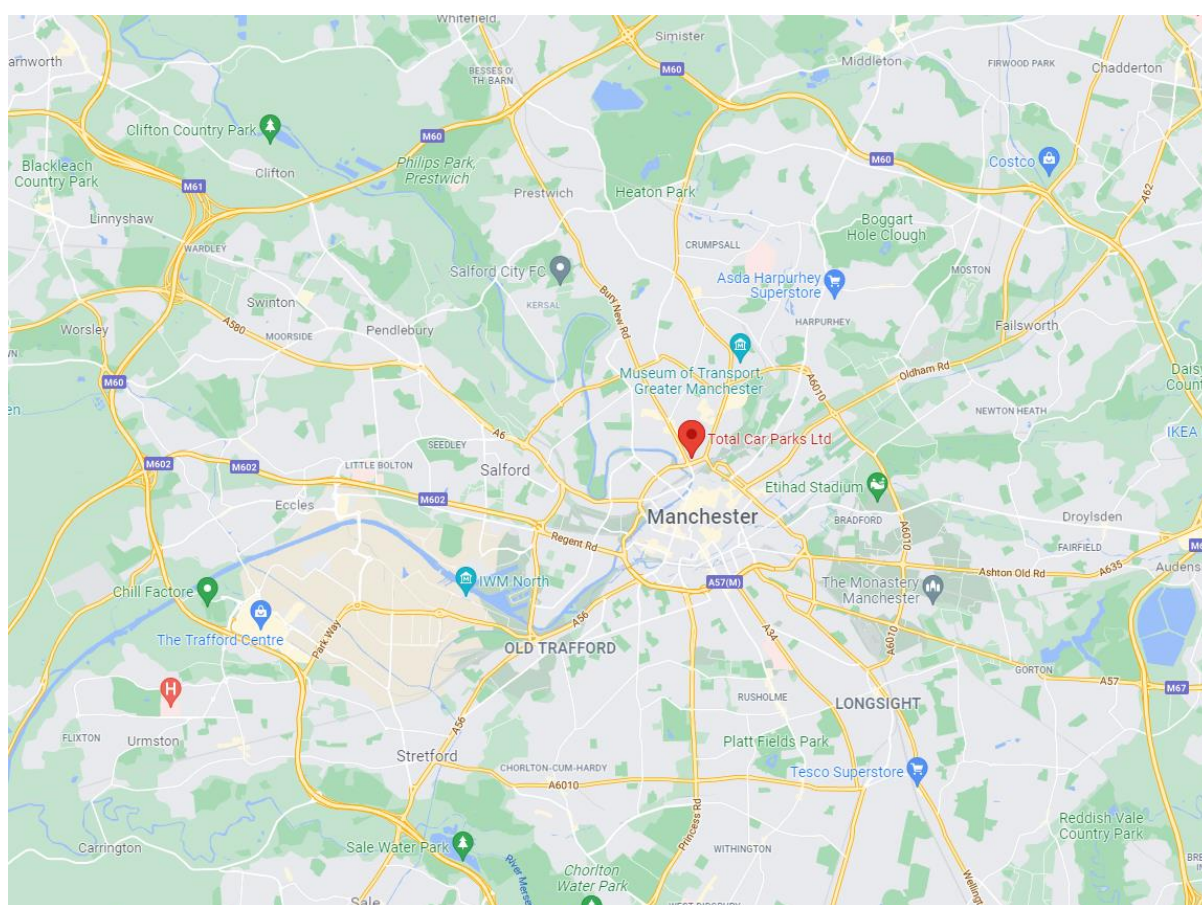


Figure 2: Google Location Map

5.2. Site Description

The site is comprised of an operational surface level car park that was formerly the Boddingtons brewery. It is accessed via Great Ducie Street (A56) and extends to approximately 1.1 acres (0.45 ha).

[illegible]

Figure 4: Development Layout

The scheme for 461 residential units is comprised of 310,871ft² and is detailed in the plan contained within Appendix 2. The accommodation provided is summarised in Figure 5 below:

Name	Type	No of Beds	No of Units	Total Area (FT ²)	Average Unit Size (FT ²)
1 Bed Apartment Type	1 Bed 2 Person	1	146	78,962	541
2 Bed Apartment Type 1	2 Bed 3 Person	2	179	124,380	695
2 Bed Apartment Type 2	2 Bed 4 person	2	120	92,713	773
3 Bed Apartment Type	3 Bed 5 Person	3	16	14,816	926
Total			461	310,871	

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 or 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 M3 IDG area are as follows: - Detached £310,000 - Semi Detached £237,542 - Terraced £142,083

- Apartments £185,887

There are limited numbers of sales transactions in the M3 1 submarket area, with 3 recorded in 2021 to date and only 4 recorded in 2020.

Market Analysis

We have considered the relevant market evidence enclosed at Appendix 3, which is summarised as follows:

Scheme	Average Asking Price	Average Sold Price
Beech Holdings, Ancoats Gardens	£496 per sqft	Not Available
Far East Consortium, Victoria Riverside	£460 per sqft	Not Available
Urban Splash, Finders Quay	£341 per sqft	Not Available
C&C Crusader	£375 per sqft	£366 per sqft
MCR Life, New Little Mill	£410 per sqft	£400 per sqft
Deluna	£360 per sqft	Not Available
Artisan, Loom Building	Not Available	£326 per sqft
Tibst Ltd, Transmision House	£382 per sqft	Not Available
Homess Ltd, Printing Press House	£395 per sqft	Not Available
MCR Life, One Vesta Street	£352 per sqft	Not Available
Beaumont Morgan, Hallmark Tower	£395 per sqft	Not Available
Euan Kellie, Block B, Local Crescent	£409 per sqft	Not Available
Drumbeat, Middlewood Locks	£350 per sqft	Not Available

Hallmark Tower is the nearest new build comparable scheme, some 150m from the application site, and has achieved £395 per sqft with apartments listed for sale between £410 per sqft and £430 per sqft and apartments at ‘The Stile’ which is some 200m away from the application site are listed for sale at £416 per sqft.

A broad value tone of £375 per sqft to £425 per sqft exists for those apartment developments which sit slightly on the edge of the core city centre (which the subject site does) and on balance, taking account of the above comparable evidence we would expect average sales values in the order of £435-£440 per sqft across the proposed development.

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 RH are highlighted below: <table> <tr> <th>Market Sale Units</th><th>No of Beds</th><th>Number of Units</th><th>Average Unit Size (FT²)</th><th>Net Value Per Unit</th><th>Net Value (FT²)</th><th>Total Revenue</th></tr> <tr> <td>1 Bed Apartment Type</td><td>1</td><td>100</td><td>541</td><td>£235,000</td><td>£435</td><td>£23,500,000</td></tr> <tr> <td>2 Bed Apartment Type 1</td><td>2</td><td>133</td><td>695</td><td>£305,000</td><td>£439</td><td>£40,565,000</td></tr> <tr> <td>2 Bed Apartment Type 2</td><td>2</td><td>120</td><td>773</td><td>£340,000</td><td>£440</td><td>£40,800,000</td></tr> <tr> <td>3 Bed Apartment Type</td><td>3</td><td>16</td><td>926</td><td>£355,000</td><td>£383</td><td>£5,680,000</td></tr> <tr> <td></td><td></td><td>369</td><td>Total</td><td></td><td>£435</td><td>£110,545,000</td></tr> </table>						Market Sale Units	No of Beds	Number of Units	Average Unit Size (FT ²)	Net Value Per Unit	Net Value (FT ²)	Total Revenue	1 Bed Apartment Type	1	100	541	£235,000	£435	£23,500,000	2 Bed Apartment Type 1	2	133	695	£305,000	£439	£40,565,000	2 Bed Apartment Type 2	2	120	773	£340,000	£440	£40,800,000	3 Bed Apartment Type	3	16	926	£355,000	£383	£5,680,000			369	Total		£435	£110,545,000
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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 25:75 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: <table> <tr> <th>Affordable Housing (Policy Compliant)</th><th>No of Beds</th><th>Number of Units</th><th>Average Unit Size (FT²)</th><th>Net Value Per Unit</th><th>Net Value (FT²)</th><th>Total Revenue</th></tr> <tr> <td>1 Bed Apartment Type - Rented</td><td>1</td><td>23</td><td>541</td><td>£94,000</td><td>£174</td><td>£2,162,000</td></tr> <tr> <td>1 Bed Apartment Type - Intermediate</td><td>1</td><td>23</td><td>541</td><td>£152,750</td><td>£282</td><td>£3,513,250</td></tr> <tr> <td>2 Bed Apartment Type 1 - Intermediate</td><td>2</td><td>46</td><td>695</td><td>£198,250</td><td>£285</td><td>£9,119,500</td></tr> <tr> <td></td><td></td><td>92</td><td>Total</td><td></td><td></td><td>£14,794,750</td></tr> </table>						Affordable Housing (Policy Compliant)	No of Beds	Number of Units	Average Unit Size (FT ²)	Net Value Per Unit	Net Value (FT ²)	Total Revenue	1 Bed Apartment Type - Rented	1	23	541	£94,000	£174	£2,162,000	1 Bed Apartment Type - Intermediate	1	23	541	£152,750	£282	£3,513,250	2 Bed Apartment Type 1 - Intermediate	2	46	695	£198,250	£285	£9,119,500			92	Total			£14,794,750							
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Commercial Units	For the purposes of this report, rents for the commercial units have been applied at £20 per sqft which are considered appropriate for the location, local demand, and surrounding commercial property. The retail rental income has been capitalised using a yield of 8.5%. The appraisal timings assume a 5-year lease with a 6-month void period and a 6-month rent free period which is a conservative allowance, considering the vacancy rate of small, ground floor commercial units presently on the market.																																															
Base Build Costs	Based on specialist third-party cost advice and our recent experience with assessing viability developments of a very similar nature, a build cost of £79,759,692 (£190/ft²) has been included within the appraisals. A copy of the specialist third party cost plan is included at Appendix 6.																																															
External Works	Included above																																															
Garages	None																																															

Abnormal Costs	Included within the cost plan (Appendix 6)
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 6.5% has been adopted.
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, £650 per unit has been allowed for legal fees associated with selling each of the units. These figures are in line with contemporary feedback from volume house builders. 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 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 housing scheme where within reason, construction can be slowed or even halted in the event of a market downturn, thus reducing exposure to market sales risk. The individual phases of 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', we therefore consider that 17.5% return on GDV is a conservative assessment of a risk adjusted developer return.
Timescales	• Sales Period of 24 months following practical completion • Construction starts month one with a 36-month construction programme • Commercial units have 6-month void period and a 6-month rent free period. The investment sale occurs 18-months following letting. • Abnormals commence month one, specifically timed commensurate with their scope and duration • 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

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. <table> <tr> <th>Name</th><th>No of Beds</th><th>Number of Units</th><th>Average Unit Size (FT²)</th><th>Net Value Per Unit</th><th>Net Value (FT²)</th><th>Total Revenue</th></tr> <tr> <td>1 Bed Apartment Type</td><td>1</td><td>146</td><td>541</td><td>£235,000</td><td>£435</td><td>£34,310,000</td></tr> <tr> <td>2 Bed Apartment Type 1</td><td>2</td><td>179</td><td>695</td><td>£305,000</td><td>£439</td><td>£54,595,000</td></tr> <tr> <td>2 Bed Apartment Type 2</td><td>2</td><td>120</td><td>773</td><td>£340,000</td><td>£440</td><td>£40,800,000</td></tr> <tr> <td>3 Bed Apartment Type</td><td>3</td><td>16</td><td>926</td><td>£355,000</td><td>£383</td><td>£5,680,000</td></tr> <tr> <td></td><td></td><td>461</td><td>Total</td><td></td><td>£436</td><td>£135,385,000</td></tr> </table>						Name	No of Beds	Number of Units	Average Unit Size (FT ²)	Net Value Per Unit	Net Value (FT ²)	Total Revenue	1 Bed Apartment Type	1	146	541	£235,000	£435	£34,310,000	2 Bed Apartment Type 1	2	179	695	£305,000	£439	£54,595,000	2 Bed Apartment Type 2	2	120	773	£340,000	£440	£40,800,000	3 Bed Apartment Type	3	16	926	£355,000	£383	£5,680,000			461	Total		£436	£135,385,000
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Section 106 Costs	None included within the appraisals.																																															
Profit Margin	On the basis of 100% market sale, a developer return of 17.5% is adopted.																																															
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Timescales	- Sales Period of 24 months following practical completion - Construction starts month one with a 36-month construction programme - Commercial units have 6-month void period and a 6-month rent free period. The investment sale occurs 18-months following letting. - Abnormals commence month one, specifically timed commensurate with their scope and duration - 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 subject site is comprised of a surface level car park for which an existing lease is in place for 200 parking spaces with a rent of £2.04 per space, for 365 days.

The rent received under the lease is £148,920 per annum which if capitalised at a yield of 10%, results in a capital value of £1,787,040, say £1,800,000. If we deduct purchasers’ costs of 5.8% from this figure, we arrive at a net value in the order of £1,700,000.

8.3 Alternative Use Value

The site is an urban car park which forms part of a residential strategic regeneration framework, and we consider that there are limited alternative use values that could apply to the subject site.

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 an EUV+ for the subject property of £2,040,000.

8.5 Residual Site Value

Appendix 5 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 **-£5,227,841**.

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. Our adopted EUV+ value for the site equates to c. £4,425 per plot, which reflects a relatively significant discount compared to the above evidence.

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, the September 2020 GMSF Strategic Viability Report Stage 1, 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 £7,344,700.

8.8 Benchmark Land Value

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

Item	Assessment
Existing Use Value	£1,700,000
Minimum Premium	£340,000
Total	£2,040,000

Figure 7: Benchmark Land Value

9. Results & Sensitivity Analysis

Appraisal 1 (Policy Compliance)	Appraisal 1 (Appendix 5) produces a negative residual land value of -£5,223,704 which is significantly below the benchmark land value. This confirms that full policy provision of affordable housing (20%) is significantly unviable.
Appraisal 2 (Zero Affordable Housing)	Appraisal 2 (Appendix 6) produces a residual land value of £1,984,000 which is a further 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	-£5,223,704	-£450,087	-£10,785,400
5% Reduced Cost	-£98,000	£3,670,000	-£5,201,076
5% Increased Cost	£10,274,000	-£7,845,880	-£16,479,967

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 decreases to -£7,845,880 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 10 below:

Description	Appendix 5 Appraisal Based Policy Compliant Scheme (20 % Affordable Housing)	Appendix 6 Appraisal Based on Zero Affordable Housing
Benchmark Land Value	£2,040,000	£2,040,000
Residual Land Value	-£5,223,704	£1,984,000
RLV Surplus/Deficit against BLV	-£7,263,704	-£56,000
Viability Concern	Yes - Significant	Slight

Figure 10: 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 -£7,263,704 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 - Letter of Instruction

Appendix 2 – Scheme Layout



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
M3 I	£0	0	£0	0	£0	0	£156,000	3	£156,000	3
Total	£0	0	£0	0	£0	0	£156,000	3	£156,000	3

2020

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M3 I	£0	0	£0	0	£0	0	£241,500	4	£241,500	4
Total	£0	0	£0	0	£0	0	£241,500	4	£241,500	4

2019

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M3 I	£0	0	£0	0	£0	0	£303,005	10	£303,005	10
Total	£0	0	£0	0	£0	0	£303,005	10	£303,005	10

2018

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M3 I	£0	0	£0	0	£0	0	£234,053	18	£234,053	18
Total	£0	0	£0	0	£0	0	£234,053	18	£234,053	18

2017

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M3 I	£0	0	£0	0	£0	0	£258,192	24	£258,192	24
Total	£0	0	£0	0	£0	0	£258,192	24	£258,192	24

2016

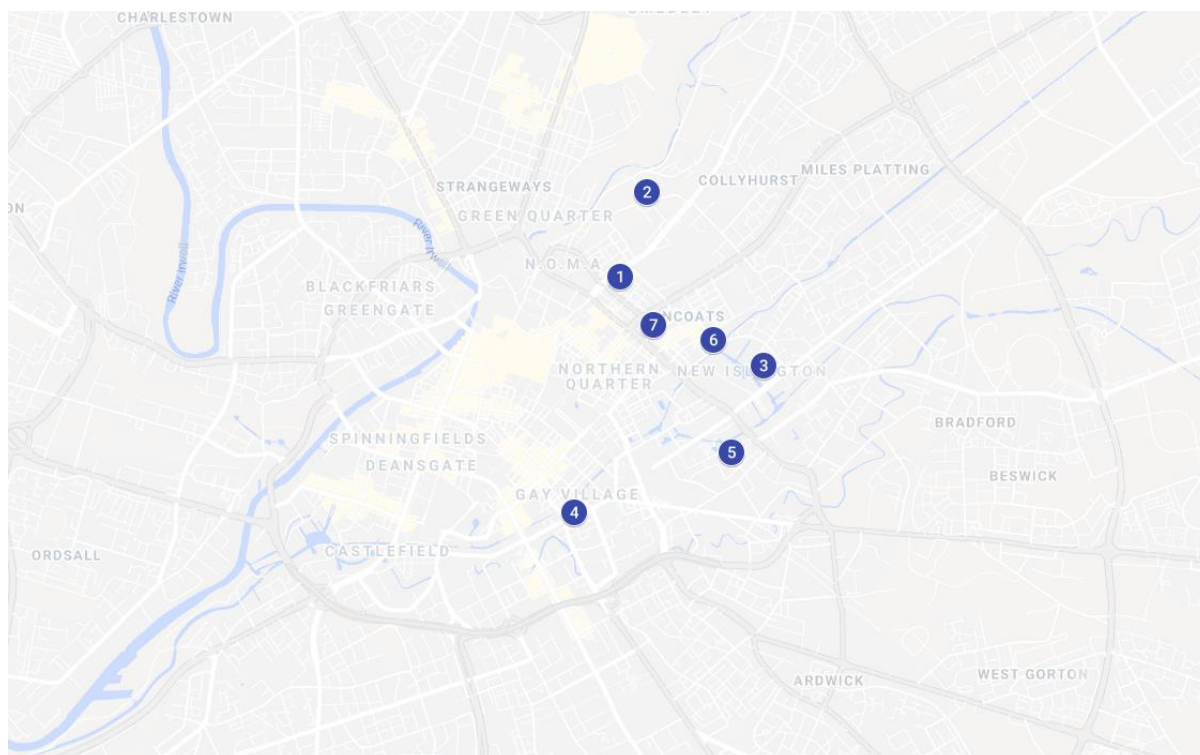
	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M3 I	£0	0	£0	0	£0	0	£247,427	24	£247,427	24
Total	£0	0	£0	0	£0	0	£247,427	24	£247,427	24

2015

	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M3 I	£0	0	£0	0	£0	0	£203,138	21	£203,138	21
Total	£0	0	£0	0	£0	0	£203,138	21	£203,138	21

New Build Availability

Net price assumes 2.5% deduction from asking price due to negotiation and incentives on all new build properties



I. Beech Holdings - Ancoats Gardens, Thompson Street, Manchester, M4 4JR

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft ²)	Gross Asking Price (ft ²)	Net Asking Price (ft ²)
1403	3	Apartment	1	£539,950	1064	£507	£495
1302	3	Apartment	1	£512,950	1215	£422	£412
1303	3	Apartment	1	£512,950	1215	£422	£412
1203	3	Apartment	1	£512,950	1064	£482	£470
1304	2	Apartment	1	£386,950	698	£554	£541
404	2	Apartment	1	£349,950	746	£469	£457
201	2	Apartment	1	£334,950	763	£439	£428
110	2	Apartment	1	£329,950	692	£477	£465
102	2	Apartment	1	£329,950	773	£427	£416
204	2	Apartment	1	£329,950	773	£427	£416
603	1	Apartment	1	£289,950	498	£582	£568
503	1	Apartment	1	£279,950	498	£562	£548
502	1	Apartment	1	£279,950	498	£562	£548
507	1	Apartment	1	£279,950	498	£562	£548
401	1	Apartment	1	£269,950	498	£542	£529
Average Asking Value (ft ²)						£496	£483

2. Far East Consortium - Victoria Riverside, Manchester, M4 4DD

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)	Net Asking Price (ft²)
01-002	1	Apartment	1	£245,000	540	£454	£442
02-001	2	Apartment	1	£337,500	772	£437	£426
02-005	2	Apartment	1	£324,500	773	£420	£409
02-007	1	Apartment	1	£234,500	572	£410	£400
04-005	2	Apartment	1	£326,500	773	£422	£412
06-005	2	Apartment	1	£330,000	773	£427	£416
06-006	1	Apartment	1	£240,000	539	£445	£434
08-006	1	Apartment	1	£244,000	539	£453	£441
09-008	2	Apartment	1	£344,500	774	£445	£434
10-001	2	Apartment	1	£349,000	774	£451	£440
11-001	2	Apartment	1	£350,500	774	£453	£442
11-002	1	Apartment	1	£255,000	538	£474	£462
14-001	2	Apartment	1	£355,000	774	£459	£447
14-007	1	Apartment	1	£256,000	572	£448	£436
14-008	2	Apartment	1	£352,000	774	£455	£443
16-005	2	Apartment	1	£345,000	776	£445	£433
16-008	2	Apartment	1	£355,000	775	£458	£447
18-003	1	Apartment	1	£269,000	547	£492	£479
19-008	2	Apartment	1	£359,500	775	£464	£452
20-002	1	Apartment	1	£273,000	538	£507	£495
21-001	2	Apartment	1	£365,500	776	£471	£459
21-002	1	Apartment	1	£275,000	538	£511	£498
23-007	2	Apartment	1	£365,500	775	£472	£460
24-001	2	Apartment	1	£370,000	776	£477	£465
24-002	3	Apartment	1	£525,500	1100	£478	£466
25-002	3	Apartment	1	£530,500	1100	£482	£470
25-005	1	Apartment	1	£283,000	539	£525	£512
Average Asking Value (ft²)						£460	£449

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

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)	Net Asking Price (ft²)
Plot 13	4	Terraced	3	£495,000	1500	£330	£322
Plot 6	4	Terraced	3	£495,000	1500	£330	£322
Plot 7	4	Terraced	3	£510,000	1500	£340	£332
Plot 8	4	Terraced	3	£510,000	1500	£340	£332
Plot 9	4	Terraced	3	£510,000	1500	£340	£332
Plot 2	4	Terraced	3	£550,000	1500	£367	£358
Average Asking Value (ft²)						£341	£333

4. Urban & Civic - Manchester New Square, M1 3AR

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft ²)	Gross Asking Price (ft ²)	Net Asking Price (ft ²)
Linter - 501	3	Apartment	1	£424,500	1100	£386	£376
Linter - 201	3	Apartment	1	£399,950	1100	£364	£355
Calico - 1004	2	Apartment	1	£522,500	769	£679	£662
Linter - 1207	2	Apartment	1	£424,500	784	£541	£528
Carding - 1002	2	Apartment	1	£409,950	785	£522	£509
Linter - 106	2	Apartment	1	£359,500	793	£453	£442
Carding - 503	2	Apartment	1	£392,950	804	£489	£477
Calico - 607	2	Apartment	1	£423,500	806	£525	£512
Calico - 108	2	Apartment	1	£390,500	810	£482	£470
Carding - 904	2	Apartment	1	£413,950	815	£508	£495
Linter - 1104	2	Apartment	1	£429,500	819	£524	£511
Calico - 804	2	Apartment	1	£423,500	820	£516	£504
Calico - 203	2	Apartment	1	£379,500	844	£450	£438
Calico - 502	2	Apartment	1	£407,000	873	£466	£455
Carding - 105	2	Apartment	1	£365,950	888	£412	£402
Carding - 409	2	Apartment	1	£386,950	891	£434	£423
Carding - 1303	2	Apartment	1	£434,950	891	£488	£476
Carding - 201	2	Apartment	1	£371,950	891	£417	£407
Calico - 909	2	Apartment	1	£440,000	921	£478	£466
Linter - 311	2	Apartment	1	£376,500	945	£398	£388
Linter - 1303	2	Apartment	1	£477,500	987	£484	£472
Average Asking Value (ft ²)						£477	£465

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

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft ²)	Gross Asking Price (ft ²)	Net Asking Price (ft ²)
1BD Loft	1	Apartment	1	£200,000	514	£389	£379
2BD Loft	2	Apartment	1	£299,000	794	£377	£367
2BD Loft	2	Apartment	2	£420,000	926	£454	£442
Average Asking Value (ft ²)						£406	£396

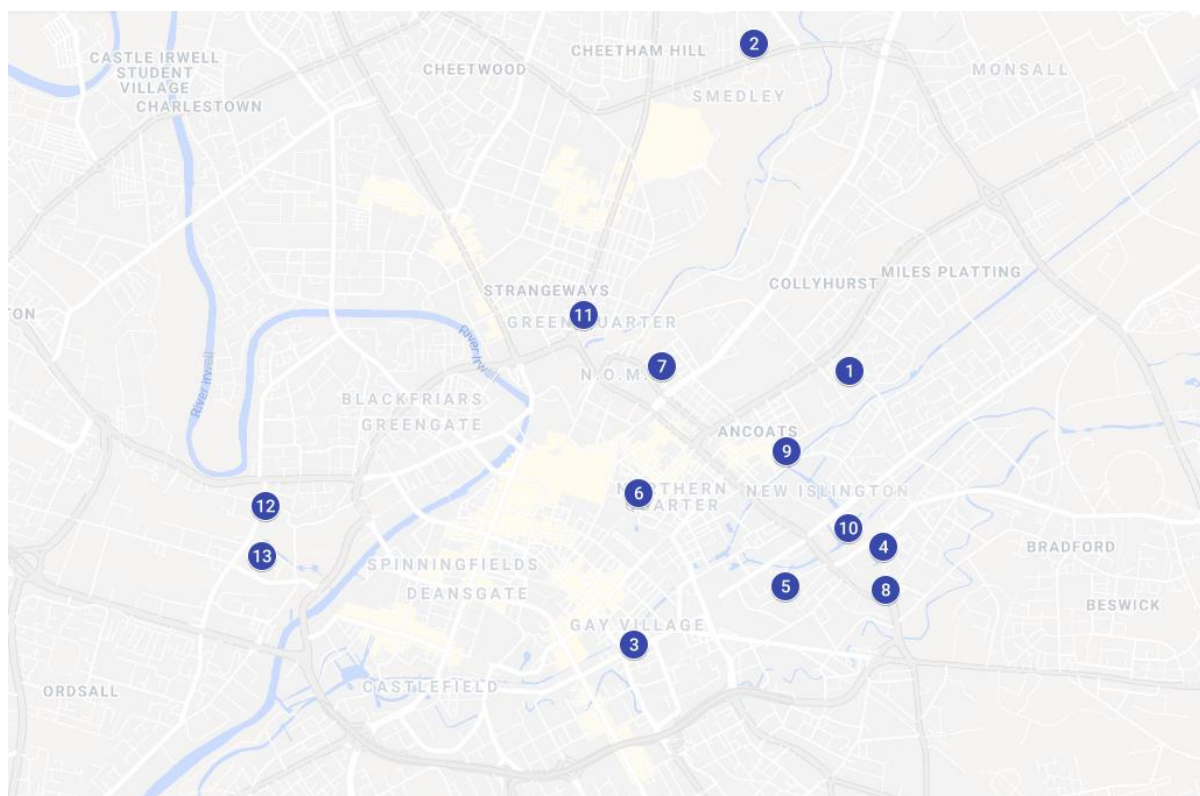
6. MCR Life - New Little Mill, M4 6LN

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft ²)	Gross Asking Price (ft ²)	Net Asking Price (ft ²)
Apt 4	2	Apartment	1	£375,000	976	£384	£375
Apt 12	2	Apartment	1	£345,000	884	£390	£381
Apt 13	1	Apartment	1	£227,500	595	£382	£373
Average Asking Value (ft ²)						£386	£376

7. Unknown Developer - Deluna, M4 5EF

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft ²)	Gross Asking Price (ft ²)	Net Asking Price (ft ²)
Type 3	2	Apartment	1	£275,000	764	£360	£351
Average Asking Value (ft ²)						£360	£351

New Build Sold



I. Lovell - Miles Platting Area II, M4 6JY

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)	Net Sale Price (ft²)
23	Westford	4	Semi-detached	Sep-20	£299,950	1432	£210	£204
75	Westford	4	Semi-detached	Oct-20	£297,000	1432	£207	£202
21	Lexington	2	Terraced	Oct-20	£198,950	775	£257	£250
82	Westford	4	Semi-detached	Nov-20	£297,950	1432	£208	£203
79	Lexington	2	Terraced	Oct-20	£196,950	775	£254	£248
77	Oakley	3	Terraced	Nov-20	£227,950	936	£243	£237
24	Westford	4	Semi-detached	Nov-20	£299,950	1432	£210	£204
78	Lexington	2	Terraced	Nov-20	£197,950	775	£255	£249
22	Oakley	2	Terraced	Oct-20	£233,950	764	£306	£298
80	Oakley	3	Terraced	Nov-20	£227,950	936	£243	£237
81	Westford	4	Semi-detached	Nov-20	£297,950	1432	£208	£203
18	Heartford	4	Semi-detached	Nov-20	£294,950	1367	£216	£210
76	Westford	4	Semi-detached	Sep-20	£299,950	1432	£210	£204
97	Oakley	3	Terraced	Jul-20	£227,950	915	£249	£243
95	Stateley	3	Semi-detached	Jul-20	£239,995	990	£242	£236
Average Sale Price (ft²)							£235	£229

2. 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)	Net Sale Price (ft ²)
26	Type D	3	Semi-detached	Jul-20	£179,950	872	£206	£201
20	Type C	2	Semi-detached	Jul-20	£159,950	786	£204	£198
17	Type EI	3	Semi-detached	Aug-20	£192,500	883	£218	£213
25	Type D	3	Semi-detached	Dec-20	£179,950	872	£206	£201
18	Type C	2	Semi-detached	Oct-20	£159,950	786	£204	£198
19	Type C	2	Semi-detached	Aug-20	£159,950	786	£204	£198
37	Type C	2	Semi-detached	Jul-20	£164,950	786	£210	£205
38	Type C	2	Semi-detached	Jul-20	£164,950	786	£210	£205
39	Type C	2	Semi-detached	Aug-20	£164,950	786	£210	£205
35	Type D	3	Semi-detached	Sep-20	£184,950	872	£212	£207
34	Type D	3	Semi-detached	Oct-20	£184,950	872	£212	£207
40	Type EI	3	Semi-detached	Sep-20	£192,500	883	£218	£213
Average Sale Price (ft ²)							£209	£204

3. Urban & Civic - Manchester New Square, M1 3AR

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
106	Apt - 560	1	Flat	Dec-20	£213,350	560	£381	£372
108	Apt - 603	1	Flat	Nov-20	£219,950	603	£365	£356
1101	Apt -775	2	Flat	Dec-20	£437,329	775	£564	£550
1102	Apt -775	2	Flat	Jan-21	£449,950	775	£581	£566
1103	Apt - 883	2	Flat	Nov-20	£442,000	883	£501	£488
1107	Apt - 603	1	Flat	Nov-20	£288,000	603	£478	£466
1207	Apt - 603	1	Flat	Nov-20	£252,152	603	£418	£408
1306	Apt - 969	3	Flat	Nov-20	£439,950	969	£454	£443
206	Apt - 560	1	Flat	Nov-20	£214,950	560	£384	£374
208	Apt - 603	1	Flat	Nov-20	£213,352	603	£354	£345
305	Apt - 883	2	Flat	Nov-20	£370,000	883	£419	£409
308	Apt - 603	1	Flat	Nov-20	£217,232	603	£360	£351
406	Apt - 560	1	Flat	Nov-20	£221,111	560	£395	£385
408	Apt - 603	1	Flat	Nov-20	£219,170	603	£364	£355
506	Apt - 560	1	Flat	Nov-20	£224,992	560	£402	£392
706	Apt - 560	1	Flat	Dec-20	£229,841	560	£411	£400
709	Apt - 689	2	Flat	Nov-20	£252,622	689	£367	£358
906	Apt - 560	1	Flat	Dec-20	£234,692	560	£419	£409
Average Sale Price (ft ²)							£423	£413

4. 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)	Net Sale Price (ft ²)
11	Apt	2	Flat	Apr-21	£222,871	775	£288	£280
44	Apt	2	Flat	Mar-21	£252,000	743	£339	£331
48	Apt	2	Flat	Apr-21	£239,416	710	£337	£329
69	Apt	2	Flat	Apr-21	£239,000	818	£292	£285
85	Apt	2	Flat	Oct-20	£245,554	721	£340	£332
86	Apt	2	Flat	Nov-20	£292,000	818	£357	£348
Average Sale Price (ft ²)							£326	£317

5. C&C - Crusader, MI 2EX

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
311	Apt	2	Flat	Apr-21	£335,000	893	£375	£366
Average Sale Price (ft ²)							£375	£366

6. Tibst Ltd - Transmission House, M4 IAE

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
110	Type A	2	Flat	Dec-20	£239,400	657	£365	£355
112	Type C	2	Flat	Nov-20	£278,042	775	£359	£350
119	Type E	2	Flat	Dec-20	£220,500	689	£320	£312
123	Type G	1	Flat	Oct-20	£179,550	538	£334	£325
202	Type A	2	Flat	Dec-20	£248,425	657	£378	£369
203	Type A	2	Flat	Dec-20	£248,425	657	£378	£369
206	Type H	2	Flat	Jan-21	£300,000	915	£328	£320
215	Type A	2	Flat	Nov-20	£225,000	657	£343	£334
219	Type E	2	Flat	Nov-20	£239,378	689	£347	£339
222	Type A	2	Flat	Jan-21	£237,931	657	£362	£353
223	Type G	1	Flat	Dec-20	£183,427	538	£341	£332
302	Type A	2	Flat	Dec-20	£253,175	657	£386	£376
305	Type A	2	Flat	Oct-20	£252,202	657	£384	£375
312	Type C	2	Flat	Dec-20	£272,650	775	£352	£343
314	Type G	1	Flat	Oct-20	£191,000	538	£355	£346
404	Type A	2	Flat	Dec-20	£258,875	657	£394	£384
409	Type A	2	Flat	Dec-20	£283,500	657	£432	£421
411	Type A	2	Flat	Nov-20	£260,288	657	£396	£387
420	Type I	1	Flat	Dec-20	£179,100	506	£354	£345
423	Type G	1	Flat	Dec-20	£189,000	538	£351	£342
502	Type A	2	Flat	Dec-20	£264,575	657	£403	£393
503	Type A	2	Flat	Nov-20	£264,575	657	£403	£393
506	Type H	2	Flat	Jan-21	£312,620	915	£342	£333
508	Type A	2	Flat	Oct-20	£259,350	657	£395	£385
512	Type C	2	Flat	Jan-21	£283,936	775	£366	£357
516	Type A	2	Flat	Oct-20	£271,142	657	£413	£403
519	Type E	2	Flat	Jan-21	£227,588	689	£330	£322
522	Type A	2	Flat	Oct-20	£237,600	657	£362	£353
523	Type G	1	Flat	Dec-20	£192,150	538	£357	£348
609	Type A	2	Flat	Jan-21	£260,000	657	£396	£386
617	Type A	2	Flat	Oct-20	£240,300	657	£366	£357
618	Type J	2	Flat	Dec-20	£240,300	732	£328	£320
620	Type I	1	Flat	Dec-20	£185,400	506	£366	£357
623	Type G	1	Flat	Dec-20	£195,300	538	£363	£354
704	Type A	2	Flat	Nov-20	£270,750	657	£412	£402
706	Type H	2	Flat	Oct-20	£340,000	915	£372	£362
710	Type A	2	Flat	Jan-21	£260,813	657	£397	£387
719	Type E	2	Flat	Dec-20	£267,000	689	£388	£378
817	Type I	1	Flat	Dec-20	£199,025	506	£393	£384
820	Type G	1	Flat	Nov-20	£218,950	538	£407	£397
903	Type D	3	Flat	Nov-20	£611,200	1184	£516	£503
904	Type B	2	Flat	Nov-20	£440,000	818	£538	£524
905	Type B	2	Flat	Nov-20	£440,000	818	£538	£524
Average Sale Price (ft ²)							£382	£372

7. 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)	Net Sale Price (ft ²)
1	Apt	2	Flat	Apr-21	£248,000	743	£334	£326
11	Apt	1	Flat	May-21	£175,398	506	£347	£338
12	Apt	1	Flat	Nov-20	£223,250	560	£399	£389
15	Apt	2	Flat	Feb-21	£284,000	646	£440	£429
16	Apt	2	Flat	Feb-21	£297,000	710	£418	£408
17	Apt	1	Flat	May-21	£243,238	463	£526	£512
18	Apt	2	Flat	Oct-20	£339,700	872	£390	£380
2	Apt	2	Flat	Dec-20	£255,000	807	£316	£308
21	Apt	1	Flat	Mar-21	£271,000	570	£475	£463
22	Apt	1	Flat	Nov-20	£252,000	570	£442	£431
23	Apt	1	Flat	Oct-20	£219,760	560	£393	£383
28	Apt	2	Flat	Mar-21	£282,000	700	£403	£393
3	Apt	2	Flat	Jan-21	£260,000	710	£366	£357
34	Apt	1	Flat	Mar-21	£255,000	570	£447	£436
35	Apt	1	Flat	Nov-20	£225,000	484	£465	£453
4	Apt	2	Flat	Nov-20	£284,314	721	£394	£384
40	Apt	2	Flat	Jan-21	£267,000	667	£400	£390
42	Apt	2	Flat	Oct-20	£290,978	657	£443	£432
45	Apt	1	Flat	Dec-20	£199,950	463	£432	£421
46	Apt	1	Flat	Apr-21	£235,000	570	£412	£402
47	Apt	1	Flat	Nov-20	£206,000	484	£425	£415
5	Apt	2	Flat	May-21	£251,656	743	£339	£330
51	Apt	2	Flat	Mar-21	£309,518	678	£456	£445
58	Apt	2	Flat	Feb-21	£310,555	958	£324	£316
6	Apt	2	Flat	Mar-21	£259,564	764	£340	£331
60	Apt	2	Flat	Feb-21	£215,592	818	£264	£257
61	Apt	2	Flat	May-21	£182,498	840	£217	£212
8	Apt	1	Flat	Mar-21	£242,000	581	£416	£406
9	Apt	1	Flat	Mar-21	£253,599	581	£436	£425
Average Sale Price (ft ²)							£395	£385

8. XI Developments - The Plaza, M4 7LT

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
201	Type 5	2	Flat	Dec-20	£192,500	700	£275	£268
302	Type 2	2	Flat	Oct-20	£155,000	538	£288	£281
304	Type 1	1	Flat	Dec-20	£117,500	506	£232	£226
404	Type 7	2	Flat	Oct-20	£245,000	786	£312	£304
406	Type 4	2	Flat	Dec-20	£193,000	689	£280	£273
603	Type 1	1	Flat	Oct-20	£149,250	506	£295	£288
Average Sale Price (ft ²)							£280	£273

9. 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)	Net Sale Price (ft ²)
27	Apt	2	Flat	Nov-20	£285,000	764	£373	£364
28	Apt	2	Flat	Nov-20	£210,000	581	£361	£352
29	Apt	2	Flat	Oct-20	£215,000	581	£370	£361
30	Apt	2	Flat	Nov-20	£365,000	980	£373	£363
31	Apt	2	Flat	Oct-20	£220,000	614	£359	£350
32	Apt	2	Flat	Nov-20	£330,000	893	£369	£360
33	Apt	2	Flat	Nov-20	£332,500	829	£401	£391
36	Apt	2	Flat	Nov-20	£355,000	926	£383	£374
42	Apt	2	Flat	Nov-20	£367,500	980	£375	£366
47	Apt	2	Flat	Nov-20	£330,000	818	£403	£393
59	Apt	2	Flat	Dec-20	£470,000	1130	£416	£405
60	Apt	2	Flat	Jan-21	£440,000	614	£717	£699
65	Apt	2	Flat	Oct-20	£366,500	861	£426	£415
66	Apt	2	Flat	Oct-20	£410,000	947	£433	£422
67	Apt	2	Flat	Nov-20	£370,000	829	£446	£435
8	Apt	2	Flat	Jan-21	£210,000	581	£361	£352
Average Sale Price (ft ²)							£410	£400

10. 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)	Net Sale Price (ft ²)
10	Apt	2	Flat	Oct-20	£245,000	743	£330	£322
102	Apt	2	Flat	Dec-20	£255,000	743	£343	£335
111	Apt	1	Flat	Feb-21	£185,000	527	£351	£342
116	Apt	2	Flat	Jan-21	£245,000	700	£350	£341
117	Apt	1	Flat	Oct-20	£190,000	527	£360	£351
131	Apt	1	Flat	Mar-21	£190,000	527	£360	£351
139	Apt	1	Flat	Oct-20	£189,000	527	£358	£349
143	Apt	2	Flat	Dec-20	£247,500	700	£354	£345
145	Apt	2	Flat	Dec-20	£257,500	753	£342	£333
155	Apt	1	Flat	Dec-20	£193,000	527	£366	£357
156	Apt	3	Flat	Oct-20	£397,500	1055	£377	£367
157	Apt	1	Flat	Feb-21	£195,000	527	£370	£360
163	Apt	1	Flat	Dec-20	£188,000	527	£356	£348
24	Apt	2	Flat	Nov-20	£252,500	700	£361	£352
26	Apt	2	Flat	Nov-20	£300,000	883	£340	£331
3	Apt	2	Flat	Dec-20	£290,000	764	£379	£370
31	Apt	2	Flat	Nov-20	£267,500	753	£355	£346
40	Apt	2	Flat	Dec-20	£272,500	764	£357	£348
45	Apt	2	Flat	Oct-20	£188,000	581	£323	£315
47	Apt	1	Flat	Nov-20	£185,000	527	£351	£342
57	Apt	2	Flat	Jan-21	£257,000	753	£341	£333
59	Apt	1	Flat	Feb-21	£181,000	527	£343	£335
60	Apt	2	Flat	Feb-21	£260,000	764	£340	£332
7	Apt	2	Flat	Oct-20	£295,000	764	£386	£376
71	Apt	1	Flat	Nov-20	£188,000	527	£356	£348
73	Apt	1	Flat	Nov-20	£177,500	527	£337	£328
8	Apt	2	Flat	Nov-20	£350,000	969	£361	£352
82	Apt	2	Flat	Jan-21	£280,000	764	£366	£357
84	Apt	2	Flat	Oct-20	£270,000	764	£353	£344
85	Apt	1	Flat	Dec-20	£180,000	527	£341	£333
91	Apt	2	Flat	Dec-20	£185,000	581	£318	£310
Average Sale Price (ft ²)							£352	£344

11. Beaumont Morgan - Hallmark Tower, M4 4FZ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
4	Apt	2	Flat	Apr-21	£274,000	678	£404	£394
9	Apt	2	Flat	Apr-21	£281,000	732	£384	£374
13	Apt	2	Flat	Apr-21	£276,000	657	£420	£410
14	Apt	2	Flat	Apr-21	£273,000	732	£373	£364
Average Sale Price (ft ²)							£395	£385

12. Euan Kellie Property Solutions - Block B, Local Crescent, Hulme Street, Salford, M5 4GT

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
609	592	2	Flat	Nov-20	£232,000	592	£392	£382
1401	700	2	Flat	Dec-20	£276,400	700	£395	£385
506	710	2	Flat	Dec-20	£256,146	710	£361	£352
1906	710	2	Flat	Jan-21	£327,758	710	£461	£450
1806	710	2	Flat	Jan-21	£294,792	710	£415	£405
1303	710	2	Flat	Jan-21	£305,791	710	£430	£420
Average Sale Price (ft ²)							£409	£399

13. Drumbeat - Middlewood Locks, Salford, M5 4YL

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft ²)	Gross Sale Price (ft ²)	Net Sale Price (ft ²)
LS 410	990	2	Flat	Mar-21	£344,000	990	£347	£339
LS 201	743	2	Flat	May-21	£262,000	743	£353	£344
LS 208	743	2	Flat	Feb-21	£264,000	743	£355	£347
LS 001	958	2	Flat	Nov-20	£344,000	958	£359	£350
LS 011	743	2	Flat	Dec-20	£272,000	743	£366	£357
MS 015	753	2	Flat	Oct-20	£258,000	753	£342	£334
LS 208	743	2	Flat	Feb-21	£262,000	743	£353	£344
MS 501	743	2	Flat	Oct-20	£260,000	743	£350	£341
LS 310	990	2	Flat	Apr-21	£342,000	990	£345	£337
LS 112	743	2	Flat	Nov-20	£262,000	743	£353	£344
LS 404	678	2	Flat	Mar-21	£264,000	678	£389	£380
LS 105	689	2	Flat	Feb-21	£248,000	689	£360	£351
LS 509	743	2	Flat	Jan-21	£268,000	743	£361	£352
MS 403	732	2	Flat	Oct-20	£262,000	732	£358	£349
MS 309	958	2	Flat	Aug-21	£316,350	958	£330	£322
MS 409	958	2	Flat	Aug-21	£316,350	958	£330	£322
LS 103	678	2	Flat	Feb-21	£260,000	678	£383	£374
MS 203	732	2	Flat	Dec-20	£258,000	732	£352	£344
MS 105	743	2	Flat	Jan-21	£262,000	743	£353	£344
LS 204	743	2	Flat	Jul-21	£258,000	743	£347	£339
MS 308	721	2	Flat	Dec-20	£262,000	721	£363	£354
MS 108	721	2	Flat	May-21	£270,000	721	£374	£365
MS 109	958	2	Flat	Aug-21	£318,200	958	£332	£324
MS 110	753	2	Flat	Aug-21	£234,950	753	£312	£304
MS 102	732	2	Flat	Aug-21	£238,650	732	£326	£318
MS 101	743	2	Flat	Aug-21	£234,950	743	£316	£308
MS 209	958	2	Flat	Aug-21	£312,650	958	£326	£318
LS 303	743	2	Flat	Oct-20	£266,000	743	£358	£349
Average Sale Price (ft ²)							£350	£341

Second Hand Sales

Search criteria: within 1 miles of postcode M3 1DG. Sales Completed within past 12 months.

Source: HM Land Registry

Address	Last sale price	Last sale date	Property type	Bedrooms
36, Bridgewater Street, Salford M3 7AS	£139,000	17/01/2020	Flat	2
Apartment 271, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£133,500	31/01/2020	Flat	1
Apartment 134, Block 3 Spectrum, Blackfriars Road, Salford M3 7BP	£250,000	07/02/2020	Flat	2
Apartment 260, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£133,500	06/02/2020	Flat	1
Apartment 211, Abito, 85, Greengate, Salford M3 7NB	£100,000	16/01/2020	Flat	1
Apartment 250, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£133,500	27/02/2020	Flat	1
Apartment 201, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£146,500	02/04/2020	Flat	1
4, Sandywell Lane, Salford M3 7FF	£400,000	27/02/2020	Terraced	
Apartment 195, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£220,000	20/03/2020	Flat	2
Apartment 625, Abito, 85, Greengate, Salford M3 7ND	£107,500	27/01/2020	Flat	1
Apartment 77, Block 3 Spectrum, Blackfriars Road, Salford M3 7BP	£220,000	15/05/2020	Flat	2
Apartment 192, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£146,500	14/04/2020	Flat	1
Apartment 702, Abito, 85, Greengate, Salford M3 7NE	£148,500	20/11/2020	Flat	1
Apartment 523, Abito, 85, Greengate, Salford M3 7ND	£103,000	15/03/2021	Flat	1
12, Twillbrook Drive, Salford M3 7AR	£140,000	13/11/2020	Flat	2
Apartment 108, Abito, 85, Greengate, Salford M3 7NB	£105,000	30/10/2020	Flat	1
Apartment 409, Abito, 85, Greengate, Salford M3 7ND	£105,000	01/03/2021	Flat	1
Apartment 117, Block 3 Spectrum, Blackfriars Road, Salford M3 7BP	£221,500	15/12/2020	Flat	2
Apartment 151, Block 3 Spectrum, Blackfriars Road, Salford M3 7EB	£228,500	10/12/2020	Flat	2
Apartment 196, Block 5 Spectrum, Blackfriars Road, Salford M3 7BT	£173,000	23/10/2020	Flat	1
14, Evans Street, Salford M3 7GE	£217,500	26/01/2021	Terraced	2 to 3
11, Georgette Drive, Salford M3 7AF	£130,000	05/02/2021	Flat	2
50, Springfield Lane, Salford M3 7FH	£335,000	29/01/2021	Terraced	
9, Sandywell Lane, Salford M3 7FF	£415,000	09/04/2021	Terraced	
1, Georgette Drive, Salford M3 7AF	£150,000	13/08/2021	Flat	2
16, Georgette Drive, Salford M3 7AF	£213,000	02/12/2020	Detached	
Land Adjoining, 10, Springfield Lane, Salford M3 7FH	£315,000	21/05/2021	Terraced	
7, Twillbrook Drive, Salford M3 7AR	£145,000	05/03/2021	Flat	2
Apartment 53, Block 3 Spectrum, Blackfriars Road, Salford M3 7BP	£82,000	02/06/2020	Flat	1
Apartment 308, Block 5 Spectrum, Blackfriars Road, Salford M3 7BU	£135,000	27/08/2020	Flat	1
Apartment 53, Springfield Court, 2, Dean Road, Salford M3 7EH	£95,000	24/02/2021	Flat	1

Second Hand Available

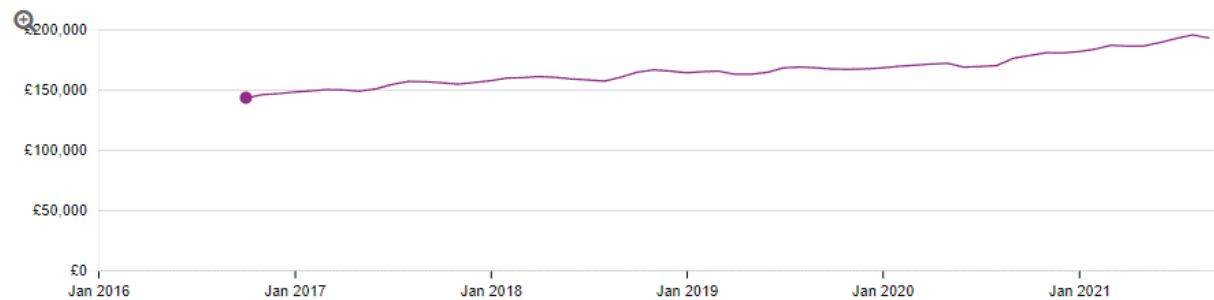
Search criteria: Modern apartments for sale within 0.5 mile of postcode M3 1DG

Source: www.rightmove.co.uk

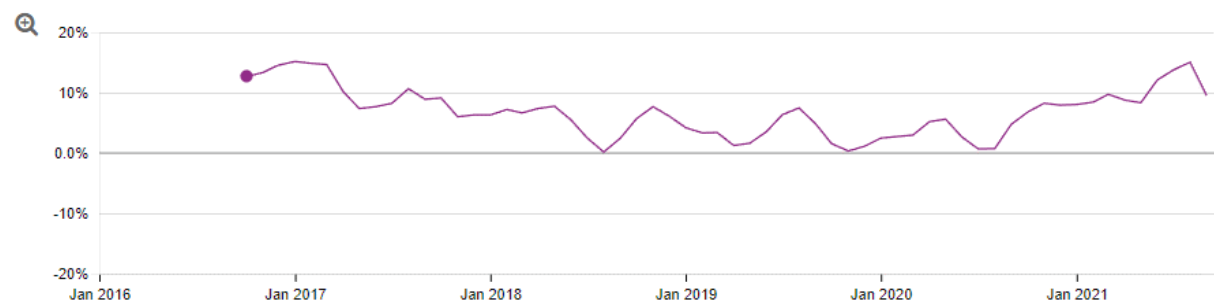
Address	Type	Bedrooms	Price
The Hallmark, Cheetham Hill Road	Flat	2	£320,000
Mirabel Street, Manchester	Flat	2	£260,000
The Sorting Office, Manchester	Flat	2	£249,950
Mirabel Street, Manchester	Flat	3	£240,000
The Sorting Office, Manchester	Flat	1	£210,000
Jefferson Place, Manchester	Flat	2	£180,000
Springfield Court, Salford	Flat	2	£165,000
Springfield Court, Salford	Flat	1	£130,000

Average price by type of property in Salford

Source: HM Land Registry



Percentage change (yearly) in Salford



Price Trends – M3 IDG

Market Characteristics	Salford	National
Market Size Indicator: no. of transactions	20,295	4,886,506
Market Size Indicator: total no. of properties	103,556	25,000,000
Market liquidity Indicator: transactions / properties	19.60%	19.55%
Market Growth Indicator: new homes built	4,306	570,561
Market Growth Indicator: new builds / transactions	21.22%	11.68%

Growth Rate	Salford	National
5 year house price growth	12.60%	6.90%
Last 12 months house price growth	9.50%	5.40%

Average House Prices

Source: HM Land Registry

Postcode Area – M3 IDG

Property Type	Aug-16	Aug-21	Change
Detached	£206,234	£310,000	50%
Semi	£177,802	£237,542	34%
Terraced	£134,623	£142,083	6%
Flat	£151,473	£185,877	23%
All	£153,871	£200,034	30%

Appendix 4 – Policy Compliant Residual Appraisal

REVENUE	File: Policy Compliant		
Let	7,717.00 sq-ft at 20.00 psf/pa	154,340	
Inv.Value-A	Net annual income	154,340	
	Capitalised at 8.5% Yield	1,815,765	
	Less Purchasers costs at 5.8%	99,541	1,716,224
Advance Income	for Inv.Value-A (12 months net rent)		154,340
Open Market Units Gdv			110,545,000
Affordable Units Gdv	-E		14,794,750
(Net Income: 154,340) (Inv.Sales: 1,716,224) (Dir.Sales: 125,339,750)		REVENUE	127,210,314
(Revenue Totals labelled -E do not attract Fees)			

COSTS

Construct		79,759,692	
Contingency	at 5.00%	3,987,985	
Professional Fees	at 10.00%	7,975,969	
		Build Costs	91,723,646
Letting Agents Fee	at 10.00%	15,434	
Letting Legal Fees	at 5.00%	7,717	
Direct Sale Agents Fee	at 3.50%	3,869,075	
Direct Sale Legal Fees		299,650	
		Disposal Fees	4,191,876
INTEREST	(See CASHFLOW)		14,256,691

6.50% pa	on Debt charged Monthly and compounded Monthly
Construct (bld.)	Month 1 to 36 (Aug 22 - Jul 25)
Contingency	Month 1 to 36 (Aug 22 - Jul 25)
Professional Fees	Month 1 to 39 (Aug 22 - Oct 25)
Direct Sale Agents Fee	Month 1 to 59 (Aug 22 - Jun 27)
Direct Sale Legal Fees	Month 36 to 59 (Jul 25 - Jun 27)
Investment Sales	Month 60 (Jul 27)
Advance Income	Month 48 to 60 (Jul 26 - Jul 27)
Open Market Units Gdv (sale)	Month 36 to 59 (Jul 25 - Jun 27)
Affordable Units Gdv (sale)	Month 36 to 59 (Jul 25 - Jun 27)

PROFIT	17,038,101	COSTS	110,172,213
PROFIT/SALE	13.39%	PROFIT/COST	15.46%

Appendix 5 – Residual Appraisal Reflecting Zero Affordable Housing

REVENUE		File: All Market Sale	
Let	7,717.00 sq-ft at 20.00 psf/pa	154,340	
Inv.Value-A	Net annual income	154,340	
	Capitalised at 8.5% Yield	1,815,765	
	Less Purchasers costs at 5.8%	99,541	1,716,224
Advance Income	for Inv.Value-A (12 months net rent)		154,340
Open Market Units Gdv			135,385,000
(Net Income: 154,340) (Inv.Sales: 1,716,224) (Dir.Sales: 135,385,000)		REVENUE	137,255,564

COSTS

Site Value		1,984,000	
Site Stamp Duty		88,700	
Site Legal Fees	at 0.50%	9,920	
Site Agency Fees	at 1.00%	19,840	
		Site Costs	2,102,460
Construct		79,759,692	
Contingency	at 5.00%	3,987,985	
Professional Fees	at 10.00%	7,975,969	
		Build Costs	91,723,646
Letting Agents Fee	at 10.00%	15,434	
Letting Legal Fees	at 5.00%	7,717	
Direct Sale Agents Fee	at 3.50%	4,738,475	
Direct Sale Legal Fees		299,650	
		Disposal Fees	5,061,276

INTEREST	(See CASHFLOW)	14,346,298
6.50% pa	on Debt charged Monthly and compounded Monthly	
Site Costs	Month 1 (Aug 22)	
Construct (bld.)	Month 1 to 36 (Aug 22 - Jul 25)	
Contingency	Month 1 to 36 (Aug 22 - Jul 25)	
Professional Fees	Month 1 to 39 (Aug 22 - Oct 25)	
Direct Sale Agents Fee	Month 1 to 59 (Aug 22 - Jun 27)	

Direct Sale Legal Fees	Month 36 to 59 (Jul 25 - Jun 27)
Investment Sales	Month 60 (Jul 27)
Advance Income	Month 48 to 60 (Jul 26 - Jul 27)
Open Market Units Gdv (sale)	Month 36 to 59 (Jul 25 - Jun 27)

PROFIT	24,021,884	COSTS	113,233,680
PROFIT/SALE	17.50%	PROFIT/COST	21.21%
IRR	N/A		



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