
MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



Prepared on behalf of:

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Introduction

Roger Hannah (hereafter “RH”) has been instructed by MI Piccadilly Ltd (hereafter “MIP”) to provide a financial viability assessment in respect of its proposed development at MI Piccadilly, Store Street, Manchester. The purpose of the report is to test the viability of MIP’s scheme and demonstrate the financial impact of the proposed planning obligations.

The report has been prepared to support a planning application for a 54no. apartment scheme and considers the economic impact that the proposed planning obligations to provide 20% affordable housing provision.

In relation to planning obligations associated with a particular development, paragraph 57 of the National Planning Policy Framework (NPPF) and the accompanying Planning Policy Guidance (PPG) paragraph 007, states it is up to MIP to demonstrate whether particular circumstances justify the need for a viability assessment at the decision-making 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 changes in site circumstances since the plan was brought into force.

The Manchester Core Strategy was adopted by Manchester City Council (MCC) in July 2012, and is the principle development plan document that guides development and controls decision making in Manchester. MCC are in the process of preparing Part 2 of the Local Plan document which deals with specific site allocations. Work on the Local Plan part 2 is delayed owing to delays in progressing the Greater Manchester Spatial Framework. Given the delays to preparation of the Local Plan Part 2 and time since adoption of the Core Strategy, planning policy in Manchester is considered dated.

PPG para 008 states “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”.

As MCC adopted planning documents pre-date the changes to the NPPF and accompanying PPG, there is no evidence based assessment to underpin the plan.

For the above reasons, we are of the opinion that considering viability at the decision making stage in this instance is fully justified and in full compliance with the revised NPPF and PPG.

Accordingly, this report considers the economic impact that Section 106 contributions would have on the viability of the proposed residential development.

We have structured the report as follows:

1. **Executive Summary & Conclusion**
2. **Terms of Engagement & Conflict Check**
3. **Location** – regional location analysis
4. **Situation** – locality review and how the site sits within the context of the surrounding area
5. **The Site** – background of the site itself
6. **Proposed Scheme** – overview of the proposed development
7. **Planning Context** – summary of the planning consent and development obligations
8. **Gross Development Value** – calculation of the assumed GDV
9. **Appraisal Methodology** – overview of NPPF and RICS guidance
10. **Development Appraisal & Conclusions** – assumptions and outputs for potential development

In testing the viability, it should be noted that we have had reference to the relevant guidance – including the adopted National Planning Policy Framework (updated as at July 2021), National Planning Practice Guidance (PPG) on Viability, the RICS Financial Viability in planning: conduct and reporting (May 2019) and RICS Guidance Note 94/2012 (GN94), which sets out a framework for undertaking viability appraisals of this nature.

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This report has therefore been prepared in accordance with agreed industry methodology which has been tested by stakeholders in both the public and private sectors. It is based on up to date, local information which will stand up to public scrutiny.

I. Executive Summary & Conclusion

Report Summary

We summarise the report's key findings and conclusion below:

- **Location** – Located in Manchester City Centre, approximately 200 metres to the north east of Manchester Piccadilly Station.
- **Situation** – The subject site is located on Store Street in the Piccadilly Basin area. The surrounding area is mixed used in nature with various industrial uses and car parks and several nearby purpose built apartment developments.
- **Site** – The site comprises a 0.18 acre piece of overgrown shrubland that has previously been earmarked for residential development. The general level of the site is some three metres above the level of Store Street,
- **Proposed Development** – 54 apartments comprising a mix of one, two and three bed apartments delivered across ground plus 15 storeys.
- **Planning context** – The subject site has been granted three previous planning permissions for residential development and is also allocated for residential development in the MCC Brownfield Site Register (2019).
- **Gross Development Value** – Based on a local market review we have adopted an overall GDV of £14.615m, equating to £385 per sq ft overall. This reduces to £13.75m (£362 per sq ft) after inclusion of a 20% affordable housing provision.
- **Appraisal methodology** – This report and the use of the residual approach is in accordance with the adopted NPPF (July 2021) and RICS guidance on viability reporting. We have adopted a benchmark land value of £675,000, based on its existing use plus a 50% premium for being released as residential development.
- **Development appraisals and conclusion** – We have prepared a residual development appraisal that shows the residual land value of the proposed development.

Conclusion

This scheme, based on the assumed costs, delivers a residual land value of £206,564, which reflects a significant deficit to the Benchmark Land Value and sufficiently demonstrates that viability is a material consideration at the site.

This justifies a zero Section 106 agreement – both financial contributions and an on-site affordable provision.

2. Terms of Engagement & Conflict Check

Terms of Engagement	Enclosed at Appendix I is a copy of our signed terms of engagement.
Conflict of Interest	We confirm that no conflict of interest exists that would preclude Roger Hannah from undertaking this instruction.
Contingent Fee	We confirm that no performance related or contingent fees have been agreed with our instructing client.
Objectivity	In carrying out this review exercise the surveyor has acted: • Objectively • Impartially • Without interference • With reference to all appropriate available sources of information

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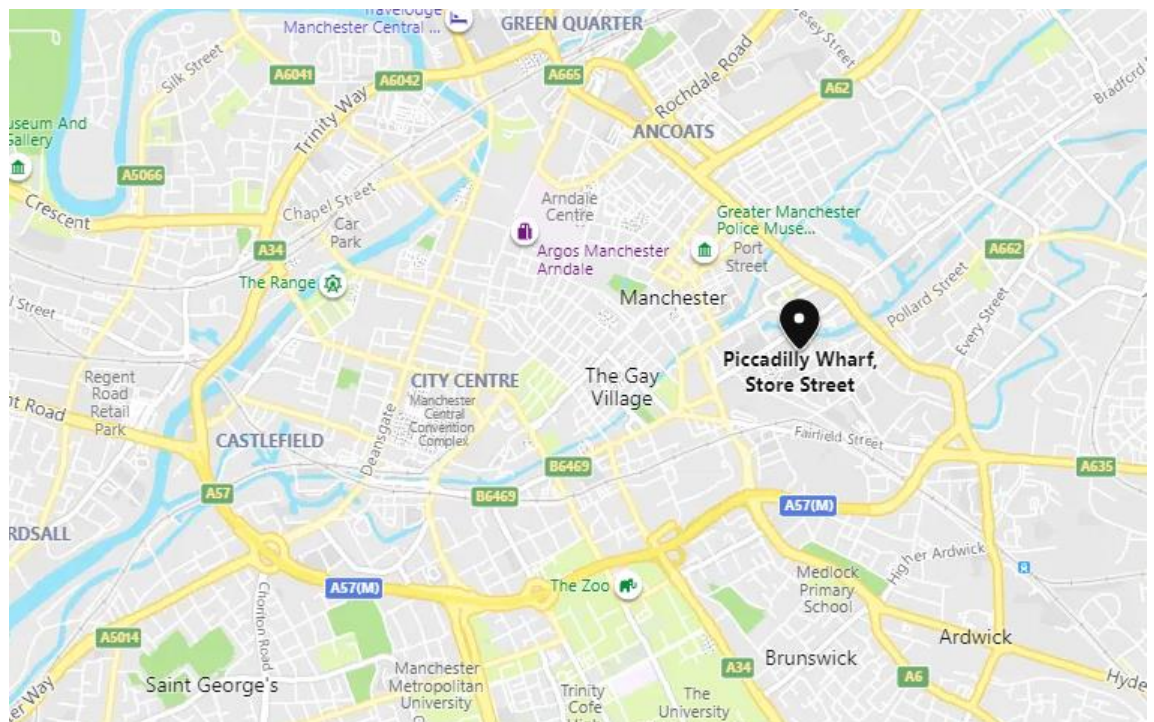


3. Location

Location

- Located on Store Street in Manchester city centre, approximately 200 metres to the north east of Piccadilly Station.
- The surrounding area was historically an industrial part of the city, with the canal network a key element in its development.
- Increased residential development the area in recent years, along with substantial amounts of development in surrounding New Islington, Ancoats and Northern Quarter areas.
- The site benefits from excellent public transport connectivity being conveniently close to Piccadilly Station which also provides access to the tram network. Piccadilly Gardens bus station is approximately 0.5 miles from the site.
- Store Street links to Great Ancoats Street / Manchester Ring Road (A665) approximately 500 metres to the east of the site. This links to all arterial roads out of the city centre, which in turn links to the wider motorway network.
- The situation also benefits from its proximity to Manchester city centres retail and leisure provision.

Source: Bing Maps



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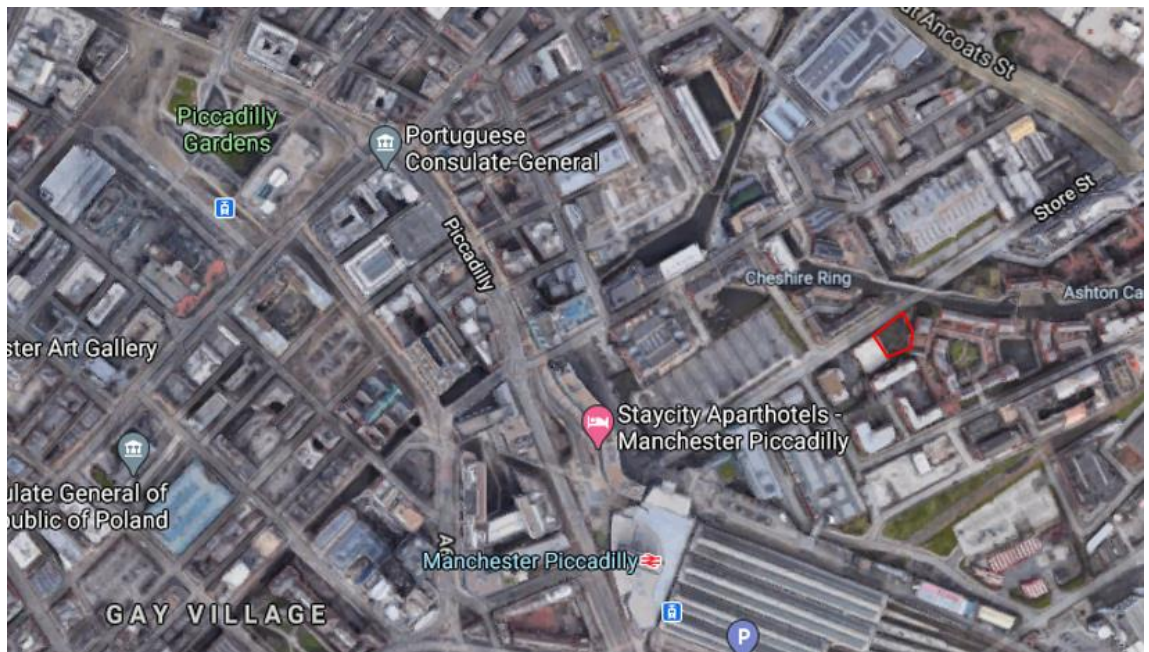


4. Situation

Overview

- The site currently has no active frontage in relation to Store Street, with a retaining wall fronting the site.
- The immediate vicinity is mixed used in nature with various industrial uses and car parks surrounding the site along with several purpose built apartment developments.
- The site is located at the western edge of the Piccadilly Village area of the city centre. Piccadilly Village is a waterside residential led development, based around two canal basins, namely James Brindley Basin and Thomas Telford Basin.
- Included below is a plan showing the site's positioning within the locality:

Source: Google Maps



Surrounding Uses

- To the south and south east of the site there is previous residential developments from the Piccadilly Village at Thomas Telford Basin. There is an early 2000's apartment development known as Wharf Close located to the north west of the site.
- There are two industrial warehouse units and associated parking located adjacent to the west of the site.
- The site lies adjacent to the Grade II* Listed Ashton aqueduct. The Ashton Canal runs adjacently to the north east of the site. To the east of the Ashton Canal comprises a similar site to the Subject which recently gained planning permission for a development of 66no. dwellings.

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5. The site

Tenure	We have assumed the site is held Freehold and is unencumbered in terms of potential development.
The Site	We have taken approximate measurements only of the site area, which we understand to be 0.18 acres (0.07 hectares). The approximate site boundaries are outlined on the plan below.
Source: Google Maps	 An aerial photograph from Google Maps showing an urban area with a canal, roads, and buildings. A specific plot of land is outlined with a red polygon, indicating the subject site. The site is located between a canal to the north and a road to the south, with various industrial and commercial buildings nearby.
Historic Use	The area surrounding the subject site has a long industrial past fed by the canal network and rail system, comprising uses such as Cotton Mills, brass and ironworks and foundries. This industrial past is still evident in the mill buildings and topography which shapes the area. The subject site comprises overgrown shrubland. It has long been identified as a development site with several planning consents for residential development granted.
Topography	The site is effectively landlocked on 3 sides with the fourth side fronting onto Store Street in the form of a retaining wall along the back edge of the paving line. The general level of the site is some three metres above the level of Store Street, equating to approximately one storey level.
Flood Risk Analysis	We have investigated the site on the Environment Agency Website and note that despite being situated immediately south of the Ashton Canal, the whole site is located in Flood Zone 1 (i.e. lowest risk of flooding).
Access	As previously noted, the site is accessed directly off Store Street. At present there is a large retaining wall in place as ground level sits well above Store Street – from approximately 2.0m to as much as 4.0m. This will require retaining structures on all aspects of the site, other than Store Street. We include below an image demonstrating the position:

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Abnormal Costs

At this stage, we have not been provided with any abnormal cost information. Invariably for any development site there will be a level of abnormal cost associated with bringing forward development.

The subject site has a number of constraints that we would expect to incur abnormal costs, notably:

- The general level of site is currently approximately two to six metres above Store Street which will require levelling and breaking up.
- The surrounding aspects of the site will all need retaining structures – this will be particularly complex along with the western boundary which abuts an existing property.
- Given the industrial history of the area there is likely to be issues with contaminated ground – albeit this may be dealt with as part of the required excavation to take the site down to ground level.
- Abnormal costs relating to providing services to significant number of new units above existing infrastructure.
- S278 costs in relation to access from Store Street.

Typically based on our recent experience, abnormal costs for apartment developments are in the region of £5,000 to £15,000 per plot.

In the absence of detailed cost information, we have adopted a conservative assumption of £5,000 per plot for abnormal costs, equating to a total cost of £270,000.

In reality, based on the above constraints, we consider that abnormal costs are likely to be closer to the top end of the identified range.

6. Proposed Development

Proposed Scheme	The proposed development comprises a ground plus 15 storey tower with additional basement space. The development will comprise 54no. apartments along with a resident’s communal lounge.																																																																																																																																						
Description	The proposed development extends to a gross internal area of 4,949 sq m (53,269 sq ft), with a net internal area of 3,528 sq m (37,979 sq ft). This equates to a gross to net ratio of 71.30%. A summary of the accommodation is as follows: • 2no. studio apartments • 16no. one bedroom apartments • 32no. two bedroom apartments • 3no. three bedroom apartments • Ground floor and basement resident’s amenity space The table below provides a summary of the proposed mix of units at the proposed development. A full breakdown of the floorplans can be found at Appendix 2 along with proposed accommodation across each floor at Appendix 3.																																																																																																																																						
Unit Mix	<table><tr><th colspan="8">Development Mix</th></tr><tr><th colspan="2">Type</th><th>% Mix</th><th>No. Units</th><th>sq m</th><th>sq ft</th><th>Total sq m</th><th>Total sq ft</th></tr><tr><td rowspan="2">Studio</td><td>1A</td><td>1.9%</td><td>1</td><td>37.4</td><td>403</td><td>37.4</td><td>403</td></tr><tr><td>1B</td><td>1.9%</td><td>1</td><td>37.8</td><td>407</td><td>37.8</td><td>407</td></tr><tr><td rowspan="4">1 bed</td><td>1C</td><td>7.4%</td><td>4</td><td>48.3</td><td>520</td><td>193.2</td><td>2,080</td></tr><tr><td>1D</td><td>7.4%</td><td>4</td><td>47.7</td><td>513</td><td>190.8</td><td>2,054</td></tr><tr><td>1E</td><td>7.4%</td><td>4</td><td>46.1</td><td>496</td><td>184.4</td><td>1,985</td></tr><tr><td>1F</td><td>7.4%</td><td>4</td><td>48.8</td><td>525</td><td>195.2</td><td>2,101</td></tr><tr><td rowspan="5">2 bed</td><td>2A</td><td>1.9%</td><td>1</td><td>71.8</td><td>773</td><td>71.8</td><td>773</td></tr><tr><td>2B</td><td>18.5%</td><td>10</td><td>70.0</td><td>753</td><td>700.0</td><td>7,535</td></tr><tr><td>2C</td><td>13.0%</td><td>7</td><td>60.3</td><td>649</td><td>422.1</td><td>4,543</td></tr><tr><td>2D</td><td>13.0%</td><td>7</td><td>67.0</td><td>721</td><td>469.0</td><td>5,048</td></tr><tr><td>2E</td><td>13.0%</td><td>7</td><td>70.5</td><td>759</td><td>493.5</td><td>5,312</td></tr><tr><td>2 bed duplex</td><td>2F</td><td>1.9%</td><td>1</td><td>94.0</td><td>1012</td><td>94.0</td><td>1,012</td></tr><tr><td rowspan="3">3 bed duplex</td><td>3A</td><td>1.9%</td><td>1</td><td>197.4</td><td>2125</td><td>197.4</td><td>2,125</td></tr><tr><td>3B</td><td>1.9%</td><td>1</td><td>131.0</td><td>1410</td><td>131.0</td><td>1,410</td></tr><tr><td>3C</td><td>1.9%</td><td>1</td><td>110.7</td><td>1192</td><td>110.7</td><td>1,192</td></tr><tr><td colspan="2">Total</td><td>100%</td><td>54</td><td></td><td></td><td>3,528</td><td>37,979</td></tr></table>	Development Mix								Type		% Mix	No. Units	sq m	sq ft	Total sq m	Total sq ft	Studio	1A	1.9%	1	37.4	403	37.4	403	1B	1.9%	1	37.8	407	37.8	407	1 bed	1C	7.4%	4	48.3	520	193.2	2,080	1D	7.4%	4	47.7	513	190.8	2,054	1E	7.4%	4	46.1	496	184.4	1,985	1F	7.4%	4	48.8	525	195.2	2,101	2 bed	2A	1.9%	1	71.8	773	71.8	773	2B	18.5%	10	70.0	753	700.0	7,535	2C	13.0%	7	60.3	649	422.1	4,543	2D	13.0%	7	67.0	721	469.0	5,048	2E	13.0%	7	70.5	759	493.5	5,312	2 bed duplex	2F	1.9%	1	94.0	1012	94.0	1,012	3 bed duplex	3A	1.9%	1	197.4	2125	197.4	2,125	3B	1.9%	1	131.0	1410	131.0	1,410	3C	1.9%	1	110.7	1192	110.7	1,192	Total		100%	54			3,528	37,979
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Construction Cost	The Applicant is current in the process of having a full cost review undertaken for the scheme. Whilst an initial exercise has been undertaken, this provides for a build cost of c.£230.00 psf excluding abnormals, fees and contingency. of design engineering to be concluded. We consider there is the opportunity to undertake a value engineering exercise to reduce this cost to a more competitive rate.																																																																																																																																						

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	As such, at this stage we have considered the BCIS mean and median quartile rates for six storey plus apartments, re-adjusted to the Manchester Locality. This provides for the following rates: • Median Quartile: £1,715 per sq m (£159.33 per sq ft) • Mean: £1,831 per sq m (£170.10 per sq ft) We have applied a rate of £162.50 per sq ft, which is slightly above the Median Quartile figure. After adding in all other costs including externals, abnormalities, contingency, professional fees this equates to an all in cost of £199 per sq ft. We consider this to be a competitive rate for high rise city centre builds – particularly given the challenging nature of the site. It should be noted that construction costs across the board have increased in recent months, which has not yet been fully factored into BCIS rates. Also city centre build costs have risen significantly. BCIS cost data does not include any costs associated with connection to mains service and external works. We have applied a typical allowance of 3% for external works.
Cladding	As part of on-going consultation with MCC, the Applicant is required to provide a significant 'over and above' upgrade to the cladding. This was from a polyester powder coated product to an anodised solution. The cost differential is £330,000 up to £720,000 – a quote can be provided if required. We have included within our appraisal an additional cost £390,000 to account for this.

7. Planning Context

Introduction

We have considered below the prospect of the subject site being brought forward for residential development, which is relevant for this report in respect of forming a view on the Benchmark Land Value to be adopted within the appraisals – see Section 9 of this report.

We have considered national and local planning policies. As noted below, all point towards the site being suitable for residential development.

Current National Planning Policy

All development is regulated by the National Planning Policy Framework (NPPF), which was updated in July 2021 and promotes sustainable development that is in line with local policy – it states that:

“Plans and decisions should apply a presumption in favour of sustainable development”.

One of the key objectives of the NPPF, where residential development is concerned, is to meet the needs of the present without compromising the ability of future generations to meet their own needs. The presumption in favour of sustainable development includes approving development proposals that accord with the development plan without delay.

Keeping this in mind, the redevelopment of a car park and former mill site, the subject site fully represents sustainable development, which is in line with national policy and therefore characterises favourable development.

Current Local Planning Policy

We summarise below the principal adopted planning documents regulating new development and relevant to the subject site.

The Manchester Core Strategy (July 2012) was adopted under the pre NPPF national guidance and therefore its policies must be read in this context and appropriate weight attached to them. Where policies have been superseded by Government Guidance set out in the NPPF the weight which can be attached to these policies would be significantly reduced. Notwithstanding this we consider the following policies relevant to the subject site:

- Policy SO3 identifies the need for a significant increase in the quality and provision of housing in sustainable locations within the city, including affordable housing.
- Policy CC3 sets out the minimum requirement of 16,500 homes to be provided in the city centre in the period 2010 to 2027.
- Policy CC6 sets out a strong emphasis on the need to maximise the use of land and delivery of high density schemes.
- Policy H8 sets out a target of 20% affordable housing provision on all sites of 0.3 Ha or greater or where 15 or more units will be provided. The policy seeks 5% to be for social rent and the remaining 15% intermediate properties. The policy states that the proportion of affordable housing units will reflect the type and size of the development as a whole; and where appropriate provision will be made within Section 106 agreements to amend the proportion of affordable housing in light of changed economic conditions, subject to a financial viability assessment.

In addition to the Core Strategy we have also had regard to the following planning documents:

- Brownfield Site Register (2019) – The site is allocated within the Brownfield Site Register (ref: Anco_Cap_703). The Brownfield Land Register lists previously developed sites that MCC consider suitable, available and achievable for at least five dwellings over the next 15 years.

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	- Manchester Piccadilly Strategic Regeneration Framework (2018) - The document represents a revised version of the one originally published in 2014 and updates the strategy based on the current position. The strategic principles for the area identify a high density, mixed use form of development. There is a desire to see higher buildings at main road junctions and also along main routes into the city centre such as Store Street. The site at Store Street falls within the East Village area, which is identified as being suitable for mixed use development with a residential focus around the canal basins. - Manchester Unitary Development Plan (1995) – Following the adoption of the Core Strategy a number of policies were saved and remain part of the development plan.
Subject Site Planning History	The subject site has previously received the following planning permissions: - Planning Ref (107245/FO/2014/C2) – Planning permission granted in March 2016 for the erection of 13 storey building comprising 34 apartments (3 x 1 bed, 28 x 2 bed and 3 x 3 bed duplex) with ground floor D2 Use. - Planning Ref (070326/FO/2003/C3) – Planning permission granted in February 2006 for construction of new residential development for 16 no apartments with associated car parking and external landscaping. - Planning Ref (070322/FO/2003/C3) – Planning permission granted in May 2004 for construction of 56 apartments comprising 18 one bedroom apartments and 38 two bedroom apartments with associated parking and landscaping. The previously approved planning applications have therefore set a precedent for residential development at the subject site. Based on the highly positive planning position detailed above, there is no reason why planning permission should be withheld and we feel the site will readily gain planning consent.
Planning Obligations	MCC has advised the scheme is subject to 20% on site affordable housing provision. As noted, we have provide two separate appraisals, i.e. with and without the 20% affordable housing contribution.

8. Gross Development Value

Market Research Approach	Within this section we have undertaken a headline review of the national, regional and local residential markets, which informs the context of a potential new build scheme at the subject site.
National Residential Context	The May 2021 RICS UK Residential Survey results point to a widening disparity between demand and supply within the market, with the flow of new listings deteriorating over the month while buyer enquiries rose at a solid rate. As such, these dynamics continue to exert a considerable amount of upward pressure on house prices, as respondents across all parts of the UK reported a strong pick-up once again. Across the UK as a whole, a net balance of +32% of survey participants noted an increase in new buyer enquiries during May, marking the third successive positive monthly reading for this indicator. Although the latest figure has eased slightly compared to +45% last time round, it remains consistent with a solid uptick in demand nonetheless. Alongside this, newly agreed sales also rose over the month, evidenced by a net balance of +30% of contributors reporting an increase. Again, this measure has cooled slightly compared to a return of +47% posted two months prior, but is still signalling strong momentum behind sales at present. That said, when looking to the future, the near term sales expectations net balance moderated to just +10% in May (from +21% last month), suggesting growth in sales volumes may soften a little further in the coming three months once the Stamp Duty holiday begins to be tapered out through to September. What's more, at the twelve month time horizon, sales expectations have now turned flat, registering a net balance of -5% compared to +12% previously. Conversely, there has been no sign of house price inflation losing any steam up to now. In fact, the headline net balance rose to +83%, up from +76% beforehand, representing a fourth successive month in which upward pressure on house price has seemingly intensified. When disaggregated, all parts of the UK continue to display strong feedback regarding house price growth, with exceptionally sharp readings being posted in Northern Ireland, the South West and North West of England, as well as in Wales. Going forward, a national net balance of +45% of respondents envisage a continued rise in house prices over the near term (virtually unchanged from a figure of +47% previously). Likewise, twelve month price expectations remain elevated, with a net balance of +64% of contributors anticipating an increase over the year to come. Underpinning the recent acceleration in price growth, new instructions coming onto the market have become increasingly scarce over recent months, with the latest net balance coming in at -23% (down from a figure of -4% in April). Consequently, the gap between the new buyer enquires and new instructions series is now at its widest since November 2013, signalling a real mismatch between supply and demand. In terms of the pipeline for fresh listings going forward, survey participants are reporting that the number of market appraisals being undertaken is up on a twelve month comparison (net balance +24%), which could translate into an improved number of sales instructions in due course. In the lettings market, tenant demand growth remains firm at the national level, with the latest net balance standing at +48% in May (+56% in April). At the same time, the survey's indicator on new landlord instructions remained in negative territory for a tenth consecutive month. On the back of this, a net balance of +55% of respondents foresee a pickup in rents over the near term. Over the next twelve months, contributors continue to pencil in around 3% growth in headline rents. Meanwhile, the outlook appears to be recovering somewhat in London, with both the three and twelve month rental growth expectations series moving into positive territory.

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Regional Residential Context	According to Land Registry UK, in the past year average house prices in Manchester were marginally higher than the previous year with an average house price of £226,113, reflecting an 8% rise in average prices from the previous year. In the past year, sales in Manchester reflected an average price of £363,134 for detached properties, £247,436 for semi-detached, £194,060 for terraced and £192,999 for flats.
Central Manchester Context	According to Rightmove, the majority of sales in Manchester city centre during the last year were flats, selling for an average price of £261,874. Overall, sold prices in Manchester city centre over the last year were 12% up on the previous year and 20% up on the 2018 peak of £217,468.
Comparable Developments	There has been a significant amount of new build development in the past five years across Manchester city centre. This has included significant developments within the Piccadilly area itself, namely at Oxygen Tower and Crusader Works. There has also been considerable development within the Ancoats and New Islington areas of the city centre. Detailed below is market evidence from a number of comparable developments.
Oxygen Towers, Property Alliance Group	Oxygen is a 31 storey development comprising 12 townhouses to the ground floor with one, two and three bed apartments above. The development is located approx. 300 metres to the east of the development, on the junction of Store Street and Great Ancoats Street. Oxygen benefits from its highly prominent position and provides high specification apartments with resident's gym, pools, cinema room and sky garden. We are aware of the following recent sales at Oxygen: • Eight sales of one bedroom apartments, ranging in size from 446 to 621 sq ft. Gross sales prices range from £259,325 to £287,302, reflecting a range of £462 to £606 per sq ft. The units achieving prices per sq ft towards the top end of the range are all situated on the 25th floor and sold at a premium to reflect height and views. The remaining sales are of units on the third floor which achieved values towards the bottom of the identified range. • Eight sales of two bedroom apartments, ranging in size from 704 to 962 sq ft. Gross sales prices range from £364,105 to £433,650, reflecting a range of £451 to £602 per sq ft. Similarly, the price per sq ft increases the higher within the tower the unit is located. We note that Property Alliance adopted an overseas sales model for this development. The sales rates therefore need adjusting to reflect the significant brokerage and marketing costs adopted for overseas sales, which are effectively added onto the purchase price. The above sales rates reflect £450 - £600 per sq ft – after deduction of 10% to reflect this increased marketing and brokerage costs, these reduce to approximately £400 – £540 per sq ft.
Crusader Mill, Capital & Centric	Crusader Mill comprises a part conversion, part new build development. The development is located approximately 200 metres south of the subject site. The development is targeted specifically owner occupiers and will provide larger footprints given the existing footprint of the mill. The development forms part of a wider Capital and Centric development that has established a market of itself in the area. A one bedroom flat extending to 521 sq ft is currently being marketed at £205,000, reflecting £393 pcf. A two bedroom flat extending 804 sq ft is currently being marketed at an asking price of £315,000, reflecting £391 per sq ft. We understand that historically apartments have typically been reserved at asking price, reflecting to £370 to £390 per sq ft.

MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



	We understand from speaking to sales agents at the development, that apartments have typically been reserved at asking price, reflecting to £370 to £400 per sq ft.																																																	
One Vesta Street, Manchester Life	One Vesta Street comprises a development of 169 apartments set over eight storeys. The development is located in New Islington, approximately 500 metres to the east of the subject site. We are aware of the following asking prices at One Vesta Street: - A 535 sq ft one bedroom apartment on the seventh floor is currently being marketed for an asking price of £200,000, reflecting £374 per sq ft. - There are nine two bedroom apartments available, with asking prices ranging from £250,000 to £290,000, reflecting a range of £340 to £373 per sq ft. - A 725 sq ft three bedroom apartment on the third floor currently marketed for an asking price of £260,000, reflecting £359 per sq ft. Sales performance at the development was strong during 2020, with 80 sales listed at Land Registry from January 2020 to November 2020. Gross sales values range from £169,000 to £420,000, with an achieved average price per sq ft of £359.																																																	
Islington Wharf Locks, Waterside Places	Islington Wharf Locks comprises a substantial development over four phases by Waterside Places. The development is located in New Islington, approximately 500 metres east of the subject site. We understand that sales values for 1 bed units at Phase 3 ranged from £163,950 to £212,000 reflecting a range of £285 to £412 per sq ft. Sales values for 2 bed units ranged from £250,000 to £300,000, reflecting a range of £327 to £392 per sq ft. Average sales values at Phase 3 of the development equated to £334 per sq ft.																																																	
Re sales	We have also researched the sales of existing apartment stock from within the vicinity which are detailed below: <table><tr><th>Address</th><th>Type</th><th>Sale Price</th><th>Sale Date</th><th>Sq M</th><th>Sq ft</th><th>£ psf</th></tr><tr><td>Apartment 3, Bridge House, Ducie Street, M1 2DQ</td><td>Flat</td><td>£220,000</td><td>Oct-20</td><td>63</td><td>678</td><td>£324</td></tr><tr><td>Apartment 12, Bridge House, Ducie Street, M1 2DQ</td><td>Flat</td><td>£210,000</td><td>Oct-20</td><td>70</td><td>753</td><td>£279</td></tr><tr><td>27 James Brindley Basin, M1 2NL</td><td>Flat</td><td>£253,200</td><td>Sep-20</td><td>75</td><td>807</td><td>£314</td></tr><tr><td>17 John Smeaton Court, M1 2NR</td><td>Flat</td><td>£148,000</td><td>Jun-20</td><td>48</td><td>517</td><td>£286</td></tr><tr><td>54 Thomas Telford Basin, M1 2NH</td><td>Flat</td><td>£232,000</td><td>Jul-20</td><td>62</td><td>667</td><td>£348</td></tr><tr><td>Apartment 3, Bridge House, Ducie Street, M1 2DQ</td><td>Flat</td><td>£220,000</td><td>Oct-20</td><td>63</td><td>678</td><td>£324</td></tr></table>	Address	Type	Sale Price	Sale Date	Sq M	Sq ft	£ psf	Apartment 3, Bridge House, Ducie Street, M1 2DQ	Flat	£220,000	Oct-20	63	678	£324	Apartment 12, Bridge House, Ducie Street, M1 2DQ	Flat	£210,000	Oct-20	70	753	£279	27 James Brindley Basin, M1 2NL	Flat	£253,200	Sep-20	75	807	£314	17 John Smeaton Court, M1 2NR	Flat	£148,000	Jun-20	48	517	£286	54 Thomas Telford Basin, M1 2NH	Flat	£232,000	Jul-20	62	667	£348	Apartment 3, Bridge House, Ducie Street, M1 2DQ	Flat	£220,000	Oct-20	63	678	£324
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Market Commentary	New build sales evidence surrounding the site shows average sales values ranging from £334 to £527 per sq ft. The top end of the range has been achieved at Oxygen, which comprises a landmark development that will be delivered to a high specification with resident’s gym, pools, cinema room and sky garden. The weight of the evidence is in the region of £350 to £400 per sq ft.																																																	

MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



GDV: No Affordable

Based on the above evidence, we have given consideration to potential values achievable at the subject site. We would note that several of the proposed units comprise large apartments that will have a gross sales value ceiling price and are therefore discounted on a per sq ft basis to reflect quantum.

Below is a full breakdown of our GDV, which equates to £14,615,000, which reflects an overall average of £385 per sq ft. We have adopted these values for the purpose of our appraisals.

Development Mix								
Type		% Mix	No. Units	Sq M	Sq Ft	£ Per Unit	£ PSF	Total Value
Studio	IA	1.9%	1	37.4	403	£165,000	£410	£165,000
	IB	1.9%	1	37.8	407	£165,000	£406	£165,000
1 bed	IC	7.4%	4	48.3	520	£210,000	£404	£840,000
	ID	7.4%	4	47.7	513	£205,000	£399	£820,000
	IE	7.4%	4	46.1	496	£200,000	£403	£800,000
	IF	7.4%	4	48.8	525	£205,000	£390	£820,000
2 bed	2A	1.9%	1	71.8	773	£300,000	£388	£300,000
	2B	18.5%	10	70.0	753	£295,000	£392	£2,950,000
	2C	13.0%	7	60.3	649	£250,000	£385	£1,750,000
	2D	13.0%	7	67.0	721	£275,000	£381	£1,925,000
	2E	13.0%	7	70.5	759	£290,000	£382	£2,030,000
	2F	1.9%	1	94.0	1012	£375,000	£371	£375,000
3 bed	3A	1.9%	1	197.4	2125	£750,000	£353	£750,000
	3B	1.9%	1	131.0	1410	£500,000	£355	£500,000
	3C	1.9%	1	110.7	1192	£425,000	£357	£425,000
Totals		100%	54	3,528	37,979		£385	£14,615,000

GDV: 20% Affordable

We have provided a second appraisal, including a 20% affordable provision. We have allocated a mix of the 1 and 2 bed apartments as affordable.

Based on a 30% discount to the above open market sales values, the GDV adjusts downwards to £13.75m. Included at Appendix 4 is a full breakdown of the GDV with the affordable units.

9. Appraisal Methodology

Financial Viability	The purpose of the report is to test the viability of MIP's scheme and demonstrate the financial impact of the proposed planning obligations.
Planning Policy Guidance	The National Planning Policy Framework (NPPF), originally published in March 2012, has been updated in July 2021. In the previous NPPF, it explicitly set out that the level of affordable housing / Section 106 contributions should not be burdensome to the point of prohibiting a developer from making a reasonable return (Para 173). The underlying theme is that planning obligations should not render development unviable and therefore compromise the deliverability of local authority development plans. The updated NPPF (July 2021) carries forward this underlying theme, which is stated in Para 2 of the National Planning Practice Guidance (PPG) on Viability (also published in July 2018). It states that: <i>"Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan".</i> The key difference with the revised NPPF (July 2021) is that it envisages viability assessments should be undertaken at the plan making stage by the relevant local authority, and tailoring planning obligations accordingly. The NPPF para 57 states <i>"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."</i> The PPG para 007 expands on this and states <i>"such circumstances could include, for example where a 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"</i>
RICS Guidance	The RICS has published the Financial Viability in Planning Guidance Note (GN 94/2012), which sets out accepted good practice in relation to advising on financial viability. The Guidance Note defines financial viability for planning purposes as follows: <i>"An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering the project."</i> In terms of the method of assessing financial viability, the guidance note is clear in terms of this being at the discretion of the practitioner however, it does state: <i>'The residual appraisal methodology for financial viability testing is highlighted where either the level of return or residual Site Value can be an input and the consequential output (either a residual land value or return respectively) can be compared to a benchmark to assess the impact of planning obligations or policy implications on viability.'</i> A residual appraisal is a standard approach adopted by Chartered Surveyors and developers in testing the viability of a proposed development.

MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



Residual Appraisal	Based on the relevant guidance we have adopted a residual appraisal method – specifically using Argus Developer software, which is accepted across the industry. Each appraisal takes the Gross Development Value (the combined value of the completed development) and deducts all associated delivery costs, which include: • Profit Margin – we have adopted a profit margin of 20% on costs which we consider for a development of this nature. Given that the proposed development is an apartment scheme and tightly bordered by existing buildings to the north of the site, there is additional development risk and therefore the margin should arguably be higher. • Site preparation costs – principally remediation and levelling. • Construction costs. • Professional fees. • Finance. The output of the above is the resultant residual land value. The residual land value is then reviewed in the context of the Benchmark Land Value and whether the development provides a sufficient return to incentivise the release of the land for development.
Appraisal Assumptions	We have provided the detailed assumptions within Section 10 of this report.
Benchmark Land Value	In any typical viability assessment, a benchmark land value is used and it represents the existing use value of the site plus a premium (defined as “EUV+” within the NPPG). In determining the premium, it should reflect <i>“the minimum return at which it is considered a reasonable landowner would be willing to sell their land”</i>. This is to include realistic deemed planning consents and be balanced against emerging policies. <u>Existing Use Value</u> The site is currently overgrown shrubland that has not been in any particular use for some time. The site is located in a mixed use area, with surrounding uses including residential, industrial and car parking. Notwithstanding this, given the topography of the site we do not consider industrial, or car parking uses feasible at the site in its current state. The site is effectively landlocked on three sides with the fourth side fronting onto Store Street in the form of a retaining wall along the back edge of the paving line. The general level of the site is some two to four metres above the level of Store Street, equating to approximately one storey level. We consider the only use that could effectively incorporate the topography of the site into an appropriate design is a high-rise residential development as proposed. In terms of the subject site and the impact that its planning history has on value, it is clear that it complies with adopted policy as it has previously received consent for a similar residential development in 2014 (post adoption of the Manchester Core Strategy). It is also allocated within the Manchester Brownfield Site Register which lists previously developed sites that MCC consider suitable, available, and achievable for at least five dwellings over the next 15 years. In relation to unconditional land transactions in recent years for development sites in the city centre, we are aware of prices being paid ranging from £2.5m per acre to upwards of £8m per acre. This shows how strong the residential land market within the city centre is, even for sites not benefitting from planning permission. Given the subject sites extremely strong likelihood of receiving a residential planning permission, we anticipate there would be a high level of demand for the site in its existing use without the benefit of planning.

MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



	Based on a land value of £2.5m per acre, in line with the lower end of the identified range, this would generate an existing value of £450,000 for the subject site. <u>Landowners Premium</u> As stated above, 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. We are aware of premiums ranging from 20 to 50% being applied in viability assessments by other consultants in Manchester city centre. A key site specific factor in determining the uplift is the planning position of the site, with sites considered more likely to receive consent for residential development invariably demanding greater premiums to reflect the landowners expectations. As previously mentioned, the planning position at the subject site is very strong based on the sites previous planning consents for residential development and the allocation in the Manchester Brownfield Register as residential development site within the next 15 years. Based on this, we believe that a premium of 50% would represent the minimum incentive required for a landowner to release their site for development in this particular instance. When applied to the EUV of £450,000, this results in a total BLV for the site of £675,000.
Alternative Use Value	In addition to assessing BLV based on the EUV+ approach, we have also considered the BLV based on Alternative Use Value (AUV). Given our experience in several city centre deals and based on recent city centre transactions, we consider the EUV+ in conjunction with transactional market evidence. In our experience, residential developments in the city centre on subject to planning deals, typically transact for per plot values in the region of £20,000 to £30,000. There are various factors that will impact on the value achieved, including build costs and site specific abnormal costs, location and number of units. Based on the proposed development of 54 units, and our EUV+ of £675,000, this equates to c. £12,500 per plot. Whilst below the per plot values identified above, there is limited evidence of policy compliant transactions within the city centre, and we consider that the £12,500 per plot provides sufficient discount to account for planning gain.

10. Development Appraisal & Conclusions

Overview	Within this section we consider the Gross Development Value (GDV), associated development costs and residual land value.		
Affordable Housing	As noted, we have provided a separate appraisal, which adopts a 20% affordable housing provision. Unless otherwise stated, the assumptions provide below apply to both appraisals.		
Assumptions	Detailed below are all the assumptions, we have applied to our residual appraisals.		
GDV	Zero Affordable 20% Affordable	£14,615,000 £13,752,500	See Section 8.
Land Acquisition Costs	Benchmark Land Value Stamp Duty Agent & Legal Fees	£675,000 See Appraisal 1.8%	See Section 9 Calculated using HMRC's calculator. Standard agent and legal costs.
Construction Costs	Gross to Net Base Build	71.30% £162.50	See Section 6
External Costs	External Works	3.0% of base build	
Abnormal Costs	Abnormal Costs	£270,000	An assumed £5,000 per plot.
Contingency	Single Cost	3% applied to base build, externals and the cladding 5% applied to abnormal costs	A standard assumption is in the region of 3-5%. We have applied the lower end to the standard costs and the upper end to the abnormal costs.
Professional Fees	Single Cost	7.5% of construction cost, external works, abnormal costs and contingency. This is also inclusive of planning application, planning consultant and ground survey costs.	A standard assumption would be 7-10%, excluding planning application and consultancy fees along with the associated survey work. We have included an 7.5% fee, which includes all of the above.
Finance	Finance	7.0%	A standard assumption would be 6-8%. We understand in reality lending costs are in excess of this level in the current market.
Disposal Costs	Marketing & Agent Fees Legal Fees	3% of GDV £500 per unit	The 3.0% is applied to all units except the 20% affordable

MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



			provision. The Legal Fees is applied to all units.
Timescales - construction	Pre-development Construction	6 months 18 months	Initial site preparation works Reflecting a delivery rate of c.3 apartments a month
Timescales - sales	Revenue	12 months	Assumes 50% of sales off market on completion of construction, with sales rate of 3.5 apartments per month thereafter.
Target Profit	An accepted developer return for a residential scheme of this nature would be 18-20% of GDV for the open market sales. We have adopted 18% of GDV, which is at the lower end of the scale and arguably conservative for a higher risk city centre tower scheme. In terms of the 20% affordable units we have adopted a lower 12% profit on GDV, which provides an adjusted overall profit market of 17.12%.		
Residual Land Value	Based on the above assumptions, the appraisals are providing the following returns. See Appendix 5 and Appendix 6 for the full residual appraisals.		
		Scenario 1 No Affordable Housing	Scenario 2 20% Affordable Housing
	Appendix	Appendix 5	Appendix 6
	Section 106	No affordable provision	20% affordable provision
	GDV	£14.62m	£13.75m
	Total Costs	£11.98m	£11.64m
	Profit on GDV	£2.63m (18%)	£2.35m (17.12%)
	Residual Land Value	£206,564	(£211,738)
	Deficit to BLV	-£468,436	-£886,738
Conclusion	This scheme, based on the assumed costs, delivers a residual land value of £206,564, which reflects a significant deficit to the Benchmark Land Value and sufficiently demonstrates that viability is a material consideration at the site. This justifies a zero Section 106 agreement – both financial contributions and an on-site affordable provision.		
Sensitivity Analysis	We have undertaken a sensitivity analysis of certain inputs where the position could be improved. This is required by the RICS Professional Statement (2019). We have adopted the BCIS build rates and sale rate and run a sensitivity analysis to find out how they affect the residual profit. The table below outlines the impact on land value through 2.5% adjustments to both sales rates and build costs.		

MI Piccadilly, Store Street, Manchester

Financial Viability Assessment



Sales: Rate /ft²

	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
-5.000%	£13,884,250	£14,249,625	£14,615,000	£14,980,375	£15,345,750
154.38 /ft²	(£161,789)	(£393,234)	(£630,957)	(£865,416)	(£1,099,132)
-2.500%	£13,884,250	£14,249,625	£14,615,000	£14,980,375	£15,345,750
158.44 /ft²	£62,249	(£184,175)	(£419,740)	(£653,456)	(£887,173)
0.000%	£13,884,250	£14,249,625	£14,615,000	£14,980,375	£15,345,750
162.50 /ft²	£293,761	£38,643	(£206,564)	(£441,497)	(£675,213)
+2.500%	£13,884,250	£14,249,625	£14,615,000	£14,980,375	£15,345,750
166.56 /ft²	£528,693	£269,842	£15,136	(£228,946)	(£463,254)
+5.000%	£13,884,250	£14,249,625	£14,615,000	£14,980,375	£15,345,750
170.63 /ft²	£764,837	£504,481	£245,924	(£8,127)	(£251,295)

The dashed blue line on the table represents the scenarios whereby a sufficient margin is made in order to justify Section 106. This requires an increase in sales rates AND reduction in build cost.

APPENDIX I

Terms of Engagement



Piccadilly Wharf Ltd
Alex House
260/8 Chapel Street
Salford
Manchester
M3 5JZ

25th February 2021

Dear Faizal

Financial Viability Assessment – Piccadilly Wharf, Store Street, Manchester

Further to our correspondence with Diane Ellis of Zerum in relation to the above proposed development, I can confirm Roger Hannah Ltd will be delighted to act on your behalf.

We have had sight of proposed scheme, which will comprise a tower of 17 storeys for residential use, together with parking spaces, cycle storage spaces, and residents' pool, gym, workspace, lounge, and garden terrace facilities.

To assist you with your planning application we will provide a viability assessment broadly structured as follows:

1. Surveyor independence – qualifying statements confirming our ability to act and in accordance with the recently adopted RICS mandatory requirements.
2. Location – at regional and local levels.
3. Site – overview of the site, along with summaries of the ground conditions and detailed estimate remediation budgets (to be provided by yourselves)
4. Development proposal – overview of the proposed development.
5. Planning policy context – site level review of the adopted planning policy, which helps inform our opinion of the Benchmark Land Value (in accordance with the updated NPPF)
6. Local market – full review / analysis of the housing market (including comparables) to inform our opinion on the gross development value.
7. Viability methodology – overview of the NPPF position on viability and RICS guidance on methodology with reference to the adopted plan and the information and viability assessment that underpins them explaining why viability should be considered at the plan making stage.
8. Development appraisal assumptions – detailed overview and justification of our appraisal assumptions.
9. Development appraisals – residual appraisal(s) (using Argus Developer), which if appropriate will include a separate appraisal with the proposed Section 106 contributions and Section 106 affordable housing.
10. Conclusions – analysis of development appraisals and commentary as to whether the imposition of planning obligations undermine the viability and deliverability of the proposed development.

This report would be provided in full accordance with the NPPF (February 19), planning policy guidance on viability and RICS mandatory reporting requirements.

The report will be undertaken by MIRCS qualified staff and overseen at Director level.

Our fee for undertaking this work will be [REDACTED], which will be invoiced and payable upon completion of the report.

Please find enclosed our standard terms of business, together with an acknowledgement for signature and return.

I trust this is satisfactory, however please do not hesitate to contact me if you require any further information.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'T Shepherd'.

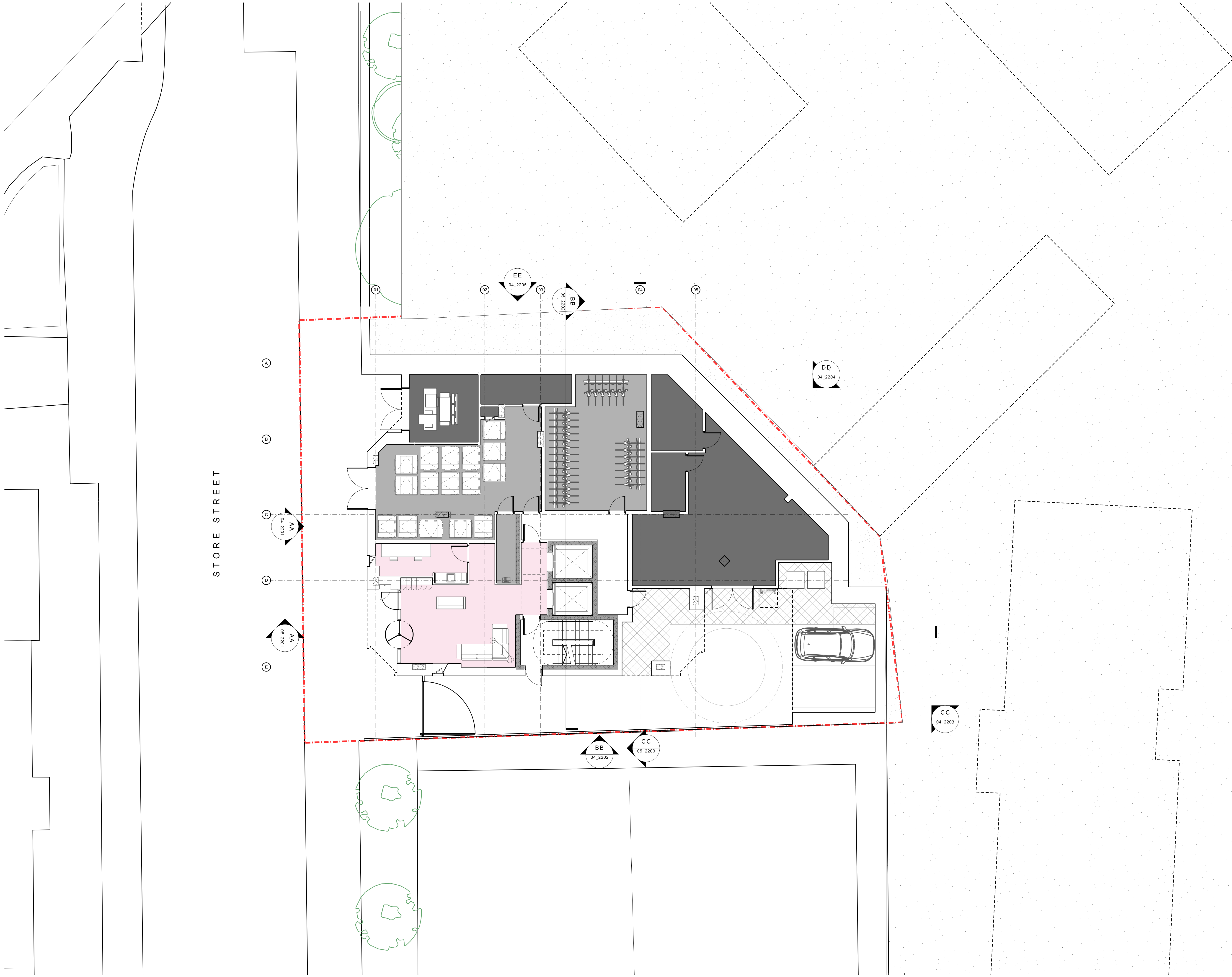
Tom Shepherd MRICS
Director
For and on behalf of
ROGER HANNAH LTD

Mobile: 07800 549 049

Email: tomshepherd@roger-hannah.co.uk

APPENDIX 2

Floorplans



Copyright of this drawing is vested in 5plus Architects and it must not be copied or reproduced without written consent. Figures shown are only as a guide and are not to be used for construction. Do not scale from this drawing.

All Contractors must take the site and are responsible for making and checking all dimensions prior to their work. 5plus Architects are to be advised of any variation between drawings and site conditions.

Structural steel drawings based on steel only and should not be interpreted for reinforcement.

All dimensions and levels should be fixed only from those values stated in text, on the drawings.

CONSTRUCTION - It is considered that the proposed works are within the scope of a competent Contractor and as such no contract documents have been provided, refer to relevant Joint Schedule Designers Risk Assessment.

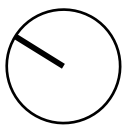
KEY PLAN:

- Application Boundary
- Studio
- One Bed Apartment
- Two Bed Apartment
- Two Bed Duplex
- Three Bed Duplex
- Reception
- Resident's Lounge
- Refuse / Cycle Store
- Plant Space
- Terrace

NOTE: Site and boundary information based on survey S20-SST-T provided by Geo UK Ltd, 14/01/21. Further detail for surrounding buildings based on Ordnance Survey data and leasehold information where access to survey private land was not permitted.

G	16/06/21	Issued for planning.
F	07/06/21	Issued for information.
E	01/06/21	Issued for information.
D	17/03/21	Structural design added. Issued for information.
C	05/03/21	Issued for information.
B	20/01/21	Issued for information.
A	03/11/20	Indicative structural layout added

REV:	DATE:	DETAILS:
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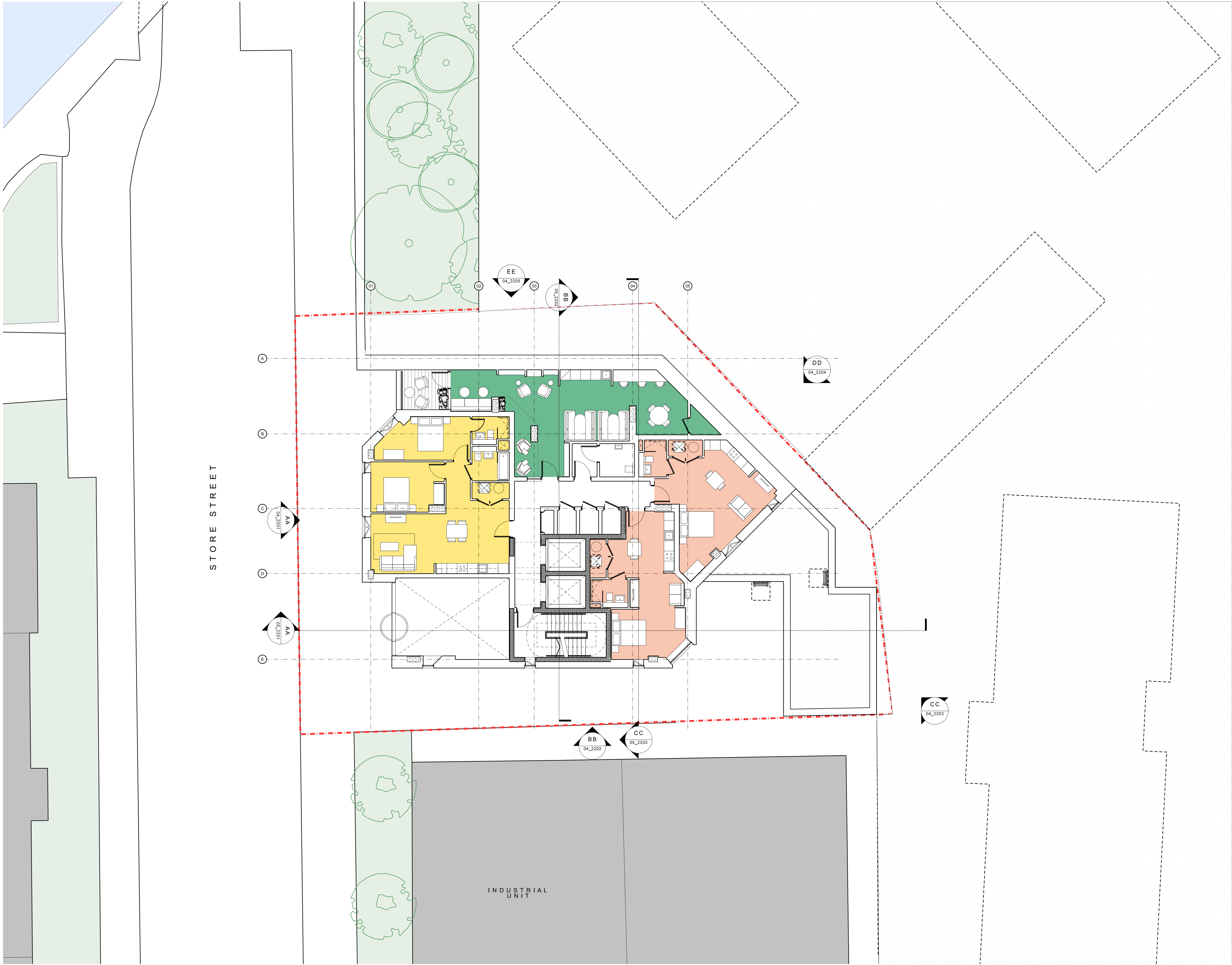


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PROJECT:
M1 Piccadilly
Store Street
TITLE:
Proposed General Arrangement Plans
Ground Floor
SCALE: 1:100 @ A1
ORIGIN DATE: 22/10/20
DRAWN: MS
CHECKED: PN
STATUS:
Planning
PROJECT: 05868_ B1_02_2200
DRAWING NO:
REV: G



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All Contractors must take the site and are responsible for reading and checking all dimensions readily to their work. 5plus Architects are to be advised of any variation between drawings and site conditions.

Architects' notes are to be read only and should not be interpreted for construction.

CONSTRUCTION - It is confirmed that the proposed works are within the scope of a competent Contractor and as such no contract documents have been provided, refer to relevant First Schedule Designers Note Assessment.

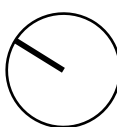
KEY PLAN:

- Application Boundary
- Studio
- One Bed Apartment
- Two Bed Apartment
- Two Bed Duplex
- Three Bed Duplex
- Reception
- Resident's Lounge
- Refuse / Cycle Store
- Plant Space
- Terrace

NOTE: Site and boundary information based on survey S20-S81-T provided by Geo UK Ltd, 14/01/21. Further detail for surrounding buildings based on Ordnance Survey data and leasehold information where access to survey private land was not permitted.

E	16/06/21	Issued for planning
D	01/06/21	Issued for information
C	27/05/21	Issued for information
B	20/04/21	Issued for information
A	29/03/21	Issued for information

REV.	DATE	DETAILS
------	------	---------



5plus architects

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PROJECT:
M1 Piccadilly
Store Street

TITLE:
Proposed General Arrangement Plans
First Floor

SCALE: 1:100 @ A1

ORIGIN DATE: 22/10/20

DRAWN: MS

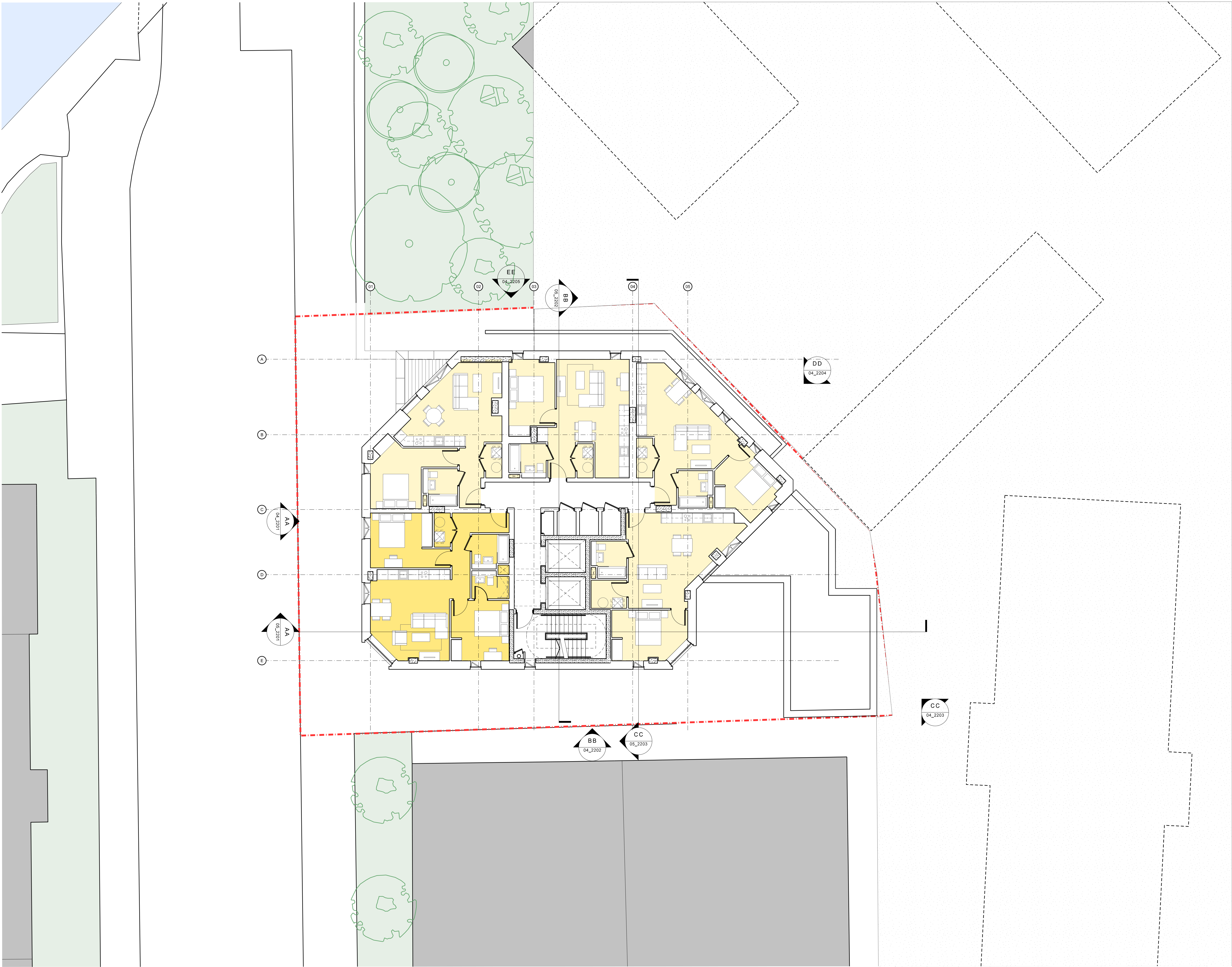
CHECKED: PN

STATUS:
Planning

PROJECT: 05868_ B1_02_2201

DRAWING NO:

REV: E



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Electronic files should be saved as 'read only' and should not be overwritten for amendments. All dimensions and levels should be 'read only' from these values stated in text, on the drawings.

CONSTRUCTION - It is confirmed that the proposed works are within the scope of a competent Contractor and as such no contract documents have been provided, refer to relevant Part Schedule Designation Risk Assessment.

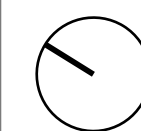
KEY PLAN:

- Application Boundary
- Studio
- One Bed Apartment
- Two Bed Apartment
- Two Bed Duplex
- Three Bed Duplex
- Reception
- Resident's Lounge
- Refuse / Cycle Store
- Plant Space
- Terrace

NOTE: Site and boundary information based on survey S20-SST-T provided by Geo UK Ltd, 14/01/21. Further detail for surrounding buildings based on Ordnance Survey data and leasehold information where access to survey private land was not permitted.

E 16/06/21 Issued for planning.
D 01/06/21 Issued for information.
C 20/04/21 Issued for information.
B 05/03/21 Issued for information.
A 20/01/21 Issued for information.

REV: DATE: DETAILS:



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PROJECT:
M1 Piccadilly
Store Street

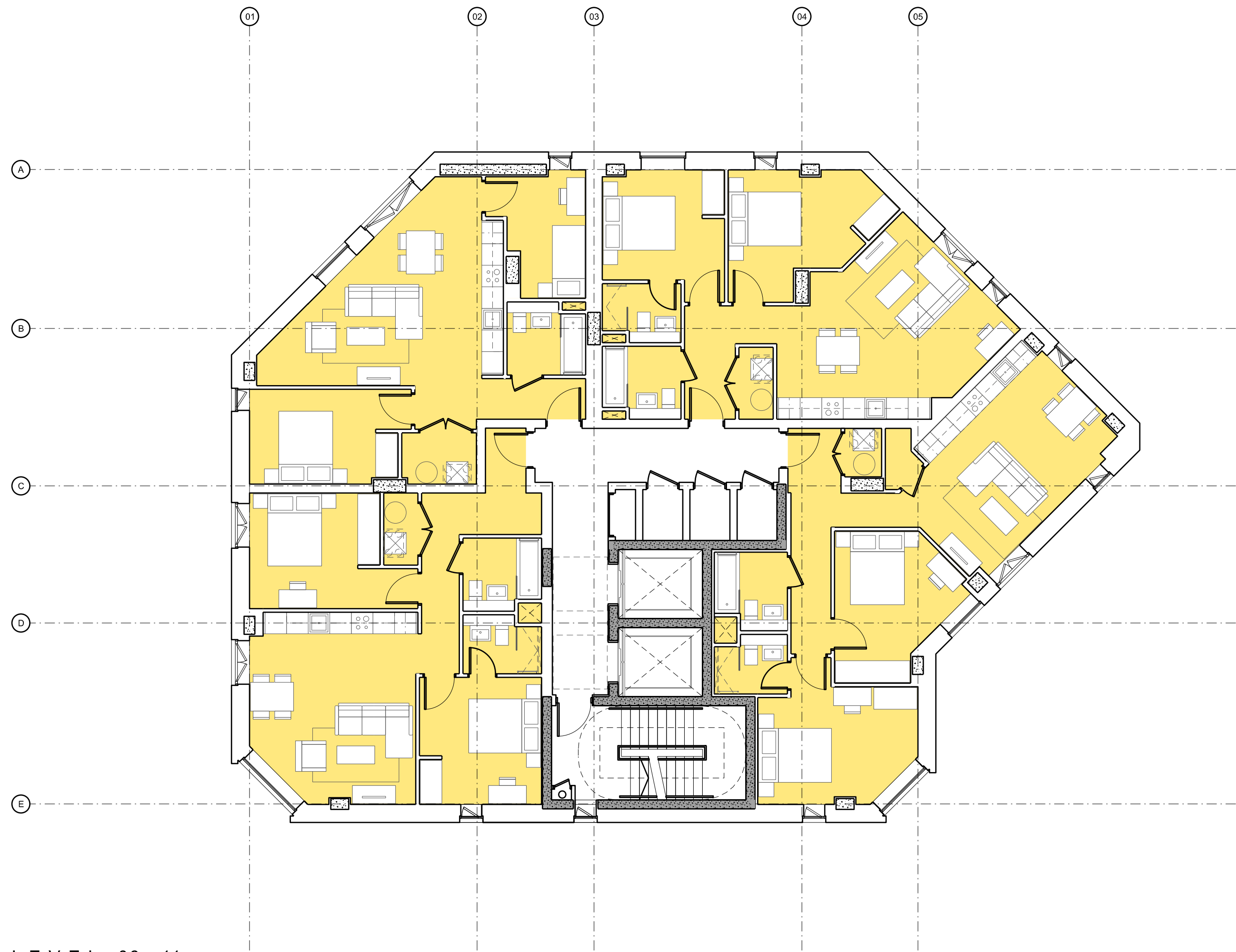
TITLE:
Proposed General Arrangement Plans
2nd Floor

SCALE: 1:100 @ A1 ORIGIN DATE: 22/10/20 DRAWN: MS CHECKED: PN

STATUS:
Planning

PROJECT DRAWING NO:
05868_ B1_02_2202

REV:
E



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Electronic files should be saved as 'read only' and should not be overwritten or overwritten.

All dimensions and levels should be 'read only' from those values stated in text, on the drawings.

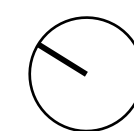
CONSTRUCTION - It is considered that the proposed works are within the scope of a competent Contractor and as such no contract documents have been provided, refer to relevant Part Schedule Designation for Assessment.

KEY PLAN:

- Application Boundary
- Studio
- One Bed Apartment
- Two Bed Apartment
- Two Bed Duplex
- Three Bed Duplex
- Reception
- Resident's Lounge
- Refuse / Cycle Store
- Plant Space
- Terrace

NOTE: Site and boundary information based on survey S20-S81-T provided by Geo UK Ltd, 14/01/21. Further detail for surrounding buildings based on Ordnance Survey data and leasehold information where access to survey private land was not permitted.

REV: | DATE: | DETAILS:



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PROJECT:
M1 Piccadilly
Store Street

TITLE:
Proposed General Arrangement Plans
3rd - 13th Floor

SCALE: 1:100 @ A1

ORIGIN DATE: 15/06/21

DRAWN: MS

CHECKED: PN

STATUS:
Planning

PROJECT: 05868_ B1_02_2203

DRAWING NO:

REV: 0

APPENDIX 3

Schedule of Accommodation

Accommodation Schedule



Key		Project Name:	M1 Piccadilly, Store Street
Studio Apartment		Project Number:	05868
1 Bed Apartment		File Reference:	0.03
2 Bed Apartment		Issue Date:	23/06/2021
2 Bed Duplex		Revision:	A
3 Bed Duplex / Triplex		Revision Notes:	Issued for Planning

NOTE: These areas are approximate. They relate to the likely areas of the building at the current state of the design and using the stated option from the Code of Measuring Practice, RICS/SCV. Any decision to be made on the basis of these predictions, whether as a project viability, pre-letting, lease agreements or the like, should include the due allowance for the increases and decreases inherent in the design development and the building process.

Level	Floor-Floor	Areas																				
	m	Gross Internal Area (GIA)		Net Internal Area (NIA)		Net:Gross	1A	1B	1C	1D	1E	1F	2A	2B	2C	2D	2E	2F	3A	3B	3C	Total
		sqm	sqft	sqm	sqft	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
							37.4 sqm	37.8 sqm	48.3 sqm	47.7 sqm	46.1 sqm	48.8 sqm	71.8 sqm	70 sqm	60.3 sqm	67 sqm	70.5 sqm	94 sqm	197.4 sqm	131 sqm	110.7 sqm	
	46	4,949	53,269	3,522	37,911	71	1	1	4	4	4	4	1	10	7	7	7	1	1	1	1	54
15		7	75	7	75	100																0
14	3	301	3,240	230	2,476	76																0
13	3.4	298	3,212	227	2,443	76												1		1	1	3
12	3	338	3,638	266	2,861	79									1	1	1		1			4
11	3.4	340	3,664	268	2,885	79								1	1	1	1					4
10	3	340	3,664	268	2,885	79								1	1	1	1					4
9	3	340	3,664	268	2,885	79								1	1	1	1					4
8	3	340	3,664	268	2,885	79								1	1	1	1					4
7	3	340	3,664	268	2,885	79								1	1	1	1					4
6	3	340	3,664	268	2,885	79								1	1	1	1					4
5	3	339	3,653	259	2,791	76			1	1	1	1		1								5
4	3	339	3,653	259	2,791	76			1	1	1	1		1								5
3	3	339	3,653	259	2,791	76			1	1	1	1		1								5
2	3	339	3,653	259	2,791	76			1	1	1	1		1								5
1	3.4	282	3,040	147	1,582	52	1	1					1									3
G	3	322	3,466	0	0	0																0
Sub-Total							2		16			32					1	3			54	

Mix	1.9%	1.9%	7.4%	7.4%	7.4%	7.4%	1.9%	18.5%	13.0%	13.0%	13.0%	1.9%	2%	2%	2%	100%
	3.7%		29.6%				59.3%					1.9%	5.6%			100%

Car	no.		Cycle	no.	
Internal	0		Internal	54	
External	2		External	0	
Total	2	4%	Total	54	100%

APPENDIX 4

Gross Development Value

Development Mix						AFFORDABLE UNITS @ 70% of OMV		
Type		% Mix	No. Units	Sq M	Sq Ft	£ Per Unit	£ PSF	Total Value
Studio	1A	1.9%	1	37.4	403	£165,000	£410	£165,000
	1B	1.9%	1	37.8	407	£165,000	£406	£165,000
1 bed	1C	7.4%	4	48.3	520	£210,000	£404	£840,000
	1D	7.4%	4	47.7	513	£205,000	£399	£820,000
	1E	5.6%	3	46.1	496	£200,000	£403	£600,000
	1E AFF	1.9%	1	46.1	496	£140,000	£282	£140,000
	1F	5.6%	3	48.8	525	£205,000	£390	£615,000
	1F AFF	1.9%	1	48.8	525	£143,500	£273	£143,500
2 bed	2A	1.9%	1	71.8	773	£300,000	£388	£300,000
	2B	14.8%	8	70.0	753	£295,000	£392	£2,360,000
	2B AFF	3.7%	2	70.0	753	£206,500	£274	£413,000
	2C	7.4%	4	60.3	649	£250,000	£385	£1,000,000
	2C AFF	5.6%	3	60.3	649	£175,000	£270	£525,000
	2D	9.3%	5	67.0	721	£275,000	£381	£1,375,000
	2D AFF	3.7%	2	67.0	721	£192,500	£267	£385,000
	2E	9.3%	5	70.5	759	£290,000	£382	£1,450,000
	2E AFF	3.7%	2	70.5	759	£203,000	£268	£406,000
	2F	1.9%	1	94.0	1,012	£375,000	£371	£375,000
3 bed	3A	1.9%	1	197.4	2,125	£750,000	£353	£750,000
	3B	1.9%	1	131.0	1,410	£500,000	£355	£500,000
	3C	1.9%	1	110.7	1,192	£425,000	£357	£425,000
Totals			54	3,528.3	37,979		£362	£13,752,500

APPENDIX 5

Development Appraisal Scenario I: Zero Section 106

Piccadilly Wharf
Store Street, Manchester
No Section 106

Development Appraisal
Roger Hannah Ltd
05 August 2021

APPRAISAL SUMMARY**ROGER HANNAH LTD**

Piccadilly Wharf
Store Street, Manchester
No Section 106

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate ft ²	Unit Price	Gross Sales
1A	1	403	409.43	165,000	165,000
1B	1	407	405.41	165,000	165,000
1C	4	2,080	403.85	210,000	840,000
1D	4	2,052	399.61	205,000	820,000
1 E	4	1,984	403.23	200,000	800,000
1F	4	2,100	390.48	205,000	820,000
2A	1	773	388.10	300,000	300,000
2B	10	7,530	391.77	295,000	2,950,000
2C	7	4,543	385.21	250,000	1,750,000
2D	7	5,047	381.41	275,000	1,925,000
2 E	7	5,313	382.08	290,000	2,030,000
2F	1	1,012	370.55	375,000	375,000
3A	1	2,125	352.94	750,000	750,000
3B	1	1,410	354.61	500,000	500,000
3C	<u>1</u>	<u>1,192</u>	356.54	425,000	<u>425,000</u>
Totals	54	37,971			14,615,000

NET REALISATION**14,615,000****OUTLAY****ACQUISITION COSTS**

Fixed Price	675,000	
Fixed Price		675,000
Residualised Price (Negative land)		(468,436)
		206,564
Stamp Duty		1,131
Effective Stamp Duty Rate	0.17%	
Agent and Legal	1.80%	3,718
		4,849

CONSTRUCTION COSTS

Construction	ft ²	Build Rate ft ²	Cost
1A	565	162.50	91,848
1B	571	162.50	92,759
1C	2,917	162.50	474,053
1D	2,878	162.50	467,672
1 E	2,783	162.50	452,174
1F	2,945	162.50	478,612
2A	1,084	162.50	176,175
2B	10,561	162.50	1,716,164
2C	6,372	162.50	1,035,396
2D	7,079	162.50	1,150,263
2 E	7,452	162.50	1,210,887
2F	1,419	162.50	230,645
3A	2,980	162.50	484,309
3B	1,978	162.50	321,353
3C	<u>1,672</u>	162.50	<u>271,669</u>

APPRAISAL SUMMARY**ROGER HANNAH LTD**

Piccadilly Wharf
Store Street, Manchester
No Section 106

Totals	53,255 ft²		8,653,980	
				8,653,980
Other Construction				
Externals		3.00%	259,619	
Abnormals	54 un	5,000.00 /un	270,000	
Enhanced Cladding Solution			390,000	
Contingency		3.00%	279,108	
Contingency - Abnormals		5.00%	13,500	
				1,212,227
PROFESSIONAL FEES				
Professional Fees		7.50%	739,966	
				739,966
DISPOSAL FEES				
Marketing & Agent Fees		3.00%	438,450	
Legal Fees	54 un	500.00 /un	27,000	
				465,450
FINANCE				
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Land			30,083	
Construction			530,731	
Other			140,454	
Total Finance Cost				701,268
TOTAL COSTS				11,984,304
PROFIT				
				2,630,696
Performance Measures				
Profit on Cost%		21.95%		
Profit on GDV%		18.00%		
Profit on NDV%		18.00%		
IRR		27.88%		
Profit Erosion (finance rate 7.000)		2 yrs 10 mths		

APPENDIX 6

Development Appraisal Scenario 2: 20% Affordable Housing

Piccadilly Wharf
Store Street, Manchester
Including 20% Affordable

Development Appraisal
Roger Hannah Ltd
05 August 2021

APPRAISAL SUMMARY**ROGER HANNAH LTD**

Piccadilly Wharf
Store Street, Manchester
Including 20% Affordable

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
1A	1	403	409.43	165,000	165,000
1B	1	407	405.41	165,000	165,000
1C	4	2,080	403.85	210,000	840,000
1D	4	2,052	399.61	205,000	820,000
1 E	3	1,488	403.23	200,000	600,000
1F	3	1,575	390.48	205,000	615,000
2A	1	773	388.10	300,000	300,000
2B	8	6,024	391.77	295,000	2,360,000
2C	4	2,596	385.21	250,000	1,000,000
2D	5	3,605	381.41	275,000	1,375,000
2 E	5	3,795	382.08	290,000	1,450,000
2F	1	1,012	370.55	375,000	375,000
3A	1	2,125	352.94	750,000	750,000
3B	1	1,410	354.61	500,000	500,000
3C	1	1,192	356.54	425,000	425,000
1E AFF	1	496	282.26	140,000	140,000
1F AFF	1	525	273.33	143,500	143,500
2B AFF	2	1,506	274.24	206,500	413,000
2C AFF	3	1,947	269.65	175,000	525,000
2D AFF	2	1,442	266.99	192,500	385,000
2E AFF	2	1,518	267.46	203,000	406,000
Totals	54	37,971			13,752,500

NET REALISATION**13,752,500****OUTLAY****ACQUISITION COSTS**

Fixed Price	675,000	
Fixed Price		675,000
Residualised Price (Negative land)		(886,738)
		(211,738)

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
1A	565	162.50	91,848
1B	571	162.50	92,759
1C	2,917	162.50	474,053
1D	2,878	162.50	467,672
1 E	2,087	162.50	339,130
1F	2,209	162.50	358,959
2A	1,084	162.50	176,175
2B	8,449	162.50	1,372,931
2C	3,641	162.50	591,655
2D	5,056	162.50	821,616
2 E	5,323	162.50	864,919
2F	1,419	162.50	230,645

APPRAISAL SUMMARY**ROGER HANNAH LTD****Piccadilly Wharf
Store Street, Manchester
Including 20% Affordable**

3A	2,980	162.50	484,309	
3B	1,978	162.50	321,353	
3C	1,672	162.50	271,669	
1E AFF	696	162.50	113,043	
1F AFF	736	162.50	119,653	
2B AFF	2,112	162.50	343,233	
2C AFF	2,731	162.50	443,741	
2D AFF	2,022	162.50	328,647	
2E AFF	<u>2,129</u>	162.50	<u>345,968</u>	
Totals	53,255 ft²		8,653,980	8,653,980

Other Construction

Externals		3.00%	259,619	
Abnormals	54 un	5,000.00 /un	270,000	
Enhanced Cladding Solution			390,000	
Contingency		3.00%	279,108	
Contingency - Abnormals		5.00%	13,500	
				1,212,227

PROFESSIONAL FEES

Professional Fees		7.50%	739,966	739,966
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DISPOSAL FEES

Marketing & Agent Fees		3.00%	352,200	
Legal Fees	54 un	500.00 /un	27,000	
				379,200

FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)				
Land			(25,803)	
Construction			530,731	
Other			119,506	
Total Finance Cost				624,434

TOTAL COSTS**11,398,069****PROFIT****2,354,431****Performance Measures**

Profit on Cost%	20.66%
Profit on GDV%	17.12%
Profit on NDV%	17.12%
IRR	28.25%
Profit Erosion (finance rate 7.000)	2 yrs 8 mths