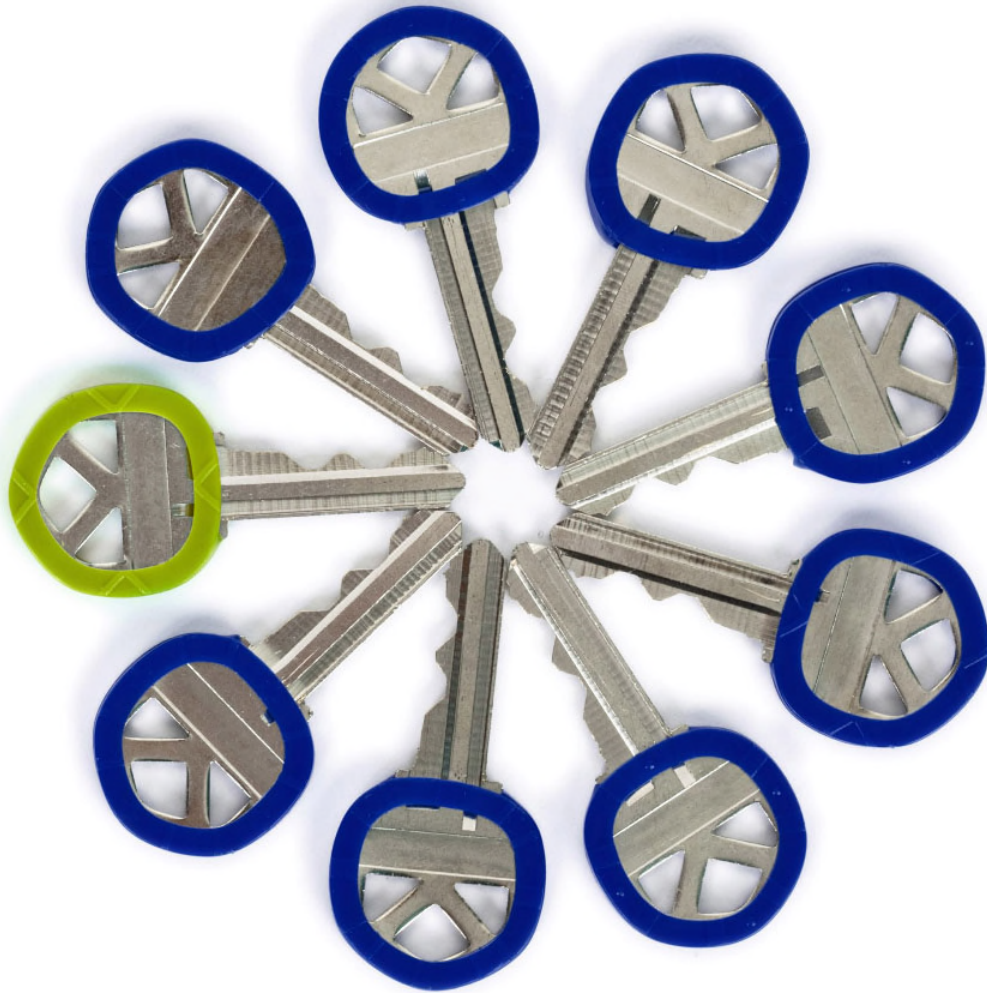




Financial Viability Appraisal - New Cross Development Sites

Mulbury Homes (Central) Limited -
New Cross Development Sites

14 February 2020

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For the attention of Nick Leggett

Dear Sirs

**Mulbury Homes Limited
New Cross Development Sites
Financial Viability Appraisals**

We enclose our report ("the report") providing valuations for financial viability purposes in respect of your proposed development of the New Cross Development Sites, which comprise sites at Bendix Street, Oldham Road and Goulden Street in Manchester. Our report has been prepared for the sole purpose of assisting and advising Mulbury Homes (Central) Limited in support of the planning applications for the proposed developments. This report includes information provided by you and your consultants, namely Rider Levett Bucknall and Tim Groom Architects.

This report (the "Report") has been prepared by us for you in accordance with the contract with you dated 12 December 2019 ("the Contract") and on the basis of the scope and limitations agreed therein.

All copyright and other proprietary rights in the Report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved. No information in the Report should be relied upon in any way by any third party. To the fullest extent possible, we disclaim any liability arising out of the use (or non-use) of the Report and its contents by any third party, including any action or decision taken as a result of such use (or non-use).

We draw your attention to the scope and basis of our work in Appendix 1. We have not been asked to advise on cost or town planning, although our work shall inevitably interface with these elements. The focus of the review is limited to the sites as defined in our engagement letter.

The figures contained within this report are presented in the context of advising on the viability of the New Cross development sites. They should not therefore be construed as a formal valuation for accounts, lending or any other purposes. All values, costs and figures are provided as at 6 February 2020 unless stated otherwise.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Edwin Bray'.

Edwin Bray
For and on behalf of Deloitte LLP

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Executive Summary

General

- The properties comprise three development sites in close proximity to each other within the area covered by the New Cross Development Framework, which was approved in July 2015 and updated in December 2017. All three sites are to be developed for residential purposes, with ground floor commercial.
- The Framework provides massing and density rates for the development of the subject plots. The proposed developments provide schemes which are higher and at a greater density than those rates.
- We have been instructed to compare the viability of the proposed developments with the viability of hypothetical pro rata schemes using the lower building heights stated in the "Zone A: Massing Strategy" and having regard to the site densities contained within the New Cross Development Framework.

Bendix Street

- The Property as existing comprises a single storey commercial building fronting Oldham Road, with a separate plot used for pay and display car parking at the rear, accessed from Thompson Street.
- The proposed development comprises a thirteen storey building with roof terrace. It provides a ground floor commercial unit and 161 no. apartments. The apartments provide studio, one, two and three bed units over the ground to the twelfth floors, which is not compliant with the height and density benchmarks in the New Cross Development Framework.
- Deducting levels six to ten of the proposed scheme, which reduces the scheme to eight storeys and the number of apartments from 161 units to 96 units, results in the scheme being compliant with the height and density benchmarks in the Framework.

Goulden Street

- The existing Property comprises the remnants of a Grade II listed former Police and Ambulance Station, which is understood to have been built in the mid-19th Century. The building has been effectively reduced to its low level external façade.
- The proposed development comprises a nine storey building with roof terrace, which is to be developed behind the existing, retained façade. The development is to provide 73 no apartments, comprising studio, one bed, two bed and three bed duplex apartments, as well as a commercial unit. The development is not compliant with the height and density benchmarks in the New Cross Development Framework.
- Deducting levels one to three of the proposed scheme, which reduces the scheme to six storeys and the number of apartments from 73 units to 43 units, results in the scheme being compliant with the height and density benchmarks in the Framework.

Oldham Road

- The Property as existing comprises a single storey and an adjacent four storey commercial building, with an area of parking to the Oldham Road and Marshall Street frontages.
- The proposed development comprises a twelve storey building with roof terrace. It provides a ground floor commercial unit and 144 no. apartments. The apartments comprise studio, one, two and three bed apartments over the ground to the twelfth floors, which is not compliant with the height and density benchmarks in the New Cross Development Framework.
- Deducting levels one and four to seven of the proposed scheme, which reduces the scheme to seven storeys and the number of apartments from 144 units to 75 units, results in the scheme being compliant with the height and density benchmarks in the Framework.

Value in Existing Use (Car parking and commercial buildings)

Item	Bendix Street	Goulden Street	Oldham Road	Total
Value in Existing Use	£720,000	£390,000	£840,000	£1,950,000

Benchmark Land Value (Value in Existing Use plus a 20% premium)

Item	Bendix Street	Goulden Street	Oldham Road	Total
Benchmark Land Value	£865,000	£470,000	£1,010,000	£2,345,000

Residual Appraisal - Proposed Development

Item	Bendix Street	Goulden Street	Oldham Road	Total
Gross Development Value: Residential	£36,671,000	£16,398,000	£32,092,000	£85,161,000
Gross Development Value: Commercial	£1,213,201	£928,479	£1,058,667	£3,200,347
Construction costs	(£25,051,000)	(£12,790,000)	(£21,078,000)	(£58,919,000)
Demolition	(£10,000)	£0	(£25,000)	(£35,000)
Contingency	(£751,530)	(£371,700)	(£632,340)	(£1,755,570)
Professional Fees	(£2,004,080)	(£1,023,200)	(£1,686,240)	(£4,713,520)
Marketing, Sales and Letting Costs	(£1,205,699)	(£552,342)	(£1,058,197)	(£2,816,238)
Finance Costs	(£1,640,533)	(£537,765)	(£1,417,672)	(£3,595,970)
Developer's Profit	(£5,642,327)	(£2,580,537)	(£4,937,337)	(£13,160,201)
Residualised Land Value	£1,496,713 Say £1,500,000	(£529,065) Say minus £530,000	£2,184,795 Say £2,185,000	Say £3,155,000
Benchmark Land Value	(£865,000)	(£470,000)	(£1,010,000)	(£2,345,000)
Surplus	£635,000	(£1,000,000)	£1,175,000	£810,000

*Provided by Rider Levett Bucknall

Residual Appraisal - Assumed New Cross Framework Compliant Development

Item	Bendix Street	Goulden Street	Oldham Road	Total
Gross Development Value: Residential	£20,902,000	£9,863,000	£16,956,000	£47,721,000
Gross Development Value: Commercial	£907,051	£787,179	£733,677	£2,427,907
Construction costs	(£14,486,343)	(£8,039,582)	(£10,933,200)	(£33,059,125)
Demolition	(£10,000)	£0	(£25,000)	(£35,000)
Contingency	(£434,590)	(£229,187)	(£327,996)	(£991,773)
Professional Fees	(£1,158,907)	(£643,167)	(£874,656)	(£2,676,730)
Marketing, Sales and Letting Costs	(£694,725)	(£338,841)	(£563,980)	(£1,597,546)
Finance Costs	(£789,972)	(£281,903)	(£655,620)	(£1,727,495)
Developer's Profit	(£3,248,156)	(£1,586,197)	(£2,634,633)	(£7,468,986)
Residualised Land Value	£934,936 Say £935,000	(£468,698) Say minus £470,000	£1,579,804 Say £1,580,000	Say £2,045,000
Benchmark Land Value	(£865,000)	(£470,000)	(£1,010,000)	(£2,345,000)
Surplus	£70,000	(£940,000)	£570,000	-£300,000

Conclusion

The Cost Plan upon which we have relied has been prepared on the basis that the construction of the subject sites takes place in a single programme. The financial viability of the three sites in this report should therefore be viewed in conjunction with each other.

In relation to the development of the sites for residential schemes which would be compliant with the Framework, the residual value of the site for the Goulden Street site is negative, even before the value in existing use and Benchmark Land Value is taken into account. This is because the density and massing contained within the Framework provides for a relatively low density development, which is compounded by the retention of the chimney and the associated external space around it. Viability is further compounded by the listed nature of the plot, which means that a developer has to work within the existing façade and reflect that in the design of the new building. When that is coupled with the low density, it results in the development of the site being more difficult to deliver than its peers.

The residential schemes for the Bendix Street and Oldham Road sites which would be compliant with the Framework, both provide positive land values. However the Framework compliant scheme for the Goulden Street site provides a gap of minus £940,000 between the residual land values and the Benchmark Land Values.

Whilst the Oldham Road and Bendix Street developments provide a positive gap of £640,000 between the residual land value and the Benchmark Land Value, in total across all three sites the residual land values are £300,000 lower than the Benchmark Land Value. On this basis, if the three sites were to be developed together with Framework compliant schemes, they do not provide any scope for there to be any affordable housing or financial contribution by the developer.

Turning to the proposed developments, the Goulden Street site would still produce a surplus of minus £1,000,000. In comparison, the proposed schemes on the Bendix Street and Oldham Road sites provide a total surplus of £1,810,000. The three schemes combined therefore provide scope for the developer to make a financial contribution for planning purposes amounting to £810,000.

It is important to note that the Cost Plan upon which we have relied, has been prepared on the basis that the construction of the three sites takes place in a single programme. The Cost Plan has been prepared on this basis and identifies that splitting the programme would result in efficiencies being lost and a subsequent increase in cost.

We have not run appraisals on the basis of planning policy compliant affordable housing provision. We have also not taken into account in our appraisals any requirement to contribute towards public realm in the New Cross area. The allocation of the identified surplus of £810,000 between affordable housing, public realm contributions and any other Section 106 liabilities is matter of negotiation between the City Council and the developer.

The residual method of valuation that we have adopted is sensitive to small changes in key variables. We have therefore provided a sensitivity analysis for each of the properties as required by the RICS Practice Statement.

1 Introduction & Instructions

1.1 Instructions

We are instructed to provide a Financial Viability Assessment report in respect of the New Cross development sites which comprise:

1. Bendix Street, Manchester (proposed 161 residential unit development, together with 172.0 sq m (1,851 sq ft) gross internal area of commercial space);
2. Oldham Road, Manchester (proposed development of 144 residential units and 144.0 sq m (1,548 sq ft) gross internal area of commercial space);and
3. Goulden Street, Manchester (a Grade II Listed 'Former Police and Ambulance Station' which is to be developed to provide 73 residential units and 221 sq m (2,379 sq ft) of gross internal area commercial space).

The report has been prepared for the sole purpose of supporting planning applications for full Planning Permission for the above schemes, which are to be submitted by Mulbury Homes (Central) Limited to Manchester City Council.

We draw your attention to the scope and basis of our work in Appendix 2. The scope of this report does not include advice on development costs or town planning, although our work shall inevitably interface with these elements. As noted in our engagement letter, the focus of the review is limited to a financial viability of the proposed developments, based on the information provided to us in respect of your development proposals.

The assessment assumes that planning permission has been secured for the development proposals for each of the sites.

It is important to note that the Cost Plan upon which we have relied, has been prepared on the basis that the construction of the subject sites takes place in a single programme. The financial viability of the three sites should therefore be viewed in conjunction with each other.

Our viability appraisals assesses the viability of the proposed developments in order to identify if there is a profit generated in excess of market expectations, once Benchmark Land Value is factored into our residual valuation of each of the proposed developments. This includes assessing the key elements of gross development value, costs, developer return and Benchmark Land Value ("BLV"). BLV is determined on the basis of existing use value, plus a premium which it is considered that a reasonable land owner would require to sell their land. Together this represents the landowner's reasonable expectation of the value of the land, which is sufficient to incentivise the landowner to sell without planning permission for development.

The subject properties are within the boundary of the area covered by Manchester City Council's New Cross Development Framework. The proposed developments do not conform to the massing and density rates contained within the New Cross Development Framework. We have therefore also compared the viability of the proposed developments with the viability of hypothetical pro rata schemes using the lower building heights stated in the "Zone A: Massing Strategy" and the site densities contained within Framework. The differences between the proposed developments and those envisaged in the Framework are as follows:

Scheme	Number of storeys		Site Density (units per hectare)	
	"Zone A: Massing Strategy"	Proposed Development	Framework Density	Proposed Development
Bendix Street	8	13	600 to 800	1,201
Goulden Street	4 to 6	9	200 to 400	603
Oldham Road	6 to 8	12	400 to 600	1,116

As a result of the foregoing we have been instructed to compare the viability of the proposed developments with the viability of hypothetical pro rata schemes using the lower building heights stated in the "Zone A: Massing Strategy" and having regard to the site densities contained within the New Cross Development Framework.

We understand that our report is to be used in connection with the Client's planning applications for development on the subject sites.

1.2 Information Provided

We have been provided with the following information, upon which we have relied:

Bendix Street

- An accommodation schedule prepared by Tim Groom Architects, dated 14 January 2020; and
- "Design and Access Statement" prepared by Tim Groom Architects (Planning Issue 11.12.2019).

Goulden Street

- An accommodation schedule prepared by Tim Groom Architects, dated 16 January 2020; and
- "Design and Access Statement" prepared by Tim Groom Architects (Planning Issue 11.12.2019).

Oldham Road

- An accommodation schedule prepared by Tim Groom Architects, dated 14 January 2020; and
- "Design and Access Statement" prepared by Tim Groom Architects (Planning Issue 11.12.2019).

General

"Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020. A copy of the Cost Plan is attached as Appendix 14.

1.3 Purpose and Appraisal Date

The valuations are required for internal purposes to support planning applications.

The date of our valuation advice is 6 February 2020.

1.4 Compliance

Our report complies with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020 including the UK national supplement (Red Book). Our valuation is compliant with the International Valuation Standards (IVS), which is incorporated within the Global Standards.

The FVA has also been undertaken in accordance with the Guidance on Viability published by The Ministry of Housing, Communities and Local Government, as updated on 24 July 2018 following the new National Planning Policy Framework published in July 2018. We have also followed the RICS's mandatory Practice Statement "Financial viability in planning: conduct and reporting", 1st edition dated May 2019 ("RICS Practice Statement").

In accordance with the RICS Practice Statement we confirm that:

- In preparing this report no performance related or contingent fee has been agreed.
- We have not prepared and neither are we aware that a market value report has recently been prepared.

1.5 Status of the Valuer

This report has been prepared by Andrew Hamilton MRICS, under the supervision of Edwin Bray MRICS, a Partner of Deloitte LLP. We confirm that each has the necessary and relevant expertise and experience to carry out the valuation.

In accordance with our standard Firm policy we have undertaken a conflict check.

As you are aware we are acting as your planning consultants for each property. We are also required to inform you that Manchester City Council is a non-audit client of Deloitte LLP. We confirm that this will not affect the provision of Services set out and that no member of the team working on this assignment has had any previous involvement with Manchester City Council.

We can confirm that we did not identify any potential conflict in relation to Mulbury Homes (Central) Limited as client or any of the connected parties or any conflicts in relation to the properties concerned. Should we become aware of any circumstances that might give rise to a conflict of interest we will notify you as soon as possible.

In accordance with the RICS Practice Statement the valuers who have prepared this report have acted:

- with objectivity;
- impartially;
- without interference; and
- with reference to all appropriate sources of information.

1.6 Inspection

The sites were inspected externally by Andrew Hamilton MRICS on 20 December 2019.

1.7 Basis of Value and Sources of Information

This report should be read in conjunction with the Sources and Verification of Information and Basis of Valuation attached at Appendix 1.

Our valuations do not make any allowance for any expenses of realisation, nor does it allow for any liability for the payment of any tax, including Capital Gains Tax, whether existing or which might arise in the future. They are exclusive of Value Added Tax (VAT).

1.8 Services

Unless stated within the appraisal of the sites, we have assumed that all the usual mains services are available to be connected to the sites.

1.9 Environmental / Ground Conditions

We have not carried out an investigation into the ground conditions for the subject sites and, as such, it is not possible to certify formally that satisfactory ground conditions exist for the proposed developments. Similarly we are unable to guarantee or warrant that the site(s) is/are not and never have been subject to contaminative uses or contaminated.

We have assumed that any abnormal costs associated with any abnormal environmental and/or ground conditions have been reflected in the costs provided to us.

1.10 Flood Risk

We have undertaken a review of the Environment Agency's online "Flood map for planning" which indicates that the subject sites are within an area which is at low risk for flooding. We have therefore assumed that there are no restrictions on, or abnormal costs associated with, the proposed developments as a result of a flood risk.

1.11 Highways

Our appraisals assume that the sites each have the benefit of appropriate rights of way to enable access for the proposed developments from publically adopted highways.

1.12 Market Commentary

Market commentary and comparable evidence relevant to the Financial Viability Assessments are provided in Appendix 12.

1.13 Confidentiality

This report (the "Report") has been prepared by Deloitte LLP ("Deloitte") for Mulbury Homes (Central) Limited in accordance with the contract with them dated 12 December 2019 ("the Contract") and on the basis of the scope and limitations agreed therein.

All copyright and other proprietary rights in the Report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved.

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2 Planning Policy

2.1 Core Strategy

Manchester's Core Strategy was adopted on 11 July 2012 and is the key development plan in the Local Development Framework. The Local Development Framework ("LDF") is a collection of statutory Development Plan Documents ("DPDs") that together set out the vision and spatial strategy for the future development of Manchester.

The Core Strategy replaces significant elements of the Unitary Development Plan ("UDP") as the document that sets out the long term strategic policies for Manchester's future development and will form the framework that planning applications will be assessed against.

The subject sites are located outside of the City Centre in the Core Strategy but falls within the City Centre Fringe and the Regional Centre, which includes areas within the control of both Salford City Council and Trafford Council. Policies within the Core Strategy recognise that this specific City Centre Fringe area has a role to play in both employment growth and in providing housing for East Manchester, which includes high density developments within the areas of the Regional Centre that are adjacent to the City Centre.

2.2 New Cross Development Framework

The New Cross Development Framework (approved in July 2015 and updated in December 2017) covers an area on the north eastern edge of the city centre, within an area bounded by Oldham Road; Great Ancoats Street, Rochdale Road, Livesey Street, Goulden Street and the railway line to the north.

The subject sites fall within Zone A of the New Cross Development Framework area, which is identified as being '*a predominantly residential area, with a range of typologies that can sensibly respond to the form of development plots, the grid pattern, the character and density of surrounding neighbourhoods and the target market for the neighbourhood.*' The site is also located within the North Manchester Strategic Regeneration Framework area.

The Framework provides a Massing Strategy for Zone A, which includes the number of storeys envisaged for each site. The proposed development of the subject sites exceeds the Massing Strategy, as summarised below:

Scheme	Number of storeys	
	"Zone A: Massing Strategy"	Proposed Development
Bendix Street	8	13
Oldham Street	6 to 8	12
Goulden Street	4 to 6	9

The Framework also includes site density benchmarks, which are as follows compared to the proposed schemes:

Scheme	Units per hectare	
	Framework	Proposed Development
Bendix Street	600 to 800	1,201
Oldham Street	400 to 600	1,116
Goulden Street	200 to 400	603

As a result of the foregoing we have been instructed to compare the viability of the proposed developments with the viability of hypothetical pro rata schemes using the lower building heights stated in the "Zone A: Massing Strategy" and having regard to the site densities contained within the New Cross Development Framework.

2.3 Public Realm

The New Cross Development Framework identifies that the existing public realm in Zone A is poor and that public space is required to provide a focus and amenity space for residents, employees and visitors. The local planning authority has stated that they will therefore use all reasonable resources and mechanisms to ensure that landowners/developers make appropriate financial contributions that will bring forward public realm and other community infrastructure in tandem with the development of the area.

We have not been provided with details of any proposed financial contributions by the developer in respect of public realm for the New Cross area.

2.4 Affordable Housing

We have reviewed Manchester City Council's Affordable Housing Policy (Policy H8). We understand this policy applies to all residential developments on sites of 0.3 hectares and above or where 15 or more units are proposed. It therefore applies to the subject sites.

The policy states that:

- New development will contribute to the City-wide target for 20% of new housing provision to be affordable. Developers are expected to use the 20% target as a starting point for calculating affordable housing provision. It is envisaged that 5% of new housing provision will be social or affordable rented and 15% will be intermediate housing, delivering affordable home ownership options.
- 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.
- Affordable housing units will be inclusively designed to reflect the character of development of the site.

3 Bendix Street, Manchester

Executive Summary

General

- The Property comprises a development site within the area covered by the New Cross Development Framework, which was approved in July 2015 and updated in December 2017. The site is to be developed for residential purposes, with ground floor commercial.
- The Framework provides massing and density rates for the development of the subject plot. The proposed development is higher and at a greater density than those rates.
- We have been instructed to compare the viability of the proposed development with the viability of a hypothetical pro rata scheme using the lower building heights stated in the "Zone A: Massing Strategy" and having regard to the site densities contained within the New Cross Development Framework.

Description

- The existing Property comprises a single storey commercial building fronting Oldham Road, with a separate plot used for pay and display car parking at the rear, accessed from Thompson Street.
- The proposed development comprises a thirteen storey building with roof terrace. It provides a ground floor commercial unit and 161 no. apartments. The apartments provide studio, one, two and three bed units over the ground to the twelfth floors, which is not compliant with the height and density benchmarks in the New Cross Development Framework.
- Deducting levels six to ten of the proposed scheme, which reduces the scheme to eight storeys and the number of apartments from 161 units to 96 units, results in the scheme being compliant with the height and density benchmarks in the Framework.

Value in Existing Use

Basis	Value
Value in Existing Use	£720,000

Benchmark Land Value

Basis	Value
Benchmark Land Value (including premium over Value in Existing Use)	£865,000

Residual Appraisal - Proposed Development of 161 units

Item	Input	Comment
Gross Development Value: Residential	£36,671,000	Based on an average sales rate of £335.14 per sq ft
Gross Development Value: Commercial	£1,213,201	Includes residential ground rents at £250 per unit per annum and a commercial unit at £246 per sq ft
Construction costs	(£25,051,000)	Based on the Cost Plan provided
Demolition	(£10,000)	Based on published cost benchmarks

Contingency	(£751,530)	Based on 3% of costs, which is at the lower end of our expected range
Professional Fees	(£2,004,080)	Based on 8% of costs, which is at the lower end of our expected range
Marketing, Sales and Letting Costs	(£1,205,699)	Included commercial letting fees at 15%; residential marketing costs at 2.0% of revenue; residential agency costs at 1.0% of revenue; and legal costs at 1.0% of revenue for the commercial and £500 per residential unit
Finance Costs	(£1,640,533)	Based on a 5.5% debit rate, which is within the expected range of 5.0% to 6.0%
Developer's Profit	(£5,642,327)	Based on 17.50% of costs and 14.86% of GDV, which is the minimum profit that we would expect for a developer
Residualised Land Price	£1,496,713 Say £1,500,000	Stated after deduction of purchaser's costs at 1.5% of value plus Stamp Duty Land Tax
Benchmark Land Value	(£865,000)	See above
Surplus	£635,000	

Residual Appraisal - Assumed New Cross Framework Compliant Development of 96 units

Item	Input	Comment
Gross Development Value: Residential	£20,902,000	Based on an average sales are of £333.56 per sq ft
Gross Development Value: Commercial	£907,051	Reflects reduced ground rent revenue
Construction costs	(£14,486,343)	Based on a pro rata apportionment of the Cost Plan provided
Demolition	(£10,000)	No change from the proposed scheme
Contingency	(£434,590)	Based on 3% of costs, which is at the lower end of our expected range
Professional Fees	(£1,158,907)	Based on 8% of costs, which is at the lower end of our expected range
Marketing, Sales and Letting Costs	(£694,725)	Included commercial letting fees at 15%; residential marketing costs at 2.0% of revenue; residential agency costs at 1.0% of revenue; and legal costs at 1.0% of revenue for the commercial and £500 per residential unit
Finance Costs	(£789,972)	Based on a 5.5% debit rate, which is within the expected range of 5.0% to 6.0%
Developer's Profit	(£3,248,156)	Based on 17.50% of costs and 14.86% of GDV, which is the

		minimum profit that we would expect for a developer
Residualised Land Price	£934,936 Say £935,000	Stated after deduction of purchaser's costs at 1.5% of value plus Stamp Duty Land Tax
Benchmark Land Value	(£865,000)	See above
Surplus	(£70,000)	

Conclusion

The residual land value of £935,000 generated by an assumed scheme of 96 units which is compliant with the Framework is only £70,000 more than the Benchmark Land Value (£865,000). On this basis, a scheme that is compliant with the Framework would therefore provide limited scope for there to be any affordable housing or financial contribution by the developer on the granting of planning permission for residential development.

In comparison, if planning permission was granted for the proposed scheme of 161 units, the residual land value generated (£1,500,000) is £635,000 more than the Benchmark Land Value (£865,000). This scheme would therefore appear to provide scope for the developer to make a financial contribution for planning purposes. However, it is important to note that the Cost Plan upon which we have relied, has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Goulden Street and Oldham Road sites. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of both the Goulden Street and Oldham Street developments.

3.1 Information Provided

We have been provided with the following information, upon which we have relied:

- An accommodation schedule prepared by Tim Groom Architects, dated 14 January 2020;
- "Design and Access Statement" prepared by Tim Groom Architects (Planning Issue 11.12.2019); and
- "Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020.

3.2 Date of inspection

The Property was inspected externally by Andrew Hamilton MRICS on 20 December 2019.

3.3 Location

The Property occupies a site within the New Cross area and is bounded by Oldham Road (A62), Rochdale Road (A664), Thompson Street and Swan Street (A665). The Property is within the eastern quadrant of this area and has frontages to Oldham Road to the east; to Thompson Street to the north; and to Bendix Street to the south.

The surrounding area currently comprises an eclectic mix of commercial uses, surface car parking and residential uses. On the opposite side of Thompson Street is the Wing Yip supermarket, whilst to the rear and also fronting Thompson Street is a relatively modern two storey building occupied by "Turning Point", which offers health and wellbeing services.

Immediately to the west of the subject Property and fronting Oldham Road is the site of Broadside development. Broadside is the development of two residential towers comprising six to ten storeys, comprising apartments available to rent, with communal lounges, gym and roof terraces. Construction is underway and is expected to be completed in the summer of 2020.

In addition to Broadside, other residential uses in the immediate area include the established Skyline Central tower fronting Rochdale Road; a 172 room AC Hotels by Marriot at the junction of Mason Street and Goulden Street; an adjacent StayCity aparthotel; site clearance for a residential development by Beech Holdings at the junction of Rochdale Road and Thompson Street; and the ongoing construction of Moda's 466 unit Build To Rent scheme at Angel Gardens on the northern side of Rochdale Road.

A location plan is attached as Appendix 3.

3.4 Description

The Property comprises a single storey commercial building fronting Oldham Road, with a separate plot used for pay and display car parking at the rear, accessed from Thompson Street. The whole occupies a site area of 0.134 hectares (0.33 acres).

We have not inspected the Property internally. The commercial building appears to be a relatively modern unit clad in traditional brickwork to the elevations, beneath a pitched, tiled roof. The unit is currently occupied by a locksmiths and includes a forecourt to the front, which provides off street parking for circa five vehicles.

We have obtained floor areas for the existing buildings from the Rating List, which are as follows:

Floor	Sq M	Sq Ft
Ground Floor	220.5	2,373
Total	220.5	2,373

We have relied upon the foregoing and would highlight that should the areas be incorrect, there will be an impact on the values reported herein. We have further assumed that given the commercial use of the property as an industrial/warehouse unit, the floor areas stated are on a gross internal basis.

The car park to the rear of the building is operated as a pay and display car park with access taken from Thompson Street, with a secondary frontage to Bendix Street. We estimate that the car park is capable of accommodating circa 50 cars without double parking.

External photographs and a plan showing the site boundaries are included in Appendix 3.

3.5 Proposed Development

The proposed development comprises a thirteen storey building providing a ground floor commercial unit and 161 no. studio, one, two and three bed apartments over the ground to the twelfth floors. The block is to be of framed construction with aluminium framed windows and matching powder coated cladding. At ground floor level the elevations comprise a curtain wall system with clear glazing in powder coated frames, which matches the windows on the upper floor.

At ground floor level the block is to be accessed for residents from Bendix Street, leading to an entrance lobby with a storage room and an accessible toilet. Access to the upper floors is provided by a staircase and two passenger lifts, which are located to the rear of the entrance lobby. Also provided at ground floor level are plant rooms including a Comms room and boiler/CHP plant, internal and external accessed bin stores and cycle storage for 168 bicycles.

There are a total of 161 apartments provided over thirteen storeys, ranging from five units on the ground floor to between ten and 14 units per upper floor. The apartments are each arranged over a single storey. The apartments provide eight no. studio units (5.0% of the unit mix); 48 no. one bed studio apartments (29.8% of the unit mix); 96 no. x two bed apartments (59.6%) and nine no. x three bedroom apartment (5.6%).

The apartment types are summarised below:

Unit Type	Description	Minimum Size Sq M (Sq Ft)	Maximum Size Sq M (Sq Ft)
One Bed Studio	The studios comprise an open plan lounge, kitchen and dining area. The units have a single bathroom, with access from both the bedroom and living area.	39.0 (420)	43.0 (463)
One bed	The units comprise an open plan lounge, kitchen and dining area. The one bedroom units have a single bathroom, with access from both the bedroom and living area.	44.3 (477)	49.2 (530)
Two bed	The units typically comprise an open plan lounge/ kitchen/dining area and two bathrooms, at least one of which is end-suite to the bedroom. The remaining bathroom is either similarly en-suite or is in the form of a family bathroom.	62.6 (674)	75.4 (812)
Three bed	The units typically comprise an open plan lounge, kitchen and dining area. The three bedroom units have an en-suite bathroom to the master bedroom and a second, family bathroom.	86.3 (929)	N/a

On the eleventh floor there is a communal terrace which is accessed from an enclosed communal lounge, with two adjacent private residential lounges.

The commercial unit is located at fronting Oldham Road but with return frontages to both Thompson Street and Bendix Street. Access to the unit is taken from Bendix Street. Internally the unit is arranged over ground and first floor levels, which are connected via an internal staircase.

The accommodation to be provided is summarised below:

Floor	No. of Units				Total Gross Internal Area	Commercial Area
	One bed studio units	One bed units	Two bed units	Three bed units	Sq M (Sq Ft)	Net internal area Sq M (Sq Ft)
Ground	1	1	3	-	289.0 (3,110)	172.0 (1,851)
First	2	5	6	-	732.0 (7,875)	-
Second	-	6	7	1	867.0 (9,337)	-
Third	-	6	7	1	867.0 (9,337)	-
Fourth	-	6	7	1	867.0 (9,337)	-
Fifth	-	6	7	1	867.0 (9,337)	-
Sixth	-	3	9	1	870.0 (9,359)	-
Seventh	-	3	9	1	869.0 (9,350)	-
Eighth	-	3	9	1	869.0 (9,350)	-
Ninth	-	3	9	1	869.0 (9,350)	-
Tenth	-	3	9	1	869.0 (9,350)	-
Eleventh	1	1	8	-	644.0 (6,929)	-
Twelfth	4	2	6	-	688.0 (7,402)	-
Total	8	48	96	9	10,167.0 (109,423)	172.0 (1,851)

3.6 The impact of the New Cross Development Framework

We have compared the viability of the proposed development with the viability of hypothetical pro rata schemes using the lower building height stated in the "Zone A: Massing Strategy" and the target densities per hectare contained within the New Cross Development Framework.

The difference between the height of the proposed development and that envisaged in the Framework is as follows:

Scheme	Number of storeys	
	"Zone A: Massing Strategy"	Proposed Development
Bendix Street	8	13

The difference between the density of the proposed development and the density stated in the Framework is as follows:

Scheme	Units per hectare	
	"Zone A: Massing Strategy"	Proposed Development
Bendix Street	600 to 800	716

We have not been provided with plans for an alternative design of the scheme that would be compliant with the Framework. In comparing viability we have therefore deducted levels six to ten of the proposed scheme. This would reduce the number of apartments from 161 units to 96 units, arranged over eight storeys at a density of 716 units per hectare. This would provide a scheme which is compliant with the height and density benchmarks in the Framework. We have therefore used this assumed scheme in assessing the viability of developing the property in accordance with the Framework.

3.7 Financial Viability Appraisal

We have been instructed to assess the viability of the following two separate scenarios:

- The proposed scheme; and
- A pro rata scheme that would enable the development to comply with the "Zone A: Massing Strategy" in the New Cross Development Framework.

We have assessed the viability of the foregoing schemes using the residual method of valuation. Our viability appraisals assesses the viability of the proposed developments in order to identify if there is a profit generated in excess of market expectations, once Benchmark Land Value is factored into our residual valuation of each of the proposed developments. This includes assessing the key elements of gross development value, costs, developer return and Benchmark Land Value. The latter is determined on the basis of existing use value, plus a premium which it is considered that a reasonable land owner would require to sell their land. Together this represents the landowner's reasonable expectation of the value of the land, which is sufficient to incentivise the landowner to sell without planning permission for development.

We would at this stage comment that a residual valuation is sensitive to small changes in key variables, including construction costs & fees, funding costs, construction/development timing, rental values and investor returns. Appraisals of this nature depend for their accuracy on the input variables, of which some of the most crucial (build costs, rental value and investment yield, etc.) can be subject to substantial variation over the project period.

Changes to specific inputs may have a disproportionate effect on value. As any valuation of the property is influenced by the development value of the site, a greater degree of risk and uncertainty is inherent in the valuation compared with a standard comparable investment valuation approach.

Our assessment reflects the risks associated with developing the site, as well as the wider market risks.

Importantly, we have relied upon the "Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020. We have not verified these figures. If these costs vary there will be an impact on our residual appraisals. It should also be noted that this Cost Plan has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Client's other two sites in the New Cross area. It is therefore likely to reflect an element of quantum discount. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of the other two New Cross development sites within this report.

The Cost Plan provides a construction cost of £25.051 million, which using the RLB adopted floor areas devalues to show a rate of £178.91 per sq ft.

We have cross referenced the Cost Plan rate of £178.91 per sq ft with benchmarks published by BCIS. BCIS provides a range of costs between £105.53 and £482.43 per sq ft and a mean cost of £172.89 per sq ft for the construction of apartments of six storeys and above in Manchester. Whilst the BCIS data provides a wide range, the Cost Plan rate per sq ft is within a reasonable range of these benchmarks and has therefore been adopted in our appraisal. A copy of the BCIS data is attached as Appendix 13.

Below we outline the assumptions applied to each scenario in assessing financial viability. Copies of our residual appraisals are included as Appendix 5.

3.7.1 Benchmark Land Value

The Property comprises a single storey commercial building extending to a total gross internal floor area of 220.5 sq m (2,373 sq ft). Adjacent there is surfaced and fenced car parking for circa 50 cars, which is used as a pay and display car park.

In respect of the existing use value of the building, we have had regard to the comparable evidence contained within Appendix 12. These include the sale of a much larger building on Cheetwood Road in Cheetham Hill at £54.24 per sq ft in June 2018 and the sale of a similarly larger building in Strangeways at £60.25 per sq ft. These units are larger than the subject property and also do not have the same degree of prominence.

The strength of the market for industrial/warehouse units must also be factored in. This sector has seen significant growth in capital value in the recent past and in investment terms has been the best performing sector. This has also been accompanied by a combination of strong occupier demand and limited supply.

We have therefore adopted an existing use value of **£230,000** for the building, which equates to a capital rate of £96.92 per sq ft. We have cross checked this comparable approach with an investment method. Using the investment method we have adopted a rental value of £14,250 per annum, which equates to £6.00 per sq ft. We have then capitalised this rental value at a yield of 6.0%, having allowed for a six month void for letting and tenant incentives.

The rental value that we have adopted is at the bottom end of the range of the comparable evidence provided for lettings, which range between £6.00 and £10.92 per sq ft.

In terms of the adjacent car parking area, we have included in Appendix 12 the sale of a site off Shudehill used for car parking at a price of £44,444 per space. However, we consider that this is of limited use as it is a more central location for the city centre. The sale price is also likely to have been driven by development potential. The price achieved is also much higher than the rate for secure parking within apartment schemes provided in Appendix 12, which generally sell for between £13,000 and £22,500 per space.

We have therefore also had regard to the potential operating revenue that could be generated, as there are a large number of surface car parks in the immediate area, where charges are typically £4.50 per day during the week and £2.00 per day at the weekend. Assuming 85% occupancy and 50 spaces, this would suggest a potential gross operating income of £58,565 per annum. Assuming a 75% operating profit after deduction for costs, this would suggest a net operating income of circa £43,900 per annum.

Car park investments let to national operators such as NCP trade at net initial yields of between 4.50% and 6.50%, dependent upon location and lease term, with the keenest yields being achieved for city centre car parks at RPI linked rents. A higher yield would be expected for an operator acquiring a site for car park use and we have reflected this by adopting a gross yield of 9%. This

equates to a value in existing use of **£490,000** and a capital value of £9,800 per space, which we have cross referenced with evidence of capital values per space for car parking.

The total value of the buildings and the adjacent car park in their existing use is therefore **£720,000**.

As the property comprises a city centre plot within an area with a Framework which supports the principle of residential development value, we consider that that the landowner would require a minimum premium of 20% to incentivise them to sell without planning permission. This provides a Benchmark Land Value of **£865,000**.

In terms of the value of city centre sites with planning permission for residential development, we have had regard to the land sales within our Appendix 12 of our report. These include the sale of a site in the Green Quarter with planning permission for residential development at a price of £31,250 per plot and the site of the aborted Angelgate scheme at £15,116 per plot. We consider that the latter reflects the fact that this is an aborted scheme that has been subject to significant adverse publicity and may therefore be blighted to an extent. It is also peripheral in terms of the established residential locations in the city centre. The Green Quarter transaction is more applicable and indicative of the plot value for a consented site, albeit that the use of the comparable method of valuation when valuing development sites is not particularly reliable as no two sites ever share the same characteristics.

Our experience is that without planning permission a developer would only pay between a third and half of what the site would transact at with planning permission. This discount reflects risk, costs in securing consent and profit. Assuming a consented plot value of circa £30,000 this would provide an adjusted rate without planning permission of between £10,000 and £15,000 per plot.

In terms of the number of units that a developer would assume could be accommodated on the site, we have had regard to the Framework which provides a maximum density of 800 units per hectare. This would provide 96 units on the subject site. Using the rates of £10,000 and £15,000 per plot for sites without planning permission, this equates to a value of between £770,000 and £1,152,000 for the subject site. This is on the assumption that 20% of the units would be affordable, which have been assumed to have nil plot value. Our Benchmark Land Value of £865,000 on the basis of existing use plus a premium is within this range and equates to £9,010 per plot for the maximum density permitted under the Framework.

We therefore conclude that a reasonable return to the landowner for the subject Property would be **£865,000**, which we have adopted as our Benchmark Land Value.

We understand that the acquisition of the Property is by way of a purchase conditional upon planning permission at a price of £3 million, which was agreed some time ago. In accordance with the guidance issued we have not adopted the purchase price that will be paid as the Benchmark Land Value but have adopted the value in existing use plus a premium. If the price to be paid was to be adopted as Benchmark Land Value this would negatively impact on viability.

3.7.2 Proposed Development

We have set out below the inputs to our residual valuation of the proposed development.

Timescales	Comment
Timescales	We have allowed a pre-construction period of six months and a build period of 21 months. We have cross referenced the build period with the BCIS duration calculator for a scheme of this contract value in Manchester. BCIS assumes a construction period of 88 weeks.

It has been assumed that both the commercial and residential elements would be marketed throughout the construction period.

We have assumed that 50% of the residential units are sold on completion, with the remainder sold at a rate of eight units per month thereafter.

Revenues	Input	Comment
Residential Sales Value	£36,671,000	Our sales value reflects a blended sales rate of £335.14 per sq ft across the scheme. We have adopted rates per sq ft ranging from £321 to £343 per sq ft, dependent upon the type, size and location of each unit. The rates adopted are specifically supported by adjacent schemes. These include: • Halo, 27 Simpson Street: Average £330 per sq ft for two bed units (seven sales in 2019) and £327 per sq ft for one bed units (11 sales in 2019) • North Central, 9 Dyche Street: Average £330 per sq ft for two bed units (20 sales in 2019) and £329 per sq ft for one bed units (seven sales in 2019)
Commercial	£1,213,201	We have adopted a rental value for the commercial unit of £32,393 per annum, equating to £17.50 per sq ft overall. This is at the upper end of the range of our comparable evidence, which is between £13.50 and £17.61 per sq ft. We have capitalised the rental value of the commercial unit using a yield of 6.5%, with a six month rent free period on completion of the construction. We have also included ground rents at a rate of £250 per unit per annum, which we have capitalised at a yield of 5.0%. Purchaser's costs have been deducted at 5.8% of the gross value, to reflect Stamp Duty Land Tax, agency costs and legal costs.
Total Gross Development Value	£37,884,201	
Costs	Input	Comment
Construction Costs	(£25,051,000)	Based on the Cost Plan provided by Rider Levett Bucknall which equates to £178.91 per sq ft on their stated gross internal area.
Demolition	(£10,000)	We have deducted a cost for demolition of the existing structures on site, based on benchmark costs published by Spons. Demolition is specifically excluded from the Cost Plan provided to us.
Contingency	(£751,530)	The Cost Plan includes an allowance for contingencies in respect of Design Development Risk (3.7%) and Construction Stage Risk (1.5%). The Cost Plan excludes an allowance for the developer's contingency, which we have allowed for based on 3.0% of

		costs. The adopted percentage is towards the lower end of a reasonable range, based on our experience.
Professional Fees	(£2,004,080)	The Cost Plan excludes an allowance for professional fees. We have adopted 8% of costs. The adopted percentage is towards the lower end of a reasonable range, based on our experience.
Leasing costs	(£10,896)	We have allowed for agency and legal fees for the letting of the commercial unit, based on 15% of rental value.
Sale costs	(£461,383)	We have allowed for agency fees for sales based on 0.50% of the residential sales values, and 1.0% for the commercial element. Legal fees have been adopted at a rate of £500 per unit on the residential element, which equates to 0.2% of sales value.
		Legal fees on the commercial have been adopted at 0.50% of value.
Marketing costs	(£733,420)	We have allowed 2.0% of the value of each residential unit for marketing costs, which equates to circa £4,600 per unit.
Finance costs	(£1,640,533)	We have adopted a finance rate of 5.5% in our appraisal, which is within the range of 5.0% to 6.0% that we have seen adopted by developers elsewhere in the market.
Developer's profit	(£5,642,327)	We have adopted an allowance for developer's profit of 17.50% of costs or 14.86% of gross development value in our appraisal. This is the minimum profit that we would expect for a developer for developments of this type and risk profile. It is also within the range of the Government's viability guidance, which refers to a benchmark of 15% to 20% of gross development value.
Stamp Duty Land Tax and professional fees on acquisition	(£82,319)	Purchaser's costs have been deducted at 1.80% of gross value for agency and legal costs. Stamp Duty Land Tax has been deducted on the basis of the statutory rates.
Total Costs	£36,398,384	
Residualised Land Value	£1,496,713	
	Say	
	£1,500,000	
Benchmark Land Value	£865,000	
Surplus	£635,000	

The foregoing indicates that it is viable for the proposed development of the subject property to provide a sum of £635,000 for affordable housing, public realm in the New Cross area and any other relevant Section 106 liabilities. However, the viability of the site must be considered in conjunction with the overall viability of the three New Cross sites, as the costs upon which we have relied relate to all three sites being developed in a single programme.

3.7.3 Impact of the New Cross Development Framework

We have set out below the inputs to our residual valuation of the assumed Framework compliant development.

Timescales		Comment
Timescales		We have allowed a pre-construction period of six months and a build period of 18 months. We have cross referenced the build period with the BCIS duration calculator for a scheme of this contract value in Manchester. BCIS assumes a construction period of 79 weeks. It has been assumed that both the commercial and residential elements would be marketed throughout the construction period. We have assumed that 50% of the residential units are sold on completion, with the remainder sold at a rate of eight units per month thereafter.
Revenues	Input	Comment
Residential Sales Value	£20,902,000	Our sales value reflects a blended sales rate of £333.56 per sq ft across the scheme
Commercial	£907,051	No change from the revenue from the proposed scheme, other than a reduced number of ground rents generated.
Total Gross Development Value	£21,809,051	
Costs	Input	Comment
Construction Costs	(£14,486,343)	We have adopted the same rate per sq ft and gross to net ratio as the proposed scheme, in order to arrive at an estimated construction cost for the assumed Framework compliant scheme.
Demolition	(£10,000)	No change from assumption for the Framework compliant scheme.
Contingency	(£434,590)	No change in the assumption from the proposed scheme.
Professional Fees	(£1,158,907)	No change in the assumption from the proposed scheme.
Leasing costs	(£8,459)	No change in the assumption from the proposed scheme
Sale costs	(£268,226)	No change in the assumption from the proposed scheme
Marketing costs	(£418,040)	No change in the assumption from the proposed scheme.
Finance costs	(£789,972)	No change from assumption for the Framework compliant scheme.
Developer's profit	(£3,248,156)	No change from assumption for the Framework compliant scheme.
Stamp Duty Land Tax and professional fees on acquisition	(£51,421)	No change from assumption for the Framework compliant scheme.
Total Costs	£20,874,114	
Residualised Land Value	£934,936	
	Say	
	£935,000	
Benchmark Land Value	£865,000	
Surplus	£70,000	

The residual land value of £935,000 generated by an assumed scheme of 96 units which is compliant with the Framework is £70,000 more than the Benchmark Land Value (£865,000). On this basis, a scheme that is compliant with the Framework would provide limited scope for there to be any

affordable housing or financial contribution by the developer on the granting of planning permission for residential development.

3.8 Conclusion

Basis	Value
Value in existing use	£720,000
Benchmark Land Value	£865,000
Residual on the basis of the proposed scheme of 161 units	£1,500,000
Surplus over Benchmark Land Value on the basis of the proposed scheme of 161 units	£635,000
Residual land value assuming a Framework compliant scheme of 96 units	£865,000
Surplus on the basis of the Framework compliant scheme of 96 units	£70,000

In conclusion we consider that a Framework compliant scheme provides limited scope for there to be any affordable housing or financial contribution by the developer. The proposed scheme does allow for a contribution of £635,000 but overall viability must be considered in the context of the viability of the Client's other two development schemes in New Cross, on Oldham Road and Goulden Street. The latter provides a substantial negative adjustment to the overall ability of the developer to make a contribution for the three sites combined.

As required by the RICS Practice Statement we have run a sensitivity analysis for the proposed scheme. A sensitivity analysis demonstrates how changes to the assumed inputs can influence viability. In the case of the subject property we have prepared our sensitivity analysis based on varying the sales rate and the construction cost by +/-2% and shown the effect on both the residual land value and the surplus, the latter being shown in bold italics.

Construction Rate		Sales Rate			
		-2.00%	-1.00%	0.00%	1.00%
-1.00%	£1,482,308	£1,734,044	£1,985,779	£2,237,513	£2,489,246
	£617,308	£869,044	£1,120,779	£1,372,513	£1,624,246
-2.00%	£1,237,775	£1,489,510	£1,741,246	£1,992,981	£2,244,715
	£372,775	£624,510	£876,246	£1,127,981	£1,379,715
0.00%	£993,241	£1,244,977	£1,496,713	£1,748,448	£2,000,183
	£128,241	£379,977	£631,713	£883,448	£1,135,183
1.00%	£748,708	£1,000,443	£1,252,179	£1,503,915	£1,755,651
	-£116,292	£135,443	£387,179	£638,915	£890,651
2.00%	£504,174	£755,910	£1,007,646	£1,259,381	£1,511,117
	-£360,826	-£109,090	£142,646	£394,381	£646,117

4 Goulden Street, Manchester

Executive Summary

General

- The Property comprises a development site within the area covered by the New Cross Development Framework, which was approved in July 2015 and updated in December 2017. The site is to be developed for residential purposes, with ground floor commercial.
- The Framework provides massing and density rates for the development of the subject plot. The proposed development is higher and at a greater density than those rates.
- We have been instructed to compare the viability of the proposed development with the viability of a hypothetical pro rata scheme using the lower building heights stated in the "Zone A: Massing Strategy" and having regard to the site densities contained within the New Cross Development Framework.

Description

- The existing Property comprises the remnants of a Grade II listed former Police and Ambulance Station, which is understood to have been built in the mid-19th Century. The building has been effectively reduced to its low level external façade.
- The proposed development comprises a nine storey building with roof terrace, which is to be developed behind the existing, retained façade. The development is to provide 73 no apartments, comprising studio, one bed, two bed and three bed duplex apartments, as well as a commercial unit. The development is not compliant with the New Cross Development Framework.
- Deducting levels one to three of the proposed scheme, which reduces the scheme to six storeys and the number of apartments from 73 units to 43 units, results in the scheme being compliant with the height and density benchmarks in the Framework.

Value in Existing Use

Basis	Value
Value in Existing Use	£390,000

Benchmark Land Value

Basis	Value
Benchmark Land Value (including premium over Value in Existing Use)	£470,000

Residual Appraisal - Proposed Development of 73 units

Item	Input	Comment
Gross Development Value: Residential	£16,398,000	Based on an average sales price of £336.20 per sq ft
Gross Development Value: Commercial	£928,479	Includes residential ground rents at £250 per unit per annum and a commercial unit at £246 per sq ft
Construction costs	(£12,790,000)	Based on the Cost Plan provided and inclusive of £400,000 for works to the listed chimney

Demolition	£0	No allowance for demolition as this is a cleared site
Contingency	(£371,700)	Based on 3% of costs, which is at the lower end of our expected range
Professional Fees	(£1,023,200)	Based on 8% of costs, which is at the lower end of our expected range
Marketing, Sales and Letting Costs	(£552,342)	Included commercial letting fees at 15%; residential marketing costs at 2.0% of revenue; residential agency costs at 1.0% of revenue; and legal costs at 1.0% of revenue for the commercial and £500 per residential unit
Finance Costs	(£537,765)	Based on a 5.5% debit rate, which is within the expected range of 5.0% to 6.0%
Developer's Profit	(£2,580,537)	Based on 17.50% of costs and 14.84% of GDV, which is the minimum profit that we would expect for a developer
Residualised Land Price	(£529,005) Say minus £530,000	Stated after deduction of purchaser's costs. The development produces a negative land value
Benchmark Land Value	(£470,000)	See above
Surplus	(£1,000,000)	

Residual Appraisal - Assumed New Cross Framework Compliant Development of 43 units

Item	Input	Comment
Gross Development Value: Residential	£9,863,000	Based on an average sales price of £30.21 per sq ft
Gross Development Value: Commercial	£787,179	No change from the proposed scheme, other than a reduction in the revenue from ground rents as the number of units has been reduced
Construction costs	(£8,039,582)	Based on a pro rata apportionment of the Cost Plan provided and inclusive of £400,000 for works to the listed chimney
Demolition	£0	No allowance for demolition as this is a cleared site
Contingency	(£229,187)	Based on 3% of costs, which is at the lower end of our expected range
Professional Fees	(£643,167)	Based on 8% of costs, which is at the lower end of our expected range
Marketing, Sales and Letting Costs	(£338,841)	Included commercial letting fees at 15%; residential marketing costs at 2.0% of revenue; residential agency costs at 1.0% of revenue; and legal costs at 1.0% of revenue for the commercial and £500 per residential unit

Finance Costs	(£281,903)	Based on a 5.5% debit rate, which is within the expected range of 5.0% to 6.0%
Developer's Profit	(£1,586,197)	Based on 17.50% of costs and 14.83% of GDV, which is the minimum profit that we would expect for a developer
Residualised Land Price	(£468,698) Say minus £470,000	Stated after deduction of purchaser's costs. The development produces a negative land value
Benchmark Land Value	(£470,000)	See above
Surplus	(£940,000)	

Conclusion

The density and massing contained within the Framework provides a relatively low density development, which is compounded by the retention of the chimney and the associated external space around it. Viability is further compromised by the listed nature of the plot, which means that a developer has to work within the existing façade and reflect that in the design of the new building. This results in development of the site being more difficult to deliver a viable scheme than its peers.

Our residual appraisal of an assumed scheme that would be compliant shows that the land has a negative value, even before value in existing use and Benchmark Land Value is taken into account. Although both the value in existing use and therefore the Benchmark Land Value is subjective given the Listing and the lack of a current use, we do not consider that a developer would be prepared to accept the substantially lower than market rates for their profit, which would enable a Framework compliant scheme to be developed. A reduced profit rate also does not align with a likely view that developing within the constraints of a retained façade is riskier than developing a brownfield site that is not listed.

As a result of the foregoing, a scheme that is compliant with the Framework would not provide any scope for there to be any affordable housing or financial contribution by the developer on the granting of planning permission for residential development. Indeed given that the residual value of the site for residential development for such a scheme is negative, it is probable that a residential scheme which is compliant with the Framework would not be built, even without any contribution.

Our residual appraisal of the proposed scheme also produces a similar, negative site value. As a result, the proposed scheme not only provides no scope for there to be any affordable housing or financial contribution by the developer on the granting of planning permission for residential development, but it is probable that in isolation a residential scheme would not be built, even without any contribution.

It is also important to note that the Cost Plan upon which we have relied has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Bendix Street and Oldham Road sites. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of the Bendix Street and Oldham Road developments. It is probable that if the Goulden Street development was considered in isolation, construction costs may be higher, which would further exacerbate the viability issue.

We understand from our Client that the rationale for developing the Goulden Street site despite its negative land value is that the City Council want to see the site developed. Our Client is prepared to meet the City Council's aspirations, provided that viability is assessed in conjunction with both the Bendix Street and Oldham Road sites.

4.1 Information Provided

We have been provided with the following information, upon which we have relied:

- An accommodation schedule prepared by Tim Groom Architects, dated 16 January 2020;
- "Design and Access Statement" prepared by Tim Groom Architects (Planning Issue 11.12.2019); and
- "Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020.

4.2 Date of inspection

The Property was inspected externally by Andrew Hamilton MRICS on 20 December 2019.

4.3 Location

The Property occupies an island site within the New Cross area, bounded by Oldham Road (A62), Rochdale Road (A664), Thompson Street and Swan Street (A665). The property is within the eastern quadrant of this area and has frontages to Goulden Street to the south; to Cross Keys Street to the west; and to Chadderton Street to the east. To the north is an alleyway, to which vehicular access is blocked by bollards.

The surrounding area currently comprises an eclectic mix of commercial uses, surface car parking and residential uses. There are surface car parks to the west and south, whilst to the north and fronting Thompson Street is a relatively modern two storey building occupied by "Turning Point", which offers health and wellbeing services.

Immediately to the south of the subject Property and fronting Oldham Road is the site of Broadside development. Broadside is the development of two residential towers comprising six to ten storeys, comprising apartments available to rent, with communal lounges, gym and roof terraces. Construction is underway and is expected to be completed in the summer of 2020.

In addition to Broadside, other residential uses in the immediate area include the established Skyline Central tower fronting Rochdale Road; a 172 room AC Hotels by Marriot at the junction of Mason Street and Goulden Street; an adjacent StayCity aparthotel; site clearance for the development of residential units by Beech Holdings at the junction of Rochdale Road and Thompson Street; and the ongoing construction of Moda's 466 unit Build To Rent scheme at Angel Gardens on the northern side of Rochdale Road.

A location plan is attached as Appendix 6.

4.4 Description

The Property comprises the remnants of a Grade II listed former Police and Ambulance Station, which is understood to have been built in the mid-19th Century. The building has been effectively reduced to its low level external façade, with a significant chimney located within the building footprint. The retained façade is a mix of red brick surmounting an ashlar plinth, with full height dressed stone to part.

We have not inspected the property internally. The rear elevation is made up of timber doors. The site is understood to currently be disused.

The whole occupies an area of 0.121 hectares (0.30 acres).

External photographs and a plan showing the site boundaries are included in Appendix 6.

4.5 Proposed Development

The proposed development comprises a nine storey building with roof terrace, which is to be developed behind the existing, retained façade. The building is 'L' shaped, with a courtyard within the façade providing a private amenity space, incorporating the existing chimney.

The majority of the building is to be developed in a sympathetic style to the Listed status of the façade, with multiple pitched roofs and elevations clad in facing brick incorporating framed windows. To the rear of the chimney the remainder of the building is to be constructed in a modern style, with cladding panels to the elevations, incorporating aluminium framed windows. The courtyard is to be secured by a feature lightweight steel fin fencing. The retained chimney in the amenity space is to be repointed, with feature cladding to the lower level and a feature lantern added to the top of the chimney.

At ground floor level the block is to be accessed for residents from Goulden Street, leading to a reception lobby and office, open to a lounge/waiting area with loose seating. Also provided adjacent to the reception are a toilet facility and office. Other facilities at ground floor level comprise plant rooms including a substation and boiler/CHP plant room, a bin store and a cycle store for 72 bicycles. There is also shared residents' amenity space/communal lounge at the rear, overlooking the courtyard. The courtyard amenity space arranged around the retained chimney is accessed internally from either the reception area or the shared amenity space/communal lounge at the rear of the building.

There is a commercial unit located at the junction of Goulden Street and Cross Keys Street, with access taken from the latter. The unit is shown as a two storey unit and has a broken display window frontage as a result of being within the retained façade. The unit's main frontage is to Cross Keys Street, with a return frontage to Goulden Street. The floors are connected by an internal staircase.

Access for residents to the upper floors is via a staircase and a single passenger lift. There are a total of 73 apartments provided over eight upper storeys, ranging from eight to twelve units per floor. The apartments are each arranged over single storey, with the exception of seven duplex units which are arranged over the seventh to ninth floors. The apartments provide a mix of 12 no. studios (16.4% of the unit mix); 13 no. x one bed units (17.8% of the unit mix); 41 no. x two bed apartments (56.2%) and seven no. x bedroom duplex apartments (9.6%), which range between one and two bedrooms.

There is a communal garden provided at roof level, which is accessed from the stair and lift core. There are four duplex units with frontage to the roof garden, which have the benefit of private external terraces with access to the communal roof garden.

The apartment types are summarised below:

Unit Type	Description	Minimum Size Sq M (Sq Ft)	Maximum Size Sq M (Sq Ft)
One bed	The units comprise an open plan lounge/kitchen/dining area. The one bedroom units have a single bathroom, with access from both the bedroom and living area.	44.0 (474)	51.2 (551)
Two bed	The units typically comprise an open plan lounge, kitchen and dining area. The two bedroom units have two bathrooms, at least one of which is en-suite to the bedroom. The remaining bathroom is either similarly en-suite or is in the form of a family bathroom.	63.4 (682)	70.7 (761)

Unit Type	Description	Minimum Size Sq M (Sq Ft)	Maximum Size Sq M (Sq Ft)
Duplex	The units typically comprise an open plan lounge, kitchen and dining area.	68.1 (733)	95.6 (1,029)
	The one bed duplex apartment has a single bathroom.		
	The two bedroom duplex units are of varying specification. One has a family bathroom at the bedroom level, and one has only an en-suite toilet at the bedroom level. Both of these units have a family bathroom on the lounge/kitchen level.		
	The balance of four duplex units have an en-suite facility to the master bedroom and a second family bathroom.		

The accommodation to be provided is summarised below:

Floor	No. of Units				Total Gross Internal Area Sq M (Sq Ft)	Commercial Area Net internal area Sq M (Sq Ft)
	One bed studio	One bed units	Two bed units	Duplex units		
Ground		-	-	-	-	221.0 (2,379)
First	2	1	5	-	468.0 (5,039)	-
Second	2		7	-	663.0 (7,137)	-
Third	2	2	7	-	663.0 (7,137)	-
Fourth	2	2	7	-	663.0 (7,137)	-
Fifth	2	2	7		663.0 (7,137)	-
Sixth	2	2	5	3	660.0 (7,104)	-
Seventh	-	2	3	4	612.0 (6,592)	
Eighth	-	-	-*	-*	139.0 (1,493)	
Total	12	13	41	7	4,531.0 (48,776)	221.0 (2,379)

*Includes duplex units over the seventh and eighth floors

4.6 The impact of the New Cross Development Framework

We have compared the viability of the proposed development with the viability of hypothetical pro rata schemes using the lower building heights stated in the "Zone A: Massing Strategy" and the target densities contained within the New Cross Development Framework.

The difference between the height of the proposed development and that envisaged in the Framework is as follows:

Scheme	Number of storeys	
	"Zone A: Massing Strategy"	Proposed Development
Goulden Street	4 to 6	9

The difference between the density of the proposed development and the density stated in the Framework is as follows:

Scheme	Units per hectare	
	"Zone A: Massing Strategy"	Proposed Development
Goulden Street	200 to 400	603

We have not been provided with plans for an alternative design of the scheme that would be compliant with the Framework. In comparing viability we have therefore deducted levels one to three of the proposed scheme. This would reduce the number of apartments from 73 units to 43 units, arranged over six storeys at a density of 355 units per hectare. This would provide a scheme which is compliant with the height and density benchmarks in the Framework. We have therefore used this assumed scheme in assessing the viability of developing the property in accordance with the Framework.

4.7 Financial Viability Appraisal

We have been instructed to assess the viability of the following two separate scenarios:

- The proposed scheme; and
- A pro rata scheme that would enable the development to comply with the "Zone A: Massing Strategy" in the New Cross Development Framework.

We have assessed the viability of the foregoing schemes using the residual method of valuation. Our viability appraisals assesses the viability of the proposed developments in order to identify if there is a profit generated in excess of market expectations, once Benchmark Land Value is factored into our residual valuation of each of the proposed developments. This includes assessing the key elements of gross development value, costs, developer return and Benchmark Land Value. Benchmark Land Value is determined on the basis of existing use value, plus a premium which it is considered that a reasonable land owner would require to sell their land. Together this represents the landowner's reasonable expectation of the value of the land, which is sufficient to incentivise the landowner to sell without planning permission for development.

We would at this stage comment that a residual valuation is sensitive to small changes in key variables, including construction costs & fees, funding costs, construction/development timing, rental values and investor returns. Appraisals of this nature depend for their accuracy on the input variables, of which some of the most crucial (build costs, rental value and investment yield, etc.) can be subject to substantial variation over the project period.

Changes to specific inputs may have a disproportionate effect on value. As any valuation of the property is influenced by the development value of the site, a greater degree of risk and uncertainty is inherent in the valuation compared with a standard comparable investment valuation approach.

Our assessment reflects the risks associated with developing the site, as well as the wider market risks.

Importantly, we have relied upon the "Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020. We have not verified these figures. If these costs vary there will be an impact on our residual appraisals. It should also be noted that this Cost Plan has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Goulden Street site. It is therefore likely to reflect an element of quantum discount. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of the other two New Cross development sites within this report.

We have cross referenced the Cost Plan rate of £176.92 per sq ft (excluding abnormal costs of £400,000 for works to the retained chimney) with benchmarks published by BCIS. BCIS provides a range of costs between £105.53 and £482.43 per sq ft and a mean cost of £172.89 per sq ft for the construction of apartments of six storeys and above in Manchester. Whilst the BCIS data provides a wide range, the Cost Plan rate per sq ft is within a reasonable range of these benchmarks and has therefore been adopted in our appraisal. A copy of the BCIS data is attached as Appendix 13.

Below we outline the assumptions applied to each scenario in assessing financial viability. Copies of our residual appraisals are included as Appendix 8.

4.7.1 Benchmark Land Value

The Property comprises a cleared site with the exception of a retained façade and chimney. We are not aware of any current use of the Property and consider that in the market demand for any use other than development is likely to be for car parking or storage.

We have also had regard to the potential operating revenue that could be generated, as there are a large number of surface car parks in the immediate area, where charges are typically £4.50 per day during the week and £2.00 per day at the weekend. Assuming 85% occupancy this would suggest a potential gross operating income of £58,565 per annum. Assuming a 75% operating profit after deduction for costs, this would suggest a net operating income of circa £43,900.

Car park investments let to national operators such as NCP trade at net initial yields of between 4.50% and 6.50%, dependent upon location and lease term, with the keenest yields being achieved for city centre car parks at RPI linked rents. A much higher yield would be expected for an operator acquiring a site for car park use and we have reflected this by adopting a gross yield of 9%. This equates to a value in existing use of £490,000 and a capital value of £9,800 per space, which we have cross referenced with evidence of capital values per space for car parking.

We have included details in Appendix 12 the sale of a site off Shudehill used for car parking at a price of £44,444 per space. However, we consider that this is of limited use as it is a more central location for the city centre. The sale price is also likely to have been driven by development potential. The price achieved is also much higher than the rate for secure parking within apartment schemes provided in Appendix 12, which generally sell for between £13,000 and £22,500 per space.

The value of the subject site as a car park would therefore be £490,000. This is the same Benchmark Land Value as we have applied to the similarly sized car park plot at the Bendix Street site. However, the Goulden Street is not currently laid out for car parking and has the constraints of its listed status. We have therefore deducted 20% to reflect this, which provides an adjusted value of **£390,000**.

As the property comprises a city centre plot within an area with a Framework which supports the principle of residential development value, we consider that that the landowner would require a minimum premium of 20% to incentivise them to sell without planning permission. This provides a Benchmark Land Value of **£470,000**.

In terms of the value of city centre sites with planning permission for residential development, we have had regard to the land sales within our Appendix 12 of our report. These include the sale of a site in the Green Quarter with planning permission for residential development at a price of £31,250

per plot and the site of the aborted Angelgate scheme at £15,116 per plot. We consider that the latter reflects the fact that this is an aborted scheme that has been subject to significant adverse publicity and may therefore be blighted to an extent. It is also peripheral in terms of the established residential locations in the city centre. The Green Quarter transaction is more applicable and indicative of the plot value for a consented site, albeit that the use of the comparable method of valuation when valuing development sites is not particularly reliable as no two sites ever share the same characteristics.

Our experience is that without planning permission a developer would only pay between a third and half of what the site would transact at with planning permission. This discount reflects risk, costs in securing consent and profit. Assuming a consented plot value of circa £30,000 this would provide an adjusted rate without planning permission of between £10,000 and £15,000 per plot.

In terms of the number of units that a developer would assume could be accommodated on the subject site, we have had regard to the Framework which provides a maximum density of 400 units per hectare. This would provide 43 units on the subject site. Using a rate of £10,000 and £15,000 per plot for sites without planning permission, this would equate to a value of between £340,000 and £510,000. This is on the assumption that 20% of the units would be affordable, which have been assumed to have nil plot value. Our adopted Benchmark Land Value is within this range.

Our Benchmark Land Value also equates to £10,930 per plot for the maximum density permitted under the Framework.

We therefore conclude that a reasonable return to the landowner for the subject Property would be **£470,000**, which we have adopted as our Benchmark Land Value.

We understand that the acquisition of the Property is by way of a purchase conditional upon planning permission at a price of £1.9 million which was agreed some time ago. In accordance with the guidance issued we have not adopted the purchase price that will be paid as the Benchmark Land Value but have adopted the value in existing use plus a premium. If the price to be paid was to be adopted as Benchmark Land Value this would negatively impact on viability.

Below we outline the assumptions applied to each scenario in assessing financial viability. Copies of our residual appraisals are included as Appendix 5.

4.7.2 Proposed Development

We have set out below the inputs to our residual valuation of the proposed development.

Timescales		Comment
Timescales		We have allowed a pre-construction period of six months and a build period of 18 months. We have cross referenced the build period with the BCIS duration calculator for a scheme of this contract value in Manchester. BCIS assumes a construction period of 77 weeks. It has been assumed that both the commercial and residential elements would be marketed throughout the construction period. We have assumed that 50% of the residential units are sold on completion, with the remainder sold at a rate of eight units per month thereafter.
Revenues	Input	Comment
Residential Sales Value	£16,398,000	Our sales value reflects a blended sales rate of £336.20 per sq ft across the scheme. We have adopted rates per sq ft ranging from £331 to £352 per sq ft, dependent upon the type, size

and location of each unit. The rates adopted are specifically supported by adjacent schemes. These include:

- **Halo, 27 Simpson Street:** Average £330 per sq ft for two bed units (seven sales in 2019) and £327 per sq ft for one bed units (11 sales in 2019).
- **North Central, 9 Dyche Street:** Average £330 per sq ft for two bed units (20 sales in 2019) and £329 per sq ft for one bed units (seven sales in 2019)

Commercial	£928,479	We have adopted a rental value for the commercial unit of £41,633 per annum, equating to £17.50 per sq ft overall. This is at the upper end of the range of our comparable evidence, which is between £13.50 and £17.61 per sq ft. We have capitalised the rental value of the commercial unit using a yield of 6.5%, with a six month rent free period on completion of the construction. We have also included ground rents at a rate of £250 per unit per annum, which we have capitalised at a yield of 5.0%. Purchaser's costs have been deducted at 5.8% of the gross value, to reflect Stamp Duty Land Tax, agency costs and legal costs.
Total Gross Development Value	£17,326,479	
Costs	Input	Comment
Construction Costs	(£12,790,000)	Based on the Cost Plan provided by Rider Levett Bucknall which equates to £176.92 per sq ft on their stated gross internal area. Inclusive of £400,000 for works to the retained chimney.
Demolition	(£0)	We have not made allowance for demolition costs as the site is cleared.
Contingency	(£371,700)	The Cost Plan includes an allowance for contingencies in respect of Design Development Risk (3.7%) and Construction Stage Risk (1.5%). The Cost Plan excludes an allowance for the developer's contingency, which we have allowed for based on 3.0% of costs. The adopted percentage is towards the lower end of a reasonable range, based on our experience.
Professional Fees	(£1,023,200)	The Cost Plan excludes an allowance for professional fees. We have adopted 8% of costs. The adopted percentage is towards the lower end of a reasonable range, based on our experience.
Leasing costs	(£8,982)	We have allowed for agency and legal fees for the letting of the commercial unit, based on 15% of rental value.
Sale costs	(£215,400)	We have allowed for agency fees for sales based on 0.50% of the residential sales values, and 1.0% for the commercial element.

		Legal fees have been adopted at a rate of £500 per unit on the residential element, which equates to 0.2% of sales value.
		Legal fees on the commercial have been adopted at 0.50% of value.
Marketing costs	(£327,960)	We have allowed 2.0% of the value of each residential unit for marketing costs, which equates to circa £4,500 per unit.
Finance costs	(£537,765)	We have adopted a finance rate of 5.5% in our appraisal, which is within the range of 5.0% to 6.0% that we have seen adopted by developers elsewhere in the market.
Developer's profit	(£2,580,537)	We have adopted an allowance for developer's profit of 17.50% of costs or 14.84% of gross development value in our appraisal. This is the minimum profit that we would expect for a developer for developments of this type and risk profile. It is also within the range of the Government's viability guidance, which refers to a benchmark of 15% to 20% of gross development value.
Stamp Duty Land Tax and professional fees on acquisition	(£0)	Purchaser's costs have not been deducted as the appraisal results in a negative land value.
Total Costs	£17,855,544	
Residualised Land Value	(£529,065)	
	Say minus	
	£530,000	
Benchmark Land Value	£470,000	
Surplus	(£1,000,000)	

The density and massing contained within the Framework provides a relatively low density development, which is compounded by the retention of the chimney and the associated external space around it. Viability is further compounded by the listed nature of the plot, which means that a developer has to work within the existing façade and reflect that in the design of the new building. This results in development of the site being more difficult to deliver a viable scheme than its peers.

The foregoing therefore shows that the proposed development provides a negative land value, even before Benchmark Land Value is taken into account. On this basis it is not viable for the proposed development of the subject property in isolation to provide any contribution towards affordable housing, public realm in the New Cross area and any other relevant Section 106 liabilities.

It is also important to note that the Cost Plan upon which we have relied has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Bendix Street and Oldham Road sites. The financial viability of the subject site should therefore be viewed in conjunction with the Financial Viability assessment of the Bendix Street and Oldham Road developments. It is probable that if the Goulden Street development was considered in isolation, construction costs may be higher, which would further exacerbate the viability issue.

We understand from our Client that the rationale for developing the Goulden Street site despite its negative land value is that the City Council want to see the site developed. Our Client is prepared to meet the City Council's aspirations, provided that viability is assessed in conjunction with both the Bendix Street and Oldham Road sites.

4.7.3 Impact of the New Cross Development Framework

We have set out below the inputs to our residual valuation of the assumed Framework compliant development.

Timescales		Comment
Timescales		We have allowed a pre-construction period of six months and a build period of 18 months. We have cross referenced the build period with the BCIS duration calculator for a scheme of this contract value in Manchester. BCIS assumes a construction period of 70 weeks. It has been assumed that both the commercial and residential elements would be marketed throughout the construction period. We have assumed that 50% of the residential units are sold on completion, with the remainder sold at a rate of eight units per month thereafter.
Revenues	Input	Comment
Residential Sales Value	£9,863,000	Our sales value reflects a blended sales rate of £334.77 per sq ft across the scheme.
Commercial Unit	£787,179	No change from the revenue for the proposed scheme, other than reduced ground rent revenue resulting from the reduction in the number of units.
Total Gross Development Value	£10,650,179	
Costs	Input	Comment
Construction Costs	(£8,039,582)	We have adopted the same rate per sq ft and gross to net ratio as the proposed scheme, in order to arrive at an estimated construction cost for the assumed Framework compliant scheme. The stated cost includes £400,000 for works to the chimney.
Demolition	(£0)	No change in the assumption from the proposed scheme.
Contingency	(£229,187)	No change in the assumption from the proposed scheme.
Professional Fees	(£643,167)	No change in the assumption from the proposed scheme.
Leasing costs	(£7,857)	No change in the assumption from the proposed scheme.
Sale costs	(£133,724)	No change in the assumption from the proposed scheme.
Marketing costs	(£197,260)	We have allowed 2.0% of the value of each residential unit for marketing costs, which equates to circa £4,550 per unit.
Finance costs	(£281,903)	No change in the assumption from the Framework compliant scheme.
Developer's profit	(£1,586,197)	No change in the assumption from the Framework compliant scheme.
Stamp Duty Land Tax and professional fees on acquisition	(£0)	Purchaser's costs have not been deducted as the appraisal results in a negative land value.
Total Costs	£11,118,877	

Residualised Land Value	(£468,698)
	Say minus
	£470,000
Benchmark Land Value	(£470,000)
Surplus	(£940,000)

The foregoing shows that a Framework compliant development also provides a negative land value, even before Benchmark Land Value is taken into account. A scheme that is compliant with the Framework would therefore not provide any scope for there to be any affordable housing or financial contribution by the developer on the granting of planning permission for residential development. Indeed given that the residual value of the site for residential development for such a scheme is negative, it is probable that a residential scheme which is compliant with the Framework would not be built, even without any contribution.

4.8 Conclusion

Our appraisals can be summarised as follows:

Basis	Land Value
Value in existing use	£390,000
Benchmark Land Value	£470,000
Residual on the basis of the proposed scheme of 73 units	(£530,000)
Surplus over Benchmark Land Value on the basis of the proposed scheme of 73 units	(£1,000,000)
Residual land value assuming a Framework compliant scheme of 45 units	(£470,000)
Surplus on the basis of the Framework compliant scheme of 45 units	(£940,000)

In conclusion we are of the opinion that neither the proposed scheme nor a Framework compliant scheme in isolation provides any scope for there to be any affordable housing or financial contribution by the developer. We understand from our Client that the rationale for developing the Goulden Street site despite its negative land value is that the City Council want to see the site developed. Our Client is prepared to meet the City Council's aspirations, provided that viability is assessed in conjunction with both the Bendix Street and Oldham Road sites.

As required by the RICS Practice Statement we have run a sensitivity analysis for both the proposed and assumed Framework compliant schemes. A sensitivity analysis demonstrates how changes to the assumed inputs can influence viability. In the case of the subject property we have prepared our sensitivity analysis based on varying the sales rate and the construction cost by +/-2%. The sensitivity shows the residual land value and the surplus in bold italics.

Construction Rate	Sales Rate				
	-1.00%	-2.00%	0.00%	1.00%	2.00%
-1.00%	-£513,187	-£388,373	-£263,638	-£138,965	-£14,801
	-£983,187	-£858,373	-£733,638	-£608,965	-£484,801
-2.00%	-£646,429	-£521,126	-£396,301	-£271,566	-£146,863
	-£1,116,429	-£991,126	-£866,301	-£741,566	-£616,863
0.00%	-£779,673	-£654,370	-£529,065	-£404,229	-£279,495
	-£1,249,673	-£1,124,370	-£999,065	-£874,229	-£749,495
1.00%	-£912,918	-£787,615	-£662,312	-£537,004	-£412,157
	-£1,382,918	-£1,257,615	-£1,132,312	-£1,007,004	-£882,157
2.00%	-£1,046,163	-£920,860	-£795,557	-£670,253	-£544,950
	-£1,516,163	-£1,390,860	-£1,265,557	-£1,140,253	-£1,014,950

5 Oldham Road, Manchester

Executive Summary

General

- The property comprises a development site within the area covered by the New Cross New Cross Development Framework, which was approved in July 2015 and updated in December 2017. The site is to be developed for residential purposes, with ground floor commercial.
- The Framework provides massing and density rates for the development of the subject plot. The proposed development is higher and at a greater density than those rates.
- We have been instructed to compare the viability of the proposed development with the viability of a hypothetical pro rata scheme using the lower building heights stated in the "Zone A: Massing Strategy" and having regard to the site densities contained within the New Cross Development Framework.

Description

- The existing Property comprises a single storey and an adjacent four storey commercial building, with an area of parking to the Oldham Road and Marshall Street frontages.
- The proposed development comprises a twelve storey building with roof terrace. It provides a ground floor commercial unit and 144 no. apartments. The apartments comprise studio, one, two and three bed apartments over the ground to the twelfth floors, which is not compliant with the height and density benchmarks in the New Cross Development Framework.
- Deducting levels one and four to seven of the proposed scheme, which reduces the scheme to seven storeys and the number of apartments from 144 units to 75 units, results in the scheme being compliant with the height and density benchmarks in the Framework.

Value in Existing Use

Basis	Value
Value in Existing Use	£840,000

Benchmark Land Value

Basis	Value
Benchmark Land Value (including premium over Value in Existing Use)	£1,010,0000

Residual Appraisal - Proposed Development of 144 units

Item	Input	Comment
Gross Development Value: Residential	£32,092,000	Based on an average sales arte of £334.42 per sq ft
Gross Development Value: Commercial	£1,058,667	Includes residential ground rents at £250 per unit per annum and a commercial unit at £246 per sq ft
Construction costs	(£21,078,000)	Based on the Cost Plan provided
Demolition	(£25,000)	Based on published cost benchmarks
Contingency	(£632,340)	Based on 3% of costs, which is at the lower end of our expected range
Professional Fees	(£1,686,240)	Based on 8% of costs, which is at the lower end of our expected range

Marketing, Sales and Letting Costs	(£1,058,197)	Included commercial letting fees at 15%; residential marketing costs at 2.0% of revenue; residential agency costs at 1.0% of revenue; and legal costs at 1.0% of revenue for the commercial and £500 per residential unit
Finance Costs	(£1,417,672)	Based on a 5.5% debit rate, which is within the expected range of 5.0% to 6.0%
Developer's Profit	(£4,937,337)	Based on 17.50% of costs and 14.86% of GDV, which is the minimum profit that we would expect for a developer
Residualised Land Price	£2,184,795 Say £2,185,000	Stated after deduction of purchaser's costs at 6.0% of value
Benchmark Land Value	(£1,010,000)	See above
Surplus	£1,175,000	

Residual Appraisal - Assumed New Cross Framework Compliant Development of 75 units

Item	Input	Comment
Gross Development Value: Residential	£16,956,000	Based on an average sales rate of £331.94 per sq ft
Gross Development Value: Commercial	£733,677	Reflects reduced ground rent revenue
Construction costs	(£10,933,200)	Based on a pro rata apportionment of the Cost Plan provided
Demolition	(£25,000)	No change from the proposed scheme
Contingency	(£327,996)	Based on 3% of costs, which is at the lower end of our expected range
Professional Fees	(£874,656)	Based on 8% of costs, which is at the lower end of our expected range
Marketing, Sales and Letting Costs	(£563,980)	Included commercial letting fees at 15%; residential marketing costs at 2.0% of revenue; residential agency costs at 1.0% of revenue; and legal costs at 1.0% of revenue for the commercial and £500 per residential unit
Finance Costs	(£655,620)	Based on a 5.5% debit rate, which is within the expected range of 5.0% to 6.0%
Developer's Profit	(£2,634,633)	Based on 17.50% of costs and 14.86% of GDV, which is the minimum profit that we would expect for a developer
Residualised Land Price	£1,579,804 Say £1,580,000	Stated after deduction of purchaser's costs at 1.5% of value plus Stamp Duty Land Tax
Benchmark Land Value	(£1,010,000)	See above
Surplus	£570,000	

Conclusion

If planning permission was granted for the proposed scheme of 163 units, the residual land value generated (£2,185,000) is £1,175,000 more than the Benchmark Land Value (£1,010,000). This scheme would therefore appear to provide scope for the developer to make a financial contribution for planning purposes. However, it is important to note that the Cost Plan upon which we have relied, has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Goulden Street and Bendix Street sites. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of the Goulden Street and Bendix Street developments.

Whilst a Framework compliant scheme is also similarly viable, the surplus available for the developer to make a financial contribution for planning purposes is reduced to £570,000. This is because whilst the Benchmark Land Value remains the same at £1,010,000, the residual land value is reduced from £2,185,000 to £1,580,000.

5.1 Information Provided

We have been provided with the following information, upon which we have relied:

- An accommodation schedule prepared by Tim Groom Architects, dated 14 January 2020;
- "Design and Access Statement" prepared by Tim Groom Architects (Planning Issue 11.12.2019); and
- "Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020.

5.2 Date of inspection

The Property was inspected externally by Andrew Hamilton MRICS on 20 December 2019.

5.3 Location

The Property occupies a site within the New Cross area and is bounded by Oldham Road (A62), Rochdale Road (A664), Thompson Street and Swan Street (A665). The Property is within the eastern quadrant of this area and has frontages to Oldham Road to the east; to Thompson Street to the north; and to Bendix Street to the south.

The surrounding area currently comprises an eclectic mix of commercial uses, surface car parking and residential uses. On the opposite side of Thompson Street is the Wing Yip supermarket whilst to the rear and also fronting Thompson Street is a relatively modern two storey building occupied by "Turning Point", which offers health and wellbeing services.

To the north east the subject Property and fronting Oldham Road is the site of Broadside development. Broadside is the development of two residential towers comprising six to ten storeys, comprising apartments available to rent, with communal lounges, gym and roof terraces. Construction is underway and is expected to be completed in the summer of 2020.

In addition to Broadside, other residential uses in the immediate area include the established Skyline Central tower fronting Rochdale Road; a 172 room AC Hotels by Marriot at the junction of Mason Street and Goulden Street; an adjacent StayCity aparthotel; site clearance for the development of residential units by Beech Holdings at the junction of Rochdale Road and Thompson Street; and the ongoing construction of Moda's 466 unit Build To Rent scheme at Angel Gardens on the northern side of Rochdale Road.

A location plan is attached as Appendix 10.

5.4 Description

The property comprises a single storey and an adjacent four storey commercial mill type building, with an area of parking to the Oldham Road and Marshall Street frontages. The whole occupies a site area of 0.129 hectares (0.32 acres).

We have not inspected the property internally. The commercial buildings are of traditional construction and are estimated to be circa 100 years old.

We have obtained floor areas for the existing buildings from the Rating List, which are as follows:

Floor	Sq M	Sq Ft
Basement	142.39	1,533
Ground Floor	268.36	2,889
First Floor	268.03	2,885
Second Floor	126.9	1,336
Third Floor	126.9	1,336
Total	932.58	10,039

We have relied upon the foregoing and would highlight that should the areas be incorrect, there will be an impact on the values reported herein. We have further assumed that given the commercial use of the property as industrial/warehouse units, the floor areas stated are on gross internal basis. The external parking is surfaced and secured by concrete post and chainlink fencing. We estimate that the parking area is capable of accommodating parking for approximately 35 cars.

External photographs and a plan showing the site boundaries are included in Appendix 10.

5.5 Proposed Development

The proposed development comprises a twelve storey building providing a ground floor commercial unit and 144 no. one, two and three bed apartments over the ground to the twelfth floors. The block is to be clad in brickwork with GRC fascias and cladding to the arched window openings. The windows themselves are powder coated framed units. At ground floor level the elevations comprise a curtain wall system with clear glazing in powder coated frames, which matches the windows on the upper floor.

At ground floor level the block is to be accessed for residents from Addington Street, leading to an entrance lobby with an adjacent office and residents' hub. Access to the upper floors is provided by a staircase and two passenger lifts, which are located to the rear of the entrance lobby. Also provided at ground floor level are plant rooms including a Comms room and substation, a bin store and cycle storage for 144 bicycles (triple stacked).

There are a total of 144 apartments provided over thirteen storeys, ranging from six units on the ground floor to between seven and 14 units per upper floor. The apartments are each arranged over a single storey. The apartments provide 49 no. one bed studio apartments (34.0 % of the unit mix); 93 no. x two bed apartments (64.6%) and two no. x three bedroom apartment (1.4%).

The apartment types are summarised below:

Unit Type	Description	Minimum Size Sq M (Sq Ft)	Maximum Size Sq M (Sq Ft)
One bed	The units have an open plan lounge/kitchen/dining area. The one bedroom units have a single bathroom, with access from both the bedroom and living area.	48.4 (521)	N/a
Two bed	The units comprise an open plan lounge, kitchen and dining area. The two bedroom units have two bathrooms, one of which is en-suite to the bedroom. The remaining bathroom is in the form of a family bathroom.	52.9 (569)	74.3 (800)
Three bed	The units comprise an open plan lounge/kitchen/dining area. The three bedroom units similarly have an en-suite bathroom to two of the bedrooms and a third, family bathroom.	93.1 (1,002)	N/a

On the second floor there is an internal garden space. There is also a communal terrace on the tenth floor, which includes a number of enclosed seating areas overlooking the terrace.

The commercial unit is located at fronting Oldham Road but with a return frontage to Marshall Street, from which access is taken. Internally the unit is arranged over ground floor only.

The accommodation to be provided is summarised below:

Floor	No. of Units			Total Gross Internal Area	Commercial Area
	One bed units	Two bed units	Three bed units	Sq M (Sq Ft)	Net internal area Sq M (Sq Ft)
Ground	1	5	-	391.0 (4,204)	144.0 (1,548)
First	3	10	-	844.0 (9,085)	-
Second	3	10	-	832.0 (8,953)	-
Third	6	8	-	831.0 (8,941)	-
Fourth	6	8	-	831.0 (8,941)	-
Fifth	6	8	-	831.0 (8,949)	-
Sixth	6	8	-	831.0 (8,949)	-
Seventh	6	8	-	831.0 (8,949)	-
Eighth	6	8	-	831.0 (8,949)	-
Ninth	6	8	-	831.0 (8,949)	-
Tenth	-	6	1	517.0 (5,565)	-
Eleventh	-	6	1	513.0 (5,528)	-
Total	49	93	2	8,914.0 (95,962)	144.0 (1,548)

5.6 The impact of the New Cross Development Framework

We have compared the viability of the proposed development with the viability of hypothetical pro rata schemes using the lower building height stated in the "Zone A: Massing Strategy" and the target densities per hectare contained within the New Cross Development Framework.

The difference between the height of the proposed development and that envisaged in the Framework is as follows:

Scheme	Number of storeys	
	"Zone A: Massing Strategy"	Proposed Development
Oldham Road	6 to 8	12

The difference between the density of the proposed development and the density stated in the Framework is as follows:

Scheme	Units per hectare	
	"Zone A: Massing Strategy"	Proposed Development
Oldham Road	400 to 600	1,116

We have not been provided with plans for an alternative design of the scheme that would be compliant with the Framework. In comparing viability we have therefore deducted levels one and four to seven of the proposed scheme. This would reduce the number of apartments from 144 units to 75 units, arranged over seven storeys at a density of 581 units per hectare. This would provide a scheme which is compliant with the height and density benchmarks in the Framework. We have therefore used this assumed scheme in assessing the viability of developing the property in accordance with the Framework.

5.7 Financial Viability Appraisal

We have been instructed to assess the viability of the following two separate scenarios:

- The proposed scheme; and
- A pro rata scheme that would enable the development to comply with the "Zone A: Massing Strategy" in the New Cross Development Framework.

We have assessed the viability of the foregoing schemes using the residual method of valuation. Our viability appraisals assesses the viability of the proposed developments in order to identify if there is a profit generated in excess of market expectations, once Benchmark Land Value is factored into our residual valuation of each of the proposed developments. This includes assessing the key elements of gross development value, costs, developer return and Benchmark Land Value ("BLV"). BLV is determined on the basis of existing use value, plus a premium which it is considered that a reasonable land owner would require to sell their land. Together this represents the landowner's reasonable expectation of the value of the land, which is sufficient to incentivise the landowner to sell without planning permission for development.

We would at this stage comment that a residual valuation is sensitive to small changes in key variables, including construction costs & fees, funding costs, construction/development timing, rental values and investor returns. Appraisals of this nature depend for their accuracy on the input variables, of which some of the most crucial (build costs, rental value and investment yield, etc.) can be subject to substantial variation over the project period.

Changes to specific inputs may have a disproportionate effect on value. As any valuation of the property is influenced by the development value of the site, a greater degree of risk and uncertainty is inherent in the valuation compared with a standard comparable investment valuation approach.

Our assessment reflects the risks associated with developing the site, as well as the wider market risks.

Importantly, we have relied upon the "Cost Plan Nr 1 Rev 06 New Cross Development Mulbury City" prepared by Rider Levett Bucknall and dated January 2020. We have not verified these figures. If these costs vary there will be an impact on our residual appraisals. It should also be noted that this Cost Plan has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Goulden Street site. It is therefore likely to reflect an element of quantum discount. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of the other two New Cross development sites within this report.

We have cross referenced the Cost Plan rate of £183.01 per sq ft with benchmarks published by BCIS. BCIS provides a range of costs between £105.53 and £482.43 per sq ft and a mean cost of £172.89 per sq ft for the construction of apartments of six storeys and above in Manchester. Whilst the BCIS data provides a wide range, the Cost Plan rate per sq ft is within a reasonable range of these benchmarks and has therefore been adopted in our appraisal. A copy of the BCIS data is attached as Appendix 13.

Below we outline the assumptions applied to each scenario in assessing financial viability. Copies of our residual appraisals are included as Appendix 11.

5.7.1 Benchmark Land Value

The Property comprises commercial buildings arranged over basement to third floor levels and extending to a total gross internal floor area of 932.58 sq m (10,039 sq ft). Adjacent there is surfaced and fenced car parking for circa 35 cars, some of which have historically been used for car sales.

In respect of the existing use value of the Property we have had regard to the comparable evidence of sales in our report. These include the sale of a much larger building on Cheetwood Road in Cheetham Hill at £54.24 per sq ft in June 2018 and the sale of a similar larger building in Strangeways at £60.25 per sq ft. These units are larger than the subject property and also do not have the same degree of prominence. There is also the sale of the adjacent property at 8 Cable Street at £29.98 per sq ft.

The Cable Street sale is in close proximity to the subject Property and shares some of characteristics, such as being multi-storey. It is, however, an older, traditional mill building and is not as prominent as the subject Property. On this basis we would expect the subject Property to command a higher rate per sq ft.

In contrast we would expect the Property to command a lower rate per sq ft than the Strangeways/Cheetam sales, as these are much better quality buildings. The strength of the market for industrial/warehouse units must also be factored in. This sector has seen significant growth in value over the last 12 months as in investment terms this has been the best performing sector. This is also accompanied by a combination of strong occupier demand and limited supply.

We have therefore applied a capital rate of £50.00 per sq ft to the subject buildings, which provides a value in existing use of **£500,000**.

In terms of the adjacent car parking area, the sale of a car park off Shudehill (Appendix 12) at a price of £44,444 per space is limited in its relevance by the more central nature of this location and the fact that secure parking within apartment schemes generally sell for between £13,000 and £23,000 per space.

We have therefore also had regard to the potential operating revenue that could be generated, as there are a large number of surface car parks in the immediate area, where charges are typically £4.50 per day during the week and £2.00 per day at the weekend. Assuming 85% occupancy this would suggest a potential gross operating income of £40,996 per annum. Assuming a 75% operating profit after deduction for costs, this would suggest a net operating income of circa £30,746 per annum.

Car park investments let to national operators such as NCP trade at net initial yields of between 4.50% and 6.50%, dependent upon location and lease term, with the keenest yields being achieved for city centre car parks at RPI linked rents. A higher yield would be expected for an operator acquiring a site for car park use and we have reflected this by adopting a gross yield of 9%. This equates to a value in existing use of **£340,000** and a capital value of £9,714 per space, which we have cross referenced with evidence of capital values per space for car parking.

The total value of the buildings and the adjacent car park in their existing use is therefore **£840,000**.

As the property comprises a city centre plot within an area with a Framework which supports the principle of residential development value, we consider that that the landowner would require a minimum premium of 20% to incentivise them to sell without planning permission. This provides a Benchmark Land Value of **£1,010,000**.

In terms of the value of city centre sites with planning permission for residential development, we have had regard to the land sales within our Appendix 12 of our report. These include the sale of a site in the Green Quarter with planning permission for residential development at a price of £31,250 per plot and the site of the aborted Angelgate scheme at £15,116 per plot. We consider that the latter reflects the fact that this is an aborted scheme that has been subject to significant adverse publicity and may therefore be blighted to an extent. It is also peripheral in terms of the established residential locations in the city centre. The Green Quarter transaction is more applicable and indicative of the plot value for a consented site, albeit that the use of the comparable method of valuation when valuing development sites is not particularly reliable as no two sites ever share the same characteristics.

Our experience is that without planning permission a developer would only pay between a third and half of what the site would transact at with planning permission. This discount reflects risk, costs in securing consent and profit. Assuming a consented plot value of circa £30,000, this would provide an adjusted rate without planning permission of between £10,000 and £15,000 per plot.

In terms of the number of units that a developer would assume could be accommodated on the site, we have had regard to the Framework which provides a maximum density of 600 units per hectare. This would provide 75 units on the subject site. This equates to a value of between £600,000 (£10,000 per plot) and £900,000 (£10,000 per plot), on the assumption that 20% of the units would be affordable, which have been assumed to have nil plot value. The upper end of this range is 12% higher than the value on the basis of the existing use plus a premium, which we consider to be within a reasonable range. Our Benchmark Land Value also equates to £13,467 per plot for the maximum density permitted under the Framework.

We therefore conclude that a reasonable return to the landowner for the subject Property would be **£1,010,000**, which we have adopted as our Benchmark Land Value.

We understand that the acquisition of the Property is by way of a purchase conditional upon planning permission at a price of £4.0 million which was agreed some time ago. In accordance with the guidance issued we have not adopted the purchase price that will be paid as the Benchmark Land Value but have adopted the value in existing use plus a premium. If the price to be paid was to be adopted as Benchmark Land Value this would negatively impact on viability.

5.7.2 Proposed Development

We have set out below the inputs to our residual valuation of the proposed development.

Timescales		Comment
Timescales		We have allowed a pre-construction period of six months and a build period of 20 months. We have cross referenced the build period with the BCIS duration calculator for a scheme of this contract value in Manchester. BCIS assumes a construction period of 85 weeks. It has been assumed that both the commercial and residential elements would be marketed throughout the construction period. We have assumed that 50% of the residential units are sold on completion, with the remainder sold at a rate of eight per month thereafter.
Revenues	Input	Comment
Residential Sales Value	£32,092,000	Our sales value reflects a blended sales rate of £334.42 per sq ft across the scheme. We have adopted rates per sq ft ranging from £321 to £342 per sq ft, dependent upon the type, size

and location of each unit. The rates adopted are specifically supported by adjacent schemes. These include:

- **Halo, 27 Simpson Street:** Average £330 per sq ft for two bed units (seven sales in 2019) and £327 per sq ft for one bed units (11 sales in 2019).
- **North Central, 9 Dyche Street:** Average £330 per sq ft for two bed units (20 sales in 2019) and £329 per sq ft for one bed units (seven sales in 2019)

Commercial	£1,058,667	We have adopted a rental value for the commercial unit of £27,090 per annum, equating to £17.50 per sq ft overall. This is at the upper end of the range of our comparable evidence, which is between £13.50 and £17.61 per sq ft. We have capitalised the rental value of the commercial unit using a yield of 6.5%, with a six month rent free period on completion of the construction. We have also included ground rents at a rate of £250 per unit per annum, which we have capitalised at a yield of 5.0%. Purchaser's costs have been deducted at 5.8% of the gross value, to reflect Stamp Duty Land Tax, agency costs and legal costs.
Total Gross Development Value	£33,150,667	
Costs	Input	Comment
Construction Costs	(£21,078,000)	Based on the Cost Plan provided by Rider Levett Bucknall which equates to £183.01 per sq ft on their stated gross internal area.
Demolition	(£25,000)	We have deducted a cost for demolition of the existing structures on site, based on benchmark costs published by Spons. Demolition is specifically excluded from the Cost Plan provided to us.
Contingency	(£632,340)	The Cost Plan includes an allowance for contingencies in respect of Design Development Risk (3.7%) and Construction Stage Risk (1.5%). The Cost Plan excludes an allowance for the developer's contingency, which we have allowed for based on 3.0% of costs. The adopted percentage is towards the lower end of a reasonable range, based on our experience.
Professional Fees	(£1,686,240)	The Cost Plan excludes an allowance for professional fees. We have adopted 8% of costs. The adopted percentage is towards the lower end of a reasonable range, based on our experience.
Leasing costs	(£9,464)	We have allowed for agency and legal fees for the letting of the commercial unit, based on 15% of rental value.

Sale costs	(£406,893)	We have allowed for agency fees for sales based on 0.50% of the residential sales values, and 1.0% for the commercial element. Legal fees have been adopted at a rate of £500 per unit on the residential element, which equates to 0.2% of sales value. Legal fees on the commercial have been adopted at 0.50% of value.
Marketing costs	(£641,840)	We have allowed 2.0% of the value of each residential unit for marketing costs, which equates to circa £4,450 per unit.
Finance costs	(£1,417,672)	We have adopted a finance rate of 5.5% in our appraisal, which is within the range of 5.0% to 6.0% that we have seen adopted by developers elsewhere in the market.
Developer's profit	(£4,937,337)	We have adopted an allowance for developer's profit of 17.50% of costs or 14.86% of gross development value in our appraisal. This is the minimum profit that we would expect for a developer for developments of this type and risk profile. It is also within the range of the Government's viability guidance, which refers to a benchmark of 15% to 20% of gross development value.
Stamp Duty Land Tax and professional fees on acquisition	(£131,088)	Purchaser's costs have been deducted at 1.80% of gross value for agency and legal costs. Stamp Duty Land Tax has been deducted on the basis of the statutory rates.
Total Costs	£30,965,874	
Residualised Land Value	£2,184,795	
	Say	
	£2,185,000	
Benchmark Land Value	£1,010,000	
Surplus	£1,175,000	

If planning permission was granted for the proposed scheme of 163 units, the residual land value generated (£2,185,000) is £1,175,000 more than the Benchmark Land Value (£1,010,000). This scheme would therefore appear to provide scope for the developer to make a financial contribution for planning purposes. However, it is important to note that the Cost Plan upon which we have relied, has been prepared on the basis that the construction of the subject site takes place in a single programme with the development of the Goulden Street site. The financial viability of the subject site should therefore be viewed in conjunction with the financial viability assessment of the Goulden Street and Bendix Street developments.

5.7.3 Impact of the New Cross Development Framework

We have set out below the inputs to our residual valuation of the assumed Framework compliant development.

Timescales	Comment
Timescales	We have allowed a pre-construction period of six months and a build period of 17 months. We have cross referenced the build period with the BCIS duration calculator for

a scheme of this contract value in Manchester. BCIS assumes a construction period of 75 weeks.

It has been assumed that both the commercial and residential elements would be marketed throughout the construction period.

We have assumed that 50% of the residential units are sold on completion, with the remainder sold at a rate of 8 per month thereafter.

Revenues	Input	Comment
Residential Sales Value	£16,956,000	Based on an average sales rate of £327.13 per sq ft
Commercial	£733,677	No change from the revenue for the proposed scheme, other than reduced ground rent revenue resulting from the reduction in the number of units.
Total Gross Development Value	£17,689,677	
Costs	Input	Comment
Construction Costs	(£10,933,200)	We have adopted the same rate per sq ft and gross to net ratio as the proposed scheme, in order to arrive at an estimated construction cost for the assumed Framework compliant scheme.
Demolition	(£25,000)	No change in the assumption from the proposed scheme.
Contingency	(£327,996)	No change in the assumption from the proposed scheme.
Professional Fees	(£874,656)	No change in the assumption from the proposed scheme.
Leasing costs	(£6,876)	No change in the assumption from the proposed scheme.
Sale costs	(£217,984)	No change in the assumption from the proposed scheme.
Marketing costs	(£339,120)	We have allowed 2.0% of the value of each residential unit for marketing costs, which equates to circa £4,500 per unit.
Finance costs	(£655,620)	No change in the assumption from the Framework compliant scheme.
Developer's profit	(£2,634,633)	No change in the assumption from the Framework compliant scheme.
Stamp Duty Land Tax and professional fees on acquisition	(£94,788)	Purchaser's costs have not been deducted as the appraisal results in a negative land value.
Total Costs	£16,109,873	
Residualised Land Value	£1,579,804	
	Say	
	£1,580,000	
Benchmark Land Value	£1,010,000	
Surplus	£570,000	

Whilst a Framework compliant scheme is viable, the surplus available for the developer to make a financial contribution for planning purposes is reduced to £570,000. This is because whilst the Benchmark Land Value remains the same at £1,010,000, the residual land value is reduced from £2,185,000 to £1,580,000.

5.8 Conclusion

Our appraisals can be summarised as follows:

Basis	Land Value
Value in existing use	£840,000
Benchmark Land Value	£1,010,000
Residual on the basis of the proposed scheme of 141 units	£2,185,000
Surplus over Benchmark Land Value on the basis of the proposed scheme of 141 units	£1,175,000
Residual land value assuming a Framework compliant scheme of 75 units	£1,580,000
Surplus on the basis of the Framework compliant scheme of 75 units	£570,000

In conclusion we consider that both the proposed and assumed Framework compliant schemes in isolation provide scope for an affordable housing or financial contribution by the developer. However, the overall viability must be considered in the context of the viability of the Client's other two development schemes in New Cross, on Bendix Street and Goulden Street. The latter provides a substantial negative adjustment to the overall ability of the developer to make a contribution for the three sites combined.

As required by the RICS Practice Statement we have run a sensitivity analysis for both the proposed and assumed Framework compliant schemes. A sensitivity analysis demonstrates how changes to the assumed inputs can influence viability. In the case of the subject property we have prepared our sensitivity analysis based on varying the sales rate and the construction cost by +/-2%. The sensitivity shows the residual land value and the surplus in bold italics.

Construction Rate	Sales Rate				
	-2.00%	-1.00%	0.00%	2.00%	1.00%
-2.00%	£2,154,283	£2,374,802	£2,595,329	£2,815,850	£3,036,372
	£1,144,283	£1,364,802	£1,585,329	£1,805,850	£2,026,372
-1.00%	£1,949,019	£2,169,539	£2,390,058	£2,610,584	£2,831,106
	£939,019	£1,159,539	£1,380,058	£1,600,584	£1,821,106
0.00%	£1,743,755	£1,964,275	£2,184,795	£2,405,314	£2,625,840
	£733,755	£954,275	£1,174,795	£1,395,314	£1,615,840
2.00%	£1,538,489	£1,759,011	£1,979,531	£2,200,051	£2,420,570
	£1,144,283	£1,364,802	£1,585,329	£1,805,850	£2,026,372
1.00%	£1,333,223	£1,553,745	£1,774,266	£1,994,787	£2,215,306
	£323,223	£543,745	£764,266	£984,787	£1,205,306

Appendix 1 Basis of Valuation, Limitations and Sources & Verification of Information

Basis of Valuation, Limitations and Sources & Verification of Information

General

Our report complies fully with the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020 including the UK national supplement (Red Book). Our valuation is compliant with the International Valuation Standards (IVS), which is incorporated within the Global Standards.

The FVA has been undertaken in accordance with the Guidance on Viability published by The Ministry of Housing, Communities and Local Government, as updated on 24 July 2018 following the new National Planning Policy Framework published in July 2018. We have also followed the RICS's mandatory Practice Statement "Financial viability in planning: conduct and reporting", 1st edition dated May 2019.

General Purpose of our Work

Third Parties - All copyright and other proprietary rights in our Report remain the property of Deloitte LLP and any rights not expressly granted in these terms or in the Contract are reserved. No information in our Report should be relied upon in any way by any third party. To the fullest extent possible, we will disclaim any liability arising out of the use (or non-use) of our Report and its contents by any third party, including any action or decision taken as a result of such use (or non-use).

Freedom of Information - This requirement only applies if you are an organisation subject to, and therefore may be requested to disclose information under, the Freedom of Information Act 2000 ("the FOIA").

All advice, including any deliverables, that we have provided to Mulbury Homes (Central Limited) under the terms of our contract, are confidential. However, the Guidance on Viability published by The Ministry of Housing, Communities and Local Government advises that all viability assessments should be prepared on the basis that it will be made publically available, other than in exceptional circumstances. Even then an executive summary should be made available. Where an exemption from publication is sought, the planning authority must be satisfied that the information to be excluded is commercially sensitive.

Where you subsequently receive a request under the FOIA for disclosure of information you will inform us when such a request is made to ensure that we are in a position to make any representations and these are fully taken into account by you when you respond to such a request.

Benchmark Land Value, Market Value & Market Rent

Benchmark Land Value

Benchmark Land Value is defined on the Planning Practice Guidance as being the land value in a viability assessment, which is established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner.

EUV is defined in the Red Book as

"The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost".

The Red Book also states that: 'Existing use value (EUV) is to be used only for valuing property that is owner-occupied by an entity for inclusion in financial statements.' Using EUV in other circumstances is

technically a departure from the Red Book (albeit an acceptable one in the context of the PPG). Where reference to EUV falls within 'authoritative requirements', for the purposes of the Red Book PS 1 section 4.2 and PS 1 section 6.3, it is not to be regarded as legislative or even regulatory in character, but nevertheless is a clear government policy requirement/convention (with accompanying guidance). Therefore, it does not need to be formally declared as a departure provided the valuation purpose (financial viability in planning) is made clear, as other parts of PS 1 to the Red Book require.

The Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2020 including the UK national supplement (Red Book) defines Market Value and Market Rent as follows:

Market Value

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Rent

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Where appropriate our assumptions of what are 'appropriate lease terms' for this property will be set out in our report.

Portfolio Valuations

Where we are providing valuations for more than one property our valuations represent the aggregate value of the individual properties. Unless we specifically state within our report to the contrary, no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Synergistic Values

Where identified and specifically commented upon within our report, we have examined the potential synergistic value, also known as marriage value, of the property (ies). Synergistic value arises from the combination of two or more assets to create a new asset that has a higher value than the sum of the individual assets.

Professional Statements (PS), Valuation Technical and Performance Standards (VPS) & Valuation Practice Guidance Applications (VPGAs)

We have used these definitions in conjunction with the interpretative commentaries as set out in the Red Book. Where appropriate, we have followed the guidance set out in the Professional Statements, Valuation Technical and Performance Standards and Valuation Practice Guidance - Applications (UK and Global) as published by the RICS.

Information

All information supplied by the client, the client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources has been accepted as being correct, unless otherwise specified.

Inspections

External inspections only of the properties have been undertaken by our firm.

Legal, Leasing and Title

Title - We have not carried out our own investigations into title. If we have been provided with a report on title and the report concludes that there is "good and marketable" title, we have relied upon that advice when forming our conclusions. You should read any report on title in full before entering into any contractual commitment in relation to the property.

We have assumed that the legal interests that are subject to valuation are free from all unusual and onerous covenants or restrictions other than those notified to us.

For the purposes of this advice we have assumed that the property owner has full control over the freehold or heritable (Scottish equivalent of freehold) interests of its property (ies). Furthermore, unless notified, we have assumed that the freehold/heritable interests are not subject to any unusual restrictions, servitudes and onerous covenants and that it is in all respects good and marketable.

Leases - Where provided to us, we have read occupational lease documentation. We have not reviewed the occupational leases in detail but have relied upon, if available, lease summaries produced by your solicitors. For details of all tenancies we have relied upon the information provided to us. Where a summary of lease terms is provided the information in our report is a summary only. In cases where those documents are not inspected by us, and in the absence of a solicitor's report on leases, we have assumed that leases are drawn on standard commercial terms and contain no unusual clauses that impact on rental value.

Legal Issues - Any interpretation of leases and other legal documents and legal assumptions is given in our capacity as Chartered Surveyors and must be verified by a suitably qualified lawyer if it is to be relied upon. No responsibility or liability is accepted for the true interpretation of the legal position of the client or other parties.

Building and Technical

Floor and Site Areas - We have relied upon floor areas and additional supporting information provided to us. We have not been instructed to re-measure the existing industrial property/properties, and unless we have been provided with floor areas which specifically state to have been prepared in accordance with the RICS Property Measurement (incorporating the International Property Measurement Standards("IPMS"): Industrial Buildings) we have assumed they have been calculated in accordance RICS Code of Measuring Practice (6th Edition) on a Gross Internal Area ("GIA") basis and we have, as instructed, adopted them for the purpose of our advice. Any comparables that have been referred to and used in the course of our engagement, as well as any that included in our report, are assumed to have been measured on a basis consistent with GIA unless specifically stated to the contrary. Accordingly we have used our estimate of the property's/properties' GIA in our analysis and determination of the advice we will provide. We confirm that all measurements and floor areas provided are approximate.

In respect of the residential units we have relied upon floor areas and additional supporting information provided to us. We are not instructed to re-measure the property, and unless we are provided with floor areas which specifically state to have been prepared in accordance with the RICS Property Measurement (incorporating the International Property Measurement Standards("IPMS")) we have assumed they have been calculated in accordance RICS Code of Measuring Practice (6th Edition) on a Gross Internal Area ("GIA") and Net Sales Area ("NSA") basis and we have, as instructed, adopted them for the purpose of our advice. Any comparables referred to and used in the course of our engagement, as well as any included within our report, are assumed to have been measured on a basis consistent with GIA and NSA unless specifically stated to the contrary. Accordingly we have used our estimate of the property's/properties' GIA and NSA in our analysis and determination of the advice we have provided. We confirm that all measurements and floor areas provided are approximate.

We have estimated the total site area utilising ProMap. Site areas, where given, have been calculated from Ordnance Survey plans and by reference to observed boundaries.

Building Survey - We have reviewed Building Inspection and Environmental Audit Report Reports, if made available to us. We confirm that any Building Survey and Environmental Audit Reports, and the recommendations contained therein, have been read in full.

Deloitte has not undertaken any structural surveys, and we have not had sight of any specialist survey reports apart from the any reports mentioned above.

Equality/Disability Discrimination Acts - We have not undertaken any assessment or investigation into the compliance of any building or structure on the site with the Equality Act 2010.

In arriving at our opinion of value, we have not made any allowance for any works required by this legislation that have not been carried out and would need to be carried out in order to make the property compliant with the Equality Act 2010.

Structural Conditions & Deleterious Materials - At no time have we carried out any structural survey nor inspect those parts which are covered, unexposed or inaccessible and such parts are assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts, and our valuation report should not be taken as making any implied representation or statement of such matters.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement, woodwool slabs (used as permanent shuttering), blue asbestos, calcium chloride or other deleterious materials have been used in the construction of any of the buildings, or have since been incorporated.

However, for the purposes of our valuations we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions, except where we have been specifically notified.

Asbestos - The Control of Asbestos at Work Regulations 2002 require the management of asbestos within the premises and that arrangements are recorded in writing, usually in an asbestos management plan. We have not been provided with a copy of any asbestos management plan in respect of the properties, and therefore asbestos issues are not reflected in the valuation.

For the purpose of our valuation(s) we have assumed that no remedial works will be needed due to the presence of 'deleterious or hazardous materials'. We have not read any specialist reports, however due to the age of the building, it is possible that 'deleterious or hazardous materials' such as asbestos and concrete additives may have been used in the construction of the property.

Services - We have not investigated the availability of services to the site.

We have assumed that all mains services including gas, electricity, water and drainage are connected to the subject property to enable its beneficial occupation. We have not tested any of these services. Unless otherwise informed we have assumed that the services are available or can be connected without abnormal cost. We have also assumed that any associated controls or software, are in working order and free from defect.

Statutory Obligations - Our valuation(s) have been prepared on the assumption that the property conforms to building regulations and all other relevant legislation.

Profile Panels & Cladding - Where we are made aware that the property's/ies' walls and roofs are clad with profile panels we would confirm that the cladding may consist of composite sheets containing polyurethane foam infill or similar potentially flammable material. In such cases we would recommend that further enquiries are made in this respect. Where we have not been provided with a report or confirmation that the cladding or infill material contains non-flammable material we have assumed this to be the case for the property/ies. If the cladding is subsequently found to be of a flammable type, then this could have a considerable impact on the valuation which we have reported and we reserve the right to review should further information be provided.

Radon - We have not made any enquires as to whether the property/ies is/are located in areas in which the levels of radon gas entering the property/ies may require remedial action. This may require the use of vapour membranes and/or the use of ventilation systems. We have assumed that the findings of any such report would not have a material impact on the valuation reported.

High Voltage Power Lines & Sub Stations - Where we are aware of the presence of high voltage overhead power lines or electricity sub stations within the immediate vicinity of the property/ies we have commented upon these issues within the report. Whilst there is no firm evidence to suggest that high voltage electrical installations are harmful to health in the course of normal exposure, some purchasers may consider the presence of such apparatus negatively when considering a property. Where appropriate we provide commentary on any adverse impact on the valuation of the property/ies within the report.

The Regulatory Reform (Fire Safety) Order 2005 (England & Wales) & Fire (Scotland) Act 2005 and Fire Safety (Scotland) Regulations 2006 - Where we have not had sight of any Fire Safety

Assessment for the property/ies, and we would recommend that the occupiers ensure that they are in compliance with the legislation. Our valuation assumes, on the basis that a Fire Safety Assessment has not been carried out, that the findings of any such report do not have a material impact upon the valuation reported.

Where any Fire Safety Assessments have been carried out, we assume that any recommendations have been implemented. Where the property is let the obligation to comply is normally a tenant obligation, not the landlord, except in respect of the common parts of the property/ies.

Plant & Machinery - Our valuation(s) take account of those items of plant and machinery normally associated with the valuation of land and buildings, such as boilers, heating, sprinklers, ventilation systems and the like.

Our valuation(s) exclude process plant, machinery and fixtures and fittings that are normally taken to be the property of the tenants.

Planning and Environmental

Planning - Our valuation(s) is based upon the assumption that detailed planning consent for the property is granted. Within our report we detail the extent of web based research and/or verbal enquiries that will be made of the local planning authorities in order to ascertain policies and commitments in so far as they might affect the subject property/ies. However, these enquiries may only reveal those proposals formally approved by the authorities and not those under consideration and therefore the property/ies may be affected by proposals currently under consideration of which we are unaware of. No responsibility is be accepted for any inaccurate information provided.

Environmental Contamination - In forming our assessment we have not carried out any investigations into the presence or otherwise of contaminative substances or substances which may give rise to contamination in any form whatsoever. We have relied upon environmental reports provided to us.

We are unable to guarantee or warrant that the site(s) is/are not and never have been subject to contaminative uses or contaminated. These are matters upon which you or anyone else relying upon this report, must satisfy themselves. Our valuation(s) has been prepared on the assumption that no contaminative substances are present on the site or neighbouring sites so as to affect the same.

Ground Conditions - We have not undertaken mining, geological, archaeological, soil or other investigations into the ground conditions of the site(s).

We assume that the site(s) would be physically capable of redevelopment and that no special or unusual costs would be incurred.

We have not carried out any investigations into the ground conditions of the site and we have not been supplied with any specialist reports. As such, it is not possible to certify formally that good ground conditions exist, although at the time of our inspection, we noted any obvious signs that the property is affected by adverse ground conditions.

Flood Risk - At no time have we commissioned the preparation of a flood risk assessment. If we are provided with such an assessment we have reviewed and commented upon it within our report. Otherwise we have reviewed the UK Government's 'Flood Map for Planning' website or Scottish Environment Protection Agency's flood risk maps and have commented upon this in our report.

Japanese Knotweed - If we have not been provided with a specific report in respect of Japanese Knotweed we would recommend an assessment is carried out. Our valuation(s) is based on the assumption that Japanese Knotweed is not present or will not have a material impact on valuation.

Sustainability, Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs)

- While not a term that yet has a universally recognised definition in a valuation context, sustainability encompasses a wide range of physical, social, environmental and economic factors that can affect value.

The range of issues includes, but is not limited to, key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management and fiscal considerations. As commercial markets in particular become more sensitised to sustainability matters, so they may begin to complement traditional value drivers, both in terms of occupier preferences and in terms of purchaser behaviour.

Furthermore with the introduction of legislation in England & Wales and Scotland sustainability issues are increasingly being factored into considerations that need to be reflected in the pricing of real estate within the UK. Investors and occupiers are developing an understanding of the risks attached to buildings which are not sustainable and a value differential is emerging. It is our view that properties which compare unfavourably to their peers in sustainability terms will, with all other pricing factors being equal, become more susceptible to value erosion and be at heightened risk of premature depreciation and obsolescence. Similarly, those properties which are considered sustainable will be more resilient to value erosion going forwards.

At no time have we either carried out, or commissioned the preparation of any assessment relating to sustainability, for the purposes of the report this includes an EPC, DEC or further investigations into the property's (ies) mechanical and electrical services. Where we have been provided with information relating to sustainability we have commented upon the potential issues within our report and reflected upon the market's likely reaction to its/their content in forming our opinion of value. Where we have not been provided with sufficient information relating to sustainability, or where none exists, we have assumed that if this information was available it would result in the market arriving at a 'neutral' value position.

Capital and Reporting Values

Covenant Status – In the context of this engagement we are not qualified to report on the financial health or covenant status of the occupational entities but we have had regard to publicly available information where available, in order that our valuation should reflect the market's perception of the quality of those entities' covenants.

We have limited our enquiries as to the financial status of any tenant to information available in the public domain and in making such enquiries our objective has solely been to gain an understanding as to the manner in which purchasers of the type of investment being valued would consider the tenant's (or tenants') covenant strength. Our investigations have specifically not been undertaken to assess the actual covenant strength and our findings and conclusions must not be interpreted as providing any expression of opinion whatsoever as to its status. In the absence of publicly available information we have assumed the tenant's (or tenants') financial position to be acceptable to purchasers of that type of investment.

Development Sites - The universally adopted approach to the valuation of development sites is reference to comparable market transactions and use of the 'residual' method. Typically, the availability of comparable evidence is limited, therefore reliance is placed on the residual method. In accordance with RICS Valuation Information Paper 12 (Valuation of Development Land) it is important to appreciate that the residual method requires the input of a large amount of data, which is rarely absolute or precise and this is coupled with making a large number of assumptions. Small changes in any of the inputs can cumulatively lead to a large change in the resultant land value appraisal. Some of these inputs can be assessed with reasonable objectivity, but others are more subjective and volatile.

Market Investigations & Volatility - We take reasonable steps to corroborate comparable transaction evidence, however we cannot guarantee the accuracy of information provided to us in the course of such investigations. To a greater or lesser extent, certain markets are less transparent and subject to greater volatility and are therefore reliant upon varying levels of valuer interpretation of market sentiment. Our report sets out the comparables and the extent to which we have relied upon them as well as observations on the perceived volatility within the specific markets.

Costs - No allowance has been made in our valuations for any expenses of realisation.

Acquisition Costs - We have reflected the relevant purchaser's costs in respect of individual properties to take account of Stamp Duty Land Tax/Land and Buildings Transaction Tax, agents and legal fees as well as VAT on fees. These costs reflect the following:

Agents' fees	1%
Legal fees	0.5%
VAT on fees (20%)	0.3%

Stamp Duty Land Tax (SDLT) (England, Northern Ireland & Wales (Wales until 1 April 2018))

Non-Residential or Mixed Use Property:

SDLT is charged at different rates depending on the portion of the purchase price that falls into each rate band.

Up to £150,000	0%
Over £150,000 to £250,000	2%
Over £250,000	5%

Residential:

SDLT is charged at different rates depending on the portion of the purchase price that falls into each rate band.

Up to £125,000	0%
Over £125,000 to £250,000	2%
Over £250,000 to £925,000	5%
Over £925,000 to £1.5million	10%
Over £1.5 million	12%

Each of the above percentages increase by 3 percentage points where the purchase involves additional residential properties, such as second homes and buy-to-let properties, above certain price threshold.

Reduced rates and reliefs may be available to certain purchasers, and if relevant to the valuations being prepared we will comment upon these within our report.

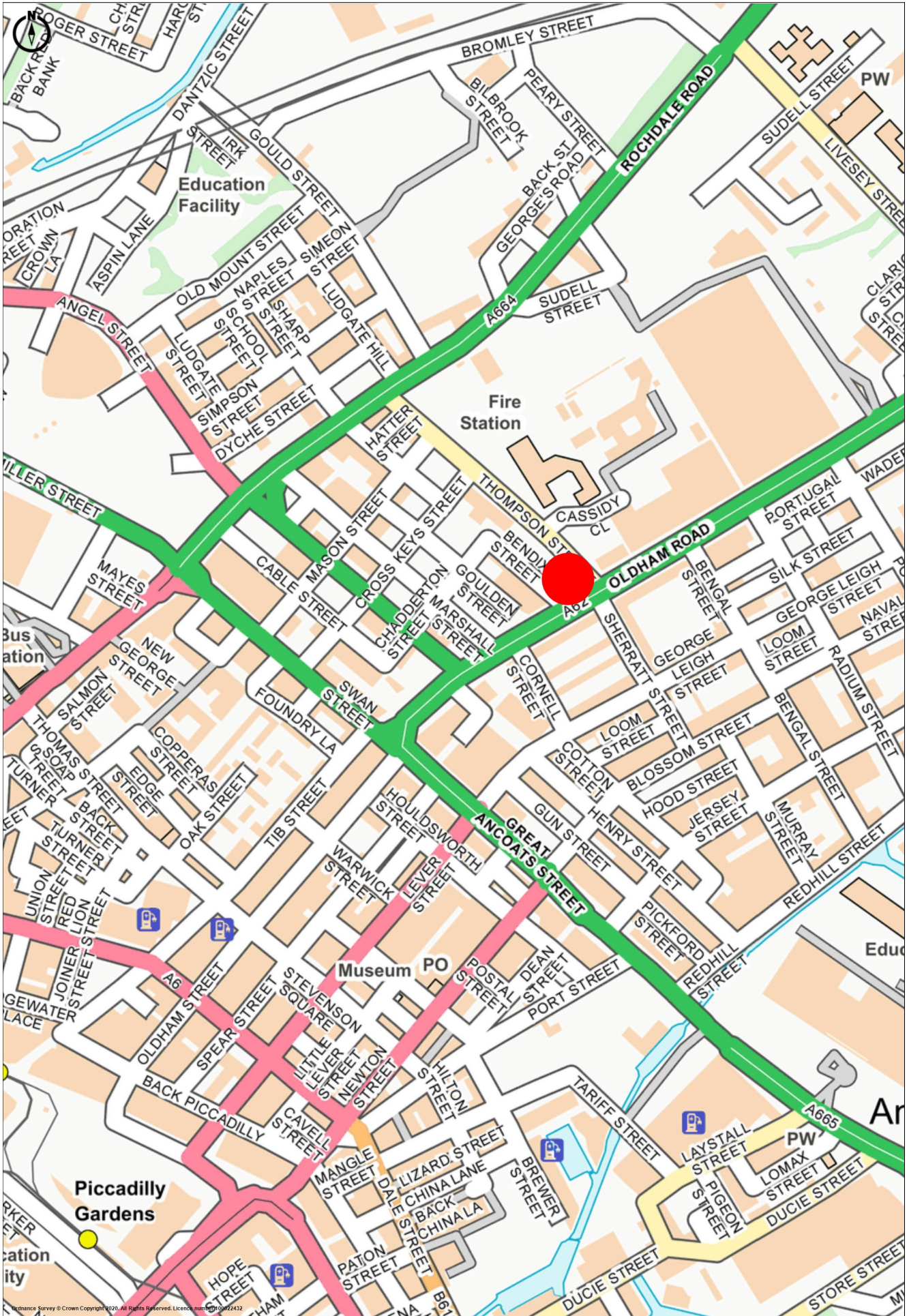
Taxation - Our valuations make no allowance for any liability for the payment of any tax, including Capital Gains Tax, whether existing or which may arise in the future.

Our valuations are exclusive of Value Added Tax (VAT).

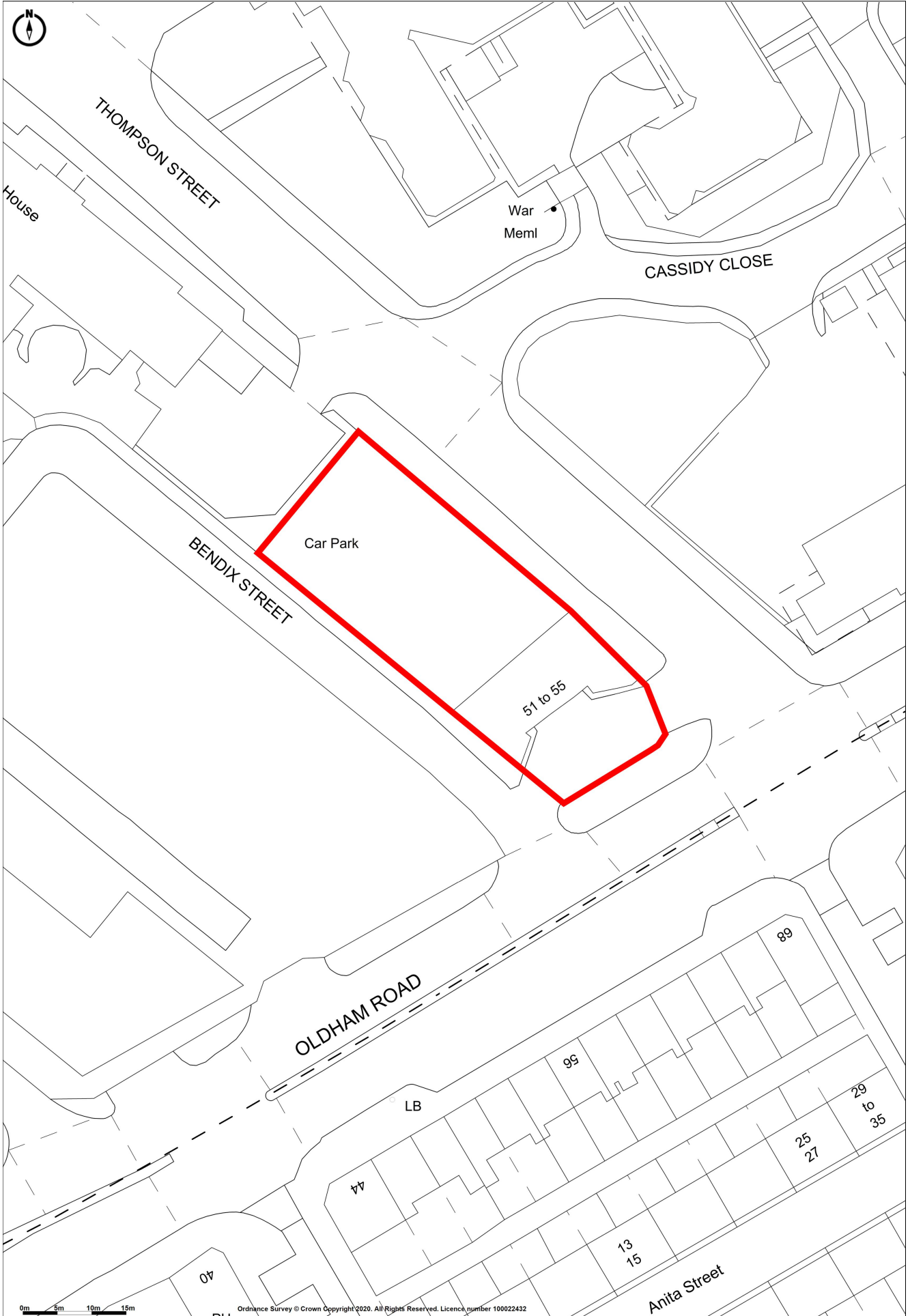
Appendix 2 Terms of Engagement

REDACTED

Appendix 3 Bendix Street: Site Plan, Location Plan and Photographs



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Oldham Road/Bendix Street Frontage



Thompson Street frontage

Appendix 4 Bendix Street: Schedule of Sales Values

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Ground - Studio	463	156,000	337
Ground - 1 bed	530	170,000	321
Ground - 2 bed	694	223,000	321
Ground - 2 bed	694	223,000	321
Ground - 2 bed	729	234,000	321
First - Studio	463	161,000	347
First - Studio	463	161,000	347
First - 1 bed	527	174,000	331
First - 1 bed	530	175,000	331
First - 1 bed	530	175,000	331
First - 1 bed	530	175,000	331
First - 1 bed	530	175,000	331
First - 1 bed	530	175,000	331
First - 2 bed	674	223,000	331
First - 2 bed	694	230,000	331
First - 2 bed	698	231,000	331
First - 2 bed	698	231,000	331
First - 2 bed	729	241,000	331
First - 2 bed	812	268,000	331
Second - 1 bed	477	158,000	332
Second - 1 bed	495	165,000	332
Second - 1 bed	530	176,000	332
Second - 1 bed	530	176,000	332
Second - 1 bed	530	176,000	332
Second - 1 bed	530	176,000	332
Second - 2 bed	694	231,000	332
Second - 2 bed	721	240,000	332
Second - 2 bed	744	247,000	332
Second - 2 bed	766	255,000	332
Second - 2 bed	779	259,000	332
Second - 2 bed	801	266,000	332
Second - 2 bed	812	270,000	332
Second - 3 bed	929	297,000	320
Third - 1 bed	477	159,000	333
Third - 1 bed	495	165,000	333
Third - 1 bed	530	176,000	333
Third - 1 bed	530	176,000	333
Third - 1 bed	530	176,000	333
Third - 1 bed	530	176,000	333
Third - 2 bed	694	231,000	333
Third - 2 bed	721	240,000	333
Third - 2 bed	744	248,000	333
Third - 2 bed	766	255,000	333

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Third - 2 bed	779	260,000	333
Third - 2 bed	801	267,000	333
Third - 2 bed	812	270,000	333
Third - 3 bed	929	298,000	321
Fourth - 1 bed	477	159,000	334
Fourth - 1 bed	495	165,000	334
Fourth - 1 bed	530	177,000	334
Fourth - 1 bed	530	177,000	334
Fourth - 1 bed	530	177,000	334
Fourth - 1 bed	530	177,000	334
Fourth - 2 bed	694	232,000	334
Fourth - 2 bed	721	241,000	334
Fourth - 2 bed	744	248,000	334
Fourth - 2 bed	766	256,000	334
Fourth - 2 bed	779	260,000	334
Fourth - 2 bed	801	267,000	334
Fourth - 2 bed	812	271,000	334
Fourth - 3 bed	929	299,000	321
Fifth - 1 bed	477	160,000	335
Fifth - 1 bed	495	166,000	335
Fifth - 1 bed	530	177,000	335
Fifth - 1 bed	530	177,000	335
Fifth - 1 bed	530	177,000	335
Fifth - 1 bed	530	177,000	335
Fifth - 2 bed	694	232,000	335
Fifth - 2 bed	721	241,000	335
Fifth - 2 bed	744	249,000	335
Fifth - 2 bed	766	256,000	335
Fifth - 2 bed	779	261,000	335
Fifth - 2 bed	801	268,000	335
Fifth - 2 bed	812	272,000	335
Fifth - 3 bed	929	299,000	322
Sixth - 1 bed	477	160,000	335
Sixth - 1 bed	495	166,000	335
Sixth - 1 bed	530	178,000	335
Sixth - 2 bed	694	233,000	335
Sixth - 2 bed	721	242,000	335
Sixth - 2 bed	753	253,000	335
Sixth - 2 bed	766	257,000	335
Sixth - 2 bed	779	261,000	335
Sixth - 2 bed	801	269,000	335
Sixth - 2 bed	801	269,000	335
Sixth - 2 bed	801	269,000	335
Sixth - 2 bed	812	272,000	335
Sixth - 3 bed	929	300,000	323
Seventh - 1 bed	477	160,000	336
Seventh - 1 bed	495	166,000	336
Seventh - 1 bed	530	178,000	336

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Seventh - 2 bed	694	233,000	336
Seventh - 2 bed	721	242,000	336
Seventh - 2 bed	744	250,000	336
Seventh - 2 bed	766	258,000	336
Seventh - 2 bed	779	262,000	336
Seventh - 2 bed	801	269,000	336
Seventh - 2 bed	801	269,000	336
Seventh - 2 bed	801	269,000	336
Seventh - 2 bed	812	273,000	336
Seventh - 3 bed	929	301,000	324
Eighth - 1 bed	477	161,000	337
Eighth - 1 bed	495	167,000	337
Eighth - 1 bed	530	178,000	337
Eighth - 2 bed	694	234,000	337
Eighth - 2 bed	721	243,000	337
Eighth - 2 bed	744	251,000	337
Eighth - 2 bed	766	258,000	337
Eighth - 2 bed	779	263,000	337
Eighth - 2 bed	801	270,000	337
Eighth - 2 bed	801	270,000	337
Eighth - 2 bed	801	270,000	337
Eighth - 2 bed	812	274,000	337
Eighth - 3 bed	929	301,000	324
Ninth - 1 bed	477	161,000	338
Ninth - 1 bed	495	167,000	338
Ninth - 1 bed	530	179,000	338
Ninth - 2 bed	694	235,000	338
Ninth - 2 bed	721	244,000	338
Ninth - 2 bed	744	251,000	338
Ninth - 2 bed	766	259,000	338
Ninth - 2 bed	779	263,000	338
Ninth - 2 bed	801	271,000	338
Ninth - 2 bed	801	271,000	338
Ninth - 2 bed	801	271,000	338
Ninth - 2 bed	812	274,000	338
Ninth - 3 bed	929	302,000	325
Tenth - 1 bed	477	161,000	339
Tenth - 1 bed	495	168,000	339
Tenth - 1 bed	530	179,000	339
Tenth - 2 bed	694	235,000	339
Tenth - 2 bed	721	244,000	339
Tenth - 2 bed	744	252,000	339
Tenth - 2 bed	766	260,000	339
Tenth - 2 bed	779	264,000	339
Tenth - 2 bed	801	271,000	339
Tenth - 2 bed	801	271,000	339
Tenth - 2 bed	801	271,000	339
Tenth - 2 bed	812	275,000	339

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Tenth - 3 bed	929	303,000	326
Eleventh - Studio	461	165,000	357
Eleventh – 1 bed	530	180,000	340
Eleventh – 2 bed	694	236,000	340
Eleventh – 2 bed	694	236,000	340
Eleventh – 2 bed	698	237,000	340
Eleventh – 2 bed	705	240,000	340
Eleventh – 2 bed	729	248,000	340
Eleventh – 2 bed	801	272,000	340
Eleventh – 2 bed	806	274,000	340
Eleventh – 2 bed	812	276,000	340
Twelfth - Studio	420	151,000	361
Twelfth - Studio	461	166,000	361
Twelfth - Studio	461	166,000	361
Twelfth - Studio	463	167,000	361
Twelfth - 1 bed	530	182,000	343
Twelfth - 1 bed	530	182,000	343
Twelfth - 2 bed	694	238,000	343
Twelfth - 2 bed	698	240,000	343
Twelfth - 2 bed	729	250,000	343
Twelfth - 2 bed	801	275,000	343
Twelfth - 2 bed	806	277,000	343
Twelfth - 2 bed	812	279,000	343

Appendix 5 Bendix Street: Development Appraisals

Bendix Street

Development Appraisal
Licensed Copy
06 February 2020

APPRAISAL SUMMARY**LICENSED COPY****Bendix Street****Appraisal Summary for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	161	109,420	335.14	227,770	36,671,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	1,851	17.50	32,393	32,393	32,393
Ground Rents	<u>161</u>			250	<u>40,250</u>	<u>40,250</u>
Totals	162	1,851			72,643	72,643

Investment Valuation**Commercial**

Market Rent	32,393	YP @	6.5000%	15.3846	
(6mths Rent Free)		PV 6mths @	6.5000%	0.9690	482,899

Ground Rents

Current Rent	40,250	YP @	5.0000%	20.0000	805,000
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Total Investment Valuation**1,287,899****GROSS DEVELOPMENT VALUE****37,958,899**

Purchaser's Costs

(74,698)

Effective Purchaser's Costs Rate

5.80%

(74,698)

NET DEVELOPMENT VALUE**37,884,201****NET REALISATION****37,884,201**

APPRAISAL SUMMARY**LICENSED COPY****Bendix Street****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,496,713	
				1,496,713
Stamp Duty	4.00%		59,869	
Agent Fee	1.00%		14,967	
Legal Fee	0.50%		7,484	
				82,319

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Residential	161 un	155,596	25,051,000	
Developers Contingency		3.00%	751,530	
Demolition			10,000	
				25,812,530

PROFESSIONAL FEES

Architect	8.00%		2,004,080	
				2,004,080

MARKETING & LETTING

Marketing	2.00%		733,420	
Letting Agent Fee	10.00%		7,264	
Letting Legal Fee	5.00%		3,632	
				744,316

DISPOSAL FEES

Sales Agent Fee		1.00%	378,842	
Sales Legal Fee	161 un	500.00 /un	80,500	
Sales Legal Fee		0.50%	2,041	
				461,383

FINANCE

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)				
Land			198,432	
Construction			1,234,582	

APPRAISAL SUMMARY**LICENSED COPY****Bendix Street**

Other	207,519	
Total Finance Cost		1,640,533

TOTAL COSTS **32,241,874**

PROFIT **5,642,327**

Performance Measures

Profit on Cost%	17.50%
Profit on GDV%	14.86%
Profit on NDV%	14.89%
Development Yield% (on Rent)	0.23%
Equivalent Yield% (Nominal)	5.57%
Equivalent Yield% (True)	5.77%
IRR% (without Interest)	20.53%
Rent Cover	77 yrs 8 mths
Profit Erosion (finance rate 5.500)	2 yrs 11 mths

Bendix Street - Framework Compliant

Development Appraisal
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APPRAISAL SUMMARY**LICENSED COPY****Bendix Street - Framework Compliant****Appraisal Summary for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	96	62,663	333.56	217,729	20,902,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	1,851	17.50	32,393	32,393	32,393
Ground Rents	<u>96</u>			250	<u>24,000</u>	<u>24,000</u>
Totals	97	1,851			56,393	56,393

Investment Valuation**Commercial**

Market Rent	32,393	YP @	6.5000%	15.3846	
(6mths Rent Free)		PV 6mths @	6.5000%	0.9690	482,899

Ground Rents

Current Rent	24,000	YP @	5.0000%	20.0000	480,000
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Total Investment Valuation**962,899****GROSS DEVELOPMENT VALUE****21,864,899**

Purchaser's Costs			(55,848)	
Effective Purchaser's Costs Rate	5.80%		(55,848)	

NET DEVELOPMENT VALUE**21,809,051****NET REALISATION****21,809,051**

APPRAISAL SUMMARY**LICENSED COPY****Bendix Street - Framework Compliant****OUTLAY****ACQUISITION COSTS**

Residualised Price		934,936	934,936
Stamp Duty	4.00%	37,397	
Agent Fee	1.00%	9,349	
Legal Fee	0.50%	4,675	
			51,421

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Residential	96 un	150,899	14,486,343	
Developers Contingency		3.00%	434,590	
Demolition			10,000	
				14,930,933

PROFESSIONAL FEES

Architect	8.00%	1,158,907	1,158,907
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MARKETING & LETTING

Marketing	2.00%	418,040	
Letting Agent Fee	10.00%	5,639	
Letting Legal Fee	5.00%	2,820	
			426,499

DISPOSAL FEES

Sales Agent Fee		1.00%	218,091	
Sales Legal Fee	96 un	500.00 /un	48,000	
Sales Legal Fee		0.50%	2,135	
				268,226

FINANCE

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)			
Land		108,893	
Construction		604,473	

APPRAISAL SUMMARY**LICENSED COPY****Bendix Street - Framework Compliant**

Other	76,606	
Total Finance Cost		789,972

TOTAL COSTS **18,560,895**

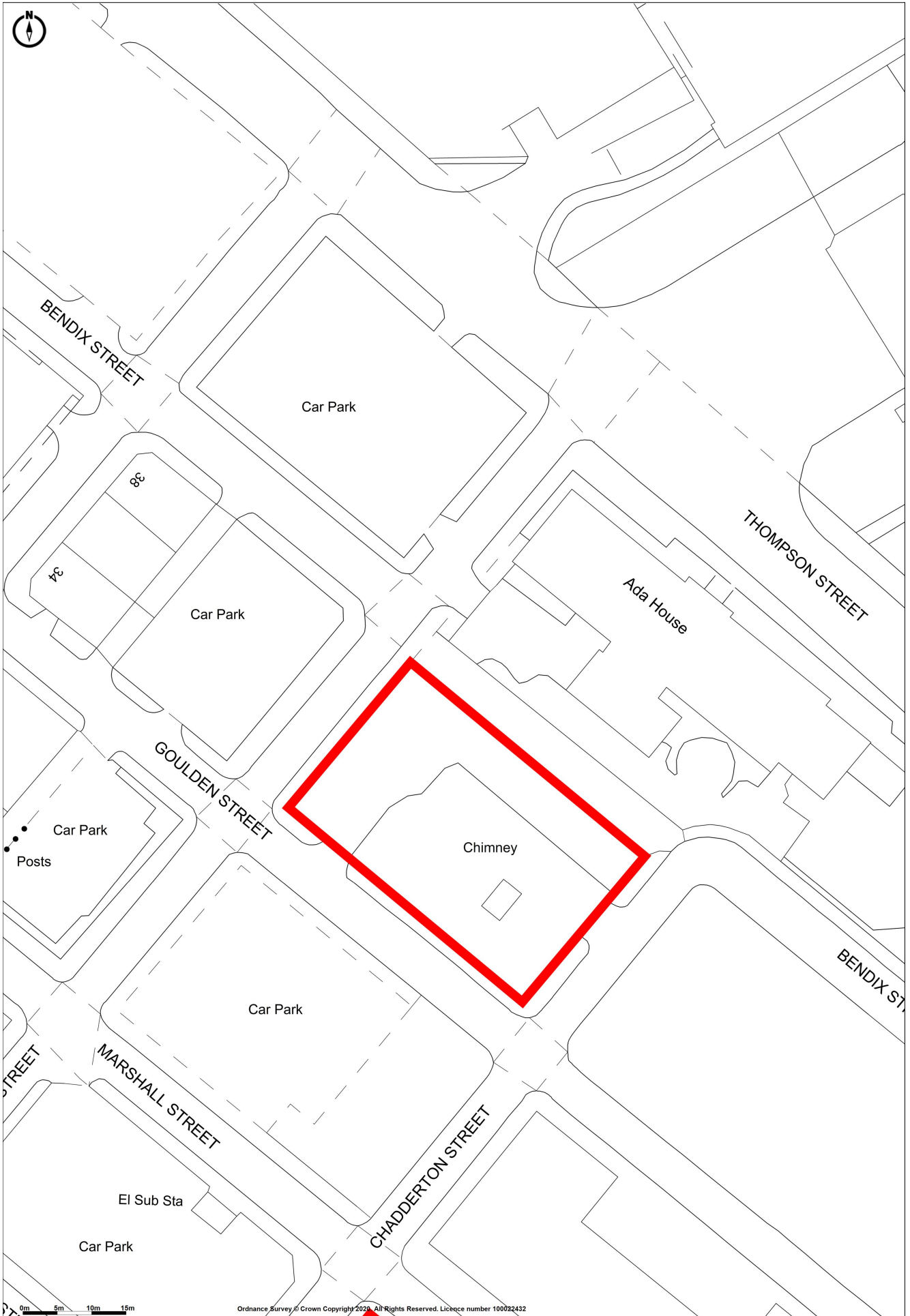
PROFIT **3,248,156**

Performance Measures

Profit on Cost%	17.50%
Profit on GDV%	14.86%
Profit on NDV%	14.89%
Development Yield% (on Rent)	0.30%
Equivalent Yield% (Nominal)	5.76%
Equivalent Yield% (True)	5.98%
IRR% (without Interest)	24.02%
Rent Cover	57 yrs 7 mths
Profit Erosion (finance rate 5.500)	2 yrs 11 mths

Appendix 6 Goulden Street: Site Plan, Location Plan and Photographs







Goulden Street frontage



Cross Keys Street frontage

Appendix 7 Goulden Street: Schedule of Sales Values

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
First - Studio	474	164,000	347
First - Studio	474	164,000	347
First - 1 bed	540	179,000	331
First - 2 bed	682	226,000	331
First - 2 bed	693	229,000	331
First - 2 bed	705	233,000	331
First - 2 bed	724	240,000	331
First - 2 bed	746	247,000	331
Second - Studio	474	165,000	349
Second - Studio	474	165,000	349
Second - 1 bed	549	182,000	332
Second - 1 bed	551	183,000	332
Second - 2 bed	692	230,000	332
Second - 2 bed	693	230,000	332
Second - 2 bed	705	234,000	332
Second - 2 bed	724	241,000	332
Second - 2 bed	752	250,000	332
Second - 2 bed	761	253,000	332
Second - 2 bed	761	253,000	332
Third - Studio	474	166,000	350
Third - Studio	474	166,000	350
Third - 1 bed	549	183,000	333
Third - 1 bed	551	184,000	333
Third - 2 bed	692	231,000	333
Third - 2 bed	693	231,000	333
Third - 2 bed	705	235,000	333
Third - 2 bed	724	241,000	333
Third - 2 bed	752	251,000	333
Third - 2 bed	761	253,000	333
Third - 2 bed	761	253,000	333
Fourth - Studio	474	166,000	350
Fourth - Studio	474	166,000	350
Fourth - 1 bed	549	183,000	334
Fourth - 1 bed	551	184,000	334
Fourth - 2 bed	692	231,000	334
Fourth - 2 bed	693	231,000	334
Fourth - 2 bed	705	235,000	334
Fourth - 2 bed	724	242,000	334
Fourth - 2 bed	752	251,000	334
Fourth - 2 bed	761	254,000	334
Fourth - 2 bed	761	254,000	334
Fifth - Studio	474	166,000	351

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Fifth - Studio	474	166,000	351
Fifth - 1 bed	549	184,000	335
Fifth - 1 bed	551	184,000	335
Fifth - 2 bed	692	232,000	335
Fifth - 2 bed	693	232,000	335
Fifth - 2 bed	705	236,000	335
Fifth - 2 bed	724	242,000	335
Fifth - 2 bed	752	252,000	335
Fifth - 2 bed	761	255,000	335
Fifth - 2 bed	761	255,000	335
Sixth - Studio	474	167,000	352
Sixth - Studio	474	167,000	352
Sixth - 1 bed	549	184,000	335
Sixth - 1 bed	551	185,000	335
Sixth - 2 bed	692	232,000	335
Sixth - 2 bed	724	243,000	335
Sixth - 2 bed	752	252,000	335
Sixth - 2 bed	761	255,000	335
Sixth - 2 bed	761	255,000	335
Sixth - 2 bed	842	282,000	335
Sixth - 2 bed	797	267,000	335
Sixth - 1 bed duplex	733	248,000	339
Seventh - 1 bed	549	186,000	339
Seventh - 1 bed	551	187,000	339
Seventh - 2 bed	752	255,000	339
Seventh - 2 bed	761	258,000	339
Seventh - 2 bed	761	258,000	339
Seventh - 2 bed duplex	1,029	348,000	339
Seventh - 2 bed duplex	1,029	348,000	339
Seventh - 2 bed duplex	823	279,000	339
Seventh - 2 bed duplex	823	279,000	339

Appendix 8 Goulden Street: Development Appraisals

Goulden Street

Development Appraisal
Licensed Copy
06 February 2020

APPRAISAL SUMMARY**LICENSED COPY**

Goulden Street

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	73	48,774	336.20	224,630	16,398,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	2,379	17.50	41,633	41,633	41,633
Ground Rents	<u>73</u>			250	<u>18,250</u>	<u>18,250</u>
Totals	74	2,379			59,883	59,883

Investment Valuation**Commercial**

Market Rent	41,633	YP @	6.5000%	15.3846	
(6mths Rent Free)		PV 6mths @	6.5000%	0.9690	620,647

Ground Rents

Current Rent	18,250	YP @	5.0000%	20.0000	365,000
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Total Investment Valuation**985,647****GROSS DEVELOPMENT VALUE****17,383,647**

Purchaser's Costs

(57,167)

Effective Purchaser's Costs Rate

5.80%

(57,167)

NET DEVELOPMENT VALUE**17,326,479****NET REALISATION****17,326,479**

APPRAISAL SUMMARY**LICENSED COPY****Goulden Street****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(529,065)	(529,065)
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CONSTRUCTION COSTS**Construction**

	Units	Unit Amount	Cost	
Residential	73 un	169,726	12,390,000	12,390,000
Developers Contingency		3.00%	371,700	371,700

Other Construction

Chimney			400,000	400,000
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PROFESSIONAL FEES

Architect		8.00%	1,023,200	1,023,200
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MARKETING & LETTING

Marketing		2.00%	327,960	
Letting Agent Fee		10.00%	5,988	
Letting Legal Fee		5.00%	2,994	336,942

DISPOSAL FEES

Sales Agent Fee		1.00%	173,265	
Sales Legal Fee	73 un	500.00 /un	36,500	
Sales Legal Fee		1.00%	5,635	215,400

FINANCE

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)				
Land			(40,625)	
Construction			532,529	

APPRAISAL SUMMARY**LICENSED COPY****Goulden Street**

Other	45,861	
Total Finance Cost		537,765

TOTAL COSTS **14,745,942**

PROFIT **2,580,537**

Performance Measures

Profit on Cost%	17.50%
Profit on GDV%	14.84%
Profit on NDV%	14.89%
Development Yield% (on Rent)	0.41%
Equivalent Yield% (Nominal)	5.96%
Equivalent Yield% (True)	6.18%

IRR% (without Interest) 28.51%

Rent Cover 43 yrs 1 mth
Profit Erosion (finance rate 5.500) 2 yrs 11 mths

Goulden Street - Framework Compliant

Development Appraisal
Licensed Copy
06 February 2020

APPRAISAL SUMMARY**LICENSED COPY****Goulden Street - Framework Compliant****Appraisal Summary for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	43	29,462	334.77	229,372	9,863,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	2,379	17.50	41,633	41,633	41,633
Ground Rents	<u>43</u>			250	<u>10,750</u>	<u>10,750</u>
Totals	44	2,379			52,383	52,383

Investment Valuation**Commercial**

Market Rent	41,633	YP @	6.5000%	15.3846	
(6mths Rent Free)		PV 6mths @	6.5000%	0.9690	620,647

Ground Rents

Current Rent	10,750	YP @	5.0000%	20.0000	215,000
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Total Investment Valuation**835,647****GROSS DEVELOPMENT VALUE****10,698,647**

Purchaser's Costs

(48,467)

Effective Purchaser's Costs Rate

5.80%

(48,467)

NET DEVELOPMENT VALUE**10,650,179****NET REALISATION****10,650,179**

APPRAISAL SUMMARY**LICENSED COPY****Goulden Street - Framework Compliant****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)	(468,698)	(468,698)
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CONSTRUCTION COSTS**Construction**

	Units	Unit Amount	Cost	
Residential	43 un	177,665	7,639,582	7,639,582
Developers Contingency		3.00%	229,187	229,187

Other Construction

Chimney			400,000	400,000
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PROFESSIONAL FEES

Architect		8.00%	643,167	643,167
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MARKETING & LETTING

Marketing		2.00%	197,260	
Letting Agent Fee		10.00%	5,238	
Letting Legal Fee		5.00%	2,619	205,117

DISPOSAL FEES

Sales Agent Fee		1.00%	106,502	
Sales Legal Fee	43 un	500.00 /un	21,500	
Sales Legal Fee		1.00%	5,722	133,724

FINANCE

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)				
Land			(31,057)	
Construction			294,493	

APPRAISAL SUMMARY**LICENSED COPY****Goulden Street - Framework Compliant**

Other	18,466	
Total Finance Cost		281,903

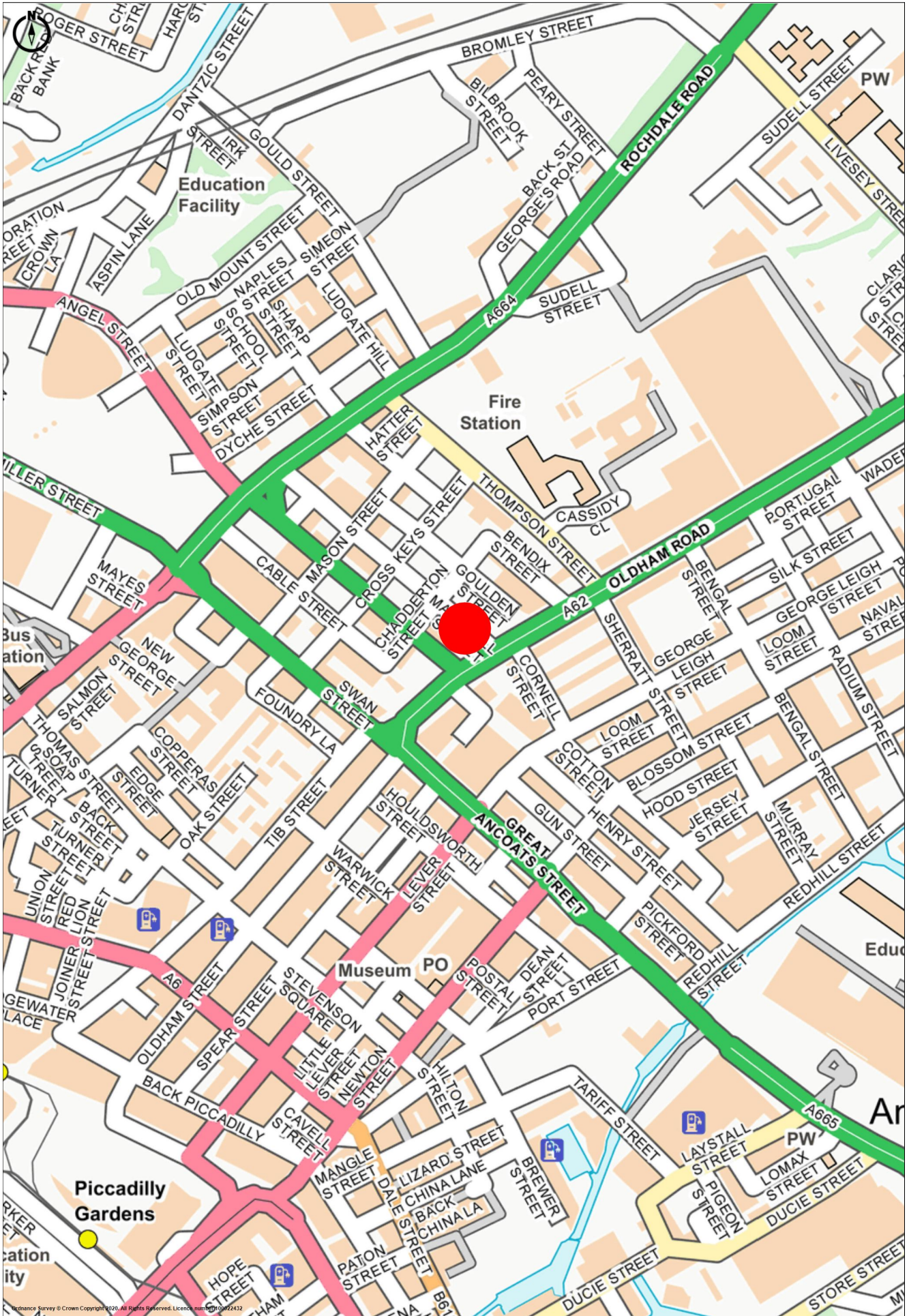
TOTAL COSTS **9,063,982**

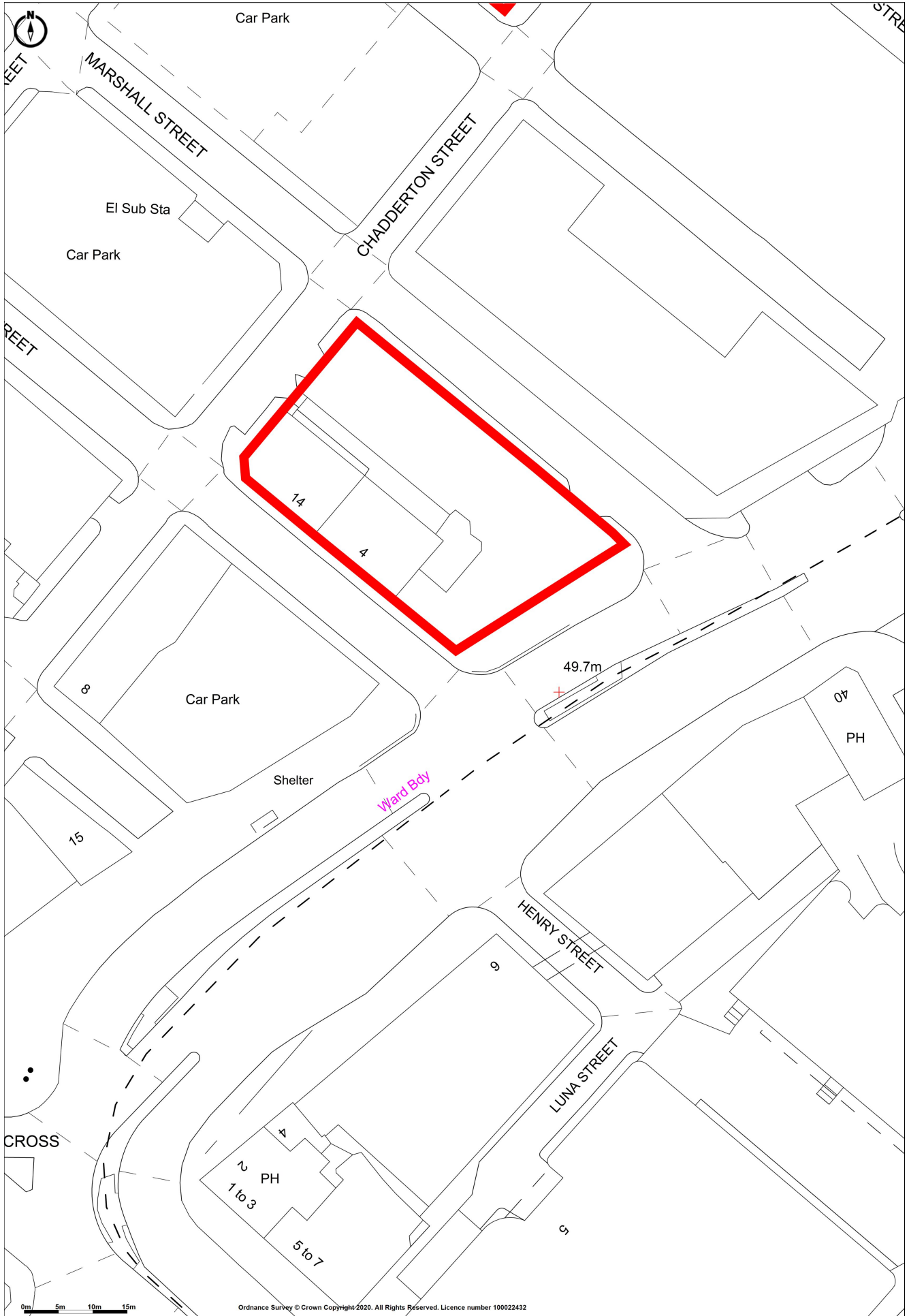
PROFIT **1,586,197**

Performance Measures

Profit on Cost%	17.50%
Profit on GDV%	14.83%
Profit on NDV%	14.89%
Development Yield% (on Rent)	0.58%
Equivalent Yield% (Nominal)	6.12%
Equivalent Yield% (True)	6.36%
IRR% (without Interest)	34.02%
Rent Cover	30 yrs 3 mths
Profit Erosion (finance rate 5.500)	2 yrs 11 mths

Appendix 9 Oldham Road: Site Plan, Location Plan and Photographs







Chadderton Street frontage



Oldham Road frontage

Appendix 10 Oldham Road: Schedule of Sales Values

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Ground - 1 bed	521	167,000	321
Ground - 2 bed	569	183,000	321
Ground - 2 bed	738	237,000	321
Ground - 2 bed	788	253,000	321
Ground - 2 bed	788	253,000	321
Ground - 2 bed	800	257,000	321
First - 1 bed	521	172,000	331
First - 1 bed	521	172,000	331
First - 1 bed	521	172,000	331
First - 2 bed	652	216,000	331
First - 2 bed	707	234,000	331
First - 2 bed	778	257,000	331
First - 2 bed	734	243,000	331
First - 2 bed	758	251,000	331
First - 2 bed	756	250,000	331
First - 2 bed	780	258,000	331
First - 2 bed	780	258,000	331
First - 2 bed	788	261,000	331
First - 2 bed	788	261,000	331
Second - 1 bed	521	173,000	332
Second - 1 bed	521	173,000	332
Second - 1 bed	521	173,000	332
Second - 2 bed	652	217,000	332
Second - 2 bed	707	235,000	332
Second - 2 bed	709	236,000	332
Second - 2 bed	709	236,000	332
Second - 2 bed	734	244,000	332
Second - 2 bed	742	246,000	332
Second - 2 bed	780	259,000	332
Second - 2 bed	780	259,000	332
Second - 2 bed	788	262,000	332
Second - 2 bed	788	262,000	332
Third - 1 bed	521	174,000	333
Third - 1 bed	521	174,000	333
Third - 1 bed	521	174,000	333
Third - 1 bed	521	174,000	333
Third - 1 bed	521	174,000	333
Third - 2 bed	652	217,000	333
Third - 2 bed	707	236,000	333
Third - 2 bed	709	236,000	333
Third - 2 bed	709	236,000	333

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Third - 2 bed	734	244,000	333
Third - 2 bed	742	247,000	333
Third - 2 bed	780	260,000	333
Third - 2 bed	780	260,000	333
Fourth - 1 bed	521	174,000	334
Fourth - 1 bed	521	174,000	334
Fourth - 1 bed	521	174,000	334
Fourth - 1 bed	521	174,000	334
Fourth - 1 bed	521	174,000	334
Fourth - 1 bed	521	174,000	334
Fourth - 2 bed	652	218,000	334
Fourth - 2 bed	707	236,000	334
Fourth - 2 bed	709	237,000	334
Fourth - 2 bed	709	237,000	334
Fourth - 2 bed	734	245,000	334
Fourth - 2 bed	742	248,000	334
Fourth - 2 bed	785	262,000	334
Fourth - 2 bed	785	262,000	334
Fifth - 1 bed	521	174,000	335
Fifth - 1 bed	521	174,000	335
Fifth - 1 bed	521	174,000	335
Fifth - 1 bed	521	174,000	335
Fifth - 1 bed	521	174,000	335
Fifth - 1 bed	521	174,000	335
Fifth - 2 bed	652	218,000	335
Fifth - 2 bed	707	237,000	335
Fifth - 2 bed	709	237,000	335
Fifth - 2 bed	709	237,000	335
Fifth - 2 bed	734	246,000	335
Fifth - 2 bed	742	248,000	335
Fifth - 2 bed	785	263,000	335
Fifth - 2 bed	785	263,000	335
Sixth - 1 bed	521	175,000	335
Sixth - 1 bed	521	175,000	335
Sixth - 1 bed	521	175,000	335
Sixth - 1 bed	521	175,000	335
Sixth - 1 bed	521	175,000	335
Sixth - 2 bed	652	219,000	335
Sixth - 2 bed	707	237,000	335
Sixth - 2 bed	709	238,000	335
Sixth - 2 bed	709	238,000	335
Sixth - 2 bed	734	246,000	335
Sixth - 2 bed	742	249,000	335
Sixth - 2 bed	785	263,000	335
Sixth - 2 bed	785	263,000	335
Seventh - 1 bed	521	175,000	336
Seventh - 1 bed	521	175,000	336

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Seventh - 1 bed	521	175,000	336
Seventh - 1 bed	521	175,000	336
Seventh - 1 bed	521	175,000	336
Seventh - 1 bed	521	175,000	336
Seventh - 2 bed	652	219,000	336
Seventh - 2 bed	707	238,000	336
Seventh - 2 bed	709	239,000	336
Seventh - 2 bed	709	239,000	336
Seventh - 2 bed	734	247,000	336
Seventh - 2 bed	742	249,000	336
Seventh - 2 bed	785	264,000	336
Seventh - 2 bed	785	264,000	336
Eighth - 1 bed	521	176,000	337
Eighth - 1 bed	521	176,000	337
Eighth - 1 bed	521	176,000	337
Eighth - 1 bed	521	176,000	337
Eighth - 1 bed	521	176,000	337
Eighth - 1 bed	521	176,000	337
Eighth - 2 bed	652	220,000	337
Eighth - 2 bed	707	238,000	337
Eighth - 2 bed	709	239,000	337
Eighth - 2 bed	709	239,000	337
Eighth - 2 bed	734	247,000	337
Eighth - 2 bed	742	250,000	337
Eighth - 2 bed	785	264,000	337
Eighth - 2 bed	785	264,000	337
Ninth - 1 bed	521	176,000	338
Ninth - 1 bed	521	176,000	338
Ninth - 1 bed	521	176,000	338
Ninth - 1 bed	521	176,000	338
Ninth - 1 bed	521	176,000	338
Ninth - 1 bed	521	176,000	338
Ninth - 2 bed	652	220,000	338
Ninth - 2 bed	707	239,000	338
Ninth - 2 bed	709	240,000	338
Ninth - 2 bed	709	240,000	338
Ninth - 2 bed	734	248,000	338
Ninth - 2 bed	742	251,000	338
Ninth - 2 bed	785	265,000	338
Ninth - 2 bed	785	265,000	338
Tenth - 2 bed	709	240,000	339
Tenth - 2 bed	712	241,000	339
Tenth - 2 bed	785	266,000	339
Tenth - 2 bed	785	266,000	339
Tenth - 2 bed	785	266,000	339
Tenth - 2 bed	788	267,000	339
Tenth - 3 bed	1,002	327,000	326
Eleventh - 2 bed	709	243,000	342

Unit (Floor - Type)	Size (sq ft)	Price (£)	Price per sq ft (£)
Eleventh - 2 bed	712	243,000	342
Eleventh - 2 bed	742	254,000	342
Eleventh - 2 bed	785	268,000	342
Eleventh - 2 bed	785	268,000	342
Eleventh - 2 bed	785	268,000	342
Eleventh - 3 bed	1,002	330,000	329

Appendix 11 Oldham Road: Development Appraisals

Oldham Road

Development Appraisal
Licensed Copy
06 February 2020

APPRAISAL SUMMARY**LICENSED COPY**

Oldham Road

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	144	95,962	334.42	222,861	32,092,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	1,548	17.50	27,090	27,090	27,090
Ground Rents	<u>144</u>			250	<u>36,000</u>	<u>36,000</u>
Totals	145	1,548			63,090	63,090

Investment Valuation**Commercial**

Market Rent	27,090	YP @	6.5000%	15.3846	
(6mths Rent Free)		PV 6mths @	6.5000%	0.9690	403,851

Ground Rents

Current Rent	36,000	YP @	5.0000%	20.0000	720,000
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Total Investment Valuation**1,123,851****GROSS DEVELOPMENT VALUE****33,215,851**

Purchaser's Costs

(65,183)

Effective Purchaser's Costs Rate

5.80%

(65,183)

NET DEVELOPMENT VALUE**33,150,667****NET REALISATION****33,150,667**

APPRAISAL SUMMARY**LICENSED COPY**

Oldham Road

OUTLAY**ACQUISITION COSTS**

Residualised Price			2,184,795	
				2,184,795
Stamp Duty	4.50%	98,316		
Agent Fee	1.00%	21,848		
Legal Fee	0.50%	10,924		
				131,088

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Residential	144 un	146,375	21,078,000	
Developers Contingency		3.00%	632,340	
Demolition			25,000	
				21,735,340

PROFESSIONAL FEES

Architect	8.00%	1,686,240		
				1,686,240

MARKETING & LETTING

Marketing	2.00%	641,840		
Letting Agent Fee	10.00%	6,309		
Letting Legal Fee	5.00%	3,155		
				651,304

DISPOSAL FEES

Sales Agent Fee		1.00%	331,507	
Sales Legal Fee	144 un	500.00 /un	72,000	
Sales Legal Fee		1.00%	3,387	
				406,893

FINANCE

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)				
Land			279,243	
Construction			987,356	

APPRAISAL SUMMARY**LICENSED COPY****Oldham Road**

Other	151,072	
Total Finance Cost		1,417,672

TOTAL COSTS **28,213,331**

PROFIT **4,937,337**

Performance Measures

Profit on Cost%	17.50%
Profit on GDV%	14.86%
Profit on NDV%	14.89%
Development Yield% (on Rent)	0.22%
Equivalent Yield% (Nominal)	5.55%
Equivalent Yield% (True)	5.75%

IRR% (without Interest) 20.97%

Rent Cover 78 yrs 3 mths
Profit Erosion (finance rate 5.500) 2 yrs 11 mths

Oldham Road - Framework Compliant

Development Appraisal
Licensed Copy
06 February 2020

APPRAISAL SUMMARY**LICENSED COPY**

Oldham Road - Framework Compliant

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	75	51,081	331.94	226,080	16,956,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	1,548	17.50	27,090	27,090	27,090
Ground Rents	<u>75</u>			250	<u>18,750</u>	<u>18,750</u>
Totals	76	1,548			45,840	45,840

Investment Valuation**Commercial**

Market Rent	27,090	YP @	6.5000%	15.3846	
(6mths Rent Free)		PV 6mths @	6.5000%	0.9690	403,851

Ground Rents

Current Rent	18,750	YP @	5.0000%	20.0000	375,000
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Total Investment Valuation**778,851****GROSS DEVELOPMENT VALUE****17,734,851**

Purchaser's Costs		(45,173)
Effective Purchaser's Costs Rate	5.80%	(45,173)

NET DEVELOPMENT VALUE**17,689,677****NET REALISATION****17,689,677**

APPRAISAL SUMMARY**LICENSED COPY****Oldham Road - Framework Compliant****OUTLAY****ACQUISITION COSTS**

Residualised Price			1,579,804	
				1,579,804
Stamp Duty	4.50%	71,091		
Agent Fee	1.00%	15,798		
Legal Fee	0.50%	7,899		
				94,788

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Residential	75 un	145,776	10,933,200	
Developers Contingency		3.00%	327,996	
Demolition			25,000	
				11,286,196

PROFESSIONAL FEES

Architect	8.00%	874,656		
				874,656

MARKETING & LETTING

Marketing	2.00%	339,120		
Letting Agent Fee	10.00%	4,584		
Letting Legal Fee	5.00%	2,292		
				345,996

DISPOSAL FEES

Sales Agent Fee		1.00%	176,897	
Sales Legal Fee	75 un	500.00 /un	37,500	
Sales Legal Fee		1.00%	3,587	
				217,984

FINANCE

Debit Rate 5.500%, Credit Rate 0.000% (Nominal)				
Land			176,466	
Construction			430,283	

APPRAISAL SUMMARY**LICENSED COPY****Oldham Road - Framework Compliant**

Other	48,871	
Total Finance Cost		655,620

TOTAL COSTS **15,055,044**

PROFIT **2,634,633**

Performance Measures

Profit on Cost%	17.50%
Profit on GDV%	14.86%
Profit on NDV%	14.89%
Development Yield% (on Rent)	0.30%
Equivalent Yield% (Nominal)	5.79%
Equivalent Yield% (True)	6.01%
IRR% (without Interest)	23.80%
Rent Cover	57 yrs 6 mths
Profit Erosion (finance rate 5.500)	2 yrs 11 mths

Appendix 12 Market Commentary and Comparable Evidence

Market Commentary and Comparable Evidence

National Housing Market

The RICS UK Residential Market Survey¹ for November 2019 reinforced the cautious trend which has become prevalent during the second half of 2019. The November survey indicated that both buyer demand and supply are slipping into negative territory. However, the political uncertainty that has gripped the UK over the past six months looks to have waned and the 12 month outlook for the housing market is predicting a pick-up in sales and prices UK-wide.

In the lettings market, November produced the first month of subdued growth in the demand from prospective tenants, after eight successive months of increases. It is expected that following this release, rents are to increase over the next three months. This was coupled with the negative statistic that landlord instructions also down to a net balance of -29% for the month of November. All suggestions are that these numbers are symptomatic of a decline in the volume of new rental stock coming to the market.

The RICS Market Survey rental growth projections for the five-year horizon stand at more than 3% per annum until 2024. On a more short term view, contributors to the Survey expect rental growth to be around 2% during the next 12 months. Both these forecasts have been contributed to by the imbalance between supply and demand in the market. Over the same five-year period that rental growth is expected at 3% per annum, house prices are expected to rise 2.5% per annum over the same period.

In their Residential Market Forecast² Knight Frank expect rental value growth to increase momentum in 2020 as greater political uncertainty returns to the UK following the transition phase in January 2020. This is combined with the assumption that interest rates are set to begin the process of normalisation in 2020, marking the end of ultra-low mortgage rates, which will squeeze the affordability of some purchasers in the market.

In terms of pricing, the HM Land Registry UK House Price Index³ shows that as of November 2019 the average house price in England was £251,000. Property prices are unchanged from the previous month and have risen by 1.3% compared to the previous year.

The Halifax House Price Index House⁴ reports that prices in the three months to December 2019 were 1.0% higher than the previous quarter, and that the change on an annual basis the rate was 4.0%. The annual change percentage was the highest point of the predicted range, this was fuelled by the biggest monthly change in 2019, with a 1.7% increase between November and December. This was led by the increasing affordability of mortgages/deposits and undersupply of properties to the market.

The Nationwide House Price Index⁵ for November was much more subdued on monthly house price growth estimating growth at 0.1%, after taking into account seasonal factors. Nationwide also estimate that house price growth for the past 12 months was 1.4%, significantly lower than the 2.6% estimate by Halifax.

¹ RICS UK Residential Market Survey – November 2019

² Knight Frank Residential Market Forecast – December 2019;

<https://content.knightfrank.com/research/367/documents/en/uk-housing-market-forecast-2020-6869.pdf>

³ HM Land Registry – UK House Price Index: September 2019;

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/september2019>

⁴ Halifax House Price Index – December 2019; <https://static.halifax.co.uk/assets/pdf/mortgages/pdf/December-2019-House-Price-Index.pdf>

⁵ Nationwide House Price Index – December 2019; https://www.nationwide.co.uk/-/media/MainSite/documents/about/house-price-index/2019/Dec_Q4_2019.pdf

HMRC monthly data shows that the number of UK home sales rose 4.4% between July and August. The figure represents the sales volume of 90,894 properties transacted across the UK.

According to Savills⁶, Oxford Economics have downgraded the GDP outlook for UK by approximately 0.3%, based upon the expectation that the UK will have a looser relationship with Europe and other economic factors. This will in turn restrict the average household income growth, subsequently limiting long term house price growth.

Whatever the economics of the national market, the country is still facing a housing shortage, which the Government is trying to solve with introduction of measures such as reduced Stamp Duty Land Tax for first time buyers, 'Help To Buy' schemes for new homes and cash injections into the housebuilding sector.

As many young people view the ownership of a home as an unrealistic short term goal, the direct rented sector has seen availability of units on the market decrease along with rising rental levels. This is coupled with the reduction in private landlords following a removal of a number of financial incentives and increased lender scrutiny.

According to the Knight Frank UK Tenant Survey 2019⁷, the proportion of households in the Private Rented Sector (PRS) is set to rise to 22% by 2023 (currently at 20.6%), with capital committed to professionally managed PRS accommodation to rise to £75 million by 2025. This is paired with UK housing policy becoming more encouraging for multi-house development, consisting of PRS, professionally managed PRS and the Build-to-Rent (BtR) sector. The surge in multi-housing development has subsequently been accompanied with the decline of traditional buy-to-let landlords, with mortgage lending data showing the number of new mortgages taken out by individual landlords having fallen over the past two years.

The outlook for the UK PRS market remains strong, with demographic fundamentals driving the constant flow of institutional investment. Large scale professional PRS landlords are ideally placed to take advantage of the market following the government's changes to the buy-to-let market have increased pressure on private landlords. While the housing market struggles to provide first time buyers with the affordable housing, it is the PRS that stands to benefit from increasing demand.

Manchester City Centre Residential Market

The 2019 Deloitte Crane Survey⁸ identified that Manchester is establishing itself as one of Europe's fastest growing cities, Manchester continues to lead the way in catering for an increasing metropolitan population. Entire new neighbourhoods are in development redefining the parameters of the city centre as it pushes outwards and upwards driving record levels of construction. The key findings show:

- The total number of schemes under construction increased by 34% compared to 2017.
- 31 schemes completed during 2018, comprising 16 residential developments, six offices, five hotels, two education facilities, one dining venue, and one multi-storey car park and 13 office schemes.
- Anticipated level of residential delivery over the next three years is due to exceed the previous ten years combined.
- 14,480 residential units under construction during 2018 is double than that under construction during 2016 (6,963 units).

⁶ Savills Research – UK Housing Market Update – December 2019; <https://pdf.euro.savills.co.uk/uk/residential---other/uk-hmu-2019.pdf>

⁷ Knight Frank Multihousing 2019 PRS Research; <https://content.knightfrank.com/research/707/documents/en/the-uk-tenant-survey-2019-6118.pdf>

⁸ Deloitte Manchester Crane Survey – February 2019; <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/real-estate/deloitte-uk-manchester-crane-survey-2019.pdf>

For the third consecutive year, the residential sector has been the main driver of the record levels of development activity in Manchester, clearly evidenced by the large number of cranes visible on the city's skyline. 48 residential schemes were on site in 2018, up from 41 in 2017, and these are set to deliver an impressive 14,480 units. 3,345 more units are under construction compared to the same time last year and the projected delivery over the next three years is greater than the total number of residential units delivered between 2007 and 2018.

Based on 2017's construction figures, it was reasonable to assume that new construction starts and the growth in this sector may have been subdued in 2018. This expectation was compounded by an anticipated period of economic and political uncertainty due to Brexit. Crane Survey 2019 data evidences ongoing investment in the residential market, with 5,733 units commencing construction on 23 new sites in 2018.

New starts during 2018 included:

- Embankment West, Select Property Group (503 units).
- Mount Yard, FEC (136 units).
- Elizabeth Tower at Crown Street, Renaker (664 units).
- Crusader Mill, Capital and Central (201 units).

Density and scale continue to typify residential construction activity. Large schemes form the majority of the construction pipeline with 17 schemes set to deliver more than 350 units each. The pattern of tall buildings being delivered around the inner ring road is now taking shape and making a significant impact on the skyline, with nine schemes of over 25 storeys at various stages of construction.

2018 was also a landmark year for completions in the residential sector. In total, 2,569 units completed, the highest level since 2006 and 1,317 units more than in 2017. These figures were bolstered by the completion of several build-to-rent schemes in Ancoats and New Islington, including Manchester Life's Smith's Yard and Sawmill Court, Mulbury, The Astley. A further five schemes were completed in Salford, including Slate Yard Wharf and Middlewood Locks.

Completions in 2019 were projected to exceed 5,500 units before rising above 7,500 in 2020: this will have a significant impact on the residential population in the city centre. Assuming two residents per unit, based on residential delivery from January 2016 to December 2018, the population within the study area has already increased by 12,000 and is set to increase by a further 28,400 by the end of 2021 and therefore in excess of 100,000. This population growth will require services and amenities to support it, some of which are already planned as part of emerging neighbourhoods, such as new education and health facilities at Great Jackson Street, and a new park at the heart of the Mayfield masterplan.

Two-bedroom units constitute 58% of the units under construction to 2021, with apartments making up the entire market save for ground floor townhouses and schemes too small for the survey.

The delivery of residential properties in the city is now coming broadly into line with the average target specified in Manchester's Core Strategy (2012) and is beginning to catch up with successive years of undersupply against targets between 2009 and 2017. The appetite for city centre residential development is unlikely to waiver; with the city centre identified to provide a further 10,000 new units to contribute toward the 201,000 net additional dwellings required across GM between 2018 and 2037 identified by the draft Greater Manchester Spatial Framework (GMSF).

JLL report in their Vision 2020 UK Residential housing report⁹ that UK rental levels are expected to be robust for the next five years with annual growth expected to be slightly stronger in 2021-2023. It is expected that the current BTL taxation rules will also constrain the growth of letting supply.

Manchester City Centre Residential Lettings Market

Deloitte's latest Crane Survey (Feb 2019) reported that the average price for a two-bedroom property at the end of 2018 was £981 per month in Manchester City Centre and £733 per month elsewhere, representing a 3.8% increase in the city centre and 6.5% elsewhere over the two-year period. More recently Home.co.uk reported that the average advertised rent for a two bed in Manchester was £943 per month based on 1,493 advertised properties. There are higher value sub-areas within the city centre, with Deansgate and Spinningfields averaging £1,339 p/m for a two-bedroom property, and New Islington at the lower end of the scale averaging £917 p/m. The least expensive location is Hulme Park and Birley Fields. The subject area of Ancoats and New Cross is towards the upper end of the range at £1,000 per month.

Considering affordability, the average salary in the city centre is £28,558. Assuming a target average spend of 30 per cent of gross income on rent, in line with Manchester City Council's Affordability Framework, this equates to an affordable rental value of £713.5 per month per person. However, most two-bedroom apartments are shared between couples or a pair of young professionals, and this increases the affordability of even the higher end of the rental market for this particular demographic.

Manchester City Centre New Build Residential Sales

Recent research by JLL shows that new build average capital sales rates have increased from £250 per sq ft to £330 per sq ft, although premium locations and schemes have achieved circa £500 per sq ft.¹⁰ According to JLL¹¹, the average price of a two bedroom apartment had increased by 2.0% over the previous 12 months, standing at £255,000. This bought the average increase for the sales price of a two bedroom flat in line with other city centres. Their forecast was that prices would rise by 3.5% over the course of the next five years.

We understand the nearby Renaker development at Deansgate Square, which is to comprise 1,508 apartments within four residential towers ranging from 40 to 67 storeys, have achieved sale prices ranging from approximately £420 - £470 per sq ft. The prices achieved reflect this is set to be a premium build in a good location with residents set to benefit from access to a tennis court, swimming pool, cinema, gym, and studios with three basement car parking levels.

We have had regard for residential sales/lettings at schemes within close proximity to the subject scheme. Such evidence can be used as a benchmark to gauge the pricing across the subject units. It is important to note that the evidence provided below is derived from traditional residential schemes and not schemes considered to be build-to-rent.

Sales Evidence

Sales data has been sourced from HM Land Registry whilst current availability has been derived from online estate agent portals such as Rightmove.com. We have also compared re-sales with new homes and for the latter we have also relied upon online data provided by the developer and/or their agents.

⁹ https://res.cloudinary.com/jll-global-olm-np/image/upload/v1574695786/resi/gb/cms/Research/PDFs/JLL_Forecasts_-_Living_with_2020_vision.pdf

¹⁰ JLL Northern Residential Market Forecast – February 2018

¹¹ JLL Northern Residential Market Forecast – February 2019

Studios

Set out below is a summary of studio units that are either available or which have sold in the re-sale market, within the area to the north east of the city centre:

Address	Description	Beds	Sale Date	Price	*Price per sq ft
Apt 501, 5 Ludgate Hill, Manchester, M4 4TJ	Mid-floor flat. 2007 development. Located very close to the subject on the other side of Rochdale Road. Inferior specification.	Studio	Feb-19	£102,000	£306
Jefferson Place. 1 Fernie Street, Green Quarter, M4 4BL	8 th floor flat. Modern development located in Green Quarter behind N.O.M.A and New Cross. Similar location.	Studio	Available	£135,000 *£128,250	*£271
Lincoln Gate, 39 Red Bank, Manchester, M4 4AD	Newly renovated 7 th floor studio within the Green Quarter. Similar location.	Studio	Available	£125,000 *£118,750	*£315
Vallea Court, Red Bank, Manchester, M4	2 nd floor flat. Modern development located in Green Quarter. Similar location. Parking included.	Studio	Available	£119,995 *£104,995	*£307
The Hub, 5 Piccadilly Place, Manchester, M1 3BR	Large 1 st floor flat in a modern development. Located near Piccadilly train station. Superior location.	Studio	Available	£189,000 *£179,500	*£317

Source: Rightmove.com

*Sale prices are have been adjusted by a 5% deduction in order to represent what we consider would be the fair sale price of these units after negotiations. This adjusted sales prices are then incorporated in the analysed prices per sq ft. If parking is included then an adjustment of minus £15,000 has also been made to reflect this in order to make all units comparable.

Due to a lack of transaction evidence in the market for studio units, four of our five comparable units for analysis are available in the market. The appropriate adjustments have been made to these units to represent what we consider would be the fair sale price of these units, highlighted above.

The foregoing provides a range of £102,000 to £179,500 for the re-sale of studio apartments. Whilst this is a comparatively wide range this is most likely reflective of a premium attached to the higher specification and better location schemes. Differences of this nature are to be expected as no two schemes are identical and units within each scheme will attract a different value based on position and aspect.

The average price of a studio apartment in the re-sale market is £125,659 or £303 per sq ft. However, it should be noted that the pricing of new build units is likely to incorporate a new build premium, therefore will reflect a higher capital rate per sq ft. We estimate this new build premium to be circa 15%. This is based on the comparison of new build and re-sale evidence of one and two bed units gathered throughout this report. Due to the lack of new build studio evidence, we estimate the capital value per sq ft of a new build studio to be in the region of £340 - £350 when incorporating the new build premium.

One Bed Units: New Build

Set out below is a summary of new build one bed units in residential developments that have been recently completed in close proximity. The below have either recently sold or are available in the market:

Address	Description	Bed	Sale Date	Price	Price per sq ft
North Central, 9 Dyche Street, Manchester, M4 4FU	North Central is a modern 11 storey located opposite Moda Living Angel Gardens. 64-unit scheme of 40 two bed and 24 one bed apartments. Basement car park and a 3,500 sq ft retail unit.	1	May-19	£159,950	£297
		1	May-19	£159,950	£297
		1	Jun-19	£170,200	£316
		1	May-19	£179,270	£333
		1	May-19	£184,270	£342
		1	Jun-19	£184,270	£342
		1	Jun-19	£184,650	£343
		1	Jun-19	£184,650	£343
		1	Jul-19	£209,681	£319
		1	May-19	£213,272	£325
		1	Jul-19	£221,749	£338
				Average:	£327
HALO House, 27 Simpson Street, Manchester, M4 4GB	Halo House is a modern 6 storey residential development comprising 66 one, two and three bed apartments with basement car parking.	1	Apr-19	£165,000	£289
		1	Apr-19	£165,000	£295
		1	Apr-19	£186,800	£334
		1	May-19	£187,800	£336
		1	Apr-19	£188,295	£336
		1	Apr-19	£199,754	£357
		1	Apr-19	£202,000	£348
				Average:	£328
Flat 16, Popworks, 164 Oldham Road, Manchester, M4 6BQ	Popworks is a modern new development located on the edge of Ancoats, comprising of 28 one and two bed apartments with car parking facilities.	1	Jul-19	£152,000	£336
Flat 98 Murrays Mills, 50 Bengal Street, Manchester, M4 6LS	Murray Mills is a new modern development that consisted of the conversion of an old mill house located next to the iconic Royal Mills in Ancoats. Comprises of one, two and three bed apartments.	1	Sep-19	£188,000	£349
Murrays Mills, 50 Bengal Street, Manchester, M4 6LS	Murray Mills is a new modern development that consisted of the conversion of an old mill house located next to the iconic Royal Mills in Ancoats.	1	Available	£220,000	£371
Marshall Street, Manchester M4	Part of the Mason Street development, located on a street parallel to the subject schemes.	1	Available	£195,000 - £199,000	-
Mount Yard, Meadowside, Manchester M4	One, two and three bedroom apartments and townhouses. Concierge and access to a private residents' gymnasium. Located on the other side of Rochdale Road. Limited residents parking available.	1	Available	£197,500 - £233,500	-

Source: Rightmove.com & Developers Website

The new units are priced at between £152,000 and £223,500. The capital rates per sq ft vary between £297 and £349 per sq ft, providing an average of £335 per sq ft.

In terms of the similarity of the schemes highlighted above compared to the subject development, we consider both the North Central and HALO House developments to be very comparable in terms of size, location and specification. Both developments are located less than 100m away from the subject site and range between six and 11 stories.

Popworks is also considered to be a similar scheme in terms of size and specification, although it is located a bit further down Oldham Road in a less comparable location.

Murray Mills is located in Ancoats, which is deemed to be a far superior location despite being just the other side of Rochdale Road. The development is also a converted mill house next to the existing Royal Mills, an iconic building that attracts large premiums. For these reason, Murray Mills is considered to be superior to the subject development and explains the high capital rate per sq ft of £349 achieved in the market.

Both Marshall Street and Mount Yard developments are located in very close proximity to the subject and are also deemed to be comparable schemes, however are still under construction. The sales values outlined above are only asking prices and have been listed for reference.

We are aware of a number of sales in other schemes throughout the city in excess of £400 per sq ft. However these generally relate to towers where there are upper floor premiums and are in superior locations, with some also having facilities such as swimming pools. We have given most weight to the evidence from North Central, HALO House and Popworks developments, as these are very comparable schemes to the subject property and are located a short distance to the north. The average capital rate per sq ft of these three developments is £330.

Both the North Central and HALO House developments have a large amount of market transaction evidence, and produce very similar average capital rates per sq ft of circa £328. This provides strong evidence that the market price has been accurately reflected. Furthermore, the fact that both schemes sold so many units in quick succession shows how strong the market is for these types of residential units at the proposed capital price.

One Bed Units: Resale

We have also had regard to the re-sale market and have set out below a summary of available one bed apartments that have either recently sold or are available in this area of the city:

Address	Description	Beds	Sale Date	Price	Price per sq ft
Apt 114, 50 Goulden Street, Manchester, M4 5EH	10 storey development located down the same road from the subject scheme. Similar location.	1	Aug-19	£148,000	£259
Apt 308, Nuovo Apartments, 59 Great Ancoats Street, Manchester, M4 5AH	Built in 2014, a modern 5 storey development located in the more desirable area of Ancoats. Superior location.	1	Jun-19	£162,500	£280

Address	Description	Beds	Sale Date	Price	Price per sq ft
Apt 5, Krupa Building, 19 Sharp Street, Manchester, M4 4BZ	Four storey converted mill house located on other side of Rochdale Road. Similar location.	1	May-19	£143,000	£316
Apt O S 201, Royal Mills, 2 Cotton Street, Manchester, M4 5BW	Converted mill. Iconic building in a superior location.	1	May-19	£200,000	£332
Apt 104, The Citadel, 15 Ludgate Hill, Manchester, M4 4AP	6 storey development Located on other side of Rochdale Road. Similar location.	1	Apr-19	£147,500	£259

Source: Nethouseprice.com & Rightmove.com

The foregoing provides a range of £143,000 to £200,000 for the re-sale of one bedroom apartments. Whilst this is a comparatively wide range this is most likely reflective of a premium attached to the higher specification and better location schemes. Differences of this nature are to be expected as no two schemes are identical and units within each scheme will attract a different value based on position and aspect.

The average price of a one bedroom apartment in the re-sale market is £160,200 or £289 per sq ft. The pricing of new build units compared to older units demonstrates a new build premium, but is also likely to be representative of the enhanced quality of these schemes compared to older schemes. These qualities can include the provision of facilities such as a concierge, rooftop gardens, communal lounges and gym facilities.

Two Bed Units: New Build

The following is a summary of new build two bed units in residential developments that have been recently completed in close proximity. The below have either recently sold or are available in the market:

Address	Description	Bed	Sale Date	Price	Price per sq ft
North Central, 9 Dyche Street, Manchester, M4 4FU	North Central is a modern 11 storey located opposite Moda Living Angel Gardens. 64-unit scheme of 40 two bed and 24 one bed apartments. Basement car park and a 3,500 sq ft retail unit.	2	May-19	£224,850	£317
		2	May-19	£234,950	£331
		2	May-19	£235,000	£312
		2	May-19	£240,750	£320
		2	May-19	£241,150	£339
		2	Jun-19	£254,600	£333
	The sales prices do not include parking which was available to be purchase at an additional £20,000 per space. ¹²	2	Jun-19	£262,100	£348
		2	Jun-19	£288,800	£340
				Average:	£330
HALO House, 27 Simpson Street, Manchester, M4 4GB	Halo House is a modern 6 storey residential development comprising 66 one, two and three bed apartments with basement car parking.	2	Apr-19	£210,500	£296
		2	Apr-19	£224,950	£317
		2	Apr-19	£225,000	£317
		2	Apr-19	£227,000	£320

¹² Confirmed by the sales agent at Starfish Property Investments.

Address	Description	Bed	Sale Date	Price	Price per sq ft
		2	Apr-19	£229,200	£309
		2	May-19	£231,500	£326
		2	May-19	£235,200	£336
		2	May-19	£235,250	£331
		2	Apr-19	£237,500	£315
		2	Apr-19	£237,500	£334
		2	May-19	£241,700	£340
		2	Apr-19	£241,700	£340
		2	May-19	£242,500	£336
		2	Apr-19	£247,850	£329
		2	Apr-19	£247,850	£334
		2	Apr-19	£250,000	£314
		2	Apr-19	£258,500	£364
		2	Apr-19	£265,200	£373
		2	Apr-19	£272,700	£352
		2	Apr-19	£284,300	£377
				Average:	£330
Cotton House, 21 Blossom Street, Manchester, M4 5EP	Cotton House comprises of 23 apartments and townhouses in the heart of Ancoats set on a first floor podium, above office space and neighbourhood eateries. No Parking.	2	Jun-19	£193,800	£300
		2	Jul-19	£196,800	£305
		2	Jul-19	£198,100	£302
		2	Jul-18	£202,100	£308
		2	Jun-18	£208,700	£323
		2	Jun-18	£225,000	£342
		2	Jun-18	£240,000	£372
				Average:	£322
Flat 16, Popworks, 164 Oldham Road, Manchester, M4 6BQ	Popworks is a modern new development located on the edge of Ancoats, comprising of 28 one and two bed apartments with car parking facilities.	2	Sep-19	£218,500	£327
Flat 98 Murrays Mills, 50 Bengal Street, Manchester, M4 6LS	Murray Mills is a new modern development that consisted of the conversion of an old mill house located next to the iconic Royal Mills in Ancoats. Comprises of one, two and three bed apartments.	2	Aug-19	£300,000	£344
Murrays Mills, 50 Bengal Street, Manchester, M4 6LS	Murray Mills is a new modern development that consisted of the conversion of an old mill house located next to the iconic Royal Mills in Ancoats. Comprises of one, two and three bed apartments.	2	Available	£235,000	£336
				£240,000	£338
				£295,000	£366
				£395,000	£346

Address	Description	Bed	Sale Date	Price	Price per sq ft
Marshall Street, Manchester M4	Part of the Mason Street development, located on a street parallel to the subject schemes.	2	Available	£230,000 - £290,000	-
Mount Yard, Meadowside, Manchester M4	Mix of one, two and three bedroom apartments and townhouses. Concierge and access to a private residents' gymnasium. Located on the other side of Rochdale Road. Limited residents parking available.	2	Available	£290,000 - £320,000	-

Source: Rightmove.com & Developers Website

The new units are priced at between £193,800 and £320,000. The capital rates per sq ft vary between £296 and £377 per sq ft, providing an average of £331 per sq ft.

Similarly to the one bed apartments, we again consider both the North Central and HALO House to be very comparable developments. The average capital rate per sq ft of these three developments is £330. Both of these developments have a large amount of market transaction evidence highlighted above, and produce the exact same average capital rates per sq ft of £330. This provides strong evidence that the market price has been accurately reflected. Furthermore, the fact that both schemes sold so many units in quick succession again shows how strong the market is for these types of residential units at the proposed capital price.

Popworks is also considered to be a comparable scheme and supports the evidence found from North Central and HALO house, as a unit sold in September 2019 for a very similar capital rate per sq ft of £327.

Cotton House is considered to be superior to the subject, being located in the heart of Ancoats. However no parking is available with these units, which may explain why the average capital rate per sq ft of £322 is lower than other schemes located in inferior locations.

Murray Mills is again considered to be superior to the subject development and has a higher capital rate per sq ft of £344, showing top end prices in the market.

Both the Marshall Street and Mount Yard developments asking prices have again been listed for reference.

Two Bed Units: Resale

We have also had regard to the re-sale market and have set out below a summary of available two bed apartments that have either recently sold or are available in this area of the city:

Address	Description	Beds	Sale Date	Price	Price per sq ft
Apt 22, The Citadel, 15 Ludgate Hill, Manchester, M4 4AL	6 storey development Located on other side of Rochdale Road. Similar location.	2	Jun-19	£190,000	£276
Flat 14, 21 Naples Street, Manchester, M4 4BJ	4 storey development Located on other side of Rochdale Road. Similar location.	2	Jun-19	£211,000	£248

Address	Description	Beds	Sale Date	Price	Price per sq ft
Flat 38, Phase 3 The Tobacco Factory, 2a, Naples Street, Manchester, M4 4DH	Converted mill house located on other side of Rochdale Road. Similar location.	2	May-19	£230,000	£267
1101, Nuovo Apartments, 59 Great Ancoats Street, Manchester, M4 5AN	Built in 2014, a modern 5 storey development located in the more desirable area of Ancoats. Superior location.	2	May-19	£358,000	£343
Apt 5, Damaz Building, Sharp Street, Manchester, M4 4BZ	4 storey development Located on other side of Rochdale Road. Similar location.	2	Feb-19	£151,500	£281
Apartment M C 406, Royal Mills, 16 Jersey Street, Manchester, M4 6JA	Converted mill. Iconic building in a superior location.	2	Aug-19	£275,000	£345
Apartment 308, 5 Luna Street, Manchester, M4 5LX	Top floor with roof terrace. Located on the corner of Oldham Road and Great Ancoats Street. Comparable location.	2	Mar-19	£285,000	£273
50, Goulden Street, Manchester, M4 5EH	10 storey development located down the same road from the subject scheme. Similar location.	2	Available	£203,000	£298

Source: *Nethouseprice.com & Rightmove.com*

The re-sales evidence for two bedroom apartments in the immediate area provides a range of £151,500 to £358,000. Again, whilst this is a comparatively wide range this is most likely reflective of a premium attached to the higher specification and better location schemes. Differences of this nature are to be expected as no two schemes are identical and units within each scheme will attract a different value based on position and aspect.

The average price of a two bedroom apartment in the re-sale market is £234,000 or £291 per sq ft.

As with the one bedroom units, the pricing of new build two bedroom units demonstrates a new build premium but is also likely to be representative of the enhanced quality of these schemes compared to older schemes.

Three Bed Units: New Build

As with one bed and two bed apartments, the following is a summary of new build three bed units in residential developments that have been recently completed in close proximity. The below have either recently sold or are available in the market:

Address	Description	Bed	Sale Date	Price	Price per sq ft
HALO House, 27 Simpson Street, Manchester, M4 4GB	Halo House is a modern 6 storey residential development comprising 66 one, two and three bed apartments with basement car parking.	3	May-19	£286,000	£289

Address	Description	Bed	Sale Date	Price	Price per sq ft
Murrays Mills, 50 Bengal Street, Manchester, M4 6LS	Murray Mills is a new modern development that consisted of the conversion of an old mill house located next to the iconic Royal Mills in Ancoats. Comprises of one, two and three bed apartments.	3	May-19	£395,000	£322
		3	Aug-19	£435,000	£329
				Average:	£326
Murrays Mills, 50 Bengal Street, Manchester, M4 6LS	Murray Mills is a new modern development that consisted of the conversion of an old mill house located next to the iconic Royal Mills in Ancoats. Comprises of one, two and three bed apartments.	3	Available	£799,950	£357
Mount Yard, Meadowside, Manchester M4	Mix of one, two and three bedroom apartments and townhouses. Concierge and access to a private residents' gymnasium. Located on the other side of Rochdale Road. Limited residents parking available.	3	Available	£388,500	-

Source: Rightmove.com & Developers Website

The new units are priced between £286,000 and £435,000. The capital rates per sq ft vary between £289 and £329 per sq ft, providing an average of £313 per sq ft.

It should be noted that there is limited transaction evidence in the market for three bed new build apartments compared to the vast amount of transactions for one and two bed apartments.

However, comparisons of capital rates per sq ft between one/two bed apartments and three bed apartments of the same developments gives us an indication of where three bed apartment prices sit relative to one and two bed apartments.

One and two bed apartments at HALO House have an average capital rate per sq ft of circa £328, whereas the capital rate per sq ft of a three bed is much lower at £289.

A similar pattern is portrayed at Murray Mills, where the average capital rate per sq ft of one and two bed apartments is circa £347. This is higher than three bed apartments, which have an average capital rate per sq ft of £326.

Therefore we can conclude that overall, three bed apartments are priced lower than one and two bed apartments.

Three Bed Units: Resale

Again, we have also had regard to the re-sale market and have set out below a summary of available three bed apartments that have either recently sold or are available in this area of the city:

Address	Description	Beds	Status	Price	Price per sq ft
Simpson Street, Manchester, M4	6 storey development Located on other side of Rochdale Road. Similar location.	3	Available	£275,000	£209

Address	Description	Beds	Status	Price	Price per sq ft
Apt 45 Connect House, 1 Henry Street, Manchester, M4 5DA	Duplex apartment with external balcony on the fifth and top floors. Located in Ancoats. Superior location.	3	Available	£350,000	£290
Apt O S 503, Royal Mills, 2, Cotton Street, Manchester M4 5BW	Converted mill. Iconic building in a superior location.	3	Available	£450,000	£324
Apt O S 303, Royal Mills, 2, Cotton Street, Manchester M4 5BW	Converted mill. Iconic building in a superior location.	3	Jul-19	£405,000	£314
Apt O S 409, Royal Mills, 2, Cotton Street, Manchester M4 5BW	Converted mill. Iconic building in a superior location.	3	May-19	£328,500	£328
Royal Mills, 2, Cotton Street, Manchester M4 5BW	Converted mill. Iconic building in a superior location.	3	Feb-19	£500,000	£296
Royal Mills, 2, Cotton Street, Manchester M4 5BW	Converted mill. Iconic building in a superior location.	3	Feb-19	£475,000	£271

Source: *Nethouseprice.com & Rightmove.com*

The three bed apartment market is a small proportion of overall supply and encompasses a wide range of quality from standard units to premium duplex or penthouse apartments with external terraces/balconies. It is therefore not surprising that the evidence provides a wide range of £275,000 to £500,000 or £209 to £328 per sq ft. The average price is £396,700 or £290 per sq ft.

As with the one and two bedroom units, the pricing of new build three bedroom units demonstrates a new build premium but is also likely to be representative of the enhanced quality of these schemes compared to older schemes.

Parking

It is unclear whether the sale prices of all new build one, two and three bed units highlighted above include parking where the development states available. We have therefore assumed that where car parking is available in the sale of new build units, it is purchased at a separate cost to the sale price and not reflected in the capital rate per sq ft.

Floor Height Premium

We have found evidence of a floor height premium, as different pricing is experienced for the same unit in the same development but on different levels. A pattern is seen that as you move up higher up the floors in a building, the capital rate per sq ft of units gets higher.

For example, the following sale prices at North Central are all for 753 sq ft two bedroom apartments of similar specification. All were sold within a three month time period.

- Apartment 105 on the 1st floor sold for £312 per sq ft
- Apartment 205 on the 2nd floor sold for £320 per sq ft
- Apartment 606 on the 6th floor sold for £333 per sq ft
- Apartment 805 on the 8th floor sold for £348 per sq ft

Therefore, a clear increase in capital rate per sq ft can be seen between floors as you move up the building. The top floor is also assumed to demand an extra premium.

Manchester City Centre Commercial

The subject schemes include commercial units on the lower floor, which is similar to many of the schemes in the Ancoats, Northern Gateway and Green Quarter areas. In the early stages of an area's regeneration these types of units often take a long time to let up and whilst the voids experienced improve as the location matures, the units are often occupied by tenants of limited covenant strength. Given the nature of the subject location and the types of units envisaged, we consider that occupiers are likely to be convenience stores, coffee shops or similar.

In assessing the likely rate to be achieved, local retail comparables have been considered, as shown below (Source: EGi and CoStar):

Property	Deal Date	Size (sq ft)	Headline Rent (per annum)	Rent per sq ft
Popworks, 162 Oldham Road	Nov 2019	2,530	£35,778	£14.14
2 New George Street	Sep 2019	2,700	£45,000	£16.67
58 Port Street	Apr 2019	1,185	£16,000	£13.50
Dorsey House, 8 Dorsey Street	Feb 2019	2,101	£37,000	£17.61
10 Hilton Street	Jan 2019	3,073	£51,500	£16.76
59 Thomas Street	Jan 2019	2,087	£35,000	£16.77
31a Tib Street	May 2018	696	£9,500	£13.65
62-64 Oldham Street	Dec 2017	2,920	£40,000	£13.70

In terms of the market for other office/industrial/warehouse uses in the New Cross area we have had regard to the following:

Unit 8, Derby Street, Green Quarter

The property is a 1910 build 792.0 sq m (8,526 sq ft) self-contained wholesale showroom and storage unit, providing open plan showroom accommodation at ground floor level with secure storage accommodation at first floor and basement floor levels.

The property was sold in October 2019 for an undisclosed price. The asking price was £600,000. This would result in a capital value of £70.37 per sq ft. The property is understood to have been sold for owner occupation.

Cheetwood House, Cheetwood Road, Cheetham Hill

Kamani Global Investments Ltd has acquired the freehold right in Cheetwood House, Manchester from Beech Holdings (Manchester) Ltd for £3,000,000 in June 2018, equating to a capital rate per sq ft of £54.24.

The 1982 industrial/warehouse building comprises a two-storey building of steel portal frame construction totalling 5,139.0 sq m (55,311 sq ft). The property has been sold as an investment and was 100% leased at the sale date. Tenancy information is unknown.

Central House, 32 Chatley Street, Strangeways, Manchester

The property is located to the north of Manchester city centre, within an area of established commercial uses which predominantly provide wholesale units or showrooms. The building is circa 75 years old and arranged over two floors. It extends to 1,141.1 sq m (12,283 sq ft), with external parking at the rear. We understand that the existing use of the property was for wholesale, showroom and office use.

The property sold with vacant possession in June 2018 for £740,000, which equates to £60.25 per sq ft. The property was sold without the benefit of planning permission for any alternative use.

Unit 4, Springfield Lane, Salford

A 1993 industrial/warehouse unit of 111 sq m (1,200 sq ft) was let in December 2019 to Go Falafel (UK) Ltd on a five year lease at an effective rent equating to £10.41 per sq ft.

3 Broughton Street, Green Quarter

A recently refurbished industrial workshop/showroom unit of 200 sq m (2,150 sq ft) was let in July 2019 on a five year lease at an effective rent equating to £10.92 per sq ft.

Unit 3/4, Varley Business Centre

A modern industrial unit of 222.5 sq m (2,395 sq ft) was reported as being let in July 2018 on a five year lease at a rent equating to £9.19 per sq ft.

Temperance Street, Ardwick

A number of workshop units within railway arches are reported as having been let on monthly tenancies, including 334.4 sq m (3,600 sq ft) let in April 2018 at £5.50 per sq ft; 134.7 sq m (1,450 sq ft) let in January 2018 at £6.00 per sq ft; and 79.8 sq m (859 sq ft) let in January 2018 at £6.59 per sq ft.

City Centre Car Parking

Whilst car ownership is on a downward trend for those under the age of 30, this may not be a sign that the dominance of cars in the UK's towns and cities is declining. Rather it may be a result of the onerous costs of car ownership for the under 30s, especially when the high costs of renting or buying a home for this generation are factored in.

In Manchester, despite the available public transport links, car parking is still provided as part of many new residential developments. Examples include parking available in the new development on Simpson Street where the asking price for a space is £20,000 and Murray Mills where car parking is offered at £15,000 per space, both of which are referred to in the comparables above. There are also several underground spaces offered for sale to non-residents in existing schemes. A summary of the currently advertised spaces are shown in the table below.

Location	Description	Asking Price	Rent (per month)
Fresh, Chapel Street	Allocated bay with fob entry system	£13,000	£120
Murray Mills	Underground parking	£15,000	-
Dandara, Arundel Street,	Underground parking with fob entry and allocated bays	£17,500	£90
Simpson Street	Underground parking	£20,000	-
Fresh, Chapel Street	Underground parking with fob entry and allocated bays	£22,500	£96

Similar spaces within existing developments are also being marketed on a contract parking basis, with examples typically being marketed at between £80 and £120 per calendar month in the area to the north of the city centre which includes New Cross. In the same area there are a number of cleared sites awaiting development that are being operated as temporary car parks, either on a pay and display or an attended basis. Typical pricing in the New Cross area is £3.80 to £4.50 per day for weekdays, and £1.50 to £2.00 at weekends.

Development Land

It is relatively rare for city centre residential sites to change hands with the benefit of full planning permission for development. It is more common that sites are subject to options granted to developers, with the developer submitting the planning application and triggering an acquisition once a satisfactory consent is received. This can often be many years after the option pricing was agreed.

In terms of devaluing any land transactions no two sites are directly comparable and whilst the comparable method can be used, the metric of a price per plot rather than a price per acre is often more meaningful.

On this occasion we have identified a number of land sales in the area to the north of the city centre which includes New Cross. These transactions are as follows:

50/54 Shudehill, Manchester

The property is located on the northern fringe of the city centre, fronting Shudehill and opposite the Shudehill Transport Interchange. The site extends to 0.04 hectares (0.10 acres), has vehicular access from Salmon Street at the rear and comprises surface car parking for circa 18 cars.

The site was sold in March 2017 without planning permission for an alternative use, for £800,000. The price paid equates to £44,444 per car parking space or £8,000,000 per acre.

8 Cable Street, New Cross, Manchester

The property is located at the junction of Cable Street and Chadderton Street in the New Cross area of Manchester. It occupies part of an island site, the remainder forming a car park fronting Oldham Road, which is in third party ownership.

The building itself comprises a Grade II listed, five storey mill building which has planning permission for conversion to nine residential apartments (three no. three bed; four no. two bed; and two no. one bed), with planning consent having been granted in August 2017. The whole extends to 1,301.3 sq m (14,008 sq ft) and occupies a site of 0.027 hectares (0.068 acres)

The property was sold in January 2017 for £420,000 and was then subsequently sold again in December 2017 for £1,200,000. At the time of the first sale the planning permission for residential development had not been submitted.

The January 2017 sale equates to £29.98 per sq ft; £6,176,471 per acre; and £46,667 per plot based on the subsequent planning permission.

The December 2017 sale with the benefit of planning permission equates to £85.66 per sq ft; £17,647,058 per acre; and £133,333 per consented plot.

Dulwich Street, Manchester

The property is located in close proximity to the aborted Angelgate residential development and comprises a site of 0.63 hectares (1.55 acres) with outline planning permission for residential development.

The site was sold in December 2017 for £2,700,000, which equates to £1,741,935 per acre.

1 Lord Street, Green Quarter, Manchester

The property is located on the fringe of the Green Quarter, which is to the north of the city centre and which is a recognised residential and mixed use neighbourhood as part of NOMA. The site extends to (0.57 acres) and has planning permission for a 16 storey residential scheme providing 192 apartments, a small element of ground floor commercial and parking for 67 cars.

The property was sold in March 2018 to Delph Property Group for £6,000,000, which equates to £10,526,316 per acre or £31,250 per residential plot.

Angelgate, Dantzic Street, Manchester

Angelgate is an aborted residential development site located to the north of the city centre. The site 0.79 hectare (1.96 acre) had planning permission for the development of 344 apartments, commercial space and parking for 274 cars. The developer was placed into administration and the property was offered for sale in an online auction.

The property was sold in April 2018 for £5,200,000 and it is understood that the new owners intend to re-apply for planning permission for residential use.

The price paid equates £15,116 per consented plot or £2,653,061 per acre.

Appendix 13 BCIS Data

£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 18-Jan-2020 00:39

▸ Rebased to Manchester (102; sample 67)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	1,528	765	1,281	1,458	1,725	5,193	927
1-2 storey (15)	1,459	904	1,244	1,397	1,620	2,698	220
3-5 storey (15)	1,504	765	1,273	1,441	1,699	3,248	612
6 storey or above (15)	1,861	1,136	1,523	1,737	1,992	5,193	92

New Build, Construction

Bendix Street

The estimated construction duration from Start on Site to Construction Completion is 88 weeks

(this is an average for the project as described below).

The 90% confidence interval for this estimate is 79 to 98 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 59 to 131 weeks.

The estimate is based on the following project details:

Contract value: £25,051,000 at 1Q 2020 (331; forecast) prices and Manchester (102; sample 67) level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Private

New Build, Construction

Bendix St - Framework Compliant

The estimated construction duration from Start on Site to Construction Completion is 79 weeks

(this is an average for the project as described below).

The 90% confidence interval for this estimate is 72 to 87 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 52 to 119 weeks.

The estimate is based on the following project details:

Contract value: £14,434,638 at 1Q 2020 (331; forecast) prices and Manchester (102; sample 67) level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Private

New Build, Construction

Goulden Street

The estimated construction duration from Start on Site to Construction Completion is 77 weeks

(this is an average for the project as described below).

The 90% confidence interval for this estimate is 70 to 85 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 51 to 117 weeks.

The estimate is based on the following project details:

Contract value: £12,790,000 at 1Q 2020 (331; forecast) prices and Manchester (102; sample 67) level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Private

New Build, Construction

Goulden St - Framework Compliant

The estimated construction duration from Start on Site to Construction Completion is 70 weeks

(this is an average for the project as described below).

The 90% confidence interval for this estimate is 64 to 76 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 45 to 106 weeks.

The estimate is based on the following project details:

Contract value: £7,617,644 at 1Q 2020 (331; forecast) prices and Manchester (102; sample 67) level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Private

New Build, Construction

Oldham Road

The estimated construction duration from Start on Site to Construction Completion is 85 weeks

(this is an average for the project as described below).

The 90% confidence interval for this estimate is 77 to 95 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 57 to 127 weeks.

The estimate is based on the following project details:

Contract value: £21,078,000 at 1Q 2020 (331; forecast) prices and Manchester (102; sample 67) level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Private

New Build, Construction

Goulden St - Framework Compliant

The estimated construction duration from Start on Site to Construction Completion is 70 weeks

(this is an average for the project as described below).

The 90% confidence interval for this estimate is 64 to 76 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 45 to 106 weeks.

The estimate is based on the following project details:

Contract value: £7,617,644 at 1Q 2020 (331; forecast) prices and Manchester (102; sample 67) level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Private

Appendix 14 Cost Plan

January 2020

COST PLAN NR 1 | Rev 06

NEW CROSS DEVELOPMENT
MULBURY CITY

Prepared By

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Associate

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Control sheet

Date	RIBA Stage	Revision	Status	Prepared by	Checked by	Authorised by
03/09/2018	2 (Planning)	00	Draft Cost Plan Nr 01	L Gallagher	S Adnan	S Adnan
04/09/2018	2 (Planning)	00	Cost Plan Nr 01	L Gallagher	S Adnan	S Adnan
12/09/2018	2 (Planning)	01	Cost Plan Nr 01		S Adnan	
22/02/2019	2 (Planning)	02	Cost Plan Nr 01	L Gallagher	S Adnan	S Adnan
04/03/2019	2 (Planning)	03	Cost Plan Nr 01		S Adnan	
20/09/2019	2 (Planning)	04	Cost Plan Nr 01	L Gallager	S Adnan	
09/12/2019	2 (Planning)	05	Cost Plan Nr 01	L Gallager	S Adnan	
16/01/2020	2 (Planning)	06	Cost Plan Nr 01	L Gallager	S Adnan	

Version History

Revision	Issued to	Purpose of issue
00	J Alderson, N Legget	Planning issue
00	J Alderson, N Legget, Deloitte	Updated following review meeting
01	J Alderson, N Legget, Deloitte	Added storey on Bendix + Oldham Rd
02	J Alderson, N Legget, Deloitte	Planning issue with Oldham Rd to follow separately
03	J Alderson, N Legget, Deloitte	Planning issue with Oldham Rd to follow separately
04	N Legget	Planning issue
05	N Legget, Deloitte	Planning issue
06	N Legget, Deloitte	Planning issue

Contents

- 1 Executive summary
- 2 Basis of estimate
- 3 Information Register
- 4 Financial summary
- 5 Elemental summary
- 6 Schedule of Accommodation

1 Executive Summary

- RLB are appointed as Cost Managers by Mulbury for its development of the New Cross Scheme located in Manchester
- The development comprises 3 separate sites namely Bendix Street, Goulden Street and Oldham Street
- This report identifies the likely construction cost of the creation of 380nr apartments including ground floor commercial space, underground car park and communal space for private rent and sale
- The stage of the design is RIBA Stage 2
- The cost have been based upon the information in Section 2 - Basis of Estimate, Section 3 - Specification Assumptions and Appendix D - Information Register

GROSS INTERNAL AREA: 325,223ft²					
	Bendix St	Goulden St	Oldham Rd	Total	Cost/sqft
1 Estimated construction cost	£25,051,000	£12,790,000	£21,078,000	£37,841,000	181
2 Project/Design team fees	-	-	-	-	<i>Excluded</i>
3 Other development costs	-	-	-	-	<i>Excluded</i>
	£25,051,000	£12,790,000	£21,078,000	£37,841,000	£181
4 Client's direct cost	-	-	-	-	<i>Excluded</i>
5 Client's contingency	-	-	-	-	<i>Excluded</i>
TOTAL ESTIMATED DEVELOPMENT COST	£25,051,000	£12,790,000	£21,078,000	£37,841,000	£181

- A summary of the construction cost is as follows:

	Bendix St	Goulden St	Oldham Rd	Total
1 Nett Construction cost	£19,480,000	£9,179,000	£16,223,000	£44,882,000
2 Abnormals (car park, commercial unit, chimney)	-	£400,000	-	£400,000
3 Main Contractor Preliminaries	£2,415,000	£1,600,000	£2,200,000	£6,215,000
4 Main Contractor's OHP	£1,314,000	£671,000	£1,105,000	£3,090,000
Sub Total Building Works Cost	£23,209,000	£11,850,000	£19,528,000	£54,587,000
5 Design Development Risk 3.7%	£859,000	£438,000	£723,000	£2,020,000
6 Construction Stage Risk 1.5%	£348,000	£178,000	£293,000	£819,000
Sub Total Building Works Cost (incl Risk)	£24,416,000	£12,466,000	£20,544,000	£57,426,000
7 Inflation to base date	-	-	-	-
8 Inflation to mid point of construction	£635,000	£324,000	£534,000	£1,493,000
TOTAL CONSTRUCTION COST EXCL VAT	£25,051,000	£12,790,000	£21,078,000	£58,919,000

Cost/sqft build			
Bendix St	Goulden St	Oldham Rd	Total
£179	£183	£183	£181

Area summary

- A summary of the area is as follows. Please refer to the detailed estimates included in the Appendices for a breakdown of the areas

	Metric (m²)			
	Bendix St	Goulden St	Oldham Rd	Total
1. Net apartment area	10,202 m²	4,545 m²	8,972 m²	23,719 m²
2. Circulation area	913 m²	823 m²	401 m²	2,137 m²
3. Others (plant,core etc)	940 m²	582 m²	260 m²	1,782 m²
4. Non usable	783 m²	330 m²	532 m²	1,645 m²
5. Resi GIA	12,838 m²	6,280 m²	10,165 m²	29,283 m²
6. Commercial	170 m²	218 m²	139 m²	527 m²
7. Total GIA*	13,008 m²	6,506 m²	10,700 m²	30,214 m²

	Imperial (ft²)			
	Bendix St	Goulden St	Oldham Rd	Total
1. Net apartment area	109,814 ft²	48,922 ft²	96,575 ft²	255,311 ft²
2. Circulation area	9,830 ft²	8,859 ft²	4,316 ft²	23,005 ft²
3. Others (plant,core etc)	10,118 ft²	6,265 ft²	2,799 ft²	19,181 ft²
4. Non usable	8,426 ft²	3,552 ft²	5,726 ft²	17,705 ft²
5. Resi GIA	138,188 ft²	67,598 ft²	109,416 ft²	315,202 ft²
6. Commercial	1,830 ft²	2,347 ft²	1,496 ft²	5,673 ft²
7. Total GIA*	140,018 ft²	70,031 ft²	115,175 ft²	325,223 ft²

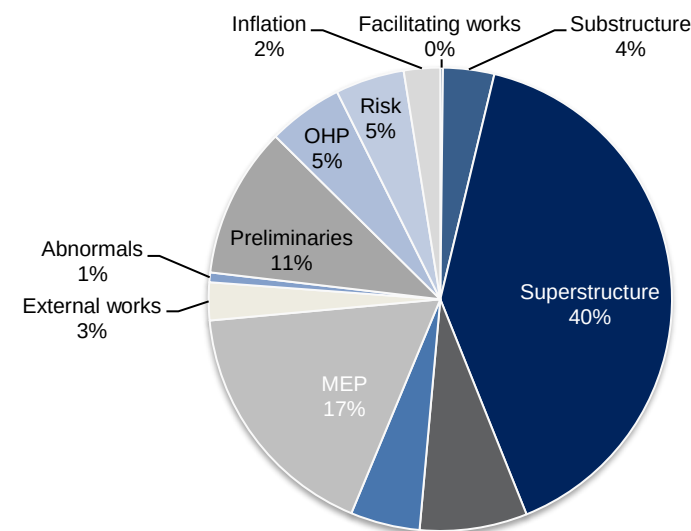
Financial Overview

- The estimated current day cost of the project is £58,919,000 This includes main contractor's preliminaries, overhead and profit, risk and inflation but excludes client's contingency or Value Added Tax
- The specification of items are based on Mulbury's previous projects (Further details on allowances are shown in 'Specification Assumptions')
- We have included an allowance of £400,000 for works to the chimney and the ashlar wall on Goulden Street. These elements are Listed and input on conservation is required to finalise the cost
- A design and construction risk is included at £2,839,000. At this point in time the allowance has not been tested or confirmed by the team
- This cost plan assumes achieving targeted savings in the next design stage - Section 6 | Targeted Savings

Financial and Design Metrics

- The following presents the key efficiency metrics of the development

Item	Bendix St	Goulden St	Oldham Rd	Total/Av
Number of apartments	161	73	144	378
Number of parking spaces	-	-	-	-
Cost/m² GIA	£ 1,926	£ 1,966	£ 1,970	£ 1,950
Cost/ft² GIA	£ 179	£ 183	£ 183	£ 181
Overall Net : Gross ratio	78%	70%	84%	
Apartment Net : Gross ratio	83%	81%	89%	
Wall : Floor ratio	53%	62%	47%	
Blended façade rate	£ 721	£ 445	£ 741	
Av. kitchen rate/apartment	£ 6,000	£ 6,000	£ 6,000	
Av. bathroom cost/nr	£ 2,600	£ 2,500	£ 2,600	
M&E cost/unit (excl sanitary)	£ 22,372	£ 22,527	£ 20,088	



Key cost drivers

- Façade - the development of the façade is still on-going and there is a desire to achieve a façade of high specification for the developments however this will need to be balanced with the cost parameters of the scheme. The buildability of the facades against the constraints of a city centre site will need to be taken into consideration as this also has an impact on final specification and cost. Consideration should be given in the next stage for a reduced specification to the non prominent elevations to offset the premium in cost of the fronting elevation
- Structural solution - we have allowed for a reinforced concrete frame assuming efficient grid and have assumed that the car park can be accommodated within the undercroft without the need for large transfer structures.
- Mechanical & Electrical cost - we have allowed a cost/unit based on previous projects. The cost makes no allowance for enhanced sustainability provisions in design and services
- Ground conditions - we have excluded any remediation cost as we have assumed that this will be undertaken and included separately in the client's development budget. We are also aware that there is a historical river in close proximity of the site however we have made no allowance for work in dealing with this due to the unknown location/condition
- Procurement Strategy - the complexities of split site delivery in a city centre location requires consideration.

Risks & Opportunities

- Risk - unknown ground conditions
- Risk - works to listed elements requiring extensive refurbishment/conservation and premium from contractor's risk
- Risk - planning constraints on façade requiring re-alignment of budget
- Risk - split programme causing a loss in efficiencies subsequently increasing cost
- Risk - uncertain economic impact of Brexit on materials/labour and funding availability

Inflation projection

- The BCIS All in Tender Price index is forecasting a steady increase in tender prices from the base date. However it should be noted that at the time of this report, there is uncertainty on the impact of Brexit upon the economy and the construction industry
- The cost includes an allowance of 2.60% for inflation from the base date

2 Basis of Estimate

Key assumptions

- This cost plan was prepared without the benefit of structural design and assumptions have been made with regards to structural elements and will be tested once a developed design stage is carried out
- This cost plan was prepared without the benefit of any services design therefore allowances have been made with regards to services cost/unit
- Assumed reasonable ground conditions with suitable bearing capacity i.e. no abnormal foundations
- Allowances for new incoming services from existing points, however no made allowance for any site wide infrastructure upgrade or diversions
- Assumes that the works commencing 4th Quarter 2020
- Assumes that the project will be procured on a design and build basis and will be constructed in three separate developments
- Base date of costs is 1st Quarter 2020
- Assumes continuous working, no allowance for contractor down time, or non-productive working;
- Allowance have been made for refurbishment of the external landscaped areas. No allowance have been included for water features, sculptures etc
- Assumes a reinforced in situ concrete solution for the superstructure; with piled foundations and ground bearing slab
- The cost makes no allowance for refuse chutes
- Assumes traditional construction and no allowance have been made for off-site fabrication of façade, bathroom pods, services etc
- Where the cost plan includes an allowance for inflation this is based on current published forecasts. The cost plan does not allow for any extraordinary or unexpected cost impact caused by a disruptive Brexit. It is recommended that any potential extraordinary impact of Brexit be reviewed as part of the clients corporate Brexit risk review and included on the project risk register, where appropriate"

Exclusions

- Value added tax
- Professional fees, land costs, other development/finance costs
- Land acquisition/finance cost
- Cost in obtaining building guarantees i.e NHBC, LABC, PG etc
- Any ground contamination or remediation of contaminated land
- Dewatering of the site
- Archaeological implications/excavations or cost associated with such discoveries
- Services/infrastructure diversion or upgrades
- Section 106/278 works or contributions
- Temporary accommodation
- Demolition of existing overground or buried structures, unless stated otherwise
- Monitoring of adjacent / adjoining building and / or works to existing buildings;
- Costs arising from statutory provisions in obtaining planning permission;
- Local Authority charges, i.e. road closures;
- Site Acquisition Fees / Costs, Air Rights, Party Wall Awards, Rights to Light (and all other Third Party compensations);
- Capital allowances or other incentives / grants; and
- Finance costs & insurances.
- Fire rating / blast resistance of elevations
- Provision of cleaning gantries to building, assumes cleaning / replacement undertaken from either abseiling, poles, or cherry picker / MEWP to lower levels
- Incorporation of transfer structures to create column free spaces / accommodation;
- Abnormal vibration requirements, and associate anti vibration measures;
- Any ground contamination or remediation of contaminated land
- Fit out of any leisure and ancillary/communal spaces
- Fit out of commercial space
- Show apartment or sales office

3 Information Register

Architecture - Tim Groom ArchitectsBendix Street

- 0324-TGA-XX-00-DR-A-0300
- 0324-TGA-XX-01-DR-A-0301
- 0324-TGA-XX-02-DR-A-0302
- 0324-TGA-XX-03-DR-A-0303
- 0324-TGA-XX-04-DR-A-0304
- 0324-TGA-XX-05-DR-A-0305
- 0324-TGA-XX-06-DR-A-0306
- 0324-TGA-XX-07-DR-A-0307
- 0324-TGA-XX-08-DR-A-0308
- 0324-TGA-XX-09-DR-A-0309
- 0324-TGA-XX-10-DR-A-0310
- 0324-TGA-XX-11-DR-A-0311
- 0324-TGA-XX-12-DR-A-0312
- 0324-TGA-XX-13-DR-A-0313 RoofPlan
- 0324-TGA-XX-XX-DR-A-0501
- 0324-TGA-XX-XX-DR-A-0502
- 0324-TGA-XX-XX-DR-A-0503

Landscape Architecture - LayerBendix Street

- 136-LYR-XX-00-DWG-L-1001-GROUND FLOOR GA
- 136-LYR-XX-07-DWG-L-1004-BALCONY GA
- 136-LYR-XX-12-DWG-L-1003-ROF TERRACE GA
- 136-LYR-XX-XX-DWG-L-5001-SECTION

Architecture - Tim Groom ArchitectsGoulden Street

- 0321-TGA-XX-00-DR-A-0300
- 0321-TGA-XX-01-DR-A-0301
- 0321-TGA-XX-04-DR-A-0304
- 0321-TGA-XX-06-DR-A-0306
- 0321-TGA-XX-07-DR-A-0307
- 0321-TGA-XX-08-DR-A-0308
- 0321-TGA-XX-XX-DR-A-0501
- 0321-TGA-XX-XX-DR-A-0502
- 0321-TGA-XX-XX-DR-A-0503
- 0321-TGA-XX-XX-DR-A-0504

Landscape Architecture - LayerGoulden Street

- 135-LYR-XX-00-DWG-L-1001-GROUND FLOOR GA
- 135-LYR-XX-10-DWG-L-1002-ROOF TERRACE GA
- 135-LYR-XX-XX-DWG-L-5001- SECTION

Architecture - Tim Groom ArchitectsOldham Road

- 0322-TGA-XX-00-DR-A-0300
- 0322-TGA-XX-01-DR-A-0301
- 0322-TGA-XX-02-DR-A-0302
- 0322-TGA-XX-03-DR-A-0303
- 0322-TGA-XX-10-DR-A-0310
- 0322-TGA-XX-XX-DR-A-0501
- 0322-TGA-XX-XX-DR-A-0502
- 0322-TGA-XX-XX-DR-A-0503
- 0322-TGA-XX-XX-DR-A-0504
- 0322-TGA-XX-XX-DR-A-0505

Cost Plan Nr 01		Bendix St			Goulden St			Oldham Rd			Total			
6 Financial Summary		GIA	13,008m²	140,018ft²	GIA	6,506m²	70,031ft²	GIA	10,700m²	115,175ft²	GIA	30,214m²	325,223ft²	
Ref.	Element	£	£/m²	£/ft²	£	£/m²	£/ft²	£	£/m²	£/ft²	£	£/m²	£/ft²	
001	Facilitating works	£ 25,000	£ 2	£ 0	£ 13,000	£ 2	£ 0	£ 70,000	£ 7	£ 1	£ 108,000	£ 8	£ 1	
002	Substructure	£ 733,000	£ 56	£ 5	£ 586,000	£ 90	£ 8	£ 786,000	£ 73	£ 7	£ 2,105,000	£ 162	£ 15	
003	Superstructure	£ 10,570,000	£ 813	£ 75	£ 4,651,000	£ 715	£ 66	£ 8,448,000	£ 790	£ 73	£ 23,669,000	£ 1,820	£ 169	
004	Internal Finishes	£ 1,859,000	£ 143	£ 13	£ 929,000	£ 143	£ 13	£ 1,633,000	£ 153	£ 14	£ 4,421,000	£ 340	£ 32	
005	Fixtures, Fittings & Furniture	£ 1,227,000	£ 94	£ 9	£ 547,000	£ 84	£ 8	£ 1,078,000	£ 101	£ 9	£ 2,852,000	£ 219	£ 20	
006	Mechanical and Electrical Services	£ 4,483,000	£ 345	£ 32	£ 2,039,000	£ 313	£ 29	£ 3,651,000	£ 341	£ 32	£ 10,173,000	£ 782	£ 73	
007	External works	£ 583,000	£ 45	£ 4	£ 414,000	£ 64	£ 6	£ 557,000	£ 52	£ 5	£ 1,554,000	£ 119	£ 11	
Total Nett Building Works Cost - excl abnormals		£ 19,480,000	£ 1,498	£ 139	£ 9,179,000	£ 1,411	£ 131	£ 16,223,000	£ 1,516	£ 141	£ 44,882,000	£ 1,485	£ 138	
008	Abnormals - Undercroft car park	-	-	-	-	-	-	-	-	-	-	-	-	
009	Abnormals - Chimney/Ashlar wall	-	-	-	£ 400,000	£ 61	£ 6	-	-	-	£ 400,000	£ 31	£ 3	
Total Nett Building Works Cost		£ 19,480,000	£ 1,498	£ 139	£ 9,579,000	£ 1,472	£ 137	£ 16,223,000	£ 1,516	£ 141	£ 45,282,000	£ 1,499	£ 139	
Main Contractor On Costs														
010	Main Contractor Preliminaries	13.7%	£ 2,415,000	£ 186	£ 17	£ 1,600,000	£ 246	£ 23	£ 2,200,000	£ 206	£ 19	£ 6,215,000	£ 478	£ 44
011	Main Contractor's Pre-Construction Fees	0.0%	-	-	-	-	-	-	-	-	-	-	-	
012	Main Contractor's Design Fees		-	-	-	-	-	-	-	-	-	-	-	
013	Main Contractor Overheads and Profit	6.00%	£ 1,314,000	£ 101	£ 9	£ 671,000	£ 103	£ 10	£ 1,105,000	£ 103	£ 10	£ 3,090,000	£ 238	£ 22
Sub-Total			£ 23,209,000	£ 1,784	£ 166	£ 11,850,000	£ 1,821	£ 169	£ 19,528,000	£ 1,825	£ 170	£ 54,587,000	£ 1,807	£ 168
Contingency												-	-	-
014	Design Development	3.7%	£ 859,000	£ 66	£ 6	£ 438,000	£ 67	£ 6	£ 723,000	£ 68	£ 6	£ 2,020,000	£ 155	£ 14
015	Construction	1.5%	£ 348,000	£ 27	£ 2	£ 178,000	£ 27	£ 3	£ 293,000	£ 27	£ 3	£ 819,000	£ 63	£ 6
Sub-Total			£ 24,416,000	£ 1,877	£ 174	£ 12,466,000	£ 1,916	£ 178	£ 20,544,000	£ 1,920	£ 178	£ 57,426,000	£ 1,901	£ 177
Inflation														
016	Tender Inflation - From Base Date to Tender Date		-	-	-	-	-	-	-	-	-	-	-	
017	Inflation During Construction Period	2.6%	£ 635,000	£ 49	£ 5	£ 324,000	£ 50	£ 5	£ 534,000	£ 50	£ 5	£ 1,493,000	£ 115	£ 11
Sub-Total Gross Construction Cost			£ 25,051,000	£ 1,926	£ 179	£ 12,790,000	£ 1,966	£ 183	£ 21,078,000	£ 1,970	£ 183	£ 58,919,000	£ 1,950	£ 181
Client Direct Costs														
018	Demolition & Remediation	Excluded	-	-	-	-	-	-	-	-	-	-	-	
019	Design team fees		-	-	-	-	-	-	-	-	-	-	-	
020	Surveys & Investigations		-	-	-	-	-	-	-	-	-	-	-	
021	Statutory fees		-	-	-	-	-	-	-	-	-	-	-	
022	Land acquisition cost		-	-	-	-	-	-	-	-	-	-	-	
023	Other fees and costs		-	-	-	-	-	-	-	-	-	-	-	
Sub-Total			£ 25,051,000	£ 1,926	£ 179	£ 12,790,000	£ 1,966	£ 183	£ 21,078,000	£ 1,970	£ 183	£ 58,919,000	£ 1,950	£ 181
024	Client Contingency	0.0%	-	-	-	-	-	-	-	-	-	-	-	
Sub-Total			£ 25,051,000	£ 1,926	£ 179	£ 12,790,000	£ 1,966	£ 183	£ 21,078,000	£ 1,970	£ 183	£ 58,919,000	£ 1,950	£ 181
025 Targeted value engineering - see separate VE sheet			-	-	-	-	-	-	-	-	-	-	-	
TOTAL OUT TURN PROJECT COST EXCL VAT			£ 25,051,000	£ 1,926	£ 179	£ 12,790,000	£ 1,966	£ 183	£ 21,078,000	£ 1,970	£ 183	£ 58,919,000	£ 1,950	£ 181

		Bendix St			Goulden St			Oldham Rd			TOTAL		
8 Elemental Breakdown		GIA	13,008m²	140,018ft²	GIA	6,506m²	70,031ft²	GIA	10,700m²	115,175ft²	TOTAL GIA	30,214m²	325,223ft²
Ref.	Element	£	£/m² GIA	£/ft² GIA	£	£/m² GIA	£/ft² GIA	£	£/m² GIA	£/ft² GIA	£	£/m² GIA	£/ft² GIA
001	Facilitating works	£ 25,000	£ 2	£ 0	£ 13,000	£ 2	£ 0	£ 70,000	£ 7	£ 1	£ 108,000	£ 4	£ 0
002	Sub total Facilitating works	£ 25,000	£ 2	£ 0	£ 13,000	£ 2	£ 0	£ 70,000	£ 7	£ 1	£ 108,000	£ 4	£ 0
003	Substructure	£ 733,000	£ 56	£ 5	£ 586,000	£ 90	£ 8	£ 786,000	£ 73	£ 7	£ 2,105,000	£ 70	£ 6
004	Sub total Substructure	£ 733,000	£ 56	£ 5	£ 586,000	£ 90	£ 8	£ 786,000	£ 73	£ 7	£ 2,105,000	£ 70	£ 6
005	Frame & Upper Floors	£ 3,584,000	£ 276	£ 26	£ 1,716,000	£ 264	£ 25	£ 3,080,000	£ 288	£ 27	£ 8,380,000	£ 277	£ 26
006	Roof	£ 636,000	£ 49	£ 5	£ 530,000	£ 81	£ 8	£ 370,000	£ 35	£ 3	£ 1,536,000	£ 51	£ 5
007	Stairs and ramps	£ 94,000	£ 7	£ 1	£ 91,000	£ 14	£ 1	£ 164,000	£ 15	£ 1	£ 349,000	£ 12	£ 1
008	External walls, windows & external doors	£ 4,980,000	£ 383	£ 36	£ 1,784,000	£ 274	£ 25	£ 3,714,000	£ 347	£ 32	£ 10,478,000	£ 347	£ 32
009	Internal walls and doors	£ 1,276,000	£ 98	£ 9	£ 530,000	£ 81	£ 8	£ 1,120,000	£ 105	£ 10	£ 2,926,000	£ 97	£ 9
010	Sub total Superstructure	£ 10,570,000	£ 813	£ 75	£ 4,651,000	£ 715	£ 66	£ 8,448,000	£ 790	£ 73	£ 23,669,000	£ 783	£ 73
011	Internal Finishes	£ 1,859,000	£ 143	£ 13	£ 929,000	£ 143	£ 13	£ 1,633,000	£ 153	£ 14	£ 4,421,000	£ 146	£ 14
012	Sub total Internal Finishes	£ 1,859,000	£ 143	£ 13	£ 929,000	£ 143	£ 13	£ 1,633,000	£ 153	£ 14	£ 4,421,000	£ 146	£ 14
013	Fixtures, fittings and equipment	£ 1,227,000	£ 94	£ 9	£ 547,000	£ 84	£ 8	£ 1,078,000	£ 101	£ 9	£ 2,852,000	£ 94	£ 9
014	Sub total Fixtures, fittings and equipment	£ 1,227,000	£ 94	£ 9	£ 547,000	£ 84	£ 8	£ 1,078,000	£ 101	£ 9	£ 2,852,000	£ 94	£ 9
015	Mechanical & electrical services	£ 4,483,000	£ 345	£ 32	£ 2,039,000	£ 313	£ 29	£ 3,651,000	£ 341	£ 32	£ 10,173,000	£ 337	£ 31
016	Sub total Services	£ 4,483,000	£ 345	£ 32	£ 2,039,000	£ 313	£ 29	£ 3,651,000	£ 341	£ 32	£ 10,173,000	£ 337	£ 31
017	External works and drainage	£ 302,000	£ 23	£ 2	£ 286,000	£ 44	£ 4	£ 308,000	£ 29	£ 3	£ 896,000	£ 30	£ 3
018	External services	£ 281,000	£ 22	£ 2	£ 128,000	£ 20	£ 2	£ 249,000	£ 23	£ 2	£ 658,000	£ 22	£ 2
019	Sub total External works	£ 583,000	£ 45	£ 4	£ 414,000	£ 64	£ 6	£ 557,000	£ 52	£ 5	£ 1,554,000	£ 51	£ 5
Total Nett Construction Cost		£ 19,480,000	£ 1,498	£ 139	£ 9,179,000	£ 1,411	£ 131	£ 16,223,000	£ 1,516	£ 141	£ 44,882,000	£ 1,485	£ 138

Accommodation Schedule

	Commercial m ²	Apartments m ²	Circulation m ²	Core m ²	Back of House m ²	Plant m ²	Non Usable m ²	GIA m ²	Dwelling Nr
Level 00	110	289	53	44	278	90	103	967	5
Level 01	60	756	59	44	-	-	36	955	13
Level 02	-	870	58	44	-	-	69	1,041	14
Level 03	-	870	58	44	-	-	69	1,041	14
Level 04	-	870	69	44	-	-	58	1,041	14
Level 05	-	870	69	44	-	-	58	1,041	14
Level 06	-	869	69	44	-	-	59	1,041	13
Level 07	-	869	69	44	-	-	59	1,041	13
Level 08	-	869	69	44	-	-	59	1,041	13
Level 09	-	869	69	44	-	-	59	1,041	13
Level 10	-	869	69	44	-	-	59	1,041	13
Level 11		644	148	44	-	-	34	870	10
Level 12		688	54	44			61	847	12
TOTAL (m²)	170	10,202	913	572	278	90	783	13,008	161
OVERALL TOTAL (m²)	170	10,202	913	572	278	90	783	13,008	
OVERALL TOTAL (ft²)	1,830	109,814	9,830	6,157	2,992	969	8,426	140,018	

Accommodation Schedule

	Commercial m ²	Apartments m ²	Circulation m ²	Core m ²	Back of House m ²	Plant m ²	Non Usable m ²	GIA m ²	Dwelling Nr
Level 00	128	-	342	35	145	103	27	780	-
Level 01	90	471	57	35	7	-	35	695	8
Level 02	-	666	72	35	2	-	45	820	11
Level 03	-	666	72	35	2	-	45	820	11
Level 04	-	666	72	35	2	-	45	820	11
Level 05	-	666	72	35	2	-	45	820	11
Level 06	-	659	77	35	2	-	47	820	12
Level 07		603	59	35	2	-	41	740	9
Level 08 (core overrun)	-	148	-	35	-	-	-	191	-
TOTAL (m ²)	218	4,545	823	315	164	103	330	6,506	73
OVERALL TOTAL (m ²)	218	4,545	823	315	164	103	330	6,506	
OVERALL TOTAL (ft ²)	2,347	48,922	8,859	3,391	1,765	1,109	3,552	70,031	

Accommodation Schedule

	Car Park m ²	Commercial m ²	Apartments m ²	Circulation m ²	Core m ²	ack of Hous m ²	Plant m ²	Non Usable m ²	GIA m ²	Dwelling Nr
Level 00	-	139	401	142	33	166	94	43	1,018	6
Level 01		-	835	17	33	-	-	51	936	13
Level 02		-	837	17	33	-	-	49	936	13
Level 03		-	837	17	33	-	-	49	936	14
Level 04		-	837	17	33	-	-	49	936	14
Level 05		-	837	17	33	-	-	49	936	14
Level 06		-	837	17	33	-	-	49	936	14
Level 07		-	837	17	33	-	-	49	936	14
Level 08		-	837	17	33	-	-	49	936	14
Level 09	-	-	837	17	33	-	-	49	936	14
Level 10			520	53	33	-	-	39	645	7
Level 11	-	-	520	53	33	-	-	39	645	7
TOTAL (m²)	-	139	8,972	401	396	166	94	564	10,732	144
OVERALL TOTAL (m²)	-	139	8,972	401	396	166	94	564	10,732	
OVERALL TOTAL (ft²)	-	1,496	96,575	4,316	4,263	1,787	1,012	6,071	115,519	

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