CIS Tower, Miller Street, Manchester

Financial Viability Statement | Non-Technical Statement

CBRE Limited | National Planning & Development report for:
CIS (Devonshire) Limited

June 2025

Declaration

A declaration of conformity with the RICS Professional Statement Financial Viability in Planning, September 2019, 1st Edition[1], is set out within the following sub-sections.

Instruction and Purpose of Report

CBRE has been instructed by CIS (Devonshire) Limited ('the Applicant') to objectively assess, and report upon the financial viability of a series of prospective refurbishment and extension options for the CIS Tower, Miller Street, Manchester ('the Site') by way of a Viability Assessment ('VA').

It is understood that Applicant's intends to bring forward a proposal to upgrade the existing building to modern office requirements which necessitates refurbishment, redesign and podium extension to create a Grade A office asset with associated amenity spaces and complementary commercial uses.

The Site occupies an area of c. 0.61 hectares (1.51 acres) and comprises the Grade II Listed CIS ('Co-operative Insurance Society') Tower, which was built between 1959-62.

The existing premises was designed as the headquarters of the Co-operative Insurance Society and comprises 25 floors (including a five level podium) and three basement levels together with an atrium and outdoor plaza.

It remained in continuous use as an office building from its construction until 2020 and has been occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester.

The premises has remained unoccupied since 2020 and is presently considered unlettable, with EPC ratings ranging between D to E.

The refurbishment options considered for assessment follow a sequential approach (in terms of scale of proposed works/ intervention) and are sensitive to the listed status of the premises; the assessed options are summarised as follows:

- Option 1 Do nothing (i.e. Existing Use)
- Option 2 Refurbishment of existing premises to reach EPC B
- Option 3 Refurbishment of existing premises to modern office standards, to reach EPC A
- Option 4 Proposed Development (i.e. scheme submitted for planning approval)
- Option 5 Proposed Development (i.e. scheme submitted for planning approval) (including restaurant/bar on upper floors)

The purpose of this VA is to test the financial viability of the prospective refurbishment options for the existing premises on the Site to determine which represents the optimum viable use, being that which balances the necessary

[1] *RICS (May 2019) Financial viability in planning: conduct and reporting, 1st Edition*

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considerations of commercial feasibility, financial viability and minimization of harm to the significance of the listed heritage asset.

The VA will take into account the policy requirements set by Manchester City Council ('MCC' or 'the Council') as well as national planning policy and guidance.

Objectivity, impartiality and reasonableness

CBRE places the utmost importance on the integrity, impartiality, and potential conflicts of interests in carrying out its services and seeks to identify and assess all relationships which may result in a conflict of interest or pose a threat to impartiality. CBRE aims to inspire confidence by being open and impartial, offering transparency of process, being fair and maintaining the confidentiality of our clients.

In undertaking this instruction and carrying out the viability assessment, CBRE always confirms that we have acted impartially, with objectivity, without interference and with reference to all appropriate available sources of information.

CBRE confirms that adequate time has been provided to produce this report.

CBRE confirms that there is no instruction in place to undertake an Area-Wide viability assessment concerning existing and future planning policies against which the proposed development scheme will, in due course be considered.

CBRE has set out a full explanation of the evidence provided with reasoned justification.

Conflict(s) of interest

CBRE confirms, to the best of its knowledge, that no conflict or risk of conflict of interest exists in carrying out this viability assessment on behalf of the Applicant(s) and in respect of the site.

Contingent Fee

In preparing this report, no performance related or contingent fees have been agreed between CBRE and the Applicant(s).

Status

This report does not constitute a formal valuation and cannot be regarded, or relied upon, as such.

This report provides a guide for feasibility in line with the purpose for which the assessment is required, in accordance with the National Planning Policy Framework ('NPPF')[2] and national Planning Practice Guidance for Viability ('PPGV')[3], and as stated within the relevant guidance published by the RICS[4].

The conclusions of this report are based upon the input assumptions as stated herein and as available at the time of production. The input assumptions and conclusions of this report are valid at the date of publication and should be subject to review should further information be made available or in the event of material economic or property market change, or in respect of relevant legislative and policy changes.

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[2] *MHCLG (2024) National Planning Policy Framework (NPPF)*

[3] *MHCLG (2019) National Planning Practice Guidance – Viability*

[4] *RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS guidance note, England 1st edition, March 2021 (effective from 1 July 2021) ('RICS Viability Guidance')*

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Publication

The full viability assessment report has been produced on the exceptional basis that it is expected to remain strictly private and confidential due to reasons of commercial sensitivity, which has been agreed with MCC.

This is acceptable in circumstances where publication of sensitive information may compromise delivery of the Proposed Development on the Site or infringe other statutory and regulatory requirements. Any sensitive personal information will not be made public.

This Non-Technical Statement provides the key information from the full VA report, but without inclusion of any commercially sensitive data that could compromise delivery.

Personnel

This report has been prepared and approved by the following personnel:

Project Name:	CIS Tower, Miller Street, Manchester		
Project Number:	**Date:**	**Prepared By:**	**Verified By:**
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Executive Summary

CBRE has been instructed by CIS (Devonshire) Limited ('the Applicant') to objectively assess, and report upon, the financial viability of a series of prospective refurbishment and extension options for the CIS Tower, Miller Street, Manchester ('the Site') by way of a Viability Assessment ('VA').

It is understood that Applicant's intends to bring forward a proposal to upgrade the existing building to modern office requirements which necessitates refurbishment, redesign and podium extension to create a Grade A office asset with associated amenity spaces and other commercial uses.

The description of development to be submitted for planning approval is as follows:

"Planning permission for internal and external refurbishment of the CIS Tower for office accommodation on level 1-23 (Use Class E c)); change of use to levels 24 and 25 from Use Class E c) (office) to Use Class E b) (F&B); change of use to basement and ground levels from Class E c) (office) to mixed uses (Use Class E a) (retail)/ Use Class E d) (gym)/ Sui generis (leisure)); refurbishment of the external facade including replacement of the existing single glazed façade system and replacement of strip of solar panels on the service tower; removal of existing recreational space on the fifth floor and plant to facilitate the construction of a 3-storey extension to the Podium (Use Class Ec)) external alterations to ground floor façade including an extension to the ground floor entrance lobby; creation of new creation of new entrances on Dantzic Street and on the eastern elevation of the building; hard landscaping and planting; creation of 2x DDA parking spaces; new rooftop plant and screening at level 8; and other associated works."

The Site occupies an area of c. 0.61 hectares (1.51 acres) and comprises the Grade II Listed CIS ('Co-operative Insurance Society') Tower, which was built between 1959-62. The existing premises was designed as the headquarters of the Co-operative Insurance Society and comprises 25 floors (including a five level podium) and three basement levels together with an atrium and outdoor plaza. It remained in continuous use as an office building from its construction until 2020 and has been occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester. The premises has remained unoccupied since 2020 and is presently considered unlettable, with EPC ratings ranging between D to E.

The refurbishment options considered for assessment follow a sequential approach (in terms of scale of proposed works/ intervention) and are sensitive to the listed status of the premises; the assessed options are summarised as follows:

- Option 1 Do nothing (i.e. Existing Use)
- Option 2 Refurbishment of existing premises to reach EPC B
- Option 3 Refurbishment of existing premises to modern office standards, to reach EPC A
- Option 4 Proposed Development (i.e. scheme to be submitted for planning approval)
- Option 5 Proposed Development (i.e. scheme to be submitted for planning approval) (including restaurant/bar on upper floors)

The purpose of this VA is to test the financial viability of the prospective refurbishment options for the existing listed premises on the Site to determine which represents the optimum viable use, being that which balances the necessary considerations of commercial feasibility, financial viability and minimization of harm to the significance of the asset.

The VA will take into account the policy requirements set by Manchester City Council ('MCC' or 'the Council') as well as national planning policy and guidance.

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The VA is limited to the consideration of options to refurbish (and extend) the existing buildings (with options for additional new-build floorspace) and so does not consider any options which would involve the significant demolition of the listed structures to enable the Site's redevelopment.

Redevelopment Options

Sequential Approach

The Applicant originally sought full planning permission (ref: 126118/FO/2020) and listed building consent (126119/LO/2020) in 2020 for the refurbishment of the existing premises to provide office accommodation (Class E), alongside active retail and leisure uses at ground and basement levels. This is elaborated as follows:

- 31,258m² of office floorspace over levels 1-25
- 810m² entrance hall serving the office accommodation
- 413m² of external terracing at level 7 for the use of the podium office accommodation at this level only
- 4,045m² of retail and leisure uses at basement 1 and ground floor (including flexile function space)
- 3,537m² of storage areas at basement 1 lower and basement 2 levels.
- 863m² of external plant space at level 8.

Approval was granted in March 2020, however, due to the emergence of COVID-19 and stay-at-home orders (i.e. 'lockdowns') commencing at the same time, which not only required but accelerated the adoption of remote/home working, the city centre office market was significantly impacted and the proposal for the Site was placed on hold indefinitely.

The Applicant has reconsidered the Proposed Development of the premises on the Site and incorporated changes in order to suit modern office requirements to include a higher amenity provision and other uses to improve the viability of the scheme.

The process has considered the site constraints and potential intervention upon the existing Grade II listed asset necessary to establish a financially and commercially viable refurbishment option for the Site.

Refurbishment Options

The options for refurbishment and reuse of the building surround its existing (previous) use as office accommodation and comprise varying degrees of intervention in order to determine the minimum level of intervention (threshold) at which redevelopment is considered financially viable.

The refurbishment options are informed by advice provided by agents active in the local market to provide the optimal scheme design to attract the greatest demand for office and other commercial uses at this location in the current market.

An accommodation schedule for the Proposed Development has been provided by the Applicant's appointed architect Simpsonhaugh.

A summary of the assessed refurbishment options for the Site are presented in Table ES1 below.

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TABLE ES1: REFURBISHMENT OPTIONS

Option	Description	Comments
1	**Do Nothing**	Represents no intervention and/or refurbishment costs and reflects the existing premises in their present condition.
2	**Office Refurbishment (to EPC B)**	Comprehensive refurbishment of the existing premises to '**Shell and Core**,' achieving **EPC B** rating
3	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the existing premises to '**Shell and Core**,' achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - No podium extension.
4	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the premises to **'Shell and Core,'** achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - an extension to the podium creating three additional levels (podium extension levels 5-7), accommodating additional office floorspace and amenity space (incl. business lounge, roof terrace and winter garden)
5	**Office Refurbishment and Conversion (to EPC A)**	Comprehensive refurbishment of the premises to **'Shell and Core,'** achieving **EPC A** rating (i.e. a highly energy efficient and low environmental impact commercial refurbishment). Including: - the conversion of the lower floor levels (ground and basement) for supplementary leisure, retail and office amenity uses. - an extension to the podium creating three additional levels (podium extension levels 5-7), accommodating additional office floorspace and amenity space (incl. business lounge, roof terrace and winter garden) - conversion of the upper floors (24F–25F) to a restaurant/ bar (in lieu of office floorspace)

Source: The Applicant; CBRE

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Options Appraisal

Residual valuation models with cash flows have been prepared and utilised for each identified refurbishment option to determine their financial viability. Each option is assessed on the basis that it is developed under current market conditions.

Appraisal revenue assumptions have been informed by advice provided by CBRE's agency and capital markets teams and supplemented by comparable market data.

Refurbishment costs have been prepared by independent construction and property consultancy Gardiner & Theobald ('G&T') and reflect the costs for each refurbishment option as at the present day (Q2 2025 prices), excluding inflation.

G&T considered the limitations of the existing premises (e.g. its Grade II Listed status), site specific abnormals and the costs to comply with current regulatory requirements (e.g. fire safety and minimum energy efficiency standards), in addition to the necessity to deliver a high-quality product that is aligned with present day occupier expectations and would be competitive in the current market.

G&T also provided commentary regarding significant abnormal costs arising from the refurbishment of the existing premises, which have been reflected in their cost estimates and is summarised as follows:

- Extensive asbestos removal works (from the existing façade) are required for all refurbishment options, which can only be completed (removed) externally;
- Due to the above, the entire building will need to be scaffolded for circa 2 years, which is a high cost and again, applies to all options;
- There are significant costs in all options for the current assumed fire compartmentation and protection strategy/requirements. This will be understood in more at Stage 3 and following further survey works;
- The anticipated/ targeted programme length is 3 years regardless of the option due to the façade works, which is a critical path item.

Benchmark Land Value ('BLV')

The BLV for the Site has been determined based on considering both the Existing Use Value ('EUV') and Alternative Use Value (AUV). The BLV represents CBRE's conclusion as to the minimum level of value at which the landowner would be suitably incentivised to release the Site.

The existing premises was designed as the headquarters of the Co-operative Insurance Society and comprises 25 floors (including a five level podium) and three basement levels together with an atrium and outdoor plaza. It remained in continuous use as an office building from its construction until 2020 and has been occupied up until the Co-operative Group relocated their HQ to 1 Angel Square, Manchester.

The premises has remained unoccupied since 2020. Its internal layout is designed to suit single (HQ type) occupation and has become dated, the accommodation attracts EPC ratings between D to E and there is a need for significant capital expenditure to make the space lettable and competitive in the current market.

CBRE considered the Alternative Use Value [for the Site] on the basis of a full refurbishment of the existing office floor plates to achieve a minimum EPC B rating, which would be consistent with refurbishment 'Option 2', as described above. The viability appraisal of Option 2 concludes that a refurbishment to achieve EPC B rating is unviable in the current market.

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Viability Assessment Results & Conclusion

The office market is considered to be on the path to recovery following structural changes to working patterns and occupier requirements resulting from the COVID-19 pandemic, and is expected to significantly progress over the next few years.

CBRE has therefore scenario tested the implications on the financial viability of the refurbishment options has assessed the financial viability of the Proposed Development both under current market conditions, and factoring in revenue growth and cost inflation over an anticipated three to four year development period.

This approach accords with the Applicant's view of the CIS Tower as a long-term investment with the opportunity to achieve an economically viable scheme when allowing time for recovery in the office sector, which is expected to occur over the next few years.

On a grown basis, only Options 4 and 5 become profit-generating. In addition, Option 5 exceeds the minimum risk-adjusted developer's return target of 15% on cost and is considered financially viable on this basis.

Refurbishment Options 2 and 3 remain substantially loss generating.

Under current market conditions, the results of the viability appraisals for the refurbishment options tested demonstrate that all assessed options generate a viability deficit and would be considered undeliverable.

Options 4 and 5 represent the refurbishment options that demonstrate the smallest viability gap (i.e. shortfall) for the Site, with Option 5 generating the greatest value (NDV), albeit, attracting greater costs (in the form of additional fit-out incentives in order to attract a high quality occupant to the proposed upper-level restaurant/ bar).

Options 2 and 3 generate very significant losses and reflect their anticipated lack of demand within a market where occupiers are targeting the very best in class workspace.

Although all tested refurbishment options are, at the present day, considered to be financially unviable, It is CBRE's conclusion that Option 5 would represent the Site's optimum viable use, i.e. it represents the minimum scale of intervention necessary (e.g. harm to the asset) whilst securing the greatest opportunity to achieve an economically viable scheme for the Site in the current market and in the foreseeable future.

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