

Viability Assessment

Former Riverpark Trading Estate, Riverpark Road, Manchester, M40 2XT
March 2025



RogerHannah

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I. Executive Summary

Site	Former Riverpark Trading Estate, Riverpark Road, Manchester, M40 2XT
Scheme	The development proposals include the construction of 498 dwellings, comprising a mix of 221 low-rise housing (2-4 bedrooms) and 277 apartments across 5 no. apartment blocks ranging in height from 4 to 6 storeys. The tenure of the scheme is to be provided as following: • 214 no units (110 houses & 104 apartments) to be delivered as affordable grant funded in partnership with a Registered Provider (Great Places). This equates to 43% of total units and proposes a tenure split of 63% Social Rented and 38% Shared Ownership units. • 284 no. units (111 houses & 173 apartments) to be delivered as private Build to Rent ("BtR"). • 152 no. car parking spaces. • Hard and soft landscaping, including children's play area.
GDV	We have firstly tested the scheme on a policy compliant basis, including an affordable housing contribution at 20% of total units (i.e 100 affordable units). The remainder of the units in this scenario have been tested on an open market sale basis to provide the best-case scenario. Secondly, we have tested the scheme on the Applicant's proposal which seeks to deliver a scheme including 43% affordable housing in partnership with a RP, utilising grant funding and the remainder of the units being delivered as private Build to Rent. Appraisal 1: the total residential GDV for the policy compliant scheme equates to £131,658,000, which we have adopted within appraisal at Appendix 3. Appraisal 2: the total residential GDV for 43% affordable scheme (including grant) equates to £125,130,426 which we have adopted within our appraisal at Appendix 4.
Build Costs	For this assessment, we have adopted the following all-in base build cost for the different property types, inclusive of standard external works. The costs adopted have been informed by the Applicant's expected costs: • Houses – £165 per sq ft • Apartment Blocks - £205 per sq ft Further details of the build cost adopted is set out in Section 7 of this report
Abnormal Development Costs	To bring forward the development, work has been undertaken by Kellen Homes to assess the level of abnormal development costs. A total cost of £5,625,906 (circa. £11,000 per plot) has been included for the scheme. A schedule of the abnormal development costs is provided at Appendix 2.
Developer's Profit	• 18% on GDV for OMS units • 8% on GDV for Affordable units • 15% on cost for proposed mixed tenure scheme

Other Costs	Other costs have been applied in respect of contingency, professional fees, finance, and sales and agent's fees.		
Benchmark Land Value	A benchmark land value of £19,500,000 has been adopted. This is based on an Existing Use Value of £16,250,000 and a minimum premium of £3,250,000.		
Appraisal Results		Appraisal 1 – Policy Compliant	Appraisal 2 – Applicant's Proposal
	Target Return	16.15% on GDV	15% on cost
	Actual Return	2.9% on GDV	11.45% on cost
Conclusion	In line with planning policy, the viability of the scheme demonstrates that level of affordable housing delivered as part of the scheme should be reduced because of viability constraints. It is however important to note that the scheme is providing an affordable housing contribution of 43% on a grant funded basis, which is significantly above planning policy requirements of 20%.		

2. Introduction

2.1 Instructions

Roger Hannah has been instructed by Kellen Homes to provide a financial viability assessment in respect of the proposed residential development at the Former Riverpark Trading Estate, Riverpark Road, Manchester, M40 2XT.

The development proposals include the construction of 498 dwellings, comprising a mix of 221 low-rise housing (2-4 bedrooms) and 277 apartments across 5 no. apartment blocks ranging in height from 4 to 6 storeys. The tenure of the scheme is to be provided as following:

- 214. no units (110 houses & 104 apartments) to be delivered as affordable grant funded in partnership with a Registered Provider (Great Places). This equates to 43% of total units and proposes a tenure split of 63% Social Rented and 38% Shared Ownership units.
- 284 no. units (111 houses & 173 apartments) to be delivered as private Build to Rent (“BtR”).
- 152 no. car parking spaces. Hard and soft landscaping, including children's play area.

This report has been prepared to support the planning application and considers the financial impact of affordable housing and potential S106 planning contributions. We understand that the report will be submitted to Manchester City Council (‘the Council’) as part of the planning application for this development.

2.2 RICS Compliance

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

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

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

2.3 Reporting

This report has been produced and reviewed by the following suitably qualified professionals.

Author:

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

.....
Laura Mackay MRICS
Director

Reviewer:

A handwritten signature in black ink, appearing to read 'Jessica Mistry'.

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Jessica Mistry MRICS
Associate Director

2.4 Information Provided

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

- Proposed Layout Plan and Schedule of Accommodation
- Cost Assessment (Appendix 2)
- Abnormal development costs (Appendix 3)

3. Site Information

3.1 Location

The site is situated at the former Riverpark Trading Estate which is located approximately 3.5 miles northeast of Manchester city centre.

The site is situated to the north of Phillips Park, which includes Philips Park Cemetery (located immediately to the south of the Site). The other surrounding uses are industrial in nature. The site is bound by a railway line to the north, with the Newton Heath residential area beyond this. To the south west of the site is Alan Turing Way, with the Miles Platting residential area and the Etihad stadium and campus area, including Co-op Live, beyond this.

A site location map is provided below.



Figure 1: Location Plan (Source – Google Maps)

3.2 The Site

The site is brownfield and extends to approximately 16.14 acres (6.53 hectares). It has a net developable area of 11.70 acres (4.73 hectares).

The site comprises a multi-let commercial estate across a number of buildings. The applicant has secured vacant possession for most of the units to enable development on site with currently one telecoms operator remaining.

It is understood blocks 1,2 & 4 have now been demolished by the Applicant, with the site expected to be fully demolished by June 2025. The site is bounded by Riverpark Road to the south, and the Manchester to Huddersfield railway line to the north. Ten Acres Lane forms the eastern boundary of the Site, with Briscoe Lane forming the western boundary. The red line boundary of the site is shown on the proposed site layout plan at Figure 2.

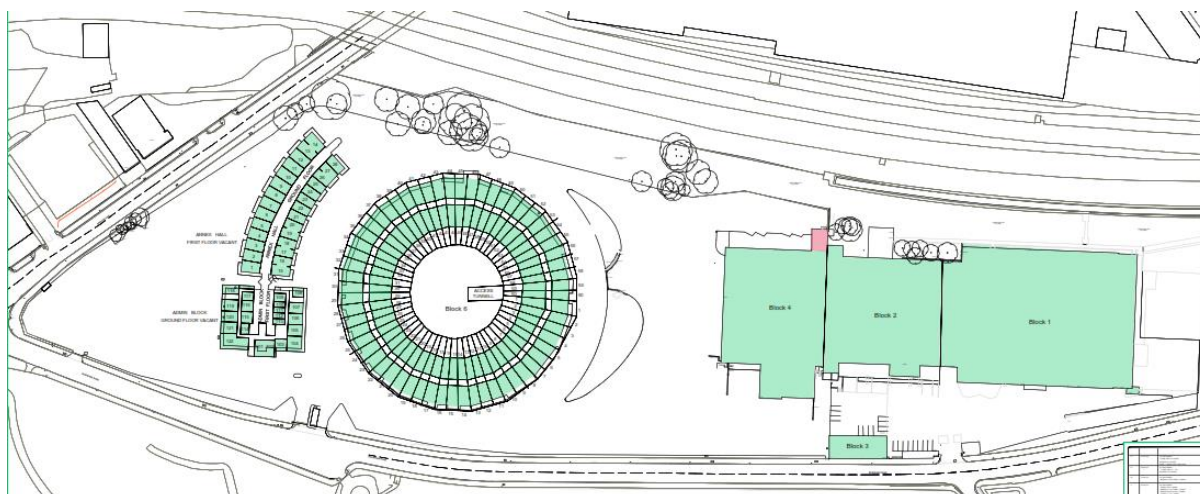


Figure 2: Existing Site Plan

3.3 Proposed Development

The development proposals include the construction of 498 dwellings, comprising a mix of 221 low-rise housing (2-4 bedrooms) and 277 apartments across 5 no. apartment blocks ranging in height from 4 to 6 storeys. The tenure of the scheme is to be provided as following:

- 214 no. units (110 houses & 104 apartments) to be delivered as affordable grant funded in partnership with a Registered Provider (Great Places). This equates to 43% of total units and proposes a tenure split of 63% Social Rented and 38% Shared Ownership units.
- 284 no. units (111 houses & 173 apartments) to be delivered as private Build to Rent ("BtR").
- 152 no. car parking spaces.
- Hard and soft landscaping, including children's play area.

The development provides a total NIA of 408,953 sq ft.

A detailed accommodation schedule is provided at **Appendix I**.

The proposed development is illustrated on the following plan.

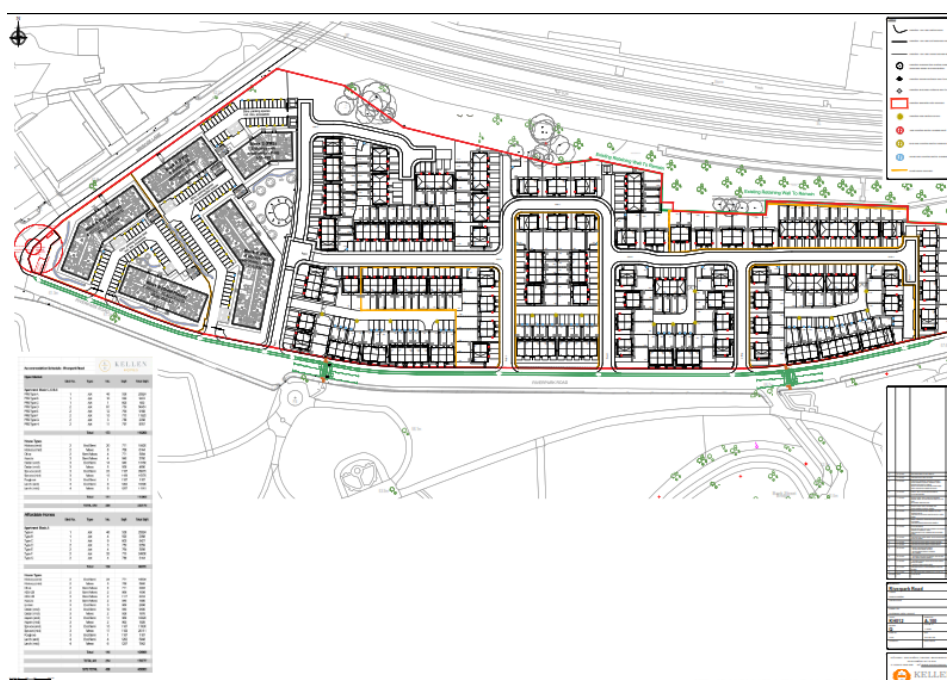


Figure 3: Proposed Development Layout (Revision Q)

3.4 Planning Policy

In this section we set out the planning policy which is relevant in respect of viability.

The Core Strategy for Manchester City Council was adopted on 11 July 2012. It is the key document in Manchester's Local Development Framework and covers a period of 15 years from 2012 to 2027.

The 'Places for Everyone Joint Development Plan Document for Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford and Wigan 2022 To 2039' was adopted on 21 March 2024.

3.4.1 Affordable Housing

Policy H8 of the Core Strategy sets out an affordable housing requirement of 20%. This equates to 100 affordable units for the proposed development. The Council's tenure requirement for the affordable housing is to be split between 25% Affordable Rent and 75% Intermediate (Shared Ownership). This level of affordable housing can be reduced if viability constraints demonstrate that the development cannot be delivered with it.

The Applicant is proposing an affordable housing contribution of 43% of total units (i.e 214 units) to be provided as 63% Social Rented and 38% Shared Ownership in partnership with a RP, utilising grant funding.

3.4.2 Community Infrastructure Levy

The Council has not formally adopted a CIL charging schedule. We have therefore assumed that the development will not be liable for this charge.

3.4.3 Section 106 Contributions

To date, the Council has not provided any additional S106 contributions for the scheme.

4. Viability in Planning Guidance

4.1 National Planning Policy Framework

Paragraph 58 of the National Planning Policy Framework (NPPF), which was last updated in December 2024, states the following:

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

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

4.2 Planning Practice Guidance

The PPG in respect of viability, which was last updated in 2024, defines a viability assessment at Paragraph 010 as:

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

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

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

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

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

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

Paragraph 008 goes on to say that:

“The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and sites circumstances

including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment.”

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

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

4.3 RICS Assessing viability in planning under the NPPF 2019

We have referred to the best practice recommendations within this RICS Professional Standard, dated 2021, which provides clarifications in relation to the PPG standardised input approach. It sets out the need to use residual appraisals to assess viability in planning, using the following diagram to demonstrate this:

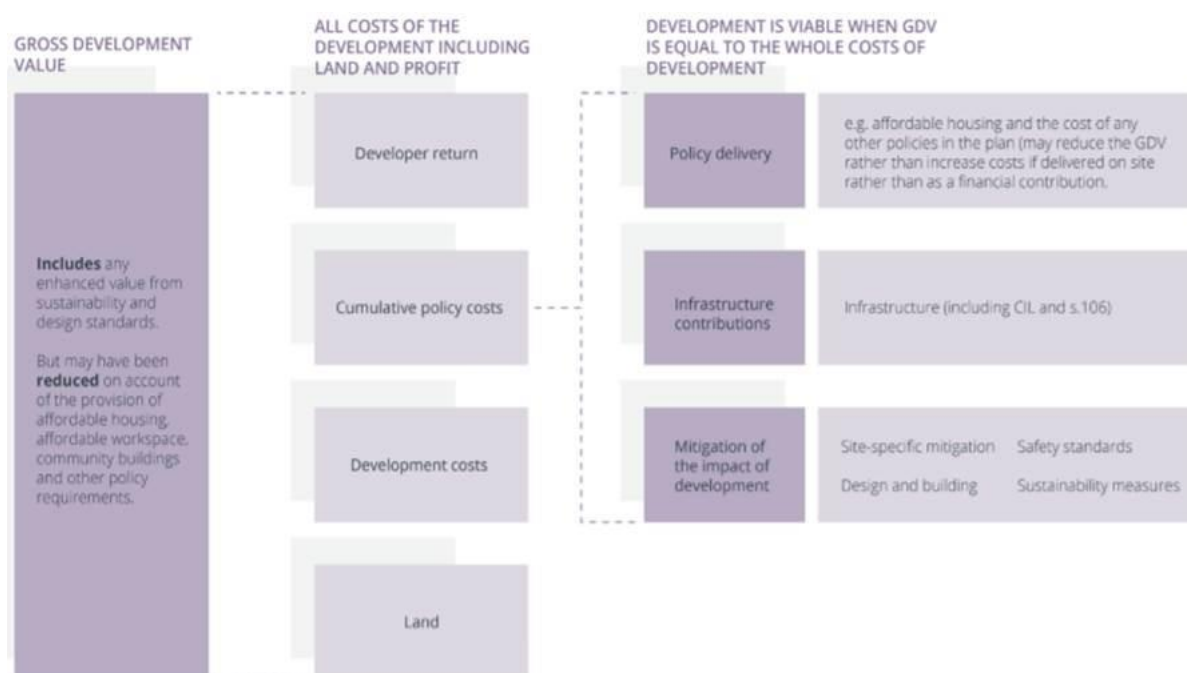


Figure 4: RICS Residual Valuation Framework (Source – RICS)

This Professional Standard is clear that the NPPF and PPG are the ‘authoritative requirement’, providing clarity on the application of this relevant guidance and the relevance to other RICS guidance, including the following:

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

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

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

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

4.4 RICS Financial viability in planning: conduct and reporting

This Professional Standard, dated 2019, sets out a number of mandatory requirements in Section 2 that apply when assessing viability in planning, which we summarise as follows:

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

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

5. Methodology

5.1 Site Specific Viability Assessment

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

- The Local Plan viability evidence base is out of date
- Additional information is now available in respect of infrastructure or sites costs, compared to the assumptions adopted at the plan-making stage.

5.2 Adopted Methodology

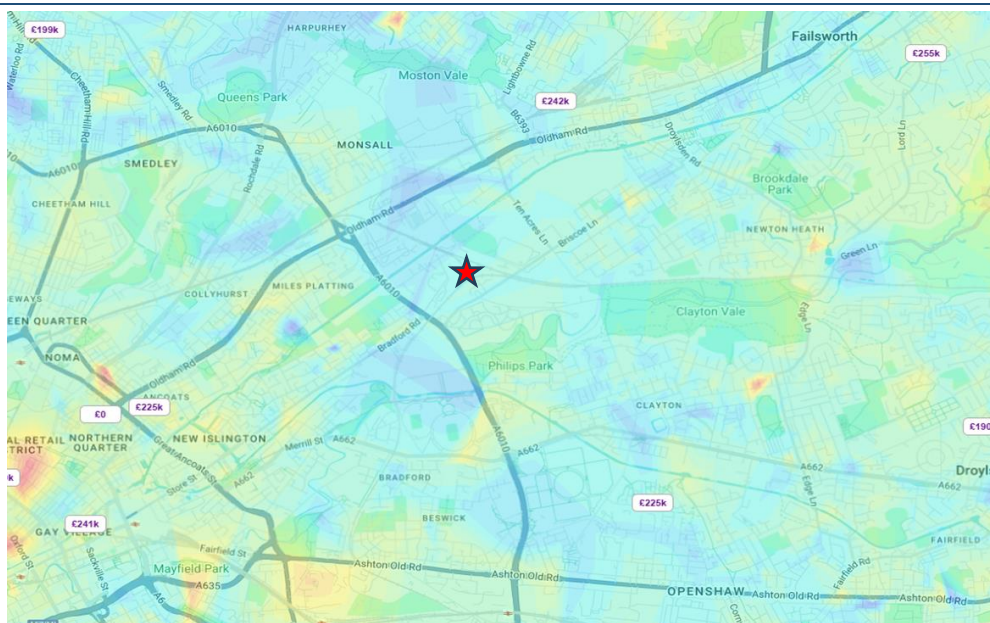
As per the PPG and RICS guidance, we have adopted the residual method to assess site viability, with the BLV included as a fixed input to assess the level of profit margin. This is based on the following calculation:

Gross Development Value – (Costs + Benchmark Land Value) = Profit Margin

Should the profit margin be below the target level of return, the development is deemed to be unviable and changes to planning policy are likely to be required to ensure that the development is delivered.

6. Gross Development Value

Method	The PPG states the following: <i>“Gross development value is an assessment of the value of development. For residential development this may be total sales and/or capitalised net rental income from developments . . . For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used”</i> The RICS also defines this as follows: <i>“The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing at that date.”</i> We have therefore assessed the GDV with reference to the comparable and investment method of valuation.
GDV Assessment	We have firstly tested the scheme on a policy compliant basis, including an affordable housing contribution at 20% of total units (i.e 100 affordable units). The remainder of the units in this scenario have been tested on an open market sale basis to provide the best-case scenario. Secondly, we have tested the scheme on the Applicant’s proposal which seeks to deliver a scheme including 43% affordable housing in partnership with a RP, utilising grant funding and the remainder of the units being delivered as private Build to Rent.
Local Sales Market Overview	According to Rightmove, house prices in Newton Heath have an overall average of £177,473 over past 12 months. The majority of properties sold in Newton Heath during the last year were terraced properties, selling for an average price of £171,957. Semi-detached properties sold for an average of £201,929, with flats fetching £116,667. In comparison to the above, house prices in Miles Platting have an overall average of £304,324 over the last year. The majority of properties sold in Miles Platting during the last year were semi-detached properties, selling for an average price of £352,750. Terraced properties sold for an average of £265,357, with detached properties fetching £410,000.
Market Evidence	To determine the affordable values at the scheme, we have firstly had regard to new build evidence for market sales values. The values of the affordable units are then calculated as a percentage of market value. From our research, there is a distinct lack of comparable evidence for new build schemes located in and around the surrounding areas, with the majority of new build developments located more centrally in the City Centre and adjoining areas including Ancoats and New Islington. These schemes are therefore not comparable to the proposed development which is not considered to be part of these city centre neighbourhoods. The site is located in a lower value locale, east of Alan Turing Way as indicated by the heat map below:



Whilst there are currently no comparable new build schemes, there has been development in recent years on the western side of the A610 in Miles Platting. This includes the scheme by Lovell Homes with properties located around Winstanley Road and Lower Vickers Street that have been delivered as both sales and private rented housing. As this development is now completely sold, we have referred to the below re-sale evidence at this scheme as per the below:

Lovell Homes - Winstanley Road, Manchester M40 7WJ

Address	House Name	Type	Bedrooms	Size (ft ²)	Storeys	Sale Price	Gross Sale Price (ft ²)	Sale Date
1 Berkshire Road M40 7NQ	Oakley	Terraced	3	914	2	£340,000	£372	Nov-23
77 Winstanley Road M40 7WJ	Oakley	Terraced	3	914	2	£327,500	£358	Mar-24
75 Winstanley Road M40 7WJ	Princeton	Terraced	3	785	2	£280,000	£357	Jan-24
£363								

Lovell - Lower Vickers Street, Manchester M40 7LX

Address	House Name	Type	Bedrooms	Size (ft ²)	Storeys	Sale Price	Gross Sale Price (ft ²)	Sale Date
55 Lower Vickers Street M40 7LX	Millford	Semi-detached	4	1216	2	£455,000	£374	Aug-22
1 Lostock Street M40 7LW	Daley	Terraced	3	957	2	£370,000	£387	Nov-22
£380								

The above re-sale evidence ranges between £360-£380 per sq ft. We consider the scheme by Lovell homes to provide a good comparable to the proposed site. We do however recognise that Miles Platting is a better location than the subject site on the opposite side of Alan Turing Way(A610) as indicated by the heat map above and therefore values have been adjusted on this basis.

Proposed Open Market Sales Values

Following a review of the local market, the following open market sales values have been adopted for each of the proposed unit types. A full breakdown of the GDV assessment has been provided at **Appendix I**.

	<table><tr><th>House Type</th><th>Bed No.</th><th>Type</th><th>No.</th><th>Sqft</th><th>Total Sqft</th><th>Market Value</th><th>£ per sq ft</th></tr><tr><td>Hickory (mid)</td><td>2</td><td>Mews</td><td>8</td><td>768</td><td>6,144</td><td>£305,000</td><td>£397</td></tr><tr><td>Hickory (end)</td><td>2</td><td>End/Semi</td><td>20</td><td>771</td><td>15,420</td><td>£305,000</td><td>£396</td></tr><tr><td>Olive</td><td>2</td><td>Semi/Mews</td><td>4</td><td>771</td><td>3,084</td><td>£305,000</td><td>£396</td></tr><tr><td>Cedar (mid)</td><td>3</td><td>Mews</td><td>5</td><td>938</td><td>4,690</td><td>£355,000</td><td>£378</td></tr><tr><td>Acacia</td><td>3</td><td>Semi/Mews</td><td>4</td><td>940</td><td>3,760</td><td>£355,000</td><td>£378</td></tr><tr><td>Cedar (end)</td><td>3</td><td>End/Semi</td><td>14</td><td>940</td><td>13,160</td><td>£355,000</td><td>£378</td></tr><tr><td>Spruce (mid)</td><td>3</td><td>Mews</td><td>13</td><td>1183</td><td>15,379</td><td>£425,000</td><td>£359</td></tr><tr><td>Spruce (end)</td><td>3</td><td>End/Semi</td><td>26</td><td>1187</td><td>30,862</td><td>£425,000</td><td>£358</td></tr><tr><td>Larch (mid)</td><td>4</td><td>Mews</td><td>9</td><td>1257</td><td>11,313</td><td>£445,000</td><td>£354</td></tr><tr><td>Larch (end)</td><td>4</td><td>End/Semi</td><td>8</td><td>1262</td><td>10,096</td><td>£445,000</td><td>£353</td></tr><tr><td>Cedar (end)</td><td>3</td><td>End/Semi</td><td>6</td><td>940</td><td>5,640</td><td>£355,000</td><td>£378</td></tr><tr><td>ADU 2B</td><td>3</td><td>Semi/Mews</td><td>2</td><td>969</td><td>1,938</td><td>£365,000</td><td>£377</td></tr><tr><td>ADU 4B</td><td>3</td><td>Semi/Mews</td><td>2</td><td>1117</td><td>2,234</td><td>£405,000</td><td>£363</td></tr></table>	House Type	Bed No.	Type	No.	Sqft	Total Sqft	Market Value	£ per sq ft	Hickory (mid)	2	Mews	8	768	6,144	£305,000	£397	Hickory (end)	2	End/Semi	20	771	15,420	£305,000	£396	Olive	2	Semi/Mews	4	771	3,084	£305,000	£396	Cedar (mid)	3	Mews	5	938	4,690	£355,000	£378	Acacia	3	Semi/Mews	4	940	3,760	£355,000	£378	Cedar (end)	3	End/Semi	14	940	13,160	£355,000	£378	Spruce (mid)	3	Mews	13	1183	15,379	£425,000	£359	Spruce (end)	3	End/Semi	26	1187	30,862	£425,000	£358	Larch (mid)	4	Mews	9	1257	11,313	£445,000	£354	Larch (end)	4	End/Semi	8	1262	10,096	£445,000	£353	Cedar (end)	3	End/Semi	6	940	5,640	£355,000	£378	ADU 2B	3	Semi/Mews	2	969	1,938	£365,000	£377	ADU 4B	3	Semi/Mews	2	1117	2,234	£405,000	£363	<table><tr><th>Type</th><th>Bed No.</th><th>No.</th><th>Sqm</th><th>Sqft</th><th>(Net) Total Sqft</th><th>Market Value</th><th>£ per sq ft</th></tr><tr><td>A</td><td>1b2p</td><td>48</td><td>50</td><td>538</td><td>25,824</td><td>£185,000</td><td>£344</td></tr><tr><td>B</td><td>1b2p</td><td>4</td><td>55</td><td>592</td><td>2,368</td><td>£195,000</td><td>£329</td></tr><tr><td>C</td><td>1b2p</td><td>9</td><td>56</td><td>603</td><td>5,427</td><td>£200,000</td><td>£332</td></tr><tr><td>D</td><td>2b4p</td><td>3</td><td>70</td><td>753</td><td>2,259</td><td>£245,000</td><td>£325</td></tr><tr><td>E</td><td>2b4p</td><td>4</td><td>71</td><td>764</td><td>3,056</td><td>£250,000</td><td>£327</td></tr><tr><td>F</td><td>2b4p</td><td>32</td><td>72</td><td>775</td><td>24,800</td><td>£255,000</td><td>£329</td></tr><tr><td>G</td><td>2b4p</td><td>4</td><td>73</td><td>786</td><td>3,144</td><td>£260,000</td><td>£331</td></tr><tr><td>H</td><td>2b4p</td><td>11</td><td>74</td><td>797</td><td>8,767</td><td>£265,000</td><td>£332</td></tr></table>	Type	Bed No.	No.	Sqm	Sqft	(Net) Total Sqft	Market Value	£ per sq ft	A	1b2p	48	50	538	25,824	£185,000	£344	B	1b2p	4	55	592	2,368	£195,000	£329	C	1b2p	9	56	603	5,427	£200,000	£332	D	2b4p	3	70	753	2,259	£245,000	£325	E	2b4p	4	71	764	3,056	£250,000	£327	F	2b4p	32	72	775	24,800	£255,000	£329	G	2b4p	4	73	786	3,144	£260,000	£331	H	2b4p	11	74	797	8,767	£265,000	£332
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	Spruce (end)	3	End/Semi	26	1187	30,862	£425,000	£358																																																																																																																																																																																		
	Larch (mid)	4	Mews	9	1257	11,313	£445,000	£354																																																																																																																																																																																		
	Larch (end)	4	End/Semi	8	1262	10,096	£445,000	£353																																																																																																																																																																																		
	Cedar (end)	3	End/Semi	6	940	5,640	£355,000	£378																																																																																																																																																																																		
	ADU 2B	3	Semi/Mews	2	969	1,938	£365,000	£377																																																																																																																																																																																		
	ADU 4B	3	Semi/Mews	2	1117	2,234	£405,000	£363																																																																																																																																																																																		
	Type	Bed No.	No.	Sqm	Sqft	(Net) Total Sqft	Market Value	£ per sq ft																																																																																																																																																																																		
	A	1b2p	48	50	538	25,824	£185,000	£344																																																																																																																																																																																		
	B	1b2p	4	55	592	2,368	£195,000	£329																																																																																																																																																																																		
	C	1b2p	9	56	603	5,427	£200,000	£332																																																																																																																																																																																		
	D	2b4p	3	70	753	2,259	£245,000	£325																																																																																																																																																																																		
E	2b4p	4	71	764	3,056	£250,000	£327																																																																																																																																																																																			
F	2b4p	32	72	775	24,800	£255,000	£329																																																																																																																																																																																			
G	2b4p	4	73	786	3,144	£260,000	£331																																																																																																																																																																																			
H	2b4p	11	74	797	8,767	£265,000	£332																																																																																																																																																																																			
Affordable Housing	We understand the Council are seeking a contribution of 20% affordable housing in accordance with Policy H8 of the core strategy. This equates to 100 affordable units at the proposed scheme. The council's tenure requirement for the affordable housing is to be split between 25% Affordable Rent and 75% Intermediate (Shared Ownership). Based on assessments of similar schemes, we have applied the following discount to market value to reflect a policy compliant level of affordable housing. - In Appraisal I, for the Affordable Rented units in the scheme, we have appraised these at 50% of Open Market Value (“OMV”) to reflect an affordable product. - In Appraisal I, for the Shared Ownership units in the scheme, we have appraised these at 70% of OMV to reflect an affordable product. This results in a total GDV of £24,363,000 (£244 per sq ft) for the affordable units within the policy compliant appraisal of the scheme which includes 100 houses, as per the breakdown included at Appendix I. <table><tr><th>Appraisal I - PC</th><th>Houses</th></tr><tr><td>Total Affordable GDV</td><td>£24,393,000</td></tr><tr><td>£ per sq ft</td><td>£244</td></tr></table>	Appraisal I - PC	Houses	Total Affordable GDV	£24,393,000	£ per sq ft	£244																																																																																																																																																																																			
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Grant Funded Affordable units	The Applicant is proposing a scheme of 43% grant funded affordable housing (i.e 214 Units) which is to be split between 63% Social Rented and 38% Shared Ownership units. A total GDV of £50,340,786 (£284.77 per sq ft) has been adopted for the grant funded affordable units to reflect the agreed price with the preferred RP following a tender by the applicant, as per the breakdown included at Appendix I. When sense checked against what we would expect for grant funded affordable housing, this is in line with the 75 – 80% we would expect to be achieved for stock of this nature, based on other tender and offer information we receive.																																																																																																																																																																																									
National Context –	According to the latest RICS UK Residential Survey (January 2025), feedback points to a somewhat stagnant trend in tenant demand, with the net balance slipping to +2% from a																																																																																																																																																																																									

BTR / Rental Values	reading of +18% in the previous quarter. Alongside this, respondents noted a decline in new landlord instructions (net balance -19%), with this metric consistently stuck in negative territory over recent years. While the flatter demand backdrop appears to be easing upward pressure on rental prices to a certain extent, contributors do still anticipate rents moving higher over the near term.																																																																																																																																	
Proposed Open Market Rental Values	We have reviewed the market for current asking rents for properties available within relative proximity to the subject site and which are new build or of a good quality. There is limited rental values for new build properties in the locality, we have therefore reviewed rental values at the scheme by Lovell Homes. The comparables we have had regard to are provided in the table below: Lovell Homes - Sandal Street, Manchester M40 7AF <table><tr><th>Address</th><th>Type</th><th>Bedrooms</th><th>Date</th><th>Tenancy Type</th><th>Rent (PCM)</th><th>Rent (PA)</th><th>Size ft</th><th>£/ft²</th></tr><tr><td>205 Bradford Road</td><td>Terraced</td><td>3</td><td>May-24</td><td>Unfurnished</td><td>£1,500</td><td>£18,000</td><td>915</td><td>£19.68</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>£1,500</td><td>£18,000</td><td>915</td><td>£19.68</td></tr></table> Lovell Homes - Winstanley Road, Manchester M40 7WJ <table><tr><th>Address</th><th>Type</th><th>Bedrooms</th><th>Date</th><th>Tenancy Type</th><th>Rent (PCM)</th><th>Rent (PA)</th><th>Size ft</th><th>£/ft²</th></tr><tr><td>9 John Hogan VC Road</td><td>Semi</td><td>4</td><td>Apr-24</td><td>Unfurnished</td><td>£2,000</td><td>£24,000</td><td>1421</td><td>£16.89</td></tr><tr><td>57 Winstanley Road</td><td>Semi</td><td>4</td><td>Feb-25</td><td>Unfurnished</td><td>£1,900</td><td>£22,800</td><td>1367</td><td>£16.68</td></tr><tr><td>5 James Street</td><td>Semi</td><td>3</td><td>May-24</td><td>Unfurnished</td><td>£1,500</td><td>£18,000</td><td>1012</td><td>£17.79</td></tr><tr><td>16 Varley St</td><td>Semi</td><td>3</td><td>Jan-24</td><td>Unfurnished</td><td>£1,400</td><td>£16,800</td><td>1012</td><td>£16.61</td></tr><tr><td>79 Winstanley Road</td><td>Terraced</td><td>3</td><td>Jun-24</td><td>Unfurnished</td><td>£1,500</td><td>£18,000</td><td>915</td><td>£19.68</td></tr><tr><td>5 John Hogan VC Road</td><td>Semi</td><td>3</td><td>Jul-24</td><td>Unfurnished</td><td>£1,550</td><td>£18,600</td><td>915</td><td>£20.33</td></tr><tr><td>3 John Hogan VC Road</td><td>Terraced</td><td>2</td><td>Nov-24</td><td>Unfurnished</td><td>£1,350</td><td>£16,200</td><td>786</td><td>£20.62</td></tr><tr><td>22 John Hogan VC Road</td><td>Terraced</td><td>2</td><td>Feb-25</td><td>Unfurnished</td><td>£1,300</td><td>£15,600</td><td>764</td><td>£20.41</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>£1,563</td><td>£18,750</td><td>1024</td><td>£18.31</td></tr></table> Based on the above and the new build nature of the scheme, we consider the following private rental values achievable at the site. It should be noted that the proposed development site is not located in a city centre location which we would consider would attract higher rental values in comparison to the subject site located in East Manchester. We would also note that the proposed 4-bedroom dwellings at the subject site are smaller in size than the above comparables. We would therefore not expect these properties to achieve the same values. <table><tr><th>Property Type</th><th>Rents (PCM)</th></tr><tr><td>1 Bed Apartments</td><td>£900</td></tr><tr><td>2 Bed Apartments</td><td>£1,125</td></tr><tr><td>2 bed houses</td><td>£1,300</td></tr><tr><td>3 bed houses</td><td>£1,450 - £1,500</td></tr><tr><td>4 bed houses</td><td>£1,700</td></tr></table>	Address	Type	Bedrooms	Date	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²	205 Bradford Road	Terraced	3	May-24	Unfurnished	£1,500	£18,000	915	£19.68						£1,500	£18,000	915	£19.68	Address	Type	Bedrooms	Date	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²	9 John Hogan VC Road	Semi	4	Apr-24	Unfurnished	£2,000	£24,000	1421	£16.89	57 Winstanley Road	Semi	4	Feb-25	Unfurnished	£1,900	£22,800	1367	£16.68	5 James Street	Semi	3	May-24	Unfurnished	£1,500	£18,000	1012	£17.79	16 Varley St	Semi	3	Jan-24	Unfurnished	£1,400	£16,800	1012	£16.61	79 Winstanley Road	Terraced	3	Jun-24	Unfurnished	£1,500	£18,000	915	£19.68	5 John Hogan VC Road	Semi	3	Jul-24	Unfurnished	£1,550	£18,600	915	£20.33	3 John Hogan VC Road	Terraced	2	Nov-24	Unfurnished	£1,350	£16,200	786	£20.62	22 John Hogan VC Road	Terraced	2	Feb-25	Unfurnished	£1,300	£15,600	764	£20.41						£1,563	£18,750	1024	£18.31	Property Type	Rents (PCM)	1 Bed Apartments	£900	2 Bed Apartments	£1,125	2 bed houses	£1,300	3 bed houses	£1,450 - £1,500	4 bed houses	£1,700
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Investment Valuation	For calculating the GDV of the BtR units, we have applied the following methodology and assumptions: Management and maintenance costs assumed at 20% for houses and 22.50% for apartments in the scheme which are not recoverable, and we have therefore deducted from the gross rental income.																																																																																																																																	

- Net rent capitalised at 4.25% for the houses and 4.50% for the apartments, which we consider to be a peak level of yield for the subject development and location.
- Typical purchaser's costs at 1.8% (deducted of GDV)
- The value of the BtR houses when following the investment method produces a value of £322 per sq ft, which reflects 87% of Market Value when compared to the open market sales value of the houses. We are aware that some investors can pay up to 90% of Market Value for stock of this nature when comparing investment value to vacant possession value, and we have therefore adopted an average value of £330 per sq ft as the value for the BtR housing on site as a best-case scenario to reflect a competitive market tender for this element of the scheme.

A summary of the total GDV is set out in the table below:

	Appraisal 2 - AP
Total BTR GDV	£74,789,640
Average £ per sq ft	£322
No units.	284

GDV Summary

We have included the following Gross Development Value in each of the appraisals:

Appraisal 1 - PC	No of units	Total GDV
OMS Houses	121	£45,735,000
OMS Apartments	277	£61,530,000
Affordable Houses	100	£24,393,000
Summary	498	£131,658,000

Appraisal 2 - AP	No of units	Total GDV
Private BTR Houses	111	£37,589,640
Private BTR Apartments	173	£37,200,000
Affordable GF Houses	110	£31,295,938
Affordable GF Apartments	104	£19,044,848
Summary	498	£125,130,426

7. Residual Appraisals

We have undertaken two residual appraisals of the proposed development on the following bases:

1. A policy compliant scheme, including 20% affordable housing contribution (100 units) and no S106 contributions.
2. A scenario reflecting the Applicants' proposal to deliver 43% grant funded affordable units (216 units) and no S106 contributions.

The appraisal assumptions are detailed below:

Appraisal Inputs		
Residential GDV	We have included the following Gross Development Value in each of the appraisals:	
	Appraisal 1 - PC	No of units
	OMS Houses	121
	OMS Apartments	277
	Affordable Houses	100
	Summary	498
	Total GDV	£131,658,000
	Appraisal 2 - AP	No of units
	Private BTR Houses	111
	Private BTR Apartments	173
	Affordable GF Houses	110
	Affordable GF Apartments	104
	Summary	498
	Total GDV	£125,130,426
Build Costs	For this assessment, we have adopted the following all-in base build cost for the different property types, inclusive of standard external works. The costs adopted have been informed by the Applicant's expected costs: - Houses – £165 per sq ft - Apartment Blocks - £205 per sq ft These are the costs to be incurred by the applicant for the proposed scheme and we have been instructed to rely on these costs for the purpose of our viability assessment. It is worth noting that these costs reflect the increased rate of delivery the applicant is expecting to achieve, which is based on timber frame construction and higher preliminary costs.	
Abnormal Development Costs	To bring forward the development, work has been undertaken by Kellen Homes to assess the level of abnormal development costs. A total cost of £5,625,906 (circa. £11,000 per plot) has been included for the scheme. A schedule of the abnormal development costs is provided at Appendix 2.	
Developer's Contingency	A contingency sum of £3,624,125 has been provided by the applicant, which broadly equates to 4% of the total build cost has been allowed within the cost plan. This is in line	

	with our professional view and judgement on risk for a scheme of this size and nature and the demolition works that is required.
Professional Fees	A total professional fee allowance of £5,073,774 has been provided by the Applicant for the proposed scheme.
Section 106 Costs	To date, the Council has not provided any additional S106 contributions for the scheme.
CIL	The Council has not formally adopted a CIL charging schedule. The development will therefore not be liable for this charge.
Finance Costs	In a market facing appraisal, the development would be modelled as 100% debt finance from site purchase to completion at a rate of 8% which is in line with the current BOE base rate at 4.50%. A total finance/ holding cost of £939,708 has been provided by the Applicant for the proposed scheme. In this case, we have been instructed by the applicant to adopt their internal finance costs and have therefore not included a market facing finance rate in the appraisal of their proposed scheme.
Disposal Costs	For the sales of the market units in the policy compliant scheme, we have assumed a marketing and sales cost of 3%. This provides a budget towards a selling agent, website, advertisements, and other marketing initiatives. For the proposed scheme, we have included 1.8% of purchaser's costs against the PRS units to reflect agency fees, legal fees and SDLT. We have also included legal fees of £750 per unit for the affordable properties.
Site Acquisition Costs	Stamp Duty at HMRC prevailing rates, 1% agent fee and 0.5% for legal fees.
Profit Margin	During recent years, profit for market sale residential development has typically ranged between 15-20% of Gross Development Value (GDV) as advocated in National Planning Guidance on Viability. The level of profit should be considered in the round of the assumptions made within an appraisal and should reflect the risk in bringing the development forward. Market conditions have changed markedly over the last two years, including increases to interest rates with only minimal reductions forecasted over 2025, increasing cost of living, reduced affordability, reduced sales rates, increased incentives and high levels of build cost inflation. We would therefore typically expect a return in the order of 18% on GDV across the open market sale units and a profit of 8% on the affordable housing GDV. For the proposed mixed tenure scheme, we have been instructed to adopt the applicant's target blended margin of 15% on cost. Flexibility is reserved in respect of the required developer's return, and wider market inflationary risks.
Timescales	We have assumed the following timing assumptions:

Appraisal 1 – Policy Compliant

- Site purchase – 1 month
- Pre-construction – 2 months to allow for discharge of planning conditions and site team assembly
- Construction – 85 months
- Sales – 78 months (houses sold over sales period at a rate of 2.5 sales per month with first sale 10-month into construction. Apartments sold after 18 months on practical completion of the first block and phased monthly thereafter)
- Total – 91 months

Appraisal 2 – Applicants Proposal

- Site purchase – 1 month
- Pre-construction – 2 months to allow for discharge of planning conditions and site team assembly
- Construction – 64 months
- Sales – 53 months (houses sold over sales period with first sale 12-month into construction. Apartments sold across 5 trenches with the first block completing after 20 months and each subsequent block completing 8 months thereafter)
- Total– 68 months

8. Benchmark Land Value

8.1 Method

In any typical viability assessment, a benchmark land value is used to assess whether or not a scheme is viable. Paragraph 013 of the PPG states that:

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

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

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

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

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

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

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

The PPG goes on to state that:

“Benchmark land value should:

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

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

There are therefore a number of factors that need to be considered when assessing the Benchmark Land Value (BLV). There is a need to reflect abnormal costs and planning policy, but there is also a need to consider a reasonable minimum level of return in order to incentivise landowners to release their land for development. These factors can be at odds with each other and the PPG is clear that there is a need to “*strike a balance*”¹ between the interests of Local Councils, developers and landowners in order to ensure that land is released for development.

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

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

¹ Planning Practice Guidance Viability: Paragraph: 010 Reference ID: 10-010-20180724

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

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

8.2 Existing Use Value

As mentioned in Section 3 above, the site is brownfield and extends to approximately 16.14 acres (6.53 hectares).

The site comprises a multi-let commercial estate. The applicant has secured vacant possession for most of the units to enable development on site with currently one telecoms operator remaining.

It is understood blocks 1,2 & 4 have now been demolished by the Applicant, with the site expected to be fully demolished by June 2025.

Given the site is largely vacant with a number of blocks already demolished, we have valued the existing use of the site as industrial/ commercial open storage land.

We have reviewed comparable commercial storage land sites which have recently transacted in Greater Manchester, as summarised below:

Address	Area (Acres)	Price (£)	£ per Acre	Sale Date	Comments
West Egerton Street, Salford	5.1	£6,250,000	£1,225,490	Sep-22	Located within the industrial area in Salford. This parcel of land, formally owned by United Utilities was used as a gas holder site.
Lower Bridgeman Street, Bolton	1.3	£1,800,000	£1,384,615	Jul-22	Purchased by Lok'n'Store. Comprising a cleared brownfield parcel of land in Bolton town centre. Situated in a prominent position adjacent to a new Audi dealership.
Nash Road, Trafford Park	1.2	£1,800,000	£1,500,000	Jul-22	The property is located on Nash Road, in Trafford Park. It comprises a linear parcel of land, which is cleared and is used for storage.
Irlam Wharf Road, Manchester	3.78	£5,055,000	£1,337,300	2022	This is a level but irregular parcel of land, which is surfaced in concrete. It is located on an established industrial estate in Irlam and was previously used for container storage.
Crossley Road, Stockport	0.44	£570,000	£1,295,455	Sep-21	Parcel of land adjacent to Discovery Park, an industrial complex in Stockport.

Figure 5: Commercial Storage Land Sales

Based on the comparable evidence above, there is a clear tone in the region of £1,200,000 to £1,500,000 per acre for commercial storage land.

We have also considered comparable rental values of storage land in the Greater Manchester area:

Address	Area (Acres)	Price (£)	£ per Acre	Date	Comments
Land at Barking Street, Manchester M40 7BT	1.10	£61,500	£55,909	July 2022	Let to Manchester Storage. Located 0.7 miles south east of the subject, in Miles Platting.
Trafford Park Road, Manchester	1.16	£145,000	£125,000	2022	Let to Newco. Located in Trafford Park, an established industrial location.
Land off Duncan Street, Salford M5 3SQ	0.95	Quoting £65,000	£68,421	Available	Located 4.9 mile south east of the subject site, positioned just behind Regent Retail Park.
Compound 3, Land at Hendham Vale Ind Park Crumpsall M8 0AD	0.27	Quoting £21,000	£77,777	Available	Located in Crumpsall, approximately 2.5 miles north of the subject site. Small surfaced parcel of land. Within an industrial setting.

Figure 6: Commercial Storage Land Rents

This evidence shows a range of rents in the order of £55,000 - £125,000 per acre.

The subject site located in an area predominantly dominated by industrial/ commercial uses and is approximately 3.4 miles from Manchester city centre. We therefore consider that storage land within easy access of the city centre is likely to be attractive to a range of operators. The site is likely to be divided into smaller parcels to be let, with the parcel sizes dictated by market demand to optimise overall rental income. We would expect some smaller parcels that attract higher rents, and some larger parcels that attract lower rents to reflect a discount for quantum.

We would expect an average rental value in the order of £75,000 - £80,000 per acre across the site, and a yield in the order of 7%. Broadly speaking, this would equate to an investment value in the order of £17,100,000 - £18,300,000 before purchaser's costs.

On the balance of evidence, we have adopted an existing use value of £16,250,000 with reference to land values transactions per acre, and likely rental income and yield from an investment perspective.

8.3 Minimum Premium

In line with the PPG requirements, a premium has been applied to account for the minimum return that would persuade a reasonable landowner to release the land for development. If a landowner is not sufficiently incentivised land will not be released for development because landowners can choose to wait for a change in policy or retain land for an existing or alternative use.

With reference to the Viability Assessment associated with the emerging PfE Local Plan, this adopts a premium of 20% in the case of brownfield sites. This is a relatively standard approach to the assessment of a minimum premium when there is an underlying commercial value associated with a site. Whilst landowners are unlikely to do this calculation, when you consider that there is a reasonable level of underlying commercial value, it would be reasonable to assume that the minimum premium above this is a reasonable proportion of the EUV to incentivise landowners to sell.

We have therefore adopted a minimum premium of 20% above the EUV which we consider appropriate given the location of the site in proximity to the city centre. This equates to £3,250,000.

8.4 Alternative Use Value

We have not considered any alternative uses of the site but reserve further review in this regard.

8.5 Policy Compliant

The appraisal attached at Appendix 3 is provided on the basis of policy compliant development. This will generate a residual land value well below the BLV, when the significantly reduced margin is considered.

8.6 Benchmark Land Value

Based on the above methodology, we have arrived at an overall benchmark land value of £19,500,000 as per the below:

BLV	£
Existing use value	£16,250,000
Minimum Premium	£3,250,000
Total	£19,500,000

Figure 6: Benchmark Land Value

9. Results & Sensitivity Analysis

Appraisal 1: Policy Compliant (Appendix 4)	The scheme with 20% affordable housing generates a margin of 2.9% on GDV, which falls well below the target margin of 16.15% on GDV. In monetary terms, the target margin should be c. £21.26m, against an actual margin of £3.81m, resulting in a deficit of £17.45m. The scheme is therefore unviable on this basis.
Appraisal 2: Applicant's proposal (Appendix 5)	The Applicants' proposal to deliver 43% on-site affordable housing outside of S106 also demonstrates viability concerns, albeit with a reduced deficit. The margin generated by the appraisal is 11.45% on cost, against a target of 15% on cost. In monetary terms, the target margin should be c. £16.66m, against an actual margin of c. £12.72m, reflecting a deficit of c. £3.94m.
Sensitivity Analysis	The RICS Practice Statement requires that all FVAs and subsequent reviews must provide a sensitivity analysis of the results and an accompanying explanation and interpretation in respective calculations on viability, having regard to risks and an appropriate return(s). This is to: • allow both the Applicant and decision maker to consider how changes in inputs to a financial appraisal affect viability, and • understand the extent of these results, to arrive at an appropriate conclusion on viability of the application scheme. In this respect we have carried out a sensitivity analysis (see Appendix 3) to show the impact of fluctuations to build costs and sales values on the scheme's viability. We consider the most likely scenario based on forecast data is that sales values are likely to stagnate whilst build cost inflation is set to increase. This results in a worse viability position.

10. Conclusions

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

	Appraisal 1 – Policy Compliant	Appraisal 2 – Applicants Proposal
Target Margin	16.15% on GDV	15% on cost
Actual Margin	2.9% on GDV	11.45% on cost

The appraisals contained within this report represent a robust assessment of the viability of a residential development on the subject site (see Appendix 3 & 4).

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

The policy compliant appraisal generates a margin of 2.9% on GDV, against a target margin of 16.15% and with a BLV of £19,500,000. In monetary terms, the target margin should be c. £21.26m, against an actual margin of £3.81m, resulting in a deficit of £17.45m. The scheme with 20% affordable housing within the S.106 agreement is therefore unviable.

The proposed mixed tenure scheme of 43% grant funded affordable housing and 57% Build to Rent properties is however more viable, generating a margin of 11.45% on cost, against a target margin of 15% on cost and with a BLV of £19,500,000. In monetary terms, the target margin should be c. £16.66m, against an actual margin of c. £12.72m, reflecting a deficit of c. £3.94m.

In line with planning policy, the viability of the scheme demonstrates that level of affordable housing delivered as part of the scheme should be reduced because of viability constraints. It is however important to note that the scheme is providing an affordable housing contribution of 43% on a grant funded basis, which is significantly above planning policy requirements of 20%.

II. Compliance

Values can change over a short period of time and our findings should be considered valid for a limited time period. Our conclusions are based on the assumptions provided and information available at the time of the report. We have verified the information relied upon to the best of our ability and relied upon our experience of the property markets. Some information may be unavailable at the time of writing or is provided to us on a verbal or informal basis and the accuracy therefore cannot be guaranteed.

This report is provided for the stated purpose and only for the use of the party to whom it is addressed. It is confidential to the client(s) and may not be disclosed to any other third party without our prior written consent. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our prior approval of the form and context in which it will appear.

APPENDICES

Appendix I – Accommodation & Values

Houses.

House Type	Bed No.	Type	No.	Sqft	Total Sqft	Gross Rent (PCM)	Gross Rent PA	OPEX Costs	Net Rent	Yield	Capital Value	90% of Market Value	Total Investment GDV
Hickory (mid)	2	Mews	8	768	6,144	£1,300	£15,600	20%	£12,480	4.25%	£293,647	£253,440	£2,027,520
Hickory (end)	2	End/Semi	20	771	15,420	£1,300	£15,600	20%	£12,480	4.25%	£293,647	£254,430	£5,088,600
Olive	2	Semi/Mews	4	771	3,084	£1,300	£15,600	20%	£12,480	4.25%	£293,647	£254,430	£1,017,720
Cedar (mid)	3	Mews	5	938	4,690	£1,450	£17,400	20%	£13,920	4.25%	£327,529	£309,540	£1,547,700
Acacia	3	Semi/Mews	4	940	3,760	£1,450	£17,400	20%	£13,920	4.25%	£327,529	£310,200	£1,240,800
Cedar (end)	3	End/Semi	14	940	13,160	£1,450	£17,400	20%	£13,920	4.25%	£327,529	£310,200	£4,342,800
Spruce (mid)	3	Mews	13	1183	15,379	£1,500	£18,000	20%	£14,400	4.25%	£338,824	£390,390	£5,075,070
Spruce (end)	3	End/Semi	26	1187	30,862	£1,500	£18,000	20%	£14,400	4.25%	£338,824	£391,710	£10,184,460
Larch (mid)	4	Mews	9	1257	11,313	£1,700	£20,400	20%	£16,320	4.25%	£384,000	£414,810	£3,733,290
Larch (end)	4	End/Semi	8	1262	10,096	£1,700	£20,400	20%	£16,320	4.25%	£384,000	£416,460	£3,331,680
Total			111		113,908							£330	£37,589,640

Apartments Blocks C-E

Type	Bed No.	No.	Sqm	Sqft	Total Sqft (Net)	Gross Rent (PCM)	Gross Rent PA	OPEX Costs	Net Rent	Yield	Capital Value	Total Investment GDV
Apartment - Block C	1b2p	65	55-56	592-603	35,899	£900	£10,800	22.50%	£8,370	4.50%	£186,000	£12,090,000
Apartment - Block C	2b4p	108	70-74	753-797	82,369	£1,125	£13,500	22.50%	£10,463	4.50%	£232,500	£25,110,000
Total		173			118,268						£315	£37,200,000

284	232,176	£322	£74,789,640
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Policy Compliant Affordable

Houses

Tenure	House Type	Bed No.	Type	No.	Sqft	Total Sqft	Market Value	£ per sq ft	Total GDV	Affordable Value	Total Affordable GDV
AR - PC	Hickory (mid)	2	Mews	2	768	1,536	£305,000	£397	£610,000	£152,500	£305,000
AR - PC	Hickory (end)	2	End/Semi	4	771	3,084	£305,000	£396	£1,220,000	£152,500	£610,000
SO - PC	Hickory (end)	2	End/Semi	12	771	9,252	£305,000	£396	£3,660,000	£213,500	£2,562,000
SO - PC	Olive	2	Semi/Mews	4	771	3,084	£305,000	£396	£1,220,000	£213,500	£854,000
SO - PC	Aspen (mid)	3	Mews	2	963	1,926	£360,000	£374	£720,000	£252,000	£504,000
SO - PC	Linden	3	End/Semi	3	966	2,898	£360,000	£373	£1,080,000	£252,000	£756,000
SO - PC	Aspen (end)	3	End/Semi	11	966	10,626	£360,000	£373	£3,960,000	£252,000	£2,772,000
SO - PC	Spruce (mid)	3	Mews	17	1183	20,111	£425,000	£359	£7,225,000	£297,500	£5,057,500
SO - PC	Spruce (end)	3	End/Semi	16	1187	18,992	£425,000	£358	£6,800,000	£297,500	£4,760,000
SO - PC	Larch (mid)	4	Mews	6	1257	7,542	£445,000	£354	£2,670,000	£311,500	£1,869,000
SO - PC	Larch (end)	4	End/Semi	4	1262	5,048	£445,000	£353	£1,780,000	£311,500	£1,246,000
Total				81		84,099		£368	£30,945,000	£253	£21,295,500

Tenure	House Type	Bed No.	Type	No.	Sqft	Total Sqft	Market Value	£ per sq ft	Total GDV	Affordable Value	Total Affordable GDV
AR- PC	Hickory (mid)	2	Mews	3	768	2,304	£305,000	£397	£915,000	£152,500	£457,500
AR- PC	Hickory (end)	2	End/Semi	8	771	6,168	£305,000	£396	£2,440,000	£152,500	£1,220,000
AR- PC	Cedar (mid)	3	Mews	2	938	1,876	£355,000	£378	£710,000	£177,500	£355,000
AR- PC	Acacia	3	Semi/Mews	2	940	1,880	£355,000	£378	£710,000	£177,500	£355,000
AR- PC	Cedar (end)	3	End/Semi	4	940	3,760	£355,000	£378	£1,420,000	£177,500	£710,000
Total				19		15,988		£387	£6,195,000	£194	£3,097,500

				100		100,087		£371	£37,140,000	£244	£24,393,000
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Policy compliant - Open market sale

Houses

Tenure	House Type	Bed No.	Type	No.	Sqft	Total Sqft	Market Value	£ per sq ft	Total GDV
OMS	Hickory (mid)	2	Mews	8	768	6,144	£305,000	£397	£2,440,000
OMS	Hickory (end)	2	End/Semi	20	771	15,420	£305,000	£396	£6,100,000
OMS	Olive	2	Semi/Mews	4	771	3,084	£305,000	£396	£1,220,000
OMS	Cedar (mid)	3	Mews	5	938	4,690	£355,000	£378	£1,775,000
OMS	Acacia	3	Semi/Mews	4	940	3,760	£355,000	£378	£1,420,000
OMS	Cedar (end)	3	End/Semi	14	940	13,160	£355,000	£378	£4,970,000
OMS	Spruce (mid)	3	Mews	13	1183	15,379	£425,000	£359	£5,525,000
OMS	Spruce (end)	3	End/Semi	26	1187	30,862	£425,000	£358	£11,050,000
OMS	Larch (mid)	4	Mews	9	1257	11,313	£445,000	£354	£4,005,000
OMS	Larch (end)	4	End/Semi	8	1262	10,096	£445,000	£353	£3,560,000
Total				111		113,908		£369	£42,065,000

Tenure	Type	Bed No.	No.	No.	Sqft	Total Sqft	Market Value	£ per sq ft	Total GDV
OMS	Cedar (end)	3	End/Semi	6	940	5,640	£355,000	£378	£2,130,000
ADU 2B	Semi/Mews	3	2	2	969	1,938	£365,000	£377	£730,000
ADU 4B	Semi/Mews	3	2	2	1117	2,234	£405,000	£363	£810,000
Total				10		9,812			£3,670,000

OMS Houses				121		123,720		£370	£45,735,000
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Apartments Blocks A & B (4 storeys)

Tenure	Type	Bed No.	No.	Sqm	Sqft	(Net) Total Sqft	Market Value	£ per sq ft	Total GDV
OMS	A	1b2p	48	50	538	25,824	£185,000	£344	£8,880,000
OMS	B	1b2p	4	55	592	2,368	£195,000	£329	£780,000
OMS	C	1b2p	9	56	603	5,427	£200,000	£332	£1,800,000
OMS	D	2b4p	3	70	753	2,259	£245,000	£325	£735,000
OMS	E	2b4p	4	71	764	3,056	£250,000	£327	£1,000,000
OMS	F	2b4p	32	72	775	24,800	£255,000	£329	£8,160,000
OMS	G	2b4p	4	73	786	3,144	£260,000	£331	£1,040,000
Total				104		66,878		£335	£22,395,000

Apartments Blocks C-E

Tenure	Type	Bed No.	No.	Sqm	Sqft	Total Sqft (Net)	Market Value	£ per sq ft	Total GDV
OMS	A	1b2p	48	50	538	25,824	£185,000	£344	£8,880,000
OMS	B	1b2p	16	55	592	9,472	£195,000	£329	£3,120,000
OMS	C	1b2p	1	56	603	603	£200,000	£332	£200,000
OMS	D	2b4p	67	70	753	50,451	£245,000	£325	£16,415,000
OMS	E	2b4p	12	71	764	9,168	£250,000	£327	£3,000,000
OMS	F	2b4p	15	72	775	11,625	£255,000	£329	£3,825,000
OMS	G	2b4p	3	73	786	2,358	£260,000	£331	£780,000
OMS	H	2b4p	11	74	797	8,767	£265,000	£332	£2,915,000
Total				173		118,268		£331	£39,135,000

OMS Apartments		277		185,146	£	332	£61,530,000
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Appendix 2 – Build Cost Evidence

Appendix 3 - Abnormal Development Costs

Kellen Homes - Abnormal costs

Item	£	
<u>Site Prep/Enabling Works</u>		
Demolition & Remediation	£1,144,327	
Asbestos Removal	£862,899	
Tree Works & Invasive Species Treatment	£83,528	
<u>Sewer Works</u>		
Storm Sewers (SW) attenuation (state dia)	£414,714	
Testing / CCTV	£35,798	
<u>Substructures</u>		
Trench fill e/o	£16,066	
Underbuild	£90,984	
Piling	£855,714	
Vibro compaction	£529,648	
Heave precaution	£24,939	
Gas Membrane	£323,094	
<u>External Works</u>		
POS Landscaping (Trees & Misc. Items)	£272,081	
Land Drains	£119,325	
Retaining Walls	£220,046	
Offsite works - Riverpark Rd Boulevard	£288,600	
<u>Services</u>		
Electric sub stations - Building work only BRICK (PFS)	£183,761	
Electric diversions/ off site works	£40,164	
Diversions	£120,220	
Total	£5,625,906	£11,252

Appendix 4 – Policy Compliant Appraisal

APPRAISAL SUMMARY**ARGUS SOFTWARE****2503 Riverpark Road, Manchester v5_PC Oms****Appraisal Summary for Phase 1 Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
OMS Houses	121	123,720	369.67	377,975	45,735,000
OMS Apartments	277	185,146	332.33	222,130	61,530,000
AFF S106 Houses	<u>100</u>	<u>100,087</u>	243.72	243,930	<u>24,393,000</u>
Totals	498	408,953			131,658,000

NET REALISATION **131,658,000****OUTLAY****ACQUISITION COSTS**

Fixed Price	19,500,000		
Fixed Price		19,500,000	
			19,500,000
Stamp Duty		964,500	
Effective Stamp Duty Rate	4.95%		
Agent Fee	1.00%	195,000	
Legal Fee	0.50%	97,500	
			1,257,000

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
OMS Houses	123,720	165.00	20,413,800
OMS Apartments	185,146	205.00	37,954,930
AFF S106 Houses	<u>100,087</u>	165.00	<u>16,514,355</u>
Totals	408,953 ft²		74,883,085
Contingency			3,624,125
			78,507,210
Other Construction Costs			
Abnormal Works		5,625,906	
			5,625,906

PROFESSIONAL FEES

Professional Fees	5,073,774	
		5,073,774

MARKETING & LETTING

Marketing	3.00%	3,217,950	
			3,217,950

DISPOSAL FEES

Sales Legal Fee	498 un	750.00 /un	373,500	
				373,500

TOTAL COSTS BEFORE FINANCE **113,555,340****FINANCE**

Debit Rate 8.000%, Credit Rate 0.000% (Nominal)			
Land		11,755,583	
Construction		2,530,061	
Other		5,270	
Total Finance Cost			14,290,914

TOTAL COSTS **127,846,254****PROFIT****3,811,746****Performance Measures**

Profit on Cost%	2.98%
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2503 Riverpark Road, Manchester v5_PC Oms

Profit on GDV%	2.90%
Profit on NDV%	2.90%
IRR% (without Interest)	9.27%
Profit Erosion (finance rate 8.000)	4 mths

Appendix 5 – Non-Policy Compliant Appraisal

APPRAISAL SUMMARY**ARGUS SOFTWARE**

2503 Riverpark Road, Manchester v5_AP

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
PRS Houses	111	113,908	330.00	338,645	37,589,640
PRS Apartments	173	118,268	314.54	215,029	37,200,000
AFF GF Houses	110	109,899	284.77	284,509	31,295,938
AFF GF Apartments	<u>104</u>	<u>66,878</u>	<u>284.77</u>	<u>183,124</u>	<u>19,044,848</u>
Totals	498	408,953			125,130,426

Purchaser's Costs	1.80%	(1,346,214)	
Effective Purchaser's Costs Rate	0.00%		(1,346,214)

NET DEVELOPMENT VALUE **123,784,213****NET REALISATION** **123,784,213****OUTLAY****ACQUISITION COSTS**

Fixed Price	19,500,000		
Fixed Price		19,500,000	
			19,500,000
Stamp Duty		964,500	
Effective Stamp Duty Rate	4.95%		
Agent Fee	1.00%	195,000	
Legal Fee	0.50%	97,500	
			1,257,000

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
PRS Houses	113,908	165.00	18,794,820
PRS Apartments	118,268	205.00	24,244,940
AFF GF Houses	109,899	165.00	18,133,335
AFF GF Apartments	<u>66,878</u>	<u>205.00</u>	<u>13,709,990</u>
Totals	408,953 ft²		74,883,085
Contingency			3,624,125
			78,507,210
Other Construction Costs			
Abnormal Works			5,625,906
Finance			939,708
			6,565,614

PROFESSIONAL FEES

Professional Fees		5,073,774	
			5,073,774

DISPOSAL FEES

Sales Legal Fee	214 un	750.00 /un	160,500
			160,500

TOTAL COSTS **111,064,098****PROFIT** **12,720,115****Performance Measures**

Profit on Cost%	11.45%
Profit on GDV%	10.17%
Profit on NDV%	10.28%

2503 Riverpark Road, Manchester v5_AP

IRR% (without Interest)	7.28%
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Profit Erosion (finance rate 0.000)	N/A
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