

Financial Viability Assessment



Address	483 Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG
Client	Skyhigh Developers Mcr Ltd C/O Mr Amjad Tahir
Date	17 February 2025
Our Ref	VALL2160

Confirmation of Instructions

Client	Skyhigh Developers Mcr Ltd C/O Mr Amjad Tahir
Purpose of Valuation	Financial viability in planning
Property/Properties	483 Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG
Conflicts of Interest	We confirm that this Practice has no material involvement, nor any previous material involvement with regard to the subject property, nor the broker/introducer, managing or selling agent and the Bank's customer is not known to us in a personal or professional capacity.
Inspection Date	17 February 2025
Valuation Date	17 February 2025
Valuer	Katie Lister MRICS RICS Registered Valuer who has sufficient current local and national knowledge of the relevant markets, as well as, the appropriate skills, qualifications, experience and understanding to undertake the valuation competently.
Reviewer	Paul Andrew MRICS RICS Registered Valuer
Professional Indemnity Insurance	Bradley Hall holds appropriate Professional Indemnity Insurance adequate for this instruction as outlined in our Terms of Business. This amount shall be an aggregate cap on our liability to all relying parties together.
Confirmation and Standards	We confirm the Valuation and Report has been undertaken in accordance with the RICS Valuation Standards – Global Standards, which incorporate the International Valuation Standards (“IVS”) and the RICS UK Valuation Standards (the “Red Book”), edition current at the Valuation date.
Sources of Information	Generally speaking information within this report has been taken from open government and local authority websites. Some information is obtained internally, and where this is relevant we have made this clear, other information may be taken from subscription websites. We note the following sources which are utilised in most reports: Land Registry, Valuation Office Agency, GOV.UK, Coal Authority, Heritage Gateway, Rightmove, CoStar, Edozo, Creditsafe, BCIS.

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1. Executive Summary

Property Address	483 Barlow Moor Road, Chorlton Cum Hardy, M21 8AG	
Location	Located in Chorlton-cum-Hardy, a suburban area of Manchester circa 3 miles southwest of Manchester city centre. The subject has prominent frontage to the A5154 (Barlow Moor Road), close to its junction with the A6010 (Wilbraham Road), in an established mixed use area.	
Description	Overview and Proposed Development:	We understand the proposal is for the demolition of the existing mixed use property comprising 3no. ground floor retail units and rear mechanics workshop, with 1no. flat and 1no. yoga studio to the first floor. The above to be replaced by the erection of a 4 storey mixed use block comprising 1no. commercial unit to the ground floor with 9no. parking spaces and bike/bin storage, plus 18no. residential units to the upper storeys.
	Proposed Total Floor Area:	1,591.22 sq m / 17,122 sq ft (GIA)
	Site Area:	Approx. 0.06 hectares / 0.148 acres
Planning	We have assumed that the subject property benefits from planning consent for its current use within Class C3 and Class E of the Town and Country Planning (Use Classes) Order 1987 (as amended). We understand it is intended to submit a planning application for the proposed redevelopment of the site, including demolition of the existing buildings and erection of a new 4 storey building comprising 18no. 1 and 2 bedroom apartments, 1no. commercial unit to the ground floor with associated car parking at the rear.	
Tenure	Freehold	
Valuations	MV1 – Existing Use Value	£990,000 (Nine Hundred and Ninety Thousand Pounds)
	MV2 – Alternative Use Value (AUV)/Benchmark Land Value	£1,100,000 (One Million One Hundred Thousand Pounds)
	MV3 – Gross Development Value of the Completed Scheme (GDV)	£4,155,000 (Four Million One Hundred and Fifty Five Thousand Pounds)
Valuation Restrictions	We were unable to access the accommodation with the exception of the mechanic workshop at the rear. No tests have been undertaken on the services. We have assumed all to be in reasonable working order. We were unable to view all parts of the roof coverings from ground level.	

2. Location

City/Town

Manchester is a city with a population of approximately 552,000. The city is located approximately 31 miles east of Liverpool, 35 miles south west of Leeds and 32 miles north west of Sheffield.

Historically the town grew to prominence during the industrial revolution as a result of the cotton manufacturing industry.

Recent years has seen significant investment both within the city centre and surrounds with the city effectively forming the economic centre of the 'Northern Powerhouse'.



3. Situation

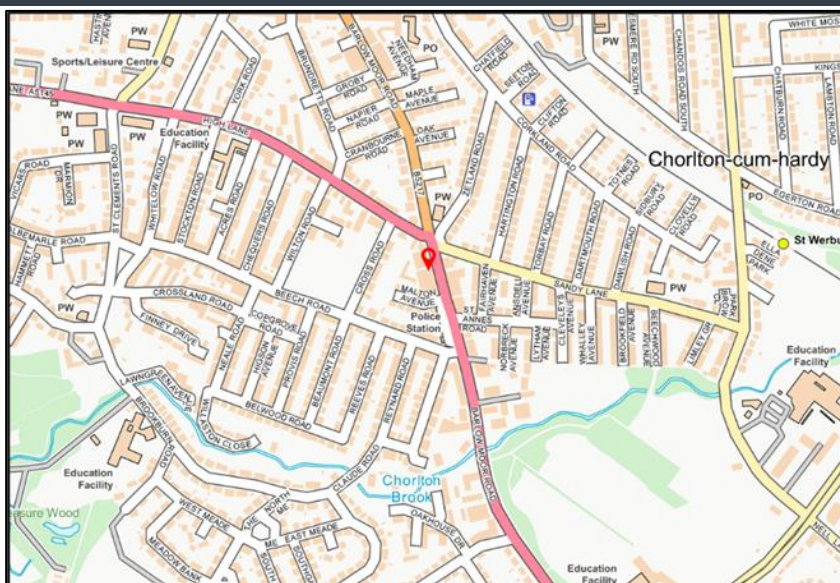
Locality

The subject property is located in Chorlton-cum-Hardy, a suburban area of Manchester circa 3 miles southwest of the city centre.

The subject property has prominent frontage to the A5154 (Barlow Moor Road), close to its junction with the A6010 (Wilbraham Road), in an established mixed use area.

The property benefits from ease of access to local amenities and being a short distance from Chorlton Park.

National occupiers in the area include M&S Foodhall, McDonalds, Tesco Express, KFC. Chorlton centre is mainly occupied by local covenants with a number of café bars, restaurants and takeaways.



4. Site

Land Registry Title No.

GM87416 & MAN93440

Tenure

The site is registered under 2 Freehold titles. We assume clean and marketable titles and we further assume that there are no unusual, onerous or restrictive encumbrances upon title.

Transaction History

GM87416 - The price stated to have been paid on 15 October 2004 was £460,000.

MAN93440 - The price stated to have been paid on 16 November 2007 was £60,000.

Site Area

0.06 hectares

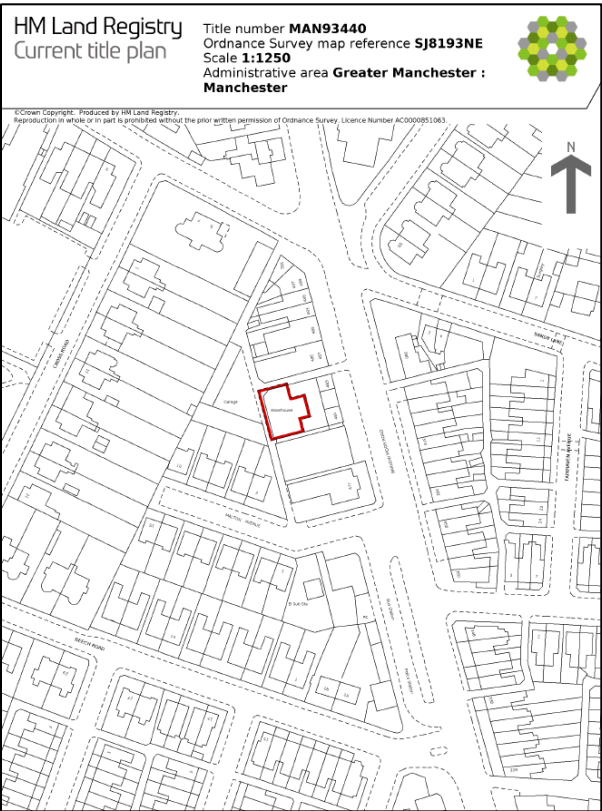
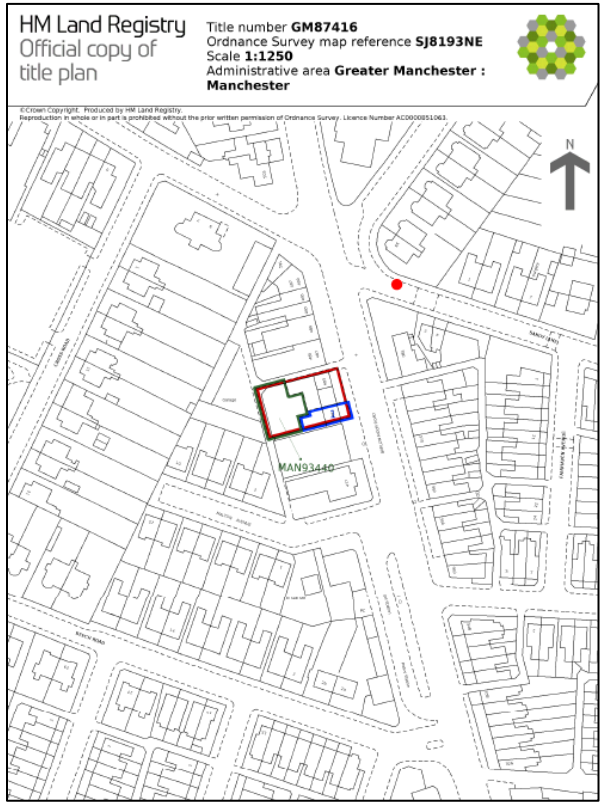
0.148 acres

Description of site and coverage

The site is regular in shape and the topography is level.

The buildings cover the majority of the site.

There is a shared lane which gives access to the rear. We have assumed that the relevant rights are in place for access and maintenance over any shared land.



Note: A full Report on Title should be obtained by way of confirmation of the tenure position and we recommend that your legal advisors confirm our understanding of the lease terms as reported.

5. Description and Construction – “As Is”

Description

The subject comprises a two storey mixed use property in a suburban area. The surrounding properties are similar, mostly commercial units with residential accommodation over.

The property is currently configured to provide 3 self-contained retail units at ground floor. The upper floor is accessed via a communal door from the front elevation. Stairs lead to a 1 bedroom flat and a yoga studio. We were unable to access the accommodation and therefore no internal inspections were undertaken, save for the rear mechanic's workshop.

The workshop at the rear is of basic specification with block walls, partitioned office and w.c.

The existing accommodation provides a net internal area of 608.72 sq m / 6,552 sq ft as scaled from architect plans. Comprising;

Ground floor 477.69 sq m / 5,142 sq ft

First floor 131.03 sq m / 1,410 sq ft

Approximate Age

Early 1900s

Construction

The principal building is of traditional construction methods featuring brick elevations, part rendered to the front elevation, surmounted by a pitched and slated roof. At first floor the property has been altered by way of upvc clad extension, housing the bathroom for the first floor flat.

The rear workshop is clad with profile metal sheet and has a steel truss pitched roof thought to be covered with asbestos cement sheet containing rooflights.

Services

We have assumed that all mains services are connected.

Front Elevation



Rear Elevation



Side elevation and access lane	Side Elevation
	
Workshop	Workshop
	
Measurement Type and Source of Areas	The floor areas have been taken from architects plans and stated with reference to the current edition of the RICS Code of Measuring Practice.
Condition and Repair	We are not Building Surveyors and we have not undertaken an intrusive Building Condition Survey, we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation. Our valuation assumes that the property is in reasonable structural repair and condition and that the services are in full working order. We did not carry out a full internal inspection due to no access. Externally the property is in a condition consistent with age and type of construction.

Restriction on Inspection

Although we have inspected parts of the property we have not carried out a structural survey, nor have we inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible and we are therefore unable to report that such parts of the property are free from rot, beetle or other such defects.

For the purpose of this Report we have assumed such parts to be in a good repairing condition. This Report however will not purport to express an opinion about or to advise on, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

For the purposes of this Valuation we have assumed that the property is free of all structural, latent and other defects and we have only had regard to items of disrepair that were patent and significant at the time of our inspection and would materially affect the Market Value. No allowances have been made for any rights, obligations or liabilities which might arise under the Defective Premises Act (1972).

6. Proposed Development**Overview**

The proposed scheme includes for the demolition of the existing building and replacement with a new 4 storey mixed use block comprising 18 self-contained residential units and a ground floor commercial unit.

The proposed accommodation is to comprise:

Ground floor

Commercial unit with rear bicycle and bin storage

Car parking bays x 9 (inc. EVSE x 2)

First floor

Flats 01-07 (6no. 1 beds, 1no. 2 beds)

Second floor

Flats 201-207 (6no. 1 beds, 1no. 2 beds)

Third floor

Flats 301-304 (4no. 2 beds)

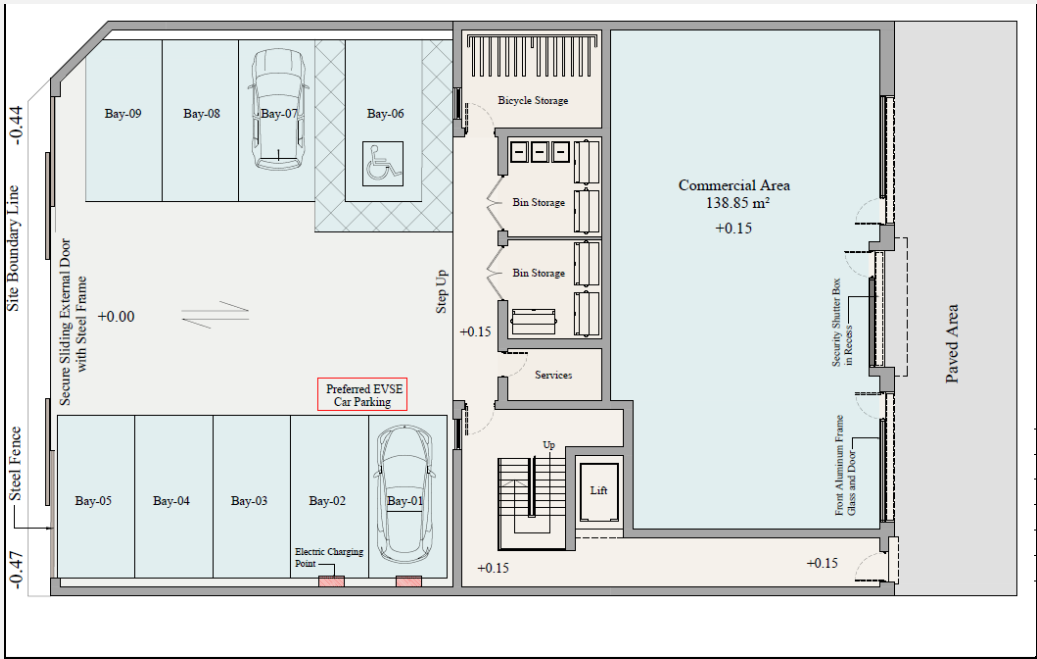
All apartments have 1 bathroom and open plan living kitchen arrangement.

Each of the upper levels will feature a terrace for residents on either a shared or exclusive use basis.

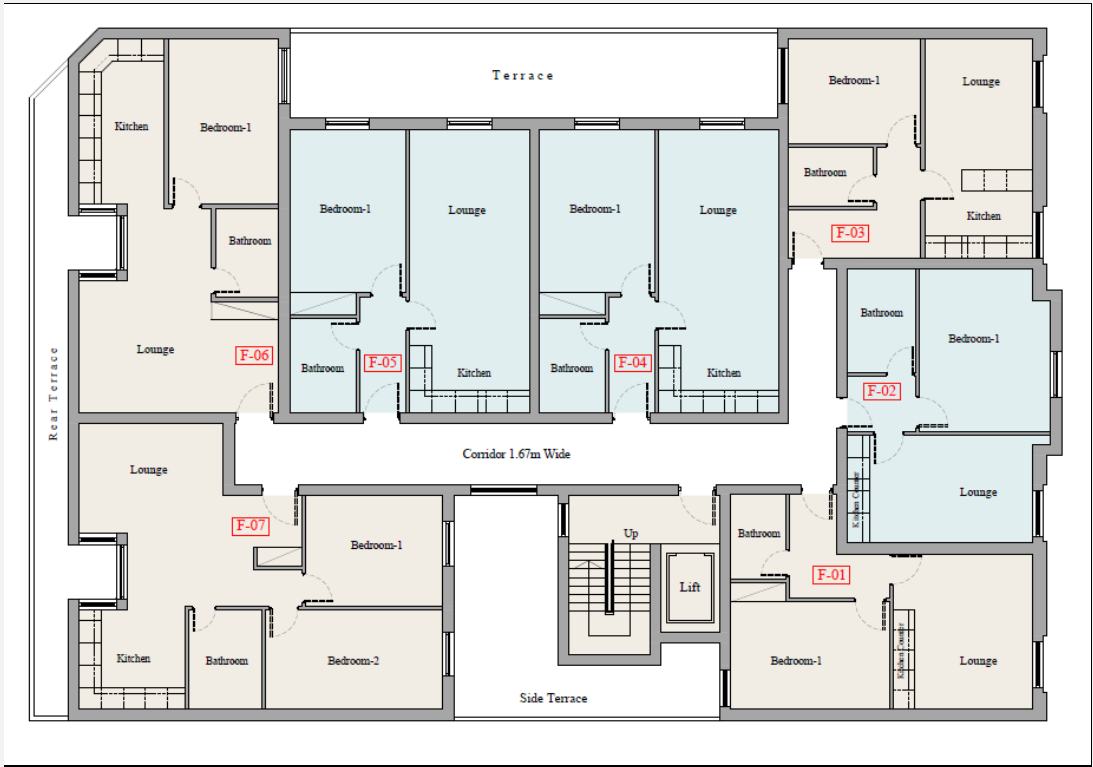
We have not been provided with a specification. We have assumed that the commercial unit will be fitted to a shell condition and that the apartments will be completed to a mid-level specification and finished to a lettable standard.

Proposed Plans

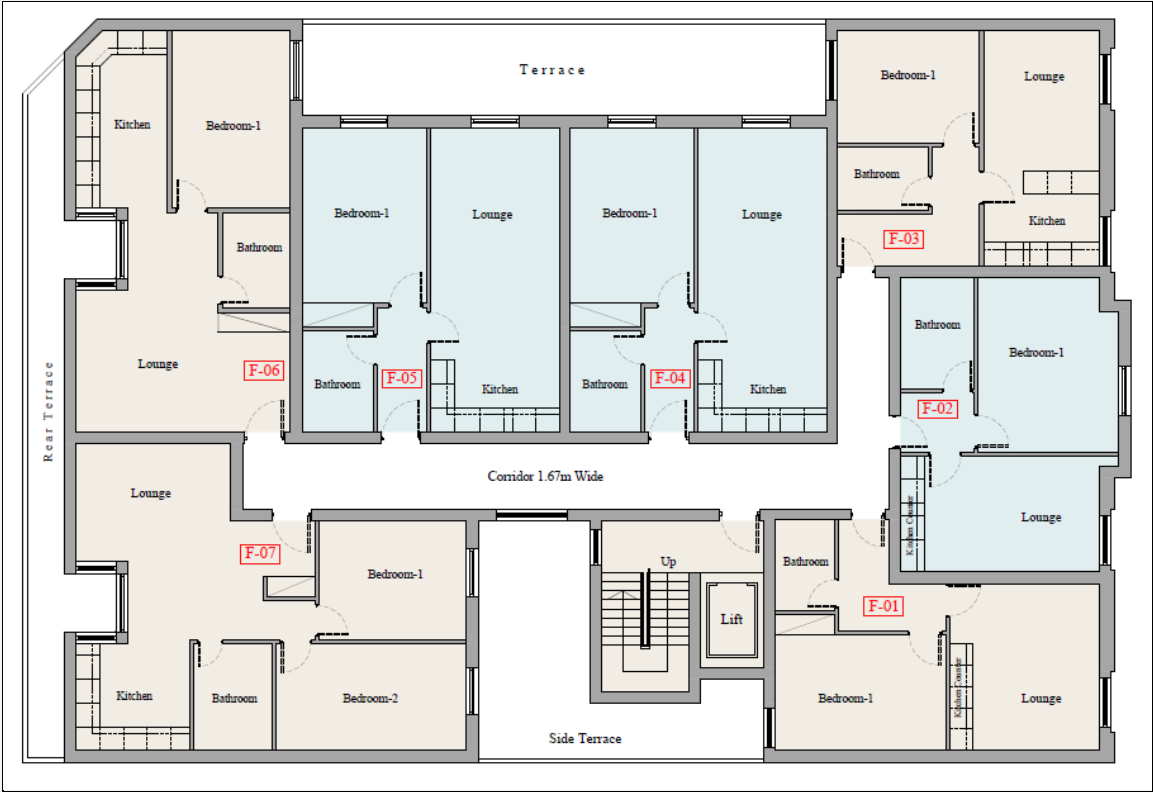
Proposed ground floor layout



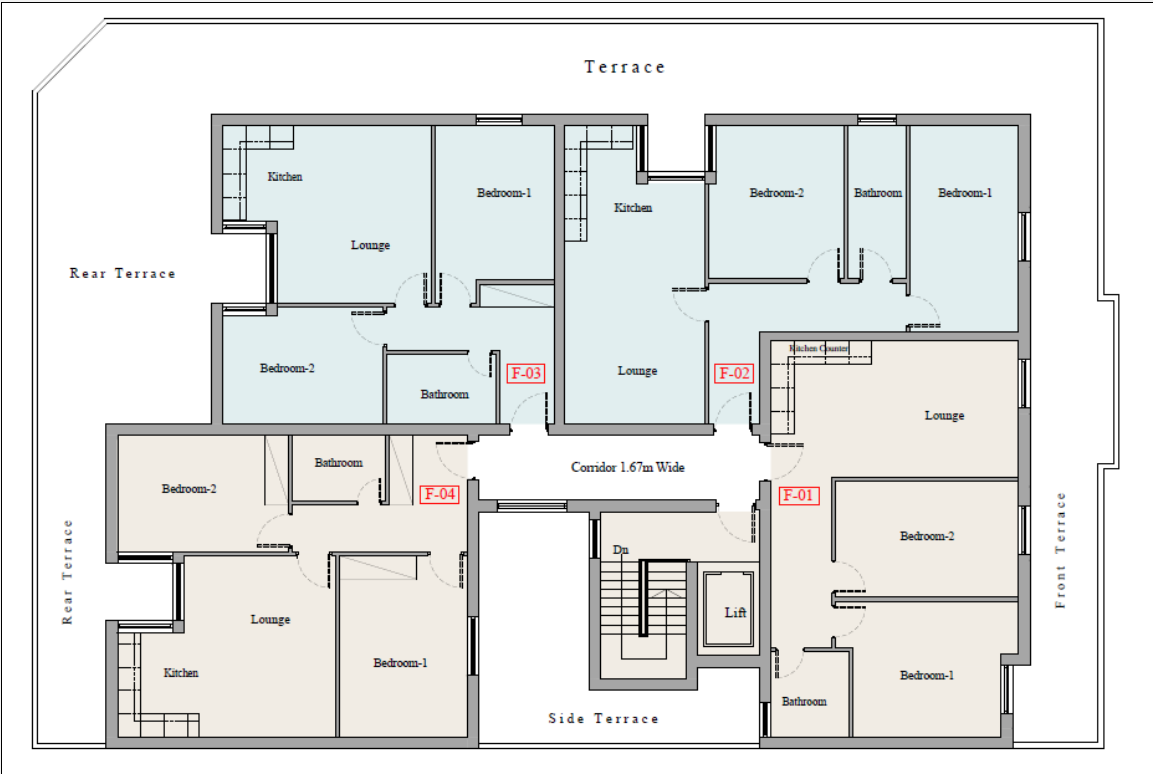
Proposed first floor layout



Proposed second floor layout



Proposed third floor layout



Existing and Proposed front elevation



Proposed and existing site plan



Floor/Aspect	Use	Basis of Measurement	Sq M	Sq Ft
Ground floor	Commercial unit	Net Internal Area	136.5	1,469
Flat 101	1 bedroom flat	Gross Internal Area	39.17	409
Flat 102	1 bedroom flat	Gross Internal Area	39.18	389
Flat 103	1 bedroom flat	Gross Internal Area	39.35	417
Flat 104	1 bedroom flat	Gross Internal Area	50.13	539
Flat 105	1 bedroom flat	Gross Internal Area	50.13	539
Flat 106	1 bedroom flat	Gross Internal Area	51.94	569
Flat 107	2 bedroom flat	Gross Internal Area	62.25	672
Flat 201	1 bedroom flat	Gross Internal Area	39.17	409
Flat 202	1 bedroom flat	Gross Internal Area	39.18	389
Flat 203	1 bedroom flat	Gross Internal Area	39.35	417
Flat 204	1 bedroom flat	Gross Internal Area	50.13	539
Flat 205	1 bedroom flat	Gross Internal Area	50.13	539
Flat 206	1 bedroom flat	Gross Internal Area	51.94	569
Flat 207	2 bedroom flat	Gross Internal Area	62.25	672
Flat 301	2 bedroom flat	Gross Internal Area	64.01	668
Flat 302	2 bedroom flat	Gross Internal Area	71.09	752
Flat 303	2 bedroom flat	Gross Internal Area	62.25	624
Flat 304	2 bedroom flat	Gross Internal Area	66.47	715
Total			1,066.97	11,485
GIA			1,591.22	17,122
Measurement Type and Source of Areas	The floor areas have been provided by the architect and stated with reference to the current edition of the RICS Code of Measuring Practice.			

7. Tenancies and Occupational Interests

Tenancy Overview

We understand the property is currently let. We have not had sight of any lease documentation, nor have we received any information concerning the passing income. We have assessed on the basis of vacant possession.

8. Environmental Enquiries

Are there any signs of ground contamination?

Other

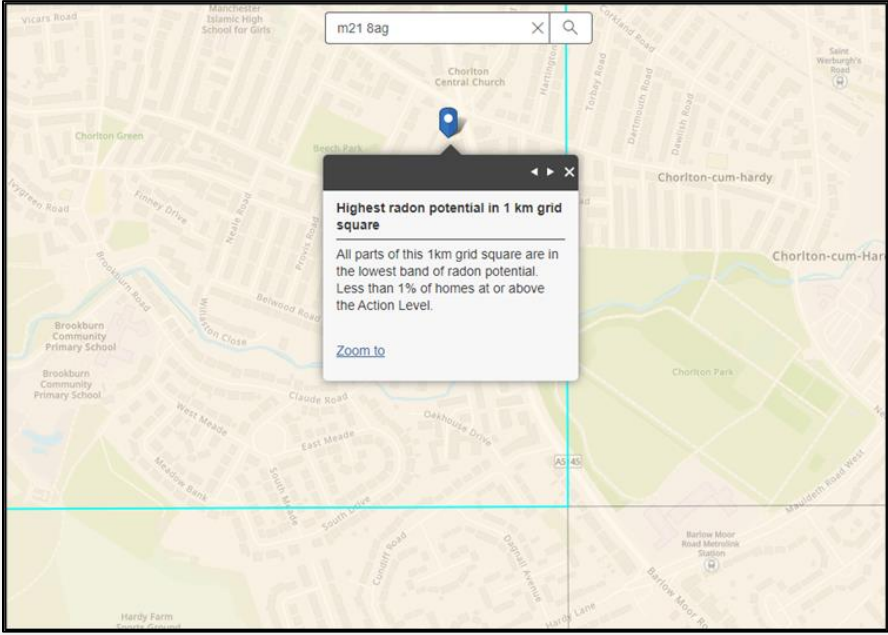
We are not Chartered Environmental Surveyors and we have not been instructed to make any investigations, in relation to the presence or potential presence of contamination or other environmental features in land or buildings or affecting the property.

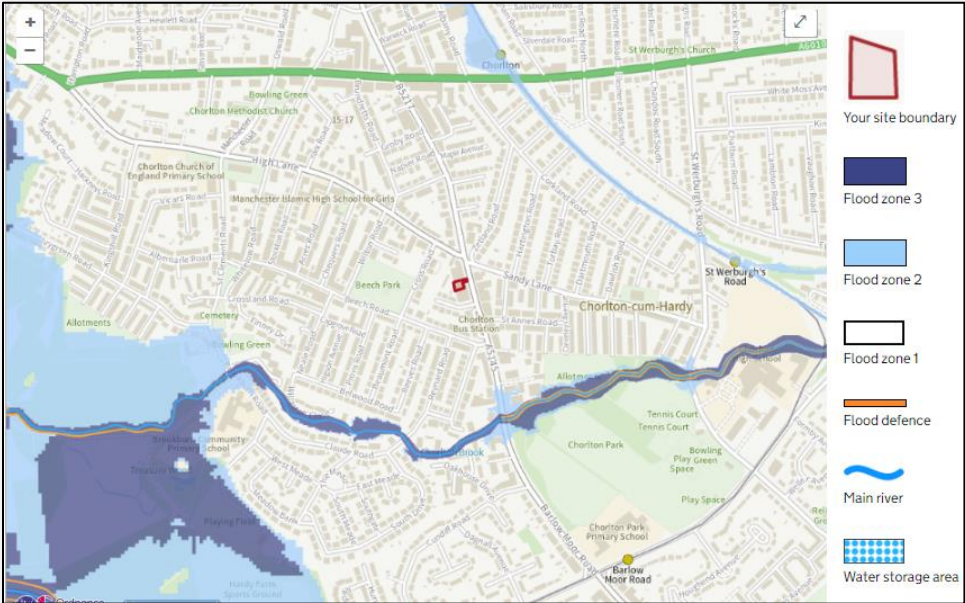
Considering its use as mechanics workshop there may be levels of ground contamination, and an environmental audit should be sought. We assume any contamination would be dealt with as part of the development.

Asbestos

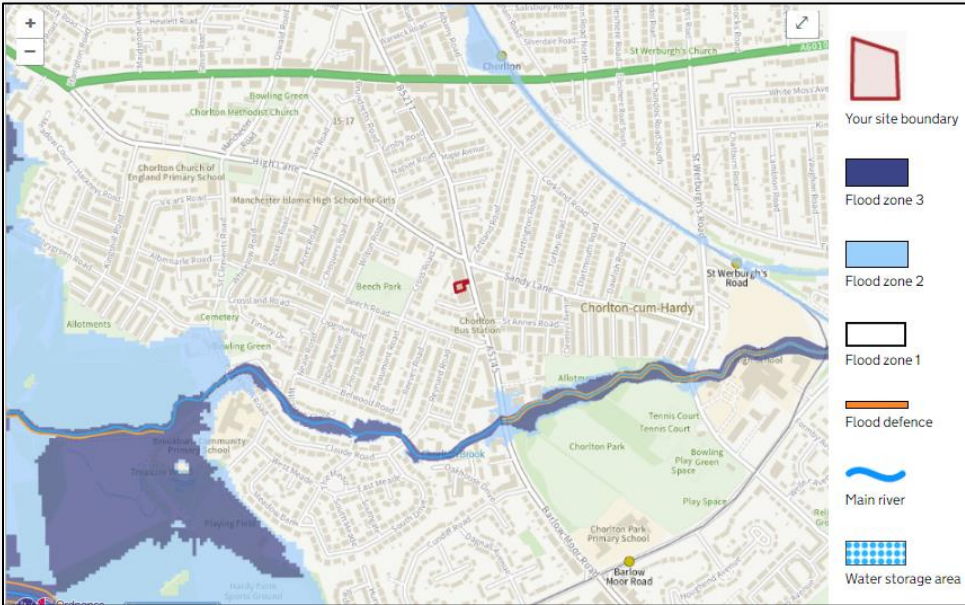
Report

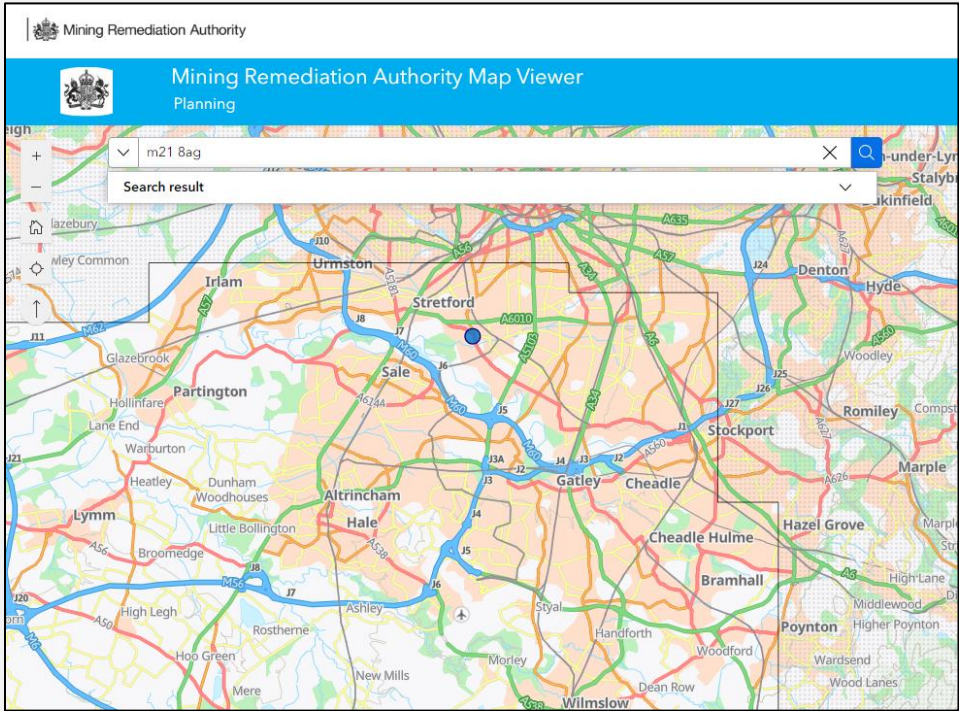
An asbestos survey is a legal requirement and one should be undertaken. We have valued on the assumption that no matters requiring urgent/costly action will be identified.

Radon	Not Affected	Radon is a naturally occurring radioactive gas and is linked to increased incidences of lung cancer. The Ionising Radiations Regulations impose a duty on employers to protect workers from exposure to Radon. Further information may be obtained from The Health Protection Agency, www.hpa.org.uk. The UK Radon maps indicate the property is located within an area identified as having a maximum radon potential of less than 1%. If radon gas is identified, then remedial works can normally be carried out at a cost that would not be material to our valuation advice. 
Were any adverse ground conditions noted?	No	We did not note any adverse ground conditions.
Flood Risk	Zone 1	The Environmental Agency website appears to indicate that the property is not identified as being situated within an area at significant risk of flood. Rivers & Sea Flood Risk



Surface Water Flood Risk



Is the property within a mining area?	No	The property is not situated in an area affected by coal mining.
		
Invasive Species	Not Present	Most species are very difficult to identify at certain times of the growing season or if cut back. We are not experts in this sector.

Following an online enquiry, we note the EPC details to be as follows:

Address	EPC Rating	Expiry Date	RAG Rating Basis	Estimated building emissions rate primary energy numbers use
Crown Hair Studio, 481 Barlow Moor Road, MANCHESTER M21 8AG	B	September 2032	Green	Primary energy use (155 kWh/m2 per year) Building emission rate (14.76 kgCO2/m2 per year) 481 Barlow Moor Road MANCHESTER M21 8AG Energy rating B Valid until 1 September 2032 Certificate number 4983-5472-4141-5759-7813 Property type Retail/Financial and Professional Services Total floor area 38 square metres

481a Barlow Moor Road MANCHESTER M21 8AG	D	March 2031	Amber	Primary energy use (322 kWh/m2 per year) Building emission rate (3.9 tonnes per year)
				481A BARLOW MOOR ROAD MANCHESTER M21 8AG Energy rating D Valid until 31 March 2031 Certificate number 3409-9027-3000-1299-9276 Property type Top-floor flat Total floor area 69 square metres
Ground Floor 483 Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG	D	September 2032	Amber	Primary energy use (206 kWh/m2 per year) Building emission rate (26.68 kgCO2/m2 per year)
				Ground Floor 483 Barlow Moor Road MANCHESTER M21 8AG Energy rating D Valid until 1 September 2032 Certificate number 2764-3935-4804-9356-9698 Property type Retail/Financial and Professional Services Total floor area 62 square metres

Parkway Sandwich Bar, 483 Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG	B	June 2032	Green	Primary energy use (730 kWh/m² per year) Building emission rate (68.68 kgCO₂/m² per year) 483 Barlow Moor Road MANCHESTER M21 8AG Energy rating B Valid until 15 June 2032 Certificate number 4415-3827-8560-1773-5423 Property type Restaurants and Cafes/Drinking Establishments/Takeaways Total floor area 67 square metres
The Yoga Rooms, 483a Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG	September 2032	D	Amber	Primary energy use (649 kWh/m² per year) Building emission rate (113.94 kgCO₂/m² per year) 483a Barlow Moor Road MANCHESTER M21 8AG Energy rating D Valid until 1 September 2032 Certificate number 6726-7874-1216-8117-5235 Property type Non-residential Institutions: Community/Day Centre Total floor area 81 square metres

9. Statutory Enquiries

Local Planning Authority		Manchester City Council	
Planning Permission		We have assumed that the subject property benefits from planning consent for its current use within Class C3 and Class E of the Town and Country Planning (Use Classes) Order 1987 (as amended).	
		We understand it is your intention to submit a planning application for the proposed redevelopment of the site, including demolition of the existing buildings and erection of a new 4 storey building comprising 18no. 1 and 2 bedroom apartments, 3no. commercial units to the ground floor and associated car parking at the rear.	
Planning History			
Reference	Date	Status	Details
481/481a			
			No records identified.
483			
133127/FO/2022	25 Apr 2023	Approved	Change of use of the ground floor MOT workshop to car parking and the first floor yoga room to residential to form an enlarged first floor flat (2 bedrooms)
129951/FO/2021	26 May 2021	Refused	Installation of free standing canopy to create outdoor seating area to existing restaurant external terrace
F01676	07 Mar 1975	Not Proceeded With	Alterations to vacant premises to form an indoor antique market.
F01702	29 Oct 1974	Unknown	Use of shop as a sandwich shop/snack Bar.
483a			
031219	11 May 1988	Approved	Use of part of existing vehicle repairs garage for paint spraying
FP/05/46275	15 July 2005	Building works completed	Installation of mezzanine, floor and re-fit to flat,
Current Planning Use/Classification		Class C3 and E	
Listed Building		Not listed	
Manchester City Council Core Strategy 2012-2027 (adopted July 2012)		Policy EC 9 - South Manchester South Manchester is not expected to make a significant contribution to employment provision within the City. New development is expected to mainly comprise office development, although proposals for high technology industry and research will also be supported.	

Employment and economic development provision will be within:

1. Existing employment locations, such as Business Parks, such as, Towers, Didsbury Point, Christie Fields and Parkway; Christies Hospital; Along Princess Parkway;
2. District Centres of Chorlton, Didsbury, Fallowfield, Levenshulme and Withington. These will be suitable for mixed use development providing local needs and services.

Development proposals and planning applications should have regard to: Ensuring efficient use of existing employment space;

- Improving public transport, walking and cycling connectivity between residential
- neighbourhoods and employment locations such as the City Centre, district centres, Trafford Park and Manchester Airport, particularly orbital connectivity.

Policy H 1 - Overall Housing Provision

Approximately 60,000 new dwellings will be provided for in Manchester between March 2009 and March 2027. This equates to an average of 3,333 units per year, however the rate of delivery of units will vary across the lifetime of the Core Strategy. Based on the availability, suitability and achievability of developing capacity sites in Manchester's Strategic Housing Land Availability Assessment, and the current economic situation.

Policy H 6 - South Manchester

South Manchester will accommodate around 5% of new residential development over the lifetime of the Core Strategy. High density development in South Manchester will generally only be appropriate within the district centres of Chorlton, Didsbury, Fallowfield, Levenshulme, and Withington, as part of mixed-use schemes. Outside the district centres priorities will be for housing which meets identified shortfalls, including family housing and provision that meets the needs of elderly people, with schemes adding to the stock of affordable housing.

Policy H 8 - Affordable Housing

The following requirements for affordable housing or an equivalent financial contribution, as set out in Providing For Housing Choice, or any future published SPD and Planning Guidance, currently apply to all residential developments on sites of 0.3 hectares and above or where 15 or more units are proposed. These thresholds will be subject to amendment over the lifetime of the Core Strategy to reflect changing economic circumstances. The targets and thresholds will form part of supporting SPD and/or Planning Guidance.

1. 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.

2. 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.

3. Affordable housing units will be inclusively designed to reflect the character of development on the site.

4. Either an exemption from providing affordable housing, or a lower proportion of affordable housing, a variation in the proportions of socially rented and intermediate housing, or a lower commuted sum, may be permitted where either a financial viability assessment is conducted and demonstrates that it is viable to deliver only a proportion of the affordable housing target of 20%; or where material considerations indicate that intermediate or social rented housing would be inappropriate. In the latter case, such circumstances could include:

- There is a very high level of affordable housing in the immediate area;
- There is either a high proportion of social rented (35%), or low house prices in the immediate area compared to average incomes;
- Affordable housing would be prejudicial to the diversification of the existing housing mix.
- The inclusion of affordable housing would prejudice the achievement of other important planning or regeneration objectives which are included within existing Strategic Regeneration Frameworks, planning frameworks or other Council approved programmes;
- It would financially undermine significant development proposals critical to economic growth within the City;
- The financial impact of the provision of affordable housing, combined with other planning obligations would affect scheme viability;
- There is a need for additional housing provision for older people or disabled people either as affordable or market housing dependent on the results of a financial viability assessment of the scheme.

5. The Council will also consider the provision of affordable housing which is delivered by taking advantage of other equity based products in addition to those options identified in PPS 3.

6. The definition used for affordable housing is set out in Annex B of PPS 3.

Policy C 6 - South Manchester District Centres - Chorlton, Didsbury, Fallowfield, Levenshulme and Withington

Across the area there is capacity for both further convenience and comparison retailing floorspace. In total, approximately 8,000 square metres of convenience and 4,500 square metres of comparison retail floorspace will be promoted up to 2027. Identified capacity will be directed to Chorlton centre to support more sustainable shopping patterns, with enhanced provision also promoted in Levenshulme. Redevelopment in Chorlton will provide a substantial increase in retail, alongside improvements to other commercial and community services. New development should also make a contribution to the character of the centre, including a range of unit sizes and environmental improvements.

Manchester Housing Strategy (2022-2032)

In other centres in South Manchester more moderate expansion of retailing and other services will be supported, appropriate in scale to the role and function of the centre. In Didsbury, redevelopment opportunities for new development within and on the edge of the centre will be supported, provided they will enhance the range and quality of retail and dining and complement the overall character of the centre.

In Fallowfield and Withington development which creates more diverse centres will be supported, in particular involving improvement to the retail offer to meet the full range of residents in surrounding neighbourhoods and promoting community uses. Development of the University of Manchester facilities adjoining Fallowfield District Centre will be supported as a means of improving the balance of uses within the centre.

Levenshulme is an appropriate location for additional convenience development to address the high level of leakage currently evident. The role of the independent retail sector in Chorlton, Didsbury and Levenshulme will be supported.

This strategy sets out our long-term vision to deliver the homes that people want and need. It is built around the following four vision principles:

1. Increase affordable housing supply and build more new homes for all residents.
2. Work to end homelessness and ensure housing is affordable and accessible to all.
3. Address inequalities and create neighbourhoods where people want to live.
4. Address the sustainability and zero-carbon

RICS Professional Standard – Assessing viability in planning under the National Planning Policy Framework 2019 for England

In March 2021, RICS published the Assessing Viability in Planning guidance. Effective from 1/7/2021, it replaces the previous 2012 guidance note. The new guidance note supplements and gives added guidance to RICS members and other stakeholders in the planning process on undertaking and understanding financial viability assessments (FVAs) under the NPPF and PPG in both a plan-making and decision-taking context.

In April 2023 the guidance was elevated to a Professional Standard. The RICS Professional Standards set requirements or expectations for RICS members and regulated firms about how they provide services or the outcomes of their actions. These are mandatory requirements, which use the word 'must' and must be complied with, and or recommended best practice, which uses the word 'should'.

In regulatory or disciplinary proceedings, RICS will take into account relevant professional standards when deciding whether an RICS member or regulated firm acted appropriately and with reasonable competence. It is also likely that during

	any legal proceedings, a judge, adjudicator or equivalent will take RICS professional standards into account. RICS Professional Statement – Financial Viability in Planning: Conduct and Reporting The RICS published a mandatory statement in May 2019 (effective from 1/9/2019) addressing the conduct and reporting requirements of Members who act in viability matters. The Statement sets out mandatory requirements informing the practitioner on what must be included within reports and how the process must be conducted. This is to demonstrate how a reasonable, objective and impartial outcome, without interference, should be arrived at, and so support the statutory planning process.
Conservation Area	No
Local Development	We are not aware of any development proposals for the immediate area that may have an adverse effect upon the property. The adjacent site (479 Barlow Moor Road) has planning approved for erection of a 13 unit residential scheme with commercial unit at ground plus parking. This will likely improve the immediate area.
Access	The property is accessed directly from Barlow Moor Road, and we have assumed this is an adopted highway and thus responsibility for repairs and maintenance is the responsibility of the Local Authority.
Licensing	Not Applicable
Building Control, Warranties and Professional Certification	We assume relevant NHBC 10 year new build warranties (or equivalent) will be awarded to allow the completed buildings to be mortgageable. We assume relevant building control documents will be issued at completion. We assume if sold part complete that building control and warranty documentation would be assignable to a third party purchaser to allow for completion with no further onerous costs.
Equality Act	We considered the implications of the EA 2010 when inspecting the property and believe that the design and layout may not comply with this legislation owing to the age and nature of the building.
Fire Safety	We recommend the Client obtains a copy of the report should one exist. If one does not exist, we would recommend that one is commissioned and that it is adhered to fully. The valuation assumes that if an FRA has not been carried out the property does, or could easily, comply with The Regulatory Reform (Fire Safety) Order 2005, and that the cost of adaption would not be valuation significant.

Rateable Value	
Address/Unit	Rateable Value
481 Barlow Moor Road, Manchester, M21 8AG	£10,750
Ground Floor 483 Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG	£12,500
1st floor 483a, Barlow Moor Road, Manchester, M21 8AG (Yoga studio)	£9,600
Rear 483a Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG (Mechanics)	£7,900
Front 483a Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG (Hair salon)	£13,500
Council Tax	
Address/Unit	Council tax Band
481a Barlow Moor Road, Chorlton-cum-Hardy, Manchester M21 8AG	A

10. Market Commentary

UK Market

Residential

The January 2025 RICS UK Residential Survey results signal a broadly flat monthly picture for sales market activity, with measures of demand and sales both easing slightly to now sit in neutral territory. Nevertheless, despite the slight stalling in momentum of late, respondents continue to envisage a modest expansion in sales volumes as the year progresses.

During January, the new buyer enquiries indicator returned a net balance of zero at the headline level, which is now indicative of a broadly flat trend over the month. What's more, this series has continued to moderate gradually in each of the past five reports having hit a recent high of +16% back in August (suggesting demand growth has lost impetus).

With regards to the survey's tracker of agreed sales, the latest net balance reading of +3% is also consistent with a more or less static picture, having eased from a marginally stronger figure of +7% in the December 2024 results. Looking ahead, near-term sales expectations are still slightly positive, evidenced by a net balance of +10% of respondents anticipating an increase in volumes. Over the coming twelve months, a net balance of +30% of contributors foresee an increase in sales activity, even if this is a little less optimistic than the reading of +37% last time.

Turning to new instructions, a net balance of +25% of respondents reported an increase in the volume of new listings coming onto the market in January. Furthermore, this measure has now been in positive territory for nine consecutive months. Accompanying this, there has been a noticeable recovery in average inventory levels across estate agent branches (from 41 to 45 since July last year), albeit current stock numbers are still relatively low when viewed in a longer term context. Alongside this, a net balance of +24% of contributors noted that the number of market appraisals undertaken over the month was higher than seen over the comparable period of 2024. This is up from a neutral reading of -4% previously and now suggests the pipeline for new instructions moving forward is showing renewed strength.

Looking at house prices, a net balance of +22% of survey participants cited an increase in prices during January. While the latest return is marginally below the reading of +26% in the previous iteration of the survey, it is still giving a clear signal

that aggregate house prices remain on an upward trajectory. Drilling beneath the headline figures, all parts of the UK continue to see some degree of uplift in prices, with Northern Ireland and the North West of England seeing the strongest momentum at present. On the flipside, price growth appears more modest across Yorkshire & the Humber and the South East for the time being.

Regarding the outlook for prices, expectations have turned quite flat over the near term, with the three month price expectations net balance easing to +3% from +14% beforehand. Nevertheless, respondents continue to have strong conviction that house prices will rise over the coming twelve months, evidenced by the net balance coming in at +52% (virtually identical to last month's reading of +53%). Moreover, all parts of the UK exhibit firmly expansionary price expectations for the year ahead.

In the lettings market, the latest feedback points to a somewhat stagnant trend in tenant demand, with the net balance slipping to +2% from a reading of +18% in the previous quarter (part of the quarterly seasonally adjusted lettings dataset). Alongside this, respondents once again 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 (net balance +23% vs +32% beforehand).

Manchester Retail

Manchester has become one of Europe's fastest growing cities in recent years, and the retail scene has been aided by private and public sector investment in the North West's largest city. Famous for its football teams and music scene, Manchester has established itself as a shopping and events destination and a leading centre for financial, professional and business services outside the country's capital.

Home to 2.9 million people, Manchester's retail market has historically benefitted from year-round tourism and visitors, along with a thriving student population. With an inventory of around 81 million SF of retail space, Manchester is the second largest retail location in the UK after London.

The retail occupier landscape in Manchester has stabilised in recent quarters. While leasing activity has been subdued, at half of the pre-pandemic levels, consumer indicators are relatively positive, helped by receding inflation and rising real wages. Large centres continue to perform well and national retailers have signed large deals to expand their shopping centre footprints in the city. The Arndale shopping centre continues to perform well, although there has been a slowdown in leasing in 2024 following more than 100,000 SF of new retail and leisure lettings in 2023. Activity is also robust at the Trafford Centre.

Leisure and experiential operators, bars and restaurants have taken space in Manchester's city centre. Making its North West debut, Electric Shuffle agreed to take the former Evans cycle shop at 201 Deansgate in April and immersive entertainment company Spider Box has also taken 7,800 SF at the Printworks in July. Several restaurants have signed lettings in the city centre. Retail parks continue to perform well and vacancy rates remain near a record low, in contrast to the wider shopping centre market, where vacancy rates continue to increase.

Regeneration schemes are under construction in Greater Manchester's town centres. The first phase is underway of Wigan council and developer Cityheart's plans for Wigan Galleries scheme and the proposed £1 billion town centre redevelopment of Stockport continues as the council carries out plans to repurpose surplus retail space and create more residential and public service spaces. Further space underway across Manchester is mainly in the form of small storefront retail and as part of much larger mixed-use schemes, such as Square Gardens on First Street and Deansgate Square.

Average retail rental growth in Manchester has fallen back to 1.1% for the past 12 months, following a temporary bounce back in growth in 2023. This was a considerable improvement on the preceding 5 years when rents fell by between 1% and 2% pa. However, rents are expected to remain subdued over the next two years, although retail parks with a low proportion of A1 fashion retail and anchored by a supermarket are likely to continue to prove most resilient.

11. Valuation Evidence and Definitions

Market Rent	The RICS definition of Market Rent is <i>“the estimated amount for which a property would 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.”</i>
Market Rent assumptions	We have assumed individual assured shorthold tenancies being for a period of between 6 – 12 months with the tenant responsible, utilities, tax and other outgoings. We have assumed a standard modern commercial lease for a term of years certain incorporating regular upward only rent reviews on a fully repairing and insuring basis.
Market Value	The RICS definition of Market Value is <i>“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 where the parties had each acted knowledgeably, prudently and without compulsion.”</i> Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associate taxes.
MV1 – assumptions	Of the subject site as unallocated land – Existing Use Value (EUV)
MV2 – assumptions	Of the subject site with full detailed planning consent for the proposed scheme – Alternative Use Value (AUV)/Benchmark Land Value (BLV).
MV3 – assumptions	Gross Development Value of the completed scheme (GDV).
Valuation Methodology	In preparing our advice we have primarily utilised the residual approach for arriving at our assessment of Market Value of the property as a development opportunity, sense checked against the comparable method where possible. In terms of the Gross Development Value (“GDV”) assessment, we have utilised the comparable method, sense checked with the investment method where necessary. We would stress that the residual appraisal methodology requires a number of input variables, not least the likely build costs, risk and profit appetite of a developer, plus end sales values (GDV), professional fees, costs of funds etc. Many of these variables are subjective. For instance, one developer may seek a return based upon the GDV, whereas another might look to achieve a profit on the cost of the proposed development. Equally appropriate contingencies should be factored. Ultimately the output of a residual appraisal can vary dis-proportionately via small adjustment of these variables and, consequently, the Lender should consider this within its lending criteria and LTV ratio. It does, however, reflect the model in which the majority of developers would appraise the property when considering their bid. As for our assessment of GDV, this is also a subjective analysis which requires the valuer to envisage the quality and characteristics of the completed scheme based on the plans and documents available at the point of valuation. Should the scheme change, or the development not be delivered in line with the plans or the valuers anticipations, this could have a material impact on the GDV assessment. Given these uncertainties the Lender should factor this heightened risk within it’s lending criteria.

Rental Value Comparable Evidence

Property	Picture	Description	Date	Analysis	Comparison
579-581 Barlow Moor Road, Manchester, M21 8AE		1,576sqft ground and lower ground floor corner retail unit with secure parking. Let on 5 year FRI term. £50,000pa. 1204 ITZA	July 2024	ZA £41.53psf	Located on the same road as subject but stronger pitch with parking.
493 Barlow Moor Rd, City of Manchester, M21 8AG		456sqft ground floor retail unit. Let on 5 year FRI term at £15,000pa 1mo rent free. 371 ITZA	July 2023	£14,750pa effective ZA £39.78psf	Adjacent parade, very comparable location. Smaller unit size.
426 Wilbraham Rd, Manchester, M21 0AS		824sqft ground floor retail unit. Let on 5 year FRI at £24,000pa 4.5mo rent free. 514 ITZA	June 2024	£22,200pa effective ZA £43.19psf	Stronger location close to the main retail area of Chorlton.
420A Wilbraham Rd, Manchester, M21 0AS		571sqft ground floor retail unit. Let on 10 year FRI term with 2mo rent free at £10,000pa. 340 ITZA	May 2024	£9,833pa effective ZA £28.92psf	Stronger location close to the main retail area of Chorlton.
Flat 347A, Barlow Moor Road, Chorlton M21 7QH		1 bedroom converted flat over commercial within 900m. 807sqft	June 2024	£1,100pcm	Modern attic level flat over commercial. Larger.
Flat 10, Chorlton Height, 615c Wilbraham Road, M21 9AN		1 bedroom second floor purpose built flat. 635sqft	July 2024	£1,250pcm	Well-presented but with dated fixtures and fittings. Older development. Parking.
Apartment, Sandy Lane, Manchester M21 8TT		1 bedroom first floor converted flat in terraced house within 400m	August 2024	£1,200pcm	Well-presented, mid specification. Furnished.

645 Wilbraham Road, M21 9JT		1 bedroom converted first floor flat with communal garden within 900m. 689sqft	January 2025	£1,250pcm	A converted flat with some period features. Dated kitchen and finishes. No commercial. Larger.
Apartment 163, Didsbury Gate, 16 Highmarsh Crescent, M20 2AL		1 bedroom flat in purpose built block within 3km 603sqft	August 2024	£1,275pcm	Close to Disbury central. Superior location. Bit more date but good specification with private terrace and communal gardens. No commercial.
Flat 5, 12 Maple Avenue, MANCHESTER M21 8BD		1 bedroom converted flat in a terraced property within 300m. 614sqft	February 2025	£1,000pcm	Lesser specification on a residential street. Larger.
Flat 3, 633 Wilbraham Road, Chorlton, Manchester, M21 9JT		1 bedroom first floor converted flat. 527sqft	February 2025	£1,150pcm	Well-presented flat but more basic specification and some tired finishes.
364 Barlow Moor Road, MANCHESTER M21 8AZ		2 bedroom 1 bathroom flat over commercial within same postcode. 964sqft	August 2024	£1,495pcm	Well-presented split level flat. Good specification. Much larger.
359 Wilbraham Road, Manchester M16 8NP		2 bedroom flat in converted block of 14 units, within 2km. 581sqft	January 2024	£1,380pcm	Development of 14 flats. High specification. Allocated gated parking.
Flat 2, 32 Salisbury Road, Chorlton M21 0SL		2 bedroom ground floor flat in converted house within 700m 743sqft	January 2025	£1,450pcm	Well-presented basic modern specification.
Aldermay Road, Manchester M21 7QN		2 bedroom 2 bathroom flat in purpose built block within 2km	December 2024	£1,550pcm	Allocated parking. Good specification. Close to Didsbury. Furnished.

19, Maplewood, 117
Nell Lane, Didsbury
M20 2DU



2 bedroom 2 bathroom flat
in purpose built block
within 2km
1,248sqft

December
2024

£1,600pcm

Older purpose built block
close to Didsbury centre.
Much larger split level
with large roof terrace.

Market Rent Considerations & Values

Rationale

Residential

We have not had sight of a specification for the apartment fit out. For the purpose of valuation we have assumed that the flats will be delivered to a high end specification and will be presented to the market on an unfurnished basis.

The comparable evidence of 1 bedroom flats in the area shows a range of values between £1,100 and £1,275 per calendar month. Considering specification and new build we would target the upper end however the subject flats are smaller than the comparables which suggests a lower should be adopted. There is likely a ceiling in this location which sits beneath prevailing values in nearby suburbs such as Didsbury.

The evidence of 2 bedroom flats ranges between £1,380 and £1,600pcm with the upper end being in superior locations. Much of this evidence benefits from 2 bathrooms whilst the subject has only 1 and where the end user is likely a sharer this may be off putting to some.

There will be an element of new build premium attached to the first lettings which an investor would not consider reflects a sustainable income for a property of this type in this locality and there is an associated cost to maintaining such a premium. We would also expect a level of churn to be factored in this locality.

Targeting £1,200pcm for 1 bed units with a discount on the smallest units, and £1,400 to £1,450pcm for 2 bedroom units, we have applied the following rates which reflect variances for size, aspect and position.

Flat 101	1 bedroom flat	£1,200
Flat 102	1 bedroom flat	£1,150
Flat 103	1 bedroom flat	£1,200
Flat 104	1 bedroom flat	£1,200
Flat 105	1 bedroom flat	£1,200
Flat 106	1 bedroom flat	£1,200
Flat 107	2 bedroom flat	£1,400
Flat 201	1 bedroom flat	£1,200
Flat 202	1 bedroom flat	£1,150
Flat 203	1 bedroom flat	£1,200
Flat 204	1 bedroom flat	£1,200
Flat 205	1 bedroom flat	£1,200
Flat 206	1 bedroom flat	£1,200
Flat 207	2 bedroom flat	£1,425
Flat 301	2 bedroom flat	£1,400
Flat 302	2 bedroom flat	£1,425
Flat 303	2 bedroom flat	£1,400
Flat 304	2 bedroom flat	£1,450

	This produces a Residential Market Rent based on the proposed scheme of £273,600 per annum. <u>Retail</u> The comparable evidence of retail space in the area shows a range between £29 and £43 per sq ft ITZA. The evidence at 496 Barlow Moor Road is useful evidence being in the adjacent parade and whilst this is slightly historic, rental values have changed little in the period. This unit is much smaller than the subject so we would expect a quantum discount to apply. We have adopted a Zone A rate of £30psf which also shows a discount to the similar size letting at 579-581 Barlow Moor Road which is in a superior location. This produces a Commercial Market Rent £37,750 per annum after rounding. Overall Market Rent based on the proposed scheme = £310,000 per annum after sensible rounding.
Likely Marketing Period if Vacant	0-6 months

Gross Development Value Comparable Evidence

Property	Picture	Description	Date	Analysis	Comparison
285 Barlow Moor Rd, Manchester, M21 7GH		Vacant leasehold ground and first floor retail unit fitted out as café/bar. 1,552sqft.	October 2024	£260,000 (£167.5psf)	Sold vacant, weaker pitch out of central retail area.
573-577 Wilmslow Road, Withington, Manchester, M20 3QH		Mixed use investment comprising 3 retail units and 3 flats with parking extending to 2,950sqft. Income £52,843pa	May 2024	£675,888 (£229psf) 7.45%NIY	Higher value area, close to hospital, residential area, fewer commercial.
364 Barlow Moor Rd, Manchester, M21 8AZ		Vacant mixed use property comprising ground floor retail unit fitted out for café, and upper floor flat & stores extending to 1,849sqft.	September 2023	£330,000 (£178psf)	Similar location to subject, opposite side of the street. Smaller lot.
472 Wilmslow Road, Withington, Manchester M20 3BG		Freehold retail unit with x3 flats above in nearby Withington. Income £31,038pa. 1,639sqft	March 2023	£380,000 (£232psf) 7.9%NIY	Within higher value higher demand occupier area.

10 Copson St, Withington, Manchester M20 3HE		Mixed use investment comprising ground floor retail unit and upper floor flat extending to 1,377sqft. Income £20,000pa	March 2023	£250,000 (£181.5psf) 7.8%NIY	Higher value location. Much smaller lot. Auction sale.
747-749 Wilmslow Road, Didsbury M20 6RN		Ground floor restaurant with 3 flats above producing total income of £87,480. 4,846sqft	January 2023	£1,200,000 (£247psf) 6.9%NIY	Fully let restaurant and residential investment. Within higher value higher demand occupier area in Didsbury.
496, 496a & 496b Wilbraham Road, M21 9AS		Freehold investment with development potential (no planning) extending to 6,512 sq ft. GF let, income £64,000.	Available February 2025	Asking £1,375,000 (£211psf)	Similar size unit situated in a stronger position close to the centre. Potential for conversion of uppers but no PP. Reduced Feb 2025.
479 Barlow Moor Rd, Manchester M21 8AG		Adjacent property. Vacant commercial unit extending sold with planning permission extending to 4,546sqft.	May 2023	£1,115,000 (£245psf) £80,000/unit	Adjacent building. Sold with planning permission for demolition and erection of new commercial unit with 13 flats over plus 5x parking.
Vale House, Reddish Road, Stockport SK5 7EW		Freehold detached house with planning permission for 9 apartments.	September 2024	£550,000 £61,000/unit	Development opportunity close to Reddish centre. Lesser location.
Cadsishead Conservative Club, Grange Place, Cadishead, M44 5UN		Freehold vacant house with planning permission for 7 apartments conversion.	September 2024	£341,400 £49,000/unit	Poorer location, village between Manchester and Warrington.
The Football Inn, 22 Swinton Hall Road, Swinton M27 4BL		Former pub with planning permission for conversion to 9 apartments.	September 2024	£230,000 £25,500/unit	Lesser location. Poor condition.

Flat 3, 421 Barlow Moor Road, MANCHESTER M21 8ER		1 bedroom purpose built flat within 500m. 530sqft	January 2025	SSTC £199,500 (£376psf)	Modern purpose built flat with courtyard communal garden. No commercial in block but surrounded by.
Flat 6 102, Manchester Road, Chorlton - cum-Hardy M21 9BG		1 bedroom purpose built flat within 900m. 420sqft	October 2024	£185,000 (£441psf)	Similar size modern flat over commercial with allocated parking.
Flat 6, 8 York Road, MANCHESTER M21 9HP		1 bedroom top floor flat in converted semi-detached house within 500m. 463sqft	October 2024	£195,000 (£421psf)	Modern fixtures and fittings. Similar size, Residential street not over commercial.
Flat 9, 435 Barlow Moor Road, MANCHESTER M21 8AU		2 bedroom 2 bathroom purpose built top floor flat within 300m. 775sqft	August 2024	£255,000 (£338psf)	Larger than subject 2 beds, modern flat over commercial with parking.
17d Lawngreen Avenue, MANCHESTER M21 8FH		2 bedroom 1 bathroom purpose built 1st floor flat within 500m. 520sqft	June 2024	£245,000 (£471psf)	Older development in cul-de-sac location. Smaller. No commercial.
Apt 20 Chorlton Plaza, Manchester Road, Chorlton M21 9BG		2 bedroom 2 bathroom purpose built top floor flat within 300m. 624sqft	November 2024	SSTC £250,000 (£400psf)	Comparable size modern flat over commercial with parking.
Flat 21 Chorlton Plaza, Manchester Road, Chorlton M21 9BG		2 bedroom purpose built flat within 900m. 700sqft	August 2023	£245,000 (£350psf)	Similar size modern flat over commercial with allocated parking.

11. Valuation Considerations

Strengths	• Prominently positioned on Barlow Moor Road • Popular suburb with strong demand and area of regeneration and growth • Ample amenities, cafes, bars and restaurants in the area • Proposed high specification with some terraces in supply • Few high spec new flats available in immediate area • Lift to all floors • External terraces
Weaknesses	• Only 9 parking spaces for 18 units and tight access via rear shared lane • Only 1 bathroom for 2 bedroom units • Flats will be over commercial (potential impact on mortgage availability) • Potential high turnover • Increasing supply – adjacent site has planning for 12 flats • Potential costs of contamination clearance unknown
Opportunities	• Gain planning consent and complete the scheme as proposed to a high specification
Threats	• Further increases in the Bank of England base rates and/or mortgage product rates is likely to suppress demand for property generally • High energy costs and cost of living crisis impacting tenant affordability • Reduction in end values by the time the development is completed • Unaccounted for abnormal costs • Increase in build costs over the course of the development
Tenant Demand	• A marketing period of 0-6 month's to fully let • We would anticipate a reasonable level of demand from potential tenants
Buyer Demand	• We expect a reasonable level of demand for a property of this type provided an appropriate asking price is adopted. • We would anticipate a marketing period of between 6 – 9 months.

12. Valuation Commentary

Local Market Commentary

According to Rightmove house prices in Chorlton Cum Hardy have an overall average of £375,774 over the last year. The majority of properties sold in Chorlton Cum Hardy during the last year were terraced properties, selling for an average price of £410,450. Semi-detached properties sold for an average of £456,269, with flats fetching £206,631. Overall, the historical sold prices in Chorlton Cum Hardy over the last year were 5% down on the previous year and 2% up on the 2022 peak of £368,585.

We anticipate a good level of rental demand for the subject given its convenient and popular location, being within easy commutable distance of Manchester city centre. The property is well located to benefit from the many amenities on offer in the area and Chorlton Village itself. There are few 'new build' flats available for rent, most of the supply is made up of flats within converted houses or purpose built blocks which have now been in situ for some decades. That said, there are blocks under construction and the 'Gecko' scheme once completed will replenish the market with 'new build' stock though

these are marketed for sale through shared ownership. Its possible that some of these units will filter their way into the private rented sector in time.

If looking to rent in this area the subject would present as a good option, though parking is limited on site and in the area generally. Tenants are likely working locally or commuting via public transport so parking may be less essential. The situation above commercial may be off putting to some.

We would expect individual flats to let within one month and would allow up to 6 months to fully let from vacant. This allows for the letting of 3 flats per month which is not unreasonable, assuming an appropriate asking rent is adopted.

Valuation

In assessing the viability of the proposed scheme, the following approach (in accordance with the RICS Viability Practice Statement) has been adopted: -

To arrive at our opinions on value for your purposes, we have utilised two valuation approaches.

The first is to establish the **Gross Development Value (GDV)** which is our opinion of Market Value, for the property when completed. We have used the comparable method to do this and based our valuation on the sales evidence referred to.

Viability PPG paragraph 11 states: -

‘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. Grant and other external sources of funding should be considered. For commercial development, a broad assessment of value in line with industry practice may be necessary’.

Valuation Rationale

In arriving at our assessment of GDV we have assessed the residential flats based on piecemeal sales reflecting an average rate for the 1 bedroom flats of £195,000, and £250,000 for the 2 bedroom units.

Regarding the commercial unit we have capitalised the market rent by a yield of 8.5% to arrive at a valuation of £445,000. This produces a Gross Development Value of £4,285,000

Adopting policy at 20% affordable housing results as per government guidelines results in in a reduced **Gross Development Value of £4,155,000** after rounding.

With regards the second approach, this is to arrive at an opinion of both current (Existing Use) and proposed value (AUV) with planning consent in place for the scheme, as described, otherwise known as Benchmark Land Value (BLV).

The residual valuation is calculated by subtracting the **Development Costs** associated with completing the proposed scheme (inc. Developer's Profit), against the **GDV**. Any **Planning Obligations (PO)** are also to be deducted at this stage. The resultant value is the **Residual Land Value (RLV)** and what we would expect a purchaser to pay to acquire the site for the purposes of completing the intended development.

The usual test adopted to establish whether any PO are viable, is to consider whether the RLV of the proposed scheme exceeds the Benchmark Land Value of the property. If it does not, there is no financial headroom and thus no viability for PO to be included.

- Paragraph 13 of the Viability PPG outlines how land value should be defined for the purposes of viability assessments:

‘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 comply with policy requirements. This approach is often called 'existing use value plus (EUV+).'

Existing Use Value is defined within the RICS Practice Statement as: -

'EUV is the value of land in its existing use, with no expectation of that use changing in the foreseeable future (based on the current edition of RICS' Valuation of development property). PPG paragraph 015 advises specifically that the EUV excludes hope value from any assessment of the existing use value. International Valuation Standards 104 paragraph 150.1 defines current/existing use as 'the current way an asset, liability, or group of assets and/or liabilities is used'.

If appropriate, a premium (EUV+) may be applicable with a premium defined within the RICS Practice Statement as: -

The premium should reflect the minimum return at which 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 plan policy requirements (PPG paragraphs 013 and 016).

Paragraph 5.1.2 of the RICS Practice Statement highlights that in some instances, the BLV may sometimes be based on an Alternative Use Value (AUV) excluding a premium where appropriate.

The RICS Professional Statement confirms at 2.7 of the Statement that in the interest of transparency, when providing benchmark land value in accordance with the PPG, members must report the:

1. Current use value: CUV, referred to as EUV or first component in the PPG (paragraph 014).
2. Premium – second component as set out in the PPG (paragraph 016).
3. Market Evidence as adjusted in accordance with PPG (paragraph 16).
4. All supporting considerations, assumptions and justifications adopted including valuation reports, where available (see PPG paragraphs 014, 015 and 016).
5. Alternative Use Value as appropriate (market value on the special assumption of a specified alternative use (see PPG paragraph 017).

When establishing the appropriate Benchmark Land Value, the first consideration is thus the EUV of the site, whilst the second is the appropriate premium or minimum competitive return at which a reasonable landowner would sell their site based on the alternative options available to them.

Existing Use Value (EUV)

The land's existing use, as defined by PPG, is limited to the current use rather than the potential use. The PPG confirms when assessing the EUV, the following: -

'EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate, capitalised rental levels at an appropriate yield (excluding any hope value for development).'

The valuation is of the site in its existing use as mixed use land. In assessing value of the land, 'comparable' sales evidence has been utilised.

Premium

PPG confirms that land does not transact at EUV. Paragraph 016 of the PPG confirms: -

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above 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.

Alternative Use Value/Benchmark Land Value

Noting paragraph 13 of the Viability PPG, we consider it appropriate to adopt the EUV+ approach to the assessment of BLV.

On this occasion, we have based an opinion of AUV on a mixed use scheme of 18 apartments with commercial at ground, with full planning consent for such in place.

A viability assessment is based on PPG requirements and a prescribed method which may not accord with assumptions and methods used to assess price paid for land in the marketplace at any particular time. This acknowledged in RICS Guidance at 2.1.5.

Residual Valuation

- The residual valuation is a highly sensitive analysis and slight changes to the variables can have a significant effect on the end value.
- The costs we have applied are as follows (refer to Appendix 2 for our APRAO Summary Appraisal and Sensitivity Analysis and Appendix 3 for sight of the relevant BCIS Extract):

Build Costs

- We understand that the Gross Internal Area (GIA) of the proposed building will be c.17,122 sq ft. We further understand that 9 external car parking spaces will be provided, together with 2no. electric charging points.
- The Build Cost Information System (BCIS) have cost estimates for apartment schemes generally, as follows:

➤ Lower Quartile	£142psf
➤ Median	£162psf
➤ Upper Quartile	£195psf
- You have indicated development costs in the order of £2,696,715 including demolition. This equates to £157.50 per sq ft excluding contingency.
- Given the type of property, specification and location, for the purposes of our development appraisal, we consider it appropriate to target a 'median' build cost which is shown above to be £162 per sq ft, however once designed and formally costed there is potential for this to be brought down. We have adopted your build costs for the purpose of providing this appraisal.
- We have allowed for 20% affordable housing as per policy.
- We would stress the need for the development costs to be reviewed by an appropriate Quantity Surveyor ("QS") and/or Project Monitoring Surveyor ("PMS") to consider whether they are reasonable and, crucially, achievable. For the avoidance of doubt we are not Quantity Surveyors or Building Surveyors and have assumed generic costs based on BCIS outputs. There is no outline planning permission in place. A full specification needs to be designed and costed.

Site Infrastructure/Preparation/Demolition

- We have allowed for a 5% uplift on construction rates for demolition.

Contingency

- We have allowed 10% contingency for a project of this scale.

Professional Fees

- Professional fees are included at 5% of the overall build cost. This cost allows for the likes of architect's fees and planning costs, surveying, ecology, noise, phase 1 site investigation.

S106 Cost

- We do not expect this to be applicable.

Letting Fees

- Not applicable as have assumed a sale scenario.

Sale Fees

- We have allowed for selling agent's fees for the finished property at 1.5% of the GDV.

Legal Costs

- We have allowed for legal conveyancing fees for the sale of the completed property at 0.5% of the GDV.

Marketing Costs

- Marketing costs for the completed development are included in the sale fee.

Developer's Profit

- We have allowed for a developer's profit calculated at 15% of the GDV.

Finance Costs

- Finance is calculated at a 10% interest rate over a term of 24 months, assuming an LTV of 60% of the build cost.

Residual Land Value

Our development appraisal is calculated as follows:

GDV	£4,155,000
Core Construction Costs inc demolition (£157.50psf)	£2,696,795
Contingency (10%)	£256,830
Professional Fees (5%)	£134,836
Disposal Fees (2%)	£83,100
Finance (10%, 24mths, 60%LTV)	£249,300
Profit on GDV (15%)	£623,250
Residual Land Value (under proposed scheme)	£110,889
Existing Use Value "as is"	£990,000
Existing Use Value + premium (under proposed scheme)	£1,100,000

Benchmark Land Value	£1,100,000
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After deduction of the development costs from the GDV results in a residual value of £110,889.

Whilst the residual value based on the scheme is low, there is existing value as the site is already developed out and in order to arrive at an opinion of both current land value EUV and AUV, it is appropriate to have regard to actual sales evidence.

We have detailed available/identified sales evidence in the table earlier in this report.

The comparable evidence of similar mixed use properties shows a capital range between £167.50 and £247psf. With the exception of two pieces of evidence, the comparables are much smaller therefore we would expect a discount for quantum and a rate outside the lower end of the range noting that part ground floor is relatively basic block accommodation. The evidence at 364 Barlow Moor Road at £178psf is an equal location however much smaller. We have reflected a discount to this. On balance, by reference to the available evidence, we are of the opinion that the subject's Existing Use Value is a figure of £990,000 being based on c.£150psf.

The evidence at 479 Barlow Moor Road is useful in assessing alternative use value as this is the adjacent site sold with planning permission for new build block of apartments with commercial at ground. Whilst this is slightly dated evidence it is instructive insofar as its proposed use and equal location. It is again smaller so an adjustment for quantum is necessary.

As regards its EUV+ with planning consent for the proposed scheme assumed to be in place, we are of the opinion that the value is £1,100,000 being based on a premium of 10%. Whilst market norm suggests industry accepted premiums in the region of 10-30% we have adopted a lower rate due to the unviability of the scheme. This valuation reflects a capital rate of £168psf which is a nominal uplift on its existing again reflecting the unviability. Overall this devalues to circa £60,000 per unit which is not unreasonable considering the evidence.

Please note this is a highly sensitive analysis and minor changes to any of the input values can have a significant effect on the end value. If there are any changes to the likes of interest rates, sales values and/or build costs it can result in a considerable change in the land value.

MR	£310,000 per annum (Three Hundred and Ten Thousand Pounds per annum) *based on the completed scheme
MV1	<u>Existing Use Value</u> £990,000 (Nine Hundred and Ninety Thousand Pounds)
MV2	<u>Alternative Use Value (Benchmark Land Value)</u> £1,100,000 (One Million One Hundred Thousand Pounds)
MV3	<u>Gross Development Value</u> £4,155,000 (Four Million One Hundred and Fifty Five Thousand Pounds)

14. Compliance and Sign Off

Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards January 2022 (incorporating the International Valuation Standards).

Professional Indemnity Insurance

Bradley Hall holds appropriate Professional Indemnity Insurance adequate for this instruction as outlined in our Terms of Business. This amount shall be an aggregate cap on our liability to all relying parties together.

Assumptions

We have made various assumptions including but not limited to tenure, letting, town planning, build costs, environmental factors, condition and repair

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Instructions

None

Verification

We recommend that before any financial transaction is entered into based upon this valuation, you obtain verification of the information contained within our property report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and risks that may be involved should be uninsured loss occur.

Independence

We confirm that Bradley Hall, and their valuers, have not had any involvement with the Properties or the client in the last two years.

Capacity of Valuer

External

Valuer

The property/properties has/have been valued by a valuer who is qualified for the purpose of the valuation in accordance with RICS Appraisal and Valuation Standards.

Reliance

This Report and Valuation is for the use of the party to whom it is addressed (the "Addressee"), as per the Confirmation of Instructions section of this Report, for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without prior written approval of the form and content in which it will appear.

Inspecting Valuer:	Katie Lister MRICS RICS Registered Valuer For and on behalf of Bradley Hall 	
Reviewing Valuer:	Paul Andrew MRICS RICS Registered Valuer For and on behalf of Bradley Hall 	

Appendix 1 – Report Assumptions, Disregards, Compliance and Regulation

Tenure

It is assumed that the title to the property is as described and as referred to in this report and that the property has a good and marketable title to the estate or interest which we have valued. Unless indicated to the contrary, title deeds and/or lease documents have not been inspected or seen. Any interpretation of the leases and other legal documents and any legal assumptions are given in the capacity as valuers and must be verified by a suitably qualified lawyer if they are to be relied upon.

It is assumed that the property is not subject to any unusual or especially onerous covenants, easements, rights of way, restrictions, encumbrances or outgoings which might affect the valuation or which might prevent all or part of the property from being properly used (whether in its own right or, if relevant, in connection with the business). We have assumed that the property has lawful and proper direct access from a publicly maintained highway without payment of any fee or contribution.

All Leases are assumed, unless otherwise stated, to have been drawn up in a fully assignable standard commercial format protected under the Security of Tenure provisions of the Landlord & Tenant Act 1954. We also assume that there are no outstanding dilapidation or other obligations and that the normal forfeiture clauses apply in the event of non-payment of rent, breach of covenant, bankruptcy etc.

We assume that your solicitors will prepare a Report on Title which will confirm the above assumptions. If this does not confirm the title assumptions made or highlights the existence of easements, restrictive covenants etc., then this may alter the Valuations reported.

Inspection and Site Conditions

In preparing the Report regard has been had to the apparent state of repair, construction and condition of the property, taking into consideration major defects which are obvious in the course of a visual inspection of so much of the exterior and interior of the property as is accessible at the time of inspection with safety, and without undue difficulty. During the course of the inspection, we have viewed those parts of the property as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which we consider reasonably necessary to provide the Report, having regard to its purpose.

We have not examined those parts of the property which are covered, unexposed or inaccessible, or to raise boards, inspect woodwork, move anything, or use a moisture detecting meter. Neither shall we have a duty to verify the existence of and/or arrange for the testing of plant and equipment, including but not limited to electrical, heating, drainage or other services, service installations and appliances which, unless indicated to the contrary, have been assumed to be in a working and serviceable condition. We are unable test the adequacy or otherwise of any private drainage system or water supply.

Where further investigations are recommended in relation to the repair or maintenance of the property, unless indicated otherwise, these should be undertaken by a Chartered Building Surveyor. Whilst our Valuations take into account the general appearance of the property, we have made the clear assumption that no significant property defects of a capital nature will be identified. If this is not the case, then we would wish to review the Valuation advice provided, upon receipt of a fully costed schedule of the required work.

Unless otherwise stated, any signs of structural movement within the property are assumed to be of an historic and non-progressive nature. If the property is of architectural or historic interest, or listed as such, or is in a Conservation Area or of an unusual construction, appropriate specialist advice should be sought before carrying out works.

Measurements

Where given, any floor areas and dimensions are taken from inspection unless otherwise specified and are approximate measurements only. Areas quoted are calculated in accordance with the RICS professional statement, RICS property measurement 2nd edition, February 2018 (effective from 1 May 2018), unless the Client has instructed otherwise or a reason for departure has been indicated within the report. We have no knowledge of any responsibilities for fencing or of any boundary disputes or claims and legal advice should be sought in this respect. Site areas quoted are not derived from a physical site survey and are approximate unless otherwise indicated

Environmental Health

We have assumed that no contaminative or potentially contaminative uses have ever been carried out in or adjoining the Property. Unless otherwise stated, we are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination. Should it be established subsequently that any contamination seepage or pollution exists at the Property or on any neighboring land, or that the Property has been or is being put to a contaminative use, this might reduce the values reported.

Equality Act

For valuation purposes we have assumed that no significant costs of a capital nature are required to comply with this legislation. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required actions, provisions or works.

Fire

New UK Fire Regulations came into force on 1 October 2006. Full details can be found at www.opsi.gov.uk/si/si2005/20051541.html The business "occupier" of any commercial premises, as the "responsible person", now has a primary duty to carry out a Fire Risk Assessment, to act on its findings, to implement a fire safety policy and to train staff appropriately. We have not inspected the relevant fire safety policy documentation and we assume that solicitors will verify that the property/business is fully compliant with the findings of a competent Risk Assessment.

Planning

We have made website enquiries of the local planning authority and have relied upon the information given to us. In the event that more or differing information comes to light following a more detailed planning search then we reserve the right to amend our valuation accordingly. For Valuation purposes we have assumed that there are no outstanding planning issues, and no undue restrictions on the current/proposed business format.

Licensing

The provisions of the Licensing Act 2003 are now in force and appropriate new-style 'Premises' and 'Personal' Licences as issued by the Local Authority should be in place. Such Licences have been assumed to be in place for Valuation purposes. Unless otherwise stated, we have also assumed that there are no onerous conditions or undertakings that affect the licence(s).

Energy Performance Certificates/ Energy Act 2011

In England & Wales, from October 2008, the sale, letting and construction of all residential and commercial property requires the provision of an Energy Performance Certificate (EPC). On 18 October 2011 the Energy Bill became the Energy Act 2011. The Act includes a provision to ensure that from 1 April 2018 it will be unlawful to rent out business premises to new or renewing tenants that do not reach a minimum energy efficiency standard. In February 2015 the Government confirmed that this minimum rating will be E and the new rules will be extended to cover all leases by 1 April 2023.

With effect from 6 April 2012 an EPC has to be made available prior to marketing. The EPC rating may therefore have an effect on values where those properties with F and G ratings become less marketable if they require material levels of expenditure in order to upgrade to an acceptable rating.

The Energy Act also provides that from April 2016, private residential landlords will be unable to refuse a tenant's reasonable request for consent to energy efficiency improvements where a finance package, such as the Green Deal and/or the Energy Company Obligation (ECO), is available. The Act further provides powers to ensure that from 1 April 2018, it will be unlawful to rent out a residential property that does not reach a minimum energy efficiency standard of E and this will be extended to all leases in 2020.

Asbestos

Under the Control of Asbestos Regulations 2002 (as amended in 2006 and 2012) it is necessary for property owners/occupiers to undertake an inspection for asbestos in all non-domestic properties (to include common parts of shared residential dwellings). Following this exercise there are a number of requirements, including the need for an asbestos management plan to be drawn up and implemented. For valuation purposes we have assumed that no significant costs of a capital nature have/will be identified as part of this investigation process. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required works.

Flooding

If we have indicated that the Property is located within an area that could be affected by flooding then an enquiry should be made of The Environment Agency to ascertain whether or not there is any history of flooding affecting the Property. For valuation purposes we have assumed that there is no such history and that full insurance cover in respect of flooding risk is available, without payment of an excessive premium.

Landslip / Subsidence

Unless otherwise stated, we are not aware of any evidence of subsidence, heave or landslip at or in the vicinity of the property and have assumed that no such problems exist and that, in any event full insurance cover would be available in respect of all associated risks. We confirm that we have not made any detailed investigations in this regard.

Radon

The National Radiological Protection Board, which merged with the Health Protection Agency on 1 April 2005, to form its new Radiation Protection Division, has identified the areas in which, in more than 1% of dwellings, the levels of radon gas entering the property are such that remedial action is recommended.

If we have indicated that the subject property is situated within such an area, we recommend the use of the relevant test and result service, which is available from the Health Protection Agency. We have provided our Report on the assumption that radon is not detectable at a level which would require remedial action.

Invasive Species and Japanese Knotweed

There are 36 non-native invasive species defined by The Wildlife and Countryside Act 1981, (amended in April 2010); section 14 of the act details the law relating to the introduction of new species and Schedule 9 lists those plants classified

as non-native invasive species. Many invasive plants are of limited importance in the context of value, while most are not commonly identifiable to those who are not experienced botanists.

The most deleterious non-native invasive species is Japanese Knotweed due to its destructive influence on built structures and the difficulty and cost of eradication. Due to the cost of eradication, attempts can be made by owners/vendors to disguise the presence of this plant by removal of surface vegetation and the covering of surfaces with ornamental materials or landscaping features; we have not undertaken an intrusive inspection in this regard. We recommend that enquiries are made of vendors/owners at the legal due diligence stage, when an undertaking should be sought that no infestation of Japanese Knotweed has been experienced at the property.

At the time of inspection, where non-native invasive species have been identified at the property or within the local area, we have detailed the nature of such infestation, its location and a recommended course of action. In the absence of any features which would clearly identify any invasive species our Report is provided on the assumption that no invasive species are present to a level which would require remedial action.

Basis of Value

The Royal Institution of Chartered Surveyors considers that the appropriate basis of value to be used for all valuations or appraisals undertaken for secured lending is 'Market Value'. Market Value is defined as "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 where the parties had each acted knowledgeably, prudently and without compulsion". Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

Any special assumptions made in calculating the Market Value will be agreed with the Client in advance and referred to within the Report. Any other bases of valuation considered appropriate in individual instances will be detailed separately. The Royal Institution of Chartered Surveyors defines Market Rent as "the estimated amount for which a property would 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."

Market Rent within our Report, unless otherwise stated, will be assessed upon the assumption that the property is fit for occupation, no premium is required and there are no tenant incentives. It will also assume a new, standard full repairing/insuring commercial lease, without onerous obligations or conditions, of at least a fifteen-year term and a rent review period of no longer than five years.

Estimate of Reinstatement Cost Assessment

If the Report includes an estimate of reinstatement cost assessment, this is an informal guide of the cost for insurance purposes of reinstating the property and is given without liability. A formal assessment for insurance purposes can only be given by a Quantity/Building Surveyor or other professional with sufficient current experience of such costs, following the preparation of a full bill of quantities. This is particularly relevant in the case of Architecturally Listed buildings and those properties situated within Conservation Areas, National Parks and the like or in cramped city centre or other unusual locations. The guide provided within our Report assumes:

- reinstating the property with an equivalent structure
- the use of modern materials and construction techniques
- the adherence to all current statutory requirements
- no allowance is made for inflation
- demolition and site clearance
- professional and statutory fees

However excludes VAT (including that payable on fees) and loss of rent and/or cost of alternative accommodation for the reinstatement period.

Appendix 2 – Valuation Calculations

Summary Financial Appraisal

Revenue	Units	ft ² (NIA)	£/ft ²	Ave Value	Total (£)
Sales revenue	19	0.00	0.00	218,684.21	4,155,000.00
Gross development value					4,155,000.00
Costs					83,100.00
Net development value					4,071,900.00

Site Purchase	of price	Total (£)
Site purchase price		108,793.38
Stamp duty land tax	0.00%	0.00
Other purchase costs	2.00%	2,175.87
Total purchase costs		110,969.25

Build costs	ft ² (GIA)	£/ft ²	Total (£)
Preliminary costs			128,415.00
Main build costs	17,122.00	150.00	2,568,300.00
Contingency			256,830.00
Total build costs			2,953,545.00

Other costs	% build	% GDV	Total (£)
Total other costs	5.00%	3.25%	134,835.75

Total costs excl finance	3,199,350.00
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Finance	% Cost (Inc. fin...)	% Cost	% GDV	Total (£)
Total finance	72.29%	77.92%	60.00%	2,493,000.00
Total finance costs				249,300.00

Total costs inc. finance	3,448,650.00
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	Project IRR	Equity IRR	RoE	RoC	RoGDV	
Profit	N/A	N/A	88.24%	18.07%	15.00%	623,250.00