Viability Report

Relating to:

Red Lion Street & 2 Union Street

Manchester

M4 1PB

Prepared By:

MJB Commercial Property

On Behalf of:

Noble Design & Build

Date: 29 November 2024

OXO House
Joiner Street
Sheffield
S3 8GW

T: 0114 282 3080
W: www.mjbcp.co.uk

Noble Design & Build
17 Church Street
Wellington
Telford
TF1 1DD

Your Ref:

29th November 2024

Dear Sirs,

Red Lion Street & 2 Union Street, Manchester M4 1PB

Further to your recent instructions concerning the above and the potential viability of your proposed development we are now able to report to you as follows:

I. Instructions

We are instructed to act as independent consultants in respect of viability matters relating to the proposed development of land at Red Lion Street and 2 Union Street, Manchester and more specifically the proposed planning application for residential development for 38 apartments.

II. Scope of this report

This report focuses purely on the economic and financial viability of the proposed scheme and aims to cover the following key areas:

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1.0 Property Summary

Location

1.1 The site is situated on Red Lion Street on the corner of Church Street with a section linking through to number 2 Union Street within the Northern Quarter of Manchester City Centre. The locality is a densely developed mixed used area with significant purpose built private residential and student accommodation together with retail, office and other commercial uses.

1.2 A location plan is enclosed at **Appendix 1**.

Description

1.3 The property effectively comprises two adjoining sites with the main site fronting Red Lion Street connecting with a smaller parcel of land fronting Union Street to the rear. The façade of the original 2 Union Street building has been identified by Manchester City Council as a 'Non Designated Heritage Asset' and remains in situ whilst the building itself has been demolished. Whilst the subject site contains no listed buildings the Unicorn Hotel opposite on Church Street was granted Grade II listed status in 2019. The site is located within the Smithfield Conservation Area to which the 2 Union Street façade contributes.

1.4 Development has commenced on site with significant below ground work having been completed including the foundations. It is understood these works were undertaken by the previous owners of the site and have now ceased.

1.5 Photographs of the site are enclosed at **Appendix 2**.

Site Area

1.6 The property has a total site area of approximately 0.15 acres (0.06 hectares). A site plan is enclosed at **Appendix 3**.

Proposed Scheme

1.7 The proposed scheme comprises the development of 38 new apartments in a mix of types within a 10 storey block with a single ground floor commercial unit (22/03006/FUL). The current scheme comprises the following schedule of accommodation:

Type	Beds	Units	Av Sq ft	Av Sq M	Total Sq Ft	Total Sq M
Apartment	1	14	476	44.21	6663	619
Apartment	1+	3	596	55.33	1787	166
Apartment	2	19	733	68.05	13918	1293
Duplex	2	2	990	92	1981	184
	Total	**38**			**24,348**	**2,262**
Commercial		3			2,024	188
TOTAL					**28,482**	**2,646**

1.8 The above areas represent the aggregated floor areas for the individual apartments and do not account for any circulation space, communal areas, lift lobbies etc. These additional areas need to be factored in to give a total gross internal floor area (excluding the commercial units) of 3,352 sq m (36,081 sq ft), thus a gross to net ratio of just over 21%.

1.9 Plans of the proposed scheme are enclosed at **Appendix 4.**

2.0 Market Conditions

2.1 From a period of relative growth in the real estate sector, the property market, like most other markets throughout the world have been dramatically hit by the global Covid-19 pandemic. We are however seeing a period of recovery with most markets having now returned to pre-pandemic norms.

2.2 Russia's invasion of Ukraine on 24th February 2022 caused worldwide instability in the energy sector resulting in spiralling fuel prices with a dramatic knock-on effect on inflation. As a result of this inflation UK interest rates have risen dramatically from the historically low levels that people have become accustomed to. The UK economy has been on the edge of recession with a cost of living crisis that looks set to continue for the foreseeable future. The recent change of government seems to have been largely well received by the markets, but further uncertainty lies ahead as the government looks set to implement its election pledges.

2.3 Any instability in the wider economy has ramifications for the construction and property industry as a whole. Increased job uncertainty and rising interest rates has an impact on house sales. More recent cuts in interest rates have helped boost the residential market which has shown signs of recovery.

2.4 An extract of the RICS October 2024 Residential Market Survey setting out current market sentiment is enclosed at **Appendix 5**.

3.0 Viability Appraisal

3.1 In accordance with the RICS Guidance on Viability (Guidance Note 1, 2012) our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a typical or average developer/landowner would take in delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether the landowner or developer).

3.2 In order to ascertain the viability of the scheme we have undertaken a desktop development appraisal. The appraisal is calculated on a residual profit basis given a fixed land value to demonstrate what level of profitability could be reached on the basis of the proposed scheme.

3.3 The modelling of the development can be carried out in two ways: 1) Open market sales, 2) Rental and investment sale as a single asset. Due to the type of accommodation to be provided we are of the view that they are best suited to be offered for sale in the open market and less likely to be let individually and sold collectively as an investment. We have therefore undertaken our viability assessment on the basis of scenario 1, open market sales.

3.4 Our appraisal reflects the current market and economic position in respect of the aftermath of the global pandemic, the cost of living crisis and the associated uncertainties forthcoming as a result.

3.5 The economic viability of the site has been appraised using the Homes and Communities Agency (HCA), now Homes England (HE), Development Appraisal Toolkit (DAT). The DAT was originally produced in May 2011 with several updates the most recent being Version 4.05 of April 2016. It is a spreadsheet based, site specific development viability tool intended to inform investment decisions by local authorities and developers, but it can also be used as part of a challenge to demands in planning applications, in particular relating to the effect of affordable housing requirements on project viability.

3.6 Paragraph 2.1 of the Development Appraisal Toolkit User Manual (November 2015) states that:

> "*The tool is an 'open source' cash flow model which can model affordable or mixed tenure housing development, with scope to capture ancillary commercial uses. Based on a series of assumptions about costs, values and reasonable profit, the model calculates the surplus or deficit created by a given scheme. It also allows estimation of the level of affordable housing and other s106 requirements that can be supported by a scheme.*"

3.7 By default, the DAT is a 'gap funding' tool in that land values and reasonable developer's profit are treated as inputs. Based on anticipated development costs and revenues if the appraisal indicates a surplus on scheme completion this implies that a development is likely to be viable whereas if a deficit is indicated this implies that a development is likely to be unviable.

3.8 A full copy of our DAT appraisal is enclosed at **Appendix 6** however the key inputs are detailed further below:

Gross Development Value

3.9 We have based our assessment of value for the completed development on the proposed accommodation as detailed at 1.7 above.

3.10 We have been provided with independent valuation advice from Julie Twist Properties who are specialists in the Manchester city centre residential market.

3.11 A full breakdown of the apartment values is enclosed at **Appendix 7** however, a summary of the average price per unit type is detailed below.

Type	Beds	Av Price	Av Sq M	Av Price/Sq M
Apartment	1	£196,071	44.21	£4,435
Apartment	1+	£255,000	55.33	£4,608
Apartment	2	£302,895	68.05	£4,451
Duplex	2	£267,500	92.00	£2,908

3.12 We believe the professional valuation advice provided is impartial and robust and have therefore relied upon this information when assessing the schemes viability. The residential element of the scheme therefore generates a total sales value of £9,800,000.

3.13 With regards the ground floor commercial element to the scheme we have adopted a traditional rent and yield approach to assess its value. We have applied a rent of £20/sq ft and capitalised this with an 8% yield which gives a value of £449,761 after allowing for usual purchaser's costs of 4.5%.

3.14 On this basis the scheme as proposed generates a total gross development value (GDV) of £10,249,761.

Benchmark Land Value

3.15 For the purposes of a viability assessment, it is necessary to separately establish the "Benchmark Land Value" (BLV). This can be described as the minimum land price deemed suitable for an average, hypothetical landowner to release the land for development. If the appraisal returns a residual land value above the BLV, the site is deemed to be viable, if it falls below the BLV the site is considered to be unviable. In terms of approach the Planning Practice Guidance ('PPG') on viability, as published in July 2018 (updated September 2019), sets out a clear methodology for determining the BLV as follows:

- The assessment of the benchmark land value should either be based on the existing use value or alternative use value.
- Existing Use Value is the value of the land in its existing use. This should exclude any hope value.
- Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees.
- For existing uses, the PPG states that a premium uplift should be applied (to encourage a landowner to undertake the inconvenience of seeking a new consent) often referred to as Existing Use Plus. The guidance is silent on the level of premium, however from our

experience this tends to range from circa 5% to 30% for brownfield sites or a multiple of 5 to 25 times the existing use value for greenfield sites.

- Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

- The PPG states that any benchmark land value should reflect the implications of abnormal costs, site-specific infrastructure costs and professional site fees. In other words, there should be a relationship between these costs and the level of the benchmark land value, following the general principle that if the abnormal, infrastructure and professional fees increase this would have a downward pressure on the benchmark land value and vice versa.

3.16 The property comprises a partially developed parcel of land consisting of exposed foundations and Grade II listed façade that is currently shored up with scaffolding. The site has planning permission for the development of 38 apartments and ground floor retail/commercial space.

3.17 In order to ascertain the existing use value of the site we have considered evidence of other sites in Manchester with similar planning consents. Due to the density of such developments, it is considered appropriate to analyse them on a price per plot basis rather than the more traditional price per acre. We have therefore considered the following;

Address	Planning Permission	Site Area	Price	Price Per Plot
39 Mason Street, Ancoats M4 5FX	14 apartments + 2 commercial units, basement parking	0.09 acres	£1m	£71,429
6-10 Little Peter Street M15 4PS	5 apartments + 2 commercial units	0.04 acres	£675,000	£75,000
10-12 Whitworth Street M1 5WY	327 apartments	0.21 acres	£16,000,000	£48,930
Coleman Street M15 6HF	527 Student beds (equivalent to 192 apartments) + 1 commercial unit	0.4 acres	£11,500,000	£59,896

3.18 Having regard to the slightly more complex nature of the subject site we feel it is reasonable to adopt a slightly lower rate per plot of £50,000 which generates an existing use value of £1,900,000. After making an allowance of 20% to reflect an incentive to the site owner to bring the site to the market, this gives a Benchmark Land Value of £2,280,000

3.19 Whilst the PPG does not allow the price paid for a property to be used to justify a lack of viability, in this instance it does help put the BLV into context. We are advised that the applicant paid £2,040,000 for the property which reflects a land value £53,684 per apartment.

Build Costs

3.20 To ascertain the likely build costs we have relied upon the RICS Building Cost Information Service (BCIS) which is a database regularly used by the property industry as a guide to build costs and is recognised as acceptable with regards establishing viability.

3.21 The latest BCIS build costs rates are detailed below:

BCIS®

£/M2 STUDY

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

Last updated: 16-Nov-2024 07:28

Rebased to Manchester (103; sample 67)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
345. Shops							
Generally (30)	1,898	720	1,033	1,550	2,348	4,989	14
1-2 storey (30)	1,922	720	1,029	1,506	2,444	4,989	13
3-5 storey (30)	1,594	-	-	-	-	-	1
816. Flats (apartments)							
Generally (15)	1,873	917	1,549	1,759	2,114	6,374	781
1-2 storey (15)	1,783	1,078	1,508	1,682	2,022	3,524	166
3-5 storey (15)	1,848	917	1,541	1,753	2,090	3,867	521
6 storey or above (15)	2,189	1,344	1,758	2,063	2,382	6,374	91
Shell only							
345. Shops (15)	1,230	740	938	1,065	1,160	2,785	8
816. Flats (apartments) (20)	1,145	613	-	-	-	1,678	2

3.22 We have adopted the median average build cost rate for flats of 6 storey and above, rebased to Manchester, we have therefore applied the rate of £2,063/sq m to our appraisal.

3.23 We have adopted a reduced construction cost for the ground floor commercial accommodation as it is likely to be only completed to a developer's shell specification and not fully fitted out. We have therefore applied the BCIS median shell only build cost of £1,065/sq m to our appraisal for the commercial element of the scheme.

3.24 Total construction costs, excluding site works, fees but including contingency are therefore £6,320,976.

3.25 It is common practice to apply a contingency to development appraisals to reflect unforeseen factors such as delays during the construction period. We have adopted a contingency allowance of 3% of constructions costs. From other schemes we have assessed it has been normal to apply a 5% contingency but due to the nature of the development we have adopted a lower rate.

Abnormal Costs

3.26 Whilst we have not been provided with specific abnormal costs, ie those costs which are over and above the normal scope of costs associated with a standard site and build, there are areas of the development that are likely to give rise to some abnormal costs.

3.27 The façade of 2 Union Street is to be retained and incorporated within this elevation of the development. No account has been made in our appraisal for the costs and fees associated with taking this wall down and rebuilding as existing.

3.28 There are part complete foundations and basements from an aborted attempt to develop the site. It is understood that there has been no Building Control sign off to these works. Furthermore, there are no specifications or warranties for the tanking or integrity tests for the piled foundations. In the absence of such, it is possible that these works may need to be undone before development can start again.

Professional Fees

3.29 We have applied a rate of 8% of build costs for professional fees including Architects, Quantity Surveyors, planning Consultants and Project Managers.

Planning Obligations

3.30 It is usual for Local Authorities to help deliver infrastructure that supports development in their area. Local Authorities must decide how the infrastructure needs of the development proposed will be met and how these will be paid for. This is often through the use of the Community Infrastructure Levy (CIL) and/or Section 106 agreements.

3.31 We understand that Manchaster has elected not to adopt a CIL in relation to any planning permissions and we are advised that apart from a request to provide the statutory affordable housing requirements (subject to viability) the scheme does not attract any other s106 obligations

Finance

3.32 The development programme influences the cost of finance for any development. The total interest cost is a function of the financial appraisal and will be generated based on the cash flow position and the interest rate applied. Generally, the longer it takes to complete sales following construction of the dwellings the greater the finance costs for the overall development.

3.33 The DAT requires details in respect of the anticipated phasing of the development. For appraisal modelling purposes we have assumed that construction on site would commence in November 2024 with a 14 month build programme which is considered realistic for a project of this size in normal circumstances. We have assumed a sales rate of 4 units per month commencing from the construction end date as it is unlikely that purchasers will complete during the construction phase.

3.34 We have adopted a debt rate of 8% for the financing of the full land and construction cost of the whole development. It should be noted that this rate could prove to be higher as lenders start to build in predicted interest rate rises.

Developer's Profit

3.35 Planning Policy Guidance on Viability (PPG) refers to a profit range of 15% to 20% on revenue (GDV). From our experience most developers, and lenders, operate on a profit margin based on a percentage of costs, usually in the region of 15%. In our appraisal we have adopted the rate of 15% of revenue.

4.0 Results

4.1 Having completed all the inputs into the DAT appraisal it is then possible to determine whether the proposed scheme generates a surplus (indicating that the scheme is viable) or whether it produces a deficit (indicating that the scheme is unviable).

4.2 The appraisal indicates that based on the inputs and assumptions used the scheme would generate a potential Gross Development Value of £10.362,201.

4.3 Total development costs (including developer's profit at 15% of GDV and the land purchase price at the Benchmark Land Value) equate to £11,848,332.

4.4 The scheme generates a **deficit** on completion of £1,486,131 (a net present deficit of £1,282,315).

5.0 Summary and Conclusions

5.1 This report relates to premises known as Red Lion Street & 2 Union Street, Manchester and the proposed redevelopment to create 38 new 1 and 2 bed apartments in a building with a maximum of 10 storeys in height.

5.2 The property in its existing form comprises a part complete development site with foundations/footings in situ and the listed façade to Unition Street shored up with scaffolding.

5.3 Having completed all the inputs into the DAT viability appraisal process it is then possible to determine whether the scheme value generates a surplus (indicating that the scheme is viable) or a deficit (indicating that it is unviable).

5.4 On a traditional rent and yield basis we have calculated and existing use value of £1,900,000 and after allowing for a landowner's incentive of 20% gives a rounded Benchmark Land Value of £2,280,000.

5.5 The viability appraisal shows that based on the figures and assumptions identified the development generates a potential gross development value of £10.362,201.

5.6 Having regard to the BCIS build costs database total construction costs for the development, including fees, finance and contingency are £11,848,332.

5.7 Based on our DAT appraisal modelling the scheme shows a net present **deficit** of £1,282,315 after allowing for normal developer's profit of 15% of GDV.

5.8 It is considered that the proposed scheme is of insufficient viability to support **any** financial contribution towards affordable housing.

6.0 Assumptions and Limitations

6.1 This report is provided for the stated purposes and for the sole use of the named client. It is confidential to the client and its professional advisors and MJB Commercial Property Limited accepts no responsibility whatsoever to any other person or party.

6.2 Neither the whole, nor any part of this report, nor any reference thereto, may be included in any published document, circular or statement, or published in any way, without MJB Commercial Property's written approval of the form and context in which it may appear.

6.3 This report does not constitute a formal valuation and should not be treated as such. Therefore, this report does not fall within the provisions of the RICS Valuation – Professional Standards – 2014 (the "Red Book").

6.4 The appraisals have been calculated using actual costs where provided, with all other figures being from a combination of market comparables, the BCIS and our professional experience of such schemes.

6.5 We have assumed that the site has no abnormalities and that it is has sufficient load bearing capacity to support the proposed development.

6.6 Our appraisal lies within usual parameters having regard to the type and nature of the properties that are the subject of this report, though we would note the following:

a. There is a degree of uncertainty in the marketplace generally, having regard to the potential outcome of Brexit negotiations and the economic impact on the UK's separation from the Economic Union.

b. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and travel restrictions have been implemented by many countries.

c. Market activity is being impacted in many sectors. As at the date of this report, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

d. Our appraisal is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation under review.

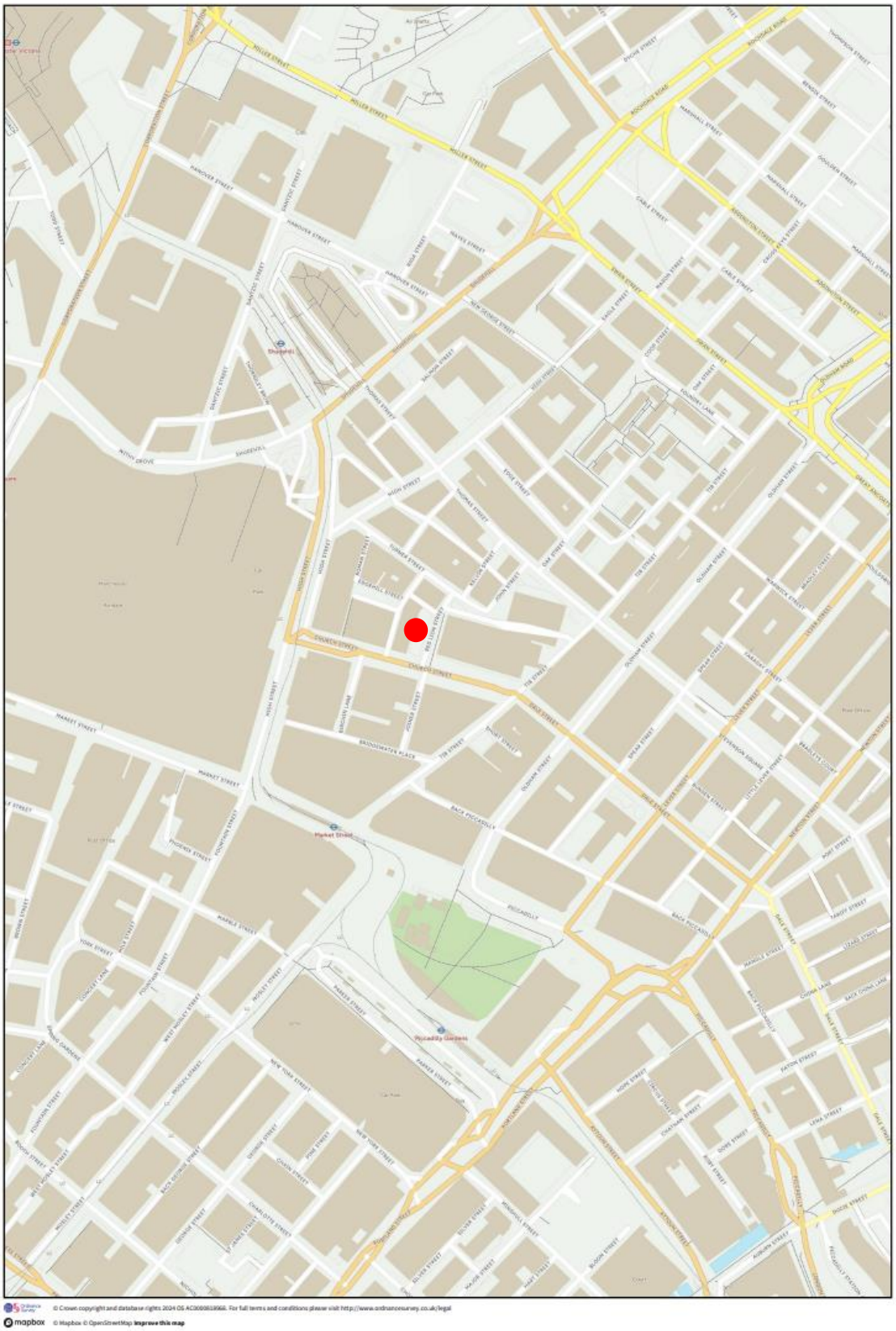
It is hoped that this report sufficiently outlines our thoughts on the viability of the proposed scheme in its current form. However, should there be any areas where you require further explanation, please do not hesitate to contact the author.

Yours faithfully

Matthew J Barnsdale
Director

M: 07736 791 146
E: mbarnsdale@mjbcp.co.uk

APPENDIX 1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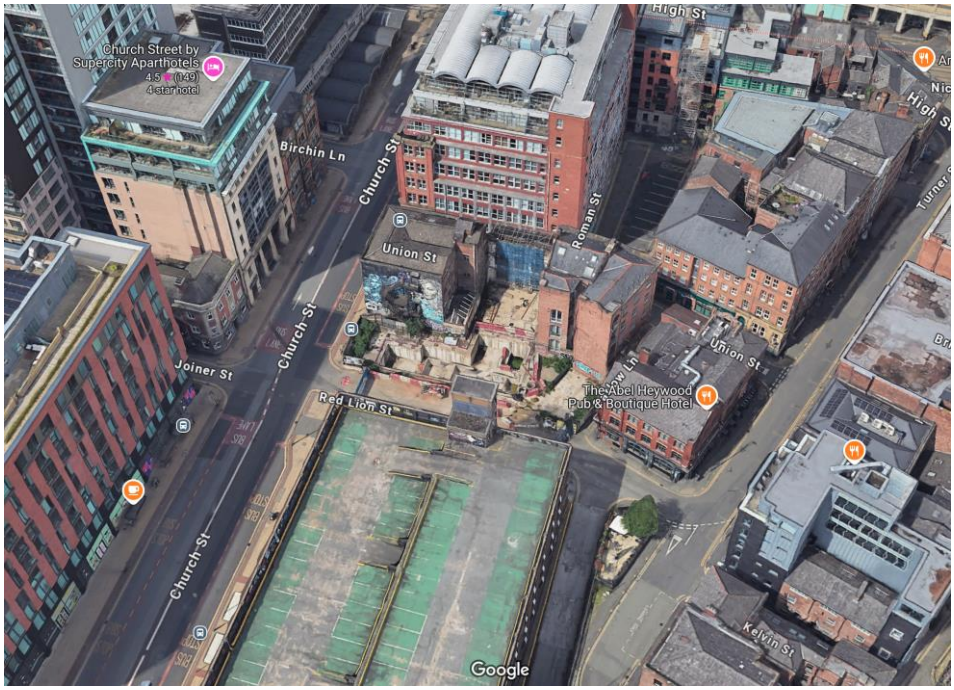
mapbox © Mapbox © OpenStreetMap Improve this map

APPENDIX 2



Red Lion Street Elevation

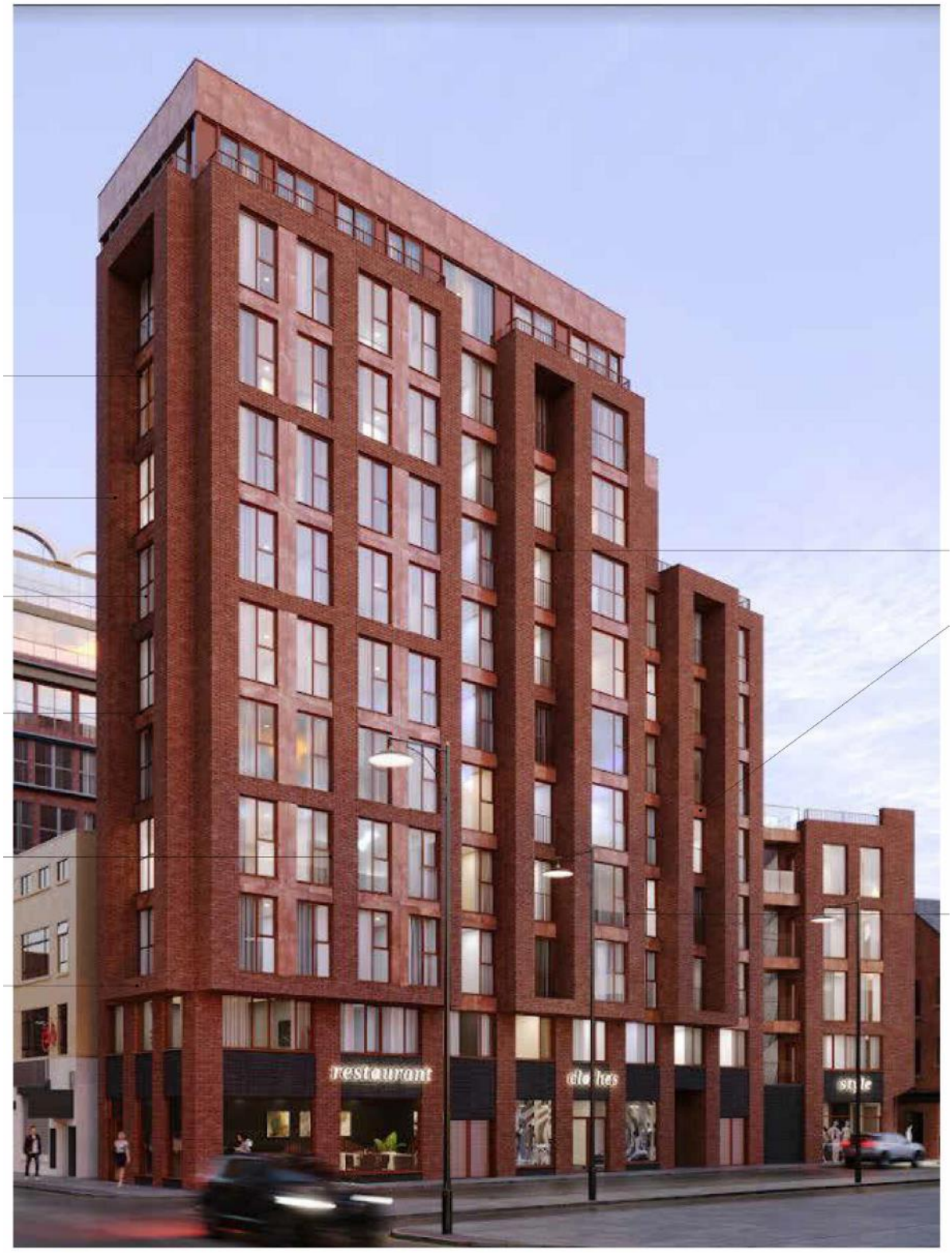
Red Lion Street Elevation – View from Church Street

Union Street Elevation

APPENDIX 3

TURNER STREET
EDGEHILL STREET
ROMAN STREET
UNION STREET
RED LION STREET
CHURCH STREET
KELVIN STREET
JOHN STREET
BIRCHIN LANE
Roman Entry
101 to 806
27 to 29
Multistorey Car Park
PH
LB

APPENDIX 4



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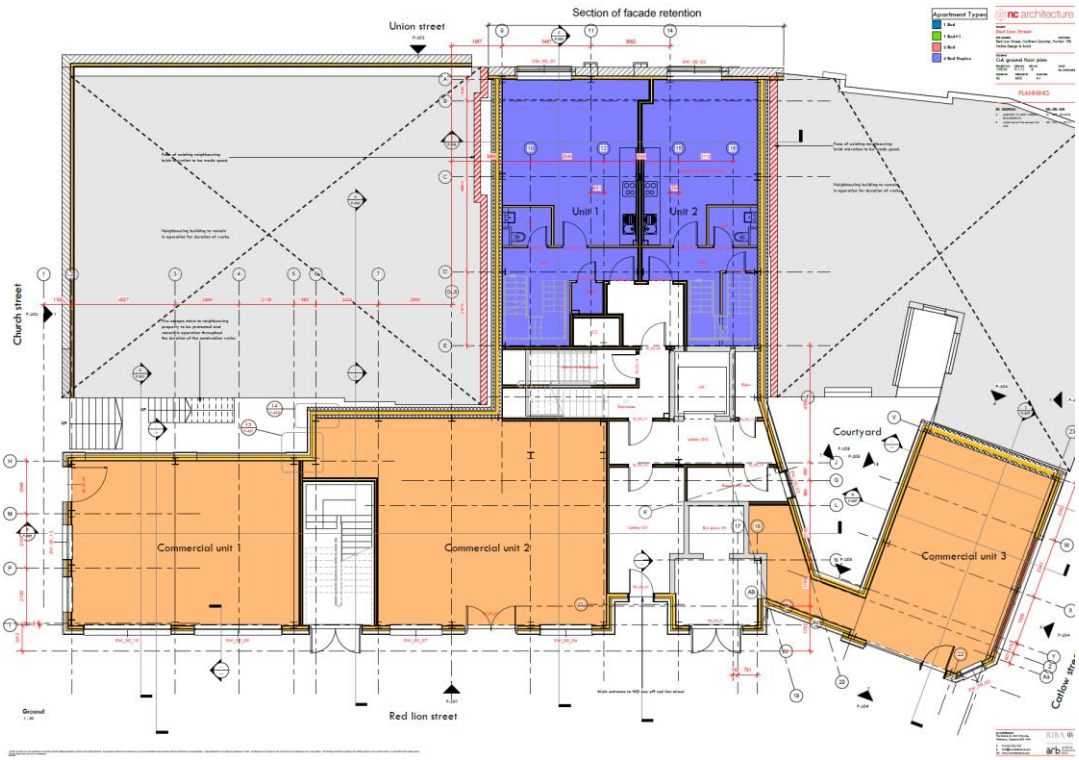
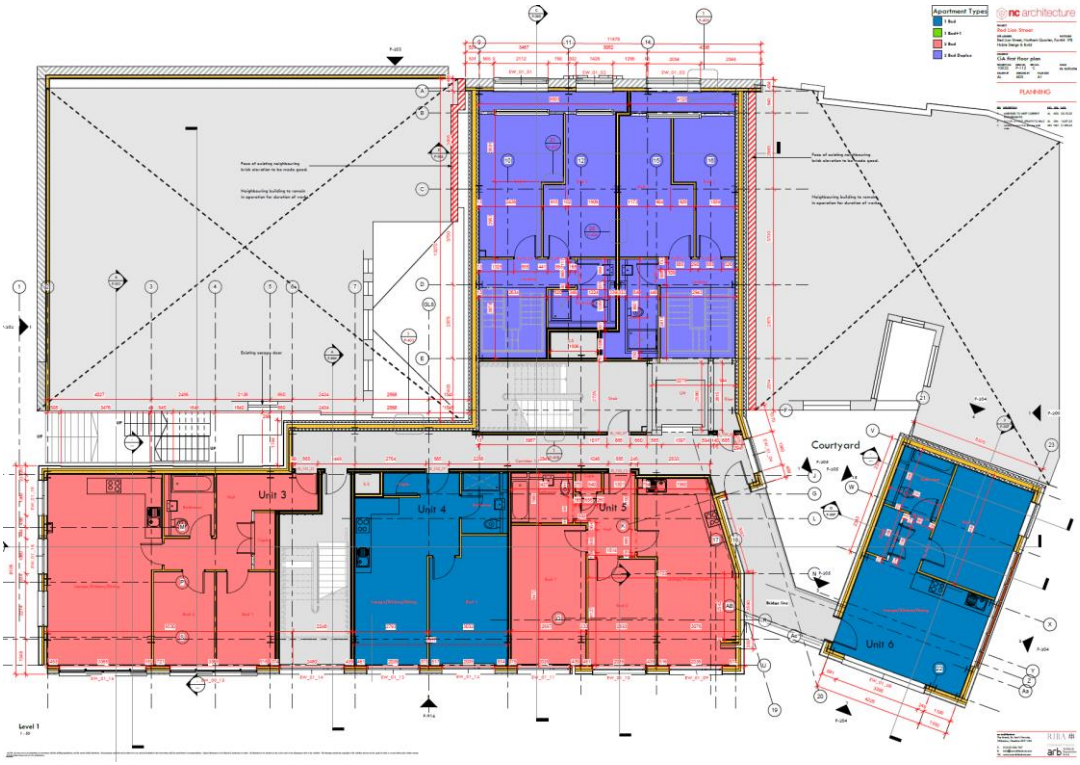

Union street
Section of facade retention
Unit 1
Unit 2
Church street
Courtyard
Commercial unit 1
Commercial unit 2
Commercial unit 3
Red lion street
Ground


Apartment Types
1 Bed
1 Bed+1
2 Bed
2 Bed Duplex
nc architecture
Red Lion Street
PLANNING
Courtyard
Unit 3
Unit 4
Unit 5
Unit 6
Level 1

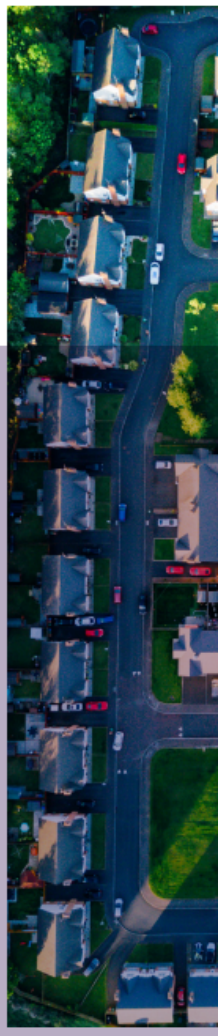
APPENDIX 5

ECONOMICS

Sales market activity continues to rise steadily

- Survey feedback capturing the recent trend in agreed sales and new buyer enquiries remains positive
- Headline house price growth appears to be gradually gaining momentum
- Expectations point to this brighter picture for activity being sustained over the near-term

The October 2024 RICS Residential Survey results continue to signal an improving market backdrop, evidenced by modestly positive readings once again being returned across all headline measures of activity. Furthermore, forward-looking indicators remain consistent with a further pick-up in sales volumes over near-term, although the rise in bond yields in recent weeks is likely to present something of a headwind as it feeds through into general lending conditions.



Looking at buyer demand, the headline net balance for the new buyer enquiries gauge registered a reading of +12% in October (little changed from +13% previously). This extends a run of positive returns for the series into a fourth consecutive month, albeit the latest reading is still only pointing to a modest upward trend in demand.

With respect to agreed sales, an aggregate net balance of +9% of respondents reported an increase in sales volumes over the latest survey period, up from a figure of +5% recorded last month. Importantly, having languished below zero throughout much of the previous two years, this now marks the third successive reading in positive territory. Nevertheless, the recent results signal a modest improvement, rather than a sharp upturn, at this stage. Looking ahead, the near-term sales expectations series posted a net balance of +34% in October, up from a figure of +22% beforehand. Similarly, a net balance of +36% of contributors foresee sales volumes rising over the next twelve months, even if this is slightly more moderate than the reading of +44% seen in September.

For new instructions, the October net balance of +14% is, for the fourth month in a row, pointing to

an increase in the flow of instructions coming onto the sales market. Moreover, respondents continue to note that there is currently a greater level of market appraisals being undertaken compared to picture seen at this point twelve months ago. As such, this suggests the near-term pipeline for listings is relatively solid.

Alongside this, a headline net balance of +16% of survey participants reported a rise in house prices over the October survey period. This is up from readings of +11% and zero in September and August respectively, and is consistent with house price growth gaining momentum steadily in recent months. When disaggregated, Northern Ireland, Scotland, the North East, North West, and London all exhibit firmly positive net balances for the house price metric.

Going forward, a rising share of respondents are now of the opinion that house prices will continue to drift higher over the coming three months, with the net balance for this indicator moving to +20% from +12% last time. Moreover, virtually all parts of the UK are expected to see a rise in house prices in the year to come, led by continued robust growth across Northern Ireland and Scotland.

In the lettings market, a net balance of +19% of respondents reported an increase in tenant demand over the three months to October (part of the seasonally adjusted quarterly lettings dataset). At the same time, landlord instructions fell relatively sharply, evidenced by a net balance reading of -29% being recorded in October (the most negative figure since the end of 2021). Due to the continued imbalance between rising demand and dwindling supply across the market, a net balance of +33% of respondents expect rental prices to be driven higher over the coming three months.

APPENDIX 6

Surplus (Deficit) from input land valuation at 1/10/2024			-£1,282,315
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY	DETAIL

SCHEME

Site Address	Red Lion Street, Northen Quarter, Manchester M4 1I	Date of appraisal	01/10/2024
Site Reference		Net Residential Site Area	0.05
File Source		Author & Organisation	Matthew Barnsdale - MJB Commercial Property
Scheme Description	Development of 38 Apartments in 11 Storey Tower	Registered Provider (whei	0

Housing Mix (Affordable + Open Market)

Total Number of Units	38	*units*
Total Number of Open Market Units	38	*units*
Total Number of Affordable Units	0	*units*
Total Net Internal Area (sq m)	2,262	*sq m*
% Affordable by Unit	0.0%	
% Affordable by Area	0.0%	
Density	760	*units/ hectare*
Total Number of A/H Persons	0	*Persons*
Total Number of Open Market Persons	0	*Persons*
Total Number of Persons	0	*Persons*
Gross site Area	0.05	*hectares*
Net Site Area	0.05	*hectares*
Net Internal Housing Area / Hectare	45,240	*sq m / hectare*

equals 197,038 sqft per acre

Average value (£ per unit)	Open Market Phase 1:	Open Market Phase 2:	Open Market Phase 3:	Open Market Phase 4:	Open Market Phase 5:	Total
1 Bed Flat Low rise	£0	£0	£0	£0	£0	
2 Bed Flat Low rise	£0	£0	£0	£0	£0	
3 Bed Flat Low rise	£0	£0	£0	£0	£0	
4 Bed + Flat Low rise	£0	£0	£0	£0	£0	
1 Bed Flat High rise	£206,471	£0	£0	£0	£0	
2 Bed Flat High rise	£299,524	£0	£0	£0	£0	
3 Bed Flat High rise	£0	£0	£0	£0	£0	
4 Bed + Flat High rise	£0	£0	£0	£0	£0	
2 Bed House	£0	£0	£0	£0	£0	
3 Bed House	£0	£0	£0	£0	£0	
4 Bed + House	£0	£0	£0	£0	£0	
Total Revenue £	£9,800,000	£0	£0	£0	£0	£9,800,000
Net Area (sq m)	2,262	-	-	-	-	2,262
Revenue (£ / sq m)	£4,332	-	-	-	-	

CAPITAL VALUE OF OPEN MARKET SALES				**£9,800,000**
Capital Value of Private Rental				
Phase 1			£0	
Phase 2			£0	
Phase 3			£0	
Phase 4			£0	
Phase 5			£0	
Total PR			£0	
CAPITAL VALUE OF OPEN MARKET HOUSING			**£9,800,000**	£ 3,423 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£6,084,179**	£ 2,125 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£3,715,821**

AH Residential Values

AH & RENTAL VALUES BASED ON NET RENTS

Type of Unit	Social Rented	Shared Ownership (all phases)	Affordable Rent (all phases)	Total
1 Bed Flat Low rise				
2 Bed Flat Low rise				
3 Bed Flat Low rise				
4 Bed + Flat Low rise				
1 Bed Flat High rise				
2 Bed Flat High rise				
3 Bed Flat High rise				
4 Bed + Flat High rise				
2 Bed House				
3 Bed House				
4 Bed + House				
	£0	£0	£0	£0
£ psqm of CV (phase 1)	-	-	-	

CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			£0	
RP Cross Subsidy (use of own assets)			£0	
LA s106 commuted in lieu			£0	
RP Re-cycled SHG			£0	
Use of AR rent conversion income			£0	
Other source of AH funding			£0	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			£0	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			£0	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	£0	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				£0

Car Parking

No. of Spaces	Price per Space (£)	Value
-	-	£0

Value of Residential Car Parking £0

Car Parking Build Costs			£0		
Ground rent					
			Capitalised annual ground rent		
Social Rented			£0		
Shared Ownership			£0		
Affordable Rent			£0		
Open market (all phases)			£0		
Capitalised Annual Ground Rents				£0	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME				£9,800,000	
TOTAL BUILD COST OF RESIDENTIAL SCHEME			£6,084,179		
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME					£3,715,821
Non-Residential					
			Cost	Values	
Office			£0	£0	
Retail			£236,798	£562,201	
Industrial			£0	£0	
Leisure			£0	£0	
Community Use			£0	£0	
Community Infrastructure Levy			£0		
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME				£562,201	
COSTS OF NON-RESIDENTIAL SCHEME			£236,798		
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL					£325,403
GROSS DEVELOPMENT VALUE OF SCHEME				£10,362,201	
TOTAL BUILD COSTS			£6,320,976		
TOTAL CONTRIBUTION TO SCHEME COSTS					£4,041,225
External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1		£0			
Other 2		£0			
		£0			
Other site costs					
Fees and certification	8.0%	£472,558	12,436	4.6%	8,751,066
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		£472,558	12,436		
Statutory 106 Costs (£)					
Education		£0			
Sport & Recreation		£0			
Social Infrastructure		£0			
Public Realm		£0			
Affordable Housing		£0			
Transport		£0			
Highway		£0			
Health		£0			
Public Art		£0			
Flood work		£0			
Community Infrastructure Levy		£0			
Other Tariff		£0			
Other 1		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Statutory 106 costs		£0			
Marketing (Open Market Housing ONLY)			per OM unit		
Sales/letting Fees	2.0%	£196,000	5,158		
Legal Fees (per Open Market unit):	£900	£34,200	900		
Marketing (Affordable Housing)			per affordable unit		
Developer cost of sale to RP (£)		£0			
RP purchase costs (£)		£0			
Intermediate Housing Sales and Marketing (£)		£0			
Total Marketing Costs		£230,200			
Total Direct Costs			£7,023,734		
Finance and acquisition costs					
Land Payment		£2,280,000	60,000 per OM home	42,222,222 per hectare	
Arrangement Fee		£30,000	3.7% of interest		

Misc Fees (Surveyors etc)		£5,000	0.05%	of scheme value
Agents Fees		£20,400		
Legal Fees		£10,200		
Stamp Duty		£103,500		
Total Interest Paid		£821,168		
Total Finance and Acquisition Costs			**£3,270,268**	
Developer's return for risk and profit				
Residential				
Market Housing Return (inc OH) on Valu	15.0%	£1,470,000	38,684	per OM unit
Affordable Housing Return on Cost	0.0%	£0		per affordable unit
Return on sale of Private Rent	0.0%	£0	#DIV/0!	per PR unit
Non-residential				
Office	£0			
Retail	£84,330			
Industrial	£0			
Leisure	£0			
Community-use	£0	**£84,330**		
Total Operating Profit			**£1,554,330**	
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)				
TOTAL COST			**£11,848,332**	
Surplus/(Deficit) at completion 1/9/2026				**(£1,486,131)**
Present Value of Surplus (Deficit) at 1/10/2024				**(£1,282,315)**

Scheme Investment MIRR **8.1%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	22.0%	Peak Cash Requirement	-£9,293,574
Site Value (PV) per hectare	-£25,646,309 per hectare	-£12,028,579 per acre	

APPENDIX 7

Unit	Floor	Bedrooms	Bathrooms	Square Meter	Square Foot	Additional Comments	Price
1	Ground & 1st	2	1.5	100	1076	Duplex	£275,000
2	Ground & 1st	2	1.5	84	904	Duplex	£260,000
3	1st	2	1	68	732		£275,000
4	1st	1	1	44	474		£180,000
5	1st	2	1	61	657		£250,000
6	1st	1	1	45	484		£180,000
7	2nd	2	1	71	764		£285,000
8	2nd	1	1	44	474		£182,500
9	2nd	2	1	58	624		£250,000
10	2nd	1	1	44	474		£182,500
11	2nd	2	2	104	1119		£400,000
12	3rd	2	1	71	764		£290,000
13	3rd	1	1	45	484		£185,000
14	3rd	1	1	55	592	additional study	£250,000
15	3rd	1	1	45	484		£185,000
16	3rd	2	2	66	710	Large Roof Terrace	£375,000
17	4th	2	1	71	764		£295,000
18	4th	1	1	45	484		£190,000
19	4th	1	1	56	603	additional study	£255,000
20	4th	1	1	44	474		£190,000
21	4th	2	1	65	700		£285,000
22	5th	2	1	71	764		£310,000
23	5th	1	1	44	474		£200,000
24	5th	1	1	55	592	additional study	£260,000
25	5th	2	2	62	667		£285,000
26	6th	2	1	71	764		£315,000
27	6th	1	1	44	474		£205,000
28	6th	2	1	59	635		£285,000
29	6th	2	2	66	710		£295,000
30	7th	2	1	71	764		£320,000
31		1	1	45	484		£210,000
32		2	1	57	614		£285,000
33	8th	2	1	71	764		£325,000
34		1	1	45	484		£215,000
35	9th	2	1	71	764		£330,000
36		1	1	45	484		£220,000
37	10th	2	1	59	635		£300,000
38		1	1	40	431		£220,000
							9800000