

2 - 4 Whitworth Street West, Manchester



Financial Viability Statement

CBRE Limited | National Planning & Development for: Glenbrook WWS Limited, Maizelands Limited and Arringford Limited

November 2024

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Declaration

A declaration of conformity with the RICS Professional Statement Financial Viability in Planning, September 2019, 1st Edition¹, is set out within the following sub-sections.

Instruction and Purpose of Report

CBRE has been instructed by Glenbrook WWS Limited, Maizelands Limited and Arringford Limited ('the Applicant') to objectively assess, and report upon, the financial viability of the proposed redevelopment of 2-4 Whitworth Street West, Manchester ('the Site') for the full demolition and redevelopment of the site to deliver a new residential building.

This viability assessment ('VA') examines the financial viability of the residential redevelopment of the Site (hereafter referred to as the 'Proposed Residential Development').

The purpose of this viability assessment ('VA') is to test the financial viability of the Proposed Residential Development at the Site, taking into account the policy requirements set by Manchester City Council ('MCC' or 'the Council') as well as national planning policy and guidance.

Objectivity, impartiality and reasonableness

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

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

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

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

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

Conflict(s) of interest

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

Contingent Fee

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

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

Status

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

This report provides a guide for feasibility in line with the purpose for which the assessment is required, in accordance with the National Planning Policy Framework (‘NPPF’)² and national Planning Practice Guidance for Viability (‘PPGV’)³, and as stated within the relevant guidance published by the RICS⁴.

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

Publication

This viability assessment has been prepared on the basis that it is expected to be made publicly available, other than in exceptional circumstances.

Where information may compromise delivery of the Proposed Development or infringe other statutory and regulatory requirements, these exceptions will be discussed and agreed with the Local Planning Authority (‘LPA’) and documented early in the process. Commercially sensitive information will be presented in aggregate form following these discussions. Any sensitive personal information will not be made public.

Personnel

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

Project Name:	2 - 4 Whitworth Street West, Manchester		
Project Number:	Date:	Prepared By:	Verified By:
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² MHCLG (2023) National Planning Policy Framework (NPPF)

³ MHCLG (2019) National Planning Practice Guidance – Viability

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

Executive Summary

CBRE has been appointed by Glenbrook WWS Limited, Maizelands Limited and Aringford Limited (hereto referred to as ‘the Applicant’) to objectively assess, and report upon, the financial viability of the proposed redevelopment of 2-4 Whitworth Street West, Manchester (‘the Site’) for the full demolition and redevelopment of the site to deliver a new residential building.

The purpose of this viability assessment (‘VA’) is to test the financial viability of the Proposed Residential Development at the Site, taking into account the policy requirements set by Manchester City Council (‘MCC’ or ‘the Council’) as well as national planning policy and guidance.

Assessment Methodology

The viability model is conducted on a residual basis using industry standard Argus Developer software. A cashflow is provided for full transparency.

The key viability modelling input assumptions adopted by CBRE for the viability appraisal of the Proposed Residential Development are summarised in Table ES1.

Table ES1: Viability Assessment Inputs Summary

Input	Rate	Comment
BTR Estimated Rental Values (‘ERV’): Open Market Apartments	£31.90/ft²	Based upon local prime BTR market evidence including allowance for floor-height premium
BTR Net Initial Yield (‘NIY’)	5.00%	Forward funded NIY set optimistically in comparison to the current transactional funding market (net of coupon)
Construction Costs	£96,423,690	Based upon a Cost Plan provided by Quartz reflecting a total cost of £105,294,669. The adopted cost excludes inflation (£4,049,795) and contractors design / build risk (£4,821,184) as CBRE has allowed for a separate contingency budget.
Amenity Fit-Out	£1,550,000	Based on £200ft² provided by the Applicant for a premium amenity provision.
Residential FF&E (Furniture Packs) - Premium	£5,000 per unit	Based on budget estimates provided by the Applicant reflecting a premium BTR product and consistent with CBRE’s knowledge of contracted packages on equivalent developments locally.
Other Construction Costs	£2,314,796	Other cost allowances for S278 works, RtL, insurances and non-recoverable VAT.
Contingency (Design, Contractor & Developer)	5.00%	Of estimated build costs. Considered a minimum allowance for contractor’s and developer’s risk in the current market.
Professional Fees	10.00%	Estimated rate as a % of total build costs.
Funding Agent Fee	0.75%	Of GDV
Funding Legal Fee	0.50%	Of GDV
Purchaser’s Costs (Land)	SDLT+1.8%	Standard HMRC non-residential stamp duty land tax (‘SDLT’), agent’s fee (1.00%) and legal fee (0.80%)

Input	Rate	Comment
Purchaser's Costs (Investment)	2.00%	Optimistically assumes asset held in SPV. SDLT on share transfer at plus institutional fund's agency and legal fees (including VAT at 20%) on funding commitment.
Developer's Return (blended)	12.00%	Total target return on cost to reflect current levels of market risk, in line with the minimum market expectations and at the low end the range set-out in PPGV.

Benchmark Land Value ('BLV')

By way of analysis set out within chapter 5 of this document, the BLV for the Site has been determined based on the Existing Use Value ('EUV') plus premium. The BLV represents CBRE's conclusion as to the minimum level of value at which the landowner would be suitably incentivised to release the site.

It is CBRE's professional opinion that the BLV for the Site for the Proposed Residential Development equates to £3.44m.

Viability Assessment Results & Conclusion

CBRE's policy compliant viability appraisal demonstrates that, when incorporating the BLV as a fixed input, and 20% affordable housing (in the form of APR units at 80% of local market rent), the outturn residual profit generated is -3.6% on Cost (-3.6% on GDV). The residual profit margin falls significantly below the target risk-adjusted developer's return.

The delivery of the Proposed Development on a basis in compliance with the Council's adopted development plan fails to generate a profit sufficient to meet the target minimum risk-adjusted developer's return on cost and the Proposed Development is not financially viable on this basis.

CBRE has subsequently run a scenario testing exercise to assess the implications on financial viability of first reducing and then removing the affordable housing provision. Scenario Test 1, which is based on a fully open market rental scheme, generates a residual profit of 1.7% on Cost (1.6% on GDV) and demonstrates that the financial viability of the Proposed Residential Development remains challenged in the current market, but that the viability deficit is significantly reduced.

An additional scenario testing exercise has been run to assess the financial viability of the scheme should the Applicant proceed on an open market sales basis. Scenario Test 2 generates a residual loss of -9.4% on Cost (-10.4% on GDV) and demonstrates that proceeding on a build to rent (BtR) basis represents the delivery route which is most likely to achieve a viable/fundable development option for the Proposed Development.

The commercial decision whether to proceed with the Proposed Development will therefore be at the discretion of the Applicant and will, to some degree, be reliant on a combination of factors including improving market conditions, the ability to further reduce construction costs, and exploring the potential sourcing of public sector grant funding.

Given the commercial risks, it would be CBRE's recommendation that the Proposed Development does not incorporate any affordable housing units (or a payment in lieu of on-site provision) and any sums towards planning obligations at determination stage.

A late-stage review will be incorporated into the Section 106 Agreement that will allow for MCC to secure up to a policy-compliant level of planning obligations, subject to the performance of the Proposed Development upon delivery.

1 Introduction

Instruction

- 1.1 CBRE has been appointed by the Applicant to objectively assess, and report upon, the financial viability of the Proposed Development at the Site.
- 1.2 The purpose of the VA is to test the financial viability of the Proposed Residential Development at the Site, taking into account the policy requirements set by the Council as well as national planning policy and guidance.

Context

Subject Site, Description, Location & Access

- 1.3 The Site is located at 2-4 Whitworth Street West, Manchester and is bounded by Whitworth St West to the north, Bugle Street to the west, Cameron Street to the east and the railway viaduct to the south.
- 1.4 The site benefits from immediate access to Deansgate Train Station, Deansgate Metrolink Station and a variety of bus services along Whitworth Street West and Deansgate.
- 1.5 The Site extends to 0.17 ha (0.42 acres) and comprises 2 separate lots bisected by Rowendale Street through the viaduct to the south.
- 1.6 The existing buildings total circa 32,000 ft² GIA and comprises mostly secondary office accommodation with a small storage warehouse to the rear of 4 Whitworth Street West. All units are vacant and have been for a number of years.
- 1.7 A Site Location Plan is provided within **Appendix A**.

Planning and Status

- 1.8 A review of the MCC's online planning application public access database has been undertaken. Planning history pertinent to the Site is summarised below:
 - Application to demolish existing building and construction of a mixed use building to comprise a mix of ground floor retail uses and hotel on the upper floors (Ref no. 126308/FO/2020). Application was approved on 18 December 2020 but has now lapsed.

Proposed Planning Application

- 1.9 Following pre-application engagement with MCC, it is understood that the Applicant intends to submit a planning application imminently for the redevelopment of the Site, which includes the Proposed Residential Development.

Date of Appraisal

- 1.10 The date of appraisal is the stated date on the cover of this report.

Document Structure

- 1.11 The viability assessment report is structured as follows:

Section 2: presents the relevant planning policy context.

Section 3: confirms the approach and methodology to this viability assessment together with a brief review of the relevant current guidance for undertaking viability assessments.

Section 4: sets out a summary of the principal assumptions and evidence used within this financial viability assessment.

Section 5: derives the benchmark land value ('BLV') or 'Site Value'.

Section 6: summarises the results of viability assessment.

Section 7: sets out concluding recommendations to the Applicant and the Council in respect of the level of affordable housing provision and Section 106 planning obligations (as applicable) that can be realistically supported by the Proposed Development in accordance with the National Planning Policy Framework ('NPPF')⁵ and national Planning Practice Guidance ('PPG')⁶.

⁵ MHCLG (2023) National Planning Policy Framework

⁶ MHCLG (2019) National Planning Practice Guidance – Viability

2 Planning Policy Context

- 2.1 This section of the document presents the relevant national and local planning policy context to viability assessment of the Proposed Development of the Site.

National Planning Policy Framework

- 2.2 The NPPF presents the Government's planning policies for England and how these are expected to be applied.
- 2.3 The NPPF states that planning law requires planning applications to be determined in accordance with the development plan unless material considerations indicate otherwise. The NPPF, along with emerging plans, are material considerations that must be accorded weight within planning decision-making.

Sustainable Development

- 2.4 The presumption in favour of sustainable development is at the heart of the NPPF and is to be pursued positively in both decision-making and plan-making.

Affordable Housing

- 2.5 Within Annex 2, the NPPF confirms that affordable housing for rent is expected to be the normal form of affordable housing provision within BTR schemes. This is to be known as Affordable Private Rent ('APR') and must meet the following conditions:
- the rent is set at least 20% below local market rents (including service charges where applicable);
 - where a build to rent scheme the landlord need not be a registered provider; and
 - it includes provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.

Deliverability & Viability

- 2.6 The NPPF confirms that it is the applicant's responsibility to demonstrate whether the circumstances affecting the development justify the requirement for the submission of a viability assessment at the application stage.
- 2.7 The LPA, as decision maker, must determine the weight to be given to the submitted viability assessment having regard to all the circumstances in the case including the following:
- whether the Plan and viability evidence underpinning it is up to date; and
 - whether there have been any changes in site circumstances since the Plan was brought into force.
- 2.8 All viability assessments, including those undertaken at plan-making stage, should reflect the recommended approach in national planning guidance⁷.

⁷ MHCLG (2023) National Planning Policy Framework (NPPF): Paragraph: 58

Planning Practice Guidance for Viability (‘PPGV’)

- 2.9 The Government’s national planning guidance for understanding viability in both plan making and decision taking is set out within PPGV⁸.
- 2.10 Detailed guidance is provided regarding viability assessment in decision-taking upon individual schemes at the application stage. Firstly, it is the responsibility of the applicant to demonstrate the circumstances justifying the need for viability assessment. Whilst not stated as exhaustive, examples stated in PPGV are:
- where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan;
 - where further information on infrastructure or site costs is required;
 - where particular types of development are proposed which may significantly vary from standard models of development for sale (for example BTR or housing for older people); or
 - where a recession or similar significant economic changes have occurred since the plan was brought into force.
- 2.11 Paragraph 20 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value (‘BLV’) including the landowner premium, developer’s return and costs).

Build to Rent

- 2.12 Paragraph 019 of PPGV confirms that the economics of build to rent schemes differ from build for sale as they depend on a long-term income stream. For BTR it is expected that the normal form of affordable housing provision will be affordable private rent.
- 2.13 For individual schemes, PPGV confirms developers may propose alternatives to the policy, such as variations to the discount and proportions of affordable private rent units across a development, and the ability to review the value of a scheme (rent levels) over the duration of its life.

PPG for Build to Rent

- 2.14 PPG for Build to Rent sets out the Government’s national planning guidance for understanding planning for Build to Rent (BTR) development.
- 2.15 The PPG confirms that a ‘generally suitable benchmark’ for the level of APR homes to be provided (and maintained in perpetuity) in a build to rent scheme is 20%, unless an LPA has set an alternative proportion via Local Plan policy.
- 2.16 PPG Build to Rent also confirms that the PPG for Viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark on the basis of financial viability.
- 2.17 The rental discount in APR units should be a minimum of 20% relative to local market rents (inclusive of service charges) and should be calculated when a discounted home is rented out or the tenancy is renewed.

⁸ MHCLG (2019) Planning Practice Guidance: Viability

- 2.18 Both the proportion of APR units, and discount offered on them can be varied across a development, over time. Similarly, it should be possible to explore a trade-off between the proportion of discounted units and the discount(s) offered on them, with the proviso being that these should accord with the headline affordable housing contribution agreed through the planning permission. All options should be agreed jointly between the local authority and the developer as part of the planning permission and set out in a Section 106 agreement.

Adopted Local Policy

Development Plan

- 2.19 For the purposes of this assessment, the Development Plan documents for the Site comprise the following:
- Manchester Core Strategy ('MCS') (adopted July 2012)
 - Extant Unitary Development Plan ('UDP') policies (incl. alterations) (adopted 1995)
- 2.20 Other material considerations include:
- The Places for Everyone Joint Development Plan Document ('PFE') (Adopted March 2024)
 - Guide to development in Manchester SPD (adopted April 2007)
 - Providing for Housing Choice SPD (adopted September 2008)

Manchester Core Strategy

- 2.21 The MCS is a key document of the Manchester' Local Plan and sets out the long term (15 year) strategic policies for Manchester's future development and forms the framework against which planning applications are assessed.

Housing

- 2.22 Spatial objective SO3 (Housing) targets a significant increase in high quality housing provision at sustainable locations throughout the City to address demographic needs and support economic growth.
- 2.23 Policy H1 (Overall Housing Provision), states that approximately 60,000 new dwellings will be provided in Manchester over the period March 2009 to March 2027, which equates to an average of 3,333 units per year.
- 2.24 Policy CC3 states: *"The City Centre will see the most intensive development of housing in the City. It is expected that a minimum of 16,500 new units will be provided from 2010-2027. Key locations for the residential development will be Castlefield, Piccadilly, the Southern Gateway, and the Northern Quarter..."* In other parts of the City Centre residential development will only be appropriate in line with Policy CC7.
- 2.25 Policy CC7 confirms that residential development will be supported as part of schemes which include employment. The Council must be satisfied that proposals will contribute to the economic regeneration of the City and that the residential element of the scheme is of a scale which will ensure that the economic uses on the site, including retail and hotels, will be maximised. A clear justification will be required for proposals without employment opportunities.
- 2.26 High density development (over 75 dph) is expected to be appropriate in the City Centre and parts of the Regional Centre – given the accessible location. However, the general distribution and mix of new housing is expected to depend upon:

- The number of available sites identified as potential housing sites in the SHLAA;
- Land values and financial viability;
- The need to diversify housing stock in mono-tenure areas by increasing the availability of family housing and the availability of other tenures to meet identified needs, and preserving and improving the quality of the existing housing stock; and
- The management of areas where Houses in Multiple Occupation predominate.

Affordable Housing

- 2.27 The Council's affordable housing requirements (Policy H8) currently apply to all residential developments on sites of 0.3 hectares and above, or where 15 or more units are proposed. New residential developments that meet this criteria will contribute to the city-wide target of 20% affordable housing provision – expected to be a starting point. The specified affordable housing tenure split is 25% affordable rented accommodation and 75% intermediate housing.
- 2.28 Policy H8 requires affordable housing units to reflect the type and size of the development as a whole and for an inclusive design which reflects the character of the development on the site.
- 2.29 Variations to the affordable housing policy may be permitted where either a financial viability assessment is conducted and demonstrates that it is only viable to deliver only a proportion of the affordable housing target of 20%; or where material considerations indicate that intermediate/ 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.”*

Developer Contributions

- 2.30 In accordance with Policy PA1 (Developer Contributions), the Council may seek to secure planning obligations (in line with Circular 5/2005) for the following:
- Affordable housing
 - Education
 - Health and wellbeing facilities
 - Community facilities

- Provision of Green Infrastructure including open space
- Public realm improvements
- Protection or enhancement of cultural heritage
- Protection or enhancement of environmental value
- Safety and security improvements
- Training and employment initiatives
- Highway improvements, traffic management, sustainable transport and disabled people's access
- Climate change mitigation / adaptation

2.31 The scale of planning obligations sought will relate to the form of development and its potential impact upon the surrounding area. Where appropriate the provisions will be made on site, alternatively a commuted payment is likely to be sought. Site specific conditions and viability issues may be taken into account when determining the nature and scale of the planning obligations.

Low and Zero Carbon Development

2.32 In relation to climate change, the Core Strategy's policies are now somewhat out of date and do not reflect the accelerated ambitions of the City as it pushes towards a zero-carbon future.

2.33 Policy EN4 encourages the reduction on CO2 Emissions through following the Energy Hierarchy principles:

- To reduce the need for energy through design features that provide passive heating, natural lighting and cooling.
- To reduce the need for energy through energy efficient features such as improved insulation and glazing
- To meet residual energy requirements through the use of low or zero carbon energy generating technologies.

2.34 Policy EN6 seeks CO2 reductions from low or zero carbon energy supplies and includes the following targets:

- A CHP/district heating anchor or connection; or where not feasible
- A 15% increase on Part L 2010.

2.35 Policy EN8 Adaption to Climate Change set out that all new development will be expected to be adaptable to climate change in terms of design, layout, siting and function of buildings and external spaces.

Providing for Housing Choice – Supplementary Planning Document

2.36 The Providing for Housing Choice SPD was adopted in March 2008. The document recognises the importance of providing a sufficient mix of homes which are decent, affordable and accessible homes to everybody living in Manchester. The SPD provides planning guidance about the mix of new housing provision to meet the requirements of Manchester.

2.37 Paragraphs 5.11 - 5.12 confirm the city-wide affordable housing target of 20% and expected tenure split – as adopted in MCS Policy H8 (affordable Housing).

2.38 Paragraph 5.28 states that the types and size of housing provision suitable for each site will vary and should take account of the housing need of the immediate neighbourhood. Where schemes relate to wider

regeneration initiatives, the Council may wish to consult with the local community to ensure that local needs are considered. The appropriate mix of development should be part of the pre-application discussions.

- 2.39 Paragraphs 5.49 and 5.50 iterate the presumption that affordable housing will be provided on application sites; however, where it can be robustly justified by reference to local housing needs or the infeasibility of on-site provision, then off-site provision, or a commuted sum or payment in lieu of on-site provision, will be considered.
- 2.40 Paragraph 5.58 sets out examples of exceptions which may allow developers to provide a lower proportion of affordable housing, including where 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; or financially undermine the significant development proposals critical to economic growth within the City and where the financial impact of the provision of affordable housing, combined with other planning obligations would affect scheme viability.
- 2.41 Paragraphs 5.59 – 5.67 set out the exceptional circumstances where particular costs associated with development may be taken into account in order to agree the amount of affordable housing and tenure mix.
- 2.42 Where an applicant proposes to demonstrate particular or ‘abnormal’ costs the onus is on them to show, through a detailed financial appraisal, that these are genuine additional costs that:
- cannot be offset by depreciated land value;
 - were not known prior to purchase; or
 - cannot be recouped in the open market sale price of the new homes.
- 2.43 Financial appraisals to support viability cases should be submitted for pre-application consideration. Where abnormal costs can be demonstrated to the satisfaction of the Council, a negotiated deduction may be agreed, either to the overall scale of affordable provision or to size and/or tenure.

Places for Everyone (Joint DPD) (Adopted March 2024)

- 2.44 The Places for Everyone Joint Development Plan Document (‘PFE’) (Adopted March 2024) is the result of a process that began with the publication of the Greater Manchester Spatial Framework (‘GMSF’), which represented a joint plan for the 10 authorities of Greater Manchester, but was voted against by Stockport (for independent examination) in December 2020, signalling the end of the GMSF as a joint plan for 10 councils.
- 2.45 The PFE now represents the remaining nine councils of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Tameside, Trafford, and Wigan, sets out a plan for sustainable growth across the nine boroughs up to the year 2037, identifying the amount of new development that will come forward in terms of housing, offices, industry and warehousing, and the main areas in which this will be focused.
- 2.46 Policy JP Strat 2 identifies a requirement for land to accommodate around 1,700,000 sq m of office floorspace, around 54,000 new dwellings and minimal industry and warehousing (just over 38,000 sqm) within the City Centre.
- 2.47 Policy JP-H 2 (Affordability of New Housing) aims to deliver at least 50,000 additional affordable homes across Greater Manchester up to 2037, with a particular focus on social rent and affordable rent. The policy supports provision of affordable housing, either on- or off-site, as part of new developments (avoiding where possible clusters of tenure to deliver mixed communities), with locally appropriate

requirements being set by each local authority. Moreover, the policy targets increasing the supply of low-cost market housing, to complement the provision of affordable homes and diversify options for low income households.

- 2.48 Policy JP-H 3 (Type, Size and Design of New Housing) requires developments to incorporate a range of dwelling types and sizes, which will be defined by district local plans, masterplans and other guidance. All new dwellings are required to:
- Comply with the nationally described space standards; and
 - Be built to the 'accessible and adaptable' standard in Part M4(2) of the Building Regulations, unless specific site conditions make this impracticable.
- 2.49 Policy JP-H 4 (Density of New Housing) requires new housing development to be delivered at a density appropriate to location. Within the City Centre development is to achieve a minimum net residential density of 200 dwellings per hectare.
- 2.50 Policy JP-D 1 (Infrastructure Implementation) seeks to:
- Establish a new long-term funding mechanism for transport and site specific infrastructure to ensure timely delivery and capture of developer contributions;
 - Encourage early dialogue between developers and infrastructure providers to identify the infrastructure needs arising from new development and ensuring that these are addressed through building design, utility networks and connections in time to serve the proposed development;
 - Require applicants to prepare an infrastructure phasing and delivery strategy for strategic sites, and major sites where build out will be delivered by different developers or in phases. This strategy must outline what needs to be provided by when and who will fund and deliver it;
 - Ensure that development does not lead to capacity or reliability problems in the surrounding area by requiring applicants to demonstrate that there will be adequate utility infrastructure capacity, from first occupation until development completion. As a minimum, applicants should identify and plan for:
 - Minimising the demand for energy, water and utility services by requiring sustainable building design and the incorporation of demand management measures within all new development and conversions where practicable;
 - Electricity supply to serve the construction phase and the intended use for the site, and identify, in conjunction with electricity providers the estimated load capacity of the building and the substations and routes for supply;
 - Reasonable gas and water supply, considering the need to conserve natural resources;
 - The provision of multiple-ducting to support full fibre digital connections from different providers;
 - Heating and cooling demand and the viability of its provision via decentralised energy networks. Designs must incorporate access to existing networks where feasible and viable; and
 - Where potential capacity problems are identified and no improvements are programmed by the relevant infrastructure provider, we will require the developer to contribute to and/or facilitate necessary improvements.
- 2.51 Policy JP-D 2 (Developer Contributions) requires developers to provide, or contribute towards, the provision of mitigation measures to make the development acceptable in planning terms. These will be

secured through the most appropriate mechanism, including, but not limited to, planning conditions, legal contracts, or CIL (or any subsequently adopted planning gain regime).

- 2.52 Applicants should take account of policies in development plans and other relevant documents when developing proposals and acquiring land. It is expected that viability assessments should only be undertaken where there are clear circumstances creating barriers to delivery. If an applicant wishes to make the case that viability should be considered, they should provide clear evidence at the planning application submission stage, demonstrating the specific issues that would create barriers to delivery in a transparent manner and reflecting national guidance.
- 2.53 Where it is accepted that viability should be considered as part of the determination of an application, the Local Planning Authority should determine the weight to be given to a viability assessment alongside other material considerations.

Other Material Considerations

- 2.54 In November 2018, Manchester City Council made a series of commitments, informed by the Manchester Climate Change Agency's (MCCA) work with the world-renowned Tyndall Centre for Climate Research based at University of Manchester. The key commitments are as follows:
- To becoming zero carbon by 2038, significantly accelerated from the original target of 2050.
 - To adopt a carbon budget and emit only a maximum of 15 million tonnes CO₂ for the period 2018-2100. This has been transposed from a global carbon budget which has been calculated as "likely" to maintain global temperature change within 2°C as agreed in the Paris Agreement.
 - To achieve a 13% year-on-year reduction in citywide CO₂ emissions from 2018 to achieve this carbon budget.
- 2.55 On 13th March 2019, MCC fully endorsed the Zero Carbon Framework 2020-2038, outlining how Manchester can meet its aim to being a zero-carbon city by 2038. Building from this, on 10 July 2019, MCC debated a motion to declare a Climate Emergency, declaring that climate change is a serious risk to Manchester's future. MCC committed to embedding the issue as an integral part of council decision-making, making sure that all key decisions are taken with the City's target of becoming zero-carbon by 2038 in mind.
- 2.56 Areas for action in the Manchester Zero Carbon Framework (2020-2038) include improving the energy efficiency of local homes; generating more renewable energy to power buildings; creating well-connected cycling and walking routes, public transport networks and electric vehicle charging infrastructure; plus, the development of a 'circular economy', in which sustainable and renewable materials are reused and recycled as much as possible.
- 2.57 Following this commitment, MCC's Executive endorsed the Manchester Climate Change Framework 2020-2025 in March 2020 which has been produced by the Manchester Climate Change Partnership and Agency. Within this, all developments where MCC has additional influence, for example as a client / end-user, landowner or development partner, all new development will need to be zero carbon from 2025 at the latest, when the new Manchester Local Plan is expected to become operational and is expected to become a policy requirement.
- 2.58 In addition, MCC developed a Climate Change Action Plan 2020-2025 to ensure that all aspects of the Climate Emergency Declaration were converted into clear actions with tonnes of CO₂ savings included where applicable. The Plan builds on over a decade of previous activity which has seen the Council's direct CO₂ emissions reduce by 54.7% between 2009/10 and 2019/20.

- 2.59 In August 2021 the Manchester Climate Change Partnership adopted and endorsed a roadmap to net zero carbon for new buildings within Manchester. The Partnership is a task force made up of private, public and third sector representatives and has been developed collaboratively with MCC. The roadmap sets out that all new buildings in the City should be net zero carbon from 2023.
- 2.60 Whilst the roadmap is not planning policy, it has been indicated by MCC that the roadmap may be considered as part of the new Local Plan.

Community Infrastructure Levy (CIL)

- 2.61 CIL was introduced under the Planning Act 2008 and is legislated by the CIL Regulations 2010 (as amended). Local authorities in England and Wales can elect to charge CIL on new development to assist in funding infrastructure associated with planned growth.
- 2.62 The Council's website states that they are *"not [currently] charging a CIL in relation to any planning permission."* However, they *"may seek contributions through relevant S106 agreements."*
- 2.63 CIL is therefore not applicable to this assessment at the current date.

3 Approach & Methodology

The Role of Viability Assessment in Planning

- 3.1 This chapter provides the approach and methodology to this viability assessment set within the context of the legislative planning framework and recognised national practice guidance for undertaking viability assessments.

RICS Financial Viability in Planning: Conduct and Reporting (1st edition, May 2019)

- 3.2 This RICS professional statement sets out mandatory requirements on conduct and reporting in relation to Financial Viability Assessments ('FVAs') for planning in England, whether for area-wide or scheme-specific purposes. It recognises the importance of impartiality, objectivity and transparency when reporting on such matters. It also aims to support and complement the Government's reforms to the planning process announced in July 2018 and subsequent updates, which include an overhaul of the NPPF and PPGV and related matters.
- 3.3 The statement focuses on reporting and process requirements, and the need for the assessment of viability to be carried out having proper regard to all material facts and circumstances. The additional requirements became effective on 1 September 2019.

RICS Guidance Note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (1st edition, March 2021)

- 3.4 The RICS Viability Guidance⁹, effective from 1st July 2021, supplements the RICS Professional Statement and gives added guidance to RICS members and other stakeholders in the planning process on undertaking and understanding FVAs in both a plan-making and decision-taking context.
- 3.5 The RICS Viability Guidance, which replaces the earlier 2012 publication, provides best practice guidance for practitioners in carrying out and interpreting the results of viability assessments under the NPPF and PPGV.

PPGV

- 3.6 PPGV sets out the Government's recommended approach and confirms the principles for conducting viability assessment as follows:

⁹ RICS (2021) *Assessing viability in planning under the National Planning Policy Framework 2019 for England* RICS guidance note, England 1st edition, March 2021

‘Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return’.¹⁰

3.7 PPGV confirms that the minimum landowner’s return should be referred to as the ‘benchmark land value’ (‘BLV’), which should be established on the basis of the existing use value (‘EUV’) of the land, plus a premium for the landowner. This approach is referred to as the ‘existing use value plus’ (‘EUV+’).

3.8 PPGV also confirms that alternative uses can be used in establishing the BLV. For the purposes of viability assessment the AUV refers to:

‘...the value of land for uses other than its existing use.’¹¹

3.9 Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. PPGV confirms the Government’s position that valuation based on AUV includes the premium to the landowner (i.e. the AUV is equal to the EUV+ as a BLV)¹².

Methodology

3.10 In order to determine the viability of the Proposed Development at the Site, a residual valuation model with cash flow has been prepared using proprietary software Argus Developer.

3.11 The methodology for undertaking this viability assessment follows the residual appraisal method, which is that accepted by the RICS and recommended within RICS Viability Guidance¹³. The methodology is also consistent with the Government’s recommended approach as set out in PPGV¹⁴.

3.12 The assessment calculates the cost to acquire, construct, and deliver the capital costs of the development scheme, which is set against the value of the development on the assumption it is completed in the current market. No allowance is made for underlying inflation.

3.13 This method is an industry standard approach for developers in calculating an appropriate bid to acquire land and premises for development. The residual land value (‘RLV’) represents the sum available following the deduction of all costs, including allowance for developer’s profit, from the net achievable revenue which can be derived from the proposed scheme.

Benchmark Land Value (‘BLV’)

3.14 As set out above, both the Government’s PPGV and RICS Guidance set out a requirement for viability assessment to compare the RLV of the Proposed Development, as derived through the viability assessment, with the BLV (i.e. minimum return at which it is considered a reasonable landowner would be willing to sell their land) in order to determine whether the proposed development is viable or unviable.

¹⁰ MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 010

¹¹ MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 017

¹² MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 017

¹³ RICS (2021) Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS guidance note, England 1st edition, March 2021

¹⁴ MHCLG (2019) National Planning Practice Guidance – Viability

4 Viability Assessment Assumptions

4.1 This section presents the principal assumptions used in the viability assessment.

Development Outputs

Land Analysis

4.2 The site area associated with the Proposed Residential Development is 0.17 ha (0.42 acres).

Proposed Development

4.3 The Proposed Development constitutes 364 high-quality, build-to-rent (‘BTR’) apartments in a 44 storey tower building.

4.4 The proposed residential unit mix comprises the following:

- 1-bed 1-person apartments: 120 no. (33%)
- 2-bed 3-person apartments: 142 no. (39%)
- 2-bed 4-person apartments: 76 no. (21%)
- 3-bed 5-person apartments: 20 no. (5%)
- 3-bed 6-person apartments: 6 no. (2%)

4.5 The development will provide 7,750 ft² of amenity over ground to third floors to accommodate resident lounges, a gym and studios.

4.6 The Proposed Development provides 92 no. double stacked bike racks (184 bike spaces) on the ground floor, alongside bin storage and plant.

4.7 The Proposed Development floor plans are provided within **Appendix B**.

Accommodation Schedule

4.8 An accommodation schedule for the Proposed Residential Development has been prepared by the Applicant’s appointed consultants Sheppard Robson Architects. A summary of the accommodation schedule is presented in Table 4.1.

Table 4.1: Summary Accommodation Schedule | Proposed Residential Development

Accommodation Type	No. of Units	Avg. NIA (ft²)	Total NIA (ft²)	Total GIA (ft²)
1-Bed 1-Person Apartment	120	497	59,692	-
2-Bed 3-Person Apartment	142	732	103,928	-
2-Bed 4-Person Apartment	76	801	60,863	-
3-Bed 5-Person Apartment	20	1,049	20,990	-
3-Bed 6-Person Apartment	6	1,392	8,351	-
Residential Total:	364	697	253,824	-
Scheme Total:	-	-	-	354,052

Source: Tim Groom Architects

4.9 A copy of the Area Schedule is provided at **Appendix C**.

Policy Compliant Accommodation Schedule

4.10 In accordance with the Council's affordable housing policy (Policy H8), as a starting point a 20% provision should be delivered on schemes where 15 or more units are proposed.

4.11 CBRE has therefore given weight to the NPPF and PPG for BTR, which confirms the following:

- the normal form of affordable housing provision in a BTR scheme will be affordable private rent ('APR') homes;
- a 'generally suitable benchmark' for the level APR homes to be provided (and maintained in perpetuity) in a BTR scheme is 20%; and
- the rental discount in APR units should be a minimum of 20% relative to local market rents (inclusive of service charges).

4.12 CBRE has incorporated a 20% affordable housing provision in the form of APR units within the policy compliant viability appraisal of the Proposed Residential Development.

4.13 The adopted policy compliant accommodation schedule is summarised in Table 4.2 overleaf.

Table 4.2: Summary Accommodation Schedule | Proposed Development

Tenure	Accommodation Type	No. of Units	Avg. NIA (ft²)	Total NIA (ft²)
Open Market	1-Bed 1-Person Apartment	96	499	47,886
	2-Bed 3-Person Apartment	113	731	82,938
	2-Bed 4-Person Apartment	60	801	48,050
	3-Bed 5-Person Apartment	16	1,049	16,792
	3-Bed 6-Person Apartment	4	1,392	5,567
Open Market Sub-Total:		289	697	201,233
APR	1-Bed 1-Person Apartment	24	492	11,806
	2-Bed 3-Person Apartment	29	722	20,990
	2-Bed 4-Person Apartment	16	801	12,813
	3-Bed 5-Person Apartment	4	1,049	4,198
	3-Bed 6-Person Apartment	2	1,392	2,784
APR Sub-Total:		75	702	52,590
Scheme Total:		364	698	253,824

Source: CBRE

Development Value

4.14 The value to be adopted is based on the special assumption that the development is complete on the publication date of this document in the prevailing market conditions.

Residential (BTR) | Open Market Rents

4.15 CBRE has conducted a residential rental market pricing analysis of current prime new-build and re-let apartments in the locality of the Site to inform estimated open market rental values (‘ERVs’) within the viability appraisal of the Proposed Development.

4.16 In reaching a position on pricing, particular attention has been paid to high-end, new-build, purpose-built BTR schemes within Manchester. These include the following:

- **North Tower, Deansgate Square:** An L&G owned purpose built BTR scheme located 250m south from the Site, comprising 276 1, 2 and 3-bed apartments. North Tower was completed in Q1 2021 and residents have access to wide variety of amenities including a 20m swimming pool, communal rooftop terrace, communal courtyard, various residents’ lounges, residents’ gym, sports hall, yoga studio and spin studio. CBRE is aware of the following achieved average rents as at Q3 2024 across the scheme:
 - 1-Bed Apartments: £1,405 pcm avg (£29.42/ft²)
 - 2-Bed Apartments: £2,000 pcm avg (£24.97/ft²)
 - 3-Bed Apartment: £2,600 pcm avg (£25.20/ft²)
- **West Tower, Deansgate Square:** Sits adjacent to North Tower comprising 350 1-bed, 2-bed, and 3-bed apartments. West Tower was completed in Q2 2019 and residents have access to wide variety of amenities including a 20m swimming pool, communal rooftop terrace, communal courtyard, various

residents' lounges, residents' gym, sports hall, yoga studio and spin studio. CBRE is aware of the following achieved average rents as at Q3 2024 across the scheme:

- 1-Bed Apartments: £1,370 pcm avg (£29.42/ft²)
- 2-Bed Apartments: £1,970 pcm avg (£25.21/ft²)
- 3-Bed Apartment: £2,520 pcm avg (£24.97/ft²)
- 4-bed Penthouse (36th Floor): Quoting £14,000 pcm (£49.87/ft²)
- The unit sizes across the North and West Tower are larger than average which is reflected in lower average rents per square foot. North and West Tower offer better amenity provision, however are now over 3 years old and are situated in a less prime location within the City Centre. Given its proximity to the subject Site, CBRE consider both assets to reflect a close comparable to the Proposed Development for benchmarking purposes.
- **Angel Gardens:** A Moda Living scheme comprising 466 apartments situated in the northern City Centre neighborhood of New Cross and N.O.M.A. Tenant amenities include a rooftop sports pitch, private dining, co-working space, residents' events and gym. CBRE is aware of the following achieved average rents as at Q3 2024 across the scheme:
 - 1-Bed Apartments: £1,638 pcm avg (£33.64/ft²)
 - 2-Bed Apartments: £1,924 pcm avg (£30.18/ft²)
 - 3-Bed Apartments: £2,391 pcm avg (£29.70/ft²)
 - 3-Bed Penthouse (33rd Floor): Quoting £8,995pcm (£48.20/ft²)
- The asset is a high specification and amenity-rich flagship BTR scheme and benefits strongly from this and the Moda Living 'brand'. Whilst we consider Angel Gardens to be the premium offering in Manchester, the subject site is more centrally located in the City Centre with immediate access to rail and tram networks. CBRE consider the asset to reflect a close comparable to the Proposed Development for benchmarking purposes.
- **Circle Square (North and East):** A Vita Living asset completed in 2021 comprising 683 apartments providing a mix of studios up to 3-bed apartments. The building provides access to a variety of tenant amenities including a residents gym, resident lounges, workspaces, communal outdoor terrace, private dining rooms to hire and a residents only bar. CBRE is aware of the following achieved average rents as at Q3 2024 across the scheme:
 - 1-Bed Apartments: £1,401 pcm avg (£36.15/ft²)
 - 2-Bed Apartments: £1,646 pcm avg (£27.63/ft²)
 - 3-Bed Apartments (35th Floor): £2,439 pcm avg (£30.81/ft²)
- Circle Square is a prime BTR asset located in Central Manchester and the Oxford Road Corridor. Given its central location, access to a variety of public transport networks and amenity offering, CBRE consider the asset to reflect a close comparable to the Proposed Development for benchmarking purposes.
- **Kampus:** developed by Capital & Centric and completed in Q3 2021, Kampus comprises a 2.3 acre site and 534 apartments in five main residential blocks, located proximate to Piccadilly Station and adjacent to the fashionable Canal Street. All apartments have been designed and delivered to a high specification. Resident amenities include gym; 24-hour on-site team; residents' lounge, rooftop cinema,

private dining room; and terrace. CBRE is aware of the following achieved average rents as at Q3 2024 across the scheme:

- 1-bed apartments: £1,475 pcm avg (£35.47/ft²)
- 2-bed apartments: £1,900 pcm avg (£33.48/ft²)
- 3-bed apartments: £3,695 pcm (£26.17/ft²)
- Kampus represents a prime BTR product within Manchester, benefitting from the fashionable Capital & Centric brand in a highly central location. CBRE consider the asset to reflect a close comparable to the Proposed Development for benchmarking purposes.
- **Colliers Yard:** The asset reached practical completion in 2023 and comprises 559 apartments located in Greengate adjacent to the Victoria Station. Resident amenities include a gym; residents' lounge, games room, private dining room, studios, co-working spaces and an outdoor terrace. CBRE is aware of the following achieved average rents as at Q3 2024 across the scheme:
 - 1-bed apartments: £1,625 pcm avg (£36.59/ft²)
 - 2-bed apartments: £2,110 pcm avg (£31.51/ft²)
 - 3-bed apartments: £3,045 pcm avg (£30.81/ft²)
- Colliers Yard is a prime BTR product within Manchester. Given its central location, access to a variety of public transport networks and amenity offering, CBRE consider the asset to reflect a close comparable to the Proposed Development for benchmarking purposes.

4.17 Tabulated rental data has been provided at **Appendix D**.

4.18 The ERV structure for the Proposed Development is summarised in Table 4.3. The APR units reflect a 20% discount to open market rents. The rents presented incorporate floor height premiums applied across the scheme as the building will total 44 floors. A summary of the floor height premiums applied can be provided upon request.

4.19 As a result of the 3-bed apartments being situated on the top 8 floors, CBRE has applied premiums across the 3B5P and 3B6P apartments that are more comparable to the penthouses across the comparable schemes noted above. These represent ambitious ERVs in the current market.

Table 4.3: ERV Summary | Proposed Development

Tenure	Unit Type	Total Units	Avg. Unit NSA (ft²)	Total NSA (ft²)	Avg. Gross Rent PCM (£/Unit)	Avg. Gross Rent PA (£/Unit)	Total Gross Rent PA (£)	Gross Rent (£/ft²)
Open Market	1B1P	96	499	47,886	£1,453	£34,878	£1,674,120	£34.96
	2B3P	113	731	82,938	£1,899	£40,241	£2,575,440	£31.05
	2B4P	60	801	48,050	£2,100	£50,400	£1,512,000	£31.47
	3B5P	16	1,049	16,792	£2,985	£71,640	£573,120	£34.13
	3B6P	4	1,392	5,567	£3,780	£90,720	£181,440	£32.59
Open Market Sub-Total:		289	697	201,233	£1,879	£42,869	£6,516,120	£32.28
APR	1B1P	24	492	11,806	£1,072	£25,728	£308,736	£26.15
	2B3P	29	722	20,990	£1,376	£28,162	£478,752	£22.81
	2B4P	16	801	12,813	£1,528	£36,672	£293,376	£22.90
	3B5P	4	1,049	4,198	£2,328	£55,872	£111,744	£26.62
	3B6P	2	1,392	2,784	£3,000	£72,000	£72,000	£25.87
APR Sub-Total:		75	702	52,590	£1,405	£31,615	£1,264,608	£24.05
Scheme Total:		364	698	253,824	£1,781	£40,525	£7,780,728	£30.65

Source: CBRE

Operational Expenditure and Voids

- 4.20 The total gross annual estimated residential rental revenue ('ERV') has been reduced by 25.00% to reflect the projected minimum operational management costs and a stabilised void and bad-debt provision, which based on CBRE Residential Valuation's experience currently ranges from 25% - 28% on high quality regional assets, and should allow for void turnover and bad debt provisions (typically circa 2-3% at stabilisation).
- 4.21 CBRE's adopted assumption of 25% (including a stabilised running void) equates to a rate per unit of £5,560 per annum on an open market rent basis. When excluding voids at 2%, this results in an OPEX of £5,116 per unit per annum¹⁵. This rate is consistent with CBRE Residential Valuation's recent/ latest valuation benchmark rates on high specification prime institutional grade BTR assets. Equally, CBRE would expect the OPEX costs to be to the mid or upper range given the new-build, premium specification and amenity offer being delivered at the Proposed Development.
- 4.22 It should be noted that there is continued upward pressure on operational costs due to the inflationary macro-economic environment witnessed throughout 2022 and 2023, and whilst stabilising has not reversed.

¹⁵ Note: when incorporating APR units, given the capping of ERV at LHA rates, CBRE has applied the equivalent of 25% of open market rents (i.e. an equivalent £/unit). This avoids the OPEX/void budget being erroneously reduced as APR units are introduced/removed in viability testing.

Total Net Revenue

- 4.23Reflecting that the Proposed Development is expected to be forward funded by an institutional investor with handover at practical completion (‘PC’), a Net Initial Yield (‘NIY’) of 5.00% net of coupon is currently applied to the net BTR residential revenue, which is considered optimistic for an institutional grade asset as at Q4 2024, in this market location and therefore is deemed to be frontrunning more positive sentiment entering the funding market.
- 4.24Whilst yields sharpened in the period to mid-2022, the inflationary climate coupled with macro-economic and geo-political instability and rising interest rates, has resulted in a softening of residential investment yields over the course of 2023. This has stabilised during 2024, but conditions remain challenging and subdued. The liquidity pool of investors seeking forward funding opportunities is shallow and, due to the resultant viability constraints, there are few transactions occurring in this challenging market.
- 4.25CBRE’s October 2024 Investment Yield Guide confirms sentiment for multi-family residential is stable. Prime stabilised investment yields for prime regional cities is 4.35%, whilst secondary yields are 4.75%.
- 4.26Knight Frank’s most recently published Residential Investment Yield Guide, dated August 2024, reports that income-focused transactions of prime, stabilised institutional grade assets are 4.50% in Tier 1 regional cities and 4.75%+ in Tier 2 regional cities.
- 4.27It is CBRE’s professional opinion that in present market conditions a **stabilised** net initial yield of c. 4.50%+ would be considered appropriate for the Proposed Development of the Site, assuming it was operational and stabilised at the present date.
- 4.28When reviewing yield guides it is essential to draw the distinction that these represent published investment yields on a stabilised basis. Unstabilised (development) funding yields will price a discount to allow for factors including the additional cost of mobilisation, the cost of capital, and deductions to stabilised annual rent that will be incurred prior to an asset stabilising. CBRE’s current in-house view is that unstabilised funding yields are typically softer than stabilised yields by circa 50bps.
- 4.29Whilst the funding market is thin, recent transacted regional funding deals that are known to CBRE have been summarised in the following table showing a range of 5.00% - 5.40%.

Table 4.4: Comparable BTR Forward Funding Deals | UK Regions

Investor	Asset	Type	Date	Price	No of Units	Estimated Net Yield
Heimstaden	Beck Yard, Broadside, Leeds	Forward Funding	May-24	£80,000,000	375	c5.00%
Hines	Pottery Lane, Newcastle	Forward Funding	Apr-24	£118,250,000	519	c5.40%
Moorfield	Lumina Village, Manchester	Forward Funding	Dec-23	£104,180,000	440	c5.05%
CDL	1NQ, Manchester	Forward Funding	Nov-23	£75,600,000	261	c5.00%
Citra Living	British Waterways, Nottingham	Forward Funding	Oct-23	£18,900,000	95	c5.20%

- 4.30On this basis, CBRE has adopted a forward funding yield of 5.00% (net of coupon) for the Proposed Development, which is optimistic in the current market given the lack of directly comparable evidence. This generates a capital value, on a net (of PCs/coupon) basis, of over £490/ft² or £340,000 per unit assuming full open market rents - which is a strong assumption of capital value in comparison to equivalent vacant possession values (‘VPVs’), which represent a recognised valuation underwrite in a thin investment market.

4.31 CBRE reserves the right to keep the funding yield applied under observation and update this should new evidence come to light.

Development Costs

Construction Costs

4.32 The Applicant has instructed cost consultants Quartz to prepare a cost estimate for the Proposed Residential Development.

4.33 The Cost Estimate, dated Q4 2024, quotes a total estimated cost for construction of £105,294,669, covering base construction cost, facilitating works, demolition, external works, preliminaries, contractors OH&P, contractors design risk and contingency and inflation to mid-point. For the purposes of this assessment, the design and construction risk of £4,821,184 has been removed with a separate allowance made within the appraisal, as has inflation.

4.34 A copy of the Cost Estimate is provided within **Appendix E**.

Other Development Costs

4.35 Other development costs are summarised in Table 4.4.

Table 4.4: Other Development Costs | Proposed Development

Cost Item	Rate	Commentary
Contingency (Contractor & Developer)	5.00%	Of estimated build costs. Considered a reasonable allowance for both contractor's and developer's risk for the scale (height) and design complexity of the development, in the current market.
Amenity Fit-Out	£1,550,000	Based on £200ft2 provided by the Applicant for a premium amenity provision.
Residential FF&E (Furniture Packs) - Premium	£5,000 per unit	Based on budget estimates provided by the Applicant reflecting a premium BTR product and consistent with CBRE's knowledge of contracted packages on equivalent developments locally.
Latent Defects Insurance	£864,796	Based on forecast expense to be incurred by the Applicant.
Right to Light	£1,000,000	Based on forecast expense to be incurred by the Applicant.
Section 278 Works	£200,000	Based on forecast expense to be incurred by the Applicant.
Non-Recoverable VAT	£250,000	Based on forecast expense to be incurred by the Applicant.
Professional Fees & Insurances	10.00%	Estimated rate as a % of total build costs.
Investment Sale Agent Fee	0.75%	Of GDV
Investment Sale Legal Fee	0.50%	Of GDV
Purchaser's Costs (Land)	SDLT+1.8%	Standard HMRC non-residential stamp duty land tax ('SDLT'), agent's fee (1.00%) and legal fee (0.80%)
Purchaser's Costs (Investment)	2.00%	Optimistically assumes asset held in SPV. SDLT on share transfer at 0.5%, plus institutional fund's agency and legal fees (including VAT at 20%) on funding commitment.

Cost Item	Rate	Commentary
Developer's Return (blended)	12.00%	Total target return on cost to reflect current levels of market risk, in line with the minimum market expectations and at the low end the range set-out in PPGV. CBRE's experience is that, given the heightened market and commercial risk, both developers and funders are requiring demonstration of higher minimum returns ranging up to 15% profit on Cost. The rate applied in this assessment, in comparison, is at the lower end of the range and takes a more aggressive stance as a result.

Development & Disposal

4.36 The adopted development programme, informed by advice provided by the Applicant, is summarised in Table 4.5.

Table 4.5: Development & Disposal Programme | Proposed Development

Duration	Stage	Description
Month 1:	Purchase	Assumes grant of planning permission
Months 2 - 4:	Pre-Construction	Procurement, discharge of planning conditions and site set-up
Months 5 - 39:	Construction	Overall construction period
Months 31:	Sale / Transfer	Investment disposal upon Practical Completion

Source: CBRE; The Applicant

5 Site Value (or 'Benchmark Land Value')

- 5.1 Establishing the minimum level of financial return at which a reasonable landowner would be willing to release their land for development represents a critical component of a viability assessment. It must represent a premium over the existing use value ('EUV') and a reasonable incentive, in comparison with other options available, for the landowner to sell land for development, whilst allowing a sufficient contribution to comply with policy requirements.
- 5.2 Whilst not directly featuring as a cost in an appraisal conducted on a residual (land) basis, this 'minimum return' forms the BLV against which the RLV derived from the appraisal is tested in order to determine the viability of the Proposed Development and scope for planning obligations (including affordable housing).
- 5.3 The Government's PPGV requires that the BLV should:
- '...be informed by market evidence including current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value... This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.'*¹⁶
- 5.4 Paragraph 016 of PPGV provides further elaboration. It states:
- 'Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners.'*¹⁷
- 5.5 The approach adopted for arriving at an appropriate BLV for the Site follows that set out within Chapter 3 of this document and accords with the relevant RICS Guidance, PPGV and the NPPF (2021). It considers:
- the existing use value ('EUV') of the subject site;
 - the alternative use value ('AUV') of the subject site;
 - the premium; and
 - available comparable evidence of land transactions.

¹⁶ MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 014

¹⁷ MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 016

Existing Use Value ('EUV')

- 5.6 The site comprises a secondary office building with associated warehouse / storage space to the rear totalling approximately 32,000 ft² GIA. CBRE understands the building is vacant and is not in a lettable condition.
- 5.7 In order to assess the EUV, the Applicant has instructed Quartz to consider the costs required for the landlord to upgrade the existing office buildings to a CAT A standard and the rear warehouse/storage unit in order to lease the buildings in the current market. The total costs of £4,244,111 within the feasibility Cost Plan reflects £142.00/ft² on the offices and £40.00/ft² on the warehouse/storage unit. As these are rehabilitation works, it is assumed these costs would not require planning permission and are standard landlord fitout works to lease the existing buildings.
- 5.8 CBRE has prepared an assessment of the capital investment value generated by an assumed ongoing use of the premises as offices and warehouse/storage unit assuming the building is upgraded as outlined above.
- 5.9 CBRE has undertaken comparable analysis of offices and warehouse/storage rents and any sales transactional evidence to inform appropriate lease terms for the premises assuming an upgrade to CAT A standard in the current market.
- 5.10 Notable comparables are presented in Table 5.1-5.2, below:

Table 5.1: Manchester Refurbished Office Lease Transactional Data (sub 10,000 sqft)

Image	Address	Size (ft ²)	Deal date	Term (break) yrs	Rent Free	Achieved Rent (£/ft ²)
	Eastgate, 2 Castle Street, Manchester, M3 4LZ	1,920	Sep-23	5	Undisclosed	£24.00
	Ducie House, Ducie Street, Manchester, M1 2JW	2,195	Aug-24	5	Undisclosed	£21.00
	Knott Mill, 2 Commercial Street, Manchester, M15 4RQ	2,135	Mar-23	Undisclosed	Undisclosed	£22.00
	Fairburn Buildings, Sackville Street, M1 3NJ	2,154	Available	N/A	N/A	£22.00

Table 5.2: Office Investment Sales Data

Image	Address	Size (ft²)	Deal date	Achieved Sale Price (£)	Achieved Sale Price (£/ft²)	Yield (%)
	Northern Assurance Building, Princess Street, Manchester, M2 4DN	28,070	Aug-24	£8,300,000	£295.7	7.64%
	Victoria Buildings, 1-7 Princess Street & 59-61 Cross Street, Manchester, M2 4JW	18,856	Quoting	£5,900,000	£312.9	7.93%

Source: CBRE, EGI Radius

- 5.11 Considering the available evidence, and when accounting for location and quality of the proposed redevelopment, CBRE has assumed a competitive, minimum annual blended ERV achievable for the existing office floorspace of £22.00/ft². A generous period of 12 months is applied for void, rent free and tenant incentivisation (excluding the 6 month refurbishment period).
- 5.12 CBRE's latest investment yield sheet, dated November 2024, reports a Regional Cities prime yield of 6.50% and 'Good Secondary' yields are reported at 10.00%.
- 5.13 CBRE has capitalised the adopted rental income at a conservative all risks yield of 8.00%. in line with comparable evidence and research presented above.
- 5.14 In order to assess the EUV for the rear warehouse/storage unit, CBRE have considered warehouse and storage comparables within Manchester City Centre. ERV comparables are presented in Table 5.3 below.

Table 5.3: Manchester City Centre Warehouse & Storage Lease Transactional Evidence

Image	Address	Size (ft²)	Deal date	Term (break) yrs	Rent Free	Achieved Rent (£/ft²)
	Unit 26, Piccadilly Trading Estate, Manchester, M1 2NP	9,404	Q3 2024	Confidential	Confidential	£10.00
	Unit 27, Piccadilly Trading Estate, Manchester, M1 2NP	c. 9,000	Quoting	Quoting	Quoting	£11.00

Image	Address	Size (ft²)	Deal date	Term (break) yrs	Rent Free	Achieved Rent (£/ft²)
	Unit B, Aldow Enterprise Park, Manchester, M12 6EJ	7,132	Aug-24	10 years	Undisclosed	£12.00

Source: CBRE, EGI Radius

- 5.15 Prime rents within Manchester City Centre for smaller warehouse/storage style units range between £10-£12/ft². The units noted above are far superior in terms of specification and configuration, noting the subject unit has limited access and is adjoined by the existing office and railway viaduct, albeit is situated more centrally in Manchester and offers a smaller unit size.
- 5.16 CBRE has conservatively adopted £8.00/ft² to the subject space, which is a suitable discount of 33% to the comparables noted above.
- 5.17 The calculation of EUV is presented in Table 5.4.

Table 5.4: EUV Calculation | Office and Storage/Warehouse Refurbishment

	Accom Type	NIA (ft²)	Rent (£/ft²)	Annual Rent (£)	Yield (%)	Capital Value (£)
2-4 Whitworth Street West	Office	24,900	£22.00	£547,795	8.00%	£6,847,435
	Storage	2,976	£8.00	£23,808	8.00%	£297,600
Refurbishment, Rent Free & Void Period		18 mths			0.887	
Gross Capital Value:						£6,339,602
SDLT		4.80%				(£285,461)
Agents & Legal Fees		1.80%				(£107,048)
CAT A Refurbishment Cost						(£4,278,765)
EUV:						£1,670,000

Source: CBRE

- 5.18 The investment value for the Site (upon CAT A refurbishment) equates to £6,339,602 / £227.4/ft², which is considered conservative when compared to recent available transactional evidence.
- 5.19 CBRE has deducted the cost of the capital works to make appropriate allowance in arriving at an EUV.

Premium (‘+’)

- 5.20 The premium should represent the minimum return that would persuade a reasonable landowner to release the land for development.
- 5.21 Given the building (upon completion of the landlords works for CAT A refurbishment) will be in a good lettable condition requiring limited capital in a prime location within Manchester City Centre, a significant premium above the EUV would be attributable. Furthermore, the site provides strong alternative uses.

- 5.22 CBRE has therefore applied a 30% premium to the EUV to generate the ‘EUV+’ calculation of the estimated minimum sum at which the landowner may reasonably be incentivised to dispose of the subject site and premises in the current market.
- 5.23 The EUV+ equates to approximately £2,171,000.

Alternative Use Value (‘AUV’)

- 5.24 CBRE is of the opinion a conversion of the existing office accommodation to residential whilst refurbishing and retaining the rear warehouse/storage unit is a suitable alternative use, which would be acceptable in planning policy terms to the Council, given the site’s situation in Manchester City Centre benefiting from access to nearby public transport links and amenity.
- 5.25 It is anticipated the residential scheme would be brought forward on a 100% open market basis, as the site will benefit from vacant building credit (‘VBC’) due to:
 - No additional floor area added as part of the conversion;
 - The site is currently vacant and has been for a number of years;
 - The site has not been abandoned;
 - The site is fully secure and protected from any criminal damage or trespass.
- 5.26 The Applicant has instructed Quartz to produce a feasibility Cost Plan to convert the existing office buildings to residential use and upgrade the rear warehouse. A summary of the total costs adopted is provided in Table 5.5 below:

Table 5.5: AUV Scheme Conversion / Rehabilitation Costs

Cost Item	Rate	Commentary
Office to Residential Conversion	£4,473,133	Based on £154ft ² per sq ft conversion cost
Storage unit refurbishment	£119,040	Based on £40ft ² per sq ft conversion cost
Contingency (Contractor & Developer)	3.00%	Industry standard allowance
Professional Fees	8.00%	Industry standard allowance inclusive of planning costs
Sales Agent Fee	1.00%	Industry standard allowance
Sales Legal Fee	0.50%	Industry standard allowance
Interest Costs	8.00%	Industry standard allowance
Developers Profit	20% Profit on Cost	Industry standard allowance (conversion only)

- 5.27 CBRE has undertaken comparable analysis of residential open market sales transactions to inform appropriate net sales prices for converted flats within the AUV scheme. This is presented in Table 5.6.

Table 5.6: Open Market Sales Conversion Comparables - Manchester

Image	Address	Size (ft ²)	Deal date	Sales Price	Sales Rate (£/ft ²)	Comments
	Flat 124, Murrays Mill, Ancoats, M4 6LS	840	Aug-24	£360,000	£430	- Inferior location outside of City Centre - Refurbished Mill completed c. 10 years ago
	81, Britannia Mills, Castlefield, M15 4LB	560	Jul-24	£230,000	£411	- Inferior location outside of City Centre - Refurbished Mill completed in 2000
	Worsley Mill, Blantyre Street, Castlefield, M15 4LG	760	Sold STC	£280,000	£370	- Inferior location in Castlefield - Refurbished Mill completed c. 15 years ago
	Avro, 1 Binns Place, Ancoats, M4 5BY	1,184	Quoting	£489,950	£413	- Inferior location outside of City Centre in Ancoats - Ground floor unit - Former Mill converted in 2021

Source: CBRE, EGI Radius

- 5.28 CBRE have applied a conservative sales rate of £475/ft² on the basis the existing accommodation will offer recently refurbished accommodation within a prime city centre location. As outlined in Appendix I, Manchester City Centre new build sales rates are now in excess of £550/ft², reflecting a discount of ~14% / £75/ft².
- 5.29 The capital value of the rear warehouse and storage unit adopts the same calculations as CBRE has applied in deriving the EUV above.
- 5.30 The calculation of AUV is summarised in Table 5.7 below and a full Argus Appraisal can be found in **Appendix F**.

Table 5.7: AUV Calculation | Residential & Storage Warehouse Use

Item	Total
Residential GDV	£11,131,659
Storage Warehouse GDV	£288,484
Net Development Value	£11,420,109
Refurbishment Cost	(£4,592,173)
Contingency	(£137,765)
Professional Fees	(£367,374)
Sales Agent and Legal	(£171,302)
Interest Cost	(£596,923)
Developers Profit	(£1,903,353)
Total Refurbishment Cost	(£7,768,890)
Residual Land Value (Net of Purchaser's Costs)	£3,440,000

Source: CBRE

Determining the BLV

- 5.31 Reflecting on the above analysis, when assessed consistently with the methodology of NPPF, PPGV, and RICS Guidance, CBRE is of the opinion that the landowner would base their opinion of the appropriate BLV on a conversion of the existing office buildings to residential as outlined as an Alternative Use Value.
- 5.32 It is therefore CBRE’s professional view that the BLV for the area of the site associated with the Proposed Development equates to £3.44m.

6 Appraisal Results

- 6.1 This chapter presents the results of the assessment of financial viability arising from the Proposed Development of the Site.

Viability Appraisal

- 6.2 A policy compliant viability appraisal has been undertaken for the Proposed Residential Development at the Site.
- 6.3 By way of analysis set out in chapter 5 of this document, it is considered that, if acting reasonably and when fully accounting for adopted planning policy, guidance and all other relevant factors, including a minimum 'premium' at which the vendor would be incentivised to dispose of the site associated with the Proposed Residential Development, this results in a BLV of £3.44m.
- 6.4 The policy compliant viability appraisal demonstrates that, when incorporating the BLV as a fixed input, and 20% affordable housing (in the form of APR units at 80% of local market rent), the outturn residual profit margin generated is -3.6% on Cost (-3.6% on GDV).
- 6.5 The residual profit margin falls significantly below the target risk-adjusted developer's return.
- 6.6 A copy of the policy compliant viability appraisal for the Proposed Development is provided within **Appendix G**.

Scenario Testing

Scenario Test 1

- 6.7 CBRE has undertaken a sensitivity analysis testing the implications on financial viability of reducing the level of affordable housing within the Proposed Development.
- 6.8 When reducing the affordable housing provision to nil, the residual profit margin is 1.7% on Cost (1.6% on GDV) and demonstrates that the financial viability of the Proposed Development remains below the target risk-adjusted developer's return.
- 6.9 A copy of the 'Scenario Test' viability appraisal for the Proposed Development is provided within **Appendix H**.

Scenario Test 2

- 6.10 CBRE has undertaken a further scenario test to review the implications on financial viability of delivery of the Proposed Development as an open market sales scheme, and to maximise viability has run this on a fully open market basis.
- 6.11 Table 6.1 below summarises the sales rates adopted across the typologies. These rates are supported by comparable evidence for similar schemes within Manchester City Centre as provided within **Appendix I**.

Table 6.1: Scenario Test 2 | OMS GDV Summary

Tenure	Unit Type	Total Units	Avg. Unit NSA (ft²)	Total NSA (ft²)	Avg. Unit Value (£/Unit)	Unit Value (£/ft²)
Open Market	1B1P	120	499	59,692	£250,628	£503.8
	2B3P	142	731	103,928	£380,137	£519.4
	2B4P	76	801	60,863	£421,289	£526.1
	3B5P	20	1,049	20,990	£538,148	£512.8
	3B6P	6	1,392	8,351	£724,140	£520.3
Scheme Total:		364	698	253,824	£360,386	£516.8

- 6.12All other cost inputs have remained the same, with the exception of the removal of separate FF&E allowance of £5,000 per unit, extension of the development programme to account for the sales period post completion by 22 months, adoption of 2.00% agent selling fees and inclusion of financing costs assuming an all-in debit interest rate of 8.00%.
- 6.13The analysis shows that proceeding with an open market sales strategy and reducing the affordable housing provision to nil, the residual profit margin is -9.4% on Cost (-10.4% on GDV) and demonstrates that the financial viability of the Proposed Development remains significantly below the minimum risk-adjusted developer’s return.
- 6.14A copy of the ‘Scenario Test’ viability appraisal for the Proposed Development is provided within **Appendix J**.

Sensitivity Testing

Sensitivity Test 1

- 6.15CBRE has undertaken sensitivity testing of key appraisal variables in order to seek to return the Proposed Development to a financially viable position.
- 6.16Utilising the Scenario Test 1 appraisal as the baseline, sensitivity testing illustrates that the Proposed Development would need to achieve an increase of circa £2.50/ft² in rental values, and a parallel decrease in base construction costs of circa -£20.00/ft² to return an outturn residual profit margin that exceeds the minimum risk-adjusted developer’s return of 12.00% on cost.
- 6.17A copy of the sensitivity test is provided within **Appendix K**.
- 6.18The sensitivity scenario would carry significant risk and should be treated with a degree of caution and, CBRE would advise, given limited weight.

Sensitivity Test 2

- 6.19Utilising the Scenario Test 1 appraisal, CBRE has also undertaken further sensitivity testing to illustrate the effect of potential funding yield movement on the financial viability of the Proposed Development due to challenging institutional funding climate, and to assist in ‘stand back’ assessment.

6.20 It is not unrealistic to assume that the funding market may improve as inflation drops and the Bank of England proceeds to reduce interest rates, with a concurrent impact on swap rates and the cost of capital.

6.21 Utilising the Scenario Test 1 appraisal as the baseline (i.e. inclusive of nil affordable housing), CBRE has tested 25 basis point movements (both increasing and decreasing) in the adopted funding yield and its effect on the residual profit margin (i.e. 'Sensitivity Test 2'). The results are presented in Table 6.2, below.

Table 6.2: Sensitivity Test 2 Results | Stepped Movement in Funding Yield

Appraisal	Funding Yield	Residual Profit (£)	Residual Profit (% on Cost)
-75 bps	4.25%	23,704,078	19.34%
-50 bps	4.50%	15,679,268	12.80%
-25 bps	4.75%	8,499,174	6.94%
Scenario Test 1 (Optimistic Baseline)	5.00%	2,037,089	1.67%
+25 bps	5.25%	(3,809,558)	(3.12%)
+50 bps	5.50%	(9,124,693)	(7.47%)
+75 bps	5.75%	(13,977,641)	(11.45%)
+100 bps	6.00%	(18,426,178)	(15.10%)

Source: CBRE

6.22 The results of Sensitivity Test 2 illustrate a significant impact on scheme viability of movement in funding yield which, if applied in tandem with changes to other key inputs (i.e. construction costs and/ or rents, as illustrated in Sensitivity Test 1) could produce significant movement in scheme viability – both positively or negatively from the baseline (present day) position.

6.23 Whilst the present-day position accommodating nil affordable housing does not meet the target risk-adjusted developer's return, the Sensitivity Test 2 analysis illustrates that a 50bps sharpening in funding yield will increase the residual profit by circa £13.6m, which would meet and exceed the risk adjusted developer's target profit margin.

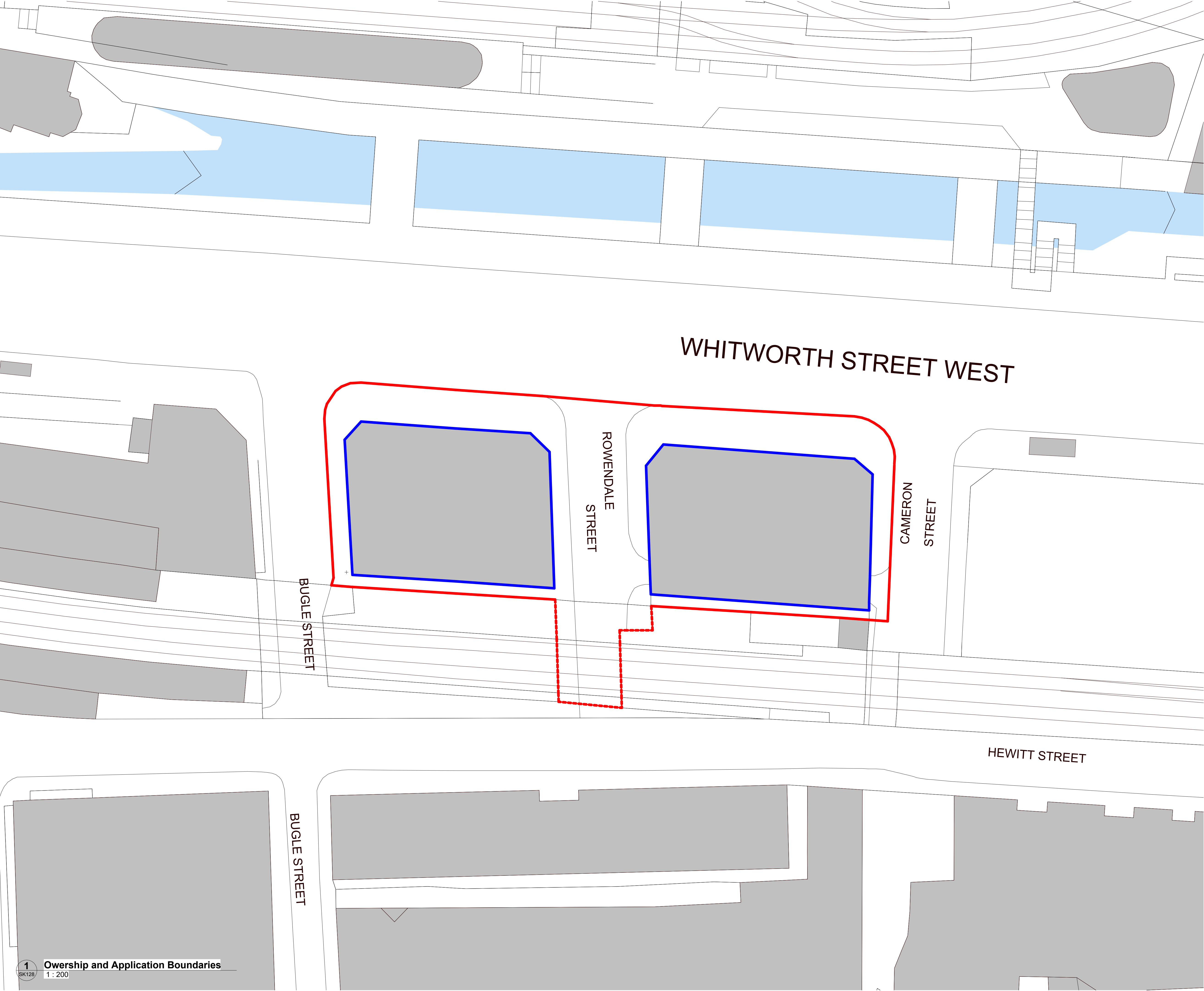
7 Conclusions

- 7.1 CBRE has been appointed by the Applicant to objectively assess, and report upon, the financial viability of the Proposed Residential Development at the Site.
- 7.2 The purpose of the viability assessment is to test the financial viability of the Proposed Residential Development at the Site, taking into account the policy requirements set by MCC as well as national planning policy and guidance.
- 7.3 By way of analysis set out in chapter 5 of this document, it is considered that, if acting reasonably and when fully accounting for adopted planning policy, guidance and all other relevant factors, the 'premium' at which the vendor would be incentivised to dispose of [the area of] the site associated with the Proposed Residential Development represents a total minimum BLV of £3.44m.
- 7.4 The policy compliant viability appraisal demonstrates that, when incorporating the BLV as a fixed input, and 20% affordable housing (in the form of APR units at 80% of local market rent), the outturn residual profit margin generated is -3.6% on Cost (-3.6% on GDV). The residual profit margin falls significantly below the target risk-adjusted developer's return.
- 7.5 The delivery of the Proposed Development on a basis in compliance with the Council's adopted development plan fails to generate a profit sufficient to meet the target minimum risk-adjusted developer's return on cost and the Proposed Development is not financially viable on this basis.
- 7.6 CBRE has subsequently run a scenario testing exercise to assess the implications on financial viability of first reducing and then removing the affordable housing provision. Scenario Test 1, which is based on a fully open market rental scheme, generates a residual profit of 1.7% on Cost (1.6% on GDV) and demonstrates that the financial viability of the Proposed Residential Development remains challenged in the current market, but that the viability deficit is significantly reduced.
- 7.7 An additional scenario testing exercise has been run to assess the financial viability of the scheme should the Applicant proceed on an open market sales basis. Scenario Test 2 generates a residual loss of -9.4% on Cost (-10.4% on GDV) and demonstrates that proceeding on a build to rent (BtR) basis represents the delivery route which is most likely to achieve a viable/fundable development option for the Proposed Development.
- 7.8 The commercial decision whether to proceed with the Proposed Development will therefore be at the discretion of the Applicant and will, to some degree, be reliant on a combination of factors including improving market conditions, the ability to further reduce construction costs, and exploring the potential sourcing of public sector grant funding.
- 7.9 Given the commercial risks, it would be CBRE's recommendation that the Proposed Development does not incorporate any affordable housing units (or a payment in lieu of on-site provision) and any sums towards planning obligations at determination stage.
- 7.10 A late-stage review will be incorporated into the Section 106 Agreement that will allow for MCC to secure up to a policy-compliant level of planning obligations, subject to the performance of the Proposed Development upon delivery.

Appendices



A Site Location Plan



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- NOTES
- KEY
- Application Boundary
 - Ownership Boundary

WIP

REVISIONS		
REV.	DATE	AMENDMENT

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DESCRIPTION
Owership and Application Boundaries

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Stage 2			
STATUS	PURPOSE FOR ISSUE	SR NO.	
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B Floor Plans | Proposed Development

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REV.	DATE	AMENDMENT
P01	17/05/24	First Issue
P02	26/06/24	Layouts updated in line with comments
P03	26/07/24	General Updates
P04	19/08/24	Stage 02 Issue
P05	02/09/24	Updated Stage 2 Issue

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DESCRIPTION
General Arrangement
Ground Floor Plan

STAGE
Stage 2

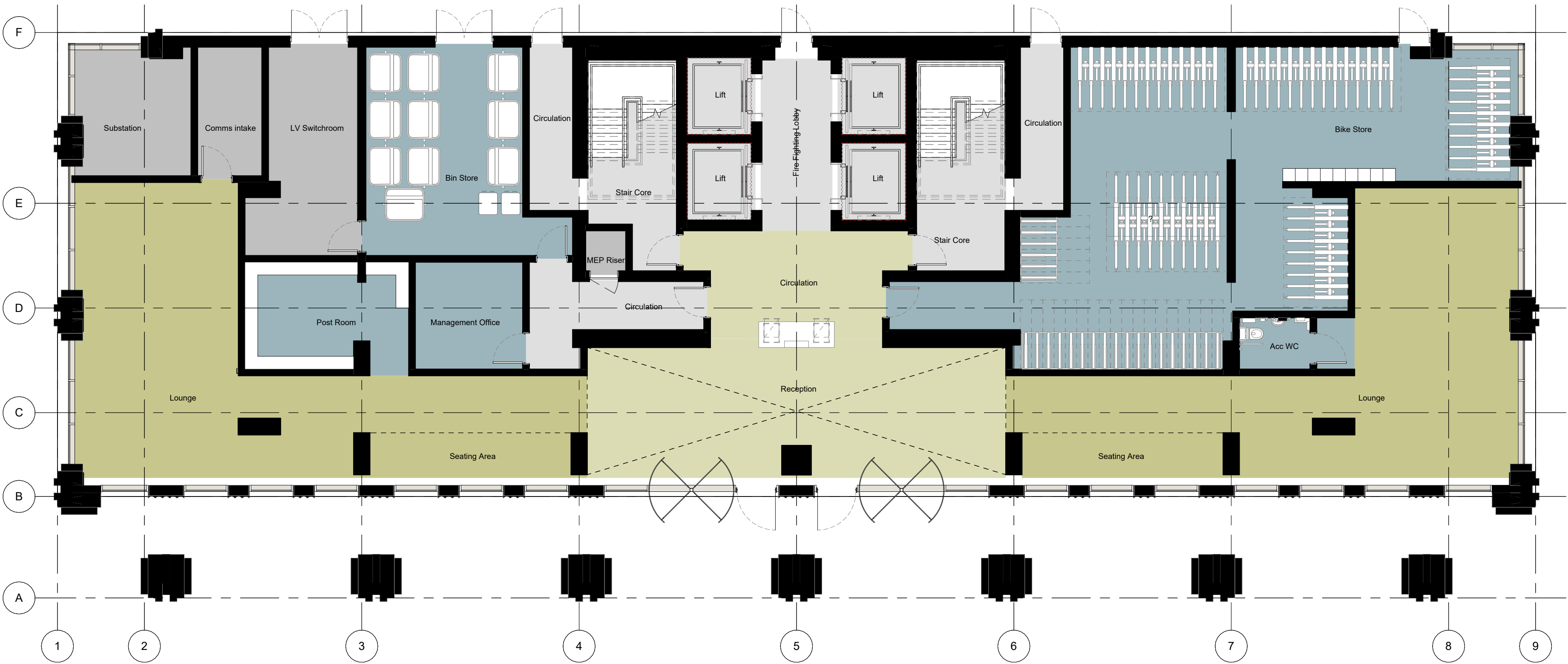
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General Arrangement - Ground Floor Plan
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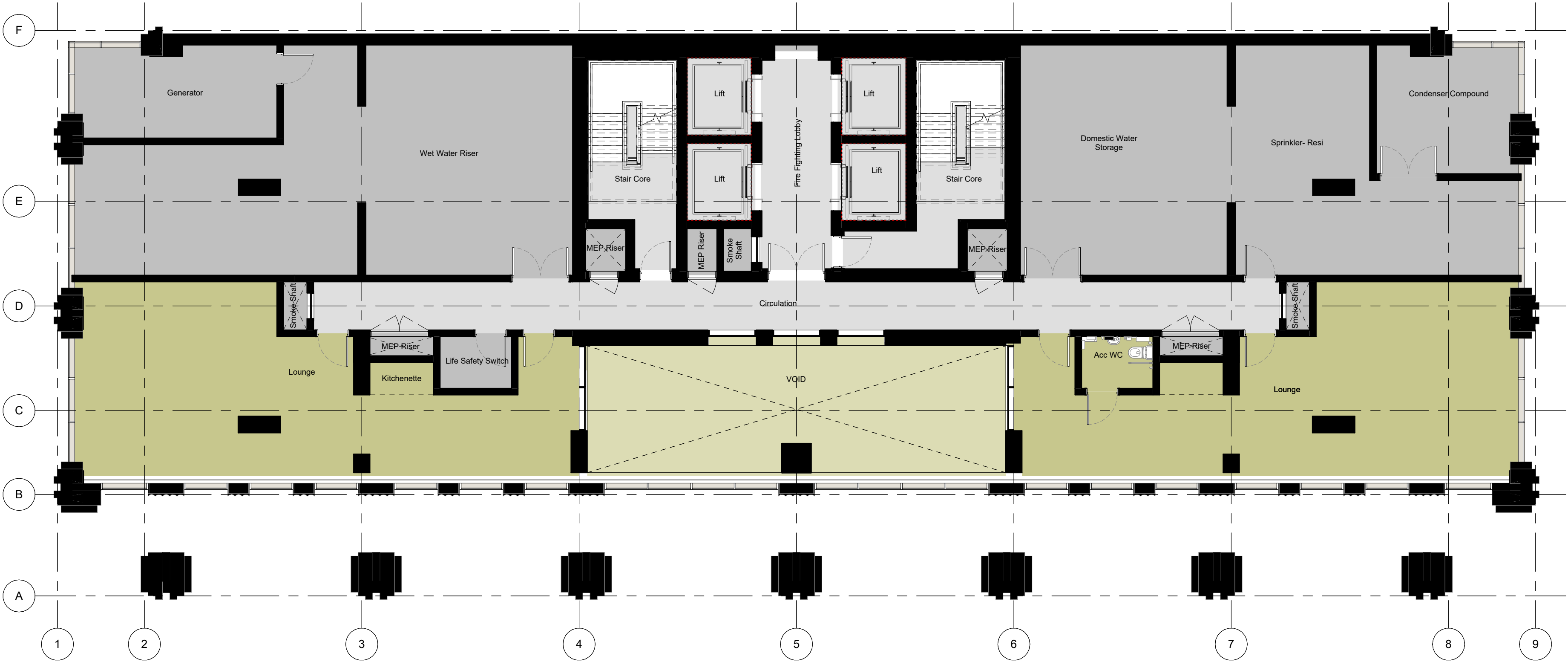
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DESCRIPTION
General Arrangement
First Floor Plan

STAGE
Stage 2

STATUS	PURPOSE FOR ISSUE	SR NO.
S2	FOR INFORMATION	7196

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General Arrangement - First Floor Plan
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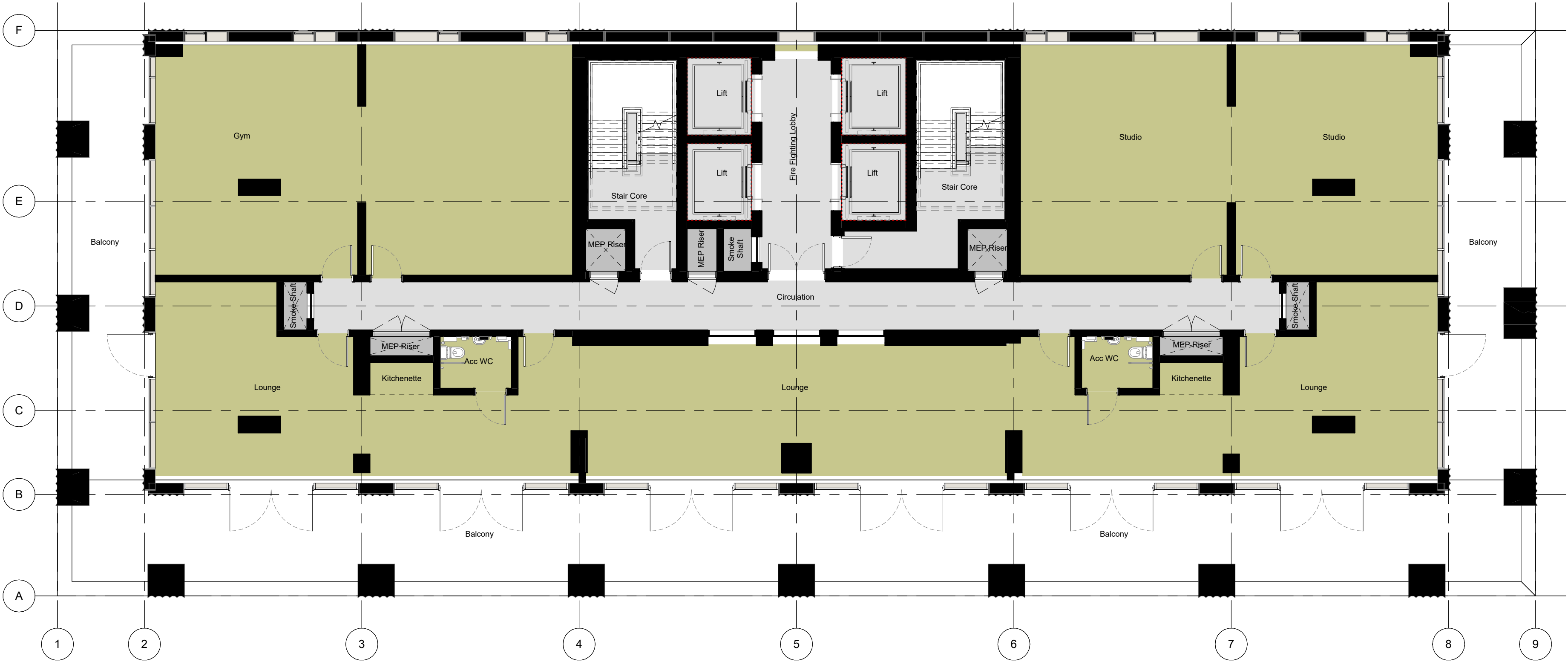
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DESCRIPTION
General Arrangement
Second Floor Plan

STAGE
Stage 2

STATUS	PURPOSE FOR ISSUE	SR NO.
S2	FOR INFORMATION	7196

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7196-SRA-ZZ-02-DR-A-20102	P04



General Arrangement - Second Floor Plan
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NOTES

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Structural and drainage strategy are depicated indicatively only. (TBC by SE & MEP)

- KEY
- 1 Bed 1 Person Apartment
 - 2 Bed 3 Person Apartment
 - 2 Bed 4 Person Apartment
 - 3 Bed 5 Person Apartment
 - 3 Bed 6 Person Apartment
- MEP Service Drops
- Kitchen Services
 - MEP Cupboard
 - Bathroom SVP
 - Bathroom / MEP Cupboard Drop (Combine to a single stack)
 - Bathroom Drainage / Kitchen Services (Combine to a single stack)

REVISIONS		
REV.	DATE	AMENDMENT
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DESCRIPTION
General Arrangement - Typical Floor Levels 3-22 (2 Bed Arrangement)

STAGE
Stage 2

STATUS	PURPOSE FOR ISSUE	SR NO.
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General Arrangement - Typical Floor Levels 3-22 (2 Bed Arrangement)
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Structural and drainage strategy are depicated indicatively only. (TBC by SE & MEP)

- KEY
- 1 Bed 1 Person Apartment
 - 2 Bed 3 Person Apartment
 - 2 Bed 4 Person Apartment
 - 3 Bed 5 Person Apartment
 - 3 Bed 6 Person Apartment
- MEP Service Drops
- Kitchen Services
 - MEP Cupboard
 - Bathroom SVP
 - Bathroom / MEP Cupboard Drop (Combine to a single stack)
 - Bathroom Drainage / Kitchen Services (Combine to a single stack)

REVISIONS		
REV.	DATE	AMENDMENT
P01	17/05/24	First Issue
P02	13/06/24	Layouts updated in line with comments
P03	26/06/24	Layouts updated in line with comments
P04	26/07/24	General Updates
P05	19/08/24	Stage 02 Issue
P06	02/09/24	Updated Stage 2 Issue

KEYPLAN

CLIENT
Glenbrook Property

SHEPPARD
ROBSON

77 Parkway Camden Town London NW1 7PU
T: +44 (0)20 7504 1700 E: enquiries@sheppardrobson.co.uk

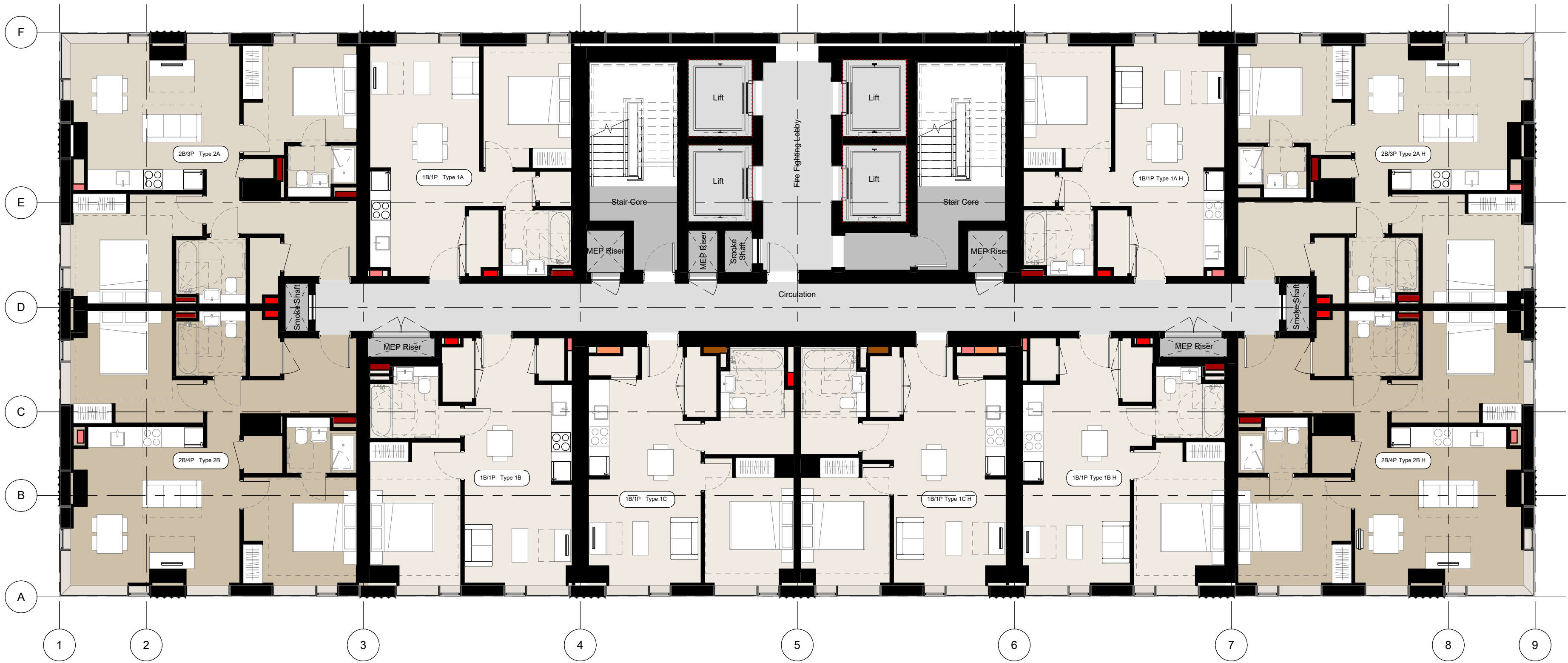
PROJECT
2-4 Whitworth Street

SCALE@A1	DATE	ORIGINATOR	CHECKED	AUTHORISED
As indicated	02/09/24	MT	PC	TOB

DESCRIPTION
General Arrangement - Typical Floor Levels 23-33 (1 Bed Arrangement)

STAGE
Stage 2

STATUS	PURPOSE FOR ISSUE	SR NO.
S2	FOR INFORMATION	7196
DRAWING NO.		REV.
7196-SRA-XX-ZZ-DR-A-20052		P06



General Arrangement - Typical Floor Levels 23-33 (1 Bed Arrangement)
1 : 100

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DO NOT SCALE FROM THIS DRAWING
The contractor shall check and verify all dimensions on site and report any discrepancies in writing to Sheppard Robson before proceeding work

FOR ELECTRONIC DATA ISSUE
Electronic Data / drawings are issued as "read only" and should not be interrogated for measurement. All dimensions and levels should read, only from those values stated in text on the drawing.

NOTES

This plan is intended to represent the general internal arrangement of a typical floor. Furniture layout is indicative only.

Structural and drainage strategy are depicated indicatively only. (TBC by SE & MEP)

KEY

- 1 Bed 1 Person Apartment
- 2 Bed 3 Person Apartment
- 2 Bed 4 Person Apartment
- 3 Bed 5 Person Apartment
- 3 Bed 6 Person Apartment

- MEP Service Drops
- Kitchen Services
 - MEP Cupboard
 - Bathroom SVP
 - Bathroom / MEP Cupboard Drop (Combine to a single stack)
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PROJECT
2-4 Whitworth Street

SCALE@A1	DATE	ORIGINATOR	CHECKED	AUTHORISED
As indicated	02/09/24	MT	PC	TOB

DESCRIPTION
General Arrangement - Typical Floor Levels 34-40 (3 Bed Arrangement)

STAGE
Stage 2

STATUS	PURPOSE FOR ISSUE	SR NO.
S2	FOR INFORMATION	7196

DRAWING NO.	REV.
7196-SRA-XX-ZZ-DR-A-20053	P06



General Arrangement - Typical Floor Levels 34-40 (3 Bed Arrangement)
1 : 100

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NOTES

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Structural and drainage strategy are depicated indicatively only. (TBC by SE & MEP)

- KEY
- 1 Bed 1 Person Apartment
 - 2 Bed 3 Person Apartment
 - 2 Bed 4 Person Apartment
 - 3 Bed 5 Person Apartment
 - 3 Bed 6 Person Apartment
- MEP Service Drops
- Kitchen Services
 - MEP Cupboard
 - Bathroom SVP
 - Bathroom / MEP Cupboard Drop (Combine to a single stack)
 - Bathroom Drainage / Kitchen Services (Combine to a single stack)

REVISIONS		
REV.	DATE	AMENDMENT
P01	26/06/24	First Issue
P02	26/07/24	General Updates
P03	19/08/24	Stage 02 Issue
P04	02/09/24	Updated Stage 2 Issue

KEYPLAN

CLIENT
Glenbrook Property

SHEPPARD
ROBSON

77 Parkway Camden Town London NW1 7PU
T: +44 (0)20 7504 1700 E: enquiries@sheppardrobson.co.uk

PROJECT
2-4 Whitworth Street

SCALE@A1	DATE	ORIGINATOR	CHECKED	AUTHORISED
As indicated	02/09/24	MT	PC	TOB

DESCRIPTION
General Arrangement - Typical Floor
Levels 41-44 (Premium 3 Bed Arrangement)

STAGE
Stage 2

STATUS	PURPOSE FOR ISSUE	SR NO.
S2	FOR INFORMATION	7196
DRAWING NO.		REV.
7196-SRA-XX-ZZ-DR-A-20054		P04



General Arrangement - Typical Floor Levels 41-43 (Premium 3 Bed Arrangement)
1 : 100

C Area Schedule | Proposed Development

Proposed Schedule of Accommodation
Stage 2 11/10/2024

Floor		Area / Support			Residential										N/A		Balance			G/A		Efficiency
					1 Bed			2Bed					3 Bed									
					Type 1A	Type 1B	Type 1C	Type 2A	Type 2B	Type 2C	Type 2D	Type 2E	Type 3A	Type 3B								
					(1 Person)	(1 Person)	(1 Person)	(3 Person)	(4 Person)	(3 Person)	(3 Person)	(3 Person)	(5 Person)	(6 Person)								
Level	Floor Type	Reception	Area	BoH / Support	45.7 m²	46.6 m²	47.6 m²	70.9 m²	74.4 m²	64.1 m²	66.0 m²	63.8 m²	97.5 m²	129.3 m²	Residential N/A		Circulation	Plant	Planning	G/A (measured)	(N/A / G/A)	
0	Area	69.2 m²	162.6 m²	182.6 m²													89.8 m²	45.2 m²	54.7 m²	604.1 m²	6,502.5 ft²	
1	Area		134.2 m²	3.6 m²													112.0 m²	245.1 m²	52.8 m²	547.7 m²	5,895.4 ft²	
2	Area		352.0 m²	7.2 m²													112.0 m²	10.3 m²	58.2 m²	539.7 m²	5,809.3 ft²	
3	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
4	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
5	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
6	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
7	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
8	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
9	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
10	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
11	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
12	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
13	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
14	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
15	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
16	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
17	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
18	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
19	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
20	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
21	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
22	Residential (Type 1)				2			2	2	2	1				576.2 m²	6,202.2 ft²	112.0 m²	10.3 m²	62.5 m²	761.0 m²	8,191.3 ft²	75.7%
23	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
24	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
25	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
26	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
27	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
28	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
29	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
30	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
31	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
32	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
33	Residential (Type 2)				2	2	2	2	2						570.4 m²	6,139.7 ft²	112.0 m²	10.3 m²	68.3 m²	761.0 m²	8,191.3 ft²	75.0%
34	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
35	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
36	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
37	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
38	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
39	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
40	Residential (Type 3)				2			2	2				2		577.0 m²	6,210.8 ft²	112.0 m²	10.3 m²	61.7 m²	761.0 m²	8,191.3 ft²	75.8%
41	Residential (Type 4)										2		2	2	581.2 m²	6,256.0 ft²	112.0 m²	10.3 m²	57.5 m²	761.0 m²	8,191.3 ft²	76.4%
42	Residential (Type 4)										2		2	2	581.2 m²	6,256.0 ft²	112.0 m²	10.3 m²	57.5 m²	761.0 m²	8,191.3 ft²	76.4%
43	Residential (Type 4)										2		2	2	581.2 m²	6,256.0 ft²	112.0 m²	10.3 m²	57.5 m²	761.0 m²	8,191.3 ft²	76.4%
Total		69.2 m²	648.8 m²	193.4 m²	76	22	22	76	76	40	20	6	20	6	23,581.0 m²	253,823.5 ft²	4,905.8 m²	722.9 m²	2,771.4 m²	32,892.5 m²	354,051.6 ft²	
		0.2 m² / unit	1.8 m² / unit	0.5 m² / unit	120			218				26										

These areas have been prepared for the sole use of Sheppard Robson Architects' client (Glenbrook), are approximate and can only be verified by a detailed dimensional survey of the completed building. They have been measured from the Stage 2 drawings.

Any decisions to be made on the basis of these predictions, whether as to project viability, pre-letting, lease agreements or otherwise, should include due allowance for the increases and decreases inherent in the design development and building processes. Existing buildings may present anomalies in relation to surveyed/drawn plans that may also effect the stated areas. All areas are calculated in square metres unless otherwise noted. Where figures are also provided in square feet a conversion factor of 10.764 has been used and the result rounded to the nearest whole number. Unless otherwise agreed with SR's client in writing, figures relate to the likely areas of the building at the current stage of the design and are calculated using:-

D BTR Rental Comparable Evidence

	Subject	Comparables					
							
Property Information	2-4 Whitworth Street West	North Tower, Deansgate Gardens	West Tower, Deansgate Gardens	Angel Gardens, NOMA	Circle Square (North and East)	Kampus	Colliers Yard
Owner / Operator	-	L&G	L&G	Apache / Moda	Vita Living	Ares / Native	Cortland & Madison / LIV
# of Units	-	276	350	466	683	534	559
Year of PC	-	2021	2019		2021	2021	2023
Data Source	-	CBRE / Rightmove	CBRE / Rightmove	CBRE / Rightmove	CBRE / Rightmove	CBRE / Rightmove	CBRE / Rightmove
Data Date Range	-	Q3 2024	Q3 2024	Q3 2024	Q3 2024	Q3 2024	Q3 2024
One Bedroom							
Average Unit Size	497	573	559	584	465	499	533
Average Rent £ pcm	£1,430	£1,405	£1,370	£1,638	£1,401	£1,475	£1,625
Average Rent £psf	£34.53	£29.42	£29.41	£33.66	£36.15	£35.47	£36.59
Two Bedroom							
Average Unit Size	754	961	938	765	715	681	804
Average Rent £ pcm	£1,931	£2,000	£1,970	£1,924	£1,646	£1,900	£2,110
Average Rent £psf	£30.73	£24.97	£25.20	£30.18	£27.63	£33.48	£31.51
Three Bedroom							
Average Unit Size	1,128	1,238	1,211	966	950	1,694	1,186
Average Rent £ pcm	£3,155	£2,600	£2,520	£2,391	£2,439	£3,695	£3,045
Average Rent £psf	£33.56	£25.20	£24.97	£29.70	£30.81	£26.17	£30.81
Amenities							
Swimming pool	No	Yes	Yes	No	No	No	No
Gym/Fitness Center	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Resident's Lounge	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Dining Room	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Media Room (Theatre)	No	Yes	Yes	Yes	Yes	Yes	Yes
External Amenity Space	No	Yes	Yes	Yes	Yes	Yes	Yes
Co working space	No	Yes	Yes	Yes	Yes	Yes	Yes

E Cost Plan

WHITWORTH STREET

STAGE 2 COST PLAN

SECTION 3.0 - OVERALL CONSTRUCTION COST SUMMARY

GROSS INTERNAL AREA (GIA)			33,054	355,793	
		Total Cost (£)	£/m²	£ / ft²	%
0	Facilitating Works	642,778	19.4	1.8	0.61%
0.1	Toxic/Hazardous material removal	0	-	-	-
0.2	Major demolition works	617,778	18.7	1.7	0.59%
0.3	Temporary diversion works	25,000	0.8	0.1	0.02%
0.4	Extraordinary Site Investigation Works	0	-	-	-
1	Substructure	2,793,445	84.5	7.9	2.65%
1.1	Piling	1,236,499	37.4	3.5	1.17%
1.2	Substructure	1,556,946	47.1	4.4	1.48%
2	Superstructure	48,053,127	1,453.8	135.1	45.64%
2.1	Frame	6,172,710	186.7	17.3	5.86%
2.2	Upper Floors	7,080,730	214.2	19.9	6.72%
2.3	Roof	376,569	11.4	1.1	0.36%
2.4	Stairs and ramps	585,000	17.7	1.6	0.56%
2.5	External Walls	26,868,538	812.9	75.5	25.52%
2.6	Windows & External Doors	202,900	6.1	0.6	0.19%
2.7	Internal Walls & Partitions	4,682,481	141.7	13.2	4.45%
2.8	Internal Doors	2,084,200	63.1	5.9	1.98%
3	Internal Finishes	5,040,686	152.5	14.2	4.79%
3.1	Wall Finishes	1,480,813	44.8	4.2	1.41%
3.2	Floor Finishes	1,860,568	56.3	5.2	1.77%
3.3	Ceiling Finishes	1,699,305	51.4	4.8	1.61%
4	Fittings & Furnishings	2,565,400	77.6	7.2	2.44%
4.1	Fittings, furnishings and equipment	2,565,400	77.6	7.2	2.44%
5	Services	17,916,782	542.0	50.4	17.02%
5.1	MEP Services	14,831,827	448.7	41.7	14.09%
5.2	BWIC with Services	444,955	13.5	1.3	0.42%
5.3	Testing & Commissioning	Incl	0.0	0.0	0.00%
5.4	Lift & Conveyor Installations	2,640,000	79.9	7.4	2.51%
6	External Works	984,700	29.8	2.8	0.94%
6.1	Siteworks	209,700	6.3	0.6	0.20%
6.2	External Drainage	200,000	6.1	0.6	0.19%
6.3	External Services	575,000	17.4	1.6	0.55%
SUB-TOTAL		77,996,918	2,359.7	219.2	74.07%
7	Main Contractors Preliminaries and OH&P	18,426,772	557.5	51.8	17.50%
7.1	Preliminaries	15.0%11,699,538	354.0	32.9	11.11%
7.2	Overheads & Profit	7.5%6,727,234	203.5	18.9	6.39%
TOTAL BUILDING WORKS ESTIMATE		96,423,690	2,917.2	271.0	91.58%
8	Project Fees & Development / Project Costs	0	0.0	0.0	0.00%
8.1	Project / Design Team Fees	Excluded	0.0	0.0	0.00%
8.2	Development Insurances	Excluded	0.0	0.0	0.00%
8.3	Planning, Section 38, 61, 106 & 278 / CIL costs	Excluded	0.0	0.0	0.00%
8.4	Other Development / Project Costs	Excluded	0.0	0.0	0.00%
SUB-TOTAL		96,423,690	2,917.2	271.0	91.58%
9	Design and Build Contingency and Risks	4,821,184	145.9	13.6	4.58%
9.1	Design Development Risk	2.5%2,410,592	72.9	6.8	2.29%
9.2	Construction Risk	2.5%2,410,592	72.9	6.8	2.29%
9.3	Client Contingency	Excluded	0.0	0.0	0.00%
COST LIMIT		101,244,874	3,063.0	284.6	96.15%
10	Inflation	4,049,795	122.5	11.4	3.85%
10.1	Inflation to tender date & during construction	4%4,049,795	122.5	11.4	3.85%
COST LIMIT (incl. Inflation)		105,294,669	3,185.5	295.9	100.00%

F Alternative Use Value Appraisal

Financial Viability Assessment
Appendix F
Alternative Use Value

2-4 Whitworth St West
Manchester

**Financial Viability Assessment
Appendix F
Alternative Use Value**
Appraisal Summary for Phase 1
Currency in £
REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Residential	1	23,435	475.00	11,131,625	11,131,625

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Warehouse	1	2,976	8.00	23,808	23,808	23,808

Investment Valuation

Warehouse					
Current Rent	23,808	YP @	8.0000%	12.5000	297,600

GROSS DEVELOPMENT VALUE 11,429,225

Purchaser's Costs	(9,116)
Effective Purchaser's Costs Rate	3.16%
	(9,116)

NET DEVELOPMENT VALUE 11,420,109
NET REALISATION 11,420,109
OUTLAY
ACQUISITION COSTS

Residualised Price	3,441,299
	3,441,299
Stamp Duty	4.60% 158,300
Agent Fee	1.00% 34,413
Legal Fee	0.50% 17,206
	209,919

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Warehouse	2,976	40.00	119,040
Residential	29,294	152.70	4,473,133
Totals	32,270 ft²		4,592,173
Contingency		3.00%	137,765
			4,729,938

PROFESSIONAL FEES

Other Professionals	8.00%	367,374
		367,374

DISPOSAL FEES

Sales Agent Fee	1.00%	114,201
Sales Legal Fee	0.50%	57,101
		171,302

FINANCE

Debit Rate 8.000%, Credit Rate 0.000% (Nominal)	
Land	301,322
Construction	179,374
Other	116,227
Total Finance Cost	596,923

TOTAL COSTS 9,516,756

Financial Viability Assessment

Appendix F

Alternative Use Value

PROFIT

1,903,353

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	16.65%
Profit on NDV%	16.67%
Development Yield% (on Rent)	0.25%
Equivalent Yield% (Nominal)	8.00%
Equivalent Yield% (True)	8.42%

IRR% (without Interest)	29.66%
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Rent Cover	79 yrs 11 mths
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Profit Erosion (finance rate 8.000)	2 yrs 4 mths
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G Policy Compliant Appraisal | Proposed Development

Financial Viability Assessment
Appendix G
Policy Compliant Scheme

2-4 Whitworth Street West
Manchester

Financial Viability Assessment
Appendix G
Policy Compliant Scheme

Appraisal Summary for Phase 2 BTR (20% Affordable)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
OM - 1B1P Apartments	96	47,886	34.96	17,439	1,238,514	1,674,120
OM - 2B3P Apartments	113	82,938	33.38	24,501	2,048,240	2,768,640
OM - 2B4P Apartments	60	48,050	32.97	26,400	1,171,843	1,584,000
OM - 3B5P Apartments	16	16,792	35.27	37,020	438,198	592,320
OM - 3B6P Apartments	4	5,567	33.45	46,560	137,780	186,240
APR - 1B1P Apartments	24	11,806	26.15	12,864	228,403	308,736
APR - 2B3P Apartments	29	20,990	24.55	17,767	381,169	515,232
APR - 2B4P Apartments	16	12,813	24.10	19,296	228,403	308,736
APR - 3B5P Apartments	4	4,198	27.53	28,896	85,509	115,584
APR - 3B6P Apartments	2	2,784	26.55	36,960	54,686	73,920
Totals	364	253,824			6,012,745	8,127,528

Investment Valuation

OM - 1B1P Apartments					
Current Rent	1,238,514	YP @	5.0000%	20.0000	24,770,280
OM - 2B3P Apartments					
Current Rent	2,048,240	YP @	5.0000%	20.0000	40,964,797
OM - 2B4P Apartments					
Current Rent	1,171,843	YP @	5.0000%	20.0000	23,436,864
OM - 3B5P Apartments					
Current Rent	438,198	YP @	5.0000%	20.0000	8,763,967
OM - 3B6P Apartments					
Current Rent	137,780	YP @	5.0000%	20.0000	2,755,607
APR - 1B1P Apartments					
Current Rent	228,403	YP @	5.0000%	20.0000	4,568,058
APR - 2B3P Apartments					
Current Rent	381,169	YP @	5.0000%	20.0000	7,623,373
APR - 2B4P Apartments					
Current Rent	228,403	YP @	5.0000%	20.0000	4,568,058
APR - 3B5P Apartments					
Current Rent	85,509	YP @	5.0000%	20.0000	1,710,181
APR - 3B6P Apartments					
Current Rent	54,686	YP @	5.0000%	20.0000	1,093,720

Total Investment Valuation **120,254,904**

GROSS DEVELOPMENT VALUE **120,254,904**

Purchaser's Costs	(2,405,098)
Effective Purchaser's Costs Rate	2.00%
	(2,405,098)

NET DEVELOPMENT VALUE **117,849,806**

Financial Viability Assessment
Appendix G
Policy Compliant Scheme

NET REALISATION 117,849,806

OUTLAY

ACQUISITION COSTS

Fixed Price	3,440,000		
Fixed Price		3,440,000	
			3,440,000
Stamp Duty	4.74%	163,056	
Agent Fee	1.00%	34,400	
Legal Fee	0.80%	27,520	
			224,976

CONSTRUCTION COSTS

Construction	ft²	Build Rate	ft²	Cost	
OM - 1B1P Apartments	68,586	210.07		14,407,886	
OM - 2B3P Apartments	118,789	210.07		24,954,065	
OM - 2B4P Apartments	68,820	210.07		14,457,113	
OM - 3B5P Apartments	24,050	210.07		5,052,217	
OM - 3B6P Apartments	7,974	210.06		1,675,004	
APR - 1B1P Apartments	16,909	210.07		3,552,097	
APR - 2B3P Apartments	30,063	210.07		6,315,271	
APR - 2B4P Apartments	18,352	210.07		3,855,230	
APR - 3B5P Apartments	6,013	210.05		1,263,054	
APR - 3B6P Apartments	3,987	210.06		837,502	
Amenity Fit Out	7,750	200.00		1,550,000	
Totals	371,293 ft²			77,919,439	
Contingency		5.00%		4,989,684	
					82,909,123
Other Construction					
External Works				984,700	
Prelims				11,699,538	
OH&P				6,727,234	
Facilitating Works				642,778	
S278 Works				200,000	
Right to Light				1,000,000	
Insurances & Latent Defects				864,796	
Non Recoverable VAT				250,000	
FF&E	364 un	5,000.00 /un		1,820,000	
					24,189,046

PROFESSIONAL FEES

Professional Fees	10.00%	9,979,369	
			9,979,369

DISPOSAL FEES

Sales Agent Fee	0.75%	883,874	
Sales Legal Fee	0.50%	589,249	
			1,473,123

TOTAL COSTS 122,215,637

PROFIT

(4,365,831)

Performance Measures

Profit on Cost%	-3.57%
Profit on GDV%	-3.63%
Profit on NDV%	-3.70%
Development Yield% (on Rent)	4.92%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

H Scenario Test Appraisal | Proposed Development 0% Affordable

Financial Viability Assessment
Appendix H
Scenario Test 1

2-4 Whitworth Street West
Manchester

Financial Viability Assessment
Appendix H
Scenario Test 1

Appraisal Summary for Phase 1 BTR (0% Affordable)

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
1B1P Apartments	120	59,692	34.51	17,167	1,545,030	2,060,040
2B3P Apartments	142	103,928	32.84	24,033	2,559,510	3,412,680
2B4P Apartments	76	60,863	32.37	25,920	1,477,440	1,969,920
3B5P Apartments	20	20,990	35.10	36,840	552,600	736,800
3B6P Apartments	6	8,351	33.37	46,440	208,980	278,640
Totals	364	253,824			6,343,560	8,458,080

Investment Valuation

1B1P Apartments					
Current Rent	1,545,030	YP @	5.0000%	20.0000	30,900,600
2B3P Apartments					
Current Rent	2,559,510	YP @	5.0000%	20.0000	51,190,200
2B4P Apartments					
Current Rent	1,477,440	YP @	5.0000%	20.0000	29,548,800
3B5P Apartments					
Current Rent	552,600	YP @	5.0000%	20.0000	11,052,000
3B6P Apartments					
Current Rent	208,980	YP @	5.0000%	20.0000	4,179,600
Total Investment Valuation					126,871,200

GROSS DEVELOPMENT VALUE

126,871,200

Purchaser's Costs	(2,537,424)
Effective Purchaser's Costs Rate	2.00%
	(2,537,424)

NET DEVELOPMENT VALUE

124,333,776

NET REALISATION

124,333,776

OUTLAY

ACQUISITION COSTS

Fixed Price	3,440,000		
Fixed Price		3,440,000	
			3,440,000
Stamp Duty	4.74%	163,056	
Agent Fee	1.00%	34,400	
Legal Fee	0.80%	27,520	
			224,976

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
1B1P Apartments	83,673	214.64	17,959,983
2B3P Apartments	145,679	214.65	31,269,336
2B4P Apartments	85,314	214.65	18,312,343
3B5P Apartments	29,422	214.64	6,315,271

Financial Viability Assessment
Appendix H
Scenario Test 1

3B6P Apartments	11,705	214.65	2,512,506	
Amenity Fit Out	<u>7,750</u>	200.00	<u>1,550,000</u>	
Totals	363,543 ft²		77,919,439	
Contingency		5.00%	4,989,684	82,909,123

Other Construction

External Works			984,700	
Prelims			11,699,538	
OH&P			6,727,234	
Facilitating Works			642,778	
S278 Works			200,000	
Right to Light			1,000,000	
Insurances & Latent Defects			864,796	
Non Recoverable VAT			250,000	
FF&E	364 un	5,000.00 /un	1,820,000	24,189,046

PROFESSIONAL FEES

Professional Fees		10.00%	9,979,369	9,979,369
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DISPOSAL FEES

Sales Agent Fee		0.75%	932,503	
Sales Legal Fee		0.50%	621,669	1,554,172

TOTAL COSTS
122,296,687
PROFIT
2,037,089
Performance Measures

Profit on Cost%	1.67%
Profit on GDV%	1.61%
Profit on NDV%	1.64%
Development Yield% (on Rent)	5.19%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR% (without Interest)	1.10%
Rent Cover	4 mths
Profit Erosion (finance rate 0.000)	N/A

I Open Market Sales Comparable

Asset: 2-4 Whitworth Street West, Manchester
 Client: Glenbrook WSW Limited
 Date: 08 November 2024

CBRE

	Subject	Comparables			
					
Property Information	2-4 Whitworth Street West	Viadux	South Tower, Deansgate Gardens	Oxygen Tower	One Port Street
# of Units	364	375		343	477
Year of PC	-	2020	2020	2021	2025
Data Source	-	CBRE / Rightmove	CBRE / Rightmove	CBRE / Rightmove	CBRE / Rightmove
Data Date Range	-	Q4 2024	Q4 2024	Q4 2024	Q4 2024
One Bedroom					
Average Unit Size	497	553	598	495	547
Average Rent £ pcm	£250,000	£285,000	£275,000	£250,000	£306,000
Average Rent £psf	£503.00	£515.37	£460.00	£505.00	£559.00
Two Bedroom					
Average Unit Size	766	775	1,011	655	800
Average Rent £ pcm	£400,000	£395,000	£450,000	£360,000	£431,000
Average Rent £psf	£522.00	£509.68	£445.00	£550.00	£539.00
Three Bedroom					
Average Unit Size	1,223	-	1,140	-	1,090
Average Rent £ pcm	£631,000	-	£490,000	-	£572,000
Average Rent £psf	£516.00	-	£430.00	-	£525.00
Amenities					
Swimming pool	No	Yes	Yes	No	Yes
Gym/Fitness Center	Yes	Yes	Yes	Yes	Yes
Resident's Lounge	Yes	Yes	Yes	Yes	Yes
Dining Room	Yes	Yes	Yes	Yes	Yes
Media Room (Theatre)	No	Yes	Yes	Yes	Yes
External Amenity Space	No	Yes	Yes	Yes	Yes
Co working space	No	Yes	Yes	Yes	Yes

J Scenario Test 2 Open Market Sales Appraisal 0% Affordable

Financial Viability Assessment
Open Market Sales
Appendix J - Scenario Test 2

2-4 Whitworth Street West
Manchester

Financial Viability Assessment
Open Market Sales
Appendix J - Scenario Test 2

Appraisal Summary for Phase 1 OMS

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
1B1P	120	59,692	503.84	250,628	30,075,411
2B3P	142	103,928	519.39	380,137	53,979,456
2B4P	76	60,863	526.07	421,289	32,017,980
3B4P	20	20,990	512.77	538,148	10,762,955
3B6P	<u>6</u>	<u>8,351</u>	520.28	724,140	<u>4,344,839</u>
Totals	364	253,824			131,180,641

NET REALISATION

131,180,641

OUTLAY

ACQUISITION COSTS

Fixed Price	3,440,000		
Fixed Price		3,440,000	
			3,440,000
Stamp Duty	4.74%	163,056	
Agent Fee	1.00%	34,400	
Legal Fee	0.80%	27,520	
			224,976

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
1B1P	83,673	214.64	17,959,983
2B3P	145,679	214.65	31,269,336
2B4P	85,314	214.65	18,312,343
3B4P	29,422	214.64	6,315,271
3B6P	<u>11,705</u>	214.65	<u>2,512,506</u>
Totals	355,793 ft²		76,369,439
Contingency		5.00%	4,821,184
			81,190,623
Other Construction			
External Works			984,700
Prelims			11,699,538
OH&P			6,727,234
Facilitating Works			642,778
S278 Works			200,000
Right to Light			1,000,000
Insurances & Latent Defects			864,796
Non Recoverable VAT			250,000
			22,369,046

PROFESSIONAL FEES

Professional Fees	10.00%	9,642,369	
			9,642,369

DISPOSAL FEES

Sales Agent Fee	2.00%	2,623,613	
Sales Legal Fee	0.50%	655,903	
			3,279,516

FINANCE

Debit Rate 8.000%, Credit Rate 0.000% (Nominal)			
Land		1,045,074	
Construction		13,429,141	
Other		10,203,206	
Total Finance Cost			24,677,421

Financial Viability Assessment
Open Market Sales
Appendix J - Scenario Test 2
TOTAL COSTS
144,823,951
PROFIT
(13,643,310)
Performance Measures

Profit on Cost%	-9.42%
Profit on GDV%	-10.40%
Profit on NDV%	-10.40%
IRR% (without Interest)	3.81%
Profit Erosion (finance rate 8.000)	N/A

K Sensitivity Test

Financial Viability Assessment
Appendix K
Sensitivity Test 1

2-4 Whitworth Street West
Manchester

Development Appraisal
CBRE
19 November 2024

Financial Viability Assessment
Appendix K
Sensitivity Test 1
Table of Profit Amount and Profit on GDV%

Construction: Rate /ft²					
Rent: Rate /ft²	-20.00 /ft²	-10.00 /ft²	0.00 /ft²	+10.00 /ft²	+20.00 /ft²
-5.00 /ft²	(£8,202,535) -7.607%	(£12,294,154) -11.401%	(£16,385,774) -15.195%	(£20,477,393) -18.990%	(£24,569,013) -22.784%
-2.50 /ft²	£1,008,897 0.860%	(£3,082,723) -2.627%	(£7,174,342) -6.113%	(£11,265,962) -9.600%	(£15,357,581) -13.087%
0.00 /ft²	£10,220,328 8.056%	£6,128,709 4.831%	£2,037,089 1.606%	(£2,054,530) -1.619%	(£6,146,150) -4.844%
+2.50 /ft²	£19,431,760 14.247%	£15,340,141 11.247%	£11,248,521 8.247%	£7,156,902 5.247%	£3,065,282 2.247%
+5.00 /ft²	£28,643,192 19.631%	£24,551,572 16.827%	£20,459,953 14.023%	£16,368,333 11.218%	£12,276,714 8.414%

Sensitivity Analysis : Assumptions for Calculation
Construction: Rate /ft²

Original Values are varied in Fixed Steps of £10.00

Heading	Phase	Rate	No. of Steps
1B1P Apartments	1	£214.64	2.00 Up & Down
2B3P Apartments	1	£214.65	2.00 Up & Down
2B4P Apartments	1	£214.65	2.00 Up & Down
3B5P Apartments	1	£214.64	2.00 Up & Down
3B6P Apartments	1	£214.65	2.00 Up & Down

Rent: Rate /ft²

Original Values are varied in Fixed Steps of £2.50

Heading	Phase	Rate	No. of Steps
1B1P Apartments	1	£34.51	2.00 Up & Down
2B3P Apartments	1	£32.84	2.00 Up & Down
2B4P Apartments	1	£32.37	2.00 Up & Down
3B5P Apartments	1	£35.10	2.00 Up & Down
3B6P Apartments	1	£33.37	2.00 Up & Down