

Old Mill Street, Manchester
Viability Assessment
December 2023



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I. Introduction

I.1. Instructions

Roger Hannah has been instructed by Urban Splash to provide a financial viability assessment in respect of the proposed development at Old Mill Street, Manchester. We understand that a planning application is being prepared for a 40 unit, build-to-rent scheme, comprising 1 and 2 bed units, to be set over 6 storeys, including ground floor retail.

This report has been prepared to support the planning application. We understand that this report will be submitted to Manchester City Council as part of the planning application process for this development.

I.2. RICS Compliance

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

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

We can also confirm that we have had reference to and followed the best practice recommendations in the RICS Guidance Note, Assessing viability in planning under the National Planning Policy Framework for England (2023).

I.3. Information Provided

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

- Schedule of Accommodation
- Cost Schedule (Feasibility Estimate), prepared by Turner and Townsend, dated 23rd August 2023. Contained at Appendix I.

2. Executive Summary

Site	The site comprises a regular parcel of brownfield land, currently in use as a car park, extending to 0.375 acres. The site is situated fronting onto Old Mill Street, within New Islington, Manchester.		
Scheme	The proposed development comprises 40 apartments with ground floor retail space, set over six storeys. The apartments consist of 1 and 2 bed units. There is a ground floor retail unit, extending to 936 sq ft. The demise also includes five, surface level parking spaces.		
Gross Development Value	Appraisal 1, Affordable Housing Policy Compliant: £10,475,620. Appraisal 2, 0% Affordable Housing: £10,897,167		
Standard Costs	Based on the cost plan prepared by Turner and Townsend, dated 23 rd August 2023, we have adopted a rate of £260 per sq ft to the gross area of the proposed development.		
Abnormal Costs	Included within the standard build rate.		
Profit	10% of Total Development Cost has been adopted across both appraisals.		
Benchmark Land Value	The site, excluding Lampwick Lane, is currently in use as a car park. We are informed that the car park generates an annual income of £31,500. We have assessed the EUV of the subject site and adopted a Benchmark Land Value of £528,000.		
Appraisal Results		Appraisal 1 – Build to Rent Affordable Housing Policy Compliant	Appraisal 2 – Build to Rent 0% Affordable
	Residual Land Value	-£248,794	£113,092
	Benchmark Land Value	£528,000	£528,000
	Viability	Unviable	Unviable

3. Site Information

3.1 Location

The property is located in Manchester which is the principal commercial/administrative centre for the northwest of England. The city is at the centre of one of the best motorway networks in the country, lying immediately south of the M62 Trans Pennine Motorway and only 12 miles East of the M6 motorway. The city also has an orbital motorway, the M60, which connects to the M62, M56, M61 and M67.

Situated in New Islington, the subject site is positioned in close proximity to Manchester city centre. Manchester Piccadilly train station is just a 15 minute walk from the site and New Islington tram stop is just a 5 minute walk from the site.

The immediate vicinity largely comprises residential uses, with a number of leisure and retail facilities along the New Islington Marina. The Co-op Academy primary school is just 400 metres from the site.

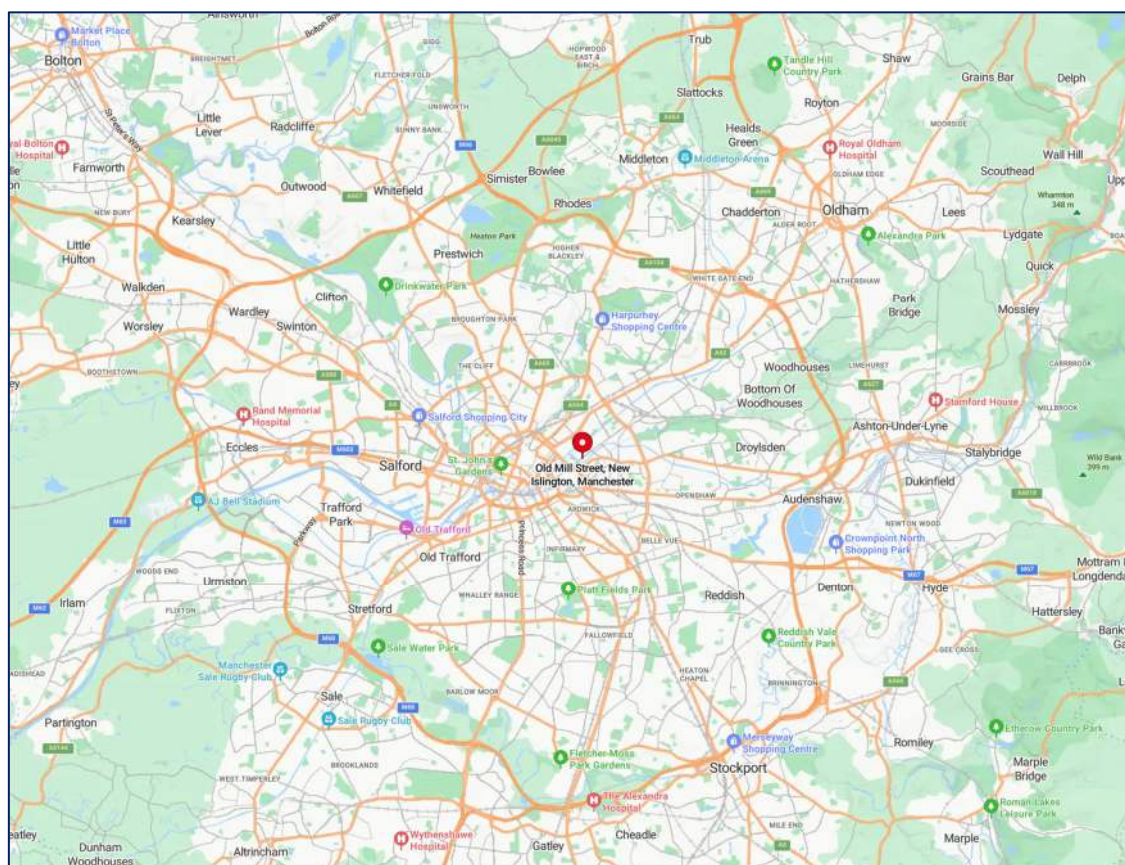


Figure 1: Bing Location Map

3.2 Site Description

The subject site is comprised of a regular shaped, brownfield site fronting into Old Mill Street. The site is currently in use as a car park, being managed by an external operator. The immediate vicinity is residential with neighbouring apartment schemes including the Ancoats Dispensary affordable housing scheme, currently under construction, and Lampwick Quay to

the southwest, Weavers Quay on the opposing side of Old Mill Street and Stubbs Mill to the southeast. The northeast of the site is characterised by terraced and semi-detached housing.

The site demise includes Lampwick Lane providing access through to neighbouring developments. Other than Lampwick Lane, the site is currently cleared and secured with fencing. We understand that the site has been cleared since 2006.

The site extends to a gross site area of approximately 0.375 acres.

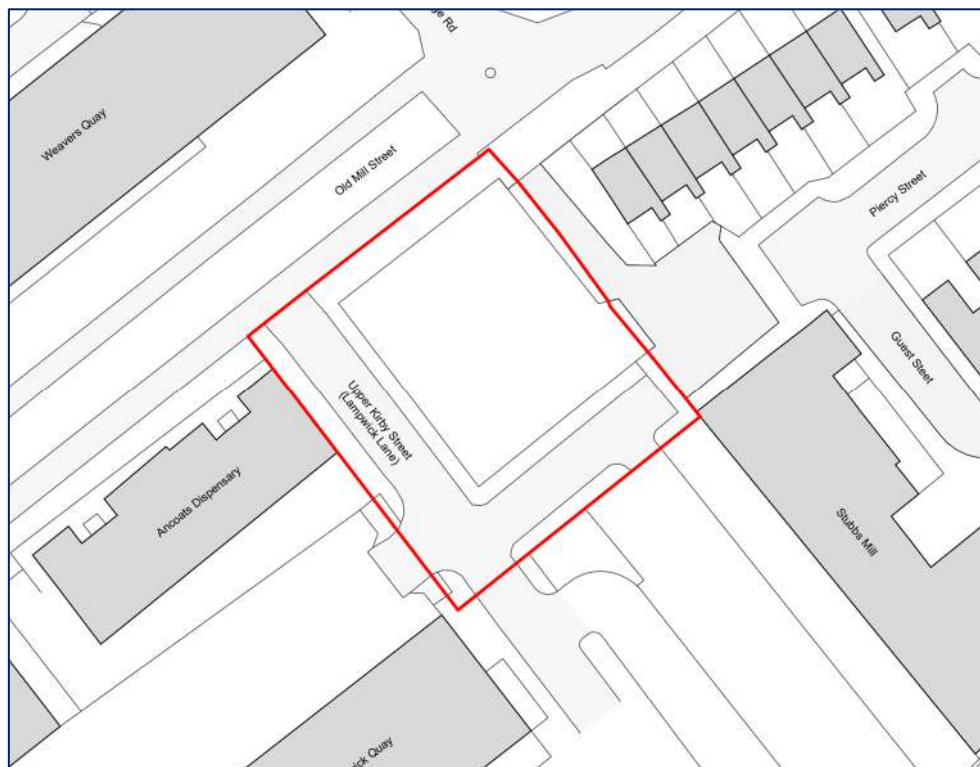


Figure 2: Site Plan

3.3 Proposed Development

The proposed development comprises 40 apartments with ground floor retail space, set over 6 storeys. The apartments consist of 1 and 2 bed units. The apartment accommodation schedule is summarised below:

Floor	Beds	Size Sq ft	No.	Total Sq ft
1	1	463	4	1,852
1	2	657	4	2,628
2	1	463	4	1,852
2	2	657	4	2,628
3	1	463	4	1,852
3	2	657	4	2,628
4	1	463	4	1,852
4	2	657	4	2,628
5	1	463	4	1,852
5	2	657	4	2,628
			40	22,400

The 1 bed units all comprise 463 sq ft, whilst the 2 bed units all comprise 657 sq ft. The residential aspect of the development totals 22,400 sq ft net.

The ground floor retail unit extends to 936 sq ft net, bringing the total net area of the proposed development to 23,336 sq ft.

The ground floor is to also contain an amenity area for the use as a resident's lounge. A postal room, bin store and bike store will also be located on the ground floor, together with the plant room.

There are to be 5 surface level parking spaces provided within the development.

A distinctive feature of the scheme is the presence of 'Communal Garden Decks' situated on all residential levels. The decks provide further social and communal areas for the residents. At both ends of the building, the decks are staggered, creating double-height spaces.

We understand that the Gross Internal Area of the proposed development is 32,886 sq ft. The net to gross ratio of the proposed development is therefore 71%. This is less efficient than standard schemes, which do not benefit from the communal garden decks.



Figure 3: Communal Garden Decks



Figure 4: North West Elevation

The proposed development layout is provided below:

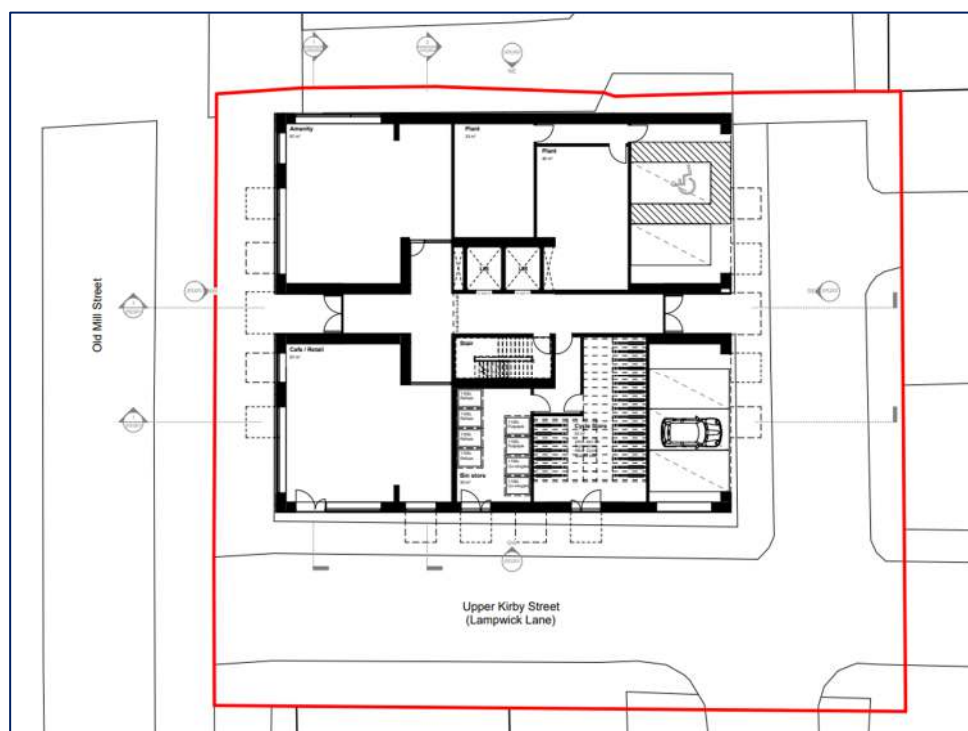


Figure 5: Ground Floor Layout



Figure 6: First Floor Layout

3.4 Planning Requirements

Manchester's Core Strategy was adopted on the 11 July 2012 and is the key document is the Manchester Local Plan. It sets the out the long term strategic policies for Manchester's future development and will form the framework that planning applications will be assessed against.

3.4.1 Affordable Housing

Policy H8 within Manchester's Core Strategy requires 20% of new housing development to comprise affordable housing. The Council expects that 5% of the affordable housing provision will comprise social or affordable rented units and 15% will be intermediate housing.

3.4.2 Section 106 Contributions

We understand that the Council have not yet requested any S.106 contributions for the proposed development.

3.4.3 Community Infrastructure Levy

The City Council have not formally adopted a CIL charging schedule. The development will therefore not be liable for this charge.

4. Viability in Planning Guidance

4.1. National Planning Policy Framework

Paragraph 58 of the National Planning Policy Framework (NPPF), which was last updated in September 2023, states the following:

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

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

4.2. Planning Practice Guidance

The PPG in respect of viability, which was last updated in 2019, defines a viability assessment at Paragraph 010 as:

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

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

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

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

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

“Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build

to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.”

Paragraph 008 goes on to say that:

“The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and viability evidence underpinning the plan is up to date, and sites circumstances including any changes since the plan was brought into force, and the transparency of assumptions behind evidence submitted as part of the viability assessment.”

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

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

4.3. RICS Assessing viability in planning under the NPPF 2019

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

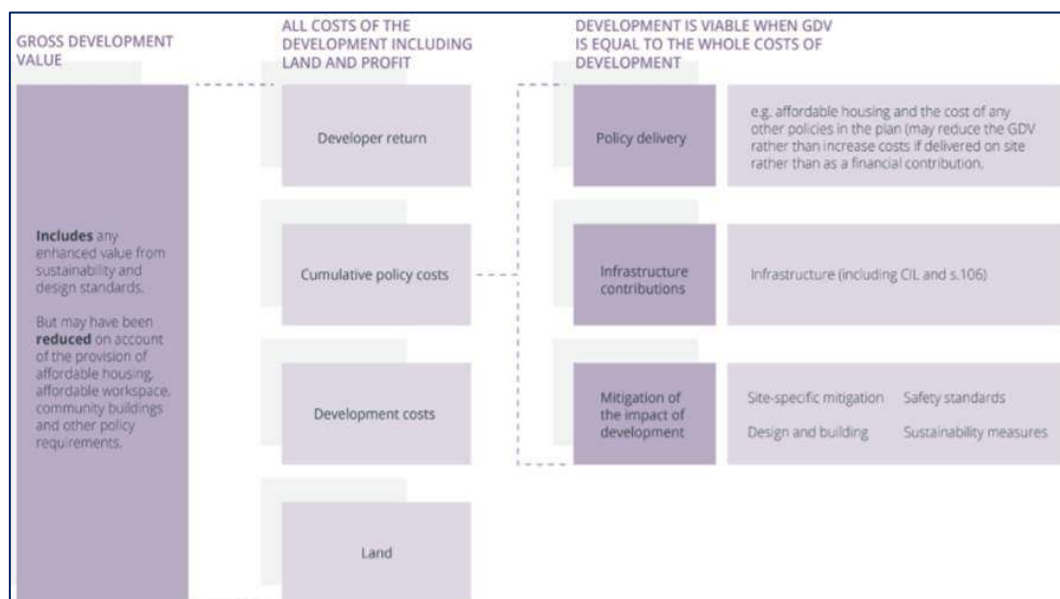


Figure 7: RICS Residual Valuation Framework (Source – RICS)

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

- RICS Professional Statement, Financial viability in planning: conduct and reporting (2019)
- RICS Guidance Note, Valuation of development property (2019)

- RICS Guidance Note, Comparable evidence in real estate valuation (2019)
- RICS Professional Statement, RICS Valuation – Global Standards ‘Red Book’ (2020)

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

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

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

4.4. RICS Financial viability in planning: conduct and reporting

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

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

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

5. Methodology

5.1. Site Specific Viability Assessment

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

- The adopted Local Plan evidence is considered out of date
- Additional and up to date information is now available in respect of site-specific development and costs, compared to the assumptions adopted at the plan-making stage

5.2. Adopted Methodology

As per the PPG and RICS guidance, we have adopted the residual method to assess site viability. This is based on the following calculation:

Gross Development Value – (Costs + Developer's Return) = Residual Value

We will then establish the Benchmark Land Value (BLV) as appropriate for assessing viability. Should the residual value be below the BLV, which represents the minimum return a reasonable landowner can expect, the development is deemed to be unviable and changes to policy requirements are likely to be required to ensure that the development is delivered. We have therefore also assessed what level of planning obligations can be delivered in order for the BLV to be achieved, therefore resulting in a viable development.

6. Gross Development Value

Method	The PPG states the following: <i>“Gross development value is an assessment of the value of development. For residential development this may be total sales and/or capitalised net rental income from developments . . . For viability assessment of specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used”</i> The RICS Guidance Note also defines this as follows: <i>“The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing at that date.”</i> We have undertaken a review of sales values in the locality.
Local Market Trends	According to Rightmove, properties in the M4 postcode area had an overall average price of £266,688 over the last year. The majority of sales in the M4 area were apartments, selling for an average price of £256,711. According to Home.co.uk, average rental values in Manchester are £1,754 per calendar month, increasing to an average rental value of £1,920 per calendar month in the M4 postcode district.
Residential Rental Market Analysis	We have considered the relevant market rental evidence enclosed at Appendix 2. The new build evidence shows a range in rental values between £23.00 and £30.00 per sq ft. We have had particular consideration to Manchester Life’s Lampwick Quay scheme, situated almost adjacent to the subject site. This build-to-rent scheme offers 213 x 1, 2 and 3 bed unfurnished apartment units, with onsite gym and an onsite concierge. The 1 bed apartment units are currently asking between £1,036 pcm and £1,186 pcm, equating to between £23.11 and £28.03 per sq ft. There is a 2 bed unit also currently being marketed, asking £1,285 pcm, equating to £20.18 per sq ft. Lampwick Quay appears to be attracting lower rental values on a per sq ft basis on comparison to comparable new build schemes within the wider area, where the tone of evidence is between £25 - £30 per sq ft. We have had further consideration to older stock rental values, within closer proximity to the subject site. 1 bed units are available at between £950pcm and £1,100 pcm with 2 bed units attracting between £1,200pcm and £1,500pcm. On reflection of the current rental market and in particular the rental value comparables summarised in Appendix 2, we would expect rental values at the subject property to be in the region of:

Beds	Size Sq ft	£ pcm	£ per sq ft
1	463	£1,100	£28.50
2	657	£1,500	£27.40

Retail Market Analysis

The local area is characterised by modern apartment complexes with ground floor commercial units. We have reviewed recent lettings and asking rental values within the New Islington area and found a tone between £15.00 - £25.00 per sq ft (contained at Appendix 2). Taking location and specification into consideration would expect the subject retail unit to attract a rental value in the region of £20.00 per sq ft, equating to £18,720 per annum.

Retail yields within Manchester have been steadily increasing over the past 5 years. CoStar reports that the average retail yield within the City of Manchester is currently in the region of 7.6%. Taking into account the location and setting of the subject unit, we consider an 8% yield to be appropriate.



Figure 8: Average Yield, Manchester City Centre (Source: CoStar).

7 Appraisal Inputs

We have undertaken residual appraisals of the proposed scheme to assess viability on the following bases:

- Appraisal 1 – Build to Rent, Affordable Housing Policy Compliant
- Appraisal 2 – Build to Rent, 0% affordable.

Appraisal 1 – Build to Rent, Affordable Housing Policy Compliant						
Open Market Residential	Having consideration to the local residential rental market, current asking rents on comparable schemes and our analysis within section 6 of this report, we have applied the following average rental values to the 32no. open market lettings:					
	Beds	Size (Sq ft)	No.	Total Sq ft	Rent PCM	Rent PA
	1	463	16	7,408	£1,100	£13,200
	2	657	16	10,512	£1,500	£18,000
			32	17,920		£499,200
Affordable Residential	The gross annual income therefore equates to £499,200.					
	An OPEX allowance of 24% has been applied in line with the developer's expectations, as well as current market expectations. This generates a net income of £379,392.					
	We have adopted a yield of 4.5% to the net rental income, in line with current market expectations on the basis of a forward funded model, resulting in a Gross Development Value of £8,430,933. The scale of the subject scheme would not usually be sufficient to generate interest amongst forward funded purchasers, but we understand that the applicant's residential fund is prepared to bring the scheme forward on this basis.					
	It should be noted that in the context of increasing interest rates there is increasing investor caution and we are expecting a shift in yield expectations to reflect this. We reserve the right to amend our yield assumptions in the coming months on this basis.					
Affordable Residential	In line with National Policy and PPG we have adopted 20% affordable housing across an equal mix of 1 and 2 bed units. Reflecting further on the Build to Rent guidance within the PPG, we have applied a 20% discount to open market rents for all affordable rented units. These have been allocated equally across the 1 and 2 bed units.					
	The gross rental income derived from the affordable units is detailed as follows:					

	Beds	Size (Sq ft)	No.	Total Sq ft	Rent PCM	Rent PA	Gross Rent PA
	1	463	4	1,852	£880	£10,560	£42,240
	2	657	4	2,628	£1,200	£14,400	£57,600
			8	4,480			£99,840
	The total gross income derived from affordable units on this basis is £99,840 per annum across the 8 units. Applying a 24% discount for OPEX costs, generates a net income of £75,878 per annum. As per the previous section, we have adopted a yield of 4.5% to the net rental income, resulting in a Gross Development Value of £1,686,187 in relation to the affordable housing accommodation.						
Parking Spaces	There are 5 parking spaces available on the site. These spaces will be leased as part of the residential element of the scheme, at an assumed market rent of £100 per calendar month, per space. No operational costs are deducted and the residential investment yield of 4.5% is applied.						
Retail	Having regard to the market evidence set out in Section 5 of this report, we have valued the retail unit at £20.00 per sq ft, equating to £18,720 per annum. We have adopted a yield of 8% and assumed a 6 month rent free period, in line with local market trends. Based on the above, the value derived from the commercial aspect of the proposed scheme equates to a Gross Development Value of £225,167.						
Total GDV	- Open Market Residential: £8,430,933 - Affordable Residential: £1,686,187 - Residential Parking: £133,333 - Retail: £225,167 Total: £10,475,620.						
Land Purchaser's Costs	Standard fees relating to SDLT (land only¹), agent's fee and legal fee amounting to 1.5% of the GDV.						
Base Build Costs	We have been provided with a detailed cost plan, dated 23rd August 2023, prepared by Turner and Townsend ('T&T'), attached at Appendix I. This Feasibility Estimate details a total build cost of £10,194,845, equating to £260 per sq ft. The costs reflect an earlier version of the scheme and an update is awaited for the proposed development. The differences between the schemes are minimal and the £ per sq ft costs within the current cost plan are regarded as appropriate for adoption within our appraisals.						

¹ The forward funding model means that SDLT is payable on land only, not the full GDV.

Abnormal Costs	Assumed to be included within the base build cost.
Contingency	A contingency of 3% has been included within the T&T Feasibility Estimate.
Professional Fees	In accordance with standard industry practice, a provision equating to 8% of the build cost has been allowed which reflects the professional input work required to deliver a scheme of the size and nature proposed.
Section 106 Costs	Excluded at this stage.
CIL	Not applicable.
Finance Costs	Total cost of capital for financing is applied at 4.25%, reflecting a forward funded development ²
Investment Acquisition Costs	1.5% of GDV has been applied to account for investment legal and agency fees.
Profit Margin	10% of total development cost. The assumed total target return on cost reflects current levels of market risk and is in line with minimum market expectations and PPGV ³ .
Timescales	We have assumed the following timing assumptions: • Purchase: 1 month • Pre-construction: 2 months • Construction: 15 months • Sales: on completion of construction • Total – 19 months

² The adopted finance rate reflects a forward funded development. Scheme funding has yet to be agreed and flexibility in respect of the finance rate is reserved, with higher rates in excess of 7% required if it is not possible to agree a forward funded investment deal

³ Note: This represents the lowest risk model assuming a forward funded/sold agreement to an institutional fund in place at the grant of planning permission. It is our understanding that not all BTR developers can deliver at this margin, with hurdle rates necessary to secure funding and/or meet Board approvals ranging between 10% and 15% of development cost, and circa 12% representing the current market 'norm'. Flexibility is reserved in respect of the required developer's return, dependent upon the ability to agree a forward funded investment deal.

We have also undertaken a second residual appraisal, with reduced levels of policy compliance, based on the assumptions set out above, with the exception of the following:

Appraisal 2 – Build to Rent, 0% affordable						
Open Market Residential	Having consideration to the local residential rental market, current asking rents on comparable schemes and our analysis within section 6 of this report, we have applied the following average rental values to the open market lettings:					
	Beds	Size (Sq ft)	No.	Total Sq ft	Rent PCM	Rent PA
	1	463	20	9,260	£1,100	£13,200
	2	657	20	13,140	£1,500	£18,000
			40	22,400		
						Gross Rent PA
						£264,000
						£360,000
						£624,000
The gross annual income therefore equates to £624,000.						
An OPEX allowance of 24% has been applied in line with the developer's expectations, as well as current market expectations. This generates a net income of £474,240.						
We have adopted a yield of 4.5%, in line with current market expectations, to the net rental income, resulting in a Gross Development Value of £10,538,667.						
It should be noted that in the context of increasing interest rates there is increasing investor caution and we are expecting a shift in yield expectations to reflect this. We reserve the right to amend our yield assumptions in the coming months on this basis.						
Total GDV	- Open Market Residential: £10,538,667 - Residential Parking: £133,333 - Retail: £225,167 Total: £10,897,167					

8. Benchmark Land Value

8.1. Method

In any typical viability assessment, a Benchmark Land Value (BLV) is used to assess if a scheme is viable, with a viable development achieving a value above the BLV and unviable development achieving a value below it. Paragraph 013 of the PPG states that:

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

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

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

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

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

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

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

The PPG goes on to state that:

“Benchmark land value should:

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

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

There are therefore a number of factors that need to be considered when assessing the BLV. There is a need to reflect abnormal costs and planning policy, but there is also a need to consider a reasonable minimum level of return when assessing the premium to ensure this

incentivises landowners to release their land for development. These factors can be at odds with each other, and the PPG is clear that there is a need to “*strike a balance*” between the interests of Local Councils, developers and landowners in order to ensure that land is released for development.

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

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

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

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

8.2. Existing Use Value

In determining the Existing Use Value of the site as a car park, we have had consideration to the site’s location, being within a 10 minute walk into Manchester City Centre, whilst also being easily accessible by car from the inner ring road (Great Ancoats Street). The site does not however benefit from main roadside frontage.

In terms of its physical form, the site extends to 0.375 acres, excluding Lampwick Lane the car park element of the site extends to circa 0.17 acres.

The site is secured with a fencing around the perimeter. There are no clear parking spaces defined within the site, we have however estimated that approximately 24 cars would fit comfortably on the site.

We understand that the car park is managed by an external operator. The net monthly income received on site is currently £2,632 per month, equating to £31,584 per annum.

We have had regard to the following comparable transactions, considering both investment sales and owner occupier sites. There is a distinct lack of recent transactions within Manchester. We have therefore looked at car parks which have recently transacted nationally:

Property	Size (acres)	Price (£ per acre)	NIY	Date of Sale	Comments
Land on the South Side of Southall Street, Manchester	0.306	£1,024,800 (£3,349,020)	N/A	June 2022	Located in Strangeways. This site is located just off the A56, one of the main arterial routes into the City. The site comprises 48 car parking spaces, operated by Total Car Parks.

Property	Size (acres)	Price (£ per acre)	NIY	Date of Sale	Comments
Charles Street, Manchester M1 7BD	0.08	£495,000 (£6,187,500)	6.75%	June 2023	Located in Manchester City Centre, just off Oxford Road. A small parcel of land with 13 car parking spaces. The site is held freehold and subject to a 3 year lease from July 2021, generating an income of £35,000 per annum.
ParkBee, Glass Street, Hanley, Stoke-on-Trent, ST1 2ET	0.60	Guide £750,000 (£1,250,000)	6.96%	Recently Transacted	Town Centre car park with 86 spaces. Freehold. Let to Parkbee Ltd for 10 years from 09/21 at £55,000 per annum, with RPI cap and collar rent review
Jackson Road, Clacton on Sea CO15 1QL	0.69	£3,000,000 (£4,347,826)	5.56%	May 2021	Let to NCP with c. 17 years unexpired at £177,717 pa. 90 spaces
Colne Road, Kiklees, Huddersfield HD1 3AY	0.99	£1,250,000 (£1,2162,626)	6.35%	Dec 2020	Let to NCP on new 15 year lease (no break). £72,875 pa Guide £1.15-£1.25m (GIY 6.35%) 150 spaces
Colne Road, Kiklees, Huddersfield HD1 3AY	0.49	£800,000 (£1,632,653)	5.58%	Dec 2020	Adjacent to above site. Let to NCP on new 15 year lease (no break) £47,125 per annum. 97 spaces. Sold prior to auction
Little Berrington Street, Hereford HR4 0BS	0.7	£1,710,000 (£2,442,857)	5.25%	Oct 2020	Town Centre location Let to NCP until 2037 £95,238 pa

The site, as a car park, is currently generating an annual income of £31,584, say £31,500. We consider this to be reflective of the current market and is in line with rental values quoted in the evidence set out above, taking the size of the car park into account.

As can be seen from the evidence set out above, yields for car park investments generally fall between 5 and 7%. Taking into account the nature and location of the subject site, we consider that the subject site would achieve a yield in the region of 6.75%

Applying these yields to the rental income of £31,500, less purchasers' costs of 6.26%, generates a capital value in the region of £437,453, **say £440,000.**

This reflects a value of £2,588,235 per acre, which falls in line with the range of car park evidence presented.

8.3. Minimum Premium

A premium has been applied to account for the minimum return that would persuade a reasonable landowner to release the land for development.

We consider 20% to be a reasonable premium to be applied to the EUV to incentivise the landowner to sell the Site in its current condition without the requirement for further expenditure of time or capital. Based on an EUV of £440,000, the minimum premium equates to £88,000.

8.4. Benchmark Land Value

EUV	£440,000
Minimum Premium	£88,000
Benchmark Land Value	£528,000

9. Results & Sensitivity Analysis

Appraisal 1 - Build to Rent. Affordable Housing Policy Compliant	The financial assessment of the scheme on a build to rent, affordable housing policy compliant basis providing 20% affordable housing (as attached at Appendix 3) generates a negative residual land value of -£248,794. The scheme is not considered to be deliverable on this basis.																
Appraisal 2 – Build to Rent. 0% Affordable Housing.	Appraisal 2 assesses the viability of the scheme offering 0% affordable housing (Appendix 4). On this basis the build to rent scheme generates a residual land value of £114,942.																
Sensitivity Analysis –	In accordance with RICS guidance it is appropriate to sensitivity test the appraisals to highlight sensitivity to cost and value change. We have applied sensitivity testing to the build to rent affordable housing policy compliant appraisal at Appraisal 1. Figure 6 below highlights the impact of a 5% shift in cost and rental revenue on residual land value in relation to the affordable housing policy compliant scheme. <table><tr><th></th><th>Baseline Revenue</th><th>5% Additional Revenue</th><th>5% Decreased Revenue</th></tr><tr><td>Baseline Build Cost</td><td>-£248,794</td><td>£181,786</td><td>-£661,588</td></tr><tr><td>5% Reduced Cost</td><td>-£207,613</td><td>£619,452</td><td>-£209,924</td></tr><tr><td>5% Increased Cost</td><td>-£688,187</td><td>-£263,092</td><td>-£1,114,605</td></tr></table>		Baseline Revenue	5% Additional Revenue	5% Decreased Revenue	Baseline Build Cost	-£248,794	£181,786	-£661,588	5% Reduced Cost	-£207,613	£619,452	-£209,924	5% Increased Cost	-£688,187	-£263,092	-£1,114,605
	Baseline Revenue	5% Additional Revenue	5% Decreased Revenue														
Baseline Build Cost	-£248,794	£181,786	-£661,588														
5% Reduced Cost	-£207,613	£619,452	-£209,924														
5% Increased Cost	-£688,187	-£263,092	-£1,114,605														

10. Conclusions

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

	Appraisal 1 – Build to Rent Affordable Housing Policy Compliant	Appraisal 2 – Build to Rent 0% Affordable
Residual Land Value	-£248,794	£113,092
Benchmark Land Value	£528,000	£528,000
Viability	Unviable	Unviable

The appraisals contained within this report represent a robust assessment of the viability of a residential development on the subject site.

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

The BLV adopted within the appraisals is in accordance with NPPF/NPPG guidance and reflects a conservative assessment of the value required to incentivise the landowner to bring the site forward for development.

The appraisals demonstrate that the scheme is unviable with 20% affordable housing on a build to rent basis, resulting in a negative residual land value of -£248,794. The viability of the scheme does however significantly improve on a build to rent basis with no affordable housing. On this basis the proposed scheme generates a positive land value of £113,092, albeit this is below the Benchmark Land Value.

It should be noted that both appraisals exclude any Section 106 contributions.

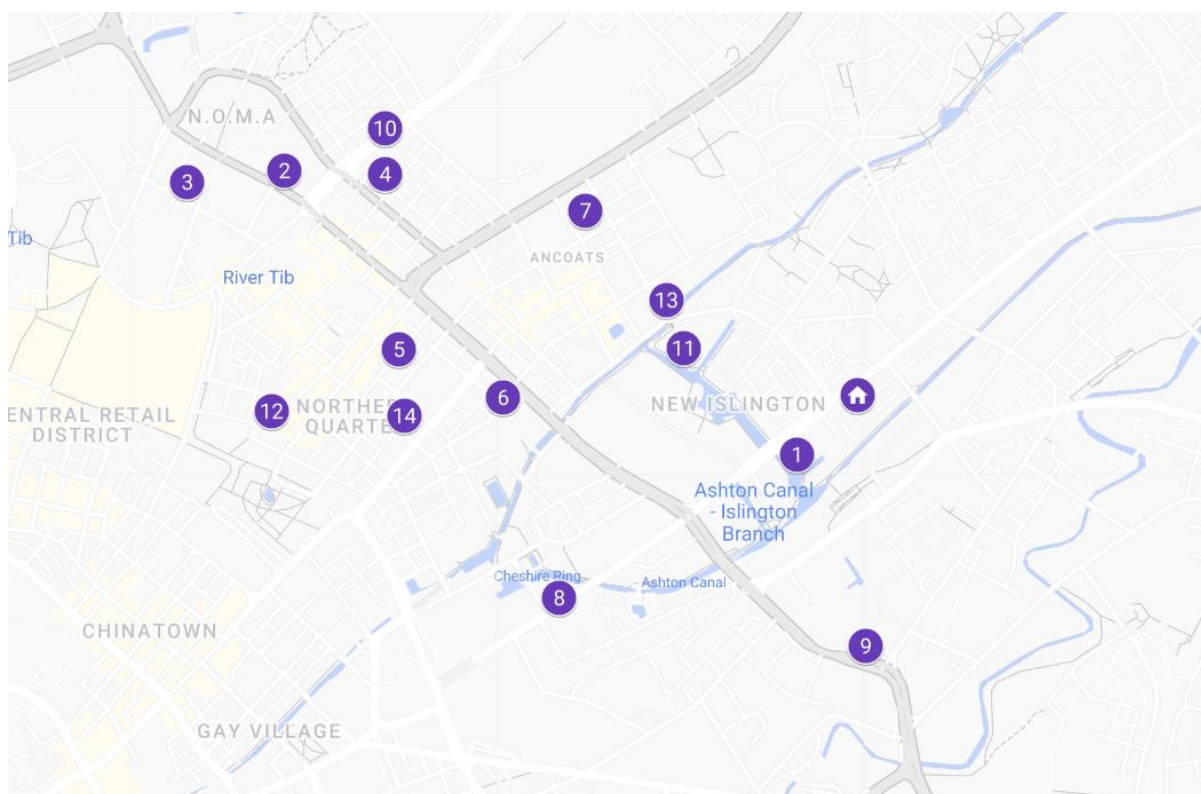
We are therefore of the opinion that planning policy requirements should be relaxed on viability grounds in order for the proposed development to be considered viable.

APPENDICES

Appendix I – Market Research

Market Research

New Build To Let



Scheme ID	Development	Developer	Postcode	Storeys	No. Units	Bedroom Mix	Type	Average Rent (£ per ft² per annum)
1	Lampwick Quay	Manchester Life	M4 6LW	11	201	1, 2, 3	Unfurnished	£23.59
2	Angel Gardens	Moda	M4 4GL	35	466	0, 1, 2, 3	Furnished	£29.32
3	New Vic	Unknown	M4 4AH	26	520	1, 2, 3	Furnished and Unfurnished	£30.59
4	Poplin	Cheyene Capital	M4 5FU	18	144	1, 2, 3	Furnished	£25.35
5	The Quarters	Northern Group	M1 1AU	8	100	1, 2, 3	Furnished and Unfurnished	£27.58
6	The Astley	Cortland	M1 2FA	14	135	1, 2, 3	Furnished	£26.64
7	Ice Plant	Northern Group	M4 6LZ	6	82	1, 2	Furnished and Unfurnished	£25.39
8	Oxygen	Property Alliance Group	M1 2WB	32	373	1, 2, 3	Furnished and Unfurnished	£30.91
9	The Plaza	X1	M4 7LR	10	201	1, 2, 3	Furnished	£27.81
10	Ancoats Gardens	Manchester Life	M4 4JR	14	155	1, 2, 3	Furnished	£26.11
11	Cotton Field Wharf	Manchester Life	M4 6FQ	10	302	1, 2, 3	Unfurnished	£25.30
12	Transmission House	IDP	M4 1AF	11	183	1, 2	Furnished	£22.31
13	Flint Glass Wharf	Northern Group	M4 6AD	7	136	1, 2	Furnished and Unfurnished	£28.50
14	Little Lever Street	Unknown	M1 1DB	4	22	0, 1	Furnished	£27.15
Average								£27.90

Amenities

Scheme ID	Development	Gardens/ Rooftop	24hr Concierge	Laundry Room	Gym	Swimming Pool	Sports Facilities	Pet Friendly	Cinema Room	Co-Working Space	Parking
1	Lampwick Quay	X	✓	✓	✓	X	X	✓	✓	X	Yes
2	Angel Gardens	✓	✓	✓	✓	X	✓	✓	✓	✓	Yes
3	New Vic	✓	✓	X	✓	X	X	✓	✓	✓	No
4	Poplin	✓	✓	X	X	X	X	✓	X	✓	No
5	The Quarters	✓	X	X	X	X	X	✓	X	✓	No
6	The Astley	✓	X	X	X	X	X	✓	X	✓	No
7	Ice Plant	✓	✓	X	X	X	X	✓	X	✓	Yes
8	Oxygen	X	✓	X	✓	✓	X	X	✓	✓	No
9	The Plaza	X	✓	X	✓	X	X	X	X	X	Yes
10	Ancoats Gardens	✓	✓	X	✓	X	X	X	X	✓	Yes
11	Cotton Field Wharf	X	✓	X	✓	X	X	✓	X	X	Yes
12	Transmission House	✓	✓	X	✓	X	X	X	X	X	No
13	Flint Glass Wharf	X	✓	X	X	X	X	✓	X	X	Yes
14	Little Lever Street	X	✓	✓	X	X	X	X	X	X	No

1. Manchester Life - Lampwick Quay, 70 Old Mill Street, Manchester M4 6LW

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
148	3	7	Unfurnished	£1,800	£21,600	958	£22.55
45	2	2	Unfurnished	£1,285	£15,420	764	£20.18
207	1	6	Unfurnished	£1,186	£14,232	560	£25.41
132	1	6	Unfurnished	£1,168	£14,016	500	£28.03
122	1	7	Unfurnished	£1,116	£13,392	538	£24.89
169	1	2	Unfurnished	£1,052	£12,624	538	£23.46
56	1	3	Unfurnished	£1,036	£12,432	538	£23.11
				£1,235	£14,817	628	£23.59

2. Moda - Angel Gardens, 1 Rochdale Road, Manchester M4 4GL

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
A2206	2	Unknown	Furnished	£2,200	£26,400	919	£28.73
A1106	2	Unknown	Furnished	£1,900	£22,800	755	£30.20
C413	2	Unknown	Furnished	£1,850	£22,200	761	£29.17
				£1,983	£23,800	812	£29.32

3. New Vic - 103 Corporation Street, Manchester M4 4DZ

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
Type 3	3	Unknown	Unfurnished	£2,355	£28,260	863	£32.75
Type 3	3	Unknown	Unfurnished	£2,325	£27,900	863	£32.33
Type 3	3	Unknown	Unfurnished	£2,190	£26,280	863	£30.45
Type 3	3	Unknown	Unfurnished	£2,090	£25,080	863	£29.06
Type 2-C	2	Unknown	Furnished	£1,760	£21,120	732	£28.85
Type 2-B	2	Unknown	Furnished	£1,615	£19,380	689	£28.13
Type 1-A	1	Unknown	Furnished	£1,435	£17,220	520	£33.12
Type 1-A	1	Unknown	Furnished	£1,325	£15,900	520	£30.58
Type 1-A	1	Unknown	Furnished	£1,305	£15,660	520	£30.12
				£1,822	£21,867	715	£30.59

4. Cheyene Capital - Poplin, 2 Addington Street, Manchester M4 5FU

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
Type 2-A	2	Unknown	Furnished	£1,640	£19,680	678	£29.03
Type 2-C	2	6	Furnished	£1,570	£18,840	791	£23.82
Type 2-C	2	0	Furnished	£1,565	£18,780	791	£23.74
				£1,592	£19,100	753	£25.35

5. Northern Group - The Quarters, Warwick Street, Manchester M4 1AU

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
65	3	6	Unfurnished	£1,875	£22,500	904	£24.89
23	2	2	Furnished	£1,500	£18,000	624	£28.85
56	1	4	Unfurnished	£1,175	£14,100	452	£31.19
				£1,517	£18,200	660	£27.58

6. Cortland - The Astley, Houldsworth Street, Manchester M1 2FB

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
3BD	3	Unknown	Furnished	£1,850	£22,200	862	£25.75
2BD	2	Unknown	Furnished	£1,535	£18,420	663	£27.78
				£1,693	£20,310	763	£26.64

7. Northern Group - Ice Plant, Silk Street, Manchester M4 6LZ

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
5.04	2	5	Furnished	£1,750	£21,000	775	£27.10
4.05	1	4	Unfurnished	£1,250	£15,000	549	£27.32
6.12	2	6	Unfurnished	£1,600	£19,200	850	£22.59
				£1,533	£18,400	725	£25.39

8. Property Alliance Group - Oxygen, Store Street, Manchester M1 2WB

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
2BD	2	Unknown	Furnished	£1,750	£21,000	682	£30.79
2BD	2	Unknown	Furnished	£1,700	£20,400	682	£29.91
2BD	2	Unknown	Furnished	£1,700	£20,400	682	£29.91
2BD	2	Unknown	Furnished	£1,700	£20,400	682	£29.91
1BD	1	Unknown	Furnished	£1,350	£16,200	455	£35.60
				£1,640	£19,680	637	£30.91

9. XI - The Plaza, 1 Advent Way, Manchester M4 7LR

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
3BD	3	2	Furnished	£1,700	£20,400	617	£33.06
2BD	2	1	Furnished	£1,250	£15,000	656	£22.87
				£1,475	£17,700	637	£27.81

10. Manchester Life - Ancoats Gardens, 30 bendix Street. Manchester M4 5GH

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
2BD	2	Unknown	Furnished	£1,677	£20,124	796	£25.27
2BD	2	Unknown	Furnished	£1,612	£19,344	796	£24.29
2BD	2	Unknown	Furnished	£1,500	£18,000	796	£22.60
1BD	1	Unknown	Furnished	£1,465	£17,580	549	£32.03
1BD	1	Unknown	Furnished	£1,335	£16,020	549	£29.18
				£1,518	£18,214	697	£26.11

11. Manchester Life - Cotton Field Wharf, New Union Street, Manchester M4 6FQ

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
2BD	2	6	Unfurnished	£1,600	£19,200	747	£25.70
2BD	2	5	Unfurnished	£1,550	£18,600	747	£24.90
				£1,575	£18,900	747	£25.30

12. IDP - Transmission House, 11 Tib Street, Manchester M1 1AG

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
2BD	2	Unknown	Furnished	£1,450	£17,400	667	£26.09
2BD	2	2	Furnished	£1,450	£17,400	893	£19.48
				£1,450	£17,400	780	£22.31

13. Northern - Flint Glass Wharf, Radium Street, Manchester M4 6AD

Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
G.21	2	0	Unfurnished	£1,425	£17,100	595	£28.74
4.20	2	4	Unfurnished	£1,350	£16,200	595	£27.23
5.05	1	5	Furnished	£1,250	£15,000	505	£29.70
G.19	1	0	Unfurnished	£1,150	£13,800	484	£28.51
5.03	1	5	Unfurnished	£1,150	£13,800	484	£28.51
				£1,265	£15,180	533	£28.50

14. Unknown Developer - Little Lever Street, Manchester M1 1AR

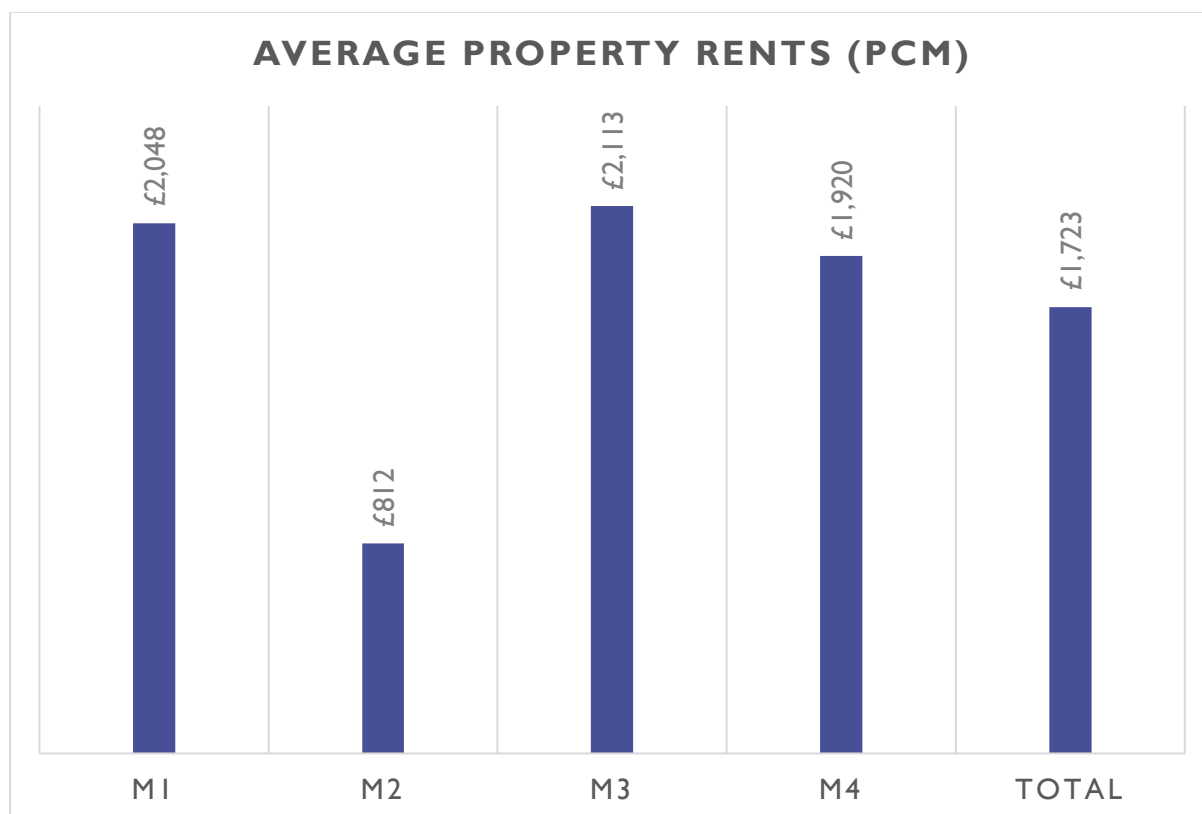
Type	Bedrooms	Floor	Tenancy Type	Rent (PCM)	Rent (PA)	Size ft	£/ft²
1BD	1	Unknown	Furnished	£1,165	£13,980	494	£28.30
0BD	0	Unknown	Furnished	£966	£11,592	412	£28.14
0BD	0	Unknown	Furnished	£923	£11,076	412	£26.88
0BD	0	Unknown	Furnished	£880	£10,560	395	£26.73
0BD	0	Unknown	Furnished	£836	£10,032	395	£25.40
				£954	£11,448	422	£27.15

Second Hand Available

Within ¼ of M4 6EE

Address	Type	Bedrooms	Price (Per Calendar Month)
153 Great Ancoats Street, Manchester, M4 6DT	Flat	4	£7,500
One Vesta Street, New Islington	Flat	2	£1,500
The Hatbox, New Islington	Flat	2	£1,450
Pollard Street, Manchester, M4	Flat	2	£1,200
1 Isaac Way, Manchester, M4	Flat	2	£1,200
New Union Street, Manchester, M4	Flat	1	£1,100
Advent Two, Isaac Way	Flat	1	£1,000
Isaac Way, Manchester, Greater Manchester	Flat	1	£995

Price Trends



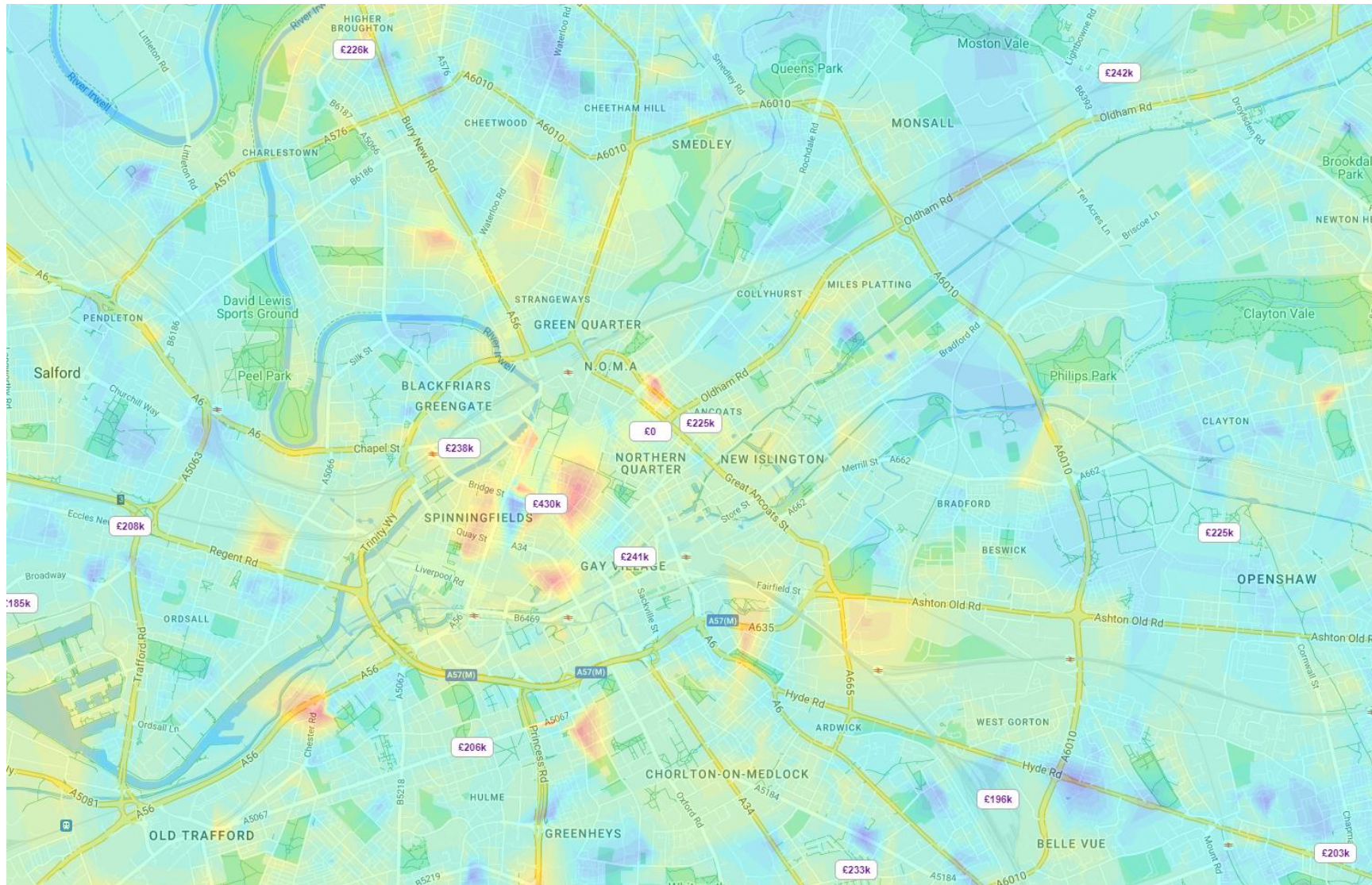
Summary of Properties to Rent	M1	M2	M3	M4	Total
Total Properties for Rent	171	16	224	219	630
Properties for rent listed in the last 14 days:	38	1	78	73	190
Average property rents (pcm)	£2,048	£812	£2,113	£1,920	£1,723
Median rent (pcm)	£1,450	£300	£1,450	£1,450	£1,163

Properties for Rent by Price	M1	M2	M3	M4	Total
Rent under £250 pcm	10	6	6	7	29
£250 to £500 pcm rent	5	4	4	1	14
£500 to £1,000 pcm rent	8	0	23	22	53
£1,000 to £2,000 pcm rent	98	5	145	121	369
£2,000 to £5,000 pcm rent	42	10	35	59	146
Rent over £5,000 pcm	8	0	11	9	28

No. of Properties for Rent	M1	M2	M3	M4	Total
One bedroom	45	2	48	53	148
Two bedrooms	72	3	116	108	299
Three bedrooms	20	0	28	20	68
Four bedrooms	4	0	7	14	25
Five bedrooms	3	0	2	9	14

Average Rent (pcm)	M1	M2	M3	M4	Total
One bedroom	£1,338	£1,143	£1,162	£1,399	£1,261
Two bedrooms	£1,935	£2,350	£1,850	£1,802	£1,984
Three bedrooms	£2,948	-	£4,087	£2,420	£3,152
Four bedrooms	£6,183	-	£6,214	£3,497	£5,298
Five bedrooms	£3,850	-	£14,000	£4,477	£7,442

Property Price Heat Map



Local Housing Allowance rates from 1 April 2023 to 31 March 2024

Category	Manchester Weekly	Manchester Monthly
Single person under 35, shared rate	£75.50	£327.17
1 bedroom	£138.08	£598.35
2 bedroom	£149.59	£648.22
3 bedroom	£166.85	£723.02
4 bedroom	£218.63	£947.40

Appendix 2 – Feasibility Estimate, Prepared by Turner and Townsend

23 August 2023



Turner & Townsend

Old Mill Street

Feasibility Estimate (RIBA Stage 1) - Rev 3

Urban Splash

making the **difference**

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Appendics

Appendix A - Benchmark Report

Quality check

Rev	Status	Prepared by	Checked by	Date
3	For Issue	O Biggs		23/08/2023

Document Register

Issued to	Company	Transmission	Date
J Woolley	Urban Splash	Email	23/08/2023

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Section 1 - Executive Summary

- 1.1 This indicative Feasibility Estimate provides Construction Costs for the proposed 40 unit development at Old Mill Street for Urban Splash. Basis of costs is detailed within Section 2 of this document.
- 1.2 Costs below expressed as a £/m² / £/ft² are based on a GIFA of 3,638m² which includes the semi-external core space.
- 1.3 An Elemental cost breakdown to this estimate can be found in Section 3 of this document. A summary of Construction Costs is detailed in the table below.
- 1.4 Please refer to Section 4 and Appendix A for a benchmark comparison of the below costs.

Ref	Element	T&T Cost Estimate In-Situ	
Gross Internal Floor Area (Including Core) m ² :		3,638	
0	Facilitating Works	£	-
1	Substructure	£	372,010.00
2	Superstructure	£	5,423,090.00
3	Internal finishes	£	323,060.00
4	Fittings, furnishings and equipment	£	193,000.00
5	Services	£	1,326,000.00
6	External Works	£	254,700.00
Sub Total: Building Works		£	7,891,860
7	Main Contractor's Preliminaries	16% £	1,262,698
8	Main Contractor's OH&P	6% £	549,273
9	Main Contractor's Design Development	2% £	194,077
10	Contingency	3% £	296,937.23
TOTAL: Construction Costs		£	10,194,845
£/sq.m		£	2,802
£/sq.ft		£	260

Section 2 - Basis of Cost Plan

1 Exclusions

- 1 VAT
- 2 Professional fees
- 3 Local authority fees/charges (planning and building regulations fees)
- 4 Surveys
- 5 No allowance made for dealing with contaminated ground or breaking out obstructions
- 6 Costs associated with BREEAM or any other sustainability accreditation
- 7 Service Diversions/upgrades
- 8 Inflation beyond current pricing levels (2Q2023)
- 9 No allowance made for works to be delivered in phases/out of hours
- 10 Fit out to retail amenity space
- 11 Loose FFE

2 Assumptions

- 1 The Following items have been given a provisional budget due to the lack of information:
 - 1.1 Assumed piled foundation solution and ground bearing concrete ground floor slab construction
 - 1.2 Assumed concrete structural frame and concrete upper floors
 - 1.3 Assumed lightweight metal frame 'infill' deck solution to the semi-external core space indicated on the drawings
 - 1.4 Assumed single ply roof covering with Glazed covered roof over the central atrium area
 - 1.5 Assumed Façade A - to external walls to be curtain walling comprising precast concrete textured panels
 - 1.6 Assumed façade B - internal facing external walls in external core - to be white through render (Sto or similar) as per 3D images on insulated SFS twin wall with inner layer insulated SFS and plasterboard

Section 2 - Basis of Cost Plan

3 Information Used

Author	Reference	Description	Revision	Date
Glenn Howell's Architects	2450-A-SK-230606-01	Typical Floor	-	Jun-23
Glenn Howell's Architects	2450-A-SK-230606-02	Ground floor	-	Jun-23
Glenn Howell's Architects	2450-230530-Old Mill-QS	Old Mill Street Presentation	-	Jun-23
Glenn Howell's Architects	US Old Mill Street, Ancoats	Old Mill Street Presentation	-	May-23

Section 3 - Elemental Cost Estimate

Ref	Element	Qty	Unit	Rate	Total	Comments
0	Facilitating Works			£	-	
0.1	Demolition and Alteration			£	-	
	Not Used					
1	Substructure			£	372,010.00	
1.1	Substructure			£	372,010.00	
	Site Strip - remove vegetation and break up existing hard surfacing	777	m2	10.00	£ 7,770.00	
	Foundations - assumed piled foundation solution	628	m2	330.00	£ 207,240.00	Reduced rate to reflect smaller building
	Ground floor construction - assumed RC concrete suspended slab	628	m2	250.00	£ 157,000.00	
2	Superstructure			£	5,423,090.00	
2.1	Frame			£	832,850.00	
	Concrete Frame	2,669	m2	250.00	£ 667,250.00	
	Allowance for shaft walls to lifts	480	m2	345.00	£ 165,600.00	
2.2	Upper floors			£	280,700.00	
	Concrete floors					Included in frame above
	Infill structure to semi external core space	802	m2	350.00	£ 280,700.00	
2.3	Roof			£	260,280.00	
	Assumed single ply roof covering	464	m2	320.00	£ 148,480.00	Includes parapet upstand, finishes, and mansafe
	Raised glazed roof over central atrium (open at sides)	172	m2	650.00	£ 111,800.00	Assumption in lieu of design for frost protection of core floors
2.4	Stairs and ramps			£	50,000.00	
	Allowance for enclosed stair to semi-external core space	5	storey	10,000.00	£ 50,000.00	

Section 3 - Elemental Cost Estimate

Ref	Element	Qty	Unit	Rate		Total	Comments
2.5	External walls				£	3,608,600.00	
	Façade A' - to building exterior; assumed stick curtain walling system with precast concrete cladding panels	1,982	m2	1,000.00	£	1,982,000.00	Budget rate
	Exter over for attenuated ventilated back box; feature vertical slots in PCC	68	Nr	2,000.00	£	136,000.00	Budget rate
	Façade B' - to semi-external building core space; assumed through render on insulated SFS twin wall with windows	1,263	m2	600.00	£	757,800.00	Budget rate
	Soffit treatment at GF; metal plank system; insulation	184	m2	450.00	£	82,800.00	Budget rate
	Cantilevered balcony projection within cores; railings	5	Nr	10,000.00	£	50,000.00	Budget rate
	Bolt on Balconies to apartments	40	nr	15,000.00	£	600,000.00	Based on previous T&T market testing for bolt on balconies without soffit cladding
2.6	Windows and External Doors				£	66,500.00	
	Ground Floor - Double Entrance doors	2	nr	2,500.00	£	5,000.00	
	Ground Floor - Double Doors to Amenity/Retail Space	2	nr	1,500.00	£	3,000.00	
	Ground Floor - Leaf and a half door to cycle and refuse space	2	nr	1,250.00	£	2,500.00	
	Ground Floor - Single door to stair core	1	nr	1,000.00	£	1,000.00	
	Upper Floors - Apartment Doors	40	nr	1,250.00	£	50,000.00	Assumed apartment doors will have to be to external door specification
	Upper Floors - Stair Core Door	5	nr	1,000.00	£	5,000.00	
2.7	Internal walls and partitions				£	249,160.00	
	Allowance for party walls to apartments	216	m	135.00	£	29,160.00	
	Allowance for internal partitions to 1 bed apartments	20	nr	3,500.00	£	70,000.00	
	Allowance for internal partitions to 2 bed apartments	20	nr	7,500.00	£	150,000.00	
2.8	Internal doors				£	75,000.00	
	Allowance for internal doors to 1 bed apartments	20	nr	1,250.00	£	25,000.00	
	Allowance for internal doors to 2 bed apartments	20	nr	2,500.00	£	50,000.00	
3	Internal finishes				£	323,060.00	
3.1	Wall finishes				£	61,070.00	
	Allowance for wall finishes to apartments	2254	m2	25.00	£	56,350.00	Decoration; tiling to bathrooms and kitchen splashbacks
	Allowance for wall finishes to GF	59	m2	80.00	£	4,720.00	
	Allowance for finishes to core areas						Not required - included in external walls Façade B

Section 3 - Elemental Cost Estimate

Ref	Element	Qty	Unit	Rate	Total	Comments
3.2	Floor finishes			£	170,310.00	
	Allowance for floor finishes to apartments	2254	m2	45.00 £	101,430.00	LVT flooring on latex screed
	Allowance for floor finish to GF	59	m2	80.00 £	4,720.00	
	Allowance for floor finishes to core areas	802	m2	80.00 £	64,160.00	
3.3	Ceiling finishes			£	91,680.00	
	Allowance for ceiling finishes to apartments	2254	m2	30.00 £	67,620.00	Costs allowance to seal/ upgrade exposed services etc
	Ceilings in core areas	802	m2	30.00 £	24,060.00	Costs allowance to seal/ upgrade exposed services etc
4	Fittings, furnishings and equipment			£	193,000.00	
4.1	General fittings, furnishings and equipment			£	193,000.00	
	Kitchens	40 nr		4,000.00 £	160,000.00	
	Allowance for bike racks to GF	1 item		15,000.00 £	15,000.00	
	Allowance for general FF&E	40 nr		450.00 £	18,000.00	
5	Services			£	1,326,000.00	
5.1	Sanitary Installations			£	-	
	Included below					
5.2	M&E Installations generally			£	1,200,000.00	
	Budget MEP allowance	40 nr		30,000.00 £	1,200,000.00	
5.3	Lifts and Conveyor Installations			£	90,000.00	
	Lift Installation - GF + 5	2 nr		45,000.00 £	90,000.00	
5.4	Builder's work in connection with services			£	36,000.00	
	BWIC	3 %		1,200,000.00 £	36,000.00	

Section 3 - Elemental Cost Estimate

Ref	Element	Qty	Unit	Rate	Total	Comments
6	External Works			£	254,700.00	
6.1	Landscaping			£	54,700.00	
	Allowance for hard landscaping to building perimeter	149 m2		300.00 £	44,700.00	
	Allowance for miscellaneous street furniture	1 item		10,000.00 £	10,000.00	
6.2	External drainage and incoming services			£	200,000.00	
	Allowance for surface water drainage	1 item		50,000.00 £	50,000.00	assume capacity in local network
	Allowance for foul water drainage	1 item		50,000.00 £	50,000.00	assume capacity in local network
	Allowance for incoming services	40 nr		2,500.00 £	100,000.00	Assumes capacity in local network and no network reinforcement required
To Summary: Building Works				£	7,891,860.00	

Section 4 - Benchmark Analysis

4.1 A benchmark report is contained in Appendix A. 22 Nr projects have been used and (anonymised) to provide an indicative range of between £204/ft2 and £245/ft2. Average being £230/ft2

4.2 GIFA v Useable floor area - affect on £/ft2

- 1) GIFA does not include the central core area (as it is classed as external space).
- 2) There is a higher External Wall: Floor ratio due to the walls facing into the central core areas needing to be external walls whereas a fully enclosed core and staircase would only required internal double stud partitions
- 3) The central core shows a cantilever of circa 3m on each end elevation.
- 4) The site constraints and construction logistics will impact on method and impact on detailed design solutions



Cost based on GIFA:-

GF levels @ 174m2 + 176m2
5 Levels @ 232m2 x 2 sides
Overall GIFA = 2,669m2
Overall GIFA = 28,729ft2
Cost per ft2 = £355/ft2

Cost based on Floor Area:-

GF levels @ 458m2
5 Levels @ 636m2
Overall GIFA = 3,638m2
Overall GIFA = 39,159ft2
Cost per ft2 = £260/ft2
£10,194,844.91

Overall GIFA = 39,159ft2
Cost per ft2 = £190/ft2
£7,440,292.08
£2,754,552.83

The cost/ ft2 is reduced due to item 1). However this still sits above the benchmark due to Items 2) to 4) above

Appendix 3 – Build to Rent, Affordable Housing Policy Compliant Residual Appraisal

Old Mill Street

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Open Market Resi	32	17,920	27.86	15,600	379,392	499,200	379,392
Retail	1	936	20.00	18,720	18,720	18,720	18,720
Parking	5			1,200	6,000	6,000	6,000
Affordable Resi	8	4,480	22.29	12,480	75,878	99,840	75,878
Totals	46	23,336			479,990	623,760	479,990

Investment Valuation

Open Market Resi					
Current Rent	379,392	YP @	4.5000%	22.2222	8,430,933
Retail					
Market Rent	18,720	YP @	8.0000%	12.5000	
(6mths Rent Free)		PV 6mths @	8.0000%	0.9623	225,167
Parking					
Current Rent	6,000	YP @	4.5000%	22.2222	133,333
Affordable Resi					
Current Rent	75,878	YP @	4.5000%	22.2222	1,686,187
Total Investment Valuation					10,475,620

GROSS DEVELOPMENT VALUE 10,475,620

Purchaser's Costs	(157,134)
Effective Purchaser's Costs Rate	1.50%
	(157,134)

NET DEVELOPMENT VALUE 10,318,486

NET REALISATION 10,318,486

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(248,794)
	(248,794)

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Open Market Resi	26,309	260.00	6,840,288	
Affordable Resi	6,577	260.00	1,710,020	
Totals	32,886 ft²		8,550,308	8,550,308

PROFESSIONAL FEES

Professional Fees	8.00%	684,025	
			684,025

MARKETING & LETTING

Retail Letting Agent Fee	15.00%	2,808	
Retail Letting Legal Fee		3,000	
			5,808

DISPOSAL FEES

Investment Agent Fee	1.00%	104,756	
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APPRAISAL SUMMARY

ARGUS SOFTWARE

Old Mill Street

Investment Legal Fee	0.50%	52,378	157,134
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TOTAL COSTS BEFORE FINANCE9,148,481

FINANCE

Debit Rate 4.500%, Credit Rate 0.000% (Nominal)			
Construction		231,960	
Total Finance Cost			231,960

TOTAL COSTS9,380,441

PROFIT938,044

Performance Measures

Profit on Cost%	10.00%
Profit on GDV%	8.95%
IRR% (without Interest)	21.89%

Appendix 4 – Build to Rent Residual Appraisal, 0% Affordable Housing

Old Mill Street

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Open Market Resi	40	22,400	27.86	15,600	474,240	624,000	474,240
Retail	1	936	20.00	18,720	18,720	18,720	18,720
Parking	5			1,200	6,000	6,000	6,000
Totals	46	23,336			498,960	648,720	498,960

Investment Valuation

Open Market Resi

Current Rent 474,240 YP @ 4.5000% 22.2222 10,538,667

Retail

Market Rent 18,720 YP @ 8.0000% 12.5000
(6mths Rent Free) PV 6mths @ 8.0000% 0.9623 225,167

Parking

Current Rent 6,000 YP @ 4.5000% 22.2222 133,333

Total Investment Valuation

10,897,167

GROSS DEVELOPMENT VALUE

10,897,167

Purchaser's Costs (163,457)

Effective Purchaser's Costs Rate 1.50% (163,457)

NET DEVELOPMENT VALUE

10,733,709

NET REALISATION

10,733,709

OUTLAY

ACQUISITION COSTS

Residualised Price 113,092 113,092
Agent Fee 1.00% 1,131
Legal Fee 0.50% 565
1,696

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Open Market Resi	32,886	260.00	8,550,360
			8,550,360

PROFESSIONAL FEES

Professional Fees 8.00% 684,029 684,029

MARKETING & LETTING

Retail Letting Agent Fee 15.00% 2,808
Retail Letting Legal Fee 3,000
5,808

DISPOSAL FEES

Investment Agent Fee 1.00% 108,972
Investment Legal Fee 0.50% 54,486
163,457

Old Mill Street

TOTAL COSTS BEFORE FINANCE 9,518,443

FINANCE

Debit Rate 4.500%, Credit Rate 0.000% (Nominal)

Land 7,514

Construction 231,962

Total Finance Cost 239,476

TOTAL COSTS 9,757,919

PROFIT 975,790

Performance Measures

Profit on Cost% 10.00%

Profit on GDV% 8.95%

IRR% (without Interest) 20.50%



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