

51-53 Richmond Street, Manchester, M1 3WB

Financial Viability Assessment

6th February 2023

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Executive Summary

Colliers have been instructed to review the viability of three development options at 51-53 Richmond Terrace, Manchester. The purpose of the report is to review the viability of each of the three development scenarios of differing scales. We have reviewed the viability of each scheme using bespoke development appraisals.

We have only externally inspected the site. We have been provided with floorplans and areas for each scheme by the architect. We have undertaken due diligence on the site and the local area.

We have searched for comparable evidence to provide an appropriate price for the proposed units. There is limited directly comparable evidence but we have provided transactions and marketing evidence from new build schemes and second hand units in the surrounding area. We have created pricing schedules for each of the three scenarios which appropriately reflects this evidence. For more information on the revenue analysis see Section 4 of this report.

We have not been provided with a detailed cost estimate and have relied on RICS' Build Cost Information Service (BCIS) data to estimate the construction costs. We have made appropriate allowances for additional fees, contingency, disposal, S106 and finance costs. For more information on the cost analysis see Section 5 of this report.

In accordance with NPPG we have made an allowance for benchmark land value. We have based this on evidence provided to support the Greater Manchester plan and have adopted a land value of £238,000. We have included an industry standard developer profit target.

We have populated the development appraisals with the inputs outlined in this report. The results are shown in the table below:

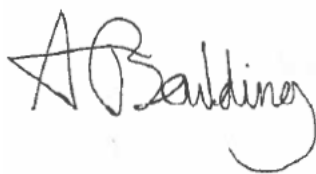
Scenario	Description	Surplus / Deficit
Option 1	4 Storey TH	£8,430
Option 2	3 Storey TH	-£5,703
Option 3	3 Storey w Flats	-£94,062

It can be seen that Option 1 is the only scheme that produces a surplus and is therefore viable. The appraisal summaries are attached as Appendices 3, 4 and 5 of this report.

Financial Viability Appraisal – Mandatory Requirements

We confirm that this report complies with the requirements of RICS Professional Statement – RICS Financial Viability in Planning: Conduct and Reporting (2019; 1st ed.) We highlight the following in relation to our report:

- That we have acted with objectivity, impartiality, without interference and with reference to all appropriate sources of information.
- We confirm that in preparing a report, no performance related or contingent fees have been agreed.
- We can confirm that we have no conflicts of interest.
- We have prepared this report with the skill, care and diligence that can be reasonably expected of a competent and experienced financial viability. consultant, but my responsibility is to my instructing client and my client only.
- We have not previously provided advice in relation to this planning application.
- We have justified our adopted inputs in our report and have explained how supporting evidence has been analysed within our assessment.
- Our assessment includes a sensitivity analysis which has been provided with an accompanying explanation and interpretation of the results.
- The contents of this report and any appendices attached to it are for the sole use of the applicant and the LPA. Unless explicitly agreed in writing by both Colliers International and our instructing client the contents of this report and its appendices shall remain private and confidential and shall not be used for any purposes other than the subject financial viability assessment, nor be published, referred to or quoted in any way.
- This report has been signed and dated, and we have allowed adequate time to produce this report and have advised my client on the timeframes.

A handwritten signature in black ink, appearing to read "A Boulding".

Arthur Boulding MRICS

RICS number: 6878828

Senior Surveyor, Development Advisory

Colliers International Property Consultants

1. Introduction

1.1. Instruction

1.1.1. Colliers International Property Consultants Limited (Colliers / We) were instructed by Maantra UK Ltd ('The Client') on 6th January to assess the viability of the proposed development and alternative development scenarios at 51-53 Richmond Street, Manchester, M1 3WB.

1.1.2. This report will accompany our client's planning application. The purpose of this report is to assess the viability of three development scenarios of different scales. The scenarios are outlined in this report.

1.1.3. To assess the viability of the scenarios we have created bespoke development appraisals using Microsoft Excel.

1.2. Corporate Disclaimer

1.2.1. All information, analysis and recommendations made for clients by Colliers International are made in good faith and represent Colliers International's professional judgement on the basis of information obtained from the client and elsewhere during the course of the assignment. However, since the achievement of recommendations, forecasts and valuations depends on factors outside Colliers International's control, no statement made by Colliers International may be deemed in any circumstances to be a representation, undertaking or warranty, and Colliers International cannot accept any liability should such statements prove to be inaccurate or based on incorrect premises. In particular, and without limiting the generality of the foregoing, any projections, financial and otherwise, in this report are intended only to illustrate particular points of argument and do not constitute forecasts of actual performance.

1.2.2. Colliers is the licensed trading name of Colliers International Property Consultants Limited which is a limited company registered in England and Wales with registered number 7996509. Our registered office is at 50 George Street, London, W1U 7GA.

1.2.3. This report is not a valuation as defined by the RICS. It offers advice and opinion on the viability of the proposed development through market research and development experience. Comments made as to the value of the land, the viability of development or the suitability of the proposed schemes are based on the assumptions set out in this report. We reserve the right to amend our report in light of new information or whenever we deem necessary.

1.2.4. This report has been issued on a private and confidential basis. This report must not be referred to or recited from in any document. It must not be copied or made available (in whole or in part) to any other person without express written consent.

2. Site Commentary

2.1. Site Location

2.1.1. The site is located on the southern side of Richmond Street in Central Manchester. The site backs on to Canal Street, a prominent street of canal fronting bars and nightclubs fronting in Manchester's Gay Village. The surrounding area is mixed in nature with predominantly commercial (including leisure, retail and light industrial) and residential uses.

2.1.2. The site is a 7 minute walk from Manchester Piccadilly Station. Richmond Street has restricted car parking and is just south of Sackville Street car park.

2.2. Site Description

2.2.1. The site comprises a four storey former warehouse building which we understand was constructed in the mid-19th century. We understand the building is vacant and has been disused for a considerable amount of time. The building is of brick construction and is Grade II listed. To the east of the existing building is a cleared section of land which was previously used for car parking.

2.2.2. The site is approximately 0.34 acres in size (0.14 ha).

2.3. Proposed Development

2.3.1. The proposed scheme (Option 1) involves the refurbishment and conversion of the existing building in to 4x 2 bedroom flats, one per floor. The Lower Ground floor unit has private access while the remaining 3x flats have shared access from a single core at ground level.

2.3.2. The former car park to the east will be infilled with a new 2 bedroom townhouse over 4 storeys. The unit has access from the ground floor with most of the living space provided on the upper 3 floors, the ground floor has a plant area and communal bin storage. The top floor (4th) comprises a reception room and private terrace.

2.3.3. Plans for all of the development options are provided in Appendix 1.

2.3.4. We have been instructed to assess two additional scenarios with the height of the townhouse unit reduced to 3 storeys. Option 2 maintains a separate townhouse unit with the top floor reception room and terrace removed. Option 3 removed the separate access from the townhouse access and uses the infill development as an extension to the existing building, providing 5x flats in total.

2.3.5. The accommodation schedule below shows the net unit areas for each scenario:

Option 1

4 Storey TH

Unit	Floor	Beds	Sq M	Sq Ft
WH-B1	Lower Ground	2	66	714
WH-00	Upper Ground	2	70	751
WH-01	First	2	64	692
WH-02	Second	2	80	862
TH 4	Townhouse	2	104	1,114
Total			384	4,133

Option 2

3 Storey TH

Unit	Floor	Beds	Sq M	Sq Ft
WH-B1	Lower Ground	2	66	714
WH-00	Upper Ground	2	70	751
WH-01	First	2	64	692
WH-02	Second	2	80	862
TH 3	Townhouse	2	90	969
Total			371	3,988

Option 3

3 Storey w Flats

Unit	Floor	Beds	Sq M	Sq Ft
Apt.1	Lower Ground	2	66	714
Apt.2	Upper Ground	3	95	1,023
Apt.3	First	Studio/1	39	415
Apt.4	First	2	62	664
Apt.5	Second	2	86	929
Total			348	3,745

2.4. Planning History

2.4.1. We understand that there are no recent or outstanding planning applications on the subject site.

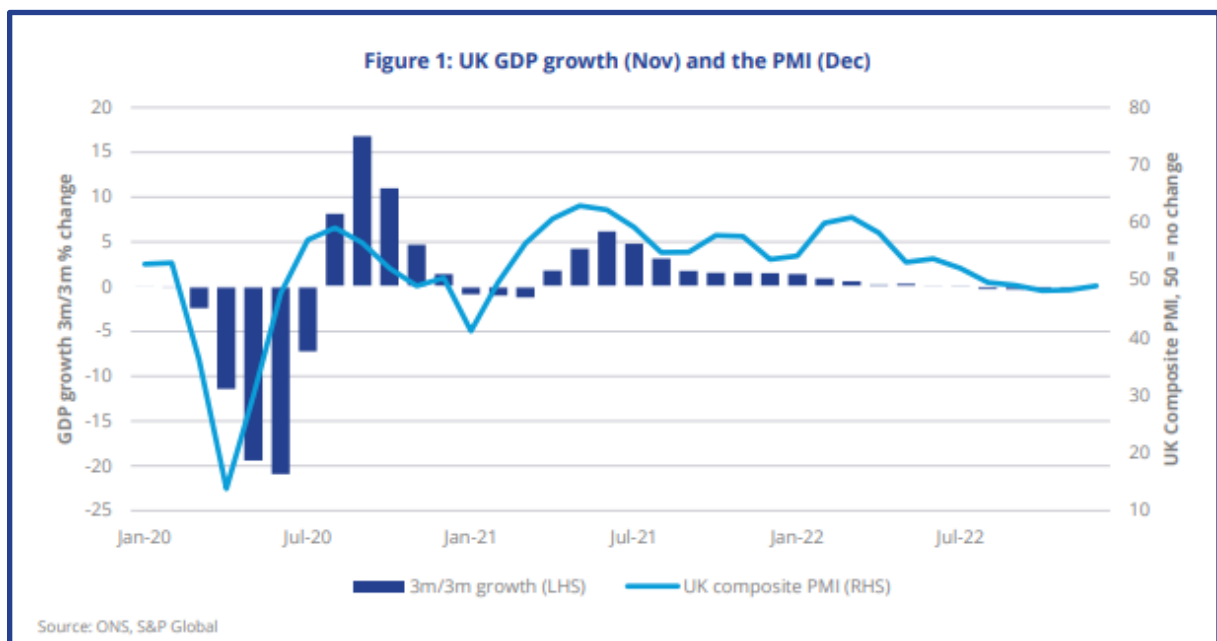
2.4.2. The site is located in the Whitworth Street Conservation Area. The warehouse building is Grade II listed.

3. Market Commentary

3.1. Economy

3.1.1. UK GDP surprised on the upside in November, growing by 0.1% m/m. A recession may therefore be postponed until Q1 2023 unless the December figure shows a 0.4% m/m decline or worse. The latest HM Treasury forecasts show interest rates ending 2023 at between 3.75% and 4.50%. At the time of report writing, the GBP/USD exchange rate stands at 1.23, down from 1.36 a year ago. Gilt yields rose from 0.98% at the start of 2022 to a peak of over 4.60% on 10th October but have since come down to levels between 3.25% and 3.50%.

3.1.2. Although the December PMI remained below the 50.0 mark, the index rose by 0.8 points to 49.0, signalling only a mild decline in output at the end of 2022. Having peaked at 11.1% in October, annual CPI inflation has slowed to 10.5% in December and is expected to ease significantly throughout the year.



3.1.3. The labour market remains tight. Unemployment stood at 3.7% in the three months to November, while average regular pay was up by 6.4% y/y. Retail sales volumes fell by 1.0% m/m in December and were 5.8% lower than a year ago. The 2-year 75% LTV mortgages rate reached 6% in October but slowed to 5.43% in December.

3.1.4. December's investment volumes figure of £2.4bn represents the weakest end to a year since 2000 and is almost 80% below the five-year December average.

3.1.5. All property initial yields rose by 13 bps in December and have now shifted out by almost 100 bps since June. Industrial recorded the largest shift (130 bps).

3.2. Residential

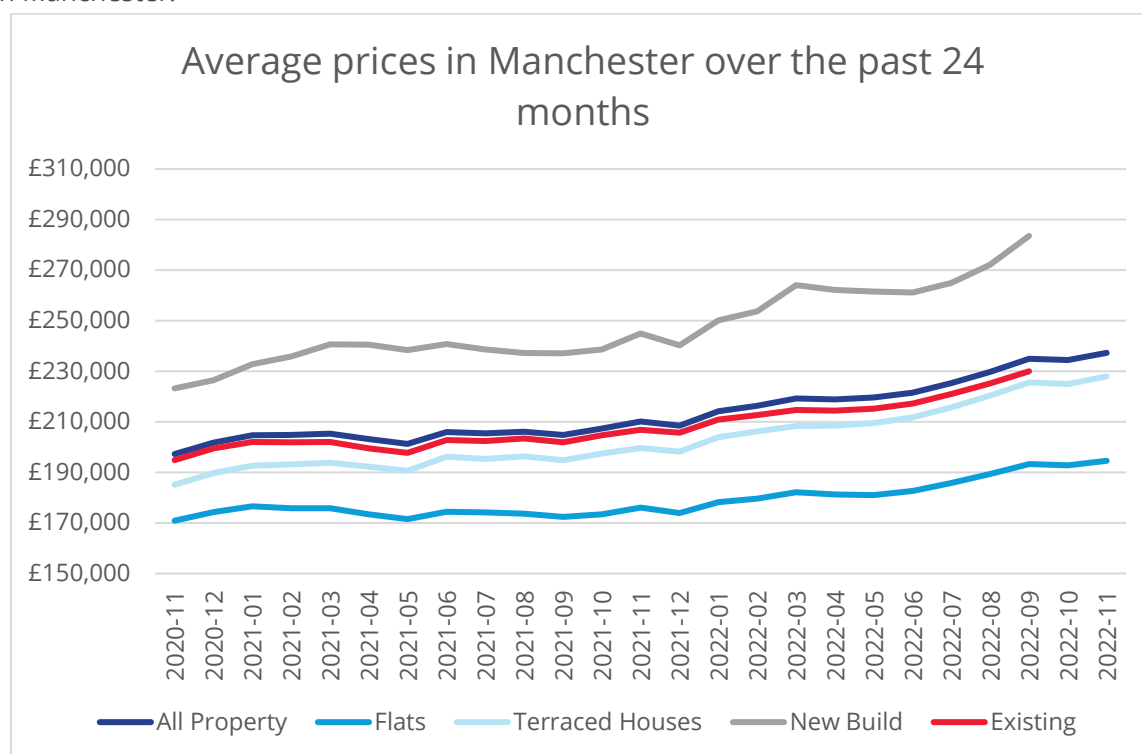
3.2.1. Only three residential deals were recorded in December, led by Gresham House's £46m acquisition of a 469 shared ownership portfolio in Cornwall.

3.2.2. In 2022, residential investment stood at £4.2bn, down from £6.3bn transacted in 2021. MSCI data suggests that residential yields compressed by 8 bps in December, having softened by 32 bps between July and November.

3.2.3. Halifax reported a 2.0% y/y rise (38-month low) in house prices during December, while the Nationwide measure fell to a 29-month low of 2.8% y/y. Both measures have now recorded declines on a monthly basis for four consecutive months. At 107,000, the number of monthly property transactions for November remains slightly above the five-year average.

3.2.4. The number of monthly mortgage approvals fell to a 29-month low of 46k in November and was well below the five-year average of 69k. The 75% 2-year fixed BoE mortgage rate fell further from October's peak of 6% to 5.43% in December.

3.2.5. The chart below shows the average price by property type over the past 24 months in Manchester:



4. Development Value

We have compiled the following evidence to support our position on development revenues.

4.1. New Build Schemes

4.1.1. New build comparable evidence is the strongest form of comparable evidence for the valuation of the proposed scheme. There are several schemes within half a mile of the subject site which are predominantly considerably larger than the proposed scheme and of higher specification with greater amenity offerings. We have identified the following comparable developments:

Manchester New Square

4.1.2. New build by Urban & Civic comprising 351 units across 3x blocks, 12-15 storeys in height. Landscaped square at the centre, residents amenities including underground parking, concierge and gym. South of the subject on the opposite side of the canal.

4.1.3. The first units were occupied in 2020. We have identified several transactions with values per sq ft ranging between £364 - £478 per sq ft (£220,000 - £440,000). All of these transactions were in 2020 and therefore slightly historic and limited weight should accordingly be applied.

4.1.4. There are several units on the market which are shown in the table below:

Unit	Beds	Sq M / Sq Ft	Price	£ Sq Ft
CALICO - 1003	2	71.35 / 768	£522,500	£680.34
CARDING - 902	2	72.93 / 785	£399,950	£509.49
LINTER - 206	2	73.7 / 793	£364,950	£460.21
CARDING - 807	2	74.27 / 799	£397,950	£498.06
LINTER - 207	2	74.4 / 801	£349,950	£436.89
CARDING - 1003	2	74.68 / 804	£419,950	£522.33
CALICO - 507	2	74.92 / 806	£409,950	£508.62
CALICO - 704	2	76.16 / 820	£418,000	£509.76
LINTER - 1402	2	76.59 / 824.41	£445,500	£540.66
CALICO - 302	2	81.11 / 873	£396,000	£453.61
CARDING - 605	2	82.47 / 888	£389,950	£439.13
CALICO - 909	2	85.86 / 924	£440,000	£476.19
LINTER - 1003	2	86 / 926	£429,500	£463.82
CARDING - 310	2	86.28 / 929	£376,950	£405.76
	3	102.2 / 1100	£399,950	£363.59
	2	102.2 / 1100	£424,500	£385.91

4.1.5. It is worth noting the considerable height premium the units on the upper floors have. We consider the subject scheme is less desirable than Manchester New Square due to the

scale, design and amenity offering. On this basis we consider the subject scheme would achieve reduced values when compared to Manchester New Square.

Finlays Yard

4.1.6. 14 unit development with brick cladding, over 7 floors. Includes lift access, bicycle storage, otherwise no amenities. North east of the subject, the other side of Piccadilly in the Northern Quarter. The floorplates are of irregular shapes presumably due to site constraints.

4.1.7. We have identified the following 2 bedroom units currently on the market:

- 691 sq ft, £250,000 (£362 per sq ft)
- 697 sq ft, £285,000 (£409 per sq ft)
- 697 sq ft, £290,000 (£416 per sq ft)

4.1.8. We consider this scheme to be comparable to the subject although note the distance (500m+) means less weight can be applied due to location differences.

Richmond Street Townhouses

4.1.9. New build development opposite the subject site comprising 7x four storey townhouses and 1x 2 bedroom maisonette. Development includes ground floor garage parking for each unit, roof terraces and high specification finish. We understand from the Planning Statement submitted with the application that the townhouse units are approximately 136 sq m (1,436 sq ft) and the maisonette is 89 sq m (958 sq ft).

4.1.10. Development appears to have completed in 2022, there are no transactions on land registry. There are no individual asking prices on the market. We have spoken to the agent who has confirmed that the units sold at around the £675,000 (£470 per sq ft) mark which they were being marketed at with one currently remaining on the market.

4.1.11. We consider the Richmond Street Townhouses are more desirable than the subject property owing to the unit sizes, provision of ground floor space and car parking.

4.2. Second hand evidence

4.2.1. We have identified the following relevant transactions in the surrounding area:

Address	Beds	Date	Price	Sq Ft	£ sq Ft	Comments
43, Richmond Street, Manchester, Greater Manchester M1 3WB	3	16/09/2022	£290,000	1044	£277.78	3 bed townhouse, EPC E, good condition (slightly dated), garage, gas CH
Granby House, Flat 11, Granby Row, Manchester, Greater Manchester M1 7AR	2	06/07/2022	£235,000	744	£315.86	Flat, period building, warehouse style flat, good condition
Venice Court, Apartment 10, Samuel Ogden Street, Manchester, Greater Manchester M1 7AX	1	06/06/2022	£155,000	398	£389.45	1 bed flat, dated interior, communal spa and swimming pool, underground parking
Granby House, Flat 12, Granby Row, Manchester, Greater Manchester M1 7AR	1	27/05/2022	£149,400	486	£307.41	1 bed flat, period building, warehouse style, good condition

4.2.2. 43 Richmond Street is very close to the subject and although second hand provides a good comparison for the town house. The remaining units are flats in period properties in the surrounding area, all of which have improved amenities than the proposed development.

4.2.3. We have identified the following units currently on the market:

Address	Beds	Price	Sq Ft	£ sq Ft	Comments
Canal Street, M1	2	£235,000	622	£378	2 double rooms, exposed brick warehouse style, investor only tenanted to July 23, good condition
27 Sackville Street	1	£160,000	452	£354	warehouse style flat, good condition, cash buyers only
China House, Harter Street, Manchester	1	£180,000	-	-	Converted warehouse, slightly dated interior, ground floor

4.2.4. The units are warehouse style and are of good condition, even if second hand.

4.3. Pricing Schedules

4.3.1. In adopting unit prices we have considered the market analysis and comparable evidence identified above. We consider the proposed scheme would achieve a discount on the asking prices from Manchester New Squ andre, Richmond Townhouses but realistically would achieve a slight premium on the second hand evidence identified. We note there is a lack of directly comparable evidence and therefore we have had to adjust the prices from the available evidence.

4.3.2. We have created a bespoke pricing schedule for each of the scenaris. We have considered the design of each unit and the comparable evidence in arriving at these prices. We have applied a significant premium to the townhouses which is consistent with the evidence. The prices for each scenario are shown in the table below:

Option 1 4 Storey TH

Unit	Beds	Sq M	Sq Ft	Price	£ PSF
WH-B1	2	66	714	£270,000	£378
WH-00	2	70	751	£290,000	£386
WH-01	2	64	692	£280,000	£405
WH-02	2	80	862	£320,000	£371
TH 4	2	104	1,114	£500,000	£449
Total		384	4,133	£1,660,000	£402

Option 2 3 Storey TH

Unit	Beds	Sq M	Sq Ft	Price	£ PSF
WH-B1	2	66	714	£270,000	£378
WH-00	2	70	751	£290,000	£386
WH-01	2	64	692	£280,000	£405
WH-02	2	80	862	£320,000	£371
TH 3	2	90	969	£435,000	£449
Total		371	3,988	£1,595,000	£400

Option 3 3 Storey w Flats

Unit	Beds	Sq M	Sq Ft	Price	£ PSF
Apt.1	2	66	714	£270,000	£378
Apt.2	3	95	1,023	£360,000	£352
Apt.3	Studio/1	39	415	£180,000	£433
Apt.4	2	62	664	£250,000	£376
Apt.5	2	86	929	£350,000	£377
Total		348	3,745	£1,410,000	£377

4.4. Sales Rate

4.4.1. In each of the appraisals we have included a sales period of 3 months to dispose of the units following practical completion.

5. Development Costs

5.1. Construction Costs

5.1.1. We have not been provided with a detailed cost estimate for any of the scenarios we are assessing. For the purposes of this assessment we have relied on the RICS' Build Cost Information Service (BCIS) database to provide the cost estimates for each scheme. NPPG Viability outlines that BCIS is appropriate to use as the basis of build cost estimates. Given the complexity and bespoke nature of the subject scheme we consider a detailed cost estimate would be more accurate.

5.1.2. We have used the following prices for each separate part of the site:

Section	Function	Type	Rate	£ Sq M	£ Sq Ft
Warehouse Refurbishment	Rehabilitation / Conversion	Flats, 3-5 Storey	Upper Quartile	£1,697	£158
Town House	New Build	One off housing, terraced	Median	£1,622	£151
Flats Extension 3 storey	New Build	Flats, 3-5 Storey	Median	£1,620	£151

5.1.3. We have adopted the upper quartile rate for the warehouse rehabilitation owing to the complex nature and significant undertaking of work that is required.

5.1.4. The BCIS data is provided in Appendix 2.

5.2. Professional Fees & Contingency

5.2.1. We have included professional fees at 12% of construction cost.

5.2.2. We have adopted a contingency of 10% to reflect the increased uncertainty of refurbishing and repurposing a building of this age.

5.3. Planning Obligations

5.3.1. We have included S106 costs at £5,250 per unit. This is in accordance with the Greater Manchester Strategic Viability Report by Three Dragons dated September 2020.

5.3.2. We have not included any CIL liability.

5.4. Agency and Legal Fees

5.4.1. We have included marketing, agents and legal fees at a combined cost of 2.5% of the residential GDV.

5.5. Finance Costs

5.5.1. Interest rates have significantly increased in the past 12 months. The Bank of England base rate has risen from 0.1% in December 2021 to 3.5% in December 2022. We have adopted an interest charge of 8% for the subject development.

5.6. Development Timescales

5.6.1. We have included the following development timescales which we have cross checked against the BCIS Construction Duration Calculator:

- Pre construction: 6 months
- Construction: 12 months
- Sales: 3 months

6. Benchmarking

6.1. Benchmark Land Value

Policy

6.1.1. The 2019 National Planning Policy Guidance (NPPG) on viability and decision taking provides guidance for decision makers on how best to approach the assessment of benchmark land value. There is further guidance in the RICS guidance note *Assessing viability in planning under the National Planning Policy Framework 2019 for England* (March 2021). NPPG sets a clear preference for Existing Use Value (EUV) to be used as the primary basis of benchmark land value:

How should land value be defined for the purpose of viability assessment?

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. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.

See related policy: National Planning Policy Framework paragraph 57

Paragraph: 013 Reference ID: 10-013-20190509

Revision date: 09 05 2019 See previous version

6.1.2. The above is also clear that under no circumstance should price paid be used as a justification for benchmark land value which is reiterated throughout the NPPG.

6.1.3. It is common practice to apply a premium to the existing use value as part of a BLV assessment. The premium provides an incentive for the landowner to release the site for development. This is known as an Existing Use Value Plus (EUV+). NPPG sets the following advice on the setting of landowner premiums:

How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable

incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

See related policy: National Planning Policy Framework paragraph 57

Paragraph: 016 Reference ID: 10-016-20190509

Revision date: 09 05 2019 See previous version

6.1.4. Alternative Use Value (AUV) is another approach that can be taken to assess the BLV. NPPG requires that any AUV assessment is only undertaken in certain circumstances:

Can alternative uses be used in establishing benchmark land value?

For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.

Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

See related policy: National Planning Policy Framework paragraph 57

Paragraph: 017 Reference ID: 10-017-20190509

Revision date: 09 05 2019 See previous version

The site

6.1.5. The site comprises a four storey warehouse building of brick construction. It is a Grade II listed building and we understand it has been vacant for several years. We have externally inspected the building. The site of the proposed townhouse is a car parking area adjacent to the building. The total site is 0.34 acres (0.14 ha).

Approach to BLV

6.1.6. NPPG has a preference for the existing use value (EUV) to be used as the basis of benchmark land value.

6.1.7. We understand the subject property is in poor condition having been vacant for some time. We understand that extensive refurbishment would be required for the building to be brought into usable condition.

6.1.8. We consider it reasonable that the best return to a landowner would be from the redevelopment of the site. This is defined in NPPG as an alternative use value (AUV) assessment. Given the location a variety of commercial uses would be appropriate, including a refurbishment to its former use as a warehouse.

6.1.9. In order to determine an appropriate benchmark land value we have considered the viability assessment that was submitted in support of the Greater Manchester Plan. The Greater Manchester Strategic Viability Report by Three Dragons, dated September 2020, adopts a land value of £1,700,000 per ha for serviced plots based on comparable land transactions. Although this evidence is slightly dated we consider it provides an appropriate benchmark for the purposes of this assessment given the City Centre location. Based on the plot of 0.14 ha this calculates to a benchmark land value of £238,000.

6.1.10. We have not applied a landowner premium to this figure. We accordingly adopt a benchmark land value of £238,000. This is fixed as the land cost in the development appraisal.

6.2. Profit Benchmark (Developer Return)

6.2.1. We have adopted a developer profit target of 20% on GDV which we consider appropriate for the subject scheme, noting the difficulties of converting a building of this age.

7. Viability Assessment

7.1. Appraisal Results

7.1.1. We have created bespoke development appraisals for each of the 3 scenarios using Microsoft Excel. We have fixed the land value at the BLV of £238,000 and have included a fixed developer profit margin in the appraisal. This means the appraisals produce a residual surplus / deficit as the output which clearly demonstrates the viability of each scenario.

7.1.2. The appraisal summaries are provided in Appendices 3, 4 and 5 and are summarised in the tables below:

Scenario	Description	Surplus / Deficit
Option 1	4 Storey TH	£8,430
Option 2	3 Storey TH	-£5,703
Option 3	3 Storey w Flats	-£94,062

7.1.3. Option 3 is the least viable scheme, Option 2 produces a deficit and Option 1 is the most viable scheme with a small surplus.

7.2. Sensitivity Analysis

7.2.1. In accordance with RICS guidance we have included sensitivity analysis in our appraisals. We have tested the impact changes to the sales values and construction costs will have on the viability (surplus/deficit) of the scheme. The results for the Option 1 appraisal are shown in the table below:

Sensitivity Analysis						
		Construction				
8,430		40%	20%	0%	-20%	-40%
Sales	40%	£140,223	£331,627	£523,030	£714,433	£905,836
	20%	-£117,077	£74,327	£265,730	£457,133	£648,536
	0%	-£374,377	-£182,973	£8,430	£199,833	£391,236
	-20%	-£631,677	-£440,273	-£248,870	-£57,467	£133,936
	-40%	-£888,977	-£697,573	-£506,170	-£314,767	-£123,364

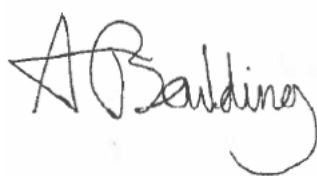
8. Conclusion

8.1. Conclusion

8.1.1. Option 1, the scenario with the 4 storey Townhouse, is the only viable scheme of the three. On this basis the extra storey in the townhouse is required for the scheme to be deliverable.

8.2. Author Sign Off

8.2.1. This report and its contents was prepared by the following individuals on behalf of Colliers:



Arthur Boulding MRICS

RICS number: 6878828

Senior Surveyor, Development Advisory

Colliers International Property Consultants



Anthony Shapland MRICS

RICS number: 0088708

Head of Development Advisory

Colliers International Property Consultants



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Appendices

Appendix 1 – Scenario Floor Plans



revision: P01
date: 20220523
note: preliminary first issue

- Key
- 51 - 53 Richmond Street
 - Whitworth Street Conservation Area
 - Listed Buildings



project
51-53 richmond st, manchester
job no.
7593
title
site location plan
scale
1:1250 @ A3
drawing no.
al(05)0001

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revision: P01 date: 20220523 note: preliminary first issue

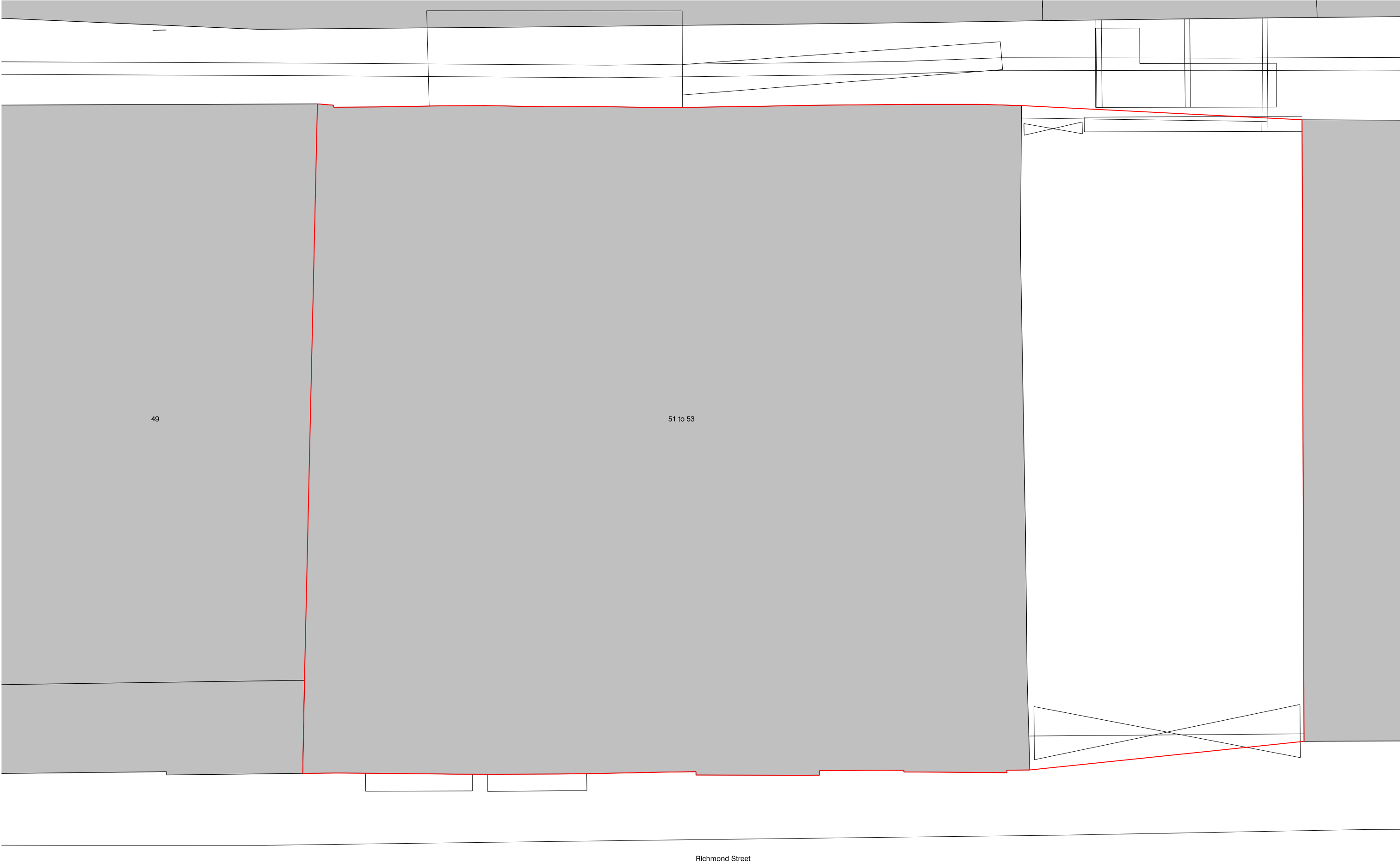
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 -  Whitworth Street Conservation Area
 -  Listed Buildings



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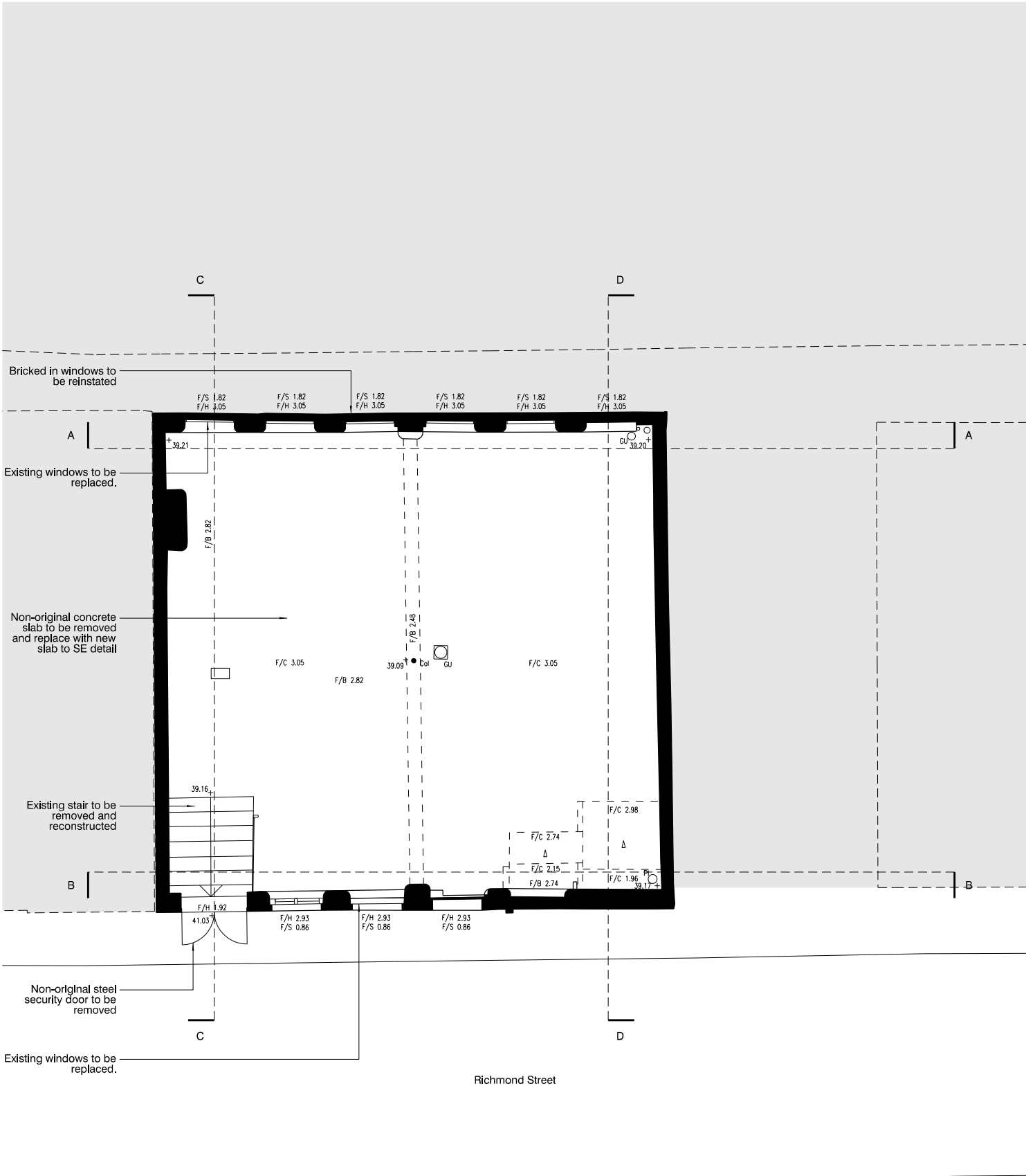


revision: P01 date: 20220523 note: preliminary first issue

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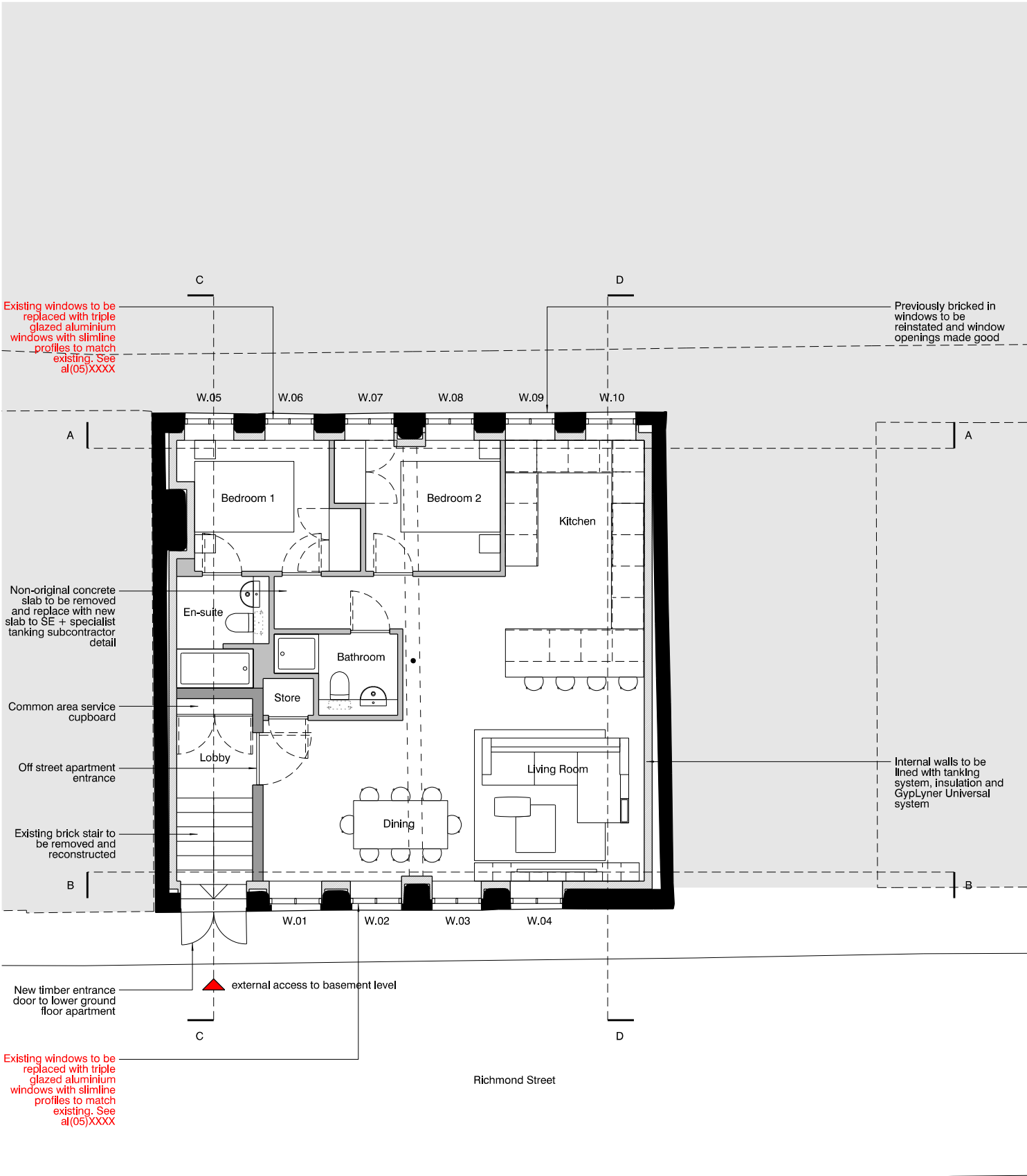
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Richmond Street

Existing Plan



Richmond Street

Proposed Plan

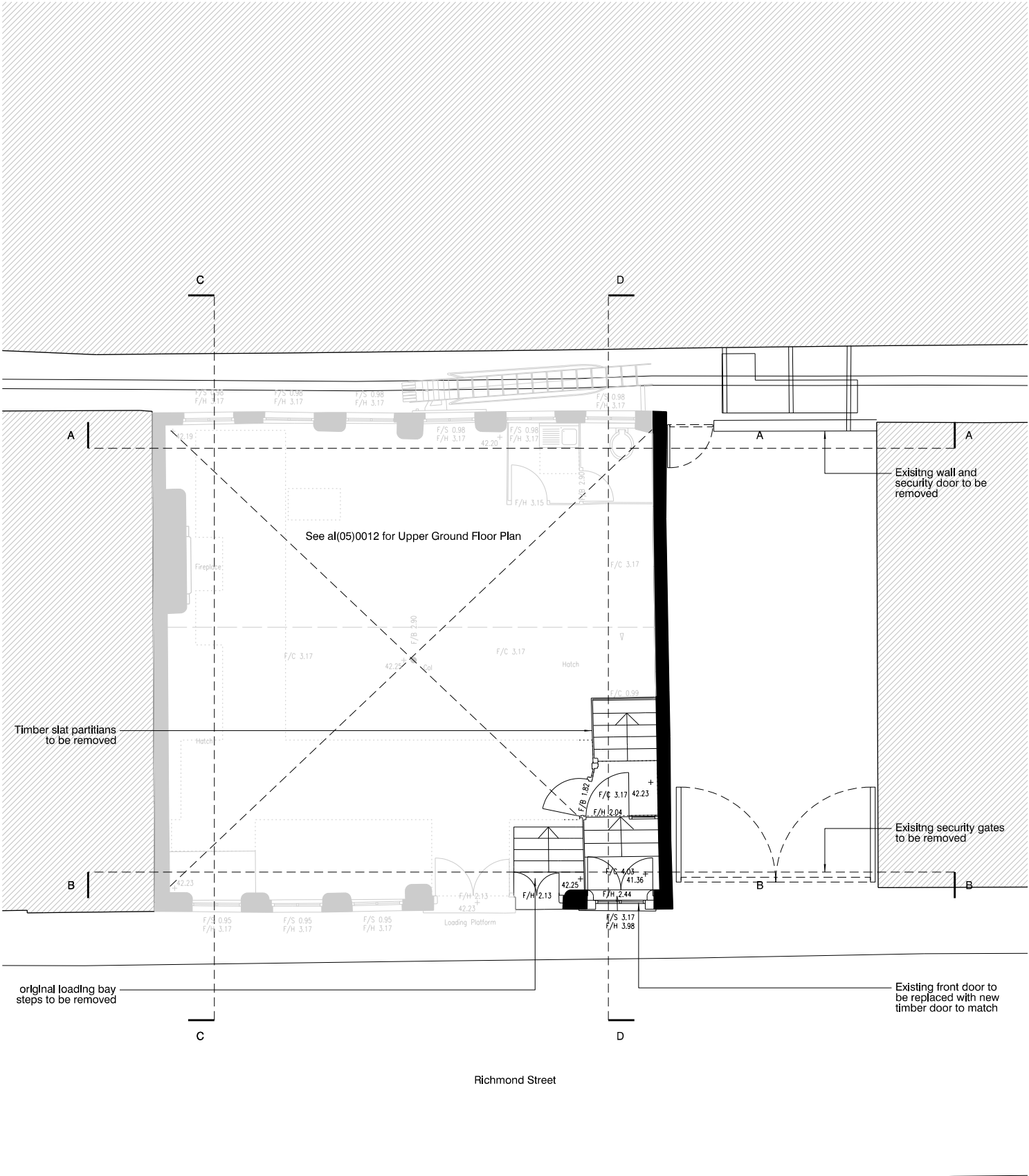
revision: P01 date: yyyyymmdd note: preliminary first issue

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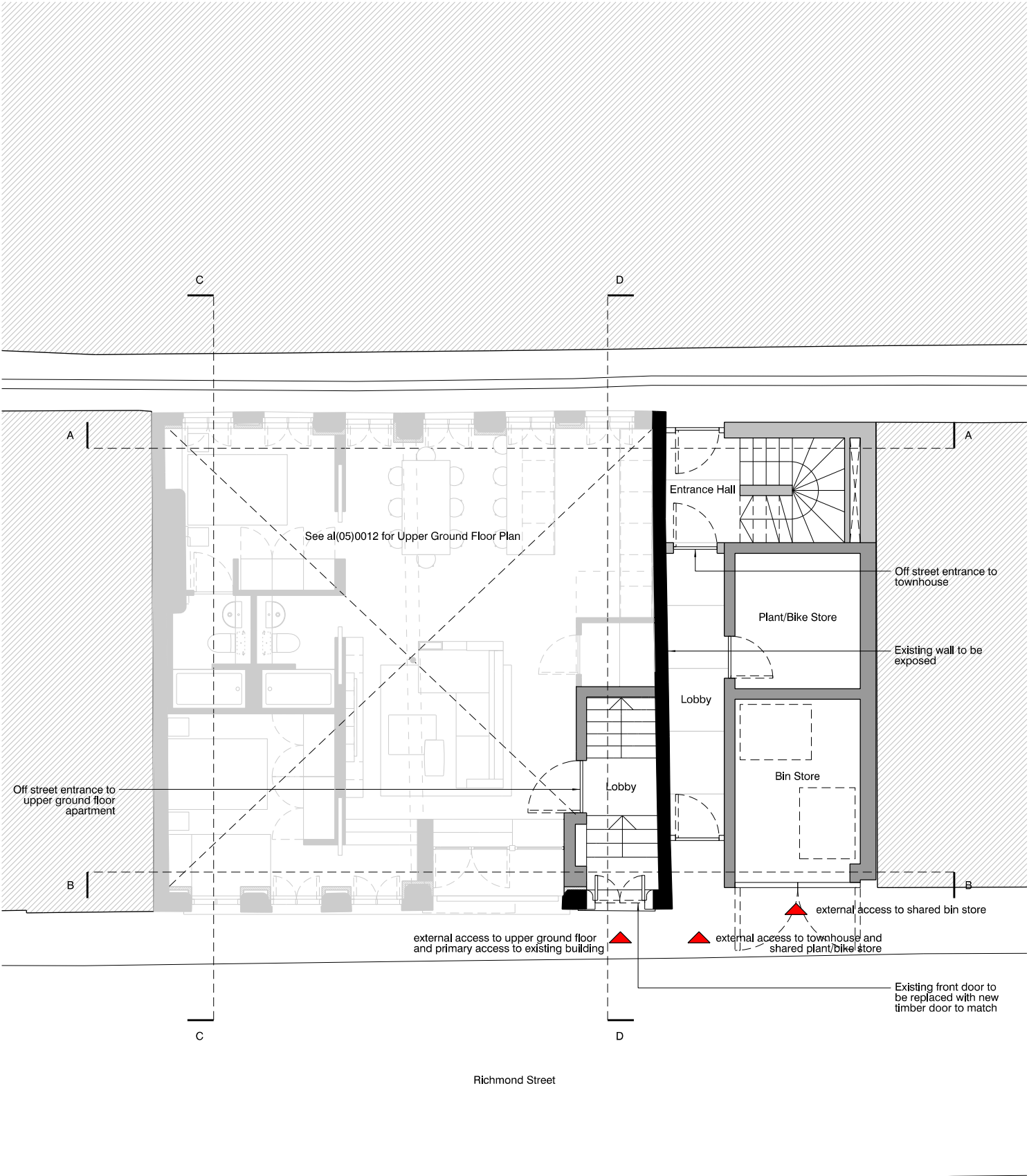


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Existing + Proposed Lower Ground Floor Plan
scale
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drawing no.
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Existing Plan



Proposed Plan

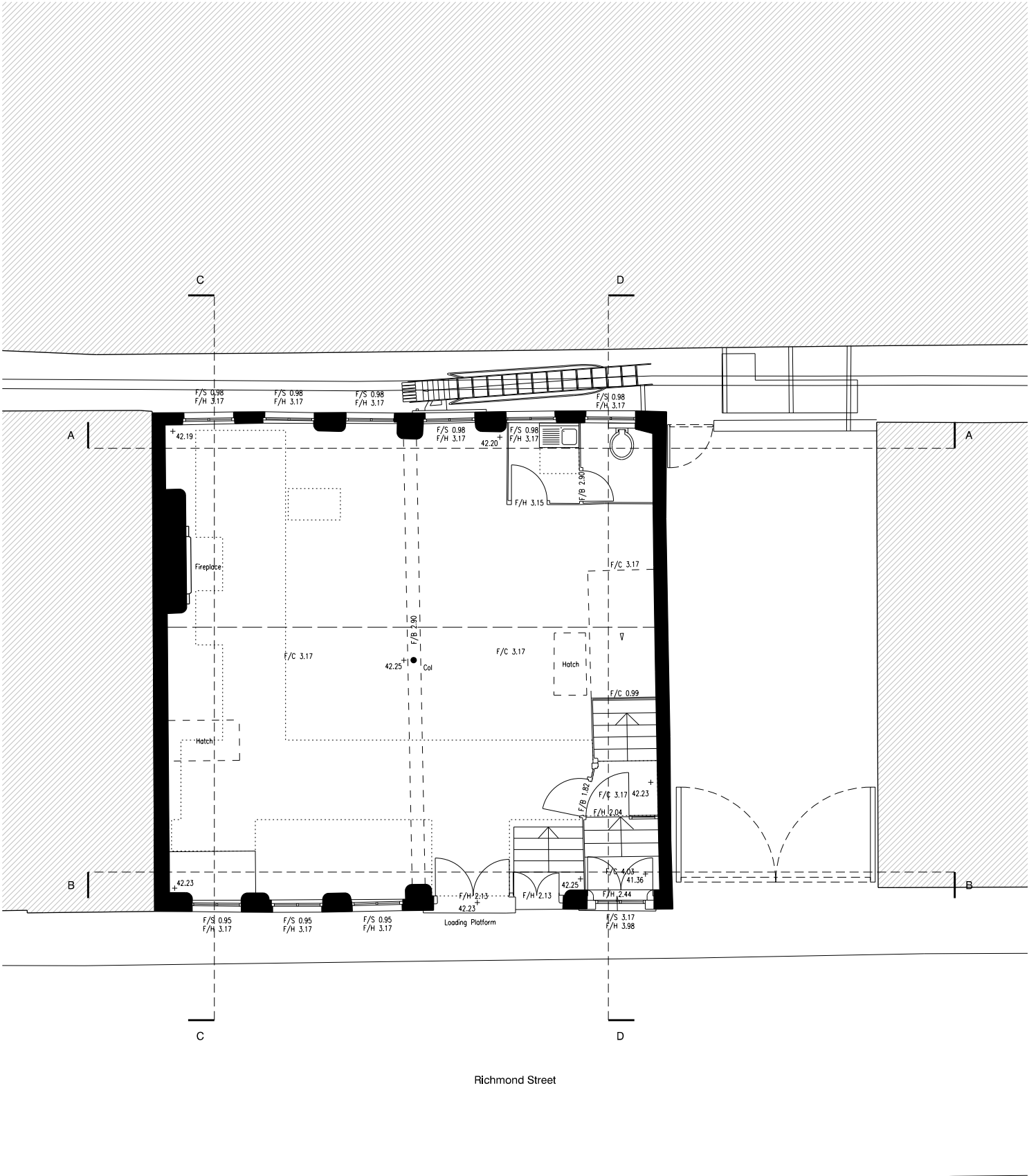
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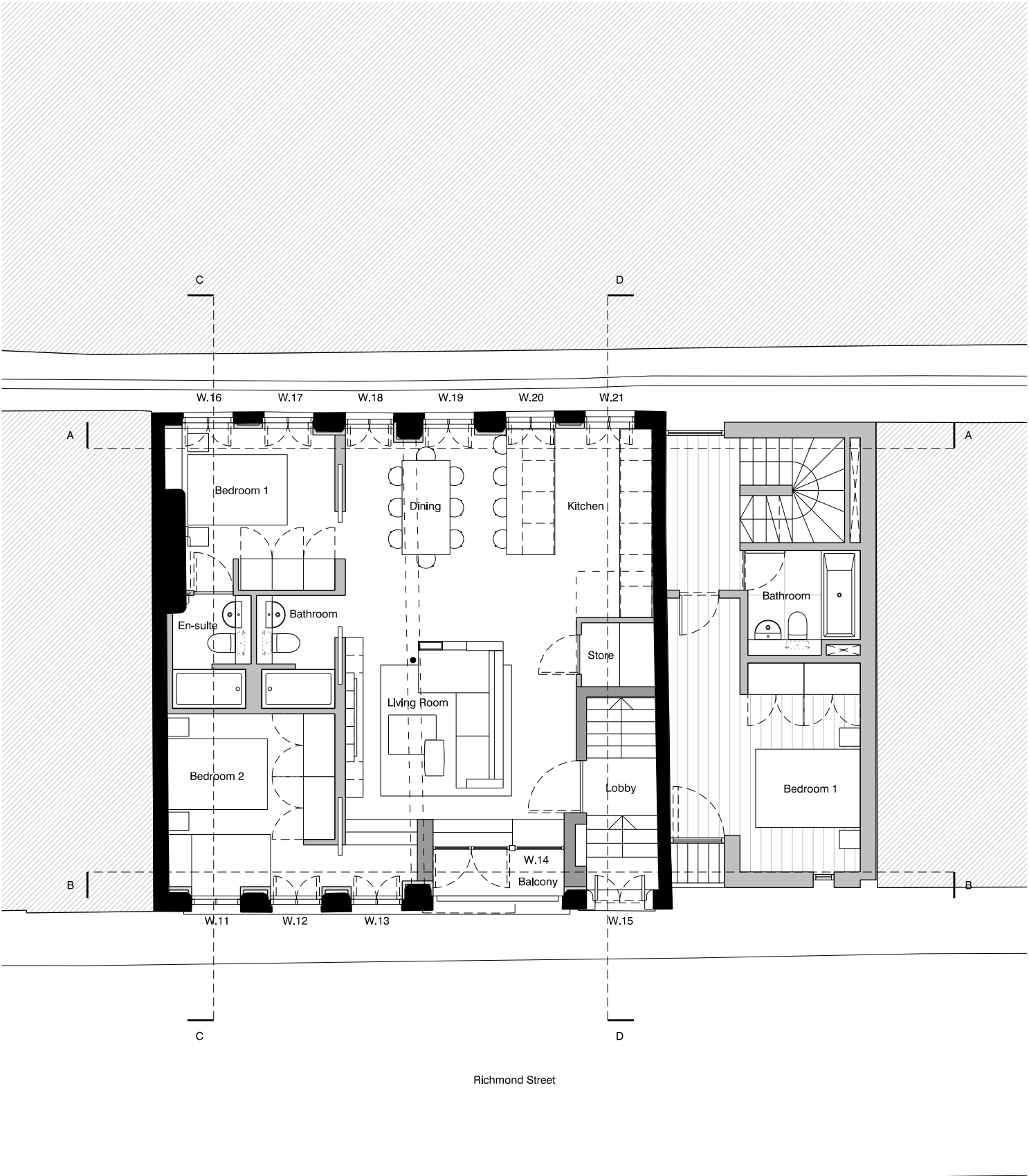
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Richmond Street

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Richmond Street

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job no.
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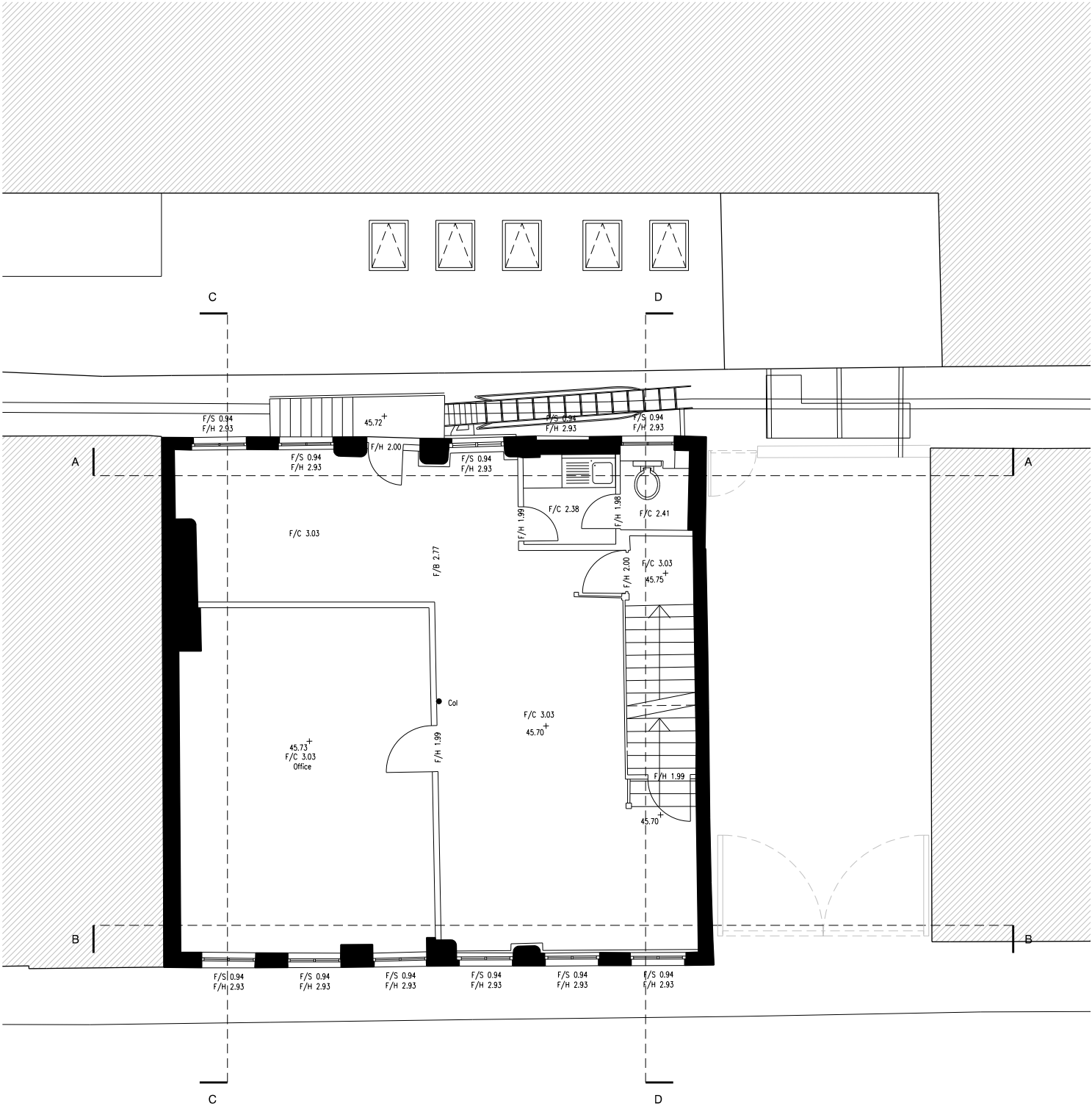
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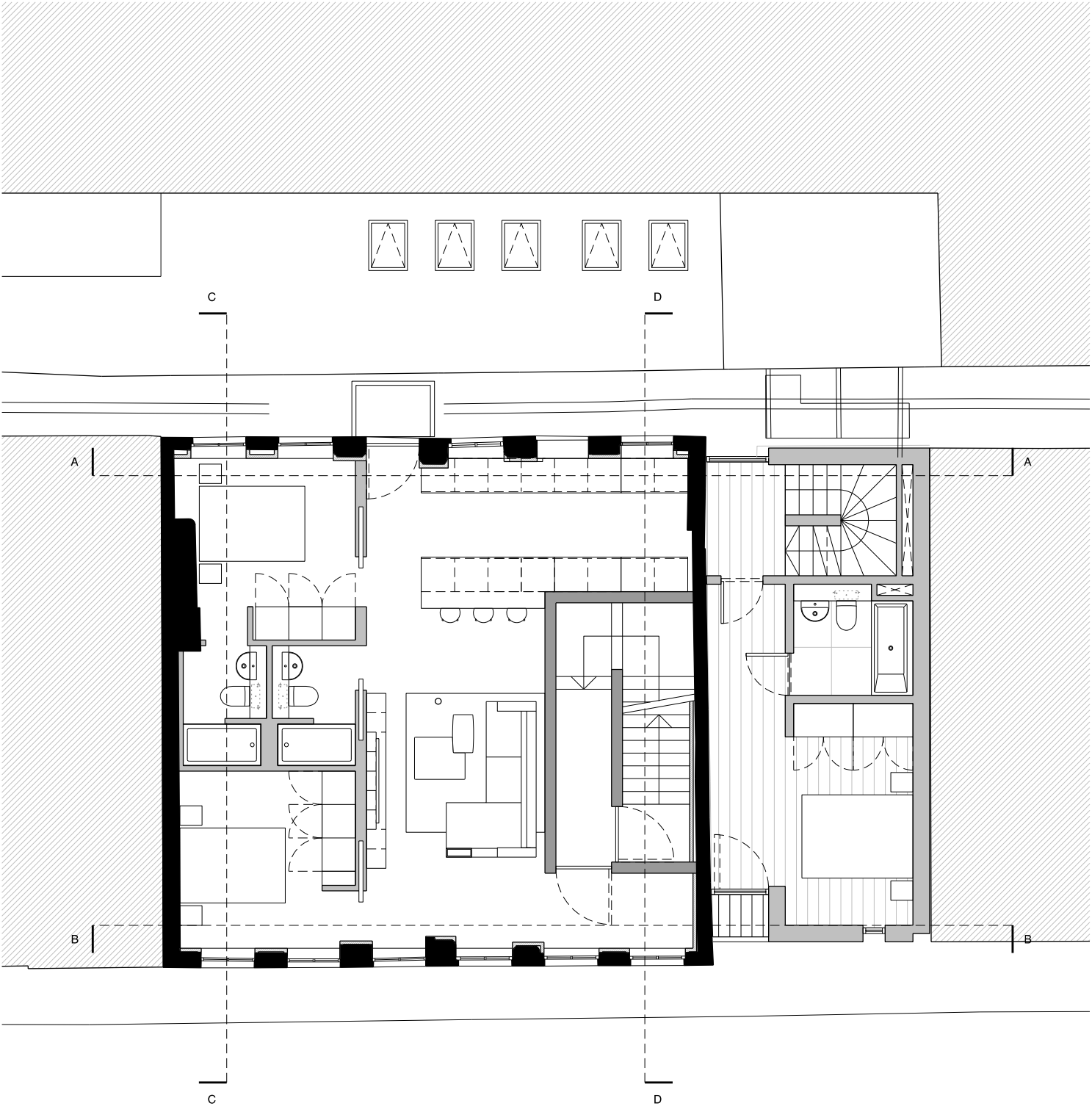
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Richmond Street

Existing Plan



Richmond Street

Proposed Plan

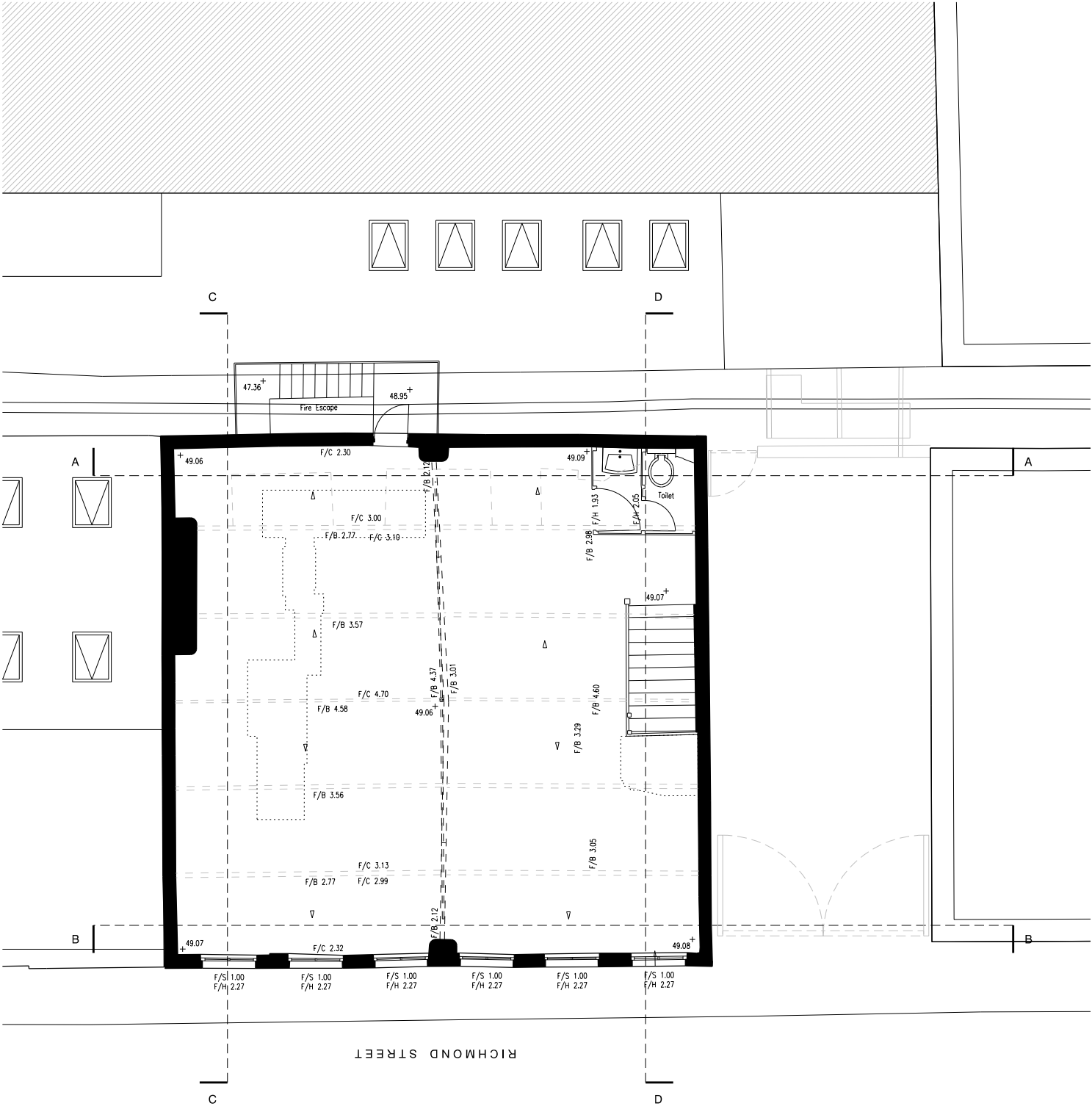
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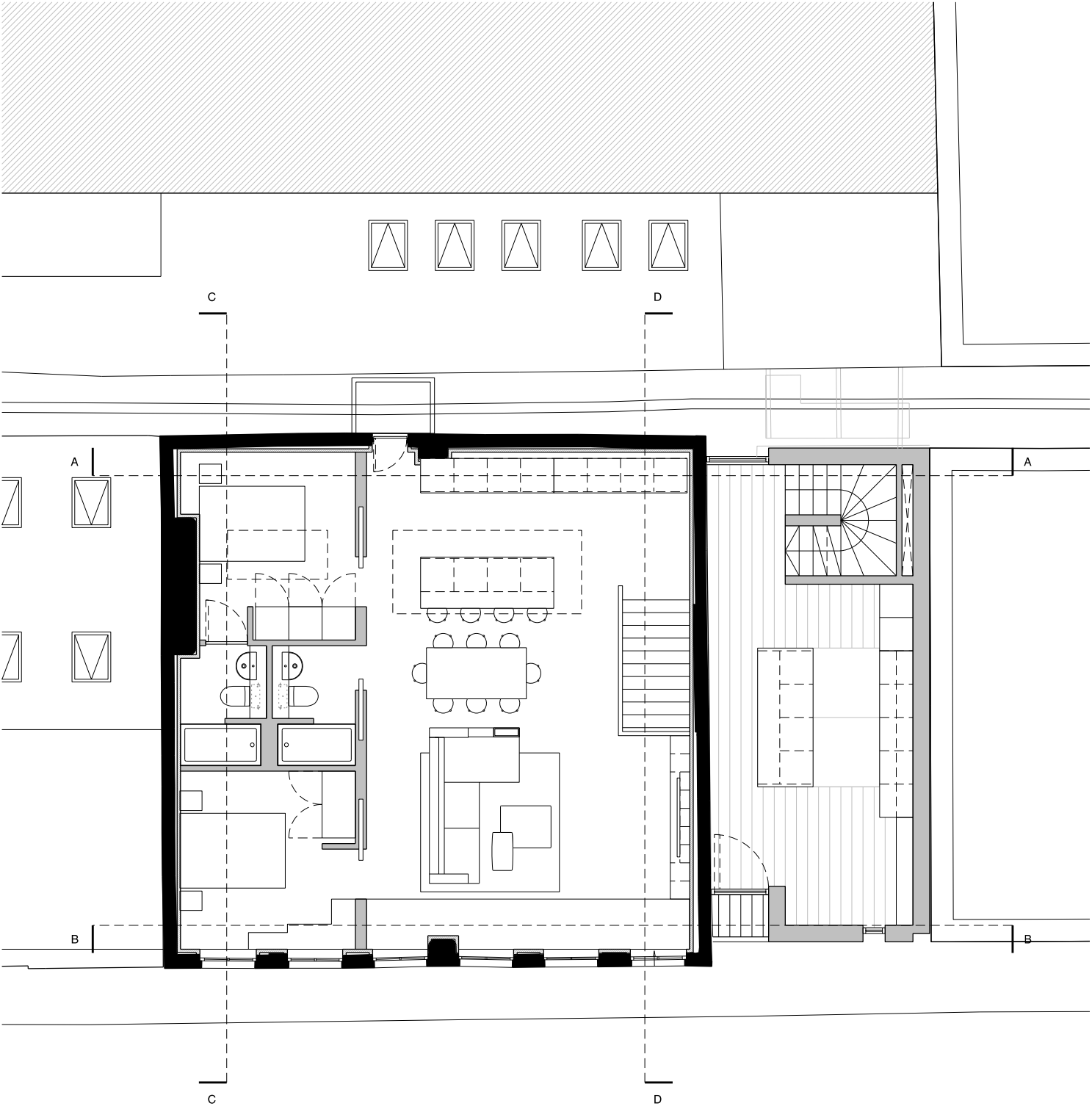
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Existing Plan



Richmond Street

Proposed Plan

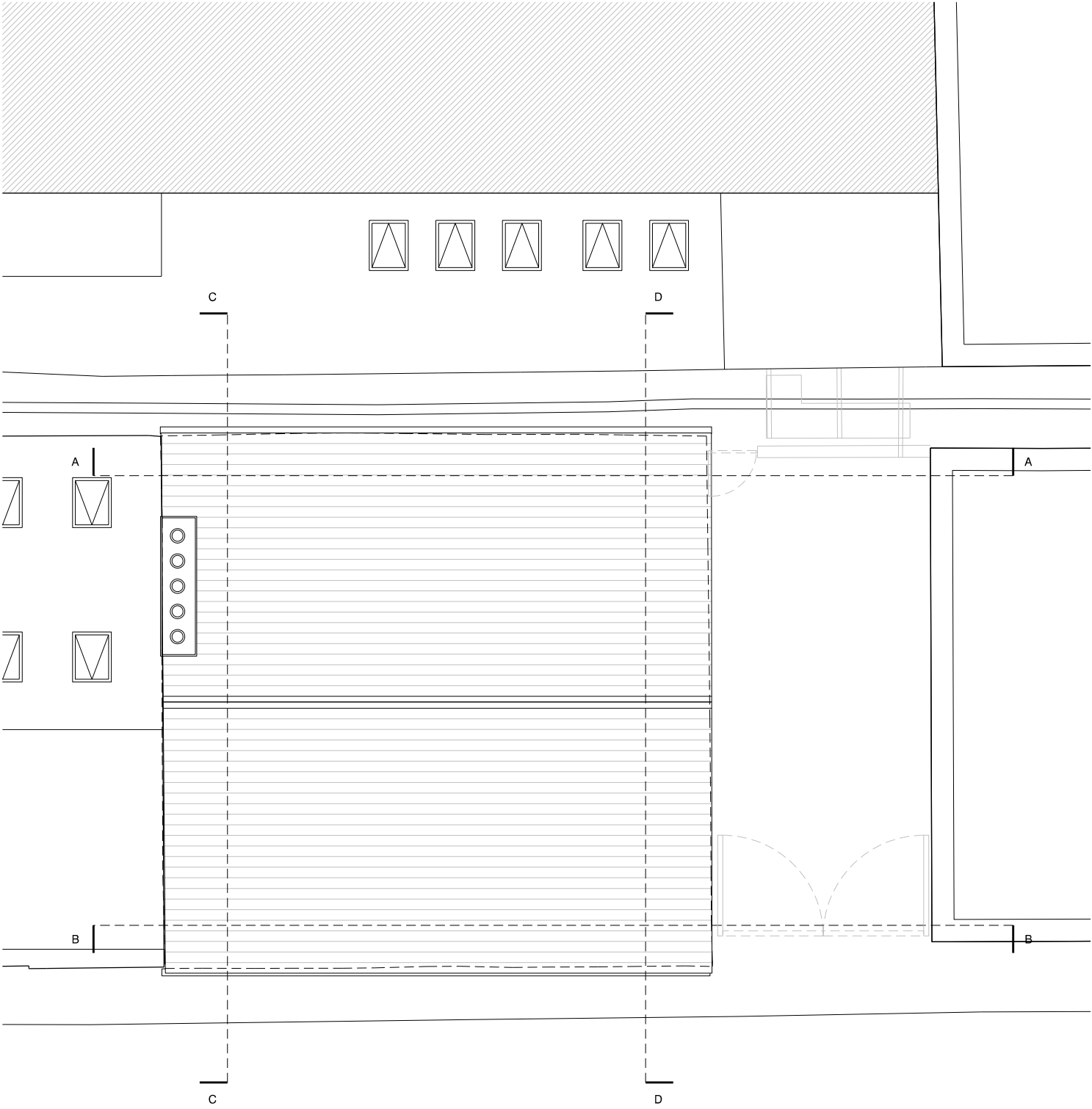
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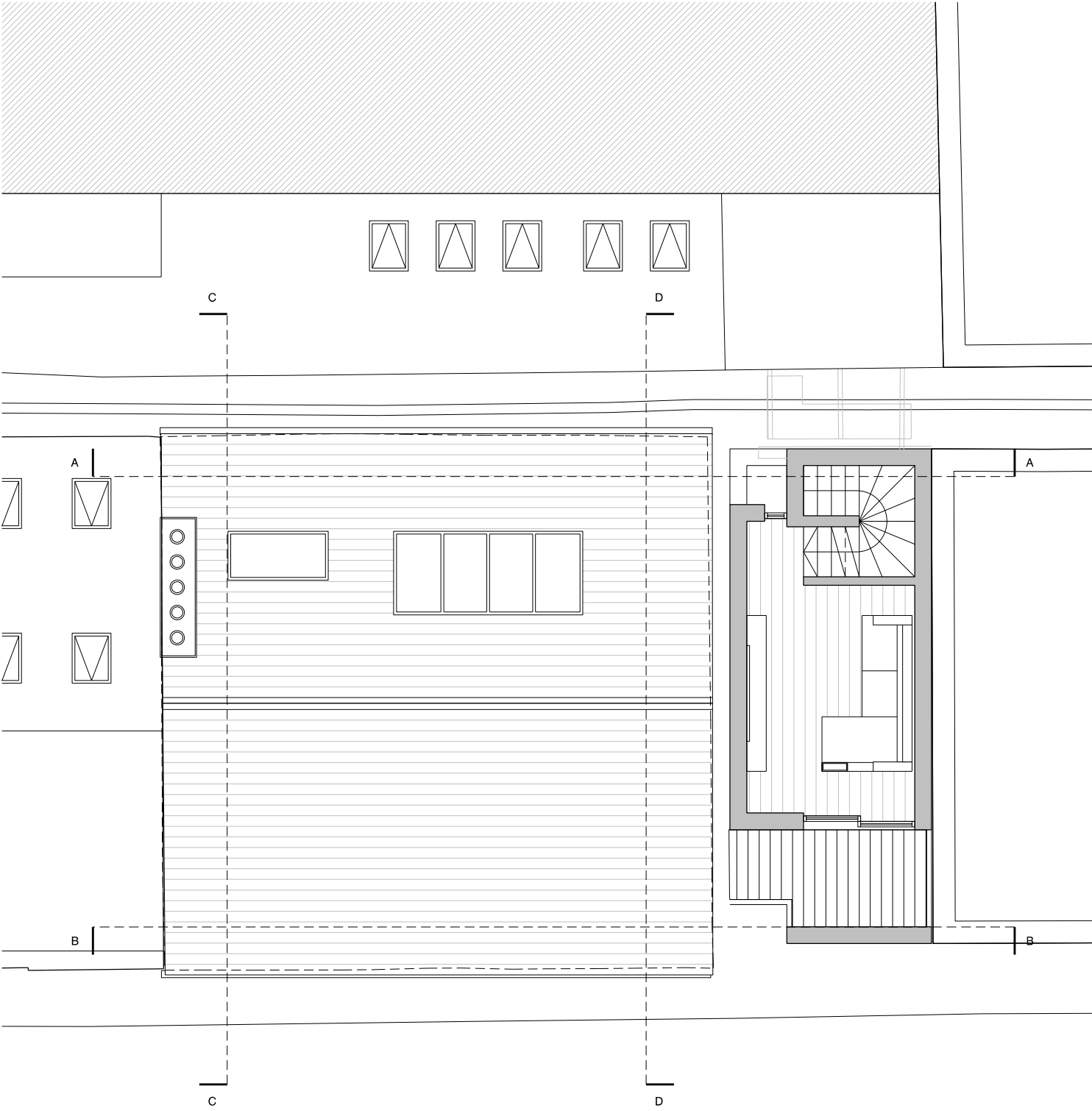
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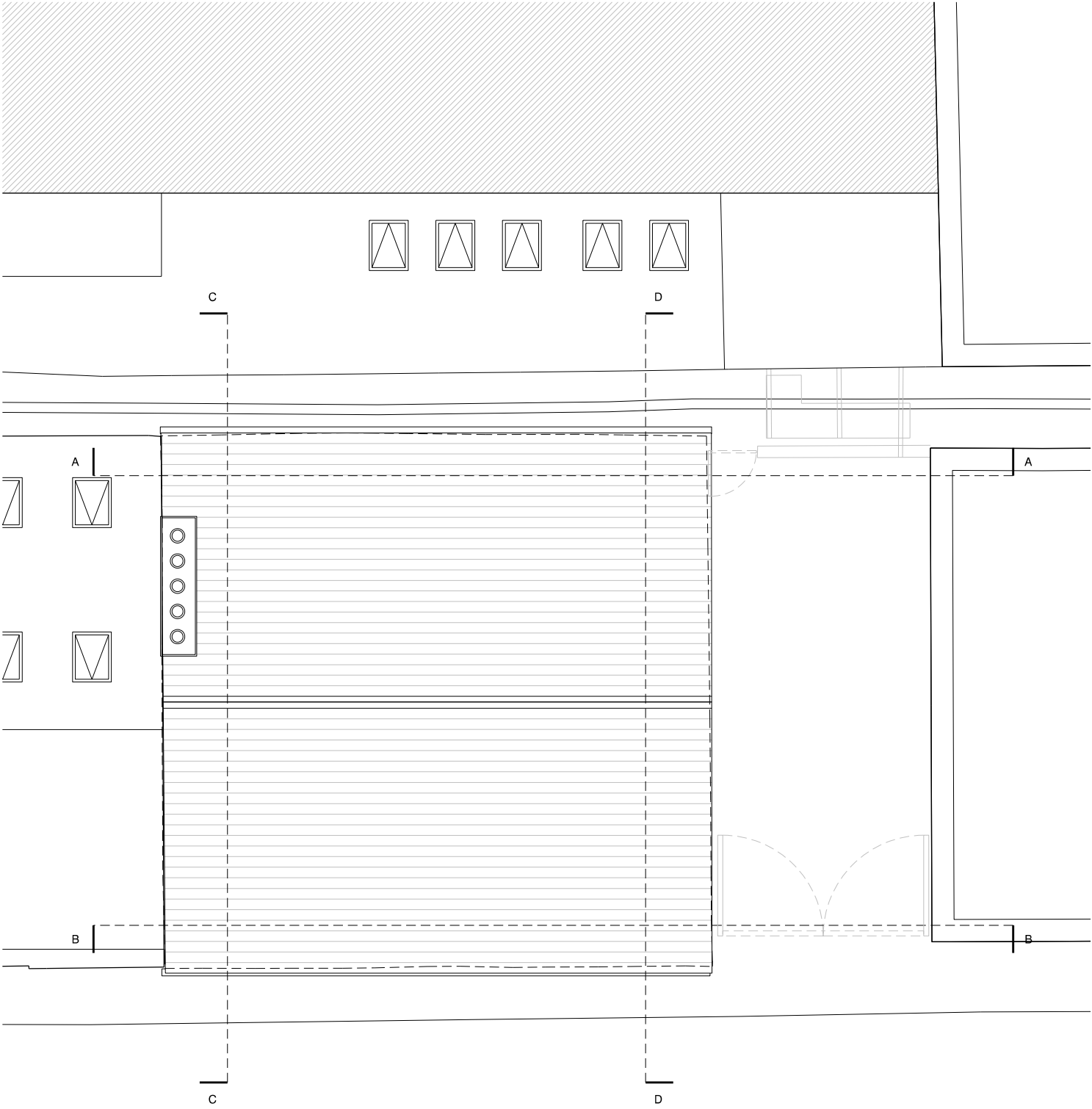
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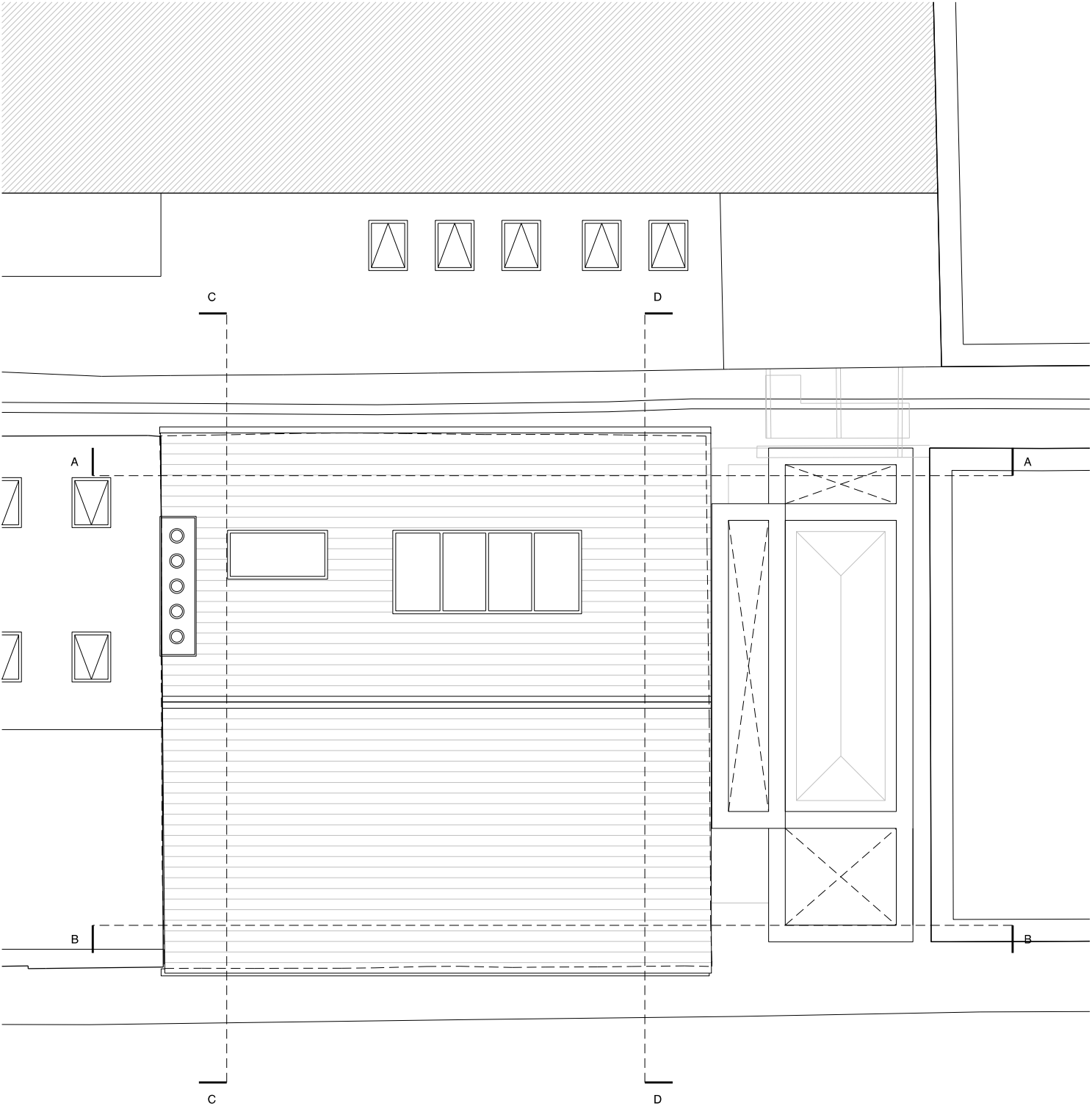
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Proposed Plan

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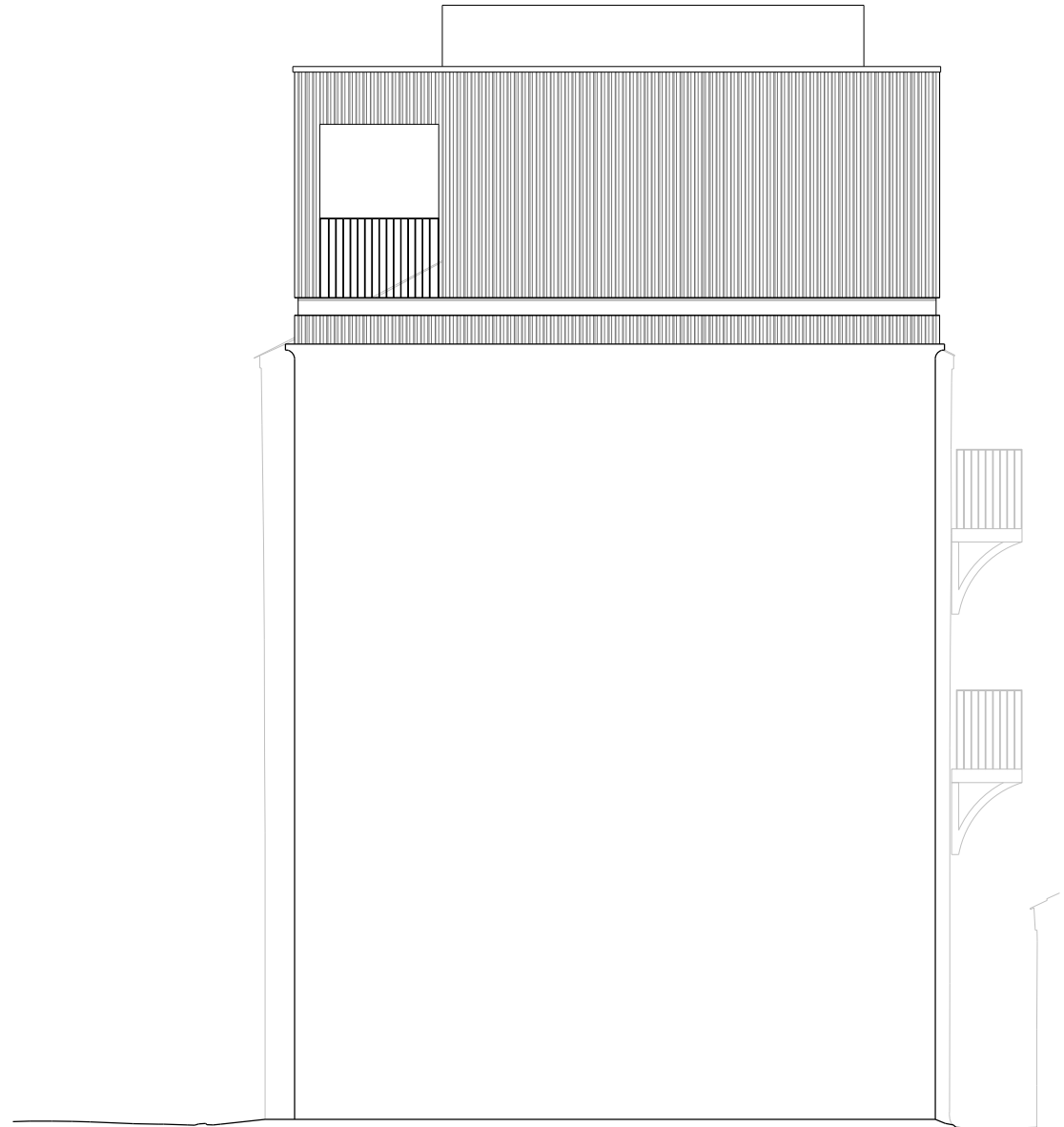
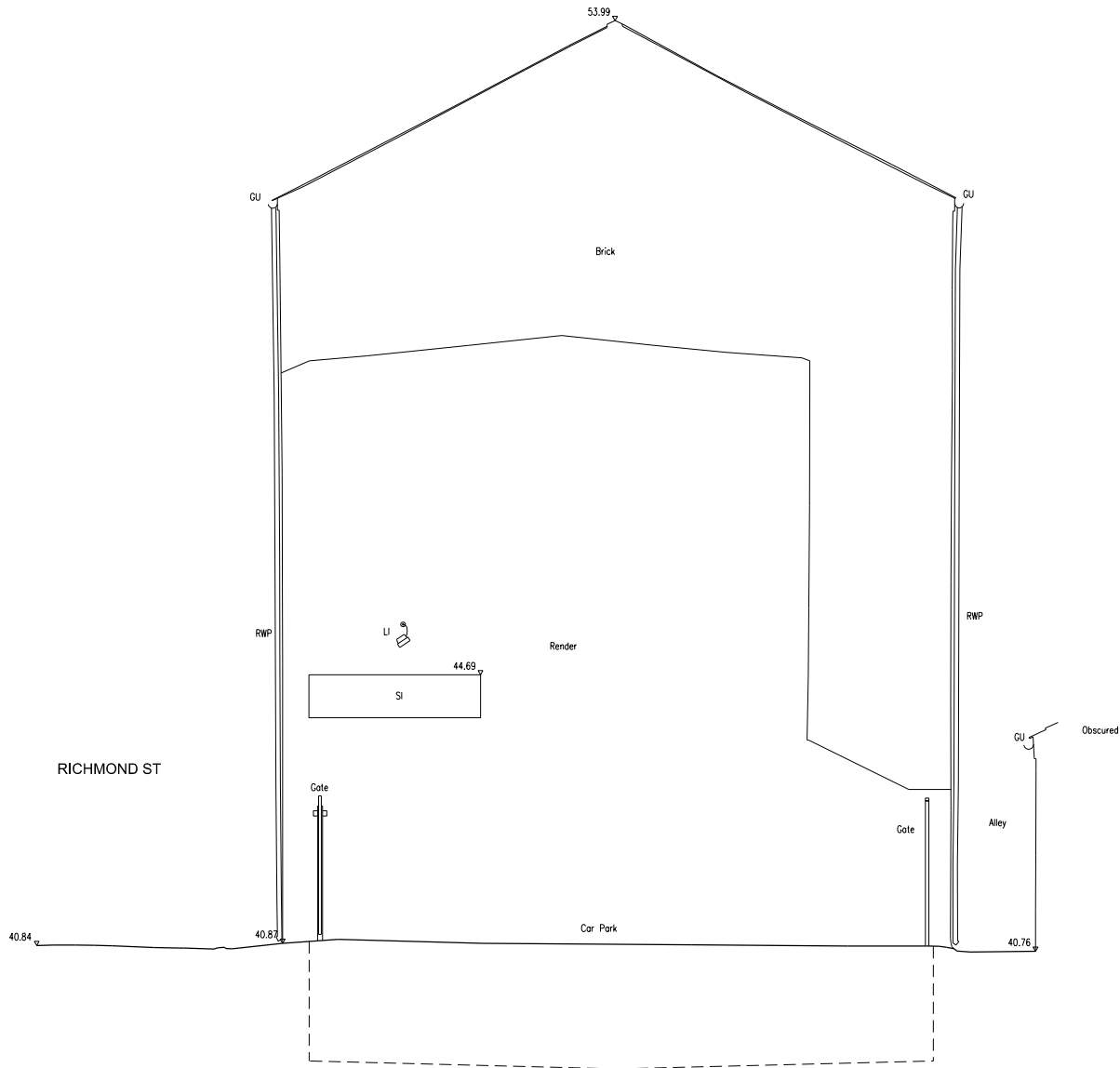


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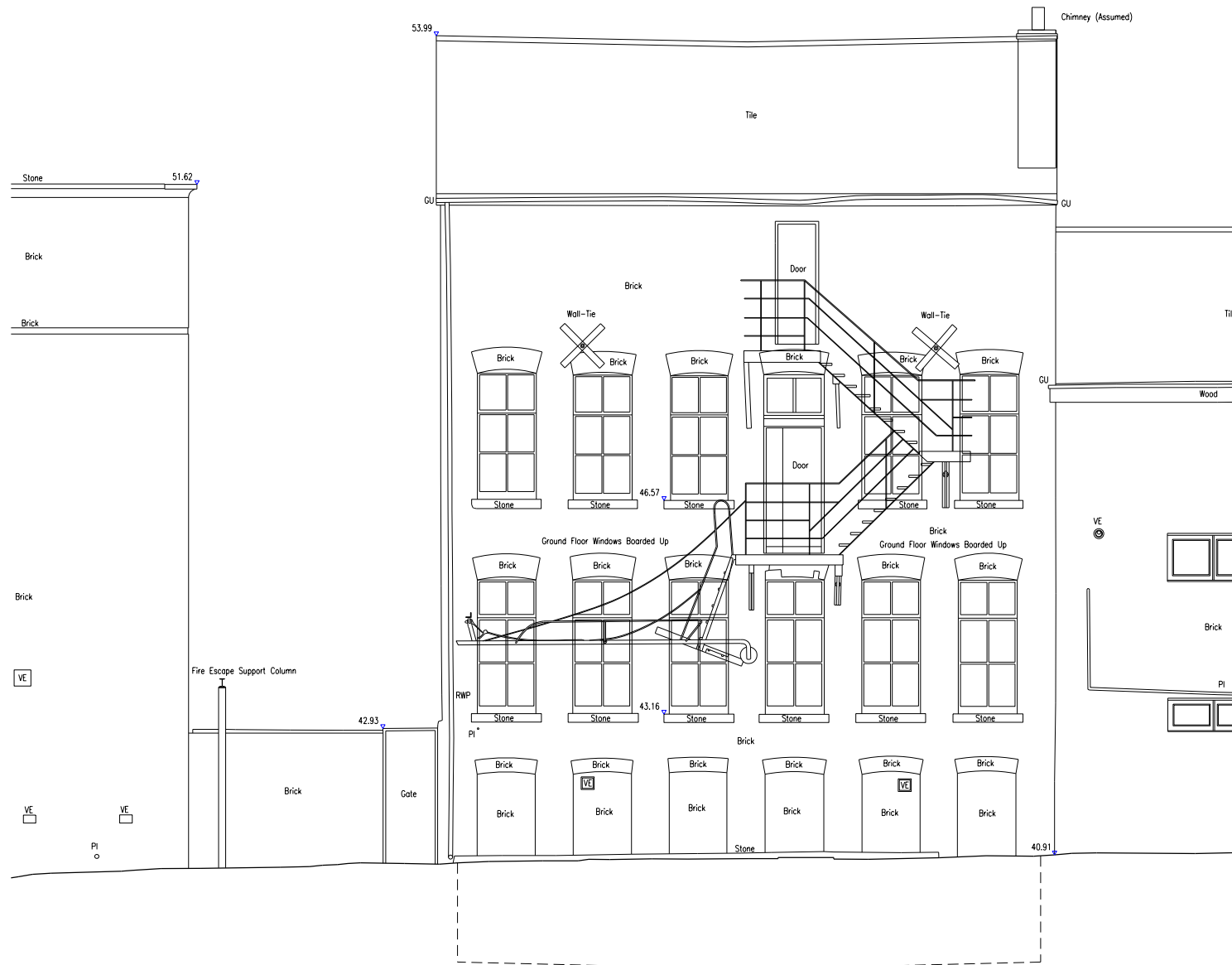


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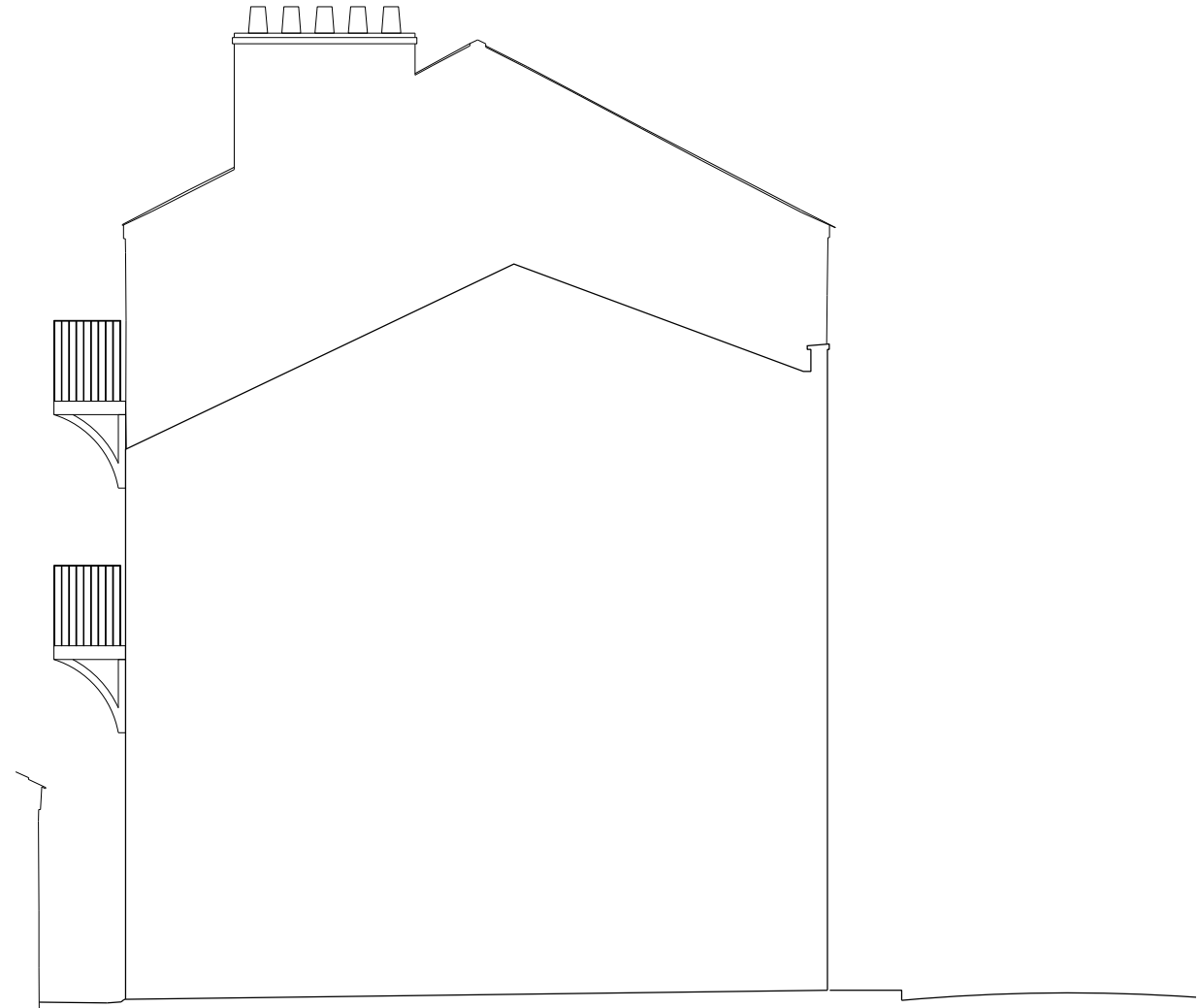
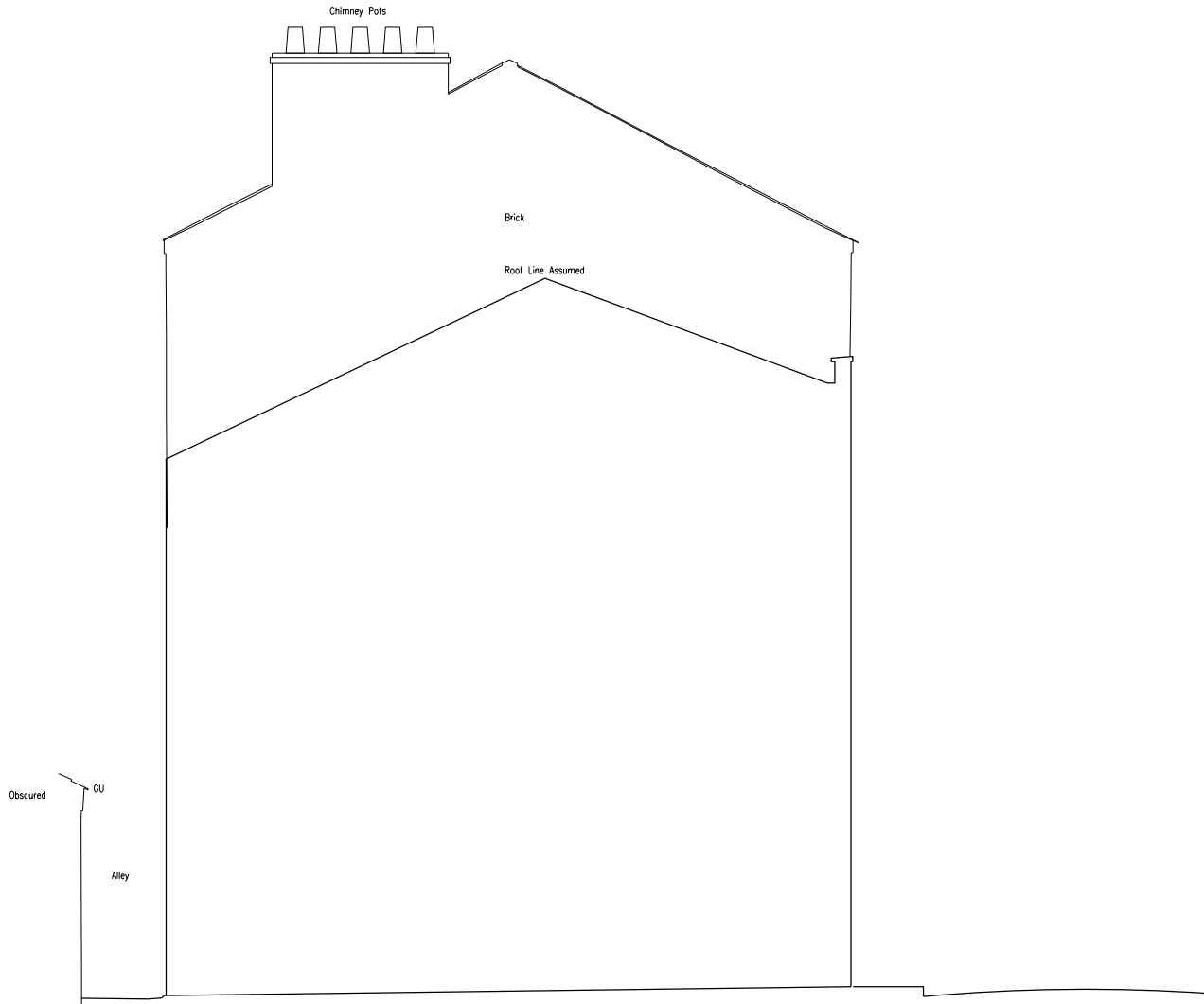
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note: preliminary first issue

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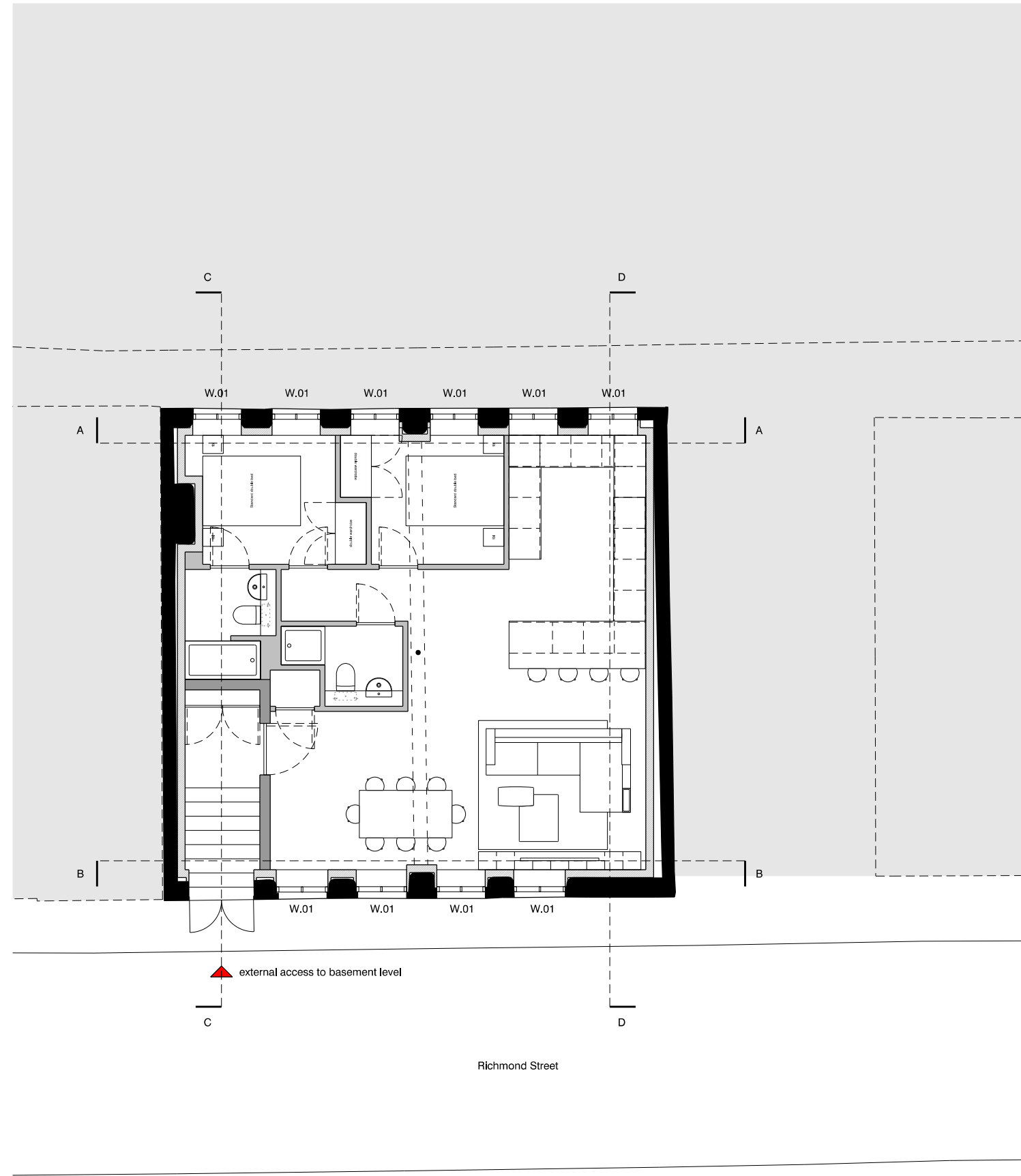
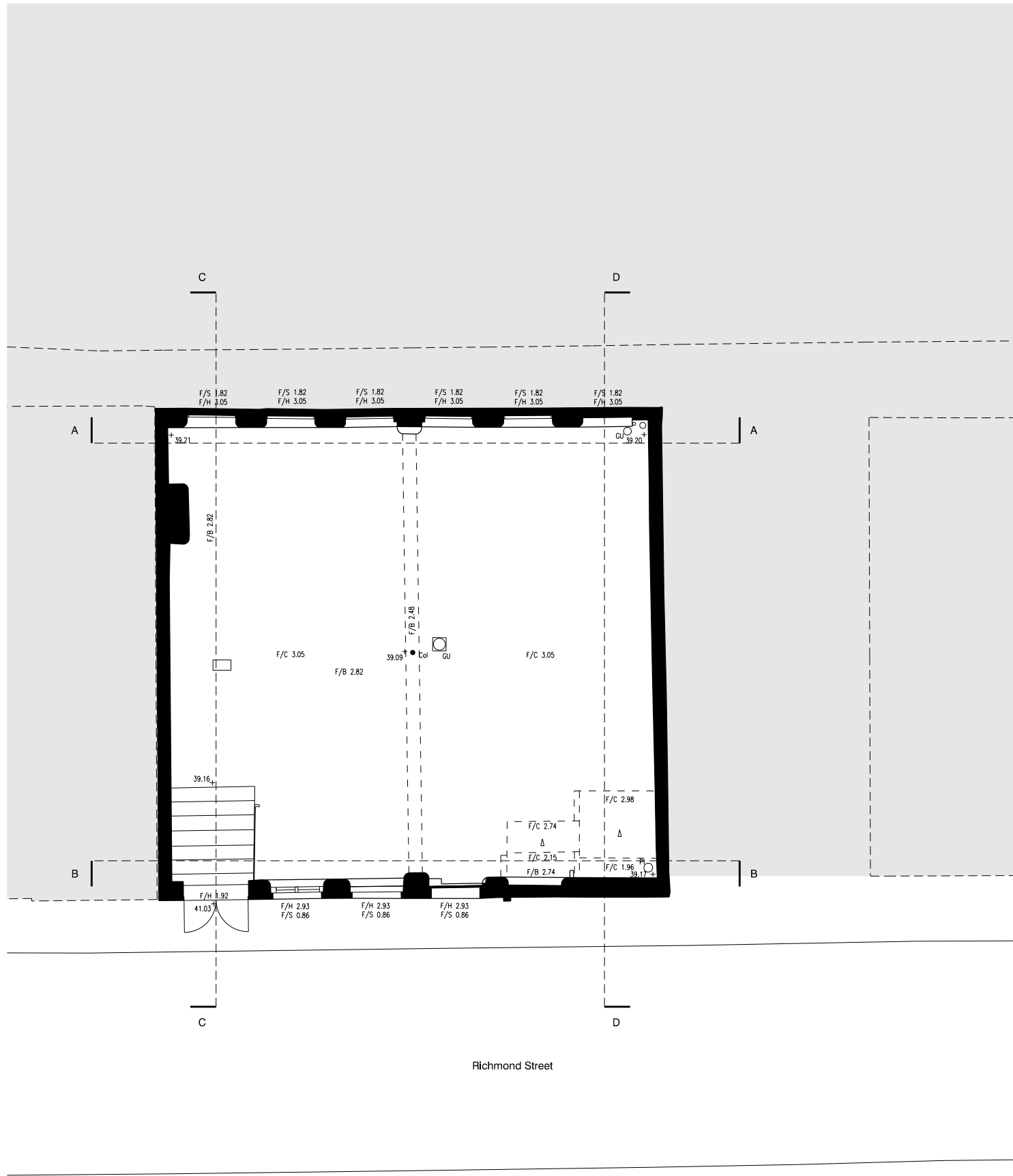


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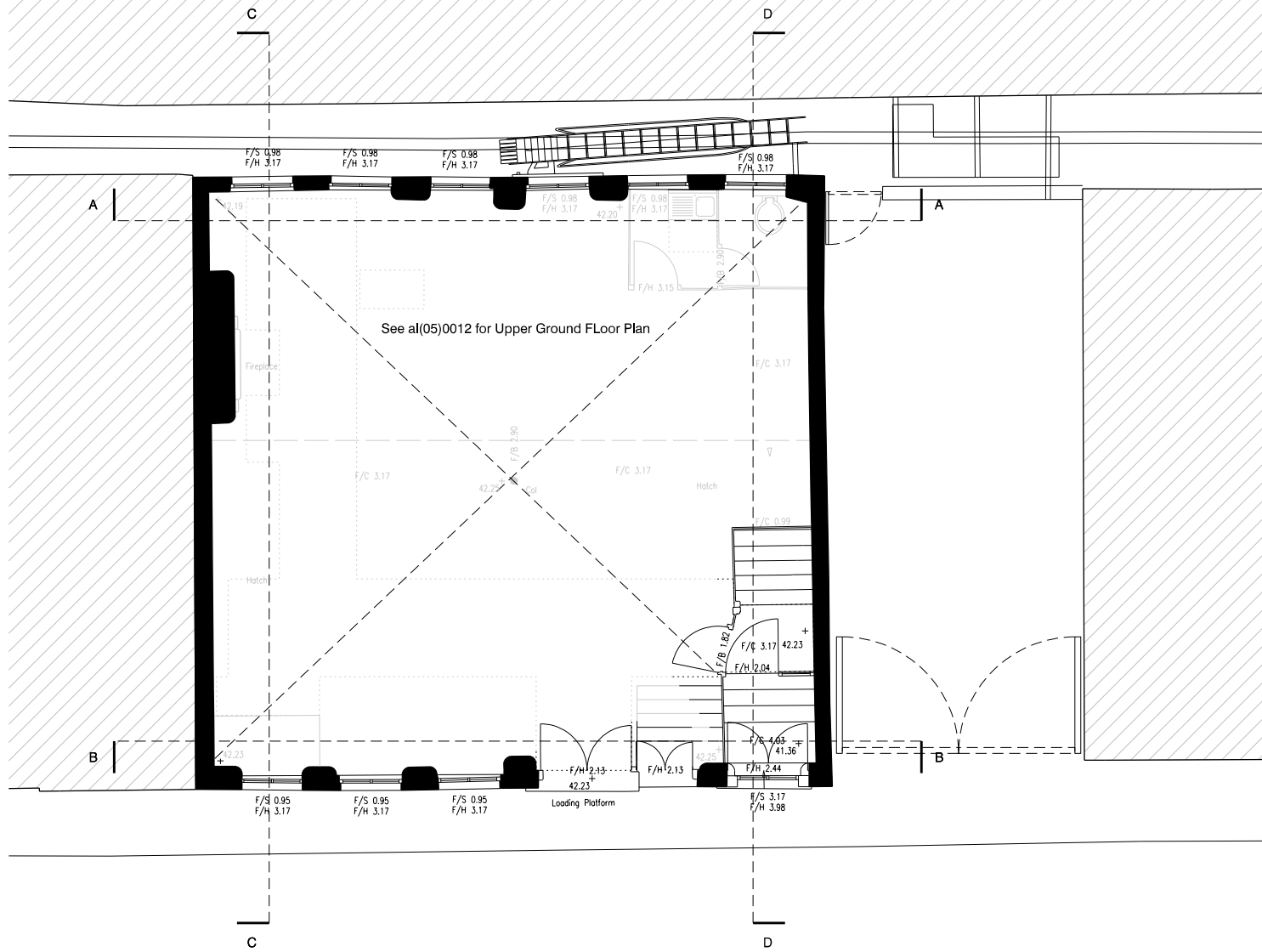
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project
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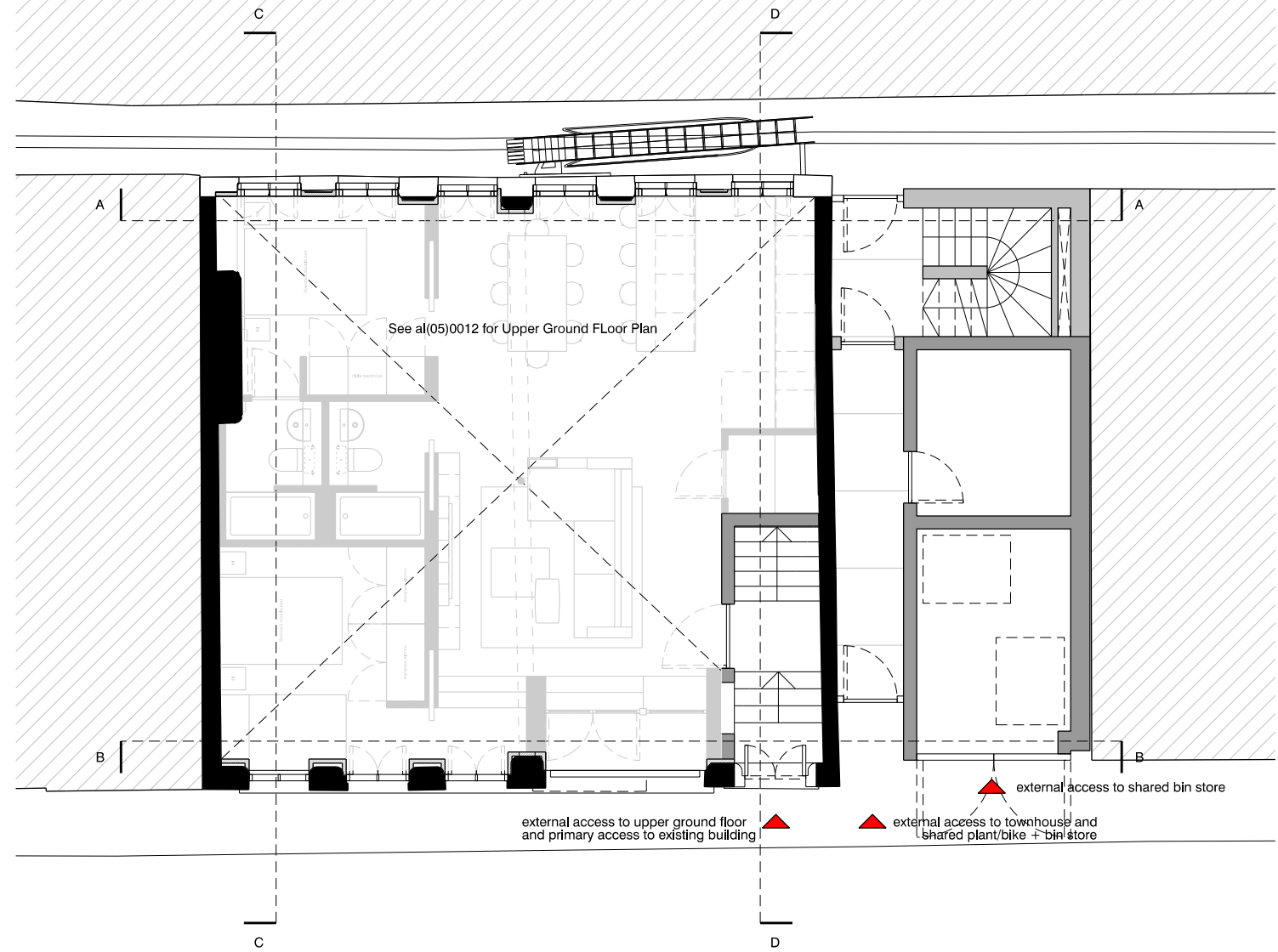
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Richmond Street

Existing Plan



Richmond Street

Proposed Plan

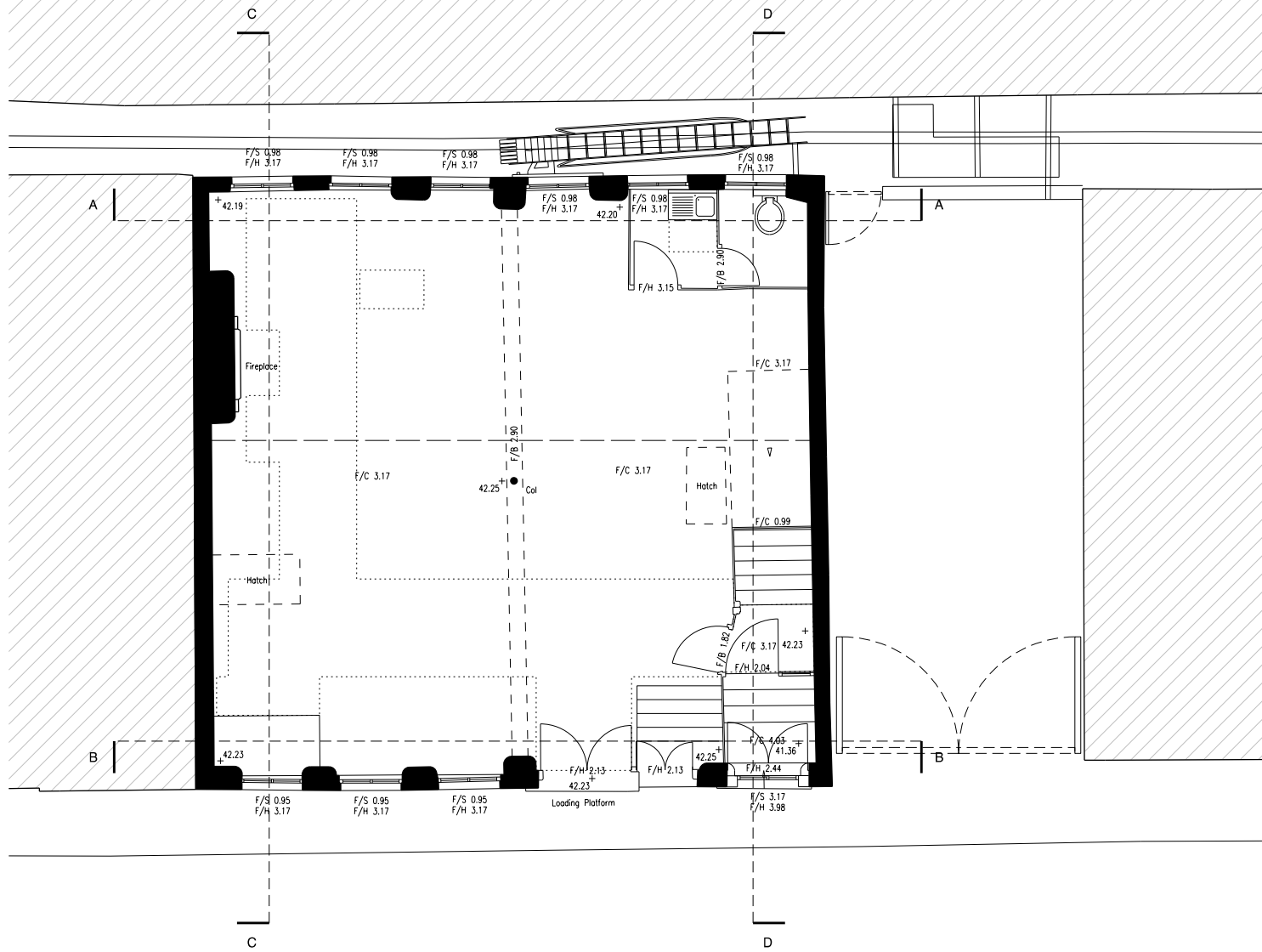
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note: preliminary first issue



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51-53 richmond st, manchester
job no.
7593
title
Existing + Proposed Ground Floor Plan
scale
1:100 @ A3
drawing no.
al(05)0011

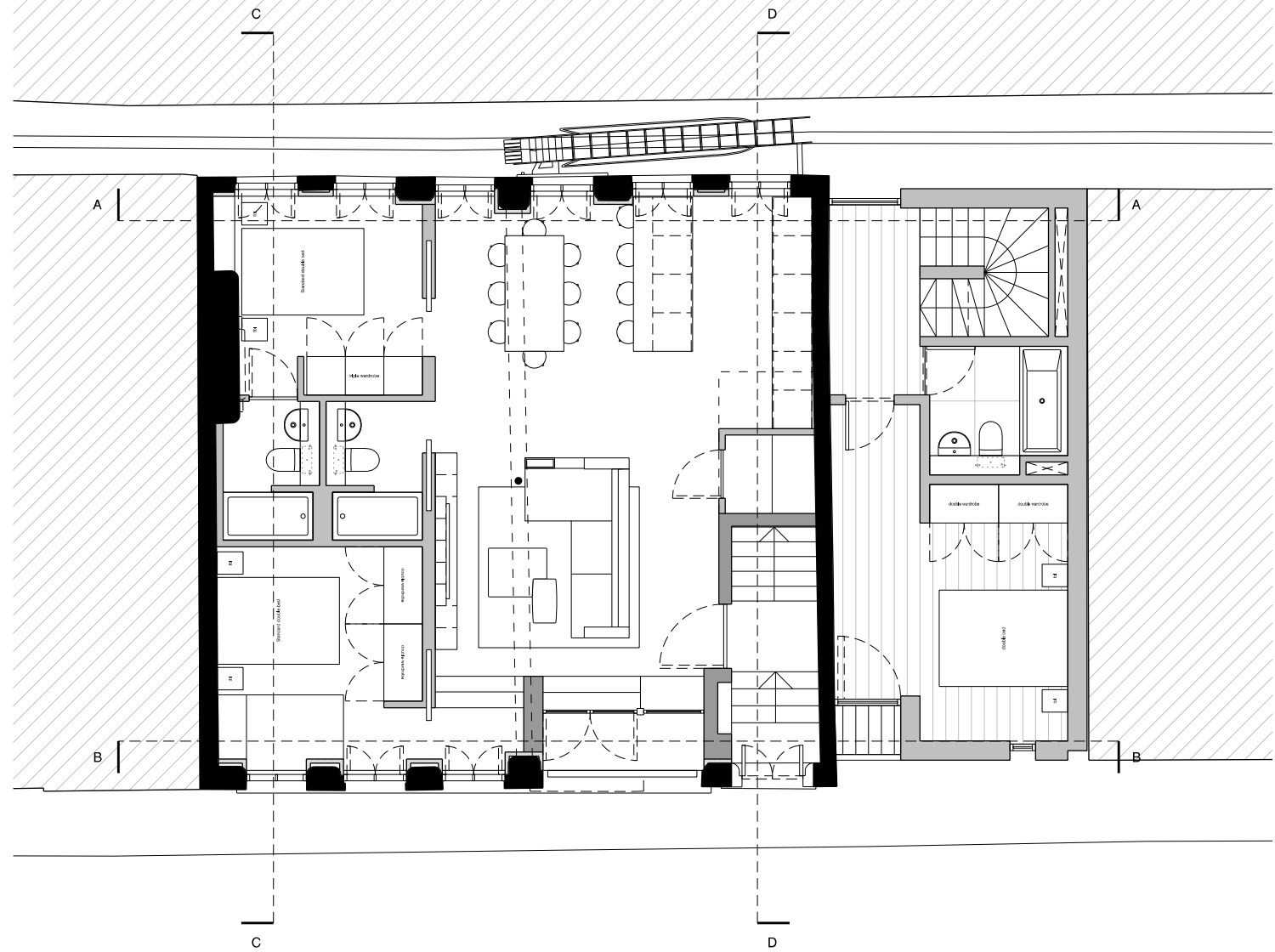
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4 commercial street
manchester, M15 4RQ
www.shr.studio
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Richmond Street

Existing Plan



Richmond Street

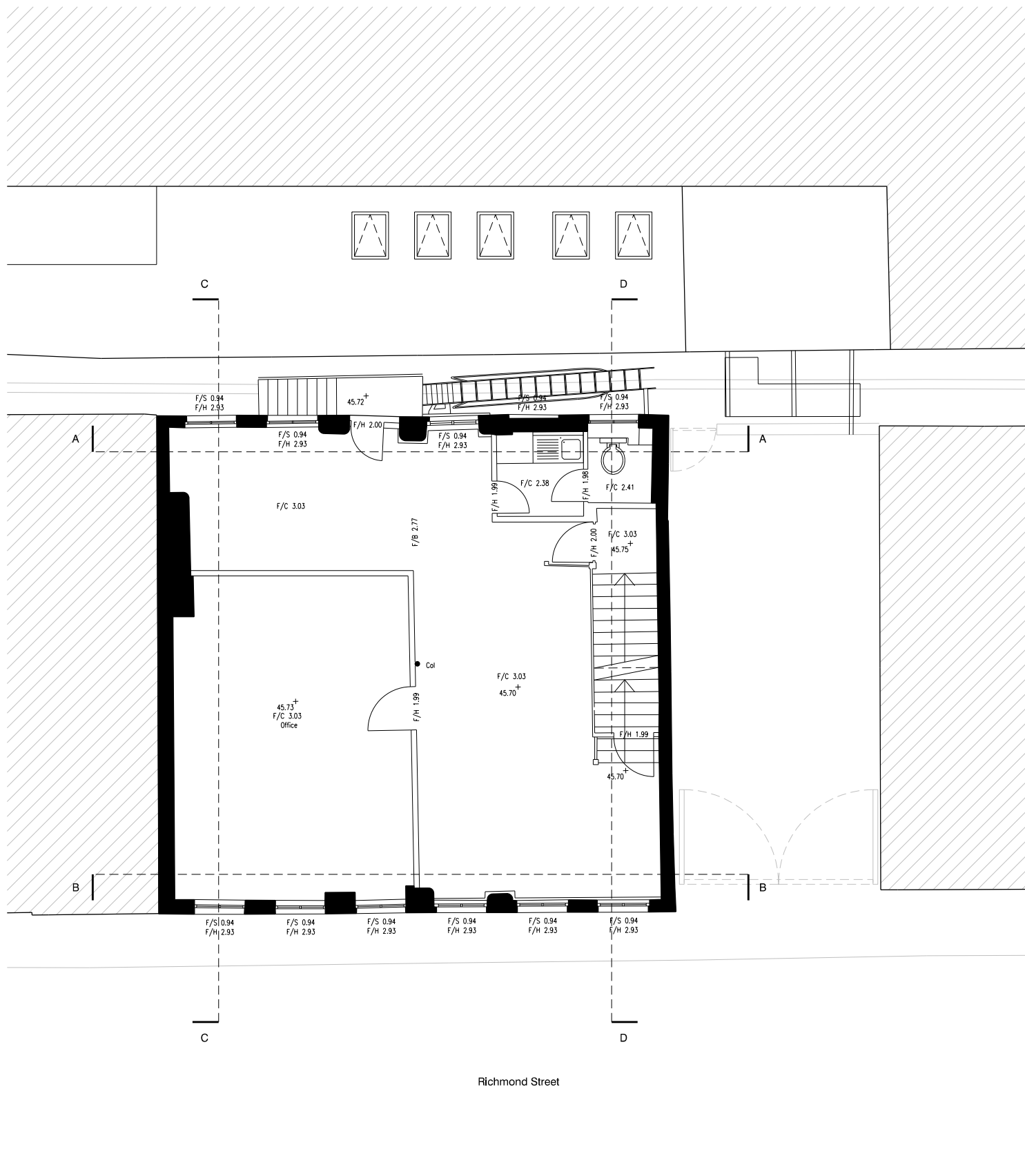
Proposed Plan

revision: P01
date: yyymmdd
note: preliminary first issue



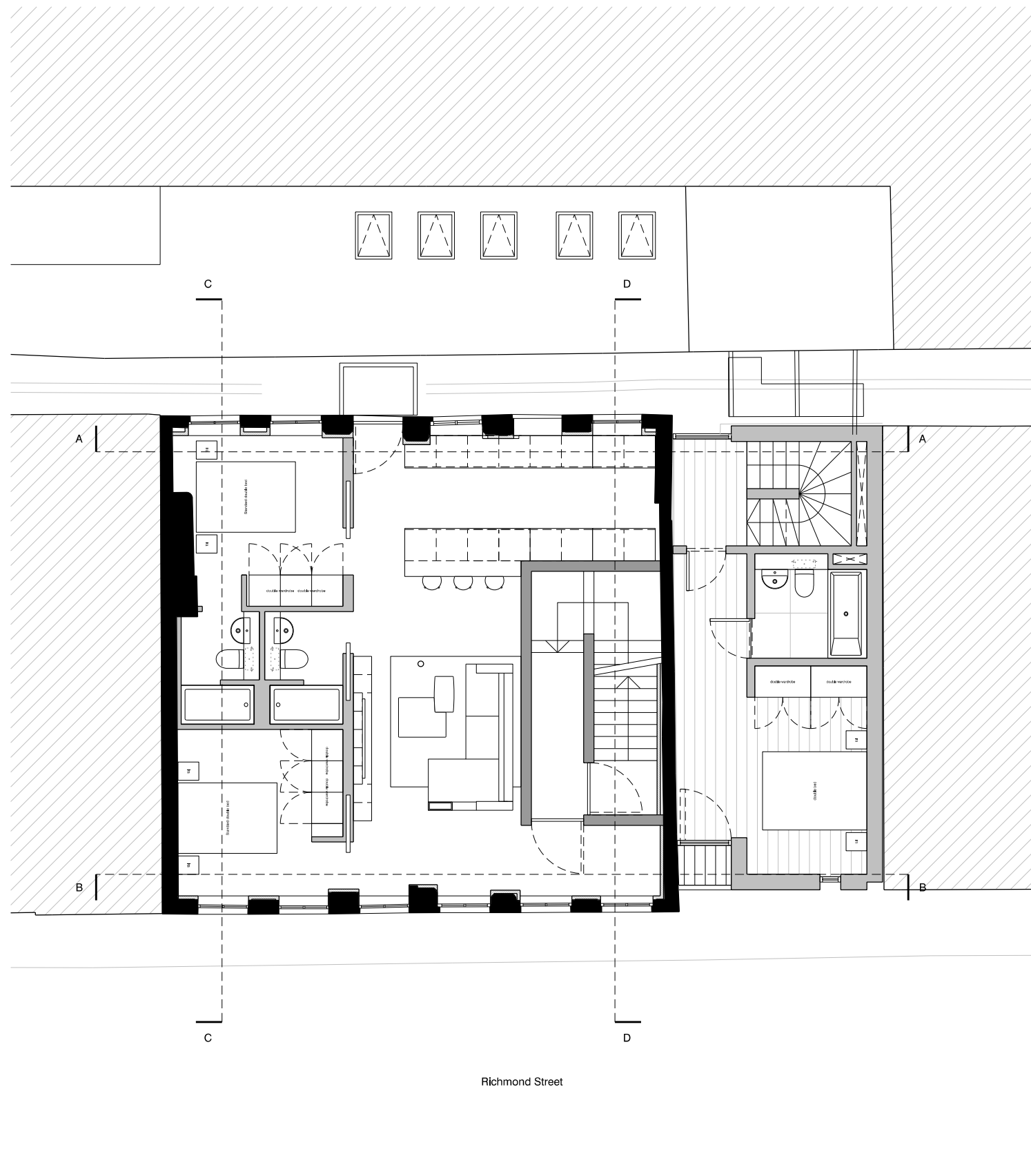
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51-53 richmond st, manchester
job no.
7593
title
Existing + Proposed Warehouse Upper Ground + Townhouse First Floor Plan
scale
1:100 @ A3
drawing no.
al(05)0012

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Richmond Street

Existing Plan



Richmond Street

Proposed Plan

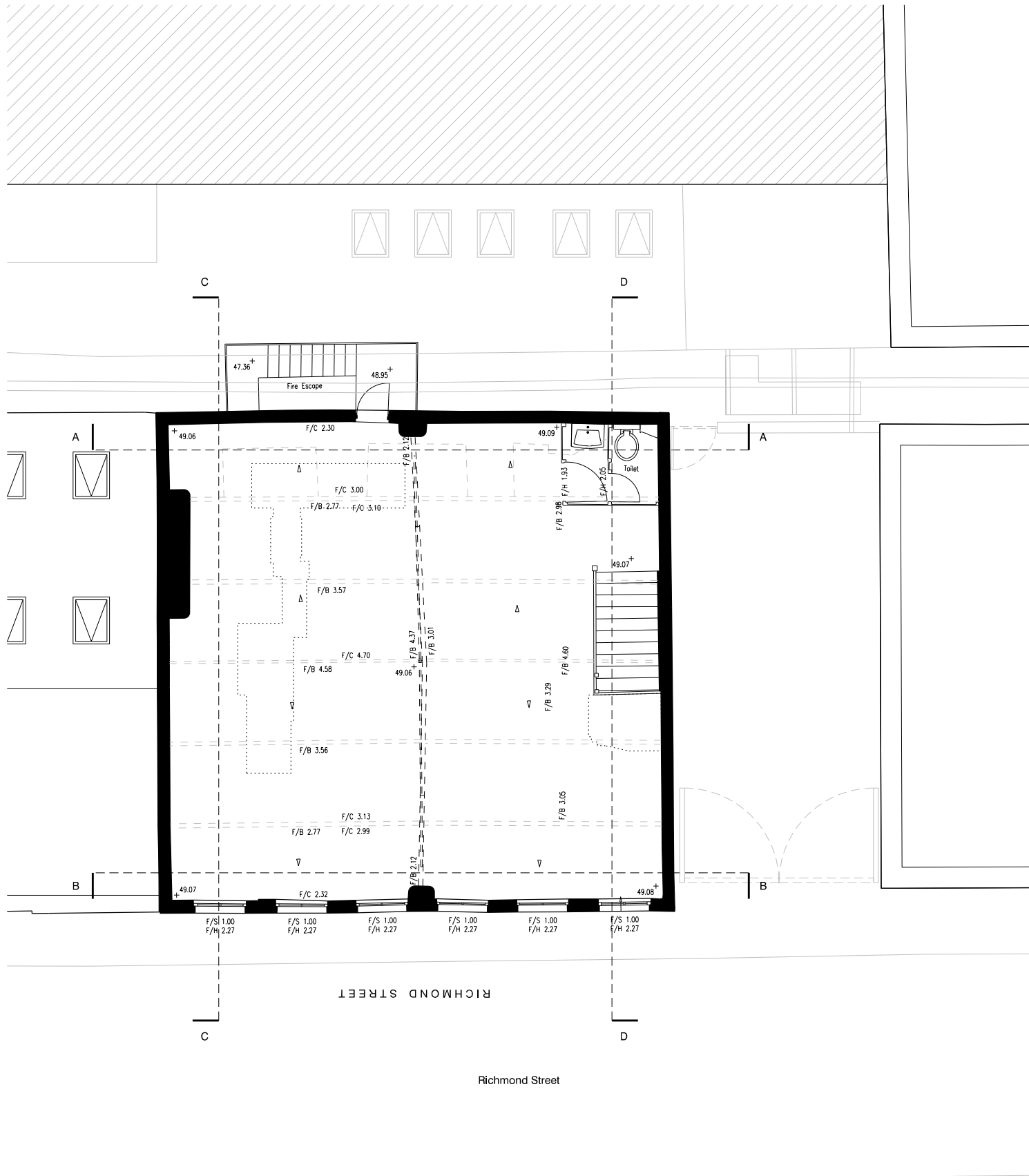
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project
51-53 richmond st, manchester
job no.
7593
title
Existing + Proposed Warehouse First + Townhouse Second Floor Plan
scale
1:100 @ A3
drawing no.
al(05)0013

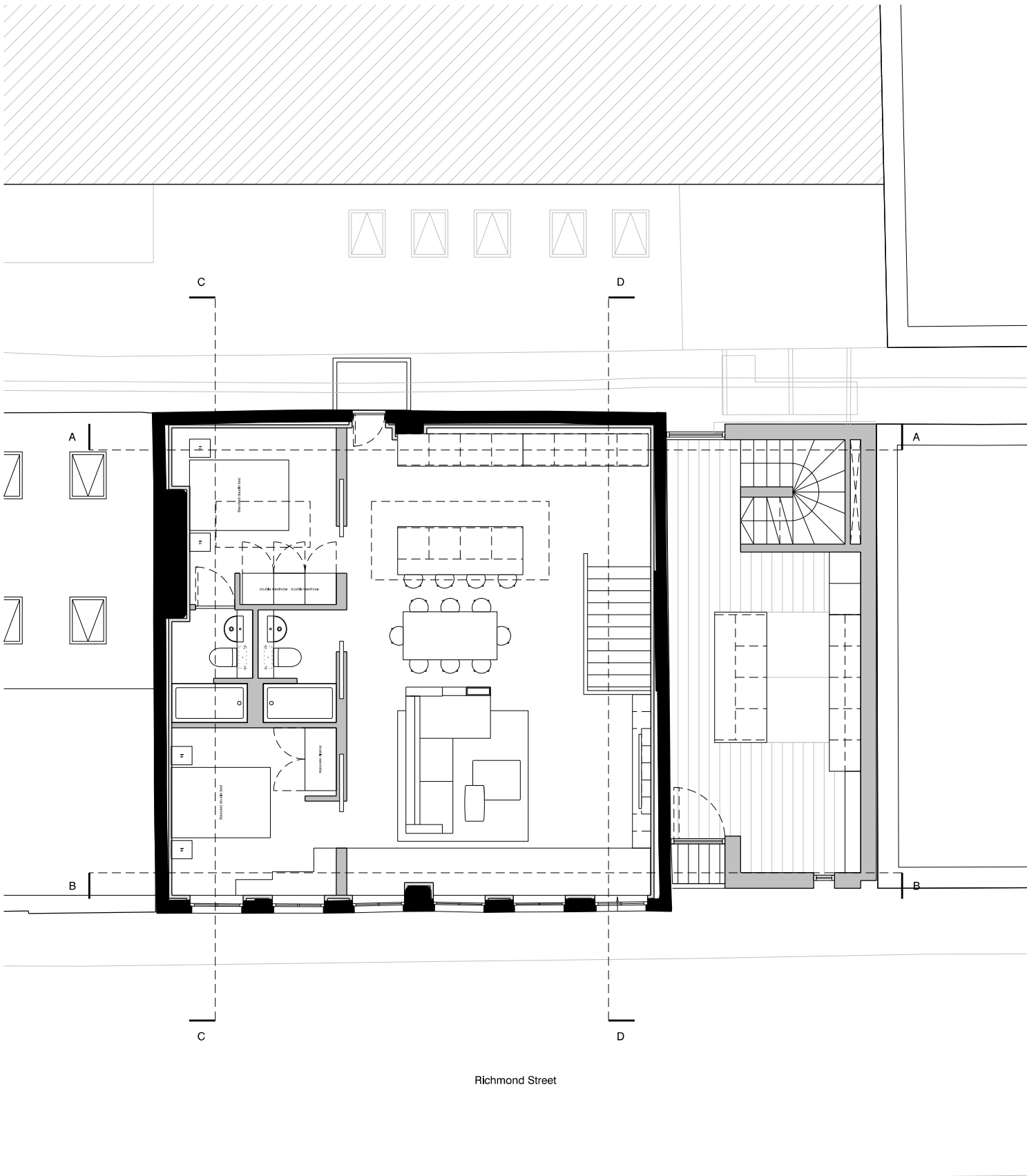
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Richmond Street

Existing Plan



Richmond Street

Proposed Plan

revision: P01
date: yyyyymmdd
note: preliminary first issue



project
51-53 richmond st, manchester

job no.
7593

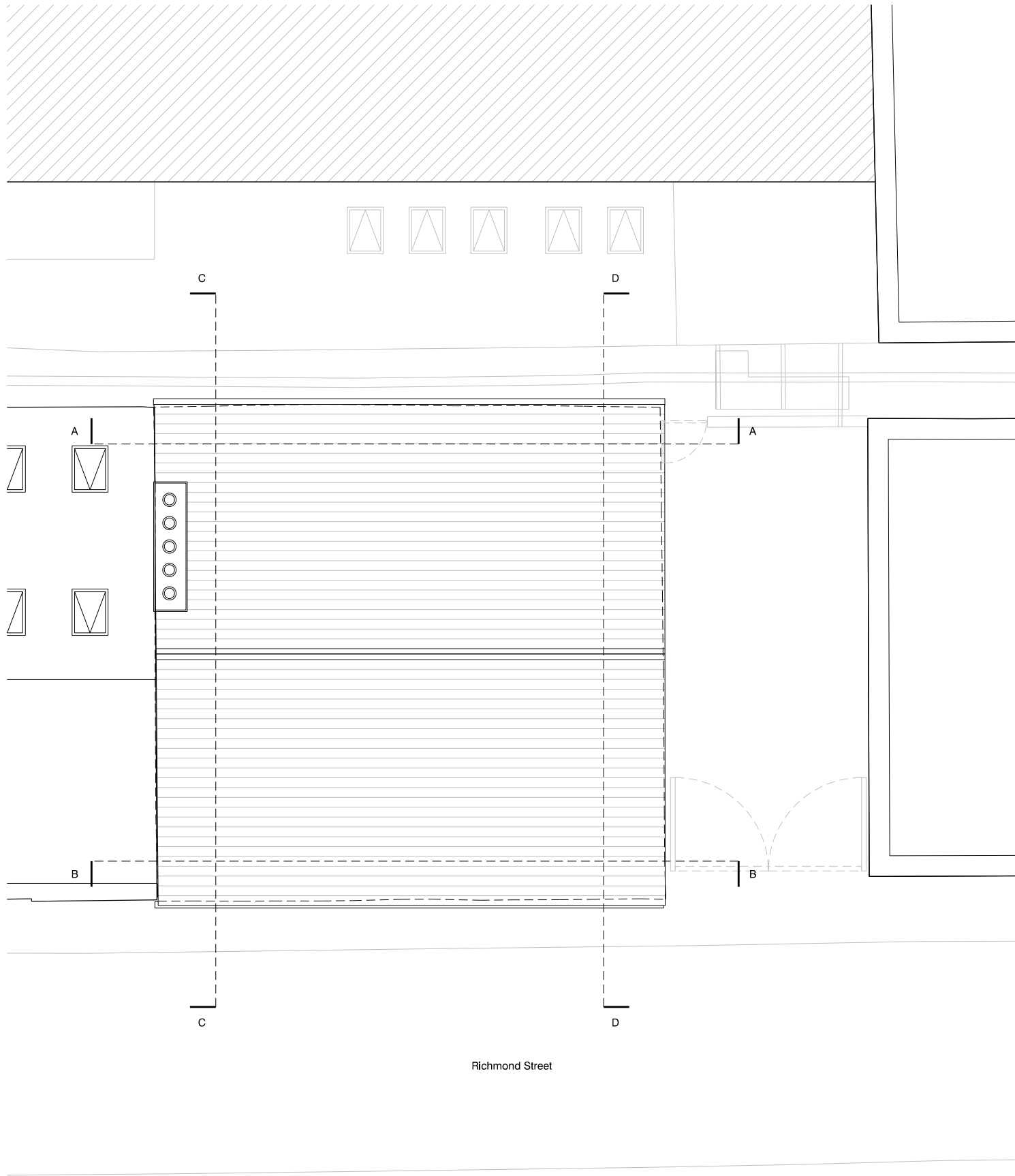
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scale
1:100 @ A3

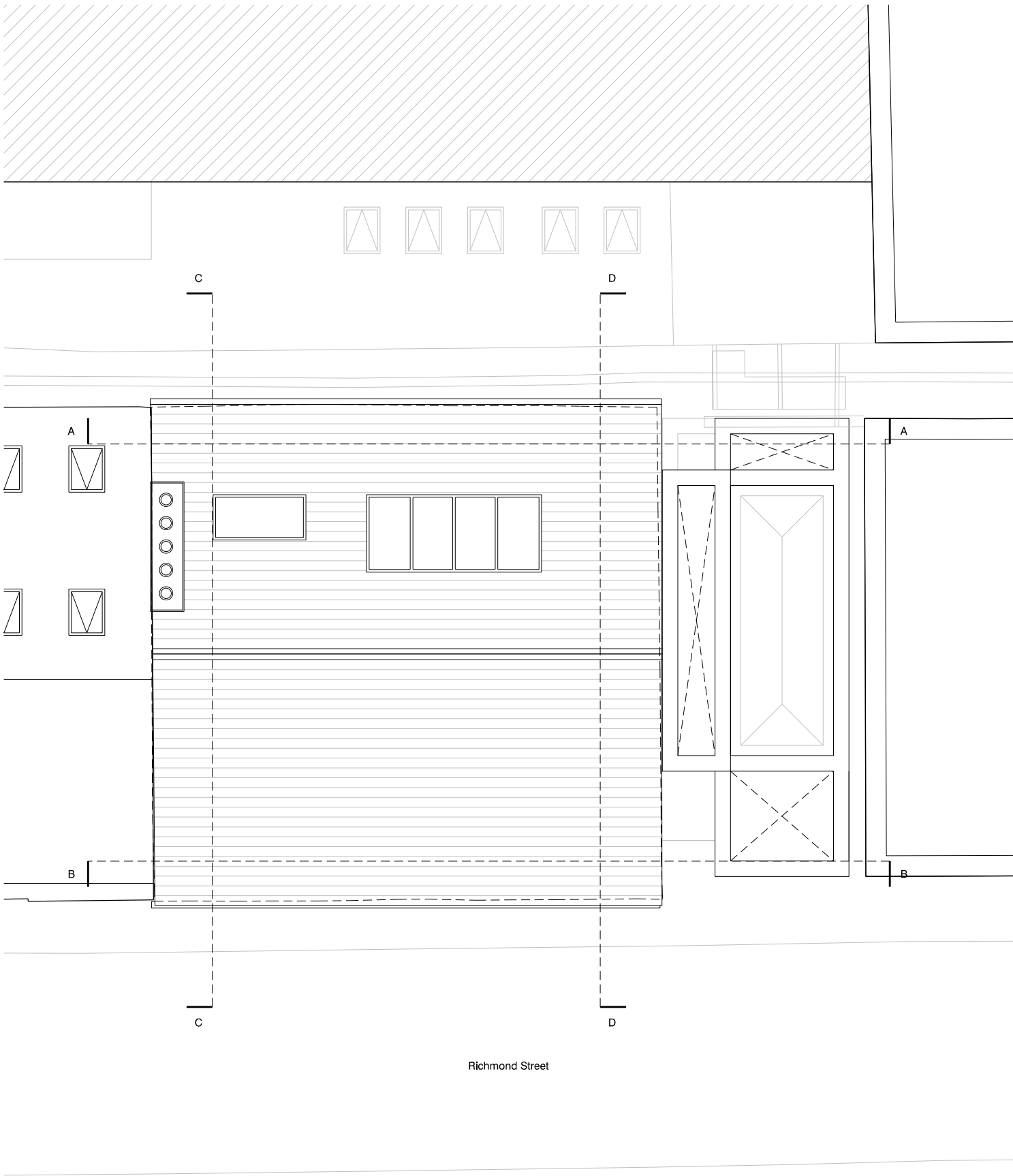
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Existing Plan



Proposed Plan

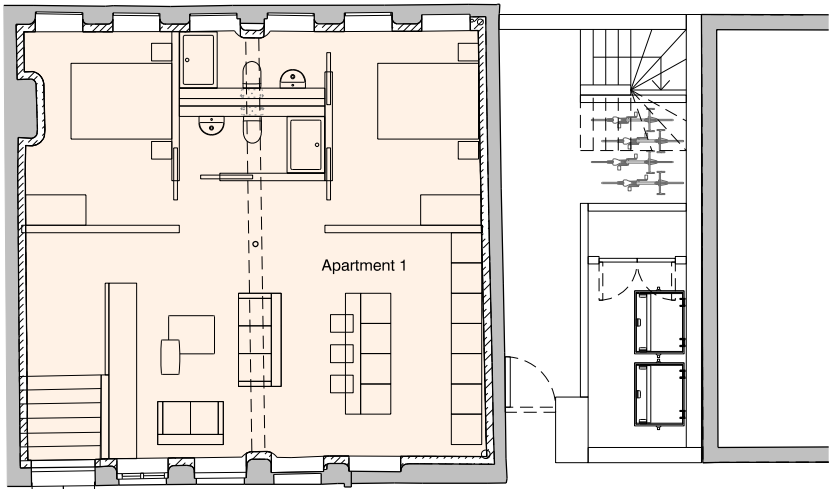
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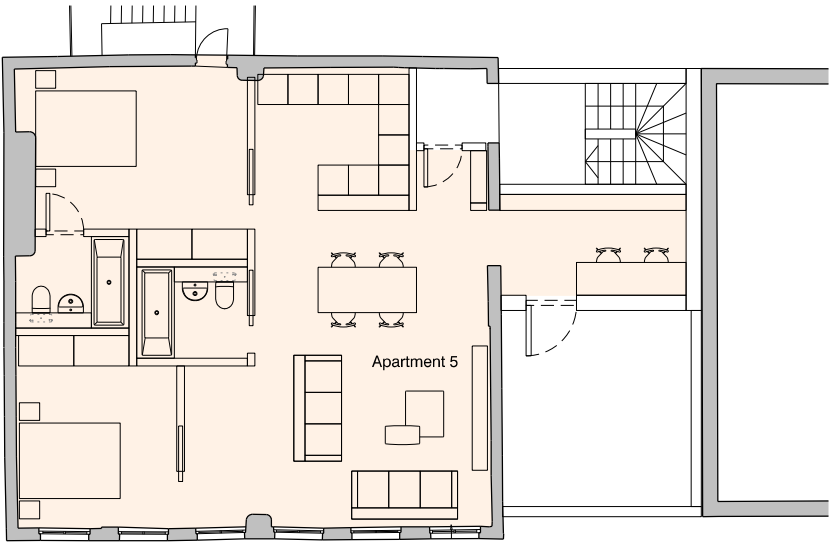
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job no.
7593
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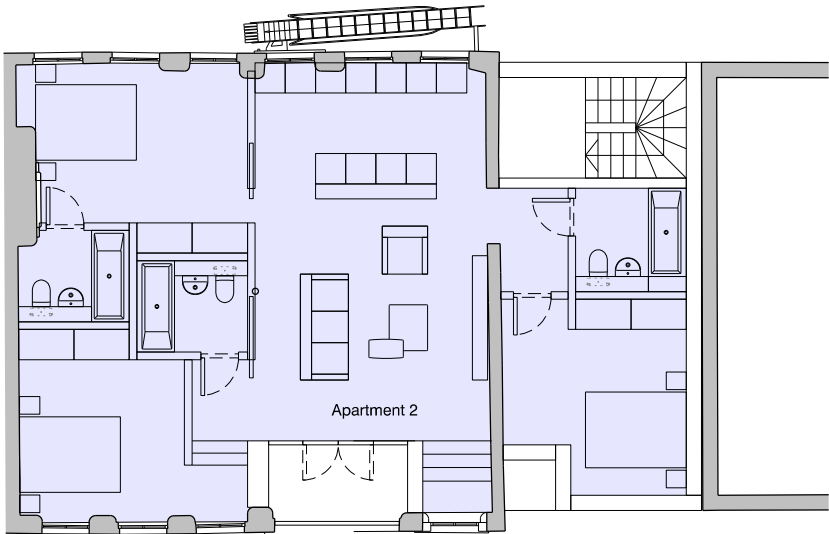
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email@shr.studio
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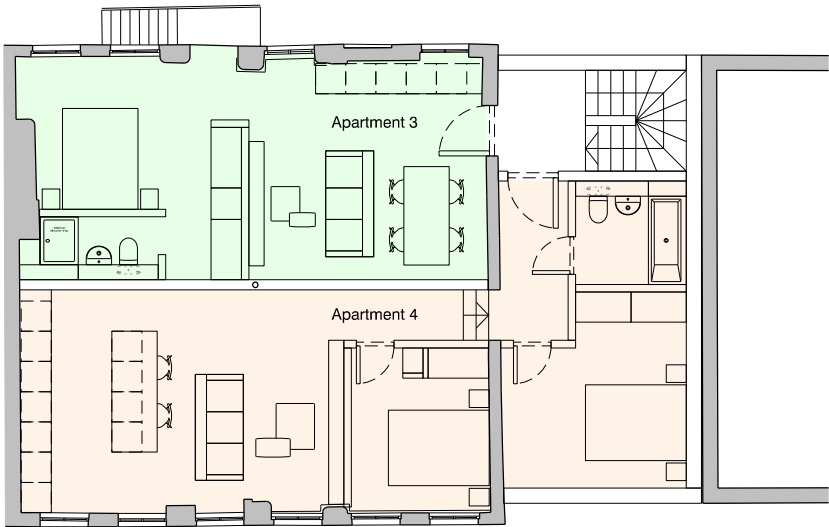
Lower Ground Floor Plan



Second Floor Plan



Upper Ground Floor Plan



First Floor Plan

Apartment 1	2 Bedrooms	76m2	818sqft
Apartment 2	3 Bedrooms	98m2	1054sqft
Apartment 3	1 Bedrooms	40m2	430sqft
Apartment 4	2 Bedrooms	63m2	678sqft
Apartment 5	2 Bedrooms	89m2	958sqft

Appendix 2 – BCIS Data

£/m2 study

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

Last updated: 14-Jan-2023 05:56

➤ Rebased to Manchester (103; sample 67)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	1,726	861	1,436	1,630	1,949	5,954	854
1-2 storey (15)	1,645	1,013	1,391	1,554	1,846	3,408	183
3-5 storey (15)	1,698	861	1,426	1,620	1,927	3,600	572
6 storey or above (15)	2,047	1,263	1,672	1,924	2,197	5,954	96
820.3 'One-off' housing terraced (3 units or less) (15)	1,869	1,355	1,421	1,622	1,865	3,536	14
Rehabilitation/Conversion							
816. Flats (apartments)							
Generally (15)	1,805	520	1,065	1,405	1,869	6,161	79
1-2 storey (15)	2,298	766	1,180	1,460	2,679	6,161	17
3-5 storey (15)	1,550	520	1,085	1,365	1,697	5,765	46
6 storey or above (15)	2,085	600	971	1,416	2,881	5,164	15
820.3 'One-off' housing terraced (3 units or less) (15)	4,854	2,247	3,608	4,606	6,009	8,337	12

Appendix 3 – Option 1 Appraisal

Date: 31/01/2022

CAPITAL VALUE

Private Residential

Unit	Unit Type	Sq Ft	Price	£ Sq Ft	
WH-B1	2	714	£270,000	£378	
WH-00	2	751	£290,000	£386	
WH-01	2	692	£280,000	£405	
WH-02	2	862	£320,000	£371	
TH4	2	1,114	£500,000	£449	
Total		4,133	£1,660,000	£402	
					1,660,000
TOTAL CAPITAL VALUE					1,660,000

DEVELOPMENT COSTS

Site Acquisition Costs

Fixed Site Value				238,000	
Stamp Duty	@	0.74%		1,760	
Agent and Legal Fees	@	1.80%		4,284	
TOTAL ACQUISITION FEES					244,044

Construction Costs

Flats Conversion	3,560	sq ft @	158 £ per sq ft	561,198	
Townhouse	1,461	sq ft @	151 £ per sq ft	220,105	
TOTAL CONSTRUCTION COSTS					781,303

Professional Fees & Payments

Contingency	@	10.00%		78,130	
Professional Fees	@	12.00%		93,756	
S106	@	5,250 / Unit		26,250	
TOTAL PROFESSIONAL FEES & PAYMENTS					198,137

Agency Fees & Contributions

Marketing, Agency & Legal fees	@	2.50%		41,500	
TOTAL AGENCY FEES AND CONTRIBUTIONS					41,500

Finance Costs

Finance - Interest	@	8.00%		54,586	
TOTAL FINANCE COSTS					54,586

Developer Profit

Residential	@	20.00%		332,000	
TOTAL DEVELOPER PROFIT					332,000
TOTAL DEVELOPMENT COSTS					1,651,570

PROFIT

	Residual Profit / Deficit	8,430
	Profit on Costs (%)	0.51%
	Profit on GDV (%)	0.51%

Appendix 4 – Option 2 Appraisal

Date: 31/01/2022

CAPITAL VALUE

Private Residential

Unit	Unit Type	Sq Ft	Price	£ Sq Ft
WH-B1	2	714	£270,000	£378
WH-00	2	751	£290,000	£386
WH-01	2	692	£280,000	£405
WH-02	2	862	£320,000	£371
TH4	2	969	£435,000	£449
Total		3,988	£1,595,000	£400

1,595,000

TOTAL CAPITAL VALUE 1,595,000

DEVELOPMENT COSTS

Site Acquisition Costs

Fixed Site Value				238,000
Stamp Duty	@	0.74%		1,760
Agent and Legal Fees	@	1.80%		4,284
TOTAL ACQUISITION FEES				244,044

Construction Costs

Flats Conversion	3,560	sq ft @	158 £ per sq ft	561,198
Townhouse	1,269	sq ft @	151 £ per sq ft	191,234
TOTAL CONSTRUCTION COSTS				752,432

Professional Fees & Payments

Contingency	@	10.00%		75,243
Professional Fees	@	12.00%		90,292
S106	@	5,250	/ Unit	26,250
TOTAL PROFESSIONAL FEES & PAYMENTS				191,785

Agency Fees & Contributions

Marketing, Agency & Legal fees	@	2.50%		39,875
TOTAL AGENCY FEES AND CONTRIBUTIONS				39,875

Finance Costs

Finance - Interest	@	8.00%		53,567
TOTAL FINANCE COSTS				53,567

Developer Profit

Residential	@	20.00%		319,000
TOTAL DEVELOPER PROFIT				319,000

TOTAL DEVELOPMENT COSTS 1,600,703

PROFIT

Residual Profit / Deficit	-5,703
Profit on Costs (%)	-0.36%
Profit on GDV (%)	-0.36%

Appendix 5 – Option 3 Appraisal

Date: 31/01/2022

CAPITAL VALUE

Private Residential

Unit	Unit Type	Sq Ft	Price	£ Sq Ft
Apt.1	2	714	£270,000	£378
Apt.2	2	1,023	£360,000	£352
Apt.3	2	415	£180,000	£433
Apt.4	2	664	£250,000	£376
Apt.5	2	929	£350,000	£377
Total		3,745	£1,410,000	£377

1,410,000

TOTAL CAPITAL VALUE 1,410,000

DEVELOPMENT COSTS

Site Acquisition Costs

Fixed Site Value				238,000
Stamp Duty	@	0.74%		1,760
Agent and Legal Fees	@	1.80%		4,284
TOTAL ACQUISITION FEES				244,044

Construction Costs

Flats Conversion	3,560	sq ft @	158 £ per sq ft	561,198
Flats Extension	1,118	sq ft @	151 £ per sq ft	168,318
TOTAL CONSTRUCTION COSTS				729,516

Professional Fees & Payments

Contingency	@	10.00%		72,952
Professional Fees	@	12.00%		87,542
S106	@	5,250	/ Unit	26,250
TOTAL PROFESSIONAL FEES & PAYMENTS				160,493

Agency Fees & Contributions

Marketing, Agency & Legal fees	@	2.50%		35,250
TOTAL AGENCY FEES AND CONTRIBUTIONS				35,250

Finance Costs

Finance - Interest	@	8.00%		52,758
TOTAL FINANCE COSTS				52,758

Developer Profit

Residential	@	20.00%		282,000
TOTAL DEVELOPER PROFIT				282,000

TOTAL DEVELOPMENT COSTS 1,504,062

PROFIT

Residual Profit / Deficit	-94,062
Profit on Costs (%)	-6.25%
Profit on GDV (%)	-6.67%



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