



VIABILITY ASSESSMENT

The Former Olympic Freight Terminal, Bennett Street, Manchester.

Prepared on Behalf of:

Kellen Homes

August 2022



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1.0 INTRODUCTION

- 1.1 Kellen Homes has Commissioned Northern Land Agency (NLA) to provide a Financial Viability Assessment (FVA) in support of the planning application for the redevelopment of the former Olympic Freight Terminal, Bennett Street, Manchester.
- 1.2 The application proposals are comprised of the redevelopment of the former industrial sites for a development of 272 residential dwellings and a community centre. The residential units are proposed to be delivered for the Private Rented Sector (PRS), commonly referred to as a build-to-rent development. The Community Centre is to be gifted by the developer at nil value.
- 1.3 In preparing this report NLA have had due regard to:
- The National Planning Policy Framework (NPPF) 2021
 - NPPG Guidance on Viability in Planning (2019)
 - RICS Professional Statement Financial viability in planning: conduct and reporting (2019)
 - RICS Guidance Note Assessing viability in planning under the National Planning Policy Framework 2019 for England (2021)

2.0 BASIS OF INSTRUCTION & DECLARATION

- 2.1 NLA have been instructed by the applicant to undertake an assessment of the financial viability of the subject site and the scheme that is depicted in the application drawings.
- 2.2 This Financial Viability Assessment (FVA) review has been prepared by Tom Merrills and John Dunlop (MRICS), in accordance with the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting (1st edition)* dated May 2019 and the RICS Guidance Note: *Assessing viability in planning under the National Planning Policy Framework 2019 for England (1st Edition)*.
- 2.3 This viability review has been carried out objectively by a suitably qualified practitioner acting with impartiality and in accordance with the terms of the engagement between the applicant and Northern Land Agency.
- 2.4 NLA do not consider that any conflict of interest, or risk of conflict of interest arises from any of our previous, ongoing or future business activities and this instruction.
- 2.5 In preparing this FVA review, no performance-related or contingent fees have been agreed. We confirm that this FVA review has been carried out in accordance with Section 4 – Duty of Care and Due Diligence of the RICS Professional Statement and that full consideration has been given to the matters referenced in Section 4.

3.0 EXECUTIVE SUMMARY

Site Information	The site is located off Bennett Street near to its junction with the A57 Hyde Road in West Gorton and extends to a gross site area of 12.68 acres (5.13 hectares) with a net developable area of 10.35 acres (4.19 hectares)
Scheme Description	The proposals are for a residential scheme of 100 apartments, arranged over 3 separate blocks up to 4-storeys, with 172 low-rise family houses and a community centre.
GDV	£80,556,522
Base Build Costs	A base build cost (including external works) of £135 per sqft has been allowed for the new build housing. A base build cost (including external works) of £165 per sqft has been allowed for the 4-storey apartment blocks.
Additional Build Costs	An allowance of £955,000 has been allowed to reflect the additional costs that the new build units will incur, to meet new Part L of building regulations.
Abnormal Costs	£7,733,966
Developer Return	15% for the applicant's scheme of build to rent 20% in the instance of a scheme for market sale
Benchmark Land Value	£16,600,000 based on the existing use of the site as industrial land, inclusive of a 20% uplift to reflect the incentive for a landowner to bring the site forward for development and aligned with the agreed purchase price.
Appraisal Results	Based on the applicants build to rent proposals including the community centre, the developer return is 8.92% which is significantly below the threshold developer return, indicating there is a viability constraint when zero affordable housing is considered. With 20% affordable housing on site, the viability deficit increases to the degree that there is a developer loss of -£540,000. (-0.74%)
Report Conclusion	The report concludes that based on a build-to-rent scheme including the community centre, the site cannot sustain any on site affordable housing. The report also assesses a scheme of market housing for sale, and this scheme performs broadly comparable to the build-to-rent scheme.

4.0 Assessing Financial Viability in Planning

- 4.1 The NPPF (as amended 2021) envisages that Financial Viability in Planning is broadly determined at the plan making stage of development, stating:

“plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan” (Para 34.)

- 4.2 NPPF further adds that:

“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.” (Para 058.)

- 4.3 NPPF and NPPG highlight that the primary point at which viability ought to be assessed is at the plan-making stage and that where a local plan is up to date, and the evidence and viability assessment that supported the plan is up to date, development schemes that accord with the plan ought to be deemed viable.

- 4.4 Planning Guidance (NPPG) issued alongside the NPPF notes that in relation to plan making:

“These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development.” (para 001.)

then adding:

“The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.” (Para 002.)

And further, NPPG goes on to define Viability as:

“Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return.” (Para 010)”

- 4.5 To define viability, the RICS Guidance note: Assessing viability in planning under the National Planning Policy Framework 2019 for England (March 2021) provides a useful illustration of the planning viability equation, and this is highlighted in Figure 1 below:

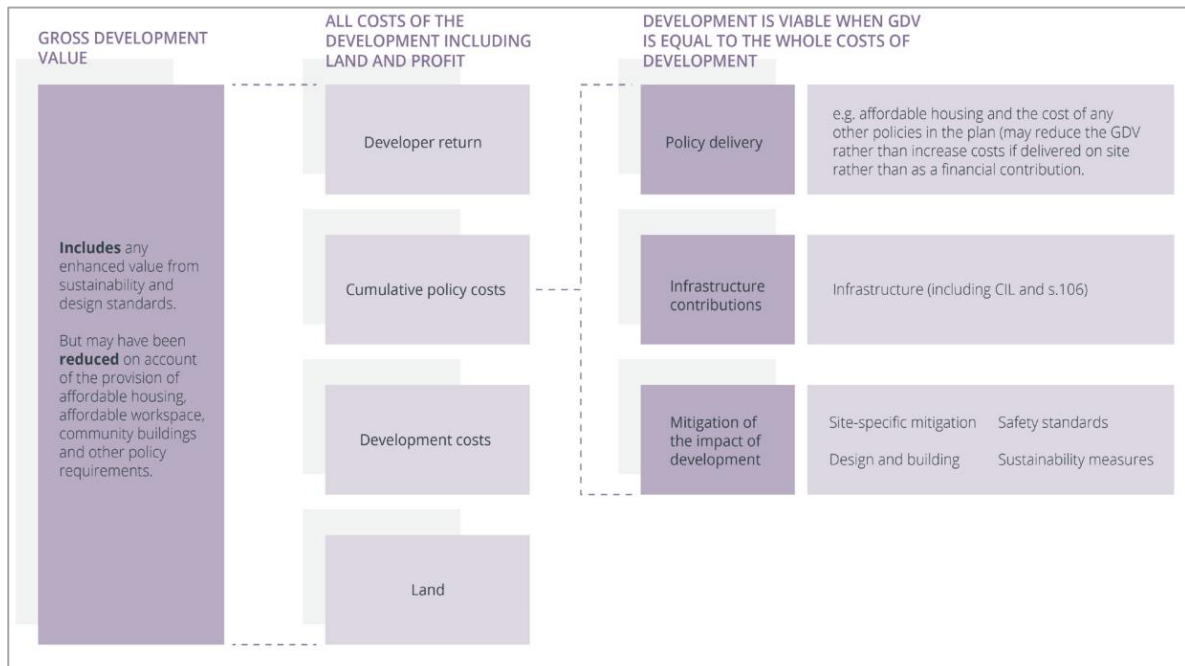


Figure 1

- 4.6 With regard to a Financial Viability Assessment, the RICS guidance states that:

An FVA should determine whether developments are capable of providing levels of developer contributions that comply with policy in both emerging and up-to-date plans. More specifically, an FVA estimates whether planned developments with policy-compliant levels of developer contributions are able to provide:

- a minimum reasonable return to the landowner (defined as the EUV plus a premium), and
- a suitable return to the developer (defined in PPG paragraph 018)

- 4.7 The expectation from NPPF and NPPG is that viability is principally tested at the plan making stage and on the assumption that the Plan and the evidence base is up to date, then developments or development typologies that were tested and deemed viable at the plan making stage, will remain viable at the application stage and viability ought not to be revisited.

- 4.8 The NPPG highlights a series of exceptions to this expectation however, whilst emphasising the burden to demonstrate viability is on the applicant, stating:

“It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up-to-date plan policies. A decision maker can give appropriate weight to emerging policies.

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” (Para 007.)

NPPG highlights that the onus is on the applicant to demonstrate as part of the application process whether the site circumstances warrant viability assessment at the application/decision making stage.

4.9 In the case of the subject site, the requirement for viability assessment is for the following reasons:

- Additional information is now available in respect of site-specific costs of delivery and infrastructure
- The typology/tenure contemplate by the application was not tested at plan making stage
- There have been significant economic changes since the date of the plan making assessment

5.0 SITE DETAILS

- 5.1 The application site is located off Bennett Street in Manchester and is bound to the west by the railway viaduct and active railway line providing services along the West Coast Mainline to Manchester Piccadilly. The railway arches underneath the viaduct are largely in use and are accessible from the Maple Industrial Estate situated to the west of the site. The site is bound to the north by shrubbery, a car park servicing Ardwick station, located near to the site's north-western corner, and an elevated railway on the Hope Valley Line, offering a service to Hadfield and Marple, and from Rose Hill Marple. To the east is the Guinness Partnership's residential estate which backs on to the site. The Armitage Church of England Primary School is located beyond these residential properties. The surrounding area comprises low rise residential development with some areas containing industrial, storage and retail warehouses (Class B2 and B8 uses).
- 5.2 The site is irregular in shape and extends to a gross site area of 12.68 acres (5.13 hectares) with a net developable area of 10.35 acres (4.19 hectares)
- 5.3 The location of the site is shown in Figure 2, the proposed site layout is included at Appendix 1.

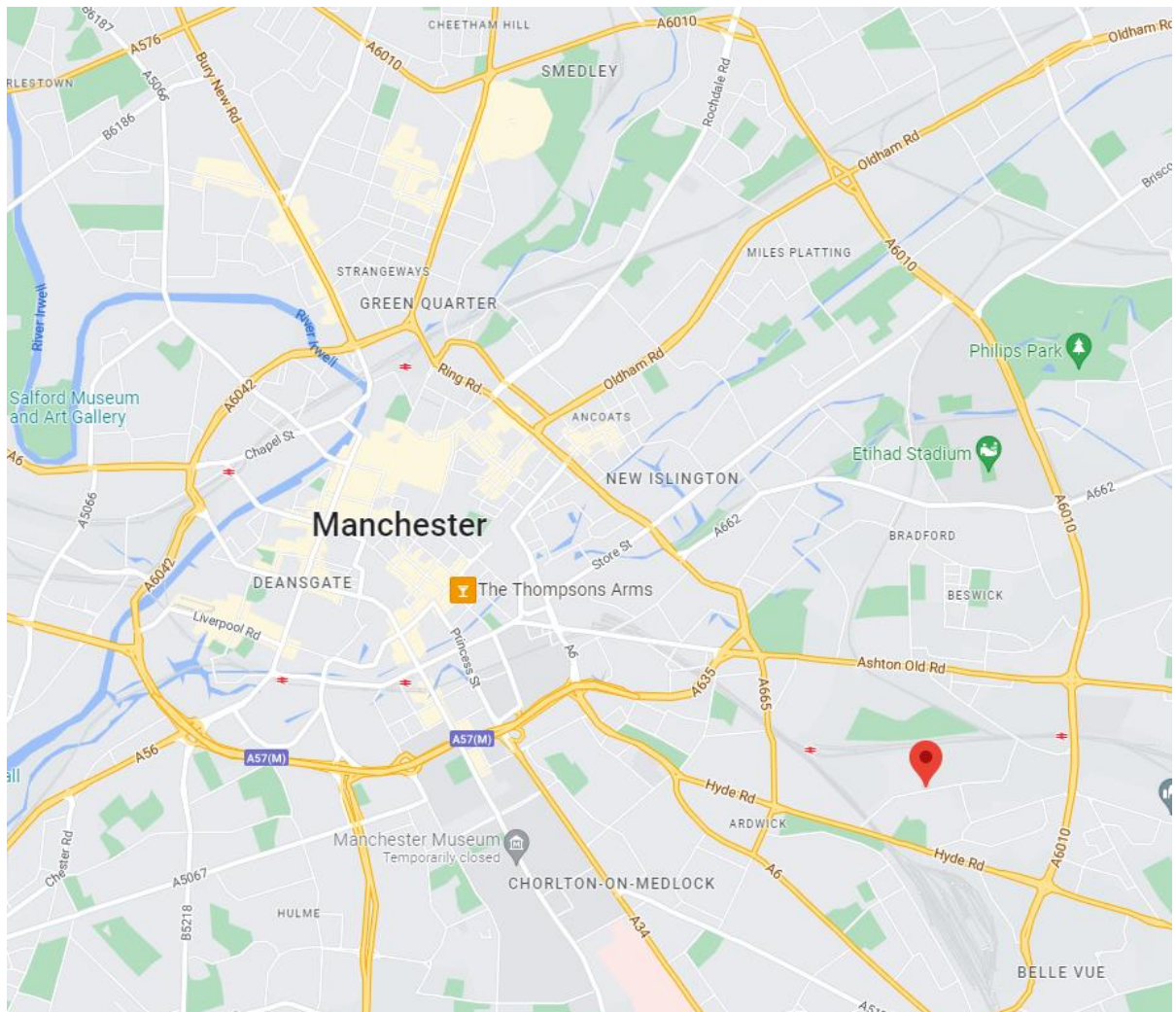


Figure 2

6.0 APPRAISAL INPUTS

Accommodation

- 6.1 We have approached the appraisals using a residual methodology, adopting a fixed developer return as a 'cost' within the appraisal and deducting this, along with all other appraisal costs, to arrive a residual land value, which we then compare against a Benchmark Land Value.
- 6.2 Figure 3 below summarises the accommodation schedule inputs for ease of reference

Unit Name	Type	No of Beds	No of Units	Size (FT ²)
2B Apartment	Apartment	2	100	754
Larch	Townhouse	3	18	1,118
Hickory	Semi	2	40	766
Olive	Semi	2	1	768
Acacia	Semi	3	11	958
Cedar	Semi	3	70	958
Palm	Townhouse	4	32	1,262
Total			272	256,224

Figure 3

- 6.3 In addition to the net saleable area on the proposed layout, a further 15% allowance of the apartment buildings has been allowed for to reflect the circulation space and common areas within the apartment blocks.
- 6.4 During pre-application discussions, the applicant was encouraged to explore the possibility of including a modest-sized community centre within the proposals. The extract in Figure 4 below models the location of a 862ft² centre, taking the place of two residential units formerly planned on the site.

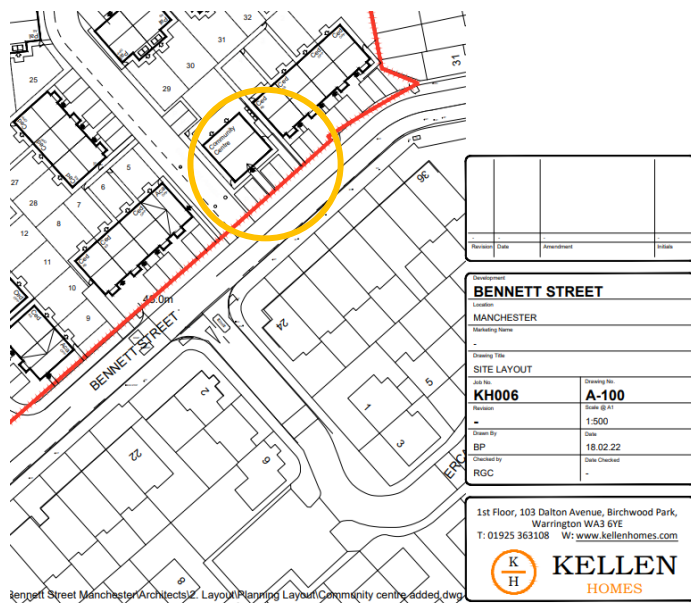


Figure 4

- 6.5 The proposal has resulted in a reduction of residential units by two, and a reduction in residential build cost and revenue. Assuming the community centre is planning gain, and transferred for zero consideration, there would be no revenue associated with the delivery of a community center.

Gross Development Value

- 6.6 The PPG states the following:
“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”
- 6.7 The RICS Guidance Note also defines this as follows:
“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 pm that date.”
- 6.8 We have therefore assessed the GDV with reference to the comparable method of valuation.
- 6.9 Average prices for the M12 5NL area are as follows:
- Detached £466,479
 - Semi Detached £293,710
 - Terraced £205,043
 - Apartments £171,359

There are modest numbers of sales transactions in the M12 5 submarket area historically, with 7 recorded in 2022 to date and 54 recorded in 2021.

- 6.10 There is a large degree of new build competitor sites in the locality but there is a notable spread between ‘prime’ city centre schemes and more ‘fringe’ edge of urban developments. In assessing the market, we have reviewed and discounted the following schemes as incomparable to the subject site:
- DeTrafford – Elisabeth Gardens. This is a site in Stockport and is not comparable in market location and price point to the inner urban city fringe.
 - X1 Developments – The Plaza, Every Street, Advent Way. These are a city centre sites, incomparable to suburban housing typologies.
 - MCR Life – One Vesta Street. This is a city fringe medium rise development within an established regeneration area, incomparable to low-rise family housing on a standalone, self-contained site.
 - Abraham Halpern – Clarkesville Close, Crumpsall. The site is too far north of the city centre to be comparable.

- 6.11 The three principle comparable sites are the Lovell Homes scheme off Garforth Avenue, the Rowlinson Construction scheme at Bowes Street, and the Countryside Properties scheme at Belle Vue. The average values achieved at these schemes are detailed in Appendix 2 and are summarised below:
- Lovell Homes – Average £234 per ft²
 - Rowlinson – Average £223 per ft²
 - Countryside Properties – Average £300 per ft²
- 6.12 In the instance of Countryside Properties at Belle Vue, the current phase of the development has very recently sold out and sold price data has not been made available to us. There are two plots released for sale at £300/ft² and £305/ft² However, the sales consultant has advised that the average achieved price to date was in the order of £270/ft².
- 6.13 The second hand comparables have been selected from an immediate radius to the subject site and from within the past 8 months.
- 6.14 We have considered the relevant market evidence enclosed at Appendix 3 and taking account of the available comparable evidence and the strength of demand in the market, on balance we would expect average sales values in the order of £365 per sqft for the apartments. This has also been applied to the townhouse typologies as this reflects that 2.5 and 3 storey housing is discounted against 2-storey housing on account of the additional circulation space that exists within these units not being 'valued' by purchasers in the same way as 2-storey housing, where additional space equates to larger/more rooms. With regard to two-storey new build units we have adopted values of £375 per sqft to £380 per sqft for the, were they offered for sale on the open market.
- 6.15 Taking account of the evidence and analysis detailed in the previous section, the market sale values adopted by NLA are highlighted in Figure 5 below:

Open Market Scheme	No of Beds	Number of Units	Unit Size (FT ²)	Net Value Per Unit	Net Value (FT ²)	Total Revenue
2B Apartment	2	100	754	£275,000	£365	£27,500,000
Larch	3	18	1,118	£405,000	£362	£7,290,000
Hickory	2	40	766	£290,000	£379	£11,600,000
Olive	2	1	768	£290,000	£378	£290,000
Acacia	3	11	958	£360,000	£376	£3,960,000
Cedar	3	70	958	£360,000	£376	£25,200,000
Palm	4	32	1,262	£460,000	£365	£14,720,000
		272	Total			£90,560,000

Figure 5

- 6.16 There is a lack of direct comparable sales in the immediate vicinity of the site and we have reflected our professional judgement of the location of the site, the strength of the residential market, the surrounding characteristics and the values adopted by NLA reflect the available comparable market

evidence and can be considered very 'full' values considering the site is conspicuously bounded by the railway & industrial uses on two boundaries.

Affordable Housing Values

6.17 In accordance with Core Strategy Policy H8, 20% on-site affordable housing is sought under adopted planning policies. For the purposes of assessing viability, we have assessed the affordable provision split 90:10 between affordable rented and intermediate tenure affordable housing i.e., shared ownership.

6.18 Based on recent market trends, transfer values equivalent to 40% OMV have been adopted for the rented units and 70% of OMV have been adopted for the intermediate units. The values adopted for the affordable housing units on the subject site are highlighted in Figure 6 below:

Affordable Units Scheme	No of Beds	Number of Units	Unit Size (FT ²)	Net Value Per Unit	Net Value (FT ²)	Total Revenue
2B Apartment - Rented	2	50	754	£110,000	£146	£5,500,000
Hickory - Shared Ownership	2	4	766	£203,000	£265	£812,000
		54	Total			£6,312,000

Figure 6

6.19 With regard to build to rent values, Build to Rent refers to the emerging sub-market in private rented residential stock in the United Kingdom, designed specifically for renting rather than for sale and is typically owned by institutional investors and professionally managed with by specialist operators.

6.20 With a growing demand for rented accommodation in the UK following the credit crunch and due to the lack of mortgage availability, the Build to Rent 'sub-sector' has emerged and has grown over the recent years. Whilst much of the regional PRS to date has focussed on being located within key cities, an increasing number of institutional investors are now looking beyond these, to more secondary cities and to well-connected satellite towns.

6.21 Viability of such schemes also remains a key issue, and a particular challenge facing BTR developers is finding land at the right value and being able to compete with developers bringing schemes forward for more traditional market sale developments.

6.22 According to the latest RICS UK Residential Survey (December 2021), respondents continue to report solid growth in tenant demand right across the UK. Alongside this, landlord instructions remain thin on the ground, evidenced by 27% more respondents noting a decline (compared to those citing an increase). As a consequence of the persistent disparity between demand and available supply on the lettings market, near term rental growth expectations rose further to post a net balance of +57% in December. When viewed by region, rents are expected to pick-up firmly across all parts of the UK, both at the three- and twelve-month horizons.

6.23 For a better indication of rental values likely to be achieved, we have reviewed Rightmove for current asking rents for properties available within relative proximity to the subject site and which are new build or of a good quality. Our market research is provided at Appendix 3 of this report. From our research most of the properties currently available to let are substantially sized, second-hand properties. We have summarised the average and median rent pcm in Figure 7 below.

Type	No. of Properties	Average Rent (pcm)	Median Rent (pcm)
One bedroom	347	£1,064	£875
Two bedrooms	645	£1,343	£1,200
Three bedrooms	272	£1,789	£1,350
Four bedrooms	110	£2,316	£1,733
Five bedrooms	46	£2,339	£2,275

Figure 7

6.24 Based on the market research we consider the private rental values in Figure 8 below are achievable at the site. The market rentals have been multiplied by a yield of 5.75% to generate a capital value for each unit type.

PRS Scheme	No of Beds	Number of Units	Size (FT²)	Unit Rent (p.a.)	Total Capital Value	Capital Value (per unit)	Total Revenue
2B Apartment	2	100	754	£1,200	£14,400.00	£250,435	£25,043,478
Larch	3	18	1,118	£1,550	£18,600.00	£323,478	£5,822,609
Hickory	2	40	766	£1,400	£16,800.00	£292,174	£11,686,957
Olive	2	1	768	£1,400	£16,800.00	£292,174	£292,174
Acacia	3	11	958	£1,500	£18,000.00	£313,043	£3,443,478
Cedar	3	70	958	£1,500	£18,000.00	£313,043	£21,913,043
Palm	4	32	1,262	£1,850	£22,200.00	£386,087	£12,354,783
		272	Total				£80,556,522

Figure 8

6.25 The GDV adopted is equivalent to £329 per sqft which NLA understand accords with agency advice and market feedback on the likely values that the units will achieve when the scheme is offered to PRS providers.

Base Build Costs

6.26 Based on our experience, professional judgement and a study of the application drawings, a total base build cost of £135 per sqft (£1,615 per m2) has been included in the appraisals for the new build housing elements of the subject site and £165 per sqft (£1,776 per m2) for the 4-storey apartment types.

6.27 Whilst we are not relying solely on BCIS data, the BCIS Average Price Index provides a useful benchmark against which to compare the adopted base build cost. Figure 9 below highlights the BCIS Average Price Index for new build housing, rebased to Manchester.

BCIS®							
£/m2 study							
Description: Rate per m2 gross internal floor area for the building Cost including prelims.							
Last updated: 16-Jul-2022 05:38							
> Rebased to Manchester (103; sample 67)							
Maximum age of results: Default period							
Building function (Maximum age of projects)	Mean	Lowest	£/m² gross internal floor area				Sample
			Lower quartiles	Median	Upper quartiles	Highest	
New build							
810. Housing, mixed developments (15)	1,471	805	1,288	1,431	1,606	3,308	1221
810.1 Estate housing							
Generally (15)	1,472	717	1,257	1,415	1,609	5,079	1427
Single storey (15)	1,665	991	1,418	1,609	1,850	5,079	232
2-storey (15)	1,420	717	1,233	1,379	1,551	3,106	1107
3-storey (15)	1,528	923	1,234	1,455	1,707	3,014	83
4-storey or above (15)	3,106	1,515	2,479	2,768	4,163	4,606	5
810.11 Estate housing detached (15)	1,893	1,095	1,478	1,638	1,897	5,079	22
810.12 Estate housing semi detached							
Generally (15)	1,470	868	1,260	1,443	1,607	2,703	347
Single storey (15)	1,633	1,064	1,407	1,600	1,796	2,703	72
2-storey (15)	1,428	868	1,258	1,398	1,558	2,548	264
3-storey (15)	1,429	1,085	1,149	1,403	1,617	2,106	11
810.13 Estate housing terraced							
Generally (15)	1,520	922	1,234	1,420	1,669	4,606	245
Single storey (15)	1,757	1,115	1,470	1,787	2,022	2,454	19
2-storey (15)	1,455	922	1,222	1,385	1,592	3,106	186
3-storey (15)	1,567	923	1,248	1,438	1,762	3,014	38
816. Flats (apartments)							
Generally (15)	1,734	854	1,441	1,639	1,962	5,987	841
1-2 storey (15)	1,641	1,015	1,385	1,558	1,841	3,028	180
3-5 storey (15)	1,709	854	1,439	1,631	1,931	3,610	563
6 storey or above (15)	2,062	1,253	1,673	1,934	2,217	5,987	95

Figure 9

- 6.28 Assuming that external works are in the order of 20% of the total new build housing costs (which BCIS does not account for) then the build cost net of external works, adopted by NLA in the instance of the houses (£1,211 per m2) is below the Lower Quartile Figure of the BCIS for new build estate housing generally.
- 6.29 Assuming that external works are in the order of 10% of the total new build apartment costs (which BCIS does not account for) then the build cost net of external works, adopted by NLA in the instance of the apartments (£1,615 per m2) is also between the Lower Quartile and Median Figure of the BCIS for new build apartments at 3-5 storeys. Considering the quality of the proposals and materials contemplated, (referring to the scheme design & access statement) this is a reasonably conservative assessment of build costs.
- 6.30 For the avoidance of doubt, the build costs adopted do not account for the cost implications of the impending changes to building regulations in 2021 and move towards the Future Homes Standard. Initial estimates, including the governments' own impact assessment, is suggesting costs to meet the initial 31% carbon reduction target are in the order of £4,850 per new build unit. Based on the development timings and advice from the applicant, we have included a cost of £685,000 for units which will be required to meet New Part L 2023 and an additional cost of £270,000 for those units which are required to meet New Part L 2025. The applicants total allowance is just over £3,5000 which is a very conservative assessment of these costs.

Abnormal Costs

- 6.31 Following a detailed review of technical information obtained from the applicant, abnormal costs of £7,733,966 have been assumed as summarised in Figure 10 below.

Abnormal Costs	
Site Prep Demolition etc	£2,340,905
Drainage Abnormals	£1,913,015
Road Works S278 etc	£355,926
Substructure Abnormals	£1,364,480
Acoustic Measures	£61,050
EV Charging	£95,804
External Works Abnormal Costs	£1,274,227
Service Diversions	£328,560
Total	£7,733,966

Figure 10

Contingency

- 6.32 Taking into account the technical challenges posed by this site and the significant remediation and ground preparation costs, along with working in proximity to the rail network and substantial pressure of build cost inflation, it is considered that a reasonably prudent developer would require a contingency to be included within their appraisal at this stage of the development cycle. In line with the writers' professional view and judgement on risk, a contingency sum equating to 5% of the total construction budget has been allowed.

Professional Fees

- 6.33 In accordance with standard industry practice and to reflect the scope of professional fees required, a provision equating to 7% of the build cost has been allowed. This figure will cover the following professional costs:

- Architect
- Landscape Architect
- Conservation Consultant
- Flood Engineer
- Engineer (Civil and Structural)
- Traffic Engineer

- Legals (draft S106 agreement etc.)
- Topographical Survey
- Site Investigations
- Ecological Reports
- Noise and Air Consultant
- NHBC or other building warranty costs
- Planning application fee
- Building Regulations application fee
- Viability Advisor

Finance Costs

6.34 An all-in rate of 6.5% is adopted within the appraisals.

Sales and Marketing Costs

6.35 An allowance of 3.5% of the gross development value has been allowed for sales and marketing costs of the open market sale units. In addition to this, 0.25% of the GDV has been allowed for legal fees associated with selling each of the units. These figures are in line with contemporary feedback from volume house builders. These allowances also take into account the significant investment in sales and marketing that will be required in order to achieve the sales rate detailed within the appraisals contained within this report. In respect of the build-to-rent units, an agency fee off 1% of GDV is included for the costs of agency services for disposal of the units, along with legal fees of 0.25%.

Site Acquisition Fees

6.36 Legal fees of 0.5% have been assumed for the acquisition, along with agents' fees of 1%.

Developer Return

6.37 The subject site is technically challenging and requires a high degree of complex works to a legacy brownfield site with significant constraints in the ground along with the management of a complex design and construction/delivery programme, including development delivery in close proximity to the adjacent railway line. Taking into account the complexity and duration of the development, we consider that for a scheme of market sale housing a developer would require a return at the upper end of the NPPG guided range (15% to 20%) of GDV to reflect the risks associated with the subject site. A developer return of 20% is adopted for the market sale appraisal.

6.38 A developer's margin equating to 15% of the GDV of the private rented housing units has been adopted, reflecting that they whist the units are 'pre-sold' to a PRS investor, the developer retains all cost, development and planning risk. The return adopted reflects the fact that the project is a fixed-income

development whereby the GDV (i.e. the build-to-rent 'deal') will be agreed and the outturn fixed prior to construction commencing, however, it remains the case that construction costs are escalating due to build cost inflation at significant pace. So, whilst the 5% contingency allowance reflects a 'normal' degree of project risk, it is important to acknowledge that there is significantly increased developer risk associated with fixed-price development at a time of significant cost inflation. Developer return is a risk-adjusted return and so accounting for the risk profile of the development, the profit allowance of 15% is reasonable.

Benchmark Land Value (BLV)

6.39 In order to form a view on viability the writer has sought to test viability by benchmarking Residual Land Value against a Benchmark Land Value (BLV) and reflecting the results in the developer return.

6.40 According to National Planning Policy Guidance (NPPG) on Viability that was issued alongside the revised National Planning Policy Framework (NPPF) on 24th July 2018, BLV is defined as follows:

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

6.41 In arriving at a value for the site it is reasonable to assess the existing use of the site and apply an uplift on this value to reflect the incentive to the landowner to sell the site. The subject site extends to 12.68 gross acres of industrial land which is level, mostly cleared, self-contained and well served by the access from Bennett Street.

6.42 Occupier demand for industrial property in the Northwest is experiencing significant demand, coupled with a substantial shortfall in available industrial development land. As a result, there is unprecedented demand for all industrial submarkets, across a broad spectrum of investors and investment volumes continue to be tempered by a lack of supply resulting in the pricing differential between prime, good secondary and secondary assets continuing to narrow according to the B8RE biannual report (Jan 2022).

6.43 We are aware of particularly comparable transactions in:

- Irlam where 3.7 acres of industrial land sold for £1,351,351 per acre
- Trafford Park where 5.69 acres of industrial land sold for £2,000,000 per acre
- Barton Upon Irwell where 13.25 acres of industrial land sold for £850,000 per acre
- Stanley Green In Cheadle where 3.5 acres of industrial land sold for £1,000,000 per acre

Strong covenant offers for the site on an existing use basis would almost certainly reach £800k per gross acre as a minimum and would more than likely reach over £1m per gross acre. In terms of the existing use value of the subject site on the basis of industrial land, on balance, we consider a figure of £13,948,000, based on a flat rate per acre of £1,100,000, to be a reasonable assessment of the EUV when you consider the strength of the industrial market and suitability of the subject site for that use.

- 6.44 We have considered evidence from various sources to assess the minimum premium, including local plan assumptions, market evidence and our professional judgement based on the balance of this evidence. We have adopted an BLV of 20% above the industrial EUV resulting in a benchmark land value of £16,737,600 to reflect the incentive that the landowner would require in order to release the site for development.
- 6.45 NLA are advised that the applicant has exchanged contracts to acquire the site for a sum of £16,600,000 which accords with and is supported by the EUV+ of the site. Although the BLV is slightly higher than the purchase price, it is reasonable for the purposes of assessing viability to adopt the purchase price as a 'fixed' cost within the appraisals and benchmark developer returns.

Appraisal Results

- 6.46 Three appraisals have been prepared which reflect the following
- Appraisal 1 (Appendix 3) – An appraisal of a build to rent scheme with a policy compliant level (20%) of affordable housing
 - Appraisal 2 (Appendix 4) – An appraisal of a build to rent scheme with zero affordable housing
 - Appraisal 3 (Appendix 5) – An appraisal of a scheme of market sale housing with zero affordable housing
- 6.47 Appraisal 1 (Appendix 3). When adopting a fixed land value of £16,600,000 the appraisal produces a developer loss of -0.74% which is significantly below the target developer return of 15%. In capital terms, this is a margin deficit of -£540,956.
- 6.48 Appraisal 2 (Appendix 4). When adopting a fixed land value of £16,600,000 the appraisal produces a developer return of 8.92% which is significantly below the target developer return of 15%. In capital terms, this is a margin deficit of £4,894,805.
- 6.49 Appraisal 3 (Appendix 5). When adopting a fixed land value of £16,600,000 the appraisal produces a developer return of 14.37% which is significantly below the target developer return of 20%. In capital terms, this is a margin deficit of £5,096,336.
- 6.50 We have summarised the appraisal results in comparison to the target developer return in Figure 11 below:

Description	Appendix 3	Appendix 4	Appendix 5
	Build to Rent Scheme Including 20% Affordable Housing	Build to Rent Scheme Including Zero Affordable Housing	100% Open Market Sale Scheme - Including Zero Affordable Housing
Threshold Margin Requirement	15%	15%	20%
Achieved Margin	-0.74%	8.92%	14.37%
Surplus/Defecit against Margin Requirement	-15.74%	-6.08%	-5.63%
Viability Concern	Yes - Significant	Yes - Significant	Yes - Significant

Figure 11

- 6.51 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 a recognised appraisal software package. Due regard has been given to guidance published by the RICS, the Growth and Infrastructure Act and the NPPF/NPPG.
- 6.52 The BLV adopted within the appraisals is in accordance with NPPF/NPPG guidance and reflects a conservative assessment of the uplift required to incentivise the landowner to bring the site forward for development. The appraisals demonstrate that the site cannot deliver affordable housing on site when either a scheme of market sale housing, or a scheme of build-to-rent is considered.
- 6.53 The viability tests that have been used compare the residual land values generated by the development, against a conservatively assessed benchmark land value of EUV+. It clearly demonstrates that a full policy compliant provision of affordable housing is unviable.
- 6.54 This report has tested appraisals of both a scheme for 100% open market sale and a scheme of 100% build to rent and in line with planning policy, we are therefore of the opinion that the affordable housing and planning obligations on site should be reduced to reflect scheme viability.

7.0 CONCLUSIONS

- 7.1 NLA have prepared the FVA in accordance with the PPG, and the RICS Publications Financial Viability in Planning: Conduct and Reporting and Assessing viability in planning under the National Planning Policy Framework 2019 for England.
- 7.2 NLA have considered each of the inputs into the FVA and determined whether they are reasonable for the purpose of assessing viability in this case.
- 7.3 The viability test that has been used adopts a benchmark land value in accordance with relevant guidance and it concludes that the applicants' proposals, with the absence of any affordable housing or other S106 financial contributions, are at the very limit of viability.
- 7.4 NLA have adopted a conservative developer return to reflect the commercial risk undertaken by the developer, risk-adjusted to accord with both NPPG Guidance on Viability and also by reference to contemporary viability negotiations and S106 agreements in Manchester. The viability argument presented within this report underpins the conclusion that the proposals cannot sustain on site affordable housing.

8.0 APPRAISAL UNCERTAINTY

- 8.1 The economic impact of Covid-19 may be significant and may result in material changes in activity and pricing in the property market in the short, medium and longer terms. This assessment must therefore be considered in the context of these comments and the changing circumstances. The RICS has recommended that reports should note 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty, and a higher degree of caution, should be attached to the conclusions of our assessment of viability than would normally be the case.

9.0 DISCLAIMER

- 9.1 The contents of this report do not constitute a valuation, in accordance with the appropriate sections of the RICS Valuation – Global Standards. This report is for the purpose of the addressee and its contents should not be reproduced in part or in full without our prior consent. Our Valuations and Reports are for the specific purpose to which they refer and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents.

Tom Merrills
Director
Northern Land Agency

DATE: August 2022

APPENDIX 1

Site Layout



Appendix 2 – Market Research

Average Price & Volume of Sales

Source: Land Registry

2022	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£0	0	£135,000	1	£163,500	6	£0	0	£159,429	7
Total	£0	0	£135,000	1	£163,500	6	£0	0	£159,429	7

2021	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£147,500	1	£187,918	22	£143,983	30	£112,500	1	£161,365	54
Total	£147,500	1	£187,918	22	£143,983	30	£112,500	1	£161,365	54

2020	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£274,995	3	£165,650	15	£139,093	21	£131,124	4	£157,097	43
Total	£274,995	3	£165,650	15	£139,093	21	£131,124	4	£157,097	43

2019	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£247,924	14	£204,147	30	£144,425	61	£131,414	6	£172,916	111
Total	£247,924	14	£204,147	30	£144,425	61	£131,414	6	£172,916	111

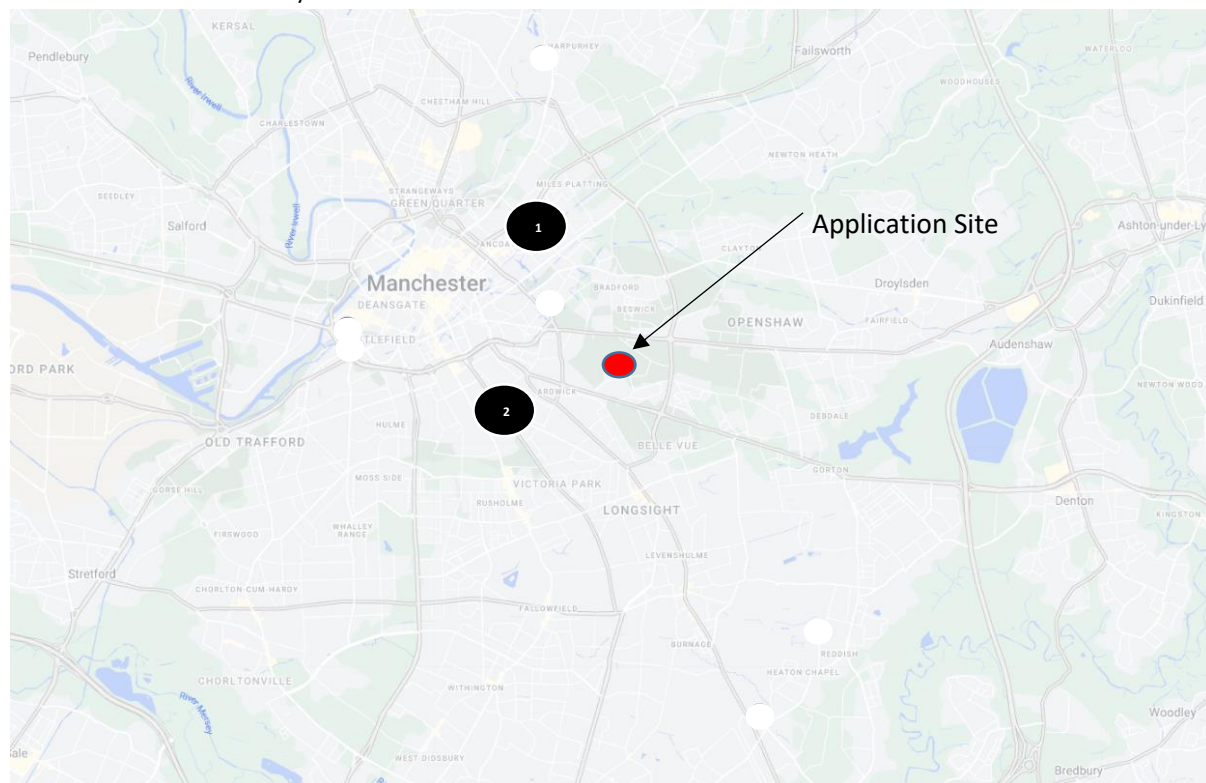
2018	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£218,452	23	£179,145	47	£117,872	61	£133,248	6	£156,452	137
Total	£218,452	23	£179,145	47	£117,872	61	£133,248	6	£156,452	137

2017	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£204,493	20	£163,140	61	£117,268	55	£108,994	8	£148,354	144
Total	£204,493	20	£163,140	61	£117,268	55	£108,994	8	£148,354	144

2016	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£176,814	11	£148,256	54	£117,613	58	£80,433	3	£135,029	126
Total	£176,814	11	£148,256	54	£117,613	58	£80,433	3	£135,029	126

2015	Detached	Sales	Semi-det	Sales	Terraced	Sales	Flat/mais	Sales	Overall average	Total sales
M12 5	£168,995	10	£126,280	45	£102,159	65	£67,250	2	£115,962	122
Total	£168,995	10	£126,280	45	£102,159	65	£67,250	2	£115,962	122

New Build Availability



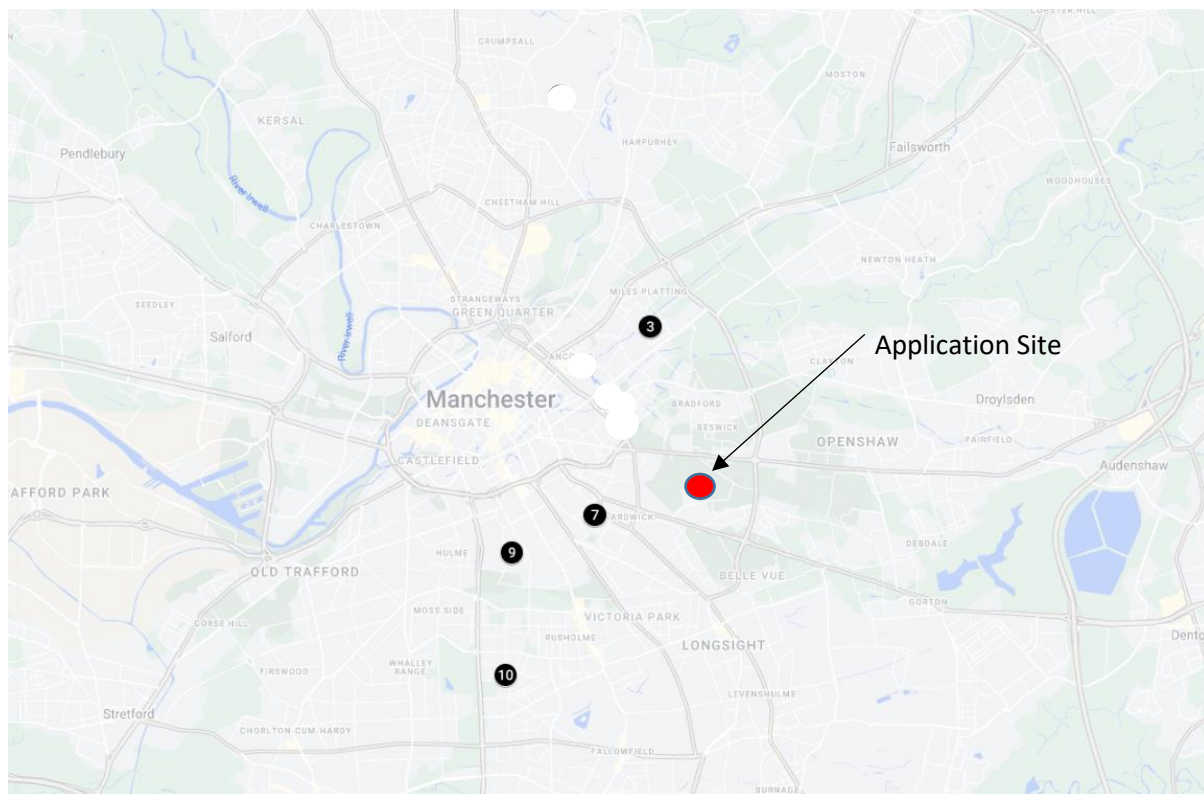
1. Lovell Homes - The Gateway, 1 Garforth Avenue, Manchester, Greater Manchester, M4 6JS

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
Beverley	3	Terraced	2.5	£444,950	1217	£366
Beverley	3	Terraced	2.5	£444,950	1217	£366
Beverley	3	Terraced	2.5	£444,950	1217	£366
Beverley	3	Terraced	2.5	£444,950	1217	£366
Heartford	4	Semi	2.5	£514,950	1344	£383
Heartford	4	Semi	2.5	£514,950	1344	£383
Heartford	4	Semi	2.5	£514,950	1344	£383
Heartford	4	Semi	2.5	£514,950	1344	£383
Heartford A	4	Semi	2.5	£514,950	1344	£383
Heartford A	4	Semi	2.5	£514,950	1344	£383
Leaford	4	Detached	2.5	£509,950	1406	£363
Longford	4	Terraced	2.5	£494,950	1300	£381
Average Asking Value (ft²)						£375

2. Linden Homes - New Brunswick, Upper Brook Street, Manchester, M13 9SZ

House Name	Bedrooms	Type	Storeys	Asking Price	Size (ft²)	Gross Asking Price (ft²)
Bridgewater	4	Terraced	2.5	£345,995	1141	£303
Bridgewater	4	Terraced	2.5	£345,995	1141	£303
Bridgewater	4	Terraced	2.5	£345,995	1141	£303
Bridgewater	4	Terraced	2.5	£345,995	1141	£303
Bridgewater	4	Terraced	2.5	£345,995	1141	£303
Average Asking Value (ft²)						£303

New Build Sold



3. Lovell - Miles Platting Area 11, Manchester M40 7QZ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
22	Oakley	2	Terraced	Nov-20	£233,950	764	£306
21	Lexington	2	Terraced	Oct-20	£198,950	775	£257
79	Lexington	2	Terraced	Oct-20	£196,950	775	£254
78	Lexington	2	Terraced	Nov-20	£197,950	775	£255
97	Oakley	3	Terraced	Jul-20	£227,950	915	£249
77	Oakley	3	Terraced	Nov-20	£227,950	936	£244
80	Oakley	3	Terraced	Nov-20	£227,950	936	£244
16	Oakley	3	Semi-detached	Feb-21	£237,995	936	£254
95	Stateley	3	Semi-detached	Jul-20	£239,995	990	£242
18	Heartford	4	Semi-detached	Nov-20	£294,950	1367	£216
20	Heartford	4	Semi-detached	Feb-21	£309,995	1367	£227
18	Heartford	4	Semi-detached	Feb-21	£304,995	1367	£223
23	Westford	4	Semi-detached	Sep-20	£299,950	1432	£209
75	Westford	4	Semi-detached	Oct-20	£297,000	1432	£207
82	Westford	4	Semi-detached	Nov-20	£297,950	1432	£208
24	Westford	4	Semi-detached	Nov-20	£299,950	1432	£209
81	Westford	4	Semi-detached	Nov-20	£297,950	1432	£208
76	Westford	4	Semi-detached	Sep-20	£299,950	1432	£209
27	Westford	4	Semi-detached	Jan-21	£309,995	1432	£216
Average Sale Price (ft²)							£234

7. Rowlinson Construction - St Ignatius, M13 9PA

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
11	Type A	3	Terraced	Jun-21	£294,995	969	£305
2	Type A	3	Terraced	Jun-21	£294,995	969	£305
16	Type B	3	Terraced	Mar-21	£331,995	1066	£312
6	Type B	3	Terraced	Jun-21	£327,995	1066	£308
8	Type C	3	Terraced	May-21	£294,995	1141	£259
10	Type C	3	Terraced	Jun-21	£304,995	1141	£267
6	Type C	3	Terraced	Jun-21	£294,995	1141	£259
4	Type C	3	Terraced	Aug-21	£291,995	1141	£256
Average Sale Price (ft²)							£284

9. Salboy - Burlington Square, Boundary Lane M15 6JQ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
419	Apt	2	Flat	Jan-21	£207,287	721	£287
210	Apt	2	Flat	Jan-21	£264,898	840	£316
Average Sale Price (ft²)							£301

10. Rowlinson - Bowes Street, Manchester M14 7JJ

Plot No.	House Name	Bedrooms	Type	Sale Date	Sale Price	Size (ft²)	Gross Sale Price (ft²)
48	Type B	4	Terraced	Jun-21	£279,500	1227	£228
31	Type B	4	Terraced	Sep-21	£279,500	1227	£228
42	Type A	4	Terraced	Oct-21	£269,950	1238	£218
32	Type D	4	Detached	Sep-21	£309,950	1367	£227
34	Type C	4	Detached	Jun-21	£299,950	1378	£218
33	Type C	4	Detached	Apr-21	£299,950	1378	£218
Average Sale Price (ft²)							£223

Second Hand Sales

Search criteria: within 1 miles of postcode M12 5NL. Sales Completed within past 12 months.

Source: HM Land Registry

Address	Last sale price	Last sale date	Property type	Bedrooms
34, Blackwin Street, Manchester M12 5LD	£135,000	29/10/2021	Terraced	3 to
60, Holly Street, Manchester M11 3BN	£250,000	22/10/2021	Terraced	
Flat 4, Hudson Court, 65, Ardwick Green North, Manchester M12 6F	£110,000	20/10/2021	Flat	2 to
9, Beede Street, Openshaw, Manchester M11 2AT	£150,000	20/10/2021	Semi-detached	3 to
18, Goole Street, Manchester M11 2AX	£80,000	12/10/2021	Terraced	2 to 3
2, Arena Drive, Manchester M11 3NW	£93,000	20/10/2021	Semi-detached	
37, East Grove, Manchester M13 0AX	£175,000	12/10/2021	Terraced	3 to 4
9, Foxbank Street, Manchester M13 0DJ	£160,000	19/11/2021	Terraced	3 to
Apartment 32, Quantum, 4, Chapeltown Street, Manchester M1 2BF	£254,000	17/11/2021	Flat	3 to
54, Scarsdale Road, Manchester M14 5PR	£438,000	12/11/2021	Semi-detached	
15, Jobling Street, Manchester M11 3TA	£138,000	22/11/2021	Terraced	2 to 3
11, Falconwood Way, Manchester M11 3LN	£252,000	26/11/2021	Terraced	
17, Giles Street, Manchester M12 5GE	£128,000	16/11/2021	Terraced	2 to
1b, Badby Close, Manchester M4 7EY	£102,000	30/11/2021	Flat	2 to
5, Melling Street, Manchester M12 4PH	£105,000	08/11/2021	Terraced	2 to 3
6, Allingham Street, Manchester M13 0ZF	£132,000	05/11/2021	Terraced	2 to 3
110, Melrose Apartments, 159, Hathersage Road, Manchester M13	£82,500	15/12/2021	Flat	1 to
Apartment 7, 425, Ashton Old Road, Manchester M11 2DL	£160,000	15/12/2021	Flat	2 to
7a, Badby Close, Manchester M4 7EY	£110,000	03/12/2021	Flat	2 to
239, Upper Brook Street, Manchester M13 0HL	£495,000	01/12/2021	Terraced	
21, Lloyd Wright Avenue, Manchester M11 3NJ	£240,000	07/12/2021	Semi-detached	2 to 3
10, Pine Grove, Manchester M14 5QG	£210,000	20/12/2021	Terraced	3 to 4
Flat 13, 3, Falconwood Way, Manchester M11 3LN	£100,000	27/01/2022	Flat	1 to
18, Honor Street, Manchester M13 0WY	£137,500	13/01/2022	Terraced	2 to 3
Apartment 7, 47, Every Street, Manchester M4 7DN	£150,000	31/01/2022	Flat	2 to
21, Milverton Road, Manchester M14 5PJ	£280,000	25/01/2022	Terraced	3 to 4
Flat 8, 1, Falconwood Way, Manchester M11 3LN	£100,000	31/01/2022	Flat	1 to
5, Longford Place, Manchester M14 5QQ	£285,000	24/01/2022	Terraced	3 to 4
16, Woodvale Walk, Manchester M11 3TU	£150,000	04/01/2022	Terraced	3 to
Apartment 25, 425, Ashton Old Road, Manchester M11 2DL	£187,000	06/01/2022	Flat	2 to
11, Flixton Road, Manchester M13 9GU	£258,000	06/01/2022	Terraced	
7, Radlett Walk, Manchester M13 9EE	£205,000	08/02/2022	Terraced	2 to
4, Lockhart Close, Manchester M12 4JY	£120,000	17/02/2022	Semi-detached	2 to 3
3, Coalburn Street, Manchester M12 5WG	£220,000	18/02/2022	Terraced	3 to 4
25, Jobling Street, Manchester M11 3TA	£145,000	11/02/2022	Terraced	3 to
4, Townley Street, Manchester M11 3RQ	£140,000	14/02/2022	Terraced	2 to 3
73, Richmond Grove, Manchester M13 0DH	£260,000	08/02/2022	Terraced	1 to
53, Pembroke Close, Manchester M13 9DY	£230,000	16/02/2022	Terraced	2 to 3
15, Denison Road, Manchester M14 5PB	£220,000	22/02/2022	Terraced	3 to 4
31, South Street, Longsight, Manchester M12 4PN	£103,000	23/02/2022	Terraced	2 to
2, Sparrow Street, Manchester M13 9GG	£130,000	22/03/2022	Terraced	
10, Guide Post Road, Manchester M13 9JH	£280,000	29/03/2022	Terraced	3 to
4, Sparrow Street, Manchester M13 9GG	£130,000	22/03/2022	Terraced	
2, Neenton Square, Manchester M12 5PT	£135,000	10/03/2022	Semi-detached	2 to 3
Flat 28, Silkin Court, Silkin Close, Manchester M13 9UY	£129,500	31/03/2022	Flat	1 to
Apartment 13, 427, Ashton Old Road, Manchester M11 2DL	£140,000	10/03/2022	Flat	2 to
28, Wadeson Road, Manchester M13 9UG	£175,000	18/03/2022	Terraced	2 to 3
Flat 2, Victoria Terrace, 135 - 149, Hathersage Road, Manchester M	£115,000	29/03/2022	Flat	2 to
Flat 609, Eastbank Tower, 277, Great Ancoats Street, Manchester M	£210,012	06/04/2022	Flat	

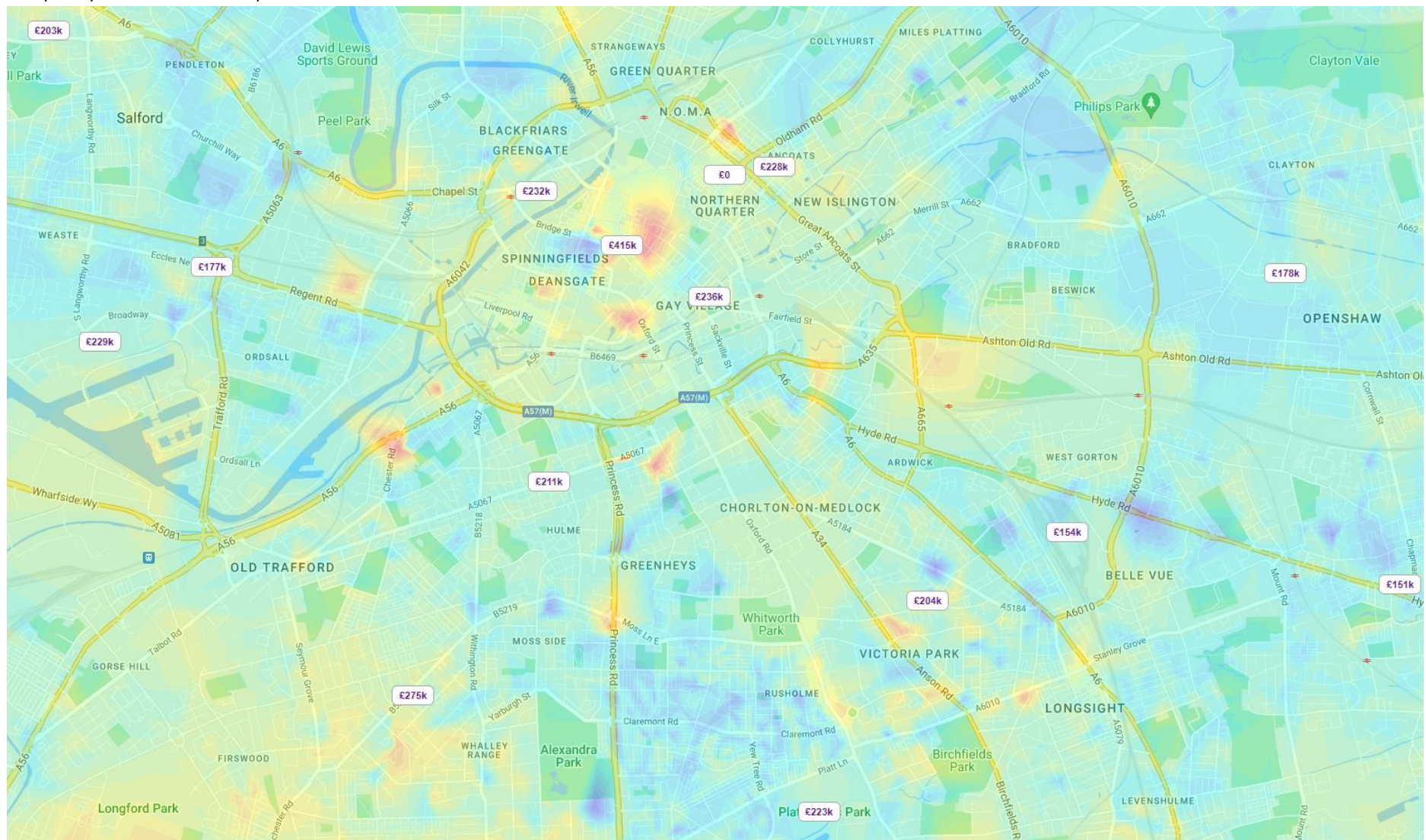
Second Hand Available

Search criteria: Modern houses for sale within 1 mile of postcode M12 5NL

Source: www.rightmove.co.uk

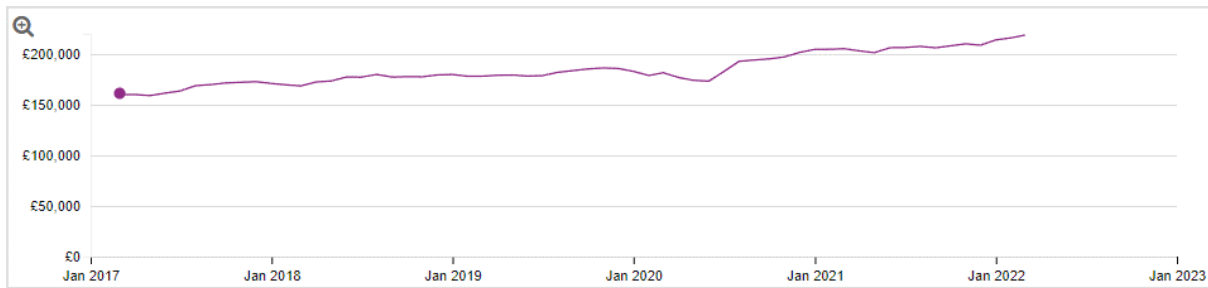
Address	Type	Bedrooms	Price
Higher Ardwick, Manchester, M12 6BZ	Detached	11	£575,000
Wenlock Way, Manchester, M12	Semi	4	£425,000
Perch Close, Manchester, Greater Manchester, M12	Detached	4	£375,000
Heyrod Street, Manchester, Greater Manchester, M1	Flat	2	£355,000
Haymarket Street, Manchester, M13	Terraced	4	£320,000
Loom Building, New Islington, Manchester, M4	Flat	2	£300,000
Falconwood Way, Beswick, Manchester, M11 3LN	Terraced	4	£299,000
Burcot Road, Manchester, M11	Terraced	3	£280,000
Quantum, 6 Chapeltown Street, Manchester	Flat	3	£280,000
Athletes Way, Beswick	Terraced	3	£280,000
The Plaza, 1 Advent Way, Ancoats, Manchester, M4	Flat	2	£278,000
X1 The Plaza, Every Street, Manchester	Flat	2	£270,000
Beresford Road, Longsight	Terraced	3	£255,000
Martindale Crescent, Manchester	Flat	3	£250,000
Martindale Crescent, Manchester, M12	Terraced	3	£250,000
Meldreth Drive, Longsight	Terraced	3	£250,000
Hornsea Walk, Beswick	Terraced	4	£240,000
Eastbank Tower, 277 Great Ancoats Street, New Islington	Flat	2	£240,000
Advent Way, Manchester, Greater Manchester, M4	Flat	2	239995
Arena Drive, Manchester, Greater Manchester, M11	Terraced	2	£235,000
Eastbank Tower, 277 Great Ancoats Street	Flat	2	£230,000
Brydon Avenue, Manchester	Terraced	2	£230,000
Lawnswood Road, West Gorton	Semi	2	£220,000
Sarnesfield Close, Manchester	Semi	2	£200,000
Parry Road Longsight Manchester	Semi	2	£200,000
Ashfield Road, Longsight	Terraced	3	£200,000
Apartment Radcliffe House, Ashton Old Road, Beswick	Flat	2	£200,000
Albion Works, Block D, 12 Pollard Street, Manchester, M4	Flat	2	£199,950
Eastbank Tower, 277 Great Ancoats Street, M4	Flat	2	£195,000
Eastbank Tower, 277 Great Ancoats Street, New Islington, Ma	Flat	2	£194,000
Sheffield Street, Manchester, Greater Manchester, M1	Flat	1	£190,000
Polygon Avenue, Longsight	Terraced	3	£190,000
THE LOOM AT VULCAN MILL	Flat	1	£189,950
THE LOOM AT VULCAN MILL	Flat	1	£189,950
Loom Building, New Islington, Manchester, M4	Flat	1	£189,950
2 Advent Way, Ancoats / New Islington	Flat	2	£180,000
Advent House, Ancoats, Manchester, M4	Flat	2	£180,000
Plymouth Grove Flat , Ardwick	Flat	2	£175,000
Synergy 2, 427 Ashton Old Road, Beswick, Manchester, M11	Flat	2	£167,000
Pollard Street, Manchester, Greater Manchester, M4 7AQ	Flat	2	£165,000
Albion Works Block D, 12 Pollard Street, New Islington, Manc	Flat	2	£165,000
Honor Street, Longsight	Terraced	2	£160,000
401 Ashton Old Road, Manchester, M11	Flat	2	£160,000
Greengage, Manchester, M13	Flat	1	£155,000
95 Plymouth Grove, Grove Village, Manchester, M13	Flat	1	£152,500
Lane Court 2 Conyngham Road, Victoria Park, Manchester M1	Flat	1	£150,000
Eastbank Tower, 277 Great Ancoats Street, M4	Flat	1	£150,000
Eastbank Tower, Manchester	Flat	1	£150,000
Eastbank Tower, 277 Great Ancoats Street, M4	Flat	1	£150,000
Upper Park Road, Manchester, M14	Flat	1	£150,000
Devonshire Street South, Manchester	Flat	1	£150,000
Stockport Road, Manchester	Flat	1	£149,950
Hathersage Road, Victoria Park, Manchester, M13	Flat	1	£127,995
Hathersage Road, Victoria Park, Manchester, M13	Flat	1	£127,995
Melrose Apartments, Hathersage Road	Flat	1	£125,000
Birch Lane, Manchester, M13	Flat	2	£115,000
Birch Lane, Longsight, Manchester, M13	Flat	1	£110,000
Falconwood Way, Manchester	Flat	1	£100,000

Property Price Heat Map

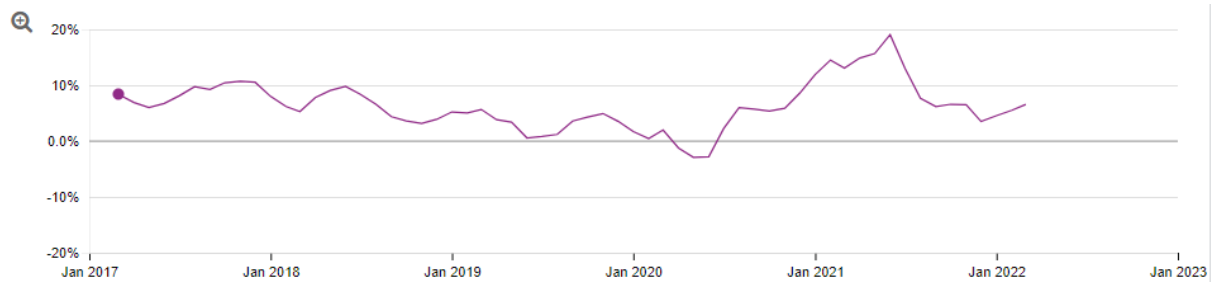


Average price by type of property

Source: HM Land Registry



Percentage change (yearly)



Price Trends – M12 5NL

Market Characteristics	Manchester	National
Market Size Indicator: no. of transactions	30,092	4,886,506
Market Size Indicator: total no. of properties	238,800	25,000,000
Market liquidity Indicator: transactions / properties	12.60%	19.55%
Market Growth Indicator: new homes built	3,309	570,561
Market Growth Indicator: new builds / transactions	11.00%	11.68%

Growth Rate	Manchester	National
5 year house price growth	8.40%	6.90%
Last 12 months house price growth	6.60%	5.40%

Average House Prices

Source: HM Land Registry

Postcode Area – M12 5NL

Property Type	Mar-17	Mar-22	Change
Detached	£294,838	£466,479	58%
Semi	£202,856	£293,710	45%
Terraced	£156,830	£205,043	31%
Flat	£177,215	£171,359	-3%
All	£185,155	£246,569	33%

Rent Report

Source: www.home.co.uk

Summary

Summary of Properties to Rent	
Total Properties for Rent	1740
Properties for rent listed in the last 14 days:	523
Average property rents (pcm)	£1,471
Median rent (pcm)	£1,170

Properties to Rent by Price

	No. of Properties
Rent under £250 pcm	42
£250 to £500 pcm rent	91
£500 to £1,000 pcm rent	604
£1,000 to £2,000 pcm rent	715
£2,000 to £5,000 pcm rent	253
Rent over £5,000 pcm	35

Property Rents by Number of Bedrooms

Type	No. of Properties	Average Rent (pcm)	Median Rent (pcm)
One bedroom	347	£1,064	£875
Two bedrooms	645	£1,343	£1,200
Three bedrooms	272	£1,789	£1,350
Four bedrooms	110	£2,316	£1,733
Five bedrooms	46	£2,339	£2,275



Property Rents by Type

Type	No. of Properties	Average Rent (pcm)	Median Rent (pcm)
Room	128	£1,078	£706
Flat	1040	£1,530	£1,195
House	459	£1,647	£1,300

Rental Listings

Search criteria: Modern houses for sale within 1 mile of postcode M12 5NL

Source: www.rightmove.co.uk

Address	Type	Bedrooms	Price (Per Calendar Month)
Dickenson Road, Manchester, M13	Flat	2	£975
Fairfield Court, Manchester, M14	Flat	1	£775
Flat 22 Venetian Villas, 36-42 Hathersage Road, Manchester, M13 0FE	Flat	1	£750
Clarence Road, Manchester, Greater Manchester, M13	Flat	2	£995
Quantum, Manchester, M1	Flat	1	£825
Hyde Road, Gorton, Manchester	Flat	2	£850
Vulcan Mill, Pollard Street	Flat	2	£1,200
Beckhampton Close, Manchester	Terraced	4	£1,650
Bushmoor Walk, Manchester	Terraced	3	£1,350
Stadium Drive, Manchester, M11	Semi	4	£1,600
Metcombe Way, Beswick	Semi	3	£1,200
Advent 1, 2 Isaac Way, Manchester, M4	Flat	2	£875
Jobling Street, Manchester	Terraced	2	£750
Manchester, Greater Manchester,	Flat	1	£795
Advent House, 2 Isaac Way, Ancoats	Flat	1	£795
Bell Crescent, Manchester, M11	Terraced	2	£2,817
Daisy Bank Road, Victoria Park, Manchester, M14 5QP	Flat	1	£600
Scarsdale Road, Manchester, M14	Flat	4	£1,650
Pattishall Close, Manchester, M4	Semi	4	£2,150
96 Birch Lane, Manchester, M13	Flat	1	£500
Hathersage Road, Manchester M13 0HY	Flat	2	£960
Falconwood Way, Manchester	Flat	1	£725
Maric Court 2 Birch Hall Lane, Manchester, M13	Flat	1	£550
Markfield Avenue, M13	Terraced	4	£1,350
Hamilton Road, Manchester, M13	Terraced	7	£2,200
Plymouth View, Manchester, M13	Terraced	8	£2,947



Appendix 3 – Viability Appraisal. Build to rent scheme with a policy compliant level (20%) of affordable housing

REVENUE

File: Prs Appsl With Ah

Prs Gdv	204,150ft2 @ £328 per square foot (rounded)	66,866,087
Affordable Units Gdv	40,764ft2 @ £155 per square foot (rounded)	6,312,000
		REVENUE
		73,178,087

COSTS

Site Value		16,600,000	
Site Stamp Duty		819,500	
Site Legal Fees	at 0.50%	83,000	
Site Agency Fees	at 1.00%	166,000	
		Site Costs	17,668,500
Houses Base Build Costs	169,514.00 sq-ft at 135.00 psf	22,884,390	
Apartment Base Build Costs	86,710.00 sq-ft at 165.00 psf	14,307,150	
Part L 2023 Costs		685,000	
Part L 2025 Costs		270,000	
Furniture Fixtures & Equipment		872,000	
Community Centre	862.00 sq-ft at 185.00 psf	159,470	
Site Prep Demolition Etc		2,340,905	
Drainage Abnormals		1,913,015	
Road Works Etc		355,926	
Substructure Abnormals		1,364,480	
Acoustic Measures		61,050	
Ev Charging		95,804	
External Works Abnormal Costs		1,274,227	
Service Diversions		328,560	
Contingency	at 5.00%	2,345,599	
Professional Fees	at 7.00%	3,283,838	
		Build Costs	52,541,414
Direct Sale Agents Fee		668,660	
Direct Sale Legal Fees		334,330	
		Disposal Fees	1,002,990
INTEREST	(See CASHFLOW)		2,506,138



6.50% pa	on Debt charged Monthly and compounded Monthly		
Site Costs	Month 1 (May 22)		
Houses Base Build Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Apartment Base Build Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Part L 2023 Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Part L 2025 Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Furniture fixtures & Equipment (bld.)	Month 8 to 35 (Dec 22 - Mar 25)		
Community Centre (bld.)	Month 24 to 25 (Apr 24 - May 24)		
Site Prep Demolition Etc	Month 1 to 10 (May 22 - Feb 23)		
Drainage Abnormals	Month 1 to 18 (May 22 - Oct 23)		
Road Works Etc	Month 1 to 24 (May 22 - Apr 24)		
Substructure Abnormals	Month 6 to 29 (Oct 22 - Sep 24)		
Acoustic Measures	Month 10 to 33 (Feb 23 - Jan 25)		
Ev Charging	Month 10 to 33 (Feb 23 - Jan 25)		
External Works Abnormal Costs	Month 10 to 33 (Feb 23 - Jan 25)		
Service Diversions	Month 1 to 6 (May 22 - Oct 22)		
Contingency	Month 1 to 35 (May 22 - Mar 25)		
Professional Fees	Month 1 to 35 (May 22 - Mar 25)		
Direct Sales	Month 2 to 35 (Jun 22 - Mar 25)		
PROFIT	-540,956	COSTS	73,719,043
PROFIT/SALE	-0.74%	PROFIT/COST	-0.73%

**If the threshold margin (15%) is inputted into the appraisal as a fixed input, then the outturn land value is a figure of £7,375,977 which is significantly below the benchmark value of £16,600,000.



Appendix 4 – Viability Appraisal. Build to rent scheme with zero affordable housing



REVENUE

File: Prs Com Cent

Prs Gdv	244,914ft2 @ £329 per square foot (rounded)	80,556,522
		REVENUE
		80,556,522

COSTS

Site Value		16,600,000	
Site Stamp Duty		819,500	
Site Legal Fees	at 0.50%	83,000	
Site Agency Fees	at 1.00%	166,000	
		Site Costs	17,668,500
Houses Base Build Costs	169,514.00 sq-ft at 135.00 psf	22,884,390	
Apartment Base Build Costs	86,710.00 sq-ft at 165.00 psf	14,307,150	
Part L 2023 Costs		685,000	
Part L 2025 Costs		270,000	
Furniture Fixtures & Equipment		1,096,000	
Community Centre	862.00 sq-ft at 185.00 psf	159,470	
Site Prep Demolition Etc		2,340,905	
Drainage Abnormals		1,913,015	
Road Works Etc		355,926	
Substructure Abnormals		1,364,480	
Acoustic Measures		61,050	
Ev Charging		95,804	
External Works Abnormal Costs		1,274,227	
Service Diversions		328,560	
Contingency	at 5.00%	2,356,799	
Professional Fees	at 7.00%	3,299,518	
		Build Costs	52,792,294
Direct Sale Agents Fee		805,565	
Direct Sale Legal Fees		201,391	
		Disposal Fees	1,006,956
INTEREST	(See CASHFLOW)		1,900,098

6.50% pa

on Debt charged Monthly and compounded Monthly



Site Costs	Month 1 (May 22)		
Houses Base Build Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Apartment Base Build Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Part L 2023 Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Part L 2025 Costs (bld.)	Month 1 to 34 (May 22 - Feb 25)		
Furniture Fixtures & Equipment (bld.)	Month 8 to 35 (Dec 22 - Mar 25)		
Community Centre (bld.)	Month 24 to 25 (Apr 24 - May 24)		
Site Prep Demolition Etc	Month 1 to 10 (May 22 - Feb 23)		
Drainage Abnormals	Month 1 to 18 (May 22 - Oct 23)		
Road Works Etc	Month 1 to 24 (May 22 - Apr 24)		
Substructure Abnormals	Month 6 to 29 (Oct 22 - Sep 24)		
Acoustic Measures	Month 10 to 33 (Feb 23 - Jan 25)		
Ev Charging	Month 10 to 33 (Feb 23 - Jan 25)		
External Works Abnormal Costs	Month 10 to 33 (Feb 23 - Jan 25)		
Service Diversions	Month 1 to 6 (May 22 - Oct 22)		
Contingency	Month 1 to 35 (May 22 - Mar 25)		
Professional Fees	Month 1 to 35 (May 22 - Mar 25)		
Direct Sales	Month 2 to 35 (Jun 22 - Mar 25)		
PROFIT	7,188,673	COSTS	73,367,849
PROFIT/SALE	8.92%	PROFIT/COST	9.80%

**If the threshold margin (15%) is inputted into the appraisal as a fixed input, then the outturn land value is a figure of £12,616,162 which is significantly below the benchmark value of £16,600,000.



Appendix 5 – Viability Appraisal. Market Housing for Sale scheme with zero affordable housing



REVENUE

File: Om Appraisal

Open Market Gdv	244,914ft ² @ £370 per square foot (rounded)	90,560,000
		REVENUE 90,560,000

COSTS

Site Value		16,600,000	
Site Stamp Duty		819,500	
Site Legal Fees	at 0.50%	83,000	
Site Agency Fees	at 1.00%	166,000	
		Site Costs	17,668,500
Houses Base Build Costs	169,514.00 sq-ft at 135.00 psf	22,884,390	
Apartment Base Build Costs	86,710.00 sq-ft at 165.00 psf	14,307,150	
Part L 2023 Costs		685,000	
Part L 2025 Costs		270,000	
Site Prep Demolition Etc		2,340,905	
Drainage Abnormals		1,913,015	
Road Works Etc		355,926	
Substructure Abnormals		1,364,480	
Acoustic Measures		61,050	
Ev Charging		95,804	
External Works Abnormal Costs		1,274,227	
Service Diversions		328,560	
Contingency	at 5.00%	2,294,025	
Professional Fees	at 7.00%	3,211,635	
		Build Costs	51,386,168
Direct Sale Agents Fee	at 3.50%	3,169,600	
Direct Sale Legal Fees	at 0.25%	226,400	
		Disposal Fees	3,396,000
INTEREST	(See CASHFLOW)		5,093,668
6.50% pa	on Debt charged Monthly and compounded Monthly		
Site Costs	Month 1 (May 22)		
Houses Base Build Costs (bld.)	Month 1 to 65 (May 22 - Sep 27)		



Apartment Base Build Costs (bld.)	Month 1 to 65 (May 22 - Sep 27)		
Part L 2023 Costs (bld.)	Month 1 to 65 (May 22 - Sep 27)		
Part L 2025 Costs (bld.)	Month 1 to 65 (May 22 - Sep 27)		
Site Prep Demolition Etc	Month 1 to 10 (May 22 - Feb 23)		
Drainage Abnormals	Month 1 to 18 (May 22 - Oct 23)		
Road Works Etc	Month 1 to 24 (May 22 - Apr 24)		
Substructure Abnormals	Month 6 to 55 (Oct 22 - Nov 26)		
Acoustic Measures	Month 10 to 59 (Feb 23 - Mar 27)		
Ev Charging	Month 10 to 59 (Feb 23 - Mar 27)		
External Works Abnormal Costs	Month 10 to 59 (Feb 23 - Mar 27)		
Service Diversions	Month 1 to 6 (May 22 - Oct 22)		
Direct Sales	Month 12 to 66 (Apr 23 - Oct 27)		
PROFIT	13,015,664	COSTS	77,544,336
PROFIT/SALE	14.37%	PROFIT/COST	16.78%

**If the threshold margin (20%) is inputted into the appraisal as a fixed input, then the outturn land value is a figure of £12,928,000 which is significantly below the benchmark value of £16,600,000.

