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AVISON YOUNG

2a Lane End Road, Manchester – Viability Statement Update

March 2026

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Report title: 2a Lane End Road, Manchester – Viability Statement
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Status: Draft Report v3
Draft date: © March 2026
For and on behalf of Avison Young (UK) Limited

1. Introduction

1.1 Avison Young (AY) has been appointed by Hasaza Estates Limited (The Applicant) to prepare an independent assessment of scheme viability in relation to a proposed development at 2A, Lane End Road, Manchester, of 56 dwellings and 4 units of commercial space on the ground floor.

1.2 We understand the following in relation to the development:

- The residential component comprises 56 residential apartments,
- The commercial component comprises four ground floor ancillary commercial units.

1.3 The purpose of this assessment is to consider the viability of providing the policy compliant affordable housing on this new, updated scheme. Since no s106 monetary contributions have been confirmed as far as we have been informed, we assume £0 in our assessment, however we do expect that there will be an s106 ask applicable once the planning application is lodged.

Basis of Reporting

1.4 Our report has been prepared in accordance with the RICS Professional Statement Financial Viability in Planning: Conduct, and Reporting, 1st edition, May 2019. This document sets out mandatory requirements on conduct and reporting in relation to viability assessments for planning in England to demonstrate how a reasonable, objective and impartial outcome should be arrived at.

1.5 The Professional Statement sets out the mandatory reporting and process requirements for all viability assessments prepared on behalf of, or by applicants, reviewers, decisionmakers and plan-makers.

1.6 This assessment has been undertaken in accordance with these mandatory reporting requirements, which are set out under the sub-headings below and expanded on where relevant in this document.

Objectivity, Impartiality and Reasonableness Statement

1.7 This assessment has been carried out by an RICS member who has acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. Furthermore the RICS member who has undertaken this report is a suitably qualified practitioner and RICS Registered Valuer with sufficient skills, expertise and knowledge to provide a robust and objective assessment.

1.8 The RICS member has extensive experience in advising on financial viability assessments and up-to-date knowledge of the planning system gained through previous viability experience and working alongside Avison Young's local and national planning teams.

Confirmation of Instructions and Absence of Conflicts of Interest

1.9 The terms of engagement for this instruction are appended to the rear of this report[1].

1.10 We confirm that we have had no previous involvement with the subject site in preparing any viability assessments through to planning submission stage. We also confirm that, to the best of our knowledge, no conflict of interest arises in preparing the advice requested.

[1] Refer to Appendix 1.

No Contingent Fee Statement

1.11 In preparing this assessment, no performance-related or contingent fees have been agreed.

Justification of Evidence

1.12 All inputs into this assessment have been justified as explained in further detail throughout this report. We have aimed to provide thorough detail regarding our approach and assumptions to limit the need for clarifications and subsequent negotiations with the Applicant's adviser following submission of this report.

1.13 It is noted that where the Council's adviser disagrees with elements of this assessment, the parties should always seek to resolve differences of opinion where possible.

Benchmark Land Value

1.14 The Benchmark Land Value ('BLV') has been assessed in accordance with Section 2.7 of the Professional Statement in that we have reported the following:

- Current Use Value (referred to as Existing Use Value ('EUV'));
- Premium;
- Market evidence (as adjusted in accordance with the Planning Practice Guidance);
- All supporting considerations, assumptions and justifications adopted; and
- Alternative Use Value (if appropriate).

Engagement

1.15 We confirm that we have advocated, and will advocate reasonable, transparent and appropriate engagement between the parties at all stages of the viability process.

Non-technical summary

1.16 A separate non-technical summary has been prepared and presented independently of this main report.

Timescales

1.17 We confirm that adequate time has been allowed to produce this assessment having regard to the scale of this particular project. We further confirm that this assessment has been carried out in accordance with Section 4 – Duty of Care and Due Diligence of the Professional Statement and that full consideration has been given to the matters referenced in Section 4.

1.18 Further to the mandatory RICS reporting requirements the assessment has also been undertaken with due regard to the RICS Professional Standard: Assessing viability in planning under the National Planning Policy Framework 2019[2] for England, 1st edition March 2021 and the latest Planning Policy guidance (PPG) and National Planning Policy Framework (NPPF) guidance relating to viability.

1.19 The advice contained within this report does not constitute a valuation of the site in accordance with RICS Valuation – Global Standards 2022 and should not be relied upon as such[3].

1.20 This report has been prepared for the sole use of our client, based on the scope of work and on the terms and conditions agreed with our client. Whilst facts have been rigorously checked, Avison Young can take no responsibility for any damage or loss suffered because of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced, or referred to without prior approval. Any such reproduction should be credited to Avison Young.

[2] It should be noted that although the latest version of the NPPF is December 2025 the guidance remains valid.

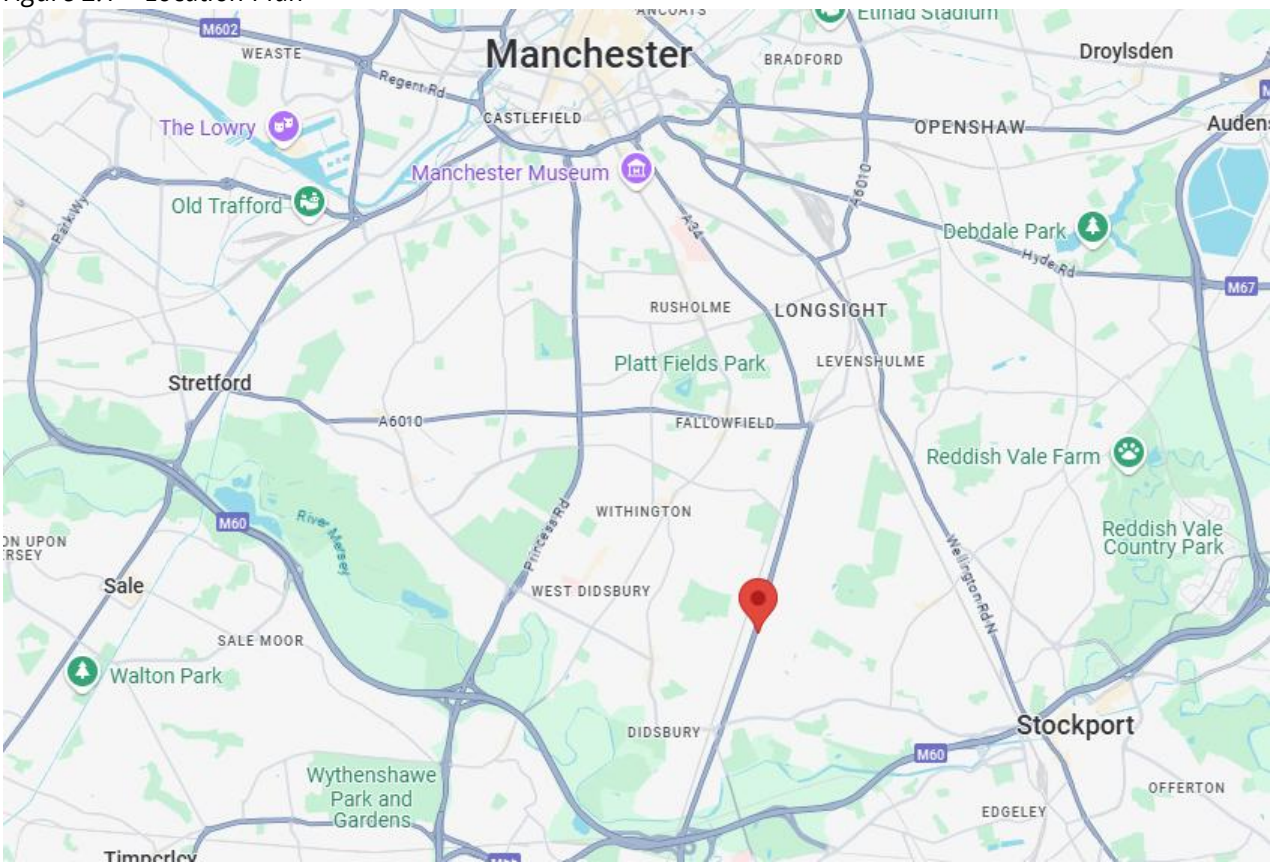
[3]The assessment is prepared for assessing the viability of development to assist with planning matters, either plan/policy making, or decision taking. The assessment therefore constitutes an exception from valuation technical and performance standards ('VPS') 1 – 5 of the Red Book and is not a formal valuation and should not be relied upon as such.

2. The Site and Surrounding Context

2.1 The site is 2a and 2-6 Lane End Road, accessed via Fog Lane in Burnage, approximately 4.00 miles (6.43km) south of Manchester City Centre and 2.37 miles (3.82km) west of Stockport.

2.2 The site is immediately adjacent to a stretch of the A-road known as Kingsway, connecting the locality northwards to Manchester and southwards towards the M60 from which Altrincham, Stockport and Wythenshawe are accessible.

Figure 2.1 – Location Plan



Source: Google Maps

2.3 We understand from Nimbus Maps that the site extends to an area of approximately 0.17 ha (0.42acres) and is irregular in shape.

2.4 The site is bordered to the north by Lane End Road (the front door and postal address of the current building), East by residential property and a car park, south by Fog Lane (where the site can be accessed by road traffic), and West by the A34 Kingsway.

2.5 Currently comprises land in the form of tarmacadam and grass, with small four retail units on the northern street frontage, totalling 4,519 sqf (420 sqm) of retail space.

2.6 The site is located within South Manchester (Policy EC9 and H6), but it is not allocated for any specific use

Figure 2.2 – Site Plan



Source: Searchland/Avison Young

3. Summary of the Proposed Scheme

3.1 The scheme comprises the construction of 56 homes, which are a mix of one, two and three bedroom flats, with four ancillary commercial spaces.

3.2 The schedule of accommodation by Group D lists that here are 40 one bed flats, 15 two bed flats and two x two bed flats. However, we have been directed to use the bedroom split set out in the cost plan, which is in the table on page 10 of the cost plan[4]. This is so that costs align with values as closely as possible. Therefore, the bedroom split we use is set out below:

3.3 The schedule of accommodation upon which this assessment is based is derived from page 10 of the January 2026 cost plan by Magnitude, and is summarised alongside average sizes derived from the architect below.[5][6]

Table 3.1 – Schedule of Accommodation Summary

Name	Quantity	Average Size sqm (sqf)	Total NIA sqm (sqf)
1 bed flat	36	44 (476)	1,584 (17,136)
2 bed Flat	17	66 (707)	1,122 (12,019)
3 bed Flat	3	81 (867)	243 (2,601)

Source: The Applicant

Commercial Space

3.4 This development, according to the cost plan, also has 532 sqm (5,725 sqf) NIA of commercial space and 769 GIA (8,281 sqf), split between 4 units, which we include in our appraisal[7].

Affordable Housing

3.5 Policy H8 of the adopted core strategy states a requirement of 20% affordable housing, with 5% being social affordable rented and 15% being intermediate tenure. Policy H8 further states that where appropriate provision will be made within Section 106 agreements to amend the proportion of affordable housing in light of changed economic conditions, subject to a financial viability assessment.

3.6 In terms of housing type, the Housing Needs Assessment 2023 prioritises 2 bedroom homes over 1 bedroom homes. For this reason, we propose that 75% of the affordable units are assumed to be 2 beds, 8 units total. The remaining 3 affordable homes will be 1 beds.

3.7 For the purpose of this assessment we also assume a 25%-75% split between social rent and intermediate tenure, in line with the Council's preferences.

[4] Please note, page 10 of the cost plan says that the accommodation split table therein should be used for the cost plan only and not for any other purpose, since we are departing from this, we need to use the average unit areas in the schedule of accommodation, even if we use the bedroom split from the cost plan.

[5] The Group D accommodation schedule produced 7 November 2025 (ref GDA25028) had an incorrect subtotal of the first floor square footage on page 3. The areas on a unit by unit breakdown are correctly converted however, so we rely on the average of the net areas, and the resultant net to gross ratio. We also have regard to the bedroom split in the cost plan over the bedroom split of the architect's schedule of accommodation, on the request of the Quantity Surveyor (Jemima of Howdens) .We summarise our assumptions above.

[6] The small discrepancy in overall GIA and NIA within the appraisal, compared with the cost plan, can be attributed to rounding error.

[7] The Group D schedule of accommodation issue November 2025 has the four commercial units as totalling 450 sqm (4,843 sqf) of commercial space, however we have been informed that the correct figure, as set out in the cost plan, is different and we have relied on this different figure in the cost plan.

3.8 A summary of the affordable dwellings included in our assessment is presented in Table 3.2[8].

Table 3.2 – Proposed Affordable Housing

Property type	Number of units	Unit NIA	Total NIA	Affordable Tenure
1 bed affordable	3	44 sqm (476 sqf)	132 sqm (1,428 sqf)	Social Rent
2 bed affordable	8	66 sqm (707 sqf)	528 sqm (5,656 sqf)	Intermediate

Source: Avison Young

[8] Areas are based on the average net floor areas for each property type, in order to make scenario testing with various unit combinations more consistent.

4. Methodology

4.1 Financial viability for planning purposes is defined as:

'An objective financial viability test of the ability of a development project to meet its costs, including the cost of planning obligations, while ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project'.

4.2 There is no single approach for assessing viability, but an accepted method of valuation is the 'residual method'. This is explained further in the RICS Guidance Note (Valuation of Development Property – 1st Edition, October 2019). In summary this valuation approach recognises that the value of a development scheme is a function of several elements. These include:

- The value of the completed development (GDV).
- The direct costs of developing the scheme (TCC).
- The return (profit) to the developer for taking the development risk and delivering the scheme.
- The cost or value of the land.

4.3 Normally the residual method of valuation is used in two basic ways. In the first instance it can be used to assess the level of return (profit) generated from the proposed project where the cost of the land is an input into the appraisal. In the second option it can be used to establish a 'residual site value' by inputting a predetermined level of profit. The consequential outputs of both options can then be compared to a benchmark to assess the viability of the scheme.

4.4 This assessment is based on Option 2, with the resultant output from our appraisal being the residual land value. This can be expressed through the simple calculation below.

Gross Development Value (GDV) (minus) Total Costs (including profit) = Residual Land Value

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- Gross Development Value (GDV) includes all sales income generated by the development.
- Total Development Costs (TDC) includes construction costs, professional fees, planning/S106 obligations and finance / interest charges etc.
- Developer's Profit is expressed by reference to a percentage of the Total Development Costs or Gross Development Value. It can also be expressed by reference to an Internal Rate of Return (IRR)[9].

4.5 In terms of the process, land value is a key component of a development appraisal, albeit (as explained previously) it can often be the 'outcome' of the appraisal rather than being a fixed figure, hence why appraisals are often referred to as being 'residual', because once all the inputs are included the 'residue' (if there is any) is the amount that the developer can afford to pay for the site.

4.6 However, the 'residue' from the appraisal (as a land value) does not always meet the expectations of the landowner. If a developer is only able to pay a significantly reduced sum below the landowners' expectations, or the costs of the scheme exceed the values generated resulting in a negative land value, then the outcome is straight forward. The land will not be sold / released for development.

[9] The IRR is highly sensitive to the timing of costs and revenues and small changes to the development programme (including timing of scheme costs and revenues), which will be uncertain at the planning stage, can have a large impact on the calculations, distorting the actual potential return. As such, depending on the quality of information available, the use of an IRR approach when determining development viability as part of the planning process has the potential to be more unstable and isn't often used.

4.7 Therefore, when undertaking a viability assessment, a benchmark land value needs to be identified.

Benchmark Land Value.

4.8 Para 013[10] of the PPG provides guidance on the issue of benchmark land values and states that a benchmark land value should be established based on 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. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'Existing Use Value plus (EUV+).

4.9 In determining the benchmark land value, the PPG states at Para 014[11] what factors should be considered when establishing the benchmark land value. It states that the benchmark land value should:

- Be based upon Existing Use Value (EUV).
- Allow for a premium to landowners.
- Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees; and
- Be informed by market evidence including current uses, costs, and values. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

4.10 PPG defines EUV at Para 015[12]. It states that EUV is the first component of calculating benchmark land value. It goes on to state that EUV is the value of the land in its existing use, which will vary depending on the type of site and development types. Para 015 is also clear in that EUV is not the price paid for the land and should also disregard hope value.

4.11 The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above EUV that goes to the landowner. Para 016 of PPG[13] states that the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a contribution to fully comply with policy requirements. Para 016 states that the process for establishing the premium will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. PPG states that policy compliance means that the development complies fully with up-to-date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. PPG also confirms that a decision maker can give appropriate weight to emerging policies.

[10] Reference ID: 10-013-20190509
[11] Reference ID: 10-014-20190509
[12] Reference ID: 10 - 015-20190509
[13] Reference: 10-016-20190509

4.12 PPG (para 17) also states that for the purpose of viability assessment Alternative Use Value (AUV) of the land may be informative in establishing benchmark land value. This refers to the value of land for uses other than its existing use. If applying alternative uses when establishing benchmark land value PPG states that 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. It further states that 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.

4.13 The RICS Professional Statement also provides guidance on the issue of benchmark land value. It states: In the interest of transparency, when providing benchmark land values in accordance with the PPG for an FVA, RICS members must report the:

- Current Use Value. CUV referred to as EUV or first component in the PPG . This equivalent use of terms (i.e., that CUV and EUV are often interchangeable) is dealt with in paragraph 150.1 of IVS 104 Bases of Value (2017).
- Premium. Second component as set out in the PPG.
- Market Evidence as adjusted in accordance with the PPG.
- All supporting considerations, assumptions and justifications adopted including valuation reports, where available.
- Alternative Use Value as appropriate (market value on the special assumption of a specified alternative use). It will not be appropriate to report an AUV where it does not exist.

4.14 The statement also confirms that the price paid is not allowable evidence for the assessment of BLV and cannot be used to justify failing to comply with policy.

4.15 Within this context, establishing a 'Benchmark Land Value' (BLV), requires an assessment of five components, including:

a) Existing Use Value (EUV) of the site, disregarding 'hope value'.
b) premium to the landowner, which provides a reasonable incentive over and above the sites EUV for them to bring the land forward for development.
c) Alternative Use Value (AUV) but only if applicable.
d) Policy compliant site value assessed by the residual method and
e) Policy compliant site value assessed by the comparative method.

Existing Use Value

4.16 As outlined previously PPG states that the EUV is the value of the land in its existing use, disregarding hope value.

4.17 We have arrived at the existing use value by splitting the site into two portions, according to their kind.

EUV Portion 1

4.18 The western portion of the site comprises 0.25 acres of land with a small pharmacy in the corner. In terms of existing use, this is viewed as brownfield land with a small retail unit, and the healthcare

specialism means healthcare evidence of other pharmacies or health centres will be somewhat relevant.

4.19 Evidence for this type of land in Manchester was challenging to find; however, we have obtained some evidence of land values in similar locations.

Table 4.1 – Existing Use Value (Portion 1) Comparables

Address	Existing Use	Sale Price	Sale Date	Size (acres)	Price Per Acre	Comment
215 Gorton Road, Stockport, SK5 6LQ	Land/Retail	£1,100,000	27/02/2025	0.46	£2,396,040	This is land with a small retail unit, similar to the subject site.
1298-1300, Ashton Old Road, Manchester, M11 1JG	Land/Retail	£170,000	02/12/2024	0.14	£857,143	This is a retail unit with a land comprising a substantial car park to the rear,
Abbey Hey Clinic, Constable Street, Manchester, M18 8GD	Land/Health	£380,000	21/09/2023	0.25	1,520,000	Health centre, similar to a consulting pharmacy, with substantial land comprising a car park.

Source: Avison Young

4.20 The evidence above ranges between £857,143 and £2,396,040 per acre, with an average of £1,591,061 per acre and a median of £1,520,000 per acre.

4.21 Viewing the evidence holistically, we have adopted an EUV for the pharmacy and land portion of the site of £1,500,000, which for the 0.25 acre site results in an existing use value of £375,000.

Portion 2

4.22 For the remaining units, as they are exclusively retail units, and these units are empty secondary row units, the value driver will be in their sale value rather than rental potential.

4.23 We set out below evidence of comparable retail unit transactions.

Table 4.2 – Existing Use Value (Portion 2) Comparables

	Property Address	Building SF	Star Rating	Sale Price	Price Per SF	Sale Date	Sale Status	Net Initial Yield	Comment
	1 Queensway	1,469	3 Star	£375,000	£255.28	07/01/2026	Sold		Suffolk Life Group Ltd sold the freehold interest of 1 Queensway comprising of a 1,469 SF property to private investor for £375,000.00. The property comprises an end-terrace building of traditional masonry construction, with the external walls finished in facing brick. The property has accommodation spread over two levels, with the ground floor providing two individual retail units and the first floor being given over to an office premises.
	476-478 Burnage Ln	2,922	3 Star	£165,000	£56.47	09/12/2025	Sold	8.91	The property comprises a mixed-use building arranged over two floors, with retail space on the ground floor and residential space above. The property is located in the residential suburb of Burnage, a short drive to the south-east of the city centre, within an established retail parade. The area is well served by local bus routes.
	204 Mauldeth Rd	1,297	2 Star	£240,000	£185.04	24/11/2025	Sold		Accountancy firm, Purcell, sold the freehold interest in this property for £240,000 to a pharmacy who will occupy the building. The property comprises a two-floor mid-terrace retail unit of masonry construction arranged under a pitched roof. The property is located on Mauldeth Road by the junction with Broadhill Road. Mauldeth Road Station lies just to the west and is easily accessible on foot.
	745 Wilmslow Rd	550	2 Star	£675,000	£1,227.27	16/07/2025	Sold		Bisque and Beyond Family Art Café has sold the freehold interest of 745 Wilmslow Road, comprising of a 550 sq ft retail building to Running Bear for £675,000 for owner occupation. The property was vacant at the time of the sale.

	101 Lapwing Ln	1,091	2 Star	£625,000	£572.87	29/10/2024	Sold	4.31	The property is a substantial three-storey mid terrace period property of brick construction under a pitched tiled roof. The property consists of a ground floor and basement restaurant. The property is situated along Lapwing Lane approaching the junction of Palatine Road coming from Didsbury Village.
	5 School Ln	326	3 Star	£360,000	£1,104.29	21/06/2024	Sold		The property comprises a building of masonry construction arranged over two floors offering retail accommodation within. The property is located on School Lane within Manchester.
	573-577 Wilmslow Rd	1,362	2 Star	£675,888	£496.25	01/05/2024	Sold		Connaught Property Management Ltd have purchased 573-577 Wilmslow Rd from Dqd Investments Limited for £675,888 as an investment. The property comprises of 1,362 square feet of ground floor retail space, with two of the units occupied and then first floor residential space. At the time of the sale the property was producing an income of £44,343 pa.

4.24 We consider 204 Mauldeth Court to be the closest comparable, due to similarity in construction and amenity with the applicant's properties. We therefore apply a value of £185.04 to the spaces at 2, 4 and 6 lane end road, comprising 309 sqm (3,331 sqf) of retail space, resulting in an EUV for portion 2 of £616,868.

4.25 Based on portion 1 (2a Lane End Road and land) combined with portion 2 (2, 4 and 6 Lane End Road), the combined EUV is £991,868.

Premium

4.26 As outlined previously Para 016 of PPG[14] states that the premium should provide a reasonable incentive for a landowner to bring forward land for development and the process for establishing the premium will be an iterative one informed by professional judgement and based upon the best available evidence.

4.27 The HCA (now Homes England) Area Wide Viability Model (Annex 1 Transparent Viability Assumptions) is the only source of specific guidance on the level of premium. Whilst the document has been withdrawn many practitioners still refer to the guidance, which states: *There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied. Benchmarks and evidence from planning appeals, [for urban/previously developed sites], tend to be in a range of 10% to 30% above EUV*.

4.28 Since the subject site is not completely vacant and is producing some income, in this instance, we do believe a premium would be necessary to incentivise the landowner to sell, of 10%.

4.29 On this basis we have adopted a **BLV of £1,091,054**

Abnormal Costs

4.30 The Applicant has provided no schedule of abnormal costs, so we assume none in our appraisal.

Alternative Use Value

4.31 We do not believe that an alternative use value is applicable.

[14] Reference: 10-016-20190509

5. Appraisal Assumptions

5.1 Assessing viability requires judgements which are informed by the relevant available information / evidence. It requires a realistic understanding of the costs and the value of development in the local area and an understanding of the operation of the market.

5.2 Para 008 of the PPG states that any viability assessment should reflect the government's recommended approach to defining key [standardised] inputs as set out in National Planning Guidance.

5.3 Para 010 of PPG[15] further states that any viability assessment should be supported by appropriate available evidence informed by engagement with developers, landowners and infrastructure and affordable housing providers. It also states that any viability assessment should follow the government's recommended approach to assessing viability as set out in the National Planning Guidance and be proportionate, simple, transparent, and publicly available.

5.4 The RICS Professional Standard (2021)[16] provides further guidance to practitioners on the evidence that could be used.

Gross Development Value

5.5 Para 011 of PPG states that for a viability assessment of a specific site or development, market evidence from the actual site or from existing developments can be used. The RICS Guidance note also advocates the use of evidence from the actual site (if available/applicable) or from existing developments.

Private Sales

5.6 We searched for nearby newbuild sales evidence from the past two years.

5.7 We have obtained evidence from the following schemes within close proximity to the site:

Table 5.1 – Comparable Schemes

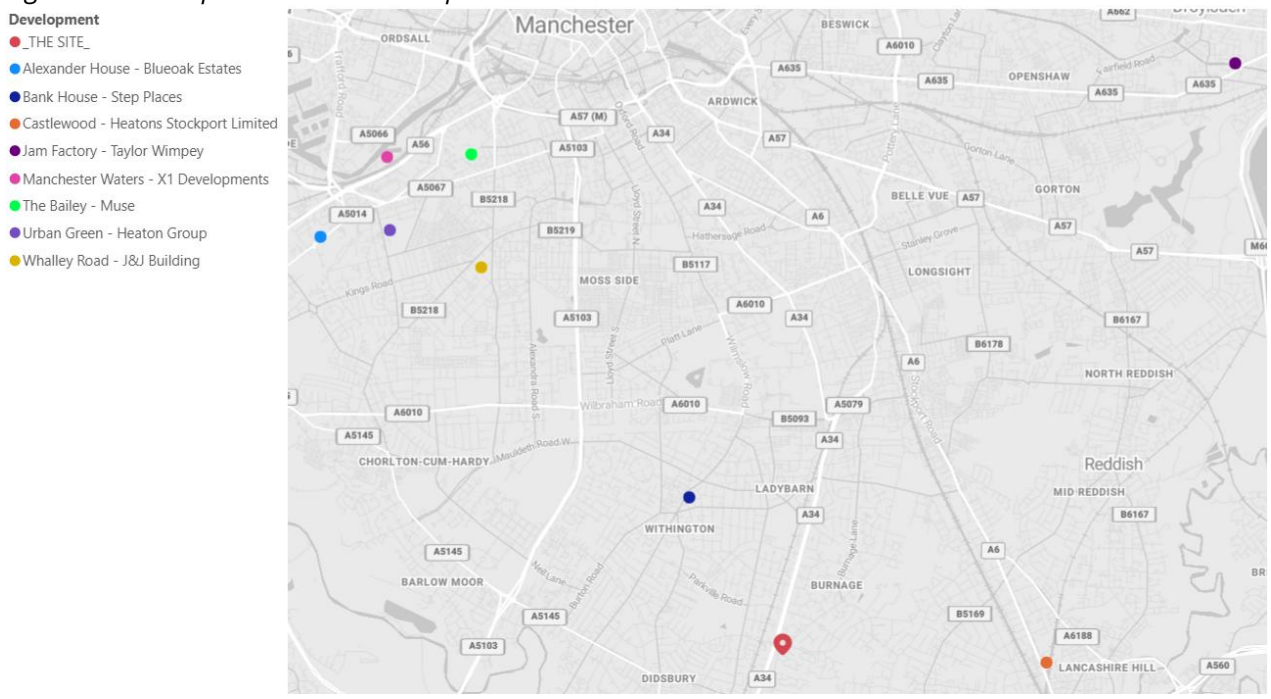
ID	Scheme	Developer
1	Alexander House	Blueoak Estates
2	Bank House	Step Places
3	Castlewood	Heatons Stockport Limited
4	Jam Factory	Taylor Wimpey
5	Manchester Waters	X1 Developments
6	The Bailey	Muse
7	Urban Green	Heaton Group
8	Whalley Road	J&J Building

Source: Land Registry/Rightmove

5.8 We set out a map of the comparable schemes below.

[15] Ref ID: 10-010-20180724
[16] Assessing viability in planning under the National Planning Policy Framework 2019 for England

Figure 5.1 – Comparable Schemes Map



Source: Avison Young/Microsoft

5.9 A summary of the sales values achieved are highlighted in Table 5.2[17] .

Table 5.2 – Summary of Achieved Values psm/psf

Scheme	Values £psm (£psf)		
	Max	Min	Average
Alexander House	No Data	No Data	No Data
Bank House	£383	£362	£373
Castlewood	£320	£316	£318
Jam Factory	£330	£275	£304
Manchester Waters	£552	£320	£433
The Bailey	£400	£302	£349
Urban Green	£532	£309	£370
Whalley Road	No Data	No Data	No Data

Source: Rightmove

[17] A detailed schedule of comparable evidence is included at Appendix 2.

Table 5.3 – Summary of Achieved Unit Values

Scheme	Values £ per unit		
	Max	Min	Average
Alexander House	£204,800	£112,800	£160,073
Bank House	£292,000	£247,500	£269,750
Castlewood	£245,000	£241,000	£243,000
Jam Factory	£196,995	£179,995	£188,745
Manchester Waters	£380,000	£152,995	£287,294
The Bailey	£314,950	£248,556	£278,809
Urban Green	£548,234	£161,823	£236,763
Whalley Road	£270,000	£128,000	£194,333

Source: Rightmove

5.10 Given the nature of the development and its location in close proximity to the subject site, we feel that the Bank House scheme in Withington completed recently by Step Places represents the best comparable of all those identified above. Bank House comprises a total of 13 one- and two-bedroom new build private for sale apartments designed to a high-quality specification conveniently located along a main arterial route into Manchester City Centre. The scheme was completed in 2025 and has since completely sold out. Given the micro location, the layout and overall unit sizes, we believe the proposed scheme will achieve close to the lower to mid-end of this scheme's value range, which we set out in the table below.

Table 5.4 – Proposed Values (Full Market)

Name	Net Unit Size sqm (sqf)	Price psm (psf)	Price Per Unit (Market)
1 bed flat	44 (476)	£3,983 (£370)	£176,092
2 bed flat	66 (707)	£3,929 (£365)	£258,055
3 bed flat	81 (867)	£3,638 (£330)	£285,945

Source: Avison Young

Affordable Housing

5.11 With respect to the affordable dwellings we have applied a 20% discount for social rented and 40% discount for discounted market sale.

Commercial Letting

5.12 This development, according to the cost plan, has 532 sqm (5,725 sqf) NIA of commercial space and 769 GIA (8,281 sqf), split between 4 units, which we include in our appraisal The net area has been priced at £20 psf based on local comparable evidence, and a yield of 6% based on local market data.

Development Costs

5.13 Para 012 PPG[18] states that the assessment of costs should be based on evidence that is reflective of local market conditions.

[18] Reference ID:10-012-20180724

Base Build Cost

5.14 The latest RICS Guidance[19] states that a full quantity surveyor's cost report showing how costs have been estimated, should be made available for site-specific information. In this case, the Applicant has provided a full stage 2 cost plan. This states a base build cost of £178 psf.

5.15 We have crosschecked this against BCIS rebased to Q2 2026, and to Greater Manchester. This rate is £181.62 psf. This is close to the cost plan base rate. We therefore adopt the cost plan rate of £178 psf, plus 15% for external works and contractor's overheads and profit, which is £195.80.

Contingency

5.16 We have allowed a contingency of 5% and applied this to the base build and abnormal costs.

Project Fees

5.17 Many viability assessments incorporate an assessment of fees based upon a percentage of build costs. Expenditure on fees will vary with the complexity of the site. They will also vary depending on the type of developer, with volume builders often able to realise some savings from in-house provision. Figures for fees relating to design, planning and other professional fees can range between 7% and 9% for straight forward sites but can be a lot of higher for complex multi-phased sites.

5.18 We have included an allowance for project fees based on 8% of the build costs, which we deem to be optimistic. This covers architecture, planning, surveys, legal and other professional fees etc.

Demolition Costs

5.19 The cost plan includes a demolition and site strip allowance of £100,000. We understand this is indicative, and for a site of this size and nature it seems reasonable. We therefore include this cost in our appraisal.

S106 Costs

5.20 No S106 costs have been reported to us by the Applicant, so we therefore assume a zero sum for these.

Disposal Costs[20]

5.21 We have included an allowance based on 3% of the open market sales GDV.

Developer's Profit

5.22 In simple terms, only when the development value exceeds the total project costs can a scheme be considered viable. A scheme will not proceed where development costs exceed revenue (i.e. where there is a negative profit). However, even in circumstances where a very modest profit is generated, it does not always meet the expectations of the developer. Therefore, when undertaking a viability assessment, a minimum profit needs to be identified.

5.23 Planning Practice Guidance (PPG) states[21] that for the purpose of plan making an assumption of 15% to 20% of gross development value (GDV) may be considered a suitable return to developers to establish the viability of plan policies. It further states that plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. PPG also advocates that a lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value

[19] Assessing viability in planning under the National Planning Policy Framework 2019 for England.
[20] Sales agents, legal and marketing costs.
[21] Paragraph: 018 Reference ID: 10-018-20190509

and reduces risk. It also states that alternative figures may also be appropriate for different development types.

5.24 Whilst the reference within PPG is clearly aimed towards viability in plan making many practitioners also refer to the guidance within PPG for viability in decision making. However, at the application and decision-making stage the level of return needs to have regard to the scale and complexity of the project in question, its cash efficiency, the scale of investment required and the embedded risk in the project.

5.25 Within this context, our opinion of a reasonable return for the developer is a profit of 18% on GDV.

Finance Costs and Timescales

5.26 It is difficult to establish what the appropriate rate of interest would be in the current market. The Bank of England has recently maintained the base rate at 3.75%, as it continues to manage inflation. It is also widely recognised that the approach to development varies widely and is influenced by the equity invested in the site along with the financial organisation/strength of the developer. The interest rates can, therefore, differ widely between these approaches.

5.27 For the purpose of our appraisal, we have assumed an interest rate of 7%.

5.28 In terms of timescales /phasing, our assessment is based on the following assumptions:

- 6 months lead into commencement of construction,
- A 24 month build programme,
- A sales rate of 4 per month, meaning a 12 month sale programme, starting 12 months into construction (assuming 100% pre-sales),
- Affordable housing sold and transferred 1/3 at commencement, 1/3 mid-construction and 1/3 on practical completion,
- Professional Fees timed over pre-construction and 6 months into construction.

6. Summary of Base Appraisal

6.1 The results of our assessment are summarised in Table 6.1 and we include a copy of our base case appraisal at Appendix 3.

Table 6.1- Summary of Base Appraisal (Policy Compliant)

Item	£
Housing	£10,654,137
Commercial Rent	£1,880,736
Total GDV/Net Realisation (A)	**£12,534,873**
Construction Costs	£9,536,166
Contingency	£576,808
Demolition	£100,000
Project /Professional Fees	£762,893
Marketing and Letting (Commercial)	£17,175
Disposal Fees	£376,046
Finance Costs	£74,858
Total Costs (excluding profit)	**£11,443,946**
Developers Profit at 18% GDV	£2,256,277
Total Costs (including Developers Profit) (B)	**£13,700,223**
Gross Residual Land Value (A – B)	(£1,165,350)
Stamp Duty	-[22]
Residual Land Value	**(£1,165,350)**

Source: Avison Young

BLV of £1,091,054 is exceeded
Close to BLV of £1,091,054
Below BLV of £1,091,054
Unviable (negative land value generated)

6.2 As highlighted above, our base case appraisal generates a negative land value, meaning that the scheme is unviable on a policy-compliant basis.

[22] As there is a negative and value, no stamp duty cost is generated or applicable.

7. Sensitivity Analysis

7.1 Our base case appraisal, summarised in the previous section, highlights that a policy compliant scheme is not viable.

7.2 Within the table below we set out the impact on viability of a range of alternative 106 scenarios.

Table 7.1 – Impact on Viability of S106 Scenarios

	Scenario	Residual land value
	Base appraisal	(£1,065,530)
1	Affordable housing excluded (100% market scheme)	(£440,791)
2	Affordable housing excluded but with 5% higher residential values	(£26,322)
3	Affordable housing excluded but with 10% higher residential values	£364,511
4	Affordable housing excluded but with 5% lower costs	£56,702
5	Affordable housing excluded but with 10% lower costs	£521,793

Source: Avison Young

BLV of £1,091,054 is exceeded
Close to BLV of £1,091,054
Below BLV of £1,091,054
Unviable (negative land value generated)

7.3 As outlined above, the scheme only produces a positive residual land value when values rise by 10% or costs reduce by 5%. Moreover, as the residual value falls far short of the benchmark land value in both of these scenarios, and likewise for the rest, this means that all five scenarios are unviable.

7.4 We have also considered a combination of changes in the build costs and sales values and what impact this has on the viability of our base appraisal.

Table 7.2- Impact of Changes in Construction Costs the Policy Compliant Appraisal

	Sales Values				
Costs	-10%	-5%	0%	+5%	+10%
-10%	-£890,041	-£556,758	-£226,129	£95,748	£411,530
-5%	-£1,313,619	-£977,631	-£644,302	-£313,480	£11,248
0%	-£1,740,287	-£1,400,957	-£1,065,351	-£731,952	-£400,935
+5%	-£2,171,125	-£1,826,785	-£1,488,504	-£1,153,071	-£819,666
+10%	-£2,603,177	-£2,256,884	-£1,913,741	-£1,576,053	-£1,240,791

Source: Avison Young

BLV of £1,091,054 is exceeded
Close to BLV of £1,091,054
Below BLV of £1,091,054
Unviable (negative land value generated)

7.5 The previous table demonstrates that the base appraisal is unable to deliver a viable scheme, even if costs reduce or values increase by 10%.

8. Conclusions

8.1 Avison Young (AY) has been appointed by the Applicant to prepare an independent assessment of scheme viability in relation to a proposed development of 56 dwellings by on land at 2a Lane End Road and 2-6 Lane End Road near Fog Lane, Manchester.

8.2 The purpose of this assessment is to consider the viability of providing the Council's affordable housing obligations and other developer contributions.

8.3 We have prepared our own independent assessment of viability.

8.4 In order for any land to be released for development, the scheme in question is required to generate the minimum acceptable level of return for the landowner, in the form of a benchmark land value. The developer must also receive an acceptable level of return / profit for the level of risk that they take.

8.5 For the purpose of this assessment we have adopted a benchmark land value of £1,091,054 and applied a profit which equates to 18% of GDV.

8.6 Our base case appraisal generates a negative land value, meaning that the scheme is unviable on a policy-compliant basis.

8.7 If the scheme is based on 100% market sales (i.e. there is no affordable housing) then the scheme generates a land value which is far below the benchmark, and therefore unviable.

8.8 We tested 5 scenarios including a 100% market housing scheme, and reducing costs/increasing values by up to 10%. In addition to this, we tested sensitivities on cost and value for the base appraisal. In all scenarios and sensitivities, the residual land value is below the benchmark land value and is therefore unviable.

8.9 In summary our assessment confirms that the scheme is unable, financially, to support any affordable housing or other developer contributions.

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Appendix 1

Terms and Conditions

Appendix 2

Comparable Sales Evidence

Appendix 3

Development Appraisals

Contact details

Enquiries



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