

10 November 2025

Ken Richards
Manchester City Council
Town Hall,
Manchester
M60 2LA

VIA EMAIL

savills

Robert Waterhouse

E: robert.waterhouse@savills.com

M: [REDACTED]

Belvedere
12 Booth Street
Manchester M2 4AW
savills.com

Dear Ken,

Re: Review of TCP Viability Report addendum (Stocktons, Great Ancoats Street, Manchester)

We write further to the submission of our Financial Viability Assessment (FVA) review dated October 2025 and subsequent addendum prepared by Tim Claxton Property (TCP) in relation to the above site. As instructed, Savills has reviewed the assumptions and methodology adopted by TCP in their Build to Rent (BTR) appraisal, as set out in the addendum dated 4 November 2025.

1. Background and Purpose

TCP's original FVA (March 2025) and subsequent addendum (November 2025) assess the viability of the Stocktons scheme, initially on an open market sales basis and, in the addendum, from a BTR perspective. Both TCP and Savills' previous reviews concluded the scheme was 'unviable' on an open market sales basis. The addendum now considers the investment value of the anticipated rental income, which we are to review.

2. Scheme Overview

- 752 residential units across two blocks (A & B)
- Commercial floorspace: Block A – 1,119 sq.ft; Block B – 29,193 sq.ft

3. Residential Rental Assumptions

Rental Value

TCP have adopted the following rental values in their BtR appraisal:

Unit Type (Average Size)	Units	Rent pcm	Rent Per sq.ft	Total Rent pa
Studios				
SA / SB (453 sq.ft)	90	£1,400	£37.09	£1,512,000
One Bed Apartments				
1A / 1B (526 sq.ft)	90	£1,850	£42.21	£1,998,000
Two Bed Apartments				
2A / 2B / 2C (754 sq.ft)	356	£2,000	£31.83	£8,544,000
Two Bed Duplex Apartments				
2AD / 2BD / 2CD (1,058 sq.ft)	6	£2,200	£24.95	£158,400
Three Bed Duplex Apartments				
3AD (1,498 sq.ft)	10	£2,400	£19.23	£288,000
Total	552			£12,500,400

Table 1: Block A Proposed Residential Rents

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills (UK) Limited. Chartered Surveyors. Regulated by RICS.

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Unit Type	Units	Rent pcm	Rent Per sq.ft	Total Rent pa
Studio Apartments				
SA (424 sq.ft)	35	£1,400	£39.62	£588,000
One Bed Apartments				
1A / 1B (511 sq.ft)	31	£1,850	£43.44	£688,200
Two Bed Apartments				
2A / 2B / 2C (780 sq.ft)	134	£2,000	£30.77	£3,216,000
Total	200			£4,492,200

Table 2 – Block B Proposed Residential Rents

This results in a total anticipated gross rent of £16,992,600 per annum. TCP have not detailed any comparable rental evidence in support of their rental assumptions.

We have reviewed the current rental market, relying on the nearest BtR and open market rental values currently being achieved, which we summarise below:

Scheme	Beds	Rent (PCM)	Rent (PSF)	Comments
The Astley – Great Ancoats Street	1	£1,250 - £1,300	£27.69 - £30.99	BtR Scheme including residents lounge and roof garden.
	2	£1,470 - £1,600	£23.81 - £32.38	
Anco & Co - Great Ancoats Street	2	£1,442	£23.42 - £25.98	BtR Scheme including residents lounge and concierge.
Burlington House – Tariff Street	1	£1,200 - £1,400	n/a	BtR Scheme including residents lounge and concierge.
	2	£1,250 - £2,150	n/a	
	3	£1,750 - £2,350	n/a	
Swan Street - Great Ancoats Street	1	£1,350 - £1,365	£32.34 - £32.69	New Build BtR Scheme including residential amenities including gym and co working spaces.
	2	£1,880 - £1,905	£26.66 - £32.33	
	3	£2,315 - £2,695	£28.89 - £35.19	
Port Street	1	£1,700	£37.70	Sales scheme with investment lets currently advertised. High specification with resident amenities to include swimming pool & spa, roof terrace, gym and fitness studio.
	2	£2,100	£33.15	

Swan Street and Port Street provide the best comparable evidence, both being high rise developments of c.30 stories akin to the proposed development, albeit offer superior resident amenities compared to the proposed scheme. 1 Bedroom apartments are currently attracting rents between £1,350 to £1,700 per calendar month (£32.34 - £37.70 psf) and 2 bedroom apartments attracting rents in the order of £1,880 to £2,100 per calendar month (£26.66 - £33.15 psf).

We therefore consider the rents adopted by TCP to be optimistic, especially with regards to the studio and 1 bedroom apartments, with rents in excess of £5psf higher than Port Street, which is considered best in class for this location.

OPEX Costs

TCP have the applied Operational Expenditure (OPEX) deductions of 25% (£4,248,150), resulting in net rent of £12,744,450. TCP have broken down OPEX costs as follows:

Item	Percentage of Income
Voids/Bad Debts	2.4%
Marketing	1.0%
Insurance/Legal	1.8%
Staffing	4.3%
Amenity/Communal Area Costs	3.1%
Building/Apartment Maintenance & Turnover	2.3%
Utilities	3.1%
Management Fees	7.0%
Total	25.0%

Table 3 – OPEX Item Percentage Deductions

We consider 25% OPEX costs to be a reasonable assumption and in line with what most BtR operators are currently experiencing. We have therefore adopted the same rate in our appraisal.

Furniture Packs

TCP have included an additional costs for furnishing packs of £3,000 per unit. We are aware of furniture packs costing between £3,000 to £5,000 per unit, therefore we consider £3,000 per unit to be reasonable and we have adopted the same within our appraisal.

BtR Investment Yield

TCP have adopted an investment yield of 4.50% (noted as ambitious in current market conditions). We consider this to be a reasonable assumption and agree it to be best case scenario in the current market. We have assessed nearby BtR schemes at a yield of 4.75%, noting a secondary location from prime city centre. The reality in the current market is that schemes will be lucky to achieve a funding yield of sub 5%. The proposed development is situated in a better location albeit would not be considered as prime as locations such as Deansgate Square. For the purpose of this assessment, we have adopted the same yield within our appraisal whilst noting it is optimistic.

Residential GDV

TCPs rental assumptions results in a residential GDV of £283,210,000. Accounting for purchasers costs of 6.8% results in a Net Residential Development Value of £263,951,720.

TCP have adopted optimistic rental and investment assumptions in their appraisal of a 100% OMR BtR scheme, which results in the scheme remaining unviable. Whilst Savills considers these assumptions optimistic, should we adopt more reasonable assumptions in our appraisal, would only result in the more unviable position. Therefore for the purpose of this assessment, we have adopted the same rental and investment assumptions in our appraisal.

4. Commercial Rental Assumptions

TCP have kept the same commercial assumptions as in their original FVA, which we were in agreement of, resulting in a commercial GDV of £9,542,125. (Rounding differences between Savills and TCP value of £9,748,623).

6. Cost Assumptions

TCP have adopted the following:

- Build Costs suggested by ACM in our October review of £281.04 per sq.ft
- Furnishing packs: £3,000 per unit
- No marketing/sales costs for residential (letting costs included in OPEX)
- Other costs as per original FVA

Savills consider the costs assumptions to remain reasonable as per our adopted costs in our October review, therefore we have adopted the same costs in our appraisal of the BtR scheme,.

7. Appraisal Outcome & Conclusion

TCPs appraisal results in a developer return of **-7.51%** profit on cost, concluding that whilst there is an improvement in the viability deficit, the scheme remains 'unviable' as it remains below the minimum developer return of 15% profit on cost. In both the Open Market Sales and BtR scenarios, the development cannot afford any affordable units or additional S106 contributions.

Savills appraisal adopts broadly the same inputs, with some minor differences in inputs due to rounding and background calculations in Argus, albeit draws to a similar result of a developer return of **-4.65%** profit on cost. We therefore agree with TCPs conclusion, that the BtR scheme, whilst reducing the viability deficit, remains unviable and that in both the Open Market Sales and BtR scenarios, the development cannot afford any affordable units or additional S106 contributions.

Yours sincerely

A solid black rectangular box used to redact the signature of Robert Waterhouse.

Robert Waterhouse
Associate

Encl. Savills BtR Appraisal

Stocktons
Great Ancoats Street
100% BtR

Stocktons
Great Ancoats Street
100% BtR

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Block A Commercial	1	1,119	30.00	33,570	33,570	33,570
Block B Commercial	4	29,192	25.00	182,450	729,800	729,800
Block A BtR	552	386,344	32.36	22,646	9,375,300	12,500,400
Block B BtR	200	135,204	33.23	22,461	3,369,150	4,492,200
Totals	757	551,859			13,507,820	17,755,970

Investment Valuation

Block A Commercial					
Current Rent	33,570	YP @	8.0000%	12.5000	419,625
Block B Commercial					
Current Rent	729,800	YP @	8.0000%	12.5000	9,122,500
Block A BtR					
Current Rent	9,375,300	YP @	4.5000%	22.2222	208,340,000
Block B BtR					
Current Rent	3,369,150	YP @	4.5000%	22.2222	74,870,000
Total Investment Valuation					292,752,125

GROSS DEVELOPMENT VALUE **292,752,125**

Purchaser's Costs	(19,907,145)
Effective Purchaser's Costs Rate	6.80%
	(19,907,145)

NET DEVELOPMENT VALUE **272,844,981**

NET REALISATION **272,844,981**

OUTLAY

ACQUISITION COSTS

Fixed Price	2,883,000	
Fixed Price	2,883,000	
		2,883,000
Stamp Duty		133,650
Effective Stamp Duty Rate	4.64%	
Agent Fee	1.00%	28,830
Legal Fee	0.50%	14,415
		176,895

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Build Costs	797,543	281.04	224,141,603
Contingency		5.00%	11,207,080
			235,348,683

Other Construction Costs

Construction Warranty	752 un	3,000.00 /un	2,256,000
Furniture Packs	752 un	3,000.00 /un	2,256,000
			4,512,000

Stocktons
Great Ancoats Street
100% BtR

PROFESSIONAL FEES

Professional Fees	6.00%	13,448,496	13,448,496
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MARKETING & LETTING

Letting Agent Fee	10.00%	76,337	
Letting Legal Fee	5.00%	38,169	114,506

TOTAL COSTS BEFORE FINANCE
256,483,580
FINANCE

Debit Rate 7.5000%, Credit Rate 0.0000% (Nominal)			
Total Finance Cost			29,677,066

TOTAL COSTS
286,160,646
PROFIT
(13,315,666)
Performance Measures

Profit on Cost%	-4.65%
Profit on GDV%	-4.55%
Profit on NDV%	-4.88%
Development Yield% (on Rent)	4.72%
Equivalent Yield% (Nominal)	4.61%
Equivalent Yield% (True)	4.75%
IRR% (without Interest)	4.20%
Rent Cover	-12 mths
Profit Erosion (finance rate 7.500)	N/A

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Net MRV
at Sale
33,570
729,800
9,375,300
3,369,150
13,507,820

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Great Ancoats Street
100% BtR

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Great Ancoats Street
100% BtR

Detailed Cash flow Phase 1
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Monthly B/F	001:Sep 2025	002:Oct 2025	003:Nov 2025	004:Dec 2025	005:Jan 2026
	0	(3,059,895)	(3,079,019)	(3,098,144)	(3,117,507)
Revenue					
Cap - Block A Commercial	0	0	0	0	0
Cap - Block B Commercial	0	0	0	0	0
Cap - Block A BtR	0	0	0	0	0
Cap - Block B BtR	0	0	0	0	0
Disposal Costs					
Purchaser's Costs	0	0	0	0	0
Unit Information					
Build Costs					
Acquisition Costs					
Fixed Price	(2,883,000)	0	0	0	0
Stamp Duty	(133,650)	0	0	0	0
Agent Fee	(28,830)	0	0	0	0
Legal Fee	(14,415)	0	0	0	0
Construction Costs					
Con. - Build Costs	0	0	0	0	0
Construction Warranty	0	0	0	0	0
Furniture Packs	0	0	0	0	0
Contingency	0	0	0	0	0
Professional Fees					
Professional Fees	0	0	0	0	0
Marketing/Letting					
Letting Agent Fee	0	0	0	0	0
Letting Legal Fee	0	0	0	0	0
Net Cash Flow Before Finance	(3,059,895)	0	0	0	0
Debit Rate 7.5000%	7.5000%	7.5000%	7.5000%	7.5000%	7.5000%
Credit Rate 0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Finance Costs (All Sets)	0	(19,124)	(19,124)	(19,363)	(19,363)
Net Cash Flow After Finance	(3,059,895)	(19,124)	(19,124)	(19,363)	(19,363)
Cumulative Net Cash Flow Monthly	(3,059,895)	(3,079,019)	(3,098,144)	(3,117,507)	(3,136,870)

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Detailed Cash flow Phase 1

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020:Apr 2027 (66,117,620)	021:May 2027 (75,239,887)	022:Jun 2027 (84,732,414)	023:Jul 2027 (94,553,458)	024:Aug 2027 (104,645,516)	025:Sep 2027 (114,958,484)	026:Oct 2027 (125,452,963)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(7,708,205)	(7,987,654)	(8,221,590)	(8,410,013)	(8,552,923)	(8,650,321)	(8,702,205)
(77,584)	(80,396)	(82,751)	(84,647)	(86,086)	(87,066)	(87,588)
(77,584)	(80,396)	(82,751)	(84,647)	(86,086)	(87,066)	(87,588)
(385,410)	(399,383)	(411,079)	(420,501)	(427,646)	(432,516)	(435,110)
(462,492)	(479,259)	(493,295)	(504,601)	(513,175)	(519,019)	(522,132)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(8,711,275)	(9,027,088)	(9,291,467)	(9,504,409)	(9,665,916)	(9,775,988)	(9,834,625)
7.5000%	7.5000%	7.5000%	7.5000%	7.5000%	7.5000%	7.5000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(410,992)	(465,438)	(529,578)	(587,649)	(647,052)	(718,491)	(779,590)
(9,122,267)	(9,492,526)	(9,821,044)	(10,092,058)	(10,312,968)	(10,494,479)	(10,614,215)
(75,239,887)	(84,732,414)	(94,553,458)	(104,645,516)	(114,958,484)	(125,452,963)	(136,067,178)

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Stocktons
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Detailed Cash flow Phase 1

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041:Jan 2029 (268,713,296)	042:Feb 2029 (274,924,446)	043:Mar 2029 (280,399,653)	044:Apr 2029 (285,113,974)	045:May 2029 (12,449,227)	046:Jun 2029 (12,515,671)	047:Jul 2029 (12,593,894)
0	0	0	419,625	0	0	0
0	0	0	9,122,500	0	0	0
0	0	0	208,340,000	0	0	0
0	0	0	74,870,000	0	0	0
0	0	0	(19,907,145)	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(4,018,935)	(3,342,614)	(2,620,781)	0	0	0	0
(40,451)	(33,644)	(26,378)	0	0	0	0
(40,451)	(33,644)	(26,378)	0	0	0	0
(200,947)	(167,131)	(131,039)	0	0	0	0
(241,136)	(200,557)	(157,247)	0	0	0	0
0	0	0	(76,337)	0	0	0
0	0	0	(38,169)	0	0	0
(4,541,919)	(3,777,589)	(2,961,823)	272,730,475	0	0	0
7.5000%	7.5000%	7.5000%	7.5000%	7.5000%	7.5000%	7.5000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(1,669,231)	(1,697,618)	(1,752,498)	(65,728)	(66,444)	(78,223)	(78,223)
(6,211,150)	(5,475,207)	(4,714,321)	272,664,747	(66,444)	(78,223)	(78,223)
(274,924,446)	(280,399,653)	(285,113,974)	(12,449,227)	(12,515,671)	(12,593,894)	(12,672,117)

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Report Date: 10/11/2025

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Report Date: 10/11/2025

Stocktons
Great Ancoats Street
100% BtR

Project Timescale	
Project Start Date	Sep 2025
Project End Date	Apr 2030
Project Duration (Inc Exit Period)	56 months

Phase 1
