Shaw Street Homes Developments Limited

47-48 Store Street
Manchester
M1 2WA

Financial Viability Appraisal

November 2025

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1. Introduction

1.1 Tim Claxton Property Ltd has been commissioned by Shaw Street Homes Developments Limited (the Applicant) to undertake an assessment of the financial viability of a proposed development scheme situated on a site located on Store Street in Manchester City Centre.

1.2 The site is situated within the Manchester City Council local authority area.

1.3 The proposed scheme is the subject of a detailed planning application for a single block of residential accommodation comprising 73no apartments (26no one bed, 46no. two bed; and 1no. three bed apartments) arranged over ground plus 15 floors.

1.4 The scheme is suitable and designed for open market sale.

1.5 Having reviewed the viability position the applicant considers that the development economics of the proposed scheme are such that it cannot afford to meet in full the policy requirements relating to Section 106 items.

1.6 Accordingly this report assesses the viability of the proposed scheme with reference to all relevant guidance particularly Planning Policy Guidance dated May 2014 and most recently updated in June 2021 and the new RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' which sets out a framework for undertaking viability appraisals of this nature (and which came into force in July 2021).

1.7 In line with RICS professional guidance and standards – Financial viability in planning: conduct and reporting (May 2019) we are able to confirm:

- We have no conflicts of interest
- The report has been prepared by us with no contingent or performance related fee in place with the Applicant
- In preparing this report we have acted
    - with objectivity
    - impartially
    - without interference, and
    - with reference to all appropriate sources of information

Signed on behalf of Tim Claxton Property Limited



……..

Tim D Claxton MA MRICS,
Director

2. Development Description

Site Location and Description

2.1 The site is located to the east of Manchester City Centre approximately 250 metres to the south-west of Great Ancoats Street (A665) the main circular route around the city centre, and approximately 200 metres to the north of Piccadilly train station. The site location is shown in Figure 1.

2.2 The site which totals in the region of 0.17 acres (0.07 ha) is currently cleared but with no active frontage onto Store Street. A retaining wall some 2-3 metres in height fronts the site which has been partly broken down to allow access for construction vehicles.

2.3 The overall level of the site is between approximately 2-6 metres above the level of Store Street and to facilitate construction will need to be levelled to a greater or lesser extent and new retaining structures put in place.

2.4 The site is landlocked on three sides and bordered to the north by public highway (Store Street); to the west by industrial; to the south by residential apartment blocks and associated surface car parking and to the east by residential and overgrown and banked land.

2.5 A site plan is reproduced at Figure 2.

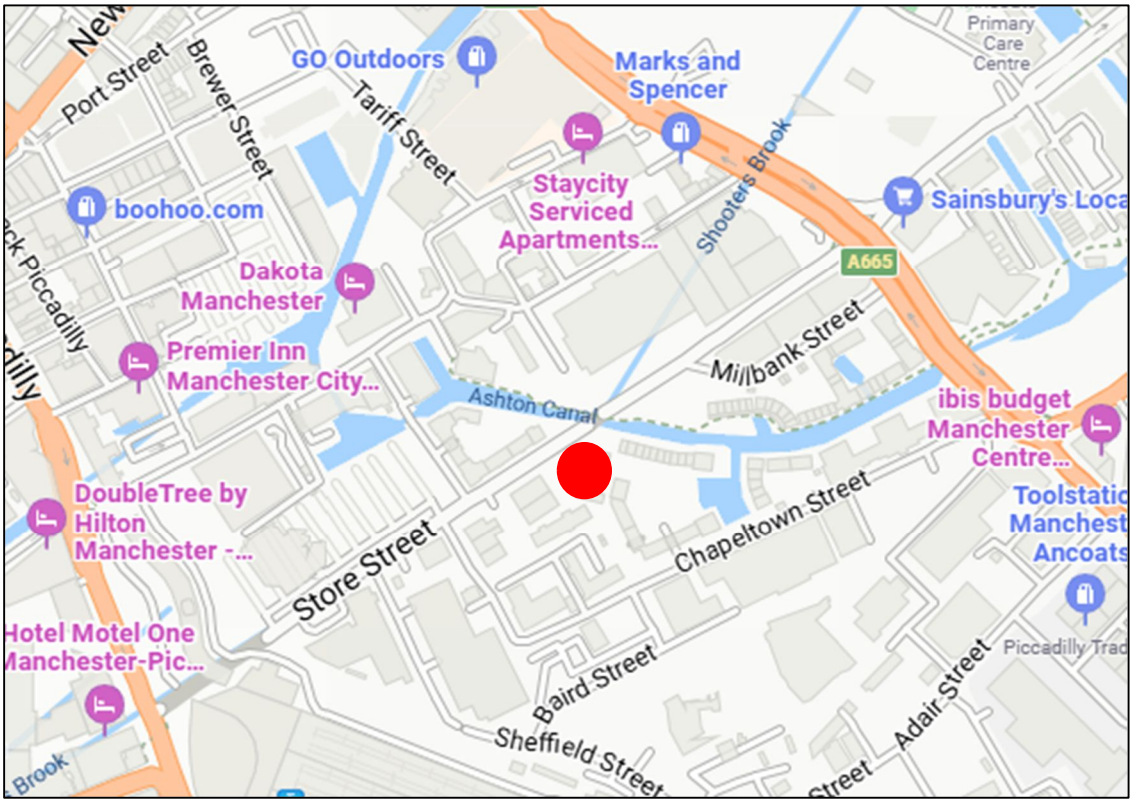


Fig 1: Site Location
Source: Bing maps

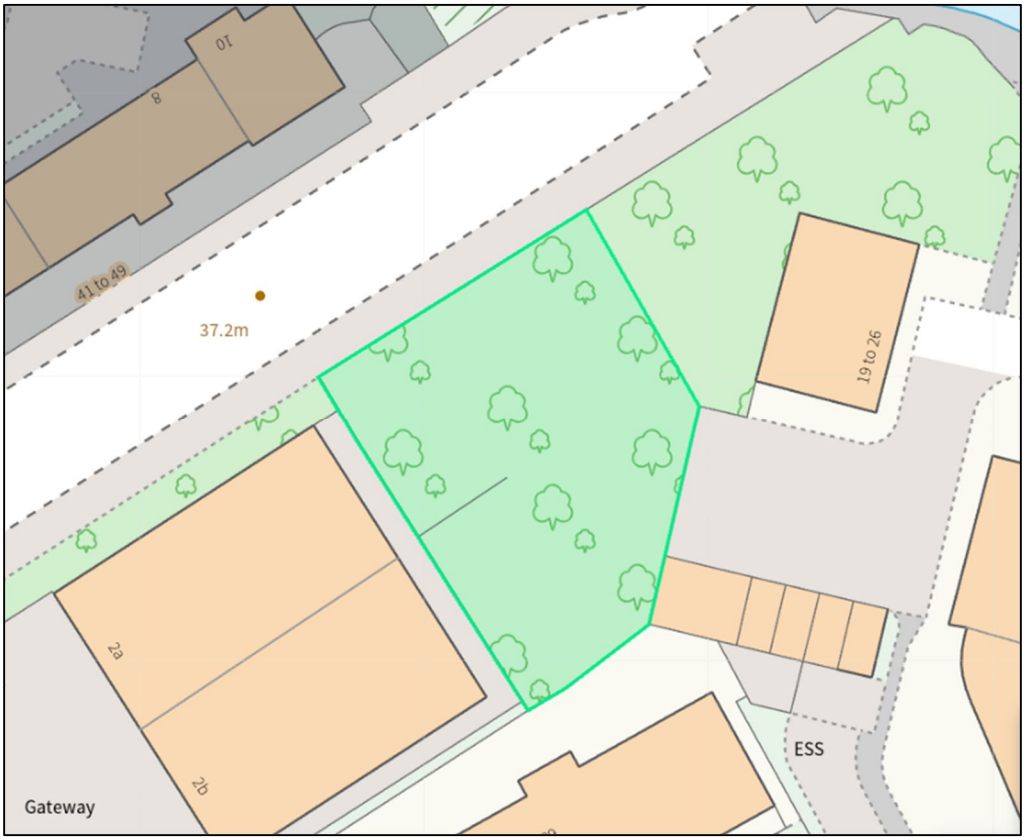


Fig 2: Site Plan

2.6 The immediate area is characterised by a mix of uses, industrial giving way to increasing amounts of residential. The site is located at the western edge of the Piccadilly Village area – a waterside residential led development based around James Brindley Basin and Thomas Telford Basin.

2.7 An image of the site from Store Street is reproduced at Fig.3

Scheme Description

2.8 The scheme comprises a single block of accommodation over 16 floors (ground plus 15).

2.9 A single block of residential accommodation providing a total of 73no. dwellings arranged across all of the 16no. floors. The scheme provides a mix of one bed apartments (26no.); two bed apartments (46no); three bed apartments (1no.), together with ancillary uses at ground floor level.

2.10 The block provides a number of cycle storage spaces at ground floor and no car parking spaces.

2.11 The proposed mix of residential units is summarised in Table 1. Plans of the block are attached at Appendix I.

2.12 This block delivers 4,399.3 sq.m (47,354 sq.ft) of residential accommodation within a building with an overall gross area of 5,592.6 sq.m (60,200 sq.ft) giving a gross to net ratio of 78.66%.

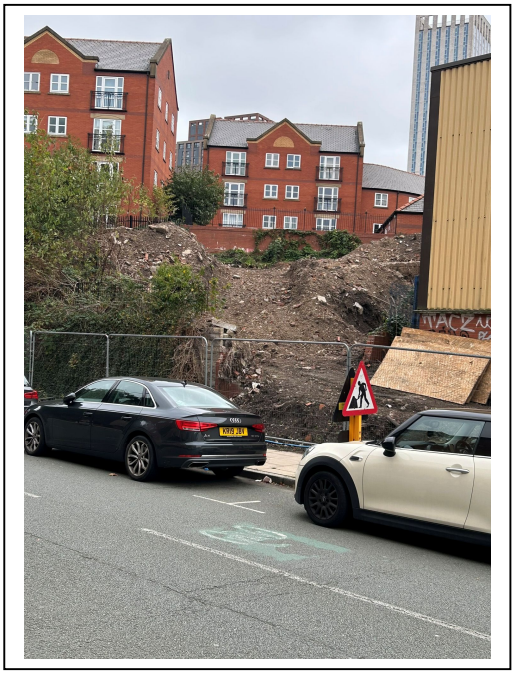


Fig 3: Image of site from Store Street

Unit Type	Units	Avg Size sq.m (sq.ft)	Total sq.m (sq.ft)
One Bed Apartments			
1A	25	50.0 (538)	1,250.0 (13,455)
1B	1	58.1 (625)	58.1 (625)
Two Bed Apartments			
2A	12	62.5 (673)	750.0 (8,073)
2B	27	65.0 (700)	1,755.7 (18,898)
2C	6	69.7 (750)	418.0 (4,499)
2D	1	73.2 (788)	73.2 (788)
Three Bed Apartments			
3A	1	94.3 (1,015)	94.3 (1,015)
Total	**73**		**4,399.3 (47,354)**

Table 1: Proposed Residential Accommodation

Ownership and Proposed Transaction

2.13 We understand that the site is currently in the freehold ownership of S.T. Global Real Estate Consultancy Limited under Title No MAN76518.

2.14 The property is to be transferred to the applicant on the grant of a satisfactory planning permission.

3. Planning Background

National Planning Policy Framework (NPPF)

3.1 The NPPF (Revised December 2024) is a national framework which forms the basis for the preparation of locally focussed development plans. Elements of the NPPF that are relevant to the assessment of scheme viability in a planning context are:

> Paragraph 35 - that states that local plans *'should set-out the contributions expected from development'*.
>
> Paragraph 59 – that states that *'planning applications that comply with [up to date policies relating to contributions] should be assumed to be viable'* and that *'It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability appraisal at the application stage'*.

3.2 It is clear from this revised document that although there is a presumption that all schemes are able to meet the planning obligation requirements set-out by local policy there remains a non-rigid approach to agreeing Section 106 which takes into account market conditions and the need to deliver sustainable development. Also such a presumption can only apply where policies are suitably up to date and based on up to date information. In this case plan making is based on historic information with policies dating back to 2012.

Manchester City Core Strategy (2012)

3.3 The Manchester Core Strategy Development Plan Document which was adopted in 2012 is the principal development plan document that guides development control decision making in Manchester.

3.4 Manchester are in the process of preparing Part 2 of the Local Plan document which deals with specific site allocations. The subject site is not currently allocated.

3.5 The policies contained within the Core Strategy identify the subject site as being within the City Centre to which Policies CC1 – CC10 are particularly relevant. Policies that are of particular relevance to this report are:

> Policy CC3 – Housing
>
> Policy CC6 – City Centre High Density Development
>
> Policy CC7 - Mixed Use Development
>
> Policy H8: Affordable Housing
>
> Policy PA1: Developer Contributions

Policy CC3 – Housing

3.6 This policy states:

'The City Centre will see the most intensive development of housing in the City. It is expected that a minimum of 16,500 new units will be provided from 2010-2017.

Key locations for the residential development will be Castlefield, Piccadilly, the Southern gateway and the Northern Quarter.

In other parts of the City Centre residential development will only be appropriate in line with Policy CC7.

Residential development in the City Centre will comprise apartment schemes. The Council will encourage accommodation of a high standard which offers accommodation which is large enough to suit a range of occupants, in terms of both the number of rooms and their size'

Policy CC6 – City Centre High Density Development

3.7 This policy confirms that development within this area will be generally high density.

Policy CC7 – Mixed Use Development

3.8 This policy states that if outside the specific areas identified in Policy CC3 then *'residential development will be supported as part of schemes which include employment.'*

3.9 It is clear from this set of policies that the site is considered suitable for high density residential development.

Policy H8: Affordable Housing

3.10 This policy outlines the extent and circumstances under which affordable housing will be requested. This policy is reproduced in full below:

> *'The following requirements for affordable housing or an equivalent financial contribution, as set out in 'Providing For Housing Choice', or any future published SPD and Planning Guidance, currently apply to all residential developments on sites of 0.3 hectares and above or where 15 or more units are proposed. These thresholds will be subject to amendment over the lifetime of the Core Strategy to reflect changing economic circumstances. The targets and thresholds will form part of supporting SPD and/or Planning Guidance.*
>
> 1) *New development will contribute to the City-wide target for 20% of new housing provision to be affordable. Developers are expected to use the 20% target as a starting point for calculating affordable housing provision. It is envisaged that 5% of new housing provision will be social or affordable rented and 15% will be intermediate housing, delivering affordable home ownership options.*
> 2) *The proportion of affordable housing units will reflect the type and size of the development as a whole; and 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) *Affordable housing units will be inclusively designed to reflect the character of development on the site.*
> 4) *Either an exemption from providing affordable housing, or a lower proportion of affordable housing, a variation in the proportions of socially rented and intermediate housing, or a lower commuted sum, may be permitted where either a financial viability assessment is conducted and demonstrates that it is viable to deliver only a proportion of the affordable housing target of 20%; or where material considerations indicate that intermediate or social rented housing would be inappropriate. In the latter case, such circumstances could include:*
>
> - *There is a very high level of affordable housing in the immediate area;*
> - *There is either a high proportion of social rented (35%), or low house prices in the immediate area compared to average incomes;*
> - *Affordable housing would be prejudicial to the diversification of the existing housing mix.*
> - *The inclusion of affordable housing would prejudice the achievement of other important planning or regeneration objectives which are included within*

existing Strategic Regeneration Frameworks, planning frameworks or other Council approved programmes;

- *It would financially undermine significant development proposals critical to economic growth within the City;*
- *The financial impact of the provision of affordable housing, combined with other planning obligations would affect scheme viability;*
- *There is a need for additional housing provision for older people or disabled people either as affordable or market housing dependent on the results of a financial viability assessment of the scheme.*

5) *The Council will also consider the provision of affordable housing which is delivered by taking advantage of other equity based products in addition to those options identified in PPS 3.*

6) *The definition used for affordable housing is set out in Annex B of PPS 3.'*

3.11 The provisions of this policy are clear in that the starting requirement is for 20% affordable housing and that where there are viability arguments this basic requirement can be negotiated down. In addition, a full or partial exemption may be permitted under certain circumstances linked to the general affordability of housing in the area, the current levels of affordable housing or the impact of affordable housing on achieving the regeneration and economic growth objectives of the Council.

Policy PA1: Developer Contributions

3.12 This policy states that where the need arises the Council will seek developer contributions to off-set the impact of development and such requests will be in line with national policy and guidelines.

3.13 Critically this non-prescriptive policy states that

> *'In determining the nature and scale of any planning obligation, specific site conditions and other material considerations including viability, redevelopment of previously developed land or mitigation of contamination may be taken into account.'*

3.14 It is apparent therefore that the extent of developer contributions may be impacted by the overall viability of the proposed scheme.

3.15 In this case their has been a specific request from the City Council for the provision of a doctor's surgery within the scheme.

3.16 Associated documents that link into these policies and informed their content include:

Providing for Housing Choice – Supplementary Planning Document and Planning Guidance (2008)

3.17 This document sets out in detail the Council's Affordable Housing Strategy and sets out the rationale for the target proportion of affordable housing and tenure mix. It gives more detail in relation to how viability will be considered and sets-out a specific formula for the calculation of a commuted sum in lieu of on-site provision.

3.18 In this case there are 73 residential units proposed to which the 20% requirement for affordable housing will apply (or 15no. units).

3.19 Where a commuted sum is being calculated (rather than provision being on site) the 73 open market units represent 80% of a notional scheme that includes affordable housing at 20%. The notional scheme therefore equates to 91.25 units with a requirement for 18.25 affordable units.

3.20 The commuted sum is therefore calculated by the following formula:

Commuted sum = (average price – affordable price) x 18.25

In this case:

(£293,698 - £190,903[1]) x 18.25 = £1,876,009

Manchester Strategic Housing Market Assessment (2012)

3.21 The most up to date assessment of need within the Manchester Council area is the Strategic Housing Market Assessment (2012).

3.22 This outlines the characteristics of the Manchester City Centre market and crucially identifies the need for affordable housing in each part of the City including the City Centre itself. It concluded that there was an oversupply of affordable housing in this part of the city when considered in terms of affordable housing need.

3.23 This conclusion supports the notion that affordable housing should not be a requirement in the subject location by virtue of the provisions of Policy H8.

Places for Everyone (March 2024)

3.24 Manchester adopted the Places for Everyone Plan, which is a joint Greater Manchester Development Plan Document, in March 2024.

3.25 It is a relatively high level document and defers to the local level on matters such as affordable housing. Policy JP-Strat 2 sets out the role of the city centre as the primary focus for business and its increasingly important residential role. Similarly, new housing development will be accommodated in the accessible, sustainable inner areas (Policy JP-Strat 5).

3.26 Policy JP-D2 directs the specifics of contributions to the local level, stating:

> *'Applicants should take account of policies in development plans and other relevant documents when developing proposals and acquiring land. It is expected that viability assessments should only be undertaken where there are clear circumstances creating barriers to delivery. If an applicant wishes to make the case that viability should be considered, they should provide clear evidence at the planning application submission stage, demonstrating the specific issues that would create barriers to delivery in a transparent manner and reflecting national guidance. Where it is accepted that viability should be considered as part of the determination of an application, the Local Planning Authority should determine the weight to be given to a viability assessment alongside other material considerations.'*

3.27 This reinforces the approach promoted by national guidance.

Vacant Building Credit

3.28 The Vacant Building Credit (VBC) was introduced by the Government to encourage redundant buildings being brought forward for residential development by off-setting the normal affordable housing requirement by the amount of vacant commercial floorspace being replaced by residential floorspace. The critical point is that such space should not have been 'abandoned' – ie made vacant for the purposes of redevelopment.

[1] - Based on 35% discount to OMV

3.29 In this case the site is cleared of buildings and under these circumstances the VBC does not apply.

Prima Facie Assessment of Section 106 Requirements

3.30 In line with the policies outlined above and information supplied directly from the Council we have calculated the potential requirement for planning obligations as follows:

Item	Base Requirement	Comment
Affordable Housing	20% provision (on-site or commuted sum)	Subject to the provisions of Policy H5. Estimated commuted sum at c. £1.876 million.
Developer Contributions	Unknown	Subject to the provisions of Policy PA1.

Table 2: Prima Facie Section 106 Requirements

Summary

3.31 In summary, under current local planning policy there is a potential requirement for developer contributions and the provision of affordable housing (or a commuted sum in lieu) but that this is subject to a test of financial viability. Also, in the case of affordable housing full or partial exemptions are possible if it can be demonstrated that affordable housing is not required in the area or its imposition has a negative impact of the regeneration objectives of the Council.

3.32 We go on to test the potential for planning obligations when considered against a financial appraisal for the scheme.

4. Market Review

Residential

4.1 We have undertaken a review of the residential market concentrating on prices achieved and prospects for the type of properties proposed for open market sale within the proposed scheme which can be defined as a range of studios and 1, 2 and 3 bed apartments within a good quality high rise development in a good market location.

4.2 To set the prospects of new dwellings in this location in context we have undertaken a review of the national and regional markets before focussing on achieved prices in the immediate vicinity.

National Context

4.3 The Land Registry records a national increase in prices for all dwelling types of 2.80% for the year to July 2025. Values of apartments have demonstrated a lower increase at 0.70% over the period.

4.4 The Nationwide have issued their index results for the year to September 2025 and record an increase in prices of 2.20%, a slight increase on the previous month's reading which showed an increase of 2.10%.

4.5 The September 2025 RICS Residential Market Survey which surveys the sentiments of estate agents throughout the UK is another up to date survey of activity and this identifies a continuing slow down in sales market activity.

4.6 New buyer enquiries, an indicator of demand, have registered increasingly negative readings in recent months and weakening demand is a feature of almost the whole of the UK.

4.7 Similarly agreed sales are in increasingly negative territory and expectations over the medium term (12 month) time horizon are becoming more negative..

4.8 New instructions, the key indicator of supply, has displayed a short run of negative readings suggesting increasingly tight supply.

4.9 As a result perhaps of weakness in new buyer demand house prices are coming under some downward pressure nationally. Respondents see house prices falling to a limited degree over the next 3 months but increasing marginally over the 12 month time horizon.

4.10 The lettings market remains buoyant overall but with a broadly flat tenant demand picture. The level of supply continues to be constrained however and so rental levels are expected to increase in the near term. An increase of 3% over the coming year is anticipated nationally.

Regional Picture

4.11 In North West regional terms the picture appears better than the national backdrop for the year to July 2025 recording an increase of 4.80% across all property types and an increase of 2.70% for apartments. The Nationwide shows a regional increase for all properties of 3.20% to September 2025 (down from 4.20% the previous quarter and the fourth highest reading in the UK (after Northern Ireland, the North, and Yorks and Humberside).

The Manchester Market

4.12 The City Centre market should be considered as a sub-market when looking at performance at a local authority level and therefore Manchester wide data should be treated with caution.

4.13 Looking to the local picture the Land Registry produces data for the entire local authority area which is diverse in terms of market performance and pricing.

4.14 For Manchester the Land Registry records an actual fall in values for all property types for the year to July 2025 at -2.50% and a greater decrease in the sales value of apartments of -3.70% over the same period. This is a worse position than the national and regional picture suggests.

4.15 In terms of location the subject plots sit within the M1 2 postcode area (as shown in Fig. 3). This area covers the north of Piccadilly Railway Station and the southern part of the Northern Quarter.

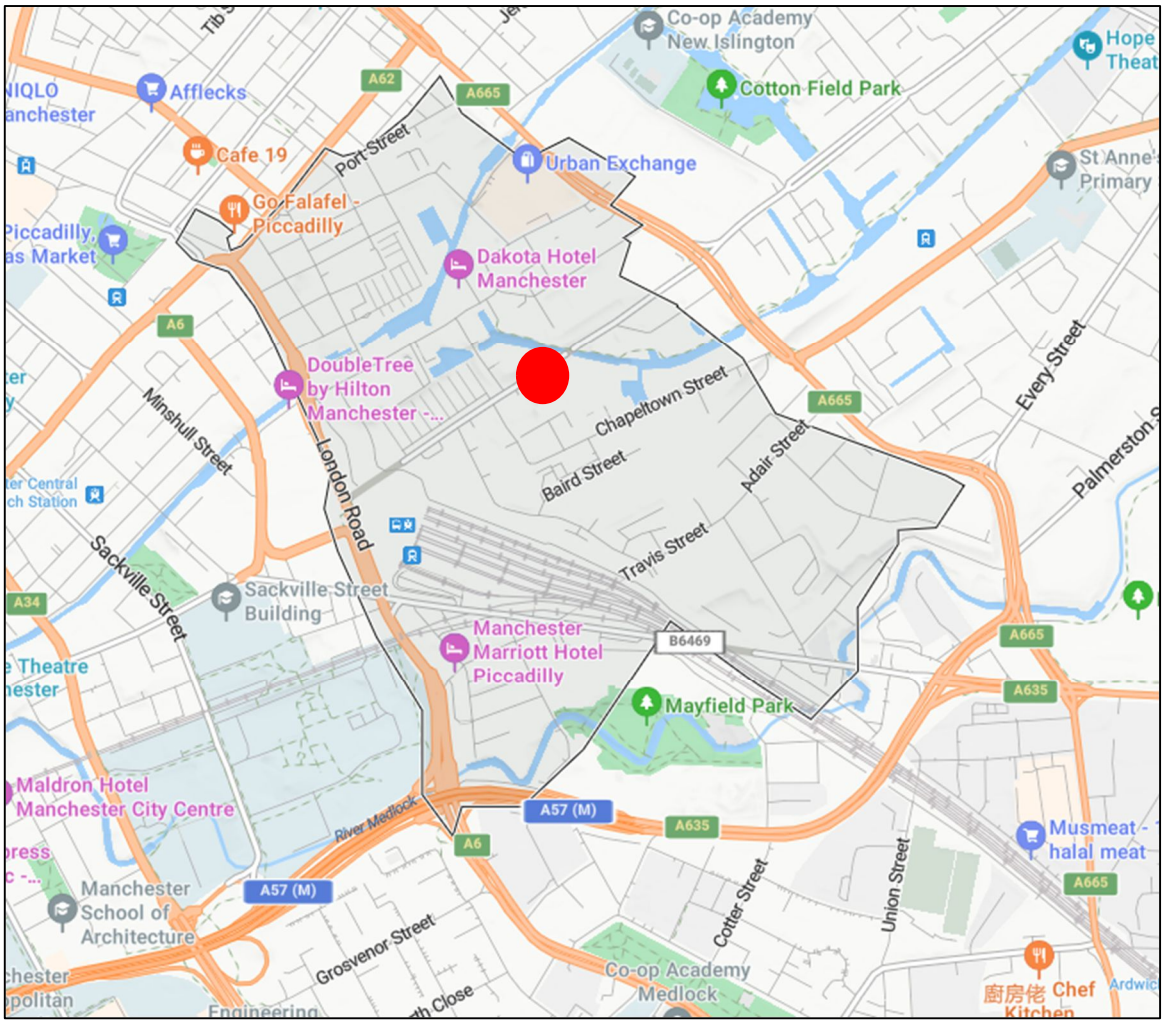


Fig 3: M1 2 Postcode Area
Source: Bing Maps

4.16 As shown in the heatmap at Figure 4 the location appears to be characterised by medium value properties as shown by light green shading.

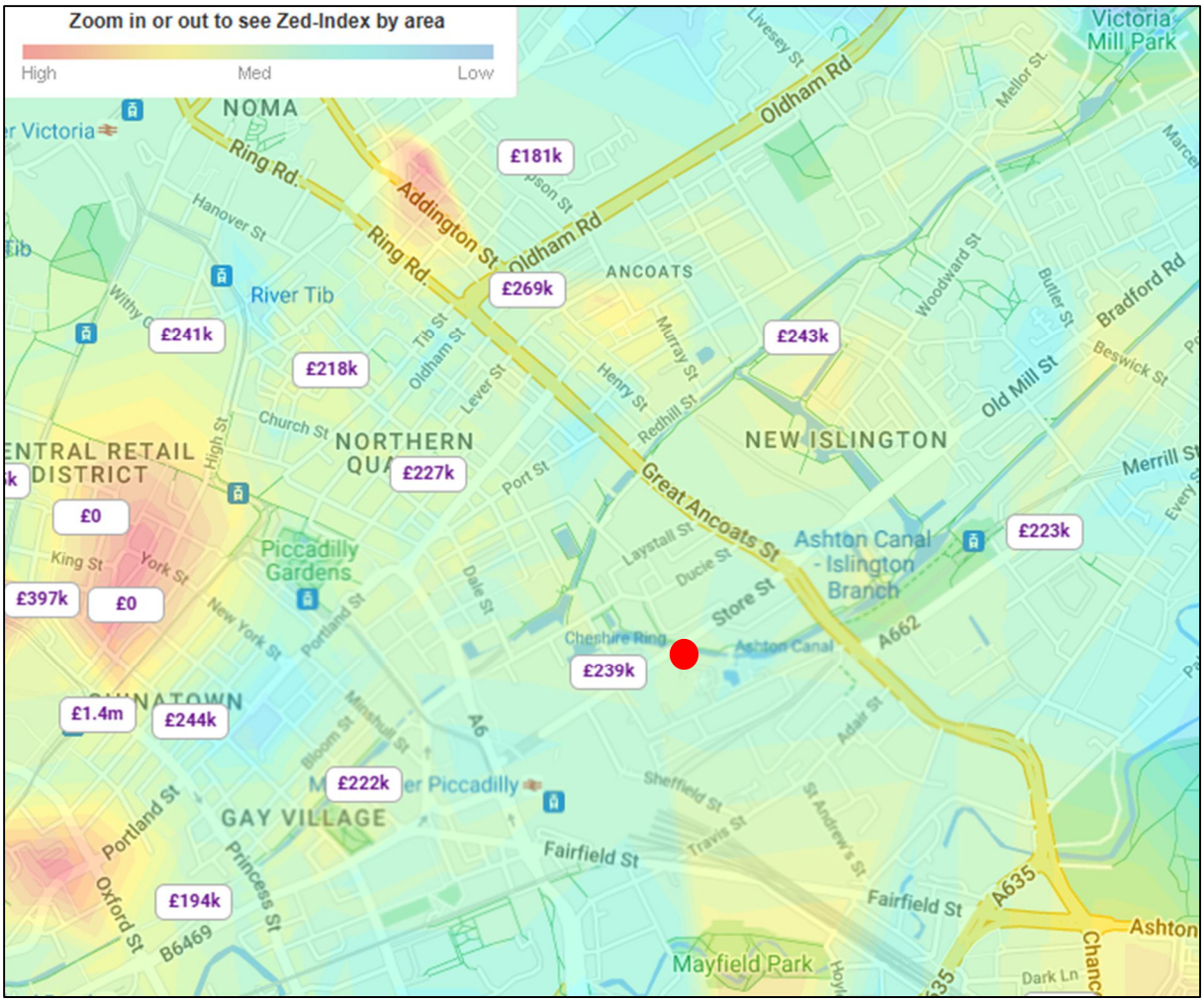


Fig 4: Residential Heat Map
Source: Primelocation.com

Residential Sales Transactions

4.17 We have specifically considered the market in the immediate locality for residential properties similar to those proposed. We have considered the availability of new build evidence before then considering second hand comparable evidence.

New Build

4.18 Within 0.5km of the subject scheme the most notable new build scheme which has sold since mid-2023 is Victoria House situated 300m to the east of the subject scheme. This is a 25 storey building fronting onto Great Ancoats Street and the most recent sales are listed at Table 3.

4.19 There are 169no sales recorded averaging an updated £496 per sq.ft with an average unit size of 699 sq.ft (compared against the scheme average size of 649 sq.ft). This scheme has a high specification when compared with subject with various amenities. We are also aware that this scheme was sold via overseas channels which would typically achieve a net premium of around 10%. This would suggests values no higher than £450 per sq.ft on average.

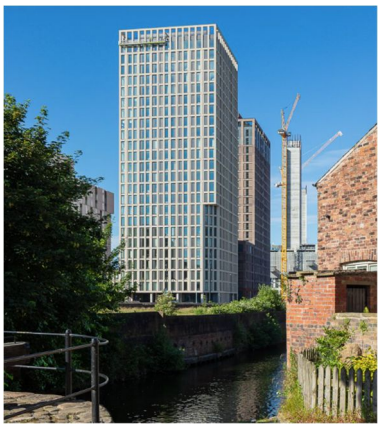
Victoria House, 250 Great Ancoats Street, M4 7BT					NEW SOLD
	**Unit**	**Sale Price**	**Committed Date**	**Unit Size**	**Indexed Rate Per Sq.ft**
	Apt 1701	£220,000	Jun 2025	420	£534
	Apt 2005	£367,000	Dec 2024	775	£486
	Apt 403	£345,571	Oct 2024	764	£462
	Apt 1903	£377,554	Oct 2024	764	£504
	Apt 1705	£383,258	Sep 2024	775	£503
	Apt 907	£388,258	Sep 2024	807	£489
	Apt 308	£340,259	Aug 2024	753	£454
	Apt 203	£249,000	Aug 2024	570	£439
A 25 storey scheme by Salboy/Forshaw comprising 177 one, two and three bedroom apartments completed in 2024 and situated 300m to the east of the subject.					

Table 3: Victoria House – New Sold Values

4.20 The relatively recently constructed Pheonix Building is closer to the subject and similar in terms of scale with limited amenities. Recent sales which are a mix of second hand and new sales are listed at Table 4. The 12 sales recorded over the past 24 months give an average value of £399 per sq.ft for units averaging 692 sq.ft. This scheme has apartments that benefit from balconies unlike the subject.

4.21 Other recent new build sales are limited in the area. Sales at the converted Crusader Mill during 2023 were at between £340,000 and £490,000 for large units in excess of 1,000 sq.ft suggesting current day values of between £310 and £500 per sq.ft.

4.22 However as a bespoke conversion this evidence does not directly inform pricing for the subject scheme.

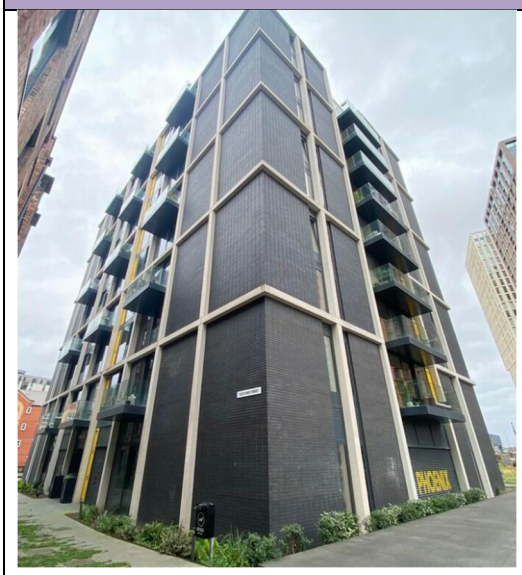
Pheonix Building, 72 Chapeltown St, M1 2EY					SOLD
	**Unit**	**Sale Price**	**Committed Date**	**Unit Size**	**Indexed Rate Per Sq.ft**
	Apt 107	£200,000	July 2025	495	£404
	Apt 401	£270,000	Jan 2025	732	£380
	Apt 4	£230,000	Jan 2025	732	£324
	Apt 302	£220,000	Dec 2024	495	£457
	Apt 803	£295,000	Dec 2024	732	£414
	Apt 902	£388,500	Sep 2024	732	£540
	Apt 606	£295,000	Jun 2024	732	£391
	Apt 208	£280,000	Feb 2024	732	£411
A 75 unit scheme by Capital & Centric completed in 2021 and situated 170m to the east of the subject.					

Table 4: Pheonix Building – New/Second Hand Sold Values

Second Hand

4.23 Looking to second hand evidence which is more plentiful there are a number of schemes that help to inform pricing. The main schemes of relevance are:

- Islington Wharf
- One Vesta Street
- Piccadilly Basin

4.24 Other notable schemes such as Oxygen although modern and close to the subject are not comparable in terms of scale and overall offer.

Islington Wharf

4.25 Islington Wharf is an older but modern and in many ways iconic scheme which sits to the north-east of the subject. Like the subject scheme this is relatively small and with no material level of amenity. Small one beds command indexed rates approaching £500 per sq,ft but typical one beds achieve in the range £310 to £380 per sq,ft. Two and three beds achieve in the region of £340 per sq.ft. The most recent evidence is listed at Table 5.

Islington Wharf, 151/153 Great Ancoats St. M4 6DN					SECOND HAND SOLD
	**Unit**	**Sale Price**	**Sale Date**	**Unit Size (sq.ft)**	**Indexed Rate Per Sq.ft**
	Apt 31	£280,000	Jul 2025	1,044	£268
	Apt 121	£230,000	Jul 2025	635	£362
	Apt 111	£245,000	Jul 2025	775	£316
	Apt 94	£220,000	May 2025	463	£478
	Apt 55	£180,000	May 2025	420	£430
	Apt 193	£250,000	Nov 2024	538	£478
	Apt 92	£169,000	Nov 2024	624	£278
	Apt 12	£170,000	Oct 2024	603	£289
An older scheme completed in 2010/11 and situated approximately 300m to the north-east of the subject.					

Table 5: Islington Wharf – Sold Second Hand Values

One Vesta Street

4.26 Further out but located waterside is the relatively new 1 Vesta Street scheme. The most recent second hand sales evidence is listed at Table 6. The evidence of 21no second hand sales demonstrates an average updated value of £425 per sq.ft for an average unit size of 698 sq.ft. We believe that although this scheme is further out from the centre the waterside location has had a generally positive impact on pricing here.

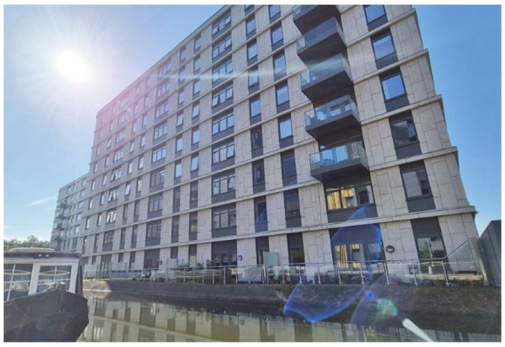
1 Vesta Street, M4 6LT					SECOND HAND SOLD
	**Unit**	**Sale Price**	**Sold Date**	**Unit Size (sq.ft)**	**Indexed Rate Per Sq.ft**
	Apt 121	£300,000	Aug 2025	700	£429
	Apt 160	£487,500	Jul 2025	1,055	£462
	Apt 44	£292,000	May 2025	764	£383
	Apt 1	£320,000	May 2025	764	£420
	Apt 158	£445,000	Mar 2025	904	£500
	Apt 37	£215,000	Mar 2025	581	£376
	Apt 74	£320,000	Mar 2024	764	£425
	Apt 106	£315,000	Feb 2024	764	£427
	Apt 20	£309,000	Feb 2024	764	£419
A scheme over 9 floors completed in 2020 and situated 200m to the south-east of the subject.					

Table 6: 1 Vesta Street – Sold Second Hand Values

Piccadilly Basin

4.27 A collection of older low rise buildings which cluster around the canal basin situated immediately to the east of the subject offer some further insight albeit that these buildings benefit from being low density in a waterside location.

4.28 A total of 11 sales are recorded over the past couple of years and values range from £266 per sq.ft to £489 per sq.ft. Units in the 550 sq.ft to 670 sq.ft size range typically command in the region of £420 to £490 per sq.ft.

4.29 Taking all circumstances into account namely the small scale nature of the scheme within a constrained site with a number of irregular shaped apartments but assuming a positive outlook for pricing moving forwards we propose values ranging as follows for market typical sized units:

One Bed Apartments	£240,000 - £270,000
Two Bed Apartments	£315,000 - £350,000
Three Bed Apartments	£420,000

5. Appraisal Methodology

5.1 As previously outlined, we have adopted the guidance and methodology that applies to assessing financial viability in the context of planning negotiations.

5.2 The new RICS Guidance Note '*Assessing viability under the National Planning Policy Framework 2019 for England*' gives guidance as to how viability should be undertaken in the context of the NPPG.

5.3 Paragraph 010 of the NPPG states that:

> '*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.*'

5.4 The residual valuation framework shown in Fig. 5 describes how the different elements of an FVA are pieced together.

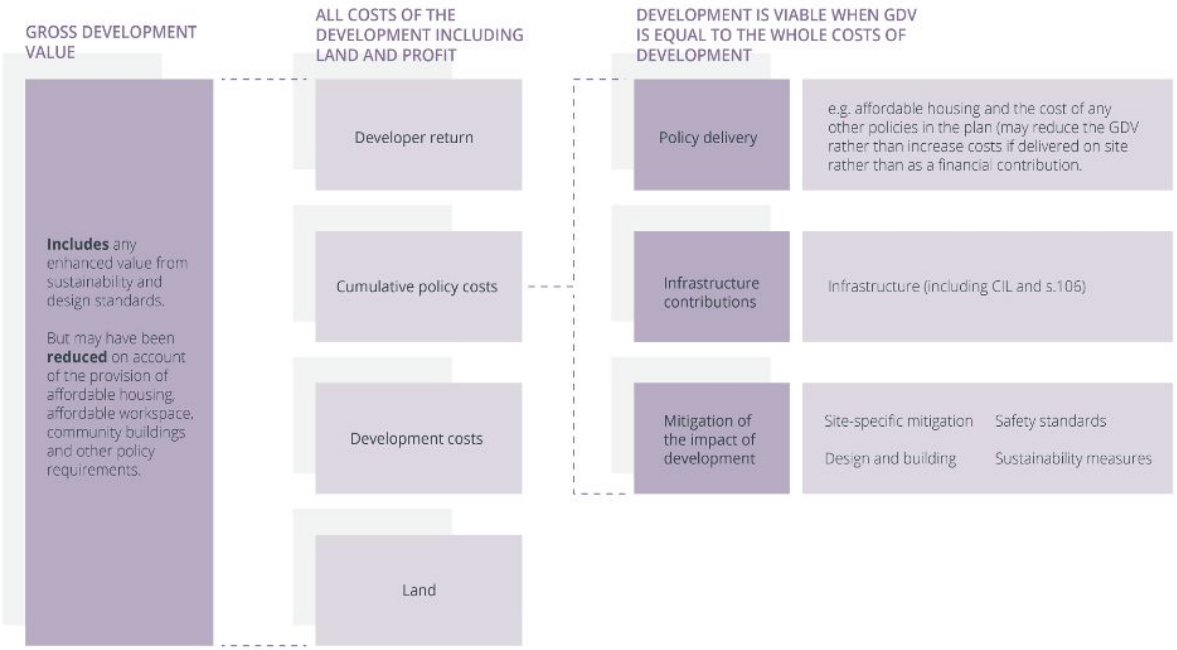


Figure 5: Residual Valuation Framework
Source: RICS Valuation of development property

5.5 This Guidance Note covers how to undertake Financial Viability Appraisals (FVAs) at the plan making stage and also at the decision-making stage (ie, as part of the planning application process).

5.6 This FVA is submitted as part of a planning application and so the guidance as it relates to the decision-making stage is relevant.

5.7 The NPPG and RICS Guidance is clear that an FVA at the decision-making stage should not be necessary where an up-to-date local plan is in place.[2] The preparation of an FVA may be necessary if particular circumstances justify that viability issues should be considered by the local planning authority.

5.8 In this case the local planning authority (Manchester City Council) adopted its Local Plan in 2012 and so is outdated.

5.9 In simple terms the test is, having taken into account the appropriate costs of development and its anticipated end value, does the proposed development meet market expectations in terms of return?

5.10 Looking to the component parts of the development appraisal:

Development Costs

5.11 The usual costs of development that are to be included within a FVA include:

i) Base construction costs

ii) Abnormal costs

iii) Section 106 Costs

iv) Contingency

v) Fees

vi) Finance

vii) Land Value

viii) Profit

Construction Costs

5.12 Build costs should be substantiated through a professional assessment of likely costs undertaken by a qualified quantity surveyor or the use of industry benchmarked cost data (such as BCIS).

Abnormal Costs

5.13 Abnormal costs of development are often the costs that push a project into being 'unviable' in terms of it not being able to generate a reasonable level of return. Equally a project may be considered 'unviable' because market conditions are such that values may not be sufficiently high to cover costs even if there are no abnormal costs.

5.14 The presence of significant abnormal development costs is one justification for considering site specific FVAs at the decision making stage where an up to date local plan exists.

5.15 It is important to recognise that abnormal costs should not necessarily reduce the Benchmark Land Value 'pound for pound' and it is clearly stated in the Guidance as follows:

> '*It is only where the premium above EUV falls below the minimum level needed for a reasonable landowner to bring forward the site for development that reducing emerging or actual policy requirements, taking into account the deliverability of the plan and all relevant circumstances, should be considered*'. Para 4.4.8

[2] - In this context 'up-to-date' means a local plan that has been formulated under the guidance issued within the NPPG updated in 2019 which outlines how viability should be determined at local plan making stage and that subsequent use of viability evidence at decision making stage is therefore restricted.

5.16 It is clear therefore that the landowner's reasonable expectation of value limits the impact of the abnormal costs on the Benchmark Land Value.

Section 106 Costs

5.17 Section 106 contributions (including requirements for affordable housing) which are required as part of local planning policy.

Contingency/Fees

5.18 Contingency is a normal expression of risk in relation to development costs and professional fees are of course an allowable expense.

Finance

5.19 Finance costs should be at a rate that can be considered appropriate in terms of it being the market norm for the type and size of project being appraised.

Land Value

5.20 The Guidance considers in some detail an appropriate land value for inclusion within the appraisal. This guidance is covered in Section 6 of this report where the Benchmark Land Value (BLV) for this scheme is specifically considered.

Profit

5.21 The level of return that is permitted is outlined in the NPPG as normally being between 15% and 20%. The Guidance considers that the appropriate level of profit to be applied to a proposed scheme at decision making stage is to be assessed taking into account similar factors as at plan making stage (ie, the normal range of suitable profit should be between 15% and 20%). Profit should be at a rate that is considered to be the 'market norm' and reflective of the particular characteristics and risk profile of the project.

Values

5.22 Values should be based on evidence available in the open market and take into account all known site specific factors.

5.23 The residual appraisal should be undertaken on a basis that will allow the level of profit to be compared against the benchmark profit – which in this case is expressed as a percentage of Gross Development Value.

5.24 It is also best practice and a mandatory requirement of the RICS to carry-out sensitivity analysis on each of the appraisals to determine the impact on profitability of a change in the most important variables which are typical sales values and build costs but also other inputs which may have an increased chance of variability.

6. Benchmark Land Value

6.1 In order to successfully assess the financial viability of the scheme one needs to take into account the underlying value of the land on which the development is to be constructed (ie the Benchmark Land Value or BLV). Whether or not the land is already in the ownership of the applicant, adequate allowance should be made for the acquisition price or notional acquisition price when identifying the true costs of the development.

The Guidance

6.2 The RICS Guidance which uses the NPPG as its base reference point states that the BLV

> '*will usually be based on the Existing Use Value (EUV) plus a premium (EUV+) but may sometimes be based on the Alternative Use Value (AUV) excluding the premium where appropriate.*' (para 5.1.3)

6.3 Importantly the BLV should not be expected to be the same as market value and therefore is not necessarily the price paid for a site in the open market. Rather the BLV

> '*should be set at a level that provides the minimum return at which a reasonable landowner would be willing to sell.*' (para 5.1.3)

6.4 The guidance is clear that establishing the BLV requires a review of five component elements as follows:

a) EUV (Step 1)

b) Premium (Step 3)

c) AUV (where the EUV+ is not appropriate) (Step 2)

d) The policy compliant site value assessed by the residual method of valuation (Step 4)

e) The policy compliant site value assessed by the comparison method of valuation (Step 5)

6.5 The assessment of the EUV and the Premium is the principal method of determining the BLV. This is replaced by an assessment of the AUV in cases where there is strong case that a higher value would result from either a) the undertaking of development works within the parameters of the existing use or, b) a planning permission that would be reasonably considered to be achievable, or from an extant permission.

6.6 The valuation of the site assuming full policy compliance on both the residual valuation basis and the comparison method of valuation is used as a cross check. It is clearly stated that the assessment of the EUV the Premium and the AUV relies on the professional skill of the valuer to reach a reasoned conclusion. As the policy compliant assessments are designed as a cross check they are to all intents and purposes part of the evidence base used for determining a suitable BLV.

6.7 However, at the heart of the assessment process is the central tenet that the BLV

> '*should be set at a level that provides the minimum return at which a reasonable landowner would be willing to sell.*' (para 5.1.3)

6.8 On this basis the BLV has to equate to a landowner's reasonable expectation of value under all the circumstances and not be unduly driven by the cross-check methodologies.

The Subject Site

6.9 In this case the subject site totals 0.17 acres (0.07 ha) in size and comprises a challenging, by virtue of its topography, broadly cleared site.

6.10 It has an extant consent for 54no. apartments and this would form the basis for an AUV for the site. However being essentially a very similar scheme to that proposed it is hard to envisage how, assuming a scheme compliant with all policies relating to planning obligations such a scheme would generate a positive residual land value.

6.11 On this basis one would fall back to the EUV+ approach to determining a suitable BLV.

EUV (Step 1)

6.12 The site is currently scrubland with limited accessibility and a difficult topography. In its existing use (ie the use to which it is being put now or could feasibly be put) the site has a limited value.

6.13 Applying a figure of say £100,000 per acre which could be adopted for 'incidental' open space suggests a value for the site of £17,000.

Premium (Step 3)

6.14 Guidance is clear that the assessment of the premium is based on the judgement of the valuer, informed but not determined, by the cross checks at Stages 4 and 5 below. Essentially the premium is the amount which the landowner is prepared to accept over and above the existing use value to bring forward their site for the proposed development.

6.15 The Benchmark Land Value should represent the landowner's reasonable expectation of value'.

6.16 There is a very strong argument that a landowner's reasonable expectation of value in a city centre location where high rise residential development is actively encouraged should be in some way linked to the general value of land in the general vicinity for the form and nature of the proposed scheme – suitably adjusted to be policy compliant.

6.17 This is particularly the case where the EUV is very low and suggests a multiplier of the base value rather than a percentage uplift.

6.18 The EUV for this site is more akin to a rural land value to which multipliers of between 10x and 20x have been successfully argued at plan making and decision making stage. In this case we would argue the top end of this range given the wide differential between typical site disposal values and the EUV.

6.19 Accordingly a 20x multiplier should apply (net 19x) to give a Premium of £323,000.

Alternative Use Value (Step 2)

6.20 In this case the AUV would be based on a similar scheme to that proposed (ie the extant scheme) and cannot be expected to generate a positive residual land value assuming all required planning obligations are met. Calculation of the AUV is not therefore considered a suitable approach to determining the BLV.

Policy Compliant Residual Valuation (Step 4)

6.21 In this case a policy compliant residual valuation which is based on actual sales evidence would deliver a result that is lower than the Existing Use Value of the sites.

Comparable Analysis Adjusted as Required to Reflect Full Policy Compliance (Step 5)

6.22 The range and scale of transactions are such that determining adjusted evidence is difficult.

6.23 In **conclusion** we consider the EUV of the site to be in the region of £17,000. Neither a policy compliant residual valuation nor adjusted land comparable analysis is helpful in informing the Premium.

6.24 The need for an incentive remains and as such we have adopted a Premium based on a net 19x multiplier to incentivise the landowner to sell for the proposed use. This equates to a figure of £323,000.

6.25 In total therefore we believe a Benchmark Land Value of **£0.34 million** is applicable in this instance.

7. Appraisal Inputs

7.1 We have undertaken a residual valuation of the proposed scheme using industry standard software (Argus Developer) to demonstrate the extent of viability. This has been carried-out on an Open Market Sales basis.

7.2 A summary of the appraisal assuming no Section 106 payments included is attached at Appendix III and this outlines the viability of the scheme.

7.3 The inputs to the appraisal are divided between cost items and values and detail in relation to each of the inputs is outlined below:

Cost Items

Construction Cost

7.4 A cost plan has been prepared by the Applicant and is attached at Appendix II and identifies an overall construction cost of £15,081,000 (£250.51 per sq.ft). This figure is exclusive of contractor's contingency and professional fees but inclusive of abnormal costs and external works. Without abnormals and externals the cost per sq.ft falls to £231.79.

7.5 All allowances for inflation have been excluded with costs as at Q3 2025.

7.6 Overall costs are summarised in Table 7.

Fees

7.7 Professional and other fees across the whole site and which are detailed in the cost plan total £1,439,500 which represents 9.09% of the base build and contingency. This includes insurances and warranties.

Item	Cost
Construction Costs[3]	£13,954,000
Abnormals	£1,050,000
Externals	£77,000
Sub-Total	**£15,081,000**
Developer Contingency (5.0%)	£754,050
Fees (9.09%)	£1,439,500
Total	**£17,274,550**

Table 7: Construction Costs

Abnormals

7.8 Abnormal costs relating to site preparation works (£350,000) and enabling works (£700,000) have been identified.

Externals

7.9 External works in the sum of £77,000 have been listed.

[3] - This includes preliminaries, contractor risk and OH&P.

Finance

7.10 A finance rate of 9.0% has been adopted which is an ambitious view on the appropriate borrowing costs looking to the near future. This takes no account of arrangement and exit fees.

Marketing/Sales Costs

7.11 A marketing cost of 0.5% plus an agency fee at 1.2% and legal fee at 0.8% is included within the appraisal where open market sales are assumed. This assumes domestic sales which affects both sales value and pace of sales (see below).

Profit Level Benchmark

7.12 A benchmark profit level of 20% on GDV has been adopted which we consider to be the minimum level of return that would be acceptable to the market given its scale and speculative nature and the market within which it sits.

7.13 The viability of the scheme will be judged by the ability for the scheme to meet this target rate.

Land Input Value

7.14 A Benchmark Land Value of £0.34 million is adopted (see Section 6).

Values

7.15 Value in the scheme is generated through:

- the sales of the completed residential units in the open market

7.16 Anticipated sales values as at now have been determined for each of the residential units the detail of which is outlined in Table 8.

Unit Type	Units	Avg Size sq.m (sq.ft)	Avg Unit Price	Rate Per sq.ft	Total
One Bed Apartments					
1A	25	50.0 (538)	£242,500	£451	£6,062,500
1B	1	58.1 (625)	£268,750	£430	£268,750
Two Bed Apartments					
2A	12	62.5 (673)	£315,000	£468	£3,780,000
2B	27	65.0 (700)	£318,500	£455	£8,599,500
2C	6	69.7 (750)	£335,700	£448	£2,014,200
2D	1	73.2 (788)	£345,000	£438	£345,000

Three Bed Apartments					
3A	1	94.3 (1,015)	£370,000	£365	£370,000
Total	**73**			**Avg £453**	**£21,439,950**

Table 8: Proposed Residential Pricing

7.17 The average sales rate for the scheme is £453 per sq.ft with prices of £430 and £451 for one bed apartments; £438 to £468 per sq.ft for two bed apartments; and £365 per sq.ft for the compromised ground floor three bed apartment.

Total Scheme Value

7.18 The total Net Development Value of the scheme is assessed to be £21,439,950.

Timings

7.19 The appraisal has been undertaken on the basis that from the date of this report (October 2025) there will be a period of 6 months before a start on site (April 2026) followed by a 22 month construction period (January 2028).

7.20 It is assumed that two-thirds of the apartments will be sold off-plan in advance of practical completion. The remaining 24 units are assumed to be sold at a rate of 3 per calendar month (ie over the following 8 months).

7.21 The viability of the scheme is outlined in Section 8.

8. Results of the Appraisals & Conclusions

8.1 The viability of the scheme has been appraised using Argus Developer the market leader in bespoke development appraisal software. The scheme has been appraised on the basis that he residential units are transacted on an Open Market Sales basis whilst the commercial space is let in the open market.

8.2 The result of the appraisal that has been carried-out (and which is attached at Appendix II) is outlined below.

Assuming No Section 106 Contributions

Scheme	Profit on GDV	Compared to Benchmark Profit (@ 20.00%)
Scheme with no Section 106	8.24%	-11.76%

Table 9: Appraisal Result with No Section 106

8.3 This clearly demonstrates that the scheme is unable to afford any planning obligations if the benchmark return of 20% on GDV is to be achieved.

Sensitivity Analysis

8.4 The nature of residual appraisals are such that they are materially impacted by changes in one or more variables.

8.5 We have therefore considered changes to two key variables, namely;

- Build Costs – base build
- Residential Open Market Sales Values

8.6 The results of the analysis for the appraisal are as follows:

Scheme with No Section 106

		Build Costs		
		-10%	0%	+10%
Sales Values	-10%	7.26%	-2.12%	-11.52%
	0%	16.55%	**8.24%**	-0.19%
	+10%	24.03%	16.59%	9.04%

Table 10: Sensitivity Analysis No Section 106 Payment

8.7 This analysis demonstrates that for the benchmark return of 20% on GDV to be exceeded there would need to be a material increase in sales values and reduction in build costs.

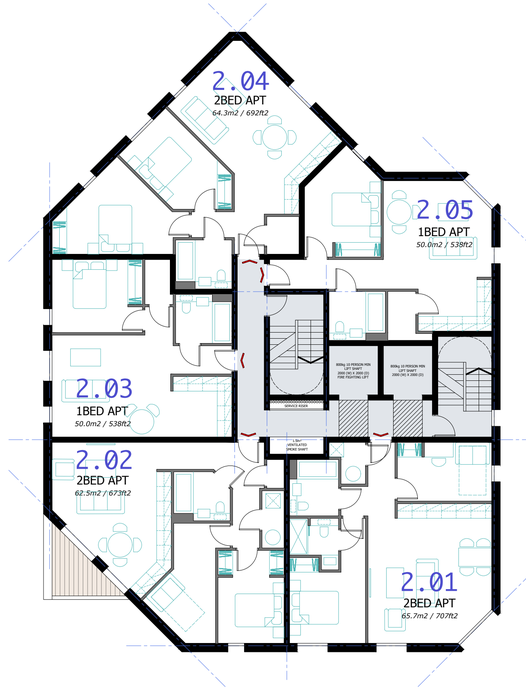
Conclusion

8.8 In conclusion, this financial assessment of the scheme demonstrates that there is insufficient viability to fund the requirements of local planning policy as regards Section 106 obligations.

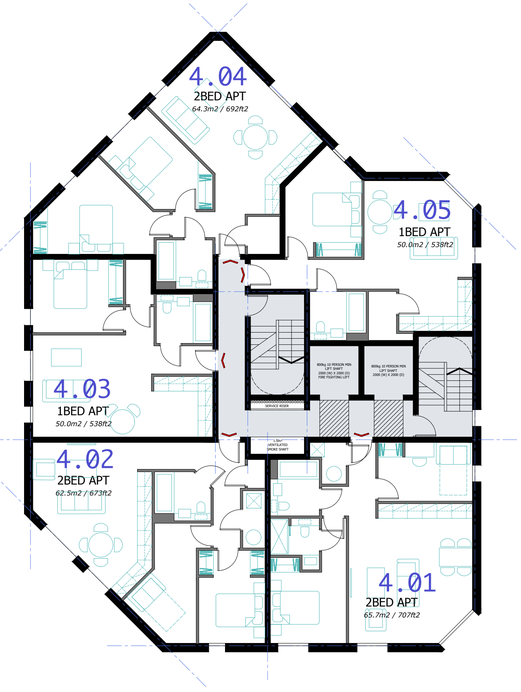
Appendix I – Scheme Drawings



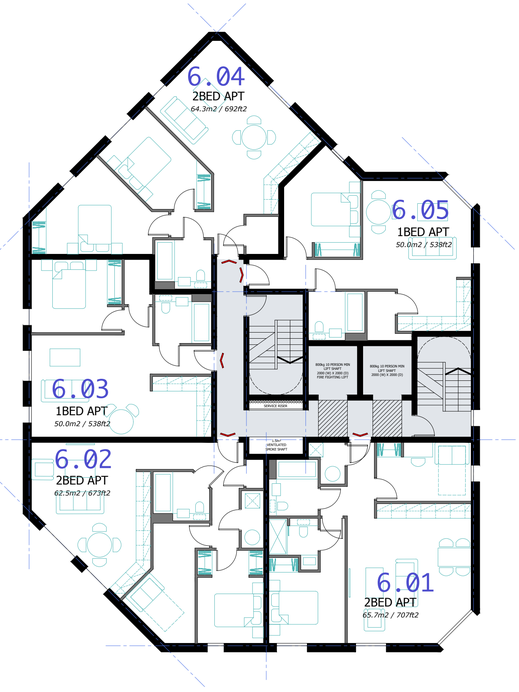
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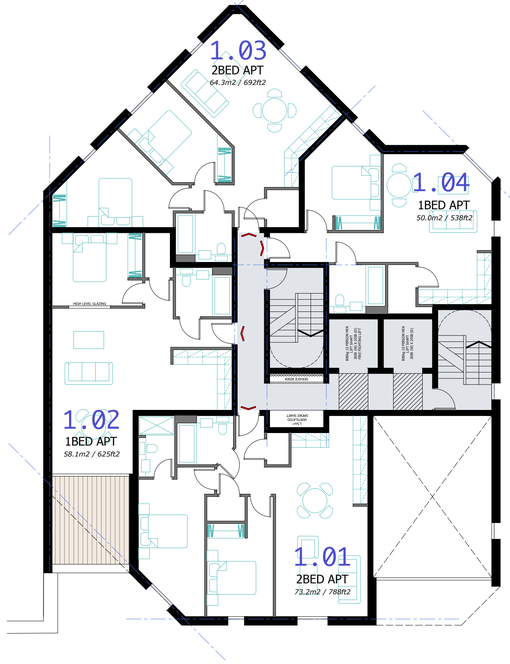
2F Second Floor Plan
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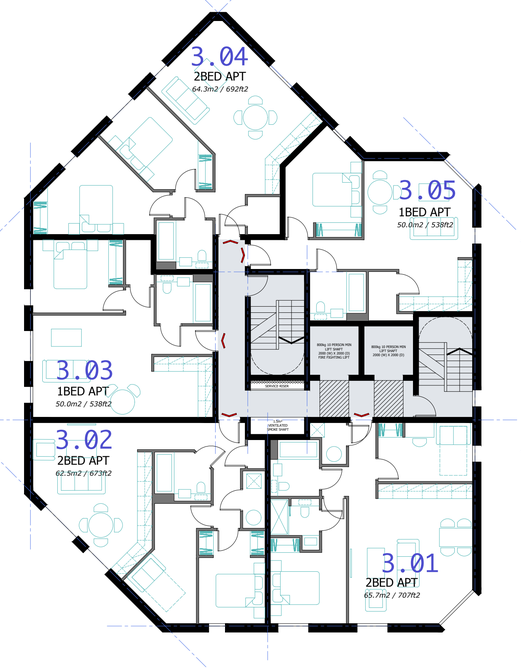
4F Fourth Floor Plan
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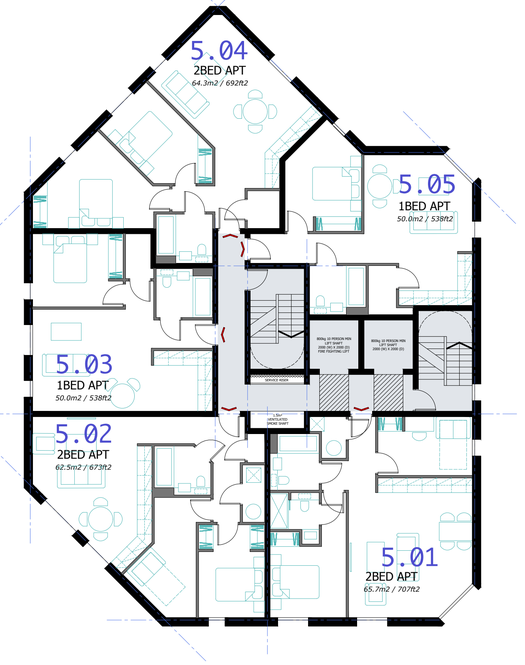
6F Sixth Floor Plan
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1F First Floor Plan
1:125 @ A1



3F Third Floor Plan
1:125 @ A1



5F Fifth Floor Plan
1:125 @ A1

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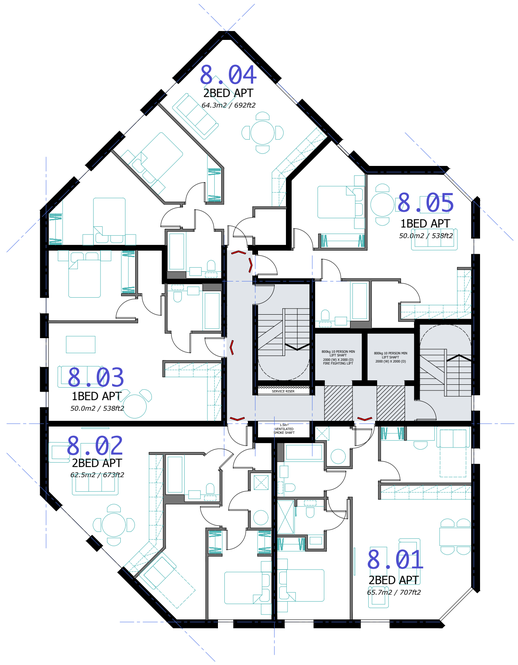
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Drawing Title: Proposed Plans - GF - 5F	Job Number: 25-008	Drawing Number: SK01	Revision: -

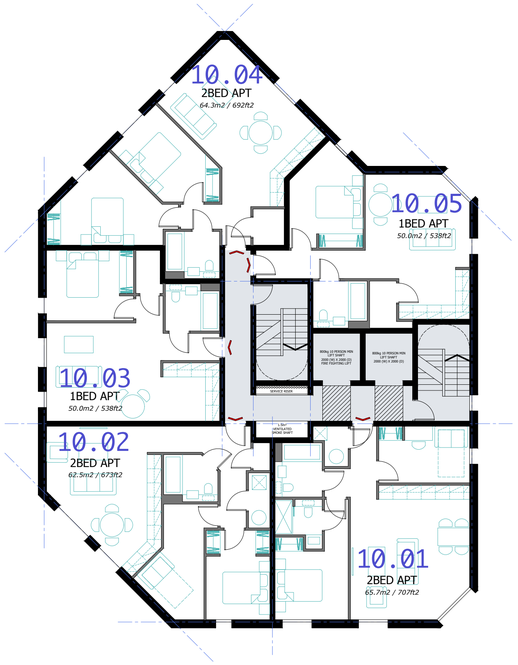
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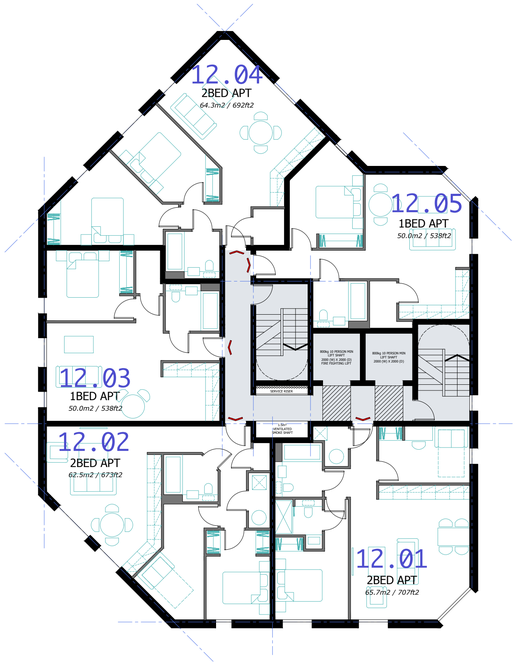
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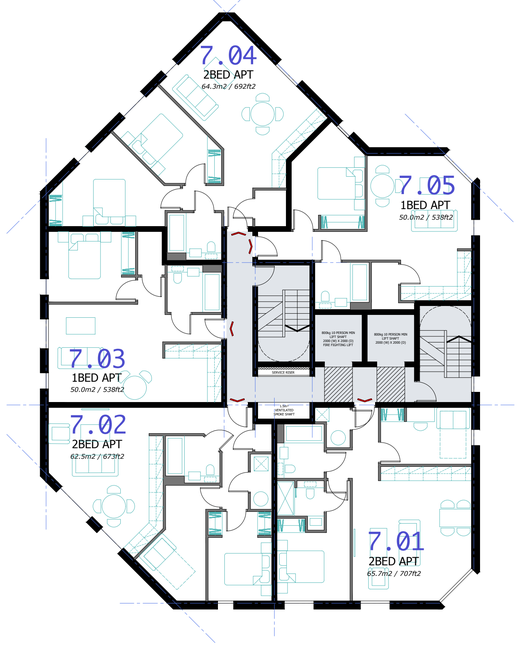
8F Eighth Floor Plan
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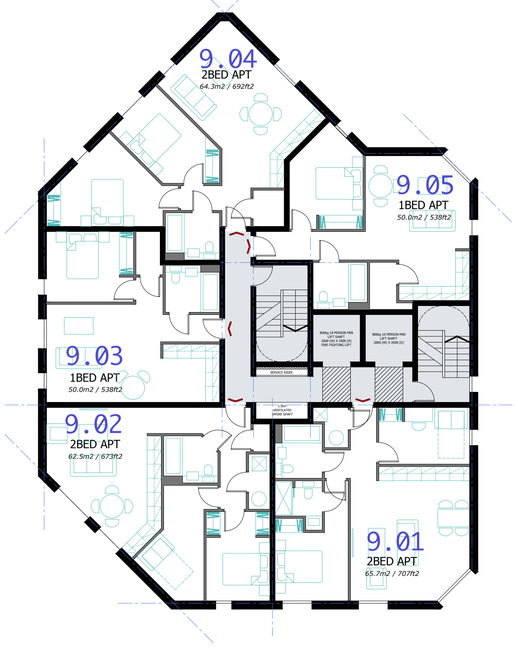
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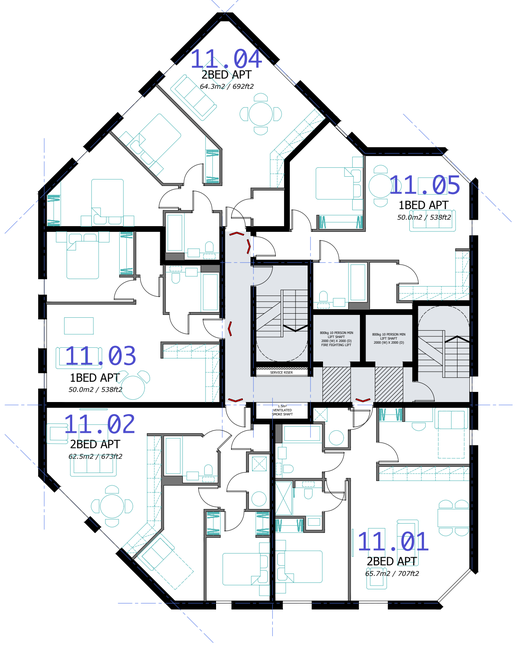
12F Twelfth Floor Plan
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7F Seventh Floor Plan
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9F Ninth Floor Plan
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11F Eleventh Floor Plan
1:125 @ A1

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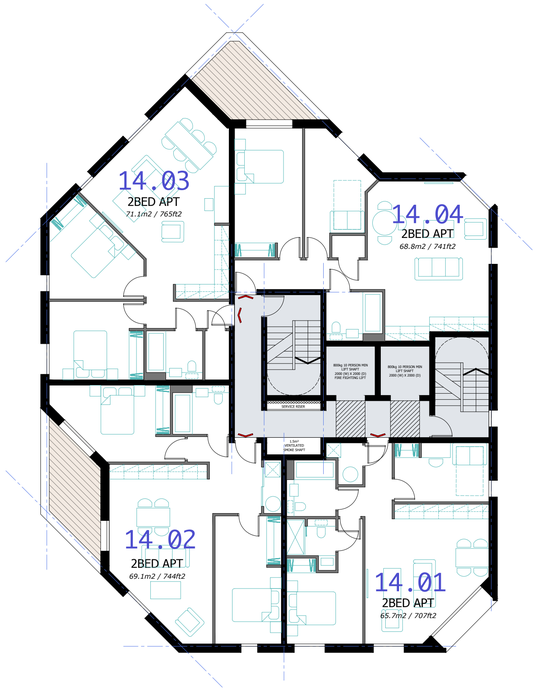
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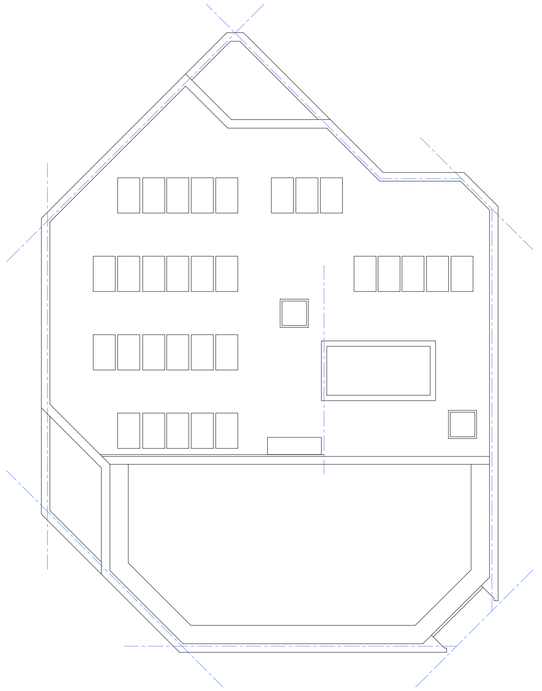
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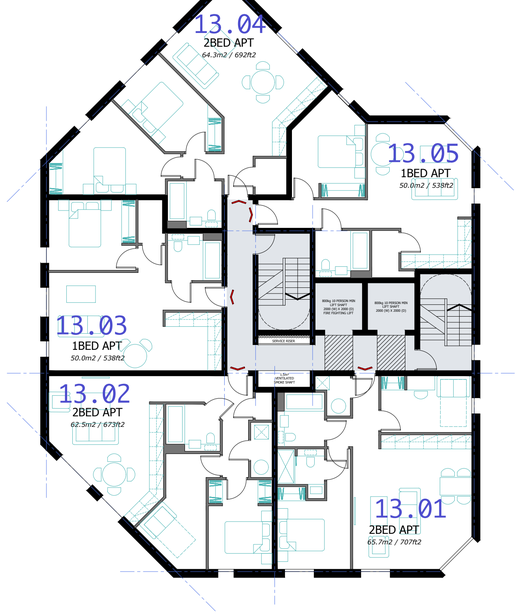
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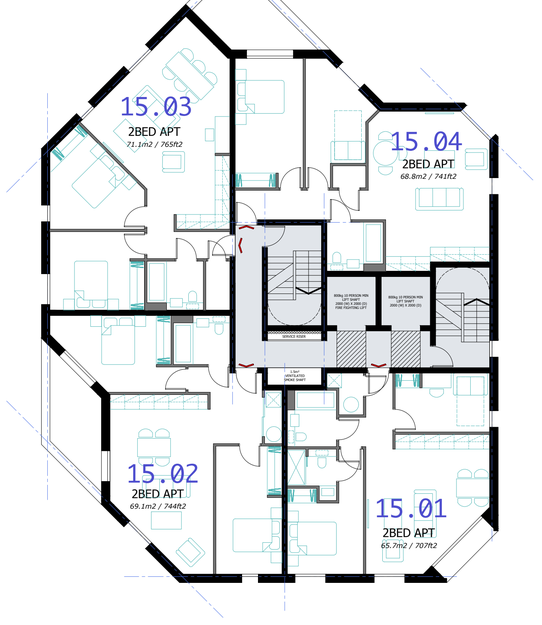
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1:125 @ A1



R Roof Plan
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13F Thirteenth Floor Plan
1:125 @ A1



15F Fifteenth Floor Plan
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Drawing Title: Proposed Plans - 11F - 14F	Job Number: 25-008	Drawing Number: SK03	Revision: -

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tcp property

Appendix II – Cost Plan

Development Cost Sum Analysis
Store Street, Manchester

		Completion	*Q1 2028*			
		TOTAL VALUE				
Site Acquisitions Cost						
Purchase Price		£ -				
Stamp Duty		£ -				
Associated Fees		£ -				
Sub Total		**£ -**				
Construction Works						
Abnormal Works						
Preparation works (site clearance and temporary works)		£ 350,000.00				
Enabling works including excavation of min 3m fill across the site, temproaray/permanament sheet piling		£ 700,000.00				
General Works						
Piles Foundations		£ 450,000.00				
Ground floor slabs		£ 150,000.00				
Substructure masonry/DPC/floor screed		£ 225,000.00				
Superstructure Steel Frame		£ 3,200,000.00				
Superstructure Brick Façade		£ 1,500,000.00				
Scaffolding/Crane/Mast Climbers		£ 578,000.00				
Structural Floors		£ 450,000.00				
Staircase and metalwork		£ 45,000.00				
Main Roof		£ 60,000.00				
Lift Installations		£ 275,000.00				
Roof coverings and leadwork		£ 55,000.00				
Rainwater goods		£ 74,000.00				
Internal walls/partitions and insulation		£ 475,000.00				
Windows and external doors		£ 550,000.00				
1st fix M&E		£ 1,800,000.00				
Main Plant		£ 550,000.00				
Sprinkler Installation		£ 350,000.00				
Sub Station		£ 225,000.00				
Plasterboard and tape		£ 165,000.00				
2nd M&E		£ 1,300,000.00				
Fire Engineering inc alarms etc		£ 280,000.00				
Tiling		£ 96,000.00				
Sanitaryware		£ 185,000.00				
Kitchen/utility appliances		£ 275,000.00				
2nd fix joinery		£ 205,000.00				
Decoration		£ 289,000.00				
External Works		£ 77,000.00				
Section 278 Works		£ 38,000.00				
Landscaping		£ 22,000.00				
Statutory Service Connections		£ 87,000.00				
Sub total		£ 15,081,000.00	GIA sqft		60,200.00	£250.51
Contingency	**5%**	£ 754,050.00				
Sub Total		**£ 15,835,050.00**		**9.091%**		
Professional & Other Fees						
Architect		£ 450,000.00				
Structural Engineering		£ 275,000.00				
M&E Engineering		£ 325,000.00				
Fire Engineering		£ 35,000.00				
Façade Consultant		£ 32,000.00				
Acoustic Consultant		£ 10,000.00				
RoL Surveyor		£ 17,500.00				
Party Wall Surveyor		£ 15,000.00				
BSR Submission and Review		£ 20,000.00				
Planning Costs		£ 45,000.00				
Building Warranty (Advantage)		£ 75,000.00				
Insurances inc RoL		£ 105,000.00				
Other Fees		£ 35,000.00				
Sub Total		**£ 1,439,500.00**				
Sales & Marketing						
Sale Agent		£ 450,000.00				
Marketing and Collateral Costs		£ 100,000.00				
Sub Total		**£ 550,000.00**				
TOTAL DEVELOPMENT COST		**£ 17,824,550.00**				
EXC Finance						

Appendix III – Summary Development Appraisal

47-48 Store Street
Shaw Street Homes Developments Limited
Financial Viability Appraisal

47-48 Store Street
Manchester
M1 2WA

Development Appraisal
Prepared by TC
Tim Claxton Property Limited
October 29, 2025

47-48 Store Street
Shaw Street Homes Developments Limited
Financial Viability Appraisal

Appraisal Summary for Phase 1 Residential OMS

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Pre Sale Type 1A - 1B2P (538 sq.ft)	16	8,608	450.74	242,500	3,880,000
Pre Sale Type 1B - 1B2P (625 sq.ft)	1	625	430.00	268,750	268,750
Pre Sale Type 2A - 2B3P (673 sq.ft)	8	5,384	468.05	315,000	2,520,000
Pre Sale Type 2B - 2B4P (700 sq.ft)	18	12,600	455.00	318,500	5,733,000
Pre Sale Type 2C - 2B4P (750 sq.ft)	4	3,000	447.60	335,700	1,342,800
Pre Sale Type 2D - 2B4P (788 sq.ft)	1	788	437.82	345,000	345,000
Type 1A - 1B2P (538 sq.ft)	9	4,842	450.74	242,500	2,182,500
Type 2A - 2B3P (673 sq.ft)	4	2,692	468.05	315,000	1,260,000
Type 2B - 2B4P (700 sq.ft)	9	6,300	455.00	318,500	2,866,500
Type 2C - 2B4P (750 sq.ft)	2	1,500	447.60	335,700	671,400
Type 3A - 3B6P (1,015 sq.ft)	1	1,015	364.53	370,000	370,000
Totals	**73**	**47,354**			**21,439,950**

NET REALISATION **21,439,950**

OUTLAY

ACQUISITION COSTS

Fixed Price	340,000		
Fixed Price		340,000	
			340,000
Stamp Duty		6,500	
Effective Stamp Duty Rate	1.91%		
Agent Fee	1.00%	3,400	
Legal Fee	0.50%	1,700	

47-48 Store Street
Shaw Street Homes Developments Limited
Financial Viability Appraisal

				11,600
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
Pre Sale Type 1A - 1B2P (538 sq.ft)	10,943	231.79	2,536,548	
Pre Sale Type 1B - 1B2P (625 sq.ft)	795	231.79	184,171	
Pre Sale Type 2A - 2B3P (673 sq.ft)	6,845	231.79	1,586,521	
Pre Sale Type 2B - 2B4P (700 sq.ft)	16,018	231.79	3,712,883	
Pre Sale Type 2C - 2B4P (750 sq.ft)	3,814	231.79	884,020	
Pre Sale Type 2D - 2B4P (788 sq.ft)	1,002	231.79	232,203	
Type 1A - 1B2P (538 sq.ft)	6,156	231.79	1,426,808	
Type 2A - 2B3P (673 sq.ft)	3,422	231.79	793,260	
Type 2B - 2B4P (700 sq.ft)	8,009	231.79	1,856,442	
Type 2C - 2B4P (750 sq.ft)	1,907	231.79	442,010	
Type 3A - 3B6P (1,015 sq.ft)	1,290	231.79	299,093	
Totals	**60,201 ft²**		**13,953,958**	
Contingency		5.00%	754,048	
				14,708,006
Other Construction Costs				
Externals			77,000	
Abnormals			1,050,000	
				1,127,000
PROFESSIONAL FEES				
Other Professional Fees		9.09%	1,439,402	
				1,439,402
MARKETING & LETTING				
Marketing		0.50%	107,200	
				107,200
DISPOSAL FEES				
Sales Agent Fee		1.20%	257,279	
Sales Legal Fee		0.80%	171,520	

47-48 Store Street
Shaw Street Homes Developments Limited
Financial Viability Appraisal

				428,799
TOTAL COSTS BEFORE FINANCE				**18,162,007**
FINANCE				
Timescale	**Duration**	**Commences**		
Pre-Construction	6	Oct 2025		
Construction	22	Apr 2026		
Sale	8	Feb 2028		
Total Duration	36			
Debit Rate 9.000%, Credit Rate 0.000% (Nominal)				
Land			78,002	
Construction			1,338,828	
Other			93,919	
Total Finance Cost				1,510,749
TOTAL COSTS				**19,672,756**
PROFIT				
				1,767,194
Performance Measures				
Profit on Cost%		8.98%		
Profit on GDV%		8.24%		
Profit on NDV%		8.24%		
IRR% (without Interest)		17.52%		