Marco Living 3 Limited

232-236 Palatine Road
Didsbury
Greater Manchester
M20 2WF

Financial Viability Appraisal

June 2026

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1. Introduction

1.1 Tim Claxton Property has been commissioned by Marco Living 3 Limited (the Applicant) to undertake an assessment of the financial viability of a proposed development scheme on a 0.59 hectare (1.5 acre) site situated on Palatine Road in Didsbury, Greater Manchester. The site is situated within the Manchester City Council local authority area.

1.2 The site is to be the subject of a detailed planning application for 5no. four bedroom townhouses and 83no. two bedroom apartments spread across two blocks.

1.3 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

1.4 Accordingly this report assesses the viability of the proposed scheme with reference to all relevant guidance particularly Planning Policy Guidance dated May 2014 and its recent updates and the 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.

1.5 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 proposed development is to be located in the West Didsbury area of Manchester on Palatine Road (B5167) approximately 6.0 km (3.7 mile) to the south of Manchester City Centre and 1.5 km (0.9 mile) north-east of the junction with the A5103 that leads onto the M56. Fig. 1 illustrates the site's location which is at the most southerly extent of the built-up urban area before one reaches the M60 orbital motorway.

2.2 The site totals approximately 0.59 hectares (1.5 acres) in size. An aerial view of the site can be found at Fig.2.

2.3 The site currently comprises three detached Victorian villas arranged over three floors with a large garden to the rear. The buildings have been subdivided to provide a number of flats as follows:

- 232 Palatine Road – 7 flats (3no. one bed; 4no. two bed)[1]
- 234 Palatine Road – 8 flats (1no. studio; 3no. one bed; 4no. two bed)
- 236 Palatine Road – 7 flats (1no. studio; 3no. one bed; 4no. two bed)

2.4 It is bordered to the east by public highway (Palatine Road), to the north by an area of undeveloped land leading onto the Britannia Country House Hotel, to the west by car parking for the hotel and to the south by a Registered Provider owned apartment block.

[1] - One of which is currently unoccupied owing to flood damage

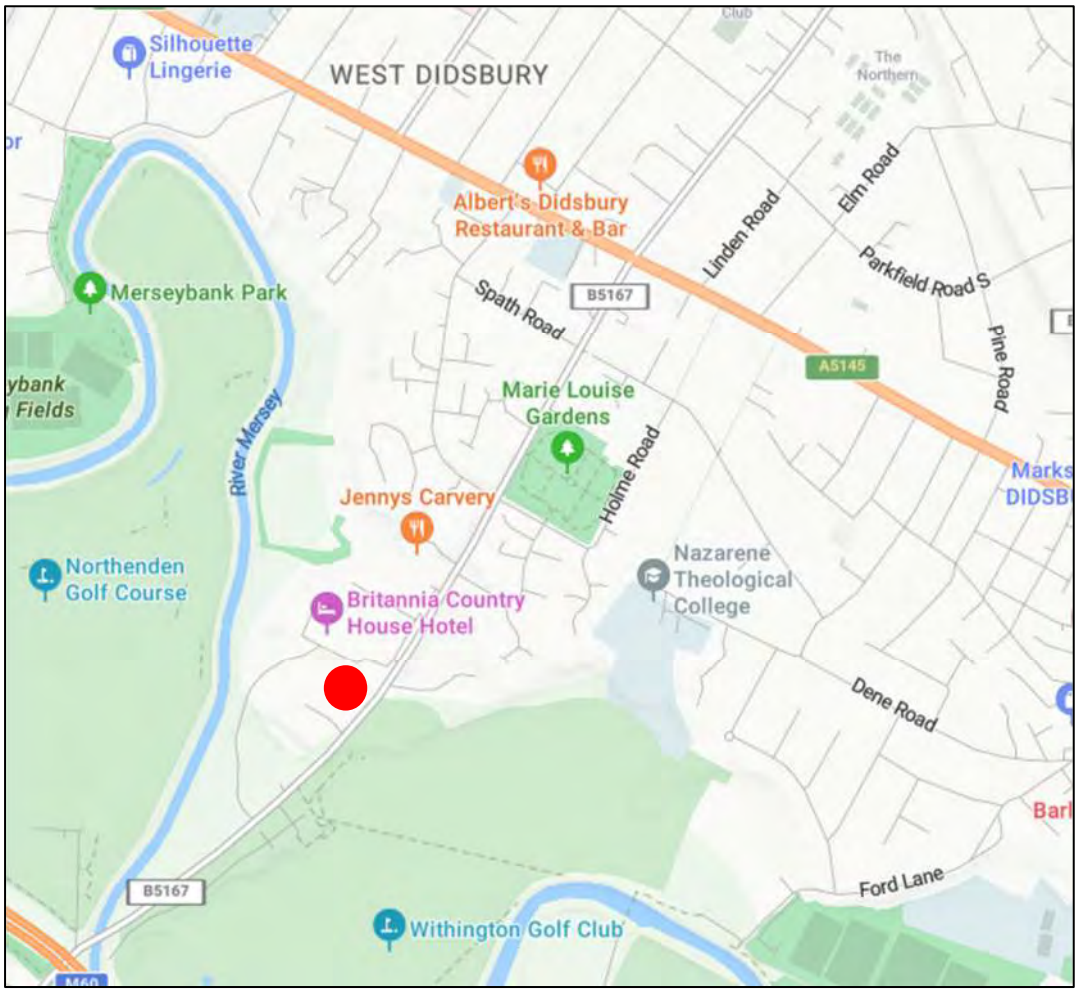


Fig 1: Site Location
Source: Bing Maps



Fig 2: Aerial View of Site
Source: Google Maps



Fig 3: Proposed Site Plan

Scheme Description

2.5 The proposed scheme comprises 5no four bed semi-detached and terraced houses ranging from 1,422 sq.ft to 1,462 sq.ft in size over two floors and 83no. two bed apartments ranging from 756 sq.ft to 762 sq.ft in size spread over 5 floors.

2.6 The apartments feature an undercoft car parking level.

2.7 A total of 69no. spaces are provided 61no. of which sit in the undercroft and around the apartment blocks with the remaining 8no. spaces provided at surface level fronting onto Palatine Road.

2.8 The detail of the accommodation is outlined in Tables 1 and 2.

2.9 The scheme layout is reproduced at Fig.3. Plans of the scheme are attached at Appendix I.

2.10 The total GIA of the scheme is 7,446 sq.m (80,148 sq.ft) with a total saleable/lettable floorspace of 6,545.8 sq.m (70,451) sq.ft) which gives a gross to net ratio of 87.91%.

Unit Type	Units Nos	Typical Size sq.m (sq.ft)	Total sq.m (sq.ft)
Type A – 4B7P 2 storey Semi Detached/ End Mews House	3	132.1 (1,422)	396.3 (4,266)
Type B– 4B7P 2 storey Semi-detached / End Mews House	2	135.8 (1,462)	271.6 (2,924)
Total	**5**		**667.9 (7,190)**

Table 1: Proposed Residential Accommodation - Houses

Unit Type	Units Nos	Typical Size sq.m (sq.ft)	Total sq.m (sq.ft)
Type 2A – 2B4P Apartment	17	71.1 (765)	1,208.7 (13,005)
Type 2B – 2B4P Apartment	6	70.2 (756)	421.2 (4,536)
Type 2C - 2B4P Apartment	30	70.8 (762)	2,124.0 (22,860)
Type 2D - 2B4P Apartment	30	70.8 (762)	2,124.0 (22,860)
Total	**83**		**5,877.9 (63,261)**

Table 2: Proposed Residential Accommodation - Apartments

Ownership and Proposed Transaction

2.11 We understand that the site is held under four separate titles: LA352245 (Marco Investments Limited); MAN130295 (Tariff Street Properties Limited); GM197478 (Marco Investments Limited); and GM451149 (owned by individuals linked to the Applicant).

2.12 The whole site is under the control of the of parties linked to the Applicant.

3. Planning Background

National Planning Policy Framework (NPPF)

3.1 The NPPF (Revised February 2025) 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 more recently updated in 2024.

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 South Manchester area and Policy H6 identifies a net requirement to deliver 3,240 homes to March 2027.

3.6 Policies that are of particular relevance to this report are:

> Policy H8: Affordable Housing
>
> Policy PA1: Developer Contributions

Policy H8: Affordable Housing

3.7 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.'*

3.8 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

3.9 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.

3.10 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.'*

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

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

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

3.13 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.

3.14 In this case there are 88 residential units proposed to which the 20% requirement for affordable housing will apply (or 17.6no. units).

3.15 Where a commuted sum is being calculated (rather than provision being on site) the 88 open market units represent 80% of a notional scheme that includes affordable housing at 20%. The notional scheme therefore equates to 105.6 units with a requirement for 21.12 affordable units.

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

Commuted sum = (average price – affordable price) x 21.12

In this case:

(£325,568 - £227,898[2]) x 21.12 = £2,062,799

Manchester Strategic Housing Market Assessment (2012)

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

3.18 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.

3.19 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)

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

3.21 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).

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

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[2] - Based on 35% discount to OMV

'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.'

3.23 This reinforces the approach promoted by national guidance.

3.24 The City Council has issued an Addendum to Manchester Core Strategy 2024.

Vacant Building Credit

3.25 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.

3.26 In this case the site is occupied by buildings which are currently occupied. Under these circumstances the VBC does not apply.

Prima Facie Assessment of Section 106 Requirements

3.27 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. £2.06 million.
Developer Contributions	Unknown	Subject to the provisions of Policy PA1.

Table 3: Prima Facie Section 106 Requirements

Summary

3.28 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.

3.29 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 one, two and three bed apartments and five bed houses within a good quality low rise development in a strong 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 August 2024. Values of apartments have demonstrated a similar increase at 2.60% over the period and semi-detached houses a higher rate at 3.60%.

4.4 The Nationwide have issued their index results for the year to September 2024 and record a bigger increase in prices for all unit types at 3.20%.

4.5 The September 2024 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 continued positive trend following a subdued period recently.

4.6 New buyer enquiries are on the increase with the third consecutive positive reading and this has been accompanied in the past month by an increase in sales volumes. Expectations for the growth in sales are positive for the medium and long term.

4.7 Listings are also increasing with stock levels at a four year high and the near term pipeline for instructions looks solid.

4.8 House price inflation expectations are now in positive territory across the board for the first time in 2 years and this positive strengthens across the coming 12 months.

4.9 The lettings market remains strong with increasing demand and a decline in properties available for letting resulting in the predominant view that rents will continue to rise.

Regional Picture

4.10 In North West regional terms the picture appears better than the national backdrop for the year to August 2024 recording an increase of 4.60% across all property types and an increase of 4.30% for apartments. Semi-detached houses have demonstrated 4.80% increase. The Nationwide shows a regional increase for all properties of 5.0% to September 2024 (up from 4.10% the previous quarter).

The Manchester Market

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

4.12 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.

4.13 For Manchester the Land Registry records a small decrease in values for all property types for the year to August 2024 at -0.10% and an increase in the sales value of apartments of 0.40% over the same period. Similarly semi-detached houses have demonstrated weak

performance showing a decrease of 0.50% This appears to be in stark contrast to the regional picture.

4.14 In terms of location the subject plots sit within the M20 2 postcode area which covers the most southerly extent of West Didsbury either side of Barlow Moor Road (as illustrated in Fig 4).

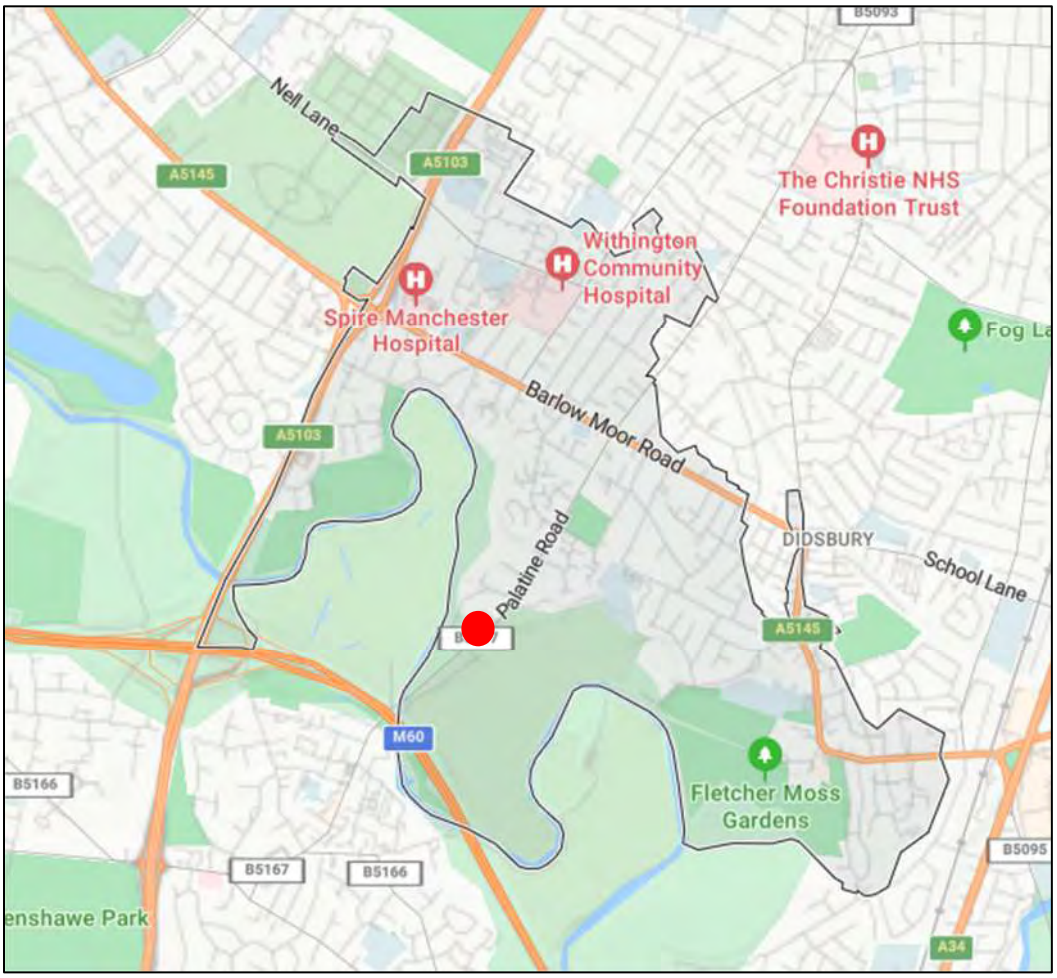


Fig 4: M20 2 Postcode Area
Source: Bing Maps

4.15 As shown in the heatmap at Fig 5 the location appears to be characterised by higher value properties as shown by yellow and red shading.

Residential Sales Transactions

4.16 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 comparables.

4.17 A review of confirmed sales of houses and apartments in the locality establishes the anticipated sales values for the completed scheme. Although each scheme is different and fluctuations in price will be caused by the particular size of house, its particular features,

the level of specification and site specific factors, this information establishes a good benchmark against which to establish an average value.

4.18 According to the Land Registry, 79 apartments have transacted both within 0.5 miles of the subject and within the M20 2 postcode area, in the past 24 months ranging from £110,000 to £499,950. The average indexed sales value is £347 per sq.ft for flats that average 759 sq.ft in size. The subject averages 762 sq.ft.

4.19 In respect of semi-detached and terraced houses a total of only 7 transactions are recorded within the area £510,000 and £975,000 with an average indexed sales value of £479 per sq.ft for dwellings averaging 1,420 sq.ft.. The subject averages 1,438 sq.ft.

4.20 Given the second hand and diverse nature of this evidence one would expect the subject scheme to transact at a higher value than these averages suggest. Although any enhancement would be tempered by the location of the subject scheme, ie, to the south of Didsbury towards Northenden.

New Build

4.21 Of the identified transactions none are new build sales.

4.22 Within M20 2 there is a new shared ownership apartment scheme currently being marketed. Developed by Gecko this scheme at 2 Didsbury Point (M20 2EU) is offering one and two bedroom apartments for the following typical values (at 100%):

- One Bed Apartment £235,000 (£425 per sq.ft)
- Two Bed Apartment £326,500 (£428 per sq.ft)
- Two Bed Duplex £380,000 (£424 per sq.ft)

4.23 These properties are arguably better located than the subject.

4.24 An example of a new 5 bedroom 3 storey semi-detached property on the market on Barlow Moor Road (M20 2TS) is on the market for £1.25 million but again in a better location than the subject..

Second Hand

4.25 There are a number of properties/schemes within close proximity of the subject that will help inform pricing. Although none of these are new properties they help establish a tone for the particular area (ie, the southern end of Palatine Road within Didsbury) to which a premium can be added to reflect new product and differences in quality.

4.26 The scheme of particular interest are:

- Riverside Lodge, 208 Palatine Road, M20 2WF
- Ashfield Lodge, Palatine Road, M20 2UD

4.27 Riverside Lodge is a popular scheme offering predominantly 2 bed apartments in the low to mid £200,000s equating to between £270 to £300 per sq.ft. Ashfield Lodge is less comparable as it is more dated and offers very large 2 bed flats (in the region of 1,400 sq.ft) for around £400,000 and around £380 per sq.ft for the smaller of these spacious flats. Detail relating to the most recent comparables are listed in Tables 4 and 5 respectively.

4.28 Other schemes located further afield include:

- Larke Rise M20 2UL – situated 0.4km to the north-east with updated sales values at £343 per sq.ft for units averaging 1,005 sq.ft.
- Beech House M20 2AH – situated 0.6km to the north with updated sales values at £327 per sq.ft for units averaging 492 sq.ft.

4.29 In respect of modern houses Adamson Gardens, situated 275m to the north-east is a modern estate which has presented historic updated evidence for 3 bedroom terraced properties between 1,150 and 1,300 sq.ft in the region of £380 per sq.ft. Cuerrent asking prices are nor approaching £500 per sq.ft.

Riverside Lodge, 208 Palatine Road, M20 2WF						**SECOND HAND SOLD**
	**Unit**	**Price**	**Size**	**Date Sold**	**Rate Per Sq.ft**	**Indexed Rate Per Sq.ft**
	Apt 24 / 2 bed	£220,000	818	Jul 2025	£269	£264
	Apt 9 / 2 bed	£213,000	732	Jun 2025	£291	£291
	Apt 16 / 2 bed	£265,000	883	Sep 2024	£300	£294
A modern apartment scheme built over 4 floors situated 150m to the north-west of the subject.						

Table 4: Riverside Lodge Sold Prices

Ashfield Lodge, Palatine Road, M20 2UD						**SECOND HAND SOLD**
	**Unit**	**Price**	**Size**	**Date Sold**	**Rate Per Sq.ft**	**Indexed Rate Per Sq.ft**
	Apt 28 / 2 bed	£395,000	1,028	Oct 2025	£384	£377
	Apt 3 / 2 bed	£400,000	1,388	Apr 2024	£288	£296
A dated apartment scheme built over 5 floors situated 130m to the east of the subject.						

Table 5: Ashfield Lodge Sold Prices

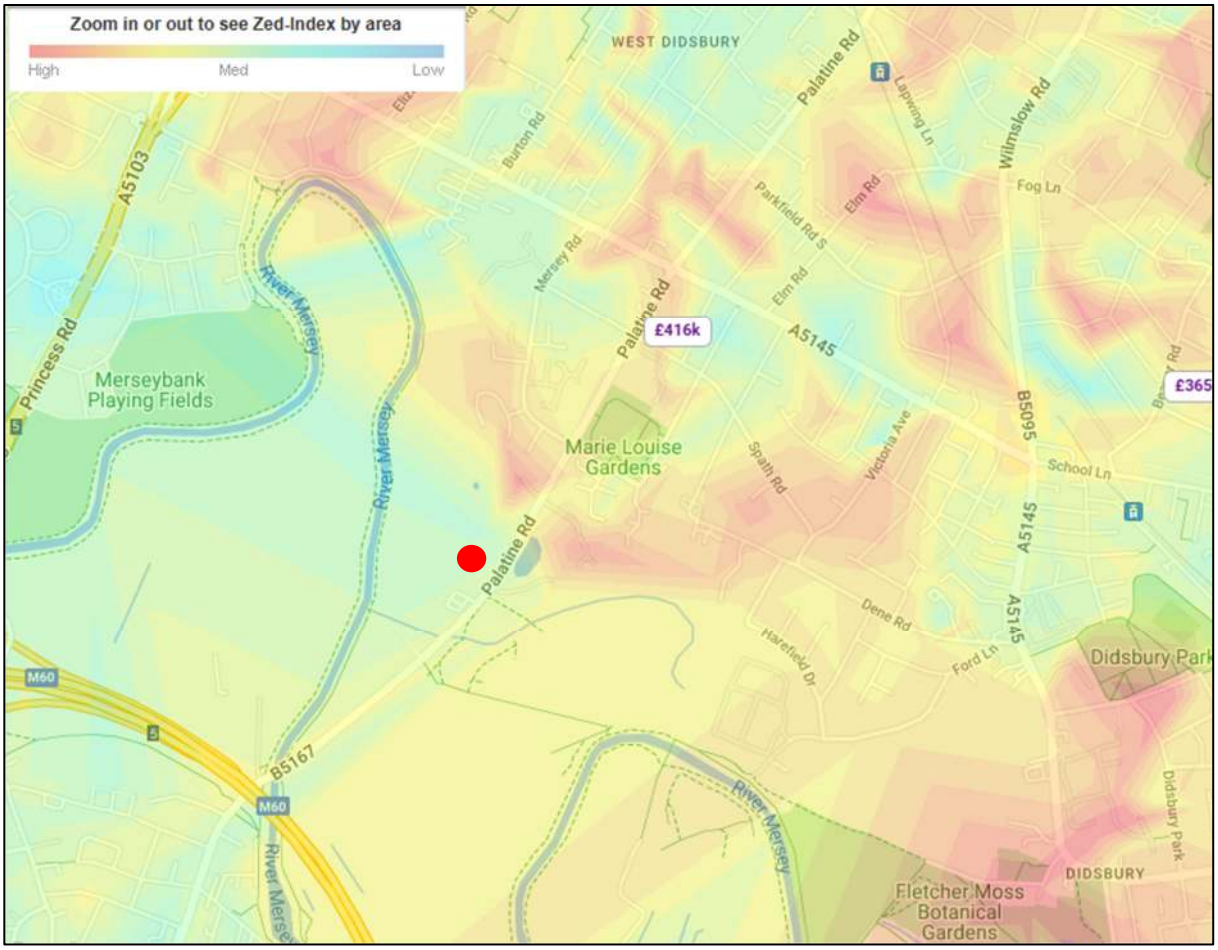


Fig 5: Residential Heat Map
Source: Primelocation.com

Residential Sales Summary

4.30 Although evidence of new build properties is scarce within close proximity to the subject scheme, good quality second hand sales assist in setting a tone when considered alongside new build evidence/on market product located further afield.

4.31 Given the high specification and spacious nature of the site, values ranging as follows are appropriate for the size of units proposed:

Two Bed Apartment	£300,000
Four Bed Semi-Detached/Mews	£750,000

5. Benchmark Land Value

5.1 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).

5.2 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

5.3 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)

5.4 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)

5.5 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)

5.6 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.

5.7 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.

5.8 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)

5.9 On this basis the BLV has to equate to a landowner's reasonable expectation of value under all the circumstances and should rely on the balanced opinion of the valuer with this in mind.

The Property

5.10 In this case the property comprises three houses which have historically been converted into flats with an area of garden to the rear. The 22no. flats are let on assured shorthold tenancies.

5.11 There is nothing of particular relevance in terms of planning history.

5.12 In this case the Existing Use Value plus a Premium would be the principal method to determining the Benchmark Land Value.

Step 1 - EUV

5.13 In respect of the EUV (ie, the value of the site as it currently stands with no material works being required) this would be based on the market value of the flats as vacant possession could be obtained by serving notice on the tenants on the basis of a proposed disposal. Equally the value can be determined by assessing the investment value of the assets in their current form.

5.14 The detail relating to the flats is outlined in Table 6.

Property	**Rent PCM**	**Annual Rent**	**Net of Costs @ 27%**	**Capitalised Rent @ 6%**
232 Palatine Road				
1/232 One Bed	£675.00			
2/232 One Bed	£750.00			
3/232 Two Bed	£900.00			
4/232 Two Bed	£900.00			
5/232 Two Bed	£900.00			
6/232 One Bed	£750.00			
7/232 Two Bed	£750.00			
Total		**£67,500.00**	**£49,275.00**	**£821,250**
234 Palatine Road				
1/234 Two Bed	£900.00			
2/234 One Bed	£800.00			
3/234 Two Bed	£920.00			
4/234 Studio	£650.00			
5/234 One Bed	£650.00			
6/234 Two Bed	£875.00			
7/234 Two Bed	-			
8/234 Two Bed	£770.00			
Total		**£66,780.00**	**£48,749.00**	**£812,483.00**

236 Palatine Road				
1/236 One Bed	£700.00			
2/236 Two Bed	£850.00			
3/236 Studio	£600.00			
4/236 Two Bed	£850.00			
5/236 One Bed	£800.00			
6/236 Studio	£600.00			
7/236 One Bed	£690.00			
Total		**£61,080.00**	**£44,588.00**	**£743,133**

Table 6: Existing Rental Income

5.15 It is estimated that the gross investment value of the flats is £2,376,866 and net of purchasers costs £2,215,239 rounded to £2.215 million.

5.16 A historic valuation was commissioned with a valuation date of 2015 and this reported a value of £2.75 million

5.17 Given the historic nature of the valuation it is reasonable to adopt as the EUV our assessment of value as at today and therefore consider the Existing Use Value to be **£2.22 million**.

Step 3 - Premium

5.18 The Premium represents the incentive for a typical landowner to dispose of their land for the proposed development. A premium in the region of 20% is justified.

5.19 Accordingly, the Premium in this case would be **£0.44 million**.

Step 2 - AUV

5.20 This is not relevant in this case as the Benchmark Land Value is based on the EUV.

Step 4 – Policy Compliant Residual

5.21 Given the use of the AUV in this case a policy compliant residual is not required.

Step 5 – Policy Compliant Comparables

5.22 As above.

5.23 In summary we have adopted a BLV of **£2.66 million** which equates to the realistic EUV of the site plus a Premium of £0.44 million.

6. Appraisal Methodology

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

6.2 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.

6.3 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.*'

6.4 The residual valuation framework shown in Fig. 6 describes how the different elements of an FVA are pieced together.

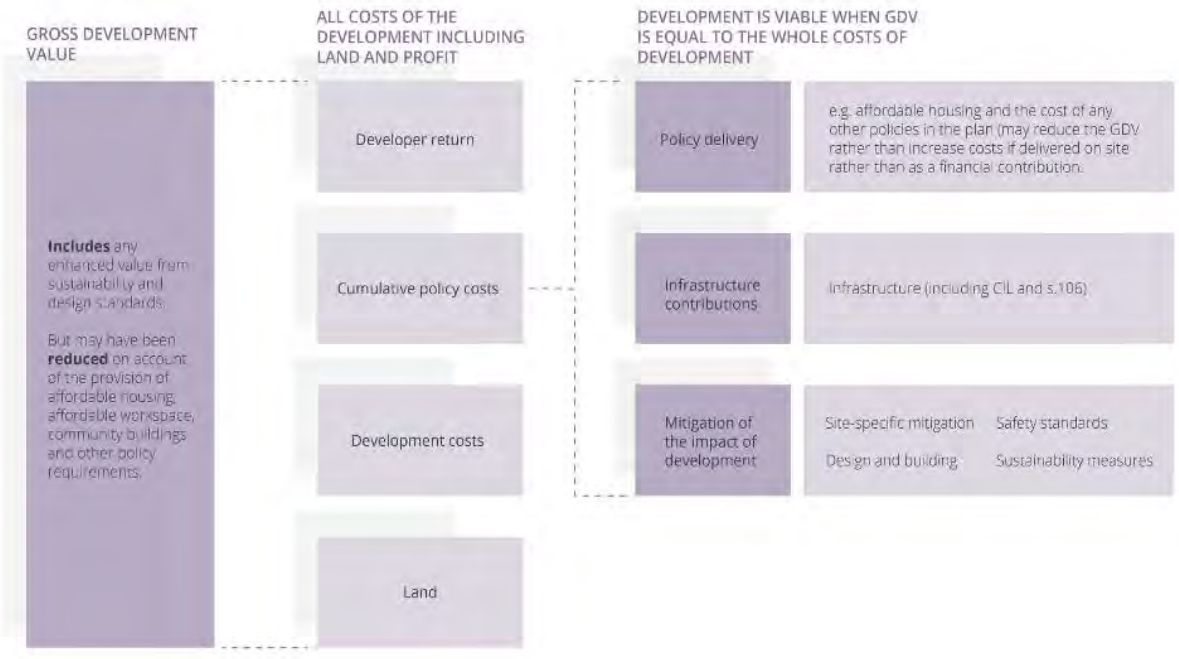


Figure 6: Residual Valuation Framework
Source: RICS Valuation of development property

6.5 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).

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

6.7 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.[3] The preparation of an FVA may be necessary if particular circumstances justify that viability issues should be considered by the local planning authority.

6.8 In this case the local planning authority (Manchester City Council) adopted its local plan in 2012.

6.9 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?

6.10 Looking to the component parts of the development appraisal:

Development Costs

6.11 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

6.12 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

6.13 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.

6.14 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.

6.15 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

[3] - 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.

6.16 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

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

Contingency/Fees

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

Finance

6.19 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

6.20 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

6.21 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.

6.22 Where there is a 'pre-sale' of a scheme such as to a Build to Rent operator or a transfer to a Registered Provider the a lower level of profit is considered appropriate.

Values

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

6.24 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.

6.25 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.

7. Appraisal Inputs

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

7.2 A summary of the appraisal with no Section 106 payments included is attached at Appendix III and these outline 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 budget cost plan has been produced by Enabl and is attached at Appendix II and identifies an overall construction cost of £20,653,583 (£257.69 per sq.ft). This figure is exclusive of contingency and professional fees but inclusive of abnormals and externals.

7.5 This compares reasonably well against BCIS benchmark data which identifies an upper quartile cost for apartments of 3-5 stories rebased to Greater Manchester of £188.31 per sq.ft. Notably this cost excludes external works and abnormals which are contained within the Enabl cost plan.

7.6 All allowances for inflation have been excluded with costs as at Q1 2026.

7.7 The detail of the construction costs for the scheme as a whole is detailed in Table 7.

Fees

7.8 Professional and other fees across the whole site total £1,363,136 which represents 6.0% of the construction budget with contingency.

Item	Cost
Base Construction Costs	£17,312,646
Undecroft	£1,814,491
Externals	£956,184
Abnormals	£570,262
Sub-Total	**£20,653,583**
Contingency (10.0%)	£2,065,358
Fees (6.0%)	£1,363,136
Total	**£24,082,077**

Table 7: Construction Costs

Construction Warranty

7.9 A construction warranty at a cost of £3,000 per unit is assumed.

BNG

7.10 A figure for Biodiversity Net Gain of £85,000 has been adopted.

Finance

7.11 A finance rate of 9% has been adopted which reflects the lowest rate of interest charged in the market place for a project of this scale. This overall rate includes the usual Arrangement and Exit fees.

Marketing

7.12 An all-in marketing and agency fee at 2.5% 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

7.13 In the case of open market sales a benchmark profit level of 18% 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.

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

Land Input Value

7.15 A Benchmark Land Value of £2.66 million has been adopted as outlined in Section 5.

Values

7.16 We have considered the value of the completed scheme assuming sales in the open market.

Open Market Sales

7.17 Value in the scheme is generated through:

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

7.18 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 Nos	Unit Price	Price Per sq.ft	Total
Type A – 4B7P 2 storey Semi Detached/ End Mews House (1,422 sq.ft)	3	£750,000	£527	£2,250,000
Type B– 4B7P 2 storey Semi-detached / End Mews House (1,462 sq.ft)	2	£750,000	£513	£1,500,000
Total	**5**		**Avg £522**	**£3,750,000**

Table 8: Sales Values - Houses

Unit Type	Units Nos	Unit Price	Price Per sq.ft	Total
Type 2A – 2B4P Apartment (765 sq.ft)	17	£300,000	£392	£5,100,000
Type 2B – 2B4P Apartment (756 sq.ft)	6	£300,000	£397	£1,800,000
Type 2C - 2B4P Apartment (762 sq.ft)	30	£300,000	£394	£9,000,000
Type 2D - 2B4P Apartment (762 sq.ft)	30	£300,000	£394	£9,000,000
Total	**83**		**Avg £394**	**£24,900,000**

Table 9: Sales Values - Apartments

7.19 The average sales rate for the scheme is £407 per sq.ft with prices of between £392 to £527 per sq.ft depending on size and layout.

Total Scheme Value

7.20 The total Net Development Value of the scheme on an open market sales basis is assessed to be £28,650,000.

Timings

7.21 The appraisal has been undertaken on the basis that from the date of this report (June 2026) it is assumed that there will be a 6 month mobilisation before a start on site (December 2026) followed by a 18 month construction period (May 2028).

7.22 The houses and apartments are all assumed to be sold prior to practical completion.

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

8. Results of the Appraisals

8.1 The viability of the scheme has been assessed on an Open Market Sales basis.

8.2 The result of the appraisal (which is attached at Appendix III) assuming no S.106 payments is outlined below.

Open Market Sales

Scheme	Profit on GDV	Compared to Benchmark Profit (@ 18.0%)
Scheme with no Section 106	-7.27%	-25.27%

Table 10: 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 18% 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. We have therefore considered changes to the key variables, namely;

- Build Costs – Base Build
- Residential Open Market Sales Values

8.5 The results of the analysis for the appraisal is as follows:

		Build Costs		
		-10%	0%	+10%
Sales Value	-10%	-10.43%	-18.99%	-27.54%
	0%	0.43%	-7.27%	-14.97%
	+10%	9.31%	2.32%	-4.68%

Table 11: Sensitivity Analysis No Section 106 Payment

8.6 This analysis demonstrates that for the benchmark return of 18% on GDV to be exceeded there would need to be a material increase in sales values and reduction in build costs.

Conclusion

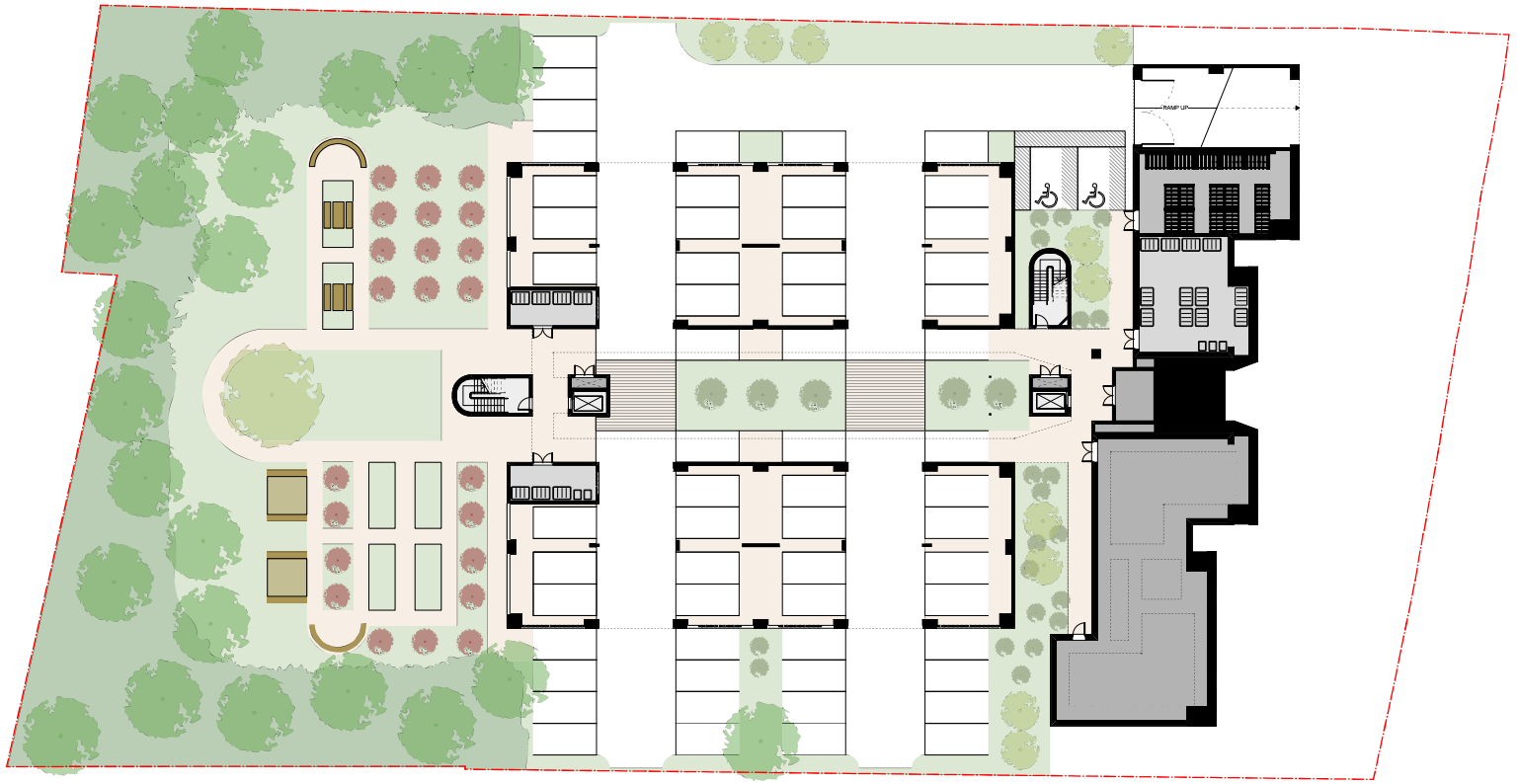
8.7 In conclusion, this analysis demonstrates that the proposed scheme cannot meet an acceptable level of developer return even where Section 106 contributions are not included within the figures. On this basis the mitigation of Section 106 payments is justified.

Appendix I – Scheme Drawings

REVISION	DATE	DESCRIPTION
P01	24/02/26	Preliminary Issue
P02	25/03/26	Revised as elevation development
P03	30/04/26	Revised as further allocation development
P04	08/05/26	Draft planning issue for comment and coordination
P05	12/05/26	Landing layout revised
P06	22/05/26	Planning Issue

KEY

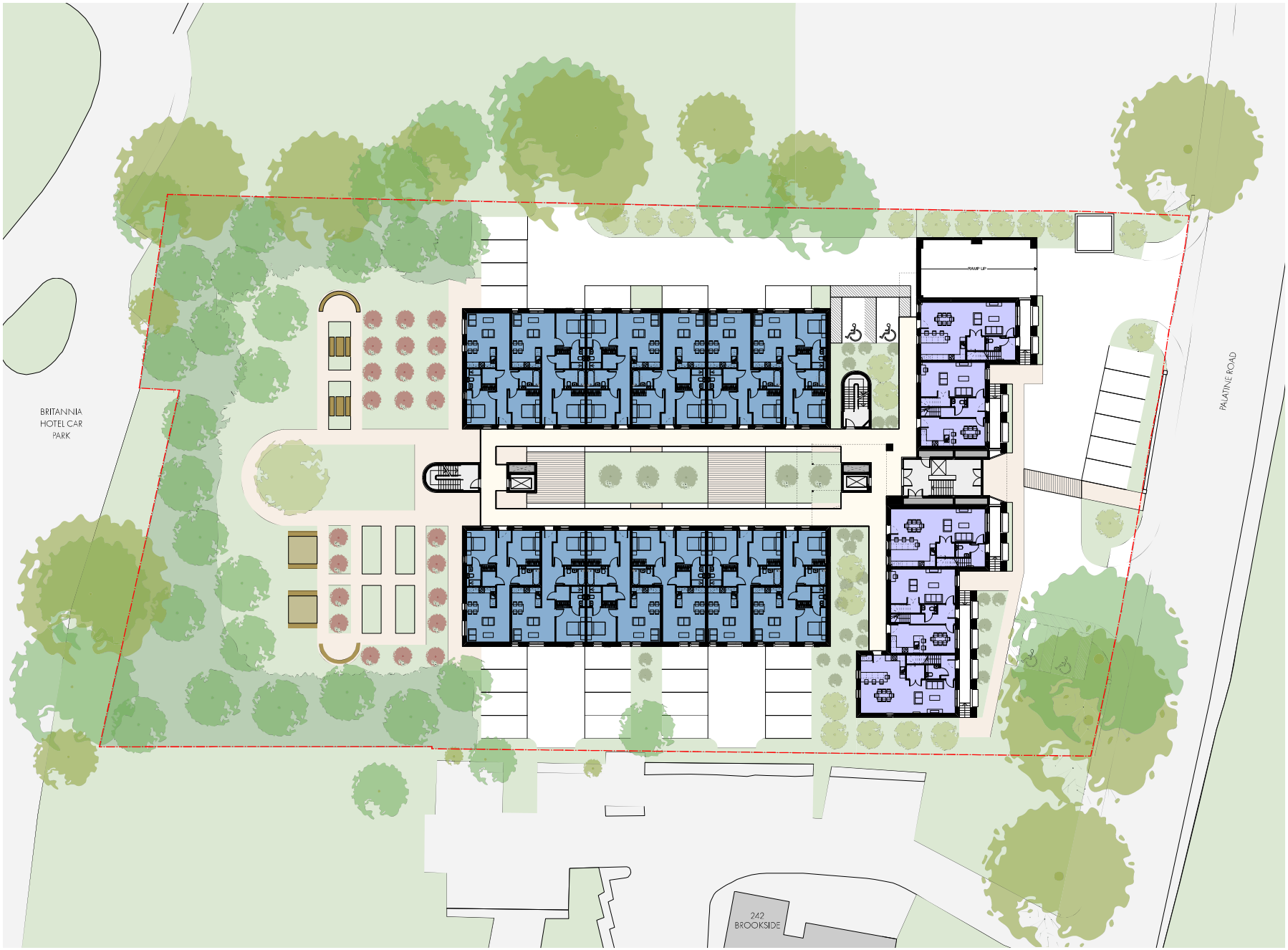
- Application Boundary
- 2B-4P Apartment
- 4B-7P Townhouse
- Bike Store
- Bin Store
- Plant (TBC by MEP Engineer)
- Core / Lobby



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PROJECT	MARCO LIVING, PALATINE ROAD				
DRAWING	MASTERPLAN - LEVEL BASEMENT				
DATE	FEB' 26	DRAWN BY	HF	SCALE	1:200 @A1
JOB NO	1459	DWG NO	1459-OMI-ZZ-00-DR-A-L1000-P06		



REVISION	DATE	DESCRIPTION
P01	24/02/26	Preliminary Issue
P02	25/03/26	Revised as elevation development
P03	30/04/26	Revised as further allocation development
P04	08/05/26	Draft planning issue for comment and consultation
P05	22/05/26	Planning Issue

KEY

- Application Boundary
- 0% Affordable Tenure
- 40% Tenure
- Bike Store
- Bin Store
- Plant (TBC by MEP Engineer)
- Circulation

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PROJECT	MARCO LIVING, PALATINE ROAD					
DRAWING	MASTERPLAN - LEVEL 00					
DATE	FEB '26	DRAWN BY	HF	SCALE	1:200 @A1	
JOB NO	1459	DWG NO	1459-OMI-ZZ-00-DR-A-L1001-P05			



REVISION	DATE	DESCRIPTION
P01	24/02/26	Preliminary Issue
P02	25/03/26	Revised as elevation development
P03	30/04/26	Revised as further allocation development
P04	08/05/26	Draft planning issue for comment and consultation
P05	22/05/26	Planning Issue

KEY

- Application Boundary
- 0% AH Apartment
- 40% Townhouse
- Bike Store
- Bin Store
- Plant (TBC by MEP Engineer)
- Circulation

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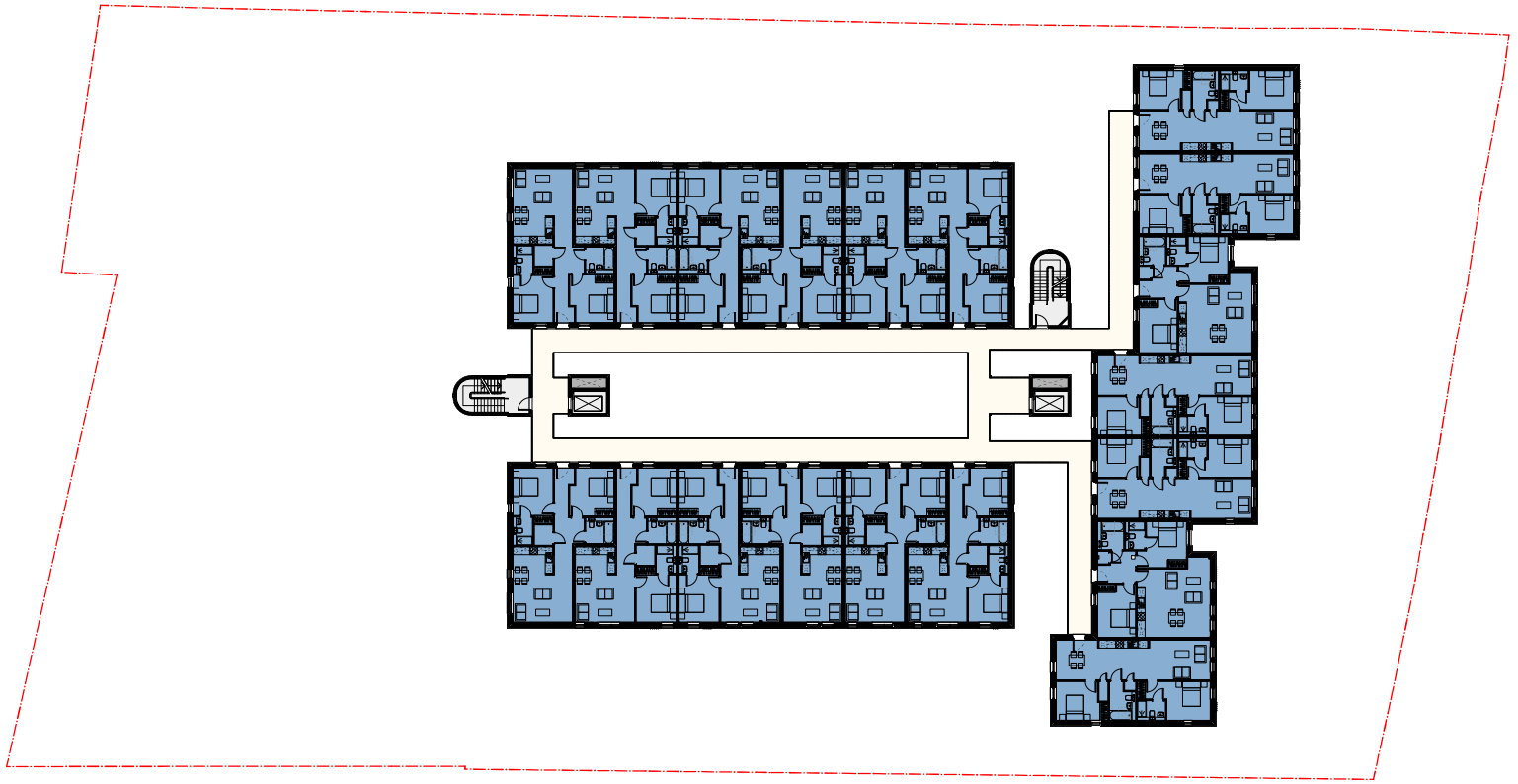
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PROJECT	MARCO LIVING, PALATINE ROAD				
DRAWING	MASTERPLAN - LEVEL 01				
DATE	FEB '26	DRAWN BY	HF	SCALE	1:200 @A1
JOB NO	1459	DWG NO	1459-OMI-ZZ-00-DR-A-L1002-P05		

REVISION	DATE	DESCRIPTION
P01	27/02/26	Preliminary Issue
P02	25/03/26	Revised as elevation development
P03	30/04/26	Revised as further allocation development
P04	08/05/26	Small planning issue for comment and coordination
P05	22/05/26	Planning Issue

KEY

- Application Boundary
- 0% AP Apartment
- 48.7% Townhouse
- Bike Store
- Bin Store
- Plant (TBC by MEP Engineer)
- Core / Lobby



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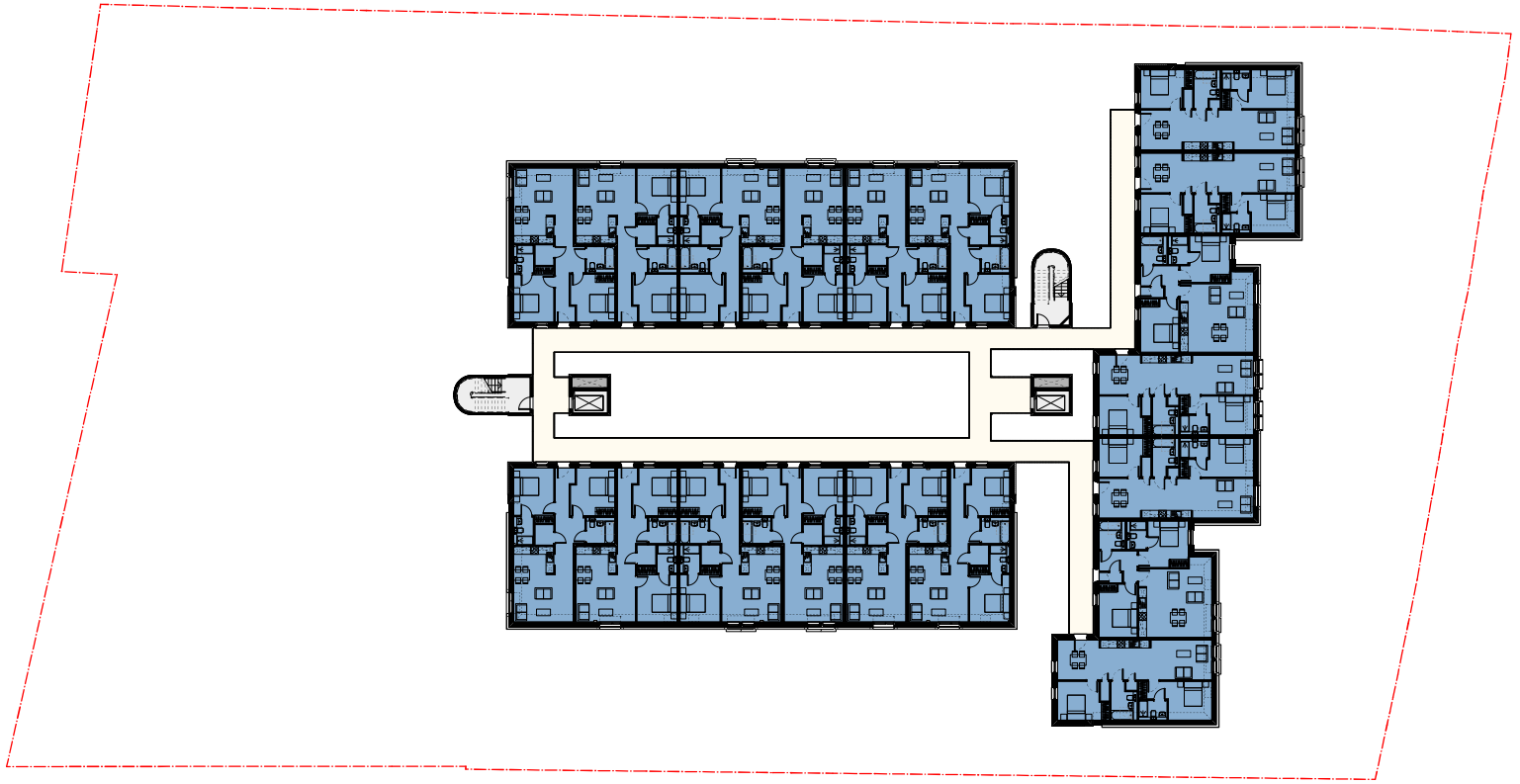
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PROJECT	MARCO LIVING, PALATINE ROAD				
DRAWING	MASTERPLAN - LEVEL 02 & 03				
DATE	FEB '26	DRAWN BY	HF	SCALE	1:200 @A1
JOB NO	1459	DWG NO	1459-OMI-ZZ-00-DR-A-L1003-P05		

REVISION	DATE	DESCRIPTION
P01	27/02/26	Preliminary Issue
P02	25/03/26	Revised as elevation development
P03	30/04/26	Revised as further allocation development
P04	08/05/26	Draft planning issue for comment and coordination
P05	22/05/26	Planning Issue

KEY

- Application Boundary
- 0% Affordable rent
- 40% Tenure Mix
- Bike Store
- Bin Store
- Plant (TBC by MEP Engineer)
- Circulation



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PROJECT	MARCO LIVING, PALATINE ROAD				
DRAWING	MASTERPLAN - LEVEL 04				
DATE	FEB '26	DRAWN BY	HF	SCALE	1:200 @A1
JOB NO	1459	DWG NO	1459-OMI-ZZ-00-DR-A-1004-P05		

tcp property

Appendix II – Cost Plan



enabl

Cost Plan Estimate Viability

Palatine Road

Document Issue Sheet

Issue Nr.	Document	Status	Issue Date	Parties Sent To	Prepared By	Reviewed By
1.0	Viability	DRAFT	27/05/2025	Atzaro	Jake Schofield	Louis Howard

Contents

1.0 Executive Summary

2.0 Cost Summary

3.0 Basis & Assumptions

4.0 Exclusions

5.0 Area Schedule

Appendix A – Order of Cost Estimate

1

Executive Summary

Palatine Road

1.0 Executive Summary

1.1



Construction Estimate:

£22,718,941.09

The current cost plan Construction estimate is **as above,** please see OCE page. The rates used are rebased to 2Q 2026 price levels based on the BCIS upper quartiles averages with the mean average used for undercroft carparking and includes design development and construction risk contingency as well as future inflation. It excludes professional fees, VAT, and other items listed in section 4.0.

1.3



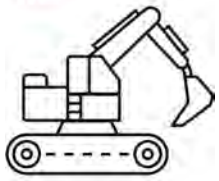
0% Change during last period

Cost Estimate	Total Construction Cost
Viability	£22,718,941.09
Difference on Update	£0.00

The single option considered are the upper quartiles average on the cost data used with the mean average used for undercroft carparking.

Please see appendix A for full cost summary

1.2



0%

Construction costs have been tested by obtaining subcontractor quotations.

This has not commenced yet due to the scheme still being in its inception. This will be updated as further design specifications are developed. A procurement schedule will be developed to track and obtain subcontractor quotations for the work packages.

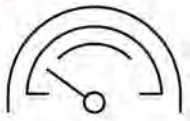
1.4



Programme Assumption = 18 Months

An estimated construction duration for these works is estimated at 18 months subject to the agreed form of build construction/methodology. The preliminaries have not been modelled on this period as these are included within the BCIS rates.

1.5



No severe risks were identified

Moderate risks that were identified included:

"Risk: Costs are modelled on BCIS averages
"Risk: Outturn costs are excluded
*Risk: Costs associated with contamination including asbestos
Risk: Employer change risk is excluded
Risk: Project/Design team fees estimate

1.6 For elemental breakdown of current cost plan, refer to Appendix A (Measured Works).

2

Cost Summary

Palatine Road

2.0 Cost Summary

This feasibility estimate represents the proposed development works of the site at Palatine Road, Didsbury. The costs have been based upon BCIS averages using information listed in Section 3.0. The upper quartile averages were selected for each use type with the mean average used for undercroft carparking; however, a full breakdown is included in appendix A.

The rates used are rebased to 2Q 2026 fixed price levels and exclude professional fees, VAT, and other items listed in section 4.0.

Palatine Road - Order of Cost Estimate			
Cost Centre	Constituent	%	Viability
0	Facilitating works	5%	£531,214.00
1	Building Works Estimate (Apartments)		£14,344,704.00
2	Building Works Estimate (Duplex Townhouses)		£1,154,310.00
3	Undercroft		£1,680,084.00
4	Abnormals		£528,020.09
5	External Works	5%	£885,356.00
	Subtotal: facilitating and building works		**£19,123,688.09**
6	Main Contractors Preliminaries estimate		Included
	Subtotal: facilitating and building works incl. Contractors Preliminaries		**£19,123,688.09**
7	Main Contractor's Overhead & Profit estimate	8%	£1,529,895.00
	Total: Building Cost Estimate		**£20,653,583.09**
8	Project/Design team fees estimate		Excluded
	Other development/projects cost estimate		Excluded
	Base Cost Estimate		£20,653,583.09
10	**Risk Allowances estimate**		
10.1	Design development risks estimate	5%	£1,032,679.00
10.2	Construction risks estimate	5%	£1,032,679.00
10.3	Employer change risk estimate		Excluded
10.4	Employer other risks estimate		Excluded
11	**Tender inflation**		Excluded
12	**Construction inflation estimate**		Excluded
	Cost		£22,718,941.09
13	**VAT Assessment**		Excluded
14	**Other considerations**		Excluded

3

Basis & Assumptions

Palatine Road

3.0 Basis & Assumptions

Basis and Assumptions: Generally

1 This feasibility estimate represents the proposed new development works of the site at Palatine Road, Didsbury. The costs have been based upon the information listed in Section 3.0. The rates used are at rebased to 2Q 2026 price levels and exclude professional fees, VAT, and other items listed in section 4.0.

2 For the purposes of preparing this estimate we have assumed that the main contract works will be let on a JCT Design and Build contract on a fixed Lump Sum basis with competitive tendering.

3 The costs included within this report are based upon the following information:

L1000-MASTERPLAN - LEVEL BASEMENT

L1001-MASTERPLAN - LEVEL 00

L1002-MASTERPLAN - LEVEL 01

L1003-MASTERPLAN - LEVEL 02 & 03

L1004-MASTERPLAN - LEVEL 04

L1005-MASTERPLAN - ROOF PLAN

4 The Area schedule has been populated in line with the areas provided in the following documents:

1459_Palatine Road_Area Schedule_260513

5 Due to the limited information and lack of mechanical, electrical, civil and structural information, we have used BCIS averages prices to formulate this estimate.

6 Costs have been prepared on a basis, at 2Q 2026 price levels.

7 Any impact associated with Brexit, COVID, force majeure is currently excluded from this cost plan.

8 Main Contractor's preliminaries include management and support staff as well as organisational costs including site accommodation, welfare, rubbish removal, plant, scaffolding, craneage etc. The preliminaries have been estimated on the basis of a single unimpeded phase of work and are included within the BCIS averages.

9 No allowance has been made for out of hours working as this is not deemed necessary.

10 Costs associated with contamination (including asbestos) are excluded. This remains as a risk.

11 It is assumed any costs associated with investigations or surveys will be included under a separate budget.

12 Refer to Appendix A for a detailed breakdown with our current assumptions.

13 The mean averages have been used for the Cost Estimate because the scheme at Palatine Road is anticipated to be of high specification.

4

Exclusions

Palatine Road

4.0 Exclusions

Basis and Assumptions: Generally

1 Professional / legal fees; planning / building control fees; site surveys; monitoring costs; environmental audits; wind studies; third party fees / costs / novated professional fees; other fees

2 Value Added Tax (VAT)

3 Site, building or other surveys, including statutory service investigations

4 Archaeological works (Consultants fees, investigation and attendance costs or resultant delays / disruption)

5 Site acquisition fees / costs and other developers' costs

6 Capital allowances or other incentives / grants

7 Boundary Issues, adjoining owners' negotiations / costs

8 Impact of sustainability requirements that may be required over and above those noted

9 Costs associated with any road closures / rentals

10 Finance charges, developers costs and profit

11 Works associated with Section 106 and 278 agreements: road stopping-up etc

12 Exploration for and removal of unexploded ordnance

13 Monitoring of existing building & adjacent buildings / structures

14 Abnormal ground conditions (contamination etc.) unless listed

15 Loose fittings, fixtures, furniture and equipment that are not listed in this document

16 New Artwork

17 Out of hours working

18 Highways closures and the like

19 Potential benefits accrued through Land Remediation Relief

20 Tender Inflation

21 Highway enabling works

22 Utility Diversion Works

23 Ground Obstructions, remediation or removal of contaminated materials including asbestos

24 Costs associated with ecology (including protected animals)

25 Off-site infrastructure works/upgrades

26 Refuse Store Fittings

27 Section 278 Works concerning road layout

28 Costs associated with off-site credits for Biodiversity Net Gain credits

29 Incoming Services

5

Area Schedule

Palatine Road

5.0 Area Schedule

Element	m2	ft2
Apartments	6,792/m²	73,108 / ft²
Housing (Duplex Townhouses)	654/m²	7,040 / ft²
Total Internal Area	7,446/m²	80,148 / ft²
Total External Area	TBC	TBC

- We measure in accordance with the RICS Code of Measurement Practice, 6th Edition.
- The measurements and areas within this document should not be relied upon for any other purpose other than the formulation of the Cost Estimate itself.
- Measures are taken from the Area Schedule provided by the client (1459_Palatine Road_Area Schedule_260513)

Appendix A

Order of Cost Summary

Palatine Road - Order of Cost Estimate (Viability)

Palatine Road - Order of Cost Estimate						
Cost Centre	Constituent	%	Viability		SQFT	M2
0	Facilitating works	3%	£ 531,214.00		£ 6.63	£ 71.34
1	Building Works Estimate (Apartments)		£ 14,344,704.00		£ 196.21	£ 2,112.00
2	Building Works Estimate (Duplex Townhouses)		£ 1,154,310.00		£ 163.97	£ 1,765.00
3	Undercroft		£ 1,680,084.00		£ 115.11	£ 1,239.00
4	Abnormals		£ 528,020.09		£ 6.59	£ 70.91
5	External Works	5%	£ 885,356.00		£ 11.05	£ 118.90
	Subtotal: facilitating and building works		**£ 19,123,688.09**		£ 238.60	£ 2,568.32
6	Main Contractors Preliminaries estimate		Included		Included	Included
	Subtotal: facilitating and building works incl Contractors Preliminaries		**£ 19,123,688.09**		£ 238.60	£ 2,568.32
7	Main Contractor's Overhead & Profit estimate	8%	£ 1,529,895.00		£ 19.09	£ 205.47
	Total : Building Cost Estimate		**£ 20,653,583.09**		£ 257.69	£ 2,773.78
8	Project/Design team fees estimate		Excluded		Excluded	Excluded
9	Other development/projects cost estimate		Excluded		Excluded	Excluded

	Base Cost Estimate		£ 20,653,583.09		£ 257.69	£ 2,773.78
10	Risk Allowances estimate					
10.1	Design development risks estimate	5%	£ 1,032,679.00		£ 12.88	£ 138.69
10.2	Construction risks estimate	5%	£ 1,032,679.00		£ 12.88	£ 138.69
10.3	Employer change risk estimate		Excluded		Excluded	Excluded
10.4	Employer other risks estimate		Excluded		Excluded	Excluded
11	Tender inflation		Excluded		Excluded	Excluded
12	Construction inflation estimate		Excluded		Excluded	Excluded
	Cost		£ 22,718,941.09		£ 283.46	£ 3,051.16
13	VAT Assessment		Excluded		Excluded	Excluded
14	Other considerations		Excluded		Excluded	Excluded

Abnormals

Project:	Palatine Road - Order of Cost Estimate			GFA (m2):	7,446
Ref:	n/a			GFA (sqft)	80,148
Element:	Abnormals				
Ref	Description	Quantity	Unit	Rate	Total
1	Root Bridge	1	Item	£88,647	£88,647
2	Cut required to LFG	1	Item	£35,000	£35,000
3	E/O; GF Suspended Slab; Suspended 1.2m; steelwork excluded; SAY	1	Item	£145,200	£145,200
4	E/O - Requirement for Pumping Station	1	PSUM	£40,000	£40,000
5	E/O Cantilevered Steel Walkways w/ Finishes	884	m2	£150	£132,600
6	E/O Landscaping Works	1	PSUM	£30,000	£30,000
7	Preliminaries to Abnormals @ 12%	0.12	%	£471,447	£56,574
8	Overheads and Profit to Abnormals @ 8%	0.08	%	£471,447	Included
	Sub-Total (Carried Forward)				£528,020.09

tcp property

Appendix III – Summary **Development Appraisal**

Palatine Road
Marco Living 3 Limited
Viability Appraisal

232-236 Palatine Road
Manchester
M20 2WF

Development Appraisal
Prepared by TDC
Tim Claxton Property Limited
June 10, 2026

Palatine Road
Marco Living 3 Limited
Viability Appraisal

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Type A - 4B7P SD / End Mews (1,422 sq.ft)	3	4,266	527.43	750,000	2,250,000
Type B - 4B7P SD / End Mews (1,462 sq.ft)	2	2,924	513.00	750,000	1,500,000
Type 2A 2B4P Apt (765 sq.ft)	17	13,005	392.16	300,000	5,100,000
Type 2B 2B4P Apt (756 sq.ft)	6	4,536	396.83	300,000	1,800,000
Type 2C 2B4P Apt (762 sq.ft)	30	22,860	393.70	300,000	9,000,000
Type 2D 2B4P Apt (762 sq.ft)	30	22,860	393.70	300,000	9,000,000
Totals	**88**	**70,451**			**28,650,000**

NET REALISATION			**28,650,000**
OUTLAY			
ACQUISITION COSTS			
BLV	2,660,000		
BLV		2,660,000	
			2,660,000
Stamp Duty		122,500	
Effective Stamp Duty Rate	4.61%		
Agent Fee	1.00%	26,600	
Legal Fee		15,000	
			164,100

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
Type A - 4B7P SD / End Mews (1,422 sq.ft)	4,853	216.01	1,048,230
Type B - 4B7P SD / End Mews (1,462 sq.ft)	3,326	216.01	718,477
Type 2A 2B4P Apt (765 sq.ft)	14,794	216.08	3,196,588

Palatine Road
Marco Living 3 Limited
Viability Appraisal

Type 2B 2B4P Apt (756 sq.ft)	5,160	216.08	1,114,934	
Type 2C 2B4P Apt (762 sq.ft)	26,004	216.08	5,618,916	
Type 2D 2B4P Apt (762 sq.ft)	26,004	216.08	5,618,916	
Totals	**80,140 ft²**		**17,316,060**	
Contingency		10.00%	2,065,722	
				19,381,782
Other Construction Costs				
Construction Warranty	5 un	3,000.00 /un	15,000	
Abnormals	8,179 ft²	7.12	58,233	
Externals	8,179 ft²	11.93	97,573	
Construction Warranty	83 un	3,000.00 /un	249,000	
Undercoft			1,814,491	
Abnormals	71,961 ft²	7.12	512,363	
Externals	71,961 ft²	11.93	858,496	
				3,605,156
Section 106 Costs				
BNG			85,000	
				85,000
PROFESSIONAL FEES				
Professional Fees		6.00%	126,886	
Professional Fees		6.00%	1,236,490	
				1,363,376
MARKETING & LETTING				
Marketing		2.50%	716,250	
				716,250
TOTAL COSTS BEFORE FINANCE				**27,975,665**
FINANCE				
Debit Rate 9.000%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				2,757,069
TOTAL COSTS				**30,732,734**

Palatine Road
Marco Living 3 Limited
Viability Appraisal

PROFIT

(2,082,734)

Performance Measures

Profit on Cost%	-6.78%
Profit on GDV%	-7.27%
Profit on NDV%	-7.27%
IRR% (without Interest)	2.15%