

STRICTLY PRIVATE AND CONFIDENTIAL

Market Report and Viability Statement:

Development Site at
South Heywood

RUSSELL HOMES MANCHESTER

Contract Ref. No: 162RZU00

November 2016

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1. South Heywood, Development Proposals (Drawing Number SP(90)28 07
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1. Introduction

- 1.1. This Financial Viability Statement has been commissioned by Russell Homes as part of their justification for the appropriate level of Affordable Housing provisions, Section 106 contributions and further commuted sum payments that can be supported by the proposed master development of an approximately 305 acre/123 hectare parcel of land to the south of Heywood, Rochdale.
- 1.2. The proposals are for the construction of a new link road between Junction 19 of the M62 and the South Heywood employment area alongside supporting mixed use development including employment, residential and community uses.
- 1.3. The creation of a new link road has been identified by Rochdale Metropolitan Borough Council (RMBC) as one of the key infrastructure projects within the Borough which is needed to help revitalise the local area and economy. We have been advised by Russell Homes that the estimated cost of delivering the link road will be in the order of £19 million + associated costs (Land Acquisition, compensation payable to the residents of Hareshill Road and fees to RMBC) to deliver. As such, the proposed new housing is needed to help fund this important infrastructure.
- 1.4. Funding will also be received from external bodies including Transport for Greater Manchester (TFGM) and Highways England.
- 1.5. The planning application will be a hybrid application, seeking full planning permission for the link road and means of access and outline planning permission for all other uses proposed at the site.
- 1.6. The assessment is based on an accepted industry methodology which has been tested by key stakeholders from both the private and public sectors. It is based on up-to-date, local information which will stand up to public scrutiny.

2. Approach to Viability Assessment

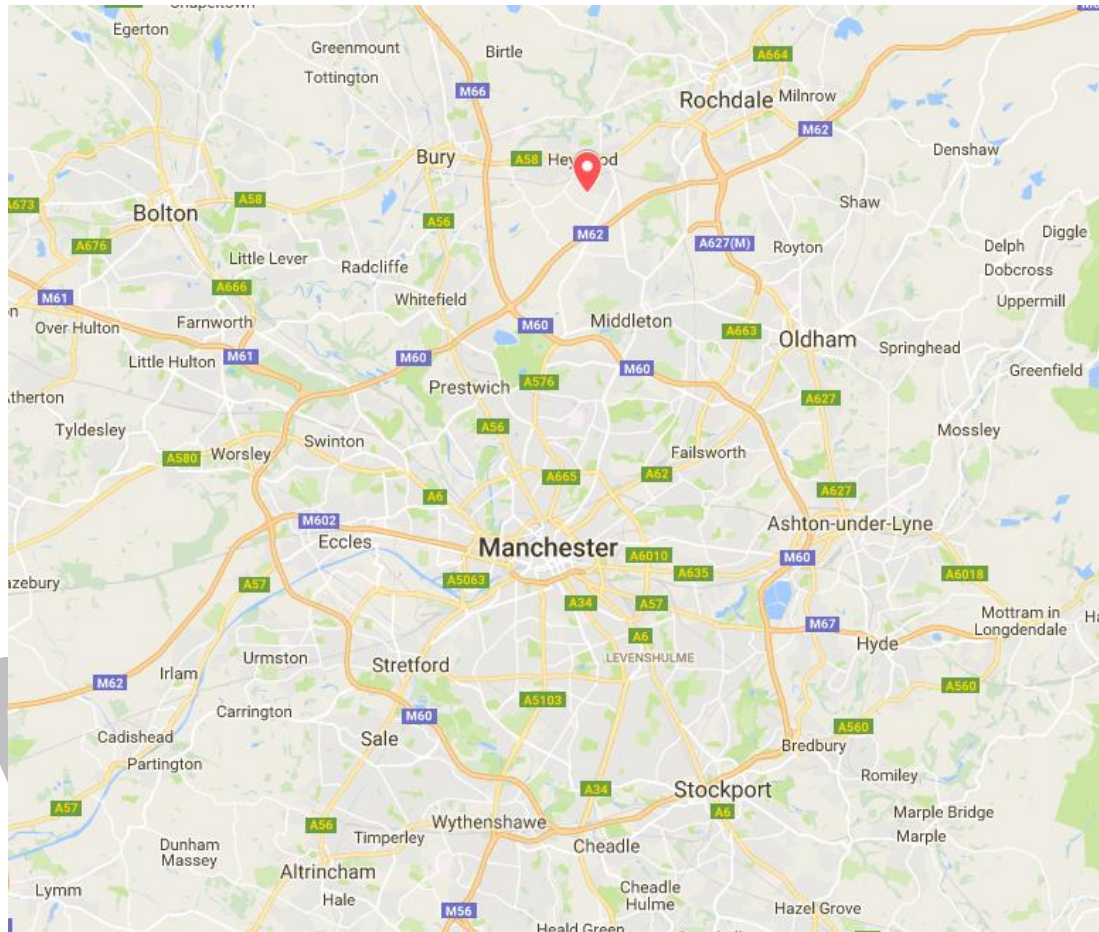
- 2.1. In providing our viability appraisal we have used a Residual Land Value (RLV) approach which is an accepted methodology of site evaluation and one which is used by housebuilders when they bid for sites. The rationale behind the methodology has been well documented including the Royal Institution of Chartered Surveyors' Professional Guidance entitled 'Financial Viability in Planning' First Edition, 2012, where the methodology in "Box 6" is considered as follows:

"The residual appraisal methodology for financial viability testing is normally used, where either the level of return or site value can be an input and a consequential output (either a residual land value or return respectively) can be compared to a benchmark, having regard to the market in order to assess the impact of planning obligations or policy implications on viability".

- 2.2. The assessment is based on an accepted industry methodology. Information in terms of values and costs are based on up-to-date, and local information, including the use of Building Cost Information Service (BCIS costs). Furthermore, the information provided is based also on Cushman & Wakefield's extensive experience of undertaking viability appraisals for housebuilders, landowners and reviewing developer appraisals submitted to local authorities and the HCA.
- 2.3. Box 10 of the RICS Financial Viability in Planning Guidance Note states *"Industry benchmarks - In undertaking scheme specific viability assessments, the nature of the applicant should normally be disregarded as should benefits or dis-benefits that are unique to the applicant. The aim should be to reflect industry benchmarks having regard to the particular circumstances in both development management and plan making viability testing."*
- 2.4. Our residual appraisal has been prepared using proprietary software, commonly used by Chartered Surveyors and Valuers, known as Argus Developer. The software models the cashflow of the scheme based upon assumptions which form the appraisal inputs.
- 2.5. This approach models specific costs and revenues associated with the delivery of development over the anticipated development period in a cash flow to provide a true reflection of the burden of costs throughout delivery of the scheme and sales in line with market expectations.
- 2.6. The land value is the output of the appraisal and this RLV needs to meet the landowner's expectation of value for the site whilst delivering a market risk adjusted return to the developer in order to remain viable. This accords with the National Planning Policy Framework, which states at (para 173):
- "To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable".*
- 2.7. It is, therefore, important to ensure that the hypothetical landowner receives a "competitive return" for their property. This will normally mean that the reasonable land value of the site should exceed the landowner's expectation of value in order for development to be viable.

3. Subject Site

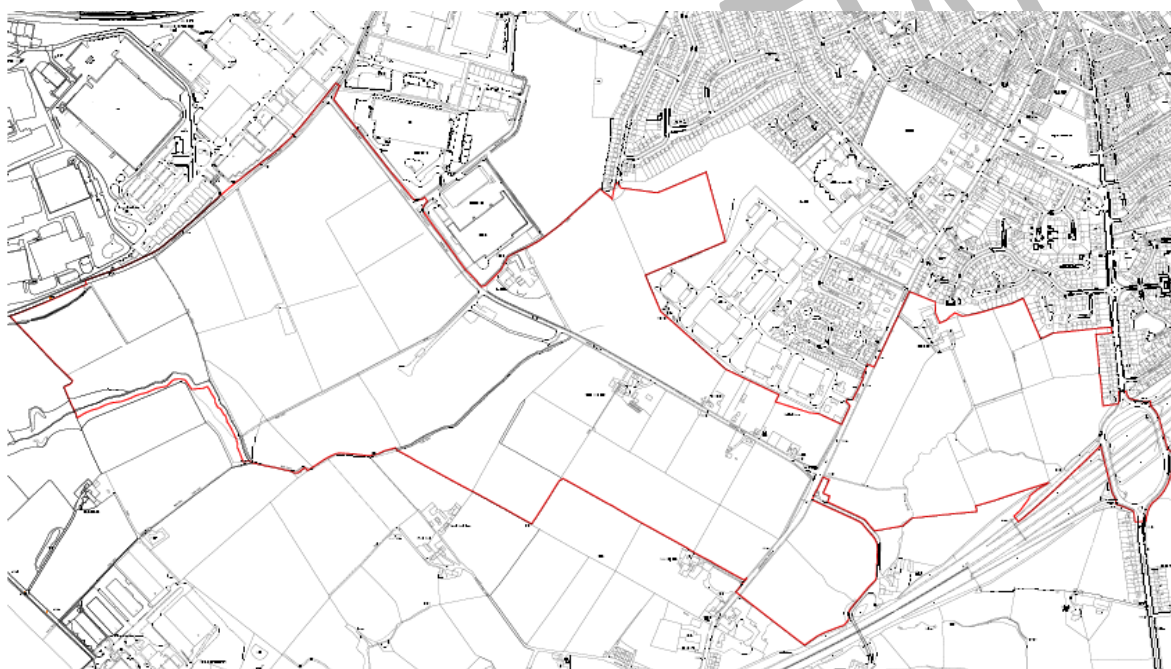
- 3.1. The subject site is located to the south of Heywood, a town in the metropolitan Borough of Rochdale, Greater Manchester.



Source: googlemaps.co.uk

- 3.2. The site is located in the metropolitan borough of Rochdale, between the Greater Manchester conurbations of Bury and Rochdale and occupies approximately 133 hectares of land.
- 3.3. The site is in close proximity to both the M66 and M62 motorways which are linked to Manchester's orbital motorway, the M60. These strategic motorway connections provide access to northern counties including Lancashire, West Yorkshire and Merseyside. Within a one-hour drive of South Heywood are Manchester Airport, Liverpool John Lennon Airport and the Port of Liverpool.
- 3.4. The site is irregular in shape and principally comprises grazed pasture and arable land separated into a number of fields by hedgerows. There are a number of existing properties within the site area including Hares Hill Farm, Collop Gate Farm, Siddal Moor Farm depot and various properties on Hareshill Road. Also located within the site boundary is Manchester Road (A6045) and Hareshill Road. Whittle Brook is present within the east of the site; a small stream is located to the south west.

- 3.5. To the north and west of the site boundary is located the urban fringe of Heywood comprising residential and employment/commercial areas including Heywood Distribution Park, Hareshill Business Park and Pennine Business Park. Pilsworth Road is located adjacent to the west of the site. To the south of the site is located further arable land and associated farm buildings. Located to the east and south east is the M62 motorway.
- 3.6. The site is identified as land within the green belt but is not subject to any other statutory or non-statutory landscape designations.
- 3.7. The subject site and surrounding the landscape can be described as having a generally rolling topography.
- 3.8. A phasing plan is attached as Appendix 1 (ref: SP(90)28 07), and the image below outlines the approximate site boundaries with the residential land illustrated in red and the employment land in blue.



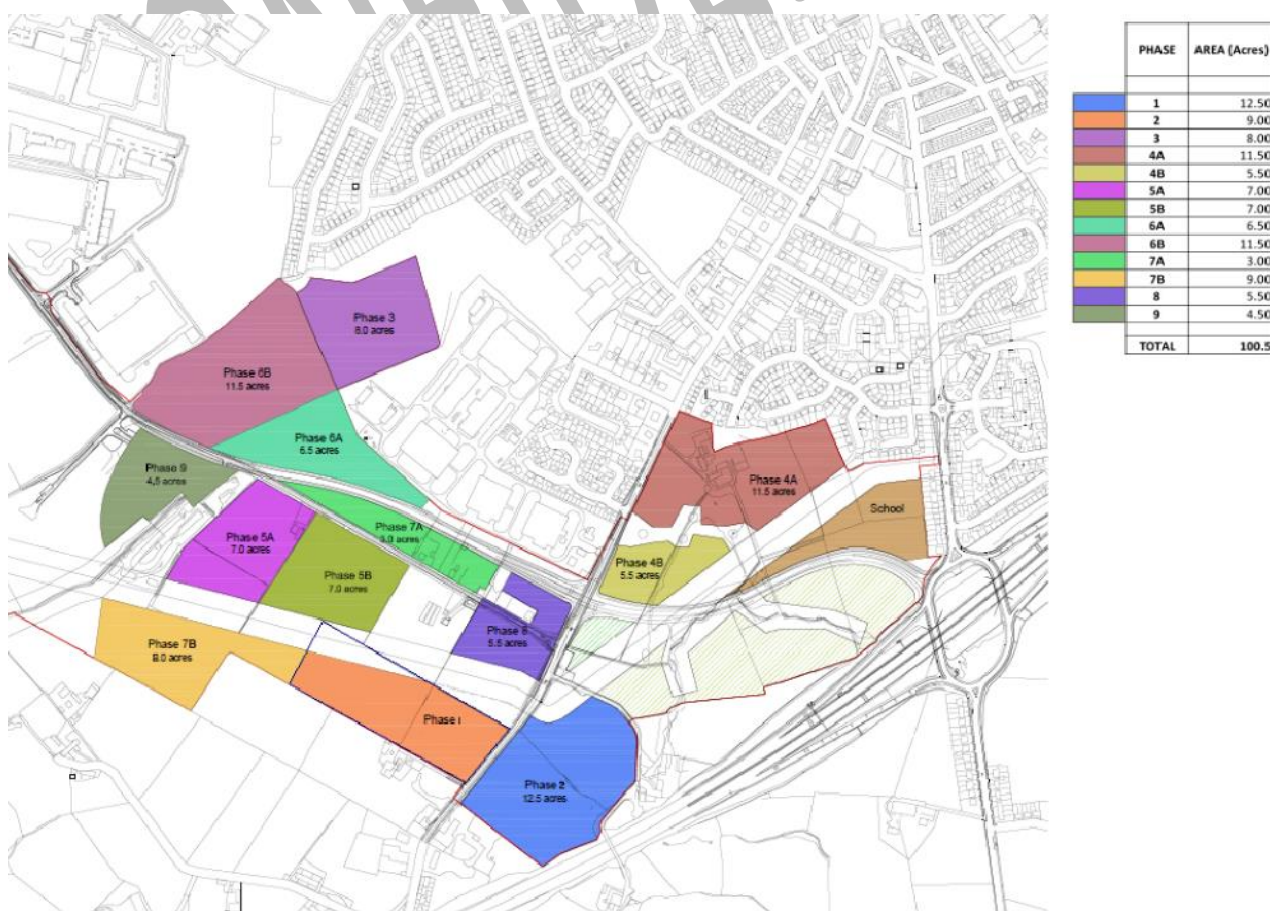
- 3.9. The site is situated within the wards of Hopwood Hall and South Heywood in the administrative authority of Rochdale Borough Council (RBC). According to the latest figures provided by Nomis, the population in Rochdale totalled 213,000 as of 2014. Subnational population projections indicate that between 2016 and 2026 the population in the Borough will increase by approximately 5,000. The proportion of the population aged 20-29 and 45-64 will decline between 2016 and 2026, with the proportion of residents aged 65 and over expected to increase by 7,000.
- 3.10. Unemployment within Rochdale is above that of the North West and Great Britain, standing at 7.1%, 5.3% and 5.2% respectively. According to figures released in November 2015, 1.5% (no. 1,970) of working age residents are unemployed and claiming Job Seekers Allowance (JSA) in the borough.
- 3.11. In terms of social and community infrastructure in the local area, there are 11 educational establishments within Heywood's urban area and another school to the north of the town's urban area. These comprise a mix of primary and secondary schools. There are no sixth form's or colleges located within Heywood's urban area, the nearest of which are in Castleton and Middleton.

4. Proposed Development

- 4.1. The entire masterplan extends over a gross site area of circa 305 acres with 100.5 net developable acres of residential land identified by the developer and approximately 70 acres identified for employment land use. We understand the proposed gross to net ratio of the land is as follows:

Land Use	Gross Area (acres)	Net Area (acres)	Gross to Net Ratio
Residential	185	100.50	54%
Commercial	120	70	58%
Total	305	170.5	56%

- 4.2. The first part of the hybrid planning application is for the detailed application of the link road connecting the existing employment land to the north with junction 19 of the M62 to the south western corner.
- 4.3. Further outline applications of the wider development of land will be submitted to the LPA should the planning for the link road be granted. These subsequent applications will comprise employment, residential and community uses. The below plan details the Applicant's proposed residential phasing plan, with the land areas quoted on a net acre basis:



- 4.4. The subject is owned under separate ownerships that are to be acquired by the developer to facilitate the proposed delivery of the South Heywood masterplan.
- 4.5. We understand from discussions between the developer and Rochdale Borough Council that the council have a requirement for larger, low density family housing and as such our viability model is based on the delivery of 1,000 dwellings across the 100.5 net acres and an approximate density of 13,000 sq.ft per net acre, assuming an average dwelling size of 1,300 sq.ft.
- 4.6. 13,000 sq.ft per net acre represents low to medium housing density which is deemed appropriate for location of the site and is also in line with the Council's aspirations for the type of housing to be delivered on the site.
- 4.7. We understand the employment land will comprise 1,458,000 sq.ft of industrial space across the 70 net developable acres. Assuming single level development, this equates to a site coverage of 47.8% which is towards the upper limits of industrial site densities.
- 4.8. We have been informed by Russell Homes the cost of the Link Road is likely to be in the order of £19m with an additional £1m for land acquisition and compensation costs and a HGV restriction cost £300,000. The total link road cost is therefore expected to be £20.3m
- 4.9. Part funding of the link road will also be received from external bodies including Transport for Greater Manchester (TFGM) and Highways England. We understand this is agreed with the application for the following sums:

Land Use	Grant
Transport for Greater Manchester	£7,295,000
Highways England	£1,750,000
Total	£9,045,000

- 4.10. This total grant of £9.045m equates to 44.5% of the anticipated cost of delivering the link road of £20.3m.
- 4.11. This viability appraisal is based on an indicative scheme based on a massing and housing density that is deemed as appropriate for the location. Should we be provided with a detailed plan, showing specific house types and numbers, specification and the total net saleable of a scheme this would likely impact on the viability calculations.

5. Residential Comparable Analysis

National Residential Market

- 5.1. According to the latest available information from the Council of Mortgage Lenders, the gross mortgage lending held steady in July 2016 and was an estimated £21.4 billion. This closely matches June's gross lending total of £21.5 billion and is 1% lower than July last year (£21.6 billion).

Mohammed Jamei, CML economist commented:

"Indicators are likely to provide truer readings of market conditions the further we move away from the distorting effects of April's stamp duty change. The subdued nature of property transactions and mortgage lending in July are consistent with a less positive backdrop for house purchase activity post-referendum."

The Bank of England expects stronger economic headwinds to build as we move into 2017, and the Monetary Policy Committee's package of monetary policy measures represents a spirited effort to lean against these on a timely basis. The MPC has pencilled in a further cut in Bank Rate later this year, but aims to avoid negative interest rate territory."

The Term Funding Scheme should boost market sentiment a little, by engineering broader cuts to rates for existing mortgage borrowers than would have been the case, but it is not clear how well the Bank's actions will underpin borrower demand in a more adverse economic climate."

- 5.2. The most recent available data From the Halifax House Price Index shows that in September 2016 the average house price stood at £214,024 (seasonally adjusted). Prices in the three months to September were 5.8% higher than in the same three months of 2015, but down 0.1% from Q2 2016. This compared with a 0.7% rise in August 2016 and is the lowest quarterly rate since November 2012 (-0.3%). The quarterly rate of change has been on a downward trend since reaching 3.0% in February 2016.

- 5.3. Commenting on expected house price trends going forward, Martin Ellis, Halifax housing economist noted that:

"House prices in the three months to September were largely unchanged compared with the previous quarter. The annual rate of growth eased from 6.9% in August to 5.8%."

"The housing market has followed a steady downward trend over the past six months with clear evidence of both a softening in activity levels and an easing in house price inflation."

"The reduction in annual house price growth from a peak of 10.0% in March to 5.8% six months later remains in line with our forecast at the end of 2015. A lengthy period where house prices have risen more rapidly than earnings has put pressure on affordability, therefore constraining demand. Very low mortgage rates and a shortage of properties available for sale should, however, help support price levels over the coming months."

- 5.4. In accordance to the Housing Market Overview by MMS Marketing, dated 10th October 2016, the following table highlights additional recently published price indices:

Source Website	Period Covered	Monthly Change (%)	Annual Change (%)	Average House Price	Official Releases
gov.uk UK house price index	July '16	↑ 0.4	↑ 8.3	£216,750	13.09.2016
LSL Property Services	August '16	↑ 0.1	↑ 4.3	£292,921	13.09.2016
Halifax House Price Index	September '16	↑ 0.1	↑ 5.8	£214,024	07.10.2016
Home.co.uk (England and Wales)	September '16	↓ 0.2	↑ 4.6	£295,813	13.09.2016
Hometrack House Price Survey	August '16	N/A	↑ 8.2	£239,400	23.09.2016
Nationwide House Price Index	September '16	↑ 0.7	↑ 5.3	£206,015	09.2016
Rightmove House Price Index	August '16	↑ 0.7	↑ 4.0	£306,499	19.09.2016

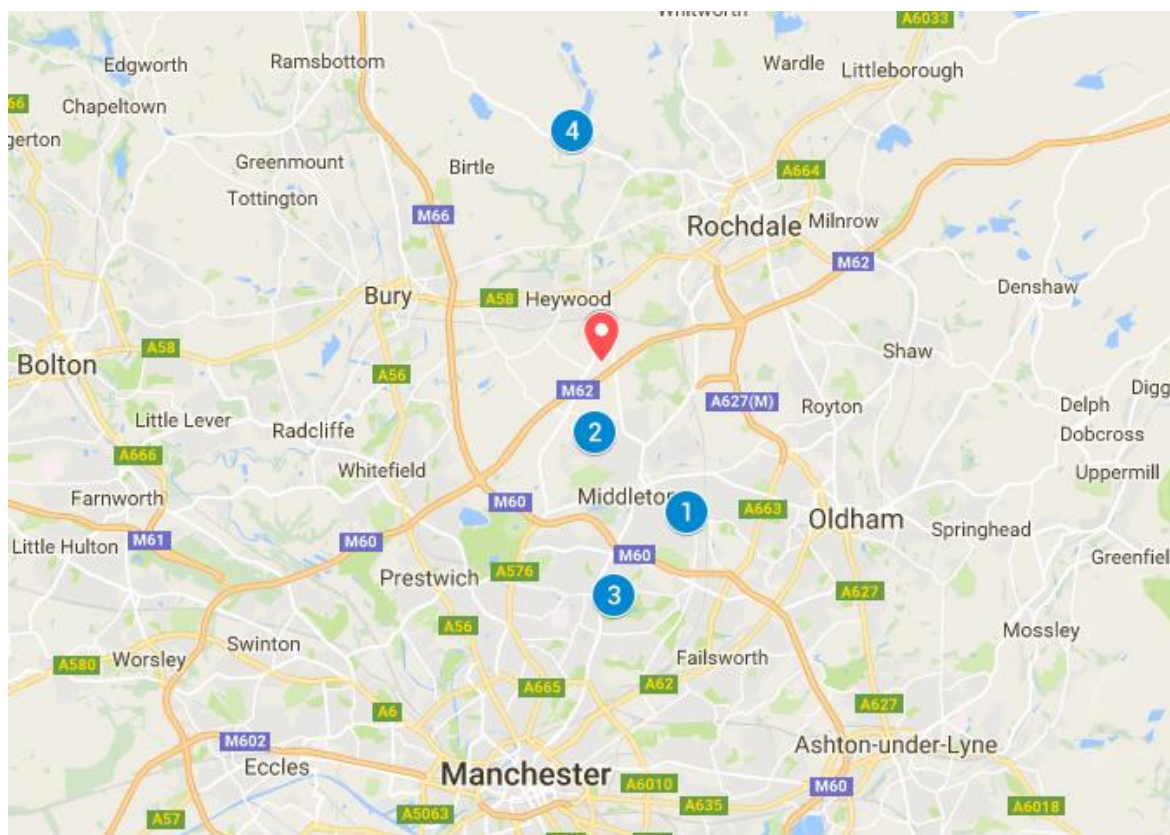
Source: MMS Marketing (Housing Market Overview - October, 2016)

- 5.5. The majority of the sources identified in the above table point towards a marginal increase in month-on-month house prices. However, home.co.uk is suggesting a decrease, the third in as many months. They identify the cause of the decrease with the highly populated regions of London and the south east dragging down the national averages which masks the performance of other regional markets that are showing extraordinary growth. In line with this anecdotal evidence from the RICS Residential Market Survey (September 2016) suggests that uncertainty following the EU vote, along with Stamp Duty changes, are both continuing to adversely impact the top end of the market in particular. At the twelve-month horizon, the net balance data shows prices in the capital are expected to see little change, making London the only area in which prices are not projected to rise over the year ahead.
- 5.6. Looking towards the volume of house sales nationally Halifax reports the volume of mortgage approvals for house purchases – a leading indicator of completed house sales – fell by 1.4% between July and August; the third successive monthly decline. Approvals in the three months to August were 11% lower than in the same three months last year. Yet despite the apparent constriction of available properties the average time a property is on market has increased for the fourth consecutive month according to Rightmove, standing at 62 days in August, compared with a low of 57 days in May. However, the figure is still below the August 2015 level.
- 5.7. In terms of improving the overall supply of housing stock, many sources report that supply is still at record low levels, in both the second-hand and new-build sectors, and this is supported by MMS's own research in several regions. Nationwide suggests the number of new homes built in England has picked up, but is still not sufficient to keep up with the expected increase in the population. In the four quarters to Q2 2016, 139,000 new houses were completed, 30% higher than the low point seen in 2010. However, they fear this is still around 15% below the average rate of building in the five years before the financial crisis and 38% below the 225,000 new households projected to form each year over the coming decade.

New Build Homes

- 5.8. Whilst there are a limited number of comparable development schemes in the immediate vicinity, we have managed to collect sufficient data to show evidence for the revenue levels we have assigned to the subject site at South Heywood.
- 5.9. The following is a brief description of each site for which data is provided, including how they compare to the subject site at South Heywood:
- 5.10. **Lovell Homes - Green Bank Development** – Lovell Homes are constructing 202 units, situated off Windermere Road in Middleton, which is approximately 1 mile south of the subject site and within the M60. The development will comprise 2, 3 and 4 bed detached units.
- 5.11. The Green Bank development site is located very close to the subject site at South Heywood and as such is an important comparable to consider. However, this scheme contains a large number of smaller semi-detached or terraced properties than the proposed scheme at South Heywood. This gives the scheme a less exclusive or premium feel than the proposed site at South Heywood, and this is likely to be reflected in a lower rate per sqft.
- 5.12. The proposed specification at the site at South Heywood is also of a greater quality than that of the Green Bank scheme. This is further likely to reduce the achievable value when compared to the subject site at South Heywood.
- 5.13. Currently, the Green Bank development has only one semi-detached property available.
- 5.14. **Russell Homes – Greenbooth Village Development** – The Greenbooth Village scheme by Russell Homes provides 42 luxury 3,4 and 5 bedroom homes that overlook the Greenbooth Reservoir. The specification of these large homes is also of a very high quality.
- 5.15. Greenbooth Village is located approximately 6.07 miles north of the subject site. Despite this distance, the scheme still provides a good comparable in terms of its location (especially given the dearth of other nearby comparable schemes).
- 5.16. Despite the smaller number of homes, the size, type and quality is close to what is being proposed at South Heywood. However the exclusivity of this smaller scheme will lend a premium to the value when compared to the subject site at South Heywood.
- 5.17. The scheme was also developed by Russell Homes, and so the quality of the specification is very similar to that proposed for the subject site at South Heywood.
- 5.18. **Taylor Wimpey – Booth Hall Development** – This scheme provides circa 260 units and offers a range of house types and sizes. The houses are generally of a smaller size than those proposed at the subject site.
- 5.19. Booth Hall is located approximately 3.9 miles south of the subject site at South Heywood, and as such is closer to the city of Manchester. The size and types of houses that were developed is of a less premium feel to that being proposed at the subject site. This must be taken into account when comparing revenue.
- 5.20. **Keepmoat – Furrows Park Development** – Keepmoat is a company that specialises in regeneration projects, and build a significantly cheaper and less premium quality product to those built by Russell Homes.
- 5.21. The site is 0.56 miles from the subject site, and so we have analysed both completed sales and available homes. However it should be noted that the small size, and considerably lower quality of the properties will need to be taken into account when considering revenue levels.

- 5.22. The image below identifies the location of the comparable schemes that have been analysed in relation to the subject site at South Heywood:



- 📍 Subject Site - South Heywood
 1 Green Bank - Lovells
3 Booth Hall - Taylor Wimpey
2 Furrows Park - Keepmoat
4 Greenbooth Village - Russell Homes

Source: Google Maps

Current Availability

- 5.23. We have outlined a number of currently available new homes within the vicinity of the subject site, including type of units, asking prices and values per sq ft. A discount of 5% has been applied to take into account incentives offered by developers and house-builders to secure sales
- 5.24. Those house types highlighted in red are 2.5 storey properties. Whilst they have been included in the comparable evidence, they are have been discounted whilst calculating average value. This standard practice takes into account the fact that 2.5 storey properties by their very nature will have a significantly reduced rate per sqft, and so may skew average figures.

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Asking Price (£)	Asking Price (£ per Sq Ft)	Price at 5% Discount (£)	Price at 5% Discount (£ per Sq Ft)
Greenbooth Village OL12 7TQ Russell Homes	A highly exclusive development of 42 luxury 3,4 and 5 bedroom homes that overlook the Greenbooth reservoir. The specification of these large homes is of a very high quality.						
Bower	Townhouse	3 Bed	1,202	£299,995	£249.58	£284,995	£237.10
Bower	Townhouse	3 Bed	1,202	£285,995	£237.93	£271,695	£226.04

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Asking Price (£)	Asking Price (£ per Sq Ft)	Price at 5% Discount (£)	Price at 5% Discount (£ per Sq Ft)
Bower	Townhouse	3 Bed	1,202	£299,995	£249.58	£284,995	£237.10
Gilson	End Terrace	3 Bed	953	£275,995	£289.61	£262,195	£275.13
Gilson	Mid Terrace	3 Bed	953	£269,995	£283.31	£256,495	£269.15
Orrel	Terrace	3 Bed	968	£285,995	£295.45	£271,695	£280.68
Eccleston	Detached	4 Bed	1,432	£374,995	£261.87	£356,245	£248.77
Howarth	Detached	4 Bed	1,378	£379,995	£275.76	£360,995	£261.97
Eccleston	Detached	4 Bed	1,432	£389,995	£272.34	£370,495	£258.73
Eccleston	Detached	5 Bed	1,432	£389,995	£272.34	£370,495	£258.73
Holtham	Detached	5 Bed	2,217	£575,995	£259.81	£547,195	£246.82
Cawson	Detached	4 Bed	1,243	£355,995	£286.40	£338,195	£272.08
Currently Released Scheme Average:			1,301	£366,551	£275	£348,223	£261
Booth Hall M9 7AD Taylor Wimpey	A Taylor Wimpey Scheme of circa 260 units 3.9 miles south of the subject site (closer to Manchester City Centre) which offers a range of house types and sizes.						
Gosford	Semi-Detached	3 Bed	866	£189,995	£219.39	£180,495	£208.42
Dadford	Semi-Detached	3 Bed	753	£168,995	£224.43	£160,545	£213.21
Appleford	Terrace	2 Bed	560	£133,995	£239.28	£127,295	£227.31
Appleford	Terrace	2 Bed	560	£125,995	£224.99	£119,695	£213.74
Appleford	Terrace	2 Bed	560	£123,995	£221.42	£117,795	£210.35
Currently Released Scheme Average:			660	£148,595	£225	£141,165	£214
Green Bank M24 4LB Lovell Homes	14/00547/FUL - Residential development - 202 dwellings including associated infrastructure - Land off Latrigg Crescent, Middleton, Manchester.						
Hampton	Semi-Detached	2 Bed	705	£122,500	£173.76	£116,375	£165.07
Currently Released Scheme Average:			705	£122,500	£174	£116,375	£165
Overall Average			1,090	£280,579	£257	£279,965	£245

5.25. These comparable sales prices breakdown according to house type and number of bedrooms in the following way:

House Type	Average Price	Average Rate (£/sqft)	Average Size (sqft)
4 Bed	£375,245	£273.65	1,371
3 Bed	£259,620	£256.45	1,012
2 Bed	£126,621	£212.36	596

House Type	Average Price	Average Rate (£/sqft)	Average Size (sqft)
Detached	£411,162	£270.09	1,522
Semi-Detached	£160,497	£207.18	775
Terrace	£167,495	£253.01	662
End Terrace	£275,995	£289.61	953

5.26. As described in section 5.10-5.20, we believe that in terms of revenue, the proposed scheme at South Heywood lies between Lovell's scheme and Taylor Wimpey scheme at the bottom and the Russell Homes scheme at Greenbooth Village at the top.

5.27. The overall average for available homes suggests a level of £245/sqft, however this is based on limited data for the Taylor Wimpey and Lovell's sites. As such it is necessary to analyse the larger amount of data available for recently achieved sale prices of both new build and re-sale homes.

Recently Achieved New Build Sales

5.28. The same sites as described in sections 5.10-5.20 have been analysed in terms of the completed sales within the last two years. Again there is a limited number of comparable schemes within the immediate vicinity of the subject site, however the comparables that are available provide good evidence for the revenue levels that we have applied to the subject site.

5.29. Again it should be noted that those properties highlighted in red are 2.5 storeys tall.

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
Green Bank M24 4LQ Lovells	14/00547/FUL - Residential development - 202 dwellings including associated infrastructure - Land off Latrigg Crescent, Middleton, Manchester.						
52 Latrigg Crescent, Middleton, Manchester, M24 4LQ	Semi-Detached	3 Bed	850	£135,500	£159.35	03/08/2016	Freehold
36 Latrigg Crescent, Middleton, Manchester, M24 4LQ	Semi-Detached	2 Bed	678	£114,500	£168.85	10/06/2016	Freehold
48 Latrigg Crescent, Middleton, Manchester, M24 4LQ	Semi-Detached	3 Bed	969	£153,500	£158.45	13/05/2016	Freehold
38 Latrigg Crescent, Middleton, Manchester, M24 4LQ	Semi-Detached	3 Bed	969	£145,500	£150.19	24/03/2016	Freehold
40 Latrigg Crescent, Middleton, Manchester, M24 4LQ	Detached	3 Bed	969	£153,500	£158.45	27/11/2015	Freehold
4a Castlerigg Drive, Middleton, Manchester, M24 4LY	Terrace	3 Bed	818	£117,500	£143.63	20/02/2014	Freehold
31 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi-Detached	3 Bed	861	£114,500	£132.97	30/06/2016	Freehold
41 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi-Detached	2 Bed	678	£114,500	£168.85	10/06/2016	Freehold
43 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi-Detached	2 Bed	678	£114,500	£168.85	27/06/2016	Freehold
22 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi-Detached	2 Bed	678	£114,500	£168.85	29/04/2016	Freehold
20 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi-Detached	2 Bed	678	£114,500	£168.85	29/04/2016	Freehold
34 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi-Detached	2 Bed	678	£114,500	£168.85	15/04/2016	Freehold

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
32 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	08/04/2016	Freehold
10 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	12/02/2016	Freehold
56 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	29/01/2016	Freehold
18 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	18/12/2015	Freehold
16 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	18/12/2015	Freehold
24 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	721	£118,500	£164.31	08/04/2016	Freehold
26 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	721	£118,500	£164.31	08/04/2016	Freehold
30 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	721	£118,500	£164.31	08/04/2016	Freehold
28 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	721	£118,500	£164.31	06/04/2016	Freehold
36 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	721	£118,500	£164.31	18/03/2016	Freehold
44 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£144,500	£150.84	29/01/2016	Freehold
48 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£144,500	£150.84	18/12/2015	Freehold
46 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£144,500	£150.84	18/12/2015	Freehold
33 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£145,500	£151.88	24/06/2016	Freehold
35 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£145,500	£151.88	24/06/2016	Freehold
40 Brandlehow Drive, Middleton, Manchester, M24 4QY	Detached	3 Bed	969	£153,500	£158.45	18/12/2015	Freehold
52 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	4 Bed	1,270	£163,500	£128.73	18/12/2015	Freehold

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
39 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	4 Bed	1,281	£164,500	£128.42	24/06/2016	Freehold
37 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	4 Bed	1,281	£164,500	£128.42	24/06/2016	Freehold
42 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£144,500	£150.84	18/12/2015	Freehold
50 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	4 Bed	1,270	£163,500	£128.73	18/12/2015	Freehold
16 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	18/12/2015	Freehold
12 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	958	£144,500	£150.84	18/12/2015	Freehold
54 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	27/11/2015	Freehold
4 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	721	£118,500	£164.31	18/09/2015	Freehold
8 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	2 Bed	678	£114,500	£168.85	14/09/2015	Freehold
6 Brandlehow Drive, Middleton, Manchester, M24 4QY	Semi- Detached	3 Bed	721	£118,500	£164.31	29/05/2015	Freehold
Currently Released Scheme Average:			840	£130,141	£155	Pace of Sale	1.33 units per month
Furrows Park M24 5PY Keepmoat	Keepmoat are a company that specialises in area regeneration and as such much of their products are cheaper relative to the local market.						
294 Windermere Road, Middleton, Manchester, M24 5PY	Terrace		667	£103,995	£155.83	29/04/2016	Freehold
312 Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		850	£121,000	£142.29	19/06/2015	Freehold
310a Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		667	£101,000	£151.34	29/05/2015	Freehold
314a Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		969	£139,995	£144.51	30/04/2015	Freehold
314 Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		969	£139,995	£144.51	24/04/2015	Freehold
302 Windermere Road, Middleton, Manchester, M24 5PY	Detached		883	£121,995	£138.22	27/03/2015	Freehold

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
304 Windermere Road, Middleton, M24 5PY	Semi- Detached		764	£106,995	£140.00	26/03/2015	Freehold
306a Windermere Road, Middleton, M24 5PY	Semi- Detached		1,055	£124,995	£118.49	20/03/2015	Freehold
306 Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		764	£106,995	£140.00	20/03/2015	Freehold
308 Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		1,055	£124,995	£118.49	13/03/2015	Freehold
310 Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		667	£92,995	£139.35	06/03/2015	Freehold
308a Windermere Road, Middleton, Manchester, M24 5PY	Semi- Detached		850	£111,995	£131.70	05/03/2015	Freehold
8 Causey Drive, Middleton, Manchester, M24 5PN	Terrace		667	£101,995	£152.83	31/03/2016	Freehold
10 Causey Drive, Middleton, Manchester, M24 5PN	Semi- Detached		764	£116,995	£153.09	31/03/2016	Freehold
6 Causey Drive, Middleton, Manchester, M24 5PN	Terrace		667	£100,995	£151.33	31/03/2016	Freehold
2 Martindale Close, Middleton, Manchester, M24 5TH	Detached		1,119	£158,995	£142.03	18/03/2016	Freehold
3 Martindale Close, Middleton, Manchester, M24 5TH	Semi- Detached		1,055	£142,995	£135.56	18/03/2016	Freehold
1 Martindale Close, Middleton, Manchester, M24 5TH	Semi- Detached		883	£126,995	£143.88	26/02/2016	Freehold
101 Martindale Crescent, Middleton, Manchester, M24 5PG	Detached		1,119	£158,995	£142.03	11/03/2016	Freehold
103 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		764	£117,995	£154.40	26/02/2016	Freehold
99 Martindale Crescent, Middleton, Manchester, M24 5PG	Terrace		667	£100,995	£151.33	26/02/2016	Freehold
95 Martindale Crescent, Middleton, Manchester, M24 5PG	Terrace		667	£102,995	£154.33	26/02/2016	Freehold
97 Martindale Crescent, Middleton, Manchester, M24 5PG	Terrace		667	£98,995	£148.34	26/02/2016	Freehold

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
105 Martindale Crescent, Middleton, Manchester, M24 5PG	Terrace		850	£121,995	£143.46	18/02/2016	Freehold
107 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		850	£119,995	£141.11	12/02/2016	Freehold
111 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		764	£114,995	£150.47	17/12/2016	Freehold
117 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		1,055	£134,995	£127.97	20/11/2015	Freehold
115 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		667	£98,995	£148.34	20/11/2015	Freehold
119 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		1,055	£130,995	£124.18	21/08/2015	Freehold
121 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		764	£109,995	£143.93	07/08/2015	Freehold
123 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		764	£109,995	£143.93	06/08/2015	Freehold
125 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		667	£94,995	£142.34	03/07/2015	Freehold
127 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		667	£96,995	£145.34	26/06/2015	Freehold
129 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		1,055	£129,995	£123.23	19/06/2015	Freehold
131 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		1,055	£128,995	£122.29	21/05/2015	Freehold
133 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		850	£113,995	£134.06	24/04/2015	Freehold
135 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		850	£113,995	£134.06	24/04/2015	Freehold
137 Martindale Crescent, Middleton, Manchester, M24 5PG	Semi- Detached		1,055	£128,995	£122.29	24/04/2015	Freehold
Currently Released Scheme Average:			847	£117,785	£139	Pace of Sale	1.77 units per month
Booth Hall M9 7AD Taylor Wimpey	A Taylor Wimpey Scheme of circa 260 units 3.9 miles south of the subject site (closer to Manchester City Centre) which offers a range of house types and sizes.						
16 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,152	£179,995	£156.28	25/09/2015	Leasehold

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
22 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,152	£179,995	£156.28	24/08/2015	Leasehold
4 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		743	£134,995	£181.76	10/07/2015	Leasehold
6 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		743	£134,995	£181.76	26/06/2015	Leasehold
8 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		743	£134,995	£181.76	26/06/2015	Leasehold
14 Norway Maple Avenue, Manchester, M9 7GF	Detached		947	£192,995	£203.75	26/06/2015	Leasehold
20 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,238	£189,995	£153.49	19/06/2015	Leasehold
7 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,238	£189,995	£153.49	12/06/2015	Leasehold
3 Norway Maple Avenue, Manchester, M9 7GF	Detached		1,238	£189,995	£153.49	15/05/2015	Leasehold
24 Norway Maple Avenue, Manchester, M9 7GF	Detached		1,087	£190,000	£174.77	08/05/2015	Leasehold
26 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		1,087	£199,995	£183.96	08/05/2015	Leasehold
5 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,087	£193,995	£178.44	08/05/2015	Leasehold
9 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,238	£189,995	£153.49	01/05/2015	Leasehold
11 Norway Maple Avenue, Manchester, M9 7GF	Terrace		1,087	£184,295	£169.52	09/04/2015	Leasehold
15 Norway Maple Avenue, Manchester, M9 7GF	Detached		1,227	£221,995	£180.91	25/03/2015	Leasehold
23 Norway Maple Avenue, Manchester, M9 7GF	Detached		1,141	£207,995	£182.30	20/03/2015	Leasehold
17 Norway Maple Avenue, Manchester, M9 7GF	Detached		947	£189,995	£200.58	12/03/2015	Leasehold
19 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		850	£165,995	£195.21	06/03/2015	Leasehold
21 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		850	£165,995	£195.21	05/03/2015	Leasehold
25 Norway Maple Avenue, Manchester, M9 7GF	Semi-Detached		807	£152,995	£189.52	20/02/2015	Leasehold
34 Sycamore Road, Manchester, M9 7GN	Detached		1,227	£231,995	£189.06	18/03/2016	Leasehold
30 Sycamore Road, Manchester, M9 7GN	Semi-Detached		1,087	£202,995	£186.72	04/03/2016	Leasehold
32 Sycamore Road, Manchester, M9 7GN	Semi-Detached		1,087	£193,000	£177.53	22/01/2016	Leasehold
36 Sycamore Road, Manchester, M9 7GN	Detached		1,141	£214,995	£188.43	11/12/2015	Leasehold

Scheme	House Type	No.Of Beds	NSA (Sq Ft)	Sale Price (£)	Sale Price (£ per Sq Ft)	Date	Tenure
38 Sycamore Road, Manchester, M9 7GN	Detached		1,227	£225,995	£184.17	02/12/2015	Leasehold
8 Sycamore Road, Manchester, M9 7GN	Semi- Detached		743	£134,995	£181.76	13/02/2015	Leasehold
6 Sycamore Road, Manchester, M9 7GN	Detached		1,227	£219,995	£179.28	12/02/2015	Leasehold
4 Sycamore Road, Manchester, M9 7GN	Terrace		743	£134,995	£181.76	05/02/2015	Leasehold
2 Sycamore Road, Manchester, M9 7GN	Terrace		743	£129,995	£175.03	30/01/2015	Leasehold
3 Common Alder Way, Manchester, M9 7GP	Detached		1,087	£213,995	£196.84	29/04/2016	Leasehold
8 Common Alder Way, Manchester, M9 7GP	Semi- Detached		1,087	£203,995	£187.64	23/03/2016	Leasehold
6 Common Alder Way, Manchester, M9 7GP	Detached		1,227	£229,995	£187.43	21/03/2016	Leasehold
10 Common Alder Way, Manchester, M9 7GP	Semi- Detached		1,087	£193,000	£177.53	18/03/2016	Leasehold
4 Common Alder Way, Manchester, M9 7GP	Detached		1,141	£216,995	£190.18	26/02/2016	Leasehold
2 Common Alder Way, Manchester, M9 7GP	Semi- Detached		807	£153,995	£190.75	26/06/2016	Leasehold
Currently Released Scheme Average:			£1,036	£185,490	£179	Pace of Sale	2.07 units per month
Greenbooth Village OL12 7TQ Russell Homes	A highly exclusive development of 42 luxury 3,4 and 5 bedroom homes that overlook the Greenbooth Reservoir. The specification of these large homes is of a very high quality.						
Eccleston	Detached	4 Bed	1,432	£374,995	£261.87	01/11/2016	
Kershaw Special	Detached	5 Bed	1,873	£609,995	£325.68	01/11/2016	
Kershaw	Detached	5 Bed	1,873	£609,995	£325.68	01/11/2016	
Howarth	Detached	6 Bed	1,378	£379,995	£275.76	01/11/2016	
Howarth	Detached	7 Bed	1,378	£359,995	£261.24	02/11/2016	
Kershaw	Detached	5 Bed	1,873	£589,995	£315.00	01/11/2016	
Howarth	Detached	4 Bed	1,378	£369,995	£268.50	01/11/2016	
Cawson	Detached	4 Bed	1,243	£355,995	£286.40	01/11/2016	
Currently Released Scheme Average:			£1,554	£456,370	£294	Pace of Sale	N/A
		Overall Average	947	£164,120	£173	Pace of Sale	1.72 units per month

5.30. These comparable sales prices breakdown according to house type and number of bedroom in the following way:

House Type	Average Price	Average Rate (£/sqft)	Average Size (sqft)
6 Bed	£379,995	£276	1,378
5 Bed	£603,328	£322	1,873
4 Bed	£250,998	£192	1,308
3 Bed	£139,000	£153	910
2 Bed	£115,553	£168	689



House Type	Average Price	Average Rate (£/sqft)	Average Size (sqft)
Detached	£274,803	£221	1,244
Semi-Detached	£131,517	£154	856
Terrace	£142,513	£158	903

- 5.31. The data shows an overall average value of £173/sqft. However the inclusion of the Keepmoat scheme brings this average down significantly. In terms of the quality of comparables, this scheme is the least useful for determining value at the subject site at South Heywood, and so our basis of comparison focuses more on the other three sites.
- 5.32. Removing the Keepmoat scheme returns an average rate of £187/sqft.
- 5.33. Whilst the specification at Russell Homes' Greenbooth Village is comparable, we believe that the exclusive nature of the development and the difference in location is likely to provide a large premium aspect to the scheme.
- 5.34. Therefore with an average weighted slightly in favour to the Taylor Wimpey scheme, these comparables suggest a revenue in the region of £210-£220/sqft.

Resale Homes


Recently Achieved Sales

- 5.35. We have reviewed the achieved sales on Rightmove.co.uk and spoken with local estate agents to analyse comparable properties within a 3 mile radius of the subject site. In order to compare achieved values on a rate per square foot basis, we have relied on floor areas stated in the EPC measurements or those taken by the local estate agents. We assume these measurements have been taken in accordance with the RICS Code of Measurement (6th edition).
- 5.36. We have been able to obtain achieved sales information of a number of comparable properties that have transacted over the last 12 months.
- 5.37. Given the larger average size of the proposed units at the subject site, we have concentrated our search on larger detached and semi-detached properties in order to obtain the most appropriate comparable evidence.

	Address	Description	Size (Sq Ft)	Sale Price	Rate (£/sqft)	Date
Detached						
	298 Middleton Road, Heywood, Greater Manchester OL10 2LG	3 Bed Detached	1,220	£293,000	240.16	07/07/2016
	12 Bishops Meadow, Middleton, Manchester, Greater Manchester M24 5JJ	4 Bed Detached	1,318	£217,000	164.64	02/03/2016

	Address	Description	Size (Sq Ft)	Sale Price	Rate (£/sqft)	Date
	16 Waverley Road, Middleton, Manchester, Greater Manchester M24 6JG	4 Bed Detached	1,819	£250,000	137.43	26/02/2016
	25 Silverton Grove, Middleton, Manchester, Greater Manchester M24 5JH	3 Bed Detached	1,181	£197,500	167.23	03/06/2016
	590 Heywood Old Road, Heywood, Greater Manchester OL10 2QN	2 Bed Detached	1,371	£225,000	164.11	22/04/2016
	84 Knight Crescent, Middleton, Manchester, Greater Manchester M24 5JX	3 Bed Detached	936	£160,000	170.86	14/01/2016
	12 Silverton Grove, Middleton, Manchester, Greater Manchester M24 5JH	3 Bed Detached	893	£167,500	187.49	04/12/2015
	1, Abbotsford Drive, Middleton, Manchester, M24 5NB	3 Bed Detached	764	£146,000	191.04	21/12/2015
	33 Evesham Road, Middleton, Manchester, Greater Manchester M24 1PF	4 Bed Detached	2,045	£325,000	158.91	14/09/2016
	10 Woodfield Road, Middleton, Manchester, Greater Manchester M24 1NF	6 Bed Detached	4,591	£733,000	159.66	14/09/2016
	47 Tandle Hill Road, Royton, Oldham, Greater Manchester OL2 5UX	4 Bed Detached	1,722	£365,000	211.94	21/09/2016
	17 Willow Drive, Bury, Greater Manchester BL9 8NT	4 Bed Detached	1,444	£287,000	198.75	09/09/2016
	7 St Dominics Way, Middleton, Manchester, Greater Manchester M24 1FY	4 Bed Detached	1,537	£297,500	193.56	09/09/2016

	Address	Description	Size (Sq Ft)	Sale Price	Rate (£/sqft)	Date
	21 Highlands Road, Rochdale, Greater Manchester OL11 5PD	4 Bed Detached	2,260	£440,000	194.65	07/09/2016
	14 Packwood Chase, Chadderton, Oldham, Greater Manchester OL9 0PG	4 Bed Detached	926	£319,000	344.61	05/09/2016
	20 Oxendale Drive, Middleton, Manchester, Greater Manchester M24 4FN	3 Bed Detached	1,076	£186,995	173.72	12/11/2015
Detached Average:			1,569	£288,093	£184	
Semi Detached						
	108 Baytree Lane, Middleton, Manchester, Greater Manchester M24 2FH	3 Bed Semi- Detached	1,012	£127,500	126.01	23/09/2016
	20 Laverton Close, Bury, Greater Manchester BL9 7HU	2 Bed Semi- Detached	603	£125,000	207.37	19/09/2016
	107 Mossway, Middleton, Manchester, Greater Manchester M24 1WT	3 Bed Semi- Detached	1,001	£189,950	189.75	14/09/2016
	827 Rochdale Road, Middleton, Manchester, Greater Manchester M24 2RA	4 Bed Semi- Detached	1,098	£184,000	167.59	09/09/2016
	71 Lulworth Road, Middleton, Manchester, Greater Manchester M24 2QH	4 Bed Semi- Detached	1,076	£171,000	158.86	16/09/2016
Semi Detached Average:			958	£159,490	£166	
Terrace						
	21 Starkey Street, Heywood, Greater Manchester OL10 4JS	3 Bed Terrace	635	£93,000	146.44	02/09/2016

	Address	Description	Size (Sq Ft)	Sale Price	Rate (£/sqft)	Date
	30 Springwood Avenue, Chadderton, Oldham, Greater Manchester OL9 9RR	3 Bed Terrace	775	£150,000	193.55	23/09/2016
Terrace Average:			705	£121,500	£172	
Overall Average:			1361	£189,694	£174	

5.38. Having analysed the above re-sale achieved evidence, we see an average value of £174/sqft. However given the age and quality of these properties, a significant new-build premium would need to be added to compare with the proposed scheme at South Heywood.

5.39. With a 20% premium added to take account of the newer and higher specification at the proposed scheme in South Heywood, the resale comps suggest values somewhere in the region of £210/sqft.

Summary of Comparable Evidence

5.40. Having assessed the local property market by collecting data for new build achieved sales, new build available properties, and re-sale achieved sales, we conclude that the proposed scheme at South Heywood lies between the revenue level of the Taylor Wimpey's Booth Hall scheme and Russell Homes' Greenbooth Village.

5.41. Whilst Lovell Homes' Green Bank scheme and Keepmoat's Furrow's Park scheme are useful in setting a base for the local market, the quality and layout of the schemes put their potential value much lower than the scheme being proposed at South Heywood.

5.42. Given the exclusivity of a smaller development and the high specification and quality of the Russell Homes site at Greenbooth Village, we believe that the proposed scheme will not achieve the same level of value.

5.43. With the subject to comprise an indicative 1,000 dwellings, in order to achieve a competitive rate of sale, a realistic pricing strategy must be adopted.

Residential Development Mix and Potential Values

5.44. We believe that from the analysis of all the most relevant development information that the potential net pricing that could be achieved at the South Heywood site is in the order **of £215 per sq ft, equating to £279,500 per unit** assuming an average unit size of 1,300 sq.ft per unit.

5.45. We have not been provided with a detailed masterplan that designates the number of terraced, semi detached or detached properties, nor whether the scheme would 3 storey units, bungalows or apartments. We therefore have assessed the comparable evidence in the local area and applied this average rate across the 1,000 indicative dwellings.

5.46. Having considered the comparable evidence, we would expect the scheme at South Heywood to reach slightly higher values than these re-sale units however not significantly so due to the difference in plot size, and additional features found in the re-sale units, such as larger plots and garages. An average rate of £215 psf are net values after developer incentives have been offered.





- 5.47. The evidence in the local area suggests a ceiling price in the order of £200,000, however due to a lack of larger family homes in the region, and with the Council's aspirations for larger dwellings on the site, it is expected that values could be in excess of this. The table below illustrates our opinion of GDV generated from an indicative 1,000 units with an average net saleable area of 1,300 sq.ft.

No. of Units	Average Unit Size (Sq.ft)	Total Net Saleable Area (sq.ft)	Average Sales Rate (£ psf)	Average Unit Value	Gross Development Value (£)
1,000	1,300	1,300,000	£215	£279,500	£279,500,000

CONFIDENTIAL

6. Commercial Market Evidence

- 6.1. We have been informed by Russell Homes the gross saleable area of the industrial units on site will likely be in the order of 1,458,000sq.ft. However there is not a detailed breakdown of the size of the industrial units nor the specification which can influence values.
- 6.2. Having assessed the current availability of industrial units in the Heywood and Bury regions and taken advice from the C&W industrial team, we adopt an average rent of £6.00 psf across the entire gross internal area, assuming a good level of specification.
- 6.3. We are aware of the following availability in the Heywood locality:

<div>Unit 11 - J2 Business Park</div> <div>Unit 11, Bridge Hall Ln</div> <div>Bury, BL9 7PB</div> <div><div>1</div><div></div></div>	<table><tr><th colspan="2">SF AVAILABILITY</th></tr><tr><td>GRND</td><td>2,117</td></tr><tr><td>Total</td><td>2,117</td></tr></table>	SF AVAILABILITY		GRND	2,117	Total	2,117	<table><tr><th colspan="2">OVERVIEW</th></tr><tr><td>Use:</td><td>Industrial</td></tr><tr><td>Term:</td><td>Negotiable</td></tr><tr><td>Type:</td><td>Relet</td></tr><tr><td>Rent:</td><td>£5.38/SF</td></tr><tr><td>Rates:</td><td>£2.33/SF</td></tr><tr><td>Service:</td><td>£0.32/SF</td></tr><tr><td>Total £:</td><td>£8.03/SF</td></tr></table>	OVERVIEW		Use:	Industrial	Term:	Negotiable	Type:	Relet	Rent:	£5.38/SF	Rates:	£2.33/SF	Service:	£0.32/SF	Total £:	£8.03/SF	<table><tr><th>AMENITIES</th></tr><tr><td>Automatic Blinds, Demised WC facilities, Security System</td></tr></table>	AMENITIES	Automatic Blinds, Demised WC facilities, Security System	<table><tr><th>LISTING AGENTS</th></tr><tr><td>Nolan Redshaw Paul Nolan 016 1763 0822 paul@nolanredshaw.co.uk</td></tr></table>	LISTING AGENTS	Nolan Redshaw Paul Nolan 016 1763 0822 paul@nolanredshaw.co.uk
SF AVAILABILITY																														
GRND	2,117																													
Total	2,117																													
OVERVIEW																														
Use:	Industrial																													
Term:	Negotiable																													
Type:	Relet																													
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Rates:	£2.33/SF																													
Service:	£0.32/SF																													
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6.4. By adopting a rate of £6.00psf to the 1,458,000 sq.ft, this equates to a gross rent of £8,748,000 pa which, and having liaised with the C&W investment team, we adopt a capitalisation rate of 6.25% which equates to a gross value of £139,968,000 / and a capital value rate of £96 per square foot. Prime industrial yields for industrial units in the North West are in the order of 5.25-5.75% depending on location, size, specification, tenant covenant strength and lease terms. While we regard the subject site to be a good industrial location assuming the link road connecting with the M62 is completed, we adopt a higher yield of 6.25% as we have no detail of actual tenant occupiers, lease terms or possible void and rent free periods.

6.5. We deduct SDLT, agency and legal fees from the gross value of 6.8%, which equates to a net investment value for the commercial accommodation of £130,450,176 / £89.50 psf net. The table below summarises this position.

Gross Area (Sq.ft)	Average Rent (£psf)	Total Annual Rent	Capitalisation Rate	Gross Investment Value	Less Purchasers costs at 6.8%	Net Investment Value
1,458,000	£6.00	£9,112,500	6.25%	£139,968,000	£9,517,824	£130,450,176

6.6. We are also aware of the following land transactions:

Property No	Address	Town	Site Acres	Quoting Price	Comments
1	Manchester Road	Droylsden	19.27	£200,000 per acre or £5.50 psf To Let or £75-£90 psf To Buy.	On market with Harris Lamb/ Matthews and Goodman. Design and build. May sell land.
2	Voltage Park, Common Lane, Manchester M31 4BR	Manchester	10 to 67 acres	Estimate £300,000 per acre.	Recently purchased by Canmoor. Land available to purchase.
3	Brighton Road Industrial Estate, Didsbury Road, Stockport SK10 2BE	Stockport	10 acres	No quoting price.	On the market with Hindley Lawrence. Adjoining Junction 1, M60. Possible retail/leisure development.
4	Satellite Park, Junction 21/22 Manchester M60 Greengate, Chadderton, Manchester M24	Chadderton	8.5 acres	£225,000 per acre.	Junction 20/21/22 M60. Recently brought to the market. CBRE marketing.
5	Gibfield Business Park, Atherton, Gt Manchester M46 0SU	Atherton	8 acres	£150,000 per net developable area.	Developer will consider selling Phase 2 as whole.
6	2 Ashtons Field, Ravenscraig Road, Little Hulton, Salford M38 9PU	Little Hulton	Up to 14.36 acres.	£200,000 per acre.	1.5 miles from Junction 3/4 M61.
7	Logistics North Junction 4 M61, Bolton	Bolton	Whole site 250 acres	£400,000 per acre	Land available to purchase at £400,000 per acre. Developer Harworth Estates prefer design and build opportunities.

Property No	Address	Town	Site Acres	Quoting Price	Comments
8	Synergi, North Bank Industrial Park, Irlam, Manchester M44 5AY	Irlam		£325,000 per acre	Design and build opportunities available for upwards of 175,000 sq ft but agent Savills say land can be acquired.
9	Small Bridge, Riverside Drive, Rochdale OL16 2SH	Rochdale	8.17 acre site	£275,000 per acre.	The owner Casey Group prefer design and build but may consider outright sale of this 8.17 acre site.
10	North Manchester Business Park, Waterloo Street, Manchester	Manchester	17 acres	£300,000 per acre.	Access via Oldham Road (A62) to junction 19/20 M60 approx 1.5 miles away. Quoting £300,000 per acre (deal to be done).
11	Greenfold Way, Leigh Commerce Park, Leigh	Leigh	15 acres	£225,000 per acre.	Direct access to East Lancs Road (A580). Agent Knight Frank.
12	6 – 61 Bolton – 1 mile south of Junction 6 M61		25 acres	£400,000 per acre	Preference for design and build opportunities. Land value circa £400,000 per acre.
13	Forrest Way, Warrington WA15 1DF	Warrington	18 acres	£250,000 per acre	Vendor United Utilities.

- 6.7. Based on the above transactions, a landowner would typically expect to receive a return of £150,000 - £400,000 per net acre depending on the market demand in the location, access to transport infrastructure and the site specific costs in delivering the industrial accommodation. We consider what return a landowner of identified employment land at the subject should reasonable expect to receive in para 7.25-7.36 of this report.

7. Key Principles within the Financial Viability Assessment

- 7.1. The viability appraisal (attached at Appendix 2) and this supporting report provide a review of the Gross Development Value (GDV) of the residential and commercial elements, and the anticipated development costs, including projected landowner return, developer's profit and master's developer's profit for facilitating the promotion of the subject site for development and delivering the link road.
- 7.2. The GDV has been calculated with reference to local comparable sales transactions and current asking prices, as detailed in Section 5 of this report.
- 7.3. Development costs include:
- Base construction costs for the housing units including preliminary costs
 - External works costs, roads, sewers and plot connections
 - Contingency and professional consultancy fees
 - Sales, legal and marketing fees
 - Site specific abnormal costs
 - Contingency and professional fees on abnormal costs
 - Finance costs
 - Developers profit
- 7.4. The principle assumptions which have been adopted within our appraisal are set out below:

Base Development Cost	Development Cost/Rate	Total Cost	Rationale
Residential Element			
Base Construction Cost Including Prelims	£80.00 psf	£104,000,000	The total cost is based on the adopted gross saleable area of 1,300,000 sq.ft. BCIS show a mean average of £94.10 psf / £1,013 sq.m. Our adopted rate is c. 25% lower than the BCIS rate due to the quantum of the proposed scheme and national house builder efficiencies that do not incur the same sub-contractor profit requirements
External Site Works (including standard estate roads and sewers)	15% of base construction	15,600,000	In addition to base construction costs, we have made an allowance for external works, roads and sewers. 15% of base cost is in line with Rochdale's Local Plan Viability Assessment, July 2013, and typical of market expectations

Base Development Cost	Development Cost/Rate	Total Cost	Rationale
Plot Connections	£2,500 per unit	2,500,000	Typical of market expectations for standard estate housing constructed by volume house builders having reviewed a number of development sites for viability purposes and tenders for land acquisition
Professional fees	5% of total residential costs and contingency	6,288,150	Typical of market expectations for standard estate housing constructed by volume house builders having reviewed a number of development sites for viability purposes and tenders for land acquisition
Contingency	3% of residential costs	3,663,000	Typical of market expectations for standard estate housing constructed by volume house builders having reviewed a number of development sites for viability purposes and tenders for land acquisition
Sales Agent fees + Marketing	1.75% of GDV	4,891,250	Low as typical % of GDV however there are some efficiencies from the quantum of houses
Legal fees on sales	0.50% of GDV	1,397,500	Typical of market expectations for standard estate housing constructed by volume house builders having reviewed a number of development sites for viability purposes and tenders for land acquisition
Finance	6.5%	10,833,687	Typical of market expectations for standard estate housing constructed by volume house builders having reviewed a number of development sites for viability purposes and tenders for land acquisition
Developer's Profit	20% of GDV	55,900,000	Typical of market expectations for standard estate housing constructed by volume house builders having reviewed a number of development sites for viability purposes and tenders for land acquisition
Total Residential Base Construction Costs		£205,073,587	

Base Development Cost	Development Cost/Rate	Total Cost	Rationale
Commercial Element			
Base Construction Cost Including Prelims	£50.00 psf	£72,900,000	The total cost is based on the adopted gross saleable area of 1,458,000 sq.ft. BCIS show a mean average of £61.59 psf / £663 sq.m for purpose built warehouses/stores. Our adopted rate is c. 25% lower than the BCIS rate due to the quantum of the proposed commercial development.

Base Development Cost	Development Cost/Rate	Total Cost	Rationale
External Site Works (including standard estate roads and sewers)	10% of base construction	7,290,000	Typical of market expectations
Professional fees	5% of total residential costs and contingency	4,129,785	Typical of market expectations
Contingency	3% of residential costs	2,405,700	Typical of market expectations
Finance	6.5%	4,435,652	Typical of market expectations
Developer's Profit	15% of Base Cost	13,008,823	Typical of market expectations
Total Commercial Base Construction Costs		£104,169,960	

- 7.5. The base appraisal inputs above are within our expectations of delivering standard estate housing having regard to current market conditions.
- 7.6. The base build cost of £80psf plus the external works, plot connections, professional fees, and contingencies equate to an all-in base build of £101.58 psf which is in line with other recent development sites we have been involved with. We have not allowed for a cost of internal and detached garages.
- 7.7. Additionally, we have obtained BCIS build cost information to benchmark the base build cost including the preliminaries, re-based to Rochdale as at October 2016. The BCIS data shows the median build cost average for general estate housing to be 1,013sq.m, which equates to £94.10 psf before allowances for external works, plot connections, professional fees and contingences.
- 7.8. It is likely that a national volume housebuilder delivering a scheme of 1,000 units would benefit from a degree of cost saving efficiencies therefore a base build rate below £94.10 psf is appropriate.
- 7.9. BCIS state the median cost for purpose built warehouses and stores is £663 per sq.m / £61.59 psf. By adopting £50 psf to the base build, this is 20% below the quoting BCIS figure.
- 7.10. The additional base build cost information are based on up-to-date, local information which will stand up to public scrutiny. This cost information is based on Cushman & Wakefield's extensive experience of undertaking viability appraisals for housebuilders, landowners and reviewing developer appraisals submitted to local authorities and the HCA.

Highways/ Link Road

- 7.11. In order to facilitate development of the land for commercial and residential use, a link road is proposed to be constructed connecting the employment land to the north with Junction 19 of the M62. We have been advised by Russell Homes, the likely cost is in the order of £19m, plus additional land compensation costs and HGV restriction costs, equating to an overall cost of £20.3m.

- 7.12. We understand the costs delivering the link road is to be offset against the value of the residential land, therefore based on a total net developable area of the residential land of 100.5 acres, this equates to an average cost of £201,990 per acre.
- 7.13. We understand the cost of delivering the link road will be part off-set with grants from the DfGM and highways England.
- 7.14. We understand that in 2012 a highway grant of £6.8M (indexed linked) has been awarded to deliver the link road at Hareshill Road. A further grant unrelated to the Transport Strategy and Investment Plan March 2014 but related to works being undertaken for works to J19 of the M62. This is through the Pinch Point Grant Fund and amounts to £1.6M. A third grant related to sustainable cycling of £200,000 has been approved by Sustrans, a Government organisation for the delivery of improved cycling links. Based on site start in 2018 and Rochdale Metropolitan Borough Council's time and design costs deductions, it is estimated the grant money available will be £9.045M.
- 7.15. The table below summarises the anticipated costs of delivering the link road and the likely grants (before indexing) allocated to off-set this cost:

Highway Link Road / Improvement works	
Costs of Highway works	£19,000,000
Land and compensation costs	£500,000
RMBC Fees	£500,000
HGV Restrictions	£300,000
Total Highway Works	£20,300,000
DfGM Grant	£7,295,000
Highways England Grant	£1,750,000
Total Grants	£9,045,000
Shortfall (approx.)	-£11,255,000

- 7.16. By facilitating the development of the link road and promoting the land as a key residential and employment site within the Rochdale Borough, it is appropriate to apply a master's developer's profit to the viability calculations. We understand from Russell Homes, this is to be in the order of £8.6m, equating to £50,440 per net developable acre.

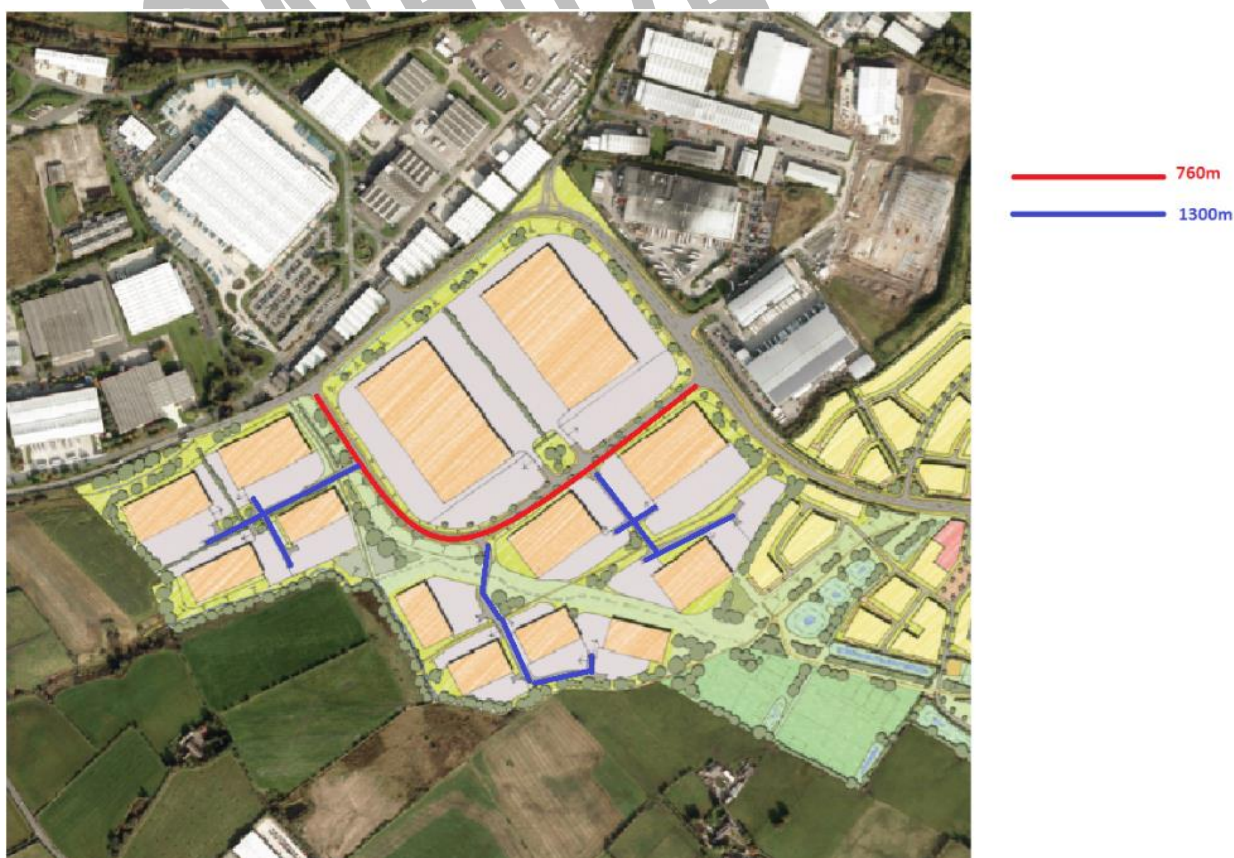
Site Specific Abnormal / Additional Development Costs

- 7.17. We understand that Russell Homes have carried out site investigations and due diligence, and have advised of the following site specific abnormal elements and costs. For the purpose of this viability, we have relied upon these provisional sums, and the following table summarises these site specific abnormal costs split across the residential and commercial parcels of land:

Site Specific Abnormal / Additional Costs	Total (£)
Residential Land	
Gas Pipeline Diversion	600,000
Gas Pipeline Upgrade	1,900,000
Surface Water Attenuation	1,507,500
Acoustic Fence	281,250
Cut and Fill for Collop Gate Farm	1,200,000
Capping of Mineworks	250,000

Site Specific Abnormal / Additional Costs	Total (£)
Electricity Connection Costs / Infrastructure Enhancement and Reinforcement	675,000
Landscape Works	750,000
Sub Total – Residential Land	7,163,750
Commercial Land	
Utility Connection Costs	1,000,000
Cut and Fill to Establish Levels	£3,500,000
Ground Bearing Structure - Piled Slab	£3,280,500
Landscape Buffer	£281,250
Surface Water Attenuation & foul drainage	£1,350,000
Internal Highways	£3,090,000
Sub Total – Commercial Land	£12,501,750
Total Abnormal Costs	£19,665,500

- 7.18. Within our appraisal, we adopt a contingency of 5% and professional fees of 7% to these abnormal cost sums.
- 7.19. In addition to the link road, a central and tributary roads connecting the proposed commercial units which Russell Homes advise will extend to a total of 2,060m must be developed. By applying a rate of £1,500 per metre, this equates to a total internal industrial road cost of £3,090,000. The image below illustrates the proposed internal roads in the employment section of the subject site.



Planning Costs - Commuted Sums

- 7.20. We have also been informed the following commuted sums have been identified as part of the delivery of the employment and residential development. The S.106 Heads of Terms details the following sums:

S.106 / Statutory Requirement Costs	Total (£)
Residential Land	
Open Space Facilities	200,000
LEAP	560,000
Park Construction	200,000
Public Transport Provision	1,050,000
New or Improved Bus Stops	180,000
Total S106/Statutory Costs	2,190,000

- 7.21. The above costs have therefore been adopted in our viability model.

Development Profile

- 7.22. Based upon the proposed 1,000 unit residential development, and 1,458m sq.ft of industrial use, we have assumed a total development period of 180 months. This is based on the proposed scheme being built by two house-builders simultaneously over a number of phases, with a sales rate based upon 5.8 sales per month (70 units pa), which is in line with house builder expectations for the subject location. We assume the site preparation and initial works commence for 9 months after the site acquisition. 6 months into the site preparation period, we adopt a house build period of 171 months. This development profile creates a total site preparation and house build period of 180 months.
- 7.23. We understand part of the land identified for residential development could be developed prior to the construction of the link road. We understand from Russell Homes that the Link Road is likely to take 47 weeks to complete which will unlock land for later phases of residential development and the commercial land. We assume construction of the commercial elements will commence upon completion of the link road and the units will transact throughout the period of house build and sale.
- 7.24. Although we have not been provided with a number of industrial units to be developed, we adopt a phased build and sale of the 1,458,000 sq.ft of commercial space over 5 years and understand that demand for modern industrial units is high and as such pre lets and sales would be agreed therefore we have not introduced a void period after practical completion.

Reasonable Landowner's Expectation of Land Value (LEV)

- 7.25. The LEV does not have a direct impact upon our residual appraisal of the site. Instead, the LEV is used for comparison against the potential residential residual land value.
- 7.26. The result of the comparison indicates the viability or lack of viability of the scheme to offer affordable housing / planning gain / infrastructure payments.
- 7.27. National Planning Policy Framework (para 173) states:

"To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable".

7.28. We understand the landowners of the subject site are entitled to full market value for their land and therefore we assume the land benefits from fully implementable planning permission for the development of 1,000 dwellings and 1,458,000 sq.ft of commercial space. The LEV therefore provides the landowners with a 'competitive return' based on the above assumptions and so is assessed separately from the residual development appraisal of the site.

7.29. We have initially assessed the gross land values of the commercial and residential land before the impairment of the affordable housing, commuted sums, abnormal costs and the link road, which we calculate as:

Land Allocation	Net Area (acres)	Gross Value	Gross Land Value per net acre
Residential	100.5	73,316,315	£729,516
Commercial	70	£23,874,474	£341,064
Total	170.5	£97,190,789	£570,034 (ave)

7.30. The subject site, being located in a mid-value area with residential values in the order of £215 psf, a gross value of £740,000 per net acre before the impairment of affordable housing, abnormal costs and commuted sums we regard as being appropriate.

7.31. With regards to the net value a landowner would expect to achieve, we have had regard to the infrastructure and abnormal cost impairment along with wider Landowner's benchmarks in the North West.

7.32. By way of evidence, in January 2014 the Cheshire East Council considered an application for 650 dwellings at Coppenhall near Crewe (11/1643N). In the committee report it was recommended the Council approve the application based on the viability and made the following statement:

"Discussions have taken place with Cheshire East Council Asset Management Service who have indicated that within Crewe in the past 6-8 months, land values achieved on residential sites were between £300,000 and £400,000 per acre.

It is considered that these figures represent what a fair and reasonable land value should comprise for Coppenhall East having regard to the sites characteristics and the sites importance to the Crewe housing market. It is also understood that these values align with those agreed within the Coppenhall East area."

7.33. The housing sale values in the Coppenhall Viability assessment were based on £162 psf, which is lower than the £215psf adopted in the viability of the subject, and as such it is reasonable to expect that a landowner would expect a return of £400,000 per net acre for the residential land.

7.34. We believe a return to the land owner of £400,000 per net developable acre is an appropriate benchmark for the subject site, and therefore this has been adopted within our viability model.

7.35. The gross commercial land value in our viability model is £375,000 per net developable acre which is impaired by site specific abnormal costs, and the master's developer's profit for delivering the link road and potential planning consents.

7.36. Typically a landowner of employment land would look to receive a minimum return of £150,000 per net acre, we adopt £100,000 per net acre due to deducting the master's developer's profit of £50,000 per acre from the minimum value which facilitates the delivery of the link road and thus opening up the land for the development of industrial accommodation.

Residual Value

- 7.37. The financial viability appraisal reflects the viability of the proposed development when the residual value of the proposed scheme is compared to the reasonable landowner's expectation of value.
- 7.38. An adopted Landowner's expectation of land value of £400,000 per net developable acre for the residential land, is within our expectations of a reasonable return to the landowner based on an average sales rate for the dwellings of £215 per sq.ft, therefore, this figure is adopted in our appraisal (appendix 2). A benchmarked land value at this level ensures the landowner receives a competitive return and ensure that the site is developed rather effectively being rendered unviable.
- 7.39. The appraisal shows the residual land value, based on a net developable area of 170.50 acres and after including the grant for the link road and deducting a master's developer's profit is **£52,170,000**, which equates to an average of £305,982 per net developable acre across the entire subject site.
- 7.40. By adopting a Landowner's expectation of value of £400,000 per net developable acre, and £100,000 for the commercial land, this equates to an overall benchmarked site value of £47,200,000 for the 170.50 net developable acres. This is illustrated in the table below:

Land Allocation	Net Developable Area (acres)	Benchmarked Landowner's Return per acre	Total Return to the Landowners
Residential	100.50	£400,000	£40,200,000
Commercial	70.00	£100,000	£7,000,000
Total	170.50		£47,200,000

- 7.41. The residual amount of £52,170,000 indicates that the scheme is above the margin of viability by **£4,970,000**, and as such we consider that this site would be unable to viably provide a greater contribution to affordable housing or additional commuted sums over and above this, unless a developer and landowner were willing to flex their expectations of profit or land value return to a level below that which is demonstrable as a competitive return, as required by para 173 of the NPPF.
- 7.42. A copy of our financial viability appraisal is attached to this report (Appendix 2).

8. Conclusion

- 8.1. In summary, we have provided a robust Financial Viability Appraisal based on the proposed development of 1,000 houses and 1.458m sq.ft of industrial use at the subject site, which comprises of 305 gross acres of land and 170.5 acres of net developable land. The Appraisal has been undertaken with reference to the assumptions adopted in Planning Inspectorate decisions, wider viability guidance and evidence, and our extensive knowledge of the residential development market which has been gained through disposal of numerous sites on the open market for clients such as HCA, Manchester Metropolitan University and private individuals.
- 8.2. Based on the comparable evidence, we have adopted values for individual house types which have been derived from average achieved sale values and quoting prices in the immediate and wider vicinity. It can be seen that the unit values which we have used in the Financial Viability Appraisal to calculate Net Achievable Revenue are at levels comparable to the new home comparable values on nearby new build sites, while also having consideration for the large scale of the proposed development and the aggressive sales rate required in order for the House Builders to reduce their development programme.
- 8.3. There are substantial currently identified abnormal development costs (£14,525,000 + fees and contingences) which were provided to us by Russell Home and are further being refined as further technical due diligence is undertaken on the land) therefore impairing the viability of the site. The cost of the link road is a substantial cost of £20,300,000 however this is partly off-set from the two grants.
- 8.4. We allocated a master developer's profit for promoting the site with the council, submitting the planning application, and future applications and facilitating the development of the link road.
- 8.5. The resultant residual viability figure of £52,170,000 is £4,970,000 above the reasonable Landowner's expectation of value of £47,200,000 which provides some scope for elements of planning gain and/or for any affordable housing. Any requested sums in excess of this surplus would, in our opinion, threaten delivery of housing and employment uses on the subject site.

9. Verification of Inputs

- 9.1. Assumptions are in line with Industry Good Practice and are within acceptable parameters.
- 9.2. It should be noted that there may be rounding errors in the costs and values within the Financial Viability Model due to the transfer of data from the Argus Appraisal to Microsoft Excel, however the figures on transfer to the Viability Appraisal are a close representation.

10. Disclaimer

- 10.1. The contents of this report do not constitute a valuation, in accordance with the appropriate sections of the Valuation Standards ("VS") and United Kingdom Valuation Standards ("UKVS") contained within the RICS Valuation - Professional Standards 2014 (the "Red Book"). This report is for the purpose of the addressee and its contents should not be reproduced in part or in full without our prior consent.

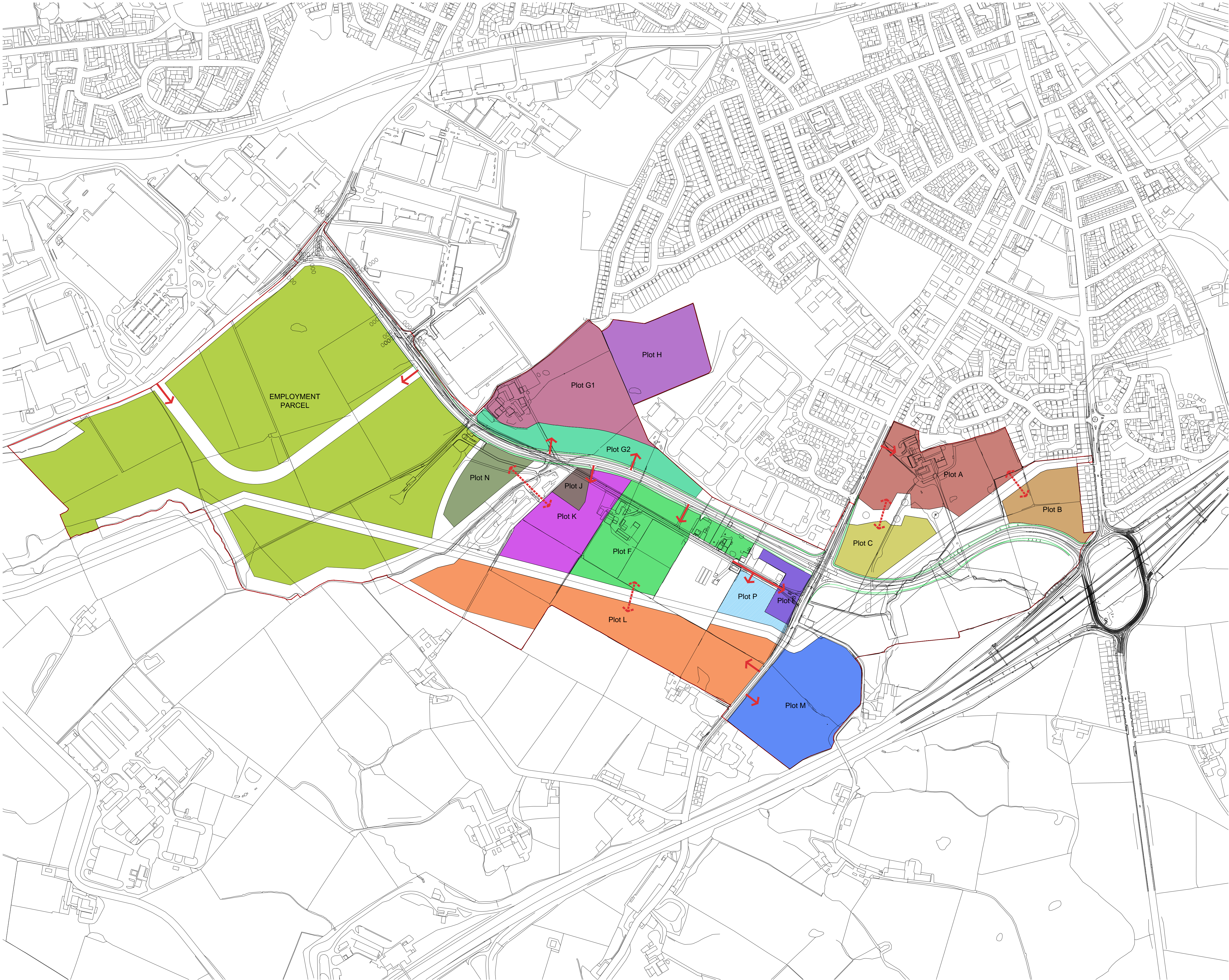
11. Confidentiality and Disclosure

- 11.1. The viability element of this report is provided on a confidential basis. We therefore request that the report and its appendices should not be disclosed to any third parties (under the Freedom of Information Act 2000 (sections 41 and 43(2)) or under the Environmental Information Regulations.

Appendix 1

South Heywood, Development Proposals (Drawing Number SP(90)28, 07)

CONFIDENTIAL



Notes:

- This drawing is copyright.
- Do not scale dimensions from this drawing.
- This drawing is to be read in conjunction with all other relevant drawings.
- All discrepancies on this drawing are to be reported to the architect.
- Do not modify any element of this drawing.
- Use drawing only for purpose(s) issued.

North Sign / Key Plan

The following external model files are included within this drawing:

DEVELOPMENT SCHEDULE

Plot A - approx. 12.50 acres (5.06 ha)

Density - 22 DPH

Potential number of dwellings - 111

Plot B - approx. 5.21 acres (2.11 ha)

Density - 22 DPH

Potential number of dwellings - 46

Plot C - approx. 5.01 acres (2.03 ha)

Density - 22 DPH

Potential number of dwellings - 45

Plot D and E - Reference not used

Plot F - approx. 12.70 acres (5.14 ha)

Density - 22 DPH

Potential number of dwellings - 113

Plot G1 - approx. 13.49 acres (5.46 ha)

Density - 21 DPH

Potential number of dwellings - 114

Plot G2 - approx. 6.74 acres (2.73 ha)

Density - 22 DPH

Potential number of dwellings - 60

Plot H - approx. 8.89 acres (3.60 ha)

Density - 20 DPH

Potential number of dwellings - 72

Plot I - approx. 2.14 acres (0.87 ha)

Density - 22 DPH

Potential number of dwellings - 19

Plot J - approx. 1.23 acres (0.50 ha)

Potential plot for commercial uses

Plot K - approx. 8.15 acres (3.30 ha)

Density - 22 DPH

Potential number of dwellings - 73

Plot L - approx. 21.52 acres (8.71 ha)

Density - 21 DPH

Potential number of dwellings - 183

Plot M - approx. 14.1 acres (5.71 ha)

Density - 22 DPH

Potential number of dwellings - 126

Plot N - approx. 4.22 acres (1.71 ha)

Density - 22 DPH

Potential number of dwellings - 38

Plot P - approx. 2.71 acres (1.10 ha)

Potential plot for School

Total number of dwellings: 1,000

Employment Parcel (developable area) - approx. 91.13 acres (36.88 ha)

Potential for Approx. 1,366,950 sqft - 1,458,080 sqft of floor space

(Based on generic development potential of 15% - 17% sqft/acre.

Potential split of 70% B8 and 30% B2 uses)

All figures are approximate and subject to detail design and survey.

02

27/05/16

Amendments due to change in constraints.

DM

GP

Rev

Date

Revision Notes

Dn

Rv

Client / Contractor

IBI

Intelligence
Buildings
Infrastructure

www.ibigroup.com

Project
SOUTH HEYWOOD

Drawing Title
Development Potential

Job Number
4846

Scale@A1
1:3500

Drawing Originated Date
24/02/2016

Purpose
PURPOSE

PAS 1192 Status Code
-

Revision

SP(90)28

07

Appendix 2

Financial Viability Appraisal

CONFIDENTIAL



Russell Homes
South Heywood Site - Viability Assessment
Without Prejudice
1,000 Unit Proposed Scheme 100% Market Housing

10-Nov-16

Revenue							£
Description	Unit Numbers	Ave. Unit Size (sq ft)	Total Net Saleable Area (sqft)	Ave. Sales Value (£/sqft)	Ave. Unit Values (£)	Gross Revenue (£)	
Residential	Market Housing	1,000	1,300	1,300,000	215	279,500	279,500,000
	Total/Average Market Housing	1,000	1,300	1,300,000	215	279,500	279,500,000
	Intermediate (65% of Market Value)	0	1,300	0	139.75	181,675	0
	Social Rent (40% of Market Value)	0	1,300	0	86.00	111,800	0
	Total/Average Affordable Housing	0	-	0	-	-	0
	Total/Average Residential	1,000	1,300	1,300,000	215.00	279,500	279,500,000
Description	Net Site Area	Total Saleable Area (Sqm)	Total Saleable Area (Sqft)	Value (£/sqm)	Value (£/sqft)	Gross Revenue (£)	
Commercial	Total Industrial Units	70.00	135,453	1,458,000	1,033	96	139,968,000
	Less Costs at 6.8%						9,517,824
Total/Average of Industrial		135,453	1,458,000	963	89		130,450,176
Total GDV (£)							409,950,176
Standard Base Construction Costs (including prelims)							
	Unit numbers	Av.Unit size	Total Sq Ft	Av.Rate (£ p/sf)	Av Unit Costs (£)	Gross Cost (£)	
Base Residential Construction Costs including Prelims	1,000	1,300	1,300,000	80.00	104,000	104,000,000	
Base Commercial Construction Costs Including Prelims	-	-	1,458,000	50.00	-	72,900,000	
	1,000	-	2,758,000	64.14	-	176,900,000	
Less Other Construction Costs							
Residential Construction Costs							
External Site Works (including standard estate roads and sewers)	15%					15,600,000	
Plot Connections	2,500	Per Unit				2,500,000	
Professional fees	5.00%					6,288,150	
Contingency	3.00%					3,663,000	
Sales Agent fees + Marketing	1.75%					4,891,250	
Legal fees on sales	0.50%					1,397,500	
Finance	6.50%					10,801,348	
Developer's Profit equating to 20% of Market GDV	20.00%					55,900,000	
Total Residential Construction Costs						101,041,248	
Commercial Construction Costs							
External Site Works	10%					7,290,000	
Professional fees	5.00%					4,129,785	
Contingency	3.00%					2,405,700	
Finance	6.50%					4,435,652	
Developer's Profit equating to 15% of Total Commercial Construction Costs	15.00%					13,008,823	
Total Commercial Construction Costs						31,269,960	
Total Construction Costs						309,211,208	
Gross Land Value						100,738,968	
Less Site Specific Abnormal Costs							
Residential							
Gas Pipeline Diversion						600,000	
Gas Pipeline Upgrade						1,900,000	
Surface Water Attenuation						1,507,500	
Acoustic Fence						281,250	
Cut and Fill for Collop Gate Farm						1,200,000	
Capping of Mineworks						250,000	
Electricity Connection Costs / Infrastructure Enhancement and Reinforcement						675,000	
Landscape works						750,000	
Professional fees on Site Spec. Abnormal Costs	7.0%					526,536	
Contingency on Site Spec. Abnormal Costs	5.0%					358,188	
						8,048,473	
Commercial							
Utility Connection Costs						1,000,000	
Cut and Fill to Establish Levels						3,500,000	
Ground Bearing Structure - Piled Slab						3,280,500	
Landscape Buffer						281,250	
Surface Water Attenuation & Foul Drainage						1,350,000	
Internal Highways						3,090,000	
Professional fees on Site Spec. Abnormal Costs	7.0%					918,879	
Contingency on Site Spec. Abnormal Costs	5.0%					625,088	
						14,045,716	
Total Abnormal Costs							
Land Value Less Abnormal Costs						78,644,779	
Highways & Section 106 Contributions/Payments							
Highway Works Costs							
Highway Works - Link Road						19,000,000	
Land and Compensation Costs						1,000,000	
HGV Restrictions						300,000	
Total Highways Cost						20,300,000	
S106/Statutory Requirement Costs							
Open Space Facilities						200,000	
LEAP						560,000	
Park Construction						200,000	
Public Transport Provision						1,050,000	
New or Improved Bus Stops						180,000	
Total S106/Statutory Costs						2,190,000	
Total Highways and S106/Statutory Costs						22,490,000	
						56,154,779	
Grants and Receipts							
DfGM Grant						7,295,000	
Highways England Grant						1,750,000	
						9,045,000	
Net Land Value						65,199,779	
Present Value of Land With Planning Consent							
Net Land Value						65,199,779	
LESS Stamp Duty ,Legal Fees and Agent Fees				at 6.80%		4,433,585	
						60,766,194	
Net Position						60,770,000	
say						60,770,000	
Residual For Affordable /Commuted Sum							
Value of Land With Planning Consent						60,770,000	
						356,422 per acre	
Contribution to Infrastructure/Highways Cost	20,300,000		£201,990 per acre				
Master Developer Profit			£50,440 per acre	=		8,600,000	
Total Land Value Impairment from Link Road and Master's developer's profit			£252,430			8,600,000	
Net Residual To Landowners						52,170,000	
						305,982	
Reasonable Landowner's Expectation of Land Value							
Residential Land to Landowners (MV £600,000 Per Acre)	100.50 acres		£400,000 per acre	=		40,200,000	
Employment Land to Landowners (MV £400,000 Per acre)	70.00 acres		£100,000 per acre	=		7,000,000	
						47,200,000	
Surplus/(Deficit) for affordable housing or further S106 =						4,970,000	

*This (draft) viability report is provided on a commercially sensitive basis to the Council. We therefore request that the report should not be disclosed to any third parties (other than consultants instructed by the Council to review this report) under the Freedom of Information Act 2000 (section 41 and 43(2)) or under the Environmental Information Regulations". (para. 4.3.3)

Gross Site Area	305	acres
Gross Resi Area	185	acres
Gross Commercial Area	120	acres
Net Resi Area	100.50	acres
Net Commercial Area	70.00	acres
Total Net Area	170.50	acres

Density 9.95 units / acre

	Gross to Net Ratio
Resi	54%
Commercial	58%
Total	56%

Intermediate Value as % of MV 65%

Social Rented Value as % of MV 40%

Construction Cost Analysis

Cost	Residential	Commercial
Base	80.00	50.00
External Works	12.00	5.00
Plot Connections	1.92	-
Professional fees	4.84	2.83
Contingency	2.82	1.65
Unadjusted Total	101.58	59.48
Total Adjusted For Time	101.58	59.48

Gross Land Value	£100,738,968
Per Net Acre	£590,844
Per Resi Unit	£100,738.97
Per Sq Ft	£36.53
As % of GDV	24.57%

Gross Residential Land Value	£74,458,752
Per Net Acre	£740,883
Per Resi Unit	£74,459
Per Sq Ft	£57.28
As % of GDV	26.64%

Gross Commercial Land Value	£26,280,216
Per Net Acre	£375,432
Per Resi Unit	N/A
Per Sq Ft	£18.02
As % of GDV	18.78%

Abnormal Costs	Residential	Commercial
Abn Costs/Acre	£80,084	£200,653
Abn Costs/Unit	£8,048	N/A
Abn Costs/Sqft	£6.19	£10.80

	Without Grant	With Grant
Highway Works Costs/Acre	£119,062	£66,012
Highway Works/Resi Unit	£20,300	£11,255
Highway Works Costs/Sqft	£7.36	£4.08

	TOTAL SITE
S106 Costs/Acre	£12,845
S106 Costs/Resi Unit	£2,190
S106 Costs/Sqft	£0.79

Net Land Value before Master Developer's profit	£60,770,000
Per Net Acre	£356,422
Per Unit	£60,770.00
Per Sq Ft	£22.03
As % of GDV	14.82%

Highways & Master Developer's Profit / Acre	£169,501
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Appendix 3

BCIS – Build Cost Information

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£/m2 study

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 29-Oct-2016 12:19

› Rebased to Rochdale (98; sample 34)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
Warehouses/stores							
Generally (15)	762	215	466	638	883	3,499	54
Up to 500m2 GFA (15)	1,406	514	768	993	1,678	3,499	8
500 to 2000m2 GFA (15)	785	369	535	773	1,005	1,325	14
Over 2000m2 GFA (15)	590	215	456	502	696	1,199	32
Advance warehouses/stores (15)	570	334	461	481	707	1,037	15
Purpose built warehouses/stores							
Generally (15)	827	215	491	663	994	3,499	37
Up to 500m2 GFA (15)	1,623	514	956	1,278	2,058	3,499	6
500 to 2000m2 GFA (15)	763	369	517	690	976	1,325	12
Over 2000m2 GFA (15)	616	215	459	601	728	1,197	19
Cold stores/refrigerated stores (20)	985	744	-	862	-	1,471	4
Housing, mixed developments (15)	1,067	517	918	1,045	1,188	2,327	1080
Estate housing							
Generally (15)	1,040	515	888	1,013	1,144	3,361	1840
Single storey (15)	1,154	600	997	1,123	1,300	1,965	312
2-storey (15)	1,013	515	878	989	1,115	2,038	1392
3-storey (15)	1,030	665	848	976	1,157	2,145	134
4-storey or above (25)	1,933	1,119	-	1,626	-	3,361	4
Estate housing detached (15)	1,146	792	950	1,180	1,232	1,781	17
Estate housing semi detached							
Generally (15)	1,045	530	896	1,021	1,154	1,965	429
Single storey (15)	1,211	729	1,036	1,210	1,351	1,965	77
2-storey (15)	1,011	530	887	990	1,114	1,779	333
3-storey (15)	966	715	800	949	1,039	1,538	19
Estate housing terraced							
Generally (15)	1,056	515	882	1,019	1,173	3,361	400
Single storey (15)	1,131	678	935	1,059	1,335	1,712	54

Building function (Maximum age of projects)	£/m ² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
2-storey (15)	1,039	515	881	1,009	1,149	2,038	287
3-storey (15)	1,034	677	848	970	1,102	2,145	58
4-storey or above (5)	3,361	-	-	-	-	-	1
Flats (apartments)							
Generally (15)	1,246	596	1,044	1,189	1,405	4,278	883
1-2 storey (15)	1,178	691	1,018	1,141	1,296	2,234	210
3-5 storey (15)	1,223	596	1,031	1,182	1,394	2,438	592
6+ storey (15)	1,601	921	1,298	1,527	1,750	4,278	77