

Viability and best use: which scheme makes Site A worth most?

SAMPLE REPORT Sell side. A city centre site in Manchester, tested for its best use. The site is anonymised; the inputs are the council's 2026 published assumptions.

The question

Site A is a 0.4 hectare former car park on the edge of Manchester city centre with scope for a tower of 250 to 300 homes. The owner's benchmark, the land value below which the site would not be sold, is **£2.4 million**: the council's £6.0 million a hectare for car park sites.

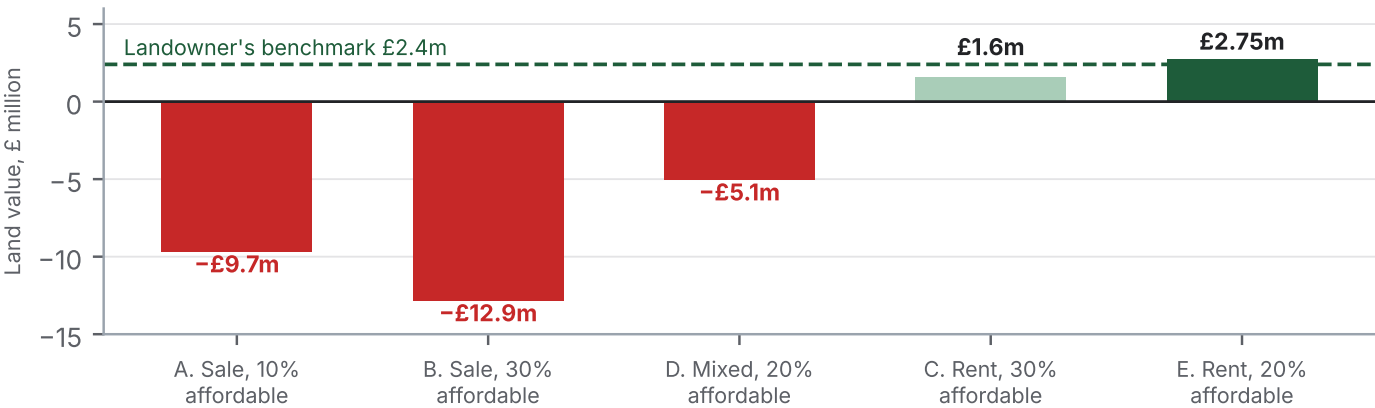
We tested five schemes. For each, the **residual land value** is what is left for the land once the homes are valued and the costs and a normal developer's profit are deducted.

Summary

- 1. **Flats for sale do not work here.** All three sale-led schemes leave a negative land value: building a 28-storey tower costs more than the flats sell for.
- 2. **Build to rent works.** With 30% affordable homes, the council's policy, the land is worth £1.6 million, £0.8 million below the benchmark.
- 3. **At 20% affordable it clears the benchmark**, with a land value of £2.75 million.
- 4. The result turns most on the **yield investors pay** and on **build costs** (page 2).

1. Picture: land value by scheme

How to read it: each bar is what the land is worth under one scheme. Red: negative. Dashed line: the owner's £2.4 million benchmark.



2. The five schemes

Scheme	Homes	Affordable	Value when complete	Build cost	Developer's profit	Land value	Against benchmark
A. Flats for sale	250	10%	£87.8m	£66.1m	£14.9m	-£9.7m	-£12.1m
B. Flats for sale (policy)	250	30%	£77.2m	£64.3m	£12.1m	-£12.9m	-£15.3m
D. Mixed sale and rent	280	20%	£98.2m	£71.4m	£14.0m	-£5.1m	-£7.5m
C. Build to rent (policy)	300	30%	£100.0m	£72.0m	£10.0m	£1.6m	-£0.8m
E. Build to rent	300	20%	£101.6m	£72.0m	£10.2m	£2.75m	+£0.35m

Build cost is the construction contract only. Fees, contingency, sales costs and finance are also deducted; full assumptions are on page 3.

Why sale flats fail here

A 73 sq m flat sells for about £372,000, but its share of the tower costs about £268,000 to build before fees, finance and a 17.5% profit. For the sale scheme to reach the benchmark, flats would need to sell at about **£6,290 per sq m**, **23% above today's £5,100** and above even developers' asking prices. The council's own 2026 study reached the same finding for tall sale schemes.

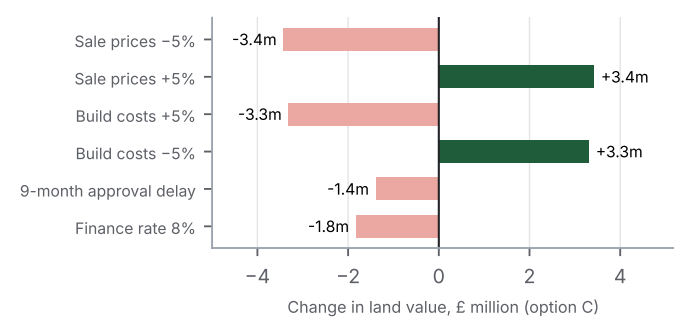
How we worked it out. Residual land value = value of the completed homes – construction, external works, fees, contingency, sales costs, finance and developer's profit, then net of stamp duty and fees on the land. Inputs from Manchester City Council's Local Plan Viability Assessment (June 2026) unless stated.

What moves the land value?

How sensitive the build-to-rent result is to values, costs, delay, finance and the yield investors pay.

3. Picture 1: what moves the land value

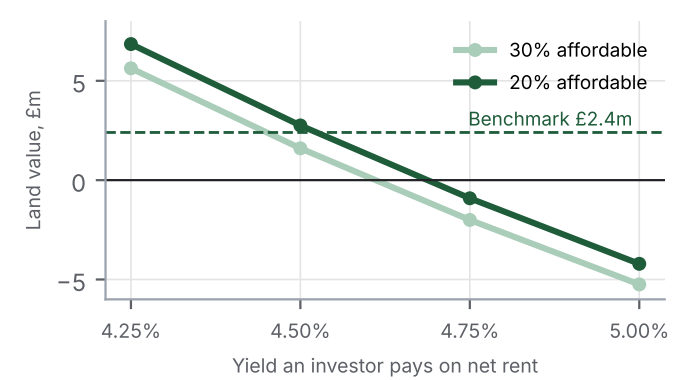
How to read it: the change in land value for scheme C (build to rent, 30% affordable) when one input changes. Green: up. Pink: down.



What it shows: a 5% change in values or in build costs moves the land value by about **£3.3 to £3.4 million**, more than the whole land value. A nine-month wait for high-rise approval costs about £1.4 million.

4. Picture 2: the yield investors pay

How to read it: land value for the two build-to-rent schemes at different yields. A lower yield means investors pay more.



What it shows: each 0.25% change in yield moves the land value by about **£3.6 to £4.0 million**. At 4.25% both schemes clear the benchmark comfortably; at 4.75% neither does.

5. Sensitivity table, scheme C (£ million)

Change	Land value	Change	Against £2.4m benchmark
Base case	1.6	n/a	£0.8m short
Values +5%	5.0	+3.4	Clears
Values -5%	-1.8	-3.4	Negative
Build costs -5%	4.9	+3.3	Clears
Build costs +5%	-1.7	-3.3	Negative
Approval delay of 9 months	0.2	-1.4	£2.2m short
Finance at 8% not 6%	-0.2	-1.8	Negative

Summary

1. The highest land value comes from **build to rent**; sale-led schemes are negative under every test.
2. Build to rent with 30% affordable is **close to viable**: values about 1.2% higher or build costs about 1.2% lower would close the £0.8 million gap.
3. The **affordable housing level** is the main point for discussion with the council, which its own study says should be flexible on tall schemes.

Notes. Values move with the investor's purchase price for each rental flat. Build costs apply to the construction contract. The approval delay reflects the Building Safety Regulator's average Gateway 2 wait of 43 weeks against a 12-week target (late 2025). The yield chart holds the council's rent of £350 per sq m a year and 25% running costs.

Pricing and absorption

What the homes would let or sell for, what an investor would pay and how fast the scheme would be taken up.

6. Rent ladder, build to rent

Home	Share	Size	Market rent a month	Affordable rent a month
Studio	20%	42 sq m	£1,225	£980
One bed	45%	55 sq m	£1,604	£1,283
Two bed	35%	77 sq m	£2,246	£1,797

At the council's £350 per sq m a year; affordable private rent at 20% below market. These rents assume an amenity-rich rental block and sit above the city centre's average asking rent of £1,356 for all homes, so they need testing against lettings in comparable blocks.

8. Absorption: how fast the scheme is taken up

Route	Pace	Time
Build to rent, forward sale	One sale to an investor, usually before or during construction	At sale
Build to rent, letting	Investor lets the homes after completion	Tested in full report
Flats for sale (scheme A)	10 a month off-plan until half sold, then 5 a month	About 34 months

Sales pace from the council's viability study. For scheme A, 112 of the 225 market flats sell before completion; the rest take about 23 months more, which adds finance cost.

7. What an investor would pay

Net initial yield (NIY)	Price per market flat	Scheme E value
4.25%	£370,600	£107.6m
4.50% (council's assumption)	£350,000	£101.6m
4.75%	£331,600	£96.3m
5.00%	£315,000	£91.5m

Price per 60 sq m flat = rent £21,000 a year less 25% running costs, divided by the yield. Affordable flats valued at 84% of market.

9. Main assumptions

Input	Assumption
Build cost, 16 to 29 storeys	£2,755 (sale) and £2,858 (rent) per sq m gross
Saleable share of floor area	75%
Fees; contingency	6% of build; 3% of build (our addition)
Sale value; rental value	£5,100 per sq m; £350,000 per flat
Developer's profit	17.5% sale; 6% affordable; 10% rental
Finance; programme	6% a year; 6-month lead-in, 3-year build
Affordable sale homes	50% of market value (our assumption)
Land purchase costs	6.75% (stamp duty, agent and legal)

Overall summary for Site A

On the council's own 2026 assumptions, a **build-to-rent tower of about 300 homes** gives the highest land value. It reaches the £2.4 million benchmark with about 20% affordable homes, or at the policy's 30% with a modest improvement in yield, values or costs. Flats for sale would need prices about 23% above today's to work. Investor yield, build costs and approval timing matter most.

What a full report adds. A site-specific cost plan from a quantity surveyor, rental and sales evidence from named comparable blocks, a cash-flow appraisal month by month, tests of other heights and mixes and a viability statement in the form the council expects. Fixed fee from £5,000.
Sources. Manchester City Council, Local Plan Viability Assessment (June 2026) and Housing Topic Paper; Rentaroom Manchester Rental Market Report (Q2 2026); Boodle Hatfield on Gateway 2 (January 2026); Deloitte Manchester Crane Survey 2026.