

Zephyr X

CHEETHAM HILL
MANCHESTER



No. of storeys

23

No. of apartments

237

No. of bedrooms

1&2

CHEETHAM HILL

The development

Situated at the junction of Cheetham Hill Road, Carnarvon Street, and Gibson Place, and surrounded by a vibrant mix of residential and commercial developments, Cheetham Heights' enviable location is just half a mile from Manchester Victoria station and the fringes of the bustling city centre.

This development will comprise of 237 build to rent apartments over 23 floors, providing a range of high-specification residential units featuring designer kitchens and appliances, bathrooms with ceramic tiles with luxury fixtures and fittings, laminate oak wood flooring to kitchen and living spaces, and electric heating throughout. The property also benefits from high levels of amenity space and CCTV.





CGI - Apartment bedroom



CGI - Kitchen and dining



CGI - Located on the fringes of Manchester's bustling City Centre.



LOCATION

Hotspot

Manchester city centre is jam-packed with unique and eclectic restaurants, bars, shops, museums, galleries, hotels and places to stay, whilst the surrounding Greater Manchester boroughs offer a patch-work of visitor experiences including quaint market towns, traditional pubs and beautiful green spaces and waterways.

The city region is easily navigated, with great transport links both in and around Greater Manchester.

Development Location

The Cheetham Hill site is bound by Cheetham Hill Road, Carnarvon Street and Gibson Place. It lies approximately 0.5km north of Manchester Victoria within the administrative boundary of Manchester City Council and is surrounded by a mix of residential and commercial developments, reflecting its location on the fringe of the City Centre.



CGI - Communal amenity areas on the ground floor



Salford Quays, Manchester



Cheetham Hill

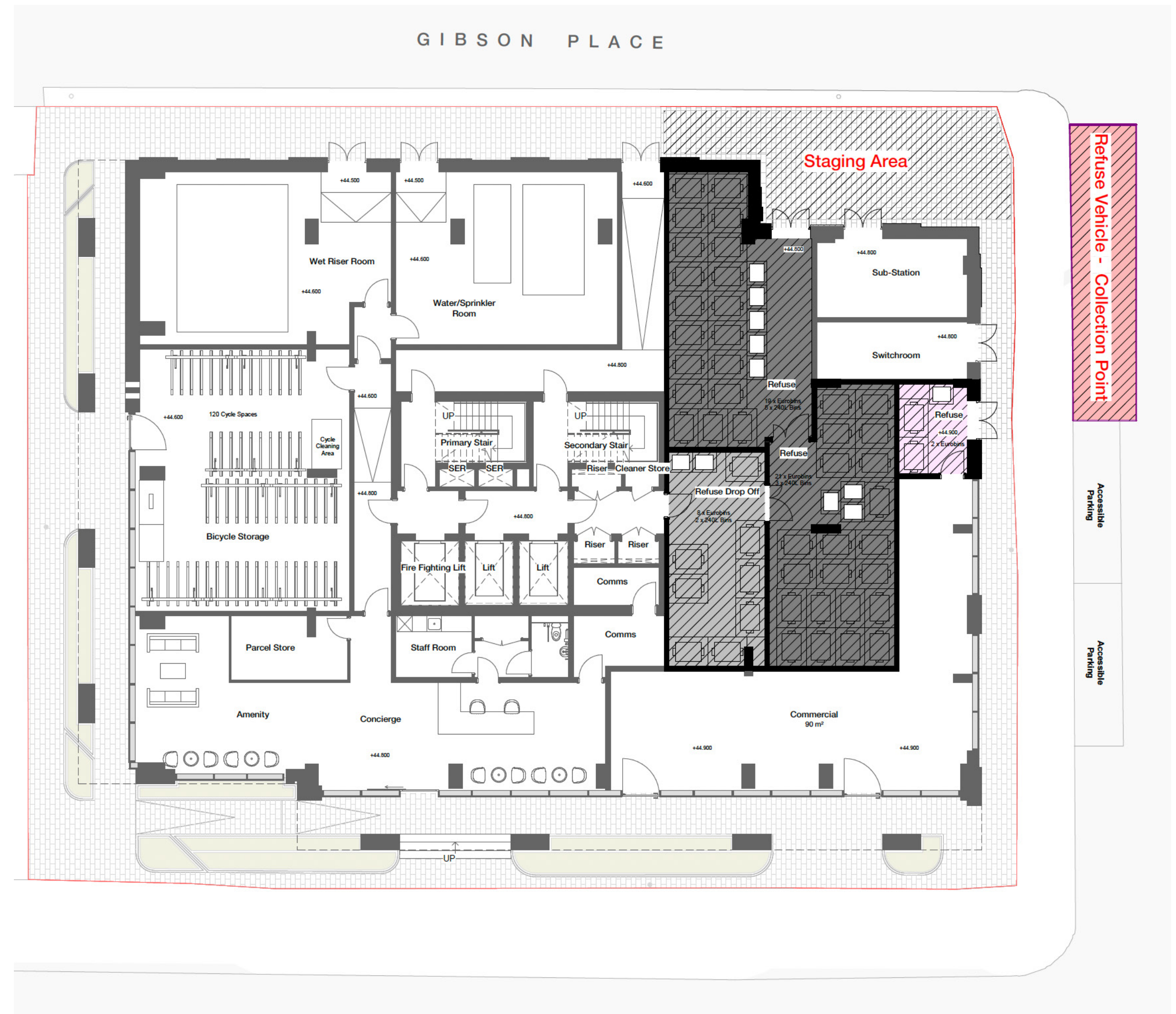
Site plan and ground floor

The development aids well overlooked streets for the nearby area and provides ground floor activation to Cheetham Hill Road and Carnarvon Street to encourage pedestrian activity. Active frontage includes a residential concierge with breakout amenity space and a proposed commercial unit.

The building is designed to encourage active living with the inclusion of 1-to-1 cycle space provided between 50% of apartments with a cycle storage zone and around half of the apartments

design with provision for a dedicated storage space, located on the ground floor. Additionally, the site is within walking distance to the city centre and to Manchester Victoria transport hub.

Cheetham Hill promotes a well connected, active development. There are opportunities to meet neighbours and create a sense of community through communal residential internal and external areas at ground floor and level 17.



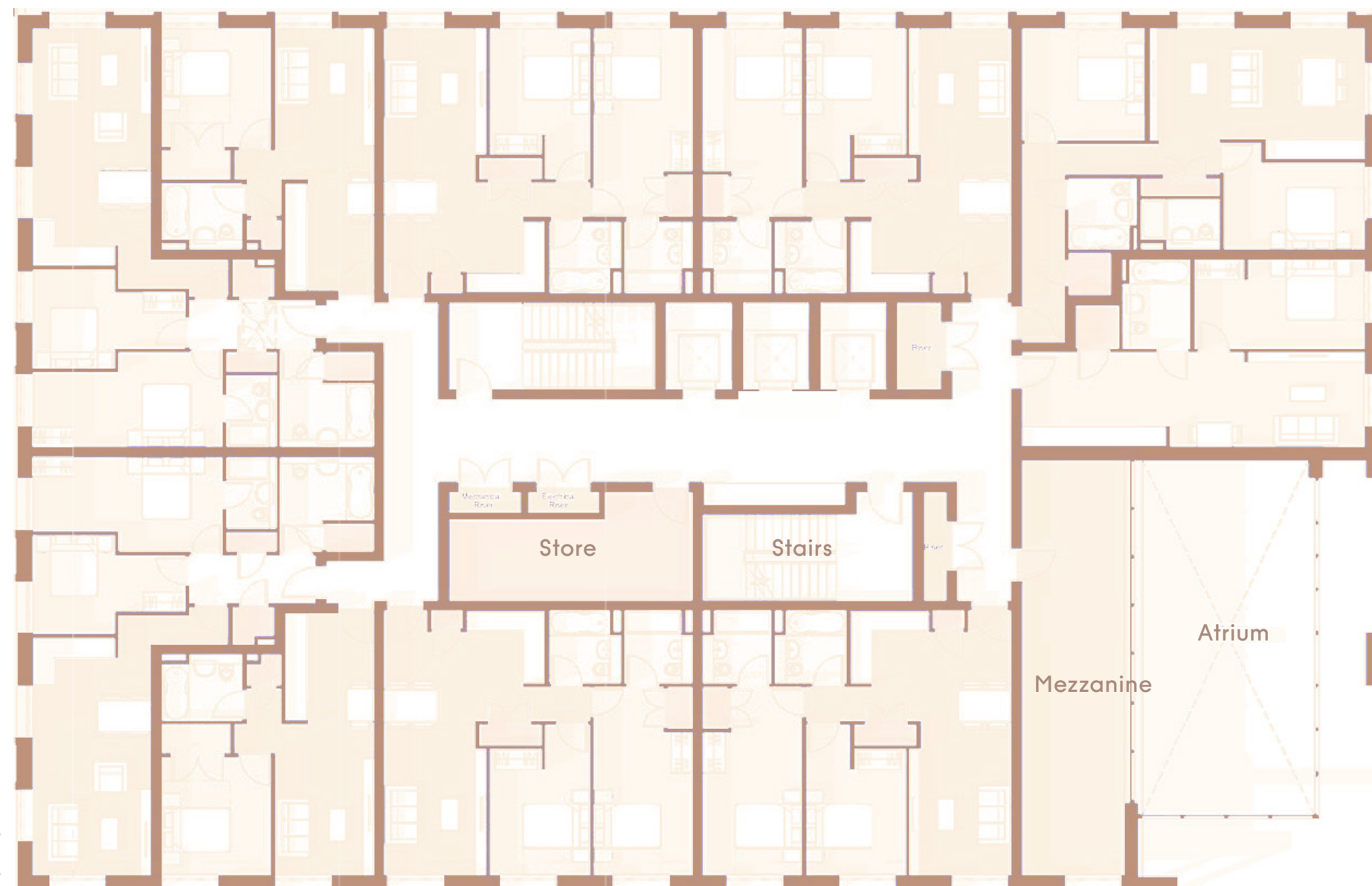


CHEETHAM HILL.

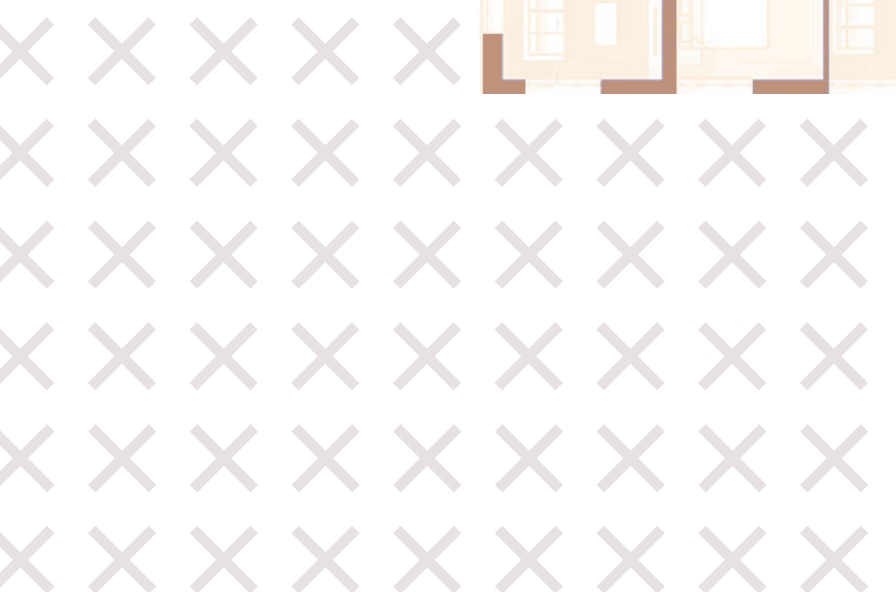
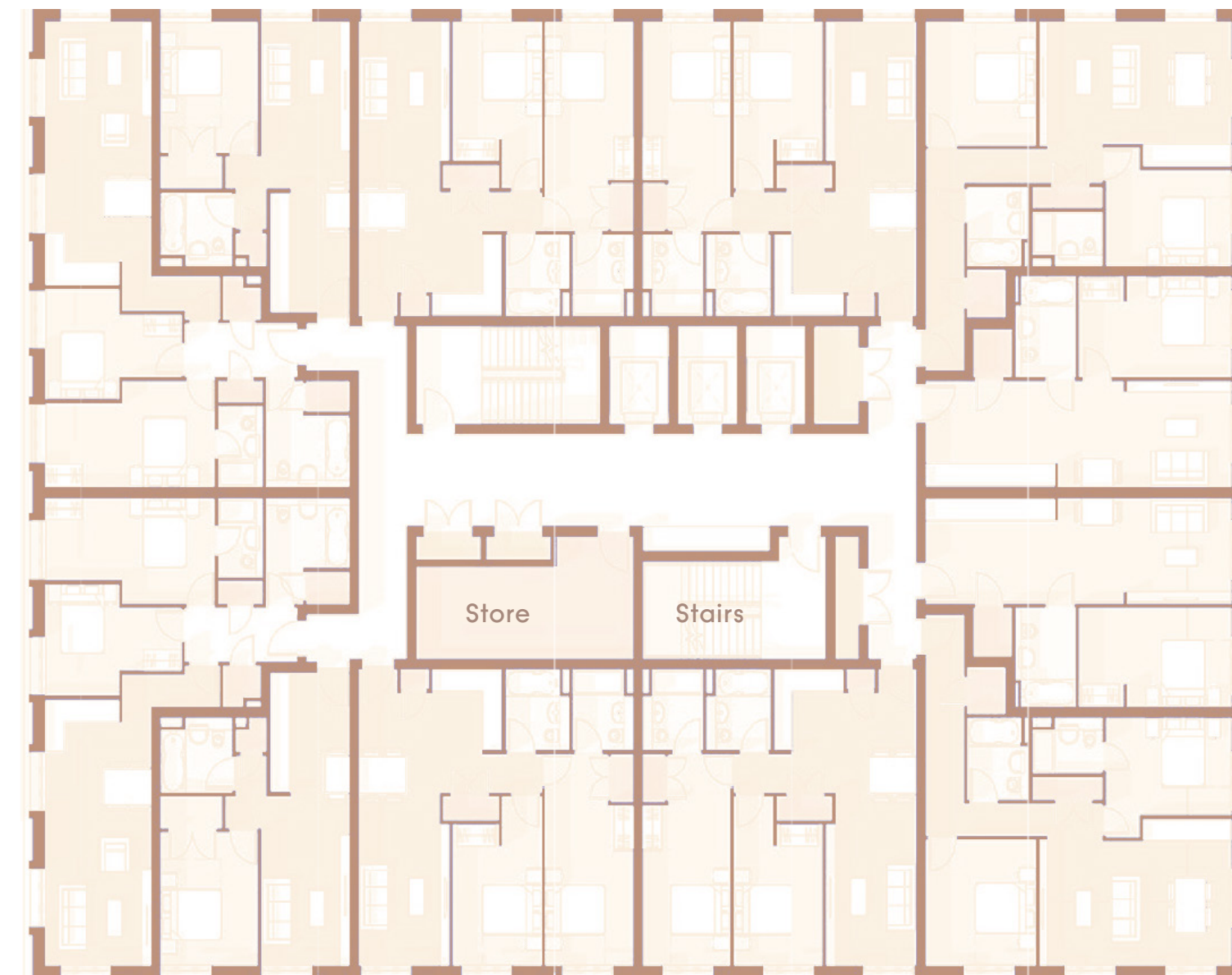
Floorplans 1 & 2-5



1st Floor



2nd-5th Floors



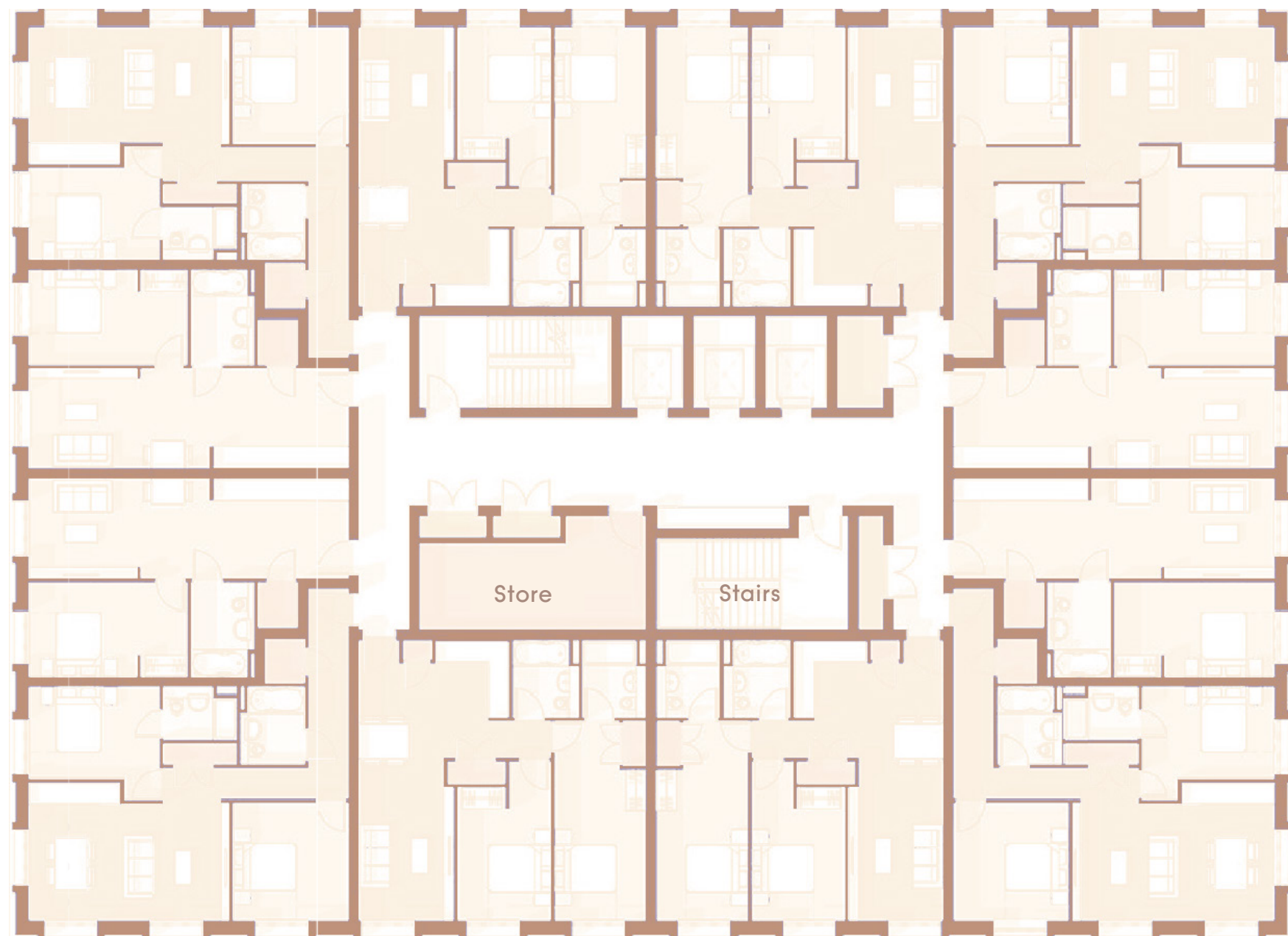


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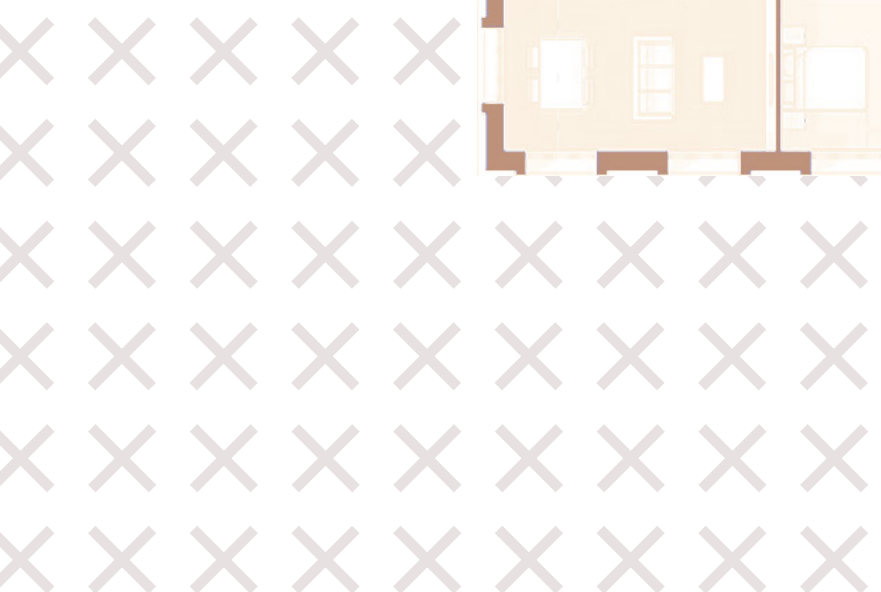
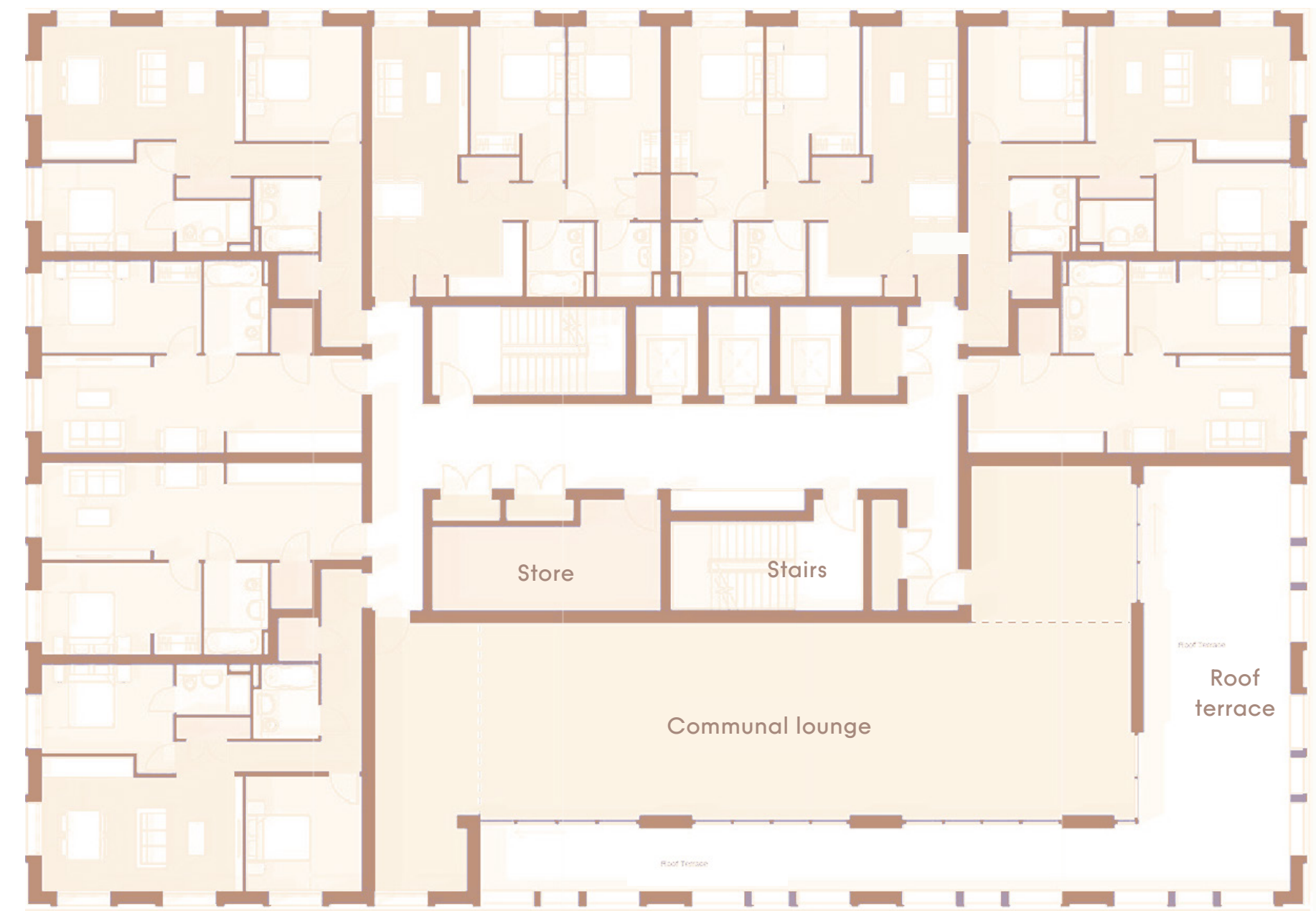
Floorplans 6-21 & 22



6th–21st Floors



22nd Floor





BUILD TO RENT

The UK Market

As a forward-thinking property developer, **ZephyrX understands the pressing need for solutions to the supply-demand imbalance in the UK rental market.** With annual growth for new lets reaching over 10% for 16 consecutive months, rising wages are providing some support for rental growth. However, around 40% of the rental market is owned by mortgaged Buy-to-Let landlords, and their net profits have fallen drastically, making it unlikely that new supply will come from this avenue.

But there is hope on the horizon - Build to Rent (BtR) schemes are taking an increasing share of new home sales, particularly in London. In Q1 2023, BtR schemes made up nearly half of new housing sales in the capital. With assets in London representing a unique proposition, given that Multifamily makes up less than 1% of privately rented homes in the capital, the window of liquidity before the next wave of capital enters the market presents a compelling case for investing into existing operational assets.

As we enter the next phase of growth, operators in the BtR market will need to learn valuable lessons in operational efficiencies. The day-to-day running of schemes provides access to valuable operational data that will enable operators to run their assets more efficiently over time and limit gross-to-net losses. With rents increasing, tenants are becoming increasingly discerning, and we believe that the next wave of segmentation will be based on the levels of service offered by operators. Those offering the highest levels of service will generate the greatest returns, just as it has been the case in the hospitality sector for decades.



In Q1 2023, BtR schemes made up nearly half of new housing sales in the capital.

THE UK BTR MARKET

Savills research

Rising Wages are supporting rental growth as supply-side challenges persist

The UK rental market continues to grapple with a supply-demand imbalance. Annual growth for new lets has been over 10% for 16 consecutive months, bringing into focus the pressing need for supply. Around 40% of the rental market is owned by mortgaged Buy-to-Let landlords, and

in periods of rising mortgage costs, reliance on this group for new supply raises concern. We estimate their profits (net of tax) fell to 3.9% in Q2, down from 25.7% five years ago. With limited prospects for capital value growth and rents scarcely covering interest payments in some cases, new supply is unlikely to come via this avenue. Some have already decided to sell up and exit the market.



Consistent rental growth

One feature of recent rental growth is a reduction in tenant turnover. Tenants are opting to renew leases rather than move, shielding themselves from a substantial jump in their monthly rent. This, in turn, is reducing supply, and those with no choice but to move are bearing the brunt of the rental increases.

That said, wage growth has been supportive. Average weekly earnings (excl. bonuses) hit an annual growth rate of 7.3% in the three months to May, equalling the highest level on record. Growth in the Private sector and Finance & Business sector has been even stronger at 7.7% and 9.0%, respectively, helping to ease affordability pressures

Recent commentators suggest that rent controls are unlikely to be a Government priority. This is encouraging as attempts at rent control in Scotland and Ireland have deterred institutional investors, removed the incentive for Buy-to-Let landlords to invest in their properties and unintentionally fuelled further rental growth.

More supply coming from Build to Rent

Build to Rent (BtR) is taking an increasing share of new home sales, particularly in London. In Q1 2023, BtR schemes made up nearly half of new housing sales in the capital, according to Molior data. However, delivery will need to scale up to support housebuilding, given Help to Buy has ended and some Registered Providers are prioritising improvements to their existing stock over developing new stock.

Alongside supporting construction, the case for investing into existing operational assets is compelling. We have also reached a point where the early movers in the first wave of BtR development in London have come to the end of their business plans and are looking to crystallise their gains.

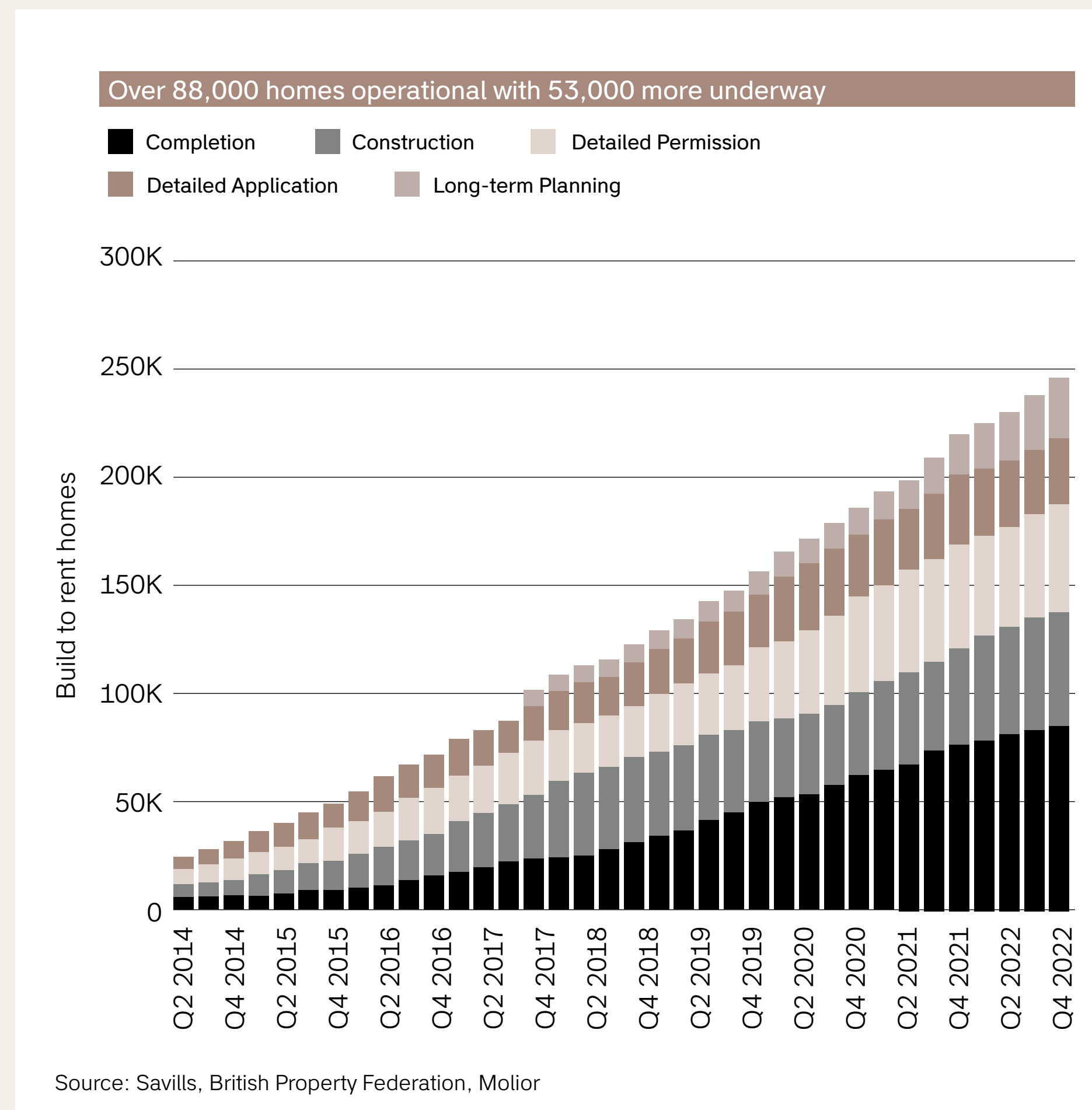
Assets in London represent a unique proposition, given Multifamily makes up less than 1% of privately rented homes in the capital. With new supply inevitable, there is a window of liquidity before the next wave of capital enters the market.

Benefits of operating Multifamily today

Operators in the current market are learning a number of valuable lessons when it comes to operational efficiencies. This will be a fundamental lesson for the next phase of growth.

The day-to-day running of schemes provides access to valuable operational data, ultimately enabling operators to run their assets more efficiently over time and limit gross-to-net losses.

As rents increase, tenants become increasingly discerning. Operators that can deliver superior levels of service will be able to differentiate themselves in the market. We believe this to be the next wave of segmentation, with those operators offering the highest levels of service generating the greatest returns, as has been the case in the hospitality sector for decades.





DEVELOPMENT

Process

At Zephyr X, we understand the critical importance of choosing the right location for your development - from great transport links to employment rates, we have you covered. Our expertise in PRS and care home sites means we offer expert guidance on building in urban densification zones with lower land values, and locations with high demand for quality care. Our robust due diligence process ensures we make the best choices for your investment.

We know the value of creating bespoke living environments that encourage community and foster connection between residents. Our expert architects design each of our developments to be a great place to call home - including modern styles, efficient living spaces and impactful communal facilities. With studies revealing that tenants who know even just one other person are more likely to renew their tenancy agreements, building a sense of community is a vital part of our approach.

Effective management and maintenance are key to long-term success in real estate. Our ESG policy forms the foundation of all our designs, ensuring maximum asset efficiency

and effectiveness through the use of cutting-edge technology. Our buildings are built to last, with careful consideration given to design flexibility and space optimisation.

Our commitment to sustainability is evident in our use of high-quality and eco-friendly materials

We carefully select finishes that are easy to maintain, accessible and designed to last - and take our role in protecting the environment seriously.

We have developed a comprehensive design brief that allows us to standardise layouts, construction methods, and finishing specifications, creating economies of scale across our development programme.

Trust Zephyr X to build the smarter way, using our expertise to create bespoke developments that are great to live in, manage sustainably, and optimise returns for investors across the UK.





FINANCIAL DEVELOPMENT

Appraisal | Cheetham Hill, Manchester

VALUATION DATA	
Gross area:	205,512 sqft
Nett area:	153,880 sqft
Value:	£67,517,460
£/Sq.Ft	£438.77
Ground Rent:	£0
Residential Sales:	£67,517,460
Income:	£0
Gross Yield %:	0.00%
Commercial Sales:	£0
Total Property Sales:	£67,517,460

SITE ACQUISITION COSTS	
Stamp Duty:	£327,213
Legals:	£48,920
Agents:	£80,420
Total Site Acquisition Fees:	£456,553
Land Purchase Price:	£7,812,099
Total site Acquisition Fees:	£456,553
Total Site Acquisition Cost:	£8,268,652

CONSTRUCTION COSTS	
Professional Fees:	£2,730,000
Insurance:	£145,000
Other Consultants:	£50,000
Utility Upgrades:	£0
S106 Agreement:	£250,000 TBA
Building Guarantee:	£0
Contingency 5%:	£2,232,025
Surveys:	£0
Construction Costs:	£44,640,507
Construction Duration:	30 Months
Total Construction Fees:	£5,407,025
Total Construction Costs:	£50,047,532

FINANCE COSTS	
Bank Valuations/Reports:	£15,000
Bank Legals:	£45,000
Monitoring/QS Fees:	£64,500
Other Costs:	£0
Facility Fee 1.5%:	£0
Exit Fee 1.5%:	£0
Total:	£124,500
Fund Interest Coupon:	£2,606,076
Total Financing Fees:	£124,500
Total Financing Costs:	£2,730,576
Interest Rate:	5%
Term of Loan:	30 Months
Total:	£124,500

TOTAL COST & SUMMARY	
Profit on Cost %:	10.60%
Profit on GDV %:	9.58%
IRR (p.a.):	11.34%
Total Costs:	£61,046,760
Bank Loan:	£54,576,060
GDP:	£6,470,700

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