

CHEETHAM HILL

Manchester

URBAN
VILLAGE
GROUP



33-41 CHEETHAM HILL ROAD

MANCHESTER, M4 4FT
252 BTR APARTMENTS



THE DEVELOPMENT

Cheetham Hill will comprise 252 BTR apartments over twenty five floors, providing a range of high specification residential units featuring designer kitchens and appliances, bathrooms with ceramic tiles and fixtures and fittings, laminate oak wood flooring to kitchen and living spaces, luxury bathroom units and electric heating throughout. The property also benefits from secure parking and CCTV.



CHEETHAM HILL

LOCATION

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.



Salford Quays, Manchester



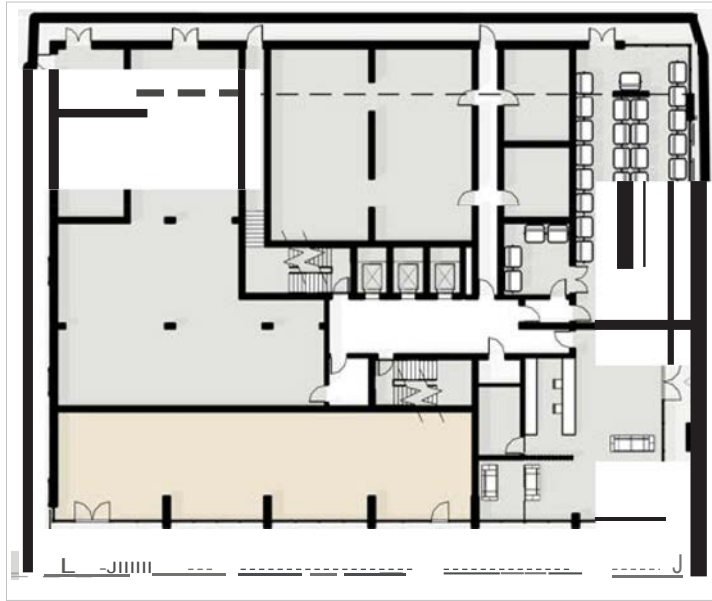
Artist impression of proposed completed development



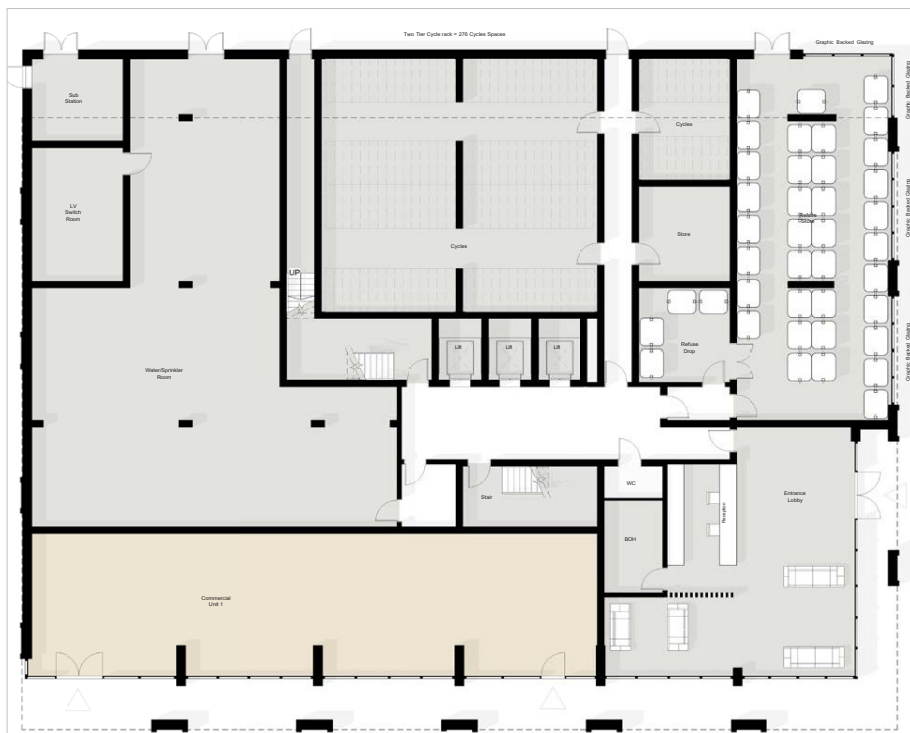
CHEETHAM HILL

FLOOR PLANS

SITE PLAN



GROUND FLOOR

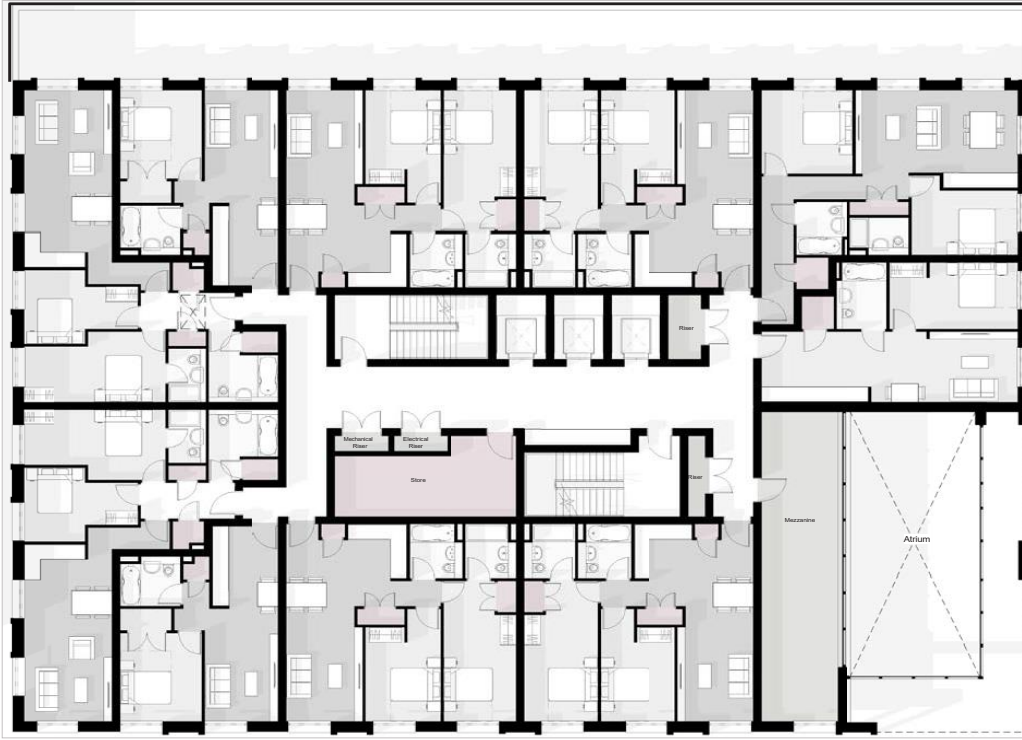




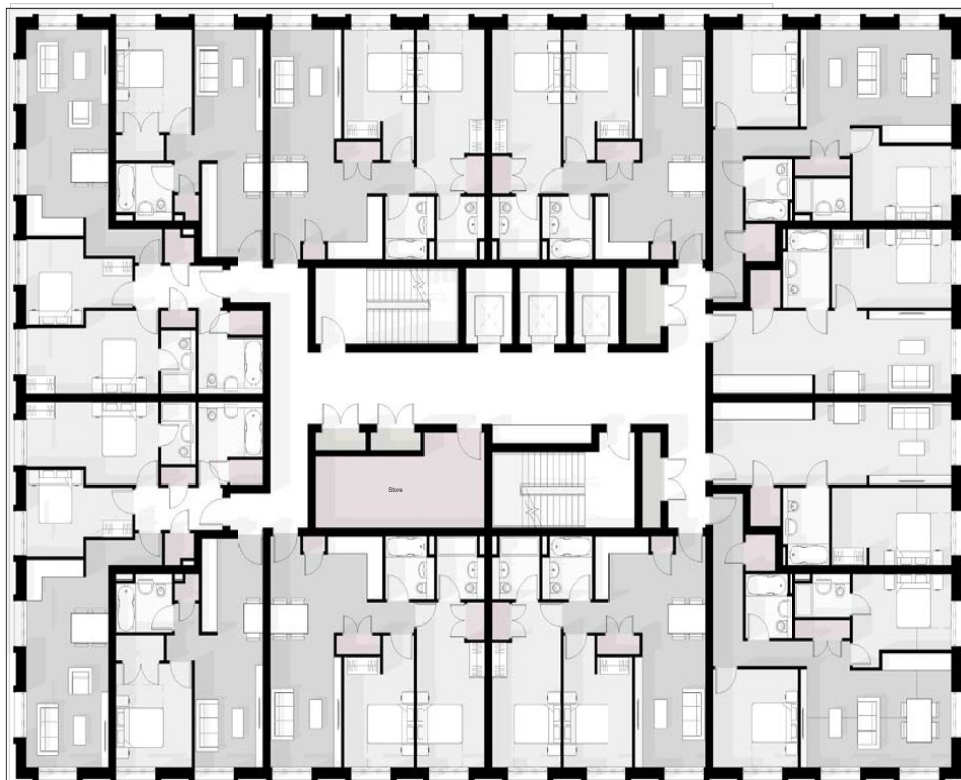
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FLOOR PLANS

FIRST FLOOR



SECOND - FIFTH FLOORS

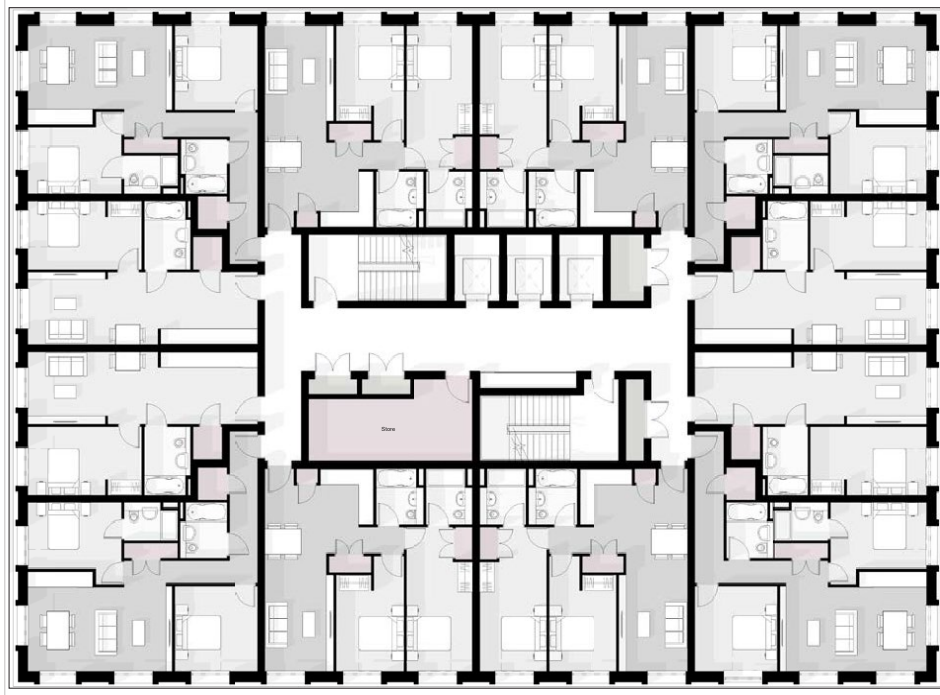




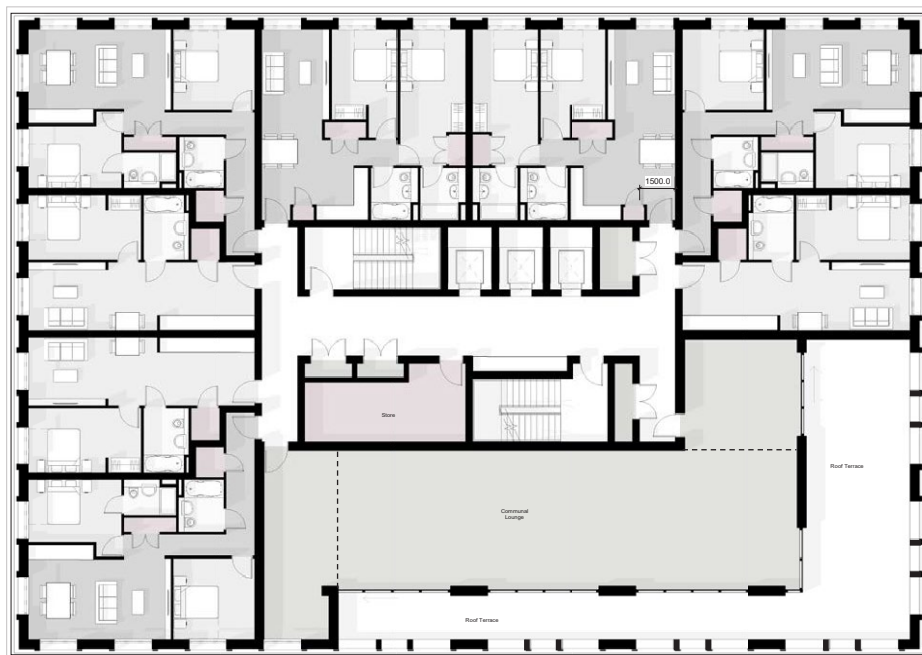
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FLOOR PLANS

SIXTH - TWENTY FIRST FLOORS



TWENTY SECOND FLOOR

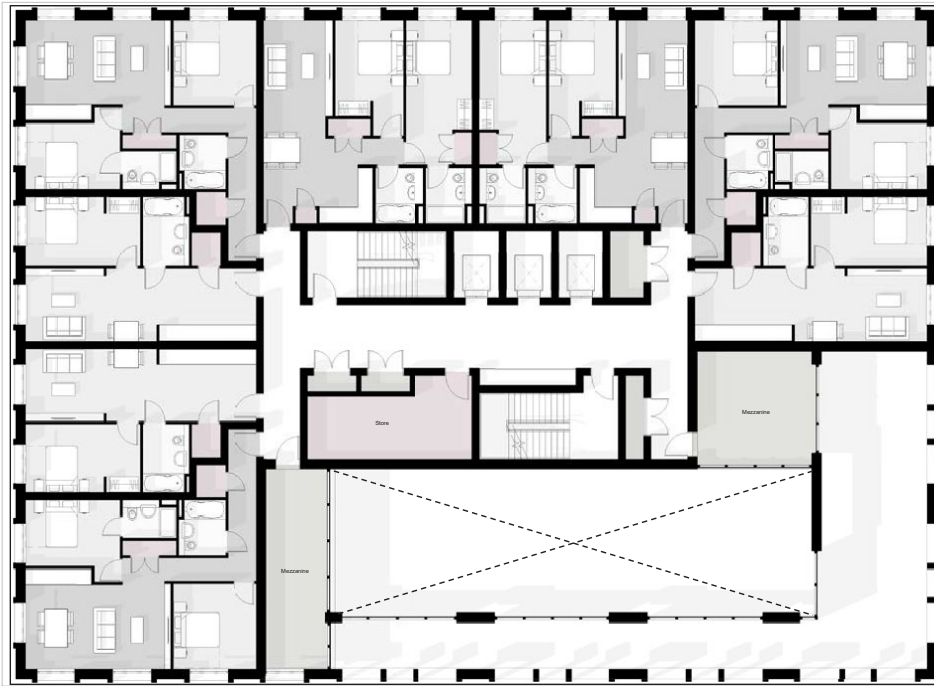




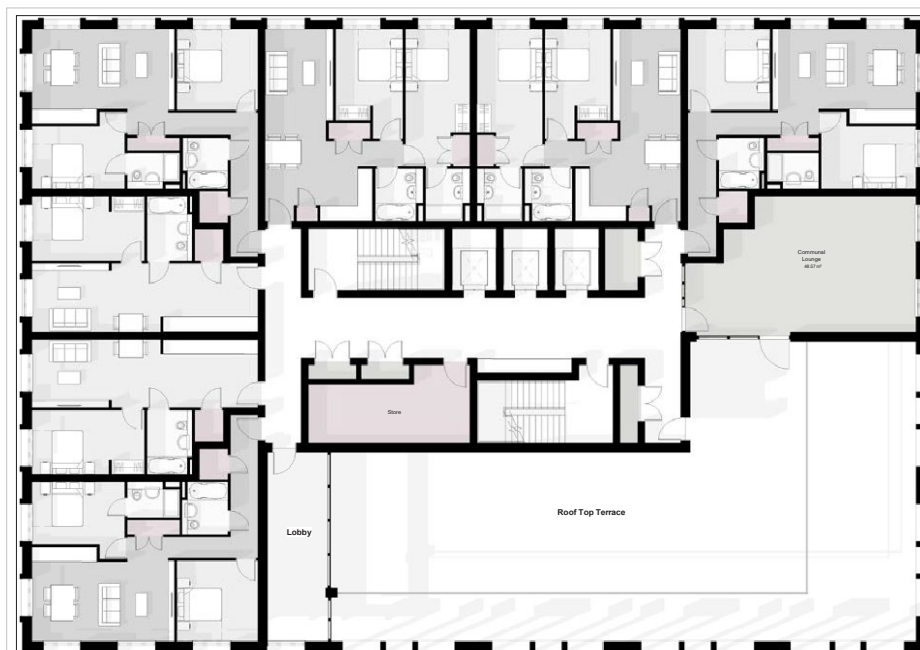
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FLOOR PLANS

TWENTY THIRD FLOOR



TWENTY FOURTH FLOOR

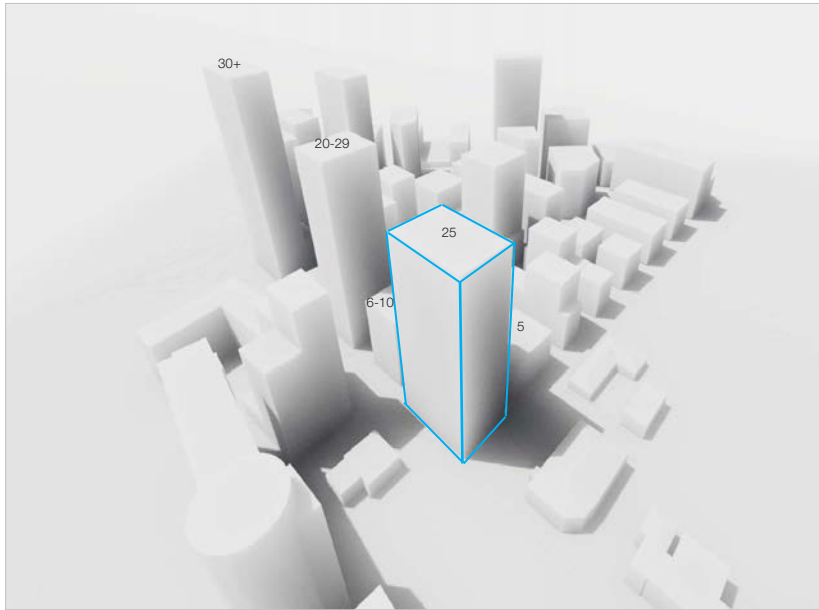




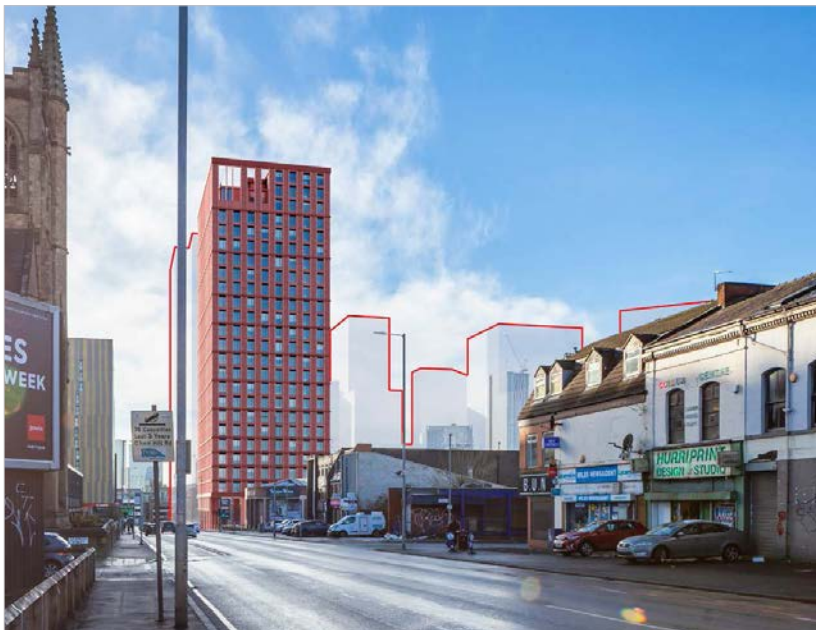
CHEETHAM HILL

DEVELOPMENT FRAMEWORK

EMERGING CONTEXT



PROPOSED VIEWPOINT WITHIN EMERGING CONTEXT

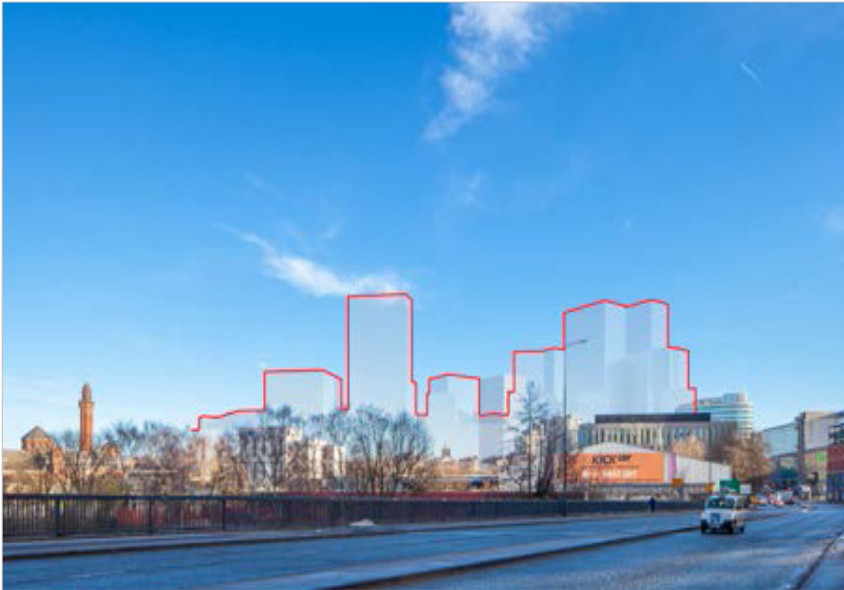




CHEETHAM HILL

DEVELOPMENT FRAMEWORK

PROPOSED VIEWPOINT WITHIN EMERGING CONTEXT



CGI OF PROPOSED COMPLETED DEVELOPMENT





URBAN VILLAGE

THE PRS MARKET

PRS developments are new housing projects where all the properties are built for rent, not sale. There is strong and growing demand for rented accommodation in the UK. House prices have consistently risen ahead of inflation for many years, in part as the supply of new builds has fallen well short of the number of new households created each year. In the UK, the Government is targeting 300,000 new homes per year. However, on average, only around 200,000 are built.

At the same time, average incomes have made little progress since the financial crisis. Combined with tightened criteria for mortgage lending and the need for much larger deposits, purchasing a home is now beyond the reach of many people.

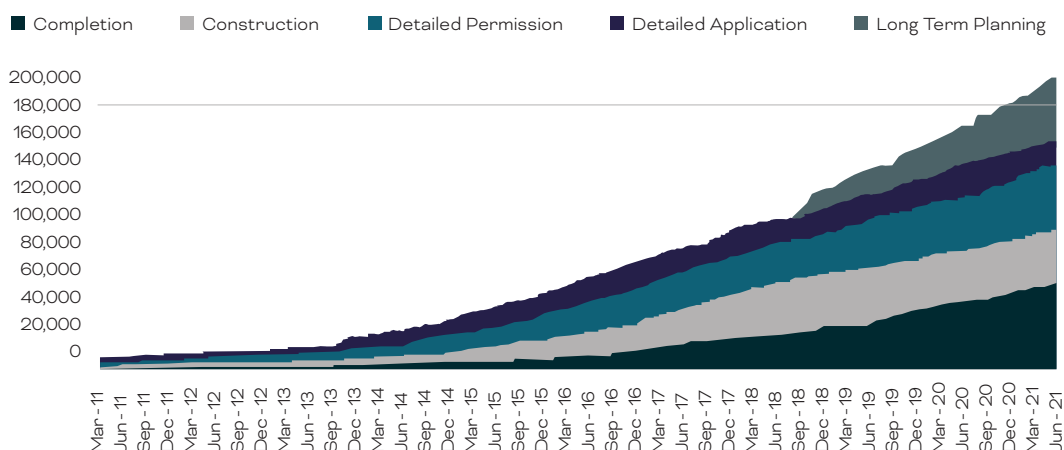
As a result, increasing numbers are renting for the long term. PRS as a segment of the overall market has grown significantly over the last decade and now stands at 4.5 million households, representing 20% of the English market, compared to 10% in 2001. This high growth is projected to continue. It is widely thought that in 15 to 20 years' time, more people will rent in the UK than own their own homes. Over recent years, the employment market has become more transient and professional tenants have come to expect better quality spaces to rent. Many have also experienced the high standard of modern PBSA while at university, and expect a similar standard of home once they are working. The Covid-19 pandemic has also had an impact on people's expectations of their

homes. The experience of lockdown has shown the importance of living in places with good amenities. In addition, many professionals will continue to spend at least part of the week working from home, increasing the importance of their homes being pleasant places to be, as well as facilities such as fast broadband connectivity.

The PRS market in the UK is highly fragmented, with many private individuals owning small numbers of properties. Tax changes in recent Budgets have made buy-to-let investment less attractive, meaning some private landlords will leave the market over time. Property management is also very fragmented, with over 15,000 agents in the UK. It is dominated by small companies with little scope, appetite or finance for growth. Significant investment opportunities therefore exist for investors with the passion, expertise and financial capital to capture market share. In the US, which is the most mature market, individual institutions own tens of thousands of apartments. In Europe, the Netherlands, Denmark and Germany are all more mature markets than the UK for build to rent schemes (source: JLL).

The pipeline of build to rent homes continues to grow and the number of units completed, in construction, with planning or in planning stood at 196,000 at Q2 2021 (source: Savills).

FIGURE 16 - TOTAL NUMBER PRS UNITS, UNITED KINGDOM, Q2 2021



SOURCE: The British Property Federation, Savills, Molior



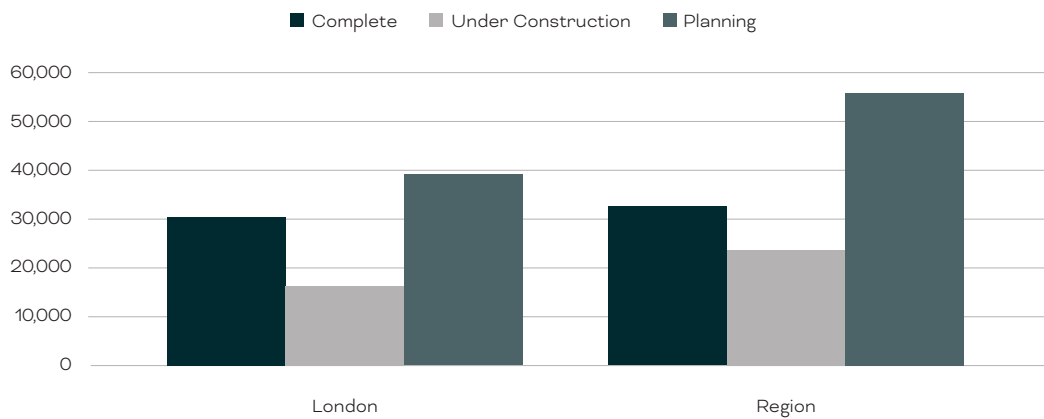
URBAN VILLAGE

THE PRS MARKET

Our experience in developing rental-block accommodation over recent years has shown us that there is currently a shortage of high-quality rental accommodation in UK regional cities. If the right product is well-positioned in the market, PRS investors will benefit from high rents and steady growth in asset values over time, as house prices continue to rise. For this reason, large institutional investors such as pension funds and property companies are increasingly attracted to PRS

as a long-term investment vehicle because they are looking for stable, high-quality capital investments offering long-term returns. The lack of standing stock available to buy means much investment is in the form of funding deals.

FIGURE 18 - LONDON VS REGIONS, BREAKDOWN OF PRS SUPPLY AND PIPELINE, Q2 2021



SOURCE: The British Property Federation, Savills, Molior

The average size of schemes is also increasing. According to Savills, at Q2 2021, the average size of completed schemes was 144 units, while schemes under construction and in planning averaged 221 units and 304 units respectively.

In terms of location, the regions have now overtaken London in terms of both completed stock and the future pipeline.

There is also a notable split in urban versus suburban provision. According to Savills, 90% of completed and operational build to rent units are in urban areas and only 17% of the pipeline is in the suburbs. However, the majority of households who rent are in suburban locations, meaning this section of the market is currently dominated by traditional buy-to-let properties. There is significant scope for growth in the suburban build to rent market.



Artist impression of proposed completed development



URBAN VILLAGE

DEVELOPMENT PROCESS

BUILDING IN THE RIGHT LOCATION

The most successful current PRS schemes are in urban locations, with local transport within walking distance. Allowing for regional variations, 200 units is the minimum critical mass, whether in one or multiple buildings. PRS developments are therefore generally medium-to-high density.

Studies have shown that PRS is viable in locations where there are strong employment rates and lower land values, or where urban densification is encouraged, which makes key regional cities across the UK the prime focus.

CREATING A SENSE OF PLACE

The right lifestyle and consumer propositions are important for attracting and retaining target group tenants. Amenities such as a concierge and lifestyle facilities are part of the PRS formula, which distinguishes it from the build-for-sale sector. Although these facilities can generate additional income, their main role is to contribute to placemaking and community building. Tenants who feel part of a community tend to stay longer, with studies showing that people who know one other person in a building are 75% more likely to renew their tenancy. This rises to 90% for tenants who know two other people. Community building therefore reduces the risk of rent voids, which have a negative impact on net operating income.

ALLOWING FOR BUILDING MANAGEMENT

PRS investments look to generate income over long periods and maintaining the quality of a development through effective building management is therefore important. In addition, communal spaces and services need to be well maintained, as they are part of the tenants' extended home.

STRONG UNIT DESIGN

Optimising income requires careful design of both the building itself and individual units. Maximising the number of units per core/floor, and careful consideration of the aspect, leads to a more efficient building. Unit sizes need to be carefully considered and are usually related to rental income and location, whereas personal amenity space can be balanced against communal amenity space, such as a roof terrace.

Flexibility in the design layout of the units is important. They should be designed to cater for different modes of tenure, such as young professionals who are house sharing or for families. Future-proofing for different demographic needs is also important.

USING HIGH-QUALITY MATERIALS

The long-term nature of PRS developments means that the life cycle of the building materials used plays a much greater role than in other developments. Finishes need to be high-quality, easily maintained, readily accessible and designed to last.

DESIGN

Every development will be designed by our award-winning architects, who have over 35 years' experience in creating high-end loft living. Each apartment will have a modern look and feel, and will also be highly efficient and eco-friendly.

Units will come complete with interchangeable furniture packs, which can be altered for each tenant to provide the level of furnishings that suit them best. We can even accommodate apartments for rental by the evening or weekend, should tenants have friends or family to stay.

Units will be managed by an on-site concierge and cleaning team and be equipped with CCTV systems monitored 24-7 to provide maximum security.

STANDARDISATION

We have developed a design brief which standardises layouts, construction methods and finishing specification. This creates significant value for us and our supply chain, due to the economies of scale created by replicating our development programme across the UK.

FINANCIAL DEVELOPMENT



APPRAISAL | CHEETHAM HILL, MANCHESTER

Valuation Data

Gross area:	187,193 sqft	Value:	£70,367,275
Nett area:	140,395 sqft	£/Sq.Ft	£501.21
		Parking:	£0
		Ground Rent:	£0
		Residential Sales:	£70,367,275
		Income:	£0
		Gross Yield %:	0.00%
		Commercial Sales:	£0
		Total Property Sales:	£70,367,275

Site Acquisition Costs

Stamp Duty	£327,213	Land Purchase Price:	£8,042,000
Legals:	£150,000	Total site Acquisition Fees:	£557,633
Agents:	£80,420		
Total Site Acquisition Fees:	£557,633	Total Site Acquisition Cost:	£8,599,633

Construction Costs

Professional Fees:	£2,730,000	Construction Costs:	£21,827,880
Insurance:	£145,000	Construction Duration:	24 Months
Other Consultants:	£50,000		
Utility Upgrades:	£0		
S106 Agreement:	TBA		
Building Guarantee:	£0	Total Construction Fees:	£4,968,605
Contingency 5%:	£1,993,605	Total Construction Costs:	£44,840,714
Surveys:	£50,000		

Finance Costs

Bank Valuations/Reports:	£15,000	Fund Coupon Cost:	£2,404,816
Bank Legals:	£45,000		
Monitoring/QS Fees:	£40,500	Total Financing Fees:	£100,500
Other Costs:	£0	Total Financing Costs:	£2,505,316
Facility Fee 1.5%:	£0		
Exit Fee 1.5%:	£0	Interest Rate:	4.50%
		Term of Loan	24 Months
Total:	£100,500		

Total Cost & Summary

Profit on Cost %:	24.52%	Total Costs:	£55,945,663
Profit on GDV %:	19.49%	Bank Loan:	£50,549,931
IRR (p.a.)	25.78%	Gross Development Profit (GDP):	£13,717,939

Residual Site Valuation

GDV:	£70,367,275
Less 20% Developer Profit	£14,073,455
Total Cost (- Land Purchase Price):	£47,903,663
GDV Less Developer Profit:	£56,293,820
Residual Value:	£8,390,157
Residual Value/Unit:	£33,294

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