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Summary of Viability Appraisal

APRIL 2026

The East Midlands Gateway Phase 2
and Highway Order 202X and The East Midlands Gateway
Rail Freight and Highway (Amendment) Order 202X

The East Midlands Gateway Phase 2 and Highway Order 202X

SUMMARY OF VIABILITY APPRAISAL (DOCUMENT DCO 4.6)

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East Midlands Gateway Phase Two Viability Appraisal

Summary

1. This document is a summary of an independent viability assessment for the proposed East Midlands Gateway Phase 2 development that is being promoted through a Development Consent Order (“the EMG2 DCO Scheme). The purpose of the viability assessment is to determine whether the EMG2 DCO Scheme is commercially viable and therefore likely to be delivered by the market, and to also test whether an alternative delivery scenario involving two developers would be capable of proceeding in practice.
2. The assessment has been prepared by an experienced chartered surveyor specialising in compulsory purchase, compensation, and development viability. The report relies on industry-standard appraisal techniques and independent professional advice on market values and construction costs, including the cost of providing necessary infrastructure. The report’s conclusions are informed by the outputs from residual development appraisals, which measure whether the completed development would generate a sufficient return to justify the investment risk.

Context and Purpose

3. Unlike many nationally significant infrastructure projects, the deliverability of the EMG2 DCO Scheme is directly connected to its commercial development viability. The project involves substantial upfront infrastructure investment and long delivery timescales, meaning that a developer would only proceed if the expected return met normal market expectations.
4. Representations have been made during the DCO Examination suggesting that the EMG2 DCO Scheme could be delivered in phases by different developers. This raises a critical question: whether each phase could stand alone commercially, or whether the overall scheme depends on being delivered as a single, integrated development.
5. To address this question, the viability report tests two scenarios:
 - i) Appraisal 1 - an appraisal considering the viability of the entire EMG2 DCO Scheme delivered as one project by one developer, and
 - ii) Appraisal 2 – an appraisal considering the viability of that part of the EMG2 DCO Scheme that would remain to be delivered if a first phase involving land to the north of Hyams Lane owned by Prologis (“the Prologis Land”) were to be developed separately.

Methodology

6. The viability appraisal methodology follows established professional standards and RICS guidelines for development valuation. The process assesses the completed value of the proposed development and deducts all costs associated with land acquisition, construction, infrastructure provision, financing, professional fees, marketing, and disposal. The resulting figure indicates whether the development produces a sufficient profit to make it viable.
7. The appraisals assume realistic market conditions and rental assumptions, robust investment yields, and standard market approaches to finance and risk. Notional sale assumptions are included to ensure the appraisals reflect general market behaviour rather than the DCO promoter's specific promoter's long-term ownership strategy.

Appraisal 1 - the EMG2 DCO Scheme

8. Appraisal 1 considers the EMG2 DCO Scheme as a single, coordinated project. It includes the full range of logistics and advanced manufacturing buildings, associated infrastructure, strategic highway improvements, utilities, transport facilities, and environmental enhancements being promoted under the DCO.
9. Independent market advice indicates strong demand for the proposed logistics and advanced manufacturing accommodation the development will deliver, supported by the promoter's proven delivery record. The appraisal assumes that the development would be delivered in a coordinated manner, allowing the EMG2 DCO Schemes substantial infrastructure costs, including the undertaking highways improvement works to Junction 24 of the M1, to be spread across the full development site, thereby balanced costs and value.
10. On this basis, the comprehensive EMG2 DCO Scheme generates a profit on cost of 15.91%. This level of return is consistent with normal market requirements for a development of the of the scale, complexity, and risk profile of the EMG2 DCO Scheme. The report notes that this outcome has been achieved using prudent assumptions.

Appraisal 2 – The EMG2 DCO Scheme excluding the Prologis Land

11. Appraisal 2 tests a scenario in which the Prologis Land is excluded from the Development Consent Order and delivered separately by another party. Under this scenario, the remaining development would still be required to deliver most of the strategic infrastructure and highway works but would

provide a smaller amount of income producing commercial floor space over which to recover those costs.

12. While some construction and infrastructure costs reduce under this scenario, many of the most significant costs remain largely unchanged. As a result, the balance between cost and value is materially weakened.
13. The appraisal demonstrates that, excluding the Prologis land, this reduced scheme generates a profit on cost of only 3.62%. This level of return is well below that required by the market for a project such as the EMG2 DCO Scheme, involving compulsory acquisition powers, major infrastructure commitments, extended delivery periods, and exposure to planning and market risk.

Comparative Findings and Conclusions

14. The contrast between the two appraisals is clear. When the EMG2 DCO Scheme is delivered as a single, integrated development, it is viable and deliverable. When it is fragmented by excluding the Prologis Land, it fails to generate a sufficient return even before additional constraints or payments (such as what has been referred to as a ransom payment for access over the Prologis Land) are considered.
15. The report concludes that the Prologis Land is integral to the viability of the overall EMG2 DCO Scheme development. Only a single, comprehensive approach provides sufficient certainty that the development and associated infrastructure will be delivered within a reasonable timeframe, or at all.