

Office Development Viability Assessment

(based on an hypothetical development and average income and cost assumptions)

Property Type:	Offices	15,000 sq ft @	£12.00 psft	£180,000	
Potential Rental				£180,000	
Estimated Yield			8.50%	11.76	Based on market evidence, an investor would A multiplier is used to calculate income.
Hypothetical Income				£2,117,647	
Less Purchase costs			2.75%	£58,235	

POTENTIAL INCOME from hypothetical development £2,059,412

Potential income is the price a potential investor would pay on the basis of securing a rental income of £180,000 (revenue).

Site Acquisition	£200,000
Stamp Duty	£2,000
Legal Fees	£1,000
Agents Fees	£2,000
Planning & Blding Regs.	£20,000
Ground Survey	£2,500
Sub-total	£227,500

Demolition				£1,941,176
Construction (gross area)	17,647 sq ft @	£110.00 psft		
Contingency		2.50%		£48,529
Architect		8.00%		£155,294
Struct. Engineer		1.50%		£29,118
Q.S. / Project Management		1.50%		£29,118
Mech. & Elec.		1.00%		£19,412
Sub-total				£2,222,647

Agents letting fee	10.00%	£18,000
Legal fees	2.50%	£52,941
Brochure & Promotion		£15,000
Sub-total		£85,941

Developer's Profit	18.00%	£381,176
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Sub-total		£2,917,265
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Finance				
Interest on construction costs @ 50%	7.50%	for	9 months	£62,512
Rent Free	£15,000	for	9 months	£135,000
Interest on void	7.50%	for	9 months	£137,821
Sub-total				£335,333

POTENTIAL COSTS relating to hypothetical development £3,252,598

Hypothetical Deficit -£1,193,186

Important Note:

1 This viability assessment has been prepared as an informal "desktop" overview. It should not be relied upon under any circumstances. A financial decision should be based only on a formal valuation report. This overview is purely for guidance and no liability is accepted by DTZ under any circumstances, nor has it been prepared in contemplation of any individual or company relying upon it.

2 We have not inspected any sites or seen any development plans nor have we undertaken full verification or research. The opinions detailed in the viability assessment and those detailed above are totally dependent on the adequacy and accuracy of the information supplied and the assumptions made. It should be noted that should these prove to be incorrect, the accuracy of this opinion may be affected.

I look for a 8.5% return.