

Industrial Development Viability Assessment

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

Property Type:	<u>Industrial</u>	15,000 sq ft @	£5.00 psft	£75,000
Potential Rental				£75,000
Estimated Yield		9.50%		10.53
				Based on market evidence, an investor would A multiplier is used to calculate income
Hypothetical Income				£789,474
Less Purchase costs		2.75%		£21,711

POTENTIAL INCOME from hypothetical development £767,763

Potential income is the price a potential investor would pay on the basis of securing a rental income of £75,000 (revenue).

Site Acquisition	£150,000
Stamp Duty	£1,500
Legal Fees	£750
Agents Fees	£1,500
Planning & Blding Regs.	£20,000
Ground Survey	£2,500
Landscape Works	£35,000
Other External Works	£35,000
Sub-total	£246,250

Demolition	
Construction (gross area)	16,667 sq ft @ £50.00 psft £833,333
Contingency	2.50% £20,833
Architect	8.00% £66,667
Struct. Engineer	1.50% £12,500
Q.S. / Project Management	1.50% £12,500
Mech. & Elec.	1.00% £8,333
Sub-total	£954,167

Agents letting fee	10.00%	£7,500
Legal fees	2.50%	£19,737
Brochure & Promotion		£15,000
Sub-total		£42,237

Developer's Profit 18.00% £142,105

Sub-total £1,384,759

Finance Costs			
Interest on construction costs @ 50%	7.50%	for 9 months	£26,836
Rent Free	£6,250	for 9 months	£56,250
Interest on void	7.50%	for 9 months	£67,523
Sub-total			£150,609

POTENTIAL COSTS relating to hypothetical development £1,535,368

Hypothetical Deficit -£767,605

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 9.5% return.