



## FEASIBILITY ANALYSIS - BALCATT A

Our client approached us to carry out a feasibility on a block of land for sale that he wanted to develop in partnership with his son and daughter.

The client was seeking confirmation the existing home could be demolished and that 3 new dwellings could be built on the land which was the case.

Here's how the development stacks up.

**Suburb:** Balcatta

**Block Size:** 852m<sup>2</sup>

**Investment Strategy:** Hold front and back homes - Sell middle home.

## PROJECT BRIEF:

The front home (daughters) to be a 2-storey home with 3 bed, 2 bath plus study, 1 living area and a double garage with a separate driveway. Good features but not over the top.

The middle and back units were to be single storey. Maximise the land area with the design (as big as possible) with the best value for money features to ensure maximum resale value.

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## TOTAL COSTS

### Land:

Land price - \$670,000

Stamp duty - \$29,000

Settlement costs - \$2,000

**Land Sub Total - \$701,000**

### Construction: Including all associated costs

Unit 1 - \$345,000 (2 storey)

Unit 2 - \$195,000

Unit 3 - \$201,000

**Construction & Subdivision Total - \$741,000**

**Project Total (including land) - \$1,442,000**

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## TOTAL SALES

**Potential Resale Values based on 1 sold and historical evidence**

Unit 1 - \$620,000

Unit 2 - \$483,000 SOLD

Unit 3 - \$500,000

**Total Revenue - \$1,603,000**

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**GROSS PROFIT - \$161,000**

Gross ROI – 11.2 %

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## OUTCOME

*The client went ahead with construction and the project handed over in late 2018. His son and daughter are now living in their brand-new homes. The middle unit has sold for the projected return indicating the other 2 homes will return a similar outcome if sold.*