



## FEASIBILITY ANALYSIS - LEEDERVILLE

Our client purchased the land back in 2014 feeling it was good buying with the knowledge the land was zoned R60 and therefore had the potential to build up to 6 Apartments on it. The existing house on the land was rented and there was no hurry to develop the land in the belief it would show a greater ROI (Return on Investment) the longer it sat there. In 2017 the client decided to develop the land. Our team went to work carrying out a thorough feasibility process and established all costs for both apartments versus town houses. Much to the clients surprise the ROI was far better on 3 town houses rather than 6 apartments. The project is now in construction and below is how the project is expected to play out.

**Suburb:** Leederville

**Block Size:** 559m<sup>2</sup>

**Investment Strategy:** Build & Sell

## PROJECT BRIEF:

Provide designs for 3 x 2 storey townhouses to maximise the return on the land. Vehicle access to all dwellings to be off the rear laneway to maximise the street appeal and resale value. Each home had to be 3 Bedroom, 2 Bathroom and each to have double lock up garages with additional storage area. Balconies facing north were also a priority. The townhouses needed to be of a high specification in line with the quality of homes one might expect in Leederville being a more desirable upper market area.

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## TOTAL COSTS

### Land:

Land price - \$790,000

Stamp duty - \$32,000

Settlement costs - \$3,000

**Land Sub Total - \$825,000**

### Construction Costs:

Unit 1 - \$298,000

Unit 2 - \$298,000

Unit 3 - \$298,000

**Site Related Work - \$95,000**

**Subdivision/Statutory Fees (including Demolition) - \$45,000**

**Other:**

Internal fit out - \$83,000

Landscaping / External fit out - \$18,000

**Construction & Subdivision Total - \$1,135,000**

**Project Total (including land) - \$1,960,000**

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## TOTAL SALES

**Historical Potential Resale Values**

Unit 1 - \$790,000

Unit 2 - \$760,000

Unit 3 - \$790,000

Less - Agent fees, interest and other overhead costs \$110,000

**Total Revenue - \$2,265,000**

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**GROSS PROFIT - \$305,000**

Gross ROI – 15.5 %

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## OUTCOME

*The client moved ahead with the project, which is now in construction and with conservative resale values above the ROI will be around \$300,000.*