

# Real Estate Forum

## Session A2 – Development in Vancouver

April 11<sup>th</sup>, 2012

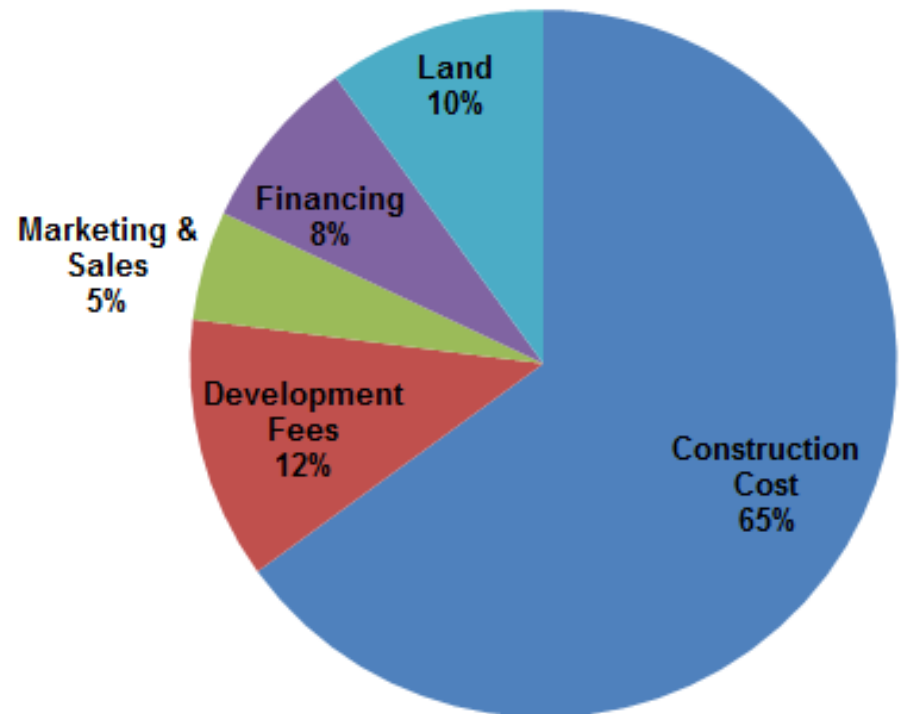
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# The Cost Side of the Land Development Equation

- Typical Cost Pie Chart – Give or Take:

Construction Cost	:	65%
Development Fees	:	12%
Marketing & Sales	:	5%
Financing	:	8%
Land	:	10%
<b>Total</b>		<b>100%</b>



# The Cost Side of the Land Development Equation

- Cost Situation Today:

- ❖ Construction cost: Flat – trade coverage still key

- Volume of construction is the biggest risk

- PST returning

- ❖ Development fees: Design, flat, function of construction

- Municipal; increasing

- Risk; has increased



# The Cost Side of the Land Development Equation

## ■ Cost Situation Today Cont'd:

❖ Marketing & Sales:            May increase as sale volume slows down

❖ Financing:                    Historic lows

Concern is time to bring project to market

❖ Land:                        Not always a residual

Holding cost & rezoning cost often negates appraisal surpluses

CAC's just the latest "*twist*" from C.O.V.

