

Real Estate Forum

Session A2 – Development in Vancouver

April 11th, 2012

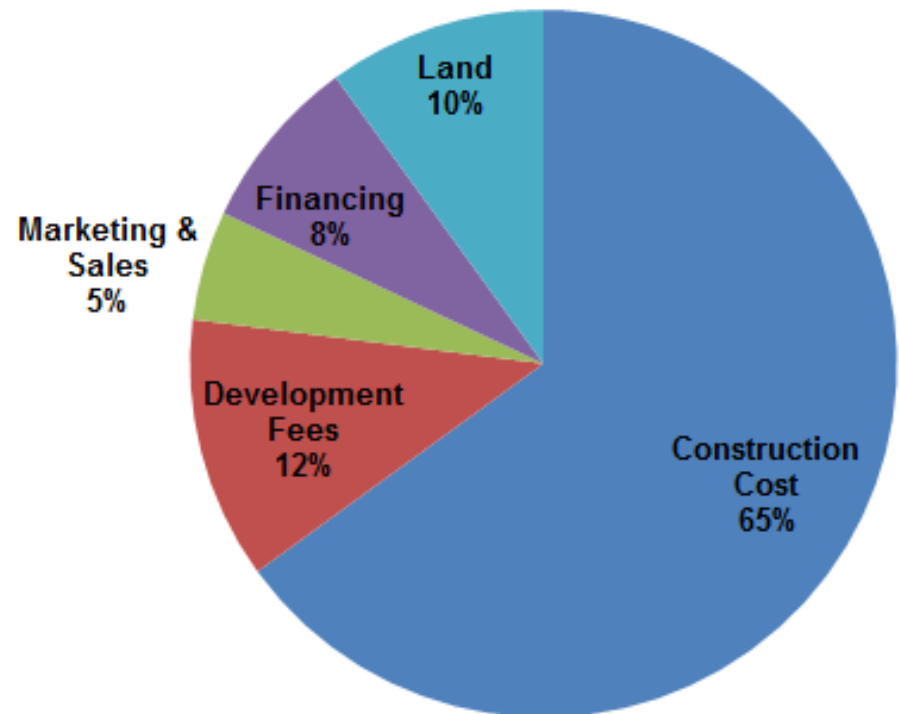
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The Cost Side of the Land Development Equation

- Typical Cost Pie Chart – Give or Take:

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



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.

