

ANCHORAGE DOWNTOWN COMPREHENSIVE PLAN

APPENDIX B

DOWNTOWN ANCHORAGE DEVELOPMENT FEASIBILITY ASSESSMENT

Prepared for:

Municipality of Anchorage

Prepared by:

Economic & Planning Systems, Inc.

May 10, 2006

EPS #16097

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DRAFT MEMORANDUM

To: Downtown Anchorage Planning Team

From: Darin Smith and Jason Moody

Subject: Downtown Anchorage Development Feasibility Assessment; EPS #15097

Date: May 10, 2006

Economic & Planning Systems, Inc. (EPS) has been retained as part of the MIG Team for the Downtown Anchorage Strategic Plan to assess the feasibility of various types of development that have been identified in the Downtown Anchorage Strategic Plan process as desirable in Downtown Anchorage.

The purpose of this assessment is to identify those development types that are likely to be feasible under current market conditions, as well as those desirable uses that may require either improvements in market conditions or public interventions to reduce development costs or otherwise improve development feasibility. These findings can be applied to various development opportunities currently being considered, and can also be updated over time as market conditions change.

GENERAL APPROACH

The feasibility of development has been generally assessed by comparing the values of buildings to the costs of construction. The difference between the values and the costs is the "residual land value," which at a minimum must be positive for a project to be feasible. Because each individual site in Downtown Anchorage has unique attributes regarding the values of existing uses and the expectations of the current property owners, this assessment is necessarily general. In each case, the residual land value must be compared to the expected value of the underlying site and its uses to determine if a particular type of development is in fact feasible.

To calculate these residual land values, EPS has relied on market data from Northern Economics, local developers, brokers, and architects for the estimation of building values. For the construction cost estimates, EPS has utilized cost figures from projects in Anchorage (provided by local architects, brokers, and developers) where possible, and from California projects where no recent, local comparisons were available. Where



California projects were used as reference points, EPS adjusted the cost estimates upward to reflect the differences between Anchorage and California costs, as published in sources such as RS Means and Marshall & Swift.

Table 1 provides a summary of the preliminary feasibility analysis, showing the estimated residual land values per units or per building square foot and per land acre for a variety of potential building types. The more detailed calculations are provided on the subsequent tables, **Tables 2 through 20**. These detailed tables present EPS's assumptions about the characteristics of the development (unit sizes, efficiency rates, parking ratios), the values of the developments (sales prices or capitalized income values), and the costs of development (construction of building and parking, soft costs, and profit). All of these figures are illustrative, in the absence of specific designs for any particular buildings on any particular sites.

On each detailed table, the "threshold" value is calculated as the sale or lease rate at which a project could break even if there were no cost for land (i.e., the project yields a residual land value of zero dollars). Each table also shows the residual land value calculations using EPS's assumptions about the price points achievable in the current market conditions. Where the "threshold" price exceeds the "achievable" price, that difference indicates how far the market must improve for a project to break even with no land costs.

The bottom of **Table 1** also shows an estimate of the value of Downtown land that is being used for surface parking. As shown, EPS has estimated that the parking revenues generated by such land would yield a residual land value of roughly \$2.0 million per acre. This figure is important in comparing the value of potential development to the value of existing parking lots as an income source for the property owners. In general, the owner of a surface parking lot would need to anticipate residual land values in excess of \$2.0 million per acre in order to be incentivized to develop the property for some other use.

SUMMARY OF CONCLUSIONS

HOUSING

- Market-rate condominium (for-sale) units appear to generate positive land value, as the sale value of the units exceeds the costs of construction.
- The housing type that appears to be most feasible is woodframe construction (up to four or five stories) over podium parking. While this type of housing may not achieve the density of taller buildings, the cost differential between the market values of the units and the construction costs yields the highest residual land value, primarily because the construction costs are much lower than for taller building that require steel and concrete structures.

- On a per-unit basis, townhome development generates higher land values than woodframe condominiums. However, the overall land value is lower for townhomes because the density (number of units per acre) is significantly lower.
- Mid-rise (roughly nine stories) and high-rise (roughly 20 stories) condominiums also generate positive land value, but the price premiums that may be achieved with high-rise units (primarily because of views) and the added density appear to make high-rise units more feasible than mid-rise units, and generate land values for high-rise development that could supplant existing uses such as surface parking lots.
- Market-rate rental apartments over podium parking do not appear to be feasible at any height under current market conditions. This result is due to the relatively low rent rates that can be achieved, which do not produce sufficient revenue to cover the costs of construction. To achieve new apartment development in Downtown Anchorage, it appears that the market will need to improve, construction costs must decrease, or subsidies will be required.

OFFICE

- Office development faces significant feasibility challenges in Downtown Anchorage, as the rent rates currently achievable do not support the costs of construction if the office project is required to provide its own parking in a podium configuration and does not receive extra revenue from its lessees.
- Use of the Downtown parking exemption (i.e., not providing parking on-site) could substantially improve the feasibility of office development, assuming that the lease revenues would not be decreased to compensate tenants for the lack of on-site parking. Under these circumstances, low-, mid-, and high-rise office projects all appear to generate adequate land value to potentially supplant existing uses.
- Alternatively, if office projects provide their own podium parking but charge tenants an adequate parking fee that could cover the costs of parking construction and operations, the office development could be feasible.
- These office feasibility calculations merely compare the values of the buildings under certain leasing assumptions to the costs of construction. A greater and less certain issue is the overall demand for office space in Downtown Anchorage, and whether the construction of office space would serve net new employees in Downtown or simply provide newer space for existing Downtown tenants, potentially resulting in vacancies in existing buildings.

HOTEL

- EPS has examined the feasibility of limited service hotels (those without restaurants, conference facilities, etc.) and full service hotels (those that offer the facilities mentioned above). Both types of hotels are typically required in a market that serves leisure, business, and convention travelers. EPS has assumed that both types of hotels could achieve average annual occupancy rates of 70 percent.
- Both limited service and full-service hotel projects appear to generate positive residual land value if they provide their own parking on site. However, the hotel land values may not reach the thresholds required to replace existing uses, including surface parking lots.
- If the hotels utilize the Downtown parking exemption and do not suffer reduced room rates as a result, the feasibility of hotel development can be significantly enhanced and higher density hotels should generate adequate land values to supplant existing uses such as surface parking lots without development subsidy.

RETAIL

- EPS has estimated the feasibility of stand-alone retail development and retail space in mixed-use buildings in Downtown Anchorage. In both cases, EPS has assumed that retail would not be required to provide its own parking.
- Stand-alone retail development typically achieves slightly lower lease rates per square foot than does retail in mixed-use buildings, because stand-alone retailers often include larger “anchor” tenants who pay less per square foot.
- Both stand-alone retail and mixed-use retail appear to generate positive residual land values per building square foot. Residual land value per acre is less simple to calculate, as the density of retail development in either stand-alone or mixed-use configurations may vary widely. In sum, however, it appears that current lease rates should be able to support the construction of new retail space in either stand-alone or mixed-use buildings.

Table 1
Summary of Preliminary Feasibility Analysis Findings
Downtown Anchorage Strategic Plan; EPS #15097

Building Prototype	Residual Land Value	
	per Unit or Bldg. Sq. Ft.	per Acre
For-Sale Residential		
Townhome Residential	\$85,102 /Unit	\$1,702,048
Four-Story Woodframe over Podium Parking	\$58,854 /Unit	\$2,354,150
Nine-Story Mid-Rise Condominium over Podium	\$14,023 /Unit	\$865,195
High-Rise Condominium over Podium	\$25,460 /Unit	\$2,094,464
Rental Residential		
Four-Story Woodframe Apartments over Podium Parking	(\$52,589) /Unit	(\$2,103,544)
Nine-Story Mid-Rise Apartments over Podium	(\$111,091) /Unit	(\$6,854,042)
High-Rise Apartments over Podium	(\$115,861) /Unit	(\$9,531,102)
Office (with Structured Parking)		
Four-Story Office over Podium Parking	(\$28) /Bldg. Sq. Ft.	(\$1,688,949)
Seven-Story Office over Podium Parking	(\$40) /Bldg. Sq. Ft.	(\$4,324,690)
20-Story Office over Podium Parking	(\$43) /Bldg. Sq. Ft.	(\$13,030,134)
Office (without Parking)		
Four-Story Office without Parking	\$41 /Bldg. Sq. Ft.	\$2,479,612
Seven-Story Office without Parking	\$28 /Bldg. Sq. Ft.	\$3,023,604
20-Story Office without Parking	\$26 /Bldg. Sq. Ft.	\$7,790,031
Hotel (with Parking)		
Limited Service Hotel with Parking / 4-Story w/ Surface Parking	\$55 /Bldg. Sq. Ft.	\$1,553,129
Limited Service Hotel with Parking / 6-Story w/ Structured Parking	\$3 /Bldg. Sq. Ft.	\$270,399
Seven-Story Full Service Hotel with Parking	\$19 /Bldg. Sq. Ft.	\$1,662,384
Hotel (without Parking)		
Limited Service Hotel without Parking / 4-Story	\$60 /Bldg. Sq. Ft.	\$1,701,778
Limited Service Hotel without Parking / 6-Story	\$40 /Bldg. Sq. Ft.	\$3,472,059
Seven-Story Full Service Hotel without Parking	\$59 /Bldg. Sq. Ft.	\$5,130,849
Retail (1)		
Downtown Retail Without Parking (Stand-Alone Buildings)	\$39 /Bldg. Sq. Ft.	N/A
Downtown Retail Without Parking (in Mixed-Use Buildings)	\$39 /Bldg. Sq. Ft.	N/A
Surface Parking (1)		\$2,000,000

(1) Retail estimates do not include land value per acre, as the density of retail can vary widely.

(2) Assumes 100 spaces per acre at \$4 net revenues per business day, 250 business days/year, and a 5% capitalization rate.

Source: Economic & Planning Systems, Inc.

Table 2
Townhome Residential
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,500	1,500
Efficiency Ratio	100%	100%
Gross Unit Size	1,500	1,500
Parking Ratio	2.0	2.0
Units/Gross Acre	20	20
BUILDING VALUES		
Avg. Unit Price/SF	\$243	\$300
Avg. Unit Price	\$364,898	\$450,000
COST ASSUMPTIONS		
Direct Unit Construction Costs/Gross SF	\$157	\$157
Direct Unit Construction Costs/Unit	\$234,812	\$234,812
Direct Parking Construction Costs/Space (1)	n/a	n/a
Direct Parking Construction Costs/Unit	n/a	n/a
Indirect Costs as % of Direct Costs (2)	40%	40%
Indirect Costs/Unit	\$93,925	\$93,925
Builder Profit as % of Direct and Soft Costs	11%	11%
Builder Profit/Unit	\$36,161	\$36,161
Total Costs per Unit	\$364,898	\$364,898
Costs/Gross Square Foot	\$243	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	\$85,102
As a Percent of per Unit Value	0%	19%
Residual Land Value/Acre	\$0	\$1,702,048

(1) Assumes built-in 2 car garage.

(2) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; RIM Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 3
Four-Story Woodframe over Podium Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,100	1,100
Efficiency Ratio	85%	85%
Gross Unit Size	1,294	1,294
Parking Ratio	1.50	1.50
Units/Acre	40	40
BUILDING VALUES		
Avg. Unit Price/SF	\$296	\$350
Avg. Unit Price	\$326,146	\$385,000
DEVELOPMENT COSTS		
Direct Construction Costs/Gross SF	\$138	\$138
Direct Construction Costs/Unit	\$177,983	\$177,983
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Direct Parking Construction Costs/Unit	\$26,250	\$26,250
Indirect Costs as % of Direct Costs (1)	40%	40%
Indirect Costs/Unit	\$92,193	\$92,193
Builder Profit as % of Direct and Soft Costs	11%	11%
Builder Profit/Unit	\$29,719	\$29,719
Total Costs per Unit	\$326,146	\$326,146
Costs/Gross Square Foot	\$252	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	\$58,854
As a Percent of per Unit Value	0%	15%
Residual Land Value/Acre	\$0	\$2,354,150

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; RIM Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 4
Nine-Story Mid-Rise Condominium over Podium
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,200	1,200
Efficiency Ratio	85%	85%
Gross Unit Size	1,412	1,412
Parking Ratio	1.80	1.80
Units/Gross Acre	62	62
BUILDING VALUES		
Avg. Unit Price/SF	\$388	\$400
Avg. Unit Price	\$465,977	\$480,000
COST ASSUMPTIONS		
Direct Unit Construction Costs/Gross SF	\$190	\$190
Direct Unit Construction Costs/Unit	\$268,356	\$268,356
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Direct Parking Construction Costs/Unit	\$31,500	\$31,500
Indirect Costs as % of Direct Costs (1)	40%	40%
Indirect Costs/Unit	\$119,943	\$119,943
Builder Profit as % of Direct and Soft Costs	11%	11%
Builder Profit/Unit	\$46,178	\$46,178
Total Costs per Unit	\$465,977	\$465,977
Costs/Gross Square Foot	\$330	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	\$14,023
As a Percent of per Unit Value	0%	3%
Residual Land Value/Acre	\$0	\$865,195

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; RIM Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 5
High-Rise Condominium over Podium
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,400	1,400
Efficiency Ratio	85%	85%
Gross Unit Size	1,647	1,647
Parking Ratio	2.00	2.00
Units/Gross Acre	82	82
BUILDING VALUES		
Avg. Unit Price/SF	\$407	\$425
Avg. Unit Price	\$569,540	\$595,000
COST ASSUMPTIONS		
Direct Unit Construction Costs/Gross SF	\$201	\$201
Direct Unit Construction Costs/Unit	\$331,499	\$331,499
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Direct Parking Construction Costs/Unit	\$35,000	\$35,000
Indirect Costs as % of Direct Costs (1)	40%	40%
Indirect Costs/Unit	\$146,600	\$146,600
Builder Profit as % of Direct and Soft Costs	11%	11%
Builder Profit/Unit	\$56,441	\$56,441
Total Costs per Unit	\$569,540	\$569,540
Costs/Gross Square Foot	\$346	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	\$25,460
As a Percent of per Unit Value	0%	4%
Residual Land Value/Acre	\$0	\$2,094,464

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; RIM Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 6
Four-Story Woodframe Apartments over Podium Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,000	1,000
Efficiency Ratio	85%	85%
Gross Unit Size	1,176	1,176
Parking Ratio	1.50	1.50
Units/Acre	40	40
BUILDING VALUES		
Avg. Unit Price/SF/Month	\$1.57	\$1.30
Avg. Unit Price/Month	\$1,571	\$1,300
Less Vacancy Losses	3%	3%
Less Operating Expenses/Month	\$300	\$300
less Capital Reserves (annual)	\$250	\$250
Annual Net Operating Income	\$14,437	\$11,282
Capitalization Rate	6.0%	6.0%
Avg. Unit Price	\$240,622	\$188,033
DEVELOPMENT COSTS		
Direct Construction Costs/Gross SF	\$124	\$124
Direct Construction Costs/Unit	\$145,623	\$145,623
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Direct Parking Construction Costs/Unit	\$26,250	\$26,250
Indirect Costs as % of Direct Costs (1)	40%	40%
Indirect Costs/Unit	\$68,749	\$68,749
Total Costs per Unit	\$240,622	\$240,622
Costs/Gross Square Foot	\$205	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	(\$52,589)
As a Percent of per Unit Value	0%	-28%
Residual Land Value/Acre	\$0	(\$2,103,544)

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 7
Nine-Story Mid-Rise Apartments over Podium
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,000	1,000
Efficiency Ratio	85%	85%
Gross Unit Size	1,176	1,176
Parking Ratio	1.50	1.50
Units/Gross Acre	62	62
BUILDING VALUES		
Avg. Unit Price/SF/Month	\$1.97	\$1.40
Avg. Unit Price/Month	\$1,973	\$1,400
Less Vacancy Losses	3%	3%
Less Operating Expenses/Month	\$300	\$300
less Capital Reserves (annual)	\$250	\$250
Annual Net Operating Income	\$19,111	\$12,446
Capitalization Rate	6.0%	6.0%
Avg. Unit Price	\$318,524	\$207,433
COST ASSUMPTIONS		
Direct Unit Construction Costs/Gross SF	\$171	\$171
Direct Unit Construction Costs/Unit	\$201,267	\$201,267
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Direct Parking Construction Costs/Unit	\$26,250	\$26,250
Indirect Costs as % of Direct Costs (1)	40%	40%
Indirect Costs/Unit	\$91,007	\$91,007
Total Costs per Unit	\$318,524	\$318,524
Costs/Gross Square Foot	\$271	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	(\$111,091)
As a Percent of per Unit Value	0%	-54%
Residual Land Value/Acre	\$0	-\$6,854,042

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 8
High-Rise Apartments over Podium
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Avg. Unit Size (Net Square Feet)	1,200	1,200
Efficiency Ratio	85%	85%
Gross Unit Size	1,412	1,412
Parking Ratio	1.75	1.75
Units/Gross Acre	82	82
BUILDING VALUES		
Avg. Unit Price/SF/Month	\$2.00	\$1.50
Avg. Unit Price/Month	\$2,397	\$1,800
Less Vacancy Losses	3%	3%
Less Operating Expenses/Month	\$300	\$300
less Capital Reserves (annual)	\$250	\$250
Annual Net Operating Income	\$24,054	\$17,102
Capitalization Rate	6.0%	6.0%
Avg. Unit Price	\$400,894	\$285,033
COST ASSUMPTIONS		
Direct Unit Construction Costs/Gross SF	\$181	\$181
Direct Unit Construction Costs/Unit	\$255,728	\$255,728
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Direct Parking Construction Costs/Unit	\$30,625	\$30,625
Indirect Costs as % of Direct Costs (1)	40%	40%
Indirect Costs/Unit	\$114,541	\$114,541
Total Costs per Unit	\$400,894	\$400,894
Costs/Gross Square Foot	\$284	
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Unit (Bldg Value - Dev. Costs)	\$0	(\$115,861)
As a Percent of per Unit Value	0%	-41%
Residual Land Value/Acre	\$0	-\$9,531,102

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 9
Four-Story Office over Podium Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Based on Current Market Lease Rate
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	93,000	93,000
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	100,000	100,000
Parking Ratio (Spaces/1,000 SF GLA)	3.0	3.0
Total Parking Spaces	279	279
Gross FAR	1.4	1.4
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month	\$3.16	\$2.85
Gross Potential Income/Year	\$3,524,077	\$3,180,600
less Vacancy Losses	5.0%	5.0%
less Operating Expenses (% of GPI)	30.0%	30.0%
less Capital Reserves (% of potential gross income)	3.0%	3.0%
Net Operating Income/Year	\$2,273,206	\$2,051,646
Capitalization Rate	8.0%	8.0%
Total Building Value	\$28,415,071	\$25,645,575
Value/Gross Square Foot	\$284	\$256
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$138	\$138
Total Direct Construction Costs	\$13,753,265	\$13,753,265
Parking Construction Costs/Space	\$17,500	\$17,500
Total Parking Construction Costs	\$4,882,500	\$4,882,500
Indirect Costs as % of Direct Costs (1)	40%	40%
Total Soft Costs	\$7,454,306	\$7,454,306
Tenant Improvement Costs/GLA SF	\$25	\$25
Total Tenant Improvement Costs	\$2,325,000	\$2,325,000
Total Costs	\$28,415,071	\$28,415,071
Cost/Gross Square Foot	\$284	\$284
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	(\$28)
As a Percent of per Gross SqFt Value	0%	-11%
Residual Land Value/Acre	\$0	(\$1,688,949)

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 10
Seven-Story Office over Podium Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	139,500	139,500
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	150,000	150,000
Parking Ratio (Spaces/1,000 SF GLA)	3.0	3.0
Total Parking Spaces	419	419
Gross FAR	2.5	2.5
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month	\$3.70	\$3.25
Gross Potential Income/Year	\$6,188,888	\$5,440,500
less Vacancy Losses	5.0%	5.0%
less Operating Expenses (% of GPI)	30.0%	30.0%
less Capital Reserves (% of potential gross income)	3.0%	3.0%
Net Operating Income/Year	\$3,992,142	\$3,509,395
Capitalization Rate	8.0%	8.0%
Total Building Value	\$49,901,774	\$43,867,432
Value/Gross Square Foot	\$333	\$292
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$172	\$172
Total Direct Construction Costs	\$25,829,303	\$25,829,303
Parking Construction Costs/Space	\$17,500	\$17,500
Total Parking Construction Costs	\$7,323,750	\$7,323,750
Indirect Costs as % of Direct Costs (1)	40%	40%
Total Soft Costs	\$13,261,221	\$13,261,221
Tenant Improvement Costs/GLA SF	\$25	\$25
Total Tenant Improvement Costs	\$3,487,500	\$3,487,500
Total Costs	\$49,901,774	\$49,901,774
Cost/Gross Square Foot	\$333	\$333
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	(\$40)
As a Percent of per Gross SqFt Value	0%	-14%
Residual Land Value/Acre	\$0	(\$4,324,690)

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 11
20-Story Office over Podium Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	186,000	186,000
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	200,000	200,000
Parking Ratio (Spaces/1,000 SF GLA)	3.0	3.0
Total Parking Spaces	558	558
Gross FAR	7.0	7.0
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month	\$3.98	\$3.50
Gross Potential Income/Year	\$8,873,113	\$7,812,000
less Vacancy Losses	5.0%	5.0%
less Operating Expenses (% of GPI)	30.0%	30.0%
less Capital Reserves (% of potential gross income)	3.0%	3.0%
Net Operating Income/Year	\$5,723,601	\$5,039,131
Capitalization Rate	8.0%	8.0%
Total Building Value	\$71,545,019	\$62,989,133
Value/Gross Square Foot	\$358	\$315
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$190	\$190
Total Direct Construction Costs	\$38,017,156	\$38,017,156
Parking Construction Costs/Space	\$17,500	\$17,500
Total Parking Construction Costs	\$9,765,000	\$9,765,000
Indirect Costs as % of Direct Costs (1)	40%	40%
Total Soft Costs	\$19,112,862	\$19,112,862
Tenant Improvement Costs/GLA SF	\$25	\$25
Total Tenant Improvement Costs	\$4,650,000	\$4,650,000
Total Costs	\$71,545,019	\$71,545,019
Cost/Gross Square Foot	\$358	\$358
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	(\$43)
As a Percent of per Gross SqFt Value	0%	-14%
Residual Land Value/Acre	\$0	(\$13,030,134)

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 12
Four-Story Office without Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Based on Current Market Lease Rate
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	93,000	93,000
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	100,000	100,000
Parking Ratio (Spaces/1,000 SF GLA)	3.0	3.0
Total Parking Spaces	279	279
Gross FAR	1.4	1.4
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month	\$2.40	\$2.85
Gross Potential Income/Year	\$2,676,329	\$3,180,600
less Vacancy Losses	5.0%	5.0%
less Operating Expenses (% of GPI)	30.0%	30.0%
less Capital Reserves (% of potential gross income)	3.0%	3.0%
Net Operating Income/Year	\$1,726,366	\$2,051,646
Capitalization Rate	8.0%	8.0%
Total Building Value	\$21,579,571	\$25,645,575
Value/Gross Square Foot	\$216	\$256
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$138	\$138
Total Direct Construction Costs	\$13,753,265	\$13,753,265
Parking Construction Costs/Space	\$0	\$0
Total Parking Construction Costs	\$0	\$0
Indirect Costs as % of Direct Costs (1)	40%	40%
Total Soft Costs	\$5,501,306	\$5,501,306
Tenant Improvement Costs/GLA SF	\$25	\$25
Total Tenant Improvement Costs	\$2,325,000	\$2,325,000
Total Costs	\$21,579,571	\$21,579,571
Cost/Gross Square Foot	\$216	\$216
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	\$41
As a Percent of per Gross SqFt Value	0%	16%
Residual Land Value/Acre	\$0	\$2,479,612

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 13
Seven-Story Office without Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	139,500	139,500
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	150,000	150,000
Parking Ratio (Spaces/1,000 SF GLA)	3.0	3.0
Total Parking Spaces	419	419
Gross FAR	2.5	2.5
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month	\$2.94	\$3.25
Gross Potential Income/Year	\$4,917,265	\$5,440,500
less Vacancy Losses	5.0%	5.0%
less Operating Expenses (% of GPI)	30.0%	30.0%
less Capital Reserves (% of potential gross income)	3.0%	3.0%
Net Operating Income/Year	\$3,171,882	\$3,509,395
Capitalization Rate	8.0%	8.0%
Total Building Value	\$39,648,524	\$43,867,432
Value/Gross Square Foot	\$264	\$292
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$172	\$172
Total Direct Construction Costs	\$25,829,303	\$25,829,303
Parking Construction Costs/Space	\$0	\$0
Total Parking Construction Costs	\$0	\$0
Indirect Costs as % of Direct Costs (1)	40%	40%
Total Soft Costs	\$10,331,721	\$10,331,721
Tenant Improvement Costs/GLA SF	\$25	\$25
Total Tenant Improvement Costs	\$3,487,500	\$3,487,500
Total Costs	\$39,648,524	\$39,648,524
Cost/Gross Square Foot	\$264	\$264
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	\$28
As a Percent of per Gross SqFt Value	0%	10%
Residual Land Value/Acre	\$0	\$3,023,604

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 14
20-Story Office without Parking
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	186,000	186,000
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	200,000	200,000
Parking Ratio (Spaces/1,000 SF GLA)	3.0	3.0
Total Parking Spaces	558	558
Gross FAR	7.0	7.0
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month	\$3.22	\$3.50
Gross Potential Income/Year	\$7,177,616	\$7,812,000
less Vacancy Losses	5.0%	5.0%
less Operating Expenses (% of GPI)	30.0%	30.0%
less Capital Reserves (% of potential gross income)	3.0%	3.0%
Net Operating Income/Year	\$4,629,921	\$5,039,131
Capitalization Rate	8.0%	8.0%
Total Building Value	\$57,874,019	\$62,989,133
Value/Gross Square Foot	\$289	\$315
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$190	\$190
Total Direct Construction Costs	\$38,017,156	\$38,017,156
Parking Construction Costs/Space	\$0	\$0
Total Parking Construction Costs	\$0	\$0
Indirect Costs as % of Direct Costs (1)	40%	40%
Total Soft Costs	\$15,206,862	\$15,206,862
Tenant Improvement Costs/GLA SF	\$25	\$25
Total Tenant Improvement Costs	\$4,650,000	\$4,650,000
Total Costs	\$57,874,019	\$57,874,019
Cost/Gross Square Foot	\$289	\$289
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	\$26
As a Percent of per Gross SqFt Value	0%	8%
Residual Land Value/Acre	\$0	\$7,790,031

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 15
Limited Service Hotel with Parking
Downtown Anchorage Strategic Plan; EPS #15097

	<u>4-Story w/ Surface Parking</u>		<u>6-Story w/ Structured Parking</u>	
	<i>Threshold</i>	<i>Achievable</i>	<i>Threshold</i>	<i>Achievable</i>
DEVELOPMENT PROGRAM ASSUMPTIONS				
Number of Rooms	200	200	200	200
Room Size (SF)	450	450	450	450
Gross Leasable Area (Square Feet)	90,000	90,000	90,000	90,000
Efficiency Ratio	70%	70%	70%	70%
Gross Building Area (Square Feet)	128,571	128,571	128,571	128,571
Parking Ratio (Spaces/1,000 Sq. Ft. GLA/room)	1.0	1.0	1.0	1.0
Total Parking Spaces	200	200	200	200
Floor Area Ratio	0.65	0.65	2.00	2.00
BUILDING VALUES				
Avg. Daily Room Rate	\$115	\$145	\$143	\$145
Other Operating Revenue (% of room rental revenue)	6%	6%	6%	6%
Gross Potential Income/Year	\$8,883,074	\$11,220,100	\$11,087,866	\$11,220,100
less Vacancy Losses	30%	30%	30%	30%
less Operating Expenses (% of GPI)	60%	60%	60%	60%
less Capital Reserves (% of Potential Gross Income)	3%	3%	3%	3%
Annual Net Operating Income	\$2,412,643	\$3,047,379	\$3,011,464	\$3,047,379
Capitalization Rate	9.0%	9.0%	9.0%	9.0%
Total Building Value	\$26,807,143	\$33,859,768	\$33,460,714	\$33,859,768
Value/Gross Square Foot	\$209	\$263	\$260	\$263
DEVELOPMENT COSTS				
Direct Building Construction Costs/Gross Building SF	\$135	\$135	\$150	\$150
Total Direct Building Construction Costs	\$17,357,143	\$17,357,143	\$19,285,714	\$19,285,714
Direct Parking Construction Costs/Space	\$2,500	\$2,500	\$17,500	\$17,500
Total Direct Parking Construction Costs	\$500,000	\$500,000	\$3,500,000	\$3,500,000
Indirect Costs as % of Construction Costs (1)	35.0%	35.0%	35.0%	35.0%
Total Indirect Costs	\$6,250,000	\$6,250,000	\$7,975,000	\$7,975,000
Tenant Improvement Costs/GLA SF	\$30	\$30	\$30	\$30
Total Tenant Improvement Costs	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000
Total Costs	\$26,807,143	\$26,807,143	\$33,460,714	\$33,460,714
Cost/Gross Square Foot	\$209	\$209	\$260	\$260
RESIDUAL LAND VALUE CALCULATION				
Finished Land Value per Building Square Foot				
(Total Building Value less Total Costs)	\$0	\$55	\$0	\$3
Finished Land Value per Acre	\$0	\$1,553,129	\$0	\$270,399

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 16
Seven-Story Full Service Hotel with Parking
Downtown Anchorage Strategic Plan; EPS #15097

	w/ Structured Parking	
	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Number of Rooms	200	200
Room Size (SF)	400	400
Gross Leasable Area (Square Feet)	80,000	80,000
Efficiency Ratio	65%	65%
Gross Building Area (Square Feet)	123,077	123,077
Parking Ratio (Spaces/1,000 Sq. Ft. GLA/room)	1.0	1.0
Total Parking Spaces	200	200
Floor Area Ratio	2.00	2.00
BUILDING VALUES		
Avg. Daily Room Rate	\$165	\$175
Other Operating Revenue (% of room rental revenue)	45%	45%
Gross Potential Income/Year	\$17,486,122	\$18,523,750
less Vacancy Losses	30%	30%
less Operating Expenses (% of GPI)	70%	70%
less Capital Reserves (% of Potential Gross Income)	3%	3%
Annual Net Operating Income	\$3,561,923	\$3,773,288
Capitalization Rate	9.0%	9.0%
Total Building Value	\$39,576,923	\$41,925,421
Value/Gross Square Foot	\$322	\$341
DEVELOPMENT COSTS		
Direct Building Construction Costs/Gross Building SF	\$185	\$185
Total Direct Building Construction Costs	\$22,769,231	\$22,769,231
Direct Parking Construction Costs/Space	\$17,500	\$17,500
Total Direct Parking Construction Costs	\$3,500,000	\$3,500,000
Indirect Costs as % of Construction Costs (1)	40.0%	40.0%
Indirect Costs/Unit	\$10,507,692	\$10,507,692
Tenant Improvement Costs/GLA SF	\$35	\$35
Total Tenant Improvement Costs	\$2,800,000	\$2,800,000
Total Costs	\$39,576,923	\$39,576,923
Cost/Gross Square Foot	\$322	\$322
RESIDUAL LAND VALUE CALCULATION		
Finished Land Value per Building Square Foot		
(Total Building Value less Total Costs)	\$0	\$19
Finished Land Value per Acre	\$0	\$1,662,384

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 17
Limited Service Hotel without Parking
Downtown Anchorage Strategic Plan; EPS #15097

	<u>4-Story</u>		<u>6-Story</u>	
	<i>Threshold</i>	<i>Achievable</i>	<i>Threshold</i>	<i>Achievable</i>
DEVELOPMENT PROGRAM ASSUMPTIONS				
Number of Rooms	200	200	200	200
Room Size (SF)	450	450	450	450
Gross Leasable Area (Square Feet)	90,000	90,000	90,000	90,000
Efficiency Ratio	70%	70%	70%	70%
Gross Building Area (Square Feet)	128,571	128,571	128,571	128,571
Parking Ratio (Spaces/1,000 Sq. Ft. GLA/room)	1.0	1.0	1.0	1.0
Total Parking Spaces	200	200	200	200
Floor Area Ratio	0.65	0.65	2.00	2.00
BUILDING VALUES				
Avg. Daily Room Rate	\$112	\$145	\$123	\$145
Other Operating Revenue (% of room rental revenue)	6%	6%	6%	6%
Gross Potential Income/Year	\$8,659,399	\$11,220,100	\$9,522,144	\$11,220,100
less Vacancy Losses	30%	30%	30%	30%
less Operating Expenses (% of GPI)	60%	60%	60%	60%
less Capital Reserves (% of Potential Gross Income)	3%	3%	3%	3%
Annual Net Operating Income	\$2,351,893	\$3,047,379	\$2,586,214	\$3,047,379
Capitalization Rate	9.0%	9.0%	9.0%	9.0%
Total Building Value	\$26,132,143	\$33,859,768	\$28,735,714	\$33,859,768
Value/Gross Square Foot	\$203	\$263	\$224	\$263
DEVELOPMENT COSTS				
Direct Building Construction Costs/Gross Building SF	\$135	\$135	\$150	\$150
Total Direct Building Construction Costs	\$17,357,143	\$17,357,143	\$19,285,714	\$19,285,714
Direct Parking Construction Costs/Space	\$0	\$0	\$0	\$0
Total Direct Parking Construction Costs	\$0	\$0	\$0	\$0
Indirect Costs as % of Construction Costs (1)	35.0%	35.0%	35.0%	35.0%
Total Indirect Costs	\$6,075,000	\$6,075,000	\$6,750,000	\$6,750,000
Tenant Improvement Costs/GLA SF	\$30	\$30	\$30	\$30
Total Tenant Improvement Costs	\$2,700,000	\$2,700,000	\$2,700,000	\$2,700,000
Total Costs	\$26,132,143	\$26,132,143	\$28,735,714	\$28,735,714
Cost/Gross Square Foot	\$203	\$203	\$224	\$224
RESIDUAL LAND VALUE CALCULATION				
Finished Land Value per Building Square Foot				
(Total Building Value less Total Costs)	\$0	\$60	\$0	\$40
Finished Land Value per Acre	\$0	\$1,701,778	\$0	\$3,472,059

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; DEAN Architects; Northern Economics; and Economic & Planning Systems, Inc.

Table 18
Seven-Story Full Service Hotel without Parking
Downtown Anchorage Strategic Plan; EPS #15097

	<i>Threshold</i>	<i>Achievable</i>
DEVELOPMENT PROGRAM ASSUMPTIONS		
Number of Rooms	200	200
Room Size (SF)	400	400
Gross Leasable Area (Square Feet)	80,000	80,000
Efficiency Ratio	65%	65%
Gross Building Area (Square Feet)	123,077	123,077
Parking Ratio (Spaces/1,000 Sq. Ft. GLA/room)	1.0	1.0
Total Parking Spaces	200	200
Floor Area Ratio	2.00	2.00
BUILDING VALUES		
Avg. Daily Room Rate	\$145	\$175
Other Operating Revenue (% of room rental revenue)	45%	45%
Gross Potential Income/Year	\$15,321,174	\$18,523,750
less Vacancy Losses	30%	30%
less Operating Expenses (% of GPI)	70%	70%
less Capital Reserves (% of Potential Gross Income)	3%	3%
Annual Net Operating Income	\$3,120,923	\$3,773,288
Capitalization Rate	9.0%	9.0%
Total Building Value	\$34,676,923	\$41,925,421
Value/Gross Square Foot	\$282	\$341
DEVELOPMENT COSTS		
Direct Building Construction Costs/Gross Building SF	\$185	\$185
Total Direct Building Construction Costs	\$22,769,231	\$22,769,231
Direct Parking Construction Costs/Space	\$0	\$0
Total Direct Parking Construction Costs	\$0	\$0
Indirect Costs as % of Construction Costs (1)	40.0%	40.0%
Indirect Costs/Unit	\$9,107,692	\$9,107,692
Tenant Improvement Costs/GLA SF	\$35	\$35
Total Tenant Improvement Costs	\$2,800,000	\$2,800,000
Total Costs	\$34,676,923	\$34,676,923
Cost/Gross Square Foot	\$282	\$282
RESIDUAL LAND VALUE CALCULATION		
Finished Land Value per Building Square Foot		
(Total Building Value less Total Costs)	\$0	\$59
Finished Land Value per Acre	\$0	\$5,130,849

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; Northern Economics; and Economic & Planning Systems, Inc.

Table 19
Downtown Retail Without Parking (Stand-Alone Buildings)
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	46,500	46,500
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	50,000	50,000
Parking Ratio (Spaces/1,000 SF GLA)	0	0
Total Parking Spaces	0	0
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month (NNN)	\$1.93	\$2.25
Gross Potential Income/Year	\$1,078,578	\$1,255,500
less Vacancy Losses	5%	5%
less Operating Expenses (% of GPI)	5%	5%
less Capital Reserves (% of potential gross income)	3%	3%
Net Operating Income/Year	\$944,214	\$1,099,096
Capitalization Rate	8%	8%
Total Building Value	\$11,802,680	\$13,738,701
Value/Gross Square Foot	\$236	\$275
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$145	\$145
Total Direct Construction Costs	\$7,267,986	\$7,267,986
Direct Parking Construction Costs/Space (1)	\$2,500	\$2,500
Total Direct Parking Construction Costs	\$0	\$0
Indirect Costs as % of Direct Costs (2)	40%	40%
Total Soft Costs	\$2,907,194	\$2,907,194
Tenant Improvement Costs/GLA SF	\$35	\$35
Total Tenant Improvement Costs	\$1,627,500	\$1,627,500
Total Costs	\$11,802,680	\$11,802,680
Cost/Gross Square Foot	\$236	\$236
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	\$39
As a Percent of per Gross SqFt Value	0%	14%

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; Northern Economics; and Economic & Planning Systems, Inc.

Table 20
Downtown Retail Without Parking (in Mixed-Use Buildings)
Downtown Anchorage Strategic Plan; EPS #15097

	Threshold	Achievable
DEVELOPMENT PROGRAM ASSUMPTIONS		
Gross Leasable Area (Square Feet)	46,500	46,500
Efficiency Ratio	93%	93%
Gross Building Area (Square Feet)	50,000	50,000
Parking Ratio (Spaces/1,000 SF GLA)	0	0
Total Parking Spaces	0	0
REVENUE ASSUMPTIONS		
Avg. Lease Rate/SF/Month (NNN)	\$2.18	\$2.50
Gross Potential Income/Year	\$1,218,577	\$1,395,000
less Vacancy Losses	5%	5%
less Operating Expenses (% of GPI)	5%	5%
less Capital Reserves (% of potential gross income)	3%	3%
Net Operating Income/Year	\$1,066,773	\$1,221,218
Capitalization Rate	8%	8%
Total Building Value	\$13,334,661	\$15,265,223
Value/Gross Square Foot	\$267	\$305
COST ASSUMPTIONS		
Direct Construction Costs/Gross SF	\$167	\$167
Total Direct Construction Costs	\$8,362,258	\$8,362,258
Direct Parking Construction Costs/Space (1)	\$2,500	\$2,500
Total Direct Parking Construction Costs	\$0	\$0
Indirect Costs as % of Direct Costs (2)	40%	40%
Total Soft Costs	\$3,344,903	\$3,344,903
Tenant Improvement Costs/GLA SF	\$35	\$35
Total Tenant Improvement Costs	\$1,627,500	\$1,627,500
Total Costs	\$13,334,661	\$13,334,661
Cost/Gross Square Foot	\$267	\$267
RESIDUAL LAND VALUE CALCULATION		
Residual Land Value/Gross SF (Bldg Value - Dev. Costs)	\$0	\$39
As a Percent of per Gross SqFt Value	0%	13%

(1) Includes cost for architecture and engineering; entitlement and fees; project management and general administration; financing and charges; marketing and commissions, and contingency.

Source: Lee Saylor Associates; Northern Economics; and Economic & Planning Systems, Inc.

