



What is commercial development?

Commercial development examples

- Renovated house
- Strata-title offices
- Office parks
- Office buildings with multiple stories

Advantages of commercial development

- Potentially higher returns
- Economy of scale
- Efficient land use
- Cash flow stability through anchor tenants
- Diversified cash flow
- Inflation protection through rental escalation
- Possibilities for leaseback-sale

Risks involved in developing commercial properties

- Financial capital is necessary
- Tenants are savvier when it comes to negotiating
- Adaptations to meet the needs of the tenants
- Increased management costs
- Best strategy for commercial development
 - 1. Understand your target market
 - 2. Do your research
 - 3. Location is key
 - 4. Hire the right team
 - 5. Have a solid marketing plan

Is there any demand for commercial development?

How to select the location for the development?

Site analysis for development

- Land value
- Town planning regulations
- Bulk services
- Traffic impact analysis
- Transportation levy
- Access
- Neighbours

Market Profile for commercial spaces

Market analysis

- Employment growth
- Changes in employment structure
- The utilisation of commercial space is evolving

Major design considerations

- Flexibility
- Environmental considerations

Factors affecting commercial development cost

- Economics of floor space
- Net leasable area to gross floor space
- The external wall to floor area ratio
- The environment and service required
- The structure's type
- The amount of parking available

How should you do the marketing?

Checking the viability of the project

Who will be the tenants for your project?

Leases

- Rental
- Rental escalation
- Use of premises
- Expenses
- Term
- Tenant's work
- Option
- Reconstruction

Bottom line