

TTT... Make sure you pay the right price

TAB's Thursday Tips

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TTT: Property development



It may sound obvious, but the price of a property is one of the most important factors when evaluating a successful development. Too often, an incorrectly priced property can become the downfall of a developer.

Don't forget it's not just purchasing price that needs to be considered.

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"The price you pay for the site will depend on these factors, and getting them wrong can have disastrous effects."

It may sound obvious, but the price of a property can be argued to be the most important factor when evaluating a successful development. Too often, an incorrectly priced property, i.e. paying over the property's value can become the downfall of a developer.

As well as purchasing price, there are other costs that need to be considered. When running the initial appraisal, be realistic when calculating construction and development costs and don't be overly optimistic about the sales. The price you pay for the site will depend on these vital factors, and getting them wrong can have disastrous effects, says Eli Korman, head of development finance.

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