

# EXAMPLE OF A VALUATION SCENARIO WITH A CLIENT

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Presented by

Sarah Garry SCSi, RICS LL.B.

Registered Valuer

Valuation & Advisory

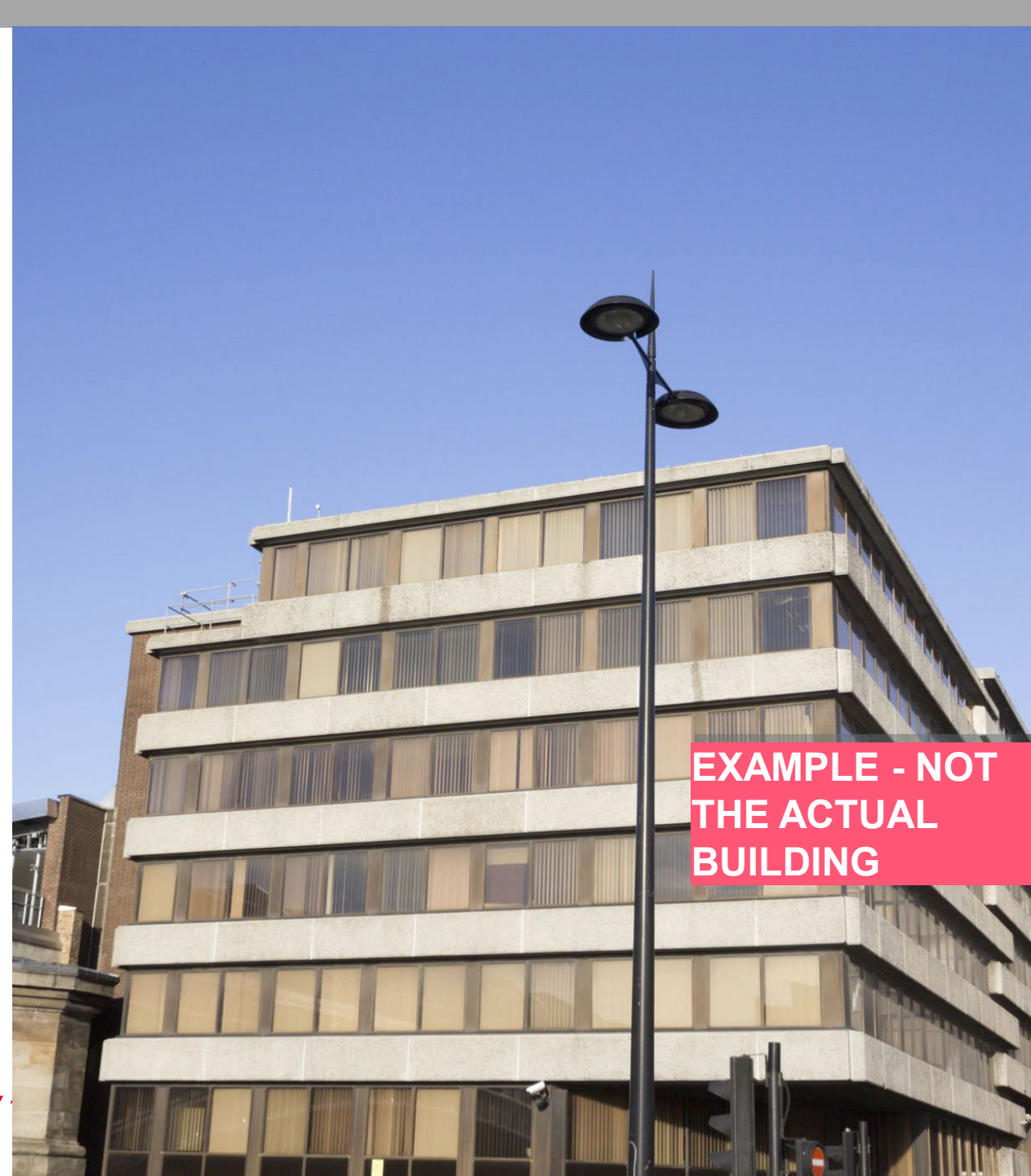
# OFFICE BUILDING IN THE CBD

## Building Stats Overview

- Office Building constructed in the early 1980's
- Net Internal Area of 25,000 sq ft (2,323 sq m)
- Single-glazed aluminium windows
- Solid floors with trunked internet connections.
- Fluorescent tube lighting
- Fossil fuel heating system
- Six car parking spaces
- BER F
- Heavily partitioned and dark floor plates

## LOCATION, LOCATION, LOCATION!

- Excellent central business district (CBD) location
- Close to many transport links – LUAS, D.A.R.T. line, taxi ranks, main bus routes, city bike ranks etc.



## LEASE DETAILS:

- Single Tenant
- Full repair and insure lease
- 2 years remaining
- Passing Rent at €40 psf (H/L)
- Tenant vacating at expiry

# VALUATION DISCUSSION - 3 SCENARIOS

## Discussion with Client Regarding the Options for the Building

### OPTION 1:

#### Re-Instatement of Existing Specification

- ▶ This is the “do nothing” option.
- ▶ Accommodation undergoes reinstatement back to original condition as per standard dilapidations clause in lease.
- ▶ No CapEx spend.

### OPTION 2:

#### Light Refurbishment – Mostly Cosmetic

- ▶ This is a light, cosmetic refurbishment with ‘easy wins’ in terms of upgrading the ESG credentials of the building.
- ▶ Refurbishment and modernization of the reception area and redesign of heavily partitioned floor plates.
- ▶ Relatively easy changes to LED/ sensor lighting.
- ▶ Minimum plant replaced.
- ▶ Smart building controls; metering; water sensors on taps.
- ▶ Improved tenant facilities and increased bicycle parking.
- ▶ Aim to improve BER rating and achieve easier ESG credentials.

### OPTION 3:

#### Deep Retrofit with Improved ESG Credentials

- ▶ Removal of fossil fuel/Replacing boilers with Air Sourced / Ground Sourced Heat Pump
- ▶ Upgrade existing AC units/AHU
- ▶ Solar PV system
- ▶ Reducing air permeability, upgrading u Value of existing walls and roof areas
- ▶ No major façade replacement works are required.
- ▶ LED and sensor lighting
- ▶ Smart building controls and metering
- ▶ Waste management plan
- ▶ Water harvesting
- ▶ End of trip facilities, cycle storage, showers, electric vehicle charging



# LIKELY OUTCOME OF EACH SCENARIO

## OPTION 1:

### Re-Instatement of Existing Specification

- ▶ This is the “**do nothing**” option.
- ▶ Most likely scenario is **muti-tenanted** on a floor-by-floor basis in smaller floorplates
- ▶ The **Market Rent** is very likely to be lower than the Passing Rent. **Unfavourable yield profile.**
- ▶ **Voids** very likely be longer than more modern office stock, with **greater incentives**
- ▶ **Reduced Tenant pool** to choose from.
- ▶ **Access to finance** will become more difficult as we approach the pertinent EU Taxonomy and EPBD dates, for example, for minimum levels of building performance.

## OPTION 2:

### Light Refurbishment – Mostly Cosmetic

- ▶ **Mid-range CapEx** expenditure to achieve the light refurb works.
- ▶ Most likely scenario is **muti-tenanted** on a floor-by-floor basis in smaller floorplates.
- ▶ Slight increase per Sq Ft in the **Market Rent** achievable. **Marginally improved yield.**
- ▶ **Marginally increased Tenant pool** to choose from.
- ▶ **Access to finance** in the future is still a risk depending on the level of upgrade works to the building and its performance
- ▶ Recommend a “**pathway**” assessment be completed to highlight future works required to improve building

## OPTION 3:

### Deep Retrofit with Improved ESG Credentials

#### This Is the optimum choice

- ▶ **Highest CapEx** spend option
- ▶ Most likely to attract all **Tenants**, especially large corporates looking to achieve their ESG corporate responsibility goals.
- ▶ The **Market Rent** will increase significantly with longer lease terms. **Prime yield.**
- ▶ The **void period** will be shorter and with **reduced incentives.**
- ▶ Increased options for **access to finance** in the future, with a **better rate of finance** for ‘green lending’.
- ▶ **More attractive to investors** due to green credentials and building retrofit.



LIFE IS WHAT **WE** MAKE IT

NOW FOR THE  
VALUATION SCENARIO  
BREAKDOWN