

Strictly Confidential



**Case 1: Highest & Best Use Study**

**Subject: Client Name – The Rocking Kite**

Dear applicant,

We are pleased to inform you that you have been sourced by the JLL team to assist one of our clients on their urgent requirement.

Our client is The Rocking Kite Group who is looking to invest in real estate through developing one of its owned land plots in order to diversify their asset class exposure.

Over the last 10 years, appetite for asset classes such as equities (public and private), bond markets as well as absolute return products has been weakening, raising the demand for alternative asset classes like real estate.

You will be given a total of one week to complete the requirement since the date of receiving this document.

Good luck,

JLL Team

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# 1 Case Overview

## 1.1 Site Background

The Rocking Kite Group is considering to develop one of their land plots in Downtown Dubai adjacent to Burj Khalifa. The land area is 5,000 sq m. The site has an allowable height of G + 30 and maximum gross floor area of 110,000 sq m. The land's current zoning allows for a mixed-use development.

The following map illustrates the location of the subject plot:

## 1.2 Your Task

You are required to prepare a Highest & Best Use Study (HBU) covering the following:

Task 1: Area Market Overview and Site Analysis



Task 2: Development Advisory and Recommendations

Task 3: Financial and Investment Analysis

**Task 1: Area Market Overview and Site Analysis**

### **Real Estate Market Assessment**

This task should include market research exploring the current status of the **residential, retail, office** and **hospitality** markets in the relevant area. You are required to provide the following for each property asset type:

- High Level Market Analysis (Supply and Demand)
- Market Outlook: Development Opportunities
- Key Market Performance Indicators (Rental Levels / Sale Levels / Occupancy / ADR)

### **Site Analysis**

In parallel with the market research, you are required to undertake a site analysis in order to determine the major characteristics as well as the context of the site and how it relates to the larger surrounding area. This section should cover the following:

- Location Analysis (Access, egress, visibility)
- Immediate Surrounding Land Use
- Assessing the sites' proximity to various demand drivers (e.g. airport, commercial centres, etc.)
- A **SWOT Analysis** should be presented to evaluate the site.

### **Task 2: Development Advisory and Recommendations**

Based on the market and site analysis, you are required to provide development recommendations for the proposed elements. The development recommendations should cover the following:

- Recommendation on the mix of property types you are proposing
- Development program plan, massing and leasable areas
- Recommendations on overall gross floor area (GFA) and unit mix

### **Task 3: Financial and Investment Analysis**

You are then required to conduct a financial feasibility study based on the recommended development brief to ascertain its financial viability assuming a 'Develop & Hold' model.

You are required to build a 'calculation sheet' using Excel Software and present the following:

- Development cash flows (Including revenue and cost projections)
- Project and Equity IRR
- Project and Equity NPV at an appropriate discount rate

You will need to estimate the hard costs (construction cost) as well as other soft costs (professional fees) in order to arrive at the initial investment required for the development. Make sure to also include land in your calculation. Please clearly state any assumptions made.

## 2 Supporting files

The following documents / websites are available to assist you in your work:

- 1) JLL Market Overview Dubai Q4-2019
- 2) UAE Development Costs
- 3) Wikimapia.org

Note: Additional online research maybe required.



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