Investment analysis

Recommended length: 12–15 pages

English

1. **Introduction and purpose of the study**

- Brief project description (location, type, target group – locals / long-term tenants).
- Purpose: to assess project feasibility through NPV, IRR and payback period.

2. **Location and market analysis**

- Macro context: current situation on the Dubrovnik market (housing deficit, price growth).
- Micro location: for instance Lapadska obala – access, traffic, distance to amenities and the city centre.
- Comparable projects: 2–3 real examples in Dubrovnik with similar size and concept.

3. **Planning and legal framework**

- What can be built according to the applicable spatial plans (number of floors, buildability ratios).
- Required permits and indicative timelines (concept, main design, building permit, use permit).

4. **Technical project description**

- Number, size and layout of apartments (1-bedroom, 2-bedroom).
- Construction standard (materials, equipment, energy efficiency).
- Parking, storage and common areas.

5. **Investment costs – detailed breakdown (tables)**

- Land (purchase price, taxes, possible rezoning costs).
- Design and engineering (concept design, main design, supervision).
- Construction (€/m² × m²; shell & core vs. finishes).
- MEP installations, equipment, landscaping.
- Utility and communal contributions, administrative fees.
- Other costs (financing, marketing, contingency).

6. **Financing model**

- Scenario A – equity + bank loan (ratio, interest rate, amortization).
- Scenario B – joint venture with landowner (land as equity, profit split).
- Cash-flow table for each scenario (investments, loan drawdown, repayments).

7. **Revenue – scenarios**

- Scenario 1 – 100% sale: sales dynamic per year and price per m².
- Scenario 2 – mixed model (sale + long-term rental of remaining units).
- Scenario 3 – 100% rental: rent levels, occupancy, operating costs.

8. **Cash-flow projection (5–10 years)**

- Annual overview: investments, revenues, operating costs, debt service, net cash flow.
- Calculation of NPV (e.g. 8–10% discount rate), IRR and payback period for each scenario.

9. **Risk analysis (table + commentary)**

- Market, construction, regulatory and financial risks.
- Probability, impact, mitigation measures.

10. **Conclusion and recommendation**

- Which scenario is optimal (pure sale vs. mixed).
- Recommended next steps (design development, permits, bank/investor negotiations).