

01 / PROFESSIONAL CONCLUSION

Three development options for one property

An illustrative study using assumed data, with no specific site. The development limits are assumptions of the model, not regulations applying to an actual plot. The calculations can be followed using the parameters set out below.

We support conditional further development of B+.

We assess residential and commercial conversion including the cost of resolving parking. The financial tests are met, but headroom is narrow. Acquisition completion depends on evidence supporting legal, technical and market inputs.

B+ decision metrics	Calculated result
Total expenditure / duration	5,293.0 €000 / 27 months
Profit / total expenditure	16.4%
Net present value	96.0 €000
Additional development-cost headroom	64.0 €000
Calculated purchase-price ceiling	1,260.9 €000

Why is the initial B option incomplete?

The proposed 36 homes and 400 m² of commercial space require 40 parking spaces under the assumed standard. The area-based on-site upper estimate is 18. Securing 22 additional spaces adds 655.0 €000 including time costs; profit on cost falls from 32.8% to 16.4%.

A fails the selected financial tests. C also exceeds the assumed development envelope. Neither is an automatic fallback.

Inputs and appraisal thresholds

The model uses 65 separate input parameters. The decision-driving inputs below and the complete digital register are assumptions; derived outputs are calculated data.

Parameter	Assumed value
Site area	2,400 m ²
Existing front-wing footprint	600 m ²
Existing front-wing storeys	4 storeys
Rear-wing footprint	400 m ²
Existing rear-wing storeys	1 storey
Assumed maximum site coverage	50%
Assumed maximum floor-area ratio	1.50 m ² /m ²
Assumed minimum green-space ratio	25%
Other reserved external space	260 m ²
Parking area per space including circulation	30 m ² /space
Assumed parking spaces per home	1 space/home
Commercial area per parking space	100 m ² /space
Target minimum average home area	60 m ² /home
Assumed purchase price	1,200,000 EUR
Target profit on total expenditure	15%
Annual real discount rate	10%

Development and parking limits are not actual statutory requirements. We distinguish assumed inputs, calculated outputs and conditions still requiring evidence.

03 / OPTION ASSESSMENT

Area balance and development constraints

A • Office refurbishment

B • Residential and commercial conversion

C • Demolition and redevelopment

Quantity or ratio	A	B	C
Retained GFA, m ²	2,800	2,400	0
Demolished GFA, m ²	0	400	2,800
New GFA, m ²	0	800	4,800
Total GFA, m ²	2,800	3,200	4,800
Lettable area, m ²	2,100	2,560	3,840
Homes	0	36	64
Building footprint, m ²	1,000	1,000	1,300
Coverage / floor-area ratio	41.7% / 1.17	41.7% / 1.33	54.2% / 2.00
On-site parking upper estimate	18	18	8
Calculated parking demand	21	40	64

C exceeds the assumed footprint allowance by 100 m² and the GFA allowance by 1,200 m². We reassess income only after reducing the brief or evidencing different development rights.

Unit count is the integer part of residential area divided by the target minimum average unit size. It does not replace a tested layout. Coverage and floor-area ratios alone do not establish consentability.

04 / PROFESSIONAL CONDITIONS

Technical and legal suitability

Development and use constraints

We test assumed site coverage and floor-area limits separately. Passing these tests does not establish permitted use, setbacks, height or protection status.

Action: We redesign any option exceeding the limits. A planning amendment is assessed separately and is not assumed to succeed.

Evidence: Zoning provisions, planning map, title and cadastral records.

Layout and structural suitability

The number of homes is an initial figure derived from the residential floor area and the target average dwelling size. Layout and specialist assessments must confirm that adequate natural light can be provided, circulation areas, escape routes and the spaces required for building services can be accommodated, and applicable accessibility requirements can be met. Floor area alone does not establish that a home is functional.

Action: We require test layouts and structural assessment. Their findings update lettable area, unit mix and refurbishment unit costs.

Evidence: Measured drawings, intrusive surveys, structural report, fire strategy and coordinated engineering.

Utilities and environmental condition

Available utility capacity, the environmental condition of the soil and any hazardous constituents in existing materials still require investigation. A general cost contingency does not replace targeted investigations or demonstrate that every potential additional task can be funded.

Action: We require capacity statements and targeted environmental investigations. Additional works receive explicit budget lines and programme allowances.

Evidence: Utility statements, energy-demand calculations, environmental history and sampling where justified.

Title, cadastral consistency, use rights and the lawful status of existing buildings require separate review. We do not assign favourable ratings to investigations not yet performed.

05 / REQUIRED ADJUSTMENT AND COST IMPACT

Option B+: resolving the parking shortfall

We derive parking demand from the proposed uses and test on-site capacity against a separate area balance.

Option B area balance	m²
Site area	2,400
Building footprint	1,000
Assumed minimum green-space allowance	600
Other reserved external area	260
Area remaining for parking	540

$540 / 30 = 18.0$; giving at most 18 spaces on an area basis. Demand: $36 \times 1 + 400 / 100 = 40$. Shortfall: 22 spaces.

Adjustment cost	€000
Durable, transferable parking rights	550.0
Related contingency	82.5
Additional holding costs	22.5
Total adjustment from B to B+	655.0

Unit cost: €25,000/space; contingency: 15%; additional time: 3 months × €7,500/month. Acceptability, distance, access and transferability remain open. A dimensioned parking layout must validate the area-based upper estimate.

Development cost model

€000 excluding VAT, at constant September 2026 prices. Cost categories derive from quantities, unit rates and separate allowances.

Cost category	A	B	B+	C
Refurbishment	1,120.0	1,560.0	1,560.0	0.0
New construction	0.0	920.0	920.0	6,000.0
Demolition	0.0	40.0	40.0	280.0
External parking rights	0.0	0.0	550.0	0.0
Works contingency	168.0	378.0	460.5	942.0
Design, consultants, preparation	100.0	220.0	220.0	550.0
Holding during development	120.0	180.0	202.5	420.0
Letting and mobilisation	50.0	80.0	80.0	130.0
DEVELOPMENT EXPENDITURE	1,558.0	3,378.0	4,033.0	8,322.0
Purchase price	1,200.0	1,200.0	1,200.0	1,200.0
Acquisition-cost allowance	60.0	60.0	60.0	60.0
TOTAL EXPENDITURE	2,818.0	4,638.0	5,293.0	9,582.0

Refurbishment: A €400, B €650/m²; new construction: B €1,150, C €1,250/m²; demolition: €100/m². Rates use GFA. Contingency: 15% on works and, for B+, parking provision. Acquisition allowance: 5% of price, not a statutory tax rate.

A and C exclude resolution of their own parking shortfalls. Utility and building-services works are assumed within construction allowances; identified additional scope must be priced separately.

07 / LETTING AND EXIT

Income assumptions and financial results

€000 unless stated otherwise	A	B	B+	C
Annual potential rent	302.4	543.4	543.4	921.6
Annual net operating income	217.7	408.6	408.6	693.0
Modelled gross property value	2,903.0	6,286.3	6,286.3	11,088.7
Net sale proceeds	2,845.0	6,160.5	6,160.5	10,866.9
Development profit	27.0	1,522.5	867.5	1,284.9
Net present value	-153.8	768.0	96.0	-304.8
Occupancy	90%	94%	94%	94%
Capitalisation rate	7.50%	6.50%	6.50%	6.25%
Profit / total expenditure	1.0%	32.8%	16.4%	13.4%
Duration, months	12	24	27	36

Deriving B and B+ income

$(2,160 \times 18 + 400 \times 16) \times 12 \times 94\% \times 80\% = 408,606.72 \text{ EUR / year}$

Monthly rents: A offices 12; B/B+ residential 18, commercial 16; C residential 20 €/m². Owner operating costs are 20% of collected rent. Net sale = annual NOI / capitalisation rate × (1 - 2% selling costs).

A shared capitalisation rate for both B/B+ uses is a simplification. Operating costs exclude debt service, tax and future major replacements. Profit on development cost is not an annual investor return.

Sensitivity and combined downside

Scenario	Profit / cost	NPV, €000
Base case	16.4%	96.0
Lower rents	4.8%	-401.2
Higher development costs	4.5%	-446.3
Higher capitalisation rate	4.3%	-418.3
Completion delay	15.4%	-93.0
Combined downside	-16.4%	-1,538.4

Tested changes: rents -10%; total development expenditure +15%; capitalisation rate +0.75 percentage points; delay 6 months. Delay adds €7,500/month. The cost stress increases expenditure already including contingency.

Rent × development cost

Rent change	Cost 0.0%	Cost 7.5%	Cost 15.0%
-10%	4.8%	-0.9%	-6.0%
0%	16.4%	10.1%	4.5%
10%	28.0%	21.1%	14.9%

The matrix shows profit on cost at unchanged duration and capitalisation rate. A favourable cell alone does not establish the NPV test or legal and technical feasibility.

Passing the B+ base case does not provide sufficient headroom for several simultaneous adverse changes. We support only conditional further development until market and technical inputs are substantiated.

Decision thresholds and cash flow

B+ threshold	Calculated limit
Purchase-price ceiling, €000	1,260.9
Maximum development expenditure, €000	4,097.0
Additional development-cost headroom, €000	64.0
Maximum proportional rent reduction	1.19%
Maximum capitalisation rate	6.579%

Each threshold holds all other inputs fixed. For the purchase price, we use the lower ceiling derived from profit on cost and NPV. Headrooms cannot be added together.

Cash-flow timing

Timing	B+ cash flow, €000
Month 0: acquisition and allowance	-1,260.0
Months 1–26: monthly development outflow	-149.4
Month 27: final outflow and net sale	6,011.2

Development outflows are spread evenly by month, with sale at the end; we assume no interim rental income. NPV is the sum of discounted monthly cash flows at 10% annual real discount rate. Acquisition is not discounted because it occurs at month 0.

This is an unlevered project model. Actual payment milestones, taxes, funding and liquidity reserves require separate modelling before commitment.

Blocking conditions and decision consequences

Open condition	Required evidence	Professional consequence
Use or development rights not evidenced	Legal and planning review; test the brief against requirements	Do not complete; revise the brief or decline
Parking shortfall cannot be resolved	Dimensioned layout, acceptable external rights and contract	Reduce homes or test another use; recalculate
Lettable area or structure differs	Survey, test layout, intrusive investigation and structural report	Revise area, unit cost and duration
Additional utility or environmental scope	Capacity statements and targeted investigations	Explicit cost and programme; renegotiate above thresholds
Market or cost inputs unsupported	Comparable transactions and itemised pricing	Revise supportable price; decline if returns remain inadequate
Funding, tax or liquidity unresolved	Transaction-specific funding and tax model	Do not start development

We do not use an aggregate score that could obscure a blocking issue. Favourable financial results cannot compensate for a legally or technically infeasible brief.

Actions, responsibilities and decision gates

Decision gate	Task and discipline lead	Required output
Before acquisition completion	Enidea, client, lawyer and architect: title, legality, parking solution and investigation access	Evidenced conditions, deal-breaker register and contractual protections
Before approving the brief	Architect, structural, services and environmental specialists: survey, layouts, capacity and investigations	Area schedule, technical requirements and revised brief
Before financial approval	Market and cost advisers, lender and tax adviser: validate inputs and terms	Updated estimate, cash flow, price ceiling and liquidity plan
Before development starts	Client and project team: consents, contracts, programme and funding	Approved investment decision and delivery conditions

We prepare a coordinated recommendation

We coordinate investigations, update the parameter register with findings and reassess the development. Appointed qualified specialists issue the professional opinions required for their disciplines. The client approves the final investment decision.

The gates express sequence, not promised deadlines. We prepare the detailed investigation and consent programme once documents and access conditions are established.

Method, data links and limits

One input register, traceable conclusions

The complete register includes identifiers, Hungarian and English definitions, values, units and evidence status. The CSV also contains option results, sensitivity scenarios and the B+ monthly cash flow.

enidea-sample-parameters.json

enidea-sample-model.csv

The files are downloadable from the appraisal page. Changing inputs requires recalculation and review of the professional conclusion. The parameter file alone is not an automated valuation tool.

RICS

Revenue, costs and timing must be assessed together when evaluating development options. We examine changes in key assumptions both individually and in combination. The reference provides methodological guidance; it does not validate the sample calculation.

[Valuation of development property](#)

ICMS Coalition

Transparent cost classification helps ensure that capital, maintenance and future renewal costs have the same meaning across the options being compared. Both the scope of the costs and when they arise form part of the comparison.

[International Cost Management Standard, 3rd edition](#)

The references inform the method; they do not validate the assumed inputs or certify this appraisal. Sources checked 29 September 2026.

Limits of professional use

The study is not tied to an identifiable property, client or locality. All inputs are assumptions; no site inspection, regulatory opinion or evidenced market value underlies them. The model excludes debt, subsidies, price escalation, transaction-specific taxes and non-recoverable VAT. Retained building area is not a carbon-saving measure. Rounded tables may show minor summation differences.

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