



TECHNICAL UNIVERSITY OF KENYA

3TH YEAR

EAEQ 3209: APPLIED VALUATION

ASSIGNMENT DATE: 5TH NOVEMBER, 2014
SUBMISSION DATE: 19TH NOVEMBER, 2014

Assignment

An investor would like to purchase a property on Kenyatta Avenue, Nairobi. Upon inspection of the property, you obtained the following information:

Property Description	A ten storey commercial building with basement, ground, and 1-9 th floors in good condition. Lease from Government of Kenya: 99 years from 1 October, 2000
Built-up Area	Basement: 12,500 sq.ft Ground Floor: 9,500 sq.ft. 1-9 th Floors: (9 x 9,500 sq.ft) total 85,500 sq.ft
Lettable Area	Basement: 50 parking bays Ground Floor: 8,000 sq.ft. 1-9 th Floors: (9 x 8,000 sq.ft) total 72,000 sq.ft
Land	0.5 of an acre
Tenant	All tenancies commenced from 1 st October, 2012 for a term of 6 years with initial rent and reviews as follow: 1 st 2 years: Kshs.5,000,000/- per month Next 2 years: 10% escalation Final 2 years 10% escalation on previous rent. All outgoings are paid directly by the tenant from service charge account

Required:

Collecting all relevant market data and making all reasonable assumptions compute the following values to advise the investor:

- i) Market Value of the property using the following approaches
 - a. Market Approach (10 marks)
 - b. Cost Approach (10 marks)
 - c. Investment Approach (10 marks)
- ii) The Insurable Value of the property (10 marks)
- iii) State all the data (*comparables*) and data sources (10 marks)