

Actuarial final year project

Business



**ASSIGN
BUSTER**

This compilation consists of the full analysis and financial come actual expenditure of an on going business project plan along Ojijo road , it is a more , like we would say sub urban residential area . It was actually a more of a resettlement of the growing population along the old and populated to the brim local estates like the old and good Parklands and Ngara estates . It was majorly accelerated with the ongoing construction of the Thika supper highway that will bring life to the sickly part of the western part of Nairobi city. It is estimated that by the first year of construction 30 % of the city will gain from the supper highway directly or indirectly.

Acknowledgement

We would like to thank the entire staff of Ian Shihemi and associates we are extremely grateful to our project coordinator Mr. Wamui and Mr. Njakeez Topali for their support , especially Mr.

Peter Octopizzo who assisted us from the beginning to the end of the business project plan and gave guidance and a sense of direction to us. We are very grateful to our lecturer Mr. Nderitu who with all odds barren gave all his time to ensure we got the grip to continue with a computation spirit from the start. Special thanks to my coordinator Ms. Mary who helped me in compilation of my survey report, and all those people (customers) who took time out of their busy schedules and gave us the information, which was essential for the completion of this project.

These people have been instrumental in my research and business project work.

OBJECTIVES OF THE STUDY

The purpose of these business project plan was to determine the rate and response to the idea of constructing sub-urban estate in a less or more developing area. The main objective was to estimate the actual business plan come expenditure and the revenue and profit to be generated from the completion of the actual business plan. The project is ongoing and with our data plan and survey it will foresee the eve of next the 3rd year probably 36 months of hard construction, good engineering and bitter sweet outcomes.

Description and budget estimates are done and showed out clearly. .

EXECUTIVE SUMMARY

This is a project proposal for the construction of a high class residential estate comprising of 800 Maisonettes on a parcel of land situated along Ojjo road off Thika road, Parklands. The project has been conceived, designed and will be implemented by Ian and co-associates architects. The estimated development cost for the project is KES 5, 600, 000, 000. 00 by calculations and precise figure. The project completion period shall take 12 months from ground breaking to hand over.

Sales for 800 Units @ KES 10, 000, 000 will be in the range of KES 8, 000, 000, 000. 00 Returns shall be in the range of KES 2, 400, 000, 000. 00 with gross profits falling in the range of 43% percent. Ian Shihemi and co-associate architects Ian Shihemi and co-associate architects is a dynamic property consulting company specializing in providing a one-stop service for the management and development of a variety of property development projects. It provides its clients, who may be property owners, developers or

tenants, with the expertise to guide a project through the complex development process from concept through to building completion.

Depending on the requirements of their client, Ian and architects can provide a full or partial consulting service. The company's involvement can vary from sourcing suitable sites, arranging local authority approvals, managing the professional team or providing a complete project management service. The principals behind the firm have several years experience in designing and managing to completion several projects of various natures.

THE PROJECT

The project comprises the construction of 800 residential units each comprising of 3 bedrooms for Sale off Ojijo road on a subdivision measuring just about 100 acres. 0% to 20% of the 100 acres will be set aside for social amenities. The overall theme of the development would be one of maximizing on the plot use whilst maintaining reasonable individual privacy within a 'Green Sustainability' architecture.

PHASED CONSTRUCTION

In order to ease the impact of the overall cost of the development it is proposed to carry out the construction in phases to be jointly agreed on with the client. Each 1 acre plot will have 9 units. The construction will be phased in 10 phases comprising of 80 units respectively.

Each of the phases shall be planned to deliver units that are complete and ready for occupation. This will facilitate pre-selling of some of the units prior to the end of construction. This would be achieved through pro-active networking with property managers and estates officers in large corporations and use of the internet. The foregoing will result in further cushioning of the

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net effect of the cost of financing the project. In order to enable planning of major infrastructural requirements such as water storage and foul water disposal right from the outset, a master plan of the entire development shall be evolved.

Thus the capacity of some of the facilities may initially exceed the needs of the accommodation provided, but this would be done with the full knowledge that the development will grow to fully utilize the facilities provided. Auxiliary features include:

- Paved walkways .
- Safe gated community neighborhood
- Inbuilt car parking's.
- Extra rain-water storage .
- Planted landscaped 24-hr. irrigated gardens
- Solar power electrical wiring

A choice of 3 different designs to choose from. The country ambience would further be enhanced by having strategically planted palm trees which would serve the added role of acting as wind breaks.

DEVELOPMENT BUDGET

- The development budget is as follows: 800 ; 3 bedroom maisonettes in 10 blocks each measuring 9 acres.
- The development budget includes professional fees 1 Building details
- Type of houses: 3 bedroom Maisonnettes.
- Gross floor area per Unit m²: 150m²

- Building Cost per m²: 40, 000[including external works and consultancy fees]
- Building Cost Per Unit including External Works, consultancy fees and Land: KES 6, 000, 000 2

Construction cost breakdown Total Building works[including Infrastructure& Electric Fencing]- KES 6, 000, 000 x 800 = KES 4, 800, 000, 000 3. 00 Land Cost- [100 acres] = KES8, 000, 000. 0 per acre x 100 acres= 800, 000, 000 OVERALL PROJECT COST INCLUDING LAND= 4, 800, 000, 000. 00 + 800, 000, 000= KES 5, 600, 000, 000. 00 SALES PROJECTIONS 1. 11 Projected sale price per unit KES 10, 000, 000. 00 1. 12 Overall sales revenue= 800 X 10, 000, 000= 8, 000, 000, 000. 00 1. 13 Gross anticipated profit = KES 8, 000, 000, 000. 00- KES 5, 600, 000, 000. 00 = KES 2, 400, 000, 000. 00 1. 14 Gross profit margin 43% As stated the houses and flats are readily affordable to middle class kenyans going with the current gross growth and hard effort put across striving kenyans to have a place they call home.

Also fully furnished rooms will be available for an extra fee as stated in the final agreement if signed depending on the financial capability of the renderer LOCATION Ojijo road is situated 5 minutes drive from Nairobi's Central Business District and 5 minutes drive from westlands off Thika road. The estate is connected to the mains water supply from the Nairobi Water and also is easily connected to electricity supply from KPLC. Developments in this area are predominantly singlefamilyresidences. The occupancy is predominantly homeowners.

The majority of the buildings here are of high-class standard and are well constructed and maintained.

MARKET DESCRIPTION

Given the proximity of the site to Nairobi's CBD, well as the good communication available along Thika road, the site would realize good returns on a single family residential development. The planned development intends to maximize this potential by creating accommodation that is spacious whilst at the same time making optimum use of the space available. At the moment, there are similar developments in this area, consisting of single family maisonettes eg K. U BOMA ESTATE.

In the locality of the planned development, there exist several properties which are either owned by the residents or are rental properties. The closest competition perhaps comes from the high-class K. U BOMA Estate and Ngoingwa Estate.

SALES PROJECTIONS

It is planned that marketing the development for sale shall commence before the construction begins. Consequently it is anticipated that by the time the first block is completed there shall be an inflow of funds that can either be utilized to start construction of the next phase.

The sale price for each unit has been set at KES 10, 000, 000. 00.

EXECUTION OF THE PROJECT

Ian Shihemi and co-associates will in this provide the client with a full design/build service. This shall include Design and specification Architectural, structural, mechanical and electrical drawings shall be prepared and necessary approvals sought. During the various stages of the design, the client shall be kept fully informed and client approval sought prior to

proceeding to the next stage. The engineering design shall be done by registered engineers under the guidance of Shihemi and co-associates.

Detailed specifications shall be developed with close consultation with the client. Project estimates Subsequent to completion of the design, a Quantity Surveying firm under the guidance of Ian and associate architects shall undertake construction cost estimates for the project for approval. finally giving the final verdict to , if the project should commence or stop. Preparation of tender and contract documents After final design has been done and client approval obtained, tender documents shall be drawn up for the general and specialist contractors.

The specialist contract documents shall be prepared with guidance from the relevant engineers. Tendering Selected contractors shall be invited to tender for the various work packages. We shall then analyze the tenders returned and forward our recommendation to the client. Contract documentation With the contractors having been selected, we shall draw up the required contract documents and enter into contract with the contractors on the client's behalf. Project management Subsequent to the contracts being signed and mobilization to the site, we shall provide superintendence and project management.

This will entail ensuring that the project is brought in on time and under budget by constant monitoring of operations on site and remedying any issues that may prevent timely completion or cause expenditure to exceed the budget. Contract administration We shall handle all matters relating to the various contracts including but not limited to stage payments,

performance bonds, extensions of time and relationships between the various trades involved in the project's execution.

Sales and marketing

In conjunction with an estate agency approved by the client, we have produced a presentation package to be used in the sales and marketing of the units.

PROJECT TIMELINES

1. Design to Tender The design to tender process will take a total of 1 month. This will include commissioning of all engineering design, preparation of bills of quantities and obtaining of all relevant approvals for the development.
2. Construction Construction of the entire project is estimated to take a maximum of 36 months.