ABSTRACT

The financial aspect has emerged as the major issue in the success of any project development. Apart from the sizable amount of capital that has to be raised for a project, the financial cost typically represents a significant proportion of the entire project cost.

An effective borrowing may give rise to a balance between debts and equity such that the cost is affordable as well as the committed funds are readily available and the repayment terms are appropriate.

Based on a recent office project development in Singapore, the case study illustrates the effects of financial cost and structure on the overall success of the project. The sensitivity analysis and simulations used in the case study show how certain borrowing practices and financial structure could improve the overall result of the development.

Key Words: Real Estate development, Debt, Equity, Sensitivity Analysis, Financial Cost.