

# Aviation Business Center – Analysis

*(See important note at bottom)*

1. How much less would the facility cost without the sections added for the two tenants: Hertz Car Rental and Basler Aviation?

Allocating cost based on square footage (how much would the facility cost if downsized to exclude tenants):

Cost reduction without space for Basler =	\$	642,500
Cost reduction without space for Hertz =	\$	356,805
Total	<u>\$</u>	<u>999,305</u>

*Note: These figures are estimates of the potential project cost reduction without the space for the tenants and was arrived at by allocation cost based on square footage. Asking the architect to develop a project cost without the tenants would have required the payment of additional fees.*

2. Current and future statistics for each tenant:

Hertz:

Current space Sqft		519
Future space Sqft		1,154
Current rent annual	\$	4,331
Per square foot	\$	8.34
Future rent annual	\$	24,000
Per square foot	\$	20.80
Payback period		19 years

The new rental agreement would include the much higher rent, with the elimination of car rental commissions.

Basler:

Current space Sqft		6,254
Future space Sqft		2,078
Current rent annual	\$	13,634
Per square foot	\$	2.18
Future rent annual	\$	20,800
Per square foot	\$	10.01
Payback period		11 years

The payback period is calculated based on a combination of rent, fuel flowage and landing fees.

*Note: The information presented above represents estimates. Actual building costs will not be known until completion of the project. Actual cost when known will effect most of the calculations above. However, it is expected that the changes would not be significant.*