

Analysis of Value of Existing Hospital Structures

Assumptions: Please note these assumptions are completely based on general commercial conditions and need to be thoroughly researched. Many of these assumptions were made intuitively.

- 1) The west wing is 65,000 sq.ft. and could be leased for \$2.00 per sq.ft. gross rent.
- 2) The skilled nursing facility is 35,000 sq.ft. and could be leased for \$2.00 per sq. ft. gross rent.
- 3) The fixed and operational costs of the real estate are 25% of the rent.
- 4) The west wing would need \$80. per sq. ft. renovation costs aka \$5.2 mil.
- 5) The center portion of the property would be demolished to create required space for SNIFF parking.
- 6) The cost to finish demolition of center and create parking, new utilities, lot split, etc is \$2,000,000.
- 7) All work would be performed under a private ownership format that will not require prevailing wage requirements.
- 8) The required parking for the west wing would be satisfied by existing parking west of building.
- 9) The property would be valued based upon a 7.5% capitalization rate.

Evaluation Analysis Utilizing the Income Approach to Value

West Wing

65,000 sq.ft	X	\$2.00 per. Sq.ft.		\$	
					130,000 per month
				\$	1,560,000 per year
less 25% expenses				\$	390,000
Net operation income				\$	1,170,000
Valued at a 7.5% capitalization rate				\$	15,600,000
Renovation costs, demo, new HVAC				\$	5,200,000
Net value of West Wing as is				\$	10,400,000

East Wing (SNIFF)

35,000 sq.ft	X	\$2.00 per. Sq.ft.		\$	
					70,000 per month
				\$	840,000 per year
less 25% expenses				\$	210,000
Net operation income				\$	630,000
Valued at a 7.5% capitalization rate				\$	8,400,000
Costs associated with center demo and parking lot, etc				\$	2,000,000
Net value of West Wing as is				\$	6,400,000
Value of East and West Wing with associated land for parking				\$	16,800,000

SVH Conceptual Demo Estimate

Scope of Work	Cost	Comments
Disconnect & Secure Existing Utilities	\$150,000.00	Includes Encroachment Permits and Repair of existing city streets
Removal of Hazards Materials	\$750,000.00	Includes Asbestos, Lead, Hazards chemical in piping systems
Asbestos Design Removal	\$67,500.00	9% of Hazards Material Removal Costs
Emergency Generator Fuel Tank Removal	\$150,000.00	Includes Contaminated Soil
Hazards Removal Hygienist and Permits	\$52,500.00	Testing and EPA documentation (7% of Removal Costs)
Demolition of Existing West Wing	\$696,000.00	58000sf @ \$12.00 per foot
Demolition of Existing Central Wing	\$310,000.00	31000sf @ \$10.00 per foot
Demolition of Existing East Wing	\$168,000.00	21000 @ \$8.00 per foot
Removal of Existing Heavy Equipment	\$65,000.00	i.e. Erg. Gen., Penthouse Equipment, O2 Tank etc.
Earthwork and Grading	\$225,000.00	Backfill existing Basements to grade
Demolition Permits & Storm Water Pollution Plans	\$50,000.00	Includes Inspection fees
Design for Demolition Phase	\$149,760.00	9% of Construction Cost
Total	\$2,833,760.00	
Escalation	\$1,190,179.00	6% per year Total 7 Years thru 2013
Project Total	\$4,023,939.00	