



SKYWARD PROPERTY DEVELOPMENT PROJECT

FEASIBILITY AND BUSINESS PLAN

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1. Executive Summary

Skywards Property aims to construct a nine-story residential building in the prime location of Masaki, Dar es Salaam, Tanzania. The project involves building 42 apartments on the top seven floors, with the bottom two floors designated for parking and support facilities. The construction will be financed through a bank loan of USD 4,850,000 at an annual interest rate of 11% over 10 years. Additionally, project partners will inject USD 1,200,000 as equity in exchange for securing a long-term lease on the plot. The revenue model includes rental income and service fees, targeting expatriates, corporate clients, and affluent local residents.

Key Highlights:

- **Construction Cost:** USD 4,850,000 (financed by a bank loan at 11% for 10 years)
- **Equity Investment:** USD 1,200,000 (long-term lease on the plot)
- **Total Apartments:** 42 units (28 three-bedroom, 14 one-bedroom)
- **Total Annual Revenue:** USD 1,218,000
- **Monthly Loan Repayment:** Approximately USD 66,808.76
- **Annual Loan Repayment:** USD 801,705.07

2. Business Description

Skywards Property is committed to developing premium residential properties. This project focuses on luxury apartments designed for the expatriate and upper-income market segment in Dar es Salaam. The combination of a strategic location, comprehensive amenities, and a solid financing structure aims to deliver a high-quality, lucrative investment.

3. Market Analysis

The residential leasing market in Tanzania, particularly in Dar es Salaam, has experienced significant growth in recent years. This is driven by factors such as urbanization, an expanding expatriate community, and increased investment in commercial activities. Key areas in the residential leasing market include high-demand neighborhoods such as Oyster Bay, Masaki, and Mikocheni, which attract expatriates, diplomats, and affluent local residents due to their prime locations, security, and modern amenities.

Market Drivers

- **Economic Growth:** Tanzania's growing economy, especially in Dar es Salaam as the commercial hub, has spurred demand for quality residential spaces, particularly among middle- and upper-income groups.

- **Expatriate Influx:** Increased foreign direct investment, diplomatic missions, NGOs, and multinational corporations in Dar es Salaam have created a steady influx of expatriates seeking upscale, secure, and well-furnished rental properties.
- **Urbanization:** Rapid urbanization has increased the demand for luxury and mid-market residential properties, leading to new developments in prime neighborhoods:

Location Overview: Masaki is known for its high-end residential developments, making it a prime choice for expatriates and locals seeking luxury accommodation. This positioning is crucial in attracting high-value tenants and achieving premium rental rates.

Target Market: The target market includes:

- Expatriates from embassies, NGOs, and multinational companies.
- Corporations seeking long-term leases for employee housing.
- Affluent local families desiring upscale living spaces.

Competitive Analysis: Rental prices in the area for similar apartments range between USD 2,500–3,000 for three-bedroom units and USD 1,500–1,800 for one-bedroom units. Skywards Property's pricing is competitive, providing a strong basis for market penetration.

Feature	Oyster Bay	Masaki	Mikocheni
Target Market	Diplomats, Expatriates, Affluent Locals	Expatriates, Corporate Tenants, Diplomats	Middle to Upper-Income Locals, Expatriates
Property Types	Luxury Apartments, Villas	Luxury Apartments, Villas	Mid-range Apartments, Houses
Rental Prices	3-BR: \$2,500–3,500 1-BR: \$1,500–2,000	3-BR: \$3,000–4,500 1-BR: \$1,800–2,500	3-BR: \$1,500–2,500 1-BR: \$800–1,500
Occupancy Rates	85%–95%	80%–95%	75%–90%
Amenities	High-end: Pools, Gyms, 24/7 Security	High-end: Pools, Gyms, Ocean Views	Moderate: Parking, Security, Backup Power
Growth Potential	Steady, High Demand	High, Premium Area	Growing, Affordable Alternative

4. Project Details

The building will provide luxury accommodation to its tenants. The leased apartments will be fully furnished and the building management is going to issue the service and maintenance are of superior quality at all time to ensure maximum comfort to the tenants.

Tenants are going to be provided with parking slots at the building's basement and the ground floor while 1st to 7th floor of the building will be housing residential apartments. In each floor, there will be 4 three-bedroom apartments and 2 -one-bedroom apartments. In total the building will therefore have 42 apartments in total of which 28 are three-bedroom and 14 are one-bedroom.

The amenities such as back up power supply, water supply systems, gyms and 24hrs security guard posts are going to be housed in the basement and 1st floor as appropriate.

5. Financing Strategy

To put up this building, Skywards will have to enter into long term lease with the owner of the Plot no. 1826/5, Masasani Peninsular (Masaki, Mr. Julius Beda Mukoji, for lease rental of USD 1,200,000.00 for the period of 99 years. The rentals are going to be paid lumps at the beginning of the lease. The amount is going to be raised by the promoters from their own sources.

The cost of construction is estimated at USD 4,850,000.00 which is going to be borrowed from the bank. For the purpose of estimation of the cashflows the following assumptions have been made:

- **Loan Amount:** USD 4,850,000
- **Interest Rate:** 11% per annum
- **Term:** 10 years
- **Monthly Repayment:** Approximately USD 66,808.76
- **Annual Repayment:** USD 801,705.07

Equity Injection:

- **Amount:** USD 1,200,000
- **Purpose:** Securing a long-term lease on the plot, treated as equity in the project.

6. Cashflow Projections

The cashflow projections of the company have been prepared based on the following key assumptions:

1. Rent for 3 -bedroom apartment will be USD 2,600.00 per months which is going to result into total monthly income of USD 72,800.00 for 28 apartments.
2. Rental for 1-bedroom apartment will be USD 1,600.00 resulting into USD 22,400 per month for 14 apartments.
3. Total monthly income will be USD 95,200

4. Apart from rentals the Sky property is also going to collect USD 150 per apartment as a service fee which will make a total collection of about USD 6,300.00 per month.
5. Combined income collected will be USD 101,500 per month and therefore annual income collection will be USD 1,218,000.00
6. For the purpose of the financial projection planning horizon of 20 years is used.

Total Monthly Revenue:

- **USD 95,200 (rental) + USD 6,300 (service fees) = USD 101,500**
- **Total Annual Revenue: USD 101,500 x 12 = USD 1,218,000**

7. Financial Analysis

Analysis of cashflow show that the project cost is USD 6,050,000.00 of which equity of USD 1,200,000.00 and borrowed funds from bank is USD 4,850,000.00. The analysis of cashflows indicates clearly that the company will comfortably be able to cover loan repayment. Further analysis of the cashflow, indicate that the company's net present value is USD 3,356,487 and payback period is only about 4 years old.

8. Risk Analysis

Market Risk: Potential fluctuations in demand due to economic changes or increased competition.

Cash Flow Risk: The loan repayment represents a significant monthly expense. Ensuring high occupancy and reliable rent collection will be vital for financial stability.

Mitigation Strategies: Implementing a rigorous tenant screening process, competitive amenities, and strategic marketing will minimize vacancy rates and maintain steady cash flow.

9. Implementation Timeline

- **Months 1-3:** Secure land lease, finalize design, obtain permits.
- **Months 4-5:** Arrange financing and finalize construction contracts.
- **Months 6-18:** Construction phase, including infrastructure setup.
- **Months 19-20:** Marketing and pre-leasing of apartments.
- **Month 21:** Begin tenant move-ins and commence rental operations.

10. Conclusion

The Skywards Property project in masaki offers a sound investment opportunity, though it requires a careful approach to financing and cash flow management due to the substantial loan repayments. With projected annual revenue of USD 1,218,000 and a strong market demand for luxury apartments, the project's success hinges on high occupancy rates and effective property management. Despite the longer payback period of approximately 4years, the property is expected to provide consistent revenue streams and grow in value over time.

