Foundation
Micron

Numbers and Operations: Real Estate Planner

Albertsons, Inc.

Job Description: Responsible for day-to-day operations of commercial properties, provides lease administration for the commercial portfolio, and participates in budgeting and financial reporting to maximize financial returns.
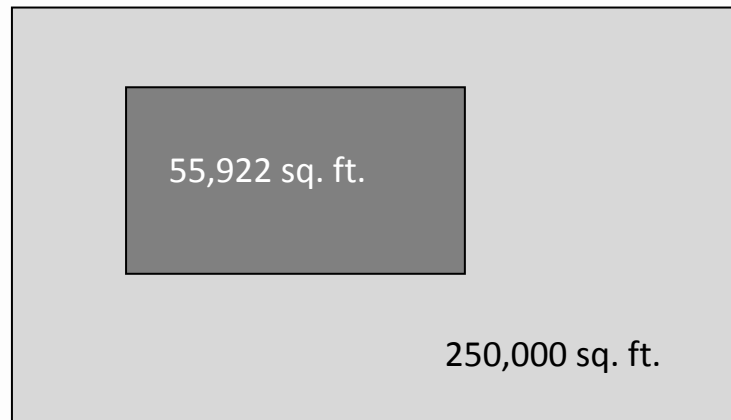
Problem:

A real estate manager has selected a location for a new grocery store. How would Management determine the total cost of project?

The building will be 55,922 square feet at a building cost of $50/sq. ft.

The land purchase is 250,000 square feet at a cost of $4.25/sq. ft.

However, the company will only use 240,000 square feet of the land (retained land) and the remaining amount will be sold as surplus land at the same rate as purchased.

Improvements to the site (site costs) will be $1.25/sq. ft.

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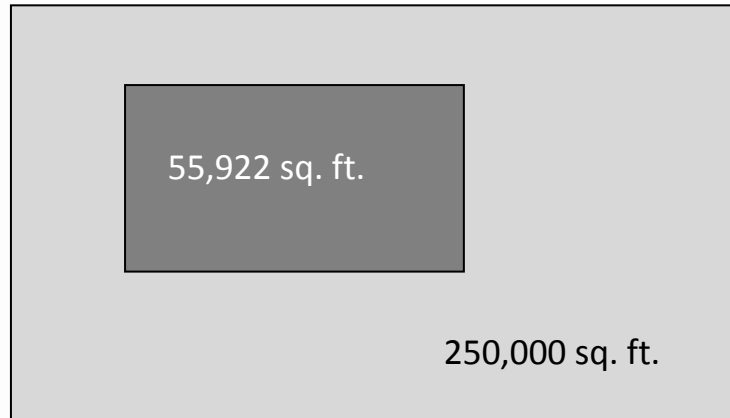
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Solution:

Store Occupancy Costs

Total Cost of Retained Land (ft²): 240,000 x $4.25 =$1,020,000

Site Costs: 240,000 x $1.25 = $300,000

Building Costs: 55,922 x $50.00 = $2,796,100

Total Building and Site Improvement Costs: 300,000 + 2,796,100 = $3,096,100

Total Cost of Project: 3,096,100 + 1,020,000 = $4,116,100