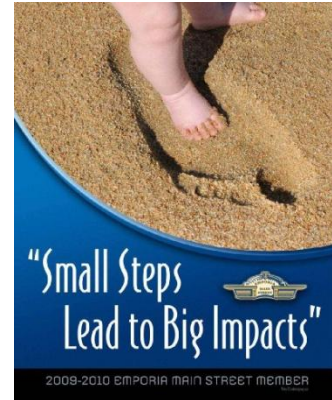


# But will it make MONEY???

One of my issues in the conversion to the world of the non-profit from the private sector has been my inability to get the "But will it make MONEY?" question out of my head when looking at situations. It's how I look at the world of business improvement and development. Sure, I would love it if everyone in Emporia had their buildings at the highest design standard, but we have to be conscious of a businesses bottom line when making improvements. There is good research that supports the conclusion that good, attractive store front design and signs can substantially improve gross revenues. Conversely, I think all of us are aware of building owners that refuse to make even the most rudimentary repairs to buildings, thus driving away the public and ruining rental rates and building resale values. However, there are some basic calculations you can do to determine the feasibility of upgrades that we will cover below. Remember, building maintenance is something you MUST plan for. Buildings don't take care of themselves, but we must approach upgrades in a fiscally responsible manner.



Costs associated with a rehabilitation, according to Todd Barman of Wisconsin Main Street and the National Main Street Program, typically fall within four categories: Soft Costs, Hard Costs, Rent-Up Costs and Rehabilitation Costs. Gaining estimates for these costs should set your overall expenses for a rehabilitation project, and those costs, when coupled with financing and projected income, should determine whether a project is feasible. Not all of these costs will be associated with every project.

**Soft Costs include your:** Architect, Structural Engineer, Mechanical Engineer, Consultants, Appraisal, Attorney, Accountant, Interior Designer, Loan Placement Fee, Loan Origination Fee, Construction Period Interest, Closing Costs, Building Permit, Use Fees, Municipal Building Inspection Fees, Bid Bond, Temporary Power, Project Phone, Project Signs, Builders Risk Insurance, Copying, Legal Advertising, Bid Costs and Rent Loss During Construction.

**Hard Costs include:** Demolition, Rough Carpentry- labor and materials, Finish Carpentry- labor and materials, Sheetrock- labor and materials, Plaster, Painting, Doors-Door Frames, Hardware, Ceilings, Floor Covering- Labor and Materials, Plumbing- Labor and Materials, Electrical- Labor and materials, Light fixtures, Heating/Air Conditioning (HVAC)- Labor and Materials, Insulation, Sprinkler System, Fire Extinguishers/Exit Signs, Specialties, Stairs- Interior & Exterior, Elevator, Specialty Glass, Windows, Structural Work, Roofing, Exterior cleaning & tuckpointing, Decorating Extras, Millwork, Signing and Clean up.

**Rent Up Costs include:** Advertising, Model, Leasing Fees, Open House, Rent Inducements, Postage & Printing, Floor Plans, Legal, Cleaning & Utilities.

Your **Total Rehabilitation Costs** should equal the sum of your Soft Costs, Rent-Up Costs and Hard Costs.

I know that when you look at all of those different line items, it can seem overwhelming, but it is our job to give complete and accurate information. Good developers have turned development projects into solid investments for years, and have helped our community improve, by using solid cost estimates to develop realistic cash flow scenarios. Whether you are looking to remodel your business, open up an upper story or do a larger project, we do have market opportunities in Emporia. Your friends at Emporia Main Street are here to help!

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