

ABSTRACT

The increase of population leads to the increase of residential needs as well. As the result, nowadays residential construction becomes one of the most interesting and promising investment. Real estate X is a project of a newly established developer. It is the first project for the company to invest in residential development, so they decided to split the construction process into two phases. The second phase were conducted after all houses of phase one had been completely sold out.

The purpose of this research is to compare the partial development undertaken by the new developers with the total development and determine capital requirements needed. Investment analysis methods used to measure the result of this research are Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), and Return on Equity (ROE).

The result shows that both partial development and total development method are feasible to be done. It can be shown with the result of NPV value is greater than zero, and IRR value is greater than MARR 18%. However, the total development method has better NPV and IRR value compared to the partial one.

Keywords: residential investment, newly established developer, partial development, total development