



**Urban Land  
Institute**

Southeast Florida/Caribbean

# FROM THE GROUND UP

GETTING STARTED ON A DEAL

TUESDAY, OCT 1 | 6:30-8:30PM





An Event By The



**Urban Land  
Institute**

**Southeast Florida/Caribbean**

Thank You to Our Host

akerman



# Thank You to our Sponsors

The following sponsors make the ULI Young Leaders Group possible

CYMBAL  
DEVELOPMENT



# About Us

ULI is a nonprofit education & research organization dedicated to **providing leadership in responsible land use** and development and creating sustainable, thriving communities worldwide.

We have 43,000 members worldwide, from all sectors of land use – developers, designers, planners, engineers, attorneys, lenders, educators, builders, policymakers – everyone crucial to shaping the future of our communities.



# Thank You

ULI is supported by the generosity of the following sponsors

# BB&T

**Bank of America**  
**Merrill Lynch**

**BANYAN STREET**  
CAPITAL

**Marcus & Millichap**  
Real Estate Investment Services

 **Stantec**

 **Terra**

**WELLS  
FARGO**

# Thank You

ULI is supported by the generosity of the following sponsors

 akerman

 Gallagher

 BERGER SINGERMAN

 Bilzin Sumberg

 Coastal

 FIFTH THIRD BANK

 **FIU** | Hollo School  
of Real Estate  
FLORIDA INTERNATIONAL UNIVERSITY

 GT GreenbergTraurig

 GUNSTER  
FLORIDA'S LAW FIRM FOR BUSINESS

Holland & Knight

 CITY OF  
Hollywood  
FLORIDA

 M&T Bank

 MIAMI DDA  
DOWNTOWN DEVELOPMENT AUTHORITY

 MOSS

 PLAZA  
CONSTRUCTION

 POLSINELLI

 STILES  
Invest • Build • Manage

 SUFFOLK  
build smart

 VERDEX  
CONSTRUCTION

 MRED+U

 lom<sup>®</sup>  
LIVING

 ULI Urban Land  
Institute Southeast Florida/  
Caribbean

# Thank You

ULI is supported by the generosity of the following sponsors

13<sup>th</sup> Floor Investments  
BBX Capital  
Becker  
Blanca Commercial Real Estate  
CallisonRTKL  
CBRE  
Colliers International  
DPZ Partners  
EDENS  
Fausto Commercial  
Grant Thornton

Ingage Biz  
Integra Realty Resources  
JLL  
KAST Construction  
Mattoni Group  
NBWW  
Plaza Equity Partners  
PNC Real Estate  
SunTrust Bank  
Terranova Corporation  
Witkin Hults Design Group



# SAVE THE DATE FOR **PHASE 2, DESIGN**

Thursday, November 7  
At NBWW

161 Almeria Ave, Coral Gables





ULI'S YOUNG LEADERS PRESENT:

# FROM THE GROUND UP

GETTING STARTED ON A DEAL

TUESDAY, OCT 1 | 6:30-8:30PM





# Your Speakers



**CATE  
AFROOZ**  
Attorney  
*Akerman*



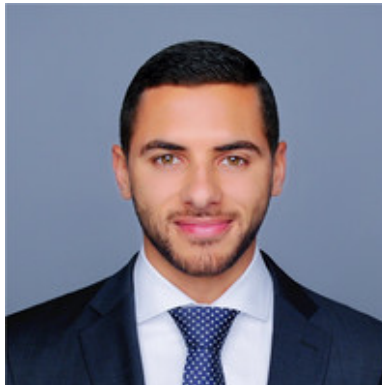
**SETH  
GADINSKY**  
Principal  
*GadinskyReal Estate*



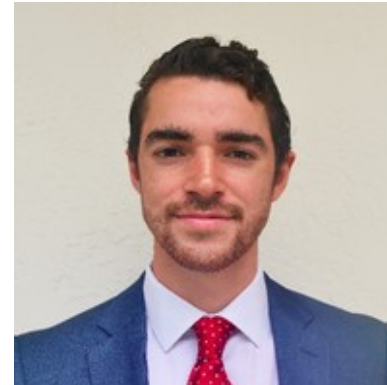
**NIKKI  
SANTANDER**  
Project Manager  
*GadinskyReal Estate*



**FERNANDO  
ARIMON**  
EVP of Development  
*Lloyd Jones*



**OMAR  
MORALES**  
Associate  
*Berkadia*



**EDUARDO  
VALLE**  
Senior Analyst  
*Lloyd Jones*

# The Development Process



# Getting Started on a Deal





# What is a Developer?

Someone who creates, imagines, controls and orchestrates the process of acquiring a piece of property and making it available for a certain type of use - I.e. commercial, residential, industrial, etc.

A developer can have different meanings to different companies

Types of Developers:

- In-House
- 3rd Party Services

A development team includes:

- Architects
- Engineers
- Brokers
- Legal Attorneys
- General Contractors
- Other Consultants

# Considerations from Legal Perspective

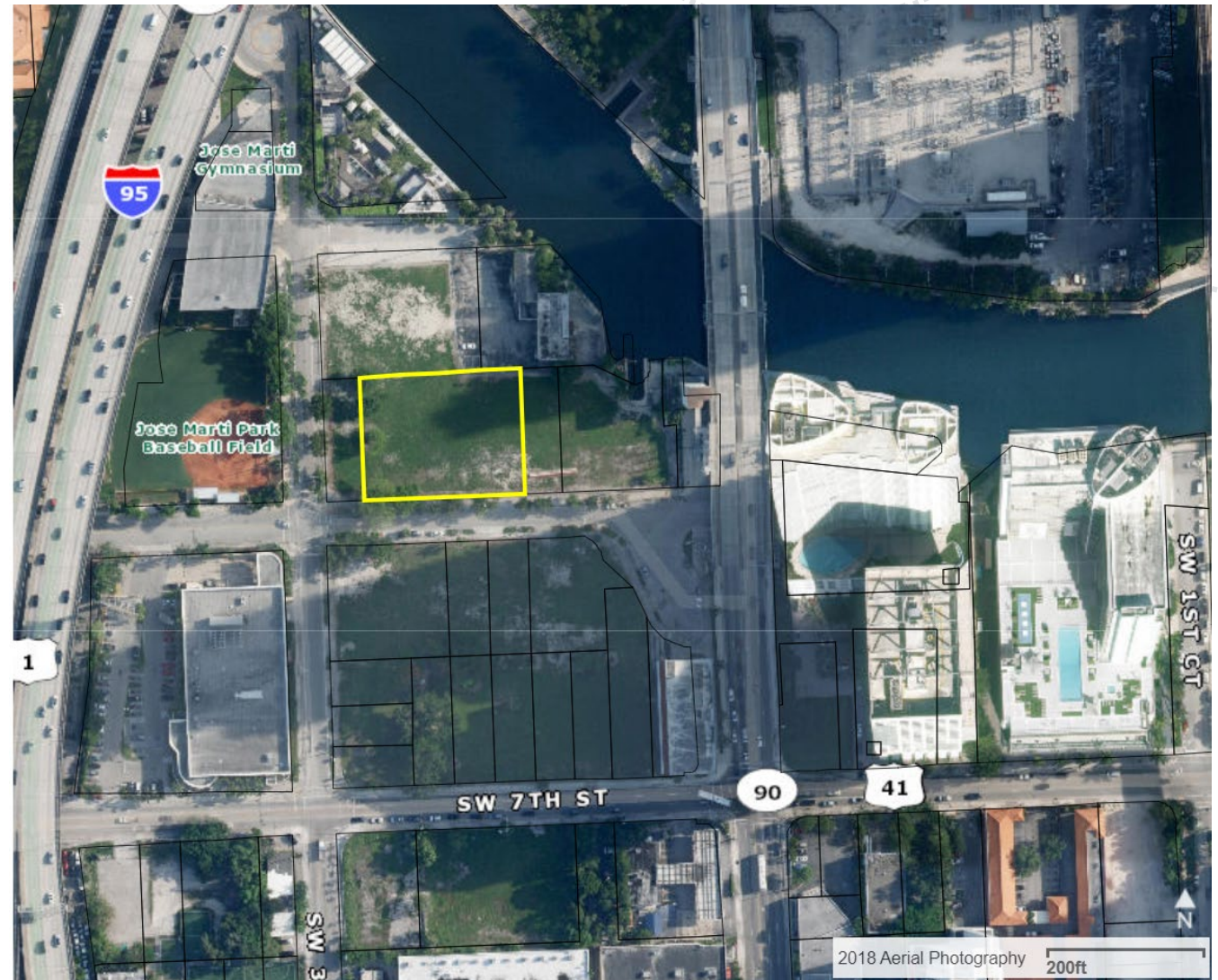
- Contract
  - Letter of Intent
  - Purchase & Sale Agreement
- Due Diligence Period
  - Duration, access, division of labor, limiting title/survey objections as Seller
- Contingencies and Approvals
  - Site plan, zoning, financials, tax credits, appraisal, etc.
- Special Districts
  - BID, historic zone, opportunity zone, parking, etc.

akerman

# Determine Feasibility

The first step in any development process (after identifying one or more potential project sites) is to determine if the project is feasible.

- Comfort with Location
- Surrounding Area Use
- Market Opportunities
- Determination
- Capital Stack
- Pro Forma



# Pro Forma

A Pro Forma analysis is used to project the financial rate of return of a proposed project.

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>



# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>
 Purchase Price	 \$100,000,000

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>
Purchase Price	\$100,000,000
Cap Rate	5.00%

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

**Return on Cost                      7.00%**

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

**Return on Cost                      7.00%**

**Land Value**

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

1.	Hard Costs	\$50,000,000
	Soft Costs	\$10,000,000
<hr/>		
	<b>Dev. Costs (WITHOUT LAND)</b>	<b>\$60,000,000</b>

<b>Return on Cost</b>	<b>7.00%</b>
-----------------------	--------------

**Land Value**



# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

1.	Hard Costs	\$50,000,000
	Soft Costs	\$10,000,000
	<b>Dev. Costs (WITHOUT LAND)</b>	<b>\$60,000,000</b>

2.	Net Operating Income	\$5,000,000
	<b>Return on Cost</b>	<b>7.00%</b>

\_\_\_\_\_ **Land Value**

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

1.	Hard Costs	\$50,000,000
	Soft Costs	\$10,000,000
<hr/>		
	<b>Dev. Costs (WITHOUT LAND)</b>	<b>\$60,000,000</b>

2.	Net Operating Income	\$5,000,000
	<b>Return on Cost</b>	<b>7.00%</b>
<hr/>		
	Total Development Costs	\$71,428,571

**Land Value**

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<hr/>	
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

1.	Hard Costs	\$50,000,000
	Soft Costs	\$10,000,000
<hr/>		
	<b>Dev. Costs (WITHOUT LAND)</b>	<b>\$60,000,000</b>

2.	Net Operating Income	\$5,000,000
	<b>Return on Cost</b>	<b>7.00%</b>
<hr/>		
	Total Development Costs	\$71,428,571

<b>Residual Land Value</b>
----------------------------

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

1.	Hard Costs	\$50,000,000
	Soft Costs	\$10,000,000
	<b>Dev. Costs (WITHOUT LAND)</b>	<b>\$60,000,000</b>

2.	Net Operating Income	\$5,000,000
	<b>Return on Cost</b>	<b>7.00%</b>
	Total Development Costs	\$71,428,571

3.	Total Development Costs	\$71,428,571
	Dev. Costs (WITHOUT LAND)	\$60,000,000
	<b>Residual Land Value</b>	

# Pro Forma

Revenues	\$10,000,000
Expenses	(\$5,000,000)
<b>Net Operating Income</b>	<b>\$5,000,000</b>

Purchase Price	\$100,000,000
<b>Cap Rate</b>	<b>5.00%</b>

1.	Hard Costs	\$50,000,000
	Soft Costs	\$10,000,000
	<b>Dev. Costs (WITHOUT LAND)</b>	<b>\$60,000,000</b>
2.	Net Operating Income	\$5,000,000
	<b>Return on Cost</b>	<b>7.00%</b>
	Total Development Costs	\$71,428,571
3.	Total Development Costs	\$71,428,571
	Dev. Costs (WITHOUT LAND)	\$60,000,000
	<b>Residual Land Value</b>	<b>\$11,428,571</b>



# Case Study #1 – Multifamily Development

Total Development Cost (TDC) ~ \$35,000,000 (\$219k/unit)

- Land Costs (5-10%) - \$2,500,000
- Hard Costs (65-70%) - \$24,500,000
- Soft Costs (20-25%) - \$8,000,000



# Case Study #1 – Multifamily Development

Total Development Cost (TDC) ~ \$35,000,000 (\$219k/unit)

- Land Costs (5-10%) - \$2,500,000
- Hard Costs (65-70%) - \$24,500,000
- Soft Costs (20-25%) - \$8,000,000

Financials at Stabilized Value

- Total Revenues – monthly income, other income, etc. - \$5,000,000
- Total Expenses – taxes, G&A, maintenance, etc. - \$2,550,000
- NOI – revenues less expenses - \$2,450,000



# Case Study #1 – Multifamily Development

Total Development Cost (TDC) ~ \$35,000,000 (\$219k/unit)

- Land Costs (5-10%) - \$2,500,000
- Hard Costs (65-70%) - \$24,500,000
- Soft Costs (20-25%) - \$8,000,000

## Financials at Stabilized Value

- Total Revenues – monthly income, other income, etc. - \$5,000,000
- Total Expenses – taxes, G&A, maintenance, etc. - \$2,550,000
- NOI – revenues less expenses - \$2,450,000

## Metrics

- Return on Cost
  - $\$2,450,000 / \$35,000,000$
  - ROC = 8.00%
- Exit Cap Rate (At Sale)
  - Based on Comps = 6.50%
  - Larger spread = larger return



# Case Study #2 – Creating Value through Development

Fee Development & Owners  
Representatives

Unique Feasibility Process

- 3rd party
- Market Opportunities
- Repositioning/Adaptive Reuse
- Conservative Development Costs
- Viable Exit Strategies

Success & Challenges

- Managing Expectations vs. Market Perceptions
- Stabilization



# Next Steps in Development...

Get the experts involved (architects, designers, engineers, etc).



## JOIN US

Thursday, November 7  
6:30 - 8:30PM at NBWW  
161 Almeria Ave, Coral Gables



Q & A



A blue-tinted wireframe architectural rendering of a modern building complex. The central building is a tall, multi-story structure with a complex, stepped facade and a dense grid of windows. To its left, there are several smaller, more rectangular buildings. The foreground shows a flat, open area with some faint lines suggesting a plaza or street. The entire scene is rendered in a light blue color scheme, giving it a technical, architectural feel.

Thank you to our host  
**akerman**



# SAVE THE DATE FOR **PHASE 2**

Thursday, November 7  
At NBWW  
161 Almeria Ave, Coral Gables





# Thank You

To learn more, visit us online at  
[www.seflorida.uli.org](http://www.seflorida.uli.org)