FROM THE GROUND UP
GETTING STARTED ON A DEAL
TUESDAY, OCT 1 | 6:30-8:30PM
Thank You to Our Host

akerman
Thank You to our Sponsors

The following sponsors make the ULI Young Leaders Group possible

[Logos of sponsors]
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

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[Logos of various sponsors are displayed, including BB&T, Bank of America Merrill Lynch, Banyan Street Capital, Marcus & Millichap, Stantec, Terra, and Wells Fargo.]
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SunTrust Bank
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Witkin Hults Design Group
SAVE THE DATE FOR
PHASE 2, DESIGN
Thursday, November 7
At NBWW
161 Almeria Ave, Coral Gables
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
Getting Started on a Deal

- Idea
- Feasibility
- Preconstruction
- Construction
- Stabilization
- Asset Management / Sale
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.
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
A Pro Forma analysis is used to project the financial rate of return of a proposed project.
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1. Hard Costs       | $50,000,000 |
2. Soft Costs       | $10,000,000 |

**Dev. Costs (WITHOUT LAND)** | **$60,000,000** |

**Return on Cost**  | 7.00%        |

**Land Value**
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### Development Costs (WITHOUT LAND)

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### Analysis

1. **Net Operating Income**: $5,000,000
2. **Return on Cost**: 7.00%

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**Land Value**
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1. Hard Costs   | $50,000,000  
    Soft Costs  | $10,000,000  
    **Dev. Costs (WITHOUT LAND)** | **$60,000,000**

2. Net Operating Income | $5,000,000  
    **Return on Cost** | **7.00%**  
    Total Development Costs | $71,428,571

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2. **Net Operating Income** $5,000,000

    **Return on Cost** 7.00%

**Total Development Costs** $71,428,571

**Residual Land Value**
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1. **Hard Costs** $50,000,000
   **Soft Costs** $10,000,000
   **Dev. Costs (WITHOUT LAND)** $60,000,000

2. **Net Operating Income** $5,000,000
   **Return on Cost** 7.00%
   **Total Development Costs** $71,428,571

3. **Total Development Costs** $71,428,571
   **Dev. Costs (WITHOUT LAND)** $60,000,000
   **Residual Land Value**
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1. **Hard Costs**  $50,000,000  
   **Soft Costs**  $10,000,000  
   **Dev. Costs (WITHOUT LAND)**  $60,000,000

2. **Net Operating Income**  $5,000,000  
   **Return on Cost**  7.00%  
   **Total Development Costs**  $71,428,571

3. **Total Development Costs**  $71,428,571  
   **Dev. Costs (WITHOUT LAND)**  $60,000,000  
   **Residual Land Value**  $11,428,571
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
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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).

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