

# North Cesar Chavez Commercial Land Development

June 10, 2014

## **North Cesar Chavez Commercial Land Development**

Lobo Development Corp (LDC) Project Proposal

June 9, 2014

### **Development Opportunities**

The following North Cesar Chavez Commercial Land Development proposal outlines the scope required to convert vacant, non-revenue generating land into improved lots which are ground leased to third parties, generating ground lease income and providing goods and services to an underserved area. This property currently has zero land value due to grading issues and uncontrolled slope. Commercial development uses are consistent with Campus Master Plan.

### **Market Opportunity**

Independent retail and commercial businesses provide convenient, vehicle-oriented services: gas station/convenience store, restaurants, quick serve food and banking to student housing, event visitors, adjacent neighbors and interstate corridor travelers

### **LDC Role**

- Development Agreement & Ground Lease – UNM with LDC
- Land Development
- Sub-ground lease to End users/tenants
- Property Management

### **Project Program**

<b>Use</b>	<b>Land SF</b>	<b>Bldg. SF</b>	<b>Rent</b>	<b>Cap</b>	<b>Income (yr.)</b>
Lot 1: Restaurant	42,500	4,000	\$18	9%	\$69,000
Lot 2: Gas Station	66,000	4,700	\$15	9%	\$90,000
Lot 3: Restaurant	36,400	4,000	\$18	9%	\$59,000
Lot 4: Retail Services	55,500	8,000	\$14	9%	\$70,000
Lot 5: Parking Structure	137,000	137,000	\$0	NA	NA
<b>Income</b>					<b>\$288,000</b>

## Project Economics

### Land Development Costs

Hard Cost	All Lots	\$1,340,000
Soft Cost	All Lots	<u>\$536,000</u>
Sub-total	All Lots	\$1,876,000

### Cost Pro-ration

Commercial Development (62%)	Lots 1 – 4	\$1,163,000
UNM/COA Parking Structure (38%)	Lot 5	\$713,000

### Return

Development Cost		\$1,163,100
Annual Income		\$288,000

### Without Parking Structure

Cash on cash return wo/PS costs	25%
Payback wo/PS costs	4.0 years

### With Parking Structure

Cash on cash w/PS costs	15%
Payback w/PS costs	5.1 years

### Funding Sources

	Amount	Debt Service
Institutional – No return requirement	\$0	\$0
Institutional Loan	\$713,000	\$43,000
Institutional Equity	\$290,000	\$23,000
Commercial Loan (75% LTV)	\$872,000	\$72,000

**Net Cash Flow after Debt Service/Equity Returns \$150,000**

### Schedule/ Action

Development Feasibility  
Investment Structure  
Design/Development  
Project Bid/Contractor Selection  
Construction  
Tenant Improvements  
Rent commencement  
Occupancy

### Site Area

Gross	net
10.67 ac	7.75 ac
465,890 sf	338,399 sf

Lot Areas	Site Area	Building	FAR	Parking	Parking Ratio
Lot 1	42,500	4,000 sf	0.09	40	10/1,000 sf
Lot 2	66,000	4,700 sf	0.07	21	5/1,000 sf
Lot 3	36,400	2,000 sf	0.05	17	8/1,000 sf
Lot 4	55,500	8,000 sf	0.14	57	7/1,000 sf
<b>Subtotal</b>	<b>200,100</b>				
Lot 5	137,000	137,000			
<b>Total</b>	<b>337,100</b>				

### Site Area Comparison

Lots 1 - 4	62%
Lot 5	32%



