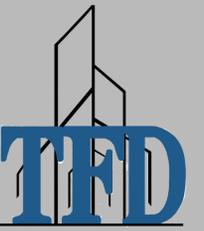


# Mulroy Real Estate Challenge

## Top Flight Development



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### Scope

#### Executive Summary



Subject property sits on 2.25-acre parcel and is located at 1200 Springdale Rd, adjacent to East 12th St. Bus stop is directly located on the exterior of property which allows easy access for tenants to get to prime locations.



Proposal to build a 174,000 Square Foot mixed use building including green space and relevant retail.



We propose 120 apartment units, split evenly between affordable units and market price, plus 20,000 square feet of retail space.



Leveraging Affordability Unlocked program to improve the community as well as provide investors with double digit returns.

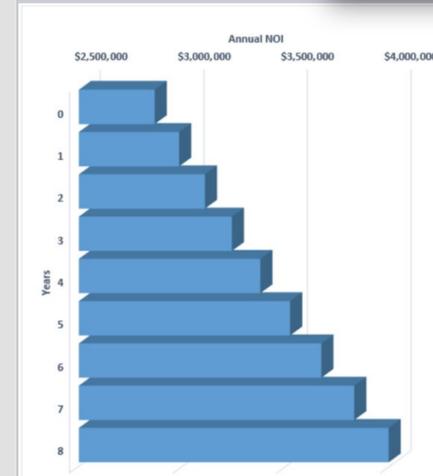
### THE OUTLOOK



News MU Students Compete in National Mulroy Real Estate Challenge



### Financial Analysis



Assumptions		Market Housing					
Initial Investment	\$52,692,344	Unit Type	Square Feet	# Units	Rent	Rent/SF	Total/mo
Purchase Cap Rate	4.80%	1BR/1BA	850	15	\$2,000	\$2.35	\$30,000
Vacancy	5%	2BR/1BA	1,200	35	\$2,800	\$2.33	\$98,000
Management Fee	2%	3BR/1.5BA	1,500	10	\$4,000	\$2.67	\$40,000
# Units	120	Totals	69,750	60			
Capital Reserves/Unit	\$300	Gross Rent/Month					\$168,000
Rental Inflation	5%	Annual Rent					\$2,016,000
Expense Inflation	5%	W/A Rent					\$2,800
Sale Year	7	Affordable Housing					
Exit Cap Rate	5.25%	Unit Type	Square Feet	# Units	Rent	Rent/SF	Total/mo
Selling Costs	1%	1BR/1BA	850	0	\$1,159	\$1.36	\$
		2BR/1BA	1,200	35	\$1,324	\$1.10	\$46,340
		3BR/1.5BA	1,500	25	\$1,489	\$0.99	\$37,225
		Totals	79,500	60			\$83,565
		Gross Rent/Month					\$1,002,780
		Annual Rent					\$1,392,75
		W/A Rent					
		Totals For AH & MH	SqFt	Units	Rent		
		Totals	149,250	120	\$251,565		
		Other Income					
		Type	Fee/yr	% of Units	Number of Units	Totals/yr	
		Pet Fee	\$500	30%	30	\$18,000	
		Cancellation Fee	\$3,000	10%	6	\$18,000	
		Extra Parking	\$1,200	30%	36	\$43,200	
		Billboard Space	\$23,400			\$23,400	
		Total				\$102,600	
		Commercial Income					
		NNN Annual Rent/SqFt	SqFt				
		NNN Rent/SF	\$500,000	20000			
				\$25,000			
		3rd Party Equity Investment					
		Deal Equity Requirement	\$18,392,344				
		Limited Partner %	95%				
		General Partner %	5%				
		LP Equity Investment	\$17,472,727				
		GP Equity Investment	\$919,617				

### Site

1200 Springdale Rd

Total Units	120
Avg. Unit Size/Sq. Ft.	1,244
Avg. Cost/Sq. Ft.	\$1.68
Avg. Rent/Unit	\$2,096
Rent Type:	MARKET / AFFORDABLE

### The Assignment

Chris would like your team to deliver a proposal for the site by Monday, November 7<sup>th</sup> at noon. The proposal should provide an overview of the site design, timeline for execution of the plan, project cash flows through stabilization, performance metrics for Heartwood and their LPs and major risk considerations and their mitigation. If your team determines the appropriate use for the site does not include affordable housing, recommendations should be made how Heartwood can maximize the value of the site and keep their company focus. This might include selling the site or finding a strategic partner better able to execute on the vision.

If the site uses any of the available density increases be sure to describe what program your team proposes be used for the site. The proposal should be reflective of the values of Heartwood and the needs of the Austin market. Proposals will be judged on how well the maximize value for the site as well as how they fit Heartwood's mission.

**Tips:**

- Please feel free to make reasonable assumptions. This will prevent delays that could slow your analysis. We recommend that you state the most important of these assumptions to the judges during your presentation.
- The case is set in the present. Please utilize any outside knowledge that you have as to the current state of interest rates, capital markets, property cycles, the economy, demographic trends, or anything else that you think would be useful for your analysis. Any information used from outside the case must be free and available to all teams (you don't have to share it, but it cannot be a paid source).
- Assume all parties in the case act in their own best interests.
- Teams will be judged on how well they support their recommendations to Chris. Judges will view the proposals for accuracy and creativity as well as presentation style.
- The judges will base their assessment of each team on a combination of qualitative and quantitative factors.

### Investor Returns

Unleveraged Returns	IRR	(\$52,692,344)	\$2,946,085	\$3,068,389	\$3,196,809	\$3,331,649	\$3,473,232	\$3,621,893	\$79,113,700
Equity Multiple/MOIC	10.7%	1.87x							
Cash on Cash Return			5.6%	5.8%	6.1%	6.3%	6.6%	6.9%	7.2%
Leveraged Returns	IRR	(\$18,392,344)	\$478,335	\$600,639	\$729,059	\$863,899	\$1,005,482	\$1,154,143	\$48,455,431
Equity Multiple/MOIC	17.41%	2.90x							
Cash on Cash Return			2.6%	3.3%	4.0%	4.7%	5.5%	6.3%	430.1%
Present Value		\$70,218,330	\$2,946,085	\$3,068,389	\$3,196,809	\$3,331,649	\$3,473,232	\$3,621,893	\$79,113,700
Construction Corrected Returns	IRR	(\$18,392,344)	\$0	\$300,320	\$729,059	\$863,899	\$1,005,482	\$1,154,143	\$48,455,431
	16.8%								

### Mission

- Revitalize the local economy.
- Create a town-centric focus on interconnectivity and sustainability.
- Take advantage of proximity to Downtown Austin while utilizing the demand for this local transit-oriented site.
- Build a multi-use development structure with affordable housing and lively retail.

This challenge involved the acquisition, development, stabilization, and disposition of a development project. Our team underwrote a \$7.8MM, 2.25 acre development property located in Austin, TX with mixed-use and retail phases. We performed extensive market research and an in depth financial analysis to pitch our proposal to developers. We are honored and grateful to have worked together to represent Monmouth University. The collaboration, commitment and hard work displayed by each member made for a truly unforgettable experience and we couldn't have asked for a better team to compete with! It was an extremely valuable experience to participate in the competition and compete against the top undergrad real estate programs in a highly competitive environment. The effort and hard work put in was well worth it, as the knowledge gained was invaluable. The opportunity to present our proposal in front of the judges was a great experience, and we were thrilled to have made it past the first round. There were four months, many long hours and mock presentations leading up to the competition in Philly, and it was a very fulfilling journey.