

Investment Report: Austin Retail Plaza

Generated by CRE Investments LLC on April 21, 2025

Project Overview

Project Name	Austin Retail Plaza
Location	Downtown Austin, TX
Property Type	Retail
Square Footage	10,000 SF

Financial Inputs

Acquisition Price	\$2,000,000.00
Construction Cost	\$500,000.00
Projected Rent per SF	\$25.00
Vacancy Rate	5.0%
Operating Expenses per SF	\$8.00
Exit Cap Rate	5.5%

Financial Analysis

Development Margin: 14.55%

Metric	Value
Gross Potential Income (GPI)	\$250,000.00
Effective Gross Income (EGI)	\$237,500.00
Operating Expenses	\$80,000.00
Net Operating Income (NOI)	\$157,500.00
Total Project Cost	\$2,500,000.00
Estimated Exit Value	\$2,863,636.36

Investment Analysis

UNDERWRITING SUMMARY: AUSTIN RETAIL PLAZA

1. EXECUTIVE SUMMARY

This underwriting analysis presents an investment opportunity for a Retail development project called 'Austin Retail Plaza' located in Downtown Austin, TX. The total project cost is \$2,500,000.00, with a projected NOI of \$157,500.00 and an estimated exit value of \$2,863,636.36 based on a 5.5% cap rate. The development margin is projected at 14.55%, representing a fair opportunity in the current market.

2. PROJECT OVERVIEW

- **Project Name:** Austin Retail Plaza
- **Location:** Downtown Austin, TX
- **Property Type:** Retail
- **Square Footage:** 10,000 SF
- **Acquisition Price:** \$2,000,000.00
- **Construction Cost:** \$500,000.00
- **Total Project Cost:** \$2,500,000.00

3. MARKET ANALYSIS

The subject property is located in Downtown Austin, TX, which presents the following market characteristics:

- Projected rent of \$25.00 per square foot
- Market vacancy rate of 5.0%
- Operating expenses of \$8.00 per square foot
- Exit cap rate of 5.5%

4. FINANCIAL ANALYSIS

- **Gross Potential Income (GPI):** \$250,000.00
- **Effective Gross Income (EGI):** \$237,500.00
- **Operating Expenses:** \$80,000.00
- **Net Operating Income (NOI):** \$157,500.00
- **Estimated Exit Value:** \$2,863,636.36
- **Development Margin:** 14.55%

5. RISK ASSESSMENT

Key risks associated with this investment include:

- Market fluctuations affecting rental rates and vacancy
- Construction cost overruns
- Potential delays in project completion

- Changes in cap rates affecting exit valuation
- Competitive pressures in the Downtown Austin, TX market
- Regulatory and zoning challenges

6. INVESTMENT RECOMMENDATION

Based on the financial analysis and project characteristics, we recommend a ****HOLD**** position on this investment opportunity. The 14.55% development margin represents a fair return potential in the current market environment.

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