

# 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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