



# University Village

## A Mixed Use Development



# Outline

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- ▶ The Site
- ▶ Market Analysis
- ▶ The Development
- ▶ Budget
- ▶ Financial Analysis
- ▶ Risk Analysis

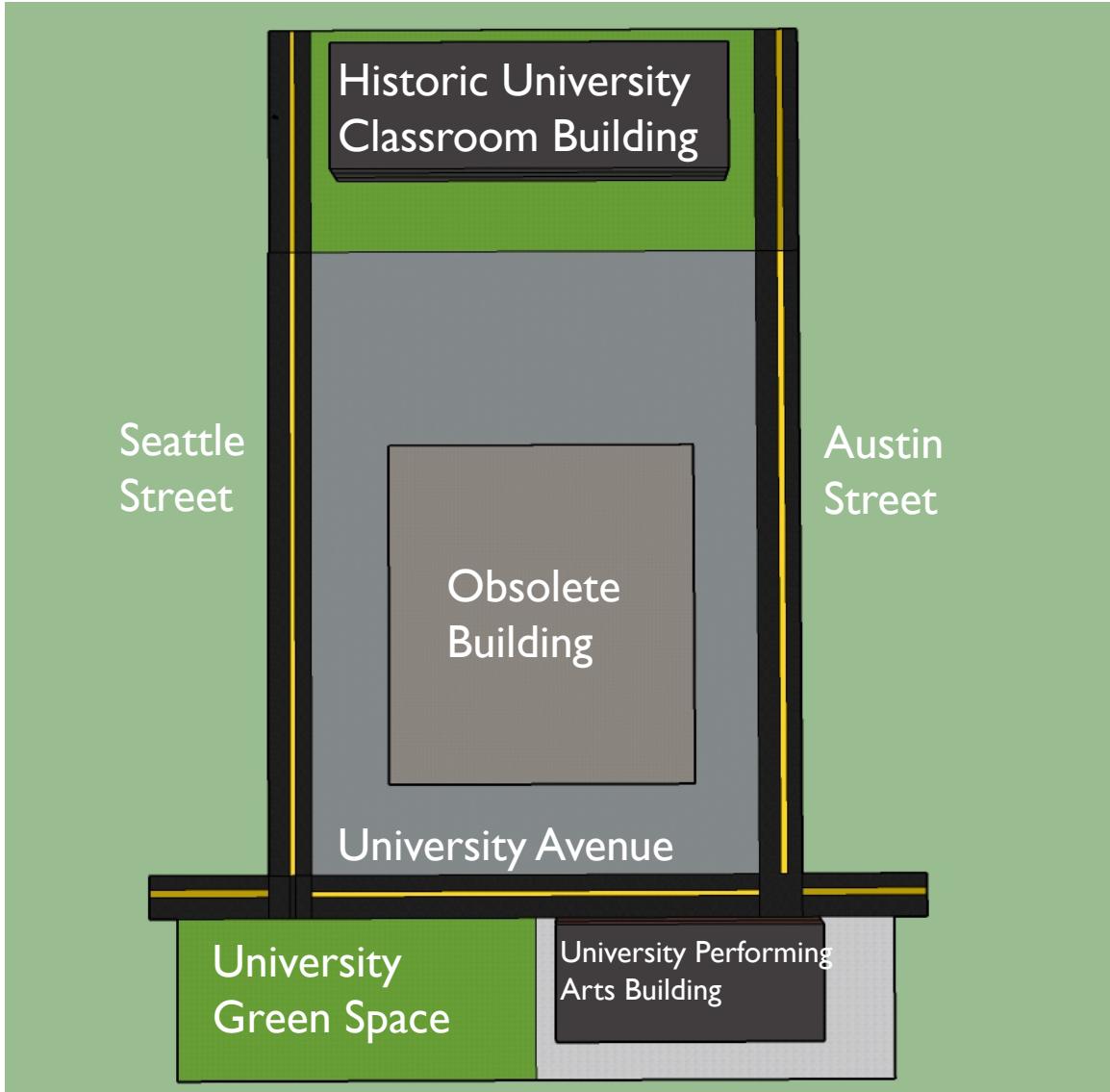


# Financials - Project

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Land Residual:	\$24,054,145 (20% IRR)
Project IRR:	15.3%
Project MIRR:	13.7%
Levered IRR:	20.7%
Cap 'A'	\$197,653,719
Net Wealth Creation:	\$116,338,095

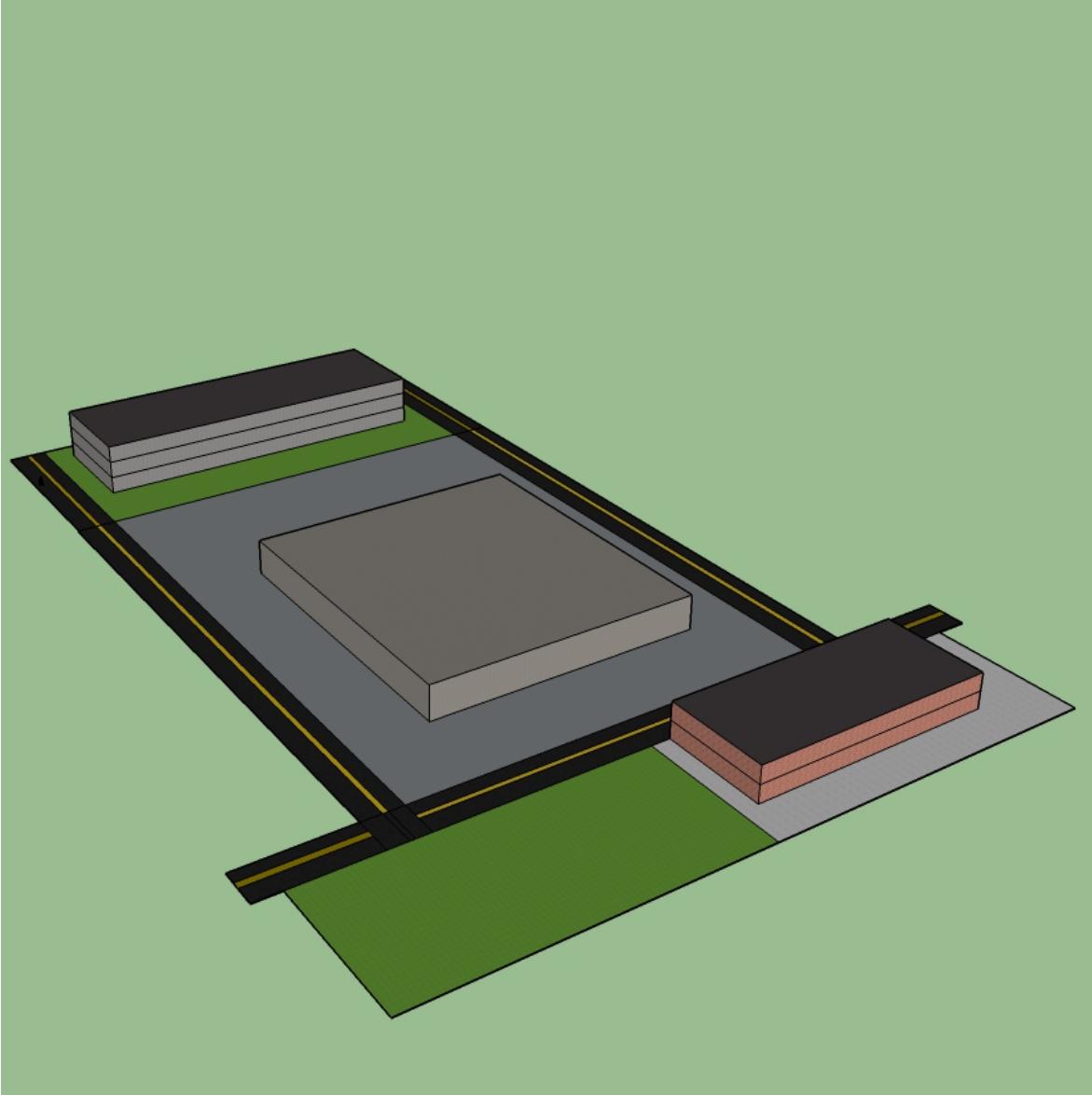




## The Site

Size:	87,120 SF
FSR:	2.5
Buildable:	218,000
SCR:	70%
Coverage:	61,040 SF





## The Site

Size:	87,120 SF
FSR:	2.5
Buildable:	217,800
SCR:	70%
Coverage:	61,040 SF



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# Market Analysis

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# Local Neighbourhood



- ▶ Surrounded by some of UT's youngest & most urban-driven neighbourhoods
- ▶ Populated with **young professionals**: Median age of 32
- ▶ High **Accessibility** from all directions
- ▶ High Degree of **walkability** aided by pedestrian infrastructure provided by the University
- ▶ University **Green space** along with **scenic views** nearby



# Income



- ▶ Median household income growth: **4.2%**
  - ▶ **Greater than the city-wide growth rate of 2.20%**

Local Neighbourhood Median Household Income	US Median Household Income
CAD \$72 400	CAD \$67 856

(US Median household income taken from the US Census Bureau & converted using today's exchange rate)



# Employment



Employer	Government	Healthcare	University
# of Employees	132 500	106 450	54 700

- ▶ More and more **tech firms** are setting up operations/expanding in the area
- ▶ **Law firms** are seeking office space in the area – with strong encouragement from the University law school



# Competition



- ▶ Sub-market is well-known and highly attractive to developers
- ▶ As more buildings in the area become obsolete, the sub-market will become open to development from competition
- ▶ Fortunately, the proposed site is one of the only sites within the area currently suitable for development
- ▶ **first-mover advantage** – allowing us to capture a large market share, build a strong presence, and secure customer loyalty





# Target Market

## ▶ Office

- ▶ Local government agencies, healthcare industry, tech firms, and the law firms expected to enter the market

## ▶ Residential

- ▶ Young professionals working in the area with disposable income to spend on quality living

## ▶ Retail

- ▶ Ethnic restaurants and local shops with medium price ranges to service professionals, families, and students in the community



# Market Summary

	<b>Office</b>	<b>Retail</b>	<b>Residential</b>
<b>Rents</b>	CAD \$35.00 PSF per annum	CAD \$45.00 PSF per annum	CAD \$12.96 PSF per annum
<b>Pre-Leasing</b>	20-30%	20-30%	50%
<b>Vacancy Rate</b>	5%	5%	5%
<b>Annual Revenue Growth</b>	6.50%	3.00%	5.00%
<b>Time to Lease Stabilization</b>	8 months	8 months	8 months
<b>Stabilization Rate</b>	95%	95%	95%

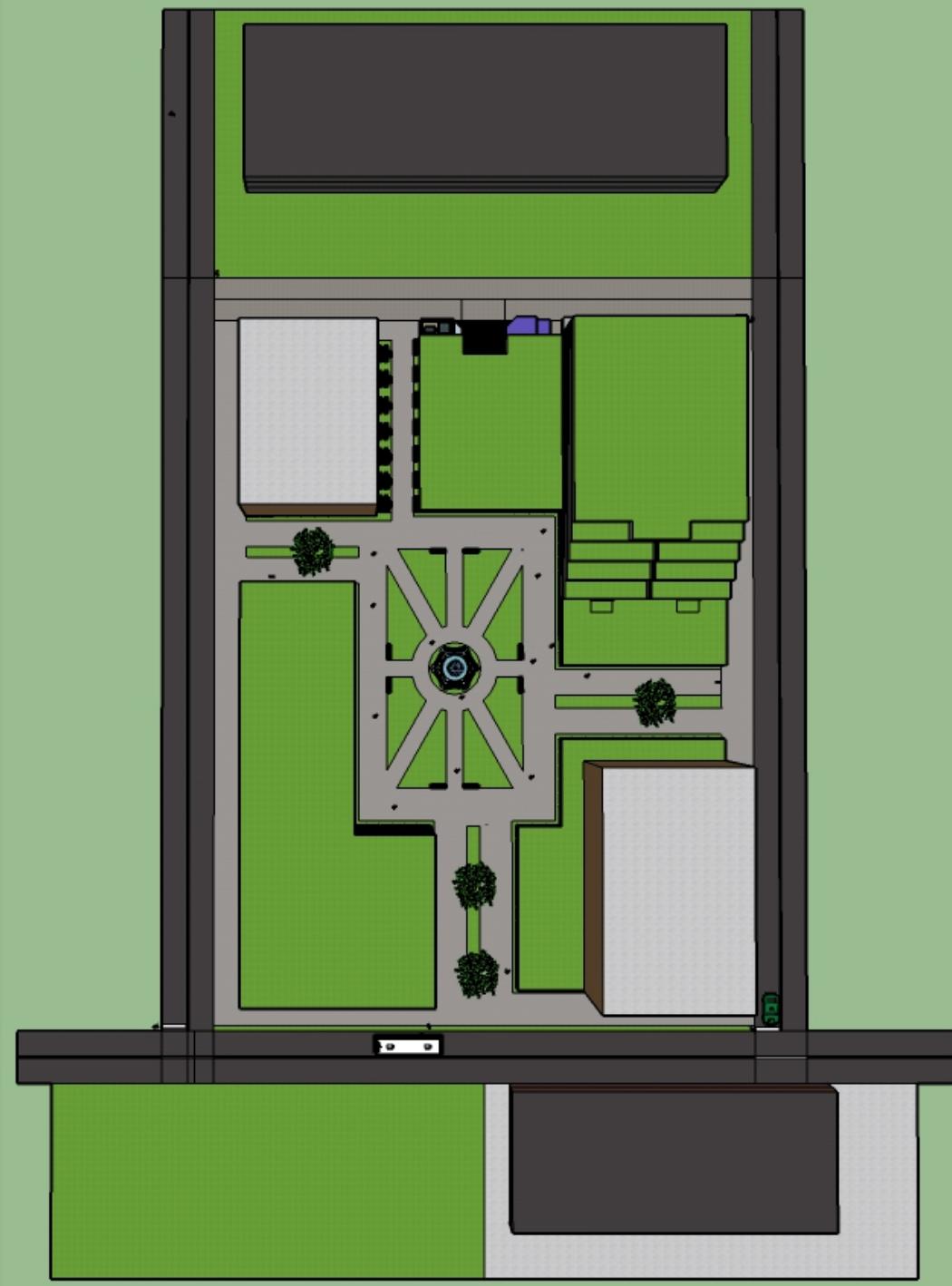


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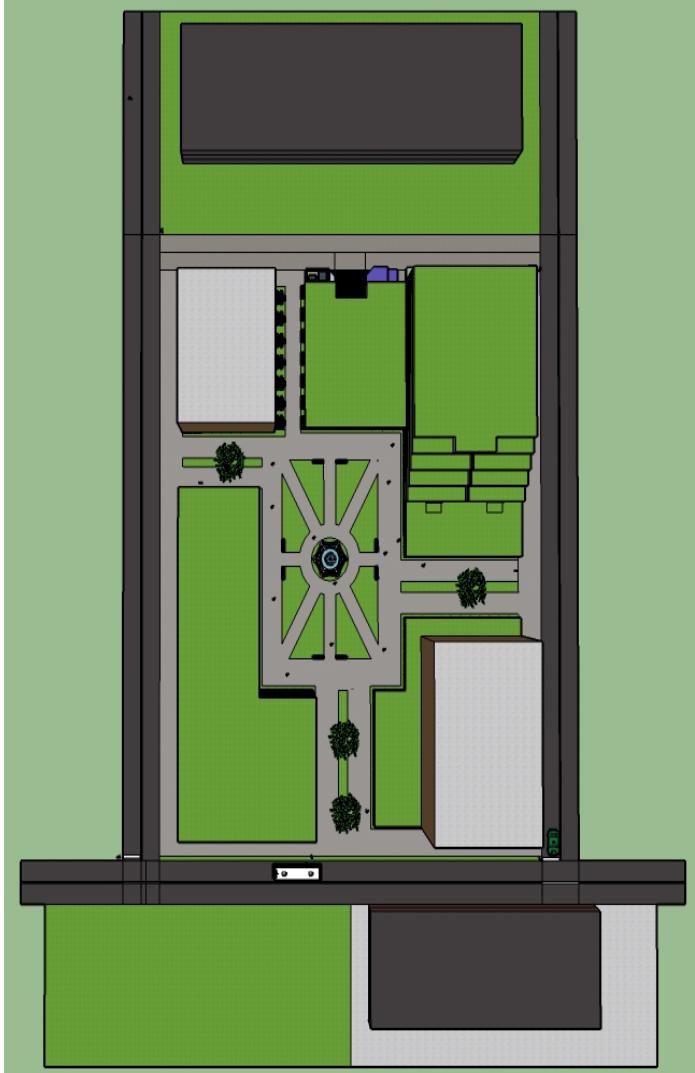
# University Village

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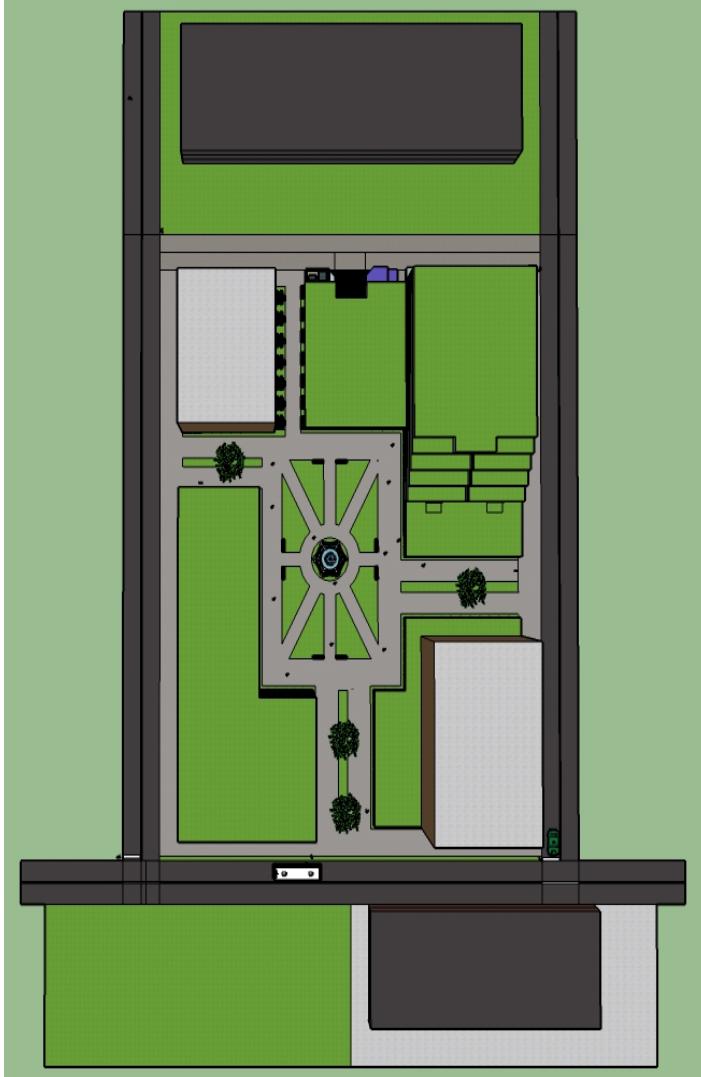
# Project Summary



	<b>Allowable</b>	<b>Developed</b>
Land Size:	87,120 SF	
FSR:	2.5	<b>2.47</b>
Buildable/Built:	217,800 SF	<b>215,604 SF</b>
SCR:	70%	<b>49%</b>
Coverage:	60,984 SF	<b>43,137 SF</b>



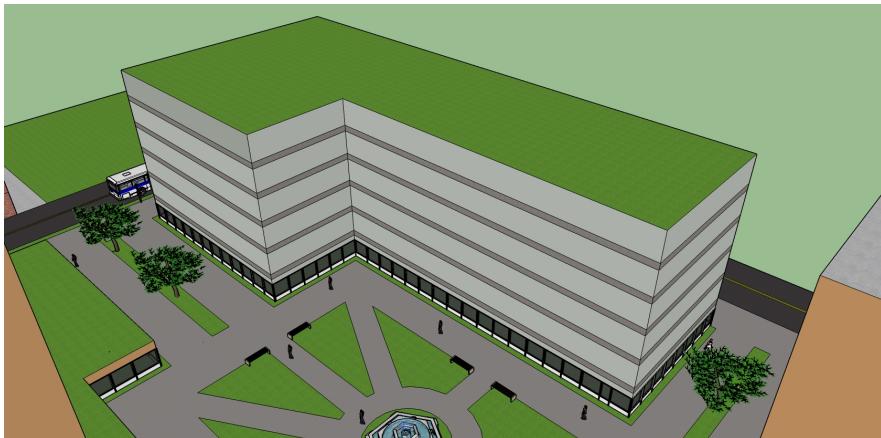
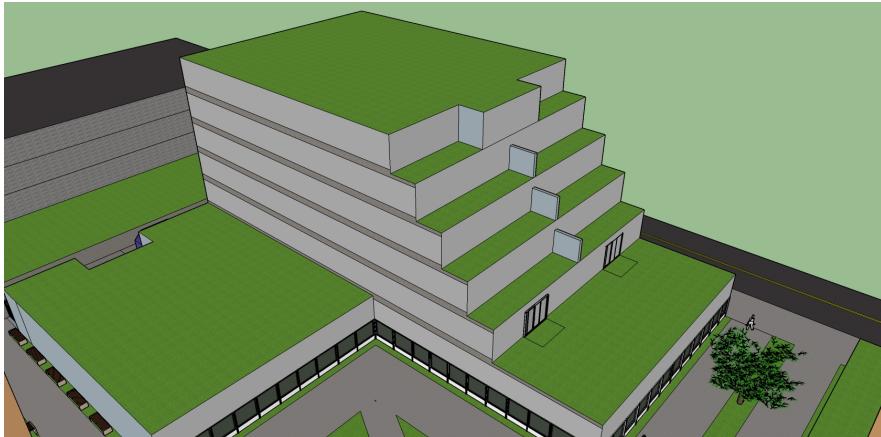
# Use Summary



	<b>SF</b>	<b>% of site</b>
Residential:	95,892	44.5%
Office:	76,575	35.5%
Retail:	43,137	20.0%
<b>Total:</b>	<b>215,604</b>	<b>100%</b>



# Residential

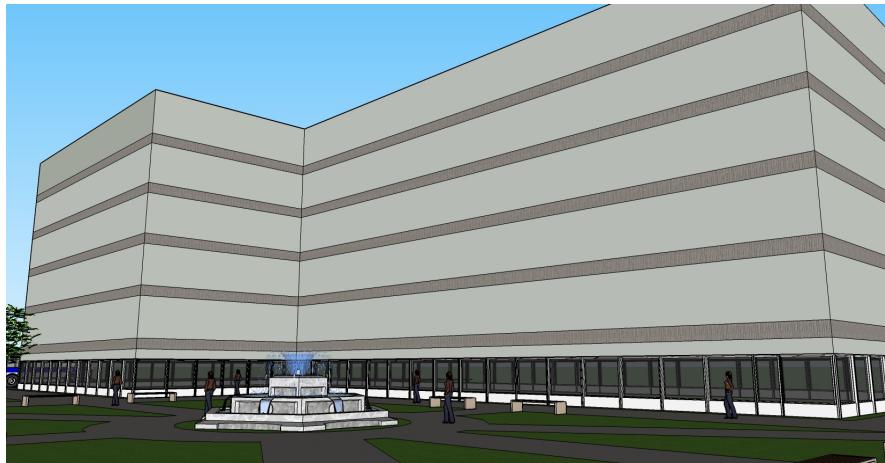


Building	Square Footage	\$/SF	Efficiency
L shape	11,875	1.30	93%
Steps	16,337	1.35-1.45	90%
<b>Total</b>	<b>43,137</b>		<b>100%</b>
Efficiency			<b>92%</b>

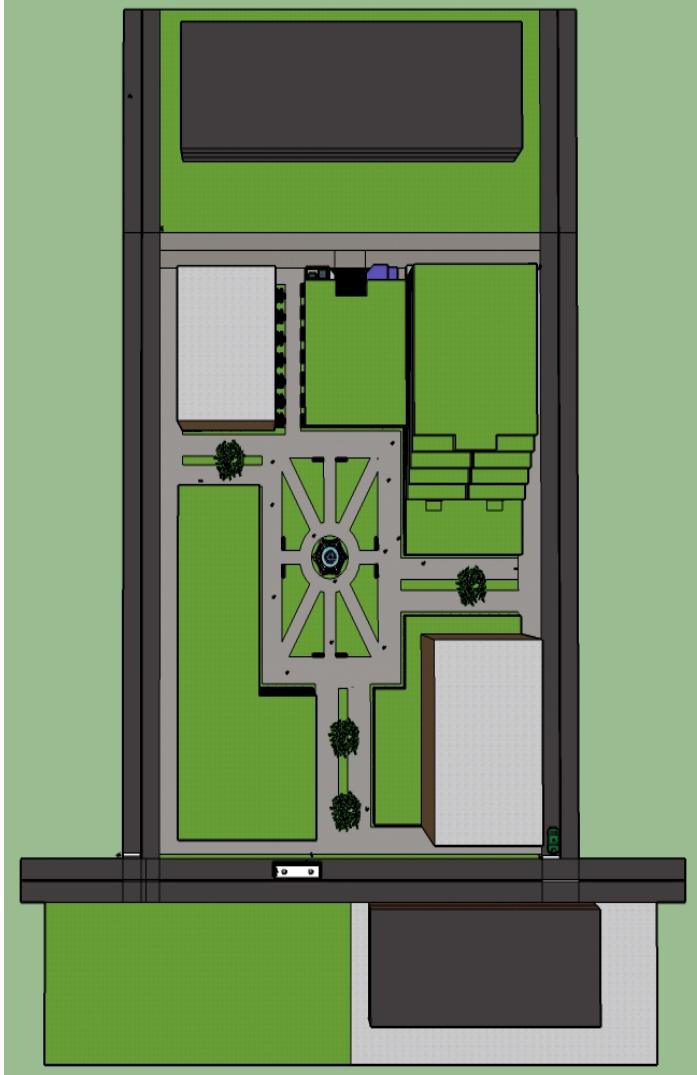


# Retail

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# Retail



Building	Square Footage	
L shape	11,875	
University Ave tower	10,125	
Steps	16,337	
Food truck tower	4,800	
<b>Total</b>	<b>43,137</b>	\$45/SF
Efficiency:	100%	



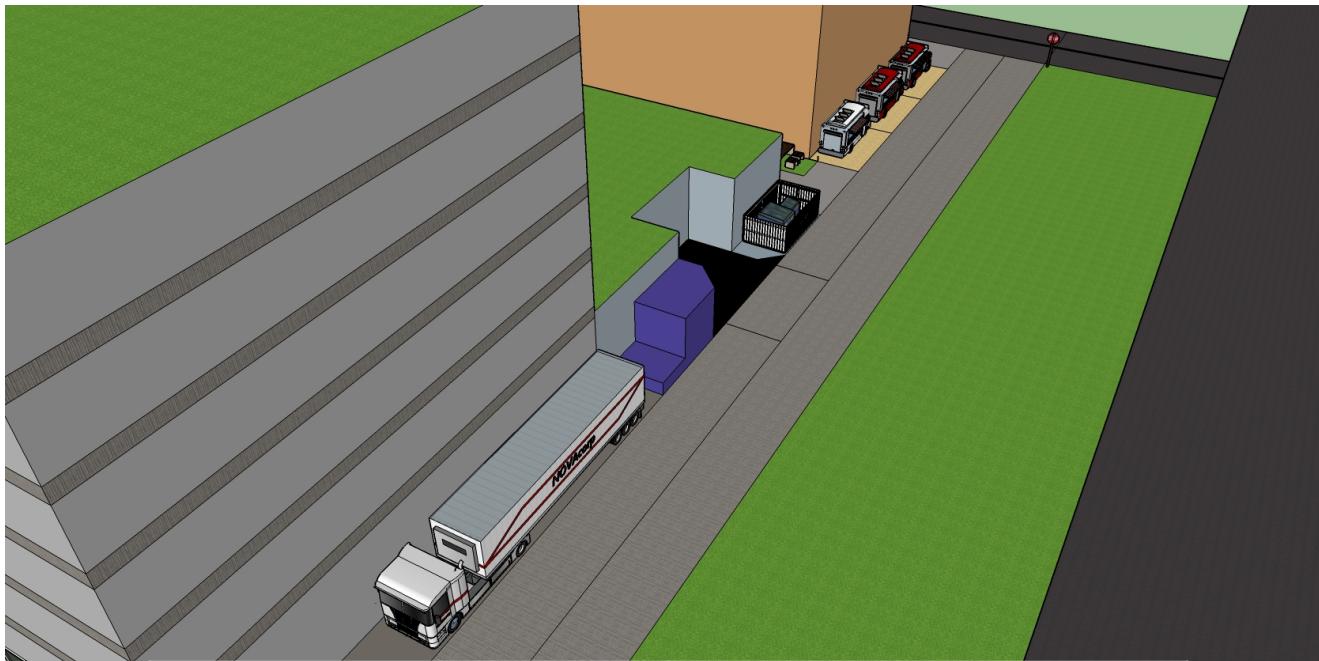
# Office



Building	Square Footage	\$/SF
University Ave Tower	11,875	36
Food Truck Tower	4,800	34
<b>Total</b>		<b>16,675</b>
Efficiency:		95%



# Parking



Use	Spaces
Retail	129
Residential	152
Office	230
<b>Total</b>	<b>511</b>



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# Financials

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# Sources & Uses

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Sources:	
Equity Partner	\$32,000,010.90
Real Estate Partner	\$8,000,000.00
Construction Loan	\$43,553,633.90
Mezzanine Loan	\$45,408,340.61
Permanent Loan	\$47,663,642.01
Total	\$176,625,627.42

Uses:	
Land Acquisition	\$24,054,144.94
Demolition	\$120,000.00
Hard Construction Costs	\$53,313,975.68
Soft Construction Costs	\$6,065,524.19
Construction Loan Payout	\$45,408,340.61
Mezzanine Loan Payout	\$47,663,642.01
Total	\$176,625,627.42



# Debt

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Construction	<b>\$43.5M</b> <ul style="list-style-type: none"><li>• 75% LTC</li><li>• 2.62%</li></ul>
Mezzanine	<b>\$45.4M</b> <ul style="list-style-type: none"><li>• \$50M available</li><li>• 300bp over LIBOR</li></ul>
Permanent	<b>\$47.6M</b> <ul style="list-style-type: none"><li>• 65% LTV</li><li>• 1.2 DCR</li><li>• 6.25%</li><li>• 85% occupancy</li></ul>



# Financials – Real Estate Partner

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Cash Investment	\$8M
REP IRR	25.9%
NPV	\$15,677,868
Promote Included after land residual target return	5%



# Financials – Equity Partner

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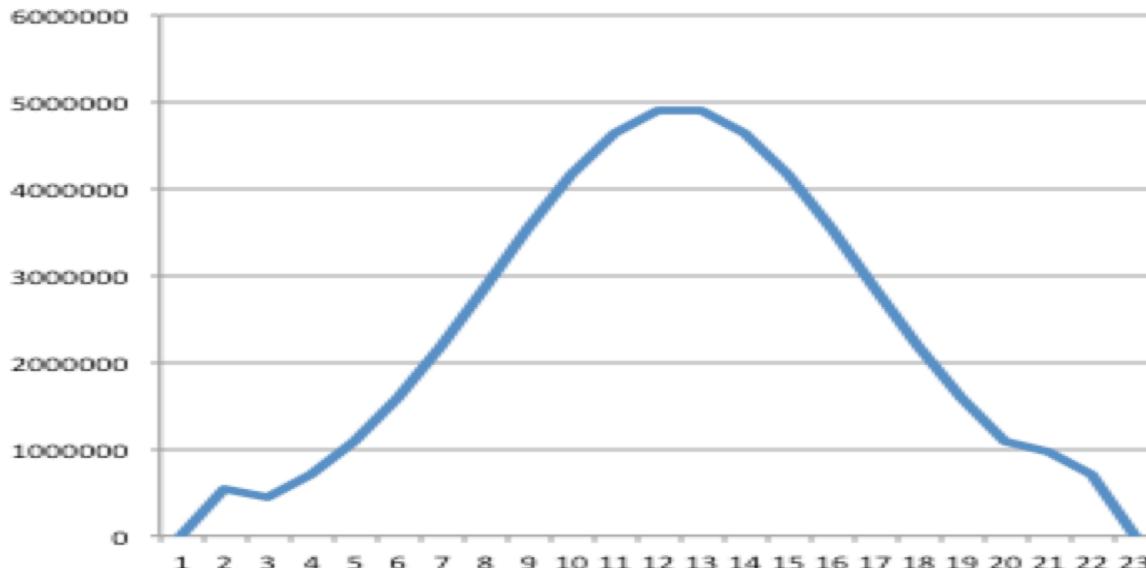
Cash Investment	\$32M
Equity Partner IRR	20.2%

- ▶ Cash Investment will be used to finance part of the land acquisition with remaining balance contributing to construction costs.



# Cost Schedule

- ▶ **Construction hard costs** approximately normally distributed over the 22 month construction period (see below)
- ▶ **Land acquisition** and pre development **soft costs** in year 0
- ▶ **Demolition** spread over the first two months following acquisition
- ▶ **Tenant improvements** incurred with tenant move-ins

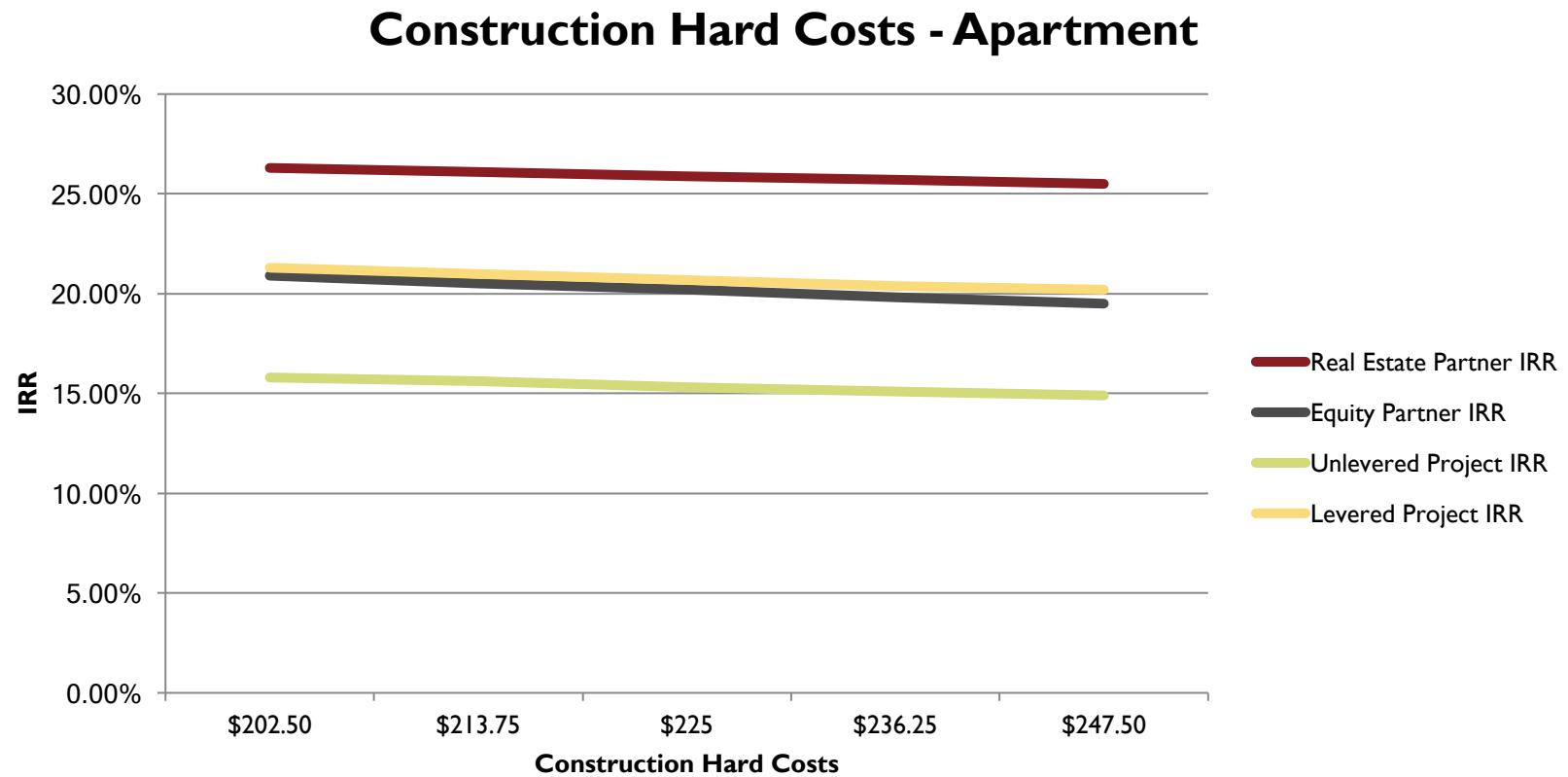


# Risks Analysis

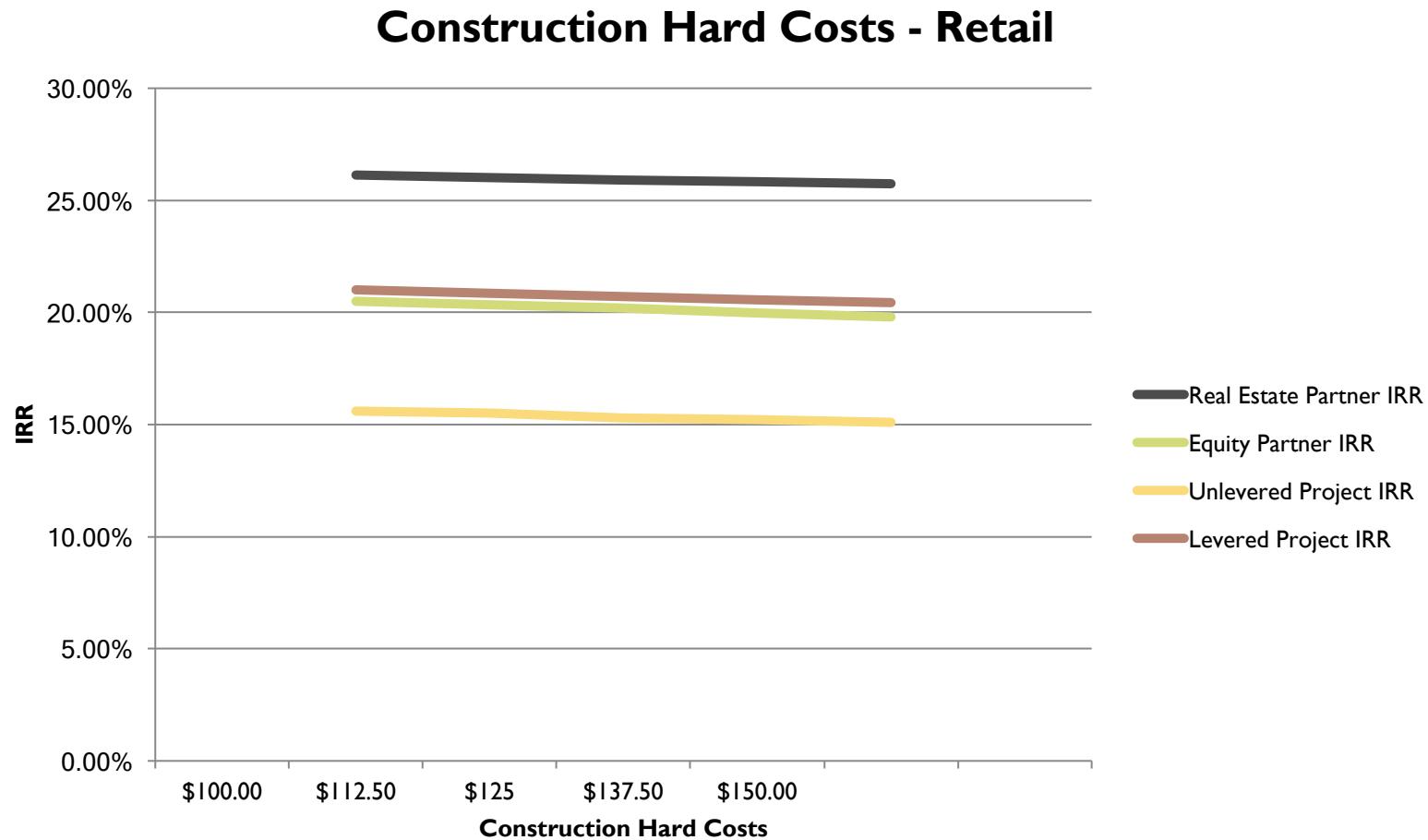
Risk	Probability	Severity	Mitigation
Construction Delays	Medium	Low	Work with a construction team we trust
			Maintain a high level of communication
Increase in Construction Costs	Medium	Low	Contingency Fund
Competition	High	Medium	First Mover Advantage
Natural Disaster	Extremely Low	Extremely High	N/A



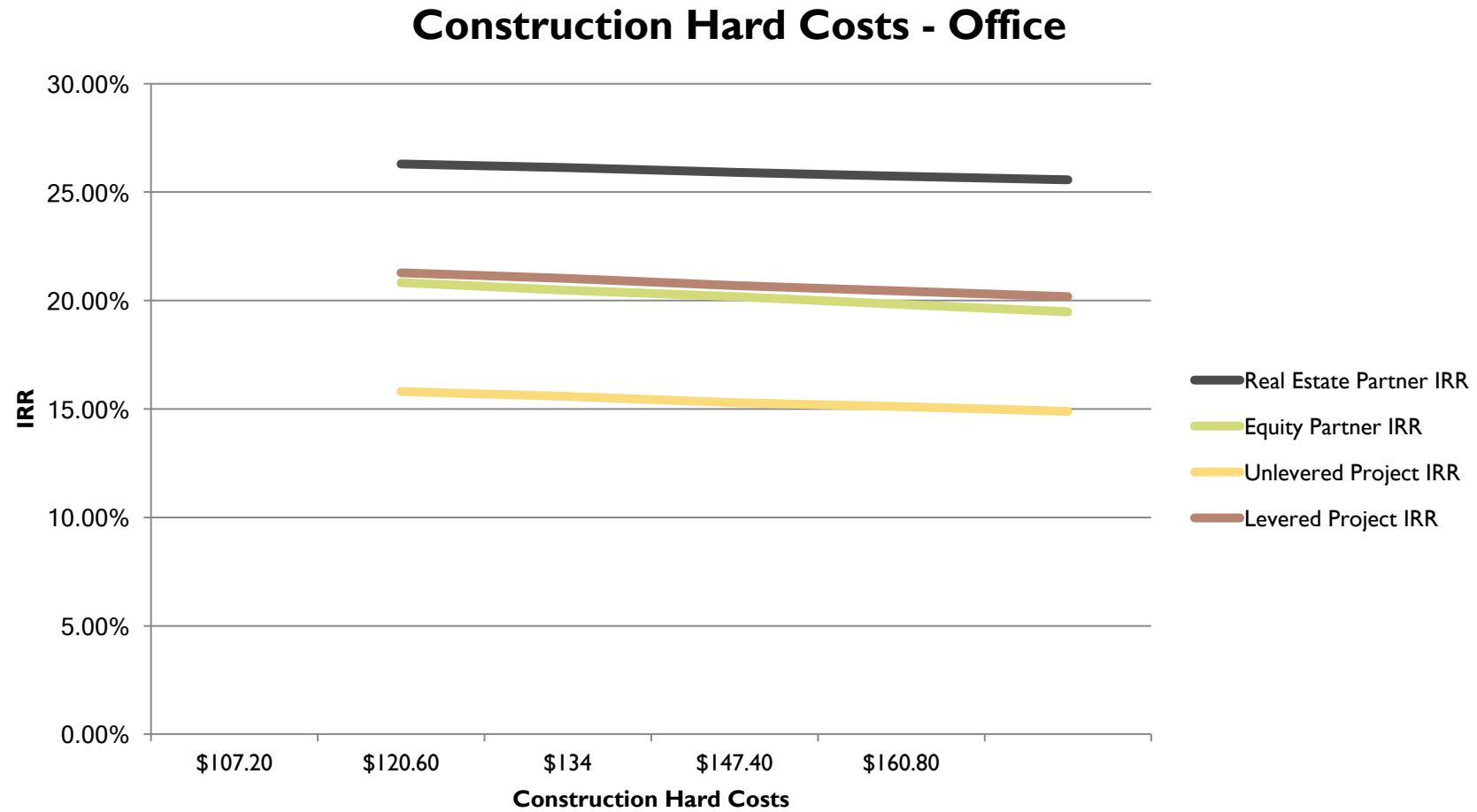
# Sensitivity Analyses



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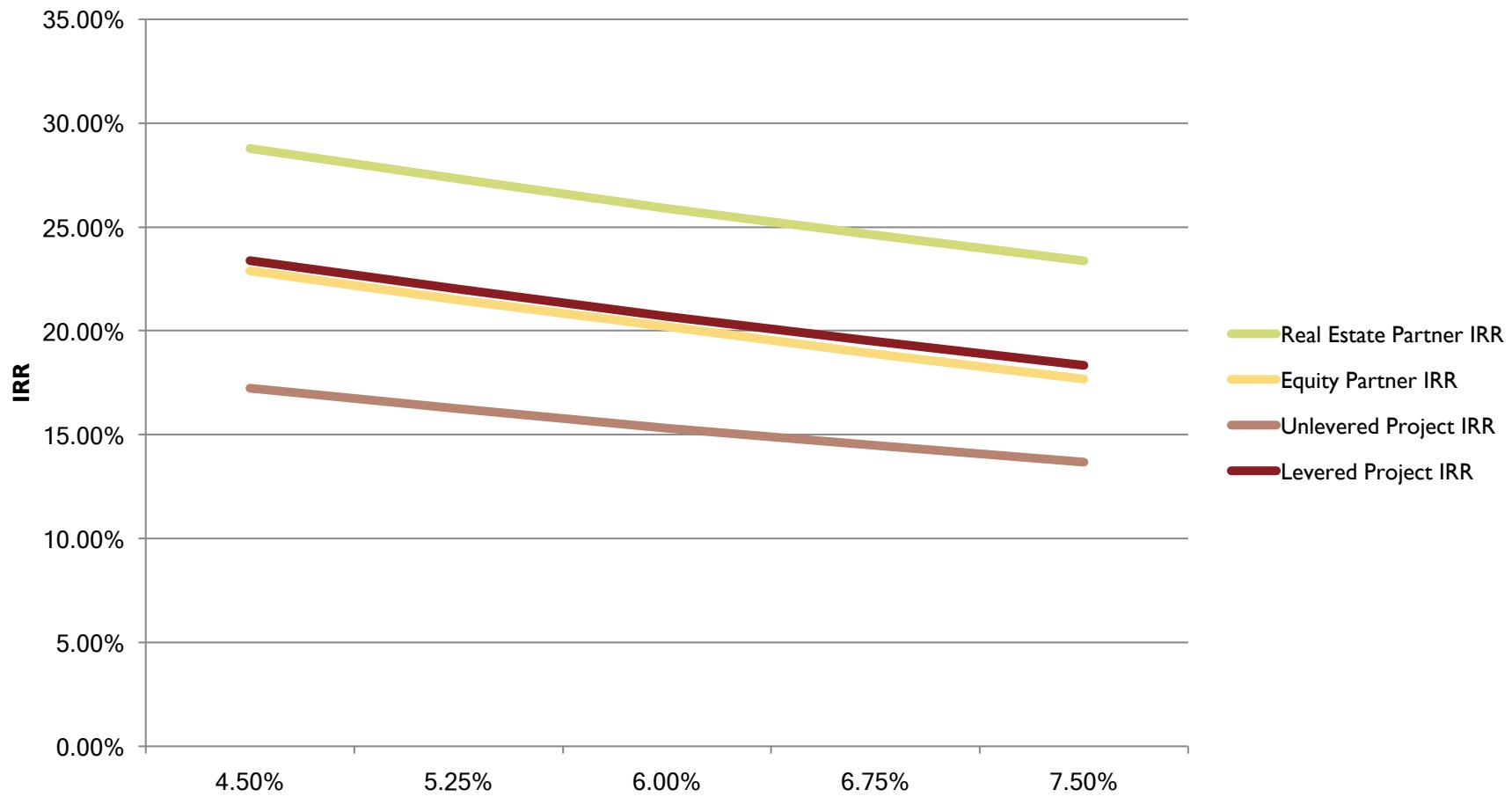


# Sensitivity Analyses



# Sensitivity Analyses

## Cap Rate Sensitivity



# Conclusion

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Equity Partner IRR	20.2%
Equity Investment	\$32M
Project IRR	15.3%
Project MIRR	13.7%
Levered IRR	20.7%
Cap 'A'	\$197,653,719
Net Wealth Creation	\$116,338,095



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# Questions

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# Appendices

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	Construction Hard Costs (per sq ft)	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
<u>Apartment</u>					
(-10%)	\$202.50	26.30%	20.90%	15.80%	21.30%
(-5%)	\$213.75	26.10%	20.50%	15.60%	21%
<b>Base Case</b>	<b>\$225</b>	<b>25.90%</b>	<b>20.20%</b>	<b>15.30%</b>	<b>20.70%</b>
5%	\$236.25	25.70%	19.80%	15.10%	20.40%
10%	\$247.50	25.50%	19.50%	14.90%	20.20%
	Construction Hard Costs (per sq ft)	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
<u>Retail</u>					
(-20%)	\$100.00	26.13%	20.50%	15.60%	21.01%
(-10%)	\$112.50	26.03%	20.33%	15.50%	20.87%
<b>Base Case</b>	<b>\$125</b>	<b>25.90%</b>	<b>20.20%</b>	<b>15.30%</b>	<b>20.70%</b>
10%	\$137.50	25.84%	19.97%	15.22%	20.58%
20%	\$150.00	25.74%	19.80%	15.10%	20.44%
	Construction Hard Costs (per sq ft)	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
<u>Office</u>					
(-20%)	\$107.20	26.30%	20.83%	15.80%	21.28%
(-10%)	\$120.60	26.12%	20.49%	15.56%	21.00%
<b>Base Case</b>	<b>\$134</b>	<b>25.90%</b>	<b>20.20%</b>	<b>15.30%</b>	<b>20.70%</b>
10%	\$147.40	25.75%	19.82%	15.11%	20.45%
20%	\$160.80	25.57%	19.48%	14.89%	20.18%

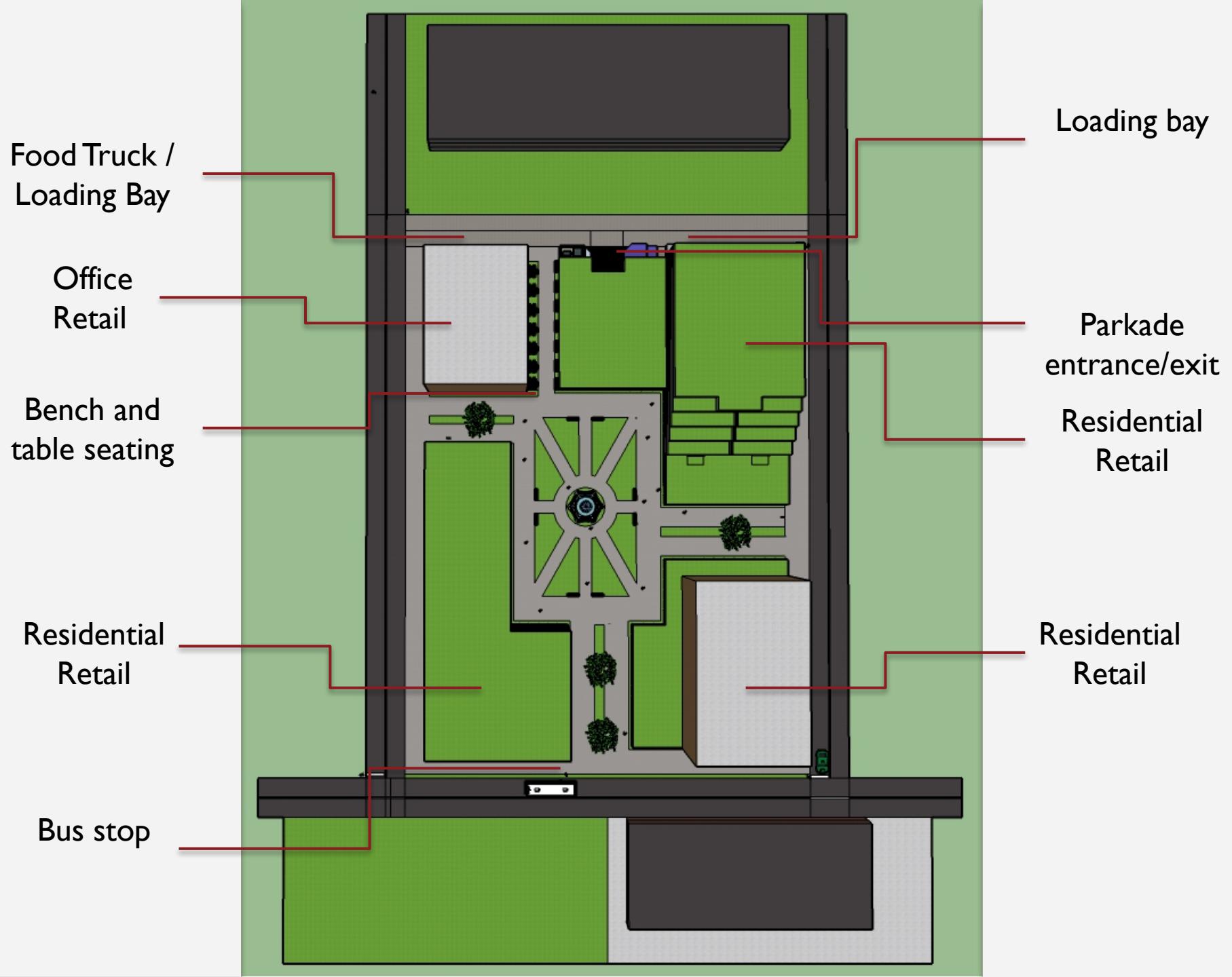


# Terminal Cap Rate

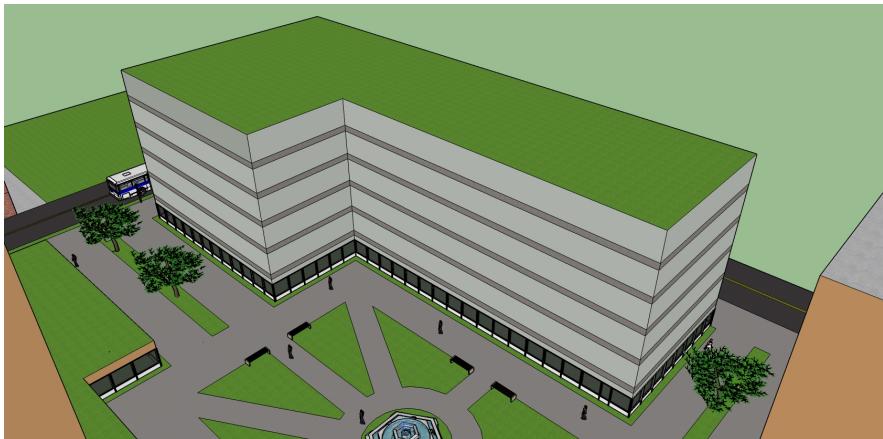
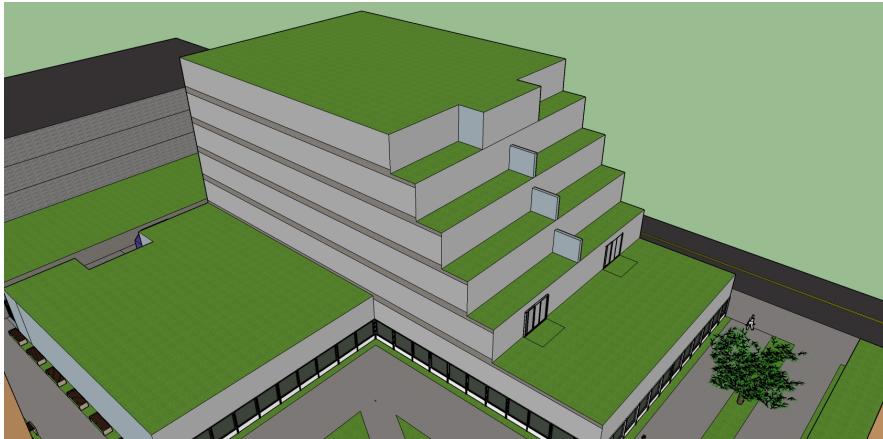
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	Terminal Cap Rate	Real Estate Partner IRR	Equity Partner IRR	Unlevered Project IRR	Levered Project IRR
(-.5%)	4.50%	28.78%	22.89%	17.24%	23.38%
(-0.25%)	5.25%	27.32%	21.48%	16.25%	22.02%
Base Rate	6.00%	25.90%	20.20%	15.30%	20.70%
0.25%	6.75%	24.62%	18.89%	14.48%	19.50%
0.50%	7.50%	23.37%	17.68%	13.68%	18.34%





# Residential



Type	Units	Total SF
Studio	20	11,230
1 bedroom	12	7,500
2 bedroom	38	32,588
3 bedroom	14	14,567
4 bedroom	17	19,887
Common Area:		2,130
<b>Total</b>	<b>101</b>	<b>87,902</b>
Efficiency:		<b>92%</b>



# Residential

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