## **Iron Harbor Logistics Park – Development Loan Package (Industrial / Distribution)**

**Document Type:** *Full Credit Committee Memorandum*

**Executive Summary:** Iron Harbor Logistics Park is a proposed three-building, 1.2 MM SF speculative industrial development in Savannah, GA, strategically located near the Garden City Port terminals. The sponsor—Pinnacle Freight Partners—requests a **$126 MM construction facility** to finance the first phase. The project targets port-related tenants with 36’ clear heights and cross-dock configurations.

**Key Underwriting Metrics**

| **Metric** | **Value** | **Notes** |
| --- | --- | --- |
| Total Project Cost | $168.5 MM | Phase I only (Bldgs A–C) |
| Loan Request | $126 MM (≈ 75 % LTC) | 4-yr term, 7.0 % interest-only |
| Sponsor Equity | $42.5 MM | 25 % cash |
| Stabilized NOI | 10.6 MM (Yr 5) | assumes 90 % occupancy |
| DSCR | 0.89× → 1.22× | below min. during lease-up |
| Cap Rate | 6.1 % vs. 5.7 % market | slight mis-match |
| Levered IRR | 10.3 % (base) |  |
| Exit Value | $173 MM (6 % cap Yr 6) | nominal uplift |

**Market Overview:** Savannah’s industrial market remains supply-heavy: 26 MM SF under construction with 10.2 % vacancy (up from 3 % in 2022). Rents plateaued at $5.75 psf NNN. Phase I’s speculative nature compounds risk; no pre-leases are in place, though the sponsor cites “active interest” from two 250 k SF users.

**Underwriter Observations:**

1. **Timing Risk:** Debt carry ≈ $880 k per month with zero income until 2027.
2. **Valuation:** Land cost marked $6.5 MM (acquired 2021 for $3.8 MM); internal gain inflates equity position.
3. **Cost Contingency:** 4 % vs. market 7–8 %; inadequate buffer.
4. **Exit Cap Compression:** Assumed 6 % exit inconsistent with upward market trend toward 6.5 %.
5. **Sponsor History:** Two prior developments delayed; both required loan extensions.

**Visual Summary – Coverage vs Occupancy**

DSCR

1.4 | ▇

1.2 | ▇▇▇

1.0 | ▇▇▇▇

0.8 |▇▇▇▇▇

50% 70% 90% 100%

Occupancy Level

**Committee Discussion:** Members acknowledged sponsor’s track record but noted thin equity and speculative nature. Even under the optimistic case, IRR ≈ 11 %, well below risk-adjusted targets.

**Recommendation:** Decline as proposed; reconsider with ≥ 30 % equity and signed LOI for ≥ 400 k SF prior to first draw.