## **Blue Heron Medical Pavilion – Build-Out & Takeout Loan Proposal (Healthcare Facility)**

**Document Type:** *Broker Word Doc (Unformatted Draft / Mixed Bullets)*

**Borrower:** Healthcare Development Group LLC (HDG)  
 **Project:** New 3-story 72,000 SF outpatient medical pavilion  
 **Location:** Raleigh, NC (Wake County)

**Summary** The borrower requests **$32.8MM construction + takeout facility** for the proposed Blue Heron Medical Pavilion. The sponsor claims 58 % of GLA pre-leased (anchor = Raleigh Radiology). Lease term sheet unsigned.

**Capital Stack (Broker table w/ typos)**

| **Source** | **Amount** | **%** | **Notes** |
| --- | --- | --- | --- |
| Senior Loan | 32.8M | 80 | requested |
| Sponsor Equity | 8.2M | 20 | “land + cash” (no appraisal) |
| **Total** | **41.0M** | **100** |  |

**Project Metrics**

* **Hard cost:** $36.5MM
* **Soft cost:** $4.0MM
* **Land value:** $3.5MM (unverified)
* **Stabilized NOI:** $2.35MM
* **Cap rate:** 5.5 % (“per CBRE”)
* **Loan constant:** 6.9 % → DSCR ≈ 0.95× → 1.08×
* **IRR (levered):** ≈ 9 %

**Narrative Observations (scattered sentences)**

• TI/LC budget $38 psf vs. market $60 – 70 psf.  
 • Lease-up assumption 10 months → optimistic.  
 • Raleigh Radiology LOI *not* executed; other tenant pipeline “strong interest” (broker quote).  
 • Cost escalation contingency only 4 %.  
 • No construction GMP yet; contractor not fixed.  
 • Debt yield 6.9 % on stabilized → well below lender minimum 8 %.

**Excerpt – Broker Email (OCR noise)**

“all tenants pay NNN so op ex minimal maybe 8.00 psf total??”

“Developer expctes perm loan post C/O = 27MM @ 5.25% fixed 25yr (we’ll refi u later).”

**Committee Takeaway** Unverified leases, underfunded TIs, weak contingency, and below-market debt yield. Recommend decline or require ≥ 30 % equity and signed pre-leases prior to close.