Bulverde Marketplace

Team 5

Preliminary Executive Summary

Bulverde Marketplace is an 87-acre regional shopping center, located on the far Northeast side of San Antonio at the intersection of Loop 1604 and Bulverde Road. Due to the large scope of the total project, we have elected to only personally develop 20 acres while selling 57-acres to the Target preferred developer for the San Antonio area. As part of the development plan, the City of San Antonio is requiring the expansion of Bulverde and Classen Roads as well as the construction of a bridge spanning the floodplain located between the first and subsequent phases. This construction will require the loss of 10-acres for the installation of necessary infrastructure and right-of-way designation which has an estimated cost of $6,300,000, of which roughly $4,540,000 will be reimbursed by the company developing the remaining 57-acres of our development.

This area is currently underserved in the specialty foods and apparel industries, which is the primary focus of our development. Additionally, there are no major shopping centers within a reasonable radius of our target market, about three miles. The property is surrounded on three sides by established neighborhoods with an average income of $84,000 containing a population of approximately 175,000. In order to best serve this population, we are developing a 105,000 square foot shopping center to include a specialty food store, various apparel retailers, and a restaurant with outdoor seating.

Included in our Financial Plan are our figures for the construction and subsequent management of the center. Our estimates for the shell and finish out are $60 per square foot and $30, respectively. We have also asked for 3 years operating expenses to be factored into our loan. We anticipate a before-tax IRR of 17.5% along with a very conservative average rental rate of $20 per square foot. The total projected cost of our development is $18,500,000, which will be financed via a 75% LTV loan bringing our required loan commitment to $13,875,000.