

Investment Memorandum

A stylized number '4' logo composed of three overlapping shapes: a teal triangle at the top, an orange trapezoid at the bottom left, and a yellow trapezoid at the bottom right.

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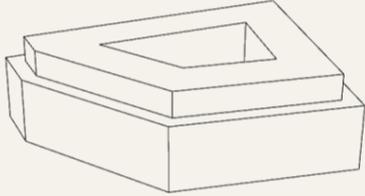
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Executive Summary



Location: 975 Nostrand Avenue, Brooklyn, NY
Building Size: 314,900 GSF
Residential Market Rate: 244 Units
Commercial Space: 30,000 RSF

Community Facility: 12,550 RSF
Project Cost: \$195 million
Capital seeking: \$58.5 million
Anticipated Completion Date: Jan 2024

The Fount at 975 Nostrand Ave is a unique mixed-use opportunity to invest in the growth of Crown Heights, Brooklyn. The ground up development is comprised of 244 market rate residential units, an 16,000 SF anchored supermarket, a 14,000 SF playschool and youth education center, and community space hosting NY state's Advantage After School Program. Despite steady rent growth, Crown Heights South has been deprived of high quality housing supply, fresh grocery, and youth activity programs. In addition to amenities like roof deck, gym, attended front desk, on-site property manager, the residents will also enjoy a 9685 SF exclusive courtyard, and 146 underground parking spaces.

We are **seeking \$58.5 million of LP equity**, through a 85/15 joint-venture agreement over a **10-year holding period**. The project also qualifies for Opportunity Zone Property, saving tremendous capital gains taxes. This project is anticipated to complete Jan 2024, and stabilized by the end of 2024, bringing in **\$8 million of annual cashflow**. Upon exit, this investment opportunity will **yield over 16.2% IRR** with a \$125 million dollar profit,



Market Analysis and Metrics

Crown Heights South's population and rental rate have seen tremendous growth over the last decade, and is projected to continue with the influx of immigrants, young professionals, and a mix of ethnic groups. As diverse is the household income, with the \$60,000-\$100,000 bracket taking the largest share of 24.7%. Median household income is \$67,840, and more than 30% are rent burdened. The overall rental vacancy rate was as low as 3.2%, and an unemployment rate of 4.46%, showing great signs for a rental development, guaranteeing occupancy and stable cashflow. The average household has 2.4 persons, meaning this is a family-friendly area. 20-29 year-olds make is the biggest group(18%), and 30-39 follows right after at 16%. Children, age 0-19, make up 22% of the demographics. Considering income and young adults, it is the most reasonable to offer 1Bedrooms and 2 Bedrooms. The area saw an influx of development since 2016, and newer product are supporting higher than market rent while enjoying below market vacancy. 3 bedroom apartments see the most vacancy in the area.

- **Sale/Pricing trend:** Median condo sale price in Crown Heights is up 36% YoY at \$875K, while median price/sqft is up 60% YoY at \$973. On a recent ranking of New York City's top seller's market, Crown Heights were ranked top 10, along with many other Brooklyn neighborhoods (New York Times, 2021).
- **Absorption:** Beginning 2014, condo developers have reported that most units sell at the first open house. In 2021, on average 14.2 homes have been sold every month, which divides by 57 days on market, gives us a 25% absorption rate.
- **Vacancy:** While older, unmaintained buildings see a less than 1% decrease in occupancy in the past decade, newer developments are mostly fully occupied.

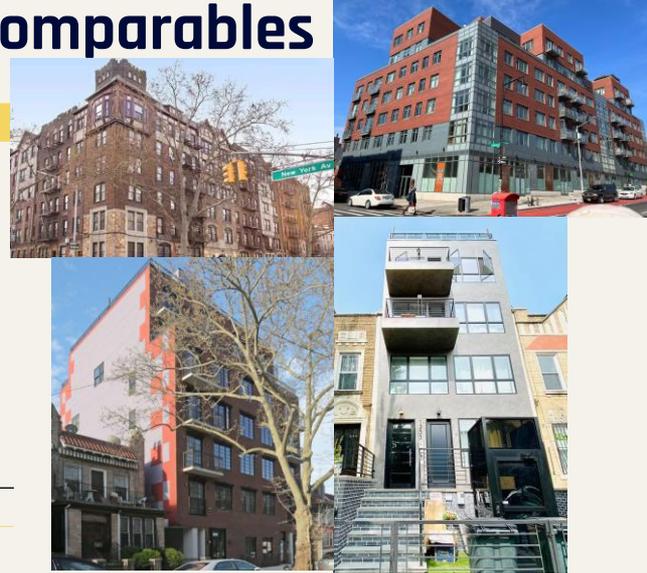


Site Analysis



- The site is located in an designated opportunity zone as an urban distressed area.
- Just blocks away from the 2,3,4,5 and S subway line, as well as a short stroll to Prospect Park.
- Two blocks away from police station.
- Limited fresh food options in 10minute walking distance.
- Accessible by shared ride options and driving as well.
- In School District 17 – zoned for M.S 061 and P.S 161 the Crown.
- There are no elementary school level after-school programs in the neighborhood.
- A short commute to a handful of colleges: Medgar Evers College – CUNY, Pratt Institute, SUNY Downstate Medical Center, and St. Joseph’s College

Market Analysis: Residential Rent Comparables



Studio Comparables

FloorPlan	Rent	Address
studio	\$ 1,695	1402 Sterling Place
studio	\$ 1,750	441 Brooklyn Ave
studio	\$ 1,790	650 Crown Street
studio	\$ 1,995	958 Nostrand
studio	\$ 1,999	958 Nostrand
studio	\$ 2,030	958 Nostrand
studio	\$ 2,030	958 Nostrand
	\$ 1,898	Average Monthly Rent

1 Bedroom Comparables

FloorPlan	Rent	Address
1b1b	\$ 2,200	1437 Carroll Street
1b1b	\$ 2,400	958 Nostrand
1b1b	\$ 2,700	901 Lincoln Place
1b1b	\$ 2,450	958 Nostrand
1b1b	\$ 2,700	958 Nostrand
1b1b	\$ 2,750	958 Nostrand
1b1b	\$ 2,999	1237 President Street
1b1b	\$ 2,200	1452 Carroll St
	\$ 2,550	Average Monthly Rent

Competition & Absorption

- The Plex (958 Nostrand Avenue) right across from the Fount is also a luxury rental apartment that offers studio to 3 bedrooms. Its amenities include gym, attended lobby, roof deck and in-building laundry room. It has been 100% occupied for the past two years, with steady growth in rent as show in comparables.
- Ebbets Field Complex(1720 Bedford Ave) is another 100% occupied building that is 0.5miles away from the Fount. Ebbets is steps away from the Brooklyn Botanical Garden, but has slightly aged appliances.
- 264 Sullivan is a 7-story 26-unit residential building built in 2017. Only active listing is 3 bedroom.

Overall, most competitions are completely leased – and new supplies are not enough to satisfy the demand for new built high-end rentals.

2 Bedroom Comparables

FloorPlan	Rent	Address
2b1b	\$ 2,550	324 Montgomery Street
2b1b	\$ 2,600	520 Crown Street
2b1b	\$ 2,699	252 Sullivan Pl
2b1b	\$ 2,900	1131 President St
2b1b	\$ 2,850	267 Brooklyn Avenue
2b1b	\$ 3,800	1237 President Street
2b1b	\$ 2,650	1035 Washington Avenue
2b2b	\$ 3,133	958 Nostrand
2b2b	\$ 3,200	958 Nostrand
2b2b	\$ 3,200	770 Saint Mark's Avenue
	\$ 2,958	Average Monthly Rent

Crown Heights Site Zoning Summary

Address	975 Nostrand Ave, Brooklyn, NY 11225		
Block	1309	Lot	6
Use	R7-1	C2-3	
Use Group	1,2,3,4	5,6,7,8,9,14	
Lot type	Through lot	Corner if acquire	
	Streets:		
West	Nostrand Avenue	80 ft	Wide
East	Clove Road	50 ft	Narrow
North(if expand)	Montgomery St	70 ft	narrow
Community Dist.	Brooklyn Community District 9		
Special Zone	Transit Zone. Fresh Zone. Oppurtunity Zone		

Zoning Overview



Parking

7-1 within which C2 is mapped		
Resi Parking	60%	of DU
Commercial Parking	1 per	400 sf
waived commercial parking	25	max
loading berth	2	
bicycle parking	usegroup	

Bulk

	Wide	Narrow	Total
Lot Size	20,030 sf	41,591 sf	61,621 sf
Rear yard	30 ft		
Lot Coverage	65%	100% if corner	
Residential FAR	4.0	3.44	
Community Facility FAR	4.8		
Commercial FAR	2.0		
Depth of Commercial overlay	150ft		
Base height	45-75	45-65	min is 45
Building height	80	85 with QGF	
# Stories	n/a	8 with QGF	
DU Factor	680	Proposed	
Max Residential ZFA	223,193 sf	215,956 sf	
Max Community Facility ZFA	295,781 sf	254,591 sf	including resi
Max Commercial ZFA	123,242 sf	38,635 sf	
Transferable Residential ZFA	91,636 sf		

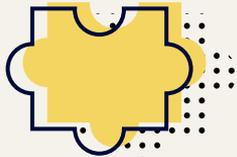
- The site is zoned for **residential with an commercial overlay**. Around a quarter of the land are zoned for wide street, and the rest follow the narrow street requirements.
- While not “e-designated”, the soil contains historical fill and mild contamination that qualifies for Brownfield Cleanup Credit. Due to MTA line, minimum setback is 15ft. Retail Parking are waived due to transit zone.
- While there are opportunity to transfer development rights from neighboring lots, it is unlikely for assembly reasons, as 985 Nostrand was bought by another developer in 2019.
- In addition, the community board has not been pro-development and it is not likely to get approved for a variance. Current zoning envelope will not fit additional floor area and requesting a new height would be difficult in this neighborhood.

Vision: Neighborhood Opportunities & Challenges

Top pressing issues perceived by Brooklyn Community Board 9 are:

Need for housing and economic development

The Fount brings 244 residential units to the housing supply, alleviating critical housing shortage.



Access to healthy food and lifestyle programs

Anchored by 16,000SF of Associated Supermarket, the Fount ensures the community's access to healthy grocery. In addition, courtyard will be programmed with community activities for the residents.



Youth need safe spaces to congregate and receive support

Collaborating with NY State Office of Children and Family Services, we are contracting with Advantage After School Program to provide service of kindergarten to primary school level after-school activities at our community facility.



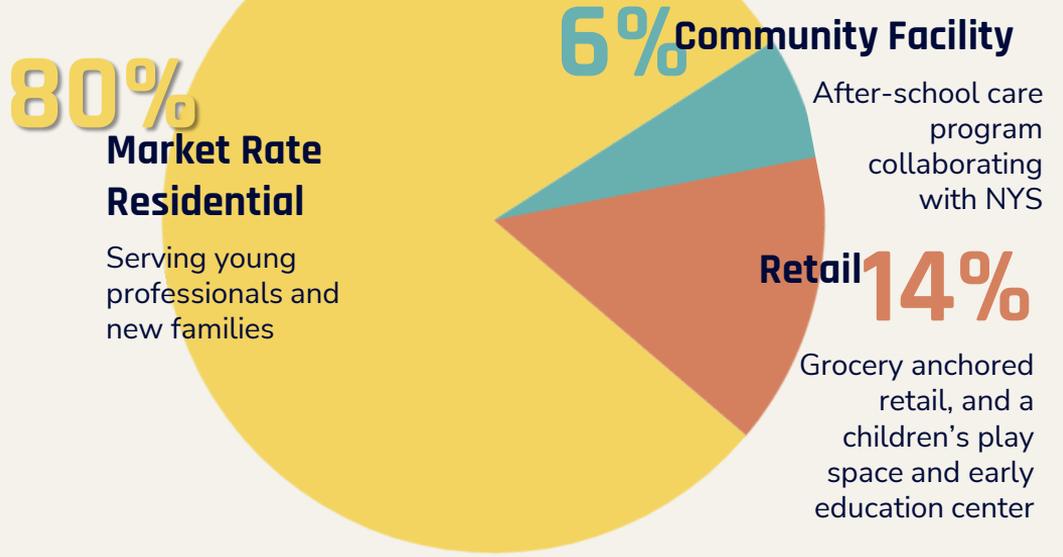
The Fount

A step towards the right direction for Crown Heights South.



	Rentable SF (78% Efficient)	Gross SF	Monthly Rent
Residential Market Rate	167,690	215,956	\$591,785
Community Facility	12,550	16,162	\$50,207
Retail	30,000	38,635	
Supermarket	16,000		\$64,009
Children Play Center	14,000		\$56,008
UG Parking	146 Units		\$35,136
UG Cellar	5000		
Total ZFA/CF	210,240 SF	270,753 SF	\$790,863

Stacking Plan / Proposed Program



Floor 7 - Residential	28,000 sf
Floor 6 - Residential	28,000 sf
Floor 5 - Residential	31,060 sf
Floor 4 - Residential	31,060 sf
Floor 3 - Residential	31,060 sf
Floor 2 - Residential	18,510 sf
Community Facility	12,550 sf
Floor 1 - Supermarket	16,000 sf
Play Center	14,000 sf
Underground Cellar	5,000 sf
Underground Parking	29,280 sf



Residential Area Mix

	Average Unit Size	Unit Count	Allocation/RSF	Monthly Rent	PSF Monthly Rent
Studio	420 SF	42 Units	17%	\$1898	\$4.52
1 Bedroom	650 SF	79 Units	32%	\$2550	\$3.92
2 Bedroom	940 SF	105 Units	43%	\$2958	\$3.15
Total/ WgtAvg	687 SF	244 Units	167,690 SF	\$2425	\$3.53

Given the demographics of young professionals, the Fount is offering a majority of studio and 1 bedrooms, in addition to 43% of 2 bedrooms that are perfectly sized for families with children. 3 beds are eliminated from the mix due to weaker market demand and less efficient PSF revenue.

In addition, 146 underground parking spots will be available to the tenants on a monthly rental basis. Unoccupied parking space will also be open to retail customers.

Residential Tenant Profile



The Raikonen's

Household Income: \$120,000

A 35 year old couple that just moved out of Manhattan as their baby became toddler, and another on the way. Could not quite afford a townhouse in Brooklyn. Loves the spaceousness of their 2-bed.



Zhou

Household Income: \$55,000

Fresh graduate of nearby Pratt Institute, Zhou values a diverse, lively neighborhood in addition to accessibility and modern facility. Shares a 1-bed with his roommate Bottas.



Albon

Household Income: \$70,000

28 year old young professional that's in a serious relationship. Boyfriend comes over often, thinking of starting a family here. Enjoys the privacy of a studio.

Infant Class Area



When in Brooklyn, you will see trolleys and trolleys of children. As one of the most popular neighborhoods for young parents, youth education and interaction sources has not quite kept up. Play spaces are booked to the brim, and getting in a Montessori style kindergarten is as challenging as job interviews. The Fount is contracting with Twinkle Playspace, a Brooklyn local business that is seeking expansion, to provide a safe, fun, and nurturing space for families in resident and in the neighborhood.

Retail Tenant: Twinkle Playspace (14,000 SF)

Night-time/ Weekend: children's amusement space for kids 6 & under with a life size climbable tree, a rope bridge, sandpit, dress-up room & a space capsule...and more.

Daytime: Montessori-inspired early education center combined with playschool.

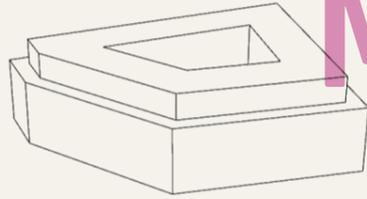
Offerings: Infant class, play school, open play, drop off, and family fun time.

Play Area



Play Area

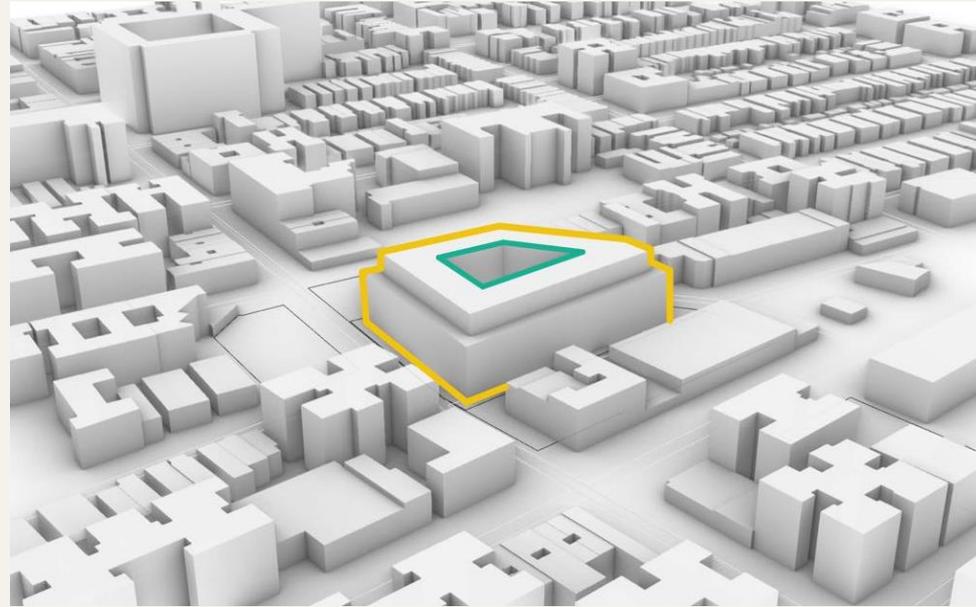




Massing & Bulk

At 85ft and 7-floors tall, the Fount utilizes the maximum the as-of-right zoning envelope could offer, incorporating ground floor retail, 6 floors of residential rentals at market rate, and community facilities that pushes project FAR to 4.39.

The building takes up 40,000SF, covering 64.8% of the lot. To leave space for MTA, the building is setback 15ft from the street. A spacious 9685sf courtyard introduces light and air for inner facing units, also creates a programmable outdoor space that is exclusive and easily activated. Setting back again at 65ft, the building ensures sunlight for surroundings and pedestrians per sky exposure plan.



Development Scheme: Mass Timber Material and Construction



Stable and sustainable



Pre-determined construction costs



Quick and dry process

To go above and **beyond sustainability standards, mitigate cost and time overrun risks**, while providing a **sense of coziness and a touch of nature**, the Fount is adopting **Mass Timber construction using Cross-Laminated Timber**. The development is also equipped with high-performance windows, energy-efficient ventilation, thermal insulation, and no combustion – to be ahead of its peers as a true **Passive house**.

Why CLT?

With proven structural strength enough to support skyscrapers, cross-laminated timber is more sustainable than steel and concrete, and cuts down on construction timelines. CLT panels can be adaptable for walls, floors, ceilings, roofs, and furniture. They are assembled and cut in their production, already foreseeing the joints, openings, and drills specified in the design (Eduardo Souza, 2018). The parts are transported to the site and put together like assembling IKEA furniture – meaning construction projects with CLT doesn't last more than a few weeks and creates minimum waste.

In an macro environment where construction costs are rising rapidly every year, the material costs are pre-determined in pre-development stage, mitigating major risks in our development process.

Multi-story mass-timber constructions in the U.S. rose 50% between July 2020 and December 2021 to more than 1,300 structures. In October 2021, New York City Council has finally approved using CLT on projects up to 85 feet tall, or 7 stories (theRealDeal, 2021), which the Fount perfectly fit within.



The Sara Cultural Centre and Wood Hotel in Sweden, 20 stories CLT, largely made of locally harvested spruce and pine.

Architectural Synopsis: Design Precedents



Atelier Jones, CLT House

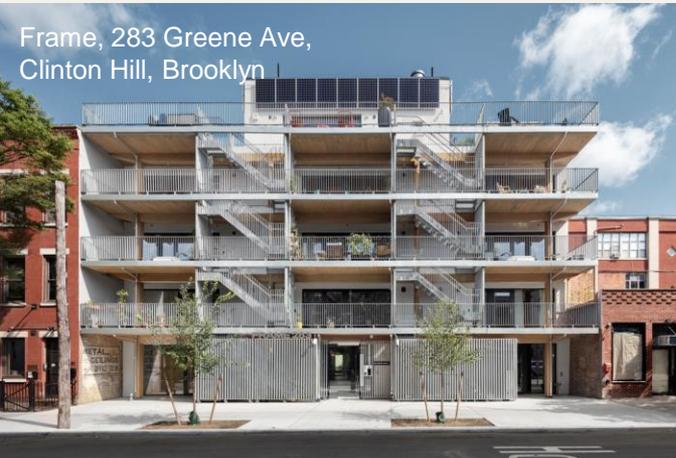


Powerhouse company – first academic building made of CLT



Adam Mork

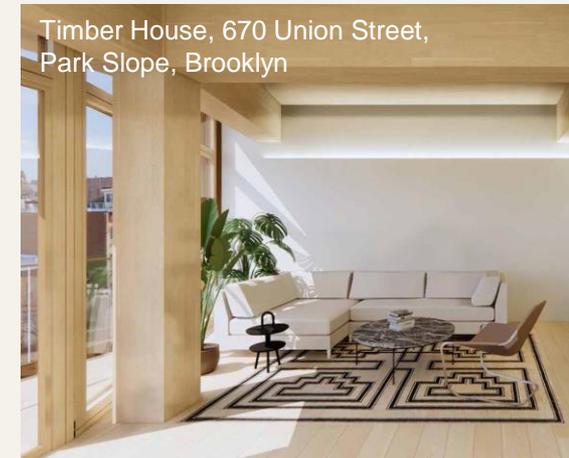
Brooklyn Mass Timber Precedents



Frame, 283 Greene Ave,
Clinton Hill, Brooklyn



320 Wythe St,
Williamsburg, Brooklyn



Timber House, 670 Union Street,
Park Slope, Brooklyn

Interior Mood Board: creating an airy and bright modern tree house that inspires creativity and sense of safety



Bedroom
Diana Snape/ CLT House



Living Room
Diana Snape/ CLT



Bedroom aesthetics
Morro de Forte



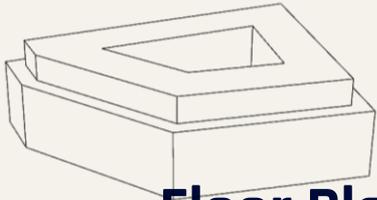
Kitchen Design
MAPA/Minipod Catucaba



Living Room Aesthetics
Morro de Forte



Lobby/Public Amenity
Powerhouse company



Floor Plans and Program Layout

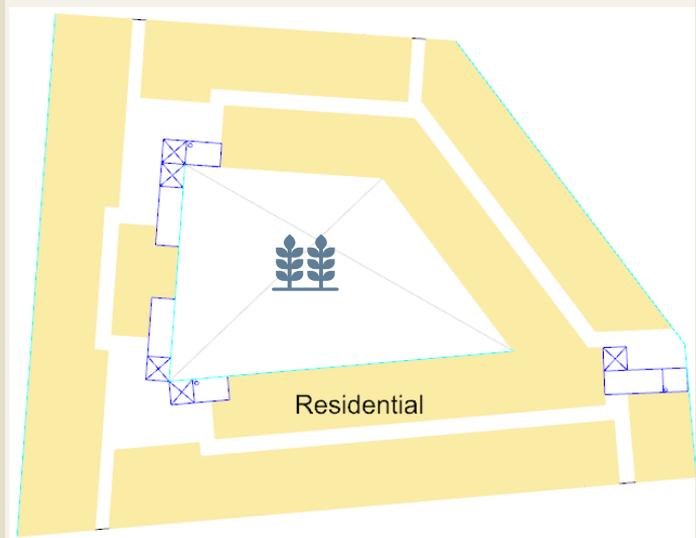
Residential level:

Core are placed on all sides of the building. Windows bring natural light on both ends of the hall way, creating a sense of airiness. Inner units will have a view to the courtyard, with year-round programs for the residents during night time, and open to the kids play center during day time.

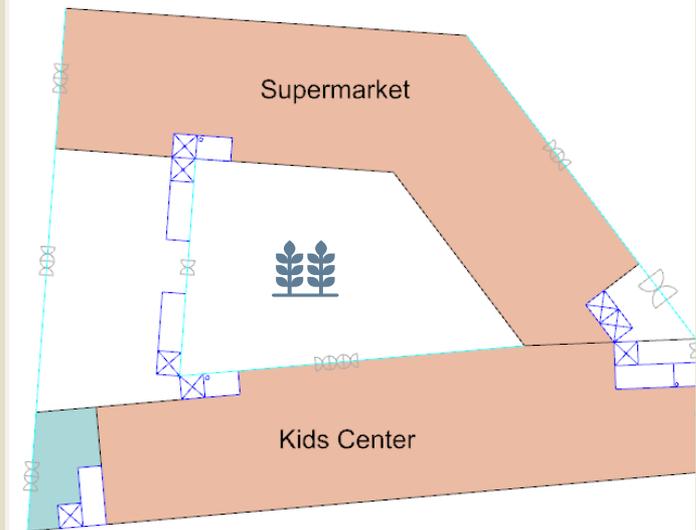
Ground level:

Separate commercial entrance from residential, with a small lobby that has a waiting area for parents. The stairs/elevator here also provide access to community facility and underground parking. Loading berth and commercial elevators are placed towards the back in the quiet street, avoiding traffic congestion and leaving space for truck maneuver. Commercial elevators have the option to go to underground cellar (fob activated), parking, retail level, or community facility level.

Nostrand Ave



Clove Road





Financial Snap Shot

16.2%

Levered Project IRR

4.53x

Project MOIC

126M

Dollar Profit

8.09%

Unlevered Project IRR

5%

Stabilized YoC

68M

Equity Invested

Operating Assumptions

Discount Rate	7.00%
Sale Year (Project Yr)	10
Units	244
Rent/Month	\$ 2,425.35
OpEx/Month	\$50.00
MGMT	3.00%
V&C	3.00%
CapEx Reserve	5.00%
Cap Rate	4.50%
Rent Growth	5.00%
Expenses Growth	3.00%

Financial Analysis: Key Assumptions

Total development costs is \$185M. Hard costs are estimated at \$408/sf, in addition to \$102/sf of soft cost. As New York City announced its permission with mass-timber (CLT) buildings, we are adapting this strategy which is not only more sustainable but also better with cost-controlling as a built-to order product. To determine an accurate cost estimate, we have looked into existing comparable in Brooklyn including from 283 Greene Ave and 670 Union Street, which is currently under construction.

Exit Scenarios: Confident with the future rent growth and property appreciation of Crown Heights, we are recommending to hold for 10 years after construction. However, the project still retains above 12% return if we decide to sell after 3 years. The project could be incorporated to an opportunity fund, allowing 0 capital gains tax, or a residential/mixed use REIT like FRT. As a grocery-anchored retail with a high-occupancy strategy, we are expecting a 4.25%-4.75% exit cap rate.

Retail SF	30,000 sf
Retail Rent/Month	\$4.0
Retail OpEx	5%
Stabilized Occ.	90%

The project is financially feasible and provides higher than market returns.

Residential Units							Lease-Up Schedule		
	Average Unit Size	Allocation	Unit Count	Total RSF	Monthly Ren	Ture Occ	Market Occ		
Studio	420 sf	17%	42 units	17,640 sf	\$ 1,898	Month 1	30.00%	30.00%	
1 Bedroom	650 sf	32%	79 units	51,350 sf	\$ 2,550	Month 2	45.00%	45.00%	
2 Bedroom	940 sf	43%	105 units	98,700 sf	\$ 2,958	Month 3	55.00%	55.00%	
3 Bedroom	1,100 sf	0%	0 units	0 sf		Month 4	65.00%	65.00%	
Total	687 sf	0%	244 units	167,690 sf	#####	Month 5	75.00%	75.00%	
						Month 6	85.00%	85.00%	
						Month 7	90.00%	90.00%	
						Month 8	95.00%	95.00%	
						Month 9	100.00%	97.00%	
						Month 10	100.00%	97.00%	

Retail	Monthly	\$4.0/sf Community Facility		\$3.5/sf
Supermarket	16,000 sf	\$	64,009	
Kids Play Center	14,000 sf	\$	56,008	City Tenant 12,550 sf \$ 43,925
Total	30,000 sf	\$	120,017	Total 12,550 sf \$ 43,925

Parking Break Down						
Parking Requirement	Parking Units	Size	Total SF	Monthly Rent	Total Rent	
	146	200 sf	29,280	\$ 240	\$ 35,136	

CF SF	30,000 sf
CF Rent/Month	\$3.5
CF OpEx	5%
Stabilized Occ.	95%
Lease-up Period	8 Months
Lease-up Velocity	18 units/month

Financial Analysis: Equity & Debt Assumptions

Sources & Uses

Sources	
Senior	\$ 125,717,013
Mezz	\$ -
Brownfield Cleanup	\$ 600,000
Equity	\$ 68,773,711
Total Sources	\$ 195,090,725

Uses	
Acquisition	\$ 41,000,000
Hard Costs	110,570,250
Soft Costs	27,692,563
Capitalized Interest	10,145,658
Closing Costs	5,682,254
Total Uses	\$ 195,090,725

Debt Assumptions

Construction	
Rate	4.00%
Repayment Month	Month 36
Perm	
LTV	70.00%
DSCR	1.15x
DY	7.00%
Rate	3.75%
Amortization	30 Years
Perm Loan	\$ 125,717,013
Annual PMT	\$ 582,215
Monthly PMT	\$ 48,518

Equity Structure

GP Participation	\$ 10,316,057	15.00%
LP Participation	\$ 58,457,655	85.00%

General Partner
15% Capital Contribution

JV Partnership

Limited Partner
85% Capital Contribution

68M Equity

The Fount Holdings, LLC (SPE)

126M Loan

Lender

195M Total Development Investment

The Fount (Property)

- **Senior Lender:** Freddie Mac's fixed-rate conventional loan because it is a low-risk project that could secure low cost, safe lending. It also provides flexibility to support market rate or alternative mixed use housing.
- **Debt assumptions:** Rate adjusted up from most recent 3.69% after comparing Freddie-mac and Fannie Mae's most recent policy for 30 Year fixed rate mortgage. DSCR for a top market like NYC is 1.25 without I/O period. LTV could go as high as 80% but I chose to stay safe at 70%.
- **Acquisition cost** is an assumption based on Hudson Development's \$41M deed transfer in 08/2021. The site can support acquisition price up to \$47M in order to achieve a 12% IRR.
- **Brownfield cleanup credit:** returns ~120% of the cost of clean up environmental pollution on the site.

Risks and Mitigants



Exit time frame

Once stabilized, the Fount is flexible with holding period, achieving a 14% IRR if exit in year 3. However, the JV is seeking long-term partnerships that are patient enough for the best outcome in case of a black swan level market downturn.



Exit Cap Rate

Grocery-anchored with long term lease, in addition to stable multi-family cashflow, the Fount could be treated as a fixed-income product that will ravel under any market condition.



Acquisitions cost

Even at \$47M, the project can still produce a 12.8% levered IRR, on par with the long term stock market. Experienced attorney, tax professionals, and your prompt investment decision today will all mitigate this risk.



Rising Interest Rate

According to the sensitivity analysis, the Fount could still provide a 16% levered IRR if the rate hikes up to 4.5%(from Fannie Mae's 3.8% for NYC at the moment).



Rocketing Construction Cost

Navigating an 7% inflation economy, the Fount is utilizing mass-timber construction that determines the majority of material cost before construction begins.

Lego-style construction also rapidly accelerates construction time and saves labor cost. Experienced GPs that worked for other MassTimber projects will be approached.



Leasing

Supermarket anchor is taking up more than 50% of the retail space, and NYS government is pre-leasing the community facility space. These long-term leases will mitigate the most risky retail component. Local experienced marketing team on top of attractive design is a formula for high occupancy especially in a hot market like Crown Heights.

Sensitivity Analysis

- The Fount provides great risk-adjusted return. It could weather market and economic uncertainties like hiking interest rate, up to 30% construction cost increase, unexpected vacancy, and more.

Exit Scenarios/vacancy on Levered IRR

	16.23%	3.00%	5.00%	7%
3 Years		14.0%	13.0%	12.1%
5 Years		14.2%	15.0%	14.2%
7 Years		15.0%	15.6%	15.0%
10 Years		15.3%	15.7%	15.3%

Acquisition Cost / Hard costs on Levered IRR

	16.23%	\$110,570,250	\$127,155,788	\$138,212,813
\$38,000,000		16.8%	14.1%	12.6%
\$41,000,000		16.2%	13.6%	12.2%
\$43,000,000		15.9%	13.4%	12.0%
\$45,000,000		15.5%	13.1%	11.8%
\$47,000,000		15.2%	12.8%	11.5%

Exit Cap/ Construction Loan Rate on Levered IRR

	16.23%	3.75%	4.00%	4.25%	4.50%
5.0%		15.0%	14.9%	14.8%	14.7%
4.75%		15.8%	15.7%	15.6%	15.5%
4.50%		16.3%	16.2%	16.1%	16.0%
4.25%		16.9%	16.7%	16.6%	16.5%
4.00%		17.4%	17.3%	17.2%	17.1%

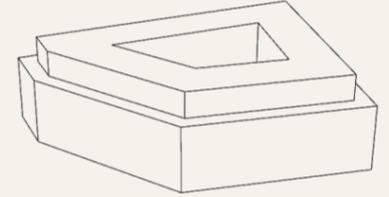
THE FOUNT



Presented by

Sophie Luorong Sheng

M.S. Real Estate Development Candidate, 2022
Columbia University



Appendix: References

Market Analysis

1. <https://furmancenter.org/neighborhoods/view/south-crown-heights-lefferts-gardens>
2. <https://censusreporter.org/>
3. <https://www.compass.com/neighborhood-guides/nyc/crown-heights/>
4. Brooklyn Community Board 9

Site/Zoning Analysis

1. <https://www.theplexbklyn.com/neighborhood/>
2. Zola NYC
3. <https://data.ny.gov/Human-Services/Advantage-After-School-Program-Map/syjk-2ur7>

Development Scheme

1. <https://therealdeal.com/2021/10/08/city-approves-mass-timber-basement-apartment-rules/>
2. https://www.archdaily.com/893442/cross-laminated-timber-clt-what-it-is-and-how-to-use-it?ad_medium=gallery
3. <https://www.wsj.com/articles/wooden-skyscrapers-are-on-the-rise-11649693924>
4. <http://www.twinkleplayspace.com/>
5. <https://thehollowbk.org/collections/upcoming-offerings>

Financial Analysis

1. Eric Liftin Lecture at Columbia University on TimberHouse and Sustainable development

Appendix: Retail Rent and Land Sales Comparables

Land Comparables

	\$/SF	\$	Lot Size	\$/BSF	BSF	Address
\$	1,716	\$27,000,000	15,735 sf	\$203	132,959 sf	967 Nostrand Ave
\$	598	\$1,599,000	2,675 sf	\$150	10,660 sf	840 New York Ave
\$	590	\$5,900,000	10,000 sf	\$123	48,000 sf	237 Lenox Rd
\$	425	\$1,488,375	3,500 sf	\$142	10,500 sf	3111 Farragut Rd BK
\$	665	\$41,000,000	61,621 sf	\$190	215,956 sf	975 Nostrand Ave

Retail Comparable Leases in 0.3 Mile Radius

Annual NER	\$	Expiration	Term	Address	Tenant
\$	67.88	2029		10 1104 Nostrand Ave	One Brother Mini Marke
\$	48.00	2028		10 425 Rogers Ave	Linden Salon
\$	45.86	2028		10 230 Rogers Ave	Prosper Gowork
\$	44.00	2026		10 885 Nostrand Ave	Hippster and Hasidic
\$	42.99	2027		10 864 Nostrand Ave	Levels BK
\$	39.31	2025		10 954 Nostrand Ave	Dominos
\$	48.01	Average Monthly Rent			



Appendix: Transferable Development Rights

Potential TDR information											
Zoning District	R7-1	C2-3	Block	1309							
Address	Lot	Ownership	Lot area	Frontage	Depth	GFA	USE	Commercial F	Comm ZFA	Resi ZFA (4	Transferable Res
985 Nostrand Ave	1	Associates (bought	9,000	100	90	24,300	Resi & Commercial	2	18,000	36,000	11,700 sf
353 Empire Blvd	147	CORP(OF 7th DA	5,000	50	100	5,000	Office/institution (O7)	2	10,000	20,000	15,000 sf
357 Empire Blvd	138	TER NEW YORK	18,000	180	100	18,000	Church/Chapel	2	36,000	72,000	54,000 sf
381 Empire Blvd	136	E CHURCH OF C	3,909	47.75	100	4,700	Church/Chapel	2	7,818	15,636	10,936 sf
Total									71,818 sf	143,636 sf	91,636 sf

Appendix: Development Budget

Hard Costs		% HC	/SF	
General Incl site labor	\$ 380,000	0.3%	\$ 1.40	
demolition & excavation	\$ 580,000	0.5%	\$ 2.14	
insurance	\$ 1,640,000	1.5%	\$ 6.06	
masonry	\$ 5,570,000	5.0%	\$ 20.57	
concrete	\$ 6,740,000	6.1%	\$ 24.89	
metals + glass	\$ 5,720,000	5.2%	\$ 21.13	
wood & plastics & carpentry	\$ 13,230,000	12.0%	\$ 48.86	
thermal & moisture protection	\$ 7,910,000	7.2%	\$ 29.21	
doors & windows	\$ 5,640,000	5.1%	\$ 20.83	
furnishings	\$ 640,000	0.6%	\$ 2.36	
finishes	\$ 14,740,000	13.3%	\$ 54.44	
CM fee	\$ 5,290,000	4.8%	\$ 19.54	
specialties	\$ 8,700,000	7.9%	\$ 32.13	
Mechanical	\$ 7,000,000	6.3%	\$ 25.85	
fire systems	\$ 125,000	0.1%	\$ 0.46	
electrical	\$ 5,000,000	4.5%	\$ 18.47	
plumbing work	\$ 6,500,000	5.9%	\$ 24.01	
cellar	\$ 2,580,000	2.3%	\$ 9.53	
parking	\$ 50,000	\$ 7,320,000	6.6%	
contingencies	5%	\$ 5,265,250	4.8%	\$ 19.45
Total Hard Cost	\$ 110,570,250		\$ 408.38	

Acquisition Costs			
Land Cost	\$	41,000,000	
closing costs	\$	5,682,254	

Soft Cost		% Construction Cost	
Brownfield cleanup cost	\$	50,000	0%
Total Soft Cost	25%	\$ 27,692,563	20%
Total Construction Cost	\$	138,312,813	\$ 510.84
Total Development Cost	\$	184,995,067	\$ 683.26

Construction costs benchmarked according to 2022 MESH Architecture's mass timber development in Park Slope.

Appendix: Project Pro forma, operating level

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14
TDC	\$ 8,200,000	\$ 139,471,313	\$ 31,591,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cap Rate	4.50%														
PGI	-	-	-	591,785	7,131,011	7,487,561	7,861,939	8,255,036	8,667,788	9,101,178	9,556,236	10,034,048	10,535,751	11,062,538	11,615,665
V&C	-	-	-	(414,250)	(1,214,047)	(224,627)	(235,858)	(247,651)	(260,034)	(273,035)	(286,687)	(301,021)	(316,073)	(331,876)	(348,470)
EGI	-	-	-	177,536	5,916,964	7,262,934	7,626,081	8,007,385	8,407,754	8,828,142	9,269,549	9,733,027	10,219,678	10,730,662	11,267,195
OpEx	-	-	-	(12,200)	(146,766)	(151,169)	(155,704)	(160,375)	(165,186)	(170,142)	(175,246)	(180,504)	(185,919)	(191,496)	(197,241)
MGMT	-	-	-	(5,326)	(177,509)	(217,888)	(228,782)	(240,222)	(252,233)	(264,844)	(278,086)	(291,991)	(306,590)	(321,920)	(338,016)
Total OpEx	-	-	-	(17,526)	(324,275)	(369,057)	(384,486)	(400,597)	(417,419)	(434,986)	(453,333)	(472,494)	(492,509)	(513,416)	(535,257)
Resi NOI	-	-	-	160,009	5,592,689	6,893,877	7,241,595	7,606,789	7,990,335	8,393,156	8,816,217	9,260,532	9,727,169	10,217,246	10,731,938
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PGI	-	-	-	120,017	1,446,201	1,518,511	1,594,436	1,674,158	1,757,866	1,845,759	1,938,047	2,034,950	2,136,697	2,243,532	2,355,709
V&C	-	-	-	(12,002)	(144,620)	(151,851)	(159,444)	(167,416)	(175,787)	(184,576)	(193,805)	(203,495)	(213,670)	(224,353)	(235,571)
EGI	-	-	-	108,015	1,301,581	1,366,660	1,434,993	1,506,742	1,582,080	1,661,184	1,744,243	1,831,455	1,923,028	2,019,179	2,120,138
OpEx	-	-	-	(5,401)	(65,079)	(68,333)	(71,750)	(75,337)	(79,104)	(83,059)	(87,212)	(91,573)	(96,151)	(100,959)	(106,007)
Retail NOI	-	-	-	102,614	1,236,502	1,298,327	1,363,243	1,431,405	1,502,976	1,578,124	1,657,031	1,739,882	1,826,876	1,918,220	2,014,131
Community Facilitie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PGI	-	-	-	35,040	422,232	443,344	465,511	488,786	513,226	538,887	565,831	594,123	623,829	655,020	687,771
V&C	-	-	-	(1,752)	(21,112)	(22,167)	(23,276)	(24,439)	(25,661)	(26,944)	(28,292)	(29,706)	(31,191)	(32,751)	(34,389)
EGI	-	-	-	33,288	401,120	421,176	442,235	464,347	487,564	511,943	537,540	564,417	592,638	622,269	653,383
OpEx	-	-	-	(1,664)	(20,056)	(21,059)	(22,112)	(23,217)	(24,378)	(25,597)	(26,877)	(28,221)	(29,632)	(31,113)	(32,669)
CF NOI	-	-	-	31,624	381,064	400,118	420,123	441,130	463,186	486,345	510,663	536,196	563,006	591,156	620,714
Parking	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PGI	-	-	-	35,040	422,232	443,344	465,511	488,786	513,226	538,887	565,831	594,123	623,829	655,020	687,771
V&C	-	-	-	(30,660)	(113,179)	(44,334)	(46,551)	(48,879)	(51,323)	(53,889)	(56,583)	(59,412)	(62,383)	(65,502)	(68,777)
EGI	-	-	-	4,380	309,053	399,009	418,960	439,908	461,903	484,998	509,248	534,711	561,446	589,518	618,994
OpEx	-	-	-	(219)	(15,453)	(20,948)	(21,995)	(23,095)	(24,250)	(25,462)	(26,736)	(28,072)	(29,476)	(30,950)	
Parking NOI	-	-	-	4,161	293,600	379,059	398,012	417,912	438,808	460,748	483,786	507,975	533,374	560,042	588,045
NOI (Operating)	-	-	-	298,408	7,503,855	8,971,381	9,422,973	9,897,236	10,395,305	10,918,374	11,467,696	12,044,585	12,650,425	13,286,664	13,954,827

Appendix: Project Pro forma, cont.

Project level

NOI (Operating)	-	-	-	298,408	7,503,855	8,971,381	9,422,973	9,897,236	10,395,305	10,918,374	11,467,696	12,044,585	12,650,425	13,286,664	13,954,827
CapEx Reserve	-	-	-	(14,920)	(375,193)	(448,569)	(471,149)	(494,862)	(519,765)	(545,919)	(573,385)	(602,229)	(632,521)	(664,333)	(697,741)
NOI (Property)	-	-	-	283,488	7,128,662	8,522,812	8,951,824	9,402,374	9,875,540	10,372,455	10,894,311	11,442,356	12,017,903	12,622,331	13,257,086
Sale Amount	-	-	-	-	-	-	-	-	-	-	-	-	-	308,813,266	-
Unlevered CF	(\$8,200,000)	(\$139,471,313)	(\$31,591,500)	\$283,488	\$7,128,662	\$8,522,812	\$8,951,824	\$9,402,374	\$9,875,540	\$10,372,455	\$10,894,311	\$11,442,356	\$12,017,903	\$321,435,597	\$0

NPV	\$211,407,045
PV	\$32,144,233
IRR	8.09%

Construction Loan	-	78,897,601	31,591,500	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Repay	-	-	-	(120,634,759)	-	-	-	-	-	-	-	-	-	-	-	-
Refi Loan Amount	-	-	-	125,717,013	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	(582,215)	(582,215)	(582,215)	(582,215)	(582,215)	-						
Refi Loan Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	(98,199,792)	-	-
Levered CF	(\$8,200,000)	(\$60,573,711)	\$0	\$5,365,742	\$6,546,447	\$7,940,596	\$8,369,609	\$8,820,159	\$9,293,325	\$9,790,240	\$10,312,096	\$10,860,141	\$11,435,688	\$222,653,590	\$0	

NPV	\$165,681,086
PV	\$96,907,375
IRR	16.23%

