

Vallco Special Area

Financial Feasibility



METHODOLOGY

PROJECT FEASIBILITY CALCULATION

The “Pro Forma” Financial Analysis Model Calculates:

- Market Value (reflective of lease rates, operating expenses, sale prices)
- **Less** Development Costs
- **Less** Required Return on Investment
- **Less** Land Cost
- **Model Output = Estimated “Project Residual”**

LAND USE PROGRAM

Land Use	Low Office/ High Retail	Low Housing/ Low Retail
RESIDENTIAL		
Units	3,250	2,640
Sq.Ft.	4.06 M	3.30 M
COMMERCIAL		
Office	750 K	1.50 M
Retail/ Entertainment	600 K	400 K
Hotel	139 K	139 K
TOTAL (SQ. FT.)	5.62 M	5.41 M

Each program also includes:

- 5 acres of public park(s)
- 65,000 square feet of civic space
- ~85% subterranean parking

MARKET VALUE

Land Use	Market Value Estimates
RESIDENTIAL (per unit)	
Apartment (Rental)	
Market Rate (per unit)	\$800,000 to \$900,000
Below Market Rate (per unit)	\$300,000 to \$350,000
Condominium (Ownership)	\$1.03 MM to \$1.05 MM
COMMERCIAL (per sq. ft.)	
Office	\$1,000 to \$1,200
Retail	
Traditional	\$800 to \$900
Entertainment	\$400 to \$500
Hotel	\$700 to \$800

VERTICAL DEVELOPMENT COSTS

Land Use	Development Cost
RESIDENTIAL (per unit)	
Apartment	\$625,000 to \$675,000
Condominium	\$725,000 to \$775,000
COMMERCIAL (per sq. ft.)	
Office	\$850 to \$950
Retail	\$750 to \$850
Hotel	\$725 to \$775

NET VERTICAL DEVELOPMENT VALUE (PER SQ.FT.)

Land Use	Contribution to Land Value PSF
RESIDENTIAL (PER SQ.FT.)	
Apartment	
Market Rate	\$150 to \$200
Below Market Rate	-\$250 to -\$300
Condominium	\$200 to \$250
COMMERCIAL (PER SQ.FT.)	
Office	
Traditional	\$300 to \$350
Civic	-\$850 to -\$900
Retail	
Traditional	\$50 to \$100
Entertainment	-\$300 to -\$400
Hotel	\$0 to \$50

Contributions to Land Value before:

- Land Cost
- Horizontal Development
 - Roads
 - Water / Sewer / Utilities
 - Off-site improvements
 - Landscape

HORIZONTAL DEVELOPMENT COSTS

Horizontal Cost Estimate

Site Work and Landscape

Backbone Infrastructure

\$200 MM to \$250 MM +

Off-Site Improvements