



**Input Data Summary**  
 Sterling Plaza  
 21,000 Sq. Ft Retail Center

November 18, 2008  
 Developer Express  
 Income Property Development Example

**Project Information**

Building Area	21,000 Sq. Ft
Retail Gross Leasable Area	21,000 Sq. Ft
Land Area	80,000 Sq. Ft
Frontage	300 Ft

**LAND & DEVELOPMENT COSTS**

**Entries**

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**Land Costs**

Land	\$ 1,200,000	Hard Cost
Legal Fees	\$ 12,000	Soft Cost
Appraisal Fees	\$ 8,000	Soft Cost

**Site Preparation**

Site Clearing	\$ 15,000	Hard Cost
Site Servicing Costs	\$ 85,000	Hard Cost
Miscellaneous Site Costs	\$ 12,000	Hard Cost

**Construction**

Building	\$ 85.00 per Sq. Ft x 21,000 Sq. Ft	Hard Cost
Parking & Landcaping	\$ 150,000	Hard Cost
Leasehold Improvement Allow.	\$ 20.00 per Sq. Ft x 21,000 Sq. Ft	Hard Cost

**Professional Fees**

Architectural & Engineering	7.00% of Construction & Site Prep. Costs	Soft Cost
Project Management Fees	4.00% of Construction & Site Prep. Costs	Soft Cost
Mortgage Brokerage Fees	\$ 65,000	Soft Cost

**City Fees**

Permits & Fees	\$ 47,000	Soft Cost
Impact Fees	\$ 95,000	Soft Cost
Property Taxes	\$ 75,000	Soft Cost

**Miscellaneous**

Miscellaneous Dev. Costs	\$ 25,000	Hard Cost
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**Contingency Allowance**

7.00% of Land, Development & Financing Costs	Soft Cost
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**CONSTRUCTION FINANCING**

**Development Time**

Pre-construction Period	5 Months
Construction Time	9 Months
Sales Period	7 Months
Lease Up Period	6 Months

<b>Developer's Equity</b>	\$ 700,000
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**Financing**

Construction Loan. Interest Rate	8.000%
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**Financing Adjustment Factors used for construction loan interest calculations**



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**During the Development Period**

Equity	1.00
Land Costs	1.00
Site Preparation	0.75
Construction	0.50
Professional Fees	0.75
City Fees	0.75
Miscellaneous	0.50

**During the Sales Period**

Selling Expenses	0.50
Dev Costs during Sales Period	1.00

**During Lease Up Period**

Dev Costs during Lease Up Period	1.00
Income	0.50
Operating Expenses	0.50
Leasing Expenses	0.50

**SELLING EXPENSES**

**Selling Expenses**

Marketing & Advertising	\$ 30,000
Legal fees	\$ 25,000

**Real Estate Commissions** 5.00%

**Leasing Fees** \$ 75,000

**INCOME & EXPENSES**

**Income & Expenses during the Lease Up Period**

Lease Up Period 6 Months

**Income during the Lease Up Period**

Rental Income	\$ 181,000
Recoverable Expenses (TIM's)	\$ 67,000

**Expenses during the Lease Up Period**

Taxes	\$ 85,000
Insurance	\$ 16,000
Maintenance	\$ 8,000
Property Management	\$ 15,000

**Stabilized Income & Expenses**

**Entry Choice**

**Vacancy &  
Credit Loss  
Allowance**

**Income**

Rental Income	\$ 27.00 per Sq. Ft per Yr x 21,000 Sq. Ft	5.00%
Recoverable Expenses (TIM's)	\$ 10.00 per Sq. Ft per Yr x 21,000 Sq. Ft	5.00%

**Operating Expenses**

Taxes	\$ 145,000 per Yr
Insurance	\$ 18,000 per Yr



Maintenance  
Property Management

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\$ 2.00 per Sq. Ft per Yr x 21,000 Sq. Ft  
5.00% of EGI of \$ 738,150

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**PERMANENT FINANCING**

Loan to Value Ratio	75.00%
Debt Service Ratio	1.25
Mortgage Details	
Nominal Annual Interest Rate	6.75%
Amortization Period	25 Years
Payment Frequency	Monthly
Payment made at	End of Period
Compounding Frequency	Semi-annually

**SALE**

Sale Price based on Cap Rate of 7.50%