

LAND RESIDUAL ANALYSIS

Pre-Development



The fundamental building block of any Land Acquisition or Disposition effort is the Land Residual Analysis. Our dynamic process allows us to quickly determine the project's feasibility and financial performance in a manner consistent with its end use. We implement a full-service process that allows us to assess each component of the project by way of development costs, cost of capital and pertinent revenue models all in a time-based modeling platform. Our in-depth experience provides our client the assurance that each component of the project has been accurately identified and incorporated accordingly. Our comprehensive model allows us to integrate different scenarios and highest and best use analyses to deliver our clients with the knowledge needed on how best to proceed. We independently look at the viability of a project through a discerning eye providing our client with an objective analysis that can be used for internal and/or external purposes including sourcing capital. Our LRA/Proforma expertise is applied across all product types. We deliver a high-quality product within our client's deadlines. At the end of the day we provide you with the information and analysis you need to make the appropriate investment decision.

THE FINANCIAL MODELING INCLUDES THE FOLLOWING ELEMENTS:

- **Land Uses**
 - Residential
 - Retail/Restaurant
 - Industrial
 - Office
- **Costs/Revenues broken out by uses (eg. Master Developer, Retail, Office, Restaurant, Residential, Industrial)**
 - Costs (as applicable by use)
 - Softs (Indirects)/Ongoing Operating Costs
 - Horizontal/Vertical
 - Revenue (i.e. Sales Revenues, Lease Rates, Rental Rates, etc.)/Forecasted Absorption Rates/Vacancy Factors
- **Timing (Note: All elements tied to the Project Schedule)**
 - Influenced by Phasing Strategy/Absorption Rate
 - Supply/Demand per Land Use
- **Financial Metrics/Results – Overall & broken out by Land Use**
 - Specific Metrics to be utilized vary by product type, ie Residential for Sale vs Residential for Rent, Commercial- Retail, Office, Industrial, Institutional, etc.
 - Metrics may include IRR (Leveraged or Unleveraged), Net Cash Flow (Profit), Peak Cash Flow(s), NPV, Cash Multiple, Cash on Cash Return, etc.
- **Gaming**
 - Testing out various strategies/uses/timing to optimize financial returns and appropriate risk profiles

To learn more with regards to this service, please contact Bob Garrison, Director of Consulting Services, at 949.398.8349 or by email at bgarrison@murowdc.com.