

# richardson building Newark, May 2005-April 2007

## investment booklet development

**Client:** Richardson Building Lofts LLC & Newwork Real Estate LLC  
**Status:** Building purchased, marketing brochures & website complete

The Richardson Building is a 6-story red brick industrial building that my firm was developing into a 50-unit residential loft building. With the assistance of local realtors and our multimedia group, I created a marketing strategy for the development. I oversaw the design of the graphic multimedia and print marketing materials and performed a detailed neighborhood analysis, buyer profile outline and a comparable projects study. I also assisted in the development of the financial proforma, coordinated investor communications, collected all needed material for the building's purchase and closing, and wrote all copy for the booklet.



Cover and Investment Summary.

Summary

### INVESTMENT SUMMARY

**Investment Summary**  
 Newwork Real Estate LLC is seeking interest from qualified capital sources to provide approximately \$4,000,000 of preferred equity for the acquisition and development of The Richardson Building which is located in Newark, New Jersey. The return on equity is expected to be upwards of 240%. The equity allocation requirement is spelled out in the cash flow schedule which is available upon request.

**Project Description**  
 The Richardson Building is a 6-story red brick masonry building located at 50 Columbia Street in Newark, New Jersey. It was built at the turn of the century as a jewelry factory. It currently houses a mix of commercial and light industrial tenants in addition to a contingent of artist studio spaces.

The building is located on the southeastern edge of Newark's Core Business District and is a five to ten minute walk from Newark Penn Station, the ethnic restaurants and street life of the Ironbound, the New Jersey Performing Arts Center (NJPAC), the Newark Museum and University Heights. The immediate area is a residential neighborhood and two large-scale redevelopment areas that will ensure a steady rise in real estate values: the Downtown Core, at the center of which is a new Arena for the New Jersey Devils, and the mixed-use Midberry Development.

**Development Strategy**  
 The plan is to renovate the existing 65,000 SF structure and to build three new stories totaling 30,000 additional SF. The project will yield a total of 64 one- and two-bedroom condo units and 60 parking spaces. Special features include 9 1/2 foot ceilings, views of New York City and Newark Skyline, a dramatic interior atrium, a roof deck and community room. The design enhances the unique historical features of the building while adding contemporary elements that will give the structure a strong design identity equivalent to new developments in Manhattan and Brooklyn.

Newwork anticipates that all necessary approvals will be obtained by September of 2006 and construction will begin November of 2006.

**Property Acquisition**  
 Newwork Real Estate is the contract purchaser of the building. The property was secured with a series of deposits with closing contingent on site plan approvals, environmental approvals, and financing. Closing on the building is anticipated to be September 31st, 2006.

**Construction**  
 The construction includes rehabilitation of the existing six story structure, the addition of three new floors on the roof of the existing building and a new ramp and site work to accommodate parking in the first two floors of the building. The rehabilitation is a complete gut with new windows, new MEP systems and all new interior finishes. The new construction can be accommodated by the existing structure.

Richardson Building Lofts Newark, New Jersey Development Plan 3

Site Plan

### THE NEIGHBORHOOD

The building is located on the southeastern edge of Newark's Core Business District and is a five to ten minute walk from Newark Penn Station, the ethnic restaurants and street life of the Ironbound, the New Jersey Performing Arts Center (NJPAC), the Newark Museum and University Heights. The location also affords easy access to all major highways. From Penn Station it is a 1.5-minute ride via NJ Transit to New York City Penn Station, a 25-minute ride to the World Trade Center and 35-minute ride to 30th Street via the PATH Train.

**NEIGHBORHOOD RESTAURANTS**

- Pizzeria Spazio
- Thea's Pizzeria
- Thea's Taverna
- Stone Bakery
- Adaga Grill
- Casbah Martingales
- Spazio
- Don Papa
- The Annex Bar
- Theater Square Grill

**NEIGHBORHOOD SHOPS & RECREATION**

- Walgreens
- Lucky Shady Supply
- Kings Dry Cleaners
- N.C. Cleaners
- Tower Cleaners
- The West Center
- Starbucks
- Labyrinth Hardware
- NTC Sports Center
- Locksmith
- Commercial Cleaners
- The West Center
- Slope & Reinforce
- Newark City Library
- NJ State House
- 10 Minute Walk Zone
- 5 Minute Walk Zone

Building Plans

Richardson Building Lofts Newark, New Jersey Development Plan 5

Building Plans

### SITE PLAN

The plan is to renovate the existing 65,000 SF structure and to build three new stories of 34,000 SF for a total of development area of 99,000 SF. The project will yield a total of 64 one- and two-bedroom condo units and 60 parking spaces.

**Program**

|                          | Units/Apices | Size (SF) |
|--------------------------|--------------|-----------|
| Residential              |              |           |
| Rehab                    | 40           | 43,070    |
| New                      | 24           | 27,435    |
| Residential Subtotal     | 64           | 70,505    |
| Commercial               |              |           |
| Building Subtotal        |              | 13,033    |
| Parking                  |              |           |
| Rehab (Indoor)           | 40           | 17,719    |
| New (Indoor)             | 10           | 3,345     |
| Outdoor                  | 10           | 2,783     |
| Parking Subtotal         | 60           | 24,847    |
| Building + Parking Total |              | 108,425   |

Building Plans

Richardson Building Lofts Newark, New Jersey Development Plan 6

Building Plans

### FLOOR PLANS: Floors 2-6

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Building Plans

Site map, site plan and floor plans all custom designed for the investment booklet.

The Market

### MARKET VISION

Newark has an emerging residential market and the Richardson Building Loft conversion follows the trends of nearby Hoboken, Jersey City and Brooklyn. These types of conversions are a national trend that coincides with a renewed interest in urban living. The building's living spaces will appeal to the 100,000 workers and 60,000 university students that commute to downtown Newark on a daily basis.

Lofts with **EXPOSED BRICK** and lots of sunlight

Enjoy the **LATIN CULTURE** and **HISTORY** of the Ironbound district

A **ROOF DECK** with views of New York City

An **URBAN LIVING** experience on the border of Newark's **DOWNTOWN** and the Arena District

Contemporary **OPEN SPACES**

Blocks from Penn Station and access to nationwide **TRANSPORTATION**

The Market

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Financial Analysis

### FINANCIAL PRO-FORMA

Below is a detailed financial analysis of the project. Approximately \$4,000,000 of preferred equity is required for the acquisition and development of the building. The return on equity is expected to be upwards of 240%. The program is broken down into new and rehab construction. The construction costs are based on a per square foot cost with a further line item breakdown. Soft costs are broken down by development phase. Revenue is based on our most recent market comps, broken down by unit, and takes into consideration the size and location of the unit. Parking will also yield moderate revenue.

| SUMMARY                 |              | Total        | % Total |
|-------------------------|--------------|--------------|---------|
| Gross Sales Revenue     |              | \$23,204,200 | 100%    |
| Less Sales Commission   | \$596,128    |              |         |
| Net Sales Revenue       |              | \$22,608,072 | 97%     |
| Land Cost               | \$3,900,000  |              | 17%     |
| Hard Cost               | \$10,250,548 |              | 45%     |
| Soft Cost               | \$1,882,534  |              | 8%      |
| Total Development Costs | \$16,033,082 |              | 70%     |
| Profit                  | \$6,574,990  |              | 28%     |
| Return on Equity        | 23.34%       |              |         |
| Equity Multiple         | 2.41         |              |         |

  

| DEVELOPMENT PROGRAM                |    | Units or Spaces | Size (Net sq ft) | Size (Gross sq ft) | Size (Gross sq ft) | Total |
|------------------------------------|----|-----------------|------------------|--------------------|--------------------|-------|
| Residential: Rehab                 |    | 40              | 43,070           | 5,900              |                    |       |
| A1                                 | 5  | 1,143           | 5,900            |                    |                    |       |
| A2                                 | 5  | 1,255           | 6,275            |                    |                    |       |
| B1                                 | 5  | 1,182           | 6,910            |                    |                    |       |
| B2                                 | 5  | 1,082           | 6,410            |                    |                    |       |
| C1                                 | 5  | 870             | 4,300            |                    |                    |       |
| C2                                 | 5  | 870             | 4,300            |                    |                    |       |
| D1                                 | 5  | 1,183           | 5,985            |                    |                    |       |
| D2                                 | 5  | 1,059           | 4,425            |                    |                    |       |
| Residential: New                   |    | 24              | 27,435           | 3,420              |                    |       |
| A3                                 | 3  | 1,143           | 3,420            |                    |                    |       |
| A4                                 | 3  | 1,150           | 3,540            |                    |                    |       |
| B3                                 | 2  | 1,090           | 2,180            |                    |                    |       |
| B4                                 | 2  | 1,090           | 2,180            |                    |                    |       |
| B5                                 | 1  | 2,090           | 2,090            |                    |                    |       |
| B6                                 | 1  | 2,090           | 2,090            |                    |                    |       |
| C3                                 | 2  | 1,033           | 2,040            |                    |                    |       |
| C4                                 | 2  | 1,033           | 2,040            |                    |                    |       |
| D3                                 | 3  | 1,265           | 3,815            |                    |                    |       |
| D4                                 | 3  | 1,265           | 3,815            |                    |                    |       |
| New Subtotal                       | 24 | 27,444          | 3,420            |                    |                    |       |
| subtotal Residential               | 64 | 70,505          | 9,320            |                    |                    |       |
| Building Amenity                   |    |                 |                  | 658                |                    |       |
| Construction (rehab)               |    |                 |                  | 5,328              |                    |       |
| Construction (new)                 |    |                 |                  | 6,505              |                    |       |
| Utility                            |    |                 |                  | 2,190              |                    |       |
| Roof Leases (2 Cell control Rooms) |    |                 |                  | 67,416             |                    |       |
| subtotal Building                  |    |                 |                  | 87,241             |                    |       |
| Parking (rehab)                    |    |                 |                  | 17,170             |                    |       |
| Rehab (Indoor)                     | 40 |                 |                  | 17,170             |                    |       |
| New (Indoor)                       | 10 |                 |                  | 3,170              |                    |       |
| Outdoor                            | 10 |                 |                  | 3,170              |                    |       |
| subtotal Parking                   | 60 |                 |                  | 30,540             |                    |       |
| subtotal Building + Parking        |    |                 |                  | 107,381            |                    |       |

  

| LAND COST       |  | % of Dev Cost | Cost / Plus Unit | Cost/Part of | Cost/Unit of | Cost/Unit of | Total Cost  |
|-----------------|--|---------------|------------------|--------------|--------------|--------------|-------------|
| Land            |  | 37%           | \$52,625         | \$53.79      | \$33.32      | \$86.17      | \$3,900,000 |
| Total Land Cost |  |               | \$52,625         | \$54         | \$33         | \$86.17      | \$3,900,000 |

Financial Analysis

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Market "vision" profile and financial proforma for investors.