



Santa Clara University – “Siempre Adelante”

Project Summary:

Siempre Adelante is a proposed mixed-use development located in the Moffett Park submarket of the City of Sunnyvale. Moffett Park has seen immense development activity over the last 15 years and is now home to some of the most well-known technology companies in the world such as Google, Facebook, and Amazon. With the City of Sunnyvale in the process of amending the Moffett Park Specific plan, focusing on urban ecology, sustainability, transportation, housing, and climate change, Siempre Adelante was born. Containing 690 multi-family (586,500 sqft), 10 retail units (56,500 sqft), and 828 parking stalls, the project cost totals \$386,159,770. To maintain accuracy, the multi-family residential units and retail units were underwritten separately. The multi-family residential units have a total cost of \$340,276,355. Resulting in \$175,923,915 profit, 1.52x equity multiple, and 18.4% IRR over the course of the hold period. The street level retail units have a total cost of \$45,883,415. Resulting in a profit of \$36,305,334, 1.79x equity multiple, and 26.04% IRR over the course of the hold period. Project highlights include 1–2-bedroom luxury living, world class amenities, walkable retail, LEED Gold Certification, and on-site private parking.

Physical Details:

Siempre Adelante consists of two separate mixed-use buildings with a retail-oriented promenade in the middle. Each building contains 28,250 square feet of ground level retail and 283,750 square feet (5 levels) of residential living space surrounding a large, private interior courtyard. Totaling 682,500 square feet (~1.0 FAR). There are a total of 690 luxury residential units with a 60/40 split between one and two bedrooms. One-bedroom units are 750 square feet, and two-bedroom units are 1000 square feet, featuring open floor plans and 10-foot ceilings. We chose this unit mix because we believe this would be best fit for our target tenants. Therefore, we would keep up with market rents while maintaining a low vacancy. The property amenities include a large gym, bike storage, front desk, open-concept tenant lounge, shared office spaces, catering kitchen, private media room, dry cleaning lockers, and a pool. The 10 ground level retail units, split among the two buildings, will feature one large anchor tenant and nine smaller spaces. These units feature 20-foot ceilings, allowing for a more open and spacious feel. Possible

tenants include; Coffeebar, Chipotle, Soulcycle, Lululemon, Brewery, Pressed Juicery, Salt & Straw, Apple store, and Anthropology. These possible retail tenants will provide a wide variety of retail and restaurant options that are popular among our target tenants. Parking will be provided behind the central retail units. The garage will contain 828 stalls (1.2x), leaving 138 stalls for retail shoppers. The site features street entrances from both the north and south with easy access to garage parking. Residential tenants will have designated parking spaces close to a private elevator that allows for easy access to the upper-level units and shared amenity space. Retail units will have open parking spaces that provide easy walkability to the stores and promenade. In terms of construction, a steel/concrete podium with an upper wooden frame is the most efficient and cost effective. This will ensure cheaper construction costs while maintaining a solid foundation for the 5 upper levels of residential units.

Financial Details:

To maintain financial underwriting accuracy, we decided to separate the residential from the retail units. This was due to varying inputs like lease structure (tenant improvements, NNN), and significant differences in square footage that would misrepresent the “average square feet per unit” input.

In terms of the residential units, we used online software and industry professionals to arrive at our underwriting assumptions. When looking at market rents, we compared market research data from Magnify Investments based on other apartments within a 0.75-mile radius from the last 12 months of our location. Additionally, we looked at these same statistics from a 1.50-mile radius to gather even more data and rent comparisons. Among rent comparisons, we also looked at the historical trend line of rents, average rent by bedroom type, with rent distribution among other metrics. All these factors combined, we arrived at a slightly above-market rent of \$3200 for a one bedroom, and \$4000 for a two bedroom, plus an additional \$200 for parking. These above-market rents are justified by high end finishing's and excess amenities. Construction cost assumptions were given by XL Construction. They quoted high end residential finishes at \$250 psf, site improvements at \$40 psf (\$20-60), and a parking structure at \$15,000 per stall. Our original plan was to make parking subterranean. But as we analyzed costs, we decided that the increased cost was not justifiable. The project has a construction schedule of about 18 months. The required equity to fund this development totals \$340,276,355 which will be split 65/35 between debt and equity partners. We assumed a 65% LTC (\$230,490,631) as a high loan-to-cost allows for increased developer profits and is still acceptable from a lender's

perspective. We also assumed a 3.5% interest rate, as recommended by industry professionals. The residential portion of this development has a \$175,923,915 profit, 1.52x equity multiple, and 18.4% IRR over the course of the hold period of 36 months post stability.

Below the 5 levels of multifamily units, sits 10 retail units with a central promenade. These units total 56,500 square feet split between the two buildings. The market rents for these units were largely based on market rents in the 1.5-mile vicinity, equaling \$4.5 psf. As stated above, the construction cost of \$250 was assumed for a concrete podium with a wooden frame above with an 18-month construction schedule. Capital stack also carries over. The only differences in underwriting were rent in terms of square footage and tenant improvement of \$80 per square foot (6-9 month), as recommended by industry professionals. The projected returns of the retail portion are a profit of \$36,305,334, 1.79x equity multiple, and 26.04% IRR over the course of the hold period.

Other Key Features:

Siempre Adelante will provide many key community benefits to the city of Sunnyvale. Rapidly increasing rents and housing prices have exacerbated the need for affordable housing across the region, including Sunnyvale of course. It is in the best interest for the greater public for the city of Sunnyvale planning to implement a 15 percent inclusionary requirement on new multifamily rental properties. In the case of Siempre Adelante, this would encompass roughly 104 of the total 690 units being affordable housing. In addition to affordable housing, the community would greatly benefit from public sustainable improvements. The Siempre Adelante project's mission statement is particularly focused on urban ecology, sustainability, transportation, housing, and climate change. The property will incorporate many resilient and sustainable urban spaces throughout that will allow humans and nature to coexist. As far as transportation goes, Moffett Park includes the Crossman Light Rail Station, the Caltrain, and the Borregas Station right next to Siempre Adelante. In addition to these, Moffett Park is right off the Southbay Freeway.

We decided to name our development "Siempre Adelante," meaning "Always Forward" in Latin. We thought this would be a fitting name as our development is the newest addition to Moffett park's commitment to reinventing the space. Known as "Hipsturbias", the phenomenon was identified in the New York Times in 2013 as cool, active, and lively suburbs that are increasingly a big draw for Millennials, as those who are fans of urban living while also not wanting to be in an overcrowded city. Through innovating a new style of living in the area by creating a Hipsturbia, we believe this to be a destination more than just a place to live. Siempre

Adelante will have world class amenities for residents, retail for the public, and will be a fun place for the community and a sought-after place to live.

In Siempre Adelante, we envision the atmosphere to be lively and engaging. Through the amenities of the building, residents will be able to participate in community activities that will only enhance their experience living in Siempre Adelante. Not only will the residents have access to an abundant number of amenities, there will also be retail that is relevant to our target tenants. Tenants will be able to shop, dine, work out, have events, grocery shop, and work all in the same place. We believe through innovation and creating an atmosphere that is welcoming and a home that Siempre Adelante will be one of the most wanted places to live in the area.

Our target tenants would be a culturally diverse group of individuals between the ages of 25-40 and work in the area. We have tailored and specifically chosen the amenities, retail options, and the bar & restaurant to suit our target demographic. The complex will be branded as a place where young professionals live and enjoy the plethora of amenities, entertainment options, and desired retail stores.

We are planning to make both buildings LEED Gold certified by incorporating advanced energy efficient design while also keeping our carbon footprint to a minimum. We will implement greenery all throughout the areas of the roof that are not sectioned off to be used. According to our calculations, about 35% of the roof will be greenery to enhance energy-efficiency and sustainability. The green roof is expected to reduce the urban heat-island effect and add insulation to the roof, which cuts down on heat gain.

The building will feature advanced technology to not only make management easier for the building, but to also reduce the carbon footprint. We will incorporate a cloud management system to make it easy and efficient to control operations which will ultimately reduce costs and energy for the building. We will incorporate smart security cameras to facilitate a safe environment for all residents and retail operators. We ultimately want the buildings to be smart and sustainable, and through our advanced technology, we believe we can incorporate all these factors.

Process & Considerations:

When deciding what we believed would be a suitable amount for rent, we compared market research data from Magnify Investments based on other apartments within a 0.75-mile radius from the last 12 months of our location. Additionally, we looked at these same statistics from a 1.50-mile radius to gather even more data and rent comparisons. Among rent comparisons, we also looked at the historical trend line of rents, average rent by bedroom type,

with rent distribution among other metrics. We followed this same strategy to compile our retail rent rates, as we looked at the retail lease comps given to us from Cushman & Wakefield. Among the retail rent comps we analyzed base rent, effective rent, property type, among numerous other barometers.

Throughout our research process, we consulted multiple acclaimed professionals within the industry, including Matt DiNapoli (CEO of DiNapoli Capital Partners), Stephen Schott (Vice President of SCS Development Company), Jay Bechtel (Real Estate Project Executive at Google Inc.), and Carrick Young (Tenant/Occupier Real Estate Strategist at Cushman & Wakefield).

An alternative we considered for the highest and best use was developing office space, but we felt since the area is already heavily populated with offices, the marginal value to the community from another office space would not create a significant impact. Due to the limited amount of retail in the area that lacks freshness and that the nearby multi-family dwellings are outdated, we felt that a mixed-use development consisting of multi-family residential units and retail units would add the greatest value to the neighborhood. We felt that because of the large presence of office space for tech companies in the area, a modern development targeted at young professionals through luxurious amenities, would serve great value to professionals in the area by allowing them to live close to work and while achieving superior housing. Additionally, due to the high turnover rate in the tech industry estimated to be the highest of any industry at 13.2% according to cnbc.com.

An issue we grappled with was merging the community values and aspects of private apartments, into one design while maintaining a welcoming environment for retail but exclusivity for the apartments. We considered having the courtyards open to the public for use by those who come for the development of retail but ultimately, we decided that courtyards should be an amenity for the residents to enjoy in privacy. There will be enough space included in retail for the community to enjoy in comfort. We also contemplated which retail would be the best type to have based on the demographic we are targeting while keeping nearby retail in mind. We think that the mix of retail we have is attractive to our target demographic of modern professionals but also to the general population of Silicon Valley.

Team Info:



Name: Kenny Berg
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Name: AJ DeCristoforo
Grade: Senior
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Name: Aristotle Douglas
Grade: Senior
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Name: Natalie Flynn
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Name: Michael Perry
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Exhibits:



Exhibit 1 - Site Plan

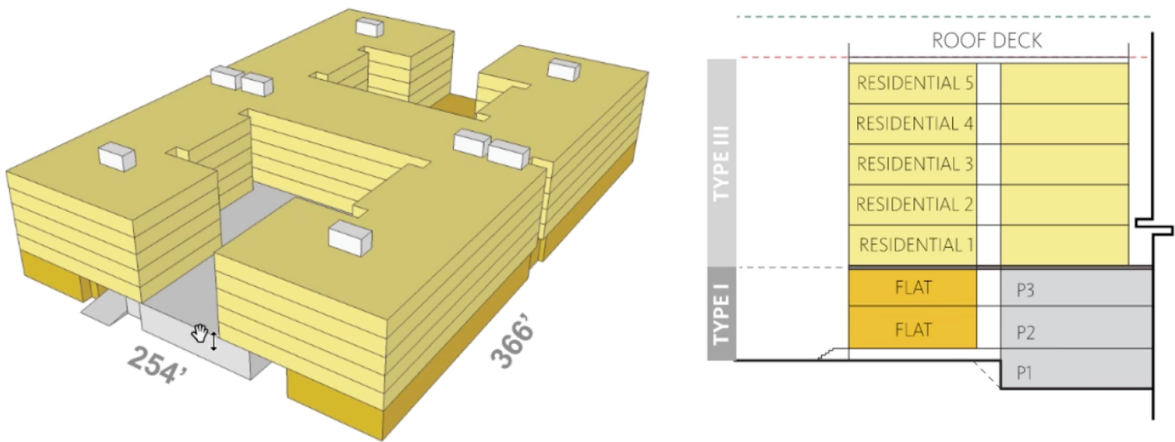


Exhibit 2 – Stacking Plan (Prototype)



Crossman Ave Sunnyvale, CA 94089

Results based on 42, single bedroom, single bath rentals seen within 12 months in a 1.50 mile radius.

AVERAGE	MEDIAN	25th PERCENTILE	75th PERCENTILE
\$2,681 ±3%	\$2,795	\$2,368	\$2,994

Report generated: 04 Nov 2021



Exhibit 3 – 1 Bedroom Analysis (Magnify Investments)



1265 Crossman Avenue Sunnyvale, California 94089

Results based on 23, 2-bedroom, 1½ or more bath rentals seen within 12 months in a 0.75 mile radius.

AVERAGE	MEDIAN	25th PERCENTILE	75th PERCENTILE
\$3,323 ±3%	\$3,299	\$3,025	\$3,622

Report generated: 07 Nov 2021



Exhibit 4 – 2 Bedroom Analysis (Magnify Investments)



Exhibit 5 – Interior Courtyard



Exhibit 6 – Resident Lounge



Exhibit 7 – Gym



Exhibit 8 - Catering Kitchen



Exhibit 9 – Private Media Room

