

JAMES CAMPBELL BOULEVARD

STRATEGIC CORRIDOR PLAN

CATALYST PROJECT: PRO FORMA ANALYSIS

PREPARED BY:
LAND ANALYTICS &
TOWN PLANNING & URBAN DESIGN COLLABORATIVE
2011

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CITY OF COLUMBIA, TENNESSEE

Catalyst Project:
Pro Forma Analysis

GOALS OF THE PLAN

Create the type of place that the initial market analysis and recommendations called for.

Create a place that can compete with Spring Hill.

Attract the Target Markets that the Market Analysis recommended which include:

- Healthcare
- Creative Thinkers
- "Green" Industry
- Small Town Charm
- People Who Can Live Anywhere/ Entrepreneurs
- Historic Tourism
- Age-In-Place/Multigenerational Communities

Give the impression that Columbia is a thriving community.

Supplement the Historic Core.

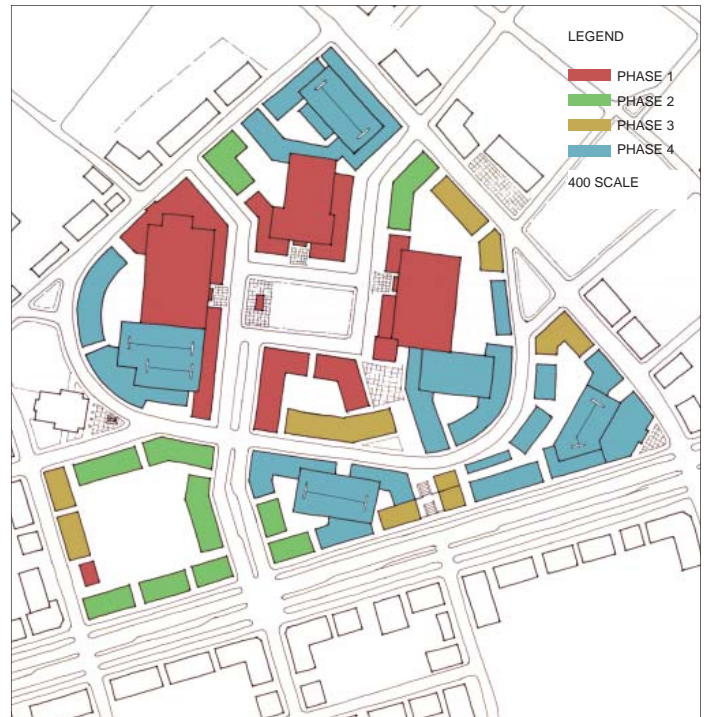
Create value for the Land Owner.

Create value for to the City.

Create value for the citizens of Columbia.



Catalyst Site: Mall Redevelopment Illustrative Plan



Catalyst Site: Mall Redevelopment Phasing Plan

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PRO FORMA ANALYSIS GENERAL ASSUMPTIONS:

Columbia Mall, As-Is (Estimated):

Gross Leasable Area: 282,000 sf
Four anchor tenants: 188,000 sf
In-line Space: 94,000 sf

Proposed Changes To Columbia Mall Structure:

- Remove the in-line space and one of the four anchors (134,000 sf).
- Configure the area with a mix of “civic space” and new mixed-use structures.
- Increase the entitled space throughout the project using a mix of structured parking and multi-floor structures.

1. Three general classes of product:

Retail/Commercial
Office
Residential

2. The product types are assumed to be distributed evenly throughout the property.

1st floor: Retail/Commercial
2nd floor: Office
3rd floor: Residential

3. Occupancy is assumed to be stabilized at 10%.

4. Public/ Private Partnership is in place for later phases requiring structured parking



Catalyst Site: Mall Existing Condition

CITY OF COLUMBIA, TENNESSEE

Catalyst Project: Pro Forma Analysis

Phase 1 - Low End of Rent Range

Key Assumptions

Type of Space	Commercial	Office	Residential	Total
Space (Square Feet of Building Area)	133,515	133,515	133,515	400,545
Rent				
Rent Per Square Foot	\$ 16.00	\$ 16.00	\$ 12.00	
Potential Gross Income	\$ 2,136,240	\$ 2,136,240	\$ 1,602,180	\$ 5,874,660
Expenses				
Expenses PSF (Net of Reimbursements)	\$ 2.50	\$ 3.50	\$ 4.20	
Total Expenses	\$ 333,788	\$ 467,303	\$ 560,763	\$ 1,361,853
Stabilized Vacancy & Collection Loss				10%
OAR (Overall Rate of Return)				7%

Value Estimate (Stabilized)

Potential Gross Income	\$ 5,874,660
Less: Vacancy & Collection Loss	\$ 587,466
Effective Gross Income	\$ 5,287,194
Less: Expenses	\$ 1,361,853
Net Operating Income	\$ 3,925,341
Divided By the OAR	7%
Potential Value	\$ 56,076,300
Potential Value Per Square Foot	\$ 140.00

Phase 1 - Upper End of Rent Range

Key Assumptions

Type of Space	Commercial	Office	Residential	Total
Space (Square Feet of Building Area)	133,515	133,515	133,515	400,545
Rent				
Rent Per Square Foot	\$ 18.00	\$ 18.00	\$ 12.00	
Potential Gross Income	\$ 2,403,270	\$ 2,403,270	\$ 1,602,180	\$ 6,408,720
Expenses				
Expenses PSF (Net of Reimbursements)	\$ 2.50	\$ 3.50	\$ 4.20	
Total Expenses	\$ 333,788	\$ 467,303	\$ 560,763	\$ 1,361,853
Stabilized Vacancy & Collection Loss				10%
OAR (Overall Rate of Return)				7%

Value Estimate (Stabilized)

Potential Gross Income	\$ 6,408,720
Less: Vacancy & Collection Loss	\$ 640,872
Effective Gross Income	\$ 5,767,848
Less: Expenses	\$ 1,361,853
Net Operating Income	\$ 4,405,995
Divided By the OAR	7%
Potential Value	\$ 62,942,786
Potential Value Per Square Foot	\$ 157.14

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PRO FORMA ANALYSIS SCENARIO #1/ PHASE 1:

Scenario #1: Assuming the first phase of the project involves just replacing the retail space proposed to be removed (approximately 134,000 sf), what might the benefits be?

- The 134,000 sf of first-floor retail space is replaced in Phase 1 (and an additional 543,000 sf of first floor retail space can still be constructed in Phases 2-4 as demand dictates).
- In addition to the first-floor retail, up to 268,000 sf of office and/or residential space could be built if an additional 2 floors are constructed above the first-floor retail.

Specific rents and expenses were inappropriate for buildings only at the preliminary design phase. However, a summary survey of the market indicated that the following rent ranges should be achievable.

Retail:	\$16 to \$18 per sf
Office:	\$16 to \$18 per sf
Residential:	\$12 per sf

No similar residential property was reported in Columbia, therefore rents were based on estimated minimum feasible amounts.



CITY OF COLUMBIA, TENNESSEE

Catalyst Project: Pro Forma Analysis

Full Build Out - Low End of Rent Range

Key Assumptions

Type of Space	Commercial	Office	Residential	Total
Space (Square Feet of Building Area)	408,885	408,885	408,885	1,226,655
Rent				
Rent Per Square Foot	\$ 18.00	\$ 18.00	\$ 12.00	
Potential Gross Income	\$ 7,359,930	\$ 7,359,930	\$ 4,906,620	\$ 19,626,480
Expenses				
Expenses PSF (Net of Reimbursements)	\$ 2.50	\$ 3.50	\$ 4.20	
Total Expenses	\$ 1,022,213	\$ 1,431,098	\$ 1,717,317	\$ 4,170,627
Stabilized Vacancy & Collection Loss				10%
OAR (Overall Rate of Return)				7%

Value Estimate (Stabilized)

Potential Gross Income	\$ 19,626,480
Less: Vacancy & Collection Loss	\$ 1,962,648
Effective Gross Income	\$ 17,663,832
Less: Expenses	\$ 4,170,627
Net Operating Income	\$ 13,493,205
Divided By the OAR	7%
Potential Value	\$ 192,760,071
Potential Value Per Square Foot	\$ 157.14

Full Build Out - Upper End of Rent Range

Key Assumptions

Type of Space	Commercial	Office	Residential	Total
Space (Square Feet of Building Area)	408,885	408,885	408,885	1,226,655
Rent				
Rent Per Square Foot	\$ 20.00	\$ 20.00	\$ 15.00	
Potential Gross Income	\$ 8,177,700	\$ 8,177,700	\$ 6,133,275	\$ 22,488,675
Expenses				
Expenses PSF (Net of Reimbursements)	\$ 2.50	\$ 3.50	\$ 5.25	
Total Expenses	\$ 1,022,213	\$ 1,431,098	\$ 2,146,646	\$ 4,599,956
Stabilized Vacancy & Collection Loss				10%
OAR (Overall Rate of Return)				7%

Value Estimate (Stabilized)

Potential Gross Income	\$ 22,488,675
Less: Vacancy & Collection Loss	\$ 2,248,868
Effective Gross Income	\$ 20,239,808
Less: Expenses	\$ 4,599,956
Net Operating Income	\$ 15,639,851
Divided By the OAR	7%
Potential Value	\$ 223,426,446
Potential Value Per Square Foot	\$ 182.14

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PRO FORMA ANALYSIS SCENARIO #2/ PHASE 4:

Scenario #2: What would the value range for the project if all four phases were completely built out as proposed?

The timing for a full build out of the project is highly speculative. However, if all four phases were fully built out in the manner proposed, “real” rent levels could reasonably be expected to increase.

Retail: \$18 to \$20 per sf
Office: \$18 to \$20 per sf
Residential: \$12 to \$15 per sf



BENEFITS OF THE PLAN

Benefits to the Property Owner:

1. Increased Density & property value
2. Flexibility
3. Market Desirable Character
4. Public/private partnership

Benefits to the City:

1. 6x as much leasable/saleable space to collect taxes on
2. Enhances image of the City which encourages future development and investment
3. Additional public open space

Benefits to the Citizens of Columbia:

1. Creates the type of place they want to shop and work in
2. Provides additional options for lifestyle choices in the city
3. Provides additional office space
4. Transform the most negatively perceived element of the corridor into an icon for the community

