

DEVELOPMENT 102

We have a site...now we just need to develop it.



Approved for 3 hours of C.E. by T.R.E.C.

Class Number: 44520

OBJECTIVE The objective of the course is to provide licensees with the working skills of commercial real estate development. After taking this course, commercial and residential agents will be able to communicate effectively with developers on potential development projects, win more land listing pitches, sell more land listings and/or earn attractive fees by providing development project management services.

Topics Covered Include:

- Site Feasibility Checklist.
- Site due-diligence tasks and costs.
- How does Site “A” compare to Site “B”?
- Designing the Project: Civil Engineering, MEP, Landscape design + Architecture, including Structural engineering.
- Development Proforma. We need:
 - Market Research: what are comparable lease rates? Cap rates? Municipal issues?
 - Construction cost estimates.
 - Soft costs; they can add up.
 - Market standard lease commissions.
 - Market standard tenant concessions.
- Calculating the Yield on Cost. Can we get there in this market?
- Development financing aka the “Capital Stack”:
 - Construction loan terms.
 - Equity sources & their target Internal Rates of Return.
 - Permanent loans.
- Development Strategies: Build to Suit? Develop & Sell? Develop & Hold?
- Splitting Profits: Preferred returns and then a “waterfall”.
- Lease terms: Full service gross lease? Triple Net?
- Property Management issues after tenant occupancy:
 - Who maintains what?
 - Insurance: liability & casualty.
 - Deferred maintenance budget & funds.



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