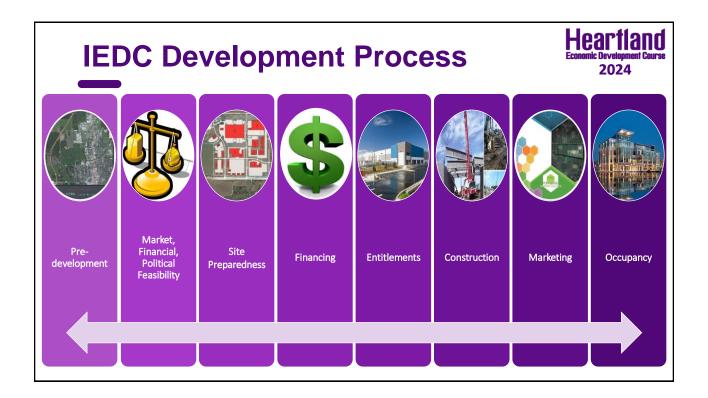
Student Note: Actual presentation has slides that are not included in this handout due to proprietary information that will be shared on some slides.

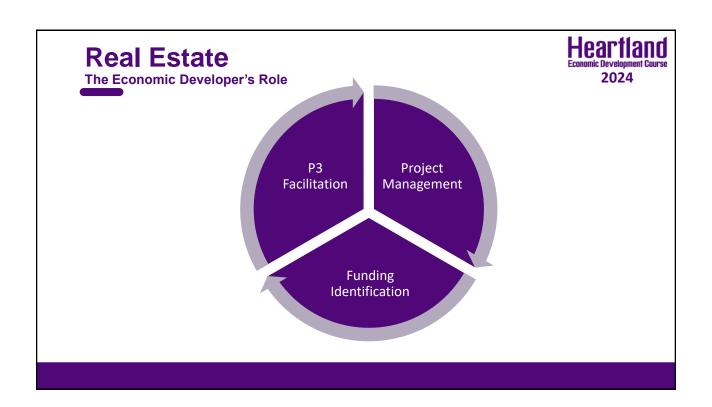




# The Essence of the IEDC Process Real Estate Development

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2024

- o Considerations:
  - o Predevelopment: is there a site?
  - o Market and Political Feasibility: is there willingness?
  - o Financial Feasibility: is the ROI sufficient?
  - o Site Preparedness: is the site viable?
  - o Public approval: is it permissible?
  - o Construction: is it buildable?
  - o Marketing: is it desirable?
  - o Building occupancy and management: is it suitable?



#### **Early Site Selection Considerations**

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- Many Questions
- Physical Inspection
- Seeking Site Readiness
- · Sites GIS-screened
- · Permitting in Place

Comprehensive

#### **Immediate**

- RFI Response
- · Looking to Eliminate
- Web Presence
- Site Documentation

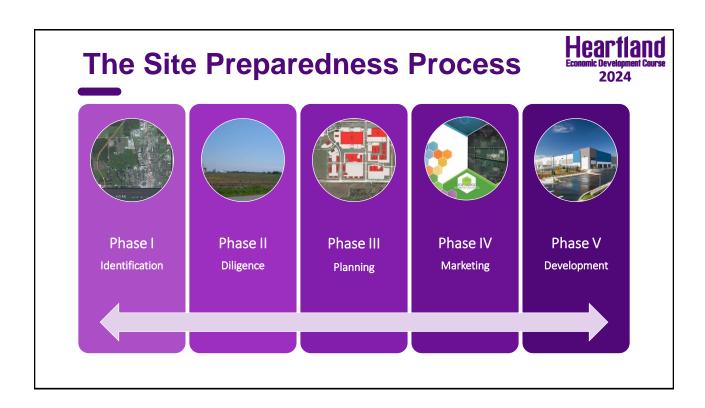
- · Controlled Land
- Established Prices
- Ready Infrastructure
- Encumbrance Mitigation
- Development Costs

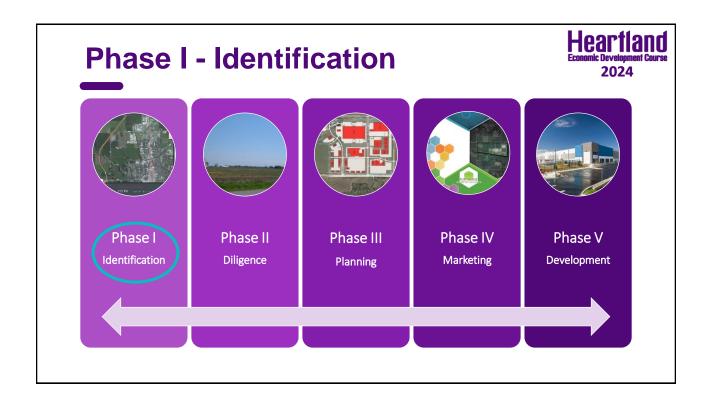
Specific



# The main crisis in local economic development today is irrelevance

Rick Weddle, Measurement Radical Marketing





#### **Reason for Site Identification**



Investment

- Site Suitability
- Competitiveness

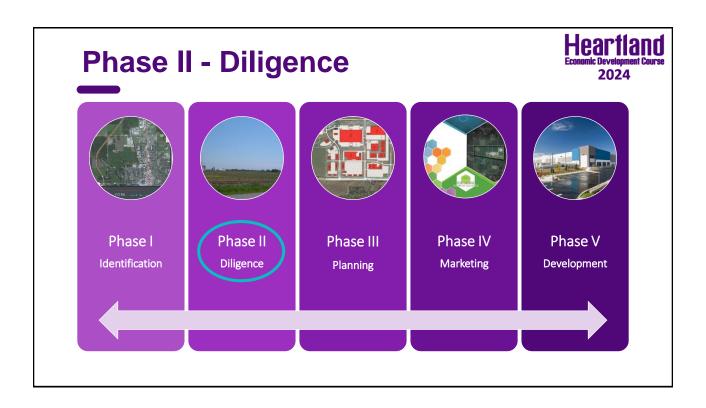
#### Prioritization

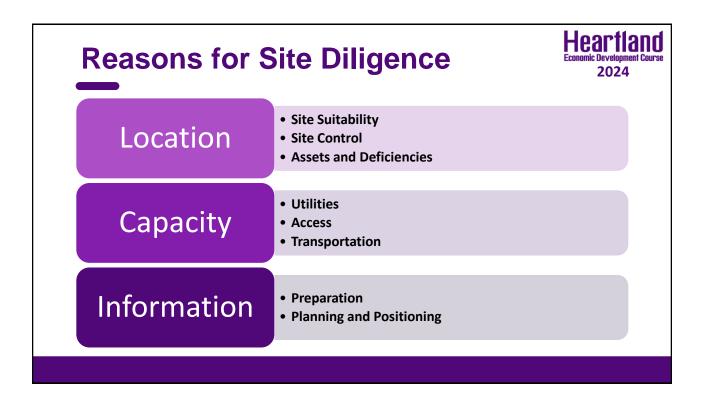
- Division of Resources
- Capital Improvements Programming

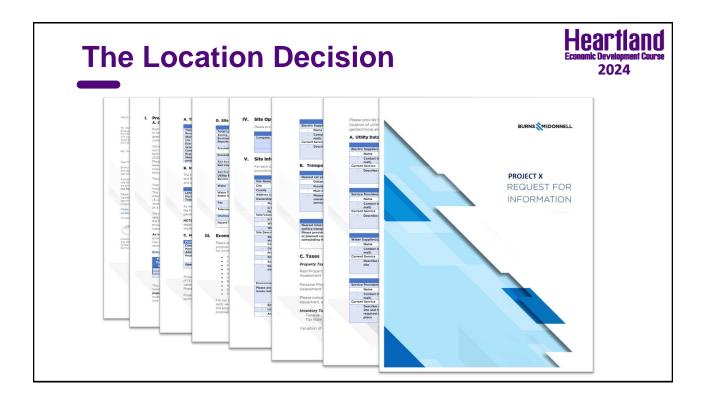
#### **Land Control**

- Options
- Purchase
- Designation Guidance







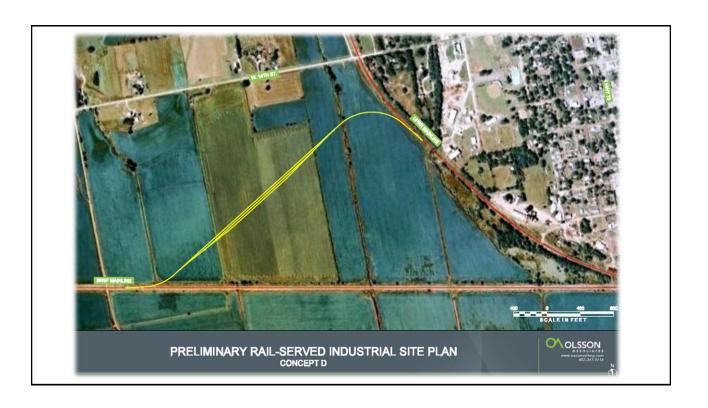


# **Diligence – Prepared**



- Service
- Redundancies
- Distance
- Costs
- Advantages
- Mitigation Timelines
- Mitigation Costs
- Permitting Requirements

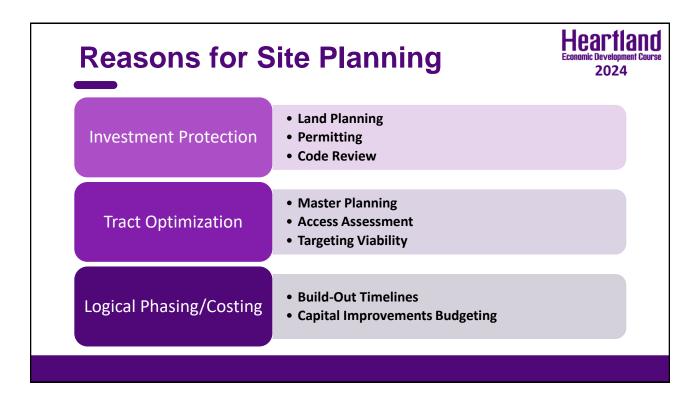






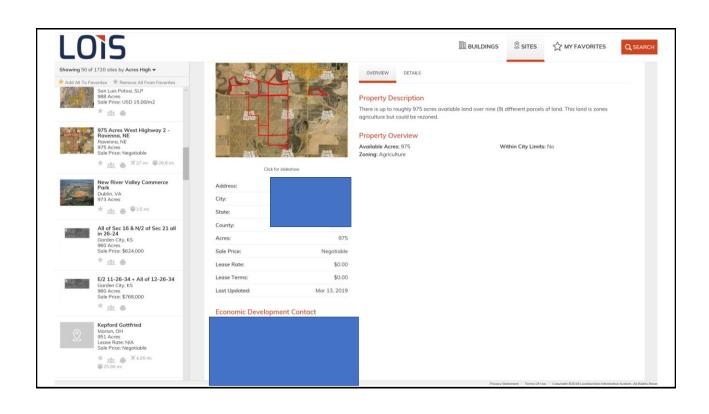
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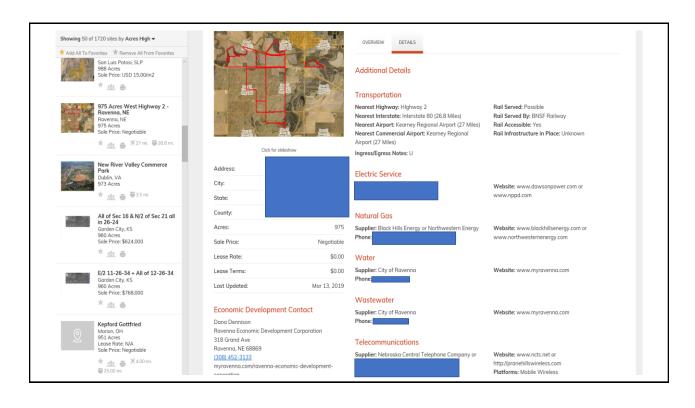


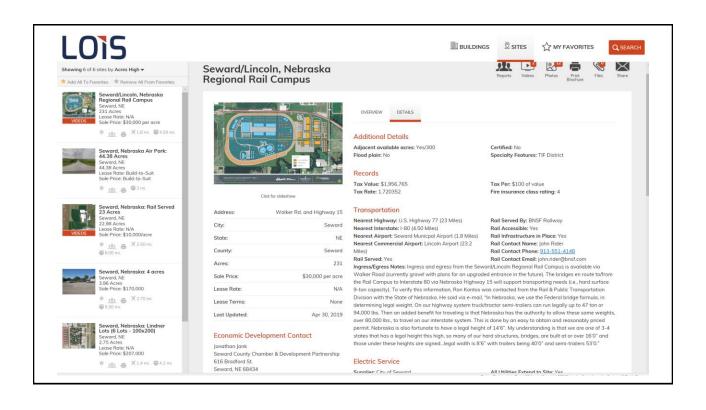


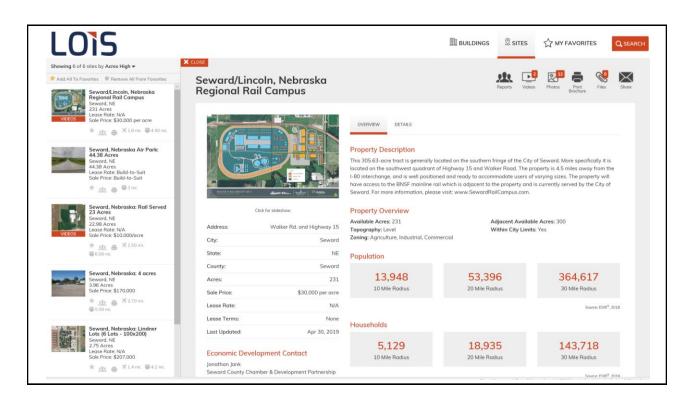


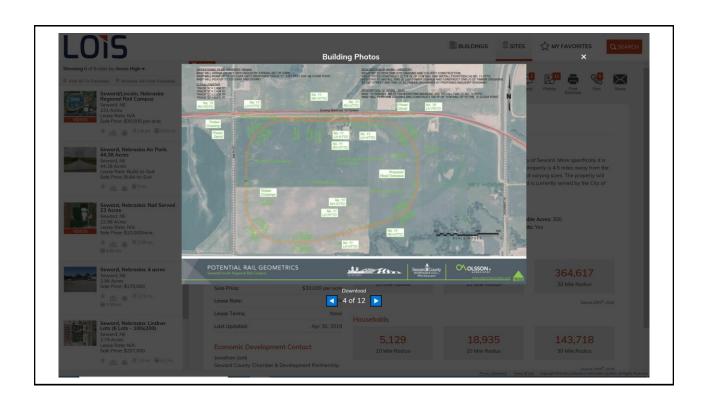




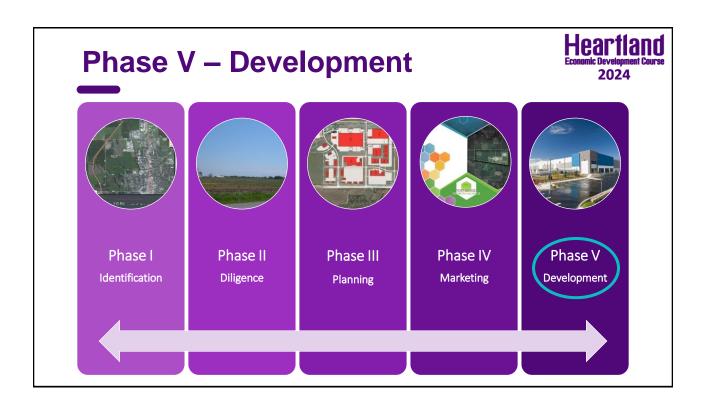


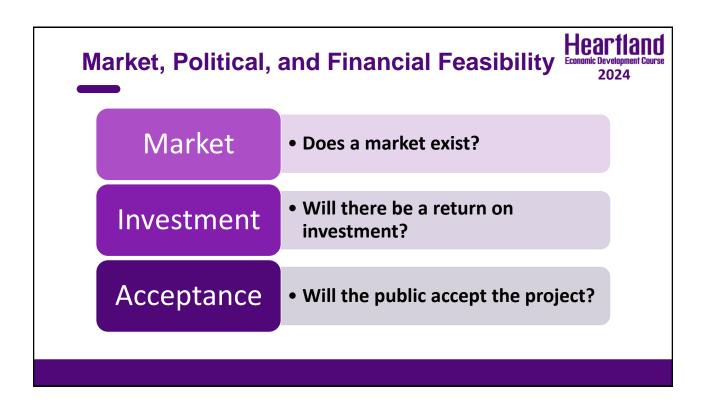


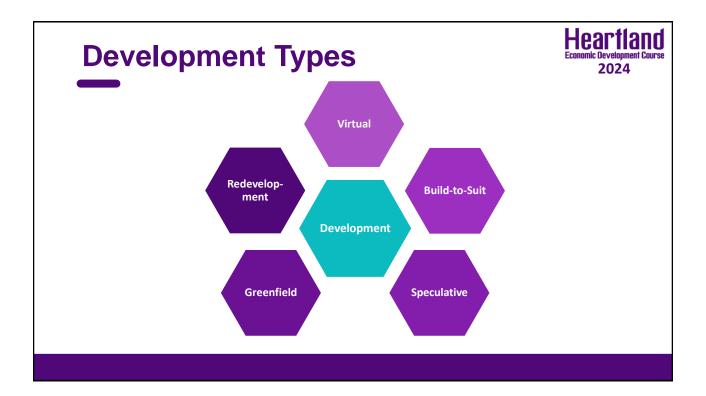












#### **Virtual Development**



- Allows for positioning with limited risk
- o Provides opportunity for cross-marketing
- Provides risk mitigation through:
  - Costing assumption
  - Easily manipulated facilities plans
  - Fractions of the cost of actual build
  - Upfront entitlement assumption





#### **Build-to-Suit**





#### **Build-to-Suit**



- o Allows for facility design control by end-user
- Creates operational efficiencies when designed for the end-user
- o Can expedite the site selection process

#### **Speculative Development**





### **Speculative Development**



- o Facility built prior to securing a tenant
- o Provides a marketing tool for attracting development
- o Allows for potentially expedited occupancy
- Presents cash flow risks
- o Potential risk in not meeting client's needs

#### **Greenfield Development**





#### **Greenfield Development**



- o Allows for optimal development positioning
- o Requires significant entitlement navigation
- Can increase development timelines
- o Can lack infrastructure capacity

#### Redevelopment

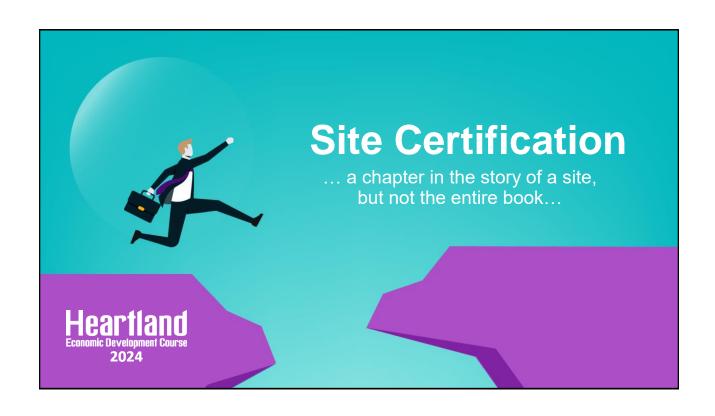


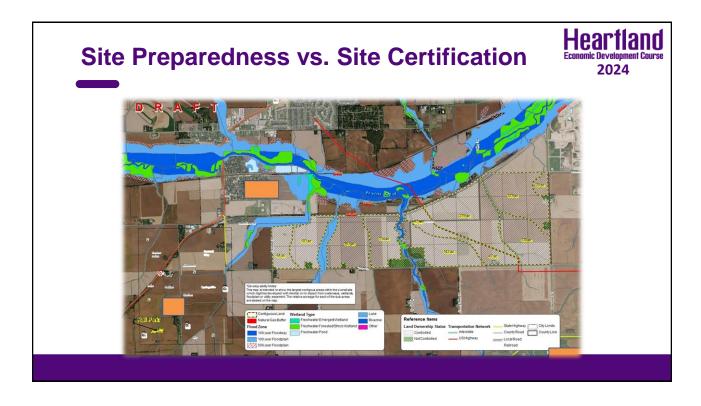


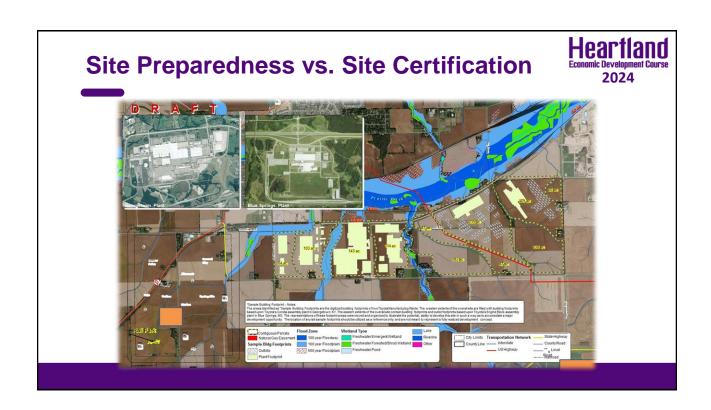
#### Redevelopment

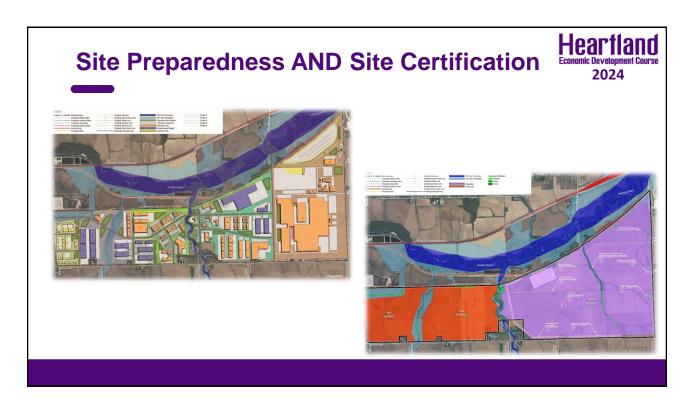


- Involves either new construction following demolition or property reuse
- Can involve land and/or facilities
- o Encourages infill rather than sprawl
- o Makes use of existing infrastructure
- Removes blight and slum
- o Environmental mitigation is critical













#### **Site Preparedness Leads to Success**



Ford to build \$3.5B battery plant at Marshall mega site

\_\_\_\_\_



By Rose White | rwhite@mlive.com

ROMULUS, MI – Ford Motor Co. plans to build a \$3.5 billion electric vehicle lithium-ion battery plant and create 2,500 jobs in southwest Michigan.

Supported by \$246 million in state incentives, the Dearborn automaker will construct a sprawling 2.5 million-square-foot battery facility on 1,900 acres of farmland in Marshall pegged for development.

"At this plant, the team will build a new kind of factory. These batteries will be more affordable, incredibly durable and they'll charge faster," said Ford Executive Chair Bill Ford at a Monday, Feb. 13, press conference alongside state and local leaders.



#### **Urban vs. Rural Economic Development**







### **Private Development Drivers**



- Defined market through the following metrics:
  - o Cluster activity or identified up-/down-line demand/supply presence
  - Industrial real estate absorption
  - Industrial facilities and land vacancy
  - Growth trajectory
  - o Ease of market entry/presence of development competition
- o Ease of development as define through the following metrics:
  - Infrastructure readiness
  - o Permitting and entitlements
  - Tax abatement availability
  - o Industrial SID or TIF allowances
  - Impact fee concessions
  - o Bundled utility rates
  - Rail access and development participation
  - o Conduit financing vehicles
  - Cost and revenue sharing models



#### **Private Developer-Led Development Best Practices**



- o "Lock-Step" message from governmental entities
- o Identified market activity to support development
- Low vacancy rates
- o Speculative, private industrial development
- o Rapid industrial development absorption
- Velocity
- Low barrier to entry
- o Fast-tracked permitting programs
- Tax abatement availability
- o Cost to development in alignment with anticipated ROI
- o Intermodal or inland port presence

#### **EDC-Led Development**

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- o Identified, available buildings to meet market demand
  - o Modernized facilities within a competitive price per SF
- Shovel-ready, controlled sites suited to targeted uses
  - o Not developed, but timelines for development understood
- Proactive marketing of verticals suited to the local market
   Heavy concentration on freight optimization and existing
  - user demand
- Multi-jurisdictional cooperation on infrastructure off-site extensions and capacities upgrades
  - Assurance of appropriate infrastructure service required
- o Rapid entitlement process
  - o Fast-track permitting opportunities
- Optimized, master planned park availability
  - To ensure appropriate ROI and prospective end-user pad site placement



#### **EDC-Led Best Practices**



- o Identified market drivers and robust targeting analyses
- Identified sites and facilities to match market targets
- Completed diligence of both natural- and built-environment factors
- Secured land options
- Stated land price in-line with comparable markets
- Understood ROI expectations
- Targeting viability aligning EDC marketing efforts to inventory capacity
- o Site master planning
- Completed development phasing for build-out costing
- o Identified entitlements process and fast-tracked permitting options

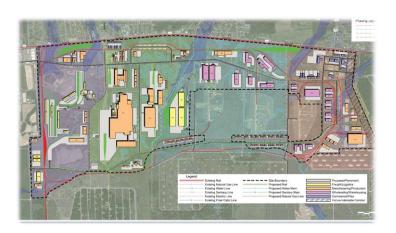
#### **Site Preparedness for Economic Development**



Locate prospective land tracts for development consideration
Complete site diligence assessment
Identify market-based industry targets
Assess viability of development targets to land tract capabilities
Create master plan options aligned to market demand
Align capital improvements to support identified tracts
Ensure incentive and concession allowances are attractive
Package marketing materials to strategically align to targets
Align marketing priorities to address likely end-user verticals

#### Real Estate – A Key Asset for Growth





Site preparation for economic development opportunities is the most effective means of creating relevance.

## **Questions**



Courtney Dunbar CEcD, EDFP, AICP Director – Site Selection



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