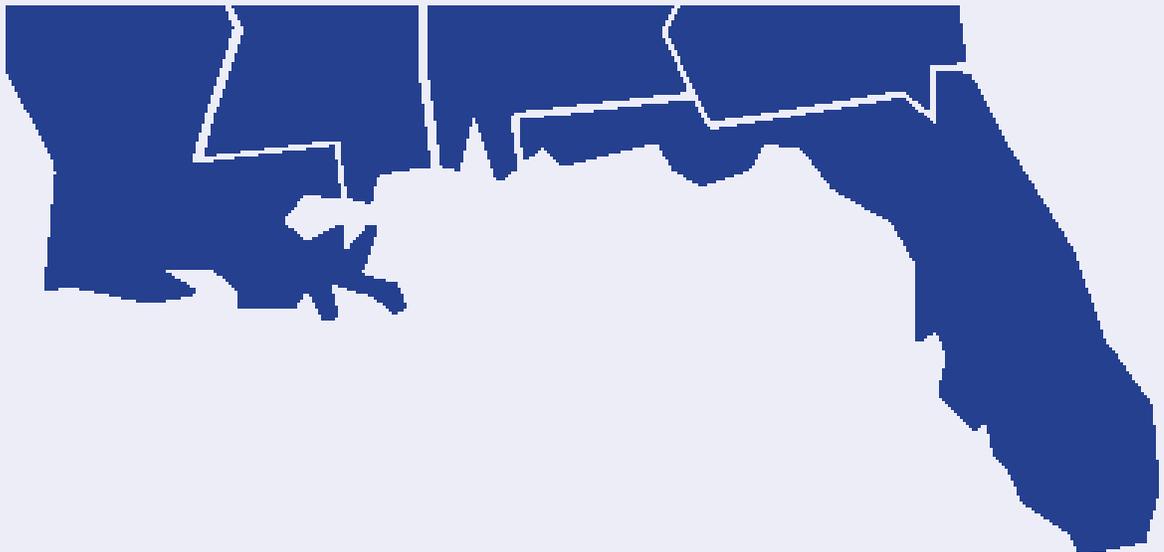




**5 KEYS TO OPTIMIZING YOUR
DEVELOPMENT YIELD
(and Mitigating your Risk)
IN THE NORTH GULF COAST REGION**



Welcome

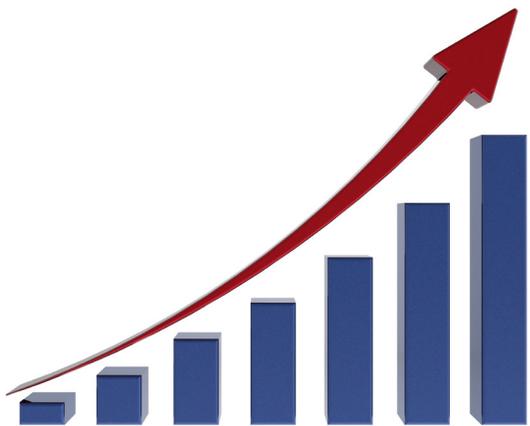
Commercial and residential development is a high risk/reward business. Success is achieved by mitigating risk and optimizing reward. As architects that serve commercial developers throughout the North Gulf Coast Region, we have identified five points of attack that, if approached correctly, will substantially enhance the probability of your next development's success.

KEY #1 – Define clearly what “optimizing” means for your development.

Are you interested in

- 1) maximizing your yield potential for your site's build out or
- 2) generating proforma yield potential at or above a target threshold? Successful development is typically defined by one of these two criteria.

Without a clear understanding of your definition of success up front, time and development resources will be squandered. *Begin with the end game in mind.*



OR



5 KEYS TO OPTIMIZING YOUR DEVELOPMENT YIELD

Key #2 – Identify potential roadblocks.

What are some of the not-so-obvious conditions that can derail a development if not addressed in a timely manner? Specific examples of potential roadblocks include: coastal construction permitting log jams created by potentially conflicting regulations; local code and development order interpretation nuances; unpublished community goals that overlay local regulations; NIMBYism – to name a few.

Potential roadblocks can be pre-empted if anticipated and addressed strategically. Key to success in doing this is having a knowledge of precedents for such conditions relative to a given development location.



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Key #3 – Have a market hedge strategy.

What is the market demand for your development? What is the basis of your demand assumptions? Primary or secondary market research? Anecdotal? What other assumptions relative to market demand could impact development success? Competition? Time to Market? Financing? Site Development and Construction Costs?

With the complexity of interdependent assumptions inherent to commercial and residential development, “what if” hedge strategies should be integrated into as many aspects of a development plan as possible/practical. These strategies can include options for such things as site development build-out uses, facility expansion/addition configurations, facility unit build-outs, and infrastructure build-out.



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Key #4 – Understand the regulatory landscape.

Does your development comply with current building and land development regulations? If not, what are the issues that need to be addressed and what is the probability of success and associated costs in time and dollars? Even if your development complies with current regulations, what are the protocols and biases imbedded in the regulatory agencies that could impact the development schedule?

Ideally, the regulatory landscape is easily knowable and totally transparent. However, the ideal is a rare development reality. A working knowledge of your development's regulatory jurisdictions can avoid false starts, dead ends, and project opening delays.

Environmental and coastal permitting strategies and design execution can play a dramatic role in the cost and schedule of project delivery on the Gulf Coast. Confusing statutes and mixed enforcement by agencies leaves the responsibility and risk of compliance on the shoulders of the development team. In addition, each local jurisdiction has development standards with nuances for compliance and approval which must be followed.

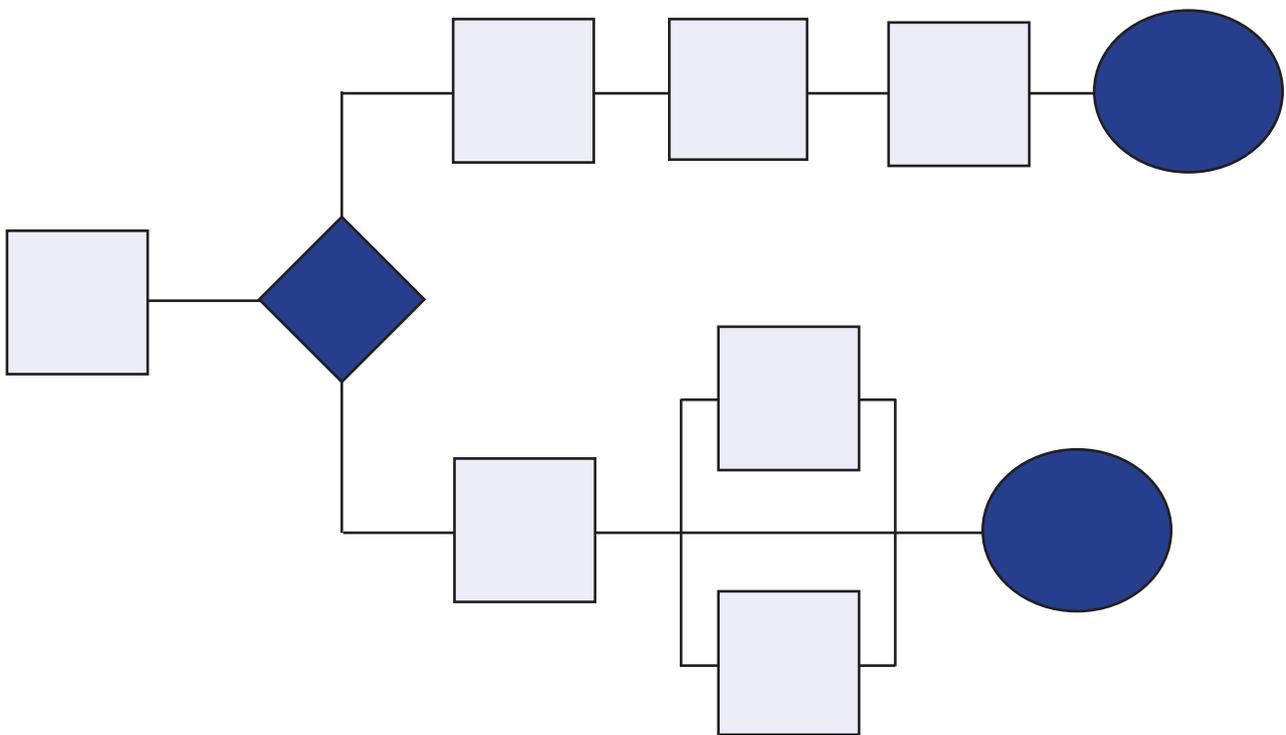


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Key # 5 – Develop a winning game plan.

Equipped with the first 4 Keys, a development game plan with a high probability of success can be established, monitored, and refined as needed to focus and align resources in successfully executing your development and optimizing its yield potential. The backbone of the game plan consists of a schedule with the key actions, milestones and inter-dependencies among the development team members to successfully execute the development process, including the strategies relative to the first 4 Keys.

With this game plan, accountability among the team members is enabled by clear communication of responsibilities and the development's critical path can be established and managed in meeting critical time targets.



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The Next Step

The most cost effective time to minimize risk and optimize reward potential is beginning up front in securing the right site at the right price and in establishing a development roadmap that effectively executes your development vision.

Using responsible criteria and a systematic approach for securing the right site for a specific development expectation will

- 1) save time in identifying best purchase options,
- 2) save money in negotiation the right price, and
- 3) avoid post purchase surprises that can cripple, if not kill, a deal.

Important components of an effective development roadmap includes

- 1) clarifying requirements, expectations, constraints and timelines,
- 2) identifying potential roadblocks to be avoided, and 3) addressing the realities of the regulatory landscape.

If you are in the process of either looking for a site to develop or planning an existing site for development, especially in the North Gulf Coast Region, let's talk. We offer a **no cost needs and options review** that will help you identify the most cost effective way to proceed from where you are in your development process.

If you are ready to talk now, please give us a call or email us to schedule an appointment.



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