

University of Maryland Wins NAIOP 2017 Capital Challenge

Five universities from the Washington, DC area competed on April 5, 2017 in the NAIOP Capital Challenge. The University of Maryland team came in 1st place and took home the \$10,000 prize and will hold the trophy for the year. The team was four Master of Real Estate Development students **Thomas Parker, Daniel Green, Oluwatobi Thomas, and Oluwatomi Thomas** [pictured below except for Daniel Green] with their professor **Ron McDonald**. The challenge required teams to put together a development proposal, including market analysis, proposed buildings and uses, construction scheduling and financial analysis and returns for a 240-acre site in Clarksburg, Maryland.



The team, naming themselves "Terrapin Development", presented Clarksburg Hills, a 3-phase 2 million gross square foot mixed-use community that aims to be a landmark for Clarksburg, I-270 commuters, and the Washington DC metropolitan area. The proposed development maximizes its unique location and high visibility along I-270 with a mix of residential and commercial uses that will capture the current market demand in Clarksburg and the region. The final build-out includes for-sale residential, independent-living senior housing, for-rent residential, commodity retail, restaurants, a signature brew pub, hotel, and flex R&D office. Key components of the proposal included public financing considerations from both state and federal sources and a strategic phasing plan that maximized returns in Phase 1, allowing it to stand alone both financially and as a community in case of unplanned for risks.

"The NAIOP Competition was a great platform to gain practical experience in understanding a developer's role in managing a team of real estate industry professionals in a real-world project," said team member Tobi Thomas. Team member Tom Parker's point was that "The Capital Challenge was a practical experience that showed us what a typical development professional would do in real life, such as pitching and defending ideas to a group of stakeholders. Although it was an intense seven weeks of hard work, I really enjoyed the opportunity to apply what

I've learned throughout the MRED program."

Special thanks to **John Crump** and **Merrill St. Leger** of **SmithGroup JJR**, **Niel Beggy** of **Avison Young**, **Stephen Powell** of **Penzance**, **Randall Rentfro** of **Dewberry**, and **Gary Houston** and **Ani Kostova** of **US Bank**.



Project Buildout	Phase I	Total Buildout	Units
Townhome Pad Sites	109	342	units
Independent-Living Senior Pad Site	70	70	units
Retail Total	50,000	243,100	sq. ft.
Brew Pub	18,050	18,050	sq. ft.
Restaurant Pad Sites	40,000	40,000	sq. ft.
Grocery		80,000	sq. ft.
Market Rate Multifamily		320	units
Affordable Multifamily		90	units
Hotel		500	rooms
Flex R&D Office		57,600	sq. ft.
Structured Parking		615	spaces
Surface Parking	220	1,234	spaces

Key Financial Metrics	Phase I	Total Buildout
Total Development Cost	\$ 42,128,957	\$ 232,342,201
Unlevered NPV	\$ 17,669,672	\$ 116,616,126
Unlevered IRR	29%	17%
Total Equity	\$ 16,512,703	\$ 44,986,639
Total Debt	\$ 25,616,254	\$ 187,355,562
Levered NPV	\$ 17,502,019	\$ 152,501,384
Levered IRR	33%	25%