

DEVELOPERS GOALS

CREATE A HEALTHY AND POSITIVE WORK ENVIRONMENT FOR THE OCCUPANTS

- NATURAL LIGHT
- THERMAL COMFORT
- NATURAL VENTILATION
- EXCEPTIONAL ACOUSTICS
- CONSTANT CONNECTION TO NATURE

MINIMIZE THE IMPACT ON THE ENVIRONMENT

- NET ZERO ENERGY OPERATIONALLY
- CARBON NEUTRAL
- MINIMIZE WATER USE
- HIGHLY SUSTAINABLE CONSTRUCTION METHODS AND MATERIALS

ACCOMPLISH THIS AT A PRICE POINT THAT WILL OPERATIONALLY BE MORE PROFITABLE THAN THE STANDARD WAY OF RENOVATING TO CITY CODE.

EXISTING CONDITIONS



- 30,000 SF square one-story office warehouse built in 1973
- Uninsulated concrete walls, wood roof and single pane windows
- DARK, DINGY and UNRENTABLE!

HIGH PERFORMANCE ENVELOPE



435 INDIO



PASSIVE THERMAL COMFORT



INTEGRATED ROOF PLANNING



ECONOMIC ANALYSIS

Monthly Rent / SF	\$2.75NNN	Actual		
435 Indio				
Cost Info	Standard	Sustainable		
	Renovation	Renovation	Difference	Per Sq. Ft.
Total A & E Cost	\$260,800	\$337,700	(\$76,900)	
Total Hard Cost	\$2,865,944	\$4,042,458	(\$1,176,514)	
Total Soft Cost	\$426,550	\$410,629	\$15,921	
PV Cost	\$0	\$345,228	(\$345,228)	
Total Cost	\$3,553,294	\$5,136,015	(\$1,582,721)	(\$49.84)
Income Information / Valuation				
Annual rent net of operating expenses	\$847,194	\$1,086,848	\$239,654	
Value of Rent Differential at 7.5% cap rate			\$3,195,387	\$100.61
Rent during first 18 mos. after completion	\$0	\$724,500	\$724,500	<u>\$22.81</u>
Net Additional Value if sold in 18 mos.			\$2,337,166	\$73.59
PG&E and Govt. Rebates	\$0	\$298,764	\$298,764	\$9.41
Additional Value if include rebates			\$2,635,930	\$83.00

ECONOMIC ANALYSIS

Cash Flow				
Additional Cost			(\$1,582,721)	(\$49.84)
Less Early Lease-up			\$724,500	<u>\$22.81</u>
Net additional Cost				(\$27.02)
Net Cash Flow after Debt Service	\$585,350	\$708,373	\$123,023	\$3.87
Years to ammortize with cash flow				5.89
Rental Income Differential				NNN Rent
Operating Expenses	\$280,220	\$185,540	\$94,680	\$0.25
TI Replacement Reserves	\$62,866	\$47,638	\$15,228	\$0.04
Additional 326 SF of space	\$0	\$15,114	\$15,114	\$0.04
Premium over market rent & op. exp.	\$0	\$114,632	\$114,632	\$0.30
Total			\$239,654	\$0.63

BUSINESS CASE FOR ZERO ENERGY COST

- ADDITIONAL COST TO RENOVATE SUSTAINABLY VS. LESS EXPENSIVE STANDARD METHOD OF RENOVATING => (\$49.84 / SF)
- ADDITIONAL VALUE CREATED DUE TO A REDUCTION IN OPERATING EXPENSES AND RESERVE REQUIREMENTS => \$52.94 / SF
- ADDITIONAL VALUE DUE TO ACCELERATED LEASE-UP TIME VS. AVERAGE MARKET DOWNTIME => \$22.81 / SF
- ADDITIONAL VALUE DUE TO RECEIVING A PREMIUM IN RENT OVER THE TOP OF THE MARKET RENTS => \$34.47 / SF

435 INDIO

