



Real Estate Challenge

2010

COMPETITION PACKET

FOR STUDENTS OF ALL UTAH UNIVERSITIES AND COLLEGES
Proprietary Information (2010)
David Eccles School of Business – **Ivory Boyer Real Estate Center**
www.utahrec.org

Utah Real Estate Challenge 2010

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Changes in the 2010 Challenge rules are in Blue

Utah Real Estate Challenge administrated by:
University of Utah - DESB Ivory Boyer Real Estate Center

The Utah Real Estate Challenge

The **Utah Real Estate Challenge (UREC)** is a business plan competition for collegiate, University and graduate students throughout the state of Utah. The competition fosters the understanding of real estate development at the college and university level by giving students a chance to organize, direct and present a plan to develop a real estate project to a panel of judges. The **UREC** provides teams with educational forums, mentors, and other resources to prepare them for the competition and aids them in the creation and implementation of their **Real Estate Development Plan**. A grand prize of \$20,000 will be awarded to the team with the most plausible and promising **Real Estate Development Plan**. Secondary prizes of \$2,000 will also be awarded to each finalist team. The **UREC** is directed by volunteer members of the real estate community and students. The team of directors is advised by a board of corporate professionals, as well as faculty members of participating schools. The directors manage the operations of the Challenge which include:

- Events
- Sponsor Relations
- Judges
- Marketing
- Mentors
- Public Relations
- UREC Outreach

The **UREC** is making great strides in growth throughout the state. This tremendous undertaking has been made possible by generous support from sponsors, mentors, judges and faculty members of participating schools.

Eligibility

Each participating team must be organized and directed by a student at a college or university that is located within the state of Utah, The sponsoring student must be enrolled in at least nine credit hours during both semesters during the competition. It is possible to participate if the student was enrolled for at least nine credit hours in the fall semester of the competition year and completed all of their requirements for graduation (student standing will be verified by **UREC**). Teams may be up to 5 people. If there are 4 or more members then a team must have 3 qualifying students as members. There are no restrictions regarding other team members. Team members may be other students, family, or professionals and do not need to be residents of Utah. Faculty or members of the UREC management team are ineligible as team members. Successful teams have a strong combination of finance, construction, land planning and real estate development skills. A team-building forum will be held if you seek other skilled individuals to be part of your team. Even if you do not have a project idea, come to the forum and join one of the teams. This is an excellent opportunity for students to network

and communicate with the business community. Teams may present more than one plan in the preliminary round; however, only the highest scoring plan will advance to the finals. The projects chosen for the competition will be decided upon by the members of a team and will not be dictated by the competition. All projects must be original ideas and or concepts created by the team and not projects that have been created by others or that have been used in any previous competition or school assignment etc.

The Competition Process

Preliminary Round: Development Proposal Phase

This phase is open to all contestants who should begin by registering their team at www.utahrec.org under *Registration*. Submit the form with the required information. Teams must then work together to prepare an **Executive Summary** which should highlight the most important aspects of their development that would lead to the highest and best use of the property for an investment and include market support for why your venture would succeed. For more specific information about the minimum requirements for the **Executive Summary** refer to the section below, under the heading **The Executive Summary**. Six finalist teams will be selected for the Final Round from all the contestants. The decision for finalists will be based on the **Executive Summary** submitted to the judges. The finalists will be announced one week after the deadline of when the **Executive Summary** is due. At the discretion of the judges committee additional finalists may be selected. ***The Executive Summary is due to the UREC office on February 16th 2010 by 10:00pm MST.***

Final Round: Final Business Plan Submittal

The six finalist teams must submit a complete **Real Estate Business Plan (REBP)**. The **REBP** is a detailed expansion of the **Executive Summary**. It should include as a minimum the details of why the proposed project is feasible and show market and cost support. ***The REBP is due to the UREC office on April 1st 2010 by 10:00pm MST.*** For more specific information about the **REBP** refer to the section under the heading **Real Estate Business Plan**. The judging of the final round will be based on the criteria set forth under the **REBP** section as well as an oral presentation given to the judges. The judging will consist of a panel of business professionals. Finalists will be announced one week after the submittal due date of the **REBP** at a banquet which will honor the winning team and the finalists. The Prize money will be awarded at the banquet as well.

Qualifications for Project Eligibility

In order for the project to be eligible as a property that can be used for the **UREC**, it must meet the following standards;

Location

The Proposed Project must be within the state of Utah.

Project Size

The Proposed Project must have a minimum development budget of \$5,000,000. The cost for the project can include land cost, on an off site work, building construction costs and all soft costs associated with the development of the Proposed Project.

Property Type

Qualifying uses include Commercial, Office, Retail, Industrial, Multi-Family, Low Income Housing, Lodging and Residential. Proposed Projects can and are encouraged to have a mix of uses.

Originality

The project must be an original plan and or concept developed by the team. Teams may not use ideas or projects created by a third party or projects submitted as a prior class assignment. (Note: The plan is allowed to be created as part of and for class assignment during a semester that this competition is active in.) [Projects that have been submitted to a prior Real Estate Challenge that did not make the finals are also eligible provided the same team is submitting it. Projects that have been submitted in other competitions are also eligible provided they are submitted by the same people who created the project.](#)

The Executive Summary

The **Executive Summary** is a group of documents that will outline the fundamental issues that would be of interest to someone looking at investing in a real estate development. The summary should highlight the most important and interesting points of your development which would give potential investors a general understanding of the scope of the project, the financial risks and rewards, the market support for the project and why this is the highest and best use for the property.

Minimum Standards for the Executive Summary

The **Executive Summary** should not have more than 9 pages with no more than 6 exhibits. [A penalty will of 10% will be applied for submittals over this limit.](#) Exhibits would be things like site plans, elevations and maps. [Proforma's, construction cost detail and financial breakdowns do not qualify as exhibits.](#) The front cover page must

identify the Team Name only. No names or identity of any team members should be on the front cover page or anywhere in the **Executive Summary**. Font size must be a minimum of 12-point and the page must be set with one-inch margins on all sides. Font type is to be Arial. No compressed type is permitted. Teams need to submit the **Executive Summary** for the project via the Submit button on the Team Page. The format for the submittal of the **Executive Summary** should be put in a PDF style. (if you have any problems creating a PDF file please contact the Challenge Webmaster for assistance at info@utahrec.org) The minimum content that needs to be in the **Executive Summary** is outlined below:

Salient Facts

This section is to be a brief overview of the project and needs to at least include the total budget amount for the project, the location of the project, land area included, proposed use(s), proposed building square footage, gross leasable area, land to GLA ratio, land to building footprint ratio, current and proposed zoning.

Deal Economics

This section must include a development budget for the project with a breakdown of all the development costs. The budget should include land cost, site work (both on and off), hard construction costs and soft costs.

The next part of this section is to include details of the projects income and expenses. Contestants should include an operating proforma that outlines the revenues the property will generate, the operating and management costs, the net operating income, debt service and the net cash flow.

Property Description

The Property Description section should give a good understanding of the scope of the project. It must include things like an area map, a site plan of the development, a schematic drawing of the floor plan of the proposed building(s), a schematic drawing of the elevation of the project along with any other exhibits the contestants feel are necessary to help the judges understand the project. The extra pages required for this section such as the site plans and schematic drawings will be considered as exhibits and not as pages towards the 9 page maximum rule.

Feasibility Study

This section is to explain why this proposed project will be successful in the marketplace and to give background reasons for why this will be the case. It should show the demand for uses proposed, support for incomes projected, rational for estimated costs and an explanation for the land planning and overall use of the property.

The Real Estate Business Plan

The Package

The **Real Estate Business Plan (REBP)** is in short a detailed explanation of the **Executive Summary**. It will be required of each of the finalists. The **REBP** will count as 83% of the final score. The **REBP** will have the same general categories as the **Executive Summary** but will require much more detail and support for the assumptions and postulations outlined in the **Executive Summary**.

There will be no maximum number of pages required for the **REBP**. Details that will support and document the project should be included. Items such as comparable market rent study to show support for projected income, cost analysis report that coincides with the cost budget, additional feasibility to demonstrate market demand for the proposed use(s) within the project, more detailed site plans and drawings of what is to be constructed and so forth.

Any specific additional requirements will be given to each of the finalists at the time they are chosen to compete in the final round. The website will also have updates and information on what will need to be included. The finalists must submit the **REBP** in a PDF format online on or before April 1st 2010 at 10:00pm MST.

The Oral Presentation

There will be a required oral presentation to the panel of judges. The 2010 Oral Presentations will be on April 1st 2010 and will start promptly at Noon. The oral presentation will count as 17% towards the final score. Each team will be given 10 minutes to present the project to the judges and there will then be 10 minutes given for question and answers by the judges as a follow up to the oral presentation.

Judging

The judge's panel consists of real estate developers, mortgage bankers, contractors, real estate brokers and other successful and knowledgeable real estate business leaders from the community. Judges will not be affiliated with, or involved in the preparation or funding of, any participating team.

The decision of the judge's panel will be final and will not be subject to appeal. The overall selection of winners is based on the viability and likely success of the proposed project. The judging panel will be scoring entries for the preliminary and final round of the competition. Competitors advancing as a finalist will be provided feedback from judges in order to modify and improve their proposal. The judging results will be available on the website at www.utahrec.org. The weighing for the judging criteria was developed by professional real estate business people from the community and is indicative of the emphasis that investors place on real estate investment opportunities.

Each criterion is evaluated in consideration of creativity, effort, communication, and presentation. Since **UREC** is educationally-based, particular attention will be given to the level of student participation in these areas. [The breakdown of how the Judges will score each submittal is as follows;](#)

Contestants. your submittal will receive a score from each Judge that reviews your project from 0 to 100. 100 being a perfect score. We have divided the scoring into four areas with some explanation on criteria we have given the Judges. The Judges have been given this same outline to base their scores on.

First – Submission Criteria

This section is worth 10 points. Does the Submittal follow the criteria set forth in the Executive Summary? The criteria that Submittals are required to meet are;

The Executive Summary is to include a cover page identifying the Team Name, the Team Number assigned by the Real Estate Challenge the name and address of the project. The body of the Executive Summary is to be 9 pages or less excluding exhibits. Exhibits are to also be 9 pages or less and can consist only of aerials, street maps, photos of the property, elevations, site plans. No financial analysis is permitted as an exhibit in this phase of the competition. The total Executive Summary then would not be more than 19 pages total.

Second – Content

This section is worth 25 points. The question to answer is did the contestant include the required information in the contest rules? The rules were as follows. The Executive Summary is to include sections and or information on the project of;

- Salient Facts
- Deal Economics
- Property Description
- Feasibility
- Cost Summary
- Originality – plan must be created by students

Third – Market Feasibility

This section is worth 50 points. Submittals are to be projects that would be feasible in the current marketplace. This section of judging should be broken down into the following categories;

Sustainability – Does the project address Sustainability? What level of Sustainability does the submittal achieve? How well do the sustainability aspects of this project fit within the community?

Income Comparables – is the projected income projected for this project in sync with the market for the location the project is in and for the type of property being proposed?

Project Feasibility – is the type of project feasible at the location they are proposing it. Is there real market demand for this type of product where they are building it etc?

Cost Analysis – are the projected costs outlined in the Submittal in line with costs for the type of project being developed in the location being developed?

Design/Site planning –Are the buildings organized to make the best use of the property for the product type or to work well together in case of a mixed use project? Is the overall design of the project fitting with the area it is proposed in? Does the design fit well with the uses proposed?

Fourth – Acid Test

This section is worth 15 points. Contestants have been asked to present this Executive Summary as if they were giving it to an equity investor or banker to obtain funding for the project. The Acid Test asked of the Judges then is” would you be willing to invest in this deal”? The range for determining scoring here is based on the level of interest an investor would have in this proposal in today’s marketplace.

The top scores from the first round will advance as finalists. Details of the judging criteria are available on the website under Panel of Judges.

Prizes

The Grand Prize, in the amount of \$20,000, will be awarded to the team with the best Final Presentation. The remaining finalists will receive \$2,000 per team. The cash prizes are to be awarded at the finalist's banquet.

Resources

The Challenge Website

UREC will provide important reminders of upcoming events, forums, key submission, deadlines and judges' decisions through electronic e-mail and the Challenge website. Your team will automatically subscribe to this e-mailing when you register.

Online Resources

Under the *Links and Resource headings* you will find judging guidelines, and resources for aiding you in the competition. These resources should provide you with adequate help in putting together your competition entries. If you need more assistance or have questions regarding entries and judging contact the Challenge via the website.

Mentors

Finalists may draw on the expertise and experience of our team of qualified mentors in preparing the **Real Estate Business Plan** and the Final Oral Presentation. Mentors have been selected for their experience in a variety of areas, including: development, construction, legal, land planning, leasing, financing etc. Most of them have successfully developed, financed, planned or been a significant part of the development process and completed many real estate development projects. Team members work directly with the assigned mentor(s) and seek guidance in the development of the business. Teams will be matched with mentors by related industry/field and by skills. Mentors are not involved in the judging of the competition and the use of mentors by **UREC** participants, while encouraged, is optional. The mentor role is as follows:

- Provide focus and help identify strengths/weaknesses
 - Discuss development strategies, land planning, highest and best uses etc
 - Resource for market information on costs and income
 - Help find technical expertise and advice on proforma's and site planning issues
 - Offer suggestions to improve the Real Estate Business Plan and Final Presentation
- Suggest contacts and resources

Angel Investors

In the event the contestants have a project that can be built and do not have a partner or investor already committed to building the project then they can have the Angel Investor Fund review their project. The **Real Estate Business Plans** of all the finalists

will be eligible for submittal to the Angel Investor Fund. The Angel Investors are a composite of investors in the marketplace that have expressed interest in potentially funding and following through on real estate investments proposed by contestants. While there is no guarantee that the Angel Investors will choose to invest in any of the projects, all of the finalists will get the opportunity to have their project reviewed. If a team's project is chosen then the Angel Investors have agreed in advance to give at least some level of participation in the project to the team. This participation is in addition to any prize money awarded. The review by the Angel Investors will take place within 2 weeks after the final award banquet.

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