



Third Annual Case Competition Focused on Impact Investing in Commercial Real Estate

Hosted by the Miami Business School

Sponsored by the Real Estate Advisory Board of the Miami Business School

Fall 2018 & Spring 2019

Impact investing refers to investments made in commercial real estate projects with the intention to generate a measurable, beneficial social or environmental **impact** alongside an appropriate financial return.

Goals of the Competition:

- 1) Bring attention to worthy projects in or near communities that host important academic real estate programs
- 2) Allow students at the academic institutions that participate to interact with members of their Advisory Boards and local commercial real estate firms to learn about market conditions and under-utilized properties in their areas.
- 3) Provide teams with feedback on their preliminary work by local professionals who are experts in assessing the risks and rewards of opportunistic investment in commercial real estate.

Proposed Prize Money: **A total of \$25,000** divided as \$12,500 for the first place team, \$7,500 for the second place team, \$5,000 for the third place team. All prizes will be awarded at the discretion of the competition's judges. Judges may adjust prize awards for different teams as they see fit.

Timeline:

- December 11, 2019: Initial Submissions Due from Participating Schools by mid-night
- January 21, 2019: Initial Submissions Returned with Preliminary Judges' Comments, Finalists notified
- February 18, 2019: Final, Revised Submissions Due from Finalist Schools by mid-night
- Mid-April 2019: Top Three or Four Teams Present to Judges and Industry Participants in Miami
- Winners Announced at Post Presentation Reception in Miami

Case Brief: Each team of students must first identify a vacant or significantly under-utilized commercial property. Properties that are currently for sale or those that have been for sale in the past year will be particularly useful as targets for the case because offering memorandums will be available for these sites.¹ Alternatively, students may identify an appropriate property and determine if ownership would be willing to assist in providing building specific information to assist in the preparation of the case study. Once a site has been chosen each team must propose a use or uses for the site that includes at least one component that is socially impactful or environmentally impactful.²

Existing or in-process projects that serve as examples for future developments may be included as part of a group's submission as long as they are accompanied by a proposal for an additional site.

¹ Members of the School of Business Administration at the University of Miami's Real Estate Advisory Board will reach out to the top management at all of the industry's prominent brokerage firms to ask for their cooperation in helping students participating in the competition to access the market data needed to complete the analysis requested.

² Teams are encouraged to involve one or more non-profit organizations in the impact components of their strategic plans.



The most important component of the competition is the development of a strategy or strategies for creating value at the proposed site. Outstanding projects will: address zoning issues, estimate the cost to undertake the proposed strategy (ies), project operating income and exit value and determine the recommended price to pay for the property to reflect the appropriate risk adjusted return.

Rules for Teams and Submissions:

- Teams will be composed of three or four students in real estate programs or concentrating in real estate at MBA or MSF programs. Students who graduate in December 2018 may participate as members of a team. Each team may include up to two undergraduate students.
- Interdisciplinary teams are encouraged
- Universities may submit work from more than one team.
- Projects may be socially impactful, environmentally impactful or both
- It is presumed that the proposed projects will be located in communities close to the university's campus but this is not required.
- It is expected that proposed projects will have a cost of at least \$2,500,000.
- Submissions are limited to five pages of textual description and five pages of financial analysis. In addition, submissions must have a summary cover page and a table of contents page, for a maximum of 12 total pages per submission. This page limit does not include Appendices incorporating site photos and maps.

A Typical Table of Contents and submission will include:

- 1) Brief overview of the project including social need met and/or environmental impact
- 2) Description of local for-profit and/or non-profit development and/or operating partners
- 3) Market analysis for the proposed project
- 4) Analysis of risks to project's success, both pre- and post-construction
- 5) Construction and operating budget
- 6) Additional assumptions underlying financial analysis and exit strategy
- 7) 5 Year Pro Forma
- 8) Decision as to the appropriate unlevered IRR based on the risks to the success of the project
- 9) SWOT analysis of the proposed project
- 10) Summary
- 11) Location Map, Photographs and Other Supporting documentation in one or more Appendices

Summaries of the projects selected as finalists for the 2018 competition and information about the judges for the 2018 competition are attached to this brief. Copies of the full final submissions can be requested from Professor Andrea Heuson.

For questions or additional information please contact

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