

MEMORANDUM

To: Miles Mercer, CPED
Chuck Lutz, CPED
Mark Garner, CPED

CC: Council Member Abdi Warsame

From: Mike LaFave, Community Capital Consulting

Re: Analysis of 1010 7th Street South

Date: October 3, 2018

On August 13, 2018, the Department of Community Planning and Economic Development engaged me to conduct “high level” analysis of the suitability of a property located at 1010 7th Street South in Minneapolis (the “1010 Property”) for development as an East African public market.

This memo defines an analytic framework, summarizes background information on the property, offers analysis, arrives at preliminary conclusions, and recommends next steps. Attached to the memo is an operating proforma, derived from its assumptions, that is intended to help demonstrate baseline viability and potential debt capacity of a potential public market project at the 1010 Property.

ANALYTIC FRAMEWORK

On June 4, 2018, a team consisting of Mike LaFave, Eric King and Kowsar Mohamad submitted a final draft of a report to the City of Minneapolis (the “June 4 Report”) that presented a framework for analyzing the feasibility of developing an East African Public Market – and specifically for assessing a “destination commercial market, providing a mix of retail and community services that support small business opportunities for private and community wealth creation in a viable commercial development project.”

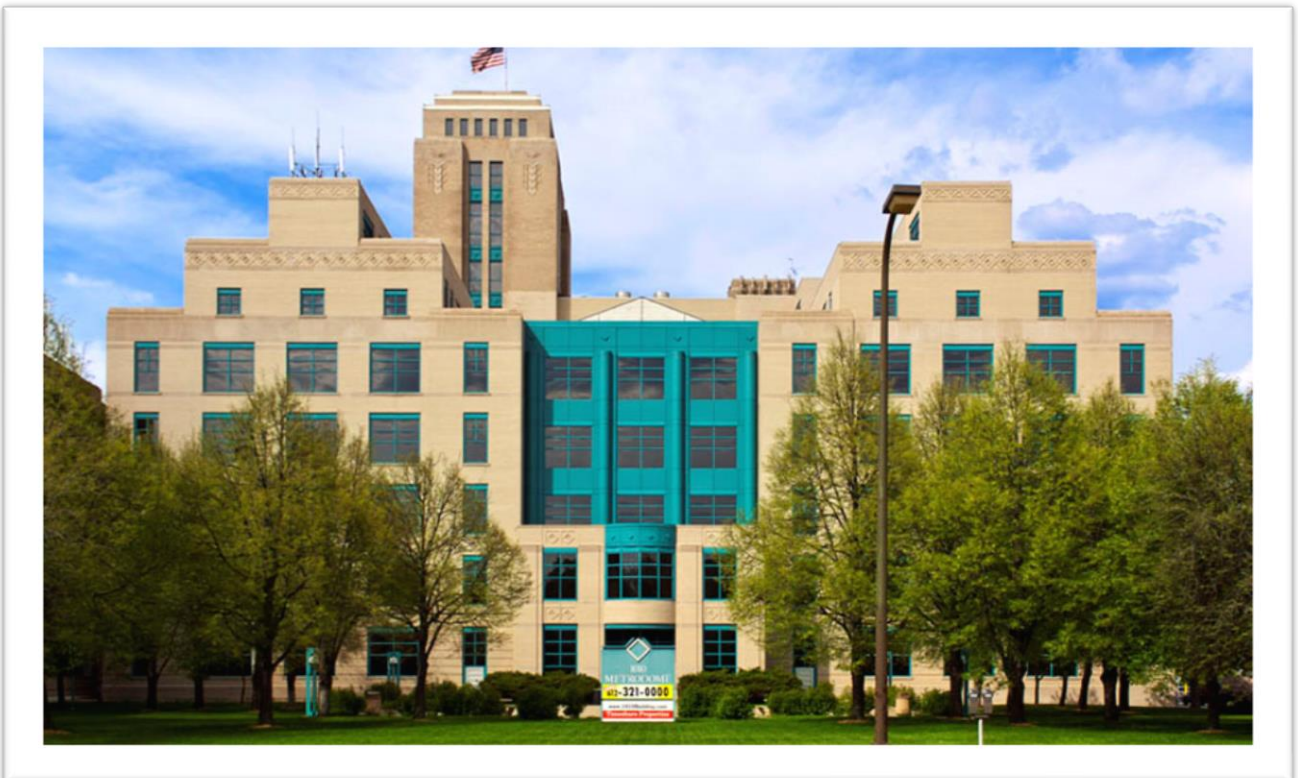
That report created definitions of several key terms including “destination public market”, “small business opportunities” and “viable commercial development project”, presented data on current market conditions and identified a framework of location considerations, design considerations, tenant considerations and operating considerations for assessing a public market project.

This memo builds off the June 4 Report and uses its framework to assess the suitability of the 1010 Property for the development of a public market. This memo makes assumptions about how a public market could be configured within the 1010 Property and compares the location considerations, design considerations, tenant considerations and operating considerations to the values defined for those considerations in the Minimum Scale Public Market Scenario and the General Location Scenario in the June 4 Report. The Minimum Scale Public Market Scenario, a 40,000 SF project, and the General Location Scenario, a 100,000 SF project, represent the lower end and the higher end of a range of market sizes that the June 4 Report identified as having the potential to achieve the goal of a “destination” public market.

This memo is informed by an external site visit, data found on the property website (<http://www.1010building.com>), data available on Hennepin County's property information site, and demographic data from ESRI. Analysis for this memo did not include a visit to or careful examination of the 1010 Property's interior. Further, this memo does not include estimates on the cost of acquisition or possible rehabilitation costs associated with reconfiguring the 1010 Property into a public market.

PROPERTY BACKGROUND

The 1010 Property consists of two parcels, 1010 7th Street South, a 6-story commercial building (that includes a 10 story tower) and 601 10th Avenue South, a 5-story adjacent parking ramp.



The 1010 Property was originally constructed in 1923 as a garment factory for the Strutwear Knitting Company. It was expanded between 1923 and 1930. The 1010 Property was totally redeveloped in 1987 as an operations center for Marquette National Bank. The redevelopment included the addition of a new façade and a six-story atrium on the 7th Street side of the property. Marquette National Bank was later acquired by First Bank Systems, now US Bancorp. The 1010 Property remained an operations center until US Bancorp vacated the building at the end of 2006. The Property was listed on the National Register of Historic Places (Criterion A, Social History) on November 11, 2015.

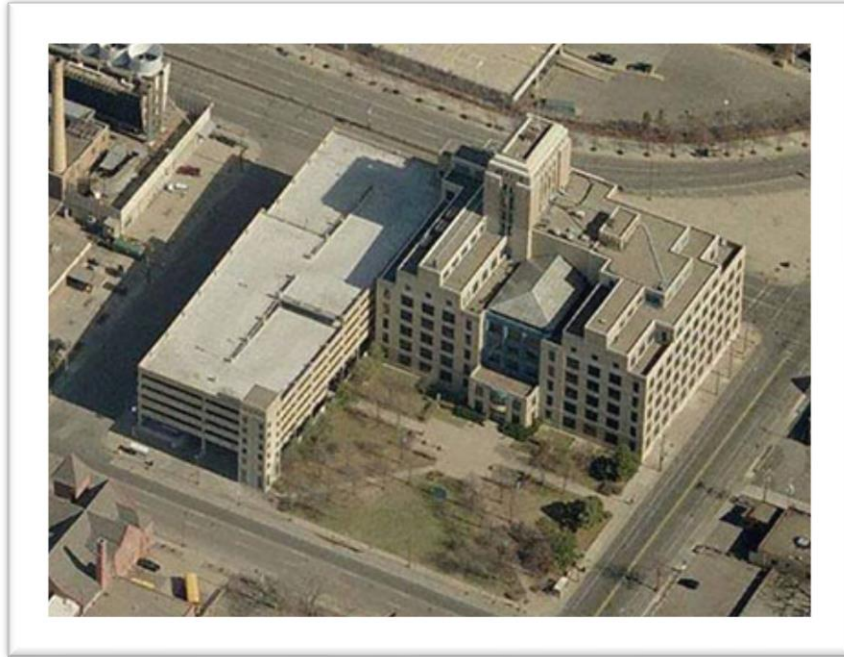
The building is wired with fiber optic cable and T1 lines and features a lower level with a heated interior loading dock that can accommodate semi-trucks. It includes three passenger elevators and one freight elevator; it is 100% sprinkled and includes an emergency generator.

The building's current mechanical systems were installed when the 1010 Property was renovated in 1987 and the boilers and chillers were installed in 2012. The HVAC system operates on steam and chilled water from the central

heating and cooling plant located on-site. Heated and air-conditioned air is distributed through the building by a variable air volume (“VAV”) system. In addition, the 1010 Property has a baseboard hot water system that provides perimeter heating. There is a separate AHU that serves the sub-basement, lower level and floors 1-3; there is a separate HVAC system for each of the floors 4, 5, and 6. A central energy management system located on the 7th floor controls the entire building. The 1010 Property’s life safety systems, elevators and card access systems were all updated in 2012.

PROPERTY SUMMARY

	1010 7 th Street South	601 10 th Avenue South (Parking)
	PID: 2602924130096	PID: 2602924240063
Fee Owner:	1010 Metrodome Square LLC	1010 Metrodome Square LLC
Lot Area:	1.65 acres	0.86 acres
	71,722 SF	37,556 SF
Building Area:	261, 467 SF	150,800 SF
		554 Parking Stalls
Building Stories:	6 (10 story tower)	5
Zoning:	B4N (Downtown Neighborhood District)	DP (Downtown Parking Overlay District)
Taxed Assessed Market Value:	\$3,890,000 (pay 2018)	\$2,370,000 (pay 2018)
2000 Sales Prices	\$17,308,520	\$5,391,480



RELEVANT DESIGN FEATURES

The 1010 Property includes several design features that are relevant to analysis of its suitability for development as a public market.

LOWER LEVEL LOADING DOCK

The 1010 Property includes a lower level loading dock, accessible to semi-trucks, that was added as part of the property's redevelopment. While this analysis did not include a site visit, it would appear from photos that the dock includes at least two loading bays.

As the June 4 Report notes, loading areas are an extremely important element of public market design. Given that public markets include many vendors, all of whom need to regularly update inventory, and that public markets tend to generate a large amount of trash and recycling material, a substantial but unobtrusive loading area is extremely important element of design.



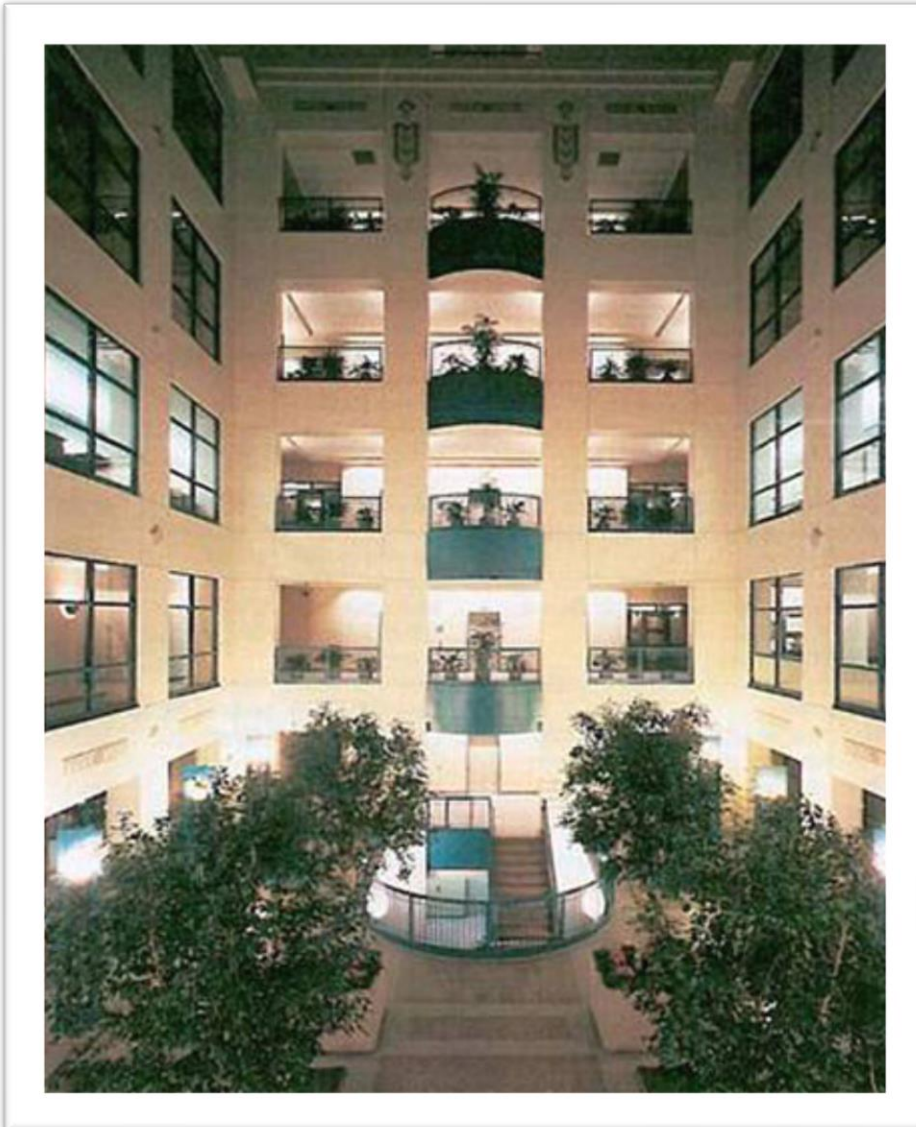
The location of the loading dock at the 1010 Property is ideal in this regard.

The loading dock at the 1010 Property is located in the lower level (where it does not take up valuable first floor retail space) and is accessible to a substantial lower level storage area. Analysis in the June 4 Report mainly assumed loading (and storage) would need to be incorporated into the design of a first floor because the scenarios examined did not present the possibility of a lower level. Having loading and storage located in a lower level allows both to be “right sized” without diminishing valuable first floor retail.

Analysis of the of the 1010 Property has assumed that primary function of the lower level would be loading and storage for other uses in the building.

OPEN ATRIUM

The 1010 Property features a six-story open atrium.



While in many ways the atrium functions as a design amenity, creating an appealing open space that brings light into the space, it does reduce the amount of leasable space from which the property can generate an economic return.

In the context of a public market, the atrium space creates a logical space to house an open seating/performance area on the first floor, which, as the June 4 Report notes, is a very important component of creating a pleasing customer experience for a destination public market.

This analysis has assumed the first-floor area at the center of the atrium would serve as a seating/events space for a public market.

COLUMN SUPPORTS

The 1010 Property's design and support structure feature columns that appear to be 15-20 feet on center.



While this design element may deter certain uses, columns are less problematic in the context of a public market which tend to be divided among a number of smaller users. The Midtown Global Market (one of the markets examined in the June 4 Report) is an example of public market developed in building with a similar column support structure.

ASSUMPTIONS:

This memo assumes that if an East African Public Market were developed in the 1010 Property, it would be developed as part of a mixed-use project that would include housing (or other commercial uses) on the upper floors. This would require that the public market space be separated from other uses in the building through either a condominium structure (separate ownership) or lease arrangement (e.g. master sub-lease).

This memo assumes that the public market component of such a project would include 17,000 square feet of the lower level, the entire first floor (+/- 34,350 SF) and the entire second floor (+/- 31,250 SF) of the building. Under such a scenario, approximately 17,000 SF of the lower level (storage), and the rest of the building (floors 3-6 + tower) would be available to housing (or a separate commercial use).

In accordance with such assumptions, a public market project in the 1010 Property would encompass approximately 82,700 SF over the lower level and floors 1 & 2. This scale of project is well within the range of a "destination" public market as defined in the June 4 Report.

This memo assumes 250 of the of 554 parking stalls in the parking ramp would need to be reserved for market customers – an amount consistent with the recommended level in the June 4 Report. This memo does not examine the cost of operating and maintaining the parking ramp and does not include either potential revenue from the ramp or expenses associated with its operation in the attached proforma analysis. As with the June 4 Report, this memo makes assumptions with respect to Design Considerations, Tenant Considerations and Operating Considerations that involve some degree of subjectivity and are based upon market research, best practices at other public markets, and the articulated goal of achieving a “destination public market”.

LOCATION CONSIDERATIONS

The 1010 Property is located on fringe of downtown Minneapolis with excellent visibility and access to public transportation. It is very near other large institutional users, including the US Bank Stadium and Hennepin County Medical Center, which could help drive traffic to a public market.

It is 4 blocks from the US Bank Stadium Light Rail Transit station (which is accessible to both the blue and green lines), and easily accessible to several other bus lines that feature high ridership including the 5, 7, 14 and a number of express lines.

Importantly, the 1010 Property is also located very near and is easily accessible to East African population centers in the Cedar Riverside (particularly with the completion of Samatar Crossing), Seward and Phillips neighborhoods of South Minneapolis.

Location Considerations	Minimum Scale Public Market (MEMO)	1010 7th Street South
Population	7,500	12,171
Daytime Populations	8,000	23,666
Annual Household Spending	\$7,500	\$12,686
Daily Automobile Traffic	25,000	27,542*
Daily Pedestrian Traffic	4,000	NA
Transit Stops (1/4 Mile)	18	16
Transit Passenger Counts	10,000	NA
Total Businesses	350	541
Total Employees	7,500	27,584

*Traffic counts include traffic on all four sides of the 1010 Property

The 1010 Property site compares favorably to the location key metrics defined in the June 4 Report.

Specifically, it has high daily automobile traffic (a proxy for visibility); it is located near a number of transit stops that feature strong ridership (a proxy for accessibility); and it features an extremely high number of near-by businesses and daytime employees (which reflect complimentary adjacent uses).

The combination of these factors suggest that the 1010 Project is a favorable location for a public market under the framework outlined in the June 4 Report.

DESIGN CONSIDERATIONS

The configuration of the 1010 Property lends itself to the design of a large-scale public market that includes all of the operational and customer appeal amenities the June 4 Report identifies as important.

The Design Considerations that follow represent subjective assumptions that are based upon market research, best practices at other public markets, and the articulated goal of achieving a “destination public market”.

Design Considerations

	Minimum Scale Public Market Scenario (June 4 Report)	General Location Scenario (June 4 Report)	1010 Property (Subject Property)
Lot Size	92,500 SF	180,000 SF	109,278 SF
Building Size	39,900 SF	100,000 SF	82,725 SF
Seating/Common Area	2,500 SF	2,700 SF	3,000 SF
Prayer Area	2,500 SF	5,000 SF	3,500 SF
Wash Area	2,000 SF	2,000 SF	1,500 SF
Storage	2,800 SF	6,400 SF	7,295 SF
Play Area	800 SF	800 SF	1,000 SF
Loading Area	1,500 SF	2,000 SF	3,350 SF
Leasable	60%	72.5%	64%
On-Site Parking	120 stalls	300 stalls	250 stalls
On -Site Parking/business	2/1	2/1	3/1

The size, layout and configuration of the 1010 Property offer the potential to include design features that will allow operational efficiency and create amenities that would be appealing to both customers and tenants.

The configuration of the 1010 Property is such that retail uses can be concentrated on the first floor, loading/storage (dry, cold, freezer) spaces can be concentrated on the lower level and service uses (along with prayer room amenities) could be located on the second floor where they are not using up valuable first floor space. This configuration would allow all important design amenities identified in the June 4 Report to be sized optimally and would maximize the efficiency of the first-floor retail. In this way, a public market project in the 1010 Property could offer amenities for both tenants (ample storage and loading) and customers (children’s play area, ample seating area, prayer area, parking) at a scale that could give it a competitive advantage over other public markets examined in the June 4 Report.

All key design elements in the 1010 property can be sized at levels that are comparable to – or more favorable than – optimal sizes defined in the Minimum Scale Public Market and General Location Scenario models in the June 4 Report.

OPERATING CONSIDERATIONS

The size of the 1010 Property would allow for the development of a public market at a scale sufficient to support the optimal levels of staffing, promotions, security, and cleaning contemplated in the General Location Scenario in the June 4 Report. As that report explains, these operational elements - by promoting cleanliness, a secure environment, and attentive service - help ensure a positive customer experience and ultimately broaden the reach and ensure the long-term sustainability of a public market project.

As with Design Considerations, the assumptions on Operating Considerations that follow are discretionary and subjective. The assumptions are rooted in market research, best practices at other public markets and the articulated goal of achieving a “destination public market”.

Operating Considerations (Discretionary Factors)	Minimum Scale Public Market Scenario (June 4 Report)	General Location Scenario (June 4 Report)	1010 7th Street South (Subject Property)
On-site Management			
Tenant Relation:	\$50,000	\$60,000	\$60,000
Marketing/PR:	\$45,000	\$50,000	\$50,000
Physical Plant:	\$30,000	\$48,000	\$48,000
Financial Management:	<u>\$24,000</u>	<u>\$36,000</u>	<u>\$36,000</u>
	\$149,000	\$194,000	\$194,000
Marketing	\$24,000	\$40,000	\$40,000
Events	\$30,000	\$50,000	\$45,000
Security	\$45,000 (\$1/SF)	\$102,000 (\$1/SF)	\$84,380 (\$1/SF)
Cleaning/Maintenance	\$144,000 (\$3.60/SF)	\$298,000 (\$3.41/SF)	\$283,121 (\$3.42/SF)

Operating Considerations (Non-Discretionary Factors)			
Utilities	\$4.97/SF	\$2.88/SF	\$3.01/SF
Taxes	\$3/SF	\$4/SF	\$3.50/SF
Insurance	\$.64/SF	\$.61/SF	\$.64/SF

The potential scale of a public market in the 1010 Property would allow for discretionary operating expenditures at a level that have helped other public market succeed.

TENANT CONSIDERATIONS

The scale and configuration of a potential public market at the 1010 Property would allow for a mix of tenants consistent with those defined in the June 4 Report.

The assumptions that follow are based on available space in the 1010 Property, configuration of the 1010 Property, market research on tenant mix, stall size and lease rates of different business types at other public markets. The assumptions also reflect the articulated goals of achieving a “destination public market” and a “mix of retail and community services that support small business opportunities for private and community wealth creation in a viable commercial development project.”

Tenant Mix Assumption						
	Minimum Scale Public Market (June 4 Report)		General Location Scenario (June 4 Report)		1010 Property (Subject Property)	
	#	%	#	%	#	%
Retail – General	29	48%	36	34%	41	50%
Retail – Specialty Food	4	7%	4	4%	4	5%
Prepared Food (Restaurant)	7	12%	8	8%	12	15%
Coffee/Juice	2	3%	2	3%	3	4%
Bakery	1	2%	1	1%	2	2%
Service – General	15	25%	52	50%	18	22%
Service – Hair	2	3%	2	2%	2	2%
TOTAL	60	100%	106	100%	82	100%

Tenant Stall Assumptions						
	Minimum Scale Public Market (June 4 Report)		General Location Scenario (June 4 Report)		1010 Property (Subject Property)	
	SF	Rent	SF	Rent	SF	Rent
Retail – General	250	\$43.00	250	\$43.00	250	\$44.00
Retail – Specialty Food	700	\$40.00	700	\$40.00	700	\$43.00
Prepared Food (Restaurant)	450	\$60.00	450	\$60.00	500	\$62.00
Coffee/Juice	400	\$50.00	400	\$50.00	450	\$52.00
Bakery	400	\$50.00	400	\$50.00	450	\$52.00
Service – General*	250	\$41.00	250 - 6000	\$28 - \$41	250 - 5000	\$30-\$46
Service – Hair	700	\$47.00	700	\$47.00	1000	\$48.00

*Service includes both smaller service stalls and larger office users

The 1010 Property would allow for a mix of tenants similar to those proposed for the Minimum Scale Public Market and the General Location Scenario in the June 4 Report.

This analysis assumed 82 total tenants in a hypothetical public market in the 1010 Property - more than the 60 proposed Minimum Scale Public Market scenario, but less than the 106 assumed in the General Location Scenario.

The mix of 82 tenants proposed for the 1010 Property includes a slightly higher percentage of retail tenants (given a configuration well suited for concentrated first floor retail) and a slightly higher number of prepared food tenants (given the strong adjacent supporting uses). Service businesses in the model for the 1010 Property are fewer but are using larger spaces (allowing for more traditional office users – given the configuration of the second floor).

The proposed hypothetical public market configuration proposed in this memo utilizes approximately 82,725 gross SF of the Property and reflects 52,335 SF (64%) of leasable space.

Given the high quality of the 1010 building, its strong location near downtown with excellent adjacent supporting uses, and the level of anticipated acquisition/rehabilitation costs, this analysis assumed slightly higher rental rates than in the June 4 Report (but the assumed rates are still consistent with the goal of affordability relative to reasonable sales expectations).

The operating proforma flows from the assumptions identified in this memo and uses similar vacancy and bad debt assumptions as the June 4 Report. Expense assumptions, except those explicitly identified, are based upon market research and cost/SF expenditures at other public markets. The proforma suggests that a public market project in the 1010 Property could support itself but probably would not support a substantial debt load.

Preliminary analysis suggests a debt capacity, using favorable terms (4% APR; 25-year amortization), of approximately \$3 million.

The implication, again, is that much of the acquisition and rehabilitation capital would need to come from grant capital or flexible/patient equity.

SUMMARY AND CONCLUSIONS:

The 1010 Property offers very strong potential for the development of an East African public market.

It features a strong location with excellent visibility, parking, accessibility from public transit and proximity to complimentary supporting uses.

The size and configuration of the 1010 Property would allow a public market project to include enhanced operational and convenience amenities that would be appealing to both customers and potential tenants. A public market in the 1010 Property could be designed to include ample loading area, substantial dry, cold, and freezer storage, a robust common seating (events) area, a play area and a prayer/washroom room area – all of which were identified as important design considerations in the June 4 Report.

The potential scale of the project could achieve the type of robust tenant mix that could be appealing to a broad, multi-generational customer base. The configuration of the property would allow loading and storage to be concentrated on the lower level, retail uses on the first floor and service/office uses on the second floor – yielding an intuitive design for customers that allows for a project with a variety of vibrant, compatible uses.

The important questions which this memo does not answer are the cost of acquisition, the cost of managing the parking facility, the cost of reconfiguring the property for a public market use and the ability to attract a

complimentary user(s) for the portion of the building that would not be used as a public market. The answers to these questions will ultimately determine the feasibility of a public market project on the site.

RECOMMENDED NEXT STEPS

Important next steps in the continued evaluation of the 1010 Property for a public market use would be to:

- (1) Conduct zoning analysis. City staff (or an architect) could help determine whether a public market use is compatible with the location's current zoning (and new Comprehensive Plan).
- (2) Identify the cost of acquisition. A real estate broker could help identify, based on current market prices, a potential range for cost of acquiring the 1010 Property, and, from that, the proportional share of that cost that would be applied to the public market component of a potential project.
- (3) Secure control of the property. Securing control of the property, either through a purchase option or purchase agreement, would allow for more in-depth due diligence and would eliminate the risk that the property will be acquired by another purchaser during the due diligence phase.
- (4) Identify an appropriate complimentary use. This memo assumes that a public market would occupy half of the lower level, the first floor and the second floor of the property. A viable project will require a complimentary user for the remainder of the property. Determining whether that use ought to be housing or needs to be other commercial uses and identifying interested partners will be an important step toward determining feasibility.
- (5) Engage an architect to review the property and create preliminary renderings. An architect who has inspected the interior of the property could identify more specific opportunities and constraints the space may offer and could create more detailed assessment of the scope of work required to reconfigure the 1010 Property into a public market than this memo offers.
- (6) Create preliminary cost estimates. The combination of acquisition and rehabilitation costs will help define the total cost of the project. Given that a public market project would have limited debt capacity, understanding the scale of these cost will enable a team to assess the feasibility of raising the required capital.
- (7) Identify an ownership structure and development team for the public market. As noted in the June 4 Report, identifying the parties that will develop, own and manage a public market is critical toward advancing this project concept in a meaningful way.

1010 7th Street South - Public Market

USE PROGRAM - LOWER LEVEL

#	Type of Tenant/Use	Sq. Ft./Tenant	Total Sq. Ft	Lease Rate	per business TI Allowance	Monthly Rent/Tenant	TOTAL (Gross) REVENUE POTENTIAL
1	Admin Office	1500	1500	15.00		\$1,875.00	\$22,500.00
65	Storage - Dry	75	4875	\$20.00		\$125.00	\$97,500.00
12	Storage - Cold	100	1200	\$27.00		\$225.00	\$32,400.00
12	Storage - Frozen	100	1200	\$27.00		\$225.00	\$32,400.00
	Restrooms		800				
	Trash/Recycle		2000				
	LOADING DOC		1350				
	Elevators/Verticle Circulation		1400				
	Stairwells (3)		1500				
	Circulation		1300				
TOTAL			17125				\$162,300.00

USE SUMMARY - 1010 7th Street Lower Level			
USES BY TYPE			
Leasable	8775	51%	
Common	4,150	24%	
Circulation	4200	25%	
TOTAL Sq. Ft.	17125	100%	

1010 7th Street South - Public Market

USE PROGRAM - FIRST FLOOR

#	Type of Tenant/Use	Sq. Ft./Ter	Total Sq. Ft	Lease Rate	TI Allowance	Monthly Rent/Tenant	TOTAL (Gross) REVENUE POTENTIAL
41	Retail - General	250	10250	\$44.00	\$7,000	\$916.67	\$451,000.00
2	Service - Hair	1000	2000	\$48.00	\$40,000	\$4,000.00	\$96,000.00
4	Retail - Grocery/Spec	700	2800	\$43.00	\$15,000	\$2,508.33	\$120,400.00
12	Restaurant - Take Out	500	6000	\$62.00	\$80,000	\$2,583.33	\$372,000.00
3	Coffee/Juice Shop	450	1350	\$52.00	\$50,000	\$1,950.00	\$70,200.00
2	Bakery	450	900	\$52.00	\$50,000	\$1,950.00	\$46,800.00
18							
10	Day tables						\$75,000
	Events						\$50,000
	Play Area		800				
	Restrooms		800				
	Seating Area		3000				
	Mop room/Janitorial Storage		500				
	Elevators/Verticle Circulation		1400				
	Stairwells (3)		1500				
	Circulation		2950				
TOTAL			34250				\$1,281,400.00

USE SUMMARY - 1010 7th Street - First Floor		
USES BY TYPE		
Leasable	23300	68%
Common	4,600	13%
Circulation	5850	17%
TOTAL Sq. Ft.	34250	

1010 7th Street South - Public Market

USE PROGRAM - SECOND FLOOR

#	Type of Tenant/Use	Sq. Ft./Ter	Total Sq. Ft	Lease Rate	TI Allowance	Monthly Rent/Tenant	TOTAL (Gross) REVENUE POTENTIAL
8	Service - General	225	1800	\$46.00	\$7,000	\$862.50	\$82,800.00
1	Child Care	3300	3300	\$30.00	\$165,000	\$8,250.00	\$99,000.00
1	Adult Care	3300	3300	\$30.00	\$165,000	\$8,250.00	\$99,000.00
3	Office	1300	3900	\$33.00	\$195,000	\$3,575.00	\$128,700.00
1	Clinic	5000	5000	\$30.00	\$250,000	\$12,500.00	\$150,000.00
1	Office	2500	2500	\$31.00	\$125,000	\$6,458.33	\$77,500.00
3	Office	450	1350	\$40.00	\$67,500	\$1,500.00	\$54,000.00
	Prayer Area		3500				
	Washrooms		1500				
	Restrooms		800				
	Elevators/Verticle Ciruculation		1400				
	Stairwells (3)		1500				
	Circulation		1500				
TOTAL			31350		\$967,500		\$608,200.00

USE SUMMARY - 1010 7th Street - 2nd Floor		
USES BY TYPE		
Leasable	21150	67%
Common	5,800	19%
Circulation	4400	14%
TOTAL Sq. Ft.	31350	100%

1010 7th Street South - Public Market Operating Expense Assumptions

TOTAL SQUARE FEET	82725	
Operating Expenses		
Admin		
Management	\$194,000	\$2.35
Consultants	\$15,000	\$0.18
Bank Charges	\$4,000	\$0.05
Dues & Subscriptions	\$1,507	\$0.02
License Expense	\$12,200	\$0.15
Admin Expense (office)	\$9,500	\$0.11
Printing	\$610	\$0.01
Subtotal Admin	\$236,817	\$2.86
Maintenance		\$0.00
Trash Removal	\$24,818	\$0.30
Cleaning Service	\$246,521	\$2.98
Cleaning Supplies	\$36,600	\$0.44
Security	\$84,380	\$1.02
Maintenance Supplies	\$13,420	\$0.16
Repairs Expense	\$43,920	\$0.53
Grounds	\$12,200	\$0.15
Pest Control	\$11,590	\$0.14
Hood Cleaning	\$8,540	\$0.10
Subtotal Maintenance	\$481,988	\$5.83
Utilities & Low Voltage		\$0.00
Telephone/low voltage	\$10,980	\$0.13
Water	\$63,440	\$0.77
Electricity	\$132,360	\$1.60
Heating & Exhaust	\$43,920	\$0.53
Subtotal Utilities	\$250,700	\$3.03
Marketing & Promotion		
Marketing & Promotion	\$40,000	\$0.48
Events	\$45,000	\$0.54
Subtotal Marketing	\$85,000	\$1.03
	122%	
Insurance	\$52,704	\$0.64
Taxes	\$289,538	\$3.50
TOTAL EST ANNUAL OPERATING EXPENSES	\$1,396,749	\$16.88

Budget items marked in red represent subjective items rooted in market research
 Budget items in black represent expenses estimated on cost/SF basis based on market r

Management Schedule

Facilities	\$48,000
Accounting	\$36,000
Management - Tenant Relations	\$60,000
Marketing PR Events Communications	\$50,000
	<u>\$194,000</u>

