Real Estate Business Plan Template

[Date of last update to plan]

Introduction

[Developer’s Name]

[Developer’s Address]

[Developer’s Web Address]

[Developer’s Phone]

[Developer’s Email]

1. Executive Summary

[In five sentences or less, describe the development project. Include information about the ownership of the property. If you are the current owner, include the amount of outstanding debt on the project. If you are acquiring the property, describe the legal interest you have in acquiring it and the price you will pay. Describe the use or potential use of the property and how the property will generate cash flow. Close with a strong statement about why this development project is a good investment overall.]

1. General Information

## Form

[Describe the type of legal organization that will own the property, whether an individual, a sole proprietorship, limited liability corporation, S-corporation, C-corporation, non-profit, partnership, limited partnership, limited liability partnership, etc. Also describe who will be members, managers and/or owners of the business and what role each owner will play. Clearly state whether the legal organization has already been formed and if not, state who, when and you intend to form the organization.]

## Use

[How will the property be used? Will it be rented to tenants? If rented to tenants, what type (retail, residential, office, etc.)? Have you already identified these tenants and do you have written agreements with them? If so, attach these agreements to your plan? Will the property be occupied by the owner? If the property will be owner occupied, have you completed a business plan to show how the business will be able to pay the mortgage payments? If not, use a business plan template to create a business plan for the business to complement your real estate plan.]

1. Market Analysis

## Industry Trends

[Describe what you have learned about the type of property that you plan to develop. Do you have information about your industry from publications, interviews, observations, trade associations, banks, business owners, studies, publications or prior experience? Describe how your business plan responds to industry realities and trends.]

## Market Data

[What is the local market like for comparable properties? If there are professional market studies addressing part or all of your proposed development, summarize the market studies and describe very precisely how your plan adheres to the recommendations in the study. Provide citations to any and all reference materials so that your reader can find and review the source materials. If there is not a market study available, you must perform your own market research. Can you gauge the rents at comparable properties in the area? Research national, regional and local trends to bolster your case.]

## Your Tenants

[Will you have to recruit more than one tenant or even one tenant that you haven’t identified yet? Describe the demographics of your target tenants, research characteristics of these demographics and describe how your development has been designed to attract and retain these demographics. Is there demographic information available from the US Census that you can use to apply market data about your industry to the neighborhood or city where your development is located? How much rent can these tenants afford to pay? What assumptions did you make to estimate your rental rates? Describe in detail any and all justifications for why you think the rental rates you have projected is reasonable.]

## Marketing

[What is your plan for acquiring tenants? What will you do to retain your tenants when they need to renew their leases? What is your budget for these activities and how will you fund this budget both up front and on an ongoing basis? Is your marketing plan designed to target your potential tenants as efficiently as possible? How successful does your marketing plan have to be to achieve your occupancy and rental rates? What percentage of their incomes will your target demographic have to spend to afford your rent?]

1. Differentiation

## Competitors

[Are there similar developments that already exist? How will your pricing strategy compare or contrast with these existing buildings? Describe your competition. If there is no competition, explain why you will be first to market with your development type. Compare and contrast your development with the existing competition.]

## Competitive Advantage

[How you will differentiate your development from this competition. What gives your development a competitive advantage? What makes your development unique? Are there unique attributes of your development’s location, marketing, amenity package, rental rates or management that will make it stand out in the market? Do you have a way to develop your property less expensively than your competition? Can you price your rents higher than your competition, and if so, why do you think you can charge a premium?]

## Sustaining Advantage

[If possible, project how your development will be positioned to respond to changes in the marketplace after the initial leases expire and new developments are brought on line to compete. What makes your development durable, resilient and valuable? What is your process and plan to respond to changes, both within the development and the marketplace where it competes?]

1. Management

[Describe who will manage both the development phase of your project and the ongoing operation and maintenance of the development. Include brief biographies of all relevant people and describe in detail their relationship to the project. If the project will be developed by a corporation include a description of both the company AND the relevant employees who will be responsible for developing and operating the project. What tools and systems are in place to oversee the finances for the project? How is your management team uniquely suited to complete this project? Attach full resumes for the principal people involved in managing the development.]

1. Personal Resources

[Describe the financial situation of the proposed principal individual responsible for the development in detail. Include a complete personal financial statement (PFS) showing assets, liabilities and net assets. In addition, include a summary of relevant income and expense to show net income. Attach a complete PFS and a monthly budget of personal income and expenses. Include any and all additional information necessary to completely understand the developer’s financial position and the future risks and opportunities for the developer, personally. If the developer is a corporation, also include recent complete financial statements (preferably audited), including a balance sheet and profit and loss statement. Attach any supplemental information (such as the financial statements, audit or income and expense statements) as exhibits to the business plan. Be complete and truthful, but also persuasive, in describing how the developer’s financial position creates a sturdy foundation to sustain the development and displays the developer’s acumen in managing finances efficiently.]

1. Construction & Development

## Budget

[Describe the proposed sources and uses for starting, acquiring or expanding the real estate development. Where will the money come from to complete the project and how will those funds be used? What is the justification for these estimates? Attach a complete financial projection explaining the development process for the building. If you have quotes, contracts or pricing estimates, attach these to your real estate plan to verify the expenses that you estimate for developing the building.]

## Development Team

[Describe the team that will be involved in the development of the real estate, including all outside consultants or contractors such as the architect/designer, engineer(s), construction manager or contractor, suppliers, lawyer(s), accountant(s) and any other entity or person who will be necessary to complete the project as you outline. Attach biographies and/or resumes for the key players in this process. Describe how this team will work together and who will manage the various contractors and consultants.]

## Timeline

[What is the timeline for developing the property? What are the major milestones in the development process and when do you expect to achieve them? When do you expect the development to be up and running?]

1. Operations and Profit

## Assumptions

[How did you estimate your rents? What is included and excluded in the monthly rent amounts listed? How did you estimate your occupancy rate? What are the basic terms and restrictions of the leases your will offer? How will your rental and occupancy rates change over time? What are the expenses that you will incur to run this development? How did you find or estimate the costs for these expenses? How will these expenses change over time? Will you budget a reserve fund for major repairs, and if so how much? How accurate do you believe your assumptions are, and why do you believe in that level of accuracy?]

## Operating Projections

[Summarize the income, expense and net operating income (profit) for the project. Make sure your estimates match the financial projection that you will include as an attachment. Describe the types, uses, features and characteristics of the components of your development. Describe the expenses that will be borne by the owner/operator. What will or could constrain your growth? What are the threats and opportunities on both the income and expense site of your business? Attach a complete financial projection detailing all of the income and expenses that you expect in your development for the next five years.]

1. Need

[What obstacles still exist to completing the project as you have outlined? Do you need a loan or investment? Describe any and all of your outstanding needs and the terms on which you would like for these needs to be met. For instance, if you are seeking a loan, include your preferred rate, term and describe the type and value of the collateral you propose. Include the debt coverage ratio (DCR) and loan to value ratio (LTV) of the financing. If you are seeking an investor or guarantor, describe the exact needs from this investor and the kind and amount of return. Describe very quickly how, when and how much the investor gets back as returns and how this compares to the amount of investment and risk.]

1. Summary

[Close with a summary of the salient points from your real estate plan and the most persuasive attributes of your project. Restate your needs clearly, and tell your readers how to respond to those needs (for instance, email, call or text using the following contact information to apply to finance or invest in this project).]

Exhibits

[Attach any and all of the relevant materials to back up the statements and assertions in your real estate plan. Below, are some suggested documents that are usually included in a real estate plan. Make sure you attach copies of every document referenced in the real estate plan. Items in bold are generally required, even in initial applications for loans or investments.]

1. Illustrations of your site, building, rehabilitation and/or development
2. Control of development location (contract, option, letter of intent, lease, etc.)
3. Government compliance or feasibility (business license, zoning compliance, permits, etc.)
4. Architectural and/or Design Drawings (As-built and As-finished)
5. Market Study or analysis
6. Resumes for key management
7. **Personal financial statement**
8. **Personal income/expense statement**
9. Corporate financial statement (balance sheet)
10. Corporate income/expense statement (profit and loss statement)
11. **Start-up budget**
12. Quotes from contractors, consultants and/or suppliers
13. Resumes or bios for contractors, consultants and/or suppliers
14. **Five- or Ten-year Financial Projections (Pro Forma)**
15. Existing Loan/Financing/Investment Commitments