

INVESTMENT PROFILE

1451 BAGLEY



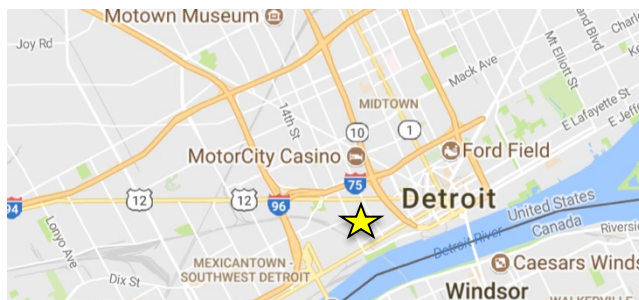
KEY FACTS

- **Team:** Inkwell Partners & Ballet Real Estate
- **Location:** Corktown (Opportunity Zone)
- **Building Area:** 2,918 SF - Current
5,320 SF - Future w/ Addition
- **Zoning:** R3 (Low-Density Residential)
- **Age:** 1860
- **Parking:** Street
- **Description:** Historic structure in the heart of Corktown, Detroit's oldest neighborhood, with 3 legacy ground-floor retail bays and unrenovated commercial space above



BUSINESS PLAN

- Modernize existing 3 ground-floor retail spaces
- Build a two-story, 2,402 SF addition on the vacant land to the building's east. Addition would contain a 4th retail bay and new bathrooms on each floor.
- Lease retail to local businesses seeking small shops in a hot & growing neighborhood.
- Fit out upstairs of old & new structure with private office suites targeted to small business owners and remote workers. Current plan contains 11 offices (avg. size 142 SF), 2 conference rooms, and 3 phone booth rooms.



FINANCIAL SUMMARY (10 YR. HOLD)

PROJECT BUDGET

Acquisition:	\$ 512,000
Due Diligence:	\$ 15,000
Renovation:	\$ 800,000
Soft Costs:	\$ 123,000
TOTAL BUDGET:	\$ 1,450,000

STABILIZED REVENUE

Retail:	\$56,400
Office Suites:	\$120,800
Vacancy:	(\$17,700)
CAM Charges:	\$26,000
REVENUE:	\$185,500

STABILIZED EXPENSES

Tax & Insurance:	\$31,400
Maintenance:	\$12,400
Utilities:	\$11,400
Leasing & Mgmt:	\$9,500
COSTS:	\$64,700

- Stabilization assumed in Year 3; 3% rent growth & 2% OpEx growth thereafter
- No construction loan included; permanent debt assumed in Year 3
- Terminal value in Year 10 of \$2.5 million (6% cap)

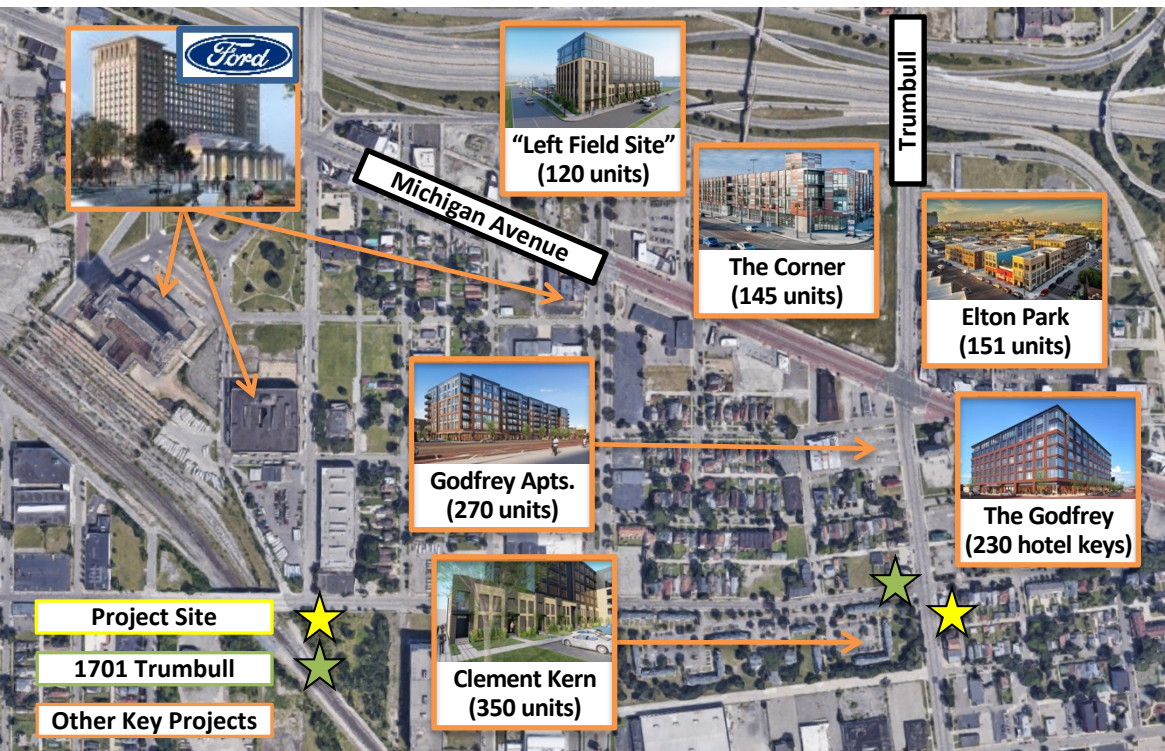
NOI: \$120,800

ROC: 8.3% IRR: 14.6%

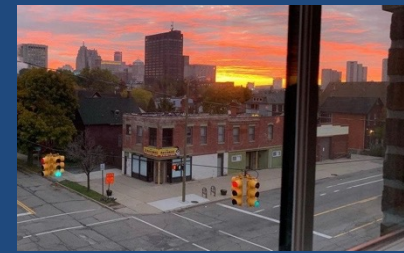
PROJECT STRENGTHS

- **Proximity to Ford HQ:** Property is six blocks from Ford’s new electric vehicle campus at Michigan Central Station that will bring 5,000 software & technology jobs in 2023 and drive major value appreciation in the area.
- **Growth Neighborhood:** Corktown is immediately west of Detroit’s burgeoning CBD and is growing rapidly. Over 300 units were added within a couple blocks of the site in the past 2 years, with another 740 apartments & 230 hotel rooms under construction or in development in the immediate vicinity. Clement Kern Apartments, across the street from 1451 Bagley, is part of a large-scale redevelopment that recently won a \$30M federal revitalization grant.
- **Retail Track Record:** Ballet Real Estate successfully developed a 6,800 SF project across the street at 1701 Trumbull that involved redeveloping two historic buildings from 1880 and constructing a new two-story addition. The combined structure contains 6 small retailers and 3 apartments. The retailers are of similar size and nature to those envisioned for 1451 Bagley.
- **Market Trends:** Remote work is here to stay. Significant residential growth in area should drive demand for small office suites outside of the home.
- **Team Chemistry:** Inkwell & Ballet both have strong working relationships with the architect (Infuz) and the contractor (Artisan Contracting)

NEIGHBORHOOD CONTEXT – CORKTOWN



1451 Bagley:



1701 Trumbull:



KEY RISKS & MITIGANTS

- **Zoning Risk |** Project will require zoning variances & approval from the historic district commission. Architect / contractor / developer team each has experience working with similar circumstances in this neighborhood.
- **Construction Risk |** Contractor built the addition & retail fit-outs at 1701 Trumbull and has been brought into the design process early on
- **Leasing Risk |** Ballet Real Estate has already identified 4 retail users