

## Case Study #1

# The No Ho Lofts Rethinking Highest and Best



*The Development Brokers*

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**EVANISKO**  
REALTY & INVESTMENT, INC.

## Rethinking Highest and Best

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In early 2007, Evanisko Realty & Investment, Inc. was retained by HDS Group to exclusively market and sell a fully entitled 36-unit condo/retail mixed-use development site in the No Ho Arts district for \$3,700,000. The site consisted of four adjacent vacant commercial-zoned parcels totaling 24,940 square feet of land located at 10747 Magnolia Blvd.

**We were the third brokerage firm** to take the exclusive listing assignment on this property within a one year period.



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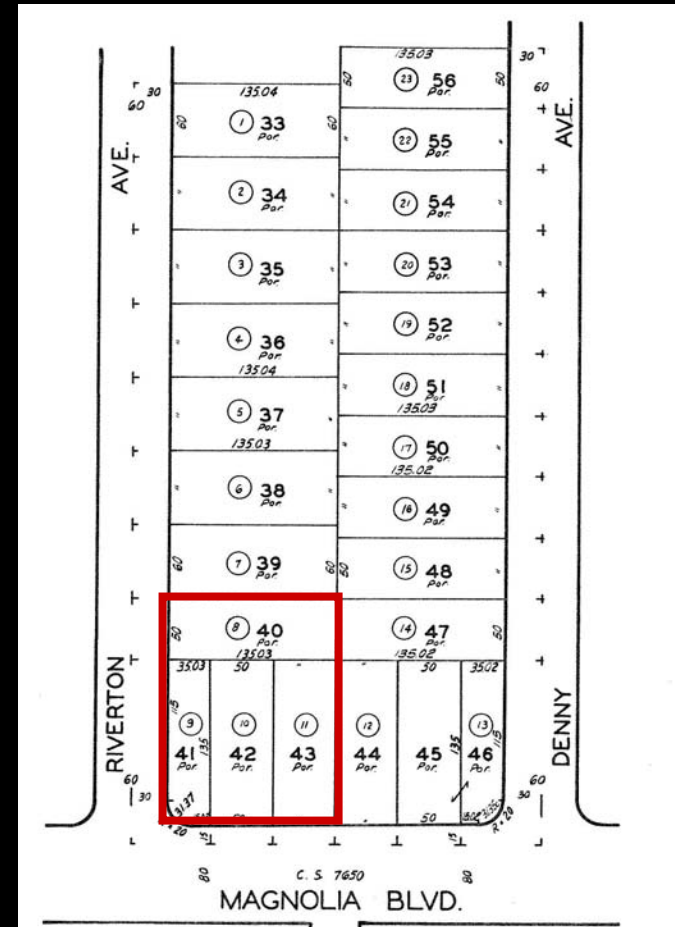
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**W**e made the decisive hypothesis upon taking the listing that a completely different strategy would have to be employed to reach the desired result.

We understood that while the existing plans and entitlements called for an aesthetically nice product, the particular location was in truly in need of a larger, more catalytic mixed-use project. Hence, our belief was that to reach the listing price on the corner parcels we would need to assemble a much larger site and re-market a more substantial piece of land.



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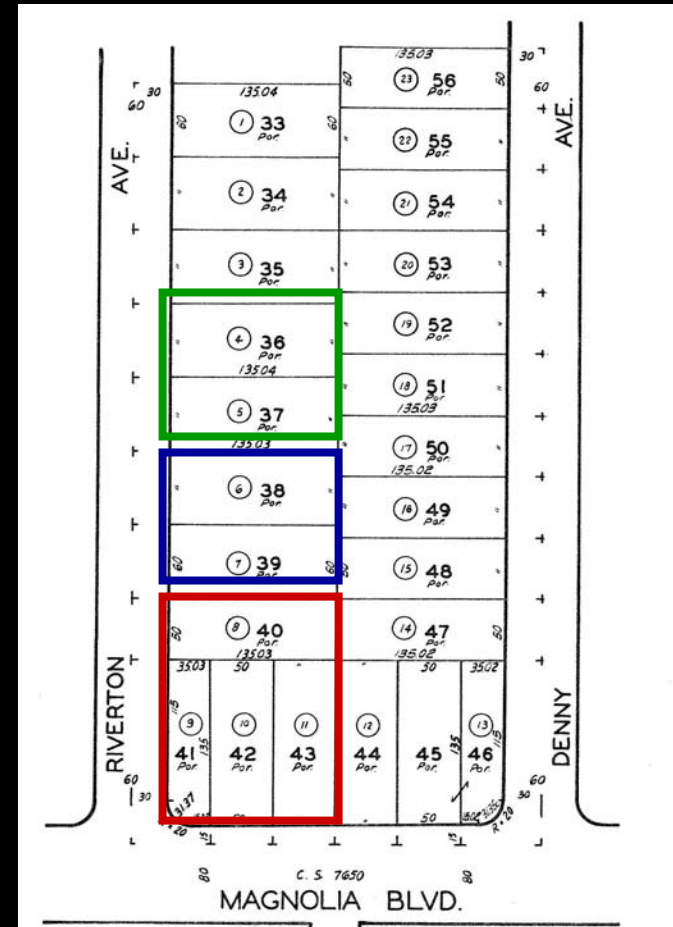


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**O**ur immediate focus was placed on getting adjacent property owners on board with the concept of a concurrent marketing effort alongside the corner assemblage which we already had listed. We were successful in convincing two adjacent property owners (each owning two lots) that this was a prime opportunity to realize their properties' maximum value through assemblage. Coincidentally, the double lot outlined in blue had an approved tentative tract map and plans for 17 condominiums.

With over 57,000 square feet of land assembled in No Ho we knew that we now had a more marketable piece of real estate to sell.



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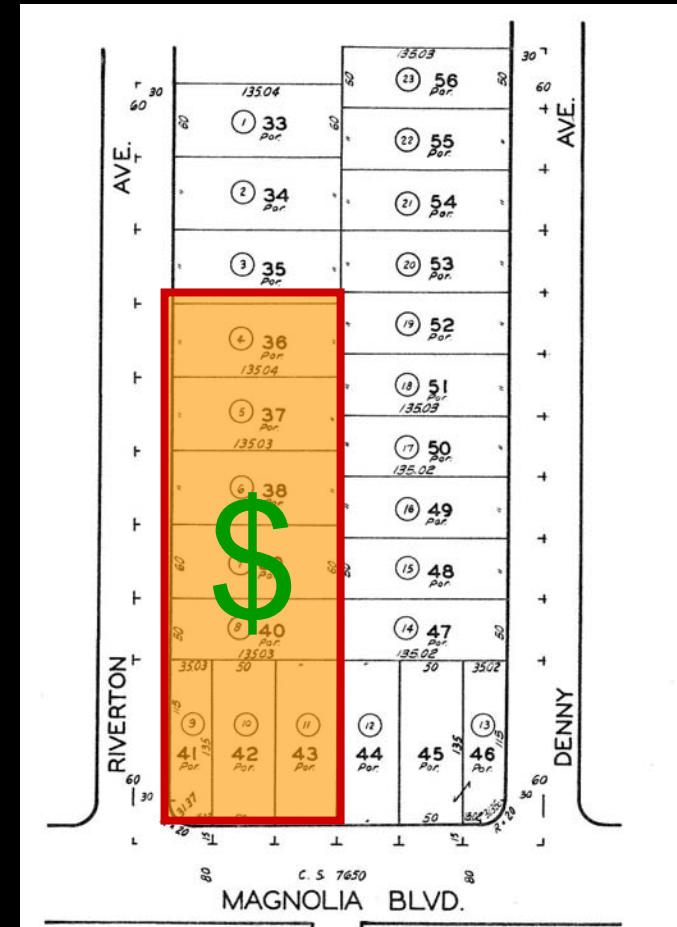
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**B**efore marketing the full assemblage we met with the CRA to solicit initial feed back on the site. There was clear interest in allowing substantial density and height on the property as they realized the value of such a project at this particular location.

**We identified a developer who purchased the entire assemblage at list price in a reasonable timeframe.**

The new development plan calls for over 100 mixed-income senior housing units and retail.



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We have been involved in several transactions where certain entitlements have substantially enhanced the value and marketability of the land.

Conversely, there have been an equal number of Instances where entitlements have had no positive effect, or may have even had an adverse affect, on the marketability of a site. This occurs when the market does not regard the entitlement as one that taps the true highest and best use of the property. The more complex the entitlement process, the more potential interpretations there will be as to the absolute highest and best entitlement or use.



**Contact Frank Evanisko for a complete site evaluation before making your final decision.**

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