

THE 2017
UNIVERSITY CHALLENGE

NAIOP
COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION
DC | MD CHAPTER

Announcing

THE 2017 CAPITAL CHALLENGE

NAIOP DC | MD

Intercollegiate Real Estate Case Competition

Kick-Off Event - 2/3/17

AGENDA

- Welcome Participants
- Consultant Sponsors
- Challenge Calendar
- Case Presentation
- Team Assignments
- Questions?

WELCOME PARTICIPANTS

JOHNS
HOPKINS

CAREY
BUSINESS SCHOOL

The Edward St. John
Real Estate Program



School of Management



GEORGETOWN
UNIVERSITY
SCHOOL OF CONTINUING STUDIES

RE REAL
ESTATE

CONSULTANT SPONSORS

Architecture:

- Cooper Carry
- HKS Architects
- KGD Architecture
- SmithGroupJJR
- WDG

Brokerage:

- Avison Young
- Brandywine Realty Trust
- CBRE
- EDGE Commercial Real Estate
- Transwestern

Developer:

- Chesapeake Real Estate Group
- Grosvenor
- Penzance
- The JBG Companies
- Trammell Crow Company

Construction:

- Clark Construction Group
- Coakley & Williams Construction
- Donohoe Construction
- HITT Construction
- Whiting-Turner Contracting

Finance:

- EagleBank
- First Virginia Community Bank
- PNC Real Estate
- Metropolis Capital Advisors
- US Bank

Civil Engineers:

- Bohler Engineering
- Dewberry
- Langan Engineering
- Rodgers Consulting
- VIKA

SCHEDULE

February 3rd - Capital Challenge Kickoff

- Case presentation
- Challenge Reference Guide
- Consultants assigned
- Challenge judging and final presentation schedule announced

March 10th - Capital Challenge written and digital report due to NAIOP

- Report requirements in Challenge Reference Guide

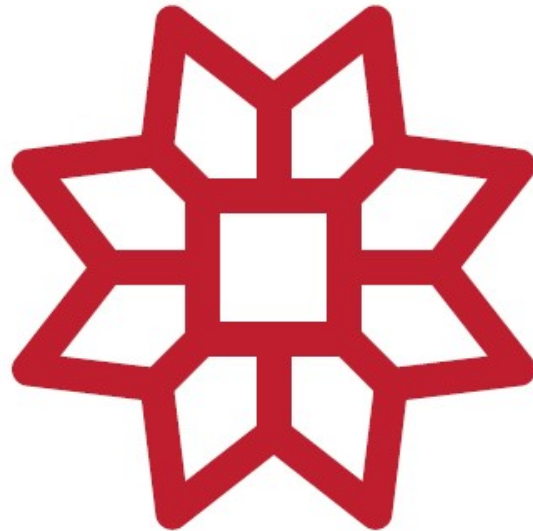
March 24th - Oral Judging Presentations -

- Judging to held beginning at 8:30 am Clark Construction 16th floor
- Order of Presentations: Georgetown, American University, University of Maryland
Johns Hopkins, George Mason

April 5th - Capital Challenge Summary Presentations and Award Celebration

- Location TBD beginning 6:00pm
- Order of Presentations: George Mason, Johns Hopkins, University of Maryland,
American University, Georgetown

CASE DISCUSSION



LANTIAN
DEVELOPMENT

CASE DISCUSSION

COMSAT Campus

February 3, 2017

- Presenters
 - Bob Elliott, Lantian Development
 - Brian McLaughlin, Lantian Development



LANTIAN
DEVELOPMENT

PRESENTATION OVERVIEW

- Lantian Development
- Comsat
 - History
 - Property
- Case Challenge
 - Getting to What is Most Helpful
- Question and Answer
- Site Visit / Property Tour



LANTIAN
DEVELOPMENT

LANTIAN DEVELOPMENT

- Founded 2014, based in Bethesda, MD
- Privately held, foreign capital
 - Long term investment horizon
 - Value add, repositioning and opportunistic
 - Investing in the DMV
 - Multiple asset classes and land
- 6 closed investments, more than \$1.5B evaluated
 - 400 acres; over 1M sf of institutional and office space
 - \$60+ million in equity
 - Locations
 - Montgomery / Prince George's County (MD)
 - Alexandria (VA)





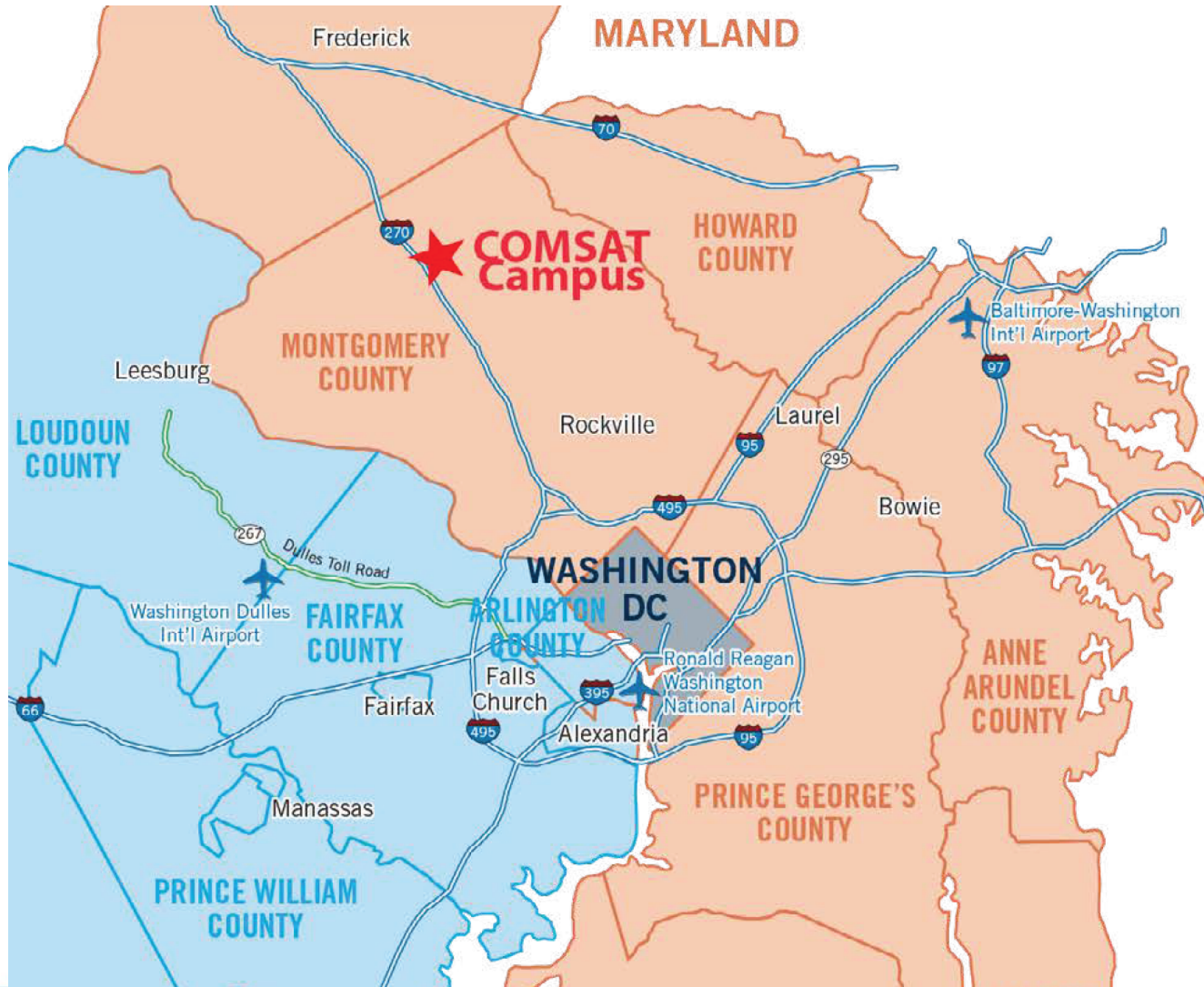
LANTIAN
DEVELOPMENT

Brief History of COMSAT

- **COMSAT (Communications Satellite Corporation)**
 - Communications Satellite Act of 1962
 - Public, federally funded corporation intended to develop a commercial and international satellite communication systems; incorporated as a publicly traded company in 1963
 - In August 1964, COMSAT helped create and was majority owner in the International Telecommunications Satellite Consortium (INTELSAT)
 - Was instrumental in the expansion of communications throughout the world
- **COMSAT Laboratories**
 - **To further satellite technology, in September 1969, COMSAT opened COMSAT Laboratories, a research and development arm, in Clarksburg, Maryland**
- **Lockheed Martin**
 - On 20 September 1998, Lockheed Martin Corp. and COMSAT Corp jointly announced a two-phase merger valued at approximately \$2.7 billion
 - COMSAT became part of Lockheed Martin Global Telecommunications
 - **In Mid-2000's, Lockheed Martin began to dismantle portions of the COMSAT Laboratories property**



Where is COMSAT Laboratories?



COMSAT – Looking North

- Approximately 204 acres
- Improved with a 613,000 square-foot of office and lab buildings



COMSAT – Looking South

- Main building (550,000sf) was last occupied by Lockheed Martin in 2007
- Intelsat occupied a warehouse until September 2013



Survey (and Aerial View)

- 258 and Confirmatory
- APPLIES - NOT
- SHOWN
- APPLIES - SHOWN
- NOT PLOTTABLE
- SHOWN
- NOT PLOTTABLE

- APPLIES - SHOWN
- NOT PLOTTABLE

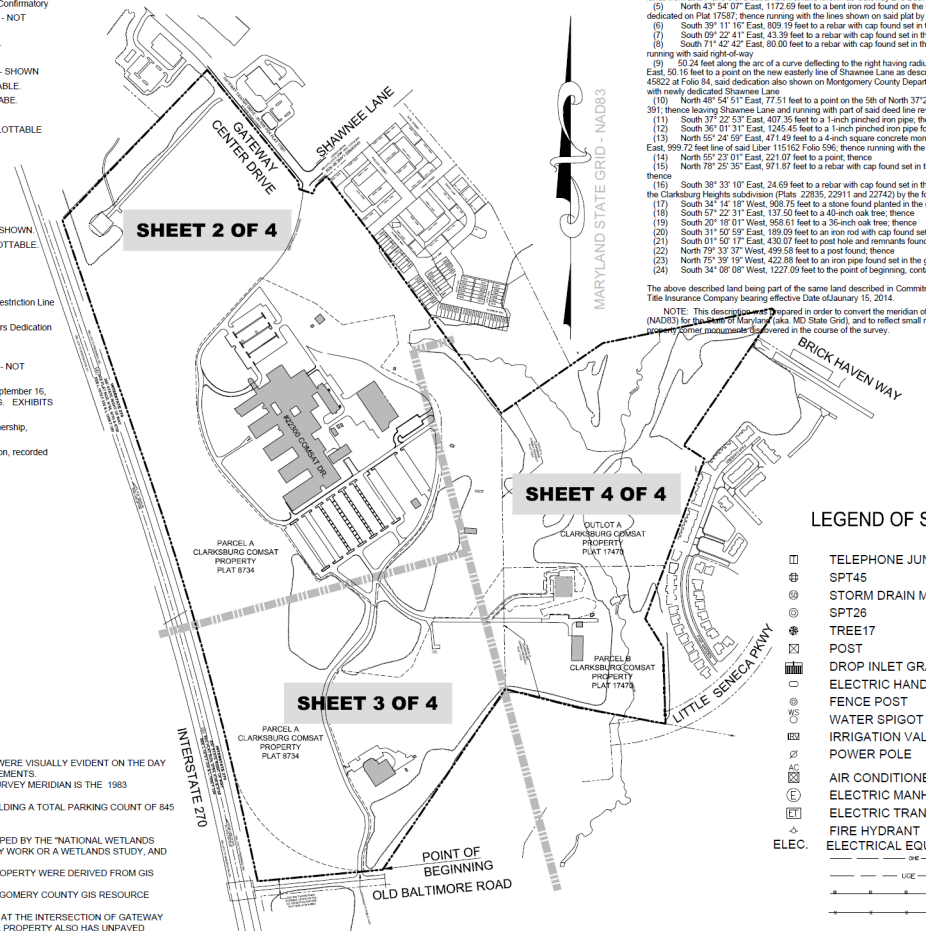
- SHOWN
- Building Restriction Line
- ded by Owners Dedication

- APPLIES - NOT
- recorded September 16,
- GNATIONS: EXHIBITS
- ated Partnership,
- Corporation, recorded

- WHICH WERE VISUALLY EVIDENT ON THE DAY
- IMPROVEMENTS.
- THE SURVEY MERIDIAN IS THE 1983
- ES,
- ICES, YIELDING A TOTAL PARKING COUNT OF 645

- GES MAPPED BY THE "NATIONAL WETLANDS
- Y SURVEY WORK OR A WETLANDS STUDY, AND
- IF THE PROPERTY WERE DERIVED FROM GIS
- OM MONTGOMERY COUNTY GIS RESOURCE
- AY STUB AT THE INTERSECTION OF GATEWAY
- AD. THE PROPERTY ALSO HAS UNPAVED

- TION WAS OBTAINED FROM CHAPTER 5
- OBSERVATION WAY IS PLANNED FOR



SHEET KEY & VICINITY MAP (400 SCALE)

Interstate 270 and running with the 18th or North 43°53'39" East, 1172.69 feet
 lands from Lots 7 and 8 of a subdivision of land known as Gateway 270 Buar
 (5) North 43° 54' 07" East, 1172.69 feet to a bent iron rod found on the
 dedicated on Plat 17557; thence running with the lines shown on said plat by
 (6) South 39° 11' 16" East, 809.19 feet to a rebar with cap found set in t
 (7) South 09° 22' 41" East, 43.39 feet to a rebar with cap found set in t
 (8) South 71° 42' 42" East, 83.00 feet to a rebar with cap found set in t
 running with said right-of-way
 (9) 60.24 feet along the arc of a curve deflecting to the right having radi
 East, 50.16 feet to a point on the new easterly line of Shawnee Lane as desc
 45822 at Folio 84, said dedication also shown on Montgomery County Deput
 with newly dedicated Shawnee Lane
 (10) North 48° 54' 51" East, 77.51 feet to a point on the 5th of North 37° 2
 391; thence leaving Shawnee Lane and running with part of said deed line w
 (11) South 37° 22' 53" East, 407.35 feet to a 1-inch pinched iron pipe, th
 (12) South 36° 01' 31" East, 1245.45 feet to a 1-inch pinched iron pipe t
 (13) North 55° 24' 59" East, 471.49 feet to a 4-inch square concrete mon
 East, 999.72 feet line of said Liber 115162, Folio 596; thence running with the
 (14) North 55° 23' 01" East, 221.07 feet to a point thence
 (15) North 78° 25' 35" East, 971.87 feet to a rebar with cap found set in t
 thence
 (16) South 38° 33' 10" East, 24.69 feet to a rebar with cap found set in t
 the Clarkburg Heights subdivision (Plats 22935, 22911 and 22742) by the li
 (17) South 34° 14' 18" West, 959.75 feet to a stone found placed in the
 (18) South 57° 22' 31" East, 137.50 feet to a 40-inch oak tree; thence
 (19) South 20° 19' 01" West, 959.61 feet to a 36-inch oak tree; thence
 (20) South 31° 50' 59" East, 189.09 feet to an iron rod with cap found set
 (21) South 01° 50' 17" East, 430.07 feet to post hole and remains found
 (22) North 79° 33' 37" West, 499.58 feet to a post found; thence
 (23) North 75° 39' 19" West, 422.88 feet to an iron pipe found set in the g
 (24) South 34° 09' 08" West, 1227.69 feet to the point of beginning, cont
 The above described land being part of the same land described in Comrits
 Title Insurance Company bearing effective Date of January 15, 2014.
 NOTE: This description was prepared in order to convert the meridian of
 NAD83) for the purpose of Maryland (aka, MD State Grid) and to reflect small r
 (which some monuments) observed in the course of the survey.

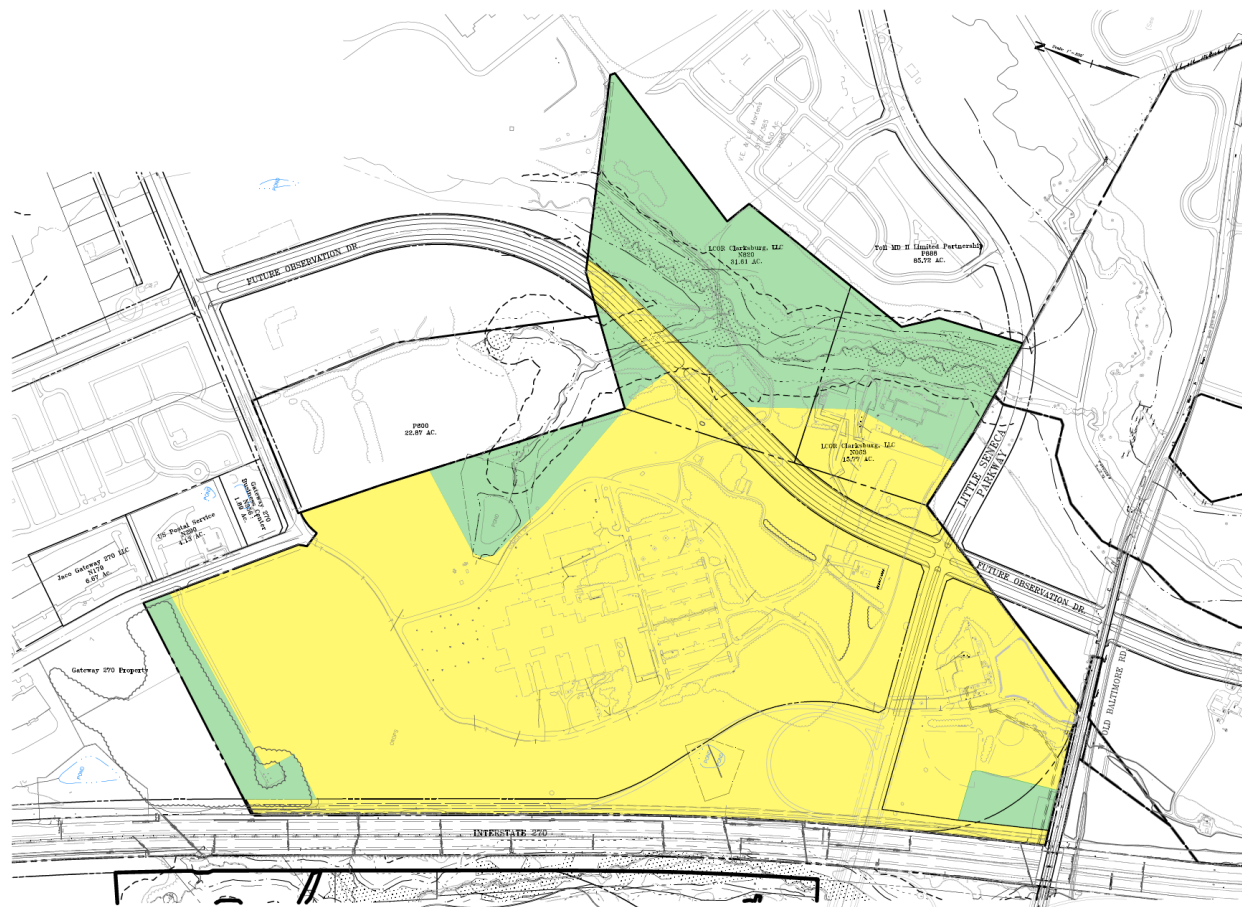


LEGEND OF S

- ☐ TELEPHONE JUN
- ☐ SPT45
- ☐ STORM DRAIN V
- ☐ SPT26
- ☐ TREE17
- ☐ POST
- ☐ DROP INLET GR.
- ☐ ELECTRIC HANC
- ☐ FENCE POST
- ☐ WATER SPIGOT
- ☐ IRRIGATION VAL
- ☐ POWER POLE
- ☐ AIR CONDITIONE
- ☐ ELECTRIC MAN-
- ☐ ELECTRIC TRAN
- ☐ FIRE HYDRANT
- ☐ ELECTRICAL EQI



Property – SWM and Forest



SITE: ±203.7 AC

Environment, SVB,
SWM, and Forest
±48.6 AC*
*Note: SWM area subject
to change due to new SPA
& ESD SWM regulations

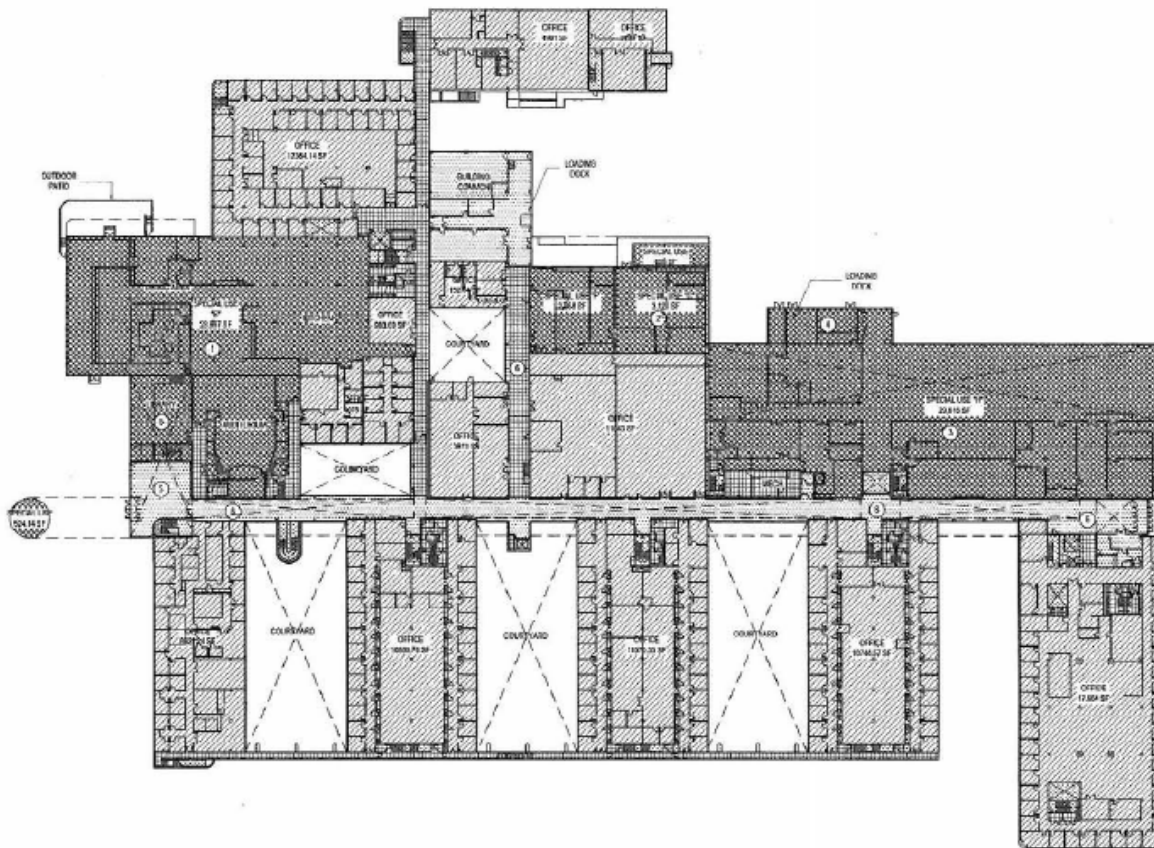
Remaining Area:
± 155.1 AC

Main Building

- Approximately 555,449 square foot, two to four-story office/R&D building
- Offices as well as special use facilities including laboratories, computer rooms, light assembly, a 300-seat cafeteria and a 117-seat auditorium
- Building is divided into self-contained wings connected via a central corridor
- Constructed in phases between 1969 and 1986
- Over the past 2 decades, members of the historic preservation community have made a push to highlight some of the earliest elements of the building's design
 - In particular, attention has been focused on the westernmost façade comprised of a two-story glass “catwalk”, the most visible component from I-270. Connected to the catwalk are 4 office that extend westward from the building's main north/south spine and are separated by small exterior courtyard
 - The building has been considered for designation but has failed to achieve that status

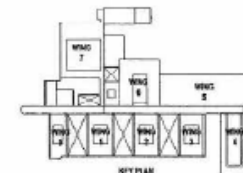


1st Floor Plan



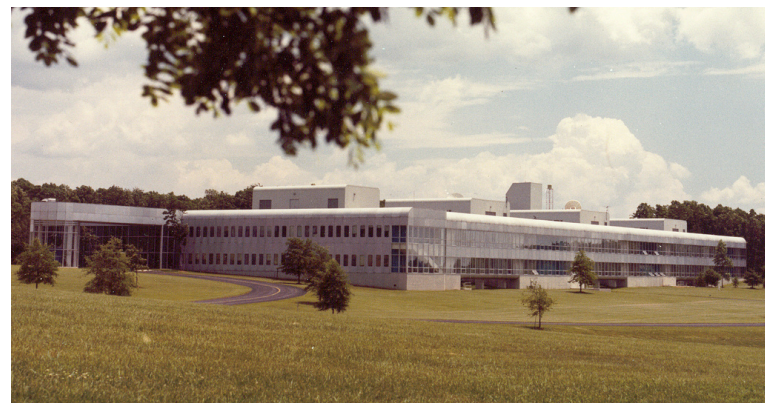
AREA CALCULATIONS	
A. FLOOR/FIRST FLOOR	
B. GROSS MEASURED AREA	280,389 SF
C. MINOR VERTICAL INFILTRATIONS	7,173 SF
D. FLOOR REMAINABLE AREA	C-D 196,615 SF
RENTABLE AREA	
E. OFFICE AREA	100,017 SF
F. SPECIAL USE	60,086 SF
G. OCCUPABLE AREA	E+F 160,103 SF
H. BUILDING FOOTPRINT AREA	17,222 SF
I. FLOOR USABLE AREA	F+G+H 177,969 SF
J. FLOOR CORRIDOR AREA	E-I 15,285 SF
K. FLOOR R/U RATIO	I/J 1.20
BASIC RENTABLE AREA	
L. OFFICE AREA	PM 100,002 SF
M. STORE AREA	DM 64,413 SF
N. BUILDING CORRIDOR AREA	SM 16,204 SF
O. BUILDING AREA RENTABLE	L+M+H 172,997 SF
P. BUILDING R/U RATIO	O/N 1.25
RENTABLE AREA	
Q. BUILDING AREA RENTABLE	L+P 135,058 SF
R. BUILDING R/U RATIO	MP 1.20
S. TOTAL RENTABLE AREA	DA 218,258 SF

- PLAN NOTES**
- SPECIAL USE AREA "T" MARKING SPOTS NOT CURRENTLY FOR OFFICE AREA, SUCH AS THE MECHANICAL, ELEVATOR, STAIRS AREA, H-EXIT AREAS.
 - SPECIAL USE AREA "M" AND "N" ARE EXISTING AREAS THAT ARE BUILDING MAINTENANCE.
 - SPECIAL USE AREA "H" IS A THREE STORY H-BAY ASSEMBLY AREA.
 - SPECIAL USE AREA "K" LOADING DOCK, ONE STORY.
 - OFFICE LOBBY AND LEBRARY ARE DOUBLE HEIGHT SPACES.
 - DOUBLE HEIGHT CORRIDOR.



2017 CAPITAL CHALLENGE

Main Building



Location

- Heart of the I-270 Corridor with 3,600 feet of I-270 frontage
- Planned four-way interchange East side of I-270, 25 miles from Washington, DC
 - Near the Property is the Clarksburg Town Center, a multifaceted development designed to replicate an urban walkable community with residential, retail, and office space.
 - Clarksburg Village Center, located at Snowden Farm Parkway and Little Seneca Parkway, offers a variety of retail and food-service amenities to the Clarksburg community.
 - West side of I-270, is Cabin Branch, a 535-acre site has been planned for 2.4 million square feet of commercial space, 450,000 square feet of outlet retail, as well as residential housing, a hotel, and several walking paths. This project has already started delivering in 2016.

Access

- Access
 - Primary access to the Property is via the Route 121 interchange of I-270, a full interchange with Route 121 East (Stringtown Road)
 - Accessible from Route 355 (Frederick Road) via Shawnee Lane which proceeds approximately ½ mile due west to the COMSAT Campus.
 - County Master Plan recognizes the need to identify additional interchange capacity along I-270. The Master Plan recommends a new interchange with I-270 at the extension of Little Seneca Parkway. This interchange, which would serve the southern portion of Clarksburg, is proposed to be located in the southwest portion of the COMSAT property, approximately 800 feet north of West Old Baltimore Road.
 - Corridor Cities Transitways (CCT) will terminate at the COMSAT Campus, providing bus rapid transit along the I-270 Corridor between the Property and the Shady Grove Metrorail station.
- **For the purposes of this case, please assume these features are required, but that their specific locations may be reasonably adjusted in order to achieve the vision of a new masterplan.**

Site – Consolidated Diagram

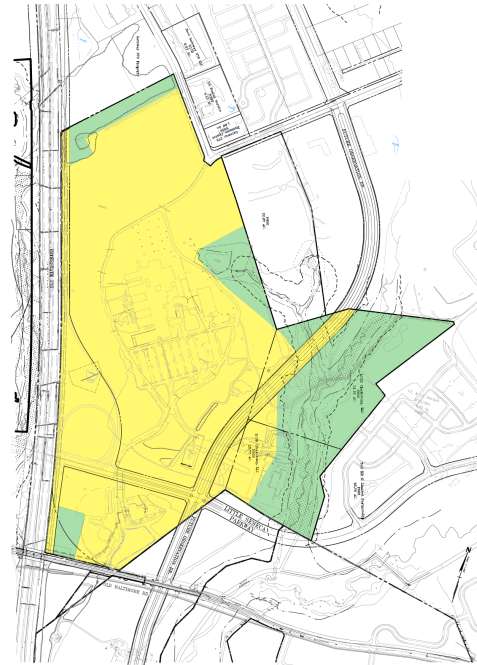
SITE: 203.7 AC±

LEGEND

- STREAM VALLEY BUFFER
24.2 ac.±
- Approximate location of sewage effluent lagoons & treatment plant (per H.O.K. Comsat East Wing Plan, 1981)
- PLANNED R/W**
OBSERVATION DRIVE: 0.3 AC
LITTLE SENECA PKWY: 0.9 AC
INTERSTATE 270: 11.4 AC
INTERCHANGE: 11.4 AC
- * APPROX. LOCATION OF MASTER PLAN PARK AND RIDE LOT/TRANSIT STATION
- EXISTING BUILDINGS
- EXISTING SWM EASEMENT
- EXISTING POND
- EXISTING PAVING
- EXISTING TREES
- EXISTING WSSC EASEMENT
- EXISTING SEWER
- EXISTING P.E. EASEMENT
- EXISTING ELECTRIC
- EXISTING OVERHEAD WIRE
- EXISTING GAS
- EXISTING TELEPHONE



Aerial and Diagram Comparison



Zoning

- Montgomery County Council adopted a countywide zoning change
 - Eliminated I-3 Zone replaced it with EOF Zone (Employment Office, specifically EOF-0.75)
 - Permitted uses in the EOF-0.75 Zone are similar to the I-3 Zone, with the exception that it will allow up to 30% of the eligible FAR to be designated for residential development
 - Zoning attorneys consulted by the Owner have advised that it would have an excellent chance of being rezoned to the CRT Zone
 - CRT Zone, under the new ordinance, would allow for more density overall, more retail density, and potentially more residential density

Zoning (cont.)

- **Specific zoning requirements under the EOF designation**, including height limitations and residential lot densities, are as follows:
 - Height limitation: 100 feet
 - Maximum density: commercial floor area: 4,000,000 sf (manufacturing, industrial, retail, office; 40% life sciences condition to achieve max)
 - Maximum density: residential dwelling units: 1,200 – 1,400 (30% of total development gross floor area)
 - Maximum density: total gross floor area: 5,714,000
- CRT may offer flexibility on total amount of varying product types
 - Evaluate why you may want a change in Zoning designation

THE CASE ASSIGNMENT

- Create a masterplan and strategy to redevelop the entire property
 - Diagram of proposed uses; timing and phasing of the whole development
 - May include none, some or all of the Main Building or auxiliary buildings
 - If portions of the buildings are to be retained, a clear diagram of what is to be retained, along with an explanation of the expected costs, use trade-offs, and other relevant factors must be provided

- Specific recommendation for your proposed first phase of development that will be a catalyst for the property's redevelopment
 - Conceptual design using existing representative regional development examples
 - Create a name for the full project and the first phase

THE CASE ASSIGNMENT (continued)

- Market research and **basic supply and demand drivers** for all proposed uses
 - **Exhaustive detail of supply/demand is not necessary**
 - General trends, growth opportunities, market risks and analysis related to the proposed uses

- Financial analysis, pro formas, development costs and investment returns
 - Summary proforma for the total development, by use, cost and expected returns
 - Detailed proforma for the first phase of development
 - Returns should be provided using 2 metrics – ROC and IRR

The primary focus is the overall master plan and the proposed first phase of development as well as your evaluation and financial analysis of the costs and returns.

SITE VISIT | HOW TO GET THERE

- Property Address
 - 22300 Comsat Drive, Clarksburg, MD 20871

- If using GPS, use this address:
 - **22505 Gateway Center Drive, Clarksburg, MD**
 - Exit 18 off I-270 (Route 121 – Stringtown Road)
 - Clarksburg Post Office near the Main Entrance
 - Drive past the Post Office to the end of Gateway Center Drive to Shawnee Lane
 - Enter the property through the yellow gate

- Watch out and be careful!
 - Property tenant actively testing equipment
 - Meet at the Main Entrance (North side of the building)

Question and Answer

EXPECTATIONS

- Meet with your consultant sponsors! They are your expert team
- Be courteous of time constraints, don't wait until the last minute!
- All questions after today, asked and answered on the blog
- Impress the judges, they will ask the tough questions
- Have fun!

TEAM CONSULTANT SPONSORS

Team Assignments!

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American

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- Brandywine Realty Trust
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- WDG
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Good Luck!