

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

NEW JERSEY CHAPTER

Inspiring and Transforming New Jersey

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2020 UNIVERSITY CHALLENGE COMPETITION REFERENCE GUIDE



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1. Overview of the Competition

The NAIOP NJ University Challenge Case Study Competition is designed to provide students with an opportunity to develop an actual real estate project site to gain an appreciation of the commercial real estate development process. This real-world experience may spark an interest in a career in real estate, finance, and/or business. The competition is comprised of two separately scored phases: submission of a written development proposal, and an oral presentation where teams pitch their proposals to the panel of judges. During the first phase of the competition, each university team will have 4 weeks to prepare and submit their written proposals. The second phase follows with competing teams each making a 20-minute pitching presentation to the judging panel with time to answer questions from the judges.

The culmination of the competition will take place on the evening of April 6, 2020 at the NAIOP NJ Industry Insights Series Dinner when each team will present a short summary of their proposal to an audience of commercial real estate professionals, public officials, educators and students from each of the competing schools. The event will conclude with the announcement of the winning team and the presentation of the \$5,000 award.

Goals and Objectives of the UNIVERSITY CHALLENGE Competition

- Educate local officials to the need to update planning and zoning standards and land use ordinances to reflect trends in demographics, market conditions, consumer preferences and technology.
- Educate students about prevailing regulatory constraints, the entitlement process and the challenges associated with real estate development.
- Engage municipal and local leaders in the conceptualization of site plans for their communities focusing on creative ways to reposition underutilized assets to strengthen the economy.
- Engage, activate and grow the NAIOP student membership by enhancing the value based on such opportunities.
- Provide a fresh, focused, creative and low-cost plan along with design and research value, for the owner of the subject property.
- Demonstrate the value of NAIOP and its members to local officials as a resource in their efforts to transform their communities and enhance local economies.

The **University Challenge** offers real-world experience with unique and valuable industry exposure for the students and their respective schools. All participating students, instructors, and universities, as well as the consultant sponsor firms, judges and audience members will benefit through the experience, exposure and networking opportunities.

2. Competition Schedule

February 3, 2020	Competition launch	Case Study released by email
February 7, 2020	Kickoff Meeting and Site Tour	<u>Kickoff Meeting:</u> Blue Onyx Companies 326 Parker Avenue, Clifton NJ 07011 <u>Site Visit:</u> 24 ½ Van Houten Street Paterson, NJ 07505
February 27, 2020	Deadline for report submission	Email to: Hartigan@naiopnj.org Mail: NAIOP NJ 317 George St., Suite 205 New Brunswick, NJ 08901
March 27, 2020	Competition Oral Presentation	NAIOP NJ office 317 George St., Suite 205 New Brunswick, NJ 08901
April 6, 2020	Industry Insights Series Dinner and Award Ceremony	5 PM – 8 PM Location: The MC Hotel, Montclair

3. Competition Overview

The key ground rules for the 2020 University Challenge Competition are listed below. The spirit of the competition is for each team to employ its most creative and critical (analytic) thinking, coupled with the assistance of key internal and external resources, in evaluating alternatives and recommending the optimal development strategy for the property.

Team Composition: Each team will be comprised of three to six undergraduate students.

Structure: The competition is divided into three phases.

Phase One – Case Study Written Proposal:

The Case Study documents will be released and sent by email to participants on Monday, February 3, 2020. Teams will also attend a Kickoff meeting on Friday, February 7 where they will meet the developer of the case study site who will speak about “Client Goals”, answer any questions students have and then conduct a site visit of the case study site. Teams will receive hard copies of case study documents at the meeting and will have approximately 4 weeks to prepare a case study

proposal of no more than twenty-five pages, which must be submitted both as hard copies and electronically no later than March 2, 2020. See section below for guidance on content and criteria used for evaluation.

Phase Two – Oral Presentation:

Each team will deliver a 20-minute oral presentation to a panel of judges and participate in a questions and answer discussion for an additional 10 - 15 minutes. Please see section below with guidance on judging criteria. Final results are based on the cumulative rankings of both competition phases.

Phase Three – Short presentation: Teams will present for 5-6 minutes at NAIOP Industry Insights Series University Challenge Awards Dinner on April 6, 2020 followed by the announcement of the winning team. This is an opportunity for teams to pitch their proposals to the audience consisting of more than one hundred senior CRE professionals. This presentation will not be judged.

Resources: Each team may use all available internal university resources such as real estate and business faculty and research data ordinarily available to them as real estate and business students.

Stipend: Each school will receive a stipend of up to \$400 to defray the expenses of preparing for the Competition presentation and any graphic production expenses. This payment will be made directly to the universities as instructed by each school upon completion of the Competition.

NAIOP Scholar Student Members: All student participants are strongly encouraged to join NAIOP as a NAIOP NJ Scholar Student member (\$50). At least one student on each team must become a NAIOP Scholar and up to \$100 of the stipend can be used for membership fees.

** Questions regarding additional property information and questions to the owner should be directed to Jennifer Hartigan, NAIOP NJ Director of Programs and Education. Any additional information received will be made available to all teams.

4. Case Study

Property Address: 24 ½ Van Houten, Paterson, NJ 07505

Area of the property: The area has frontage along Van Houten Street on the south, and Passaic River to the north. A portion of the site lies in a 100- year Flood plain according to FEMA maps.

Current Status: 24 ½ Van Houten is designated as an area in need of redevelopment in the Great Falls Redevelopment Area and is subject to the Great Falls Redevelopment Plan adopted in 2017. The case study site is in the Great Falls Historic District next to the Great Falls National Historical Park so existing buildings may be subject to historic preservation requirements.

Zoning: Commercial and industrial uses. Located in the AR-I or Adaptive Reuse and Infill District of the Paterson Great Falls Redevelopment Plan. Please see plan for list of permitted and prohibited uses.

Background: Alexander Hamilton visited Great Falls water fall in 1778, selecting the site as the nation's first planned industrial city and the birthplace of the American Industrial Revolution. Pierre L'Enfant designed a system of canals or raceways to power the mills and the Society for Establishing Useful Manufacturers (S.U.M.) was founded to promote industrial development along the river with mills manufacturing cotton fabrics, paper, firearms, jute and silk spinning, and railroad locomotives, among many other industries. By the 1960s, Paterson's fortunes had declined and the Great Falls/S.U.M area was added to the National Register of Historic Places. Paterson Great Falls National Historical Park was dedicated in 2011. According to historical databases, it appears that the case study property was developed sometime in the late 1700s as a saw and grist mill. By the early 1800s the property was occupied by a clothing manufacturing and silk mill. Subsequent tenants included American Skien Dyeing, New Jersey Dye Dee, Federal Dye Works, Phoenix Color and Chemical Company (producer of disperse acid and textile dyes), Broad Silk Manufacturing, Silk Manufacturing, and Harmony and Industry Mill (cotton/silk manufacturing). Fabricolor Manufacturing Corporation, a dye manufacturer, operated at the property from 1961 until November 2002 when they ceased operations and filed for bankruptcy.

5. Team Deliverables

- **Written Proposal:** Due by March 2, 2020. Each team will submit 7 hard copies of a written report outlining their analysis of the case study site and their development proposal to: Jennifer Hartigan, Director of Programs and Education, NAIOP New Jersey at 317 George Street, Suite 205, New Brunswick NJ 08901.

The same should also be sent electronically to hartigan@naiopnj.org.

- The report should be no more than 25 pages inclusive of text and graphics and should be presented as a professional industry submission.
- An architectural sketch is required in lieu of professional renderings or drawings.
- Each team should create a name for their team that does not include their university name. Please use this team name when submitting the written

report and during the oral presentation to judges to ensure anonymity. Teams who violate this provision may be disqualified.

- **Oral Presentation:** Due March 27, 2020. Each team will make an oral presentation pitching their proposals to the panel of Judges. This presentation will help determine the Competition winner.

The presentation will consist of a 20-minute oral presentation of the written report followed by 15 - 20 minutes of round-table discussion between the judges and students during which the judges may ask any questions. Presentation boards/ pictures/ graphics/ PowerPoint and other media may be used to convey information. The order of the presentations will be determined at a later date.

- **Audience Presentation:** The second presentation will be to the attendees of NAIOP NJ April 6 Industry Insights Series Dinner, where we anticipate over 100 commercial real estate professionals and public officials. Each team will have 5-6 minutes to present and presentations will not be evaluated. It is a great opportunity for students to showcase themselves to potential employers.

6. Evaluation Criteria

The final proposal should demonstrate sound planning and competency in the following areas:

- **Client Goals:** The project should meet the goals established by the client in the provided overview.
- **Design Excellence, Resilience & Sustainability:** The project should maximize the value of the property for the owner, future tenant and the community. Preference will be given to designs that foster problem solving and insightful solutions within the property while also addressing the community's concerns, quality of life, and potential for development of the local economy. The project should encourage a sustainable lifestyle for its tenants, use sustainable materials, and facilitate reduced energy consumption.
- **Feasibility:** The project should include a rational financial analysis that is supported by realistic market assumptions. Teams should demonstrate an understanding of the current economy, local market conditions, development and land uses that exist or can be reasonably anticipated for the property. It should also contain ample information and support for evaluating costs, financing sources and economic returns to be expected from the team's recommended solution as well as a Sensitivity analysis.

- **Financial Analysis:** A well-conceived design with rational financial analysis is very important for a realistic solution. The financial analysis should clearly state all the assumptions, sources of revenue, operating and capital expenditures, sale proceeds, etc. A detailed development budget for each component should be included. A proforma should be used to show each team's financial analysis, templates with the minimum requirements are available.

Evaluation Criteria: Each team will be judged based on the thoroughness and logic of their analytical process, as well as their ability to properly support their conclusions and recommendations. There are two Phases of the evaluation process: Phase 1 (Written Presentation) is worth 80% of the total, and Phase 2 (Oral Presentation) is worth 20% of the total. General evaluation criteria and their suggested weights are:

<u>Phase 1 Criteria</u>	<u>Weight</u>
Client Goals	30
Design Excellence, Resiliency & Sustainability	30
Financial Analysis	20
Feasibility	20
Total	100 points = 80%
<u>Phase 2 Criteria</u>	
Oral Presentation	20%
Final Score	Phase 1 + Phase 2 =100%

7. Judging Panel

Judges: An independent panel of judges, including experts in real estate development, finance, economic development, and planning will be selected by NAIOP New Jersey. Representative(s) from the sponsoring development firm will also sit on the panel. The judges will evaluate the originality and feasibility of each team's final proposal. In an effort to ensure that each submitted proposal and presentation is judged as fairly and impartially as possible, each team will choose a team name to be used on the submitted reports and during the Oral Presentation. Team names are used to preserve the anonymity of the teams, so names must be unrelated to each university.