

Case Study

FOUR HANDBS

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Challenge

Four Hands, a furniture designer/manufacturing and retail company put a 70,000 sf bulk warehouse building under contract for purchase. Immediately after the purchase contract was fully executed, the Principal of Four Hands, Brett Hatton, realized that he didn't have the expertise to conduct a feasibility study for the project to determine if the site was suitable for their U.S. Headquarters building to encompass office, warehouse and a retail store. Brett called Endeavor to determine our interest level in pursuing a joint venture to acquire the building as equal partners and perform all feasibility, construction, financing and partnership agreements.

Strategy

Endeavor and Four Hands structured an equal partnership to acquire the building located at 2090 Woodward in southeast Austin. Endeavor would conduct all due diligence and feasibility on the acquisition, which included the following:

- Environmental Phase I Study
- City of Austin Code Compliance for the building
- City of Austin Land Development Compliance
- Mechanical, Electrical and Plumbing Systems Report
- Zoning Compliance Report
- Structural Report
- Roof Report
- Civil Engineering Site Assessment

In addition, Endeavor would procure permanent financing for a 15 year, fully amortized loan. Endeavor prepared a partnership agreement and lease agreement for the venture.

Results

- Endeavor used the due diligence studies to achieve a \$400,000 price reduction due to structural and roof problems. This price reduction was secured through a contract amendment and a credit at closing.
- Endeavor determined that the site could be reconfigured to expand the building by an additional 37,000 sf.
- Endeavor replaced the roof, built the approximately 15,000 sf retail store and the 14,000 sf office space on time and under budget.
- Endeavor secured a 15 year, fully amortized loan at a 6.361 fixed interest rate.
- Endeavor is currently securing a Site Development Permit and architectural plans to expand the project by 37,000 sf with construction to commence in the Summer of 2007.

