

EXECUTIVE SUMMARY OF A REAL ESTATE BUSINESS

ABC Properties will be a Limited Liability Company headquartered in Little Rock, Arkansas. The Company plans to invest in beautiful and affordable residential real estate in Little Rock and adjoining areas. The Company will acquire, renovate and rent the residential homes. ABC Properties will also purchase distressed properties and sell them at high margins after necessary repairs and maintenance. The lucrative properties of the Company will provide move-in-ready properties for home renters. The Company aims to diversify its portfolio and increase profitability while serving low-income residents in Little Rock by providing residential homes for rent and sale. The owner's experience and familiarity with industry norms will play a key role in making the Company a long-lasting success. To achieve the Company's objective, the management contributes **\$50K** into the business and seeks **\$200K** as a bank loan.



ABC Properties is registered in the state of Arkansas and headquartered in Little Rock. Ownership is held by Ms. XYZ.

Business Model: ABC Properties intends to earn revenue from real estate investments by renting residential properties in Arkansas, primarily focusing on Little Rock Metropolitan. The Company will build a home on purchased land, buy abandoned houses, and renovate them into luxury living places for rental income. The Company also plans to sell the residential properties if the transaction yields higher profit margins. ABC Properties' major expenses will comprise purchasing, construction, renovation/repairs of residential properties, remuneration of management, and marketing expenses.



Market Size: There are nearly 200,000 people in Little Rock and about 740,000 residents in the metropolitan area. Over the past eight years, the population of Little Rock has increased by 5.9%. Over the last ten years, the number of renters increased two times faster than the number of homeowners in the U.S., according to RENTCafé. 35,351 or 43% of the households in Little Rock, AR, are renter-occupied, while 46,636 or 56% are owner-occupied. Moreover, real estate properties have witnessed value appreciation up to 21%¹ over the past five years from 2015 to 2020 and 5.46% in 2020 alone.

Target Market: The primary target market for the services offered for rent by ABC Properties will be single males/ females and unmarried couples. According to research by roofstock, In Little Rock, these three groups make up nearly 64% of the households in the Little Rock metro area². In 2019, 49 % of renters were under 30 years old³, while persons aged above 30 years make up 51 % of home renters. 23 % were aged between 30-44 years. The secondary target market will include first-time buyers aged 22 and 39 years. Most buyers 39 and younger were first-time buyers, at 33% in 2020. The 40 to 54 age group had the second-highest percentage of first-time buyers among other buyers. This age group also includes repeat homebuyers. A seller who wants to sell property under a foreclosure order or is advertised for sale by its mortgagee is the target market for the flipping segment.

¹ <https://www.neighborhoodscout.com/ar/real-estate>

² <https://learn.roofstock.com/blog/little-rock-real-estate-market>

³ nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/renters-and-owners/

Marketing: Marketing for ABC Properties will be done through various media, with the Internet being the primary driver. The Company will develop a website that outlines all the services offered, Search Engine Optimized (SEO), to gain more traction and traffic. The Company will also have a presence on social media platforms (Facebook, Instagram, LinkedIn, Twitter, and YouTube) to drive strong word-of-mouth and authentic marketing message. ABC Properties will also list properties on real estate listing websites, such as Zillow, Realtor.com, Redfin, and MLS. Apart from the strategies mentioned above, ABC Properties will also use Networking, e-mail marketing tools, listing at Yelp, and word of mouth to allow the organization to deliver an original trusted marketing message.

Management: Ms. XYZ is the owner of ABC Properties. Ms. XYZ is a seasoned business professional who is well connected and attuned to the needs of her targeted market. Her work ethic and business acumen will be the key drivers that propel this venture towards a position of lasting success.

COVID-19 on the Real Estate Market: This spring, the COVID-19 crisis significantly impacted the residential real estate market. Home sales in April and May 2020 dropped to their lowest levels since the housing and financial crisis of 2007, with many homeowners hesitant to sell in the wake of the pandemic. According to the national real estate brokerage Redfin, the number of delisted homes increased over 25% from one year ago during early March to early April 2020. New listings were also down more than 40% in April compared with the same period last year. The housing supply dropped to new lows because of a lack of new listings and an already low inventory. The list of homes for sale decreased 17% in April compared with last year. Buyers also reduced their home-buying activity. According to Redfin, home showings per listing in the U.S. were down over 40% in April compared with the same period last year.⁴

Financial Overview: The Company expects steady growth over the first five years of operation and projects the following revenue to be generated:

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$313,800	\$482,124	\$601,783	\$746,309	\$926,789

OBJECTIVE

The purpose of this plan is to provide financial institutions with the information necessary to evaluate the scope and future growth of ABC Properties in the marketplace. In addition to serving as a roadmap for management, the plan will show that:

- 1) A significant market opportunity exists when analyzing the current market demands and competitive landscape;
- 2) The management team set in place is qualified to execute on a well-thought-out operational, marketing, and sales strategy, and
- 3) The correct capital structure will allow for a long-lasting, profitable business.

To achieve the Company’s objectives, ABC Properties seeks **\$200,000** in total funding. The funding will be allocated in various ways, including staffing, operations, and marketing initiatives. The investment risk is minimal based on the management experience and industry growth rates. ABC Properties’ financial model shows consistent growth for the brand over the next five years. By year five, plans call for the Company to achieve **\$926K** in annual gross revenue with a net profit of **\$232K** or approximately **25%**.

⁴ <https://www.stlouisfed.org/publications/regional-economist/fourth-quarter-2020/impact-covid-residential-real-estate-market>