



## **Creating a Bankable Investment Package: Turning Your Model into a Magnetic Pitch**

Raising capital is one of the most critical and daunting step in real estate development. Whether you're seeking a construction loan, courting equity partners, or presenting to municipal officials, you need more than a spreadsheet. You need a narrative that positions your project as a compelling, credible, and trustworthy opportunity. A bankable investment package does exactly that. It marries numbers with narrative, data with vision, and risk with strategy.

At Elevated Development, we believe that a pro forma isn't a formality; it is the linchpin of success. It tells the story of the deal, defines the project's financial pathway, and persuades investors and lenders that your vision is viable.

### **Why the Investment Package Matters**

A pro forma is the financial backbone of any development. It projects the revenue, calculates the costs, and determines the needed capital. But it also does much more: it demonstrates that you've done your homework. A thorough pro forma is based on accurate, market-tested assumptions and recognized valuation methods. It shows that you have researched local land costs, benchmarked construction budgets, and accounted for the true cost of capital.

The quality of your assumptions can make or break your deal. If you are too optimistic, your model may produce dazzling returns on paper but collapse in reality. If you are too conservative, you may walk away from a project that could have succeeded. The art is in balancing risk and opportunity.

Consider a common scenario: You're evaluating a parcel near a growing suburb. Land prices are rising, but available comps are scarce. Should you rely on recent sales from ten miles away? Should you account for the impact of a new highway? A good underwriter blends the empirical (recorded prices, absorption rates, interest trends) with the experiential (developer experience, broker insight, builder feedback).

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The result is a set of assumptions that feel grounded and reasonable. This foundation allows you to answer the most important question: Does this deal make sense, and if so, for whom?

### **Essential Components: Data + Storytelling**

1. **Executive Summary** – This is your elevator pitch in a page. It distills the entire project into a few key sentences: What are you building? Where is it located? Why will it succeed? When will capital be deployed and returned? Who are the key players and sponsors? Many developers bury these answers deep within a model. Don't. Put them up front. Include a concise project snapshot, phasing overview, and the essential metrics (total cost, projected return, timing). The executive summary sets expectations and invites deeper analysis.
2. **Market & Site Analysis** – Your revenue projections must rest on solid ground. To achieve this, compile objective data: land pricing, comparable sales, municipal impact fees, school district rankings, population growth, and local job creation. Consider supply-side constraints: How many competing lots or apartments will be delivered in the next two years? What absorption rates have comparable projects experienced? In one of our recent deals, for example, we expected 12 lots per month based on our comps. But the school district had enacted a temporary moratorium on new construction due to capacity limits. By incorporating that factor, we adjusted our absorption rate downward. Market analysis prevents surprises and shows investors that you've considered the broader economic context.
3. **Development Timeline & Phasing** – Investors and lenders care about time because time is risk. A well-structured timeline outlines the predevelopment period, permitting windows, horizontal construction milestones, and vertical build-out if applicable. Phasing is critical: will you deliver lots in six-month intervals? Will you split the project into smaller stages to manage cash flow? A timeline built into your pro forma allows lenders to match loan draws to construction spend and equity partners to anticipate cash calls. It also helps you foresee bottlenecks, like utility relocations or seasonal weather delays. At Elevated Development, our internal rule is to build the timeline first and ensure that every cost and revenue line ties back to it.
4. **Cost Estimates—Hard & Soft** – Underestimating costs is one of the fastest ways to erode profits and erode trust. Divide costs into hard and soft categories: Hard costs include earthwork, infrastructure, utilities, roads, and

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- building materials. Soft costs encompass engineering, architecture, permitting, legal, marketing, taxes, and financing fees. Always include contingencies, typically 5–10% of hard costs and 10–20% of soft costs, to cover the unexpected. Your pro forma should itemize each line, not hide numbers in aggregated categories. For instance, line items for stormwater detention, landscaping, or geotechnical analysis show lenders that you have captured the true scope of work. Precise cost estimates instill confidence and reduce the risk of unplanned overruns.
5. **Absorption Rates & Revenue Forecasts** – Revenue is the lifeblood of your model. For lot sales or apartment lease-up, absorption rates dictate cash flow and capital recovery. Resist the temptation to project the best case scenario. Instead, build your base case on current market velocity. Gather data from brokers, check builder sales paces, and evaluate demographic trends. If your comps show 10 lots per month, model 8 or 9 for your base case and explore the upside separately. Similarly, determine realistic pricing for your lots or units by analyzing recent transactions and adjusting for location, product, and timing. Revenue projections that survive scrutiny are one of your best sales tools.
  6. **Capital Stack & Financing Structure** – The capital stack reflects who provides the money, when, and at what return. Typical sources include sponsor equity, joint venture equity, senior debt, mezzanine debt, and possibly public incentives. Lay these out clearly: How much equity do you have at risk? What are the terms of your debt? Are there preferred returns? Development fees? By making your uses of funds transparent (land acquisition, predevelopment, horizontal construction, interest reserve), you help prospective investors see how their money will be deployed and repaid. If you are offering a common equity position, be clear about waterfall structures and promote splits.
  7. **Return Metrics & Exit Strategy** – Key performance indicators such as internal rate of return (IRR), equity multiple, net present value, and cash-on-cash returns show potential investors how the project is expected to perform. But a flashy IRR is not enough; you need to pair the numbers with a plausible exit strategy. Will you sell finished lots to homebuilders? Deliver finished homes to end-buyers? Retain and refinance rental units? Each exit route has implications for timing, risk, and capital requirements. The most credible models show that the developer can adapt if market conditions change. For example, if lot sales slow, can you pivot to rental? If debt markets tighten, can

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- you extend your timeline? A clear exit strategy demonstrates flexibility and foresight.
8. **Risk Analysis & Sensitivity Testing** – Development is inherently risky. Costs rise, interest rates change, entitlements can be delayed. Sensitivity analysis helps you anticipate how these shifts affect your returns. For each key variable; absorption, pricing, construction cost, interest rate, run multiple scenarios (e.g., -10%, base case, +10%). Show the impact on cash flow, debt service coverage, and IRR. Don't hide the downside. Instead, pair each risk with a mitigation strategy: locking interest rates, negotiating builder takedowns, or securing optional phases. Investors respect honesty and want to see that you have a plan for the what-ifs.
  9. **Visuals & Attachments** – A dense spreadsheet can be intimidating. Visual aids transform data into insight. Site plans illustrate the layout of lots, roads, green space, and infrastructure. A phasing diagram reveals how the project will unfold across time. Comparable tables show pricing and absorption data in a concise format. A sources-and-uses table summarizes where the money comes from and where it goes. A builder letter of intent adds credibility by showing that reputable builders have committed to your project. These visuals are not decoration; they are tools that aid decision-making.

### **Tell the Story: Build Confidence, Not Confusion**

Underwriting is both science and art. The numbers must be accurate and transparent, but they must also tell a story. Your model is effectively a pitch deck. It should guide the reader logically from the project's vision to its execution plan and expected results. When you walk investors through your model, explain why each assumption makes sense. If you expect a temporary dip in absorption due to a school construction moratorium, state it. If your geotechnical study revealed unsuitable soil on 20% of the site, show how you will mitigate the cost. Don't obscure reality behind a wall of formulas.

Transparency builds trust; trust unlocks capital. A common mistake among developers is using complex formulas and multiple hidden tabs to dazzle investors. This rarely works. Sophisticated capital partners want clarity. They will appreciate models that spell out, in plain language, how the deal works.

In our practice, we include a tab called "Assumptions" that lists every major input and cites the source. We include a summary tab that walks through the timeline: when capital is called, when it is returned, and how profits are split. We also



integrate charts that display cash flow by month and IRR across scenarios. When investors see that you've taken care to explain the deal, they are more likely to trust your numbers and your team.

### **Keep It Dynamic: Update and Adapt**

A static pro forma is a relic. Development projects unfold over months or years, and the environment can change quickly. Interest rates may rise, material costs may spike, or a new development may saturate your market. A dynamic pro forma is updated whenever new information arrives. Early in the process, you might adjust your timeline to reflect a longer permit review. Midway through construction, you might revise costs based on actual bids. During marketing, you might adjust revenue projections based on sales velocity. Regular updates serve three purposes: they allow you to course-correct, they keep your investors informed, and they build a track record of transparency.

At Elevated Development, we set milestones for pro forma updates: after the initial feasibility study, after entitlements, when plans are submitted for permits, at the start of construction, and at regular intervals thereafter. Each update includes a narrative explaining why assumptions have changed and how those changes affect returns. Investors appreciate this discipline because it signals that you are managing risk proactively rather than reacting to surprises. It also gives us the opportunity to refine our capital strategy—by refinancing debt, adjusting equity calls, or negotiating new terms.

### **Final Thoughts**

Developing land is as much about managing relationships as it is about moving dirt. Investors, lenders, builders, and officials all rely on the pro forma to understand the project. A well-crafted investment package is both an analytical tool and a communication device. It should be clear enough to guide your internal decisions and persuasive enough to attract external capital. Balanced assumptions, realistic cost estimates, rigorous sensitivity testing, and transparent storytelling are the hallmarks of a credible pro forma.

At Elevated Development, we build our models as if our reputation depends on them—because it does. We recognize that the ability to secure funding hinges on our willingness to own the risks, to update assumptions as conditions change, and to communicate openly with partners. When done right, a bankable

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investment package becomes a magnetic pitch—one that aligns capital with opportunity and transforms vision into reality.

If you're ready to learn more about executing on the other side of the pro forma, stay tuned for Week 7: Delivering Fully Completed Lots, where we dive into the nuts and bolts of horizontal development and lot delivery.