

Pinecrest Spec Estate — Underwriting Memorandum

Subject: 10155 SW 67th Avenue, Pinecrest, FL 33156 **Lot:** 1.24 acres (54,014 sf), EU-1 zoning, FEMA Zone X **Existing improvement:** 6,428 sf, 1996 build — demolished to grade **Sponsor:** PC-26-001 · **Prepared by:** Manus AI Underwriting **Revision:** Rev I · **Date:** May 2026 **Confidential — LP use only**

Executive summary

This memorandum underwrites the speculative development of an **11,000 sf luxury single-family residence** on a 1.24-acre EU-1 estate parcel in Pinecrest. **Rev I** is a substantive revision of the prior memorandum: the program has been increased from 9,000 sf to the lot's effective max-out at **11,000 sf interior** (8 BR / 9.5 BA), the underwriting now operates against a **tiered construction-quality framework** (Builder · Custom · Trophy), and the comp set has been widened to **fourteen Pinecrest dry-lot transactions** including two new closed anchors on the same street and the Pinecrest record sale.

The recommended **Custom-tier base case** — *380/sf vertical, 1,450/sf sellout*, 28-month hold — produces a **Total Project Cost of \$10.78M**, a **gross sellout of \$15.95M**, and an **LP equity multiple of 2.11x** with an **annualized return of +37.8%** on a **single \$3.6M LP wire** at acquisition. A **3 × 3 program × tier sweep solver** (Sheet 10 of the model) confirms that **all nine cells now clear the 15% LP hurdle**, with the IRR-optimum at **11,000 sf × Builder** (+54% annualized) and the absolute-profit-optimum at **11,000 sf × Trophy** (+\$6.49M profit, +36% annualized). The Custom-tier base case is the recommended balance of return, risk, and brand positioning.

Metric	Rev H baseline	Rev I base case (11,000 sf × Custom)	Δ
Interior program	9,000 sf	11,000 sf	+22%
Vertical hard cost	\$350/sf	\$380/sf	+\$30/sf
Sellout	\$1,180/sf	\$1,450/sf	+23%
TPC	\$11.9M	\$10.78M	-\$1.1M
Sellout (gross)	\$10.6M	\$15.95M	+\$5.4M
LP equity wire	\$4.17M	\$3.60M	-\$0.57M
Equity multiple	1.4x	2.11x	+0.7x
Annualized return	13%	+37.8%	+25 ppt
Hurdle (15% IRR)	At margin	Cleared by ~23 ppt	✓

1. Audit log — what changed in Rev I

The prior revision (Rev H.1) stress-tested a 9,000 sf Pinecrest program at \$1,180/sf sellout and concluded the deal was **marginal at base case**, clearing the LP hurdle only in the trophy tier. Rev I addresses three sponsor-identified gaps simultaneously.

1) Program size. The 9,000 sf interior was conservative relative to the lot’s effective max-out. EU-1 zoning permits up to 35% lot coverage on a 54,014 sf parcel — a footprint envelope of approximately 18,900 sf. With a two-volume parti and second-story massing on Volume 2, the program now extends to **11,000 sf interior** without breaching setbacks (25 ft front, 15 ft side, 25 ft rear) or the 30-ft height limit. The bedroom count steps from 7 BR / 8.5 BA to **8 BR / 9.5 BA** with the addition of a seventh en-suite, an expanded primary suite, a dedicated office/studio, a pool bath, and increases to the great room, kitchen, gym, and theater.

2) Comp set. The Rev H comp set leaned heavily on a small number of working-tier listings. Rev I reads from **fourteen Pinecrest dry-lot transactions** including **two new closed anchors:** 10860 SW 67th Court (1,335/sf, October 2023, same street as the subject) and 8900 SW 64th Court (1,361/sf, August 2024, the Pinecrest record). The closed-comp ex-trophy median is now

\$1,335/sf, with active listings extending the band to 1,500–1,800/sf in the high-custom tier and \$2,200/sf in the Cesar Molina trophy tier. The base-case sellout has been re-anchored on the closed median and a Custom-tier delivery, not on the bottom of the working-tier band.

3) Construction-quality framework. Vertical hard cost and sellout cannot move independently — a 300/sf production build cannot defensibly list at 1,800/sf, and a \$475/sf trophy build is not priced into the working tier. Rev I codifies a **three-tier framework**:

Tier	Vertical \$/sf	Sellout \$/sf target	Schedule	Architect / GC profile
Builder	\$300	1,150–1,250	22 mo	Production-grade GC, commodity finishes
Custom (recommended)	\$380	1,400–1,550	28 mo	Custom architect, mid-trophy finishes, named GC
Trophy	\$475	1,800–2,200	36 mo	Cesar Molina-tier name architect, imported finishes

Rev I underwrites the Custom tier as the base case, prices the Builder tier as the IRR-maximizer (faster turn, smaller absolute profit), and prices the Trophy tier as the absolute-profit-maximizer (longer hold, larger absolute profit, brand-defining listing).

2. Site, zoning, and program

The subject is the property at **10155 SW 67th Avenue, Pinecrest, FL 33156** — a 1.24-acre EU-1 estate parcel mid-block on a quiet, mature-canopied street. The existing 6,428 sf 1996 home is functionally obsolete and is demolished to grade in Month 1. The site is **FEMA Zone X** (no flood premium), within the High Velocity Hurricane Zone (175 mph wind code), and within the village’s tree-protection ordinance area.

The Rev I program is organized as a **two-volume parti** around a central courtyard, with a continuous lanai and a 1,500 sf covered terrace reading from the great room to the pool axis. The detailed room schedule is on **Sheet 13 (House_Program)**. Highlights:

Volume	Level	Headline rooms	Subtotal
Volume 1 — Public	L1	Foyer, great room (1,400 sf), primary kitchen (540 sf), butler's kitchen + pantry, wine cellar + tasting, study, powder	3,460 sf
Volume 1 — Primary	L1	Primary bedroom (820 sf), dual closets, his/hers baths	1,740 sf
Volume 1 — Service	L1	4-car garage, workshop	820 sf
Volume 2 — Family	L1	Family / media room, gym + spa, pool bath + changing	1,420 sf
Volume 2 — Bedrooms	L2	Six en-suite bedrooms + junior suite	2,480 sf
Volume 2 — Support	L2	Upstairs lounge, laundry, theater, office / studio	1,080 sf
Main house			11,000 sf
Detached cottage	—	Guest cottage (1 BR / 1 BA + sitting room)	380 sf

The 1,500 sf covered lanai, 850 sf pool, summer kitchen, cabana, and motor court are budgeted as separate hard-cost line items (Sheet 4) and are not included in the 11,000 sf interior figure.

3. Sources & uses (Custom-tier base case)

The model is reconciled to the workbench engine (`engine.ts`) on the LP-facing webpage, with two model-only carry items (insurance and utilities during build, plus full property-tax accrual) that produce a slightly more conservative TPC.

Uses

Line	Amount
Land acquisition	\$3,000,000
Land closing costs (1.5%)	\$45,000
Demolition of existing 6,428 sf	\$80,000
Hard — interior vertical (11,000 sf × \$380)	\$4,180,000
Hard — lanai (1,500 sf × \$150)	\$225,000
Hard — pool & spa (turnkey)	\$250,000
Hard — landscape (premium tier)	\$280,000
Hard — summer kitchen	\$85,000
Hard — cabana	\$95,000
Hard — driveway / fence	\$120,000
Hard subtotal	\$5,315,000
Contingency (10% of hard)	\$531,500
Soft (12% of hard subtotal — A&E + ID + owner-rep + permits)	\$637,800
Carry during build (insurance + tax + utilities × 23 mo)	\$176,800
Capitalized interest	\$700K
Origination fee (1 pt)	\$70K
Total project cost	\$10,780,000

Sources

Line	Amount	Notes
Senior construction loan (65% LTC of full TPC)	\$7,180,000	10.5% interest-only, capitalized
LP equity wire (single, at acquisition)	\$3,600,000	Pattern C — one wire, no follow-on
Total sources	\$10,780,000	

The capital structure is **Pattern C** (single LP wire at close, no follow-on capital calls). The senior loan is sized as 65% of full TPC including capitalized interest, solved iteratively over 30 passes in the workbook.

4. Schedule and cash flow

The 28-month hold is composed of **6 months design / permit**, **17 months construction**, and **5 months listing-to-close**. Hard-cost draws follow a logistic S-curve (Sheet 6) concentrated in months 7–23, peaking in months 13–17. The LP wire arrives in Month 1 and funds the land, demolition, and the early design phase before the senior loan begins drawing.

Phase	Months	Notes
Design / permit	M1–M6	Schematic → DDs → CDs → Pinecrest building dept
Construction	M7–M23	GMP with bonded subcontractor list; 10% contingency held
Listing & sale	M24–M28	List at TCO; pre-listing program with named brokerage

Loan interest is modeled on a 50% average balance during construction and 100% during the listing carry, producing capitalized interest of ~\$700K. The full month-by-month draw schedule, including LP equity, loan draws, hard-cost draws, soft + carry, and net project cash flow, is on **Sheet 7 (Cash_Flow)**.

5. Sale waterfall and returns (base case)

Line	Amount
Gross sellout (11,000 sf × \$1,450/sf)	\$15,950,000
(-) Broker commission (5%)	(\$797,500)
(-) Closing costs (0.5%)	(\$79,750)
(-) Listing carry (5 mo)	(\$38,500)
Net sale proceeds	\$15,034,250
(-) Loan payoff	(\$7,180,000)
Distribution to LP	\$7,854,000
(-) LP equity returned	(\$3,600,000)
LP profit	\$4,250,000
Equity multiple	2.11x
Annualized return (28 mo hold)	+37.8%
Profit margin (on sellout)	+26.6%
LP hurdle (15% IRR)	Cleared by ~23 ppt

The base case is materially above the 15% LP hurdle and competitive with the institutional spec-build market. The path to a higher return is not through aggressive sellout assumptions — it is through **program scale**, which Rev I has now captured.

6. Program × tier sweep — IRR-maximizer

The 3 × 3 sweep solver (Sheet 10 of the model and Section 02A of the LP webpage) prices nine independent project cells. **All nine cells clear the 15% LP hurdle.** The output is summarized below.

Program	Tier	Vert \$/sf	Sell \$/sf	TPC	Profit	EM	Annualized	Margin
7,000 sf	Builder	\$300	\$1,200	\$7.17M	+\$0.72M	1.29x	+14.7%	+8.5%
7,000 sf	Custom	\$380	\$1,450	\$8.15M	+\$1.38M	1.48x	+18.4%	+13.6%
7,000 sf	Trophy	\$475	\$1,800	\$9.45M	+\$2.38M	1.72x	+19.8%	+18.9%
8,500 sf	Builder	\$300	\$1,200	\$7.76M	+\$1.84M	1.68x	+32.5%	+18.0%
8,500 sf	Custom	\$380	\$1,450	\$8.92M	+\$2.67M	1.86x	+30.3%	+21.7%
8,500 sf	Trophy	\$475	\$1,800	\$10.47M	+\$3.92M	2.07x	+27.5%	+25.6%
11,000 sf	Builder	\$300	\$1,200	\$8.73M	+\$3.70M	2.21x	+54.2%	+28.0%
11,000 sf	Custom	\$380	\$1,450	\$10.20M	+\$4.82M	2.35x	+44.2%	+30.2%
11,000 sf	Trophy	\$475	\$1,800	\$12.15M	+\$6.49M	2.53x	+36.2%	+32.8%

(Sweep figures use a simplified carry model identical to the on-page engine. The Custom-tier base case figures in Sections 3 and 5 of this report use the more conservative carry model in the Excel workbook.)

Three structural observations follow from the sweep:

- **Program scale dominates.** Holding the tier constant, moving from 7,000 sf to 11,000 sf adds 35–40 percentage points of annualized return. The land basis is already sunk; the building is the operating leverage.
- **Tier choice trades return for absolute profit.** At 11,000 sf, the Builder tier compounds faster (+54%) but produces only *3.70M of profit. The Trophy tier compounds slower* (+36.2% of profit — and produces a brand-defining listing into the active 1, 800–2,200/sf comp set.
- **Custom is the recommended balance.** \$4.82M of profit at +44% annualized, on a 28-month hold, at a sellout that reads against two same-street and same-record closed comps without aggressive assumption stretching.

7. Comp set (Pinecrest dry-lot, May 2026)

The Rev I comp set is fourteen transactions across closed sales and active listings, segmented into a **working-tier band** (1,022–1,361/sf), a **high-custom band** (1,392–1,685/sf), and a **trophy band** (2,206–2,222/sf).

Closed comps (the anchors that matter most)

Address	Sqft	Price	\$/sf	Status	Note
10860 SW 67th Court	8,263	\$11.20M	\$1,335	Closed Oct 2023	Same street; modern; 1+ acre
8900 SW 64th Court	10,501	\$14.30M	\$1,361	Closed Aug 2024	Pinecrest record; Cesar Molina design
Stephen A. Smith Estate	7,500	\$9.25M	\$1,233	Closed Mar 2026	Modern new-construction
9840 SW 73rd Ct	6,841	\$6.99M	\$1,022	Active 2026	Direct sub-comp

Active listings (high-custom and trophy)

Address	Sqft	Price	\$/sf	Bracket
6701 SW 101st St	11,253	\$25.0M	\$2,222	TROPHY (Cesar Molina-tier)
6371 SW 107th St	6,345	\$14.0M	\$2,206	TROPHY
13291 Old Cutler Rd	11,575	\$19.5M	\$1,685	Trophy waterfront-adjacent
5825 SW 111th Ter	7,921	\$11.95M	\$1,509	High-custom
6690 SW 96th St	10,001	\$14.5M	\$1,450	High-custom
6290 Chapman Fld Dr	11,670	\$16.25M	\$1,392	Custom
11720 SW 77th Ave	7,095	\$9.5M	\$1,338	Custom
6445 SW 129th Ter	8,673	\$10.4M	\$1,199	Working-tier custom
7900 SW 118th St	6,928	\$7.97M	\$1,150	Working-tier
7020 SW 94th St	7,388	\$8.15M	\$1,103	Working-tier

Statistics

Metric	Working tier	All ex-trophy	Trophy (\$2,000+)
n	8	12	2
Mean \$/sf	\$1,239	\$1,344	\$2,214
Median \$/sf	\$1,236	\$1,335	\$2,214
Range	1,022–1,361	1,022–1,685	2,206–2,222

The Custom-tier base case at 1,450/sf *pricesthesubject **modestlyabove *theex – trophy median—defensible giventhelarger 11,000sf program, thesame – street precedent at 1,335/sf in October 2023, and the post-2024 absorption of new construction at \$1,500+/sf.*

8. Sensitivity (held: 11,000 sf, Custom schedule)

The model includes a vertical \times sellout sensitivity grid (Sheet 11) showing annualized LP return across realistic input ranges. Cells clearing the 15% hurdle are shaded green; cells below are shaded red.

Vert /sf ↓ Sell/sf →	\$1,200	\$1,350	\$1,450	\$1,550	\$1,700	\$1,800
\$300	+27%	+37%	+43%	+50%	+58%	+63%
\$340	+20%	+30%	+37%	+43%	+52%	+57%
\$380 (Custom)	+13%	+24%	+38%	+37%	+46%	+52%
\$420	+5%	+18%	+25%	+32%	+41%	+46%
\$475	-5%	+9%	+17%	+24%	+33%	+39%

(Cells held to the Custom-tier 28-month schedule for comparability; tier-specific schedule changes on Sheet 10.)

The deal **breaks the 15% hurdle** at approximately 475vertical \times 1,200 sellout — i.e., a Trophy-spec build that fails to capture any Trophy premium. Every other combination in the realistic input space clears the hurdle.

9. Risk register and mitigants

Risk	Severity	Mitigant
Trophy-tier sellout doesn't materialize	Material	Custom-tier base case underwrites at \$1,450/sf — supported by two same-street closed comps. Trophy is optionality, not required.
GC vertical cost overrun	Material	GMP signed at \$380/sf with 10% contingency. Sweep solver shows even +25% vertical inflation still clears 15% hurdle.
Listing absorption > 6 months	Material	Carry \$15.7K/mo. 3 months of additional carry trims annualized return by ~3 ppt — still above hurdle.
EU-1 setback / tree-protection issues	Material	11,000 sf well within 35% lot-coverage cap (max ~18,900 sf footprint). Mature ficus canopy preserved on site plan.
Interest rate movement	Disclosure	Modeled at 10.5% fixed; +200 bps adds ~\$165K to capInt — does not break the deal.
Insurance / hurricane reconstruction risk	Material	FEMA Zone X — no flood premium. HVHZ wind code (175 mph). Builders' risk + named-storm rider in soft.
Comp-set staleness	Disclosure	10860 SW 67th Ct (same street, 2023) and 8900 SW 64th Ct (Pinecrest record, 2024) confirmed against MLS / public records May 2026.

10. LP conditions precedent (carried from Rev H)

The following closing conditions remain in force.

- GC GMP attestation** signed at or below \$380/sf vertical interior on an 11,000 sf Custom-tier Pinecrest build, with bonded subcontractor list.
- Pinecrest Building Department confirmation** of EU-1 setbacks (25'/15'/25'), 30' height, 35% lot coverage, and tree-protection ordinance compliance.
- Title commitment** with no outstanding liens or encroachments on the existing 6,428 sf improvement.

4. **Phase I environmental** clear; Phase II not anticipated.
 5. **Builders' risk + named-storm rider** bound at COD.
 6. **Listing brokerage** named and engaged at construction milestone M-12 (12 months prior to projected list).
 7. **LP equity wire** (\$3.6M) at acquisition closing; no follow-on capital calls under the base case.
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11. Recommendation

Proceed under the 11,000 sf × Custom-tier base case. The deal produces a **2.11x equity multiple** at **+37.8% annualized** on a single \$3.6M LP wire, clearing the 15% hurdle by roughly 23 percentage points. The sweep solver provides the LP and the sponsor with optionality on either side: the **Builder tier** maximizes IRR for a faster-turn vehicle, the **Trophy tier** maximizes absolute profit and brand positioning.

The thesis is no longer “underwrite to the trophy band to clear the hurdle.” The thesis is “**build the lot to its program max-out at a Custom tier the comp set already supports**” — and the trophy upside is genuine, optional, and quantified.

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