

TODS - SAENZ PEÑA

Pre Feasibility Analysis

Prepared for

The World Bank



WORLD BANK GROUP



Korea
Green Growth
Trust Fund



City
Resilience
Program

3 de Febrero - Buenos Aires - Argentina

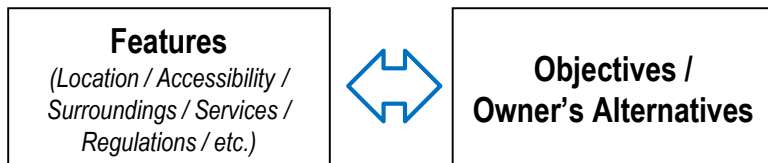
June 2019



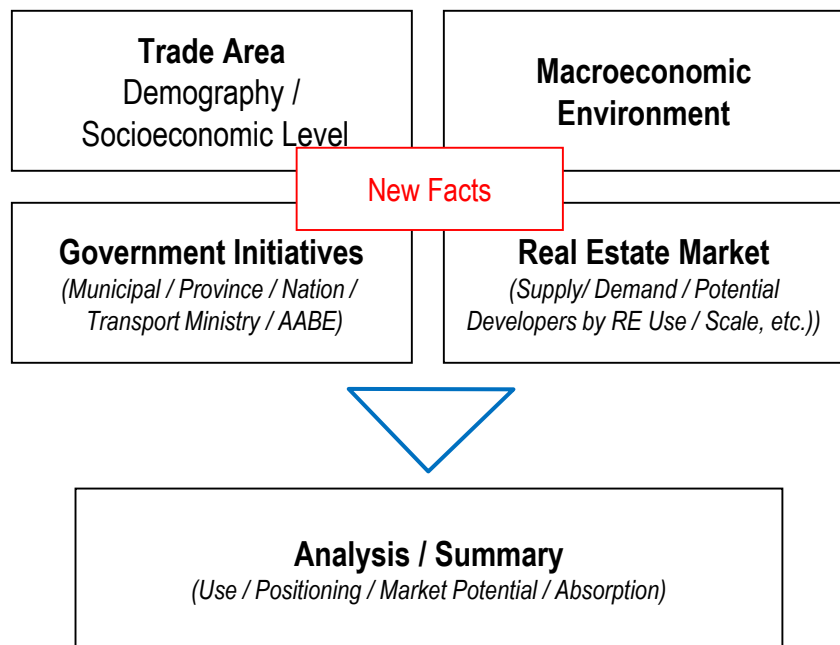
**CUSHMAN &
WAKEFIELD**

Methodology

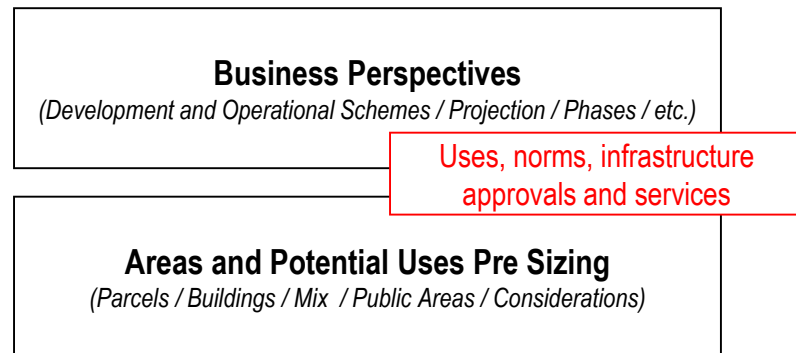
Project



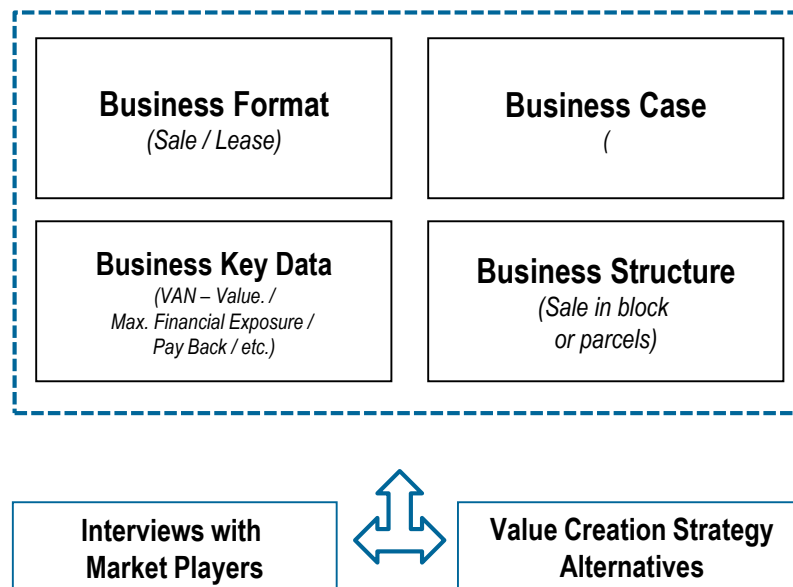
Current Situation



Planning



Economic and Financial Indicators

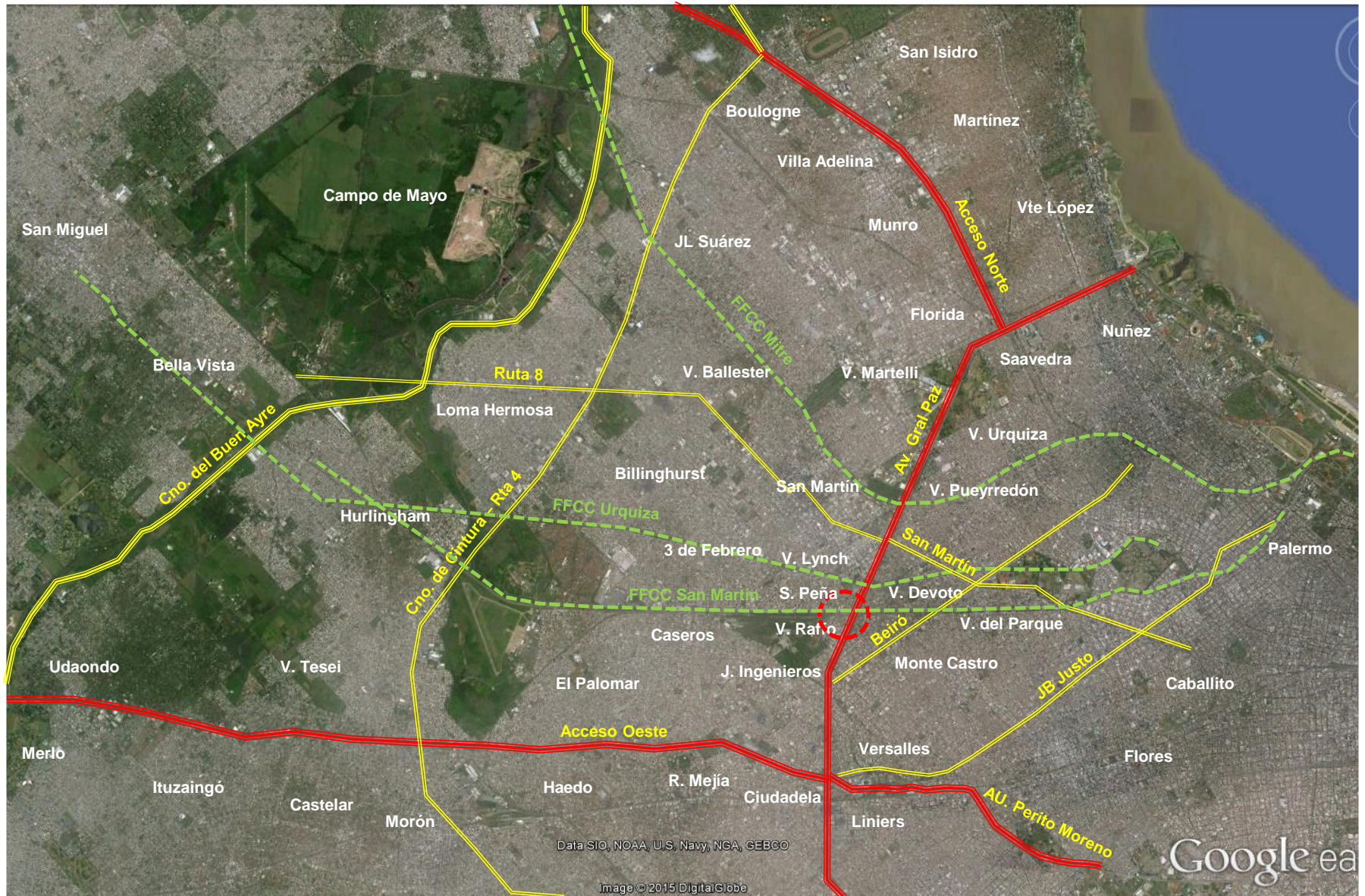


Location and Accesibility



Estación Sáenz Peña
Ferrocarril Gral. San Martín
Partido de Tres de Febrero
Provincia de Buenos Aires

Location and Accesibility (Cont.)



Location / Accessibility / Morphology



Findings - Highlights

Strengths and Opportunities

- ✓ Attractive project and location to develop the TODS strategy for urban growth.
- ✓ Important community spill over due to the creation and reconversion of public space.
- ✓ The location, scale and shape of the properties projected are suitable for a project that will overcome the current supply.
- ✓ Good general accessibility, better depending on the RE Use.
- ✓ The project is already legally regulated and approved by all parts involved (local, national and state departments)
- ✓ Other projects that may compete with the TODS are smaller and lack differentiating features.
- ✓ Scale and Accessibility of the Project allows it to focus in local demand and beyond.
- ✓ Attractive location for a residential development oriented to medium and medium/low socioeconomic level.
- ✓ Mortgages and other economic incentives for the sale of the properties may reduce absorption times.

Weaknesses and Threats

- ✓ Not the right time to sell: economic (market) and political (presidential elections coming).
- ✓ Real Estate Market Transition: supply is adapting and demand slowed down. Investors and high income population motorized the market.
- ✓ For the project to be successful, some infrastructure and other works need to be developed.
- ✓ Major financial exposition vs. other locations: mainly way of payment and infrastructure.
- ✓ The large scale of the project makes it difficult for a single local developer to acquire the entire property.
- ✓ Low Density area, with medium, medium/low socioeconomic level predominance.
- ✓ Some projects nearby may become competitors for this project (Nobleza / Lastra y GP).
- ✓ Current accessibility makes it less advantageous for the project to be a commercial development zonal scale.
- ✓ Its location is not validated yet as a Corporate Office Spot. It does allow an alternative office format, though.

Value Generation Strategy – Key Drivers

Objective: to obtain the best possible value for the State and the Community, aligning process' times and risks.

**New
Alternatives**

- *Align incomes with the real funding needs.*
- *Manage financial risks (payment methods), infrastructure (who and when) and scale (selection among probable developers / investors)*
- *Capitalize the best value reached by different activities and facts:*
 - *Consolidation and Project Progress*
 - *Create General awareness about the TODS Strategy*
 - *The improvement of the micro and macro context*

**Initial
Hypothesis**

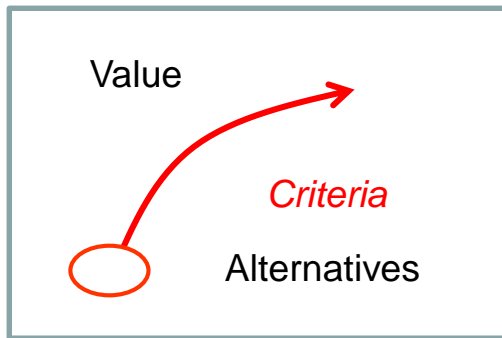
Value
Criteria
Alternatives

Value Generation Strategy – Alternatives



(*) Estimated Costs for Local Streets and Basic Services = 1,5 USD MM

Value Generation Strategy – Alternatives



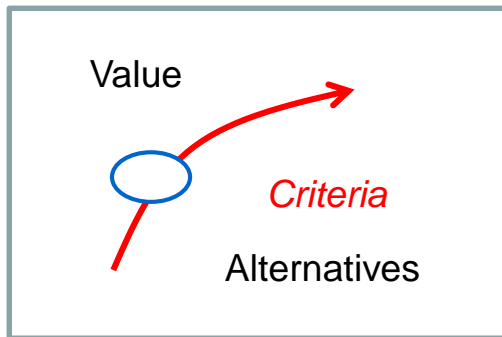
• Advantages

- Immediate availability of funds.
- Municipality is able to control the infrastructure works (streets and infrastructure)

• Disadvantages

- Funds cannot be used straightforward for remaining infrastructure works (tunnel, train station, etc.)
- Higher risk for developer (is not able to control the infrastructure works)
- The scale of the project reduces the number of possible developers

Value Generation Strategy – Alternatives



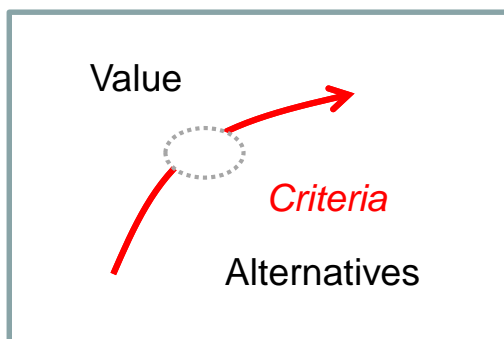
• Advantages

- Higher value and immediate availability of funds.
- Less risk for developer as he monitors infrastructure works.

• Disadvantages

- Funds cannot be used straightforward for remaining infrastructure works (tunnel, train station, etc.)
- Less visibility for the municipality
- The scale of the project reduces the number of possible developers

Value Generation Strategy – Alternatives



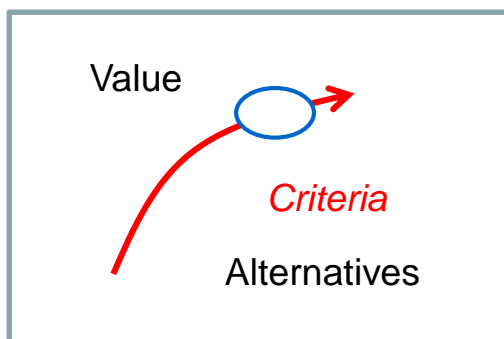
- **Advantages**

- Value Increase
- More aligned income for remaining infrastructure works (tunnel, train station, etc.)
- Less risk for developer (infrastructure + financial)

- **Disadvantages**

- Only part of the funds will be immediately available.
- Less visibility for the municipality
- The scale of the project reduces the number of possible developers

Value Generation Strategy – Alternatives



- **Advantages**

- Value increase
- More potential developers / investors
- Incomes better aligned with infrastructure works
- Less risk for developer (infrastructure, financial and scale wise)

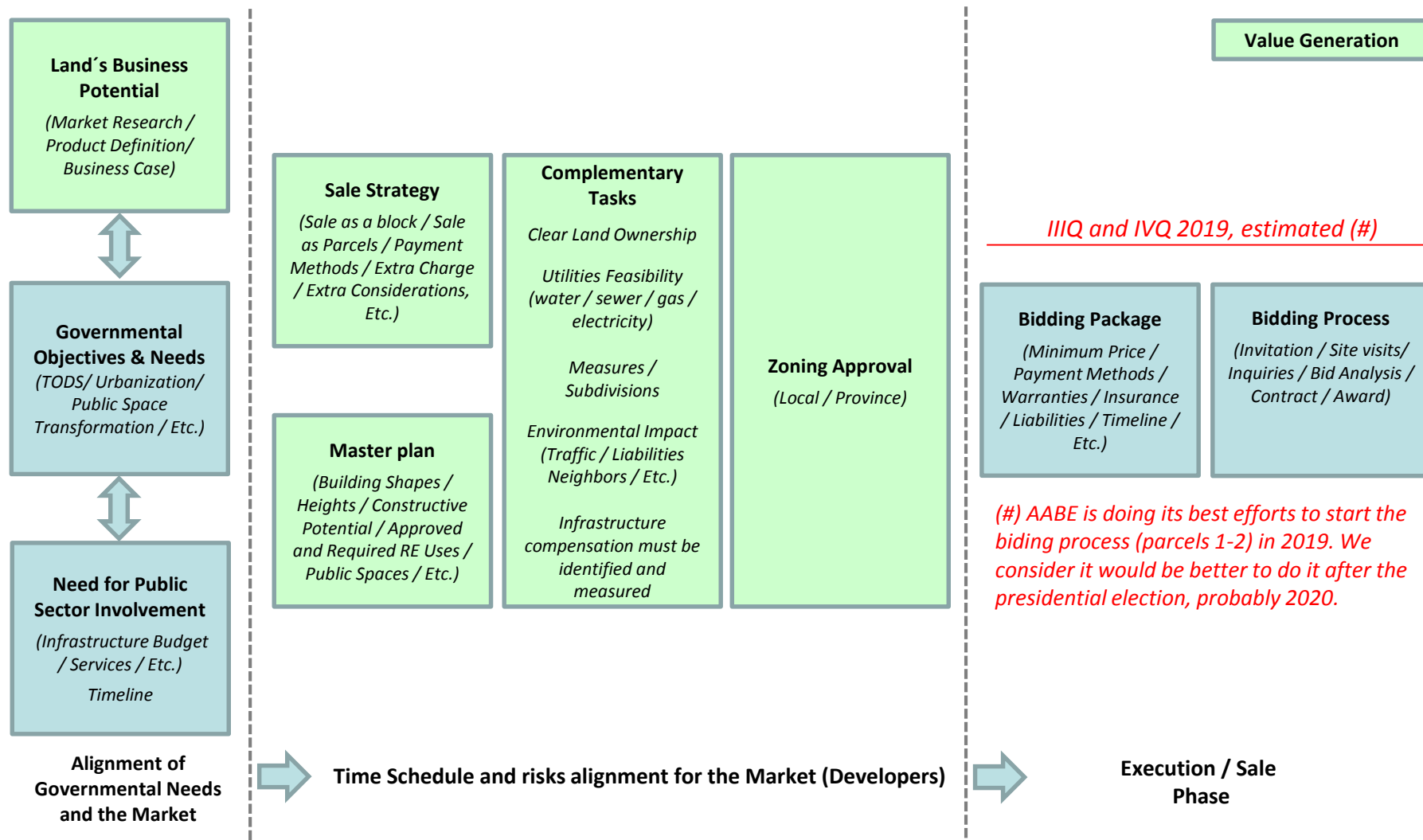
- **Disadvantages**

- Only part of the funds will be immediately available
- More management (construction / commercialization)
- Harder to allocate construction works for different developers, since they will all be expecting the best benefit.

Executive Summary

Execution Process - Highlights

The following chart highlights some of the key steps for value generation. Aligning incentives and needs among the various stakeholders (Government – Market – Community) it is an important way to reduce risk. Risk mitigation in any project leads to a sustainable value generation.



Final Comments

Acknowledgments

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KGTF

The Korea Green Growth Trust Fund (KGTF) – is a single Donor World Bank Group program. The 88-million-dollar program was established in 2011 in partnership with the Republic of Korea. KGTF finances the uptake of operational Green Growth technical know-how to influence investment project design of clients of World Bank and IFC. Economic pathways and solutions that integrate multi-sector needs, technological innovation and social inclusion are green growth approaches. KGTF leverages real-world experience of policy makers and green growth technical practitioners to promote and integrate green growth concepts into investment decisions.