NORTH STAR GROUP, INC.

# Land Basis and Operating Strategy

## Why basic truck-and-trailer parking targets low-basis greenfield land

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> *An illustrative strategy note for the logistics-land program, using the Winnie ten-acre case for figures. Planning examples only — not an offer to sell a security and not a projection of return. Operating costs, land prices, and rates must be confirmed by quotes and a market read.*

## The thesis

Basic truck-and-trailer parking is a low-rent use. It cannot carry retail-frontage land prices. The program therefore targets **low-basis, set-back greenfield land** — sites that may lack full utilities on day one but cost a fraction of a fully served frontage parcel. A greenfield site carries higher operating friction, but the land savings can more than offset it. The test is not whether a site has every utility on day one; it is whether the **total cost basis** — land plus power, water, wastewater, security, cleaning, and maintenance — clears the **12% stabilized yield-on-cost floor**.

## The land-basis comparison

Same ten-acre yard, same build. Only the land changes.

| Scenario | Land | Yard / launch | Total basis | Required NOI @ 12% |
|---|---|---|---|---|
| Greenfield, limited utilities | $300,000 | ~$1.65M | ~$1.95M | ~$234,000 |
| Full-utility frontage | ~$3,000,000 | ~$1.65M | ~$4.65M | ~$558,000 |

The full-utility frontage site costs about **$2.7 million more before it parks one truck**, and must produce about **$324,000 more net operating income every year** just to reach the same yield floor.

## The required-rent test

Converting the required NOI to a monthly rate, at about 180 combination spaces and 88% occupancy, and testing each at a conservative 40% operating expense ratio:

| Scenario | Expense ratio | Monthly rate to clear 12% |
|---|---|---|
| Greenfield | 40% | ~$205 |
| Full-utility frontage | 40% | ~$490 |
| Full-utility frontage | 27% | ~$402 |

 

Basic secured truck-and-trailer parking is modeled near $200/month. At the 40% stress operating case, the greenfield site needs about $205/month to clear the 12% floor, so the site is close to the current parking-rate assumption but should not be treated as cleared until rates, occupancy, and operating costs are confirmed. The frontage site needs $400–490 — which is no longer basic parking; that rate belongs to a truck stop, a repair or fleet terminal, a contractor yard with a service building, retail frontage, or a national-credit tenant. For the parking use, the expensive site does not work.

## Operating reality of a greenfield yard

A greenfield yard is not free to run, and the proforma carries that honestly across three cases.

| Case | Utility assumption | Expense ratio |
|---|---|---|
| Target | Grid power, well, controlled restroom cost, no unusual burden | 27% |
| Base | Grid service extension, well, holding-tank restroom, normal security and cleaning | ~35% |
| Stress | Generator dependence or high cleaning, security, tax, insurance, or repair load | 40% |

The working assumption is that distribution power can be extended from the road, subject to utility confirmation; on that assumption the realistic base carries a **grid service extension** as a capital cost rather than a generator as a continuous operating cost, with the generator as backup and launch bridge. Water is assumed to be provided by well or nearby service if available. Wastewater is assumed to require a **holding tank with scheduled pump-out** unless a permitted septic or sewer solution is confirmed, because the heavy clay and high water table will not reliably support a conventional septic field. These add modest operating cost; they do not by themselves push the ratio to the stress case. The discipline is to underwrite at the chosen operating case and require the floor to clear there — not at the 27% target.

The expense ratio is built from the components below. What moves a case from target to stress is the load on each — not a single line item.

| Cost component | Target (27%) | Base (~35%) | Stress (40%) |
|---|---|---|---|
| Power / generator / utility | low | medium | high |
| Restroom / holding tank / cleaning | low | medium | high |
| Trash / grounds cleanup | low | medium | high |
| Security / cameras / patrol | low | medium | high |
| Insurance / taxes | low | medium | high |
| Surface maintenance | low | medium | high |
| Admin / software / payment fees | low | medium | high |

The detailed operating budget that sits under these components — line-item dollar ranges, the conduct-control model, and the operating-quote gate — is carried in the companion Operating Cost Note.

 

## Why frontage is not the value driver

For this use the site-selection hierarchy is, in order:

1. Low land basis
2. Truck access
3. Drainage and surface feasibility
4. Legal use path
5. Power solution
6. Water and wastewater solution
7. Visibility

Frontage and visibility sit last because demand does not reach a truck yard by impulse traffic. Drivers and dispatchers find it through dispatch assignment, mapping, parking apps, a QR sign-up, or a direct lease. A yard does not need to be seen from the interstate; it needs to be cheap, reachable, drainable, and legal to operate.

## What finds these sites

This is the function of the iVerify screening platform: working a corridor to identify the low-basis, set-back logistics parcels where the total cost basis clears the floor, rather than paying retail-frontage prices the use cannot support. The screening tool and the land thesis are the same argument — the value is in buying the right cheap site, not the visible expensive one.

## Bottom line

A preference for greenfield land without full utilities is not a gap in the plan; for this use it may be the only basis on which the math works. The paper states it plainly: a cheap-land case, a higher-operating-cost case, an expensive-utility-frontage case, and the rent each requires to clear the floor. A site that clears only at the 27% target case is not ready for land capital. A site whose total basis clears the floor under the underwriting operating case is.

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