Lynch Development Group

WHITEPAPER PREVIEW
Atlanta, GA

In the Room & At the Table

Building a minority equity sleeve into the capital stack of every project, and why the investors were never the problem.

3x
wealth of top-earning White vs. Black & Hispanic families (Fed SCF; TPC)

3% vs. 8%
of Black vs. White households own commercial real estate (Brookings)

$30M+
raised from 150+ Black and Latinx investors on a single Harvard project

THE OPPORTUNITY

About **660,000 employer businesses** in the U.S. are Black- or Latino-owned. Their owners, along with physicians, executives, athletes and entertainers, make up a deep pool of capital that traditional CRE sponsors rarely call. For a developer, that means equity no one else is tapping and an LP base that stays loyal and keeps coming back.

THE GAP

Commercial real estate is one of America's most reliable wealth builders, and one of its most concentrated. Among households that own it, the average White household holds about **$34,000** in commercial property, while the average Black household holds about **$3,600**. Interest and capacity are already there. What's missing is access, an invitation, and a network.

PROOF IT WORKS

At Harvard's Enterprise Research Campus in Boston, a project of roughly $1 billion, Tishman Speyer set aside 5% of project equity for Black and Latinx investors. The effort raised **more than $30 million from over 150 investors**, passing its $25M minimum, and it is the largest inclusionary investor initiative in the history of Boston private development. Those investors took part in the deal itself rather than in a side fund with different requirements. Few sponsors have made this approach standard practice.

> *"The investors were never missing. The invitation was."*

OUR COMMITMENT

Lynch Development Group is building a minority equity sleeve into the capital stack of its projects, with a floor of **at least 5% of project equity** per deal, on the same terms as every other investor. This is how we raise capital, not a carve-out or a charity.

HOW IT'S STRUCTURED

Sleeve investors are pooled into one LDG-managed SPV, which enters the deal as a single LP with one wire. LDG absorbs the SPV's administration costs and charges no SPV-level fee or promote, relying on standardized deal templates and third-party administrators to keep costs down. The main investors' returns aren't diluted, and the lead developer's cap table stays clean.

THREE PRINCIPLES

A different network. The investors we want to reach aren't on the traditional developer's call sheet, so reaching them takes new relationships, new channels and earned trust. Besides direct relationships, we hope to draw on professional organizations that are led by and serve the previously uninvited, one of several avenues we hope to use.

Open by design. We won't hide the network we build, since secrecy would defeat the purpose. The more sponsors who invite this new set of investors in, the more dry powder there is to deploy, the more deals to evaluate, and the more competition for this added source of investment. Better deal discovery works in favor of investors who were previously locked out.

Built for the long road. A network ignored for centuries won't be built overnight. We'll measure progress in deals and decades rather than quarters, and in wealth built rather than invitations sent. We'll also share what we learn along the way.

LET'S COMPARE NOTES

LDG is building this in the open. If you're a sponsor, institution, investor or researcher on the same path, we want to hear from you. Read the full whitepaper, *In the Room & At the Table*

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