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OCS CED/JOLI NEW GRANTEE CONFERENCE – FEBRUARY 18-20, 2009

MARKET ANALYSIS

PRESENTERS: Marcus Weiss, Ralph Lippman, Glenn Sanada

MARKET STUDY CONSIDERATIONS:
OCS Commercial/Retail Projects

Description of the Business

Products/Services
Proprietary Position
History of Project

Description of the Industry & Trends

Area Description/Site Considerations

(parking/transit, bus & highway links, traffic counts)

Market Research

Review of Planning Documents & Prior Studies
"Drill Downs" v. Conventional Analyses
Market Size & Trends
Primary Market v. Secondary
Sample Customer Base/Demographics
Shopper Volumes
Households (size/income, homeownership percentage)
Residential Characteristics (1-mile radius/ 2 or 3-mile radius)
Spending Power – Sample Expenditures/Purchasing Patterns
Competition
Retail Supply/Demand/Leakage
Estimated Sales
Potential Aggregate
Projected Square Foot Average
Market Share/Capture Ratio

Marketing Plan Implications

Conventional Advertising
Loyalty Programs
In-Store Marketing
Social Initiatives
Public Relations Initiatives

Strategic Recommendations

MARKET ANALYSIS:
Community-Based Perspective

DEPTH AND DURABILITY

Market analysis v. community's wish list
Suitability and marketability/Effect on the neighborhood

GOOD PRACTICE

How to determine draw area for our neighborhoods
Supply side in our neighborhoods
Site analysis/community-based
Project analysis/community-based

OUTCOMES

Competitiveness (or perceived lack thereof) and complementarity
Neighborhood jobs
Community revitalization

CONCLUSIONS

Drawing market conclusions and selling them to investors, lenders and funders
Looking for capture
Reducing cost burden
Fashioning the report

BANKER'S VIEW OF A MARKET STUDY:
Its Role and Value in Underwriting and Structuring Financing

Retail/Office Commercial v. Housing

Bank's Underwriting of Market Studies
Context of Market Studies in Underwriting

Financing Structure
Terms
Conditions
Size

Type of Financing
Construction
Term

Type of Real Estate
Mixed Use
Strip
Large Stand Alone
Small Stand Alone

Type of Tenant Class
Chain
Franchise
Mom-Pop
Start Up

**"Community Development Lending"
v. Conventional**

Why it is Important:	
1.	Borrower/Owner: Debt Payments
2.	Use of Market Studies for Financing Negotiations Bank Risk Bank Risk Mitigation Financing Structure
3.	Ancillary Credit Support Subordinate Debt Technical Assistance Operating Capital