



Appendix 9 - MULTIFAMILY GUIDELINES FOR MARKET STUDIES

Market Study

(a) The Authority requires an independent, professional market study on all proposed developments. The Authority, at its discretion, may accept a market analysis prepared by an acceptable alternative source provided the sponsor is a not-for-profit and the proposed development is 15 units or less.

(b) The Authority staff will select and commission a Market Analyst from an approved list developed by the Authority. The applicant will make payment in advance for the market study, which payment is nonrefundable. The Market Analyst will prepare the analysis based on guidelines and standards established by the Authority.

(c) The Market Analyst will select and commission a report which provides complete data profile and analysis of the primary and secondary market areas in sufficient detail for the Authority to make a determination of the feasibility of the proposed development.

(d) Market studies must include data and analysis, conclusions and recommendations on the proposed development, and must be inclusive of the following areas in narrative form:

(1) Demographic Analysis - This component reveals historic patterns as well as project trends usually for the nation, state and the market or sub-market area of the proposed development, and must address population growth or decline characteristics, income and family composition profiles.

(2) Economic Profile and Projections - This analysis evaluates the current economy of the nation, state and market or sub-market, reveals prior trends, provides a current economic profile and supplies projections on employment characteristics and retail purchasing patterns for the proposed development. At the market or sub-market level, the analysis should evaluate the effects, if known, of major changes in the local economy (plant closing, new facility construction, governmental actions, etc.) which could impact the feasibility of the proposed project.

(3) Comparables and the Competition - The competitive strength of existing and proposed developments likely to impact the subject property is examined. The competition is evaluated on performance, actual or expected, and the level of amenities and other characteristics versus those in the proposed development. Current and historic occupancy levels, absorption or "lease-up" performance, the rental rate structure, and amenity package are among key descriptive characteristics of the competition which should be described and evaluated.

(4) Trend Analysis and Growth Rate of Residential Rents - This analysis must provide an in-depth evaluation of rental rate trends for the Northeast, state and market areas; project residential rates for the areas discussed; compare the proposed rental rates with the area trends and provide a pro forma of rent increases and expected vacancy for the proposed development including commercial income and analysis if applicable.

(5) Market Support Area Analysis - The range of market support for the proposed project throughout one or more defined areas is evaluated. Area(s) of the project's market strength are defined in terms of competing facilities, existing or proposed, and other factors such as the transportation system, physical constraints and demographic shifts.

(6) Absorption Analysis - This evaluation usually includes an estimate of maximum development potential and a rate at which absorption can be expected to occur between commencement of lease-up

and sustaining occupancy. Qualified rents and market rents should be analyzed separately and/or distinguished.

(7) Site and Development Program Analysis - The geographic location and the physical characteristics of the site, proposed architecture and site planning, the amenity package, mix of proposed units and uses, and other intrinsic features required to allow the development to compete at its maximum potential in the defined market must be evaluated.

(8) Summary - The Market Analyst must include a summary date with conclusions and recommendations on the feasibility of the proposed development, supported by the documentation provided within the report.

(9) Exhibits - The market study is expected to include charts, graphs, rent grids, maps and photographs of the subject property, neighborhood, city and region.

(10) Qualifications - The Market Analyst must possess the educational background, academic affiliations, professional and business experience necessary to provide the analysis required. The Analyst must also provide a statement to the Authority attesting to no conflict of interest.

(11) Assumptions and Limiting Conditions - All assumptions and limiting conditions upon which the Market Study is predicated must be clearly defined.

(12) Market Study Updates - The Authority reserves the right to require current information prior to the approval of the proposed development.