

A decorative graphic on the left side of the slide consists of three circles in a row: a dark teal circle, a light teal circle, and a grey circle. To the right of these circles is a vertical teal line.

How Do Developers Choose Where to Build Their Next Project?



Step One:

“Back of the Envelope”

- I'll spend 2-4 hours AT MOST investigating “the story” of a city and/or location.
- *How well have you “set the hook?”*



What makes a market compelling to me and my investors?

- *Strong population and job growth*
- *Positive prospects for my product, e.g. logistics, underserved market*
- *Clear “exit strategy” – how do I get my money back with a fair return?*
- *Community support for quality development*



Community Support

- *Clear competitive positioning*
- *Investment in infrastructure*
- *Willingness to invest in project elements with public purpose, e.g. parking*
- *Fair and reasonable approval process, consistently applied*



Consistent Rules Consistently Applied

- *Comprehensive Plan*
 - *Good job starting now!*
 - *You'll be ready when the market comes back*
- *Development Ordinance*
- *Engineering Rules*
- *Permits and Other Approvals*



Additional “Back of the Envelope” criteria by product type

- ***Office:***
 - ***job growth in businesses that actually use office space***
 - ***vacancy rate of existing product***
- ***Retail:***
 - ***Income by 1-3-5 mile radius from location***
 - ***existing competition***
- ***Apartments:***
 - ***population growth by target age***
 - ***existing vacancy***



Decision #1

- ***If the “story” for a community or location hangs together, I’ll get serious about looking for land on which to develop.***



Step 2: Feasibility

- *Physical – can I build it?*
- *Market – can I lease/sell it?*
- *Financial – can I find the money?*
- *Governmental – will the City let me build it?*
- *Meaningful investment of time (3-6 months) and money by developer*



Decision #2

- ***Do the risks - market, physical, financial and governmental - associated with the project make this worth pursuing?***
- *Yes? – continue with the contract.*
- *NO? – drop it and move on to the next site.*



Step 3: Government Approvals

- ***Best thing a community can do?***
 - ***Make the rules, fees and community expectations very clear and very consistent.***
 - ***Create a reasonable timeline for approvals***



Other Development Issues that Wilson Can Influence

- *Willingness to help with assembly*
- *Communication with neighborhoods*
- *Provide interim solution for first floor retail space with public uses that creates street traffic*



Decision #3

- *Do I go ahead with the project?*
 - *Did I get City approvals?*
 - *Did I get the construction loan and equity lined up?*
 - *Does the market still justify the project?*
 - *Have any new risks cropped up?*



Summary

- *Have a positive story that is clearly and easily communicated*
- *Make it easy for developers to do what you want them to do*
- *Make sure your plans and codes have the flexibility to address future market changes*