



Vogt Strategic
Insights

Real Estate Market Research Guidelines for Average Income

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Where to Start?

- Need the same information as any project description.
- Specifically, number of units at the proposed rents.
- Accurate unit and project amenity description including unit sizes and baths.
- This is critical information to calculate the achievable market rents.
- Comprehensive field survey is important since 70%/80% rents are competing with market rents.

Perception of Rent Value

- Need a detailed evaluation of achievable market rent levels.
- Because of the income range targeted, perception of value is critical.
- Comparable/competitive property selection becomes more important.
- Comparable and competitive properties are more likely to be the same.
- Achievable Tax Credit rent can't be accomplished due to a lack of properties at similar AMI levels.

Capture Rate Calculation

- Conducted for the overall project.
- Conducted specifically for each targeted AMI level. Ideally, also calculated by household size and bedroom preference.
- *May* want to eliminate overlap with other AMI levels to determine who the project can exclusively serve.
- Discussion of appropriate capture rates?

Additional Considerations

- Overall market performance. Markets with high occupancies can support 70%/80% AMI rents closer to market rents.
- Quality of current choices. The achievable market rent should account for this.
- Growth in the market.
- Pipeline.
- Number of units proposed at 70%/80% rents.
- In some cases, 70%/80% rents can achieve above Comparable Market Rent (rent growth to project opening).

Red Flags

- Inappropriate market areas.
- Capture rates that only consider the projects overall income band.
- Inappropriate comparable properties and large adjustments to rents.
- No or little evaluation of pipeline.