

# Rural Market Studies

- What is "rural?"
- Market Area Determination
- Demographic Factors & Demand
- Supply & Competitive Environment
- Achievable Rents
- Red Flags



# Challenges for Rural Market Studies

- Each stakeholder may encounter rural-specific challenges
  - Market Analyst
  - Debt/Equity Concerns
  - Underwriting Factors



# Red Flags

- What issues could significantly affect deal viability?
- Market analyst considerations and other mitigants...



# Demand

- The Primary Market Area and the demographic data pulled for it are instrumental for calculating demand
- Do capture rates and penetration rates significantly influence underwriters' evaluation?
- Are there maximum capture/penetration rate thresholds?



# Achievable Rent Considerations

- Are there any constraints or issues related to achievable tax credit rents in rural areas, such as requiring a 10% or 15% market advantage?
- How can analysts show support for proposed tax credit rents that are similar to or above market-rate rents?



# Solutions & Best Practices

- PMA Delineation
  - Stakeholders & local perspectives
  - Access to shopping, healthcare & services
- Demographics and Housing
  - Substandard & replacement housing
  - Rent overburden
  - Workforce
- Competitive Environment
  - Lack of comps
  - Alternative housing
- Achievable Rents
  - 10% advantage sometimes difficult to achieve
  - No comps in PMA for analysis

