



## 5 COMMON MARKET RESEARCH MISCALCULATIONS

**1. Waiting too long.** Market research has the greatest value in the early stages of development, especially before design is locked in by entitlements or architectural plans.

**2. Not getting full value for the market research you've paid for.**

Because every submarket and every project has its own nuances, a boilerplate approach to collecting or analyzing data invariably overlooks market issues that could have been identified and mitigated in a customized analysis. And put the market research you've paid for to use. Don't settle for "off the shelf" floor plans if they're tired examples of outdated, circa 1980s layout. Charge your architect with designing product that will out-perform the competition, based on research findings and recommendations, and task your market research firm with critiquing plans and suggesting improvements or alternatives that will affect your bottom line.

**3. Succumbing to "sticker shock."** With most apartment developments costing upwards of \$20 million, spending \$10,000 on market research represents 1 percent or less of the prospective investment being made. Missing the market (or simply failing to maximize your competitive position) will cost far more than a market study does.

**4. Using online rental data as the basis for pricing.** Relying on pre-packaged comps or Internet rent searches to evaluate rents produces a distorted picture of what's really happening in a given marketplace – particularly in today's climate of incentives and YieldStar pricing.

**5. Overlooking what's in the pipeline.** Pending or planned projects slated to come on line during the same timeframe as your project (12, 18, or 24 months out) often have much more potential impact than existing stock does.