

## **EXHIBIT "E"**

### **SUGGESTED OUTLINE FOR DEVELOPING MARKET ANALYSIS**

#### **1. Define objectives of the study.**

Examples:

- a. To determine the type facilities demanded by a given market area and whether the site under consideration is geographically and physically suited for development of such facilities.
- b. To determine whether a given market area will economically support a predetermined development plan at the site under consideration.
- c. Identify time period for which data is to be collected or projected.

#### **2. Define market area.**

- a. Geographical location in relation to site under consideration.
- b. Distance and driving time to major population centers.
- c. Access to site (highways, waterways, and air routes).
- d. Location of competitive facilities.

#### **3. Determine overall demand within market area.**

- a. Total population figures.
- b. Length of season for recreational activity.
- c. Traffic Flow figures and projected visitation.
- d. Disposable personal income figures.
- e. Economic trends.
  1. Purchases of marine equipment ( boats, motors, campers, water skis, etc.)
  2. Economic data on existing related facilities.
  3. Market for recreational facility expanding or decreasing (proposed new highways, decrease in fishing potential, etc.)
- f. Correlation with "Outdoor Recreation Plans" of the state.

#### **4. Feasibility of development of site under consideration.**

- a. Identify profit centers.
  1. Primary – facilities that draw people.
  2. Secondary – services complimenting primary center.

Example: Boat repair service at a marina (Note: Restaurant might be primary if it draws people from outside, but secondary if used to serve patrons of a resort motel.)

b. Estimate income from primary centers.

1. Describe facility from physical standpoint. (Is it designed to serve large boats? Fishers? Water sports enthusiasts? Overnight campers? Vacation campers?)

2. Estimate season for primary center.

3. Estimate the percentage of total market that can reasonably be expected to purchase the item that the profit center sells (motel, room, boat slip, campsites, etc.).

## 5. **Income Feasibility**

a. Considerations:

1. Average distance traveled to site.

2. Frequency of use (weekday, weekend, holiday, etc.).

3. Analyze competition.

a. Location of competitors.

b. Quality of facility offered by competitors.

c. Expansion potential of competitors.

b. Calculate estimated income from primary centers by multiplying estimated number of units to be rented by the price per unit.

1. More units may be rented during peak season when price per unit may be higher.

2. Figure estimate of income weekly, then add total for the year.

c. Estimate income from secondary centers.

1. Estimate the number of dollars each customer of the primary center will spend at the secondary center.

2. Consider competitive facilities for secondary center business.

d. Three prediction methods.

1. Published data of average expenditure per customer at comparable facility.

2. Percentage of total gross income historically generated by similar secondary centers.

3. Sampling experience at existing similar facilities.

e. Estimate total gross income.

f. Estimate cost of development, O&M and replacement expenditures.

**6. Appraisal.**

- a. Income approach.
  - 1. Revenue received from operation (gross income).
  - 2. Less operating expenses (including reserves for replacement).
  - 3. Cash flow (net income).
  - 4. Yield on investment.
- b. Cost approach.
  - 1. Land cost to rent.
  - 2. Development costs (private and Government).
- c. Market data approach – net rent multiplier.

**7. Conclusions.**

- a. Discussion of positive and negative features of the enterprise.
- b. Determine alternatives.
- c. Establish conclusion based on the market analysis.

Enclose: Appropriate Maps, Tables and Charts