

AS-P01

REAL ESTATE ANALYSIS TERMS OF REFERENCE



Template for a city to hire a real estate consultant to perform targeted demand analysis along a specific corridor

Type: TOR Template



BACKGROUND

The Terms of Reference for a Real Estate Market Study should provide the following background material:

- A. **Study Area:** The TOR must define the approximate area for which the Real Estate Analysis (REA) is to be developed. The study area must coincide as far as possible with jurisdictional boundaries for which population and employment data is readily available. The Background should also summarize the factors that have historically influenced real estate demand in the study area.
- B. **Existing Plans and Proposals:** The Background section should also provide information on previous or ongoing studies that are expected to influence the REA Study.
- C. **Bibliography of Reference Plans, Policies and Studies**
- D. **List of Project Stakeholders**

OBJECTIVE OF THE ASSIGNMENT

The overall objectives of the TOD REA Study are to better understand the economic environment in which the City/ Urban Areas can plan for TOD, and to develop specific strategies related to the types and intensities of uses that are appropriate for the specified scale and context. Specifically, TOD Strategies provides preliminary actions for the areas with the highest potential, including:

- Design and use themes
- Market niches
- Potential development programs (e.g. activity type, amount, mix).

The Market Study must support the desired outcomes of TOD, including:

- Create transit-supportive densities that provide an optimal ridership base for the City
- Create a variety of mixed use, mixed-income neighbourhoods and greater employment opportunities within easy access of stations
- Provide supporting infrastructure as needed
- Create opportunities for non-fare revenue generation through land value capture and available public financing mechanisms.

SCOPE OF ACTIVITIES

The scope of activities for the Real Estate Market Study primarily consists of the tasks described below. The proposer is encouraged to provide suggested refinements to the work plan and schedule based upon experience with similar economic and market studies, and in compliance with national and state policies, where applicable.

1. **Project Initiation and Identification of Market Area Parameters:** The selected Consultant will schedule a kick-off meeting with the Client's project management team to present the regional context setting and identification of TOD Market Area Delineation parameters. The regional context should be defined for the corresponding geographic or jurisdictional areas. It should include the entire transit catchment area. The Consultant will define market selection parameters using historic observations of how socio-economic and physical factors influence travel patterns

in the region. The Consultant will review all existing documents and plans before the kick-off meeting, synthesize the findings and propose potential refinements to the work plan so as to mitigate any anticipated challenges to the project. The Consultant will also review and refine the initial problem statement, goals, and objectives of the study.

- a. Client responsibility: Identify key stakeholders and assist in coordinating schedules for kick-off meeting.
 - b. Deliverables: Inception Report including Existing Issues and Goals, Objectives and Study Parameters.
2. **Market Area Definition:** The Consultant will delineate the TOD Market Area based on the parameters selected in the kick-off stage. Some of these parameters that may be considered include: natural features, physical infrastructure, travel patterns, population densities, jurisdictions, development types and scales. In many cities, the type and fabric of development and nature of the real estate market varies considerably even in adjoining neighbourhoods. For e.g., some areas may demonstrate higher walkability and/or higher rent sensitivity compared to others. Where micro levels of detail is available, the Consultant should break up the study area into different “zones” or blocks to allow for a finer grained study. Preferably, the break-up of zones or blocks should correspond with population census data collection blocks.
- a. Client responsibility: Provide data at macro and micro scales.
 - b. Deliverables: Market Area Definition Report including delineation of TOD market area and break up of zones with primary characteristics.
3. **Market Demand and Supply Analysis:** The Consultant will prepare an inventory of existing real estate development types, businesses and summary of characteristics and performance metrics for housing, retail, office, and other commercial (e.g. type, class, square footage, typical rents, vacancy rates, lease terms, location, business size with respect to number of housing units and employees, and their relationship to economic clusters in the greater area). The Consultant will synthesize the information to develop a current and forecasted demand and supply assessment for various types of real estate development within and directly adjacent to the study area. The Consultant may conduct surveys, interviews or use existing data to prepare the assessment. Some types of data include: socio-economic indicators that influence demand such as income; historical trends of real estate project launches and sale transactions from land registration agencies or real estate agents; types of upcoming development projects and their absorption rates or sales/year through developer interviews.
- a. Client responsibility: Facilitate access to land transaction records and organize discussions with private developers and real estate agents.
 - b. Deliverables: Market Area Demand and Supply Assessment Report including description of different types of real estate products, their supply and demand numbers, including historic trends.
4. **Identification of Market Opportunities:** The Consultant will prepare a fiscal analysis of project area zones/blocks, including prevalent conditions of the real estate market and their economic relationship to the possible transit project. It is also important to understand how the economy of the transit nodes or corridors is, or could be, linked to commercial clusters of retail and office in the larger study area. The market opportunities shall also determine the potential for multi-family residential at various densities, retail, mixed use, office, institutional, and other land uses and land use mixes that support transit ridership and/or benefit from transit proximity. It should also identify

opportunities for redevelopment or urban infill that can help fill existing gaps in key industries, types of services, amenities, and/or leasing space that is lacking in area to service demographic profile. This should address the status of neighborhoods or areas serving retail, businesses, and emerging or shrinking employment sectors. The Consultant should also identify and describe opportunities and barriers to developing, leasing, or opening businesses in the TOD market area.

- a. Client responsibility: Provide inputs.
- b. Deliverables: Market Opportunities Report including potential for different types of real estate products, gaps in existing land use mix, and challenges in real estate development.

5. Preparation of Financial Feasibility Assessment: The Consultant will prepare a financial feasibility assessment for many of the opportunities identified in Task 4. The feasibility assessment should map the local investment climate and evaluate access to financial capital before carrying out the feasibility analysis. The Consultant should compare and select the best project funding structure in collaboration with the Client. A typical real estate proforma (as provided in the sample World Bank knowledge products) should be developed to determine the total return on investment.

- c. Client responsibility: Provide inputs.
- d. Deliverables: Real Estate Financial Proformas.

6. Community, neighborhood and stakeholder outreach: A comprehensive approach should be developed to engage relevant agencies, corridor neighborhoods and businesses, key stakeholders, and the general public throughout the process. The outreach program will include policy and technical advisory committees, public meetings, presentations at neighborhood and business associations, websites and social media, a variety of communication tools, and direct outreach to non-traditional populations and organizations. Stakeholder workshops and/or public open houses will be held at key points in the study process including, at a minimum: (1) the discussion of problems, goals, objectives, study findings and opportunities; (2) definition of project proposals and financial feasibility assessments; and (3) proposed development mix and catalyst projects. Project information should be translated, as appropriate, to allow for effective outreach.

At a minimum, the Consultant will:

- Prepare a stakeholder engagement plan.
- Prepare presentation materials for advisory committee meetings, public meetings, and other stakeholder presentations.
- Prepare and provide logistical support including organizing, scheduling, notifying and participating in all meetings and preparing summary notes for all meetings.
- Track public comments and response and provide to Client upon project completion.
- Prepare content for the project website, to be maintained by Client upon project completion.
- Prepare a draft and final report summarizing the stakeholder engagement process and stakeholder feedback.

- a. Deliverable: Stakeholder engagement plan; stakeholder engagement summary report; newsletters, website content, presentation materials, public meetings, advisory committee meetings, meeting notes, translation services, and other engagement tools identified in stakeholder engagement plan.

7. Preparation of Desired Development Mix in TOD Area: The Consultant will create a desirable product mix in the TOD Area, along with a phased plan of implementation based on the financial

feasibility assessment. The phased plan of implementation should include identification of catalyst projects and project structuring for the same. A Capital Investment Plan should also be prepared to support the phased development plan.

- a. Client responsibility: Provide inputs.
- b. Deliverables: TOD Area Proposed Development Mix.

DELIVERABLES

TASK	DELIVERABLE	TIMELINE
1	Memo #1: Inception Report	M + 2 weeks
2	Memo #2: Market Area Definition Report	M + 1 month
3	Memo #3: Market Area Demand and Supply Assessment Report	M + 3 months
4	Memo #4: Market Opportunities Report	M + 4 months
5	Memo #5: Real Estate Financial Proformas	M + 5 months
6	Memo #6: Stakeholder Engagement Summary Report	M + 6 months
7	Memo #7: TOD Area Proposed Development Mix	M + 7 months

QUALIFICATION OF CONSULTANTS

The Consultant Team must have experience in at least

- A. One similar Real Estate Analysis Study for a TOD project

OR

- B. At least two studies, which included a real estate market assessment and development proforma for a mixed use development

The Consultant Team must include the following key expertise:

	Key Experts	Years of Experience
1	Project Manager and Real Estate Expert	15 years
2	Real Estate Analyst	5-10 years
3	Urban Planner/ Designer	5-10 years
4	Infrastructure Specialist	5-10 years
5	Affordable Housing Specialist	5-10 years

Disclaimer: *The Transit-Orientated Development Implementation Resources & Tools knowledge product is designed to provide a high-level framework for the implementation of TOD and offer direction to cities in addressing barriers at all stages. As the context in low and middle-income cities varies, the application of the knowledge product must be adapted to local needs and priorities, and customized on a case-by-case basis.*



Sao Paulo, Brazil