



Economics Research Associates

Attachment A: Scope of Work

1. Project Orientation and Data Gathering

- Meet with representatives of the project sponsorship to affirm the overall objectives, workplan, and schedule, and to identify key contacts
- Assemble relevant data regarding the site and surrounding area, including regional demographics, land use, property ownership and value, traffic and access, transit, planned capital improvements, planning policy, neighborhood conditions, and other information as available and appropriate.
- Visit the site and surrounding areas to become familiar with general and specific site conditions
- Review development concepts under consideration

2. Market Overview

- Analyze size and characteristics of available resident markets, including demographic patterns and trends, household and income characteristics, growth trends and other relevant data
- Analyze any available special market drivers, including transit riders, tourists, students, and business and convention market dynamics
- Inventory relevant development initiatives underway and proposed in Chapel Hill and the Research Triangle
- Evaluate employment growth and distribution trends to understand potential area-wide and submarket demand for workplaces
- Evaluate overall population and household dynamics to refine approach to identify likely housing opportunities
- Identify preliminary retail and food service concepts for further evaluation

3. Market Analysis by Use

A. Office

- Collect appropriate performance data (occupancy, gross and net rental rates, tenant profiles, absorption) for competitive properties in downtown Chapel Hill or other appropriate submarkets
- Identify appropriate demand drivers and specific candidate sectors most likely to produce demand for office at the site
- Identify proposed projects and impacts on project
- Evaluate likely absorption, rental rates, likely lease structures, likelihood of a single-user or build-to-suit strategy
- Identify any other required amenities and services for office tenants

B. Housing

- Assemble data regarding the downtown housing market: inventory of units by type, supply trends, market profile, economic performance, impact of public subsidies, and location trends

- Identify appropriate demand segments for consideration for each product type (condominiums and rental apartments), and evaluate short- and long-term demographic patterns that support or erode downtown housing demand
- Identify proposed housing projects and impacts on project
- Evaluate competitive supply in light of demand patterns and recommend appropriate product characteristics for both rental and for-sale product: unit size, amenities, parking, level of finish, supportable rents, operating expenses, parking charges, expected turnover, and potential absorption

D. Retail

- Collect appropriate performance data (occupancy, rental rates, sales productivity) for competitive properties in downtown Chapel Hill or other appropriate submarkets
- Identify appropriate demand segments for consideration, and quantify existing and projected sales potential by segment and by tenant category (food service, entertainment, services, GAFO)
- Identify proposed retail initiatives in the area and potential impacts on the site
- Quantify expected sales levels and calculate supportable square footage by category
- Estimate supportable rents based on sales productivity

E. Cinema (Optional)

- Evaluate the supply of existing cinemas with respect to current industry practices, physical facilities, amenities, and likely performance
- Measure likely demand patterns based on trade area dynamics, demographics, seasonality of the market, and other demand-side variables
- Evaluate competitiveness of the site and location, reflecting layout options, parking, adjacent and nearby uses
- Recommend overall viability of cinema component, likely development economics, sizing, and general required characteristics

4. Downtown Chapel Hill Assessment (Optional)

- Assess overall strengths and challenges of downtown Chapel Hill, relative to best practices in downtown development and case studies of five to seven similar communities
- Develop more detailed estimate of retail market dynamics in downtown, including an assessment of sales leakage to areas outside downtown and Chapel Hill
- Develop briefing package for presentation to client group summarizing best practices assessment

Our proposed budget for the work outlined above is shown below:

Basic Services (Tasks 1, 2, and 3A-3D):	\$35,000
Optional Services	
Task 3E	\$7,500
Task 4	\$12,000

The budget for the basic services described above includes all fees and expenses associated with three person trips to Chapel Hill during the course of the work.