

## **RATING THE VIABILITY OF THE SITE**

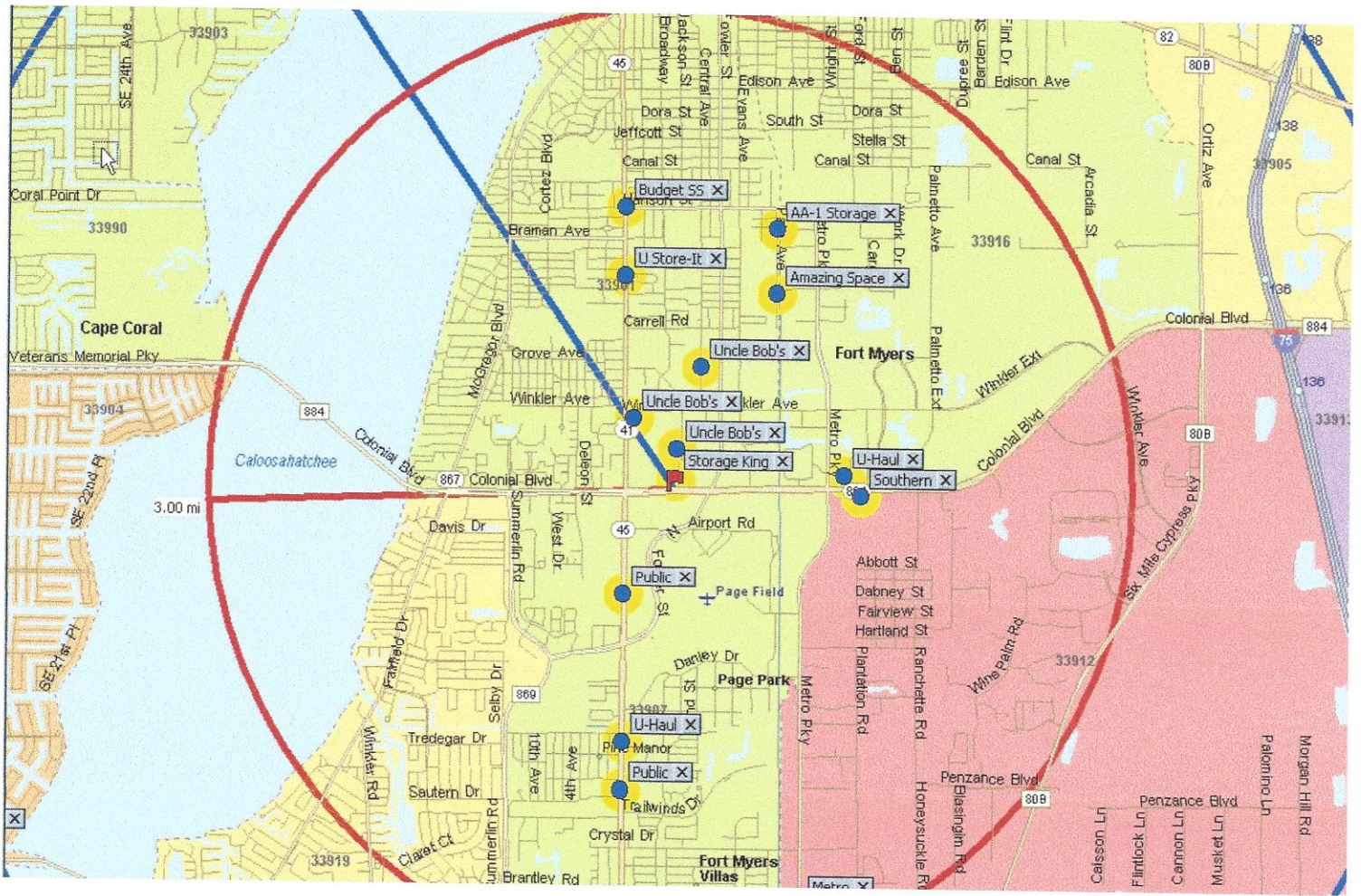
The most difficult part of preparing a Feasibility Study is maintaining a detached arms-length view of the project. All too often the end result is emotional rather than logical conclusions. Sterling has created a 6-Step Evaluation to give the developer a systematic step-by-step formula to arrive at a logical conclusion based upon the following key components:

- LOCATION EVALUATION
- COMPETITION ANALYSIS
- DEMOGRAPHICS
- MARKET DEMAND FOR SPACE
- UNIT MIX
- PRICING

For analytical purposes, each of the 6 categories contributes up to 10 points of the overall rating (to 100%). The final score is averaged in components of 1 to 10, with 10 being the best and 1 being the worst. For example, if all the factors weighed together average under 5, it is a strong indication that the project is not viable and, therefore, not worth the financial investment to perform a full-scale feasibility study.

Scores ranging from 6 - 8 indicate a healthy market and demonstrate that the site has a strong probability of success. You should now look to retain the services of an independent consultant to perform a full-scale feasibility study. This consultant should not only confirm your findings, but provide the supporting





# SAMPLE COMPETITION MAP



## LOCATION, LOCATION, LOCATION

Purchase an area map and identify a five mile and three mile radius starting at the point of your proposed site. Next, study the map and identify natural boundaries that could enlarge or restrict your market. As an example, a river going east to west right in the middle of your radius will reduce your available market draw. In that instance, you will want to make your radius a shape other than a circle. Your first question, then, is where can I draw customers from?

Once you've identified your true radius, it is then time to identify each competitor within the radius. This is easily done by opening the local (and current) yellow pages and plotting each competitor's location on the map. Once each competitor is identified, you can plan your drive route to not only shop each competitor, but to visualize the market area. This visualization is important in identifying your clientele (i.e., is it a predominately blue collar neighborhood, or upper income, etc.)

As you drive the area, complete the Location Worksheet noting your observations. This will help you to remain impartial and not reach premature conclusions.

Fill in your comments concerning the proposed site under the last section, Other. Here you should pretend you're a customer seeing your completed project from the street. What do you see? Is it readily visible from the street or are their obstructions blocking