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## FILE MEMORANDUM

### **RE: Contract Specifications for Market Feasibility Analysis Reports**

This memorandum is provided to illustrate the requirements each market feasibility analysis report must observe in order for the market report to be useful in supporting a pending syndication of fractional real estate ownership interests to the public.

The reporting regimen includes the following:

1. Set-Up. Each project report must have a table of contents, table of exhibits, index and appendix containing the raw data used in the completion of the study.
2. Geographical Primary Marketing Area assumptions. The analysis must provide the following reports:
  - 2.1. Big Box Retail: 5-minute, 10-minute and 15-minute drive time marketing area boundaries.
  - 2.2. Power Centers: 15-minute, 25-minute and 35-minute drive time marketing area boundaries.
  - 2.3. Regional Power Centers/Factory Outlets: 15-minute, 30-minute and 45-minute marketing area boundaries.
  - 2.4. Neighborhood & Strip Shopping Center Retail: 5-minute, 10-minute and 15-minute drive time marketing area boundaries.
  - 2.5. Senior Housing: 10-minute, 20-minute and 30-minute drive time marketing area boundaries.
  - 2.6. Multifamily Housing: 15-minute, 25-minute and 35-minute drive time marketing area boundaries.
  - 2.7. Commercial Office Buildings & Medical Office Buildings: 5-minute, 10-minute and 15-minute drive time marketing area boundaries.
  - 2.8. Mixed-Use: 5-minute, 10-minute and 15-minute drive time marketing area boundaries.
  - 2.9. Master-Planned Communities: 15-minute, 25-minute and 35-minute drive time marketing area boundaries.
  - 2.10. Healthcare Facilities: governed by CON.
3. General Demographics Analyses. The required reports are:

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**MARKETFEASANALSPECS-1.DOC**

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- 3.1. General Population, Households, Families & Housing Analyses at each geographical level using a 5-year forecast window.
- 3.2. Household, Per Capita, Discretionary and Disposable Income Analyses at each geographical level using a 5-year forecast window.
4. Demand Analysis. A demand analysis must be created for the specific property type based upon demographic variables projected over a 5-year period that resolves (or repudiates) the demand for new construction of the type proposed for the proposed project site.
5. Field Investigation. An investigation that provides the following information:
  - 5.1. A compendium of directly competitive properties within the geographical primary marketing area of the site location.
  - 5.2. A compendium of operating costs for the proposed project type based upon data reports within the geographical primary marketing area of the site location. In all cases, usage of national averages should be used on a very infrequent basis.
  - 5.3. An analysis of routine revenues and ancillary revenues the proposed project is likely to generate over the course of the 5-year forecast window based upon the assumption that no less than 75% of the routine revenues will originate within the geographical primary marketing area.
  - 5.4. An analysis of the physical amenities and services amenities the proposed project is likely to be required to provide in the market in order to be competitive with current and/or future properties.
  - 5.5. An analysis of the lease-up rate and/or sales absorption of the proposed project based upon the history of the market and the changes in populations over time.
6. Final Analysis. Using the findings of the Field Investigation, the Initial Demand Analysis must be reforecasted with the inclusion of the market response in terms of current competition's impact on net buildable demand for the proposed project.
7. Final Report. Prepare a final report that includes a technical discussion, presentation of the demographics and demand analyses spreadsheets, notes, assumptions and raw data used to create the report.

**END OF FILE MEMORANDUM**

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