The Development Process

Phases: Planning and Initiation Phase | Feasibility Phase | Commitment Phase | Construction Phase | Management and Operation Phase

Planning and Initiation Phase

Establish Project Objectives

- Governmental Objectives
  - Capacity to Assist
  - Ability to Motivate
- Financial Objectives
  - Investment Level
  - Expected Return
  - Hurdle Rate
- Developmental Objectives
  - Timing
  - Market Position
  - Product Image
  - Product Type
- Operational Objectives
  - Level of Involvement
  - Management

Identify and Define Major Development Issues
- Regulatory
- Locational
- Land Assembly
- Need for Public Sector Involvement
- Political
- Environmental

Assemble Development Team
- Financial/Development Advisor
- Developer
- Land Planner (Optional)
- Legal Advisor
- Economic Consultant
- Others as Appropriate

Assemble Prior Background Materials

Identify and Secure Control of Site (Optional)

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Determine Preliminary Development Concept

- Site Evaluation
- Market Definition and Evaluation
- Economic Trends and Analysis
- Determine Sources of Demand
- Comparable Analysis
- Competitive Analysis
- Locational Analysis
- Supply Analysis of Existing and Proposed Projects
- Investment Climate

Feasibility Phase

Data Collection → **Refine Development Concept**

- Estimate Future Demand
  - Growth Rates by Market Segment
  - Seasonality
- Estimate Future Supply
- Evaluate Site Advantages and Disadvantages by Market Segment
- Select Architect and Land Planner

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Data Analysis, Evaluation, and Recommendations

- Estimate Annual Occupancy, Rental Rates, Sales, Etc.
- Recommend Facilities and Amenities Sizing
- Prepare Preliminary Land Use Plan and Facility Plan

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Finalize Development Concept

- Project Occupancy Level
- Project Rental Rates
- Prepare Projections of Likely Operating Revenues
- Prepare Projections of Likely Operating Expenses

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Operating Performance Projections → **Determine Preliminary Development Cost Estimates**

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Financial Feasibility Analysis → **Conduct Preliminary Financial Analysis**

- Prepare Final Land Use Plan and Schematic Design
- Determine Initial Project Financing
  - Equity
  - Debt
  - Ownership
  - Terms
  - Sources and Uses of Funds

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Prepare Project Financial Pre-Tax Statement
- Sensitivity Analysis

Commitment Phase

Finalize Development Program – Phasing/Timing

- Land Assembly
- Leasing Commitments
- Prepare Necessary Environmental Documents
- Secure Agreement(s) for Public Sector Financing Assistance
- Secure Public Development Approvals
- Select Project Architect and Engineers
- Select Project Marketing and Advertising Firm
- Prepare Necessary Financing Documents/Loan Packages
- Prepare Preliminary Development Schedule
- Prepare Final Project Cost Estimate
- Finalize Facility Design

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Obtain Project Financing
- Construction
- Permanent

Construction Phase

- Commence and Complete Final Design and Engineering
- Select Construction Manager
- Secure Necessary Permits and Approvals
- Prepare Bidding Packages
- Select and Finalize Subcontractor Agreements
- Execute Building Contracts
- Obtain Certificate of Occupancy
- Implement Preparing Marketing Program and Staffing
- Grand Opening

Management and Operation Phase

- Operate the Facility
  - Executive Management Agreements
  - Conduct Marketing Program
  - Generate Profits