



MARKET STUDIES AND COMPREHENSIVE PLANS

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Taking the underlying market dynamics of supply and demand into consideration can help ensure effective plan implementation. It is important that municipalities working on their comprehensive plans gather and analyze market information and use this knowledge to inform each plan element, especially plan implementation. Forces that impact demand, for example, include population growth trends, technological change, economic restructuring, demographic shifts, and cultural preferences. On the supply side of the equation, important forces include construction rates, workforce profile, access to capital, condition and quality of existing building stock, and regulation.

Researching the market can take many forms depending on a community's need. In developing communities, for example, market research could include a broad assessment of land use trends that can help set feasible parameters for the supply of acreage for new development. In fully developed communities, market research could include a focused feasibility study of redevelopment in small areas targeted for revitalization.

Regardless of a community's size, character, or development pattern, there are a number of best practices to keep in mind regarding the use of market information:

- **Pay close attention to socio-economic forecasts and monitor regularly.** The Metropolitan Council provides you with the latest set of socio-economic forecasts for your community. However, this information can be applied in a variety of ways and it can also be a starting point for more detailed research on specific demographic trends (e.g., an aging population can significantly influence the demand for certain types of housing or retail).
- **Track prices for land, housing, and commercial/industrial properties.** Rapid changes in the price of real estate are strong indicators that something important is happening in your community, which may result in undesirable impacts (e.g., displacement of residents, inability to retain/attract employers, etc.)
- **Compare your community against peers, the metro area, the state, and the U.S.** Regardless of the metric, it is important to benchmark yourself against other communities and within a larger geographic area. This will give valuable insight into whether a measurable trend influencing your community is broader in scope and thus possibly beyond your direct control or if it is isolated to your community, which may mean there is a good chance you could take direct action to change or build upon the trend.
- **Consider how large infrastructure projects in your community may alter demand for real estate significantly.** Construction of new roads, bridges, transit, sewers, parks, and other large projects are intended to stimulate economic activity. If such a project is planned to occur in or near your community, consider what type of demand this may stimulate, who will be impacted, and its timing.

