Understanding the Market:
Submarket Analysis & Submarket Searches

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Understanding the Market:
Submarket Analysis & Submarket Search with Analysis

In the fast changing world of commercial real estate, it is increasingly important to understand your market and its various drivers. The introduction of new technologies is making it more feasible than ever for agents to take a strategic approach to closing more deals. Perhaps one of the most important technologies agents have available to them is online sites that provide a wide array of datasets in an easy to understand format: maps. As companies continue to leverage the power of spatially enabled data through online mapping, commercial real estate agents stand in one of the most advantageous positions to reap mapping's benefits.

While the availability of online mapping applications has grown, few products offer the robust features found in Digital Map Products' LandVision™. LandVision™, a real estate research, analysis and collaboration tool, helps you leverage spatial technology to capitalize on opportunities. The following best practice article will walk you through how you can take advantage of the resources and tools available in LandVision™ to map office and industrial submarkets and to analyze sales activity in custom geographies by site characteristics.

Overview: Industrial Property in Prime Location

The examples used in this article focus on office and industrial parks throughout Orange County, California. Using LandVision™ you will learn how to map and analyze submarkets and their sales activity. Submarkets will be analyzed based on their Class (A vs. B), average price per square foot, and asset values.
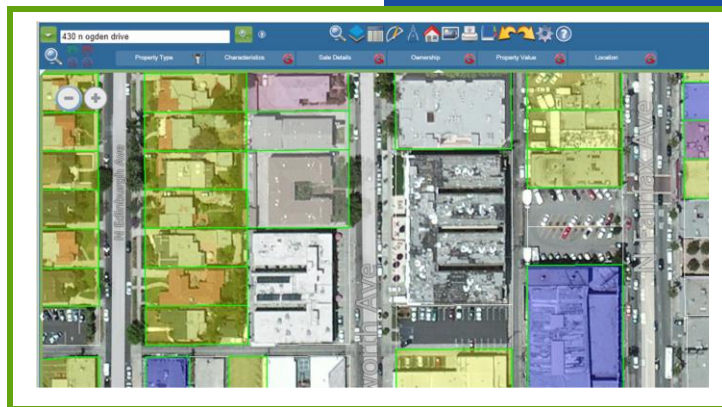
Best Practice: Submarket Analysis

The most effective and crucial information you can employ when negotiating a deal or trying to attract a new client is market knowledge. There are numerous ways to stay abreast of market trends and changes, from simply keeping personal notes and a contact list to investing in a database management program. However, no method is as powerful as it could be without the addition of mapping.

Taking your static notes, spreadsheets or databases to the next level with the addition of mapping will augment your market knowledge. LandVision™ offers numerous tools to help you map your data and establish submarkets for deeper analysis.

Features of LandVision™

- ✓ Parcel Boundaries
- ✓ Municipal Boundaries
- ✓ Aerial Imagery
- ✓ Tax Assessor Information
  - Ownership
  - Owner Address
  - Site features
  - Tax and Value
- ✓ Draw & Measure Tools
- ✓ Data Loader
- ✓ Dynamic Search
- ✓ Limit Search to an Area
- ✓ Create a Layer
- ✓ Export to Excel

LandVision™ provides a complete solution to research, analyze and collaborate effectively to make better real estate decisions.

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Using the Drawing tool available in LandVision™ you can easily establish submarkets to help you track sales activity in comparable geographies, identify major players, spot trends and ultimately organize your research in a very intuitive way. To map your submarkets using LandVision™ simply zoom to a scale where you can see the entire area within your map, select the Draw Polygon tool located below the map, move your mouse into the map and draw a polygon around the perimeter of the submarket. Submarket boundaries are often formed by following street centerlines, city boundaries, physical features and other features of regional importance. The image below shows a map of various submarkets mapped out using this method. The free-hand nature of the markup tool lets you make your own determination about what constitutes a submarket.

The drawn boundaries on the image below represent Class A and Class B submarkets. The light blue outline represents Class A submarkets whose primary land use is industrial. The dark blue outline represents Class A submarkets whose primary land use is office. The red outline represents Class B submarkets whose primary land use is industrial. You can choose colors and submarket classifications that work for your unique needs.

Once you have established your submarket boundaries they are automatically saved to the Markup layer; you can even share your work with others for quick and easy collaboration by saving your map to a Shared folder. This allows other users to access the file from their personal user license, make edits, and either save a new copy or save over the original file.

> The markup tools let you easily draw in submarket boundaries to track sales activity in comparable geographies, identify major players, track trends, and organize your research in a very intuitive way.

Another way to map your submarkets is by using the Create a Layer feature. The advantage of the Create a Layer feature is that you can append key information directly to each submarket drawing by inputting this information into the custom fields you defined when you created the layer. The ability to record attribute information lets you create your own proprietary spatial database which is searchable and editable. To create a submarket using the Create Layer feature simply create your submarket layer from the Browse Layers dialog box, adding fields for the submarket information you'd like to track. Then draw your submarket area on the map and copy the geometry to your submarket layer. Enter the relevant details into your custom fields.

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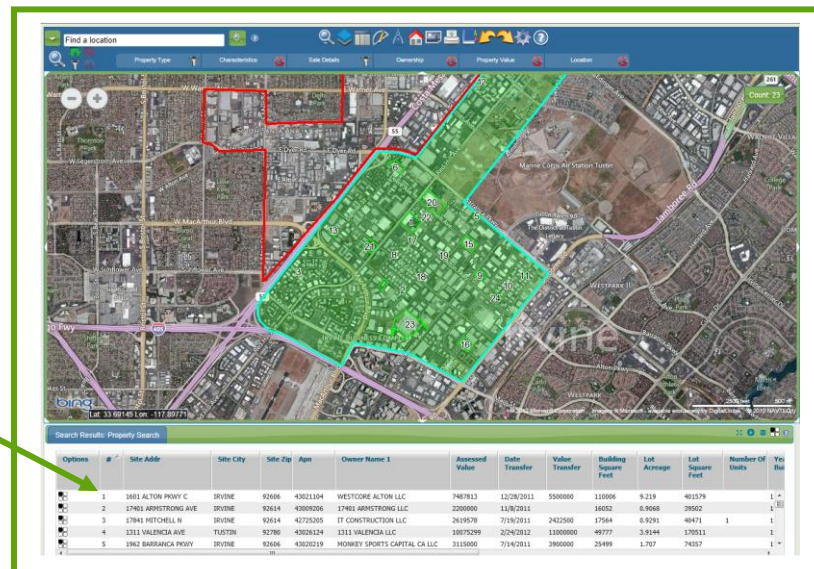## Spatial Technology Made Easy

Best Practice: Submarket Search with Analysis

Once you've created and saved your submarkets, it is time to put them to use by conducting searches to track and analyze sales activity by site characteristics such as land use. To do this, use the Property Search filter. In the Property Search filter, input your search parameters such as last sale date, land use type, estimated market value, building size and/or lot size. To spatially constrain your search to your submarket, select the submarket and add it as an inclusion, then set your search criteria and turn on the inclusion feature. The image below shows one of our submarket boundaries, outlined above, with a multi criteria sales search applied to it. From the results list, displayed at the bottom of the map, you can easily identify who the owner is to see who the active players are and you can also click on each result individually to get a more comprehensive view of properties in your submarket.

Results List

With the Dynamic Search feature you can pinpoint properties by land use. The image above shows a submarket. Properties highlighted in green meet the search criteria of: sale date within the last 12 months, land use equal to industrial and building size larger than 10,000 sq. ft.

To generate a new results list based on different search criteria is simple and can be done at any time. Having already drawn and saved your submarkets to either a Markup layer or a newly created layer, you can easily run new searches anytime employing new criteria based on your needs. For example, you can run quarterly submarket sales searches by setting a date range to the most recent quarter. This will empower you with vital information about submarket drivers over any given time period. Armed with this information, you now have a more complete view of your submarket from the perspective of frequency and location of specific property sales.

Generating property lists using the above methods is just the start of the submarket analysis techniques available in LandVision™. To deepen your analysis use the Export to Excel feature work with your search results in Microsoft Excel. Employing the same search techniques used above, you can conduct searches for sales over the course of an entire year or over a significant period of market activity such as the real estate boom period of the mid 2000's. Once you've generated your list based on your search parameters, click the link located that the bottom of the results list called Export to Excel. The resulting file will contain over 200 attributes based on Tax Assessor data that can be analyzed to determine metrics such as median property sale by building square footage, average price per square foot, active buyers, active sellers, and more.

	A	B	C	D	E	F	G	H
1	OWNER NAME	ASSESSED VALUE	SALE DATE	BLDG SQR FT	PRICE PER SQR FT		SUBMARKET STATISTICS	
2	15711 RED HILL LLC FLEXIBLE METAL HOSE	$12,000,000.00	10/9/2008	79756	$150.46		Avg. Price Per Sqr Ft	$169.93
3	1852 MCGAW LLC	$1,883,321.00	5/27/2009	12545	$150.13		Median Price Per Sqr Ft	$148.12
4	AVALONBAY COMMUNITIES INC	$13,311,000.00	9/21/2007	48883	$272.30		Avg. Sale Price	$4,477,639.00
5	CALDWELL,MATTHEW B TRUST	$573,322.00	6/14/2007	6716	$85.37		Median Sale Price	$2,806,013.50
6	CM PLAZA L P	$3,407,242.00	2/23/2007	22208	$153.42			
7	CORY,CHARLES F JR TRUST	$3,469,000.00	9/26/2007	16925	$204.96			
8	COURTNEY,GEORGE G III TRUST	$1,467,321.00	10/20/2008	11765	$124.72			
9	CWN PROPERTIES I	$3,060,000.00	2/14/2008	13417	$228.07			
10	DENNING,JEFFREY V TRUST	$2,636,044.00	6/15/2007	19802	$133.12			
11	DUNITZ-DAIMLER ST LLC SUTIE 2475	$2,868,202.00	6/28/2007	27125	$105.74			
12	FONG,JOSEPH F TRUST	$736,612.00	11/7/2007	5041	$146.12			
13	GLUCK FAMILY LLC	$1,521,754.00	10/20/2008	14610	$104.16			
14	GRABLE INDUSTRIAL BUILDINGS I LLC	$3,723,000.00	11/26/2008	22022	$169.06			
15	H F LEE LLC	$5,815,319.00	3/5/2008	30007	$193.80			
16	IRVINE BUSINESS CENTER INVESTE	$753,118.00	8/18/2008	6175	$121.96			
17	IRVINE BUSINESS CENTER INVESTO	$1,322,000.00	8/18/2008	5632	$234.73			
18	IRVINE BUSINESS CENTER INVESTO	$1,452,000.00	8/18/2008	6186	$234.72			
19	IRVINE BUSINESS CENTER INVESTO	$1,780,000.00	8/18/2008	7423	$239.80			
20	IRVINE BUSINESS CENTER INVESTO	$2,193,000.00	8/18/2008	8777	$249.86			
21	JBD FUND LLC	$2,334,657.00	3/26/2008	13763	$169.63			
22	JC & DC REAL ESTATE LLC	$7,767,636.00	12/27/2007	51382	$151.17			
23	KAVEZADE,RASOOL	$798,272.00	1/23/2007	11740	$68.00			

With the Export to Excel feature you can quickly extract your results to a spreadsheet for formatting and analysis.

The image above shows a simple spreadsheet containing all market transactions from January 2007 to December 2009 within the submarket boundaries we outlined earlier. Additional metrics showing average and median sale price and price per square foot enhance your market analysis.

Exporting search results lists from LandVision™ provides a wealth of information that can easily serve as a starting point for in-depth analysis. An example of this would be to supplement the above data with operating income for income producing properties such as office buildings with numerous suites. Adding such data can help you determine cap rates by using any one of the market value attributes available in LandVision™, such as Assessed Value (used above), Sale Price and Estimated Market Value.

Once you've determined which attributes you use most frequently, you can modify the fields that display in the Results List and use the Export to Excel feature to extract data utilizing just those attributes. This will allow you to zero in on only the necessary information for each situation. The knowledge gained from conducting this analysis can ultimately be reapplied to new searches with the promise of better results due to a deeper understanding of the data.

Did You Know?

Supplementing search results with additional attributes allows for greater analysis.

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Summary

Commercial real estate agents can take advantage of emerging technologies to find and close more deals. Particularly, developments in online mapping have provided an exciting opportunity to view datasets in a way that facilitates the identification of trends and key market drivers. The numerous tools and resources available in LandVision™ can help you analyze your territory at a submarket level and drill down for a more strategic approach. By taking advantage of advanced mapping technology you are able to better understand your market and its various drivers. Confidently manage your real estate research and analysis for improved decision making with LandVision™.

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Digital Map Products' Best Practice Series

"LandVision™ Best Practice Article: Understanding Your Market: Submarket Search & Submarket Search and Analysis" is part of Digital Map Products' Best Practices Series, a collection of articles intended to share industry insight, increase product knowledge and help readers benefit from advances in spatial technology.

About LandVision™ and Digital Map Products

LandVision™ is a real estate research, analysis and collaboration tool that embeds powerful geospatial technology so builders, developers, and commercial brokers can make location-aware decisions. It facilitates the identification, qualification, acquisition and ongoing management of land and commercial real estate opportunities. With LandVision™, companies of all sizes can take advantage of spatial technology to make more informed decisions and gain competitive advantage. Digital Map Products is a leading innovator of cloud-based spatial solutions that bring the power of spatial technology to business, government, and consumers. The company's mission is Spatial Technology Made Easy.