

Economic Viability and Impact Study *Monte Elvira*

Economic Viability Study Order

- ▶ Project Description
- ▶ Compliance with Regulations
- ▶ Socioeconomic Indicators
- ▶ Supply and Demand Estimate
- ▶ Economic Impact
- ▶ Additional income for the municipality or township

Objectives

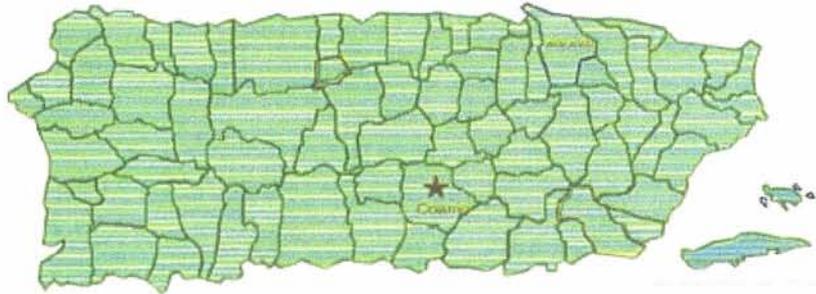
- ▶ Determine market viability for the project of 87,160 sf. in Monte Elvira Coamo.
- ▶ Quantify the economic impact of the project.

Project Description

- ▶ The original project was 208 acres in Coamo, consisting of:
 - 650 residences
 - 4 buildings with 132,160 sf. With 87,160 sf. Is commercial space.
- ▶ The investment is of \$16.8 millions of which \$16.7 millions are of construction and \$100,000 is for equipment purchases.

Market Area

Puerto Rico



Requirements: agreement with political policies

1. Phase III – Land Management Plan
 - Land designated as to be developed.
2. The analysis was executed abiding up to date laws and regulations available for housing land and other uses.

Requirements: agreement with political policies

1. Phase VI – Land Management Plan

- Land designated as to be developed.

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Requirements

3. Indicates benefits for:

- Employment (D&I)

277	Construction
312	Construction Operation
- Investment \$16.8 Millions in Construction
- Municipal Income \$ 1,076,000
- Expands retail trades and services in Coamo.
- It benefits the consumers and residents of the area.

Requirements

4. Introduces variety and convenience for the consumer.
5. Wide commercial offer.
6. It doesn't affect adversely the traditional commerce.

Requirements

7. There is a favourable impact for the socioeconomically conditions of the municipality.
8. Does not put pressure on existing infrastructure.

Socioeconomic Indicators

Coamo's Population

	1990	2000	% Annual 90/00	2008	% Annual 00/08
Coamo	33,837	37,597	1.1%	39,843	0.7%
PR	3,522,037	3,808,610	0.8%	3,984,888	0.6%

Source: Federal Census Bureau-PR. Planning Board

Coamo's Population

	1990	2000	% Annual 90/00	2010	% Annual 00/10
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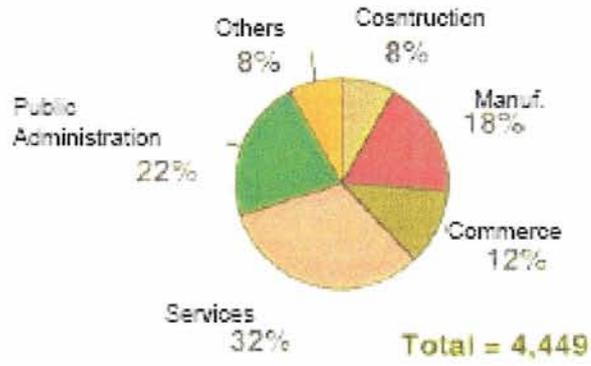
Source: Federal Census Bureau - PR. Planning Board

Growth of Families Income

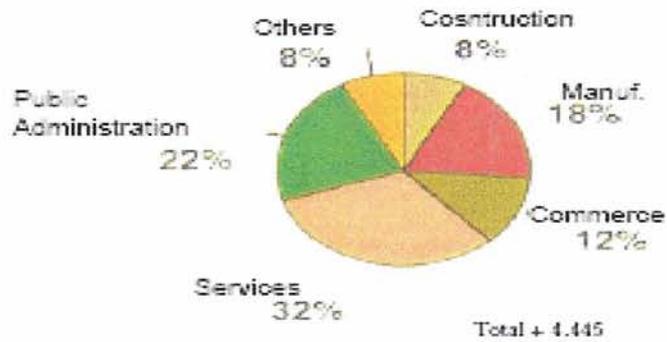
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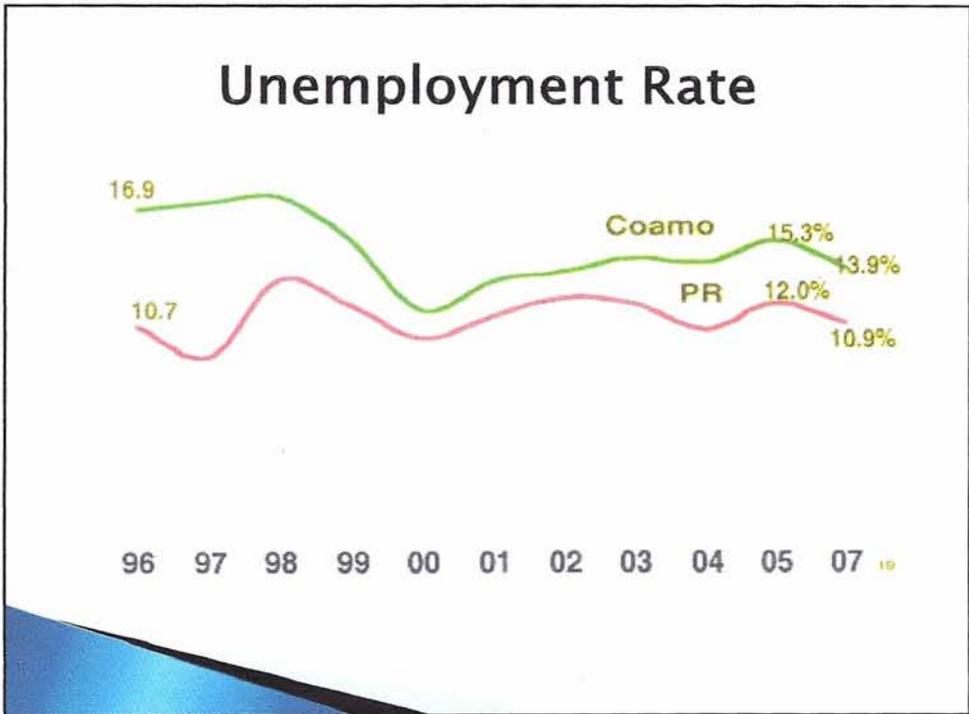
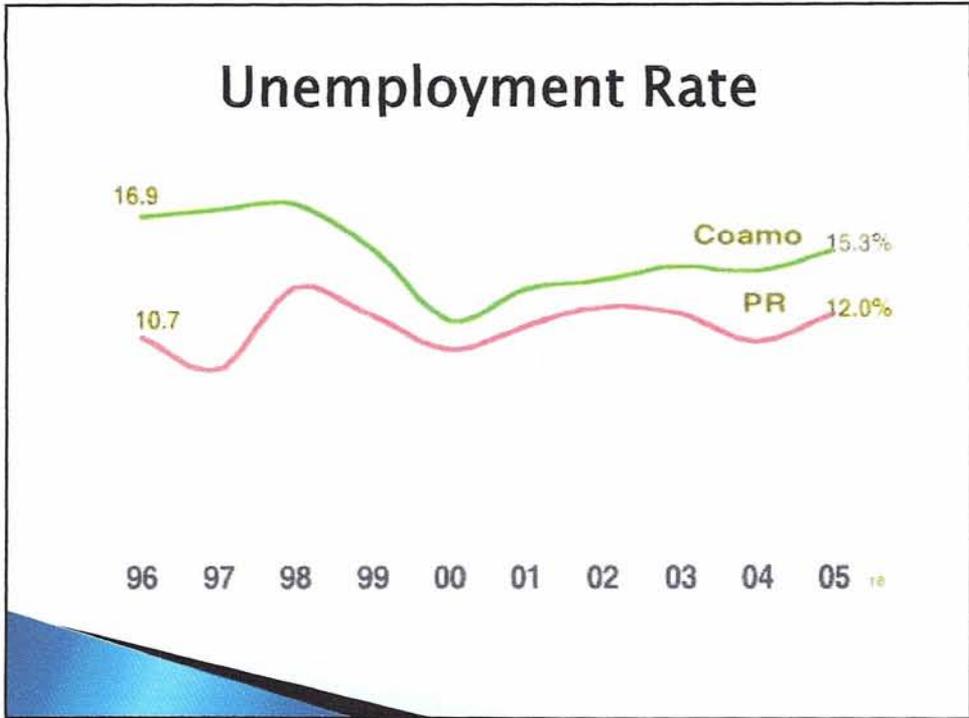
Source: Federal Census Bureau - PR. Planning Board

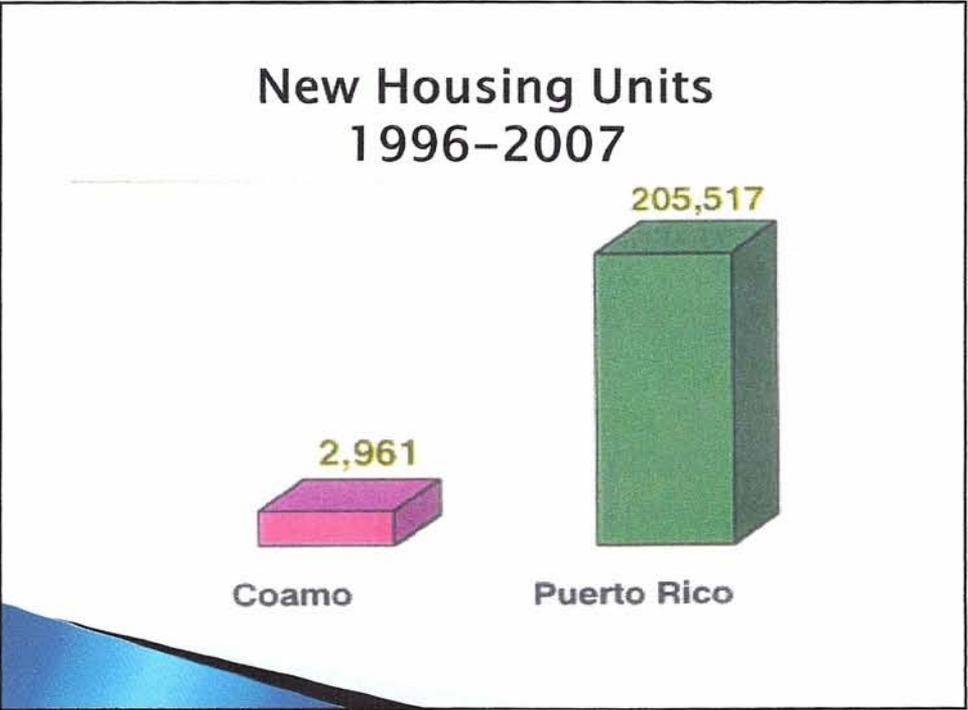
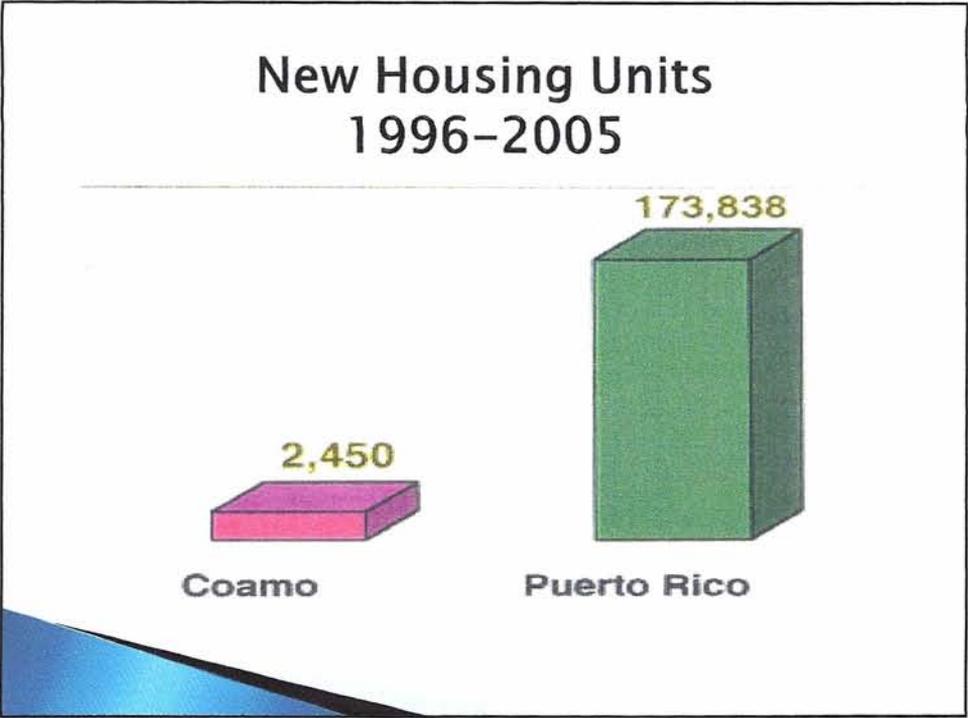
Employment in Coamo, 2005



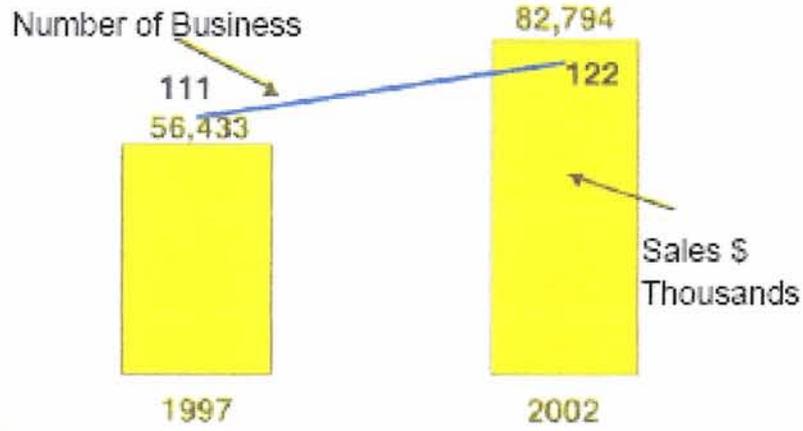
Unemployment in Coamo, 3Q 2007



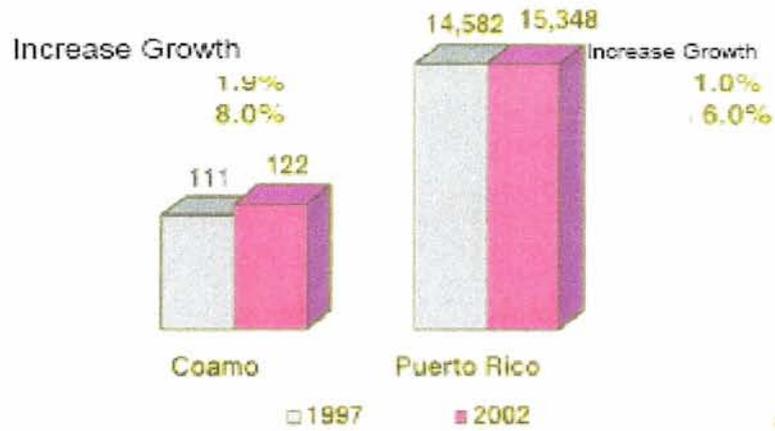




Coamo's Commerce

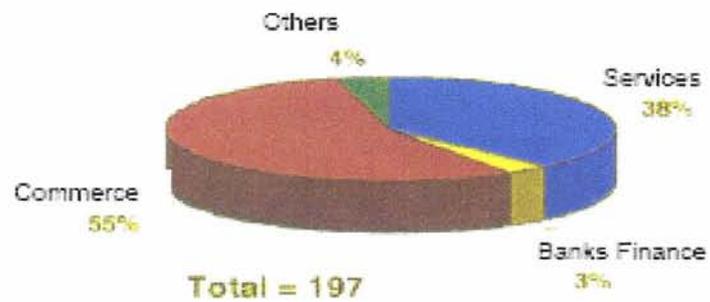


Numbers of Establishments Retail Trades

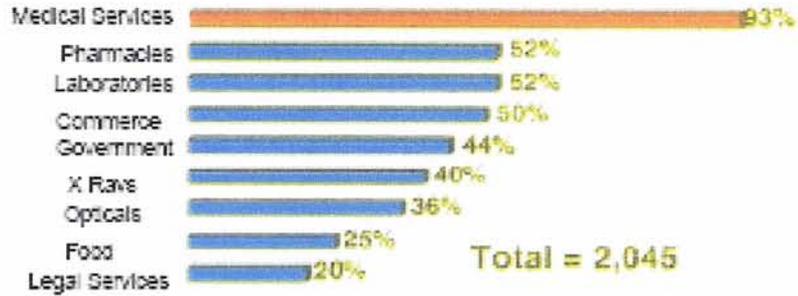


Estimate of Supply and Offer

Distribution Business Coamo



Demand Services Plaza Monte Elvira, 2005 Interviews about Commercial Necesities in Coamo

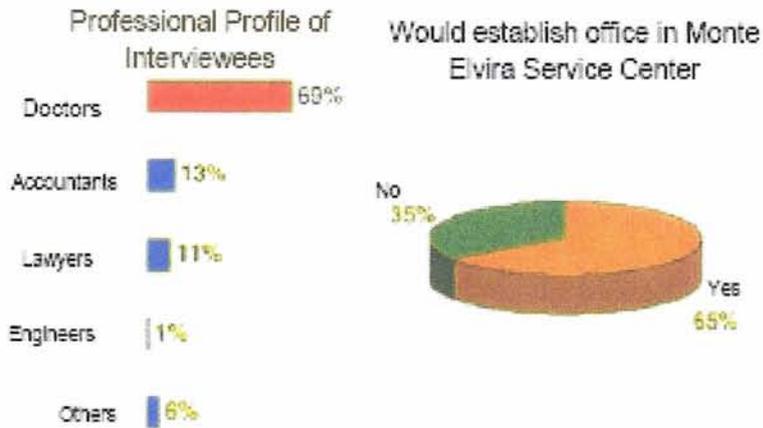


Interview to 72 Professionals

Professional Profile of Interviewees



Interview to 72 Professionals



Demand Estimate

	2005	2008
Puerto Rico Population	3,929,885	
Retail Sales in Puerto Rico	\$26,224,361,570	
Per Capita Sales	\$6,673	\$5,452
Real Personal Income in Puerto Rico	2.89%	
Poblacion en Coamo		39,843
Demand on Retail Sales		\$217,230,178

Demand Estimate

	2005	2008
Puerto Rico Population	3,966,375	
Retail Sales in Puerto Rico	\$26,084,555,035	
Per Capita Sales	\$6,576	\$5,210
Real Personal Income in Puerto Rico	1.84%	
Poblacion en Coamo		40,349
Demand on Retail Sales		\$210,221,683

Methodology Proposal

- ▶ Starting point: Retail census 2002
- ▶ Valued @ \$198.00 sf. in 2002
- ▶ Footage of the construction project is added, 2002-2006.
- ▶ Conversion of commercial space in square feet @ \$211.00 to obtain offer value in \$.
- ▶ We used an index of 2.14% to estimate sales in square feet in 2008.

Methodology Proposal

- ▶ Starting point: Retail census 2002
- ▶ Valued @ \$198.00 sf. in 2002
- ▶ Footage of the construction project is added, 2002-2006.
- ▶ Conversion of commercial space in square feet @ \$249.00 to obtain offer value in \$.
- ▶ We used an index of 2.88% to estimate sales in square feet in 2010.

Supply Estimate

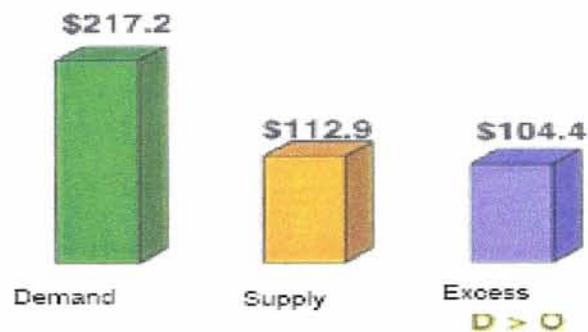
	2002	2005	2008
Number of establishments	98		
Amount in sales per millions	\$62.296		
Sales per Square Feet	\$198		\$211
Space in Square Feet	314,495	220,223	\$534,718
Estimate Supply \$			\$112,864,859
Demand Coamo \$			\$217,230,178
Excess of demand over supply			\$104,365,319
Sales Estimate, Monte Elvira			\$18,390,760
Excess Of demand for Monte Elvira			\$85,974,559

Supply Estimate

	2002	2005	2008
Number of establishments	98		
Amount in sales per millions	\$62.296		
Sales per Square Feet	\$198		\$249
Space in Square Feet	314,495	220,223	\$534,718
Estimate Supply \$			\$132,928,723
Demand Coamo \$			\$210,221,683
Excess of demand over supply			\$77,292,960
Sales Estimate, Monte Elvira			\$18,390,760
Excess Of demand for Monte Elvira			\$58,902,200

Supply and Demand 2008

Millions



Supply and Demand 2010

Millions

\$210.2



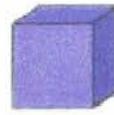
Demand

\$132.9



Supply

\$77.3



Excess

$D > S$

Economic Impact

Construction Phase Impact

- ▶ 45,000 sf. of the project will be devoted to professional services.
- ▶ 87,160 sf. of the project will be devoted to commercial retail.
- ▶ Construction cost of \$16.7 millions and \$100,000 in equipment purchases.

Construction Phase

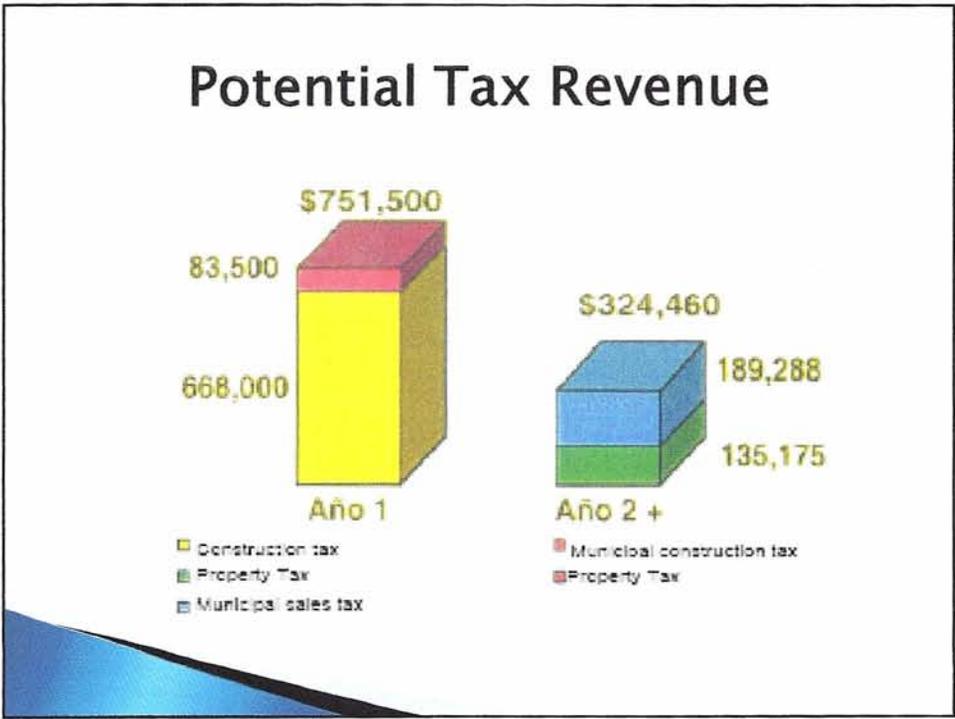
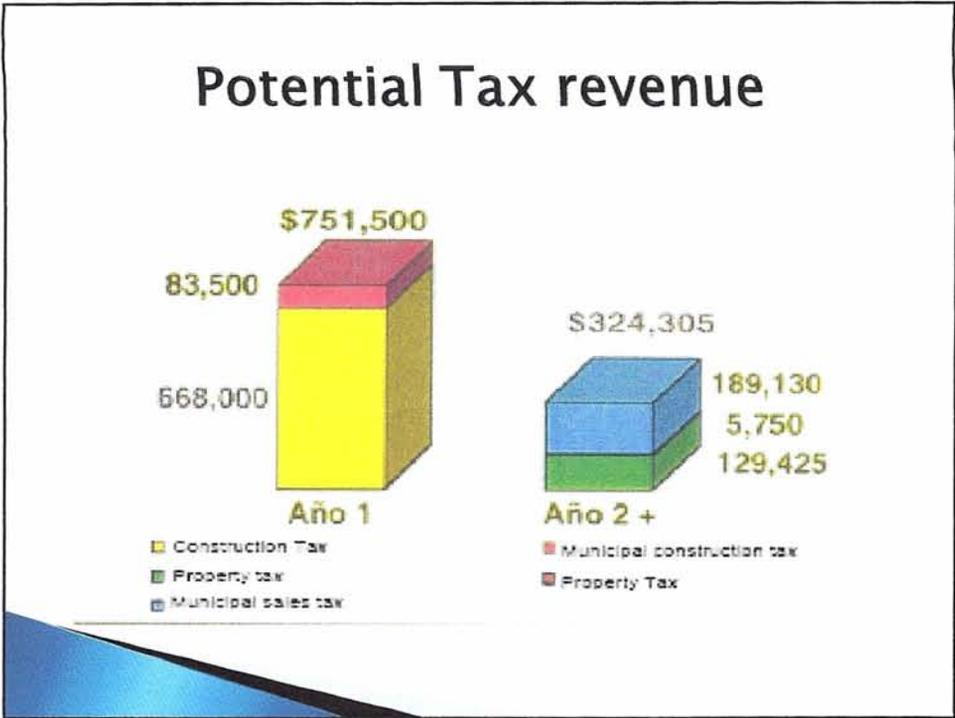


Economic Impact Complete Construction Phase

Investment	\$86,000,000	\$16,700,000
\$ Miles	Total Project	Commercial Part
Sales	\$148,727	\$28,881
Payroll	\$21,237	\$4,124
Employment	1,426	277
Direct	749	145
Indirect	679	132

Operational Phase in Millions





Impact Summary

- ▶ Investment of \$16.8 millions.
- ▶ Total activity (direct and indirect) of \$ 66.7 million, current prices.
- ▶ \$8.8 millions in payment roll (direct and indirect) at current prices.
- ▶ \$1.1 millions in revenue.