



Market Analysis for the Community Redevelopment Area (CRA) in Bradenton, Florida

City of Bradenton
November 8, 2006

RCLCO
ROBERT CHARLES LESSER & CO

BACKGROUND AND OBJECTIVES

Background

Glatting Jackson retained RCLCO to provide a market analysis for the redevelopment of an area in Bradenton identified as the Community Redevelopment Area.

Objectives

Provide redevelopment recommendations based on quantitative and qualitative aspects of demand for current and future land uses in the redevelopment area.

PROJECT METHODOLOGY

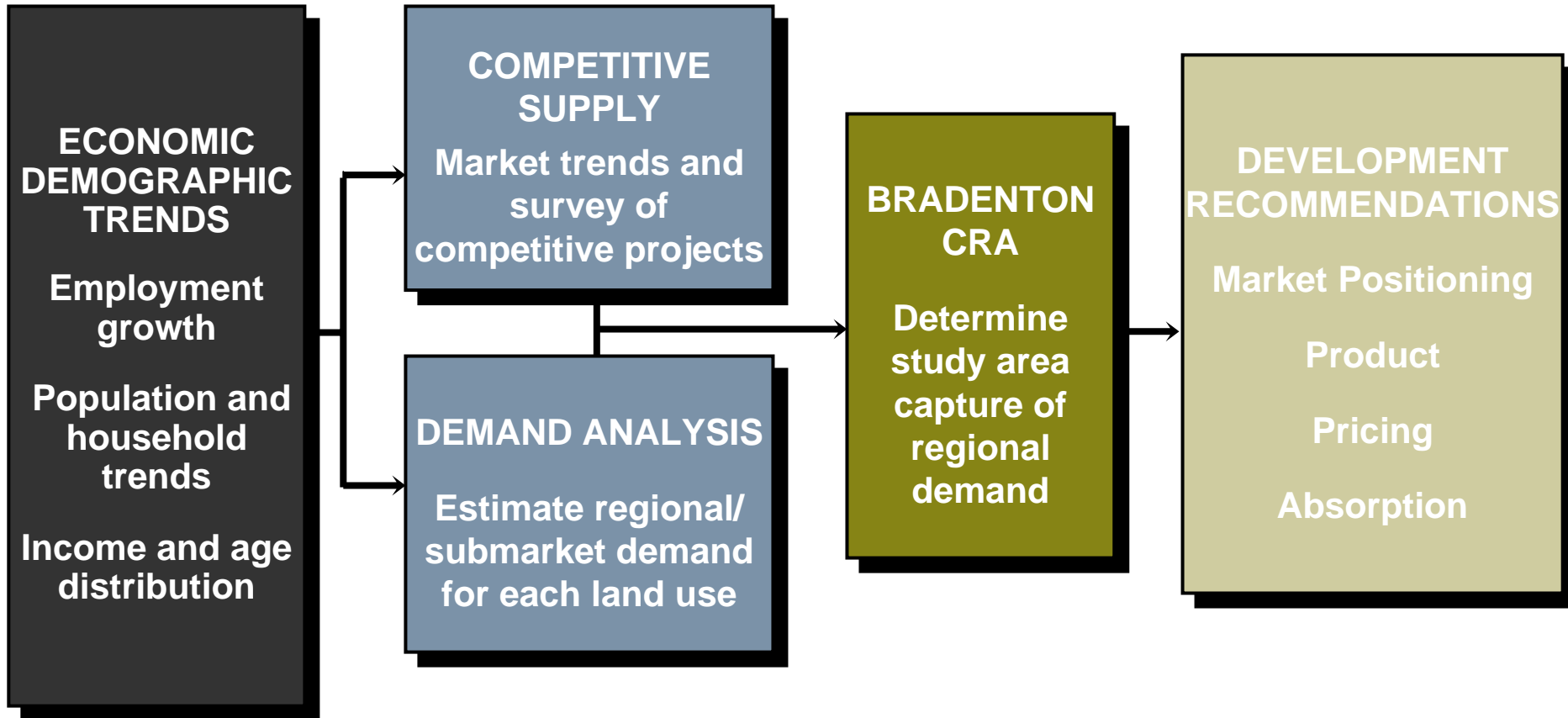
TASK 1

Data/Research

TASK 2

Market Analysis

CONCLUSIONS



AGENDA

- ▶ Regional Context
- ▶ Economic & Demographic Trends
- ▶ Residential Overview
- ▶ Retail Overview
- ▶ Office Overview

Regional Context

- ▶ Economic & Demographic Trends
- ▶ Residential Overview
- ▶ Retail Overview
- ▶ Office Overview

CITY'S CENTRAL LOCATION MAKES IT EASILY ACCESSIBLE TO RESIDENTS AND VISITORS



Bradenton CRA

- ▶ Central location accessible via several access points
- ▶ Relative price discount to surrounding areas
- ▶ High traffic count - up to **62,000** vehicles pass US-41 & Manatee Ave. intersection daily
- ▶ County seat of Manatee County – several government operations

DISTANCE:

To I-75	7 miles
To Beaches	10 miles
To Airport	10 miles
To Sarasota	12 miles
To Tampa Bay	41 miles

★ Subject Site

SOURCE: DataMetrix – 2001 Traffic Data

DOWNTOWN BRADENTON IS NOT WIDELY CONSIDERED TO BE A “DESTINATION”



Downtown’s Advantages

- ▶ Charming small town character offers desirable alternative to large cities and suburbia
- ▶ Riverfront offers beautiful backdrop and acts as a first rate public amenity
- ▶ Heart of Manatee County’s Arts and Cultural scene
- ▶ Existing stock of historic buildings give area identity and ‘sense of place’

Downtown’s Challenges

- ▶ Inadequate variety of retail and restaurants
- ▶ Lacks vibrant public gathering places
- ▶ Lack of diverse housing options affordable to a wide spectrum of buyers



DOWNTOWN BRADENTON IS GAINING MOMENTUM THAT WILL CONTINUE TO ENHANCE ITS REPUTATION



The new Manatee Players Facility

- ▶ Manatee Memorial Hospital
 - \$42 million expansion underway
 - 150,000 square feet added by Feb. 2007
- ▶ Manatee County Judicial Center
 - New 9-story, 225,000 square foot facility
 - Opening in early 2008
- ▶ Manatee Players
 - New state-of-the-art community theatre and performing arts education center
 - Will further area's reputation as a center for the visual and performing arts
- ▶ Mattison's Riverside Restaurant
 - New Bradenton outpost by popular Sarasota restaurateur
 - Quality restaurants are a proven catalyst for redevelopment

LOCAL ATTRACTIONS CONSISTENTLY DRAW HIGH NUMBERS OF ANNUAL VISITORS

<i>Venue/Event</i>	Annual Attendants
<i>Manatee Players</i>	30,000
<i>Art Center Manatee</i>	35,000
<i>Pirates Spring Training</i>	81,490
<i>South Florida Museum</i>	85,000
<i>Manatee County Library</i>	326,399

Overall, Manatee County has averaged **2.5 million visitors** annually since 2000

SOURCE: US Bureau of Statistics, Claritas, ESRI Data

- ▶ Site Assessment

- ▶ **Economic & Demographic Trends**

- ▶ Residential Overview

- ▶ Retail Overview

- ▶ Office Overview

THE CRA CURRENTLY UNDERPERFORMS THE GREATER AREA PRESENTING AN OPPORTUNITY FOR GAINS

	Bradenton CRA	City of Bradenton	Manatee County	Sarasota County
Total Population:	2,772	53,795	306,512	367,161
Total Households:	1,150	23,283	130,825	170,630
Median Age:	43	40	43	50
Median HH Income:	\$35,052	\$39,806	\$45,393	\$48,826
Median Home Value:	\$176,940	\$166,574	\$187,953	\$214,256

- ▶ The CRA has comparatively lower median incomes and home values than the greater area;
 - Downtown’s well compensated employees generally do not live or spend their earnings in the CRA
- ▶ Manatee County and the CRA specifically offer a lower cost of living to neighboring areas such as Sarasota

SOURCE: US Bureau of Statistics, Claritas, ESRI Data

THE CRA IS WELL POSITIONED TO RIDE THE WAVE OF RENEWED INTEREST IN URBAN CORES

QUICK GLANCE – BRADENTON CRA

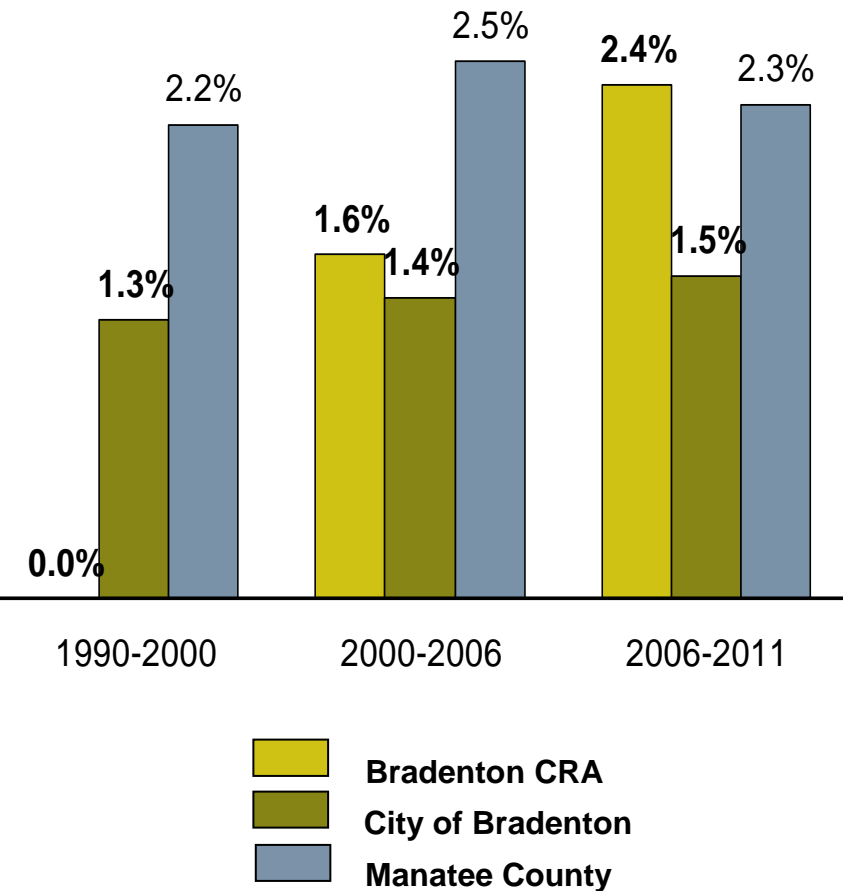
Total Employees:	7,502
Total Residential Population:	2,772
Daytime/Nighttime Population Ratio:	2.71
Median Household Income:	\$35,052
Median Home Value:	\$176,940

- ▶ In the last decade, numerous downtown districts across the nation have experienced an urban renaissance
- ▶ The CRA's high Daytime to Nighttime population ratio suggests there is an opportunity for more housing units in the area
- ▶ Retail follows rooftops – As more people move to the CRA, retailers requiring a certain scale, such as grocers, will consider opening outlets in the area

SOURCE: US Bureau of Statistics, ESRI Data

LOCAL DEMOGRAPHICS BOLSTER OPPORTUNITY FOR DOWNTOWN DEVELOPMENT

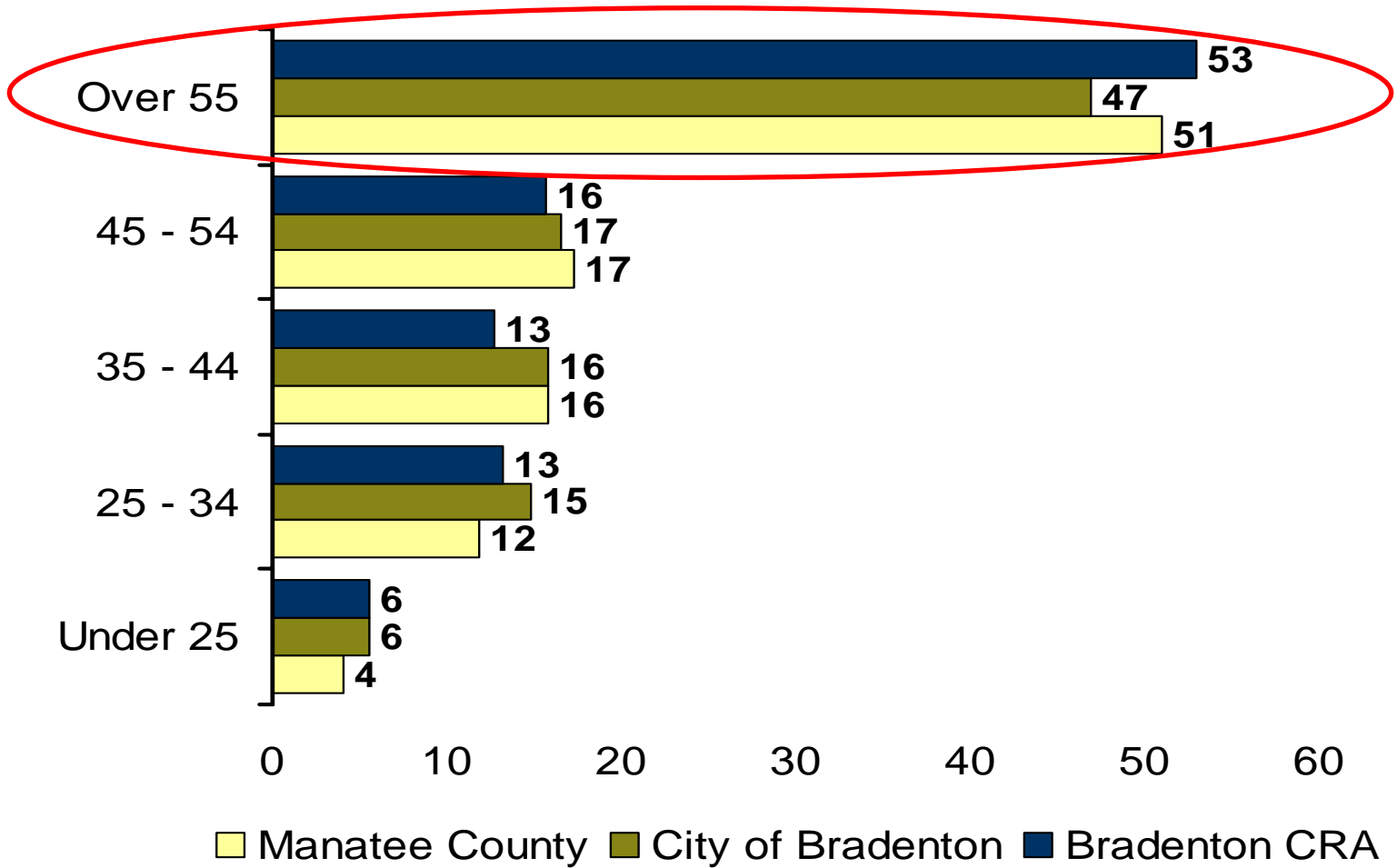
Population Annual Compound Growth Rates (%)



- ▶ Manatee County population has increased approximately 15% since 2000
 - Rate of growth exceeds both state and national averages over the same period
 - In-migration of both workers and retirees
- ▶ Manatee County job growth has averaged 3% annually since 2000
 - One of the top performing economies in the nation
 - Recently, unemployment rates have been significantly below the state and national averages
 - The region's strong performance can partially be attributed to a robust housing market which has fuelled the construction, hospitality, business service and banking industries
 - Future projections show solid rates of job growth for the remainder of the decade

55+ MARKET SEGMENT IS THE LARGEST AND FASTEST GROWING AGE GROUP IN THE AREA

Households by Age - 2006
Percentage (%)



HIGH-FLYING HOUSING MARKET SEEMS TO HAVE COME TO A 'SOFT LANDING', REBOUND EXPECTED IN 2008

QUICK GLANCE : SARASOTA-BRADENTON MSA 2005

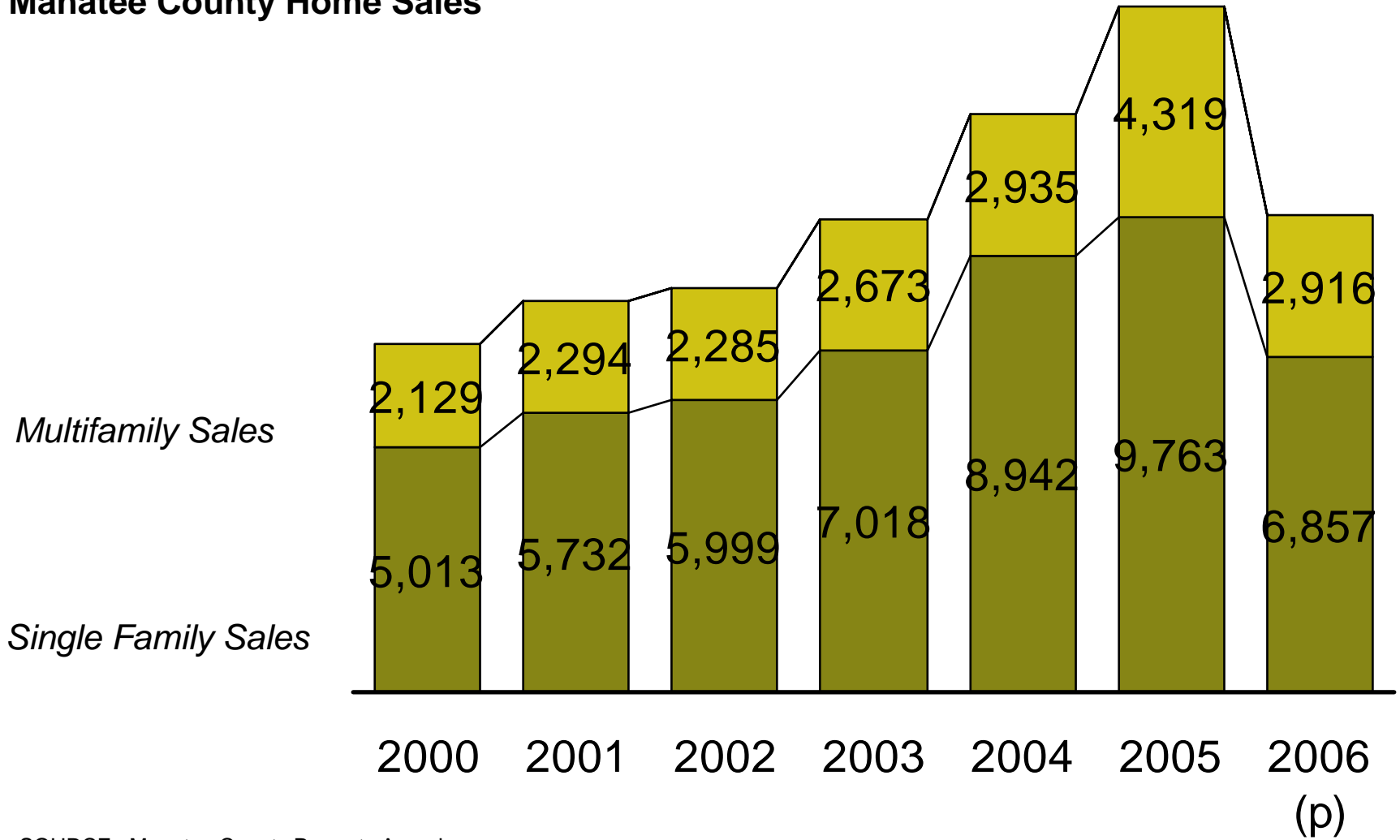
Existing Home Price:	\$367,800 (80% above national average)
3-year Appreciation:	92% (Very strong)
Affordability:	24% (Unfavorable, national average is 16%)
Net Migration:	18,000 (Favorable)

- ▶ Since 2000, single family and multifamily home sales have increased by 95% and 102% in Manatee County, respectively
 - Share of multifamily home sales as a percentage of total has remained steady at approximately 28% during this period
 - 2006 year-to-date numbers suggest both sales and prices have declined
- ▶ A recent Moody's study projects that local home prices that peaked around 4th quarter 2005 will decrease 14% from this peak quarter and bottom out in 3rd quarter 2007
 - The region's continued success is contingent upon its ability to offer a range of housing options
 - Slower appreciation will help improve housing affordability

SOURCE: National Association of Realtors, economy.com

FROM 2000 TO 2005 HOUSING SALES DOUBLED DUE TO POPULATION GROWTH AND SPECULATIVE ACTIVITY

Manatee County Home Sales



SOURCE: Manatee County Property Appraiser

- ▶ Site Assessment
- ▶ Economic & Demographic Trends
- ▶ **Residential Overview**
- ▶ Retail Overview
- ▶ Office Overview

OPPORTUNITY TO CREATE A VIBRANT WALKABLE ENVIRONMENT THAT WILL APPEAL TO HOMEBUYERS

MARKET CONDITION

- ▶ Large portion of CRA's housing stock is dated or in disrepair making parts of the area undesirable
 - Existing local product has limited appeal to many homebuyers
- ▶ National and local demographic shifts show growing preference for an urban lifestyle and highly-amenitized environments
 - Strong desire for walkable mixed-use environments proximate to cultural offerings
 - Local developers have responded with several projects either under construction or in the design phase

MOST PROJECTS CURRENTLY OFFERED ARE LUXURY RIVER ORIENTED DEVELOPMENTS

RCLCO surveyed actively-selling communities within close proximity to the Bradenton CRA:

Key Findings:

Primary Location:	Along Manatee River (to take advantage of waterfront)
Primary Orientation:	Luxury mid-rise condominium communities
Absorption:	Top communities selling between 5 and 10 units monthly
Price Range:	\$400K to \$900K
Unit Size Range:	1,300 to 2,000 sf
Value Ratio:	\$290/sf to \$430/sf
Typical Buyers:	Primarily empty nesters and retirees, investors and some young professionals

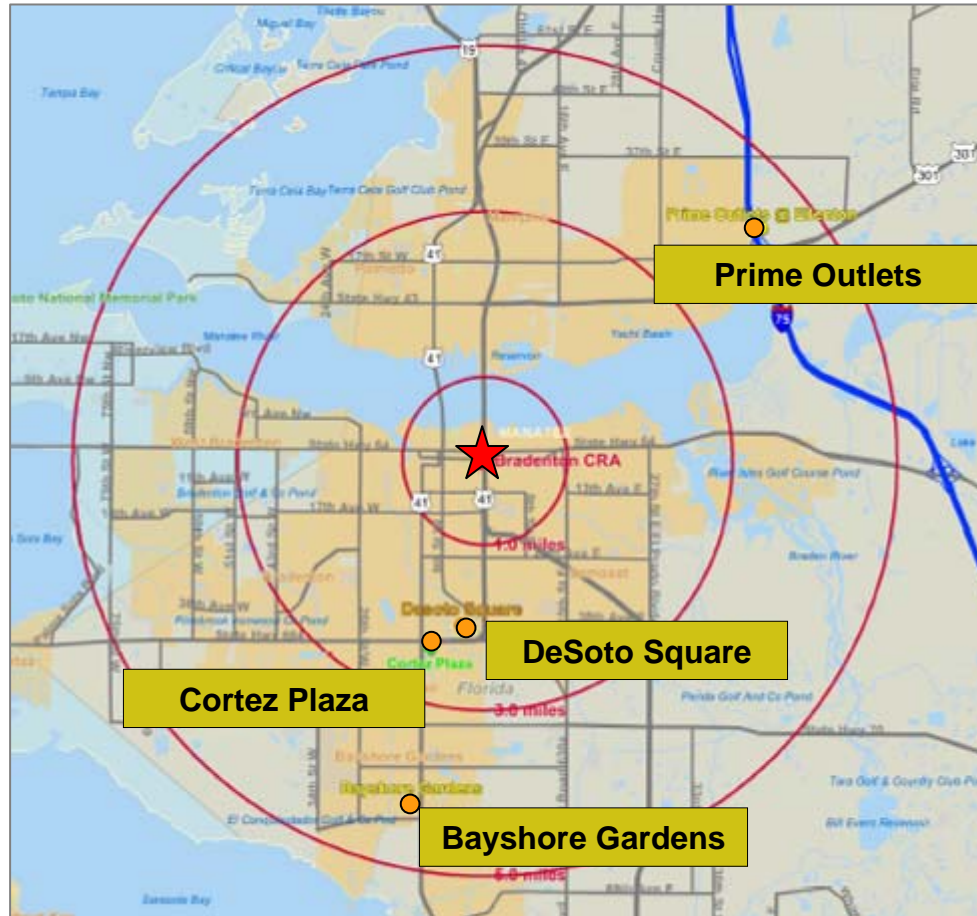
MARKET OPPORTUNITY TO ATTRACT RESIDENTIAL DEVELOPMENT AT DIFFERENT PRICE POINTS

- ▶ Strong population growth will continue to fuel growth
- ▶ Recent increase in new construction will have positive ramifications within the CRA
 - High-end nature of new developments will help to attract retail
 - To create a truly vibrant environment developers, local authorities and the community should work towards offering a wide range of housing within the CRA
- ▶ Proposed projects and those currently under construction will add 800 units to CRA

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THE BRADENTON CRA IS WITHIN 5 MILES OF 1.7 MILLION SQUARE FEET OF REGIONAL SERVING RETAIL

Major Shopping Centers within 5-mile radius



 **Subject Site**

SOURCE: ESRI

THOUGH RELATIVELY STRONG, THE LOCAL RETAIL MARKET LACKS VARIETY & LOSES BUSINESS TO NEIGHBORS

<i>Shopping Center</i>	Distance (Miles)	Year Open	Gross Leasable SF	Avg. Lease Rate/SF	Anchor Tenants
<i>DeSoto Square</i>	1.9	1973	690,253	NA	Macy's, Dillards, JC Penney
<i>Prime Outlets</i>	4.4	1991	484,675	NA	National chain outlet stores
<i>Bayshore Gardens</i>	4.2	1991	307,476	\$13	Publix, Target, TJ Maxx
<i>Cortez Plaza</i>	2.4	1958	289,110	\$15	Publix, Circuit City

MARKET CONDITIONS:

- ▶ Retail within the region is strong
 - High quality area shopping centers are averaging occupancy rates above 90%
 - Most recent construction has occurred in the suburbs in East Manatee
- ▶ The market is dominated by traditional enclosed malls and cookie-cutter strip malls with national big-box tenants
 - Area residents go to Sarasota and Tampa in search of nightlife and unique shopping and dining experiences

SOURCE: ESRI

AN OPPORTUNITY EXISTS TO CREATE A GATHERING PLACE FOR RESIDENTS AND VISITORS TO CONGREGATE

<i>Store Type</i>	SF	Potential Outlets
<i>Food & Beverage</i>	126,800	Publix, Outback, Starbucks & popular local restaurants
<i>Merchandise</i>	40,000	Walgreens & local merchandisers such as boutiques
<i>TOTAL</i>	166,800	

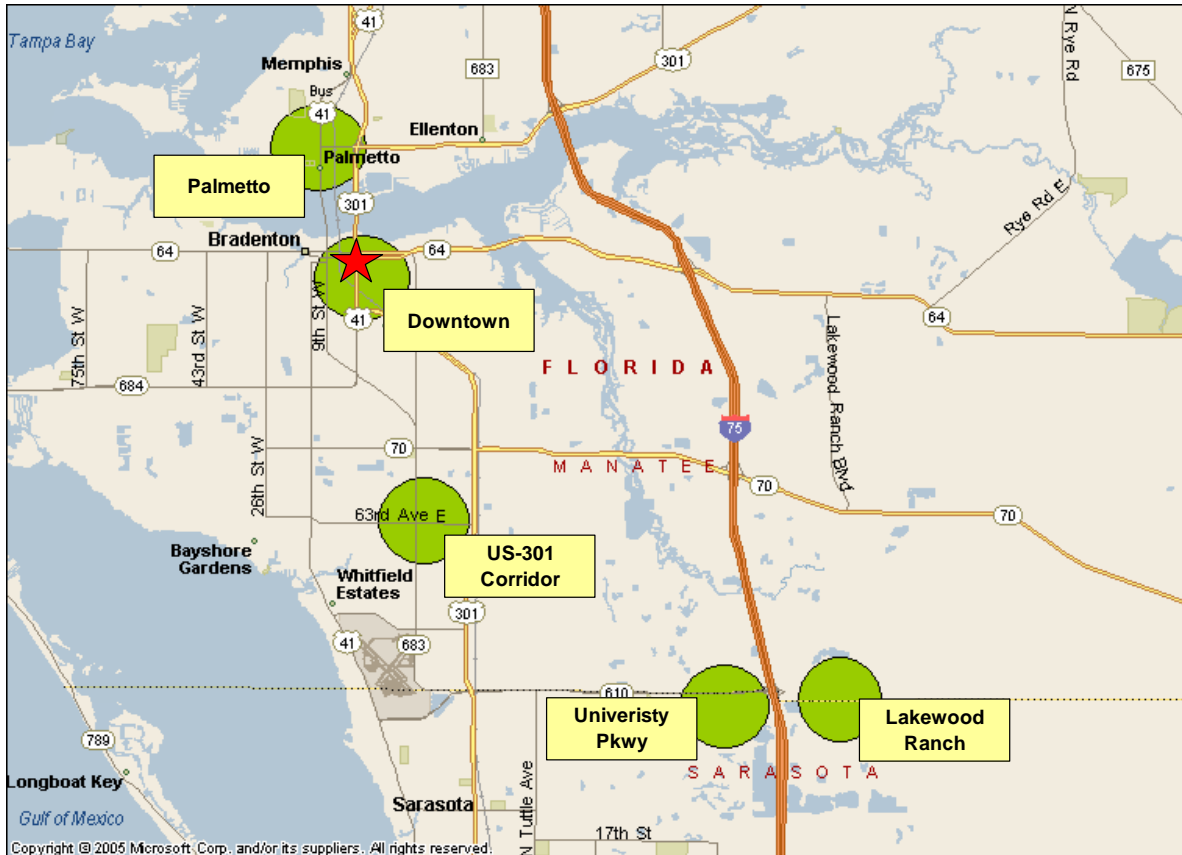
MARKET OUTLOOK

- ▶ The recent successful opening of Main Street at Lakewood Ranch reaffirms that the market has a strong preference for open air, unique shopping environments
 - The Bradenton CRA is uniquely positioned to deliver an authentic, historic Main Street shopping environment
- ▶ Retail destinations that can create a sense of place – a public realm with extensive programming centered around a park, water, amphitheater will capture consumers from formulaic retail centers

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DOWNTOWN IS ONE OF MANATEE COUNTY'S MAJOR EMPLOYMENT CORES

Manatee County Office Submarkets



	Office SF	Vacancy
Lakewood Ranch	786,202	4.0%
Downtown	766,616	12.3%
301 Corridor	422,299	64.8%
Palmetto	189,715	45.6%
University Parkway	187,871	8.7%
Other	512,317	11.1%
TOTAL	2,865,020	19.5%

 **Subject Site**

SOURCE: Manatee County Chamber of Commerce – Economic Development Council

SURGING LOCAL ECONOMY AND STRONG JOB GROWTH HAVE RESULTED IN A HEALTHY OFFICE MARKET

SUBMARKET	Class A Square Feet	% of Total Class A	Rent Price Range	Average Rent per SF	Occupancy
<i>Lakewood Ranch</i>	699,702	43%	\$16 - \$23	\$20	96%
<i>Downtown</i>	321,460	20%	\$13 - \$19	\$16	87%
<i>University Parkway</i>	147,871	9%	\$18 - \$24	\$21	95%

MARKET CONDITIONS:

- ▶ Local suburban office markets have grown in popularity
 - Since 2000, Downtown has added 100,000 SF of office space compared to Lakewood Ranch's 583,000 SF
- ▶ Manatee County office market generally commands lower rents than its neighbors to the north and south
 - Furthermore, Downtown's rents are less than the local suburban office markets making it difficult to construct new, financially feasible office buildings
- ▶ At 13% vacancy, Class A office space in the Bradenton CRA is currently within the 10 - 15% vacancy equilibrium range

SOURCE: Manatee County Chamber of Commerce – Economic Development Council

WITH PROJECTIONS POINTING TO CONTINUED ROBUST GROWTH, DEMAND FOR OFFICE SPACE SHOULD REMAIN

<i>SUBMARKET</i>	Under Construction (SF)	Planned & Proposed (SF)	% of Total Office Market
<i>Lakewood Ranch</i>	55,795	120,000	
<i>Downtown</i>	0	125,000	
<i>University Parkway</i>	0	155,000	
<i>TOTAL</i>		493,000	17%

MARKET OUTLOOK

- ▶ Strong suburban office markets and high land costs will make it difficult to deliver rental office space
 - Developers will respond by offering for-sale office condominiums and introducing other innovative solutions such as mixed-use projects and redevelopment of older buildings
- ▶ Large floor plate buildings catering to big corporates should not be built speculatively, greatest opportunity lies in providing office space for small business
 - Aging Boomers reaching retirement age not yet ready to retire and increasingly are starting new businesses seeking small office space
- ▶ Demand potential is strong X,XXX SF

SOURCE: Manatee County Chamber of Commerce – Economic Development Council

CONCLUSIONS

- ▶ Manatee County lacks a distinct, attractive location that residents and visitors identify as a true destination
- ▶ Downtown's street grid, waterfront, and cultural amenities are strong assets that give the area a competitive advantage over other areas in Manatee County
- ▶ Strong population and job growth bode well for residential, retail, and office demand in the county
 - Downtown could effectively capture a large portion of this demand if it embraces the creation of a vibrant, walkable, mixed-use environment that helps to make it a popular regional destination



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