



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

City of Bradenton  
December 4, 2006

**RCLCO**  
ROBERT CHARLES LESSER & CO

# BACKGROUND AND OBJECTIVES

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## **Background**

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

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## **Objectives**

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

# PROJECT METHODOLOGY

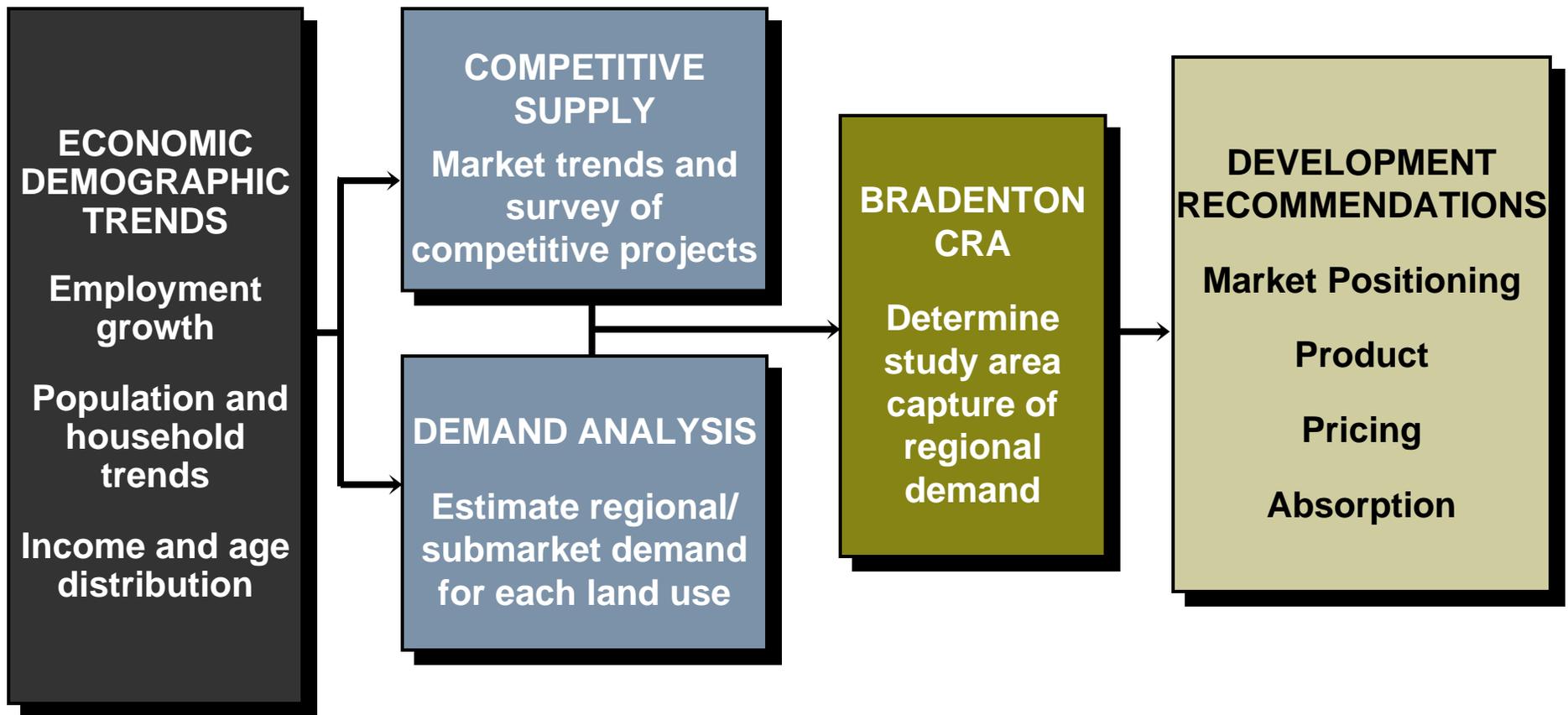
## TASK 1

Data/Research

## TASK 2

Market Analysis

## CONCLUSIONS



# AGENDA

- ▶ Market Support
- ▶ Case Studies
- ▶ Opportunities

## Market Support

- ▶ Case Studies
- ▶ Opportunities

# DEMOGRAPHIC TRENDS AND MARKET CHARACTERISTICS BODE WELL FOR DOWNTOWN RESIDENTIAL MARKET

## MARKET CONDITIONS

- ▶ Sizable portion of CRA's housing stock is dated or in disrepair
  - Migration of families to more suburban areas over the past several decades has altered the area's landscape
- ▶ National and local demographic shifts show growing preference for urban lifestyle and highly-amenitized environments
  - Strong desire for walkable mixed-use environments proximate to cultural offerings

## MARKET OUTLOOK

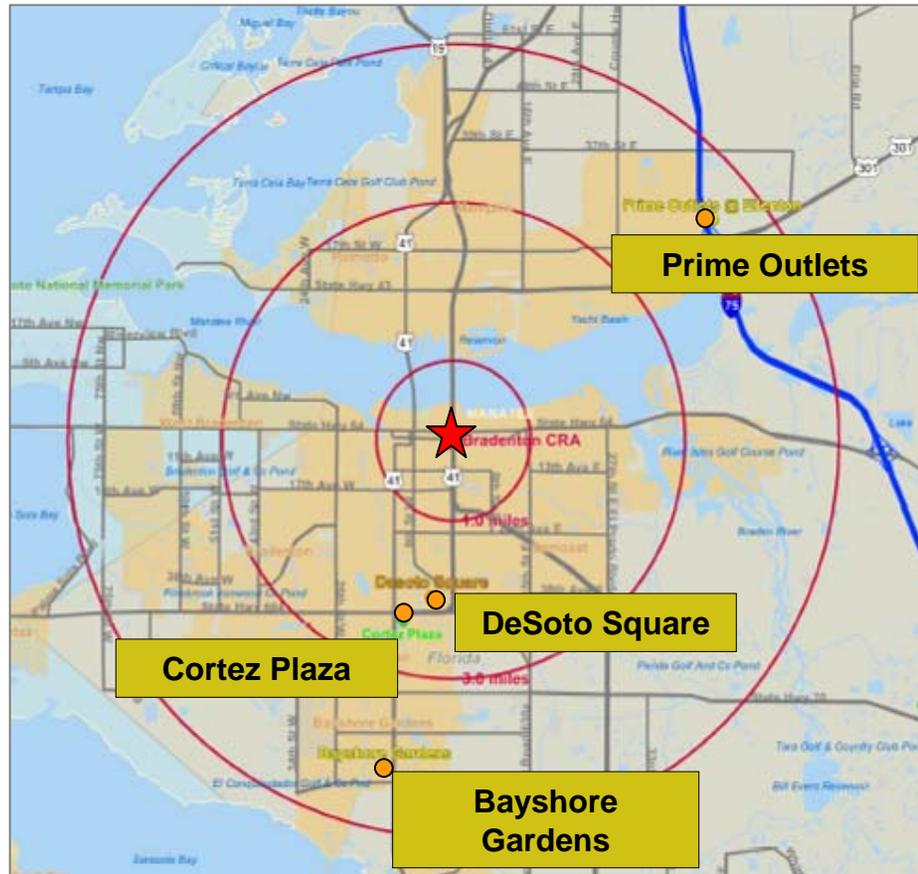
- ▶ Strong population growth will continue to fuel market
- ▶ Recent increase in new construction will have positive ramifications within the CRA
  - High-end nature of new developments will help to attract retail
  - To create a truly vibrant environment developers, local authorities and the community should work towards offering workforce housing within the CRA

# RCLCO PROJECTS ANNUAL NEW HOME DEMAND OF 230 UNITS ANNUALLY IN THE BRADENTON CRA

Home Price	Projected Manatee County Demand	Subject Area Capture
Below \$100k	1,539	-
\$100 to \$150k	4,535	68
\$150 to \$200k	3,010	45
\$200 to \$250k	1,755	26
\$250 to \$350k	3,082	46
\$350 to \$450k	997	15
\$450k +	1,963	30
<b>TOTAL</b>	<b>16,880</b>	<b>230</b>

Subject area capture assumes that the subject site can capture more than its fair share of demand within the competitive market area

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



## 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

## 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

**RCLCO PROJECTS THE ENTIRE BRADENTON CRA CAN ABSORB AN ADDITIONAL 180,000 SQUARE FEET OF RETAIL SPACE BY 2011**

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

## MARKET CONDITIONS:

- ▶ Following a trend that has occurred in most major metro areas across the country, 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

## MARKET OUTLOOK

- ▶ Strong suburban office markets and high land costs will make it difficult to deliver rental office space in the Downtown CRA
  - 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 corporate tenants should not be built speculatively, greatest opportunity lies in providing office space for small business
  - Aging Boomers reaching retirement age are not yet ready to retire and increasingly are starting new businesses seeking small office space

**RCLCO PROJECTS THAT THE ENTIRE BRADENTON CRA CAN ABSORB  
AN ADDITIONAL 132,000 SQUARE FEET OF OFFICE SPACE BY 2011**

SOURCE: Manatee County Chamber of Commerce – Economic Development Council

- ▶ Market Support
- ▶ **Case Studies**
- ▶ Opportunities

# RCLCO CASE STUDIED SOME ANALOGOUS REDEVELOPED DOWNTOWNS TO DETERMINE LESSONS LEARNED



*Top Photo: Downtown Chattanooga, Bottom Photo: Downtown Milwaukee*

## RCLCO surveyed these cities:

- Chattanooga, TN; Columbus, GA; Melbourne, FL; and Milwaukee, WI

## Many common characteristics seen in all four areas:

- Waterfront location
- Redevelopment success spurred by quality restaurants, entertainment, and parks providing waterfront access
- Pedestrian connectivity throughout downtown district
- Comprehensive redevelopment plan in place
- Strong community interest and involvement
  - Non-profit downtown advocacy groups play key role
- Physical upgrades as crucial component of redevelopment
  - E.g., streetscape improvements and façade upgrades

# MELBOURNE, FLORIDA WAS THE MOST COMPARABLE CASE STUDY TO BRADENTON



*Downtown Melbourne Marina*

## Geographic similarities:

- ▶ Located on waterway, short distance to ocean
- ▶ Proximity to airport
- ▶ Within an hour of major metro area
  - Orlando: 60 minutes from Melbourne
  - Tampa: 50 minutes from Bradenton
- ▶ Traditionally low-rise community with newer mid-rise waterfront development

<b>DEMOGRAPHIC COMPARISON</b>	<b>Bradenton</b>	<b>Melbourne</b>
Median Age	43.2	43.6
% of Population Over Age 65	23.3%	24.8%
Average Household Income	\$52,319	\$51,890
Average Household Size	2.3	2.1
Total Households (within 5 miles of downtown)	80,836	52,169

# MELBOURNE'S REDEVELOPMENT STRATEGY IS HIGHLY APPLICABLE TO THE BRADENTON CRA

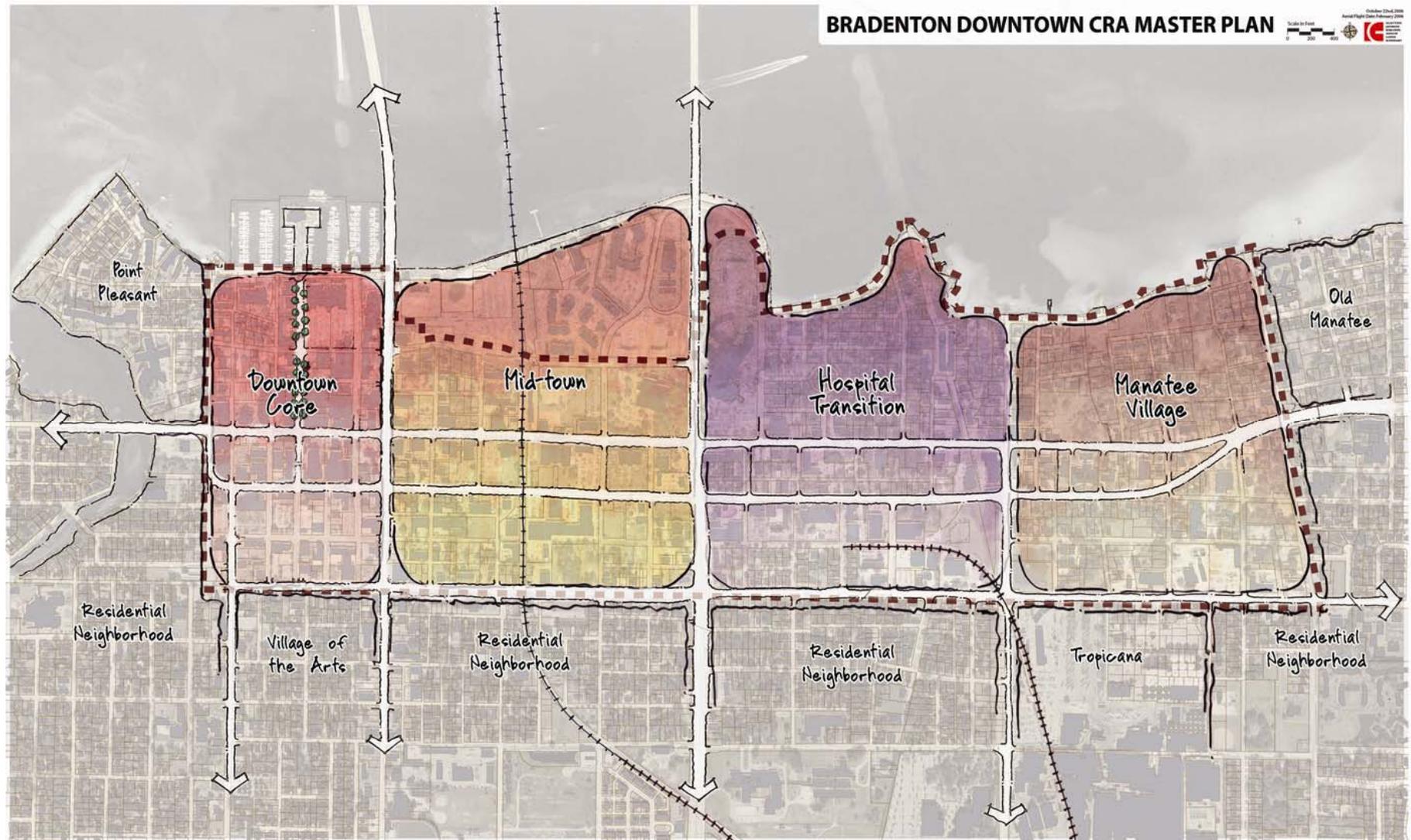


Top Photo: Downtown Marina, Bottom Photo: House in Village of the Arts

- ▶ **Redevelopment plan titled “Returning the Harbor to the Harbor City”**
  - Reorientation to the waterfront seen as crucial
  - Achieved with new waterfront park and increased public access to water
- ▶ **Initial retail redevelopment focused on existing core**
  - Façade, lighting, and streetscape improvements have enhanced New Haven Ave (their Old Main Street)
  - Result has been the creation of a thriving retail district
    - Trendy bars and restaurants came first and high quality retail followed
- ▶ **Arts community embraced as part of redevelopment strategy**
  - Capitalized on popularity of Melbourne Arts Festival
  - Bradenton’s arts community is already larger and more established than Melbourne’s

- ▶ Market Support
- ▶ Case Studies
- ▶ Opportunities

# INITIAL REDEVELOPMENT EFFORTS SHOULD FOCUS ON AREAS WITHIN CRA WITH GREATEST MARKET POTENTIAL



# DOWNTOWN CORE'S STREET GRID, HISTORIC ASSETS AND WATERFRONT TO SERVE AS BACKBONE FOR GROWTH



Photos: Thornton Park, Orlando, FL

- ▶ Cities with vibrant mixed-use, distinguishable cores have strong adjacent neighborhoods
  - Combining Old Main Street's charm and historic buildings with the waterfront's beautiful vistas will create a unique environment with a sense of place that can successfully draw visitors and residents alike to Downtown
  - 75% of buildings in Downtown Core are currently occupied by civic and office uses
    - The most vibrant downtown's have a more diverse mix of land uses
    - Offer more retail and residential to spur redevelopment

## *Downtown Core Opportunities*

**Retail**

Regional serving

**Residential**

Mixed income

**Arts & Entertainment**

Festivals and venues

**Public Space**

Parks, public art

# HOSPITAL PROVIDES STRONG ANCHOR FOR FUTURE DEVELOPMENT IN DISTRICT BETWEEN US41 & E. 9<sup>th</sup> ST



Photos: Manatee Memorial Hospital, conceptual rendering

- ▶ Manatee Memorial Hospital is a strong local economic engine; aging of Bradenton's population and growth of the healthcare industry mean area surrounding hospital is well positioned for redevelopment
  - Form stronger links between hospital and surrounding neighborhood to jumpstart redevelopment
    - Physicians seek office space to serve growing clientele
    - Hospital employees are in acute need of quality nearby housing and neighborhood serving retail
    - A 'wellness village' could tie-in well with hospital environment

## ***Hospital District Opportunities***

<b><i>Office</i></b>	Small office space
<b><i>Residential</i></b>	Attainable rental + for sale housing
<b><i>Retail</i></b>	Neighborhood serving
<b><i>Educational</i></b>	Satellite campus of university

# ACTIVITY IN MIDTOWN AND MANATEE VILLAGE WILL BENEFIT FROM EMERGENCE OF DOWNTOWN & HOSPITAL



- ▶ Mixed-use projects proposed for sites in the Midtown area and Manatee Village stand to benefit from and add to primary efforts to redevelop the Downtown Core and Hospital District

## ***Midtown Opportunities***

***Residential*** Mixed income

***Retail*** Neighborhood serving

***Hospitality*** Boutique hotel



## ***Manatee Village Opportunities***

***Residential*** Mixed income

***Retail*** Neighborhood serving

Photos: The Promenade at Riverwalk, Bradenton, FL; Park Plaza Hotel, Winter Park FL

## CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report are based on our analysis of the information available to us from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

Our conclusions and recommendations are based on certain assumptions about the future performance of the global, national, and/or local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing conclusions and making the appropriate recommendations. However, given the fluid and dynamic nature of the economy and real estate markets, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions and recommendations periodically to ensure that they stand the test of time.

We assume that, in the future, the economy and real estate markets will grow at a stable and moderate rate. However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time. Indeed, we find that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Our analysis does not take into account the potential impact of major economic "shocks" on the national and/or local economy and does not account for the potential benefits from a major "boom." Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. The future is always difficult to predict, particularly given changing consumer and market psychology. Therefore, we recommend the close monitoring of the economy and the marketplace. The project and investment economics should be "stress tested" to ensure that potential fluctuations in the economy and real estate market conditions will not cause failure.

In addition, we assume that economic, employment, and household growth will occur more or less in accordance with current expectations, along with other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer confidence; in the cost of development and construction; in tax laws (i.e., stable property and income tax rates, deductibility of mortgage interest, and so forth); or in the availability and/or cost of capital and mortgage financing for real estate developers, owners, and buyers. Should any of the above change, this analysis should probably be updated, with the conclusions and recommendations summarized herein reviewed accordingly (and possibly revised).

We also assume that competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand. Finally, we assume that major public works projects occur and are completed as planned.

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## GENERAL LIMITING CONDITIONS

Reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCo from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that was current as of the date of this report, and RCLCo has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCo that any of the projected values or results contained in this study will be achieved.

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**This engagement was conducted by Sam Kachidza, Senior Associate; and Chris Volney, Associate, under the direction of Gregg Logan, Managing Director. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCo advisory services, please call (404) 365-9501.**



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