

# Downtown Clearwater Market Study

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- prepared for -



The  
City of Clearwater

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- Prepared by -

Lambert Advisory, LLC



- in conjunction with -

PRG Real Estate Research

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## Summary of Conclusions & Recommendations

Lambert Advisory was engaged by the City of Clearwater (City) to:

1. Identify Downtown Clearwater's existing economic base;
2. Identify the market potential for future redevelopment within Downtown Clearwater (Downtown);
3. Further, identify investments that could act as catalysts for further development Downtown; and
4. Make recommendations and delineate next steps based on the baseline data collected.

The body of this report includes our assessment of market conditions and trends impacting development and investment in Downtown, our estimates of market potential of future development Downtown, and our findings as to how other Florida cities have successfully scheduled and utilized events to maximize support to Downtown businesses.

The summary herein provides an overview of the major conclusions and findings in the body of the report, and details our recommendations as to how the City, Community Redevelopment Agency (CRA), and Downtown Development Board (DDB), in conjunction with the business community, can accelerate the pace of revitalization in Downtown Clearwater and the broader CRA.

There are three principal conclusions or findings within our analysis and research that drive our recommendations:

1. Existing market demand and growth for the foreseeable future is adequate to support a significantly improved retail/restaurant district in the Downtown, the absorption of a significant amount of office space and, the development of additional for-sale residential units.
2. The City of Clearwater has made and continues to make investments in the utility backbone, streetscape, and corridor/transportation infrastructure that serve as the foundation for Downtown and the CRA's revitalization. These include the Cleveland Avenue streetscape improvements and underground utility and flood mitigation investments.
3. Despite significant investment to date, there continues to be a number of impediments to investment in Downtown; some based on perceptions of Downtown, some financial in nature, and others principally requiring a refocus of existing resources. The CRA and DDB can play a role in mitigating a number of these impediments.

The remainder of this summary provides an overview of conclusions associated with the underlying market conditions and support for Downtown investment, as well as recommendations based on these findings and conclusions.

## **PRINCIPAL CONCLUSIONS**

- **Population Trends:** The CRA, including Downtown Clearwater, is projected to be among the fastest growing submarkets in Pinellas County over the next five years. While Pinellas County estimates that the County will grow by less than one-half of one percent per year between 2005 and 2010, the CRA is projected to grow by over 3 percent annually over the same period (Page 16). This growth is largely being fueled by new high-density condominium development within and adjacent to the Downtown area.
- **Income Trends:** The fact that many of the neighborhoods that surround the Downtown are among the most affluent in the City, and that new housing now being constructed Downtown is generally luxury in nature can provide strong support to retail in Downtown. This is despite the fact that the current income profile of existing CRA residents is more modest than that of residents of the City as a whole. Our defined Downtown retail trade area – the principal area from which Downtown businesses will draw resident expenditure – is an area significantly larger than the CRA and includes Island Estates to the west, Harbor Oaks and part of Belleair to the south, Skycrest to the east, and Sunset Point to the north. The retail trade area has a 2005 estimated median household income of \$37,000 compared to \$39,000 for both the City and County (Page 35). The trade area's median household income is projected to grow to \$42,000 by 2010.
- **For-Sale Housing:** The housing market in the CRA continues to draw significant interest from developers and purchasers. However, due to higher land prices Downtown in comparison to other areas of the City, which encourage high rise development, and construction costs that are approaching \$200 per square foot for high rise product, almost all new condominium development in Downtown Clearwater must effectively be sold at the luxury end of the price spectrum. As of August 2005, there were approximately 1,800 Downtown units in various stages of the development/marketing process. For the approximately 800 units that were actively marketing as of August 2005, the average unit was priced between \$300 and \$500 per square foot (Page 28). There were an additional thousand units in planning – pending approval, approved, or under construction, but not yet in marketing (Page 29). More modestly priced townhome product has been developed to the east of the Downtown core, and this product type, given its relative affordability is an especially attractive housing option to bring households Downtown, particularly in the East Gateway. However, the small number of undeveloped or underdeveloped acre-plus tracts of land (the size that begins to support the economics of moderately priced townhome development) under single ownership and the industrial nature of the area are likely to limit the scale of housing investment in this area.
- **Rental Housing Market:** While the fundamental market for rental housing is strong in Downtown Clearwater with rental rates for luxury product in the City in

excess of \$920 per month for a two bedroom unit and occupancies in luxury developments estimated at 98 percent (Page 29), the same land and construction cost conditions that drive prices in the condominium market in Downtown Clearwater essentially preclude the development of rental product in the Downtown, i.e., rents do not support the cost of development. Until there is a substantial increase in rental rates (which does not appear to be imminent) or a longer-term plateau of land prices and construction cost that would allow for lower density (lower cost of construction) product to be built in the Downtown, it is unlikely that new rental housing product will be developed in the Downtown area in the foreseeable future.

- **Retail Market:** The Downtown retail opportunity is driven by three key market segments: workers in Downtown, visitors to Clearwater, and residents in and surrounding Downtown within a broader trade area (illustrated in Figure 19 on page 33). Our analysis (utilizing the *Lambert Advisory Retail Trade Model*) makes clear that Downtown retail has a market in place that should allow it to be performing much better than is currently the case. The *Retail Trade Model* indicates that Downtown should be performing better in terms of merchandise mix and occupied space, while our competitive analysis indicate that Downtown core rents lag behind many other well-positioned retail centers and nodes in the region (Page 31). Downtown can and should also be the beneficiary of future growth in the trade area despite the fact that it currently has captured only an estimated 30 percent of the trade area's total retail space demanded. Based on the *Retail Trade Model*, we estimate demand for the trade area's retail to be 611,000 square feet in 2005, growing to 799,000 square feet by 2010, as more emphasis is placed on making Downtown a viable retail district and as population, income, visitor, and employment growth in the trade area continues. Retail rental rates are generally in the \$10 to \$15 per square foot range for retail space in Downtown, versus up to \$25 per square foot in retail centers in surrounding areas (Page 31).

The historic poor performance of Downtown retail has a number of causes: weak aesthetics in terms of streetscape and façades, inappropriate layout and mix of individual buildings in terms of fit for specific types of retailers, lack of investment by landlords due to low rents, location of parking, perceived cost of parking, perceived lack of safety and a general lack of activity in Downtown that tends to feed upon itself. Our principal conclusion with regard to merchandising or positioning of Downtown retail is that the first opportunity for a revitalized Downtown retail sector is going to come from strong local restaurants, a fresh and prepared food element, and entertainment venues. There is currently no locals-oriented eating/entertainment district in Clearwater, which creates an opportunity for Downtown. Additionally, based upon our experience, a successful locals-oriented restaurant and entertainment district will be a better draw of visitors than anything uniquely targeted to visitors. Eventually, the success of restaurants, fresh and prepared food grocers, and entertainment venues in Downtown should give way to local clothing, boutique and arts-oriented stores and galleries. We do not believe that national retailers are targets for Downtown in the near future given their strong desire to be in areas where there are concentrations of other national retailers and high pedestrian traffic volumes. Our recommendations below provide specific

suggestions as to how the CRA and DDB might participate as catalysts for the retail sector in Downtown.

- **Office Market:** The Downtown Clearwater office market will continue to strengthen over the next several years given the projected growth in area employment (Page 21). We estimate that demand for office space in Downtown Clearwater will grow by 125,000 to 200,000 square feet between 2005 and 2010, much of which cannot be accommodated in existing vacant space in the market. However, as is the case with the rental housing market, strong demand does not immediately translate into the development of new office buildings, given trends in construction costs, land values, and the availability of suburban sites in and surrounding the City of Clearwater (which allows for lower density/lower construction cost development of office space that is more balanced with current gross rental rates in the market). Office rents range from \$16 to \$19 per square foot (gross) for Class A space (Page 42). While there is no compelling reason many corporate and regional businesses that choose to locate in Pinellas County need to locate in Downtown Clearwater, there is still a certain prestige and preference among certain businesses (e.g., financial service providers, law firms) to locate within city centers. Even the location of suburban-style single user corporate campuses – such as CRUM’s in the Clearwater CRA, GTE Credit Union’s new campus adjacent to Downtown Tampa, and Tampa’s K-Force located down the block from GTE Credit Union – supports the notion that some large corporate users, who have ultimate flexibility in their location decisions, may prefer a more urban location when provided a reasonable cost solution. While specific site and financial analysis will be required to determine the exact extent of the cost to the CRA/DDB, our research indicates that there may be ways for the CRA and DDB to help encourage the retention and attraction of office users to Downtown Clearwater as well as the development of additional office space Downtown over the next several years.
- **Hotel Market:** The hotel market among “flagged” product in Clearwater is bifurcated. On the one end of the spectrum are the beach-oriented hotels which obtain premium rates and mix high end condominiums with traditional hotel units, at the other end are more budget priced offerings along the US-19 corridor. Lacking is the high quality limited service hotel product that can serve both the business and leisure markets. Downtown is a particularly good location for these hotels given the concentration of businesses, institutions, and proximity to the waterfront and beach community. However, consistent with trends in office, average daily rates for this type of product are not high enough to cover the cost of construction in today’s environment. Therefore, if the City believes that the presence of a limited hotel in the range of 150 to 175 rooms (keys) is an important element to Downtown’s revitalization over the long-term (and such a hotel would certainly help market the Downtown and support Downtown institutions and businesses), the CRA or DDB are likely going to have to support such a development of this scale from a financial perspective.
- **Events Programming:** Although Clearwater has a robust and varied events calendar for a city of its size, most events are located in and around Coachman Park and the Main Public Library. This has limited value in enhancing activity in Downtown or in benefiting Downtown businesses.

## RECOMMENDATIONS

Based upon the analysis summarized above and our experience in/knowledge of other cities that took advantage of similar market opportunities/conditions and successfully mitigated similar hurdles, we provide the following recommendations as to how the CRA and the DDB can continue to promote the revitalization of Downtown over the next five- to seven-year period.

***Continue Resource Focus on Cleveland Street Corridor*** – While certain highway commercial-oriented retailers along the eastern edges of the CRA have been negatively impacted by the diversion of traffic from Cleveland Street, Cleveland Street still provides the best opportunity to create a thriving business spine for the City for the following reasons:

- Once the streetscape improvements are complete, the lower traffic volumes will provide an improved pedestrian experience, which is an important element to attracting restaurants and other entertainment venues (identified by our retail analysis as prime opportunities for Downtown);
- The majority of existing retail space in Downtown is located within the corridor;
- The focus of new residential development in the CRA is generally on Cleveland or within a few blocks' walking distance of Cleveland; and
- The stronger office buildings in the City are all located proximate to Cleveland Street and we would expect that future office development would occur in the corridor.

This is not to say that investment or focus along Cleveland should be entirely to the exclusion of other opportunities, such as those in East Gateway or along the waterfront, only that Cleveland Street's improvements can be concentrated in such a way as to provide a catalyst for investment in the broader CRA. Many other successful CRA investment efforts have been driven by focusing resources on a key corridor. Downtown Hollywood's revitalization started with a focus on Hollywood Boulevard, which quickly expanded to the parallel Harrison Street, and has since expanded to the entire CRA. A similar focus on improvements along Atlantic Boulevard in Delray Beach created a concentrated success that eventually spread to all areas of the CRA and beyond. Even in a larger urban center like West Palm Beach, Clematis Street's success eventually led to the development of CityPlace and the subsequent increase in development activity in the area. We believe this strategy of concentrating resources can have a similarly beneficial impact in Clearwater given the market opportunities.

***Opportunity Exists in Promoting Certain Ancillary Development Ventures Downtown*** – While not a condition precedent to the immediate success of Downtown's revitalization, there are a number of supporting investments that certainly provide significant lift to the Downtown redevelopment effort. These include the development of a Downtown hotel, a marina (primarily oriented to transient boaters), and related ancillary uses. Our hospitality demand analysis indicates that there is a gap in the

market for a high quality limited service hotel that would be well-located within Downtown. Given the difficulty in permitting slips and continued growth in the number of boats in Central and Southwest Florida, the demand for marinas continues to increase at a rapid pace. A transient marina could serve as a key profit center for its owner and provide another opportunity to bring visitors to Downtown.

We recommend that the CRA/DDB incorporate into its development planning efforts a specific location for a limited service hotel and marina(s) in the CRA. Assuming that the marina can be permitted, it is unlikely that its development will require any public assistance; however, to the extent that the CRA/DDB is involved in the development process, it should encourage the maximization of the number of slips reserved for transient (vs. long-term) slip renters, as this will serve to bring visitors and expenditure Downtown. With respect to the hotel, and as noted above, the current average daily rates obtainable in the market for quality limited service product today do not independently support the cost of land and construction in Downtown. Therefore, it is likely that a standalone Downtown hotel will require some assistance from the CRA/DDB in order to be viable. While other cities in Florida (that also have strong nearby beach hotel concentrations, such as Fort Lauderdale and Jacksonville) have supported the development of hotels in their downtowns, hotels have not principally served as centerpieces of redevelopment efforts unless the hotels were related to large convention centers as was the case with the Loews Hotel in Miami Beach. Therefore, while a hotel is clearly a desirable addition to Downtown and should be encouraged, it is not a condition precedent for the short-term success of the area.

***Dunedin and Safety Harbor Help Define the Focus of Retail/Restaurant in Downtown Clearwater*** – In a number of our stakeholder interviews, Downtown Clearwater's retail scene was unfavorably compared to the retail in Dunedin and Safety Harbor. While acknowledging that Safety Harbor and Dunedin were small towns while Clearwater clearly has a much more urban environment, the comparison principally focused on how Dunedin and Safety Harbor have maximized their small village feel to provide quaint and pleasant town center experiences. We believe that Downtown Clearwater can also maximize what it has to offer patrons, although what it has to offer is different than what Safety Harbor and Dunedin offer.

Our analysis of the retail trade conditions and competitive market indicates that Downtown Clearwater has an opportunity to become a Pinellas County dining, food, and entertainment center, which means that the Downtown will have to be active later at night than other areas, that Downtown will have to have a more targeted orientation to entertainment (i.e., live music venues, lower key clubs, and possibly the planned movie theatre) in addition to restaurants, and the City and DDB will have to be prepared to establish controls from the outset to avoid the problems faced by areas such as Ybor City. Other cities that have managed this process well from the beginning (e.g., Daytona Beach) or that have mitigated problems quickly as they have emerged (e.g., Hollywood, with its restriction of late night clubs) have had success in becoming more than local party spots and are now thriving or beginning to thrive as restaurant, entertainment, and retail nodes.

***Focus On Attracting Clearwater- and Tampa Bay-Based Businesses to Downtown*** – While it is always an attractive option for cities to support one major retail development that brings to Downtown many of the national and regional retailers (think CityPlace in West Palm Beach, Riverwalk in Fort Lauderdale, or Channelside in Tampa) it is unlikely that Clearwater is in a position today to attract a development of this scale. In fact, these centers were generally a second-stage evolution from strong retail/entertainment districts that created the opportunity. Riverwalk was preceded by Las Olas' success; CityPlace by Clematis'.

As it relates to office, there is no compelling reason for large national corporate or even regional office tenants to locate in Downtown Clearwater at this point. As in the past, Downtown Clearwater's future success in the office market will be defined by small- and medium-sized businesses that need to be in Downtown (e.g., attorneys that need to be close to the Courthouse or banks) and growing businesses that are located in Clearwater because it is convenient for the owner of the business. However, office employment is growing and there is no reason Downtown cannot continue to attract its fair share of office users in the area.

Given the relatively focused opportunities related to retail and office, we recommend that the CRA's/DDB's business attraction and retention efforts be concentrated in the Tampa Bay region. This includes everything from participating in and sponsoring local National Association of Corporate Real Estate Executives (NACORE) and/or National Association of Industrial and Office Properties (NAIOP) events, and other professional events, ensuring that owners of Downtown retail and office buildings (and their brokers) are consistently aware of the incentives that the CRA/DDB can provide tenants and building owners, and making a clear statement by addressing the continuing impediments to investment in retail and office space Downtown.

***Targeted Next Round of Investment by City*** – While the City has already made the requisite infrastructure investment in Downtown and streetscape improvements are in progress, our research provides an indication of how the CRA's/DDB's participation in the revitalization of Downtown might evolve given market trends. Although outside our scope to estimate the cost of this next round of investment or method of funding, there are two key areas where we believe the CRA/DDB can play a central role in improving the investment climate Downtown:

1. **Parking:** While Downtown parking is plentiful, our interviews with property owners and other stakeholders indicate that the mix and location of parking in Downtown is currently not adequate to support the retail and office opportunity that exists. With regard to retail, the challenge with parking is that the location of easily accessible parking in parking structures is not adjacent to the principal blocks where restaurant and retail investment are most likely to occur<sup>1</sup>. Additionally, our interviews with Downtown stakeholders indicated that, although the City provides gratis parking during certain hours to support Downtown retailers, this is neither prominently displayed at the lot entrances nor marketed in the community.

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<sup>1</sup> The addition of major parking components with Acqua and Station Square will significantly improve this situation, should both projects come to fruition.

Beyond better promotion of existing free parking, we recommend the CRA undertake the following relatively modest parking improvements as it relates to retail Downtown:

- The City should work with property owners and Pinellas County to redesign and fund improvements to the surface lots behind the south side of the 400 block of Cleveland Street. Improving the ingress and egress, lighting, and landscaping of these lots and making it clear to patrons that non-Pinellas County workers can park in Pinellas County parking spaces after hours and at no cost should significantly improve the utility of these parking lots and increase the number of spaces available to businesses along Cleveland Street.
- Additionally, to encourage the development of restaurants and entertainment venues on the Street, the CRA/DDB could offer to offset the cost of valet parking for larger restaurants and venues that decide to locate in Downtown Clearwater for a pre-defined period (e.g., 12 or 24 months) by providing valets free access to Downtown garages and dedicated parking stalls. While not every patron will utilize the valet, it does address immediate concerns with regard to the lack of activity during nighttime hours on the street that may impact certain patrons' sense of safety. The Miami DDA has considered providing valet parking for Flagler Street restaurants, and a number of west coast U.S. communities have provided a backstop for valet parking in redeveloping commercial areas, both to enhance downtown development and to more efficiently utilize parking spaces.

The parking strategy aimed at attracting and retaining office users is more complicated. One of the key challenges in attracting and retaining office users in Downtown Clearwater, according to our interviews with area brokers and City staff that market the Downtown to users, is a shortage of well-located, dedicated parking spaces that can accommodate employees of these businesses. In fact, this is not an atypical situation with parking ratio demands now exceeding the traditional 3.0 per 1,000 square feet, and other cities (such as Coral Gables) have addressed this challenge by adding municipal spaces in key office locations – some of which are metered for in-and-out traffic, while others are permit-only for Downtown employees. In fact, Coral Gables' aggressive use of municipal garages to support the needs of employers in the City is one of the key factors in its position as one of the most competitive office nodes in Miami-Dade County.

While we do not believe that Clearwater is in a position to develop multiple parking structures to support office users in the near term, in the context of the master plan development for Downtown, orienting and supporting the development of parking to existing and future office nodes is an important aspect of Downtown's ability to capture its fair share of future office employment growth.

2. Tenant Improvement Support – The second area where the City can provide targeted investment is supporting the cost of tenant buildout and improvements, particularly for restaurant users. The configuration of much of the retail space along Cleveland Street will require significant upgrades to convert to restaurant, food, and entertainment uses. Restaurants require venting, appropriate locations for kitchens, upgraded bathroom facilities, etc., and these are significantly more expensive than the buildout requirements for apparel retailers or furniture stores, as examples. We recommend that the City establish and promote a tenant improvement fund/loan program that would be targeted to helping landlords and tenants reduce the cost of converting existing space for food and beverage users. While this places the City investment at reasonably high risk, given the inherently risky nature of the restaurant business, this system has been used in a number of redevelopment areas around the Country with some success. During the mid- to late 1990s, the Upper Manhattan Empowerment Zone funded the buildout and rehabilitation of a number of area restaurants, some of which have become major local and international tourist attractions and clubs (Lenox Lounge, Sylvia's, Showman's Cafe). This is not unlike the improvement dollars that private landlords provide to key tenants that will serve as a draw to a center. In order to not become an inappropriately utilized program, the tenant improvement program will need to be time-specific (to target only the first three or four restaurants/entertainment venues) and have defined parameters to ensure that only appropriately capitalized, reasonably experienced tenants that have a specific business plan of some quality will obtain funds.

***Aggressive CRA/DDB Assistance Could be Structured to Act as a Catalyst in District*** – Beyond the investment in streetscaping and infrastructure that the CRA/DDB has already made and the two specific efforts associated with parking and tenant improvements noted above, our experience has been that CRAs and downtown development groups can best serve as catalysts for investment and development if they establish a reasonably sized source of flexible funding, lay out broad parameters in terms of the type and location of development they want to see occur, and then establish a discrete timeframe for proposals to be submitted by landowners in conjunction with developers for “catalytic projects” within the CRA to access those funds. This is not entirely dissimilar to the CRA evaluating specific development deals and ventures with regard to the rebate of incremental tax revenue as has been the case to date. However, in cases such as Clearwater's, where a ready market exists, we have found that a more aggressive strategy of establishing a definitive funding source that is only available for a discrete time period and for the types of projects that will serve as catalysts for future investment is a directed way of hastening the process of area-wide investment.

In the case of Downtown Clearwater, we recommend that this funding be made available for proposals from office, retail, or mixed-use projects (that have a significant office, retail, or hotel component) in order to speed the pace of investment in Downtown. The Plantation Gateway CRA effectively utilized a front-funded assistance strategy as the centerpiece of the CRA's Catalytic Investment Program. Rather than concentrate CRA resources on City acquisition of one or two key parcels, the Gateway

CRA has utilized a \$4.0 million pool of funds loaned to the CRA from the private use portion of two citywide general obligation bonds to help fund four out of ten projects submitted to the City by developers and land owners as a part of a competitive selection process. The CRA, with its \$4.0 million in capital, leveraged an estimated \$35 million in private investment in a relatively short time period. In fact, these projects would not have come to fruition on the basis of a contractual obligation to refund future increment alone, due to the fact that the upfront land acquisition cost was the principal barrier for the larger projects.

The Gateway CRA structured a very defined time frame in which projects could approach the CRA for funding and required site control at least in the form of an option agreement, so that land owners and developers would have the pressure to get their deals done within a tight window or lose the opportunity to tap the CRA's pool of funding. In fact, while the CRA had a very clear idea of the very limited number of parcels that were the most important to redevelop along the 2.5 mile corridor, they did not provide any geographic restrictions within the CRA's boundaries, so as to not give any individual property owner particular leverage. In the end, one of the two major parcels that the District deemed most critical for development was funded, and is under development as a result of this strategy. Additionally, a number of significant projects are now in planning in the CRA that have not required the CRA's participation.

***Structure Event Programming and Improve Pedestrian Linkages to Enhance Downtown Vibrancy and Support Downtown Businesses*** - Based on other successful downtown redevelopment schemes, we recommend that the City/CRA/DDB focus its efforts with regard to events on 1) drawing attendees of existing Coachman Park and Main Public Library events to Downtown businesses and 2) planning small-scale events located in and around businesses in the Downtown core that are specifically targeted at prospective Downtown patrons.

The first effort – attracting attendees to existing events – should be achieved through promotional activities (such as providing event attendees with coupons for discounts from Downtown businesses with short periods of validity on and around the day of the event) and, in the longer term, maintaining and enhancing pedestrian access to and line-of-sight views of Downtown activity from Coachman and the waterfront. Pedestrian access concerns should be considered with respect to planning of new development in the immediate area, as well as in future planning of streetscape improvements along those pedestrian thoroughfares designated as critical, and in the strategic location of businesses (e.g., restaurants with outdoor dining) in the implementation of the Tenant Improvement Support program described above.

The second effort – planning small-scale events – should be implemented with a focus on attracting the attendees that are most likely to regularly patronize Downtown businesses: residents of adjacent neighborhoods, more so than Beach residents or tourists. This can be achieved through highly selective advertising in homeowners' association newsletters, community newspapers, and on certain radio stations. Event themes should be planned by the DDB or promotions committee of the Main Street program, with collaboration from Downtown business owners. Major, advance market research is not critical to the planning of events of a modest scale. Successful events planners in other Florida downtowns rely on intercept surveys and audits during and

after events to gauge their effectiveness at reaching the target audience and make decisions as to whether a particular event should be continued based on this trial-and-error testing process.

***Highlight Excellent Infrastructure when Marketing Downtown*** – One major competitive advantage that Downtown Clearwater has over many Florida cities of similar or larger size is the fact that the infrastructure capacity in Downtown Clearwater and regulatory development limits now in place allow for substantially more development without upgrade or approvals outside of the City (i.e., Regional Planning Council, State) Given the fact that many other cities in Florida are not in a similar position today, and that developers run into significant delays in other communities as a result, this is an area that should be a key focus in City marketing materials and business attraction efforts. The utility and regulatory position of Downtown Clearwater to support development is absolutely a competitive advantage in today's environment.

## Section 1: Study Areas

As the basis for evaluating the market potentials and opportunities for investment in Downtown Clearwater, Lambert Advisory (Lambert) examined demographic, economic, and real estate market trends and forecasts for several geographic areas: (in descending order of geographic size) the Tampa Bay Area, Pinellas County, City of Clearwater, the Downtown retail trade area, and the CRA. The Tampa Bay Area, Pinellas County, and the City of Clearwater are profiled both to provide economic context for the narrower Downtown retail trade area and CRA as well as to discuss Downtown's existing and potential "capture" of economic activity that occurs at the broader geographic levels – that is, for example, the proportion of office space in Pinellas County, based on County employment projections, that can be leased in Downtown office buildings.

Additionally, historic data, estimates, and projections for the broad range of information in this market study – demographics, income, residential and commercial real estate, among others – are available based on varying geographies. Demographic information, for example, is most widely available for the set hierarchy of US census geographies. Residential real estate sales data, on the other hand, is most widely available by zip code.

For these reasons, different sections of this study refer to multiple and/or different geographic areas (e.g., County, City, trade area, CRA), based on different geographic definitions (e.g., zip code, census tract). These areas are listed below, by section of this report, and shown graphically and defined in more detail in each respective section.

- Section 2, Demographic & Economic Profile, refers to three different areas, based on political boundaries and census geographies: Pinellas County, City of Clearwater, and the Clearwater CRA. The Clearwater CRA is defined by Census tracts and smaller block groups, as shown on page 15.
- Section 3, Residential Market Analysis, refers to the three counties comprising the Tampa Bay Region (Hillsborough, Pasco, and Pinellas) both individually and collectively. Additionally, residential re-sale data within Clearwater was analyzed and is presented by zip code; including: 33755, 33756, 33759, 33761, 33763, 33764, 33765, and 33767, shown on page 26. A portion of zip Codes 33755 and 33756 make up the CRA and Downtown area.
- Section 4, Retail Market Analysis and Demand Estimate, refers to the City of Clearwater and a Downtown retail trade area, defined by Lambert. The retail trade area is defined using geographic information system (GIS) technology, according to street boundaries, and represents behavioral boundaries based on prospective retail patrons' propensity to shop in a given area. These behavioral boundaries are based both on distance and access to Downtown, as well as distance and access to competitive retail inventory in the area. As stated in the Summary of Conclusions and Recommendations, this area is the primary area from which Downtown businesses will draw resident expenditure. It is significantly larger than the CRA and includes Island Estates

to the west, Harbor Oaks and part of Belleair to the south, Skycrest to the east, and Sunset Point to the north (Page 33). This area is not the only area from which Downtown retailers will draw patrons. The *Lambert Advisory Retail Trade Model* takes into account expenditures by residents outside the Downtown retail trade area by utilizing inflow factors, as described in detail on page 38. In addition to expenditures by area residents, the retail demand analysis also takes into account expenditures by tourists and Downtown office employees.

- Section 5, Office Market Analysis and Demand Estimate, refers to the Tampa Bay Metropolitan Area office market (as generally defined by the commercial real estate brokerage community), and which includes the Clearwater, Tampa, and St. Petersburg central business districts as well as surrounding suburban submarkets, Pinellas County, and the City of Clearwater.
- Section 6, Hotel Market Analysis and Demand Estimate, refers to the greater Clearwater area (as defined by hospitality industry professionals and which includes the Clearwater and Beaches submarkets) as shown on page 45.



resident growth, which will create approximately 500 new households, has a number of positive implications for Downtown, including enhanced demand for new retail.

Pinellas County– which has 945,000 residents today – is forecast to add nearly 16,000 residents in just over 7,000 households by 2010. The new residents forecast for Downtown will represent nearly eight percent of the County's growth. Aside from the growth Downtown, the County will see the highest growth rates in communities to the north and northeast, including Palm Harbor, Tarpon Springs, and East Lake.

Detailed information on the sources and methodology for estimating and forecasting population and households appears on pages 66-68 in the appendices to this report.

**Figure 2: Population and Households, 1990-2010**

Sources: Pinellas County Department of Planning, Lambert Advisory

	CRA	Clearwater	Pinellas County
<b>Population</b>			
1990	3,441	98,784	851,659
2000	4,134	108,787	921,495
2005	4,603	110,826	945,266
2010	5,789	112,174	960,843
Rate 90-00	1.9%	1.0%	0.8%
Rate 00-10	3.4%	0.3%	0.4%
<b>Households</b>			
1990	1,823	44,138	380,635
2000	1,888	48,449	414,968
2005	2,102	49,357	425,673
2010	2,644	49,957	432,687
Rate 90-00	0.4%	0.9%	0.9%
Rate 00-10	3.4%	0.3%	0.4%

*Notes: For purposes of the demographic analysis, the CRA is defined as Census tract 259.01 and Census block groups 259.02 (block group 1), and 264 (block groups 1 and 2). For details on the sources and methodology for estimating and forecasting population and households, see pages 66-68 in the appendices to this report.*

## **2B – Migration**

In addition to natural increase (birth rate outpacing death rate), migration is a key driver of population growth. Migration is defined as population movement between Pinellas County and other locations within the United States. There are two components of net migration: in-migrants that move into Pinellas and out-migrants who move to other counties and/or states.

More people make short-distance moves than long-distance ones, so it is not surprising that the highest numbers of in-migrants to Pinellas County came from Hillsborough, Pasco, and Orange Counties (over 9,000 total, approximately one quarter of total in-migration). Florida has historically attracted large numbers of migrants, particularly retirees, from Northeastern and Midwestern states. The west coast of Florida has

historically attracted the highest numbers of in-migrants from Midwestern States, but as shown in Figure 3 below, Northeastern states figured prominently in population growth due to migration in 2003; New York, New Jersey, and Pennsylvania represent 40 percent of total migration among the states shown in the table.

Palm Beach, Broward, and Miami-Dade figures are shown as context for the Pinellas figures, given that the Tri-County area has historically driven statewide domestic in-migration. Relative to total population, in-migration from the Northeast into Pinellas County is in line with Northeast in-migration trends for the three South Florida counties. However, in-migration from the Midwest to Pinellas County (as a percentage of population) is considerably higher than that of any of the South Florida counties. In terms of net migration from the Northeast and Midwest as a percentage of total population, Pinellas outpaced both Broward and Miami-Dade, and was in line with Palm Beach County in 2003.

**Figure 3: Net Migration from Northeastern and Midwestern States, Pinellas and South Florida Counties, 2003**

Sources: IRS County-to-County Migration, Lambert Advisory

	Pinellas	Palm Beach	Broward	Miami-Dade
<b>NY</b>	1,501	4,848	4,870	2,201
<b>IL</b>	727	414	610	248
<b>NJ</b>	649	917	1,618	827
<b>OH</b>	626	298	211	(6)
<b>PA</b>	480	501	395	(11)
<b>MA</b>	461	632	637	214
<b>MI</b>	450	218	230	46
<b>IN</b>	320	126	47	(29)
<b>MD</b>	315	354	68	(148)
<b>CT</b>	218	687	299	97
<b>MO</b>	191	117	62	27
<b>RI</b>	167	151	29	52
<b>WI</b>	154	62	43	20
<b>IA</b>	83	4	9	(30)
<b>MN</b>	76	21	91	(8)
<b>NE</b>	36	20	7	(84)
<b>KS</b>	26	(52)	(28)	27
<b>DC</b>	7	17	12	7

## **2C – Age and Race**

The current median age of the CRA Census block groups (29 years) is significantly lower than both City and County medians, 42 and 43, respectively. Lambert examined population by age cohort, which is a key barometer of demand for various retail uses and housing products – illustrated in detail in Figure 4 on page 19. At all three geographic levels, there are high concentrations in the “19 and Under” category.

Growth in this group, along with the 20-24 age cohort (currently 4 to 10 percent at all three levels) may indicate future demand for certain types of housing product (e.g., rental) and retail/entertainment geared toward newly created households.

Another age group with high percentages at all three levels is that of 45 to 64 year-olds, the group in its peak earning years. The size and growth of this group may indicate future demand for differentiated retail and housing products. Research by groups like the American Association of Retired Persons (AARP) and real estate investment advisory firms like Jones Lang LaSalle have identified a number of characteristics of “baby boomers,” noting in particular that many place a high priority on “experience” while shopping; value the time savings associated with one-stop and on-line shopping; and will downsize their housing into mixed-use developments, in large numbers. Such findings may have implications for the strategic redevelopment of Downtown – for example, the City’s retailer marketing campaign may eventually have as one of its goals to cluster similar or symbiotic tenants together to achieve a notion of one-stop or leisure “experience” shopping.

The population of the Clearwater area encompasses a range of racial and ethnic groups. The racial composition of the CRA varies from that of the City and County. Downtown has fewer non-Hispanic White residents than either the City or the County, and approximately the same proportion of Black/African-American residents (in the single race classification categories). The proportion of the Hispanic/Latino population, meanwhile, is more than triple that of Clearwater and six times that of broader Pinellas County. Generally, the presence and growth of varied ethnic backgrounds provides a diverse environment which encourages investment and services to attract and serve dynamic interests.

**Figure 4: Demographic Snapshot, 2000**

Source: US Census, Lambert Advisory

	<b>CRA</b>	<b>Clearwater</b>	<b>Pinellas County</b>
<b>Age</b>			
19 and under	20%	21%	21%
20-24	10%	6%	4%
25-34	18%	13%	12%
35-44	14%	15%	16%
45-64	16%	24%	24%
Over 65	22%	21%	23%
<b>Median Age</b>	<b>28.8</b>	<b>41.8</b>	<b>43.0</b>
<b>Population by Single Race Classification</b>			
White Alone	76%	84%	86%
Black or African American Alone	11%	10%	9%
American Indian & Alaska Native Alone	1%	0%	0%
Asian Alone	1%	2%	2%
Native Hawaiian & Other Pacific Islander	0%	0%	0%
Some Other Race Alone	12%	2%	1%
Two or More Races	3%	2%	2%
Hispanic or Latino, of any race	32%	9%	5%

## **2D – Household Incomes**

As part of our demographic and economic profile, Lambert analyzed household income, which represents a critical element of retail and housing demand as it indicates the amount and nature of expenditure potential in a given market.

The 2000 median household income in the CRA was \$26,625. This represents approximately 70 percent of both the City (\$36,500) and County (\$37,000) 2000 medians. The median household incomes of the CRA, the City, and the County represented 69 percent, 94 percent, and 96 percent, respectively, of the 2000 statewide median household income level of \$38,819. Using U.S. Bureau of Economic Analysis growth figures published in the monthly Survey of Current Business, Lambert has estimated current income figures as follows. Detailed information on the sources and methodology for estimating and forecasting household incomes appears on page 69 in the appendices to this report.

**Figure 5: Household Income, 2000 and 2005**

Source: US Census, Bureau of Economic Analysis, Lambert Advisory

	<b>CRA</b>	<b>Clearwater</b>	<b>Pinellas County</b>
<b>Household Income, 2000</b>			
Less than \$15,000	27%	17%	16%
\$15,000 to \$24,999	21%	15%	16%
\$25,000 to \$34,999	23%	15%	15%
\$35,000-\$49,999	12%	18%	18%
\$50,000-\$74,999	10%	18%	18%
\$75,000-\$99,999	3%	8%	8%
\$100,000-\$149,999	3%	6%	6%
\$150,000 or more	2%	4%	4%
Median household income, 2000	\$26,625	\$36,494	\$37,111
<b>2005 Estimated median income</b>	<b>\$28,201</b>	<b>\$38,654</b>	<b>\$39,307</b>

*Note: For details on the sources and methodology for estimating and forecasting household incomes, see page 69 in the appendices to this report.*

Despite the relatively modest income within the core subject area, there are two caveats to these figures as to their impact on retail demand. First, as the planned residential units come on-line Downtown, the household incomes should significantly rise. As detailed in the residential real estate analysis in Section 3, Downtown units are selling at price points that are generally affordable to households with annual incomes of at least \$100,000. Second, the commercial opportunity Downtown will be driven by a much larger trade area than the CRA itself, as described in Section 4 starting on page 31. In fact, CRA residents represent only about 12 percent of the overall Downtown retail trade area's population.

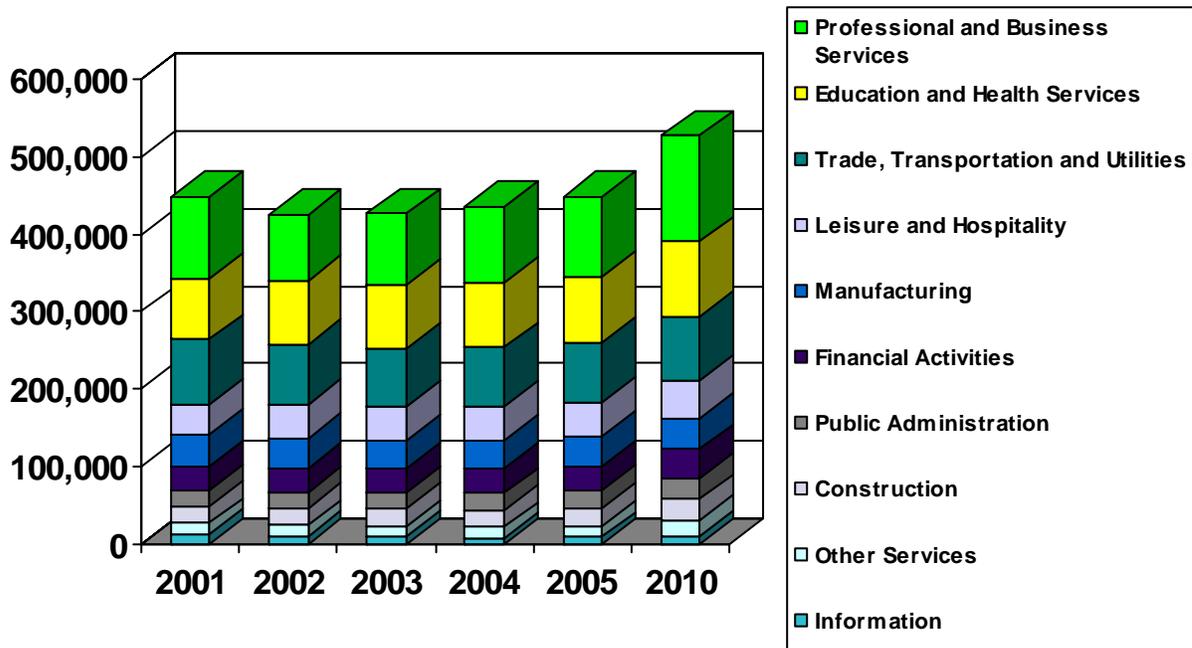
## 2E – Employment and Wages

Employment growth is a major driver of demand for real estate, including office, industrial, and residential uses. As illustrated in Figure 6, Pinellas County has added over 23,000 jobs in the last three years. The total workforce is nearly 450,000 persons, 86 percent of whom are employed in services-providing (versus goods-producing) industries. The proportion of services-providing jobs has gradually increased each of the last several years, from 85 percent in 2001. Pinellas County is projected to gain nearly 80,000 new jobs over the next five years, or a steady annual growth rate of three percent.

The strongest growth has occurred in the Leisure and Hospitality and Education and Health Services sectors. Over the 2005-2010 period, the highest growth rate is projected in the Information sector. However, in terms of sheer numbers, Professional Business Services (33,000 new jobs); Education and Health Services (11,500 new jobs) and Other Services (6,000 new jobs) – which includes industrial and household repair and maintenance services, personal care services, and laundry and dry cleaning services – rank highest. Employment by industry is shown in Figure 6. Detailed employment data appear in the appendices to this report.

**Figure 6: Pinellas County Employment by Industry, 2001 to Forecast 2010**

Source: Florida Agency for Workforce Innovation, Occupational Employment Projections Unit, Lambert Advisory



The location of large employers also has an impact on market demand, due to employees living, shopping, and eating near their place of work. In the county as a whole, Boca Ground Cover, Modern Business Associates, Southeast Personnel Services, and Pinellas County are the organizations employing the largest numbers of people.

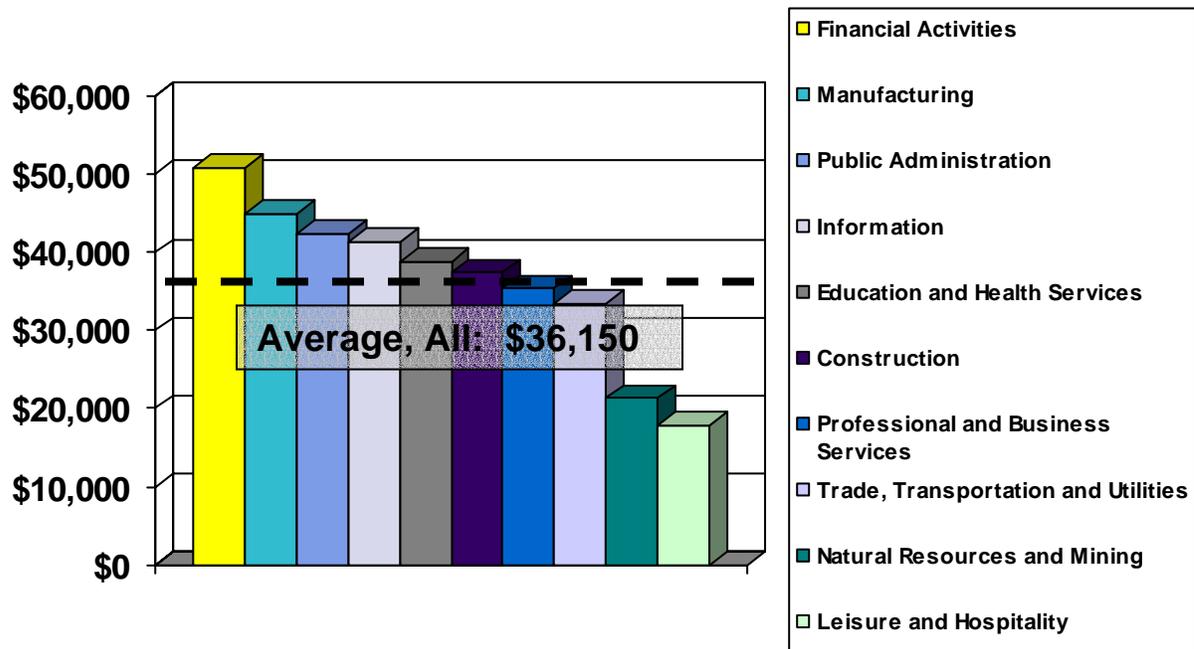
Within Downtown, Pinellas County, City of Clearwater, the Church of Scientology, and ANECO Electrical Construction account for the largest numbers of employees.

Although there is no published count of employment in Downtown Clearwater, using 2004 Florida ES-202 data as a basis, Lambert Advisory has estimated the number of Downtown employees. ES-202 data does not capture Church of Scientology employees, and because the information is reported to the state by address, the data overstates government employment (i.e., all of the 3,700 Pinellas County employees and 2,000 City of Clearwater employees are reported at Downtown addresses, although not all of them work Downtown). Adjusting for these factors (i.e., adding Church employment and adjusting government employment), Lambert estimates Downtown employment at 8,200. This figure includes employment in all industry classifications, including retail and industrial employment. Based on ES-202 industry classification data and an inventory of office space Downtown, Lambert has estimated Downtown office employment at 5,900 (including Church and government employees). This figure is the basis for estimates of retail demand in Section 4.

The most recent wage data available (charted in Figure 7) shows the average across all industries at \$36,200. The highest paying industries in Pinellas County are Finance (\$50,900), Manufacturing (\$44,900), and Government (\$42,400). Detailed wage data appears in the appendices to this report.

**Figure 7: Pinellas County Wages by Industry, Fourth Quarter 2004**

Source: Florida Agency for Workforce Innovation, ES-202 Data, Lambert Advisory



## Section 3: Residential Market Analysis

The residential real estate market in the Tampa Bay Region is at an all-time high in terms of sales activity and pricing. Lambert has compiled and analyzed data on residential permits, new home closings, re-sales, new and recent condominium and townhome developments, proposed residential developments, and the rental apartment market. Detailed data appear in the appendices to this report; key findings are highlighted below.

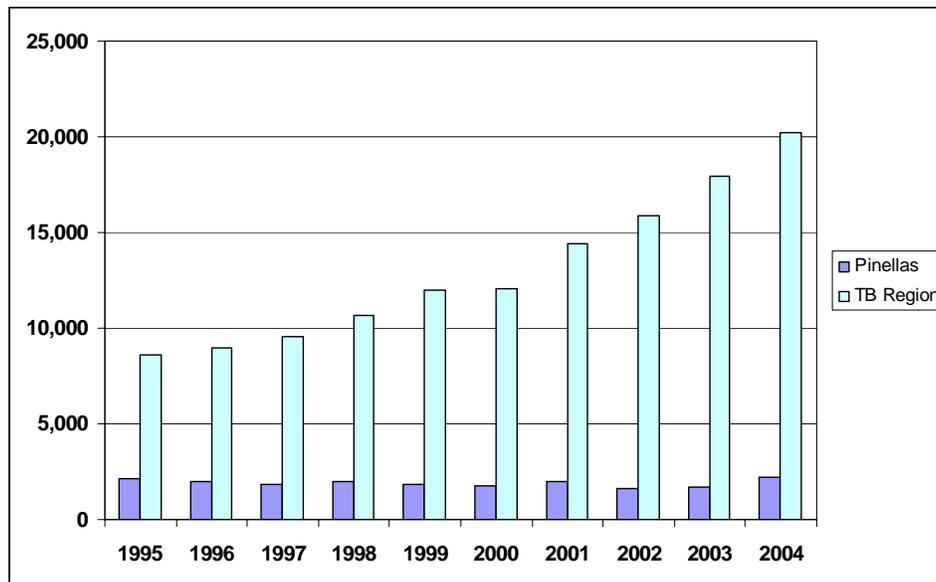
### Residential Permits

The total number of residential units permitted in the Tampa Bay Region reached a 15-year high in 2003, with permits issued for nearly 27,000 units. This number increased an additional 13 percent in 2004. As of the first quarter of 2005, the region is again on record pace, with 7,300 residential permits issued, up 28 percent over the same period last year.

The total number of residential permits issued in Pinellas County registered a 15-year high of nearly 4,400 in 2001, before declining to 15-year low of 2,300 the following year. This decline can be attributed largely to the impact of 9/11 and the mini-recession that followed. Permits rebounded to just over 3,500 in 2003 and remained stable in 2004.

**Figure 8: Single-Family Residential Building Permits, Pinellas County and Tampa Bay Region, 1995-2004**

Source: University of Florida Bureau of Economic and Business Research, Lambert Advisory



Pinellas County is essentially built out, as is the City Of Clearwater. Consequently, most recent residential development has been in-fill, with townhomes and condominiums claiming an ever increasing share of new home construction in both the County and City; this trend is expected to continue in the near-term.

## New Home Closings

The lack of developable land in Pinellas County is also reflected in the magnitude and pricing of new home construction. Annual builder closing trends by County in the Tampa Bay Region are shown in Figure 9. Detailed closing information for Pinellas County by submarket appears in the appendices to this report.

**Figure 9: Builder Closing and Average Price by County, 2004**

Source: Rose Residential Reports, Lambert Advisory

<b>Location</b>	<b>Units Closed</b>	<b>Avg. Price \$</b>
<b>Single Family</b>		
Hillsborough	7,419	\$246,167
Pasco	5,750	223,896
Pinellas	603	363,997
<b>Subtotal</b>	<b>13,772</b>	<b>\$242,028</b>
<b>Multi-Family</b>		
Hillsborough	2,558	\$169,640
Pasco	992	143,263
Pinellas	2,419	257,394
<b>Subtotal</b>	<b>5,969</b>	<b>\$200,820</b>
<b>Total</b>		
Hillsborough	9,977	\$226,546
Pasco	6,742	212,032
Pinellas	3,022	278,665
<b>Subtotal</b>	<b>19,741</b>	<b>\$229,568</b>

As seen in on page 59 in the appendices (Geographic Distribution of Pinellas County Builder Closings), the number of new home closings in Pinellas County more than doubled between 2003 and 2004. This increase was entirely attributable to new multi-family (condominium) homes which more than tripled from 688 closings in 2003 to 2,419 closings in 2004.

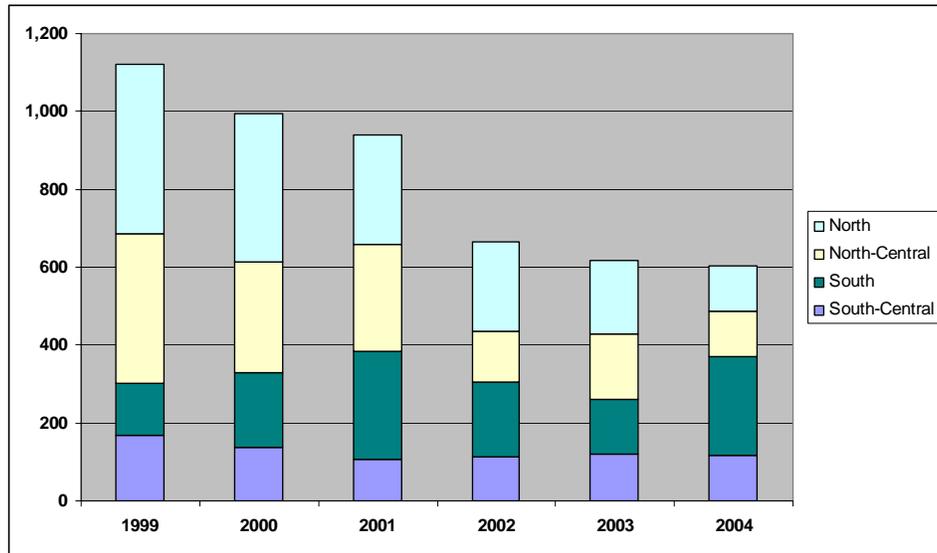
In terms of value, the average price of a new single family home is significantly higher in Pinellas (\$364,000), than in Pasco (\$224,000) or Hillsborough (\$246,000) counties. The average closing price of new townhomes and condominiums is also highest in Pinellas County at \$257,000, compared to \$170,000 in Hillsborough and \$143,000 in Pasco.

Note that the closing prices recorded in 2004 primarily reflect the price of a unit sold six to twelve months earlier for a single family home and as much as 18 months earlier for a condominium (as the sale price is recorded within County records at the time of development completion, where as the sale may have been completed several months prior). Consequently, they reflect prices that are lower than the current market.

Figures 10 and 11 show closings by submarket for single family and multi-family dwellings.

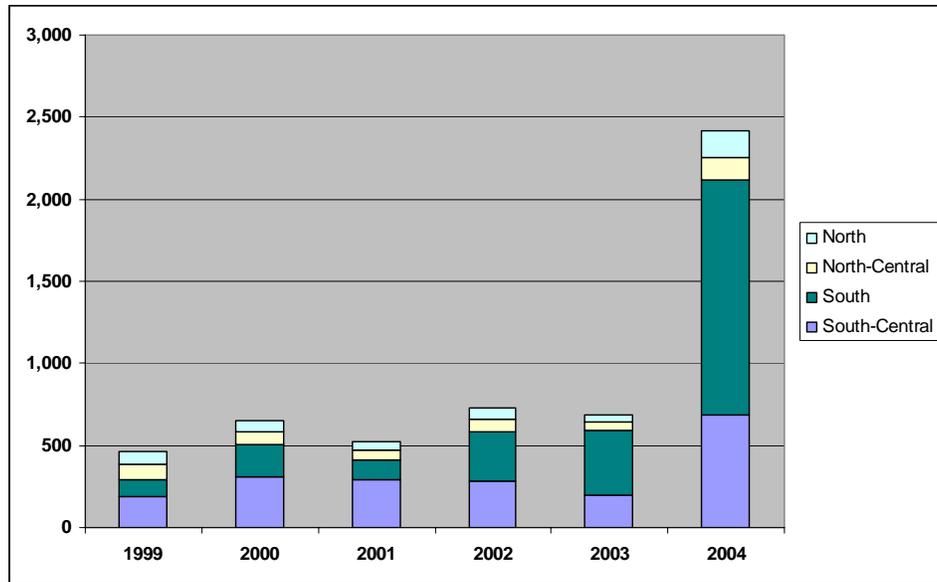
**Figure 10: Single Family Closings in Pinellas County by Submarket, 1999-2004**

Source: Rose Residential Reports, Lambert Advisory



**Figure 11: Multi-Family Closings in Pinellas County, by Submarket, 1999-2004**

Source: Rose Residential Reports, Lambert Advisory



As it relates to sales activity, most multi-family development is concentrated in south central and south Pinellas County, which includes Clearwater. In 1999, nearly two-thirds of all new multi-family closings were in south and south central Pinellas. By 2003, the share of new multi-family closings in south central and south Pinellas increased to 86 percent and to 88 percent in 2004. In 2003 and 2004, condominium conversions

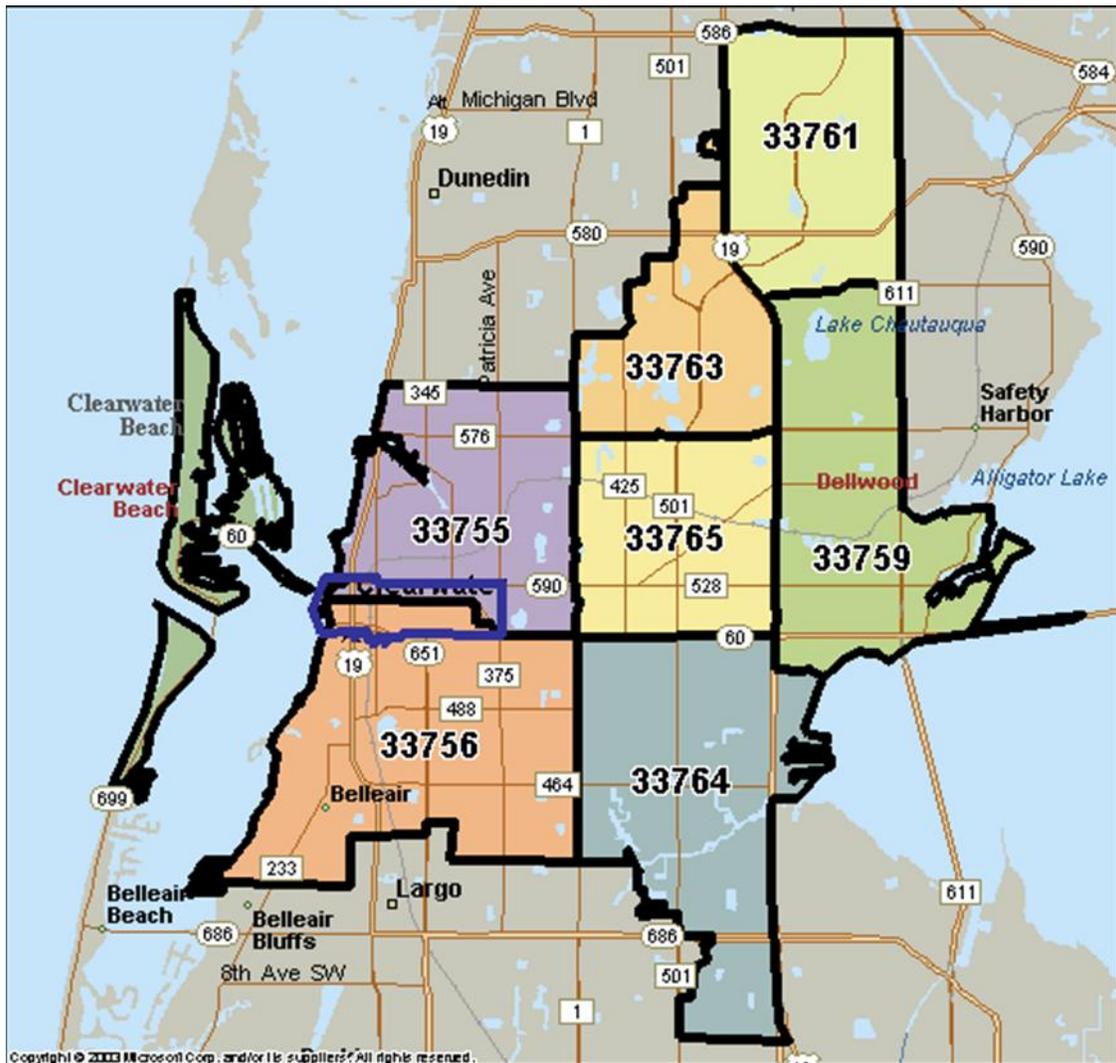
(represented primarily by garden-style rental communities converting to for-sale) played a considerable role in housing activity, with over 3,000 units converted in Pinellas County alone in 2003 and 2004.

Closing prices for new single family homes in Pinellas County trended upward over the 1999-2004 period for all submarkets, while the closing prices for multi-family fluctuated, depending on the product and location.

### Re-sales

Over the 12-month period ending June 2005, there were approximately 2,023 sales of existing single family homes among the eight zip codes that include homes in the City of Clearwater<sup>2</sup>. The zip code boundaries are shown in Figure 12; the summary data by zip code is shown in Figure 13.

**Figure 12: Clearwater Zip Codes**



**Figure 13: Summary of Clearwater Single Family Re-Sales by Zip Code, Year Ending Second Quarter 2004 and 2005**

Source: Pinellas County MLS, DataQuick, Lambert Advisory

	Zip Code								Total
	33755	33756	33759	33761	33763	33764	33765	33767	
<b>Sales through 2<sup>nd</sup> Q 2005</b>	<b>410</b>	<b>464</b>	<b>149</b>	<b>213</b>	<b>320</b>	<b>269</b>	<b>103</b>	<b>95</b>	<b>2,023</b>
<b>Re-Sale Summary - 2004</b>									
Average Size Square Feet	1,371	1,751	1,680	2,056	1,430	1,724	1,627	2,483	<b>1,675</b>
Average Price - 2nd Q 2004	\$145,808	\$239,320	\$189,390	\$263,984	\$139,779	\$191,624	\$175,410	\$784,854	<b>\$197,454</b>
Average \$/SF - 2nd Q 2004	\$106	\$137	\$113	\$128	\$98	\$111	\$108	\$316	<b>\$118</b>
<b>Re-Sale Summary - 2005</b>									
Average Size Square Feet	1,493	1,712	1,723	2,218	1,390	1,717	1,696	2,210	<b>1,694</b>
Average Price - 2nd Q 2005	\$187,599	\$295,633	\$235,628	\$315,915	\$161,775	\$234,678	\$213,289	\$939,175	<b>\$242,613</b>
Average \$/SF - 2nd Q 2005	\$126	\$173	\$137	\$142	\$116	\$137	\$126	\$425	<b>\$143</b>
<b>Sale Price Change '04-'05</b>	<b>28.7%</b>	<b>23.5%</b>	<b>24.4%</b>	<b>19.7%</b>	<b>15.7%</b>	<b>22.5%</b>	<b>21.6%</b>	<b>19.7%</b>	<b>22.9%</b>
<b>Sale \$/SF Change '04-'05</b>	<b>18.1%</b>	<b>26.4%</b>	<b>21.3%</b>	<b>10.9%</b>	<b>19.1%</b>	<b>23.0%</b>	<b>16.6%</b>	<b>34.4%</b>	<b>21.5%</b>

*Notes: Re-sale data excludes 5+ bedroom units. Information for zip 33763 is annualized based on data from two quarters.*

The greatest numbers of re-sales were in the two zip codes that encompass Downtown Clearwater: 33755, covering the area north of SR-60, with 410 sales; and 33756, covering the area south of SR-60, with 464 sales. Zip code 33756 also had the second highest appreciation in price on a per square foot basis, while 33755 had the highest appreciation in the City on a whole dollar basis. The average sales price in 33763 was the lowest of the zip codes analyzed, at \$162,000. As would be expected, the 33767 (Beaches) zip code had the highest average price, \$939,000 (with the lowest volume). The 33761 (Countryside) zip code was the second highest, at \$316,000.

The average price of an existing family home in Clearwater increased by nearly 23 percent between the second quarter of 2004 and the second quarter of 2005.

### **New and Recent Residential Developments**

Although Downtown Clearwater has not yet experienced the breadth of urban redevelopment that has take place in the sister cities of St. Petersburg and Tampa, Clearwater is clearly beginning to see its own Downtown renaissance in terms of housing. Several projects have been developed in the Downtown and several more are in the planning stages. Figure 14 provides a summary of several new and recent condominium and townhome projects that have been developed in the Downtown market, with comparison for projects in surrounding neighborhoods and the beaches. A map showing the project locations appears in Figure 15. Detailed data by project is available for the City's review upon request.

<sup>2</sup> Some of these zip codes include homes that fall outside the City of Clearwater boundaries.

While most new development appears to have been successful to date, the absorption pace among condo conversion projects is noteworthy. As mentioned previously, there have been over 3,000 condominium conversions (units) in Pinellas County in the past year. Demand for these projects has been astounding, with investors/speculators contributing in large part to absorption levels reaching more than 30 units per month on average, compared new product or townhome development which is in the 10 unit per month range.

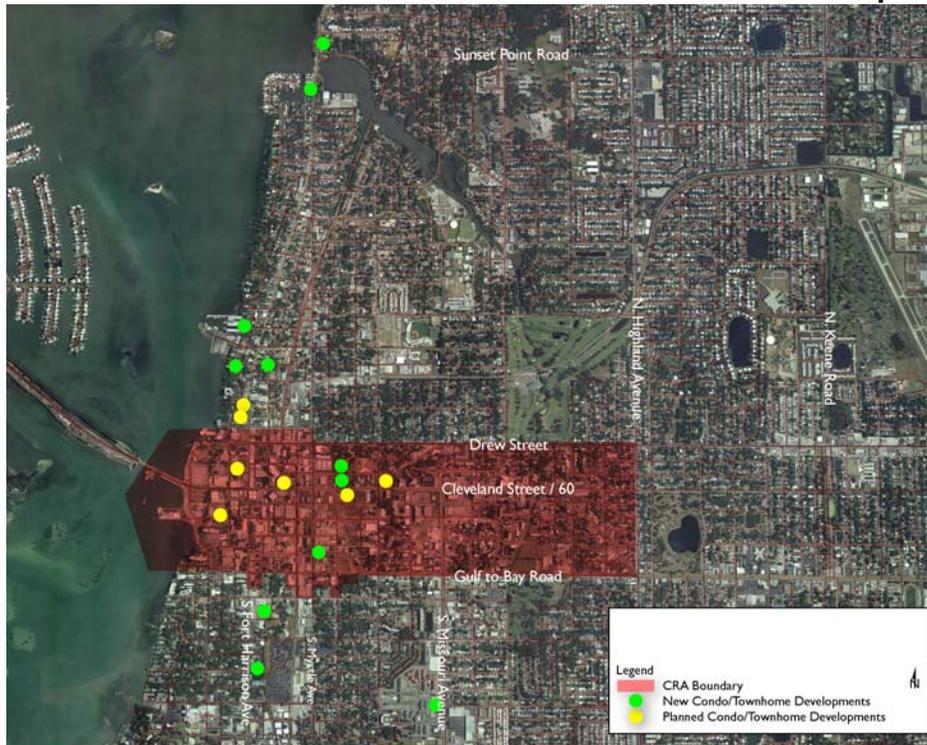
**Figure 14: New and Recent Condominium and Townhome Developments**

Source: Lambert Advisory

Product Type	Location	Unit Size (SF)	Price	\$/SF Range	Absorption/month
Mid- and high-rise condos	Downtown Island	1,600-4,000	\$670,000-\$1,600,000	\$300-\$500	1-10 units
Mid- and high-rise condos	Key/Intracoastal	1,400-4,600	\$600,000-\$1,750,000	\$300-\$600	6 units
Mid- and high-rise condos	Gulf Front	1,400-5,200	\$600,000-\$4,400,000	\$400-\$800	N/A
Condo conversions	Downtown	500-1,100	\$100,000-\$190,000	\$120-\$200	16-33 units
Townhomes	Downtown	1,100-2,400	\$175,000-\$350,000	\$150-\$200	1-6 units
Townhomes	Suburban	1,200-1,600	\$130,000-\$200,000	\$100-\$130	7 units

In regard to pricing, new mid- to high-density condominium development in the Downtown and coastal areas is achieving some of the strongest performance in the region. As illustrated above, unit pricing starts at \$600,000, or \$300 per square foot. In comparison, townhome and conversion units in the market are generally selling in the mid-\$100,000 to mid-\$200,000 range, or \$150 to \$200 per square foot.

**Figure 15: New and Planned Condominium and Townhome Developments**



### Proposed Projects

Six significant residential projects are planned for Downtown Clearwater as of August 2005. The project locations are shown above in Figure 15; project basics appear below in Figure 16.

**Figure 16: Planned Condominium and Townhome Developments**

Source: Lambert Advisory

Name of Project	Address	Product	Units	Status (8-2005)
Water's Edge (OPUS Phase 1)	331 Cleveland Street	High-rise condos	157	Approved
Harrison Village/Island View	488 N Fort Harrison	Mid--rise condos	324	Approved
Acqua	400 Cleveland Street	High-rise condos	245	Processing
Station Square	628 Cleveland Street	High-rise condos	126	Approved
Mediterranean Village	909 Cleveland Street	Townhomes	100	Under construction
Clearwater Centre	1100 Cleveland Street	High-rise condos	71	Processing
			<b>1023</b>	

### Rental Apartment Market

As shown in Figure 17 below, the rental apartment market in Pinellas County is very tight. As of the first quarter of 2005, the overall occupancy level for the county was just under 97 percent and the average rent was at \$766 (\$0.82/SF), for an average size unit of 937 square feet. Among commercial grade Class B+ or better projects the occupancy level is at more than 96 percent with an average of \$953 (\$0.90/SF), for an average size unit of 1,060 square feet.

**Figure 17: Pinellas County Rental Apartment Market Summary, Q1 2005**

Source: Bay Area Apartment Association, Lambert Advisory

Unit Type	Units	Number Vacant	Percent Occupied	Average Size (SF)	Average Rent	Average \$/SF
Studio	799	14	98.2%	484	\$512	\$1.06
1-bedroom	18,800	517	97.3%	724	\$652	\$0.90
2-bedrooms	19,764	667	96.6%	1,070	\$850	\$0.79
3-bedrooms	3,423	148	95.7%	1,320	\$1,000	\$0.76
4-bedrooms	129	5	96.1%	1,479	\$1,230	\$0.83
<b>All units</b>	<b>42,915</b>	<b>1,351</b>	<b>96.9%</b>	<b>937</b>	<b>\$766</b>	<b>\$0.82</b>

As shown in Figure 18, the rental apartment market in the Clearwater submarket is equally as strong with an occupancy level of more than 97 percent for all projects, and more than 98 percent for Class B+ projects or better. The average rent for all projects in the Clearwater submarket was \$764 (\$0.79/SF), for an average size unit of 972 square feet, and \$920 (\$0.86/SF), for an average size unit with 1,069 square feet for Class B+ or better projects.

**Figure 18: Clearwater Submarket Rental Apartment Market Summary, Q1 2005**

Source: Bay Area Apartment Association, Lambert Advisory

Unit Type	Units	Number Vacant	Percent Occupied	Average Size (SF)	Average Rent	Average \$/SF
Studio	260	5	98.1%	519	\$552	\$1.06
1-bedroom	5,589	128	97.7%	728	\$640	\$0.88
2-bderooms	6,411	206	96.8%	1,070	\$820	\$0.77
3-bedrooms	1,035	26	97.5%	1,340	\$970	\$0.72
4-bedrooms	34	0	100.0%	1,595	\$1,340	\$0.84
<b>All units</b>	<b>13,329</b>	<b>365</b>	<b>97.3%</b>	<b>972</b>	<b>\$764</b>	<b>\$0.79</b>

In light of the strong market conditions, there have been only four new significant rental apartment projects, for a total of 947 units, delivered to Pinellas County in the past two years. The lack of rental development is largely the result of two factors: 1) historical low interest rates during the past few years have been a tremendous catalyst to homeownership; and, 2) while rental rates are considered to be relatively strong, they are not at levels to support new development (land and construction costs), compared to for-sale values which are considerably higher in the current market. While demand will likely remain strong, the number of new units delivered to the market in the foreseeable future will be limited due to lack of appropriately zoned and priced land (for rental development). This, in combination with high numbers of condo conversions, will continue to limit rental supply and put upward pressure on rents; however, over the longer-term rental housing will once again experience new development.

**Residential Market Conclusions**

The current housing market in Pinellas County is characterized by rapidly increasing supply of for-sale multi-family product, rapidly increasing prices, and uncertain depth of end-user due to heavy investor/speculator participation. The County has a long history of healthy demand for for-sale multi-family housing (condominiums and townhomes). The end-user appeal of these units is proven and supply is limited due to lack of available land. Clearwater Beach has a proven track record of strong demand for new townhomes and condominiums, while Downtown Clearwater is in the midst of establishing one.

Potential strengths for the Downtown market include its proximity to the beach, the attractive waterfront, its position as a government and employment center, strong visitor trends, and the presence of the headquarters of the Church of Scientology, which draws parishioners from around the world. Potential weaknesses include its relative distance to other major employment nodes in the county and region compared to downtown Tampa and St. Petersburg, perception of higher crime areas to the north of Downtown, and investor concerns that the future of Downtown will be driven by the interests of a small number of major Downtown land owners.

## Section 4: Retail Market Analysis and Demand Estimate

### 4A: Retail Market Analysis

Clearwater's retail market comprises an estimated 5.5 million square feet of space. The mix of retail inventory is broad, with properties ranging from smaller community "strip" centers to a power center (Clearwater Mall) and major regional mall (Westfield Shoppingtown Countryside). The two malls combined represent nearly 2 million square feet of retail space, or slightly less than 40 percent of the area's total inventory.

From the "local" retail service perspective, the Clearwater area is well supplied by both anchored (grocery) and non-anchored shopping centers, as well as "big box" retailers including Babies 'R' Us, Best Buy, Super Target, and Linens 'n' Things. Most of the City's retail complexes have gross leaseable area between 10,000 square feet and 200,000 square feet. In an effort to gauge retail market conditions among shopping centers, we profiled selected complexes totaling nearly 2 million square feet of space. We limited this survey to centers over 15,000 square feet, within a 5-mile radius of Downtown. The property survey is included in the appendices to this report; key findings follow.

Based on the retail survey, rents for space generally range from \$12 to \$25 per square foot, with add-ons or pass-throughs (common area maintenance, taxes, and insurance) that range from \$2 to \$7. The estimated average rental rate is \$12.60, net of add-ons. Including anchor store space, the market is roughly 94 percent occupied.

The International Council of Shopping Centers breaks down retail centers by center type, defined by typical anchors and square footage. Characteristics in the Clearwater market, by center category, include:

- **Power Centers** (category-dominant anchors, 250,000 SF+, e.g., Clearwater Mall): triple net rents at \$20/SF, \$4.73/SF pass-throughs, 98% occupied.
- **Community Centers** (general merchandise and grocery/convenience, 100,000-300,000 SF, e.g., Clearwater Plaza on Missouri Avenue): triple net rents at \$12-14/SF, average of \$3.70/SF pass-throughs, 97% occupied.
- **Neighborhood Centers** (convenience, 30,000-100,000 SF, e.g., Harbor Oaks Shopping Center on South Ft. Harrison): triple net rents at \$12-25/SF, average of \$3.40/SF pass-throughs, 84% occupied.

Downtown retail is currently concentrated in a few neighborhood centers, and in the Downtown core along Cleveland Street. Based on data from the Pinellas County Property Appraiser and interviews with property and business owners, we have estimated non-center retail space in the Downtown core at approximately 280,000 square feet. Current asking rents are between \$10 and \$15 per square feet, with tenants responsible for their own utilities. Estimated occupancy is less than 70 percent. These Downtown core figures contrast unfavorably with Downtown retail space in shopping centers – Cleveland Plaza (1235 Cleveland Street) is asking similar rental rates (\$14/SF gross), but is 93 percent occupied. The new Publix-anchored Harbor Oaks

Shopping Center is commanding \$32/SF gross rents (inclusive of pass-throughs) and is 100 percent occupied.

Market-wide rents and occupancy, as well as the retail demand estimates to follow, indicate that the Downtown retail market's underperformance to date appears to be more related to a lack of quality retail space and associated close-in amenities (e.g., parking) than it is to either unfavorable commercial real estate market conditions or lack of demand. This was further confirmed by stakeholder interviews over the course of the Downtown market study. These same factors will also directly affect Downtown's ability to attract retailers going forward.

#### **4B: Retail Demand Analysis**

Our retail demand analysis takes into account demand generated by three groups:

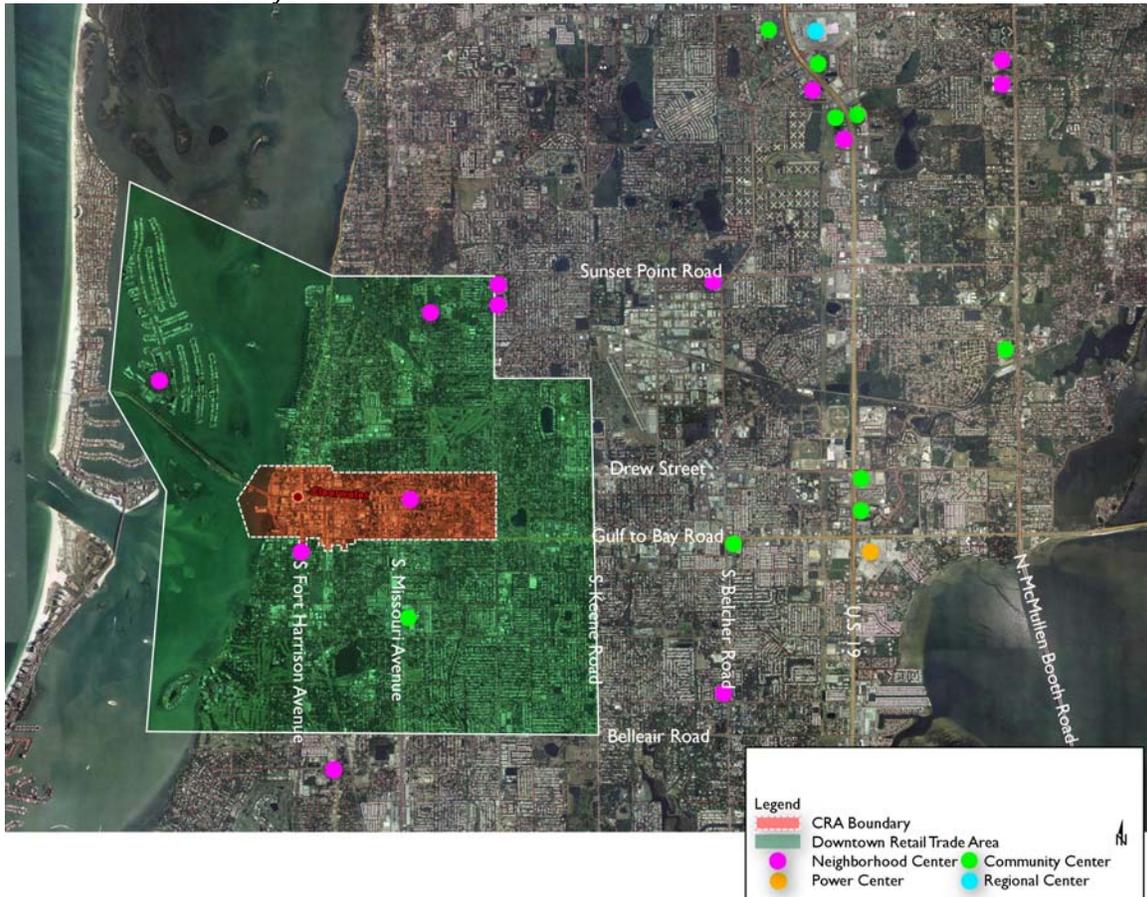
1. **Downtown Trade Area Residents**, which includes almost 41,000 people who are in or near Downtown on a daily basis, year-round, and do a significant portion of many types of retail spending and go to restaurants close to home. (Note that the residential analysis also incorporates a secondary market, which includes residents of surrounding areas and second home buyers. Expenditures from this secondary market are calculated using a series of inflow factors as explained on page 38).
2. **Downtown Office Workers** – nearly 6,000 people who work Downtown. Office employees typically spend a portion of their income close to where they work.
3. **Visitors to Downtown** – nearly 1.5 million hotel visitors, day trippers, people visiting friends and relatives, business visitors, and visitors to particular Downtown institutions.

As discussed in Section 1, Lambert has defined a retail trade area using geographic information system (GIS) technology, according to street boundaries, to approximate behavioral boundaries based on prospective retail patrons' propensity to shop in a given area. These behavioral boundaries are based both on distance and access to Downtown, as well as distance and access to competitive retail inventory in the area. There is an inherent assumption in the delineation of our trade area that Downtown will not be the location of certain types of retailers, such as a large department store, discount store, or major lifestyle center. If this were the case, the trade area would be significantly larger. Rather, the trade area represents the area from which we believe Downtown businesses will draw patrons for food and beverage establishments, local stores and boutiques, entertainment venues, and specialty businesses (e.g., fresh and prepared foods grocer, music store), on a regular basis. As stated in the Summary of Conclusions and Recommendations, this area is the primary area from which Downtown businesses will draw resident expenditure. As seen in Figure 19 on the following page, it is significantly larger than the CRA (area shown in orange) and includes Island Estates to the west, Harbor Oaks and part of Belleair to the south, Skycrest to the east, and Sunset Point to the north.

It is important to note that this trade area is not the only area from which Downtown retailers will draw patrons. The *Lambert Advisory Retail Trade Model* takes into account expenditures by residents outside the Downtown retail trade area by utilizing inflow factors, as described in detail on page 38, and incorporates expenditures by Downtown office employees and visitors to Downtown.

**Figure 19: Downtown Retail Trade Area**

Source: Lambert Advisory



Populations and households in the retail trade area, shown in comparison to the CRA, City, and County, appear in Figure 20, and a demographic summary follows.

**Figure 20: Population and Households, 1990-2010**

Sources: Pinellas County Department of Planning, Claritas, Lambert Advisory

	CRA	Downtown Trade Area	Clearwater	Pinellas County
<b>Population</b>				
1990	3,441	37,288	98,784	851,659
2000	4,134	39,324	108,787	921,495
2005	4,603	40,819	110,826	945,266
2010	5,789	41,093	112,174	960,843
Rate 90-00	1.9%	0.5%	1.0%	0.8%
Rate 00-10	3.4%	0.4%	0.3%	0.4%
<b>Households</b>				
1990	1,823	16,413	44,138	380,635
2000	1,888	16,627	48,449	414,968
2005	2,102	17,259	49,357	425,673
2010	2,644	17,375	49,957	432,687
Rate 90-00	0.4%	0.1%	0.9%	0.9%
Rate 00-10	3.4%	0.4%	0.3%	0.4%

*Note: For details on the sources and methodology for estimating and forecasting population and households, see pages 66-68 in the appendices to this report.*

- Population and Households:** Like population growth in the CRA, growth in the Downtown retail trade area is outpacing that of the City, but not at the same high rate. Population growth in the retail trade area is driven by the high-density development concentrated in the CRA, but balanced out by more modest growth in the broader trade area, most of which has long been built out. Detailed information on the sources and methodology for estimating and forecasting population and households appears on pages 66-68 in the appendices to this report.
- Age:** The age profile of the retail trade area very closely tracks that of the city, with a median age of 41 and 24 percent of the population in the high-earning 45 to 64 age cohort.
- Race:** The racial profile of the retail trade area is different from that of both the CRA and City – while 78 percent of the population is classified as “White Alone” (comparable to 76% in the CRA and 84% in the City), only 10 percent identifies as Hispanic or Latino (versus 32% in the CRA and 9% in the City), and 19 percent is classified as “Black or African American Alone” (compared to 11% and 10% in the CRA and City, respectively).
- Income:** The income distribution for the retail trade area in 2005 is shown in Figure 21. The estimated 2005 median household income is \$37,000 – 33 percent higher than that of the CRA (\$27,000) and comparable to both the City and County medians (both approximately \$39,000). Detailed information

on the sources and methodology for estimating and forecasting household incomes appears on page 69 in the appendices to this report.

**Figure 21: Household Income, Downtown Retail Trade Area, 2005**

Source: Claritas, Lambert Advisory

	<b>Downtown Retail Trade Area</b>
<b>Household Income, 2005</b>	
Less than \$15,000	18%
\$15,000 to \$24,999	15%
\$25,000 to \$34,999	15%
\$35,000-\$49,999	16%
\$50,000-\$74,999	17%
\$75,000-\$99,999	8%
\$100,000-\$149,999	6%
\$150,000 or more	5%
<b>Median household income, 2005</b>	<b>\$37,373</b>
<b>Average household income, 2005</b>	<b>\$53,111</b>

*Note: For details on the sources and methodology for estimating and forecasting household incomes, see page 69 in the appendices to this report.*

Utilizing a variety of data sources, we have built a series of models that estimates expenditures by each of these groups and translates it into square feet of retail space. We have estimated demand for the current year, and projected it for 2010. A summary of implied demand for retail space, by category, from office workers, visitors, and residents appears on the following page.

**Figure 22: Supportable Downtown Retail Trade Area Space by Market Segment**

Source: Lambert Advisory

	2005	2010	Change
<b>Resident Market</b>			
Food Services & Drinking Places	61,300	109,900	48,600
Shoppers Goods	166,900	220,500	53,700
Convenience Goods	303,500	335,700	32,300
<b>Supportable Retail SF, Residents</b>	<b>531,600</b>	<b>666,100</b>	<b>134,500</b>
<b>Visitor Market</b>			
Food Services & Drinking Places	18,500	44,600	
Shoppers Goods	8,900	21,400	
<b>Supportable Retail SF, Visitors</b>	<b>27,500</b>	<b>65,900</b>	<b>38,500</b>
<b>Office Employees</b>			
Food Services & Drinking Places	24,200	31,100	
Shoppers Goods	17,400	22,200	
Convenience Goods	10,500	13,400	
<b>Supportable Retail SF, Office Employees</b>	<b>52,100</b>	<b>66,700</b>	<b>14,600</b>
<b>Total, Food Services &amp; Drinking Places</b>	<b>104,000</b>	<b>185,500</b>	<b>81,500</b>
<b>Total, Shoppers Goods</b>	<b>193,200</b>	<b>264,100</b>	<b>70,900</b>
<b>Total, Convenience Goods</b>	<b>313,900</b>	<b>349,100</b>	<b>35,200</b>
<b>Total Supportable SF, Retail Trade Area</b>	<b>611,200</b>	<b>798,700</b>	<b>187,600</b>

Note that the Food Services and Drinking Places category includes restaurants and bars. The Shoppers Goods category includes clothing, accessories, general merchandise, and miscellaneous goods such as sporting goods, books, toys, office supplies, art, fabric/sewing materials, and souvenirs. The Convenience category includes pharmacy, personal care products, and supermarket spending (e.g., groceries, cosmetics, prescription drugs, and optical goods).

The existing Downtown core retail inventory is estimated at 280,000, of which approximately 65 percent (182,000 square feet) is occupied<sup>3</sup>. The existing inventory in competitive retail centers throughout the retail trade area (which does not include standalone retail or restaurants) is estimated at 297,000 square feet, of which 95 percent (282,000) is occupied. Clearly, when comparing demand for retail space to availability of space and estimated future growth, Downtown Clearwater is in an

<sup>3</sup> The Downtown core retail inventory was estimated using information from the Pinellas County Property Appraiser's Office. Downtown core retail occupancy was estimated based on interviews with property owners and on CoStar reports provided by Pinellas County Economic Development.

excellent position to capture a significant portion of existing and future consumer expenditure that is now leaking out of the trade area at a greater rate than could be the case. The model clearly illustrates that Downtown Clearwater's challenge is neither a lack of demand nor of expenditure potential.

The mix of retail categories (i.e., the proportion of restaurant and entertainment space, shoppers goods space, etc.) implied by these estimates should be taken into consideration as the City/CRA formulates and refines its strategic priorities for Downtown, which may include strengthening and/or expanding offerings in particular categories, such as restaurants and entertainment, fresh and prepared foods, as well as local shoppers goods retailers, through targeted recruitment/retention efforts, as discussed in the Summary of Conclusions and Recommendations.

The methodology and key findings for the residential, office worker, and visitor retail demand models follow.

### **Retail Demand Generated by Residents**

Again, for the purposes of our analysis, the residential trade area was defined as the area previously shown in Figure 19.

Local residents' expenditures are a key potential driver of demand for Downtown retailers in the study area, representing 87 percent of the total supportable square footage in 2005 and a projected 83 percent of the total supportable square footage by 2010. Although it combines large amounts of information from a variety of sources, the way the *Retail Trade Model* (the full detail of which appears as an appendix to this report, on pages 62-64) derives the estimated demand for retail space is actually quite simple. The methodology is described in detail below.

- **Total Personal Income** – There are approximately 41,000 residents in the Downtown retail trade area with per capita income of approximately \$23,000, which yields \$953 million in total personal income.
- **Total Non-Auto Retail Expenditure** – An estimate of non-automobile retail expenditure for the trade area is made by multiplying the Total Income by the percent of income that is spent on non-auto retail purchases in a given year. The percentage of household income (27.49%) spent on non-auto retail purchases was derived from the Department of Commerce 2003 Consumer Expenditure Survey, which is both region- and income cohort-specific.
- **Expenditure by Store Type** – Non-auto expenditure by store type for the market area is derived using the percentage of total non-auto store sales by store type for the Tampa-St. Petersburg MSA (as a proportion of total non-auto sales) based on an analysis of the 2002 Economic Census.
- **Primary Market Area Retention** – This is estimated based upon fieldwork, interviews, and location of competitive retail centers and is an estimate of the amount of retail purchases made by residents of the retail trade area which is made inside the retail trade area, by store type. Certain merchandise

categories such as grocery or pharmacy have very high retention rates (90%) because people typically shop for these goods and services close to home. For goods such as furniture and home furnishings, the trade area retention rate is lower (30%) because people will typically travel further to make these purchases since they are made less frequently, and/or because other areas have a greater concentration of a particular type of retailer. For most categories, we have assumed this retention rate will be somewhat higher in 2010 than it is today, due to an improved Downtown and increased retailer variety.

- **Percent Sales Inflow from Secondary Market** – While there is resident expenditure leakage from the trade area there is also inflow from residents who live outside the bounds of the trade area, as well as from seasonal residents not otherwise captured in statistical profiles. These inflow rates vary by type of merchandise, considering existing and potential trade area retailers, and change over the 2005-2010 period. Improved 2010 inflow rates assume a well-positioned, quality Downtown experience not currently available.
- **Sales per Square Foot** – The sales per square foot figures are estimated average sales per square foot figures for stores, by merchandise category, in the trade area based on interviews and other sources of information, including the Urban Land Institute's 2002 Dollars & Cents of Shopping Centers.
- **Warranted Square Feet** – Is calculated using the following formula:

$$\text{Net Sales Potential (by category)} / \text{Sales per Square Foot (by category)}$$

As noted, resident expenditures generate approximately 87 percent (532,000 square feet) and 83 percent (666,000 square feet), respectively, of the total square feet demanded in 2005 and 2010. This methodology is summarized in Figure 23, and as noted, the model appears in full detail on pages 62-64 in the appendices.

### Figure 23: Retail Demand Generated by Residents

Sources: US Census, Dollars & Cents of Shopping Centers; Urban Land Institute, Lambert Advisory

	2005	2010	Change
Estimated Population	40,819	41,093	274
Per Capita Income	\$23,337	\$25,647	
<b>Total Retail Expenditure Potential</b>	<b>\$261,867,708</b>	<b>\$289,723,604</b>	<b>\$27,855,896</b>
<b>Expenditure Potential by Category</b>			
Food Services & Drinking Places	\$21,451,246	\$38,447,620	\$16,996,375
Shoppers Goods	\$44,096,195	\$58,646,863	\$14,550,668
Convenience Goods	\$92,134,135	\$101,934,805	\$9,800,670
<b>Sales per Square Foot by Category</b>			
Food Services & Drinking Places	\$350	\$350	
Shoppers Goods	\$264	\$266	
Convenience Goods	\$313	\$315	
<b>Supportable Square Footage by Category</b>			
Food Services & Drinking Places	61,300	109,900	48,600
Shoppers Goods	166,900	220,500	53,700
Convenience Goods	303,500	335,700	32,300
<b>Total Supportable Retail Space</b>	<b>531,600</b>	<b>666,100</b>	<b>134,500</b>

### Retail Demand Generated by Office Workers

The office worker demand model summary appears on the following page. This category of retail demand is derived from employees that work in Downtown office buildings. To estimate the number of office workers Downtown, we used adjusted State of Florida ES-202 data. That is, we reduced the number of employees attributed to both Pinellas County and City of Clearwater, given that not all City/County employees work Downtown, and added employment figures provided by the Church of Scientology (not otherwise captured by the ES-202). We also cross-checked this figure against the amount of estimated leaseable office space Downtown, dividing it by industry standard space-per-office-worker figures. This yielded and confirmed an estimate of approximately 5,900 office workers in 2005. Using historical trends, County employment projections, and information from the Church of Scientology, we estimate this number to increase by over 1,600 office workers by 2010.

The International Council of Shopping Centers (ICSC) regularly publishes a survey of downtown and suburban office workers that contains average annual retail expenditures near workers' offices. Purchases by category (food services & drinking places,

shoppers' goods, convenience goods) were estimated based on these average annual expenditure figures from the ICSC survey, inflated to 2005 dollars based on actual CPI. Dividing the potential gross spending figures by annual sales per square foot estimates yields the square footage implied by office worker demand, approximately 52,000 square feet in 2005 and 67,000 square feet in 2010 – representing 9 percent and 8 percent of the totals, respectively.

**Figure 24: Retail Demand Generated by Office Employees**

Sources: ES-202 Employment Data, Church of Scientology, Office Worker Retail Spending Patterns: A Downtown and Suburban Area Study (ICSC 2003), Dollars & Cents of Shopping Centers( Urban Land Institute 2002), Lambert Advisory

	2005	2010	Change
Estimated Downtown Office Employment	5,866	7,537	1,671
Spending per employee			
Lunches	\$1,286	\$1,286	
Shoppers Goods	\$785	\$785	
Convenience Goods	\$559	\$559	
Dinner/Drinks after work	\$157	\$157	
	\$2,786	\$2,786	
Expenditure Potential			
Food Services & Drinking Places	\$8,464,380	\$10,876,039	
Shoppers Goods	\$4,602,382	\$5,913,686	
Convenience Goods	\$3,276,765	\$4,210,376	
<b>Total Potential Employee Expenditures</b>	<b>\$16,343,528</b>	<b>\$21,000,101</b>	<b>\$4,656,573</b>
<b>Sales per Square Foot by Category</b>			
Food Services & Drinking Places	\$350	\$350	
Shoppers Goods	\$264	\$266	
Convenience Goods	\$313	\$315	
<b>Supportable Square Footage by Category</b>			
Food Services & Drinking Places	24,200	31,100	6,900
Shoppers Goods	17,400	22,200	4,800
Convenience Goods	10,500	13,400	2,900
<b>Total Supportable Retail Space</b>	<b>52,100</b>	<b>66,700</b>	<b>14,600</b>

## Retail Demand Generated by Visitors

Our estimate of gross retail demand is generated by several different types of visitors to Downtown: Clearwater/Clearwater Beach visitors (including hotel visitors, day trippers, people visiting friends and relatives, and business visitors), as well as institutional visitors (including visitors to the City, County, religious institutions, and Morton Plant Hospital).

The demand estimate is based on numbers of visitors and their average expenditure rates (from Research Data Services data provided by the City), and estimated capture rates. Again, the capture rates have been increased from 2005 to 2010, assuming enhanced retail and restaurant options will be added in Downtown. Dividing the potential gross spending figures by annual sales per square foot estimates yields the square footage implied by visitor demand for retail – approximately 27,000 square feet total in 2005 and 66,000 square feet total in 2010, approximately 4 percent and 8 percent of total retail space, respectively.

A summary of the demand generated by visitors appears below. The full model, with detail by visitor group, appears in the appendices to this report, on page 65.

### Figure 25: Retail Demand Generated by Visitors

Sources: Research Data Services, Morton Plant Hospital, Church of Scientology, Lambert Advisory

	2005	2010	Change
<b>Total Downtown Expenditures, Visitors</b>			
Food Services & Drinking Places	\$6,487,059	\$15,601,384	\$9,114,325
Shoppers Goods	\$2,359,924	\$5,679,636	\$3,319,712
<b>Sales per Square Foot by Category</b>			
Food Services & Drinking Places	\$350	\$350	
Shoppers Goods	\$264	\$266	
<b>Supportable Square Footage by Category</b>			
Food Services & Drinking Places	18,534	44,575	26,041
Shoppers Goods	8,931	21,359	12,428
<b>Total Supportable Retail Space</b>	<b>27,465</b>	<b>65,934</b>	<b>38,469</b>

## Section 5: Office Market Analysis and Demand Estimate

### 5A: Office Market Analysis

Clearwater is the county seat for Pinellas County and as such, hosts the offices of City and County government agencies, Downtown. The market for commercial office space Downtown is growing, but is still modest relative to the broader Pinellas County and Tampa Bay region. Clearly, continued growth of the Downtown office market will provide support to any redevelopment initiative. Following are highlights of regional and Downtown office conditions that will influence prospective office development in Downtown.

From a regional perspective, the Tampa Bay Metropolitan Area office market is comprised of more than 67 million square feet of office space. The office development is scattered among six sub-markets; the North Pinellas sub-market, which includes the northern part of Clearwater (not including Downtown), is the second smallest sub-market with 4.4 million square feet of total space, or only 7 percent of the region's total inventory – in comparison, the largest sub-market is Westshore, with nearly 14 million square feet, 20 percent of regional inventory. Overall, the region is experiencing 89 percent occupancy, with full-service lease rates for quality Class A/B+ properties (broadly defined as buildings with prime location, superior quality, and some level of amenity and/or service) generally averaging \$20.40 per square foot (gross). There is reportedly more than 100,000 square feet of office space under construction in North Pinellas, none of which is Downtown.

Of the 5.5 million square feet of office space in the City of Clearwater, approximately 1 million square feet of space is considered Class A product, with occupancy at 87 percent. There is approximately 2.2 million square feet of Class B office space, with occupancy of 90 percent, and another 2.2 million square feet of Class C space with occupancy of 93 percent. Generally, full-service lease rates for Class A and B office space are between \$16 and \$20 (gross) per square foot, while Class C space ranges from \$10 to \$16 (gross) per square foot.

The Downtown Clearwater market comprises a total 1.2 million square feet of office space; an inventory and profile of Downtown office space appears in the appendices to this report. During the past five years, approximately 140,000 square feet of office space has been delivered to the Downtown market, the bulk of which is owner-occupied (CRUM building). The Downtown office market is categorized as follows: approximately 370,000 square feet (30 percent) of Downtown space is considered to be Class A, 82 percent of which is occupied; approximately 475,000 square feet (40 percent) is Class B space, 80 percent of which is occupied; and, the remaining 360,000 (30 percent) of the Downtown inventory is Class C space, with occupancy of 89 percent. Full-service lease rates for Class A space range from \$16 to \$19 per square foot; Class B space primarily from \$12 to \$17 per square foot; and Class C space from \$8 to \$13 per square foot. These rents represent an average increase of approximately 5 percent over 2003 rates.

The vast majority of office development is now occurring in the suburbs, rather than the city centers. This trend is likely to continue in this and other suburban sub-markets, absent any major changes in Downtown Clearwater, due to the following.

- Accommodating large block users (+10,000 square feet) Downtown is growing increasingly difficult, given a lack of newer Class A buildings.
- Parking constraints in the Downtown area impact new development, as well as the ability to attract and maintain large tenants. Notably, Wakely and Associates, one of Downtown's five largest employers, recently announced its decision to relocate and cited parking constraints as a primary reason.
- Current lease rates remain at levels below the minimum that would support new, large-scale development, particularly for more costly high-rise product.

The Downtown Clearwater office market has remained stable during the past several years. However, with steady employment growth anticipated for the region, demand for office will continue to grow. As such, the Downtown market may be positioned to capture this growth, particularly as redevelopment proceeds and depending on the CRA's ability to address one or more of the issues noted above. Although demand for new, large-scale office may not be warranted immediately, the possibility to support new office supply could occur within a five-year window.

### **5B: Office Demand Analysis**

Based on employment and office development trends for both the City and County, Lambert has prepared an estimate of office space demand for Downtown over the next five years. This considers key assumptions including:

- Pinellas County office employment is projected to increase at an average of 4 percent annually for the next five to ten years; Downtown office employment is likely to grow at a rate close to or slightly lower than the County rate.
- The Building Owners and Managers Association (BOMA) estimate of office space per employee (250 SF per employees), based on a survey of office developments in Florida.

**Figure 26: Demand for Downtown Clearwater Multi-Tenant Office Space**

Sources: ES-202 Employment Data, Building Owners and Managers Association, Lambert Advisory

		Year 1	Year 2	Year 3	Year 4	Year 5	Net New Employment
<b><i>Downtown Clearwater - Office Employment in Multi-Tenant Buildings</i></b>							
<i>Moderate</i>	2.5%	3,895	3,992	4,092	4,194	4,299	<b>404</b>
<i>Aggressive</i>	4.0%	3,952	4,110	4,274	4,445	4,623	<b>671</b>
							<b>Net New Office Demand</b>
<b><i>Estimate Net Absorption - SF (@ 250 SF/employee)</i></b>							
<i>Moderate</i>		973,750	998,094	1,023,046	1,048,622	1,074,838	<b>124,800</b>
<i>Aggressive</i>		988,000	1,027,520	1,068,621	1,111,366	1,155,820	<b>205,800</b>

It should be noted that these figures exclude City, County, and Church of Scientology employment, which is why they differ from employment figures quotes elsewhere in this

report. Based on these estimates of employment, Downtown Clearwater is projected to have total demand for between 125,000 and 200,000 square feet of office space over the next five years. This figure is net new space demanded; it assumes that some of the existing vacant space is absorbed and also that the 2010 market will maintain some level of vacancy. Furthermore, this does not necessarily mean that Downtown will capture all of this demand since development costs for higher density product may be prohibitive to an extent; therefore, some of this demand may have to shift to suburban markets where land and cost to build is not as high.

## Section 6: Hotel Market Analysis and Demand Estimate

### 6A: Hotel Market Analysis

Clearwater and the Beaches continue to emerge as a premier vacation destination in the US. Nearly 925,000 overnight visitors came to Clearwater in 2004, and the area has seen steady 1.5 percent annual visitation growth since 2000. Additionally, tourism expenditures reached almost \$600 million last year, an increase of more than 9 percent over 2003. Visitation to Clearwater and the Beaches recovered quickly from the tourism impacts caused by the events of September 11<sup>th</sup>, resuming pre-2001 levels by 2003, and overnight visitation is projected to exceed 1 million annually by 2010.

As shown in Figure 27, the greater Clearwater hotel market comprises nearly 7,000 rooms in a total of 94 properties. Approximately 40 percent is on the Beaches and 30 percent is concentrated just outside the City boundary, near the St. Petersburg-Clearwater Airport. The remaining market inventory (2,000 rooms) is concentrated along US-19 and Gulf-to-Bay Boulevard.

On Clearwater Beach, there are three full-service properties comprising a total 858 rooms. The remaining balance of beach hotel inventory, or nearly 2,000 rooms, consists of limited-service and extended stay product. The US-19 and Gulf-to-Bay inventory – the concentration of non-beach properties closest to Downtown – consists entirely of limited-service and extended stay product, much of which is older and in “fair” condition.

### **Figure 27: Clearwater Hotel Market Properties**

Source: Smith Travel Research, Lambert Advisory

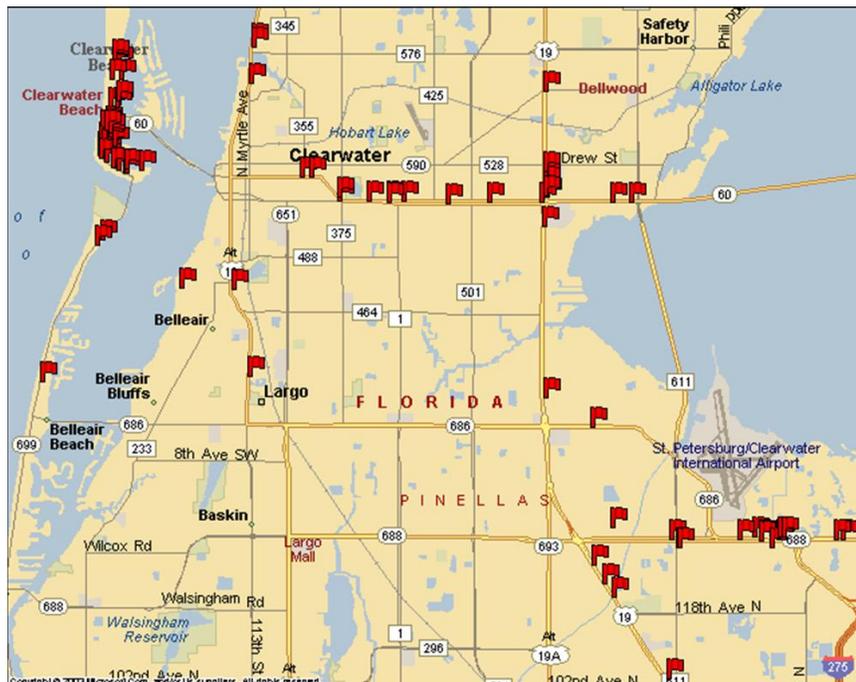
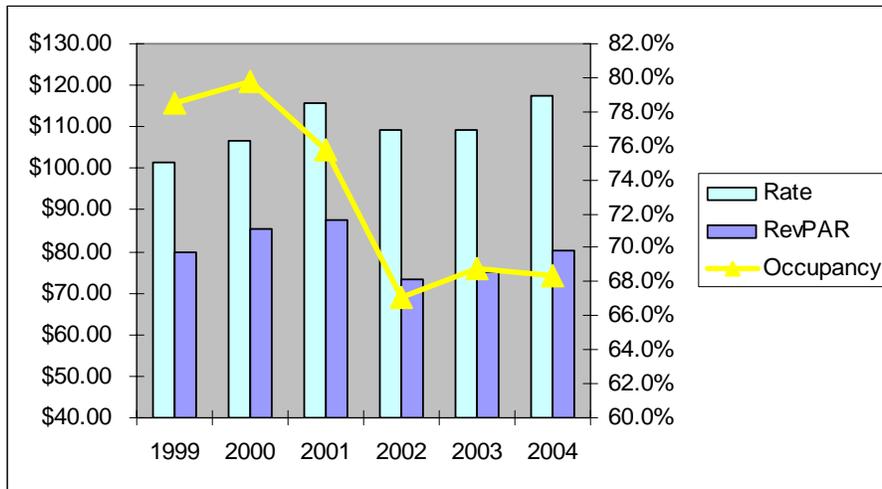


Figure 28 shows trends in occupancy, average daily rate (ADR), and revenue per available room (RevPAR) for selected Beach properties. Based on historical trends reported by Smith Travel Research, occupancies in the Beach market dropped from 79 and 80 percent in 1999 and 2000, respectively, to as low as 67 percent in 2002. Occupancy rates in 2003 and 2004 show some recovery, with rates rising closer to 70 percent.

**Figure 28: Clearwater Beach Hotels: Occupancy & Rate Trend (Selected Properties), 1999-2004**

Source: Smith Travel Research, Lambert Advisory



Importantly, and as noted in Figure 29 below, the decline in total room night demand for the Beach hotel market was actually less dramatic than the drop in occupancy. This disproportionate decline is partially attributed to the fact that the supply of inventory (as reported by STR) increased during the past few years. This is not necessarily reflective of new hotel units, rather an increase in inventory from units that may have been taken off-line (e.g., for maintenance) at the time of the survey and returned to the market shortly thereafter. Nonetheless, the more modest decline in room night demand indicates slightly more positive market conditions than otherwise thought. In terms of ADR, the market has fluctuated between \$102 and \$118 over the 1999-2004 period. The current level of ADR is reflective of a large portion of supply being older, limited service product. In our experience, newer full-service product commands ADRs of at least \$130, which is the approximate threshold required to support new construction. Nonetheless, the Beach hotels command rates considerably higher than do the non-Beach hotels.

**Figure 29: Clearwater Beach Hotels: Annual Room Night Demand vs. Occupancy, 1999-2004**

Source: Smith Travel Research, Lambert Advisory

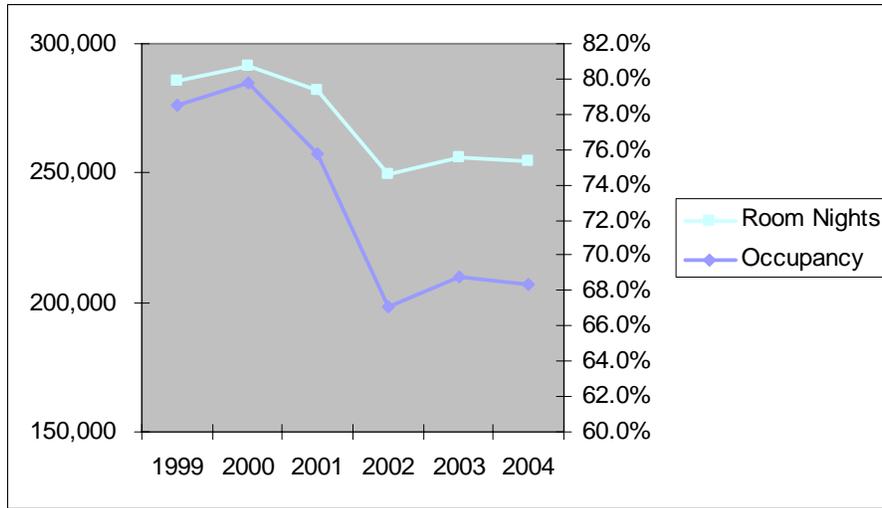
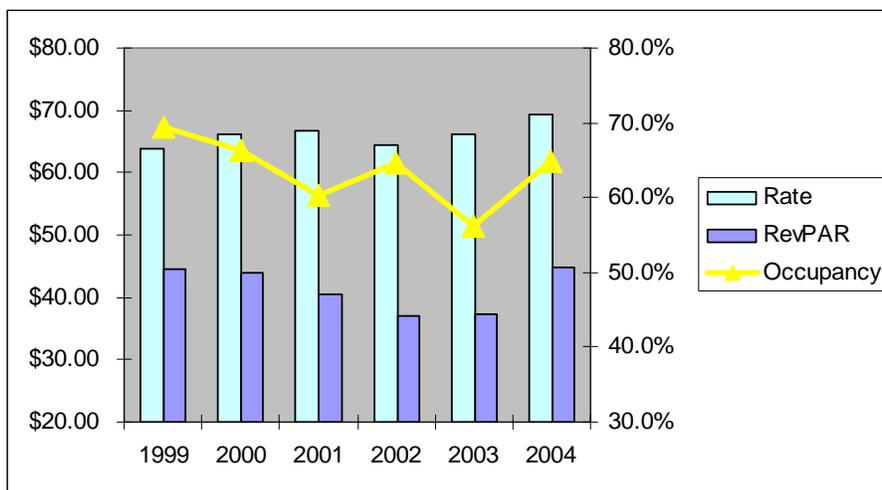


Figure 30 shows trends in occupancy, average daily rate (ADR), and revenue per available room (RevPAR) for selected properties in the non-Beach market. Occupancy rates for the non-Beach properties have been consistently lower than that of Beach properties – by as much as 15 percentage points in 2001, and by 13 percentage points prior to 2001 and since, in 2003. That gap narrowed in 2004, with the non-Beach properties’ average occupancy at 65 percent (a 4 percentage point differential from Beach occupancy). Notably, occupancy rates among non-Beach properties have started to approach pre-9/11 levels faster than that of Beach properties. More important, room night demand has experienced relatively strong growth during the past four years.

**Figure 30: Clearwater Hotels: Occupancy & Rate Trend (Selected Non-Beach Properties), 1999-2004**

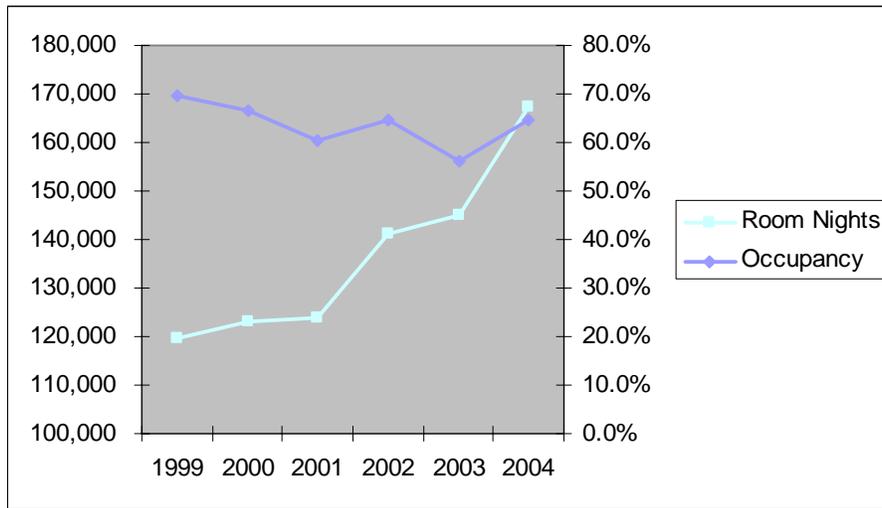
Source: Smith Travel Research, Lambert Advisory



ADRs in the non-Beach market have remained moderate, but relatively steady over the past five years, ranging from \$64 to \$69. The current level of ADR is reflective of the predominance of limited-service product in "fair" condition, as well as less-than-optimal locations along the US-19 corridor.

**Figure 31: Clearwater Hotels (Non-Beach): Annual Room Night Demand vs. Occupancy, 1999-2004**

Source: Smith Travel Research, Lambert Advisory



Overall, the Clearwater hotel market would be viewed as predominantly stable. However, it is evident that a considerable amount of product (both on the beach and off) is older, 2- to 3-star quality product.

**6B: Hotel Demand Estimate**

As noted above, although the broader Clearwater hotel market is only moderately stable, it is evident that a considerable amount of product is older, 2- to 3-star quality product. As such, there is no higher quality hotel product to serve the growing business and leisure industries. Considering the area’s business and visitor growth potential, Downtown should be able to support a small to mid-size (125-175 rooms), limited service (branded) product that is strategically located. Such a Downtown hotel would compete primarily with the hotels along US-19 and US-60; however, it would benefit from a broadened marketing base that could successfully capture leisure and corporate demand segments.

## Section 7: Downtown Events

Below is a sampling of events that were or are scheduled in Downtown Clearwater for 2005:

- Farmer's Market
- Main Library Lecture Series
- The MAIN Thing happy hour series
- Chili Extravaganza Challenge
- Films on the Bluff
- WildSplash
- Sister Cities Wild Bazaar
- Clearwater Celebrates Neighborhoods Week
- Ice Cream Social
- Clearwater Heritage Day
- Smooth Jazz Fest
- Cinco de Mayo
- Fun 'n' Sun Illuminated Night Parade
- Fourth of July
- Chef and a Show
- Oh Boy! Oberto Redfish Cup
- Taste of Clearwater
- Clearwater Hispanic Heritage Festival
- Florida Orchestra
- Suncoast Cycling Classic
- Clearwater Jazz Holiday
- Christmas Under the Oaks
- Florida Pirate Festival
- Festival of Trees

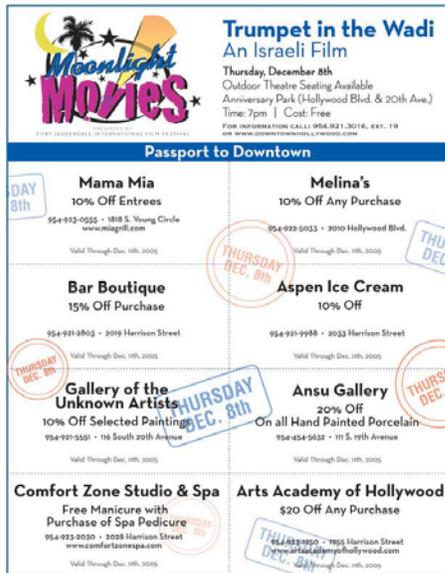
Based on our experience, Downtown actually has a very active and varied event calendar, especially for a city the size of Clearwater. However, most of the activities take place in and around Coachman Park and the Main Public Library. To better leverage the opportunities for Downtown merchants created by these existing events, the CRA, Main Street Program, and/or will need to implement an events/promotions strategy that focuses on drawing attendees to Downtown businesses. Other Downtown groups have successfully done exactly this and, further, have produced additional events with the specific goal of benefiting Downtown merchants, as detailed in Section 7B below. The recommendations regarding events that appear in the Summary of Conclusions and Recommendations are based on these case studies, as well as on interviews with Downtown merchants and City staff.

## 7A: Events Planning in Other Florida Downtowns (Case Studies)

### Hollywood

The Downtown Hollywood CRA works hand-in-hand with the Downtown Hollywood Business Association (DHBA, the downtown merchants' membership organization) to plan and implement downtown events and promotions. The goal of this joint effort is to attract the most desirable patrons and shoppers to Downtown businesses. The DHBA has defined those patrons and shoppers as a very specific higher educated, higher income segment of local residents, and targets them through selective advertising (e.g.,

on the local public radio station, in homeowner association publications) and by scheduling the type of events that will appeal to the intended audience (primarily arts and culture-oriented events, as described below). Additionally, all of the CRA-planned events are located and structured in ways that maximize visibility and access to downtown businesses: streets are closed to traffic; attractions are located in areas with the highest concentrations of businesses; event circulation takes attendees by/in multiple stores and venues. At left is a sample of a "Passport to Downtown" that is handed out at Downtown events. The Passport offers discounts for goods and services at downtown businesses, valid for a two to three period following the event. This encourages event attendees to patronize the day of the event or immediately thereafter.



The Downtown CRA focuses almost exclusively on attracting residents. Occasionally, it coordinates with the Hollywood Beach CRA to organize Downtown events for convention groups staying on Hollywood Beach. These events generally involve busing attendees over for tours of the historic district.

While the CRA did undertake an events survey in 2004, most of the successful programming has been developed through brainstorming efforts by CRA staff and DHBA members. The CRA then audits all of its events using sign-in sheets, raffle entries, and mailing list sign-ups, which are cross-checked against the CRA database; if events are not attracting adequate numbers of attendees, or attract the same group of attendees every month, the event is cancelled.

Downtown Hollywood's existing, recurring events include:

- **ArtWalk** – On the third Saturday of each month, twelve to fifteen participating downtown businesses double as art galleries. Many provide hors d'oeuvres and wine. Strolling musicians provide entertainment along the ArtWalk route. Walking maps are provided and complimentary trolley service runs the length of the event – 7 p.m. to 10 p.m. ArtWalk attracts 300 people, on average.

- **Antique and Collectible Outdoor Market** – This street fair closes two downtown blocks the last Saturday of each month and hosts vendors of antiques and collectibles. Event hours are 8 a.m. to 4:30 p.m.
- **Dream Car Classic** – Main downtown thoroughfare Hollywood Boulevard is closed to traffic the first Sunday of every month for this event featuring pre-1974 cars. The Dream Car Classic attracts an average of 3,000 visitors.
- **Greater Hollywood Philharmonic** – This Sunday evening series features outdoor performances by the Greater Hollywood Philharmonic Orchestra.
- **Maroone Moonlight Movie Series** – This series is co-sponsored by the CRA, the Ft. Lauderdale International Film Festival, and Maroone, a local AutoNation company. A different foreign movie is presented in Downtown's Anniversary Park the second Thursday of every month at 7 p.m. Outdoor theater seating is provided.

Not including advertising, regular CRA events generally cost between \$500 and \$5,000 to produce. Some of these expenses are offset by events income (e.g., per-car entry fees for the Dream Car Classic, vendor fees for the Antiques and Collectibles Market) and modest corporate sponsorships (e.g., a trophy sponsor for the Dream Car Classic). Events of this scale, specifically planned and implemented to benefit downtown merchants, are a key part of the CRA's mission; the CRA Deputy Director spends a considerable amount of time working with the DHBA Promotions committee, to this end. However, neither the CRA nor the DHBA staff the events; citing the fact that they lack both time and events-production experience, the CRA hires private events producers to handle the day-of set-up and operations of these events.

In March 2006, the Downtown Hollywood CRA will produce the first annual "Vintage South Florida: A Celebration of History and Architecture" event. CRA staff expect to draw residents and visitors from across the Tri-County region to this weekend-long event modeled after Miami Beach's successful, decades-running Art Deco Weekend. It will feature South Florida architecture, history, arts, and culture and attractions will range from historical photograph exhibits to barbershop quartet performances. No outside food vendors have been invited, i.e., downtown merchants will supply all of the food and beverage from their storefronts and/or temporary on-street locations.

The larger, annual events that are produced in downtown Hollywood – including Mardi Gras Fiesta Tropicale, St. Patrick's Day Parade & Festival, and Chicago Blues on Harrison Street – attract tens of thousands of visitors each year. While the CRA occasionally provides support and/or sponsorship funds for these events, they are produced completely independently by entities that include private events producers and the City Parks Department.

## **Delray Beach**

Events programming for downtown Delray Beach is handled by the Downtown Joint Venture, a collaboration between the CRA, DDA, and the Greater Delray Beach Chamber of Commerce. It is a marketing organization charged specifically with coordinating with

downtown businesses to plan activities and events promoting Downtown to residents and tourists.

Delray Beach credits much of its revitalization and ongoing success to its year-round calendar of family-oriented events that attract both residents and tourists. In fact, a recently completed study of the Downtown said “family-friendly events provided reasons for residents and visitors to venture into Downtown Delray Beach long before specialty shops, galleries, and restaurants lined Atlantic Avenue.” Surveys conducted at three downtown events in 2003 and 2004 (**Art and Jazz on the Avenue**, **Holiday Tree Lighting**, and **Art and Jazz on the Avenue/Foto Fusion**) yielded the following key findings:

- Permanent residents, on average, represented 60 percent of event traffic. Seasonal residents accounted for another 20 percent. Overnight visitors and daytrippers accounted for the remaining 20 percent.
- Of the permanent residents, 75 percent came from within a 5 to 6 mile radius of Downtown. A full quarter came from an area within 1.5 to 2 miles to the north, west, and south of the center of Downtown. Notably, only 8 percent came from the beach residential areas to the east of Downtown. This is especially striking given that, unlike that of other Florida coastal cities, Delray Beach’s oceanfront is less than one half-mile from Downtown.
- The vast majority of event patrons made a retail or food and beverage purchase from downtown businesses while at the event.

While such community events are credited with sparking initial interest in downtown Delray Beach, the Downtown Joint Venture cites the events’ real success as jumpstarting the restaurant and local retail development that followed – according to another recent survey, downtown events now account for only 10 percent of trips to downtown Delray Beach. Visits to downtown restaurants, bars, and clubs (43%) and shopping/browsing in Downtown stores (36%) now outrank event attendance as the primary reasons to visit Downtown Delray Beach.

Recurring Downtown Delray Beach events produced by the Downtown Joint Venture and partners include:

- **Art & Jazz on the Avenue** – features live music acts scheduled from 6 p.m. to 1 a.m. on Thursday nights, at twelve to fifteen Downtown venues. Art & Jazz now includes a Gallery Stroll featuring ten to twelve Downtown galleries that offer refreshments. Selected Downtown retailers offer “Open House Specials” (included in event print materials) during Art & Jazz, including children’s activities, refreshments, and to 5 to 50 percent discounts off merchandise. The event is produced five times annually.
- **Summer Nights on the Avenue** – this series consists of five Friday-night block parties held on main Downtown thoroughfares. Streets are closed to traffic and free live entertainment is provided. Themes for Summer Nights

vary; the 2005 season include “60s and 70s” (featuring an antique car exhibit) and “Caribbean Fun.”

- **Delray Beach Green Market** – This farmer’s market is held Saturdays from November through May from 8 a.m. to 1 p.m. Free yoga classes and live music are also provided.

Other events downtown, including The Delray Affair, GarlicFest, Cinco de Mayo, and Foto Fusion, attract hundreds of thousands of visitors and are produced by separate, private entities, with support and sponsorships provided by the Downtown Joint Venture partners.

## **Daytona Beach**

The Daytona Beach Partnership Association (DBPA) is the downtown business and professional group that, among multiple roles, coordinates downtown events, and has been in operation for over thirty years.

The DBPA historically focused on promotions directed at tourists – advertising on hotel television “networks” and in travel brochures and hosting parties for beach hotel concierges – but eventually realized that, according to the DBPA manager, “the real dollars are in residents – both year-round and snowbirds.” Once a major source of DBPA funding – beer sales during Bikeweek and at Biketoberfest – were cut off by a change in City policy, the DBPA surveyed its membership as to where the promotional budget should be cut. Members overwhelmingly said to cut the hotel and travel brochure advertising. Grant funds obtained shortly thereafter went instead to new Downtown wayfinding signage, lighting, and to start a downtown merchant banner program – businesses can purchase seasonal banners to hang along main thoroughfare Beach Street for \$200 each.

So, while the DBPA still tries to attract some of the 9 million visitors that visit the area annually, its focus has shifted markedly to residents – specifically, single and married people ages 25 to 59 with a household income over \$35,000, and patrons to nearby “anchor” venues such as the Seaside Music Theater, Daytona Harley Davidson, Jackie Robinson Ballpark, and Halifax Historical Museum, an audience with average household incomes over \$75,000.

The DBPA produces the following recurring Downtown events:

- **Saturday Farmer’s Market** – Downtown’s farmer’s market is one of Florida’s oldest and Volusia County’s only. It takes place every Saturday, year-round.
- **Beer & Blues Festival** – Beach Street is closed for this event featuring regional and national blues acts and tastings from over twenty breweries. Though attendance figures are not yet available for November’s Beer & Blues Festival (the second annual), the DBPA was expecting 10,000 patrons.

- **Daytona Beach Wine & Food Festival** – Beach Street is also closed for this annual festival, featuring wine and food tastings from twenty downtown restaurants and vendors. Admission is \$25.

The DBPA is a co-sponsor of the privately produced Halifax Art Festival, which draws 300 artist participants and nearly 10,000 visitors each year. The DBPA also runs several retail promotions including *Daytona Beach Passport* (a downloadable coupon sheet for discounts from participating downtown merchants) and *Dinner & A Ballgame* (with a receipt from any participating downtown restaurant, participants get a buy one, get one free ticket to any seat at any Daytona Cubs game).

**7B: Pedestrian Linkages**

In addition to developing a promotions strategy and planning events that occur in the heart of Downtown, the City should take care that planned developments for the Downtown core do not limit pedestrian access between the Library/ Coachman Park and Downtown retailers and restaurants, and that future streetscape, signage, and parking improvements encourage movement to and from the primary retail blocks along Cleveland Street. A schematic showing the critical pedestrian thoroughfares is shown below.

**Figure 32: Critical Pedestrian Linkages**



The waterfront and Coachman Park should be more effectively linked with the primary business district along Cleveland Street, and intersecting blocks of South Osceola and South Fort Harrison Avenues. The critical pedestrian thoroughfares should be enhanced through improvements to sidewalks and lighting, and/or through the addition of street furniture and signage. To the extent possible given planned Downtown development, line-of-sight waterfront views should be maintained west along Hendricks Street, and in turn, views of Downtown activity should be maintained and enhanced east along Hendricks and Cleveland. This may include signage and strategically located (possibly through a Tenant Improvement Support program/fund, as detailed in the Summary of Conclusions & Recommendations) outdoor dining.

As Coachman Park and the waterfront become increasingly activated through events, potential investments (e.g., a marina), and/or through other activities, it is important that strong pedestrian linkages to the core retail and business district of the City are established and maintained in order for Downtown businesses to benefit from activity in the Park, and also so that people who live and work in Downtown benefit from having strong pedestrian links to an enhanced waterfront. Keeping these relationships intact will be particularly important as the continued development of residential units in Downtown progresses.

Finally, and although not shown in the preceding image, improving the Downtown portion of the Pinellas Trail and establishing better linkages to the Trail will provide a strong linear north-south pedestrian thoroughfare through the eastern part of Downtown. An improved Trail through Downtown will enhance the opportunity to develop additional housing and other uses along the Trail corridor as its presence serves as a focal point amenity in an area of Downtown currently without one.

# Appendices

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**Annual Quarterly Census of Employment And Wages, Pinellas County, All Ownerships, 2001-2004, With Projections to 2010**

NAICS Code	Industry	Average Wages					2010
		2001	2002	2003	2004	2005	
10	<b>Total, all industries</b>	448,740	425,569	426,588	435,453	448,821	526,869
101	<b>Goods-Producing Domain</b>	64,447	61,502	58,678	60,047	61,099	66,700
1011	Natural Resources and Mining	320	446	345	299	311	378
1012	Construction	21,691	21,860	21,452	22,675	23,289	26,614
1013	Manufacturing	42,437	39,196	36,881	37,073	37,500	39,708
102	<b>Service-Producing Domain</b>	384,293	364,067	367,910	375,406	387,722	460,169
1021	Trade, Transportation and Utilities	82,498	78,963	75,801	75,501	76,619	82,465
1022	Information	13,853	10,617	10,638	8,707	9,035	10,870
1023	Financial Activities	30,210	30,648	31,548	31,715	32,555	37,101
1024	Professional and Business Services	105,644	85,235	91,503	98,211	103,780	136,734
1025	Education and Health Services	78,786	81,229	81,457	83,165	85,303	96,845
1026	Leisure and Hospitality	38,852	42,030	42,236	42,914	43,808	48,567
1027	Other Services	13,436	14,239	13,592	13,489	14,448	20,372
1028	Public Administration	20,723	20,861	20,797	21,283	22,173	27,215

Source: ES-202 Data, Lambert Advisory

**Annual Quarterly Census of Employment And Wages, Pinellas County, All Ownerships, Fourth Quarter 2004**

NAICS Code	Industry	Average Wages	
		Weekly	Annual
10	<b>Total, all industries</b>	\$723	\$36,150
101	<b>Goods-Producing Domain</b>	\$839	\$41,950
1011	Natural Resources and Mining	\$427	\$21,350
1012	Construction	\$748	\$37,400
1013	Manufacturing	\$898	\$44,900
102	<b>Service-Producing Domain</b>	\$704	\$35,200
1021	Trade, Transportation and Utilities	\$668	\$33,400
1022	Information	\$827	\$41,350
1023	Financial Activities	\$1,018	\$50,900
1024	Professional and Business Services	\$708	\$35,400
1025	Education and Health Services	\$776	\$38,800
1026	Leisure and Hospitality	\$356	\$17,800
1027	Other Services	\$467	\$23,350
1028	Public Administration	\$848	\$42,400

Source: ES-202 Data, Lambert Advisory

**RESIDENTIAL BUILDING PERMITS  
TAMPA BAY REGION AND PINELLAS COUNTY  
1990-1ST QUARTER 2005**

Single Family					Multi-Family (2)					Total				
Year	Tampa Bay (1)	Percent Change	Pinellas County	Percent Change	Year	Tampa Bay (1)	Percent Change	Pinellas County	Percent Change	Year	Tampa Bay (1)	Percent Change	Pinellas County	Percent Change
1990	5,907	-	1,960	-	1990	4,560	-	1,935	-	1990	10,467	-	3,895	-
1991	6,616	12.0%	1,955	-0.3%	1991	2,473	-45.8%	1,760	-9.0%	1991	9,089	-13.2%	3,715	-4.6%
1992	8,495	28.4%	2,602	33.1%	1992	1,271	-48.6%	591	-66.4%	1992	9,766	7.4%	3,193	-14.1%
1993	8,980	5.7%	2,398	-7.8%	1993	2,059	62.0%	1,241	110.0%	1993	11,039	13.0%	3,639	14.0%
1994	9,805	9.2%	2,420	0.9%	1994	3,702	79.8%	1,123	-9.5%	1994	13,507	22.4%	3,543	-2.6%
1995	8,589	-12.4%	2,139	-11.6%	1995	4,183	13.0%	1,450	29.1%	1995	12,772	-5.4%	3,589	1.3%
1996	9,001	4.8%	1,963	-8.2%	1996	4,632	10.7%	527	-63.7%	1996	13,633	6.7%	2,490	-30.6%
1997	9,541	6.0%	1,858	-5.3%	1997	6,195	33.7%	2,234	323.9%	1997	15,736	15.4%	4,092	64.3%
1998	10,697	12.1%	2,012	8.3%	1998	7,184	16.0%	1,019	-54.4%	1998	17,881	13.6%	3,031	-25.9%
1999	12,021	12.4%	1,821	-9.5%	1999	9,929	38.2%	1,414	38.8%	1999	21,950	22.8%	3,235	6.7%
2000	12,068	0.4%	1,798	-1.3%	2000	5,739	-42.2%	982	-30.6%	2000	17,807	-18.9%	2,780	-14.1%
2001	14,446	19.7%	1,994	10.9%	2001	5,461	-4.8%	2,402	144.6%	2001	19,907	11.8%	4,396	58.1%
2002	15,863	9.8%	1,627	-18.4%	2002	5,431	-0.5%	701	-70.8%	2002	21,294	7.0%	2,328	-47.0%
2003	17,907	12.9%	1,666	2.4%	2003	8,744	61.0%	1,879	168.0%	2003	26,651	25.2%	3,545	52.3%
2004	20,244	13.1%	2,188	31.3%	2004	6,231	-28.7%	1,394	-25.8%	2004	26,475	-0.7%	3,582	1.0%
1st Qrt. '04	4,877	-	457	-	1st Qrt. '04	790	-	178	-	1st Qrt. '04	5,667	-	635	-
1st Qrt. '05	5,622	15.3%	632	38.3%	1st Qrt. '05	1,634	106.8%	178	0.0%	1st Qrt. '05	7,256	28.0%	810	27.6%

(1) Includes Hillsborough, Pasco and Pinellas Counties

(2) Includes both rental and "or-sale multi-family

Source: University of Florida, Bureau of Economic and Business Research

**GEOGRAPHIC DISTRIBUTION OF PINELLAS COUNTY BUILDER CLOSINGS**  
**UNITS/AVERAGE PRICE**  
**1999 - 2004**

Location	Units Closed						Average Closing Price \$					
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
<b>SINGLE FAMILY</b>												
<b>D-NORTH</b>	435	380	279	228	189	117	\$290,175	\$290,855	\$327,720	\$364,399	\$345,228	\$566,470
<b>E-NORTH-CENTRAL</b>	384	285	276	131	166	117	205,148	204,312	232,917	295,679	344,849	400,991
<b>F-SOUTH-CENTRAL</b>	169	138	107	113	119	117	235,266	226,949	245,327	341,965	369,118	436,564
<b>G-SOUTH</b>	132	190	276	193	142	252	150,189	200,074	166,754	191,016	196,296	219,123
<b>SUBTOTAL</b>	1,120	993	938	665	616	603	\$236,239	\$239,765	\$243,063	\$296,729	\$315,409	\$363,997
<b>MULTI FAMILY</b>												
<b>D-NORTH</b>	77	67	58	68	46	163	\$145,182	\$152,493	\$172,397	\$184,015	\$148,457	\$156,730
<b>E-NORTH-CENTRAL</b>	101	81	60	80	49	135	142,693	147,494	141,217	199,313	228,918	288,770
<b>F-SOUTH-CENTRAL</b>	102	192	117	298	397	1,431	169,108	353,094	203,282	368,775	266,237	277,063
<b>G-SOUTH</b>	186	311	291	286	196	690	202,161	318,489	282,711	305,374	333,735	234,243
<b>SUBTOTAL</b>	466	651	526	732	688	2,419	\$172,622	\$290,335	\$236,739	\$308,320	\$274,933	\$257,394
<b>TOTAL UNITS</b>												
<b>D-NORTH</b>	512	447	337	296	235	280	\$268,369	\$270,116	\$300,988	\$322,959	\$306,711	\$327,943
<b>E-NORTH-CENTRAL</b>	485	366	336	211	215	252	192,142	191,738	216,542	259,142	318,428	340,873
<b>F-SOUTH-CENTRAL</b>	271	330	224	411	516	1,548	210,365	300,342	223,366	361,404	289,963	289,118
<b>G-SOUTH</b>	318	501	567	479	338	942	180,588	273,581	226,266	259,297	275,994	230,198
<b>TOTAL</b>	1,586	1,644	1,464	1,397	1,304	3,022	\$217,547	\$259,790	\$240,791	\$302,802	\$294,054	\$278,665

Note: Includes lots deeded to individuals with value equal to average house/lot package in same subdivision and lots deeded from developers to homebuyers at 4 times the lot paid.

Source: Rose Residential Reports

**SURVEY OF CLEARWATER RETAIL CENTERS**

Center Name	GLA	Anchors	Anchor SF	In-lines SF	Vacancy		Rent/SF/Year	Add-Ons
					SF	%		
<b>POWER CENTERS</b>								
<b>Clearwater Mall</b> 20505 US Highway 19 North	755,409	Costco, Linens 'n' Things, Lowe's, Ross, Super Target	528,353	227,056	12,786	2.0%	\$20.00	\$4.73/SF CAM, taxes, and insurance
<b>Subtotal - Power Centers:</b>	<b>755,409</b>		<b>528,353</b>	<b>227,056</b>	<b>12,786</b>	<b>1.7%</b>	<b>\$20.00</b>	
<b>COMMUNITY CENTERS (100,000-300,000 Sq. Ft.)</b>								
<b>Gulf-to-Bay Plaza</b> 525 S. Belcher Road	105,914	Eckerd, Publix	70,769	35,145	2,400	2.3%	\$13.00	
<b>Clearwater Collection</b> 21750 US Highway 19 North	220,085		103,372	116,713	-	0.0%	\$14.00	
<b>Drew 19 Shopping Center</b> 21415 US Highway 19 North	194,394	Babies 'R' Us, Best Buy, Marshalls, Rooms to Go	165,709	28,685	8,000	4.1%		
<b>Village at Countryside</b> 25400 US Highway 19 North	104,011	Burdines-Macy's Furniture Gallery	65,000	39,011	5,286	5.1%	\$14.00	\$4.65/SF CAM, taxes, and water
<b>Clearwater Plaza</b> 1219 S. Missouri Avenue	127,981	Albertson's, Beall's, Big Lots, Big Lots Furniture, Hancock Fabrics	114,892	13,089	8,225	6.4%	\$12.00	\$2.69/SF CAM, taxes, and insurance
<b>Subtotal - Community:</b>	<b>752,385</b>		<b>519,742</b>	<b>232,643</b>	<b>23,911</b>	<b>3.2%</b>	<b>\$13.25</b>	
<b>NEIGHBORHOOD CENTERS (Less Than 100,000 Sq. Ft.)</b>								
<b>Harbor Oaks Shopping Center</b> 619 S. Ft. Harrison Ave.	40,537	Publix	28,887	11,650	-	0.0%	\$25.00	\$7.00 CAM, taxes, and insurance
<b>Imperial Square</b> 1492 S. Belcher Road	63,167	Big Lots	22,000	41,167	41,059	65.0%	\$12.00	
<b>Winco Center</b> 4100 E. Bay Drive	24,600	N/A	-	24,600	-	0.0%		
<b>Bay Cellular Centre</b> 25000 US Highway 19 North	16,962		-	16,962	1,866	11.0%	\$7.00	
<b>Highland Square</b> 1815 Highland Avenue North	75,473	Vacant (Winn-Dixie)	30,870	33,050	39,160	51.9%	\$8.00	\$2.00 CAM, taxes, and insurance
<b>Sunset Square</b> 1861 Highland Avenue North	75,000	Kash 'n' Karry, CVS, Dollar General, 1-Stop Auto Parts	59,800	15,200	-	0.0%	\$12.00	\$2.50 CAM, taxes, and insurance
<b>Betty Lane Shopping Center</b> 1407-1419 N. Betty Lane	20,000		-	20,000	-	0.0%		
<b>Cleveland Plaza</b> 1235 Cleveland Street	78,911	CVS, Family Dollar, WestMarine	25,748	53,163	5,450	6.9%	\$12.00	\$2.15 CAM, taxes, and insurance
<b>La Belle Plaza Shopping Center</b> Highland and Belleair	85,792	Publix	35,922	49,870	1,200	2.0%	\$12.00	
<b>The Shoppes on Sand Key</b> 1261 Gulf Boulevard	37,102	Backwater's, Columbia				0.0%		
<b>Island Estates Mall</b> 104-200 Island Way	49,615	Publix, Michel's Pharmacy, Brassy's Restaurant	33,833	15,782	-	0.0%		
<b>Subtotal - Neighborhood:</b>	<b>567,159</b>		<b>237,060</b>	<b>281,444</b>	<b>88,734</b>	<b>15.6%</b>	<b>\$12.57</b>	
<b>TOTAL:</b>	<b>2,074,953</b>		<b>1,285,155</b>	<b>741,143</b>	<b>125,431</b>	<b>6.0%</b>		
<b>Downtown Clearwater (Estimated)</b>	<b>283,035</b>							

Information from National Research Bureau's Shopping Center Directory; updated by Lambert Advisory via interviews with property owners and/or management entities.  
 Shopping Center definitions from International Council of Shopping Centers  
 CAM = Common area maintenance fees. All prices quoted are as \$ per square foot per year.

## Downtown Office Space

Building Name	Number	Street	Class	Year Built	Height	SF	Vacancy		
							SF	Rate	Lease Rate
127-133 N. Garden Avenue	127-133 N. Garden		B	1930		11,000	-	0%	N/A
100 S. Missouri Building (CRUM)	100 S. Missouri Ave.		A	1999	2 buildings	128,796	-	0%	N/A
1255 Cleveland Building	1255 Cleveland		C	1968	5 stories	44,423	-	0%	N/A
1300 Highland	1300 S. Highland		B	1983		15,000	-	0%	N/A
AmSouth Building	400 Cleveland		B	1965	123 feet	96,193	-	0%	\$17.00
Arnold Associates	121 N. Osceola		B	1958	5 stories	23,150	-	0%	N/A
Atrium at Clearwater	601 Cleveland		A	1985	124 feet	134,634	38,920	29%	\$19.50
Bank of America Building	600 Cleveland		A	1975	157 feet	134,302	22,831	17%	\$18.00
Belleair Square	1465 S. Ft. Harrison		B	1988	2 stories	21,500	2,217	10%	\$15.50
Clearwater Center	1100 Cleveland		B	1972	184 feet/11 stories	118,000	32,000	27%	\$16.00
Clearwater Chamber	1130 Cleveland		C	1962	2 stories	22,000	-	0%	N/A
Clearwater Pointe	1499 Gulf-to-Bay		B	1981	4 stories	26,450	-	0%	N/A
Clearwater Tower	33 Garden Ave N.		A	1991	158 feet	105,096	14,876	14%	\$18.50
Coachman Building	503 Cleveland		B	1940	5 stories	60,000	-	0%	N/A
Corbett Professional Center	401 Corbett		B	1985		46,339	3,560	8%	\$15.00
Courtyard Office Park	1212 Court		C	1987	1 story	37,250	-	0%	N/A
First National Bank Building	1150 Cleveland		B	1984	4 stories	32,000	-	0%	N/A
Garden Avenue Station	101 N. Garden		C	1928/1996	2 stories	14,674	9,000	61%	\$12.50
JB Executive Center	314 Missouri Ave S		C	1963	3 stories	22,113	1,738	8%	\$11.00
Lincoln Oaks	1221 Turner		B	1973		10,888	5,229	48%	\$10.00
Professional Offices	635 Court		B	2000	2 stories	12,000	-	0%	N/A
Thompson Executive Center	1230 S. Myrtle Ave		C	1982	4 1-story buildings	38,305	1,218	3%	\$12.17
<b>Totals/Averages</b>						<b>1,154,113</b>	<b>131,589</b>	<b>11%</b>	<b>\$15.02</b>

Sources: *Black's Guide, Maddux Report, Colliers Arnold, Lambert Advisory, 2005*

**Resident Expenditure Estimate, By Major Retail Category, Downtown Clearwater Retail Trade Area  
2005 - 2010**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Population	40,819	40,874	40,929	40,984	41,039	41,093
Per Capita Income	\$23,337	\$23,799	\$24,261	\$24,723	\$25,185	\$25,647
Total Income	\$952,592,608	\$972,757,369	\$992,972,851	\$1,013,239,054	\$1,033,555,978	\$1,053,923,623
% of Total Income Expended on Non-Auto Retail Expenditure	27.49%	27.49%	27.49%	27.49%	27.49%	27.49%
Total Non-Auto Retail Expenditure	\$261,867,708	\$267,411,001	\$272,968,237	\$278,539,416	\$284,124,538	\$289,723,604

**Expenditure by Store Type - Detail**

<b>General merchandise stores</b>	<b>\$ 57,022,572</b>	<b>\$ 58,229,642</b>	<b>\$ 59,439,749</b>	<b>\$ 60,652,892</b>	<b>\$ 61,869,071</b>	<b>\$ 63,088,286</b>
Department stores	\$ 30,486,155	\$ 31,131,495	\$ 31,778,458	\$ 32,427,045	\$ 33,077,254	\$ 33,729,087
Other general merchandise stores	\$ 26,536,416	\$ 27,098,147	\$ 27,661,291	\$ 28,225,847	\$ 28,791,817	\$ 29,359,199
<b>Clothing &amp; clothing accessories stores</b>	<b>\$ 19,462,767</b>	<b>\$ 19,874,761</b>	<b>\$ 20,287,791</b>	<b>\$ 20,701,857</b>	<b>\$ 21,116,960</b>	<b>\$ 21,533,098</b>
Clothing stores	\$ 14,094,188	\$ 14,392,538	\$ 14,691,639	\$ 14,991,489	\$ 15,292,091	\$ 15,593,442
Men's clothing stores	\$ 684,962	\$ 699,462	\$ 713,998	\$ 728,570	\$ 743,179	\$ 757,824
Women's clothing stores	\$ 2,860,755	\$ 2,921,312	\$ 2,982,022	\$ 3,042,883	\$ 3,103,898	\$ 3,165,064
Children's & infants' clothing stores	\$ 625,828	\$ 639,076	\$ 652,357	\$ 665,671	\$ 679,019	\$ 692,400
Family clothing stores	\$ 8,411,938	\$ 8,590,005	\$ 8,768,519	\$ 8,947,481	\$ 9,126,891	\$ 9,306,749
Clothing accessories stores	\$ 305,355	\$ 311,819	\$ 318,299	\$ 324,795	\$ 331,308	\$ 337,837
Other clothing stores	\$ 1,205,350	\$ 1,230,865	\$ 1,256,444	\$ 1,282,088	\$ 1,307,796	\$ 1,333,568
Shoe stores	\$ 2,246,730	\$ 2,294,289	\$ 2,341,968	\$ 2,389,767	\$ 2,437,686	\$ 2,485,723
Jewelry, luggage, & leather goods stores	\$ 3,121,849	\$ 3,187,933	\$ 3,254,184	\$ 3,320,600	\$ 3,387,183	\$ 3,453,932
Jewelry stores	\$ 2,914,628	\$ 2,976,326	\$ 3,038,179	\$ 3,100,187	\$ 3,162,350	\$ 3,224,668
Luggage & leather goods stores	\$ 207,221	\$ 211,608	\$ 216,005	\$ 220,414	\$ 224,833	\$ 229,264
<b>Furniture &amp; home furnishings stores</b>	<b>\$ 11,894,226</b>	<b>\$ 12,146,007</b>	<b>\$ 12,398,421</b>	<b>\$ 12,651,468</b>	<b>\$ 12,905,148</b>	<b>\$ 13,159,462</b>
Furniture stores	\$ 7,196,341	\$ 7,348,676	\$ 7,501,393	\$ 7,654,494	\$ 7,807,978	\$ 7,961,845
Home furnishings stores	\$ 4,697,885	\$ 4,797,331	\$ 4,897,028	\$ 4,996,974	\$ 5,097,171	\$ 5,197,617
Floor covering stores	\$ 1,885,397	\$ 1,925,308	\$ 1,965,319	\$ 2,005,431	\$ 2,045,642	\$ 2,085,955
Other home furnishings stores	\$ 2,812,488	\$ 2,872,023	\$ 2,931,708	\$ 2,991,544	\$ 3,051,528	\$ 3,111,663
<b>Electronics &amp; appliance stores</b>	<b>\$ 10,318,493</b>	<b>\$ 10,536,918</b>	<b>\$ 10,755,892</b>	<b>\$ 10,975,416</b>	<b>\$ 11,195,489</b>	<b>\$ 11,416,112</b>
Appliance, television, & other electronics stores	\$ 8,283,495	\$ 8,458,843	\$ 8,634,631	\$ 8,810,861	\$ 8,987,532	\$ 9,164,643
Computer & software stores	\$ 1,853,359	\$ 1,892,591	\$ 1,931,922	\$ 1,971,352	\$ 2,010,881	\$ 2,050,508
Camera & photographic supplies stores	\$ 181,639	\$ 185,484	\$ 189,339	\$ 193,203	\$ 197,077	\$ 200,961
<b>Sporting goods, hobby, book, &amp; music stores</b>	<b>\$ 7,200,319</b>	<b>\$ 7,352,738</b>	<b>\$ 7,505,540</b>	<b>\$ 7,658,725</b>	<b>\$ 7,812,293</b>	<b>\$ 7,966,245</b>
Sporting goods, hobby, & musical instrument stores	\$ 5,211,023	\$ 5,321,332	\$ 5,431,917	\$ 5,542,781	\$ 5,653,922	\$ 5,765,340
Sporting goods stores	\$ 2,349,375	\$ 2,399,107	\$ 2,448,964	\$ 2,498,947	\$ 2,549,054	\$ 2,599,287
Hobby, toy, & game stores	\$ 1,724,022	\$ 1,760,517	\$ 1,797,103	\$ 1,833,781	\$ 1,870,551	\$ 1,907,413
Sewing, needlework, & piece goods stores	\$ 539,513	\$ 550,933	\$ 562,383	\$ 573,861	\$ 585,367	\$ 596,903
Musical instrument & supplies stores	\$ 598,113	\$ 610,774	\$ 623,467	\$ 636,192	\$ 648,949	\$ 661,737
Book, periodical, & music stores	\$ 1,989,296	\$ 2,031,406	\$ 2,073,622	\$ 2,115,944	\$ 2,158,372	\$ 2,200,905
Book stores & news dealers	\$ 1,490,167	\$ 1,521,711	\$ 1,553,335	\$ 1,585,038	\$ 1,616,820	\$ 1,648,682
Prerecorded tape, compact disc, & record stores	\$ 499,129	\$ 509,695	\$ 520,287	\$ 530,906	\$ 541,552	\$ 552,224
<b>Home Centers, Paint &amp; wallpaper stores, Hardware Stores</b>	<b>\$ 17,571,323</b>	<b>\$ 18,478,100</b>	<b>\$ 18,862,105</b>	<b>\$ 19,247,074</b>	<b>\$ 19,633,006</b>	<b>\$ 20,019,901</b>
<b>Miscellaneous store retailers</b>	<b>\$ 9,770,881</b>	<b>\$ 9,977,714</b>	<b>\$ 10,185,067</b>	<b>\$ 10,392,940</b>	<b>\$ 10,601,334</b>	<b>\$ 10,810,248</b>
Florists	\$ 712,908	\$ 727,999	\$ 743,128	\$ 758,295	\$ 773,500	\$ 788,743
Office supplies, stationery, & gift stores	\$ 4,571,849	\$ 4,668,627	\$ 4,765,649	\$ 4,862,914	\$ 4,960,422	\$ 5,058,174
Office supplies & stationery stores	\$ 2,890,343	\$ 2,951,527	\$ 3,012,864	\$ 3,074,356	\$ 3,136,001	\$ 3,197,800
Gift, novelty, & souvenir stores	\$ 1,681,506	\$ 1,717,100	\$ 1,752,784	\$ 1,788,558	\$ 1,824,421	\$ 1,860,374
Used merchandise stores	\$ 845,228	\$ 863,120	\$ 881,057	\$ 899,039	\$ 917,066	\$ 935,138
Other miscellaneous store retailers	\$ 3,640,896	\$ 3,717,968	\$ 3,795,233	\$ 3,872,692	\$ 3,950,346	\$ 4,028,193
Pet & pet supplies stores	\$ 1,035,947	\$ 1,057,876	\$ 1,079,860	\$ 1,101,900	\$ 1,123,995	\$ 1,146,144
Art dealers	\$ 140,131	\$ 143,098	\$ 146,072	\$ 149,053	\$ 152,042	\$ 155,038
All other miscellaneous store retailers	\$ 2,464,818	\$ 2,516,994	\$ 2,569,301	\$ 2,621,740	\$ 2,674,309	\$ 2,727,010
<b>Food &amp; beverage stores</b>	<b>\$ 59,576,098</b>	<b>\$ 60,837,222</b>	<b>\$ 62,101,519</b>	<b>\$ 63,368,987</b>	<b>\$ 64,639,628</b>	<b>\$ 65,913,441</b>
Grocery stores	\$ 56,282,467	\$ 57,473,871	\$ 58,668,272	\$ 59,865,669	\$ 61,066,064	\$ 62,269,454
Supermarkets & other grocery (except convenience) stores	\$ 53,732,977	\$ 54,870,412	\$ 56,010,709	\$ 57,153,866	\$ 58,299,885	\$ 59,448,765
Convenience stores	\$ 2,549,491	\$ 2,603,459	\$ 2,657,563	\$ 2,711,803	\$ 2,766,179	\$ 2,820,690
Specialty food stores	\$ 1,233,612	\$ 1,259,726	\$ 1,285,905	\$ 1,312,150	\$ 1,338,460	\$ 1,364,837
Beer, wine, & liquor stores	\$ 2,060,018	\$ 2,103,625	\$ 2,147,342	\$ 2,191,168	\$ 2,235,104	\$ 2,279,150
<b>Food services &amp; drinking places</b>	<b>\$ 34,321,993</b>	<b>\$ 35,048,531</b>	<b>\$ 35,776,897</b>	<b>\$ 36,507,090</b>	<b>\$ 37,239,110</b>	<b>\$ 37,972,958</b>
Full-service restaurants	\$ 19,279,240	\$ 19,687,349	\$ 20,096,484	\$ 20,506,646	\$ 20,917,834	\$ 21,330,049
Limited-service eating places	\$ 13,493,711	\$ 13,779,350	\$ 14,065,708	\$ 14,352,783	\$ 14,640,578	\$ 14,929,090
Drinking places	\$ 1,549,042	\$ 1,581,832	\$ 1,614,705	\$ 1,647,661	\$ 1,680,699	\$ 1,713,819
<b>Health &amp; personal care stores</b>	<b>\$ 25,733,287</b>	<b>\$ 26,278,017</b>	<b>\$ 26,824,117</b>	<b>\$ 27,371,587</b>	<b>\$ 27,920,427</b>	<b>\$ 28,470,638</b>
Pharmacies & drug stores	\$ 21,981,257	\$ 22,446,563	\$ 22,913,039	\$ 23,380,685	\$ 23,849,502	\$ 24,319,490
Cosmetics, beauty supplies, & perfume stores	\$ 648,672	\$ 662,403	\$ 676,169	\$ 689,969	\$ 703,804	\$ 717,674
Optical goods stores	\$ 1,179,523	\$ 1,204,491	\$ 1,229,523	\$ 1,254,617	\$ 1,279,774	\$ 1,304,993
Other health & personal care stores	\$ 1,923,835	\$ 1,964,560	\$ 2,005,386	\$ 2,046,315	\$ 2,087,347	\$ 2,128,481
<b>Building material &amp; garden equipment &amp; supplies dealers</b>	<b>\$ 9,008,249</b>	<b>\$ 9,198,938</b>	<b>\$ 9,390,107</b>	<b>\$ 9,581,756</b>	<b>\$ 9,773,884</b>	<b>\$ 9,966,492</b>
Other building material dealers	\$ 7,917,551	\$ 8,085,152	\$ 8,253,175	\$ 8,421,619	\$ 8,590,485	\$ 8,759,772
Lawn & garden equipment & supplies stores	\$ 1,083,551	\$ 1,106,488	\$ 1,129,482	\$ 1,152,535	\$ 1,175,645	\$ 1,198,812
Outdoor power equipment stores	\$ 415,365	\$ 424,157	\$ 432,972	\$ 441,809	\$ 450,667	\$ 459,548
Nursery, garden center, & farm supply stores	\$ 668,186	\$ 682,331	\$ 696,511	\$ 710,726	\$ 724,977	\$ 739,264

**Resident Expenditure Estimate, By Major Retail Category, Downtown Clearwater Retail Trade Area  
2005 - 2010**

<b>Expenditure by Store Type - Summary</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General merchandise stores	\$ 57,022,572	\$ 58,229,642	\$ 59,439,749	\$ 60,652,892	\$ 61,869,071	\$ 63,088,286
Clothing & clothing accessories stores	\$ 19,462,767	\$ 19,874,761	\$ 20,287,791	\$ 20,701,857	\$ 21,116,960	\$ 21,533,098
Furniture & home furnishings stores	\$ 11,894,226	\$ 12,146,007	\$ 12,398,421	\$ 12,651,468	\$ 12,905,148	\$ 13,159,462
Electronics & appliance stores	\$ 10,318,493	\$ 10,536,918	\$ 10,755,892	\$ 10,975,416	\$ 11,195,489	\$ 11,416,112
Sporting goods, hobby, book, & music stores	\$ 7,200,319	\$ 7,352,738	\$ 7,505,540	\$ 7,658,725	\$ 7,812,293	\$ 7,966,245
Home Centers, Paint & wallpaper stores, Hardware Stores	\$ 17,571,323	\$ 18,478,100	\$ 18,862,105	\$ 19,247,074	\$ 19,633,006	\$ 20,019,901
Miscellaneous store retailers	\$ 9,770,881	\$ 9,977,714	\$ 10,185,067	\$ 10,392,940	\$ 10,601,334	\$ 10,810,248
<b>Shoppers Goods Subtotal</b>	<b>\$ 133,240,582</b>	<b>\$ 136,595,880</b>	<b>\$ 139,434,565</b>	<b>\$ 142,280,372</b>	<b>\$ 145,133,301</b>	<b>\$ 147,993,353</b>
Food & beverage stores	\$ 59,576,098	\$ 60,837,222	\$ 62,101,519	\$ 63,368,987	\$ 64,639,628	\$ 65,913,441
Food services & drinking places	\$ 34,321,993	\$ 35,048,531	\$ 35,776,897	\$ 36,507,090	\$ 37,239,110	\$ 37,972,958
Health & personal care stores	\$ 25,733,287	\$ 26,278,017	\$ 26,824,117	\$ 27,371,587	\$ 27,920,427	\$ 28,470,638
<b>Convenience Goods Subtotal</b>	<b>\$ 119,631,378</b>	<b>\$ 122,163,770</b>	<b>\$ 124,702,532</b>	<b>\$ 127,247,664</b>	<b>\$ 129,799,166</b>	<b>\$ 132,357,037</b>
<b>Building material &amp; garden equipment</b>	<b>\$ 9,008,249</b>	<b>\$ 9,198,938</b>	<b>\$ 9,390,107</b>	<b>\$ 9,581,756</b>	<b>\$ 9,773,884</b>	<b>\$ 9,966,492</b>
<b>Primary Market Area Retention</b>						
General merchandise stores	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Clothing & clothing accessories stores	25.00%	25.00%	25.00%	25.00%	30.00%	33.00%
Furniture & home furnishings stores	30.00%	30.00%	30.00%	33.00%	35.00%	40.00%
Electronics & appliance stores	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Sporting goods, hobby, book, & music stores	25.00%	25.00%	25.00%	30.00%	30.00%	33.00%
Home Centers, Paint & wallpaper stores, Hardware Stores	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Miscellaneous store retailers	50.00%	50.00%	50.00%	50.00%	55.00%	60.00%
Food & beverage stores	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Food services & drinking places	50.00%	50.00%	50.00%	60.00%	60.00%	75.00%
Health & personal care stores	90.00%	90.00%	90.00%	90.00%	90.00%	90.00%
Building material & garden equipment	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
<b>Inflow from Secondary Market</b>						
General merchandise stores	33.00%	33.00%	33.00%	33.00%	33.00%	33.00%
Clothing & clothing accessories stores	50.00%	50.00%	50.00%	50.00%	60.00%	75.00%
Furniture & home furnishings stores	25.00%	25.00%	25.00%	30.00%	33.00%	35.00%
Electronics & appliance stores	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Sporting goods, hobby, book, & music stores	20.00%	20.00%	20.00%	22.50%	25.00%	30.00%
Home Centers, Paint & wallpaper stores, Hardware Stores	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Miscellaneous store retailers	50.00%	50.00%	50.00%	50.00%	55.00%	60.00%
Food & beverage stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Food services & drinking places	25.00%	25.00%	25.00%	30.00%	33.00%	35.00%
Health & personal care stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Building material & garden equipment	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Net Sales Potential</b>						
General merchandise stores	\$18,960,005	\$19,361,356	\$19,763,717	\$20,167,087	\$20,571,466	\$20,976,855
Clothing & clothing accessories stores	\$7,298,538	\$7,453,035	\$7,607,922	\$7,763,196	\$10,136,141	\$12,435,364
Furniture & home furnishings stores	\$4,460,335	\$4,554,753	\$4,649,408	\$5,427,480	\$6,007,347	\$7,106,109
Electronics & appliance stores	\$2,966,567	\$3,029,364	\$3,092,319	\$3,155,432	\$3,218,703	\$3,282,132
Sporting goods, hobby, book, & music stores	\$2,160,096	\$2,205,821	\$2,251,662	\$2,814,581	\$2,929,610	\$3,417,519
Home Centers, Paint & wallpaper stores, Hardware Stores	\$922,494	\$970,100	\$990,261	\$1,010,471	\$1,030,733	\$1,051,045
Miscellaneous store retailers	\$7,328,161	\$7,483,285	\$7,638,800	\$7,794,705	\$9,037,637	\$10,377,838
<b>Shoppers Goods Subtotal</b>	<b>\$44,096,195</b>	<b>\$45,057,715</b>	<b>\$45,994,087</b>	<b>\$48,132,953</b>	<b>\$52,931,636</b>	<b>\$58,646,863</b>
Food & beverage stores	\$64,342,185	\$65,704,200	\$67,069,640	\$68,438,506	\$69,810,798	\$71,186,516
Food services & drinking places	\$21,451,246	\$21,905,332	\$22,360,560	\$28,475,530	\$29,716,810	\$38,447,620
Health & personal care stores	\$27,791,950	\$28,380,258	\$28,970,046	\$29,561,314	\$30,154,061	\$30,748,289
<b>Convenience Goods Subtotal</b>	<b>\$113,585,381</b>	<b>\$115,989,790</b>	<b>\$118,400,247</b>	<b>\$126,475,350</b>	<b>\$129,681,670</b>	<b>\$140,382,425</b>
<b>Building material &amp; garden equipment</b>	<b>\$945,866</b>	<b>\$965,889</b>	<b>\$985,961</b>	<b>\$1,006,084</b>	<b>\$1,026,258</b>	<b>\$1,046,482</b>

**Resident Expenditure Estimate, By Major Retail Category, Downtown Clearwater Retail Trade Area  
2005 - 2010**

<b>Sales Per Square Foot</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General merchandise stores	\$250	\$250	\$250	\$250	\$250	\$250
Clothing & clothing accessories stores	\$300	\$300	\$300	\$300	\$300	\$300
Furniture & home furnishings stores	\$225	\$225	\$225	\$225	\$225	\$225
Electronics & appliance stores	\$300	\$300	\$300	\$300	\$300	\$300
Sporting goods, hobby, book, & music stores	\$255	\$255	\$255	\$255	\$255	\$255
Home Centers, Paint & wallpaper stores, Hardware Stores	\$225	\$225	\$225	\$225	\$225	\$225
Miscellaneous store retailers	\$300	\$300	\$300	\$300	\$300	\$300
<b>Shoppers Goods Subtotal</b>	<b>\$264</b>	<b>\$264</b>	<b>\$264</b>	<b>\$263</b>	<b>\$265</b>	<b>\$266</b>
Food & beverage stores	\$275	\$275	\$275	\$275	\$275	\$275
Food services & drinking places	\$350	\$350	\$350	\$350	\$350	\$350
Health & personal care stores	\$400	\$400	\$400	\$400	\$400	\$400
<b>Convenience Goods Subtotal</b>	<b>\$311</b>	<b>\$311</b>	<b>\$311</b>	<b>\$313</b>	<b>\$313</b>	<b>\$315</b>
<b>Building material &amp; garden equipment</b>	<b>\$115</b>	<b>\$115</b>	<b>\$115</b>	<b>\$115</b>	<b>\$115</b>	<b>\$115</b>
<b>Average Per Square Foot Sales</b>	<b>\$294</b>	<b>\$294</b>	<b>\$294</b>	<b>\$295</b>	<b>\$295</b>	<b>\$296</b>
<b>Warranted Square Feet</b>						
General merchandise stores	75,840	77,445	79,055	80,668	82,286	83,907
Clothing & clothing accessories stores	24,328	24,843	25,360	25,877	33,787	41,451
Furniture & home furnishings stores	19,824	20,243	20,664	24,122	26,699	31,583
Electronics & appliance stores	9,889	10,098	10,308	10,518	10,729	10,940
Sporting goods, hobby, book, & music stores	8,471	8,650	8,830	11,038	11,489	13,402
Home Centers, Paint & wallpaper stores, Hardware Stores	4,100	4,312	4,401	4,491	4,581	4,671
Miscellaneous store retailers	24,427	24,944	25,463	25,982	30,125	34,593
<b>Shoppers Goods Subtotal</b>	<b>166,879</b>	<b>170,536</b>	<b>174,080</b>	<b>182,697</b>	<b>199,696</b>	<b>220,548</b>
Food & beverage stores	233,972	238,924	243,890	248,867	253,857	258,860
Food services & drinking places	61,289	62,587	63,887	81,359	84,905	109,850
Health & personal care stores	69,480	70,951	72,425	73,903	75,385	76,871
<b>Convenience Goods Subtotal</b>	<b>364,741</b>	<b>372,462</b>	<b>380,202</b>	<b>404,129</b>	<b>414,148</b>	<b>445,581</b>
<b>Building material &amp; garden equipment</b>	<b>8,225</b>	<b>8,399</b>	<b>8,574</b>	<b>8,749</b>	<b>8,924</b>	<b>9,100</b>
<b>Total Warranted Retail Space</b>	<b>539,845</b>	<b>551,397</b>	<b>562,856</b>	<b>595,575</b>	<b>622,768</b>	<b>675,229</b>
<b>Non-Retail Space (Services)</b>	<b>80,977</b>	<b>82,710</b>	<b>84,428</b>	<b>89,336</b>	<b>93,415</b>	<b>101,284</b>
<b>Non-Retail Percent</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>	<b>15.00%</b>
<b>Total</b>	<b>620,821</b>	<b>634,106</b>	<b>647,284</b>	<b>684,911</b>	<b>716,183</b>	<b>776,513</b>
<b>Annual Net New Demand</b>		<b>13,285</b>	<b>13,178</b>	<b>37,627</b>	<b>31,273</b>	<b>31,138</b>
<b>Cumulative Net New Demand</b>		<b>13,285</b>	<b>26,463</b>	<b>64,090</b>	<b>95,362</b>	<b>155,692</b>

Estimated Annual Retail Expenditures, Visitors

	2005	2010	Change
<b>Clearwater/ Clearwater Beach Visitors (hotel, VFR, and business visitors)</b>			
Number of Visitors	937,411	1,004,632	67,222
Expenditure Potential			
Food Services & Drinking Places	\$217,518,801	\$260,741,371	
Shoppers Goods	\$77,697,560	\$93,136,631	
Downtown Capture Rate	3%	5%	
Food Services & Drinking Places Expenditure	\$5,437,970	\$13,037,069	\$7,599,099
Shoppers Goods Expenditures	\$1,942,439	\$4,656,832	\$2,714,393
<b>Expenditures, Downtown Visitors</b>	<b>\$7,380,409</b>	<b>\$17,693,900</b>	<b>\$10,313,491</b>
<b>Institutional Visitors (Church, City, County)</b>			
Visitor Days	260,000	325,000	65,000
Daily Food & Drinking Expenditure	\$33	\$33	
Daily Shoppers Good Expenditure	\$12	\$12	
Expenditure Potential			
Food Services & Drinking Places	\$8,659,050	\$10,823,812	\$2,164,762
Shoppers Goods	\$3,093,006	\$3,866,258	\$773,252
Downtown Capture Rate	10%	20%	
Food Services & Drinking Places Expenditure	\$865,905	\$2,164,762	\$1,298,857
Shoppers Goods Expenditures	\$309,301	\$773,252	\$463,951
<b>Expenditures, Institutional Visitors</b>	<b>\$ 1,175,206</b>	<b>\$ 2,938,014</b>	<b>\$ 1,762,808</b>
<b>Day Visitors (Daytrippers)</b>			
Visitor Days	300,000	300,000	-
Daily Food & Drinking Expenditure	\$10	\$10	
Daily Shoppers Good Expenditure	\$5	\$5	
Expenditure Potential			
Food Services & Drinking Places	\$3,000,000	\$3,000,000	\$0
Shoppers Goods	\$1,500,000	\$1,500,000	\$0
Downtown Capture Rate	5%	10%	
Food Services & Drinking Places Expenditure	\$150,000	\$300,000	\$150,000
Shoppers Goods Expenditures	\$75,000	\$150,000	\$75,000
<b>Expenditures, Day Visitors</b>	<b>\$ 225,000</b>	<b>\$ 450,000</b>	<b>\$ 225,000</b>
<b>Morton Plant Hospital</b>			
Inpatient Admission Days	107,902	107,902	
Inpatient Visitors (.5 per inpatient)	15,415	15,415	
Outpatients	9,421	9,421	
Estimated MPH-Related Visitors	132,737	132,737	
Expenditure Potential			
Food Services & Drinking Places Expenditure	\$5	\$5	
Shoppers Good Expenditure	\$5	\$5	
Expenditure Potential			
Food Services & Drinking Places	\$663,685	\$663,685	
Shoppers Goods	\$663,685	\$663,685	
Downtown Capture Rate	5%	15%	
Food Services & Drinking Places Expenditure	\$33,184	\$99,553	
Shoppers Goods Expenditures	\$33,184	\$99,553	
<b>Expenditures, MPH Visitors</b>	<b>\$66,369</b>	<b>\$199,106</b>	<b>\$132,737</b>
<b>Total Downtown Expenditures, Visitors</b>			
Food Services & Drinking Places	\$6,487,059	\$15,601,384	\$9,114,325
Shoppers Goods	\$2,359,924	\$5,679,636	\$3,319,712
<b>Sales per Square Foot by Category</b>			
Food Services & Drinking Places	\$350	\$350	
Shoppers Goods	\$264	\$266	
<b>Supportable Square Footage by Category</b>			
Food Services & Drinking Places	18,500	44,600	26,000
Shoppers Goods	8,900	21,400	12,400
<b>Total Supportable Retail Space</b>	<b>27,500</b>	<b>65,900</b>	<b>38,500</b>

Source: Research Data Services, Morton Plant Hospital, Church of Scientology, Lambert Advisory, 2005

**Population Estimate and Forecast Sources and Methodology**

Population Source		
<b>CRA</b>		
1990	3,441	1990 Census
2000	4,134	2000 Census
2005	4,603	Lambert Advisory (see calculations below)
2010	5,789	Lambert Advisory (see calculations below)
<b>Downtown Trade Area</b>		
1990	37,288	1990 Census, Claritas
2000	39,324	2000 Census, Claritas
2005	40,819	Lambert Advisory (see calculations below)
2010	41,093	Lambert Advisory (see calculations below)
<b>Clearwater</b>		
1990	98,784	1990 Census
2000	108,787	2000 Census
2005	110,826	Pinellas County Planning Department, May 2003
2010	112,174	Pinellas County Planning Department, May 2003
<b>Pinellas County</b>		
1990	851,659	1990 Census
2000	921,495	2000 Census
2005	945,266	Pinellas County Planning Department, May 2003
2010	960,843	Pinellas County Planning Department, May 2003

<b>CRA</b>		
2000	<b>4,134</b>	2000 Census
	<u>0.37%</u>	annual growth rate 2000-2005 projected for Planning Sector 6 (Greater Clearwater Area) by Pinellas County
	15.38	annual growth, at above rate
	+ 77	cumulative growth over five years, at above rate
	179	new units within CRA boundaries (sold or in marketing as of August 2005)
	@ 2.19	persons per unit (from 2000 Census)
	+ <u>392</u>	population in new units within CRA boundaries
2005	<b>4,603</b>	
2000	<b>4,134</b>	2000 Census
	<u>0.31%</u>	annual growth rate 2000-2010 projected for Planning Sector 6 (Greater Clearwater Area) by Pinellas County
	12.69	annual growth, at above rate
	+ 129	cumulative growth over ten years, at above rate
	697	new units within CRA boundaries (planned as of August 2005)
	@ 2.19	persons per unit (from 2000 Census)
	+ <u>1,526</u>	population in new units within CRA boundaries
2010	<b>5,789</b>	

<b>Downtown Trade Area</b>		
2000	<b>39,324</b>	2000 Census, Claritas
	<u>-0.16%</u>	annual growth rate 2000-2005 projected by Claritas
	(63.40)	annual growth, at above rate
	+ (316)	cumulative growth over five years, at above rate
	+ 392	population in new units within CRA boundaries
	600	new Downtown units (outside CRA boundaries, sold or in marketing as of August 2005)
	2.37	persons per unit (from 2000 Census)
	+ <u>1,419</u>	population in new Downtown units
2005	<b>40,819</b>	
2000	<b>39,324</b>	2000 Census, Claritas
	<u>-0.13%</u>	annual growth rate 2000-2010 projected by Claritas
	(52)	annual growth, at above rate
	+ (523)	cumulative growth over ten years, at above rate
	+ 1,526	population in new units within CRA boundaries
	324	new Downtown units (outside CRA boundaries, planned as of August 2005)
	@ 2.37	persons per unit (from 2000 Census)
	+ <u>766</u>	population in Downtown units in planning
2010	<b>41,093</b>	

**Households Estimate and Forecast Sources and Methodology**

	Households	Source
<b>CRA</b>		
1990	1,823	1990 Census
2000	1,888	2000 Census
2005	2,102	Lambert Advisory (see calculations below)
2010	2,644	Lambert Advisory (see calculations below)
<b>Downtown Trade Area</b>		
1990	16,413	1990 Census, Claritas
2000	16,627	2000 Census, Claritas
2005	17,259	Lambert Advisory (see calculations below)
2010	17,375	Lambert Advisory (see calculations below)
<b>Clearwater</b>		
1990	44,138	1990 Census
2000	48,449	2000 Census
2005	49,357	2000 Census, Pinellas County Planning Department, May 2003 (see calculations below)
2010	49,957	2000 Census, Pinellas County Planning Department, May 2003 (see calculations below)
<b>Pinellas County</b>		
1990	380,635	1990 Census
2000	414,968	2000 Census
2005	425,673	2000 Census, Pinellas County Planning Department, May 2003 (see calculations below)
2010	432,687	2000 Census, Pinellas County Planning Department, May 2003 (see calculations below)

<b>CRA</b>		
2005	4,603	2005 population (see calculations on previous page)
	/ <u>2.19</u>	persons per household (from 2000 Census)
	<b>2,102</b>	2005 households
2010	5,789	2010 population (see calculations on previous page)
	/ <u>2.19</u>	persons per household (from 2000 Census)
	<b>2,644</b>	2010 households

<b>Downtown Trade Area</b>		
2005	40,819	2005 population (see calculations on previous page)
	/ <u>2.37</u>	persons per household (from 2000 Census)
	<b>17,259</b>	2005 households
2010	41,093	2010 population (see calculations on previous page)
	/ <u>2.37</u>	persons per household (from 2000 Census)
	<b>17,375</b>	2010 households

**Households Estimate and Forecast Sources and Methodology (page 2 of 2)**

<b>Clearwater</b>		
2005	110,826	2005 population, Pinellas County Planning Department, May 2003
	/ <u>2.25</u>	persons per household (from 2000 Census)
	<b>49,357</b>	2005 households
2010	112,174	2010 population, Pinellas County Planning Department, May 2003
	/ <u>2.25</u>	persons per household (from 2000 Census)
	<b>49,957</b>	2010 households

<b>Pinellas County</b>		
2005	945,266	2005 population, Pinellas County Planning Department, May 2003
	/ <u>2.22</u>	persons per household (from 2000 Census)
	<b>425,673</b>	2005 households
2010	960,843	2005 population, Pinellas County Planning Department, May 2003
	/ <u>2.22</u>	persons per household (from 2000 Census)
	<b>432,687</b>	2010 households

**Household Income Estimate and Forecast Sources and Methodology**

<b>CRA</b>	<b>Median HH Income</b>	<b>Source</b>
2000	\$26,625	2000 Census
2005	\$28,201	Lambert Advisory, Bureau of Economic Analysis' Survey of Current Business (see calculations below)
<b>Downtown Trade Area</b>		
2000	\$32,938	2000 Census, Claritas
2005	\$37,373	Claritas
2010	\$41,589	Claritas
<b>Clearwater</b>		
2000	\$36,494	2000 Census
2005	\$38,654	Lambert Advisory, Bureau of Economic Analysis' Survey of Current Business (see calculations below)
<b>Pinellas County</b>		
2000	\$37,111	2000 Census
2005	\$39,307	Lambert Advisory, Bureau of Economic Analysis' Survey of Current Business (see calculations below)

<b>CRA</b>		
1999		\$26,625 2000 Census (2000 Census captured 1999 income)
	@	1.0% annual growth 2000-2003 in Tampa-St. Petersburg-Clearwater MSA income from Survey of Current Business
		\$262.65 annual growth, at above rate
	+	<u>\$1,575.88</u> cumulative growth over six years, at above rate
2005		<b>\$28,201</b>

<b>Clearwater</b>		
1999		\$36,494 2000 Census (2000 Census captured 1999 income)
	@	1.0% annual growth 2000-2003 in Tampa-St. Petersburg-Clearwater MSA income from Survey of Current Business
		\$360.00 annual growth, at above rate
	+	<u>\$2,159.97</u> cumulative growth over six years, at above rate
2005		<b>\$38,654</b>

<b>Pinellas County</b>		
1999		\$37,111 2000 Census (2000 Census captured 1999 income)
	@	1.0% annual growth 2000-2003 in Tampa-St. Petersburg-Clearwater MSA income from Survey of Current Business
		\$366.08 annual growth, at above rate
	+	<u>\$2,196.49</u> cumulative growth over six years, at above rate
2005		<b>\$39,307</b>

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**LAMBERT ADVISORY LC**  
**MEMORANDUM**

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**TO:** GERALDINE CAMPOS, CITY OF CLEARWATER  
**FROM:** PAUL LAMBERT - LAMBERT ADVISORY LLC  
**SUBJECT:** ATTRACTION OF DOWNTOWN RETAIL FROM OUTSIDE TRADE AREA  
**DATE:** 1/27/2006

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As the analysis in our report submitted to the City indicates, the strongest concentrated program for the Downtown retail district at this stage of revitalization is restaurant- and entertainment-oriented, drawing primarily from a surrounding trade area of approximately 41,000 residents.

However, because there appeared to be some interest in understanding how Downtown stores, restaurants, and entertainment venues can more effectively attract residents who live in areas of the City outside of the primary trade area – such as Countryside, Clearwater Beach, and beyond – we have prepared this memorandum to try to answer this question. It should be noted that this analysis addresses attracting residents only, as we have addressed Downtown worker and visitor/tourist expenditure within the body of the report.

We have used a 15-minute drive time from the intersection of Cleveland Street and North Myrtle Avenue as the broader secondary/tertiary resident trade area boundary from which Downtown businesses might expect to draw patrons (see attached map and demographic figures).

The 15-minute drive time area was estimated to have had just under 278,000 residents in 2005 and is projected to grow to 279,000 residents by 2010. Average household income in the trade area was estimated to be \$54,700 in 2005 projected to grow to \$61,400 by 2010. Median household income was estimated to be \$40,500 in 2005 growing to \$45,000 by 2010. Comparatively, this broader 15-minute drive time area includes the primary trade area of 41,000 residents detailed in the report that had an average household income of \$53,100 in 2005. The primary trade area represents 15 percent of the population of the 15-minute drive time boundary and 13 percent of the total household income in the area.

Based upon the retail trade model analysis presented in the report, we expect that by 2010 approximately 78 percent of the resident retail and restaurant expenditure in Downtown will come from the approximately 41,000 residents that live nearest to the Downtown, while 22 percent will come from residents outside of the primary trade area. The vast majority of the 22 percent of resident sales from outside the primary trade area will come from residents within a 15-minute drive time. The following table shows the relationship of our estimate of square feet demanded in the trade area in 2005 and 2010 broken down between demand among residents of the primary trade area and other residents within a 15-minute drive time of Downtown.

## Supportable Primary Trade Area Retail Space by Market Segment

	2005	2010	Change
<b>Square Feet Demanded in Trade Area by Residents of Trade Area (41,000)</b>			
Food Services & Drinking Places	49,031	81,371	32,339
Shoppers Goods	124,948	156,061	31,113
Convenience Goods	252,876	279,776	26,899
<b>Supportable Retail Square Feet</b>	<b>426,856</b>	<b>517,208</b>	<b>90,352</b>
<b>Square Feet Demanded in Trade Area by Other Residents in 15-minute Drive Time of Downtown (237,000)</b>			
Food Services & Drinking Places	12,258	28,480	16,222
Shoppers Goods	41,931	64,487	22,556
Convenience Goods	50,575	55,955	5,380
<b>Supportable Retail Square Feet Demand from other 15-minute drive time residents as % of total square feet demanded</b>	<b>104,764</b>	<b>148,921</b>	<b>44,157</b>
	<b>19.7%</b>	<b>22.4%</b>	

By 2010 we estimate that 8.65 percent of total retail sales in the 15-minute drive time zone will be made in the closer-in trade area to Downtown and, of this, 78 percent will come from the 41,000 residents of the trade area itself, and 22 percent from other areas of the 15-minute drive time area including the areas of Countryside and Clearwater Beach, among others.

As detailed in our report and based upon our analysis and experience, we believe that it will be most prudent for the City and business community to focus its efforts on establishing the foundation to attract retail, restaurant, and entertainment businesses to Downtown which will primarily draw from the 41,000 people in the trade area. As it relates to residents, this surrounding base is the “low hanging fruit,” so to speak, and therefore is most important to establishing market momentum Downtown. However, there are also several ways Downtown can broaden its appeal to residents beyond the trade area as the quality of offerings in Downtown improves. These include the following:

- *Movie Theatre* – While the movie theatre business has become relatively circumscribed in that big box office offerings on multiple screens are important to the success of theatres, to the extent that a Downtown movie theatre can differentiate its movie offerings from other theatres in the area (e.g., showing a greater number of independent films), the greater the opportunity to draw residents of Clearwater and beyond who would not typically bypass the local cineplex just to go to the movies. If not already finalized, any negotiations with the theatre operator as it relates to direct assistance or parking assistance should also explore the possibility of tying this assistance to dedicating one screen to independent films unique to the Clearwater market, a certain percentage of the time.
- *Downtown Events* – Consistent event programming scheduled and conducted in conjunction with Downtown businesses will help draw people to Downtown that typically would not otherwise visit Downtown to eat or shop. While most of the diners and shoppers in well-performing retail/restaurant and entertainment districts in cities such as Hollywood and Delray Beach come from the surrounding area, there is a core group of residents who eat

and shop in these areas that live beyond the local trade area boundaries and only come Downtown when events occur.

- *Restaurant and Entertainment Mix* – While the first phase of CRA/DDB business attraction assistance needs to be fairly liberal as it relates to attracting strong restaurant and entertainment venues, as the level of activity in Downtown increases, assistance efforts can be targeted to “special” or “unique” restaurants or entertainment establishments that will enjoy a consistently wider draw than from the trade area itself. This targeting might eventually include attracting a high profile area chef to try a unique concept in Downtown, attracting a certain quality ethnic restaurant that is currently not available in the Clearwater area, or attracting an entertainment venue focusing on a music genre not currently in the area.

We hope this memorandum addresses and answers some of the questions regarding the attraction of Downtown Clearwater restaurants and retailers to a broad audience of residents from across the City and beyond. Please let me know if you have any other questions or comments.