

Appendix E

Market & Financial Analysis Report



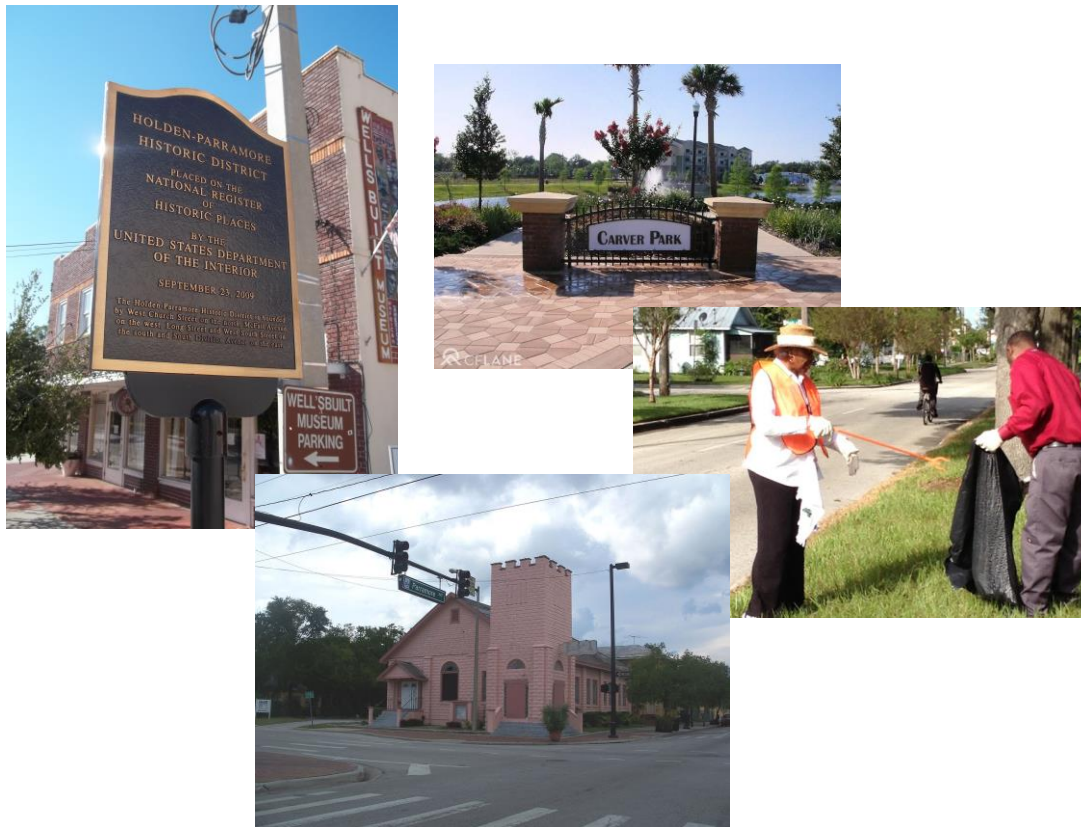
City of Orlando
Parramore Comprehensive Neighborhood Plan
Vision for a Healthy Community



Market & Financial Analysis

Parramore Comprehensive Neighborhood Plan

Orlando, FL



Prepared for:
VHB, Inc.
Orlando, FL

On behalf of:
City of Orlando

November 2014: **FINAL REPORT**

WTL + a

Real Estate & Economic Advisors
Washington, DC 20017.3030
202.636.4002 301.502.4171 774.538.6070

General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible. These data are believed to be reliable at the time the study was conducted. This study is based on estimates, assumptions, and other information developed by WTL +Associates (referred hereinafter as "WTL+a") from its independent research effort, general knowledge of the market and the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and/or representatives, or any other data source used in preparing or presenting this study.

No warranty or representation is made by WTL+a that any of the projected values or results contained in this study will actually be achieved. Possession of this study does not carry with it the right of publication thereof or to use the name of "WTL+a" in any manner without first obtaining the prior written consent of WTL+a. No abstracting, excerpting or summarizing of this study may be made without first obtaining the prior written consent of WTL+a. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person, other than the client, without first obtaining the prior written consent of WTL+a. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from WTL+a.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

Table of Contents

General & Limiting Conditions	2
Table of Contents	3
Tables & Figures	4
1 Introduction	7
Purpose of the Market Study	7
Study Methodology	7
Study Area	8
Market Potentials	10
Market-rate Housing	10
Multi-tenant Office.....	10
General Retail & Food Service.....	12
Financial Feasibility	15
“Public Safety Site”	16
“OBT & Church Site”—NE Quadrant.....	16
“OBT & Church Site”—SE Quadrant.....	17
“MLS Site”.....	17
2 Demographic & Economic Profile	19
Demographic Trends & Forecasts	19
Population & Households.....	19
Downtown Orlando	21
Parramore Study Area	25
Parramore “Trade Area”.....	26
Household Incomes & Retail Spending	27
Economic Characteristics	32
Employment Trends—Orlando Metropolitan Statistical Area (MSA).....	32
Employment Forecasts—Orange County.....	34
Employment in Parramore Study Area	34
Retail “Recapture” Opportunities	37
3 Real Estate Market Conditions	41

Housing	41
Market-rate Downtown Housing	47
Multi-tenant/Speculative “Workplace” Uses	52
Downtown Orlando	53
Parramore Study Area	57
4 Development Potentials & Implementation	62
Market-rate Housing	62
Multi-tenant/Speculative Office	65
General Retail & Restaurants	68
Impact of Events Venues in Parramore.....	69
Impacts of Creative Village Campus & Students	71
Preliminary Development Issues & Implementation	74
Creative Village.....	77
Arizona State University Downtown Phoenix Campus Precedent	78
Funding Issues for Creative Village & Other Catalyst Sites	81
5 Preliminary Financial Feasibility	84
Key Objectives & Assumptions	84
“Public Safety Site”	85
“OBT & Church Site”	88
“MLS Site”	91
Community Facility/Farmer’s Market Concept	93
Winter Park Farmer’s Market	94
Methodology	97
Key Findings	98
“Public Safety Site”	98
“OBT & Church Site”—NE Quadrant.....	99
“OBT & Church Site”—SE Quadrant	100
“MLS Site”	101

Tables & Figures

Table 1: Demographic Trends & Forecasts, 2000—2035	20
Table 2: City of Orlando Demographic Trends & Forecasts, 2000—2017	22

Table 3: Downtown Orlando Demographic Trends & Forecasts, 2000—2018.....	23
Table 4: Parramore Study Area Demographic Trends & Forecasts, 2000—2018.....	24
Table 5: Parramore Trade Area Demographic Trends & Forecasts, 2000—2018.....	28
Table 6: Annual Household Consumer Spending, 2012.....	30
Table 7: Orlando Metropolitan Statistical Area Employment Trends, 1995—2013.....	33
Table 8: State Employment Forecasts for Orange County, 2013—2021.....	35
Table 9: Business Mix—Parramore Study Area, 2012.....	36
Table 10: Retail “Recapture” Opportunities, Parramore Study Area, 2012.....	39
Table 11: Housing Profile, Parramore Trade Area, 2010—2018.....	42
Table 12: Housing Profile, Parramore Study Area, 2010—2018.....	43
Table 13: Housing Starts—Selected Municipalities, 2004—2013.....	45
Table 14: Profile of Selected Multi-family Projects, Downtown Orlando.....	49
Table 15: Profile of Selected Multi-family Projects, Downtown Orlando.....	50
Table 16: Profile of Selected Multi-family Projects, Downtown Orlando.....	51
Table 17: Profile of Selected Multi-family Projects, Downtown Orlando.....	52
Table 18: Office & Retail Market Profile, Downtown Orlando, 2004—2013.....	55
Table 19: Downtown Orlando Incremental Residential & Commercial Forecasts, 2030.....	56
Table 20: “Workplace” Market Profile, Parramore Study Area, 2006—2013.....	59
Table 21: “Workplace” Market Profile, Parramore Study Area, 2006—2013.....	60
Table 22: Housing Potentials, 2035.....	64
Table 23: Office Market Potentials, 2013—2021.....	67
Table 24: Share of Spending Power by Consumer Category (Phase 1/5 Years).....	69
Table 25: Amway Center Performance Indicators, 2009—2013.....	71
Table 26: Retail Market Potentials by Business Category (Phase 1/5 Years).....	73
Table 27: Financial Feasibility Summary—Public Safety Site.....	98
Table 28: Financial Feasibility Summary—OBT & Church Site NE Quadrant.....	99
Table 29: Financial Feasibility Summary—OBT & Church Site SE Quadrant.....	100
Table 30: Financial Feasibility Summary—MLS Site.....	102
Figure 1: Parramore Neighborhood/Study Area.....	9
Figure 2: Proposed Amway Center Entertainment District Concept.....	70
Figure 3: Public Safety Site Illustrative Concept Plan.....	85

Figure 4: OBT & Church Site Illustrative Concept Plan.....89
Figure 5: MLS Site Illustrative Concept Plan91

1 Introduction

Purpose of the Market Study

WTL+a, a national real estate and economic development consulting firm based in Washington, DC with extensive experience in communities throughout Florida, was retained by VHB, Inc. of Orlando, on behalf of the City of Orlando, to prepare a real estate market analysis (the “market study”) of revitalization and redevelopment potentials as part of the Parramore Comprehensive Neighborhood Plan in the Parramore neighborhood of Orlando. The market study is an independent, objective measure of economic conditions and potentials, and is intended to guide public policies and decisions to ensure that Parramore’s revitalization is successful—in the form of new housing, new businesses and new jobs—for both existing and future residents of this historic city neighborhood.

The study evaluated opportunities for commercial “workplace” uses such as speculative office and industrial; supporting uses, including general retail and food and beverage (restaurants); and, “market-rate” housing. The study did not evaluate any “build-to-suit” commercial uses as specific tenants/users are unknown at this time. Also, the study did not evaluate affordable or workforce housing opportunities as a concurrent study measuring those potentials is being conducted by the Shimberg Center for Housing Studies of the University of Florida.

Study Methodology

The market study is comprised of the following key components:

- **Demographic & Economic Profile**—evaluates those factors that typically generate market “demand” for various types of real estate/land uses, such as new housing and retail space, including: growth in population, households and employment; household consumer retail spending, and other market indicators. The demographic and economic profile is included in Section 2 of this report;

- **Real Estate Market Conditions**—examines key conditions in the area’s commercial ‘workplace’ uses (e.g., office, retail, industrial), including: building inventory; vacant building stock; vacancy rates; annual leasing activity; rental rates, etc. over the past five to 10 years to understand the Study Area’s overall competitiveness to attract the land uses concepts identified in the plan. Real estate market conditions are detailed in Section 3 of this report;
- **Market/Development Potentials & Implementation**—considers the findings of the economic profile and market conditions findings and tests market support for the land use concepts identified in the plan, and identifies key implementation issues. The analysis of market potentials is provided in Section 4 of this report; and
- **Preliminary Financial Feasibility**—measures the *stabilized*-year investment viability of three catalyst projects generated in the plan. “Stabilized-year” is one method of analyzing whether a real estate project is viable. It is a “snapshot” of a single-year in time that compares construction and infrastructure costs, revenues generated by each use (i.e., rents, sales), and annual operating expenses to determine the overall investment return, or profit, that a developer could potentially receive from building the uses recommended in the plan. This is a critical step in understanding whether the market-supportable uses recommended in the plan are able to attract private investment. Importantly, the financial analysis also reveals that, if a particular land use does not generate any profit (i.e., a “negative” return), it will inform an appropriate set of public incentives. The financial analysis—of three selected catalyst projects—is detailed in Section 5 of this report.

Study Area

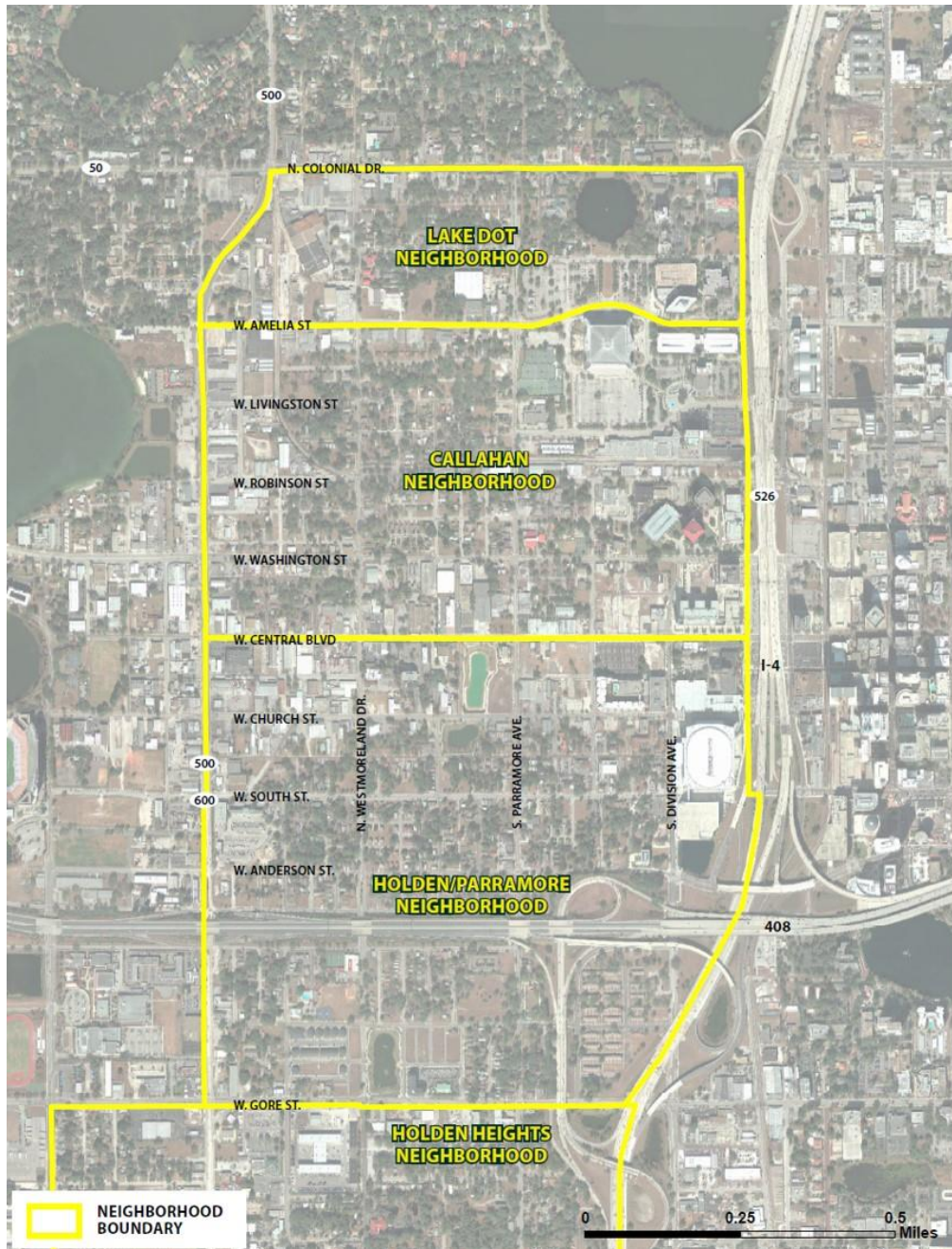
As illustrated in

Figure 1 below, the Parramore Study Area is bounded by I-4 on the east; US 441 / Orange Blossom Trail on the west; W. Gore Street on the south; and SR 50 / W. Colonial Drive on the north. Specifically, the Study Area is comprised of three neighborhoods—historic Holden/Parramore, Lake Dot and Callahan. This report contains a significant amount of data pertaining to demographics and real estate market conditions for the Study Area in its entirety as well as nearby locations (such as downtown Orlando) that—from a real estate perspective—are important to understand the competitive context related to the revitalization of historic Parramore.

WTL + a

Real Estate & Economic Advisors
Washington, DC 20017.3030
202.636.4002 301.502.4171 774.538.6070

Figure 1: Parramore Neighborhood/Study Area



Market Potentials

Key findings and recommendations of the market and financial feasibility studies are summarized below, and detailed in Sections 4 and 5 of this report.

Market-rate Housing

- As noted in Section 2 of this report, the population of the City of Orlando has increased by more than 49,600 residents since 2000. If the city continues to grow at the same rate it did between 2000 and 2013 (a *sustained* annual pace of 1.7% per year), it will add almost **113,500 new residents in 48,900 new households** by 2035. This is known as a “straight-line” projection;
- According to the 2013-2035 Projected Downtown Cumulative Housing Growth forecasts prepared by the City of Orlando Planning Department, there are two known/identified projects in the Parramore Study Area that will include new housing by 2035:
 - Creative Village—1,604 units
 - Downtown Sports & Entertainment Project (Amway)—250 units
- As no other projects with market-rate housing are known at this time, the analysis assumes delivery of an additional **600 new units as part of catalyst/other projects delivered over the next 20 years (2015-2035)**. This excludes affordable and workforce housing units that may be provided as part of the Carver Senior Housing/Carver Park Hope VI expansion, Wells Landing development, and/or others in Parramore not known at this time;
- Collectively, a 20-year planning target of approximately **2,500 new, market-rate housing units** in both known/catalyst and unknown projects in the Parramore Study Area will **require an overall capture of 5 percent of the city’s future growth**. In our professional opinion, **this is a reasonable and achievable target presuming continued growth in population, households and jobs (particularly in downtown Orlando)**.

Multi-tenant Office

- Job growth is a key barometer of demand for “workplace” uses such as commercial office space. As detailed in Section 2 of this report, **Orange County is expected to add 119,500 new jobs between 2013 and 2021** (the latest forecast year available), reflecting a *sustained* annual pace of 14,900 new jobs annually over this eight-year period;

- According to the 2013-2035 Projected Downtown Office Growth forecasts prepared by the City of Orlando Planning Department, there are two known/identified projects in the Parramore Study Area that will include new office space by 2021:
 - Creative Village—450,000 sq. ft. (and a total of 1.5 million sq. ft. by 2040)
 - Downtown Sports & Entertainment Project (Amway)—100,000 sq. ft.
- As no other projects with office uses are known at this time, the analysis assumes that the Study Area will *maintain* its current share of office space relative to the county total in the future. The Study Area's 645,400 sq. ft. of existing office space comprises a 1.7 percent share of the county's 37.2 million sq. ft. of office space. If Parramore maintains its fair share of 1.7 percent in the future, this would support an additional **160,000 sq. ft. of new speculative/multi-tenant office space by 2021**;
- As a means of understanding whether the marketplace will support this estimate, we compared the required capture of future growth in office space for the known projects identified above and unallocated potentials (i.e., 160,000 sq. ft.). This suggests that the required capture of future demand for new office space will be:
 - 5% required capture for Creative Village
 - 1% required capture for Downtown Sports & Entertainment
 - 2% required capture for unknown projects (160,000 sq. ft.)
- Collectively, a planning target of approximately **710,000 sq. ft. of new office space** in both known/catalyst and unknown projects in the Parramore Study Area will **require an overall capture of 8 percent of the future growth in office space** generated by job growth in office-using sectors through 2021;
- In our professional opinion, this is an achievable target but it may require the use of financial and/or regulatory incentives, particularly in small-scale projects, as the broader downtown office market continues to recover from the effects of the recession. As illustrated in the financial analysis in Section 5 of this report, current office rents do not justify construction feasibility, and other market metrics (e.g., uneven absorption/leasing activity, etc.) exacerbate the challenges of introducing multi-tenant office space in Parramore today; and

- Additional residential growth as part of Parramore’s revitalization is key to generating incremental demand for new office space. A key recommendation resulting from this analysis should include a business retention and recruitment strategy focused on the downtown office sector (and broader downtown submarkets such as Parramore) that will serve to increase office occupancies and absorption/leasing activity.

General Retail & Food Service

- To support additional retail uses in the Parramore Study Area, multiple market segments beyond neighborhood residents will need to be served. Recent declining population, lower-than-average household incomes and limited traffic counts on various streets within the Study Area are not strong indicators for new retailers to consider Parramore as a location. The reality of the current market is that there are too few Parramore residents to support much retail expansion, and average household incomes in the neighborhood are significantly lower than the city as a whole. These factors reduce Parramore’s competitive market position today;
- As noted in the retail analysis in Section 4 of this report, however, other market segments (including students, additional employees and new residents, and/or pass-through traffic on US 441 and visitors to the soccer stadium and Amway Center) will be required to strengthen overall market potentials, and residents will benefit from demand generating by these additional sources of market support. If other market segments are combined with Parramore’s resident market, potential market support for additional retail uses will be considered more competitive. These include: nearby residents (such as those who live west of Orange Blossom Trail/US 441; employees and business visitors; visitors to events at Amway Center; UCF/Valencia College students who will live and study at the Creative Village campus; and “In-flow” consumers (i.e., all others who might pass through Parramore or visit existing and new residents);
- The proposed stadium for the Orlando City soccer team will bring additional event visitors to Parramore, but their primary motivation will be to attend soccer games. As a result, the strongest opportunity to capture additional retail sales will be in nearby restaurants and bars for before- and after-game gatherings. Orlando’s soccer fans are enthusiastic and will be likely to gather well before game times. Key factors affecting retail potentials in the area surrounding the soccer stadium include: the number of games and other soccer-related

events (e.g., demonstrations, team practices, etc.) and the amount of retail space included inside the stadium. The number of games and events is estimated at 50 to 60 per year, so those days will be very active in drawing people to Parramore and the stadium. As the remaining 280 days will be less active in drawing participants, market support for nearby retail and food service should be considered an “extra” benefit. Notably, business planning for adjacent/nearby retailers and restaurants should be based on stabilized day-to-day market support from residents and workers (and not solely from stadium attendees) for such businesses to succeed;

- Parramore residents will also benefit from the proposed \$200 million entertainment district at Amway Center in the form of additional consumers for sports and entertainment events at the arena. While the mixed-use components of the project (i.e., restaurants and bars, retail and a hotel) are generally in balance with spending potentials of visitors to arena events, some spillover to neighboring blocks may be likely;
- **UCF’s plan to locate some of their educational programs to Creative Village is a major “game-changer” for Parramore.** In September 2014, UCF announced that it may bring as many as 6,000 students to the campus (with Valencia College adding another 4,000), for a total of up to 10,000 students at the future campus. In addition to 10,000 students, educational uses will also include faculty and staff for the University and the College, likely representing additional spending power for area restaurants, stores and service businesses. Retail and food and beverage market potentials generated by the research and development, office space, educational services and facilities and other ‘creative industries’ in Creative Village may prove to be a greater source of support for new retail uses over time. **The addition of up to 10,000 UCF/Valencia College students on the Creative Village campus will play a critical role in Parramore’s revitalization** and its evolution into a mixed-use destination;
- As the full development program, timing and phasing for Creative Village (and UCF construction) is further defined, opportunities to increase the amount of retail space generated by students, staff and visitors for other businesses in Parramore will likely increase. Notably, student spending is lower than spending by adult residents and families, and tends to focus more on food and beverage, groceries and entertainment uses rather

than more conventional retail stores. Student markets are also more likely to use on-line shopping sources for apparel, accessories and gifts;

Retail Category	Size (In Sq. Ft.)	No. of Businesses	Notes
Restaurants/Bars/Carry-out	20,000	3 to 5	Located on or close to Creative Village campus; along Parramore Avenue
Grocery Store	20,000 to 25,000	Single operator	Located on SR 441 at W. Church Street
Convenience/Other	15,000	1 to 2	Located on or close to Creative Village campus; along Parramore Avenue
TOTAL (Sq. Ft.):	55,000		
	to		
	60,000		

Source: Retail & Development Strategies LLC; WTL+a, August 2014.

- The findings of the retail market analysis utilize conservative market assumptions as the Parramore Comprehensive Neighborhood Plan is implemented during the first five years. If the Creative Village/UCF development program takes an additional one to two years planning/design/entitlements, etc., the first target year of the retail analysis would be 2016 or 2017. As illustrated above, the analysis suggests a moderate program of **55,000 to 60,000 sq. ft. of general retail and food service uses are supportable over the next five years**, including a grocery store of 20,000 to 25,000 sq. ft.; and
- As public funding on such initiatives as infrastructure is completed, private investment is made, new projects (such as those identified in the plan) are completed, and additional housing is developed throughout Parramore, a critical mass of market support will be available. Based on that opportunity, there will likely be the potential to **add more retail beyond five years for up to 20,000 sq. ft. of additional retail**, most likely clustered near retail concentrations at US 441 / Orange Blossom Trail, near the existing traditional retail core of businesses on Parramore Avenue, and adjacent to Creative Village.

Financial Feasibility

As noted, the purpose of the preliminary financial feasibility analysis is to measure the *stabilized-year* investment viability of three catalyst projects generated in the plan. “Stabilized-year” is one method of analyzing whether a real estate project is viable. It is a “snapshot” of a single-year in time that compares construction and infrastructure costs, revenues generated by each use (i.e., rents, sales), and annual operating expenses to determine the overall investment return, or profit, that a developer could potentially receive from building the uses recommended in the plan. This is a critical step in understanding whether the market-supportable uses recommended in the plan are able to attract private investment. Importantly, the financial analysis also reveals that, if a particular land use does not generate any profit (i.e., a “negative” return), it will inform an appropriate set of public incentives.

Three catalyst sites were identified for this analysis:

- The “Public Safety Site” is located near Division Avenue and South Street. This site was chosen, in part, because 43 of the parcels are currently owned by the City of Orlando
- The second catalyst site, the “OBT/Church Site” comprised of approximately 17 parcels in the northeast and southeast quadrants of the intersection of US 441 / Orange Blossom Trail and W. Church Street at the western boundary of the Parramore Study Area
- The third catalyst site, the “MLS Site” is comprised of approximately eight parcels totaling 3.71 acres located between Central Boulevard and Church Street, west of Terry Avenue, and adjacent to the future MLS soccer stadium.

We note that the OBT/Church Site also includes a concept plan for the northwest and southwest quadrants of that intersection. While this key intersection serves as a “gateway” to Parramore, a financial analysis for these two quadrants has *not* been conducted as these uses are likely to exceed demand potentials identified in the market study for the foreseeable future (particularly for commercial uses). Moreover, the financial analysis indicates that land acquisition costs for multiple parcels within the two quadrants inside the Study Area boundaries are likely to be substantial, and a master developer is unlikely to acquire all four quadrants as part of a single transaction. Of course, as market opportunities strengthen over time, these parcels can be acquired in phases to accommodate a range of uses based on future market demand and financial viability.

WTL + a

Key findings from the financial analysis are summarized below; the detailed analysis for each site, with supporting tables and illustrations, is contained in Section 5 of this report.

“Public Safety Site”

- With the exception of the limited-service hotel, each use as proposed in the concept plan for the Public Safety Site indicates an IRR significantly lower than a developer would typically require, **resulting in an overall negative project IRR of -4.1 percent**. Under the development assumptions, redevelopment of this site is not feasible;
- To determine revenues (or funding) required to generate an IRR acceptable to a developer to offset negative feasibility, the land acquisition cost (i.e., Assessed Land Value from the Orange County Property Appraiser) was compared to the price a developer would be willing to pay for the land to create the required Internal Rate of Return (this is also known as “Residual Land Value”); and
- **The preliminary financial analysis of the Public Safety Site indicates a cumulative shortfall of -\$3,417,496**; this represents the amount of public funding or subsidy that a developer would require to build the uses on this site as illustrated in the concept plan. This could be in the form of impact fee credits, donation of city-owned parcels (such as 43 city-owned lots at this location), and/or other funding mechanisms.

“OBT & Church Site”—NE Quadrant

- The Northeast Quadrant of the OBT & Church Site is primarily supported by overall feasibility of the multi-family component, as both retail and office uses as illustrated in the concept plan are not feasible. An IRR of only 4.4 percent for the retail uses is insufficient/too risky to attract a developer to build retail, and office is not feasible with a -6.7 percent IRR;
- Notably, multi-family residential appears to generate the highest IRR—in the range of 19 percent *if* market rents averaging \$1.54 per sq. ft. per month as utilized in the analysis can be achieved; and
- In summary, the **blended IRR for the NE Quadrant is estimated at more than 14 percent, with a -\$175,630 shortfall generated by the project’s commercial uses**. This is an example where nominal public incentives—such as reducing or eliminating impact fees—may enhance overall project feasibility.

“OBT & Church Site”—SE Quadrant

- In this quadrant of the OBT and Church Street intersection, the community grocery store appears to be financially viable, with an overall IRR estimated at 14 percent; by comparison, retail uses are not viable as a result of low lease rates and high land acquisition costs, given current assessed land values of existing buildings/properties on those parcels that would need to be acquired;
- **The preliminary financial analysis for this site indicates an overall shortfall approaching **-\$1.2 million****, which would represent the amount of public funding or subsidy necessary to build the uses as illustrated in the concept plan; and
- The analysis suggests that reducing (or eliminating) the amount of office space and increasing the amount of market-rate multi-family may serve to strengthen overall financial viability of the SE Quadrant. Oftentimes, one use may cross-subsidize another to enhance overall feasibility and reduce overall risk to the developer.

“MLS Site”

- Development of the proposed uses on the MLS Site is not financially viable as a result of many factors. First, low/insufficient commercial rents and occupancy rates in this location produces a negative IRR for the retail and office uses. Second, while the 260-unit multi-family use indicates a positive IRR of 7.4 percent, it is well-below the 16 percent threshold IRR likely required by a residential developer, and it **yields a blended IRR for the project in its entirety of only 4.6 percent**. Although Orlando’s multi-family development sector is currently strong, the costs associated with structured parking as well as insufficient revenues generated by below-market rents (i.e., the model assumes that 50 percent of the units are leased at below-market rates based on Area Median Income/AMI) results in a lower rate-of-return;
- **The preliminary financial analysis for the MLS Site indicates a shortfall of **-\$3,732,267**, with commercial retail and office uses exhibiting the greatest negative returns.** Again, this represents the amount of public funding or subsidy necessary to build the three uses illustrated in the concept plan for this site; and
- In addition to closing this **-\$3.73 million** shortfall, as well as other anticipated costs for the City’s 50 percent share of the parking garage (\$4,750,000), development of the public park

(\$3,500,000), and construction of a community facility/farmer's market (\$1,500,000), **total public investment required to include public uses and ensure that the MLS Site is sufficiently viable to attract private investment is estimated at approximately \$13.2 million.**

2 Demographic & Economic Profile

The following evaluates those indices that drive fundamental market demand for a mix of land uses being considered with the goal of revitalizing historic Parramore. This includes such factors as local and citywide population and household growth; citywide and regional employment trends and forecasts; local and citywide household consumer spending patterns; consumer behavior and spending patterns of visitors to Orlando; and, other indices that inform the depth and magnitude of potential market support for these uses.

WTL+a utilized various secondary public and private sources in this analysis, including: the U.S. Census Bureau; the University of Florida Bureau of Business & Economic Research; the State of Florida Department of Economic Opportunity (DEO); Orange County and the City of Orlando; ESRI Business Analyst; Claritas, Inc.; and other sources. Key findings are summarized below, with data illustrated in Table 1 through Table 10.

Demographic Trends & Forecasts

To understand historic population patterns and growth forecasts in Orlando, WTL+a reviewed data prepared by the sources identified above. As noted, these trends and forecasts are the basis of measuring potentials for various uses such as new housing, 'workplace' uses such as office and industrial space, and supporting services such as retail and restaurants. Various findings are summarized as follows.

Population & Households

- As illustrated in Table 1, according to the Bureau of Business & Economic Research (BEER) at the University of Florida, the City of Orlando contained a 2013 population of **250,415 in more than 107,900 households**, an increase of more than 49,600 new residents since 2000. During that 13-year period, the city's population increased at a sustained annual pace of 1.7% per year;
- By comparison, Orange County added more than 306,600 new residents between 2000 and 2013—increasing from 896,300 to more than 1.2 million—reflecting a sustained annual

WTL+a

Table 1: Demographic Trends & Forecasts, 2000—2035

	2000	2010	2013	Forecasts (1) (2)			Change: 2000-2013		Change: 2013-2035	
				2015	2025	2035	Amount	CAGR (3)	Amount	CAGR (3)
Population										
Orange County	896,344	1,145,956	1,202,978	1,258,684	1,423,000	1,623,200	306,634	2.3%	420,222	1.37%
City of Orlando	200,783	238,300	250,415	259,071	307,054	363,923	49,632	1.7%	113,508	1.71%
As % of County	22.4%	20.79%	20.82%	20.6%	21.6%	22.4%				
Annual		3,752	6,058	1,731	5,998	5,687	3,818		5,159	
Households										
Orange County	336,256	421,847	430,143	450,749	509,593	581,286	93,887	1.9%	151,143	1.38%
Persons/HH	2.67	2.72	2.80	2.79	2.79	2.79				
City of Orlando	86,686	102,521	107,938	111,669	132,351	156,863	21,252	1.7%	48,926	1.71%
Persons/HH	2.32	2.32	2.32	2.32	2.32	2.32				
As % of County	25.8%	24.3%	25.1%	24.8%	26.0%	27.0%				
Annual		1,584	2,708	1,244	2,068	2,451	1,635		2,224	

(1) Based on the 2009-2035 low-medium-high population forecasts prepared by BEBR. Analysis uses moderate projection scenario for Orange County.

(2) Forecasts for the City of Orlando assume straight-line (i.e., similar) growth based on the growth rate in population and households that occurred between 2000 and 2013.

(3) CAGR=Compound Annual Growth Rate.

Source: U.S. Census Bureau; University of Florida, Bureau of Business & Economic Research; ESRI Business Analyst; WTL+a, revised August 2014.

rate of growth of 2.3% per year;

- The City of Orlando comprises approximately 21 percent of the county's total population, and has maintained a share in the range of 21 to 22 percent since 2000; and
- The City of Orlando has added 12,115 new residents since the 2010 Census count of 238,300 residents; over the past three years, the city has been adding over 4,000 new residents every year.

A key measure of demand for new housing is long-term population and household growth. BEBR prepares population forecasts for each county in Florida under three scenarios (low, moderate and high) through 2035 (forecasts at the municipal level are not prepared). For purposes of this analysis, we utilized the moderate scenario, which suggests the following:

- The City of Orlando will add almost **113,500 new residents in 48,900 new households by 2035** if the city continues to grow at the same rate it did between 2000 and 2013. The growth rate during that period was a sustained 1.7% per year. This is also known as a "straight-line" projection.

Potential Demand for New Housing:

48,900 New Households Citywide by 2035

We also reviewed recent demographic characteristics and five-year forecasts for the city, downtown Orlando and the Parramore Study Area using detailed data from ESRI Business Analyst. For purposes of this analysis, downtown Orlando is defined as Colonial Drive on the north; Gore Street on the south; Summerlin Avenue on the east; and, I-4 on the west. Demographic characteristics include changes in population and households, racial composition, age distribution, household incomes and housing tenure. Key findings as they pertain to downtown and the Study Area are summarized below and illustrated in Table 3 and Table 4.

Downtown Orlando

- The construction of new housing in downtown Orlando has resulted in a significant increase in downtown's population since 2000. In fact, more than 4,800 new residents in 2,761 new households have moved into downtown since that time;

Table 2: City of Orlando Demographic Trends & Forecasts, 2000—2017

	2000	2010	2012	% Dist.	2017	% Dist.	Change: 2010-2017	
							No.	CAGR %
Demographic Profile								
Population	200,783	238,300	244,414		257,801		19,501	1.13%
Households	86,686	102,521	105,268		110,671		8,150	1.10%
Avg. HH Size	2.27	2.29	2.29		2.29			
Median Age		33.0	33.5		33.8			
Race								
White		137,261	142,250	58%	148,493	58%	11,233	1.1%
Black		66,962	66,970	27%	69,864	27%	2,902	0.6%
American Indian		953	978	0%	1,031	0%	78	1.1%
Asian, Pacific Islander		9,294	9,043	4%	10,054	4%	761	1.1%
Other		16,204	16,865	7%	18,819	7%	2,615	2.2%
Two or More Races		8,102	8,555	4%	9,796	4%	1,694	2.7%
Hispanic (1)		60,528	63,792	26%	73,215	28%	12,687	2.8%
Age Distribution								
0-14		44,562	44,239	18%	46,662	18%	2,100	0.7%
15-24		34,554	35,196	14%	34,803	14%	250	0.1%
25-34		49,090	49,616	20%	53,107	21%	4,018	1.1%
35-44		35,983	35,684	15%	37,124	14%	1,140	0.4%
45-54		30,502	31,285	13%	30,679	12%	176	0.1%
55-64		21,447	23,708	10%	26,296	10%	4,849	3.0%
65-74		11,677	13,198	5%	16,757	7%	5,080	5.3%
75+		10,724	11,487	5%	12,632	5%	1,909	2.4%
Average HH Income			\$ 58,036		\$ 66,616			2.8%
Median HH Income			\$ 40,323		\$ 49,835			4.3%
Housing Profile								
Owner-occupied	37,827	40,499	41,480		44,590		4,091	1.4%
% of Total	40%	33%	34%		34%			
Renter-occupied	48,852	62,082	63,702		66,107		4,025	0.9%
% of Total	51%	51%	52%		51%			
Vacant	8,364	18,673	18,148		18,925		252	0.2%
% of Total	8.8%	15.4%	14.7%		14.6%			
Total Units:	95,043	121,254	123,330		129,622		8,368	0.96%
Median Value			\$ 134,106		\$ 158,936			3.5%
Average Value			\$ 160,963		\$ 179,250			2.2%

(1) Persons of Hispanic origin are a subset of other race categories; therefore, totals do not add.

Source: ESRI Business Analyst; WTL +a, March 2014.

Table 3: Downtown Orlando Demographic Trends & Forecasts, 2000—2018

	2000	2010	2013	% Dist.	2018	% Dist.	Change: 2010-2018	
							No.	CAGR %
Demographic Profile								
Population	4,299	7,586	8,587		9,991		2,405	3.50%
As % of City	2%	3%	4%		4%			2.49%
Households	2,813	4,892	5,574		6,516		1,624	3.65%
Avg. HH Size	1.49	1.49	1.49		1.49			
Median Age		34.4	34.7		35.8			
Race								
White		6,456	7,204	84%	8,243	83%	1,787	3.1%
Black		448	515	6%	619	6%	172	4.1%
American Indian		15	26	0%	30	0%	15	8.9%
Asian, Pacific Islander		288	352	4%	450	5%	161	5.7%
Other		182	249	3%	340	3%	158	8.1%
Two or More Races		197	249	3%	310	3%	112	5.8%
Hispanic (2)		910	1,211	14%	1,708	17%	798	8.2%
Age Distribution								
0-14		372	447	5%	550	6%	178	5.0%
15-24		797	704	8%	829	8%	33	0.5%
25-34		2,769	3,220	38%	3,457	35%	688	2.8%
35-44		1,168	1,365	16%	1,708	17%	540	4.9%
45-54		789	919	11%	1,039	10%	250	3.5%
55-64		508	644	8%	869	9%	361	6.9%
65-74		410	472	6%	609	6%	200	5.1%
75+		781	816	10%	929	9%	148	2.2%
Average HH Income			\$ 62,484		\$ 73,295			3.2%
Median HH Income			\$ 44,759		\$ 54,429			4.0%
Housing Profile								
Owner-occupied		1,327	1,312		1,586		259	2.3%
% of Total		22%	21%		23%			
Renter-occupied		3,565	4,262		4,930		1,365	4.1%
% of Total		58%	68%		72%			
Vacant		1,214	661		306		(908)	-15.8%
% of Total		19.9%	10.6%		4.5%			
Total Units:		6,106	6,235		6,822		716	1.4%
Median Value			\$ 211,520		\$ 242,143			2.74%
Average Value			\$ 258,327		\$ 285,057			1.99%

(1) Downtown Orlando is defined as Colonial Drive on the north; Summerlin Avenue on the east; Gore Street on the south; and, I-4 on the west.

(2) Persons of Hispanic origin are a subset of other race categories; therefore, totals do not add.

Source: ESRI Business Analyst; WTL +a, March 2014.

Table 4: Parramore Study Area Demographic Trends & Forecasts, 2000—2018

	2000	2010	2013	% Dist.	2018	% Dist.	Change: 2010-2018	
							No.	CAGR %
Demographic Profile								
Population	7,381	6,332	6,174		6,249		(83)	-0.16%
As % of Trade Area	38%	38%	37%		37%			
As % of City	4%	3%	3%		2%			
Households	2,709	2,313	2,235		2,262		(51)	-0.28%
Avg. HH Size	2.43	2.17	2.17		2.18			
Median Age		39.8	40.3		40.4			
Race								
White		1,241	1,222	20%	1,225	20%	(16)	-0.2%
Black		4,597	4,439	72%	4,468	72%	(129)	-0.4%
American Indian		32	37	1%	37	1%	6	2.1%
Asian, Pacific Islander		120	123	2%	125	2%	5	0.5%
Other		177	198	3%	225	4%	48	3.0%
Two or More Races		152	161	3%	169	3%	17	1.3%
Hispanic (1)		754	827	13%	962	15%	209	3.1%
Age Distribution								
0-14		1,146	1,124	18%	1,156	19%	10	0.1%
15-24		823	766	12%	712	11%	(111)	-1.8%
25-34		823	821	13%	869	14%	45	0.7%
35-44		874	809	13%	769	12%	(105)	-1.6%
45-54		1,083	1,006	16%	931	15%	(152)	-1.9%
55-64		766	809	13%	856	14%	90	1.4%
65-74		475	494	8%	569	9%	94	2.3%
75+		348	352	6%	394	6%	45	1.5%
Average HH Income			\$ 26,204		\$ 30,116			2.8%
Median HH Income			\$ 15,977		\$ 17,695			2.1%
Housing Profile								
Owner-occupied	331	272	226		243		(29)	-1.4%
% of Total	11%	10%	8%		9%			
Renter-occupied	2,376	2,043	2,008		2,020		(23)	-0.1%
% of Total	80%	75%	73%		74%			
Vacant	245	405	528		467		62	1.8%
% of Total	8.3%	14.9%	19.1%		17.1%			
Total Units:	2,952	2,720	2,762		2,730		10	0.05%
Median Value			\$ 81,982		\$ 93,684			2.7%
Average Value			\$ 115,625		\$ 141,563			4.1%

(1) Persons of Hispanic origin are a subset of other race categories; therefore, totals do not add.

Source: ESRI Business Analyst; WTL +a, March 2014.

- Today, downtown Orlando contains almost 8,600 residents, which reflects a 3.4 percent share of the city;
- Over the next five years, forecasts suggest **downtown Orlando will add 2,400 new residents in 1,600+ new households**. This will increase downtown’s share of the City’s population to approximately 4.0 percent. Age cohorts with the greatest increase are expected to include first-time buyer households (ages 25—34) and peak earning year households (ages 45—64), which could be expected to generate demand for both moderately-priced as well as luxury rental and for-sale housing units;
- Notably, 14.7 percent of the city’s housing stock (18,150 units) was vacant in 2012 (see Table 2 above)—as recovery from the 2007—2009 recession continued. However, this included all “unoccupied” units (whether sale or rental), including seasonal/recreational units that are occupied for only a portion of the year (e.g., by snowbirds). The number of “true vacant” units is lower. Moreover, according to 2014 surveys conducted by www.apindex.com, the vacancy rate for *rental* units in Orange, Osceola and Seminole Counties (141,874 units surveyed) has declined to 4.8% as a result of positive net absorption (leasing) of over 4,700 units in 2014. (Current vacancy rates for rental units located in the City of Orlando were not available);
- As a result of declining vacancies in the area’s rental housing stock, combined with forecasts of growth in population and households, near-term opportunities for construction of new housing appear strong. Notably, however, the availability of capital/funding to finance new housing construction will continue to hinge on growth in population, households and jobs as well as continuing declines in the area’s inventory of vacant units; and
- Average household incomes of downtown households were almost \$62,500 per year in 2013. Incomes are forecast to increase by 3.2 percent per year over the next five years—above the rate of inflation—to \$73,300 per year.

Parramore Study Area

The Parramore Comprehensive Neighborhood Plan has illustrated the significant declines in Parramore’s population over the past 50 years. As noted in other documents prepared for the plan, in 1960 Parramore contained 5,621 housing units and 17,532 residents (approximately 15,400 residents, or 88 percent of the Study Area’s population, was African-American). Of those 5,621 housing units, 1,056 units were owner-occupied and 4,277 units were renter-

occupied, reflecting a homeownership rate of 18.8 percent. Approximately 288 units were vacant in 1960, reflecting a vacancy rate of only 5.1 percent.

- By comparison (as illustrated in Table 4), the Study Area in 2013 contained **6,175 residents in 2,235 households**, reflecting a 2.5 percent share of the city’s total population. The Study Area has lost more than 11,350 residents over the past 50 years as Orlando’s population has exploded;
- Today, Parramore’s racial composition is 72 percent Black, 20 percent White, with an increasing mix of other races, including Hispanic;
- Average household incomes of Study Area households were \$26,200 per year in 2013. Incomes are forecast to increase by 2.8 percent per year over the next five years—paralleling the rate of inflation—to \$30,100 per year;
- The Study Area contains an estimated 2,762 housing units. According to ESRI data, there are approximately **528 vacant units**, reflecting an overall vacancy rate of 19 percent—a sizable increase since 1960; and
- An estimated 73 percent of Study Area households are renters and only 8.2 percent are owner-occupants; and
- Five-year population forecasts prepared by ESRI Business Analyst suggest only limited growth of 74 new residents in 27 new households over the next five years. We note, however, that these forecasts were prepared *prior* to initiation of the Parramore Comprehensive Neighborhood Plan.

Parramore “Trade Area”

To understand how population/demographic changes in adjacent and nearby neighborhoods may inform revitalization and redevelopment potentials in Parramore (particularly for retail opportunities in key corridors of the Study Area such as US 441 / Orange Blossom Trail and along Church Street / Parramore Avenue), we examined demographic trends in a larger geography bounded by: Colonial Drive on the north; I-4 on the south and east; and John Young Parkway to the west. In real estate terms (particularly for retail uses), this is known as a “trade area”, and includes nearby neighborhoods such as Washington Shores. Key demographic trends suggest:

- Including Parramore residents, there are 16,550 residents in 6,138 households in the trade area. Therefore, the Study Area's 6,175 residents comprise 37 percent of the larger trade area's total population;
- Today, the larger trade area's racial composition is 72 percent Black, 19 percent White, with an increasing mix of other races, including Hispanic;
- Including units in Parramore, the trade area contains 7,660 housing units. There are a reported 1,515 vacant units in the trade area, reflecting an overall vacancy rate of 19.8 percent; this parallels that of the Study Area (19.1 percent); and
- Over the next five years, ESRI Business Analyst population forecasts suggest that the trade area's population will increase by almost 400 new residents in 140 new households, indicating the possibility of new infill housing and/or a reduction in the number of existing vacant units.

Household Incomes & Retail Spending

- Household consumer retail spending is the primary driver of demand for retail space such as shopping centers, "Big Box" stores such as Wal-Mart or Target, food & beverage, and specialty or destination retail projects. Household retail spending patterns among households citywide and in the study area are illustrated in
- Table 6 and highlighted below:
- Average household incomes citywide were \$58,036 (2012); incomes are forecast to increase at a sustained average annual rate of 2.8 percent per year, to \$66,600 (2017). By comparison, **average incomes of Study Area households were lower—\$26,200** (2013), with forecast growth of 2.8 percent per year, to \$30,100 per year (2018). This suggests that Study Area households have less disposable income to spend on retail. This will necessitate expanding the number of other market segments—whether it is additional residents, UCF students, employees or residents who live outside of the Study Area—to strengthen retail opportunities in Parramore;
- **Study Area households spend an average of only \$6,800 per year on consumer retail goods**, including clothing, entertainment/recreation, electronics, groceries, food & beverage, household furnishings and health care. This is significantly *below average*. By comparison, citywide households spend more—almost \$15,500 per year, illustrative of higher household

incomes and greater discretionary spending power. Residents of the surrounding “trade area” spend approximately \$8,800 per year; and

Table 5: Parramore Trade Area Demographic Trends & Forecasts, 2000—2018

	2000	2010	2013	% Dist.	2018	% Dist.	Change: 2010-2018	
							No.	CAGR %
Demographic Profile								
Population	19,643	16,813	16,550		16,942		129	0.10%
As % of City	10%	7%	7%		7%			-0.88%
Households	7,180	6,267	6,138		6,279		12	0.02%
Avg. HH Size	2.59	2.44	2.44		2.45			
Median Age		38.4	38.9		39.2			
Race								
White		3,211	3,194	19%	3,236	19%	25	0.1%
Black		12,240	11,933	72%	12,114	72%	(126)	-0.1%
American Indian		84	99	1%	102	1%	18	2.4%
Asian, Pacific Islander		235	232	1%	237	1%	2	0.1%
Other		588	645	4%	745	4%	157	3.0%
Two or More Races		454	480	3%	525	3%	71	1.8%
Hispanic (1)		1,765	1,936	12%	2,304	14%	539	3.4%
Age Distribution								
0-14		3,329	3,294	20%	3,388	20%	60	0.2%
15-24		2,219	2,102	13%	2,033	12%	(186)	-1.1%
25-34		2,152	2,168	13%	2,219	13%	68	0.4%
35-44		2,219	2,052	12%	1,965	12%	(254)	-1.5%
45-54		2,673	2,483	15%	2,321	14%	(352)	-1.7%
55-64		2,202	2,301	14%	2,321	14%	119	0.7%
65-74		1,194	1,357	8%	1,677	10%	484	4.3%
75+		824	828	5%	1,017	6%	193	2.7%
Average HH Income			\$ 31,174		\$ 34,856			2.3%
Median HH Income			\$ 22,103		\$ 25,329			2.8%
Housing Profile								
Owner-occupied	2,154	1,821	1,614		1,722		(99)	-0.7%
% of Total	27%	24%	21%		22%			
Renter-occupied	5,027	4,448	4,529		4,552		104	0.3%
% of Total	63%	59%	59%		58%			
Vacant	798	1,257	1,515		1,512		255	2.3%
% of Total	10.0%	16.7%	19.8%		19.4%			
Total Units:	7,979	7,526	7,659		7,786		260	0.4%
Median Value			\$ 91,302		\$ 115,588			4.83%
Average Value			\$ 112,139		\$ 141,605			4.78%

(1) Persons of Hispanic origin are a subset of other race categories; therefore, totals do not add.

(2) The Parramore “trade area” is defined as Colonial Drive on the north; I-4 on the south and east; and John Young Parkway on the west. It encompasses the study area.

Source: ESRI Business Analyst; WTL +a, March 2014.

- Retail spending comprises a fairly uniform share of average household incomes among households citywide (27 percent), in the surrounding trade area (28 percent) and in the Study Area (26 percent).

Study Area Households Spend \$6,800 per Year

On Consumer Retail Goods

- Gross retail spending among Orlando households totals \$1.6 billion per year (irrespective of location). By comparison, trade area households spend \$55 million per year and Parramore households spend more than \$15.8 million per year. In order to understand how this annual spending translates into physical retail space, total spending is divided by an annual productivity factor—in this case sales per square foot of space. In order to support the costs of building new retail space, developers need to achieve a certain rent and retailers need to achieve minimum retail sales. This is known as an “investment-grade analysis”. While sales and rents vary by location and type of retail center, average sales of \$300 per sq. ft. in annual sales are typically required to support the rents required to justify the costs of building new retail space.
- Therefore, utilizing average retail sales of \$300 per sq. ft. suggests that trade area households can support approximately 183,200 sq. ft. of retail space every year, while Parramore households can support approximately 52,700 sq. ft. of retail space. Notably, this is the equivalent of a typical suburban-format Publix Supermarket, which generally ranges in size between 50,000 and 60,000 sq. ft.
- Retail spending by Study Area households is greatest among the following categories:
 - Food At Home—28 percent
 - Food Away From Home and Beverages—23 percent
 - Household Furnishings—12 percent

Parramore’s Total Annual Household Retail Spending Supports the

Equivalent of One Publix Supermarket

Table 6: Annual Household Consumer Spending, 2012

	City of Orlando	Parramore Trade Area (1)	Parramore Study Area
Total Households (2012)	105,268	6,245	2,319
Apparel & Accessories			
Men's Wear	\$ 229	\$ 126	\$ 99
Women's Wear	386	217	171
Children's Wear	251	142	114
Footwear	180	101	81
Watches & Jewelry	126	67	51
Apparel Products & Services	143	80	70
Subtotal:	\$ 1,315	\$ 734	\$ 586
Computers			
Computers & Hardware	\$ 177	\$ 92	\$ 73
Software & Accessories	38	20	15
Subtotal:	\$ 214	\$ 112	\$ 88
Entertainment & Recreation			
Membership Fees for Clubs	\$ 126	\$ 67	\$ 49
Fees for Participant Sports	91	46	33
Admission to Movie/Theatre/Opera/Ballet	132	68	53
Admission to Sporting Events	49	27	20
Fees for Recreational Lessons	91	47	36
Dating Services	0	0	0
Subtotal:	\$ 489	\$ 255	\$ 191
TV/Video/Audio			
Cable & Satellite TV Services	\$ 721	\$ 439	\$ 342
Televisions	140	77	60
Satellite Dishes	1	1	1
VCRs, Video Cameras & DVD Players	12	6	5
Miscellaneous Video Equipment	8	4	3
Video Cassettes & DVDs	33	18	14
Video Game Hardware/Accessories	27	15	12
Video Game Software	28	15	12
Streaming/Downloaded Video	3	2	1
Rental of Video Cassettes & DVDs	26	13	10
Installation of Televisions	1	0	0
Audio	97	52	41
Rental & Repair of TV/Radio/Audio	4	2	2
Subtotal:	\$ 1,101	\$ 644	\$ 503

(1) The Parramore "trade area" is defined as Colonial Drive on the north; I-4 on the south and east, and John Young Parkway on the west. It encompasses the study area.

Table 6 (Continued): Annual Household Consumer Spending, 2012

	City of Orlando	Parramore Trade Area (1)	Parramore Study Area
Other Entertainment			
Pets	\$ 486	\$ 282	\$ 204
Toys & Games	120	67	53
Recreational Vehicles & Fees	139	74	49
Sports/Recreation/Exercise Equipment	127	66	49
Photo Equipment & Supplies	65	34	26
Reading	117	67	51
Catered Affairs	21	10	8
Subtotal:	\$ 1,076	\$ 599	\$ 439
Food & Alcohol			
Food at Home	\$ 4,237	\$ 2,476	\$ 1,943
Food Away from Home	2,771	1,501	1,181
Alcoholic & Non-alcoholic Beverages	878	486	387
Subtotal:	\$ 7,885	\$ 4,463	\$ 3,512
Household Furnishings & Equipment			
Household Textiles	\$ 87	\$ 48	\$ 38
Furniture	408	223	172
Floor Coverings	17	10	8
Major Appliances	207	118	83
Housewares	53	29	22
Small Appliances	36	20	16
Luggage	7	4	3
Telephones & Accessories	46	24	19
Lawn & Garden	280	167	114
Housekeeping Supplies	574	337	257
Maintenance & Remodeling Materials	175	100	63
Subtotal:	\$ 1,891	\$ 1,080	\$ 794
Health & Personal Care			
Non- & Prescription Drugs	\$ 446	\$ 284	\$ 207
Optical	63	37	27
Personal Care Products	387	211	165
School Supplies	170	96	78
Smoking Products	438	285	229
Subtotal:	\$ 1,503	\$ 915	\$ 706
TOTAL:			
Total Annual Spending	\$ 1,628,986,509	\$ 54,963,869	\$ 15,812,751
Per Household	\$ 15,475	\$ 8,801	\$ 6,819
As % of Average HH Income	26.7%	28.2%	26.0%

(1) The Parramore "trade area" is defined as Colonial Drive on the north; I-4 on the south and east; and John Young Parkway on the west. It encompasses the study area.

Source: ESRI Business Analyst; WTL +a, March 2014.

Economic Characteristics

Employment Trends—Orlando Metropolitan Statistical Area (MSA)

Job growth is a key barometer of demand for “workplace” uses such as industrial, retail and office space. The consultants examined trends and forecasts in employment growth, utilizing data for the Orlando MSA as prepared by the state’s labor agency, the Department of Economic Opportunity (formerly known as the Agency for Workforce Innovation/AWI), for the period between 1995 and 2013. Key findings are summarized below and illustrated in Table 7:

- **The Orlando MSA added fully 331,500 new jobs in the 10-year period between 1995 and 2005.** This growth, which translates into more than 33,100 new jobs annually is an extraordinary rate of growth, and was focused largely in specific sectors of the economy, including: Professional/Business Services (89,500), Construction (45,500) and Leisure & Hospitality (43,800). In particular, growth in Professional/Business Services fueled demand for office space in key locations across the metropolitan area during this period;
- Other sectors with solid job growth during this period also included: Education/Health Services (32,700); Government (32,100); and Retail Trade (31,500).

**The Orlando MSA Gained 331,500 Jobs (1995—2005) &
Lost 2,900 Jobs (2007—2013)**

- By contrast, the economic downturn of 2007—2009 resulted in the loss of 25,400 jobs throughout the MSA; since 2011, however, job gains in specific sectors reduced net job losses to (2,900) between 2007—2013. Job losses were greatest in specific sectors, including: Construction (27,700) and Other Services (10,200). Notably, the Services sector has recovered more quickly than others, gaining 30,600 new jobs over the past six years.
- In 2013, the Orlando MSA contained 1,093,500 jobs, reflecting a jobs-to-population ratio of approximately 0.491. That is, there are roughly **0.5 jobs per resident for the 2,225,730 residents in the four counties comprising the Orlando MSA** (i.e., Lake, Orange, Osceola and Seminole). By comparison, Florida’s state jobs-to-population ratio in 2013 was 0.39, which reflects the large number of retirees in the state, while the jobs-to-population ratio for

Table 7: Orlando Metropolitan Statistical Area Employment Trends, 1995—2013

Industry Sector	1995	2000	2005	Change: 1995-2005		2007	2009	2011	2013	Change: 2007-2013	
				Amount	CAGR %					Amount	CAGR %
Mining & Logging	500	400	300	(200)	-5.0%	400	200	200	300	(100)	-4.7%
Construction	43,300	59,700	88,800	45,500	7.4%	81,200	48,600	45,400	53,500	(27,700)	-6.7%
Manufacturing	48,300	52,400	45,000	(3,300)	-0.7%	44,400	37,700	37,800	39,100	(5,300)	-2.1%
Transp/Warehousing/Utilities	22,800	31,000	29,600	6,800	2.6%	35,000	29,900	31,700	32,500	(2,500)	-1.2%
Trade											
Wholesale	33,100	41,900	45,900	12,800	3.3%	47,800	39,000	38,600	40,500	(7,300)	-2.7%
Retail	94,800	114,500	126,300	31,500	2.9%	129,800	119,100	131,700	140,100	10,300	1.3%
Information/Communications	18,300	23,500	25,300	7,000	3.3%	26,500	23,900	24,100	23,900	(2,600)	-1.7%
Financial Activities	50,200	57,700	69,200	19,000	3.3%	70,900	65,200	66,200	71,500	600	0.1%
Services											
Professional & Business	76,600	148,000	166,100	89,500	8.0%	180,800	164,300	165,800	179,600	(1,200)	-0.1%
Education/Health Services	72,600	86,100	105,300	32,700	3.8%	116,100	121,400	125,900	132,400	16,300	2.2%
Leisure & Hospitality	141,000	176,400	184,800	43,800	2.7%	199,300	189,300	206,100	225,000	25,700	2.0%
Other Services	29,900	35,000	44,200	14,300	4.0%	46,100	38,400	34,300	35,900	(10,200)	-4.1%
Government	81,500	94,000	113,600	32,100	3.4%	118,100	116,600	117,300	119,200	1,100	0.2%
Total (In 000s):	712,900	920,600	1,044,400	331,500	3.9%	1,096,400	993,600	1,025,100	1,093,500	(2,900)	-0.04%
<i>Annual Growth/(Loss) Over Period:</i>		<i>41,540</i>	<i>24,760</i>			<i>26,000</i>	<i>(51,400)</i>	<i>15,750</i>	<i>34,200</i>		

<http://floridajobs.org/labor-market-information/data-center/statistical-programs/current-employment-statistics>

Source: Florida Agency for Workforce Innovation; WTL +a, March 2014.

the United States in 2013 was 0.63. The ratio reflects the concentration of larger employment centers in specific parts of the MSA, such as downtown Orlando, Lake Nona, the cluster of resorts around Disney World, and others.

Employment Forecasts—Orange County

Employment forecasts for specific counties and workforce regions (a collection of counties) in Florida are also prepared by the Department of Economic Opportunity. We examined forecasts for one of the four counties in the MSA—Orange County. As illustrated in Table 8, these forecasts suggest that:

- **Orange County is expected to add 119,500 new jobs between 2013 and 2021**, reflecting a *sustained* annual pace of 14,900 new jobs annually over this eight-year period.
- The Services sector is expected to comprise fully 58% of all new jobs in the county—adding over 69,300 new jobs—with the largest gains expected in Health Care, Accommodations & Food Services (because of the significant impacts of the region’s tourism economy) and Professional/Business Services sectors.

Employment in Parramore Study Area

According to Dun & Bradstreet, Inc. and ESRI Business Analyst, there are a reported 574 **businesses in the Study Area, providing more than 7,100 jobs**. Similar to the county as a whole, the Study Area’s largest employment sector is Services, which accounts for over 57% of all jobs, encompassing employment in a broad range of sectors such as Hotel/Lodging, Automotive Services, Health Care and Education. Notably, another dominant sector includes Government, which provides almost 1,300 jobs because of the presence of the state office building, Federal Courthouse and Orange County Health Department, accounting for fully 18% of the Study Area’s employment base. Key data are highlighted in Table 9 for the Study Area.

7,100 Jobs in Parramore

Across 574 Businesses

- Based on current employment levels, the **Parramore Study Area contains only 0.9 percent of the total (i.e., at-place) jobs in Orange County**. This suggests that the Study Area’s current jobs-to-population ratio is fully 1.15; this is disproportionately high and illustrative of the many businesses and industries located in Parramore. In effect, the Study

Table 8: State Employment Forecasts for Orange County, 2013—2021

Employment Category	2013	% Dist.	2021	Change: 2013-2021	
				% Dist.	Total CAGR
Agriculture/Mining/Construction					
Agriculture	3,271		3,074		(197) -0.8%
Mining	56		70		14 0.0%
Construction	26,820		35,219		8,399 3.5%
Subtotal:	30,147	2.8%	38,363	3.3%	8,413 3.1%
Manufacturing					
Durable Goods Manufacturing	18,143		19,123		980 0.7%
Non-Durable Goods Manufacturing	8,787		8,987		200 0.3%
Subtotal:	26,930	2.5%	28,110	2.4%	1,180 0.5%
Transportation/Communications/Public Utilities					
Public Utilities	580		630		50 1.0%
Transportation & Warehousing	23,377		26,100		2,723 1.4%
Subtotal:	23,957	2.2%	26,730	2.2%	2,773 1.4%
Wholesale & Retail Trade					
Wholesale Trade	26,764		29,981		3,217 1.4%
Retail Trade	78,276		89,307		11,031 1.7%
Subtotal:	105,040	9.8%	119,288	10.3%	14,248 1.6%
Finance/Insurance/Real Estate					
Information	17,065		17,430		365 0.3%
Finance & Insurance	22,653		24,451		1,798 1.0%
Real Estate, Rental & Leasing	22,222		26,186		3,964 2.1%
Subtotal:	61,940	5.8%	68,067	5.9%	6,127 1.2%
Services					
Professional, Scientific & Technical Services	49,651		61,387		11,736 2.7%
Management of Companies & Enterprises	12,302		13,018		716 0.7%
Administrative & Waste Management	68,970		79,951		10,981 1.9%
Educational Services	8,923		11,878		2,955 3.6%
Health Care & Social Assistance	71,692		89,020		17,328 2.7%
Arts, Entertainment & Recreation	64,063		70,757		6,694 1.3%
Accommodation & Food Services	104,278		117,139		12,861 1.5%
Other Services (Except Government)	34,643		40,693		6,050 2.0%
Subtotal:	414,522	38.6%	483,843	41.6%	69,321 2.0%
Government	74,168	6.9%	84,676	7.3%	10,508 1.7%
Self-Employed & Unpaid Family Workers	66,506	6.2%	72,795	6.3%	6,289 1.1%
TOTAL:	808,061		927,576		119,515 1.7%
Annual Increase (Rounded):					14,900

<http://floridajobs.org/labor-market-information/data-center/statistical-programs/employment-projections>

Source: Florida Agency for Workforce Innovation; WTL +a, March 2014.

Table 9: Business Mix—Parramore Study Area, 2012

NAICS Category	Businesses		Employees	
	No.	% of Total	No.	% of Total
Mining & Natural Resources	6	1.0%	71	1.0%
Construction	34	5.9%	332	4.7%
Manufacturing	29	5.1%	235	3.3%
Transportation & Warehousing	8	1.4%	73	1.0%
Communications	8	1.4%	16	0.2%
Utilities	2	0.3%	6	0.1%
Wholesale & Retail Trade				
Wholesale	38	6.6%	418	5.9%
Retail	111	19.3%	452	6.3%
- Home Improvement	3		24	
- General Merchandise	1		3	
- Food Stores	18		152	
- Auto Dealers/Gas Stations	11		79	
- Apparel & Accessory Stores	5		12	
- Furniture/Home Furnishings	8		29	
- Eating & Drinking Places	38		88	
- Miscellaneous & Non-store Retail	25		65	
Subtotal - All Retail:	149	26.0%	870	12.2%
Finance/Insurance/Real Estate	25	4.4%	142	2.0%
Services				
- Hotel/Lodging	5		98	
- Automotive Services	31		147	
- Motion Pictures & Amusements	16		119	
- Health Services	15		55	
- Legal Services	13		48	
- Educational Institutions	13		863	
- Other Services	179		2,771	
Subtotal - Services:	272	47.4%	4,101	57.6%
Government	41	7.1%	1,274	17.9%
TOTAL:	574	100.0%	7,120	100.0%

ANALYSIS:

2012 Total Employment	7,120
As Share of Orange County	0.9%
2012 Study Area Population	6,174
Jobs/Population Ratio	1.15

Source: ESRI Business Analyst; Dun & Bradstreet, Inc.; WTL +a, March 2014.

WTL +a

Real Estate & Economic Advisors
 Washington, DC 20017.3030
 202.636.4002 301.502.4171 774.538.6070

Area serves as an inbound *destination* for jobs. What is not known is how many of these jobs are held by Parramore residents.

Retail “Recapture” Opportunities

To understand the relative strengths and weaknesses among specific retail categories, the performance among retailers located in the Study Area and opportunities for new retail development, the consultants prepared a retail sales and “recapture” analysis based on data provided by Claritas, Inc. This analysis compares demand (i.e., household spending) with supply (i.e., store sales). The resulting difference is either a gap or a surplus in retail sales. That is, a gap would indicate an opportunity to *recapture* retail sales among households in Parramore when spending in specific categories exceeds the sales generated by retailers in the Study Area. Conversely, a surplus in sales suggests that these businesses generate *net imported sales* from households (or other market segments such as nearby employees or visitors to key destinations such as Amway Center) from outside of Parramore.

Key findings are highlighted below and illustrated in Table 10:

- Claritas, Inc. includes merchandise categories (such as Building Materials) not contained in the household spending estimates illustrated previously in Table 6 based on data provided by ESRI. Claritas data suggests that households in Parramore spend approximately \$16.1 million per year, which translates into \$6,964 in annual household spending (only slightly more than the \$6,819 estimate by ESRI). This is retail *demand*.
- By comparison, retail businesses in the Parramore Study Area generate annual sales of \$39.5 million per year. This is retail *supply*.
- The difference between demand (spending) and supply (sales) reflects a difference of **(\$23.4 million) per year generated by other sources**, which means that there is a *net inflow* of retail sales from pass-through traffic on US 441 / Orange Blossom Trail, employee spending in the Study Area, visitors, etc. However, some portion of the annual sales generated by businesses in the Study Area may also reflect sales that occur elsewhere (e.g., sales of Gary’s Seafood merchandise made to restaurants located outside of the Study Area). The amount of such sales is not known.
- In fact, among specific retail categories, annual sales inflow is substantial, including:

-
- Furniture & Home Furnishings—\$1.6 million
 - Electronics & Appliances—\$1.7 million
 - Food Services & Drinking Places—\$2.6 million
 - Food & Beverage Stores—\$15.4 million
 - Building Materials & Garden Equipment—\$6.6 million
- In other categories, however, **there is excess (i.e., surplus) spending among Study Area households that could *potentially* be “re-captured” by existing retail businesses in Parramore.** This is known as *retail leakage*, and includes:
 - General Merchandise (Department Stores)—\$3.6 million
 - Clothing & Accessories—\$548,000
 - Health & Personal Care Stores—\$919,300
- The other key finding of the retail recapture analysis illustrates the overall performance of retail businesses in the Study Area. As illustrated, there is an estimated 247,900 sq. ft. of retail space located in the Study Area; much of this space is located in the commercial corridors along US 441 / Orange Blossom Trail and US 50 / Colonial Drive. With gross annual retail sales estimated at \$39.5 million, this translates into overall sales performance of \$159 per sq. ft. As noted previously in the discussion about “investment-grade” minimum sales requirements in the range of \$300 per sq. ft., this suggests that the current retail sales performance of businesses in Parramore is *below* investment-grade thresholds.

Table 10: Retail “Recapture” Opportunities, Parramore Study Area, 2012

Retail Category	Demand (HH Spending)	Supply (Store Sales)	"Recapture" Opportunity
General Merchandise Stores			
Department Stores Excl Leased Depts.	\$ 1,330,779	\$ -	\$ 1,330,779
Other General Merchandise Stores	2,384,146	151,886	2,232,260
Subtotal:	\$ 3,714,925	\$ 151,886	\$ 3,563,039
Clothing & Accessories Stores			
Clothing Stores	\$ 1,172,772	\$ 987,551	\$ 185,221
Shoe Stores	199,761	-	199,761
Jewelry, Luggage, Leather Stores	163,148	-	163,148
Subtotal:	\$ 1,535,681	\$ 987,551	\$ 548,130
Furniture & Home Furnishings Stores			
Furniture Stores	\$ 282,497	\$ 2,109,646	\$ (1,827,150)
Home Furnishing Stores	228,452	-	228,452
Subtotal:	\$ 510,949	\$ 2,109,646	\$ (1,598,698)
Electronics & Appliance Stores			
Appliances, TVs, Electronics Stores	\$ 584,891	\$ 2,274,972	\$ (1,690,081)
Subtotal:	\$ 584,891	\$ 2,274,972	\$ (1,690,081)
Leisure & Entertainment			
Sporting Goods Stores	\$ 337,103	\$ 175,790	\$ 161,313
Books, Periodicals & Music	171,977	331,251	(159,274)
Subtotal:	\$ 509,080	\$ 507,041	\$ 2,039
Food Services & Drinking Places			
Full-Service Restaurants	\$ 1,131,887	\$ 1,695,118	\$ (563,231)
Limited-Service Eating Places	989,016	1,966,706	(977,689)
Special Food Services	95,980	842,802	(746,823)
Drinking Places -Alcoholic Beverages	147,969	454,955	(306,986)
Subtotal:	\$ 2,364,852	\$ 4,959,581	\$ (2,594,729)

Table 10 (Continued): Retail "Recapture" Opportunities, Parramore Study Area, 2012

Retail Category	Demand (HH Spending)	Supply (Store Sales)	"Recapture" Opportunity
Food & Beverage Stores			
Grocery Stores	\$ 3,776,185	\$ 19,247,775	\$ (15,471,590)
Specialty Food Stores	105,106	193,359	(88,253)
Beer, Wine & Liquor Stores	151,397	-	151,397
Subtotal:	\$ 4,032,688	\$ 19,441,134	\$ (15,408,446)
Health & Personal Care Stores			
Health & Personal Care Stores	\$ 1,793,640	\$ 874,322	\$ 919,318
Subtotal:	\$ 1,793,640	\$ 874,322	\$ 919,318
Building Material, Garden Equipment Stores			
Building Materials & Supplies	\$ 438,350	\$ 5,562,368	\$ (5,124,018)
Lawn & Garden Equipment & Supplies	82,927	1,564,343	(1,481,416)
Subtotal:	\$ 521,277	\$ 7,126,711	\$ (6,605,434)
Miscellaneous Store Retailers			
Florists	\$ 19,688	\$ 118,676	\$ (98,988)
Office Supplies, Stationery, Gift Stores	189,961	84,484	105,477
Used Merchandise Stores	46,867	566,834	(519,967)
Other Miscellaneous Retail Stores	325,051	338,430	(13,379)
Subtotal:	\$ 581,567	\$ 1,108,424	\$ (526,857)
TOTAL			
HH Demand vs. Retail Sales:	\$ 16,149,550	\$ 39,541,268	\$ (23,391,718)
	(2)		
Estimated Retail Inventory (SF):		247,912	
Productivity (Sales Per SF):		\$ 159	

(1) Claritas' "Retail Market Power" data is derived from two major sources of information. Demand data are derived from Consumer Expenditure Surveys fielded by the U.S. Bureau of Labor Statistics (BLS). Supply data are derived from the Census Bureau. The difference between demand and supply represents the "recapture opportunity", or surplus, available for each retail category in the reporting geography. When demand is greater than supply, there is an apparent opportunity for additional retail space in that category. By comparison, when demand is less than supply, there is a surplus of sales in that retail category (i.e., positive value = recapture opportunity, while negative value = surplus of sales).

(2) Total household retail spending excludes spending on Non-Store Retailers (Internet); Motor Vehicle Parts and Dealers; and Gas Stations.

Source: ESRI Business Analyst (Claritas, Inc.); WTL +a, March 2014.

3 Real Estate Market Conditions

WTL +a evaluated real estate market conditions in Orlando, focusing on selected competitive locations such as the Parramore Trade Area and the Study Area to understand how recent market trends, current economic conditions, and future growth affect both near- and long-term opportunities for revitalizing and redeveloping Parramore. This analysis is considered a critical component when testing overall redevelopment potentials in Section 4.

This section of the report examines those factors, such as new residential development patterns, and analyzes historic and current inventory, occupancy and vacancy levels, annual absorption (leasing) activity, historic development trends, and other appropriate market indices for residential, retail, lodging and ‘workplace’ commercial (i.e., office and industrial) uses based on available data. Key findings are summarized below and illustrated in Table 11 through Table 21.

Housing

- As illustrated in Table 11, based on data from ESRI Business Analyst and the American Community Survey (ACS), the trade area encompassing Parramore contains 7,651 housing units;
- As of 2013, approximately 21 percent of the trade area’s housing stock is owner-occupied; another 59 percent of the housing inventory is rental; and, a significant 19.8 percent is vacant, with fully 1,513 empty units. The vacancy rate has reportedly increased from its 2010 level of 16.7 percent;
- In 2013, the *median* unit value of all housing units in this geography was \$91,300. Over the next five years, median housing values are expected to increase at a compound annual rate of 4.8 percent per year—to \$115,600. This would be above the rate of inflation and represent *real* growth in overall housing values;

Table 11: Housing Profile, Parramore Trade Area, 2010—2018

	2010	2013	% Dist.	2018	% Dist.	Change: 2013-2018	
						No.	CAGR %
Housing Tenure							
Owner-occupied	1,822	1,611		1,724		113	1.4%
% of Total	24.2%	21.1%		22.1%			
Renter-occupied	4,445	4,527		4,555		28	0.1%
% of Total	59.1%	59.2%		58.4%			
Vacant	1,259	1,513		1,515		2	0.0%
% of Total	16.7%	19.8%		19.4%			
Total Units:	7,526	7,651		7,794		268	0.4%
% Owned with Mortgage	72%						
% Owned Free & Clear	28%						
Housing Tenure by Race (2010 Census)							
Owner-occupied							
White	493	27%					
Black/African American	1,234	68%					
American Indian/Alaskan	5	0%					
Asian & Pacific Islander	27	1%					
Other Race	33	2%					
Two or More Races	29	2%					
Hispanic Origin	99	5%					
Total:	1,821	24%					
Renter-occupied							
White	857	19%					
Black/African American	3,224	73%					
American Indian/Alaskan	26	1%					
Asian & Pacific Islander	81	2%					
Other Race	164	4%					
Two or More Races	94	2%					
Hispanic Origin	526	12%					
Total:	4,446	59%					
Unoccupied Housing Units By Status (2010 Census)							
Unoccupied for Other Reasons							
Rented (Not Occupied)	19	12%					
For Sale Only	92	56%					
Sold (Not Occupied)	10	6%					
Seasonal Use	44	27%					
For Migrant Workers	-	0%					
Subtotal:	165	14%					
True Vacancies							
Other Vacant	243	23%					
Vacant, For Rent	796	77%					
Subtotal:	1,039	86%					
Total Unoccupied Units:	1,204	16.0%					
TRUE VACANCY:							
Vacant Units	1,039	1,306		1,307			
True Vacancy Rate	14%	17%		17%			

Source: ESRI Business Analyst; WTL +a, March 2014.

Table 12: Housing Profile, Parramore Study Area, 2010—2018

	2010	2013	% Dist.	2018	% Dist.	Change: 2013-2018	
						No.	CAGR %
Housing Tenure							
Owner-occupied	271	226		242		16	1.4%
% of Total	10.0%	8.2%		8.9%			
Renter-occupied	2,042	2,009		2,020		11	0.1%
% of Total	75.2%	72.7%		74.0%			
Vacant	404	527		468		(59)	-2.3%
% of Total	14.9%	19.1%		17.1%			
Total Units:	2,717	2,762		2,730		13	-0.2%
% Owned with Mortgage	75%						
% Owned Free & Clear	25%						

Housing Tenure by Race (2010 Census)

Owner-occupied		
White	37	14%
Black/African American	229	85%
American Indian/Alaskan	-	0%
Asian & Pacific Islander	1	0%
Other Race	1	0%
Two or More Races	3	1%
Hispanic Origin	14	5%
Total:	271	10%
Renter-occupied		
White	430	21%
Black/African American	1,416	69%
American Indian/Alaskan	12	1%
Asian & Pacific Islander	68	3%
Other Race	78	4%
Two or More Races	38	2%
Hispanic Origin	301	15%
Total:	2,042	75%

Unoccupied Housing Units By Status (2010 Census)

Unoccupied for Other Reasons		
Rented (Not Occupied)	6	19%
For Sale Only	12	39%
Sold (Not Occupied)	3	10%
Seasonal Use	10	32%
For Migrant Workers	-	0%
Subtotal:	31	8%
True Vacancies		
Other Vacant	91	24%
Vacant, For Rent	282	76%
Subtotal:	373	92%
Total Unoccupied Units:	404	14.9%

TRUE VACANCY:	2010	2013	2018
Vacant Units	373	487	432
True Vacancy Rate	14%	18%	16%

Source: ESRI Business Analyst; WTL +a, March 2014.

- More specific analysis of the vacant housing stock in the Parramore Trade Area indicates that the 1,513 vacant units are unoccupied for various reasons that do not accurately reflect actual vacant units. For example, a number of units were sold but not occupied, while others are already rented but not occupied. This serves to reduce the trade area's vacant housing stock slightly—known as **true vacancy**—to **17 percent, or roughly 1,306 units in 2013.**

Housing trends in the Study Area indicate the following:

- As illustrated in Table 12, based on data from ESRI Business Analyst and the American Community Survey (ACS), the Study Area contains 7,651 housing units;
- As of 2013, only 8.2 percent of Parramore's housing stock is owner-occupied; another 73 percent of the housing inventory is rental; and, 19.1 percent is vacant, with 527 empty units. The vacancy rate has reportedly increased from its 2010 level of 14.9 percent; and
- In 2013, the *median* unit value of all housing units in Parramore was \$81,982. Over the next five years, median housing values are expected to increase at a compound annual rate of 2.7 percent per year—to \$93,700.



In order to document how population and household growth affects opportunities to revitalize Parramore, the consultants reviewed information on annual housing starts/residential building permits. Key findings indicate that:

WTL + a

Real Estate & Economic Advisors
 Washington, DC 20017.3030
 202.636.4002 301.502.4171 774.538.6070

Table 13: Housing Starts—Selected Municipalities, 2004—2013

Municipality	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2004-2013		
											Total Starts	Annual Average	% of Total
Single-family Detached													
Apopka	917	657	754	426	261	226	289	189	311	456	4,486	449	8%
Maitland	14	94	48	7	6	-	4	2	5	9	189	19	0%
Ocoee	518	503	556	137	175	198	230	209	209	364	3,099	310	6%
Orlando	2,256	1,865	1,563	622	348	235	224	308	801	1,037	9,259	926	17%
Unincorporated	6,621	6,694	5,632	2,274	1,312	893	1,183	1,486	2,268	2,507	30,870	3,087	58%
Winter Garden	1,219	898	865	495	340	243	196	197	182	319	4,954	495	9%
Winter Park	115	137	112	89	35	16	25	30	55	76	690	69	1%
SFD-All County:	11,664	10,861	9,538	4,054	2,477	1,811	2,151	2,421	3,831	4,768	53,576	5,358	64%
<i>Annual Change</i>	-	(803)	(1,323)	(5,484)	(1,577)	(666)	340	270	1,410	937			
Multi-family													
Apopka	6	57	130	-	-	-	-	-	-	2	195	20	1%
Maitland	-	52	219	253	202	-	8	4	12	136	886	89	3%
Ocoee	67	-	-	165	-	-	-	-	-	240	472	47	2%
Orlando	1,242	3,577	2,790	1,427	1,771	62	336	637	1,084	1,850	14,776	1,478	49%
Unincorporated	1,374	2,633	1,312	2,255	948	56	352	978	1,543	1,693	13,144	1,314	44%
Winter Garden	282	2	-	-	-	-	-	-	9	-	293	29	1%
Winter Park	40	36	6	15	2	-	-	-	-	-	99	10	0%
MF-All County:	3,011	6,357	4,457	4,115	2,923	118	696	1,619	2,648	3,921	29,865	2,987	36%
<i>Annual Change</i>	-	3,346	(1,900)	(342)	(1,192)	(2,805)	578	923	1,029	1,273			
5+ Units In MF Structures													
City of Orlando	1,172	3,393	2,622	1,371	1,769	47	320	633	1,050	1,824	14,201	1,420	
<i>As % of MF Units</i>	94%	95%	94%	96%	100%	76%	95%	99%	97%	99%	96%		

<http://socds.huduser.org/permits/>

Source: U.S. Census Bureau; U.S. Dept. of Housing & Urban Development; WTL+a, revised November 2014.

Table 13 (Continued): Housing Starts—Selected Municipalities, 2004—2013

Municipality	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2004-2013			
											Total Starts	Annual Average	% of Total	
Total Starts														
Apopka	923	714	884	426	261	226	289	189	311	458	4,681	468	6%	
Maitland	14	146	267	260	208	-	12	6	17	145	1,075	108	1%	
Ocoee	585	503	556	302	175	198	230	209	209	604	3,571	357	4%	
Orlando	3,498	5,442	4,353	2,049	2,119	297	560	945	1,885	2,887	24,035	2,404	29%	
Unincorporated	7,995	9,327	6,944	4,529	2,260	949	1,535	2,464	3,811	4,200	44,014	4,401	53%	
Winter Garden	1,501	900	865	495	340	243	196	197	191	319	5,247	525	6%	
Winter Park	155	173	118	104	37	16	25	30	55	76	789	79	1%	
TOTAL-Orange County:	14,675	17,218	13,995	8,169	5,400	1,929	2,847	4,040	6,479	8,689	83,441	8,344	100%	

<http://socds.huduser.org/permits/>

Source: U.S. Census Bureau; U.S. Dept. of Housing & Urban Development; WTL+a, revised November 2014.

- Since 2004 (including the boom years of 2004-2006, the 2007-2009 recession and subsequent recovery), housing starts across Orange County resulted in delivery of more than 83,400 new housing units, producing a *sustained* annual pace of **over 8,300 units per year**. In terms of unit distribution, this includes more than 53,500 single-family units (64 percent of the total) and almost 29,900 multi-family units (36 percent);
- Of the municipalities/areas profiled in this analysis, unincorporated parts of Orange County captured the lion's share of new residential development—with more than 40,000 unit starts. This reflects a sustained annual pace of 4,400 units per year;
- Consistent with the city's population growth, Orlando also experienced significant new residential development during this period. In fact, the City of Orlando **added 24,035 new housing units between 2004 and 2013**, capturing fully 29 percent of the county's total new housing starts over the past 10 years. This included 9,259 single-family units (41 percent) and 14,776 multi-family units (59 percent), thus translating into a *sustained* annual average of 2,404 new housing starts per year;
- Annual housing starts in Orlando mirror fluctuating economic cycles—with 3,500 to 5,400+ annual unit starts during the boom cycles of 2004—2006; a low of only 297 unit starts during the depths of the recession in 2009. As the economy has rebounded since the 2009 recession, annual unit starts have increased—to 1,885 starts in 2012 and almost 2,900 starts in 2013;
- The geographic distribution of new housing in the City of Orlando is not fully known. However, new housing over the past 10 years has been built in outlying neighborhoods of the city and in infill locations such as downtown. As illustrated previously in Table 3, downtown Orlando added 2,761 new households between 2000 and 2013, suggesting that downtown is capturing approximately 10 to 12 percent of the city's new residential development.

Market-rate Downtown Housing

As noted in the Introduction, the market study for the Parramore Comprehensive Neighborhood Plan evaluated opportunities for market-rate housing. We did not examine affordable/workforce housing as those uses are the subject of an extensive study being conducted in metropolitan Orlando by the Shimberg Center for Housing Studies of the University of Florida.

WTL + a

Real Estate & Economic Advisors
Washington, DC 20017.3030
202.636.4002 301.502.4171 774.538.6070

The following highlights key findings from a profile of eight new or recently-delivered, multi-family rental projects in scattered locations of downtown Orlando. These characteristics were considered in key market inputs (such as rents) used in the stabilized-year financial prepared for the market study. Profiles such as this also play a critical role in the plan's implementation, to be used by public officials in decisions about the use of financial and or regulatory incentives to ensure that Parramore's revitalization is successful in attracting private investment. As illustrated in Table 14 below:



- These eight projects contain more than 2,100 units in a mix of unit sizes;
- Monthly rents average \$1.74 per sq. ft.;
- Unit sizes averages 1,103 sq. ft. per unit; and
- Average absorption (i.e., the rate at which units are leased) was ascertained for the newest residential development—SteelHouse on N. Orange Avenue. This 326-unit project was built in 2012, and is currently 90% occupied. It was leased at an average rate of 12 units per month when it opened. This is considered a healthy rate of leasing activity.

In Parramore, there are three residential projects that have been built over the past 15 years—Carver Park (a Hope VI affordable/mixed-income and senior housing project); Callahan Oaks (an affordable garden apartment community); and, City View (a moderate-density, mixed-income rental building delivered in 2003 and located on Church Street). According to the developer, City View was a very complicated development deal requiring multiple sources of public and private financing. As City View contains a mix of market-rate units, a summary of the building's key market characteristics is provided below:

- City View contains 236 units in a mix of affordable, workforce and market-rate pricing;
- Units range in size from 604 sq. ft. to 1,274 sq. ft., with monthly rents ranging from \$810 to \$1,810 per unit per month;
- These rates would translate into overall pricing ranging from \$1.20 to \$1.50 per sq. ft.;
- As the building is over 10 years old, no information on monthly unit absorption (leasing) was available; and
- Residents are responsible for monthly costs associated with electric, HVAC, water/sewer, telephone and cable.



WTL + a

Table 14: Profile of Selected Multi-family Projects, Downtown Orlando

Property	Year Built	Units & % Occupancy	Unit	No. of Units	Size (SF)	Monthly Rent				
						Low	High	Average	Effective	Per SF
55 West	2005	377								
 55 West Church Street		94%	1BR	30	612	\$ 1,270	\$ 1,290	\$ 1,280	\$ 1,280	\$ 2.09
			1BR	30	674	1,345	1,350	1,348	1,348	2.00
			1BR	16	683	1,475	1,565	1,520	1,520	2.23
			1BR	16	825	1,760	1,760	1,760	1,760	2.13
			1BR	16	910	1,675	1,875	1,775	1,775	1.95
			1BR	30	1,030	1,680	1,735	1,708	1,708	1.66
			2BR	32	1,060	1,840	1,845	1,843	1,843	1.74
			2BR	16	1,117	1,900	1,900	1,900	1,900	1.70
			2BR	25	1,288	2,150	2,290	2,220	2,220	1.72
			2BR	32	1,329	2,185	2,325	2,255	2,255	1.70
			2BR	26	1,341	2,095	2,200	2,148	2,148	1.60
			2BR	32	1,402	2,255	2,635	2,445	2,445	1.74
			3BR	32	1,808	2,850	3,065	2,958	2,958	1.64
	Total/Weighted Average:				333	1,118	\$ 1,916	\$ 2,027	\$ 1,972	\$ 1,972
SteelHouse Orlando	2012	326	1BR	79	615	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1.88
 750 N. Orange Avenue		90%	1BR	11	624	1,107	1,107	1,107	1,107	1.77
			1BR	8	624	1,179	1,179	1,179	1,179	1.89
			1BR	40	647	1,168	1,168	1,168	1,168	1.81
			1BR	18	647	1,277	1,277	1,277	1,277	1.97
			1BR	9	670	1,166	1,166	1,166	1,166	1.74
			1BR	32	688	1,273	1,273	1,273	1,273	1.85
			1BR	1	689	1,240	1,240	1,240	1,240	1.80
			1BR	7	709	1,146	1,146	1,146	1,146	1.62
			1BR	4	785	1,333	1,333	1,333	1,333	1.70
			1BR	12	788	1,312	1,312	1,312	1,312	1.66
			1BR	4	813	1,398	1,398	1,398	1,398	1.72
			1BR	10	823	1,334	1,334	1,334	1,334	1.62
			2BR	16	953	1,575	1,575	1,575	1,575	1.65
			2BR	4	989	1,639	1,639	1,639	1,639	1.66
			2BR	12	997	1,619	1,619	1,619	1,619	1.62
			2BR	12	1,045	1,586	1,586	1,586	1,586	1.52
			2BR	3	1,093	1,587	1,587	1,587	1,587	1.45
			2BR	4	1,136	1,894	1,894	1,894	1,894	1.67
		2BR	10	1,147	1,649	1,649	1,649	1,649	1.44	
		2BR	2	1,151	1,905	1,905	1,905	1,905	1.66	
		2BR	28	1,152	1,669	1,669	1,669	1,669	1.45	
Total/Weighted Average:				326	1,328	\$ 1,328	\$ 1,328	\$ 1,328	\$ 1,328	\$ 1.71



Source: Cushman & Wakefield; WTL+a, March 2014.

Table 15: Profile of Selected Multi-family Projects, Downtown Orlando

Property	Year Built	Units & % Occupancy	Unit	No. of Units	Size (SF)	Monthly Rent				
						Low	High	Average	Effective	Per SF
Paramount on Lake Eola 410 E. Central Blvd. 	2006	306 94%	1BR	12	638	\$ 1,375	\$ 1,475	\$ 1,425	\$ 1,425	\$ 2.23
			Owner: 1BR	60	789	1,560	1,870	1,715	1,715	2.17
			15% 1BR	24	852	1,560	1,670	1,615	1,615	1.90
			Rental: 2BR	12	1,115	2,130	2,185	2,158	2,158	1.93
			85% 1BR	12	1,162	1,915	2,135	2,025	2,025	1.74
			2BR	12	1,269	2,175	2,220	2,198	2,198	1.73
			2BR	12	1,283	2,190	2,240	2,215	2,215	1.73
			2BR	30	1,295	2,185	2,475	2,330	2,330	1.80
			2BR	36	1,414	2,005	2,220	2,113	2,113	1.49
			2BR	60	1,516	2,275	2,440	2,358	2,358	1.56
			2BR	12	1,696	2,625	2,725	2,675	2,675	1.58
			3BR	6	1,939	3,215	3,320	3,268	3,268	1.69
			3BR	24	2,039	3,360	3,540	3,450	3,450	1.69
			Total/Weighted Average:				312	1,266	\$ 2,097	\$ 2,287
Aspire 111 E. Washington Street 	2008	164 98%	1BR/1BA	33	598	\$ 1,110	\$ 1,110	\$ 1,110	\$ 1,065	\$ 1.78
			1BR/1BA	77	789	1,450	1,450	1,450	1,390	1.76
			2BR/2BA	38	1,180	2,124	2,124	2,124	1,947	1.65
			3BR/2BA	14	2,400	2,400	2,400	2,400	2,200	0.92
			3BR/2BA	2	2,850	5,810	5,810	5,810	5,326	1.87
Total/Weighted Average:				164	1,004	\$ 1,672	\$ 1,672	\$ 1,672	\$ 1,571	\$ 1.56



Source: Cushman & Wakefield; WTL+a, March 2014.

Table 16: Profile of Selected Multi-family Projects, Downtown Orlando

Property	Year Built	Units & % Occupancy		Unit	No. of Units	Size (SF)	Monthly Rent					
							Low	High	Average	Effective	Per SF	
Post Parkside 425 E. Central Blvd. 	2008	248	98%	1BR/1BA	68	515	\$ 1,045	\$ 1,045	\$ 1,045	\$ 1,045	\$ 2.03	
				1BR/1BA	62	698	1,310	1,310	1,310	1,310	1.88	
				1BR/2BA	18	872	1,325	1,325	1,325	1,325	1.52	
				2BR/2BA	73	1,085	1,530	1,530	1,530	1,530	1.41	
				2BR/2.5BA	4	1,368	2,200	2,200	2,200	2,200	1.61	
				3BR/3BA	13	1,337	2,000	2,000	2,000	2,000	1.50	
				3BR/3.5BA	2	1,784	2,400	2,400	2,400	2,400	1.35	
				3BR/3BA	7	1,840	2,400	2,400	2,400	2,400	1.30	
				3BR/3.5BA	1	2,518	4,000	4,000	4,000	4,000	1.59	
				Total/Weighted Average:						248	867	\$ 1,404
Camden Orange Court 668 N. Orange Avenue 	2009	261	97%	1BR	64	588	\$ 1,120	\$ 1,280	\$ 1,200	\$ 1,200	\$ 2.04	
				1BR	8	632	1,120	1,280	1,200	1,200	1.90	
				1BR	3	694	1,340	1,500	1,420	1,420	2.05	
				1BR	40	696	1,340	1,500	1,420	1,420	2.04	
				1BR	6	706	1,280	1,440	1,360	1,360	1.93	
				1BR	12	709	1,280	1,440	1,360	1,360	1.92	
				1BR	16	716	1,280	1,440	1,360	1,360	1.90	
				1BR	6	827	1,285	1,425	1,355	1,355	1.64	
				1BR	3	865	1,285	1,425	1,355	1,355	1.57	
				1BR	4	872	1,285	1,425	1,355	1,355	1.55	
				1BR	36	876	1,285	1,425	1,355	1,355	1.55	
				2BR	7	985	1,389	1,409	1,399	1,399	1.42	
				2BR	8	997	1,409	1,449	1,429	1,429	1.43	
				2BR	22	1,168	1,730	1,880	1,805	1,805	1.55	
				2BR	2	1,204	1,730	1,880	1,805	1,805	1.50	
2BR	21	1,217	1,569	1,699	1,634	1,634	1.34					
2BR	3	1,324	2,380	3,020	2,700	2,700	2.04					
Total/Weighted Average:						261	812	\$ 1,331	\$ 1,482	\$ 1,406	\$ 1,406	\$ 1.73

Source: Cushman & Wakefield; WTL+a, March 2014.

Table 17: Profile of Selected Multi-family Projects, Downtown Orlando

Property	Year Built	Units & % Occupancy		Unit	No. of Units	Size (SF)	Monthly Rent					
							Low	High	Average	Effective	Per SF	
101 Eola 101 S. Eola Drive 	2008	146		1BR/1BA	56	644	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 2.10	
		10%		Owner:	1BR/1.5BA	44	997	1,450	1,600	1,525	1,525	1.53
		75%		Rental:	2BR/2BA	26	1,198	1,850	2,100	1,975	1,975	1.65
		25%			2BR/2BA	14	1,255	2,000	2,200	2,100	2,100	1.67
					2BR/2BA	4	1,737	3,500	3,800	3,650	3,650	2.10
					2BR/2BA	2	1,773	3,500	3,800	3,650	3,650	2.06
Total/Weighted Average:					146	953	\$ 1,620	\$ 1,741	\$ 1,680	\$ 1,680	\$ 1.76	
Skyhouse Orlando 	Under Construction	320		0BR/1BA	76	585	\$ 1,150	\$ 1,385	\$ 1,268	\$ 1,268	\$ 2.17	
		30%		Pre-leased	1BR/1BA	38	593	1,150	1,460	1,305	1,305	2.20
					1BR/1BA	76	655	1,330	1,330	1,330	1,330	2.03
					1BR/1BA	38	691	1,400	1,585	1,493	1,493	2.16
					1BR/1BA	6	900	1,400	1,700	1,550	1,550	1.72
					2BR/2BA	68	1,029	1,900	2,030	1,965	1,965	1.91
					3BR/3BA	4	1,217	2,175	2,175	2,175	2,175	1.79
					3BR/3BA	2	1,346	2,390	2,475	2,433	2,433	1.81
					3BR/3BA	12	1,382	2,545	2,620	2,583	2,583	1.87
		Total/Weighted Average:					320	758	\$ 1,459	\$ 1,611	\$ 1,535	\$ 1,535
					2,110	1,013					\$ 1.74	

Source: Cushman & Wakefield; WTL+a, March 2014.

Multi-tenant/Speculative “Workplace” Uses

A critical component of the market study for the Parramore Comprehensive Neighborhood Plan includes a detailed analysis of the area’s competitive office, retail and industrial market conditions to ensure that revitalization and redevelopment strategies are competitively positioned for success in the marketplace. This profile is key to testing potential market support for each of these uses, and to guiding appropriate policies to implement the plan.

The consultants evaluated market performance for each of these uses in the Study Area and downtown Orlando to understand their relative competitive positions in the market. This is based on data from CoStar, Inc., a national real estate database, for 2006 through 1Q/2014, and includes the following key market indices: total inventory, construction deliveries, annual

leasing (i.e., net absorption) activity, vacant stock, vacancy rates, and rental rates. Key findings are illustrated in Table 18 through Table 21 and noted below:

Downtown Orlando

- **Downtown Orlando contains almost 10.3 million sq. ft. of office space** in 440 buildings. In fact, downtown accounts for approximately 27 percent of Orange County's total office inventory of 37.2 million sq. ft.;
- Notably, combined with new construction that delivered more than 1.4 million sq. ft. of new office space over the past 10 years with business contractions and losses fueled by the 2007—2009 recession, the vacancy rate increased substantially—increasing from 10.9 percent in 2004 to a peak of 17.3 percent in 2009. Since then, however, the vacancy rate has declined to 14.3 percent as a result of several years of positive leasing activity. At year-end 2013, however, there remained **over 1.46 million sq. ft. of vacant office space in downtown Orlando**;
- Fluctuating market conditions are reflected in overall leasing activity. Notably, net absorption (leasing) has been highly uneven as a result of business contractions and losses fueled by the 2007—2009 recession, and shifting between years of positive and negative activity. Over the past 10 years, **downtown Orlando has experienced an annual average gain in occupied office space of 75,300 sq. ft. per year**;
- Consistent with uneven leasing activity over the past 10 years, CoStar, Inc. reports that owners of office properties have reduced asking rents—from a peak of \$25.85 per sq. ft. in 2008 to \$21.51 per sq. ft. in 2013 in an effort to enhance leasing prospects; and
- In conclusion, these findings highlight the importance of creating new office-using jobs in downtown Orlando as a part of the city's overall economic development strategy through business retention and recruitment as a means of further reducing vacancy rates and generating demand for new office space in the downtown.
- **Downtown Orlando contains almost 1.2 million sq. ft. of retail space** in 145 properties/buildings. Much of the downtown's retail inventory is located at street-level in high-rise buildings and in clusters such as N. Orange Avenue, Church Street Station, etc.;
- The downtown retail market has weakened significantly since 2006. In fact, as a result of retail business contractions, tenant movement and losses/closings fueled by the 2007—

2009 recession, the vacancy rate increased substantially—from 5.2 percent in 2006 to a current peak of 18.7 percent. At year-end 2013, there remained **almost 223,000 sq. ft. of vacant retail space in downtown Orlando;**

- Weakened market conditions are reflected in overall leasing activity. Notably, net absorption (leasing) has been negative in seven of the last eight years. As a result, **downtown Orlando has experienced an annual average loss in occupied retail space of -25,100 sq. ft. per year;**
- Consistent with these trends, CoStar, Inc. reports that owners of properties with retail space have reduced asking rents—from a peak of \$30.10 per sq. ft. in 2008 to \$23.26 per sq. ft. in 2013 in an effort to enhance leasing prospects for vacant retail space; and

In conclusion, current market conditions in downtown’s retail landscape reinforce the critical importance of continued expansion of the number of residents who live downtown as well as strategies aimed at increasing the amount of occupied office space, as downtown employees also play a key role in supporting downtown’s retail businesses

As illustrated in Table 19, the City of Orlando Planning Department has prepared incremental residential and commercial forecasts based on identified/known projects (i.e., proposed, planned or approved) in Downtown Orlando through 2030. This is based on data obtained for this study as of March 2014; findings suggest:

- Possible construction of more than 2.0 million sq. ft. of new office space and 404,400 sq. ft. of new retail space; and
- Potential growth of more than 9,600 new downtown office and retail employees.

Table 18: Office & Retail Market Profile, Downtown Orlando, 2004—2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2004-2013		
											Total	Ann'l Avg.	CAGR %
Office													
Inventory	9,193,641	9,484,287	10,105,762	10,133,591	10,430,642	10,430,642	10,368,309	10,444,559	10,303,659	10,254,458	1,060,817		
No. of Buildings	449	450	454	456	458	458	452	448	446	440	(9)		
Vacant Stock (1)	1,001,582	1,180,675	1,061,957	1,152,019	1,717,552	1,802,696	1,772,274	1,770,868	1,465,223	1,465,598	464,016		
Vacancy Rate	10.9%	12.4%	10.5%	11.4%	16.5%	17.3%	17.1%	17.0%	14.2%	14.3%			3.1%
Total Net Absorption (1)	155,725	111,553	740,193	(62,233)	(268,482)	(85,144)	(31,911)	77,656	164,745	(49,576)	752,526	75,253	
Construction Deliveries	83,930	303,646	621,475	29,189	302,405	-	-	105,000	-	-	1,445,645		
Average Rental Rate (2)	\$ 22.54	\$ 22.94	\$ 23.94	\$ 25.63	\$ 25.85	\$ 23.29	\$ 22.03	\$ 21.35	\$ 21.14	\$ 21.51			-0.5%
Years to Stabilized (95%) Occupancy:													
Based on Average Annual Absorption												19	
Retail (Data Available Since 2006 Only)													
Inventory			1,229,721	1,237,364	1,235,368	1,235,368	1,224,312	1,214,608	1,214,608	1,190,848	(38,873)		
No. of Buildings/Properties			152	153	152	152	149	146	146	145	(7)		
Vacant Stock (1)			64,208	80,459	99,961	124,967	223,452	191,690	226,326	222,926	158,718		
Vacancy Rate			5.2%	6.5%	8.1%	10.1%	18.3%	15.8%	18.6%	18.7%			20.0%
Total Net Absorption (1)			(3,259)	(8,608)	(21,498)	(25,006)	(109,541)	22,058	(34,636)	(20,360)	(200,850)	(25,106)	
Construction Deliveries			76,401	-	-	-	-	-	-	-	76,401		
Average Rental Rate			\$ 23.49	\$ 25.03	\$ 30.10	\$ 26.12	\$ 24.66	\$ 21.75	\$ 19.76	\$ 23.26			-0.1%
Years to Stabilized (95%) Occupancy:													
Based on Average Annual Absorption												N/A	

(1) Includes existing vacant relet and sublet space.

(2) Average asking rents for office space include both relet and sublet space on a full-service (FS) basis.

Source: CoStar, Inc.; WTL+a, March 2014.

Table 19: Downtown Orlando Incremental Residential & Commercial Forecasts, 2030

	Base Year					Change: 2013-2030		
	2013	2015	2020	2025	2030	Amount	Total	% Growth
Residential								
Housing Units								
Single-family	1,006	241	26	34	-	301	1,307	30%
Multi-family	10,950	26	1,790	1,669	439	3,924	14,874	36%
Total CBD Units:	11,956	267	1,816	1,703	439	4,225	16,181	35%
Downtown Population (1)								
Persons Per SF Unit	1.68	1.68	1.68	1.68	1.68			
Estimated Occupancy	95.6%	95.6%	95.6%	95.6%	95.6%			
SFD Population:	1,617	387	42	55	-	484	2,101	
Persons Per MF Unit	1.66	1.66	1.66	1.66	1.66			
Estimated Occupancy	93.4%	93.4%	93.4%	93.4%	93.4%			
MF Population:	16,928	40	2,767	2,580	679	6,066	22,994	
Total CBD Population:	18,545	428	2,809	2,635	679	6,550	25,095	35%
Commercial								
Office Space								
Inventory (SF)	15,792,820	76,576	400,786	970,162	607,360	2,054,884	17,847,704	13%
Retail Space								
Inventory (SF)	2,266,619	35,593	182,116	119,646	67,040	404,395	2,671,014	18%
Downtown Employees (2)								
Office @ 200 SF/Job	67,678	328	1,718	4,158	2,603	8,806	76,484	
Retail @ 400 SF/Job	4,606	72	370	243	136	822	5,428	
Total CBD Employees:	72,284	400	2,088	4,401	2,739	9,628	81,912	

(1) Based on average persons per unit and average occupancy of known proposed downtown projects identified by the City of Orlando.

(2) Based on industry standard employee occupancy factors and current occupancies in Downtown Orlando of 85.7% for office and 81.3% for retail uses.

Source: City of Orlando; CoStar, Inc.; VHB, Inc.; WTL+a, March 2014.

Parramore Study Area

- As illustrated in Table 20, CoStar, Inc. data indicate that the Parramore Study Area **contains almost 645,400 sq. ft. of office space** in 42 buildings. Parramore accounts for only 1.7 percent of Orange County's total office inventory of 37.2 million sq. ft.;
- The Study Area's office inventory includes two large office buildings—the Orange County School Board headquarters (224,505 sq. ft., built in 1990) and the HD Supply office building (220,000 sq. ft., built in 2003) as well as the state office complex and Federal Courthouse. Each of these would be defined in the industry as single-user/owner properties. However, local brokers reported that sublet space is available for lease in the HD Supply property;
- The remaining “multi-tenant” inventory (approximately 200,852 sq. ft.) is composed of small “garden” office buildings located primarily along US 441 / Orange Blossom Trail and US 50 / W. Colonial Drive. Garden office buildings are defined by the real estate industry as small properties generally containing between 2,500 and 20,000 sq. ft. of space. In Parramore, many of these smaller office buildings are actually residential conversions that have occurred over time;



- Notably, due to the small amount of inventory, lack of new construction and presence of owner/user buildings such as the School Board headquarters, the Study Area's office market is *stabilized*. That is, the amount of vacant space is very low—ranging from a high of only 5.7 percent in 2004 to 2.9 percent in 2013. At year-end 2013, there were **only 18,400 sq. ft. of vacant office space in Parramore**. However, since the 18,400 sq. ft. of vacant

WTL + a

Real Estate & Economic Advisors
 Washington, DC 20017.3030
 202.636.4002 301.502.4171 774.538.6070

office space is scattered across the 200,852 sq. ft. of multi-tenant buildings (i.e., the single-user buildings are considered 100 percent occupied), the Study Area's adjusted office vacancy rate is 9.2%;

- Generally stabilized market conditions are also reflected in limited leasing activity. Net absorption (leasing) was slightly negative—with a **loss of -13,400 sq. ft. of occupied space since 2004** as a result of business contractions fueled by the 2007—2009 recession;
- CoStar, Inc. reports that owners of office buildings in Parramore have reduced asking rents—from a peak of \$20.54 per sq. ft. in 2004 to \$13.43 per sq. ft. in 2013 in an effort to enhance leasing prospects;
- The Parramore Study Area contains a **limited retail inventory of almost 248,000 sq. ft.** in 35 properties/buildings. Much of the Study Area's retail inventory is located in small retail centers and freestanding buildings on the two primary commercial corridors (US 441 and Colonial Drive), along Parramore Avenue (between Church and Jackson Streets), or in clusters such as the 25,193 sq. ft. of street-level retail space located at City View on Church Street;
- Similar to downtown, Parramore's retail market is generally soft, as vacancies increased from 2.9 percent in 2006 to a peak of 17.9 percent in 2008. Market conditions improved slightly by year-end 2013, with **17,100 sq. ft. of vacant retail space** (6.9 percent);
- Fluctuating retail market conditions are reflected in overall leasing activity. Notably, net absorption (leasing) was negative in five of the last eight years, with a total loss of -48,700 sq. ft. of occupied retail space. As a result, Parramore **has experienced a nominal annual average loss in occupied retail space of -6,100 sq. ft. per year**; and
- Notably, retail rents (as reported by CoStar, Inc.) are very low—in the range of \$8.55 to \$8.67 per sq. ft. This is not considered investment-grade, and rents at this level will not support new construction.

Table 20: “Workplace” Market Profile, Parramore Study Area, 2006—2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2004-2013			
											Total	Ann'l Avg.	CAGR %	
Office														
Inventory (1)	653,678	653,678	653,678	653,678	647,861	645,357	645,357	645,357	645,357	645,357	645,357	(8,321)		
No. of Buildings	43	43	43	43	43	42	42	42	42	42	42	(1)		
Vacant Stock (2)	37,054	15,673	12,873	19,642	24,195	10,600	10,600	11,672	17,867	18,413	18,413	(18,641)		
Vacancy Rate	5.7%	2.4%	2.0%	3.0%	3.7%	1.6%	1.6%	1.8%	2.8%	2.9%	2.9%			-7.3%
Total Net Absorption (2)	(23,704)	21,381	2,800	(6,769)	(10,370)	11,091	-	(1,072)	(6,195)	(546)	(546)	(13,384)	(1,338)	
Construction Deliveries	-	-	-	-	3,325	-	-	-	-	-	-	3,325		
Average Rental Rate (3)	\$ 20.54	\$ 20.11	\$ 14.86	\$ 14.61	\$ 15.23	\$ 13.61	\$ 11.34	\$ 10.74	\$ 9.52	\$ 13.43	\$ 13.43			-4.6%

Years to Stabilized (95%) Occupancy:	
Based on Average Annual Absorption	N/A

Retail (Data Available Since 2006 Only)														
Inventory			286,750	282,959	282,959	282,959	282,959	282,959	275,339	247,912	247,912	(38,838)		
No. of Buildings/Properties			39	38	38	38	38	38	37	35	35	(4)		
Vacant Stock (2)			8,454	4,700	50,519	36,479	25,843	2,500	20,000	17,094	17,094	8,640		
Vacancy Rate			2.9%	1.7%	17.9%	12.9%	9.1%	0.9%	7.3%	6.9%	6.9%			12.9%
Total Net Absorption (2)			(1,254)	(37)	(45,819)	14,040	10,636	23,343	(25,120)	(24,521)	(24,521)	(48,732)	(6,092)	
Construction Deliveries			-	-	-	-	-	-	-	7,009	7,009	7,009		
Average Rental Rate			\$ -	\$ -	\$ -	\$ 8.55	\$ 8.55	\$ 8.55	\$ 15.00	\$ 8.67	\$ 8.67			0.3%

Years to Stabilized (95%) Occupancy:	
Based on Average Annual Absorption	N/A

(1) According to CoStar, Inc., the office inventory in the Parramore Study Area includes the Orange County School Board headquarters (224,505 sq. ft.); HD Supply (220,000 sq. ft.); and 40 small Class C office buildings ranging in size from 500 sq. ft. to 17,200 sq. ft. The inventory excludes the state office buildings.
 (2) Includes existing vacant relet and sublet space.
 (3) Average asking rents for office space include both relet and sublet space on a full-service (FS) basis.

Source: CoStar, Inc.; WTL+a, March 2014.

Table 21: “Workplace” Market Profile, Parramore Study Area, 2006—2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Change: 2004-2013		
											Total	Ann'l Avg.	CAGR %
Industrial													
Inventory (1)	1,914,185	1,914,185	1,919,515	1,917,372	1,919,372	1,797,182	1,797,182	1,797,182	1,797,182	1,661,129	(253,056)		
No. of Buildings	125	125	126	125	126	121	121	121	121	110	(15)		
Vacant Stock (2)	84,098	74,273	69,824	66,565	95,133	141,675	128,939	130,322	103,600	92,574	8,476		
Vacancy Rate	4.4%	3.9%	3.6%	3.5%	5.0%	7.9%	7.2%	7.3%	5.8%	5.6%			2.7%
Total Net Absorption (2)	657	9,825	9,779	1,116	(26,568)	(168,732)	12,736	(1,383)	26,722	(125,027)	(260,875)	(26,088)	
Construction Deliveries	-	-	5,330	-	2,000	-	-	-	-	-	7,330		
Average Rental Rate (3)	\$ 4.50	\$ 4.96	\$ 5.44	\$ 5.87	\$ 5.83	\$ 4.90	\$ 5.47	\$ 3.94	\$ 3.77	\$ 3.80			-1.9%
Years to Stabilized (95%) Occupancy:													
Based on Average Annual Absorption												N/A	
Total Workplace Inventory													
Inventory	2,567,863	2,567,863	2,859,943	2,854,009	2,850,192	2,725,498	2,725,498	2,725,498	2,717,878	2,554,398	(13,465)		
No. of Buildings/Properties	168	168	208	206	207	201	201	201	200	187	19		
Vacant Stock (2)	121,152	89,946	91,151	90,907	169,847	188,754	165,382	144,494	141,467	128,081	6,929		
Vacancy Rate	4.7%	3.5%	3.2%	3.2%	6.0%	6.9%	6.1%	5.3%	5.2%	5.0%			0.7%
Total Net Absorption (2)	(23,047)	31,206	11,325	(5,690)	(82,757)	(143,601)	23,372	20,888	(4,593)	(150,094)	(322,991)	(32,299)	
Construction Deliveries	-	-	5,330	-	5,325	-	-	-	-	7,009	17,664		
Years to Stabilized (95%) Occupancy:													
Based on Average Annual Absorption												N/A	

(1) According to CoStar, Inc., the office inventory in the Parramore Study Area includes the Orange County School Board headquarters (224,505 sq. ft.); HD Supply (220,000 sq. ft.); and 40 small Class C office buildings ranging in size from 500 sq. ft. to 17,200 sq. ft. The inventory excludes the state office buildings.

(2) Includes existing vacant relet and sublet space.

(3) Average asking rents for office space include both relet and sublet space on a full-service (FS) basis.

Source: CoStar, Inc.; WTL+a, March 2014.

Market conditions among the Study Area’s industrial properties were also evaluated based on data provided by CoStar, Inc. between 2006 and 2013. Key findings are summarized below and illustrated in the accompanying tables:

- According to CoStar, Inc., **Parramore contains approximately 1.66 million sq. ft. of industrial space in 110 buildings/properties.** The amount of industrial space in the Study Area has declined by more than 253,000 sq. ft. since 2004, suggesting removal of properties from the inventory, demolition, etc.;
- Currently, only 92,600 sq. ft., of the Study Area’s industrial space is vacant—reflecting stabilized market conditions—with a vacancy rate of only 5.6 percent, and only a nominal increase from the 4.7 percent vacancy rate in 2004. Only a limited amount of new industrial space (17,700 sq. ft.) has been developed in Parramore since 2004;
- Market performance weakened between 2004 and 2013, as business contractions produced **negative leasing activity of -260,875 sq. ft.** Large blocks of space were vacated in both 2009 and 2013, and likely included the closing of the car dealership at the corner of US 441 and US 50 / W. Colonial Drive; and
- Consistent with the decline in occupied inventory over the past eight years, CoStar, Inc. reports that asking rents for industrial space have declined—from a peak of \$5.87 per sq. ft. in 2007 to \$3.80 per sq. ft. in 2013, as owners provide concessions to enhance leasing prospects for vacant industrial space.

In summary, the Parramore Study Area contains over 2.5 million sq. ft. of “workplace” real estate, including office, retail and industrial uses, in 187 buildings/properties. **Since 2004, almost 323,000 sq. ft. of occupied real estate has been vacated,** most notably in the Study Area’s industrial uses, with negative absorption in six of the past 10 years. Nonetheless, the vacancy rate for workplace uses in the Study Area remains low—in the range of 5.0 percent.



4 Development Potentials & Implementation

The primary objective of this study is to evaluate overall market support for revitalizing Parramore and to guide public policies necessary to ensure that the plan is successful. This section of the report evaluates market potentials for key uses identified in the plan, including: market-rate residential, workplace, and supporting uses such as general retail and food and beverage (restaurants). As noted, this study does not address workforce or affordable housing, as that effort is being led by the University of Florida’s Shimberg Center for Housing Studies.

In evaluating market demand for these uses, the analysis also considers the possible spin-off impacts of use-driven projects such as Creative Village (and its innovative role as a mixed-use destination for educational/institutional, commercial and residential uses), construction of a downtown campus for UCF, the proposed soccer stadium, and the Magic Center/Amway retail/entertainment project proposed for the parcels to the north of Amway Center.

This section also examines potential development issues and preliminary implementation strategies. The issues and strategies are based on the market analysis for each of the uses described above. The analysis for each use is presented in detail below:

Market-rate Housing

As noted in Section 2 of this report, the population of the City of Orlando has increased by more than 49,600 residents since 2000. If the city continues to grow at the same rate it did between 2000 and 2013 (a sustained annual pace of 1.7% per year), it will add almost **113,500 new residents in 48,900 new households** by 2035. This is known as a “straight-line” projection.

Citywide Growth Potentials:

113,500 New Residents in 48,900 New Households (Units)

- As illustrated in Table 22, the first step in the housing analysis considers the fact that some existing vacant housing units could be available to accommodate future household growth.

WTL + a

Real Estate & Economic Advisors
Washington, DC 20017.3030
202.636.4002 301.502.4171 774.538.6070

In 2012, the citywide housing vacancy rate was 14.7 percent. The analysis assumes that the vacancy rate will decline slightly over the next 20 years—to 13 percent by 2035;

- From a perspective, some portion of existing vacant units will need to be leased and sold before financing of new construction is provided (this is simply a more conservative way of measuring housing potentials). The analysis assumes that 30 percent of existing vacant units are available for occupancy. This yields **net demand for almost 44,700 new housing units citywide by 2035**;
- Next, the analysis allocates an estimate of potential new market-rate housing units to the Study Area. This is based on known projects such as new residential development proposed for Creative Village and assumptions about other potential new market-rate units that could be built somewhere in the Study Area, such as catalyst projects (i.e., it is not site-specific);
- According to the 2013-2035 Projected Downtown Cumulative Housing Growth forecasts prepared by the City of Orlando Planning Department, there are two known/identified projects in the Parramore Study Area that will include new housing by 2035:
 - Creative Village—1,604 units
 - Downtown Sports & Entertainment Project (Amway)—250 units
- As no other projects with market-rate housing are known at this time, the analysis assumes delivery of an additional **600 new units as part of catalyst/other projects delivered over the next 20 years (2015-2035)**. This excludes affordable and workforce housing units that may be provided as part of the Carver Senior Housing/Carver Park Hope VI expansion, Wells Landing development, and/or others in Parramore not known at this time;
- The additional 600 units is an estimate; as a means of understanding whether the marketplace will support this estimate, we compared the required capture of future citywide growth for the known projects identified above and the unknown (i.e., 600 units). This suggests that the required capture of future citywide demand for new housing will be as follows:
 - 0.5% required capture for Downtown Sports & Entertainment housing
 - 3.3% required capture for Creative Village

- 1.2% required capture for unknown projects (600 units)
- Collectively, a planning target of approximately **2,500 new, market-rate housing units** in both known/catalyst and unknown projects in the Parramore Study Area will **require an overall capture of 5 percent of the city’s future growth**. In our professional opinion, this is a reasonable and achievable target presuming continued growth in population, households and jobs (particularly in downtown Orlando).

Table 22: Housing Potentials, 2035

	2013	2015	2025	2035	Change: 2013-2035
City of Orlando					
New Growth (From Table 1)					
Population	250,415	259,071	307,054	363,923	113,508
Households	(1) 107,938	111,669	132,351	156,863	
New Households:	-	3,731	20,682	24,513	48,926
Net Housing Demand					
Total Units:	123,330	129,622	150,304	174,817	51,487
Actual & Assumed Vacancies	(2) 14.7%	14.6%	14.0%	13.0%	
All Vacant Units:	18,148	18,925	21,043	22,726	
- Occupancy of Existing Vacant Units @	(3)			30.0%	
Gross Demand Allocated to Existing Vacant Units:				6,818	(6,818)
2035 Net Demand (Units):					44,669
Parramore Study Area					
Allocation to Known Projects					
Creative Village	(4)	160	924	520	1,604
Required Capture of Future Demand		4%	4%	2%	3.3%
Downtown Sports & Entertainment District	(4)	-	250	-	250
Required Capture of Future Demand			1%		0.5%
Other Market-rate Units					
Assumed Units Delivered in Catalyst Projects		100	200	300	600
Required Capture of Gross Citywide Demand		3%	1%	1%	1.2%
TOTAL (Market-rate Units Only):		260	1,374	820	2,454
Required Capture of Future Demand		7%	7%	3%	5.0%

(1) Growth forecasts assume a straight-line growth rate (i.e., the City of Orlando continues to grow at the same rate of 1.7% per year between 2013-2035 as it did between 2000-2013) (see Table 1).

(2) The analysis assumes that Orlando's current housing vacancy rate (14.7%) declines over the forecast period.

(3) From a financing perspective, the analysis assumes that a minimum of 30% of existing vacant housing stock is available to accommodate new household growth. This reduces gross unit demand by 30%.

(4) Based on 2013-2035 Projected Downtown Cumulative Housing Growth forecasts prepared by the City of Orlando.

Source: U.S. Census Bureau; ESRI Business Analyst; WTL +a, August 2014.

Multi-tenant/Speculative Office

The first step in measuring market support for office space in the Parramore Study Area examines market potentials for office use countywide and allocates demand to the Study Area. As illustrated in Table 23, the analysis translates growth forecasts (for 2013—2021) among specific industry sectors prepared by the Florida Department of Economic Opportunity (DEO) (formerly the Agency for Workforce Innovation [AWI]) into demand by applying an occupancy factor (of occupied space per office employee), and estimates the proportion of employees in each sector who are office workers.

The analysis also considers demand generated by other market factors, such as vacancy adjustments, part-time/self-employed individuals (who may or may not occupy multi-tenant office space), and cumulative replacement; these estimates either increase or reduce future demand for office space. Cumulative replacement, for example, considers tenants that move when a building is removed from the inventory due to physical and/or functional obsolescence.

- The analysis indicates *gross* demand for almost 12.6 million sq. ft. of office space across Orange County between 2013 and 2021;
- From a financing perspective, however, some portion of the county's existing 6.6 million sq. ft. of vacant office space would need to be leased before new office space could be financed. At this time it is not known how much of the remaining existing vacant inventory suffers from physical and/or functional obsolescence; will be converted to other uses such as residential; or could be demolished. Given that the region's office market is in recovery from the 2007—2009 recession, the analysis assumes that 50% (or 3.3 million sq. ft.) would need to be leased before financing is provided for any new office construction. This yields remaining **net demand for approximately 9.25 million sq. ft. of new office space (countywide) by 2021**;
- Next, the analysis allocates an estimate of potential new office space to the Study Area. This is based on known projects such as the initial phases of Creative Village and the proposed office space to be built as part of the Downtown Sports & Entertainment (Amway) project as well as assumptions about other potential space that could be built somewhere in the Study Area, such as catalyst projects (i.e., it is not site-specific);

-
- According to the 2013-2035 Projected Downtown Office Growth forecasts prepared by the City of Orlando Planning Department, there are two known/identified projects in the Parramore Study Area that will include new office space by 2021:
 - Creative Village—450,000 sq. ft. (and a total of 1.5 million sq. ft. by 2040)
 - Downtown Sports & Entertainment Project (Amway)—100,000 sq. ft.
 - As no other projects with office uses are known at this time, the analysis assumes that the Study Area will *maintain* its current share of office space relative to the county total in the future. That is, as illustrated previously in Table 20, the Study Area’s 645,400 sq. ft. of existing office space comprises a 1.7 percent share of the county’s 37.2 million sq. ft. of office space. (The 1.7 percent share includes the multi-tenant inventory of 200,852 sq. ft. as well as the OCSB and HD Supply buildings, but excludes the state office complex and Federal Courthouse);
 - If Parramore maintains its fair share of 1.7 percent in the future, this would support an additional **160,000 sq. ft. of new speculative/multi-tenant office space by 2021**. As a means of understanding whether the marketplace will support this estimate, we compared the required capture of future growth in office space for the known projects identified above and the unallocated (i.e., 160,000 sq. ft.). This suggests that the required capture of future demand for new office space will be as follows:
 - 5% required capture for Creative Village
 - 1% required capture for Downtown Sports & Entertainment housing
 - 2% required capture for unknown projects (160,000 sq. ft.)
 - Collectively, a planning target of approximately **710,000 sq. ft. of new office space** in both known/catalyst and unknown projects in the Parramore Study Area will **require an overall capture of 8 percent of the future growth in office space** generated by job growth in office-using sectors through 2021. In our professional opinion, this is an achievable target but it may require the use of financial and/or regulatory incentives, particularly in small-scale projects, as the broader downtown office market continues to recover from the effects of the recession (i.e., current rents may not justify construction feasibility, uneven absorption/leasing activity, etc.); and

Table 23: Office Market Potentials, 2013—2021

Industry Sector	New Jobs 2013-2021	% Office- Using	SF Occupancy Factor	2021 Demand (In SF)
Orange County				
Resources & Construction	8,413	10%	175	147,200
Manufacturing	1,180	20%	200	47,200
Transp/Communications/Utilities	2,773	40%	200	221,800
Wholesale & Retail Trade	14,248	20%	175	498,700
Finance/Insurance/Real Estate Services	6,127	85%	275	1,432,200
Professional/Business Services	11,736	90%	250	2,640,600
Management/Administrative	11,697	60%	250	1,754,600
Education & Health Care	20,283	35%	200	1,419,800
Arts/Entertainment/Recreation	6,694	20%	175	234,300
Accommodations & Food Services	12,861	25%	175	562,700
Other Services	6,050	50%	225	680,600
Government	10,508	60%	150	945,700
Self-Employed	6,289	10%	175	110,100
Total/Weighted Average:	119,515	41%	199	10,695,500
+ Vacancy Adjustment @		7.5%	(1)	802,200
+ Cumulative Replacement Demand		10%	(2)	1,069,600
Gross Demand - Orange County (SF):				12,567,300
Existing Vacant Office Space		6,626,985	(3)	
- Lease-up Required @	50%	(3,313,492)	(4)	(3,313,492)
Remaining Vacant Space:		3,313,492		
Resulting % Vacant		9%		
2021 Countywide Net Demand (SF):				9,253,800
Parramore Study Area				
Allocation to Known Projects (As Built Only Through 2020)				
Creative Village				450,000
Required Capture of Future Demand				5%
Downtown Sports & Entertainment District				100,000
Required Capture of Future Demand				1%
Other Projects				
Assumed Office Delivered in Catalyst Projects (Based on Fair Share)			(5)	
Existing Known Office Space			645,357	
As % of Orange County @			1.7%	
2021 Market Potentials:			160,000	160,000
Required Capture of Future Demand				2%
TOTAL:				710,000
Required Capture of Future Demand				8%

- (1) This allows for a 7.5% "frictional" vacancy rate in new office space delivered to the market (i.e., this accounts for tenant movement to new space).
- (2) This represents new space required by existing businesses to replace obsolete or otherwise unusable office space. This is assumed to represent 10% of total demand.
- (3) Based on Q4/2013 office inventory and vacancy data for Orange County (Cushman & Wakefield).
- (4) From a financing perspective, some portion of existing vacant office space in Orange County will need to be leased before financing of new construction is viable. This is assumed to represent 50% of existing vacant office space, which would thereby reduce the current overall vacancy rate to 9%.
- (5) The Study Area's office inventory comprises a 1.7% share of Orange County's 37.2 million sq. ft.

Source: CoStar, Inc.; Cushman & Wakefield, Inc.; Florida Agency for Workforce Innovation; WTL +a, March 2014.

-
- As the state does not prepare employment forecasts beyond 2021, it is not possible to estimate future demand for office space in the Study Area beyond that time.

In summary, speculative/multi-tenant office space located in Parramore contains a tenant mix of both professional/business services (oriented to nearby households) as well as owner/users such as the Orange County School District headquarters. Additional residential growth as part of Parramore’s revitalization is key to generating incremental demand for new office space. A key recommendation resulting from this analysis should include a business retention and recruitment strategy focused on the downtown office sector (and broader downtown submarkets such as Parramore) that will serve to increase office occupancies and absorption/leasing activity.

General Retail & Restaurants

To support additional retail uses in the Parramore Study Area, multiple market segments beyond neighborhood residents will need to be served. Recent declining population, lower-than-average household incomes and limited traffic counts on various streets within the Study Area are not strong indicators for new retailers to consider Parramore as a location. However, if other market segments are combined with Parramore’s resident market, potential market support for additional retail uses will be considered more competitive. The major market segments to consider include:

- Parramore residents and underserved residents in adjoining residential (“trade”) areas such as west of US 441 / Orange Blossom Trail;
- Employees and business visitors who come to the neighborhood for workplace reasons;
- Event visitors at Amway Center and their proposed Entertainment & Sports District project as well as the proposed Orlando City Soccer Team stadium;
- UCF/Valencia College students who will live and study at the Creative Village campus; and
- “In-flow” consumers (i.e., all others who might pass through Parramore or visit existing and new residents).

The retail analysis for each of these market segments and estimates pertaining to the amount they can expect to spend at new retail uses in Parramore as well as the mix of spending by category, is illustrated in Table 24 below.

Table 24: Share of Spending Power by Consumer Category (Phase 1/5 Years)

Consumer Category	Share of Total	Supportable Space (In Sq. Ft.)	
		Low	Moderate
Parramore & Trade Area Residents	40%	20,000	22,000
Nearby Employees	40%	20,000	22,000
Creative Village Students	10%	6,500	7,500
Event Visitors	7%	3,500	4,000
In-flow Markets	3%	3,500	5,000
Supportable Space (In Sq. Ft.):		53,500	60,500

Source: Retail & Development Strategies LLC; WTL+a, August 2014.

The continuing importance of both resident and workplace markets will be a major consideration during the first five years as the Comprehensive Plan is implemented. As market (and new commercial development) increases in other competing submarkets across the metropolitan area, the number of residents and the range of retail options available to them will grow, both in number and in ‘captured’ spending from the consumer segments illustrated above. In addition, two other issues should also be considered:

Impact of Events Venues in Parramore

The Orlando City soccer team and its new stadium will bring additional event visitors to Parramore throughout the year, but their primary motivation will be to attend soccer games. As a result, the strongest opportunity to capture additional retail sales will be in restaurants and bars nearby for before-game and after-game gatherings. Orlando’s soccer fans are enthusiastic and will be likely to gather well before game times. Key factors affecting retail potentials in the area surrounding the soccer stadium include: the number of games and other soccer-related events (e.g., demonstrations, team practices, etc.) and the amount of retail space included inside the stadium (e.g., the Orlando City team store, food and beverage concessions and other services), and only operating to serve event visitors on game days. The number of games and

events is estimated at approximately 50 to 60 per year, so those days will be very active in drawing people to Parramore and the stadium venue. As the remaining 200+ days across the year will be less active in drawing participants, market support for nearby retail and food service should be considered an “extra” benefit. Notably, business planning for these adjacent and nearby retailers and restaurants should be based on stabilized day-to-day market support from residents and workers (and not solely from stadium event attendees) for such businesses to succeed.

Amway Center, the Orlando Magic arena is located adjacent to downtown Orlando on the eastern end of the Parramore neighborhood. Annual attendance and concessions revenues for 2009—2013 are illustrated in Figure 2 below. As part of its proposed mixed-use entertainment and retail district, the program of shops, restaurants and bars, office space and a hotel are generally sized to be self-supporting from sports and other events at the Arena. Of course, the landscaped plazas proposed as part of the entertainment district will be open to the public and anticipated programming and tenant mix will add to the range of offerings available to residents, nearby employees and other visitors to Parramore. However, the location is less central and the market orientation is primarily toward serving Arena visitors. For these reasons, the Event Visitor market segment identified above is not considered to be a major contributor toward new retail uses in the Study Area. This is reinforced by the challenges that retail and food service tenants located at the street-level of the City View building opposite the arena on Church Street. In summary, event visitors can be strong supporting submarkets, but day-to-day sales will be more dependent on spending by both residents and nearby employees.

Figure 2: Proposed Amway Center Entertainment District Concept



Table 25: Amway Center Performance Indicators, 2009—2013

Event	Amway Arena		Amway Center			Change: 2009-2013	
	2009	2010	2011	2012	2013	Amount	%
Attendance							
Concerts	151,413	155,348	245,151	266,591	265,418	114,005	75%
Family Events	229,435	136,709	181,872	136,245	163,243	(66,192)	-29%
Basketball Games	784,914	764,515	816,421	571,541	604,839	(180,075)	-23%
Hockey Games	-	-	-	-	171,189	171,189	
Arena Football	-	63,997	71,269	56,802	52,908	52,908	-17%
Community Events	71,794	81,500	106,067	82,272	47,650	(24,144)	-34%
Other Events	60,000	21,600	43,161	77,647	21,087	(38,913)	-65%
Total Attendance:	1,297,556	1,223,669	1,463,941	1,191,098	1,326,334	28,778	2.2%
<i>Annual Change</i>	-	(73,887)	240,272	(272,843)	135,236		
No. of Events:							
	152	120	203	174	209	57	38%
<i>Annual Change</i>	-	(32)	83	(29)	35		
Concessions/Building Gross:							
	\$ 12,482,591	\$ 13,201,477	\$ 22,040,657	\$ 18,131,952	\$ 19,048,372	\$ 6,565,781	53%
<i>Annual Change</i>	\$ -	\$ 718,886	\$ 8,839,180	\$ (3,908,705)	\$ 916,420		

Source: Amway Center; VHB, Inc.; WTL+a, March 2014.

Impacts of Creative Village Campus & Students

Retail and food and beverage market potentials generated by the research and development, office space, educational services and facilities and other 'creative industries' in Creative Village may prove to be a greater source of support for new retail uses over time. The addition of up to 10,000 students on the Creative Village campus will be a critical part of the Parramore neighborhood and its evolution into a mixed-use destination. During the first five years of development, the proportional share of retail space supported by students and staff from the University of Central Florida and Valencia College in Parramore will be affected by several factors that are not known at this time, but should be considered. These include:

- How many students will be on campus daily and for how many hours?
- What portion of students will live on-/near-campus in privately developed student housing (this is important because students who live on-/near-campus spend more than commuter students who may live in other parts of the Orlando area)?
- What portion of students will be commuters who live elsewhere, but are on-campus for part of the day (as commuter students spend differently and spend less than resident-students)?

WTL + a

Real Estate & Economic Advisors
 Washington, DC 20017.3030
 202.636.4002 301.502.4171 774.538.6070

-
- What retail, food and beverage and services will be offered within educational facilities/buildings and operated by UCF/Valencia College?
 - Will meal costs be subsidized or linked to a student Meal Card program?
 - Will there be a campus bookstore or a contractual arrangement with an operator such as Barnes & Noble College Bookstores?
 - What will be the operating hours for retail offerings located inside of educational facilities/buildings?
 - Where will students, faculty and staff park?
 - How will ease of access and connections to the Parramore neighborhood encourage pedestrian flow between the Creative Village campus and adjoining blocks, such as Parramore Avenue?

As the full development program, timing and phasing for Creative Village is further defined, opportunities to increase the amount of retail space generated by students, staff and visitors for other businesses in Parramore will likely increase. Notably, student spending is lower than spending by adult residents and families, and tends to focus more on food and beverage, groceries and entertainment uses rather than more conventional retail stores. Student markets are also more likely to use on-line shopping sources for apparel, accessories and gifts. Nonetheless, students continue to spend on entertainment/going out with friends to socialize and to dine at more moderately-priced casual food service cafes and restaurants.

Based on spending potentials for each type of consumer, existing available competitive retail offerings in the Study Area (and the desire to strengthen existing retail operators/businesses in Parramore), illustrates a conceptual program of retail that can be considered for key locations in the Study Area, including identified catalyst projects:

Table 26: Retail Market Potentials by Business Category (Phase 1/5 Years)

Retail Category	Size (In Sq. Ft.)	No. of Businesses	Notes
Restaurants/Bars/Carry-out	20,000	3 to 5	Located on or close to Creative Village campus; along Parramore Avenue
Grocery Store	20,000 to 25,000	Single operator	Located on SR 441 at W. Church Street
Convenience/Other	15,000	1 to 2	Located on or close to Creative Village campus; along Parramore Avenue
TOTAL (Sq. Ft.):	55,000 to 60,000		

Source: Retail & Development Strategies LLC; WTL+a, August 2014.

The findings of the retail market analysis utilize conservative market assumptions as the Parramore Comprehensive Neighborhood Plan is implemented during the first five years. If the Creative Village development program takes an additional one to two years planning/design/entitlements, etc., the first target year of the retail analysis would be 2016 or 2017. However, estimated sales were completed in constant 2014 dollars.

As public funding on such initiatives as infrastructure is completed, private investment is made, new projects (such as those identified in the plan) are completed, and additional housing is developed throughout Parramore, a critical mass of market support will be available. Based on that opportunity, there will likely be the potential to add more retail beyond five years. There could be market support for up to 20,000 sq. ft. of additional retail, most likely clustered near retail concentrations at US 441 / Orange Blossom Trail, near the existing traditional retail core of businesses on Parramore Avenue, and adjacent to Creative Village.

The final allocation of retail space among the three catalyst projects analyzed as part of the financial feasibility analysis in Section 5 of this report is yet to be determined. Each catalyst site

is planned to contain space for retail within mixed-use structures, as well as a suggested location for a neighborhood-scale/urban-format grocery store at the intersection of US 441 / Orange Blossom Trail and Church Street at the western boundary of the study area. The location of this site is deliberate, as it is central to residential neighborhoods on both sides of US 441 (including Parramore on the east and Washington Shores on the west), and can benefit from visibility and accessibility to high traffic counts on US 441 to encourage convenience and impulse purchases from this key segment.

Preliminary Development Issues & Implementation

The following describes potential development issues and implementation strategies for the Parramore Comprehensive Neighborhood Plan. The issues and strategies are based on the market analysis and recommendations for residential, general retail and food service and workplace uses.

Historic urban neighborhoods like Parramore represent opportunities for change in cities across the United States. Downtown Orlando has evolved as a regional center for office, medical, and urban residential development, but the retail and industrial uses in Parramore have not yet fully benefitted from recent and ongoing economic activities and redevelopment throughout downtown. While the downtown has had mixed success in expanding its food and beverage and entertainment offerings, current market conditions are weak (see Section 3) and Parramore's physical separation from downtown created by I-4 has exacerbated the challenges of strengthening its connection to (and benefits from) downtown.

Recent planning for the proposed mixed-use entertainment project adjacent to Amway Center, Creative Village/UCF and the soccer stadium include design solutions to better connect the Parramore neighborhood with downtown Orlando. Historic patterns of decline, vacancy and disinvestment in Parramore and the need for job creation and better retail offerings for both existing and new residents is a critical objective of the plan; issues and opportunities to find balanced ways to provide for these needs is a central goal of this section.

Two approaches for revitalization were considered. As discussed in detail above, the first seeks to stabilize economic conditions in Parramore over the next five to 10 years by capturing Parramore's fair share of future growth in market-rate housing, and to focus on selected uses

and locations to improve retail and employment offerings for neighborhood residents. The second approach is structured to accelerate the pace of revitalization, and to attract potential markets beyond Parramore's 'fair share' of Orlando area growth. This approach can benefit from several tools that will address unmet markets:

- Use of public policies and any available financial incentives to 'induce' investment at a faster rate than might normally occur;
- Use selected property/parcels owned by the City of Orlando in Parramore to attract private investment (such as reuse/redevelopment of the City-owned fire station located at Parramore Avenue and Central Boulevard or the Public Safety site) to encourage development; and
- Seek public/private partnerships with various organizations (such as BBIF or others) to achieve public and neighborhood goals but not rely on conventional financing as the basis for development decisions.

As detailed in Section 3 of this report, approximately 528 housing units are vacant/unoccupied at the time of the market analysis, and the city has identified almost 400 vacant lots. As the Comprehensive Neighborhood Plan is developed, vacant houses and lots can serve as opportunities to create new affordable and workforce housing units and/or as sites to develop new in-fill housing. In stakeholder interviews with area residents, many expressed loyalty to, and pride in, the traditions of Parramore. They are also concerned about retaining Parramore's neighborhood identity and sense of community as the area is planned for change, revitalization and redevelopment.

Parramore is also an employment center. Office and industrial uses (which include manufacturing, warehousing and distribution businesses) in Parramore provide over 7,100 jobs for area residents and generate property, sales and other taxes for the City of Orlando.

Maintaining and improving Parramore's tax base is a key objective of economic development, and will serve to generate the revenues necessary to fund continued public improvements and investments throughout the neighborhood. In other cities where neighborhoods have evolved, these types of industrial uses and businesses may relocate as property values increase. Light industrial uses, such as those located along W. Amelia Street and in other parts of Parramore, may not generate as much value as other types of real estate development, but the transition

should be very carefully planned so as not to lose both the businesses and the jobs they provide before the appropriate time. We recommend that the city conduct a series of cost-benefit studies to understand the costs and benefits associated with these transitions, such as a comparison of revenue losses from businesses that move outside of the city, relocation costs for viable businesses to keep them in the city (in other locations), and net new property tax revenues generated from redevelopment of these sites in the Study Area.

Improvements in the number, type and quality of retail stores, food and beverage uses and consumer service businesses in Parramore are challenged by the lack of investment and declining population, and these factors inhibit attracting new retailers and other small businesses to fully serve the needs of Parramore's residents. For example, the grocery store industry generally requires 10,000 to 12,000 residents within an immediately-accessible area that will generate sufficient sales to open and operate a grocery store. On its own, Parramore does not have enough residents to support a full-service grocery store. However, there are other market opportunities that could help attract grocery operators. In addition to existing residents and employees in Parramore, there are new facilities and special market segments (such as students) that Creative Village will generate. Also, average daily traffic counts on US 441 / Orange Blossom Trail is another positive market factor.

Many chain-affiliated stores and grocery stores require 20,000 to 30,000 cars per day as a minimum requirement, as some percentage of pass-through traffic typically stops to make a purchase. It is a positive for Parramore residents that additional types of consumers (such as commuters and other pass-through traffic) are available to supplement existing residents. This mix of market segments could be used to explore attracting a grocery store to a key catalyst site (identified by the city) at the corner of Church Street and US 441 / Orange Blossom Trail as a potential grocery store location.

The reality of the current market is that there are too few Parramore residents to support much retail expansion, and average household incomes in the neighborhood are significantly lower than the city as a whole. These factors reduce Parramore's competitive market position today. As noted in the retail analysis above, other market segments (including students, additional employees and new residents, and/or pass-through traffic on US 441 and visitors to the soccer stadium and Amway Center) will be required to strengthen overall market potentials, and

residents will benefit from demand generating by these additional sources of market support. Without these additional market segments, it will be much more difficult to attract a range of new and improved retail businesses to Parramore.

The plan incorporates these market-based revitalization opportunities; over time, changes can be implemented to add new residents, workers and consumers while retaining and expanding options for current residents. This includes new housing (both single-family detached and multi-family), new neighborhood services (such as the proposed public school) and new educational and training facilities planned at Creative Village. Moreover, Parramore residents will also benefit from the proposed \$200 million entertainment district at Amway Center in the form of additional consumers for sports and entertainment events at the arena. While the mixed-use components of the project (i.e., restaurants and bars, retail and a hotel) are generally in balance with spending potentials of visitors to arena events, some spillover to neighboring blocks may be likely. The soccer stadium's evolving plan will also generate visitors, but the number of programmed game days (when event visitors will be greatest) may only occur on 50 to 60 days per year. It is not known if the soccer stadium will be used on any of the remaining (280+) days, and therefore it is likely to limit additional spin-off spending on retail and dining uses surrounding the stadium.

Providing retail services to existing (and future) Parramore residents is critically important. While average household incomes may be lower today as compared to other parts of Orlando, resident-based spending is estimated to comprise approximately two-thirds of all retail spending in Parramore and its immediate area; remaining available spending will be generated by other market segments such as office and industrial employees and future students. The following highlights key aspects of the proposed Creative Village project, as it is likely to have the most significant short-term impacts aimed at expanding/strengthening Parramore's economic vitality.

Creative Village

The announcement in late September 2014 that the University of Central Florida (UCF) and Valencia College plan to locate some of their educational programs to Creative Village is a major change for this part of Parramore. UCF suggests that it may bring as many as 6,000 students to the campus and Valencia College another 4,000, for a total of up to 10,000 students at the future campus. In addition to 10,000 students, educational uses will also include faculty

and staff for the University and the College, likely representing additional spending power for area restaurants, stores and service businesses. Recent news reports suggest that UCF is considering locating its technology education programs to Creative Village as well as the WUCF television station, its digital media and visual arts program, and Public Service educational programs. Valencia College is expected to locate its hospitality management training programs, culinary arts, and computer graphics departments along with the freshmen and sophomore classes. Press announcements on Creative Village suggest that the colleges will not build student housing, but locations for student apartments and dormitories may be included in other parts of the campus and developed by private sources. The university would develop and pay for the parking garage. The State of Florida budget for 2015 includes \$2 million for planning the new academic campus. While no final budget is available, the first phase of the proposed UCF campus is expected to generate between \$75 million and \$95 million in new investment.

The developer of Creative Village has noted that potential gentrification from the project will be a concern, but also reiterated that current conditions in Parramore need to change after years of population decline, physical deterioration and disinvestment. The magnitude of vacant housing units and lots in Parramore should also be considered an opportunity for redevelopment, and could serve as a viable tool to ensure that affordable and workforce housing is provided as well as different types of housing in any new residential development than has previously existed in Parramore. If properly planned and implemented, this can be both a solution and a method to create new housing options for existing and new Parramore residents and those wishing to return to the neighborhood.

Arizona State University Downtown Phoenix Campus Precedent

While final planning, timing/phasing and sources of funding for Creative Village have not been released, the urban campus of Arizona State University (ASU) in downtown Phoenix has been described multiple times as a potential model for the Creative Village plan in Parramore. The ASU downtown campus has brought new activity and major investment (both public and private) into downtown Phoenix, and represents total spending of over \$200 million to date. The original plan for the campus was to grow up to 15,000 students, and was funded in part by a public bond issue by the City of Phoenix.

There are a number of parallels between downtown Phoenix and the ASU urban campus and the Creative Village plan with UCF and Valencia College in central Orlando. Downtown Phoenix is surrounded by interstate highways on four sides (I-10 and I-17), affecting connectivity with surrounding areas. There are lower density commercial areas and lower income neighborhoods within the interstate ring, and there are efforts to create new housing downtown to increase activity and support more retail. ASU campus facilities are located over several blocks in the northern portion of the traditional core of downtown Phoenix. Downtown is also the seat of city and county government, and includes numerous public facilities. There are several cultural facilities, including the Phoenix Symphony Hall and the Herberger Theater Center, and the US Airways Arena, home of the Phoenix Suns professional basketball team and site of major concerts and events, is located in the southern part of downtown. A regional transit center is located near the campus and Chase Field, the first retractable-roof baseball stadium built in the U.S. and home field of the Arizona Diamondbacks. Another parallel to Orlando is the development of a biomedical campus and construction of a College of Medicine for ASU and the University of Arizona, a similar concentration to the medical/hospital cluster in downtown Orlando.

There are notable differences between Phoenix and Orlando: downtown Phoenix has the largest area convention center facility and several major supporting hotels, and the Phoenix Sky Harbor International Airport is located just outside the interstate ring to the east, much closer to downtown than the airport in Orlando. While tourism is a major industry in Phoenix and Scottsdale, Orlando has a significantly larger visitor/tourist market.

The plan for the downtown Phoenix campus for ASU began in 2006 as a partnership between the City of Phoenix and the university, and a number of ASU-related facilities have been constructed since then. The downtown campus plan integrates multiple academic, cultural/recreational, administrative, and health care and student residential buildings into the urban fabric and street grid of downtown Phoenix. Other academic facilities for ASU are located on the main campus in adjacent Tempe, but the downtown campus initiative is considered a successful extension and catalyst for activity and related development in downtown Phoenix.

The components of the ASU Downtown Campus that could become precedents for UCF and Valencia Colleges' programs at Creative Village in Parramore include:

WTL + a

Real Estate & Economic Advisors
Washington, DC 20017.3030
202.636.4002 301.502.4171 774.538.6070

- The Cronkite School of Journalism and Mass Communication—a \$71 Million, six-story academic facility including a public television station. As part of ASU's strategy for environmental sustainability, part of the building's power supply is provided by hundreds of solar panels
- The ASU University Center includes classrooms, offices, laboratories, seminar rooms and study areas for students. The ASU downtown bookstore and café are located in the building and open to the general public. The University Center also includes the downtown campus's technology assistance desk for students along with linked library and research materials facilities and general research assistance. The ASU College of Public Programs, the School of Letters and Sciences and the University College administrative offices are in the University Center building
- Student dormitory/apartment housing is at Taylor Place, a pair of 13-story residential towers housing almost 1,300 students and providing meal services under a mandatory Meal Plan. The dormitory towers have been very popular with students and were oversubscribed for the 2014 fall semester, with 100% occupancy. Residential units serve the College of Health Solutions, the College of Nursing and Health Innovation and the Bennett Honors College. The positive impact of students on downtown businesses has been noted by City of Phoenix government and the Downtown Phoenix Partnership
- The College of Nursing and Health Innovation has classrooms, research and laboratory facilities and administrative offices, and includes the ASU Nurse-Managed Health Clinic on the street level of the building that is open to ASU students, employees and the general public
- Mercado A-F is a series of low- scale buildings at the eastern end of the downtown campus, and include extended education/distance learning programs, Executive Education, and the ASU Teachers College. Mercado also houses the Center for Community Development and Civil Rights and the Center for Urban Education
- The historic Central Post Office for Phoenix was renovated and adapted into the ASU Student Center, with meeting rooms, recreation and gathering places and student counseling and services offices

- Adjacent to the Post Office Student Center is Civic Plaza, an open space with a dramatic shade structure; the Civic Plaza is adjacent to the Post Office Student Center
- The AE England Building is a renovated historic former auto dealership that architecturally connects the ASU facility to the downtown building fabric, and includes classrooms, meeting spaces, events spaces, an art gallery and café, and
- The Downtown YMCA and Fitness Center serves as a fitness, wellness, sports and aquatic facility for ASU students and the downtown Phoenix community.

Key findings about the ASU Downtown Campus suggest the following:

- The ASU downtown campus has grown steadily over a period of eight years into a major activating use for downtown Phoenix. While it is not in the center of the traditional downtown core, it represents new student residents, public investment in multiple facilities, and a complement to other downtown institutions and commercial sub-districts
- The downtown campus plan was developed with a long-range vision about what should be included, where facilities should be located, and how the plan and facilities could become an integral part of downtown. It replaced surface parking lots and a low-scale motel, and incorporated selected historic structures to tie the campus physically and functionally to the surrounding downtown
- Funding for the campus included a combination of bond funding from the City of Phoenix and capital investments by ASU for facilities, supported by both policy and funding commitments over many years, and
- The economic benefits of this project and major investment have resulted in an improved and more activated section of downtown Phoenix, as well as an anchoring academic use that complements other cultural, recreational and commercial uses downtown.

Funding Issues for Creative Village & Other Catalyst Sites

The catalyst sites and suggested developments in the Comprehensive Plan should be considered within two areas:

- What will foster careful integration of new projects in Parramore without unduly displacing existing residential and workplace uses, and how can the plan manage growth and change appropriately?

WTL + a

- What are the public and private financing issues that may accelerate, sustain or potentially defer some changes over time?

A number of tools and programs will need to be used to implement the goals of the Parramore Comprehensive Neighborhood Plan:

- The Downtown and County CRAs can provide management, public process and funding, as available, for catalyst sites and projects, but this will be a multi-year process and will need private investment partners responding to market opportunities to succeed
- City funds are limited, and capital investment in public projects using Tax Increment Financing (TIF) funds are largely committed for the near-term. This will likely affect the timing of future public investments until additional private projects are completed that serve to generate additional tax increment revenues
- Funding for development of Creative Village may include both private sources and public educational funds, depending upon how the deals are structured. Both the academic and privately-funded student residential facilities can be positive influences on Parramore, but adding thousands of students (if Creative Village is a residential campus) will create perceived value for some properties and could add pressure to housing costs; seeking funding for affordable housing will be a critical element in the implementation strategy, and
- Properties under public ownership (either city or other) in the Study Area could be opportunities to leverage private investment by using public policies designed to reduce developer risk at the beginning of new projects. Offering properties through ground leases, reducing the sales cost of properties, property tax deferrals, and reducing financing costs through public funding subsidies have all been useful tools in Orlando. Opportunities to use these or other types of tools and funding mechanisms will depend on the availability of public funding and use of public policy techniques over time.

The primary lesson learned from the ASU downtown campus for Creative Village and other projects is that change occurs most successfully if it is incremental and transparent. The level of change and intervention needed to transform Parramore and attract new public and private investment will introduce new partners to the neighborhood. Residents should have a clear understanding of their goals and needs, and implementation will benefit with full and transparent community outreach and coordination meetings as has occurred with this plan. Managing how,

when and where economic revitalization occurs will require focused realistic discussions of how to achieve those critical objectives well into the future.

Parramore is fully deserving of better services and amenities. This process should recognize and incorporate ways to provide both affordable and workforce housing; that new markets also support existing businesses; and, that opportunities to share improvements for those who currently live in Parramore can benefit from new residents, workers and event participants attracted by projects such as the Orlando City soccer stadium, Creative Village, and potential developments like a grocery-anchored neighborhood center at Church Street and US 441/Orange Blossom Trail. Above all, a neighborhood can only successfully complete its economic transformation if community review and participation is at the forefront of every major plan and project. Moreover, as the plan includes recommendations for changes in existing land uses (such as a transition of industrial to mixed-use) another critical public policy objective should include diminishing its role in sustaining jobs and supporting local businesses.

5 Preliminary Financial Feasibility

The purpose of the preliminary financial feasibility analysis is to measure the *stabilized-year* investment viability of three catalyst projects generated in the plan. “Stabilized-year” is one method of analyzing whether a real estate project is viable. It is a “snapshot” of a single-year in time that compares construction and infrastructure costs, revenues generated by each use (i.e., rents, sales), and annual operating expenses to determine the overall investment return, or profit, that a developer could potentially receive from building the uses recommended in the plan. This is a critical step in understanding whether the market-supportable uses recommended in the plan are able to attract private investment. Importantly, the financial analysis also reveals that, if a particular land use does not generate any profit (i.e., a “negative” return), it will inform an appropriate set of public incentives.

Key Objectives & Assumptions

As this is preliminary and no actual project has been identified (nor cost estimates prepared), the consultants define this as a “Rough Order of Magnitude” financial analysis. The analysis has several key objectives, including:

- Determining development feasibility of up to three catalyst sites identified in the plan, and
- Informing public policy decisions required to induce new development in Parramore if the analysis concludes that overall development (or a specific use) is not currently feasible.

For each of the three catalyst sites, the analysis utilized site plans and preliminary development programs (including a mix of uses) as prepared by the consultant team. The programs and mix of uses for each site were also compared to the findings of the market analysis (in Section 4) to ensure that specific uses are not “over-market.”

In addition, each of the proposed uses is analyzed separately in the financial analysis using 2014 Assessed Values as determined by the Orange County Property Appraiser as the expected acquisition cost of parcels identified in each catalyst project.

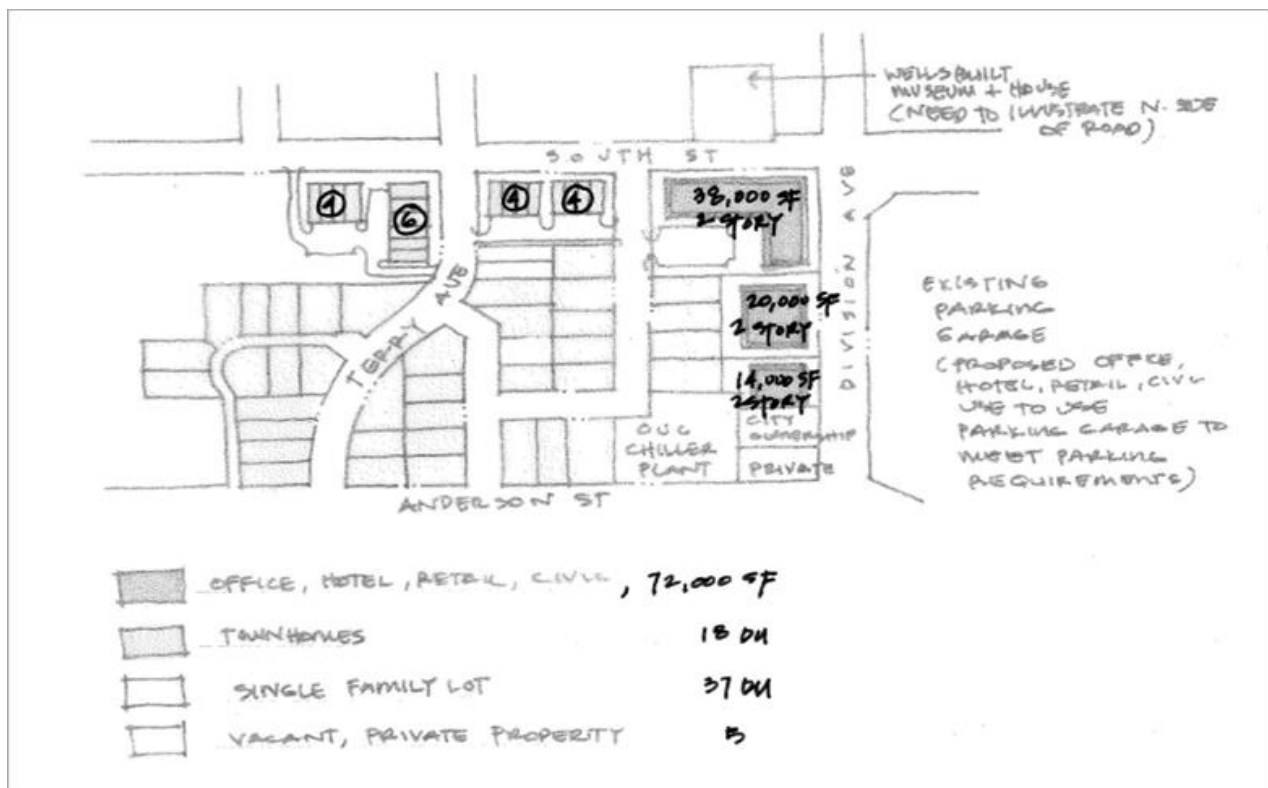
Other key assumptions as well as the development program for each site are detailed below and illustrated in the accompanying figures.

“Public Safety Site”

The first catalyst site (known as the “Public Safety Site”), is comprised of approximately 80 separate parcels; notably, 43 parcels are owned by the City of Orlando. As discussed in Section 4, public ownership of key sites in Parramore may be used as an incentive to attract private investment. The proposed development plan for the Public Safety Site, which is illustrated in Figure 3 below, includes:

- 100-room (38,000 sq. ft.) limited-service hotel/lodging facility
- 17,000 sq. ft. of ground-floor retail
- 17,000 sq. ft. of second-floor office
- 37 single-family detached units
- 18 townhomes

Figure 3: Public Safety Site Illustrative Concept Plan



The development assumptions illustrated below are based on a combination of local market participant interviews, real estate (and use-specific) industry standards, the current impact fee schedule for new development as provided by the City of Orlando, and the consultants' experience in real estate development advisory services in similar projects across the United States. Local market participants included: Cushman & Wakefield Hospitality Group, The Sembler Company, Plaza Advisors, Cushman & Wakefield Office Group, and the Greater Orlando Builders Association.

Key assumptions used in the financial analysis for each use highlighted below:

100 Room (38,000 SF) Limited-Service Hotel

Land Acquisition Costs	\$412,452
Development Costs (Per SF)	\$263
Impact Fees	\$219,600
Average Daily Room Rate (ADR)	\$135.00
Average Annual Occupancy	65%
Revenue per Available Room (RevPAR) (1)	\$88.00
Annual Operating Expenses	73%
Capitalization Rate (2)	7.50%

(1) RevPAR: Revenue per Available Room (ADR x Occupancy)

(2) Capitalization Rate: The rate as a percentage of the property's net income to its overall value

17,000 SF Ground-Floor Retail

Land Acquisition Costs	\$119,153
Development Costs (Per SF)	\$105
Impact Fees	\$101,371
Annual Lease Rate (Per SF)	\$18.00
Average Annual Occupancy	85%
Annual Operating Expenses	35%
Capitalization Rate	9.00%

17,000 SF 2nd-Floor Office

Land Acquisition Costs	\$119,153
Development Costs (Per SF)	\$105
Impact Fees	\$68,510
Annual Lease Rate (Per SF)	\$17.00
Average Annual Occupancy	90%
Annual Operating Expenses	35%
Capitalization Rate	9.00%

37 Single-Family Units & 18 Townhouses

The residential component includes a mix of 'For Lease' and 'For Sale' product, with lease rates and sale prices based on percentages of the 2014 Area Median Income (AMI) of \$54,800:

	Low	High
Single-Family	60%	80%
Townhome	50%	75%

For Lease (75% of proposed units)

Land Acquisition Costs	\$1,140,848
Development Costs (Per SF)	\$88
Impact Fees	\$360,906
Monthly Lease Rate (Per SF)	\$0.79
Average Annual Occupancy	95%
Annual Operating Expenses	35%
Capitalization Rate	8.00%

For Sale (25% of proposed units)

Land Acquisition Costs	\$380,283
Development Costs (Per SF)	\$89
Impact Fees	\$112,950
Average Sales Price (Per Unit)	\$116,253
Annual Operating Expenses	20%

WTL + a

“OBT & Church Site”

The second catalyst site is comprised of approximately 17 parcels in the northeast and southeast quadrants of the intersection of US 441 / Orange Blossom Trail and W. Church Street at the western boundary of the Parramore Study Area. The proposed development concept, which is illustrated in Figure 4 below, includes:

NE Quadrant

- 15,000 sq. ft. of ground-floor retail
- 6,400 sq. ft. of ground-floor office
- 49,600 sq. ft. of multi-family residential containing 62 units

SE Quadrant

- 25,000 sq. ft. community grocery store
- 25,000 sq. ft. of general retail uses

Figure 4 also illustrates an undetermined mix of additional development in the other two quadrants of the OBT/Church Street intersection, located outside of the Study Area boundaries. While this key intersection serves as a “gateway” to Parramore, a financial analysis for these two quadrants has *not* been conducted as these uses are likely to exceed demand potentials identified in the market study for the foreseeable future (particularly for commercial uses). Moreover, the financial analysis indicates that land acquisition costs for multiple parcels within the two quadrants inside the Study Area boundaries are likely to be substantial, and a master developer is unlikely to acquire all four quadrants as part of a single transaction. Of course, as market opportunities strengthen over time, these parcels can be acquired in phases to accommodate a range of uses based on future market demand and financial viability.

The development assumptions illustrated below are based on a combination of local market participant interviews, real estate (and use-specific) industry standards, the current impact fee schedule for new development as provided by the City of Orlando, and the consultants’ experience in real estate development advisory services in similar projects across the United States.

Figure 4: OBT & Church Site Illustrative Concept Plan



NE Quadrant

15,000 SF Ground Floor Retail

Land Acquisition Costs	\$154,355
Development Costs (Per SF)	\$105
Impact Fees	\$103,433
Annual Lease Rate (Per SF)	\$18.00
Average Annual Occupancy	90%
Annual Operating Expenses	35%
Capitalization Rate	9.00%

6,400 SF Garden Office

Land Acquisition Costs	\$65,858
Development Costs (Per SF)	\$105
Impact Fees	\$39,780
Annual Lease Rate (Per SF)	\$16.00
Average Annual Occupancy	90%

WTL + a

Real Estate & Economic Advisors
 Washington, DC 20017.3030
 202.636.4002 301.502.4171 774.538.6070

Annual Operating Expenses	35%
Capitalization Rate	9.00%

49,600 SF Multi-family (62 units)

The multi-family component uses lease rates based on 80 percent and 100 percent of the 2014 Area Median Income (AMI) of \$54,800.

Land Acquisition Costs	\$506,283
Development Costs (Per SF)	\$125
Impact Fees	\$392,870
Monthly Lease Rate (Per SF)	\$1.54
Average Annual Occupancy	95%
Annual Operating Expenses	45%
Capitalization Rate	6.00%

SE Quadrant

25,000 SF Community Grocery Store

Land Acquisition Costs	\$1,043,818
Development Costs (Per SF)	\$185
Impact Fees	\$199,213
Annual Lease Rate (Per SF)	\$25.00
Average Annual Occupancy	100%
Annual Operating Expenses	30%
Capitalization Rate	7.00%

25,000 SF Retail

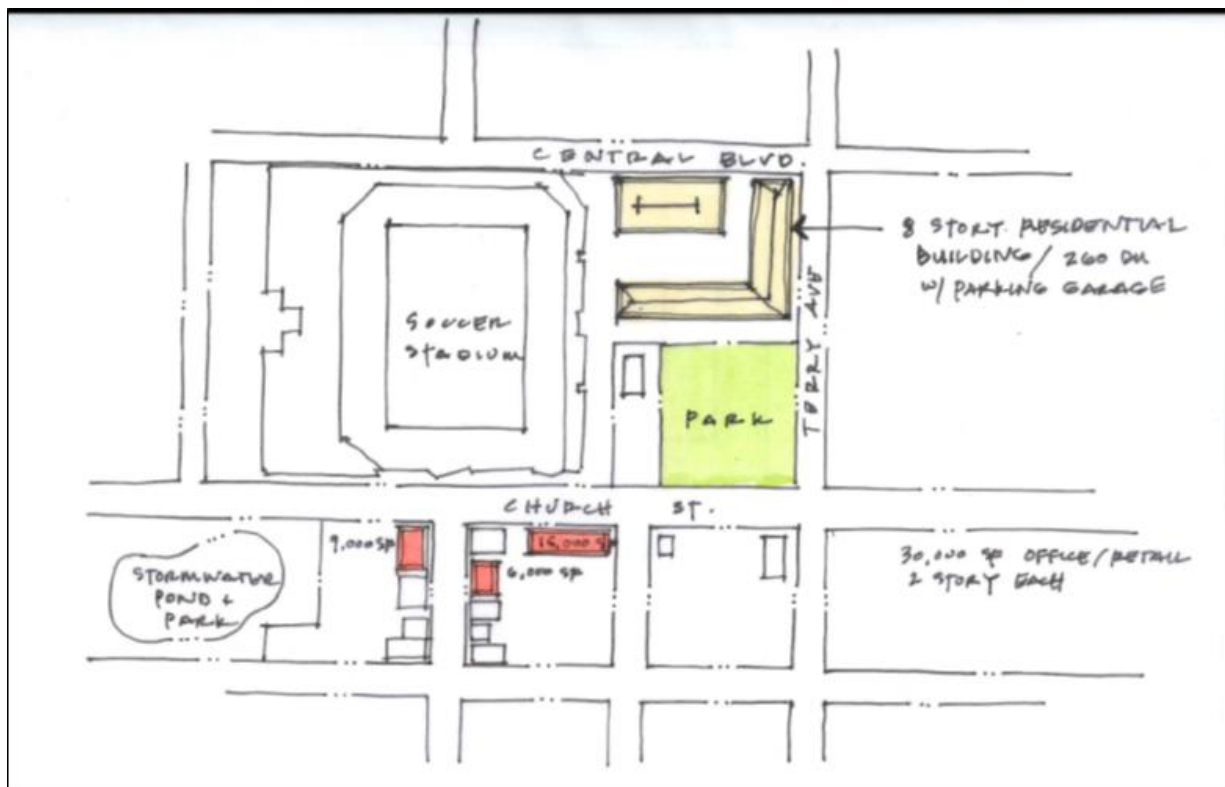
Land Acquisition Costs	\$1,073,135
Development Costs (Per SF)	\$105
Impact Fees	\$163,063
Annual Lease Rate (Per SF)	\$18.00
Average Annual Occupancy	90%
Annual Operating Expenses	35%
Capitalization Rate	9.00%

“MLS Site”

The third catalyst site is comprised of approximately eight parcels totaling 3.71 acres located between Central Boulevard and Church Street, west of Terry Avenue, and adjacent to the future MLS soccer stadium. The proposed development concept, which is illustrated in Figure 5 below, includes:

- 208,000 sq. ft. of multi-family (260 units) in an eight-floor building
- 15,000 sq. ft. of ground-floor retail
- 15,000 sq. ft. of office
- A public park (built and owned/managed by the City of Orlando)
- 7,500 sq. ft. community facility/farmer’s market (built and owned/managed by the City of Orlando), and
- A 528-space parking garage (with 22 surface parking spaces)

Figure 5: MLS Site Illustrative Concept Plan



Similar to the other two catalyst sites, the development assumptions illustrated below are based on a combination of local market participant interviews, real estate (and use-specific) industry standards, the current impact fee schedule for new development as provided by the City of Orlando, and the consultants' experience in real estate development advisory services in similar projects across the United States.

208,000 SF Multi-Family (260 units) (With Structured Parking)

Land Acquisition Costs	\$724,925
Development Costs (Per SF) (1)	\$148
Impact Fees	\$1,602,848
Monthly Lease Rate (Per SF)	\$1.54
Average Annual Occupancy	95%
Annual Operating Expenses	45%
Capitalization Rate	6.00%

(1) Development costs include 50 percent of the estimated \$9.5 million cost to build structured parking; analysis assumes that the City of Orlando covers the remaining 50 percent of costs

15,000 SF Ground-Floor Retail

Land Acquisition Costs	\$492,121
Development Costs (Per SF)	\$105
Impact Fees	\$103,433
Annual Lease Rate (Per SF)	\$18.00
Average Annual Occupancy	85%
Annual Operating Expenses	35%
Capitalization Rate	9.00%

15,000 SF Garden Office

Land Acquisition Costs	\$492,121
Development Costs (Per SF)	\$105
Impact Fees	\$74,438
Annual Lease Rate (Per SF)	\$17.00
Average Annual Occupancy	90%
Annual Operating Expenses	35%
Capitalization Rate	9.00%

Public Park (City-Owned)

Estimated Development Costs	\$3,500,000
-----------------------------	-------------

7,500 SF Community Facility/Farmer’s Market (City-Owned)

Land Acquisition Costs	Unknown (1)
Development Costs (Per SF)	\$160
Impact Fees	\$-
Estimated Annual Revenues	\$50,000
Estimated Annual Operating Expenses	\$50,000
Capitalization Rate	10.00%

(1) Land acquisition costs are unknown until location of building is determined (i.e., if not on City-owned land)

Community Facility/Farmer’s Market Concept

In November 2014, the concept of a Public/Farmer’s Market was added to the MLS Site, conceivably in a community-oriented building to be constructed somewhere on this site. In our experience, this is a unique/specialized use, and the following “Four Ps” must be considered:

- **Place**—is the setting attractive, accessible; has the appropriate infrastructure and available/easy parking?
- **People**—are there enough consumers to provide ongoing support that will warrant weekly participation by third-party vendors?
- **Products**—are there enough vendors across multiple product lines to keep the market supplied with goods and meet consumer expectations?
- **Procedures**—who will manage the market to keep it operating? What fees should be charged, and how will the overall operating budgets be covered/ supported?

We note that **farmer’s markets, whether held outdoors on one or two days per week or as a component of a more finished structure housing multiple vendors, are not commercial, and almost always require some form of subsidy.** These subsidies can include capital investment in facilities, provision of operating and management/promotional expenses or subsidies for vendors during slower business seasons. The justifications for public markets are broader in intent:

- Revenues to grower/vendors are higher than if produce and other market products are sold to retailers or resellers through wholesale companies. In public markets, the vendors keep

100% of the sales, less the costs of operation and time and transportation to participate in the market

- The spin-off economic benefits are indirect, but clearly benefit food production areas as revenues are retained locally and have a greater effect on regional economies
- Successful markets become community-oriented activities that can create neighborhood identity
- Since produce and other food products are fresher, the expectation is that the quality of the food will be better than in more conventional food sales operations
- To compete with larger grocery chains, farmer's markets and public markets must be priced below retail (and sometimes wholesale) pricing, benefiting customers with better quality and better food value, and
- Local markets reinforce current interests in farm-to-table trends and better understanding of where food is produced.

The Orlando area has a number of well-established open air farmer's markets as well as the well-known Winter Park Farmer's Market, located in the old train station and environs. In fact, **there are 22 farmer's markets listed in promotional materials in Greater Orlando**, with many in operation for decades, and a number of more recent additions based on the popularity of the concept. Most are held on either Saturdays or Sundays. The Orlando Farmers Market is held on Sundays at Lake Eola Park, and features seasonal produce from local farmers and suppliers, prepared foods (baked goods, soups and dips, gelato and snack foods), beverages and smoothies, arts and crafts products (soaps and oils, candles, jewelry, photography, stained glass artwork, leather goods and bags/backpacks), pet products and supplies, and a large selection of large and small plants. The Orlando Farmer's market is 35 years old, and is both a symbol of a community gathering event and beneficiary of Florida's year round growing season and dominant national position in growing produce and plant cultivation.

Winter Park Farmer's Market

The Winter Park facility is relevant in terms of its popularity and distinctive position as one of the area's few locations housed inside a building. The Winter Park Farmer's Market is carefully managed, and vendor participation is controlled through the Winter Park Department of Parks

WTL + a

Real Estate & Economic Advisors
Washington, DC 20017.3030
202.636.4002 301.502.4171 774.538.6070

and Recreation. The popularity of the Winter Park facility is demonstrated by the fact that there are currently no vacant spaces to add more approved vendors, and the wait list for applications is also full. Winter Park's market is held on Saturdays only from 7 am to 1 pm weekly, and typically includes over 70 regular vendors. The mix of offerings is controlled to maintain variety, and requires occupational licensing from the City to be eligible to participate in the market. Unlike other Orlando area markets, Winter Park does not allow sale of antiques, crafts or flea market items. The product focus is on fresh farm produce, large and small plant vendors, bakery goods and other vendors.

Vendor areas are assigned and include both full-time and part-time vendors. Vendor spaces in the historic Winter Park rail station building are approximately 120 sq. ft. each (10 x 12), although an additional six feet of space can be rented for an additional weekly fee. Vendor space rental rates for interior spaces are \$23.50 (without electricity) up to \$28.50 per week (with electricity). Applying this revenue range (which is different for full-time and part-time vendors) suggests that each space generates between \$1,200 and \$1,450 per year (assuming operations of 51 weeks per year, as the facility is closed for one week to accommodate the Winter Park Festival). Vendors who participate in the market for 40 weeks or more per year are provided with a reserved space, while seasonal vendors and those full-time vendors participating less than 40 weeks per year are not assigned a permanent location. **Assuming an average of 60 vendors per week, gross rents would yield total revenues in the range of \$72,000 to \$87,000 or more on an annual basis.**

Because of the less formal structure of farmer's markets, conventional real estate analysis is not appropriate as a basis of feasibility. However, multiple markets (both urban and rural/small town locations) have determined that it takes a minimum of six to 10 regular vendors to create a sustainable market, and that each vendor requires at least \$600 per day in sales to make the vendors' businesses viable over time. According to the U.S. Department of Agriculture (which spends approximately \$10 million per year nationwide to promote farmers markets to support farm incomes and provide a direct selling system for farmers to retail their products), the average expenditure at farmers markets (of those who spend) was \$17.50 in 2012.

These metrics should be considered as examples only, as market potentials for a farmer's market in Parramore may also be affected by a full-service grocery store as suggested as a

WTL + a

catalyst use at Orange Blossom Trail and West Church Street. Relatively lower household/population densities in Parramore today will need to be supplemented by visitors/students/new residents, and (as possible) downtown and nearby office workers. While the MLS Site location is more proximate to downtown Orlando than the OBT/Church Site, its competitive context is not fully documented. The viability of adding another weekly farmer's market with 22 markets in operation across Greater Orlando may be a challenge, especially on weekends.

We understand that the concept for this project is not fully defined; however, in order to consider potential costs and any construction/operating subsidies, several key assumptions may be made. Assumptions pertaining to construction of an appropriate community/market building in Parramore (assumed to include 7,500 sq. ft. of interior space) are illustrated as follows:

- Average construction costs (including both hard (actual construction) and soft (architecture/engineering fees, permitting, etc.) to provide both market areas and community/meeting rooms and support spaces would **cost approximately \$1 million to \$1.4 million in total capital investment**
- **Development costs exclude** land acquisition, parking and necessary site improvements
- Soft costs are estimated to total 35 percent of hard costs (e.g., labor, construction materials, etc.)
- Architecture/engineering fees are assumed at 10 percent to 11 percent of the total
- Contractor's overhead and profit are assumed to total 25 percent of hard costs, and
- Assuming a hybrid building that incorporates finishes and materials characteristic of both a light industrial building and a community center, a 7,500 sq. ft. structure would range from \$135 to \$185 per sq. ft., including both hard and soft costs.

From a management and operating perspective, the most successful farmer's markets have a full-time, paid manager to deal with scheduling and placements, enforcement of operating standards and collection of rents from vendor spaces. An industry rule-of-thumb is that there should be one manager per market day of operations, supported by either a part-time assistant or a part-time volunteer. Assuming an annual salary of \$40,000 for a full-time manager and benefits of 25 percent of salary, and a marketing budget of \$7,500, total operating and

management expenses are estimated at \$57,500 in the first stabilized year (usually year 3), with annual cost escalations incurred at the rate of inflation. Unless provided for by other sources, financing the value of capital costs for construction would also add to total costs.

To determine overall financial feasibility of this concept for the MLS Site in Parramore, it will be necessary to:

- Determine a final program of uses/users for the suggested facility (how many square feet of market space, meetings areas, public restrooms and other facilities), and parking requirements resulting from the program
- Identify both sources and uses of funds
- Develop ongoing funding for management and operations (including an annual contribution to a replacement reserve fund for the project)
- Identify an annual promotion and marketing budget to allow time to 'build the brand', and reduce front-end costs and risks
- Through the management program and cooperation with other markets in the area, determine the number of vendors available to consumers
- Develop construction and marketing plans
- Consider overall underwriting criteria in light of the suggested grocery store at Orange Blossom Trail and West Church
- Explore potential sources and uses of all funds to reflect opportunities for potential sponsorships or partnerships, and
- Confirm participation of at least 10 to 15 regular vendors throughout the initial stages of operations to keep the market full and draw repeat visits by consumers.

Methodology

As noted, to determine overall development feasibility for each of the uses in these concepts, the model provides a stabilized-year analysis, which reflects a snapshot in time once development is completed, that compares construction and infrastructure costs, revenues generated by each use (i.e., rents, sales), and annual operating expenses to determine the overall investment return (i.e., "Internal Rate of Return" or IRR), or profit, that a developer could

potentially receive from building uses on each of these three catalyst sites as recommended in the plan. The IRR was calculated for each component utilizing the key development assumptions identified above. These results were compared against typical returns required by developers of specific uses in order to determine whether each use (as well as the concept in its entirety) is viable.

Key Findings

Key findings for each catalyst site are summarized below and illustrated in the accompanying tables.

“Public Safety Site”

With the exception of the limited-service hotel, each use as proposed in the concept plan for the Public Safety Site indicates an IRR significantly lower than a developer would typically require, **resulting in an overall negative project IRR of -4.1 percent**. Under the development assumptions, redevelopment of this site is not feasible.

Table 27: Financial Feasibility Summary—Public Safety Site

	Limited-service			Residential		TOTAL
	Hotel	Retail	Office	Rental	For-sale	
Size (In SF)	38,000	17,000	17,000	49,000	15,200	136,200
Units/Rooms	100	10	10	42	13	175
Costs						
Land Acquisition	\$ (412,452)	\$ (119,153)	\$ (119,153)	\$ (1,140,848)	\$ (380,283)	\$ (2,171,889)
Development	(10,000,000)	(1,785,000)	(1,785,000)	(4,408,000)	(1,489,464)	(19,467,464)
Impact Fees	(219,600)	(101,371)	(68,510)	(360,906)	(112,950)	(863,337)
Revenues						
Rents/Sales	\$ 3,202,875	\$ 260,100	\$ 260,100	\$ 442,770	\$ 1,511,294	\$ 5,677,139
Expenses	(2,338,099)	(91,035)	(91,035)	(154,970)	(302,259)	(2,977,397)
NOI:	\$ 864,776	\$ 169,065	\$ 169,065	\$ 287,801	\$ 1,209,035	\$ 2,699,742
Reversion Value	\$ 11,530,350	\$ 1,878,500	\$ 1,878,500	\$ 3,597,509	\$ (0)	\$ 18,884,858
Cap Rate	7.50%	9.00%	9.00%	8.00%	-	-
IRR:	16.6%	2.1%	3.8%	-34.3%	-39.0%	-4.1%
Required IRR	12.0%	18.0%	18.0%	12.0%	12.0%	13.0%
Assessed Land Value	\$ 412,452	\$ 119,153	\$ 119,153	\$ 1,140,848	\$ 380,283	\$ 2,171,889
Residual Land Value	\$ 846,523	\$ (150,580)	\$ (118,316)	\$ (1,300,297)	\$ (522,937)	\$ (1,245,607)
Residual/(Shortfall):	\$ 434,071	\$ (269,733)	\$ (237,469)	\$ (2,441,145)	\$ (903,219)	\$ (3,417,496)

To determine revenues (or funding) required to generate an IRR acceptable to a developer to offset negative feasibility, the land acquisition cost (i.e., Assessed Land Value from the Orange County Property Appraiser) was compared to the price a developer would be willing to pay for the land to create the required Internal Rate of Return (this is also known as “Residual Land Value”).

The preliminary financial analysis of the Public Safety Site indicates a cumulative shortfall of -\$3,417,496; this represents the amount of public funding or subsidy that a developer would require to build the uses on this site as illustrated in the concept plan. This could be in the form of impact fee credits, donation of city-owned parcels (such as 43 city-owned lots at this location), and/or other funding mechanisms.

“OBT & Church Site”—NE Quadrant

The Northeast Quadrant of the OBT & Church Site is primarily supported by overall feasibility of the multi-family component, as both retail and office uses as illustrated in the concept plan are not feasible. An IRR of only 4.4 percent for the retail uses is insufficient/too risky to attract a developer to build retail, and office is not feasible with a -6.7 percent IRR.

Table 28: Financial Feasibility Summary—OBT & Church Site NE Quadrant

	Retail		Office		Multi-family		TOTAL	
Size (In SF)	15,000		6,400		49,600		71,000	
Units/Rooms	8		8		62		78	
Costs								
Land Acquisition	\$	(154,355)	\$	(65,858)	\$	(506,283)	(726,496)	
Development	\$	(1,575,000)	\$	(672,000)	\$	(6,200,000)	(8,447,000)	
Impact Fees	\$	(103,433)	\$	(39,780)	\$	(392,870)	(536,083)	
Revenues								
Rents/Sales	\$	243,000	\$	92,160	\$	871,484	1,206,644	
Expenses		(85,050)		(32,256)		(392,168)	(509,474)	
NOI:	\$	157,950	\$	59,904	\$	479,316	697,170	
Reversion Value	\$	1,755,000	\$	665,600	\$	7,988,607	10,409,207	
Cap Rate		9.00%		9.00%		6.00%	6.70%	
IRR:		4.4%		-6.7%		19.3%	14.4%	
Required IRR		18.0%		18.0%		16.0%	17.0%	
Assessed Land Value	\$	154,355	\$	65,858	\$	506,283	\$	726,496
Residual Land Value	\$	(58,439)	\$	(96,987)	\$	706,292	\$	550,866
Residual/(Shortfall):	\$	(212,793)	\$	(162,845)	\$	200,009	\$	(175,630)

Notably, multi-family residential appears to generate the highest IRR—in the range of 19 percent *if* market rents averaging \$1.54 per sq. ft. per month as utilized in the analysis can be achieved.

In summary, the **blended IRR for the NE Quadrant is estimated at more than 14 percent, with a -\$175,630 shortfall generated by the project’s commercial uses.** This is an example where nominal public incentives—such as reducing or eliminating impact fees—may enhance overall project feasibility.

“OBT & Church Site”—SE Quadrant

In this quadrant of the OBT and Church Street intersection, the community grocery store appears to be financially viable, with an overall IRR estimated at 14 percent; by comparison, retail uses are not viable as a result of low lease rates and high land acquisition costs, given current assessed land values of existing buildings/properties on those parcels that would need to be acquired. **The preliminary financial analysis indicates an overall shortfall approaching -\$1.2 million,** which would represent the amount of public funding or subsidy necessary to build the uses as illustrated in the concept plan.

Table 29: Financial Feasibility Summary—OBT & Church Site SE Quadrant

	Grocery		Retail		TOTAL
Size (In SF)	25,000		25,000		50,000
Units/Rooms	1		13		14
Costs					
Land Acquisition	\$	(1,043,818)	\$	(1,073,135)	(2,116,953)
Development	\$	(4,625,000)	\$	(2,625,000)	(7,250,000)
Impact Fees	\$	(199,213)	\$	(163,063)	(362,276)
Revenues					
Rents/Sales	\$	625,000	\$	405,000	1,030,000
Expenses		(187,500)		(141,750)	(329,250)
NOI:	\$	437,500	\$	263,250	700,750
Reversion Value	\$	6,250,000	\$	2,925,000	9,175,000
Cap Rate		7.00%		9.00%	7.64%
IRR:		14.0%		-17.4%	1.5%
Required IRR		14.0%		18.0%	15.0%
Assessed Land Value	\$	1,043,818	\$	1,073,135	\$ 2,116,953
Residual Land Value	\$	1,042,798	\$	(86,191)	\$ 956,607
Residual/(Shortfall):	\$	(1,020)	\$	(1,159,326)	\$ (1,160,346)

WTL + a

This analysis suggests that reducing (or eliminating) the amount of office space and increasing the amount of market-rate multi-family may serve to strengthen overall financial viability of the SE Quadrant. Oftentimes, one use may cross-subsidize another to enhance overall feasibility and reduce overall risk to the developer.

“MLS Site”

Development of the proposed uses on the MLS Site is not financially viable as a result of many factors. First, low/insufficient commercial rents and occupancy rates in this location produces a negative IRR for the retail and office uses. Second, while the 260-unit multi-family use indicates a positive IRR of 7.4 percent, it is well-below the 16 percent threshold IRR likely required by a residential developer, and it yields a blended IRR for the project in its entirety of only 4.6 percent. Although Orlando’s multi-family development sector is currently strong, the costs associated with structured parking as well as insufficient revenues generated by below-market rents (i.e., the model assumes that 50 percent of the units are leased at below-market rates based on Area Median Income/AMI) results in a lower rate-of-return.

As illustrated in Table 30, **the preliminary financial analysis for the MLS Site indicates a shortfall of -\$3,732,267, with commercial retail and office uses exhibiting the greatest negative returns.** Again, this represents the amount of public funding or subsidy necessary to build the three uses illustrated in the concept plan for this site.

In addition to closing this -\$3.73 million shortfall, as well as other anticipated costs for the City’s 50 percent share of the parking garage (\$4,750,000), development of the public park (\$3,500,000), and construction of a community facility/farmer’s market (\$1,500,000), **total public investment required to include public uses and ensure that the MLS Site is sufficiently viable to attract private investment is estimated at approximately \$13.2 million.**

Table 30: Financial Feasibility Summary—MLS Site

	Retail	Office	Multi-family	TOTAL
Size (In SF)	15,000	15,000	208,000	238,000
Units	8	8	260	276
Costs				
Land Acquisition	\$ (492,121)	\$ (492,121)	\$ (724,925)	(1,709,166)
Development	\$ (1,575,000)	\$ (1,575,000)	\$ (30,750,000)	(33,900,000)
Impact Fees	\$ (103,433)	\$ (74,438)	\$ (1,602,848)	(1,780,719)
Revenues				
Rents/Sales	229,500	229,500	3,654,612	4,113,612
Expenses	\$ (80,325)	\$ (80,325)	\$ (1,644,575)	(1,805,225)
NOI:	\$ 149,175	\$ 149,175	\$ 2,010,037	2,308,387
Reversion Value	\$ 1,657,500	\$ 1,657,500	\$ 33,500,610	36,815,610
Cap Rate	9.00%	9.00%	6.00%	6.27%
IRR:	-16.8%	-15.6%	7.4%	4.6%
Required IRR	18.0%	18.0%	16.0%	16.2%
Assessed Land Value	\$ 492,121	\$ 492,121	\$ 724,925	\$ 1,709,166
Residual Land Value	\$ (146,681)	\$ (118,500)	\$ (1,757,920)	\$ (2,023,101)
Residual/(Shortfall):	\$ (638,802)	\$ (610,621)	\$ (2,482,845)	\$ (3,732,267)
50% of Parking Garage				\$ (4,750,000)
City Park				\$ (3,500,000)
Farmers Market				\$ (1,200,000)
Total Public Funding:				\$ (13,182,267)