



ECONOMIC & MARKET
ASSESSMENT
(Retail & Residential)

DOWNTOWN
DUNEDIN

May 2017

Lambert
ADVISORY

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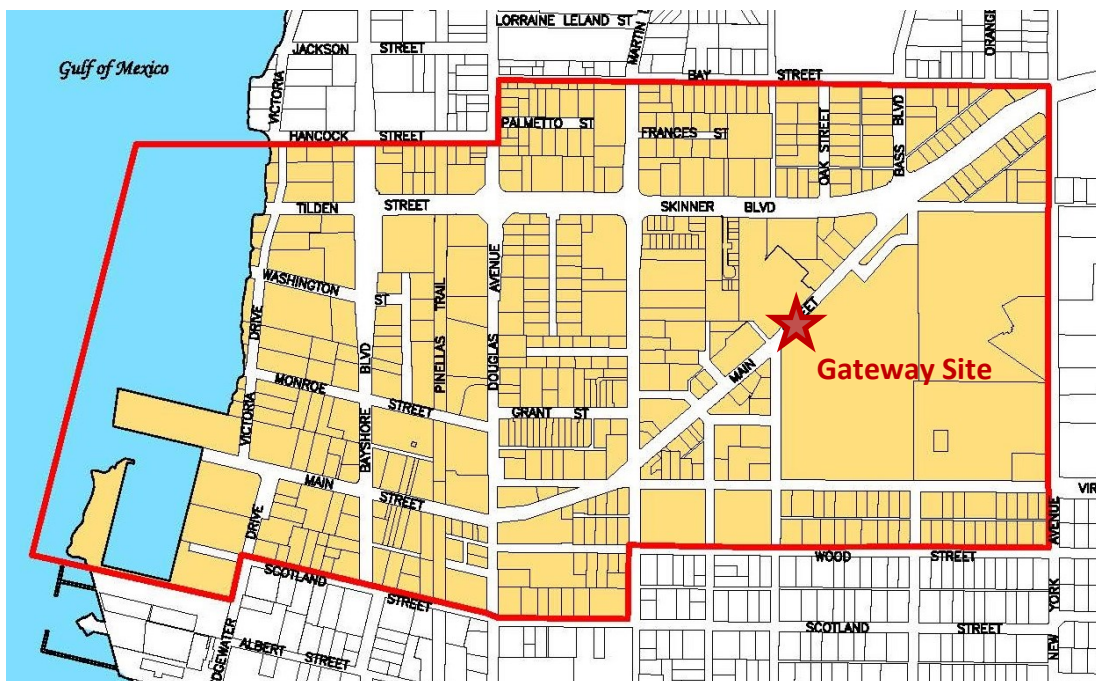
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EXECUTIVE SUMMARY

INTRODUCTION

Lambert Advisory (Lambert) was engaged by the City of Dunedin to provide economic market and strategic consulting services associated with retail and housing supply and demand conditions in Downtown Dunedin and, specifically, retail and housing redevelopment opportunities for City's Gateway parcels. Downtown Dunedin is generally defined by a five block-wide area which defines the area of the Downtown Community Redevelopment Area (CRA). Section 1 of this report provides an in-depth overview of the location and site characteristics of the Downtown and Gateway parcels.

Figure 1: Downtown Dunedin CRA Boundary Map and Gateway Parcel



Demographic and lifestyle changes continue to impact the revitalization of Downtowns (big and small) across the nation that started before the *Great Recession* and now regaining traction in its aftermath. Notably, the City of Dunedin has become one of the “hottest” housing markets in Pinellas County, and the Downtown area has a unique opportunity to realize its own revitalization, which has already started to a large extent. The work completed as part of this scope of services represents an independent and comprehensive evaluation of economic and market conditions that will help guide strategic retail and housing redevelopment and investment initiatives within Downtown Dunedin. The economic analysis assesses regional market conditions that then narrow into a more focused evaluation of the Downtown's Trade Area - a geographic area that is effectively defined by the city boundaries and serves as the basis for evaluating key retail and housing market supply and demand factors impacting the area's redevelopment potential.

The objective of this report is to provide the City with a level of economic and market information and analysis needed to help guide the redevelopment and revitalization of Downtown Dunedin and, in particular, the Gateway site. Moreover, this document serves as a resource to help residents, businesses, community stakeholders, and the City (and Downtown CRA) officials in making recommendations or decisions on matters relating to economic development.

Specific to the economic, market and strategic analysis herein, the analysis is intended to:

- ✓ Identify Downtown Dunedin's existing economic base;
- ✓ Identify the market potential for future retail and housing redevelopment within the Downtown; and,
- ✓ Identify specific retail and housing redevelopment programs for the Gateway site that can be used to guide the prospective physical and regulatory planning goals.

Positive economic growth within the City of Dunedin during the next several years can be influenced in part by the success of its Downtown area, which is positioned and envisioned to enhance its residential, business and entertainment activity.

The Executive Summary herein provides an overview of the major conclusions and findings of the economic, market, and strategic analysis as well as insight into potential retail and residential programming for the Gateway site. The Executive Summary begins with (i) Study Headlines, and is followed by: (ii) Summary Economic and Market Findings; and, (iii) Recommendations, Programming & Examples. Importantly, the findings and recommendations set forth herein are strictly aimed at identifying the market-based opportunities for the Downtown area and Gateway site, upon which the City may utilize to establish the desired goals of resident and community stakeholders.

I. STUDY HEADLINES

While the analysis herein identifies numerous trends, opportunities and recommendations, we believe there are a few "headline" items from the study, including:

- The Downtown CRA retail vacancy rate is at 3.0± percent with average base rents that are more than 10 percent higher than the County and City;
- Downtown Dunedin is in a strong position to expand with creative and innovative business opportunities, with a recommended focus on a specialty grocer;
- There is a limited number of people who both work and live in the Downtown area, creating a focus for strategic planning to increase the capture of this existing demand base for housing;

- New rental housing development considered a relatively strong opportunity Downtown, though likely in a 3 to 5 year timeframe; and,
- Consideration for a mixed use joint development at the Gateway parcel comprising a new City Hall is warranted; however, there are two key guiding principles: a.) careful design and planning will be needed, especially, when integrating public and private uses; and, b.) increased density likely requires structured parking which may create significant challenges to both design and financial viability.

II. SUMMARY ECONOMIC AND MARKET FINDINGS

- **Population Trends (Section 2):** The City of Dunedin experienced a modest loss in population from 2000 (36,266) to 2010 (35,321), but an increase to 36,124 in 2015;¹ or an average annual growth rate of 0.25 percent during the past five years. According to the Florida Data Clearinghouse (UF), the City's population is only projected to grow by 0.4% annually through 2025, which is equivalent to an average growth of 149 people per year. This is slightly faster than the County's rate of 0.22 percent based on the Pinellas Metropolitan Planning Organization (MPO).

Information from ACS 2015 indicates that the City has a median age of 52.1 years, which is notably higher than the County (47.1). However, there has been a considerable amount of new rental housing development being built in Dunedin (and/or its immediate surroundings) supporting a growing number of young professionals and small families. Considering this, redevelopment opportunities for the Downtown area continue to expand, particularly as it looks to creative and innovative business opportunities.

- **Income and Employment Trends (Section 2):** The City reported a median household income of \$45,618 according to the latest figures from the ACS, which is directly in line with the median household income of Pinellas County (\$45,535), both of which are below that of the State (\$49,426). However, in terms of per capita income, which is a key indicator for the potential of retail trade expenditure per person, the City and County have a per capita income of \$30,500± which is higher than the State. This is generally indicative of the City and County's smaller household size compared to the State.

According to Florida Department of Economic Opportunity (FDEO), the County's private employment has seen a modest increase since the *Great Recession*, though it is expected to achieve stable 1.5 percent average annual growth during the next few years. Education/Healthcare, Construction and Professional Business sectors are forecasted to be among the strongest growth sectors. The Downtown Dunedin CRA has an employment base of approximately 1,700, which is anchored by Mease Hospital. While nearly 1,700± persons are privately employed within the Downtown CRA, less than 1 percent both live and work within the district. This low percentage presents an opportunity and focus for strategic planning to increase the capture of the existing demand base.

¹ According to University of Florida Bureau of Economic and Business Research (BEER)

- **Retail Supply and Demand Analysis (Section 3):** Section 3 of this report presents comprehensive research and analysis undertaken in the effort to assess retail market conditions in the City of Dunedin and the Downtown CRA. The vacancy rate for retail in the City is at 8.0 percent, and there are approximately 116,450 square feet of vacant retail space in the City with another 25,000 square feet in the pipeline. The Downtown CRA vacancy, however, is at 3.0 percent with average base rents of \$23.00 per square foot (NNN),² higher than that for both Pinellas County at \$19.66 per square foot as well as the City of Dunedin as well. Average asking rents are highest along Main Street west of Douglas Avenue, ranging from \$16.00 to \$34.00 per square foot NNN, with CAM estimated at \$8.00±. Further along Main Street, within the CRA, rents generally range from \$15.00-20.00 per square foot NNN with CAM estimated at \$6.00 per square foot.

Based on a review of retail establishments by retail sector in the CRA, Apparel/Furnishings and Other (AFO retail) comprise the largest share of retail in the CRA at an estimated 55 percent of retail space. Eating and Drinking Places (restaurants, taverns, nightclubs, etc.) comprise 40 percent of retail in the CRA and Grocery/Convenience Retail 5 percent. While there is a clear under-representation of Grocery and Convenience retail in the Downtown core, the balance of apparel, furnishings, and miscellaneous retail to food and beverage is currently very well balanced and attempting to remain as close to this balance and as the Downtown market evolves will be an important factor to the continued vibrancy of downtown Dunedin.

One particular focus of the retail analysis herein is the opportunity for a specialty food market in Downtown and, specifically, the Gateway parcel. Significant Interest has been expressed to the City by retail professionals/operators and was also observed within the research conducted. There are five significant grocery stores in and around the City of Dunedin, combining for approximately 203,000 square feet. In addition, there are three grocery stores along the US Hwy 19 N corridor, one to three miles from the eastern edge of the City, including Whole Foods, The Fresh Market and Aldi. These three stores combine for approximately 87,000 square feet.

Lambert also identified eight Drugstores within the City limits, including five national chain drugstores (CVS & Walgreens), combining for approximately 70,000 square feet and three smaller independent drugstores combining for 5,000± square feet. This does not include the pharmacies typically found in the larger chain grocery stores such as Publix.

Looking ahead during the next few years, our retail trade model indicates that retail demand from residents, workers, and visitors within the City of Dunedin is anticipated to grow by more than 190,000 square feet over the next five years. This includes potential growth within three key retail sectors: food and beverage places (28,000 square feet); shopper's goods (68,000 square feet); and, convenience (51,000 square feet). It

² NNN represents a lease term in which the tenant or lessee is responsible for paying, in addition to base rent, some or all of the expenses related to real-estate ownership

is important to recognize, though, that a portion of this net new retail demand presumes absorption of existing vacant space, as well as support for repositioning of older retail product within the market area that is well beyond its useful life. Regardless, the Downtown CRA is in a position to capture at least a portion of this retail growth, and we strongly believe that there is an opportunity for a specialty food market – as discussed in detail further below.

- **Residential - For-Sale and Rental (Section 4):** Section 4 of this report presents comprehensive research and analysis addressing the housing market in and around Dunedin.

For-sale Housing

Regarding for-sale housing, Dunedin is one of the in-demand markets in Pinellas County. According to data from Pinellas County MLS and Trulai.com, the number of homes sold in Dunedin increased from 548 sales in 2009, the height of the recession, to 1,032 sales in 2016. Since 2012, the median sales price of a home in Dunedin increased by more than 40 percent from \$125,150 (2012) to \$180,200 in 2016. While this increase is notable, the \$180,200 median sales price in 2016 is still below the pre-recession peak of \$228,000 in 2006.

According to the Pinellas County Property Appraiser, as of year-end 2016, the share of homes assigned homestead for single family homes in City of Dunedin was at 73.6 percent; however, only 43.5 percent for condominiums. Thus, 56.5 percent of all condominiums in Dunedin are non-homestead, indicating a relatively significant presence of seasonal and/or investor housing. Data covering vacancy status for housing from the US Census shows that the share of vacant housing that is classified as second homes/season use in Dunedin increased from 46 percent in 2000 to 60 percent in 2015.

There are currently eight new construction and/or pipeline for sale housing projects in the City. The eight projects combine for 214 units. Five of the eight projects are townhomes developments ranging in price from \$179,900 to \$450,000. One notable project – Victoria Place – is a 30-unit luxury condominium development located at the western end of Main Street. The project recently sold-out at prices ranging from the mid \$400's to the mid \$700's. Reportedly, 55 percent of the sales at Victoria Place were primary home buyers; 30 percent second home buyers and 15 percent investors.

Aberdeen Oaks was recently introduced to the market representing a 20-unit single family home gated community with homes ranging in size from 2,900 to 3,700 square feet and priced at \$500,000 and up. Located at Virginia Avenue and Keene, delivery of first homes is scheduled for the 1st or 2nd Quarter of 2018.

The largest development among the eight communities is Aqua Solis – a 56-unit townhome development by Beazer Homes. These two stories townhomes will range in size from 1,410 to 1,488 square feet and be priced from \$269,900 to \$294,900.

Based on input from the active communities, approximately 108 of the 214 new construction for-sale homes have been sold to date.

Rental Housing

According to the Bay Area Apartment Association, the occupancy rate for rental apartments in Pinellas County registered 96.6 percent as of the 1st Quarter 2017. By comparison, the occupancy rate for rental Apartments in the Dunedin/Clearwater submarket is at 95.5 percent and 98.0 percent in Dunedin.

There are eight significant (50+ units) rental apartment communities in Dunedin, combining for 2,087 units. The newest project among the eight is MacApline Place, a 476 unit, garden-style apartment community built in 2000/2001. The other seven projects were built in the 1970's and 1980's. Over the past 5+ years, though, the impact of the recession in combination with the rise of the 20-34-year-old population age group (millennials), show signs of a telling shift in housing demand. Since 2010, renter households as a share of all occupied households has been increasing, while the share of owner-occupied households has declined. In Dunedin, the shift in renter-occupied households as a share of all occupied households increasing from 30 percent in 2010, to 38.0 percent in 2015.

In response to this shift in demand, there has been a significant amount of activity in new apartment development in the Dunedin/Clearwater submarket. From 2013 to 2015, three projects, combining for 774 units were completed including Amalfi Clearwater (108 units), the Sands (240 units) and Solaris key (426 units). The three projects have a combined occupancy rate of 90.8 percent, with the average base rent at \$\$1,442 (1.32/sq. ft.).

Since 2015, five new projects, combining for 1,274 units, have been announced and are under construction. Three of the five projects, including Artisan (65 units) Dunedin Commons (280 units) and Alexander Countryside (340 units) are all located in the Dunedin competitive market. The average base rent among these three projects is \$1,442 (\$1.45/sq. ft.). Thus, over the next 12- 18_months, 685 market rate rental apartment units will be delivered to the Dunedin market.

As it relates to residential development opportunities for Downtown Dunedin and the Gateway parcel, in particular, the best option for the City to retain its interest in the Gateway parcel is to encourage rental housing development. In effect, an opportunity to create a joint development opportunity whereby the City will contribute the land (a determined value) and a private developer will undertake the construction and operations of rental units under a long-term land lease. We clearly recognize that near-term rental development will be impacted by the current supply of housing under construction. However, by the time the City completes its planning process (including adequate community outreach) and commences with the joint development process, there should be a relatively strong opportunity to introduce in the range of 150 rental apartment units Downtown Dunedin (Gateway parcel) during the next four to five year period. The details of development programming are provided in the following section.

III. RECOMMENDATIONS, PROGRAMMING, AND EXAMPLES

Based on the economic and market analysis summarized above, we have been able to identify opportunities and challenges that will help guide the City with a strategic plan for redevelopment in Downtown Dunedin and the Gateway parcel. Therefore, in this section, we focus on three specific areas: 1.) Economic and Real Estate Highlights and Findings; 2.) Gateway Parcel Recommended Program; and, 3.) Potential Evolution of Downtown/Gateway Examples.

1.) Economic and Real Estate Highlights and Findings

As detailed herein, local and regional population and employment growth will be modest compared to historical growth patterns; though, it should remain positive and relatively steady for the foreseeable future. Together with on-going growth in the seasonal resident and visitor market, opportunities for improvement and expansion of in the residential and commercial market should continue throughout the City. Downtown Dunedin (and the CRA) does benefit from a relatively strong influx of workers that provide added support to housing and commercial growth opportunities. Therefore, while Downtown Dunedin's future growth may not necessarily come from expanding the population, its ability to enhance the concentration of activity through strategic redevelopment can play an integral role in both short term and long term planning.

As it relates to the retail market, Downtown Dunedin is performing well compared to the broader regional market. The Downtown market is heavily influenced by the AFO retail, with a fair compliment of food and beverages places. Convenience appears to be somewhat under-represented currently in the Downtown market and based upon the assessment of future retail demand; there is an opportunity to increase convenience with additional support for food and beverage. Perhaps the optimal prospect is a tenant that combines both operations such as a specialty food market (examples of which are detailed further below). We also believe there is additional demand for soft goods Downtown, but it is recommended to keep it unique (or local), as opposed to a "national" retailer. Given the shifting housing profile as discussed above, fashion and/or boutique apparel marketing to the younger demographic should be considered. As a matter of fact, the EDGE District, which is located on the western periphery of Downtown St. Petersburg provides a good example of the mix and type of retail and restaurant that may be achieved in Downtown Dunedin, this is discussed in more detail further below.

Regarding residential potential for Downtown Dunedin, the for-sale and rental markets are anticipated to remain relatively strong barring any unforeseen economic headwinds. As discussed above, we believe there is an opportunity for rental housing; although, the market will need to absorb some of the new product currently under-construction. Therefore, the timing is likely to be around 2020/21. Furthermore, the economic viability of this type of product will likely require the development of mid to higher density in the range of 150 units, and even in that case the economics may be challenged if structured parking is required (and detailed in the discussion of programming below). We recognize that any plan to

development at this level of density must be careful of design and character that is complimentary to surrounding environment and desirable to the community.

2.) *Gateway Parcel Recommended Program*

The results of the economic and real estate (retail and residential) market findings above provide the basis for establishing a prospective development program for the Gateway parcel. Based upon the sites total acres, the optimal opportunity would be to develop a mixed use development comprising ground floor retail and rental apartments above and generally defined as:

Retail: The Gateway parcel's positioning at the edge of Downtown establishes it as a potential anchor property for the district. The retail component of a mixed-use program envisions an anchor tenant that is a specialty food grocer and restaurant. The total footprint of this combined operation is recommended to be between 5,000 and 10,000 total square feet. As illustrated in the "Examples" below, a prototype store for the Gateway parcel may be similar to Graziano's or La Estancia, both of which have multiple stores in Miami-Dade County. In addition to the specialty grocer/restaurant, there may be an opportunity to integrate an additional 7,500 square feet of convenience, shopper's goods, and personal services such as a florist, dry clean drop store, sandwich shop, bike shop, eyeglass store, and other similar retailers that would be oriented to Main Street patrons and Hospital employment and visitors. Lease rates for the grocer/restaurant space would be in the range of \$20 to \$25 per square foot (NNN), which is modestly below top rents in the area. Lease rates for smaller tenants (1,200 to 1,800 square feet) within the additional space may be able to achieve rates slightly above this range. Importantly, the Gateway retail component (and particularly the grocer/restaurant) will need to provide for on-site and/or dedicated parking within the immediate area.

Residential: The residential component proposes in the range of 150± multifamily rental units and comprising a primary mix of one and two bedroom apartment. The average unit size of all units is recommended to be between 900 and 1,000 square feet. Based on current market conditions, the average rental rate for new, quality product in Downtown is estimated to be approximate \$1,550± per unit/month; or, an average \$1.55± per square foot (in 2017 \$'s). The apartment complex should be able to achieve a stabilized occupancy of 95 percent within 18 months of opening. Accordingly, the development should provide base amenities including pool, fitness center and recreation area. Lastly, the multifamily component will need to provide at least 1.25 on-site parking spaces per unit (or roughly 200± total spaces) which would need to be accommodated in a structured garage. In this case, the economics of the multifamily complex would be financially challenged given the added cost of structured parking. Though further financial analysis will need to be undertaken to establish the viability of the mixed-use development, it is likely that the City/CRA would need to participate from a financial perspective.

In any case, the Gateway parcel represents a strong opportunity for mixed-use redevelopment that can further activity the Downtown by expanding its resident base while enhancing commercial options for

Dunedin residents, downtown employees, and visitors. Furthermore, and as we understand, there have been preliminary discussions of relocating the City of Dunedin's existing City Hall to the Gateway parcel. Although we have not fully evaluated the opportunity to integrate municipal facilities into the Gateway parcel as part of this analysis, our experience provides a few key "pros and cons" to this City Hall concept:

Pros: One notable impact of a mixed-use City Hall on the Gateway parcel is the notion that the municipal facility combined with residential and commercial uses becomes an even more prominent anchor to the Downtown district. There are a few key aspects supporting this potentially important opportunity: 1.) a development of this type would make the Gateway parcel, and City's municipal facilities, easily accessible and recognizable; 2.) parking spaces dedicated to City Hall would become available to Downtown patrons during peak after-hour time periods and weekends; and, 3.) additional traffic that may be driven by government services helps to activate the mixed use development, in turn supporting investment in the development and potentially reducing developer risk. Moreover, the relocation of the existing City Hall frees up the current City Hall property for redevelopment that is more complimentary to the future redevelopment goals of the Downtown area. Naturally, the integration of a new City Hall with mixed-use residential and commercial development requires careful planning.

Cons: While the relocation of City Hall to the Gateway parcel may drive additional traffic to downtown, the activities within the municipal facility may present certain challenges to the demand for residential and retail uses. Namely, attendance at public meetings (and particularly in the evening) may potentially be disruptive to retailers as these visitors will occupy needed parking. However, the ability to mitigating the disruption to both the public and private uses within the mixed-use development could be addressed through perimeter access controls in each element of the property; noting, though, that this solution may have certain implications on the overall design. In any case, we presume the City will further evaluate the proposed City Hall/mixed-use development in terms of building design, parking and investment.

3.) Potential Evolution of Downtown/Gateway Examples

In the effort to provide added insight to the programmatic recommendations for the Downtown Dunedin/Gateway parcel, we have identified a select group of developments/businesses that we believe provide examples of how the Downtown Dunedin/Gateway parcel may potentially evolve. Importantly, these examples are strictly for illustrative purposes and used primarily to support our findings and recommendations further as presented to the City of Dunedin Commission as part of the Commission Workshop that took place on May 11, 2017.

Grazianos and La Estancia:

As previously mentioned, a recommendation for the retail anchor at the Gateway parcel includes a combined specialty grocer and restaurant tenant. Graziano's and La Estancia represent two good examples of this type of operations, and both of which have multiple stores in Miami-Dade County. Both

operations have a fine casual restaurant and gourmet market within 3,000 to 7,000 square feet of space and are influenced by international food products.



The Oxford Exchange

The Oxford Exchange is a 24,000 SF European-inspired space immediately west of Downtown Tampa. The venue features interwoven elements including a restaurant, a bookstore, a lifestyle gift store, a co-working space, a design studio and an event venue.



The EDGE District:

The EDGE District is a historic area located on the western periphery of Downtown St. Petersburg. Led by the EDGE Business District Association, the area is in the midst of a renaissance, capitalizing on a growing and trendy food and beverage sector, as well as mid-rise residential housing, boutique apparel, and galleries. While there certainly geographic, physical, and economic differences between the EDGE and Downtown Dunedin, we believe the EDGE represents a strong illustration of how a broad mix of uses supported by local businesses is integrated into a thriving and vibrant neighborhood.



Magazine Street – New Orleans

Magazine Street is a relatively major thoroughfare curving along the riverfront in New Orleans. Notably, there is a section of Magazine Street at the foot of the French Quarter that has become recognized worldwide as an antiques and arts district. In this case, we are not drawing any comparison between Downtown Dunedin and Magazine Street; rather, we are highlighting that a district once dominated by single retail segments (antiques), has successfully evolved into a destination with broad appeal to quality dining, health and fitness, and business services. Notably, though, the district's retail establishment has remained local in nature.



La Brea – Los Angeles

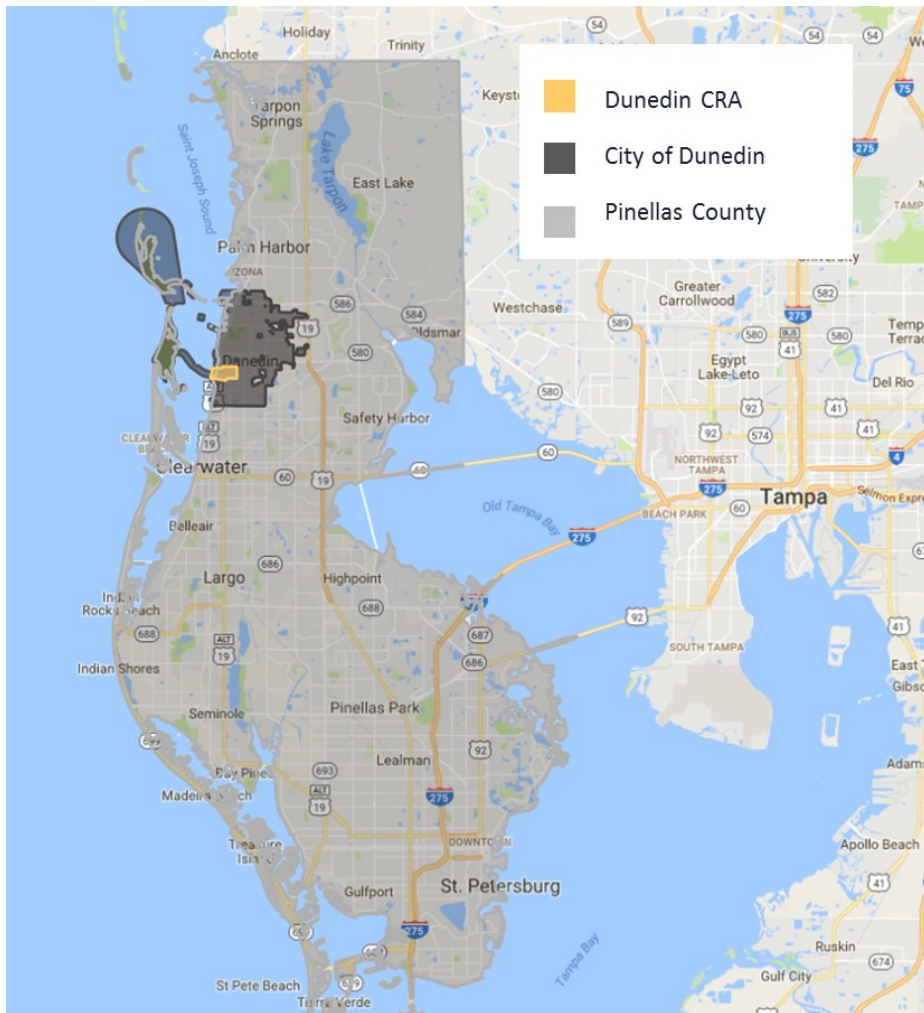
La Brea as referenced herein represents a one block area on La Brea Avenue, between 1st and 2nd Street in Los Angeles. While we recognize the difference between this location and Downtown Dunedin, we believe it represents a solid case study in an urban adaptive reuse project for an entire city block. Undertaken by Madison Marquette, the 90,000 square foot shopping, and dining destination is supported by a varied mix of uses including high-end fashion, accessories and home furnishings, an eco-urban home store, specialty dining and professional office space.



SECTION 1: DOWNTOWN DUNEDIN/GATEWAY LOCATION AND SITE CHARACTERISTICS

The Dunedin Downtown CRA is essentially the business and retail core of the city and includes the area extending south from Bay Street and Hancock Street on the north, and on the south, along Wood Street, Scotland Street and Edgewater Park on the south. New York Avenue forms the eastern boundary and the Dunedin Channel waterway on the west.

Figure 1: Map of Pinellas County, City of Dunedin, and Downtown Dunedin CRA



Main Street anchors the downtown CRA. It is a nine block/ 1.0± mile two lane traffic calming, pedestrian-oriented roadway that stretches from New York Avenue on the east to the Dunedin Municipal Marina on the west. Main Street is lined with small businesses, eclectic shops, and restaurants. City Hall is located on Main Street as is the Dunedin Chamber of Commerce and the Dunedin Historical Museum. The Pinellas Trail, a pedestrian/bicycle oriented nature trail that stretches north and south through Pinellas County, crosses Main Street in the center of Downtown. There are two city parks along Main Street, including John R. Lawrence Pioneer Park, one block east of the Pinellas Trail on the north side of the street. John R. Lawrence Pioneer Park features a band shell/staging area serve as a central gathering place for the numerous events and festivals sponsored by the City, local businesses and civic organization throughout the year. Further west on the south side of Main Street is Edgewater Park, which fronts the municipal marina two blocks west of the Pinellas Trail at the southwest corner of Main Street and Edgewater Drive. Edgewater Park features picnic shelters, a children's playground area and offers views of the municipal marina, the Dunedin Channel and Saint Joseph Sound to the west.

Main Street is connected to Bay Street on the north and Scotland Street to the south by neighborhood streets lined mostly with small businesses and pockets of residential.

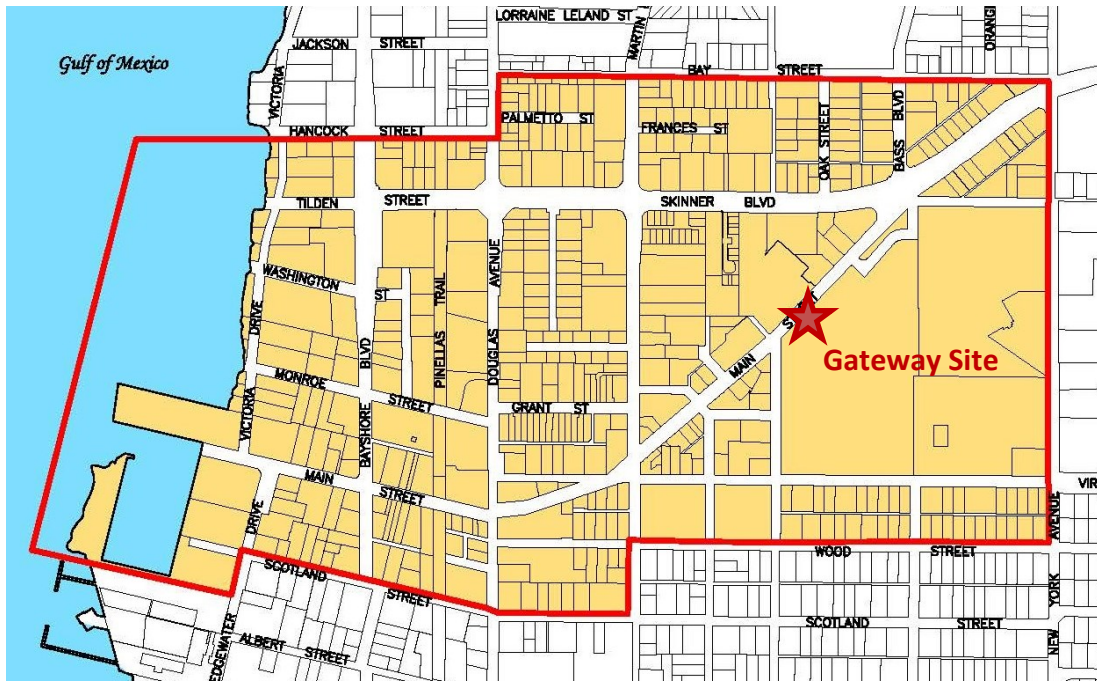
In addition to the shops and restaurants in Downtown Dunedin, there are supermarkets and other convenience retail, restaurants, and services east of downtown along Main Street/SR580 as well as the 1.09 million square feet Westfield Countryside Mall three (3) miles east of the subject site at SR 580 and US Highway 19.

Honeymoon Island State Park is a five (5) mile, 10-minute drive, north, and west of the subject site, and Caladesi Island State Park is a 20-minute ferry ride to the south. Both islands are famed for their beautiful unspoiled beaches, nature trails, and marked kayak trails. Clearwater Beach, which tends to draw a younger crowd and spring breakers, is located 7+ miles and a 15-minute drive south of Downtown Dunedin.

Gateway Site

The Gateway site is approximately 4± acres located just to the north of the intersection of Main Street and Milwaukee Avenue on the eastern end of the Downtown CRA Skinner Boulevard borders the western half of the property on the north on the eastern end of Downtown Dunedin. The city owns and controls 2.3± acres of the property with the other 2± owned by a local entrepreneur. A small strip center is situated at the apex of Main Street and Skinner Boulevard and adjacent to the subject site to the east. Mease Dunedin Hospital is located directly across from and south of the subject site on the south side of Main Street. The 148-bed hospital is one of, if not the largest employer in Dunedin. The Mease Manor continuing care facility is located immediately east of the hospital providing for independent living, assisted living and nursing home facilities, which includes an Alzheimer's care facility.

Figure 2: City of Dunedin, Downtown Community Redevelopment Area



SECTION 2: ECONOMIC & DEMOGRAPHIC PROFILE

The economic and demographic trends evaluated herein are part of an overall effort to better understand what retail and residential development is possible or will be demanded in Downtown Dunedin. The analysis takes into account the regional context of the City of Dunedin and Pinellas County. We have examined population, household and economic factors for these various geographies to provide the economic and demographic assessment of the variables that drive demand for residential and retail uses. The demand drivers include population and household growth trends, household income growth, employment, real estate market and visitor trends.

2A: POPULATION AND HOUSEHOLDS

Although Pinellas County is the most densely populated county in Florida and the 6th most populous in the state, as Figure 2 demonstrates, both the City of Dunedin as well as the County have experienced little growth and even some loss over the past couple decades.

Figure 2: Average Annual Growth

Source: Census Population 1990, 2000, 2010, 2015

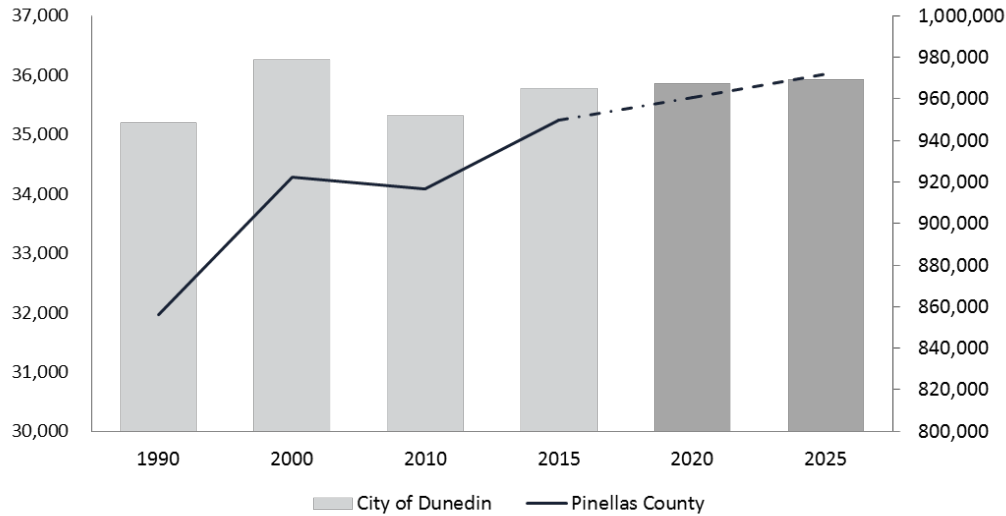
	<u>City of Dunedin</u>	<u>Pinellas County</u>
1990 – 2000	0.30%	0.75%
2000 – 2010	-0.26%	-0.06%
2010 – 2015	0.25%	0.61%

Regarding population projections, according to the Florida Data Clearinghouse (UF) the region will continue to grow modestly. The City’s resident population is only projected to grow at a rate of 0.4% annually, which is equivalent to an average growth of 149 people per year, although a small change it is still slightly faster than the County’s rate of 0.22% which is only expected to add 22,120 people from 2015 to 2025. In its Long Range Transportation Plan (LRTP) for 2040, Pinellas County MPO also calculated that the County would only grow at an average annual rate of 0.22% from 2010 to 2040. Although the residential population has had and will continue to have modest and limited growth, the area benefits from a strong visitor population in the region which we will further delve into later in this section.

Figure 3: City of Dunedin & Pinellas County Population Projections

Source: Census Population 1990, 2000, 2010, 2015

Source: Florida Data Clearinghouse Projected Populations were used for annual growth rates from 2015 – 2025.



2B: HOUSING & INCOME OVERVIEW

As the City of Dunedin’s Adopted FY 2015 & Planned FY 2016 Budget Report (Dunedin’s Budget Report) states, the retirement population continues to influence the local economy in Dunedin and the surrounding region. The city of Dunedin has many retirement homes, condominiums and apartment complexes that accommodate to retirees. According to ACS data from 2011 – 2015, the City and the County both have an older population. More than a third (34.9%) of the City’s residents and almost a fourth (22.5%) of the County’s residents are over 65 years old.

As for housing, Figure 4 demonstrates that the City and County both boast strong homeownership rates (above 60%) with slightly smaller household sizes (2.12 and 2.27) in comparison to the state average of a household size of 2.63 persons. In terms of economic profiles, both City and County household incomes (around \$45,000) are slightly below the state median income (\$47,507). Figure 4 below outlines key factors of the demographic profile for both the City and County.

Figure 4: City & County Population Demographic Profile

Source: Source: 2011 – 2015 Census ACS Data

	<u>City of Dunedin</u>	<u>Pinellas County</u>
2015 Population	36,164	949,827
2010 Population	35,321	916,542
2011 - 2015 Households	16,656	402,653
Owner / Renter	62.0% / 38.0%	64.8% / 35.2%
2011 – 2015 Avg. HH Size	2.12	2.27
Median Age	52.1	47.1
Population 19 & Under	17.7%	19.0%
20 to 39	18.4%	21.9%
40 to 64	29.0%	36.5%
65+	34.9%	22.5%
2011 – 2015 Median HH \$	\$45,618	\$45,819
2011 – 2015 ACS Per Cap \$	\$30,494	\$30,170

2C: EMPLOYMENT OVERVIEW

In terms of employment, Dunedin’s Budget Report states that the economy of Dunedin is primarily dependent upon tourism, services, and retirement living with the largest employers in the City including the Mease Dunedin Hospital, Mease Manor (a retirement facility), The City of Dunedin, Pinellas County School System, Coca-Cola North America, Publix Supermarkets and recently the addition of Achieva Credit Union. As shown in Figure 5, regarding employment the Florida Department of Economic Opportunity (FDEO) projects that the majority of industries in Pinellas County, except the *Information* and *Manufacturing* industries, will continue to grow. The industries with the strongest growth projected include *Construction*, *Professional & Business Services*, and *Education & Health Services*.

Figure 5: County Employment Projections by Industry

Source: FDEO

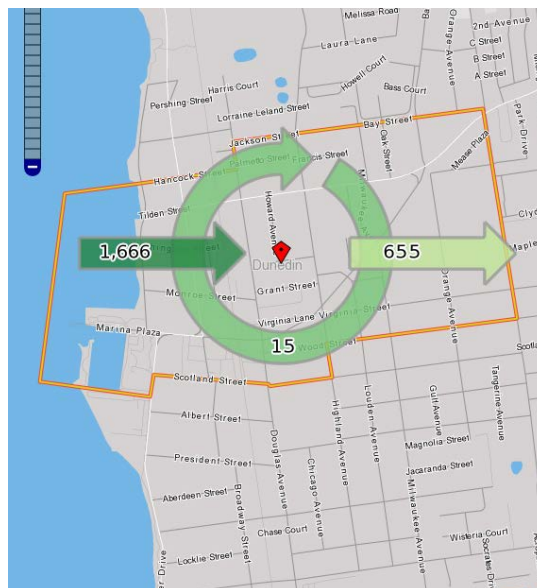
<u>Industry</u>	<u>2016</u>	<u>2024</u>	<u>Total Change</u>	<u>Percent Change</u>
Construction	20,838	24,548	3,710	17.8%
Manufacturing	30,882	30,819	-63	-0.2%
Trade, Trans. Utilities	78,022	83,952	5,930	7.6%
Information	7,798	7,489	-309	-4.0%
Financial Activities	32,881	36,920	4,039	12.3%
Prof., Business Services	75,409	88,032	12,623	16.7%
Education, Health	74,596	90,004	15,408	20.7%
Leisure and Hospitality	42,129	46,768	4,639	11.0%
Other Services	17,047	19,580	2,533	14.9%
Government	44,435	47,511	3,076	6.9%
TOTAL	452,802	507,884	55,082	12.2%

As mentioned in the Executive Summary, Dunedin’s CRA District is popular for its walkable main street, markets, and events, and its parks and trails, which all contribute to the high quality of living that makes this area both attractive for tourism and retirement living. The area provides a mixture of residential, office, retail, and restaurant uses that are all in a quaint, pedestrian-friendly area on the waterfront of the Gulf of Mexico. As seen in Figure 6, in terms of employment the CRA benefits from a strong inflow of workers from other communities that travel to work in Dunedin’s downtown. Only approximately 4.6% of the City of Dunedin’s residents work inside the CRA boundaries.

Figure 6: Dunedin CRA District Inflow / Outflow Employment

Source: 2014 Census on the Map

<u>Description</u>	<u>Population</u>
Working in CRA	1,666
Living in CRA / Work outside	655
Work / Live in CRA	15

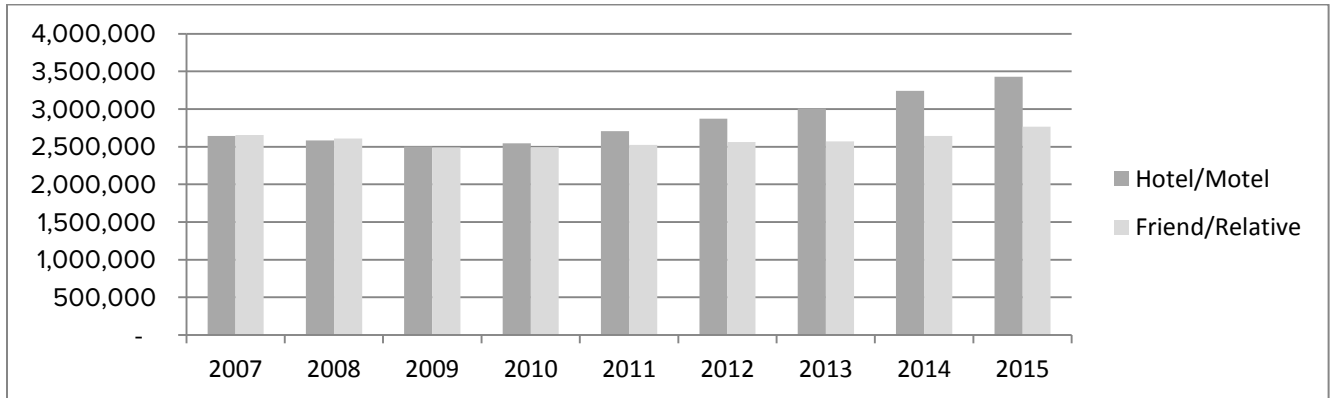


1D: VISITOR OVERVIEW

The Tampa Bay Area, in general, is a national (and international) visitor destination and Pinellas County and the City of Dunedin area gets its fair share of this demand. According to the St. Petersburg/Clearwater Convention and Visitors Bureau (VSPC), Pinellas County has steadily increased its visitor base from 4.9 million in 2009 (following the recession) to a record high of 6.2 million in 2015.

Figure 7: Pinellas County Visitor Growth Trends

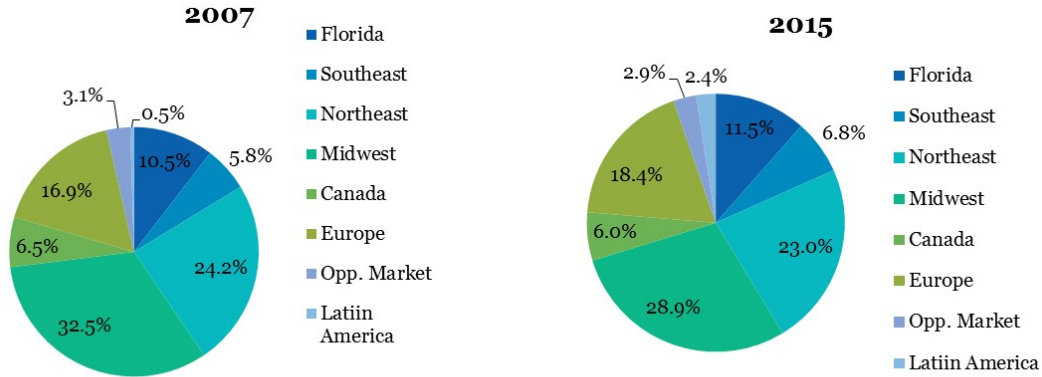
Source: St. Petersburg/Clearwater CVB



The visitor profile has changed somewhat as well during the past several years. As shown in the figure below, the Midwest US continues to dominate the region's visitor origin; however, it has lost some of its proportional ground from 2007 to 2015 – from 32 percent share to 29 percent share. In contrast, the European market has picked up from 16 percent to 18.5 percent share, and the Latin America market (though still very small) has increased from 0.5 percent to nearly 2.5 percent; or, a 250± percent increase in its visitor base. Naturally, fluctuations in visitor origin often occurs with periodic weather cycles for US visitors (i.e. unusually warm winter in the Midwest typically causes travel to the south to decline) and currency cycles for international visitors (i.e., monetary valuation), it is apparent that Pinellas County is broadening its visitor base which can have positive implications for the hospitality industry; particularly, in areas like Dunedin where the beaches draw from around the world.

Figure 8: Pinellas County Visitor Original (2007 vs. 2015)

Source: St. Petersburg/Clearwater CVB



In addition to the broadening visitor dynamics to the area, The metro area of St. Peterburg/Clearwater has a relatively strong visitor profile, namely with a median household income of \$121,000, and visitors staying within the region an average of 5.6 nights.

Figure 9: St. Petersburg/Clearwater – Summary Visitor Profile (2015)

Source: St. Petersburg/Clearwater CVB

<u>Category</u>	<u>Metric</u>
Expenditure Breakdown (Person / Trip) 2015	\$2,138
<i>Accommodations</i>	<i>\$946</i>
<i>Food / Entertainment</i>	<i>\$752</i>
<i>Retail Purchase</i>	<i>\$2,317</i>
Average Length of Stay 2015	5.6 nights
Median Household Income 2015	\$121,000
Average Party Size 2015	2.7 Persons
Overnight Visitors	6,349,500
Economic Impact of Visitors 2015	\$9,253,897,100
Increase from 2015 - 2016	+5.2
Economic Impact of Visitors 2016	\$9,733,073,100

These general visitor characteristics portend well for St. Petersburg and, certainly, for the Downtown Dunedin area.

2E: ECONOMIC AND DEMOGRAPHIC PROFILE CONCLUSIONS

Based on the analysis of regional and local economic and demographic characteristics, the following is a summary of notable findings:

- The Dunedin/Pinellas region has seen slow growth over the past few years and is anticipated to continue modestly growing. However, as the economy relies on tourism and retirement living there is an opportunity for retail.
- The Dunedin CRA benefits from a relative strong influx of workers. It is clear that the foreseeable growth within CRA will not come from expanding the population, but enhancing the concentration of activity within the Downtown area.
- Although household income is slightly lower than the state average, visitors with higher incomes and long stays present a strong profile for any increased activity in the Downtown area.

SECTION 3: RETAIL SUPPLY AND DEMAND ANALYSIS

The following analysis addresses supply and demand for retail space in the City of Dunedin and the Downtown CRA.

3A: RETAIL SUPPLY

There is approximately 200,000±square feet of retail space in the CRA. This represents approximately 13.8 percent of the total of 1.45 million square feet of retail estimated for the City of Dunedin. The 200,000 square feet of retail estimated for the Downtown CRA is higher than the 137,000 square feet estimated by CoStar, a nationally recognized real estate industry resource. The difference being that Lambert's estimate is based on a comprehensive review of retail properties from the Pinellas County Property Appraiser in combination with a review of occupational licenses from the City of Dunedin and fieldwork surveys and research conducted by Lambert. Presumably, CoStar's estimate did not capture smaller tenants and it appears they only included retail along the Main Street corridor.

The retail market in the Downtown CRA is quite healthy. Vacancy rates at the time of our field work were near 3.0 percent±. However, the Merchant on Main Antique Mall space is reportedly being vacated, adding another 3,500± square feet of vacant space to the Downtown CRA market. If no other space is leased in this time frame, the vacancy rate in the Downtown CRA could climb to 4.8± percent. Nonetheless, the vacancy rate in the Downtown CRA is lower than the Tampa Bay market at 7.4 percent, Pinellas County at 8.5 percent and the City of Dunedin at 8.0 percent. Moreover, average quoted rental rates are higher in the Downtown CRA at \$23.00± per square foot triple net (NNN³), compared to \$18.10 NNN for the Tampa Bay market, \$19.66 per square foot NNN for Pinellas County and \$19.00 per square foot for the City of Dunedin as a whole.

³ NNN represents a lease structure whereby the tenant (or lessee) is responsible for paying, in addition to base rent, some or all of the expenses related to real-estate ownership.

Figure 10: Regional Retail Market Snapshot, 1st Quarter 2017

Sources: Cushman Wakefield; Colliers International; Lambert Advisory

Market Area	Estimated Inventory Sq. Ft.	Estimated Vacant Sq. Ft.	Estimated Vacancy Rate	Avg. Quoted Rental Rates NNN
Tampa Bay Market	70,880,000	5,245,120	7.4%	\$18.10
Pinellas County	26,029,350	2,212,495	8.5%	\$19.66
City of Dunedin (est.)	1,451,580	116,450	8.0%	\$19.00
Dunedin CRA (est.)	200,000±	6,000±	3.0%±	\$23.00±

Quoted rental rates within the City vary by submarket. The highest asking rents for existing space are along the western third of Main Street (the core retail area) in the CRA, generally ranging from \$16.00± to \$34.00±. However, a 764 square foot storefront at 310 Main Street was recently vacated and the owner is asking \$38.00 per square foot NNN, a new high for the corridor. CAM expenses for tenants along Main Street range from \$6.00 to \$8.00+ a square foot.

Outside of the Main Street retail core area but in the Downtown CRA quoted rental rates generally range from \$18.00 to \$22.00 per square foot NNN, with CAM typically at \$5.00 to \$6.00 per square foot.

For the rest of Dunedin, quoted rental rates for in-line space along the Highway 580 corridor generally range from \$12.00 to \$27.00 per square foot NNN, with CAM ranging from \$4.50 to \$7.20 per square foot. Rents at or below \$15.00 per square foot NNN are generally found among older and smaller strip centers lining the corridor, while rents above \$15.00 per square foot NNN and as high as \$27.00 per square foot NNN are quoted for new strip center space and/or in-line space among supermarket anchored centers.

Not surprising, quoted rental rates are lowest in outlining Dunedin, ranging from \$10.00 to \$20.00 per square foot NNN, with CAM ranging from \$4.00 to \$5.00 per square foot. There is 8,600 square feet of new street level retail proposed for the 280-unit Dunedin Commons complex located in the NE quadrant of Patricia Avenue and Scotsdale Street. The developers are currently advertising an initial asking rent of \$26.00 to \$28.00 per square foot. The space would not become available until sometime in 2018.

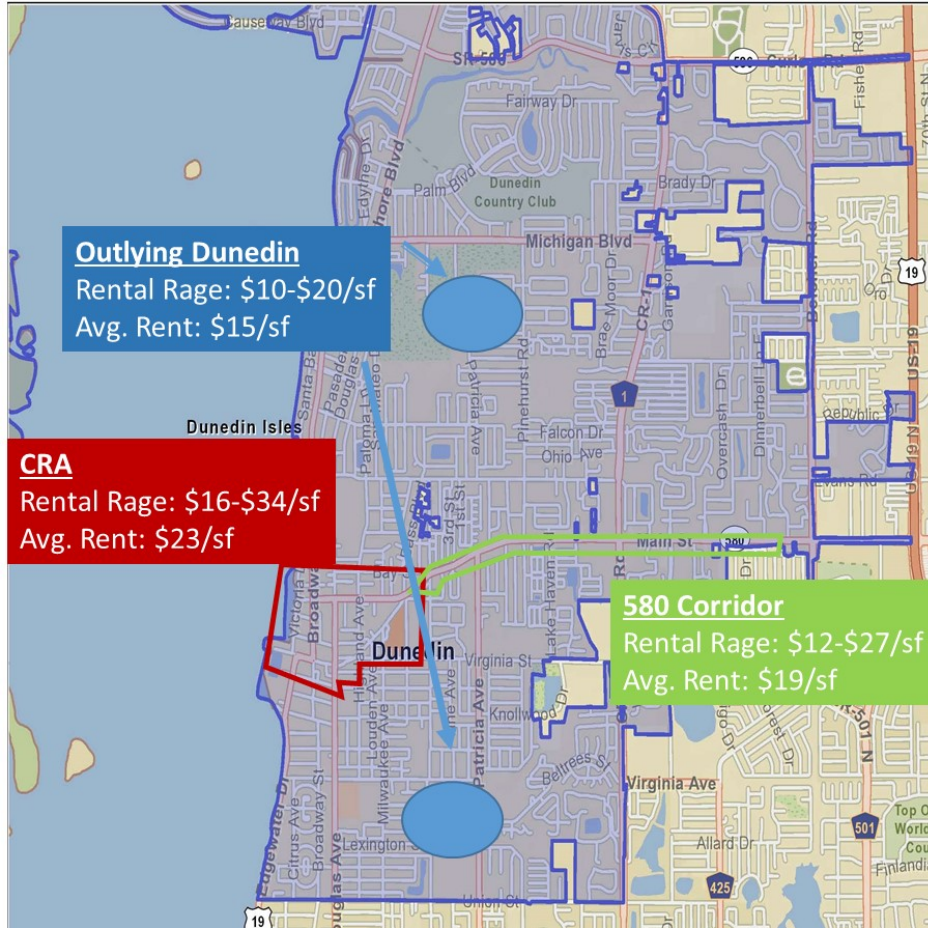
In addition to the Dunedin submarkets, Lambert surveyed five (5) significant shopping centers along the US Highway 19 corridor, one to four miles east of the city. Quoted rental rates for in-line space among these five centers ranged from \$15.00 to \$25.00 per square foot NNN, with CAM ranging from \$5.00 to \$5.50 per square foot.

The following figure presents a diagram of rents in the various Dunedin submarkets. The rents displayed represent ranges for most rents in each of the submarkets. Thus, in some cases, there may be one or two examples

where rents in each submarket are slightly lower or slightly higher.

Figure 11: City of Dunedin – Retail Rental Rate (NNN) for Primary Retail Nodes

Sources: Loop Net; CoStar; Kokolakis, Lambert Advisory



The figure below presents the result of our survey of competitive retail in the Downtown CRA, the Highway 580 corridor, Outlying Dunedin and the US Highway 19 N corridor.

Figure 12: Sample Survey of Retail Centers, Dunedin CRA, City of Dunedin & US Highway 19 N Corridor

Sources: Loop Net; CoStar; Kokolakis, Lambert Advisory

Downtown CRA									
Map Code	Location	Estm. Size in Sq. Ft.	Occupied Sq. Ft.	Vacant Sq. ft.	Occupancy Rate	Tenant Space/ Sq. Ft.	Quoted Rent/ Sq. Ft. NNN	Expenses/ Sq. Ft.	Notes
1	Stirling Commons Complex SWC of Main Street & Broadway, 34698	19,000	17,617	1,383	92.7%	450-2,294	\$16.00-\$27.00	\$8.00±	West of Pinellas Trail
2	310-318 Main Street, 34698	4,524	3,760	764	83.1%	764-1,680	\$22.00-\$38.00	\$8.00±	West of Pinellas Trail
3	Merchant Mall Space, 34698	3,750	0	3,750	0.0%	1,500-2,250	\$19.50-MG	\$3.50±	To be vacated end of May
4	940 Douglas Ave-UC, 34698	11,840	0	11,840	0.0%	1,008-6,979	\$25.00-\$27.00	\$8.00±	Street level retail planned under 65 apartments
580 Corridor									
5	Weathersfield Commons, 1681-1757 CR 580/Main Street, 34698	68,155	41,055	27,100	60.2%	1,000-11,000	\$17.00	\$4.60	LA Fitness Anchor, Rent for larger space > 5,000 sq. ft is negotiable
6	Granada Plaza 1495 CR 580/Main Street, 34698	65,765	61,115	4,650	92.9%	1,200-2,250	\$20.00-\$22.00	\$7.21	Publix Anchor
7	1440 Main Street - PC, 34698	4,875	0	4,875	0.0%	1,000-1,200	\$22.00	N/R	Strip Center - Planned Construction
Outlying Dunedin									
8	Caladesi Shopping Center, 902 Curlew Road, 34698	69,759	63,840	5,919	91.5%	1,236-2,081	\$17.00	\$5.00±	Publix Anchor
9	100-400 Blocks of Patricia Ave., 34698	36,000	31,700	4,300	88.1%	800-2,700	\$12.00-\$15.00	\$4.00-\$5.00	
10	Dunedin Commons - PC, 375 Patricia Ave. 34698	8,678	0	8,678	0.0%	1,333-3,999	\$26.00-\$28.00	N/R	Street level retail planned under apartments
US 19 N Corridor									
11	Westfield Mall, 27001 US Hwy 19 N, Clearwater, 33761	1.1 million	930,080	169,920	84.6%	169,920	Neg.	N/R	Vacant space represents vacated Sears Dept. Store
12	Countryside Centre 2537 Countryside Blvd., 33761	247,500	241,359	6,141	97.5%	6,141	\$20.00-\$25.00	N/R	Dick's Sporting Goods, TJ Maxx, Ross Dress, HomeGoods
13	Cypress Point Center 25801 US Hwy.19 N, Clearwater, 33763	96,310	86,310	10,000	89.6%	10,000	\$18.00-\$25.00	\$5.50	Fresh Market, Burlington Coat Factory
14	Curlew Crossings, 30190 US Hwy 19 N., Clearwater, 33761	207,100	204,996	2,104	99.0%	2,104	\$22.00	\$5.00	Home Depot
15	Village at Countryside, 26210 US Hwy 19 N., Clearwater 33761	104,000	100,800	3,200	96.9%	3,200	\$15.00	\$5.00	Macy's Furniture Gallery

Pipeline

In addition to the existing inventory of retail space in the Downtown CRA and the city, there are four (4) projects combining for 44,950 square feet proposed and/or in the pipeline. Three of the projects are referenced in the table above and include: 11,860 square feet of street level retail proposed as part of the Artisan Apartments currently under construction at 940 Douglas Avenue; 8,687 square feet proposed as part of the Dunedin Commons Apartments currently under construction at 375 Patricia Avenue; and a 4,400 square feet strip center proposed for 1,440 Main Street. In addition, 20,000± square feet of retail is in the pipeline. It is as part of a mixed-use project that would also include up to 18± condominiums proposed for a site at 380 Main Street. The mixed-use project has yet to be approved.

Retail by Sector

As part of our analysis, Lambert also prepared estimates of retail space by major retail sector in the Downtown CRA including:

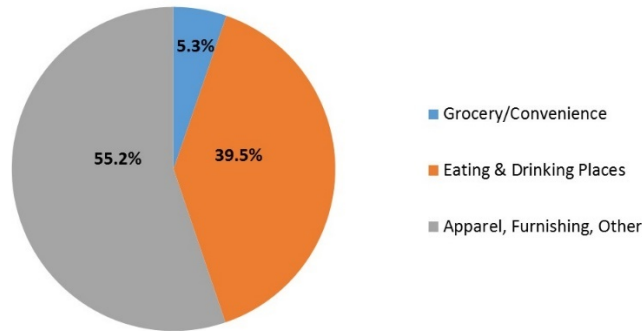
Apparel/Furniture & Other (AFO) – includes clothing & accessories store, furniture and home furnishing, electronics, gift shops, art galleries, thrift stores, consignment shops, hobby and toy stores and other miscellaneous specialty retail stores. This represents approximately 55 percent of retail space in the Downtown CRA.

Eating & Drinking Places – includes restaurants, taverns, bars and nightclubs and micro-breweries/craft beer. This represents approximately 40 percent of retail space in the Downtown CRA.

Food at Home – includes grocery stores specialty food markets and convenience stores and representing approximately 5 percent of retail space in the Downtown CRA.

Figure 13: Retail Space by Major Retail Sector in the Downtown Dunedin CRA

Sources: Pinellas County Property Appraiser; City of Dunedin; Lambert Advisory



Grocery Stores and Drugstores

The analysis herein identifies the location of the competitive supply of supermarkets, grocery stores and other food markets in the City. Additionally, it identifies the location of drugstores in and around the city. This effort serves as a backdrop for determining the competitive supply of significant retail that could potentially impact the demand for retail at the Gateway site.

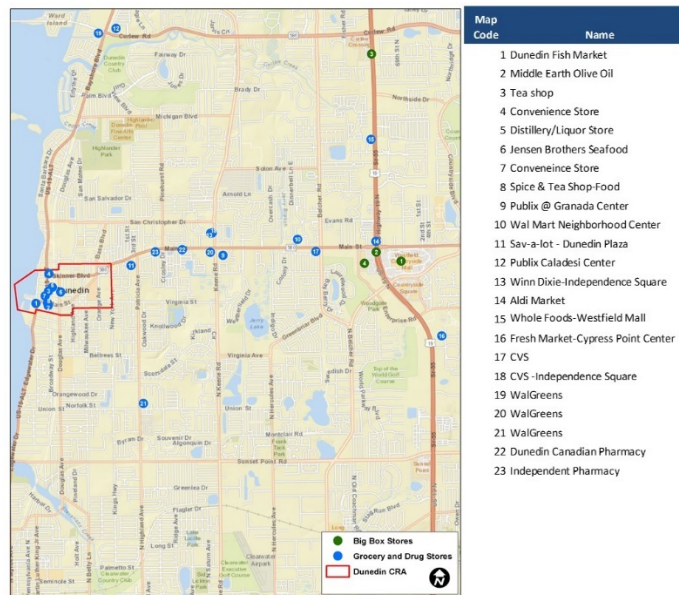
Lambert identified 16 establishments classified in the “Food at Home” retail category. Eight (8) of the establishments are specialty food markets, liquor stores or convenience stores located in the Downtown CRA. These eight establishments combine for approximately 11,000± square feet and range in size from 800± to 2,300± square feet.

The other eight (8) establishments are supermarkets, combining for approximately 290,000± square feet of space. Five of the eight supermarkets, combining for approximately 203,000± square feet are located in the City of Dunedin, but outside of the Downtown CRA. The other three supermarkets combine for approximately 87,000± square feet and include a Whole Foods, Fresh Market and Aldi’s. All three are located along the US Highway 19 N corridor less than three miles from the eastern end of Dunedin.

In addition to the “Food at Home” establishments, Lambert identified eight drugstores in the City of Dunedin, combining for approximately 75,000± square feet. None of the Drugstores are located in the CRA.

The following presents a map graphic showing the name and location of each of specialty food markets, supermarkets and pharmacy, as well as notable big box retailers.

Figure 14: City of Dunedin & Dunedin CRA – Map of Grocery/Convenience, Pharmacy Stores and Big Box Stores



3B: RETAIL DEMAND ANALYSIS

In the effort to assess the retail opportunity for the Downtown CRA and the Gateway site, Lambert applied a retail demand model based on three primary retail demand generators: residents living in the city; workers working in the downtown area; and, demand generated from visitors to the downtown area.

Utilizing a variety of data sources, Lambert built a series of models that estimates expenditures by each of these groups and translates it into demanded square feet of retail space by merchandise category.

Demand for retail in the downtown area is for the five-year projection period 2017-2022. A summary of our analysis for each demand group is presented as follow. The detailed models can be found in the Attachment section.

For this analysis, the city is considered to represent the primary trade area from which business in the downtown core will draw patrons on a regular basis for convenience goods stores such as groceries and drug stores, shoppers goods, including clothing stores, furniture, electronics and other general merchandise stores, and food and beverage establishments. Additionally, the model accounts for expenditure inflow potential from demand outside of the city, as well as outflow (or leakage) from demand within the city as discussed further below.

Utilizing large amounts of data from a variety of sources, the way the retail trade model derives the estimated space demand is based on the methodology described below.

- **Total Personal Income** – The projected total population in Dunedin in 2017 is estimated at approximately 36,400, and is projected to increase to nearly 37,400 by 2022. Per capita income in the submarket is estimated at \$31,100 in 2015 and projected to increase to \$34,100 in 2022. Total personal income in 2017 then is equal to \$329 million, increasing to \$372 million in 2022.
- **Total Retail Expenditure** – An estimate of total retail expenditures (also referred to as Total Non-Auto Retail Expenditures) for the trade area is calculated by multiplying the Total Personal Income by the percent of income that is spent on non-auto retail purchases in a given year. The percent of household income spent on non-auto retail purchases was derived from the Department of Commerce 2009-2010 Consumer Expenditure Survey (Southern Region), which is both region- and income cohort-specific based upon data from the Department of Commerce. Applying this to the population base, residents are estimated to spend nearly 29 percent of their income on non-auto related retail goods.
- **Expenditure by Store Type** – Non-auto expenditure by store type for the market area is estimated using the percentage of total non-auto store sales by store type from the Census of Retail Trade. For this analysis, we combined subcategories into three main categories including, Convenience Goods, Shoppers Goods and Food Service and Drinking Establishments.
- **Primary Market Area Retention** – This is estimated based upon fieldwork and experience, and is an estimate of the degree of leakage which may occur from trade area. Most merchandise categories have relatively low retention rates due to the size of the trade area and the fact that surrounding retail nodes have considerable retail development including for example, regional malls, power centers and other “big box” retail.
- **Percent Sales Inflow from Secondary Market** – While there is resident expenditure leakage from the city there is also inflow from residents that live outside the bounds of the area, as well as the numerous visitors to the Dunedin area. There is also demand from non-resident workers in the area, including the Hospital. This is accounted for in the model through the application of “inflow” percentage factors.
- **Sales per Square Foot** – The sales per square foot figures are estimated for stores in the area based on interviews and other sources of information identified in sections above.

- **Warranted Square Feet** – Is calculated using the following formula: Net Sales Potential (by category)/ Sales per Square Foot (by category).
- **Non-Retail Space** – Is calculated assuming that there is an additional 10-15 percent of “retail” space demanded in traditional retail space that is utilized for non-retail uses such as doctor’s offices, hair salons, or other personal services.

Based on application of the aforementioned demand model, Total Retail Expenditures in the City of Dunedin is projected to increase from \$328 million in 2017 to \$372 million in 2022. This represents an increase of 13 percent (2.5 percent annual average growth) over the five-year projection period, with Total Retail Expenditures increasing by \$43 million, plus additional expenditures after accounting for inflow and outflow factors.

The next step included dividing the expenditure potential for each retail category by the estimated sales per square foot factor for each retail category. This step provided an estimate of supportable square feet for each category generated by Study Area resident. For the Food Services and Drinking Establishments, there is current estimated demand for 211,000 square feet of supportable retail space, increasing by 28,000 square feet by 2022. Convenience Goods results in 385,000 square feet of supportable retail space presently, increasing by 51,000 square feet by 2022. Shoppers Goods increases from 516,000 to 584,000 during the five-year period, or nearly 70,000 square feet.

The last step included applying a 10 percent factor to the total square feet of supportable retail space to account for non-retail space and adding this to the total supportable square feet for all retail categories. Thus, as summarized in the table below, total supportable retail space in the city is currently 1.46 million square feet, which is relatively in line with the city’s total retail inventory as outlined in the section above. By 2022, retail demand is anticipated to increase to 1.65 million square feet or more than 190,000 square feet of additional retail demand over the next few years.

Based upon the analysis herein, there is positive retail demand growth anticipated within the city. It is important to recognize, though, that a portion of this net new retail demand presumes absorption of existing vacant space, as well as support for repositioning of older retail product within the market area that is well beyond its useful life. Regardless, the Downtown CRA is in a position to capture at least a portion of this retail growth as part of the Gateway site redevelopment planning efforts.

Figure 15: City of Dunedin Retail Demand Projections

Source: Lambert Advisory; BLS; EDR; US Census

	2017	2022	Change
Estimated Population	36,472	37,393	921
Per Capita Income	\$31,104	\$34,341	\$3,237
Total Retail Expenditure Potential	\$328,982,432	\$372,392,958	\$43,410,526
Expenditure Potential by Category			
Food Services & Drinking Places	\$83,409,996	\$94,416,272	\$11,006,277
Shoppers Goods	\$159,019,111	\$180,002,308	\$20,983,197
Convenience Goods	\$125,091,842	\$141,598,202	\$16,506,360
Sales per Square Foot by Category			
Food Services & Drinking Places	\$395	\$395	\$0
Shoppers Goods	\$308	\$308	\$0
Convenience Goods	\$349	\$349	\$0
Supportable Square Footage by Category			
Food Services & Drinking Places	211,165	239,029	27,864
Shoppers Goods	516,509	584,665	68,155
Convenience Goods	385,841	436,755	50,913
plus: Building Material & Garden Equipment	157,612	178,590	20,979
plus: Non-Retail Space (Services)	190,669	215,856	25,187
Total Supportable Retail Space	1,461,796	1,654,894	193,098

In addition to the specialty grocer/restaurant, there may be an opportunity to integrate an additional 7,500 square feet of convenience, shopper's goods, and personal services such as a florist, dry clean drop store, sandwich shop, bike shop, eyeglass store, and other similar retailers that would be oriented to Main Street patrons and Hospital employment and visitors. While there is a clear underrepresentation of Grocery and Convenience retail in the Downtown core, the balance of apparel, furnishings, and miscellaneous retail to food and beverage is currently very well balanced and attempting to remain as close to this balance and the Downtown market evolves will be an important factor to the continued vibrancy of downtown Dunedin.

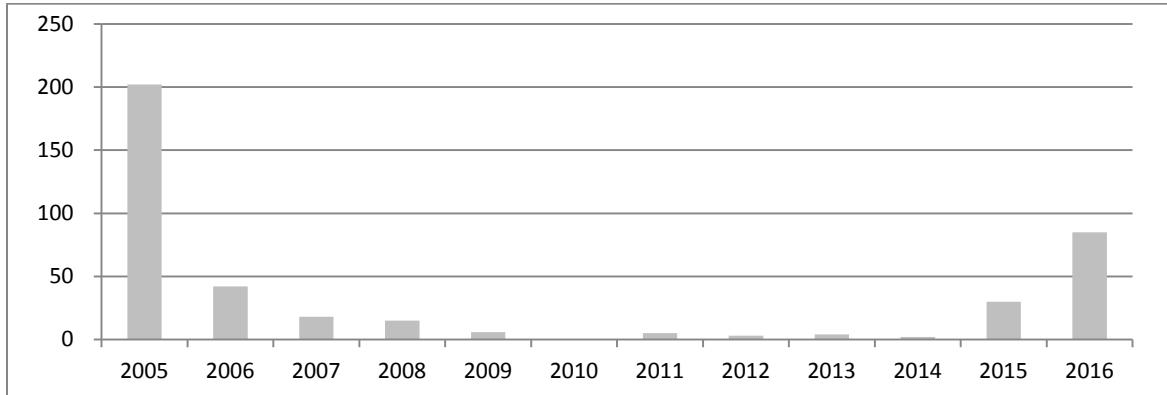
SECTION 4: RESIDENTIAL SUPPLY AND DEMAND ANALYSIS

The recent housing bubble and subsequent collapse of the housing market was both the cause and effect of the recession that impacted the Tampa Bay economy from 2007 to 2010 and beyond. No county, city or area in the Tampa Bay Region was left untouched by the recession. In Dunedin, for example, new housing construction as measured by the number of residential building permits issued dipped to historic lows of 18 residential permits issued in 2007, dipping to 15 permits issued in 2008 and then a total of 20 permits issued over the next six years 2009 through 2014.

The number of residential permits issued in Dunedin has begun rebounding over the last two years, with 34± permits issued in 2015 and another 85± permits issued in 2016. These estimates come by way of construction start dates reported by the new residential construction projects in the market.

Figure 16: Residential Building Permits, City of Dunedin, 2005-2016

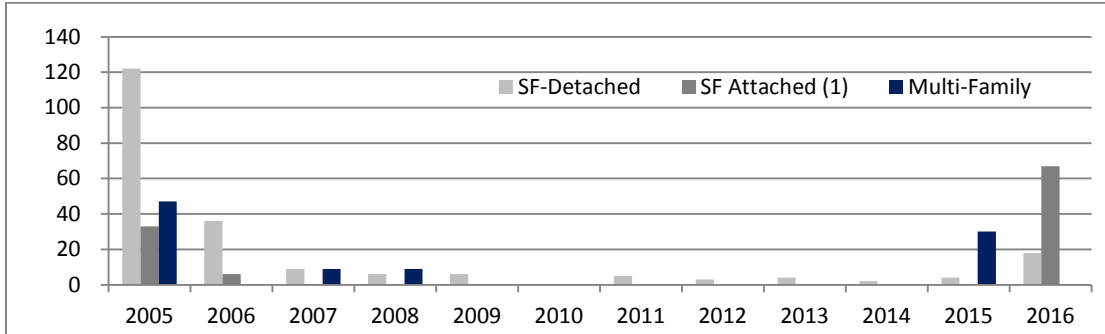
Sources: US Census; Lambert Advisory



Prior to the recession and collapse of the housing market, new construction in Dunedin was dominated by single family. However, in the last two years, of the 119 residential building permits issued, 67 permits (56%) has been for attached single family (i.e. townhomes), and 30 permits (25%) have been for multifamily condominiums. The other 22 permits issued were for single family homes.

Figure 17: Residential Building Permits by Type, City of Dunedin, 2005-2016

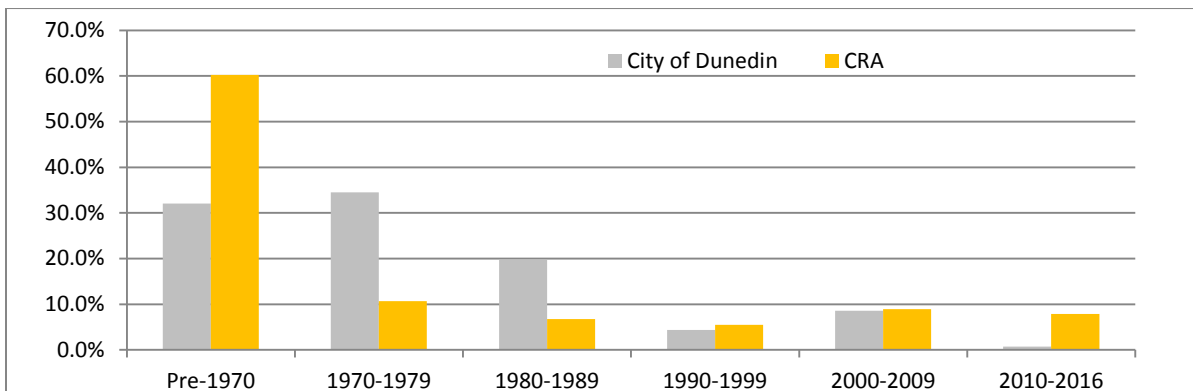
Sources: US Census; Lambert Advisory



The total inventory of housing units in Dunedin is estimated at 20,195. The housing stock in the city is older, with approximately 1/3rd (32.1%) built before 1970 and 2/3rd (66.6%) built before 1980. Only 9.2 percent of housing units in the City have been built since the year 2000. The housing stock in the CRA is even older, with 60% built before 1970, 71 percent before 1980 and only 16.9 percent since the year 2000. From 1970 to 2010, no more than 2.8 percent of new housing units built in the City of Dunedin during any 10-year period were built in the Downtown CRA. However, from 2010 through 2016, 25 percent of new housing built in the City was built in the CRA.

Figure 18: Age of Inventory-Units Built by Period, City of Dunedin and the Downtown CRA

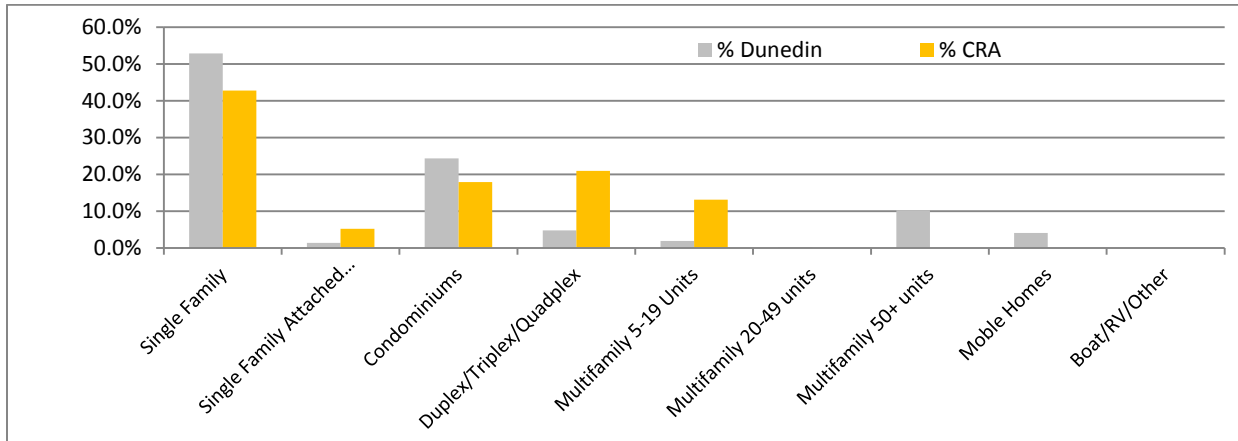
Sources: Pinellas County Property Appraiser; Lambert Advisory



The largest share of housing units in the City of Dunedin is for single family homes, equal to 53 percent. The share of single-family homes in the CRA is at 43 percent. However, there is a relatively larger share of single family attached (townhomes) and smaller multifamily buildings (2-4 units and 5 to 19 units) in the CRA compared to the City as a whole.

Figure 19: Units in Structure, City of Dunedin and the Downtown CRA

Sources: US Census; Pinellas County Property Appraiser

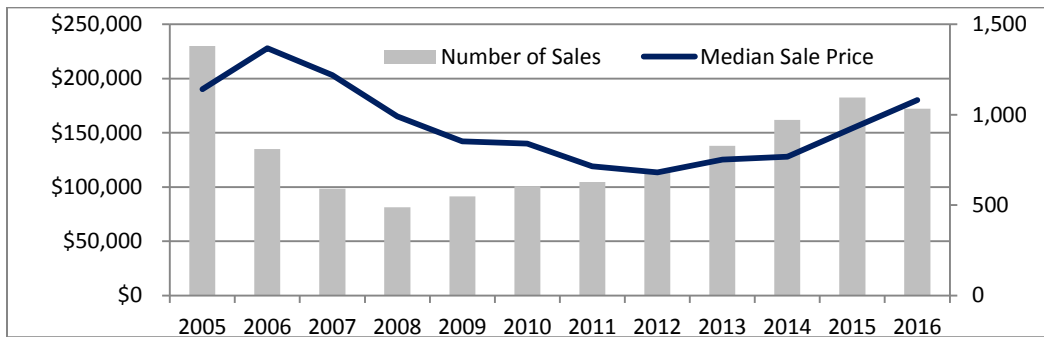


4A: FOR-SALE MARKET PROFILE

Dunedin is one of the most in demand for-sale housing markets in Pinellas County. According to data from Pinellas County MLS and Trulia.com, the number of homes sold in Dunedin increased from 548 sales in 2009 to 1,032 sales in 2016. During this period the median sales price for for-sale housing declined by 30.4 percent (10.1% per year, on average) from \$142,000 to \$113,500 in 2011. The median sales price increased by 10.3 percent, to \$125,150 in 2012, before increasing by 12.3 percent per year on average since 2012, to \$180,200 in 2016. While this increase is notable, the \$180,200 median sales price in 2016 is still below the pre-recession peak of \$228,000 in 2006.

Figure 20: City of Dunedin, For-Sale Housing Trends, 2005-2016

Sources: Pinellas County MLS; Trulia.com



Approximately two-thirds (64.5%) of the for-sale housing product in the City of Dunedin is Homestead and 35.5 percent non-homestead. Condominiums have the largest share of the non-homestead property at 57 percent, compared to 26 percent for single family and 14 percent for single family attached/townhomes.

Figure 21: City of Dunedin, Homestead vs. Non-Homestead

Sources: Pinellas County Property Appraiser

Property Type	Homestead		Non-Homestead		Total
	Number	% of Total	Number	% of Total	
Single Family	7,923	73.6%	2,841	26.4%	10,764
SF Attached & Townhomes	258	86.0%	42	14.0%	300
Condominiums	2,157	43.5%	2,804	56.5%	4,961
Total	10,338	64.5%	5,687	35.5%	16,025

According to the US Census, American Community Survey, the number of vacant units in Dunedin increased from 2,694 (13.4% of all housing units) in the year 2000, to 4,968 (23.8% of all housing units) in 2010. As the housing market improved, the number of vacant units declined in 2015 to 4,025, representing 19.5 percent of all housing units. During these same time periods, the share of vacant units that are for seasonal use/second home in Dunedin increased from 46.1 percent in 2000 to 58.2 percent in 2010, increasing again to 60.7 percent in 2015.

Figure 22: City of Dunedin, Seasonal Housing Trends

Sources: US Census, ACS 2000-2015

Housing Vacancy Status	Dunedin		
	2000	2010	2015
Total Housing Units	20,112	20,905	20,608
Vacant Units	2,694	4,968	4,025
Seasonal/Recreational Units	1,241	2,893	2,442
Seasonal/Recreational as % of All Units	6.2%	13.8%	11.8%
Seasonal/Recreational as % of Vacant Units	46.1%	58.2%	60.7%

New Construction and Pipeline

That Dunedin is one of the popular housing markets in Pinellas County is underscored by the fact that there are eight (8) new for-sale residential projects in Dunedin, combining for 214 new residential. One of the projects – a 30-unit condominium development at 200 Main Street – was recently completed and seven others are at various stages of construction. Four of the projects, combining for 107 units, are located in the Downtown CRA and four projects, also combining for 107 units, located in other parts of the City. A profile of each project is presented below, followed by a map showing project locations.

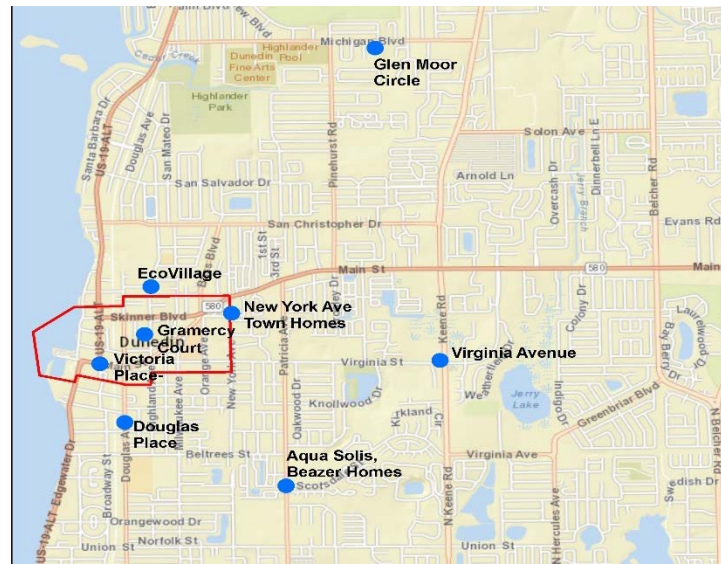
- **Victoria Place** – is 30-unit high-end, luxury condominium development located at 200 Main Street (NEC or Main Street and Victoria Drive) in downtown Dunedin. The condominium units feature two- and three-bedroom floor plans priced from the mid-\$400's to the mid \$700's. Reportedly one unit sold for over \$1.0 million. The project also includes 8,600± square feet of street-level commercial space along Main Street. The project sold out in 18 months, and the commercial space is fully occupied.

- **Gramercy Court** – is a 48-unit townhome development under construction in the 900 block of Highland Avenue in the Downtown CRA. The townhomes are three-stories and offer four plans ranging in size from 1,625 to 2,300 square feet and each featuring a 2-car garage. The townhomes are priced from the low \$300,000's to the mid 400,000's. Sales started in March 2016, and reportedly 32 units have been sold to date.
- **Eco Village** - is a Green energy townhome development consisting of five buildings with five townhomes per building and alleyway detached garages. The project is located at 250 Lorraine Leland Street, immediately north of the northern border of the CRA and an approximately ½ mile north of Main Street. The project offers three-floor plans ranging in size from 1,080 to 1,405 square feet and a 1-car garage. Floor plans are priced from \$179,900 to \$194,900. Reportedly, 22 of the 25 homes have been sold to date.
- **New York Avenue Townhomes** – is a small, 4-unit townhome development located just south of Main Street on the east side of New York Avenue. The three-story townhomes are each 2,143 square feet and priced from \$349,900 to \$369,900.
- **Glen Moor** – is a 23-unit single family subdivision under construction at 128-166 Glen Moor Circle on the south side of Michigan Avenue. Costa Homes is the builder offering three- and 4-bedroom homes ranging in size from 2,300 to 3,200 square feet and priced from \$399,900 to \$537,000. Reportedly 17 units have been sold to date.
- **Aqua Solis** - is a 56-unit townhome development located in the northeast quadrant of Patricia Avenue and Scotsdale Street in the southern sector of Dunedin. The townhomes are 2-stories and the builder, Beazer Homes, is offering three, three-bedroom floor plans ranging in size from 1,410 to 1,488 square feet and priced from \$269,900 to 294,900. Each unit comes with a 1-car garage. The project is currently under construction, with the delivery of first units scheduled for the 3rd Quarter 2017.
- **Aberdeen Oaks** – is reportedly being developed by David Weekly for a site along Virginia Avenue at Keene Road in Dunedin. The project is planned as a gated community featuring a small enclave of 20 homes with three- and four-bedroom floor plans ranging in size from 2,938 to 3,740 square feet and priced from the \$500's and up. Site clearing and land development work is currently being completed. First homes are expected to be delivered in the 1st or 2nd Quarter of 2018.
- **Douglas Place** – is an eight (8) unit townhome development located in the 500 block of Douglas Avenue on the east side of the street. The project is planned for three-story townhomes with three-floor plans ranging in size from 2,109 to 2,316 square feet and priced from \$399,900 to \$439,900. Each unit will come with a 2-car garage. Reportedly seven of the eight units have been sold, with the delivery of the first units scheduled for the 4th Quarter of 2017.

In addition to the eight projects profiled above, there is a mixed-use project on the “drawing board” planned for 300 Main Street, fronting the Ocean Optics office building. The owner/developers submitted an initial site plan which proposed a three-story building that included 20,000 square feet of commercial/retail street level space and 18 condominium units in two stories over the commercial/space. The initial site plan was turned down by the City in response to citizens’ objections to the project. Reportedly, the developer is designing a new site plan for submittal and will continue to seek approval for the development.

Figure 23: City of Dunedin, For-Sale New Construction, and Pipeline

Sources: City of Dunedin; Realtor.com; Lambert Advisory



4B: RENTAL HOUSING MARKET PROFILE

Based on data from the Bay Area Apartment Association, Pinellas County is comprised of five major submarkets. The City of Dunedin is part of the Dunedin/Clearwater submarket, which consists of 12,485 apartment units among projects responding to the Bay Area Associations bi-annual survey. Of this number 2,087 units among eight projects are located in Dunedin.

The figure below provides a snapshot of the rental apartment market in Pinellas County by submarket. The figures in the Table show that the occupancy rate in Dunedin/Clearwater submarket is at 95.5 percent, though higher in Dunedin at 98.0 percent. However, the average base rent of \$913 in Dunedin is lower than base rents in each of the other submarkets with the exception of the average base rent of \$901 in the Largo/Seminole submarket.

Figure 24: Rental Apartment Market Snap Shot, Pinellas County, and Pinellas County Submarkets

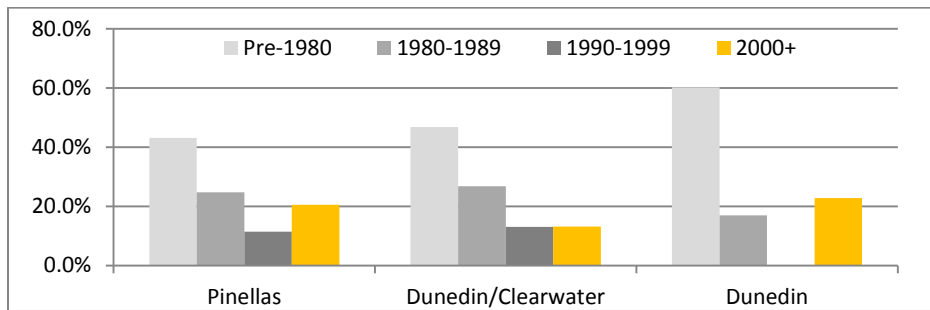
Sources: Bay Area Apartment Association; Lambert Advisory

Submarket	Number of Units	Vacant Units	Percent Occupied	Avg. Sq. Ft.	Avg. Base Rent	Avg. Base Rent/Sq. Ft.
Palm Harbor/Tarpon Springs	6,117	200	96.7%	991	\$1,082	\$1.09
Dunedin/Clearwater	12,485	567	95.5%	919	\$1,004	\$1.09
Dunedin	2,087	42	98.0%	847	\$913	\$1.08
Largo/Seminole	5,350	109	98.0%	823	\$901	\$1.09
Pinellas Park/Gateway	8,378	283	96.6%	878	\$1,094	\$1.25
South Pinellas/St. Petersburg	6,792	182	97.3%	844	\$1,063	\$1.26
All Pinellas	39,122	1,331	96.6%	896	\$1,032	\$1.15

The lower base rents in Dunedin compared to other submarkets in Pinellas County reflect the age of the inventory in Dunedin. Accordingly, 60 percent of the apartment inventory in Dunedin was built before 1980 and 77 percent before 1990. Only one project – MacAlpine Place, with 476 units, has been built in Dunedin in the last 16 years.

Figure 25: Rental Apartment Market Snap Shot, Pinellas County, and Pinellas County Submarkets

Sources: Bay Area Apartment Association; Lambert Advisory

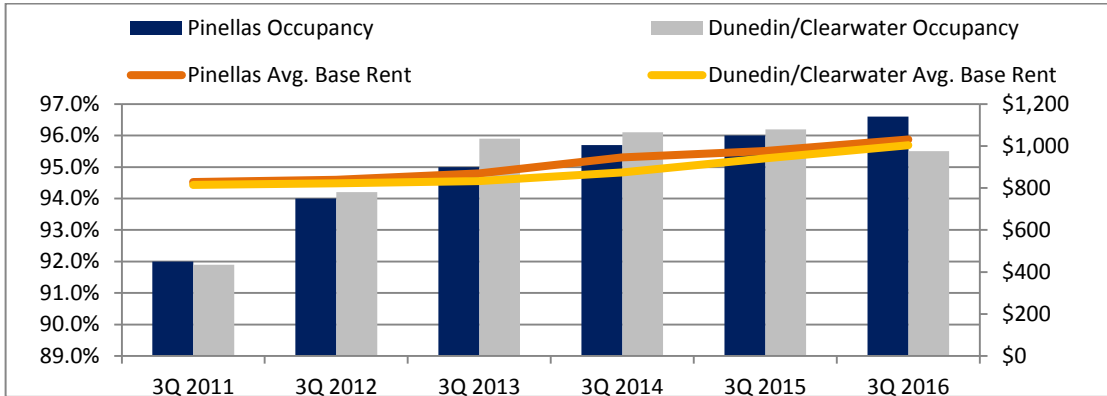


The rental apartment market in both Pinellas County and the Dunedin/Clearwater submarket is strong. Occupancy rates in Pinellas County have trended up from 92.0% in the 3rd Quarter 2011 to 96.6 percent as of the 3rd Quarter 2016, while the average base rental rate in the county over this same period grew by 4.5 percent per year, on average, from \$829 to \$1,039.

Trends in the Dunedin/Clearwater submarket have mirrored those of the county as a whole, with the occupancy rate increasing from 91.9% in the 3rd Quarter 2011 to 95.5% as of the 3rd Quarter 2016. During this period, the average base rent in the Dunedin/Clearwater submarket increased by 4.3 percent per year on average, from \$815 in the 3rd Quarter 2011 to \$1,004 as of the 3rd Quarter 2016.

Figure 26: Occupancy and Rent Trends, Pinellas County and the Dunedin/Clearwater Submarket

Sources: Bay Area Apartment Association; Lambert Advisory



Existing Rental Apartments

Lambert surveyed eight projects in the Dunedin, combining for 2,087 units. Six of the projects are market rate, including one project that is designated for 55 years and older. The other two projects are low income/affordable rental communities.

Figure 27: Profile of Select Apartment Communities, City of Dunedin

Sources: Apartments.com; MyRentComps.com; Lambert Advisory

Map Code	Name of Project	Location	CRA Y/N	YB	Number of Units	Style	Vacant Units	Occp. Rate	Flr. Plans	Range & Avg. Sq. Ft.	Range & Avg. Base Rent	Range & Avg/ Base rent/Sq. Ft.	Parking
1	MacAlpine Place	152 MacAlpine Way (Keene Rd.)	N	2000/01	476	2-Story Garden Style	8	98.3%	1, 2 & 3 Bdrms	740-1,467/1,117	\$1,021-\$1,704/\$1,267	\$1.16-\$1.38/\$1.13	Surface, Attached garages
2	Liv @ Dunedin	1763 Main St.	N	1973/2016R	180	2-Story Garden Style	10	94.4%	1, 2 & 3 Bdrms	700-1,200/951	\$915-\$1,340/\$1,110	\$1.12-\$1.31/\$1.16	Surface
3	Chesapeake	2307 Cumberland Circle	N	1985	354	2-Story Garden Style	10	97.2%	1 & 2 Bdrms	600-980/742	\$810-\$1,080/\$890	\$1.10-\$1.35/\$1.20	Surface
4	Beltrees Plaza	660 Beltrees St.	N	1975	68	2-Story Garden Style	3	95.6%	1, 2 & 3 Bdrms	724-1,150/945	\$705-\$1,095/\$843	\$0.81-\$0.99/\$0.89	Surface
5	Promenade Village	257 Milwaukee Ave.	N	1973	188	3-Story Garden Style	8	95.7%	2 & 2 Bdrms	728-1,050/849	\$765-\$1,010/\$837	\$0.93-\$1.05/\$0.98	Surface
6	Scottish Towers (55 & Older)	444 N Paula Dr.	N	1972	188	4-Story Elev.	0	100.0%	Studio, 1 & 2 Bdrms.	390-900/715	\$760-\$980/\$918	\$1.09-\$1.95/\$1.28	Surface
7	Whispering Hills (HUD Low Income)	612 Bass Ct.	N	1973	160	2-Story Garden Style	0	100.0%	1, 2 & 3 Bdrms	610-1,211/773	\$549-\$749/\$614	\$0.62-\$0.90/\$0.79	Surface
8	Palm Lake Village (HUD-Low Income)	1515 Cnty Rd 1	N	1968	473	1-story villa	0	100.0%	1 & 2 Bdrms	658-780/675	\$625-\$725/\$639	\$0.93-\$0.95/\$0.95	Surface
All Apartments					2,087		39	98.1%		390-1,467/847	\$549-\$1,704/\$913	\$0.62-\$1.28/\$1.95	
Market Rate										390-1,467/910	\$705-\$1,704/\$1,035	\$0.81-\$1.95/\$1.14	
Low Income/Affordable										610-1,211/700	\$549-\$749/\$633	\$0.62-\$0.95/\$0.90	

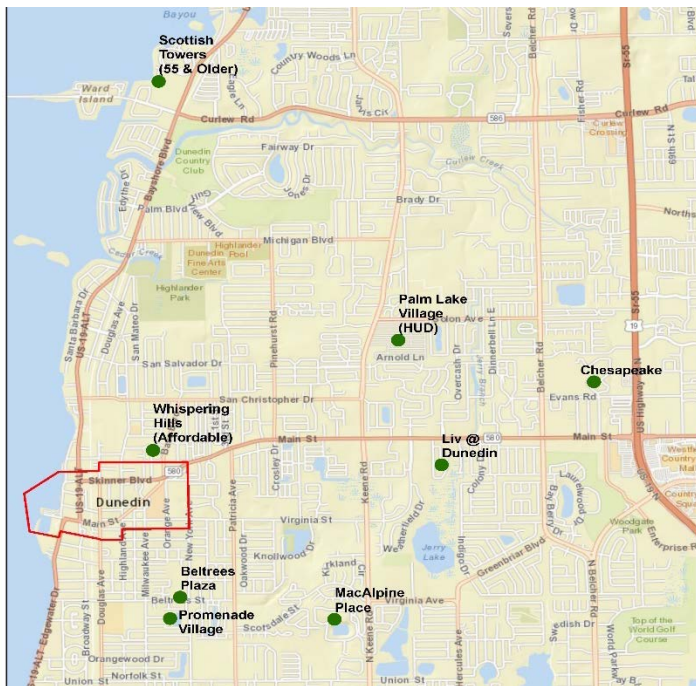
As shown above, Palm Lake Village and Whispering Hills are low-income rental communities. Whispering Hills is a HUD sponsored project built in 1974. It is a two-story garden-style project with 160 units, built in 1974 and is 100 percent occupied. Whispering Hill has the lowest rents among projects in the study group of existing projects, offering one-, two- and three-bedroom floor plans, with rents ranging from \$549 (\$0.91/sq. ft.) to \$749 (\$0.62/sq. ft.) Palm Lake Village is owned and operated by the Pinellas County Housing Authority for low-income seniors. The project features one-story villa style with 473 units and is 100 percent occupied. Palm Lake Village is the oldest project in the study group, built in 1968. It offers one- and two-bedroom floor plan with rents ranging from \$625 (\$0.95 per square foot) to \$725 (\$0.93 per square foot).

Among market rate apartments, MacAlpine Place, built in 2000/2001, is the newest project in the study group of existing projects and has the highest rents. It offers one-, two- and three-bedroom floor plans, with rents ranging from \$1,021 (\$1.38/sq. ft.) to \$1,704 (\$1.16/sq. ft.).

The average base rent for all apartment in the study group is \$913 (\$1.08/sq. ft.) for an average unit size of 847 square feet. For low income/affordable apartments, the average base rent is \$633 (\$0.90/sq. ft.) for an average unit size of 700 square feet, while the average base rent for market rate apartments is \$1,035 (\$1.14/sq. ft.) for an average unit size of 910 square feet.

Figure 28: City of Dunedin, Map of Select Rental Apartment Communities (50+ units)

Sources: Apartments.com; MyRentComps.com; Lambert Advisory



New Construction and Pipeline

The Dunedin/Clearwater submarket has experienced a flurry of new rental apartment development over the past 4+ years. For the three-year period, 2013-2015, three new rental apartment projects, combining for 774 units, were added to the rental apartment inventory in the submarket. All three have a Clearwater address and include: Amalfi Clearwater (108 units), The Sands (240 units) and Solaris Key (426 units).. The occupancy rate among the three projects is at 90.8%. Base rents range from \$1,050 to \$2,210 for a water view unit at Solaris Key, while rents per square foot range from \$1.20 to \$1.69 per square foot. The average base rent among the three new projects is at \$1,458 (\$1.40/sq. ft.) for an average unit size of 1,040 square feet

Starting in 2016, another five projects, combining for 1,274 units have been approved and started construction. Two of the five projects, including Artisan and Dunedin Commons, are located in the City of Dunedin. The two projects combine for 345 units. Of the two projects, Artisan, with 65 units, is located in the CRA.

Artisan is a 3-story, elevator-served rental apartment project located in the 900 block of Douglas Avenue. The project is offering one-, two- and three-bedroom floor plans, with estimated base rents ranging \$1,020 (\$1.67/sq. ft.) for a 610 square feet, one-bedroom/one bath floor plan, to \$1,675 (\$1.34/sq. ft.) for a 1,250, three-bedroom/two bath plan. The average base rent at Artisan is estimated at \$1,374 (\$1.50/sq. ft.). The project will include approximately 11,840 square feet of street level retail and covered parking. Delivery of first units is scheduled for the 4th Quarter of 2017.

Dunedin Commons is planned for 280 units for a site in the NE quadrant of Patricia Avenue and Scotsdale Street in the southern sector of Dunedin. The project will feature three- and four-story elevator served buildings and offer one-, two- and three-floor plans. Estimated base rents at Dunedin Commons range from \$1,100 (\$1.63/sq. ft.) for a 675 square feet, one-bedroom/one bath floor plan to \$1,875 (\$1.28/sq. ft.) for a 1,373 square feet, three-bedroom/two bath plan. The project will have surface parking and include detached covered garages rented separately There will also be approximately 8,678 square feet of street level retail. Delivery of first units is scheduled for the 1st Quarter of 2018.

A third project, Alexander at Countryside, is located just outside the Dunedin city limits in the SE quadrant of Belcher Road and Main Street. The project is planned for 340 units and will feature one-, two- and three-bedroom floor plans in three- and four-story elevator served buildings. The project is under construction with delivery of first units schedule for the 1st or 2nd Quarter of 2018. The project will have surface parking. Detailed information on unit sizes and base rents was not made available at the time of our research.

The two other pipeline projects include, the Nolen, located on the eastern edge of Downtown Clearwater, and Clearwater Cay, located on the NE quadrant of US Hwy 19 N Frontage Road and Belleair Road in the southern sector of the Dunedin/Clearwater submarket.

The Nolen is a 250-unit, four-story, elevator-served project offering one- and two-bedroom floor plans ranging in size from 581 to 1,059 square feet. The project is under construction, is 90 percent complete, and in lease-up. Base rents range \$1,119 (\$2.00/sq. ft.) to \$1,734 (\$1.48/sq. ft.). The average base rent for all units is at \$1.77, the highest among all the new projects in the study group. The project was 10 percent leased at the time of our survey.

Clearwater Cay is a 339-unit, four-story, elevator-served project offering one-, two- and three- bedroom floor plans. Land at the site was being cleared at the time of our research. The average unit's size is estimated at 975 square feet and average base rent at \$1,400. Otherwise, information on unit size and pricing was unavailable. The project will have surface parking and offer detached garages rented separately. Delivery of first units is scheduled for the 1st or 2nd Quarter of 2018.

The table below presents a profile of the eight new construction/pipeline projects surveyed. A map showing the location of each project is presented thereafter.

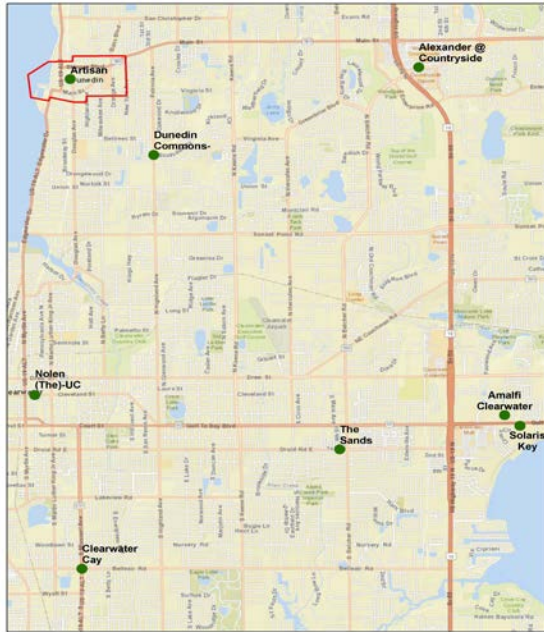
Figure 29: Profile of New Construction/Pipeline Apartment Communities, Dunedin/Clearwater Submarket

Sources: Apartments.com; MyRentComps.com; Lambert Advisory

Map Code	Name of Project	Location	CRA Y/N	YB	Number of Units	Style	Vacant Units	Occp. Rate	Flr. Plans	Range & Avg. Sq. Ft.	Range & Avg. Base Rent	Range & Avg/ Base Rent/Sq. Ft.	Parking
1	Amali Clearwater	106 Hampton Road, Clearwater 33759	No	2013	108	3-story walk-up	9	91.7%	1, 2 & 3 Bdrms.	766-1,288/1,095	\$1,253-\$1,764/\$1,485	\$1.23-\$1.64/\$1.36	Surface
2	The Sands	2168 Druid Rd., Clearwater 33764	No	2014	240	3-story walk-up	24	90.0%	1, 2 & 3 Bdrms.	644-1,308/1,104	\$1,050-\$1,975/\$1,400	\$1.31-\$1.63/\$1.38	Surface & Dtch. Garages
3	Solaris Key	2855 Gulf-to-Bay Blvd., Clearwater 33759	No	2015	426	3-story walk-up & 4-story, elev.	38	91.1%	1, 2 & 3 Bdrms.	693-1,491/1,090	\$1,174-\$2,110/\$1,455	\$1.20-\$1.69/\$1.32	Surface & some covered parking
4	Nolen (The)-UC	901 Cleveland St., Clearwater 33756	No	UC-2016/17	250	4-story, elev.	UC & in lease-up	UC & in lease-up	1 & 2 Bdrms	581-1,059/805	\$1,119-\$1,734/\$1,425	\$1.48-\$2.00/\$1.77	Surface & Attached Garages
5	Dunedin Commons-	NEC of Patricia Ave. & Scotsdale St. 34698	No	UC-2016/17	280	3 & 4 Story Elev.	UC	UC	1, 2 & 3 Bdrms.	675-1,373/991	\$1,100-\$1,875/\$1,387	\$1.28-\$1.63/\$1.40	Surface with detached garages
6	Artisan	940 Douglas Ave., Dunedin 34698	Yes	UC-2016/17	65	3-story, elev.	UC	UC	1, 2 Bdrms & 2/2-den	610-1,250/918	\$1,020-\$1,675/\$1,374	\$1.34-\$1.67/\$1.50	Structured Parking
7	Clearwater Cay	NE Quadrant of US Hwy. 19 & Bellaire Rd. Clearwater 33764	No	UC- 1Q 2017	339	3-story, elev.	UC	UC	1, 2 & 3 Bdrms.	975-Avg	\$1,400-Avg	\$1.44	Surface with detached garages.
8	Alexander @ Countryside,	2506 Countryside Blvd., Clearwater 33761	No	UC-2016/17	340	3 & 4 Story Elev.	UC	UC	1, 2 & 3 Bdrms.	1,000-2,000/1,200	\$1,650-Avg	\$1.38	Rents are preliminary estimates subject to change
Totals/Averages All Projects			-	-	2,048	-	-	-	-	581-2,000/1,040	\$1,020-\$2,110/\$1,458	\$1.20-\$2.00/\$1.40	-
Totals/Averages New Construction Projects					774	-	71	90.8%	-	644-1,491/1,095	\$1,050-\$2,110/\$1,442	\$1.20-\$1.69/\$1.32	-
Totals/Averages Pipeline Projects					1,274	-	-	-	-	581-2,000/1,006	\$1,020-\$2,110/\$1,467	\$1.20-\$2.00/\$1.46	-

Figure 30: Map of New Construction/Pipeline Apartment Communities, Dunedin/Clearwater Submarket

Sources: Apartments.com; MyRentComps.com; Lambert Advisory



4C: RESIDENTIAL DEMAND ANALYSIS

From a broader perspective, there has been a measurable shift in housing demand since the recession that has led to increased demand for rental housing, while demand for for-sale housing has really only started to regain traction during the past two to three years.

One notable factor related specifically to rental housing trends is an increase in the popularity of urban-style rental communities in urban and some suburban locations with consumers/renters attracted to a lifestyle that these projects provide including, walkable services, shopping, and entertainment and/or shortened commute time to employment centers. This new urban style product is typically three to six stories with elevators and includes a full complement of state-of-the-art amenities and upgraded interior unit finishes. Units are generally smaller and higher priced than traditional garden style walk-up rental apartments. The new urban style product is popular among the Millennial population but has also attracted a cross section of middle and higher income renters in all age groups.

In the effort to identify the level of demand for residential development expected to occur during the next few years within the city and, effectively, the downtown area, we consider the economic, demographic, and overall housing market and economic conditions as outlined in this section as well as in preceding sections. The demand analysis methodology herein is used to identify the broader parameters of residential demand that support

potential housing demand in the city and has been prepared in the effort to provide order of magnitude estimates of future housing demand.

The following provides a summary overview of the key assumptions supporting the housing demand analysis:

Household Growth: Based upon 2010 Census, and BEBR projections, we estimate the city’s households will increase from an estimated 16,798 households in 2017 to 17,526 in 2022, or 728 new total households.

Household Income: Based upon US Census data, approximately 50 percent of all households in the city have annual household income greater than \$45,000, a minimum threshold considered to adequately support monthly payments required to underwrite new, market rate multi-family/condominium housing development; or, minimum average monthly housing payment estimated to be in the range of \$1,400 to \$1,600.

Multi-family Units: The housing demand for the Downtown CRA considers mid- to higher density multi-family housing that provides the critical mass needed to encourage a dynamic, mixed-use area. Based upon US Census housing data for Dunedin, roughly 49 percent of all dwelling units are multifamily. Importantly, for this analysis, we assume that the proportion of multifamily development will continue to outpace single family development given current and near-term trends, and therefore we apply a modest increase to the model.

Based upon the assumptions above, there is estimated to be approximately 170 - 200 new primary resident housing units with incomes greater than \$45,000 within the city during the next 5± years from population growth alone.

Figure 31: Summary of Multifamily (Market Rate) Housing Demand – Study Area (2017 to 2022)

Source: US Census; Lambert Advisory

	2017	2018	2019	2020	2021	2022	Change
Population	36,472	36,627	36,783	36,939	37,096	37,254	782
Total Households	16,798	16,941	17,085	17,231	17,378	17,526	728
Persons per HH	2.2	2.2	2.2	2.1	2.1	2.1	
<i>% Study Area HH w/Income > \$45K (Future Demand)</i>	50%	50%	50%	50%	50%	50%	
No. HH with Income > \$45,000	8,399	8,470	8,543	8,615	8,689	8,763	364
% MF Dwelling	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	
Total Demand for New MF Dwelling Units	4,115	4,151	4,186	4,222	4,258	4,294	178
Potential HH Demand:	4,115	4,151	4,186	4,222	4,258	4,294	
Net New HH Annual Demand:	-	35	35	36	36	36	178

In addition to the demand from new household growth within the area, the opportunity for new multifamily housing in Downtown Dunedin could be further enhanced beyond that of natural resident growth (and referred to as “pent-up” demand). The opportunity to incorporate new, quality housing in a desirable urban environment should provide a strong draw for residents within (and outside of) the city and, specifically, enhance the Gateways competitive position in the market.