

**RESTAURANT, RETAIL &
ENTERTAINMENT MARKET STUDY
DOWNTOWN – RIVERWALK
FORT LAUDERDALE, FLORIDA**

**PREPARED FOR:
BEYER BLINDER BELL AND
THE CITY OF FORT LAUDERDALE
FORT LAUDERDALE, FLORIDA
MARCH 2008**



TABLE OF CONTENTS

<u>Section Number</u>	<u>Title</u>	<u>Page Number</u>
I.	ASSIGNMENT	1
	Assumptions	3
II.	EXECUTIVE SUMMARY	5
	General Findings	6
	Conclusions	7
	Riverwalk — Overall Recommendations	16
	Recommendations for the Northside of the Riverwalk	21
	Recommendations for the Southside of the Riverwalk	24
III.	METHODOLOGY	25
IV.	RETAIL MARKET ANALYSIS	29
	Site/Location	29
	Accessibility	29
	Current Downtown Festival and Events	34
	Competition	34
	Downtown Fort Lauderdale’s Trade Area	35
	Resident Trade Area Market Support Data	36
	Trade Area Resident’s Restaurant, Retail, and Entertainment	
	Retail Expenditures and Market Penetration	39
	Downtown Fort Lauderdale’s Retail Sales Sources	44
	Conclusions and Recommendations	46
	<i>Introduction to Melaniphy & Associates, Inc.</i>	Addenda

LIST OF TABLES

<u>Table Number</u>	<u>Title</u>	<u>Page Number</u>
2.1	Personal Consumption Expenditures, Downtown Fort Lauderdale's Resident Trade Area, 2007, 2012, & 2015	13
2.2	Estimated Sales and Revenues, Downtown Fort Lauderdale, Estimated Sources of Expenditures, 2007	14
2.3	Suggested Tenant Mix	21
4.1	Trade Area Market Support Data, Downtown Fort Lauderdale, Fort Lauderdale, Florida	37
4.2	2002 Retail Sales, Sales Per Establishment, Per Capita Sales, and 2007 Forecasted Per Capita Retail and Foodservice Sales, Fort Lauderdale, Florida	40
4.3	Estimated Resident Retail, Restaurant, & Entertainment Expenditures, Market Penetration, and Estimated Retail Sales, Downtown Fort Lauderdale, 2007, 2012, & 2015	43
4.4	Estimated Sales and Revenues, Downtown Fort Lauderdale, Estimated Sources of Expenditures, 2007	44

LIST OF FIGURES

Figure		<u>Page Number</u>
1.A	Riverwalk Area	2
2.A	Walking Time Analysis, Andrews Avenue & Riverwalk, Downtown Fort Lauderdale, Florida	9
2.B	15 Minute Travel Time, Andrews Avenue & Las Olas Boulevard, Fort Lauderdale, Florida	10
2.C	Downtown Fort Lauderdale Trade Area, Fort Lauderdale, Florida	12
2.D	Sites for Potential Change, New River Master Plan, Downtown Fort Lauderdale, Florida	16
2.E	Restaurant/Retail/Entertainment Size and Locational Model, Riverwalk Area, Downtown Fort Lauderdale	19
4.A	Public Transportation Bus Routes, Downtown Fort Lauderdale Area	30
4.B	Planned Downtown Transit Circulator – E-1, Fort Lauderdale, Florida	31
4.C	Walking Time Analysis, Andrews Avenue & Riverwalk, Downtown Fort Lauderdale, Florida	32
4.D	15 Minute Travel Time, Andrews Avenue & Las Olas Boulevard, Fort Lauderdale, Florida	33
4.E	Downtown Fort Lauderdale Trade Area, Fort Lauderdale, Florida	36

SECTION I

ASSIGNMENT

Our assignment has been to conduct a restaurant, retail, and entertainment market study of the Downtown Fort Lauderdale Riverwalk area as an integral part of the Downtown New River Master Plan with emphasis upon current and future demand on both the north and south sides of the River. The Downtown New River Master Plan is being completed by Beyer Blinder Bell for the City of Fort Lauderdale. The area definition is reflected in *Figure 1.A* on the following page. The Downtown New River Master Plan area include Census Tract 425.

The *Goals* of the Las Olas & Riverwalk Corridor are:

- Strengthen the Las Olas Corridor
- Complete the Riverwalk Corridor
- Connect the North and South sides of the Riverwalk
- Better connect the Riverwalk and the Las Olas Corridor
- Reduce Pollution of the New River
- Improve the quality of existing parks and public spaces
- Encourage the creation of new Downtown parks and public spaces
- Link parks and open spaces with connecting recreational and pedestrian trails
- Encourage and strengthen Special Use Districts

The *Visions* that have been established to achieve these Goals are as follows:

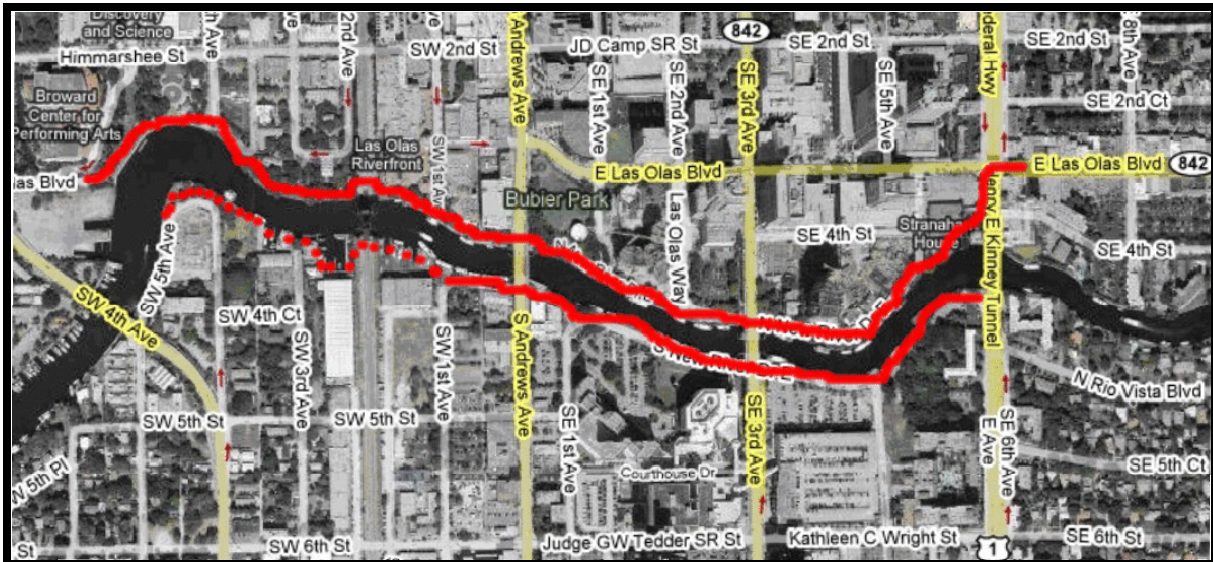
- ⊙ Ways to encourage daily activity for locals and visitors;
- ⊙ Allow for a variety of experiences;
- ⊙ Improve and strengthen links to surrounding areas;
- ⊙ Envision the New River Riverwalk as a generator; and
- ⊙ Insure the long term viability of the Riverwalk and its importance to Fort Lauderdale and the Downtown Area.

The Riverwalk planning area is generally located along the New River in Downtown Fort Lauderdale and extends from the Broward Center for Performing Arts on the west to the Las Olas Boulevard shopping and dining area on the east. The purpose of the Plan has been to create a strategic vision and development framework for the Downtown Riverwalk and its surroundings. The principal feature is the New River which meanders through the Downtown Area on an east-west course. The Downtown New River Riverwalk Study Area is generally bounded by SW 2nd Street and Las Olas Boulevard on the north, between SE 8th and 9th Avenue on the east, between SW 6th and 7th Street on the south, and SW 4th Avenue (north of the New River) and SW 7th Avenue on the west (south of the New River). The entire area is approximately one mile wide. Also, included in the Study Area are the Museum of Discovery and Science, Esplanade Park, Old Fort Lauderdale Village and Museum, Himmarshee Village, Huizenga Plaza, the Museum of Art, Broward County Library, Stranahan House, the Judicial District, and Smoker Park, among

others. *Figure 1.A* below is a general aerial view of the New River with the Riverwalk area is indicated red.

Figure 1.A

**The Riverwalk Area
Downtown Fort Lauderdale**



When completed, the Riverwalk will be pedestrian and boating friendly, interacting with buildings, dining, office occupants, residents, visitors, Las Olas Boulevard, Himmarshee Village, the south side of the New River, the Judicial District, the Museums, and the Broward Center for the Performing Arts. The Southside of the New River and the Riverwalk (shown in red dots) will eventually be extended west to SW 5th Avenue.

Our study has considered both the current market and that which might exist in 2012 and 2015 given variations in the U.S. and Florida economy, development money availability, population growth, employment changes, personal consumption expenditures, retail sales, housing demand, tourist attraction, hotel occupancy, seasonal housing utilization, national and foreign visitors, cruise ship attraction, and other market variables. Our intention has been to determine what is best for Downtown Fort Lauderdale in the long run, regardless of local current economic conditions.

There are two Downtown River sites which have been designated in the Downtown New River Master Plan as Hub sites; the north side site on the New River between the FEC Railroad Bridge and South Andrews Avenue, the former site of the Riverfront Festival Market. The south side site is directly across the New River from the north side site. The property is on the south side of the River between the Railroad Bridge and South Andrews Avenue.

STUDY ASSUMPTIONS

1. The economy of the United States, the State of Florida, and Fort Lauderdale will recover from the current recession caused by the decline of the housing and financial markets. Following the recession, we expect the demand for new condominiums in and around Downtown Fort Lauderdale to improve, along with the demand for commercial facilities. It is our opinion that it will take at least three years for the recovery to take place.
2. No major restaurant/entertainment complexes, other than those indicated in this report, will be developed within Downtown Fort Lauderdale that will compete with the Riverfront or the Las Olas dining and retail concentration. Any such development would require a reassessment of the conclusions and recommendations contained herein.
3. We have assumed that adequate parking will be provided for any new Riverwalk buildings containing restaurant, retail, or entertainment uses.
4. Gasoline prices will not consistently exceed \$4.00 per gallon. If this occurs, major changes may occur in resident dining and shopping patterns and a shift in visitor attraction to Fort Lauderdale and the balance of Florida.
5. The United States will not expand the current war on terrorism or escalate military operations overseas, nor will the United States experience any major catastrophe or terrorist act that would interrupt shopping, driving, mail delivery, or spending patterns.
6. The New River will not change its course or water level, nor will its level of water quality change drastically. Furthermore, boating will continue to be a major industry in the Fort Lauderdale area.
7. Future developers of both sides of the New River will utilize their experience and talent to create unique housing, office, retail, restaurant, and entertainment complexes.
8. We assume that the properties on both sides of the River will be available, buildable, and that there are no environmental or subsurface conditions that would prohibit development or redevelopment.
9. A considerable amount of data has been gathered, sorted, and analyzed. Much of the data has come from federal, state, county agencies, and the City of Fort Lauderdale, along with local real estate companies. Additionally, secondary sources have been utilized, where pertinent. Where possible, our staff has examined the information for its validity and authenticity. Since we have no way of controlling the development of these data sources, we take no responsibility for any inaccuracy. During the course of the study program we have utilized standard statistical techniques involving both subjective and objective judgments in order to arrive at the conclusions and recommendations.

Restaurant, Retail, & Entertainment Market Study, Downtown New River Master Plan

10. We certify that we have no interest in the properties along the New River in the Fort Lauderdale area, and we have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon any action or event resulting from this analysis, opinions, or conclusions, in or use of this report.

11. Throughout this study, we have utilized standard real estate statistical and analytical techniques used throughout the industry which have involved both objective and subjective judgments. Also, we have brought to bear our over 40 years of worldwide real estate analytical experience.

SECTION II

EXECUTIVE SUMMARY

The focus of this market feasibility study has been on the demand for restaurants, retail, and entertainment facilities in the New River Master Plan area in Downtown Fort Lauderdale's Riverwalk. The area covers approximately one mile along both sides of the New River in Downtown Fort Lauderdale. The Goals developed by planners from Beyer Blinder Bell for the Las Olas & Riverwalk Corridor are:

- Strengthen the Las Olas Corridor
- Complete the Riverwalk Corridor
- Connect the North and South sides of the Riverwalk
- Better connect the Riverwalk and the Las Olas Corridor
- Reduce Pollution of the New River
- Improve the quality of existing parks and public spaces
- Encourage the creation of new Downtown parks and public spaces
- Link parks and open spaces with connecting recreational and pedestrian trails
- Encourage and strengthen Special Use Districts

We recognize the importance of the goals that should guide the Riverwalk area *Visions*, including: ways to encourage daily activity for locals and visitors; allow for a variety of experiences; improve and strengthen links to surrounding areas; envision the New River Riverwalk as a generator; and finally, insure the long term viability of the Riverwalk and its importance to Fort Lauderdale and the Downtown Area.

In addition, the Plan identifies five geographic character areas to strengthen the identities of different parts of the Riverwalk. One area in particular is intended to be the City's destination restaurant/retail/entertainment hub with development in this area "influencing and responding to redevelopment on the opposite side of the New River in a single, coherent concept to define an intense, central, river-oriented destination". This market study provides specific recommendations for this segment along the river.

We have evaluated the market feasibility opportunity to serve the residents, seasonal visitors, shoppers, Downtown employees, the judicial area, the cultural concentrations, weekly guests, hotel occupants, and international visitors. Our findings, conclusions, and recommendations are presented in this section of the report.

GENERAL FINDINGS

■ **The Economy of the United States is Slowing**

The U.S. economy has been slowing; the result of financial markets turmoil, declining housing demand, and slowing retail sales. By many standards, we are in a recession. We expect the adjustment to be short-term with demand improving within three years. It will take that time to absorb the existing inventory. Housing demand and absorption creates employment, increases the need for new commercial facilities, and attracts more national and foreign visitors. Currently, the lower value of the dollar in relation to other currencies has made U.S. real estate more appealing and affordable to foreigners, somewhat offsetting the current weak demand. Furthermore, more baby boomers are retiring and coming to Florida for their piece of paradise. History indicates that following an economic adjustment, demand in Florida flourishes.

■ **Fort Lauderdale's Economy as been Impacted by the Housing Decline**

Discussions with builders, restaurateurs, retailers, entertainment operators, hotel operators, and others during the course of this study indicates that Fort Lauderdale, like the rest of Florida and the Nation, has seen its economy slow down with fewer seasonal residents, visitors, housing sales, slowing retail sales, and flat to declining restaurant sales.

■ **Greater Fort Lauderdale**

Greater Fort Lauderdale has a current population amounting to over 1,794,000 people. The labor force exceeds 877,000 persons. The area usually generates over 10 million visitors who spend over \$9.0 billion annually. With over 600 meetings and conventions, the area has approximately 557 hotels, which along with rental condominium units, provide over 12 million visitor room-nights per year. With room occupancy at approximately 71 percent, occupied room nights approximate 8.9 million rooms. Additionally, there are over 50 cruise ships generating over 3.3 million passengers. There are also more than 2.15 million international visitors. Finally, Fort Lauderdale/Hollywood International Airport handles over 22 million passengers. In order to meet this demand, there are over 4,100 restaurants, 12 malls, 56 golf courses, 580 tennis courts, 100 boatyards and marinas, and 14 museums.

■ **City of Fort Lauderdale's Retail and Foodservice Sales**

The 2002 Economic Census' of Retail Trade and Foodservice (latest Census data available) indicates that the combined Retail and Foodservice sales in the City of Fort Lauderdale on an annual basis amounted to approximately \$3.7 billion. Retail sales accounted for \$3.22 billion and Foodservice including restaurants and quick service food facilities accounted for \$453 million. Currently, we estimate that the City of Fort Lauderdale's retail and foodservice sales amount to an estimated \$4.9 billion composed of retail sales of \$4.3 billion and foodservice sales of approximately \$600 million.

■ **Downtown Fort Lauderdale Revenues**

Downtown Fort Lauderdale has over 1.0 million square feet of restaurant, retail, and entertainment space, along with cultural facilities generating, in our opinion, over \$360,000,000 in sales and revenues annually. Starting in 2007, sales have gone flat and even

have declined somewhat. The best known portion of these facilities can be found along the Las Olas shopping and dining area.

■ **Downtown Fort Lauderdale's Activities**

Downtown Fort Lauderdale provides a myriad of activities and attractions including museums, performing arts, cinemas, shopping, dining, government, employment, hotels, marinas, boat traffic, river taxi's, sightseeing, tour boats, and other interesting venues for residents and visitors alike.

CONCLUSIONS

■ **The Downtown New River Master Plan**

There will be a growing market for the types of public spaces and activities as envisioned by the Downtown New River Master Plan, which should be implemented on both sides of the New River. Implementation will provide Fort Lauderdale with a major attraction for both locals and visitors. Short term reduction in housing demand will slow the program. However, the market will be stronger as condominium construction resumes in several years.

The Downtown New River Master Plan is focused on locals and visitors of all ages, incomes, and ethnic groups as a gathering and activity concentration along the New River from the Center for Performing Arts to the Las Olas shopping district. With the proposed Master Plan improvements, which anticipate interconnectivity between both sides of the River including the public parks, the museums, the performing arts center, riverfront attractions, the shopping district, the office and financial area, theaters, restaurants, retail shops, entertainment venues, parking, parks, the Judicial complex, and other attractions for both locals and visitors, the Downtown area truly becomes a "place to visit" daily not just for special events.

■ **Marine Activity**

The New River boat traffic is an attraction by itself. People migrate toward water and boat activity, along with seeing the raising and lowering of bridges, varying types of watercraft, and the ability to see it all while taking advantage of the Riverwalk.

■ **Las Olas Shopping and Dining District**

The Las Olas shopping and dining district is also known by visitors as Fort Lauderdale's Rodeo Drive (Beverly Hills, California). Las Olas directly connects the beaches and the nearby residents with Downtown Fort Lauderdale and features a major concentration of upscale shopping and dining. The shopping and dining area should be protected, enhanced, and promoted to locals and tourists alike. Moreover, Las Olas should be integrated to the Riverwalk to provide a more complete, richer experience at this important Downtown New River Location.

■ **Downtown Fort Lauderdale's Accessibility**

Downtown Fort Lauderdale enjoys excellent access to Fort Lauderdale residents, Downtown occupants, area visitors, seasonal residents, office employment, the legal and judicial profession, boaters, marinas, conventioners, international travelers, and numerous others. U.S. Highway 1 (Federal Highway) provides north-south access to the Downtown Area from

Restaurant, Retail, & Entertainment Market Study, Downtown New River Master Plan

the surrounding residential areas. In addition, the following thoroughfares provide access from regions beyond the immediate vicinity:

U.S. Highway 1 junctions with Interstate 595 approximately 2.5 miles to the south. Interstate 595 commences at U.S. Highway 1 and extends westerly through the Fort Lauderdale area to become Interstate 75. Interstate 75 is known as “Alligator Alley” across the Everglades to the west coast of Florida where it turns northward through the country to its terminus at the Canadian/Michigan border at Sault Ste. Maria.

Broward Boulevard extends from Downtown Fort Lauderdale to Interstate 95, approximately 1.5 miles to the west. Interstate 95 is a north-south highway extending through the State of Florida and throughout the East Coast of the United States.

Andrews Avenue is also a major north-south traffic artery which extends from Downtown Fort Lauderdale across the New River to SW 24th Street (Florida 84). To the north, Andrews Avenue extends to Atlantic Boulevard (Florida 814), approximately 7.8 miles. Linking the North and South sides of the New River could attract people from the South Andrews Avenue corridor, an area that is also currently undergoing Master Planning efforts.

While the highway and street grid provides direct vehicular access to Downtown Fort Lauderdale, the City generally lacks a convenient and consistent public transportation network that provides circulation within the Downtown area.

■ **Walking Time Analysis**

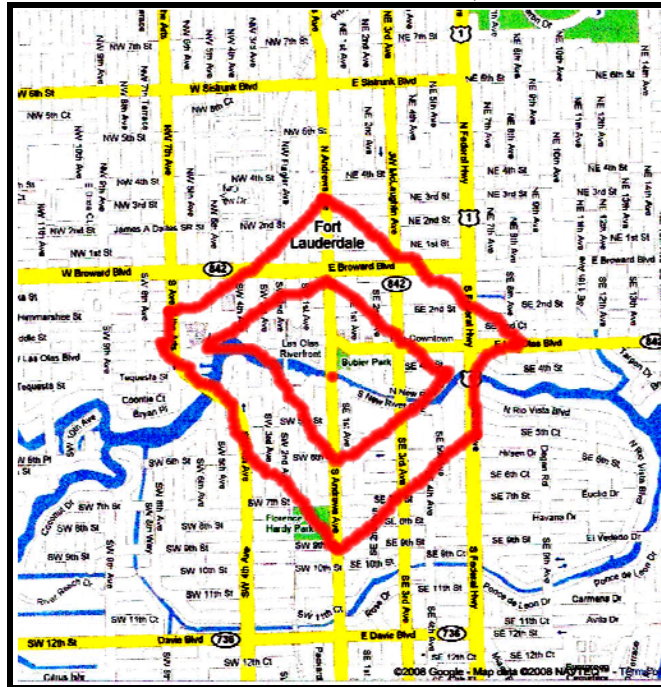
We undertook a Walking Time Study for 10 minutes by 5 minute intervals. The objective was to simulate distances that locals and visitors alike might achieve walking in the Downtown Area. We started the Walking Time Study at the Andrews Avenue Bridge over the New River and walked 5 and 10 minutes in all directions. The results are depicted in *Figure 2.A*. The 5-minute walking times are the closest to the bridge, while the 10-minute walking times are the furthest (shown in red).

The map indicates that one can generally reach almost to Broward Boulevard to the north in five minutes and SE 4th Avenue to the east using the Riverwalk. To the west one can reach SW 4th Avenue in five minutes and to the south one can reach SW 6th Street. Within 10 minutes walking north on Andrews Avenue, one can generally reach NW or NE 3rd Street. To the east in 10 minutes, one can generally reach SE 5th Avenue, and walking west in the same time one can generally reach NW 7th Avenue. Walking south for 10 minutes from the Andrews Bridge over the New River, one can generally reach SW 10th Street.

While the walking public cannot solely support dining and retail activity, pedestrians will be an integral part of Riverwalk’s success, and thus, it is imperative that the streets leading to the New River be active and pedestrian friendly as defined in the New River Master Plan.

Figure 2.A

Walking Time Study
Andrews Avenue & Riverwalk
Downtown Fort Lauderdale, Florida



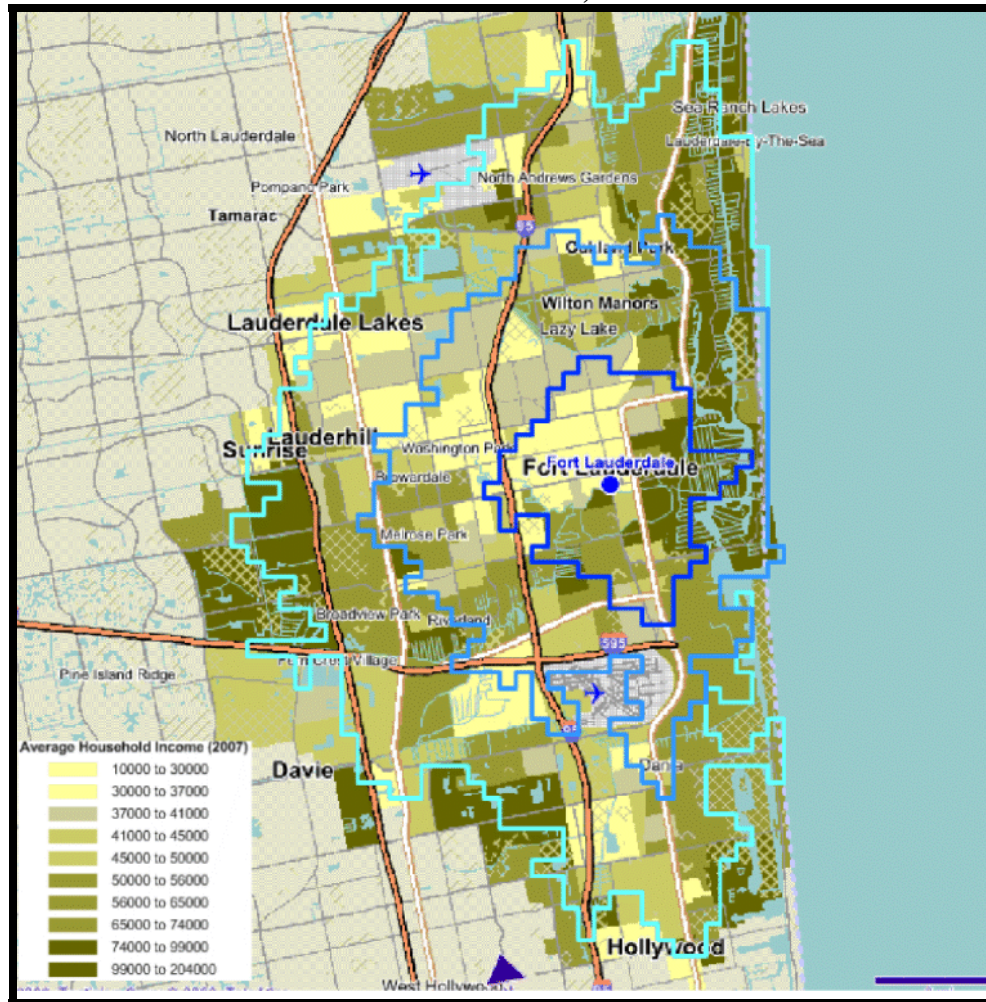
■ **Driving Time Analysis**

A Driving Time Analysis was conducted from Las Olas Boulevard and Andrews Avenue in Downtown Fort Lauderdale in all directions for 15 minutes at 5-minute intervals. The Driving Time Analysis assists in the delineation of the Trade Area by simulating the distances a consumer can travel during given time allocations. **Figure 2.B** on the following page depicts 5, 10, and 15-minute driving times. The data show that one can generally reach NW 15th Street driving north for five minutes on Andrews Avenue. Conversely, one can reach approximately SW 26th Street driving five minutes south on Andrews Avenue. East bound on Las Olas Boulevard, one can usually reach the Barrier Island just east of the Intracoastal Waterway within five minutes. West bound Broward Boulevard from Andrews Avenue, one can generally reach just beyond Interstate 95 in five minutes.

However, as short as these distances are, it is important to recognize that the Riverwalk and Downtown in general could benefit from an integrated transit system, providing the primary and secondary trade area, as defined later in this document, with additional methods for accessing the Riverwalk area.

Figure 2.B

**15-Minute Driving Time
Andrews Avenue & Las Olas Boulevard
Fort Lauderdale, Florida**



The base map also depicts 2007 estimated average household income. The darker the color green, the higher the income. Conversely, the lower the average household income the lighter the color. A legend may be found in the lower left-hand corner of the map.

■ **Downtown Fort Lauderdale Resident Trade Area**

The trade area of Downtown Fort Lauderdale, including Las Olas Boulevard and the Riverwalk has been delineated on the basis of restaurant, retail, and entertainment attraction, as well as accessibility, driving times, generative facilities, existing and proposed competition, present and future demographics, downtown employment, physical and psychological barriers, shopping and dining patterns, and our experience in evaluating retailing, dining, and shopping centers throughout the world.

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The Resident Trade Areas reflect the defined geographic areas from which approximately 70 percent of the sales will be derived. The balance will come from the other levels of business such as Downtown employees, hotel occupants, seasonal residents, and domestic and international visitors. Each of these levels of business will be discussed later in this section.

We have delineated the **Primary Trade Area** as within 3 miles of the Downtown New River area. The Primary Trade Area is that geographic area from which the most frequent costumers will originate.

The **Secondary Trade Area** has been designated as between 3 and 5 miles from the Downtown New River area. These residents are important customers who come frequently, but who will find the location a little less convenient on a day-to-day basis. However, as the Riverwalk is expanded, they should increase their frequency of visits, especially for dining and entertainment.

Finally, the **Tertiary Trade Area** has been designated as beyond 5 miles but within 15 minutes driving time of the Downtown New River area. This essentially includes more of the beach area residents who have higher incomes, eat out often, and are currently focused upon Las Olas Boulevard.

Based upon this evaluation we have established the Downtown Fort Lauderdale Resident Trade Area boundaries as depicted in *Figure 2.C* on the following page. Trade Area demographic data was compiled for the resident population and forecast to 2012 and 2015.

■ **Trade Area Demographics**

The Primary Trade Area (3-Miles) contained 128,416 persons in 2000. The 2007 population is estimated at 141,725 persons and forecast to 148,681 persons in 2012. By 2015, population of the Primary Trade Area is expected to increase to 159,089 persons.

The Secondary Trade Area (3-Miles, but within 5-Miles) had a 2000 population of 146,525 persons, which has been estimated at 157,962 persons in 2007. In 2012, the population of this defined area is forecast to be 166,454 persons and in 2015, the population is forecast to increase to 176,857 persons. On a combined basis, with a 5-Mile radius there currently are approximately 299,687 persons.

The Tertiary Trade Area (beyond 5-Miles, but within 15 minutes) in 2000 contained 77,974 persons. In 2007, the population of the Tertiary Trade Area had an estimated population of 82,824 persons. By 2012, the population is forecast to increase to 86,463 persons and by 2015 to 91,175 persons.

The Total Trade Area (including the Primary, Secondary, and Tertiary Trade areas) will have an estimated 2012 population of 403,615 persons. By 2015, the total population is forecast to 427,121 persons.

Age

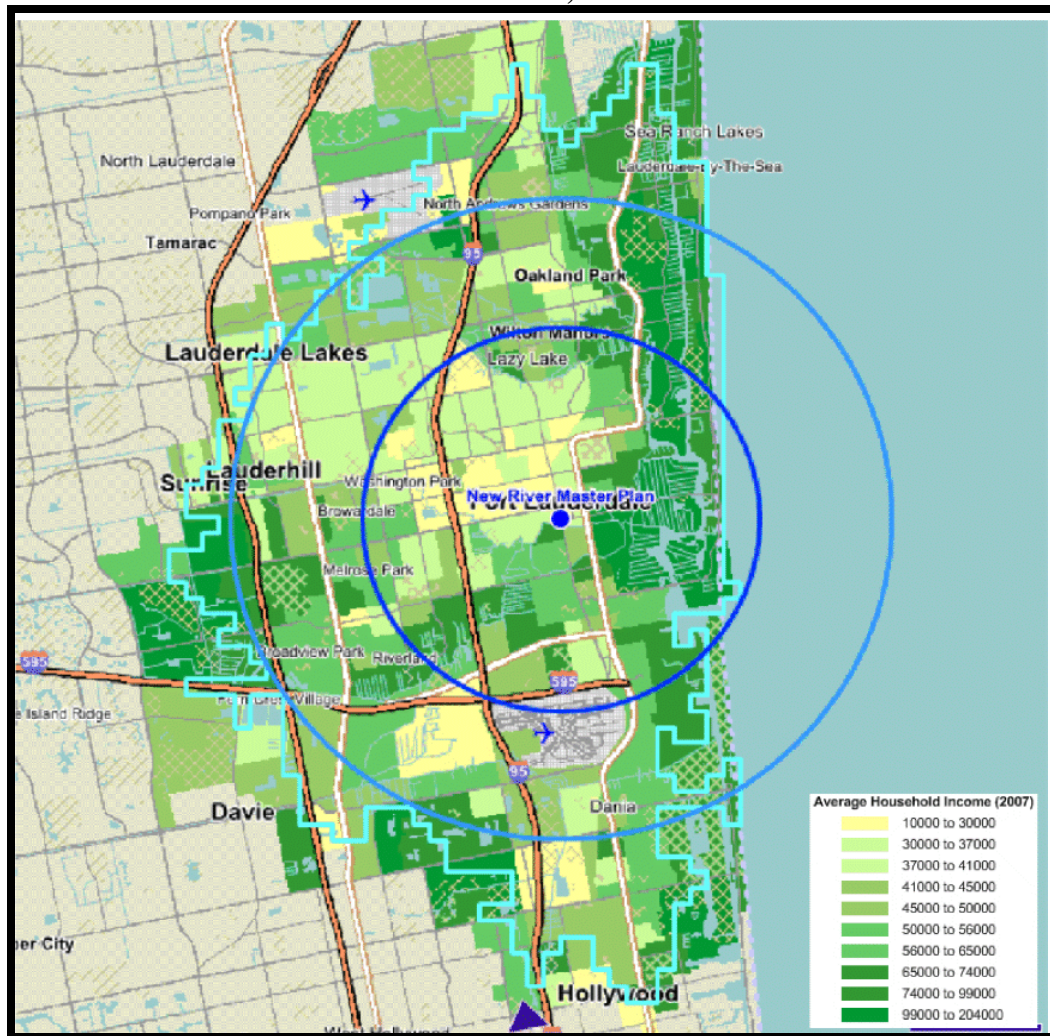
The median age within the Primary Trade Area in 2007 was estimated at 38.4 years. The Secondary Trade Area's median age in 2007 was 38.5 years. The Tertiary Trade Area had an estimated median age of 39.4 years.

Income

In the Primary Trade Area, the average household income in 2007 was estimated at \$70,141. The Secondary Trade Area had an estimated 2007 average household income of \$60,006. The average household income in the Tertiary Trade Area was estimated at \$66,981. The base map reflects average household income. The darker the color green; the higher the income. A legend is provided in the lower right-hand corner of the map.

Figure 2.C

**Downtown Fort Lauderdale Trade Area
Fort Lauderdale, Florida**



■ **Downtown Fort Lauderdale Resident Trade Area Personal Consumption Expenditures**

Downtown Fort Lauderdale’s Resident Trade Area Personal Consumption Expenditures have been determined and forecast to 2012, and 2015. The data as shown in **Table 2.1** show the expenditures for each Trade Area segment.

Table 2.1

**Personal Consumption Expenditures
Downtown Fort Lauderdale’s Resident Trade Area
2007, 2012, and 2015**

Trade Area Segment	Personal Consumption Expenditures	Personal Consumption Expenditures	Personal Consumption Expenditures
	2007	2012	2015
Downtown Fort Lauderdale Riverwalk			
Primary Trade Area	\$1,846,251,575	\$2,107,701,856	\$2,461,265,919
Secondary Trade Area	\$2,035,763,904	\$2,341,009,056	\$2,725,012,656
Tertiary Trade Area	\$1,179,072,748	\$1,213,075,890	\$1,401,177,400
Total Trade Area	\$5,061,088,227	\$5,661,786,802	\$6,587,455,975

Source: Melaniphy & Associates, Inc., 2008

- **Table 2.2** on the following page presents our estimate of sales and revenues generated by Downtown Fort Lauderdale restaurants, retail, entertainment, cultural, and ancillary facilities. **Overall, we estimate that Downtown Fort Lauderdale is capturing over \$360,000,000 annually, or approximately 7.1 percent of the market potential.** Some of the contributing elements are as follows:

□ **Trade Area Residents**

We have determined that local Trade Area Residents spent an estimated \$150,000,000 in Downtown Fort Lauderdale in 2007. In Section IV of this report, we provide the retail, restaurant, and entertainment categories and their estimated sales and market share of Personal Consumption Expenditures.

□ **Seasonal Housing Units**

There are a significant number of housing units that have been purchased, but utilized only for short periods annually. These are classified as vacant by the Census Bureau. Nevertheless, they represent both unsold units and seasonal visitors who have a major impact upon the economy. Within the Primary Trade Area, there are an estimated 10,093 vacant units, most of which are owned and used seasonally. Within the Secondary Trade Area, there are an additional estimated 9,693 units, and within the Tertiary Trade Area there are an estimated 6,487 units. Approximately 10 percent of the units are either unsold or owned by investors. In the entire Trade Area, there are a total of 26,273 vacant units, of which approximately 24,000 are owned by people residing elsewhere permanently and used seasonally. We estimate that seasonal visitors in Fort Lauderdale are contributing approximately \$40,000,000 to overall sales and revenues.

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A shift has been taking place with seasonal units being converted to permanent residences as the “Baby Boomers” reach retirement age. Many had purchased units earlier for retirement purposes. This trend has been experienced throughout Florida, Arizona, and Nevada. Furthermore, we expect an increase in foreigners purchasing housing units, principally condominiums, as investments because of the decline in the value of the U.S. Dollar.

Table 2.2

**Estimated Sales and Revenues
Downtown Fort Lauderdale
Estimated Source of Expenditures
2007**

Downtown Sales Sources	Total	2007 Estimated Downtown Retail, Restaurant and Entertainment Sales & Revenues
Trade Area Residents’ Purchases		\$150,000,000
Seasonal Non-Residents +family visitors	\$220,693,200	\$40,000,000
Downtown Employment:		
Office	30,000	
Retail/hospitality	1,750	
Broward General	<u>2,400</u>	
Total	34,150	\$30,000,000
Hotel Occupants		\$25,000,000
Other Domestic/International Visitor spending:		
Shopping	\$1,771,477,000	\$25,000,000
Dining	\$2,367,800,000	\$30,000,000
Entertainment	\$955,896,000	\$10,000,000
Museums and Performing Arts Visitors		\$50,000,000
Museum of Art	700,000	
Center for Performing Arts	600,000	
Sunrise Cinemas	400,000	
Museum of Discovery & Science	400,000	
	2,100,000	
Total Estimated Sales		\$360,000,000

Source: Melaniphy & Associates, Inc., 2008

□ **Downtown Employment – Retail and Luncheon Activity**

Downtown Fort Lauderdale has a total of 5,740,044 square feet of office space in the fourth quarter of 2007 of which 916,104 was vacant, or 16.0 percent. Occupied space amounted to 4,823,940 square feet. Downtown Office employment is estimated at 33,300 employees which covers office, retail, hospitality, and medical employment. Some lunch and retail expenditures, in our opinion, amount to an estimated \$30,000,000.

□ **Hotel Occupancy and Visitor Expenditures**

Fort Lauderdale hotel occupancy has remained above 65 percent since 2000. In 2007, hotel occupancy was estimated at approximately 71 percent. In 2006, hotel occupancy stood at 73.5 percent and at 73.4 percent in 2004. Average room revenue for occupied rooms in 2006 amounted to \$64.49, up over 2005's average of \$60.14. We have estimated 2007 average room revenue at approximately \$65.00.

The 557 hotel properties provided approximately 33,428 rooms. Thus, there were 12,201,222 available room nights in Greater Fort Lauderdale. Given occupancy of approximately 71 percent, there were 8,662,866 occupied room nights. Spending for dining and shopping are estimated at \$25,000,000 annually.

□ **Museums and Other Visitors**

Downtown museums generate over 2,100,000 visitors annually based upon data provided. Museums and the Performing Arts visitors, in our opinion, contribute an estimated \$50,000,000 to the Downtown area.

□ **Other Domestic and International Visitor Expenditures**

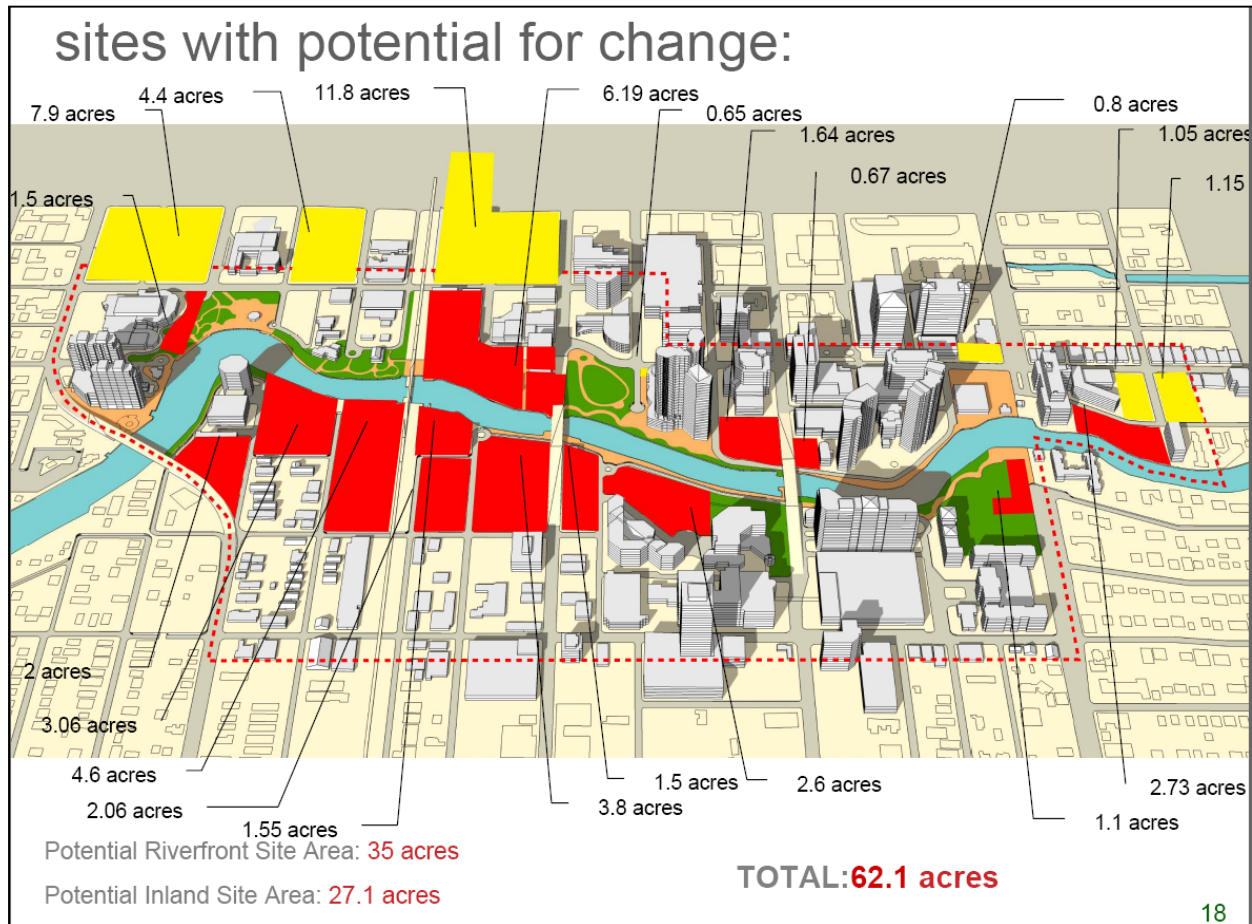
Domestic visitors to the Greater Fort Lauderdale area were estimated at 8,022,700 in 2005 and 8,200,000 in 2006. Because of rising gasoline prices, we estimate that Domestic visitors declined slightly in 2007 to 8,175,000 (current data not available). In 2006, Domestic visitors spent an estimated \$1.5 billion on shopping in the Greater Fort Lauderdale Area. This was a \$30 million increase over 2005. Diners spent an estimated \$1.9 billion in 2006 and visitors spent an estimated \$757 million on entertainment.

International visitors in 2005 were estimated by the Convention and Visitors Bureau at 2,118,000 visitors, which in 2006 were estimated at 2,150,000. In 2007, we estimate that the number was about the same or approximately 2,125,000 visitors. International visitors spent an estimated \$378 million on shopping and \$482 million on dining. Entertainment recorded revenues of an estimated \$199 million. We estimate that domestic and international visitors spend an estimated \$65,000,000 in Downtown Fort Lauderdale.

RIVERWALK □ OVERALL RECOMMENDATIONS

Figure 2.D depicts the sites and acreages with potential for change as identified for the overall New River Master Plan study area, prepared by Beyer Blinder Bell. The sites indicated in red are potential riverfront development sites. Our overall recommendations for the Riverwalk area are as follows:

Figure 2.D



Source: Beyer, Blinder, Belle, 2008

1. There will be a feasible market for restaurant, retail, and entertainment facilities on the Riverwalk when the Fort Lauderdale economy recovers.

The north side of New River has a concentration of office space, financial entities, government agencies, museums, performing arts, shopping, dining, hotels, condominiums, river taxi service, and tour boats. Given current economic conditions, the north side will probably take 6 to 10 years to develop as envisioned by the Master Plan. The south side Riverwalk market will take longer because it has fewer critical attractions, principally the Judicial District. The south side will, in our opinion, take 8 to 12 years to fully redevelop the available properties. As new projects are proposed, it will be imperative to require

active uses along the Riverwalk. The amount and type of defined commercial space should be provided at ground level along the Riverwalk, as defined in Number 3 below.

2. **The Riverfront development sites identified in Figure 2.D should generate between 450,000 and 600,000 square feet of commercial space when fully redeveloped.**

The 14 identified development sites have a total of approximately 35 acres on both sides of the New River in the Downtown New River Master Plan study area. Two of the larger sites have been designated as “Hub” areas for larger development. All should be required to provide commercial space for restaurants, retail, and entertainment space at the ground level along the Riverwalk. Total retail, restaurant, and entertainment space should range between 500,000 and 600,000 square feet for Riverwalk sites located within the Downtown New River Master Plan area. This will be necessary to create sufficient critical mass and activity to successfully realize the Master Plan vision.

3. **Developments within the two Destination Hub Areas identified in the Downtown New River Master Plan should have a 20 percent restaurant/retail/ entertainment space requirement.**

By our definition, there are two destination “Hubs” within the restaurant/retail/entertainment character area as presented in the New River Master Plan. In our opinion, all developments within these hubs should be subject to a 20 percent commercial regulation. Specifically, 20 percent of the building size by square footage (excluding parking) should be designated as restaurant, retail, and entertainment space. Furthermore, the commercial space must be located at the ground level along the Riverwalk

■ The **North Hub** includes the area bounded by SE 2nd Street, Andrews Avenue, New River, and the FEC Railroad Bridge. Because of the significant area size and its strategic Downtown central location, developments with at least 1,000,000 square feet of mixed-use gross building area (excluding parking) should be created in this area with 20 percent of the building area devoted to restaurant, retail, and entertainment uses primarily along the Riverwalk. Developments proposed with less than 1,000,000 square feet should have an *absolute minimum* of 150,000 square feet of retail/restaurant space focused on the Riverwalk. When completed, this site should be the major north side restaurant/retail/entertainment generator on the Riverwalk. We envision a multi-level restaurant, retail, and entertainment complex connected to other similar, but smaller concentrations of active spaces along the remainder of the Riverwalk.

■ The **South Hub** includes the properties bounded by the New River, Andrews Avenue, SW 5th Street, and the FEC Railroad Bridge. This total area includes three sites of 3.8 acres, 1.55 acres and 2.06 acres or a total of approximately 7.41 acres. At the very minimum the 3.8 acres and the 1.55 acres each have frontage on the New River and should either be developed jointly or individually. These sites should provide 20 percent of their overall square footage to restaurant/retail/entertainment space, or a minimum of 150,000 square feet.

4. Fort Lauderdale building regulations should require that all other new Riverwalk buildings should have a minimum of 10 percent commercial space or 15,000 square feet, which ever is greater.

The regulations should require that each property with a new building fronting on either side of the New River between NW 7th Avenue (SW 4th Avenue) and Federal Highway (U.S. Highway 1) should devote **a minimum of 15,000 square feet or 10 percent of their total building square footage which ever is greater to retail, restaurants, and entertainment uses at the ground level fronting on the Riverwalk**, with the exception of the two “Hub” sites located within the Downtown New River Master Plan area. (As described later). For example, if a condominium building has a total of 400,000 square feet, then the retail space allocation should be 40,000 square feet for restaurants, retail, and entertainment uses. However, since the minimum is 15,000 square feet, buildings less than 150,000 square feet would still be required to add 15,000 square feet of commercial space. Each property developer should have the option to increase the allocation, if desired. However, the minimum should be enforced.

5. The Las Olas and Performing Arts Center “Gateway” Areas should provide restaurant space along the Riverwalk.

The Riverside Hotel site contains 2.73 acres on the north side of the New River, which includes the existing parking deck fronting on the New River. The Performing Arts Center site contains approximately 1.5 acres, which directly abuts Esplanade Park.

To anchor the east and west “Gateways” of the Riverwalk district, and further connect the Riverwalk to the rest of Downtown Fort Lauderdale, we recommend that a major restaurant and cocktail lounge with a minimum of 8,000 to 10,000 square feet (plus any banquet area) be provided at the Riverside Hotel riverfront site. We recommend a restaurant of 6,000 to 10,000 square feet (and perhaps some banquet space) be created on the Performing Arts site at the west Gateway.

6. New riverfront condominiums should generally follow a restaurant/retail/entertainment size and location model.

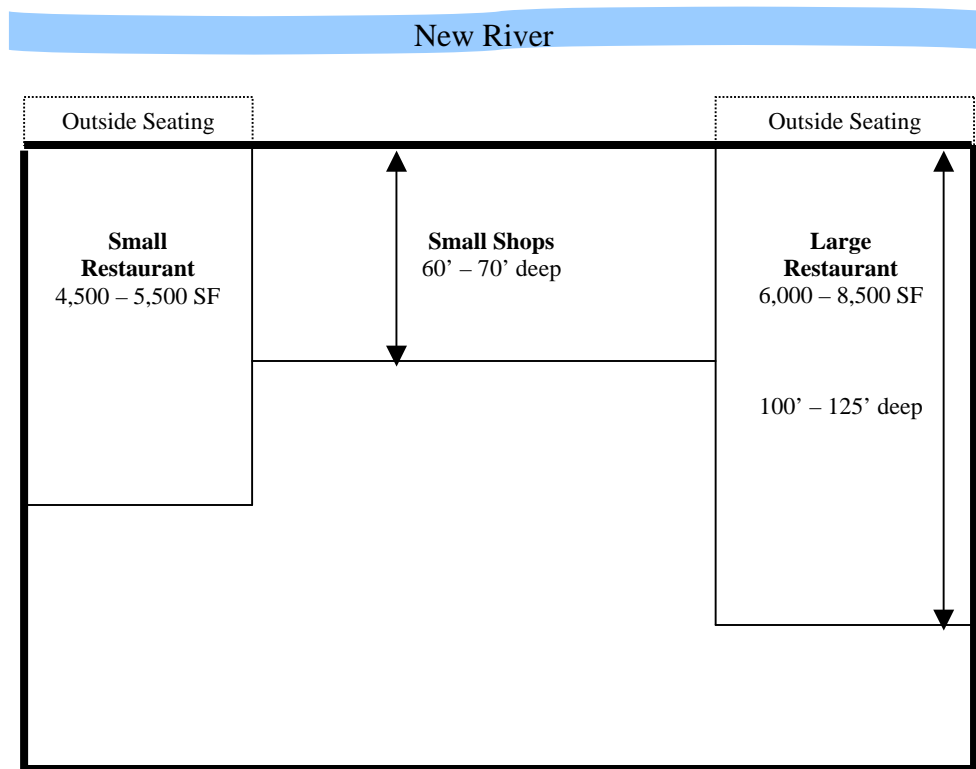
For the typical Riverwalk building site fronting on the New River, we recommend that a minimum requirement should be at least two restaurants included in the required 10 percent or 15,000 square feet, which ever is larger. One restaurant should be between 4,500 to 5,500 square feet and the other between 6,000 to 8,500 square feet. If they wish to designate more space, they should be permitted to do so. These are two popular restaurant size ranges. Restaurant sizes vary depending upon seating requirements, kitchen size, bar area or service bar area, waiting areas, and layouts.

The depth of the restaurant space should be at least 100 to 125 feet while the other retail space can have a depth of between 60 to 70 feet. The New River commercial frontage space should occupy the entire width of the building frontage along the Riverwalk. For example, if the building has 150 feet on the Riverwalk, the two restaurants might take up 100 feet of the frontage, while the retail shops, bars, or entertainment would take the additional 50 feet. The types of uses will vary depending upon the location and the extent of the Riverwalk pedestrian traffic in the immediate area.

The typical size will range anywhere from a minimum of 15,000 square feet for smaller buildings to a minimum of 150,000 square feet (depending upon the frontage and location of the building) required for the two Hub sites. Buildings on major north-south streets should be required to have “wrap-around” the corner retail stores to capitalize on the major street frontage. The objective is to capture existing pedestrian traffic from these streets and connect people to the Riverwalk while serving the new building residents, businesses and employees in the immediate area, as well as visitors and tourists to Downtown Fort Lauderdale. *Figure 2.E* shows the model layout for a typical new condominium building with restaurant, retail, and entertainment space along the Riverwalk.

Figure 2.E

Restaurant/Retail/Entertainment Size and Location Model



7. Temporary alternative uses of restaurant/retail/entertainment space should be permitted based on market conditions.

It is possible that all of the allocated commercial space for restaurant/retail/entertainment may not be immediately utilized because of local market conditions. In that case, the buildings should be permitted to create “Flex-Space”, permitting the leasing of some of the space for office users for a period not to exceed five years from the date of receiving the building occupancy permit. This should be permitted only if the designated space has been designed for restaurant/retail/entertainment tenants including meeting all code requirements i.e. black iron kitchen ventilation, grease traps, appropriate ceiling heights, required plumbing connections, fire doors, sprinkler systems, service and delivery access, required parking spaces, and other appropriate code requirements.

8. The addition of restaurants/retail/entertainment space will accelerate Downtown New River condominium absorption.

Studies have found that condominium buyers like the idea of restaurants and shops in buildings fronting on the water. Furthermore, it usually accelerates the condominium sale absorption period. Thus, there is a benefit to both buyer and developer. The developer can sell the total commercial space to an investor who then becomes responsible for leasing and management of the commercial space. In addition, as residency increases in the Downtown area, the demand for restaurant, retail, and entertainment uses will increase.

9. Consider creating a Downtown New River taxing district.

It might be appropriate to create some type of taxing district to assist in the development and growth of the Riverwalk and to provide upgraded security. Also, it will be necessary to add more events and activities bringing more people to both sides of the River.

10. Add more needed docking space on both sides of the New River.

There is a limit of temporary docking space along the New River. We recommend that any actions that will improve evening docking space be implemented to serve boating diners, as well as adding to the ambiance of water activity.

11. Create a Riverwalk Management Program.

This can be accomplished by either having the Riverwalk managed by the City or by outsourcing Riverwalk management to a management and marketing professional or organization that can both manage and promote the Riverwalk as a local and tourist attraction.

12. Restaurants or retailers might be added under the Andrews Avenue and 3rd Avenue Bridges.

In order to add additional attractions small vendors might be located “*under the bridges*” to provide additional opportunities for merchants. This will also assist in providing increased security and eyes on the New River. Lighting also needs to be improved. Bridge spaces should be undertaken only when a new building is being added nearby and there is additional foot traffic on the Riverwalk.

Should the program proceed, a set of “Rules & Regulations” will be required for occupancy, maintenance, sanitary, and housekeeping. Sewer, water, and power will be required depending upon the extent of the program. Shops might include restaurants, quick service food units, small antique items, souvenir shops, coin collections, moderately-priced and colorful jewelry, unusual and fun nautical items, magazine vendors, paperback books, knick-knacks, gift shops, soft drinks and snacks, T-Shirts shops, live musicians featuring scheduled appearances in varying musical venues, local artists showings, and many others. The value of the land under the bridges should be determined to establish an economic rent. There might be a need for some seasonal tables or booths during certain holidays or special events. Eventually, rents should rise as traffic and sales rise.

13. Direct pedestrian river linkage needs to be created between both sides of the New River.

The simplest solution, in our opinion, to the north-south river linkage would be the use of a free water taxi running at least every few minutes between the north side and south side Hubs of the New River. The City should negotiate an exclusive water taxi agreement that would include free and frequent water taxi service to both sides of the New River. This will, in our opinion, stimulate south side New River activity. The water taxi companies might also package the trip along with various sightseeing tours.

14. Improved security should be implemented as new buildings are developed.

Security on the Riverwalk is essential. Local and visitors alike must feel comfortable and secure while walking either side of the Riverwalk. Also, because of less pedestrian traffic on the south side of the New River more awareness of security needs should be addressed. A Farmer's Market on the south side of the New River will require added security.

15. The City should encourage some of the existing buildings on both sides of the Riverwalk to add restaurant/retail/entertainment space.

This will create an array of active spaces along both sides of the River and help to connect to existing activities, including the Las Olas shopping and dining area. An inventory of vacant ground floor condominium space should be undertaken. Where adequate vacant space is available, property owners should be contacted regarding the addition of appropriate commercial space at existing ground level locations along the River. Some form of incentive or subsidy might be required to encourage the conversions.

RECOMMENDATIONS FOR THE NORTH SIDE OF THE NEW RIVER

16. The north side of the Riverwalk should add more restaurants, quick service food units, entertainment, retail shops, and activities in both new and existing buildings.

This will improve the connectivity between Las Olas Boulevard and the museums and cultural activities in and around the Downtown area. The Riverside Hotel redevelopment will help to link the existing Riverwalk to Las Olas Boulevard. However, the Stranahan House's New River frontage is a key parcel that also needs to participate in the program, completing the transition and providing an opportunity for passage by this important historic landmark. A smooth transition should permit visitors and locals alike to walk unimpeded from the Las Olas shopping and dining area to the Center for Performing Arts.

17. The five properties fronting on the north side of the New River as identified in Figure 2.D should add between 250,000 and 300,000 square feet of restaurant/retail/entertainment space along the Riverwalk when developed.

The recent development proposal, on the site of the former Riverfront, would have been the largest development on the New River, featuring mixed-use of residential, office, hotel, restaurants, retail, and parking facilities. When the economy improves, we recommend that this site be designated within the North Hub site and maximized for development. In addition, any proposed public transit routes should locate a stop within the North Hub to provide direct access to this destination and help link riders to the Riverwalk location.

Given the current housing market, it will probably take 6 to 10 years to develop the north side of the river in the study area.

In addition to this property, there are two sites on the north side of New River at the SE 3rd Avenue Bridge. The site on the northwest corner has approximately 1.64 acres; the northeast corner has approximately .67 acres. There is also a 1.5 acre site at the eastern end of the Riverwalk near the Performing Arts Center.

The Riverside Hotel has a 2.73 acre site on the New River behind the existing hotel. The owners are planning a major addition that will add rooms and other facilities to the riverfront area. We encourage them to consider operating a restaurant on the Riverwalk at their location and integrating it into the hotel pedestrian flow to and from the Riverwalk.

18. The North Hub should include mixed-use developments with a total of 220,000 to 280,000 square feet of restaurant/retail/entertainment space along with other block developments.

The North Hub site between the FEC Railroad Bridge and Andrews Avenue, the site of the current Riverfront development and the existing parking garage, in our opinion, should contain 220,000 to 280,000 square feet or 20 percent of the building(s) size which ever is greater. The restaurant/retail/entertainment space should be designed in a multi-level setting with the restaurants and retail at the ground level along the River and banquet facilities, night clubs, fitness center, and other entertainment and service stores should be place on the second level. The housing, office space, and hotel lobbies should be designed to maximize the flow of pedestrians through the retail/restaurant/entertainment areas. This location should include significant commercial space for downtown office and financial uses.

There should be at least four restaurants, along with bars, night clubs, retail shops, a black box theater, a fitness club, a gourmet grocery and wine shop, gifts and souvenir shops, and others retail uses. The major restaurants should overlook the River. One should be a major seafood restaurant seating (inside and out) at least 300 patrons, operated either by a well-known major independent or a major chain restaurant. We favor local independent restaurant operators because they are will be known by Fort Lauderdale residents. However, for the major North and South Development Hubs, it will be necessary to have a mix of both independent and chain restaurants and retailers that have name recognition to generate customers from a wide variety of local residents and domestic and foreign visitors. Equally as important, from the developers prospective, are the financeability of the project and the lenders degree of acceptable risk. It will be difficult, if not impossible, to successfully attract sufficient critical mass (square feet) to the project without some well-known chain specialty retailers. Las Olas already is already providing a collection of independent retailers and restaurants and they should be protected. Residents and visitors will be attracted to the Hub space if there is adequate restaurant and retail name recognition.

The North Hub development, which we expect to happen first, will face the highest degree of risk because it will be the initial major Riverwalk development. It is essential that it be successful and generative to set the stage for other developments along the Riverwalk.

Restaurant, Retail, & Entertainment Market Study, Downtown New River Master Plan

The North Hub restaurants should provide both inside and outside seating and be attractively lighted from the waterside. Both of these types of restaurants should generate sales of between \$5,000,000 and \$8,000,000 annually. The Riverwalk area near the restaurants should continue to be a place where tourists and locals congregate. Naturally, adequate parking and valet parking will be necessary. Retailers should be a mix of local independents and chain specialty stores to provide adequate attraction to the Hub developments.

The North Hub market will generally support the types of retail/restaurants shown in the table below.

Table 2.3

<u>Suggested Tenant Mix</u>	<u>Size</u>
Major seafood restaurant	10,000
Major restaurant	10,000
Specialty grocery/wine store/prepared foods	10,000
Night Clubs - 2nd floor	20,000
Retail and service shops	45,000
Restaurants & bars with inside/outside seating	20,000
Black box theater - upper floors	30,000
Fitness Club – 2 nd floor	25,000
Quick service food shops and seating	20,000
Service shops 1 st or 2 nd floors	<u>10,000</u>
Total	200,000

Restaurants/retail/entertainment facilities that are included in the new development should be located at the ground level along the River, including outdoor seating so that building occupants (residents, hotel visitors, and office occupants), along with locals and tourists are all a part of the dining and shopping experience. Shops might include one to four additional restaurants, gift shops, a florist, an optician with modish glasses, a gourmet/wine grocery store featuring prepared foods, a magazine/news shop, swimwear and beach gear shops, a Black Box cinema, one or two jewelry stores, a small drug store, a deli, a coffee kiosk, at least four to six quick service food shops, a fitness center, and others. Approximately, 200,000 square feet would be needed for just this development. A food court, oriented primarily to the office occupants might be blended into the commercial area to maximize the attraction. Access should probably be provided to SW 1st Avenue or SW 2nd Street to create traffic flow through the building to maximize local, building, and tourist traffic.

It should be pointed out that the other blocks in the North Hub could add an additional 30,000 to 50,000 square feet, especially the blocks fronting on Andrews Avenue. Thus, the total potential restaurant/retail/entertainment square footage in the North Hub might amount to between 220,000 and 280,000 square feet.

The removal of the existing Riverfront development will eliminate approximately 30 restaurants, bars, retail shops, kiosks, and entertainment facilities. While many facilities are currently vacant, it nonetheless, continues to be a tourist attraction. Proposed new development should be designed to attract a variety of visitors to the Downtown area, and more specifically, to this future hub of activity and the rest of the Riverwalk area.

The previous Riverfront development was primarily oriented towards a specific population segment that focused on young people. To ensure long-term success, the new plan should focus on offering activities for all ages and types.

19. The Developers of the North Hub site might consider adding a public observation deck, a cocktail lounge and/or a restaurant on the top floor.

It would add to the variety of activities along the Riverwalk. Places that have successfully operated similar attractions for years include the 95th Restaurant & Cocktail Lounge atop the Hancock Building in Chicago, the 50th floor of the Bank of America building in San Francisco, the Windows of the World in New York which unfortunately was destroyed during 9/11, the Hyatt Regency in Dallas, and numerous others. Visitors can view the Las Olas shopping and dining district, the New River, the harbors, Port Everglades, the Fort Lauderdale International Airport, the Beaches, and the surrounding activity.

RECOMMENDATIONS FOR THE SOUTH SIDE OF THE RIVERWALK

20. The South Hub across the New River from the North Hub should include mixed-use developments with a total of 150,000 to 200,000 square feet of restaurant/retail/entertainment space along with other block development.

The South Hub site is located between the FEC Railroad Bridge and Andrews Avenue, extending south to SW 5th Street. This area should be developed at the 20 percent rule, or a minimum of 150,000 to 200,000 square feet. The South Hub contains two major sites fronting on the New River that contain a total of 5.35 acres. This should include independent and chain restaurants and a retail specialty shop mix somewhat different to that recommended for the North Hub of the New River. This will create an individual flavor for each side of the New River.

The South Hub does not have the large number of uses available as the North Hub Riverwalk area. The south side of the New River is more local. Therefore, the first major restaurant should feature an American or Continental menu including seafood, steaks, chops, chicken, along with an extensive list of appetizers, both popular and expensive wines, and a major bar. The outside seating should have a colorful canopy or umbrellas. Banquet and meeting space should also be provided. The restaurant should be open for both lunch and dinner. Again, the restaurant(s) should initially focus on the residents, judges, lawyers and legal professionals located in the area. An independent restaurant might be named The Jury Room, Counselors, The Courthouse, Barristers, Jailers, or some other judicial or legal name. A second smaller restaurant should be a popular-priced casual chain or independent restaurant with a simple type menu featuring sandwiches, salads, light

entrées, and drinks with a check average of \$12.00 to \$15.00. Free or validated lunch and dinner parking should be provided.

The South Hub retail space needs to be a mix of both independent and chain specialty shops that generate significant activity to the south side of the New River. Combined with the restaurants, they will provide a generative mix of occupants which will have financeability with acceptable risk. Retail space might include a fine men's clothing store, a women's apparel shop, (perhaps known as "The Legal Woman), South American jewelry, popular jewelry, The Best of Everything, candy shop, beauty salon, nail salon, florist, an Irish Pub or Ale House, Chinese shop & take out, Ice Cream shop, Char-grilled Hot Dogs & Brats, Gyros Shop, Mrs. Field's, Pretzel Time, wine shop, GameStop, juice bar, grilled chicken shop, coffee shop, Starbuck's, sports bar, office supplies, print shop, sports tickets, yacht rentals, and numerous others.

21. The south side of the Riverwalk should add other residential or mixed-use buildings with additional restaurants, quick service food units, entertainment, retail shops, and activities.

The development of the south side of the New River in the Downtown Master Planning Area is only now starting, and thus lacks critical mass. Therefore, any new non-hub buildings should be required to provide commercial space at the Riverwalk level for eventual development. The 10 percent rule should apply to non-hub buildings fronting on the Riverwalk.

The South Hub area should be developed first. However, that may not happen. Thus, any new Riverwalk building should be required to have designated commercial space. In the interim, absent strong enough retail/restaurant market demand, some of the designated space might be leased for law offices, until there is sufficient market for restaurants, retail, entertainment, or cultural use.

Initially, any restaurants and shops should be focused upon the local residents, lawyers, law offices, judicial personnel and others employed in the area. There are only limited restaurant and retail facilities south of the river to SW 9th Street. Currently, the only restaurant on the south side of the New River on the Riverwalk is the Downtowner, which has been in the same location since the '70's.

Given the current residential, restaurant, and retail markets, it will probably be 8 to 12 years before the south side of the New River is fully developed, assuming a normal housing market.

22. The eight properties fronting on the south side of the New River as identified in Figure 2.D should add between 250,000 and 300,000 square feet of commercial space along the Riverwalk when redeveloped.

There are eight properties on the south side of the New River that front on the River, which should be required to develop their river frontage. Other than the hub areas, the 10 percent rule should be applied. All mixed-use buildings on the Riverwalk should plan the commercial space, including black iron, grease trap requirements, and all other code

requirements. The south side Riverwalk buildings will usually require from 20,000 to 50,000 square feet of retail/restaurant/entertainment space. With potentially eight properties, this will eventually add between 250,000 and 300,000 square feet of commercial space on the south side of the Riverwalk.

23. A farmer's or green market should be established on the south side of the New River to provide an attraction.

A weekend Farmer's Market might be organized for the south side of the Riverwalk in front of the County Jail. We envision that the Farmer's Market would start as a "once every two weeks" attraction, eventually becoming a weekly event featuring produce, seafood, plants and flowers, and seasonal goods. This would serve a need and add an attraction. Saturday mornings would be ideal because it would not conflict with the many daily judicial activities. The City and County will need to address the opportunity and provide for a Farmers Market manager. We have also seen many that are sponsored by a local church that provides the leadership and management. The farmers/merchants need access, space, and security, as well as programming and organizational support/management to ensure the events are a permanent element of New River activity.

SECTION III

METHODOLOGY

Our basic approach has been to identify the forces of supply and demand which either directly or indirectly affect the current and future restaurant, retail, and entertainment market potential for the Riverwalk in Downtown Fort Lauderdale. The market forces include population, population change, seasonal residents, housing development, households, age structure, family size, household income, employment, domestic and international visitors, dining and shopping patterns, competitive facilities, accessibility, consumer expenditure dynamics, safety and security, and finally, the share of the Riverwalk can expect to capture of each identified spending level. Also, the market for the two initial developments proposed on both sides of the New River.

In order to arrive at a determination of the potential market, we have carried out a number of research steps. They are summarized below:

1. Meetings and discussions were held with Fort Lauderdale Planning and Zoning staff and project management of Beyer Blinder Bell Planners who are preparing the Downtown New River Master Plan.
2. A search was conducted of published and unpublished data regarding resident population, seasonal residents, population projections, income, housing, employment, hotel and vacation condominium occupants, office occupants expenditures, Fort Lauderdale and Downtown retail sales, traffic counts, competition, existing dining and shopping patterns, consumer preferences, and other data pertinent to this analysis. Sources included:
 - United States Department of Commerce; Bureau of the Census, Census of Population 1990 and 2000
 - United States Department of Commerce; Economic Census' of Retail Trade and Foodservice, 1997
 - United States Department of Commerce; Economic Census' of Retail Trade and Foodservice, 2002
 - United States Department of Commerce; Economic Census' of Arts, Entertainment, & Recreation, 2002
 - United State Census, American FactFinder Survey, Population Projections, 2000-2006
 - Florida Attractions Association
 - Workforce Innovation
 - Florida Department of Revenue
 - Florida Division of Hotels and Restaurants
 - Visit Florida
 - Greater Fort Lauderdale Convention & Visitors Bureau
 - Greater Fort Lauderdale Lodging & Hospitality Association
 - Port Everglades Passenger Development
 - Smith Travel Research – Broward County Monthly Hotel/Motel Trend Survey

- D.K Shifflet & Associates, LTD.
 - Travel Industry Association of America
 - Broward Alliance of South Florida
 - Broward County Aviation Department
 - Broward County Zoning Code Services Division
 - Broward County Convention Center
 - Broward County Office of Economic Development
 - Broward County Revenue Collection Division
 - Broward County Planning Services Division
 - Fort Lauderdale City Hall
 - Fort Lauderdale Department of Planning and Zoning
 - Fort Lauderdale - Department of Public Works
 - Kittelson & Associates, Inc. – Downtown Fort Lauderdale Parking Study, 2003
 - Restaurant Business
 - Restaurant News
 - International Council of Shopping Centers (ICSC)
 - Shopping Centers Today
 - Shopping Center Business
 - Urban Land Institute
 - Tactician, Inc.
 - Claritias, Inc.
3. Members of our staff also drove the major traffic arteries and some of the minor arteries in and around Downtown Fort Lauderdale and the Las Olas dining and shopping district. Notes were taken regarding existing restaurants, retail stores, entertainment facilities, types of existing housing, housing development, housing density, uses on both sides of the New River, and the two specific proposed development projects on the Riverwalk. Next, accessibility was analyzed in terms of ingress and egress to the Downtown area and more specifically to the two sites. We also reviewed existing traffic flow and driving time.
 4. We examined the plans proposed by Boca Developers regarding the former Riverfront festival market site on the north side of the New River between the FEC Railroad Bridge and South Andrews Avenue.
 5. We conducted a Walking Time Analysis from the Andrews Avenue Bridge at the New River for 5 and 10 minutes in all directions to simulate what Riverwalk visitors might experience. Also, it indicated to us the area within a 10 minute walking time.
 6. The socioeconomic characteristics of Greater Fort Lauderdale, the City of Fort Lauderdale, and Downtown Fort Lauderdale and the changes that have taken place since 2000 were evaluated. The 2000 Census of Population was evaluated by census tract and block group for the Downtown area, and specifically Census Tract 425. The socioeconomic characteristics include: population, population growth, age structure, household characteristics, income dynamics, ethnic mix, employment, employment change, housing values, retail expenditure potential, and retail sales trends.

Restaurant, Retail, & Entertainment Market Study, Downtown New River Master Plan

7. We evaluated the number of new condominium residences developed between 2000 and 2007, along with others planned, especially along the New River. Next, we forecast the demographics of the Area and its subsectors for 2007, 2012, and 2015. Demographics include population, age structure, population growth, households, household size, household income, and other pertinent elements.
8. Income is a key ingredient to dining, retail, and entertainment expenditure dynamics. We have evaluated the current household income, along with the changes which have taken place since the 1990 and 2000 Census. Moreover, we have forecast household income for the projection years.
9. Retail sales data were obtained and studied. The data include the Economic Census of Retail Trade and Foodservice for the City of Fort Lauderdale for 1997 and 2002. (2002 is the latest Census data available). This process permitted us to identify retail categories which are overbuilt and those which represent an opportunity at the Subject Property. Next, we forecast the data for 2007.
10. Entertainment expenditures were also evaluated based upon the Economic Census of Arts, Entertainment, & Recreation for 2002. These data were then forecast to 2007 and beyond for the market area.
11. Members of our staff inventoried the existing and proposed competitive restaurants, retail, and entertainment facilities in and around the Downtown Fort Lauderdale area. The evaluation determined the characteristics of competitive facilities including their location, size, and general impact of competitive facilities.
12. We delineated a residents Trade Area for Downtown Fort Lauderdale and more specifically the Riverwalk area on the basis of the 2000 Census, forecast demographic characteristics for 2007, 2012, and 2015, the existing and proposed competitive facilities, the road network, physical and psychological barriers, a detailed driving time analysis, consumer orientation, and our over 40 years of experience in evaluating projects throughout the world.
13. We calculated the Trade Area resident's Personal Consumption Expenditures by major restaurant, retail, and entertainment category. These data were forecast for the projection years. Personal Consumption Expenditures were analyzed by category (i.e., food stores, department stores, women's apparel, men's apparel, furniture, eating and drinking, electronics, and entertainment) and represent the dollars spent by Trade Area residents in restaurant, retail, and entertainment facilities.
14. Based upon the potential expenditures for the projection years, we have allocated the market shares for the various retail categories within the residents Trade Area segments we expect the Subject Property to capture in contrast to competitive facilities. The market shares or capture rates provide the sales projections by retail category for the Riverwalk area.

Restaurant, Retail, & Entertainment Market Study, Downtown New River Master Plan

15. Once the expenditure potential and market penetration by individual categories were computed, our staff identified the extent of the opportunity within the resident's Trade Area.
16. The next level of potential business includes existing and future Downtown Fort Lauderdale office employment. Employment was determined and the expenditures for dining, retail, and entertainment computed. This included the new facilities planned on both planned development sites on the New River. Also, included is the employment and Judicial activity generated on the south side of the New River.
17. An inventory of hotel either in or near Downtown Fort Lauderdale was obtained, along with hotel occupancy. Next, the number of occupied room/nights was computed and estimated expenditures for dining, entertainment, and shopping were computed. Finally, we estimated the percentage of those expenditures that will be made in the Riverwalk area of Downtown Fort Lauderdale.
18. The number of domestic and international visitors to Fort Lauderdale was obtained and their expenditures computed. We then estimated the percentage of those expenditures that might be spent on the Riverwalk both now and in the future.
19. Next, we evaluated each of the potential "levels of business". After a thorough analysis of all the expenditure potential, we determined the demand for retail, restaurants, and entertainment facilities on the Riverwalk both now and in the future. Furthermore, we prepared recommendations for the two proposed new mixed-use developments on the north and south sides of the New River's north branch.
20. We also made other recommendations regarding future building development requirements along the Riverwalk.

SECTION IV

RETAIL MARKET ANALYSIS

SITE/LOCATION

The Riverwalk planning area is generally located along the New River in Downtown Fort Lauderdale and extends from the Broward Center for Performing Arts on the west to the Las Olas Boulevard shopping and dining area on the east. The purpose of the Plan has been to create a strategic vision and development framework for the Downtown Riverwalk, River linkage, and its surroundings. The principal feature is the New River which meanders through the Downtown Area on an east-west course. The Downtown New River Riverwalk Study Area is generally bounded by SW 2nd Street and Las Olas Boulevard on the north, between SE 8th and 9th Avenue on the east, between SW 6th and 7th Street on the south, and SW 4th Avenue (north of the New River) and SW 7th Avenue on the west (south of the New River). The entire area is approximately one mile wide. Also, included in the Study Area are the Museum of Discovery and Science, Esplanade Park, Old Fort Lauderdale Village and Museum, Huizenga Plaza, the Museum of Art, Broward County Library, Stranahan House, the Judicial District, and Smoker Park, among others.

ACCESSIBILITY

The Study Area enjoys excellent access to Fort Lauderdale residents, Downtown occupants, area visitors, seasonal residents, office employment, the legal and judicial profession, boaters, marinas, conventioners, international travelers, and numerous others.

Situated along U.S. Highway 1 (Federal Highway) providing north-south access to the Downtown Area from the surrounding residential areas, hotels, marinas, employment, office concentrations, industrial areas, Fort Lauderdale-Hollywood International Airport, the convention center, the beaches, numerous yacht clubs, cruise ship terminals, and numerous others. In addition, U.S. Highway 1 junctions with Interstate 595 approximately 2.5 miles to the south. Interstate 595 commences at U.S. Highway 1 and extends westerly through the Fort Lauderdale area to become Interstate 75. Interstate 75 is known as “Alligator Alley” across the Everglades to the west coast of Florida where it turns northward through the country to its terminus at the Canadian/Michigan border at Sault Ste. Maria.

Broward Boulevard extends from Downtown Fort Lauderdale to Interstate 95, approximately 1.5 miles to the west. Interstate 95 extends in a north-south direction throughout the State of Florida and throughout the East Coast of the United States.

Davie Boulevard (SW 12th Street) is a significant east-west traffic artery which commences at U.S. Highway 1 and extends westerly past its Interstate 95 interchange to its terminus at Peters Road, approximately 3.4 miles.

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Andrews Avenue is also a major north-south traffic artery which extends from Downtown Fort Lauderdale across the New River to SW 24th Street (Florida 84). To the north, Andrews Avenue extends to Atlantic Boulevard (Florida 814), approximately 7.8 miles.

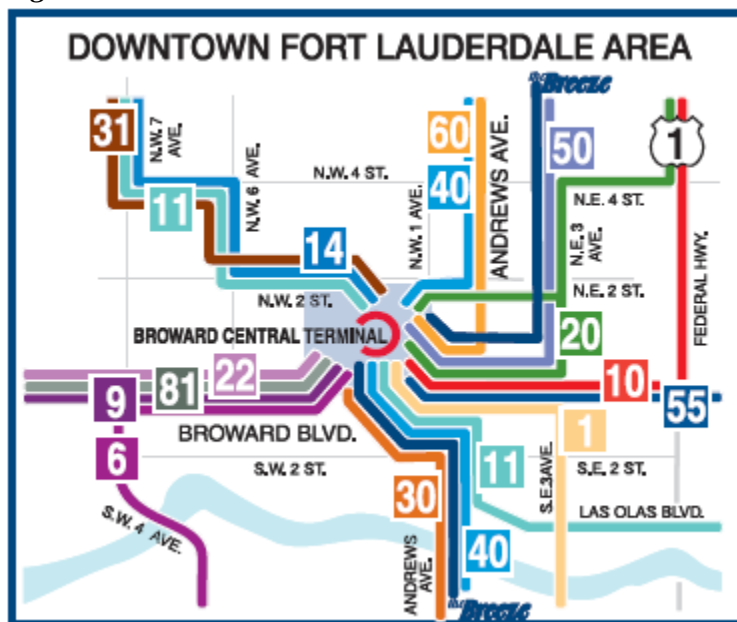
The Fort Lauderdale-Hollywood International Airport, located approximately 2.5 miles south of Downtown Fort Lauderdale, handled a total of approximately 22.7 million annual travelers in 2007. It also provides non-stop service to over 55 cities. The airport is the largest employer in Broward County with over 16,000 employees. Ancillary activities generate another 28,000 jobs.

The Cruise Line industry is responsible for over 3,000 cruises from Port Everglades annually. Finally, the New River offers direct access for boaters who can dock and visit restaurants, retailers, and entertainment along the Riverwalk.

Public Transportation

Downtown Fort Lauderdale is currently well served by public transportation, mainly buses. *Figure 4.A* depicts the bus routes in and out of the Downtown area. The numbers in various colors designate the various routes. Thus, the Riverwalk area is easily accessed via public transportation.

Figure 4.A



Recently, the route of the Downtown Transit Circulator was determined. The final selection was the route indicated in Route E-1 depicted in *Figure 4.B* on the following page. The completion of the Downtown Transit Circulator will provide additional access to the Riverfront with stations at Las Olas Boulevard and Andrews Avenue at the Subject Site and SW 3rd Avenue and Las Olas Boulevard. South of the New River, a station is planned on SE 3rd Avenue and SW 6th Street and another at Andrews Avenue just south of SW 6th Street.

Figure 4.B



E-1

CHARACTERISTICS	
Miles	2.7
Stations	10
Vehicles	6
Annual O&M	\$2,240
Capital Cost	\$130,330
O&M / Mile	\$830
Capital/Mile	\$48,460
Total/Mile	\$49,290

(Cost x 1,000 in 2007 \$)

- East/West Corridor
- North/South Corridor
- Alternative Alignment
- Station
- Potential East/West Transit Alignment
- Potential FEC Transit Alignment
- Broward County Transit Transfer Station
- Optional Maintenance and Storage Site
- Drawbridge
- At-Grade Railroad Crossing
- Existing Parking Facility
- Proposed Rim Intercept Parking Facility

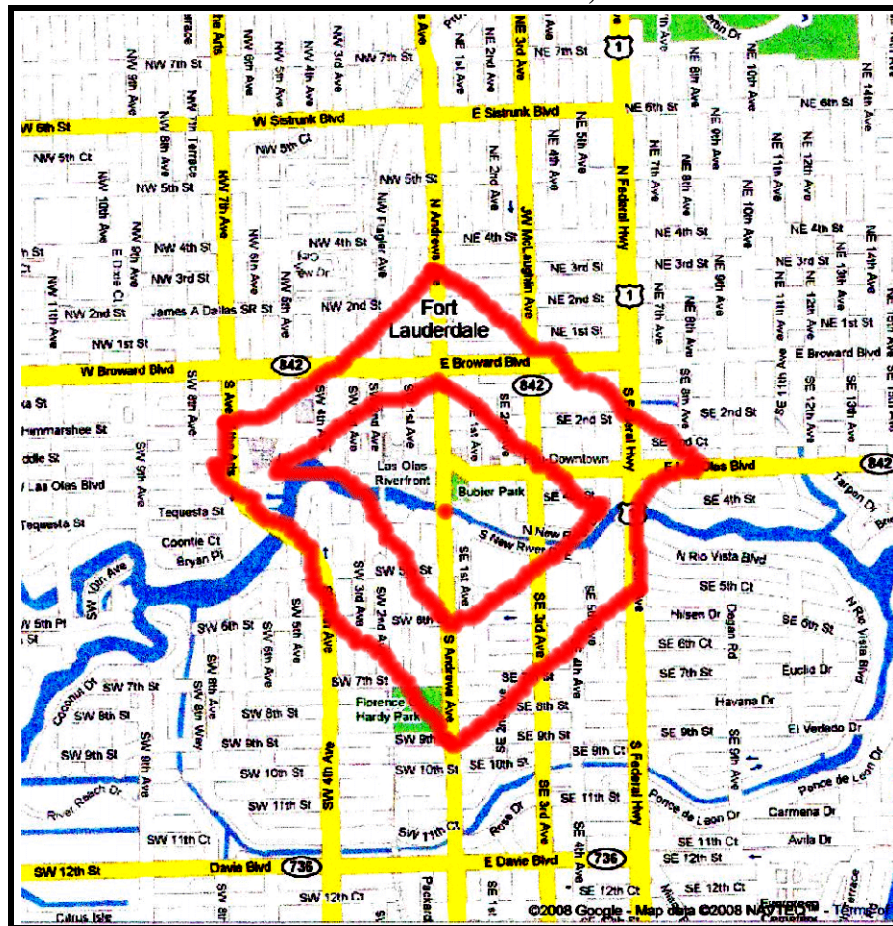


Walking Time Analysis

We undertook a walking time study for 10 minutes by 5 minute intervals. The objective was to simulate distances that locals and visitors alike might achieve walking in the Downtown Area. We started the walking time study at the Andrews Avenue Bridge over the New River and walked 5 and 10 minutes in all directions. The results are depicted in *Figure 4.C* below. The 5 Minute walking times are the closest to the bridge, while the 10 Minute walking time is the furthest. The walking areas and the New River are shown in red.

Figure 4.C

**Walking Time Study
Andrews Avenue & Riverwalk
Downtown Fort Lauderdale, Florida**



The map indicates that one can generally reach almost to Broward Boulevard to the north in five minutes and SE 4th Avenue to the east using the Riverwalk. The inside area, depicted in red on the map, represents the distance that one can generally cover in 5-Minutes. The outside area, indicated in red, represents that distance that one can generally reach walking in 10-Minutes. To the west one can generally reach SW 4th Avenue in five minutes and to the south one can reach SW 6th Street. Within 10 minutes walking north on Andrews Avenue, one can generally reach NW or NE 3rd Street. To the east in 10 minutes, one can generally reach SE 5th Avenue, and walking west in the same time one can generally reach NW 7th Avenue. Walking south for 10

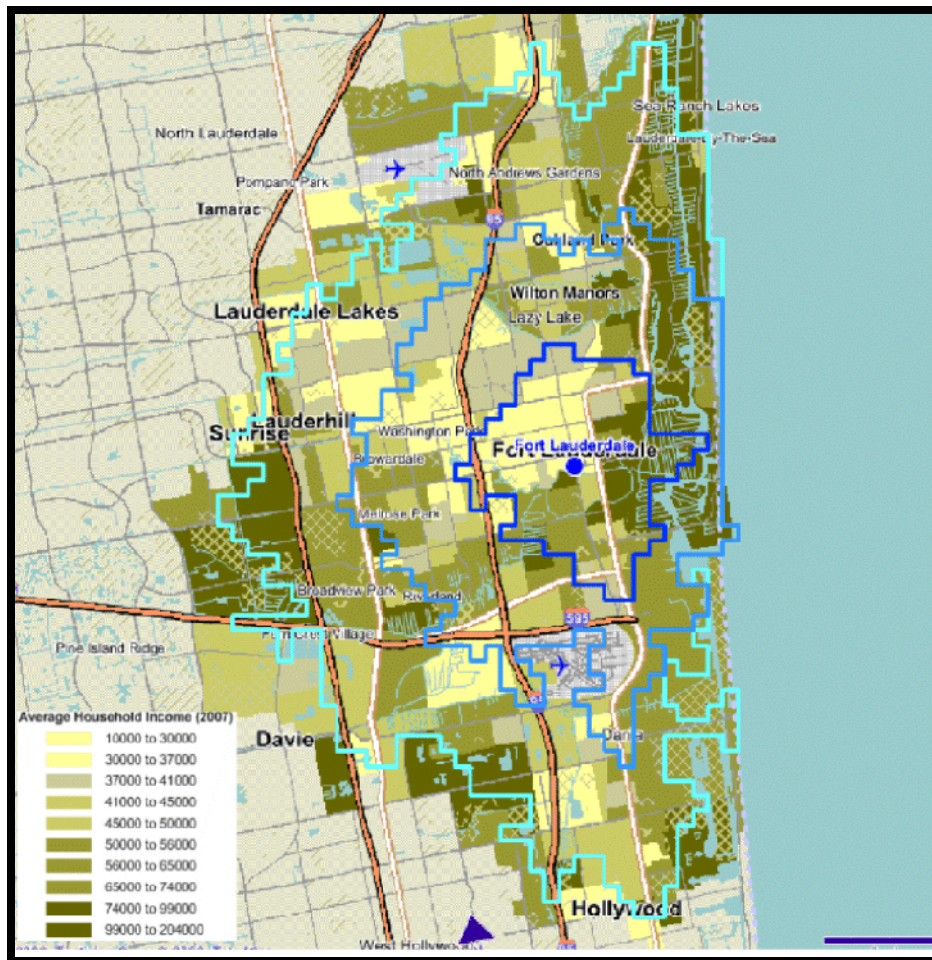
minutes from the Andrews Bridge over the New River, one can generally reach SW 10th Street. While the walking public cannot by itself support dining and retail activity, it will be an integral part of its success.

Driving Time Analysis

A detailed Driving Time Analysis was conducted from Las Olas Boulevard and Andrews Avenue in all directions for 15 minutes at 5 minute intervals. The Driving Time Analysis assists in the delineation of the Trade Area by simulating the distances a consumer can travel during given time allocations. **Figure 4.D** page depicts a 15-minute driving time. The data show that one can reach NW 15th Street driving north for five minutes on Andrews Avenue. Conversely, one can reach SW 26th Street driving 5 minutes south on Andrews Avenue. East bound on Las Olas Boulevard, one can reach just east of the Intracoastal Waterway. West bound Broward Boulevard from Andrews Avenue, one can reach just beyond Interstate 95 in five minutes.

Figure 4.D

**15-Minute Driving Time
Andrews Avenue & Las Olas Boulevard
Fort Lauderdale, Florida**



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The base map depicts 2007 estimated average household income. The darker the color green the higher the income. Conversely, the lower the average household income the lighter the color. A legend may be found in the lower left-hand corner of the map.

In 10 minutes on average one can reach NW 35th Street travelling north on Andrews Avenue. Going south on U.S. Highway 1 for 10 minutes from Downtown Fort Lauderdale on average, one can reach Stirling Road south of the Fort Lauderdale-Hollywood International Airport. To the east one reaches the beaches in 10 minutes, and to the west one can generally reach NW 44th Street.

CURRENT DOWNTOWN FESTIVALS AND EVENTS

Downtown Riverwalk area festivals currently include the following:

■ **Sunday Jazz Brunch**

The first Sunday of each month features the Fort Lauderdale Sunday Jazz Brunch. Apparently the winter months attract the largest audience with 5,000 to 6,000 persons attending.

■ **Fort Lauderdale International Film Festival**

This will be the 23rd year for the Film Festival. The Festival features an unusual mix of foreign and American films, along with outdoor free cinema, educational seminars, and numerous parties.

■ **Riverwalk Get Downtown**

The Riverwalk Trust produces this event along with Get Downtown which includes Big City Blues Band and food from local restaurants. The events take place in front of Las Olas Brasserie in November.

■ **Las Olas Art Fair**

This is a January event along Las Olas Boulevard featuring a collection of original works by artists from across the country and some foreign artists.

■ **Maroone Moonlight Movies**

This event is sponsored by the Maroone Auto Company and features a free monthly screening of classic films in Huizenga Plaza.

■ **Christmas on Las Olas**

This December event features Christmas activities and festivities. Music and decorations add to the festive Christmas season.

■ **3rd Avenue Art District ArtWalk**

This event takes place on the first Saturday of February and includes the artist studios of Flagler Heights which are open to the public at no charge.

COMPETITION

Competition is different for each major use. Restaurant competition may be found throughout Fort Lauderdale and its environs. Also to some extent, restaurants in the Downtown area are competitive to all others including Las Olas Boulevard restaurateurs. Retailers, depending upon the category in which they compete, can be competitors especially to the Las Olas shopping area. The same is true with entertainment. There are over 100 restaurants and bars. Retailers, restaurants, and entertainment cover over 1,000,000 square feet of space in Downtown Fort Lauderdale.

Major retail competition is found at the Galleria at Fort Lauderdale (2.7 miles north) which features Neiman Marcus, Saks Fifth Avenue, Macy's and Dillard's, along with a significant array of upscale retailers and restaurants. The Galleria contains approximately 1,000,000 square feet. On the price-oriented side, Sawgrass Mills (11 miles to the northwest) offers over 250 stores featuring brand names at "off-prices". Sawgrass contains over 2,500,000 square feet.

DOWNTOWN FORT LAUDERDALE'S TRADE AREA

The trade area of Downtown Fort Lauderdale, including Las Olas Boulevard and the Riverwalk has been delineated on the basis of restaurants, retail, and entertainment attraction, as well as accessibility, driving times, generative facilities, existing and proposed competition, present and future demographics, Downtown employment, physical and psychological barriers, dining and shopping patterns, and our experience in evaluating retailing, dining, and shopping centers throughout the world.

For the Riverwalk areas, we have addressed differing trade area methodologies such as mile radii, amoebas, octagons, census tracts, zip codes, driving time zones, and others. Downtown trade areas are often different from malls and mixed-use concentrations. For example, Las Olas Boulevard already has a reputation that extends world-wide. However, the trade area addresses the portions of the market that residents will originate from. In our opinion, the best reflection of consumer orientation is a combination of both miles and driving time.

Thus, we have delineated the Primary Trade Area as 3-Miles. The Primary Trade Area is that geographic area from which the most frequent costumers will originate, especially for restaurants. This area also contains residents that will focus upon the new development. The Secondary Trade Area has been designated as the area between 3 and 5-Miles. These residents are important customers who come fairly frequently, but will also find the location a little less convenient. However, as the Riverwalk is expanded, they should increase their frequency of visits, especially for dining and entertainment. Finally, the Tertiary Trade Area has been designated as an area beyond 5-Miles but within 15 minutes driving time. This essentially includes more of the beach area residents who have higher incomes, eat out often, and are focused upon Las Olas Boulevard. The Resident Trade Area reflects the defined area from which approximately 75 percent of the sales will be derived. The balance will come from the other levels of business such as Downtown employees, hotel occupants, seasonal residents, visitors and international visitors. Each of these levels of business will be discussed later in this section.

Based upon this evaluation we have established the Downtown Fort Lauderdale Trade Area depicted in **Figure 4.E**. Trade Area demographic data was compiled for the resident population and forecast to 2012 and 2015.

RESIDENT TRADE AREA MARKET SUPPORT DATA

Resident demographic characteristics of the Primary, Secondary, and Tertiary Trade Area are provided in **Table 4.1** entitled “**Trade Area Market Support Data**”. This section focuses on the level of market support available within the delineated trade area. Demographic data was obtained from the United States Department of Commerce, Bureau of the Census from the 2000 Decennial Census. Next, we reviewed the data which was provided by the Fort Lauderdale Planning and Zoning Department, along with data from other sources. We then compiled data from Claritas and Tactician, both computer demographic service firms who provide forecasts. Finally, we reviewed all of the forecasts and arrived at what we believe to be accurate forecasts based upon the current housing adjustment. The data and our adjustments were then forecast to 2012 and 2015.

Figure 4.E

**Downtown Fort Lauderdale Trade Area
Fort Lauderdale, Florida**

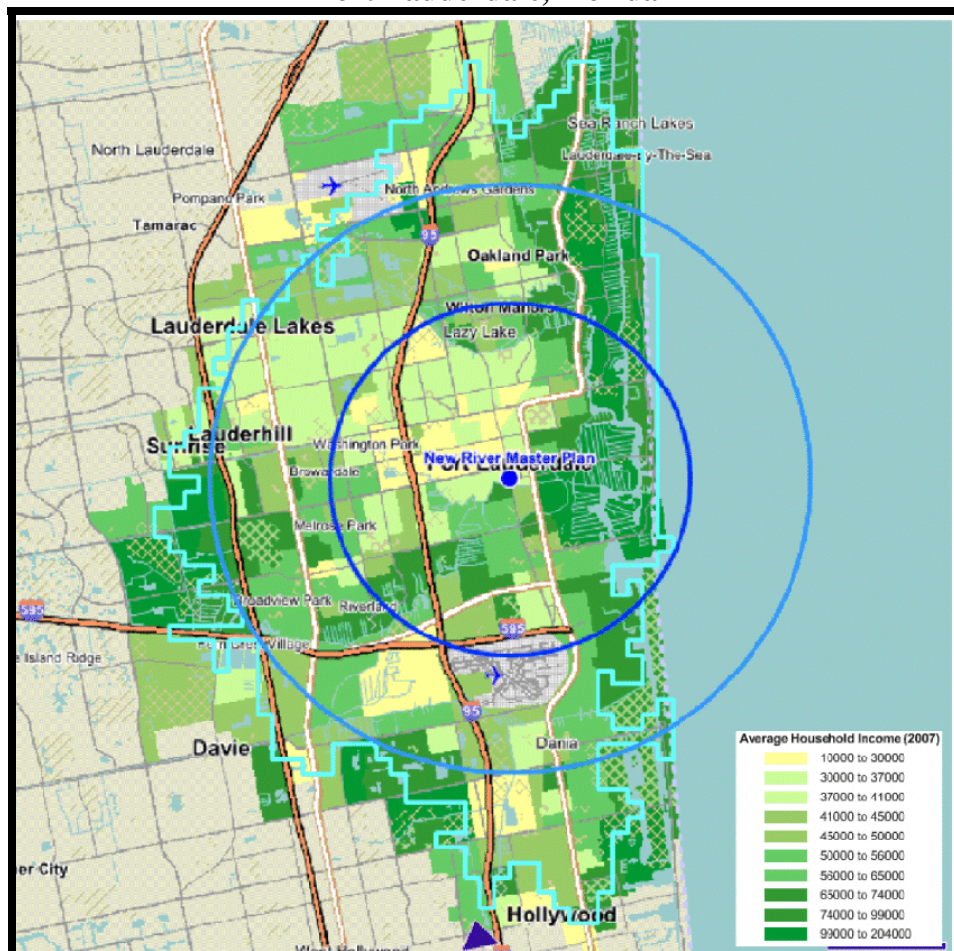


Table 4.1

**TRADE AREA MARKET SUPPORT DATA
DOWNTOWN FORT LAUDERDALE
FORT LAUDERDALE, FLORIDA**

	Primary Trade Area		Secondary Trade Area		Tertiary Trade Area		Total Trade Area	
	3-Miles		3-5 Miles		5-Miles to 15 Minutes			
Population Change	Number	Percent Change	Number	Percent Change	Number	Percent Change	Number	Percent Change
1980 Census	134,110		129,093		66,561		329,764	
1990 Census	128,857	-3.92%	129,922	0.64%	69,060	3.75%	327,839	-0.58%
2000 Census	128,416	-0.34%	146,525	12.78%	77,974	12.91%	352,915	7.65%
2007 Projection	141,725	10.36%	157,962	7.81%	82,824	6.22%	382,511	8.39%
2012 Projection	148,681	4.91%	166,454	5.38%	86,463	4.39%	403,615	5.52%
2015 Projection	159,089	7.00%	176,857	6.25%	91,175	5.45%	427,121	5.82%
Household Change								
1980 Census	56,771		51,921		29,208		137,900	
1990 Census	54,156	-4.61%	53,508	3.06%	31,191	6.79%	138,855	0.69%
2000 Census	54,487	0.61%	58,782	9.86%	34,130	9.42%	147,399	6.15%
2007 Projection	57,261	5.09%	60,310	2.60%	34,422	0.86%	151,993	3.12%
2012 Projection	59,473	3.86%	62,082	2.94%	35,045	1.81%	156,600	3.03%
2015 Projection	64,934	9.18%	68,022	9.57%	37,990	8.40%	170,849	9.10%
Population by Race								
White	68,793	48.50%	77,298	48.93%	40,335	48.70%	186,426	48.74%
Black	62,171	43.90%	68,329	43.26%	36,028	43.50%	166,528	43.54%
Asian	2,230	1.60%	3,175	2.01%	1,491	1.80%	6,896	1.80%
Native American	325	0.20%	261	0.17%	166	0.20%	752	0.20%
Hawaiian / Pacific Islander	58	0.00%	100	0.06%	83	0.10%	246	0.06%
Two or More	5,727	4.00%	5,081	3.22%	3,064	3.70%	13,872	3.63%
Other Race	2,421	1.70%	3,718	2.35%	1,656	2.00%	7,795	2.04%
Total	141,725	100.00%	157,962	100.00%	82,824	100.00%	382,516	100.00%
Hispanic Population								
Hispanic	18,384	13.00%	21,246	13.45%	12,506	15.10%	62,292	16.30%
Not Hispanic	123,341	87.00%	136,716	86.55%	70,318	84.90%	320,219	83.70%
Total	141,725	100.00%	157,962	100.00%	82,824	100.00%	382,511	100.00%
Owner Occupied	27,998	41.60%	38,164	54.52%	20,821	48.20%	86,983	48.80%
Renter Occupied	29,263	43.40%	22,146	31.64%	13,601	37.40%	65,010	36.50%
Vacant	10,093	15.00%	9,693	13.85%	6,487	14.40%	26,273	14.70%
Total	67,354	100.00%	70,003	100.00%	40,909	100.00%	178,266	100.00%
Median Household Income	\$45,301		\$44,987		\$48,099		\$48,389	
Average Household Income	\$70,141		\$60,006		\$66,981		\$66,580	
Average Family Income	\$75,335		\$72,887		\$73,190		\$69,207	

Source: Melaniphy & Associates, Inc., 2008

Population

The Primary Trade Area (3-Miles) contained 128,416 persons in 2000. The 2007 population is estimated at 141,725 persons and forecast to 148,681 persons in 2012. By 2015, population of the Primary Trade Area is expected to increase to 159,089 persons.

The Secondary Trade Area (3-Miles, but within 5-Miles) had a 2000 population of 146,525 persons which has been estimated at 157,962 persons in 2007. In 2012, the population of this defined area is forecast to be 166,454 persons and in 2015, the population is forecast to increase to 176,857 persons. On a combined basis, with a 5-Mile radius there currently are approximately 299,687 persons.

The Tertiary Trade Area (beyond 5-Miles, but within 15 minutes) in 2000 contained 77,974 persons. In 2007, the population of the Tertiary Trade Area had an estimated population of 82,824 persons. By 2012, the population is forecast to increase to 86,463 persons and by 2015 to 91,175 persons.

The Total Trade Area (including the Primary, Secondary, and Tertiary Trade areas will have an estimated 2012 population of 403,615 persons. By 2015, the total population is forecast to 427,121 persons.

Households

The Primary Trade Area contained 54,487 households in 2000. The number of households in 2007 is estimated at 57,261 households. By the year 2012, the number of households within the Primary Trade Area is expected to rise to 59,473 households, and by 2015 households are forecast to rise to 64,934 households.

Within the Secondary Trade Area the number of households amounted to 58,782 households in 2000. The number of households in 2007 is estimated at 60,310 households. By the year 2012, the number of households is forecast to increase to 62,082 households, and by 2015 households are forecast to increase to 68,022 households. Thus, within the Primary and Secondary Trade Areas (5-Miles), households in 2007 amounted to an estimated 117,571 households.

The Tertiary Trade Area had 34,130 households in 2000. The number of households in 2007 was estimated at 34,422 households. By the year 2012, the number of households is forecast to increase to 35,045 households. By 2015, households are forecast to 37,990 households.

Households in the Total Trade Area in 2007 amounted to 151,993. In 2012, households were estimated at 156,600 and by 2015 households are expected to rise to 170,849 households.

Ethnic Characteristics

The ethnic characteristics of the residents of the Primary Trade Area in 2007 were mixed with the White population accounting for 68,793 persons. The Black population accounts for 62,171 persons, Asian's account for 2,230 persons, Hispanics account for 18,384 persons, and all others account for 8,531 persons.

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The Secondary Trade Area in 2007 had a White population of 77,298 persons, a Black population of 68,329 persons, a Hispanic population of 21,246 persons, and an Asian population of 3,175 persons.

The Tertiary Trade Area in 2007 had a White population of 40,335 persons, a Black population of 36,028 persons, a Hispanic population of 12,506 persons, and an Asian population of 1,491 persons.

Age

The median age within the Primary Trade Area in 2007 was estimated at 38.4 years. The Secondary Trade Area's median age in 2007 was 38.5 years. The Tertiary Trade Area had an estimated median age of 39.4 years.

Income

In the Primary Trade Area, the average household income in 2007 was estimated at \$70,141. The Secondary Trade Area had an estimated 2007 average household income of \$60,006. The average household income in the Tertiary Trade Area was estimated at \$66,981.

TRADE AREA RESIDENT'S RETAIL, RESTAURANT, AND ENTERTAINMENT EXPENDITURES AND MARKET PENETRATION

The analysis up to this point has brought into focus the factors which either directly or indirectly affect the retail, restaurant, and entertainment market potential and the attraction of consumer dollars to Downtown Fort Lauderdale, as opposed to competitive facilities. The Trade Area has been delineated and the resident demographic characteristics within the respective portions of the Trade Area have been evaluated. Next, per capita expenditures by retail category were calculated based upon the 2002 Economic Census' of Retail Trade and Foodservice and updated to 2007. Finally, all of the other factors which have an impact on the market potential in Downtown Fort Lauderdale were thoroughly studied including: competition, proposed facilities, accessibility, traffic, road patterns, roadway improvement plans, retail sales and dining trends, spending patterns, and development activity. This section of the report addresses retail expenditures for which Downtown Fort Lauderdale is competing.

The 2002 Economic Census' of Retail Trade and Foodservice, compiled by the United States Department of Commerce; Bureau of the Census, is the principal source of retail sales data in the State of Florida. The Economic Census of Retail Trade and Foodservice is compiled and published every five years; the most recent publication being 2002 and the next being 2007 which will be available by 2009.

The 2002 Economic Census' of Retail Trade and Foodservice indicates that the combined Retail and Foodservice sales in the City of Fort Lauderdale on an annual basis amounted to approximately \$3.7 billion. Retail sales accounted for \$3.22 billion and Foodservice including restaurants and quick service food facilities accounted for \$453 million. **Table 4.2** presents the 2002 retail sales by retail category, along with our forecasts of per capita retail category expenditures for 2007.

Table 4.2

2002 Retail Sales, Sales Per Establishment, Per Capita Sales, and 2007 Forecasted Per Capita Sales					
Fort Lauderdale, Florida					
Retail Categories	2002 Establishments	2002 Sales (000)	2002 Sale Per Establishment	2002 Per Capita Sales	2007 Per Capita Sales
Retail trade and Foodservice	1,772	\$3,669,390	\$2,071	\$23,567.05	\$28,045
Food Services & Drinking Places	531	\$452,656	\$852	\$2,907.23	\$3,460
Retail trade	1,241	\$3,216,734	\$2,592	\$20,659.82	\$24,585
Motor vehicle and parts dealers	227	\$1,508,461	\$6,645	\$9,688.25	\$11,335
Automobile dealers	58	\$1,079,806	\$18,617	\$6,935.17	\$8,114
New car dealers	31	\$1,023,675	\$33,022	\$6,574.66	\$7,692
Used car dealers	27	\$56,131	\$2,079	\$360.51	\$422
Other motor vehicle dealers	115	\$375,092	\$3,262	\$2,409.07	\$2,819
Recreational vehicle dealers	3	D	D	D	D
Motorcycle, boat, and other motor vehicle dealers	112	D	D	D	D
Boat Dealers	95	\$176,957	\$1,863	\$1,137	\$1,330
Automotive parts, accessories, and tire stores	54	\$53,563	\$992	\$344.01	\$402
Automotive parts and accessories stores	35	\$26,034	\$744	\$167.21	\$196
Tire dealers	19	\$17,529	\$923	\$112.58	\$132
Furniture and home furnishings stores	79	\$141,785	\$1,795	\$910.63	\$1,065
Furniture stores	33	\$62,913	\$1,906	\$57.98	\$68
Home furnishings stores	46	\$78,872	\$1,715	\$506.56	\$593
Floor covering stores	15	\$31,057	\$2,070	\$199.47	\$233
Other home furnishings stores	31	\$47,815	\$1,542	\$307.10	\$359
Electronics and appliance stores	57	\$120,324	\$2,111	\$772.79	\$904
Appliance, television, and other electronic stores	43	\$94,949	\$2,208	\$609.82	\$713
Household appliance stores	4	\$4,136	\$1,034	\$26.56	\$31
Radio, television, and other electronics stores	39	\$90,813	\$2,329	\$583.26	\$682
Computer and software stores	11	D	D	D	D
Camera and photographic supplies stores	3	D	D	D	D
Building material and garden equipment and supply stores	63	\$118,479	\$1,881	\$760.94	\$890
Building material and supply dealers	55	\$113,561	\$2,065	\$729.36	\$853
Home centers	D	D	D	D	D
Paint and wallpaper stores	7	\$6,030	\$861	\$38.73	\$45
Hardware stores	10	\$7,762	\$776	\$49.85	\$58
Other building material dealers	38	\$99,769	\$2,626	\$640.78	\$750
Lawn and garden equipment and supply stores	8	\$4,918	\$615	\$31.59	\$37
Nursery, garden center, and farm supply stores	7	D	D	D	D
Food and beverage stores	140	\$378,294	\$2,702	\$2,429.63	\$2,673
Grocery stores	85	\$328,383	\$3,863	\$2,109.08	\$2,320
Supermarkets and other grocery stores	43	\$300,022	\$6,977	\$1,926.92	\$2,120
Convenience stores	42	\$28,361	\$675	\$182.15	\$200
Specialty food stores	29	\$18,615	\$642	\$119.56	\$132
Beer, wine, and liquor stores	26	\$31,296	\$1,204	\$201.00	\$221
Health and personal care stores	93	\$185,346	\$1,993	\$1,190.40	\$1,488
Pharmacies and drug stores	30	\$153,454	\$5,115	\$985.57	\$1,232
Cosmetics, beauty supplies, and perfume stores	17	\$7,497	\$441	\$48.15	\$60
Optical goods stores	25	\$9,202	\$368	\$59.10	\$74
Other health and personal care stores	21	\$15,193	\$723	\$97.58	\$122
Gasoline Stations	69	\$158,221	\$2,293	\$1,016.19	\$1,321
Gasoline stations with convenience stores	56	\$111,430	\$1,990	\$715.67	\$930
Other gasoline stations	13	\$46,791	\$3,599	\$300.52	\$391
Clothing and clothing accessories stores	221	\$180,424	\$816	\$1,158.79	\$1,356
Clothing stores	149	\$125,308	\$841	\$804.80	\$942
Men's clothing stores	14	\$18,471	\$1,319	\$118.63	\$139
Women's clothing	56	\$44,719	\$799	\$287.21	\$336
Children's and infant's clothing	3	\$1,488	\$496	\$9.56	\$11
Family clothing stores	31	\$42,455	\$1,370	\$272.67	\$319
Clothing accessories stores	10	\$3,316	\$332	\$21.30	\$25
Other clothing stores	35	\$14,859	\$425	\$95.43	\$112
Shoe stores	33	\$22,507	\$682	\$144.55	\$169
Men's shoe stores	4	D	D	D	D
Women's shoe stores	5	\$4,229	\$846	\$27.16	\$32
Children's and juveniles shoe stores	2	D	D	D	D
Family shoe stores	14	\$7,134	\$510	\$45.82	\$54
Athletic footwear stores	8	\$8,790	\$1,099	\$56.45	\$66

Table 4.2 Continued

2002 Retail Sales, Sales Per Establishment, Per Capita Sales, and 2007 Forecasted Per Capita Sales					
Fort Lauderdale, Florida					
Retail Categories	2002 Establishments	2002 Sales (000)	2002 Sale Per Establishment	2002 Per Capita Sales	2007 Per Capita Sales
Jewelry stores	36	\$29,699	\$825	\$190.75	\$223
Luggage stores	3	\$2,910	\$970	\$18.69	\$22
Sporting goods, hobby, book, and music stores	66	\$86,772	\$1,315	\$557.30	\$652
Sporting goods stores	30	\$47,772	\$1,592	\$306.82	\$359
General-line sporting goods stores	9	\$25,804	\$2,867	\$165.73	\$194
Specialty-line sporting goods stores	21	\$21,968	\$1,046	\$141.09	\$165
Hobby, toy, and game stores	7	D	D	D	D
Sewing, needlework, and piece goods stores	33	\$35,874	\$1,087	\$230.40	\$270
Musical instrument and supplies stores	5	\$14,554	\$2,911	\$93.47	\$109
Book, periodical, and music stores	21	\$13,009	\$619	\$83.55	\$98
Book stores	13	\$9,661	\$743	\$62.05	\$73
Book stores general	10	D	D	D	D
Specialty book stores	22	D	D	D	D
College book stores	1	D	D	D	D
Prerecorded tape, compact disc, and record stores	4	D	D	D	D
General merchandise stores	16	\$182,436	\$11,402	\$1,171.71	\$1,371
Department stores	6	\$170,096	\$28,349	\$1,092.46	\$1,278
Department stores (except Discount Department Stores)	5	D	D	D	D
Discount department stores	1	D	D	D	D
Other general merchandise stores	10	\$12,340	\$1,234	\$79.25	\$93
Warehouse clubs and supercenters	0	\$0	\$0	\$0.00	\$0
All other general merchandise stores	10	D	D	D	D
Variety stores	5	\$5,297	\$1,059	\$34.02	\$40
Miscellaneous general merchandise stores	5	\$7,043	\$1,409	\$45.23	\$53
Miscellaneous retail stores	149	\$95,061	\$638	\$610.54	\$714
Florists	22	\$5,975	\$272	\$38.38	\$45
Office supplies and stationery	43	\$46,562	\$1,083	\$299.05	\$350
Gift, novelty, and souvenir stores	35	D	D	D	D
Used merchandise stores	29	\$19,920	\$687	\$127.94	\$150
Pet and pet supply stores	7	\$2,932	\$419	\$18.83	\$22
Art dealers	16	\$9,001	\$563	\$57.81	\$68
All other miscellaneous stores	31	D	D	D	D
Nonstore retailers	61	\$61,131	\$1,002	\$392.62	\$459
Electronic shopping and mail-order houses	31	\$38,050	\$1,227	\$244.38	\$286
Direct selling establishments	27	D	D	D	D
Food services and drinking places	531	\$452,656	\$852	\$2,907.23	\$3,489
Full-service restaurants	252	\$288,976	\$1,147	\$1,855.98	\$2,227
Limited-service eating places	196	\$110,873	\$566	\$712.09	\$855
Limited service restaurants	156	\$88,922	\$570	\$571.11	\$685
Cafeterias, buffets, and grill buffets	5	\$2,876	\$575	\$18.47	\$22
Snack and nonalcoholic beverage bars	35	\$19,075	\$545	\$122.51	\$147
Special food services	24	\$22,759	\$948	\$146.17	\$175
Drinking places	59	\$30,048	\$509	\$192.99	\$232
<i>Source: U.S. Economic Census of Retail and Foodservice, 2002</i>					
D - Non Disclosure					

Restaurant, Retail, & Entertainment Market Study, Downtown New River Master Plan

While the data is not provided for Downtown Fort Lauderdale, we have estimated both retail and foodservice sales at approximately \$360,000,000, or about 7.1 percent of total retail, foodservice, and entertainment sales.

It was necessary to forecast these expenditures for 2012 and 2015. These forecasts were accomplished in two ways. First, per capita expenditures by retail category were determined and forecast. Next, household income data were evaluated. Since consumers tend to spend fairly consistent percentages of their household income for specific types of goods and services, income dynamics were analyzed, along with household size. The income composition also provided insight into the expenditures within individual retail categories. Finally, retail category expenditures were adjusted as needed to reflect future retail expenditures and likely sales.

Resident Trade Area Market Penetration

Market penetration for a retail complex, restaurant, or retailer is the level of market share that the facility is capturing or expected to capture of Personal Consumer Expenditures within a defined trade area segment. In this case, it would be the market share for each retail or foodservice type within the Primary, Secondary, or Tertiary Trade Area.

The market penetration was determined by comparing the total Personal Consumption Expenditures available in each retail category against the likely sales that are currently being captured or might be captured in the future in Downtown Fort Lauderdale, and more specifically in the Riverwalk area. We have forecast the estimated sales and market penetration by individual retail, foodservice, and entertainment category. **Table 4.3** presents the total retail expenditure potential, market penetration, and sales volume for the respective portions of the Trade Area. The forecasts are based upon demographic forecasts for 2007, 2012, and 2015.

The data shown in the table indicates the following current sales:

- Apparel and Accessories and Shoe Stores in Downtown Fort Lauderdale generated sales estimated at over \$90 million.
- Home furnishings are estimated at over \$12 million.
- Foodservice (Eating and Drinking Places) including restaurants and bars in Downtown Fort Lauderdale have sales estimated at over \$121 million.
- Miscellaneous retail stores include many types of non-apparel specialty stores. We estimate that stores in this category are currently generating sales of \$68 million.
- Entertainment in Downtown Fort Lauderdale is estimated at \$55,000,000.
- Total retail, restaurant, entertainment, and cultural sales in Downtown Fort Lauderdale are estimated at \$360,000,000 based upon 2007 resident spending potential.

Table 4.3

**Estimated Resident Retail, Restaurant, and Entertainment Expenditures, Market Penetration, and Estimated Retail Sales
Downtown Fort Lauderdale
Fort Lauderdale, Florida
2007, 2012, and 2015**

Retail Category	Retail Expenditures			Market Penetration			Estimated Subject Site Sales		
	2007	2012	2015	2007	2012	2015	2007	2012	2015
General Merchandise									
Primary Trade Area	\$194,304,975	\$214,100,640	\$240,542,568	1.0%	2.0%	2.0%	\$1,943,050	\$4,282,013	\$4,810,851
Secondary Trade Area	\$216,565,902	\$236,364,680	\$267,054,070	0.5%	0.5%	0.5%	\$1,082,830	\$1,181,823	\$1,335,270
Tertiary Trade Area	\$113,551,704	\$121,912,830	\$136,853,675	0.0%	0.0%	0.0%	\$0	\$0	\$0
Total Trade Area	\$524,422,581	\$572,378,150	\$644,450,313	0.6%	1.0%	1.0%	\$3,025,879	\$5,463,836	\$6,146,122
Food Stores									
Primary Trade Area	\$378,830,925	\$417,198,886	\$468,517,105	0.7%	1.1%	1.1%	\$2,651,816	\$4,589,188	\$5,153,688
Secondary Trade Area	\$420,178,920	\$464,406,660	\$518,191,010	0.0%	0.5%	0.5%	\$0	\$2,322,033	\$2,590,955
Tertiary Trade Area	\$217,413,000	\$238,637,880	\$265,501,600	0.0%	0.0%	0.0%	\$0	\$0	\$0
Total Trade Area	\$1,016,422,845	\$1,120,243,426	\$1,252,209,715	0.3%	0.6%	0.6%	\$2,651,816	\$6,911,221	\$7,744,643
Apparel and Accessories									
Primary Trade Area	\$192,179,100	\$217,668,984	\$251,360,620	25.0%	22.0%	22.0%	\$48,044,775	\$47,887,176	\$55,299,336
Secondary Trade Area	\$200,719,350	\$241,358,300	\$277,842,347	15.0%	10.0%	10.0%	\$30,107,903	\$24,135,830	\$27,784,235
Tertiary Trade Area	\$213,179,260	\$124,939,035	\$143,053,575	3.0%	1.5%	1.5%	\$6,395,378	\$1,874,086	\$2,145,804
Total Trade Area	\$606,077,710	\$583,966,319	\$672,256,542	14.0%	12.7%	12.7%	\$84,548,055	\$73,897,092	\$85,229,375
Shoes									
Primary Trade Area	\$26,786,025	\$29,438,838	\$33,090,512	15.0%	15.0%	15.0%	\$4,017,904	\$4,415,826	\$4,963,577
Secondary Trade Area	\$30,012,780	\$32,458,530	\$36,432,542	5.0%	5.0%	5.0%	\$1,500,639	\$1,622,927	\$1,821,627
Tertiary Trade Area	\$15,322,440	\$16,860,285	\$18,873,225	1.0%	1.0%	1.0%	\$153,224	\$168,603	\$188,732
Total Trade Area	\$72,121,245	\$78,757,653	\$88,396,279	7.9%	7.9%	7.9%	\$5,671,767	\$6,207,355	\$6,973,936
Furniture and Home Furnishings									
Primary Trade Area	\$84,042,925	\$92,628,263	\$104,044,206	8.0%	8.0%	10.0%	\$6,723,434	\$7,410,261	\$10,404,421
Secondary Trade Area	\$93,197,580	\$103,201,480	\$114,957,050	5.0%	5.0%	5.0%	\$4,659,879	\$5,160,074	\$5,747,853
Tertiary Trade Area	\$48,783,336	\$53,434,134	\$58,352,000	1.0%	1.0%	1.0%	\$487,833	\$534,341	\$583,520
Total Trade Area	\$226,023,841	\$249,263,877	\$277,353,256	5.3%	5.3%	6.0%	\$11,871,146	\$13,104,676	\$16,735,793
Electronics & Appliances									
Primary Trade Area	\$128,119,400	\$147,788,914	\$173,884,277	1.0%	2.2%	2.2%	\$1,281,194	\$3,251,356	\$3,825,454
Secondary Trade Area	\$142,007,838	\$163,790,736	\$192,243,559	0.0%	0.5%	0.8%	\$0	\$818,954	\$1,441,827
Tertiary Trade Area	\$74,127,480	\$85,598,370	\$98,013,125	0.0%	0.2%	0.2%	\$0	\$171,197	\$196,026
Total Trade Area	\$344,254,718	\$397,178,020	\$464,140,961	0.4%	1.1%	1.2%	\$1,281,194	\$4,241,507	\$5,463,307
Eating & Drinking Places									
Primary Trade Area	\$494,478,525	\$586,249,183	\$708,900,584	15.0%	16.0%	16.0%	\$74,171,779	\$93,799,869	\$113,424,093
Secondary Trade Area	\$549,707,760	\$654,830,036	\$785,952,508	8.0%	9.0%	9.0%	\$43,976,621	\$58,934,703	\$70,735,726
Tertiary Trade Area	\$287,813,400	\$340,577,757	\$406,640,500	1.0%	1.0%	0.5%	\$2,878,134	\$3,405,778	\$2,033,203
Total Trade Area	\$1,331,999,685	\$1,581,656,976	\$1,901,493,592	9.1%	9.9%	9.8%	\$121,026,534	\$156,140,350	\$186,193,022
Jewelry Stores									
Primary Trade Area	\$31,604,675	\$38,062,336	\$46,772,166	10.0%	12.0%	12.0%	\$3,160,468	\$4,567,480	\$5,612,660
Secondary Trade Area	\$34,751,640	\$41,613,500	\$51,819,101	5.0%	6.0%	6.0%	\$1,737,582	\$2,496,810	\$3,109,146
Tertiary Trade Area	\$18,386,928	\$22,048,065	\$26,440,750	0.5%	0.5%	0.5%	\$91,935	\$110,240	\$132,204
Total Trade Area	\$84,743,243	\$101,723,901	\$125,032,017	5.9%	7.1%	7.1%	\$4,989,984	\$7,174,531	\$8,854,010
Book Stores									
Primary Trade Area	\$13,889,050	\$15,314,143	\$17,181,612	15.0%	17.0%	17.0%	\$2,083,358	\$2,603,404	\$2,920,874
Secondary Trade Area	\$15,322,314	\$16,978,308	\$18,923,699	3.0%	3.0%	3.0%	\$459,669	\$509,349	\$567,711
Tertiary Trade Area	\$16,233,504	\$8,732,763	\$9,755,725	0.1%	0.1%	0.1%	\$16,234	\$8,733	\$9,756
Total Trade Area	\$45,444,868	\$41,025,214	\$45,861,036	5.6%	7.6%	7.6%	\$2,559,260	\$3,121,486	\$3,498,341
Miscellaneous Retail Stores									
Primary Trade Area	\$193,596,350	\$229,860,826	\$282,860,242	20.0%	20.0%	20.0%	\$38,719,270	\$45,972,165	\$56,572,048
Secondary Trade Area	\$213,248,700	\$256,339,160	\$313,036,890	11.0%	11.0%	11.0%	\$23,457,357	\$28,197,308	\$34,434,058
Tertiary Trade Area	\$111,729,576	\$133,066,557	\$161,288,575	5.0%	5.0%	5.0%	\$5,586,479	\$6,653,328	\$8,064,429
Total Trade Area	\$518,574,626	\$619,266,543	\$757,185,707	13.1%	13.1%	13.1%	\$67,763,106	\$80,822,801	\$99,070,535
Entertainment									
Primary Trade Area	\$108,419,625	\$119,390,843	\$134,112,027	25.0%	26.0%	26.0%	\$27,104,906	\$31,041,619	\$34,869,127
Secondary Trade Area	\$120,051,120	\$129,667,666	\$148,559,880	15.0%	15.0%	15.0%	\$18,007,668	\$19,450,150	\$22,283,982
Tertiary Trade Area	\$62,532,120	\$67,268,214	\$76,404,650	15.0%	15.0%	15.0%	\$9,379,818	\$10,090,232	\$11,460,698
Total Trade Area	\$291,002,865	\$316,326,723	\$359,076,557	18.7%	19.2%	19.1%	\$54,492,392	\$60,582,001	\$68,613,807
TOTAL	\$5,061,088,227	\$5,661,786,802	\$6,587,455,975	7.1%	7.4%	7.5%	\$359,881,135	\$417,666,856	\$494,522,890

DOWNTOWN FORT LAUDERDALE'S RETAIL SALES SOURCES

Next, it has been necessary to examine and determine other retail, restaurant, and entertainment sales contributions to Downtown Fort Lauderdale sales. These include seasonal residents, downtown employees, hotel occupancy, convention visitors, and other domestic and international visitors. **Table 4.4** presents a summary of estimated expenditures in Downtown Fort Lauderdale by source. A discussion of the sources is as follows:

Table 4.4

**Estimated Sales and Revenues
Downtown Fort Lauderdale
Estimated Source of Expenditures
2007**

Downtown Sales Sources	Total	2007 Estimated Downtown Retail, Restaurant and Entertainment Sales & Revenues
Trade Area Resident's Purchases		\$150,000,000
Seasonal Non-Residents +family visitors	\$220,693,200	\$40,000,000
Downtown Employment		
Office	30,000	
Retail/hospitality	1,750	
Broward General	<u>2,400</u>	
Total	34,150	\$30,000,000
Hotel Occupants		\$25,000,000
Other Domestic and International Visitors		
Shopping	\$1,771,477,000	\$25,000,000
Dining	\$2,367,800,000	\$30,000,000
Entertainment	\$955,896,000	\$10,000,000
Museums and Performing Arts		\$50,000,000
Museum of Art	700,000	
Center for Performing Arts	600,000	
Sunrise Cinemas	400,000	
Museum of Discovery & Science	400,000	
	2,100,000	
Total Estimated Sales		\$360,000,000
<i>Source: Melaniphy & Associates, Inc., 2008</i>		

□ **Trade Area Resident's**

We have determined that local Trade Area Resident's spent an estimated \$150,000,000 in Downtown Fort Lauderdale in 2007.

□ **Seasonal Housing Units**

There are a significant number of housing units that have been purchased, but utilized only for short periods annually. These are classified as vacant by the Census Bureau. Nevertheless, they represent, both unsold units and seasonal visitors who have a major impact upon the economy. Within the Primary Trade Area, there are an estimated 10,093 vacant units, most of which are owned and used seasonally. Within the Secondary Trade Area, there are an additional estimated 9,693 units, and within the Tertiary Trade Area there are an estimated 6,487 units. Approximately 10 percent of the units are either unsold or owned by investors. In the entire Trade Area, there are a total of 26,273 vacant units, of which approximately 24,000 most of which are owned by people residing permanently elsewhere, but generally used seasonally. We estimate that seasonal visitors in Fort Lauderdale are contributing approximately \$40,000,000 to overall sales and revenues.

It should be pointed out that a shift has been taking place with seasonal units being converted to permanent residents as the "Baby Boomers" reach retirement age. Many had purchased units earlier for retirement purposes. This trend has been experienced throughout Florida, Arizona, and Nevada. Furthermore, we expect an increase in foreigners purchasing housing units, principally condominiums, as investments because of the decline in the value of the U.S. Dollar.

□ **Downtown Employment – Retail and Luncheon Activity**

Downtown Fort Lauderdale has a total of 5,740,044 square feet in the fourth quarter of 2007 of which 916,104 was vacant, or 16.0 percent. Occupied space amounted to 4,823,940 square feet. Downtown Office employment is estimated at 33,300 employees which covers office, retail, hospitality, and medical employment. Expenditures for lunch and some retail expenditures, in our opinion, amount to an estimated \$30,000,000.

□ **Hotel Occupancy and Visitor Expenditures**

Fort Lauderdale hotel occupancy has remained above 65 percent since 2000. In 2007, hotel occupancy was estimated at approximately 71 percent. In 2006, hotel occupancy stood at 73.5 percent. Average room revenue for occupied rooms in 2006 amounted to \$64.49, up over 2005's average of \$60.14. We have estimated 2007 average room revenue at approximately \$65.00.

The 557 hotel properties provided approximately 33,428 rooms. Thus, there were 12,201,222 available room nights in Greater Fort Lauderdale. Given occupancy of approximately 71 percent, there were 8,662,866 occupied room nights. Spending for dining and shopping are estimated at \$25,000,000 annually.

□ **Museums and Other Visitors**

Downtown museums generate over 2,100,000 visitors annually based upon data provided. This includes the Sunrise Cinema which will be eliminated when the Riverfront

development is demolished for the new Boca Development. Museums and the Performing Arts visitors, in our opinion, contribute an estimated \$50,000,000 to the Downtown area.

□ **Other Domestic and International Visitor Expenditures**

Domestic visitors to the Greater Fort Lauderdale area were estimated at 8,022,700 in 2005 and 8,200,000 in 2006. Because of rising gasoline prices, we estimate that Domestic visitors declined slightly in 2007 to 8,175,000 (current data not available). In 2006, Domestic visitors spent an estimated \$1.5 billion on shopping in the Greater Fort Lauderdale Area. This was a \$30 million increase over 2005. Diners spent an estimated \$1.9 billion in 2006 and visitors spent an estimated \$757 million on entertainment.

International visitors in 2005 were estimated by the Convention and Visitors Bureau at 2,118,000 visitors, which in 2006 were estimated at 2,150,000. In 2007, we estimate that the number was about the same or approximately 2,125,000 visitors. International visitors spent an estimated \$378 million on shopping and \$482 million on dining. Entertainment recorded revenues of an estimated \$199 million. We estimate that domestic and international visitors spend an estimated \$65,000,000 in Downtown Fort Lauderdale.

CONCLUSIONS AND RECOMMENDATIONS

We have concluded that there is a market for restaurants, retail, entertainment, and other commercial facilities in the buildings that front on the Riverwalk on both sides of the New River. The details are presented in Section II – Executive Summary.

Market development will depend upon the improvement in residential condominium demand along the New River front. Given the current economic conditions and decline in housing demand, we anticipate a build-out on the Northside of the river in 6 to 10 years, while the Southside of the river build-out will take 8 to 12 years. The northside has considerable residential, office, hotel, shopping, cultural, and civic uses that will support future commercial development. The Southside is just planning on getting started with residential, the Judicial District, offices, and some small dining and shopping.

A commercial model can be defined for new buildings on the Riverfront. Each building should have at least two restaurants and a mix of retail or entertainment spaces. One restaurant should be in the 6,000 to 8,500 square foot range (or larger) and the other in the 3,500 to 4,500 square foot range. They would normally cover approximately 60 to 80 front feet on the Riverwalk. The other shops should cover the balance. In some larger buildings, more restaurants and entertainment should be added.

The Northside can ultimately add between 250,000 and 300,000 square feet of restaurants, retail, entertainment, and other commercial uses. The Southside can ultimately add between 250,000 to 300,000 square feet of new commercial space. Overall, we anticipate that the New Riverwalk area will add between 500,000 and 600,000 square feet.

ADDENDA

INTRODUCTION TO MELANIPHY & ASSOCIATES, INC.

Melaniphy & Associates, Inc. is a firm of real estate counselors, site selection specialists, market analysts, retail and restaurant consultants, and international investment advisors who practice their specialties throughout the world. Members of the firm, evaluate both problems and opportunities involving urban and suburban development and redevelopment. Since its beginning in 1971, the company has successfully advised thousands of national and international clients in both the private and public sectors regarding solutions to their individual needs.

In the private sector, the firm's activities include market and locational feasibility studies, retail store and restaurant development strategies, revenue potential analysis, market development strategies, locational criteria, prioritization, site selection, long range planning, redevelopment alternatives, and financial analysis. Clients include: major retailers, restaurants, supermarkets, fast food chains, shopping centers owners and developers, manufacturing companies, casino's, convenience stores, family entertainment centers, leisure-time attractions, hotels and hotel developers, resorts, sports organizations, financial institutions, insurance companies, pension funds, foreign investment trusts, major and minor mixed use developers, residential developers, condominium converters, industrial park developers, congregate care facilities planners, office complexes, business parks, housing, hospital administrators, and many others. Additional programs include: demographic projections, highest and best use studies, tax impact programs, tax increment financing, rehabilitation programs, mixed-use development analyses, adaptive re-use, and merger and acquisition programs.

In the public sector, services include: neighborhood needs studies, resident shopping surveys, downtown revitalization programs, restaurant markets, industrial opportunity identification, job-oriented analyses, community assets, stadium and arena feasibility, convention and meeting facilities, demographic forecasts, festival marketplaces, waterfront restaurant and retail developments, leisure attractions, and airport spatial and expansion requirements.

The staff consists of market analysts, site selection specialists, financial analysts, urbanologists, economists, marketing professionals, planners, real estate experts, and real estate professionals.

Melaniphy & Associates, Inc. has both the depth and breadth of experience to provide comprehensive and innovative consultation. The firm is often engaged with clientele throughout the United States, Canada, México, South America, Europe, the Middle East, and the Far East.

PHILOSOPHY

The philosophy of Melaniphy & Associates, Inc. is to analyze a client's problems and provide expert advice and recommendations. Also, the company's mission is to help the client implement the advice to ensure the attainment of his or her goals. We often work with our clients from concept planning to project completion to provide our client with maximum benefit of our experience. Our staff of experts come from a wide variety of disciplines which are financially and economically oriented; thus, our philosophy dictates that we look at each recommended action as though we were spending our own money. Thus, if we were hesitant to invest our money, then we certainly would not recommend risking our clients' resources on a marginal or uneconomic project. This entrepreneurial approach is critical to the consulting business and absolutely essential in providing sound economic investment advice.

Most consultants have never had to implement their own recommendations nor build the project as recommended. Members of our staff have. As a result, we have a profound respect for risk/resources and returns on invested capital.

ABOUT OUR FOUNDER AND PRESIDENT

John C. Melaniphy has been a real estate counselor; restaurant, quick service food and retail site selection specialist; and market analyst for over 40 years. During this time, he has been involved in almost every type of urban and suburban restaurant and retail development and redevelopment problem and opportunity. He began his career with, at that time, the largest market analysis and site selection firm in the world and worked on all phases of the company's business over a 12 year span. The last three years, he was Senior Vice President of Real Estate Research Corporation, in charge of its commercial analyses and the operation of 13 world-wide offices.

In 1969, Mr. Melaniphy resigned from Real Estate Research Corporation to become Corporate Vice President of Kentucky Fried Chicken Corporation. His duties were to establish a real estate and construction division and assist in Financial Management. He was responsible for the selection and development of over 400 KFC units, as well as commissaries, warehouses, office buildings, and other facilities.

Mr. Melaniphy became aware of the need in the corporate world for the unique background he possesses - a combination of both sound theory and practical application in acquiring and developing real estate, estimating sales and strategic market planning and prioritization. He also assisted in packaging a \$50,000,000 loan for corporate expansion. With the acquisition of KFC by Heublein, Mr. Melaniphy resigned to establish his own market-oriented consulting firm in 1971.

Mr. Melaniphy is aware of the need in the corporate world for the unique background he possesses; a combination of both scientific analysis and extensive business experience resulting in sound decision making.

Mr. Melaniphy has counseled thousands of companies throughout the world. Some of these include: Marshall Field & Company (now Macy's), J.C. Penney Company, Wal-Mart, Sears Roebuck & Company, Macy's, Lord & Taylor, Saks Fifth Avenue, Dayton Hudson (now Marshall Field's), Neiman Marcus, Federated Department Stores, Target, Meijer, the Hudson Bay Company, El Puerto de Liverpool, Fabricas de Francia, International Multifoods, the Jewel Companies, the House of Escada, Marshalls, General Growth Properties, G.E. Capital, McCaffery Interests, Heller Financial, Household Commercial, Aetna Life Insurance Company, Travelers Life Insurance Company, Hollywood Casinos, Huizenga Capital Management, The Simon Property Group, Birtcher Realty Advisors, Bain Capital, Steiner + Associates, Corrigan Properties, Gerald D. Hines Interests, Heitman Capital Management, Avatar Properties, Forest City Enterprises, Concord Development, Amoco, Fondo Opcion, S.A., ICA Asociadas, FRISA Division Comercial, Mobile, Union, USX Realty, the Kuwait Bank, Marriott, Sheraton, Hilton, Embassy Suites, Baymont Inns, Hampton Inns, , Fitness USA, and many others.

Some of the foodservice related clients include: Marriott Corporation, Lettuce Entertain You Enterprises, Schwartz Brothers, Bennigan's, Maggiano's Little Italy, Sir Walter Raleigh, Shaw's Crab House, P F Chang, Friendly's, Restaurant Associates, Arigato Steak House, Charlie Brown's, Big Bowl Asian Café, Columbia Restaurants, Max & Irma's, TGI Friday's, Shorty Small's, Pepe's, Superdawg, Border Cafe, County Line Barbecue, Steak and Stein, Pizza Hut, Pizza Delight, McDonald's, Burger King, Hardee's, Taco Bell, Arby's, Church's, Popeye's, Dunkin Donut, Baja Fresh, and numerous others individual restaurants and fast food operators.

Municipalities assisted include: Chicago, Minneapolis, Cleveland, San Antonio, Charlestown, Louisville, Milwaukee, Omaha, Seattle, Los Angeles, Boston, Atlanta, Dallas, Tampa, New York, Fort Lauderdale and numerous others.

His affiliations have included: The Counselors of Real Estate, Urban Land Institute, International Council of Shopping Centers, Lambda Alpha International Real Estate Economics Fraternity, the National Restaurant Association, The Illinois Restaurant Association, the National Retail Federation, Realty Club of

Chicago, and many others.

He is the author of **Commercial and Industrial Condominiums** published by Urban Land Institute and **Restaurant and Fast Food Site Selection** published by John Wiley & Sons. He is also a contributing author of the book entitled **Shopping Centers and Other Properties** also published by John Wiley & Sons. Mr. Melaniphy's latest book **The Restaurant Location Guidebook** was published in 2007. The author of over 100 articles, Mr. Melaniphy, also presents seminars covering real estate, mixed-use development, site selection, store development strategies, shopping center opportunities, restaurant and fast food market analysis and site selection, and long range development planning. The seminars are presented throughout the world for associations and private companies. Mr. Melaniphy is an expert witness in all levels of the judicial system. Moreover, he is a much sought after speaker on a wide variety of subjects. For further information, please visit the company's Website @ www.melaniphy.com where over 40 articles are posted, along with January Retail Trends newsletter and the Chicagoland Retail Sales Newsletter.

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MELANIPHY & ASSOCIATES , INC.

REPRESENTATIVE LIST OF CLIENTS

MAJOR DEVELOPERS AND OWNERS

U.S.X. Realty Development Corp.
The Simon Property Group
General Growth Properties
Upland Industries (Union Pacific RR)
Corrigan Properties, Inc.
Merrill Lynch Realty
The RREEF Funds
Gerald D. Hines Interests
Forest City Enterprises
Steiner + Associates, Inc.
Birtcher Realty Advisors
Tucker Properties Corporation
McCaffery Interests
The Commonfund
Ivanhoe Cambridge
Aetna Life Insurance Company
Teachers Insurance and Annuity Assoc.
Metropolitan Real Estate Co.
Trammel Crow Company
Inland Real Estate

CITIES

New York, New York
Chicago, Illinois
Milwaukee, Wisconsin
San Antonio, Texas
Charleston, West Virginia
Cleveland, Ohio
Boston, Massachusetts
Denver, Colorado
Madison, Wisconsin
Lawrence, Kansas
Olathe, Kansas
Manhattan, Kansas
Fort Lauderdale, Florida
Oak Park, Illinois
St. Charles, Illinois
Park Ridge, Illinois
Highland Park, Illinois
Palatine, Illinois
Brookfield, Wisconsin

CITY OF CHICAGO PROJECTS

Navy Pier Redevelopment
Neighborhood Needs Analysis-
All of Chicago's Neighborhoods
Analysis of over 25 Business Districts
Industrial Park Development Analysis

MAJOR RETAILERS

Marshall Field & Company
Saks Fifth Avenue
Sears, Roebuck & Company
J.C. Penney Company
The May Company
Macy's
Marshalls/ TJ Maxx
The Jewel Companies
Meijer Superstores
Wal-Mart
Federated Department Stores
Dayton-Hudson Company
Neiman Marcus
Nordstrom
Target Stores

INTERNATIONAL RETAILERS

Cifra/Wal-Mart - Mexico
The House of Escada - World Wide
El Puerto de Liverpool - Mexico
Fabricas de Francia - Mexico
Atlantic Wholesalers - Canada

FINANCIAL ORGANIZATIONS

Bank of America
Citi Bank
Harris Trust & Savings Bank
Northern Trust & Savings Bank
Citibank
Chase Manhattan
G.E. Capital Corp.
Bain Capital Partners
Heller Financial
Household Commercial
The RREEF Funds
Huizenga Capital Management

RESTAURANTS/FAST FOOD

Restaurant Selection - Virginia Beach
Lettuce Entertain You Enterprises
Schwartz Brothers
Arby's
Sir Walter Raleigh Inns
Shoney's
Friendly's
Brinker
Restaurant Associates
Burger King

REPRESENTATIVE LIST OF CLIENTS (Continued)

**CITY OF CHICAGO PROJECTS
(Continued)**

Potential for a New Stadium
Mayor's Special Projects
Waste Resource Recovery Analysis
O'Hare International Airport Expansion
Housing Development on Urban
Renewal Properties
Objectives Analysis-Economic
Development Commission
Analysis of Property Disposition-
Chicago Board of Education
Exposition Authority

MANUFACTURERS/PRODUCERS

W.W. Grainger
Atlantic Richfield Company
ITW/Magnaflux
TDW/Hercules Tires
International Multifoods
IBM
Iowa Electric (IE) Industries
William C. Brown Group
Booth Fisheries
Campbell Soup Company
Griffith Laboratories
Exxon Mobil Oil
Texaco
Standard Oil
Dresser Industries
IBM

INTERNATIONAL INVESTMENT FUNDS

Ivanhoe Cambridge - Canada
Coast Investment & Development
Company-Kuwait
Merrill Lynch Capital Markets

HOTELS

Hyatt
Sheridan
Holiday Inn
Marriott
Embassy Suites
Baymont Inns
Days Inn

**RESTAURANTS/FAST FOOD
(Continued)**

Piccadilly Cafeterias
Baja Fresh
Steak and Stein
Brennan's
Pizza Delight - Canada
Marriott Corporation
Shorty Small's
Popeye's
Hardee's
Pizza Hut
Wendy's

SPECIAL

Wal-Mart Zoning Issues
National Restaurant Association – 50 Seminars
International Council of
Shopping Centers
Fitness Management Corp.
Catholic Archdiocese of Chicago
Illinois Masonic Medical Center
SBC Ameritech
Chicago Cubs
United States Postal Service
Illinois Law Enforcement Commission
Santa Fe Railroad
United Parcel Service
Chicago Northwestern Railroad
Hammond Railroad Consolidation
Project

STATES

Illinois Department of Transportation
Illinois Capital Development Board
Illinois Dept. of Commerce and
Community Affairs
Iowa Department of Transportation
Indiana Department of Transportation
Michigan Department of Transportation
Wisconsin Department of Transportation

WATERFRONT PROJECTS

Navy Pier-Chicago
North Coast Harbor-Cleveland, Ohio
Miami Beach Marina Redevelopment
Fort Lauderdale - Riverwalk

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