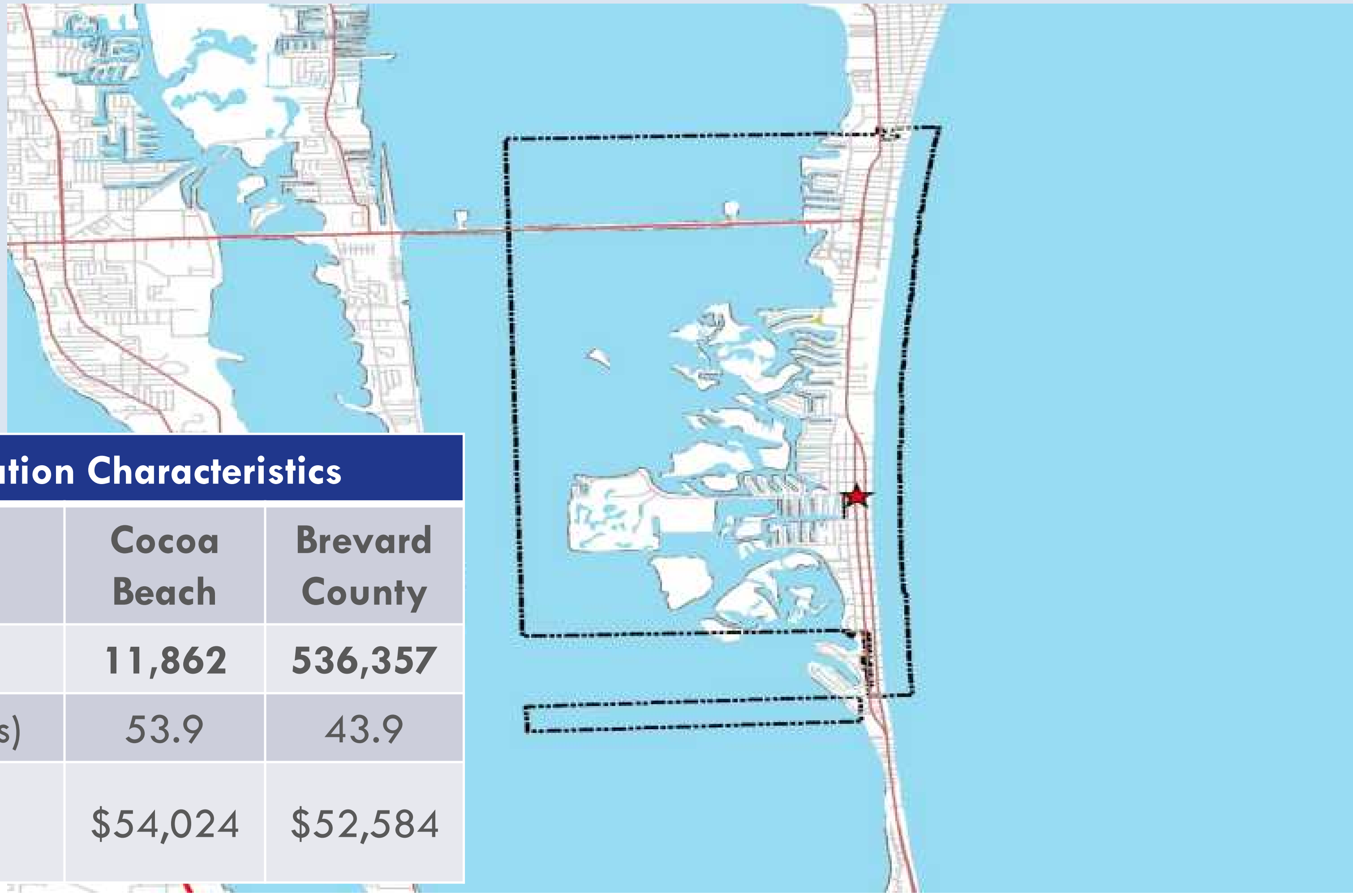
City of Cocoa Beach CRA
Economic & Market Assessment
(Downtown Cocoa Beach Vision & Redevelopment Plan)

Cocoa Beach Economic & Demographic Conditions

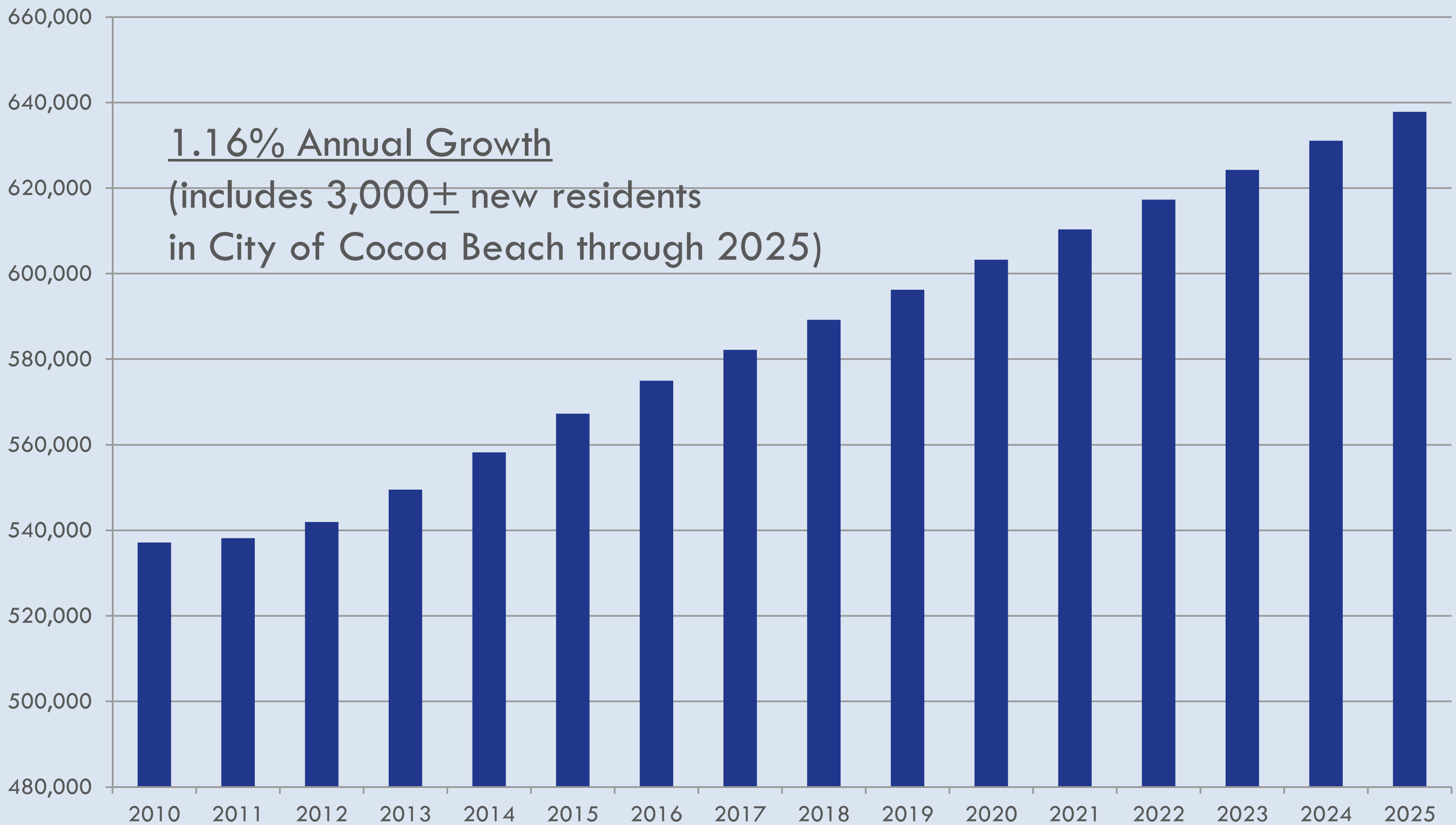
City of Cocoa Beach Population



2009 Population Characteristics		
	Cocoa Beach	**Brevard County**
Total Population	**11,862**	**536,357**
Median Age (years)	53.9	43.9
Median Household Income*	$54,024	$52,584

Source: US Census; ESRI; Decision Data Resources; *2008 figure adjust for inflation through 2010

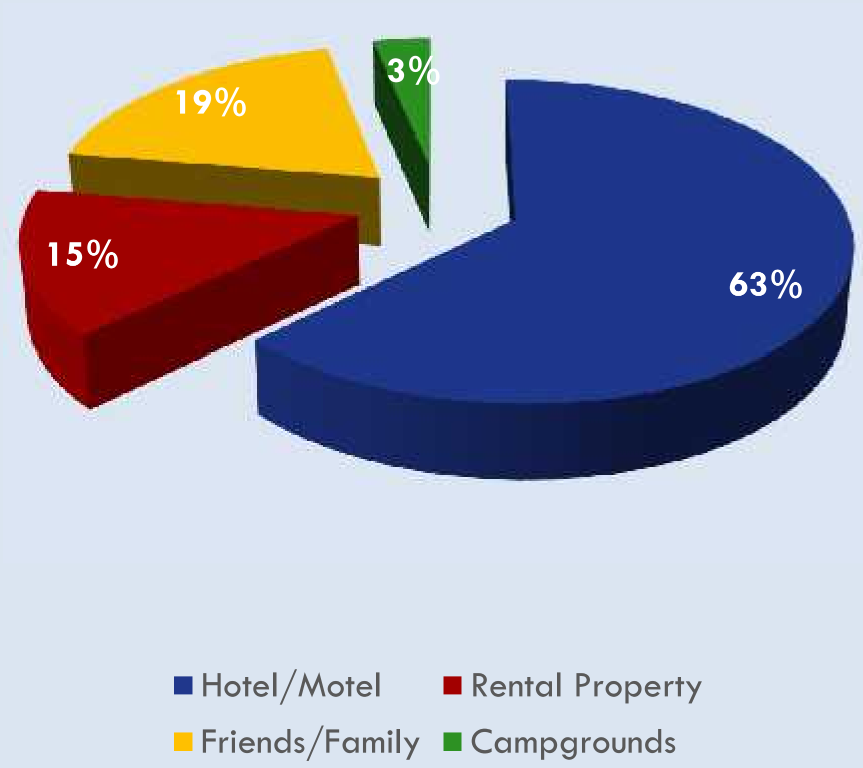
Brevard Population Projections



Source: Florida Office of Economic and Demographic Research (09/2009)

VISITOR PROFILE

Day-Trip & Overnight Visitors



2009 Overnight Visitors (Annual)	
Total Visitors	**2,395,000**
Average Party Size	3.61 Persons
Avg. Length of Stay	3.91 Days
Avg. Number/Room	1.35 Persons

2009 Day Trippers (Annual)	
Visitors	**2,261,489**
Average Party Size	3.59 Persons

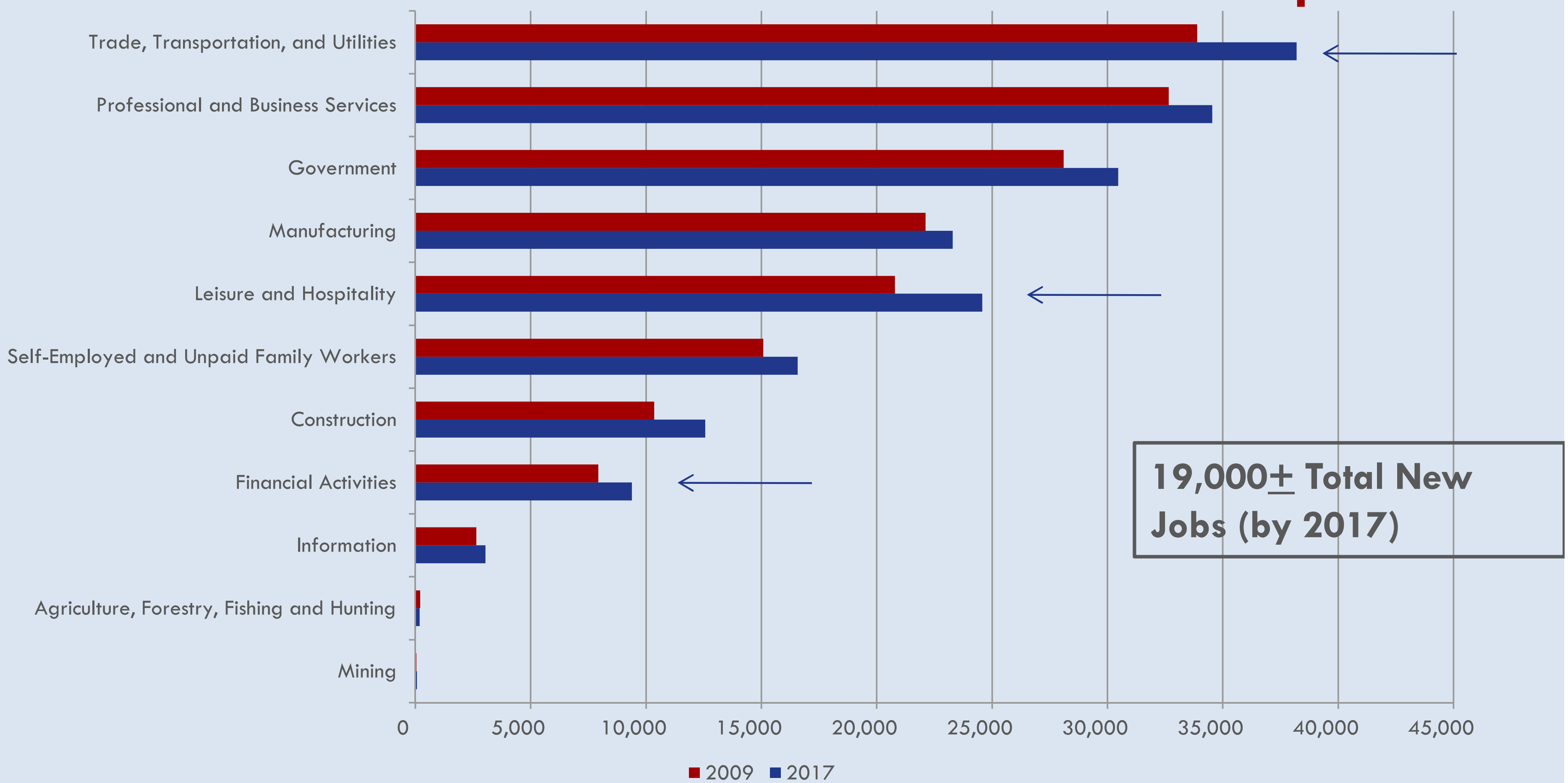
Source: Florida Space Coast Office of Tourism (based upon survey prepared by PMG released in 2009)

Brevard County Visitor Expenditure

Category	Total /Stay	Per day
Lodging	$754	$193
Other hotel	$202	52
Eat/Drink	$413	$106
Retail	$373	$95
Entertainment	$101	$26
TOTAL	**$1,843**	**$471**

Source: Brevard County TDC (08/2010)

Brevard County Employment Projections



Source: State of Florida Agency for Workforce Innovation (Q4 2009)

Regional Economic Outlook (Kennedy Space Center)

- Environment of Uncertainty
- NASA to discontinue shuttle launches early 2011
- Constellation Program presently on hold
- US government pledges $40 million to help Space Coast workers affected
- Potential Impact on Employment

    23,000 total jobs affected

    9,000 direct from KSC

    14,000 indirect (Hotels, Restaurants, etc.)

Source: NASA; Florida Today; Brevard Workforce (08/010)

*Contract Worker Year Equivalent

Economic/Market Highlights

- Relatively strong demographics
  - Steady population growth
  - Positive employment projections

- Established visitor market
  - Large day-trip and overnight demand base

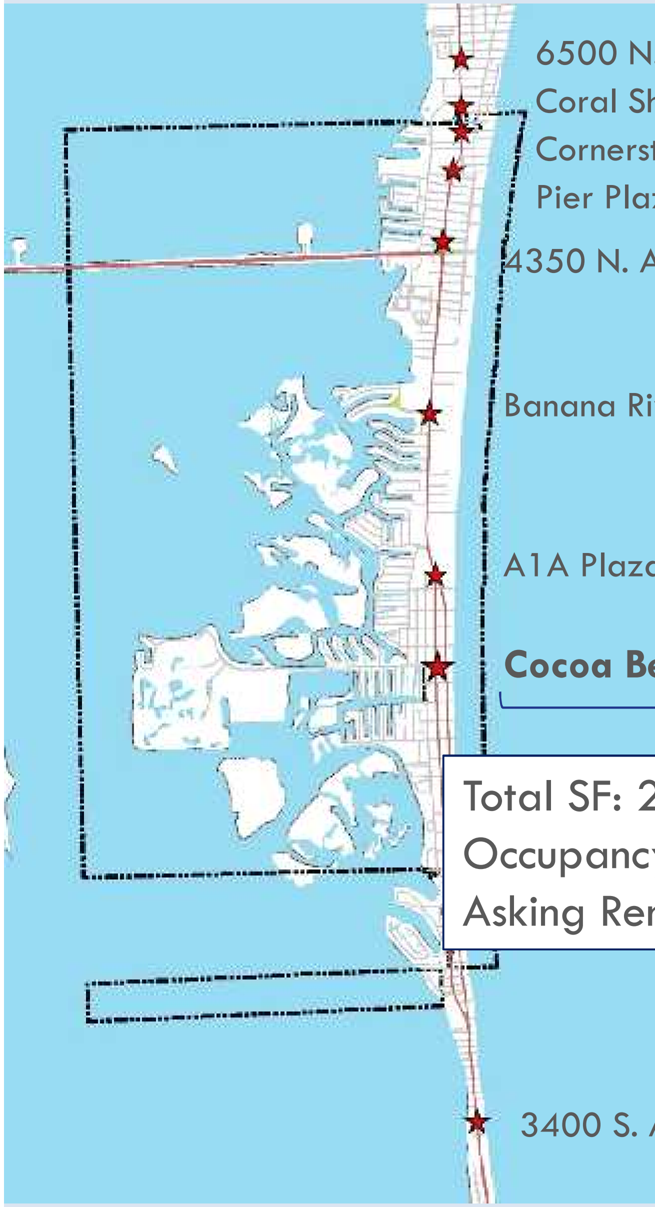
- Defining Cocoa Beach demand drivers:
  - Resident base
  - Day-trip visitor
  - Overnight visitor

Real Estate Market Overview

Cocoa Beach Retail Profile Big Box

Source: Lambert Advisory (08/2010)

Cocoa Beach Retail Profile



6500 N. Atlantic Ave
Coral Shops
Cornerstone Plaza
Pier Plaza
4350 N. Atlantic Center

Total SF: 782,685
Occupancy: 82-86%*
Asking Rent (NNN): $13-$20

Banana River Plaza & White Rose
A1A Plaza

Total SF: 163,030
Occupancy: 85-90%*
Asking Rent (NNN): $10-$18

Cocoa Beach CRA Retail

Total SF: 280,310
Occupancy: 91-93%*
Asking Rent (NNN): $8-$12

Merritt Island
Total SF: 3,045,193
Occupancy: 90-92%*
Asking Rent (NNN): $9-$22

3400 S. Atlantic Center

Total SF: 30,943
Occupancy: 90-93%*
Asking Rent (NNN): $8-$12

Source: Lambert Advisory (08/2010)

*Pier Plaza is Vacant

Cocoa Beach Retail

Retail Use	Inside CRA	Outside CRA	Total
Specialty/Healthy Food	3,700	11,000	14,700
Bakery	1,800	0	1,800
Beach Wear	2,000	79,245	81,245
Kitchen/Bath/Interiors	5,247	0	5,247
Art Studio/Gallery	18,426	0	18,426
Fitness/Wellness	19,643	24,036	43,679
Salon/Beauty	12,303	11,320	23,623
Total	**63,119**	**125,601**	**188,720**

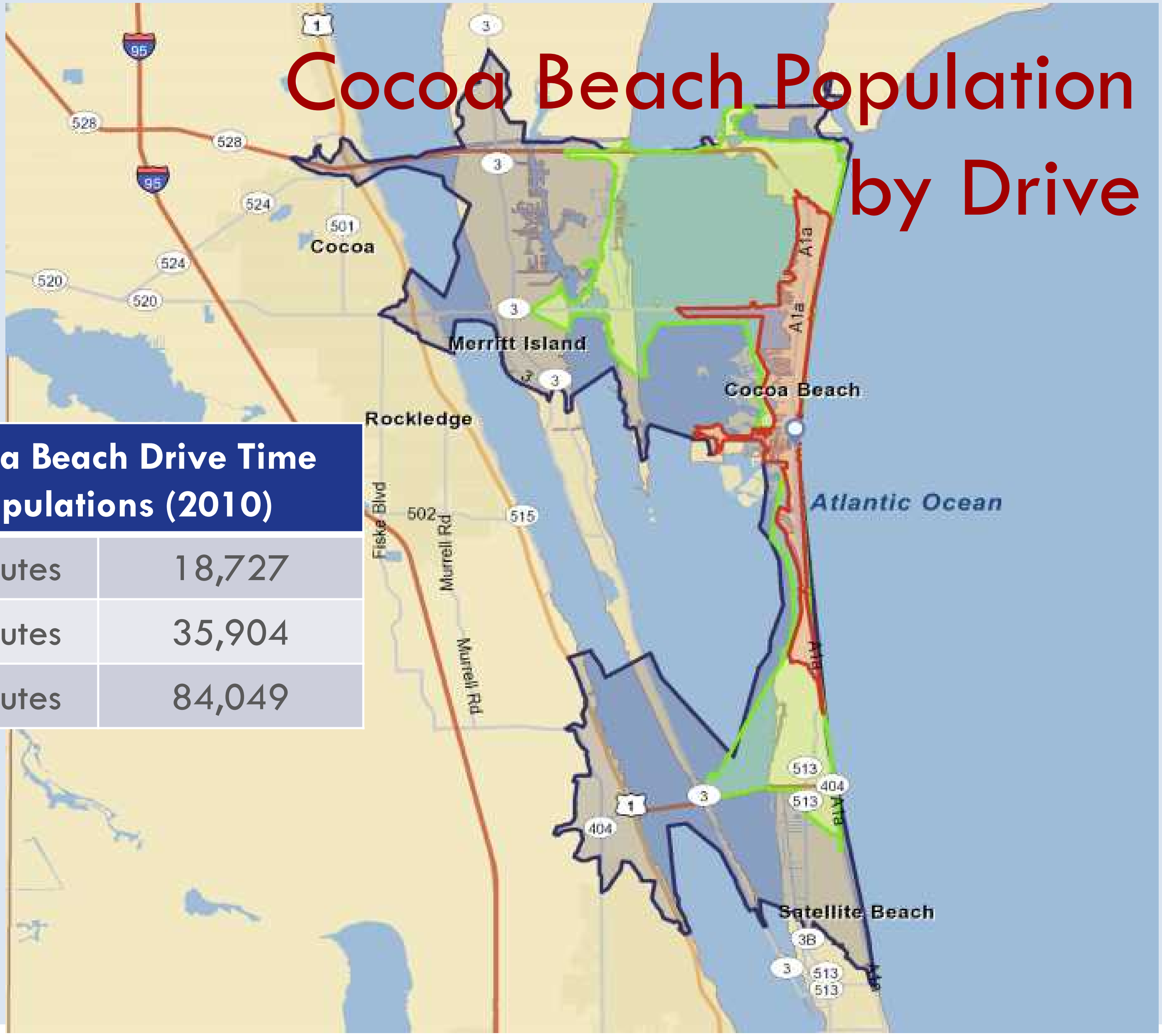
Source: Lambert Advisory (08/2010)

Retail Survey Notes

(Conversation with Industry Reps)

- Cocoa Beach retail in decline for past several years
- Limited business/merchant organization
- Difficulty finding “identity”
- Limited support for promoting local businesses and events
- Limited walkability
- Limited parking
- Limited connectivity to beach

Cocoa Beach Population Base by Drive Time



Cocoa Beach Drive Time Populations (2010)	
10 Minutes	18,727
15 Minutes	35,904
20 Minutes	84,049

Source: ESRI
(08/2010)

Summary "Gap" Model

Type	10 Minute	Surplus/ Leak %	20 Minute	Surplus/ Leak %
Total Retail Trade	**$90,226,168**	**27%**	**$116,271,208**	**6%**
Total Food & Drink	***$24,594,198***	***25%***	**$46,144,735**	***13%***
Total Retail Trade & Food/Drink	**$65,631,979**	**15%**	**$162,386,943**	***7%***

Source: Lambert Advisory; ESRI (08/2010)

Cocoa Beach
Retail Demand (5 Years)

	2010	2015	Change
Estimated Population	18,727	20,274	1,547
Per Capita Income	$31,500	$34,779	$3,279
Total Retail Expenditure Potential	$171,071,145	$204,477,799	$33,406,654
Expenditure Potential by Category			
Food Services & Drinking Places	$24,475,174	$29,254,669	$4,779,495
Shoppers Goods	$31,545,107	$37,657,223	$6,112,116
Convenience Goods	$47,525,476	$56,806,218	$9,280,742
Sales per Square Foot by Category			
Food Services & Drinking Places	$350	$350	
Shoppers Goods	$269	$269	
Convenience Goods	$321	$321	
Supportable Square Footage by Category			
Food Services & Drinking Places	69,929	83,585	13,656
Shoppers Goods	117,435	140,429	22,994
Convenience Goods	154,356	184,498	30,143
Total Supportable Retail Space	**341,720**	**408,512**	**66,792**

Source: Lambert Advisory; ESRI (08/2010)

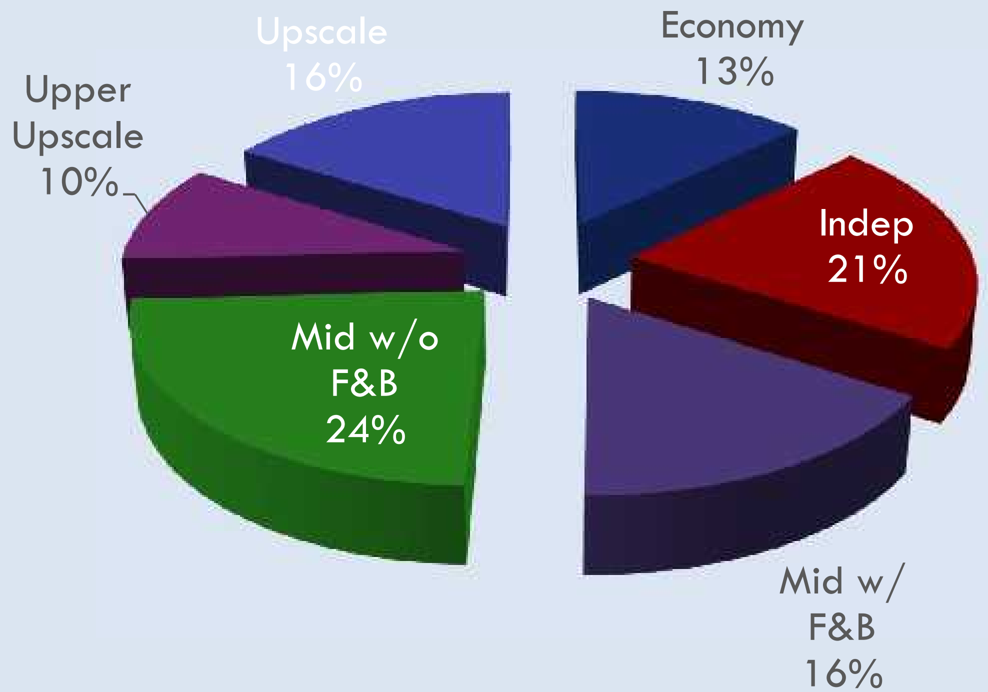
Retail Market Highlights

- Cocoa Beach retail defined by:
  - Modest local population density
  - Very strong day-trip visitor
  - Solid support from overnight visitor
- Retail performance in Downtown area lagging from physical, operation/marketing limitations
- Strong opportunity during next 5± years for Downtown/CRA to reposition retail:
  - Focus on food and beverage demand
  - Moderate share of shoppers and convenience goods; particularly niche goods

Hotel Market Overview

Brevard County Hotel Inventory

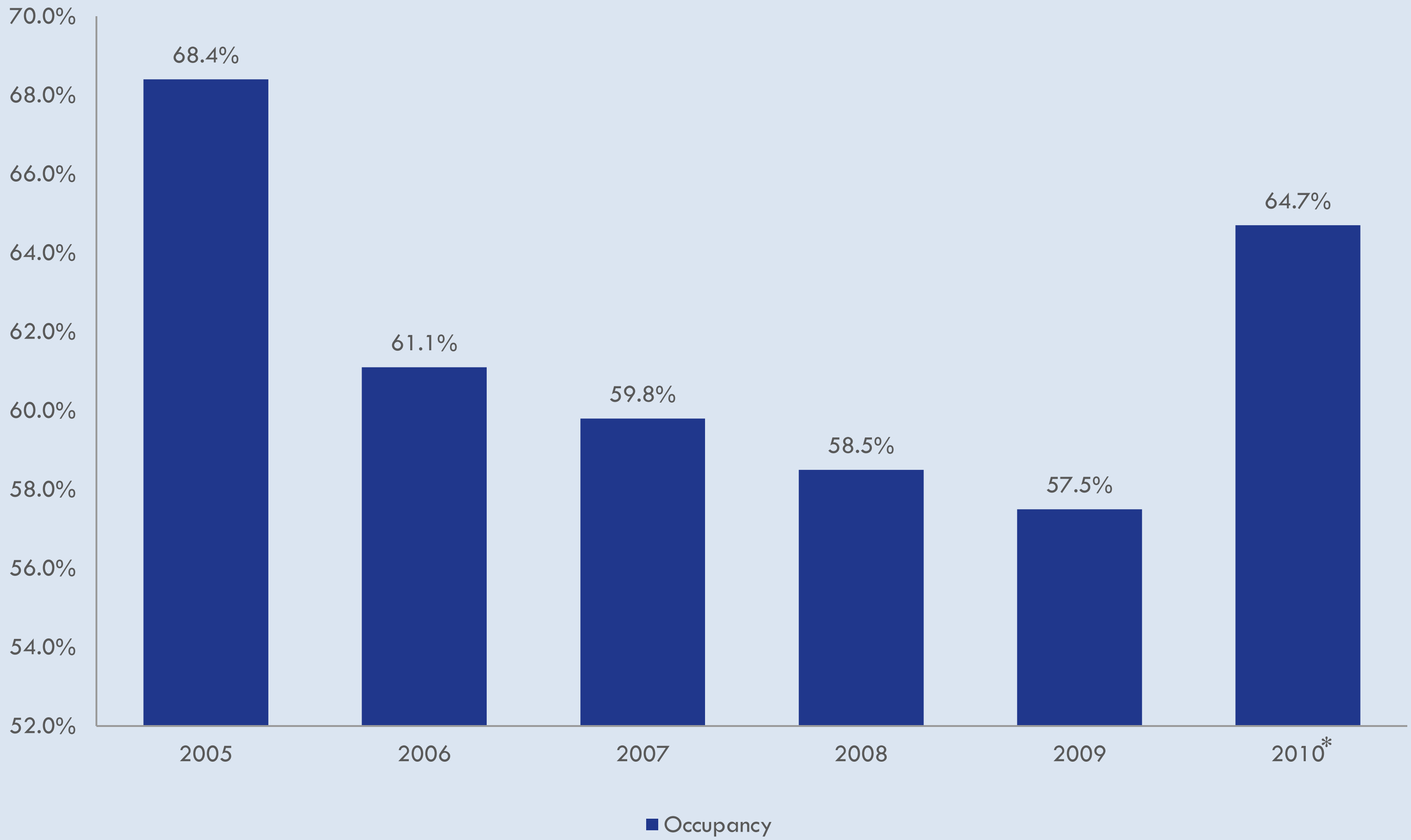
(4,600± Rooms)



Class	Rooms
Economy	588
Independent	967
Mid w/ F&B	749
Mid w/o F&B	1,086
Upscale	736
Upper Upscale	444

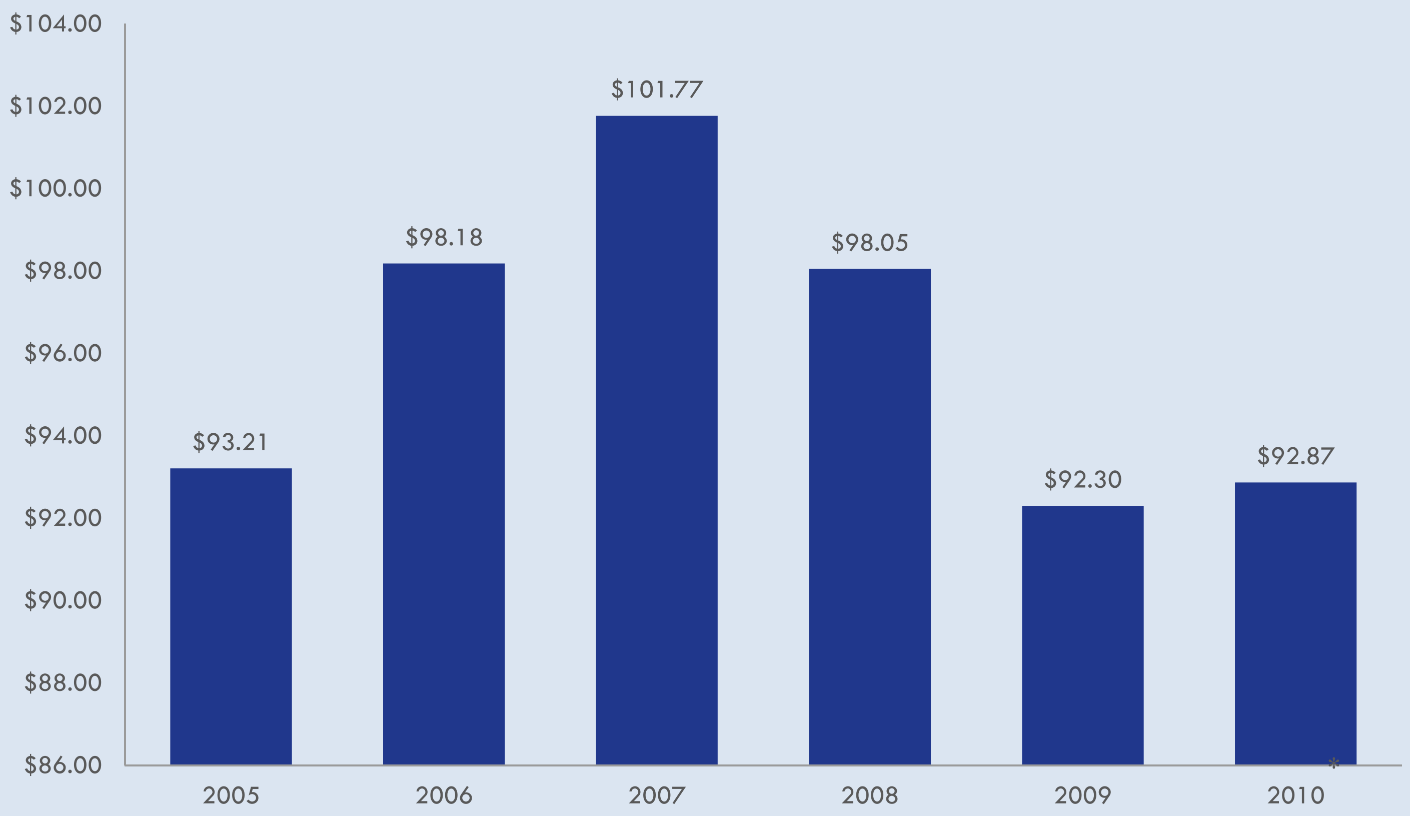
Source: Smith Travel Research
(08/2010)

Overall Hotel Occupancy Trends



Source: Brevard County TDC (08/2010)
*Through (06/2010)

Hotel Average Daily Rate Trends



Source: Brevard County TDC (08/2010)
*Through (06/2010)

Cocoa Beach Hotel Inventory

Source: Lambert Advisory

Cocoa Beach
Current Hotel Performance
(based upon survey)

Average Daily Rate	$114
Annual Occupancy	72%
Peak	84%-89%
Off-peak	52%-56%

Demand Segmentation:

- 70% Leisure (15-20% of which is pre/post cruise)
  - significant family
- 30% Group (50% SMERF, 10% conference)

Source: Lambert Advisory (08/2010)

Hotel Market Highlights

- Region hotel occupancy average low- to mid-60%, with ADR below $100 past 5 years
  - Cocoa Beach roughly 15-20±% stronger in occupancy and rate
- Cocoa Beach hotel demand supplemented by vacation ownership rentals
- Opportunity to support one or two small boutique hotels
  - 50 to 100 room hotel(s) to anchor DT

Case Study

Case Study –
Downtown Melbourne

- Downtown Melbourne CRA designated in 1982
- Initial development efforts included:
    - Improvement to streets, lighting, streetscape
    - Parking (through acquisition), small parks
- On-going effort to maintain/upgrade streetscape
- Very strong Merchants Association through notable effort to be designated Florida Main Street
    - Encourage events, festivals
- City encourage investment through public/private partnership redevelopment

Source: Lambert Advisory (08/2010)

Case Study – Daytona Beach Shores

- Small, retiree population with solid demographics that is served by surrounding 7.7M visitors
  - 4,500 residents; $54K HH Income
- City adopted Master Plan comprising mix of residential, retail, medical office, and parks
- Master Plan highlights include:
  - Pedestrian-friendly open air shopping center
  - Senior housing with Wellness Center
  - Beachfront reserved for Hotels, Condos
- Market conditions have slowed process, but chance to move forward as economics stabilize

Source: Lambert Advisory (08/2010)

Summary Conclusions and Findings

Conclusion #1: Broadened View

- A core theme to Downtown Cocoa Beach redevelopment process that considers:
  - Local residents
    - Strong demographic, but modest in size
  - Day-trippers
    - 85,000 people within 20 minutes;
    - 2.2 M annual daytrip visitors (County)
  - Overnight visitors
    - 2.3 M overnight visitors (County)
    - 1,500 hotel rooms on Cocoa Beach

Conclusion #2: Maintain & Build Upon Identity

- Cocoa Beach has history and personalities
  - From Space Coast executive enclave to lively beach environment
- Redevelopment plan sets forth guidelines for managing and regulating activity
  - Physical improvements to promote visitation
  - Regulatory improvements to encourage and control lively beach and downtown environment

Conclusion #3:
Enhance Downtown/CRA Business Environment

- No sense of place
  - No identifiable Downtown, but a core area exists
  - Addressed through physical planning efforts
- No merchants voice
  - Merchants Associations are prevalent in successful districts from Miracle Mile to Downtown Melbourne
- Perception that City lacks support for redevelopment
  - Ranging from events to physical (tenant) improvements

Conclusion #4: Retail Repositioning Supports Near-term Redevelopment

- Retail reposition as opposed to adding supply
  - Supply side: Downtown Cocoa Beach rents limit opportunity for investment
  - Demand: "Leakage" for certain types of goods; primarily related to specialty/niche retail
- Demand for 55 - 70,000 sq.ft. of retail demand next 5± years
  - Downtown can capture a portion of this demand to support redevelopment
  - Strong effort to promote food & beverage places

Conclusion #5: Broaden Uses & Activity Base

- Small, boutique hotel
  - 50-100 units to anchor downtown
  - Incentive may be required to support economics
- Need to consider expanding entertainment and activity in CRA and Downtown area
  - Day spa
  - Organized water/beach activities
  - Nighttime entertainment
- Capitalize on existing arts community
  - Galleries, live-work space

Conclusion #6: The Focus is Core, Effect Will Spread

- The market is defined
  - The demand and/or desire for large scale development doesn't exist
- Starting at critical center point ("Main & Main")
  - Existing base of business/cluster
- Physical planning initiatives needed to promote redevelopment
- Small steps in a concentrated area can gain rapid momentum

Conclusion #7: City Support & Promotion

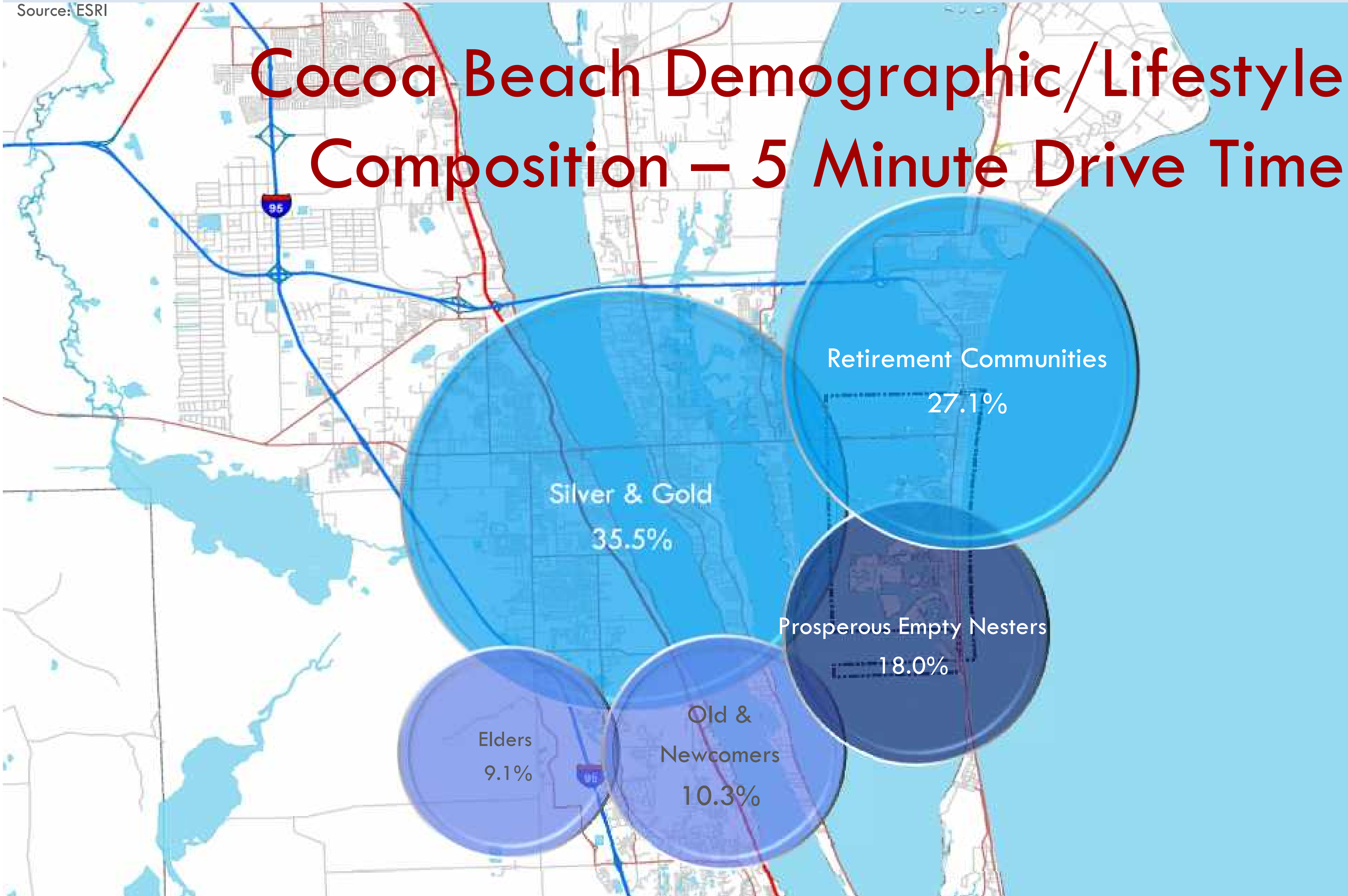
- The City needs to be very proactive
  - The redevelopment plan should outline organization structure and needs
- Community/stakeholder involvement
  - Through organized entity (Association)
  - Leverage on aggregated marketing efforts
- Funding incentives will be required to implement near term redevelopment
  - Create a strategy for structuring incentives
    - Starting with food & beverage places, niche retail

City of Cocoa Beach CRA
Economic & Market Assessment
(Downtown Cocoa Beach Vision Plan)

NON PRESENTATION SLIDES

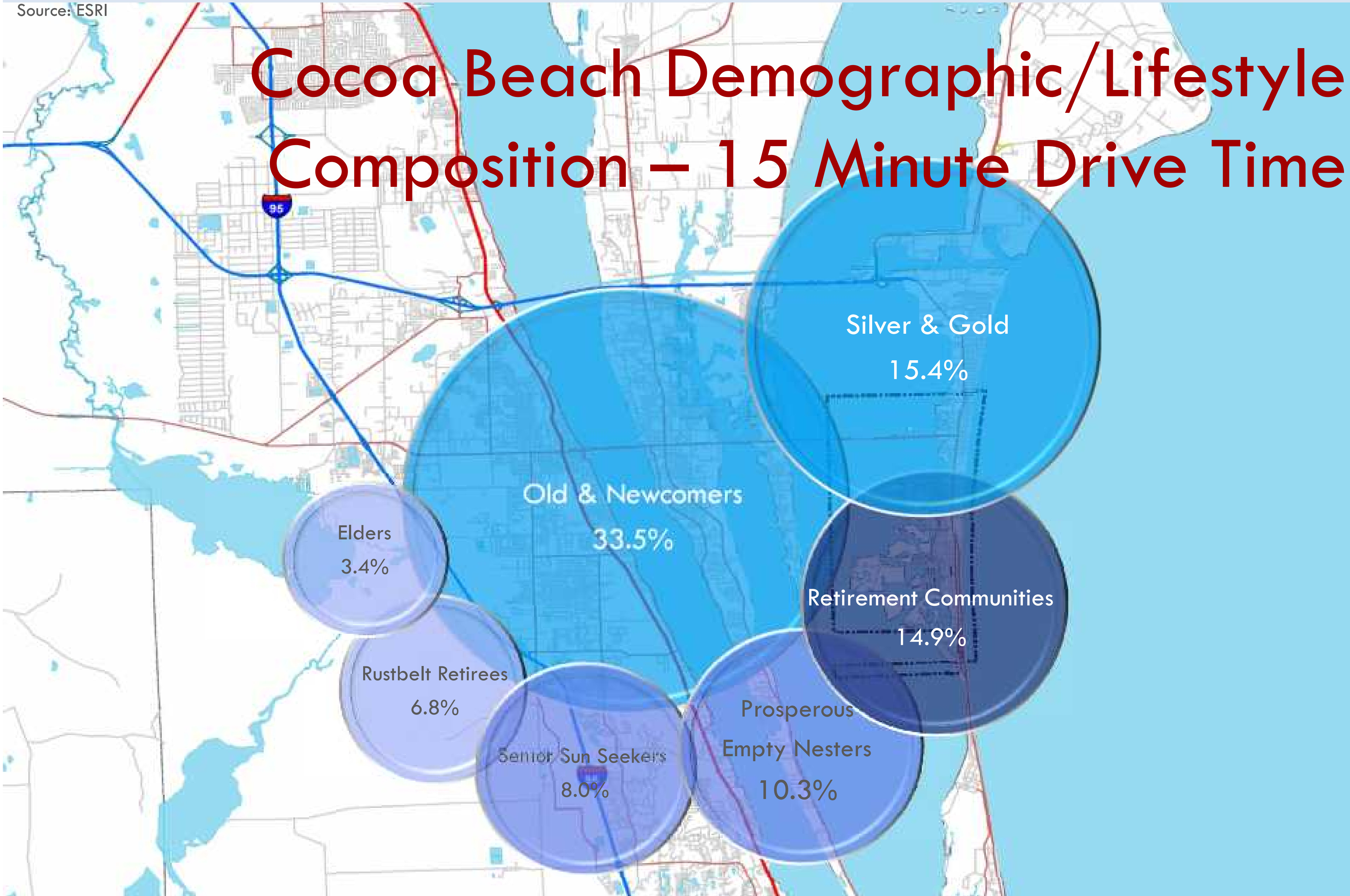
(Support For Question & Answer)

Cocoa Beach Demographic/Lifestyle Composition – 5 Minute Drive Time



Cocoa Beach Demographic/Lifestyle Composition – 15 Minute Drive Time

Source: ESRI



Supply/Demand "Gap" Model

Source: Lambert Advisory; ESRI

Summary Demographics	
2010 Population	18,727
2010 Households	9,781
2010 Median Disposable Income	$39,129
2010 Per Capita Income	$31,859

Industry Summary	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)	Surplus / Leakage Factor	Number of Businesses
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	$251,152,508	$185,520,529	$65,631,979	15.0	256
Total Retail Trade (NAICS 44-45)	$213,396,368	$123,170,200	$90,226,168	26.8	146
Total Food & Drink (NAICS 722)	$37,756,140	$62,350,329	-$24,594,189	-24.6	110

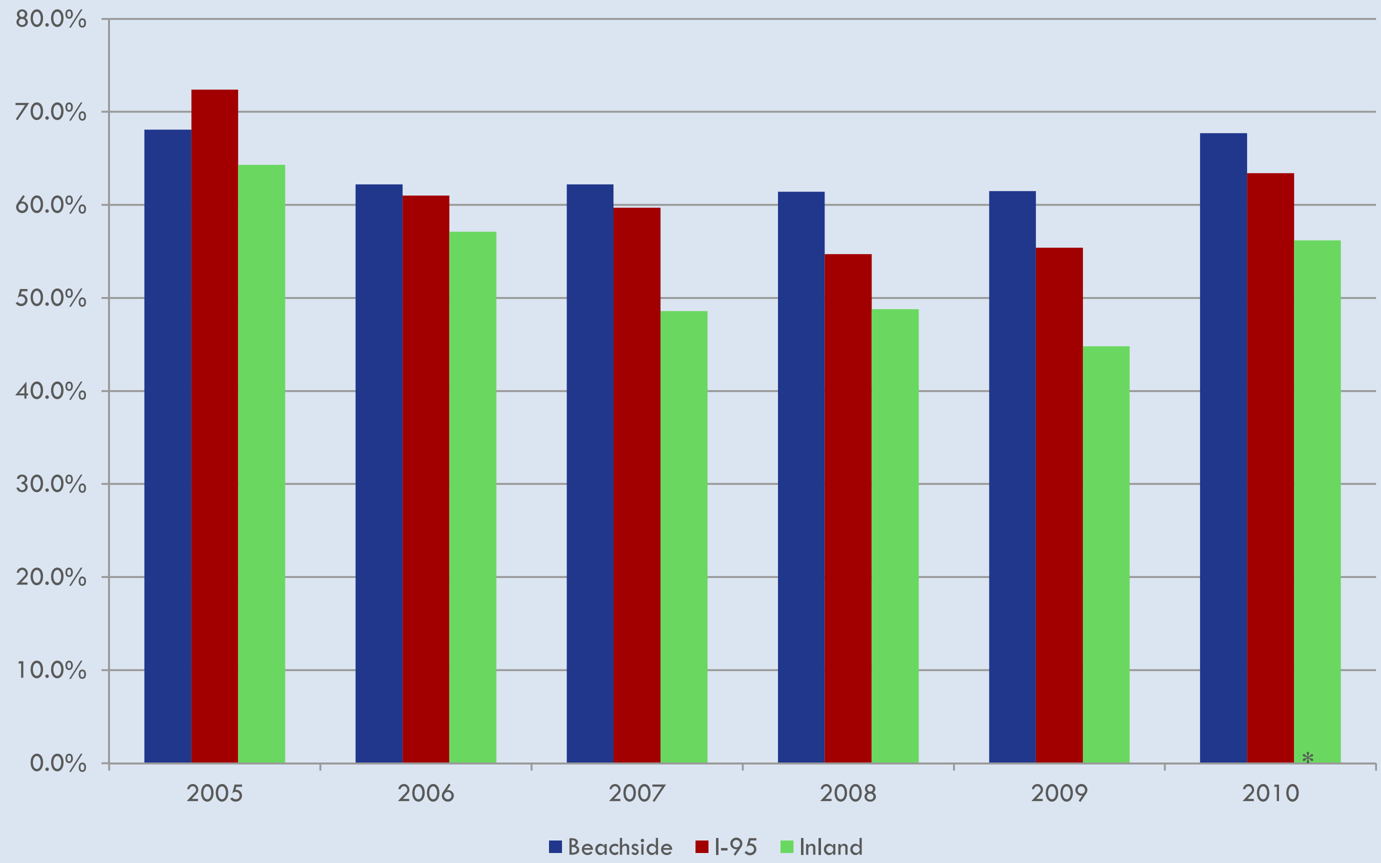
Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Surplus / Leakage Factor	Number of Businesses
Motor Vehicle & Parts Dealers (NAICS 441)	$53,079,605	$2,998,894	$50,080,711	89.3	6
Automobile Dealers (NAICS 4411)	$45,561,003	$304,758	$45,256,245	98.7	1
Other Motor Vehicle Dealers (NAICS 4412)	$4,319,948	$1,802,528	$2,517,420	41.1	3
Auto Parts, Accessories, and Tire Stores (NAICS 4413)	$3,198,654	$891,608	$2,307,046	56.4	2
Furniture & Home Furnishings Stores (NAICS 442)	$7,102,952	$5,422,719	$1,680,233	13.4	7
Furniture Stores (NAICS 4421)	$5,280,763	$713,661	$4,567,102	76.2	2
Home Furnishings Stores (NAICS 4422)	$1,822,189	$4,709,058	-$2,886,869	-44.2	5
Electronics & Appliance Stores (NAICS 443/NAICS 4431)	$5,842,507	$2,975,989	$2,866,518	32.5	7
Bldg Materials, Garden Equip. & Supply Stores (NAICS 444)	$9,777,045	$6,043,331	$3,733,714	23.6	21
Building Material and Supplies Dealers (NAICS 4441)	$9,527,968	$6,043,331	$3,484,637	22.4	21
Lawn and Garden Equipment and Supplies Stores (NAICS 4442)	$249,077	$0	$249,077	100.0	0
Food & Beverage Stores (NAICS 445)	$41,037,104	$36,472,754	$4,564,350	5.9	14
Grocery Stores (NAICS 4451)	$38,903,132	$33,152,169	$5,750,963	8.0	7
Specialty Food Stores (NAICS 4452)	$1,024,732	$234,308	$790,424	62.8	2
Beer, Wine, and Liquor Stores (NAICS 4453)	$1,109,240	$3,086,277	-$1,977,037	-47.1	5
Health & Personal Care Stores (NAICS 446/NAICS 4461)	$8,433,556	$11,559,147	-$3,125,591	-15.6	11
Gasoline Stations (NAICS 447/NAICS 4471)	$35,059,491	$35,878,824	-$819,333	-1.2	9
Clothing and Clothing Accessories Stores (NAICS 448)	$7,188,097	$5,982,005	$1,206,092	9.2	15
Clothing Stores (NAICS 4481)	$5,694,317	$5,055,340	$638,977	5.9	10
Shoe Stores (NAICS 4482)	$928,609	$343,663	$584,946	46.0	1
Jewelry, Luggage, and Leather Goods Stores (NAICS 4483)	$565,171	$583,002	-$17,831	-1.6	4
Sporting Goods, Hobby, Book, and Music Stores (NAICS 451)	$2,867,788	$3,869,783	-$1,001,995	-14.9	21
Sporting Goods/Hobby/Musical Instrument Stores (NAICS 4511)	$1,135,446	$3,468,336	-$2,332,890	-50.7	20
Book, Periodical, and Music Stores (NAICS 4512)	$1,732,342	$401,447	$1,330,895	62.4	1

DRAFT – For Discussion Purposes Only

Supply/Demand Analysis (ESRI)

Source: Varga Research; *Through June

Hotel Occupancy Trends
(by Submarket)



Source: Varga Research; *Through June

Hotel Average Daily Rate Trends
(by Submarket)