COMMUNITY SOLUTIONS GROUP

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Planning | Urban Design
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Economics | Real Estate

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City of Tallahassee Community Redevelopment Agency Market Analysis – Greater Frenchtown/Southside and Downtown District CRA's

Prepared For:
City of Tallahassee
Community Redevelopment Agency
GAI Project Number: A151772.00

November 2016- Final Report

Prepared by: GAI Consultants, Inc.
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November 30, 2016

GAI Project No. A151772.00

Mr. Rick McCraw, AICP
Program Director
City of Tallahassee Community Redevelopment Agency
15241 East Oakland Avenue
300 South Adams Street
Tallahassee, Florida 32301

Final Report
City of Tallahassee Community Redevelopment Agency Market Analysis
Greater Frenchtown/Southside and Downtown District CRA's

Dear Rick:

GAI Consultants, Inc. (GAI) has completed its analysis of supportable levels of development for various land uses within the Greater Frenchtown/ Southside and Downtown District Community Redevelopment Areas (CRA's). The first phase of our study was completed as outlined in our contract with you dated July 26, 2016. The attached report entitled "Market Analysis – Greater Frenchtown/ Southside and Downtown District CRA's" summarizes the results of our analysis.

The report is based on estimates, assumptions, and other information related to the above. Such estimates, assumptions, or other information were developed from prior research, knowledge of the industry, and discussions with you. The sources of information and basis of estimates and assumptions are stated in the report. Since our documentation is based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent the data as results which would actually be achieved.

The following paragraphs express conditions and limitations which our firm necessarily states with any engagement of this nature. Please call us if you should have questions. Our services did not include legal and regulatory counseling, comments on matters associated with zoning or other state and local government regulations, permits and licenses. Further, no effort was made to determine the possible effects on any specific projects as they may be influenced by present or future federal, state, or local legislation, including any bond restrictions, changes in tax structure or tax law, environmental or ecological matters, or interpretations thereof.

Any conclusions and/or any prospective financial information that is included in our documentation were based on estimates and assumptions from previous studies, information developed from supplemental research, knowledge of the industry, and other sources, including certain information that you have provided. These sources of information and bases of significant estimates and assumptions are stated in our documentation. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from any estimates, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the document to reflect events or conditions, which occur subsequent to the date of the documentation. The report does reflect certain review comments that were received after the date of issuance. *However, the principal data used to draw our conclusions remains as of the report date.*

Our documentation is intended solely for your information, internal planning, potential financial partners, lenders, and presentation to other interested parties. Neither our documentation nor its contents, nor any reference to our firm may be included or quoted in any real estate offering or registration statement, or other agreement or document without our prior permission. Permission will be granted upon meeting certain conditions.

Please contact us if you have any questions about this report. It was a pleasure working with you on this assignment and we look forward to completing the remainder of the analysis as note din our scope of services and contract.

Sincerely,

Community Solutions Group,
a GAI Consultants, Inc.
Service Group

David R. Darsey
Senior Director

Owen M. Beitsch, PhD, FAICP, CRE
Senior Director

Thomas R. Kohler
Senior Director

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1.0 EXECUTIVE SUMMARY

1.1 Introduction

GAI Consultants, Inc. (GAI) was retained by the City of Tallahassee Community Redevelopment Agency (Client) to estimate supportable levels of development for various land uses within the Greater Frenchtown/Southside and Downtown District Community Redevelopment Areas (CRA's). Although the Greater Frenchtown/Southside area is under one CRA, for the purposes of this study we treated it as being separate. Therefore, in some areas of the report, we reference and treat Frenchtown, Southside and the Downtown District as three separate districts, although we recognize there are officially only two CRA's.

Our study is a four-phased effort including the following major tasks:

- A market study identifying near-term and mid-term opportunities for various land uses city wide and the potential to support them in the districts. The land uses we analyzed included:
  - Office
  - Retail
  - Hotel
  - Multi-Family For-Rent Apartments
  - Multi-Family For-Sale Condominiums
- A feasibility study testing the market and financial implications for potential development of the above land uses at specific development parcels within the districts.
- Assistance in the preparation of a Request for Proposal (RFP) should one or more or opportunities prove feasible or beneficial.
- Assistance in the general review and evaluation of information particular to qualified developer proposals which may be received.

This report summarizes the results of the market study noted above as the first phase of our work effort. The second phase feasibility study will be initiated after the Client's review of this report. The remaining phases would occur at later dates when authorized by the Client.

1.2 Principal Work Steps of Market Study

The principal work steps within our market study included:

- Meetings in Tallahassee with the Client, City of Tallahassee staff, community leaders, organizations such as Visit Tallahassee and the Office of Economic Vitality, local real estate professionals, property managers and developers.
- Toured the area, focusing on the Frenchtown, Southside and Downtown Districts.
- Analyzed demographic data and trends.
- Profiled development and absorption trends for the land uses noted above in Leon County, the City of Tallahassee and the Frenchtown, Southside and Downtown Districts.

- Identified proposed projects via interviews with appropriate planning agencies and local real estate industry professionals.
- Prepared estimates of market support and timing for office, retail, hotel, multi-family for-rent apartments and multi-family for-sale condominiums in Leon County and the potential capture of this future development within the Frenchtown, Southside and Downtown Districts.

1.3 Methodology

- Demographic data are compiled from a variety of sources including Environmental Systems Research Institute (ESRI), the U.S. Bureau of Labor Statistics, and the U.S. Census Bureau. Projections and current year data are based on the American Community Survey Census five year estimates.
- Our analysis made use of several data sources or services to which we subscribe. These are described below. Most of this information speaks to *past or existing* conditions at the time of our original research. Any *planned* additions to the office, retail, multi-family for rent and multi-family for sale supply were obtained from the Tallahassee Office of Economic Vitality. Only planned projects which are actively under construction or have obtained an approval within the last year are included. Projects which have approvals that are more than a year old with no recent activity, projects in "pre-application" and applications "under review" are not included. Projects that meet this methodology have been included based on discussions with the Community Redevelopment Agency, City and the Department of Economic Vitality as of February 10, 2017. Any modifications to these projects or the addition of new projects after this date have not be considered in this analysis.
- Office and Retail data are compiled from CoStar and the Leon County Tax Roll. CoStar was founded in 1987 and is considered one of the country's leading providers of information, analytics and marketing services to the commercial real estate industry. Its service offerings principally include office, industrial and retail uses, with supplementary data available on the hospitality and multifamily apartment industry. All of the CoStar data is presented for the most recent complete year at the time this report was written, which was year-end 2015. CoStar does not set a minimum square footage threshold for reporting, however the data is broker reported and therefore smaller spaces may be reported less frequently.
- Hotel operating data was obtained from Smith Travel Research (STR). STR was founded in 1985 and is a principal data source for the lodging industry, providing global data benchmarking, analytics and marketplace insights. Each month the company collects performance data from over 46,000 hotels representing more than 5.3 million rooms globally.
- Apartment data and analysis are conducted based on data obtained from MyRentComps.com. MyRentComps was founded in 2005 and provides performance data to the apartment industry, principally through market surveys conducted by their participants. The company currently has over 100,000 properties in their database. Data in the MyRentComps system is currently limited to reporting on multi-family for rent apartments of 100 units or more. Although there are certainly projects that have been developed in the Tallahassee market that are under 100 units in size, we believe it is likely that most future projects will be greater than this number to

capitalize on the economies of scale that larger projects can achieve. In our opinion, the development sites we would analyze during the next phase of work would be large enough that apartment projects would need to be over 100 units in size.

- The terms of this engagement are such that we have no obligation to revise the document to reflect events or conditions, which occur subsequent to the date of the report, which was November 30, 2016. The report does reflect certain review comments that were received after the date of issuance. However, the principal data used to draw our conclusions remains as of the report date.

1.4 Key Findings

The existing amount of inventory for each selected land use and geography is summarized in Table 1.1.

Table 1.1
Summary of Existing Inventory – Leon County, Frenchtown, Southside and Downtown Districts

Area	Office SF	Retail SF	Hotel Units	For-Rent Apartment Units (1)	For-Sale Condominium Units
Leon County	20,706,118	20,213,751	5,592	20,567	4,316
Frenchtown District	382,968	577,224	164	364	47
Southside District	231,946	905,312	0	414	104
Downtown District	3,083,583	478,907	698	684	576
Total All Districts	3,698,497	1,961,443	862	1,462	727

Source: CoStar; Leon County Tax Roll; Smith Travel Research; MyRentComps; GAI

- The Downtown District by far has the most office square footage of all the districts at almost 10 times higher than the Frenchtown District, which is the next largest area. The Downtown District has captured about 15% of the total office space in the County.
- The Southside District has the highest amount of retail square footage among the districts. It has captured about 4.4% of the total retail space in the County.
- The Downtown District has the largest inventory of hotel rooms of all the districts. The Downtown District has captured about 12.5% of the total hotel units in the County. There are no existing hotel rooms tracked by Smith Travel Research in the Southside District. However, a Hampton Inn is under construction in the Southside District. The one hotel property in the Frenchtown District was built prior to 1970.
- There are 364, 414, and 684 rental apartment units in the Frenchtown, Southside and Downtown Districts, respectively. Most of the product within the Frenchtown District was built from 1996-2005. Much of the product in the Downtown District is older and was built prior to 1986. All of the rental apartment complexes of 100 units or more in the Southside District were built from 2011-2016. The units added in the Southside District are generally grouped with a larger complex called Stadium Centre that is managed by one company. Additionally, there are three proposed apartment projects in the Southside District. The Downtown District has one

apartment project under construction. All the new units either under construction or planned in the districts are student oriented.

- According to data obtained from the Leon County Property Appraiser, for-sale condominium units total approximately 47, 104 and 576 in the Frenchtown, Southside and Downtown Districts, respectively. The Downtown District has captured about 13.3% of the total condominium units in the County.

Tables 1.2 and 1.3 summarize the capture rate of pertinent development activity within the County in the Frenchtown, Southside and Downtown Districts.

Table 1.2
Summary of County Capture Rates - Frenchtown, Southside and Downtown Districts

Year Built	Office SF	Retail SF	Condominium Units	Hotel Rooms
Frenchtown District				
Prior to 1970	6.6%	7.4%	0.0%	33.9%
1970-1979	0.7%	1.6%	0.0%	0.0%
1980-1989	0.6%	0.3%	7.9%	0.0%
1990-1999	0.2%	2.8%	0.0%	0.0%
2000-2009	1.1%	3.5%	0.4%	0.0%
2010-2015	0.0%	0.0%	0.0%	0.0%
Unknown	16.8%	0.9%	NA	0.0%
Total	1.8%	2.9%	1.1%	2.9%
Southside District				
Prior to 1970	6.4%	13.1%	4.3%	0.0%
1970-1979	0.0%	4.9%	0.0%	0.0%
1980-1989	0.1%	1.4%	0.0%	0.0%
1990-1999	0.3%	0.9%	0.0%	0.0%
2000-2009	0.4%	1.6%	3.1%	0.0%
2010-2015	0.0%	0.0%	1.6%	0.0%
Unknown	3.1%	6.9%	NA	0.0%
Total	1.1%	4.5%	2.4%	0.0%
Downtown District				
Prior to 1970	34.2%	6.4%	19.3%	0.0%
1970-1979	14.6%	1.3%	5.6%	31.4%
1980-1989	17.6%	0.8%	0.0%	13.1%
1990-1999	10.6%	0.2%	44.4%	0.0%
2000-2009	2.5%	2.4%	16.7%	19.0%
2010-2015	8.5%	5.3%	0.0%	0.0%
Unknown	1.8%	3.3%	NA	0.0%
Total	14.9%	2.4%	13.3%	12.5%

Source: CoStar; Leon County Tax Rolls; Smith Travel Research; GAI

Table 1.3
Summary of County Capture Rates - Frenchtown, Southside and Downtown Districts

Year Built	Apartment Units
Frenchtown District	
Prior to 1986	1.5%
1986-1995	0.0%
1996-2005	4.2%
2006-2010	0.0%
2011-2016	0.0%
Total	1.8%
Southside District	
Prior to 1986	0.0%
1986-1995	0.0%
1996-2005	0.0%
2006-2010	0.0%
2011-2016	40.9%
Total	2.0%
Downtown District	
Prior to 1986	4.6%
1986-1995	0.0%
1996-2005	0.0%
2006-2010	0.0%
2011-2016	34.5%
Total	3.3%
Source: MyRentComps; GAI	

The Downtown District has generally dominated capture rates of the County's development of pertinent land uses with the exception of retail. The Frenchtown District has captured a greater amount of office space and hotel rooms, but the Southside District has captured a higher percentage of retail space and condominium units. In recent years the Downtown and Southside District have captured a significant percentage of the County's overall apartment development in complexes with 100 units or more.

Table 1.4 on the following page summarizes our estimates of future office and retail square footage and hotel, apartment and for-sale condominium units in Leon County through 2030. Estimated square feet or units per capita for each land use was derived using historic information from Leon County. In effect, the low to high estimates represent a range of possible outcomes for each land use. In particular, timing can be impacted by construction delays, permitting issues and the like. What we believe is important is that we expect a particular land use to fall within this range.

Table 1.4
Leon County's Projected Office, Hotel, Retail, Apartment and Condominium Demand, 2015-2030

	Per	Total County SF			Avg Annual Growth Rates			Avg Annual County SF Absorption		
	Capita SF	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Office:										
2015	72	20,706,118	20,706,118	20,706,118						
2020	72	20,715,376	21,742,465	22,769,555	0.0%	1.0%	1.9%	1,852	207,269	412,687
2025	72	20,946,833	22,722,540	24,498,247	0.2%	0.9%	1.5%	46,291	196,015	345,738
2030	72	21,134,892	23,651,983	26,169,075	0.2%	0.8%	1.3%	37,612	185,889	334,166
Hotel:										
2015	0.02	5,592	5,592	5,592						
2020	0.02	5,871	6,162	6,453	1.0%	2.0%	2.9%	56	114	172
2025	0.02	6,082	6,597	7,113	0.7%	1.4%	2.0%	42	87	132
2030	0.02	6,282	7,031	7,779	0.7%	1.3%	1.8%	40	87	133
Retail:										
2015	71	20,213,751	20,213,751	20,213,751						
2020	71	20,222,789	21,225,455	22,228,122	0.0%	1.0%	1.9%	1,808	202,341	402,874
2025	71	20,561,600	22,304,650	24,047,700	0.3%	1.0%	1.6%	67,762	215,839	363,916
2030	71	20,819,250	23,298,750	25,778,250	0.2%	0.9%	1.4%	51,530	198,820	346,110
Apartments:										
2015	0.10	19,902	19,902	19,902						
2020	0.10	20,218	21,221	22,223	0.3%	1.3%	2.2%	63	264	464
2025	0.10	20,543	22,285	24,026	0.3%	1.0%	1.6%	65	213	361
2030	0.10	20,728	23,196	25,665	0.2%	0.8%	1.3%	37	182	328
Condominiums:										
2015	0.02	4,316	4,316	4,316						
2020	0.02	4,318	4,532	4,746	0.0%	1.0%	1.9%	0	43	86
2025	0.02	4,366	4,736	5,106	0.2%	0.9%	1.5%	10	41	72
2030	0.02	4,405	4,930	5,455	0.2%	0.8%	1.3%	8	39	70

Source: GAI

Based upon the County-wide projections noted above, we subsequently evaluated each district's ability to capture or support a part of this future potential market demand based their historical capture rates. The capture rates applied in this analysis stem largely from observations and interpretations of the actual experience in each district, prior development patterns in the County, and our own understanding about the competitive framework in the region. As noted earlier, the low to high estimates represent a range of possible outcomes for each land use.

The following series of tables (Tables 1.5, 1.6, 1.7, 1.8, and 1.9) summarize our estimates of potential future market demand within each district based on site capture percentages of the County's growth in supply for each land use. These tables summarize each land use for the districts separately and in total.

Table 1.5
Projected Office Demand within Each District, 2015-2030

	District Capture %	District Cumulative Total SF			District Cumulative New SF			District Avg Annual SF Absorption		
		Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Frenchtown District:										
2015		382,968	382,968	382,968						
2020	1.0%	383,061	393,331	403,602	93	10,363	20,634	19	2,073	4,127
2025	1.3%	385,954	405,582	425,211	2,986	22,614	42,243	579	2,450	4,322
2030	1.5%	388,775	419,524	450,273	5,807	36,556	67,305	564	2,788	5,012
Southside District:										
2015		231,946	231,946	231,946						
2020	0.7%	232,011	239,200	246,390	65	7,254	14,444	13	1,451	2,889
2025	1.0%	234,325	249,001	263,677	2,379	17,055	31,731	463	1,960	3,457
2030	1.3%	236,770	261,084	285,398	4,824	29,138	53,452	489	2,417	4,344
Downtown District:										
2015		3,083,583	3,083,583	3,083,583						
2020	8.0%	3,084,324	3,166,491	3,248,658	741	82,908	165,075	148	16,582	33,015
2025	12.0%	3,112,098	3,284,100	3,456,101	28,515	200,517	372,518	5,555	23,522	41,489
2030	15.0%	3,140,307	3,423,516	3,706,725	56,724	339,933	623,142	5,642	27,883	50,125
Total All Districts:										
2015		3,698,497	3,698,497	3,698,497						
2020	9.7%	3,699,395	3,799,023	3,898,650	898	100,526	200,153	180	20,105	40,031
2025	14.3%	3,732,378	3,938,683	4,144,989	33,881	240,186	446,492	6,597	27,932	49,268
2030	17.8%	3,765,852	4,104,124	4,442,396	67,355	405,627	743,899	6,695	33,088	59,481

Source: GAI

Table 1.6
Projected Hotel Demand within Each District, 2015-2030

	District Capture %	District Cumulative Total Units			District Cumulative New Units			District Avg Annual Units Absorption		
		Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Frenchtown District:										
2015		164	164	164						
2020	0.0%	164	164	164	0	0	0	0	0	0
2025	0.0%	164	164	164	0	0	0	0	0	0
2030	0.0%	164	164	164	0	0	0	0	0	0
Southside District:										
2015		0	0	0						
2020	15.0%	42	86	129	42	86	129	8	17	26
2025	12.0%	67	138	208	67	138	208	5	10	16
2030	0.0%	67	138	208	67	138	208	0	0	0
Downtown District:										
2015		698	698	698						
2020	25.0%	768	841	913	70	143	215	14	29	43
2025	25.0%	820	949	1,078	122	251	380	11	22	33
2030	30.0%	881	1,079	1,278	183	381	580	12	26	40
Total All Districts:										
2015		862	862	862						
2020	40.0%	974	1,090	1,207	112	228	345	22	46	69
2025	37.0%	1,052	1,251	1,451	190	389	589	16	32	49
2030	30.0%	1,112	1,381	1,650	250	519	788	12	26	40

Source: GAI

Table 1.7
Projected Retail Demand within Each District, 2015-2030

	Disrict Capture %	District Cumulative Total SF Low	District Cumulative Total SF Midpoint	District Cumulative Total SF High	District Cumulative New SF Low	District Cumulative New SF Midpoint	District Cumulative New SF High	District Avg Annual SF Absorption Low	District Avg Annual SF Absorption Midpoint	District Avg Annual SF Absorption High
Frenchtown District:										
2015		577,224	577,224	577,224						
2020	2.0%	577,405	597,458	617,511	181	20,234	40,287	36	4,047	8,057
2025	3.0%	587,569	629,834	672,099	10,345	52,610	94,875	2,033	6,475	10,917
2030	4.0%	597,875	669,598	741,321	20,651	92,374	164,097	2,061	7,953	13,844
Southside District:										
2015		905,312	905,312	905,312						
2020	2.0%	905,493	925,546	945,599	181	20,234	40,287	36	4,047	8,057
2025	3.0%	915,657	957,922	1,000,187	10,345	52,610	94,875	2,033	6,475	10,917
2030	4.0%	925,963	997,686	1,069,409	20,651	92,374	164,097	2,061	7,953	13,844
Downtown District:										
2015		478,907	478,907	478,907						
2020	2.0%	479,088	499,141	519,194	181	20,234	40,287	36	4,047	8,057
2025	4.0%	492,640	542,309	591,978	13,733	63,402	113,071	2,710	8,634	14,557
2030	5.0%	505,523	592,014	678,505	26,616	113,107	199,598	2,577	9,941	17,306
Total All Districts:										
2015		1,961,443	1,961,443	1,961,443						
2020	6.0%	1,961,985	2,022,145	2,082,305	542	60,702	120,862	108	12,140	24,172
2025	10.0%	1,995,866	2,130,065	2,264,263	34,423	168,622	302,820	6,776	21,584	36,392
2030	13.0%	2,029,361	2,259,298	2,489,235	67,918	297,855	527,792	6,699	25,847	44,994

Source: GAI

Table 1.8
Projected Rental Apartment Demand within Each District, 2015-2030

	District Capture %	District Cumulative Total Units Low	District Cumulative Total Units Midpoint	District Cumulative Total Units High	District Cumulative New Units Low	District Cumulative New Units Midpoint	District Cumulative New Units High	District Avg Annual Units Absorption Low	District Avg Annual Units Absorption Midpoint	District Avg Annual Units Absorption High
Frenchtown District:										
2015		364	364	364						
2020	6.0%	383	443	503	19	79	139	4	16	28
2025	7.0%	406	518	629	42	154	265	5	15	25
2030	8.0%	420	591	761	56	227	397	3	15	26
Southside District:										
2015		335	335	335						
2020	11.0%	370	480	590	35	145	255	7	29	51
2025	12.0%	409	608	807	74	273	472	8	26	43
2030	13.0%	433	726	1,020	98	391	685	5	24	43
Downtown District:										
2015		465	465	465						
2020	11.0%	500	610	720	35	145	255	7	29	51
2025	12.0%	539	738	937	74	273	472	8	26	43
2030	13.0%	563	856	1,150	98	391	685	5	24	43
Total All Districts:										
2015		1,164	1,164	1,164						
2020	28.0%	1,253	1,533	1,814	89	369	650	18	74	130
2025	31.0%	1,353	1,863	2,373	189	699	1,209	20	66	112
2030	34.0%	1,416	2,173	2,930	252	1,009	1,766	13	62	111

Source: GAI

Table 1.9
Projected For-Sale Condominium Demand within Each District, 2015-2030

	District Capture %	District Cumulative Total Units Low	Midpoint	High	District Cumulative New Units Low	Midpoint	High	District Avg Annual Units Absorption Low	Midpoint	High
Frenchtown District:										
2015	0.0%	47	47	47						
2020	0.0%	47	47	47	0	0	0	0	0	0
2025	2.0%	48	51	54	1	4	7	0	1	1
2030	3.0%	49	57	65	2	10	18	0	1	2
Southside District:										
2015	0.0%	104	104	104						
2020	2.0%	104	108	113	0	4	9	0	1	2
2025	3.0%	105	114	123	1	10	19	0	1	2
2030	4.0%	107	122	137	3	18	33	0	2	3
Downtown District:										
2015	0.0%	576	576	576						
2020	20.0%	576	619	662	0	43	86	0	9	17
2025	25.0%	588	670	752	12	94	176	2	10	18
2030	30.0%	600	728	857	24	152	281	2	12	21
Total All Districts:										
2015		727	727	727						
2020	22.0%	727	775	822	0	48	95	0	10	19
2025	30.0%	742	836	930	15	109	203	3	12	22
2030	37.0%	756	907	1,059	29	180	332	3	14	26

Source: GAI

As can be seen in the above series of tables (Tables 1.5, 1.6, 1.7, 1.8, and 1.9), the site capture percentages for each land use vary between each district based on their historical capture percentages. However, the reader needs to keep in mind that the districts are so physically close to each other that the development we are projecting above may not necessarily fall entirely within the respective district. Developers will look for sites that best suit their vision and will not be restricted by district boundaries. In other words, it may be beneficial to think of the projections for all three districts as a whole rather than three separate areas, as development shown in one district could potentially be shifted to an adjoining district based on other factors. Other factors that could influence the distribution of future inventory among each district could include the price structure of land and its decreasing (or increasing) availability. For example, as development sites in the Downtown area become scarcer, it is possible that some of the space shown above within the Downtown District could shift to either the Frenchtown District or the Southside District, most likely in the areas closest to the Downtown District. This is already happening to some degree with both hotel (Hampton Inn under construction in the Southside District) and for-rent apartment (Domain at Tallahassee apartment complex under construction in the Frenchtown District) development. Further, demand for some uses could occur in any of the districts depending on the timing and opportunity created by land owners and developers. That said, opportunities are not the same as actual demand.

1.5 Next Steps

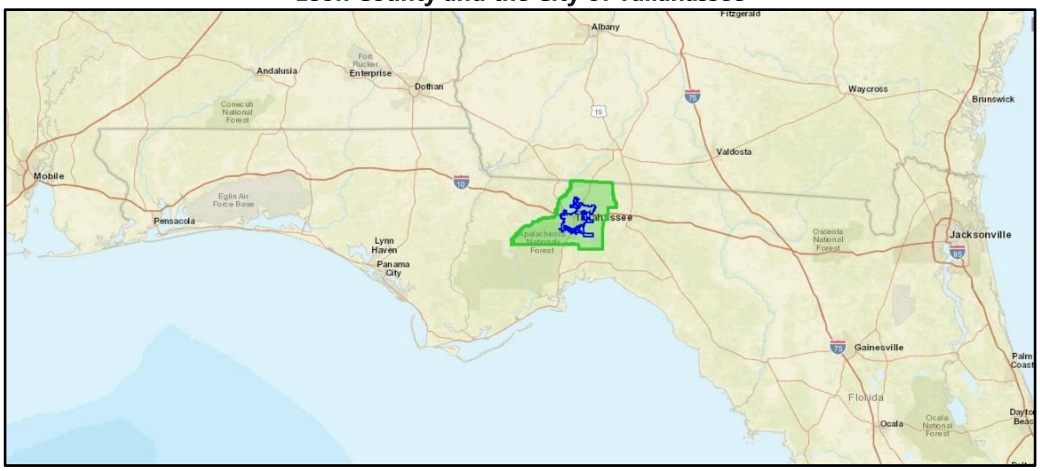
Our analysis has attempted to place parameters on the potential development opportunities within each district. The projections noted above for each district will be used as a starting point in the next phase of our study, which will focus on market demand opportunities in specific development sites identified by the Community Redevelopment Agency or the community within the districts. Specific development sites would capture a portion of the district demand noted earlier. A separate report will be issued on that analysis.

2.0 LEON COUNTY, CITY OF TALLAHASSEE AND DOWNTOWN AREA

2.1 Location and Area Overview

Leon County is located in in north Florida and shares its northern border with the State of Georgia. Leon County is approximately 702 square miles in size and is bisected by Interstate 10, which passes through the City of Tallahassee. Tallahassee is the state capital, county seat and the only incorporated city within Leon County. The map below depicts the location of Leon County within north Florida and the location of the City of Tallahassee within Leon County.

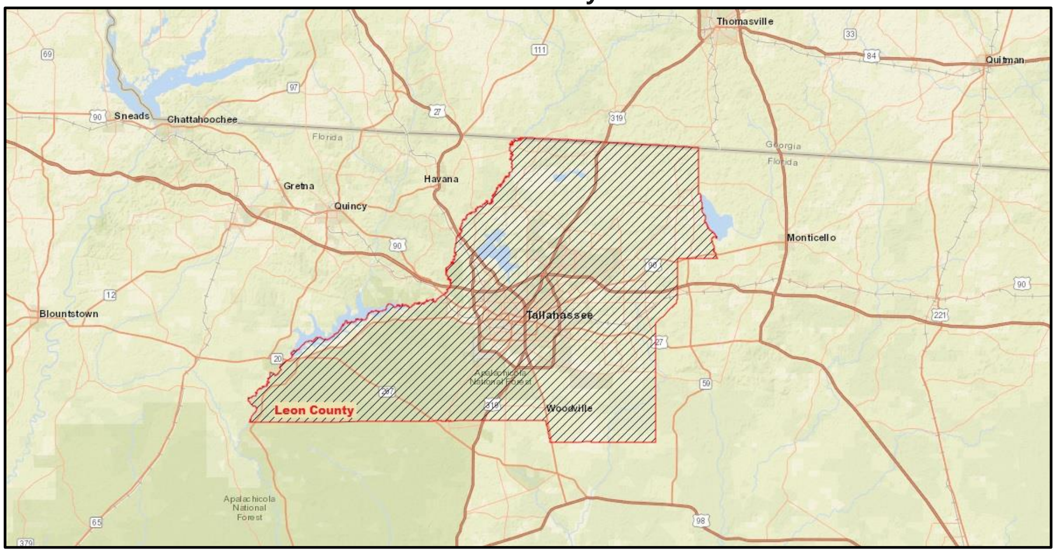
Figure 1.0
Leon County and the City of Tallahassee



Source: ESRI; GAI

Leon County and the City of Tallahassee are home to two of Florida's public universities, Florida State University and Florida A&M University. The primary campus of Florida State University is located on a 1,400 acre site in Tallahassee, and had enrollment of approximately 42,000 for the 2016 Fall Semester. The Florida A&M University campus occupies 420 acres in Tallahassee and is the only public historically black university in Florida. Florida A&M University has a student body of roughly 10,000. With the addition of the over 20,000 students of Tallahassee Community College, the City of Tallahassee boasts a student population exceeding 70,000.

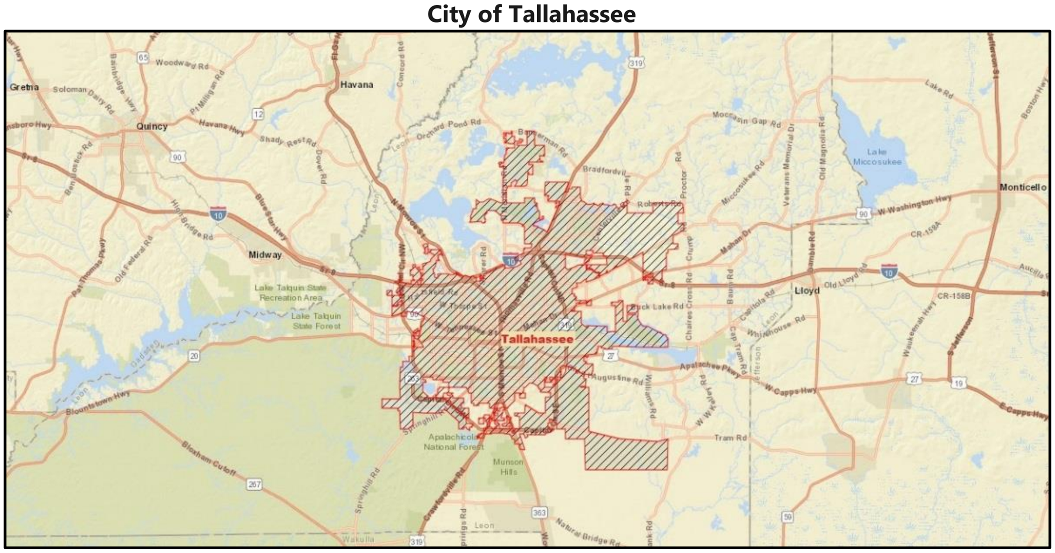
Figure 2.0
Leon County



Source: ESRI; GAI

The City of Tallahassee is home to the Florida State Capitol, Supreme Court of Florida, Florida Governor's Mansion, and nearly 30 state agency headquarters. The city is also known for its large number of law firms, lobbying organizations, trade associations and professional associations, including the Florida Bar and the Florida Chamber of Commerce.

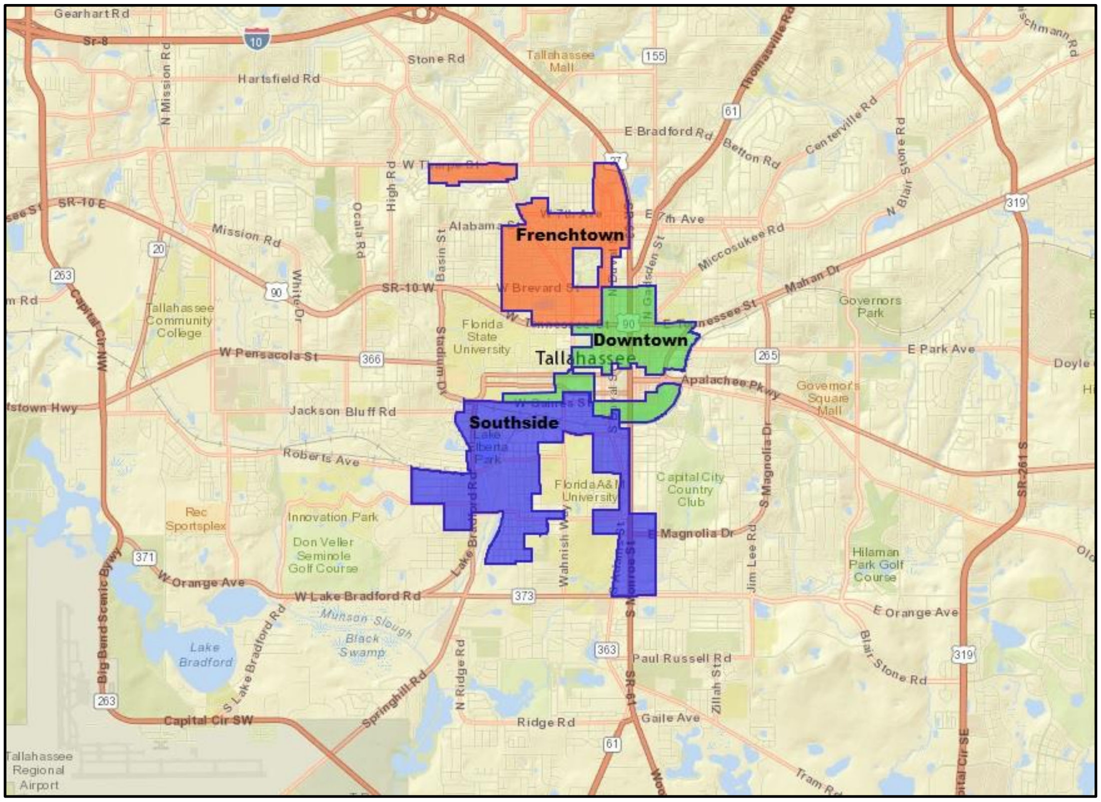
Figure 3.0
City of Tallahassee



Source: ESRI; GAI

Within the City of Tallahassee Community Redevelopment Agency there are two CRA's, the Downtown District CRA and the Greater Frenchtown/Southside CRA. As shown in Figure 4.0 on the following page, the Greater Frenchtown/Southside CRA is separated by the Downtown District CRA. Due to the geographic layout of the Greater Frenchtown/Southside CRA, and for the purpose of this report, GAI has separated the Greater Frenchtown/Southside CRA into two separate and unique areas. For the purposes of data collection and analysis, the Frenchtown District and Southside District will be analyzed independently.

Figure 4.0
Frenchtown, Southside and Downtown Districts



Source: ESRI; GAI

2.2 Access and Context

With connectivity to I-10 via US Hwy 27, US Hwy 319 and US Hwy 90, which run directly through the city core, Tallahassee's major road network is a mature system of interstate, state and local highway systems. US Hwy 27 is labeled Monroe Street through Tallahassee, US Hwy 319 is labeled Capital Circle SE though Tallahassee, and US Hwy 90 is labeled Tennessee Street through Tallahassee.

Traffic counts on the major roadways reflect greater traffic within the Downtown District than within the Frenchtown or Southside Districts.

- US Hwy 27 (Monroe Street)
    - Park – Tennessee: 30,724 (4/26/2016) (Downtown District)
    - Tennessee - Tharpe: 28,347 (4/26/2016) (Frenchtown District)
    - Magnolia – Gaines: 20,484 (4/27/2016) (Southside District)

- US Hwy 90 (Tennessee Street)
  - Macomb – Monroe: 35,426 (5/11/2016) (Downtown District)
  - Monroe – Meridian: 29,318 (5/10/2016) (Downtown District)
- US Hwy 319 (Capital Circle SE)
  - Park – Apalachee: 35,990 (4/5/2016) (outside of district boundaries)
  - Apalachee – Old St Augustine: 24,040 (4/5/2016) (outside of district boundaries)
- Gaines Street
  - Lake Bradford – Wahnish: 24,409 (4/12/2016) (north side in Downtown District, south side in Southside District)
- Macomb Street
  - Tennessee – Brevard: 17,902 (4/20/2016) (Frenchtown District)
- Old Bainbridge Road
  - Brevard – Alabama: 13,975 (4/27/2016) (Frenchtown District)

2.3 Implications

Leon County is well positioned within central north Florida for easy access and connectivity. The mature roadway network, with direct access to Interstate 10, as well as Interstate 75 about 75-90 miles east of the City, provides for effective access to the other areas of the state and region.

Home to the state capital as well as two major universities (Florida State and Florida A&M), Leon County's population increases significantly when the schools and the legislature are in session. Home football games in the fall also generate significant visitation to the area. Additionally, the county has connectivity to the Apalachicola National Forest which draws additional visitors to the area.

3.0 SOCIO-ECONOMIC TRENDS

3.1 Population

The City of Tallahassee is the only incorporated municipality within Leon County, and captures roughly 66% of the total population of the County. With Tallahassee representing such a large percent of the total population of Leon County, many other population related statistics show similarities. Specifically, the racial mix, age distribution and educational attainment of the total population are very similar between the City and County. However, a comparison of the districts show significant difference from the City and County.

Population growth within the County, City and Downtown District are very similar, and are projected to continue on an annual average growth rate of 0.6%. However, the Frenchtown District and Southside District are both seeing slightly slower population growth.

One factor that is very similar across the geographies profiled is the population under the age of 34. All of the geographies profiled show over 55% of the population under the age of 34. Table 3.1 on the following page shows the current and historical population and characteristics of the profiled geographies as well as population projections for 2021.

Table 3.1
Population by Selected Geography

	Leon County	City of Tallahassee	Frenchtown District	Southside District	Downtown District
Population:					
2000 Census	239,452	155,966	4,516	3,785	1,590
2010 Census	275,487	181,433	5,603	3,883	1,619
2016 Estimate	285,432	188,588	5,670	3,928	1,677
2021 Projection	293,910	194,446	5,747	3,993	1,724
Avg Annual Growth % (2000 - 2010)	1.4%	1.5%	2.2%	0.3%	0.2%
Avg Annual Growth % (2010 - 2016)	0.6%	0.6%	0.2%	0.2%	0.6%
Avg Annual Growth % (2016 - 2021)	0.6%	0.6%	0.3%	0.3%	0.6%
2016 Population by Race:					
White	64.4%	59.6%	38.4%	9.0%	85.7%
Black	33.7%	38.5%	59.8%	89.9%	13.1%
Am. Indian & Alaskan	0.3%	0.3%	0.5%	0.3%	0.6%
Hawaiian & Pacific Island	0.1%	0.1%	0.1%	0.1%	0.0%
Other	1.5%	1.6%	1.2%	0.8%	0.6%
2016 Population by Age:					
Age 0 - 19	24.9%	24.8%	17.9%	30.2%	8.5%
Age 20 - 34	30.7%	37.3%	39.4%	37.8%	58.4%
Age 35 - 54	21.6%	18.9%	23.4%	17.5%	14.8%
Age 55 - 74	18.3%	14.9%	15.2%	11.7%	12.8%
Age 75 +	4.4%	4.1%	4.1%	2.8%	5.5%
2016 Population by Education:					
Some High School No Diploma	5.5%	5.2%	14.6%	15.0%	0.8%
High School Graduate	16.2%	14.4%	21.0%	34.0%	20.8%
Some College no Degree	20.3%	19.7%	28.9%	21.3%	9.8%
Associate Degree	9.9%	10.4%	14.1%	9.9%	6.6%
Bachelor Degree	27.4%	28.4%	10.0%	12.5%	31.9%
Advanced Degree	20.7%	21.9%	11.4%	7.4%	30.1%

Source: ESRI; GAI

3.2 Housing

As shown in Table 3.2, below, the City of Tallahassee captures approximately 68% of the total households within Leon County, while the districts combined only represent about 7% of the total households within the City of Tallahassee. Total households in Leon County and Tallahassee have been growing steadily over the past 15 years and are projected to continue that growth pattern through

2021. Household growth has not been as consistent within the districts. The Southside District experienced a decline in total households from 2000 to 2010 and the Frenchtown District saw nearly no growth in total households between 2010 and 2016. Housing tenure is an area that is changing in Leon County. Since 2000, renter-occupied households have been steadily increasing within Leon County and now represents the majority of households within the county. The percentage of renter-occupied households has been increasing within all of the profiled geographies, and renter-occupied households dominate the districts. This trend is projected to continue through 2021, with renter-occupied households accounting for over 80% the households within the districts, over 60% within the City of Tallahassee, and over 50% within Leon County.

Table 3.2

Housing by Selected Geography

	Leon County	City of Tallahassee	Frenchtown District	Southside District	Downtown District
Households:					
2000 Census	96,521	65,318	2,156	1,918	1,132
2010 Census	110,945	74,841	2,367	1,734	1,180
2016 Estimate	113,493	76,756	2,369	1,742	1,222
2021 Projection	116,423	78,859	2,397	1,768	1,260
Avg Annual Growth % (2000 - 2010)	1.4%	1.4%	0.9%	-1.0%	0.4%
Avg Annual Growth % (2010 - 2016)	0.4%	0.4%	0.0%	0.1%	0.6%
Avg Annual Growth % (2016 - 2021)	0.5%	0.5%	0.2%	0.3%	0.6%
Owner Occupied HH (2000)	55,006	29,434	554	502	117
Renter Occupied HH (2000)	41,515	35,884	1,602	1,416	1,016
Owner Occupied % (2000)	57.0%	45.1%	25.7%	26.2%	10.3%
Renter Occupied % (2000)	43.0%	54.9%	74.3%	73.8%	89.8%
Owner Occupied HH (2010)	60,393	31,001	524	362	167
Renter Occupied HH (2010)	50,552	43,840	1,843	1,372	1,013
Owner Occupied % (2010)	54.4%	41.4%	22.1%	20.9%	14.2%
Renter Occupied % (2010)	45.6%	58.6%	77.9%	79.1%	85.8%
Owner Occupied HH (2016)	55,934	28,394	418	289	135
Renter Occupied HH (2016)	57,559	48,362	1,950	1,453	1,088
Owner Occupied % (2016)	49.3%	37.0%	17.6%	16.6%	11.0%
Renter Occupied % (2016)	50.7%	63.0%	82.3%	83.4%	89.0%
Owner Occupied HH (2021)	56,828	28,770	415	291	140
Renter Occupied HH (2021)	59,595	50,089	1,982	1,477	1,120
Owner Occupied % (2021)	48.8%	36.5%	17.3%	16.5%	11.1%
Renter Occupied % (2021)	51.2%	63.5%	82.7%	83.5%	88.9%

Source: ESRI; GAI

3.3 Income

As shown in Table 3.3 below, average household incomes are projected to increase through 2021 in all geographies, however median household incomes are projected to decrease between 2016 and 2021 within the Frenchtown District by roughly 3.5% and the Southside District by roughly 5.4%. This disparity can be partially explained in that average household income is usually more affected by the relatively unequal distribution of income which tilts towards the top, meaning that the concentration of wealth among relatively few households affects average household incomes while it has little impact on median household incomes.

Household incomes are higher in Leon County than within the City of Tallahassee. The average household income in Leon County is approximately 13% higher than that of the City of Tallahassee for 2016, and is projected to remain 13% higher through 2021. The median household income in Leon County is approximately 20% higher than that of the City of Tallahassee, and is projected to increase to 25.5% higher than Tallahassee by 2021.

Table 3.3

Average and Median Household Income

	Leon County	City of Tallahassee	Frenchtown District	Southside District	Downtown District
Avg Household Income:					
2016	$68,069	$60,271	$36,284	$33,385	$33,830
2021	$73,578	$65,012	$38,578	$35,235	$37,879
Med Household Income:					
2016	$46,419	$38,701	$22,192	$20,186	$16,812
2021	$52,918	$42,165	$21,398	$19,094	$17,087

Source: ESRI; GAI

Table 3.4

Household Income by Selected Geography (2016)

2016	Leon County	City of Tallahassee	Frenchtown District	Southside District	Downtown District
< $15,000	18.4%	23.1%	44.6%	38.8%	46.5%
$15,000 - $25,000	10.9%	12.2%	15.6%	17.9%	13.9%
$25,000 - $50,000	10.0%	10.7%	13.8%	10.4%	9.8%
$50,000 - $75,000	13.2%	13.2%	9.8%	13.0%	7.8%
$75,000 - $100,000	15.3%	14.3%	7.4%	9.2%	7.2%
$100,000 - $125,000	11.0%	9.5%	4.8%	5.7%	10.1%
$125,000 - $150,000	12.8%	10.1%	2.9%	3.6%	2.3%
$150,000 - $200,000	4.5%	3.7%	0.6%	0.7%	1.5%
$200,000+	3.9%	3.4%	0.5%	0.6%	0.8%
Total Households	113,492	76,755	2,366	1,744	1,223
Source: ESRI; GAI					

Table 3.5

Household Income by Selected Geography (2021)

2021	Leon County	City of Tallahassee	Frenchtown District	Southside District	Downtown District
< $15,000	18.4%	23.1%	44.5%	39.3%	45.2%
$15,000 - $25,000	12.6%	14.1%	17.4%	20.4%	16.4%
$25,000 - $50,000	6.7%	7.4%	10.6%	7.0%	6.6%
$50,000 - $75,000	9.6%	9.8%	9.8%	10.9%	5.0%
$75,000 - $100,000	16.4%	15.4%	7.4%	10.5%	7.8%
$100,000 - $125,000	12.2%	10.6%	5.8%	6.5%	13.1%
$125,000 - $150,000	14.7%	11.7%	3.3%	3.8%	3.0%
$150,000 - $200,000	5.3%	4.4%	0.8%	1.0%	1.9%
$200,000+	4.1%	3.5%	0.5%	0.6%	1.0%
Total Households	116,422	78,858	2,396	1,768	1,260
Source: ESRI; GAI					

3.4 Employment

Within Leon County and the City of Tallahassee, the largest percentage of employees are employed in the Office/Administrative Support category. As shown in Table 3.6 on the following page, more than 15% of employees within the County and City are employed within said category. The next highest employment category within the City and County is Sales/Sales Related which represents more than 10% of employees.

The Frenchtown and Southside District are similar in their largest employment category, with both having more than 16% of employees in the Food Preparation/Service Related category. The next highest category within the Frenchtown District is Sales/Sales Related with 13.1% of the total employees, while the second highest category in the Southside District is Transportation/Material Moving at 16.1%.

The Downtown District is unique with the highest employee category being Arts/Design/Entertainment/Sports/Media at 11.2%. This is unique as less than 3% of employees fall into this category within each of the other geographies. Within the Downtown District, the second highest category is Food Preparation/Service Related with 10.6% of employees.

Table 3.6

Employment by Selected Geography

	Leon County	City of Tallahassee	Frenchtown District	Southside District	Downtown District
2016 Employees by Type of Employment:					
Management of Companies	9.5%	8.4%	6.1%	5.4%	7.0%
Business/Financial	7.2%	6.8%	4.1%	3.2%	4.8%
Computer/Mathematical	4.3%	4.3%	2.1%	0.6%	9.9%
Architecture/Engineering	1.4%	1.2%	0.0%	2.3%	0.0%
Life/Physical/Social Sciences	1.8%	1.8%	3.1%	0.4%	2.5%
Community/Social Service	2.3%	2.3%	0.5%	0.3%	6.2%
Legal	2.6%	2.6%	1.4%	1.3%	2.5%
Education/Training/Library	8.4%	9.2%	8.3%	2.6%	9.1%
Arts/Design/Entertainment/Sports/Media	2.5%	2.9%	1.3%	0.4%	11.2%
Healthcare Practitioner/Technician	4.9%	4.7%	1.3%	0.8%	2.9%
Healthcare Support	1.6%	1.6%	2.5%	2.3%	0.1%
Protective Service	2.5%	2.2%	1.8%	1.2%	9.1%
Food Preperation/Serving Related	7.1%	9.0%	16.4%	16.9%	10.6%
Building/Grounds Cleaning/Maintenance	3.2%	2.9%	11.0%	7.5%	0.0%
Personal Care/Service	3.9%	4.0%	4.6%	4.7%	1.2%
Sales and Sales Related	10.2%	10.7%	13.1%	13.7%	7.7%
Office/Administrative Support	15.4%	15.1%	9.3%	12.8%	8.7%
Farming/Fishing/Forestry	0.2%	0.1%	0.0%	0.0%	0.0%
Construction/Extraction	3.2%	2.8%	3.4%	2.1%	0.4%
Installation/Maintenance/Repair	2.4%	1.9%	2.2%	4.6%	3.0%
Production	2.0%	1.7%	1.6%	0.9%	0.0%
Transportation/Material Moving	3.5%	3.6%	5.4%	16.1%	3.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Jobs Per Capita	0.478	0.472	0.353	0.403	0.411

Source: ESRI; Bureau of Labor Statistics; GAI

3.5 Implications

Leon County and the City of Tallahassee have seen steady growth in population, housing, and household income. The districts have also experienced steady growth in these areas, with the exception of household income, where the Frenchtown and Southside Districts are projected to decline over the next five years. However, overall the strong socio-economic climate of the County and City as a whole is beneficial to re-investment and continued growth within the region. While the Downtown District displays a similarly strong socio-economic picture, the Frenchtown and Southside Districts are experiencing a more complex condition which at least partially stems from a lack of higher wage employment opportunities and high renter-occupied housing percentages.

4.0 MARKET CHARACTERISTICS OF THE LEON COUNTY OFFICE, LODGING, RETAIL, MULTI-FAMILY RENTAL AND FOR-SALE MARKETS

4.1 Office

Table 4.1 below summarizes the office development activity occurring in Leon County and the City of Tallahassee over various time periods. Square footage, in which year built data is not available, are summarized in the year built category as "unknown."

Table 4.1
Summary of Office Market - Leon County and City of Tallahassee

Year Built	Absorption	Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County SF	% Capture of City SF
Leon County							
Prior to 1970	2,935,819	2,935,819	NA	NA	14.2%	100.0%	NA
1970-1979	3,685,381	6,621,200	368,538	8.5%	17.8%	100.0%	NA
1980-1989	5,372,132	11,993,332	537,213	6.1%	25.9%	100.0%	NA
1990-1999	4,071,258	16,064,590	407,126	3.0%	19.7%	100.0%	NA
2000-2009	3,320,752	19,385,342	332,075	1.9%	16.0%	100.0%	NA
2010-2015	831,158	20,216,500	138,526	0.7%	4.0%	100.0%	NA
Unknown	489,618	20,706,118	NA	NA	2.4%	100.0%	NA
Total	20,706,118				100.0%	100.0%	NA
City of Tallahassee							
Prior to 1970	2,933,810	2,933,810	NA	NA	14.2%	99.9%	100.0%
1970-1979	3,685,381	6,619,191	368,538	8.5%	17.8%	100.0%	100.0%
1980-1989	5,371,300	11,990,491	537,130	6.1%	25.9%	100.0%	100.0%
1990-1999	4,071,258	16,061,749	407,126	3.0%	19.7%	100.0%	100.0%
2000-2009	3,319,363	19,381,112	331,936	1.9%	16.0%	100.0%	100.0%
2010-2015	831,158	20,212,270	138,526	0.7%	4.0%	100.0%	100.0%
Unknown	486,785	20,699,055	NA	NA	2.4%	99.4%	100.0%
Total	20,699,055				100.0%	100.0%	100.0%

Source: CoStar; GAI

The office market as tracked by CoStar totals approximately 20,706,000 square feet in Leon County. About 40% of the County's inventory was added since 1990. Annual absorption of space within the County has generally ranged from about 325,000 to 537,000 square feet. However, additions in more recent years have been closer to 140,000 square feet annually. Almost all of the office square footage in Leon County is also in the City of Tallahassee, so the City's absorption and growth patterns mirror those of the County.

Major planned additions to office supply in the districts that we are aware of include:

- Florida Power and Light (Downtown District)
  - Planned 3 story 15,500 square foot office building
- Care Point Health & Wellness Center (Southside District)
  - Under construction, estimated completion in Fall 2017
  - 27,202 square foot primary care clinic with associated services (not traditional office space, but specialized medical use)
- 201 East Park (Downtown District)
  - Under construction, estimated completion Winter 2017
  - 7,100 square feet restaurant/retail and 55,100 square feet office

Community Redevelopment Agency staff has requested the proposed "Washington Square" project listed below be included within this analysis and factored into the demand projections. Though this project does not meet the criteria for inclusion in the demand projections based on the methodology in Section 1.3, staff has indicated that they have adequately vetted the project for inclusion in the demand projections:

- Washington Square (Downtown District)
  - Under Review
  - 57,561 square feet office, 4 restaurants totaling 658 seats, 33 condominium units, and a 260 room hotel.

Additionally, there is a potential project in planning that does not meet the criteria for inclusion in the demand projections based on the methodology established in Section 1.3. However, staff have requested that it be referenced as it is a possible future project on the horizon, though it is not included in the projections. Also, we understand the program is still in development and could change from what is shown below:

- Firestone/Bloxham Site (Downtown District)
  - Developer responded to a Community Redevelopment Agency RFP for the site, no formal development review application at this time.
  - Proposed 251 apartment units, 18,340 square feet office, 14,300 square feet retail, 15,750 square feet restaurants.

Table 4.2 below summarizes the office development activity occurring in the Frenchtown, Southside and Downtown Districts over various time periods.

Table 4.2

Summary of Office Market - Frenchtown, Southside and Downtown District

Year Built	Absorption	Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County SF	% Capture of City SF
Frenchtown District							
Prior to 1970	194,091	194,091	NA	NA	50.7%	6.6%	6.6%
1970-1979	27,543	221,634	2,754	1.3%	7.2%	0.7%	0.7%
1980-1989	33,263	254,897	3,326	1.4%	8.7%	0.6%	0.6%
1990-1999	10,134	265,031	1,013	0.4%	2.6%	0.2%	0.2%
2000-2009	35,829	300,860	3,583	1.3%	9.4%	1.1%	1.1%
2010-2015	0	300,860	0	0.0%	0.0%	0.0%	0.0%
Unknown	82,108	382,968	NA	NA	21.4%	16.8%	16.9%
Total	382,968				100.0%	1.8%	1.9%
Southside District							
Prior to 1970	189,196	189,196	NA	NA	81.6%	6.4%	6.4%
1970-1979	0	189,196	0	0.0%	0.0%	0.0%	0.0%
1980-1989	4,415	193,611	442	0.2%	1.9%	0.1%	0.1%
1990-1999	11,267	204,878	1,127	0.6%	4.9%	0.3%	0.3%
2000-2009	11,883	216,761	1,188	0.6%	5.1%	0.4%	0.4%
2010-2015	0	216,761	0	0.0%	0.0%	0.0%	0.0%
Unknown	15,185	231,946	NA	NA	6.5%	3.1%	3.1%
Total	231,946				100.0%	1.1%	1.1%
Downtown District							
Prior to 1970	1,004,563	1,004,563	NA	NA	32.6%	34.2%	34.2%
1970-1979	539,666	1,544,229	53,967	4.4%	17.5%	14.6%	14.6%
1980-1989	945,167	2,489,396	94,517	4.9%	30.7%	17.6%	17.6%
1990-1999	433,009	2,922,405	43,301	1.6%	14.0%	10.6%	10.6%
2000-2009	81,882	3,004,287	8,188	0.3%	2.7%	2.5%	2.5%
2010-2015	70,582	3,074,869	11,764	0.4%	2.3%	8.5%	8.5%
Unknown	8,714	3,083,583	NA	NA	0.3%	1.8%	1.8%
Total	3,083,583				100.0%	14.9%	14.9%

Source: CoStar; GAI

The office market totals approximately 382,000, 231,000 and 3,084,000 square feet in the Frenchtown, Southside and Downtown Districts, respectively. Major observations on office trends include:

- In the Frenchtown District, over 50% of office space was added prior to 1970. Average annual absorption of new office space has ranged from about 1,000 to 3,600 square feet, with no space added from 2010-2015. The Frenchtown District has captured about 1.8% of the total office space in the County. The highest percentage capture of space was 6.6% of the County's total prior to 1970, though the capture percentage has dropped to 1.0% or less in more recent years.
- In the Southside District, over 80% of office space was added prior to 1970. The Southside District had an average annual absorption of new office space ranging from about 400 to 1,200 square feet, with no space added from 2010-2015. The Southside District has captured about 1.1% of the total office space in the County. The highest percentage capture of space was 6.4% of the County's total prior to 1970, though the capture percentage has ranged from 0.0% to 0.4% in more recent years.

- The Downtown District by far has the most office square footage of all the districts at almost 10 times higher than the Frenchtown District, which is the next largest area. During the decades between 1970 and 1999, the Downtown District had an average annual absorption of new office space ranging from about 43,000 to 95,000 square feet. Annual absorption of new space dropped off significantly after 2000, ranging from about 8,000 to 12,000 square feet. The Downtown District has captured about 15% of the total office space in the County. The highest percentage capture of space was 34.2% of the County's total prior to 1970. However, in more recent years, the Downtown District captured about 2.0% to 10.0% of the total office growth in the County.

The office market occupancy and lease rate trends from 2010 through 2015 for all the geographies noted earlier are summarized in Table 4.3 below.

Table 4.3
Summary of Office Market Occupancy and Average Lease Rates

	Leon County		Tallahassee		Frenchtown District		Southside District		Downtown District	
	Amount	Growth %	Amount	Growth %	Amount	Growth %	Amount	Growth %	Amount	Growth %
Occupancy %										
2010	92.3%	NA	92.3%	NA	95.9%	NA	96.5%	NA	93.4%	NA
2011	92.4%	0.1%	92.4%	0.1%	97.6%	1.8%	96.6%	0.1%	92.8%	-0.6%
2012	92.3%	-0.1%	92.3%	-0.1%	98.1%	0.5%	99.8%	3.3%	93.0%	0.2%
2013	91.6%	-0.8%	91.6%	-0.8%	96.1%	-2.0%	99.5%	-0.3%	91.2%	-1.9%
2014	92.3%	0.8%	92.3%	0.8%	98.1%	2.1%	96.8%	-2.7%	92.3%	1.2%
2015	91.4%	-1.0%	91.4%	-1.0%	96.0%	-2.1%	96.3%	-0.5%	91.3%	-1.1%
Avg Lease Rate										
2010	$16.06	NA	$16.06	NA	$11.82	NA	$15.60	NA	$20.25	NA
2011	$15.40	-4.1%	$15.40	-4.1%	$11.38	-3.7%	$10.29	-34.0%	$18.59	-8.2%
2012	$15.55	1.0%	$15.55	1.0%	$9.86	-13.4%	$12.00	16.6%	$18.01	-3.1%
2013	$15.29	-1.7%	$15.29	-1.7%	$12.00	21.7%	NA	NA	$17.02	-5.5%
2014	$14.94	-2.3%	$14.94	-2.3%	$9.29	-22.6%	$12.00	NA	$17.74	4.2%
2015	$14.41	-3.5%	$14.41	-3.5%	$9.77	5.2%	$10.80	-10.0%	$16.44	-7.3%

Source: CoStar; GAI

Office market occupancies have generally been in the low 90% range over the past six years in Leon County, the City of Tallahassee and the Downtown District. Occupancy rates are higher in the Frenchtown and Southside Districts, though the amount of office inventory is much smaller in those areas. Lease rates have generally been trending downward since 2010 and are currently between $14.00 and $15.00 per square foot in the County and City. The Downtown District has the highest average lease rate at about $16.44 per square foot, with the Frenchtown District and the Southside District ranging from about $10.00 to $11.00 per square foot. The older office stock in the Frenchtown District and the Southside District are contributing to the comparatively low lease rates in those areas.

4.2 Lodging

Table 4.4 on the following page summarizes the hotel development activity occurring in Leon County and the City of Tallahassee over various time periods. Please note that these properties only include those tracked by Smith Travel Research, but it does represent the majority of the hotel product in the

County. Hotel units, in which year built data is not available, are summarized in the year built category as "unknown."

Table 4.4
Summary of Hotel Market - Leon County and City of Tallahassee

Year Built	Room Absorption	Room Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County SF	% Capture of City SF
Leon County							
Prior to 1970	484	484	NA	NA	8.7%	100.0%	NA
1970-1979	775	1,259	78	10.0%	13.9%	100.0%	NA
1980-1989	1,207	2,466	121	7.0%	21.6%	100.0%	NA
1990-1999	961	3,427	96	3.3%	17.2%	100.0%	NA
2000-2009	1,561	4,988	156	3.8%	27.9%	100.0%	NA
2010-2015	343	5,331	57	1.1%	6.1%	100.0%	NA
Unknown	261	5,592	NA	NA	4.7%	100.0%	NA
Total	5,592				100.0%	100.0%	NA
City of Tallahassee							
Prior to 1970	484	484	NA	NA	8.7%	100.0%	100.0%
1970-1979	775	1,259	78	10.0%	13.9%	100.0%	100.0%
1980-1989	1,207	2,466	121	7.0%	21.6%	100.0%	100.0%
1990-1999	961	3,427	96	3.3%	17.2%	100.0%	100.0%
2000-2009	1,561	4,988	156	3.8%	27.9%	100.0%	100.0%
2010-2015	343	5,331	57	1.1%	6.1%	100.0%	100.0%
Unknown	261	5,592	NA	NA	4.7%	100.0%	100.0%
Total	5,592				100.0%	100.0%	100.0%

Source: Smith Travel Research; GAI

According to data obtained from Smith Travel Research, there are approximately 5,600 hotel rooms in Leon County, and all are in the City of Tallahassee. About 51% of the County's inventory was added since 1990, and much of that product came on-line from 2000 on. Annual absorption of new hotel units within the County has generally ranged from about 60 to 155 units. This means that on average the County is adding about one new hotel a year.

Major planned additions to the hotel lodging supply in the districts include:

- Hampton Inn & Suites (Southside District)
  - Site work started
  - 6 stories, 124 rooms

Community Redevelopment Agency staff have requested the proposed "Washington Square" project listed below be included within this analysis and factored into the demand projections. Though this project does not meet the criteria for inclusion in the demand projections based on the methodology in Section 1.3, staff have indicated that they have adequately vetted the project for inclusion in the demand projections:

- Washington Square (Downtown District)
  - Under Review
  - 57,561 square feet office, 4 restaurants totaling 658 seats, 33 condominium units, and a 260 room hotel.

Outside of the districts, there are two planned hotel projects. The Hyatt Place Hotel planned near the Downtown District, would total approximately 145 rooms; and another hotel that is not yet named but planned on Apalachee Parkway, would total approximately 90 rooms.

The following Table 4.5 below summarizes the hotel development activity occurring in the Frenchtown, Southside and Downtown Districts over various time periods. Again please note that these properties only include those tracked by Smith Travel Research.

Table 4.5
Summary of Hotel Market - Frenchtown, Southside and Downtown District

Year Built	Room Absorption	Room Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County SF	% Capture of City SF
Frenchtown District							
Prior to 1970	164	164	NA	NA	100.0%	33.9%	33.9%
1970-1979	0	164	0	0.0%	0.0%	0.0%	0.0%
1980-1989	0	164	0	0.0%	0.0%	0.0%	0.0%
1990-1999	0	164	0	0.0%	0.0%	0.0%	0.0%
2000-2009	0	164	0	0.0%	0.0%	0.0%	0.0%
2010-2015	0	164	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	164	NA	NA	0.0%	0.0%	0.0%
Total	164				100.0%	2.9%	2.9%
Southside District							
Prior to 1970	0	0	NA	NA	NA	0.0%	0.0%
1970-1979	0	0	0	NA	NA	0.0%	0.0%
1980-1989	0	0	0	NA	NA	0.0%	0.0%
1990-1999	0	0	0	NA	NA	0.0%	0.0%
2000-2009	0	0	0	NA	NA	0.0%	0.0%
2010-2015	0	0	0	NA	NA	0.0%	0.0%
Unknown	0	0	NA	NA	NA	0.0%	0.0%
Total	0				NA	0.0%	0.0%
Downtown District							
Prior to 1970	0	0	NA	NA	0.0%	0.0%	0.0%
1970-1979	243	243	24	NA	34.8%	31.4%	31.4%
1980-1989	158	401	16	5.1%	22.6%	13.1%	13.1%
1990-1999	0	401	0	0.0%	0.0%	0.0%	0.0%
2000-2009	297	698	30	5.7%	42.6%	19.0%	19.0%
2010-2015	0	698	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	698	NA	NA	0.0%	0.0%	0.0%
Total	698				100.0%	12.5%	12.5%

Source: Smith Travel Research; GAI

Hotel rooms total approximately 164 and 698 in the Frenchtown and Downtown Districts, respectively. There are no existing hotel rooms tracked by Smith Travel Research in the Southside District. However, as noted earlier, the Hampton Inn is under construction in the Southside District. The one hotel property in the Frenchtown District was built prior to 1970. In the Downtown District, most of the hotel development activity occurred from 2000-2009. Other major observations on hotel development trends include:

- The Frenchtown District has captured about 2.9% of the total hotel rooms in the County tracked by Smith Travel Research. However, the Frenchtown District has not captured any of the County's hotel development since 1970.
- The Downtown District had an average annual absorption of new hotel units ranging from about 16 to 30 units during those time periods when development occurred. No hotel development occurred from 1990-1999 and from 2010-2015. The Downtown District has captured about 12.5% of the total hotel units in the County. The highest percentage capture of space was 31.4% of the County's total from 1970-1979.

Due to confidentiality restrictions we could not obtain occupancy and rate data for each individual district and instead had to use an aggregate grouping of hotels to represent the downtown area. The properties noted below are not all in the Downtown District but were chosen based on their data availability and their location near the downtown area. These properties include:

Table 4.6
Hotels Included in Downtown Area

Hotel	Year Open	Rooms	Class (1)
aloft Hotel	2009	162	Upscale Class
Autograph Collection Hotel Duval	1986	117	Upper Upscale Class
Doubletree by Hilton	1971	243	Upscale Class
Four Points by Sheraton	1960	164	Upscale Class
Comfort Suites	1999	64	Upper Midscale Class
Residence Inn Universities @ The Capitol	2006	135	Upscale Class
		885	

(1) As defined by Smith Travel Research.

Source: Smith Travel Research; GAI

The Governor's Inn was not included because that property does not report data to Smith Travel Research. The Comfort Suites had to be added to the group due to limits by Smith Travel Research on the number of properties in a group managed by a single company. Marriott manages a number of downtown properties, which was the reason for the restriction.

The hotel annual occupancy and average daily rate trends from 2010 through year to date 2016 for Leon County and the Downtown area are summarized in Table 4.7.

Table 4.7
Summary of Hotel Annual Occupancy and Average Daily Rates

	Leon County		Downtown Area	
	Amount	Growth %	Amount	Growth %
Occupancy %				
2010	54.7%	NA	63.8%	NA
2011	54.8%	0.3%	67.7%	6.1%
2012	56.1%	2.3%	67.9%	0.3%
2013	59.7%	6.4%	69.1%	1.7%
2014	60.7%	1.7%	70.8%	2.5%
2015	61.7%	1.7%	72.4%	2.2%
2016 YTD	64.8%	5.0%	71.6%	-1.0%
Avg Daily Rate				
2010	$73.81	NA	$108.51	NA
2011	$78.27	6.0%	$113.46	4.6%
2012	$79.03	1.0%	$113.45	0.0%
2013	$82.68	4.6%	$118.08	4.1%
2014	$89.69	8.5%	$125.91	6.6%
2015	$94.92	5.8%	$135.14	7.3%
2016 YTD	$93.24	-1.8%	$130.59	-3.4%

Source: Smith Travel Research; GAI

Hotel occupancy rates and average daily rates for Leon County and the Downtown area properties have been rising since 2010. Data for 2016 is through September so occupancy and average daily rates for that time period cannot be easily compared to the remainder of the table. The Downtown area outperformed Leon County for all the periods presented.

4.3 Retail

Table 4.8 below summarizes the retail development activity occurring in Leon County and the City of Tallahassee over various time periods. Square footage, in which year built data is not available, are summarized in the year built category as "unknown."

Table 4.8
Summary of Retail Market - Leon County and City of Tallahassee

Year Built	Absorption	Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County SF	% Capture of City SF
Leon County							
Prior to 1970	3,758,830	3,758,830	NA	NA	18.6%	100.0%	NA
1970-1979	4,319,036	8,077,866	431,904	8.0%	21.4%	100.0%	NA
1980-1989	4,068,006	12,145,872	406,801	4.2%	20.1%	100.0%	NA
1990-1999	3,099,913	15,245,785	309,991	2.3%	15.3%	100.0%	NA
2000-2009	3,482,903	18,728,688	348,290	2.1%	17.2%	100.0%	NA
2010-2015	573,559	19,302,247	95,593	0.5%	2.8%	100.0%	NA
Unknown	911,504	20,213,751	NA	NA	4.5%	100.0%	NA
Total	20,213,751				100.0%	100.0%	NA
City of Tallahassee							
Prior to 1970	3,752,505	3,752,505	NA	NA	18.6%	99.8%	100.0%
1970-1979	4,319,036	8,071,541	431,904	8.0%	21.4%	100.0%	100.0%
1980-1989	4,064,886	12,136,427	406,489	4.2%	20.1%	99.9%	100.0%
1990-1999	3,099,913	15,236,340	309,991	2.3%	15.4%	100.0%	100.0%
2000-2009	3,482,903	18,719,243	348,290	2.1%	17.3%	100.0%	100.0%
2010-2015	564,187	19,283,430	94,031	0.5%	2.8%	98.4%	100.0%
Unknown	893,849	20,177,279	NA	NA	4.4%	98.1%	100.0%
Total	20,177,279				100.0%	99.8%	100.0%

Source: CoStar; GAI

The retail market as tracked by CoStar totals approximately 19,302,000 square feet in Leon County. About 37% of the County's inventory was added since 1990. Annual absorption of space within the County has generally ranged from about 300,000 to 430,000 square feet. However, additions in more recent years have been closer to 100,000 square feet annually. Almost all of the retail square footage in Leon County is also in the City of Tallahassee, so the City's absorption and growth patterns generally mirror those of the County.

Major planned additions to retail supply in the district that we are aware of include:

- Gaines Street Publix (Southside District)
  - Planned 29,010 square foot grocery store
- 201 East Park (Downtown District)
  - Under construction, estimated completion Winter 2017
  - 7,100 square feet restaurant/retail and 55,100 square feet office
- CollegeTown Mixed Use Phase III (Downtown District)
  - Planned 159 unit, 330 bed apartment with 3,551 square feet of ground floor retail.

Community Redevelopment Agency staff have requested the proposed "Washington Square" project listed below be included within this analysis and factored into the demand projections. Though this project does not meet the criteria for inclusion in the demand projections based on the methodology in Section 1.3, staff have indicated that they have adequately vetted the project for inclusion in the demand projections:

- Washington Square (Downtown District)
  - Under Review
  - 57,561 square feet office, 4 restaurants totaling 658 seats, 33 condominium units, and a 260 room hotel.

As noted earlier, there is a potential project in planning that does not meet the criteria for inclusion in the demand projections based on the methodology established in Section 1.3. However, staff have requested that it be referenced as it is a possible future project on the horizon, though it is not included in the projections. Also, we understand the program is still in development and could change from what is shown below:

- Firestone/Bloxham Site (Downtown District)
  - Developer responded to a Community Redevelopment Agency RFP for the site, no formal development review application at this time.
  - Proposed 251 apartment units, 18,340 square feet office, 14,300 square feet retail, 15,750 square feet restaurants.

There are two major retail centers within Tallahassee that are located outside of the districts that were considered during the analysis. One is the Governor's Square Mall which is located near the Downtown District. The other is The Centre of Tallahassee (formerly the Tallahassee Mall) which is currently being renovated and converted into an open concept mall including an amphitheater. The Centre of Tallahassee has remained open during the first phase of renovations which has included improved access, enhanced public space and new tenant space. Future renovation plans include additional restaurants and a hotel. .

Table 4.9 below summarizes the retail development activity occurring in the Frenchtown, Southside and Downtown Districts over various time periods.

Table 4.9
Summary of Retail Market - Frenchtown, Southside and Downtown Districts

Year Built	Absorption	Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County SF	% Capture of City SF
Frenchtown District							
Prior to 1970	276,562	276,562	NA	NA	47.9%	7.4%	7.4%
1970-1979	70,144	346,706	7,014	2.3%	12.2%	1.6%	1.6%
1980-1989	12,947	359,653	1,295	0.4%	2.2%	0.3%	0.3%
1990-1999	86,400	446,053	8,640	2.2%	15.0%	2.8%	2.8%
2000-2009	122,970	569,023	12,297	2.5%	21.3%	3.5%	3.5%
2010-2015	0	569,023	0	0.0%	0.0%	0.0%	0.0%
Unknown	8,201	577,224	NA	NA	1.4%	0.9%	0.9%
Total	577,224				100.0%	2.9%	2.9%
Southside District							
Prior to 1970	491,546	491,546	NA	NA	54.3%	13.1%	13.1%
1970-1979	210,091	701,637	21,009	3.6%	23.2%	4.9%	4.9%
1980-1989	57,097	758,734	5,710	0.8%	6.3%	1.4%	1.4%
1990-1999	28,841	787,575	2,884	0.4%	3.2%	0.9%	0.9%
2000-2009	54,652	842,227	5,465	0.7%	6.0%	1.6%	1.6%
2010-2015	0	842,227	0	0.0%	0.0%	0.0%	0.0%
Unknown	63,085	905,312	NA	NA	7.0%	6.9%	7.1%
Total	905,312				100.0%	4.5%	4.5%
Downtown District							
Prior to 1970	240,835	240,835	NA	NA	50.3%	6.4%	6.4%
1970-1979	57,051	297,886	5,705	2.1%	11.9%	1.3%	1.3%
1980-1989	31,114	329,000	3,111	1.0%	6.5%	0.8%	0.8%
1990-1999	5,280	334,280	528	0.2%	1.1%	0.2%	0.2%
2000-2009	83,996	418,276	8,400	2.3%	17.5%	2.4%	2.4%
2010-2015	30,241	448,517	5,040	1.2%	6.3%	5.3%	5.4%
Unknown	30,390	478,907	NA	NA	6.3%	3.3%	3.4%
Total	478,907				100.0%	2.4%	2.4%

Source: CoStar; GAI

The retail market totals approximately 569,000, 842,000 and 449,000 square feet in the Frenchtown, Southside and Downtown Districts, respectively. Most of the retail space is older in all of the districts, with much of the square footage built prior to 1970. Other major observations on retail trends include:

- In the Frenchtown District, average annual absorption of new retail space has ranged from about 1,300 to 12,300 square feet, with no space added from 2010-2015. The Frenchtown District has captured about 3.0% of the total retail space in the County and City. The highest percentage capture of space built after 1970 was 3.5% of the County's total from 2000-2009.
- The Southside District had an average annual absorption of new retail space ranging from about 5,500 to 21,000 square feet, with no space added from 2010-2015. The Southside District has captured about 4.4% of the total retail space in the County and City. The highest percentage capture of space was 13.1% of the County's total prior to 1970.

- The Downtown District had an average annual absorption of new retail space ranging from about 500 to 8,400 square feet. The Downtown District has captured about 2.3% of the total retail space in the County and City. The highest percentage capture of space was 6.4% of the County's total prior to 1970. However, during the 2010-2015 period, the Downtown District did capture about 5.3% of the total retail growth in the County.

The retail market occupancy and lease rate trends from 2010 through 2015 for all the geographies noted earlier are summarized in the following Table 4.10.

Table 4.10
Summary of Retail Market Occupancy and Average Lease Rates

	Leon County		Tallahassee		Frenchtown District		Southside District		Downtown District	
	Amount	Growth %	Amount	Growth %	Amount	Growth %	Amount	Growth %	Amount	Growth %
Occupancy %										
2010	94.5%	NA	94.5%	NA	95.3%	NA	93.3%	NA	98.3%	NA
2011	94.4%	-0.1%	94.4%	-0.1%	94.8%	-0.5%	91.8%	-1.6%	98.7%	0.4%
2012	94.7%	0.3%	94.7%	0.3%	95.9%	1.2%	93.0%	1.3%	99.1%	0.4%
2013	93.6%	-1.2%	93.6%	-1.2%	95.9%	0.0%	98.0%	5.4%	99.0%	-0.1%
2014	94.9%	1.4%	94.9%	1.4%	93.4%	-2.6%	94.8%	-3.3%	96.1%	-2.9%
2015	95.4%	0.5%	95.4%	0.5%	96.1%	2.9%	94.6%	-0.2%	94.9%	-1.2%
Avg Lease Rate										
2010	$13.59	NA	$13.59	NA	$13.80	NA	$12.38	-	$19.18	NA
2011	$12.31	-9.4%	$12.31	-9.4%	$14.90	8.0%	$10.75	-13.2%	$19.18	0.0%
2012	$13.85	12.5%	$13.85	12.5%	$11.78	-20.9%	$12.31	14.5%	NA	NA
2013	$15.04	8.6%	$15.04	8.6%	$16.50	40.1%	$16.30	32.4%	$15.15	NA
2014	$14.49	-3.7%	$14.49	-3.7%	$16.97	2.8%	$12.45	-23.6%	$16.95	11.9%
2015	$14.18	-2.1%	$14.18	-2.1%	$14.50	-14.6%	$11.02	-11.5%	$19.93	17.6%

Source: CoStar; GAI

Retail market occupancies have generally been in the mid 90% range over the past six years in Leon County, the City of Tallahassee, Frenchtown and the Southside District. Occupancy rates have generally been higher in the Downtown District, though most recent data shows a drop in occupancy to around 95%. Lease rates have fluctuated over the last six years but are generally higher than 2010 rates in Leon County, the City of Tallahassee and the Frenchtown and Downtown Districts. Average lease rates are lower in 2015 than in 2010 in the Southside District. The Southside District's average lease rate is significantly lower than the other geographies.

4.4 Multi-Family For Rent Apartments

Table 4.11 below summarizes the for rent apartment development activity occurring in Leon County over various time periods. Only apartment complexes with 100 units or more are included. As noted earlier, although there are certainly projects that have been developed in the Tallahassee market that are under 100 units in size, we believe it is likely that most future projects will be greater than this number to capitalize on the economies of scale that larger projects can achieve. In our opinion, the development sites we would analyze during the next phase of work would be large enough that apartment projects would need to be over 100 units in size.

Table 4.11
Summary of Apartment Market - Leon County

Year Built	Unit Absorption	Unit Cumulative Total	Avg. Annual Absorption	Annual Growth	% of Total	% of County Total
Leon County-Total						
Prior to 1986	7,233	7,233	NA	NA	35.2%	100.0%
1986-1995	4,532	11,765	453	5.0%	22.0%	100.0%
1996-2005	5,978	17,743	598	4.2%	29.1%	100.0%
2006-2010	1,813	19,556	363	2.0%	8.8%	100.0%
2011-2016	1,011	20,567	202	1.6%	4.9%	100.0%
Total	20,567				100.0%	100.0%
Leon County-Market Rate						
Prior to 1986	5,270	5,270	NA	NA	46.9%	72.9%
1986-1995	2,681	7,951	268	4.2%	23.9%	59.2%
1996-2005	2,440	10,391	244	2.7%	21.7%	40.8%
2006-2010	846	11,237	169	1.6%	7.5%	46.7%
2011-2016	0	11,237	0	0.0%	0.0%	0.0%
Total	11,237				100.0%	54.6%
Leon County-Student						
Prior to 1986	1,595	1,595	NA	NA	23.0%	22.1%
1986-1995	994	2,589	99	5.0%	14.4%	21.9%
1996-2005	2,668	5,257	267	7.3%	38.5%	44.6%
2006-2010	656	5,913	131	2.4%	9.5%	36.2%
2011-2016	1,011	6,924	202	4.3%	14.6%	100.0%
Total	6,924				100.0%	33.7%
Leon County-Other						
Prior to 1986	368	368	NA	NA	15.3%	5.1%
1986-1995	857	1,225	86	12.8%	35.6%	18.9%
1996-2005	870	2,095	87	5.5%	36.2%	14.6%
2006-2010	311	2,406	62	2.8%	12.9%	17.2%
2011-2016	0	2,406	0	0.0%	0.0%	0.0%
Total	2,406				100.0%	11.7%

Source: MyRentComps; GAI

There are over 20,000 apartment rental units in complexes of 100 units or more in Leon County. About 54% of the units are considered market rate rentals, with another 34% in student (by the bedroom) units and 12% in all other categories. For the purposes of this analysis, only "student by the bedroom" rental units are included in the student category. Properties that allow students but do not rent by the bedroom are included in the market rate category.

About 35% of the County's rental apartment supply was built prior to 1986. The periods from 1986-1995 and 1996-2005 also saw significant development. Market rate rental product followed the same

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development patterns as the overall supply, but much of the student rentals by the bedroom product was added from 1996-2005.

Table 4.12 summarizes rental apartments of 100 units or more within the Frenchtown, Southside and Downtown Districts over various time periods.

Table 4.12
Summary of Apartment Market - Frenchtown, Southside and Downtown District

Year Built	Unit Absorption	Unit Cumulative Total	Avg. Annual Absorption	Annual Growth	% of Total	% of County Total
Frenchtown District						
Prior to 1986	112	112	NA	NA	30.8%	1.5%
1986-1995	0	112	0	0.0%	0.0%	0.0%
1996-2005	252	364	25	12.5%	69.2%	4.2%
2006-2010	0	364	0	0.0%	0.0%	0.0%
2011-2016	0	364	0	0.0%	0.0%	0.0%
Total	364				100.0%	1.8%
Southside District						
Prior to 1986	0	0	NA	NA	0.0%	0.0%
1986-1995	0	0	0	0.0%	0.0%	0.0%
1996-2005	0	0	0	0.0%	0.0%	0.0%
2006-2010	0	0	0	0.0%	0.0%	0.0%
2011-2016	414	414	83	0.0%	100.0%	40.9%
Total	414				100.0%	2.0%
Downtown District						
Prior to 1986	335	335	NA	NA	49.0%	4.6%
1986-1995	0	335	0	0.0%	0.0%	0.0%
1996-2005	0	335	0	0.0%	0.0%	0.0%
2006-2010	0	335	0	0.0%	0.0%	0.0%
2011-2016	349	684	70	NA	51.0%	34.5%
Total	684				100.0%	3.3%

Source: MyRentComps; GAI

There are 364, 414 and 684 rental units in the Frenchtown, Southside and Downtown Districts, respectively. Most of the product within the Frenchtown District was built from 1996-2005. About half of the product in the Downtown District is older and was built prior to 1986 with the remainder built from 2011-2016. All of the rental apartment complexes of 100 units or more in the Southside District were built from 2011-2016. The units added in the Southside District are generally grouped with a larger complex called Stadium Centre that is managed by one company. The Axis, which totals approximately 32 units, was excluded since that building is located outside the Southside district.

The Frenchtown, Southside and Downtown Districts have captured approximately 1.8%, 2.0% and 3.3% of the County's development of apartment projects with 100 units or more. The Southside and

Downtown District both captured a significant amount (40.9% and 34.5%, respectively) of the units built within the County from 2011-2016.

Table 4.13 summarizes rental apartments of 100 units or more by type of property within the Frenchtown, Southside and Downtown Districts over various time periods.

Table 4.13
Summary of Apartment Market by Property Type - Frenchtown, Southside and Downtown District

	Type of Property				% of
Year Built	Market Rate	Student	Other	Total	Total
Frenchtown District					
Prior to 1986	0	0	112	112	30.8%
1986-1995	0	0	0	0	0.0%
1996-2005	0	252	0	252	69.2%
2006-2010	0	0	0	0	0.0%
2011-2016	0	0	0	0	0.0%
Total	0	252	112	364	100.0%
% of Total	0.0%	69.2%	30.8%	100.0%	
Southside District					
Prior to 1986	0	0	0	0	0.0%
1986-1995	0	0	0	0	0.0%
1996-2005	0	0	0	0	0.0%
2006-2010	0	0	0	0	0.0%
2011-2016	0	414	0	414	100.0%
Total	0	414	0	414	100.0%
% of Total	0.0%	0.0%	0.0%	0.0%	
Downtown District					
Prior to 1986	186	0	149	335	49.0%
1986-1995	0	0	0	0	0.0%
1996-2005	0	0	0	0	0.0%
2006-2010	0	0	0	0	0.0%
2011-2016	0	349	0	349	51.0%
Total	186	349	149	684	100.0%
% of Total	27.2%	51.0%	21.8%	100.0%	

Source: MyRentComps; GAI

Over two-thirds of the rental supply in the Frenchtown District in complexes of 100 units or more is student by the bedroom product. There are no market rate complexes of 100 or more units in the Frenchtown District. All of the product of 100 units or more in Frenchtown is student by the bedroom. In the Downtown District, about 27% of the supply is market rate and 51% is student by the bedroom.

Table 4.14 summarizes various operating characteristics of the rental supply in Leon County and the Frenchtown, Southside and Downtown Districts.

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Table 4.14
Summary of Apartment Market Characteristics –
Leon County, Frenchtown, Southside and Downtown District

Year Built	% Occupied	Average Square Feet/Unit	Average Base Market Rent/Unit	Average Base Market Rent/SF
Leon County				
Prior to 1980	95.9%	898	$839	$0.93
1980-1989	97.7%	961	$876	$0.91
1990-1999	97.6%	1,033	$1,018	$0.99
2000 and After	95.8%	1,237	$1,325	$1.07
Total	96.6%	1,051	$1,047	$1.00
Frenchtown District				
Prior to 1980	NA	NA	NA	NA
1980-1989	100.0%	600	$673	$1.12
1990-1999	100.0%	935	$1,176	$1.26
2000 and After	NA	NA	NA	NA
Total	100.0%	832	$1,021	$1.23
Southside District				
Prior to 1980	NA	NA	NA	NA
1980-1989	NA	NA	NA	NA
1990-1999	NA	NA	NA	NA
2000 and After	99.8%	852	$1,764	$2.07
Total	99.8%	852	$1,764	$2.07
Downtown District				
Prior to 1980	97.8%	545	$626	$1.15
1980-1989	NA	NA	NA	NA
1990-1999	NA	NA	NA	NA
2000 and After	94.0%	921	$2,246	$2.44
Total	95.3%	790	$1,683	$2.13

Source: MyRentComps; GAI

Rental apartment complexes are generally very highly occupied. Leon County apartment complexes of 100 units or more average about 96.6% occupied. The Frenchtown and Southside District units are even more highly occupied than the County averages. On a per unit basis, the Frenchtown District has slightly lower rents than the County averages, but rents are higher on a per square foot basis due to the smaller units on average in the Frenchtown District. The Southside and Downtown Districts have higher rents than the County averages on both per unit and per square foot basis.

Major planned additions to for-rent apartment supply in the districts include:

- The Domain at Tallahassee (Frenchtown District)
    - Under construction, student oriented complex
    - 125 units, 434 beds

- 1119 West Gaines Street (Southside District)
  - Planned, student oriented complex
  - 115 units, 388 beds
- Stadium Enclave (Southside District)
  - Planned, student oriented complex
  - 184 units, 600 beds
- The Station (Southside District)
  - Planned, student oriented complex
  - 160 units, 562 beds
- CollegeTown Mixed Use Phase III (Downtown District)
  - Planned
  - 159 unit, 330 bed apartment with 3,551 square feet of ground floor retail.
- Casanas Village of Frenchtown Square (Frenchtown District)
  - Planned, affordable rental apartments
  - 88 units, 5 stories
- The Lumberyard (Downtown District)
  - Site work underway, student oriented complex
  - 112 units, 414 beds

There are two potential projects that do not meet the criteria for inclusion in the demand projections based on the methodology established in Section 1.3. However, Community Redevelopment Agency staff have requested that they be referenced as they are possible future projects on the horizon, though they are not included in the projections:

- Firestone/Bloxham Site (Downtown District)
  - Developer responded to Community Redevelopment Agency RFP for the site, no formal development review application at this time.
  - Proposed 251 apartment units, 18,340 square feet office, 14,300 square feet retail, 15,750 square feet restaurants. The program is still in development and could change from what is shown here.
- The Standard at Tallahassee (Frenchtown District)
  - Pre-application under review, student oriented apartment complex
  - 265 units, 915 beds

There are several for-rent apartment projects planned throughout the County but outside the districts however there are only three that are not student oriented. Two are located in Leon County, Apalachee Point Villas (under construction, 200 units), and Arbor Landing at Lake Jackson (planned, 120 units); and one is located in Tallahassee but outside the districts, Evergreen at Southwood (under construction, 288 units).

4.5 Multi-Family Residential For Sale

Table 4.15 below summarizes the for-sale residential condominium development activity occurring in Leon County and the City of Tallahassee over various time periods.

Table 4.15
Summary of For-Sale Residential Condominium Market - Leon County and City of Tallahassee

Year Built	Unit Absorption	Unit Cumulative Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County	% Capture of City
Leon County							
Prior to 1970	654	654	NA	NA	15.2%	100.0%	NA
1970-1979	554	1,208	55	6.3%	12.8%	100.0%	NA
1980-1989	470	1,678	47	3.3%	10.9%	100.0%	NA
1990-1999	72	1,750	7	0.4%	1.7%	100.0%	NA
2000-2009	2,322	4,072	232	8.8%	53.8%	100.0%	NA
2010-2015	244	4,316	41	1.0%	5.7%	100.0%	NA
Total	4,316				100.0%	100.0%	NA
City of Tallahassee							
Prior to 1970	316	316	NA	NA	14.4%	48.3%	100.0%
1970-1979	320	636	32	7.2%	14.5%	57.8%	100.0%
1980-1989	184	820	18	2.6%	8.4%	39.1%	100.0%
1990-1999	47	867	5	0.6%	2.1%	65.3%	100.0%
2000-2009	1,197	2,064	120	9.1%	54.4%	51.6%	100.0%
2010-2015	136	2,200	23	1.1%	6.2%	55.7%	100.0%
Total	2,200				100.0%	51.0%	100.0%

Source: Leon County Tax Roll; GAI

According to data obtained from the Leon County Property Appraiser, there are approximately 4,300 residential condominium units in Leon County, with 2,200 of those units in the City of Tallahassee. About 54% of the County's inventory was added from 2000 to 2009, meaning much of the inventory is newer. This bump in construction activity during the first decade of the century corresponds to the boom period of residential construction that occurred nationwide during that time period. Annual absorption of residential condominium units within the County has generally ranged from about 40 to 55 units, with the exception of the spike in 2000 to 2009 when about 230 units were added annually. However, additions in more recent years have been closer to 40 units annually. The City's absorption and growth patterns generally mirror those of the County.

Major planned additions to for-sale residential condominium supply in the County include:

- Cottage at Oak Commons (Tallahassee)
  - Planned, 54 Units
- The Dwellings (Leon County)
  - Planned, 130 units

- University Green (Tallahassee)
  - Under construction, 226 units complete as of July 2016
  - 404 total units planned

Community Redevelopment Agency staff have requested the proposed "Washington Square" project listed below be included within this analysis and factored into the demand projections. Though this project does not meet the criteria for inclusion in the demand projections based on the methodology in Section 1.3, staff have indicated that they have adequately vetted the project for inclusion in the demand projections:

- Washington Square (Downtown District)
  - Under Review
  - 57,561 square feet office, 4 restaurants totaling 658 seats, 33 condominium units, and a 260 room hotel.

Table 4.16 below summarizes the for-sale residential condominium development activity occurring in the Frenchtown, Southside and Downtown Districts over various time periods.

Table 4.16
Summary of For-Sale Residential Condominium Market - Frenchtown, Southside and Downtown District

Year Built	Unit Absorption	Cumulative Unit Total	Avg. Annual Absorption	Avg. Annual Growth	% of Total	% Capture of County	% Capture of City
Frenchtown District							
Prior to 1970	0	0	NA	NA	0.0%	0.0%	0.0%
1970-1979	0	0	0	NA	0.0%	0.0%	0.0%
1980-1989	37	37	4	NA	78.7%	7.9%	20.1%
1990-1999	0	37	0	0.0%	0.0%	0.0%	0.0%
2000-2009	10	47	1	2.4%	21.3%	0.4%	0.8%
2010-2015	0	47	0	0.0%	0.0%	0.0%	0.0%
Total	47				100.0%	1.1%	2.1%
Southside District							
Prior to 1970	28	28	NA	NA	26.9%	4.3%	8.9%
1970-1979	0	28	0	0.0%	0.0%	0.0%	0.0%
1980-1989	0	28	0	0.0%	0.0%	0.0%	0.0%
1990-1999	0	28	0	0.0%	0.0%	0.0%	0.0%
2000-2009	72	100	7	13.6%	69.2%	3.1%	6.0%
2010-2015	4	104	1	0.7%	3.8%	1.6%	2.9%
Total	104				100.0%	2.4%	4.7%
Downtown District							
Prior to 1970	126	126	NA	NA	21.9%	19.3%	39.9%
1970-1979	31	157	3	2.2%	5.4%	5.6%	9.7%
1980-1989	0	157	0	0.0%	0.0%	0.0%	0.0%
1990-1999	32	189	3	1.9%	5.6%	44.4%	68.1%
2000-2009	387	576	39	11.8%	67.2%	16.7%	32.3%
2010-2015	0	576	0	0.0%	0.0%	0.0%	0.0%
Total	576				100.0%	13.3%	26.2%

Source: Leon County Tax Roll; GAI

For-sale residential condominium units total approximately 47, 104 and 576 in the Frenchtown, Southside and Downtown Districts, respectively. Most of the residential condominium product is older in the Frenchtown District with a significant amount of units built from 1980-1989. In the Southside and Downtown Districts, a significant amount of residential condominium construction occurred from 2000-2009, which again matches the residential boom that occurred nationwide in that time frame. Other major observations on for-sale residential condominium trends include:

- In the Frenchtown District, average annual absorption of new for-sale residential condominium units has ranged from 0 to 4 units. Residential condominium development only occurred during the 1980-1989 and 2000-2009 time periods. The Frenchtown District has captured about 1.1% of the total residential condominium units in the County. The highest percentage capture of units was 7.9% of the County's total from 1980-1989.
- The Southside District had an average annual absorption of new residential condominium units ranging from 0 to 7 units. No residential condominium development occurred from 1970-1999. The Southside District has captured about 2.4% of the total residential condominium units in the County. The highest percentage capture of units was 4.3% of the County's total prior to 1970.
- The Downtown District had an average annual absorption of new residential condominium units ranging from 0 to 39 units. No residential condominium development occurred from 1980-1989 and from 2010-2015. The Downtown District has captured about 13.3% of the total residential condominium units in the County. The highest percentage capture of space was 44.4% of the County's total from 1990-1999.
- In addition to the for-sale residential condominium product noted earlier, there were approximately 39, 61 and 14 townhouse units built in the Frenchtown, Southside and Downtown Districts, respectively. Townhouse units are considered single family attached product, which is why they are not included in the earlier tables. The exclusion of townhouse units from the for-sale residential condominium inventory does not impact the for-sale residential condominium demand projections.

For-sale residential condominium units that were sold in 2000, 2005 and 2010 to 2015 are summarized in Table 4.17 below for Leon County and the City of Tallahassee. This includes all units sold irrespective of year built.

Table 4.17
Summary of For-Sale Condominiums by Year Sold - Leon County and City of Tallahassee

Year Sold	# of Units	% of Total	% Capture of County	% Capture of City	Average SF	Average Price	Average Price SF
Leon County							
2000	10	1.2%	100.0%	N/A	1,212	$63,840	$52.67
2005	164	20.2%	100.0%	N/A	1,338	$147,651	$110.35
2010	69	8.5%	100.0%	N/A	1,169	$91,644	$78.40
2011	58	7.2%	100.0%	N/A	1,295	$112,510	$86.88
2012	61	7.5%	100.0%	N/A	1,239	$96,372	$77.78
2013	107	13.2%	100.0%	N/A	1,416	$111,676	$78.87
2014	170	21.0%	100.0%	N/A	1,454	$123,306	$84.80
2015	171	21.1%	100.0%	N/A	1,287	$120,511	$93.64
Total/Avg	810	100.0%	100.0%		1,301	$108,439	$83.35
City of Tallahassee							
2000	5	1.2%	50.0%	100.0%	1,054	$64,700	$61.39
2005	55	13.1%	33.5%	100.0%	1,313	$135,383	$103.11
2010	48	11.4%	69.6%	100.0%	1,127	$86,075	$76.38
2011	28	6.7%	48.3%	100.0%	1,170	$133,914	$114.46
2012	38	9.0%	62.3%	100.0%	1,116	$93,673	$83.94
2013	55	13.1%	51.4%	100.0%	1,203	$120,178	$99.90
2014	92	21.9%	54.1%	100.0%	1,211	$139,252	$114.99
2015	99	23.6%	57.9%	100.0%	1,134	$136,289	$120.18
Total/Avg	420	100.0%	51.9%	100.0%	1,166	$113,683	$97.50

Source: Leon County Tax Roll; GAI

The number of for-sale residential condominium units sold dropped off in the years after the recession but have picked up significantly from 2013 to 2015 in both the County and City. The number of units sold in 2014 and 2015 are higher than any other time frame analyzed. In more recent years sales prices have ranged from about $85 to $94 per square foot in the County but are much higher in the City at about $115 to $120 per square foot.

For-sale residential condominium units that were sold in 2000, 2005 and 2010 to 2015 are summarized in Table 4.18 below for the Frenchtown, Southside and Downtown Districts. Again please note that this is all units sold irrespective of year built.

Table 4.18
Summary of For-Sale Residential Condominiums by Year Sold - Frenchtown, Southside and Downtown District

Year Sold	# of Units	% of Total	% Capture of County	% Capture of City	Average SF	Average Price	Average Price SF
Frenchtown District							
2000	1	4.0%	10.0%	20.0%	1,368	67,000	$48.98
2005	2	8.0%	1.2%	3.6%	1,368	115,000	$84.06
2010	1	4.0%	1.4%	2.1%	1,368	$90,400	$66.08
2011	1	4.0%	1.7%	3.6%	1,368	$110,000	$80.41
2012	3	12.0%	4.9%	7.9%	1,479	$115,000	$77.76
2013	9	36.0%	8.4%	16.4%	1,391	$116,700	$83.90
2014	6	24.0%	3.5%	6.5%	1,423	$157,500	$110.68
2015	2	8.0%	1.2%	2.0%	1,368	$99,000	$72.37
Total/Avg	25	100.0%	3.1%	6.0%	1,392	$108,825	$78.18
Southside District							
2000	0	0.0%	0.0%	0.0%	-	-	-
2005	0	0.0%	0.0%	0.0%	-	-	-
2010	25	37.9%	36.2%	52.1%	875	$37,156	$42.46
2011	11	16.7%	19.0%	39.3%	919	$56,971	$61.99
2012	8	12.1%	13.1%	21.1%	1,282	$83,500	$65.13
2013	10	15.2%	9.3%	18.2%	1,715	$199,642	$116.41
2014	6	9.1%	3.5%	6.5%	1,316	$161,783	$122.94
2015	6	9.1%	3.5%	6.1%	1,315	$203,750	$154.94
Total/Avg	66	100.0%	8.1%	15.7%	1,237	$123,800	$100.08
Downtown District							
2000	0	0.0%	0.0%	0.0%		-	
2005	0	0.0%	0.0%	0.0%		-	
2010	11	6.0%	15.9%	22.9%	759	$80,537	$106.11
2011	19	10.4%	32.8%	67.9%	907	$123,873	$136.57
2012	29	15.9%	47.5%	76.3%	605	$167,045	$276.11
2013	30	16.5%	28.0%	54.5%	660	$179,988	$272.71
2014	62	34.1%	36.5%	67.4%	1,070	$188,394	$176.07
2015	31	17.0%	18.1%	31.3%	633	$229,922	$363.23
Total/Avg	182	100.0%	22.5%	43.3%	772	$161,627	$209.36

Source: Leon County Tax Roll; GAI

Residential condominium units that sold in the above time frames totaled approximately 25, 66 and 182 in the Frenchtown, Southside and Downtown Districts, respectively. Other major observations on residential condominiums sold in these years include:

- In the Frenchtown District, units sold were higher in 2013 and 2014 (6-9 units) than other years, but declined in 2015 (2 units). Sales prices in more recent years averaged approximately $72-$111 per square foot. The Frenchtown District has captured about 3.1% of the total residential condominium units sold in the County during the time periods analyzed. The highest percentage capture of units sold was 10.0% of the County's total in 2000.

- In the Southside District, units sold were highest in 2010 (25 units), but declined in 2014 and 2015 (6 units). Sales prices in more recent years averaged approximately $123-$155 per square foot. The Southside District has captured about 8.1% of the total residential condominium units sold in the County during the time periods analyzed. The highest percentage capture of units sold was 36.2% of the County's total in 2010.
- In the Downtown District, units sold were highest in 2014 (62 units), but declined in 2015 (31 units). Sales prices in more recent years averaged approximately $176-$363 per square foot. The Downtown District has captured about 22.5% of the total residential condominium units sold in the County during the time periods analyzed. The highest percentage capture of units sold was 47.5% of the County's total in 2012.

4.6 Implications

Through the end of 2015, Leon County had approximately 20,706,000 square feet of office space, 20,214,000 square feet of retail space, 19,900 rental apartment units (in complexes greater than 100 units) 4,300 residential condominium units and 5,600 hotel rooms. Since the City of Tallahassee dominates the County, development trends tend to be similar in both geographies.

The following tables (Tables 4.19 and 4.20) summarize the capture rate of pertinent development activity within the County in the Frenchtown, Southside and Downtown Districts. The capture percentages noted here will be used as a starting point for estimating each Districts capture of future development within the County. These estimates are discussed in Section 5.0 of the report, the Long Term Outlook.

Table 4.19
Summary of County Capture Rates - Frenchtown, Southside and Downtown Districts

Year Built	Office SF	Retail SF	Condominium Units	Hotel Rooms
Frenchtown District				
Prior to 1970	6.6%	7.4%	0.0%	33.9%
1970-1979	0.7%	1.6%	0.0%	0.0%
1980-1989	0.6%	0.3%	7.9%	0.0%
1990-1999	0.2%	2.8%	0.0%	0.0%
2000-2009	1.1%	3.5%	0.4%	0.0%
2010-2015	0.0%	0.0%	0.0%	0.0%
Unknown	16.8%	0.9%	NA	0.0%
Total	1.8%	2.9%	1.1%	2.9%
Southside District				
Prior to 1970	6.4%	13.1%	4.3%	0.0%
1970-1979	0.0%	4.9%	0.0%	0.0%
1980-1989	0.1%	1.4%	0.0%	0.0%
1990-1999	0.3%	0.9%	0.0%	0.0%
2000-2009	0.4%	1.6%	3.1%	0.0%
2010-2015	0.0%	0.0%	1.6%	0.0%
Unknown	3.1%	6.9%	NA	0.0%
Total	1.1%	4.5%	2.4%	0.0%
Downtown District				
Prior to 1970	34.2%	6.4%	19.3%	0.0%
1970-1979	14.6%	1.3%	5.6%	31.4%
1980-1989	17.6%	0.8%	0.0%	13.1%
1990-1999	10.6%	0.2%	44.4%	0.0%
2000-2009	2.5%	2.4%	16.7%	19.0%
2010-2015	8.5%	5.3%	0.0%	0.0%
Unknown	1.8%	3.3%	NA	0.0%
Total	14.9%	2.4%	13.3%	12.5%

Source: CoStar; Leon County Tax Rolls; Smith Travel Research; GAI

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Table 4.20
Summary of County Capture Rates - Frenchtown, Southside and Downtown District

Year Built	Apartment Units
Frenchtown District	
Prior to 1986	1.5%
1986-1995	0.0%
1996-2005	4.2%
2006-2010	0.0%
2011-2016	0.0%
Total	1.8%
Southside District	
Prior to 1986	0.0%
1986-1995	0.0%
1996-2005	0.0%
2006-2010	0.0%
2011-2016	40.9%
Total	2.0%
Downtown District	
Prior to 1986	4.6%
1986-1995	0.0%
1996-2005	0.0%
2006-2010	0.0%
2011-2016	34.5%
Total	3.3%

Source: MyRentComps; GAI

The Downtown District has generally dominated capture rates of the County's development of pertinent land uses with the exception of retail. The Frenchtown District has captured a greater amount of office space and hotel rooms, but the Southside District has captured a higher percentage of retail space and condominium units. In recent years the Downtown and Southside District have captured a significant percentage of the County's overall apartment development in complexes with 100 units or more.

5.0 LONG TERM OUTLOOK

Our analysis included a number of different land uses, but their mix and timing will depend upon several factors connected to long term market outlooks (e.g., the national and regional economy), the availability of developable sites, and the willing exchanges between buyers and sellers as opportunities arise.

Toward quantifying those uses, we prepared a series of population projections for Leon County extending through 2030 and then estimated the commensurate space needs linked to those long term projections. The projections were based on per capita square feet estimates based on the current situation in Leon County compared to other counties that may have already experienced growth as their markets matured. Per capita is calculated for each county by dividing the supply of product within each land use type by the population of the county.

Table 5.1 below shows varying relationships among other counties in Florida that are also home to large public universities. In many cases these counties are larger in size and population to Leon County. The data links the period's estimated population and the actual square footage of the various uses listed.

Table 5.1
Per Capita SF/Units for Selected Land Uses, 1990-2015

	Retail				Office				Lodging				Apartments				Condominiums			
County	1990	2000	2010	2015	1990	2000	2010	2015	1990	2000	2010	2015	1990	2000	2010	2015	1990	2000	2010	2015
Leon	67	67	71	71	67	69	72	72	0.02	0.02	0.02	0.02	0.07	0.09	0.10	0.10	0.01	0.01	0.01	0.02
Alachua	47	49	51	64	28	32	36	33	0.02	0.02	0.02	0.02	0.08	0.11	0.12	0.12	0.01	0.01	0.02	0.02
Hillsborough	45	53	53	51	57	63	61	48	0.02	0.02	0.02	0.02	0.08	0.09	0.08	0.08	0.01	0.01	0.02	0.02
Orange	45	52	57	55	53	54	58	48	0.07	0.08	0.08	0.07	0.08	0.10	0.10	0.10	0.01	0.01	0.02	0.02
Duval	47	51	61	67	57	67	70	59	0.02	0.02	0.02	0.02	0.08	0.09	0.09	0.09	0.01	0.01	0.02	0.02
Escambia	65	71	83	70	31	34	40	39	0.02	0.02	0.02	0.02	0.03	0.04	0.05	0.05	0.01	0.01	0.02	0.01

Source: CoStar; University of Florida Bureau of Economic & Business Research; US Census Bureau; GAI

5.1 Leon County Population and Space Projections

We used three sets of population projections reflecting low, medium and high estimates that tie our projections of population and demand for future space utilization patterns together. The highest figures generally assume the most aggressive growth scenarios for both the region and the county, increasing population gains in the county relative to nearby counties which will have fewer land options as the region matures, and patterns of space needs which demonstrate increasing concentrations of space relative to the resident population and diversity in the employment mix. In effect, the low to high estimates represent a range of possible outcomes for each land use. In particular, timing can be impacted by construction delays, permitting issues and the like. What we believe is important is that we expect a particular land use to fall within this range.

Table 5.2 on the following page summarizes our estimates of future office and retail square footage and hotel, apartment and for-sale residential condominium units in Leon County through 2030. Estimated square feet or units per capita for each land use was derived using historic information from Leon County. Projections of the future supply of product for each land use within the County were calculated by multiplying the per capita estimates by the low, medium and high population estimates.

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Table 5.2
Leon County's Projected Office, Hotel, Retail, Apartment and Residential Condominium Demand, 2015-2030

	Per	Total County SF			Avg Annual Growth Rates			Avg Annual County SF Absorption		
	Capita SF	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Office:										
2015	72	20,706,118	20,706,118	20,706,118						
2020	72	20,715,376	21,742,465	22,769,555	0.0%	1.0%	1.9%	1,852	207,269	412,687
2025	72	20,946,833	22,722,540	24,498,247	0.2%	0.9%	1.5%	46,291	196,015	345,738
2030	72	21,134,892	23,651,983	26,169,075	0.2%	0.8%	1.3%	37,612	185,889	334,166
Hotel:										
2015	0.02	5,592	5,592	5,592						
2020	0.02	5,871	6,162	6,453	1.0%	2.0%	2.9%	56	114	172
2025	0.02	6,082	6,597	7,113	0.7%	1.4%	2.0%	42	87	132
2030	0.02	6,282	7,031	7,779	0.7%	1.3%	1.8%	40	87	133
Retail:										
2015	71	20,213,751	20,213,751	20,213,751						
2020	71	20,222,789	21,225,455	22,228,122	0.0%	1.0%	1.9%	1,808	202,341	402,874
2025	71	20,561,600	22,304,650	24,047,700	0.3%	1.0%	1.6%	67,762	215,839	363,916
2030	71	20,819,250	23,298,750	25,778,250	0.2%	0.9%	1.4%	51,530	198,820	346,110
Apartments:										
2015	0.10	19,902	19,902	19,902						
2020	0.10	20,218	21,221	22,223	0.3%	1.3%	2.2%	63	264	464
2025	0.10	20,543	22,285	24,026	0.3%	1.0%	1.6%	65	213	361
2030	0.10	20,728	23,196	25,665	0.2%	0.8%	1.3%	37	182	328
Condominiums:										
2015	0.02	4,316	4,316	4,316						
2020	0.02	4,318	4,532	4,746	0.0%	1.0%	1.9%	0	43	86
2025	0.02	4,366	4,736	5,106	0.2%	0.9%	1.5%	10	41	72
2030	0.02	4,405	4,930	5,455	0.2%	0.8%	1.3%	8	39	70

Source: GAI

5.2 District Capture of Future Market Demand

Based upon the County-wide projections noted above, we subsequently evaluated each district's ability to capture or support a part of this future potential market demand based on their historical capture rates noted in an earlier section. However, local preferences or policies could advance or delay certain uses, as well as the availability of developable sites within each district. Also, in both the long and short term there are other emerging and established areas in Leon County that will remain major competitors to future development within each district. Even as some of these reach maturity, others will be redeveloped to take advantage of, or to secure, their locations.

The capture rates applied in this analysis stem largely from observations and interpretations of the actual experience in each district, prior development patterns in the County, and our own understanding about the competitive framework in the region. The District capture percentages represent the percentage of the County's projected future development that we believe will be developed within the District. As noted earlier, the low to high estimates represent a range of possible outcomes for each land use.

Our projections are meant to be viewed as a potential outcome for future development within the combined districts. The reader needs to keep in mind that the districts are so physically close to each other that the development we are projecting may not necessarily fall entirely within the respective district. Developers will look for sites that best suit their vision and will not be restricted by district boundaries. In other words, it may be beneficial to think of the projections for all three districts as a whole rather than three separate areas, as development shown in one district could potentially be shifted to an adjoining district based on other factors. Other factors that could influence the distribution of future inventory among each district could include the price structure of land and its decreasing (or increasing) availability. For example, as development sites in the Downtown area become scarcer, it is possible that some of the space projected within the Downtown District could shift to either the Frenchtown District or the Southside District, most likely in the areas closest to the Downtown District. Further, demand for some uses could occur in any of the districts depending on the timing and opportunity created by land owners and developers.

The following series of tables summarize our estimates of potential future market demand within each district based on site capture percentages of the County's growth in supply for each land use. The first series of tables (Tables 5.3, 5.4, 5.5, 5.6, and 5.7) summarize each land use for the districts separately and in total.

Table 5.3
Projected Office Demand within Each District, 2015-2030

	District	District Cumulative Total SF			District Cumulative New SF			District Avg Annual SF Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Frenchtown District:										
2015		382,968	382,968	382,968						
2020	1.0%	383,061	393,331	403,602	93	10,363	20,634	19	2,073	4,127
2025	1.3%	385,954	405,582	425,211	2,986	22,614	42,243	579	2,450	4,322
2030	1.5%	388,775	419,524	450,273	5,807	36,556	67,305	564	2,788	5,012
Southside District:										
2015		231,946	231,946	231,946						
2020	0.7%	232,011	239,200	246,390	65	7,254	14,444	13	1,451	2,889
2025	1.0%	234,325	249,001	263,677	2,379	17,055	31,731	463	1,960	3,457
2030	1.3%	236,770	261,084	285,398	4,824	29,138	53,452	489	2,417	4,344
Downtown District:										
2015		3,083,583	3,083,583	3,083,583						
2020	8.0%	3,084,324	3,166,491	3,248,658	741	82,908	165,075	148	16,582	33,015
2025	12.0%	3,112,098	3,284,100	3,456,101	28,515	200,517	372,518	5,555	23,522	41,489
2030	15.0%	3,140,307	3,423,516	3,706,725	56,724	339,933	623,142	5,642	27,883	50,125
Total All Districts:										
2015		3,698,497	3,698,497	3,698,497						
2020	9.7%	3,699,395	3,799,023	3,898,650	898	100,526	200,153	180	20,105	40,031
2025	14.3%	3,732,378	3,938,683	4,144,989	33,881	240,186	446,492	6,597	27,932	49,268
2030	17.8%	3,765,852	4,104,124	4,442,396	67,355	405,627	743,899	6,695	33,088	59,481

Source: GAI

As can be seen in the above Table 5.3, the site capture percentages for the office market vary between each district based on their historical capture percentages discussed in an earlier section. By 2030 in the midpoint scenario, the Frenchtown District could add about 37,000 square feet of office space, the Southside District about 29,000 square feet and the Downtown District approximately 340,000 square feet. All the districts combined could add up to approximately 744,000 square feet of new office space

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on the high end. These office projections focus on traditional office space. Specialized uses, such as medical/institutional health care would not be included.

There are other factors that could influence the distribution of space among each district, such as the availability and price of development sites. As development sites in the Downtown area become scarcer, it is possible that space shown above within the Downtown District could shift to either the Frenchtown or the Southside District, most likely in the areas closest to the Downtown District.

Table 5.4
Projected Hotel Demand within Each District, 2015-2030

	District	District Cumulative Total Units			District Cumulative New Units			District Avg Annual Units Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Frenchtown District:										
2015		164	164	164						
2020	0.0%	164	164	164	0	0	0	0	0	0
2025	0.0%	164	164	164	0	0	0	0	0	0
2030	0.0%	164	164	164	0	0	0	0	0	0
Southside District:										
2015		0	0	0						
2020	15.0%	42	86	129	42	86	129	8	17	26
2025	12.0%	67	138	208	67	138	208	5	10	16
2030	0.0%	67	138	208	67	138	208	0	0	0
Downtown District:										
2015		698	698	698						
2020	25.0%	768	841	913	70	143	215	14	29	43
2025	25.0%	820	949	1,078	122	251	380	11	22	33
2030	30.0%	881	1,079	1,278	183	381	580	12	26	40
Total All Districts:										
2015		862	862	862						
2020	40.0%	974	1,090	1,207	112	228	345	22	46	69
2025	37.0%	1,052	1,251	1,451	190	389	589	16	32	49
2030	30.0%	1,112	1,381	1,650	250	519	788	12	26	40

Source: GAI

By 2030 the Southside could add about 200 hotel rooms in the high scenario. The 124 room Hampton Inn is currently under construction. Downtown could add just under 600 hotel rooms in the high scenario by 2030. We have not projected demand for any new hotels in the Frenchtown District. However, as noted earlier, as development sites in the Downtown area become scarcer, it is possible that space shown above within the Downtown District could shift to either the Frenchtown or the Southside District, most likely in the areas closest to the Downtown District. All the districts combined could add up to just under 800 hotel rooms on the high end.

Table 5.5
Projected Retail Demand within Each District, 2015-2030

	Disrict	District Cumulative Total SF			District Cumulative New SF			District Avg Annual SF Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Frenchtown District:										
2015		577,224	577,224	577,224						
2020	2.0%	577,405	597,458	617,511	181	20,234	40,287	36	4,047	8,057
2025	3.0%	587,569	629,834	672,099	10,345	52,610	94,875	2,033	6,475	10,917
2030	4.0%	597,875	669,598	741,321	20,651	92,374	164,097	2,061	7,953	13,844
Southside District:										
2015		905,312	905,312	905,312						
2020	2.0%	905,493	925,546	945,599	181	20,234	40,287	36	4,047	8,057
2025	3.0%	915,657	957,922	1,000,187	10,345	52,610	94,875	2,033	6,475	10,917
2030	4.0%	925,963	997,686	1,069,409	20,651	92,374	164,097	2,061	7,953	13,844
Downtown District:										
2015		478,907	478,907	478,907						
2020	2.0%	479,088	499,141	519,194	181	20,234	40,287	36	4,047	8,057
2025	4.0%	492,640	542,309	591,978	13,733	63,402	113,071	2,710	8,634	14,557
2030	5.0%	505,523	592,014	678,505	26,616	113,107	199,598	2,577	9,941	17,306
Total All Districts:										
2015		1,961,443	1,961,443	1,961,443						
2020	6.0%	1,961,985	2,022,145	2,082,305	542	60,702	120,862	108	12,140	24,172
2025	10.0%	1,995,866	2,130,065	2,264,263	34,423	168,622	302,820	6,776	21,584	36,392
2030	13.0%	2,029,361	2,259,298	2,489,235	67,918	297,855	527,792	6,699	25,847	44,994

Source: GAI

As can be seen in the above Table 5.5, the site capture percentages for the retail market produce average annual absorption levels similar to what has occurred in the past within each district. Projected new retail space added is the same in the Frenchtown and the Southside District and slightly higher in the Downtown District. By 2030 in the midpoint scenario, the Frenchtown and the Southside District could add about 92,000 square feet of retail space, and the Downtown District add approximately 113,000 square feet. All the districts combined could add up to approximately 528,000 square feet of new retail space on the high end.

Table 5.6
Projected Rental Apartment Demand within Each District, 2015-2030

	District Capture %	District Cumulative Total Units Low	Midpoint	High	District Cumulative New Units Low	Midpoint	High	District Avg Annual Units Absorption Low	Midpoint	High
Frenchtown District:										
2015		364	364	364						
2020	6.0%	383	443	503	19	79	139	4	16	28
2025	7.0%	406	518	629	42	154	265	5	15	25
2030	8.0%	420	591	761	56	227	397	3	15	26
Southside District:										
2015		335	335	335						
2020	11.0%	370	480	590	35	145	255	7	29	51
2025	12.0%	409	608	807	74	273	472	8	26	43
2030	13.0%	433	726	1,020	98	391	685	5	24	43
Downtown District:										
2015		465	465	465						
2020	11.0%	500	610	720	35	145	255	7	29	51
2025	12.0%	539	738	937	74	273	472	8	26	43
2030	13.0%	563	856	1,150	98	391	685	5	24	43
Total All Districts:										
2015		1,164	1,164	1,164						
2020	28.0%	1,253	1,533	1,814	89	369	650	18	74	130
2025	31.0%	1,353	1,863	2,373	189	699	1,209	20	66	112
2030	34.0%	1,416	2,173	2,930	252	1,009	1,766	13	62	111

Source: GAI

As noted earlier, the Domain at Tallahassee student-oriented apartment complex is under construction in the Frenchtown District. Those 125 units would be included in the range of potential new supply for the 2015-2020 time period.

In the Southside District there are three projects in planning that would add a total of 459 units if built as planned. That total would be between the midpoint and high scenario by 2025 in the Southside District.

The Downtown District's capture percentage of the County's new apartment development ranges between 11% and 13%. In the most recent five year period, the Downtown District captured approximately 35% of the new 100 unit or more apartment complex development, so the estimated capture percentages seem attainable.

In total the combined districts are projected to capture from 28% to about 34% of the total County new apartment development. That is a significant amount of the County's total. However, we believe that urban or near urban living will continue to be a popular option, particularly given the presence of the two universities and the concentration of downtown employment. All the districts combined could add just under 1,800 apartment units on the high end.

Most of the apartment projects that are either under construction or planned in the districts are student oriented housing. It is likely that the demand for that type of product will continue, though it is possible market rate properties could gain an increasing share of future development in later years.

Table 5.7
Projected For-Sale Residential Condominium Demand within Each District, 2015-2030

	District	District Cumulative Total Units			District Cumulative New Units			District Avg Annual Units Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Frenchtown District:										
2015	0.0%	47	47	47						
2020	0.0%	47	47	47	0	0	0	0	0	0
2025	2.0%	48	51	54	1	4	7	0	1	1
2030	3.0%	49	57	65	2	10	18	0	1	2
Southside District:										
2015	0.0%	104	104	104						
2020	2.0%	104	108	113	0	4	9	0	1	2
2025	3.0%	105	114	123	1	10	19	0	1	2
2030	4.0%	107	122	137	3	18	33	0	2	3
Downtown District:										
2015	0.0%	576	576	576						
2020	20.0%	576	619	662	0	43	86	0	9	17
2025	25.0%	588	670	752	12	94	176	2	10	18
2030	30.0%	600	728	857	24	152	281	2	12	21
Total All Districts:										
2015		727	727	727						
2020	22.0%	727	775	822	0	48	95	0	10	19
2025	30.0%	742	836	930	15	109	203	3	12	22
2030	37.0%	756	907	1,059	29	180	332	3	14	26

Source: GAI

The for-sale residential condominium market is limited in both the Frenchtown and the Southside District. Although the relationship between renter occupied and owner occupied residential units could change in the future, both areas are much more oriented towards renter occupied housing. As noted earlier, we believe there could be opportunities for new rental housing in the Frenchtown and the Southside District, but only a limited amount of for-sale residential condominium product. The Downtown District may be able to add about 150 units by 2030 in the midpoint scenario. However, as noted earlier, as development sites in the Downtown area become scarcer, it is possible that space shown above within the Downtown District could shift to either the Frenchtown or the Southside District, most likely in the areas closest to the Downtown District. All the districts combined could add about 330 condominium units on the high end.

The next series of tables (Tables 5.8, 5.9, and 5.10) summarize each district's potential demand for new product. The data is the same as noted above but summarizes each district separately.

Table 5.8
Frenchtown District Projected Office, Hotel, Retail, Apartment and Residential Condominium Demand, 2015-2030

	District	District Cumulative Total SF/Units			District Cumulative New SF/Units			District Avg Annual SF/Units Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Office:										
2015		382,968	382,968	382,968						
2020	1.0%	383,061	393,331	403,602	93	10,363	20,634	19	2,073	4,127
2025	1.3%	385,954	405,582	425,211	2,986	22,614	42,243	579	2,450	4,322
2030	1.5%	388,775	419,524	450,273	5,807	36,556	67,305	564	2,788	5,012
Hotel:										
2015		164	164	164						
2020	0.0%	164	164	164	0	0	0	0	0	0
2025	0.0%	164	164	164	0	0	0	0	0	0
2030	0.0%	164	164	164	0	0	0	0	0	0
Retail:										
2015		577,224	577,224	577,224						
2020	2.0%	577,405	597,458	617,511	181	20,234	40,287	36	4,047	8,057
2025	3.0%	587,569	629,834	672,099	10,345	52,610	94,875	2,033	6,475	10,917
2030	4.0%	597,875	669,598	741,321	20,651	92,374	164,097	2,061	7,953	13,844
Apartments:										
2015		364	364	364						
2020	6.0%	383	443	503	19	79	139	4	16	28
2025	7.0%	406	518	629	42	154	265	5	15	25
2030	8.0%	420	591	761	56	227	397	3	15	26
Condominiums:										
2015		47	47	47						
2020	0.0%	47	47	47	0	0	0	0	0	0
2025	2.0%	48	51	54	1	4	7	0	1	1
2030	3.0%	49	57	65	2	10	18	0	1	2

Source: GAI

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Table 5.9
Southside District Projected Office, Hotel, Retail, Apartment and Residential Condominium Demand, 2015-2030

	District	District Cumulative Total SF/Units			District Cumulative New SF/Units			District Avg Annual SF/Units Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Office:										
2015		231,946	231,946	231,946						
2020	0.7%	232,011	239,200	246,390	65	7,254	14,444	13	1,451	2,889
2025	1.0%	234,325	249,001	263,677	2,379	17,055	31,731	463	1,960	3,457
2030	1.3%	236,770	261,084	285,398	4,824	29,138	53,452	489	2,417	4,344
Hotel:										
2015		0	0	0						
2020	15.0%	42	86	129	42	86	129	8	17	26
2025	12.0%	67	138	208	67	138	208	5	10	16
2030	0.0%	67	138	208	67	138	208	0	0	0
Retail:										
2015		905,312	905,312	905,312						
2020	2.0%	905,493	925,546	945,599	181	20,234	40,287	36	4,047	8,057
2025	3.0%	915,657	957,922	1,000,187	10,345	52,610	94,875	2,033	6,475	10,917
2030	4.0%	925,963	997,686	1,069,409	20,651	92,374	164,097	2,061	7,953	13,844
Apartments:										
2015		335	335	335						
2020	11.0%	370	480	590	35	145	255	7	29	51
2025	12.0%	409	608	807	74	273	472	8	26	43
2030	13.0%	433	726	1,020	98	391	685	5	24	43
Condominiums:										
2015		104	104	104						
2020	2.0%	104	108	113	0	4	9	0	1	2
2025	3.0%	105	114	123	1	10	19	0	1	2
2030	4.0%	107	122	137	3	18	33	0	2	3

Source: GAI

Table 5.10
Downtown District Projected Office, Hotel, Retail, Apartment and Residential Condominium Demand, 2015-2030

	District	District Cumulative Total SF/Units			District Cumulative New SF/Units			District Avg Annual SF/Units Absorption		
	Capture %	Low	Midpoint	High	Low	Midpoint	High	Low	Midpoint	High
Office:										
2015		3,083,583	3,083,583	3,083,583						
2020	8.0%	3,084,324	3,166,491	3,248,658	741	82,908	165,075	148	16,582	33,015
2025	12.0%	3,112,098	3,284,100	3,456,101	28,515	200,517	372,518	5,555	23,522	41,489
2030	15.0%	3,140,307	3,423,516	3,706,725	56,724	339,933	623,142	5,642	27,883	50,125
Hotel:										
2015		698	698	698						
2020	25.0%	768	841	913	70	143	215	14	29	43
2025	25.0%	820	949	1,078	122	251	380	11	22	33
2030	30.0%	881	1,079	1,278	183	381	580	12	26	40
Retail:										
2015		478,907	478,907	478,907						
2020	2.0%	479,088	499,141	519,194	181	20,234	40,287	36	4,047	8,057
2025	4.0%	492,640	542,309	591,978	13,733	63,402	113,071	2,710	8,634	14,557
2030	5.0%	505,523	592,014	678,505	26,616	113,107	199,598	2,577	9,941	17,306
Apartments:										
2015		465	465	465						
2020	11.0%	500	610	720	35	145	255	7	29	51
2025	12.0%	539	738	937	74	273	472	8	26	43
2030	13.0%	563	856	1,150	98	391	685	5	24	43
Condominiums:										
2015		576	576	576						
2020	20.0%	576	619	662	0	43	86	0	9	17
2025	25.0%	588	670	752	12	94	176	2	10	18
2030	30.0%	600	728	857	24	152	281	2	12	21

Source: GAI

5.3 Implications and Next Steps

Our analysis has attempted to place parameters on the potential development opportunities within each district. Because of past development patterns, the Downtown District has captured the lion's share of new development among the three areas. However, as development sites in the Downtown area become scarcer, it is possible that space demand allocated to the Downtown District could shift to either the Frenchtown or the Southside District, most likely initially in the areas closest to the Downtown District, and in future years extending out to more distant locations. Please keep in mind that our projections are as of the date of the report. New information or data that becomes available after that time could significantly alter the results of this analysis.

The next phase of our study will focus on market demand opportunities in specific development sites identified by the City or the community within the districts. A separate report will be issued on that analysis.