

3. Market Area Opportunity – Deliverable 1C

Vilano Beach is located at the eastern edge of a metropolitan area with a total population of 54,000. There are various existing and emerging retail centers that provide diverse shopping opportunities. This section summarizes the current retail environment and estimates the retail opportunity at the proposed Town Center.

3.1 Existing Conditions: Retail Centers and Submarkets in the Market Area

St. Johns County is a growing region. There are several retail submarkets that exist now and several growth sectors. Brokers and developers break the area down in different ways, generally with the following components:

- **Route 1 commercial corridor and Cobblestone Mall:** this is the central retail area that includes both recent developments such as the Target Center and replacement space such as the Albertson's (currently vacant). Cobblestone Mall (270,000 SF), built in 2003, is the premier retail center for much of the City population; rents are \$20/SF plus \$5 "cam." It includes 25 specialty stores and restaurants and a 44,000 square foot Publix (photo at right). This core area has an overall occupancy of 90-95%.



- **Anastasia Island/St. Augustine Beach** is the market area for a summer tourist population as well as a growing resident population. There are various highway/strip shopping centers near the northern edge of the area as well as newer centers farther south. The three new centers that bring a total of 70,000 square feet are largely empty and account for the high vacancy rate in this submarket. Overall occupancy is in the range of 50-60% and rents are approximately \$12-15/sf on a gross basis.

Photo at right shows the Ocean Front Plaza (19,500 SF; 90 parking spaces) at 5575 A1A South, St. Augustine Beach, for sale at asking price of \$5.6 million. Designed for 17 tenants, rents are in the range \$17-19/SF plus \$3 "cam."



- **The core downtown historic area** is the tourist-oriented shopping center for the many visitors who come throughout the year to see the principal historic attractions for which St. Augustine is famous, the historic center of the City and

the Fort. There are many small shops and restaurants in this area which in themselves constitute an important tourist attraction. Overall occupancy in retail space is high, probably over 90%, and lease terms vary widely, according to brokers. Ownership of retail space is highly concentrated. Leases are nearly all on a month to month basis. This is a unique area just a few miles from Vilano Beach.



Ponte Vedra is an affluent residential community in the northeast coastal area of the County. There are several malls that offer a range of high-end local and national stores. The Shoppes of Veranda are under construction on A1A in Ponte Vedra. The developer describes this as 140,000 square feet of upscale retail and restaurant space. There will be a parking garage for 1,050 spaces on top of the commercial space. Quoted rent is \$30/sf including a \$6 "cam." The first, 72,000 square foot section is expected to open later this year.

There are four major commercial centers under development now in the County that will absorb large shares of population growth and generate significant new commercial development in the coming years:

- **Northwest:** site of World Golf Village, a 6,300 acre multi-use development with plan approval for 7,200 residential units and 562,000 square feet of retail/commercial space. The World Golf Hall of Fame is the centerpiece.
- **RiverTown:** a St. Joe's "hometown community" on 4,170 acres, it will include 4,500 residential units around a golf course and a town center with "quaint shops, restaurants, abundant office and retail space and a focal point for civic activities." The residential area will include "elements of time-proven historic neighborhoods."
- **Nocatee:** a "new town" on 15,000 acres in St. Johns and Duval County. The plan includes a town of 14,200 housing units, 700 hotel rooms, 4.2 million square feet of office space and 1 million square feet of retail space. There will be a town center, several golf courses and infrastructure to support a projected population of 38,000.
- **Palencia:** a Hines development expected to include 2,050 new residences, 650 apartment/condo units and 900,000 SF of commercial space, it is touted as one of the State's premier resort golf destinations.

The Vilano Beach Town Center itself will include a neighborhood shopping center. A developer has reached an agreement with Publix that could be implemented between now and 2010, depending on the sale of condos on the adjacent site. Publix expects to open a store of 30,000 square feet; local people use various terms for this small supermarket,

including “resort style” and “guerilla”. The additional 29,000 square feet will include a mix of national and the best local stores: two to four restaurants, hair salon, bank and other stores and services. The developer sees the market area for the site as extending north on A1A roughly five miles, west across the intracoastal canal, north several miles and southwest to SR 312.

Brokers in the area see Vilano Beach as a small but affluent market, a destination for those who live there, with retail demand and development potential limited due to the following factors:

- Limited market area population.
- Limited parking in commercial area.
- Lack of activity in winter, especially January and February.
- Loss of the popular Fiddler’s Green Restaurant, purchased by the County for a community center.
- Lack of activity on non-weekend nights, Sunday through Thursday.
- Encroachment of retail area on residential neighborhood to the south.

The neighborhood shopping center will represent a breakthrough in thinking in the area about Vilano Beach as a retail location and create an opportunity for additional development.

3.2 Retail Sales and Potentials

We derived a development program using estimates of potential sales for the primary market area from retail census data, adjusted to take into account additional sales to seasonal/weekend residents and tourists. (The seasonal resident category reflects the fact that approximately 30 percent of the household base comprises either seasonal housing units rented on a weekly basis to tourists or secondary households that are occupied on weekends (Gibbs Market Study, June, 2005).)

We excluded retail categories for which a retail center at Vilano would be an unlikely location (appliances, hardware) and adjusted the opportunity gap by percentages from “no change” to 60% to account for sales to seasonal residents and tourists. For the supermarket category we used the 5-minute drive market area, since the grocery opportunity for the PMA is a negative figure. Finally, we excluded a few store types for which the opportunity was less than \$200,000, a figure insufficient to support even a small store or kiosk. Exhibit 3-1 summarizes information on the types of stores that we expect to have an interest in the Vilano Beach location.

Exhibit 3-1

Target Retail Categories, Vilano Beach Town Center

| Store type | Total Potential | Sales/sf* | Supportable SF | Percent of Total Space |
|---|----------------------|-----------|----------------|------------------------|
| Furniture Stores | \$ 2,018,244 | \$ 251.64 | 8,020 | 6% |
| Home Furnishing Stores | \$ 2,446,519 | \$ 237.01 | 10,322 | 8% |
| Computer and Software Stores | \$ 680,561 | \$ 600.23 | 1,134 | 1% |
| Paint and Wallpaper Stores | \$ 534,108 | \$ 323.84 | 1,649 | 1% |
| Supermarkets, Grocery Stores | \$ 8,344,917 | \$ 437.08 | 19,092 | 15% |
| Beer, Wine and Liquor Stores | \$ 760,476 | \$ 359.80 | 2,114 | 2% |
| Cosmetics, Beauty Supplies, Perfume Sto | \$ 322,307 | \$ 329.46 | 978 | 1% |
| Optical Goods Stores | \$ 402,844 | \$ 444.95 | 905 | 1% |
| Other Health and Personal Care Stores | \$ 556,277 | \$ 244.80 | 2,272 | 2% |
| Men's Clothing Stores | \$ 391,966 | \$ 207.61 | 1,888 | 1% |
| Women's Clothing Stores | \$ 1,758,576 | \$ 222.04 | 7,920 | 6% |
| Childrens, Infants Clothing Stores | \$ 290,129 | \$ 263.80 | 1,100 | 1% |
| Family Clothing Stores | \$ 3,329,694 | \$ 272.18 | 12,233 | 10% |
| Clothing Accessories Stores | \$ 204,157 | \$ 222.04 | 919 | 1% |
| Other Clothing Stores | \$ 485,577 | \$ 222.79 | 2,180 | 2% |
| Shoe Stores | \$ 1,229,786 | \$ 195.81 | 6,281 | 5% |
| Jewelry Stores | \$ 1,400,060 | \$ 499.23 | 2,804 | 2% |
| Sporting Goods Stores | \$ 581,305 | \$ 212.99 | 2,729 | 2% |
| Hobby, Toys and Games Stores | \$ 707,044 | \$ 197.86 | 3,573 | 3% |
| Book Stores | \$ 800,089 | \$ 174.03 | 4,598 | 4% |
| Office Supplies and Stationery Stores | \$ 1,228,748 | \$ 232.31 | 5,289 | 4% |
| Gift, Novelty and Souvenir Stores | \$ 862,288 | \$ 153.27 | 5,626 | 4% |
| Full-Service Restaurants | \$ 8,451,668 | \$ 338.07 | 25,000 | 19% |
| Total | \$ 37,787,338 | | 128,628 | 100% |

Source: Thomas Point Associates, Inc.

*Sales/sf from Dollars and Sense of Shopping Centers, 2004 adjusted for 2007; rents are median rents for store type.

The calculation of supportable space is based on compiled data on median sales per square foot for stores of the type identified, at US community shopping centers (from Dollars and Cents of Shopping Centers, Urban Land Institute). The figures are median sales and there is a very significant difference over the range of actual sales figures from the bottom to the top decile. As an example, supermarket sales in the top decile were approximately \$700 in the ULI survey.

In general the distribution of retail opportunities covers the following categories:

- Furnishings: 20,000 square feet, 15.5 % of total space.
- Grocery: 21,200 square feet, 16.5 % of total space.
- Clothing: 32,500 square feet, 25.3 % of total space.
- Restaurants: 25,000 square feet, 19.4 % of total space.
- Personal Care: 4,200 square feet, 3.2 % of total space.
- Other Specialty Retail: 25,800 square feet, 20.0 % of total space.

3.3 The Regional Market

St Johns County is strategically situated in the northeast corner of the State of Florida. Interstate 95 traverses the center of the County and provides easy access for travelers from Florida and the entire southeast coastal region. Three of Florida's largest metro areas are reasonably accessible for a shopping trip to the St. Augustine area and could form a part of the retail market depending on the configuration of the project.

- Jacksonville, thirty miles to the north, (2000 population, 736,000)
- Gainesville, 60 miles west (pop. 95,000)
- Orlando, 90 miles southwest (pop. 186,000).

The population within a fifty-mile radius of Vilano Beach is 1.4 million, or 8.9% of the total State population, while the 100-mile ring includes a population of 3.1 million, 19% of the State total.

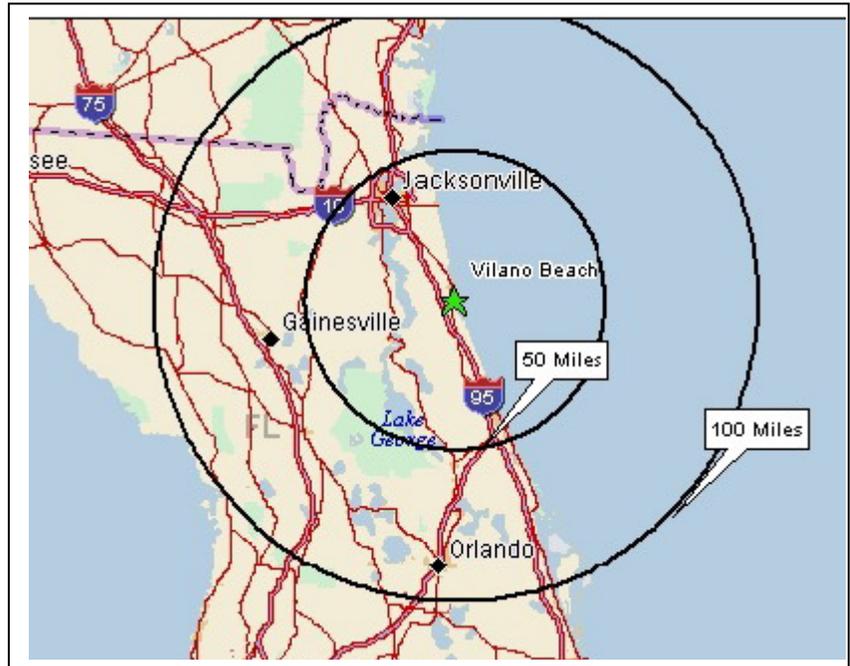


Figure 3-1. The 50- and 100-mile rings.

There are places on the northeast coast of Florida that attract visitors and shoppers from a very wide region. Atlantic Beach paired with adjacent Neptune Beach, located 29 miles north from Vilano on AIA approximately, is one such place. The commercial area includes a variety of shops and restaurants (Exhibit 3-2) that seem to overwhelm the small place; the stores parallel the shopping model in Exhibit 3-1. The total distribution of space comes to roughly 40,000-50,000 square feet. Without a supermarket it does not constitute a neighborhood center but it is a gathering place for many and the stores and restaurants are reportedly successful. Rents range from \$17-25 per square foot (plus \$3-5 common area charges) and the occupancy rate is high. Two city parking lots are overcrowded at peak times. The market is up-scale and older; it largely excludes college students who frequent beaches farther north. There is a place called "The Corner" that is reportedly known to beach-goers throughout northeast Florida. The 7-minute drive population from the center of this place is 31,960 and median household income is \$45,292.

Exhibit 3-2

Stores and Restaurants, Atlantic and Neptune Beaches

| <i>Shops</i> | <i>Restaurants</i> |
|---|-----------------------------|
| Bio-Max (nutrition) | Al's Pizza |
| Boutique Unique | Caribee Key |
| Cobalt Moon | Joseph's Pizza |
| Dance Trance | Lee's Ice Cream |
| Jaffi's (women's boutique) | Ocean 60 |
| Shorelines (newspaper office) | Ragtime Tavern |
| Stellars Art Gallery | Sea Horse Inn |
| Beauty Bar | Sea Turtle Inn |
| Bookmark | Shelby's Coffee Shop |
| Tranquil Waters (massage, healing arts) | Slider's Seafood Grill |
| Tylers Jewelry | Sticky Fingers Ribs |
| BB&T Bank | Sun Dog Diner |
| | Tama's Sushi |
| | Turtle Island Natural Foods |

Source: beachestowncenter.com; Thomas Point Associates, Inc.

3.4 Conclusions

The Saint Augustine metropolitan area with a total population of 54,000 offers a variety of existing retail centers and a full palette of emerging retail, lifestyle, town center and other kinds of commercial and mixed-use places. Many in this area now perceive Vilano Beach as a small but affluent market, a destination for those who live there, with retail demand and development potential limited by various market factors. However, the planned neighborhood shopping center featuring a Publix will represent a breakthrough in thinking in the area about Vilano Beach and create an opportunity for additional development. Including that neighborhood center of 59,000 square feet, the total retail potential of 128,600 square feet that we project includes the following components:

- Furnishings: 20,000 square feet, 15.5 % of total space.
- Grocery: 21,200 square feet (16.5 %).
- Clothing: 32,500 square feet, (25.3 %).
- Restaurants: 25,000 square feet, (19.4 %).
- Personal Care: 4,200 square feet, (3.2 %).
- Other Specialty Retail: 25,800 square feet, (20.0 %).

St Johns County is strategically situated in the northeast corner of the State of Florida, easily accessible to the metro areas of Jacksonville, Gainesville and Orlando. The population within a fifty-mile radius of Vilano Beach, is 1.4 million, or 8.9% of the total State population, while the 100-mile ring includes a population of 3.1 million, 19% of the State total. There are places on the northeast coast of Florida that attract visitors and shoppers from this wide region and that may be a step that Vilano Beach takes at some point, as the neighborhood center and other commercial and mixed-use developments gain recognition.