

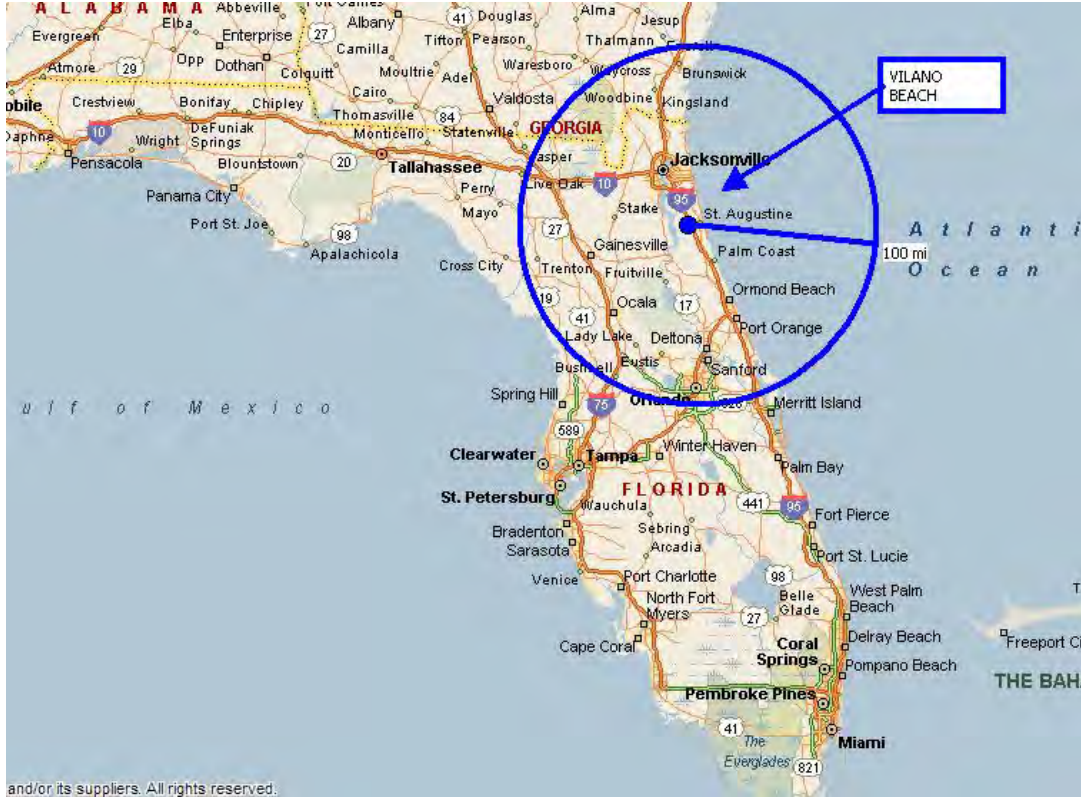


Vilano Beach enjoys two waterfronts: the Atlantic Ocean and North River. The former river draw bridge connecting Vilano Road to the mainland has been turned into a popular fishing pier. The popular St. Augustine Marina was founded in 1946 and has been located at its present Vilano Beach site since 1955.

Executive Summary

As one of Florida's few remaining authentic small coastal towns, Vilano Beach remains a low key residential resort community, with only a small amount of retail, hotels and restaurants. Vilano's desirable location at the base of a new bridge combined with its relative captive population and large amount of tourists create the market potential to support new neighborhood-oriented retailers.

This new supportable retail can potentially be up to 64,000 square feet including a medium quality grocery, small neighborhood businesses and specialty retailers. The new retail development will offer the Vilano Beach community with needed goods and services, while helping to anchor the area's existing businesses, restaurants and hotels.



Vilano Beach is located adjacent to St. Augustine in the northeast area of the State of Florida, less than 100 miles from the cities of Orlando and Jacksonville.

INTRODUCTION

Methodology & Limits of Study:

Gibbs Planning Group, Inc. (GPG) was commissioned by The State of Florida's Department of Community Affairs and The St. Johns County Planning Department to determine the type of retail mix and the local market's supportability of additional retail space in the downtown Vilano Beach commercial district through the year 2010.

During our analysis, GPG conducted meetings with several residents and small business owners to gain some insight into the local demographic and market preferences of patrons.

These meetings provided valuable insights regarding the overall health of the businesses within the subject district and what they envisioned for the future. We also reviewed the areas overall attractiveness and accessibility. From these interviews, consideration was given to marketing the area and its vehicular and pedestrian traffic patterns that support the district's retailers.

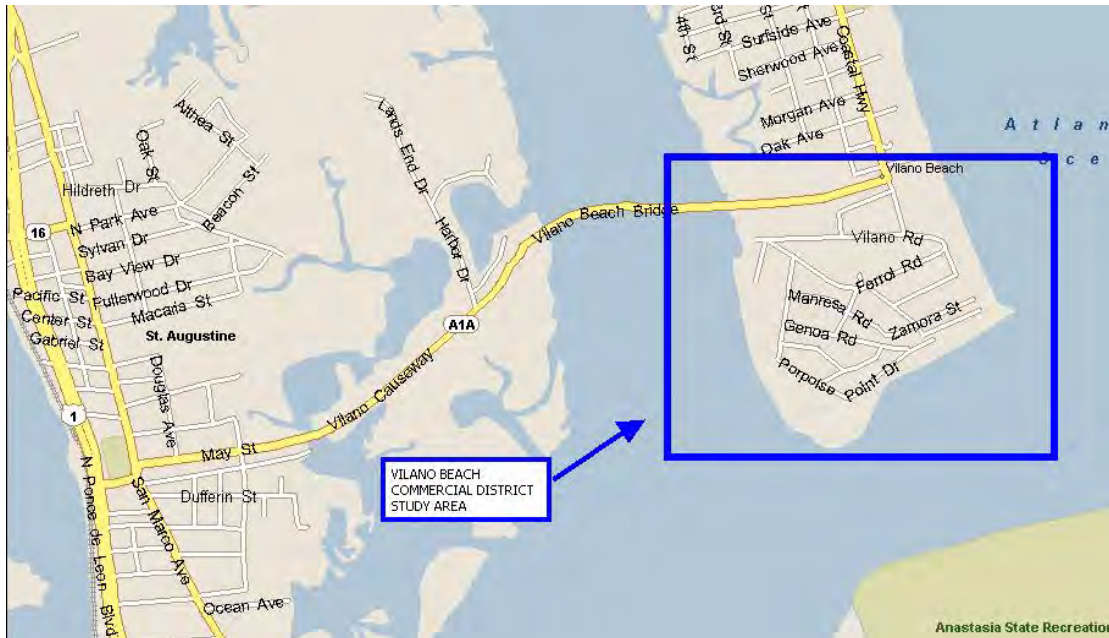


The Vilano Beach commercial district has a small scale rural character and includes a handful of popular independent retailers, restaurants and hotels (Vilano Beach Road looking east).

The area was visited during the day and evening to gain an overall understanding of the retail gravitational and vehicular traffic patterns in the study area. We defined a trade area that would serve retail in the downtown district based on field evaluations and known retail gravitation patterns coupled with our experience in defining trade areas throughout the United States. Population and demographic characteristics for the trade area included residential information that was also collected by block group from national sources.

Considering the population and demographic characteristics of the trade area coupled with the existing and known planned retail competition, we developed a qualitative assessment for the proposed downtown district in Vilano Beach. The findings of this study are based on GPG's analysis and interviews; the study assumes that the Vilano

Beach, State of Florida and national economies remain in normal ranges. The information gained by interviews with local stakeholders has not been independently verified. This report's observations and recommendations should not be the sole basis of any master planning, design, land purchase, capital improvement, leasing, financing or development.



The following issues were addressed by this study:

- What is the existing and planned retail market in the greater Vilano Beach area?
- What is the trade area that would be served by retail in the proposed downtown district?
- What are the current and projected trade area population and demographic characteristics?
- What is the impact of tourism in the area? What are the characteristics of the tourist who would shop in the downtown area?
- What is the current and projected growth for retail expenditures for 2005 to 2010?

- What type of additional retail is supportable and should be attracted to downtown Vilano Beach? What are their anticipated sales volumes (assuming a 2007 opening date)?

To address these questions, a detailed evaluation of all major existing and planned shopping centers as well as retail concentrations in and surrounding the defined trade area was conducted during the week of May 23, and June 5, 2005.

Trade Areas:

Based on GPG's field evaluation, the retail gravitation in the market, as well as our experience defining trade areas for similar developments throughout the United States, this study determined that retail in the district would primarily have a neighborhood appeal.

The district should be able to capitalize on the lack of existing retail along the coastal area and offer a unique mix of retailers and shopping experience in the greater Vilano Beach market place. However, the appeal of the district will be determined by the ability of the area to attract a major anchor, such as a supermarket.

As such, GPG defined both a convenience (primary) area as well as a slightly larger secondary trade area in our evaluation of the site. The primary trade area consists primarily of the residential base residing along the ocean and would apply to a smaller core of retail anchored by a convenience-oriented retailer, such as a drug store. The larger secondary trade area would be served by a district anchored by a larger anchor, such as a medium sized (25,000-40,000 sf) supermarket.



The **primary** (convenience-oriented) trade area is approximately delineated by the following boundaries:

- North along Route A1A to the county line
- East to the Atlantic Ocean
- South to St. Augustine Inlet

- West to North River/Guana River Wildlife Management Area.

The **secondary** trade area extends further to the west across the Vilano Causeway to include the portion of St. Augustine north of King Street.

Please refer to the following map trade area boundaries:

Demographic Characteristics:

Using data from ESRI and Claritas, GPG obtained the population and demographic characteristics for the trade area, as well as for the City of Vilano Beach, St. Augustine and St. Johns County.

The primary trade area has an estimated 2005 population of 4,253 persons, which is projected to grow to 5,138 persons by 2010, a 20.8% projected annual increase. The strongest growth (17.5%) is projected in Block Group 206003 north of the site. The secondary trade area adds an additional 2,782 persons to the population base, for a total trade area population of 7,035 persons, which is projected to grow to 8,623 persons by 2010, a 22.6% increase over the five-year period.

The number of households in the primary trade area, currently estimated at 1,987, is projected to increase to 2,421 households by 2010, a 21.8% increase. The total trade area’s household base is currently estimated at 3,346, which is projected to grow to 4,143 households by 2010, a 23.8% increase.

The following table presents and compares the demographic characteristics found in the defined trade area to Vilano Beach and St. Augustine:

Characteristics	Primary Trade Area	Total Trade Area	Vilano Beach	St. Augustine
2005 Population	4,253	7,035	2,778	12,506
2010 Population	5,138	8,623	3,299	14,673
2005 Median Household Income	\$65,345	\$50,511	\$66,716	\$38,377
2005 Per Capita Income	\$45,440	\$33,234	\$43,652	\$25,289
% Households with incomes \$100,000 or higher	34.0%	26.4%	32.4%	12.4%
% White	96.9%	94.9%	97.1%	80.1%

Characteristics	Primary Trade Area	Total Trade Area	Vilano Beach	St. Augustine
% African American	0.6%	2.0%	0.6%	15.9%
Persons Per Household	2.1	2.1	2.1	2.1
Median Age	48.9	47.8	49.2	42.5
% White-Collar Employed	72.7%	72.6%	71.4%	60.8%
% Married	51.0%	55.3%	50.0%	66.4%

As shown in the above table, the adjacent City of St. Augustine offers a younger, less affluent population base than either the City of Vilano Beach or either of the defined trade areas. Median household incomes of the residents in Vilano Beach are 42% higher than found in St. Augustine. Per capita incomes in Vilano Beach are also 42% higher than St. Augustine.

Due to high average age, it is not surprising that there are a high percentage of persons not in the work force. Currently, it is estimated that of those aged 16 years or older, 31% of the primary trade area and 33% of the total trade area are not in the work force, as such a strong percentage of the residents are retired.

When compared on a mile ring basis, there are 1,181 persons within one mile of the intersection of Poplar Avenue and Vilano Road growing to 6,298 persons within two miles and 16,556 persons within three miles. This population base is projected to increase to 1,371 (16.1%), 6,982 (10.9%) and 18,119 (9.4%), respectively, through 2010.

Incomes (median household income/per capita income) for 2005 in these radii are reported as \$67,647/\$46,016, \$49,087/\$35,711 and \$41,992/\$27,637. Income levels are projected to grow through 2010 to \$75,904/\$53,679, \$56,798/\$41,898 and \$46,656/\$32,080 in the one, two and three mile rings, respectively.



Vilano Road is anchored at its east and west ends with attractive waterfront destinations including the new pavilion and water fountain.

Tapestry Lifestyles:

ESRI has developed Tapestry Lifestyles, which is an attempt to create 65 classifications, or lifestyle segments, that help determine purchasing patterns. These segments are broken down into U.S. Census Block Group levels throughout the United States and are used by many national retailers to help determine future potential locations. The following table details the top Tapestry Lifestyles found in the greater Vilano Beach trade area:

Lifestyle	Primary Trade Area	Total Trade Area	Short Description
Exurbanites	814 41.0%	839 34.6%	This group is older, empty-nester couples. They are highly educated and many are self-employed. They enjoy outdoor gardening, but contract for indoor projects. They order from catalogs, shop at Pier 1, drink domestic wines and go power-boating.
Silver & Gold	498 25.1%	498 20.5%	This small but growing segment represents older, married couples without children. Many are still working second careers or are employed only part-time. This group drinks imported wines, use the internet for research, shop at Publix and take prescription medicines.
Metropolitans	0 0.0%	316 13.0%	This group favors living in older neighborhoods populated by singles or childless couples. Most of their incomes are derived from self-employment and/or retirement accounts. They are avid readers, prefer to shop on-line, well educated and health conscious.

Lifestyle	Primary Trade Area	Total Trade Area	Short Description
Rural Resort Dwellers	65 7.1%	65 2.7%	Although many in this group are officially retired, many are also self-employed. They are older than most Tapestry segments, and most have no children living at home. They prefer simple living in single-family detached housing and enjoy home-improvement projects. They take prescription medicines, drink Folgers coffee and use the yellow pages versus the internet. They are active in environmental causes and civic issues.
Midlife Junction	0 0.0%	345 14.2%	This group represents those still working, yet have few children living at home. Many still own single-family residences, but many are moving into multi-family units. This group lives quiet, settled lives and opt for low-maintenance conveniences. They take vitamin supplements, search for bargains at Wal-Mart and order from catalogs.



Vilano Beach offers residents and visitors a refreshing experience of an authentic old Florida beach front resort town.

Tourist Population Base:

In addition to their primary residential population, Vilano Beach and the greater St. Augustine region benefit from a large tourist base. According to local real estate sources, nearly 30% of the household base along the coast is used either as secondary/weekend housing or for weekly seasonal rentals. As such, there are approximately 600 housing units currently available for weekend or seasonal tourist rental that is not included in the reported residential household base.

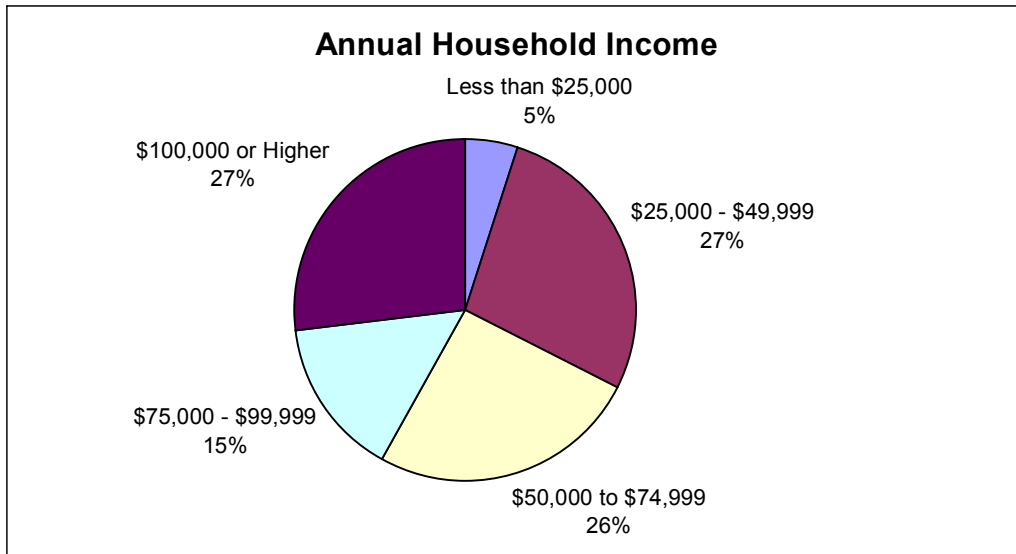
This base has the potential to increase to 725 units by 2010, with much of the new construction located in the lower portion of Block Group 206003 north of the site. Most of the seasonal housing units are rented by families with several children, or used on weekends as secondary residences by those living in-land from the coast.

While there is limited data available on the demographics of those using the seasonal or secondary housing base, there is tourist data available for those visiting St. Johns County based on a 2001 study conducted by the State Department of Tourism.

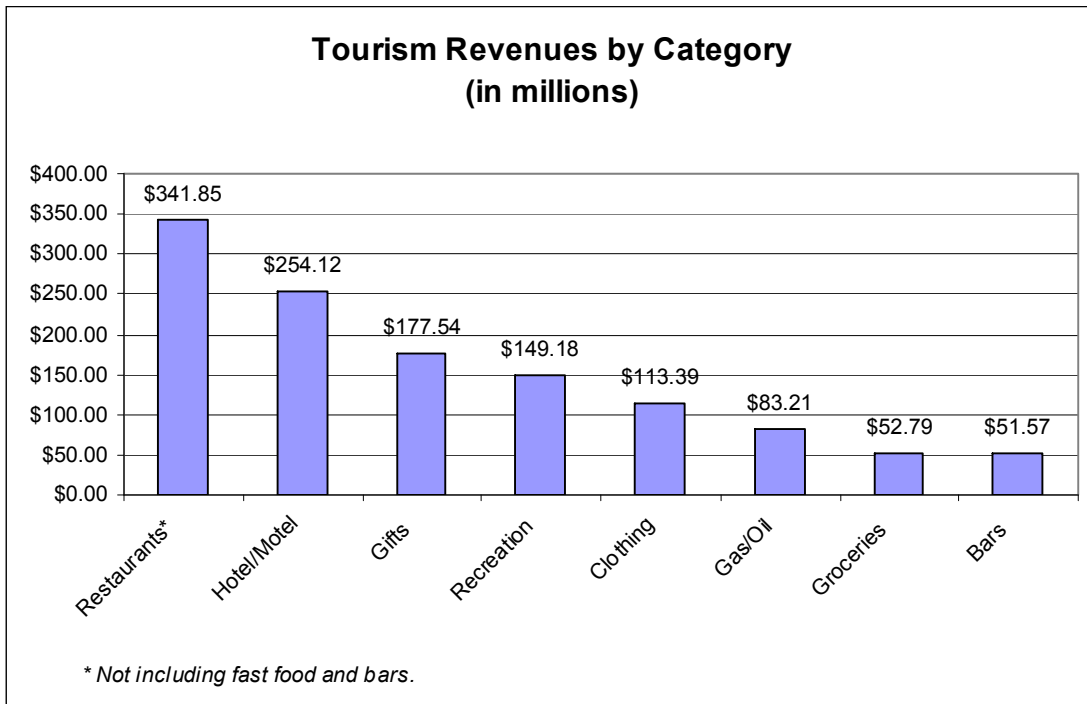
The following information is from the results of that data:

- In 2001, tourists were responsible for \$1,500,000,000 in revenue in St. Johns County and 32,000 jobs.
- April through August is the strongest months for tourism, with April being consistently having the most activity whereas the fall and winter months have a limited amount of tourism. The months of February, November and December have about half the tourist base as found in April. January and October have limited tourist activity.
- By far, most visitors to the area are from Florida (40%), followed by Georgia (5.3%), Ohio (4.0%), New York (3.3%) and Pennsylvania (3.2%). The United Kingdom and Canada represent 4.6% of the tourist base.
- The most popular visitor activities include sightseeing (88.2%), historical sites (80.3%), shopping (67.6%) and beaches (50.8%).

The following chart details the average visitor household income for tourists visiting the area:



The following chart details the average tourism revenues by category for the area:





The Vilano Beach commercial district has numerous original post-war historic buildings with signage that create a unique look into Florida's past, with proper restoration, these buildings could create a highly sought shopping destination.

SITE CHARACTERISTICS

Location:

The Vilano Beach commercial district can offer commercial/retail space on the ground floor with professional offices and residential spaces on the second and third floors. The design of the future downtown structures will complement and preserve the “historic” old Florida character of the existing area. It is assumed the commercial district will be located along Vilano Road, enhancing access and visibility of the retail to those crossing the Causeway.

Access:

Access to the Vilano Beach Commercial district will be provided primarily by Route A1A/Coastal Highway with the causeway over the North River to permit access from the west and traveling to the north to South Pointe Vedra Beach to the north. The latest (2004) 24-hour/bi-directional traffic counts in the area are reported as:

- Route A1A west of Vilano Bridge – 15,600
- Route A1A 6.4 miles south of County Road 203 – 5,100

Parking/Visibility:

Parking is one of the most critical issues facing any shopping district. People do not need to shop; when parking is difficult most potential shoppers will avoid the visit often never returning. The parking problem is typically compounded in urban locations

because of the multi-uses and tight space configurations. Further, parking availability is often lessened by employees and business owners occupying the prime spots.

In contrast these same shoppers will demand parking directly in front of a convenience store such as a video store or food carry-out locations. Should such a space not be available, the typical shopper will believe that the parking is problematic and not convenient. As a result, shoppers will tend to avoid the center for shopping in the future.

Many neighborhood shoppers prefer to run in and out of specific retailers and are unwilling to park in remote lots. This double standard held by American consumers is not necessarily fair to the small downtown merchant but the behavior is a reality that must be addressed. The unwillingness to park in remote lots or underground decks could put many of the smaller neighborhood shops at risk. A grocery store or anchor type tenant shopper will often use garages because of the longer duration of their visit.

Shoppers have different parking expectations for destination businesses than for neighborhood and convenience shops, when compared to restaurant, fashion and home furnishing patrons. These shoppers tend to make multiple store visits totaling more than an hour. In exchange for the greater variety of stores and merchandise offered in a destination type center, shoppers are willing to park further away from storefronts than they would be in a neighborhood center. Destination visitors will also perceive parking to be more convenient (and closer), if they can see the store entry from their parking stall even if its hundreds of feet away.

Parking for the Vilano Beach commercial district appears adequate for the present scale of commercial development. Future commercial development will likely warrant the need for a public off-street parking surface lots or deck. Consideration should be given to implement a joint public and private parking structure to promote expansion of some existing business opportunities. Visibility of retail merchandise is also helpful with signage to assure good visibility of each retailer's offering. Residential parking should be reduced to a minimum of 1 car per unit and commercial parking should be limited to 4-5 cars per 1000 square feet of gross commercial building. The use of a water taxi should be studied to link the Vilano Beach commercial district with historic St. Augustine area.

Planning & Zoning:

Vilano Beach is at the beginning of a potentially major commercial boom consideration of how the new development is planned is important and will largely be responsible for the quality and success of the new business district. Buildings, signage and landscaping

should be designed and constructed of appropriate proportions with materials that are representative of the area's history.

Building height should be limited to maintain the district's resort character without overly limiting development potential. The proposed three level height restrictions allows for a reasonable expansion in most areas of the commercial district. A historic district with regulatory control to preserve significant landmark buildings should be implemented. The commercial district should have a continuous retail and office frontage line to promote cross-shopping. Hotels and residential buildings should install some commercial (office or retail) along the primary street frontages.

The proposed streetscape improvement plan and development guidelines will help to improve the viability of the Vilano Beach commercial district and should be implemented as soon as it's practical. Long term consideration should be given to promote the development of a civic building such as a performing arts center, place of worship or library. Office is permitted on the first level of the Vilano Beach commercial area, this type of development should be balanced and not dominate the commercial district.

Other Shopping Areas:

As part of GPG's field evaluation, we visited all major shopping concentrations in and around the periphery of the primary and secondary trade areas. Retail competition in the market includes the following:

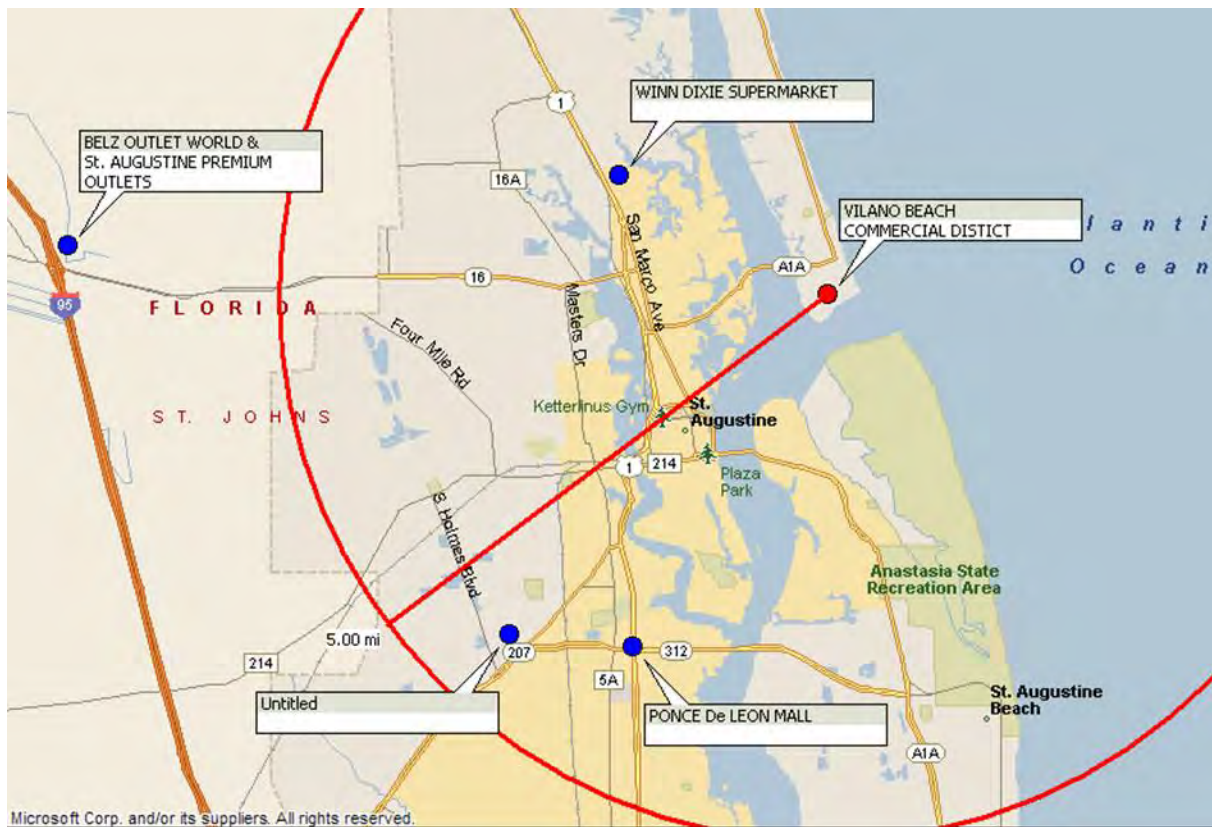
- *Ponce de Leon Mall* (Map Key R1) – The only non-outlet regional shopping mall is the Ponce de Leon Mall located on U.S. 1, south of Route 312 in St. Augustine. The center offers 187,000 square feet of gross leasable area (GLA) and is anchored by Belk's and JC Penney department stores, as well as an older regal cinema. The ancillary tenant base is older and primarily vacant with middle to low-income appeal.
- *Belz Factory Outlet Mall and St. Augustine Premium Outlets* (Map Keys O1 and O2) – Located directly west of the site along Interstate 95, these two outlet malls offer a combined 644,000 GLA. The Premium Outlets is the stronger of the two centers, both in appeal of the retailers as well as in the availability of ancillary space. However, the Belz center is enclosed, offering a more pleasant shopping experience in periods of inclement weather.

The area's community-oriented shopping hub is found at the intersection of U.S. 1 and Route 312 in St. Augustine. This hub offers the core of discount department stores, including Target, Wal-Mart Super Center, Beall's and Big Kmart, as well as other big-

box retailers such as Home Depot, Bed Bath & Beyond, Michael's, Petco, Ross Dress for Less, and Barnes & Noble. The hub also offers the closest Publix, Food Lion and Albertsons unit to the proposed Vilano Beach Commercial district. Traffic levels surrounding the intersection are congested and difficult to traverse during peak periods of traffic volume especially during the tourist season.

Closer to the defined trade area is a Winn-Dixie-anchored center (Shoppes of Northtowne – Map Key N6), offering the closest supermarket to Vilano Beach. Winn-Dixie also has an older facility to the south at the intersection of U.S. 1 and Route 207. As a chain, Winn-Dixie operates stores with a large selection of general merchandise but have smaller service departments.

The following map depicts the location of all area retail centers, as well as the location of major freestanding retailers in the area.



Summary of Findings

As a result of GPG's qualitative analysis, this study finds that the retail component of Vilano Beach commercial district offers an opportunity to create a unique neighborhood-oriented shopping experience for those visiting or living between North River and the Atlantic Ocean, as well as for those living just west of the causeway in north St. Augustine. Currently, residents must either shop the Winn-Dixie units or travel through congested traffic to reach other supermarket shopping alternatives found along U.S. 1 at the intersection of Route 312. A newer, more convenient hub would better serve the area's population base, while enabling retailers in the district to increase their market share of the area's stronger incomes. It is likely that a significant amount of additional retail may be supportable after 2010.



A quality medium sized supermarket is supportable in the Vilano Beach commercial district, if developed, would help to provide an anchor for many needed goods and services to the community.

Up to approximately 64,000 square feet of retail space is supportable at the Vilano Beach site, if anchored by a medium quality supermarket retailer. Should the Vilano Beach area not be able to attract a supermarket for the center, a more convenience-oriented center of 54,500 square feet would be supportable.

The following represents the types of retail that are supportable for the retail at Vilano Beach commercial area, with the center anchored by a supermarket:

- **25,000 square foot supermarket:** such as Publix or Harris Teeter, offering service meats, deli, bakery and seafood departments, as well as a pharmacy. The store may also offer expanded general merchandise to appeal to the local costal tenant base, as well as a good selection of wines and beer. Further, the store is anticipated to offer film services, florist and foods-to-go.
- **7,000 square feet of casual apparel:** such as Chico's, Orvis, Sperry Shoes, Birkenstock,
- **4,000 square feet of restaurants:** such as Starbucks, Subway and ethnic foods such as Thai or Sushi.
- **5,500 square feet of home décor, art galleries and pottery:** These shops may support artesian work space above the store in a live/work environment.
- **5,500 square feet of specialty sports stores to include a bike/surf shop and/or kite shop:** The stores are assumed to offer rentals to the local seasonal tourist and weekend population base, as well as the area residents.
- **16,500 square feet of other retail to include:** Personal services (5,000 square feet of hair/nail and spa services), dry cleaners, specialty electronics store, such as Radio Shack, used book store, local card/gift store, health and beauty aid store offering lotions and candles, optical shop, and an expanded video store.

However, should a supermarket decide not to locate in the commercial district, the space could be replaced with a strong drug store and supplemented with a wine shop, butcher and produce shop.

Please refer to the attached tables for a complete recommended and supportable retail mix for the Vilano Beach Commercial District.

Rationale:

The rationale for recommending the above tenants is presented below:

- **Limited Existing Competition:** The retail/restaurant uses recommended have minimal existing competition in the defined trade area. As such, the uses will be able to better serve the residential base along the costal shore, as well as across the causeway in north St. Augustine.

- **Growing Trade Area Population Base:** The defined trade area has a limited but a growing population base. The current primary trade area offers a base of 4,253 persons projected to grow 20.8% to 5,138 persons by 2010. The total trade area offers an additional 2,780 persons to reach a current base of 7,035 persons that is projected to grow to 8,623 persons by 2010.
- **Strong Trade Area Household Incomes:** The median household income of the primary trade area is a respectable \$65,345. However, due to the small household sizes (2.13), the per capita incomes are a very strong \$45,440. Trade area expenditure potentials are also understated due to the strong retirement base of those residing in the area.
- **Tapestry Lifestyles:** The trade area's lifestyles reflect an older consumer with either no children or older children. Most residents are well educated and maintain active lifestyles enjoying a casual and healthy lifestyle.
- **Strong Seasonal/Weekend Population:** According to local sources, approximately 30% of the household base is either seasonal households that are rented on a weekly basis to tourists or secondary households that are occupied on weekends by those residing at more interior residences during the week. This additional base will help to supplement sales for retailers and restaurants in the center.

--END OF REPORT --