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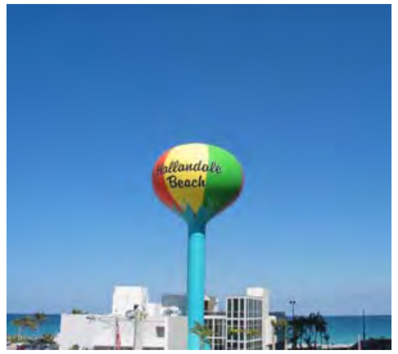

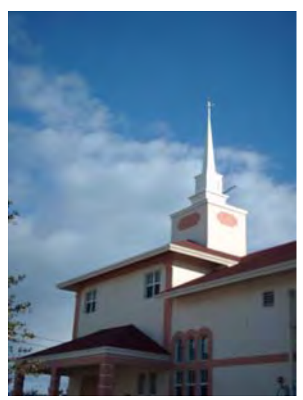

Final Report

Hallandale Beach Master Plan & Implementation Strategy: Market Analysis

Prepared for

EDAW, Inc.

On behalf of

City of Hallandale Beach, FL

Submitted by

Economics Research Associates

Submitted May 2008

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General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible. These data are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the market and the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent and representatives or any other data source used in preparing or presenting this study.

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

I. Executive Summary

Economics Research Associates (ERA) of Washington, D.C. was retained by EDAW, Inc. on behalf of the City of Hallandale Beach, Florida to complete a citywide Master Plan that includes a realistic examination of the city's 10-year market potentials as well as implementation and funding strategies to guide anticipated development and public realm enhancements. These strategies are intended to encourage and sustain desired economic growth and shape the development of a vibrant, mixed-use community with an appealing character and sense of place.

As part of this study, ERA prepared a demographic and market profile of the City of Hallandale Beach and other selected jurisdictions. This "snapshot" is intended to illustrate trends and forecasts in fundamental demographic and economic indices designed to measure potential sources of demand for specific uses, including residential, 'workplace' (e.g., office), hospitality (e.g., hotel, visitor services), and supporting services (e.g., retail).

As such, key tasks in the demographic and market analysis include:

- Researching various demographic characteristics, such as population and household psychographic data, incomes, propensity to purchase, and other factors that inform opportunities for residential development;
- Examining employment trends and forecasts, including historic growth rates by industry, to understand demand prospects for various uses like office buildings and shopping centers;
- Analyzing data on development patterns such as building permits and housing starts and pipeline projects, to understand patterns of new and proposed development;
- Measuring various market indices, including commercial office and retail inventories, vacancy trends, rents, historic absorption/leasing activity, tenant characteristics and the like;
- Understanding how proposed retail projects, such as *Gulfstream Village*, impact potential redevelopment opportunities in surrounding locations;
- Evaluating market conditions among Hallandale's existing lodging facilities, including average daily rates, vacancy trends, visitor segments, as a means of understanding future market potentials; and
- Analyzing existing and planned gaming operations at Mardi Gras and Gulfstream based on available data provided by the City and interviews with representatives at each facility in order to estimate employment and retail spending potentials as well as demand for new hotel rooms in Hallandale Beach.

Preliminary Market Potentials

As the past three to five years illustrates, recent and ongoing development projects in Hallandale Beach reflect the City's strategic location in Greater Fort Lauderdale. Based on the preliminary market analysis completed to-date, the City appears to be well-positioned to capture a solid amount of new economic development generated by near-term growth in population, employment and tourism.

Based on **available information and market data assembled (or provided by various sources such as the City) since the master planning effort commenced in September 2007**, the following summarizes near-term (10 year) market potentials across a range of sectors.

New Housing

The pace of residential development in Hallandale has jumped substantially since 2000. Prior to that, the City experienced only limited new growth in housing. Since 2000, however, the City has issued an average of more than **330 residential permits per year**, with the pace of new residential development peaking between 2003 – 2005 with three new, 43-story towers at *Beach Club* and two 27-story towers at *Duo* overlooking the Diplomat Country Club, and the recently-completed *Harbour Cove* rental project in the Northwest part of the City (212 units).

While the majority of new residential development is located in a limited number of new high-rise projects, the City's Northwest quadrant has experienced new economic growth in the form of low-density (mostly single-family) in-fill housing. In fact, of the 107 new single-family units built in Hallandale since 1994, **Northwest has captured fully half of that new growth, with 55 new single-family houses.**

- According to information provided by the City, another **1,100+ units** in various projects are either "Approved/Filed/Under Review", located mostly in the Northeast and Southeast quadrants of the City. These include *European Club, Millennium Hallandale, Oasis, Park Central* and several others of varying sizes.
- In addition, ERA notes that the two largest pending projects citywide, *Village at Gulfstream Park* and *Diplomat Country Club*, have submitted development applications for a combined total of almost **2,900 units**. **(Note: The Diplomat project was subsequently withdrawn from consideration.)**
- Thus, if all of the proposed residential projects are built, the potential exists to add more than **4,000 new housing units** across the City. If the historic pace of permit activity can be *sustained* over time (i.e., roughly 330 permits per year since 2000), **buildout of these projects would require about 12 years.**
- However, a more realistic assessment of citywide residential market potentials would be based on unit *absorption* (actual sales, rentals) of actual projects recently delivered. In part because of the

significant slowdown in the housing market across South Florida, this information was not available.

- Population and household forecasts for the City's Traffic Analysis Zones (TAZ) prepared by Broward County support recent trends. In fact, TAZ forecasts suggest that the number of households in the City will increase from 17,700 in 2005 to 21,100 in 2015—a sustained annual pace of **340 households (units) per year**.

	Broward County Household (Unit) Forecasts				*Preliminary*
			Change: 2005-2015		Market
Quadrant	2005	2015	No.	% Dist.	Potentials
NW	2,258	2,813	555	16%	400
NE	6,108	6,713	605	18%	1,000
SW	3,608	4,018	410	12%	200
SE	5,677	7,545	1,868	54%	1,400
Total:	**17,651**	**21,089**	**3,438**		**3,000**

Source: Broward County Planning Services Division; Economics Research Associates, 2007

- As a result of the current market slowdown as well as lack of specific market data on actual absorption (sales, rentals) of recently-completed residential projects in Hallandale Beach, ERA's analysis suggests that a more conservative estimate of **2,500 to 3,000 new housing units appears market-supportable over the next 10 years,** reflecting a sustained annual pace in the range of 250 to 300 units annually. These estimates are based on the following fundamental assumptions:
  - Continued population and household growth in Hallandale Beach as forecast by the MPO—roughly 340 households (units) per year
  - Continued expansion of Broward County's economy, including job growth in specific sectors that drive demand for commercial development such as Services and Finance/Insurance/Real Estate
  - Tying spin-off opportunities generated by large-scale economic development initiatives such as Gulfstream Village to specific locations such as the Federal Highway corridor
  - Full recovery over the next 12 to 18 months of the Broward County housing market, including takedown/absorption of vacant, recently-delivered residential units across the County
  - Opportunities to attract investor interest in redevelopment of designated parcels in the CRA assumes public-sector commitment to undertaking specific improvements to the public realm; these commitments may vary, but could include the provision of parking, infrastructure, landscape/streetscape, open space and other initiatives as identified in the plan
- The majority of new development will continue to be focused in the Northeast and Southeast quadrants of the City—locations that remain highly marketable.

- Opportunities for new residential development in the Northwest area of the City should be focused on several fronts, including: 1) small-scale in-fill on City (CRA)-owned lots along Foster Road in increments of **20 to 40 units per project** that presume the ability to assemble contiguous parcels that could accommodate such development; and 2) one or two larger-scale projects—similar to Harbour Cove—that deliver 150 to 200 units in strategic locations and oriented to institutional investors/developers. This serves to convey to the community as a whole that private investment is occurring in Northwest and enhances market opportunities for small-scale neighborhood retail in carefully-selected corner locations that maximize visibility, frontage and the provision of parking so critical to retailers in tertiary locations such as this.

- Opportunities for new residential development in the Southwest area of the City should be significantly enhanced upon completion of a new/expanded Bluesten Park. The City recently acquired acreage behind the main Post Office that includes several blocks occupied by low-density single-family dwellings and a trailer park, and has committed funds to undertake expansion and upgrades to the existing park. Further, this area of Southwest was up-zoned to allow moderate-density residential development. Investment in public realm improvements in such projects as Bluesten Park could be expected to leverage subsequent private investment in surrounding locations.

- A key objective in the master plan is to ensure that Bluesten Park (and other public realm) improvements maximize the overall marketability/value of surrounding parcels for this private investment. ERA's preliminary market analysis for Southwest suggests that a sufficient number of contiguous parcels be assembled adjacent to the proposed park expansion to accommodate phased development of 50 to 75 units per project, with either townhouse and/or three- to five-story buildings with condominium or rental flats.

New Workplace—Office

Changes in the labor force are a fundamental index of overall economic development and are a key "driver" of demand for various types of real estate, such as office space. As such, ERA profiled occupational and employment characteristics in Broward County as a means of understanding the overall performance of the County's economy and what impacts these characteristics may have on overall development potentials in Hallandale Beach.

- Between 1970 and 2000, **Broward County added an average of 20,000 new jobs per year**. Since 2000, the County's job growth has slowed only slightly—with the creation of 17,000 new jobs per year.

- According to the TAZ forecasts prepared by Broward County, Hallandale Beach contains roughly 19,700 jobs—comprising roughly two percent of the County's 942,000 total jobs. This is known as *fair share*. Broward County forecasts suggest that roughly **1,300 new jobs will be created in Hallandale Beach for the 10-year period between 2005 and 2015.** (By comparison, the state's Agency for Workforce Innovation projects that Broward County will add 130,000 new jobs over the next eight years). If Hallandale maintains its fair share, this would suggest upwards of 2,500 new jobs would be created in the City.

- Today, Hallandale Beach would be considered a *tertiary* office market, with only 1.5 million sq. ft. of office space in 153 buildings, oriented primarily to professional and business services tenancies. An average building size of 9,800 sq. ft. is defined by the industry as a "garden" office building. Prime examples include the branch banks on Hallandale Beach Boulevard. Notably, historic absorption (leasing activity) is quite limited—in the range of **5,300 sq. ft. per year**. (By comparison, Aventura typically absorbs 84,000 sq. ft. per year and downtown Fort Lauderdale absorbs around 500,000 sq. ft. per year). Limited annual absorption suggests that Hallandale's office market is growing at a more limited rate than that of the region as a whole.

- According to partial information provided by the City, **several office buildings are proposed across the City that could add up to 400,000 sq. ft. of office space**. These projects, which are in various stages of approval, include: *Domus* (197,200 sq. ft.); Gulfstream (140,000 sq. ft. at buildout); 1101 W. Hallandale Beach Boulevard (33,000 sq. ft.); Hallandale Commons (10,000 sq. ft.); and Hallandale Outpatient Center (6,100 sq. ft.).

- To determine 10-year market potentials for commercial office space, employment growth trends were measured against historic market conditions in Broward County's office inventory to translate employment growth—by sector—into demand by office workers most likely to use a traditional office building.

- In ERA's view, **critical economic development projects such as Gulfstream Village could be expected to enhance Hallandale's share of the regional office market** over time. ERA estimates that the city's share of the regional office submarket (defined as Southeast Broward/Northeast Dade) could be expected to increase from its current level of 9.6 percent to a share in the range of **11 to 12 percent**.

- This increase in share will generate additional annual demand for office space. ERA's preliminary market analysis suggests that the City could "absorb" between **100,000 and 150,000 sq. ft. of office space by 2015,** translating into annual activity in the range of 15,000 to 20,000 sq. ft. per year. This activity could take several forms—ranging from a couple of medium-sized office buildings of 50,000 to 100,000 sq. ft. or multiple, smaller "garden" office buildings in various locations of the City.

- This analysis suggests that ***preliminary* market potentials for speculative office space appear to be well *below* the amount of office space proposed in the City; as a result, the capital markets will likely require that larger, proposed projects such as Domus be sufficiently pre-leased (in the range of 60 percent or more) before construction can commence.**

- However, to achieve the greatest impact of enhancing the City's overall marketability as a tertiary suburban office submarket in Broward County, ERA suggests that new office development be focused or clustered in highly visible, strategic locations of the City, such as Gulfstream Village or the intersection of Federal Highway and Hallandale Beach Boulevard. Creation of a daytime employment cluster in this core location could be expected to enhance the overall marketability of retail proposed for Gulfstream Village as well as this intersection.

- ERA understands that 70,000 sq. ft. of office space is proposed on the second floor (above street-level retail) in the first phase of Gulfstream Village. Effectively, Gulfstream could capture fully half of the City's office market potentials over the next 10 years.

- It is unlikely that market potentials warrant speculative office construction in locations elsewhere around the City other than those identified above.

Hotel/Lodging

Hallandale Beach, located between the two major destinations of Fort Lauderdale and Miami, lacks any perceived identity in the Broward County tourism market. Historically, Hallandale Beach was a lower-cost alternative offering ready convenience to surrounding markets in Broward and Miami-Dade, and capturing "fringe" market segments of both Fort Lauderdale and Miami by attracting price-sensitive customers who have been priced out of both markets with the influx of upscale and luxury hotel and condominium-hotel development throughout South Florida. However, this is beginning to change with new upscale projects such as *Beach Club* and the Diplomat Hotel & Spa in neighboring Hollywood.

Hallandale Beach's lodging supply is limited to four "flag" properties, only one of which, the Diplomat Hotel & Spa, would be considered "upscale" or "luxury". The other three are defined in the lodging industry as "economy" or "limited–service" properties such as the Hampton Inn. Most of the City's lodging properties are located in locations off the beach, with few, if any, physical or marketable connections to the City's oceanfront beaches. As a result, the lack of this pivotal resort feature limits rate potentials without the existence of man-made amenities such as the golf course, spa and tennis facilities available at the Diplomat Country Club.

- Despite its overall lack of identity, Hallandale Beach achieves strong average occupancy rates among its traditional hotel properties—averaging about **71 percent per year**. This sustained annual occupancy meets the financing threshold for new lodging construction as defined by the capital markets.

- Several additions to supply and substantial renovations are planned for three properties in Hallandale Beach. These include: the *European Club* condominium-hotel project, a proposed 29-story, 118-room property located adjacent to the Diplomat Country Club with completion scheduled for 2008; *Village at Gulfstream Park*—the first phase of Gulfstream's mixed-use project includes a 250-room hotel on air rights above a parking garage; and Regency House Spa plans to renovate its 130 rooms and public spaces to offer more upscale amenities to guests.

A number of factors are likely to limit market opportunities for new hotel development in Hallandale Beach in the foreseeable future. These include:

- The increasing number of condominium units, including those in condominium-hotel projects such as Beach Club or the proposed European Club, that are occupied by seasonal owners and available to visitors as part of the "rental pool" in each project. By Federal law, condominium units in such projects can only be occupied by the owner/investor up to a maximum of 90 days per year. The unit must be made available for transient occupancy during the remainder of the year.

- The 250-room hotel proposed for the first phase of the Gulfstream project is likely to capture any incremental increase in roomnight demand generated by traditional market segments such as business visitors (i.e., employment growth).

- A logical core market for overnight hotel rooms may exist in the City's two para-mutual facilities, Mardi Gras and Gulfstream Park. However, it is not known how many patrons to these facilities are overnight versus day visitors (only limited information was provided on slot revenues over the past two fiscal years). In ERA's view, it is likely that the majority of patrons are day-trippers (i.e., residents of Broward County or nearby Palm Beach and Miami-Dade Counties). As such, these patrons would not be likely to throw off any significant demand for hotel rooms.

- Limited information on gross sales revenues at both Mardi Gras and Gulfstream indicate the following. Mardi Gras generated $81.7 million in gross revenue in calendar year 2007, which translates into roughly $1.4 million in revenue for the City (at 1.7%). By comparison, Gulfstream Park generated $38.6 million in gross revenue in 2007; this generated roughly $657,000 in revenue for the City (also at 1.7%).

General Retail

To understand retail market potentials, ERA examined several critical indices, including consumer spending (also known as household "buying power"), the existing and proposed competitive retail supply in Hallandale Beach and nearby communities, and growth in specific market segments such as population and tourism. Notable findings are highlighted below:

- ERA estimates that Hallandale Beach households spend roughly **$215.6 million per year** on typical retail goods (irrespective of location), including apparel, food & beverage (restaurants), groceries, home furnishings, and leisure & entertainment. This translates into average annual spending of **$11,400 per household per year.**

- Retail spending patterns among the City's households is significantly below the national average as well as the spending patterns among households in nearby communities. For instance, households in Aventura spend almost $21,000 per year and households in Hollywood spend more than $14,000 per year in these merchandise categories. ERA notes, however, that the high number of elderly and retired households in the City *reduces* overall buying power as these households typically spend less. Over time, this could be expected to change as the number of younger households in the City increases.

- Hallandale Beach households enjoy a wide array of retail opportunities in the City and in nearby locations. The majority of retail space in the City is clustered on East Hallandale Beach Boulevard in numerous neighborhood strip and community retail centers, such as the recently-renovated *Diplomat Mall*, which is anchored by Burlington Coat Factory, Winn Dixie, and Ross Dress-for-Less.

- Current competitive offerings include *Aventura Mall*, located three miles south of Hallandale Beach, which is the largest conventional shopping mall in Florida, containing a gross leasable area of 2.4 million sq. ft. on three floors and over 250 shops. Reported annual sales average $1,200 per sq. ft.—significantly *above* the national average for malls of about $430 per sq. ft. The mall is anchored by Bloomingdale's, JC Penney, Macy's (two locations), Sears, and AMC 24 Theaters. In 2008, a new wing anchored by Nordstrom opened, increasing the mall's leasable area by 300,000 sq. ft., making Aventura Mall the fifth largest shopping center in the entire United States.

There are two major retail projects proposed in the City that are likely to capture the lion's share of future market potentials. In fact, **the overall size of these two proposed retail projects will require capturing a portion of the regional resident-based market as well as demand generated by visitors** to this part of Broward County. These projects include:

- Village at Gulfstream Park—this mixed-use project is proposed for approximately 60 acres located adjacent to the recently-renovated Gulfstream racetrack clubhouse opposite City Hall on Federal Highway. The developer is Forest City of Cleveland, a nationally renowned developer of urban mixed-use projects. According to the project's marketing representative, the first phase retail component will include 430,000 sq. ft. of retail space, a 250-room hotel, and 70,000 sq. ft. of office space. A second phase will include 60,000 sq. ft. of retail space for a project total of 490,000 sq. ft. of retail.
- Hallandale Square—a 380,000 sq. ft., multi-level retail center proposed in the southeast corner of Hallandale Beach Boulevard and Federal Highway, to be anchored by multiple "Big Box" stores on five levels.
- Park Central—a 500,000 sq. ft. mixed-use project with 20,000 sq. ft. of retail at North Federal Highway and NE 3rd Street.

In addition, several other proposed projects are expected to have some amount of street-level retail space.

ERA could not complete a retail demand analysis estimating how much additional retail space, if any, could be market supportable after these two projects (and/or others as identified) are delivered. Requested information from the developers of each of these projects, including merchandising plans (e.g., illustrating the proposed amount of restaurant space by food service category), was not made available. Based on our preliminary analysis as well as information contained in the demographic profile, such as household retail spending patterns, in ERA's view, it is unlikely that the City could support any significant additional retail space beyond that planned at these projects.

II. Demographic & Economic Profile

To estimate market potentials for new economic growth citywide, ERA examined demographic and economic conditions across a range of indices, focusing on those factors that "drive" demand for various uses. For example, for multi-family rental and for-sale residential development, this profile focuses on changes in specific age cohorts and incomes to inform tenure, product mix, and buyer or renter profiles, including key market information on annual household migration into Broward County using IRS data. The demographic and economic profile will also inform retail potentials by analyzing information on consumer spending patterns, disposable income, household growth, and other factors underpinning such potentials.

Further, to understand economic opportunities in specific locations of Hallandale Beach, such as the Northwest area of the City, ERA also examined these same factors using available market data and demographic information.

ERA utilized a number of public and private data sources in our research, including the U.S. Census Bureau and Bureau of Labor Statistics; U.S. Department of Housing and Urban Development; Internal Revenue Service; Broward Tax Assessor's Office; City of Hallandale Beach; Smith Travel Research; CoStar Realty; National Research Bureau; ESRI Business Analyst; Woods & Poole, Inc.; interviews with local brokers and developers, and others.

Relevant data are detailed in Table 1 through Table 12 and accompanying graphics.

Demographic Characteristics (Tables 1 – 7)

Population & Households

Like many jurisdictions across Florida, Broward County's population has increased substantially since 1970. According to population forecasts prepared by Woods & Poole, a demographic forecasting service based in Washington, D.C., the period of greatest growth occurred between 1970 and 1990. Since then, however, growth has slowed to a more moderate pace, with annual increases ranging from one to three percent per year since 1980. As the County effectively achieves buildout of its available developable areas, the pace of growth is forecast to slow through 2030, with annual increases averaging around 1.5 percent per year. Full buildout suggests that "in-fill" development—like that beginning to occur in Hallandale Beach—will increase across Broward in the future.

Broward County

- As illustrated in Table 1, Broward County's population jumped from 630,000 in 1970 to 1.6 million in 2000—an increase of more than one million residents over the past 30 years—reflecting an historic, *sustained* annual increase in population of more than **33,000 new residents per year**.
- The County's population increase was coupled with a corresponding increase in the number of households. In fact, between 1970 and 2000, the number of households in Broward increased at an historic, *sustained* annual pace of **14,500 households per year**.
- By 2030, the County's population is forecast to be 2.6 million in 995,000 households.

Table 1: Population & Household Trends & Projections, Broward County, 1970-2030

	1970	1980	1990	2000	2010	2020	2030
Population	629,662	1,026,240	1,263,301	1,632,440	1,942,736	2,260,626	2,602,608
Households	225,321	423,206	531,624	657,752	789,035	901,308	995,126
Household Size	2.76	2.41	2.35	2.45	2.43	2.48	2.58
		CAGR 1970-80	CAGR 1980-90	CAGR 1990-00	CAGR 2000-10	CAGR 2010-20	CAGR 2020-30
Population		5.01%	2.10%	2.60%	1.76%	1.53%	1.42%
Households		6.51%	2.31%	2.15%	1.84%	1.34%	1.00%
Household Size		-1.35%	-0.25%	0.42%	-0.08%	0.20%	0.40%

Source: Woods & Poole; Economics Research Associates, October 2007

Hallandale Beach

As a means of further understanding growth and development trends in Hallandale Beach, ERA examined demographic indices in the City and in nearby, selected municipalities. Table 2 illustrates population changes for these jurisdictions between 2000 and 2012. (Longer-term forecasts, by municipality, through 2030 are discussed below).

- Over the past seven years, Hallandale Beach has added more than 2,100 new residents. Today, ESRI Business Analyst estimates that the **City's current population is 36,400**, or 2.1 percent of the County (this is known as *fair share*). Over the next five years, the City is expected to add an additional 1,500 new residents, to roughly 38,000, by 2012.
- By comparison, in-fill and redevelopment initiatives in Hollywood have generated additional population growth there, with a current population of 59,000 residents. Notably, both Hallandale Beach and East Hollywood are growing more slowly than Aventura, which has experienced significant new residential development over the past several years. In fact, Aventura's population has jumped by more than 5,600 since 2000, to almost 31,000.

	2000	2007	2012	CAGR 2000-07	CAGR 2007-12
Hallandale	34,282	36,416	37,926	0.87%	0.82%
East Hollywood	56,182	59,060	61,200	0.72%	0.71%
Aventura	25,267	30,886	34,379	2.91%	2.17%

Source: ESRI Business Analyst; Economics Research Associates, October 2007

Table 2: Population Trends & Projections for Selected Municipalities, 2000-2012

ERA also examined trends in household size and formation, which is a better predictor of market demand for new housing. These findings are highlighted in Table 3.

- According to ESRI Business Analyst, the number of households in Hallandale Beach grew by almost 850 between 2000 and 2007—to **18,900 households**, reflecting both *declining* household size as well as recent new residential development, such as the *Duo* condominium towers on Hallandale Beach Boulevard and Diplomat Parkway. Over the next five years, the City is expected to add more than 700 new households (i.e., housing units) by 2012—for a total of **19,600 households**. Thus, Hallandale exhibits sustained average annual growth of roughly 120 households per year, a substantially smaller number than the 340 households per year predicted by the Broward County MPO and much less that the average 330 residential permits granted annually for the last several years. Near-term forecasts reflect expected new residential projects such as *Ocean Marine* as well as numerous, smaller in-fill projects.
- By comparison, sustained household growth in Aventura is higher due to greater population growth. In fact, roughly 430 new households are created in Aventura on an annual basis while East Hollywood creates about 175 new households per year.

Table 3: Household Trends & Projections for Selected Municipalities, 2000-2012

	2000	2007	2012	2000-07 CAGR	2007-12 CAGR
Hallandale	18,051	18,890	19,592	0.65%	0.73%
East Hollywood	26,667	27,782	28,744	0.59%	0.68%
Aventura	14,000	17,187	19,144	2.97%	2.18%

Source: ESRI Business Analyst; Economics Research Associates, October 2007

Hallandale Beach Quadrants

As a means of defining more focused economic opportunities in specific parts of Hallandale Beach, ERA examined demographic characteristics in each of the four quadrants comprising the City. Table 4 displays selected data for each of these four quadrants (NW, NE, SW, and SE); geographic boundaries are illustrated in Figure 1.

- The Northeast quadrant, with 11,000 residents in 6,500 households, is the City's most densely populated, primarily because of the number of higher-density residential buildings. The Northwest quadrant, which is characterized by lower-density single-family and small clusters of multi-family dwellings, is the City's smallest section, with 6,000 residents in 2,500 households. Notably, Northwest also contains the City's youngest households and the highest number of children under the age of 25.
- By comparison, the Southeast quadrant of the City (i.e., south of Hallandale Beach Boulevard and east of Dixie Highway) contains the highest proportion of residents over 55 years old (75 percent), reflecting the preponderance of active adults and retirees living in these neighborhoods, with a median age of almost 68 years.
- The Northeast and Southeast parts of Hallandale Beach contain the largest share of owner-occupied units—at 73 percent and 83 percent, respectively. This is consistent with the middle-class nature of these neighborhoods, which contain the highest household incomes in all of Hallandale Beach. In fact, almost half of the households in Southeast Hallandale (44 percent) earn more than $50,000 per year, with a median household income across the quadrant of almost $42,000 per year.
- By comparison, household incomes are lowest in the Northwest quadrant and, characteristic of a lower- to moderate-income neighborhood, only 36 percent of households in Northwest are owner-occupants.

Table 4: Selected Demographic Characteristics by Quadrant, 2007

	NW	NE	SW	SE	Total
Population	6,026	11,024	8,984	10,382	**36,416**
As % of City	16.5%	30.3%	24.7%	28.5%	
Households	2,465	6,476	3,775	6,174	**18,890**
As % of City	13.0%	34.3%	20.0%	32.7%	
Average Household Size	2.4	1.7	2.4	1.6	1.9
% of Residents Over Age 55	25.8%	57.4%	29.0%	74.7%	50.1%
% of Residents Under Age 25	36.8%	10.4%	30.0%	5.3%	18.2%
Median Age	37.2	60.8	41.3	67.9	55.1
Owner-occupied Housing Units	885	4,761	2,228	5,117	12,991
% Distribution	35.9%	73.5%	59.0%	82.9%	68.8%
Renter-occupied Housing Units	1,579	1,716	1,546	1,058	5,899
% Distribution	64.1%	26.5%	41.0%	17.1%	31.2%
Total Units:	**2,464**	**6,477**	**3,774**	**6,175**	**18,890**
Median Household Income	$ 23,073	$ 36,772	$ 31,026	$ 41,759	**$ 34,802**
% of Residents Earning < $35,000	64.8%	47.6%	56.5%	43.4%	50.2%
% of Residents Earning > $50,000	23.5%	37.0%	27.0%	44.1%	35.6%

Source: ESRI Business Analyst; Economics Research Associates, October 2007.

Age Cohorts

In order to understand residential development opportunities, ERA reviewed trends and forecasts related to age; these findings are summarized below:

- As illustrated in Table 5, 2007 data indicates that Hallandale Beach's largest age bracket is the 65-74 year-old cohort. In fact, fully 43 percent of the City's residents are over the age of 65. While an aging population typically reduces potential impacts on a municipality (e.g., reduced service costs to the school district), it also has disadvantages (e.g., aging households typically spend less on retail goods and thereby lower demand potentials for retail uses). However, the recent trend of more young families moving into the City will likely mitigate somewhat the economic effects of the large 65-75 year old cohort.

Table 5: Distribution of Population by Age, 2007-2012

	Hallandale			East Hollywood			Aventura		
	2007	2012	Change	2007	2012	Change	2007	2012	Change
0 to 4	3.9%	3.8%	-0.1%	5.5%	5.5%	0.0%	3.0%	3.0%	0.0%
5 to 14	7.3%	7.0%	-0.3%	10.6%	9.7%	-0.9%	5.8%	6.0%	0.2%
15 to 19	3.6%	3.6%	0.0%	5.3%	5.0%	-0.3%	2.4%	2.2%	-0.2%
20 to 24	3.4%	4.0%	0.6%	5.9%	7.1%	1.2%	2.3%	2.7%	0.4%
25 to 34	8.2%	6.6%	-1.6%	11.2%	10.9%	-0.3%	9.6%	6.1%	-3.5%
35 to 44	11.5%	10.4%	-1.1%	15.9%	13.0%	-2.9%	13.9%	13.8%	-0.1%
45 to 54	12.0%	12.6%	0.6%	16.3%	16.6%	0.3%	11.2%	13.1%	1.9%
55 to 64	13.2%	13.8%	0.6%	11.9%	14.2%	2.3%	16.4%	16.8%	0.4%
65 to 74	14.0%	15.0%	1.0%	7.4%	7.7%	0.3%	13.4%	15.8%	2.4%
75 to 84	13.9%	13.4%	-0.5%	6.2%	6.1%	-0.1%	14.1%	12.5%	-1.6%
85+	9.0%	9.8%	0.8%	3.7%	4.1%	0.4%	7.9%	8.0%	0.1%
Median Age	55.1	56.6	1.5	42.3	44.2	1.9	56.1	57.1	1.0

Source: ESRI Business Analyst; Economics Research Associates, October 2007

Household Income

Table 6 illustrates median household incomes for Hallandale Beach, Hollywood, and Aventura for 2000-2012. Median incomes in the area have increased since 2000, generated primarily by new, higher-income retirees as well as younger, two-income households.

- In fact, Hallandale Beach experienced its greatest growth in household incomes from 2000 to 2007, with a compound annual growth rate of three percent, which reflects *real* income growth above the rate of inflation. The **City's current median household income is $34,800 per year**. Incomes are expected to rise to almost $40,000 per year by 2012.

- By comparison, households are generally more affluent in Hollywood and Aventura than they are in Hallandale Beach, which has a large number of fixed-income retirees and moderate-income households. For example, the median income of households in Aventura is almost $58,000.

Table 6: Median Household Incomes, 2000-2012

	2000	2007	2012	2000-07 CAGR	2007-12 CAGR
Hallandale	$28,159	$34,802	$39,902	3.07%	2.77%
East Hollywood	$32,610	$41,140	$48,104	3.38%	3.18%
Aventura	$44,552	$57,712	$68,687	3.77%	3.54%

Source: ESRI Business Analyst; Economics Research Associates, October 2007

- However, household incomes are expected to continue to increase in Hallandale over the next five years, in part as a result of younger, two-income households moving to the City because real

estate costs are generally lower than they are in nearby communities such as Aventura. Notably, this emerging trend is reflected in ESRI forecasts, which suggest that the number of households earning over $75,000 per year in Hallandale will increase by almost six percent by 2012.

Table 7: Households by Income, 2007-2012

	Hallandale			East Hollywood			Aventura		
	2007	2012	Change	2007	2012	Change	2007	2012	Change
< $15,000	19.9%	17.2%	-2.7%	16.5%	14.2%	-2.3%	12.7%	10.6%	-2.1%
$15,000 to $24,999	16.8%	14.6%	-2.2%	13.2%	11.3%	-1.9%	9.3%	7.6%	-1.7%
$25,000 to $34,999	13.5%	11.6%	-1.9%	13.1%	11.0%	-2.1%	8.3%	7.2%	-1.1%
$35,000 to $49,999	14.2%	15.6%	1.4%	15.9%	15.4%	-0.5%	12.9%	10.9%	-2.0%
$50,000 to $74,999	17.5%	17.3%	-0.2%	17.5%	17.6%	0.1%	19.5%	17.7%	-1.8%
$75,000 to $99,999	8.2%	9.8%	1.6%	9.4%	10.3%	0.9%	10.2%	12.6%	2.4%
$100,000 to $149,999	6.3%	9.4%	3.1%	8.3%	12.0%	3.7%	12.8%	14.2%	1.4%
$150,000 to $199,999	1.8%	2.2%	0.4%	2.9%	3.5%	0.6%	6.0%	7.5%	1.5%
$200,000+	1.8%	2.4%	0.6%	3.2%	4.8%	1.6%	8.4%	11.6%	3.2%

Source: ESRI Business Analyst; Economics Research Associates, October 2007

Economic & Employment Characteristics (Tables 8 – 10)

Changes in the labor force are a fundamental index of overall economic development and are a key "driver" of demand for various types of real estate, such as office space. As such, ERA profiled occupational and employment characteristics in Broward County as a means of understanding the overall performance of the County's economy and what impacts these characteristics may have on overall development potentials in Hallandale Beach.

Employment

- Employment trends are illustrated in Table 8 and Table 9. Between 1970 and 2000, **Broward County added an average of 20,000 new jobs per year**. Since 2000, the County's job growth has slowed only slightly—with the creation of 17,000 new jobs per year. In 2005, 355,000 jobs in Broward County (40 percent) were in Services, a sector that includes occupations such as lodging/hospitality, education, medical, and professional and business services jobs like legal and engineering. Nationally, the Services sector is one of the fastest-growing in almost every jurisdiction across the United States.

- The Finance/Insurance/Real Estate (FIRE) sector is a core sector generating demand for office space. On average, over the past 30 years, Broward County has added 2,000 new jobs each year in FIRE.

- ERA utilized employment forecasts prepared by two sources—Woods & Poole, Inc., which is the only data service that forecasts job growth in five-year increments through 2030 for each county in the United States (Table 8), and the state's Agency for Workforce Innovation (AWI), which prepares eight-year employment forecasts for each county or labor market across the state (Table 9).

- According to AWI, the largest job gains in Broward County between 2006 and 2014 are expected to occur in Professional & Business Services and Educational Services (with gains of more than three percent each). This is expected to continue to fuel demand for commercial office space in specific locations throughout the County.

Table 8: Broward County Employment Trends & Projections, 1970-2030

	1970	1980	1990	2000	2005	2010	2015	2020	2025	2030
Mining	342	790	851	621	535	545	556	566	577	587
Construction	29,816	39,615	43,539	52,929	56,360	61,890	67,412	72,926	78,432	83,932
Manufacturing	21,915	41,984	44,559	40,695	37,246	38,457	39,673	40,896	42,130	43,377
Transport, Comm. & Public Util.	10,894	19,046	27,024	38,490	42,365	46,267	50,159	54,047	57,934	61,820
Wholesale Trade	8,653	21,399	34,815	49,209	57,272	65,791	74,306	82,822	91,342	99,865
Retail Trade	52,465	100,073	130,521	159,570	170,951	180,500	190,006	199,492	208,971	218,454
Finance, Ins. & Real Estate	27,809	59,788	63,550	88,156	109,595	116,107	122,632	129,159	135,689	142,220
Services	60,965	124,732	208,687	316,276	354,699	391,371	428,107	464,894	501,721	538,578
Government	29,765	47,019	71,601	92,742	103,165	113,644	124,097	134,529	144,945	155,352
Total Employment	**246,603**	**460,403**	**632,471**	**848,098**	**941,951**	**1,025,060**	**1,108,162**	**1,191,276**	**1,274,419**	**1,357,599**

	Compound Annual Growth Rate (CAGR)								
	1970-80	1980-90	1990-00	2000-05	2005-10	2010-15	2015-20	2020-25	2025-30
Mining	8.73%	0.75%	-3.10%	-2.94%	0.37%	0.40%	0.36%	0.39%	0.34%
Construction	2.88%	0.95%	1.97%	1.26%	1.89%	1.72%	1.58%	1.47%	1.36%
Manufacturing	6.72%	0.60%	-0.90%	-1.76%	0.64%	0.62%	0.61%	0.60%	0.59%
Transport, Comm. & Public Util.	5.75%	3.56%	3.60%	1.94%	1.78%	1.63%	1.50%	1.40%	1.31%
Wholesale Trade	9.48%	4.99%	3.52%	3.08%	2.81%	2.46%	2.19%	1.98%	1.80%
Retail Trade	6.67%	2.69%	2.03%	1.39%	1.09%	1.03%	0.98%	0.93%	0.89%
Finance, Ins. & Real Estate	7.96%	0.61%	3.33%	4.45%	1.16%	1.10%	1.04%	0.99%	0.94%
Services	7.42%	5.28%	4.25%	2.32%	1.99%	1.81%	1.66%	1.54%	1.43%
Government	4.68%	4.30%	2.62%	2.15%	1.95%	1.78%	1.63%	1.50%	1.40%
Total Employment	**6.44%**	**3.23%**	**2.98%**	**2.12%**	**1.71%**	**1.57%**	**1.46%**	**1.36%**	**1.27%**

Includes part-time and self-employment

Source: Woods & Poole; Economics Research Associates, October 2007

Industry	Employment 2006	Employment 2014	Annual Change Total	Annual Change Percent
Total, All Industries	851,458	981,487	16,254	1.91
Agriculture, Forestry, Fishing and Hunting	889	902	2	0.18
Mining	68	41	-3	-4.96
Construction	55,195	63,493	1,037	1.88
Manufacturing	31,446	31,985	67	0.21
Durable Goods Manufacturing	21,884	22,259	47	0.21
Non-Durable Goods Manufacturing	9,562	9,726	20	0.21
Trade, Transportation, and Utilities	171,040	192,547	2,688	1.57
Utilities	1,115	963	-19	-1.70
Wholesale Trade	46,414	53,470	882	1.90
Retail Trade	100,364	112,353	1,499	1.49
Transportation and Warehousing	23,147	25,761	327	1.41
Information	22,044	23,929	236	1.07
Financial Activities	67,059	73,398	792	1.18
Finance and Insurance	43,731	46,898	396	0.91
Real Estate and Rental and Leasing	23,328	26,500	396	1.70
Professional and Business Services	131,153	165,756	4,325	3.30
Professional, Scientific, and Technical Services	52,530	67,652	1,890	3.60
Management of Companies and Enterprises	6,228	7,870	205	3.30
Administrative and Support and Waste Management	72,395	90,234	2,230	3.08
Education and Health Services	87,983	104,312	2,041	2.32
Educational Services	16,389	20,622	529	3.23
Health Care and Social Assistance	71,594	83,690	1,512	2.11
Leisure and Hospitality	78,919	88,636	1,215	1.54
Arts, Entertainment, and Recreation	11,926	12,677	94	0.79
Accommodation and Food Services	66,993	75,959	1,121	1.67
Other Services (Except Government)	32,413	38,518	763	2.35
Government	102,763	121,229	2,308	2.25
Self-Employed and Unpaid Family Workers	70,486	76,741	782	1.11

Source: Florida Agency for Workforce Innovation; Economics Research Associates, October 2007

Table 9: Broward County Employment Forecasts, 2006-2014

- The state's **Agency for Workforce Innovation projects that Broward County will add 130,000 new jobs over the next eight years**. By comparison, Woods & Poole forecasts a gain of roughly 160,000 new jobs between 2005 and 2015. (ERA notes that the differences in total jobs between these two sources are due to Woods & Poole's inclusion of both part-time and self-employed positions. The state totals include only full-time employment)

.

Table 10: Broward County Unemployment, 2001-2006

	2001	2002	2003	2004	2005	2006
Civilian Labor Force	882,428	899,193	908,007	924,685	954,047	974,486
Employment	842,626	846,696	859,214	882,410	918,901	944,381
Unemployed	39,802	52,497	48,793	42,275	35,146	30,105
Unemployment Rate	4.5%	5.8%	5.4%	4.6%	3.7%	3.1%

Source: Florida Agency for Workforce Innovation; Economics Research Associates, October 2007

Housing Trends (Tables 11 - 12)

ERA also reviewed housing trends in Hallandale Beach as a means of understanding the relative health of the City's housing market. Specific measures of performance, such as housing values and tenure (occupancy), are highlighted below.

Housing Values

As in numerous other jurisdictions across the United States, housing values have increased sharply in Hallandale Beach and nearby communities since 2000. In fact, as illustrated in Table 11, **median housing values in Hallandale Beach stood at $193,400 in 2007**, a jump of 15 percent per year since 2000, when median values were just shy of $75,000. By comparison, Aventura, which has historically been one of the more expensive housing markets in South Florida, experienced the most dramatic annual increases in values—in the range of 18 percent per year. Currently, the median housing value in Aventura is significantly higher than Hallandale, at $367,500.

According to forecasts prepared by ESRI Business Analyst, housing values are expected to increase at a more moderate pace—in the range of three to four percent over the next five years—as the current slowdown in the housing market is likely to dampen any significant increases in values. By 2012, median housing values in Hallandale Beach are forecast to reach $235,000, and reflect the recent and planned construction of higher-priced condominium and hotel-condominium units.

Table 11: Median Home Values, 2000-2007

	2000	2007	2012	CAGR 2000-07	CAGR 2007-12
Hallandale	74,243	193,409	235,134	14.7%	4.0%
East Hollywood	106,333	276,808	327,556	14.6%	3.4%
Aventura	118,150	367,480	421,546	17.6%	2.8%

Source: ESRI Business Analyst; Economics Research Associates, October 2007

Tenure

Table 12 illustrates trends and forecasts in housing tenure (i.e., renter versus owner) for the municipalities for 2000 to 2012. Homeownership increased slightly from 2000 to 2007 in the municipalities, and is expected to remain generally stable from 2007 to 2012. Notably, fully half of the City's households are owner-occupants; interestingly, this is slightly below the homeownership rates in Aventura yet seven percent higher than homeownership rates in Hollywood.

Further, the majority of the "vacant" housing inventory in these municipalities includes a high number of seasonally-occupied units in various locations. In fact, of the vacant housing stock in both Hallandale Beach and Aventura, 70 percent of units are vacant because they are occupied on a seasonal basis. In Hollywood, 48 percent of vacant units are occupied on a seasonal basis. This suggests that nine to ten percent of units are vacant and not seasonally used. Vacancy rates are expected to remain generally stable through 2012.

Table 12: Housing Tenure, 2000-2012

	2000	2007	2012
Hallandale Beach			
Owner-occupied units	48.3%	49.3%	49.1%
Renter-occupied units	23.9%	22.4%	22.6%
Vacant	28.9%	29.2%	29.2%
Hollywood			
Owner-occupied units	40.4%	42.3%	42.5%
Renter-occupied units	40.2%	37.9%	37.5%
Vacant	19.4%	19.8%	19.9%
Aventura			
Owner-occupied units	50.2%	52.3%	52.4%
Renter-occupied units	19.8%	16.8%	16.9%
Vacant	30.1%	30.9%	30.7%

Source: ESRI Business Analyst; Economics Research Associates, October 2007

III. Real Estate Market Conditions

ERA examined commercial and residential market characteristics in Hallandale Beach and selected nearby municipalities to understand recent and current market conditions and trends. This section of the report analyzes various indices, such as building inventory, historic development trends and building permit activity; for-sale pricing in selected new residential projects in Hallandale Beach; commercial leasing/absorption activity and rents; hotel occupancy levels; and other appropriate market characteristics and supply and demand factors as they affect citywide development potentials for various uses to guide specific initiatives and strategies in the master plan.

Commercial Office (Tables 13 – 17)

Relevant office market conditions in Hallandale Beach and nearby areas are summarized below and illustrated in the accompanying tables:

- Broward County's office market is strong and has expanded significantly since 2001, with positive *net* absorption averaging **1.45 million sq. ft. per year**. In fact, the office market in Broward County is growing faster than neighboring Miami-Dade County. Compared to its neighbor to the south, Broward is *outpacing* Miami-Dade in new office development by 200,000 sq. ft. per year. Since 2001, almost 8.5 million sq. ft. of new office space has been built in Broward. In addition, average annual absorption is higher and average annual rents are lower (i.e., more competitive) in Broward County than in Miami-Dade.

- Hallandale Beach is considered a *tertiary* office submarket of Broward County. As illustrated in Table 13, Hallandale Beach has a very small share in the County's total office market—of only one percent—with a total inventory of **1.5 million sq. ft. of space**. In considering future office market potentials in Hallandale, this is known as *fair share*. In contrast, Hollywood contains almost four percent of the County's total office space.

- Over the past six years, only 27,000 sq. ft. of new office space has been built in Hallandale Beach in the form of smaller "garden" office buildings for professional services tenants. By comparison, 235,000 sq. ft of office space was built in Hollywood, and 650,000 sq. ft, of office space was delivered in Aventura during this period.

- Notably, current office vacancy rates in Hallandale Beach are significantly *lower* than vacancy levels across the County and in the neighboring municipalities. The City's office vacancy rate has averaged less than **four percent per year** since 2001, reflecting a submarket that is at *stabilization*.

- Office rents in Hallandale Beach average about **$19 per sq. ft.** on a full-service basis. The City's office rents are lower than the County as a whole ($22 per sq. ft.) and significantly lower than average rents in Aventura ($32 per sq. ft.).

- Office **leasing activity in Hallandale Beach has been quite limited** over the past six years—reflecting, in part, the fact that the City's office market is at stabilization as well as its tertiary status and nominal levels of new office construction during this time. In fact, net absorption averaged only **5,300 sq. ft. per year** between 2001 and 2006. Notably, the City has experienced more than 76,000 sq. ft. of *negative* absorption/leasing activity in 2007, reflecting a weakening regional economy.

Table 13: Regional Office Market Profile, 2001-2007

Submarket / County	Number of Buildings	Total RBA /1	Share of Defined Market	Vacancy Rate /2	Average Rental Rate
	Summary Data - QTD				
Broward County	3,552	65,306,200	42.0%	7.8%	$25.25/fs
Miami-Dade County	3,535	87,067,720	55.9%	6.9%	$28.07/fs
Hallandale	153	1,497,239	1.0%	7.8%	$24.32/fs
Aventura	42	1,783,991	1.1%	8.0%	$35.95/fs
Hollywood	551	5,896,438	3.8%	5.7%	$24.94/fs
NE Dade	429	6,418,307	4.1%	8.1%	$23.40/fs
Regional Market Total	7,282	155,655,150	100.0%	7.3%	$26.79/fs

	Rentable Building Area Delivered, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
Broward County	3,505,889	1,166,683	942,390	930,217	852,175	1,090,242	1,414,599	450,630	761,576
Miami-Dade County	1,528,188	1,557,814	903,428	1,356,297	885,920	1,068,541	1,216,698	580,935	630,285
Hallandale	2,400	0	24,000	0	0	0	4,400	0	0
Aventura	3,296	37,961	226,131	112,664	71,900	100,633	92,098	0	0
Hollywood	30,193	0	63,629	53,437	30,143	24,000	33,567	0	0
NE Dade	0	9,808	6,000	17,927	11,000	0	7,456	0	10,000
Regional Market Total	5,034,077	2,724,497	1,845,818	2,295,789	1,738,095	2,158,783	2,632,843	1,031,565	1,391,861

	Direct Net Absorption, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
Broward County	1,832,050	1,147,357	1,070,794	1,820,656	1,755,524	1,075,773	1,450,359	405,889	411,267
Miami-Dade County	(9,701)	960,467	729,146	2,440,567	2,300,375	1,259,976	1,280,138	1,295,190	356,978
Hallandale	(2,739)	26,784	3,941	(2,151)	598	5,566	5,333	14,589	(76,598)
Aventura	10,566	23,010	137,080	12,566	203,760	117,907	84,148	61,149	(32,088)
Hollywood	51,940	47,804	87,264	248,794	154,801	(31,778)	93,138	(141,461)	4,145
NE Dade	(97,820)	90,776	(1,063)	196,601	(72,850)	(92,089)	3,926	(22,793)	(2,095)
Regional Market Total	1,826,749	2,099,248	1,810,340	4,293,748	4,046,399	2,326,108	2,733,765	1,612,563	661,609

	End of Year Direct Vacancy Rate, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
Broward County	11.1%	10.9%	10.5%	8.9%	7.3%	7.1%	9.3%	7.2%	7.8%
Miami-Dade County	9.4%	10.0%	10.1%	8.6%	6.9%	6.6%	8.6%	5.9%	6.9%
Hallandale	4.6%	2.8%	4.1%	4.2%	4.2%	3.8%	3.9%	3.2%	7.8%
Aventura	3.3%	4.4%	9.7%	15.2%	6.7%	5.4%	7.4%	3.1%	8.0%
Hollywood	11.2%	10.4%	9.8%	6.4%	4.2%	5.2%	7.9%	6.7%	5.7%
NE Dade	8.5%	7.2%	7.3%	4.4%	5.7%	7.2%	6.7%	6.1%	8.1%
Regional Market Total	10.0%	10.3%	10.2%	8.6%	6.9%	6.7%	8.8%	6.4%	7.3%

	End of Year Direct Rent, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
Broward County	$21.09	$21.37	$21.83	$22.01	$22.62	$23.74	$22.11	$23.36	$25.25
Miami-Dade County	$23.76	$24.81	$24.21	$24.41	$24.79	$26.85	$24.81	$25.35	$28.07
Hallandale	$17.63	$17.50	$22.18	$19.67	$19.61	$17.97	$19.09	$18.03	$24.32
Aventura	$36.63	$34.84	$35.29	$30.55	$28.76	$28.71	$32.46	$27.36	$35.95
Hollywood	$19.07	$19.84	$20.81	$23.04	$22.94	$23.93	$21.61	$22.51	$24.94
NE Dade	$15.75	$16.02	$17.03	$18.72	$18.37	$22.79	$18.11	$21.39	$23.40
Regional Market Total	$22.49	$23.23	$23.20	$23.38	$23.74	$25.45	$23.58	$24.40	$26.79

1/ Rentable Building Area
2/ Does not include Sublet Vacancy
Source: CoStar Property; Economics Research Associates, September 2007

Broward County

Table 14 profiles office market characteristics for Broward County.

- **Inventory**—Broward County contains an office inventory of almost 65 million sq. ft. of space in 3,550 buildings across all classes. Class A buildings comprise 22 percent of the inventory, Class B buildings account for 46 percent, and Class C buildings account for 28 percent. Class C buildings are typically occupied by price-sensitive, professional services businesses.
- **Vacancy**—Office vacancies in Broward County are stable, ranging from a low of seven percent in 2006 to a high of 11 percent during the economic recession in 2001. Over the past six years, vacancy rates have been highest in the County's Class A properties, with an average annual vacancy rate of almost 14 percent. This reflects the delivery of a significant amount of new, Class A office buildings across the County.
- **Absorption**—Net leasing activity has remained solid, with annual net absorption averaging **1.45 million sq. ft. per year** since 2000. Absorption between 2001 and 2006 has varied in the range of 850,000 sq. ft. to upwards of 3.5 million sq. ft. per year. Historic absorption activity in all classes of office space during this period was positive.
- **Rental Rates**—Average full-service office rents in Broward County have remained consistent over the past six years in the range of $22.01 to $23.74 per sq. ft., with an average of $22.11 per sq. ft. Understandably, rental rates are highest among Class A office space, averaging between $5 and $8 per sq. ft. more than Class B and Class C space, respectively.

Table 14: Broward County Office Market Profile, 2001-2007

Building Class	Number of Buildings	Total RBA 1/	RBA As % of Total Submarket	Vacancy Rate 2/	Average Rental Rate
	Summary Data - QTD				
A	108	14,196,846	21.7%	11.4%	$30.64/fs
B	985	29,818,782	45.7%	8.8%	$23.06/fs
C	2,101	18,493,962	28.3%	4.6%	$20.80/fs
Total	3,552	65,306,200	95.7%	7.8%	$25.25/fs

	Rentable Building Area Delivered, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	1,554,402	597,229	371,000	264,140	372,479	331,706	581,826	140,160	288,884
B	1,871,187	523,870	526,254	607,999	464,096	758,536	791,990	310,470	472,692
C	57,945	35,938	38,820	29,283	15,600	0	29,598	0	0
Total	3,505,889	1,166,683	942,390	930,217	852,175	1,090,242	1,414,599	450,630	761,576

	Direct Net Absorption, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	652,999	432,211	421,474	488,816	560,240	482,070	506,302	286,645	33,725
B	1,062,402	445,572	582,525	1,026,039	1,110,230	575,609	800,396	193,166	296,387
C	107,369	259,928	47,404	277,006	85,054	19,994	132,793	(73,922)	(229,500)
Total	1,832,050	1,147,357	1,070,794	1,820,656	1,755,524	1,075,773	1,450,359	405,889	411,267

	End of Year Direct Vacancy Rate, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	15.8%	16.4%	15.5%	13.5%	11.8%	10.4%	13.9%	10.6%	9.8%
B	12.3%	12.4%	11.9%	10.1%	7.6%	8.1%	10.4%	7.9%	8.6%
C	7.1%	5.8%	5.7%	4.3%	3.9%	3.7%	5.1%	4.3%	5.1%
Total	11.1%	10.9%	10.5%	8.9%	7.3%	7.1%	9.3%	7.2%	7.6%

	End of Year Direct Rent, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	dna	$24.73	$24.79	$25.31	$26.82	$29.26	$26.18	$28.34	$30.54
B	dna	$19.89	$20.68	$20.60	$20.78	$21.73	$20.74	$20.85	$22.83
C	dna	$18.26	$17.33	$18.13	$17.49	$17.86	$17.81	$17.59	$20.70
Total	$21.09	$21.37	$21.83	$22.01	$22.62	$23.74	$22.11	$23.36	$25.11

Note: Numbers may not total due to rounding and / or classification errors in the CoStar Property database
1/ Rentable Building Area
2/ Does not include Sublet Vacancy
Source: CoStar Property; Economics Research Associates, September 2007

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Hallandale Beach

Table 15 profiles the Hallandale Beach office market.

- **Inventory**—The Hallandale Beach office market contains 1.5 million sq. ft. of space in 153 buildings across all classes. Class C buildings—which typically command the lowest rental rates—comprise 64 percent of the inventory, Class B buildings account for 31 percent, and Class A buildings comprise only four percent of the City's office inventory.

- **Vacancy**—Office vacancies in Hallandale Beach were steady between 2001 and 2006, with vacancy ranging from 2.8 percent in 2002 to 4.6 percent in 2001. Class A vacancy rates rose in 2005 to 92 but declined to 52 percent in 2006 and 48 percent in 2007, indicating active leasing. Vacancy rates for Class B and Class C buildings are extremely low, in the range of one to two percent. (Note: One building in Hallandale Beach is classified as Class A by Costar Property Information; the definition of Class A space by Costar Property was not available.)

- **Absorption**—Leasing activity in Hallandale Beach is limited, with average annual absorption of 5,300 sq. ft. per year. The pace of activity has fluctuated, with negative absorption in 2001 and 2004 across all classes. The limited amount of new office space that was delivered in 2001 and 2003 was not immediately leased.

- **Rental Rates**—Full-service office rents in Hallandale Beach range from $17.63 per sq. ft. to $22.18 per sq. ft. Average annual rent for the six-year analysis period was $19.09 per sq. ft. Through the first-half of 2007, however, rates have increased, averaging $23.67 per sq. ft.

Table 15: Hallandale Beach Office Market Profile, 2001-2007

	Summary Data - QTD				
Building Class	Number of Buildings	Total RBA 1/	RBA As % of Total Submarket	Vacancy Rate 2/	Average Rental Rate
A	1	56,347	3.8%	48.1%	dna
B	9	470,189	31.4%	5.3%	$26.55/fs
C	139	958,593	64.0%	6.8%	$18.39/fs
Total	153	1,497,239	99.2%	7.8%	$24.32/fs

	Rentable Building Area Delivered, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	0	0	0	0	0	0	0	0	0
B	0	0	0	0	0	0	0	0	0
C	0	0	0	0	0	0	0	0	0
Total	2,400	0	24,000	0	0	0	4,400	0	0

	Direct Net Absorption, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	652,999	0	0	0	(51,955)	22,615	103,943	22,615	2,256
B	0	0	0	894	21,111	1,372	3,896	7,222	(29,368)
C	0	0	0	8,018	31,442	(18,421)	3,507	(15,248)	(49,486)
Total	(2,739)	26,784	3,941	(2,151)	598	5,566	5,333	14,589	(76,598)

	End of Year Direct Vacancy Rate, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	0.0%	0.0%	0.0%	0.0%	92.2%	52.1%	24.0%	52.1%	48.1%
B	0.0%	0.0%	0.0%	6.1%	1.6%	1.4%	1.5%	0.1%	7.6%
C	0.0%	0.0%	0.0%	3.5%	0.2%	2.2%	1.0%	1.8%	7.4%
Total	4.6%	2.8%	4.1%	4.2%	4.2%	3.8%	3.9%	3.2%	9.0%

	End of Year Direct Rent, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	dna	dna	dna	dna	dna	dna	dna	dna	dna
B	dna	dna	dna	$21.98	$21.65	$17.17	$20.27	$20.88	$26.32
C	dna	dna	dna	$17.91	$18.03	$18.52	$18.15	$16.81	$18.15
Total	$17.63	$17.50	$22.18	$19.67	$19.61	$17.97	$19.09	$18.03	$23.67

Note: Numbers may not total due to rounding and / or classification errors in the CoStar Property database
1/ Rentable Building Area
2/ Does not include Sublet Vacancy
Source: CoStar Property; Economics Research Associates, September 2007

Additional Table 15 note: The Costar criteria for Class A office space were not available and the building desingated as Class A does not meet the typical standards of a Class A building.

Aventura

Table 16 profiles the Aventura office market.

- **Inventory**—The office market in Aventura contains 1.8 million sq. ft of space in 42 buildings. Class B buildings comprise 54 percent of the inventory, Class A buildings account for 35 percent, and Class C buildings comprise 11 percent of the inventory.
- **Vacancy**—Office vacancies in Aventura fluctuated between 2001 and 2006. Vacancies between 2001 and 2003 were negligible. However, overall vacancies spiked in 2004 to over 15 percent driven primarily by a 22 percent vacancy rate in Class A buildings. However, as there are only six Class A office buildings in Aventura, a high vacancy rate can be caused by one or two tenants vacating office space.
- **Absorption**—Office leasing in Aventura has been strong; in fact, in 2005 and 2006 over 172,000 sq. ft of office space was leased. Annual absorption in Aventura averages 84,000 sq. ft across all building classes. Leasing activity is particularly strong in Class A office space, with average annual absorption of 137,000 sq. ft.

- **Rental Rates**—Average full-service office rents in Aventura have fluctuated since 2001, ranging from $21.71 per sq. ft. in 2006 to $36.63 per sq. ft. in 2001. Rents have generally decreased since 2001, yet spiked again in 2007.

Table 16: Aventura Office Market Profile, 2001-2007

	Summary Data - QTD				
Building Class	Number of Buildings	Total RBA 1/	RBA As % of Total Submarket	Vacancy Rate 2/	Average Rental Rate
A	6	626,428	35.1%	18.2%	$36.05/fs
B	26	963,353	54.0%	2.5%	$34.43/fs
C	10	194,210	10.9%	2.0%	dna
Total	42	1,783,991	100.0%	8.0%	$35.95/fs

	Rentable Building Area Delivered, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	0	0	0	0	49,900	100,633	25,089	0	0
B	0	0	0	0	22,000	0	3,667	0	0
C	0	0	0	0	0	0	0	0	0
Total	3,296	37,961	226,131	112,664	71,900	100,633	92,098	0	0

	Direct Net Absorption, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	652,999	0	0	788	122,915	45,833	137,089	2,997	(1,370)
B	0	0	0	13,526	73,065	72,900	26,582	65,928	(19,520)
C	0	0	0	6,724	7,780	(826)	2,280	(7,776)	500
Total	10,566	23,010	137,080	12,566	203,760	117,907	84,148	61,149	(32,088)

	End of Year Direct Vacancy Rate, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	0.0%	0.0%	0.0%	22.0%	6.0%	13.8%	7.0%	5.5%	15.9%
B	0.0%	0.0%	0.0%	13.6%	8.0%	0.5%	3.7%	1.2%	2.5%
C	0.0%	0.0%	0.0%	6.0%	1.9%	2.3%	1.7%	6.0%	2.1%
Total	3.3%	4.4%	9.7%	15.2%	6.7%	5.4%	7.4%	3.1%	7.2%

	End of Year Direct Rent, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	dna	dna	dna	$27.55	$26.87	$27.42	$27.28	$25.09	$36.08
B	dna	dna	dna	$33.99	$31.23	$38.23	$34.48	$35.60	$33.73
C	dna	dna	dna	$27.00	$28.00	$28.00	$27.67	$28.00	dna
Total	$36.63	$34.84	$35.29	$30.55	$28.76	$28.71	$32.46	$27.36	$35.80

Note: Numbers may not total due to rounding and / or classification errors in the CoStar Property database
1/ Rentable Building Area
2/ Does not include Sublet Vacancy
Source: CoStar Property; Economics Research Associates, September 2007

Hollywood

Table 17 profiles the Hollywood office market.

- **Inventory**—Hollywood contains an office inventory of 5.9 million sq. ft. of space in 551 buildings across all classes. Office buildings in Hollywood are dominated by both B (41 percent) and C (40 percent) properties as defined by CoStar, as illustrated in the number of aging commercial buildings that suffer from physical and/or functional obsolescence throughout the City. On the other hand, several recent projects have added new product to Hollywood's office inventory in five of the last six years.
- **Vacancy**—Office vacancy rates in Hollywood averaged 7.9 percent between 2001 and 2006; however, rates have steadily decreased since 2001. Average vacancy rates were the highest for Class A space (11.2%). This was driven by high Class A vacancy rates in 2001 and 2002.

- **Absorption**—Similar to the other submarkets, Hollywood has experienced positive absorption activity, averaging 93,000 sq. ft. per year Absorption was strongest for Hollywood's Class A buildings, although absorption was negative in 2006 for Class B space (-41,000 sq. ft.) and Class C properties (-7,000 sq. ft.).
- **Rental Rates**—Full-service rents in Hollywood average $21.61 per sq. ft., although rates climbed to $24.93 per sq. ft. in 2007.

Table 17: Hollywood Office Market Profile, 2001–2007

	Summary Data - QTD				
Building Class	Number of Buildings	Total RBA 1/	RBA As % of Total Submarket	Vacancy Rate 2/	Average Rental Rate
A	2	335,132	5.7%	9.5%	$35.20/fs
B	92	2,389,268	40.5%	8.8%	$24.43/fs
C	249	2,355,013	39.9%	3.9%	$22.55/fs
Total	551	5,896,438	86.1%	5.7%	$24.94/fs

	Rentable Building Area Delivered, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	0	0	0	53,437	0	0	8,906	0	0
B	15,943	0	63,629	0	30,143	24,000	22,286	0	0
C	14,250	0	0	0	0	0	2,375	0	0
Total	30,193	0	63,629	53,437	30,143	24,000	33,567	0	0

	Direct Net Absorption, 2001-2006 Annual Totals							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	652,999	(5,572)	16,535	52,864	17,834	2,368	122,838	4,805	(13,885)
B	27,518	(14,361)	37,428	123,763	78,415	(41,331)	35,239	(87,254)	34,337
C	31,512	67,737	33,301	72,167	58,552	7,185	45,076	(59,012)	(21,414)
Total	51,940	47,804	87,264	248,794	154,801	(31,778)	93,138	(141,461)	4,145

	End of Year Direct Vacancy Rate, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	16.3%	18.3%	12.4%	10.6%	5.3%	4.6%	11.2%	3.9%	7.2%
B	12.6%	13.2%	14.0%	8.7%	6.5%	9.2%	10.7%	10.2%	7.8%
C	13.1%	10.2%	8.8%	5.8%	3.3%	3.0%	7.4%	5.8%	3.9%
Total	11.2%	10.4%	9.8%	6.4%	4.2%	5.2%	7.9%	6.7%	5.1%

	End of Year Direct Rent, 2001-2006							Through 2Q	
	2001	2002	2003	2004	2005	2006	Avg Annual	2006	2007
A	dna	$24.07	$25.66	$26.99	$28.52	$33.25	$27.70	$31.69	$35.44
B	dna	$20.80	$21.83	$22.53	$23.00	$24.83	$22.60	$23.11	$24.55
C	dna	$17.28	$17.24	$22.75	$21.03	$19.96	$19.65	$20.53	$22.70
Total	$19.07	$19.84	$20.81	$23.04	$22.94	$23.93	$21.61	$22.51	$24.93

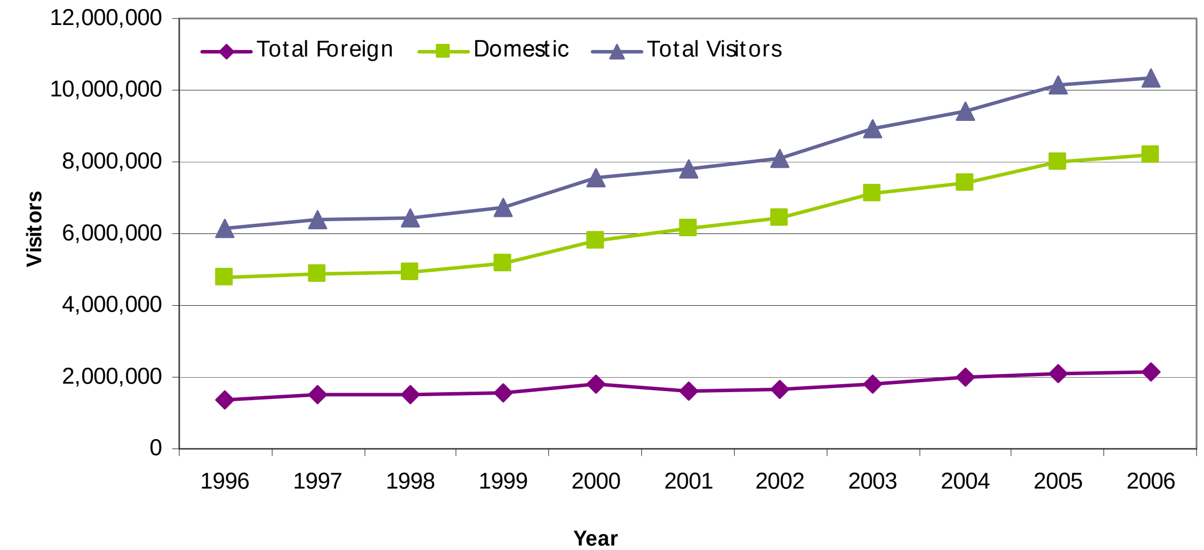
Note: Numbers may not total due to rounding and / or classification errors in the CoStar Property database
1/ Rentable Building Area
2/ Does not include Sublet Vacancy
Source: CoStar Property; Economics Research Associates, September 2007

Hotel Trends (Table 18 – 19)

Broward County Tourism Trends

Tourism in South Florida, particularly Broward County, has been consistently strong for much of the past 10 years, with average annual increases in visitation of more than five percent per year. In 2006, the number of visitors to Broward County totaled 10.4 million and, as illustrated in Figure 1, 80 percent of the County's visitors are domestic and 20 percent are from a number of international locations. The majority of domestic travelers come from the Northeast and Midwest, particularly during peak months (January through April); during the summer, visitors to Broward County come primarily from other locations in Florida.

Figure 1: Broward County Visitor Trends, 1996–2006



Other notable visitor characteristics as identified by the Greater Ft. Lauderdale Convention & Visitors Bureau (CVB) include:

- The number of visitors to Fort Lauderdale has jumped by 4.2 million since 1996
- 44 percent of visitors state "general vacation" as the purpose of their trip
- In a survey by the CVB, 12 percent of respondents stated that "beautiful beaches" was the second most cited reason for their decision to travel to Greater Ft. Lauderdale (visiting relatives or friends was first—at 24 percent)
- 23 percent of respondents to a survey by the CVB stated that the Beach/Waterfront is a primary activity during their stay—the most-reported answer. Shopping (20 percent), Touring/Sightseeing (18 percent), and Fine Dining (16 percent) were the next three most common answers, while Boating was a distant fifth (3 percent)
- International visitors are an increasingly important market segment
- Visitors to Ft. Lauderdale in 2006 spent $8 billion on goods and services
- One-third of all visitor spending is on restaurants & entertainment
- Data on visitor spending in Hallandale Beach are limited. Though no data are available on spending by visitors specifically to Hallandale Beach, of all Broward County communities, Ft. Lauderdale collects the greatest amount of tourist tax revenue (45.8 percent, or $10.8 million in 2006, an increase of $500,000 over 2005 collections)

The strength of tourism and its impact on Broward County's lodging supply is reflected in increases in both rate and occupancy, which have generated (and sustained) significant new development in traditional lodging product. Table 18 illustrates that Fort Lauderdale's hotel supply has increased at an average annual rate of 1.9 percent per year, reaching 557 properties and 33,400 rooms in 2006. Once a less expensive alternative to South Beach, Fort Lauderdale has emerged as a luxury destination on its own, which has pushed more affordable accommodations to other, peripheral locations. Moreover, average daily room rates increased by an annual average of 3.9 percent per year, reaching $87.74 per room per night in 2006. Another key barometer of market strength, occupancy rates, have remained stable in the range of 71 percent to 75 percent, despite the additional new rooms that expanded supply and rate increases, indicating continued strength in the market. (Most notably, the capital markets seek sustained annual occupancies above 70 percent before consideration is given to financing new hotel development).

Table 18: Fort Lauderdale Hotel Supply Characteristics, 1997-2006

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	CAGR
ADR	$62.05	$65.01	$65.41	$68.93	$71.52	$68.29	$70.84	$74.69	$80.62	$87.74	3.9%
RevPAR	$43.93	$44.34	$45.79	$48.32	$47.42	$44.46	$48.03	$54.82	$60.14	$64.49	4.4%
Occupancy	71%	68%	70%	70%	66%	65%	68%	73%	75%	74%	0.4%
# Properties	605	612	619	620	604	614	612	602	565	557	-0.9%
# Rooms	28,184	29,076	29,949	30,017	30,897	33,242	32,760	33,057	33,400	33,428	1.9%

Source: Broward County Convention and Visitor's Bureau, 2007

Hallandale Beach Hotel Market

Hallandale Beach, located between the two major destinations of Fort Lauderdale and Miami, lacks any perceived identity in the Broward County tourism market. Historically, Hallandale Beach was a lower-cost alternative with ready convenience to surrounding markets in Broward and Miami-Dade. Moreover, Hallandale Beach captures the "fringe" market segments of both Fort Lauderdale and Miami, attracting price-sensitive customers who have been priced out of both markets with the influx of upscale and luxury hotel and condominium-hotel development throughout South Florida. As noted in greater detail below, this is beginning to change with the new upscale projects such as *Beach Club* and the Diplomat Hotel & Spa in neighboring Hollywood.

As seen in Figure 2, Hallandale Beach's lodging supply is limited to seven properties, only one of which, the Diplomat Hotel & Spa, would be considered "upscale" or "luxury". Three are defined in the lodging industry as "economy" or "limited–service" properties such as the Hampton Inn. Most of the City's lodging properties are located in locations off the beach, with few, if any, physical or marketable connections to the City's oceanfront beaches. As a result, the lack of this pivotal resort feature limits rate potentials without the existence of man-made amenities such as the golf course, spa and tennis facilities available at the Diplomat Country Club.

As South Florida continues to develop as an upscale destination, higher room rates in Fort Lauderdale and Miami will push a greater number of price-sensitive travelers out of its market, creating market potential for affordable lodging options between the two destinations. Hallandale Beach can

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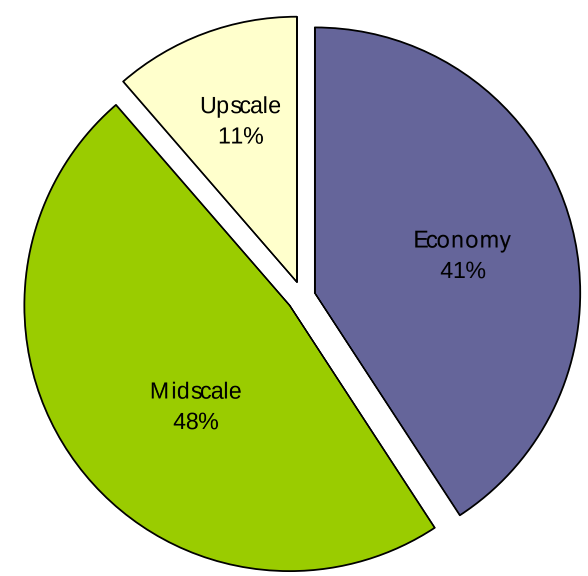
capitalize on prohibitive rates in top tier local destinations by accommodating the price-sensitive market while increasing rates. Because average daily rate in Hallandale Beach is well below surrounding destinations, the area may enhance its supply quality and thus increase average rates while continuing to accommodate the price-conscious traveler.

Figure 2: Hotel Supply, Hallandale Beach, 2007



Hallandale Beach's leisure market is dominated primarily by visitors from the Northeast U.S. and Canada; this focus tends to shift toward Europeans and Latin American customers at more upscale properties during off-peak summer months. Interestingly, the mid-scale leisure market is supplemented by construction workers housed for long-term stays for such projects as new development, hurricane repair and the like. Primary motivations for travelers coming to Hallandale Beach are:

- Inexpensive accommodations
- Proximity to nearby shopping, the Mardi Gras dog track, the Gulfstream Casino and the City's beaches
- Easy proximity to Fort Lauderdale and Miami

Despite its overall lack of identity, Hallandale Beach achieves strong average occupancy rates among its traditional hotel properties (71.1 percent). However, rates at most properties in the area are below market rate for surrounding communities. ERA surveyed properties in Hallandale Beach in order to assess current market conditions. Table 19 details findings of the local hotel market.

Table 19: Hallandale Beach Hotel Characteristics

	Best Western Hallandale	The Diplomat Country Club	Mar Bay Hotel	Hampton Inn
No. of Rooms	98	60	151	151
Annual Occupancy	75%	80%	65%	N/A
ADR	$ 120	$ 300	$ 70	N/A
Rack Rate	$99 - $189	$179 - $450	$59 - $99	N/A
Segmentation	20% group, 80% transient	58% group, 42% transient	80% leisure, 20% business	N/A
Source Markets	Canada, Northeast, local workers	Northeast, Canada, Europe, Latin America	Canada, Northeast, local workers	N/A

Source: Individual Properties, Economics Research Associates, 2007

Future Supply

Several additions to supply and substantial renovations are planned for Broward County, including three properties in Hallandale Beach. New hotel supply includes:

Hallandale Beach

- European Club Condo Hotel: 29-story, 118 room property proposed for site adjacent to the Diplomat Country Club Golf Course.
- Village at Gulfstream Park: The DRI approval includes a 500 room hotel.
- Regency House Spa: Existing rooms will be replaced with 130 rooms and public spaces to provide a more upscale atmosphere to spa-goers seeking healthy living and ailment remedies.

Broward County

- The Crowne Plaza, Hollywood Beach: Luxury 311 room condo-hotel opened in 2008.
- Il Lugano at the Intracoastal, Fort Lauderdale: 14-story, $80.0 million 105 room condo-hotel opened in 2008.
- W Fort Lauderdale Hotel and residences: 346-room hotel with 171 luxury residences. This property will overlook the ocean and is scheduled to open in 2009, adding to Fort Lauderdale's luxury market.
- Trump International Hotel & Tower Fort Lauderdale: 24-story, 301-room property on Fort Lauderdale Beach. Completion is expected in 2009.
- Hollywood Grande Condominium Hotel & Resort: five-story, 225-room property on Hollywood Beach. This project is scheduled for completion in 2009.
- Marriott Ocean Village and Resort: 323-room luxury property planned for Hollywood Beach. Expected date of completion is unknown.

Local Unaccommodated Demand	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Broward County annual visitation	10,350,112	10,903,068	11,485,567	12,099,185	12,745,586	13,426,521	14,143,835	14,899,472	15,695,478	16,534,012
Broward County hotel stays	11,065,211	11,656,371	12,279,115	12,935,129	13,626,190	14,354,171	15,121,045	15,928,890	16,779,893	17,676,362
Hallandale beach market share	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Hallandale beach hotel stays	177,043	188,367	200,415	213,233	226,871	241,382	256,821	273,247	290,724	309,318
Days in a year	365	365	365	365	365	365	365	365	365	365
Total Roomnight demand	485	516	549	584	622	661	704	749	797	847
Existing and planned room supply	525	823	839	855	871	887	904	921	939	957
Total unaccommodated demand	-40	-307	-290	-270	-249	-226	-201	-173	-142	-109
Total Demand Potential										
Projected occupancy	74.0%	74.3%	74.6%	74.9%	75.2%	75.5%	75.8%	76.1%	76.4%	76.7%
Total Room Demand	0	0	0	0	0	0	0	0	0	0
Quality-Specific Demand Potential										
Quality Preference										
Limited service	170	181	192	204	218	231	246	262	279	297
Upscale	291	310	329	351	373	397	422	449	478	508
Luxury	24	26	27	29	31	33	35	37	40	42
Existing and planned room supply										
Limited service	215	219	223	227	232	236	241	245	250	255
Upscale	250	543	553	564	574	585	596	608	619	631
Luxury	60	61	62	63	65	66	67	68	70	71
100% Occupancy Room Demand										
Limited service	-45	-38	-31	-23	-14	-5	6	17	29	42
Upscale	41	-233	-224	-213	-201	-188	-174	-158	-141	-122
Luxury	-36	-35	-35	-34	-34	-33	-32	-31	-30	-29
Total Demand Potential										
Limited service										
Projected Occupancy	75.0%	75.3%	75.6%	75.9%	76.2%	76.5%	76.8%	77.1%	77.4%	77.7%
Limited service demand	0	0	0	0	0	0	7	21	35	51
Upscale										
Projected Occupancy	80.0%	80.3%	80.6%	81.0%	81.3%	81.6%	81.9%	82.3%	82.6%	82.9%
Upscale demand	49	0	0	0	0	0	0	0	0	0
Luxury										
Projected Occupancy	75.0%	75.3%	75.6%	75.9%	76.2%	76.5%	76.8%	77.1%	77.4%	77.7%
Luxury demand	0	0	0	0	0	0	0	0	0	0
Total Demand	49	0	0	0	0	0	7	21	35	51

Source: Smith Travel Research, Greater Fort Lauderdale Convention and Visitor's Bureau, Economics Research Associates, 2007

Table 20: Projected Lodging Demand, Hallandale Beach

Retail Trends

A barometer of potential retail demand includes consumer spending (also known as household "buying power"). ERA estimates that Hallandale Beach households spend fully $738 million per year on household expenditures. Table 21 and Table 22 illustrate total retail spending for Hallandale Beach, East Hollywood, and Aventura, and total retail spending for households within a 15 minute drive time of Route 1 and Hallandale Beach Blvd.

Despite having a lower number of total households, total household expenditures are over 70 percent higher in Aventura than in Hallandale Beach. This implies that the spending power of Aventura residents is significantly higher than the spending power of Hallandale Beach residents. However, the percentage of household expenditures spent in each retail category is consistent amongst the three municipalities, where approximately 26 percent of household expenditures are spent on home utilities/finances, which includes mortgage payments, maintenance, and utilities.

Total household expenditures within a 15 minute drive time were analyzed in order to determine the spending power of households within a reasonable driving radius of Hallandale Beach. Within this study area, total household expenditures are almost $12.9 billion. Again, the largest percentage of this total is spent on home utilities/finance. However, over four percent of expenditures are on apparel and services, six percent are on entertainment and recreation, and six percent are on food away from home.

Generally, this information suggests that the Village of Gulfstream Park and Hallandale Square projects will need to attract substantial numbers of customers from outside of the Hallandale Beach city limits if they are to succeed. Both projects are being developed and marketed with this fact in mind.

Table 21: Total Expenditures by Retail Category, 2007

Retail Type	Hallandale	% of Total	East Hollywood	% of Total	Aventura	% of Total
Apparel and Services	**$ 31,429,918**	**4.3%**	**$ 57,784,908**	**4.4%**	**$ 52,046,435**	**4.1%**
Men's	$ 5,833,744	0.8%	$ 10,663,630	0.8%	$ 9,784,275	0.8%
Women's	$ 11,150,750	1.5%	$ 19,843,819	1.5%	$ 18,461,821	1.5%
Children's	$ 4,537,106	0.6%	$ 8,967,836	0.7%	$ 7,425,685	0.6%
Footwear	$ 5,151,316	0.7%	$ 2,374,630	0.2%	$ 8,347,555	0.7%
Watches & Jewelry	$ 2,505,138	0.3%	$ 9,569,193	0.7%	$ 4,344,968	0.3%
Apparel Products and Services	$ 2,251,863	0.3%	$ 4,674,567	0.4%	$ 3,682,131	0.3%
Computer	**$ 3,035,135**	**0.4%**	**$ 5,884,340**	**0.5%**	**$ 5,187,922**	**0.4%**
Computers and Hardware for Home Use	$ 2,671,529	0.4%	$ 5,168,123	0.4%	$ 4,552,430	0.4%
Software and Accessories for Home Use	$ 363,606	0.0%	$ 716,217	0.1%	$ 635,492	0.1%
Entertainment & Recreation	**$ 40,599,895**	**5.5%**	**$ 77,897,419**	**6.0%**	**$ 75,675,503**	**6.0%**
Fees and Admissions	**$ 7,911,247**	**1.1%**	**$ 14,394,416**	**1.1%**	**$ 13,577,959**	1.1%
Membership Fees for Clubs	$ 2,124,729	0.3%	$ 3,701,441	0.3%	$ 3,727,343	0.3%
Fees for Participant Sports, excl. Trips	$ 1,632,676	0.2%	$ 2,714,718	0.2%	$ 2,771,364	0.2%
Admission to Movie/Theatre/Opera/Ballet	$ 1,977,823	0.3%	$ 3,713,609	0.3%	$ 3,271,306	0.3%
Admission to Sporting Events, excl. Trips	$ 707,127	0.1%	$ 1,319,333	0.1%	$ 1,228,847	0.1%
Fees for Recreational Lessons	$ 1,468,892	0.2%	$ 2,945,315	0.2%	$ 2,579,099	0.2%
TV/Video/Sound Equipment	**$ 15,186,674**	**2.1%**	**$ 26,774,913**	**2.1%**	**$ 24,812,347**	2.0%
Community Antenna or Cable Television	$ 9,219,297	1.2%	$ 15,315,444	1.2%	$ 14,895,459	1.2%
Color Televisions	$ 1,759,929	0.2%	$ 3,213,186	0.2%	$ 2,974,119	0.2%
VCRs, Video Cameras, and DVD Players	$ 454,729	0.1%	$ 862,100	0.1%	$ 759,116	0.1%
Video Cassettes and DVDs	$ 706,401	0.1%	$ 1,397,814	0.1%	$ 1,170,567	0.1%
Video Game Hardware and Software	$ 377,926	0.1%	$ 740,378	0.1%	$ 609,834	0.0%
Satellite Dishes	$ 17,776	0.0%	$ 33,596	0.0%	$ 32,155	0.0%
Rental of Video Cassettes and DVDs	$ 676,815	0.1%	$ 1,376,705	0.1%	$ 1,114,707	0.1%
Sound Equipment	$ 1,888,607	0.3%	$ 3,694,310	0.3%	$ 3,126,842	0.2%
Rental and Repair of TV/Sound Equipment	$ 85,193	0.0%	$ 141,380	0.0%	$ 129,548	0.0%
Other Entertainment	**$ 17,501,974**	**2.4%**	**$ 36,728,090**	**2.8%**	**$ 37,285,197**	3.0%
Pets	$ 5,387,595	0.7%	$ 9,564,378	0.7%	$ 9,550,219	0.8%
Toys and Games	$ 2,085,475	0.3%	$ 3,975,707	0.3%	$ 3,456,431	0.3%
Recreational Vehicles and Fees	$ 5,560,296	0.8%	$ 9,471,378	0.7%	$ 11,314,377	0.9%
Sports/Recreation/Exercise Equipment	$ 2,392,510	0.3%	$ 4,727,938	0.4%	$ 4,394,936	0.3%
Photo Equipment and Supplies	$ 1,624,281	0.2%	$ 3,061,090	0.2%	$ 2,773,142	0.2%
Reading	$ 451,817	0.1%	$ 5,092,543	0.4%	$ 5,031,903	0.4%
Food	**$ 109,649,767**	**14.9%**	**$ 193,075,713**	**14.8%**	**$ 174,257,297**	**13.8%**
Food at Home	**$ 66,451,972**	9.0%	**$ 115,125,532**	8.8%	**$ 108,657,133**	8.6%
Bakery and Cereal Products	$ 9,626,613	1.3%	$ 16,532,279	1.3%	$ 15,569,392	1.2%
Meats, Poultry, Fish, and Eggs	$ 17,245,175	2.3%	$ 29,798,194	2.3%	$ 28,179,223	2.2%
Dairy Products	$ 7,250,673	1.0%	$ 12,575,431	1.0%	$ 11,858,525	0.9%
Fruits and Vegetables	$ 12,047,179	1.6%	$ 20,636,168	1.6%	$ 19,646,278	1.6%
Snacks and Other Food at Home	$ 20,282,333	2.7%	$ 35,583,461	2.7%	$ 33,403,715	2.6%
Food Away from Home	**$ 43,197,795**	5.9%	$ 77,950,181	6.0%	**$ 65,600,164**	5.2%
Beverages	**$ 13,773,258**	**1.9%**	**$ 24,707,129**	**1.9%**	**$ 22,455,859**	**1.8%**
Alcoholic Beverages	$ 8,220,534	1.1%	$ 14,889,453	1.1%	$ 13,276,890	1.1%
Alcoholic Beverages - away from home [1]	$ 3,156,685	0.4%	$ 5,717,550	0.4%	$ 5,098,326	0.4%
Nonalcoholic Beverages at Home	$ 5,552,724	0.8%	$ 9,817,676	0.8%	$ 9,178,969	0.7%
Health	**$ 12,561,758**	**1.7%**	**$ 17,699,257**	**1.4%**	**$ 20,548,834**	**1.6%**
Nonprescription Drugs	$ 1,774,404	0.2%	$ 2,801,918	0.2%	$ 2,877,706	0.2%
Prescription Drugs	$ 9,662,836	1.3%	$ 13,027,617	1.0%	$ 15,780,163	1.2%
Eyeglasses and Contact Lenses	$ 1,124,518	0.2%	$ 1,869,722	0.1%	$ 1,890,965	0.1%
Personal Care Products	**$ 6,119,292**	**0.8%**	**$ 10,943,417**	**0.8%**	**$ 10,174,373**	**0.8%**
Home Utilities/Finances	**$ 195,028,753**	**26.4%**	**$ 340,675,132**	**26.1%**	**$ 342,741,486**	**27.1%**
Mortgage Payment and Basics	$ 105,682,117	14.3%	$ 190,515,088	14.6%	$ 191,296,922	15.1%
Maintenance and Remodeling Services	$ 26,636,755	3.6%	$ 44,291,103	3.4%	$ 47,623,050	3.8%
Maintenance and Remodeling Materials	$ 4,036,253	0.5%	$ 7,414,167	0.6%	$ 7,435,752	0.6%
Utilities, Fuel, and Public Services	$ 58,673,628	8.0%	$ 98,454,774	7.6%	$ 96,385,762	7.6%
Household Furnishings and Equipment	**$ 17,159,037**	**2.3%**	**$ 30,825,647**	**2.4%**	**$ 29,750,182**	**2.4%**
Household Textiles	$ 1,810,795	0.2%	$ 3,211,759	0.2%	$ 3,107,927	0.2%
Furniture	$ 8,018,588	1.1%	$ 14,761,116	1.1%	$ 13,862,817	1.1%
Floor Coverings	$ 1,218,490	0.2%	$ 2,109,001	0.2%	$ 2,145,349	0.2%
Major Appliances	$ 3,694,272	0.5%	$ 6,439,432	0.5%	$ 6,518,740	0.5%
Housewares	$ 1,276,645	0.2%	$ 2,295,199	0.2%	$ 2,211,438	0.2%
Small Appliances	$ 481,131	0.1%	$ 843,607	0.1%	$ 800,137	0.1%
Luggage	$ 135,653	0.0%	$ 248,075	0.0%	$ 232,441	0.0%
Telephones and Accessories	$ 523,463	0.1%	$ 917,458	0.1%	$ 871,333	0.1%
Home Operations	**$ 21,285,931**	**2.9%**	**$ 37,475,177**	**2.9%**	**$ 35,957,023**	**2.8%**
Child Care	$ 4,415,317	0.6%	$ 9,367,348	0.7%	$ 7,214,571	0.6%
Lawn and Garden	$ 5,974,280	0.8%	$ 9,446,194	0.7%	$ 10,685,954	0.8%
Moving/Storage/Freight Express	$ 705,760	0.1%	$ 1,376,278	0.1%	$ 1,231,889	0.1%
Housekeeping Supplies	$ 10,190,574	1.4%	$ 17,285,357	1.3%	$ 16,824,609	1.3%
Miscellaneous	**$ 7,420,500**	**1.0%**	**$ 13,646,949**	**1.0%**	**$ 11,581,067**	**0.9%**
School Books and Supplies	$ 1,442,788	0.2%	$ 2,948,887	0.2%	$ 2,242,061	0.2%
Smoking Products	$ 5,977,712	0.8%	$ 10,698,062	0.8%	$ 9,339,006	0.7%
Transportation	**$ 105,571,281**	**14.3%**	**$ 192,381,114**	**14.8%**	**$ 183,863,287**	**14.6%**
Vehicle Purchases (Net Outlay)	$ 67,475,640	9.1%	$ 123,640,461	9.5%	$ 118,677,601	9.4%
Gasoline and Motor Oil	$ 24,366,431	3.3%	$ 44,132,442	3.4%	$ 41,587,788	3.3%
Vehicle Maintenance and Repairs	$ 13,729,210	1.9%	$ 24,608,211	1.9%	$ 23,597,898	1.9%
Travel	**$ 17,848,196**	**2.4%**	**$ 31,392,070**	**2.4%**	**$ 31,120,309**	**2.5%**
Airline Fares	$ 5,645,241	0.8%	$ 9,991,167	0.8%	$ 9,781,458	0.8%
Lodging on Trips	$ 5,441,140	0.7%	$ 9,427,796	0.7%	$ 9,545,794	0.8%
Auto/Truck/Van Rental in Trips	$ 580,235	0.1%	$ 1,065,117	0.1%	$ 1,035,078	0.1%
Food and Drink on Trips	$ 6,181,580	0.8%	$ 10,907,990	0.8%	$ 10,757,979	0.9%
Insurance	**$ 63,839,988**	**8.7%**	**$ 101,714,222**	**7.8%**	**$ 106,930,696**	**8.5%**
Owners and Renters Insurance	$ 6,587,547	0.9%	$ 10,184,359	0.8%	$ 11,534,941	0.9%
Vehicle Insurance	$ 18,927,281	2.6%	$ 33,042,505	2.5%	$ 31,706,412	2.5%
Life/Other Insurance	$ 8,525,007	1.2%	$ 13,910,595	1.1%	$ 14,962,149	1.2%
Health Insurance	$ 29,800,153	4.0%	$ 44,576,763	3.4%	$ 48,727,194	3.9%
Financial	**$ 92,569,136**	**12.5%**	**$ 167,215,987**	**12.8%**	**$ 160,736,889**	**12.7%**
Investments	$ 23,941,520	3.2%	$ 37,881,395	2.9%	$ 38,826,079	3.1%
Vehicle Loans	$ 68,627,616	9.3%	$ 129,334,592	9.9%	$ 121,910,810	9.7%
TOTAL EXPENDITURES	**$ 737,891,845**	**100.0%**	**$ 1,303,318,481**	**100.0%**	**$ 1,263,027,162**	**100.0%**

[1] Nationally, 38.4 percent of alcoholic expenditures occur away from home (Census of Retail Trade, 2002)

Source: ESRI Business Analyst; Economics Research Associates, 2007

Table 22: Total Expenditures by Retail Category, 15-Minute Radius of Rte. 1 & HB Blvd.,

Retail Type	15 Min Radius	% of Total
Apparel and Services	**$ 562,255,351**	**4.4%**
Men's	$ 103,941,966	0.8%
Women's	$ 191,401,028	1.5%
Children's	$ 89,454,905	0.7%
Footwear	$ 93,287,811	0.7%
Watches & Jewelry	$ 45,236,273	0.4%
Apparel Products and Services	$ 38,933,368	0.3%
Computer	**$ 56,277,860**	**0.4%**
Computers and Hardware for Home Use	$ 49,409,565	0.4%
Software and Accessories for Home Use	$ 6,868,295	0.1%
Entertainment & Recreation	**$ 753,437,953**	**5.9%**
Fees and Admissions	**$ 139,160,550**	**1.1%**
Membership Fees for Clubs	$ 35,978,139	0.3%
Fees for Participant Sports, excl. Trips	$ 26,347,095	0.2%
Admission to Movie/Theatre/Opera/Ballet	$ 35,311,609	0.3%
Admission to Sporting Events, excl. Trips	$ 12,847,759	0.1%
Fees for Recreational Lessons	$ 28,675,948	0.2%
TV/Video/Sound Equipment	**$ 260,675,099**	**2.0%**
Community Antenna or Cable Television	$ 149,800,774	1.2%
Color Televisions	$ 31,465,245	0.2%
VCRs, Video Cameras, and DVD Players	$ 8,448,485	0.1%
Video Cassettes and DVDs	$ 13,426,167	0.1%
Video Game Hardware and Software	$ 7,205,868	0.1%
Satellite Dishes	$ 328,651	0.0%
Rental of Video Cassettes and DVDs	$ 13,303,580	0.1%
Sound Equipment	$ 35,348,763	0.3%
Rental and Repair of TV/Sound Equipment	$ 1,347,566	0.0%
Other Entertainment	**$ 353,602,304**	**2.7%**
Pets	$ 94,238,499	0.7%
Toys and Games	$ 38,961,442	0.3%
Recreational Vehicles and Fees	$ 95,555,796	0.7%
Sports/Recreation/Exercise Equipment	$ 46,190,424	0.4%
Photo Equipment and Supplies	$ 29,829,721	0.2%
Reading	$ 48,826,422	0.4%
Food	**$ 1,890,044,409**	**14.7%**
Food at Home	**$ 1,131,552,796**	8.8%
Bakery and Cereal Products	$ 162,174,456	1.3%
Meats, Poultry, Fish, and Eggs	$ 294,781,850	2.3%
Dairy Products	$ 123,408,928	1.0%
Fruits and Vegetables	$ 202,184,659	1.6%
Snacks and Other Food at Home	$ 349,002,902	2.7%
Food Away from Home	**$ 758,491,613**	5.9%
Beverages	**$ 237,971,497**	**1.9%**
Alcoholic Beverages	$ 141,569,184	1.1%
Alcoholic Beverages - away from home [1]	$ 54,362,567	0.4%
Nonalcoholic Beverages at Home	$ 96,402,313	0.7%
Health	**$ 175,382,903**	**1.4%**
Nonprescription Drugs	$ 27,504,740	0.2%
Prescription Drugs	$ 129,538,077	1.0%
Eyeglasses and Contact Lenses	$ 18,340,086	0.1%
Personal Care Products	**$ 106,828,155**	**0.8%**
Home Utilities/Finances	**$ 3,402,937,126**	**26.5%**
Mortgage Payment and Basics	$ 1,916,095,176	14.9%
Maintenance and Remodeling Services	$ 438,196,020	3.4%
Maintenance and Remodeling Materials	$ 74,860,258	0.6%
Utilities, Fuel, and Public Services	$ 973,785,672	7.6%
Household Furnishings and Equipment	**$ 302,109,531**	**2.3%**
Household Textiles	$ 31,399,399	0.2%
Furniture	$ 144,527,350	1.1%
Floor Coverings	$ 20,434,911	0.2%
Major Appliances	$ 63,859,517	0.5%
Housewares	$ 22,317,998	0.2%
Small Appliances	$ 8,150,121	0.1%
Luggage	$ 2,397,951	0.0%
Telephones and Accessories	$ 9,022,284	0.1%
Home Operations	**$ 369,679,169**	**2.9%**
Child Care	$ 92,153,745	0.7%
Lawn and Garden	$ 94,467,540	0.7%
Moving/Storage/Freight Express	$ 12,852,588	0.1%
Housekeeping Supplies	$ 170,205,296	1.3%
Miscellaneous	**$ 130,192,009**	**1.0%**
School Books and Supplies	$ 27,289,320	0.2%
Smoking Products	$ 102,902,689	0.8%
Transportation	**$ 1,906,300,058**	**14.8%**
Vehicle Purchases (Net Outlay)	$ 1,228,398,707	9.6%
Gasoline and Motor Oil	$ 437,767,289	3.4%
Vehicle Maintenance and Repairs	$ 240,134,062	1.9%
Travel	**$ 303,649,431**	**2.4%**
Airline Fares	$ 96,024,870	0.7%
Lodging on Trips	$ 91,573,498	0.7%
Auto/Truck/Van Rental in Trips	$ 10,217,718	0.1%
Food and Drink on Trips	$ 105,833,345	0.8%
Insurance	**$ 1,006,377,398**	**7.8%**
Owners and Renters Insurance	$ 103,845,103	0.8%
Vehicle Insurance	$ 325,371,847	2.5%
Life/Other Insurance	$ 138,440,854	1.1%
Health Insurance	$ 438,719,594	3.4%
Financial	**$ 1,659,268,635**	**12.9%**
Investments	$ 362,003,039	2.8%
Vehicle Loans	$ 1,297,265,596	10.1%
TOTAL EXPENDITURES	**$ 12,862,711,485**	**100.0%**

[1] Nationally, 38.4 percent of alcoholic expenditures occur away from home (Census of Retail Trade, 2002)

Source: ESRI Business Analyst; Economics Research Associates, 2007

2007

Other Retail Centers

Aventura Mall

Aventura Mall, located three miles south of Hallandale Beach, is an upscale, enclosed shopping mall located in Aventura. It is the largest conventional shopping mall in Florida, containing a gross leasable area of 2.4 million square feet, three floors, and over 250 shops. Annual sales average $1,200 per square foot.

It is currently anchored by Bloomingdale's, JC Penney, Macy's (two locations), Sears, and AMC 24 Theaters. The food court contains eighteen fast food eateries, as well as several restaurants at the mall's main entrance. In 2008, a new wing anchored by Nordstrom opened, increasing the square footage by 300,000, making Aventura Mall the fifth largest shopping center in the United States.

Hollywood Town Center

The Historic Hollywood Business District encompasses Hollywood Boulevard from 21st Avenue to the west side of the intersection of Hollywood Boulevard and Young Circle. The Historic Hollywood Business District still functions as a Main Street for the residents and was designed to provide residents and visitors with a pedestrian-friendly shopping alternative that supported small independent retailers and a neighborhood feel. Development plans supported the creation of outdoor dining options as well as convenient hours that would allow shopping post-dinner. The recent revitalization of Harrison Street as a hub of art and music and Young Circle's growing popularity for organized events are helping to enhance this neighborhood's appeal.

Residential Trends

Table 23 illustrates residential trends for Hallandale Beach. As a means of understanding how population growth will translate into residential development potential, ERA analyzed residential building permit trends from 1980 to 2006 for Hallandale Beach (Table 23).

In the selected years, **85 percent** of all permits were for multi-family units. Of the multi-family permits issued during these years, over 90 percent of permits were issued for multi-family buildings

containing five or more units. This is consistent with the multi-family development patterns seen in Hallandale Beach.

The number of permits issued in 2000 and 2006, with a combined total of approximately **420 permits**, far outweighed the number of permits issued in 1980, 1985, 1990, and 2000 where the combined total was approximately **170 permits**. This signifies a more recent residential development trend in Hallandale Beach.

	1980	1985	1990	1995	2000	2006
Units in Single-Family Structures	16	13	15	18	12	12
Units in All Multi-Family Structures	26	9	68	4	218	181
Units in 2-unit Multi-Family Structures	26	4	2	4	2	4
Units in 3- and 4-unit Multi-Family Structures	0	0	0	0	0	7
Units in 5+ Unit Multi-Family Structures	0	5	66	0	216	170
Total Permits	**42**	**22**	**83**	**22**	**230**	**193**

Source: SOCDS Building Permits Database; Economics Research Associates, October 2007

Table 23: Building Permit Activity, Hallandale Beach, 1980-2006

IV. Market/Development Potentials

The focus of this analysis is to determine general market potentials for residential, commercial (office and retail), and lodging/hospitality uses in Hallandale Beach to help guide specific implementation strategies in the master plan. ERA notes that market potentials are based on a 10-year horizon. Based on the results of the demographic profile and market conditions tasks, these findings and recommendations reflect a set of assumptions that guide what may reasonably occur on the site. Forecasts of demand are intended as reasonable, third-party estimates of the overall development potential of Hallandale Beach in light of current and near-term market conditions as well as ERA's experience across South Florida.

Office Market Demand Analysis

Commercial office market demand is driven by employment patterns and growth in the local employment market and employees that use commercial office space. "Office workers" use a variety of space depending on the local market and the type of business. Some offices are small and choose to locate in retail centers that command more foot traffic; others telecommute from home or work in industrial settings as part of a more flexible workspace. To determine market demand for commercial office space, what we would typically think of as a multi-story office building, long-term employment growth trends are measured against historic market conditions of office buildings to determine the growth of office workers most likely to use a traditional office building.

This analysis begins with a review of employment projections to determine the growth of certain sectors that are most likely to drive office demand. The following table outlines growth projections for full-time employees by top-level industry sector. These forecasts approximate long-term growth of employment and remove self-employed and part-time employees.

Table 24: Employment Forecasts

	2007	2010	2015	2020
Agricultural & Farm	22.3	23.0	24.2	25.5
Mining	1.1	1.1	1.0	1.0
Construction	93.0	98.2	106.9	115.6
Manufacturing	74.7	74.8	75.0	75.2
Trans./Comm./Public Utilities	120.4	125.2	133.0	140.9
Wholesale Trade	113.3	117.4	124.3	131.2
Retail Trade	278.4	286.0	298.6	311.2
Finance/Insurance/Real Estate	179.3	183.4	190.2	197.1
Services	670.6	706.6	766.8	827.0
Government (1)	209.7	221.5	241.0	260.5
Total:	1762.7	1837.1	1961.0	2085.1

(1) Includes local, state and Federal government agencies
Source: Bureau of Labor Statistics, 2007; Woods & Poole, Inc, 2005; ERA, 2007.

The forecasts suggest several key points for the demand analysis:

- Growth in financial services and real estate, traditionally a strong office driver, is relatively weak with less than one percent annual growth.
- Professional services will drive some office space demand but is a broad category with numerous industry sectors, is one of the faster growing sectors with over one and half percent annual growth through 2020.

Overall, the region will likely witness continued solid job growth performance through 2020, with 1.3 percent annual growth through 2020. This suggests a strong regional market for employment that will likely drive office demand increases region-wide.

Employment in certain industry categories will drive demand for office space across the metropolitan region. This analysis begins at a metro-wide level because of the high interchange and mobility of employees and the economic interactions within the region, in this case between Broward and Miami-Dade Counties. In each industry sector, a certain percentage of workers will use office space and each employee requires a certain amount of office space to accommodate their workspace, common areas, and other physical office components. Across industries, the average employee requires 250 square feet of space.

Using industry averages with local market refinements, the percentage of office workers in each industry sector and the required square footage per employee is used to derive the regional demand for office space. This analysis is summarized in the following table. Of note, demand in most sectors is increasing over time, suggesting long-term strength in the office market with service sectors and trades driving substantial growth. In addition, the robust construction industry over the long-term is projected to continue being a strong employer, particularly in commercial construction industries and will likely drive a large demand for office employees.

Table 25: Regional Office Market Demand, through 2020

Employment Sector	% Office Users /1	Total Demand for New Space (in '000s of SF) 2007-2010	2011-2015	2016-2020	Avg. Ann'l 2007-2020
Agriculture & Farming	10%	14.6	24.5	24.7	4.9
Mining	10%	(0.3)	(0.5)	(0.5)	(0.1)
Construction	20%	104.1	173.3	173.0	34.7
Manufacturing	20%	2.1	3.9	4.4	0.8
Trans./Comm./Public Utilities	60%	94.7	157.7	157.7	31.5
Wholesale Trade	30%	82.5	137.8	138.1	27.6
Retail Trade	30%	152.0	252.7	252.3	50.5
Finance/Insurance/Real Estate	80%	82.2	137.0	137.0	27.4
Services	50%	720.1	1,202.4	1,204.6	240.5
Government	60%	234.5	390.4	390.0	78.1
Demand From New Employment:	**37%**	**1,486.4**	**2,479.0**	**2,481.3**	**495.9**
Plus Vacancy Adjustment: /2		148.6	247.9	248.1	49.6
Plus Cumulative Replacement Demand: /3		111.5	185.9	186.1	37.2
TOTAL DEMAND (in SF):		**1,746.5**	**2,912.9**	**2,915.5**	**582.7**

1/ Reflects office-using employees in each employment sector

2/ This allows for a 0.1 frictional vacancy rate in new space delivered to the market

3/ This represents new space required by existing businesses to replace obsolete or otherwise unusable space. This is assumed to represent 0.075 of total implied demand

Source: Woods & Poole, Inc., 2005; Economics Research Associates, 2007

The final step in an analysis of office market demand is to refine the regional market demand projections to the local market capture rate for office space. To do this, the overall market demand is refined through multiple geographic layers based on historic and projected shares of the regional office market that result in a capture rate share for Hallandale Beach.

Office markets change slowly over time with minimal changes in the distribution of the regional office market. For instance, if Miami is traditionally home to 20 percent of the regional office market, it is expected that this percentage will change only a few percentage points up or down over a 10-15 year window. As a result, historic market shares of office space are good predictors for future demand with refinements and adjustments

to future market conditions based on changing local market dynamics such as constrained market, changing price pressures, shifting commute patterns, and other factors.

The following table summarizes the historic market conditions and capture for Hallandale Beach within the broader Broward/Miami-Dade market.

Table 26: Historic Market Conditions and Share

	Broward - Miami-Dade	NE Dade - SE Broward	Hallandale Beach
Total Inventory (SF)	155,655,150	15,595,975	1,497,239
As Percent of Broward - Miami-Dade	-	10%	1%
As Percent of NE Dade - SE Broward	-	-	10%
Vacant Space (SF)	5,101,565	1,115,519	117,146
Under Construction (SF)	8,270,190	341,000	125,000
Pre-Leased (%)	66%	75%	75%
Total Vacant & New Inventory	7,913,430	1,200,769	148,396
Avg Ann'l Absorption (SF)	2,631,297	603,648	5,333
Years to Stabilization /1	2.71	1.79	25.04

Source: CoStar Property Research; Economics Research Associates, 2007

Of particular note, Hallandale Beach traditionally captures a small portion of the regional and sub-market office demand with relatively small levels of annual absorption (net new office leases) though the vacancy rates mirror the regional market. However, the low annual absorption suggests that the Hallandale office market is growing at a slower annual rate than the rest of the regional market.

Based on each market's traditional share of the regional office market and historic growth rates and trends, the long-term demand projections for office space is allocated to each submarket and refined to the Hallandale Beach market to project long-term (through 2020) demand for office space. The following table summarizes this analysis, which results in relatively shallow long-term average annual demand of 14,000 square feet.

Table 27: Hallandale Beach Office Market Demand, through 2020

Market Demand	Current Total	2007-2010	2011-2015	2016-2020
Historic Market Demand (SF)	2,631,297	7,893,892	10,525,189	10,525,189
Employment-based Demand (SF)	582,688	1,746,549	2,912,866	2,915,528
NE Dade - SE Broward Apportionment				
Approtioned Growth (%)	10.0%	10.5%	11.0%	12.0%
Historic Market Demand (SF)	263,645	828,859	1,157,771	1,263,023
Employment-based Demand (SF)	58,383	183,388	320,415	349,863
Average Approtionment	161,000	506,000	739,000	806,000
Hallandale Beach Apportionment				
Approtioned Growth (%)	9.6%	10.0%	10.5%	11.5%
Historic Market Demand (SF)	25,310	82,886	121,566	145,248
Employment-based Demand (SF)	5,605	18,339	33,644	40,234
Project Capture (100%)	**Average Ann'l**	**2007-2010**	**2011-2015**	**2016-2020**
Average Annual Capture (SF)	**15,000**	**51,000**	**78,000**	**93,000**

Source: CoStar Property Research; Economics Research Associates, 2007

Given the regional market conditions and changing dynamics and growth in the Hallandale Beach market in general, the city's share of the regional sub-market office market will likely grow from its current level of 9.6 percent to a share of 11 to 12 percent. This increase in share will increase the long-term growth of the office market in Hallandale Beach with increasing demand each year. In each five year period, the city is likely to absorb one medium sized office building, of 50,000 to 100,000 square feet, or two smaller office buildings of 25,000 to 50,000 square feet. Of course, this space could be distributed through other buildings or more small-scale office facilities. In addition, significant replacements of existing facilities could be constructed as new buildings, but the net new demand in the market will average 14,000 to 20,000 square feet per year through 2020.

Multi-Family For-Sale

Table 28 provides an estimated annual demand for multi-family for-sale units in Hallandale Beach. ERA defined target-market, income-qualified households as those earning more than $50,000 per year, indicating an affordability range beginning at about $200,000 per unit. In each case, ERA measured demand from households in Hallandale Beach, East Hollywood, and Aventura.

To calculate demand potentials, three general segments were identified: demand from new households, demand from converting renter households, and turnover from existing households. Each target market segment began with the number of households in the market and then was pared down from there to the ultimate target market.

As stated above, each was income qualified as earning over $50,000 annually to reflect the 4 x-annual incomes to purchase an entry level unit based on current market data. The following steps were taken to pare down each category to the ultimate target demand:

1. New Household (HHs) Demand

A key source of potential demand for residential is generated by new or *relocating* households. To determine this demand, annual new households as forecasted by ESRI for 2007-2012 were qualified by three factors: 1) income; 2) a propensity (i.e., preference) to purchase a home; and 3) lifestyle characteristics that indicate a preference for this type of development.

2. Conversion of Existing Renter Households

Each year, a certain proportion of renter households will move and, of those, some will decide to purchase. To evaluate demand potentials from converting renter households, a similar approach was used with slight modifications. First, total households to the three geographies were qualified by income and renter status. Second, an *estimated* annual turnover rate of 15 percent was applied to those renter households that move in any given year. Third, a household's propensity to buy (estimated between ten and 30 percent) as well as the propensity to purchase a unit in a multi-family dwelling as identified above served as additional qualifiers in this analysis.

3. Turnover of Existing Owner-Occupied HHs

Similar qualifiers of income, tenure and propensity to purchase a unit in a multi-family dwelling were applied to this segment. The fourth qualifier includes the turnover of existing households in the three geographies—identified as "candidate buyer segments"—that would be considered eligible households for the project. This group was identified by selecting certain "Tapestry Segments" as defined by ESRI Business Analyst that indicate a particular target market with demographic characteristics that include an interest in multi-family, for-sale housing.

Multi-Family For-Sale Demand Potentials

ERA estimates between 600 and 650 *target* (i.e., eligible) households on an annual basis from these trade areas. The next step in this analysis is to identify the City's *capture* of these target households (as identified above). ERA estimates that Hallandale Beach could capture 100 percent of Hallandale Beach households, 20 percent of East Hollywood households, and 20 percent of Aventura households.

Presuming that the City successfully captures these target households, this would suggest that ***all* target markets could be expected to generate annual absorption of roughly 100 to 150 multi-family units per year.** This translates into monthly absorption of approximately **8 to 13 units per month**.

Table 28: Estimated Annual Demand for Multi Family For-Sale, 2007-20112

	Hallandale	East Hollywood	Aventura	Total
I. Demand from New Households				
New Households 2007-2012	702	962	1,957	3,621
Annual New Households	140	192	391	724
Income Qualified 1/	36%	41%	56.9%	-
Estimated Lifestyle Preference 2/	3%	19%	45%	-
Propensity to Own	69%	53%	75.7%	-
New Target Market Households	**1**	**8**	**76**	**85**
II. Demand from Converting Renter Households				
Total Households, 2007	18,890	27,782	17,187	63,859
Income Qualified	36%	41%	56.9%	-
Existing Renters	31%	47%	24.3%	-
Annual Turnover Rate	15%	15%	15%	-
Estimated Lifestyle Preference 2/	3%	19%	45%	-
Propensity to Buy	10%	20%	30%	-
Conversion Target Market Households	**1**	**31**	**48**	**80**
III. Turnover of Existing Households				
Total Households, 2007	18,890	27,782	17,187	63,859
Income Qualified	36%	41%	56.9%	-
Tenure Qualified	69%	53%	75.7%	-
Estimated Lifestyle Preference 2/	3%	19%	45%	-
Estimated Annual Turnover Rate	10%	10%	10%	-
Existing Target Market Households	**16**	**114**	**335**	**465**
Annual Absorption Potential				
Total Target Market Annual Demand (I+ II+ III)	18	152	460	630
Study Area Capture Rate	100%	20%	20%	-
Potential Annual Absorption	**18**	**30**	**92**	**140**

1/ Target market income range is $50,000+
2/ Estimated "Lifestyle Preferences" are based on demographic characteristics as defined by ESRI, and include selected "tapestry segments" that are eligible to purchase a multi-family for-sale housing unit (e.g., household incomes, housing tenure, lifestyle characteristics, etc.).
Source: ESRI Business Analyst, US Census, Economics Research Associates, 2007

Multi-Family For-Rent

ERA also estimated market potentials for a multi-family rental product (Table 29). ERA defined target-market, income-qualified households as those earning more than $35,000 per year, indicating an affordability range for newly built apartments. These households include young working professionals as well as older households seeking an alternative housing product.

Similar to the for-sale analysis, ERA measured demand from three “trade area” geographies—households in Hallandale Beach, East Hollywood, and Aventura. As such, two general “renter groups” were identified to estimate demand potentials: 1) demand generated from new households in each of these geographies and 2) demand generated by existing renter households (i.e., turnover), which averages ten percent.

Each potential renter group was income-qualified to include those earning over $35,000 per year. That is, households would require this minimum annual income to quality for the expected rents in a rental product. The following methodology was used to identify potential target demand:

1. News Household (HHs) Demand

A key source of potential demand for rental units is generated by new or *relocating* households. To determine this demand, annual new households as forecast by ESRI for 2007-2011 were qualified by two factors: 1) income; and; and 2) the propensity to rent as determined by tenure data from ESRI Business Analyst.

In combination, these qualifying factors identified potential market support from new households in each of the three target geographies— households in Hallandale Beach, East Hollywood, and Aventura.

2. Relocations of Existing Renter Households

Similar qualifiers of income and tenure were applied to this segment. The third qualifier includes the turnover of existing households in the three geographies—identified as “candidate renter segments”—that would be considered eligible households. This would include, for example, empty nester households considering downsizing and making a conscious decision to rent in an upscale property. This group was identified by selecting certain “Tapestry Segments” as defined by ESRI Business Analyst that indicate a particular target market with demographic characteristics that include an interest in multi-family rental housing.

Rental Unit Demand Potentials

ERA estimates a multi-family rental demand of roughly 1,000 to 1,100 qualified households—comprised of new as well as existing turnover households—on an annual basis from these trade/geographic areas. The next step in this analysis is to identify the City’s *capture* of these target households (as identified above). ERA estimates that Hallandale Beach could capture up to 100 percent of households in Hallandale Beach, 15 percent of households in East Hollywood, and 15 percent of households in Aventura.

Presuming that the project successfully captures these target households would suggest that ***all* target markets could be expected to generate annual demand for up to 250 to 350 rental units per year.**

Table 29: Estimated Annual Demand for Multi Family For-Rent, 2007-2012

	Hallandale	East Hollywood	Aventura	Total
I. Demand from New Households				
New Households 2007-2012	702	962	1,957	3,621
Annual New Households	140	192	391	724
Income Qualified 1/	50%	57%	70%	-
Tenure Qualified	31%	47%	24%	-
Candidate Renter Segments 2/	54%	72%	81%	-
New Target Market Households	**12**	**38**	**54**	**103**
II. Demand from Existing Households (Turnover)				
Total Households 2007	18,890	27,782	17,187	63,859
Income Qualified	50%	57%	70%	-
Tenure Qualified	31%	47%	24%	-
Candidate Renter Segments	54%	72%	81%	-
Annual Turnover Rate	10%	10%	10%	-
Existing Target Market Households	**159**	**542**	**237**	**937**
Annual Absorption Potential				
Total Target Market Annual Demand	171	579	291	1,041
Study Area Capture Rate	100%	15%	15%	-
Annual Absorption Potential	**171**	**87**	**44**	**301**

1/ Target market income range is $35,000+
2/ Estimated Lifestyle Preference is based on segmented demographic data provided by ESRI
Source: ESRI Business Analyst, US Census, Economics Research Associates, 2007

V. Implementation

The following section highlights potential implementation/funding strategies to ensure that specific elements of the plan—such as public realm improvements—are successful. The key to successful implementation is effectively utilizing existing funding mechanisms. Because of uncertainty involving the use of Tax Increment Financing (TIF) in light of the Strand decision (which may ultimately limit the use of TIF for redevelopment), ERA examined several alternative funding mechanisms by focusing on mechanisms as currently allowed under Chapter 163 of the Florida State Statutes. These programs provide funding for infrastructure development, open space preservation and development, and economic development and neighborhood revitalization.

Chapter 163 of Florida Statutes

Chapter 163 of Florida Statutes outlines growth policy, county and municipal planning, community redevelopment, and land development regulation for the State of Florida. The Statute states that local governments may:

> "Identify and adopt a package of financial and local government incentives which the local government will offer for new development, expansion of existing development, and redevelopment within the urban infill and redevelopment area. Examples of such incentives include:
>
> 1. Waiver of license and permit fees
> 2. Exemption of sales made in the urban infill and redevelopment area from local option sales surtaxes imposed pursuant to s. 212.055
> 3. Waiver of delinquent local taxes or fees to promote the return of property to productive use
> 4. Expedited permitting
> 5. Lower transportation impact fees for development which encourages more use of public transit, pedestrian, and bicycle modes of transportation
> 6. Prioritization of infrastructure spending within the urban infill and redevelopment area
> 7. Local government absorption of developers' concurrency costs
>
> A local government with an adopted urban infill and redevelopment plan or plan employed in lieu thereof may issue revenue bonds…and employ tax increment financing under…for the purpose of financing the implementation of the plan. When authorized or approved by resolution or ordinance of

the governing body, a county, municipality, or community redevelopment agency has power in its corporate capacity, in its discretion, to issue redevelopment revenue bonds from time to time to finance the undertaking of any community redevelopment under this part, including, without limiting the generality thereof, the payment of principal and interest upon any advances for surveys and plans or preliminary loans, and has power to issue refunding bonds for the payment or retirement of bonds or other obligations previously issued…The security for such bonds may be based upon the anticipated assessed valuation of the completed community redevelopment and such other revenues as are legally available."

Tax Increment Financing

Tax Increment Financing, commonly referred to as TIF, is a financing tool used by local governments to finance development using future gains in taxes that are realized from the increase in value in real estate due to these improvements. TIF is a mechanism employed by cities and counties to fund public investments in areas slated for redevelopment by capturing, for a pre-determined period of time, all or a portion of the increased property tax revenues that may result if the redevelopment stimulates private investment. It is assumed that these public improvements serve as a catalyst for redevelopment in the TIF district by making it more attractive to developers and businesses.

When a public project is completed, such a new road, real estate values from those properties that benefit from the improvement are likely to increase, and often stimulates new development, creating an increase in tax revenue. This projected increase in tax revenue is used to finance debt to pay for the improvement. Cities and counties may designate a TIF district which is comprised of those properties that would likely benefit from the public improvement. These districts are in place for an adequate time period for increased tax revenues to pay back the bonds issued to fund the improvement.

Though used nationwide since the late 1940's, TIF gained momentum in the 1970's because of a decline in federal funding for redevelopment and the transfer of urban development from the federal level to local governments, which used TIF to finance public infrastructure, land acquisition, and planning costs. TIF was first used in Florida in 1977 after the Florida Legislature adopted an amendment to the Community Redevelopment Act to allow community redevelopment agencies (CRAs) to use TIF.

TIF funds are used by local governments for a variety of projects, including sewer expansion and repair, sidewalk improvement, street lighting, landscaping, park improvements, parking structures, and land acquisition.

Preliminary Funding Mechanisms

ERA examined several alternative funding mechanisms applicable to specific potential public realm initiatives identified in the Citywide Master Plan.

Infrastructure

Transportation, Community and System Preservation (TCSP) Program

As outlined by the Florida Department of Transportation (FDOT), the Transportation, Community, and System Preservation (TCSP) Program is intended to address the relationships among transportation, community, and system preservation plans and practices and identify private sector-based initiatives to improve those relationships.

Funds may be used to carry out eligible projects to integrate transportation, community, and system preservation plans and practices that:

- Improve the efficiency of the transportation system of the United States.
- Reduce the impacts of transportation on the environment.
- Reduce the need for costly future investments in public infrastructure.
- Provide efficient access to jobs, services, and centers of trade.
- Examine community development patterns and identify strategies to encourage private sector development.

Priority consideration for TCSP funds will be given to applicants that:

- Have instituted coordinated preservation or development plans that promote cost-effective investment and private sector strategies
- Have instituted other TCSP polices such as those addressing high-growth areas, urban growth boundaries, "green corridors" programs that provide access to major highway corridors for controlled growth areas
- Address environmental mitigation, and
- Encourage private sector involvement.

The Program states that Metropolitan Planning Organizations (MPOs) and local governments are eligible to apply for funds. The Federal share is generally 80 percent, subject to the sliding scale adjustment, which is a 1.93 percent additive for Florida, for a total federal share of 81.93 percent. Florida has elected to utilize toll credits to "soft match" these federal funds in lieu of matching with state funds. This, in essence, allows the FDOT to increase the federal share to 100 percent with no additional non-federal funds required.

Transportation Enhancement Grants

The Transportation Enhancement Program (TEP) is a federal program administered by FDOT, with TEP guidance and direction provided by the Environmental Management Office. Funding for transportation enhancement projects is provided by the Federal Highway Administration (FHWA) through the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA-LU). This funding is intended for projects or features that go beyond what has been customarily provided with transportation improvements. This program is for projects that are related to the transportation systems but are beyond what is required through normal mitigation or routinely provided features in transportation improvements. TEP is not a grant program, rather projects are undertaken by project sponsors, and eligible costs are reimbursed. There is currently an estimated $35 million to $40 million of funds available annually.

For a proposed project to be eligible for TEP funding, it must meet two basic considerations.

1. The proposed action must be one of the listed transportation enhancement activities, which include:
   - Provision of facilities for pedestrians and bicycles
   - Provision of safety and educational activities for pedestrians and bicyclists
   - Acquisition of scenic easements and scenic or historic sites
   - Landscaping and Other Scenic Beautification
2. The proposed action must relate to surface transportation.

Once a relationship to surface transportation is established, TEP activities can be implemented in a number of ways. They can be developed as parts of larger transportation projects, as parts of larger joint development projects, or as stand-alone projects. All TEP funded activities are subject to the National Environmental Policy Act of 1969 (NEPA). Considerable flexibility and streamlining of the NEPA process is available for TEP projects, and many projects qualify as type 1 or programmatic categorical exclusions, which are documentation processes that can simplify and expedite the NEPA process.

Examples of qualifying activities include:

- Separate bicycle paths/multi-use trails
- Bicycle/pedestrian grade separation

- Bicycle parking facilities
- Sidewalks (including sidewalks that complete systems identified in a community pedestrian plan)
- Drainage modifications to accommodate bicycle/pedestrian facilities
- Pedestrian lighting
- Rest rooms

Applications for TEP projects must be submitted by a sponsor that is a recognized government body or agency with the ability to enter into a binding contract (agreement) with the State of Florida. Sponsors fall into the following categories:

- Municipal government (city or town)
- County government
- State agency
- Federal agency

The sponsor must be willing to: (1) provide any funding match that may be required; (2) enter into any required maintenance agreements with the Department; and/or (3) support other actions necessary to fully implement the proposed project. The sponsor is usually the organization that owns and/or operated the completed project.

In addition, the State of Florida has its Economic Development Transportation Fund “Road Fund” ($36,750,000 in fiscal year 2008). When a transportation impediment is keeping a company from locating to or expanding in Florida, the Road Fund is often the solution that ensures that Florida secures the project rather than a competitor state. There were nine active projects approved in fiscal year 2007 that are expected to generate $627 million in private sector investment. The remaining balance of the Road Fund for FY 2008-2009 is $20 million, a $10 million increase from FY 2007-2008.

Applicability to Hallandale Beach

Funds from the Transportation Enhancement Program and the Transportation, Community, and System Preservation (TCSP) Program may be used by Hallandale Beach to assist in the creation of a primary mixed use Town Center around Bluesten Park anchored by the Government Center, Gulfstream Village, and a future SFRTA commuter rail station on FEC corridor. Specifically, these funds may be used to:

ERA

- Redevelop Hallandale Beach Blvd. and Federal Highway intersection properties
- Add canopy shade street trees
- Support SFRTA FEC line development
- Construct 15-20 ft. sidewalks on SE 2nd, 7th, and 15th Streets, and
- Reconstruct Atlantic Blvd. from Federal Highway to Three Islands Boulevard to provide 10 ft. sidewalks and canopy trees.

Open Space

Florida Community Trust's Florida Forever Grant Program

Established through Florida’s Department of Community Affairs, the Florida Communities Trust (F.C.T.) was created in 1989. The Department states that the Trust was originally funded primarily through the Preservation 2000 bond program, which was dedicated to the purchase of sensitive lands throughout the State. In 1999, the Florida Legislature approved Florida Forever as the successor program to Preservation 2000 and the Trust continues to assist communities as well as non-profit environmental organizations in acquiring land for conservation and recreation. The Florida Forever Program provides grants to eligible applicants for the acquisition of land for community-based parks, open spaces and greenways that further the outdoor recreation and natural resource protection needs identified in local government comprehensive plans.

The Florida Legislature requires the Florida Forever Program to:

- Emphasize funding projects in low-income or otherwise disadvantaged communities.
- Direct at least 30 percent of its funding to projects in Metropolitan Areas and half of that amount within the built-up urban area.
- Use no less than 5 percent to acquire lands for recreational trail systems.

Matching and full grants for land acquisition projects are provided to communities through an annual competitive application cycle. Approximately $66 million is available to eligible applicants each year. The Trust annually receives 22 percent of the $300 million Florida Forever fund. As of January 8, 2008, more than 79,000 acres have been preserved. The Trust has provided more than $678 million of the total $1.2 billion used to acquire these lands and local government partners have provided a match of more than $566 million. In conjunction with the other state agencies that receive funding through the land preservation bond program, more than one million acres have been acquired for public use and enjoyment.

North American Wetlands Conservation Act

The North American Wetlands Conservation Act of 1989 provides matching grants to organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the United States, Canada, and Mexico for the benefit of wetlands-associated migratory birds and other wildlife.

There is a Standard and a Small Grants Program. Both are competitive grants programs and require that grant requests be matched by partner contributions at no less than a 1-to-1 ratio. Funds from U.S. Federal sources may contribute towards a project, but are not eligible as match.

The Standard Grants Program supports projects in Canada, the United States, and Mexico that involve long-term protection, restoration, and/or enhancement of wetlands and associated uplands habitats. The Small Grants Program operates only in the United States; it supports the same type of projects and adheres to the same selection criteria and administrative guidelines as the U.S. Standard Grants Program. However, project activities are usually smaller in scope and involve fewer project dollars. Grant requests may not exceed $75,000, and funding priority is given to grantees or partners new to the Act's Grants Program.

The Congressional appropriation to fund the Act's Grants Program in FY 2008 is $40.3 million. Additional program funding comes from fines, penalties, and forfeitures collected under the Migratory Bird Treaty Act of 1918; from Federal fuel excise taxes on small gasoline engines, as directed by amendments to the Federal Aid in Sport Fish Restoration Act of 1950, to benefit coastal ecosystem projects; and from interest accrued on the fund established under the Federal Aid in Wildlife Restoration Act of 1937. $84.4 million in total is available to fund grants in FY 2008.

Florida Greenways and Trails Program (DEP-OGT)

Florida Department of Environmental Protection's Greenways and Trails Program is used to acquire lands to facilitate the establishment of a statewide system of greenways and trails. A greenway is defined by the Department as:

1. A linear open space established along either a natural corridor, such as a riverfront, stream valley, or ridge-line, or over land along a railroad right of way converted to recreational use, a canal, a scenic road or other route
2. Any natural or landscaped course for pedestrian or bicycle passage
3. An open space connector linking parks, nature reserves, cultural features or historic sites with each other and populated areas

4. A local strip or linear park designated as a parkway or greenbelt.

Trails are defined as linear corridors and any adjacent support parcels on land or water providing public access for recreation or authorized alternative modes of transportation.

The program receives 1.5 percent of the allocations funded by the State under the Florida Forever Act (approximately $4.5 million annually). Federal, state and local governments, non-profit organizations, and individuals are eligible to apply.

Recreational Trails Program (RTP)

The Recreational Trails Program (RTP) is a federally funded competitive grant program, administered through Florida's Department of Environmental Protection, which provides financial assistance to agencies of city, county, state or federal governments, and organizations, approved by the state or state and federally recognized Indian tribal governments, for the development of recreational trails, trailheads and trailside facilities. The current maximum grant amount for mixed-use projects and non-motorized projects is $250,000. The maximum grant award amount for motorized projects it is $592,000. All grant awards must be matched.

Florida Recreation Development Assistance Program (FRDAP)

Florida Recreation Development Assistance Program (FRDAP) is a competitive grant program, administered through Florida Department of Environmental Protection, which provides financial assistance to local governments for development or acquisition of land for public outdoor recreational purposes. All county governments and municipalities in Florida and other legally constituted local governmental entities with the legal responsibility for the provision of outdoor recreational sites and facilities for the use and benefit of the public are eligible. The maximum grant request may not exceed $200,000.

Matching requirements vary according to the project. If the total project cost is $50,000 or less, no local match is required. If the total project cost is $50,001to $150,000, a local match of 25 percent is required. For projects that cost more than $150,000, a 50-percent local match is required. The value of undeveloped land owned by the applicant (subject to conditions) or in-kind services may be used for the match.

Land and Water Conservation Fund (LWCF) Program

Land and Water Conservation Fund (LWCF) is a competitive program administered through Florida's Department of Environmental Protection which provides grants for acquisition or development of land for public outdoor recreation use.

All local governmental entities with the legal responsibility for the provision of outdoor recreational sites and facilities for the use and benefit of the public are eligible to apply. The matching ratio is one applicant dollar to one federal dollar for all LWCF grant awards. LWCF Funds may be used for:

- **Development**: Outdoor recreation areas and facilities such as beaches, picnic areas, trails, ball fields, tennis and basketball courts and playgrounds along with associated support facilities such as lighting, parking, restrooms and landscaping.
  Enclosed buildings and structures (except restrooms, restroom/concession buildings and bathhouses) are ineligible.

- **Acquisition:** Land for outdoor recreation purposes.

For development projects, the applicant must own the project site or lease it from a public agency by the closing date of the application submission period. Land owned or leased by the applicant must be dedicated in perpetuity as a public outdoor recreation area.

Applicability to Hallandale Beach

Hallandale Beach could potentially use the specified open space funding mechanisms to support the Chaves Lake and Hallandale Elementary Lake Parks and Nature Center's project, which includes:

- Creating a green environmental curriculum for adjacent schools
- Designating park boundaries
- Designing and constructing shoreline habitat, trails, walkways
- Creating waterfront access and adding additional pocket parks

Community Development

Section 108 Loan Guarantee Program

Florida's Department of Community Affairs Section 108 Loan Guarantee Program offers local governments a source of financing for economic development, large-scale public facility projects, and public infrastructure. The United States Department of Housing and Urban Development sells bonds on the private market and uses the proceeds to fund Section 108 loans through the state to local governments. The local government may loan the funds (which must be repaid) to third parties to undertake eligible Community Development Block Grant activities (typically economic development) or use the funds for other eligible Community Development Block Grant activities.

ERA

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) as part of the Community Development Block Grant Program. In 1997, the Florida Legislature passed changes to the Small Cities Community Development Block Grant Program which now allows up to $160,000,000 in loans to be guaranteed by the State's Community Development Block Grant allocation for loans made to small cities and counties on behalf of their needs for economic and community development.

Eligible activates for Section 108 Loans must:

1. Principally benefit low and moderate income people; or
2. Assist in the elimination or prevention of slum and blight conditions; or
3. Meet other community development needs that have a particular urgency and are of very recent origin.

Examples of an eligible Section 108 projects include:

1. Real property acquisition as part of an otherwise eligible activity;
2. Rehabilitation of publicly or privately owned real property;
3. Housing rehabilitation or development eligible under the Community Development Block Grant program and related relocation;
4. Demolition, clearance, and site improvements for eligible Community Development Block Grant activities;
5. Section 108 loan closing costs and issuance costs of related public offerings;
6. Public infrastructure; and
7. Eligible economic development activities.

The legislature has set an individual cap per local government of $7,000,000 in loan guarantees.

Florida Small Cities Community Development Block Grant (CDBG) - Economic Development

Florida's Small Cities Community Development Block Grant (CDBG) Program provides an opportunity for eligible municipalities and counties to compete for funds to improve housing, streets, utilities, public facilities, and downtown areas, and to create jobs for low and moderate income Floridians.

The CDBG Program is a federal program that provides funding for housing and community development. The program, administered by the U. S. Department of Housing and Urban Development, consists of two components - an *entitlement program* that provides funds directly to urban areas and a *small cities program* which funds rural community activities. Mandates require that the states:

- Adhere to many of the stringent requirements imposed by the U. S. Department of Housing and Urban Development on entitlement communities;
- Target low and moderate income persons (70 percent of the funds must be used for activities that benefit such persons);
- Provide for citizen and public participation;
- Allow home ownership assistance as an eligible activity.

Non-entitlement cities, or cities who opt out of an urban entitlement program, with a population less than 50,000 and counties having a population less than 200,000 are eligible to apply for Small Cities Community Development Block Grant funds.

To be *fundable*, an activity must meet certain eligibility and national objective requirements.

- To qualify under the Low-Moderate National Objective, at least 51 percent of the beneficiaries must be low and moderate income persons. The U. S. Department of Housing and Urban Development has defined a low and moderate income person as one whose total family income is at or below 80 percent of the area's median income.
- Under the Slum and Blight National Objective, the area must be a slum or blighted area as defined by state or local law.
- Activities funded under the Urgent Needs National Objective must alleviate existing conditions which pose a serious and immediate threat to those living in the area and are 18 months or less in origin. Additionally, the local government must demonstrate that it is unable to finance the activity on its own and that other funding is not available.

Funds may be sought only for eligible activities. Examples of activities that are eligible include:

- Rehabilitation and preservation of housing;
- Water and sewer improvements;

- Street improvements;
- Economic development activities;
- Downtown revitalization;
- Parks and recreation; and
- Drainage improvements.

Applicability to Hallandale Beach

Hallandale Beach may use the specified community development funding mechanisms to support the creation of a primary mixed use Town Center around Blusten Park anchored by the Government Center, Gulfstream Village, and a future SFRTA commuter rail station. This will include the redeveloped Hallandale Beach Blvd. and Federal Highway intersection properties, new mixed-use 4 to 5-story buildings facing the park, higher density buildings on the west side of Dixie Highway around the future SFTRA stop, and the western two blocks of SE 2nd Street streetscape. In addition, these programs may potentially be used to fund elements of the Hallandale Beach Arts District and the Single-Family Neighborhoods Initiative.

Developments of Regional Impact

A bill passed by the legislature but vetoed by the Governor is likely to be reconsidered in some form until it is passed and therefore bears monitoring. The bill would exempt certain developments from a Development-of-Regional Impact (DRI) review if the following conditions are met:

- One of at least two proposed land uses within the development is for an office or laboratory appropriate for the research and development of medical technology, biotechnology, or life science applications
- The development is located within a county having a population greater than 1.5 million
- The land is located in a designated urban infill area or the local government adopts a resolution recognizing the land is located in a compact, high-intensity, and high density multi-use area
- The land is located within three-fourths of one mile from a bus or light rail transit stops, and
- The development is registered with the United States Green Building Council and there is intent to apply for certification of each building under the Leadership in Energy and Environmental Design (LEED) program, or the development is registered by an alternate green building rating system that the local government approves by resolution.

Preliminary Economic Benefits

Fiscal and economic benefits occur on two levels – direct and secondary. Direct impacts are the economic and fiscal benefits directly attributed to a project (such as on-site construction investment and job creation and project specific tax revenues). Secondary benefits, or indirect benefits, are those that result from construction employment and other permanent employment. At the time this study was completed, the City of Hallandale Beach assessed a millage of 5.9696 or approximately $5.97 per $1,000 dollars of assessed taxable value as determined by the Broward County Property Appraiser. The City Commission, for the purpose of funding the operations of the City of Hallandale Beach, adopts this millage annually. One-time construction benefits and estimated annual property tax revenues (based on current tax rates) for the proposed uses are illustrated in the following two tables.

Table 30: One Time Construction Benefits

	Residential	Office	Retail	Hotel
CONSTRUCTION BENEFITS				
Construction Costs				
Total Hard Cost	$627,198,000	$15,856,250	$59,146,500	$68,615,100
% of Total Cost - Labor 1/	40.0%	40.0%	40.0%	40.0%
% of Total Cost - Materials 1/	60.0%	60.0%	60.0%	60.0%
Total Labor Cost	$250,879,200	$6,342,500	$23,658,600	$27,446,040
Total Materials Costs	$376,318,800	$9,513,750	$35,487,900	$41,169,060
Total Hard Costs	**$627,198,000**	**$15,856,250**	**$59,146,500**	**$68,615,100**
Construction Jobs				
Total Labor Cost	$250,879,200	$6,342,500	$23,658,600	$27,446,040
Average Annual Wage 2/	$33,072	$33,072	$33,072	$33,072
Person Years of Construction Employment	7,586	192	715	830
Total Months of Construction	60 Months	60 Months	60 Months	60 Months
Average Annual Construction Jobs	**1,520**	**40**	**140**	**170**
Construction-Related Sales Tax				
Total Materials Cost	$376,318,800	$9,513,750	$35,487,900	$41,169,060
% of Materials Purchased in FL 3/	75.0%	75.0%	75.0%	75.0%
State of FL Sales Tax Rate 4/	6.0%	6.0%	6.0%	6.0%
Total Construction-Related Sales Tax	**$16,934,300**	**$428,100**	**$1,597,000**	**$1,852,600**

NOTES:
1/ ERA assumption.
2/ Average annual wage based on December 2006 industry employment data for the Miami-Ft. Lauderdale-Miami Beach MSA from BLS
3/ ERA assumption.
4/ State of Florida sales tax rate.
Source: RS Means 2007; Economics Research Associates, January 2008

Table 31: **Annual Property Tax Revenue, At Build-Out**

	Residential	Office	Retail	Hotel
Projected Development (sq. ft.)	4,400,000	125,000	700,000	591,000
Total Construction Costs per SF	$ 220.94	$ 196.62	$ 130.97	$ 179.96
Total Costs	$ 972,156,900	$24,577,188	$91,677,075	$ 106,353,405
Minus Homestead Exemption	*$ 68,750,000*	*NA*	*NA*	*NA*
Sub-Total	903,406,900	24,577,188	91,677,075	106,353,405
Hallandale Beach Property Tax Rate	0.00597	0.00597	0.00597	0.00597
Total	**$ 5,393,339**	**$ 146,726**	**$ 547,312**	**$ 634,930**

Source: RS Means 2007; Economics Research Associates, January 2008

According to these very preliminary figures, a total of $6,722, 307 in new tax revenue would be available annually if all currently planned developments are completed.