

---

---

# MARKET ANALYSIS

## RESIDENTIAL MARKET POTENTIAL

### Downtown Pensacola and The Community Redevelopment Area

City of Pensacola  
Escambia County, Florida

February 10, 2004

Conducted by  
ZIMMERMAN/VOLK ASSOCIATES, INC.  
6 East Main Street  
Clinton, New Jersey 08809



# ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street  
Clinton, New Jersey 08809  
908 735-6336 • 908 735-4751 *facsimile*  
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

---

## STUDY CONTENTS

---

Market Analysis	1
Introduction	1
Market Potential	4
Where will the potential market for housing in the City of Pensacola move from?	5
Downtown Pensacola and the Community Redevelopment Area	7
How many households are likely to move to the Community Redevelopment Area and to Downtown Pensacola?	9
Table 1: Potential Housing Market	10
How fast will the units lease or sell?	14
Target Market Analysis	18
Who is the potential market?	18
Table 2: Potential Housing Market By Household Type	19
Market-Rate Rent and Price Ranges: The Community Redevelopment Area	25
What is the market currently able to pay?	25
Table 3: Optimum Market Position	27
Downtown Market-Rate Rent and Price Ranges	30
What is the market currently able to pay?	30
Rent and Price Ranges	30
Rental Distribution	31
Table 4: Target Groups For Rental Apartments	32
Table 5: Target Groups For For-Sale Apartments	34
Table 6: Target Groups For Townhouses/Live-Work Units	35
Downtown Housing Strategy	36
The Current Context	39
What are the alternatives?	39
Table 7: Summary Of Selected Rental Properties	40
Table 8: Summary Of Selected For-Sale Multi-Family and Single-Family Attached Developments	53
Table 9: Summary Of Selected For-Sale Single-Family Developments	54

---

---

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

Housing Types	61
Multi-Family	61
Mansion Apartment Building	61
Courtyard Apartment Building	61
Loft Apartment Building	61
Single-Family Attached	62
Townhouse/Rowhouse/Live-Work	62
Single-Family Detached	62
Cottage	62
Village/Neighborhood House	63
Miscellaneous Building Types	63
Mansion Building	63
Accessory Unit	64
Methodology	65
Assumptions and Limitations	76
Copyright	77



# ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street  
Clinton, New Jersey 08809

908 735-6336 • 908 735-4751 *facsimile*  
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

## MARKET ANALYSIS

### Residential Market Potential

#### Downtown Pensacola and the Community Redevelopment Area

*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

---

NOTE: Tables 1 through 6, included in this document, contain summaries of the market potential for new market-rate housing units created through adaptive re-use of existing buildings and/or new construction within Downtown Pensacola and the Community Redevelopment Area, City of Pensacola, Escambia County, Florida. Tables 7 through 9 summarize selected supply-side data. The appendix tables contain migration and target market data covering the appropriate draw area(s) for the City of Pensacola.

## INTRODUCTION

---

The purpose of this study is to identify the market potential for newly-introduced market-rate housing units—created both through the adaptive re-use of existing non-residential buildings as well as through new construction—to be leased or sold within the Community Redevelopment Area and within Downtown Pensacola, City of Pensacola, Escambia County, Florida. The Community Redevelopment Area (the CRA Study Area) includes the area bounded by East Cervantes Street to the north; 17<sup>th</sup> Avenue to the east; Pensacola Bay to the south; and A Street to the west, encompassing the Downtown core, which, for the purposes of this study, generally covers the area bounded by Wright Street to the north, Alcaniz Street to the east, Pensacola Bay to the south, and Reus Street to the west.

Downtown Pensacola is a special focus of this study because it is critical to create new dwelling units within the urban core to support and strengthen commercial vitality throughout the Community Redevelopment Area. However, there are also very attractive opportunities

---

---

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

for residential redevelopment of sites surrounding the core Downtown, and several properties located within the boundaries of the Study Area are suitable for the creation of residential neighborhoods that will provide a broad range of housing types.

The extent and characteristics of the potential market for new housing units within the Downtown and throughout the Study Area were identified using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when that supply is specifically targeted to match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, then—which is based on supply-side dynamics and baseline demographic projections—target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw area. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment.

In brief, using the target market methodology, Zimmerman/Volk Associates determined:

- Where the potential renters and buyers for new housing units in Downtown Pensacola and in the Study Area are likely to move from (the draw areas);
- Who currently lives in the draw areas and what they are like (the target markets);

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

- How many are likely to move to the Study Area and to Downtown if appropriate housing units were to be made available (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- What their alternatives are (new construction or existing housing stock, both in Downtown Pensacola and in the Study area, and in other areas of the region);
- What they will pay to live in Downtown Pensacola and in the Study Area (market-rate rents and prices); and
- How quickly will they rent or purchase the new units (absorption forecasts).

The target market methodology is described in detail in the METHODOLOGY section at the end of this study.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

## MARKET POTENTIAL

---

American households, perhaps more than any other nation's, have always demonstrated extraordinary mobility. Last year, depending on region, between 15 and 20 percent of American households moved from one dwelling unit to another. Household mobility is higher in urban areas and in the West; a higher percentage of renters move than owners; and a higher percentage of younger households move than older households.

Analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is therefore integral to the determination of the depth and breadth of the potential market for market-rate housing units within Downtown Pensacola and within the Community Redevelopment Area.

Analysis of Escambia County migration and mobility patterns from 1997 through 2001—the latest data available from the Internal Revenue Service—shows that the number of households moving into the county has increased from approximately 10,100 households in 1997 to just over 11,300 households in 2001. (See Appendix Table 1.) Over the same period, the number of households moving out of the county ranged from 11,080 households in 1997 to 11,750 households in 2001. The migration data demonstrate that a significant segment of Escambia migration is military-related, as counties with military bases, such as San Diego, California and Duval, Florida, among many others, show above-average migration patterns for non-adjacent counties. Although Escambia County had a net household loss each year between 1997 and 2001, that loss dropped from nearly 1,000 households in 1997 to 430 households in 2001—in part due to an increase in the number of non-military households moving from elsewhere in the United States.

Between the 1990 Census and the 2000 Census, the City of Pensacola gained just over 250 households: the number of households living within the city limits rose from 24,269 households in 1990 to 24,524 households in 2000, a gain of approximately one percent. To

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

continue a stable household population then, a core premise for the City of Pensacola should be that it is just as important to retain current residents as it is to attract new ones.

This study therefore identifies the depth and breadth of the potential market for market-rate housing units within both the Community Redevelopment Area and Downtown Pensacola, including those households already living in the city and those households that are likely to move into the city if appropriate housing options were to be made available.

*Where will the potential market for housing in the City of Pensacola move from?*

The depth and breadth of the potential market for market-rate housing units in the City of Pensacola was determined through migration, mobility and target market analyses of households currently living within defined draw areas. The draw areas for the City of Pensacola have been delineated as follows:

- The local (internal) draw area, covering households currently living within the Pensacola city limits, as well as those currently living in the balance of Escambia County. Approximately 22 percent of the households living in the city are likely to move to another residence within the city each year. Just under six percent of the households living in the balance of Escambia County are likely to move to a residence within the City of Pensacola each year.
- The regional draw area, covering households with the potential to move to the City of Pensacola from Santa Rosa County. (*See again* Appendix Table 1.) Households moving to Escambia County from Santa Rosa County comprise 8.5 percent of total county in-migration; of those, approximately 20 percent will be likely to move to the City of Pensacola.
- The national draw area, covering households with the potential to move to the City of Pensacola from all other U.S. counties. Approximately 90 percent of all households moving into Escambia County are moving from elsewhere in the United States.



Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

As derived from migration, mobility and target market analysis, then, the draw area distribution of market potential (those households with the potential to move within or to the City of Pensacola) is as follows (*See also* Appendix Table 8):

**Market Potential by Draw Area**  
***City of Pensacola, Escambia County, Florida***

City of Pensacola (Local Draw Area):	32 percent
Balance of Escambia County (Local Draw Area):	30 percent
Santa Rosa County (Regional Draw Area):	4 percent
Balance of US (National Draw Area):	34 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

## DOWNTOWN PENSACOLA AND THE COMMUNITY REDEVELOPMENT AREA\_\_\_\_\_

Pensacola is a very attractive and historic city of approximately 58,000 people; although located in the southernmost portion of Escambia County, the city is the regional center of the western Florida Panhandle. The city occupies approximately 23 square miles, and has several miles of frontage along Pensacola and Escambia Bays, from Gull Point in the northeast to the Pensacola Yacht Club in the southwest; most of the city's waterfront has bay view potential. The city is nearly bisected by the Bayou Texar; only two roads cross the Bayou at each end: 12<sup>th</sup> Avenue in the northwest and East Cervantes Street in the south. The Pensacola Regional Airport occupies a large area in the northern half of Pensacola, which is also the location of other large land uses, such as the Cordova Mall, Pensacola Junior College, and the Sacred Heart Hospital.

In 2003, Pensacola contained approximately 27,000 housing units, of which an estimated 24,600 were occupied. Median housing value citywide was \$102,300, approximately 20 percent below that of the national median of \$127,700, in large part because more than half of the city's housing units were built before 1970. The Pensacola median income of \$37,700 is 15 percent below the national median of \$44,400, typical of an area with a large military presence. However, more than 20 percent of Pensacola's households have annual incomes of \$75,000 or more.

The Community Redevelopment Area is in the southern half of Pensacola and covers more than 300 blocks between East Cervantes Street and the Bay. The CRA Study Area contains several lovely historic neighborhoods, including East Hill, Historic Seville, Belmont-DeVilliers and the southern portions of North Hill and Long Hollow, as well as Downtown Pensacola.

The CRA neighborhoods contain a wide variety of mostly older one- and two-story dwellings, although there are a few multi-story residential and office buildings scattered

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

throughout the Study Area. An industrial area occupies portions of the eastern CRA, and the city's wastewater treatment plan is located just west of Downtown on Bayfront Parkway. Downtown Pensacola is the location of most of the county and city's civic buildings, the Civic Center, a number of churches, several banks, two historic parks—Seville Square and Plaza Ferdinand VII—and a historic cemetery, as well as the Port of Pensacola. Downtown Pensacola also offers neighborhood-oriented retail and services within a traditional “Main Street” context. A wide range of local and unique establishments, including restaurants, gift shops, galleries, clothing stores, jewelry stores, financial services, office supplies, ice cream parlors and coffee shops, are currently located within the Downtown.

The target market methodology identifies those households with a preference for living in an urban environment. After discounting for those segments of the city's potential market that have preferences for suburban and/or rural locations, the distribution of draw area market potential for newly-created housing units within the Community Redevelopment Area would be as follows (*see Appendix Table 9*):

**Market Potential by Draw Area**  
**COMMUNITY REDEVELOPMENT AREA**  
***City of Pensacola, Escambia County, Florida***

City of Pensacola (Local Draw Area):	32 percent
Balance of Escambia County (Local Draw Area):	34 percent
Santa Rosa County (Regional Draw Area):	2 percent
Balance of US (National Draw Area):	32 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Santa Rosa County represents a slightly smaller proportion of market potential for new housing in the CRA Study Area than for the city as a whole. Conversely, the balance of Escambia County represents a somewhat larger segment of market potential for the CRA Study Area than for the city.

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

*How many households are likely to move to the Community Redevelopment Area  
 and to Downtown Pensacola?*

Based on the target market analysis, in the year 2004, more than 2,300 empty nesters and retirees, younger singles and couples, and family-oriented households represent the potential market for new market-rate housing units within the Community Redevelopment Area. The housing preferences of these draw area households—according to tenure (rental or ownership) and broad financial capacity—can be arrayed as follows (*see also* Table 1):

**Potential Market for New Housing Units**  
**COMMUNITY REDEVELOPMENT AREA**  
*City of Pensacola, Escambia County, Florida*

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent	650	28.0%
Multi-family for-sale	210	9.1%
Single-family attached for-sale	200	8.6%
Low-range single-family detached	720	31.0%
Mid-range single-family detached	370	15.9%
High-range single-family detached	<u>170</u>	<u>7.4%</u>
Total	2,320	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

These 2,320 households comprise approximately 41 percent of the 5,600 households that represent the potential market for the City of Pensacola, a share of the total market that is consistent with Zimmerman/Volk Associates' experience in other cities. For example, in recent analyses, the Downtown market area was found to represent approximately 26 percent of the city's total potential market in Norfolk, Virginia and Redding, California; approximately 30 percent in Spokane, Washington, Detroit, Michigan and Baltimore, Maryland; and approximately 40 percent in Louisville, Kentucky and New Haven, Connecticut.

Table 1

### Potential Housing Market

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households  
With The Potential To Move To The Area In 2003

### *The Community Redevelopment Area*

*City of Pensacola, Escambia County, Florida*

*City of Pensacola; Balance of Escambia County;  
Santa Rosa County, Florida; All Other US Counties;  
Draw Areas*

Total Target Market Households With Potential To Rent/Purchase In The City of Pensacola, Escambia County, Florida	5,600
---	-------

Total Target Market Households With Potential To Rent/Purchase In The Community Redevelopment Area	2,320
--	-------

### Potential Housing Market

#### Optimum Residential Mix--CRA Sites

	<i>Multi- ..... Family .....</i>		<i>Single- ..... Family .....</i>				
			<i>.. Attached ..</i>	<i>..... Detached .....</i>			
	<i>For-Rent</i>	<i>For-Sale</i>	<i>All Ranges</i>	<i>Low-Range</i>	<i>Mid-Range</i>	<i>High-Range</i>	<i>Total</i>
Total Households:	650	210	200	720	370	170	2,320
{Mix Distribution}:	28.0%	9.1%	8.6%	31.0%	15.9%	7.4%	100.0%

#### Downtown Residential Mix (Excluding Single-Family Detached)

	<i>..... MF .....</i>		<i>... SF ...</i>	
			<i>.. Attached ..</i>	
	<i>For-Rent</i>	<i>For-Sale</i>	<i>All Ranges</i>	<i>Total</i>
Total Households:	650	210	200	1,060
{Mix Distribution}:	61.3%	19.8%	18.9%	100.0%

NOTE: Reference Appendix Tables 1 through 11.

SOURCE: Claritas, Inc.;  
Zimmerman/Volk Associates, Inc.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

As with Pensacola, many of these cities are in low-growth or slow-growth regions, where the majority of any increase in the number of households has typically occurred outside city limits. In most cases, the introduction of newly-created, appropriately-positioned housing units within the city limits, particularly in the downtown, has had an impact on settlement patterns by providing appropriate new housing options for households that previously had to settle for non-urban alternatives.

The market potential numbers therefore indicate the depth of the potential market for new housing units within Downtown Pensacola and the Community Redevelopment Area, not housing need and not projections of household change. These are the households most likely to move within or to the Study Area if appropriate housing options were to be made available.

From the perspective of draw area target market propensities and compatibility, and within the context of the new housing marketplace in the Pensacola market area, the potential market for new housing units within the Community Redevelopment Area includes the full range of housing types, from rental multi-family to for-sale single-family detached. Redevelopment of existing buildings is generally limited to multi-family housing; larger-scale vacant sites or areas proposed for redevelopment generally could include a broader range of housing types.

However, new development in the urban core should concentrate on the higher-density housing types that support Downtown development and redevelopment most efficiently, including:

- Rental lofts and apartments (multi-family for-rent);
- For-sale lofts and apartments (multi-family for-sale); and
- Townhouses, rowhouses, live-work or flex units (single-family attached for-sale).

The creation of “loft” dwelling units through adaptive re-use of existing buildings has been instrumental in the establishment of successful residential neighborhoods in or near the downtowns of numerous American cities, from Louisville, Kentucky, where the first loft apartment building in that city was successfully introduced and leased in 2002, to Saint Louis, Missouri, where, over the past three years, more than 900 loft apartments in the Washington Avenue Loft District have been created and are occupied, under construction, or in development. In addition to the major cities of New York, Boston, San Francisco and Chicago, other cities where intensive loft development has occurred or is underway include Albuquerque, Baltimore, Charlotte, Dallas, Denver, Detroit, Richmond, New Orleans, Norfolk, Pittsburgh, Portland, Roanoke, and Saint Paul, to name only some of the cities where Zimmerman/Volk Associates has had direct involvement.

In Downtown locations, buildings proposed for adaptive re-use can incorporate a mix of uses, including residential, retail and office. This not only provides fiscal benefits and adds to downtown vitality, but also assists with financial feasibility for larger buildings with more square footage than can be absorbed as either commercial or housing within an appropriate time frame.

“Live-work” is a unit type that accommodates non-residential uses in addition to, or combined with living quarters. The growing number of home-based businesses in the United States (reported in 1997 as four million) is often cited as a justification for live-work. However, there is an important distinction between a “home-based business” and a “business-based home.” Most home-based businesses can be accommodated in almost any kind of dwelling unit. In contrast, the business-based home is a true live-work unit: a dwelling unit with a configuration that is influenced or even dictated by the non-residential activities.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

There are two basic live-work unit types: the flexhouse and the loft. Both could be developed in Pensacola's Downtown or in-town neighborhoods, either through new construction or adaptive re-use of non-residential structures.

The raw space version of a loft, or "hard" loft, is adaptable for a wide range of non-residential uses, from an art or music studio to a small office, as well as residential living areas. The loft unit is not dependent upon building form, other than that it is almost always located within a multi-unit building.

The flexhouse is a building, either attached or detached, with only one principle dwelling unit that includes flexible space that can be used as office, retail, or studio space, or as an accessory dwelling unit. Flexhouses could be developed through adaptation of a rowhouse or even the combination of two adjacent rowhouses. The non-residential ground-floor uses could be helpful in establishing a daytime presence in neighborhoods that are largely residential, thereby adding an element of security.

The flexhouse can be an important tool for revitalization, representing an opportunity for the small investor: a resident investor can lease the flex space for residential, retail or office use; a non-resident investor can lease both the main residential space or the flex space.

This analysis has determined then, that in the year 2004, more than 1,000 households currently living in the defined draw areas represent the pool of potential renters/buyers of new market-rate housing units (new construction and/or adaptive re-use of non-residential structures, excluding single-family detached units) within Downtown Pensacola (*see again* Table 1). As derived from the tenure and housing preferences of those draw area households, the distribution of rental and for-sale multi-family and for-sale single-family attached housing types is as follows:



Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

**Potential Housing Market**  
**Market-Rate Higher-Density Housing Units**  
**DOWNTOWN PENSACOLA**  
*City of Pensacola, Escambia County, Florida*

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Rental Multi-Family (lofts/apartments, leaseholder)	650	61.3%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	210	19.8%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>200</u>	<u>18.9%</u>
Total	1,060	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Again, these numbers indicate the depth of the potential market for market-rate housing units within Downtown Pensacola if appropriate housing options were available. These households represent a “lost” opportunity for the city. Without an appropriate range of available housing options in the Study Area, these households have either moved elsewhere or have moved less frequently than their typical mobility rates would indicate.

*How fast will the units lease or sell?*

After more than a decade’s experience in various cities across the country, and in the context of the target market methodology, Zimmerman/Volk Associates has determined that an annual capture of up to 10 percent of the potential market for new multi-family units and up to five percent for new single-family attached and detached units is achievable for a specific site within a given study area. However, these capture rates are also predicated on the following criteria:

- A high-quality urban plan;
- New dwelling units that match target household preferences and financial capacities;
- A well-executed development program; and

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

- A high-profile and effective marketing campaign.

Based on a five to 10 percent capture of the potential market, then, and barring a significant and persistent downturn in the national, regional and local economies, a specific site within the Community Redevelopment Area could support up to 160 new units per year, as follows:

**Annual Site-Specific Capture of Market Potential**  
**COMMUNITY REDEVELOPMENT AREA**  
*City of Pensacola, Escambia County, Florida*

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Rental Multi-Family (lofts/apartments, leaseholder)	650	10%	65
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	210	10%	21
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	200	5%	10
Low-Range Single-Family (detached houses, fee-simple ownership)	720	5%	36
Mid-Range Single-Family (detached houses, fee-simple ownership)	370	5%	19
High-Range Single-Family (detached houses, fee-simple ownership)	<u>170</u>	5%	<u>9</u>
Total	2,320		160

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

For new development (including both adaptive re-use of existing non-residential buildings as well as new construction) within a Downtown core, Zimmerman/Volk Associates has determined that an annual capture of between 10 and 15 percent of the potential market, depending on housing type, is achievable. Based on a 15 percent capture of the potential market for multi-family units, and a 10 percent capture of for-sale single-family attached units, Downtown Pensacola should be able to support 150 new units per year, as follows:

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

**Annual Capture of Market Potential**  
**DOWNTOWN PENSACOLA**  
*City of Pensacola, Escambia County, Florida*

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Rental Multi-Family (lofts/apartments, leaseholder)	650	15%	98
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	210	15%	32
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>200</u>	10%	<u>20</u>
Total	1,060		150

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Based on the migration and mobility analyses, and dependent on the creation of appropriate new housing units, nearly half of the annual market potential of 150 new dwelling units in Downtown Pensacola, or approximately 70 units per year, could be from households moving from outside Escambia County. Over five years, the realization of that market potential could lead to an increase of 350 households living in Downtown Pensacola that moved from outside the city.

Because of the significant changes in the composition of American households that occurred during the 1990s (*see TARGET MARKET ANALYSIS below*), and the likelihood that significant changes will continue, both the depth and breadth of the potential market for in-town living, particularly in the downtown, are likely to expand. The experience of other American cities has been that, once the downtown residential alternative has been established, the percentage of households that will consider downtown housing typically increases.

NOTE: Target market capture rates are a unique and highly-refined measure of feasibility. Target market capture rates are *not* equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

## TARGET MARKET ANALYSIS

### *Who is the potential market?*

As determined by this analysis, the potential market for new market-rate housing units in the Community Redevelopment Area can be characterized by general household type as follows (*see also* Table 2):

#### Optimum Residential Mix By Household and Unit Types COMMUNITY REDEVELOPMENT AREA *City of Pensacola, Escambia County, Florida*

HOUSEHOLD TYPE	PERCENT OF TOTAL	... MULTI-FAMILY ... FOR-RENT FOR-SALE	..... SINGLE-FAMILY ..... ATT. LOW MID HIGH				
Empty-Nesters & Retirees	45%	38%	43%	55%	51%	43%	41%
Traditional & Non-Traditional Families	28%	17%	14%	15%	33%	43%	41%
Younger Singles & Couples	<u>27%</u>	<u>45%</u>	<u>43%</u>	<u>30%</u>	<u>16%</u>	<u>14%</u>	<u>18%</u>
Total	100%	100%	100%	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

A Downtown location typically attracts greater numbers of younger singles and couples than family-oriented households. The potential market for new market-rate housing units in Downtown Pensacola reflects this pattern, as follows (*see again* Table 2):

#### Downtown Residential Mix By Household and Unit Types DOWNTOWN PENSACOLA *City of Pensacola, Escambia County, Florida*

HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE SF ATTACHED
Empty-Nesters & Retirees	42%	38%	43%	55%
Traditional & Non-Traditional Families	16%	17%	14%	15%
Younger Singles & Couples	<u>42%</u>	<u>45%</u>	<u>43%</u>	<u>30%</u>
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Table 2

### Potential Housing Market By Household Type

Derived From New Unit Purchase And Rental Propensities Of Draw Area Households

With The Potential To Move To The Area In 2003

### *The Community Redevelopment Area*

*City of Pensacola, Escambia County, Florida*

#### Optimum Residential Mix--CRA Sites

	... Multi-Family ...			..... Single-Family .....				
	Total	For-Rent	For-Sale	.. Attached .. All Ranges	..... Detached .....	Low-Range	Mid-Range	High-Range
Number of Households:	2,320	650	210	200	720	370	170	
Empty Nesters & Retirees	45%	38%	43%	55%	51%	43%	41%	
Traditional & Non-Traditional Families	28%	17%	14%	15%	33%	43%	41%	
Younger Singles & Couples	27%	45%	43%	30%	16%	14%	18%	
	100%	100%	100%	100%	100%	100%	100%	

#### Downtown Residential Mix

	Total	..... MF .....		.. SF Att. .. All Ranges
	For-Rent	For-Sale		
Number of Households:	1,060	650	210	200
<b>Empty Nesters &amp; Retirees</b>	42%	38%	43%	55%
<b>Traditional &amp; Non-Traditional Families</b>	16%	17%	14%	15%
<b>Younger Singles &amp; Couples</b>	42%	45%	43%	30%
	100%	100%	100%	100%

SOURCE: Claritas, Inc.;  
Zimmerman/Volk Associates, Inc.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

- The largest market segment is comprised of older households (empty nesters and retirees). A significant number of these households have children who have grown up and moved away; another large percentage are retirees, with incomes from pensions, savings and investments, and social security.

Many of these households are currently living in older single-family detached houses in Pensacola's traditional neighborhoods; typically, their neighborhoods offer few, if any, housing options tailored for empty-nest lifestyles. These older households are quite dissimilar in their attitudes from either younger or family-oriented households. They have different expectations, and paramount among them is the perceived ease and convenience of single-level living, meaning a master suite on the same floor as the main living areas, and few stairs in the unit. They want their dwelling units to accommodate, to the fullest extent possible, their ability to age in place. The high maintenance and capital costs associated with old and often obsolete housing stock is an underestimated contributing factor in household out-migration; when the only new housing is located outside a city, that is where households will move.

The largest potential markets for Downtown Pensacola and the Community Redevelopment Area in this segment are *Middle-Class Move-Downs*, *Blue-Collar Retirees*, *Middle-American Retirees*, *Active Retirees*, *Blue-Collar Button-Downs*, *Affluent Empty Nesters*, *Post-War Suburban Pioneers*, and *Nouveau Money*, predominantly empty-nest couples (many of whom lived in or near downtown locations in their youth) who could potentially be attracted to appropriately-designed housing in broad rent and price ranges within a vibrant downtown.

Empty-nest and retiree households represent between 42 percent and 45 percent of the market for housing units in Downtown Pensacola and the Community Redevelopment Area, respectively. However, over the next several years this market segment should comprise a significantly larger proportion of the market for downtown housing because

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

increasing numbers of the “Baby Boom” generation—the huge population cohort born between 1946 and 1964—will enter the empty-nest life stage. Baby Boomers have become a significant market for new construction in downtown neighborhoods, particularly when those new units reflect their changing lifestyles.

- **The next largest general market segment is composed of younger, mostly childless households (younger singles and couples). These households typically choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses.**

The largest potential markets for Downtown Pensacola and the Community Redevelopment Area in this segment are *Twentysomethings*, *Generation X*, *Suburban Achievers*, *University/College Affiliates*, *Fast-Track Professionals*, *The VIPs*, *Urban Achievers* and *e-Types*—graduate students, teachers, or other higher-education affiliates, young professionals, retail and office workers. Many of these younger households prefer to live in a downtown location for the availability of a variety of activities, cultural opportunities, restaurants and clubs and, for some, the potential to walk to work.

Younger singles and couples currently represent 42 percent and 27 percent of the market for housing units in Downtown Pensacola and the Community Redevelopment Area, respectively. However, the “Millennials”—also known as “Generation Y,” those persons born between 1977 and 1996 and the second largest generation after the Baby Boomers—could have a growing impact. If the preference for urban housing demonstrated by the leading edge of this group is representative of the entire generation, the market potential for downtown housing from this segment is likely to increase significantly over the next decade.

- **The third, and smallest, general market segment is comprised of family-oriented households (traditional and non-traditional families). Non-traditional families, which during the 1990s became an increasingly larger proportion of all U.S.**



Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

households, encompass a wide range of family households, from a single parent with one or more children, an adult caring for younger siblings, a grandparent with grown children and grandchildren, to an unrelated couple of the same sex with children. Traditional families contain a married man and woman with an average of two or more children. These can also include “blended” families, in which each parent was previously married to another individual and each has children from that marriage.

Households with school-age children have historically been among the first to leave a city when one or all of three significant neighborhood elements—good schools, safe and secure streets, and sufficient green space—are perceived to be at risk. Although this is the smallest market segment in terms of numbers, a broad range of family households—*Middle-American Families*, *Cosmopolitan Families*, and *Unibox Transferees* are the largest target groups—represent the market for new construction within a traditional neighborhood context. In addition, there are a small number of family households that have a preference for urban living. Most of the adults in these households were raised in or near an urban center and have rejected the suburban alternative; most will already have made appropriate school accommodations—public, charter, parochial or private.

Family-oriented households comprise 16 and 28 percent of the market for new housing units in Downtown Pensacola and the Community Redevelopment Area, respectively.

The primary target groups for new housing units in Downtown Pensacola and the Community Redevelopment Area, their median and range of incomes, and median home values, are as follows:

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

**Primary Target Groups**  
**(In Order of Median Income)**  
**COMMUNITY REDEVELOPMENT AREA**  
*City of Pensacola, Escambia County, Florida*

HOUSEHOLD TYPE	MEDIAN INCOME	BROAD INCOME RANGE	MEDIAN HOME VALUE (IF OWNED)
Empty Nesters & Retirees			
<i>Nouveau Money</i>	\$99,400	\$50,000–\$200,000	\$332,100
<i>Post-War Suburban Pioneers</i>	\$73,500	\$45,000–\$150,000	\$235,300
<i>Affluent Empty Nesters</i>	\$56,300	\$30,000–\$90,000	\$155,300
<i>Blue-Collar Button-Downs</i>	\$50,200	\$35,000–\$70,000	\$110,700
<i>Active Retirees</i>	\$45,800	\$35,000–\$75,000	\$176,600
<i>Middle-Class Move-Downs</i>	\$43,700	\$30,000–\$75,000	\$100,900
<i>Middle-American Retirees</i>	\$39,000	\$25,000–\$70,000	\$110,200
<i>Blue-Collar Retirees</i>	\$35,300	\$20,000–\$65,000	\$77,900
Traditional & Non-Traditional Families			
<i>Exurban Elite</i>	\$97,500	\$50,000–\$175,000	\$283,500
<i>Full-Nest Suburbanites</i>	\$75,500	\$50,000–\$100,000	\$182,000
<i>Cosmopolitan Families</i>	\$72,000	\$40,000–\$160,000	\$205,200
<i>Full-Nest Exurbanites</i>	\$71,500	\$40,000–\$150,000	\$173,000
<i>Unibox Transferees</i>	\$65,100	\$30,000–\$100,000	\$150,600
<i>New-Town Families</i>	\$58,000	\$30,000–\$80,000	\$127,600
<i>Pillars of the Community</i>	\$57,200	\$35,000–\$75,000	\$138,500
<i>Kids 'r' Us</i>	\$56,100	\$30,000–\$70,000	\$116,500
<i>Multi-Cultural Families</i>	\$43,500	\$20,000–\$70,000	\$146,700
<i>Middle-American Families</i>	\$39,200	\$30,000–\$65,000	\$86,500
<i>Black Urban Families</i>	\$38,300	\$25,000–\$60,000	\$110,100
<i>Young Homesteaders</i>	\$38,200	\$25,000–\$65,000	\$77,900
<i>Latino Urban Families</i>	\$35,700	\$20,000–\$65,000	\$169,700
<i>Mainstream Families</i>	\$35,100	\$20,000–\$60,000	\$87,600

*continued on following page . . .*

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

... continued from preceding page

HOUSEHOLD TYPE	MEDIAN INCOME	BROAD INCOME RANGE	MEDIAN HOME VALUE (IF OWNED)
Younger Singles & Couples			
<i>The VIPs</i>	\$75,000	\$40,000–\$100,000	\$234,900
<i>e-Types</i>	\$69,500	\$30,000–\$90,000	\$263,000
<i>Fast-Track Professionals</i>	\$56,600	\$30,000–\$85,000	\$196,300
<i>University/College Affiliates</i>	\$47,600	\$30,000–\$75,000	\$154,300
<i>Urban Achievers</i>	\$44,800	\$25,000–\$95,000	\$142,300
<i>Suburban Achievers</i>	\$43,900	\$35,000–\$80,000	\$103,400
<i>Twentysomethings</i>	\$34,000	\$25,000–\$60,000	\$82,000
<i>Generation X</i>	\$33,600	\$20,000–\$55,000	\$86,900

NOTE: The names and descriptions of the market groups summarize each group's tendencies—as determined through geo-demographic cluster analysis—rather than their absolute composition. Hence, every group could contain “anomalous” households, such as empty-nester households within a “full-nest” category.

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Reference APPENDIX TWO, TARGET MARKET DESCRIPTIONS, for greater detail on each target group.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

## MARKET-RATE RENT AND PRICE RANGES: THE COMMUNITY REDEVELOPMENT AREA\_\_

### *What is the market currently able to pay?*

Although there is currently limited new construction activity within the CRA Study Area, this does not indicate a limited potential market for new housing. In fact, as has been demonstrated in urban redevelopments under construction across the country, a critical mass of appropriately-priced and targeted new housing units not only captures untapped markets, which increase over time, but can also have a transforming effect on adjacent blocks and neighborhoods.

The optimum market position for infill sites has been developed based on a variety of factors, including but not limited to:

- Redevelopment of sites within the Study Area following the planning principles of the New Urbanism;
- The new unit rental and purchase propensities of draw area households; and
- Current residential market dynamics in the Pensacola market area.

New housing introduced on specific sites must be carefully phased and marketed in order to assure market success. Demonstrable success in the first phases can help to overcome market skepticism about ultimate housing values in adjacent blocks and surrounding neighborhoods.

Based on the socio-economic and lifestyle characteristics of the target households and the residential context in the Pensacola market area, the optimum market position for new residential development within large infill sites would be as follows (*see also* Table 3):

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

**Optimum Market Position**  
**LARGE INFILL SITES**  
**COMMUNITY REDEVELOPMENT AREA**  
*City of Pensacola, Escambia County, Florida*

NUMBER	NET DENSITY	HOUSING TYPE	BASE RENT/ PRICE RANGE	UNIT SIZE RANGE	RENT/PRICE PER SQ. FT.
<b>MULTI-FAMILY FOR-RENT—28.0%</b>					
140	30 du	Mansion Apts.	\$700 to \$1,250/mo.	650 to 1,300 sf	\$0.96 to \$1.08
<b>MULTI-FAMILY FOR-SALE—9.1%</b>					
27	25 du	Mansion Apts.	\$95,000 to \$135,000	750 to 1,100 sf	\$123 to \$127
18	20 du	Mansion Apts. {High-Range}	\$145,000 to \$235,000	900 to 1,500 sf	\$157 to \$161
<b>SINGLE-FAMILY ATTACHED FOR-SALE—8.6%</b>					
28	18 du	Rowhouses	\$130,000 to \$175,000	1,000 to 1,350 sf	\$130
15	15 du	Rowhouses {High-Range}	\$225,000 to \$275,000	1,400 to 1,800 sf	\$153 to \$161
<b>LOW-RANGE SINGLE-FAMILY DETACHED FOR-SALE—31.0%</b>					
85	12 du	Cottages	\$160,000 to \$195,000	950 to 1,200 sf	\$163 to \$168
70	10 du	Bungalows	\$205,000 to \$250,000	1,250 to 1,600 sf	\$156 to \$164
<b>MID-RANGE SINGLE-FAMILY DETACHED FOR-SALE—15.9%</b>					
80	8 du	Village Houses	\$275,000 to \$325,000	1,650 to 1,950 sf	\$167
<b>HIGH-RANGE SINGLE-FAMILY DETACHED FOR-SALE—7.4%</b>					
37	6 du	Neighborhood Houses	\$350,000 and up	2,000 and up	\$175 and up
500 total units					

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

The above rents and prices are in year 2004 dollars and are exclusive of buyer options and upgrades, and lot or location premiums. Depending on site location and adjacencies, the base rents and prices could vary by 10 to 20 percent either higher or lower.

**Optimum Market Position--500 Dwelling Units**  
**Traditional Neighborhood Development**  
**Community Redevelopment Area**  
*City of Pensacola, Escambia County, Florida*  
**January, 2004**

<u>Percent of Units Number</u>	<u>Net Density</u>	<u>Housing Type</u>	<u>Base Rent/Price Range</u>	<u>Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.</u>	<u>Average Annual Absorption</u>
<b><u>28.0%</u></b>		<b>Multi-Family For-Rent</b>				<b><u>65</u></b>
140	30 du	Mansion Apts. 1- to 3-BR	\$700 to \$1,250	650 to 1,300	\$0.96 to \$1.08	65
<b><u>9.1%</u></b>		<b>Multi-Family For-Sale</b>				<b><u>21</u></b>
27	25 du	Mansion Apts. 1- and 2-BR	\$95,000 to \$135,000	750 to 1,100	\$123 to \$127	12
18	20 du	High-End Mansion Apts. 1-BR/den to 2-BR/den	\$145,000 to \$235,000	900 to 1,500	\$157 to \$161	9
<b><u>8.6%</u></b>		<b>Single-Family Attached For-Sale</b>				<b><u>10</u></b>
28	18 du	Rowhouses 2br, 3 br	\$130,000 to \$175,000	1,000 to 1,350	\$130 to \$130	6
15	15 du	High-End Rowhouses 2br, 3 br	\$225,000 to \$275,000	1,400 to 1,800	\$153 to \$161	4
<b><u>31.0%</u></b>		<b>Low-Range Single-Family Detached For-Sale</b>				<b><u>36</u></b>
85	12 du	Cottages 2br, 3 br	\$160,000 to \$195,000	950 to 1,200	\$163 to \$168	20
70	10 du	Bungalows 3 br	\$205,000 to \$250,000	1,250 to 1,600	\$156 to \$164	16

NOTE: Base rents/prices are in year 2004 dollars and do not include premiums, options or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

**Optimum Market Position--500 Dwelling Units**  
***Traditional Neighborhood Development***  
**Community Redevelopment Area**

*City of Pensacola, Escambia County, Florida*

**January, 2004**

<u>Percent of Units Number</u>	<u>Net Density</u>	<u>Housing Type</u>	<u>Base Rent/Price Range</u>	<u>Unit Size Range</u>	<u>Base Rent/Price Per Sq. Ft.</u>	<u>Average Annual Absorption</u>
<b><u>15.9%</u></b>	<b>Mid-Range Single-Family Detached For-Sale</b>					<b><u>19</u></b>
80	8 du	Village Houses 3 br, 4br	\$275,000 to \$325,000	1,650 to 1,950	\$167 to \$167	19
<b><u>7.4%</u></b>	<b>High-Range Single-Family Detached For-Sale</b>					<b><u>9</u></b>
37	6 du	Neighborhood Houses 4 br	\$350,000 and up	2,000 and up	\$175 to and up	9
<b><u>100.0%</u></b>						<b><u>160</u></b>
<b>500</b>	dwelling units					including rentals
						<b>95</b> excluding rentals

NOTE: Base rents/prices are in year 2004 dollars and do not include premiums, options or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

The recommended price points place the units within the current financial capabilities of the target market households and establish an optimum initial market position for residential development on a given site. Anecdotal data and analysis of New Urbanist infill developments currently under construction suggest that, once the neighborhood is established, appreciation of remaining dwelling units—manifest as either escalating absorption or rising values of those units—occurs at a higher rate than within an otherwise comparable conventionally-planned project.

The optimum market position has been designed to maximize values and the potential for escalation, yet achieve sell-out within a reasonable timeframe. Based on the capture rates for the Community Redevelopment Area, absorption of 500 new dwelling units developed on large infill sites could be achieved within approximately five years from commencement of marketing, depending on phasing and construction, and barring a significant and persistent downturn in the national, regional and local economies.



Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

## DOWNTOWN MARKET-RATE RENT AND PRICE RANGES

---

*What is the market currently able to pay?*

*—Rent and Price Ranges—*

Based on the tenure preferences of draw area households and their income and equity levels, the general range of rents and prices for newly-developed market-rate residential units in the Downtown that could currently be sustained by the market is as follows:

**Rent, Price and Size Ranges**  
**Newly-Created Housing**  
**DOWNTOWN PENSACOLA**  
*City of Pensacola, Escambia County, Florida*

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
<b>Rental—</b>			
Hard Lofts*	\$550-\$1,650/month	500-1,500 sf	\$1.10 psf
Soft Lofts†	\$825-\$1,550/month	650-1,250 sf	\$1.24-\$1.27 psf
<b>For-Sale—</b>			
Hard Lofts*	\$75,000-\$225,000	500-1,500 sf	\$150 psf
Soft Lofts†	\$130,000-\$250,000	650-1,250 sf	\$200 psf
Townhouses	\$275,000-\$375,000	1,300-1,800 sf	\$208-\$212 psf

\* Unit interiors of “hard lofts” typically have high ceilings and commercial windows and are either minimally finished, limited to architectural elements such as columns and fin walls, or unfinished, with no interior partitions except those for bathrooms.

† Unit interiors of “soft lofts” may or may not have high ceilings and are fully finished, with the interiors partitioned into separate rooms.

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

The above rents and prices are in year 2004 dollars and are exclusive of consumer options and upgrades, or floor or location premiums. Significant premiums will be achievable on units that face parks or greens, or are located on high floors with view potential.

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

—*Rental Distribution*—

The market-rate rent range covers leases by households with annual incomes ranging between \$25,000 and \$80,000 or more. A one-person household with an income of \$25,000 per year, paying no more than 30 percent of gross income for rent and utilities (the national standard for affordability) is qualified for a rent of \$550 per month. A two- or three-person household, with an income of \$80,000 or more per year, paying no more than 30 percent of gross income for rent and utilities, is qualified for a rent of \$1,650 per month.

Based on the incomes of the target households, the distribution by rent range of the 98 market-rate rental units that could be absorbed each year over the next five years in Downtown Pensacola is as follows (*see also* Table 4 *for absorption by target household groups*):

**Loft/Apartment Distribution By Rent Range**  
**DOWNTOWN PENSACOLA**  
*City of Pensacola, Escambia County, Florida*

MONTHLY RENT RANGE	NUMBER OF UNITS	PERCENTAGE
\$500–\$750	15	15.3%
\$750–\$1,000	33	33.7%
\$1,000–\$1,250	22	22.4%
\$1,250–\$1,500	12	12.2%
\$1,500 and up	<u>16</u>	<u>16.4%</u>
Total:	98	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

—*For-Sale Distribution*—

The market-rate price range covers purchases by households with annual incomes ranging between \$30,000 and \$150,000 or more. A one-person household with an income of \$30,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, is qualified for a mortgage of \$75,000. A two- or three-person household with an income of \$150,000 per year, paying no

Table 4

**Target Groups For Rental Apartments**  
***Downtown Pensacola***

*City of Pensacola, Escambia County, Florida*

<b>Empty Nesters &amp; Retirees</b>	<i>Number of Households</i>	<i>At 15 Percent Capture</i>
Nouveau Money	10	2
Post-War Suburban Pioneers	10	2
Affluent Empty Nesters	10	2
Blue-Collar Button-Downs	10	2
Middle-American Retirees	40	6
Middle-Class Move-Downs	120	12
Active Retirees	10	2
Blue-Collar Retirees	40	6
Subtotal:	250	34
<b>Traditional &amp; Non-Traditional Families</b>		
Cosmopolitan Families	20	3
Full-Nest Suburbanites	10	2
Unibox Transferees	20	3
Mainstream Families	10	2
New-Town Families	10	2
Middle-American Families	20	3
Latino Urban Families	10	2
Young Homesteaders	10	2
Subtotal:	110	19
<b>Younger Singles &amp; Couples</b>		
The VIPs	10	2
e-Types	10	2
Fast-Track Professionals	10	2
Urban Achievers	10	2
Suburban Achievers	30	5
Generation X	70	10
Twentysomethings	140	20
University/College Affiliates	10	2
Subtotal:	290	45
<b>Total Households:</b>	<b>650</b>	<b>98</b>

SOURCE: Claritas, Inc.;  
 Zimmerman/Volk Associates, Inc.

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, is qualified for a mortgage of \$375,000.

Based on the incomes of the target households, the distribution by price range of the 32 market-rate for-sale apartments that could be absorbed each year over the next five years in Downtown Pensacola is as follows (*see also Table 5 for absorption by target household groups*):

**Loft/Apartment Distribution By Price Range**  
**DOWNTOWN PENSACOLA**  
*City of Pensacola, Escambia County, Florida*

PRICE RANGE	NUMBER OF UNITS	PERCENTAGE
\$75,000–\$100,000	7	21.9%
\$100,000–\$150,000	10	31.2%
\$150,000–\$200,000	7	21.9%
\$250,000 and up	<u>8</u>	<u>25.0%</u>
Total:	32	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Based on the incomes of the target groups, the distribution by price range of the 20 market-rate townhouses/rowhouses/live-work units that could be absorbed each year over the next five years in Downtown Pensacola is as follows (*see Table 6 for absorption by target household groups*):

**Townhouse/Rowhouse/Live-Work Distribution By Price Range**  
**DOWNTOWN PENSACOLA**  
*City of Pensacola, Escambia County, Florida*

PRICE RANGE	NUMBER OF UNITS	PERCENTAGE
\$200,000–\$275,000	9	45.0%
\$275,000–\$350,000	6	30.0%
\$350,000 and up	<u>5</u>	<u>25.0%</u>
Total:	20	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Table 5

**Target Groups For For-Sale Apartments**  
***Downtown Pensacola***

*City of Pensacola, Escambia County, Florida*

<b>Empty Nesters &amp; Retirees</b>	<i>Number of Households</i>	<i>At 15 Percent Capture</i>
Nouveau Money	10	2
Post-War Suburban Pioneers	10	2
Affluent Empty Nesters	10	2
Blue-Collar Button-Downs	10	1
Middle-American Retirees	10	1
Middle-Class Move-Downs	30	3
Active Retirees	10	1
Subtotal:	90	12
<b>Traditional &amp; Non-Traditional Families</b>		
Cosmopolitan Families	10	2
Unibox Transferees	10	1
Middle-American Families	10	1
Subtotal:	30	4
<b>Younger Singles &amp; Couples</b>		
The VIPs	10	2
e-Types	10	2
Fast-Track Professionals	10	2
Urban Achievers	10	2
Suburban Achievers	10	2
Generation X	20	2
Twentysomethings	10	2
University/College Affiliates	10	2
Subtotal:	90	16
<b>Total Households:</b>	<b>210</b>	<b>32</b>

SOURCE: Claritas, Inc.;  
 Zimmerman/Volk Associates, Inc.

Table 6

# Target Groups For Townhouses/Rowhouses/Live-Work Units

## *Downtown Pensacola*

*City of Pensacola, Escambia County, Florida*

<b>Empty Nesters &amp; Retirees</b>	<i>Number of Households</i>	<i>At 10 Percent Capture</i>
Nouveau Money	10	1
Affluent Empty Nesters	10	1
Blue-Collar Button-Downs	10	1
Middle-American Retirees	10	1
Middle-Class Move-Downs	50	5
Active Retirees	10	1
Blue-Collar Retirees	10	1
Subtotal:	110	11
<b>Traditional &amp; Non-Traditional Families</b>		
Cosmopolitan Families	10	1
Unibox Transferees	10	1
Middle-American Families	10	1
Subtotal:	30	3
<b>Younger Singles &amp; Couples</b>		
The VIPs	10	1
Fast-Track Professionals	10	1
Suburban Achievers	10	1
Generation X	10	1
Twentysomethings	20	2
Subtotal:	60	6
<b>Total Households:</b>	<b>200</b>	<b>20</b>

SOURCE: Claritas, Inc.;  
Zimmerman/Volk Associates, Inc.

## DOWNTOWN HOUSING STRATEGY

---

From the perspective of draw area target market propensities and compatibility, a broad range of new construction as well as adaptive re-use of existing buildings will be required to support and sustain residential diversity in Downtown Pensacola.

An effective housing strategy to attract the target households should include:

- Preservation of the Built Environment: the restoration, repositioning and/or adaptive re-use of existing buildings.
- New Residential Construction: the introduction of housing types not currently available or under-represented in the Downtown.
- Mixed-Use Development: the inclusion of a residential component within mixed-use buildings, either adaptive re-use or new construction.

The residential re-use of existing non-residential structures is one of the most beneficial redevelopment types because it creates and enhances a pedestrian-oriented street environment at a familiar, and often historic, urban scale. The City of Pensacola should encourage residential redevelopment of existing buildings, particularly those of architectural merit, because of the demonstrated positive impact historic rehabilitation has had on housing and neighborhood values nationally.

In general, areas or buildings slated for new development or redevelopment should be evaluated relative to the following criteria for successful urban housing initiatives:

1. Advantageous adjacency: It is critical to “build on strength,” not only to provide maximum support for any proposed housing initiatives, but also, conversely, so that housing initiatives will reinforce existing or proposed adjacent developments (commercial, retail, or residential).

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

2. Building and/or land availability: At present, several buildings or parcels within the Downtown are underutilized or vacant. From the City's perspective, poorly-located or under-used surface parking lots are better utilized as sites for new infill mixed-use development.
3. Potential for expansion: Each housing initiative should be located in an area where, at the successful completion of the initial project, adjacent or nearby buildings and/or land appropriate for the continuation or extension of the neighborhood, either through new construction or adaptive re-use would potentially be available. Each housing initiative should be viewed not as a "stand-alone" project, but rather as a potential catalyst for additional residential development in surrounding areas.
4. Anchors/linkage: Each housing initiative must be seen as part of an overall urban strategy to build a critical mass of both housing and related non-residential uses. "Anchor" locations establish the potential for economic activity in an underutilized area; "linkage" locations build on the strength of two or more established, but isolated assets.

Successful residential development/redevelopment in Downtown Pensacola will require the establishment of a cohesive downtown residential neighborhood, instead of disconnected residential buildings. A neighborhood is established when enough "mass" is created—both in number of people and in number of residential buildings. Rental apartments in particular can be instrumental in the rapid establishment of "mass." Rentals allow households to experiment with living in a particular location without the commitment of home ownership; and Downtown renters will form a pool of potential purchasers of ownership units that may be developed at a later date.

A neighborhood is the sum of a variety of elements: the configuration of the street and block network, the arrangement of lots on those blocks, and the manner in which buildings are disposed on their lots and address the street. Successful residential development in Downtown



will depend upon the preservation, enhancement, and restoration of the Downtown's urban character. A Downtown residential neighborhood succeeds when its physical characteristics consistently emphasize urbanity and the qualities of city life; conversely, attempts to introduce suburban scale and housing types into urban areas have invariably yielded disappointing results. Therefore, appropriate urban design—which places as much emphasis on creating quality streets and public places as on creating or redeveloping quality buildings—will be essential to success. The important elements can be summarized in several practical inter-related guidelines:

- Preservation or restoration of the urban fabric. Emphasis should be on adaptive re-use, with new construction used as infill among rehabilitated structures.
- Respect for the urban context. Major renovation and new infill construction should maintain the building lot disposition and “build-to” line. When building heights are increased, the new floors should be set back from the historic cornice line. Pedestrian entrances should always be from the sidewalk; automobile entrances should always be minimized. Buildings should never present a blank wall to the street.
- Streets designed for pedestrian comfort. Automobiles are accommodated on great urban streets; however, they are not given precedence over ease of pedestrian movement. The emphasis on streets can have significant, long-term impact on both street safety (providing “eyes on the street”) and usable parks and squares.
- Parallel parking should be encouraged wherever possible not only to enhance pedestrian safety but also to help meet residents' parking needs. Resident parking on designated streets should be ensured through a permit system; permits should be issued at the cost of administering the program, including the added cost of enforcement.

---

## THE CURRENT CONTEXT

---

### *What are the alternatives?*

Like many other American cities with a strong military presence, a large number and range of rental properties—predominantly older construction built during the 1960s and 1970s, with only a few properties built since 1986—are located in the City of Pensacola and surrounding areas. (See Table 7.) The majority are leasing one- and two-bedroom apartments only; studio/efficiency and three-bedroom apartments are less frequently found. Most of the units are flats, although several rental properties are also leasing townhouses.

Of the properties covered in the survey, rents for one-bedroom apartments generally range from approximately \$400 to nearly \$700 a month for units generally containing between 600 to 900 square feet (in a general range of \$0.50 to \$0.80 per square foot, although many individual units fall below or above this rent-per-square-foot range). Rents for two-bedroom apartments generally start at around \$500 per month and go up to \$900 or more a month, for approximately 800 square feet to 1,200 or more square feet of living space (\$0.50 to \$0.78 per square foot). Three-bedroom units, which are comparatively rare, start at around \$650 per month and go up to \$1,200 per month for 1,000 to 1,600 square feet, also generally \$0.50 to \$0.78 per square foot. Occupancy rates at those properties that made the information available generally range between 95 and 100 percent (functional full occupancy); however, occupancy tends to vary with the season. Many of the rental communities have a large component of military-related residents.

At the present time, there is very limited development of for-sale attached housing in Pensacola, although considerable bay-front and gulf-front multi-family condominium development is taking place outside the city. (See Table 8.) Downtown, current asking prices for units within Palafox Pier, a mixed-use building located at the end of Palafox Street next to the Bayfront Auditorium, range between \$325,000 and \$850,000 for units containing between 2,160 and 4,000 square feet (\$150 to \$213 per square foot). A less-expensive

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Location</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Occupancy</u>
..... Escambia County .....					
..... Pensacola .....					
<b>Bayou Marcus</b>					
2702 Massachusetts Avenue					Play area, fishing stream.
1BR/1BA		\$420	700	\$0.60	
2BR/2BA TH		\$495	950 to	\$0.50	
			1,000	\$0.52 to	
2BR/1.5BA TH		\$595	1,200	\$0.50	
3BR/2.5BA TH		\$720	1,600	\$0.45	
<b>Wellington Arms</b>	<b>132</b>				
100 Redwood Circle					Pool, fitness center, tennis.
1BR/1BA		\$425 to	725 to	\$0.53 to	
		\$450	845	\$0.59	
2BR/1.5BA		\$485	898	\$0.54	
2BR/2BA		\$525	1,040	\$0.50	
3BR/2.5BA TH		\$610	1,183	\$0.52	
<b>Twin Oaks Villas</b>	<b>218</b>				
4600 Twin Oaks Drive					Pool, tennis.
1BR/1BA		\$433	700 to	\$0.54 to	
			800	\$0.62	
2BR/1BA		\$500	900 to	\$0.50 to	
			1,000	\$0.56	
<b>Stratford Place</b>	<b>104</b>				
151 Boone Street					Pool, clubhouse.
1BR/1BA		\$435 to	600	\$0.73 to	
		\$465		\$0.78	
2BR/1BA		\$495 to	800	\$0.62 to	
		\$520		\$0.65	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Beauclerc</b> 200 E. Burgess Road	<b>158</b>				Pool.
1BR/1BA		\$440	750	\$0.59	
2BR/1BA		\$485	1,065	\$0.46	
2BR/2BA		\$570	1,190	\$0.48	
3BR/2BA		\$690	1,475	\$0.47	
<b>Carriage House</b> 7155 North 9th Avenue	<b>66</b>				Pool.
1BR/1BA		\$445	750	\$0.59	
2BR/1BA		\$495	900	\$0.55	
<b>Colony House</b> 800 Scenic Highway	<b>260</b>				Pool, fitness facility, tennis.
1BR/1BA		\$445 to \$560	900	\$0.49 to \$0.62	
2BR/1BA		\$560 to \$660	1,050 1,200	\$0.53 to \$0.55	
2BR/2BA		\$595 to \$635	1,250	\$0.48 to \$0.51	
3BR/2.5BA TH		\$650	1,250	\$0.52	
<b>The Chateau</b> 7200 Lillian Highway	<b>99</b>				
Studio		\$395	300	\$1.32	
1BR/1BA		\$445 to \$850	600	\$0.74 to \$1.42	
2BR/1BA		\$505 to \$950	782	\$0.65 to \$1.21	
<b>Broadview Oaks (1985)</b> 6101 College Parkway	<b>90</b>				
Studio		\$400	300	\$1.33	
1BR/1BA		\$449	600	\$0.75	
2BR/1BA		\$579	900	\$0.64	
2BR/2BA		\$589	900	\$0.65	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Torrey Village</b> 1857 Atwood Drive	<b>136</b>				Pool, fitness facility.
1BR/1BA		\$460	795	\$0.58	
2BR/1.5BA		\$510	989	\$0.52	
<b>Essex Square (1985)</b> 4712 West Fairfield Drive	<b>88</b>				<b>95 - 98%</b>
Studio		\$420	300	\$1.40	
1BR/1BA		\$475	600	\$0.79	
2BR/1BA		\$605	900	\$0.67	
2BR/2BA		\$615	900	\$0.68	
<b>Willo-Wick Gardens</b> 6880 West Fairfield	<b>152</b>				Pool, fitness facility, tennis.
1BR/1BA		\$475	800	\$0.59	
2BR/1.5BA		\$529	1,047	\$0.51	
3BR/1.5BA		\$675	1,300	\$0.52	
<b>The Landing</b> 665 Palomar Drive	<b>52</b>				Pool.
1BR/1BA		\$485	492 to 616	\$0.79 to \$0.99	
2BR/1BA		\$530	800	\$0.66	
<b>Meadowrun (1985)</b> 3205 E. Olive Road	<b>90</b>				Pool.
1BR/1BA		\$490	700	\$0.70	
2BR/1BA		\$585	1,010	\$0.58	
2BR/2BA		\$620	1,010	\$0.61	
2BR/2BA split		\$660	1,100	\$0.60	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Lamplighter Apts.</b> 711 Underwood Avenue	<b>347</b>				<i>Pool, fitness facility, tennis, volleyball.</i>
Studio		\$405	500	\$0.81	
1BR/1BA		\$450	650	\$0.69	
2BR/1.5BA TH		\$495 to	950 to	\$0.51 to	
		\$565	1,100	\$0.52	
2BR/1.5BA		\$650	1,300	\$0.50	
3BR/1.5BA TH		\$650 to	1,300 to	\$0.54 to	
		\$750	1,400	\$0.50	
<b>Forest Glen (1986)</b> 8619 North Davis Highway	<b>73</b>				
Studio		\$420	300	\$1.40	
1BR/1BA		\$499	600	\$0.83	
2BR/1BA		\$640	900	\$0.71	
2BR/2BA		\$650	900	\$0.72	
<b>Royal Crest (1970)</b> 190 Old Corry Field Road	<b>172</b>				<i>Pool, tennis.</i>
1BR/1BA		\$450 to	780	\$0.58 to	
		\$470		\$0.60	
2BR/1.5BA		\$525 to	1,050	\$0.50 to	
		\$535		\$0.51	
2BR/2BA		\$605 to	1,250	\$0.48 to	
		\$635		\$0.51	
<b>Carriage Hills</b> 2355 West Michigan Avenue	<b>260</b>				<i>Pool, tennis.</i>
1BR/1BA		\$450 to	700	\$0.64 to	
		\$590		\$0.84	
2BR/1.5BA		\$580 to	1,000	\$0.58 to	
		\$600		\$0.60	
2BR/2BA		\$555 to	1,000	\$0.56 to	
		\$600		\$0.60	
3BR/2.5BA TH		\$770 to	1,600	\$0.48 to	
		\$795		\$0.50	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Bayfront</b>	<b>86</b>				
1200 Scenic Highway					
1BR/1BA		\$460 to \$545	711 to 920	\$0.59 to \$0.65	
2BR/1.5BA		\$490 to \$545	988	\$0.50 to \$0.55	
<b>Crystal Lake</b>	<b>224</b>				
7680 West Highway 98					
2BR/2BA		\$615 to \$650	980	\$0.63 to \$0.66	Pool, sand volleyball, play area, picnic area, clubhouse.
<b>Creeside I and II</b>	<b>213</b>				
110 Creekside Court					Pool, fitness facility, tennis.
1BR/1BA		\$460	576	\$0.80	
1BR/1.5BA TH		\$545	925	\$0.59	
2BR/1BA		\$535 to \$555	836	\$0.64 to \$0.66	
2BR/1.5BA TH		\$635	1,214	\$0.52	
2BR/2BA		\$655	1,152	\$0.57	
3BR/1.5BA		\$685	1,056	\$0.65	
<b>Tanglewood (1987)</b>	<b>136</b>				<b>100%</b>
4470 Spanish Trail					Pool with Jacuzzi, fitness facility, tennis.
1BR/1BA		\$465 to \$540	612 to 800	\$0.68 to \$0.76	
2BR/2BA		\$650 to \$660	1,000	\$0.65 to \$0.66	
<b>Stoddart Place</b>	<b>320</b>				
150 Tiger Lily Drive					Pool, fitness facility, playground, sand volleyball.
1BR/1BA		\$467	775	\$0.60	
2BR/2BA		\$556	1,075	\$0.52	
3BR/2BA		\$643	1,200	\$0.54	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Hunters Pointe</b> 7591 Highway 98 West	<b>204</b>				
1BR/1BA		\$470	704	\$0.67	Pool, fitness facility, tennis.
2BR/1BA		\$525	1,014	\$0.52	
2BR/2BA		\$595	1,040	\$0.57	
3BR/2BA		\$675	1,092	\$0.62	
<b>Windgate</b> 4041 East Olive Road	<b>112</b>				
2BR/1BA		\$630	1,040	\$0.61	
2BR/2BA		\$675	1,040	\$0.65	
<b>Fountains I and II</b> 9975 University Parkway	<b>132</b>				
1BR/1BA		\$474	625	\$0.76	Pool, fitness facility, clubhouse, picnic area.
2BR/1BA		\$785	1,250	\$0.63	
2BR/2BA		\$975	1,357	\$0.72	
3BR/2BA		\$1,200	1,672	\$0.72	
<b>Briarwood</b> 1040 Olive Road	<b>144</b>				
1BR/1BA		\$475 to \$495	704	\$0.67 to \$0.70	Pool, fitness facility, tennis courts.
2BR/1BA		\$570 to \$590	1,014	\$0.56 to \$0.58	
2BR/2BA		\$650	1,040	\$0.63	
3BR/2BA		\$700	1,090	\$0.64	
<b>Ember Ridge</b> 4710 Prieto Drive	<b>106</b>				
1BR/1BA		\$479	750	\$0.64	Pool.
2BR/1BA		\$539	970	\$0.56	
2BR/2BA		\$579	1,014	\$0.57	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.



**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Sandalwood</b>	<b>144</b>				
6501 Highway 98 East					Pool.
1BR/1BA		\$480 to \$505	704	\$0.68 to \$0.72	
2BR/1BA		\$550 to \$575	1,014	\$0.54 to \$0.57	
2BR/2BA		\$605 to \$615	1,020	\$0.59 to \$0.60	
2BR/1BA		\$570	1,065	\$0.54	
2BR/2BA		\$640	1,190	\$0.54	
3BR/2BA		\$750	1,475	\$0.51	
<b>Jamestown</b>	<b>177</b>				
3331 Summit Boulevard					Pool, fitness facility, tennis.
1BR/1BA		\$495 to \$520	613 to 700	\$0.74 to \$0.81	
2BR/2BA		\$680 to \$700	1,010	\$0.67 to \$0.69	
2BR/1.5BA TH		\$720	1,196	\$0.60	
3BR/2BA		\$830	1,485	\$0.56	
<b>Jasmine Court (1972)</b>	<b>168</b>				
7601 North 9th Avenue					Pool, volleyball court, playground, fitness center.
1BR/1BA		\$509	735	\$0.69	
2BR/1BA		\$549	962	\$0.57	
2BR/2BA		\$580	975	\$0.59	
<b>Northwoods (1980)</b>	<b>320</b>				
4051 Olive Road					Pool, fitness facility, sand volleyball, tennis.
1BR/1BA		\$509	700	\$0.73	
2BR/1BA		\$604	1,010	\$0.60	
2BR/2BA		\$634	1,010	\$0.63	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Colonial Village at Cordoba (1983)</b> 3500 Creighton Road	<b>152</b>				
1BR/1BA		\$509 to \$549	700	\$0.73 to \$0.78	Pool/Jacuzzi. fitness facility, tennis, sand volleyball, play area.
2BR/1BA		\$609 to \$669	1,000	\$0.61 to \$0.67	
<b>Woodcliff</b> 4301 Creighton Road	<b>152</b>				
1BR/1BA		\$515 to \$535	700	\$0.74 to \$0.76	Pool, fitness facility, tennis.
2BR/1BA		\$630 to \$645	1,100	\$0.57 to \$0.59	
2BR/2BA		\$695 to \$715	1,100	\$0.63 to \$0.65	
<b>Bay Pine Villas</b> 497 Bay Pine Villas Drive	<b>74</b>				
3BR/2BA		\$675	1,080	\$0.63	
<b>Windgate</b> 4041 East Olive Road	<b>112</b>				
1BR/1BA		\$530	700	\$0.76	Pool, fitness facility, picnic area.
2BR/1BA		\$630	1,040	\$0.61	
2BR/2BA		\$675	1,040	\$0.65	
<b>Ashley Club (1986)</b> 2101 Scenic Highway	<b>224</b>				
1BR/1BA		\$535 to \$590	690 to 760	\$0.78 to \$0.78	98% Pool, fitness center, tennis courts, racquetball courts.
2BR/2BA		\$725 to \$760	976 to 1,010	\$0.75 to \$0.74	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Cordova Regency (1972)</b> 4311 Bayou Boulevard	<b>213</b>				<b>96 - 99%</b> Pool, fitness facility, tennis.
1BR/1BA		\$535	776	\$0.69	
2BR/1BA		\$630	933	\$0.68	
2BR/2BA		\$730	1,073	\$0.68	
3BR/2BA		\$840	1,241	\$0.68	
<b>Arbor Club (1986)</b> 700 College Boulevard	<b>168</b>				<b>98 - 99%</b> Pool, fitness center, hot tub, tennis courts, racquetball courts.
1BR/1BA		\$545 to \$575	690 to 760	\$0.76 to \$0.79	
2BR/1BA		\$745 to \$760	976 to 1,010	\$0.75 to \$0.76	
<b>Jasmine Creek (1986)</b> 1878 East Nine Mile Road	<b>200</b>				
1BR/1BA		\$579	675	\$0.86	
2BR/1BA		\$649	875	\$0.74	
2BR/2BA		\$689	905	\$0.76	
3BR/2BA		\$819	1,100	\$0.74	
<b>Fairfield Lakes</b> 8100 West Highway 98	<b>240</b>				Pool, fitness center.
1BR/1BA		\$630	775	\$0.81	
2BR/1BA		\$680	966	\$0.70	
2BR/2BA		\$765	1,078	\$0.71	
3BR/2BA		\$865	1,286	\$0.67	
<b>Eaton Square (1999)</b> 9009 University Parkway	<b>240</b>				Pool, fitness center.
1BR/1BA		\$640	782	\$0.82	
2BR/1BA		\$740	1,082	\$0.68	
2BR/2BA		\$770 to \$835	1,176 to 1,320	\$0.63 to \$0.65	
3BR/2BA		\$925	1,484	\$0.62	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<b>Austin Wood</b>	<b>168</b>				
9890 North Loop Road					<i>Fitness center, clubhouse,</i>
1BR/1BA		\$655	946	\$0.64	<i>business center, pool,</i>
2BR/2BA		\$795	1,234	\$0.69	<i>Jacuzzi, nature trail,</i>
3BR/2BA		\$910	1,480	\$0.61	<i>play area, picnic areas.</i>
<b>Colonial Village at Oakland (1997)</b>	<b>176</b>				
8990 North Davis Highway					<i>Pool/Jacuzzi.</i>
1BR/1BA		\$660	815	\$0.81	<i>fitness facility.</i>
2BR/2BA		\$790	1,127	\$0.70	
3BR/2BA		\$900	1,223	\$0.74	
<b>Governors Gate (1999)</b>	<b>240 (Phase I)</b>				<b>98 - 99%</b>
1600 Governors Drive	<b>204 (Phase II)</b>				<i>Pool, fitness facility,</i>
1BR/1BA		\$675 to	743 to	\$0.89 to	<i>conference center,</i>
		\$720	810	\$0.91	<i>tennis courts.</i>
2BR/2BA		\$800 to	1,050 to	\$0.76 to	
		\$900	1,159	\$0.78	
3BR/2BA		\$925 to	1,231 to	\$0.75 to	
		\$999	1,277	\$0.78	
<b>Kings Mill</b>	<b>200</b>				<b>95 - 98%</b>
(1998; remodeled 2000)					
8917 North Davis Highway					<i>Pool with Jacuzzi,</i>
1BR/1BA		\$695	817	\$0.85	<i>play area, fitness facility,</i>
2BR/2BA		\$800 to	1,127	\$0.71 to	<i>business center.</i>
		\$820		\$0.73	
3BR/2BA		\$940 to	1,257	\$0.75 to	
		\$960		\$0.76	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
..... Santa Rosa County .....					
..... Milton .....					
<b>Progressive of Milton</b>	<b>298</b>				
6598 Park Avenue					Pool.
1BR/1BA		\$275	475	\$0.58	
2BR/1BA		\$375	863	\$0.43	
2BR/2BA		\$495	993	\$0.50	
<b>Willow Tree</b>					
6473 North Stewart Street					Children's play area.
1BR/1BA		\$400 to	850	\$0.47 to	
2BR/1BA		\$450		\$0.53	
		\$475	950	\$0.50	
3BR/2BA		\$550	1,050	\$0.52	
<b>Berry Pines</b>	<b>64</b>				
6290 Berryhill Road					
Studio		\$400			
1BR/1BA		\$435			
2BR/1BA		\$525			
2BR/2BA		\$535			
<b>Ashborough</b>	<b>64</b>				
6413 Ashborough Court					Laundry facility, fitness center, pool.
2BR/1BA		\$600	1,000	\$0.60	
<b>Collins Mill Creek</b>	<b>88</b>				
5461 Collins Mill Creek Road					Fitness center, playground, pool, tennis courts.
2BR/2BA		\$645	932 to 1,000	\$0.65 to \$0.69	

SOURCE: The Haas Center;  
Zimmerman/Volk Associates, Inc.

**Summary Of Selected Rental Properties***Escambia and Santa Rosa Counties, Florida***October, 2003**

<u>Property</u> <u>Address</u>	<u>Number</u> <u>of Units</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
<i>..... Navarre .....</i>					
<b>Cayo Grande Navarre (1999)</b> <i>7730 Navarre Parkway</i>	<b>144</b>				<b>100%</b> <i>Pool, clubhouse, tennis courts, putting green, fitness center, sauna, business center.</i>
1BR/1BA		\$609	745 to 885	\$0.69 to \$0.82	
2BR/2BA		\$699	1,030 to 1,055	\$0.66 to \$0.68	
2BR/2BA/loft		\$729	1,150 to 1,180	\$0.62 to \$0.63	
<i>..... Gulf Breeze .....</i>					
<b>Golf Villas</b> <i>1250-A College Parkway</i>	<b>136</b>				<i>Pool, Children's play area.</i>
1BR/1BA		\$545	700	\$0.78	
2BR/1BA		\$590	900	\$0.66	
2BR/2BA		\$610	950	\$0.64	
<b>The Reserve</b> <b>(2000 Phase I; 2002)</b> <i>1899 Reserve Boulevard</i>	<b>176</b>				<b>99%</b> <i>Pool, fitness facility, business center, playground/picnic area.</i>
1BR/1BA		\$675	815	\$0.83	
2BR/1BA		\$780	1,127	\$0.69	
2BR/2BA		\$895	1,257	\$0.71	

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

development of nine 1,200-square-foot townhouses, priced between \$120,000 and \$125,000, is located on Alcaniz south of Cervantes Street, where all of the units sold very quickly.

Southwest of Pensacola on Dog Track Road, Mitchell Homes is marketing Hampton Lake, a 72-unit attached condominium project. Base prices for the one-story units, which can be purchased either with or without attached one-car garages, range from \$69,900 to \$93,900 for 860- to 925-square foot units (\$81 to \$102 per square foot); 20 of the units have been sold since the property opened for sales in December, 2002, for an average sales pace of slightly over one and a half units per month.

Significant new attached development is occurring in Escambia County on Perdido Key, none of which is priced below \$200,000. Most of the projects are under construction and will consist of resort-oriented multi-story towers; several have restrictions on vacation rentals. The most expensive new units, the 28-unit Phase 2 of the Marseille development, had just sold out at the time of the field investigation. Base prices ranged from \$950,000 to \$1,600,000 for units containing between 2,432 and 3,800 square feet (\$391 to \$421 per square foot). All units contain four bedrooms and four-and-a-half baths. The property averaged more than two sales per month. The next project by the same developer, similar to Marseille, will be called La Belle Maison.

The least expensive new units are being marketed by Sun South Development at Banana Bay, which is bordered by the Intracoastal Waterway and an Arnold Palmer-designed golf course. The one- and two-story townhouses range in size from 1,319 to 2,382 square feet, and are priced between \$205,000 and \$470,400 (\$155 to \$197 per square foot). The property includes six, two- and three-bedroom floorplans in brightly-colored townhouses designed to evoke houses in Aruba. Of the 57 units planned, 33 have been sold since opening for an average sales pace of just 1.5 units per month (lowest average sales pace in the market).

Base prices at the other developments included in the survey fall between Marseille and Banana Bay; sales paces range between 2.2 units per month (Laguna Point condominiums) to nearly

Table 8

# Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

*Escambia County, Florida*

**December, 2003**

<i>Development (Date Opened) Developer/Builder</i>	<i>Housing Type</i>	<i>Unit Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Units</i>	<i>Total Sales (Monthly Average)</i>
<i>.... City of Pensacola ....</i>						
<b>Palafox Pier (6/02)</b> <i>JS Carr Realty</i>	CO	\$325,000 to \$850,000	2,160 to 4,000	\$150 to \$213	<b>14</b>	<b>6 (0.3)</b>
<i>.... Southwest of Pensacola ....</i>						
<b>Hampton Lake (12/02)</b> <i>Mitchell Homes</i>	TH	\$69,900 to \$93,900	860 to 925	\$81 to \$102	<b>71</b>	<b>20 (1.7)</b>
<i>.... Perdido Key ....</i>						
<b>Banana Bay (9/02)</b> <i>Sun South Development</i>	TH	\$205,000 to \$470,000	1,319 to 2,382	\$155 to \$197	<b>57</b>	<b>33 (1.5)</b>
<b>Laguna Pointe (6/02)</b>	CO	\$225,900 to \$236,900	1,511	\$150 to \$157	<b>41</b>	<b>39 (2.2)</b>
<b>Florencia (6/02)</b> <i>South Beach Realty</i>	CO	\$491,000 to \$1,198,000	1,842 to 3,710	\$267 to \$323	<b>66</b>	<b>51 (2.8)</b>
<b>Beach Colony Resort (1997)</b> <i>Beach Colony Corp.</i>	CO	\$502,000 to \$650,000	1,497 to 1,928	\$335 to \$337	<b>212</b>	<b>206 (2.5)</b>
<b>Windemere (12/02)</b>	CO	\$685,000 to \$755,000	2,232 to 2,232	\$307 to \$338	<b>98</b>	<b>93 (7.8)</b>
<b>Marseilles (12/02)</b>	CO	\$950,000 to \$1,600,000	2,432 to 3,800	\$391 to \$421	<b>28</b>	<b>28 (2.3)</b>

SOURCE: Zimmerman/Volk Associates, Inc.



Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

eight units per month (Windemere condominiums, a gulf-front property under construction at the time of the field investigation). With the exception of the Beach Colony Resort, a 211-unit property which opened for sales in 1997, all entered the market between June and December 2002.

Largely because of the unavailability of large parcels or land, there are very few properties marketing newly-constructed single-family detached houses in Pensacola. (See Table 9.) Aragon is a new traditional neighborhood adjacent to the Historic Seville neighborhood, and at the time of the field investigation all 129 lots that had been released for sale had been sold. Builders at Aragon are offering a variety of floorplans ranging in size from approximately 1,200 square feet (units restricted for sale to households with annual incomes between 80 and 120 percent of the area median family income) to 3,300 square feet. The lots, which range in size from approximately 1,600 square feet to 6,000 square feet, originally sold for between \$26,000 and \$65,000. The most recent sales price range of similarly-sized lots had escalated to \$41,000 to \$118,000. Although there is a requirement that construction must begin within two years of lot purchase, the two-year limit has often been extended, with the result that only 41 houses have been built or are under construction.

Tarragona Square is a small infill development on Tarragona Street in Downtown Pensacola. Five brick “detached townhouses” are being constructed on 4,000-square-foot lots; three have been sold and are in varying stages of construction. The most recent unit sold for \$349,000 for 2,317 square feet of living space (\$151 per square foot). A new spec unit is priced above \$360,000.

The other two properties are conventional subdivisions with, for the most part, conventional one-story houses built by a variety of local and regional builders. Arthur Rutenberg Homes is selling spec houses from its “2000 Series” in Phase III of River Gardens, where the houses, without lots, are priced from \$175,300 for approximately 1,800 square feet to more than \$486,000 for over 4,000 square feet. At Whispers at Cordova, lots are priced at \$85,000 or

# Summary Of Selected For-Sale Single-Family Developments

*Escambia and Santa Rosa Counties, Florida*

**December, 2003**

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average Lot Size/ Lot Price</i>	<i>Unit Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Lots</i>	<i>Total Sales (Monthly Average)</i>
<b>Escambia County</b>						
..... City of Pensacola .....						
<b>Aragon (11/00)</b>					<b>141</b>	<b>129 (4.6)</b>
<i>Various Builders</i>	25' to 50' x 65' to 125' /	\$160,000++ to \$800,000	1,200++ to 3,280	\$133++ to \$244		(41 houses are built or under construction.)
(original prices)	\$26,000 to \$65,000					
(current prices)	\$41,000 to \$118,000					
<b>Tarragona Square (2001)</b>					<b>5</b>	<b>3 (0.1)</b>
<i>Various Builders</i>	36' x 106' / \$75,000	\$349,000 †	2,317	\$151		
<b>Whispers at Cordova (6/02)</b>					<b>65</b>	<b>36 (1.9)</b>
<i>Various Builders</i>						
<i>Ellzey Construction</i>	50' x 110' / \$85,000	\$150,000 to \$324,900 *	1,607 to 2,493	\$93 to \$130		
<b>River Gardens, Phase III</b>						
<i>Godwin Development</i>						
<i>Arthur Rutenberg Homes</i>		\$175,300 to \$486,500 *	1,813 to 4,010	\$97 to \$121		
..... West of Pensacola .....						
<b>Gaslight Square (2001)</b>					<b>146</b>	<b>135 (5.6)</b>
<i>Paragon Homes</i>	0.16 acre	\$101,900 to \$112,900	1,253 to 1,858	\$61 to \$81		

† Spec house.

\* Base price does not include lot cost.

++ Sales of these units restricted to households with annual incomes between 80% and 120% of the AMFI.

SOURCE: Zimmerman/Volk Associates, Inc.

# Summary Of Selected For-Sale Single-Family Developments

Escambia and Santa Rosa Counties, Florida

December, 2003

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average Lot Size/ Lot Price</i>	<i>Unit Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Lots</i>	<i>Total Sales (Monthly Average)</i>
. . . . . West of Pensacola (continued) . . . . .						
<b>Bayou Place (7/03)</b> <i>Adams Homes</i>		\$108,900 to \$129,900	1,480 to 2,115	\$61 to \$74	<b>174</b>	<b>153 (21.8)</b>
<b>Emerald Shores (3/03)</b> <i>Several Builders</i>					<b>52</b>	<b>36 (4.0)</b>
<i>Ricky Wiggins, Bldr</i>	0.25 acre	\$124,900 to \$159,900	1,504 to 2,360	\$68 to \$83		
<b>Maui Garden (6/03)</b> <i>Adams Homes</i>	0.25 acre	\$130,775 to \$162,425	1,540 to 2,557	\$64 to \$85	<b>43</b>	<b>39 (6.5)</b>
<b>Heritage Woods (2002)</b> <i>Thomas Homes</i>	0.25 acre	\$142,490 to \$174,990	1,618 to 2,623	\$67 to \$88	<b>64</b>	<b>53 (4.4)</b>
<b>Creekwood (2001)</b> <i>Classic Homes</i>	0.25 to 0.5 acre / \$19,500	\$209,500 to \$244,300 †	2,114 to 2,450	\$99 to \$100	<b>81</b>	<b>72 (3.0)</b>
<b>Communities at Marcus Lake</b> <i>Adams Homes</i>						
<i>The Villages (2001)</i>	32' x 110'	\$84,900 to \$120,900	1,014 to 2,227	\$54 to \$84	145	102 (4.3)
<i>The Cottages (1999)</i>	50' x 110'	\$102,900 to \$123,900	1,480 to 2,115	\$59 to \$70	155 {approx.}	151 (3.1)
<i>The Estates (1999)</i>	0.33 acre	\$139,900 to \$175,900	1,810 to 3,000	\$59 to \$77	112	91 (1.9)

\* Base price does not include lot cost.

† Spec house.

SOURCE: Zimmerman/Volk Associates, Inc.

# Summary Of Selected For-Sale Single-Family Developments

*Escambia and Santa Rosa Counties, Florida*

**December, 2003**

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average Lot Size/ Lot Price</i>	<i>Unit Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Lots</i>	<i>Total Sales (Monthly Average)</i>
<i>..... North of Pensacola .....</i>						
<b>Kingsfield Courtyard (6/03)</b> <i>Adams Homes</i>	0.16 acre	\$119,900 to \$140,900	1,480 to 2,115	\$67 to \$81	<b>48</b>	<b>10 (1.7)</b>
<b>Hanley Downs (2001)</b> <i>JBL Homes</i>	55' x 120' to 55' x 180'	\$110,900 to \$143,900	1,312 to 1,761	\$82 to \$85	<b>70</b>	<b>18 (0.8)</b>
<b>Macky Bluffs (12/01)</b> <i>Various Builders</i>					<b>65</b>	<b>32 (1.3)</b>
<i>Arthur Rutenberg Homes</i>	0.27 acre/ \$90,000 to \$125,000	\$405,000 †	3,030	\$134		
<i>Santa Rosa County</i>						
<i>..... Pace, Northeast of Pensacola .....</i>						
<b>Genesis Park (2002)</b> <i>Several Builders</i>					<b>32</b>	<b>17 (1.2)</b>
<i>Mitchell Homes</i>		\$122,900 to \$127,900	1,379 to 1,578	\$81 to \$89		
<b>Heather Oaks (2002)</b> <i>Several Builders</i>	0.33 acre	\$170,000 † \$212,900 †	1,866 2,588	\$91 \$82	<b>20</b>	<b>3 (0.3)</b>

\* Base price does not include lot cost.

† Spec house.

SOURCE: Zimmerman/Volk Associates, Inc.

# Summary Of Selected For-Sale Single-Family Developments

Escambia and Santa Rosa Counties, Florida

December, 2003

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average Lot Size/ Lot Price</i>	<i>Unit Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Lots</i>	<i>Total Sales (Monthly Average)</i>
. . . . . Gulf Breeze, Southeast of Pensacola . . . . .						
<b>Berkeley Forest (6/02)</b>					<b>97</b>	<b>93 (5.2)</b>
<i>Adams Homes</i>		\$152,900 to \$191,900	1,755 to 3,000	\$64 to \$87		
<b>Victorian Village (11/03)</b>					<b>195</b>	<b>45 (45.0)</b>
<i>Adams Homes</i>	54' x135'	\$155,900 to \$176,900	1,480 to 2,115	\$84 to \$105		
<b>Lighthouse Pointe (1999)</b>					<b>190</b>	<b>187 (3.1)</b>
<i>Mitchell Homes</i>		\$126,900 to \$193,900	1,273 to 2,296	\$84 to \$100		
<b>Woodlawn Heights (3/02)</b>						
<i>Various Builders</i>						
<i>Westerheim Homes</i>	0.25 acre	\$191,900 to \$254,900	2,085 to 3,225	\$79 to \$92		
<i>Gooden Homes</i>	0.25 acre	\$221,875 to \$269,900	2,159 to 2,700	\$100 to \$103	57	22 (1.0)
<b>Grande Pointe East (12/01)</b>					<b>98</b>	<b>50 (2.1)</b>
<i>Various Builders</i>						
<i>Ellzey Construction</i>	50' x 110' / \$65,000	\$150,000 to \$324,900 *	1,607 to 2,493	\$93 to \$130		
<b>Soundside Estates (1997)</b>					<b>25</b>	<b>25</b>
<i>Godwin Development</i>						
<i>Arthur Rutenberg Homes</i>	0.50 to 2 acres / \$195,000 to \$255,000	\$495,000 * \$638,000 †	4,010 3,550	\$123 \$180		

\* Base price does not include lot cost.

† Spec house.

SOURCE: Zimmerman/Volk Associates, Inc.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

more; Ellzey Construction offers 1,600- to 2,500-square-foot houses for an additional \$150,000 to \$325,000.

Elsewhere in Escambia County, a wide range of houses, priced mostly under \$200,000, are available at a variety of conventionally-planned subdivisions. Adams Homes is a prolific regional builder that is marketing detached houses at Bayou Place, Maui Garden, Kingsfield Courtyard, and the Communities at Marcus Lake in the Pensacola area, as well as several properties in Santa Rosa County. At Bayou Place, base prices range from \$108,900 to \$129,900 for 1,480- to 2,115-square foot units (\$61 to \$74 per square foot); 153 of the 174 planned houses have been sold at an average sales pace of nearly 22 units a month. At Maui Garden, base prices start just below \$131,000 and go up to \$162,425 for houses ranging in size from 1,540 to 2,557 square feet (\$64 to \$85). Only four of the 43 planned lots have yet to be sold, for an average sales pace of 6.5 units per month.

Several subdivisions in Santa Rosa County are also marketing new houses with base prices below \$200,000. The least expensive is Genesis Park, a small 32-lot subdivision built by Mitchell Homes, where prices range from just under \$123,000 to \$127,900. The houses are comparatively small, starting at 1,379 square feet of living space; the largest is only 1,578 square feet. Prices per square foot range between \$81 and \$89; and 17 of the 32 units have been sold.

The most expensive houses currently marketed in Gulf Breeze are being built by Arthur Rutenberg Homes in Soundside Estates. Lot prices in Soundside Reserve, a section of Soundside Estates, ranged between \$195,000 and \$255,000 for half-acre to two-acre lots. Arthur Rutenberg Homes is selling spec houses from its "3000 Custom Series" at Soundside Estates and Soundside Reserve, and a 3,550-square-foot spec house was on the market for \$638,000 (\$180 per square foot).

Except for the Rutenberg houses, per-square-foot prices rarely exceeded \$90 for the conventional one-story houses in the subdivisions included in the survey, and most ranged

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

between \$60 and \$85. The lowest price per square foot for a detached unit in the market is \$54 for a 2,227-square-foot house on a 32-foot-wide lot priced at \$120,900 at Adams Homes' Villages section in the Communities at Marcus Lake. New houses priced between \$200,000 and \$300,000 are hard to find. Sales are brisk at nearly all of the subdivisions, but the fastest sales pace was reached by Adams Homes; in November 2003, the builder pre-sold 45 houses from a trailer at Victorian Village in Gulf Breeze.

## HOUSING TYPES

---

Building and unit types most successfully used in residential redevelopment or new residential construction in other cities comparable in size and scale to Pensacola, include:

### –MULTI-FAMILY–

- Mansion Apartment Building: A small-scale apartment building with a street façade resembling a large detached house. (See “Mansion Building” *below*.)
- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is four or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above grade. Parking is either below grade or in an integral structure.

The building’s apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price.

- Loft Apartment Building: Either adaptive re-use of older warehouse and manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.

Hard Lofts: Unit interiors typically have high ceilings and commercial windows and are minimally finished (with limited architectural elements such as columns and fin walls), or unfinished (with no interior partitions except those for bathrooms).



Soft Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of “hard lofts,” such as brick walls and iron railings, particularly if the building is an adaptive re-use of an existing industrial structure.

The building’s loft apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price. (Loft apartments can also be incorporated into multifamily buildings along with conventionally-finished apartment units.)

–SINGLE-FAMILY ATTACHED–

- Townhouse/ Rowhouse/ Live-Work: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above grade. Live-work units are rowhouses or townhouses where a portion of the unit, typically the ground floor, is allocated to a small office or retail space.

–SINGLE-FAMILY DETACHED–

- Cottage: A relatively small one- or one-and-a-half-story single-family detached house on a small lot, usually with alley-loaded parking. With the master suite located on the ground floor, this housing type is targeted to older households moving from larger, two-story single-family detached houses.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

- Village/Neighborhood House: A two-story single-family detached house relatively close to the street with attached, detached, or open parking—whether alley-loaded or not—set well back from the front façade. This housing type is the “bread-and-butter” of the family market.

–MISCELLANEOUS BUILDING TYPES–

- Mansion Building: A two- to three-story flexible-use structure with a street façade resembling a large detached house (hence, “mansion”). The building can accommodate a variety of uses—from rental or for-sale apartments, professional offices, any of these uses over ground-floor retail, a bed and breakfast inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

NOTE: Development flexibility of use is somewhat constrained by the handicapped accessibility regulations in both the 1988 Fair Housing Amendments Act and the Americans with Disabilities Act. Smaller mansion buildings can be exempt from all but the public accommodations regulations of the ADA. Buildings with three or fewer dwelling units are exempt from the Fair Housing handicapped accessibility regulations, and upper-floor commercial uses of less than 3,000 feet fall below the threshold of the imposition of handicapped accessibility under the ADA.

An attached version of the mansion, typically built to a sidewalk on the front lot line, is appropriate for downtown locations. This version can accommodate the same variety of uses as the detached, lower-density mansion.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives. The form of the parking can be in open lots, garages with units above, or integral to the building.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

- Accessory Unit: A secondary dwelling unit associated with a principal residence on a single lot. An accessory unit is typically located over the garage, attached or detached, of a rowhouse or detached house. Utilities for accessory units are not typically metered separately. Also known as “garage apartment,” “ancillary apartment,” “accessory apartment,” “granny flat,” “outbuilding” when detached, and “backbuilding” when attached to the principal residence.

Accessory units often require a zoning change or variance.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

## METHODOLOGY

---

The technical analysis of the Community Redevelopment Area and Downtown market potential included delineation of the draw area(s) and evaluation of both the Community Redevelopment Area and Downtown Pensacola's market potential.

The delineation of the draw area(s) for housing within the City of Pensacola was based on historic settlement patterns, migration trends for Escambia County, and other market dynamics.

The evaluation of Pensacola's market potential was derived from target market analysis of households in the draw area(s), and yielded:

- The depth and breadth of the potential housing market by tenure (rental and ownership) and by type (apartments, attached and detached houses); and
- The composition of the potential housing market (empty-nesters/retirees, traditional and non-traditional families, younger singles/couples).

NOTE: The Appendix Tables are provided in a separate document.

### Target Market Methodology:

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM geo-demographic system, that establishes the optimum market position for residential development of any property—from a specific site to an entire political jurisdiction—through cluster analysis of households living within designated draw areas. In contrast to classical supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis establishes the optimum market position derived from the housing and lifestyle preferences of households in the draw area and within the framework of the local housing market context, even in locations where no close comparables exist.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

In geo-demographic segmentation, clusters of households (usually between 10 and 15) are grouped according to a variety of significant factors, ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes such as mobility rates, lifestyle patterns and compatibility issues. Zimmerman/Volk Associates has refined the analysis of these household clusters through the correlation of more than 500 data points related to housing preferences and consumer and lifestyle characteristics.

As a result of this process, Zimmerman/Volk Associates has identified 41 target market groups with median incomes that enable most of the households within each group to qualify for market-rate housing. The most affluent of the 41 groups can afford the most expensive new ownership units; the least prosperous are candidates for the least expensive existing rental apartments.

Once the draw area(s) for specific city, location or site have been defined, then—through field investigation, analysis of historic migration and development trends, and employment and commutation patterns—the households within those areas are quantified using the target market methodology. The potential market for market-rate units is then determined by the correlation of a number of factors—including, but not limited to household mobility rates; median incomes; lifestyle characteristics and housing preferences; and the competitive environment.

#### **Delineation of the Draw Areas (Migration Analysis)—**

Taxpayer migration data provide the framework for the delineation of the draw areas—the principal counties of origin for households that are likely to move to Escambia County. These data are maintained at the county and “county equivalent” level by the Internal Revenue Service and provide a clear representation of mobility patterns.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

Appendix Table 1.  
**Migration Trends**

Analysis of Escambia County migration and mobility patterns from 1997 through 2001—the latest data available from the Internal Revenue Service—shows that the number of households moving into the county has increased from approximately 10,100 households in 1997 to just over 11,300 households in 2001. Over the same period, the number of households moving out of the county ranged from 11,080 households in 1997 to 11,750 households in 2001. Although Escambia County lost households each year between 1997 and 2001, that loss dropped from nearly 1,000 households in 1997 to 430 households in 2001—in part due to an increase in the number of non-military households moving from elsewhere in the United States.

NOTE: Although net migration provides insights into the county's historic ability to attract or retain households compared to other locations, it is those households likely to move into the county (gross in-migration) that represent the county's external market potential.

Based on the migration data, the draw areas for the City of Pensacola have been delineated as follows:

- The local (internal) draw area, covering households currently living within the Pensacola city limits, as well as those currently living in the balance of Escambia County.
- The regional draw area, covering households with the potential to move to the City of Pensacola from Santa Rosa County.
- The national draw area, covering households with the potential to move to the City of Pensacola from all other U.S. counties.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

Appendix Tables 2 and 3.

**Target Market Classification of City and County Households**

Geo-demographic data obtained from Claritas, Inc. provide a framework for the categorization of households, not only by demographic characteristics, but also by lifestyle preferences and socio-economic factors. For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables. An appendix containing detailed descriptions of each of these target market groups is provided along with the study.

Approximately 62 percent, or 15,300 households, of the estimated 24,600 households living in the City of Pensacola in 2004 had the capacity to rent or buy market-rate housing. Just under 40 percent of these households are classified as traditional and non-traditional families or empty nesters and retirees and the remaining 21 percent are younger singles and couples. (*Reference* Appendix Table 2.)

Of the 114,835 households estimated to be living in Escambia County in the year 2004, 63.4 percent, or 72,845 households, can be classified within target market groups where most of the households have the capacity to rent or buy market-rate housing. (*Reference* Appendix Table 3.) More than 47 percent of these households can be characterized as empty nesters and retirees, another 40 percent are traditional and non-traditional families, and the remaining 13 percent are younger singles and couples.

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

Appendix Tables 3 through 8.

**Determination of the Potential Market for the City of Pensacola (Mobility Analysis)—**

The mobility tables, individually and in summaries, indicate the number and type of households that have the potential to move to the City of Pensacola in the year 2004. The total number from each county is derived from historic migration trends; the number of households from each group is based on each group's mobility rate.

*Internal Mobility (Households Moving Within The City Of Pensacola)*

Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine the number of households in each target market group that will move from one residence to another within a specific jurisdiction in a given year (internal mobility).

Using these data, Zimmerman/Volk Associates has determined that up to 1,800 households currently living in the City of Pensacola have the potential to move from one residence to another in the city this year. (*Reference* Appendix Table 4.) More than 37 percent of these households are likely to be empty nesters and retirees (as characterized within two Zimmerman/Volk Associates target market groups), 35.6 percent are likely to be traditional and non-traditional families (in two groups), and 15.2 percent are likely to be younger singles and couples (in one group).



*External Mobility (Households Moving To The City Of Pensacola)*

The same sources of data are used to determine the number of households in each target market group that will move from one area to another within the same county. Using these data, up to 1,700 households currently living in the balance of Escambia County have the potential to move from a residence in the county to a residence in the City of Pensacola this year. (*Reference* Appendix Table 5.) More than 47 percent of these households are likely to be empty nesters and retirees (in six market groups); 37.1 percent are likely to be traditional and non-traditional families (in eight groups); and the remaining 15.9 percent are likely to be younger singles and couples (in three groups).

Appendix Table 6 summarizes the number of households in each target market group and living in Santa Rosa County that are likely to move to the City of Pensacola this year (through a correlation of Claritas data, U.S. Bureau of the Census data, and the Internal Revenue Service migration data). Up to 75 percent of these households are likely to be traditional and non-traditional families (in six market groups); 20 percent are likely to be empty nesters and retirees (in two groups); and the remaining five percent are likely to be younger singles and couples (in one group).

The numbers in the Total column on page one of Appendix Table 7 indicate the depth and breadth of the potential market in the City of Pensacola in the year 2004 originating from households currently living in all other cities/counties in the United States.

Up to 1,900 households currently living elsewhere in the United States, with the capacity to rent or buy market-rate housing, have the potential to move to the City of Pensacola in the year 2004. Nearly half of these households are traditional and non-traditional families (in 14 market groups); 26.8 percent of these households are empty nesters and retirees (in eight groups); and the remaining 25.8 percent are younger singles and couples (in nine groups).

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

As noted, the total potential market for the City of Pensacola includes the local, regional, and national draw areas. (*Reference* Appendix Table 8.) Up to 5,600 households have the potential to move within or to the City of Pensacola this year. Traditional and non-traditional families are likely to account for more than 41 percent of these households (in 16 market groups); another 36.1 percent are likely to be empty nester and retiree households (in nine groups); and 22.5 percent are likely to be younger singles and couples (in nine groups).

The distribution of the draw areas as a percentage of the potential market for the City of Pensacola is as follows:

**Market Potential by Draw Area**  
***City of Pensacola, Escambia County, Florida***

City of Pensacola (Local Draw Area):	32 percent
Balance of Escambia County (Local Draw Area):	30 percent
Santa Rosa County (Regional Draw Area):	4 percent
Balance of US (National Draw Area):	34 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

Residential Market Potential  
 Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
 February 10, 2004

---

### **Determination of the Potential Market for the Community Redevelopment Area—**

The total potential market for the Community Redevelopment Area includes the same draw areas. Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Claritas data, to determine which target market groups, as well as how many households within each group, are likely to move to a downtown location in a given year.

Using these data, Zimmerman/Volk Associates has determined that more than 2,700 households have the potential to move to the Community Redevelopment Area this year. (*Reference* Appendix Table 9.) Just under 45 percent of these households are likely to be empty-nesters and retirees (in eight market groups); another 30.6 percent are likely to be younger singles and couples (in eight groups); and the remaining 24.7 percent are likely to be traditional and non-traditional family households (in 14 groups).

The distribution of the draw areas as a percentage of the potential market for the Community Redevelopment Area is as follows:

#### **Market Potential by Draw Area COMMUNITY REDEVELOPMENT AREA *City of Pensacola, Escambia County, Florida***

City of Pensacola (Local Draw Area):	32 percent
Balance of Escambia County (Local Draw Area):	34 percent
Santa Rosa County (Regional Draw Area):	2 percent
Balance of US (National Draw Area):	32 percent
Total:	100.0 percent

SOURCE: Zimmerman/Volk Associates, Inc., 2004.

The 2,710 draw area households that have the potential to move to the Community Redevelopment Area this year have also been categorized by tenure propensities to determine the appropriate renter/owner ratio. Just over 38.4 of these households (or 1,040 households) comprise the potential market for rental units, of which 650 households comprise the potential market for rental units at the rent levels required to support newly-constructed market-rate

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

housing. The remaining 61.6 percent (or 1,670 households) comprise the market for market-rate for-sale housing units. (*Reference Appendix Table 10.*)

Of these 1,670 households, 12.6 percent (or 210 households) comprise the market for multi-family for-sale units (condominium/cooperative lofts/apartments); another 12 percent (200 households) comprise the market for attached single-family (townhouse/rowhouse/live-work) units; and the remaining 75.4 percent (1,260 households) comprise a market for all ranges of single-family detached houses. (*Reference Appendix Table 11.*)

#### —Target Markets—

Zimmerman/Volk Associates' target market classifications are updated periodically to reflect the relentless change in the composition of American households. Because of the nature of geo-demographic segmentation, a change in household classification is directly correlated with a change in geography, *i.e.*—a move from one neighborhood condition to another. However, these changes of classification can also reflect an alteration in one of three additional basic characteristics:

- Age;
- Household composition; or
- Economic status.

Age, of course, is the most predictable, and easily-defined of these changes. Household composition has also been relatively easy to define; recently, with the growth of non-traditional households, however, definitions of a family have had to be expanded and parsed into more highly-refined segments. Economic status remains clearly defined through measures of annual income and household wealth.

A change in classification is rarely induced by a change in just one of the four basic characteristics. This is one reason that the target household categories are so highly refined: they take in multiple characteristics. Even so, there are some rough equivalents in household

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

types as they move from one neighborhood condition to another. There is, for example, a strong correlation between the *Suburban Achievers* and the *Urban Achievers*; a move by the *Suburban Achievers* to the urban core can make them *Urban Achievers*, if the move is accompanied by an upward move in socio-economic status. In contrast, *Suburban Achievers* who move up socio-economically, but remain within the metropolitan suburbs may become *Fast-Track Professionals* or *The VIPs*.

#### Migration Methodology:

County-to-county migration is based on the year-to-year changes in the addresses shown on the population of returns from the Internal Revenue Service Individual Master File system. Data on migration patterns by county, or county equivalent, for the entire United States, include inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), and the median and average incomes reported on the returns.

#### **Target Market Data—**

Target market data are based on the Claritas PRIZM geo-demographic system, modified and augmented by Zimmerman/Volk Associates as the basis for its proprietary target market methodology. Target market data provides number of households by cluster aggregated into the three main demographic categories—empty nesters and retirees; traditional and non-traditional families; and younger singles and couples.

#### Household Classification Methodology:

Household classifications are based on the Claritas PRIZM geo-demographic segmentation system, which was established in 1974 and is the most widely-used neighborhood target marketing system in the United States. Claritas uses 15 unique clustering algorithms to define various domains of affluence and settlement density. These algorithms isolate the key factors

Residential Market Potential  
Downtown Pensacola and the Community Redevelopment Area  
*City of Pensacola, Escambia County, Florida*  
February 10, 2004

---

in each density-affluence domain that accounted for the most statistical difference among neighborhoods within that group.

Over the past 15 years, Zimmerman/Volk Associates has augmented the PRIZM cluster system for use within the company's proprietary target market methodology specific to housing and neighborhood preferences, with additional algorithms, correlation with geo-coded consumer data, aggregation of clusters by broad household definition, and unique cluster names. (See TARGET MARKET METHODOLOGY *above*.) For purposes of this study, only those household groups with median incomes that enable most of the households within each group to qualify for market-rate housing are included in the tables.



# ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street  
Clinton, New Jersey 08809  
908-735-6336 • 908-735-4751 *facsimile*  
info@ZVA.cc • www.ZVA.cc

Research & Strategic Analysis

## ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the methodology employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.



# ZIMMERMAN/VOLK ASSOCIATES, INC.

6 East Main Street  
Clinton, New Jersey 08809  
908 735-6336 • 908 735-4751 *facsimile*  
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

## COPYRIGHT OWNERSHIP—

Zimmerman/Volk Associates, Inc. retains all rights, title and interest to all aspects of this report. This report cannot be copied or distributed by any person or entity other than the client without the express written permission of Zimmerman/Volk Associates, Inc.

