
MARKET ANALYSIS UPDATE

RESIDENTIAL MARKET POTENTIAL

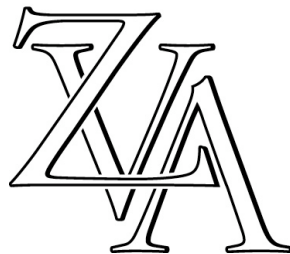
The Community Redevelopment Area and Downtown Pensacola

City of Pensacola
Escambia County, Florida

August, 2008

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

On behalf of the
Community Redevelopment Agency
of the City of Pensacola and the
Downtown Improvement Board
City of Pensacola, Florida



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EXECUTIVE SUMMARY

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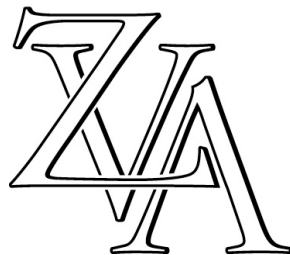
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Research & Strategic Analysis

EXECUTIVE SUMMARY UPDATE: RESIDENTIAL MARKET POTENTIAL

The Community Redevelopment Area and Downtown Pensacola

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August, 2008

INTRODUCTION

The purpose of this study is to re-examine the market potential for newly-introduced market-rate housing units—created both through adaptive re-use of existing non-residential buildings as well as through new construction—that could be leased or sold within the Community Redevelopment Area and within Downtown Pensacola, City of Pensacola, Escambia County, Florida. The original study was published in February, 2004.

The Community Redevelopment Area (the CRA Study Area) includes the area bounded by East Cervantes Street to the north; 17th 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.

The current constrained market—characterized throughout most of the United States by weak or falling housing prices; high levels of unsold units, both builder inventory units as well as foreclosed and/or abandoned houses; and high levels of mortgage delinquencies by speculators and investors as well as homeowners—has resulted in very restrictive development financing and mortgage underwriting, taking a significant percentage of potential homebuyers out of the market and preventing numerous for-sale developments from going forward. In

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Pensacola, an additional impediment is the significantly higher homeowner insurance rates, which serve to further limit the potential buyer pool.

These market constraints do not reduce the size of the potential ownership market; they could, however, depending on the timing of market entry, reduce the initial percentage of the potential market able to overcome those constraints.

For this update, Zimmerman/Volk Associates re-evaluated the following:

- 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);
- How many have the potential to move to the Downtown and to the Study Area 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 in Downtown Pensacola and in the Study Area and in nearby areas of Escambia County);
- What they will pay to live in Downtown Pensacola and in the Study Area (market-rate rents and prices); and
- How quickly they will rent or purchase the new units (absorption forecasts over the next five years).

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CONCLUSIONS OF THE ANALYSIS

The extent and characteristics of the potential market for new residential units within the Community Redevelopment Area and Downtown Pensacola have been derived from the updated housing preferences and financial capacities of the draw area households, identified through Zimmerman/Volk Associates' proprietary target market methodology and extensive experience with urban development and redevelopment.

Approximately a third of the households that represent the market for new housing units in the Community Redevelopment Area and Downtown Pensacola are currently living in the City of Pensacola; 22.5 percent would be moving from the balance of Escambia County; 6.5 percent from Santa Rosa County; and over 37 percent from elsewhere in the nation. The depth of the potential market is as follows:

- Just over 2,000 households currently living in the defined draw areas comprise the potential market for new market-rate housing units within the Community Redevelopment Area.
- This includes more than 1,600 households that also 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.

Since the initial study was conducted in 2004, there has been a significant increase in the size of the annual potential downtown market—from approximately 1,000 households in 2004 to 1,660 households in 2008—and the type of housing that best matches target household preferences. As a share of the market, multi-family for-rent has fallen from more than 61 percent in 2004 to just over 45 percent in 2008; multi-family for-sale (condominium) units now represent over 30 percent of the market (compared to 19.8 percent in 2004); and single-family attached for-sale (townhouses) comprise 24.7 percent of the market, up from 18.9 percent in 2004.

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The household groups that comprise the potential market in 2008 are:

- **Younger singles and childless couples (now the largest market segment; the second largest in 2004)**, currently representing nearly half of the market for housing units in the Community Redevelopment Area and 54 percent in Downtown Pensacola.

The challenge in capturing this potential market is being able to produce new units that are attractive to young people (lofts, not suburban-style apartments), at rents and prices the majority can afford. Since land and construction costs in downtowns are typically higher than in other neighborhoods, this can be difficult to achieve without some form of development incentives.

- **Empty nesters and retirees (in 2004, the largest market segment)**, representing 30 percent of the market for housing units in both Downtown Pensacola and the Community Redevelopment Area.

Empty nesters and retirees now represent approximately 30 percent of the potential market, down from 45 percent in 2004, in part because of their inability to sell—or reluctance to sell at a loss—their existing housing units. However, as the national, regional, and local housing markets begin to stabilize, and with the introduction of a wider variety of units in a broader range of rents and prices, older households will again become a larger share of the potential market.

- **A range of urban families (as in 2004, the smallest market segment)**, comprising 16 and 22 percent of the market for new housing units in Downtown Pensacola and the Community Redevelopment Area, respectively.

Just over 41 percent of the traditional and non-traditional family households moving to the Community Redevelopment Area in 2008 will be moving from out of town, the same percentage as in 2004.

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Depending on housing type, family-oriented households, many of whom are single parents with one or two children, will now comprise between eight percent (for-sale multi-family) and 21 percent (rental multi-family) of the market for new housing units within Downtown Pensacola, compared to 14 percent and 17 percent, respectively, in 2004.

THE MARKET POTENTIAL OF THE COMMUNITY REDEVELOPMENT AREA

As in 2004, 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 under normal market conditions. As before, these capture rates are predicated on a high-quality urban plan, new dwelling units that match target household preferences and financial capacities, a well-executed development program, and an effective, and high-profile, marketing campaign. Based on a five to 10 percent capture of the potential market, then, and barring a long-term continuation of the downturn in the national, regional and local economies, a variety of sites within the Community Redevelopment Area could support up to 134 new units per year, over the next five years, as follows:

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

HOUSING TYPE	NUMBER OF HOUSEHOLDS	ANNUAL NUMBER OF UNITS	CAPTURE RATE
Rental Multi-Family (lofts/apartments, leaseholder)	750	75	9.6%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	500	24	4.8%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	410	20	4.9%
Urban Single-Family (detached houses, fee-simple ownership)	<u>400</u>	<u>18</u>	4.5%
Total	2,060	134	

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Initial absorption (market capture) could be lower than the annual number of units described above due to the uncertain timing of a mortgage and housing market recovery. As noted

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above, the current constrained market is characterized in many locations by weak or falling housing prices, high levels of unsold units, high levels of mortgage delinquencies and foreclosures, and very restrictive mortgage underwriting and development finance. These market constraints do not reduce the size of the potential market; they could, however, depending on the timing of market entry, reduce the initial percentage of the potential market able to overcome those constraints.

The appropriate housing types and general market-rate rent/price ranges and unit sizes that will attract the potential market to sites within the CRA Study Area outside the Downtown core are:

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.
MULTI-FAMILY FOR-RENT—36.4%					
182	30 du	Mansion Apts.	\$650 to \$1,200/mo.	550 to 1,100 sf	\$1.09 to \$1.18
MULTI-FAMILY FOR-SALE—24.3%					
72	25 du	Soft Lofts	\$145,000 to \$290,000	600 to 1,250 sf	\$232 to \$242
50	20 du	Mansion Apts. {High-Range}	\$215,000 to \$375,000	850 to 1,500 sf	\$250 to \$253
SINGLE-FAMILY ATTACHED FOR-SALE—19.9%					
64	18 du	Rowhouses	\$180,000 to \$265,000	950 to 1,450 sf	\$183 to \$189
36	15 du	Rowhouses {High-Range}	\$315,000 to \$385,000	1,400 to 1,750 sf	\$220 to \$225
URBAN SINGLE-FAMILY DETACHED FOR-SALE—19.4%					
64	12 du	Cottages/Bungalows	\$250,000 to \$335,000	1,350 to 1,850 sf	\$181 to \$185
32	10 du	Houses	\$400,000 to \$475,000 and up	2,000 to 2,400 sf and up	\$198 to \$200 and up
500 total units					

UPDATE: RESIDENTIAL MARKET POTENTIAL
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These rents and prices are in year 2008 dollars and are exclusive of buyer options and upgrades, and lot or location premiums. As in 2004, depending on site location and adjacencies, the base rents and prices could vary by 10 to 20 percent either higher or lower.

THE MARKET POTENTIAL OF DOWNTOWN PENSACOLA

Again, as in 2004, new development (including both adaptive re-use of existing non-residential buildings as well as new construction) within a Downtown core can achieve an annual capture of between 10 and 15 percent of the potential market, depending on housing type. Under normal market conditions, and based on a five to 15 percent capture of the potential market for multi-family units, and a five to 10 percent capture of for-sale single-family attached units, Downtown Pensacola should be able to support 121 to 204 new units per year over the next five years, as follows:

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

HOUSING TYPE	HOUSEHOLDS	RATE	NEW UNITS
Rental Multi-Family (lofts/apartments, leaseholder)	750	10% to 15%	75 to 113
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	500	5% to 10%	25 to 50
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>410</u>	5% to 10%	<u>21 to 41</u>
Total	1,660		121 to 204

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Based on the updated migration and mobility analyses, and dependent on the creation of appropriate new housing units, approximately two-thirds of the annual market capture of 121 to 204 new dwelling units in Downtown Pensacola, or approximately 80 to 135 units per year, could be from households moving into downtown from areas outside Pensacola's city limits. Over five years, the realization of that market potential could lead to an increase of between 400 and 675 households living in Downtown Pensacola that moved from a location other than the city.

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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. In this respect, rental apartments in particular can be instrumental in the rapid establishment of “mass.” Particularly in the first phases, homeownership units are likely to represent a much smaller proportion of the total units created than rental units. Rental units allow households to experiment with living in a particular location without the commitment of home ownership. Downtown renters also form a pool of potential purchasers of ownership units that may be developed at a later date.

Based on the tenure preferences of draw area households and their income and equity levels, then, 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.
RENTAL—			
Hard Lofts *	\$600–\$1,175/month	500–1,000 sf	\$1.18–\$1.20 psf
Soft Lofts †	\$850–\$1,600/month	600–1,200 sf	\$1.33–\$1.42 psf
Luxury Apartments	\$1,250–\$2,000/month	850–1,450 sf	\$1.38–\$1.47 psf
FOR-SALE—			
Hard Lofts *	\$125,000–\$225,000	500–1,000 sf	\$225–\$250 psf
Soft Lofts †	\$175,000–\$295,000	650–1,250 sf	\$236–\$269 psf
Luxury Condominiums	\$235,000–\$500,000	900–2,000 sf	\$250–\$261 psf
Townhouses	\$250,000–\$395,000	950–1,750 sf	\$226–\$263 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., 2008.

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The above rents and prices are in year 2008 dollars, are exclusive of consumer options and upgrades, floor or location premiums, and cover the broad range of rents and prices that could, in normal economic conditions, be sustainable by the market in Downtown Pensacola. Although annual incomes and residential values have risen for many households in the city over the past four years, the higher down payments currently required by lenders will preclude many younger households from becoming first-time buyers if prices continue to rise. Because of these affordability issues, it would seem that older households should therefore comprise a greater percentage of the market over the next two or three years. However, continued weakness in the resale market constrains most of these buyers as well.

Based on the incomes of the target households, the distribution by rent range of the 75 to 113 new rental units that could be absorbed each year over the next five years in Downtown Pensacola would be as follows:

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

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$500–\$750	20 to 30	26.5%
\$750–\$1,000	28 to 42	37.2%
\$1,000–\$1,250	13 to 20	17.7%
\$1,250–\$1,500	8 to 12	10.6%
\$1,500 and up	<u>6 to 9</u>	<u>8.0%</u>
Total:	75 to 113	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

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Based on the incomes of the target households, the distribution by price range of the 25 to 50 market-rate for-sale apartments that could be absorbed each year over the next five years in Downtown Pensacola is as follows:

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

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$100,000–\$150,000	6 to 13	26.0%
\$150,000–\$200,000	8 to 15	30.0%
\$200,000–\$250,000	6 to 12	24.0%
\$250,000 and up	<u>5 to 10</u>	<u>20.0%</u>
Total:	25 to 50	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Based on the incomes of the target groups, the distribution by price range of the 21 to 41 market-rate townhouses that could be absorbed each year over the next five years in Downtown Pensacola is as follows:

Townhouse Distribution by Price Range
DOWNTOWN PENSACOLA
City of Pensacola, Escambia County, Florida

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$200,000–\$250,000	8 to 15	36.6%
\$250,000–\$300,000	5 to 10	24.4%
\$300,000–\$350,000	4 to 8	19.5%
\$350,000 and up	<u>4 to 8</u>	<u>19.5%</u>
Total:	21 to 41	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.



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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.



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RIGHTS AND STUDY OWNERSHIP—

Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the methodology and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.



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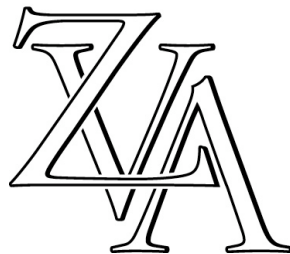
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The boundaries of the Community Redevelopment Area (the CRA Study Area) are the same as those defined for the previous analysis, covering the area bounded by East Cervantes Street to the north; 17th Avenue to the east; Pensacola Bay to the south; and A Street to the west. The CRA Study Area encompasses 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, as well as several lovely historic neighborhoods, including East Hill, Historic Seville, Belmont-DeVilliers and the southern portions of North Hill and Long Hollow.

The depth and breadth of the potential market have been updated using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target

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market analysis establishes the optimum market position derived from the housing preferences and socio-economic characteristics of households in the draw area within the framework of the local housing market context.

The target market methodology is particularly effective in defining housing potential because it encompasses 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 current constrained market—characterized throughout most of the United States by weak or falling housing prices; high levels of unsold units, both builder inventory units as well as foreclosed and/or abandoned houses; and high levels of mortgage delinquencies by speculators and investors as well as homeowners—has resulted in very restrictive development financing and mortgage underwriting, taking a significant percentage of potential homebuyers out of the market and preventing numerous for-sale developments from going forward. In Pensacola, an additional impediment is the significantly higher homeowner insurance rates, which serve to further limit the potential buyer pool.

These market constraints do not reduce the size of the potential ownership market; they could, however, depending on the timing of market entry, reduce the initial percentage of the potential market able to overcome those constraints.

For this update, Zimmerman/Volk Associates re-evaluated the following:

- 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);
- How many have the potential to move to the Downtown and to the Study Area 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);

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- What their alternatives are (new construction or existing housing stock in Downtown Pensacola and in the Study Area and in nearby areas of Escambia County);
- What they will pay to live in Downtown Pensacola and in the Study Area (market-rate rents and prices); and
- How quickly they will rent or purchase the new units (absorption forecasts over the next five years).

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

NOTE: Tables 1 and 2, included in this document, contain summaries of the updated market potential and the target households for new market-rate housing units created through adaptive re-use of existing buildings and/or new construction within the CRA Study Area and Downtown Pensacola, City of Pensacola, Escambia County, Florida. Table 3 details the optimum market position for infill sites within the Community Redevelopment Area. Tables 4 through 6, also included in this document, outline the relevant supply-side context. Tables 7 through 9 summarize the target households and market capture for each housing type in Downtown Pensacola. The appendix tables, provided in a separate document, contain migration and target market data covering the appropriate draw areas for the city and for the CRA Study Area and Downtown Pensacola.

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MARKET POTENTIAL

As noted above, the extent and characteristics of the potential market for new residential units within the Community Redevelopment Area and Downtown Pensacola have been re-examined through detailed analysis of households living within the appropriate draw areas. These draw areas were confirmed through an update of the migration and mobility analyses, with additional supporting data drawn from the 2006 American Community Survey for Escambia County.

The most recent data available from the Internal Revenue Service—years 2002 through 2006—shows the impact that Hurricanes Ivan, in September 2004, and Dennis, in July 2005, had on Escambia County migration. The earlier study showed that, 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.

However, between 2002 and 2006, the annual number of households moving into Escambia County again began to decline, ranging from the high of 10,560 households in 2002 to just 9,355 households in 2006, the year following Hurricane Dennis. (See Appendix One, Table 1.) The number of households moving out of Escambia County also continued to fall over the study period, from 11,695 households in 2002 to 10,925 households in 2006, but not in sufficient numbers to compensate for the shrinking number of in-migrating households. By 2006, the year after Hurricane Dennis, the county experienced a net loss of nearly 1,600 households, the largest net loss over the 10-year period.

Since it is those households likely to move into an area (gross in-migration) that represent an area's external market potential, this update is based on the more typical migration and mobility patterns for Escambia County. Santa Rosa County continues to represent between 10 and 13 percent of in-migration into Escambia County; 12 to 15 percent is from other Florida counties; five to 10 percent is from other counties with military bases, and the remaining 40 to 50 percent is from counties elsewhere in the United States.

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

The depth and breadth of the potential market for new and existing market-rate housing units in the City of Pensacola in 2008 were determined through an update of the migration, mobility and target market analyses undertaken in 2004. The draw areas for the City of Pensacola are confirmed as follows:

- The local draw area, covering households currently living within the Pensacola city limits and 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.

As derived from the updated migration, mobility and target market analyses, then, the draw area distribution of market potential (those households with the potential to move within or to the City of Pensacola) would be as follows (*see also* Appendix One, Table 8):

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

City of Pensacola (Local Draw Area):	31.8%
Balance of Escambia County (Local Draw Area):	23.6%
Santa Rosa County (Regional Draw Area):	6.4%
Balance of US (National Draw Area):	<u>38.2%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Although households moving within the city represent approximately the same share of Pensacola's potential market in both 2004 and 2008, households moving to the city that are living in the balance of Escambia County dropped to just under 24 percent of the potential market (from 30 percent in 2004), and those living in Santa Rosa County rose to 6.4 percent (up from four percent in 2004). Households living in all other U.S. counties increased to more than 38 percent of Pensacola's potential market, up from 34 percent in 2004.

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MARKET POTENTIAL FOR THE COMMUNITY REDEVELOPMENT AREA AND DOWNTOWN PENSACOLA

According to Claritas, Inc., the national vendor of demographic and geo-demographic data, the City of Pensacola contains an estimated 27,060 housing units in 2008, slightly higher than in 2003; an estimated 24,170 are occupied, 430 fewer than in 2003.

In 2008, median housing value citywide is estimated at \$160,800, a substantial increase of 57.2 percent over the 2003 estimated home value of \$102,300, an escalation in values considerably higher than occurred nationally. Nationally, over the same period, median housing value rose by approximately 40 percent, or nearly \$51,000, between 2003 and 2008.

Incomes in Pensacola have not kept pace with housing values: median income is now estimated at \$42,200, just \$4,500, or 11.9 percent, higher than the estimated median of \$37,700 in 2003. Nationally, median income rose by more than 13 percent, or \$5,800, over the same period. The higher cost of housing, coupled with incomes that have not kept pace, have created a significant affordable housing gap in the city.

Where will the potential market for housing in the Community Redevelopment Area and Downtown Pensacola move from?

As in 2004, the target market methodology identifies those households with a preference for living in downtowns and other urban neighborhoods. After discounting for those segments of the city's potential market that typically choose suburban and/or rural locations, the distribution of draw area market potential for newly-created housing units within the Community Redevelopment Area and Downtown Pensacola would be as follows (*see also* Appendix Table 9):

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

City of Pensacola (Local Draw Area):	33.7%
Balance of Escambia County (Local Draw Area):	22.5%
Santa Rosa County (Regional Draw Area):	6.5%
Balance of US (National Draw Area):	<u>37.3%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
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In 2008, households moving to the CRA from the balance of Escambia County are a considerably smaller segment of market potential, down from 34 percent in 2004 to 22.5 percent in 2008. Conversely, households already living in the city, as well as those moving from Santa Rosa County and the balance of the U.S., now comprise much larger percentages of the market for CRA and downtown housing; as a share of the market, Pensacola households have risen from 32 percent in 2004 to nearly 34 percent in 2008; Santa Rosa households are now 6.5 percent of the Pensacola potential market, up from two percent; and households living in the balance of the U.S. now represent more than 37 percent of the Pensacola potential market, from 32 percent in 2004.

How many households are likely to move within or to the CRA and to Downtown Pensacola?

Based on the updated target market analysis, in the year 2008, nearly 2,800 younger singles and couples, empty nesters and retirees, and compact families represent the potential market for new market-rate housing units within the Community Redevelopment Area, up to 470 more households than in 2004. The housing preferences of these draw area households—according to tenure (rental or ownership) choices and broad financial capacity—are outlined as follows:

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

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	750	26.9%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	500	17.9%
Single-family attached for-sale (townhouses/rowhouses, fee-simple/ condominium ownership)	410	14.7%
Low-range single-family detached (houses, fee-simple ownership)	460	16.5%
Mid-range single-family detached (houses, fee-simple ownership)	420	15.4%
High-range single-family detached (houses, fee-simple ownership)	<u>240</u>	<u>8.6%</u>
Total	2,790	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

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Although there are a greater number of renter households (750 in 2008 compared to 650 in 2004) comprising the annual market potential, their share has dropped from 28 percent of the total potential market to just under 27 percent. With the exception of low-range single-family detached units, the number of households with preferences for each of the other housing types also rose in 2008, more than doubling for multi-family for-sale, and almost doubling for single-family attached for-sale.

These significant changes in tenure and housing preferences are driven by the significant and continuing demographic changes in American households (*see TARGET MARKET ANALYSIS below*), and by the dramatically higher gasoline prices in 2008 over 2004, spurring new interest in living closer to employment, in downtowns and in-town neighborhoods.

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. As in 2004, redevelopment of existing buildings would generally be limited to multi-family housing; larger-scale vacant sites or areas proposed for redevelopment could include a broader range of housing types, although the lot sizes that would accommodate single-family detached houses in the CRA should be urban in scale.

Excluding the market for single-family detached houses on large lots, then, this analysis has determined that, in the year 2008, 2,060 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 formerly non-residential structures) within the Community Redevelopment Area (*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 and detached housing types would be as follows:

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
 August, 2008

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

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-Family For-Rent (lofts/apartments, leaseholder)	750	36.4%
Multi-Family For-Sale (lofts/apartments, condo/co-op ownership)	500	24.3%
Single-Family Attached For-Sale (townhouses/rowhouses, fee-simple ownership)	410	19.9%
Single-Family Detached For-Sale (urban houses, fee-simple ownership)	<u>400</u>	<u>19.4%</u>
Total	2,060	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

As before; opportunities for new construction in the core Downtown should concentrate on higher-density housing types, which support urban development and redevelopment most efficiently and include:

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

• • •

This analysis has also determined that in the year 2008, up to 1,660 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 would be as follows:

The Community Redevelopment Area and Downtown Pensacola
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Potential Market for New Housing Units
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)	750	45.2%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	500	30.1%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>410</u>	<u>24.7%</u>
Total	1,660	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Since the initial study was conducted in 2004, there has been a significant increase in the size of the annual potential downtown market—from approximately 1,000 households in 2004 to 1,660 households in 2008—and the type of housing that best matches target household preferences. As a share of the market, multi-family for-rent has fallen from more than 61 percent in 2004 to just over 45 percent in 2008; multi-family for-sale (condominium) units now represent over 30 percent of the market (compared to 19.8 percent in 2004); and single-family attached for-sale (townhouses) comprise 24.7 percent of the market, up from 18.9 percent in 2004.

In the current constrained housing market, however, the realization of the for-sale (ownership) market potential could be quite challenging, in particular given the restrictive development financing and mortgage underwriting by financial institutions, and the inability of older households to sell their existing single-family units.

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 2008

The Community Redevelopment Area/Downtown Pensacola

City of Pensacola, Escambia County, Florida

*City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties
Draw Areas*

Total Target Market Households
With Potential To Rent/Purchase In
City of Pensacola, Escambia County, Florida 5,500

Total Target Market Households
With Potential To Rent/Purchase In
The Community Redevelopment Area 2,790

Potential Housing Market

	<i>Multi-Family</i>		<i>Single-Family</i>				
	<i>For-Rent</i>	<i>For-Sale</i>	<i>.. Attached ..</i>	<i>..... Detached</i>			
			<i>All Ranges</i>	<i>Low-Range</i>	<i>Mid-Range</i>	<i>High-Range</i>	<i>Total</i>
Total Households:	750	500	410	460	430	240	2,790
{Mix Distribution}:	26.9%	17.9%	14.7%	16.5%	15.4%	8.6%	100.0%

CRA Residential Mix

(Excluding Large-Lot Single-Family Detached)

	<i>..... Multi-Family</i>		<i>..... Single-Family</i>		
	<i>For-Rent</i>	<i>For-Sale</i>	<i>.. Attached ..</i>	<i>.. Detached ..</i>	
			<i>All Ranges</i>	<i>Urban</i>	<i>Total</i>
Total Households:	750	500	410	400	2,060
{Mix Distribution}:	36.4%	24.3%	19.9%	19.4%	100.0%

Downtown Residential Mix (Excluding Single-Family Detached)

	<i>..... Multi-Family</i>		<i>. Single-Family .</i>	
	<i>For-Rent</i>	<i>For-Sale</i>	<i>.. Attached ..</i>	
			<i>All Ranges</i>	<i>Total</i>
Total Households:	750	500	410	1,660
{Mix Distribution}:	45.2%	30.1%	24.7%	100.0%

NOTE: Reference Appendix Tables 1 Through 11.

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

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TARGET MARKET ANALYSIS

Who is the potential market?

—The Target Markets—

The market for urban housing continues to be fueled by the convergence of the two largest generations in the history of America: the 79 million Baby Boomers born between 1946 and 1964, and the 77 million Millennials, who were born from 1977 to 1996.

Boomer households have been moving from the full-nest to the empty-nest life stage at an accelerating pace that will peak sometime in the next decade and continue beyond 2020. Since the first Boomer turned 50 in 1996, empty-nesters have had a substantial impact on urban housing. After fueling the dramatic diffusion of the population into ever-lower-density exurbs for nearly three decades, Boomers, particularly affluent Boomers, are rediscovering the merits and pleasures of urban living.

Meanwhile, Millennials are just leaving the nest. The Millennials are the first generation to have been largely raised in the post-'70s world of the cul-de-sac as neighborhood, the mall as village center, and the driver's license as a necessity of life. As has been the case with predecessor generations, significant numbers of Millennials are moving to the city. However, they are not just moving to New York, Chicago, San Francisco and the other large American cities; often priced out of these larger cities, Millennials are discovering second, third and fourth tier urban centers.

The convergence of two generations of this size—each reaching a point when urban housing matches their life stage—is unprecedented. This year, there are about 41 million Americans between the ages of 20 and 29, forecast to grow to over 44 million by 2015. In that same year, the population aged 50 to 59 will have also reached 44 million, from 38 million today. The synchronization of these two demographic waves will mean that there will be an additional eight million potential urban housing consumers eight years from now.

These national trends are borne out in Downtown Pensacola, as detailed by the Downtown Residential Census & Survey, undertaken between August and September 2007, sponsored by the

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Downtown Housing Committee. The survey found that approximately 830 households (1,600 persons) were living in the Downtown in 2007. Almost half were two-person households (married couples and roommates), and a third included just one person; the remainder were traditional and non-traditional family households with children, of which the majority contained just one child. Forty-seven percent of the downtown residents were aged between 50 and 74, 22 percent between 35 and 49, and 13 percent between 18 and 34. The remaining 18 percent were either children under 18 or over 75 years old.

As updated by the target market analysis, the potential market for new market-rate housing units in the Community Redevelopment Area in 2008 can now be characterized by general household type as follows (*see also* Table 2):

CRA Residential Mix By Household and Unit Types
THE COMMUNITY REDEVELOPMENT AREA
City of Pensacola, Escambia County, Florida

HOUSEHOLD TYPE	PERCENT OF TOTAL	MULTI-FAM. FOR RENT	MULTI-FAM. FOR SALE	SF ATT. FOR SALE	SF DET. FOR SALE
Empty-Nesters & Retirees	30%	20%	40%	34%	32%
Traditional & Non-Traditional Families	22%	21%	8%	17%	48%
Younger Singles & Couples	<u>48%</u>	<u>59%</u>	<u>52%</u>	<u>49%</u>	<u>20%</u>
Total	100%	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

In 2008, younger singles and couples have become the largest share of the market (48 percent compared to 27 percent in 2004). The potential market for new market-rate housing units in Downtown Pensacola also reflects this trend, as follows (*see again* Table 2):

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
 August, 2008

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	30%	20%	40%	34%
Traditional & Non-Traditional Families	16%	21%	8%	17%
Younger Singles & Couples	<u>54%</u>	<u>59%</u>	<u>52%</u>	<u>49%</u>
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

- **As noted in the earlier study, younger singles and couples prefer to live in downtowns and in-town neighborhoods for their diversity, and for the availability of employment, entertainment, and cultural opportunities within short walking distance of their residences.**

Younger singles and couples make up the largest share of the market for all housing types except new urban detached houses. The same target household groups—*Twentysomethings*, *Fast-Track Professionals*, *The VIPs*, *Small-City Singles*, *Suburban Achievers*, and *e-Types*, and now including *Upscale Suburban Couples* and *New Bohemians*, among others—are represented in the potential market; however, just over 30 percent of these households would be moving to the CRA/Downtown Pensacola from elsewhere in the city, down slightly from 35 percent in 2004.

The challenge in capturing this potential market is being able to produce new units that are attractive to young people (lofts, not suburban-style apartments), at rents and prices the majority can afford. Since land and construction costs in downtowns are typically higher than in other neighborhoods, this can be difficult to achieve without some form of development incentives.

- **Older households (empty nesters and retirees) are now the second largest potential market, almost half of whom are currently living in Pensacola's older neighborhoods and suburbs.**

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City of Pensacola, Escambia County, Florida
August, 2008

Empty nesters and retirees—including *Cosmopolitan Elite*, *Middle-Class Move-Downs*, *Small-Town Establishment*, *New Empty Nesters*, *Suburban Establishment*, and *Middle-American Retirees*—now represent approximately 30 percent of the potential market, down from 45 percent in 2004, because of their inability to sell—or reluctance to sell at a loss—their existing housing units. However, as the national, regional, and local housing markets begin to stabilize, and with the introduction of a wider variety of units in a broader range of rents and prices, older households will again become a larger share of the potential market.

- **The third, and smallest, general market segment—family-oriented households (traditional and non-traditional families)—continues to decline as a percentage of the potential market for the Community Redevelopment Area as a whole, from 28 percent in 2004, to 22 percent in 2008.**

Just over 41 percent of the traditional and non-traditional family households moving to the Community Redevelopment Area in 2008 will be moving from out of town, the same percentage as in 2004.

Depending on housing type, family-oriented households, many of whom are single parents with one or two children, will now comprise between eight percent (for-sale multi-family) and 21 percent (rental multi-family) of the market for new housing units within Downtown Pensacola, compared to 14 percent and 17 percent, respectively, in 2004.

(Reference APPENDIX TWO, TARGET MARKET DESCRIPTIONS, *for detail on each target group.*)

The primary target groups, their estimated median and range of incomes, and estimated median home values in 2008, are:

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
 August, 2008

Potential Housing Market
(In Order of Median Income)
COMMUNITY REDEVELOPMENT AREA/DOWNTOWN PENSACOLA
City of Pensacola, Escambia County, Florida

HOUSEHOLD TYPE	MEDIAN INCOME	BROAD INCOME RANGE	MEDIAN HOME VALUE (IF OWNED)
Empty Nesters & Retirees			
<i>Small-Town Establishment</i>	\$110,600	\$75,000–\$160,000	\$354,500
<i>Cosmopolitan Elite</i>	\$99,800	\$50,000–\$145,000	\$300,200
<i>New Empty Nesters</i>	\$95,200	\$60,000–\$120,000	\$220,000
<i>Affluent Empty Nesters</i>	\$92,400	\$50,000–\$130,000	\$290,400
<i>Suburban Establishment</i>	\$92,300	\$45,000–\$130,000	\$289,700
<i>Mainstream Retirees</i>	\$67,700	\$40,000–\$95,000	\$249,200
<i>Middle-Class Move-Downs</i>	\$66,000	\$40,000–\$90,000	\$163,200
<i>Middle-American Retirees</i>	\$63,600	\$50,000–\$80,000	\$160,000
Traditional & Non-Traditional Families			
<i>Nouveau Money</i>	\$136,600	\$85,000–\$190,000	\$383,100
<i>Ex-Urban Elite</i>	\$134,000	\$75,000–\$195,000	\$388,600
<i>Unibox Transferees</i>	\$107,400	\$50,000–\$160,000	\$299,600
<i>Full-Nest Exurbanites</i>	\$100,000	\$45,000–\$150,000	\$249,500
<i>Late-Nest Suburbanites</i>	\$96,000	\$40,000–\$145,000	\$297,600
<i>Full-Nest Suburbanites</i>	\$92,900	\$45,000–\$140,000	\$229,300
<i>New-Town Families</i>	\$75,200	\$40,000–\$120,000	\$209,600
<i>Small-Town Families</i>	\$74,000	\$50,000–\$100,000	\$203,000
<i>Multi-Ethnic Families</i>	\$66,000	\$40,000–\$90,000	\$164,500
<i>Blue-Dollar Button-Downs</i>	\$65,300	\$40,000–\$85,000	\$160,200
Younger Singles & Couples			
<i>The Entrepreneurs</i>	\$122,200	\$85,000–\$150,000	\$353,000
<i>e-Types</i>	\$118,200	\$75,000–\$140,000	\$305,300
<i>Ex-Urban Power Couples</i>	\$111,900	\$70,000–\$150,000	\$301,300
<i>Fast-Track Professionals</i>	\$95,300	\$40,000–\$130,000	\$299,800
<i>The VIPs</i>	\$92,600	\$45,000–\$125,000	\$299,400
<i>Upscale Suburban Couples</i>	\$87,200	\$40,000–\$120,000	\$301,300
<i>New Bohemians</i>	\$82,800	\$45,000–\$115,000	\$319,200
<i>Cross-Training Couples</i>	\$76,100	\$50,000–\$95,000	\$206,700
<i>No-Nest Suburbanites</i>	\$65,300	\$40,000–\$90,000	\$190,000
<i>Twentysomethings</i>	\$64,800	\$45,000–\$85,000	\$175,400
<i>Suburban Achievers</i>	\$63,300	\$40,000–\$85,000	\$188,900
<i>Exurban Suburbanites</i>	\$57,000	\$35,000–\$75,000	\$153,100
<i>Small-City Singles</i>	\$51,300	\$35,000–\$70,000	\$147,600

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., 2008.

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 2008

The Community Redevelopment Area/Downtown Pensacola

City of Pensacola, Escambia County, Florida

Community Redevelopment Area

Number of Households:	Multi- Family			Single- Family	
				.. Attached ..	.. Detached ..
	Total	For-Rent	For-Sale	All Ranges	Urban
	2,060	750	500	410	400
Empty Nesters & Retirees	30%	20%	40%	34%	32%
Traditional & Non-Traditional Families	22%	21%	8%	17%	48%
Younger Singles & Couples	48%	59%	52%	49%	20%
	100%	100%	100%	100%	100%

Downtown

Number of Households:	Multi- Family			Single- Family ...	
				.. Attached ..	
	Total	For-Rent	For-Sale	All Ranges	
	1,660	750	500	410	
Empty Nesters & Retirees	30%	20%	40%	34%	
Traditional & Non-Traditional Families	16%	21%	8%	17%	
Younger Singles & Couples	54%	59%	52%	49%	
	100%	100%	100%	100%	

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

THE CURRENT CONTEXT

What are the current alternatives?

Rents at most of the managed rental properties included in the survey in 2004 have increased substantially in 2008. (See Table 3.) Of the properties covered in both surveys, rents for one-bedroom apartments have risen from \$400 to \$700 a month in 2004 to approximately \$500 to \$800 a month in 2008, for units generally containing between 600 to 900 square feet (with a current general range of \$0.73 to \$1.00 per square foot, up from \$0.50 to \$0.80 per square foot in 2004).

Rents for two-bedroom apartments now generally start at over \$700 per month, with the highest two-bedroom rent at \$1,125 per month at the newest managed apartment community in the area, Avalon Apartments on Pine Forest Road in the county. These rents are up from around \$500 per month to \$900 a month in 2004. The two-bedroom size range is from approximately 850 square feet to 1,250 or more square feet of living space (now \$0.55 to \$1.00 per square foot, up from \$0.50 to \$0.78 per square foot).

Three-bedroom units, which were comparatively rare in 2004, are now more plentiful, as the newer properties in the area are including them in their unit mix. Three-bedroom apartments now rent for around \$800 to just under \$1,300 per month, up from \$650 to \$1,200 per month in 2004. Unit sizes range between 1,250 and 1,600 square feet (generally \$0.62 to \$0.93 per square foot in 2008, from \$0.50 to \$0.78 per square foot in 2004).

Occupancy rates at those properties that made the information available generally range between 95 and 100 percent (functional full occupancy); however, occupancy continues to vary with the season. As in 2004, many of the rental communities have a large component of military-related residents.

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Summary Of Selected Managed Rental Properties

City of Pensacola and Escambia County, Florida

July, 2008

<u>Property (Date Opened)</u> <u>Address</u> <u>Management</u>	<u>Number of Units</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
..... Downtown					
Carlton Palms (1973)	141				98% occupancy
224 East Garden Street	Studio	\$650	320	\$2.03	Pool, fitness center.
Sandra J. Ward Realty	1BR/1BA	\$825 to	650 to	\$1.16 to	
		\$835	710	\$1.28	
	2BR/2BA	\$1,000	930	\$1.08	
..... North Pensacola					
Lamplighter Apts.	347				96% occupancy
711 Underwood Avenue	Studio	\$445	500	\$0.89	\
Progressive Management of America, Inc.	1BR/1BA	\$500	650	\$0.77	fitness center,
	2BR/1.5BA TH	\$710 to	950 to	\$0.71 to	playground.
		\$780	1,100	\$0.75	
	2BR/1.5BA	\$710	1,300	\$0.55	
	3BR/2.5BA TH	\$805 to	1,300 to	\$0.62 to	
		\$905	1,400	\$0.65	
Arbor Club (1986)	168				92% occupancy
700 E. College Boulevard	1BR/1BA	\$525 to	690 to	\$0.76 to	Pool, fitness center,
Greystar Management Services		\$705	760	\$0.93	whirlpool, tennis courts,
	2BR/1BA	\$725 to	976 to	\$0.74 to	racquetball courts.
		\$935	1,010	\$0.93	
Carriage House	66				95% occupancy
7155 North 9th Avenue	1BR/1BA	\$550	750	\$0.73	Pool.
F&D Abad Enterprises, Inc.	2BR/1BA	\$650	900	\$0.72	
Tanglewood (1987)	136				96% occupancy
4470 Old Spanish Trail	1BR/1BA	\$560 to	612 to	\$0.79 to	Pool, jacuzzi,
		\$630	800	\$0.92	fitness center,
	2BR/2BA	\$740 to	1,000	\$0.74 to	clubhouse, tennis.
		\$750		\$0.75	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Managed Rental Properties

City of Pensacola and Escambia County, Florida

July, 2008

<u>Property (Date Opened)</u> <u>Address</u> <u>Management</u>	<u>Number of Units</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
. North Pensacola {continued}.					
Jamestown Estates (1971)	177				96% occupancy
3331 Summit Boulevard	1BR/1BA	\$583 to	613 to	\$0.92 to	Pool, tennis, fitness center.
Morguard Revenue Properties		\$647	700	\$0.95	
	2BR/2BA	\$813 to	1,010	\$0.80 to	
		\$845		\$0.84	
	2BR/1.5BA TH	\$845	1,196	\$0.71	
Cordova Regency (1972)	213				94% occupancy
4311 Bayou Boulevard	1BR/1BA	\$635	776	\$0.82	Pool, clubhouse, fitness center, tennis courts.
Sawyer Realty Holdings, LLC	2BR/1BA	\$745	933	\$0.80	
	2BR/2BA	\$780	1,073	\$0.73	
		\$830		\$0.77	
	3BR/2BA	\$880	1,241	\$0.71	
		\$930		\$0.75	
Crest View at Cordova (1983)	152				98% occupancy
3500 Creighton Road	1BR/1BA	\$640	700	\$0.91	Pool, sports courts, fitness center.
Sawyer Realty Holdings, LLC	2BR/1BA	\$740	1,000	\$0.74	
Broadview Oaks (1985)	90				92% occupancy
6101 College Parkway	Studio	\$579	288	\$2.01	One-story units.
Empirian Property Mgmt.	1BR/1BA	\$659	576	\$1.14	
	2BR/1BA	\$779	864	\$0.90	
	2BR/2BA	\$819	864	\$0.95	
. East Pensacola					
Colony House	260				97% occupancy
800 Scenic Highway	1BR/1BA	\$495 to	900	\$0.55 to	Pool, tennis, fitness center.
Progressive Management of America, Inc.		\$615		\$0.68	
	2BR/1BA	\$595 to	1,050	\$0.57 to	
		\$710	1,200	\$0.59	
	2BR/2BA	\$695 to	1,250	\$0.56 to	
		\$735		\$0.59	
	3BR/2.5BA TH	\$730	1,250	\$0.58	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Managed Rental Properties

City of Pensacola and Escambia County, Florida

July, 2008

<u>Property (Date Opened)</u> <u>Address</u> <u>Management</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>
.....East Pensacola {continued}					
Ashley Club (1986)	224				90% occupancy
2101 Scenic Highway	1BR/1BA	\$525 to	690 to	\$0.76 to	Pool, fitness center, clubhouse, tennis courts, racquetball courts.
Greystar Management Services		\$730	760	\$0.96	
	2BR/2BA	\$725 to	976 to	\$0.74 to	
		\$895	1,010	\$0.89	
Bayfront	86				93% occupancy
1200 Scenic Highway	1BR/1BA	\$610	711	\$0.86	Pool.
Progressive Management of America, Inc.	2BR/1BA	\$610	920	\$0.66	
	2BR/1.5BA	\$575 to	988	\$0.58 to	
		\$625		\$0.63	
..... West Pensacola					
Carriage Hills	260				
2355 West Michigan	1BR/1BA	\$610 to	700	\$0.87 to	Pool, jacuzzi, clubhouse, playground.
		\$645		\$0.92	
	2BR/2BA	\$690 to	1,000	\$0.69 to	
		\$770		\$0.77	
	3BR/2.5BA TH	\$1,050 to	1,600	\$0.66 to	
		\$1,095		\$0.68	
..... Escambia County					
Landings of Pensacola (2007)	36				75% occupancy
665 Palomar Drive	1BR/1BA	\$650 to	600 to	\$1.07 to	Boat slips. Pool,
Jackson Properties		\$800	750	\$1.08	
	2BR/2BA	\$850 to	900	\$0.94 to	{Also selling units}
		\$900		\$1.00	

Summary Of Selected Managed Rental Properties

City of Pensacola and Escambia County, Florida

July, 2008

<u>Property (Date Opened)</u> <u>Address</u> <u>Management</u>	<u>Number of Units</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
. Escambia County {continued}					
Eaton Square (1999)	240				99% occupancy
9009 University Parkway	1BR/1BA	\$736 to	782	\$0.94 to	Pool, clubhouse,
Archon Residential		\$758		\$0.97	business center,
	2BR/1BA	\$878	1,082	\$0.81	fitness center.
	2BR/2BA	\$900 to	1,176 to	\$0.70 to	
		\$924	1,320	\$0.77	
	3BR/2BA	\$1,029 to	1,484	\$0.69 to	
		\$1,100		\$0.74	
Governors Gate	444				96% occupancy
1600 Governors Drive	1BR/1BA	\$755 to	741 to	\$1.00 to	Pool, clubhouse,
Morguard Revenue Properties		\$815	819	\$1.02	concierge, tennis courts,
	2BR/2BA	\$875 to	1,050 to	\$0.83 to	two fitness centers,
		\$985	1,159	\$0.85	business center,
	3BR/2BA	\$995 to	1,231 to	\$0.81 to	executive conference
		\$1,105	1,277	\$0.87	center.
Marcus Pointe Grande (2005)	248				85% occupancy
6111 Enterprise Drive	1BR/1BA	\$785 to	815 to	\$0.85 to	Pool, clubhouse,
Eklund Development		\$795	938	\$0.96	concierge,
	2BR/1BA	\$875	1,118 to	\$0.69 to	fitness center,
		\$885	1,278	\$0.78	business center,
	2BR/2BA	\$895 to	1,212 to	\$0.67 to	billiards.
		\$965	1,434	\$0.74	
	3BR/2BA	\$1,135	1,633	\$0.70	
Austin Wood (2001)	168				
9890 North Loop Road	1BR/1BA	\$790	946	\$0.84	Pool, spa, clubhouse,
	2BR/2BA	\$905	1,234	\$0.73	business center,
	3BR/2BA	\$1,025	1,480	\$0.69	fitness center.

Summary Of Selected Managed Rental Properties

City of Pensacola and Escambia County, Florida

July, 2008

<u>Property (Date Opened)</u> <u>Address</u> <u>Management</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>
. Escambia County (continued)					
Fairfield Lakes (2004)	240				90% occupancy
8100 West Highway 98	1BR/1BA	\$800 to \$850	775	\$1.03 to \$1.10	Pool, clubhouse,
Eklund Development	2BR/1BA	\$880 to \$930	966	\$0.91 to \$0.96	concierge, fitness center, business center, basketball courts,
	2BR/2BA	\$940 to \$990	1,078	\$0.87 to \$0.92	tennis courts, playground.
	3BR/2BA	\$1,130 to \$1,180	1,286	\$0.88 to \$0.92	
Crest View at Oakleigh (1999)	152				94% occupancy
8990 North Davis Highway	1BR/1BA	\$805 to \$825	815	\$0.99 to \$1.01	Fitness center,
Sawyer Realty Holdings, LLC	2BR/2BA	\$915 to \$935	1,127	\$0.81 to \$0.83	pool, clubhouse, business center, car care center.
	3BR/2BA	\$1,050	1,272	\$0.83	and basketball courts.
Village at Southern Oaks (2004)	192				
7111 North Blue Angel Parkway	1BR/1BA	\$810	825	\$0.98	Pool, clubhouse,
Residential Management	2BR/1BA	\$885	1,039	\$0.85	fitness center,
	2BR/2BA	\$960	1,153	\$0.83	lake with fountain,
	3BR/2BA	\$1,150	1,313	\$0.88	hot tub, playground.
Avalon Apartments (2008)	276				In lease-up
8800 Pine Forest Road	1BR/1BA	\$850 to \$950	768 to 892	\$1.07 to \$1.11	Pool, clubhouse,
Woodruff Property Mgmt.	2BR/2BA	\$1,050 to \$1,125	1,146 to 1,171	\$0.92 to \$0.96	concierge, fitness center, business center,
	3BR/2BA	\$1,295	1,386	\$0.93	putting green.
Kings Mill (1999)	200				96% occupancy
8917 North Davis Highway	1BR/1BA	\$880	815	\$1.08	Pool, clubhouse,
Sawyer Realty Holdings, LLC	2BR/2BA	\$985	1,127	\$0.87	fitness center,
	3BR/2BA	\$1,065	1,257	\$0.85	high-speed internet, playground.

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Managed Rental Properties

City of Pensacola and Escambia County, Florida

July, 2008

<u>Property (Date Opened)</u> <u>Address</u> <u>Management</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>
. Escambia County (continued)					
Countrywood at Blue	108				99% occupancy
Angel (2006)	1BR/1BA	\$895	783	\$1.14	Pool, clubhouse, fitness center, residents'lounge.
9885 North Loop Road	2BR/2BA	\$1,050	1,099 to	\$0.85 to	
SPM Inc.			1,236	\$0.96	
	3BR/2BA	\$1,195 to	1,326 to	\$0.88 to	
		\$1,295	1,464	\$0.90	

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
August, 2008

There are several for-sale attached housing developments located in Downtown Pensacola, although sales have slowed significantly in the past year or two. (*Reference* Table 4.) Current base prices for units within DeSoto Square, which opened for sales in February, 2006, range between \$169,900 and \$209,000 for townhouses containing 1,178 square feet (\$144 to \$177 per square foot). To date, nine of the units have sold.

At 111 Spring Street, Gunther Properties had been marketing 63 condominiums since opening for sales in January, 2006. Base prices for the one- to three-bedroom units ranged from \$244,412 for an 812-square-foot one-bedroom/one-bath condominium, to \$1,434,655 for a 3,457-square foot penthouse (between \$280 to \$415 per square foot); 10 of the units had been reserved at the time of the field investigation.

The Lofts at Alcaniz Center, which opened in November, 2006, has sold all but four of the 27 condominiums proposed for the site. The 843- to 1,972-square-foot units are priced between \$249,000 and \$575,000 (\$292 to \$295 per square foot). This project is the only one in Downtown to average more than one sale a month in the current market.

The property that has been in the market the longest is the Court of North Hill, 22 townhouses that opened for sales in February, 2005. The two- and three-bedroom units range in size from 1,600 to 2,720 square feet and are priced between \$375,000 and \$699,000 (\$234 to \$257 per square foot).

The four Bayfront Lofts, two 1,200-square-foot flats and two 2,000-square-foot two-story units, have not sold; at the time of the field investigation, two of the units were being leased. Asking prices were \$395,000 and \$659,000, respectively, or \$328 and \$329 per square foot.

Two units still remain unsold at Palafox Pier. The 4,300-square-foot condominiums are priced at \$1.1 million unfinished, and \$1.9 million finished (\$256 or \$442 per square foot).

Outside of Downtown, Schaumberg Builders has been marketing 124 1,600-square-foot townhouses since November, 2007, priced between \$129,900 and \$149,900. There are also three

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
August, 2008

listings in Phase Four of Fairview Village, located in the county, priced between \$110,000 and \$112,900. The units contain 1,159 square feet of living space (\$95 to \$118 per square foot).

Only two of the 36 units of the Landings of Pensacola have been sold since sales began in March, 2008; the rest are being leased at rents ranging between \$650 and \$900 per month (\$0.94 to \$1.07 per square foot). Asking prices for the one- and two-bedroom flats start at \$199,900 for a 600-square-foot one-bedroom, and reach \$330,000 for a 900-square-foot two-bedroom unit (\$250 to \$367 per square foot).

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

City of Pensacola and Escambia County, Florida

July, 2008

<i>Development (Date Opened) Developer/Builder</i>	<i>Unit 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>
. . . . Downtown						
DeSoto Square (02/06) <i>Gunther Properties, LLC</i>	TH 2br/2.5 ba	\$169,900 to \$209,000	1,178	\$144 to \$177	14	9 (0.3)
111 Spring Street (01/06) <i>Gunther Properties</i>	CO 1br/1ba	\$244,412 to \$298,816	812 to	\$301 to \$368	63	10 (0.4) <i>Reservations</i>
	1br/1ba	\$253,412 to \$277,528	904 to 912	\$280 to \$304		
	2br/2ba	\$389,683 to \$480,573	1,253 to 1,377	\$311 to \$349		
	3br/3ba	\$536,475 to \$748,454	1,725 to 1,939	\$311 to \$386		
	Penthouses	\$787,740 to \$1,434,655	2,075 to 3,457	\$380 to \$415		
Lofts at Alcaniz Center (11/06) <i>Ed Carson, developer</i>	CO	\$249,000 to \$575,000	843 to 1,972	\$292 to \$295	27	23 (1.2)
Court of North Hill (02/05) <i>Snowmass Mountain Properties</i>	TH 2br/2.5 ba 3br/3.5 ba	\$375,000 to \$699,000	1,600 to 2,720	\$234 to \$257	22	16 (0.4)

SOURCE: Zimmerman/Volk Associates, Inc.

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

City of Pensacola and Escambia County, Florida

July, 2008

<i>Development (Date Opened) Developer/Builder</i>	<i>Unit 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>
. . . . Downtown {continued}. . . .						
Bayfront Lofts (2007)	CO				4	0
<i>Steve Dauser</i>	1br/1ba Flat	\$395,000	1,202	\$329		{2 units
	2br/2.5ba TH	\$659,000	2,007	\$328		are leased}
Aragon (11/00)	TH				4	0
<i>Aragon Group</i>		\$530,000 †	2,160	\$245		
Palafox Pier (06/02)	CO				9	7 (0.1)
<i>Gunther Properties, LLC</i>		\$1,100,000 ††	4,292	\$256		
	3br/3.5 ba	\$1,899,000 †	4,292	\$442		
. . . . North Pensacola. . . .						
Woodland Place THs (11/07)	TH				124	
<i>Schaumberg Builders</i>	3br/2.5ba	\$129,900 to \$149,900	1,610	\$81 to \$93		
. . . . Escambia County						
Fairview Village (2006)	Fourplex					
<i>Reve Development</i>		\$110,000 to \$112,900	1,159	\$95 to \$118	{Phase 4} 3 listings	
Landings of Pensacola (03/08)	CO				36	2 (0.5)
<i>Landings of Pensacola, LLC</i>	1br/1ba	\$199,900 to \$209,900	600 to 750	\$280 to \$333		{Also leasing units}
	2br/2ba	\$225,000 to \$330,000	900	\$250 to \$367		

† Inventory unit.

†† Unfinished unit.

SOURCE: Zimmerman/Volk Associates, Inc.

The Community Redevelopment Area and Downtown Pensacola
City of Pensacola, Escambia County, Florida
August, 2008

As was the case in 2004, there are very few single-family subdivisions under development in Pensacola. (*Reference* Table 5.) Aragon, the new traditional neighborhood adjacent to the Historic Seville neighborhood, had sold all 129 lots by the time of the field investigation in December, 2003. 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. By December 2003, sales prices of similarly-sized lots had escalated to \$41,000 to \$118,000. At the time of the current field investigation, a 4,300-square-foot lot was on the market for \$199,000. In December 2003, 41 houses had been built or were under construction; that total has now risen to 66.

The Grove is a 33-lot development on lots averaging approximately 5,000 to 6,000 square feet; lot prices range between \$99,000 and \$144,000. Eight lots had been sold at the time of the field investigation, and two inventory houses were on the market at \$399,900 and \$499,000 for 2,055 and 2,652 square feet of living space (\$195 and \$188 per square foot, respectively). A 2,652-square-foot resale was also on the market, priced at \$549,000 (\$207 per square foot).

The other two properties are single-family subdivisions developed by Don Connell. Private Pointe is an eight-lot property, where the lots average two acres and are priced from \$275,000 to \$285,000; five lots have been reserved. At Whispers at Cordova, 56 of the 65 lots have been sold, and three inventory houses are on the market for \$385,000 and \$399,000. The lots were priced at \$85,000 and up in December, 2003; by the time of the current field investigation, lots were priced between \$124,900 and \$140,000.

Elsewhere in Escambia County, as in December, 2003, a wide range of houses, priced mostly under \$250,000, are being marketed at numerous conventionally-planned subdivisions. Adams Homes continues to be a prolific regional builder with 17 subdivisions in the Pensacola area; Mitchell Homes and Holiday Homes also have multiple properties in the region.

Summary Of Selected For-Sale Single-Family Properties

City of Pensacola and Escambia County, Florida

July, 2008

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average</i> <i>Lot Size</i>	<i>Unit Price</i> <i>Range</i>	<i>Unit Size</i> <i>Range</i>	<i>Price Per</i> <i>Sq. Ft.</i>	<i>Total</i> <i>Lots</i>	<i>Total Sales</i> <i>(Monthly</i> <i>Average)</i>
<i>..... Downtown</i>						
215 A Street		\$129,900 †	1,300	\$100		
Aragon (11/00) <i>Aragon Group</i>	4,300 sf	\$199,000	n/a	\$45.68	129	66 (0.7) <i>(house sales)</i>
<i>..... City of Pensacola</i>						
East King Tract	4,300 sf					
315 S.E. Avery		\$106,900 †	1,120	\$95		
MLK & Llyod		\$109,900 †	1,140	\$96		
510 E. Strong		\$142,500 †	1,100	\$130		
900 N. Davis		\$142,500 †	1,100	\$130		
902 N. Davis		\$142,500 †	1,100	\$130		
North Hill	3,000 sf					
814 N.Guillemard		\$149,500 †	1,007	\$148		
822 N.Guillemard		\$197,900 †	1,400	\$141		
216 Stanley		\$385,000 †	2,100	\$183		
218 Stanley		\$460,000 †	2,240	\$205		
New City Tract/ East Hill	5,200 to 8,300 sf					
1307 6th Ave.		\$149,000 †	1,300	\$115		
1433 Lloyd		\$349,000 †	2,195	\$159		
1215 Hatton		\$349,900 †	1,900	\$184		
1119 Hatton		\$239,900 †	1,750	\$137		
1720 East Hernandez		\$539,900 †	2,994	\$180		
Sanders Beach						
	1425 Cypress	\$399,900 †	2,435	\$164		
	1806 Cypress	\$500,000 †	2,800	\$179		

† Builder inventory houses.

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Single-Family Properties

City of Pensacola and Escambia County, Florida

July, 2008

<i>Development (Date Opened)</i> <i>Developer/Builder</i>	<i>Average</i> <i>Lot Size</i>	<i>Unit Price</i> <i>Range</i>	<i>Unit Size</i> <i>Range</i>	<i>Price Per</i> <i>Sq. Ft.</i>	<i>Total</i> <i>Lots</i>	<i>Total Sales</i> <i>(Monthly</i> <i>Average)</i>
. City of Pensacola (continued)						
The Grove (2005)					33	8 (0.2)
<i>Power Properties</i>	5,000 to 6,000 sf	\$99,000 to \$144,000	n/a	\$19.80 to \$24.00		
		\$399,900 †	2,055	\$195		
		\$499,000 †	2,652	\$188		
		\$549,000 ††	2,652	\$207		
Private Pointe					8	5
<i>Don Connell</i>	93,000 sf	\$275,000 to \$285,000	n/a	\$2.96 to \$3.06		
Whispers at Cordova (06/02)					65	56 (0.8)
<i>Don Connell</i>	6,600sf	\$385,000 †	1,900	\$203		
	\$124,900 to	\$399,000 †	2,357	\$169		
	\$140,000	\$399,000 †	2,347	\$170		
. Escambia County						
Memphis Place (10/06)					49	30 (1.5)
<i>Mitchell Homes</i>	4,300 sf	\$106,900 to \$131,900	922 to 1,254	\$105 to \$116		
Lost Creek (2007)					125	15 (1.5)
<i>Henry Company Homes</i>	6,100 sf	\$129,900 to \$165,250	1,166 to 1,821	\$91 to \$111		
Aurelia's Place (2007)					19	8 (0.6)
<i>CR Higdon, builder</i>	4,000 sf	\$134,900 to \$154,900	1,261 to 1,405	\$107 to \$110		

† Inventory Units

†† Resale

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Single-Family Properties

City of Pensacola and Escambia County, Florida

July, 2008

<i>Development (Date Opened)</i>	<i>Average Lot Size</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>Developer/Builder</i>						
. Escambia County {continued}.						
Willow Tree Acres (08/07)					60	20 (1.8)
<i>Paragon Homes/Celebrity Homes</i>						
Celebrity Homes		\$136,900 to \$159,235	1,160 to 1,545	\$118 to \$103		
Paragon Homes		\$144,900 to \$157,900	1,369 to 1,537	\$106 to \$103		
Providence Manor (03/08)					74	8 (2.0)
<i>Adams Homes</i>	4,400 sf	\$140,900 to \$181,900	1,014 to 2,254	\$81 \$139		
Vicki Springs (2008)	7,400 sf				2	0
<i>Gunther Properties</i>		\$149,000 \$169,000	1,400 1,500	\$106 \$113		
Airway Oaks (12/06)					106	69 (3.6)
<i>Celebrity Homes</i>	6,600 sf	\$154,900 to \$177,155	1,474 to 1,636	\$105 to \$108		
Eastport (07/07)					14	1 (0.1)
<i>Adams Homes</i>	5,600 sf	\$177,125 to \$205,900	1,280 to 2,117	\$97 to \$138		
Hickory Hill (2007)					13	8 (0.1)
<i>Holiday Builders</i>	6,000 sf	\$179,900 to \$235,900	1,811 to 3,497	\$67 to \$99		
Logan Place (11/06)					111	19 (1.0)
<i>Adams Homes</i>	9,600 sf	\$186,900 to \$244,250	1,348 to 2,500	\$98 to \$139		
Nature Trail (03/07)					659	
<i>John S. Carr & Co.</i>	7,000 to 19,500 sf	\$375,000 to \$699,900	2,518 to 3,474	\$149 to \$201		Phase I 46 lots

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MARKET-RATE RENT AND PRICE RANGES: THE COMMUNITY REDEVELOPMENT AREA_____

What is the market currently able to pay?

Based on the updated analysis, the optimum market position for new residential development within large infill sites in the Community Redevelopment Area would be as follows (*see* Table 6):

Optimum Market Position: 500 Dwelling Units 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.
MULTI-FAMILY FOR-RENT—36.4%					
182	30 du	Mansion Apts.	\$650 to \$1,200/mo.	550 to 1,100 sf	\$1.09 to \$1.18
MULTI-FAMILY FOR-SALE—24.3%					
72	25 du	Soft Lofts	\$145,000 to \$290,000	600 to 1,250 sf	\$232 to \$242
50	20 du	Mansion Apts. {High-Range}	\$215,000 to \$375,000	850 to 1,500 sf	\$250 to \$253
SINGLE-FAMILY ATTACHED FOR-SALE—19.9%					
64	18 du	Rowhouses	\$180,000 to \$265,000	950 to 1,450 sf	\$183 to \$189
36	15 du	Rowhouses {High-Range}	\$315,000 to \$385,000	1,400 to 1,750 sf	\$220 to \$225
URBAN SINGLE-FAMILY DETACHED FOR-SALE—19.4%					
64	12 du	Cottages/Bungalows	\$250,000 to \$335,000	1,350 to 1,850 sf	\$181 to \$185
32	10 du	Houses	\$400,000 to \$475,000 and up	2,000 to 2,400 sf and up	\$198 to \$200 and up

500 total units					

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

The above rents and prices are in year 2008 dollars and are exclusive of buyer options and upgrades, and lot or location premiums. As in 2004, depending on site location and adjacencies, the base rents and prices could vary by 10 to 20 percent either higher or lower.

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How fast will the units lease or sell?

—Market Capture—

As in 2004, 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 under normal market conditions. As before, these capture rates are predicated on a high-quality urban plan, new dwelling units that match target household preferences and financial capacities, a well-executed development program, and an effective, and high-profile, marketing campaign. Based on a five to 10 percent capture of the potential market, then, and barring a long-term continuation of the downturn in the national, regional and local economies, a variety of sites within the Community Redevelopment Area could support up to 134 new units per year, over the next five years, as follows:

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

HOUSING TYPE	NUMBER OF HOUSEHOLDS	ANNUAL NUMBER OF UNITS	CAPTURE RATE
Rental Multi-Family (lofts/apartments, leaseholder)	750	75	9.6%
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	500	24	4.8%
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	410	20	4.9%
Urban Single-Family (detached houses, fee-simple ownership)	<u>400</u>	<u>18</u>	4.5%
Total	2,060	134	

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

The changes in market preferences are reflected in the higher number of multi-family and single-family attached units, and the lower number of single-family detached units. The annual market capture of 134 new units would require a capture rate of 6.5 percent of the 2,060 households, identified through target market analysis, that have the potential to rent or purchase new market-rate housing units within the Community Redevelopment Area in 2008—a rate that is well within the target market methodology’s parameters of feasibility.

Initial absorption (market capture) could be lower than the annual number of units described above due to the uncertain timing of a mortgage and housing market recovery. As noted in the Introduction, the current constrained market is characterized in many locations by weak or falling housing prices, high levels of unsold units, high levels of mortgage delinquencies and foreclosures, and very restrictive mortgage underwriting and development finance. These market constraints do not reduce the size of the potential market; they could, however, depending on the timing of market entry, reduce the initial percentage of the potential market able to overcome those constraints.

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.

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.

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

City of Pensacola, Escambia County, Florida

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<i>Percent of Units</i>	<i>Net Density</i>	<i>Housing Type</i>	<i>Unit Configuration</i>	<i>Unit Mix</i>	<i>Base Rent/Price Range</i>	<i>Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.</i>	<i>Average Annual Absorption</i>
Number								
<u>36.4%</u>		Multi-Family For-Rent						<u>72</u>
182	30 du	Mansion Apts.	Studio	30%	\$650	550	\$1.18	72
			1br / 1ba	30%	\$850	750	\$1.13	
			2br / 1ba	20%	\$1,050	950	\$1.11	
			2br / 2ba	20%	\$1,200	1,100	\$1.09	
<u>24.3%</u>		Multi-Family For-Sale						<u>24</u>
72	25 du	Soft Lofts	Studio	30%	\$145,000	600	\$242	14
			1br / 1ba	25%	\$190,000	800	\$238	
			2br / 1ba	25%	\$235,000	1,000	\$235	
			2br / 2ba	20%	\$290,000	1,250	\$232	
50	20 du	Mansion Apts.	1br / 1ba	35%	\$215,000	850	\$253	10
			2br / 2ba	35%	\$325,000	1,300	\$250	
			2br / 2.5ba / den	30%	\$375,000	1,500	\$250	
<u>19.9%</u>		Single-Family Attached For-Sale						<u>20</u>
64	18 du	Rowhouses	2br / 1.5ba	40%	\$180,000	950	\$189	12
			2br / 2.5ba	35%	\$225,000	1,200	\$188	
			2br / 2.5ba / office	25%	\$265,000	1,450	\$183	
36	15 du	High-End Rowhouses	2br / 2.5ba {master-down}	60%	\$315,000	1,400	\$225	8
			3br / 2.5ba	40%	\$385,000	1,750	\$220	

NOTE: Base rents/prices are in year 2008 dollars and do not include premiums, or consumer 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

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<i>Percent of Units</i>	<i>Net Density</i>	<i>Housing Type</i>	<i>Unit Configuration</i>	<i>Unit Mix</i>	<i>Base Rent/Price Range</i>	<i>Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.</i>	<i>Average Annual Absorption</i>
Number								
19.4%	Urban Single-Family Detached For-Sale							18
64	12 du	Cottages/ Bungalows	2br/2.5ba 3br/2ba 3br/2.5ba	20% 40% 40%	\$250,000 \$285,000 \$335,000	1,350 1,550 1,850	\$185 \$184 \$181	13
32	10 du	Houses	3br/2.5ba 3br/2.5ba/media rm	65% 35%	\$400,000 \$475,000	2,000 2,400	\$200 \$198	5
100.0%								134
500	dwelling units							including rentals 62 excluding rentals

NOTE: Base rents/prices are in year 2008 dollars and do not include premiums, or consumer options or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

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DOWNTOWN MARKET-RATE RENT AND PRICE RANGES

What is the market currently able to pay?

—Rent and Price Ranges—

Based on the socio-economic and lifestyle characteristics of the target households in 2008, and their housing preferences, 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 Range Newly-Created Housing (Adaptive Re-Use and New Construction) DOWNTOWN PENSACOLA

City of Pensacola, Escambia County, Florida

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
RENTAL—			
Hard Lofts *	\$600–\$1,175/month	500–1,000 sf	\$1.18–\$1.20 psf
Soft Lofts †	\$850–\$1,600/month	600–1,200 sf	\$1.33–\$1.42 psf
Luxury Apartments	\$1,250–\$2,000/month	850–1,450 sf	\$1.38–\$1.47 psf
FOR-SALE—			
Hard Lofts *	\$125,000–\$225,000	500–1,000 sf	\$225–\$250 psf
Soft Lofts †	\$175,000–\$295,000	650–1,250 sf	\$236–\$269 psf
Luxury Condominiums	\$235,000–\$500,000	900–2,000 sf	\$250–\$261 psf
Townhouses	\$250,000–\$395,000	950–1,750 sf	\$226–\$263 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., 2008.

The above rents and prices are in year 2008 dollars, are exclusive of consumer options and upgrades, floor or location premiums, and cover the broad range of rents and prices that could, in normal economic conditions, be sustainable by the market in Downtown Pensacola. Although annual incomes and residential values have risen for many households in the city over the past four years, the higher down payments currently required by lenders will preclude many younger

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households from becoming first-time buyers if prices continue to rise. Because of these affordability issues, it would seem that older households should therefore comprise a greater percentage of the market over the next two or three years. However, continued weakness in the resale market constrains most of these buyers as well.

As in 2004, new development (including both adaptive re-use of existing non-residential buildings as well as new construction) within a downtown core can achieve an annual capture of between 10 and 15 percent of the potential market, depending on housing type. Based on a five to 15 percent capture of the potential market for multi-family units, and a five to 10 percent capture of for-sale single-family attached units, Downtown Pensacola should be able to support 121 to 204 new units per year, under normal market conditions, as follows:

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)	750	10% to 15%	75 to 113
For-Sale Multi-Family (lofts/apartments, condo/co-op ownership)	500	5% to 10%	25 to 50
For-Sale Single-Family Attached (townhouses/rowhouses, fee-simple ownership)	<u>410</u>	5% to 10%	<u>21 to 41</u>
Total	1,660		121 to 204

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Based on the updated migration and mobility analyses, and dependent on the creation of appropriate new housing units, approximately two-thirds of the annual market capture of 121 to 204 new dwelling units in Downtown Pensacola, or approximately 80 to 135 units per year, could be from households moving into downtown from areas outside Pensacola's city limits. Over five years, the realization of that market potential could lead to an increase of between 400 and 675 households living in Downtown Pensacola that moved from a location other than the city.

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—Rental Distribution—

The market-rate rent range covers leases by households with annual incomes ranging between \$35,000 and \$100,000 or more. A single-person household with an income of \$35,000 per year, paying no more than 30 percent of gross income for rent and utilities (the national standard for affordability) would qualify for a rent of \$650 per month. A two- or three-person household, with an income of \$100,000 or more per year, paying no more than 30 percent of gross income for rent and utilities, would qualify for a rent of \$2,250 per month.

Based on the updated target household mix (*listed on Table 7*) and the incomes of the target households, the distribution by rent range of the 75 to 113 new rental units that could be absorbed each year over the next five years in Downtown Pensacola would be as follows:

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

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
\$500–\$750	20 to 30	26.5%
\$750–\$1,000	28 to 42	37.2%
\$1,000–\$1,250	13 to 20	17.7%
\$1,250–\$1,500	8 to 12	10.6%
\$1,500 and up	<u>6 to 9</u>	<u>8.0%</u>
Total:	75 to 113	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Nearly two-thirds of the lofts/apartments with monthly rents of \$1,000 or less are likely to be leased by younger singles and couples. Nearly one-quarter of the most expensive soft lofts and luxury apartments, with rents above \$1,250 per month, are likely to be leased by empty nesters and retirees, a third by compact families where both parents are employed, and the remaining 43 percent by fast-track younger singles and couples.

Table 7

Target Groups For Multi-Family For-Rent
The Community Redevelopment Area/Downtown Pensacola
City of Pensacola, Escambia County, Florida

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 10 Percent Capture</i>	<i>At 15 Percent Capture</i>
Cosmopolitan Elite	10	1	2
New Empty Nesters	20	2	3
Middle-Class Move-Downs	110	11	15
Middle-American Retirees	10	1	2
Subtotal:	150	15	22
Traditional & Non-Traditional Families			
Unibox Transferees	20	2	3
Full-Nest Exurbanites	10	1	2
Full-Nest Suburbanites	10	1	2
New-Town Families	30	3	5
Small-Town Families	10	1	2
Multi-Ethnic Families	60	6	8
Blue-Collar Button-Downs	20	2	3
Subtotal:	160	16	25
Younger Singles & Couples			
e-Types	20	2	3
Fast-Track Professionals	10	1	2
The VIPs	20	2	3
Upscale Suburban Couples	20	2	3
New Bohemians	30	3	5
Cross-Training Couples	20	2	3
No-Nest Suburbanites	20	2	3
Twentysomethings	120	12	17
Suburban Achievers	30	3	5
Exurban Suburbanites	10	1	2
Small-City Singles	140	14	20
Subtotal:	440	44	66
Total Households:	750	75	113

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

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—For-Sale Distribution—

The market-rate price range covers purchases by households with annual incomes ranging between \$50,000 and \$175,000. As in 2004, this analysis did not assess affordability based on the use of non-standard mortgage instruments, but rather typical 30-year mortgages, with either a 10 or 20 percent down payment, at current interest rates. A single-person household with an income of \$50,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, could qualify for a mortgage of \$100,000 at current interest rates. A two- or three-person household with an income of \$175,000 per year, paying no more than 25 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, would qualify for a mortgage of at least \$350,000 at current interest rates.

Based on the target household mix (*listed on Table 8*) and incomes of the target households, the distribution by price range of the 25 to 50 market-rate for-sale apartments that could be absorbed each year over the next five years in Downtown Pensacola is as follows:

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

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$100,000–\$150,000	6 to 13	26.0%
\$150,000–\$200,000	8 to 15	30.0%
\$200,000–\$250,000	6 to 12	24.0%
\$250,000 and up	<u>5 to 10</u>	<u>20.0%</u>
Total:	25 to 50	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

Younger singles and couples represent nearly 58 percent of the market for units priced at \$200,000 or less, empty nesters and retirees over 32 percent, and single-parent families approximately 10 percent. Seventy percent of the most expensive soft lofts and luxury apartments, priced at \$250,000 or more, are likely to be purchased by empty nesters and retirees, with the remaining 30 percent by affluent younger couples.

Table 8

Target Groups For Multi-Family For-Sale
The Community Redevelopment Area/Downtown Pensacola
City of Pensacola, Escambia County, Florida

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 5 Percent Capture</i>	<i>At 10 Percent Capture</i>
Small-Town Establishment	10	1	1
Cosmopolitan Elite	60	3	6
New Empty Nesters	10	1	1
Affluent Empty Nesters	10	1	1
Suburban Establishment	10	1	1
Mainstream Retirees	10	1	1
Middle-Class Move-Downs	80	2	8
Middle-American Retirees	10	0	1
Subtotal:	200	10	20
Traditional & Non-Traditional Families			
New-Town Families	10	1	1
Multi-Ethnic Families	20	1	2
Blue-Collar Button-Downs	10	0	1
Subtotal:	40	2	4
Younger Singles & Couples			
e-Types	10	1	1
Fast-Track Professionals	10	1	1
The VIPs	30	2	3
Upscale Suburban Couples	10	1	1
New Bohemians	20	1	2
Cross-Training Couples	10	1	1
Twentysomethings	70	4	7
Suburban Achievers	40	2	4
Small-City Singles	60	0	6
Subtotal:	260	13	26
Total Households:	500	25	50

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

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Based on the target household mix (*listed on* Table 9) and incomes of the target groups, the distribution by price range of the 21 to 41 market-rate townhouses that could be absorbed each year over the next five years in Downtown Pensacola is as follows:

Townhouse/ Distribution by Price Range
DOWNTOWN PENSACOLA
City of Pensacola, Escambia County, Florida

PRICE RANGE	UNITS PER YEAR	PERCENTAGE
\$200,000–\$250,000	8 to 15	36.6%
\$250,000–\$300,000	5 to 10	24.4%
\$300,000–\$350,000	4 to 8	19.5%
\$350,000 and up	<u>4 to 8</u>	<u>19.5%</u>
Total:	21 to 41	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

In this case, younger singles and couples represent 52 percent of the market for townhouses priced at \$300,000 or less; empty nesters and retirees comprise 28 percent; and non-traditional families another 20 percent. Half of the townhouses priced at \$300,000 or more are likely to be purchased by empty nesters and retirees; just over 31 percent by affluent younger couples; and the remaining 19 percent by families.

Table 9

Target Groups For Single-Family Attached For-Sale
The Community Redevelopment Area/Downtown Pensacola
City of Pensacola, Escambia County, Florida

Empty Nesters & Retirees	<i>Number of Households</i>	<i>At 5 Percent Capture</i>	<i>At 10 Percent Capture</i>
Small-Town Establishment	10	1	1
Cosmopolitan Elite	30	2	3
New Empty Nesters	20	1	2
Suburban Establishment	10	1	1
Middle-Class Move-Downs	60	2	6
Middle-American Retirees	10	0	1
Subtotal:	140	7	14
Traditional & Non-Traditional Families			
Unibox Transferees	10	1	1
Full-Nest Suburbanites	10	1	1
New-Town Families	20	1	2
Small-Town Families	10	1	1
Multi-Ethnic Families	10	0	1
Blue-Collar Button-Downs	10	0	1
Subtotal:	70	4	7
Younger Singles & Couples			
The Entrepreneurs	10	1	1
e-Types	10	1	1
Ex-Urban Power Couples	10	1	1
Fast-Track Professionals	10	1	1
The VIPs	30	2	3
Upscale Suburban Couples	10	1	1
New Bohemians	10	1	1
Cross-Training Couples	10	1	1
No-Nest Suburbanites	10	1	1
Twentysomethings	40	0	4
Suburban Achievers	10	0	1
Exurban Suburbanites	10	0	1
Small-City Singles	30	0	3
Subtotal:	200	10	20
Total Households:	410	21	41

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

METHODOLOGY

The update of the technical analysis of market potential for the Community Redevelopment Area and Downtown Pensacola included confirmation of the draw areas—based on the most recent migration data for Escambia County, and incorporating additional data from the 2006 American Community Survey for the county—as well as compilation of current residential rental and for-sale activity in the city and county.

The evaluation of Pensacola’s market potential was derived from the updated target market analysis of households in the draw areas, 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 referenced here are provided in a separate document.

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. The migration data for the county has been supplemented by mobility data from the 2006 American Community Survey.

Appendix Table 1.

Migration Trends

Analysis of the most recent Escambia County migration and mobility data available from the Internal Revenue Service—from 2002 through 2006—shows the impact that Hurricanes Ivan, in September 2004, and Dennis, in July 2005, had on Escambia County. The earlier study showed that, 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.

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Between 2002 and 2006, the annual number of households moving into Escambia County again began to decline, ranging from the high of 10,560 households in 2002 to just 9,355 households in 2006, the year following Hurricane Dennis. The number of households moving out of Escambia County also continued to fall over the study period, from 11,695 households in 2002 to 10,925 households in 2006, but not in sufficient numbers to compensate for the shrinking number of in-migrating households. By 2006, the year after Hurricane Dennis, the county experienced a net loss of nearly 1,600 households, the largest net loss over the 10-year period..

Since it is those households likely to move into an area (gross in-migration) that represent an area's external market potential, this analysis is based on the more typical migration patterns in Escambia County. Santa Rosa County continues to represent between 10 and 13 percent of in-migration into Escambia County; 12 to 15 percent is from other Florida counties; five to 10 percent is from other counties with military bases, and the remaining 40 to 50 percent is from counties elsewhere in the United States.

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

- The local draw area, covering households currently living within the Pensacola city limits and the balance of Escambia County. Due in part to the impact of Hurricanes Ivan and Dennis, and in part to the constrained housing market both locally and nationally in 2007 and 2008, internal mobility has declined substantially since the 2004 study, when approximately 22 percent of city households were moving within the city each year and six percent of households living in the balance of Escambia County were moving to the city. In 2007 and 2008, the mobility rate for households moving within the city has dropped to 13.5 percent, and for households moving from the balance of the county to the city, the mobility rate has dropped to less than three percent.
- The regional draw area, covering households with the potential to move to the City of Pensacola from Santa Rosa County. Households moving from Santa Rosa County now comprise just under 14 percent of total Escambia County in-migration, up from 8.5

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percent in 2004; the percentage of those households likely to move to Pensacola has also risen, from 20 percent in 2004 to 25 percent in 2008.

- The national draw area, covering households with the potential to move to the City of Pensacola from all other U.S. counties.

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 CLASSIFICATION OF CITY AND COUNTY HOUSEHOLDS—

Geo-demographic data obtained from Claritas, Inc. provide the 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.

Appendix Tables 2 and 3.

Target Market Classifications

Of the estimated 24,170 households living in the City of Pensacola in 2008 (based on Claritas' estimates), over 53 percent, or 12,885 households, have the capacity to rent or buy market-rate housing. (*Reference* Appendix Table 2.) Over 55 percent of the city's "market-rate" households can be classified as empty nesters and retirees (up from 40 percent in 2004), another 29.6 percent are younger singles and couples (up from 21 percent), and 15.1 percent are traditional and non-traditional families (down from 40 percent).

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Over 53 percent, or 62,825 households, of the estimated 118,100 households estimated to be living in Escambia County in 2008 (again, based on Claritas' estimates) have the capacity to rent or buy market-rate housing. (*Reference Appendix Table 3.*) Just under 47 percent of Escambia County's "market-rate" households are classified as empty nesters and retirees (approximately the same percentage as in 2004), another 28.3 percent are younger singles and couples (up from 13 percent), and the remaining 25 percent are traditional and non-traditional families (down from 40 percent).

Target Market Methodology:

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM NE household clustering 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.

Clusters of households (usually between 10 and 15) are grouped according to a variety of significant "predictor variables," ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes known as "behaviors," such as mobility rates and lifestyle choices. 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, and an additional 25 groups with median incomes in which a much smaller number of households is able to qualify for market-rate housing. The most affluent of the 66 groups can

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afford the most expensive new ownership units; the least prosperous are candidates for the least expensive existing rental apartments.

Once the draw areas for a property 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 new 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; the location of the site; and the competitive environment.

The end result of this series of filters is the optimum market position—by tenure, building configuration and household type, including specific recommendations for unit sizes, rents and/or prices—and projections of absorption within the local housing context.

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 within or to the City of Pensacola in the year 2008. The total number from each city/county is derived from historic migration trends; the number of households from each group is based on each group's mobility rate.

Appendix Table 4.

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 1,750 households living in the City of Pensacola, and with the capacity to rent or purchase market-rate housing, have the potential to move from one residence to another within the city in 2008. More than 60 percent of these households are likely to be younger singles and couples (as characterized within

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three Zimmerman/Volk Associates' target market groups); another 24.6 percent are likely to be empty nesters and retirees (in two market groups); and the remaining 14.9 percent are likely to be family-oriented households (also in two market groups).

Appendix Table 5.

Internal Mobility (Households Moving To the City of Pensacola from the Balance of Escambia County)—

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 1,300 households, currently living in the balance of Escambia County and with the capacity to rent or purchase market-rate housing, have the potential to move from a residence in the county to a residence in the City of Pensacola in 2008. Up to 51.5 percent of these households are likely to be younger singles and couples (in 10 market groups); 26.2 percent are likely to be traditional and non-traditional families (in eight groups); and the remaining 22.3 percent are likely to be empty nesters and retirees (in seven groups).

Appendix Tables 6 and 7.

External Mobility (Households Moving To the City of Pensacola from Outside Escambia County)—

These tables determine the number of households in each target market group living in each draw area county that are likely to move to the City of Pensacola in 2008 (through a correlation of Claritas data, U.S. Bureau of the Census data, and the Internal Revenue Service migration data).

Appendix Table 8.

Market Potential for the City of Pensacola—

Appendix Table 8 summarizes Appendix Tables 4 through 7. The numbers in the Total column on page one of these tables indicate the depth and breadth of the potential market for newly-created dwelling units in the City of Pensacola in the year 2008 originating from households currently living in the draw areas. Up to 5,500 households with the potential to rent or purchase market-rate housing have the potential to move within or to the City of Pensacola in 2008. Younger singles and couples are likely to account for 54.5 percent of these households (in 13

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market groups); another 23.8 percent are likely to be traditional and non-traditional families (in 11 groups); and 21.6 percent are likely to be empty nesters and retirees (in 12 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):	31.8%
Balance of Escambia County (Local Draw Area):	23.6%
Santa Rosa County (Regional Draw Area):	6.4%
Balance of US (National Draw Area):	<u>38.2%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

DETERMINATION OF THE POTENTIAL MARKET FOR THE COMMUNITY REDEVELOPMENT AREA/DOWNTOWN PENSACOLA—

The total potential market for the new housing units to be developed within existing buildings or new construction within the Community Redevelopment Area and Downtown Pensacola also includes the local, regional, and national 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 the Community Redevelopment Area and Downtown Pensacola in a given year.

Appendix Tables 9 through 11.

Market Potential for the Community Redevelopment Area/Downtown Pensacola—

As derived by the target market methodology, nearly 2,800 of the 5,500 households have the potential to move to the Community Redevelopment Area and Downtown Pensacola this year. (*Reference* Appendix Table 9.) Nearly 42 percent of these households are likely to be younger singles and couples (in 13 market groups); another 31.2 percent are likely to be empty nesters and retirees (in eight groups); and 26.9 percent are likely to be traditional and non-traditional family households (in 10 groups).

The distribution of the draw areas as a percentage of the market for the Community Redevelopment Area and Downtown Pensacola is:

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Market Potential by Draw Area
COMMUNITY REDEVELOPMENT AREA/DOWNTOWN PENSACOLA
City of Pensacola, Escambia County, Florida

City of Pensacola (Local Draw Area):	33.7%
Balance of Escambia County (Local Draw Area):	22.5%
Santa Rosa County (Regional Draw Area):	6.5%
Balance of US (National Draw Area):	<u>37.3%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2008.

The 2,790 draw area households that have the potential to move within or to the Community Redevelopment Area and Downtown Pensacola in 2008 have been categorized by tenure propensities to determine renter/owner ratios. Just under 27 percent of these households (or 750 households) comprise the potential market for new market-rate rentals. The remaining 73.1 percent (or 2,040 households) comprise the market for new market-rate for-sale (ownership) housing units. (*Reference Appendix Table 10.*)

Of these 2,040 households, 24.5 percent (or 500 households) comprise the market for multi-family for-sale units (condominium apartments and lofts); and another 20.1 percent (410 households) comprise the market for attached single-family (townhouse or duplex) units. These are considerably larger percentages of the market than in 2004. The remaining 55.4 percent (or 1,130 households) comprise the market for all ranges and densities of single-family detached houses. (*Reference Appendix Table 11.*) Up to 400 of these 1,130 households represent the market for urban single-family detached houses.

—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.

Zimmerman/Volk Associates' target market classifications are updated periodically to reflect the slow, but relentless change in the composition of American households. Because of the nature of

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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 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*.

Household Classification Methodology:

Household classifications were originally based on the Claritas PRIZM geo-demographic segmentation system that was established in 1974 and then replaced by PRIZM NE in 2005. The revised household classifications are based on PRIZM NE which was developed through unique classification and regression trees delineating 66 specific clusters of American households. The system is now accurate to the individual household level, adding self-reported and list-based

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household data to geo-demographic information. The process applies hundreds of demographic variables to nearly 10,000 “behaviors.”

Over the past 20 years, Zimmerman/Volk Associates has augmented the PRIZM cluster systems 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. 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.



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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.



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Research & Strategic Analysis

RIGHTS AND STUDY OWNERSHIP—

Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the methodology and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.



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Appendix One

TARGET MARKET TABLES

MARKET ANALYSIS UPDATE

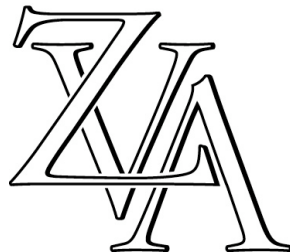
RESIDENTIAL MARKET POTENTIAL

The Community Redevelopment Area
and
Downtown Pensacola

City of Pensacola
Escambia County, Florida

August, 2008

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
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Gross Annual Household In-Migration*Escambia County, Florida***2002, 2003, 2004, 2005, 2006**

County of Origin	..... 2002 .....		..... 2003 .....		..... 2004 .....		..... 2005 .....		..... 2006	
	Number	Share	Number	Share	Number	Share	Number	Share	Number	Share
Santa Rosa	1,065	10.1%	1,220	11.8%	1,405	13.8%	1,385	13.5%	1,250	13.4%
APO/FPO/Foreign	580	5.5%	575	5.6%	450	4.4%	470	4.6%	350	3.7%
Okaloosa	215	2.0%	230	2.2%	215	2.1%	275	2.7%	255	2.7%
Baldwin, AL	210	2.0%	250	2.4%	240	2.4%	230	2.2%	240	2.6%
San Diego, CA	260	2.5%	235	2.3%	220	2.2%	200	2.0%	175	1.9%
Mobile, AL	115	1.1%	135	1.3%	100	1.0%	105	1.0%	140	1.5%
Duval	175	1.7%	210	2.0%	150	1.5%	180	1.8%	140	1.5%
Virginia Beach, VA	120	1.1%	115	1.1%	125	1.2%	105	1.0%	125	1.3%
Escambia, AL	110	1.0%	105	1.0%	100	1.0%	110	1.1%	125	1.3%
Leon	105	1.0%	95	0.9%	85	0.8%	110	1.1%	120	1.3%
Anne Arundel, MD	135	1.3%	125	1.2%	145	1.4%	145	1.4%	110	1.2%
Orange	100	0.9%	75	0.7%	60	0.6%	80	0.8%	100	1.1%
Bay	95	0.9%	85	0.8%	65	0.6%	100	1.0%	90	1.0%
Honolulu, HI	100	0.9%	75	0.7%	70	0.7%	70	0.7%	75	0.8%
Hillsborough	55	0.5%	75	0.7%	80	0.8%	85	0.8%	70	0.7%
Broward	60	0.6%	70	0.7%	70	0.7%	70	0.7%	70	0.7%
Miami Dade	70	0.7%	55	0.5%	55	0.5%	50	0.5%	70	0.7%
Harris, TX	85	0.8%	65	0.6%	55	0.5%	80	0.8%	65	0.7%
Jefferson, AL	50	0.5%	65	0.6%	60	0.6%	50	0.5%	60	0.6%
Los Angeles, CA	50	0.5%	75	0.7%	80	0.8%	60	0.6%	60	0.6%
Pinellas	70	0.7%	65	0.6%	55	0.5%	45	0.4%	55	0.6%
Norfolk, VA	70	0.7%	55	0.5%	65	0.6%	55	0.5%	45	0.5%
Maricopa, AZ	55	0.5%	40	0.4%	40	0.4%	40	0.4%	45	0.5%
Brevard	30	0.3%	40	0.4%	40	0.4%	40	0.4%	45	0.5%
Palm Beach	40	0.4%	40	0.4%	50	0.5%	45	0.4%	45	0.5%
Cook, IL	65	0.6%	55	0.5%	45	0.4%	40	0.4%	40	0.4%
Bexar, TX	45	0.4%	50	0.5%	45	0.4%	40	0.4%	40	0.4%
Harrison, MS	50	0.5%	40	0.4%	45	0.4%	120	1.2%	40	0.4%
Onslow, NC	65	0.6%	45	0.4%	65	0.6%	55	0.5%	40	0.4%
Strafford, VA	30	0.3%	25	0.2%	30	0.3%	20	0.2%	40	0.4%
Seminole	30	0.3%	25	0.2%	20	0.2%	25	0.2%	35	0.4%
Tarrant, TX	40	0.4%	35	0.3%	40	0.4%	45	0.4%	35	0.4%
Chesapeake, VA	30	0.3%	25	0.2%	45	0.4%	20	0.2%	35	0.4%
Walton	30	0.3%	35	0.3%	40	0.4%	35	0.3%	35	0.4%
Prince William, VA	40	0.4%	45	0.4%	40	0.4%	40	0.4%	35	0.4%
All Other Counties	6,115	57.9%	5,765	55.9%	5,690	55.9%	5,600	54.8%	5,055	54.0%
Total In-Migration:	10,560	100.0%	10,320	100.0%	10,185	100.0%	10,225	100.0%	9,355	100.0%

NOTE: All numbers have been rounded to the nearest five.

SOURCE: Internal Revenue Service;
Zimmerman/Volk Associates, Inc.

Gross Annual Household Out-Migration*Escambia County, Florida***2002, 2003, 2004, 2005, 2006**

Destination County	..... 2002 .....		..... 2003 .....		..... 2004 .....		..... 2005 .....		..... 2006	
	Number	Share	Number	Share	Number	Share	Number	Share	Number	Share
Santa Rosa	1,420	12.1%	1,435	12.6%	1,480	13.1%	1,265	11.4%	1,300	11.9%
APO/FPO/Foreign	940	8.0%	730	6.4%	705	6.2%	445	4.0%	465	4.3%
Okaloosa	200	1.7%	215	1.9%	225	2.0%	190	1.7%	180	1.6%
Baldwin, AL	275	2.4%	275	2.4%	330	2.9%	375	3.4%	320	2.9%
San Diego, CA	535	4.6%	485	4.3%	460	4.1%	480	4.3%	470	4.3%
Mobile, AL	110	0.9%	100	0.9%	100	0.9%	135	1.2%	110	1.0%
Duval	415	3.5%	360	3.2%	330	2.9%	295	2.7%	310	2.8%
Virginia Beach, VA	310	2.7%	270	2.4%	235	2.1%	185	1.7%	165	1.5%
Escambia, AL	110	0.9%	105	0.9%	105	0.9%	120	1.1%	120	1.1%
Leon	120	1.0%	125	1.1%	110	1.0%	135	1.2%	120	1.1%
Anne Arundel, MD	60	0.5%	55	0.5%	40	0.4%	45	0.4%	40	0.4%
Orange	95	0.8%	100	0.9%	115	1.0%	130	1.2%	115	1.1%
Bay	90	0.8%	75	0.7%	105	0.9%	85	0.8%	80	0.7%
Honolulu, HI	170	1.5%	145	1.3%	120	1.1%	105	0.9%	100	0.9%
Hillsborough	105	0.9%	95	0.8%	140	1.2%	95	0.9%	95	0.9%
Broward	65	0.6%	45	0.4%	65	0.6%	50	0.4%	45	0.4%
Miami Dade	40	0.3%	35	0.3%	50	0.4%	35	0.3%	40	0.4%
Harris, TX	65	0.6%	55	0.5%	60	0.5%	75	0.7%	95	0.9%
Jefferson, AL	65	0.6%	55	0.5%	70	0.6%	55	0.5%	65	0.6%
Los Angeles, CA	55	0.5%	40	0.4%	60	0.5%	60	0.5%	60	0.5%
Pinellas	75	0.6%	50	0.4%	60	0.5%	60	0.5%	55	0.5%
Norfolk, VA	145	1.2%	150	1.3%	110	1.0%	90	0.8%	100	0.9%
Maricopa, AZ	40	0.3%	45	0.4%	55	0.5%	60	0.5%	60	0.5%
Brevard	40	0.3%	30	0.3%	40	0.4%	40	0.4%	35	0.3%
Palm Beach	35	0.3%	40	0.4%	40	0.4%	40	0.4%	30	0.3%
Cook, IL	35	0.3%	20	0.2%	35	0.3%	25	0.2%	35	0.3%
Bexar, TX	85	0.7%	90	0.8%	100	0.9%	65	0.6%	70	0.6%
Harrison, MS	60	0.5%	55	0.5%	55	0.5%	30	0.3%	70	0.6%
Onslow, NC	155	1.3%	130	1.1%	115	1.0%	160	1.4%	175	1.6%
Strafford, VA	0	0.0%	0	0.0%	15	0.1%	15	0.1%	0	0.0%
Seminole	30	0.3%	35	0.3%	45	0.4%	40	0.4%	25	0.2%
Tarrant, TX	30	0.3%	50	0.4%	45	0.4%	50	0.4%	40	0.4%
Chesapeake, VA	40	0.3%	40	0.4%	45	0.4%	45	0.4%	30	0.3%
Walton	35	0.3%	25	0.2%	45	0.4%	45	0.4%	40	0.4%
Prince William, VA	20	0.2%	25	0.2%	20	0.2%	15	0.1%	15	0.1%
All Other Counties	5,625	48.1%	5,785	50.9%	5,565	49.3%	5,985	53.8%	5,850	53.5%
Total Out-Migration:	11,695	100.0%	11,370	100.0%	11,295	100.0%	11,125	100.0%	10,925	100.0%

NOTE: All numbers have been rounded to the nearest five.

SOURCE: Internal Revenue Service;
Zimmerman/Volk Associates, Inc.

Net Annual Household Migration*Escambia County, Florida***2002, 2003, 2004, 2005, 2006**

County	..... 2002 .....	..... 2003 .....	..... 2004 .....	..... 2005 .....	..... 2006
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Santa Rosa	-355	-215	-75	120	-50
APO/FPO/Foreign	-360	-155	-255	25	-115
Okaloosa	15	15	-10	85	75
Baldwin, AL	-65	-25	-90	-145	-80
San Diego, CA	-275	-250	-240	-280	-295
Mobile, AL	5	35	0	-30	30
Duval	-240	-150	-180	-115	-170
Virginia Beach, VA	-190	-155	-110	-80	-40
Escambia, AL	0	0	-5	-10	5
Leon	-15	-30	-25	-25	0
Anne Arundel, MD	75	70	105	100	70
Orange	5	-25	-55	-50	-15
Bay	5	10	-40	15	10
Honolulu, HI	-70	-70	-50	-35	-25
Hillsborough	-50	-20	-60	-10	-25
Broward	-5	25	5	20	25
Miami Dade	30	20	5	15	30
Harris, TX	20	10	-5	5	-30
Jefferson, AL	-15	10	-10	-5	-5
Los Angeles, CA	-5	35	20	0	0
Pinellas	-5	15	-5	-15	0
Norfolk, VA	-75	-95	-45	-35	-55
Maricopa, AZ	15	-5	-15	-20	-15
Brevard	-10	10	0	0	10
Palm Beach	5	0	10	5	15
Cook, IL	30	35	10	15	5
Bexar, TX	-40	-40	-55	-25	-30
Harrison, MS	-10	-15	-10	90	-30
Onslow, NC	-90	-85	-50	-105	-135
Strafford, VA	30	25	15	5	40
Seminole	0	-10	-25	-15	10
Tarrant, TX	10	-15	-5	-5	-5
Chesapeake, VA	-10	-15	0	-25	5
Walton	-5	10	-5	-10	-5
Prince William, VA	20	20	20	25	20
All Other Counties	490	-20	125	-385	-795
Total Net Migration:	-1,135	-1,050	-1,110	-900	-1,570

NOTE: All numbers have been rounded to the nearest five.

SOURCE: Internal Revenue Service;
Zimmerman/Volk Associates, Inc.

2008 Household Classification by Market Groups

City of Pensacola, Escambia County, Florida

Household Type/ Geographic Designation	Estimated Number	Estimated Share
Empty Nesters & Retirees	7,135	55.4%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	7,135	55.4%
<i>Metropolitan Suburbs</i>	0	0.0%
<i>Town & Country/Exurbs</i>	0	0.0%
Traditional & Non-Traditional Families	1,940	15.1%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	1,940	15.1%
<i>Metropolitan Suburbs</i>	0	0.0%
<i>Town & Country/Exurbs</i>	0	0.0%
Younger Singles & Couples	3,810	29.6%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	3,810	29.6%
<i>Metropolitan Suburbs</i>	0	0.0%
<i>Town & Country/Exurbs</i>	0	0.0%
Total:	12,885	100.0%
Total City Households:	24,170	
Classified Households As A Share Of Total City Households:	53.3%	
Estimated Median Income:	\$42,200	
Estimated National Median Income:	\$50,200	
Estimated Median Home Value:	\$160,800	
Estimated National Median Home Value:	\$178,600	

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

2008 Household Classification by Market Groups

City of Pensacola, Escambia County, Florida

	<u>Estimated Number</u>	<u>Estimated Share</u>	<u>Estimated Median Income</u>	<u>Estimated Median Home Value</u>
Empty Nesters & Retirees	7,135	55.4%		
<i>Metropolitan Cities</i>				
Urban Establishment	0	0.0%		
Cosmopolitan Couples	0	0.0%		
Multi-Ethnic Retirees	0	0.0%		
Subtotal:	0	0.0%		
<i>Small Cities/Satellite Cities</i>				
Cosmopolitan Elite	3,380	26.2%	\$99,800	\$300,200
Middle-Class Move-Downs	3,755	29.1%	\$66,000	\$163,200
Subtotal:	7,135	55.4%		
<i>Metropolitan Suburbs</i>				
Old Money	0	0.0%		
Affluent Empty Nesters	0	0.0%		
Suburban Establishment	0	0.0%		
Mainstream Retirees	0	0.0%		
Middle-American Retirees	0	0.0%		
Subtotal:	0	0.0%		
<i>Town & Country/Exurbs</i>				
Small-Town Establishment	0	0.0%		
New Empty Nesters	0	0.0%		
RV Retirees	0	0.0%		
Blue-Collar Empty Nesters	0	0.0%		
Subtotal:	0	0.0%		

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

2008 Household Classification by Market Groups

City of Pensacola, Escambia County, Florida

	<u>Estimated Number</u>	<u>Estimated Share</u>	<u>Estimated Median Income</u>	<u>Estimated Median Home Value</u>
Traditional & Non-Traditional Families	1,940	15.1%		
<i>Metropolitan Cities</i>				
Full-Nest Urbanites	0	0.0%		
Multi-Cultural Families	0	0.0%		
Subtotal:	0	0.0%		
<i>Small Cities/Satellite Cities</i>				
Unibox Transferees	1,275	9.9%	\$107,400	\$299,600
Multi-Ethnic Families	665	5.2%	\$66,000	\$164,500
Subtotal:	1,940	15.1%		
<i>Metropolitan Suburbs</i>				
The Social Register	0	0.0%		
Nouveau Money	0	0.0%		
Late-Nest Suburbanites	0	0.0%		
Full-Nest Suburbanites	0	0.0%		
Blue-Collar Button-Downs	0	0.0%		
Subtotal:	0	0.0%		
<i>Town & Country/Exurbs</i>				
Ex-Urban Elite	0	0.0%		
Full-Nest Exurbanites	0	0.0%		
New-Town Families	0	0.0%		
Small-Town Families	0	0.0%		
Subtotal:	0	0.0%		

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

2008 Household Classification by Market Groups

City of Pensacola, Escambia County, Florida

	<i>Estimated Number</i>	<i>Estimated Share</i>	<i>Estimated Median Income</i>	<i>Estimated Median Home Value</i>
Younger Single & Couples	3,810	29.6%		
<i>Metropolitan Cities</i>				
e-Types	0	0.0%		
New Bohemians	0	0.0%		
Urban Achievers	0	0.0%		
Subtotal:	0	0.0%		
<i>Small Cities/Satellite Cities</i>				
The VIPs	1,180	9.2%	\$92,600	\$299,400
Twentysomethings	1,290	10.0%	\$64,800	\$175,400
Small-City Singles	1,340	10.4%	\$51,300	\$147,600
Subtotal:	3,810	29.6%		
<i>Metropolitan Suburbs</i>				
The Entrepreneurs	0	0.0%		
Fast-Track Professionals	0	0.0%		
Upscale Suburban Couples	0	0.0%		
No-Nest Suburbanites	0	0.0%		
Suburban Achievers	0	0.0%		
Subtotal:	0	0.0%		
<i>Town & Country/Exurbs</i>				
Ex-Urban Power Couples	0	0.0%		
Cross-Training Couples	0	0.0%		
Exurban Suburbanites	0	0.0%		
Subtotal:	0	0.0%		

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

2008 Household Classification by Market Groups

Escambia County, Florida

Household Type/ Geographic Designation	Estimated Number	Estimated Share
Empty Nesters & Retirees	29,290	46.6%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	13,290	21.2%
<i>Metropolitan Suburbs</i>	3,590	5.7%
<i>Town & Country/Exurbs</i>	12,410	19.8%
Traditional & Non-Traditional Families	15,730	25.0%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	4,690	7.5%
<i>Metropolitan Suburbs</i>	2,320	3.7%
<i>Town & Country/Exurbs</i>	8,720	13.9%
Younger Singles & Couples	17,805	28.3%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	10,990	17.5%
<i>Metropolitan Suburbs</i>	3,265	5.2%
<i>Town & Country/Exurbs</i>	3,550	5.7%
Total:	62,825	100.0%
Total County Households:	118,100	
Classified Households As A Share Of Total County Households:	53.2%	
Estimated Median Income:	\$44,000	
Estimated National Median Income:	\$50,200	
Estimated Median Home Value:	\$136,600	
Estimated National Median Home Value:	\$178,600	

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

2008 Household Classification by Market Groups*Escambia County, Florida*

	<i>Estimated Number</i>	<i>Estimated Share</i>	<i>Estimated Median Income</i>	<i>Estimated Median Home Value</i>
Empty Nesters & Retirees	29,290	46.6%		
<i>Metropolitan Cities</i>				
Urban Establishment	0	0.0%		
Cosmopolitan Couples	0	0.0%		
Multi-Ethnic Retirees	0	0.0%		
Subtotal:	0	0.0%		
<i>Small Cities/Satellite Cities</i>				
Cosmopolitan Elite	4,565	7.3%	\$101,400	\$300,000
Middle-Class Move-Downs	8,725	13.9%	\$67,000	\$163,100
Subtotal:	13,290	21.2%		
<i>Metropolitan Suburbs</i>				
Old Money	360	0.6%	\$149,300	\$612,100
Affluent Empty Nesters	600	1.0%	\$93,800	\$290,200
Suburban Establishment	385	0.6%	\$93,800	\$289,500
Mainstream Retirees	545	0.9%	\$68,800	\$199,100
Middle-American Retirees	1,700	2.7%	\$64,600	\$149,900
Subtotal:	3,590	5.7%		
<i>Town & Country/Exurbs</i>				
Small-Town Establishment	3,185	5.1%	\$112,300	\$354,300
New Empty Nesters	2,885	4.6%	\$96,600	\$219,900
RV Retirees	3,455	5.5%	\$74,300	\$161,700
Blue-Collar Empty Nesters	2,885	4.6%	\$72,600	\$148,700
Subtotal:	12,410	19.8%		

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

2008 Household Classification by Market Groups

Escambia County, Florida

	<i>Estimated Number</i>	<i>Estimated Share</i>	<i>Estimated Median Income</i>	<i>Estimated Median Home Value</i>
Traditional & Non-Traditional Families	15,730	25.0%		
<i>Metropolitan Cities</i>				
Full-Nest Urbanites	0	0.0%		
Multi-Cultural Families	0	0.0%		
Subtotal:	0	0.0%		
<i>Small Cities/Satellite Cities</i>				
Unibox Transferees	1,755	2.8%	\$109,000	\$299,400
Multi-Ethnic Families	2,935	4.7%	\$67,000	\$164,400
Subtotal:	4,690	7.5%		
<i>Metropolitan Suburbs</i>				
The Social Register	95	0.2%	\$156,500	\$489,400
Nouveau Money	40	0.1%	\$138,700	\$382,900
Late-Nest Suburbanites	415	0.7%	\$97,500	\$297,400
Full-Nest Suburbanites	530	0.8%	\$94,400	\$229,200
Blue-Collar Button-Downs	1,240	2.0%	\$66,300	\$149,900
Subtotal:	2,320	3.7%		
<i>Town & Country/Exurbs</i>				
Ex-Urban Elite	175	0.3%	\$139,100	\$388,400
Full-Nest Exurbanites	2,880	4.6%	\$101,500	\$209,400
New-Town Families	4,385	7.0%	\$76,300	\$149,500
Small-Town Families	1,280	2.0%	\$75,200	\$142,900
Subtotal:	8,720	13.9%		

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

2008 Household Classification by Market Groups

Escambia County, Florida

	<i>Estimated Number</i>	<i>Estimated Share</i>	<i>Estimated Median Income</i>	<i>Estimated Median Home Value</i>
Younger Single & Couples	17,805	28.3%		
<i>Metropolitan Cities</i>				
e-Types	0	0.0%		
New Bohemians	0	0.0%		
Urban Achievers	0	0.0%		
Subtotal:	0	0.0%		
<i>Small Cities/Satellite Cities</i>				
The VIPs	1,900	3.0%	\$94,000	\$299,200
Twentysomethings	4,815	7.7%	\$65,800	\$175,300
Small-City Singles	4,275	6.8%	\$52,100	\$147,500
Subtotal:	10,990	17.5%		
<i>Metropolitan Suburbs</i>				
The Entrepreneurs	270	0.4%	\$134,200	\$452,700
Fast-Track Professionals	10	0.0%	\$96,800	\$299,200
Upscale Suburban Couples	1,015	1.6%	\$88,500	\$221,000
No-Nest Suburbanites	1,025	1.6%	\$66,300	\$149,900
Suburban Achievers	945	1.5%	\$64,200	\$188,800
Subtotal:	3,265	5.2%		
<i>Town & Country/Exurbs</i>				
Ex-Urban Power Couples	735	1.2%	\$113,600	\$301,100
Cross-Training Couples	1,855	3.0%	\$77,300	\$196,600
Exurban Suburbanites	960	1.5%	\$57,900	\$123,000
Subtotal:	3,550	5.7%		

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

Households With The Potential To Move Within The City Of Pensacola In 2008

Household Classification By Market Groups
City of Pensacola, Escambia County, Florida

<u>Household Type/ Geographic Designation</u>	<u>Estimated Number</u>	<u>Potential</u>	<u>Share of Potential</u>
Empty Nesters & Retirees	7,135	430	24.6%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	7,135	430	24.6%
<i>Metropolitan Suburbs</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>	0	0	0.0%
Traditional & Non-Traditional Families	1,940	260	14.9%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	1,940	260	14.9%
<i>Metropolitan Suburbs</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>	0	0	0.0%
Younger Singles & Couples	3,810	1,060	60.6%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	3,810	1,060	60.6%
<i>Metropolitan Suburbs</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>	0	0	0.0%
Total:	12,885	1,750	100.0%
Total City Households:	24,170		
Classified Households As A Share Of Total City Households:	53.3%		

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

Households With The Potential To Move Within The City Of Pensacola In 2008

Household Classification By Market Groups
City of Pensacola, Escambia County, Florida

	<u>Estimated Number</u>	<u>Potential</u>	<u>Share of Potential</u>
Empty Nesters & Retirees	7,135	430	24.6%
<i>Metropolitan Cities</i>			
Urban Establishment	0	0	0.0%
Cosmopolitan Couples	0	0	0.0%
Multi-Ethnic Retirees	0	0	0.0%
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<i>Small Cities/Satellite Cities</i>			
Cosmopolitan Elite	3,380	150	8.6%
Middle-Class Move-Downs	3,755	280	16.0%
<i>Subtotal:</i>	<u>7,135</u>	<u>430</u>	<u>24.6%</u>
<i>Metropolitan Suburbs</i>			
Old Money	0	0	0.0%
Affluent Empty Nesters	0	0	0.0%
Suburban Establishment	0	0	0.0%
Mainstream Retirees	0	0	0.0%
Middle-American Retirees	0	0	0.0%
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<i>Town & Country/Exurbs</i>			
Small-Town Establishment	0	0	0.0%
New Empty Nesters	0	0	0.0%
RV Retirees	0	0	0.0%
Blue-Collar Empty Nesters	0	0	0.0%
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0.0%</u>

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

Households With The Potential To Move Within The City Of Pensacola In 2008

Household Classification By Market Groups
City of Pensacola, Escambia County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Traditional & Non-Traditional Families	1,940	260	14.9%
<i>Metropolitan Cities</i>			
Full-Nest Urbanites	0	0	0.0%
Multi-Cultural Families	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>			
Unibox Transferees	1,275	130	7.4%
Multi-Ethnic Families	665	130	7.4%
<i>Subtotal:</i>	1,940	260	14.9%
<i>Metropolitan Suburbs</i>			
The Social Register	0	0	0.0%
Nouveau Money	0	0	0.0%
Late-Nest Suburbanites	0	0	0.0%
Full-Nest Suburbanites	0	0	0.0%
Blue-Collar Button-Downs	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>			
Ex-Urban Elite	0	0	0.0%
Full-Nest Exurbanites	0	0	0.0%
New-Town Families	0	0	0.0%
Small-Town Families	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%

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

Households With The Potential To Move Within The City Of Pensacola In 2008

Household Classification By Market Groups
City of Pensacola, Escambia County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Younger Singles & Couples	3,810	1,060	60.6%
<i>Metropolitan Cities</i>			
e-Types	0	0	0.0%
New Bohemians	0	0	0.0%
Urban Achievers	0	0	0.0%
Subtotal:	0	0	0.0%
<i>Small Cities/Satellite Cities</i>			
The VIPs	1,180	210	12.0%
Twentysomethings	1,290	420	24.0%
Small-City Singles	1,340	430	24.6%
Subtotal:	3,810	1,060	60.6%
<i>Metropolitan Suburbs</i>			
The Entrepreneurs	0	0	0.0%
Fast-Track Professionals	0	0	0.0%
Upscale Suburban Couples	0	0	0.0%
No-Nest Suburbanites	0	0	0.0%
Suburban Achievers	0	0	0.0%
Subtotal:	0	0	0.0%
<i>Town & Country/Exurbs</i>			
Ex-Urban Power Couples	0	0	0.0%
Cross-Training Couples	0	0	0.0%
Exurban Suburbanites	0	0	0.0%
Subtotal:	0	0	0.0%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups

Balance of Escambia County, Florida

<u>Household Type/ Geographic Designation</u>	<u>Estimated Number</u>	<u>Potential</u>	<u>Share of Potential</u>
Empty Nesters & Retirees	22,155	290	22.3%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	6,155	80	6.2%
<i>Metropolitan Suburbs</i>	3,590	20	1.5%
<i>Town & Country/Exurbs</i>	12,410	190	14.6%
Traditional & Non-Traditional Families	13,790	340	26.2%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	2,750	100	7.7%
<i>Metropolitan Suburbs</i>	2,320	70	5.4%
<i>Town & Country/Exurbs</i>	8,720	170	13.1%
Younger Singles & Couples	13,995	670	51.5%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	7,180	450	34.6%
<i>Metropolitan Suburbs</i>	3,265	130	10.0%
<i>Town & Country/Exurbs</i>	3,550	90	6.9%
Total:	49,940	1,300	100.0%
Total County Households: {Balance of County}	93,930		
Classified Households As A Share Of Total County Households: {Balance of County}	53.2%		

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Balance of Escambia County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Empty Nesters & Retirees	22,155	290	22.3%
<i>Metropolitan Cities</i>			
Urban Establishment	0	0	0.0%
Cosmopolitan Couples	0	0	0.0%
Multi-Ethnic Retirees	0	0	0.0%
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<i>Small Cities/Satellite Cities</i>			
Cosmopolitan Elite	1,185	10	0.8%
Middle-Class Move-Downs	4,970	70	5.4%
<i>Subtotal:</i>	<u>6,155</u>	<u>80</u>	<u>6.2%</u>
<i>Metropolitan Suburbs</i>			
Old Money	360	0	0.0%
Affluent Empty Nesters	600	0	0.0%
Suburban Establishment	385	0	0.0%
Mainstream Retirees	545	0	0.0%
Middle-American Retirees	1,700	20	1.5%
<i>Subtotal:</i>	<u>3,590</u>	<u>20</u>	<u>1.5%</u>
<i>Town & Country/Exurbs</i>			
Small-Town Establishment	3,185	20	1.5%
New Empty Nesters	2,885	60	4.6%
RV Retirees	3,455	30	2.3%
Blue-Collar Empty Nesters	2,885	80	6.2%
<i>Subtotal:</i>	<u>12,410</u>	<u>190</u>	<u>14.6%</u>

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Balance of Escambia County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Traditional & Non-Traditional Families	13,790	340	26.2%
<i>Metropolitan Cities</i>			
Full-Nest Urbanites	0	0	0.0%
Multi-Cultural Families	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>			
Unibox Transferees	480	10	0.8%
Multi-Ethnic Families	2,270	90	6.9%
<i>Subtotal:</i>	2,750	100	7.7%
<i>Metropolitan Suburbs</i>			
The Social Register	95	0	0.0%
Nouveau Money	40	0	0.0%
Late-Nest Suburbanites	415	10	0.8%
Full-Nest Suburbanites	530	10	0.8%
Blue-Collar Button-Downs	1,240	50	3.8%
<i>Subtotal:</i>	2,320	70	5.4%
<i>Town & Country/Exurbs</i>			
Ex-Urban Elite	175	0	0.0%
Full-Nest Exurbanites	2,880	50	3.8%
New-Town Families	4,385	100	7.7%
Small-Town Families	1,280	20	1.5%
<i>Subtotal:</i>	8,720	170	13.1%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Balance of Escambia County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Younger Singles & Couples	13,995	670	51.5%
<i>Metropolitan Cities</i>			
e-Types	0	0	0.0%
New Bohemians	0	0	0.0%
Urban Achievers	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>			
The VIPs	720	30	2.3%
Twentysomethings	3,525	230	17.7%
Small-City Singles	2,935	190	14.6%
<i>Subtotal:</i>	7,180	450	34.6%
<i>Metropolitan Suburbs</i>			
The Entrepreneurs	270	10	0.8%
Fast-Track Professionals	10	0	0.0%
Upscale Suburban Couples	1,015	30	2.3%
No-Nest Suburbanites	1,025	20	1.5%
Suburban Achievers	945	70	5.4%
<i>Subtotal:</i>	3,265	130	10.0%
<i>Town & Country/Exurbs</i>			
Ex-Urban Power Couples	735	20	1.5%
Cross-Training Couples	1,855	50	3.8%
Exurban Suburbanites	960	20	1.5%
<i>Subtotal:</i>	3,550	90	6.9%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Santa Rosa County, Florida

<u>Household Type/ Geographic Designation</u>	<u>Estimated Number</u>	<u>Potential</u>	<u>Share of Potential</u>
Empty Nesters & Retirees	13,470	100	28.6%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	4,200	20	5.7%
<i>Metropolitan Suburbs</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>	9,270	80	22.9%
Traditional & Non-Traditional Families	12,150	140	40.0%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	1,985	30	8.6%
<i>Metropolitan Suburbs</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>	10,165	110	31.4%
Younger Singles & Couples	6,845	110	31.4%
<i>Metropolitan Cities</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>	1,870	40	11.4%
<i>Metropolitan Suburbs</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>	4,975	70	20.0%
Total:	32,465	350	100.0%
Total County Households:	54,445		
Classified Households As A Share Of Total County Households:	59.6%		

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Santa Rosa County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Empty Nesters & Retirees	13,470	100	28.6%
<i>Metropolitan Cities</i>			
Urban Establishment	0	0	0.0%
Cosmopolitan Couples	0	0	0.0%
Multi-Ethnic Retirees	0	0	0.0%
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<i>Small Cities/Satellite Cities</i>			
Cosmopolitan Elite	2,465	10	2.9%
Middle-Class Move-Downs	1,735	10	2.9%
<i>Subtotal:</i>	<u>4,200</u>	<u>20</u>	<u>5.7%</u>
<i>Metropolitan Suburbs</i>			
Old Money	0	0	0.0%
Affluent Empty Nesters	0	0	0.0%
Suburban Establishment	0	0	0.0%
Mainstream Retirees	0	0	0.0%
Middle-American Retirees	0	0	0.0%
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0.0%</u>
<i>Town & Country/Exurbs</i>			
Small-Town Establishment	1,725	10	2.9%
New Empty Nesters	2,835	30	8.6%
RV Retirees	2,290	10	2.9%
Blue-Collar Empty Nesters	2,420	30	8.6%
<i>Subtotal:</i>	<u>9,270</u>	<u>80</u>	<u>22.9%</u>

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Santa Rosa County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Traditional & Non-Traditional Families	12,150	140	40.0%
<i>Metropolitan Cities</i>			
Full-Nest Urbanites	0	0	0.0%
Multi-Cultural Families	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%
<i>Small Cities/Satellite Cities</i>			
Unibox Transferees	1,425	20	5.7%
Multi-Ethnic Families	560	10	2.9%
<i>Subtotal:</i>	1,985	30	8.6%
<i>Metropolitan Suburbs</i>			
The Social Register	0	0	0.0%
Nouveau Money	0	0	0.0%
Late-Nest Suburbanites	0	0	0.0%
Full-Nest Suburbanites	0	0	0.0%
Blue-Collar Button-Downs	0	0	0.0%
<i>Subtotal:</i>	0	0	0.0%
<i>Town & Country/Exurbs</i>			
Ex-Urban Elite	655	10	2.9%
Full-Nest Exurbanites	3,420	30	8.6%
New-Town Families	4,865	60	17.1%
Small-Town Families	1,225	10	2.9%
<i>Subtotal:</i>	10,165	110	31.4%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
Santa Rosa County, Florida

	<i>Estimated Number</i>	<i>Potential</i>	<i>Share of Potential</i>
Younger Singles & Couples	6,845	110	31.4%
<i>Metropolitan Cities</i>			
e-Types	0	0	0.0%
New Bohemians	0	0	0.0%
Urban Achievers	0	0	0.0%
Subtotal:	0	0	0.0%
<i>Small Cities/Satellite Cities</i>			
The VIPs	1,455	30	8.6%
Twentysomethings	385	10	2.9%
Small-City Singles	30	0	0.0%
Subtotal:	1,870	40	11.4%
<i>Metropolitan Suburbs</i>			
The Entrepreneurs	0	0	0.0%
Fast-Track Professionals	0	0	0.0%
Upscale Suburban Couples	0	0	0.0%
No-Nest Suburbanites	0	0	0.0%
Suburban Achievers	0	0	0.0%
Subtotal:	0	0	0.0%
<i>Town & Country/Exurbs</i>			
Ex-Urban Power Couples	215	0	0.0%
Cross-Training Couples	2,365	40	11.4%
Exurban Suburbanites	2,395	30	8.6%
Subtotal:	4,975	70	20.0%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
All Other U.S. Counties

Household Type/ Geographic Designation	<i>Potential</i>	<i>Share of Potential</i>
Empty Nesters & Retirees	370	17.6%
<i>Metropolitan Cities</i>	10	0.5%
<i>Small Cities/Satellite Cities</i>	60	2.9%
<i>Metropolitan Suburbs</i>	80	3.8%
<i>Town & Country/Exurbs</i>	220	10.5%
Traditional & Non-Traditional Families	570	27.1%
<i>Metropolitan Cities</i>	0	0.0%
<i>Small Cities/Satellite Cities</i>	120	5.7%
<i>Metropolitan Suburbs</i>	230	11.0%
<i>Town & Country/Exurbs</i>	220	10.5%
Younger Singles & Couples	1,160	55.2%
<i>Metropolitan Cities</i>	210	10.0%
<i>Small Cities/Satellite Cities</i>	330	15.7%
<i>Metropolitan Suburbs</i>	440	21.0%
<i>Town & Country/Exurbs</i>	180	8.6%
Total:	2,100	100.0%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
All Other U.S. Counties

	<u>Potential</u>	<u>Share of Potential</u>
Empty Nesters & Retirees	370	17.6%
<i>Metropolitan Cities</i>		
Urban Establishment	0	0.0%
Cosmopolitan Couples	10	0.5%
Multi-Ethnic Retirees	0	0.0%
<i>Subtotal:</i>	<u>10</u>	<u>0.5%</u>
<i>Small Cities/Satellite Cities</i>		
Cosmopolitan Elite	20	1.0%
Middle-Class Move-Downs	40	1.9%
<i>Subtotal:</i>	<u>60</u>	<u>2.9%</u>
<i>Metropolitan Suburbs</i>		
Old Money	20	1.0%
Affluent Empty Nesters	10	0.5%
Suburban Establishment	20	1.0%
Mainstream Retirees	10	0.5%
Middle-American Retirees	20	1.0%
<i>Subtotal:</i>	<u>80</u>	<u>3.8%</u>
<i>Town & Country/Exurbs</i>		
Small-Town Establishment	30	1.4%
New Empty Nesters	50	2.4%
RV Retirees	40	1.9%
Blue-Collar Empty Nesters	100	4.8%
<i>Subtotal:</i>	<u>220</u>	<u>10.5%</u>

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
All Other U.S. Counties

	<u>Potential</u>	<u>Share of Potential</u>
Traditional & Non-Traditional Families	570	27.1%
<i>Metropolitan Cities</i>		
Full-Nest Urbanites	0	0.0%
Multi-Cultural Families	0	0.0%
Subtotal:	0	0.0%
<i>Small Cities/Satellite Cities</i>		
Unibox Transferees	50	2.4%
Multi-Ethnic Families	70	3.3%
Subtotal:	120	5.7%
<i>Metropolitan Suburbs</i>		
The Social Register	10	0.5%
Nouveau Money	40	1.9%
Late-Nest Suburbanites	30	1.4%
Full-Nest Suburbanites	70	3.3%
Blue-Collar Button-Downs	80	3.8%
Subtotal:	230	11.0%
<i>Town & Country/Exurbs</i>		
Ex-Urban Elite	60	2.9%
Full-Nest Exurbanites	40	1.9%
New-Town Families	70	3.3%
Small-Town Families	50	2.4%
Subtotal:	220	10.5%

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

Households With The Potential To Move To The City Of Pensacola In 2008

Household Classification By Market Groups
All Other U.S. Counties

	<u>Potential</u>	<u>Share of Potential</u>
Younger Singles & Couples	1,160	55.2%
<i>Metropolitan Cities</i>		
e-Types	80	3.8%
New Bohemians	130	6.2%
Urban Achievers	0	0.0%
<i>Subtotal:</i>	<u>210</u>	<u>10.0%</u>
<i>Small Cities/Satellite Cities</i>		
The VIPs	80	3.8%
Twentysomethings	120	5.7%
Small-City Singles	130	6.2%
<i>Subtotal:</i>	<u>330</u>	<u>15.7%</u>
<i>Metropolitan Suburbs</i>		
The Entrepreneurs	70	3.3%
Fast-Track Professionals	60	2.9%
Upscale Suburban Couples	90	4.3%
No-Nest Suburbanites	40	1.9%
Suburban Achievers	180	8.6%
<i>Subtotal:</i>	<u>440</u>	<u>21.0%</u>
<i>Town & Country/Exurbs</i>		
Ex-Urban Power Couples	70	3.3%
Cross-Training Couples	60	2.9%
Exurban Suburbanites	50	2.4%
<i>Subtotal:</i>	<u>180</u>	<u>8.6%</u>

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

Households With The Potential To Move Within/To The City of Pensacola In 2008

Summary: Appendix One, Tables 4 Through 7

City of Pensacola; Balance of Escambia County; Santa Rosa County, Florida; All Other U.S. Counties

<u>Household Type/ Geographic Designation</u>	<u>City of Pensacola</u>	<u>Balance of Escambia</u>	<u>Santa Rosa County</u>	<u>All Other US Counties</u>	<u>Total</u>
Empty Nesters & Retirees	430	290	100	370	1,190
<i>Metropolitan Cities</i>	0	0	0	10	10
<i>Small Cities/Satellite Cities</i>	430	80	20	60	590
<i>Metropolitan Suburbs</i>	0	20	0	80	100
<i>Town & Country/Exurbs</i>	0	190	80	220	490
Traditional & Non-Traditional Families	260	340	140	570	1,310
<i>Metropolitan Cities</i>	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	260	100	30	120	510
<i>Metropolitan Suburbs</i>	0	70	0	230	300
<i>Town & Country/Exurbs</i>	0	170	110	220	500
Younger Singles & Couples	1,060	670	110	1,160	3,000
<i>Metropolitan Cities</i>	0	0	0	210	210
<i>Small Cities/Satellite Cities</i>	1,060	450	40	330	1,880
<i>Metropolitan Suburbs</i>	0	130	0	440	570
<i>Town & Country/Exurbs</i>	0	90	70	180	340
Total:	1,750	1,300	350	2,100	5,500
Percent:	31.8%	23.6%	6.4%	38.2%	100.0%

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

Households With The Potential To Move Within/To The City of Pensacola In 2008

Summary: Appendix One, Tables 4 Through 7

City of Pensacola; Balance of Escambia County; Santa Rosa County, Florida; All Other U.S. Counties

	<i>City of Pensacola</i>	<i>Balance of Escambia</i>	<i>Santa Rosa County</i>	<i>All Other US Counties</i>	<i>Total</i>
Empty Nesters & Retirees	430	290	100	370	1,190
<i>Metropolitan Cities</i>					
Urban Establishment	0	0	0	0	0
Cosmopolitan Couples	0	0	0	10	10
Multi-Ethnic Retirees	0	0	0	0	0
<i>Subtotal:</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>10</u>
<i>Small Cities/Satellite Cities</i>					
Cosmopolitan Elite	150	10	10	20	190
Middle-Class Move-Downs	280	70	10	40	400
<i>Subtotal:</i>	<u>430</u>	<u>80</u>	<u>20</u>	<u>60</u>	<u>590</u>
<i>Metropolitan Suburbs</i>					
Old Money	0	0	0	20	20
Affluent Empty Nesters	0	0	0	10	10
Suburban Establishment	0	0	0	20	20
Mainstream Retirees	0	0	0	10	10
Middle-American Retirees	0	20	0	20	40
<i>Subtotal:</i>	<u>0</u>	<u>20</u>	<u>0</u>	<u>80</u>	<u>100</u>
<i>Town & Country/Exurbs</i>					
Small-Town Establishment	0	20	10	30	60
New Empty Nesters	0	60	30	50	140
RV Retirees	0	30	10	40	80
Blue-Collar Empty Nesters	0	80	30	100	210
<i>Subtotal:</i>	<u>0</u>	<u>190</u>	<u>80</u>	<u>220</u>	<u>490</u>

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

Households With The Potential To Move Within/To The City of Pensacola In 2008

Summary: Appendix One, Tables 4 Through 7

City of Pensacola; Balance of Escambia County; Santa Rosa County, Florida; All Other U.S. Counties

	<u>City of Pensacola</u>	<u>Balance of Escambia</u>	<u>Santa Rosa County</u>	<u>All Other US Counties</u>	<u>Total</u>
Traditional & Non-Traditional Families	260	340	140	570	1,310
<i>Metropolitan Cities</i>					
Full-Nest Urbanites	0	0	0	0	0
Multi-Cultural Families	0	0	0	0	0
Subtotal:	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>					
Unibox Transferees	130	10	20	50	210
Multi-Ethnic Families	130	90	10	70	300
Subtotal:	260	100	30	120	510
<i>Metropolitan Suburbs</i>					
The Social Register	0	0	0	10	10
Nouveau Money	0	0	0	40	40
Late-Nest Suburbanites	0	10	0	30	40
Full-Nest Suburbanites	0	10	0	70	80
Blue-Collar Button-Downs	0	50	0	80	130
Subtotal:	0	70	0	230	300
<i>Town & Country/Exurbs</i>					
Ex-Urban Elite	0	0	10	60	70
Full-Nest Exurbanites	0	50	30	40	120
New-Town Families	0	100	60	70	230
Small-Town Families	0	20	10	50	80
Subtotal:	0	170	110	220	500

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

Households With The Potential To Move Within/To The City of Pensacola In 2008

Summary: Appendix One, Tables 4 Through 7

City of Pensacola; Balance of Escambia County; Santa Rosa County, Florida; All Other U.S. Counties

	<i>City of Pensacola</i>	<i>Balance of Escambia</i>	<i>Santa Rosa County</i>	<i>All Other US Counties</i>	<i>Total</i>
Younger Singles & Couples	1,060	670	110	1,160	3,000
<i>Metropolitan Cities</i>					
e-Types	0	0	0	80	80
New Bohemians	0	0	0	130	130
Urban Achievers	0	0	0	0	0
Subtotal:	0	0	0	210	210
<i>Small Cities/Satellite Cities</i>					
The VIPs	210	30	30	80	350
Twentysomethings	420	230	10	120	780
Small-City Singles	430	190	0	130	750
Subtotal:	1,060	450	40	330	1,880
<i>Metropolitan Suburbs</i>					
The Entrepreneurs	0	10	0	70	80
Fast-Track Professionals	0	0	0	60	60
Upscale Suburban Couples	0	30	0	90	120
No-Nest Suburbanites	0	20	0	40	60
Suburban Achievers	0	70	0	180	250
Subtotal:	0	130	0	440	570
<i>Town & Country/Exurbs</i>					
Ex-Urban Power Couples	0	20	0	70	90
Cross-Training Couples	0	50	40	60	150
Exurban Suburbanites	0	20	30	50	100
Subtotal:	0	90	70	180	340

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

**Households With The Potential
To Move To The Community Redevelopment Area/Downtown Pensacola In 2008**

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

<u>Household Type/ Geographic Designation</u>	<u>City of Pensacola</u>	<u>Balance of Escambia</u>	<u>Santa Rosa County</u>	<u>All Other US Counties</u>	<u>Total</u>
Empty Nesters & Retirees	430	180	60	200	870
<i>Metropolitan Cities</i>	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	430	80	20	60	590
<i>Metropolitan Suburbs</i>	0	20	0	60	80
<i>Town & Country/Exurbs</i>	0	80	40	80	200
Traditional & Non-Traditional Families	140	210	90	310	750
<i>Metropolitan Cities</i>	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	140	60	20	70	290
<i>Metropolitan Suburbs</i>	0	50	0	120	170
<i>Town & Country/Exurbs</i>	0	100	70	120	290
Younger Singles & Couples	370	240	30	530	1,170
<i>Metropolitan Cities</i>	0	0	0	100	100
<i>Small Cities/Satellite Cities</i>	370	160	10	150	690
<i>Metropolitan Suburbs</i>	0	40	0	200	240
<i>Town & Country/Exurbs</i>	0	40	20	80	140
Total:	940	630	180	1,040	2,790
Percent:	33.7%	22.5%	6.5%	37.3%	100.0%

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

**Households With The Potential
To Move To The Community Redevelopment Area/Downtown Pensacola In 2008**

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

	<i>City of Pensacola</i>	<i>Balance of Escambia</i>	<i>Santa Rosa County</i>	<i>All Other US Counties</i>	<i>Total</i>
Empty Nesters & Retirees	430	180	60	200	870
<i>Small Cities/Satellite Cities</i>					
Cosmopolitan Elite	150	10	10	20	190
Middle-Class Move-Downs	280	70	10	40	400
<i>Subtotal:</i>	430	80	20	60	590
<i>Metropolitan Suburbs</i>					
Affluent Empty Nesters	0	0	0	10	10
Suburban Establishment	0	0	0	20	20
Mainstream Retirees	0	0	0	10	10
Middle-American Retirees	0	20	0	20	40
<i>Subtotal:</i>	0	20	0	60	80
<i>Town & Country/Exurbs</i>					
Small-Town Establishment	0	20	10	30	60
New Empty Nesters	0	60	30	50	140
<i>Subtotal:</i>	0	80	40	80	200

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

**Households With The Potential
To Move To The Community Redevelopment Area/Downtown Pensacola In 2008**

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

	<i>City of Pensacola</i>	<i>Balance of Escambia</i>	<i>Santa Rosa County</i>	<i>All Other US Counties</i>	<i>Total</i>
Traditional & Non-Traditional Families	140	210	90	310	750
<i>Small Cities/Satellite Cities</i>					
Unibox Transferees	70	10	10	30	120
Multi-Ethnic Families	70	50	10	40	170
<i>Subtotal:</i>	140	60	20	70	290
<i>Metropolitan Suburbs</i>					
Nouveau Money	0	0	0	20	20
Late-Nest Suburbanites	0	10	0	20	30
Full-Nest Suburbanites	0	10	0	40	50
Blue-Collar Button-Downs	0	30	0	40	70
<i>Subtotal:</i>	0	50	0	120	170
<i>Town & Country/Exurbs</i>					
Ex-Urban Elite	0	0	10	30	40
Full-Nest Exurbanites	0	30	20	20	70
New-Town Families	0	60	30	40	130
Small-Town Families	0	10	10	30	50
<i>Subtotal:</i>	0	100	70	120	290

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

**Households With The Potential
To Move To The Community Redevelopment Area/Downtown Pensacola In 2008**

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

	<i>City of Pensacola</i>	<i>Balance of Escambia</i>	<i>Santa Rosa County</i>	<i>All Other US Counties</i>	<i>Total</i>
Younger Singles & Couples	370	240	30	530	1,170
<i>Metropolitan Cities</i>					
e-Types	0	0	0	40	40
New Bohemians	0	0	0	60	60
Subtotal:	0	0	0	100	100
<i>Small Cities/Satellite Cities</i>					
The VIPs	70	10	10	40	130
Twentysomethings	150	80	0	50	280
Small-City Singles	150	70	0	60	280
Subtotal:	370	160	10	150	690
<i>Metropolitan Suburbs</i>					
The Entrepreneurs	0	0	0	30	30
Fast-Track Professionals	0	0	0	30	30
Upscale Suburban Couples	0	10	0	40	50
No-Nest Suburbanites	0	10	0	20	30
Suburban Achievers	0	20	0	80	100
Subtotal:	0	40	0	200	240
<i>Town & Country/Exurbs</i>					
Ex-Urban Power Couples	0	10	0	30	40
Cross-Training Couples	0	20	10	30	60
Exurban Suburbanites	0	10	10	20	40
Subtotal:	0	40	20	80	140

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

Tenure (Renter/Buyer) Profile

Households With The Potential

To Move To The Community Redevelopment Area/Downtown Pensacola In 2008
City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Household Type/ Geographic Designation	.. Rental ..	..... Ownership				Total
	<i>Above Median</i>	<i>Entry- Level</i>	<i>First-Time Move-Up</i>	<i>Move-Up/ Lateral</i>	<i>Move- Down</i>	
Empty Nesters & Retirees	150	0	70	320	330	870
<i>Metropolitan Cities</i>	0	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	120	0	50	200	220	590
<i>Metropolitan Suburbs</i>	10	0	0	30	40	80
<i>Town & Country/Exurbs</i>	20	0	20	90	70	200
Traditional & Non-Traditional Families	160	90	280	100	120	750
<i>Metropolitan Cities</i>	0	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	80	30	100	40	40	290
<i>Metropolitan Suburbs</i>	30	20	60	30	30	170
<i>Town & Country/Exurbs</i>	50	40	120	30	50	290
Younger Singles & Couples	440	160	230	290	50	1,170
<i>Metropolitan Cities</i>	50	20	20	10	0	100
<i>Small Cities/Satellite Cities</i>	280	90	130	180	10	690
<i>Metropolitan Suburbs</i>	80	20	50	70	20	240
<i>Town & Country/Exurbs</i>	30	30	30	30	20	140
Total:	750	250	580	710	500	2,790
Percent:	26.9%	9.0%	20.8%	25.4%	17.9%	100.0%

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

Tenure (Renter/Buyer) Profile

Households With The Potential

To Move To The Community Redevelopment Area/Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Empty Nesters & Retirees	.. Rental ..	..... Ownership				Total
	Above Median	Entry- Level	First-Time Move-Up	Move-Up/ Lateral	Move- Down	
<i>Small Cities/Satellite Cities</i>						
Cosmopolitan Elite	10	0	10	80	90	190
Middle-Class Move-Downs	110	0	40	120	130	400
Subtotal:	120	0	50	200	220	590
<i>Metropolitan Suburbs</i>						
Affluent Empty Nesters	0	0	0	0	10	10
Suburban Establishment	0	0	0	10	10	20
Mainstream Retirees	0	0	0	0	10	10
Middle-American Retirees	10	0	0	20	10	40
Subtotal:	10	0	0	30	40	80
<i>Town & Country/Exurbs</i>						
Small-Town Establishment	0	0	0	30	30	60
New Empty Nesters	20	0	20	60	40	140
Subtotal:	20	0	20	90	70	200
Total:	150	0	70	320	330	870
Percent:	17.2%	0.0%	8.0%	36.8%	37.9%	100.0%

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

Tenure (Renter/Buyer) Profile

Households With The Potential

To Move To The Community Redevelopment Area/Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Traditional & Non-Traditional Families	.. Rental ..	..... Ownership				Total
	Above Median	Entry- Level	First-Time Move-Up	Move-Up/ Lateral	Move- Down	
<i>Small Cities/Satellite Cities</i>						
Unibox Transferees	20	10	50	20	20	120
Multi-Ethnic Families	60	20	50	20	20	170
Subtotal:	80	30	100	40	40	290
<i>Metropolitan Suburbs</i>						
Nouveau Money	0	0	10	10	0	20
Late-Nest Suburbanites	0	0	10	10	10	30
Full-Nest Suburbanites	10	10	20	0	10	50
Blue-Collar Button-Downs	20	10	20	10	10	70
Subtotal:	30	20	60	30	30	170
<i>Town & Country/Exurbs</i>						
Exurban Elite	0	0	20	10	10	40
Full-Nest Exurbanites	10	10	30	10	10	70
New-Town Families	30	20	50	10	20	130
Small-Town Families	10	10	20	0	10	50
Subtotal:	50	40	120	30	50	290
Total:	160	90	280	100	120	750
Percent:	21.3%	12.0%	37.3%	13.3%	16.0%	100.0%

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

Tenure (Renter/Buyer) Profile

Households With The Potential

To Move To The Community Redevelopment Area/Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Younger Singles & Couples	.. Rental ..	..... Ownership				Total
	Above Median	Entry- Level	First-Time Move-Up	Move-Up/ Lateral	Move- Down	
Metropolitan Cities						
e-Types	20	10	10	0	0	40
New Bohemians	30	10	10	10	0	60
Subtotal:	50	20	20	10	0	100
Small Cities/Satellite Cities						
The VIPs	20	20	40	40	10	130
Twentysomethings	120	40	50	70	0	280
Small-City Singles	140	30	40	70	0	280
Subtotal:	280	90	130	180	10	690
Metropolitan Suburbs						
The Entrepreneurs	0	0	10	10	10	30
Fast-Track Professionals	10	0	10	10	0	30
Upscale Suburban Couples	20	10	10	10	0	50
No-Nest Suburbanites	20	0	0	10	0	30
Suburban Achievers	30	10	20	30	10	100
Subtotal:	80	20	50	70	20	240
Town & Country/Exurbs						
Ex-Urban Power Couples	0	10	10	10	10	40
Cross-Training Couples	20	10	10	10	10	60
Exurban Suburbanites	10	10	10	10	0	40
Subtotal:	30	30	30	30	20	140
Total:	440	160	230	290	50	1,170
Percent:	37.6%	13.7%	19.7%	24.8%	4.3%	100.0%

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

New Unit Purchase Propensity By Housing Type

Households With The Potential

To Move To The Community Redevelopment Area/ Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Household Type/ Geographic Designation	Multi- .. Family ..	Single- Family				Total
	<i>All Ranges</i>	.. Attached .. <i>All Ranges</i>	..... Detached	<i>Low-Range</i>	<i>Mid-Range</i>	<i>High-Range</i>
Empty Nesters & Retirees	200	140	160	130	90	720
<i>Metropolitan Cities</i>	0	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	140	90	110	80	50	470
<i>Metropolitan Suburbs</i>	40	20	10	0	0	70
<i>Town & Country/Exurbs</i>	20	30	40	50	40	180
Traditional & Non-Traditional Families	40	70	170	190	120	590
<i>Metropolitan Cities</i>	0	0	0	0	0	0
<i>Small Cities/Satellite Cities</i>	20	20	60	70	40	210
<i>Metropolitan Suburbs</i>	10	20	40	40	30	140
<i>Town & Country/Exurbs</i>	10	30	70	80	50	240
Younger Singles & Couples	260	200	130	110	30	730
<i>Metropolitan Cities</i>	30	20	0	0	0	50
<i>Small Cities/Satellite Cities</i>	160	100	80	60	10	410
<i>Metropolitan Suburbs</i>	60	50	20	20	10	160
<i>Town & Country/Exurbs</i>	10	30	30	30	10	110
Total:	500	410	460	430	240	2,040
Percent:	24.5%	20.1%	22.5%	21.1%	11.8%	100.0%

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

New Unit Purchase Propensity By Housing Type

Households With The Potential

To Move To The Community Redevelopment Area/ Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Empty Nesters & Retirees	Multi- .. Family ..	Single- Family				Total
	All Ranges	.. Attached ..	..... Detached			
		All Ranges	Low-Range	Mid-Range	High-Range	
<i>Small Cities/Satellite Cities</i>						
Cosmopolitan Elite	60	30	30	30	30	180
Middle-Class Move-Downs	80	60	80	50	20	290
Subtotal:	140	90	110	80	50	470
<i>Metropolitan Suburbs</i>						
Affluent Empty Nesters	10	0	0	0	0	10
Suburban Establishment	10	10	0	0	0	20
Mainstream Retirees	10	0	0	0	0	10
Middle-American Retirees	10	10	10	0	0	30
Subtotal:	40	20	10	0	0	70
<i>Town & Country/Exurbs</i>						
Small-Town Establishment	10	10	10	10	20	60
New Empty Nesters	10	20	30	40	20	120
Subtotal:	20	30	40	50	40	180
Total:	200	140	160	130	90	720
Percent:	27.8%	19.4%	22.2%	18.1%	12.5%	100.0%

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

New Unit Purchase Propensity By Housing Type

Households With The Potential

To Move To The Community Redevelopment Area/ Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

Traditional & Non-Traditional Families	Multi- .. Family ..	Single- Family				Total
		.. Attached ..	..... Detached			
	<i>All Ranges</i>	<i>All Ranges</i>	<i>Low-Range</i>	<i>Mid-Range</i>	<i>High-Range</i>	
<i>Small Cities/Satellite Cities</i>						
Unibox Transferees	0	10	20	40	30	100
Multi-Ethnic Families	20	10	40	30	10	110
Subtotal:	20	20	60	70	40	210
<i>Metropolitan Suburbs</i>						
Nouveau Money	0	0	0	10	10	20
Late-Nest Suburbanites	0	0	10	10	10	30
Full-Nest Suburbanites	0	10	10	10	10	40
Blue-Collar Button-Downs	10	10	20	10	0	50
Subtotal:	10	20	40	40	30	140
<i>Town & Country/Exurbs</i>						
Ex-Urban Elite	0	0	10	10	20	40
Full-Nest Exurbanites	0	0	10	30	20	60
New-Town Families	10	20	30	30	10	100
Small-Town Families	0	10	20	10	0	40
Subtotal:	10	30	70	80	50	240
Total:	40	70	170	190	120	590
Percent:	6.8%	11.9%	28.8%	32.2%	20.3%	100.0%

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

New Unit Purchase Propensity By Housing Type

Households With The Potential

To Move To The Community Redevelopment Area/ Downtown Pensacola In 2008

City of Pensacola; Balance of Escambia County; Santa Rosa County; All Other U.S. Counties

	Multi- .. Family ..	Single- Family				
Younger Singles & Couples		.. Attached ..	..... Detached			
	<u>All Ranges</u>	<u>All Ranges</u>	<u>Low-Range</u>	<u>Mid-Range</u>	<u>High-Range</u>	<u>Total</u>
<i>Metropolitan Cities</i>						
e-Types	10	10	0	0	0	20
New Bohemians	20	10	0	0	0	30
Subtotal:	30	20	0	0	0	50
<i>Small Cities/Satellite Cities</i>						
The VIPs	30	30	20	20	10	110
Twentysomethings	70	40	20	30	0	160
Small-City Singles	60	30	40	10	0	140
Subtotal:	160	100	80	60	10	410
<i>Metropolitan Suburbs</i>						
The Entrepreneurs	0	10	0	10	10	30
Fast-Track Professionals	10	10	0	0	0	20
Upscale Suburban Couples	10	10	10	0	0	30
No-Nest Suburbanites	0	10	0	0	0	10
Suburban Achievers	40	10	10	10	0	70
Subtotal:	60	50	20	20	10	160
<i>Town & Country/Exurbs</i>						
Ex-Urban Power Couples	0	10	10	10	10	40
Cross-Training Couples	10	10	10	10	0	40
Exurban Suburbanites	0	10	10	10	0	30
Subtotal:	10	30	30	30	10	110
Total:	260	200	130	110	30	730
Percent:	35.6%	27.4%	17.8%	15.1%	4.1%	100.0%

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

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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.



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RIGHTS AND STUDY OWNERSHIP—

Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the methodology and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.



Appendix Two

TARGET MARKET DESCRIPTIONS

MARKET ANALYSIS UPDATE

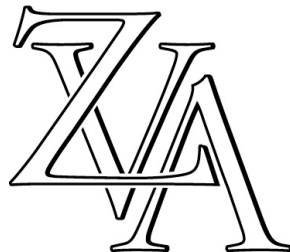
RESIDENTIAL MARKET POTENTIAL

The Community Redevelopment Area
and
Downtown Pensacola

City of Pensacola
Escambia County, Florida

August, 2008

Conducted by
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TARGET MARKET DESCRIPTIONS

The following target market lifestyle and values profiles have been developed by Zimmerman/Volk Associates, Inc., based on United States Bureau of Census data, Claritas' geo-demographic segmentation, and Zimmerman/Volk Associates' lifestyle and housing correlation methodology. The target market lifestyle and values profiles have been devised for use by design, marketing, and merchandising professionals in perfecting the position of new housing within the marketplace.



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EMPTY NESTERS & RETIREES

– *Metropolitan Cities* –



THE URBAN ESTABLISHMENT

Configuration: Empty-nest couples; older singles (divorced and widowed).

Average household size—2 persons.

Predominant age range of adults—45 to 64.

Characteristics: Affluent, educated and sophisticated older couples.

Success achieved through intelligence, connections and contacts.

Over two-thirds attended or graduated from college or have advanced degrees.

High-ranking professionals in medicine, law, business and finance; arts and entertainment.

Housing preferences: Exclusive urban neighborhoods.

Elegant mansions, townhouses (the city version) and condominiums (the mid- to high-rise version).

Nearly a third lease large, luxurious apartments.

Consumption patterns: Chauffeured car; drive a Mercedes.

Investment property.

Undercounter wine cellar.

Watch the *Sundance Channel*.

Read *The Economist*.

Listen to all-news radio.

Icons: Mark Cross appointment book; the blue Tiffany box and the red Cartier box.



“Luxury must be comfortable, otherwise it is not luxury.”

— Coco Chanel



COSMOPOLITAN COUPLES

Configuration: Empty-nest couples; widows and widowers.
Average household size—1 and 2 persons.
Predominant age range of adults—55 and older.

Characteristics: Ethnically-diverse neighborhoods, including white, African-American, Latino and Asian residents.
Active social life.
College-educated.
Public service lawyers, social service administrators, financial analysts.

Housing preferences: Vibrant urban neighborhoods built before World War II.
High-rises and rowhouses; detached houses on urban lots.
More than three-quarters own their homes.

Consumption patterns: Drive a Lincoln Town Car.
Play the lottery.
Avid theater-goers.
Watch *60 Minutes*.
Read *The New Yorker*.
Listen to classical radio stations.

Icons: Theater tickets; lottery tickets.



“Join the United States and join the family—
But not much in between unless a college.”

– Robert Frost



MULTI-ETHNIC RETIREES

Configuration: Older couples; mostly retired, some caring for their grandchildren.

Average household size—2 to 3 persons.

Predominant age range of adults—55 and up.

Characteristics: Middle-class African-American, Latino and Asian households.

Nearly 75 percent graduated high school; another 25 percent attended or graduated from college.

Approximately 25 percent have a working spouse.

Social services; health care employees; service workers; administrative support.

Housing preferences: Rowhouses; mid- and high-rise apartments in urban neighborhoods.

Mix of long-time residents and newcomers.

More than 63 percent own their dwelling units, which they have owned for several years.

Consumption patterns: Drive a Toyota Corolla.

Dancing monthly.

Volunteer and community involvement.

Watch *Oprah Winfrey*.

Read *Ebony*.

Listen to jazz radio.

Icons: Collection of classic jazz; framed photograph of Martin Luther King.



“Before a group can enter the open society,
it must first close ranks.”

– Stokely Carmichael and
Charles Vernon Hamilton





EMPTY NESTERS & RETIREES

– *Small Cities/Satellite Cities* –



COSMOPOLITAN ELITE

Configuration: Empty-nester couples;, some with college-aged children.

Average household size—2 persons.

Predominant age range of adults—55 to 64.

Characteristics: Upper-middle- to high-income empty-nesters—leading-edge Baby Boomers.

The cultural elite of America's smaller cities.

Well educated—more than 70 percent attended or graduated from college,
or received professional degrees.

Prominent lawyers, doctors, professors and executives in local management,
finance, and technical companies.

Housing preferences: Detached houses in wealthy enclaves, often near the country club.

Downtown condominiums as second-homes, move-down option.

Nearly all are home-owners.

Consumption patterns: Drive a Lexus.

Country club board member.

Involvement in civic activities—historic preservation, beautification programs.

Watch *Meet the Press*.

Read *Travel & Leisure*.

Listen to talk radio.

Icons: Automated home theatre; symphony subscription tickets.



“Once discover comfort, there is no turning back.”

– Mason Cooley



MIDDLE-CLASS MOVE-DOWNS

Configuration: Older married couples, widows/widowers, divorcés/divorcées.

Average household size—2 persons.

Predominant age range of adults—55 plus.

Characteristics: Older couples in the middle of the socio-economic scale.

Some members of this group have already taken early retirements.

85 percent are high school graduates; a third of the high school graduates attended or graduated from college.

Middle managers; social service workers; librarians; teachers.

Housing preferences: Mid-sized third-tier cities.

Moderate-value bungalows and ranches; new townhouses as move-down alternatives.

Nearly three-quarters of these households own their homes.

Consumption patterns: Drive a Toyota Corolla.

Backyard picnics.

Adult education courses.

Watch *Antiques Roadshow*.

Read *AARP The Magazine*.

Listen to soft contemporary radio.

Icons: Weber grill; upright piano.



“So always look for the silver lining
And try to find the sunny side of life.”

– P.G. Wodehouse



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EMPTY NESTERS & RETIREES

– *Metropolitan Suburbs* –



OLD MONEY

Configuration: Empty-nest couples; children away at boarding school or college.

Average household size—2 to 3 persons.

Predominant age range of adults—45 to 64.

Characteristics: Upper crust, wealthy American families—one in 10 is a multi-millionaire.

Heirs to “old money;” accustomed to privilege and luxury.

Highly educated, with college and graduate degrees.

Judges; medical specialists; chief executive officers.

Housing preferences: Older metropolitan suburbs.

Estate homes in high-prestige neighborhoods; secluded older estates.

Urban *pieds-à-terre*.

Consumption patterns: A collection of expensive automobiles: Lexus, Mercedes, BMW.

Theater; classical music; sailing; tennis.

World travel; extended visits to Europe.

Watch *Golf* channel.

Read *Architectural Digest*.

Listen to *NPR*.

Icons: Threadbare Oriental carpets; chipped Waterford crystal.



“They [the very rich] are different from you and me.”

– F. Scott Fitzgerald



AFFLUENT EMPTY NESTERS

Configuration: Empty-nest couples.

Average household size—2 persons.

Predominant age range of adults—55 and older.

Characteristics: Older established couples, often with two incomes.

Significant financial resources—untapped equity in their homes.

Nearly two-thirds attended or graduated from college.

Small-business owners; corporate officers; sales directors.

Housing preferences: Eighty-five percent own their homes.

Detached houses with high property values.

Likely to move to or near downtown or an urban neighborhood when last child has left home.

Consumption patterns: Drive a Cadillac CTS sedan.

An active life of travel, leisure, and entertainment.

Travel to Italy.

Watch *Charlie Rose*.

Read *Travel & Leisure*.

Listen to Bloomberg radio.

Icons: Well-thumbed Italian phrasebook; AAA membership card.



“We made our money the old-fashioned way; we earned it.”

– Variation on Advertisement



SUBURBAN ESTABLISHMENT

Configuration: Mature empty-nest couples.
 Average household size—2 persons.
 Predominant age range of adults—55 and older.

Characteristics: Upper-middle-income couples in their peak earning years.
 Parents of the trailing-edge Baby Boomers.
 Two-thirds attended or graduated from college.
 Mostly white-collar managers and professionals, with many years at the same firm.

Housing preferences: Vintage 1960s suburban subdivisions.
 Their original detached houses have been upgraded over the years to match their rising income and status.
 Many still live in the houses they bought new, 30 or 40 years ago; when they move, they downsize to an apartment in an urban neighborhood or a resort condominium.

Consumption patterns: Drive a BMW.
 Resort cruises.
 Theater and museum attendees.
 Watch *BBC America*.
 Read *Consumer Reports*.
 Listen to oldies radio.

Icons: An intown condo; eat at Bertucci's.



“Just enjoy your ice cream while it’s on your plate.”

– Thornton Wilder



MAINSTREAM RETIREES

Configuration: Retired singles and couples.
Average household size—2 persons.
Predominant age range of adults—65 and older.

Characteristics: Middle- to upper-middle-income households.
Prefer to spend their “golden years” with people of all ages.
Two-thirds attended or graduated from college.
Country lawyers, doctors, and shopkeepers.

Housing preferences: Small suburban towns.
Cottages; townhouses; condominiums.
High percentage of vacation/weekend homes.

Consumption patterns: Drive a Mercury Sable.
Golf; gardening; reading.
Museums of all kinds.
Watch *This Old House*.
Read *House and Garden*.
Listen to soft jazz radio.

Icons: Cable TV guide; his ‘n’ her golf clubs.



“And love can come to everyone,
The best things in life are free.”

– Buddy De Sylva



MIDDLE-AMERICAN RETIREES

Configuration: Retired couples and singles.

Average household size—1 to 2 persons.

Predominant age range of adults—60 and older.

Characteristics: Middle-income households with middle-class sensibilities.

Family- and community-oriented.

Most are high school graduates; 15 percent graduated from college.

Former secretaries; accountants; small business owners.

Housing preferences: Older inner-ring suburbs.

Well-kept bungalows, ramblers, colonials.

Nearly 80 percent own their residences and the mortgage is paid off.

Consumption patterns: Drive a Chevy Cobalt.

Bowling.

Membership in a fraternal order.

Watch *ABC Good Morning America*.

Read *Ladies Home Journal*.

Listen to all news radio.

Icons: Frank Sinatra records; his 'n' hers bowling balls.



“If I’d known I was going to live this long,

I’d have taken better care of myself.”

– Eubie Blake





EMPTY NESTERS & RETIREES

– *Town & Country/Exurbs* –



SMALL-TOWN ESTABLISHMENT

Configuration: Empty-nest couples.
Average household size—2 persons.
Predominant age range of adults—55 to 64.

Characteristics: The leading citizens of small-town communities.
More than half have college or graduate degrees.
Most have annual incomes of \$100,000 or more.
Small-town lawyers, doctors, bankers, chief executives.

Housing preferences: Affluent rural enclaves.
Large single-family houses in the country; second homes in the city.
High-tech homes.

Consumption patterns: Drive an Audi A6.
Belong to a country club.
Avid theater and museum-goers.
Watch *HBO*.
Read *Barron's*.
Listen to classical radio.

Icons: Investment portfolios; Caribbean cruises.



“The life of the wealthy is one long Sunday.”

— Anton Chekhov



NEW EMPTY NESTERS

Configuration: Empty-nest couples; a small percentage have a youngest child still at home.
Average household size—2 to 3 persons.
Predominant age range of adults—45 to 60.

Characteristics: Middle-aged and upper-middle-class.
Dual-income households.
High disposable income.
Small business owners; local homebuilders.

Housing preferences: Semi-rural small towns fast becoming middle-class suburbs.
The nicest house on the nicest street in town.
A large percentage own timeshares or second homes.

Consumption patterns: Drive a Ford Explorer.
Belong to a civic organization.
Dining out.
Watch *Country Music TV*.
Read *U.S.A. Today*.
Listen to classic rock radio.

Icons: Travel club; Chamber of commerce membership.



“In the small town each citizen had done something
in his own way to build the community”

– Daniel J. Boorstin



RV RETIREES

Configuration: Older couples.
Average household size—2 persons.
Predominant age range of adults—55 and older.

Characteristics: Empty-nest, middle-income households.
Former policemen, firemen, repairmen, technicians.
High-school grads; a third went to college.
Most are retired or nearing retirement.

Housing preferences: Detached houses in small towns.
Most stay in their homes, but a few choose to retire in resort locations.
More than 20 percent are still living in the same house they bought when they got married.

Consumption patterns: Drive a Toyota FJ Cruiser.
Easy-listening tapes.
Recreational vehicles; camping equipment.
Watch the *Weather Channel*.
Read *Travel 50 and Beyond*.
Listen to country radio.

Icons: Winnebago; Wal-Mart



“To travel hopefully is a better thing than to arrive.”

– Robert Louis Stevenson



BLUE-COLLAR EMPTY NESTERS _____

Configuration: Middle-aged married couples with older children no longer living at home.
Average household size—2 persons.
Predominant age range of adults—45 to 54.

Characteristics: Middle-income, middle-class households.
High-school educated.
“Old-fashioned” outdoor-oriented lifestyles.
Farmers; blue-collar workers, many in the construction industry; machinists.

Housing preferences: Small towns and villages
Modest detached houses or mobile homes; ranch houses.
Over 80 percent own their homes.

Consumption patterns: Drive a Chevrolet, Dodge or Ford 4x4 pickup truck with CD player and gun rack.
Deer hunting; target shooting.
Watch *NASCAR* races.
Read *American Rifleman*.

Icons: Camouflage hunting outfit; professional chain saw.



“When you’re running down our country, man,
You’re walking on the fightin’ side of me.”

– Merle Haggard



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TRADITIONAL & NON-TRADITIONAL FAMILIES

– *Metropolitan Cities* –



FULL-NEST URBANITES

Configuration: Traditional and non-traditional families; multi-generational households.
Average household size—3 to 4 persons.
Predominant age range of adults—35 to 44.

Characteristics: Ethnically diverse, upper-middle-class.
Many immigrants, second-generation Americans.
Well-educated—two-thirds have attended or graduated from college.
Multi-racial, multi-lingual.
White-collar office and “knowledge” workers; government and arts.

Housing preferences: Single-family houses, duplexes or apartments in urban neighborhoods.
Relatively settled—more than half have lived in the same dwelling for more than five years.
Just under two-thirds own their homes.

Consumption patterns: Toyota Sienna.
Patrons of the arts.
Foreign movies.
Watch 24.
Read *Esquire*.
Listen to urban contemporary radio.

Icons: Kate Spade pocketbook; transit card.



“America, the land of unlimited possibilities.”

– Ludwig Max Goldberger



MULTI-CULTURAL FAMILIES

Configuration: Families with several children; single-parent families.

Average household size—5 persons.

Predominant age range of adults—25 to 44.

Characteristics: Middle-income immigrant families.

High-school graduates.

First-generation Americans.

Jobs range from day laborers to management professionals.

Housing preferences: Older urban rowhouse and bungalow neighborhoods.

Half own, half rent their dwelling units.

Dream of moving to larger houses in more affluent neighborhoods.

Consumption patterns: Use public transportation.

Bodegas; Czech bakeries; Mexican restaurants; German breweries; pizzerias.

Foreign-language newspapers.

Watch *BET*.

Read *Jet Magazine*.

Listen to contemporary hit radio

Icons: Blue Cult jeans; U.S. Savings Bonds.



“America is God’s crucible, the great melting pot where all
the races are melting and reforming.”

– Israel Zangwill



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TRADITIONAL & NON-TRADITIONAL FAMILIES

– *Small Cities/Satellite Cities* –



UNIBOX TRANSFEREES

Configuration: Families with school-age children.
Average household size—4 persons.
Predominant age range of adults—35 to 50.

Characteristics: Upper-middle-income families; both spouses work.
One-third graduated from college.
On the move; frequent transfers for better jobs, better pay.
Career-oriented middle managers; many are computer literate with home offices.

Housing preferences: Single-family detached houses in brand-new subdivisions just outside second- and third-tier cities.
Two-story uniboxes, easy to resell when the next transfer comes.
Less than half live in the same house for five years or more.

Consumption patterns: Drive a Chevy Suburban.
Cleaning service; laundry service.
Soccer Moms and Dads.
Watch *The Disney Channel*.
Read *Parenting*.
Listen to the radio on the Internet.

Icons: Blackberries; frequent flyer cards.



“They change their clime, not their disposition.”

– Horace



MULTI-ETHNIC FAMILIES

Configuration: Middle-class families with children.
Average household size—4-plus persons.
Predominant age range of adults—25 to 44.

Characteristics: A large percentage of Spanish-speaking households; many recent immigrants from the Near and Far East.
More than 75 percent finished high school.
A high percentage are in the Armed Forces.
Construction workers; maintenance workers; government employees.

Housing preferences: Low-rise apartments in older neighborhoods; rowhouses; cottages.
Just under 35 percent are renters.
Highly mobile: nearly two-thirds have moved within the last five years.

Consumption patterns: Ford Excursion.
Vibrant street life; sitting on the stoop chatting with the neighbors.
Social clubs.
Watch *El Gordo y La Flaca*.
Read *Vibe*.
Listen to contemporary hit radio.

Icons: Fast-food containers; Home remodeling projects.



“Con pan y vino se anda el camino.
[With bread and wine you can walk your road.]”
– Proverb



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TRADITIONAL & NON-TRADITIONAL FAMILIES

– *Metropolitan Suburbs* –



THE SOCIAL REGISTER

Configuration: Older families with teen-aged children.
Average household size—4 to 5 persons.
Predominant age range of adults—35 to 54.

Characteristics: Very high-income families.
Pre-empty nesters; professional parents who had their children in their 30s.
80 percent are college-educated; more than a quarter with advanced degrees.
Prominent professionals and executives in local business, finance, law, and communications industries.

Housing preferences: Million-dollar homes.
Detached houses in wealthy enclaves, often near the country club; expensive condominiums in the city.
Nearly 30 percent have moved within the past five years.

Consumption patterns: Mom drives a Range Rover, Dad drives a Mercedes-Benz, and the kids drive a Volkswagen Jetta and a Jeep.
Family membership at the country club.
Involvement in civic activities—historic preservation, culture and the arts.
Watch the *History Channel*.
Read *Fortune*.
Listen to all-news radio.

Icons: Flat-screen TV in the multi-media room; family membership in English Heritage.



“Wealth is not without its advantages.”

– John Kenneth Galbraith



NOUVEAU MONEY ---

Configuration: Families with children.
Average household size—4 to 5 or more persons.
Predominant age range of adults—35 to 54.

Characteristics: Big spenders with high incomes.
Highly mobile; more than half moved within the past five years.
Highly-educated; multiple millionaires.
Investment analysts; business owners; high-tech careers.

Housing preferences: New-money subdivisions.
McMansions in the suburbs; penthouses in the city.
Second homes in resort areas.

Consumption patterns: Drive a BMW X3.
Downhill skiing.
Designer logo clothes.
Watch *Home & Garden TV*.
Read *House & Garden*.
Listen to classic hits radio.

Icons: Tiered-seating home theater; Centurion Black American Express card.



“A sumptuous dwelling the rich man hath.”

– Mary Elizabeth Hewitt



LATE-NEST SUBURBANITES

Configuration: Older families with younger children.
Average household size—3 or 4 persons.
Predominant age range of adults—40 to 55.

Characteristics: Middle-aged Baby Boomers who married late; had children even later.
High percentage of college graduates.
White-collar employment.
Technicians; financial specialists; accountants; engineers.

Housing preferences: Suburban subdivisions outside fast-growing metro areas.
Detached houses—two-story colonials.
More than 87 percent own their homes, but have just started payments on a mortgage.

Consumption patterns: Drive a Chrysler Town & Country minivan.
Televisions in every room.
Family vacations.
Watch *Saturday Night Live*.
Read *PC World*.
Listen to soft contemporary radio.

Icons: Cell phone family plan; Whole Foods.



“Welcome to the great American two-career family
and pass the aspirin, please.”

– Anastasia Toufexis



FULL-NEST SUBURBANITES

Configuration: Families with two or more children.
 Average household size—4-plus persons.
 Predominant age range of adults—35 to 54.

Characteristics: Upper-middle-income suburban families.
 Significant numbers of stay-at-home Moms.
 Well educated—more than two-thirds went to college.
 Officers of small corporations; sales managers; communications and technology.

Housing preferences: Upscale suburban subdivisions.
 Nearly two-thirds have moved within the past six years.
 Relatively high property values.

Consumption patterns: Practical family automobiles—mini-vans for carpooling (*e.g.*—Honda Odyssey) and SUVs for show (*e.g.*—Ford Expedition).
 Family-oriented activities.
 Frequent visits to Disney World.
 Watch *Nickelodeon*.
 Read *Parents*.
 Listen to alternative rock radio.

Icons: Digital camcorder; “My child is an honor student at . . .” bumper stickers.



“Hail wedded love, mysterious law, true source of human offspring.”

– John Milton



BLUE-COLLAR BUTTON-DOWNS

Configuration: Married couples with several children.
 Average household size—5+ persons.
 Predominant age range of adults—25 to 44.

Characteristics: Ethnically diverse, middle-class households with working-class values.
 Multi-generational households.
 Most are high-school grads; many also attended two-year colleges or technical schools.
 Military families, policemen/firemen, technical or sales workers.

Housing preferences: Older single-family detached houses in post-war subdivisions of “carpenter capes” and ranches.
 A significant number live in townhouses, both rental and ownership.
 Two-thirds own their homes.

Consumption patterns: Drive a Ford Focus.
 Community-oriented activities.
 Do-it-yourself home and auto maintenance.
 Watch *Nick at Night*.
 Read *Star Magazine*.
 Listen to contemporary hit radio.

Icons: Above-ground swimming pool; backyard gas grill.



“Nice work if you can get it,
 And you can get it if you try.”

– Ira Gershwin



EX-URBAN ELITE

Configuration: Married couples with children.
Average household size—4 persons.
Predominant age range of adults—35 to 54.

Characteristics: Wealthy families living in private luxury.
Highly-educated; 80 percent went to college.
Former residents of cities or metropolitan suburbs who have “escaped” urban stress.
Executives; professionals; entrepreneurs; freelance consulting businesses.

Housing preferences: “Retreat” locations—the Maine coast; horse farms in Virginia; Taos, NM.
“Estate” homes—custom if new; restored if old.
Among the highest home values in the nation.

Consumption patterns: Drive a Lexus LX 570.
Country club sports.
The children attend boarding school.
Watch *The Late Show With David Letterman*.
Read *Martha Stewart Living*.
Listen to classic hits radio.

Icons: Ralph Lauren; private stables.



“Far from the madding crowd’s ignoble strife,
Their sober wishes never learn’d to stray;
Along the cool sequester’d vale of life
They kept the noiseless tenor of their way.”

– Thomas Gray



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TRADITIONAL & NON-TRADITIONAL FAMILIES

– Town & Country/Exurbs –



FULL-NEST EXURBANITES

Configuration: Older couples with children.

Average household size—4 persons.

Predominant age range of adults—35 to 54.

Characteristics: Upper-middle-income families who relocate frequently.

Family- and outdoor-oriented.

Well educated, with college degrees.

Professional and managerial workers, following high-tech companies.

Housing preferences: Rural, upscale boomtowns.

Detached houses in new subdivisions, often on recently-developed farmland.

Close to corporations located along major highway corridors.

Consumption patterns: Drive a GMC Yukon.

Camping in state forests; hiking; backpacking; canoeing.

Video cameras, DVDs, flat-screen TVs and TiVo.

Watch the *Outdoor Channel*.

Read *Country Living*.

Listen to country music radio.

Icons: Garden tiller; Newcomers Club membership.



“A piece of land not so very large, which would contain a garden,
and near the house a spring of ever-flowing water,
and beyond these a bit of wood.”

– Horace



NEW-TOWN FAMILIES

Configuration: Families with children of all ages.
Average household size—4 persons.
Predominant age range of adults—25 to 44.

Characteristics: Dual-income families.
High-school graduates, half have gone to local universities.
Cost-conscious early adopters.
Local white- and blue-collar occupations.

Housing preferences: New subdivisions, both infill and greenfields.
New ranches, capes, cottages, bungalows, colonials.
Nearly 75 percent own their homes, which are mortgaged to the hilt.

Consumption patterns: Drive an Infiniti QX.
Volunteer at schools and sporting clubs.
Little League baseball; children's soccer and football leagues.
Watch *Cartoon Network*.
Read *Redbook*.
Listen to classic rock radio.

Icons: Home fitness equipment; maxed-out credit cards.



“The root of the state is in the family.”

– Mencius



SMALL-TOWN FAMILIES

Configuration: Married couples, with one to three school-aged children.

Average household size—3-5 persons.

Predominant age range of adults—35 to 44.

Characteristics: Solid middle-class citizens.

High-school graduates.

Raising kids in an old-fashioned way of life.

Blue-collar and farming-related employment.

Housing preferences: Rural middle-class towns.

Farmhouses, of the front-porch variety; ranches, ramblers, and mobile homes.

Predominantly homeowners.

Consumption patterns: Chevy Silverado.

Friday night football at the local high school.

Boats and campers for fishing and hunting.

Watch the *Outdoor Channel*.

Read *Hunting* magazine.

Listen to country radio.

Icons: American flag; ATVs.



“No Farmers, No Food.”

– Bumper Sticker





YOUNGER SINGLES & COUPLES

– *Metropolitan Cities* –



E-TYPES

Configuration: Mostly singles, some couples, just a few years out of college.

Average household size—1 to 2 persons.

Predominant age range of adults—25 to 44.

Characteristics: High-living, high-energy city-dwellers.

More than 25 percent hold advanced degrees.

Multi-ethnic, with significant numbers of Asians.

E-businesses, information technologies.

Housing preferences: Upscale urban neighborhoods, often near universities.

60 percent rent; 40 percent own urban apartments.

Median home value is second highest in the nation.

Consumption patterns: Convertibles, from Beetle to Mercedes.

Everything on-line.

Concert-goers.

Watch the *Independent Film Channel*.

Read *Wired*.

Listen to *NPR*.

Icons: Bandwidth; IPO red herring.



“In the future, everything will be digital”

– Bill Gates



NEW BOHEMIANS

Configuration: Mostly singles; some couples.

Average household size—1 person.

Predominant age range of adults—25 to 40.

Characteristics: Unconventional, ethnically-diverse, upper-middle-income households.

The heart of the “creative class.”

The social and political *avant-garde*; one-third are gay.

Executives; students; actors; artists; writers; boutique owners; public-interest advocates.

Housing preferences: In-town and downtown neighborhoods.

Three-quarters rent; the rest own flats in brownstones, apartment houses, and converted lofts.

Consumption patterns: Transit cards; drive a Prius.

Early adaptors.

Poetry readings and gallery openings.

Watch *Family Guy*.

Read the *New York Times*.

Listen to urban contemporary radio.

Icons: Jean-Michèl Basquiat; state-of the-art haircuts.



“Sacred cows make the tastiest hamburger.”

– Abbie Hoffman



URBAN ACHIEVERS

Configuration: Mostly singles, some couples.
Average household size—1.5 persons.
Predominant age range of adults—21 to 30.

Characteristics: College-educated.
One-third are foreign-born.
Ethnically diverse; many are recent immigrants.
Students; junior administrators; entertainment and media occupations.

Housing preferences: Diverse urban neighborhoods.
More than 82 percent are renters.
Lofts, apartments and townhouses.

Consumption patterns: Transit cards; drive a VW GTI.
Ethnic clubs and restaurants.
Imported food, newspapers, videos and CDs.
Watch *The Simpsons*.
Read *Blender* magazine.
Listen to alternative music radio.

Icons: Running shoes with business suits; credit cards and green cards.



“¿Qué pasa, dude?”

– Greeting





YOUNGER SINGLES & COUPLES

– *Small Cities/Satellite Cities* –



THE VIPS

Configuration: Couples and some singles.
Average household size—2 persons.
Predominant age range of adults—25 to 34.

Characteristics: Dual-income, dual-career couples.
Half have college or post-graduate degrees.
Yesterday: *Twentysomethings*. Tomorrow: *Nouveau Money*.
White-collar professionals: executive vice presidents; department heads;
architects and engineers.

Housing preferences: Upper-middle-class neighborhoods in second-tier cities.
Upscale condos and townhouses in more urban areas.
Three-quarters own their homes.

Consumption patterns: Drive a BMW 528i.
Downtown commuters.
Gallery-hopping.
Watch the *Daily Show*.
Read *Sailing* magazine.
Listen to alternative rock radio.

Icons: Espresso/cappuccino maker; the I-phone.



“Power is the great aphrodisiac.”

– Henry Kissinger



TWENTYSOMETHINGS

Configuration: Mostly singles; couples.
Average household size—1 to 2 persons.
Predominant age ranges—20 to 30.

Characteristics: Middle-income singles and couples.
Recent college graduates who have moved to second- or third-tier cities.
Highly athletic, technologically advanced, active nightlife.
Starter positions in info-tech start-ups, public and private service industries.

Housing preferences: Fast-growing smaller cities; smaller-city suburbs.
Fifty-four percent rent lofts and apartments.
The 46 percent who are owners bought starter houses, townhouses, or condominiums.

Consumption patterns: Drive a Jeep Wrangler.
Take-out, fast food, and happy hour grazing.
Health clubs and night clubs; back-packing and camping; mountain-biking.
Watch *MTV*.
Read *Sports Illustrated*.
Listen to contemporary hit radio.

Icons: txt msg; Craig's List.



“You can't always get what you want
But if you try sometimes
You just might find
You get what you need.”

– Mick Jagger and Keith Richard



SMALL-CITY SINGLES

Configuration: Mostly singles and some couples (cohabs), few children.

Average household size—1 to 2 persons.

Predominant age ranges—18 to 30.

Characteristics: Students and college graduates; the highly-educated professionals that teach them.

Highly mobile—80 percent have moved in the last five years.

Recent grads who've launched start-up companies; sales and white-collar workers.

Housing preferences: College and university towns.

Sixty percent are renters in apartment complexes or houses.

Students often live off-campus.

Consumption patterns: Drive a Ford Escape.

Alternative music.

ATM card.

Watch *MTV Punk'd*.

Read *Rolling Stone*.

Listen to rock music station.

Icons: Singles bars; Grateful Dead (same as it ever was) CDs or MP3s.



“Youth is wholly experimental.”

– Robert Louis Stevenson





YOUNGER SINGLES & COUPLES

– *Metropolitan Suburbs* –



THE ENTREPRENEURS

Configuration: Married couples; only a small percentage have children.
Average household size—2 persons.
Predominant age range of adults—25 to 44.

Characteristics: Wealthy, dual-income couples.
High percentage of home-based businesses.
Well educated—more than 65 percent hold college or graduate degrees.
Business owners, executives and white-collar professionals.

Housing preferences: High-value condominiums in the city; townhouses in the suburbs.
More than half have moved within the past five years.
Very high property values.

Consumption patterns: Drive a BMW750i.
Theater-lovers, museum-goers.
Color-coded calendar.
Watch *The Movie Channel*.
Read *Forbes Small Business*.
Listen to alternative rock radio.

Icons: The wireless home office; scuba gear.



“A creative economy is the fuel of magnificence.”

– Ralph Waldo Emerson



FAST-TRACK PROFESSIONALS

Configuration: Singles and couples.

Average household size—1 and 2 persons.

Predominant age range of adults—25 to 34.

Characteristics: Upper-middle-income households.

Type-A college grads.

Career- and lifestyle-oriented techies.

Employed by software and IT companies, communications firms, law offices.

Housing preferences: Inner suburbs of large cities; downtowns of small cities.

Upscale condominiums, townhouses, and apartments.

Sixty percent own their residences.

Consumption patterns: Drive a Volkswagen Tiguan.

Skiing; snowboarding; whitewater rafting.

Exercise equipment and health clubs.

Watch *VH1*.

Read *Wired*.

Listen to rock radio.

Icons: Work week: Burberry; weekends: REI.



“Nothing succeeds like success.”

– Alexandre Dumas, père



UPSCALE SUBURBAN COUPLES

Configuration: Married dual-income couples.
Average household size—2 persons.
Predominant age range of adults—25 to 44.

Characteristics: Well-educated suburban couples.
Predominantly white and Asian households.
Management, computer, business and financial specialists.

Housing preferences: Close-in suburbs.
Detached residences in small new housing developments, many at cluster densities.
Colonial, Victorian, and Georgian architecture.

Consumption patterns: Drive an Audi A3.
DVD movie collection.
Home recycling center.
Watch *E! Entertainment*.
He: Reads *GQ*; *She*: Read *Elle*.
Listen to rock radio.

Icons: Labrador Retriever; Plasma TV.



“The home should be the treasure chest of living”

– Le Corbusier



NO-NEST SUBURBANITES

Configuration: Couples and singles.

Average household size—2 persons.

Predominant age range of adults—30 to 45.

Characteristics: Generation X-ers.

Half attended or graduated from college.

Predominantly white.

Teachers, hospital workers, white-collar and clerical employment.

Housing preferences: Old and new suburbia.

Townhouses and single-family houses.

Nearly 70 percent own their homes.

Consumption patterns: Drive a Chevy Impala.

Home-delivery meals.

Huge video collection.

Watch *Entertainment Tonight*.

Read *Entertainment Weekly*.

Listen to classic rock radio.

Icons: Treadmill; Trivial Pursuit.



“You will be safest in the middle.”

– Ovid



SUBURBAN ACHIEVERS

Configuration: Mostly singles, some couples.
Average household size—1.5 persons.
Predominant age range of adults—21 to 34.

Characteristics: Nearly 90 percent have moved in the past five years.
Recent college grads.
High-tech employment; entertainment, sports and media jobs.
White-collar workers looking for upward mobility.

Housing preferences: Older suburbs near the big city.
One-third own their homes—soft lofts and townhouses.
Two-thirds are renters living in suburban apartment complexes.

Consumption patterns: Mazda; Hyundai.
Shopping at the malls.
Commute to downtown.
Watch *That '70s Show*.
Read *Maxim*.
Listen to alternative rock radio.

Icons: Hooters T-shirt; Sony Vaio.



“What’s up?!?”

– Greeting





YOUNGER SINGLES & COUPLES

– *Town & Country/Exurbs* –



CROSS-TRAINING COUPLES

Configuration: Married couples, very few children.
Average household size—2 persons.
Predominant age range of adults—25 to 44.

Characteristics: College-educated; 10 percent with advanced degrees.
Active engagement in outdoor activities.
Engineers; high school teachers; physical therapists.

Housing preferences: New construction in or just outside small towns.
Detached houses and townhouses close to their jobs.
Plenty of storage for their skis, bikes, kayaks.

Consumption patterns: Drive a Ford F360 Super Duty XLT truck.
Mountain biking; skiing; canoeing; backpacking; boating.
Self-help books.
Watch *Discovery Channel*.
Read *Outdoor Life*.
Listen to classic hits radio.

Icons: Carabiners; Gore-Tex XCR pullover.



“Sport is the bloom and glow of a perfect health.”

– Ralph Waldo Emerson



EXURBAN SUBURBANITES

Configuration: Singles and married couples.
Average household size—2 persons.
Predominant age range of adults—20 to 44.

Characteristics: High-school graduates.
Middle-income households.
Employed in manufacturing, construction; waiters and waitresses.

Housing preferences: Exurban towns that are growing rapidly.
Three-quarters own their homes.
Detached houses; duplexes; townhouses.

Consumption patterns: Drive a motorcycle.
Fast food.
NASCAR races.
Watch *The Speed Channel*.
Read *Auto Week*.
Listen to country music radio.

Icons: Dale Earnhardt; K-Mart.



“A hard-working man and a thrifty woman are the real treasures of any family.”

– Chinese Proverb



EX-URBAN POWER COUPLES

Configuration: Older married couples, no children.
Average household size—2 persons.
Predominant age range of adults—35 to 54.

Characteristics: Well-educated upper-income urban-exile couples.
Urban tastes in a rural environment.
High-powered jobs/laid-back leisure.

Housing preferences: An hour's drive from the closest metro in scenic, formerly rural areas.
Large detached residences in small new housing developments, many at cluster densities.
Home office.

Consumption patterns: Drive a Toyota Land Cruiser.
Caribbean travel.
Chocolate labradors.
Watch *Cinemax*.
Read *The Wall Street Journal* on line.
Listen to the radio on the Internet.

Icons: Six-burner professional range; e-Trade account.



“Knowledge is power”

– Francis Bacon



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