



Final Report
September 15, 2021

JACKSONVILLE DOWNTOWN MARKET FEASIBILITY STUDY

PART I OF II:

DEMOGRAPHIC, ECONOMIC, REAL ESTATE MARKET,
DIA INCENTIVES & PEER CITIES FINDINGS



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I. INTRODUCTION & EXECUTIVE SUMMARY

The City of Jacksonville Downtown Investment Authority (Jacksonville DIA) is undertaking an update to the 2014-2019 Community Redevelopment Area Business Investment & Development Plan.

To inform policy recommendations, redevelopment strategies, and allocation of limited public resources to meet the goals and objectives established by the Downtown Jacksonville Community Redevelopment Area (CRA) Plan, the DIA is undertaking a market feasibility study focused on the neighborhood or District-level (these terms are used interchangeably) drivers of real estate supply and demand for multifamily, retail, food and beverage, office and hotel uses.

These eight subject neighborhood districts that are contained within the Downtown Jacksonville Northbank CRA (Northbank Downtown) and Southside CRA (Southbank) include:

- Brooklyn
- Cathedral
- Central Core
- Church
- LaVilla
- Southbank
- Sports and Entertainment
- Working Waterfront

Downtown Jacksonville 2014 COMMUNITY REDEVELOPMENT AREA GOALS

- 1 Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment
- 2 Increase rental and owner-occupied housing Downtown, targeting key demographic groups seeking a more urban lifestyle
- 3 Simplify the approval process for Downtown development and improve departmental and agency coordination
- 4 Improve walkability/bike ability and connectivity to adjacent neighborhoods and the St. Johns River while creating highly walkable nodes
- 5 Establish a waterfront design framework to ensure a unique experience and sense of place
- 6 Maintain a clean and safe 24-7 Downtown for residents, workers, and visitors
- 7 Promote design for healthy living by using planning and economic development policies

Downtown Jacksonville Market Feasibility Study

The market and feasibility study provides an expanded and updated baseline of demographic and real estate trends and projections to inform an assessment of development constraints and opportunities in each Downtown neighborhood District.

The market analysis identifies opportunities to catalyze development activity with targeted incentives in each Downtown neighborhood District as a key focus of the study.

To fully profile current market conditions and impediments to development, the market assessment includes direct input from the local and regional real estate development and brokerage community.

The market study builds on the prior Business Investment and Development Strategy research released in 2014 (updated in 2019) with an expanded emphasis on data collection and analysis at the District level.

Finally, recognizing the impact of Covid-19 on the real estate redevelopment market, note that pre-Covid-19 data is analyzed to establish a baseline. The baseline is compared to real time data capturing shifts in trade area composition, daytime employment, frequency and length of visits/trips, and other demand-related impacts of the Covid-19 pandemic.

The demographic and real estate market assessments are informed by the most current data available from the US Census American Community Survey, CoStar, ESRI, Placer.ai, and STR through January 2021 to capture the most current market conditions in Downtown Jacksonville by District and sector, along with estimated recovery time frames. Accordingly, the projections of

demand within each District are provided in a range of hypothetical scenarios for planning purposes only (best case, worst case and most likely).

The outcome of the Downtown Jacksonville Market and Feasibility Study is centered on identifying the needs, impediments, and opportunities for development by sector within each neighborhood Districts of Downtown Jacksonville utilizing an objective, data driven approach.

The Market and Feasibility Study concludes that the DIA is making progress towards goals according to established performance measures, especially with respect to growth in Downtown population, multifamily residential development, and outdoor dining establishments.

The DIA should continue to make incentives flexible and nimble to meet the needs of catalytic projects with complex deal structuring. The DIA should also explore the opportunity to use targeted developer incentives to cross-subsidize mixed-use projects to achieve an optimal mix of uses with the Downtown's remaining available land – increasingly scarce and valuable.

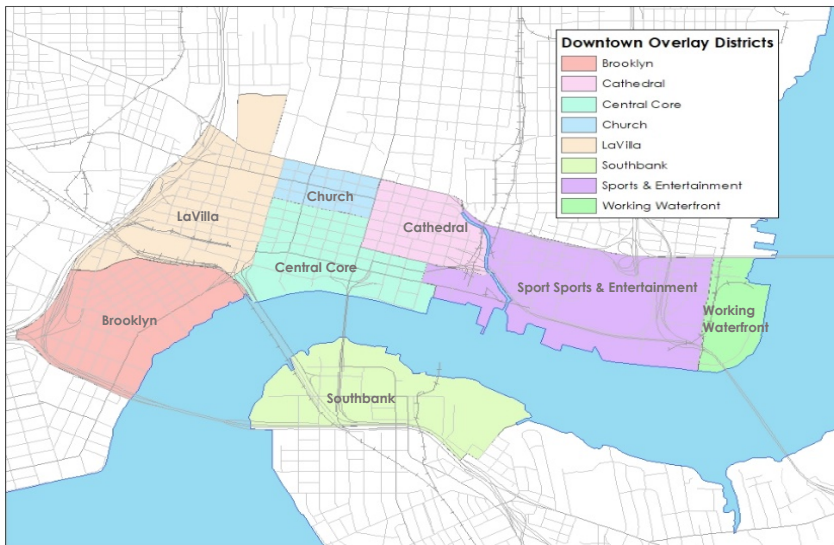
Concurrently, an evolving set of incentives guidelines will come into play as the market matures, new concepts emerge, projects materialize, and land values rise. The DIA's role as Downtown development facilitator will likewise evolve to require greater emphasis on curation of specific target uses at the District/neighborhood level on a project-by-project basis.

Over time, the DIA will foster the creation of more Downtown destinations, experiential retail, and specialty/neighborhood-serving “gems” through the continuing exceptional administration of the start-up subsidies and tax incentives needed to fund investment gaps.

II. EXISTING CONDITIONS

Downtown Districts

Following is a profile of each Downtown Jacksonville neighborhood District located in the Northbank (Northbank Downtown) and Southside (Southbank) CRAs.



Brooklyn

Brooklyn connects the Central Core to the historic Riverside neighborhood and Five Points shopping and dining district. Home to major headquarters, such as Black Knight Financial, FIS, Florida Blue and Haskell National Bank, Brooklyn serves both businesses and residents.

The district is leading development trends that are evolving to offer a mix of uses, including riverfront office, multifamily housing, restaurants, retail and light industrial. The community's direct river access has spurred several major projects which are underway. Brooklyn is well positioned for continued urban infill redevelopment activity with increasing mixed-use product offerings.

Figure 1: Public Art, Brooklyn District



Source: Jacksonville Downtown Investment Authority, 2020

Downtown Jacksonville Market Feasibility Study

Cathedral

Anchored by five historic churches, the Cathedral District connects the Central Core to the Sports and Entertainment District and is home to Billy Goat Hill, the highest point in Downtown Jacksonville. Beginning in 2016, the area has been championed by Cathedral District Jax-Inc. (CD-J), a nonprofit organized to foster growth in this Jacksonville Downtown neighborhood by supporting development and revitalization efforts.

Figure 2: Cathedral District Mural



Source: Jacksonville Downtown Investment Authority, 2020

Minor portions of the Cathedral District are in a Florida "Opportunity Zone", a designation created through the federal Tax Cuts and Jobs Act of 2017 for economically distressed areas. OZs are designed to spur economic development by providing tax incentives for investors who invest new capital in property or businesses operating in one or more QOZs.

Central Core

Jacksonville was founded on the riverbank of the Central Core and its small walkable blocks are filled with historic architecture, cultural amenities, and public art. The district encompasses much of Downtown's office towers, government services, regional non-profits, and various art and cultural centers.

Key riverfront property development is advancing to enhance Jacksonville's iconic skyline. Notably, the availability of several unique and historic properties provides significant opportunities for adaptive reuse and enhancing the experiential sense of place in Downtown Jacksonville.

Figure 3: Central Core Mural



Source: Jacksonville Downtown Investment Authority, 2020

Downtown Jacksonville Market Feasibility Study

Church

Situated along the northern boundary of Downtown between the Central Core and the historic Springfield neighborhood, the district is at the onset of a major transition.

Drawing its name from the multi-block First Baptist Church of Jacksonville campus, the area is ripe for redevelopment, with eight contiguous blocks currently for sale and multiple adaptive reuse projects underway to bring residential, retail and a hotel to the district.

LaVilla

As Jacksonville's oldest suburb, LaVilla was known as the Harlem of the South and the epicenter of black culture and commerce in Northeast Florida, as well as Jacksonville's railroad hub. Following a decline in population and quality of life in the 20th Century, the River City Renaissance (RCR) Plan aimed to revitalize the area in the 1990s, making room for future development through the acquisition and clearing of many acres.

Development stalled for nearly thirty years, but recently, redevelopment has returned in the form of new workforce housing and transportation projects. The 2019 LaVilla Neighborhood Development Strategy recommends the development of the LaVilla Heritage Trail for pedestrians and bicycles and a Water Street road diet to connect the historic district to the riverfront.

Figure 4: The Ritz Theatre & Museum, LaVilla District



Source: Jacksonville Downtown Investment Authority, 2020

Sports and Entertainment

The Sports and Entertainment District is home to five sports teams, major concerts, the annual Jacksonville Fair, and more – forming the biggest concentration of entertainment venues in Northeast Florida.

The district was once home to a thriving maritime industry, its riverfront lined with shipyards. Today, major mixed-use developments are planned to bring residents, employees, and visitors to the area.

As with the Cathedral District, an area of the Sports and Entertainment District was designated as an "Opportunity Zone" by the federal Tax Cuts and Jobs Act of 2017.

Downtown Jacksonville Market Feasibility Study

Figure 5: Sports and Entertainment District – Shipyards & Kids Kampus Redevelopment Area



Source: Jacksonville Downtown Investment Authority, 2021

The Shipyards and Kids Kampus project is a major development program currently approved by the DIA. Components include:

- Five-star luxury hotel with 176 rooms and high-quality amenities (i.e., spa, pool, and meeting spaces)
- Residential condominiums (25 Class A units)
- Class A Office (157,027 Gross Square Feet); and
- Retail and activated uses (+/- 39,000 sq. ft.)

Total project investment in the proposed master plan concept is \$315 million.

Figure 6: Naya Autonomous Shuttle, Sports and Entertainment District



Source: Jacksonville Downtown Investment Authority, 2020

Downtown Jacksonville Market Feasibility Study

Southbank

Home to tall riverfront office and residential towers, the Southbank sits between the St. Johns River and the San Marco neighborhood to the south. It features a wealth of hotels and nationally recognized medical campuses including Baptist Medical Center, Wolfson Children’s Hospital, MD Anderson Cancer Center and Nemours Specialty Care center. The community enjoys direct riverfront access via the Southbank Riverwalk, a boat ramp, kayak launch, and River Taxi stops.

Figure 7: Southbank Riverwalk



Source: Jacksonville Downtown Investment Authority; RMA; Willdan, 2021

Working Waterfront

The Working Waterfront sits on the eastern edge of Downtown. Home to the North Florida Shipyards, the district primarily supports industrial waterfront uses with a special district zoning overlay that accommodates the shipping, lumber, concrete, oil, and similar businesses operating there.

Major Projects on the Horizon

According to the DIA, while the pandemic has presented new challenges everywhere, Downtown Jacksonville has seen several new major projects break ground or further advance through the master planning process.

Figure 8: Shipyards & Kids Kampus Master Plan Concept (Land View from St. John's River)



Source: Jacksonville Downtown Investment Authority; HKS Inc.; Willdan, 2021

These major planned and proposed projects are profiled in the following table.

Downtown Jacksonville Market Feasibility Study

Table 1: Downtown Jacksonville Major Projects, 2021

Downtown Overlay District	Major Projects Under Construction/Proposed
Brooklyn	FIS Headquarters (300,000 sq ft) Florida Blue Parking Garage Vista Brooklyn (308 Units, 13,000 Sq Ft Retail)
Cathedral	Ashley Square (120 units senior housing)
Central Core	Federal Reserve Building Florida Baptist Convention Building Independent Life Building Jacksonville Energy Authority (JEA) Headquarters Ambassador Hotel (historic rehabilitation, 127 Rooms) Laura Street Trio: Florida Life Building; Bisbee Building; Florida National Bank Building Riverfront Plaza (FKA The Landing) Vystar Credit Union Headquarters
Church	Porter House Mansion (16,000 Sq Ft Office)
LaVilla	Emerald Trail Master Plan Connection JEA Secondary Headquarters Building La Villa Townhomes Lift Ev'ry Voice and Sing Park
Southbank	River's Edge (\$353M investment, 950 units, 140 hotel rooms, 334,000 sq ft office/retail) Southbank Apartments by Ventures (185 Units) The Related Group Development (327 Units)
Sports and Entertainment District	Museum of Science and History (MOSH) Stadium of the Future The Doro Shipyards and Kids Kampus Master Plan Redevelopment

Figure 9: Shipyards and Kids Kampus Redevelopment Vision



Source: Jacksonville Downtown Investment Authority; HKS Inc; RMA; Willdan, 2021

Figure 10: JEA Headquarters, Downtown Jacksonville Central Core



Source: Jacksonville Downtown Investment Authority, 2020

III. METHODOLOGY & APPROACH

Data Sources

The consultants collected demographic and economic data from October 2020 through March 2021 from a variety of industry standard software subscription licenses to establish a complete comparative baseline for the year 2020. The study also relies on client provided background reports, studies, data, and individual market research interviews. These resources are further detailed in Appendix II in this report.

Geographic Information Systems (GIS)

This analysis is informed by geographic information systems (GIS) data in several ways. Spatial data was collected data for each District where available, including from ESRI Business Analyst, CoStar and Placer.ai.

ESRI Business Analyst

ESRI Business Analysis was used to collect data for several purposes within this analysis. It was primarily used to obtain demographic and economic indicators for each of the comparison cities. The platform aggregates data from a variety of sources, including the US Census' American Community Survey, Bureau of Labor Statistics, and other proprietary sources.

CoStar

CoStar is a commercial real estate data aggregator that provides near real-time analytics for retail, multifamily, office and industrial properties. Willdan accessed CoStar on or before March 2021 to identify market indicators for each of the downtown districts and the cities included in the peer cities

analysis for the year 2020 (except where noted otherwise). Data provided includes statistics such as asking rents, lease rates, sales comparisons, vacancy, and absorption.

Placer.ai

Placer.ai is an new web-based tool that provides analysis of consumer behaviors based on anonymous cell phone data. Willdan relied on Placer.ai data to define the "true trade areas" for various retail uses in Downtown Jacksonville and to evaluate the effect of Covid-19 on the retail market.

STR Market Summary

Trend Reports display historical monthly, year-to-date, and total-year performance metrics as well as census and sample information for a market, submarket, city, county, or specified set of hotels.

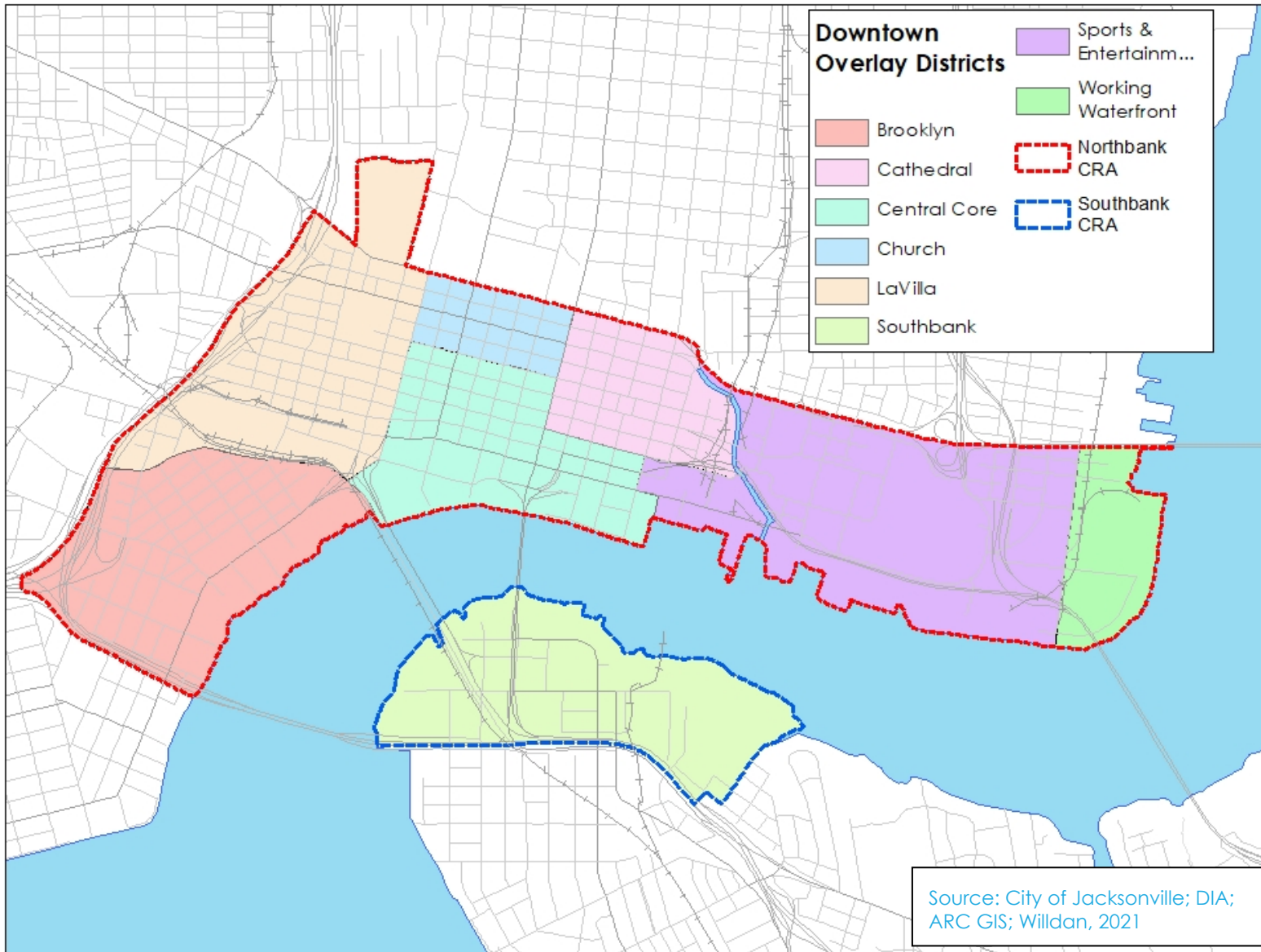
EMSI Labor Analytics

EMSI is a labor market analytics firm, using data to drive economic prosperity. EMSI collects and integrates complex labor market data with software tools to measure regional employment, economic trends, and training needs.

Downtown Jacksonville CRA District Boundaries

To collect the GIS-based data, Willdan created a GIS shapefile layer defining each Downtown Overlay District using the legal boundaries for each District as codified in Sec. 656.361.2 of the City of Jacksonville's Zoning Code. The creation of the shapefile referenced publicly accessible street centerline, hydrology, and heavy rail datasets to ensure accuracy. The boundaries as analyzed in this analysis are shown in the following figure.

Figure 11: Downtown Jacksonville CRA Districts



IV. DEMOGRAPHIC AND ECONOMIC PROFILE

Introduction

The following baseline demographic and economic profile analyzes Downtown Jacksonville and its economic relationships to the City of Jacksonville, Duval County and the Jacksonville Metropolitan Statistical Area (Jacksonville MSA).

The profile of the region's current and forecasted population trends for the short-term (through 2025) are based on projections for Duval County prepared by the University of Florida's Bureau of Economic and Business Research (BEBR). BEBR's population projections include three scenarios (high, medium and low). The analysis presented herein is based on the medium projection for population growth at the county level and recognizes that the City of Jacksonville population comprises over 95 percent of the countywide total and nearly 60 percent of the MSA. Similarly, the broader regional analysis assumes that the MSA population increases will be proportional to those at the county level.

Notwithstanding the regional context, the focus of this analysis is primarily the Downtown CRAs and their economic indicators. Key variables examined within the District boundaries include current and projected demographic and lifestyle characteristics that serve to measure market demand (spending power), such as population, households, age profiles, and household income levels.

Data Validity and Limitations

The US Census Bureau's American Community Survey (ACS) is the primary data source used for demographic analysis in this study for several reasons. The data fields are standardized and collected at regular intervals which allows for analysis across geographies and time. The survey covers a wide variety of topics, from income to housing and other related topics. Private sector and academic research both depend heavily on this voluminous data source.

Like any data set that is used to infer conclusions from a population sample, the American Community Survey does have limitations. Most relevant to this analysis is that the smallest geographic areas for which estimates are available are Census Block Groups (BG). While the data can be used to infer conclusions about large geographic areas with great statistical certainty, the smaller the area of interest the greater the margin of error around the inferences. For context, there is only one BG that is wholly contained within the Downtown CRA.

If BGs split across an area of interest, assumptions can be made about how the BG level data can be allocated to the area of interest. Even with carefully reasoned assumptions for allocation that are utilized by the data services underpinning this report, this approach can yield results where the subject geography is influenced by data from adjacent locations, or vice versa.

Considering these limitations, demographic data is presented for each of the BGs, or a portion of, that fall within the Downtown CRAs. Rather than make assumptions to allocate the BG level data to within or outside the CRA,

Downtown Jacksonville Market Feasibility Study

demographic assumptions are not altered at the BG level so that a reader can evaluate the unaltered data.

Locally collected housing unit and population data is included by district. The data is robust, but unlike ACS data, is not collected at regular intervals. 2014 estimates of multifamily housing units and population were not collected at the District level, so progress in 2020 cannot be compared at that level of detail. Going forward, this data should be collected regularly to facilitate the analysis of progress towards policy goals.

The following table links each Census Block Group to each Downtown Overlay District. Census tracts are divided into BGs, which are comprised of many Census blocks. Data is not reported at the block level. The numbering schema used throughout this document to identify each BG is “Census Tract Number Block Group Number.”

Figure 12 displays the spatial relationships between the Downtown Overlay Districts and the Census Tracts and BGs within each Tract.

When reviewing the data by BG, there are some considerations to keep in mind. First is that some BGs contain significant non-CRA areas which will influence the resulting statistics.

Additionally, BG 10.2 contains the Duval County Jail and two homeless shelters. Observations from these facilities are included in the survey data and affect the resulting statistics. For this reason, household population and multifamily dwelling unit data is reported by District, using data provided by Downtown Vision, Inc. (DVI), which excludes the jail and shelters.

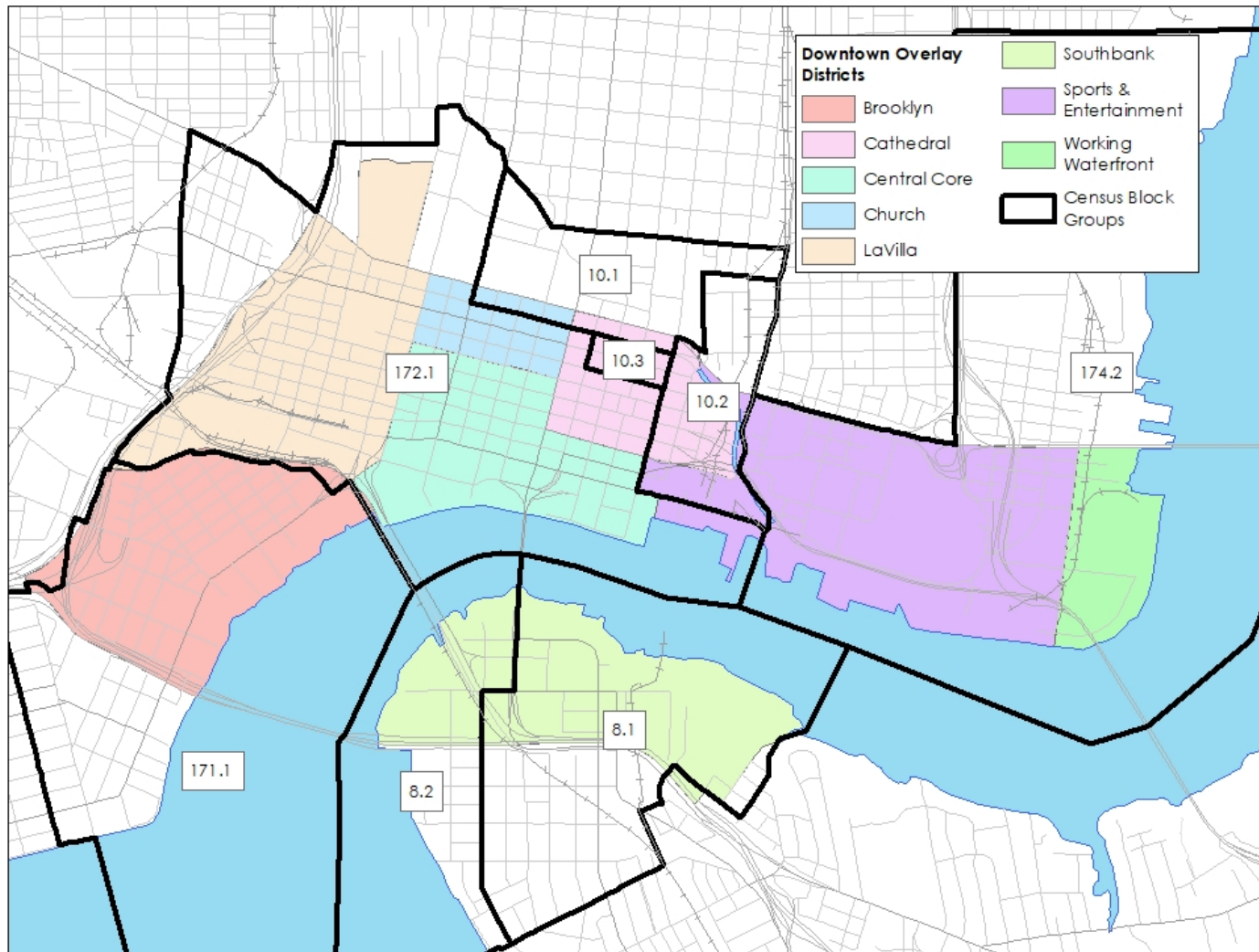
A small portion of the Brooklyn District extends beyond BG 171.1. However, the portion of the Brooklyn District that is outside of BG 171.1 is roadway area and does not contain any dwelling units or businesses.

Table 2: Census Block Groups Intersected by Downtown Overlay Districts

Census Tract/Block Group	Intersecting Downtown Overlay Districts
8.1	Southbank (Partial), Non-CRA Areas
8.2	Southbank (Partial), Non-CRA Areas
10.1	Church (Partial), Cathedral (Partial), Non-CRA Areas
10.2	Sports and Entertainment (Partial), Cathedral (Partial), Non-CRA Areas
10.3	Cathedral (BG Completely within District)
171.1	Brooklyn (Partial), Non-CRA Areas
172.1	La Villa (Completely within BG), Central Core (Completely within BG), Church (Partial), Sports and Entertainment (Partial), Non-CRA Areas
174.2	Working Waterfront (Completely within BG), Sports and Entertainment (Partial), Non-CRA Areas

Source: US Community Survey; DIA; Willdan, 2021

Figure 12: Downtown Overlay Districts and Census Block Groups



Source: US Community Survey; DIA; Willdan, 2021

Regional Population Growth and Trends

The following section examines regional demographic trends. Estimates are provided for the Jacksonville Metropolitan Statistical Area (MSA), Duval County and the City of Jacksonville. For uniformity of presentation, the time periods analyzed are 2014, consistent with the base year of prior DIA documents, and 2019, the most current ACS data.

Population

The following table presents estimates of population in 2014, 2019, 2020 and a projection for 2025. For each geography except for Downtown Jacksonville, 2014 and 2019 estimates come from the ACS. Population estimates for Downtown Jacksonville and their sources are discussed in detail in subsequent sections.

The 2020 estimates for the MSA, County and City are sourced from the University of Florida’s Bureau of Economic and Business Research (BEBR). The projection for 2025 is based on BEBR’s 2025 County projection and assumes that the ratio of population in the MSA and in the City to population in Duval County remain constant, and as noted earlier, using BEBR’s “medium” population projection for Duval County. The 2025 projection for Downtown Jacksonville assumes that population increases at the 8.65 percent average annual rate that occurred between 2014 and 2020.

Table 3: Population Trends by City, County and MSA, 2014-2025

Population	2014	2019	2020	2025
Jacksonville MSA ¹	1,419,127	1,559,514	1,581,345	1,693,769
Duval County ²	897,698	957,755	982,080	1,051,900
City of Jacksonville ³	853,376	911,528	936,250	1,002,812
Downtown Jacksonville ⁴	3,730	5,648	6,137	9,293

¹ 2014 and 2019 estimates from American Community Survey Table S0101. 2020 estimate from the University of Florida Bureau of Economic and Business Research (BEBR) “Florida Estimates of Population 2020.” Projection for 2025 assumes ratio of population in MSA to population in Duval County remains constant, based on BEBR’s Duval County population projection.

² 2014 and 2019 estimates from American Community Survey Table S0101. 2020 estimate from BEBR’s “Florida Estimates of Population 2020.” Projection for 2025 from BEBR’s “Medium” population projection for Duval County from “Projections of Florida Population by County, 2020–2045, with Estimates for 2019.” “High” projection for 2025 is 1,118,600 and “Low” projection is 979,800

³ 2014 and 2019 estimates from American Community Survey Table S0101. 2020 estimate from BEBR’s “Florida Estimates of Population 2020.” Projection for 2025 assumes ratio of population in City to population in Duval County remains constant, based on BEBR’s Duval County population projection.

⁴ 2014 estimates identified in Business Investment and Development Strategy, August 2019 by the Downtown Investment Authority, Jacksonville Florida. 2020 estimate identified in 2019-2020 State of Downtown Report, by DVI. Jacksonville. 2019 figure was estimated based on the compound annual growth rate from 2014 to 2020, which was 8.65%. 2025 figure assumes that population growth continues at 8.65% annual growth.

Source: US Community Survey; DIA; Willdan, 2021

Downtown Jacksonville Market Feasibility Study

Population by Age

The following table presents population estimates by age, and by race/ethnicity. From 2014 to 2019, population throughout the region increased for people aged 65 and older more rapidly than for the general population. Population growth for those under 18 is lower than the general population.

Population by Race/Ethnicity

White and African American populations continue to comprise the majority of residents in the region. The MSA contains a greater proportion of white residents than Duval County or the City of Jacksonville. While white residents comprise the majority of the region, the share of white residents decreased in all three geographies from 2014 to 2019. The African American population has maintained its share of total population throughout the region. The Hispanic or Latino population has increased its share of total population throughout the region in the same time period.

Average Household Size

The following table displays regional ACS housing characteristics for 2014 and 2019. During this period the average household size has decreased throughout the region and across all geographies under study. Households tend to slightly smaller in the County and City, compared to the broader MSA.

Housing Occupancy

Housing occupancy increased throughout the region from 2014 to 2019. Occupancy is slightly higher in the City and County compared to the MSA.

Housing Tenure

Housing tenure refers to whether a housing unit is owner occupied, renter occupied or vacant. The proportion of owner-occupied homes increased from 62 to 66 percent within regional MSA from 2014 to 2019. Owner-occupied housing levels in the City and County are both lower at 57 percent each in 2019, representing a one percent increase from the 2014 figure.

Housing Inventory

Total housing units in the MSA increased by 54,585 from 2014 to 2015. Over two-thirds of this increase occurred outside of Duval County and the City. Single-family detached homes increased by 36,000 units in the MSA, 14,400 units in the City, and 12,600 units in Duval County. The relatively lower unit increase in Duval County reflects the shift away from single-family development and reduction in low-rise units (2-9 units), to higher density (20+unit) multifamily. From 2014 to 2019, these larger multifamily projects (primarily concentrated in the City) increased by 12,441 units, or 41 percent.

Occupancy in non-structural housing units (boats, RVs and vans) increased dramatically by over 500 units in the MSA between 2014 and 2019. Duval County reported a higher increase than the City (308 vs. 72), suggesting a potential indicator of housing insecurity in the broader region.

Median Household Income

The highest median household income is reported at the MSA level (\$65,880), compared to \$58,415 and \$56,975 at the County and City, respectively. Median household increased uniformly throughout the region between 2014 and 2019, with total increases ranging between 28% to 29%.

Downtown Jacksonville Market Feasibility Study

Table 4: Demographic Characteristic Trends (2014 - 2019)

	Jacksonville MSA				Duval County				City of Jacksonville			
	2014	2019	Net Chg.	% Chg.	2014	2019	Net Chg.	% Chg.	2014	2019	Net Chg.	% Chg.
Total population	1,419,127	1,559,514	140,387	10%	897,698	957,755	60,057	7%	853,376	911,528	58,152	7%
<u>Population by Age</u>												
Underage 18	324,574	347,895	23,321	7%	204,851	215,545	10,694	5%	197,791	206,135	8,344	4%
18 to 64	892,557	958,004	65,447	7%	578,147	603,834	25,687	4%	547,748	574,563	26,815	5%
65 years +	201,996	253,615	51,619	26%	114,700	138,376	23,676	21%	107,837	130,830	22,993	21%
<u>Population by Race/Ethnicity</u>												
White	999,839	1,066,937	67,098	7%	548,264	560,489	12,225	2%	508,647	518,116	9,469	2%
Black/African American	308,789	337,751	28,962	9%	269,851	285,600	15,749	6%	267,080	284,385	17,305	6%
American Indian	2,864	5,502	2,638	92%	2,068	3,571	1,503	73%	2,047	3,281	1,234	60%
Asian	52,303	58,498	6,195	12%	40,428	45,052	4,624	11%	39,525	44,551	5,026	13%
Pacific Islander	707	833	126	18%	288	471	183	64%	288	305	17	6%
Some other race	14,665	37,994	23,329	159%	11,482	26,704	15,222	133%	10,815	26,453	15,638	145%
Two or more races	39,960	51,999	12,039	30%	25,317	35,868	10,551	42%	24,974	34,437	9,463	38%
Hispanic or Latino	111,970	148,108	36,138	32%	77,064	100,736	23,672	31%	75,786	97,244	21,458	28%
Share of Total	7.9%	9.5%	25.7%		8.6%	10.5%	39.4%		8.9%	10.7%	36.9%	

Source: American Community Survey 1-Year Estimates, Table DP05, 2014 and 2019; Willdan, 2021

Downtown Jacksonville Market Feasibility Study

Table 5: Select Housing Characteristic Trends (2014 to 2019)

	Jacksonville MSA			Duval County			City of Jacksonville		
	2014	2019	Change	2014	2019	Change	2014	2019	Change
<u>Housing Occupancy</u>									
Total housing units	615,239	669,824	9%	395,891	418,735	6%	371,254	396,542	7%
Occupied housing units	528,993	584,381	10%	340,985	368,668	8%	320,809	349,171	9%
Vacant housing units	86,246	85,443	-1%	54,906	50,067	-9%	50,445	47,371	-6%
Percent Occupied	86.0%	87.2%	1%	86.1%	88.0%	2%	86.4%	88.1%	2%
<u>Housing Tenure</u>									
Owner-occupied	328,899	385,770	17%	190,881	210,184	10%	178,353	197,853	11%
Renter-occupied	200,094	198,611	-1%	150,104	158,484	6%	142,456	151,318	6%
<u>Units in Structure</u>									
Total housing units	615,239	669,824	9%	395,891	418,735	6%	371,254	396,542	7%
1-unit, detached	390,370	426,369	9%	237,966	250,571	5%	224,521	238,963	6%
1-unit, attached	28,756	30,808	7%	19,513	22,918	17%	17,662	19,929	13%
2 units	9,461	7,875	-17%	7,567	5,873	-22%	6,305	4,712	-25%
3 or 4 units	24,652	23,096	-6%	18,506	17,215	-7%	15,643	15,911	2%
5 to 9 units	37,715	33,259	-12%	27,278	22,445	-18%	25,250	21,575	-15%
10 to 19 units	39,721	42,003	6%	32,438	33,781	4%	31,162	33,143	6%
20 or more units	40,616	54,209	33%	32,158	46,197	44%	30,492	42,934	41%
Mobile home	43,764	51,502	18%	20,281	19,427	-4%	20,035	19,119	-5%
Boat, RV, van, etc.	184	703	282%	184	308	67%	184	256	39%
<u>Households</u>									
Total households	528,993	584,381	10%	340,985	368,668	8%	320,809	349,171	9%
Average household size	2.63	2.61	-1%	2.57	2.53	-2%	2.60	2.54	-2%
<u>Median Household Income</u>									
	\$51,117	\$65,880	29%	\$45,779	\$58,415	28%	\$44,591	\$56,975	28%

Sources: American Community Survey 1-Year Estimates, Tables DP04 and B19013, 2014 and 2019

Downtown Jacksonville Market Feasibility Study

Population Growth and Trends by District

Multifamily Residents: 2014-2020

The following table presents multifamily residential estimates for 2014 and 2020. Data from 2014 was not available at the District level, so only the total estimated residents is shown. Assuming growth continues at the same compound annual growth rate of 8.65% that was achieved from 2014 to 2020, Downtown Jacksonville will total 9,293 residents in 2025.

Table 6: Multifamily Household Population

District	Estimated Multifamily Household Population (2014) ¹	Estimated Multifamily Household Population (2020) ²
Brooklyn	n/a	964
Cathedral	1,196	1,088
Central Core	825	1,100
Church	549	346
LaVilla	-	905
Southbank	1160	1,734
Sports and Entertainment	-	-
Working Waterfront	-	-
Total	3,730	6,137
Percent Change - 2014 - 2020		165%

¹ Page 63, Business Investment and Development Strategy, 2014, Downtown Investment Authority, Jacksonville Florida. Population allocated to each District based on share of housing units from Table 7:

² Assumes 1.59 residents per multifamily unit, including townhomes.

Source: Business Investment and Development Strategy, 2014, DIA; 2019-2020 State of Downtown Report, DVI; Willdan, 2021

Multifamily Units: 2014-2020

The following table provides multifamily housing estimates for 2014 and 2020. Data from DVI's 2015 State of Downtown Jacksonville was used to estimate the number of multifamily dwelling units, by District. Note that townhomes are considered multifamily units for the purposes of data collection.

Table 7: Multifamily Housing Units

District	Multifamily Housing Units Inventory (2014) ¹	Multifamily Housing Units Inventory (2020) ²
Brooklyn	-	605
Cathedral	703	683
Central Core	485	690
Church	323	217
LaVilla	-	568
Southbank	682	1,088
Sport and Entertainment	-	-
Working Waterfront	-	-
Total	2,193	3,851
Percent Change - 2014 - 2020		76%

¹ State of Downtown Jacksonville, 2015, DVI.

² 2019-2020 State of Downtown Report, DVI. Includes townhomes.

Note: Cathedral District unit count is reduced by 700 units to reflect a publication error identified in the 2015 State of Downtown Report.

Source: State of Downtown Jacksonville, 2015, DVI; 2019-2020 State of Downtown Report, DVI; Willdan 2021

Demographic Trends by Census Block Group

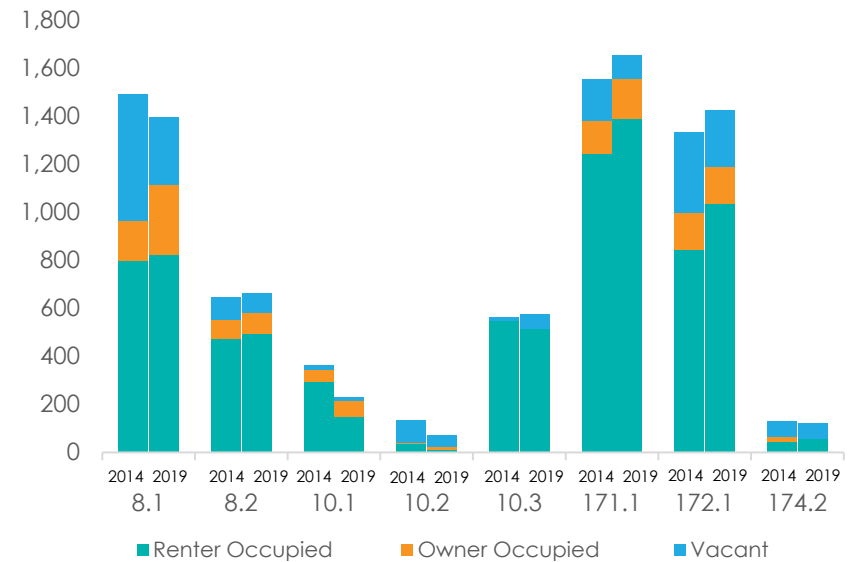
Census Block Groups, the smallest geography reported by the ACS, was analyzed to evaluate demographic and economic trends in an area that best approximates the geography of the city districts under study. As noted in the data limitations section, these geographies do overlap district boundaries and include adjacent areas outside of the study area (see Figure 12 on page 13). Nonetheless, there is sufficient alignment to gather insights on the characteristics of the underlying Districts. The following sections provide estimates for 2014, to be consistent with the base year of prior DIA documents, and for 2019, the most recent year that ACS data is available for. Going forward, the DIA can collect ACS data annually at the BG level to track demographic trends in Downtown Jacksonville. Appendix II contains tables that displays all the data and assumptions supporting the charts the charts in this section.

Note that BG 10.2 contains the Duval County Jail and two homeless shelters. Observations from these facilities are included in the survey data and affect the resulting statistics.

Housing Tenure: 2014-2019

Housing tenure refers to whether a housing unit is owner occupied, renter occupied or vacant. presents housing tenure for each BG that intersects the Downtown districts. Review the introduction to this report for the listing of Districts and their corresponding BGs.

Figure 13: Housing Tenure by Census Block Group, 2014 and 2019



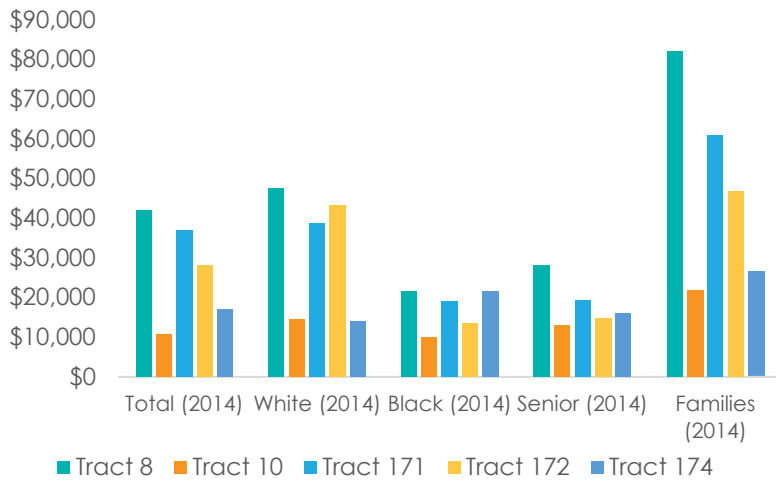
Source: American Community Survey; Willdan, 2021

Households by Income: Net Change - 2014 & 2019

ACS data regarding household income is only available at the Census Tract level. Figure 14 presents median household income data for each Census Tract that intersects the Downtown districts for 2014. Figure 15 presents the same data for 2019. Data is provided for all households, white households, black households, senior households and for households comprised of married couples and families, where available. Generally, white households in the Downtown BGs have significantly higher median incomes compared to black households. Married couples/families have the highest incomes of all the demographics included in the comparison.

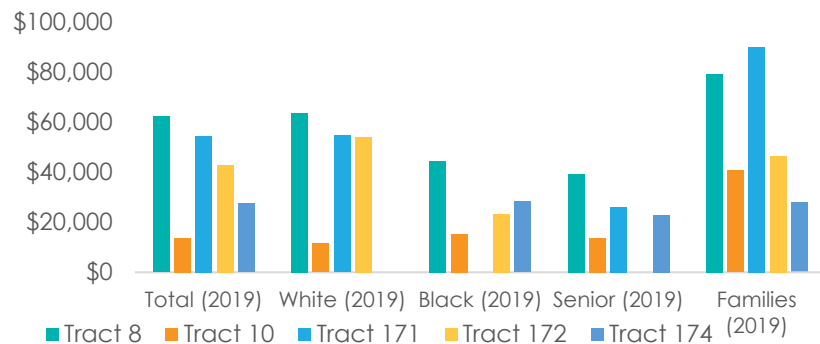
Downtown Jacksonville Market Feasibility Study

Figure 14: Median Household Income by Census Tract, 2014



Source: American Community Survey; Willdan, 2021

Figure 15: Median Household Income by Census Tract, 2019



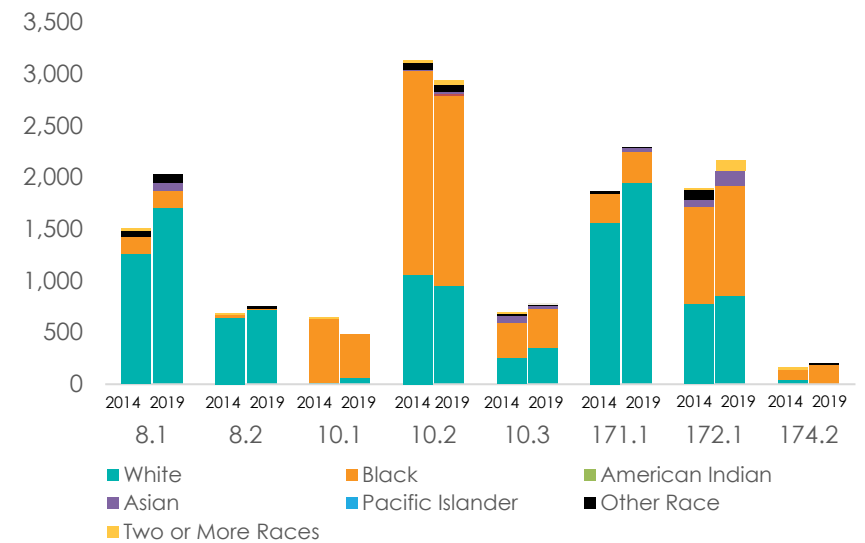
Note: ACS did not provide estimates for median household income for white households in Tract 174, black households in Tract 171 and senior households in Tract 172 in the 2019 estimates.

Source: American Community Survey; Willdan, 2021

Population by Race/Ethnicity: Net Change – 2014 & 2019

Whites and African Americans predominately comprise the Downtown Jacksonville population. Figure 16 compares the racial and ethnic makeup of each BG's population in 2014 and 2019.

Figure 16: Population by Race and Ethnicity by Census Block Group, 2014 and 2019



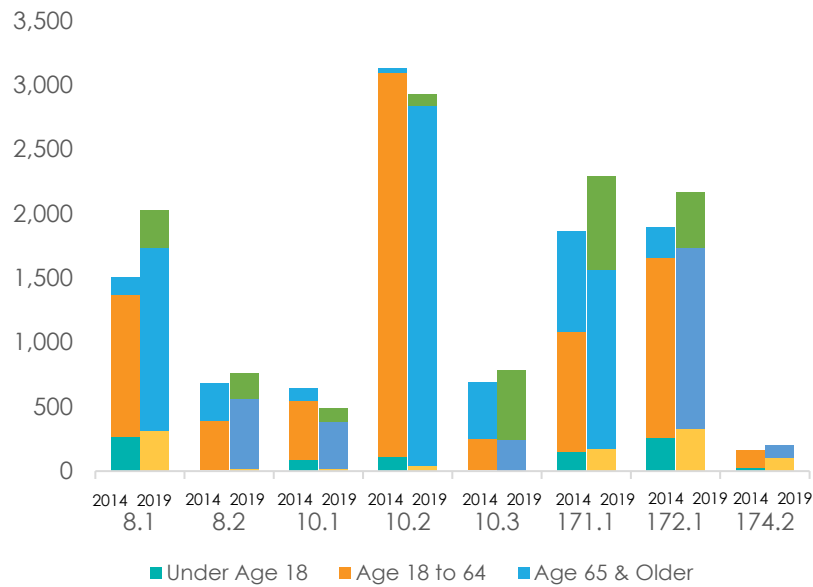
Source: American Community Survey; Willdan, 2021

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Population by Age: Net Change: 2014 & 2019

Figure 17 compares the population of each BG in terms of residents under the age of 18, those between 18 and 64 and those 65 and above in 2014 and 2019.

Figure 17: Total Population by Age by Census Block Group, 2014 and 2019



Source: American Community Survey; Willdan, 2021

Economic Base: Employment Characteristics

Employment Overview

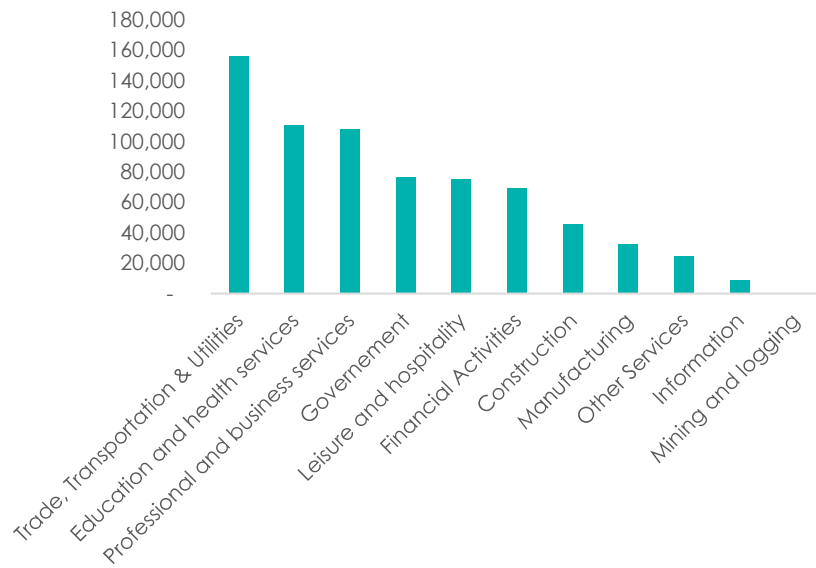
The Jacksonville MSA is comprised of five counties including Duval, Baker, Clay, Nassau and St. Johns. The U.S. military, government transportation and distribution, financial services, and health care industries form the core of the area's economic base.

Employment Overview

The following table displays the Jacksonville area nonfarm employment, by sector for January 2021. The Trade, Transportation and Utilities, Education and Health Services and Professional and Business Services are the three leading sectors of the Jacksonville metropolitan economy according to number of jobs. The Government and Leisure and Hospitality sectors and Financial Activities follow.

It is important to highlight the economic engine powered by the Government sector which includes Military personnel. The region has about 75,000 active duty, reserve and civilian personnel, accounting for 14% of the area's workforce. Jacksonville is home to two important U.S. Navy facilities. Naval Station Mayport, home to the Navy's 4th Fleet, is a seaport and air facility that employs about 13,000 military personnel.

Figure 18: Jacksonville Area Nonfarm Employment by Sector



Source: U.S. BLS, Current Employment Statistics.

Jacksonville is home to two important U.S. Navy facilities. Naval Station Mayport, home to the Navy’s 4th Fleet, is a seaport and air facility that employs about 13,000 military personnel.

Naval Air Station Jacksonville, on the city’s Westside along the St. Johns River, has about 12,000 military personnel and 7,000 civilian employees.

A third U.S. Navy base, Naval Submarine Base Kings Bay in nearby Southeast Georgia, brings another 5,000 military and 2,000 civilian employees to the region.

Jacksonville Region Defense Industry Impact:

- 124,000 JOBS
- \$4.9 BILLION Direct Defense Spending
- 6,000+ Aerospace Industry Employment
- 100 Aerospace firms operate in the region.

Jacksonville Region Defense Industry Assets

Away from the water, the **Camp Blanding Joint Training Center** in Clay County is a major training site for the Florida National Guard.

Jacksonville is home to the **Fleet Readiness Center Southeast**, the region's largest industrial employer with a workforce of about **3,000 civilian employees, 1,000 military personnel and 1,000 contractors**.

Jacksonville's port has the **U.S. Marine Corps' Blount Island Command**, which provides prepositioning services for the Marines and **employs nearly 1,000**.

The military provides an important training ground for businesses in the region, as many veterans decide to stay in Northeast Florida after retirement. More than **3,000 veterans** a year join the **region's workforce**.

Northeast Florida's military background has spawned a growing **aerospace industry** in the region, with many major **defense contracts** taking advantage of the **region's assets**.

Northrop Grumman is St. Johns County's largest corporate employer with more than **1,000 employees** at its facility at **Northeast Florida Regional Airport** in St. Augustine.

The area's **largest hub** of private **aerospace** activity is the **Cecil Commerce Center**, located on Jacksonville's Westside at the site of what once was the city's third naval air station.

The **large runways** at Cecil make it ideal for major **aerospace operations**. Its biggest employer is **Flightstar Aircraft Services**, which employs more than **1,000 people** in aircraft maintenance, repair, and overhaul services.

Source: Florida Trend, "A Mighty Military Presence" – The military provides an important training ground for businesses in Northeast Florida and has spawned a growing aerospace industry. (Mark Basch, 2017)

LSI is a simulation and training company started by two U.S. Navy veterans nearly 40 years ago and now employs about **500 people** at Cecil, with nearly half of those **military veterans**.

According to Dave Risha, LSI Director of Business Development:

"There is a lot of military expertise available in the Jacksonville area."

"Access to quality health care and the appealing lifestyle in Northeast Florida entice veterans to stay in the region after retirement."

"It's a good place to be when you separate from the military".

Cecil is equipped to handle **spaceflight**. **Cecil Spaceport** is the only licensed **horizontal launch** commercial **spaceport** on the **East Coast**.

Other aerospace firms include:

Brazil-based **Embraer**, which is building its **A-29 Super Tucanos aircraft** at **Jacksonville International Airport**.

Kaman Aerospace, which is producing commercial airplanes at its facility at **Imeson Industrial Park**, the site of **Jacksonville's original public airport**.

Downtown Jacksonville Market Feasibility Study

Unemployment

From 2013 to 2019 the unemployment rate in the MSA was steadily decreasing, coinciding with steadily increasing labor force size, reaching a low of 3.1% in 2019. This healthy economic trend was significantly impacted by the onset of the Covid pandemic when the decrease in employment levels resulted in a mid-year spike to 12.1 percent and the annual unemployment rate increase to 6.1 percent. The unemployment figure would have been even higher if the labor force did not decrease by nearly 40,000 people. Most recently, total unemployment is decreasing, the labor force is on the rise, employment is rebounding, and unemployment rates are decreasing – all positive near-term economic indicators.

Table 8: Labor Force and Unemployment, Jacksonville MSA

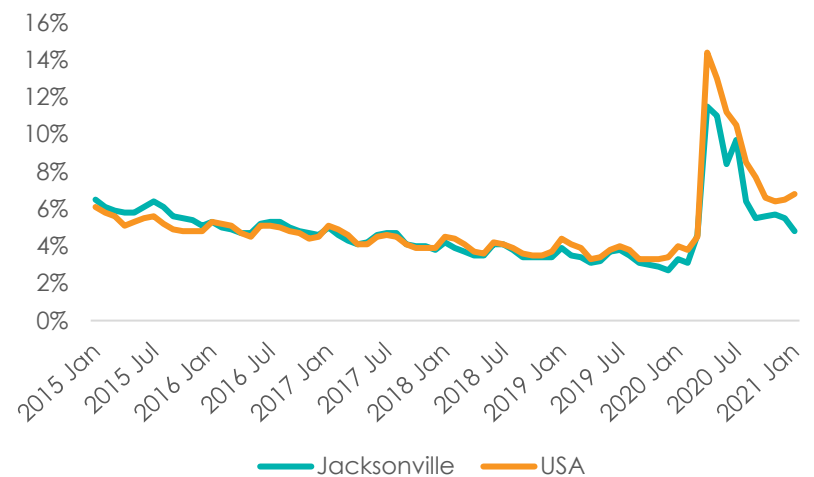
Year	Labor Force	Employment	Unemployment	UE Rate
2013	709,351	659,773	49,578	7.0
2014	715,253	670,631	44,622	6.2
2015	718,820	680,220	38,600	5.4
2016	735,105	701,068	34,037	4.6
2017	759,045	728,247	30,798	4.1
2018	770,771	743,987	26,784	3.5
2019	785,189	760,810	24,379	3.1
2020	768,164	721,687	46,478	6.1
2021 ¹	786,210	751,797	34,413	4.4

¹ Only includes January.

Source: Bureau of Labor Statistics; Willdan; 2021

The following figure provides a comparison of the unemployment rate in the City of Jacksonville to the nation. Historically, the rates have tracked closely. However, since the Covid-19 pandemic commenced, the City’s unemployment rate has generally fallen below the national level. Early indications from 2021 suggest that the City’s rate continues to drop, while the national rate is flattened or even increased slightly.

Figure 19: Jacksonville vs. US Semi-Annual Unemployment Rate (2015-2021)



Source: Bureau of Labor Statistics; Willdan; 2021

Downtown Jacksonville Market Feasibility Study

Major Private Employers

Major employers in the area include several healthcare providers, Bank of America and Southeastern Grocers. These seven employers employ nearly 46,000 workers in the area.

Table 9: Jacksonville Area Largest Private Employers

Company	Employees
Baptist Health	10,650
Bank of America	7,700
Mayo Clinic	6,400
Southeastern Grocers	5,700
Florida Blue	5,700
Ascension St. Vincent's	5,400
UF Health	4,200

Source: <https://jaxusa.org/tools-resources/top-employers/>

The professions that are projected to generate the most jobs within the 5-year time horizon are generally consistent with the current dominant job sectors in the region: trade/warehousing, medical services, education, professional services, government, and hospitality. The following table displays the top ten sectors for projected job growth in Duval County through 2025.

Table 10: Duval County Top Ten Projected Jobs by Sector, 2020 to 2025

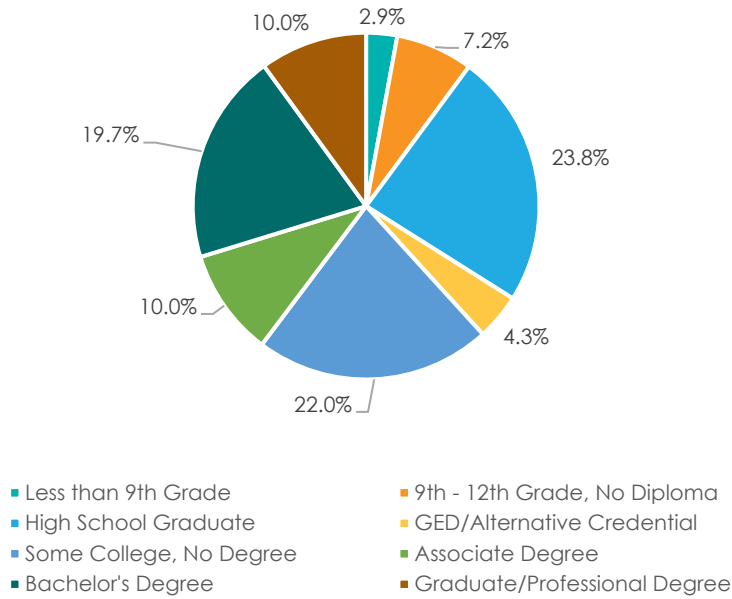
Jobs by Sector	Projected Increase in Jobs
General Warehousing and Storage	5,864
Offices of Physicians (except Mental Health Specialists)	2,895
General Medical and Surgical Hospitals	2,115
Commercial Banking	1,519
Elementary and Secondary Schools (Local Government)	1,228
Full-Service Restaurants	1,129
Colleges, Universities, and Professional Schools (State Government)	1,059
Custom Computer Programming Services	897
Home Health Care Services	744
Direct Health and Medical Insurance Carriers	718

Source: Emsi, 2021

Educational Attainment

Current data on attained education levels highlight a smaller pool of residents with college degrees typical of professional office jobs, a segment of employment the City desires to expand. The percentage of the population with a bachelor's degree or higher totals 29.7%, a figure slightly lower than the national average, of 33%.

Figure 20: City of Jacksonville 2020 Population 25+ by Educational Attainment



Source: ESRI; Willdan, 2021

Employment Projections

Duval County is projected to add over 33,000 jobs from 2020 to 2025, an increase of 5.8%. The following table displays the annual project projections.

Table 11: Duval County Employment Projections, 2020 to 2025

Year	Jobs
2020	577,492
2021	587,013
2022	594,880
2023	601,587
2024	607,428
2025	610,967

Source: Emsi; Willdan, 2021

Downtown Jacksonville Labor Force Assessment

The 456,000 individuals in the Jacksonville labor force provide a variation in the talent pool to support Jacksonville businesses. However, there are more jobs available than residents to fill them.

Only 28% of Jacksonville’s resident labor force leave the City to find opportunities elsewhere. These data illustrate a need to support the growth of existing businesses. According to Emsi job posting data, the hardest to fill jobs are healthcare practitioners, followed by sales workers and management level positions. To a lesser degree, business and financial positions have fewer completions, along with healthcare support positions. Registered Nurses are the hardest position to fill. This is a national problem, however, considering healthcare is the largest employing industry in Duval County, this may exacerbate the Jacksonville market.

Downtown Jacksonville Market Feasibility Study

Table 12: Worker Characteristics, City of Jacksonville (2018)

Worker Characteristics	Outflow	Inflow	Interior Flow ¹
Aged 29 or younger	26.8%	22.0%	22.5%
Aged 30 to 54	52.6%	55.8%	55.2%
Aged 55 or older	20.6%	22.2%	22.4%
Earning \$1,250 per month or less	27.3%	21.0%	21.9%
Earning \$1,251 to \$3,333 per month	36.7%	30.8%	38.8%
Earning More than \$3,333 per month	36.0%	48.2%	39.3%
"Goods Producing" Industry Class	9.7%	12.9%	10.8%
"Trade, Transport & Utilities" Industry Class	26.1%	24.9%	21.0%
"All Other Services" Industry Class	64.2%	62.2%	68.2%

¹ Interior flow jobs are internal jobs filled by residents.

Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics

The data also suggest that there are more workers commuting into Jacksonville for higher pay than the workers leaving for less pay (accommodation, food services and retail jobs). Jacksonville residents who also work in the City are similarly higher paid. The finance and insurance sector appears to be fueling the influx of outside workers at higher pay and, potentially, management type positions in other sectors.

The following table indicates that there are more jobs than residents to fill them and, therefore, are being filled by workers outside the area. Furthermore, there appears to be a large gap in the number of average annual openings and regional completions (see Figure 21), indicating an opportunity for additional training programs in these areas of focus. Some of the occupations do not have regional completions tied to them as they most likely do not require formal training, however, programs such as WIOA and other state training programs can address such training assistance.

Roughly 38% of Duval County residents hold only a high school diploma or lower, compared to 40% statewide and 38% nationally. The share of individuals who have some college but no degree is higher than the state and national averages, indicating a more skilled workforce. The share of bachelor's degree earners and higher educational levels is on par with the state but nearly three percentage points lower than the nation—30.6% in Duval County compared to 33% nationwide. These data align with the composition of the top occupations in Duval County. The top occupations validate that the largest employing industries require more entry level positions. Furthermore, of the top 20 occupations, 12 earn below the median wage for the County—\$17.68 per hour

Table 13: Workforce and Training Gaps, Duval County (2020)

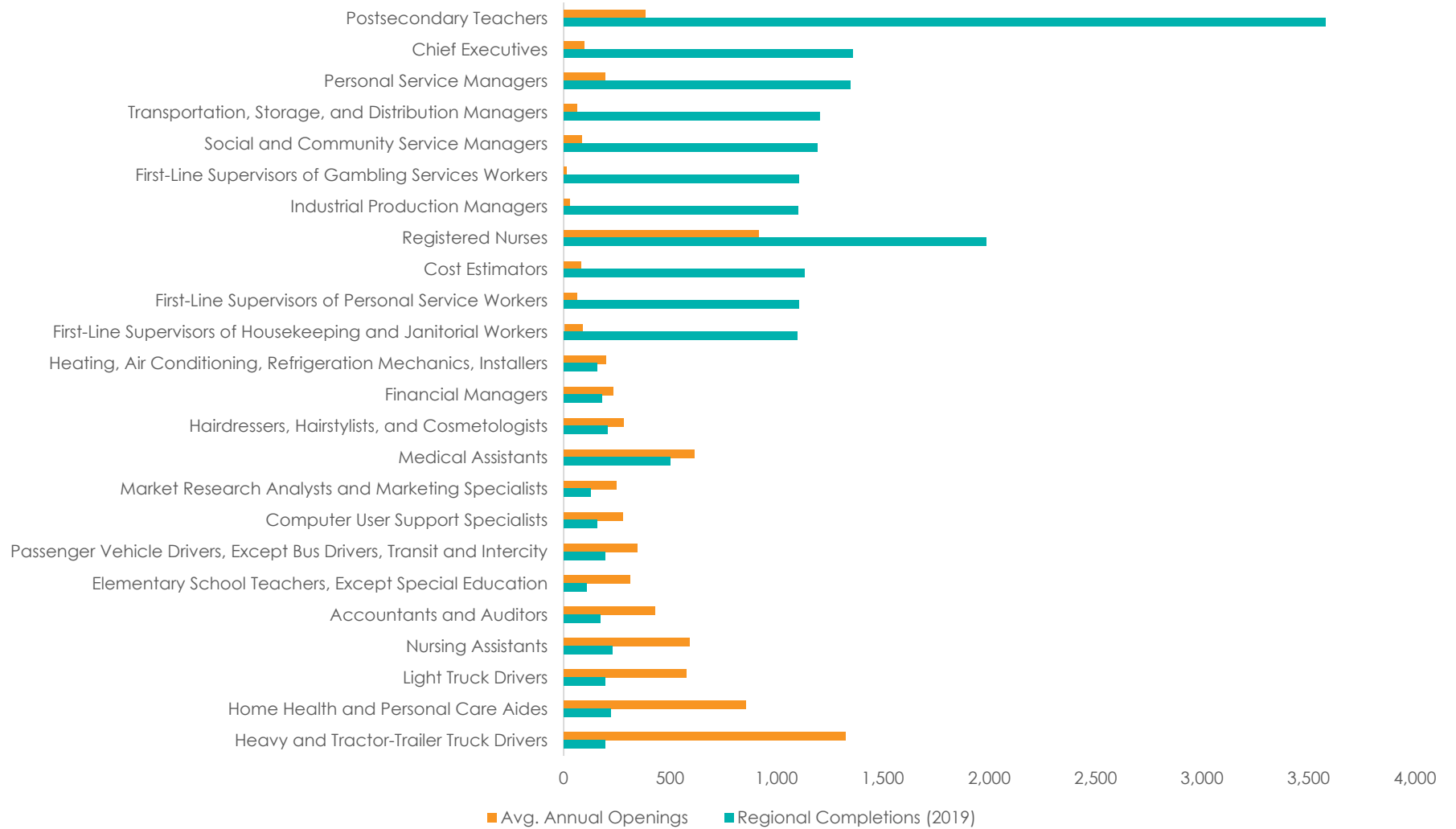
SOC	Description	Jobs	Available Workforce (Resident Workers)	Surplus/Gap (jobs less resident workers)	Median Hourly Earnings	Avg. Annual Openings	Regional Completions (2019)	Surplus/Gap (completions less annual openings)	Job Postings
53-3032	Heavy & Tractor-Trailer Truck Drivers	10,692	8,341	2,350	\$20.13	1,325	195	(1,130)	7,149
13-1198	Project Management & Business	6,703	5,165	1,539	\$28.97	674	0	(1,348)	1,118
43-1011	First-Line Supervisors of Office & Administrative Support Workers	7,512	6,023	1,489	\$25.90	753	46	(1,461)	2,609
33-9032	Security Guards	5,961	4,574	1,387	\$11.68	797	0	(1,594)	961
43-6014	Secretaries & Admin Assistants, except Legal, Medical, & Executive	6,494	5,458	1,036	\$16.91	685	0	(1,369)	1,440
31-9092	Medical Assistants	4,307	3,323	985	\$15.88	616	501	(115)	859
13-2011	Accountants & Auditors	4,485	3,603	882	\$29.76	428	174	(254)	2,048
47-2061	Construction Laborers	4,800	3,933	868	\$14.74	570	0	(1,141)	393
47-2111	Electricians	2,947	2,081	866	\$21.84	374	34	(714)	604
31-1131	Nursing Assistants	4,984	4,254	729	\$13.03	590	228	(362)	891

Source: The Metts Group; Emsi Labor Analytics; Willdan, 2021

In 2020, zero percent (0%) of Project Management and Business jobs were filled in the region. While it is certain that the Covid-19 on new hires and willingness to apply for a new job if receiving Federal Covid-19 relief benefits is an unprecedented impact on historical employer/workforce behaviors, the lack of regional completions in this sector is notable given the desire to attract a white-collar workforce to the City.

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Figure 21: Gap between Annual Job Openings and 2019 Regional Educational Program Completions, Duval County



Source: The Metts Group; Emsi Labor Analytics; Willdan, 2021

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Table 14: Top 20 Occupations, Duval County (2020)

Occupation	Jobs	Median Hourly Wage
Customer Service Representatives	22,114	\$ 16.77
Laborers and Freight, Stock, and Material Movers, Hand	15,527	\$ 13.31
Retail Salespersons	14,039	\$ 11.45
Fast Food and Counter Workers	12,498	\$ 9.62
Registered Nurses	12,242	\$ 30.35
Office Clerks, General	11,316	\$ 15.60
Cashiers	11,216	\$ 10.94
Heavy and Tractor-Trailer Truck Drivers	10,692	\$ 20.13
General and Operations Managers	8,738	\$ 42.22
Stockers and Order Fillers	8,715	\$ 12.78
Waiters and Waitresses	8,134	\$ 9.57
First-Line Supervisors of Office and Administrative Support Workers	7,512	\$ 25.90
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	6,974	\$ 11.32
Project Management Specialists and Business Operations Specialists, All Other	6,703	\$ 28.97
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	6,494	\$ 16.91
Security Guards	5,961	\$ 11.68
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	5,024	\$ 25.45
Nursing Assistants	4,984	\$ 13.03
Bookkeeping, Accounting, and Auditing Clerks	4,855	\$ 19.00
Maintenance and Repair Workers, General	4,848	\$ 17.83

Source: The Metts Group; Emsi Labor Analytics; Willdan, 2021

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Employment in office related industries comprise roughly 30% of total employment in Duval County (not including healthcare and social services). According to the most recent week of data from the U.S. Census Household Pulse Survey, approximately 33% of adults in Florida are teleworking since the onset of the pandemic. While this may not bode well for the office real estate market at this time, it is expected to rebound as the recovery sets in.

Engineering services comprise a large portion of the professional and technical services market. Such services coupled with the large healthcare and financial sector presence in Jacksonville may shed some light on the cybersecurity industry. This industry has room to grow in the Jacksonville region given the proximity to key industry giants and geographic areas with cyber hubs (e.g., Tampa; Augusta, GA, etc.). The large demand for IT workers—as indicated by the 16,400 job postings in 2020, nearly 1,400 average annual openings, and over 3,400 influx of outside worker—also suggest that the IT industry needs such talent.

Table 15: Jacksonville Workforce SWOT

Strengths	Weaknesses
<p>Strong economic base (more jobs than residents to fill)</p> <p>Healthcare and financial hub</p> <p>Trained/skilled former military workforce</p>	<p>IT talent</p>
Opportunities	Threats
<p>Current industry composition provides opportunity for spinoff activity (e.g., cyber)</p> <p>Programs to help military transition to the private sector</p>	<p>Risk of losing commuters</p> <p>Service-based economy</p>

<https://careersourcenortheastflorida.com/wp-content/uploads/2020/10/CareerSource-NEFL-Region-8-Eligible-Training-Provider-List-Performance-Reporting-8.4.20.pdf>

Source: The Metts Group; Emsi Labor Analytics; Willdan, 2021

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Figure 22: Best of Jacksonville

Jacksonville "Best Of"			
Florida #4 Best State to Start a Business (WalletHub, July 2021)	Palm Coast #1 For Places That Are Getting Cheaper to Live (ApartmentGuide.com, November 2020)	#1 Best Metro for Digital Nomads (Zillow/Yelp, April 2021)	Florida #2 For Solar Power Jobs (Business Facilities, July 2020)
Jacksonville #3 Best City for Job Seekers (MoneyGeek, July 2021)	JAX Is Smart City to Watch In 2020 (StateTech Magazine, November 2020)	Jacksonville #1 in Florida for Recent College Graduates (Self/Tampa Bay Business Journals, March 2021)	Florida #2 For Startup Ecosystems (Business Facilities, July 2020)
Jacksonville Ranks Among Top 25 Best Places to Live (U.S. News & World Report, July 2021)	#7 City for Veteran Leadership in Civilian Jobs (LinkedIn, November 2020)	Jacksonville #9 U.S. City with Most Startups (Roofstock, March 2021)	Mayo Clinic Florida #1 Hospital in Florida (U.S. News & World Report, July 2020)
Jax Beach, Fernandina Beach Top 25 Best Beach Towns (WalletHub, June 2021)	JAX Metro #1 Where People Moved, May-Sept '20 (United Van Lines/Webster Pacific, October 2020)	JAX #5 Best U.S. City for Public Parks and Walkability (CommercialCafe.com, August 2020)	Florida #2 Best States for Business (Chief Executive, June 2020)
Jacksonville Top 20 Best City to Start a Business (WalletHub, April 2021)	JAX Top 10 City for Workforce Confidence (LinkedIn, October 2020)	Jacksonville Ranks Among Top 10 Cities for Women in Tech (Smart Asset, February 2021)	Florida 5th Lowest Tax Burden in U.S. (WalletHub, June 2020)
Jacksonville a Top City for Tech Workers (LinkedIn, June 2021)	JAX #1 City in Population Gains During Pandemic (LinkedIn's Economic Graph Research, October 2020)	JAX MSA Top 20 For Female Entrepreneurs, SmartAsset, December 2020	Jacksonville Listed as Top 10 Best U.S. City for Veterans (Business Insider/WalletHub, May 2020)
Florida #2 Best State for Business (Chief Executive Magazine, April 2021)	Jacksonville #2 for Best Places to Live in Florida in 2020, Bankrate, February 2020	Florida #2 Best Taxpayer ROI (WalletHub, March 2021)	

V. REAL ESTATE MARKET ANALYSIS

Introduction

The Downtown Jacksonville residential housing market is primarily focused on multifamily and townhome product types. Small pockets of single-family homes exist primarily in the LaVilla and Brooklyn Districts, and throughout the entire Northbank CRA in small quantities.

Going forward development in Downtown will be focused on multifamily product types, so for this reason, the residential market component of this study focused on multifamily product types and does not examine single family development market trends.

Note that the Sports and Entertainment and Working Waterfront Districts do not currently contain any multifamily properties, so these Districts are excluded from the existing conditions analysis.

Multifamily Market Indicators

This analysis evaluates four primary multifamily market indicators: asking rents, vacancy rates, 12-month absorption and land value.

Data for these indicators was collected from CoStar as of Q4, 2020, which was the most recent complete quarter at the time this analysis was completed. The CoStar interface allowed for the database to be queried by Downtown District, providing statistics at a high level of detail. The following table summarizes the multifamily indicators.

Table 16: Multifamily Market Indicators by District, Q4 2020

	Average Asking Rents per Square Foot ¹				Vacancy	12 Month	Land Values
	Studio	1 Bedroom	2 Bedroom	3 Bedroom	Rates	Absorption	per Sq. Ft. ²
Brooklyn	\$1.97	\$1.92	\$1.48	\$1.42	3.7%	5	\$ 51
Cathedral	1.00	0.84	1.56	n/a	5.9%	3	51
Central Core	1.95	1.77	1.37	n/a	2.8%	4	22
Church	1.28	1.24	1.63	n/a	6.7%	2	29
LaVilla	1.62	1.26	1.14	1.20	2.4%	3	33
Southbank	2.18	1.85	1.54	1.59	17.0%	53	61

¹ Asking rent 2020 Q4 per CoStar.

² Based on the weighted average of land sales within the last five years, as reported by CoStar. Southbank land value based on the weighted average value per square foot from two recent appraisals provided by DIA.

Source: CoStar; Willdan, 2021

Asking Rents per Square Foot by Number of Bedrooms

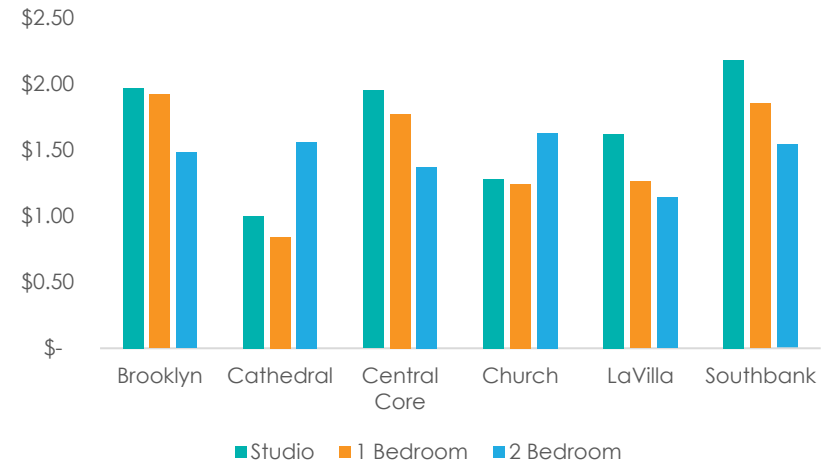
Asking rents peaked in Downtown Jacksonville in Q2 2019 prior to the Covid-19 pandemic. By Q1 2021, asking rents had returned to their pre-pandemic levels.

Asking rents per square foot range from \$0.84 per square foot for a one bedroom in the Cathedral District to \$2.18 for a studio in the Southbank District. The average rent per square foot across all product types is \$1.51. Overall, the Southbank District has some of the highest rents and the LaVilla and Church Districts have the lowest rents.

The high rents in the Southbank District area are at least partially related to two recent project deliveries (SOBA and Broadstone River House) in 2019, which increased the high-end housing stock of that District by a combined 410 units that year.

Lower rents in the Cathedral and LaVilla Districts are a result of a high proportion of affordable housing and rent subsidized properties. Roughly half of the properties in the LaVilla District are classified as either affordable housing, rent subsidized or senior restricted housing.

Figure 23: Average Asking Rents per Square Foot by Bedrooms, by District, Q4 2020



Source: CoStar; Willdan, 2021

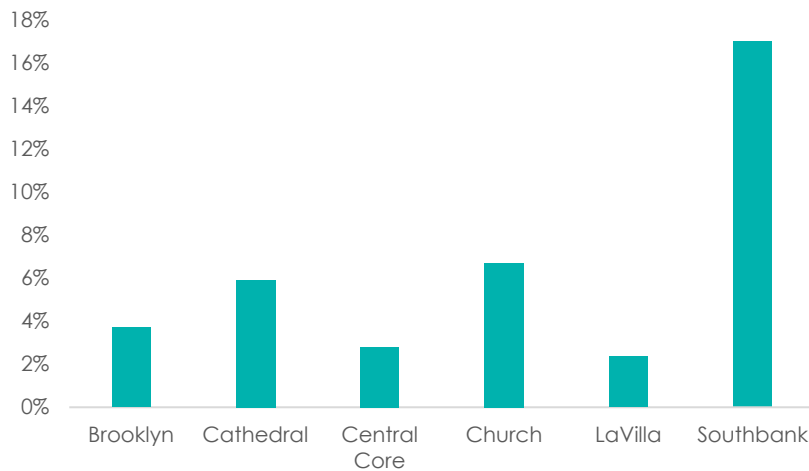
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Vacancy Rates

While boasting high asking rents, the Brooklyn and Southbank Districts also have high vacancy, which can be tied to a short-term oversupply of new housing stock and a Covid-19-related drop in demand for multifamily housing. In the short term, vacancy will likely increase as there is a significant number of multifamily units under construction. However, as the region recovers from the pandemic and inventory is absorbed, vacancy is expected to decrease in the near and mid-term.

In particular, the high vacancy in the Southbank District can be tied to project deliveries of 263 and 147 units in Q2 2019 and Q4 2019, respectively. The vacancy in the District has been decreasing steadily as the units are absorbed in the market.

Figure 24: Multifamily Vacancy by District, Q4 2020



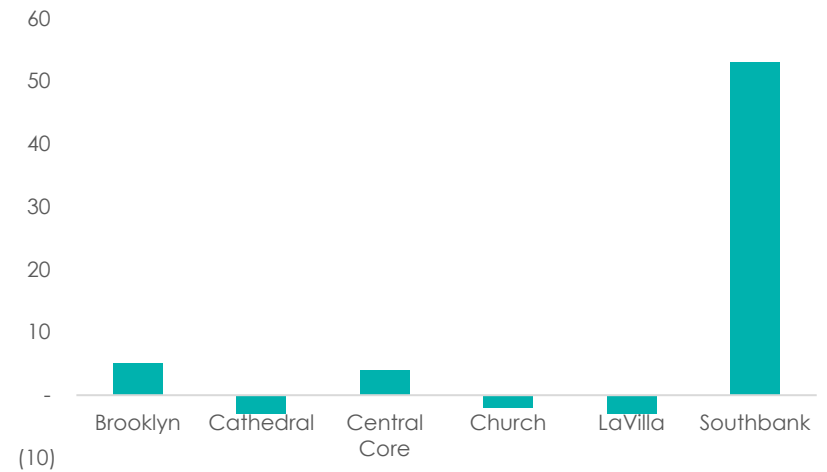
Source: CoStar; Willdan, 2021

Note: Sports and Entertainment and Waterfront Districts do not currently contain any multifamily housing and are excluded from this chart

Absorption

Absorption is the amount of inventory that is sold or leased during a given time period. **Figure 25** displays the 12-month absorption from Q4 2020, by District. Notably, the Southbank District has absorbed the most units, but as detailed in Figure 24, the District also has the highest Downtown vacancy rate due to recent project deliveries. This likely highlights the desirability of the neighborhood (as evidenced by higher rents per sq. ft.) and the challenge of absorbing new deliveries during a pandemic.

Figure 25: 12 Month Absorption, Q4 2020



Source: CoStar; Willdan, 2021

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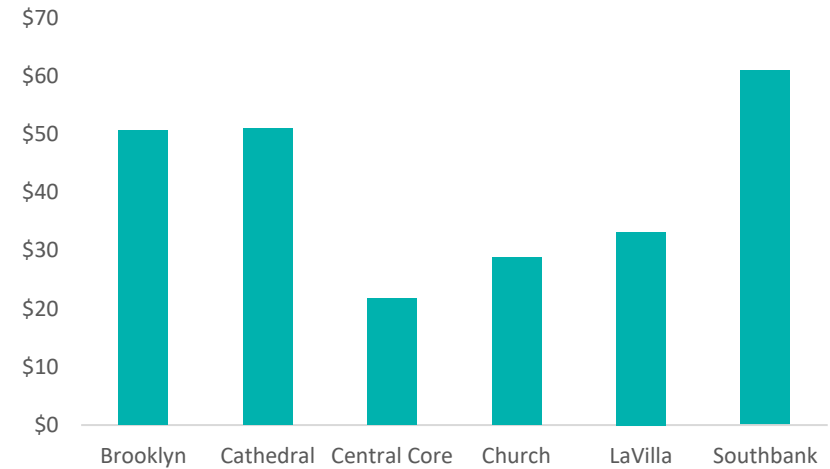
Land Values

Land values per square foot were estimated using sales comparison data from 2015 through 2020 as reported by CoStar. The zoning of each sold property was examined to determine if any type of residential development could be a permissible use. If so, the sale was included in the sample. The weighted average by land area of the comparisons was calculated and displayed in **Figure 26**.

In 2020, Downtown Jacksonville achieved the highest land sales price per square foot in the Southbank, Brooklyn, and Cathedral Districts. The Southbank land value based on the weighted average value per square foot from two recent appraisals provided by DIA. The land value for all other Districts is based on sales data provided by Costar.

Since the analysis uses a five-year sample of sales comparisons, Districts with more recent sales will show high land values. Consequently, the Cathedral Districts' high land values per square foot can be partially explained by recent sales within that District, and the lower values per square foot are at least partially attributed to older transactions in other districts.

Figure 26: Weighted Average Land Sales Price per Square Foot (2015 to 2020)



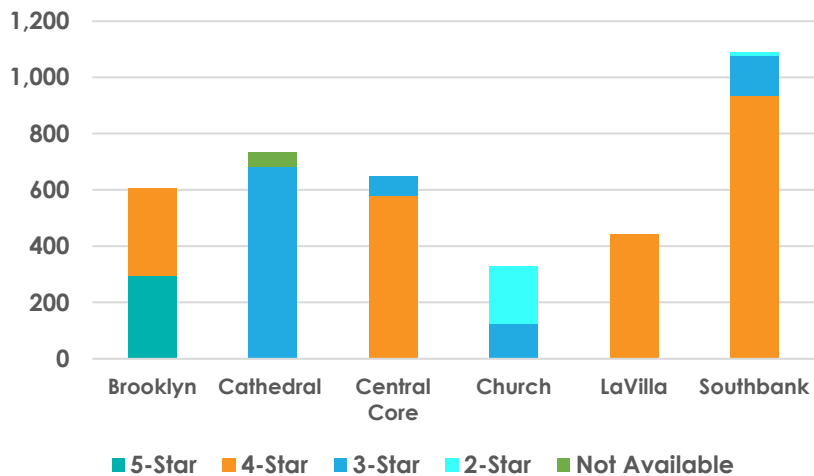
Source: CoStar; Willdan, 2021

Multifamily Market Supply by District

Figure 27 displays the multifamily units in each District by CoStar star rating. Note that townhomes are not rated by CoStar. Nearly all of properties in the City’s Districts are rated either three or four stars. There is one 5-Star luxury property in the Brooklyn District and one 2-Star property in the Church District.

It is interesting to note that many of the affordable or income restricted properties in the Cathedral District provide 3-star amenities despite the lower price point.

Figure 27: Multifamily Units by Housing Quality, by District



CoStar; Willdan, 2021

The following table lists CoStar’s criteria for rating multifamily properties.

Table 17: CoStar Rating Criteria

Class	Description
5-Star	Luxury finishes and amenities; interior/exterior design to the highest level of specifications
4-Star	Higher end finishes and specifications; desirable amenities; designed/built to competitive and contemporary standards
3-Star	Average finishes and potentially 4-star materials with signs of age; compact layout, not necessarily open floor plan; contextually appropriate; a few shared amenities
2-Star	Below average finishes; adequate and functional design; likely no shared amenities; noticeable aging
1-Star	Uncompetitive; may require significant renovation, possibly functionally obsolete.

CoStar; Willdan, 2021

The following table displays the inventory of existing multifamily residential communities in Downtown Jacksonville, by District. The inventory includes the number of housing units, the year each property opened, if it contains for sale or for lease product types, and the quality of the property and amenities, as reflected by CoStar’s star rating. Note that condominiums, apartments, and townhomes are included in this inventory.

Over the past several years, development (by number of projects) has been slightly more active in the LaVilla District. New construction is dominated by midrise product with unit counts typically between 100 and 150.

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Table 18: Multifamily Residential Supply – Existing Inventory, Q1 2021

Residential Community	Address	Year Opened	Lease/Sale	District	Quality	# Units
Stevens Duval (Senior Living)	601 N. Ocean St.	N/A	For Lease	Cathedral	3-Star	52
Cathedral Residences (Senior Living)	601 N. Newnan	1967	For Lease	Cathedral	3-Star	632
Parks at the Cathedral	333 E. Church St.	2002	For Sale	Cathedral	N/A	51
The Plaza Condominiums at Berkman Plaza	400 E. Bay St.	2002	For Sale/Lease	Central Core	4-Star	206
The Townhomes at Berkman Plaza	400 E. Bay St.	2002	For Sale	Central Core	4-Star	20
W.A. Knights Loft	115 W. Adams St.	2002	For Lease	Central Core	3-Star	12
11 E. Forsyth	11 E. Forsyth St.	2003	For Lease	Central Core	4-Star	127
Home Street Lofts	1050 Hendricks Ave.	2003	For Sale	Southbank	2-Star	12
The Carling	31 W. Adams St.	2005	For Lease	Central Core	4-Star	100
Residences at City Place	311 W. Ashley St.	2006	For Sale/Lease	Church	2-Star	205
The Metropolitan	421 W. Church St.	2006	For Lease	Church	3-Star	125
San Marco Place	1478 Riverplace Blvd.	2007	For Sale	Southbank	3-Star	141
The Strand	1401 Riverplace Blvd.	2007	For Lease	Southbank	4-Star	295
Churchwell Lofts at East Bay	301 E. Bay St	2008	For Sale	Central Core	4-Star	20
The Peninsula	1431 Riverplace Blvd.	2008	Sale/Lease	Southbank	4-Star	234
220 Riverside	220 Riverside Ave.	2015	For Lease	Brooklyn	5-Star	295
The Brooklyn Riverside	Park St. at Jackson St.	2015	For Lease	Brooklyn	4-Star	310
FSCJ Student Housing (Lerner Building)	20 W. Adams St.	2018	For Lease	Central Core	3-Star	58
Houston Street Manor	Houston St. & Jefferson St.	2018	For Lease	LaVilla	4-Star	72
Lofts at LaVilla	Bay St. & Lee St.	2018	For Lease	LaVilla	4-Star	130
Lofts at Monroe	Monroe St. & Davis St.	2018	For Lease	LaVilla	4-Star	108
The Residences at Barnett	112 W. Adams St.	2019	For Lease	Central Core	4-Star	107
Broadstone River House	1655 Prudential Dr	2019	For Lease	Southbank	4-Star	263
SOBA (San Marco Apartments)	1444 Home St.	2019	For Lease	Southbank	4-Star	143
Lofts at Jefferson Station	799 Water St.	2020	For Lease	LaVilla	4-Star	<u>133</u>
Total						3,851

Source: DVI; Willdan, 2021

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Multifamily Pipeline

DVI reports approximately 772 multifamily housing units currently under construction (as of January 2021), all of which are rental/for lease offerings. Construction activity is currently concentrated in the Brooklyn, Cathedral and Southbank Districts.

Planned multifamily projects total of 2,737 units. Southbank projects total 1,300 units or 47 percent of this planned supply. Smaller concentrations are planned in the Central Core, Church, and Sports and Entertainment Districts.

Table 19: Multifamily Pipeline

CRA District	Under Construction	% of Total
Brooklyn	441	57%
Cathedral	142	18%
Central Core	4	1%
Southbank	185	24%
Church	0	0%
LaVilla	0	0%
Sports and Entertainment	0	0%
Total	772	100%

CRA District	Planned Units	% of Total
Brooklyn	0	0%
Cathedral	140	5%
Central Core	520	19%
Southbank	1,300	47%
Church	398	15%
LaVilla	107	4%
Sports and Entertainment	272	10%
Total	2,737	100%

Source: Jacksonville Downtown Investment Authority; Downtown Vision, Inc.; Willdan, 2021

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Table 20: Multifamily Development Pipeline, 2020

Description	Address	# Units	Lease/Sale	District
2020 Units Under Construction				
Vista Brooklyn	200 Riverside Ave.	308	For Lease	Brooklyn
Lofts at Brooklyn	Spruce & Jackson	133	For Lease	Brooklyn
Ashley Square Senior Housing	650 N. Newnan St.	120	For Lease	Cathedral
Elena Flats	122 E. Duval St.	4	For Lease	Cathedral
Shipping Container Apartments	412 E. Ashley St.	18	For Lease	Cathedral
225 Laura St. Apartments	225 Laura St.	4	For Lease	Central Core
Southbank Apartments by Ventures	841 Prudential Dr.	185	For Lease	Southbank
Total		772		
2020 Units Proposed				
River's Edge	801 Broadcast Pl.	950	For Lease & Sale	Southbank
JTA Southbank Residential	700 Montana Ave.	350	For Lease	Southbank
Lofts at the Cathedral	325 E. Duval St.	120	For Lease	Cathedral
Ford on Bay	288 E Bay St.	520	For Lease	Central Core
First Baptist Block Development	Beaver, Julia, Ashley and Hogan	170	For Lease	Church
Independent Life Insurance Building	233 W. Duval St.	200	For Lease	Church
Jones Brothers Furniture Building	520 N. Hogan St.	28	For Lease	Church
LaVilla Townhomes	Adams, Johnson, Lee & Forsyth Streets	91	For Sale	LaVilla
Le Mesa Building	905 W. Forsyth St.	16	For Lease & Sale	LaVilla
Doro District	128 A. Philip Randolph Blvd	247	For Lease	Sports and Entertainment
Shipyards and Kids Kampus	Metropolitan Park	25	For Lease & Sale	Sports and Entertainment
Total		2,717		

Source: Jacksonville Downtown Investment Authority; Downtown Vision, Inc.; Willdan, 2021

Residential Market Findings

The current combination of high vacancy rates, rapid absorption, and relatively higher asking rents in comparison to achieved rents suggest that multifamily housing in the Brooklyn and Southbank Districts are in demand as newly built product continues to be added and absorbed and pipeline development becomes reality. Current activity indicates a substantial number of units will be coming online in these Districts through 2023, which will increase competitive pressure on market rents and negatively impact vacancy rates as the market restabilizes.

This development pattern reflects DIA's developer incentives programs to successfully catalyze activity in Southbank and Brooklyn.

The DIA could explore policies to further scale the use of these incentives to other Districts, such as through more precise targeting or metering. The key will be to extend the recent strength of the market in these Downtown Core districts to the surrounding neighborhoods by fostering implementation of pending Master Plans.

Finally, the Covid-19 pandemic has undoubtedly had a negative impact on the multifamily market, with a national shift toward single family home occupancy that accommodates work-and-school-from-home, with better access to outdoors and more expansive personal space, all of which are more readily available in the suburbs. This trend will likely continue into the near term, with a reversal expected as vaccination levels and health safety confidence increase, while developers and downtowns attempt to provide these assets and amenities.

Retail Market Overview

Introduction

This analysis focused on five retail market segments including general merchandising, apparel, dining, grocery, and pharmacy. The analysis evaluates effective trade areas for retail establishments within Downtown Jacksonville, the current supply of available retail types, and key indicators within the retail market.

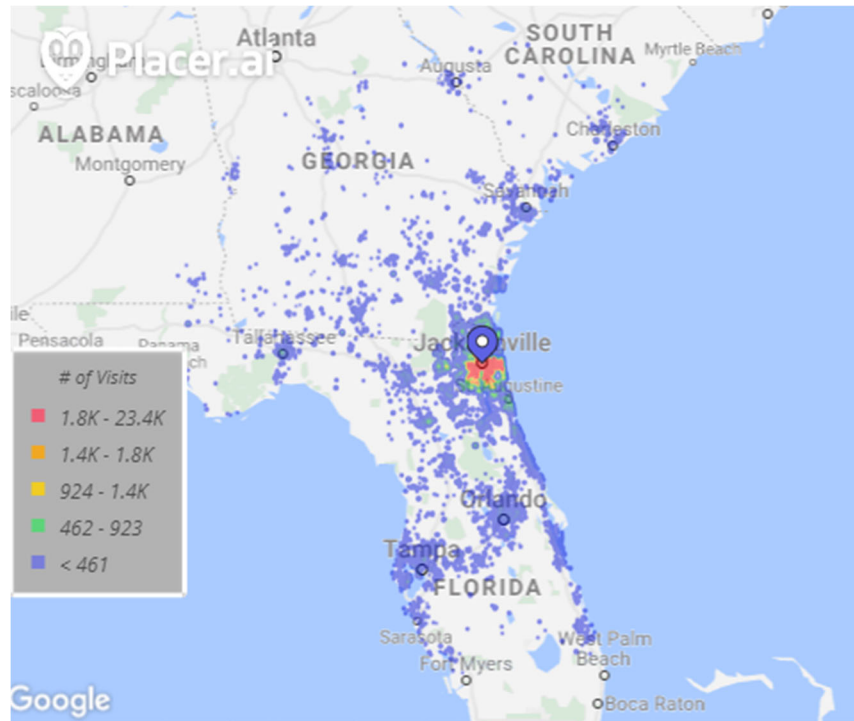
Trade Area Definitions

Retail within Downtown Jacksonville establishments serve residents, visitors, and employees. Home location of these segments was evaluated using Placer.ai, a data mining company that matches credit card expenditures with residence location. Data was queried for three or more expenditures by individuals during the most recent six months, an industry standard that identifies the core market drawing area. This does not exclude visitors from areas outside of these areas, but rather focuses the results on locations with the greatest market impact.

Visitor Home Locations

The primary sources of the visitor market were estimated through evaluation of place of residence for expenditures in Downtown Jacksonville CRAs, reflecting the regional draw of the activities and events held there. As illustrated by **Figure 28**, the visitor trade area associated with the Downtown CRAs is primarily clustered in the MSA but extends south beyond Tampa, FL and north along the coast as far as Charleston, South Carolina.

Figure 28: Visitor Drawing Area by Home Location

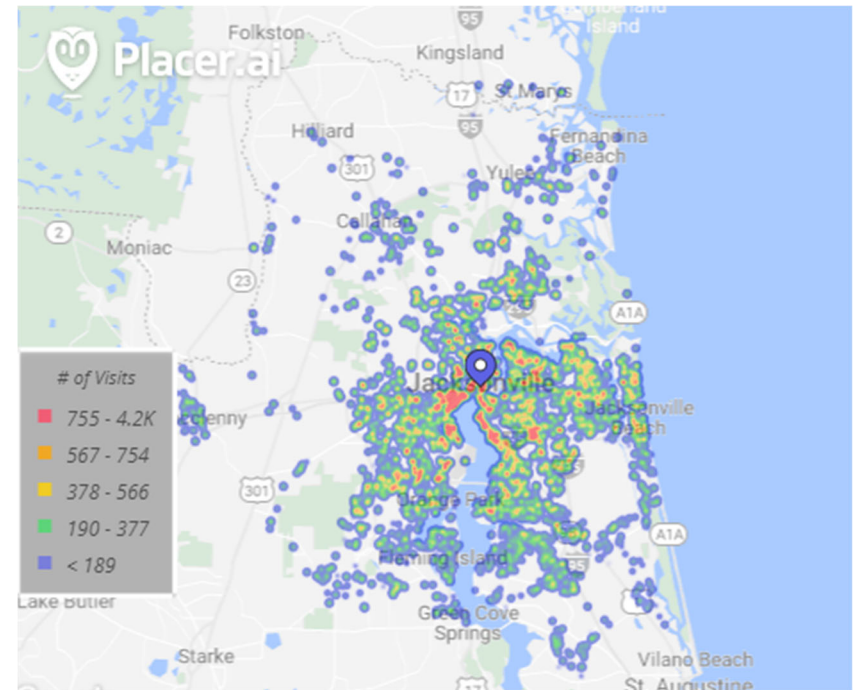


Source: Placer.ai; RMA; Willdan, 2021

Employment Home Locations

The trade area for the resident market was identified by the home locations of people who work in Downtown. Expectedly, this area is concentrated within the MSA, but generally oriented toward the south. As depicted in **Figure 29**, the employee trade area is expectedly much smaller than the visitor trade area, and generally clustered along each side of the St. Johns River and major roadways.

Figure 29: Employee Trade Area by Home Location



Source: Placer.ai; RMA; Willdan, 2021

Covid-19 Impact

The impact of the Covid-19 pandemic on retail shopping demand was evaluated using data from placer.ai that provided the ability to quantify monthly visits to downtown Jacksonville both before and after pandemic limitations were implemented in mid-March 2020.

Figure 30 depicts both monthly visitor and employee trips to downtown Jacksonville between March 2019 and January 2021. While all visitors are not necessarily retail shoppers, the total amount of visits to Downtown Jacksonville can be used as a proxy for retail demand.

As depicted, both measures declined precipitously in the first quarter of 2020. Average monthly visitors prior to the pandemic averaged approximately 1.8 million visitors and 1.2 million employees. Monthly trips to downtown currently total approximately 880,000 visitors, while employees total roundly 500,000, representing a decline of over 50 percent for each group.

Figure 30: Monthly Visits to Downtown Jacksonville by Employees and Visitors, March 2019 to February 2021



Source: Placer.ai; RMA; Willdan, 2021

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Due to the Covid-19 pandemic quarantine orders and limits on public gatherings, 2020 to 2021 was a very challenging year for the retail sector, especially for brick-and-mortar retailers and restaurants.

While necessity retail (grocery, convenience, drug stores, etc.) were able to sustain sales by limiting space capacity and increasing online grocery “contactless” parking lot and home delivery volumes, restaurants faced a sudden and drastic drop in sales compounded by the high cost of carrying unused existing food/drink inventories, space, and labor costs.

Restaurants pivoted quickly to offer outdoor dining and take out options and others turned their operations into ghost kitchens to generate non-traditional revenue. Ghost kitchens are essentially restaurants without the dining space. Their focus is to sell and fulfill online food orders for delivery using third-party apps like Grubhub, UberEats, and DoorDash, or with their own delivery operation. These ghost kitchens continue to be popular, as they relax demands on real estate and labor for restaurants.

Retail Market Indicators by District

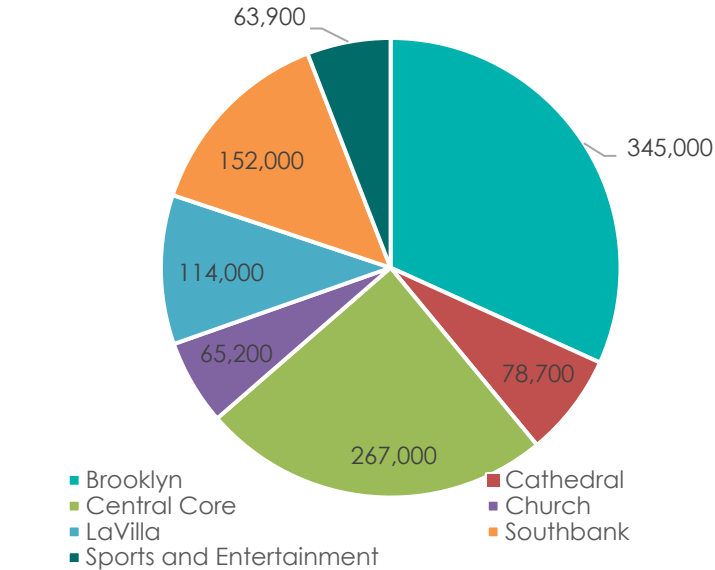
The retail real estate market indicators presented in this study are derived from data provided by CoStar as of Q4 2020, the most recent and available quarter at the time of this analysis.

The retail sector evaluated in this study as defined by CoStar includes properties used for “various sales opportunities, including, but not limited to, stand-alone (convenience stores to department stores), store fronts, strip centers (no anchors), neighborhood, community, regional, and super-regional malls, power centers, factory outlet centers, and fashion or specialty centers.”

Retail Square Feet by District

The Central Core and Brooklyn Districts currently contain the majority of retail space in Downtown. Combined, these Districts contain roughly 55 percent of all downtown retail inventory. **Figure 31** illustrates the current distribution of retail by District. Note that no retail inventory exists in the Working Waterfront District.

Figure 31: Retail Inventory, By District, Q4 2020

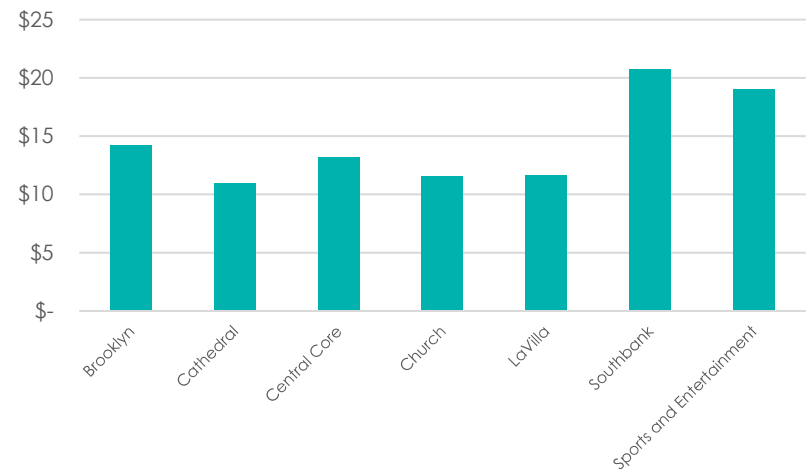


Source: CoStar; RMA; Willdan, 2021

Retail Rent Rates

Market rents per square foot range currently from \$10.98 per square foot in the Cathedral District to \$20.78 in the Southbank District. The Sports and Entertainment District are among the highest downtown, reflecting constrained supply and event-driven nature of market demand. Rents in the Cathedral, Church and LaVilla Districts are comparatively low, but had been rising steadily prior to the Covid pandemic. Figure 32 displays market rents per square foot, by District.

Figure 32: Retail Market Rent per Square Foot, Q4 2020



Source: CoStar; RMA; Willdan, 2021

Retail Vacancy Rates

Within most downtown Districts, retail vacancy remains relatively low despite the Covid pandemic. Vacancy is modestly higher in the Central Core, which reflects a decrease in daytime office demand as employees are working from home in much higher numbers.

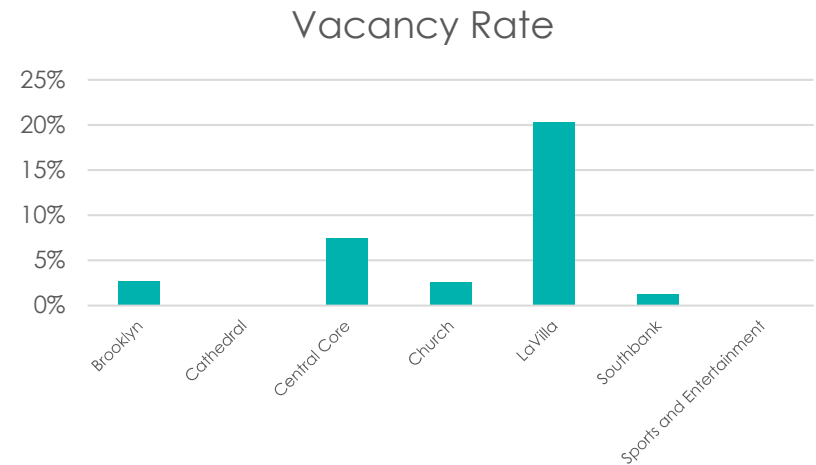
LaVilla has a particularly high vacancy rate, though it has absorbed approximately 20,000 sq. ft. of retail space within the past year, as discussed in the following discussion of retail absorption trends. The high vacancy rate is primarily driven by the vacancy of the 18,300 square foot DeLoach Furniture Building, which is currently listed for sale.

The LaVilla District historically has reported high retail vacancy rates, with rates between 20% and 31% since 2011.

The Cathedral and Sports and Entertainment Districts have no retail vacancy, though they do not large amounts of retail space to begin with compared to several of the other downtown districts (78,700 and 63,900 sq. ft., respectively).

Figure 33 displays retail vacancy rates, by District.

Figure 33: Vacancy Rate, Q4 2020



Source: CoStar; RMA; Willdan, 2021

Absorption

Several Districts continue to demonstrate relatively strong absorption levels despite the pandemic. Brooklyn, 1997

and LaVilla all absorbed between 15,000 and 20,000 sq. ft. in Q4 2020.

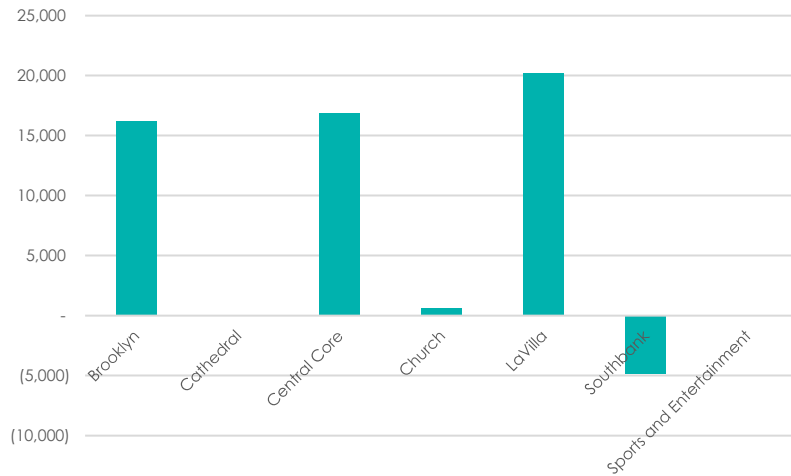
While the retail absorption in LaVilla was encouraging, it was largely driven by the sale of 7,600 sq. ft. of space at 618 W. Adams in Q2 2020 and approximately 13,200 sq. ft. in Q3 2020, including 9,661 sq. ft. at the Greyhound Bus Station at 1111 W. Forsyth St.

Southbank is the only District with negative absorption, with just over 5,000 sq. ft. of vacancy net gained. While this may be interpreted as a possible

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oversupply issue, the District's low vacancy rates and high rents suggest otherwise. **Figure 33** displays 12-month net absorption of retail space, by District.

Figure 34: 12 Month Net Retail Absorption, Q4 2020



Source: CoStar; RMA; Willdan, 2021

Retail Supply Characteristics by Segment

To evaluate the retail supply characteristics within Downtown, placer.ai was used to identify locations where the residents of Downtown shop. This assessment considers the underlying notion that given an adequate supply and variety of nearby retail options, residents would opt for the nearby convenience. Alternatively, absent an adequate supply, spending would occur elsewhere. From the perspective of supply, new retail inventory typically follows demand, unless incentivized otherwise. Retailers, especially considering the shift to online shopping and the changing landscape for a brick-and-mortar location, are increasing careful about new locations, especially so for non-restaurant retail that typically benefits less from daytime populations.

The following pages present the location of retail spending by Downtown residents.

General Merchandise

Of the top ten shopping centers and general merchandise retailers preferred by Downtown residents, only two are located within Downtown. All but one of the remaining locations are south and east of downtown, with a concentration in the St. Johns Town Center.

Table 21: General Merchandise Retailers Favored by Residents

Name	Address	District
Riverside Market Square	2033 Riverside Ave	n/a
Brooklyn Station on Riverside	90-192 Riverside Ave	Brooklyn
Walmart Supercenter	4250 Philips Hwy	n/a
Roosevelt Square	4535 Roosevelt Blvd	n/a
The Markets at Town Center	4866 Big Island Dr	n/a
The Strand at Town Center	Town Center Parkway	n/a
Lakewood Promenade	5620 San Jose Blvd	n/a
Tinseltown	Gate Pkwy N	n/a
Jacksonville Landing ¹	2 Independent Drive	Central Core
The Avenues	10300 Southside Blvd	n/a

¹ Jacksonville Landing demolished in October 2019. Redevelopment pending.

Source: Placer.ai. Data range: March 1, 2019 to February 29, 2020

Apparel

None of the top apparel retailers preferred by Downtown residents are located within Downtown indicating that there is an undersupply of apparel retailers Downtown. The following lists the top apparel retailers favored by residents. All are located east of Downtown, with four located in St. Johns Town Center.

Table 22: Top Ten Apparel Retailers Favored by Residents

Name	Address	District
Dillard's	4755 Town Crossing Dr	n/a
Nordstrom	4835 Town Crossing Drive	n/a
Ross Dress for Less	10261 River Marsh Dr.	n/a
T.J. Maxx	3550 University Blvd W	n/a
Nordstrom Rack	4924 Big Island Dr	n/a
Ross Dress for Less	13291 City Station Dr.	n/a
Stein Mart ¹	1648 University Blvd W	n/a
Dillard's	10300 Southside Blvd	n/a
T.J. Maxx	11824 Atlantic Blvd Ste 100	n/a
T.J. Maxx	11111-16 San Jose Blvd	n/a

¹ Steinmart closed permanently October 2020. Property remains vacant as of April 2021.

Source: Placer.ai. Data range: March 1, 2019 to February 29, 2020

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Dining

Many of the top-20 dining establishments frequented by Downtown residents are located nearby. These establishments are primarily located in three Districts: Brooklyn, Central Core and Southbank.

Table 23: Top 20 Dining Establishments Favored by Residents

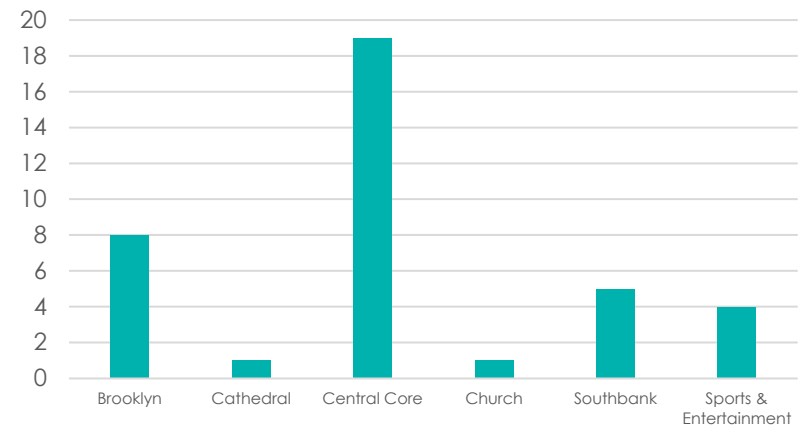
	Name	Address	District
1	Starbucks	1650 Margaret Street	n/a
2	BURGERFI	108 Riverside Avenue	Brooklyn
3	Hawkers Asian Street Food	1001 Park St	n/a
4	BB's Bar	1019 Hendricks Ave	Southbank
5	Cowford Chophouse	101 E Bay St	Central Core
6	La Nopalera	1629 Hendricks Ave	n/a
7	River & Post	1000 Riverside Avenue	n/a
8	Panera Bread	1440 Hendricks Ave	n/a
9	Burrito Gallery	90 Riverside Ave, #601	Brooklyn
10	V Pizza	1406 Hendricks Ave	n/a
11	Sushi Cafe	2025 Riverside Ave	n/a
12	Saki House	1478 Riverplace Blvd	Southbank
13	Uptown Kitchen & Bar	1303 N Main St	n/a
14	Kickbacks Gastropub	King St 910	n/a
15	First Watch	192 Riverside Ave	Brooklyn
16	Players Grille	4456 Hendricks Ave	n/a
17	The Southern Grill	800 Flagler Ave	Southbank
18	Southern Grounds	1671 Atlantic Blvd	n/a
19	Burrito Gallery Downtown	21 E Adams St	Central Core
20	European Street Cafe	1704 San Marco Blvd	n/a

Source: Placer.ai. Data range: March 1, 2019 to February 29, 2020.

Restaurants with Outdoor Seating

To track progress against goals, the DIA collected data regarding restaurants with outdoor seating, as of March 2021. **Figure 35** displays the breakdown of those with outdoor seating by District. Most of these establishments are located in the Central Core.

Figure 35: Restaurants with Outdoor Seating, by District



Source: Jacksonville Downtown Investment Authority; DVI; Willdan, 2021

The following table provides a detailed inventory of restaurants with outdoor seating. The DIA adopted increasing the number and variety of restaurants with outdoor seating as a primary CRA performance measure related to creating a sense of place Downtown. This inventory list is updated annually by the DIA with data support provided by DVI to monitor and report on progress against goals and to inform evaluation of development proposals.

Table 24: Inventory of Restaurants with Outdoor Seating by District

Name	Street Address	City Sidewalk	Ground Floor Visible from Street	Ground Floor Not Visible from Street	Rooftop
Brooklyn					
Akels Deli - Haskell	111 Riverside Ave			X	
BurgerFi	108 Riverside Ave #501		X		
Burrito Gallery - Brooklyn	90 Riverside Ave #601		X		X
Edna Sproull Williams Café (YMCA)	221 Riverside Ave			X	
First Watch	192 Riverside Ave		X		
Jimmy John's	201 N Laura St		X		
Vale Food Co	90 Riverside Ave #603		X		
Zoe's Kitchen	90 Riverside Ave STE 607		X		
Cathedral					
Burrito Gallery - Downtown	21 E Adams St		X	X	
Central Core					
Atrium Café	1 Independent Dr			X	
Bay Street Bar and Grill	119 E Bay St	X			
Bellwether	117 W Forsyth St	X			
Bold City Downtown	109 E Bay St	X			
Chamblins Uptown Café	215 N Laura St		X		
Cowford Chophouse	101 E Bay St				X
D&G Deli and Grill	233 E Bay St	X			
Gili's Kitchen Catering and Bakery	126 W Adams St #102	X			
Happy Grilled Cheese	219 N Hogan St	X			
Maddy D's	440 W Adams St	X			
Magnificat Café	231 N Laura St		X		
Morton's Steakhouse	225 E Coastline Dr		X		
Pita Pit	491 W Forsyth St	X			
Rojas Pizza	440 W Adams St	X			
Spliffs Gastropub	100 E Forsyth St	X			
Super Foods and Brew	11 E Forsyth St		X		

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Name	Street Address	City Sidewalk	Ground Floor Visible from Street	Ground Floor Not Visible from Street	Rooftop
Sweet Pete's / Candy Apple Café	400 N Hogan St		X		
The Brick Coffee House	214 N Hogan St	X	X		
Whispers Oyster Bar	331 W Forsyth St	X			
Church					
Jenkins Quality BBQ	830 N Pearl St		X		
Southbank					
Basil Thai	1004 Hendricks Ave		X		
bb's restaurant and bar	1019 Hendricks Ave		X		
River City Brewing Company	835 Museum Cir			X	X
Sake House	1478 Riverplace Blvd #1		X		
The Southern Grill	800 Flagler Ave	X	X		
Sports and Entertainment					
Intuition Ale Works	929 E Bay St				X
Jacksonville Sports Tavern	234 A Philip Randolph Blvd		X		
Russ Doe's Sandwich Shop	1745 E Church St		X		
Tailgate Bar and Grill	441 Haines St				x

Source: Downtown Investment Authority; DVI; Willdan, 2021

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Grocery

Grocery uses are distinct from other retail uses due to the time-limited shelf-life of fresh produce, dairy, and meats. Grocers must support relatively higher operating costs associated with energy, water, sanitation and safety. Consequently, grocers expect to operate within “razor thin” profit margins.

Grocers are also sensitive to market cannibalization from new operators entering a submarket. Similar to national chain pharmacies, it is not unusual for two or three national chains to be located in the same neighborhood submarket in the competition to capture long-term customer brand loyalty.

According to the International Council of Shopping Centers, the average size of a grocery store is shrinking from 40,000 sq. ft. over the last two decades to 20,000 sq. ft. or less. Specialty grocers Trader Joe’s and Aldi typically measure closer to 12,000 sq. ft.

In established urban markets, grocery stores are typically developed within the context of mixed-use urban infill and after resident, workforce and visitor populations reach threshold levels. Urban format or specialty grocery outlets frequently are planned as part of ground floor development activating retail uses in project-specific cases where grocery offerings would provide a walkable amenity for the redevelopment site and surrounding area.

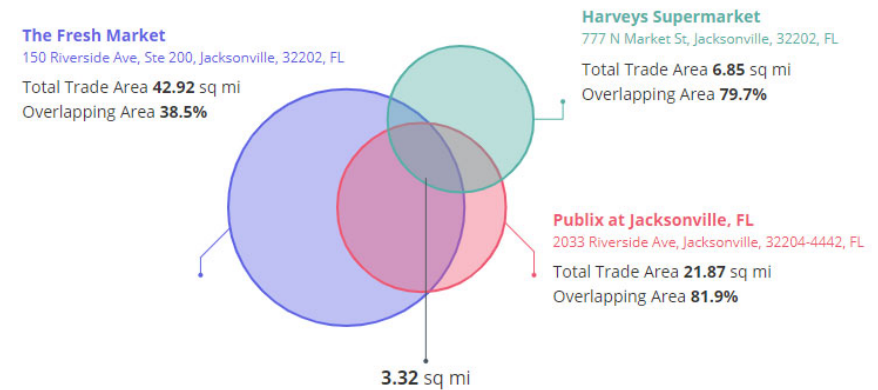
Current Downtown Jacksonville grocery supply is characterized as suburban format (20,000 sq. ft. or more.) including the following locations:

- The Fresh Market – 150 Riverside Ave: 20,218 sq. ft.
- Publix – 2033 Riverside Ave: 27,888 sq. ft.
- Harveys Supermarket – 777 N Market St: 28,284 sq. ft.

These three locations are the top three groceries visited by residents in Downtown anywhere in the regional submarket.

The following figure illustrates the overlapping trade areas of these three grocery stores where residents are considered to be available demand to support any one of these locations.

Figure 36: Grocery Trade Area Overlap



Source: Placer.ai; Willdan, 2021

While an increase in grocery supply in Downtown would likely cannibalize a share of market sales from the existing grocers in the short-term, there remains a need to increase the amenity base and convenience in Downtown Jacksonville to support ancillary mixed-use development.

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Data collection interviews indicated strong interest in attracting an urban format specialty grocery store (8,000 to 12,000 sq. ft). Examples of this product type include compact ground floor grocery offerings operated by local, independent brands or associated with small format national chain retail locations in mixed-use urban settings. Discussions with real estate representatives from the grocers in the market indicate interest in additional locations in the downtown market.

Pharmacy

Similar to retail apparel, none of the top pharmacies preferred by Downtown residents are located within Downtown indicating that there is an undersupply of this use. The following table lists the top pharmacies favored by residents, all outside of Downtown.

Table 25: Top Six Jacksonville Pharmacies Favored by Residents, 2021

Name	Address	District
Walgreens	2703 Park St	n/a
Walgreens	8917 San Jose Blvd	n/a
CVS/pharmacy	9509 San Jose Blvd.	n/a
Walgreens	11430 Beach Blvd	n/a
CVS/pharmacy	6005 St. Augustine Road	n/a
CVS/pharmacy	4475 San Juan Avenue	n/a

Source: Placer.ai. Data range: March 1, 2019 to February 29, 2020; Willdan, 2021

Retail Market Findings

Retail development design and programming is currently focused on creating a “town center” experience with greater outdoor pedestrian orientation and opportunities. This contrasts with the suburban style shopping centers built in recent years that placed a greater emphasis on the convenience of parking and ease of access. With consumer preferences trending towards experiential retail and the opportunity to go out and shop, eat and be entertained, Covid-19 has created a critical mass of pent-up demand beyond online shopping. Reimagining the retail landscape will include placemaking efforts and authentic experiences in compact, human-centric downtown urban environments.

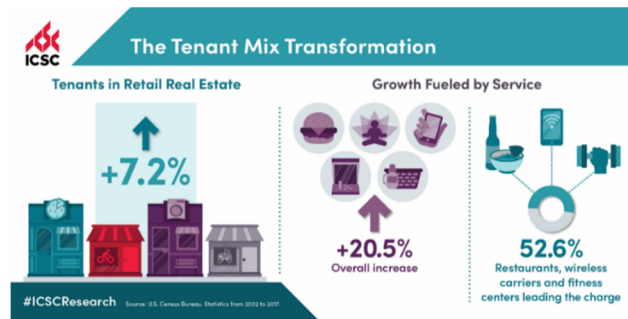
Location-based entertainment is a diverse and dynamic sector that can be categorized into five key subsectors—arts and entertainment, play and activity-based leisure, health and fitness, food and beverage, and heritage/visitor attractions. These are the assets that downtown Jacksonville can capitalize on to provide that experience that the consumer of today is searching for.

As craft breweries, artisanal coffeehouses and curated shops become more popular, it is this type of retail/ entertainment that will thrive in an urban landscape such as downtown Jacksonville and should be targeted for the area.

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This tenant mix transformation throughout the industry is illustrated below.

Figure 37: The Tenant Mix Transformation



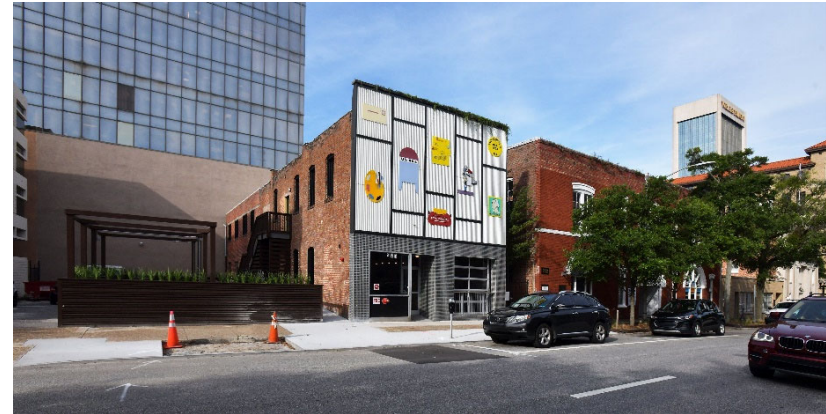
Source: ICSC; RMA, 2021

Expansions of existing breweries such as the Ruby Beach Brewery are examples of this trend. This brewery is expanding to add an outdoor patio and a rooftop dining area.

As retail/leisure and entertainment evolve according to changes in consumer lifestyles and behavior, innovative concepts and formats are producing a diverse and dynamic sector.

Boutique cinemas, urban golf, virtual reality arcades, street-food market halls, pop-up spaces, ghost kitchens, and premium fitness clubs are examples of a few of these emerging tenants that the market research indicates as most advantageous for downtown Jacksonville

Figure 38: Ruby Beach Brewery, Downtown Jacksonville



Source: Jacksonville Business Journal; RMA; Willdan, 2021

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Given current conditions, mixed-use development trends, and the progress of planned major projects, the Consulting Team supports the DIA's strategy to attract an urban format specialty grocery, principally in the Central Core.

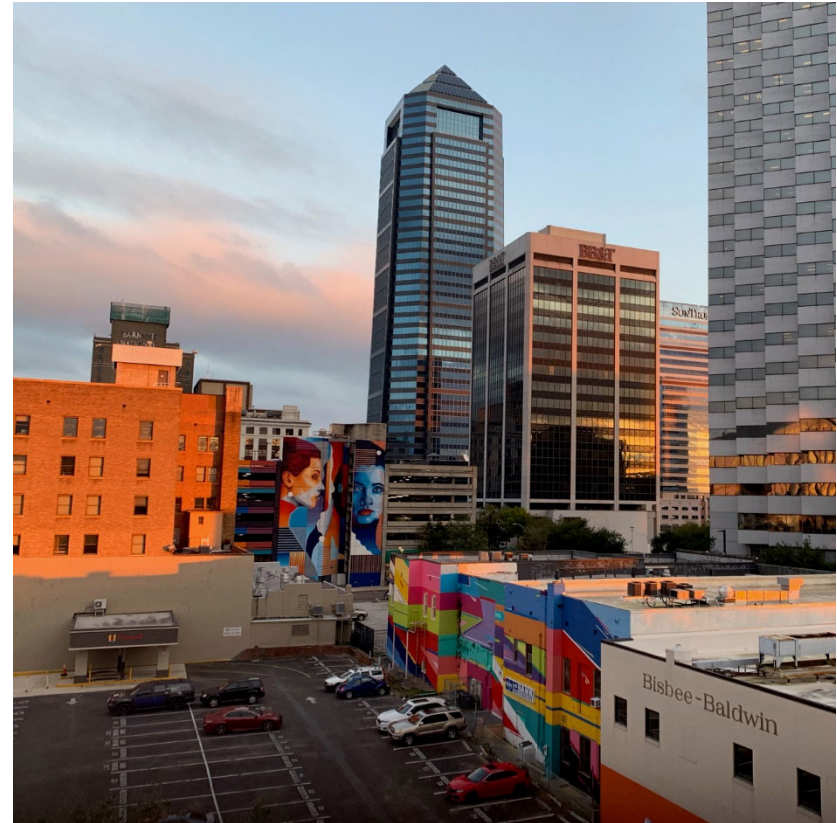
The economics of each grocery opportunity will determine the size with compact urban product types smaller than suburban models expected, but the location and importance to continued growth is determined by walkability from a concentration of existing and planned residences as well as walkability from Central Core office buildings.

This use will enhance walkability in conjunction with the growth in residential product. In this scenario, retail is following rooftops and rooftops are following retail somewhat simultaneously.

Residential units and population alone are not the only predictor of success. It is expected that new retail (grocery and pharmacy specifically) in Downtown will be further supported by the workforce and visitors.

Without these Downtown amenities walkable from the Central Core, the DIA's efforts to continue the trend of increased downtown residential development and to retain/attract new office tenants will be constrained by the lack of amenity base and specialty retailers.

Figure 39: W. Forsyth Street Parking Garage Mural, Central Core



Source: Jacksonville Downtown Investment Authority, 2020

Office Market Overview

Introduction

The Jacksonville office market has remained relatively strong over most of the past decade. The office market benefits from several key attributes including the area’s lower cost of living, stronger wage performance, lower office rents, and the availability of effectively priced land. More recently however, rents flattened during the pandemic, though they recovered by the end of the year. The market is currently accumulating excess inventory, especially Class B space, that will need to be reabsorbed as the market returns to post-pandemic normalcy.

Office Indicators by District

This analysis evaluates four primary office market metrics: rent rate, vacancy levels, 12-month absorption rates, and sales price per square foot.

Data for these indicators was collected from CoStar through Q4 2020, the most current available. A unique benefit of CoStar is the ability to set geographic boundaries, providing the ability to query data and conduct analysis with a higher degree of specificity for each Downtown District.

Office Supply Overview

There are over 13.6 million sq. ft. of office space in Downtown Jacksonville. Just over one half is in the Central Core District, with lesser concentrations in Brooklyn and Southbank. CoStar classifies office space into three categories: A, B and C, with A being the newest and highest quality. Most Downtown office space is either Class A or B, with only a fraction classified as Class C, indicative of a healthy, adequately maintained inventory. **Figure**

40 summarizes Downtown Jacksonville’s existing office inventory, by category and location.

Figure 40: Office Inventory by Class and District, Q4 2020



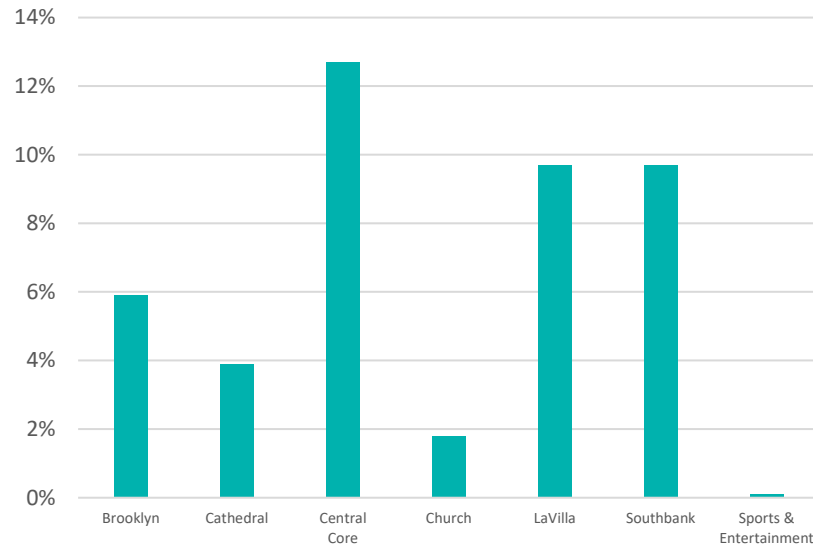
Source: CoStar; RMA; Willdan, 2021

Vacancy Rates

The Covid-19 pandemic has increased vacancy rates in the Downtown Districts. Central Core had vacancy significantly above 10% and LaVilla and Southbank had office vacancy rates approaching 10%. The highest vacancy rate in the Central Core is most problematic as this District also contains, by far, the largest amount of office space in the City.

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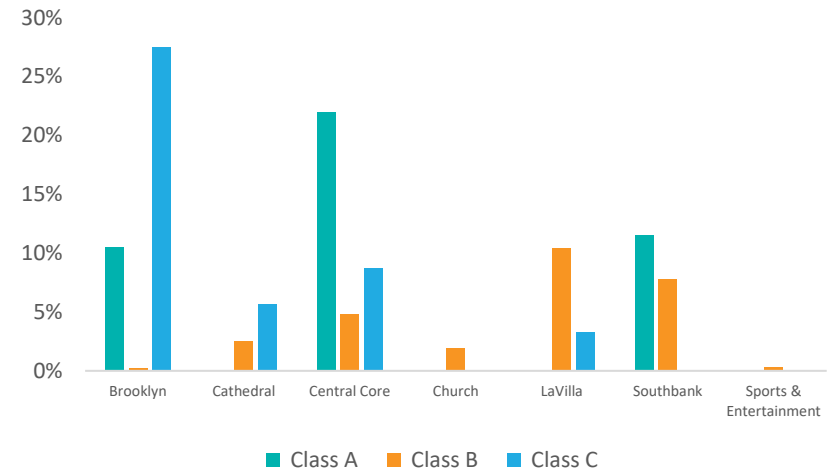
Figure 41: Office Vacancy by District, Q4 2020



Source: CoStar; RMA; Willdan, 2021

When examining vacancy by class by District, two trends stand out: Class C office space in Brooklyn and Class A office space in the Central Core have high vacancy. The relatively higher Class C vacancy in Brooklyn is somewhat misleading as Class C office space comprises less than six percent of all office space in the District. More concerning is the level of Class A vacancy in the Central Core with considerable vacancies at several properties including 225 Water St, 301 W Bay St (TIAA Bank Building), the Wells Fargo Center and the Bank of America Tower.

Figure 42: Office Vacancy by District by Class, Q4 2020



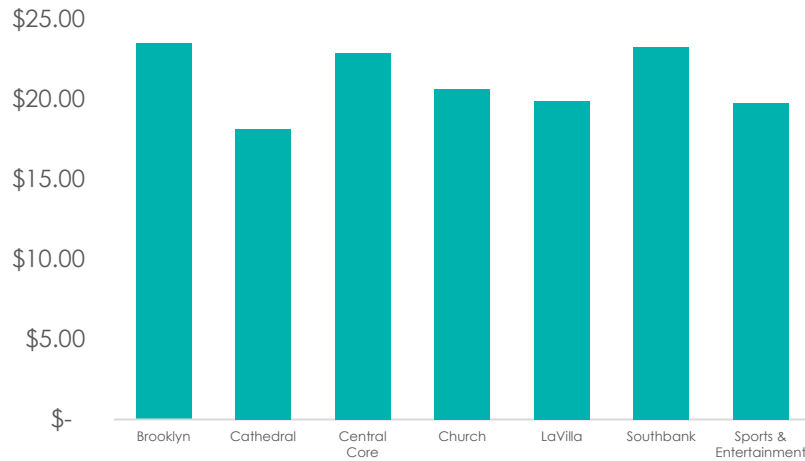
Source: CoStar; Willdan, 2021

Rent per Square Foot by District

Average office rents range from approximately \$18 to just over \$23 per square foot. The highest rents are in the popular Brooklyn and Southbank districts and the dominant Central Core. The lowest rents are in the Cathedral and Church Districts.

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Figure 43: Office Rent per Square Foot by District, Q4 2020



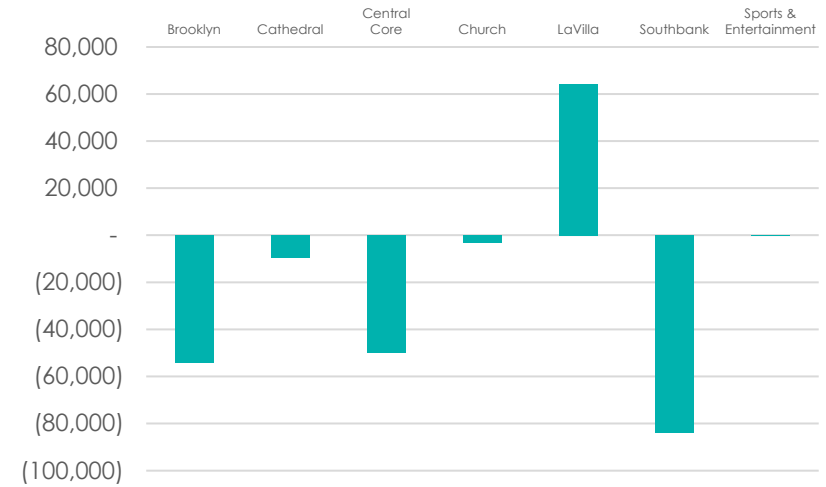
Source: CoStar; RMA; Willdan, 2021

Absorption

Absorption levels indicate a general reduction of occupied office space throughout nearly all of Downtown. All districts except LaVilla generated negative absorption levels in 2020. Much of this decline can be attributed the Covid-19 pandemic, as many companies have offered or required employees to work from home.

The highest negative absorption occurred in the Brooklyn, Central Core and Southbank Districts, where 54,000, 50,000 and 84,000 sq. ft. was vacated and not released, respectively.

Figure 44: Office 12 Month Net Absorption by District, Q4 2020



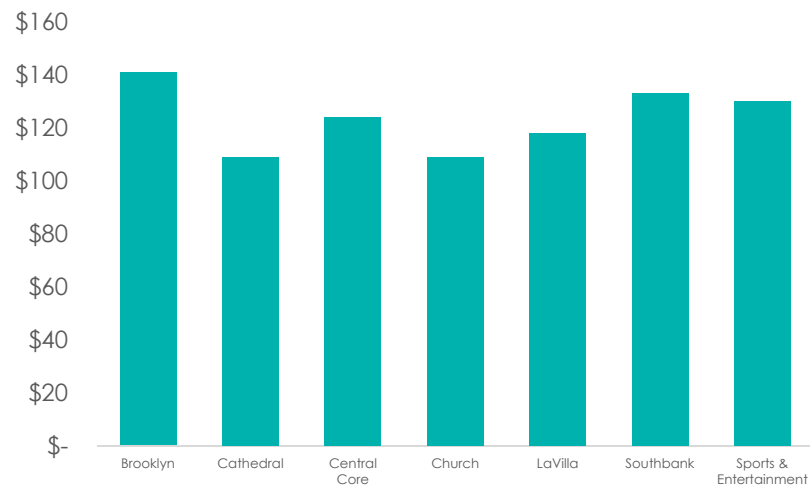
Source: CoStar; RMA; Willdan, 2021

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Office Sales Prices

Historical sales prices per square foot of Downtown office space expectedly follow rent patterns. Average transaction price per square foot ranges from \$107 to \$141 and are highest in the Brooklyn District, reflecting the neighborhood’s desirability as an office location. Average price in the Central Core is expectedly in the middle, at \$124 per square foot, reflecting the District’s larger inventory and transaction volume.

Figure 45: Market Sales Price per Square Foot by District, Q4 2020



Source: CoStar; RMA; Willdan, 2021

Only two office buildings sold in 2020. They include the Bank of America Tower (\$64.4 million, 699,000 sq. ft., or \$92 PSF) and the SBA Communications Company building at 21 West Church Street (\$10.8 million, 238,129 sq. ft. or \$45 PSF). These lower prices likely reflect the near-term challenges in the commercial office market. Notably, the West Church Street property is being used primarily to house data equipment and is not

being utilized in a manner slightly different than a typical commercial office building.

Table 26: Jacksonville Office Sales Highlights, 2020

Bank of America Tower	
RBA: 699,000 SF Office	Leased: 73%
Sold: December 2020	Year Built: 1990
Sale Price: \$64.4M (\$92/SF)	
21 W Church St	
Buyer: SBA Communications Co (USA)	Leased: 100%
Seller: Metropolitan Jax Lofts I, Ltd. (USA)	Hold Period: 107 Months
Sale Type: Investment	RBA: 238,129 SF
Sale Date: July 2020	Year Built 1959
Sale Price \$10.8M (\$45/SF)	(Renovated 2004)

Source: CoStar; RMA; Willdan, 2021

Covid-19 Impact Assessment Findings

As illustrated by the data presented throughout the office supply overview, Covid-19 has impacted the office market in Downtown Jacksonville.

According to local area commercial brokers, the daytime foot traffic from Downtown Jacksonville office workers is estimated to be down by 80% due to remote work requirements and/or options.

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According to the Wall Street Journal's review of Price Waterhouse Cooper's January 2021 US Remote Work Survey¹, office space decision makers experienced a monumental shift to work-from-home during the majority of 2020. Though business leaders are more convinced about the productivity gains achieved, some are no closer to giving up the office. Approximately 68% of all survey respondents think company culture will survive a purely remote working set up and would expect employees to be physically in the office three or more days per week.

Office Market Findings

Slowing demand resulting in increased vacancies and negative absorption has hampered the Jacksonville office market even prior to the Covid-19 pandemic. The pandemic has exacerbated market conditions as companies consolidate operations and encourage employees to work from home.

Nationally, other Downtown markets are experiencing an uptick in Class B-C conversions to multifamily to take advantage of increasing space availability while also pursuing housing goals.

According to *Urban Land Magazine*, nearly 800 structures were converted to apartment buildings throughout the United States during the 2010s, the highest number in the past seven decades as reported by data provider Yardi Matrix. The DIA could consider exploring the financial feasibility of

adaptive reuse development opportunities for obsolete office product as part of future strategic planning efforts.

Jacksonville has a relatively low cost of living, lower office rents and higher wages than competing cities. While the economic downturn caused initial job losses in the financial activities and professional and business services sectors, growth nationally in these sectors are close to reaching pre-pandemic levels. Financial, professional, and business services are key drivers of Jacksonville's office market, due in large part to the prevalence of major firms such as Merrill Lynch, Citibank, Bank of America and Wells Fargo.

Going forward however, labor force utilization will change, creating a structural dampener on office demand. Put simply, more people will work from home both permanently and on a rotating basis. As a result, as jobs are added, those jobs won't have the same impact on absorption of office space.

Demand will rise though as the structure of the economy continues to shift to more service and knowledge driven industries. As the economy adds jobs, a greater proportion will be in an office-using industry. Netting it all out, the data suggests there will be a full recovery in office occupancy, but it will be slowed by the Covid-19 recovery and sustained shifts to the share of

¹ <https://www.wsj.com/articles/return-to-office-what-to-do-while-staying-remote-11627396958>

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the office using workforce continuing to work from home at least three days a week.

According to the most recent report by the Bureau of Labor and Statistics (BLS), Jacksonville had recovered about 80% of the nearly 85,000 jobs lost in the early months of the Covid-19 pandemic. While the pandemic has caused significant economic disruption in Jacksonville, labor data indicators suggest the market may be one of the best in Florida poised for a strong recovery.

While the proportion of the private sector workforce in the retail trade and leisure and hospitality sectors exceeds 27% in most Florida metros, jobs in those sectors make up 22% of Jacksonville's employment. Due in part to its port, Jacksonville's largest private employment sector is trade, transportation, and utilities, accounting for 19% of jobs.

Healthcare and education jobs make up 18% of the work force and the sector has continued to grow over the past year.

Jacksonville also has a competitive advantage with its walkable downtown. Companies make downtown site selection decisions based on proximity to neighborhood amenities, transportation linkages, creative collaboration, proximity to business partners, and the available pool of talented workers.

Urban life provides a vitality in downtown neighborhoods which drives commercial real estate to evaluate a mix of synergistic metrics that go beyond rents, vacancy rates, land value and market capitalization rates. When considering a new location, office tenants today weigh a diverse mix of local characteristics including walk scores, bike scores, public

realm/placemaking offerings, public transit, environmental risks, workforce qualities, recreation offerings, medical/healthcare/wellness infrastructure, and housing opportunities. The appeal of the whole experience and a sense of place, along with social interaction are key things driving these relocation/location decisions.

A strong white-collar workforce, and business friendly environment are attractive to companies looking for new space and expansions. Jacksonville offers relatively lower office leasing costs, with rents approximately 25% more affordable than Raleigh, Atlanta, and Charlotte

Jacksonville achieved the 5th highest population growth in the USA in 2019 and the 12th highest over the last 10 years.

The booming population growth is joined by job gains, which have outpaced the nation for 7 years.

Overall job growth in Jacksonville in the past year has been more than four times national job growth.

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Among all metros in Florida, Jacksonville is among the top five for rent growth, ahead of Miami and Orlando. According to CoStar, the downtown submarkets of Northbank and Southbank have reached the \$22 per square foot and \$23 per square foot average rent benchmarks, respectively.

However, properties greater than 100,000 sq. ft. built more than 30 years ago remain an obstacle, as evidenced by the recent departures of several large companies. Many of these properties require renovations to accommodate today's changing workforce and the competitive context of wellness, immediate access to outdoor gathering space, and other placemaking amenities.

Hotel Market Overview

Introduction

Downtown Jacksonville’s hotel submarket is characterized by a predominance of limited-service national chain (“flag”) product. Smith Travel Research reports current room inventory of 2,393 rooms in eight properties. In addition, there are 263 rooms currently under construction in the downtown area.

Full-service/upscale hotels are defined as having an onsite restaurant and lounge, 24-hour room service, laundry service, significant conference facilities and spa type amenities. This type of hotel is required to bring in larger conventions, events, meetings and groups, resulting in guests and visitors who spend more money and time in the area.

A 136-room Residence Inn is under development in the Brooklyn District and the historic 1924 Ambassador Hotel (127 rooms) is undergoing a renovation to this former leading property that fell into disrepair. Another four hotels containing 649 rooms are in planning. Two properties, the Marriott Autograph and the Four Seasons, would be positioned at the top of the market should they develop, providing upscale alternatives to a market that is heavily positioned with middle tier offerings.

A summary of existing, under construction, and currently planned hotel supply in the following table indicates that the total Downtown Jacksonville hotel supply is projected to grow to 3,305 rooms, a 38% increase in inventory over the current existing supply.

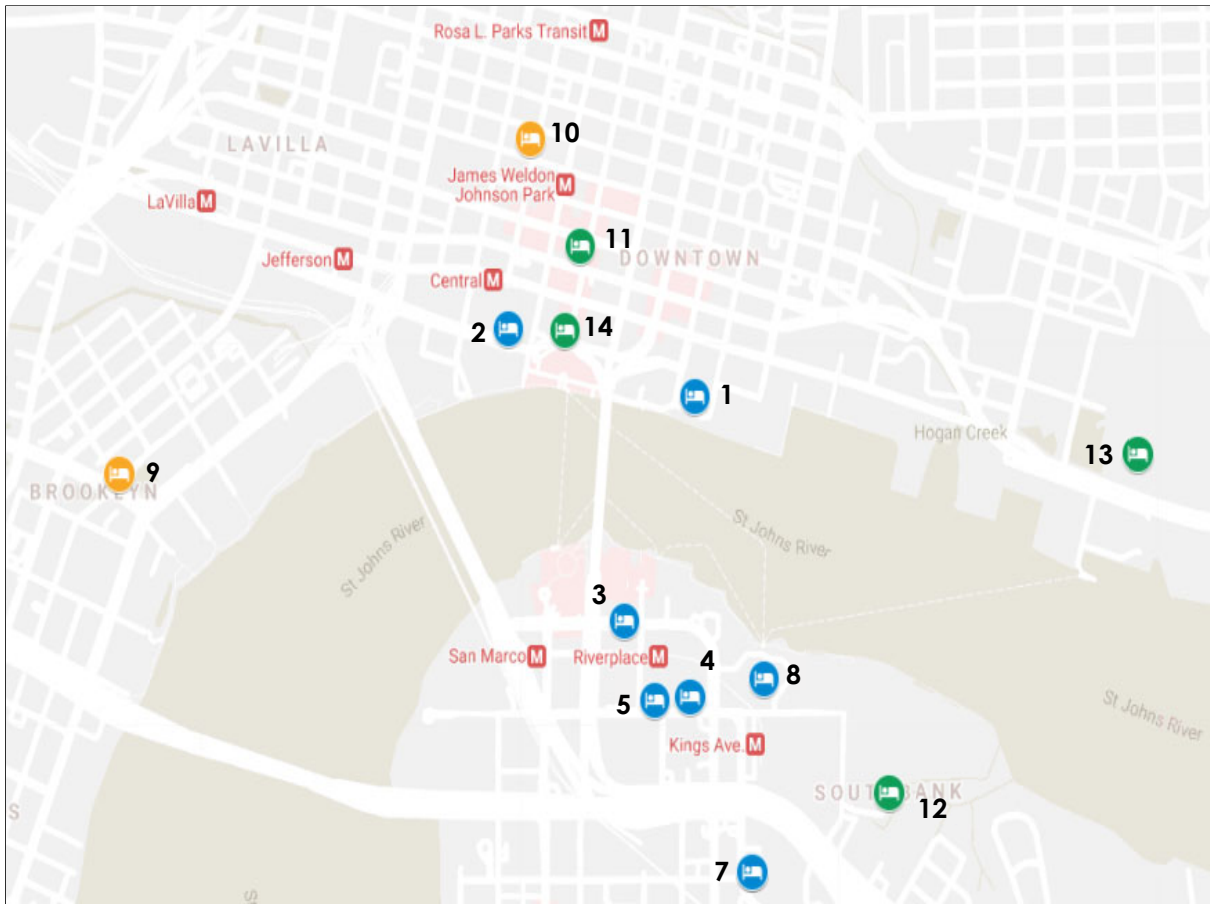
Table 27: Downtown Jacksonville Hotel Rooms Supply, Q1 2021

Existing Hotel Properties	Rooms	Address
1 Hyatt Regency Jacksonville Riverfront	951	225 E Coastline Dr
2 Omni Jacksonville Hotel	354	245 Water St
3 DoubleTree by Hilton Hotel Jacksonville Riverfront	293	1201 Riverplace Blvd
4 Extended Stay America Jacksonville - Riverwalk - Convention Center	101	1413 Prudential Dr
5 Hampton by Hilton Inn Jacksonville-Downtown-I-95	118	1331 Prudential Dr
6 Hilton Garden Inn Jacksonville Downtown Southbank	123	1201 Kings Ave
7 Homewood Suites by Hilton Jacksonville Downtown Southbank	98	1201 Kings Ave
8 Southbank Hotel Jacksonville Riverwalk	355	1515 Prudential Dr
Total Current Rooms	2,393	
Hotels Under Construction	Rooms	Address
9 Residence Inn	136	357 Oak St
10 Ambassador Hotel (refurb.)	127	420 N. Julia St.
Total Under Construction	263	
Hotels Planned/Proposed	Rooms	Address
11 Marriott Autograph	145	112 W. Adams St
12 AC Hotel by Marriott	200	The District at Southbank
13 Four Seasons Hotel, Spa, and Residences	176	Gator Bowl Blvd.
14 Hyatt Place (Sister Cities Site)	128	76 S Laura St.
Total Planned/Proposed	649	
Total Current, Under Construction, Planned	3,305	

Source: Visit Jax; Jacksonville Business Journal; Smith Travel Research; Willdan, 2021

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Figure 46: Jacksonville Hotel Supply Map, 2021



Jacksonville Hotel Supply Map Legend

Existing Hotel Rooms	2,393
Hotel Rooms Under Construction	263
Hotel Rooms Planned/Proposed	649
Total Rooms	3,305

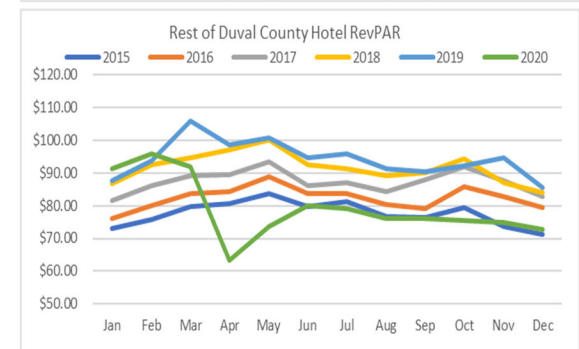
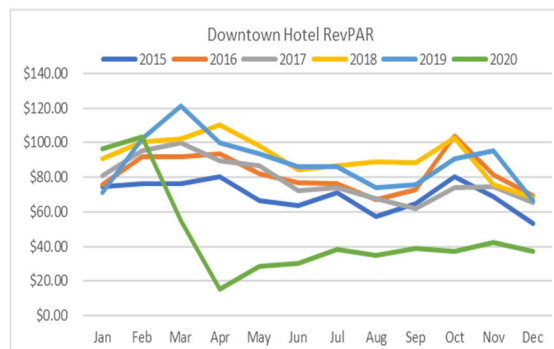
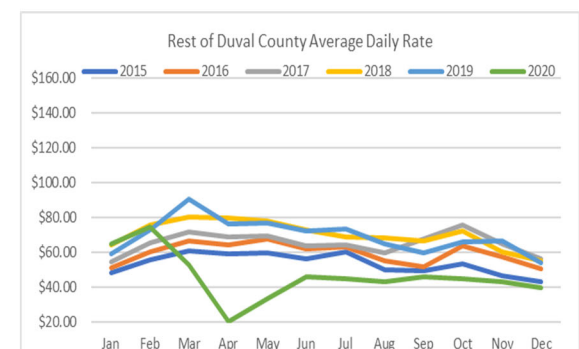
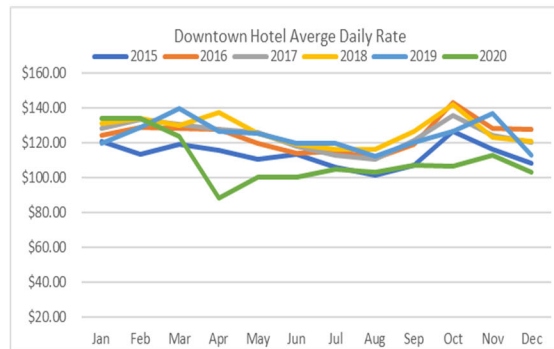
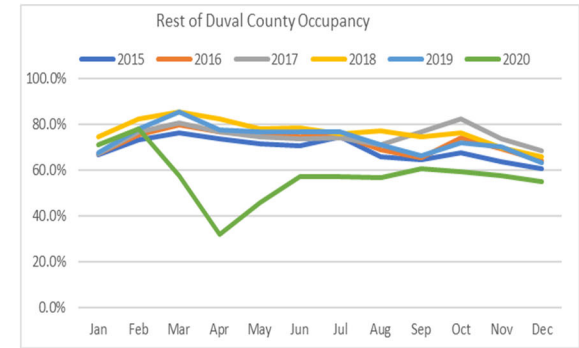
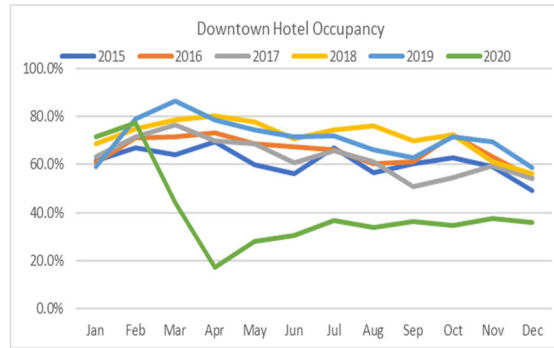
Source: Jacksonville Downtown Investment Authority; Downtown Vision, Inc.; Smith Travel Research; Willdan, 2021

Downtown Jacksonville Market Feasibility Study

Figure 47: Smith Travel Research Hotel Market Indicators 2015-2020

Prior to the Covid pandemic, Smith Travel Research (STR) data indicates the hotel market was experiencing stronger performance, both Downtown and throughout greater Duval County. Analysis of hotel performance at the District or even CRA level is not possible due to STR reporting rules that have minimum competitive set sizes and similar limitations on brand representation that seek to exclude the possibility of calculating individual property performance.

The room supply reported by STR totals between 2,300 and 2,700 rooms annually, without specifics on included properties, but one that matches closely with the existing Downtown room supply. These rooms represent approximately 13 percent of the Duval County total, a supply share that has remained constant over the past five years.



Downtown Jacksonville Market Feasibility Study

STR 5-year data indicates downtown market performance improved steadily and substantially through 2018, prior to the Covid pandemic. Reported occupancy levels increased from 61.1 percent in 2015 to 71.8 percent in 2018, then holding steady through 2019 and falling to 40.5 percent in 2020 as travel was heavily impacted by Covid-19. Average daily rate similarly improved, increasing from \$113.47 in 2015 to \$127.14 in 2018, then decreasing to \$124.74 in 2019, and then \$115.20 in the following year.

The resulting Revenue per Available Room (RevPAR) – a metric that is perhaps the best indicator of overall market health as it combines rate and occupancy metrics (rate x occupancy = RevPAR) – steadily increased from \$69.32 in 2015 to \$91.33 in 2018. RevPAR softened to \$88.37 in 2019 then declined to \$46.67 in 2020, exposing the full impact of the pandemic.

The remainder of Duval County experienced a similar pattern of increasing RevPAR between 2015 (\$53.75) and 2018 (\$70.45), then a very slight decline in 2019 (\$69.59), followed by a significant decrease in 2020 (\$46.21). This nearly identical RevPAR level that was equal to the downtown market highlights the broad market struggle in 2020, where operators were competing heavily on price to drive occupancies.

Historic seasonality patterns (prior to Covid) evidenced from the STR data indicate the Downtown market benefits from a winter snowbird pattern, with enhanced occupancy and rate performance during the first quarter of the year, then another two-month upward bump that commences with the beginning of the school year. The seasonality pattern for the remainder of the county is similar, but with smaller peaks.

Despite the substantial impact to the hotel market in 2020, near term expectations are slowly improving market conditions, a recovery that will be likely led by rate-sensitive leisure travelers, followed by the business travel segment that is less sensitive to pricing. This latter segment should be closely monitored to better understand any longer-term changes resulting from the vastly changed work-from-home patterns and shift to video meetings.

Barring any structural segmentation shifts, occupancy levels exceeding 67% percent should enhance interest in full-service hotel development. Average daily rates may be a more challenging aspect for new hotel development and a potential source of disconnect between construction costs and valuations derived from operating economics. This may result in requests for development support for more expensive full-service hotel towers or increased interest in developing mid-rise, wood-framed (stick-built) structures that cost less per room to develop.

Table 28: Smith Travel Research Performance Indicators 2015-2020

	Downtown Occ. %						Rest of Duval Occ. %					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Jan	61.7%	61.0%	63.3%	68.9%	59.3%	71.8%	66.6%	67.2%	67.4%	74.5%	67.7%	71.3%
Feb	66.9%	71.2%	71.5%	74.9%	79.2%	77.3%	73.4%	75.3%	76.6%	82.3%	78.0%	78.0%
Mar	64.0%	71.5%	76.7%	78.5%	86.6%	44.3%	76.4%	79.8%	80.8%	85.3%	85.5%	57.5%
Apr	69.6%	73.2%	69.9%	80.3%	78.5%	17.1%	73.6%	76.7%	77.0%	82.6%	77.7%	31.9%
May	59.8%	68.6%	68.8%	78.0%	74.6%	28.2%	71.4%	76.2%	74.6%	78.1%	76.6%	46.0%
Jun	56.2%	67.4%	61.0%	70.8%	71.7%	30.4%	70.7%	74.5%	73.8%	78.7%	76.7%	57.3%
Jul	67.0%	66.4%	65.6%	74.7%	72.1%	36.7%	74.6%	75.7%	74.1%	75.8%	76.9%	57.3%
Aug	56.5%	60.2%	61.2%	76.3%	66.1%	33.9%	65.9%	68.8%	71.0%	77.0%	71.0%	57.0%
Sep	60.4%	61.3%	50.9%	69.8%	62.9%	36.3%	64.8%	65.6%	76.9%	74.5%	66.3%	60.7%
Oct	63.1%	72.6%	54.4%	72.3%	71.8%	34.6%	67.5%	74.3%	82.5%	76.6%	72.2%	59.5%
Nov	59.2%	63.4%	59.7%	61.4%	69.7%	37.4%	63.6%	69.5%	74.0%	69.7%	70.3%	57.8%
Dec	<u>49.2%</u>	<u>54.6%</u>	<u>54.2%</u>	<u>56.3%</u>	<u>58.7%</u>	<u>35.8%</u>	<u>60.7%</u>	<u>64.1%</u>	<u>68.3%</u>	<u>65.8%</u>	<u>63.3%</u>	<u>55.0%</u>
Total	61.1%	65.9%	63.1%	71.8%	70.8%	40.5%	69.1%	72.3%	74.7%	76.7%	73.5%	57.4%

	Downtown ADR (\$)						Rest of Duval ADR (\$)					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Jan	\$120.71	\$124.25	\$128.25	\$131.52	\$119.96	\$134.19	\$72.93	\$76.07	\$81.60	\$86.85	\$87.79	\$91.44
Feb	\$113.77	\$129.13	\$133.46	\$134.25	\$128.68	\$133.86	\$75.81	\$80.17	\$86.00	\$92.55	\$93.88	\$95.83
Mar	\$118.98	\$128.13	\$130.51	\$130.07	\$139.63	\$124.05	\$79.64	\$83.74	\$89.11	\$94.55	\$106.04	\$91.93
Apr	\$115.70	\$127.84	\$127.85	\$137.31	\$126.92	\$88.61	\$80.64	\$84.37	\$89.48	\$97.06	\$98.59	\$63.40
May	\$110.93	\$119.99	\$126.30	\$125.53	\$125.64	\$100.54	\$83.77	\$88.74	\$93.46	\$100.14	\$100.73	\$73.65
Jun	\$113.51	\$114.18	\$118.04	\$119.48	\$119.82	\$100.35	\$79.86	\$83.64	\$86.26	\$92.50	\$94.71	\$80.13
Jul	\$105.83	\$114.98	\$113.04	\$116.36	\$119.55	\$104.71	\$81.20	\$83.81	\$87.03	\$91.36	\$95.87	\$79.10
Aug	\$101.65	\$111.24	\$110.60	\$116.64	\$112.30	\$103.05	\$76.61	\$80.49	\$84.41	\$89.25	\$91.28	\$76.09
Sep	\$107.04	\$119.14	\$121.45	\$126.78	\$120.62	\$107.27	\$76.26	\$79.24	\$88.12	\$90.00	\$90.55	\$76.13
Oct	\$126.86	\$143.43	\$135.79	\$141.91	\$126.64	\$106.61	\$79.50	\$85.83	\$92.08	\$94.52	\$92.13	\$75.53
Nov	\$116.17	\$128.46	\$124.64	\$122.99	\$136.79	\$112.68	\$73.79	\$82.92	\$87.57	\$86.91	\$94.67	\$74.89
Dec	<u>\$108.17</u>	<u>\$127.56</u>	<u>\$120.48</u>	<u>\$121.02</u>	<u>\$113.21</u>	<u>\$103.47</u>	<u>\$71.36</u>	<u>\$79.38</u>	<u>\$82.82</u>	<u>\$83.99</u>	<u>\$85.54</u>	<u>\$72.72</u>
Total	\$113.47	\$124.30	\$124.36	\$127.14	\$124.74	\$115.20	\$77.82	\$82.54	\$87.49	\$91.85	\$94.71	\$80.55

	Downtown RevPAR						Rest of Duval RevPAR					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
Jan	\$74.48	\$75.79	\$81.18	\$90.62	\$71.14	\$96.35	\$48.59	\$51.11	\$55.04	\$64.68	\$59.46	\$65.17
Feb	\$76.11	\$91.94	\$95.42	\$100.55	\$101.91	\$103.47	\$55.65	\$60.36	\$65.90	\$76.17	\$73.20	\$74.76
Mar	\$76.15	\$91.61	\$100.10	\$102.10	\$120.92	\$54.95	\$60.84	\$66.84	\$72.05	\$80.67	\$90.69	\$52.83
Apr	\$80.53	\$93.58	\$89.37	\$110.26	\$99.63	\$15.15	\$59.38	\$64.72	\$68.91	\$80.19	\$76.62	\$20.21
May	\$66.34	\$82.31	\$86.89	\$97.91	\$93.73	\$28.35	\$59.82	\$67.64	\$69.69	\$78.19	\$77.17	\$33.86
Jun	\$63.79	\$76.96	\$72.00	\$84.59	\$85.91	\$30.51	\$56.43	\$62.32	\$63.63	\$72.81	\$72.61	\$45.93
Jul	\$70.91	\$76.35	\$74.15	\$86.92	\$86.20	\$38.43	\$60.57	\$63.45	\$64.51	\$69.28	\$73.69	\$45.31
Aug	\$57.43	\$66.97	\$67.69	\$89.00	\$74.23	\$34.93	\$50.45	\$55.41	\$59.93	\$68.74	\$64.83	\$43.34
Sep	\$64.65	\$73.03	\$61.82	\$88.49	\$75.87	\$38.94	\$49.39	\$51.98	\$67.77	\$67.02	\$60.07	\$46.20
Oct	\$80.05	\$104.13	\$73.87	\$102.60	\$90.93	\$36.89	\$53.69	\$63.75	\$75.95	\$72.38	\$66.47	\$44.94
Nov	\$68.77	\$81.44	\$74.41	\$75.52	\$95.34	\$42.14	\$46.94	\$57.62	\$64.77	\$60.55	\$66.54	\$43.31
Dec	<u>\$53.22</u>	<u>\$69.65</u>	<u>\$65.30</u>	<u>\$68.13</u>	<u>\$66.45</u>	<u>\$37.04</u>	<u>\$43.33</u>	<u>\$50.86</u>	<u>\$56.60</u>	<u>\$55.27</u>	<u>\$54.13</u>	<u>\$39.99</u>
Total	\$69.32	\$81.93	\$78.42	\$91.33	\$88.37	\$46.67	\$53.75	\$59.67	\$65.39	\$70.45	\$69.59	\$46.21

Hotel Market Findings

The Consultant Team recommends that the DIA evaluate the need for hotel product incentives on an individual project basis to best ensure competitive impacts from potential cannibalization are mitigated and that the overall health of the hotel market is sustained.

The DIA should strategically prioritize the deployment of hotel incentives to achieve one or more of the following goals/targets to:

- Enhance the quality of hotel offerings
- Attract net new or underserved market segments
- Link/layer hotel incentives with broader neighborhood-level goals in activity zones or priority redevelopment areas
- Renovate iconic properties
- Attract boutique properties with unique character

The deployment of hotel incentives should also recognize the comparative benefits of site-specific qualities including location, proximity to existing tourism infrastructure, and broader DIA redevelopment goals.

Market Growth Scenarios Testing

To evaluate future market growth for residential, retail and office markets, Willdan used CoStar projections and identified optimistic and low scenarios.

The following charts display five years of average rent history, followed by the CoStar projection which is bounded by Willdan's optimistic and low growth scenarios.

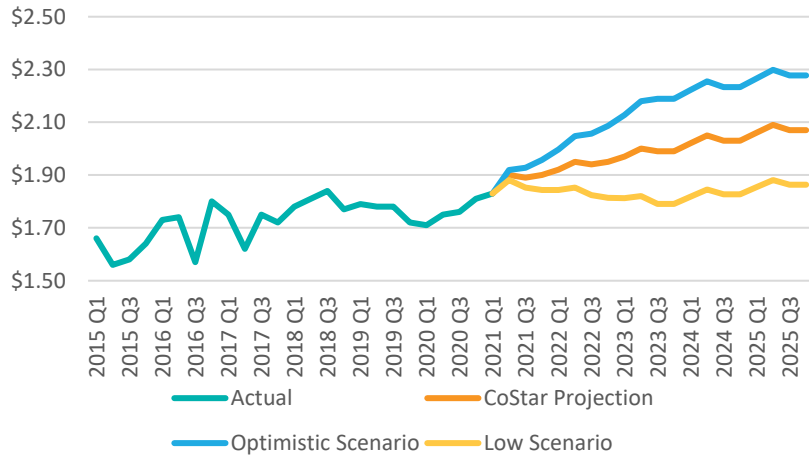
The optimistic scenario scales up to 10% greater rents than the CoStar projection by 2025. The low scenario scales down to 10% lower rents by 2025.

Note that the projections are of average rents including new products and existing properties. As such, the presented rents are lower than what would be expected for new product deliveries.

Figure 49 displays the growth scenarios for studios, 1 bedroom, 2 bedroom and 3-bedroom product types, respectively. Note that these are projections of market rate rent for existing and new product types and exclude affordable housing and rent subsidized units.

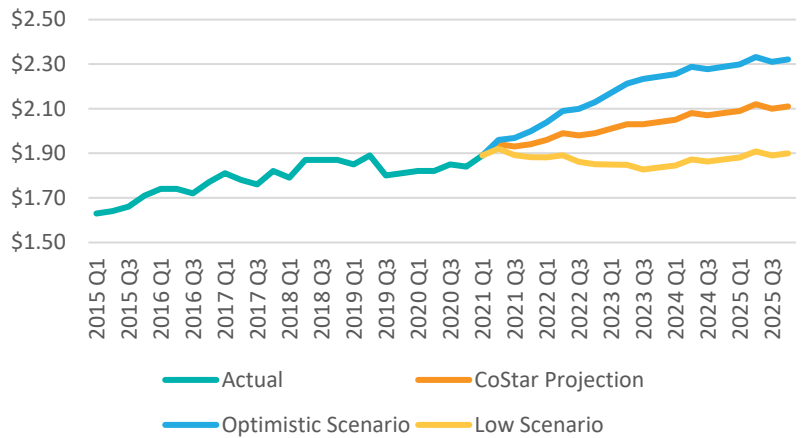
Downtown Jacksonville Market Feasibility Study

Figure 48: Average Asking Rent per Square Foot (Studio - Market Rate)



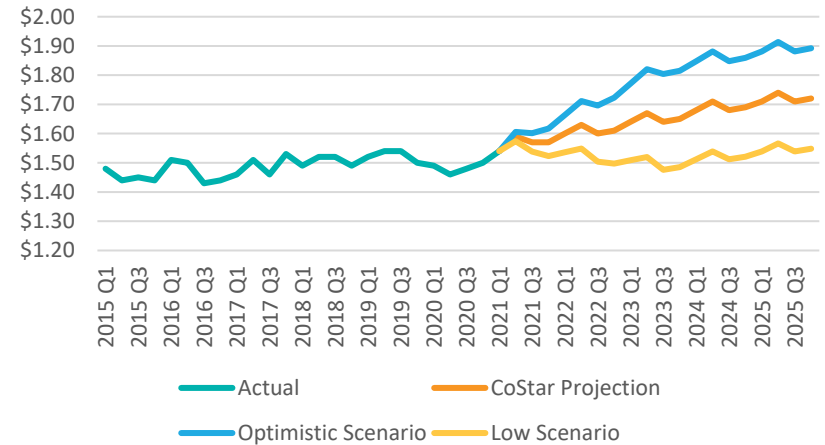
Source: CoStar; Willdan, 2021

Figure 49: Average Asking Rent per Square Foot (1 Bedroom - Market Rate)



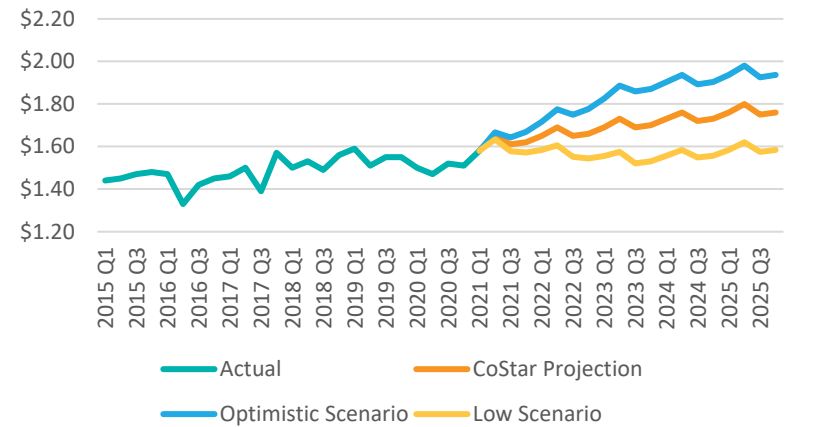
Source: CoStar; Willdan, 2021

Figure 50: Average Asking Rent per Square Foot (2 Bedroom - Market Rate)



Source: CoStar; Willdan, 2021

Figure 51: Average Asking Rent per Square Foot (3 Bedroom - Market Rate)

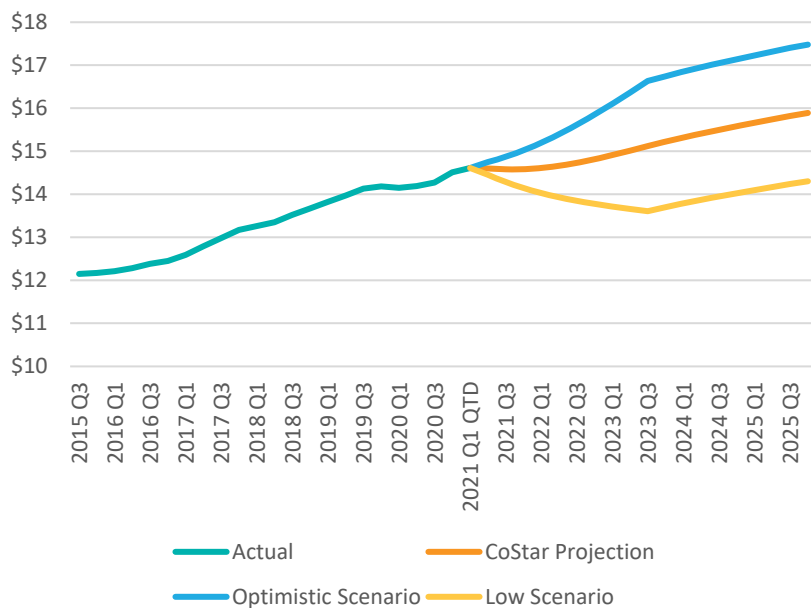


Source: CoStar; Willdan, 2021

Downtown Jacksonville Market Feasibility Study

Figure 52 displays the growth scenarios for retail rents for the entire Downtown. Under CoStar’s projection, rents are projected to reach \$16 per square foot in 2025. CoStar’s projection is less optimistic about the growth in retail rents than housing rents, partially due to the uncertainty around brick-and-mortar retail post-Covid.

Figure 52: Average Retail Market Rent

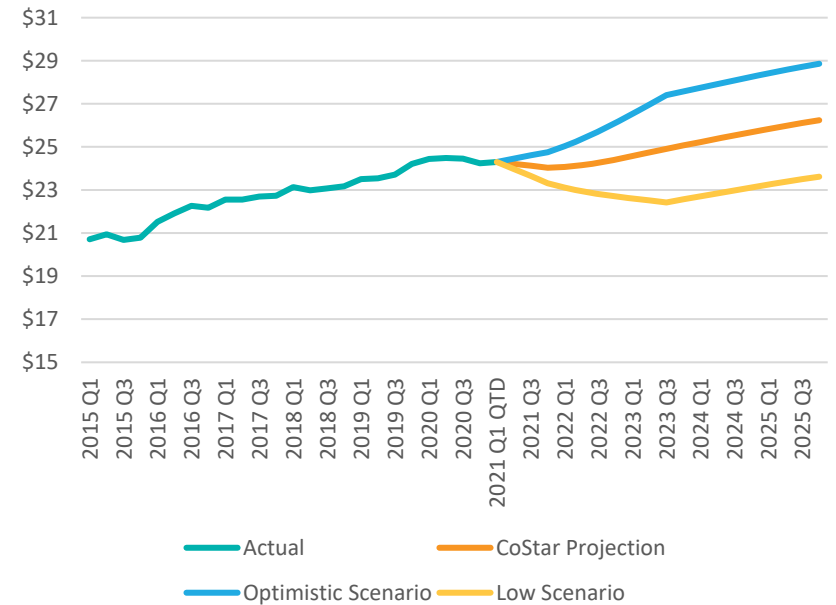


Source: CoStar; Willdan, 2021

Figure 53 displays the growth scenarios for Class A office rents for the entire Downtown. Like retail, CoStar’s projection of office rents is less optimistic than housing rents in Downtown Jacksonville. The already high Class A vacancy,

coupled with the work-from-home impact of Covid lead to stagnant-to-decreasing rents in the short term, and low growth in the near term.

Figure 53: Average Class A Office Market Rent



Source: CoStar; Willdan, 2021

VI. PEER CITIES COMPARISONS

Introduction

A strong downtown is defined by strength and prosperity, and serves as a center of culture, knowledge, and innovation. Downtowns play a key role in ensuring stability, sustainability and growth and can serve as a catalyst for regional revivals from the impacts of economic downturns, negative social impacts, and environmental disasters.

The cities profiled for the Jacksonville Peer City Comparison include:

- Cincinnati, OH
- Kansas City, MO
- Louisville, KY
- Tampa, FL
- West Palm Beach, FL

The evaluation included Downtown Jacksonville District-level measures such as:

- Demographic and lifestyle characteristics
- Employment and wage composition
- Housing stock (number of units, ownership levels, interest rates)
- Available office space, vacancies, average rents
- Retail and service business mix (types and number of businesses)
- Traffic volume and patterns
- Tourism industry statistics such as visitor numbers and annual room nights

The peer market comparison profiles compare various downtowns and evaluates the efficacy and impacts of redevelopment efforts.

What best practices have helped attract businesses and real estate development that can be effectively incorporated in Downtown Jacksonville?

What can Jacksonville learn from other Downtowns about how to leverage incentives to catalyze real estate development?

The profiles are structured to compare and contrast both in-state and out-of-state cities with similar characteristics, but also including cities whose downtowns have advanced to achieve a critical mass of downtown residents through multifamily housing offered at a variety of price points, an optimal mix of retail/dining/entertainment, a thriving office market, and pent-up demand in the lodging market.

The following summary tables provide a comparative snapshot of each city's increase in taxable value from 2012 to 2019 and a sampling of downtown investment and development completed or underway. These findings are further explored in an overview of leadership, best practices, and lessons learned.

Additional research in support of these findings is provided under separate cover in the Jacksonville Downtown Market Feasibility Study (Part 2 of 2): Peer Cities Comparison Analysis - Detailed Background Data.

Downtown Jacksonville Market Feasibility Study

Table 29: Peer Cities Comparative Tax Bases, 2012-2019

City	2012 Taxable Value/Assessment (Property)	2019 Taxable Value/Assessment (Property)	Increase
Jacksonville, FL (Southside & Northbank CRA Districts)	\$1.24 B	\$1.74 B	40%
Cincinnati, OH (CBD)	\$3.67 B	\$4.27 B	16%
Kansas City, MO (Downtown CID)	\$0.47 B	\$0.84 B	81%
Louisville, KY (CBD)	\$1.65 B	\$2.18 B	32%
Tampa, FL (Downtown CRA)	\$1.51 B	\$2.95 B	95%
West Palm Beach, FL (City Center CRA)	\$1.83 B	\$3.14 B	72%

Source: City of Jacksonville, City of Tampa CRA, West Palm Beach CRA, Downtown Council of Kansas City, Louisville Downtown Partnership, Hamilton County (OH) Auditor; Willdan, 2021

Downtown Jacksonville Market Feasibility Study

Table 30: Downtown Investments and Projects (as of April 2021)

City	Completed Downtown Investments and Projects	Downtown Projects Underway and Planned
Jacksonville, FL	<p>\$530 Million in Completed 2019-2020 Projects</p> <p>\$1.8 billion in completed projects since 2000, including:</p> <ul style="list-style-type: none"> Federal Courthouse Veterans Memorial Arena County courthouse Baptist-Wolfson medical complex Main Library 	<p>\$2.9 Billion in Under Construction Projects</p> <p>\$3.15 Billion in Proposed Projects</p> <p>\$900,000,000 in projects underway and planned, including:</p> <ul style="list-style-type: none"> Baptist Medical Center addition LaVilla transportation center Other transportation projects Three residential projects (661 units) Laura Street Trio (mixed-use)
Tampa, FL	<p>Significant projects completed</p> <ul style="list-style-type: none"> Arris Tampa, 34-story tower, 80 residences Virage Bayshore, 24-story 71 units 	<p>Projects underway and planned include:</p> <ul style="list-style-type: none"> 4100 proposed new MFUs Water Street District Heron
West Palm Beach, FL	<ul style="list-style-type: none"> Clematis Streetscape Rosemary Square (formerly CityPlace) 	<ul style="list-style-type: none"> One West Palm, Mixed-use 30 story project One Flagler Tower, 25-story office project
Cincinnati, OH	<p>Significant projects completed since 2000 include:</p> <ul style="list-style-type: none"> Horseshoe Casino Great American Ballpark Riverfront Park Great American Insurance Tower (office) The Banks riverfront (mixed use), Ph. 1 National Underground RR Freedom Center Streetcar line (3.6 miles) 	<p>Projects underway and planned include:</p> <ul style="list-style-type: none"> The Banks, future phases 30 story apartment and retail project Washington Park Reno Music Hall

Source: Jacksonville Downtown Vision; City of Cincinnati, OH; City of Kansas City, MO; City of Louisville, KY; Tampa Downtown Partnership, FL; City of West Palm Beach, FL; RMA; Willdan, 2022

Downtown Jacksonville Market Feasibility Study

City	Completed Downtown Investments and Projects	Downtown Projects Underway and Planned
<p>Kansas City, MO</p>	<p>Power & Light District Kaufman Center for the Arts IRS Service Center T-Mobile Center, formerly Sprint Center Federal Reserve Bank H&R Block HQ Building KC Convention Center addition Streetcar line (2.2 miles)</p>	<p>Underway and planned, includes: East Village mixed use development 2.8 million square feet of office space 4,900 housing units</p>
<p>Louisville, KY</p>	<p>Lynn Stadium KFC Yum Center and Garage Muhammad Ali Center Fourth Street Live (Phase 1) Waterfront Park Place (residential) Louisville Slugger Field Waterfront Park expansion (30 acres)</p>	<p>Significant projects underway and planned include: Museum Plaza high-rise office/housing/hotel Nucleus Innovation Park (health sciences) Center City mixed use development Liberty Green housing Downtown Arena Riverpark Place condo/marina East Main Office Towers</p>

Source: Jacksonville Downtown Vision; City of Cincinnati, OH; City of Kansas City, MO; City of Louisville, KY; Tampa Downtown Partnership, FL; City of West Palm Beach, FL; RMA; Willdan, 2022

Leadership and Best Practices

Strong private and public-sector leadership supported by local/regional champions of Downtown redevelopment are hallmarks of successful place-based investment and marketing.

The Florida cities' downtowns profiled in the case study analysis are all Community Redevelopment Areas (CRA's) and very similar to Jacksonville's diverse Overlay Districts.

These CRA's were instrumental in the redevelopment efforts of their downtowns, collaborating with the City's economic development agencies.

Both Tampa and West Palm Beach participate with a private economic development agency, funded heavily by corporate participation from within the community. While the Florida cities have the advantage of CRA structures, the cities profiled outside of Florida also have created comparable land secured value capture mechanisms to create dedicated funding streams for Downtown revitalization initiatives.

Downtown development and marketing in Cincinnati and Louisville are led by private non-profit organizations with boards of directors and memberships composed mainly of downtown business executives and academic leaders. These organizations include public officials in ex-officio roles, with some operating funds provided by local government with oversight from elected officials.

Peer Cities Downtown Redevelopment Best Practices

- Proactive and strategic approach to redevelopment driven by product type and location
- Strategic public-private partnerships that maximize each other's capital and institutional capabilities
- Clarity of opportunities, expectations, and the timing of the development process for the development community
- Developer incentives programs that prioritize catalytic/catalytic anchor sites and neighborhood benefit goals and objectives
- Targeted and strategic marketing/outreach initiatives

Cincinnati, OH

Downtown marketing and development are led by two (2) non-profit organizations.

Downtown Cincinnati, Inc. (DCI) is primarily responsible for marketing, promotion, and event programming. DCI also manages the Downtown Cincinnati Improvement District (DCID), a BID with a \$3.3 million annual budget for services.

The Center City Development Corporation (3CDC) has primary responsibility for facilitating investment and development. 3CDC administers two development funds including the Cincinnati New Markets Fund and the Cincinnati Equity Fund.

These private investment funds are used for downtown redevelopment and economic development projects in distressed neighborhoods. 3CDC's four strategic goals are to create great civic spaces, create high-density mixed-use development, preserve historic structures and streetscapes, and build diverse mixed-income neighborhoods supported by local businesses. Since 2004 over \$843 million has been invested in these projects.

Kansas City

The Downtown Council of Kansas City (DCI) is the lead organization for marketing and facilitating downtown development. The downtown area also has two BID districts and organizations: the larger Downtown Community Improvement District, encompassing a 165-block area, and the River Market Community Improvement District, covering a 35-block area.

The Kansas City Business Customer Service Center or "KCBizcare" opened in 2009 to provide enhanced services to the small business community. The center was established under the City Manager's Office to provide small business resources including: "roadmaps" to open a business; access to city computers (property searches, zoning information, city records, and online application submissions); referrals to city departments, agencies and other regulatory and assistance organizations; and staff to provide guidance navigating the city's licensing, permitting, and approval processes.

Louisville, KY

Louisville is building on its successes through the creation of a "Downtown Development Team", a strategic partnership between Louisville Forward, the city's economic development agency, and Louisville Downtown Partnership. Louisville's recent announcement of the Downtown Revitalization Team is a leading example of the city's commitment to a pro-growth, pro-business culture of facilitating successful downtown development with public incentives, public infrastructure investment, and effective development and investment outreach.

Tampa, FL

The Tampa Bay Metro Area is home to 20 corporate headquarters with over \$1 billion in annual revenue, eight of which are Fortune 1000 companies. Corporate tenants downtown, including the University of South Florida and Tampa General Hospital, have partnered with the City of Tampa to create the future anchor of the Water Street District. including the new USF Health Morsani College of Medicine and Heart Institute.

Downtown Jacksonville Market Feasibility Study

Tampa has also invested in a multi-pronged approach to support their growing IT industry. Tampa Bay Tech is a technology council that works to implement strategic priorities and hold events. Tampa Bay WaVe is an IT coworking space and accelerator, and USF Connect is a program providing workers, education, research, and other support to IT businesses.

West Palm Beach

The West Palm Beach Downtown Development Authority (DDA) was created in 1967 as an independent special taxing district to promote and enhance a safe, vibrant downtown for residents, businesses, and visitors through the strategic development of economic, social, and cultural opportunities.

The City of West Palm Beach is directing resources to focus on improving their streets and infrastructure. Ocwen Financial Corporation and American Sugar Refining influence local and state politics considerably with their active participation in economic development activities.

Peer Cities Comparisons: Lessons Learned

The peer cities comparison provides a quantitative assessment of key downtown revitalization metrics for evaluation in future Downtown Jacksonville redevelopment planning and policy initiatives.

It is important, however, to evaluate Jacksonville's future opportunities beyond quantitative comparisons of metrics and tactical-level incentive programs. To foster mixed-use development and historic adaptive reuse, public stakeholders should integrate other factors and strategic approaches to foster catalytic private real estate development activity.

Each of the peer cities analyzed illustrates how the tactical combination of leadership, strategy, clarity, strong strategic partnerships, and creativity serves to attract real estate investment and development.

VII. DOWNTOWN JACKSONVILLE INCENTIVES ANALYSIS

Introduction

The following analysis of incentives available for real estate development or redevelopment in Downtown Jacksonville is provided as a baseline assessment of the DIA incentives program performance against 2014 goals according to the performance measures established in the CRAs’ Business Investment and Development Strategy.

To undertake this assessment, the DIA provided a summary overview of the incentives program’s structural changes since 2014. Performance measures data was collected from the DIA, DVI, the City of Jacksonville, CoStar, and ESRI for 2020 (or the most recent year available).

The DIA incentives program’s performance is evaluated by comparing the net change between 2014 and 2020 against the 2021 target to determine if the indicator has remained the same or is increasing/decreasing according to the goals and objectives established by the BID strategy.

Incentive Performance

Benchmarking against these overarching Performance Measures categories for Downtown inform evaluation of the effectiveness of the DIA’s incentive programs.

Table 31: DIA/COJ Developer Incentives, 2021

Primary Developer Incentive Programs:
DIA Market Rate Multi-Family Housing REV Grant
Retail Enhancement Grant Program
FAB-REP (Subset of Retail Enhancement Grant) – New Program- Targeted Retail Activation: Food & Beverage Establishments
Storefront Façade Grant
Sidewalk Enhancement Grant (Subset of FAB-REP Program) – New Program
Downtown Preservation and Revitalization Program (DPRP) – New Program
Commercial Revitalization Program (CRP)
DIA Strategic Housing Area Designation
DIA Multi-Family Housing REV Grant
COJ Recapture Enhanced Value Grant (REV)
Other COJ/OED/State of Florida or Federal Programs
Low-Volume Incentives
The Downtown Historic Preservation and Revitalization Trust Fund (Scheduled to sunset 1/20/2021)
Sale-Leaseback Incentive
DIA – Downtown Residential Rental Incentive Program – “Live, Work, & Play Downtown”
DIA Downtown Down-Payment Assistance Program (DPA)

Source: DIA; Willdan, 2021

Downtown Investment Authority-Administered Incentive Programs

Overview

The DIA identified six primary developer incentive programs that target revitalization and growth in downtown Jacksonville. Several of these programs are new and others are modified or have evolved from prior incentive programs. Following is an overview of the DIA's core programs as of April 2021.

DIA Market Rate Multi-Family Housing REV Grant

Modeled after the Office of Economic Development (OED) REV Grant, this is a new incentive to encourage Downtown multifamily development of projects with a minimum of 25 units.

There are other variations of the REV Grant Program available in downtown. In general, the REV Grant Program is designed to attract private capital investment and redevelopment to project sites. They can apply to various types of development (office, multifamily) and apply to standard or economically distressed areas. Census tract areas are deemed economically distressed if either of the conditions applies:

- Unemployment is 125 percent of Duval County's unemployment rate. Duval County's current unemployment rate is 8.6 percent, rendering the

unemployment threshold to be 10.75% to be considered economically distressed²

- Household income is equal or less than 60 percent of Duval County's median household income. Current HH income is \$49,196, rendering the household income threshold to be \$29,517

Areas are considered "Level One" if one criterium is met and "Level Two" if both criteria are met. The classification of being in an "economically distressed" area and the specific level impacts the maximum amount of funding.

Downtown Retail Enhancement Grant Program

Launched in 2014, this program was designed to create and then sustain momentum for development of restaurant, retail, and creative office space in the Northbank Core Retail Enhancement Area. The program is considered fundamentally important to the success of downtown. In 2019 the program was expanded to incorporate the Southbank Core Retail Enhancement Area.

This primary umbrella grant serves as an entry point for targeted retail incentives by location of use (FAB-REP and Sidewalk Enhancement Programs). The DIA evaluates this program annually to refine the guidelines.

² City of Jacksonville, Office of Economic Development, Public Investment Policy, June 2016 (administratively updated November 2019).

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Food and Beverage Retail Enhancement Program (FAB-REP)

The Downtown Investment Authority's Targeted Food and Beverage Retail Enhancement Program (FAB-REP) was created to cluster restaurants and bars within two distinct, walkable areas of the Downtown Central Core:

Laura/Hogan Street Corridor and The Elbow Entertainment District Corridor

As a subset and enhanced/additional incentive to the Retail Enhancement Grant Program, the FAB-REP program specifically focuses on recruiting and improving food and beverage establishments with a priority for full-service restaurants in the downtown target areas.

As of 2020, the program incentivizes investment through five-year forgivable loans to be scaled by type of business. Eligibility requirements include dedicated hours of operation, service type, size and locations with ground-level access and street visibility.

Storefront Façade Grant

This DIA grant program aims to activate and improve the streetscape in Downtown's Historic District by funding physical improvements to the exterior of primarily ground level storefronts.

Sidewalk Enhancement Grant

This grant is an additional subset and enhanced/additional incentive to the baseline Retail Enhancement Grant Program, offered primarily to recipients of the FAB-REP grant. This grant provides up to \$15,000 to spur the creation of outdoor spaces that enhance the sidewalk experience, such as tables, chairs, and other furniture, lighting, greenery, umbrellas, and awnings.

Downtown Preservation and Revitalization Program (DPRP)

The goal of the Downtown Preservation and Revitalization Program (the "DPRP") is to foster the preservation and revitalization of unoccupied, underutilized, historic, and/or qualified non-historic buildings located in downtown Jacksonville. The program offers two types of incentive disbursements (loan and forgivable loan) across three sub programs. This program's minimum investment threshold for historic projects is \$100,000, while non-historic projects must address code compliance issues. Projects must also address two downtown Community Redevelopment Area Goals:

Redevelopment Goal No. 1: Reinforce Downtown as the City's unique epicenter for business, history, culture, education, and entertainment. Program specific emphasis will be placed on retail activity, food and beverage establishments, culture, and entertainment including the activation of open spaces.

Redevelopment Goal No. 2: Increase rental and owner-occupied housing downtown, targeting key demographic groups seeking a more urban lifestyle. Building on the success of growth in multifamily housing across the downtown corridor, providing additional housing units in historic buildings contributes to the unique residential atmosphere of our City and the opportunity to maximize Jacksonville's historic attributes.

The DPRP program targets projects that demonstrate of the highest level of interest and benefits for residents and visitors to the City, and the greatest impact on enhancing demand for surrounding properties, thus stimulating additional investment in development/redevelopment activity.

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Table 32: City of Jacksonville, FL Developer Incentives Programs

Incentive Structural Elements	DIA Market Rate Multi-Family Housing REV Grant	Downtown Retail Enhancement Grant Program	FAB-REP	DIA Storefront Façade Grant	Sidewalk Enhancement Grant	Downtown Preservation and Revitalization Program (DPRP) ³
Target Sectors: Office, Retail, Residential, Hotel	Multifamily Residential	Retailers, restaurants, and creative office spaces	Food and beverage establishments	Retail, restaurants	Food and beverage establishments	Unoccupied, underutilized, and/or deteriorating historic, and qualified non-historic, buildings
Target Area	Downtown	Northbank Core Retail Enhancement Area Southside Core Retail Enhancement Area	The Elbow Logan & Laura Districts Targeted street frontages	Downtown Jacksonville Historic District	The Elbow Logan & Laura Districts Targeted street frontages	DIA Boundary
Eligibility Requirements	25 units or more	Costs related to renovating/preparing commercial space or retaining/ recruiting businesses (operations) Businesses or property owners eligible	Hours of operation Tiers of qualification Size Ground level access / street visibility	Street frontage on public street Ground floor Costs related to exterior physical improvements	Recipient of FAB-REP grant (full amount) Outdoor dining materials, furniture, décor Plan to protect assets for 5 years	Meet CRA and DIA goals and objectives Demonstrated prior successful experience

³ The DPRP includes three different incentive components with varied award maximums and payment methods. The three components are as follows: Historic Preservation Restoration and Rehabilitation Forgivable Loan (HPRR Forgivable Loan), Code Compliance Renovations Forgivable Loan (CCR Forgivable Loan), and DPRP Deferred Principal Loan (DPRRP DPL, for purposes of this chart)

Downtown Jacksonville Market Feasibility Study

Incentive Structural Elements	DIA Market Rate Multi-Family Housing REV Grant	Downtown Retail Enhancement Grant Program	FAB-REP	DIA Storefront Façade Grant	Sidewalk Enhancement Grant	Downtown Preservation and Revitalization Program (DPRP) 3
Form of Incentive (Cash, TIF, Tax Credit, Loan)	Real Estate Tax Recovery	Recoverable Grant (amortized over 5 years)	Forgivable Loan (5-year term)	Grant or Forgivable Loan	Forgivable Loan (5-year term)	Forgivable Loan (HPRR and CCR) Loan (DPRP DPL)
Min/Max Developer Investment	25 units	Min: \$10,000	Min: 25% of eligible improvements or equivalent rent concession	Not Applicable	Min: 25% of eligible improvements or equivalent rent concession	Not Applicable
Min/Max Incentive Value	<p>Max: Up to 75% of City/County portion of incremental increase in taxes over 15 years</p> <p>TBD Amount based on maximizing underutilized assets, SHA, green space and amenities, mixture of uses</p>	Max: \$20 / leased or occupied SF, not to exceed 50% of total construction cost	<p>Max: 50% of build-out costs</p> <p>Type 1 Max: \$65/sf, up to \$400,000</p> <p>Type 2 Max: \$50/sf up \$200,000</p> <p>Type 3 Max \$40/sf up to \$100,000</p> <p>Bonus: +\$20/psf if historic landmark</p>	<p>\$30 / SF of façade</p> <p>Max: 50% of eligible costs / \$75,000</p>	<p>80% of eligible outdoor improvements, not to exceed \$15,000</p> <p>If not eligible for FAB-REP, then max \$5,000</p>	<p>Min: \$100,000</p> <p>HPRR Max: 20 – 75% of cost pending type of work, up to 30% of TDC4</p> <p>CCR Max: 75% of eligible costs, up to 25% of TDC (no historic status) or 30% of TDC (if historic)</p> <p>DPRP DPL Max: 20% of TDC</p>

⁴ Total Development Cost (TDC)

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Incentive Structural Elements	DIA Market Rate Multi-Family Housing REV Grant	Downtown Retail Enhancement Grant Program	FAB-REP	DIA Storefront Façade Grant	Sidewalk Enhancement Grant	Downtown Preservation and Revitalization Program (DPRP) 3
						DPRP DPL Min: > 20%of gap funding ⁵ .
Link to Incentive Program Application	https://www.coj.net/departments/office-of-economic-development/docs/public-investment/final_pip-06-28-2016_11-21-2019_update_ada.aspx	https://dia.coj.net/development/Commercial-Incentives/Retail-Enhancement-Grant-Program	https://dia.coj.net/Doing-Business-With-Us/Doing-Business-With-DIA/Commercial-Incentives/Food-Beverage-Program/DIA_FAB-REP-Application_FINAL(2).aspx	https://dia.coj.net/Doing-Business-With-Us/Doing-Business-With-DIA/Commercial-Incentives/Storefront-Facade-Grant-Program	https://dia.coj.net/Doing-Business-With-Us/Doing-Business-With-DIA/Commercial-Incentives/Sidewalk-Enhancement-Forgivable-Loan/Sidewalk-Enhancement-Grant-Standalone_FINAL.aspx	https://dia.coj.net/Doing-Business-With-Us/Doing-Business-With-DIA/Commercial-Incentives/Downtown-Preservation-Revitalization-Program/2020-527-Revised-Exhibit-1-(DPRP-Guidelines)-as-Ap.aspx

⁵ The DPRP Deferred Principal Loan amount shall be determined by the gross funding gap found in the Total Development Costs (TDC) with a requirement that the amount will be not less than 20% of gap funding requirement in any development plan where developer equity (net of developer fee) is less than 25% of TDC. Source

Downtown Jacksonville Market Feasibility Study

Incentive Structural Elements	DIA Market Rate Multi-Family Housing REV Grant	Downtown Retail Enhancement Grant Program	FAB-REP	DIA Storefront Façade Grant	Sidewalk Enhancement Grant	Downtown Preservation and Revitalization Program (DPRP) 3
Other Notes	<p>Quarterly compliance and monitoring</p> <p>Modeled after OED Rev Grant Incentive</p>	<p>Thorough and clear evaluation and application elements</p> <p>Consistent with the Downtown Master Plan and the Downtown Overlay Zone</p> <p>In form of expenditure reimbursement</p>	<p>New Program</p> <p>Subset of Retail Enhancement Grant</p> <p>Payable upon completion</p> <p>Limits per tier</p> <p>Tiers prioritize full-service, hours etc.</p>	<p>Physical improvements</p>	<p>5-year compliance and monitoring period</p> <p>New Program</p> <p>Type of FAB-REP funding within Retail Enhancement Grant</p>	<p>Demonstrate gap financing need if > \$1 million</p> <p>All other DIA programs may not exceed 10% of funding</p>

Source: City of Jacksonville Downtown Investment Authority; DVI; Willdan, 2021

Other City of Jacksonville Incentive Programs

Overview

Additional City of Jacksonville and Office of Economic Development, State of Florida and other federal programs are available to incentive development downtown Jacksonville.⁶

City of Jacksonville and Office of Economic Development Incentives:

- COJ Industrial Revenue Bonds (IRB)
- COJ Tax Increment District (TID) Infrastructure Development
- COJ Business Infrastructure Grant/Loan (BIG)
- COJ Large Scale Economic Development Fund
- COJ Small Business Development Initiative (SBDI)

Duval County Development Incentives

Many of the City of Jacksonville programs also apply to County-wide or are enabled by the County.

State of Florida Development Incentives

- Florida Flex grant Programs (FKA: Quick Response Training Program)
- Quick Action Closing Fund
- Economic Development Transportation Fund (EDFT)

- Capital Investment Tax Credit (CITC)
- High Impact Performance Incentive Grant (HIPI)
- Qualified Target Industry Tax Refund (QTI)
- State Housing Initiatives Partnership (SHIP)
- State Apartment Incentive Loan Program (SAIL)
- Mortgage Revenue Bonds for Rental Housing
- Innovation Incentive Program
- Qualified Defense & Space Contractor Tax Refund (QDSC)
- Sales and Tax Use Exemptions on Machinery and Equipment
- Sales Tax Exemption on Electricity Used in Manufacturing Process

Federal Development Incentives

- Opportunity Zones
- Work Opportunity Tax Credit (WOTC)
- New Markets Tax Credits
- Historic Rehabilitation Tax Credit
- Low-Income Housing Tax Credit Program (LIHTC)

⁶ <https://investdtjax.com/tools-resources/incentives/>

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: Other City of Jacksonville, FL Developer Incentives Programs

Program Structural Characteristics	DIA Commercial Revitalization Program (CRP)	DIA Strategic Housing Area Designation	DIA Multifamily Housing REV Grant	COJ Recapture Enhanced Value Grant (REV)
Target Sector (Office, Retail, Residential, Hotel)	Office or retail space leases	Residential	Multifamily Residential (workforce housing and mixed-income affordable)	Targeted industry clusters
Target Area	Downtown Jacksonville	Defined Strategic Housing Areas (SHAs) within: Northbank CRA Southside CRA	Northbank CRA Southside CRA	Downtown
Form of Incentive (Cash, TIF, Tax Credit, Loan)	Real Estate Tax Recovery (Grant)	DIA designation of SHA enables eligibility for bonus or additional incentives	Real Estate Tax Recovery (Grant)	Tax Recovery Grant
Min/Max Developer Investment	Min: Ranges from \$5 / sf to \$35 / sf pending nature and term of lease	n/a	Max: 75% of the incremental increase of City/County taxes over 15-year period	Min: 10 new full-time jobs (wages > 100% FL avg wage) Min: \$3 million
Min/Max Incentive Value	Max: Lesser of: 75% of tax liability, and \$2.50 / sf (2-year phase out) Grant term, depending on lease term	n/a	Max: Up to 75% of City/County incremental tax increase TBD by # units total and # of workforce units	50% of increment, up to 10 years Project 100+ new jobs and \$10+ million capital investment, eligible for more
Eligibility Requirements	Tenant not received CRP for previous space (expansion exemption) Not available for move within downtown	n/a	Provide workforce housing, or Provide mixed-income affordable housing	Maintain jobs Target Industry

Downtown Jacksonville Market Feasibility Study

Program Structural Characteristics	DIA Commercial Revitalization Program (CRP)	DIA Strategic Housing Area Designation	DIA Multifamily Housing REV Grant	COJ Recapture Enhanced Value Grant (REV)
	Not eligible for space with outstanding Retail Enhancement Program grant		If mixed income, must leverage at least 1 other affordable housing financing method	
Link to Incentive Program Application	https://dia.coj.net/development/Commercial-Incentives/Commercial-Revitalization-Program-(CRP)	https://dia.coj.net/development/Residential-Incentives/Strategic-Housing-Area-Designation	https://dia.coj.net/development/Residential-Incentives/Multi-Family-Housing-REV-Grant	https://www.coj.net/departments/office-of-economic-development/docs/public-investment/final_pip-06-28-2016_11-21-2019_update_ada.aspx
Other Notes	Application filed before lease signed	Shall continue as needed	Modeled after OED REV grant Clear monitoring and reporting process Applications above/below 75% of tax increment are reviewed by DIA staff/board for a potential resolution	Paid annually after completed May be used to fund City match to state programs, if required

Sources: City of Jacksonville Downtown Investment Authority, Willdan, 2020.

Other City of Jacksonville Incentive Programs

Overview

As the City of Jacksonville and the DIA continue to adapt and evolve in an every-changing downtown market, programs are actively reviewed for continuation. Since the adoption of the 2014 CRA Business Investment and Development Plan, the DIA reports that four programs are either sunsetting, dormant or underfunded: DIA Downtown Preservation and Revitalization Trust Fund; DIA Sales-Leaseback Incentive; DIA – Downtown Residential Rental

Incentive Program; and the DIA Downtown Down-Payment Assistance Program (DPA).

Among these four, the unfunded Downtown Preservation and Revitalization Trust Fund that targets projects requesting less than \$100,000, was conceptually replaced by DIA’s previously detailed Downtown Preservation and Revitalization Program incentive program in 2020 that emphasizes larger (\$100,000+) projects.

Downtown Jacksonville Market Feasibility Study

Table 33: City of Jacksonville, Other Developer Incentives Programs, 2021

Program Structural Characteristics	DIA Downtown Preservation and Revitalization Trust Fund	DIA Sales-Leaseback Incentive	DIA – Downtown Residential Rental Incentive Program	DIA Downtown Down-Payment Assistance Program (DPA)
Target Sector (Office, Retail, Residential, Hotel)	Unoccupied, underutilized, and/or deteriorating historic, and qualified non-historic, buildings	Office	Primary residence (rental)	Primary residences (home ownership)
Target Area	Downtown DIA boundaries	Downtown	Northbank CRA Southside CRA	Northbank CRA Southside CRA
Form of Incentive (Cash, TIF, Tax Credit, Loan)	Grant (forgiven with claw-back in event of sale, transfer, or default)	Payment to development build-to-suite facility or renovated existing	Subsidy in form of rental voucher	0% lien mortgage
Min/Max Developer Investment	See program guideline details	n/a	Property manager receives voucher from tenant and collects reimbursement quarterly in arrears from DIA	Min: 2.5% of purchase price
Min/Max Incentive Value	Max: Range of 20% to 75% of eligible costs pending the type of work, up to \$100,000	DIA leases back space for below market rent	Renter Value: \$200 / month for 3 years total = \$7,200 Renter downtown workforce bonus = +\$50 Renter SHA bonus = +\$50 Property Manager: receives 105% of voucher value	Max: 10% of purchase price, up to \$20,000
Eligibility Requirements	Landmark designation Downtown location Exterior and interior restoration/rehab Code compliance work	n/a	HH incomes < 150% AMI (\$66,450 for 1 person HH) Not lived in downtown in past 2 years	HH incomes < 150% AMI (\$66,450 for 1 person HH)

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Program Structural Characteristics	DIA Downtown Preservation and Revitalization Trust Fund	DIA Sales-Leaseback Incentive	DIA – Downtown Residential Rental Incentive Program	DIA Downtown Down-Payment Assistance Program (DPA)
			Employed in Northbank or Southside CRA areas <i>if</i> seeking the workforce bonus	
Link to Incentive Program Application	https://dia.coj.net/Doing-Business-With-Us/Doing-Business-With-DIA/Downtown-Historic-Preservation-and-Revitalization/2020-527-Exhibit-2-(Revised-HPRTF-Guidelines)-as-A.aspx	https://dia.coj.net/development/Commercial-Incentives/Sale-Leaseback-Incentive	https://dia.coj.net/development/Residential-Incentives/Downtown-Residential-Rental-Incentive-Program	https://dia.coj.net/development/Residential-Incentives/Down-Payment-Assistance-Program-(DPA)
Other Notes	<p>Paid upon completion of individual improvements</p> <p>Forgiven 20% annually over 5 years</p>	DIA sells building to investor above construction cost, lease back the space, issues sublease to employer		Due on sale, transfer, refinancing, or securing other debt

Sources: City of Jacksonville Downtown Investment Authority; RMA; Willdan, 2020

DIA Incentives Awards (2016-2020)

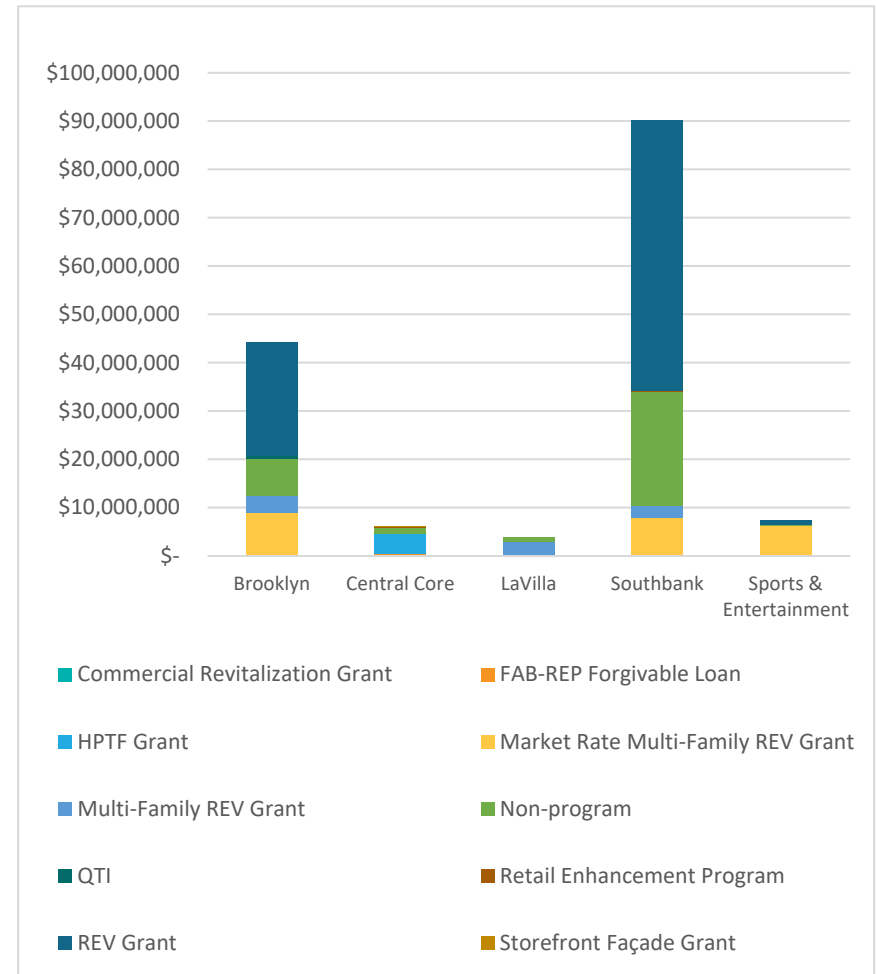
Measuring the effectiveness of the DIA’s incentives programs requires analysis of market response to development opportunities by District and by type of incentive.

It is important to note that the performance of the DIA’s core incentives programs should be considered in the context of limiting factors. First, the DIA responds to all incentive program applications submitted. Due to the Covid-19 pandemic, there has been no opportunity to launch a targeted development/investment campaign at the neighborhood level.

Furthermore, the Storefront Façade Grant, FAB-REP Targeted Retail Activation, and Sidewalk Enhancement Programs were adopted by the DIA/COJ in July 2020 at the height of the Covid-19 pandemic and development projects have in large part been put on hold. Accordingly, it is too early to make a definitive determination of these programs’ performance.

According to data provided by the DIA and illustrated in Figure 54, the REV Grant Program generated the greatest level of funding activity since 2016. This program was primarily utilized in the Brooklyn, Southbank and Sports and Entertainment Districts. Note that the data is reporting for awarded incentives, some of which are not yet dispersed, so comparison to specific development activity is not possible. Non-program funds and the Market Rate Multi-Family REV Grant Program follow as the second highest award values, but with a wider geographic reach across Brooklyn, Central Core, LaVilla, Southbank, and the Sports and Entertainment Districts.

Figure 54: DIA Incentives Activity (2016-2020)¹



¹ Includes incentives awarded but not yet dispersed; excludes the Historic Preservation & Revitalization Program adopted in October 2020.

Source: DIA; Willdan, 2021

Incentive Performance

Ongoing monitoring of and reporting on established DIA Performance Measures provides a framework for evaluation of the effectiveness of the DIA's incentive programs. All figures below are reported for 2013 and 2020, and then compared against the 2021 target to allow for consistency in complete data sets for the most recent data available.


The performance results are categorized as meeting or exceeding performance targets or requires further monitoring and evaluation.





**meets or exceeds performance
targets**





**requires further monitoring and
evaluation**

Employment: Downtown employment increased from 48,607 jobs in 2013 to 56,972 in 2020, indicating a net change of 8,363 and substantially exceeding the 2020 goal of 53,953. 

Residents: Growth in Downtown residents is on pace to meet the 2021 performance goal, a net increase of 2,407 persons. The current total is 233 residents less than the 2021 target – a figure anticipated to be exceeded following occupancy of housing units currently under construction. 

Multifamily Units: as a key goal for the DIA's mission to catalyze Downtown development, 1,953 new multifamily units were constructed since 2013, a figure currently 164 units less than the 2021 target that will be exceeded with units currently under construction. 

Business Establishments: Downtown Jacksonville attracted 1,265 new businesses since 2013 – 1,144 businesses more than the target. 

Retail Space Vacancy: The decrease in retail vacancy from 37% to 6% far exceeds the target of 33% vacancy. While the vacancy rate is reportedly low (and in line with pent up demand), the Downtown continues to experience product gaps across all subsector targets including apparel, dining, grocery, pharmacy, and other specialty/neighborhood-serving amenities. 

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Increased Tax Value: The 2013 total taxable value of \$1,223.9 million increased to \$1,890.7 in 2020, resulting in a net increase of \$666.8 million. The 2021 performance measure target value is \$1,564.9 million, or a net increase of \$341 million from the 2013 baseline. As of Q3 2021, the City of Jacksonville reports total taxable value of \$1,912.9 million (approximately \$348 million more than the 2021 target value). ✓

Outdoor Seating Establishments: DVI verified a count of 38 outdoor dining establishments, exceeding the 2021 target of 25 establishments. ✓

Tourism Indicators: data collected by Visit Jax for special events, attendance at special events, and annual visitors is not available due to the mandatory quarantine restrictions in place during 2020. These figures are excluded to allow for consistency in future projections and may be updated/normalized when the data is available. ⚠

Hotel Occupancy: A clear indicator of the impact of Covid-19 on the tourism industry is reflected by decline in hotel occupancy from 61% in 2013 to 40% in 2020 (less than the target rate of 67% that would indicate demand for new hotel product). ⚠

Inactive COJ Assets (Acres): A positive indicator of the effectiveness of the DIA's redevelopment policies is the reduction of 55 acres of inactive COJ land assets from 153 acres to 98 acres (only three acres less than the target of 95 acres). ✓

The following table provides the detailed data and sources supporting these findings.

Figure 55: Example of Pipeline Development – Laura Street Trio Developer Rendering, 2021



Source: EastWest Development LLC; Jacksonville Dailey Record, 2021

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Table 34: DIA Incentive Program Assessment – Performance Measures Against Goals (2014 to 2020)

	Downtown Performance Measures	2013 Baseline	2021 Target Performance	2020 Update	2013-2020 Net Change	2020 Results	2020 Data Source
1	Employment	48,607	53,953	56,972	8,365	✓	ESRI
2	Residents	3,730	6,370	6,137	2,407	✓	DT Vision State of Downtown
3	Multifamily Units ¹	1,898	4,015	3,851	1,953	✓	DT Vision State of Downtown
4	Business Establishments	1,100	1,221	2,365	1,265	✓	ESRI
5	Retail Space Vacancy	37%	33%	6%	-31%	✓	CoStar
6	Increased Tax Value	\$1,223,867,317	\$1,564,894,144	\$1,890,682,941	\$666,815,624	✓	DIA/COJ
7	Outdoor Seating Establishments	17	25	38	21	✓	DT Vision
8	Special Events ²	611	730	data not available	n/a	⚠	Visit JAX
9	Attendance at Special Events ³	1,254,550	1,601,652	data not available	n/a	⚠	Visit JAX
10	Annual Visitors ⁴	9,186,487	9,704,180	data not available	n/a	⚠	Visit JAX
11	Hotel Occupancy	61%	67%	40%	-21%	⚠	STR/Visit JAX
12	Inactive COJ Assets (Acres)	153	95	98	-55	✓	DIA/Downtown City Owned Parcels Database

¹ Includes Townhomes.

²⁻⁴ Data not collected due to impact of mandated Covid-19 pandemic quarantine/social distancing guidelines on special events.

Source: DIA; City of Jacksonville; DVI; Visit Jax; CoStar; STR; Willdan, 2021

VIII. DOWNTOWN JACKSONVILLE MARKET FEASIBILITY CONCLUSIONS

As Downtown Jacksonville emerges from the Covid-19 pandemic, there is an opportunity for innovation and expanded public private partnerships. Building partnerships with the stakeholders and groups that impact growth, including investor/developers, businesses of all sizes, historic preservationists, organizations advancing technology, and natural resource advocates will continue to serve the area in forward thinking ways.

After decades of planning, Jacksonville has achieved the momentum necessary to advance increased access for the public to the St. Johns River to ensure it is physically and visually accessible. Investment and redevelopment initiatives leveraging this natural asset are cornerstones of opportunity and catalytic revitalization for the Downtown Jacksonville districts.

However, the underlying economic drivers related to the built environment that impact the feasibility of implementing plans and projects in Downtown Jacksonville are complex. According to real estate market data collection interviews, recent headlines announcing pending approvals and incentives for multiple mixed-use projects are a positive signal to developers looking to invest in Downtown Jacksonville.

Care must be taken to manage the message going forward to stress the assets, capital, and political consensus that Downtown Jacksonville has to offer to the development community.

Current incentives for smaller projects, using Tax Increment District funds, are adequate and used frequently, a positive sign for those programs. The subjectivity of larger projects, often requiring approval by Jacksonville City Council and funding through the City's General Fund, require additional approvals and associated scrutiny by elected officials, and the public in general.

“Celebrate the river, through design, access, connectivity and placemaking.”

– Lori Boyer, CEO, Jacksonville Downtown Investment Authority

The Downtown Investment Authority continues to expand investment and development activity by refocusing the incentive programs to attract an optimal mix of multifamily residential, retail, office, and diverse hospitality according to the scale and character of each District.

All projects are envisioned to have access to ample public space and the St. John's River, both visually and physically.

This approach to targeting a variety of mixed-use projects embraces art and culture, spiritual and secular activities, sports and entertainment, technology, greenspace, and associated activities that promote urban health and wellness.

These are the ingredients for livability, creativity, and inclusive growth as a city.

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Underwriting standards must be well-defined, with the final decision the result of careful vetting and strict adherence to established guidelines to demonstrate the project supports CRA goals and performance measures.

Multifamily Development

The most significant barrier to new multifamily development is the rising cost of construction. High labor costs, increasing fuel costs, and rapidly rising material costs are fundamental issues impacting development economics. Regardless of the opportunities in Downtown Jacksonville, competition from suburban areas and other markets will not disappear when yields are strong, land is more available, and total capital requirements are often much lower.

Despite success in the growth of the residential population in Downtown Jacksonville, the lack of grocery and pharmacy options within walking distance, and low population density may limit continued growth going forward. Available land that is affordable for development and regulations that slow development timelines have also been of concern for the Downtown Jacksonville development community.

Education facilities for primary school children remains a need in Downtown Jacksonville, and there are some that view apartment living in urban areas less favorably for children and families due to misperceptions of higher crime rates in these areas.

These are common, but solvable, development barriers encountered across the country and in the reviewed comparable cities. Many are already recognized within the current array of incentive opportunities or found in discussions of proposed incentive programs.

Retail Activation

Population density, national chain site selection requirements (income, educational attainment), and lack of opportunity for clustering brands are all factors that impact the retail market.

However, to understand retail in Downtown Jacksonville, the challenges affecting the industry must be understood. They include the increasing cost of channel development and messaging customers, the widening application of ecommerce, and efficiency challenges inherent to bricks-and-mortar retail locations – challenges that existed prior to, and then significantly exacerbated by, the Covid pandemic.

One of the constraints also facing retailers in Downtown Jacksonville today is a lack of critical mass necessary to promote the customer experience. Providing the quantity of options akin to St. Johns Town Center is difficult in a downtown setting, where rent levels and market exposure rates do not support operational viability, and the fragmented nature of ownership increase the challenges of developing a cohesive strategy.

Availability of capital is an increasing challenge for retail development as failure rates have risen along with ecommerce disruption. The pandemic and the inherently challenging business model for storefront retail have only heightened the level of scrutiny by the leading markets.

Office Attraction

The challenging combination of Class BC office obsolescence, high vacancy rates, parking costs, competitive supply closer to the Southside office parks and the beaches area, and vagrancy are obstacles for downtown office attraction.

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These constraints are typical in central business districts and, as stated previously, redevelopment of older buildings is complicated and expensive. Continued efforts to incentivize historic renovations such as several that are under consideration or have been funded recently are highly effective. The Barnett Bank building and the proposed Laura Street Trio projects are excellent examples of how such programs contribute to revitalization of urban settings.

Parking and transportation issues are significant considerations that must be addressed for office development to occur. The Florida Blue Parking Garage is an example of smart planning with daytime use restricted to office workers, while after 6 p.m. and on weekends, the garage is open to the public. Legal obstacles can also hinder development, including easements and covenants that burden the properties. The Downtown Overlay of Jacksonville provides flexibility beyond what is found in many other metropolitan areas.

Hotel Development

The leading constraints for new hotel development are currently historical occupancy rates below 67%, the location and size of Jacksonville's convention center, and lack of retail/dining/entertainment to amenitized the hotel experience. Uncertainty and risk are exacerbated by the Covid-19 pandemic.

Business travel, conventions, and tourism drive hospitality development in downtowns. Covid-19 significantly impacted the tourism sector and full recovery will be challenged by ongoing variants and related travel restrictions (especially within the international travel sector).

Rising constructions costs and labor shortages are also pivotal in new development. Finding efficient and cost-effective ways to execute

development is a top priority in the hotel field. Other constraints that are part of the industry's challenges include changing consumer demands. Data security, credit card fraud, compliance, and consumer protection laws make it difficult for hotel organizations to adapt quickly which has added to the problems hoteliers face today.

Efforts to revitalize the FAB-REP districts within the Downtown core and the Sports and Entertainment District will generate more visitors and activity to Downtown Jacksonville.

The historic redevelopments of the Laura Street Trio into a 145 room Marriott Autograph hotel and the Ambassador Hotel conversion into a 120-room hotel with a nationally recognized flag is indicative of the interest in Jacksonville and the confidence of the investment community.

A new Marriott Residence Inn is under construction in Brooklyn. The 136-room, seven-story hotel will be built on 1.8 acres and slated for completion in August 2021.

To compete for hotel market visitors, development trends today point to an overarching finding that unique hotel design and programming are required to create an authentic “experience” for their guests.

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Discussion and plans for a Four Seasons Hotel and Residences on the Shipyards and Kids Kampus property continues, with the marina in close proximity. The hotel proximity to cultural and sports venues is critical according to the developer of The Four Seasons project.

Market Opportunities

Downtown Jacksonville's economy benefits from a critical mass of industries, especially in the financial technology and medical services/providers sector – industries generally less impacted by the Covid pandemic. Out of state workers considering relocating to a more favorable environment with a high quality of life that provides employment opportunities are looking at Jacksonville favorably. The City should continue to leverage and build upon Jacksonville's community assets and expand its national brand recognition as detailed in the "best of" rankings of being a welcoming, diverse, and inclusive community.

While the pandemic has caused the commercial real estate community to take a hard look at community transit networks, transit-oriented development projects are proven to provide positive impacts and strengthen communities. Accessible workspaces are key to the expansion of business. The regional transportation center and the innovation corridor provide Downtown Jacksonville with improved transportation options, mobility and walkability.

Redevelopment is the most difficult form of real estate development. It requires patience and, at times, funding resources to create a successful project. Many redevelopment projects that are underway and planned in the Downtown Jacksonville Central Core, Cathedral, LaVilla and Church Districts will need incentives to be successful, supported by a full and thorough analysis to

understand any financial gaps that exist and incentives that may provide a foundation for success. While these smaller projects will deliver lower numbers of units compared to those planned in the Brooklyn and Southbank, each will contribute a unique element within the Jacksonville residential landscape, helping promote a diverse, welcoming city that can effectively house its workforce.

Authenticity and localism are important to consumers and brands, and concepts need to resonate with the local community. Placemaking and storytelling create this experience, while design, music, scent, lighting and theater/action are all components of a successful district. Downtown walk scores are excellent and transit scores are considered good and will contribute to the downtown experience.

The fundamentals of economic activity including quality of the metropolitan transportation and infrastructure systems, education and workforce development, research and technology, the physical and social environment, and financing are all strong in Downtown Jacksonville.

One of the key ingredients for a diverse downtown is placemaking, drawing people to downtown for reasons other than employment. Professional sports, and events, boutique shops and unique restaurants provide these ingredients.

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The St. Johns River is the iconic downtown's feature, and continued activation of the river will attract the full spectrum of available market segments to the area. While downtown residents are typically professional singles, or empty nesters, the family unit is a sector of the market that needs strengthening. Getting people to experience the downtown through sports and entertainment, cultural and academic events, markets, and eateries all provide the opportunity for authentic experiences and a sense of place

As discussed in the Jacksonville DIA Peer Cities Comparison Study 2021 (provided in Appendix IV (Part II of II) of this report), Kansas City's Power and Light District is an example of a new entertainment destination that transformed the city's downtown. This conglomeration of restaurants, taverns, and nightspots is co-located with a multi-purpose sports and event arena anchor.

The Emerald Trail Master Plan illustrates a 30-mile network of trails, both pedestrian and bicycle that connect Downtown to historic neighborhoods, schools, colleges, and parks. This project will have considerable impact on Downtown and provide connectivity and access throughout the area.

Multi-Family Development

Jacksonville has secured the distinction of being in the Top 5 nationwide of inbound residential move-ins during the Covid-19 pandemic.

The selection of apartments, townhomes and condominiums is wide, and the recently renovated residences are unique, and market appropriate. From Home Street Lofts on Southbank, the converted Seminary, which is now 12 luxury loft style units, to the Broadstone River House, there is urban living for

Key Retail Recommendations

- Targeted incentives by District and direct incentives to locate retail in proximity to hotels and residential areas
- Support for walkable urban format "necessity retail" (specialty grocery/pharmacy)
- Strategic retail/dining/entertainment with outdoor seating in major projects
- Made in Jax/Shop Local Apparel

all tastes. On the Northbank, the 18 story Barnett Building has been fully restored providing 107 loft-style apartments overlooking Downtown and in close proximity to the River. Shipping containers have been used in a new project in the Cathedral District that provides affordable housing for residents, in a configuration that provides significant upside for the developer, while serving the needs of future residents.

With 3,600 units in 23 multifamily properties currently, there is capacity for the development of additional units. Average rents are close to achieving the \$2 per square foot number, while new properties are exceeding that number significantly, which is key for developers. At the time this research was conducted, there were 978 units under construction, and more than 3,000

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proposed. The daytime population of 67,000 employees overall demand for multifamily housing across Jacksonville is indicative of the market for new residential development.

As developers continue to develop the prime available sites Downtown, interest should shift towards the Sports and Entertainment District, Southbank, LaVilla, Cathedral and Church if traditional trends of development occur. These districts have larger vacant land areas at lower cost. Importantly, the sizes of these parcels are better suited for mixed-use concepts that can be more immediately impactful. Recognition of these opportunities is an important element of any broader strategy to energize specific areas or districts and presents strategic direction to focus incentives in areas where market forces have yet to reach sustainable levels for development activity.

Retail Activation

Land development policies, including zoning and development standards to allow for more creative and mixed uses of properties are beneficial for retailers. Placemaking is the buzz word in retail today, as more consumers look for the experience that occurs when shopping. Downtown's vision through public improvements, integrated open space and multimodal transportation infrastructure are all positive for retailers.

Opportunity Zones provide an entirely new source of capital which may help drive redevelopment, especially in the older, higher-risk areas.

Sophisticated technologies available today, a more personalized approach for engaging customers and adapting to the rapid changes in the market are all opportunities for retail in Downtown Jacksonville.

The targeted food and beverage retail enhancement program (FAB-REP) seeks to bring a cluster of restaurants and bars within two distinct walkable corridors. This program provides an excellent vehicle for focusing local restaurant attraction. However, this strategy must include development of daytime population that are critical market segments for retail establishments and restaurants. Activities that activate the street, especially the targeted corridors during off-peak times, will develop foot traffic and interest that drive additional demand to nearby businesses.

The pandemic has accelerated new industry trends such as outdoor dining, virtual clothing selections, and click-and-collect shopping, that were already underway before the crisis. Now, there's even greater integration between digital and physical channels and more investment in infrastructure and operations, enabling retailers to provide greater flexibility and convenience to the consumer. Smaller prototypes and off-site distribution will provide downtown with opportunity for shops and eateries to locate in smaller spaces, with off premise parking.

The Florida climate affords retailers the opportunity to provide outside service to patrons, using environmentally adaptive systems. These heating and cooling systems are expensive, but necessary for restaurants today. Consideration may need to be given to these improvements as opportunities for financial assistance. Land use regulations that encourage sidewalk cafes are useful as well.

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The following is a list of desired retail and other businesses identified by the 2014 Business Investment and Development Strategy. The retail market supply analysis indicates that while Downtown Jacksonville’s retail inventory has improved, the retail subsectors of apparel, restaurants with outdoor dining, grocery and pharmacy are still in high demand Downtown as both convenience factors and as ancillary use-mix support for major projects and they should be strategically prioritized to further progress toward established goals.

Table 35: 2014 DIA BID Plan: Desired Retail Businesses

2014 DIA BID Plan: Desired Retail Businesses	
Business incubators	Education/academia
Information technology offices	Apparel stores including accessories (purses, scarves, hats)
Shoe stores	Toy stores
Hobby stores, craft store and supplies	Art supplies, framing stores
Pet stores and supplies	Specialty food stores/delicatessens
Restaurants	Coffee/Tea shops
Gift Stores	Book stores
Stationery stores	Kitchen/home accessories
Small appliances	Electronics
Sporting goods	Entertainment venues
Jewelry stores	Florists
Specialty retail apparel such as bridal/formal wear, costume.	Art Galleries
Office supply stores	Pharmacies

Source: DIA CRA Business Investment and Development Plan (2014)

Office Attraction

Jacksonville is well positioned to capture talent migrating to markets with lower costs, better weather climates and more favorable policy environments. The strong work culture and highly skilled employee base are positive assets. Three Fortune 500 Corporate Headquarters, and more than 462,000 sq. ft. of planned office space are currently in work. Parking solutions that benefit corporations and the public benefit recruitment efforts and provide assurance to corporations that Jacksonville is positioned to offer the corporate world an environment that is productive and welcoming, as well as a lifestyle that appeals to the workforce of today.

Office development continues to be anchor driven, and continued efforts to attract corporate headquarters, medical and educational institutions are hitting the mark for Downtown Jacksonville. Key tenants must be committed before financing is in place for major new office developments. Efforts to create a city center, that is active and walkable will benefit the downtown landscape and provide another plus for companies seeking a new location.

However, we cannot overlook the change in corporate headquarters as the workplace evolves post pandemic. Companies will use less office space, while at the same time the investment in the physical space will be significant to create flexible working arrangements, and amenities such as an active downtown that affords a wide range of food, entertainment and services will be more important than ever when choosing a corporate location.

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Modern air filtration systems, smart elevators, keyless entry and other advanced tech solutions, in addition to providing constant sanitation will be the hallmarks of a successful office building.

Strategies to attract new businesses include subsidized parking, job training, backfilling vacant office, increased safety, and target incentives to Downtown. Transportation improvements that include streetlights to encourage pedestrians and cyclists, as well as improved mass transit are ongoing programs that will need to continue to be prioritized if Downtown wants to continue to attract new office buildings.

Hotel Development

Research and data collection interviews with hotel industry professionals indicate a balance of Downtown room supply and typical demand levels (i.e., non-Covid) that maintain market average daily rates (ADRs).

There is clear consensus within the local market that long-term opportunity exists to generate more visitation/demand for room nights from catalytic projects and advance the convention center concept.

Marriott International has entered the market with its new Residence Inn location in the Brooklyn District and with plans for an Autograph brand hotel in the Central Core District. While the company states that the market is oversupplied in the larger full-service segment (e.g., Omni and Hyatt), they have confidence that the diversity of their brands and customer's loyalty program are sufficient to enter the market successfully. Typically, Marriott's interest is an indicator of market strength, as the company does not typically develop hotels speculatively.

Yet it is important to note that Marriott's (or any company's) interest as a corporate owner is different than as the franchisor, their degree of confidence can be measured, at least somewhat, by their level of capital commitment. For that reason, it is advised that feasibility be independently assessed with the idea of creating a diversity of hospitality options and funded by the investors should there be a request for public financial support, subsidies, or abatements. Absent any request, the City may consider options to share in that cost of market studies. In either case, the City should control the selection of the feasibility consultant when possible.

Long-term opportunity to generate hotel demand include catalytic projects that rely on visitor events, such as those planned for the Sports and Entertainment District and nearer the convention center. The location of the Prime F. Osbourne Convention Center provides a challenge for stimulating hotel development, especially when there are sites available for hotels that provide river views, and downtown amenities. Previous studies regarding a new convention center have not resulted in recommendations for the construction of a new center in closer proximity to the central core. Connectivity to the convention center will be an important consideration and challenge for Downtown.

Targeted District Market Opportunities

Brooklyn

Brooklyn benefits from its neighboring proximity to the Central Core with mixed use projects that provide housing and services for residents. This rich historic area is a popular location for those seeking an urban lifestyle. Road improvements including Park Street Road Diet have helped influence new development including major financial tech leader FIS building a new 12-story, 300,000 square foot headquarters to support its growth. FIS will support its growth by consolidating its current headquarters and local offices with plans to hire an additional 500 employees by 2029, bringing its workforce to approximately 1,800 employees. There is also a new Marriott Residence Inn underway. The hotel plans include 136 rooms and seven stories.

Unity Plaza serves as a centerpiece and community gathering place, offering entertainment and activities to attract both residents and visitors. The creation of this Plaza using innovative stormwater management techniques is an example of smart urban design.

The new Fidelity National Information Services 12-story headquarters is under construction at 347 Riverside Avenue. And with other headquarters including Black Knight Financial, Florida Blue, Haskell and TIAA Brooklyn remains poised for continued growth and success.

Brooklyn Station is anchored by The Fresh Market and the center currently has only one vacancy. This property was developed by Regency Centers, a pioneer in unique placemaking designs with smart merchandising. Marketing the area as high income, well-educated and with a strong daytime population, this center offers dining and specialty services for the community.

Brooklyn has an historic base and continues to grow with mixed use developments bringing residential living back to this district. The new Fidelity National Information

Services 12-story headquarters is under construction at 347 Riverside Avenue. And with other headquarters including Black Knight Financial, Florida Blue, and Haskell, Brooklyn remains poised for continued growth and success. Brooklyn continues to grow with mixed use developments, office retail, and residential development and is continued to be fueled by upper income residents. The continued efforts to develop the riverfront property are most advantageous to the Brooklyn District.

Because of the success of development in this district, and CIP funding to improve public infrastructure, incentives to stimulate future development activity are expected to diminish in this district.

Cathedral

Cathedral District connects the Central Core to the Sports and Entertainment District and is anchored by five historic churches and encompasses 36 blocks. Portions of this area are designated an Opportunity Zone. In 2016, The Cathedral District Jax-Inc. (CD-J) was organized to foster growth and revitalization.

The creation of a nonprofit, Cathedral District Jax-Inc. led to a Master Plan for the area to designed to provide affordable housing and services. This is a unique, walkable neighborhood with a mixture of residences, churches and neighborhood services.

Ashley Street Shipping Container Apartments has opened and includes 18 multifamily units on a 0.13 acre. This unique product type promises to provide affordable housing and unique style in this district. Lofts at Cathedral is also planned in the Cathedral District by Vestcor, a multifamily, affordable housing developer responsible for several “Lofts” branded projects in the Downtown Jacksonville area.

With a portion of the district designated an Opportunity Zone, this area presents unique opportunities for development, and the Emerald Trail following Hogan’s Creek through the district will be very attractive for residential developers.

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A new senior living project known as Ashley Square, a six-story building including two parking decks is moving forward. With 120 units the project is aimed at seniors with limited incomes.

However, the issue in Cathedral District continues to be the numerous surface parking lots covering approximately 50% of the land in the District. For neighborhood redevelopment and revitalization to occur, parking solutions must be a high priority. A lack of retail in this District is by far the most heard complaint from residents. As developers look at this area for mixed-use projects, commercial development to support these new residents will soon be forthcoming if the parking lots are developed into uses that support the District.

Central Core

Market research did not identify major opportunity sites or market structures that suggest near term opportunities other than Ford on Bay and infill strategies. It is recommended that the Central Core should continue to tailor incentives to policy objectives to realize the major projects already identified as key opportunities and to provide a variety of retail and services to meet the needs of the local workforce and growth realized in residential occupancy.

The Central Core appears poised to benefit from the active development in surrounding areas, notably Southbank and Brooklyn, but has struggled to leverage their success. Stakeholder interviews suggest several key challenges, including perceived parking availability and cost, a significant inventory of historic/obsolescent buildings, and a lack of a key tenant or use that have a catalytic effect. The most obvious candidate for this would be Ford on Bay, but it will be important to structure and design development there in a way that strengthens the overall market (through amenities, design examples, positive

“buzz”, etc.) rather than just focusing on highest and best use and/or market feasibility for the site in isolation.

As VyStar continues to expand and recently became the 13th largest credit union in the country, the impact of this headquarters on downtown continues to be felt. VyStar campus will have two-thirds of workforce back downtown by August. They sponsored Jax Fiver Jams Concert Series in April, outside at Riverfront Plaza. These are the kinds of developments and events that will create interest and momentum in the Central Core for employees, residents, and visitors.

The planned transit improvements, especially the urban circulator, will increase connectivity to the surrounding districts and increase potential viability of office uses for potential commuters. This would require a shift in commuting patterns for Jacksonville but is possible in the medium to long term. The DIA can support this through structuring of incentives toward retail development, residential opportunities, job creation, and transit use along these corridors.

Key to opportunities in the Central Core will be finding a way to ease the perceived parking issues and find a way to leverage the existing urban fabric. Existing buildings are typically both a challenge and an opportunity, as they can be more difficult to adapt to modern uses than building new but at the same time have facades and features that are not financially feasible (and in some cases) cannot be constructed under current building codes and other constraints. There appears to be a significant inventory of buildings in the central core that have been purchased on a speculative basis but are currently uneconomic to redevelop.

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In medium term the key in the Central Core will be to enhance incentives for redevelopment of existing buildings to make their use competitive with new construction in the Central Core and in other areas. The economic recovery from Covid, along with the return of key users such as Vystar, Wells Fargo, Bank of America, TIAA Bank, Citizen’s Insurance, and others represents an opportunity to leverage the success of recent additions to the Food and beverage sector.

In market terms, average rents have been weak in the Central Core while land prices are among the highest. Recent additions to the market are seeing significant improvements in rents. Building vacancy waiting for investment is a significant obstacle to revitalization of the area. Stakeholder interviews indicate that a number of property owners have purchased buildings on a speculative basis and in many cases may be leaving them vacant in anticipation of redevelopment opportunities. The DPRP created by the DIA in 2020 will likely prove successful in helping bring many of these properties back to productive use.

Finally, Berkman Plaza II is an important feature of the Central Core, because although it is not within the district it is right on the border and in some ways serves as a gateway to the area entering from the east along the river. The site is a significant constraint as its abandoned and dilapidated appearance creates a negative impression of the potential of downtown. Elimination of the property in conjunction with proposed redevelopment of the Shipyard’s site will bridge activity between the Central Core and the Sports and Entertainment District.

Church

Core development is stated as the key to a thriving downtown, and developers are busy putting this premise to work in the Church District, along the border with the Central Core. This area has several adaptive reuse projects underway, with historic preservation, food and beverage operations, and urban walkability at the forefront of the development direction.

Church contains several historic buildings and one of the largest infill sites available in the Southeast. A local development team has purchased a large block of the property, with plans for multiple new residences. With the high-profile riverfront projects that are garnering national attention, the Baptist Church property stands to benefit from the interest in Downtown Jacksonville as a whole.

With nine contiguous blocks available, (the multi-block First Baptist Church), the Church District provides Downtown Jacksonville with an exciting opportunity for revitalization. A portion of the property including two buildings was sold with plans for mixed use development to occur on the site. The buyers have indicated they plan to take advantage of the existing infrastructure in the area and build 200 market-rate apartments, providing urban-core living. To balance the development activity occurring along the riverfront on both the north and south banks, the Church District provide opportunities for incentives to generate other residential opportunities in close proximity to the Central Core.

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LaVilla

The historic 224-acre neighborhood of LaVilla was the center of African American life and culture in Jacksonville, with historic venues including the Ritz Theatre and many clubs that showcased black entertainers. It has been described as the Harlem of the South. The Heritage Trail and improvements to Water Street have been designed to connect LaVilla to the riverfront and provide improved transportation options for the residents.

LaVilla was the railroad hub of the city, with several rail lines meeting at Union Station, now the Prime F. Osborn III Convention Center. The properties surrounding the Jacksonville Regional Transit Center (JRTC) have great access and visibility and are catalytic for this area. This is a major transit hub connecting LaVilla with the Skyway, the First Coast Flyer BRT Purple Line, the intercity bus hub facility, and a major Greyhound bus station. This activity provides opportunities for Transit Oriented Development (TOD) beyond any other location in Downtown Jacksonville.

LaVilla has seen the completion of four residential projects which provide options for citizens to live in the downtown area, in affordable residences. These are the Houston Street manor, Lofts at LaVilla, Lofts at Monroe, and Lofts at Jefferson Station. Another new project that bodes well for employment and growth within LaVilla is the proposed Jacksonville Energy Authority (JEA) secondary headquarters. This proposed 40,000 square foot building will house the authority's emergency operations center and will create additional job opportunities furthering demand for residential options and supportive retail and services within LaVilla.

In accord with the LaVilla Neighborhood Development Strategy, completed in 2019, continued investment into infrastructure and green space, such as Lift Ev'ry Voice and Sing Park and the 91-unit LaVilla Townhomes, will provide LaVilla with more placemaking opportunities. LaVilla's proximity to the Central Core, the FSCJ campus, and UF Health campus also provide high quality opportunities for living and working in this district. The neighboring district of Brooklyn has high occupancies, offering potential for LaVilla to expand some office as well, particularly in the JRTC area.

Southbank

Southbank has seen significant mid-rise and high-rise residential development, leveraging the waterfront and views of downtown. It is expected that residential opportunities will continue, as land prices away from the river remain low and rents and demand remain high relative to the rest of the City. These residential opportunities should not require significant public investment where rents remain high and land prices remain low.

The River's Edge development has a vision of sustainable design to encourage a healthy lifestyle and diversity. This development on the 30-acre former JEA site is proposed to include 950 residential units, 147 hotel rooms, 200,000 sq. ft. of office space, 134,000 sq. ft. of retail space and a marina and public park.

The former River City Brewing site project is moving forward with plans for a 327-unit multifamily project with a restaurant and bar. Completion of the project is expected in 2025.

A feasible development opportunity that appears predominately from the market data is for retail, with relatively low vacancies in existing retail stock,

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and high rents suggesting at least a short-term shortage. This is consistent with the recent influx of residents in the district and should be further strengthened by residential development in the pipeline.

Sports and Entertainment

The Sports and Entertainment District has the potential to change the landscape in Jacksonville. By developing a downtown destination park which includes eating establishments, entertainment, trails, kayak rentals, marine tours, plazas, fountains, events, and a marina, the City can continue to leverage its most precious resource, the St. Johns River.

Several of the peer cities studied reported great success by development of a large park area open to the public as demonstrated by the development attributed to these improvements and the resulting tax revenue generated.

The fact that this area is home to a major league football team with significant expansion plans is an important part of the fabric of this district.

Consumers' identities and social capital are now focused on what they do, what they experience and what they share on social media, rather than what they own. These findings are relative especially to the Sports and Entertainment District. Every interaction creates a personal reaction.

The Sports and Entertainment District is approximately 80 acres of riverfront property, primarily surrounding TIAA Bank Field, an NFL Football Stadium, Jacksonville's Baseball Grounds, a Triple-A minor league baseball stadium, and two concert venues including the 15,000 seat Veteran's Memorial Arena and the 5,500 seat Daily's Place. This area holds the greatest opportunity for large-scale redevelopment in the Downtown.

The DIA and the City of Jacksonville are actively engaged in public-private investment and planning for the Shipyards and Kids Kampus parcel. As of September 2021, this major \$300 million development project is proposed to include an international brand luxury hotel and residences along the riverfront adjacent to TIAA Bank Field and Daily's Place. Subsequent development phases are proposed to create an adjacent office building and world class medical tourism facility.

This development activity will also include the restoration of Metropolitan ("Met") Park, a marina and multifunctional building housing a ship store, dockmaster's office and facilities.

Details regarding incentives include the City providing \$114 million in the form of donated land, spending on reconstructing the city-owned public marina, relocation of city-owned buildings, and providing cash incentives for the developer. The incentives are designed to be a mixture of completion grants and property tax rebates paid out over a period of time.

The Riverwalk extension will benefit the Sports and Entertainment District, providing connectivity to the downtown central core. Relocation of the Museum of Science and History (MOSH) to the Northbank, immediately east of the Hogans Creek basin is under consideration.

At this time there are no multifamily properties in the Sports and Entertainment District, however there are a significant number of units in various stages of development planning.

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Figure 56: Shipyards and Kids Kampus Redevelopment Concept



Source: DIA, 2021

Changing values that point to experiences as paramount are reflected in the leisure sector attracting one and a half times more discretionary spend than retail and growing twice as fast. As discussed previously in the retail findings of this study, location-based entertainment is a diverse and dynamic sector that can be categorized into five key subsectors—arts and entertainment, play and activity-based leisure, health and fitness, food and beverage, and heritage/visitor attractions.

A fully immersive sensory-led experience will emerge from placemaking efforts that encourage community participation and interaction. According to Euromonitor International Lifestyles Survey 2017, 46% of Americans prefer to spend money on experiences over 15% who prefer to spend on things. Thus, the effect on retail within the Sports and Entertainment district is significant.

For instance, the Veterans Memorial Wall and 121 Financial Park draw visitors to the area who may not otherwise have ventured into this part of downtown.

With the Baseball Grounds continuing to draw people with its 11,000-seat ballpark and art in public places sculpture and TIAA Bank Field, Metro Park, Veteran’s Memorial Arena, Daily’s Place, and the Amphitheater all providing venues for professional sports and concerts, specialty retail and eating establishments will continue to grow and prosper. Most recently the Miami Marlins have selected Jacksonville for the team’s alternate training site.

The Sports and Entertainment District offers the least amount of office space in downtown Jacksonville according to CoStar reports, demonstrating further the need for new development to fill the requirements of service and professional businesses that operate within the Sports and Entertainment District.

The approval of Shipyards and Kids Kampus projects will spark activation of this priority redevelopment area, serving as a catalyst for future development of surrounding parcels. Opportunities for development of residential, office, and retail exist on the east side of TIAA Bank filed and represent the opportunity for future mixed-use development adjacent to the Working Waterfront District.

Working Waterfront

On the eastern edge of Downtown sits the Working Waterfront. Home to the North Florida Shipyards, a ship repair and conversion business in operation since 1977. Currently no retail uses exist in the Working Waterfront. Skilled craftsmen are employed at North Florida Shipyards, craftsmen who are specialized in their field of maritime fabrication, repair, and conversion.

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Working waterfronts are lands, infrastructure and waterways used for water-dependent activities. The protection of these waterfronts is a major policy initiative in the state of Florida due to the physical importance historical character, and maritime commerce of these waterfronts.

JAXPORT recorded 1.28 million 20-foot equivalent units (TEU) passing through the port in 2020. Jacksonville is still Florida's largest container port. Already the nation's second largest vehicle port, Jacksonville will add over 100 acres of process space to increase vehicle capacity by 25%. JAXPORT has fully funded a three-mile channel deepening and widening effort, out of a total 11-mile project, to bring more traffic to the Blount Island Terminal. According to the Port's annual fiscal report, it provides an annual economic impact of over \$31 billion to the state of Florida.

Although the Port is several miles east of the Working Waterfront, the continued expanding trade experienced by the Port should continue to benefit the Working Waterfront with ancillary support services.

Additional development in this district is determined to focus on commercial activities that may generate jobs, while any redevelopment efforts for residential, office, or entertainment would require significant capital probable environmental remediation which makes feasibility of such activity low in the near future.

Conclusions

This market and feasibility study provides detailed data, research and analysis of current trends and projections to inform the DIA's deliberations on the policies and programs that will direct development and investment activity for the next five years.

As part of this exploration, the analysis formulated an objective snapshot of the DIA's performance against goals and objectives over the last five years. Thoughtful review of these trendlines in the context of Covid-19 also allowed for identification of factors that were not as impacted as others by the mandated quarantine and stay-at-home orders.

Taken together, the DIA is making positive progress toward goals, particularly in the area of residential development. This new baseline for incentive programs will inform DIA's evaluation of more targeted offerings by product type and geography going forward to achieve the Downtown Jacksonville's goals and objectives.

Clearly, it is too early to comment on the performance of new programs adopted in July and October 2020. However, lessons learned from the peer cities comparison analysis indicate that enhanced monitoring and reporting on incentive performance measures will enable the DIA to use the data to link incentives to not just citywide goals and objectives but to community and economic development targets at the local neighborhood (District) level.

The peer cities comparison research also suggests that incentives performance measures are evolving from traditional metrics that focus on total project investment and job creation targets alone. Successful and sophisticated

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Downtown authorities are leveraging public investment in incentives to achieve multilayered social, environmental and public realm objectives by linking public dollars to neighborhood-level amenity targets such as affordable/workforce housing, walkability, wellness and maximizing the clustering of restaurants in proximity to unique redevelopment projects like boutique hotels.

It is recommended that DIA continue to focus on tracking outcomes, benefits, and changes in Downtown in relation to the BID Strategy. Continuing to track such indicators will achieve a sustained source of consistent data to allow for a deeper understanding of the relationship between incentives policies and development and investment activity in Downtown Jacksonville.

The DIA should continue to make incentives flexible and nimble to meet the needs of catalytic projects with complex deal structuring. The DIA should also explore the opportunity to use targeted developer incentives to cross-subsidize mixed-use projects to achieve the optimal mix of uses with the Downtown's remaining available land – increasingly scarce and valuable.

However, an evolving set of incentives guidelines will come into play as the market matures, new concepts emerge, projects materialize, and land values rise. The DIA's role as Downtown development facilitator will likewise evolve, requiring greater emphasis on curation of specific target uses at the neighborhood level on a project-by-project basis. Over time, the DIA will foster the creation of more Downtown destinations, experiential retail, and specialty/neighborhood-serving "gems" by continuing exceptional administration of start-up subsidies and tax incentives needed to fund investment gaps.



APPENDIX I: REAL ESTATE & ECONOMIC DEVELOPMENT CONSULTING SUPPORT CONTACT INFORMATION

Prime Contractor

Willdan Financial & Economic Consulting Services

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Molly McKay, Principal & DIA Market Feasibility Study Project Manager: mmckay@willdan.com
Carlos Villarreal, Demographic & GIS Analyst, cvillarreal@willdan.com



Subconsultants

Redevelopment Management Associates

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Phone: (954) 695-0754

Lynn Dehlinger, Director of Economic Development: lynn@rma.us
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REINVENTING YOUR CITY

DKT Consultants

3120 Atlantic Boulevard Jacksonville, Florida 32207
Phone: (904) 472-7528

Deborah K. Thompson, Owner & Local Small & Minority Owned Business Liaison: deborah@dkiconsultants.com



APPENDIX II: AMERICAN COMMUNITY SURVEY DATA, BY CENSUS BLOCK GROUP OR CENSUS TRACT

Population - 2014

Census Tract / Block Group	Total Population	Male	Female	Median Age	Under Age 18	Age 18 to 64	Age 65 & Older
Tract 8, Block Group 1	1,509	810	699	37.2	266	1,110	133
Tract 8, Block Group 2	683	340	343	54.2	8	385	290
Tract 10, Block Group 1	649	303	346	45.1	91	459	99
Tract 10, Block Group 2 ¹	3,133	2,619	514	33.0	108	2,990	35
Tract 10, Block Group 3	694	276	418	69.1	7	249	438
Tract 171, Block Group 1	1,867	712	1,155	55.1	150	935	782
Tract 172, Block Group 1	1,896	1,005	891	41.6	257	1,404	235
Tract 174, Block Group 2	159	111	48	25.0	26	133	-

¹ This block group includes the Duval County Jail.

Sources: 2014 ACS 5-Year Estimates Detailed Tables, B01001 and B01002.

Downtown Jacksonville Market Feasibility Study

Population - 2019

Census Tract / Block Group	Total Population	Male	Female	Median Age	Under Age 18	Age 18 to 64	Age 65 & Older
Tract 8, Block Group 1	2,027	916	1,111	36.0	315	1,419	293
Tract 8, Block Group 2	759	335	424	43.2	21	541	197
Tract 10, Block Group 1	487	282	205	50.7	22	359	106
Tract 10, Block Group 2 ¹	2,934	2,203	731	34.6	44	2,799	91
Tract 10, Block Group 3	786	419	367	71.1	-	245	541
Tract 171, Block Group 1	2,295	741	1,554	39.5	175	1,390	730
Tract 172, Block Group 1	2,165	1,100	1,065	37.8	330	1,407	428
Tract 174, Block Group 2	204	68	136	16.9	103	101	-

¹ This block group includes the Duval County Jail.

Sources: 2019 ACS 5-Year Estimates Detailed Tables, B01001 and B01002.

Population by Race & Ethnicity - 2014

Census Tract / Block Group	Total Population	White	Black	American Indian	Asian	Pacific Islander	Other Race	Two or More Races	Hispanic or Latino Origin ¹
Tract 8, Block Group 1	1,509	1,264	161	-	6	-	50	28	71
Tract 8, Block Group 2	683	641	27	-	-	-	-	15	57
Tract 10, Block Group 1	649	15	621	-	-	-	-	13	-
Tract 10, Block Group 2 ²	3,133	1,055	1,978	-	8	-	64	28	147
Tract 10, Block Group 3	694	250	342	-	73	-	16	13	45
Tract 171, Block Group 1	1,867	1,561	284	-	-	-	22	-	112
Tract 172, Block Group 1	1,896	768	949	-	65	-	99	15	282
Tract 174, Block Group 2	159	41	95	-	-	-	-	23	10

¹ Hispanic or Latino origin population is a subset of all other categories in this table.

² This block group includes the Duval County Jail.

Sources: 2014 ACS 5-Year Estimates Detailed Tables, B02001 and B03003.

Population by Race & Ethnicity - 2019

Census Tract / Block Group	Total Population	White	Black	American Indian	Asian	Pacific Islander	Other Race	Two or More Races	Hispanic or Latino Origin ¹
Tract 8, Block Group 1	2,027	1,697	169	-	78	-	83	-	136
Tract 8, Block Group 2	759	715	18	-	-	-	26	-	102
Tract 10, Block Group 1	487	61	426	-	-	-	-	-	20
Tract 10, Block Group 2 ²	2,934	948	1,841	18	23	-	63	41	163
Tract 10, Block Group 3	786	350	375	-	36	-	8	17	21
Tract 171, Block Group 1	2,295	1,942	306	-	38	-	9	-	160
Tract 172, Block Group 1	2,165	849	1,063	-	148	-	-	105	55
Tract 174, Block Group 2	204	5	183	-	-	-	16	-	16

¹ Hispanic or Latino origin population is a subset of all other categories in this table.

² This block group includes the Duval County Jail.

Sources: 2019 ACS 5-Year Estimates Detailed Tables, B02001 and B03003.

Household Composition - 2014

Census Tract / Block Group	Total Households	Family Households	Percentage of Total Households	Average Household Size	Average Family Size ¹
Tract 8, Block Group 1	963	247	25.6%	1.57	2.73
Tract 8, Block Group 2	554	75	13.5%	1.23	2.73
Tract 10, Block Group 1	343	95	27.7%	1.71	2.86
Tract 10, Block Group 2 ²	42	-	0.0%	-	2.86
Tract 10, Block Group 3	548	44	8.0%	1.09	2.86
Tract 171, Block Group 1	1,381	241	17.5%	1.29	2.49
Tract 172, Block Group 1	999	179	17.9%	1.48	3.06
Tract 174, Block Group 2	64	43	67.2%	2.48	3.61

¹ Average family size data only available at the Census Tract level.

² This block group includes the Duval County Jail.

Sources: 2014 ACS 5-Year Estimates Detailed Tables, B11016, B25010 and S1101.

Household Composition - 2019

Census Tract / Block Group	Total Households	Family Households	Percentage of Total Households	Average Household Size	Average Family Size ¹
Tract 8, Block Group 1	1,115	510	45.7%	1.82	2.39
Tract 8, Block Group 2	584	93	15.9%	1.30	2.39
Tract 10, Block Group 1	216	69	31.9%	2.05	3.00
Tract 10, Block Group 2 ²	22	11	50.0%	2.18	3.00
Tract 10, Block Group 3	515	111	21.6%	1.29	3.00
Tract 171, Block Group 1	1,554	283	18.2%	1.42	2.55
Tract 172, Block Group 1	1,190	287	24.1%	1.51	2.67
Tract 174, Block Group 2	1,115	510	45.7%	1.82	3.65

¹ Average family size data only available at the Census Tract level.

² This block group includes the Duval County Jail.

Sources: 2019 ACS 5-Year Estimates Detailed Tables, B11016, B25010 and S1101.

Income - 2014

Census Tract	Median HH Income	Median HH Income White	Median HH Income Black	Median HH Income Senior	Married Couples Families
Tract 8	41,838	47,434	21,449	27,989	81,968
Tract 10 ¹	10,789	14,500	9,975	13,006	21,797
Tract 171	36,932	38,681	18,949	19,365	60,855
Tract 172	28,125	43,281	13,448	14,706	46,635
Tract 174	17,014	13,875	21,518	15,882	26,578

Note: Income data by race and age only available at the Census Tract level. 2014 Inflation adjusted dollars.

¹ This tract includes the Duval County Jail.

Sources: 2014 ACS 5-Year Estimates Detailed Tables, B19001, B19001A, B19001B, B19049, B19113.

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Income - 2019

Census Tract	Median HH Income	Median HH Income White	Median HH Income Black	Median HH Income Senior	Married Couples Families
Tract 8	62,298	63,504	44,353	39,130	79,071
Tract 10 ¹	13,739	11,543	15,345	13,818	40,547
Tract 171 ²	54,340	54,671	-	26,111	89,980
Tract 172 ²	42,702	53,897	23,182	-	46,406
Tract 174 ²	27,521	-	28,284	22,917	28,036

Note: Income data by race and age only available at the Census Tract level. 2019 Inflation adjusted dollars.

¹ This tract includes the Duval County Jail.

² ACS did not provide estimates for median household income for white households in Tract 174, black households in Tract 171 and senior households in Tract 172.

Sources: 2019 ACS 5-Year Estimates Detailed Tables, B19001, B19001A, B19001B, B19049, B19113.

Housing Tenure - 2014

Census Tract / Block Group	Total Units	Total Occupied Units	Percentage of Total Units	Renter Occupied Units	Total Vacant Units	Percentage of Total Units
Tract 8, Block Group 1	1,491	963	64.6%	797	528	35.4%
Tract 8, Block Group 2	647	554	85.6%	471	93	14.4%
Tract 10, Block Group 1	362	343	94.8%	297	19	5.2%
Tract 10, Block Group 2 ¹	134	42	31.3%	36	92	68.7%
Tract 10, Block Group 3	562	548	97.5%	548	14	2.5%
Tract 171, Block Group 1	1,553	1,381	88.9%	1,245	172	11.1%
Tract 172, Block Group 1	1,335	999	74.8%	845	336	25.2%
Tract 174, Block Group 2	127	64	50.4%	46	63	49.6%

¹ This block group includes the Duval County Jail.

Sources: 2014 ACS 5-Year Estimates Detailed Tables, B25002 and B25003.

Downtown Jacksonville Market Feasibility Study

Housing Tenure - 2019

Census Tract / Block Group	Total Units	Total Occupied Units	Percentage of Total Units	Renter Occupied Units	Total Vacant Units	Percentage of Total Units
Tract 8, Block Group 1	1,397	1,115	79.8%	824	282	20.2%
Tract 8, Block Group 2	665	584	87.8%	493	81	12.2%
Tract 10, Block Group 1	231	216	93.5%	148	15	6.5%
Tract 10, Block Group 2 ¹	69	22	31.9%	11	47	68.1%
Tract 10, Block Group 3	575	515	89.6%	515	60	10.4%
Tract 171, Block Group 1	1,653	1,554	94.0%	1,388	99	6.0%
Tract 172, Block Group 1	1,427	1,190	83.4%	1,035	237	16.6%
Tract 174, Block Group 2	120	56	46.7%	56	64	53.3%

¹ This block group includes the Duval County Jail.

Sources: 2019 ACS 5-Year Estimates Detailed Tables, B25002 and B25003.

APPENDIX III: JACKSONVILLE INCENTIVES ANALYSIS

Qualified Target Industries for Incentives

The following target industries are utilized for the COJ REV Grants, among other programs and incentives across the city.

Manufacturing, Corporate Headquarters, Research and Development

Cleantech

Biomass & Biofuels Processing
Energy Equipment Manufacturing
Energy Storage Technologies
Photovoltaic
Environmental Consulting
Sustainable Building Products

Life Sciences

Biotechnology
Pharmaceuticals
Medical Devices (laboratory and surgical instruments, diagnostic testing)

Infotech

Modeling, Simulation and Training
Optics and Photonics
Digital Media
Software
Electronics
Telecommunications

Aviation/Aerospace

Aircraft and Aircraft Parts Manufacturing
Maintenance Repair and Overhaul of Aircrafts
Navigation Instrument Manufacturing
Flight Simulator Training
Space Vehicles and Guided Missile Manufacturing
Satellite Communications
Space Technologies
Launch Operations

Homeland Security/Defense

Optical Instrument Equipment
Navigation Aids Equipment
Ammunition Equipment
Electronics Equipment
Military Vehicles
Shipbuilding and Repair
Computer Systems Technology
Simulation and Training Technology

Financial/Professional Services

Banking

Insurance
Securities and Investments
Corporate Headquarters
Engineering
Legal
Accounting
Consulting

Emerging Technologies

Cloud IT
Marine Sciences
Materials Science
Nanotechnology

Other Manufacturing

Food and Beverage
Automotive and Marine
Plastics and Rubber
Machine Tooling

APPENDIX IV. JACKSONVILLE PEER CITIES COMPARISON ANALYSIS (DOWNTOWN JACKSONVILLE MARKET FEASIBILITY STUDY – PART 2 OF 2)

The Jacksonville Peer Cities Comparison Analysis (Downtown Jacksonville Market Feasibility Study – PART 2 OF 2) is available under separate cover.

Please refer to the DIA website's Reports & Studies:

<https://investdtjax.com/tools-resources/reports-studies/>