

RCLCO

ROBERT CHARLES LESSER & CO.

**DOWNTOWN BY DESIGN: THE BRADENTON CRA
MASTER PLAN – MARKET STUDY**

Prepared for:

BRADENTON DOWNTOWN DEVELOPMENT AUTHORITY

February 27, 2007

MARKET ANALYSIS REPORT

BRADENTON CRA - MARKET OVERVIEW AND DEVELOPMENT OPPORTUNITIES

RCLCO was engaged to study the area's market potential as part of an interdisciplinary team of consultants charged with assisting the City in its efforts to create a redevelopment plan for the CRA. Since its inception in 1967, RCLCO has helped some of the real estate industry's most formidable leaders chart the course to meet and exceed their goals. RCLCO completes over 500 assignments each year for local, regional, national, and international real estate companies; financial institutions; non-real estate corporations; institutional investors; private equity investors; municipalities and counties; and nonprofit organizations.

Quaint Riverfront Town with Great Access

The City of Bradenton is centrally located and easily accessible from nearby St. Petersburg, Tampa and Sarasota. The CRA's greatest assets include the under-utilized waterfront along the scenic Manatee River, and the attractive and walkable streets of the downtown core area with its small number of unique shops and restaurants. Other assets include the South Florida Museum and other nearby arts and cultural venues. New residential and commercial development activity is evident in the surrounding area. There are few places in this part of Florida with similar potential to become vibrant waterfront destinations to live in, work, shop, or be entertained.

America's bigger cities continue to grow larger and more congested and, based on RCLCO studies, cities such as Bradenton located near large metropolitan areas are becoming increasingly attractive re-location destinations. RCLCO has found that there are businesses and individuals who specifically want to re-locate to smaller cities with unique and quaint environments that can serve as the backdrop for a 'simpler less hurried lifestyle'. Businesses and consumers alike want these smaller towns to be within close proximity of services and amenities of larger metros. The Bradenton CRA is well positioned to benefit from this trend.

Positive Market Momentum

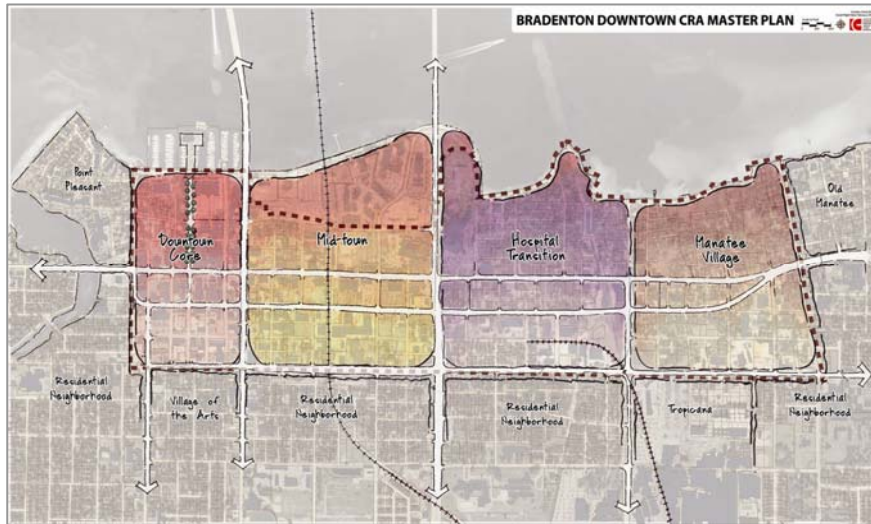
Bradenton is currently benefiting from a wave of development taking place within the boundaries of the CRA. Several projects that will add employment and additional dining options to the CRA are currently underway, among these are:

- **Manatee Memorial Hospital** – a \$42 million expansion that is poised to add 150,000 square feet of additional space by spring 2007 is already underway.
- **Manatee County Judicial Center** – a new 9-story, 225,000 square foot facility currently under construction is on track to open in spring 2008.
- **Manatee Players Performing Arts Center** – to further the area's reputation as a center for the visual and performing arts the hugely popular Manatee Players is relocating to a new state-of-the-art community theatre and performing arts education center.
- **Mattison's Riverside Restaurant** – the new Bradenton outpost by a renowned and popular Sarasota restaurateur signals that the city is increasingly on people's radar (quality restaurants are a proven catalyst for downtown redevelopment and revitalization).
- **Promenade on Riverwalk** – a highly amenitized mixed-use community along the Manatee Riverfront planned for 350 luxury condominium units along with retail and office space. The first phase had units ranging in price from \$405,000 to \$945,000.

MARKET ANALYSIS REPORT

- **Riverpark Grande** - redevelopment of a one-time historic hotel will create forty new condo units in a prime downtown location. The street level will add 12,000 square feet of retail space. Good example of an adaptive re-use project that other developers could attempt to emulate on Bradenton's stock of historic buildings.

Bradenton Downtown CRA Master Plan



Projected Healthy Market Support

In order to understand the potential for further development (or redevelopment) in the CRA RCLCO prepared forecasts of demand based on demographic and economic factors. RCLCO projects demand for additional development in the Bradenton CRA as follows:

- ▶ **230 residential units** annually between 2006 and 2011
- ▶ An additional **180,000 square feet of retail space** by 2011
- ▶ An additional **132,000 square feet of office space** by 2011

At this point in time there is an opportunity to add the supportable residential, retail and office space to the two areas within the CRA that have the strongest market support for development opportunities – the Downtown Riverwalk and Health & Wellness District. Downtown Riverwalk's street grid, historic assets and waterfront combined with the town's charm and water views provide a solid foundation upon which developers in conjunction with the City can create a unique environment with a sense of place that can successfully draw visitors and residents alike to Downtown.

MARKET ANALYSIS REPORT

A comparison of current conditions in Bradenton’s Downtown Riverwalk and Courthouse Square districts with vibrant downtowns such as Chattanooga and St. Petersburg reveals that the most vibrant downtown core areas have a more diverse mix of land uses. The Bradenton core is currently dominated by civic and office uses which occupy 75% of buildings in the area. These land uses can be “anchor tenants” to a future core area that has a more diverse tenant and use base. The strongest opportunities in the near term are to foster more retail and residential development within the core, as these uses will help to spur on redevelopment and create a vibrant mixed-use core that will in have a “ripple effect” and spur the development of adjacent neighborhoods.

The area identified as the Health & Wellness District between US41 and 9th Street East is well suited to serve as a second anchor to the Bradenton CRA’s redevelopment zone. Manatee Memorial Hospital, a major local employer, is a recognized local economic engine well poised to benefit from the aging of Bradenton’s population and the continued growth of the healthcare industry. The acute shortage of quality housing and neighborhood-serving retail near the hospital for employees and patients alike, and the demonstrated demand for additional office space to serve a growing clientele base are all factors that advance the argument for forming stronger links between the hospital and the surrounding neighborhood to jumpstart redevelopment.

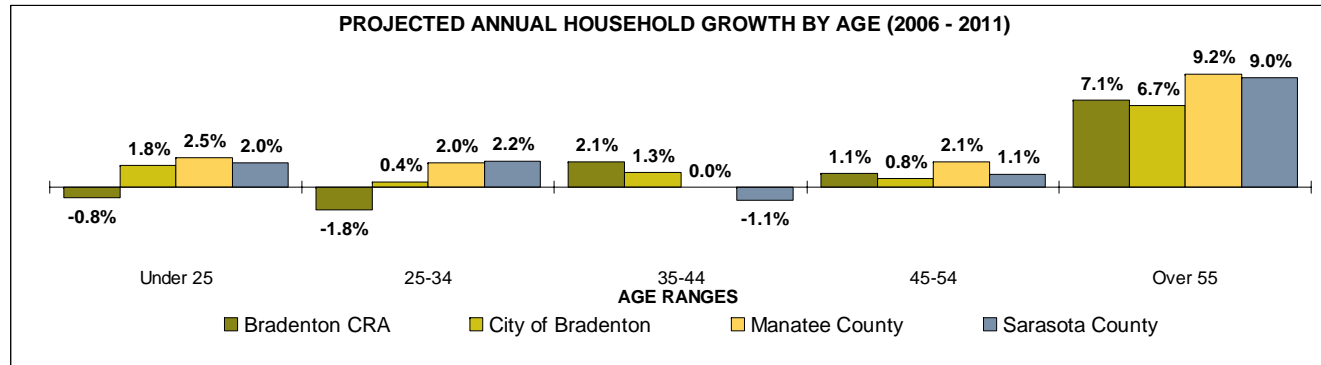
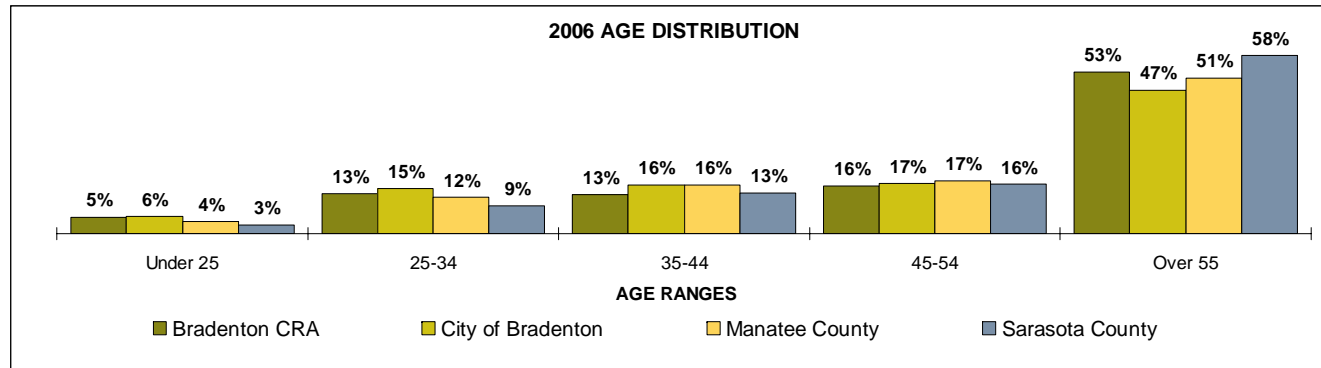
Market Opportunities in Select Areas 2006 – 2011

| OPPORTUNITIES | DOWNTOWN RIVERWALK | HEALTH & WELLNESS |
|---------------------------------|---------------------------------|--|
| <i>Residential</i> | Mixed income housing | Attainable rental and for-sale housing |
| <i>Retail</i> | Regional serving retail outlets | Neighborhood serving retail outlets |
| <i>Office</i> | N/A | Small office space (office condos) |
| <i>Arts & Entertainment</i> | Venues and festivals | N/A |
| <i>Public Space</i> | Parks and public art | Parks, attractive streetscapes |
| <i>Educational</i> | N/A | Satellite campus of university |

Favorable Economic and Demographic Trends

The Greater Bradenton Area’s is one of the fastest growing regions in the nation. Between 2000 and 2005 the area’s population increased approximately 15%, a rate of increase that exceeds both state and national averages over the same period. The robust growth has primarily been fueled by the in-migration of both retirees and workers migrating from the Northeast and Midwest. Bradenton and the surrounding area has a high percentage of people aged above 55, this segment of the population is expected to experience the strongest annual growth within the next five years. As the greatest depth in the market lies within this segment, opportunities exist to offer products and services that appeal to this large and growing segment within the CRA.

MARKET ANALYSIS REPORT

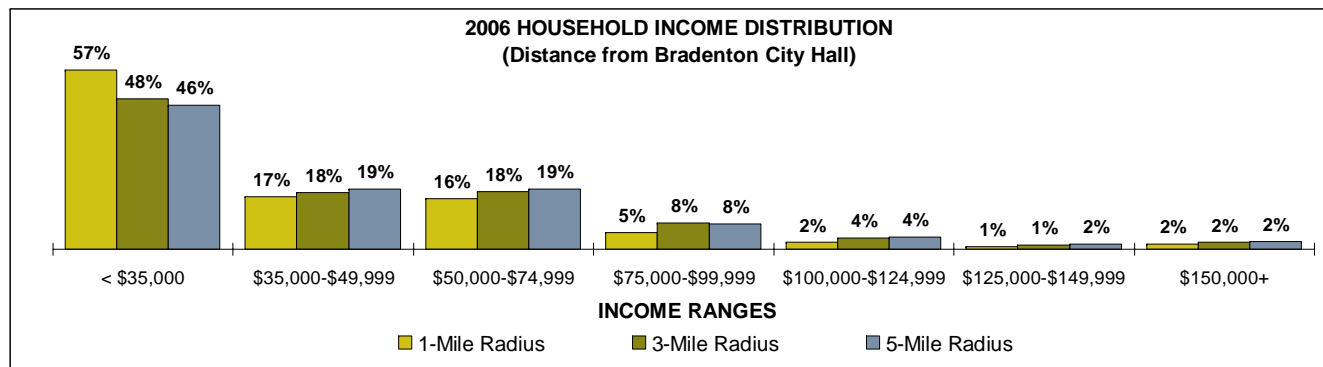
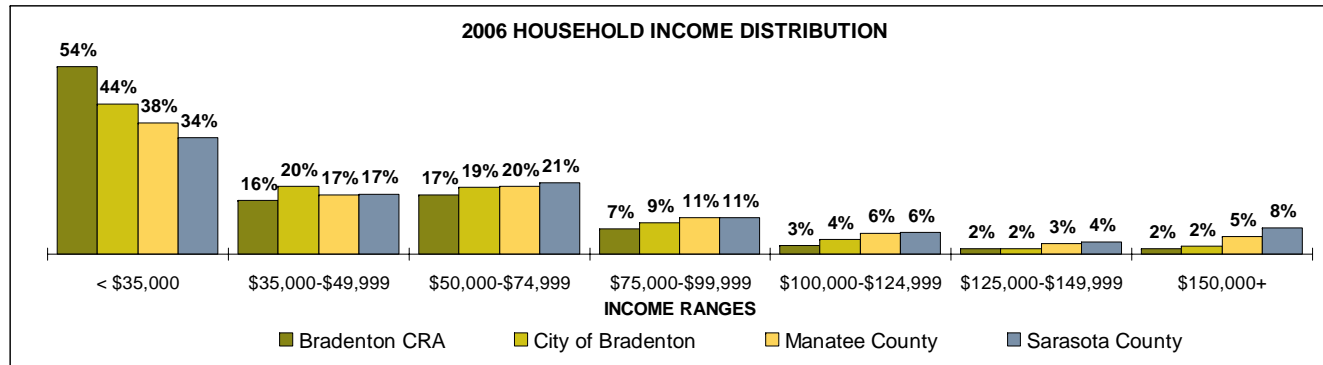


Overall the job growth in the area has been in lockstep with the increase in population. Low rents and taxes in addition to Florida's popularity as a re-location destination combined to make the Greater Bradenton Area one of the top performing economies in the nation. Between 2000 and 2005 job growth averaged approximately 3% annually. Additionally unemployment rates during that period were significantly below state and national averages.

| | |
|---|-----------|
| Total Employees: | 7,502 |
| Total Residential Population: | 2,772 |
| Daytime/Night time Population Ratio: | 2.71 |
| Median Household Income: | \$35,052 |
| Median Home Value: | \$176,940 |

With a daytime to nighttime population ratio of 2.71, the CRA would benefit from having more downtown employees living within the borders of the CRA. Creating the right opportunities for housing options open to a broad audience will improve the character of the CRA and increase its attractiveness for further economic activity. Currently, the CRA has lower average median income than the surrounding areas, though this is expected to change as more affluent and middle class buyers choose to live in the area.

MARKET ANALYSIS REPORT



As the county seat of Manatee, Bradenton has a high concentration of local government employment; the Manatee County government is one of the largest employers in the Bradenton CRA. Government services attract complimentary businesses that require office locations proximate to government offices in addition to bringing residents using government services to the Bradenton CRA. In addition to government services, the local economy has a relatively diverse economy with Healthcare services and Business and Professional Services as two of the larger sectors.

High land costs have made it difficult to provide new housing for first-time homebuyers. The City of Bradenton is actively addressing the issue of housing affordability with initiatives such as allowing higher density development in certain sections of the CRA in order to spread the land costs over more units and increase affordability. The ability to offer higher density housing product gives the Bradenton CRA a competitive advantage over unincorporated areas that discourage density. Numerous studies have demonstrated over the years that density drives land values, and more compact, walkable environments are amenities that lead to increased values¹.

¹Economics of Density, Megan Lewis, American Planning Association, March, 2005, <http://www.planning.org/conferencecoverage/2005/sunday/econdensity.htm>

MARKET ANALYSIS REPORT

Residential Market Overview

Regionally, Manatee County housing is currently positioned at a discount to nearby Sarasota County making the area’s housing a relative value within the region. The local housing market has recently come off a period of rapid volume and price appreciation; between 2000 and 2005, single family and multifamily home sales increased by 95% and 102% in Manatee County, respectively. The share of multifamily home sales as a percentage of total sales remained steady at approximately 28% during this period. Based on a study conducted by the National Association of Realtors, home price appreciation during the 3-year period that ended in 2005 was at an astronomic 92% (typical of coastal markets during the recent housing cycle).

Quick Glance: Sarasota—Bradenton MSA Preliminary 2006 Numbers:

| | |
|-----------------------------|---|
| Existing Home Price: | \$367,800 (80% above national average) |
| 3-year Appreciation: | 92% (Very strong) |
| Affordability: | 24% (Moderate, national average is 16%) |
| Net Migration: | 18,000 (Strong) |

Preliminary 2006 numbers suggest both sales and prices declined during the year. Thus far, the slowdown can be described as a ‘soft-landing’, indeed a recent Moody’s study projects that local home prices that peaked around 4th quarter 2005, will decrease 14% from this peak quarter and bottom out in 3rd quarter 2007. At this point the local housing market is expected to stabilize and take a more measured and controlled growth trajectory. The region’s continued success is contingent upon its ability to offer affordable workforce housing, to this end the slower appreciation rate is expected to help improve housing affordability as wages close the gap with the housing market.

For the larger part of the last third of the 20th century, Bradenton, like many cities in the country, suffered from the migration of upwardly mobile working families from the city to more suburban areas. This phenomenon has resulted in the CRA having a sizable portion of housing stock that is either dated or in severe disrepair. This trend is now in the early stages of a reversal, as both consumers and developers have recognized the appeal of housing overlooking the river, and as a result the projects that are currently being offered such as The Promenade at Riverwalk or planned and proposed developments are luxury mid-rise condominium communities along Manatee River. These projects have units that are primarily targeted to the large segment of wealthy empty nesters and retirees and range in size from 1,300 to 2,000 square feet with prices ranging from \$400,000 to \$900,000; value ratios for the units range from \$290 per square foot to \$430 square foot. Developers were able to sell between 5 and 10 units monthly before the market entered a ‘cooling’ period.

The Bradenton CRA has a healthy apartment rental market. The representative garden-style apartment in the Bradenton CRA is 210 Watermark. During 2005 the owner of the property began proceedings to convert the apartments into for-sale condominiums, the owner’s timing was impacted by the slowdown in the market and a decision was made to keep the units as apartments. Vacancies at the property, which had trended at less than 5% increased during the “conversion” period due to leases not being renewed. Currently, occupancies are around 84% and trending upwards as the property has recommenced leasing activities. Rents at the property at an average of approximately \$1.00 per square foot are comparable to properties outside of downtown. Rent ranges from \$799 for a one-bedroom unit to \$1,385 for a three-bedroom unit.

MARKET ANALYSIS REPORT

Residential Outlook

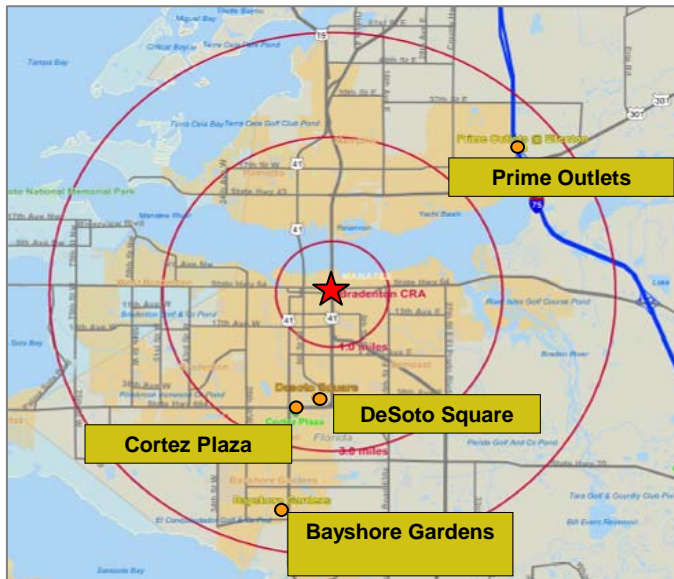
Demographic trends and market characteristics bode well for the Bradenton CRA for-sale and rental residential markets. The national and local demographic shifts show growing preference for urban lifestyle and for highly amenitized, walkable mixed-use environments proximate to cultural offerings. These preferences, coupled with the robust population growth projected for the area, will fuel the market for housing units in the Bradenton CRA. Since the majority of new construction housing units offered in the Bradenton CRA are targeting wealthy empty nesters and retirees, there is a strong opportunity to offer products that target different segments such as young professionals interested in living in the CRA. In addition, the recent increase in new construction will have positive ramifications within the CRA - the high-end nature of new developments will help to attract retail to the area.

To create a truly vibrant environment, developers, local authorities, and the community will work towards creating an environment that facilitates the delivery of a diverse offering of housing types. Due to the physical barriers to growth, the CRA's size and the primarily urban form of the CRA, zoning that allows higher densities will be encouraged to maximize the use of space and enable the feasibility of affordable units.

Retail Market Overview

The retail market in the Manatee County appears to be very healthy due largely to the support of continuing household and employment growth in the area. The market continues to trend toward decreasing vacancies and stabilized lease rates. While the Bradenton area generally lacks retail diversity, most shopping centers are achieving acceptable rents and low vacancies (high quality area shopping centers are averaging occupancy rates above 90%) overall which is also indicative of healthy sales volume.

Major Shopping Centers within 5-mile radius



The Bradenton CRA is within 5 miles of 1.7 million square feet of regional serving retail. The large majority of this retail is in the form of traditional, somewhat dated, enclosed malls and cookie-cutter strip malls with national big-box tenants. These centers range in size from approximately 290,000 square feet (Cortez Plaza) to 690,000 square feet (Desoto Square) with lease rates averaging \$13.00-\$15.00 per square foot. Vacancy rates at the centers are generally trending below 10%. While performance metrics are strong, the majority of the centers contain the same national tenants and franchises, which contribute to a “canned” or conventional shopping experience. Area residents in search of nightlife and unique shopping and dining experiences are forced to travel to Sarasota and Tampa.

Due to increasing residential and office development and higher per capita spending recent retail construction has primarily occurred in the suburbs in the East Manatee area. Main Street at Lakewood Ranch, a lifestyle center with distinct architectural style, a variety of shops (restaurants, galleries and boutique shops) and a pedestrian-friendly environment, has successfully inspired the imagination of local shoppers and changed some of their spending patterns – the center, though still in its infancy, is successfully drawing shoppers who in past would have traveled to neighboring cities to shop.

MARKET ANALYSIS REPORT

Retail Outlook

Macro economic trends suggest that the 1-, 3- and 5-mile area surrounding the subject site will experience household growth between 2.7% and 2.8% annually between 2006 and 2011, though due to the planned residential activity in the Bradenton CRA, that figure may prove to be conservative. Based on RCLCO projections, the population within the 5-mile retail trade area will increase from approximately 188,900 in 2006 to 214,900 in 2011; or an increase of 26,000 people in five years. The strong daytime support (employment), existing population base, and new residential growth will serve as the primary demand generators for retail development in the CRA. The spending patterns of residents expected to relocate to the CRA (well-to-do empty nesters and young professionals) will likely result in higher per capita spending than current averages given the higher median incomes of these segments.

Population from Bradenton City Hall

| | 1-MILE RADIUS | 3-MILE RADIUS | 5-MILE RADIUS |
|-----------------|------------------|------------------|------------------|
| 2006 POPULATION | 10,233 | 81,686 | 188,900 |
| 2006 HOUSEHOLDS | 4,157 | 32,148 | 79,619 |

Currently, the Bradenton retail market does not satisfy the population's retail demands, meaning that significant opportunities exist for new retail development. As it exists today there is significant leakage² among most of the store-types within the primary and secondary trade areas. The store types most appropriate for the Bradenton CRA include health and personal care, clothing, and restaurant outlets. A book/music store and grocery store are supportable in later phases. The character of the development on some of the larger redevelopment sites that have been identified as potential catalytic sites is likely to be a combination of national credit and local tenants with a focus on local operators offering boutique goods that will cater to shoppers in the trade area. Potential tenants that could enhance the quality of the retail include a small bakery, specialty food shop, wine shop, local sporting good store (playing on the outdoor and river orientation) and a variety of local restaurants and coffee shops. These tenants will help satisfy current and future demand as well as establish the Downtown Core as both a unique local and regional shopping destination.

The recent successful opening of Main Street at Lakewood Ranch re-affirms that the market has a strong preference for open air, unique shopping environments. An opportunity clearly exists to create a gathering place for residents and visitors to congregate and the Downtown Riverwalk is uniquely positioned to deliver this gathering place in an authentic, historic Main Street shopping environment with a water orientation. Ultimately retail destinations that can create a sense of place – a public realm with extensive programming centered on a park, water, amphitheater or other focal point will capture consumers from formulaic retail centers.

² "Leakage" in retail is a condition when retail potential (demand) exceeds retail sales (supply).

MARKET ANALYSIS REPORT

Bradenton CRA Supportable Retail - 2011

| STORE TYPE | SQUARE FEET | POTENTIAL OUTLETS |
|----------------------------|----------------|--|
| Food & Beverage | 120,000 | Publix, Outback, Starbucks and popular local restaurants |
| Merchandise | 60,000 | Borders, Barnes & Noble, Walgreen's, CVS and local merchandisers such as boutiques |
| TOTAL | 180,000 | |

Office Market Overview

Manatee County Office Markets



Following a trend that has occurred in most major metro areas across the country, local suburban office markets have grown in popularity in the last few decades. Manatee County was at the tail end of this trend as Lakewood Ranch has grown from a mostly residential area to more office and retail uses within the last few years. As a comparison, since 2000, the Bradenton CRA has added 100,000 SF of office space compared to Lakewood Ranch's 583,000 SF. The Manatee County office market generally commands lower rents than its neighbors to the north and south. Furthermore, Downtown's rents at an average of \$16 per square foot are less than the local suburban office markets (\$20 per square foot) making it difficult to construct new, financially feasible office buildings. The vacancy rates downtown paint a brighter picture, at 13% vacancy, Class A office space in the Bradenton

| SUBMARKET | OFFICE SF | VACANCY |
|--------------------|------------------|--------------|
| Lakewood Ranch | 786,202 | 4.0% |
| Downtown | 766,616 | 12.3% |
| 301 Corridor | 422,299 | 64.8% |
| Palmetto | 189,715 | 45.6% |
| University Parkway | 187,871 | 8.7% |
| Other | 512,317 | 11.1% |
| TOTAL | 2,865,020 | 19.5% |

CRA is currently within the 10 - 15% vacancy equilibrium range.

MARKET ANALYSIS REPORT

Manatee County Office Submarkets¹ Performance

| SUBMARKET | CLASS A SQUARE FEET | % OF TOTAL CLASS A | RENT PRICE RANGE | AVERAGE RENT PER SF | OCCUPANCY |
|--------------------|---------------------|--------------------|--------------------|---------------------|------------|
| Lakewood Ranch | 699,702 | 43% | \$16 - \$23 | \$20 | 96% |
| Downtown | 321,460 | 20% | \$13 - \$19 | \$16 | 87% |
| University Parkway | 147,871 | 9% | \$18 - \$24 | \$21 | 95% |

SOURCE: Manatee County Chamber of Commerce – Economic Development Council

Office Outlook

Strong suburban office markets and high land costs make it difficult to deliver speculative large plate Class A rental office space in the Bradenton CRA. Current conditions are not conducive to speculatively building large floor plate buildings catering to big corporate tenants. Presently, the greatest opportunity for office construction within the CRA lies in providing office space for small businesses.

Demographic trends suggest that instead of retiring, the aging “Boomer Generation” is seeking small ‘boutique’ office space in order to start new small businesses. This type of office space can usually be found in old historic buildings of which the Bradenton CRA has a healthy supply.

The growing healthcare industry and rise in physicians and medically-related occupations also presents an opportunity to provide small office space within the Health and Wellness District of the CRA. The best positioned developers will be those that can offer for-sale office condominiums or offer innovative solutions such as mixed-use projects to cater to this and other growing business office uses.

Manatee County Office Submarkets¹ Future Development

| SUBMARKET | UNDER CONSTRUCTION (SF) | PLANNED & PROPOSED (SF) | % OF TOTAL OFFICE MARKET |
|--------------------|-------------------------|-------------------------|--------------------------|
| Lakewood Ranch | 55,795 | 120,000 | |
| Downtown | 0 | 125,000 | |
| University Parkway | 0 | 155,000 | |
| TOTAL | | 493,000 | 17% |

MARKET ANALYSIS REPORT

Analogous Redeveloped Downtowns

In order to fully understand the implications of revitalizing waterfront areas within small to mid-sized cities, RCLCO case studied four cities, Chattanooga, TN; Columbus, GA; Melbourne, FL; and Milwaukee, WI, that have implemented successful revitalization plans. Aside from the water orientation of each of these cities, RCLCO selected these places because they each shared characteristics or implemented practices that resulted in the successful revitalization of designated areas. These characteristics and practices include but are not limited to:

- Pedestrian connectivity throughout downtown district
- Comprehensive redevelopment plan in place
- Strong community interest and involvement
- Non-profit downtown advocacy groups played key role
- Physical upgrades as crucial component of redevelopment, e.g., streetscape improvements and façade upgrades
- Redevelopment success spurred by quality restaurants, entertainment, and parks providing waterfront access

Melbourne, FL was the most comparable city to Bradenton. The two cities share geographic similarities. For example, they are both are located on a waterway which is within a short distance of the ocean. They are both within an hour’s drive of a major metro, Orlando is 60 minutes from Melbourne and Tampa is 50 minutes from Bradenton. In addition, the two cities share similarities in key demographic characteristics such as median age, average household income and percent of population over the age of 65. Melbourne could serve as a relevant prototype for the City of Bradenton.

| DEMOGRAPHIC COMPARISON | BRADENTON | MELBOURNE |
|---|-----------|-----------|
| Median Age | 43.2 | 43.6 |
| % Of Population Over Age 65 | 23.3% | 24.8% |
| Average Household Income | \$52,319 | \$51,890 |
| Average Household Size | 2.3 | 2.1 |
| Total Households (within 5 miles of downtown) | 80,836 | 52,169 |

Melbourne’s redevelopment plan dubbed “Returning the Harbor to the Harbor City” focused revitalization on an existing retail core. Re-orientation to the waterfront was also viewed as being crucial to the plan’s success. The City of Melbourne delivered a well-received new waterfront park, which achieved

MARKET ANALYSIS REPORT

the goal of increasing public access to the water. In addition, the City made investments in façade, lighting, and streetscape improvements on New Haven Avenue (the core's Old Main Street). These improvements and the development of the waterfront park encouraged locally operated bars and restaurants to launch their businesses on New Haven Avenue. The bars and restaurants were followed by high quality retail. The City also made a conscience effort to embrace the arts community as part of the redevelopment strategy. Officials leveraged off the popularity of the Melbourne Arts Festival and began to make ties between the festival and the re-energized downtown. Bradenton's arts community is already larger and more established than Melbourne's, forming tighter links with this community could help introduce or re-introduce people to the CRA.

Lessons Learned and Best Practices

Some of the valuable lessons learned in studying the case studies are succinctly captured in the Urban Land Institute's Ten Best Practices to Create a Vibrant Town Center. At various stages of the implementation of the master plan each of these practices will ring truer than others, it is however important to consider each of these practices in the planning stages.

10 BEST PRACTICES TO CREATE A VIBRANT TOWN CENTER

1. Multiple Uses
- 2. Strong Sense of quality public realm**
- 3. Public-Private partnership**
4. Sustainable
5. Critical Mass to Start
- 6. Compact, walkable density**
7. Shared parking
- 8. Great streets**
9. Quality Architecture
10. Management Intensive

Though all ten best practices are important to consider when creating a vibrant town center, based on our study of the Bradenton CRA and the sites strengths and challenges we believe that efforts should be concentrated in applying the four that are bolded above.

MARKET ANALYSIS REPORT

Strong Sense of quality public realm

Bradenton should strive to create a place that takes advantage of the city's water orientation and that can be shared by citizens and visitors alike. In order to garner the full benefit of this shared community gathering place, strong physical connections need to be made to connect to adjacent public infrastructure and programming and public activities should be introduced to fully activate the space.

Bradenton's Opportunity:

We believe the strongest opportunity for creating a 'public realm' is to create a park along the Riverwalk. There is the potential to create a 1.5 acre linear park along Barcarrota Boulevard between 15th Street West and US41. This space near the marina is right at the heart of the Downtown Riverwalk, the district that RCLCO has identified as being the best suited to focus initial redevelopment efforts. The City can further enhance this public space by working with the local arts community and installing public art pieces that can provide the park with a local flavor and further enhance the area's draw as a unique place. In order for this space to have significance to the community, programming has to play a key role. Memorable events such as high school homecoming parades, Independence Day celebrations, or holiday tree lighting and Santa Claus are just some of the events that can be introduced. Creating unique events, festivals or 'rituals' that are indigenous to the area will help to give the Bradenton CRA a unique identity and a sense of place. Over time, the Downtown Riverwalk could become the preferred destination for public gatherings and traditions.

Public-Private Partnership

History has shown that in order to succeed the public and private sectors have to be fully engaged in the redevelopment process.

Bradenton's Opportunity:

The Bradenton community has already demonstrated that both the public and private sectors are willing to work hand in hand. Public officials were responsible for creating the current environment of open communication by initiating the dialogue. To date the dialogue has been lively - businesses and developers have highlighted their challenges and offered some solutions. Citizens have responded by attending meetings and providing feedback and recommendations and the public sector patiently listened before devising a master plan that incorporates the common desires and addresses common concerns of stakeholders.

The road to revitalization is a long one and the private and public both have to show a long-term commitment to see the process through to completion.

Compact, walkable density

Well connected, mixed-use areas can create density and bring vibrancy to the city. The Downtown Riverwalk should be the densest part of the community and should offer transportation alternatives (could be a shuttle service) and parking choices including structured and shared parking that may serve office workers during the day and concert goers at night.

MARKET ANALYSIS REPORT

Bradenton's Opportunity:

Downtown Riverwalk, with its existing street grid, historic assets and marina, has the greatest potential for creating a distinct, desirable and walkable area. In this section of the CRA, the City should encourage higher density, mixed-use projects over low-density single use projects. As has been demonstrated in other cities that have successfully navigated their way through the initial redevelopment stages, creating an environment that attracts restaurants, pubs or any other businesses that draw people to the Downtown Riverwalk outside of working hours can spur on reinvestment and interest in the CRA. The City in conjunction with the development community can help to introduce more of a critical mass to the area by offering quality rental product above the retail. Rental units allow 'urban pioneers' to experience the city without the commitment of purchasing a home.

Great Streets

One of the strongest opportunities for differentiating the Downtown Riverwalk and other areas of the CRA and making the area a real draw for the community is creating great streets. Great streets will help distinguish the CRA from suburbia's malls and strip centers. If correctly executed these streets should have trees, good landscaping, lighting and furniture and will successfully mix people, slow moving cars, and parallel parking.

Bradenton's Opportunity:

Downtown Riverwalk's existing infrastructure offers a good backbone to build a vibrant street. The city could begin by developing Old Main Street with a focus on developing blocks north of 3rd Avenue to connect Main Street to the waterfront. Concurrently, efforts can be focused on reclaiming space currently used as parking space on Barcarrota Boulevard and turning that into green space. The boulevard could also be made narrower with an eye for future mixed-use development fronting the river. Once the city, in conjunction with private investors and the community, has reactivated one or two great streets the goal is to begin to connect these streets with the surrounding neighborhoods in order to gain a critical mass of redevelopment activity.

Implementation Considerations

In addition, to focusing redevelopment efforts to the one or two focal points that were identified in the area, RCLCO recommends identifying a proactive person or forming an organization that will be accountable for the execution or implementation of the development plan that the City and its stakeholders agree upon. As large-scale revitalization products such as the redevelopment of the Bradenton CRA typically take several years to complete, case studies and industry best practices suggest that hiring the right person or creating the right organization is critical for long-term success.

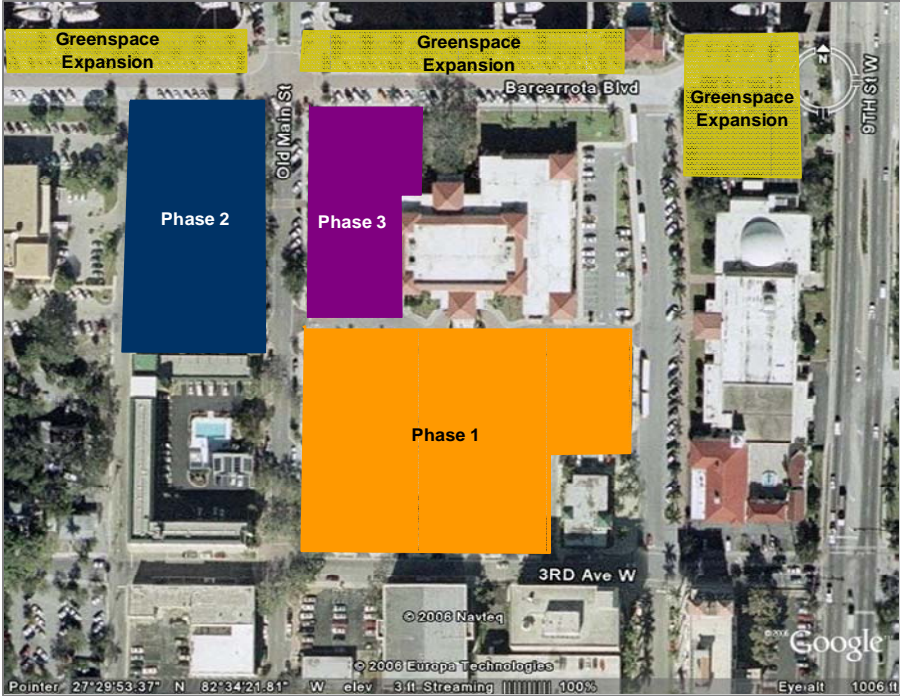
RCLCO believes the Downtown Riverwalk node represents the ideal node in which to focus initial redevelopment efforts. In addition to identifying high impact areas susceptible to redevelopment (such as Downtown Riverwalk), the stakeholders should also remain cognizant of the need for a development coordinator that will serve to bridge the gap between the master plan and the development community. The development coordinator is a person or organization that is held accountable for the implementation of the master plan, this person or organization can come from either the private or public sector, examples include:

- Community Redevelopment Agency (City department – Los Angeles)
- Centre City Development (Separate self governing agency – San Diego)
- RiverCity Development Corporation (Non-profit private/public partnership – Chattanooga)
- Historic District Improvement Company (Private non-profit – Albuquerque)

MARKET ANALYSIS REPORT

Along with the identification or appointment of a development coordinator, the City has several tools at its disposal to spur on redevelopment and act as a facilitator for revitalization. These tools include, but are not limited to, the issuance of bonds, creation of empowerment zones or tax allocation districts, revolving loan pools, streetscaping improvements and other city physical improvements. Ultimately, the process will require a public-private partnership and strong communication across all stakeholder groups in order to produce successful results.

Sample Redevelopment Plan



RCLCO along with other members of the project team identified the City Hall, The Manatee Players and sections of Barcarrota Boulevard as potential key redevelopment sites within the Downtown Riverwalk district. These sites could act as testing grounds for some of the opportunities described in the best practices section. For example, City Hall’s parking lot (Phase 1) is an ideal space for a mixed-use project that has rental residential units stacked above retail. If it were developed, the development would serve the ideal of creating compact walkable density and a connection with the existing bars and restaurants south of the site would be the makings of a great street. In addition, this phase of development will likely require a high level of public-private cooperation, as the city owns the land and would need to partner with a developer who can develop the land. Indeed, the City may need to offer financial incentives or make investments in infrastructure in order to make the project viable for a developer.

MARKET ANALYSIS REPORT

Phase 1

The proposed development project on this surface parking lot would consist of 160 apartment units, with an average size of 960 square feet and asking rent of \$1.25 per square foot, stacked above 35,000 square feet of ground level retail (outlined below). These units would likely appeal to young singles and couples who are oftentimes the urban pioneers that are amongst the first entrants in revitalizing neighborhoods.

The demand for retail space in this phase of development is primarily driven by local restaurant and food outlets, these users have been shown to be good leading tenants in revitalizing areas. The agglomeration of this type of use also has the added benefit of creating a destination – a ‘restaurant row’ could begin to emerge. Flower shops and arts and crafts stores are also tenants can be viable in an area of redevelopment. RCLCO believes forming a connection with the area’s arts community will provide opportunities for both the CRA and the arts community to benefit.

The retail will also consist of space (5,000 square feet) dedicated to service related businesses such as dry cleaners. These businesses will likely primarily operate during regular work hours and provide much needed services to downtown’s employees.

| PRODUCT TYPE | SF | # OF OUTLETS | POSSIBLE MERCHANTS |
|-------------------------|---------------|--------------|--------------------------------------|
| Restaurant/Food | 18,000 | 4 | Start with popular local restaurants |
| Merchandise/Gift Stores | 12,000 | 6 | Flower shop, arts and crafts store |
| Service Related | 5,000 | 3 | Dry Cleaners |
| TOTAL | 35,000 | 13 | |

Phase 2

Phase 2 of the redevelopment would involve redeveloping the old Manatee Player’s site. The project on this lot would be similar in nature to the Phase 1 building with the biggest difference being the 150 residential units in this building would be for-sale condominiums versus rental apartments. By this stage we believe that the Downtown Riverwalk market place will be validated and there will be enough demand from singles, couples and empty nesters for the buildings average 1,050 square feet units selling at \$300 per square foot. This building should also include slightly more retail (5,000 square feet) than the Phase 1 building. Tenanting will follow the theme established in the initial building and a new type of tenant; a specialty foods store could be an ideal candidate for some space on the ground level.

| PRODUCT TYPE | SF | # OF OUTLETS | POSSIBLE MERCHANTS |
|---|---------------|--------------|--------------------------------------|
| Restaurant/Food | 15,000 | 2 | Start with popular local restaurants |
| Specialty Foods/Merchandise/Gift Stores | 20,000 | 8 | Central City Market (Orlando) |
| Service Related | 5,000 | 2 | Dry Cleaners |
| TOTAL | 40,000 | 12 | |

MARKET ANALYSIS REPORT

Phase 3

This phase of the sample redevelopment plan would call for the police department to re-locate to an alternate site. In turn, the primary City functions would move to the current police department space and the city's space would be redeveloped as commercial space. The connection of Old Main Street to the water would be a step closer to completion and a retail developer could successfully draw a major national tenant as the anchor for the City Hall building. There will also be an opportunity to add an additional two national lifestyle chain restaurants such as a PF Chang's or Cheesecake Factory.

| PRODUCT TYPE | SF | # OF OUTLETS | POSSIBLE MERCHANTS |
|-----------------|---------------|--------------|---------------------------|
| Restaurant/Food | 8,000 | 2 | Seasons, PF Chang's, Brio |
| Bookstore | 20,000 | 1 | Border, Barnes & Noble |
| Civic | 47,000 | | |
| TOTAL | 75,000 | 12 | |

MARKET ANALYSIS REPORT

GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co., LLC" or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.