

APPENDIX G: MARKET ANALYSIS

2/5/2017

MARKET ANALYSIS FINDINGS



RENAISSANCE
PLANNING

**Virginia/Lake Highland
Transportation and Land Use Study**

prepared for: CITY OF ORLANDO

July 26, 2016

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1 INTRODUCTION

PURPOSE AND OVERVIEW

- Purpose of this analysis is to provide market-driven guidance and insight to the land use planning process, and to help create realistic future development scenarios
- The findings demonstrate the market position of the Land Use Study Area, which is a blend of location, demographics, and real estate market factors
- Report sections:
 - Location Assessment: why the study area is well-positioned for development and the factors contributing to its current growth trajectory
 - Future Development: trends and conditions influencing the potential for the development of multifamily residential, retail, and office in the study area
 - Development Sites: Identification and evaluation of opportunity sites and potential parcel assemblages where future development could take place



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2 LOCATION ASSESSMENT

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WHY VIRGINIA DRIVE IS WELL-POSITIONED FOR DEVELOPMENT

- Multimodal accessibility
- At the epicenter of urban Orlando
- Presence/proximity of amenities
- Favorable demographic profile
- Major development already taking place



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LOCATION ASSESSMENT

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MULTIMODAL ACCESSIBILITY

- By car:
 - I-4 access via Princeton and Ivanhoe interchanges
 - Surrounded by major arterials: Orange, Princeton, Mills, and Colonial
- By transit:
 - Currently served by Lynx routes 102 (Orange Avenue) and 125 (Mills Avenue)
 - Proposed future extension of Lymmo that links to CBD, College Park, Florida Hospital, and SunRail stations
- By bike:
 - Orlando Urban Trail access point on Virginia Drive
 - Surrounded by existing and proposed bike lanes and signed routes
- By foot:
 - A 10-minute walk reaches all of Ivanhoe Village and much of Mills 50 (depending on the starting point)



The Locally Preferred Alternative for the proposed Lymmo North Corridor extension

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THE EPICENTER OF URBAN ORLANDO

- Part of the Ivanhoe Village Main Street district, and a growing extension of the North Orange Avenue commercial corridor
- Connects the Ivanhoe Village and Mills 50 districts
- Short bike ride or drive to College Park and Audubon Park Garden District
- Thornton Park and Church Street districts are accessible, as are activities in Baldwin Park, North Quarter, and the Central Business District



Virginia Drive's location relative to many of the City's Main Street districts

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LOCATION ASSESSMENT

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AMENITIES, ACTIVITIES, ETC.

- Virginia Drive business mix emphasizes:
 - Interior design, home furnishings, and art
 - Fitness and personal care
 - Eating & drinking places
 - Small professional offices, especially creative
- Extensive dining/nightlife scene and shopping nearby on Orange Avenue
- Unique restaurants and retail nearby on Mills Avenue, as well as an upscale grocery store and other chain retailers and restaurants at Mills Park shopping center
- Brewery and winery on/near Virginia Drive meshes with current urban development trend of artisanal businesses sparking growth and attracting visitors
- Proximity of bike trail access is a valuable amenity that residential developers are increasingly recognizing

PLANNING

"Smaller breweries seem to stimulate economic development and revitalization and really create a vibrant economy around them."

Today, bike trails, bike lanes, bike-share systems, and other forms of active transportation infrastructure are helping spur a new generation of trail-oriented development."

Active Transportation and Real Estate
THE NEXT FRONTIER

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DEMOGRAPHICS

- A national real estate brokerage identified and profiled the 100 most important "Cool Streets" in North America
 - Definition: "urban (and urbane) neighborhoods profoundly impacted by the rise of the Millennial consumer"
 - Hip shopping districts, driven by new restaurant and retail concepts and dominated by independent businesses rather than national chains
 - Typically emerging in transitional neighborhoods where more affordable rents have served as an initial catalyst for growth
 - Millennials (20-34 year olds) are the primary target market
- Two Cool Streets identified in Central Florida: Park Avenue in Winter Park and Thornton Park
 - Designated as "still cool, but going mainstream" on the report's scale of hipness
 - Surrounding demographics are very similar to those around Virginia Drive and the other Main Street districts (see next slide)
 - Opportunity for new districts to achieve "cool" status if they attain sufficient critical mass

COOL STREETS

John S. Johnson

- Eddy/Cool
- Up & Coming
- Prime Hipness
- Still Cool, But Going Mainstream
- Some Mainstream

"Hip neighborhoods are now a mainstream aspiration."

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COOL STREETS COMPARISON

Demographic Profile of 2-Mile Radius

	Park Ave	Thornton Park	Virginia Dr*	Mills 50	Audubon Park
Total Population	36,962	47,238	47,554	47,182	39,706
Avg. HH Income	\$105,251	\$73,963	\$85,057	\$81,893	\$101,889
% College Educated	63.0%	54.9%	62.9%	60.5%	66.1%
% 20-34 Year Old	19.3%	29.1%	28.7%	28.7%	27.9%
% Renters	42.9%	65.1%	58.9%	61.3%	52.1%
Median Rent	\$910	\$817	\$912	\$876	\$973

Note: Some of the study areas overlap, radius is from center point of the shopping district. Radius and demographic variables were selected in the Cool Streets report. Data obtained from ESRI Business Analyst.

* Due to proximity, the profile of the area surrounding Ivanhoe Village would be similar to Virginia Drive.

- Other neighborhood characteristics scored in the Cool Streets report:
 - Walkability
 - Bicycle friendly
 - Public transportation
 - Diversity
 - Access to higher education
 - Foodie score
 - Nightlife score
 - Music score
 - Arts score
 - Vintage/thrift score


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CONSUMER SEGMENTATION

These 6 segments together account for 85% of households in the 2-mile radius around Virginia Drive


"Emerald City" – 35% of 2-mile radius households

- Young, mobile, more likely to rent
- Well educated and well employed
- Highly connected on the Internet
- Many embrace "foodie" culture
- Music and art are major activities




"Metro Renter" – 30% of 2-mile radius households

- Highly mobile and educated
- Primarily young and single, living in larger apartment buildings
- Value education, creativity, and working hard
- Transit, walking, and biking are popular



"Urban Chic" – 7% of 2-mile radius households

- Professionals that live a sophisticated, urban lifestyle
- Half are married households
- Busy, well educated, and financially stable
- A bit older – median age of almost 43 years




"In Style" – 6% of 2-mile radius households

- Professional couples or single households without children
- Embrace an urban lifestyle
- Slightly older and already planning for retirement
- Educated and affluent




"Young & Restless" – 5% of 2-mile radius households

- Educated, but not established yet; moderate incomes
- 1 in 5 move each year
- Half under age 35, most living alone
- Primarily live in apartments



"Bright Young Professionals" – 3% of 2-mile radius households

- Educated, 1 in 3 under age 35
- Couples dominate, slightly more diverse
- More renters than owners
- Primarily row homes or multifamily in newer buildings with above average rents




Data and image source: ESRI Business Analyst

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DEVELOPMENT ACTIVITY

- The Yard @ Ivanhoe (under construction)
 - 630 multifamily residential units
 - 57,000 sq. ft. of retail space
 - 1,146-space parking garage
 - Up to 9-story buildings
- The Yard – Crossman Site (in plan review)
 - 174 multifamily residential units
 - 45,000 sq. ft. of office space
 - 18,000 sq. ft. of retail space
 - 427-space parking garage
 - Up to 6-story buildings
- New drinking places:
 - Gnarly Barley – occupying space at Virginia & New York
 - The Grape & The Grain – renovating building next to trail access point



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KEY TAKEAWAYS FROM LOCATION ASSESSMENT

- Virginia Drive location is highly favorable for urban development, particularly targeting younger people
- Key amenities are already in place and growing: biking, beer, cool shops and bars/restaurants
- Surrounding demographics are comparable with the leading urban shopping districts of the region
- Major development projects are already underway or being planned that capitalize on the location and amenities
- City efforts to improve the multimodal transportation quality of service and public realm will increase the area's attractiveness for development and investment
- Key question is how much more capacity for significant future development remains

RENAISSANCE PLANNING 14 LOCATION ASSESSMENT

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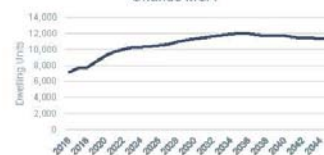
3 FUTURE DEVELOPMENT

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MULTIFAMILY DEMAND AND CAPTURE

- UCF forecasts that regional multifamily housing development will increase steadily over the next 20 years
- Over the past decade the three census tracts covering Downtown Orlando and Virginia Drive have captured about 4.5% of regional multifamily development
- Applying this historical capture rate to the UCF forecast, the average annual future capture for 2016-2030 is nearly identical to the average derived from the City's GMP projections
- From 2031-2045, there is a significant gap between the GMP projections and the forecasted demand that would be captured in the downtown census tracts at the historical capture rate
 - Average of 380 more units per year, or nearly 5,700 total additional units over 15 years
- This gap represents additional downtown development, some of which could potentially be captured in the Virginia Drive study area
 - The gap could even be larger if the three downtown census tracts were to increase their collective share of multifamily capture versus the rest of the region

Forecasted Multifamily Housing Starts in Orlando MSA



Annual Average Multifamily Development in Downtown Orlando



Source: UCF Institute for Economic Competitiveness, U.S. Census Bureau, City of Orlando, Renaissance Planning

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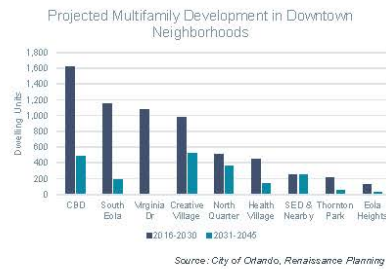
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FUTURE DEVELOPMENT

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MULTIFAMILY DEVELOPMENT AREAS

- The neighborhoods with the most projected multifamily development from 2016-2030 are the CBD, South Eola, Virginia Drive, and Creative Village
 - A major portion of this will be completed over the next several years through current projects
 - Virginia Drive's projection primarily reflects the two Yard projects
- From 2031-2045, the primary multifamily development areas are projected to be Creative Village, the CBD, North Quarter, and the Sports Entertainment District (SED)
 - The established and most popular neighborhoods would be largely built out: Thornton Park, South Eola, and Virginia Drive
 - Presumably there would be demand for more multifamily development in these neighborhoods



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FUTURE DEVELOPMENT

RETAIL DEVELOPMENT

- The two Yard projects will collectively add 75,000 sq. ft. of new retail space to Virginia Drive
 - If considered part of Ivanhoe Village, this would represent a 40% increase over the existing 184,000 sq. ft. located there
 - Competition from other Main Street districts, E. Colonial Drive, Baldwin Park, etc. will influence development decisions
 - Virginia Drive's target retailer type will (and probably should) be small, independent, unique businesses
- Viable street-oriented retail must front on Virginia Drive, or be visible and accessible on a larger site like The Yard @ Ivanhoe
 - On the north side of Virginia frontage parcels are probably too shallow to accommodate new retail construction with associated parking (either surface lot or structured)
 - On the south side of Virginia the conditions are similar unless a through-block property is assembled (extending through to Brookhaven Drive), as the Yard – Crossman Site project did
- Given parcel constraints, new retail activity is likely to be limited to renovations and re-tenanting of existing buildings that are viable for retail/restaurant use (such as The Grape & The Grain building) unless a significant site is assembled



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FUTURE DEVELOPMENT

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OFFICE DEVELOPMENT

- Virginia Drive is not really competitive for typical Class A office development, but it has attracted small professional and creative businesses
 - Cost will often be a driving factor – startups, small businesses
 - Small spaces will often be owner-occupied rather than leased
 - Limited building stock means some "unconventional" spaces used for offices – converted homes, storefronts, warehouses, etc.
- Proximity to Florida Hospital suggests that medical offices could have potential if building space was physically feasible – size, handicapped access, interior features, etc.
 - Competition with buildings on Orange Avenue and Mills Avenue
- Like retail, parcel constraints mean that new office activity will likely be limited to renovations and re-tenanting unless a significant site is assembled
 - Question of whether the future market demand will primarily emphasize retail/restaurant uses or be open to office uses, all else being equal – the two uses may compete for locations
 - The market performance of the planned office space at The Yard – Crossman Site (45,000 sq. ft.) will be instructive, since it will be new construction with higher rents



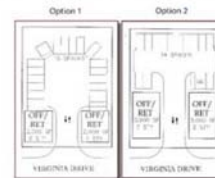
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FUTURE DEVELOPMENT

PARCEL CONSTRAINTS EXAMPLE

- 717 Virginia Drive for sale
- Double lot: 98' x 130' (0.29 acres)
- Offered as potential office or retail use; currently vacant
- Broker's sketch concepts suggest development potential of 4,000-6,000 sq. ft., in two 2-story buildings
 - Parking lot and access drive take up more site area than the buildings
 - Requires a curb cut on Virginia, which should be discouraged on a pedestrian-friendly shopping street
 - Site plan could be improved if the parcel to the east was assembled, allowing parking access from Dauphin Lane
- GMP projections for this parcel assume redevelopment as retail at ~0.2 FAR, translates to ~2,500 sq. ft.
- Small scale of development combined with possible need for more land acquisition, makes new construction unlikely until market demand (i.e., rents) in the area escalates greatly



Source: Crossman & Company

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FUTURE DEVELOPMENT

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KEY TAKEAWAYS FROM FUTURE DEVELOPMENT

- Future demand exists for more multifamily housing, especially after 2030
 - Question is if sites in the study area will be available to capture some of the available demand for downtown residential
- Retail and office development will likely be limited to renovation and re-tenanting of viable buildings, unless significant sites are assembled from multiple parcels/owners
 - Target businesses: small, independent, creative, unique
 - Medical office could be a possibility, but depends on the characteristics of the space available
- Significant redevelopment will call for assembling larger sites
 - Need for more parcel depth – best prospects are on the south side of Virginia, where through-block sites could be assembled that extend to Brookhaven
 - Other prospective sites are on Alden Road and the City/OUC sites

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FUTURE DEVELOPMENT

4 DEVELOPMENT SITES

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OPPORTUNITY SITES/POTENTIAL ASSEMBLAGES

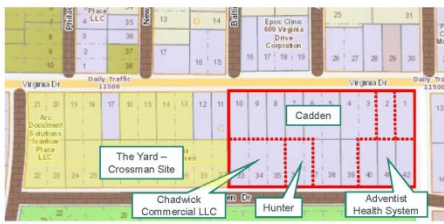
1. Virginia Drive: major mixed-use opportunity (potential assemblage)
2. Virginia Drive: retail/restaurant/office opportunity
3. Brookhaven Drive: townhome opportunities (multiple sites/assemblages)
4. City/OUC sites: townhome opportunity (brownfield cleanup; could be combined with #3)
5. Alden Road south: redevelopment opportunity (potential assemblage)
6. Alden Road north: multifamily or townhome opportunities (multiple sites/assemblages)
7. City/OUC sites: redevelopment and reuse opportunities (brownfield cleanup, historic building)



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DEVELOPMENT SITES

MAJOR MIXED-USE OPPORTUNITY

- Adjacent to The Yard – Crossman site, which serves as a model for the type of development that is possible
- With current ownership patterns, a significant through-block site could be assembled from only 3 owners (Cadden, Chadwick, and Hunter)
 - The Adventist Health parcel could also be included if its fleet maintenance facility could be relocated
- The full half-block could be assembled from 6 owners, if desired
- The market performance of the Yard – Crossman Site project will influence the likelihood of this opportunity being taken – and also affect the land prices
- Question of whether another large building on Virginia would be considered compatible with the vision for the neighborhood



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DEVELOPMENT SITES

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RETAIL/RESTAURANT/OFFICE OPPORTUNITY

- 0.93 acres under single ownership at the Virginia/Ferris intersection (708 Virginia Drive)
- Virginia frontage currently occupied by a used car lot
- Brookhaven frontage currently occupied by 3 commercial businesses in low-value buildings
- Assumptions from GMP projections (Virginia frontage only):
 - Rated as moderately likely to redevelop by 2045
 - 3,000-4,000 sq. ft. of retail space in 2025 or 2030 time period



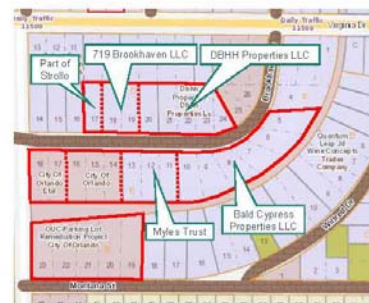
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DEVELOPMENT SITES

TOWNHOME OPPORTUNITIES

- Could be one large project for a single developer, or multiple small projects
 - A single project would probably be more profitable, and helps create a consistent residential feel along the entire block in one phase of development
 - Proximity to shops, restaurants, and bike trail is a strong draw for urban residential, and brick street is a plus
- Acquisition from 4 private owners would assemble most of the site (3 LLCs and a trust)
 - Could add the Strolo Architects parcel if they are willing to part with their rear parking lot
 - Could add the three City/OUC parcels, depending on the brownfield cleanup status and the City's objectives for the properties
 - Could potentially add parcels 14-16 on Brookhaven if they are available, instead of them developing with the Virginia frontage (see previous slide)
- The City/OUC parcel south of Montana Street seems logical to become single-family detached homes, which would be the most compatible with the existing homes to the east



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DEVELOPMENT SITES

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REDEVELOPMENT OPPORTUNITY

- All three LLCs have the same PO box for their mailing address, which suggests they may all have the same owner
- 1300 Alden Road (parcels 5-7) is currently being marketed as 4,000 sq. ft. of retail space for lease
 - Suggests that reuse, rather than redevelopment, may be the owner's strategy here if the building is viable
- Property values are higher and most buildings appear more substantial than on Brookhaven (the townhome opportunity area)
- Improvements to Alden Road and/or success of The Yard projects may influence property owner decisions about reuse or redevelopment
- Current use of properties (from County Appraiser website):
 - Virginia/408 LLC (parcels 1-4): furniture wholesaler
 - Alden/1220 LLC: church
 - Islington, Inc.: auto locksmith
 - Alden/1184 LLC: bath, kitchen, and lighting gallery
- Most of the current businesses seem compatible with the neighborhood – may not be ripe for assemblage/redevelopment



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DEVELOPMENT SITES

MULTIFAMILY OR TOWNHOME OPPORTUNITIES

- The Blackton Family owner has expressed interest in redevelopment, and the site is assumed for future multifamily use in the GMP projections
 - Rated as moderately likely to redevelop; assumed for 60-100 units, after 2025
- The next 3 sites farther north along Alden have appealing water views (especially from upper floors), but would probably need to be assembled together to achieve sufficient scale for profitable redevelopment
- Property values are high enough that significant residential density may be needed to make redevelopment projects pencil out, though it depends on the price levels that can be achieved
 - Townhome product may not be dense enough to be financially feasible
- The market performance of The Yard @ Ivanhoe will influence developer decisions and land values here



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DEVELOPMENT SITES

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REDEVELOPMENT OPPORTUNITIES

- Ivanhoe Building
 - Historic character, lake views, proximity to Ivanhoe Village shops, and passing traffic/visibility give it good reuse potential
 - Primary constraints are likely to be building-specific: interior layout, renovation needs and costs, potential remediation, parking needs, etc.
 - Depending on design feasibility, could be reused for office, multifamily, or civic/cultural use
- Brownfield Site
 - Weber Street frontage not conducive to high value development due to visual impact of utility buildings and electrical infrastructure
 - Low traffic count on Highland Avenue makes retail unlikely
 - Multifamily or office could have potential, fronting on Highland
 - OUC/Lake Highland PD allows:
 - Up to 73 multifamily units
 - Up to 30,000 sq. ft. of office space
 - Up to 65,000 sq. ft. of retail/commercial space



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DEVELOPMENT SITES

KEY TAKEAWAYS FROM DEVELOPMENT SITES

- An ambitious developer could essentially replicate The Yard – Crossman project on the eastern half of that block
- Opportunities for significant development elsewhere along Virginia Drive are limited by parcel constraints – renovation and re-tenanting seem to be the most likely future activity
- Brookhaven Drive east of Ferris is a significant opportunity for townhome development if several parcels can be assembled, potentially including the City/OUC brownfield sites
- Alden Road south may not be as ripe as other areas for redevelopment, but most of the parcels appear to be under common ownership
- Alden Road north is potentially ripe for residential redevelopment, but much will depend on the market performance of The Yard @ Ivanhoe, the allowable density and parcel constraints, and availability/asking prices of the land
- Reuse of the Ivanhoe Building will depend on the building-specific factors that affect cost and feasibility, while the City/OUC brownfield site may hold potential for multifamily or perhaps office on Highland Avenue

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DEVELOPMENT SITES