

DECEMBER 2022



# CITY OF SEBASTIAN, FL MARKET ASSESSMENT & ECONOMIC ANALYSIS

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Prepared by: GAI Consultants, Inc.*

An aerial photograph of a coastal town at sunset. The sky is a mix of orange, pink, and light blue. In the foreground, a multi-lane road runs diagonally from the bottom left towards the center. To the right of the road, there are several large buildings with flat roofs, some with colorful accents. There are numerous palm trees scattered throughout the scene. Large parking lots filled with cars are visible. In the background, a wide body of water stretches to the horizon, with a few small islands or peninsulas. A marina with many boats is visible on the right side of the water.

# MARKET ASSESSMENT & ECONOMIC ANALYSIS

# 02

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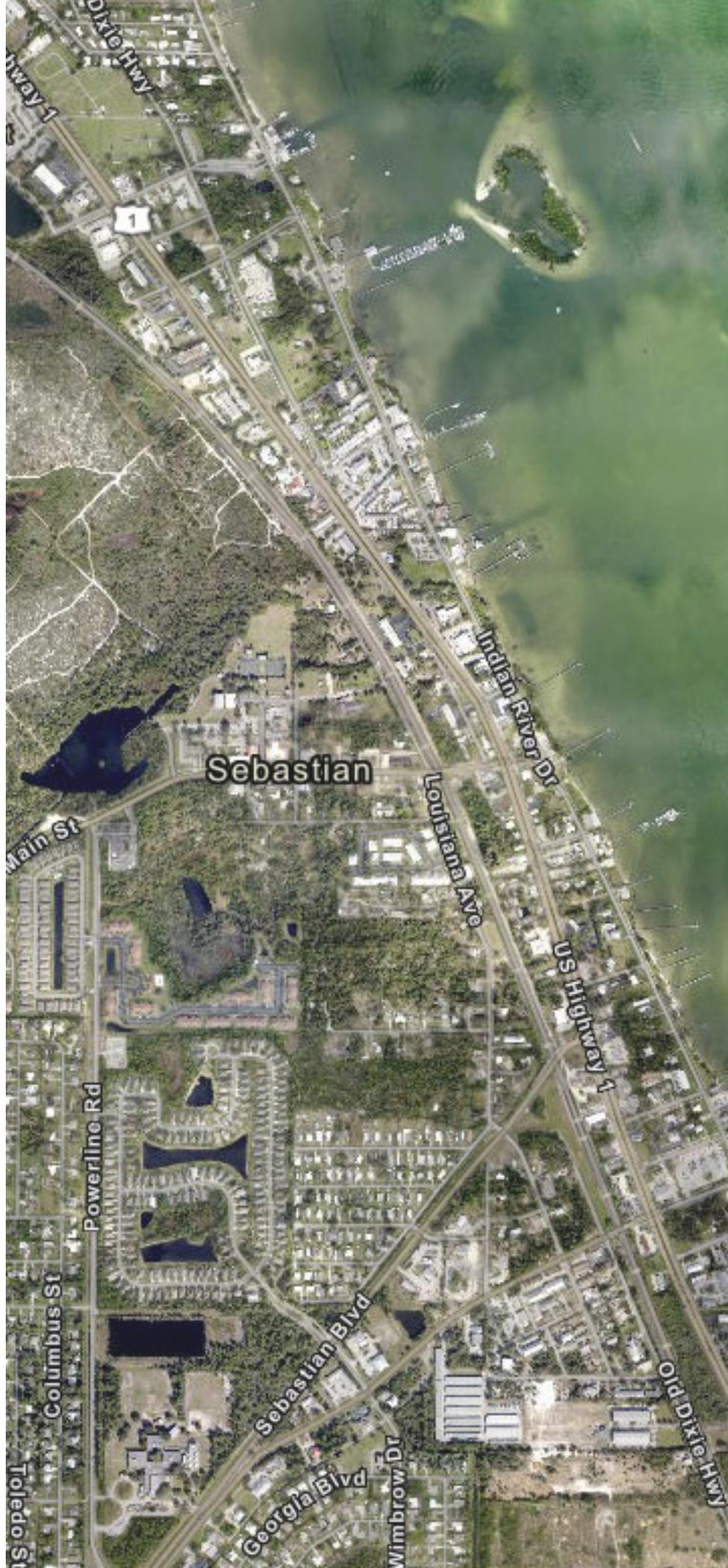


# MARKET ASSESSMENT & ECONOMIC ANALYSIS INTRODUCTION

As a part of the Sustainable Economic Redevelopment Plan Update for the Sebastian CRA, a Market Assessment and Economic Analysis was conducted. The main focus of this assessment was to identify the market for potential commercial and residential development opportunities within the Sebastian CRA.

This analysis included: a parcel inventory report; an assessment of demographic and socio-economic characteristics; an inventory analysis for the commercial and residential markets; a retail gap analysis; and a 15-year future growth projection of commercial and residential uses within the Sebastian CRA. Characteristics of the City of Sebastian (“City”) will also be evaluated to show a comparison of capture within the Sebastian CRA, where data is available.

This Market Assessment and Economic Analysis is expected to be used as a tool to guide potential commercial and residential development opportunities within the Sebastian CRA and to provide insight on demographic, socio-economic, and market performance trends within the broader City of Sebastian as a whole.



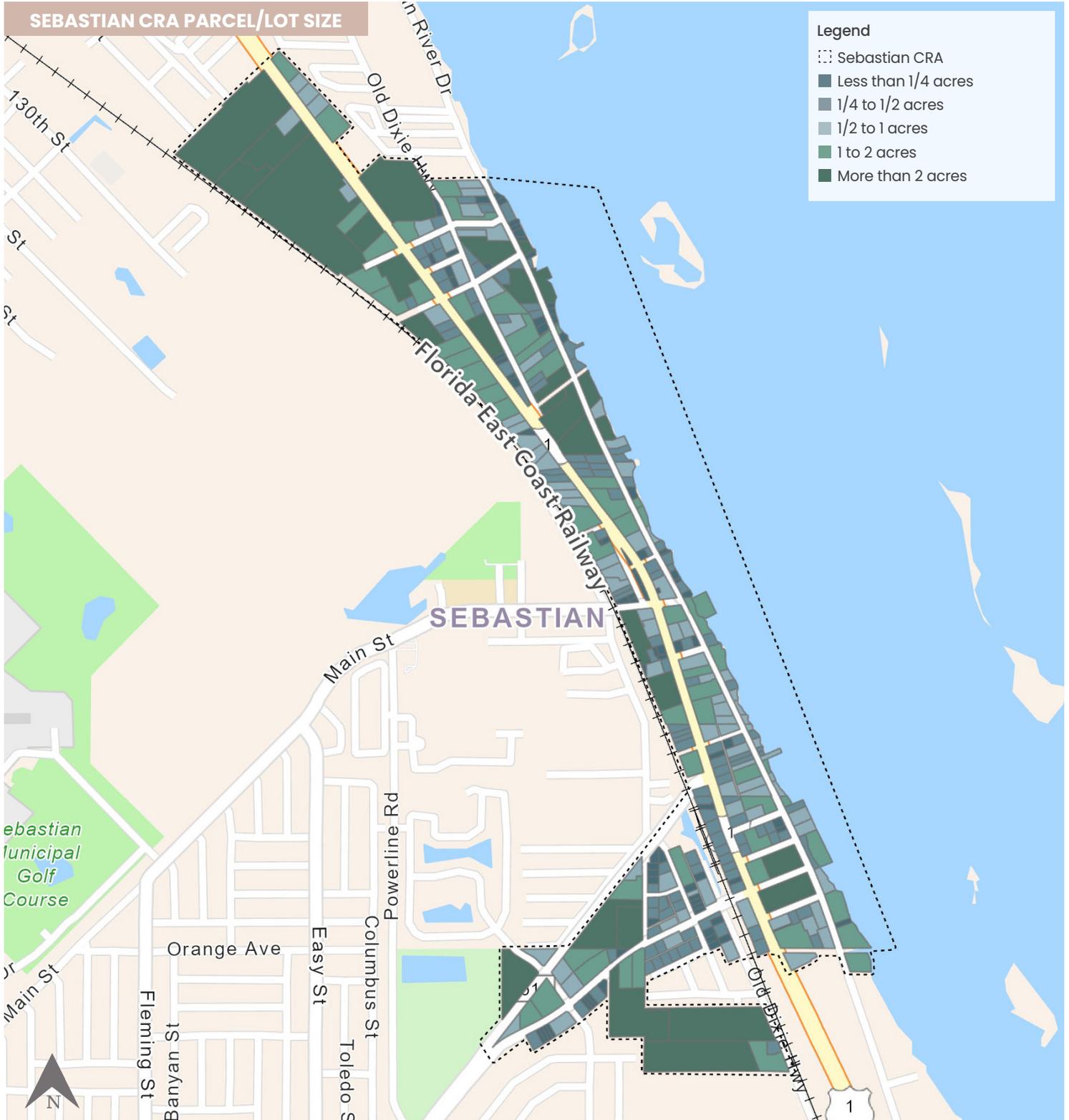
# PARCEL INVENTORY REPORT

## IDENTIFICATION OF PARCEL/LOT SIZE

The Sebastian CRA totals 398 land acres and 189 acres of conservation adjacent to or within the Indian River Lagoon. There are approximately 508 parcels/lots that comprise the land acres within

the Sebastian CRA. Of these total parcels, approximately 57% are less than 1 acre, with 21% representing parcels that are 1 to 2 acres and 22% greater than 2 acres. The largest parcel within the Sebastian

CRA is the Walmart Supercenter along U.S. Highway 1 with 22.8 acres. In addition, the average parcel size within the Sebastian CRA is 1.3 acres.



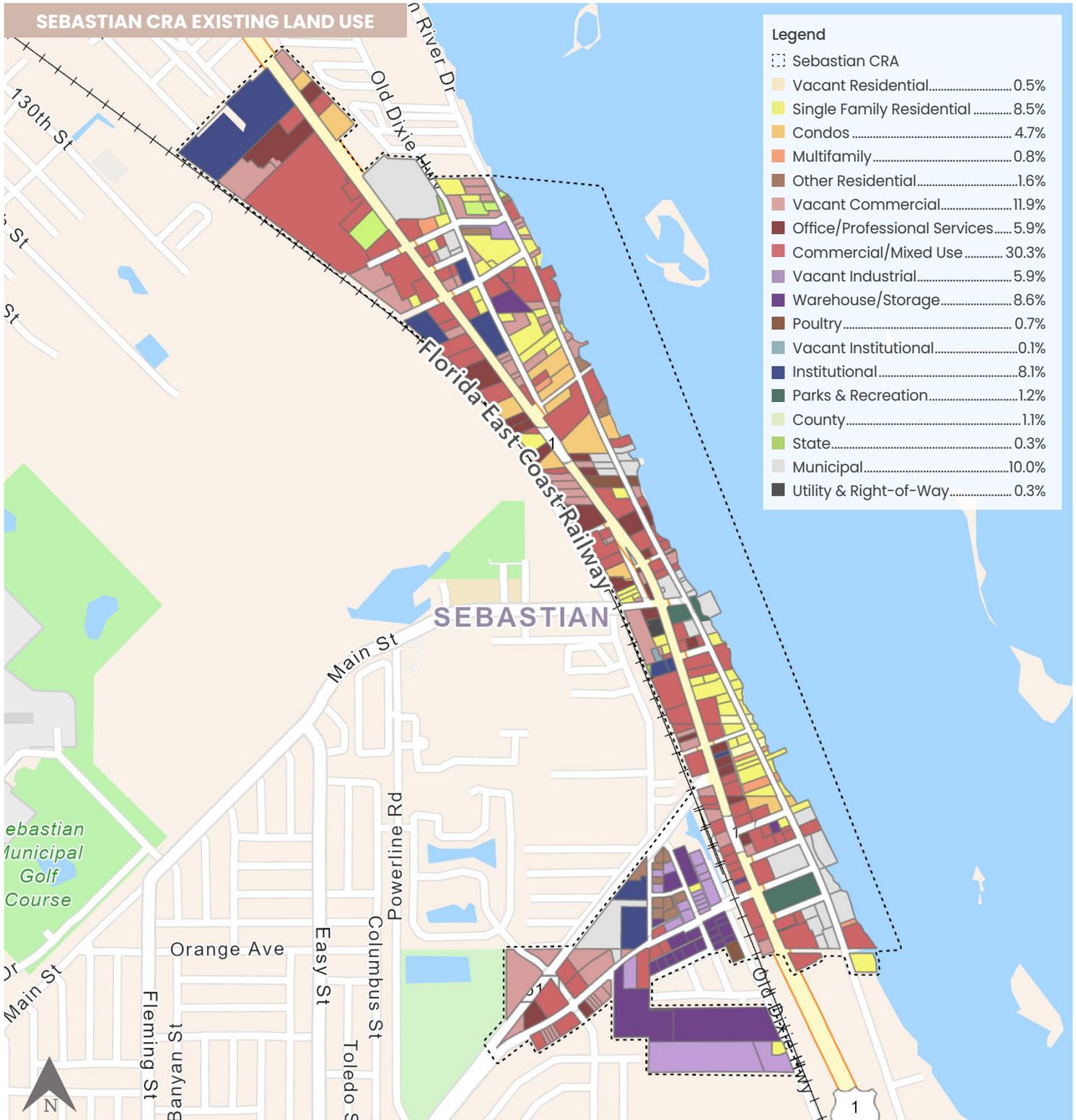
## EXISTING LAND USE

The map below illustrates the existing land use of the parcels within the Sebastian CRA, and the legend details the distribution of the total land area by existing land use designation.

Within the Sebastian CRA, the commercial/mixed use land use comprises the largest share of total

land acres at 30.3%, followed by vacant commercial and municipal lands with 11.9% and 10.0%, respectively, of this total share. Combined residential, including single family, condos, multifamily, and other residential, comprise 15.6% of the land acres within the Sebastian CRA.

In addition, combined vacant lands total approximately 18.4% of the land acres within the Sebastian CRA; with county, state, municipal, and utility and right-of-way comprising 11.7% of the total land acres.



## FUTURE LAND USE

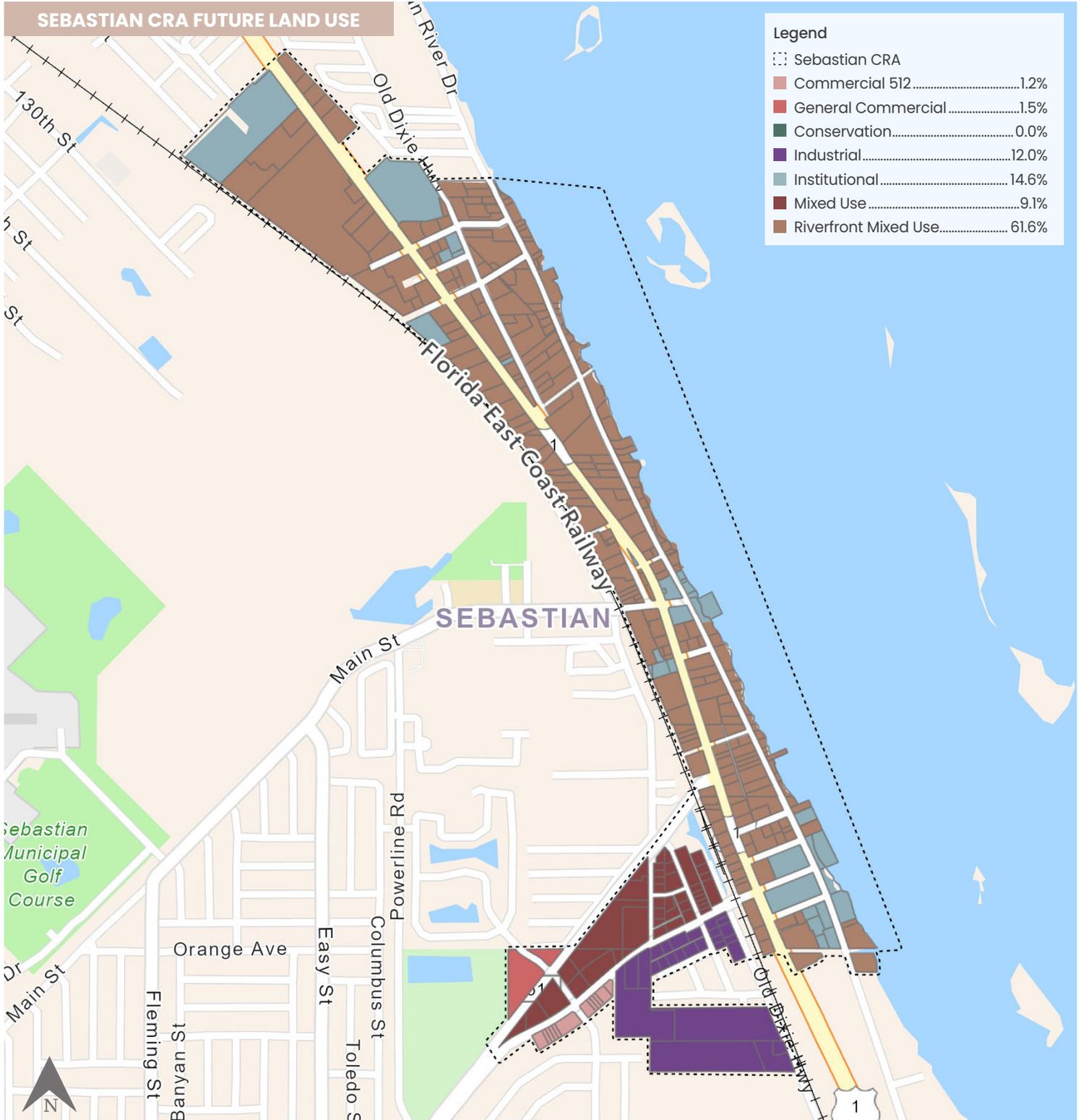
The map below illustrates the future land use of the parcels within the Sebastian CRA, and the legend details the distribution of the total land area by future land use designation.

Within the Sebastian CRA, the future land use designation of Riverfront Mixed Use comprises the largest

share of the total land acres at 61.6%, followed by institutional and industrial future land use at 14.6% and 12.0%, respectively, of this total share.

In addition, the future land use designation of conservation and residential low/medium density are not represented in the map

below, since they both comprise a very small share of the total land acres at 0.0025% and 0.0001%, respectively.



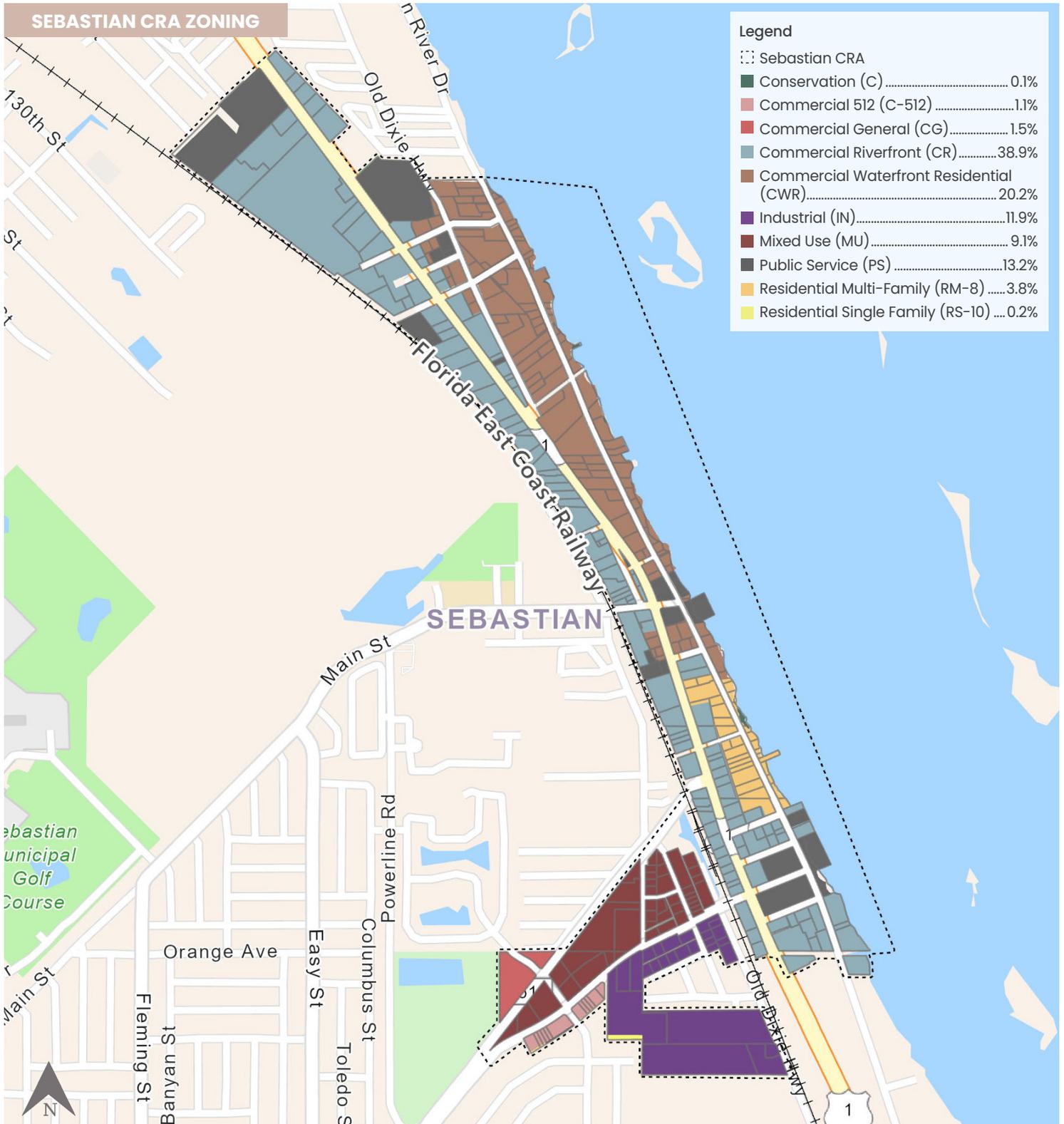
## ZONING

The map below illustrates the current zoning for all parcels within the Sebastian CRA, and the legend details the distribution of the total land area by current zoning code.

Commercial riverfront (CR) and commercial waterfront residential (CWR) comprise the majority of the

zoning within the Sebastian CRA at 38.9% and 20.2%, respectively, of the total land acres. Combined residential, including multi-family (RM-8) and single family (RS-10), comprise a relatively small share of the zoning within the Sebastian CRA at 4.0% of the total land acres.

In addition, the Sebastian CRA Expansion Area is the only area within the overall CRA that includes zoning for industrial, commercial, and mixed use developments, as illustrated in the map below.



# ANALYSIS OF CURRENT ECONOMIC CONDITIONS

There are many key demographic and socio-economic indicators to consider when determining the market characteristics of a specific area, these include;

- Population
- Age Distribution
- Race and Ethnicity
- Academic Achievement
- Income Levels
- Employment and Business Activity

A profile of these demographic and socio-economic characteristics was necessary to fully understand the unique marketplace and the overall market-supporting demand within the Sebastian CRA.

Included in this analysis is the evaluation of current and historical growth trends within the Sebastian CRA and where relevant, the assessment also identifies the capture of growth to the City of Sebastian, as detailed within the following pages.

*To note, there are limitations to data that is used to infer conclusions about a sample population. Most relevant to this analysis is that the smallest geographic areas for which estimates are available are Census Block Groups. 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.*

## DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS

### TOTAL POPULATION

Per the most recent 2022 estimates, the total population of the Sebastian CRA is approximately 206 persons, which represents roughly 0.8% of the City's total population of 25,438 persons.

From 2010 to 2022, the population within the City grew at a compound annual growth rate ("CAGR") of approximately 1.0% annually, increasing nearly 15% from about 22,221 persons in 2010 to 25,438 persons in 2022. About 13% of this population growth within the City occurred between 2010 and 2020.

Comparatively, the Sebastian CRA experienced a greater CAGR, at 1.9%, during this same time period. The population within the Sebastian CRA increased 27% from about 162 persons in 2010 to 206 persons in 2022, with about 19% of this population growth occurring between 2010 and 2020.

Although population has increased by nearly 3,227 persons within the City and only 44 persons within the Sebastian CRA since 2010, the overall capture of the Sebastian CRA to City's population has remained stable over this time period.

The following figures illustrate the change in total population within the Sebastian CRA and the capture of total City population from 2010 to 2022 estimates.

Population	City of Sebastian	Sebastian CRA	CRA Capture to City
2010	22,211	162	0.7%
2020	25,095	192	0.8%
2022 Est.	25,438	206	0.8%
<b>CAGR</b>	<b>1.7%</b>	<b>0.5%</b>	<b>—</b>

Source: ESRI 2022 Estimates; U.S. Census Bureau; GAI Consultants, Inc.



Photo Courtesy of SebastianArtShow.com

### AGE DISTRIBUTION

Age distribution is another important factor when examining market characteristics. Within the Sebastian CRA, the median age is approximately 62 years old; this is notably higher than the median age of 54 years observed within the City.

In the Sebastian CRA, approximately 49% of the population are between the ages of 15 to 64, which is defined as the typical *working-age* population. In comparison, about 52% represent the *working-age* population within the City. This indicates that the majority of the population within the City is considered to be *working-age*; whereas, less than half of the population within the Sebastian CRA is identified as *working-age*.

Additionally, 9% of the population within the Sebastian CRA are younger than 20, and 54% are 60 years or older. Whereas, the City has a slightly younger population, with about 17% identified as younger than 20, and 41% aged 60 years or older, as illustrated in the adjacent table.

Age Distribution (2022)	City of Sebastian	Sebastian CRA
0–9	8%	4%
10–19	9%	5%
20–29	9%	7%
30–39	8%	5%
40–49	9%	8%
50–59	13%	15%
60–69	17%	24%
70–79	15%	19%
80+	9%	11%
<b>Median Age</b>	<b>54.0</b>	<b>61.8</b>

Source: ESRI 2022 Estimates; GAI Consultants, Inc.

### RACE AND ETHNICITY

Understanding the racial and ethnic make-up of an area can provide unique insight into its market characteristics. Within the Sebastian CRA, approximately 90% of the population identifies as White, with 6% identifying as Two or More Races, 2% identifying as Black/African American, and 2% identifying as Other Race.

The racial composition within the City is relatively comparable; with 83% White, 8% Two or More Races, 5% Black/African American, 2% Other Race, and 1% Asian. The breakdown of the population by racial composition within the Sebastian CRA compared to that of the City is represented in the adjacent table.

Additionally, Hispanic origin is defined as an ethnicity, and therefore can be identified as any race. According to 2022 ESRI Estimates, 9% of the total population in the City are of Hispanic ethnicity. Whereas, approximately 6% of the total population within the Sebastian CRA are of Hispanic ethnicity.

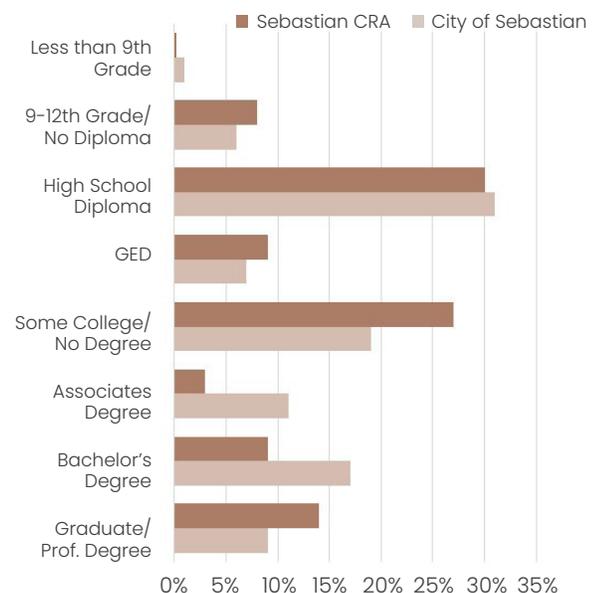
Population by Race (2022)	City of Sebastian	Sebastian CRA
<b>Total Population</b>	<b>25,438</b>	<b>206</b>
White	83%	90%
Black/African American	5%	2%
American Indian/Alaska Native	0%	0%
Asian	1%	0%
Pacific Islander	0%	0%
Other Race	2%	2%
Two or More Races	8%	6%

Source: ESRI 2022 Estimates; GAI Consultants, Inc.

### ACADEMIC ACHIEVEMENT

Academic achievement refers to the level of schooling a person has successfully completed, and only accounts for those 25 years or older. Within the Sebastian CRA, 92% of the population have obtained their high school diploma/GED or a more advanced degree, which is similar to the 94% observed within the City following these same metrics.

In addition, approximately 23% of the population within the Sebastian CRA has a bachelor's degree or more advanced degree, which is slightly lower compared to the 26% of the population observed within the City with a bachelor's degree or greater. Comparatively, when considering the population without a high school diploma/GED, about 8% of the total population in the Sebastian CRA does not have a high school diploma/GED, which is slightly higher than the 7% observed within the City, as illustrated in the following figure.



## INCOME

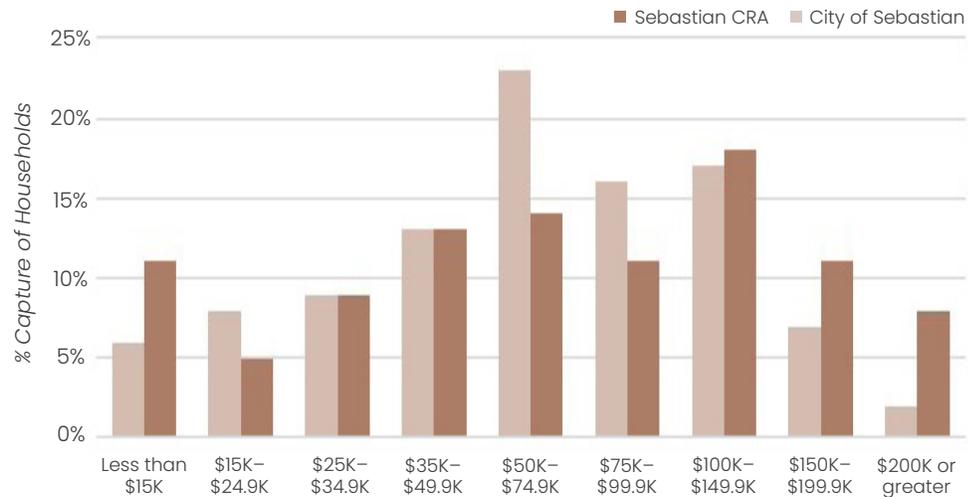
Income is another important factor to consider when examining market characteristics, as it can be a broad indicator of a household or individual's spending potential and their general ability to purchase a variety of goods and services within a specific marketplace. As of 2022 estimates, median household income within the Sebastian CRA is estimated to be \$69,956, which is higher than that of the City, at \$62,558. Similarly, per capita incomes at \$46,766 within the Sebastian CRA are also higher than those observed in the City at \$35,575, as illustrated in the table below.

Incomes (2022)	City of Sebastian	Sebastian CRA
Med. Household	\$62,558	\$69,956
Avg. Household	\$79,228	\$96,501
Per Capita	\$35,575	\$46,766
Avg. Disposable	\$65,407	\$77,224

Source: ESRI 2022 Estimates; GAI Consultants, Inc.

Within the Sebastian CRA, the largest concentration of households (approximately 18%) has household incomes of \$100,000–\$149,999, which is greater than that of the City, wherein the largest concentration of households (23%) has household incomes of \$50,000–\$74,999. The distribution of household incomes within the City and Sebastian CRA are illustrated in the following figure.

In addition, average disposable income is about \$77,224 within the Sebastian CRA, which is also substantially higher than that of the City at \$65,407. From this income-related data, it can be inferred that the Sebastian CRA comprises a population with greater incomes and spending potential compared to that of the City.



## EMPLOYMENT AND BUSINESS ACTIVITY

### ANNUAL EMPLOYMENT TRENDS

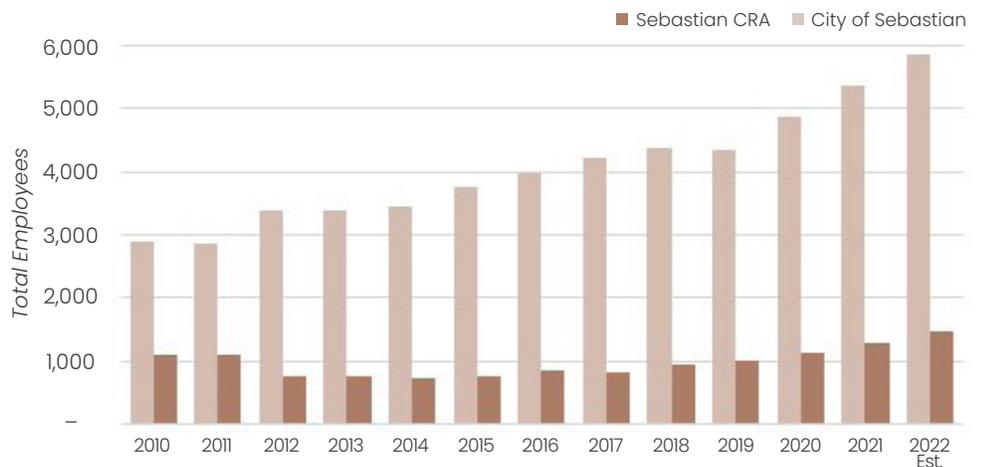
A diverse workforce and industry base within a market area can be an indication of healthy economic conditions, as it enhances the variety of available employment and interested companies in an area. The key components to employment to consider when analyzing the overall business and employment market include annual employment trends, jobs by industry sector, unemployment rate, and employee inflow/outflow within the area.

There are currently 925 businesses within the City; approximately 37% or 346 businesses are located within the Sebastian CRA. The total businesses within the City employ nearly 5,865 people; whereas, the total businesses within the Sebastian CRA employ approximately 1,464 people, or 25% of the City's total employment.

From 2010 to 2022 estimates, total employment within the City and Sebastian CRA have grown at CAGRs of 4.8% and 2.0%, respectively. Since 2010, the City has experienced an increase of nearly 2,960 employees, with the Sebastian CRA capturing 13% of this increase. The capture of

employment within the Sebastian CRA to the City has remained relatively stable since 2010, with an average capture of 25%.

The figure below illustrates the annual employment trends for the City and Sebastian CRA from 2010 to 2022 estimates.



## UNEMPLOYMENT RATE

As of 2022 estimates, within the Sebastian CRA, the unemployment rate—i.e., the total number of unemployed persons as a percentage of the Civilian Labor Force—is nearly 17%, which is significantly greater than the unemployment rate within the City at 3.8%. The unemployment rate is the percentage of the labor force within a specified area that does not currently have a job. The unemployment rate generally rises and falls in the wake of changing economic conditions.

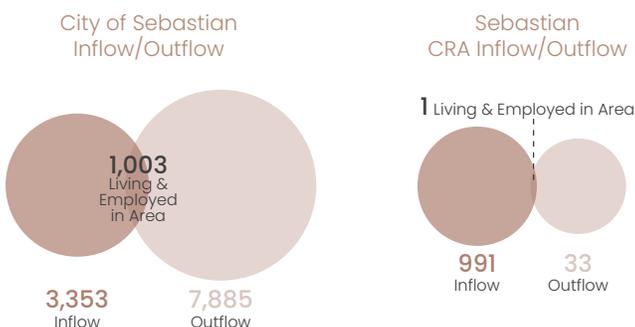
The high unemployment rate within the Sebastian CRA may be a result of the lagging impacts of the COVID-19 pandemic when unemployment across the nation reached an all time high of 14.7%. As more businesses are established within the Sebastian CRA, subsequently creating more jobs, the unemployment rate should experience a decrease.

## EMPLOYEE INFLOW/OUTFLOW

The most current employee inflow/outflow data provided by the U.S. Census Bureau is for year-end 2019. This data serves as an indication of the efficiency of the respective area’s labor force. As of year-end 2019, there were 4,356 employees within the City. Of these employees, about 23% live within the City, while roughly 77% commute into the City from elsewhere to work (inflow). In addition, 7,885 workers live inside the City, but are employed elsewhere outside of the City (outflow). This condition results in a net negative outflow of 4,532 jobs in the City. Net job inflow (+)/outflow (-) indicates where the area is a labor force magnet or provider.

Comparatively, there were 992 employees within the Sebastian CRA as of year-end 2019. Of these employees, approximately 0.1% live within the Sebastian CRA, while roughly 99.9% commute into the Sebastian CRA from elsewhere to work (inflow). Additionally, 33 workers live inside the Sebastian CRA, but are employed elsewhere outside (outflow). This condition results in a net positive inflow of 958 jobs to the Sebastian CRA.

The figures below illustrate the employee inflow/outflow within the City and Sebastian CRA as of year-end 2019.



## JOBS BY INDUSTRY SECTOR

The most current employment estimates by NAICs Industry Sector indicate that Health Care and Social Assistance, Retail Trade, and Accommodation and Food Services are the dominant industries within both the City and Sebastian CRA. Combined, these three industries comprise approximately 47% and 57% of the total share of employment within the City and Sebastian CRA, respectively, as of 2022 estimates.

Professional employment includes the following industry sectors: Information; Finance and Insurance; Real Estate; Professional Services; Management of Companies; Administration, Support, and Waste Management; and Educational Services. The Sebastian CRA’s largely white collar, or professional, work force comprises 20% of total employment; whereas, the City’s professional work force comprises 28% of the total employment as of 2022 estimates.

The table below illustrates the breakdown of employment by NAICs Industry Sector for 2022 estimates.

Jobs by NAICs Industry Sector (2022)	City of Sebastian	Sebastian CRA
Agriculture & Mining	0%	0%
Construction	7%	4%
Manufacturing	2%	3%
Wholesale Trade	1%	1%
Retail Trade	15%	13%
Transportation & Utilities	2%	2%
Information	1%	1%
Finance & Insurance	6%	2%
Real Estate, Rental, & Leasing	6%	7%
Professional & Technical Services	7%	5%
Management of Companies	0%	0%
Administration & Support	2%	2%
Educational Services	5%	2%
Health Care & Social Assistance	13%	24%
Arts, Entertainment, & Recreation	2%	1%
Accommodation & Food Services	15%	20%
Other Services excl. Public Admin.	10%	8%
Public Administration	5%	4%
<b>Total Employees</b>	<b>5,865</b>	<b>1,464</b>

Source: ESRI 2022 Estimates; GAI Consultants, Inc.

# INVENTORY ANALYSIS OF COMMERCIAL & RESIDENTIAL MARKETS

The inventory analysis relied upon real estate data to evaluate performance trends for commercial uses, office, retail, and industrial; as well as residential uses, including multifamily, single family, and condo residential within

the City of Sebastian, the Sebastian CRA, and the five Sebastian CRA conceptual planning districts previously identified in the Existing Conditions and Baseline Evaluation, dated November 2022.

The Sebastian CRA's conceptual planning districts are identified below and illustrated in the following map.



**Park District**



**Sebastian Boulevard Mixed-Use District**



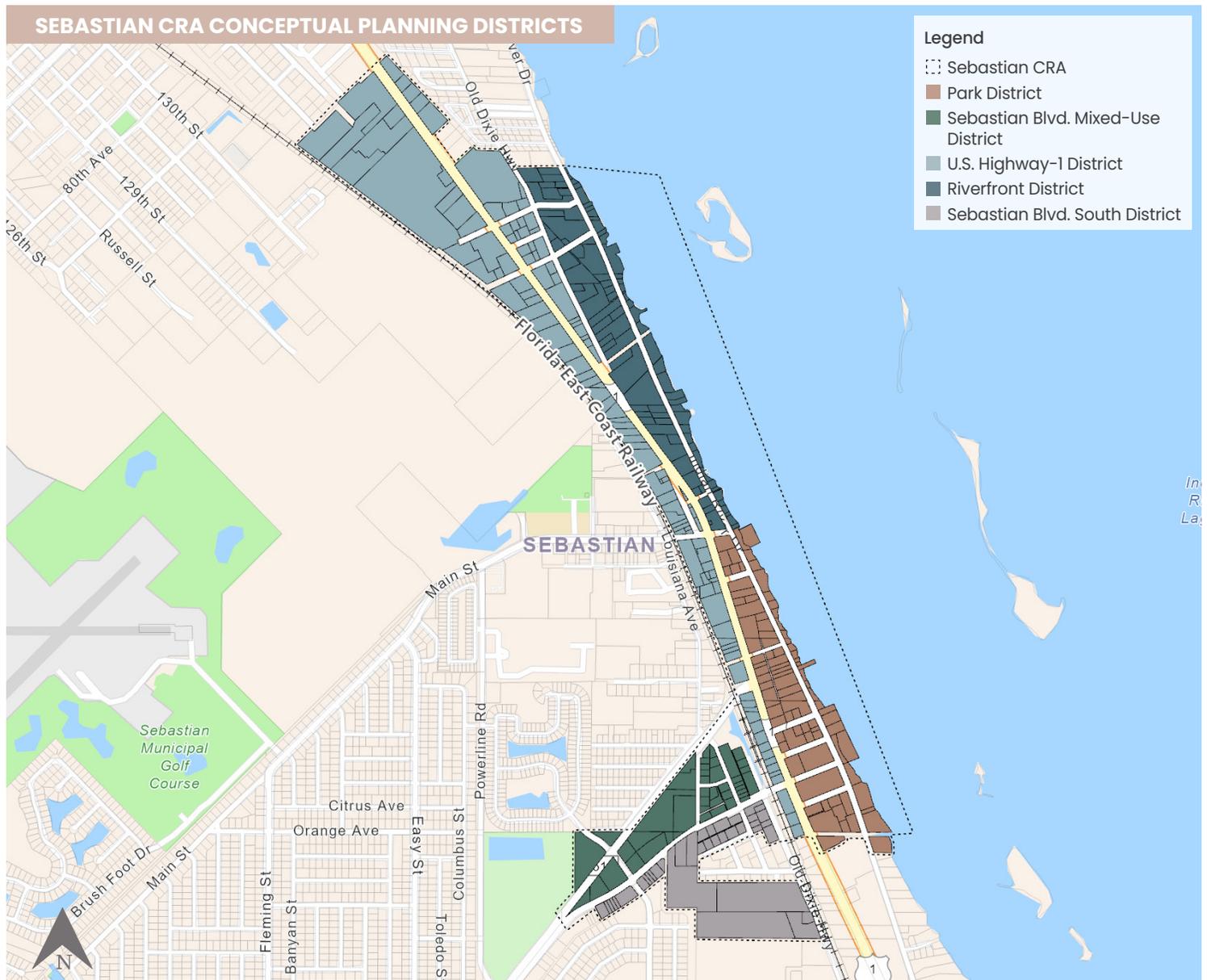
**U.S.-1 Commercial District**



**Riverfront District**



**Sebastian Boulevard South District**



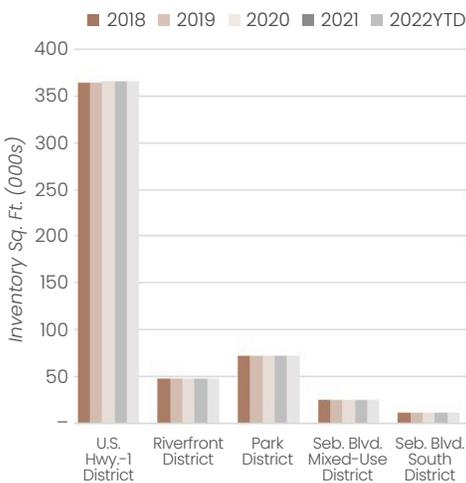
## RETAIL MARKET TRENDS

As of year-to-date (“YTD”) 2022, January through November 2022, the Sebastian CRA has a total 523,490 square feet of retail space, comprising 32% of the total inventory of retail space within the City at 1.65 million square feet. The U.S. Hwy.-1 District contains the largest share of retail space within the Sebastian CRA at 70%; whereas, the Sebastian Blvd. South District comprises the smallest share at 2.1% of the total retail space within the Sebastian CRA. The table below illustrates the retail market characteristics for YTD 2022.

Area	Rentable Area		Occupancy Rate %	Vacancy Rate %	Gross Absorption Sq. Ft.	Avg. Rental Rate
	Sq. Ft.	% of CRA				
City of Sebastian Sebastian CRA	1,654,188	–	98.4%	1.6%	36,462	\$18.99
U.S. Hwy.-1	365,338	70%	99.4%	0.6%	4,021	\$15.00
Riverfront	48,130	9%	100.0%	0.0%	–	\$19.77
Park	75,052	14%	100.0%	0.0%	1,630	\$18.60
Seb. Blvd. Mixed-Use	25,582	5%	100.0%	0.0%	–	\$22.09
Seb. Blvd. South	10,996	2%	100.0%	0.0%	–	\$19.73
<b>Total</b>	<b>523,490</b>	<b>100%</b>	<b>99.4%</b>	<b>0.6%</b>	<b>5,651</b>	<b>\$19.73</b>

Source: CoStar Group; GAI Consultants, Inc. Note: Represents YTD 2022, January through November 2022.

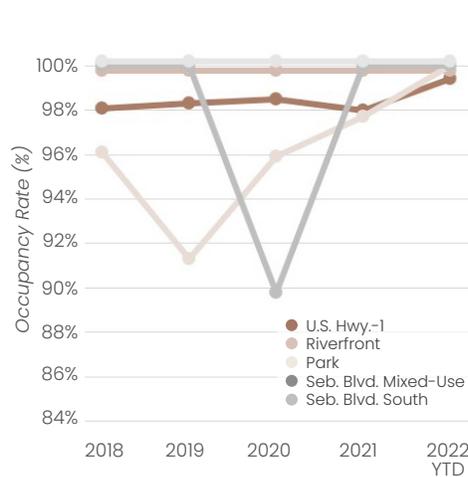
### TOTAL INVENTORY



Over the last 5 years, total inventory of retail space increased 0.5%, or 2,400 square feet, within the Sebastian CRA: from 521,090 square feet in 2018 to 523,490 square feet in 2022 YTD. The change in inventory within the Sebastian CRA was driven solely by growth in the U.S. Hwy.-1 District. None of the Sebastian CRA districts experienced any change in inventory over the last 5 years.

Comparatively, the City experienced a 1.3%, or 21,300-square-foot, increase in total retail space during this same time frame, from 1.63 million in 2018 to 1.65 million square feet in 2022 YTD.

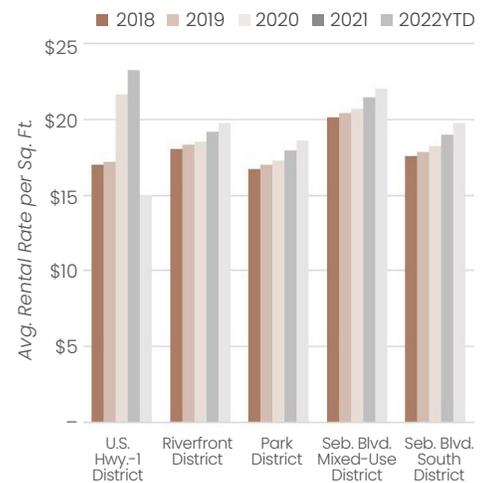
### OCCUPANCY RATE



Occupancy rates within all Sebastian CRA districts were 100% as of 2022 YTD, except for the U.S. Hwy.-1 District, which had an occupancy of 99.4%. Over the last 5 years, occupancy rates increased 1.3% within the Sebastian CRA; from 98.1% in 2018 to 99.4% in 2022 YTD. The change in occupancy within the Sebastian CRA was driven by growth in occupancy rates within the U.S. Hwy.-1 District and Park District.

Comparatively, the City experienced a 1.9% increase in occupancy of retail space during this same time frame, from 96.6% in 2018 to 98.4% in 2022 YTD.

### AVERAGE RENTAL RATE



Throughout the last 5 years, average rental rates of retail space increased 12.4%, or \$2.17, within the Sebastian CRA: from \$17.56 in 2018 to \$19.73 in 2022 YTD. All the districts within the Sebastian CRA experienced an increase in average rental rates over the last 5 years, except for the U.S. Hwy.-1 District, which experienced a decrease in average rental rates of nearly 12%.

The retail market within the City experienced a 13.8%, or \$2.30, increase in average rental rates during this same time frame, from \$16.69 in 2018 to \$18.99 in 2022 YTD.

\*YTD represents year-to-date 2022, January through November 2022.

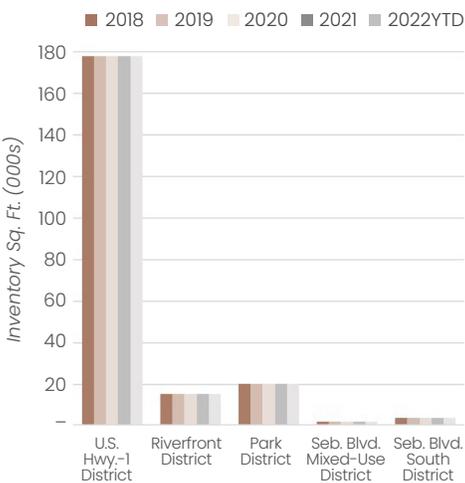
## OFFICE MARKET TRENDS

As of YTD 2022, January through November 2022, the Sebastian CRA has a total 218,800 square feet of office space, comprising 44% of the total inventory of office space within the City at 498,605 square feet. The U.S. Hwy.-1 District contains the largest share of office space within the Sebastian CRA at 81%; whereas, the Sebastian Blvd. Mixed-Use District comprises the smallest share at nearly 1% of the total office space within the Sebastian CRA. The table below illustrates the office market characteristics for YTD 2022.

Area	Rentable Area		Occupancy Rate %	Vacancy Rate %	Gross Absorption Sq. Ft.	Avg. Rental Rate
	Sq. Ft.	% of CRA				
City of Sebastian Sebastian CRA	498,605	-	97.3%	2.7%	13,681	\$21.75
U.S. Hwy-1	177,936	81%	100.0%	0.0%	2,832	\$22.56
Riverfront	15,236	7%	36.7%	63.3%	3,000	\$25.11
Park	19,747	9%	100.0%	0.0%	-	\$21.90
Seb. Blvd. Mixed-Use	2,047	1%	100.0%	0.0%	-	\$21.13
Seb. Blvd. South	3,834	2%	100.0%	0.0%	-	\$22.03
<b>Total</b>	<b>218,800</b>	<b>100%</b>	<b>97.3%</b>	<b>2.7%</b>	<b>5,832</b>	<b>\$22.52</b>

Source: CoStar Group; GAI Consultants, Inc. Note: Represents YTD 2022, January through November 2022.

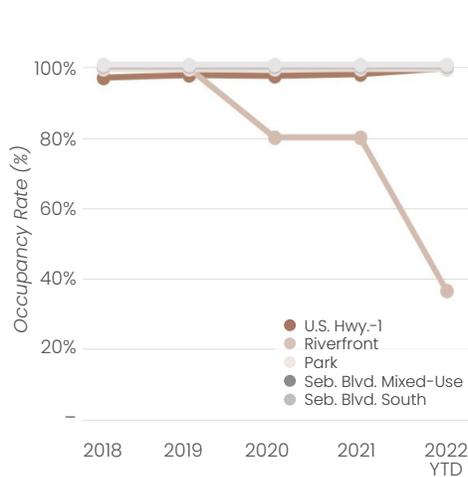
### TOTAL INVENTORY



Over the last 5 years, total inventory of office space has remained unchanged within the Sebastian CRA, at 218,800 square feet. Subsequently, the Sebastian CRA districts also experienced no changes in inventory over the last 5 years. The newest office building, Sebastian Medical Suites, was built in 2008 and is the largest office property within the Sebastian CRA, containing 16% of the total share at 34,700 square feet.

Comparatively, the City also experienced zero change in office space during this same time frame, remaining at 498,605 square feet.

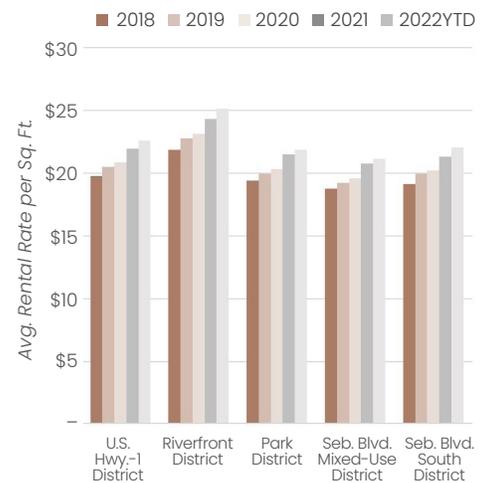
### OCCUPANCY RATE



Occupancy rates within all Sebastian CRA districts were 100% as of 2022 YTD, except for the Riverfront District, which experienced a significant decline in occupancy, possibly due to the 5,040-square-foot Medical Office building being vacated and for sale as of 2022 YTD. Over the last 5 years, occupancy rate decreased 0.8% within the Sebastian CRA: from 98.1% in 2018 to 97.3% in 2022 YTD.

The City also experienced a 0.8% decrease in occupancy of office space during this same time frame, from 98.0% in 2018 to 97.3% in 2022 YTD.

### AVERAGE RENTAL RATE



Throughout the last 5 years, average rental rates of office space increased 14.0%, or \$2.76, within the Sebastian CRA: from \$19.76 in 2018 to \$22.52 in 2022 YTD. All districts within the Sebastian CRA experienced an increase in average rental rates over the last 5 years, with the Sebastian Blvd. South District experiencing the greatest increase in average rental rates at 15.3%.

Comparatively, the office market within the City experienced a 13.9%, or \$2.65, increase in average rental rates during this same time frame, from \$19.10 in 2018 to \$21.75 in 2022 YTD.

\*YTD represents year-to-date 2022, January through November 2022.

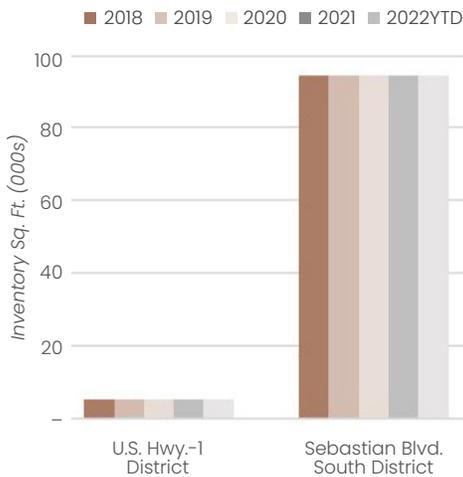
## INDUSTRIAL MARKET TRENDS

As of YTD 2022, January through November 2022, the Sebastian CRA has a total 99,868 square feet of industrial/flex space, comprising 15% of the total inventory of industrial/flex space within the City at 647,343 square feet. The Sebastian Blvd. South District and U.S. Hwy-1 District are the only two districts within the Sebastian CRA to contain any industrial/flex space, with 95% and 5%, respectively, of the total share of industrial/flex space within the Sebastian CRA. The table below illustrates the industrial/flex market characteristics for YTD 2022.

Area	Rentable Area		Occupancy Rate %	Vacancy Rate %	Gross Absorption Sq. Ft.	Avg. Rental Rate
	Sq. Ft.	% of CRA				
City of Sebastian Sebastian CRA	647,343	–	100.0%	0.0%	82,276	\$10.18
U.S. Hwy-1	5,480	5%	100.0%	0.0%	–	\$11.21
Riverfront	–	–	–	–	–	–
Park	–	–	–	–	–	–
Seb. Blvd. Mixed-Use	–	–	–	–	–	–
Seb. Blvd. South	94,388	95%	100.0%	0.0%	–	\$10.45
<b>Total</b>	<b>99,868</b>	<b>100%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>–</b>	<b>\$10.50</b>

Source: CoStar Group; GAI Consultants, Inc. Note: Represents YTD 2022, January through November 2022.

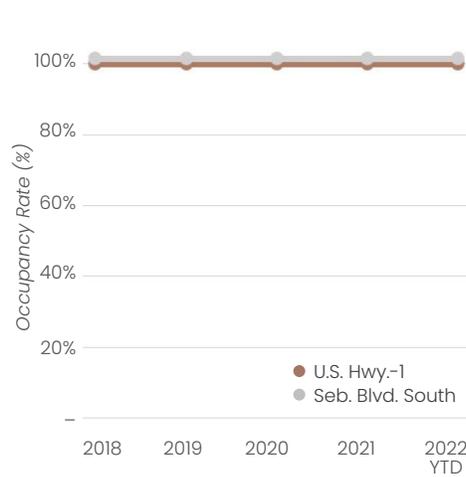
### TOTAL INVENTORY



Over the last 5 years, total inventory of industrial/flex space has remained unchanged within the Sebastian CRA, at nearly 100,000 square feet. Subsequently, the Sebastian CRA districts also experienced no changes in inventory over the last 5 years. The Sebastian Industrial Park, built in 2005 and located in the Sebastian Blvd. South District, comprises the largest share of industrial/flex space within the Sebastian CRA at 35%.

The City also experienced zero change in industrial/flex space during this same time frame, remaining at 647,343 square feet.

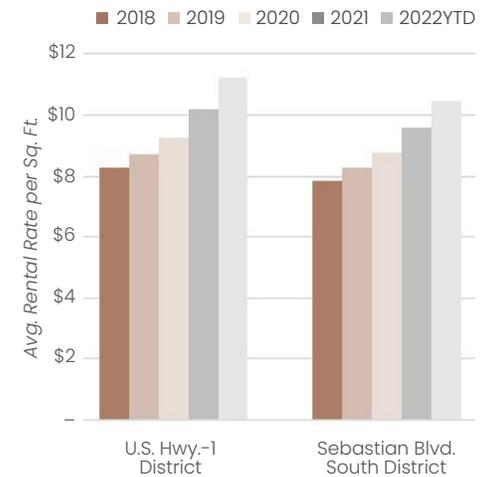
### OCCUPANCY RATE



Occupancy rates within the Sebastian CRA districts containing industrial/flex space were 100% as of 2022 YTD. Over the last 5 years, occupancy rates for these districts, as well as the Sebastian CRA as a whole, have remained at 100% since 2018. Between 2017 and 2018, occupancy within the Sebastian CRA increased 6%, from 94.7% to 100%, driven by the Sebastian Blvd. South District.

Comparatively, the City experienced a 4.1% increase in occupancy of industrial/flex space during this same time frame, increasing from 96.1% in 2018 to fully occupied at 100.0% in 2022 YTD.

### AVERAGE RENTAL RATE



Throughout the last 5 years, average rental rates of industrial/flex space increased 33.1%, or \$2.61, within the Sebastian CRA: from \$7.89 in 2018 to \$10.50 in 2022 YTD. The Sebastian Blvd. South District and U.S. Hwy-1 District, the only two districts containing industrial/flex space within the Sebastian CRA, experienced an increase in average rental rates over the last 5 years of 32.8% and 35.6%, respectively.

The industrial/flex market within the City also experienced a 32.6%, or \$2.50, increase of average rental rates during this same time frame, from \$7.68 in 2018 to \$10.18 in 2022 YTD.

\*YTD represents year-to-date 2022, January through November 2022.

## SPACE UTILIZATION

Space utilization per job, particular to specific building types or industries, represents the typical square feet needed per employee and is a commonly used metric for measuring employment intensity and capacity. Although other factors, such as remote work and co-working space, can impact how much square footage is actually needed per employee, space utilization per job is generally a good indicator of space needed for both comfort and productivity in a physical setting.

Within the City of Sebastian and the Sebastian CRA, the square footage per employee for combined commercial space was approximately 477 square feet and 575 square feet per employee, respectively, with office and industrial space requiring significantly less square footage per employee than retail space. This is not surprising as retail space depends largely on “foot traffic” and requires substantially more accommodation space for customers.

As the Sebastian CRA continues to grow in terms of population, employment, and inventory of commercial and residential space, it is reasonable to assume the potential development opportunities will support the space utilization per employee currently being achieved in the marketplace. This space utilization analysis is intended to help guide the amount of square footage necessary to accommodate employees in both a comfort and productivity capacity for new commercial developments within the Sebastian CRA.

	City of Sebastian	Sebastian CRA
Population	25,438	206
Employment	5,865	1,464
Jobs per 100 persons	23.1	710.7
Commercial Sq. Ft. per Employee		
Office	85.0	149.5
Retail	282.0	357.6
Industrial	110.4	68.2
<b>Total</b>	<b>477.4</b>	<b>575.2</b>

Source: ESRI 2022 Estimates; CoStar Group; GAI Consultants, Inc.



## RESIDENTIAL DWELLING UNIT CHARACTERISTICS

### TOTAL HOUSING UNITS

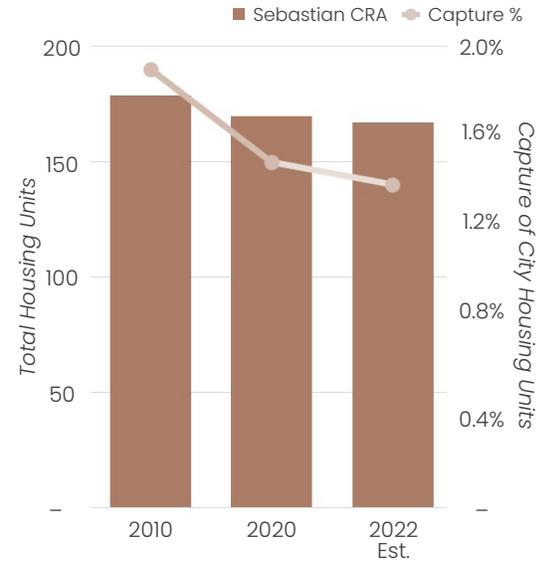
As of the most recent 2022 estimates, total housing units within the Sebastian CRA are estimated to be about 167 units, which represents roughly 1.4% of the total housing units within the City, at 11,845 units.

Since 2010, total housing units within the City grew at a CAGR of approximately 1.6%, adding over 2,267 new units. Comparatively, the Sebastian CRA has experienced a negative CAGR of 0.5% since 2010. Although the amount of units has decreased by nearly 12 units within the Sebastian CRA since 2010, the capture of the City's units has remained relatively stable over this time period at an average of 1.6%.

The following figures illustrate the change in total housing units within the Sebastian CRA and the capture of total housing units within the City from 2010 to 2022 estimates.

Housing Units	City of Sebastian	Sebastian CRA	CRA Capture to City
2010	9,578	179	1.9%
2020	11,205	170	1.5%
2022 Est.	11,845	167	1.4%
<b>CAGR</b>	<b>1.4%</b>	<b>(0.5%)</b>	<b>-</b>

Source: Indian River County Tax Roll; ESRI 2022 Estimates; GAI Consultants, Inc.



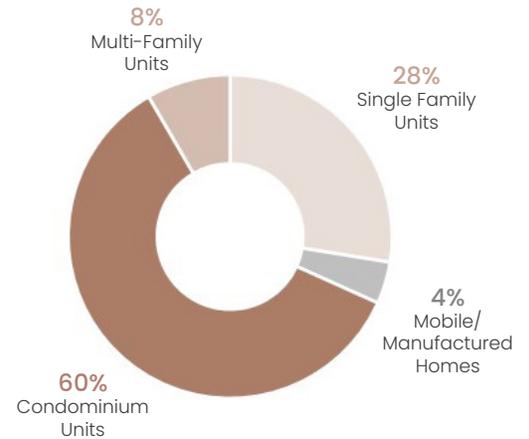
### HOUSING UNIT COMPOSITION

Of the 197 housing units within the Sebastian CRA, condominium units represent the majority at 60% of the total share. Single family, multi-family, and mobile/manufactured homes comprise approximately 28%, 8%, and 4%, respectively, of the total housing units within the Sebastian CRA, as illustrated in the adjacent figure.

The 100 residential condominium units are contained within the three condominium properties within the Sebastian CRA; these include:

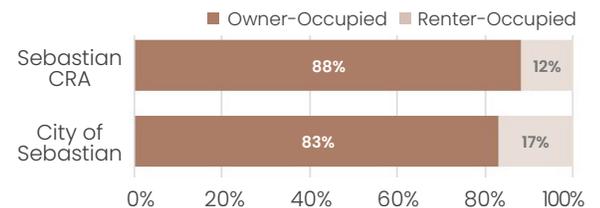
- Oyster Bay Resort, with 37 units, located in the Riverfront District.
- Oyster Pointe Resort Condominium, with 52 units, located in the Riverfront District.
- River Oaks Townhomes, with 11 units, located in the Park District.

In addition, the 15 multi-family housing units are located in the two multi-family properties within the Sebastian CRA.



### HOUSING TENURE

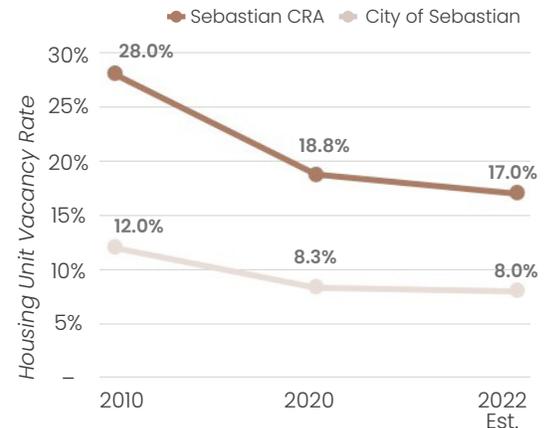
The households within the City and the Sebastian CRA average approximately 2.2 persons per household. Additionally, the household tenure in the City and the Sebastian CRA is predominantly owner-occupied, as illustrated in the adjacent figure.



### HOUSING UNIT VACANCY RATES

As of most recent 2022 estimates, the percentage of vacant housing units within the Sebastian CRA at 17% is significantly greater than that of the City at 8%. This may be attributed to the substantial amount of seasonality and/or rotational vacancy occurring within the Sebastian CRA compared to that of the City. Rotational vacancy includes units currently for rent, rented but not yet occupied, for sale, and sold but not yet occupied.

In addition, since 2010, vacancy rates in housing units have significantly declined in both the City and the Sebastian CRA by 33% and 39%, respectively, as illustrated in the adjacent figure. A decrease in vacancy rates can be attributed to an increase in quality of housing units, a decrease in seasonality and rotational vacancy, and an increase in demand to reside within the specific area.



## UNIT VALUES

The average home values within the Sebastian CRA at nearly \$417,170 are significantly higher than the average home values in the City at \$272,730, as of most recent 2022 estimates.

According to the final 2022 Indian River Tax Roll, the average just/market value per dwelling unit within the Sebastian CRA was greater within single family units, followed by multi-family and condominium properties. On average, the residential properties within the Sebastian CRA are achieving just/market values approximately 30% greater than those observed within the City. The following table details the average just/market values for all residential properties within the Sebastian CRA and the City of Sebastian.

	Avg. Just/Market Value	
	Sebastian CRA	City of Sebastian
Single Family	\$ 319,450	\$ 262,450
Mobile/ Manufactured Homes	80,140	96,420
Condominium	88,800	42,395
Multi-Family	165,350	158,320

Source: Indian River County 2022 Tax Roll; GAI Consultants, Inc.

## COST TO RENT

Of the total rental dwelling units within the City, approximately 1,623 units in 15 buildings are achieving occupancy rates of 97%. The average asking rent for multi-family properties within the City has increased 7% over the last 5 years, from \$1,845 in 2018 to \$1,975 in 2022 YTD, January 2022 through November 2022; whereas, the occupancy within the City has also increased 0.31% during this same time frame. Since 2018, the City has absorbed nearly 100 multi-family units.

Comparatively, since the inventory of multi-family properties within the Sebastian CRA is minimal, the market rent per square foot was used to compare rental rates within this analysis. As a result, the average market asking rent for multi-family properties within the Sebastian CRA at \$1,248 per unit is significantly less than that observed in the City as of 2022 YTD estimates. The adjacent figure illustrates the average market asking rents by unit type within the Sebastian CRA, as of 2022 YTD estimates.



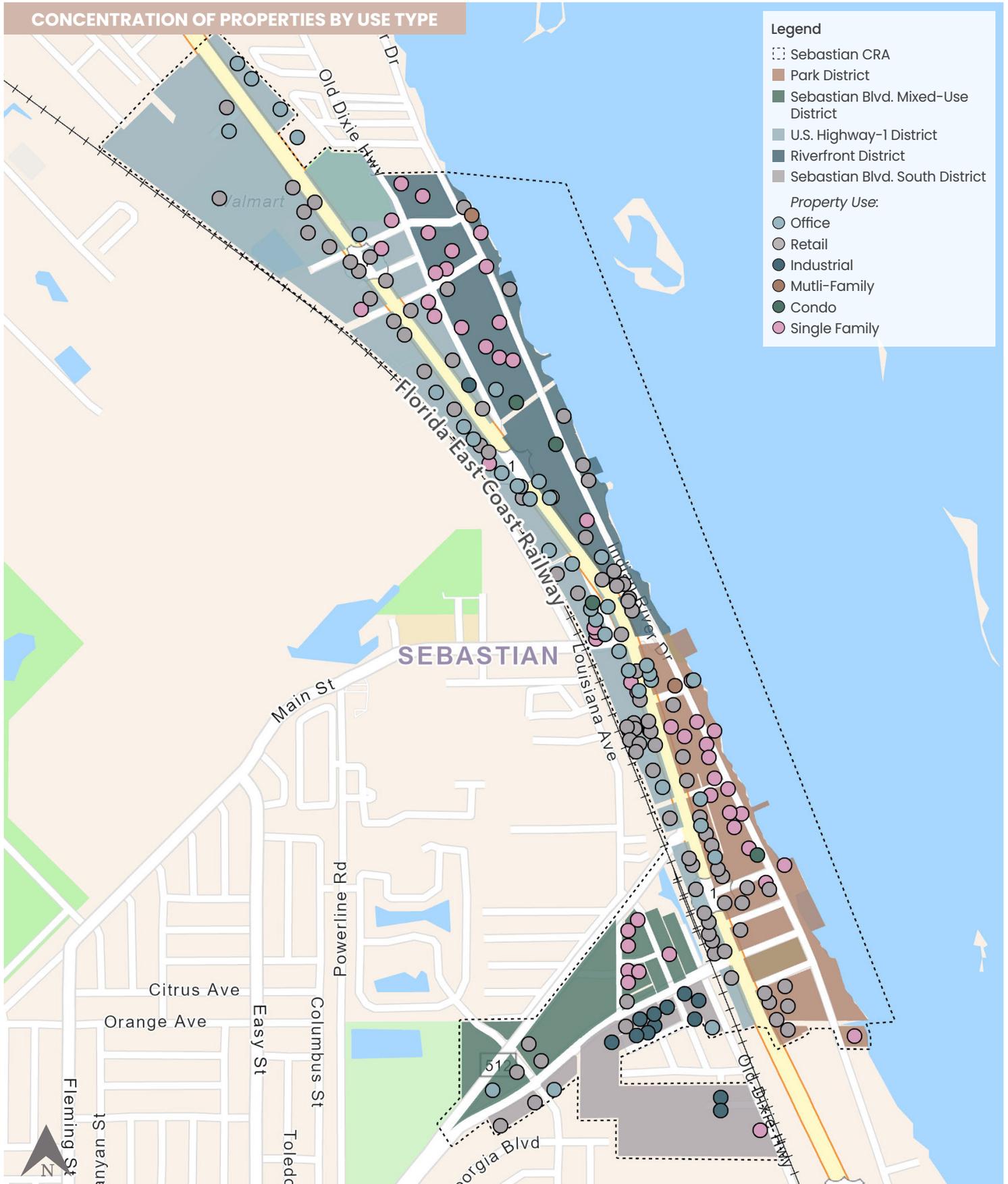
Source: CoStar Group; GAI Consultants, Inc.



Photo Courtesy of CoStar Group

## CONCENTRATION MAPPING

The map below illustrates the areas of concentration for commercial uses (i.e., office, retail, and industrial); as well as residential uses, including multi-family, single family, and condo residential within the Sebastian CRA's conceptual planning districts.



# MARKET POTENTIAL ANALYSIS

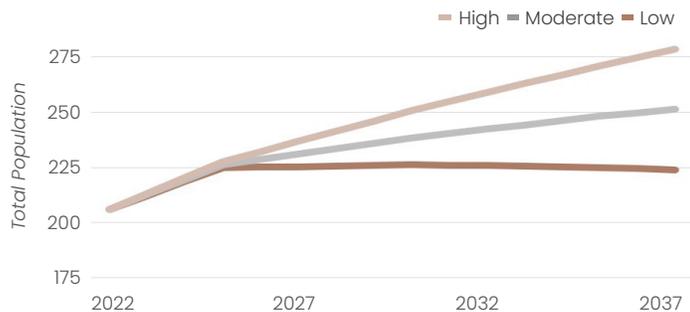
The market potential analysis draws upon the previously identified inventory analysis for commercial and residential markets, and comprises the following: (1) population and employment projections for the Sebastian CRA; (2) consumer spending and retail leakage within the Sebastian CRA as it relates to the City; (3) potential demand and supply of commercial and residential inventory over the next 15 years; and (4) potential development opportunities within the Sebastian CRA.

## POPULATION AND EMPLOYMENT PROJECTIONS

### POPULATION PROJECTIONS

The Bureau of Economic and Business Research (“BEBR”) has been instrumental in providing population projections for Florida and its counties since the 1970s. BEBR provides a high, moderate, and low (“H-M-L”) growth projection extending to 2050 for all Florida counties; these projections are considered an industry standard when approaching population projections for counties in Florida. Although the moderate scenario is considered the most accurate forecast of future population change, the high and low scenarios illustrate a range of possible outcomes. It is important to note the population projections provided through BEBR solely reflect Florida residents, and exclude any seasonal population change as a result of tourism and visitation.

In 2022, total population was estimated to be nearly 154,939 persons within Indian River County, 25,438 within the City, and 206 within the Sebastian CRA. Over the last 10 years, 2012 to 2022, the City has captured an average of 15.6% of the total population within the County annually. Whereas, the Sebastian CRA has captured an average of only 0.12% of the total population within the County during this same time frame. Applying these capture rates to the County’s net population change according to BEBR’s population projections, the City and Sebastian CRA’s H-M-L future population growth can also be estimated throughout the next 15 years. The figure below illustrates current and projected population growth for the Sebastian CRA through 2037.



Throughout the 15-year projection period, the City is estimated to experience an increase in population between 9% and 37%, resulting in total population between 27,730 and 34,765 persons by 2037. Comparatively, the Sebastian CRA is estimated to experience an increase between 9% and 35%,

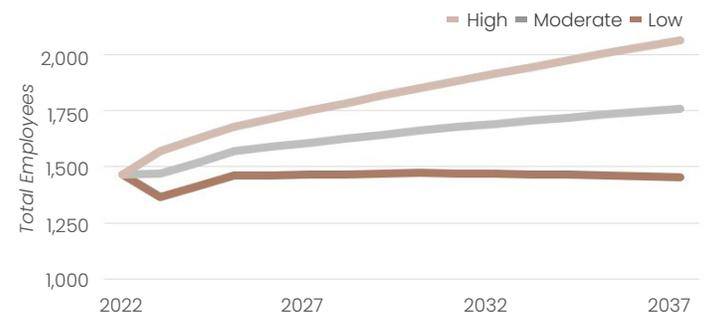
resulting in total population between 225 and 280 persons by 2037. In the moderate scenario, total population is estimated to grow at a CAGR of 1.3% for both the City and the Sebastian CRA.

### EMPLOYMENT PROJECTIONS

The annual average ratio of establishment employment to total population in the County is 32.6 jobs per 100 people. By applying this ratio to the County’s population projections according to BEBR, H-M-L future employment growth can also be estimated throughout the next 15 years.

In 2022, total establishment employment was estimated to be nearly 52,360 persons within the County, 5,865 within the City, and 1,464 within the Sebastian CRA. Over the last 11 years, 2012 to 2022, the City has captured an average of 11.2% of the total employment within the County annually. Whereas, the Sebastian CRA has captured an average of 2.8% of the total employment within the County during this same time frame. Applying these capture rates to the County’s employment projections, the City and Sebastian CRA’s H-M-L future employment growth can also be estimated.

Throughout the 15-year projection period, the City is estimated to experience an increase in employment between 0.2% and 42%, resulting in total employment between 5,850 and 8,300 employees by 2037. Comparatively, the Sebastian CRA is estimated to experience an increase between 0.7% and 41%, resulting in total employment between 1,455 to 2,065 employees by 2037. In the moderate scenario, total employment is estimated to grow at a CAGR of 1.3% for both the City and the Sebastian CRA. The figure below illustrates current and projected employment growth for the Sebastian CRA through 2037.



## RETAIL GAP ANALYSIS

To assist with the potential positioning of development opportunities within the Sebastian CRA amongst current and emerging supply of similar commercial uses, a retail gap analysis was conducted to examine the relationship between what households spend their income on and where that spending occurs.

The act of residents within a defined market area leaving that area to purchase certain types of goods because they are not readily or abundantly available locally is commonly referred to as *Retail Leakage*. The retail gap analysis will examine both consumer spending behaviors and assess *Retail Leakage* within the City of Sebastian and the Sebastian CRA to inform types of retail that might be appropriate and supported within the Sebastian CRA, based on demand and supply.

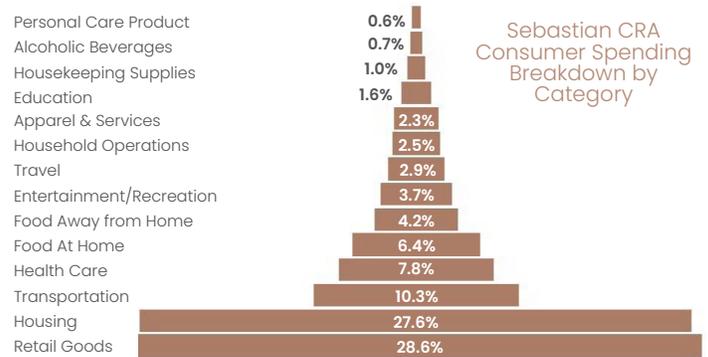
## CONSUMER SPENDING

What individuals and households residing within the Sebastian CRA spend on retail, restaurants, or other food service provides additional perspective for this consumer spending analysis.

The most current consumer spending data provided by the U.S. Census for the Sebastian CRA and the City is 2022 estimates. As of 2022 estimates, the Sebastian CRA had an approximate total of approximately \$8.9 million in consumer spending, comprising only 1.03% of the \$872.4 billion of consumer spending within the City.

Within the Sebastian CRA, the largest consumer spending categories are retail goods, housing, and food (away and at-home), comprising 29%, 28%, and 11%, respectively, of the total consumer spending within the area. These large consumer

spending categories within the Sebastian CRA are not surprising, since the area represents a broad mix of retail and restaurant space, as well as higher valued residential properties along or adjacent to the Indian River Lagoon. The breakdown of consumer spending categories within the Sebastian CRA is illustrated in the following figure.



Similar to the Sebastian CRA, the largest consumer spending categories within the City are retail goods, housing, and food (away and at-home), comprising 28%, 27%, and 11%, respectively, of the total consumer spending within the City.

Additionally, the Sebastian CRA is capturing approximately 1.03% of the total consumer spending occurring within the City as of 2022 estimates. Across every retail category, the Sebastian CRA is capturing a relatively consistent share of consumer spending within the City, between 0.9% and 1.07% of the spending in each category.

The table below illustrates the total consumer spending by retail category for the City and Sebastian CRA as of 2022 estimates.

Retail Category	Consumer Spending (000s)		CRA % Capture of City
	City of Sebastian	Sebastian CRA	
Alcoholic Beverages	\$ 6,197.5	\$ 63.3	1.02%
Apparel & Services	20,243.7	202.3	1.00%
Food Away from Home	36,459.8	373.4	1.02%
Food at Home	54,935.6	572.9	1.04%
Education	14,946.0	139.2	0.93%
Entertainment/Recreation	32,759.6	330.8	1.01%
Health Care	67,278.5	691.4	1.04%
Housekeeping Supplies	8,108.4	86.7	1.07%
Household Operations	21,948.8	220.3	1.00%
Housing	243,364.6	2,472.5	1.02%
Personal Care Products	4,934.7	51.1	1.03%
Retail Goods	245,513.2	2,556.6	1.04%
Transportation	90,568.2	925.2	1.02%
Travel	25,134.1	258.3	1.03%
<b>Total</b>	<b>\$ 872,392.8</b>	<b>\$ 8,950.1</b>	<b>1.03%</b>

Source: ESRI 2022 Estimates; U.S. Census; GAI Consultants, Inc.

## RETAIL LEAKAGE

The retail gap analysis compares and contrasts *Retail Leakage* occurring within the Sebastian CRA and the City of Sebastian from permanent and visiting population at each 3-digit NAICs industry code between 44-45 (Retail Trade) and 772 (Food Services and Drinking Places). A *Retail Leakage* analysis illustrates the dollar value difference between consumer expenditures in a market area (demand) and the corresponding retail sales of the market area stores (supply). The Retail Gap presents a snapshot of retail opportunity, and is a measure of the relationship between supply and demand. A positive Retail Gap value indicates there is greater supply than current demand.

Overall, the Sebastian CRA is experiencing a **retail surplus** of nearly \$82.4 million per year. Food Services and Drinking Places comprise \$12.1 million of the total annual retail surplus; whereas, Retail Trade comprises \$70.2 million of this share. This retail surplus occurring within the Sebastian CRA is primarily driven by an abundance of supply (sales) within Building Material/Garden Equipment and Supply Stores, Food and Alcoholic Drinking Places, and Health and Personal Care stores, which significantly exceed existing demand within the Sebastian CRA.

Comparatively, the City is experiencing a retail leakage of nearly \$132.5 million per year. Food Services and Drinking Places comprise \$18.1 million of the total annual retail leakage; whereas, Retail Trade comprises \$114.4 million of this share. This retail shortage is primarily driven by a lack of supply (sales) within Health and Personal Care, Motor Vehicle and Parts Dealers, and Food and Alcoholic Drinking Places to meet existing demand within the City.

Based upon analysis of spending patterns, existing inventory, and retail surplus within the Sebastian CRA, there appears to be very little need for additional retail capacity within the area. However, there are important distinctions between *need* and *demand*.

*Need* is a relatively static concept, driven primarily by deficient supply. Viewed through such a lens, need is largely a planning and welfare matter often measured exclusively by gains or losses in population. Responses to need typically focus on community priorities without reference to the capacity of the market to provide alternatives through profit-driven transactions. Needs are real and definable, but they cannot always be adequately addressed.

*Demand*, on the other hand, is a dynamic concept. It is very price and product driven—functionally, the result of choices, age, lifestyle, preferences,

and continued movement of the population. Even when need is limited, demand can be strong in a marketplace that has proven itself a reliable and systematic source for products and services.

In the present case, there are elements of both *need* and *demand* within the Sebastian CRA. To that point in particular, residents outside the Sebastian CRA are drawn to the area to meet shopping-related needs, as illustrated in the table below. Comparatively, there is need and demand for additional retail capacity within the City to meet shopping-related needs. Although some of this needed demand within the City could be met by additional industry-specific retail capacity within the Sebastian CRA, development should be conducive to the existing supply of retail in terms of character, space, and scale to the Sebastian CRA.

Altogether, this retail gap analysis helps identify opportunities for industry-specific retail uses that could be supported by the current demand within the Sebastian CRA and the City.

NAICs	Industry Sector	Retail Gap	
		Sebastian CRA	City of Sebastian
441	Motor Vehicle & Parts Dealer	8,724,240	(19,017,588)
442	Furniture/Home Furnishing Stores	3,012,192	(17,952,450)
443	Electronic & Appliance Stores	670,746	(13,444,549)
444	Bldg. Material, Garden Equipment/Supply Stores	20,081,959	2,465,385
445	Food & Beverage Stores	5,761,623	15,379,518
446	Health & Personal Care Stores	11,340,093	(45,118,757)
447	Gasoline Stations	1,173,569	(4,239,527)
448	Clothing/Accessories Stores	1,654,677	(16,223,738)
451	Sports/Hobby/Book/Music Stores	875,048	(2,576,980)
452	General Merchandise Stores	5,700,963	(3,850,179)
453	Miscellaneous Store Retailers	9,448,377	(2,498,809)
454	Non-Store Retailers	1,798,697	2,688,118
772	Food Services & Drinking Places	12,113,759	(18,087,419)
	<b>Total</b>	<b>82,355,943</b>	<b>(132,476,975)</b>

Source: ESRI 2022 Estimates; U.S. Census; GAI Consultants, Inc.

## COMMERCIAL SPACE DEMAND ANALYSIS

Demand for commercial space is a function of the type and nature of the employment industry it supports. While strong health care and social assistance services, retail trade, and food services industries exist within the Sebastian CRA, Indian River County is expected to remain the major draw for regional employment. The consequence is that most employment growth and, therefore, demand for commercial space in the Sebastian CRA would be driven by supporting population needs in services and community and neighborhood retail and restaurants.

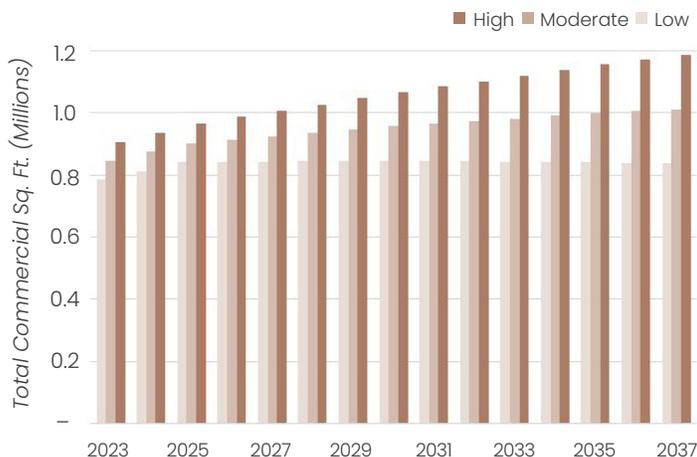
### NEW COMMERCIAL DEMAND

Based on the H-M-L projections of population and employment through 2037, along with the space utilization per job ratios, Sebastian CRA would need an increase of between 16,000 and 367,170 square feet of additional commercial space (office, retail, and industrial) to support new demand—roughly an annual rate between 1,100 and 24,500 square feet per year. The table below illustrates the H-M-L estimated total square footage for combined commercial space throughout the 15-year projection period in 5-year increments that is reasonably achievable based on demand projections.

	Combined Commercial Sq. Ft.		
	Low	Moderate	High
2022	820,110	820,110	820,110
2027	842,660	924,330	1,006,210
2032	844,450	972,930	1,101,520
2037	836,150	1,011,770	1,187,280
Total 15-Year % Change	2.0%	23.4%	44.8%
Avg. Annual Growth Sq. Ft.	1,070	12,780	24,480

Source: CoStar Group; GAI Consultants, Inc. Note: Values are estimates.

The figure below illustrates the year-over-year H-M-L demand estimates for total commercial space through 2037.



This demand analysis predicts that in the near-term, 2022 to 2027, the rates of growth will be slightly higher, at a CAGR between 0.5% and 3.5%, as the Sebastian CRA reacts to potential development opportunities to accommodate new population and employment growth, as well as increases in visitation and the tourism industry resulting from the recovering economy following the latest recession.

Throughout the remaining projection period, the addition of new commercial space is predicted to grow at a slightly slower, steady rate between 0.1% and 1.5% CAGR, as supply of vacant commercial land lessens and redevelopment of existing space comprises the majority of additional growth in commercial space. These rates of growth are similar to what the Sebastian CRA has previously achieved over the last 10 years.

In the moderate scenario, demand for retail space will comprise the majority of the new commercial development within the Sebastian CRA at an estimated 66.5% of the share of new commercial growth by 2037. Demand for office and industrial space will comprise a relatively modest share of the new growth by 2037 at 23.0% and 10.5%, respectively.

### PROXIMATE COMMERCIAL CAPACITY (SUPPLY)

Although the land needed to accommodate this commercial demand growth is unknown—either because existing vacant lands are not currently planned for development or they exist in a use that does not allow for commercial development. What is known, is that within the Sebastian CRA exists a stock of 84 parcels with a combined total of 48.4 vacant commercial (office and retail) and industrial acres, as illustrated in the table below.

Use Code	Total Acres	# of Parcels
Vacant Residential	3.02	2
Vacant Commercial	30.5	66
Vacant Industrial	17.9	18
Vacant Institutional	0.24	1
<b>Total</b>	<b>51.61</b>	<b>87</b>

Source: Indian River County Tax Roll; GAI Consultants, Inc.

Applying the average floor area ratio (“FAR”) for existing commercial properties within the Sebastian CRA, at an FAR of 0.21, it can be estimated that the new commercial demand will need between 91.4 to 129.8 acres of vacant land for development by the end of the 15-year projection period. Given the limited amount of vacant commercial and industrial land existing within the Sebastian CRA, there is likely not adequate land to accommodate future employment and commercial demand needs through 2037. As a result, redevelopment of existing properties and sites within the Sebastian CRA at higher densities/intensities should be considered to accommodate this future demand.

## RESIDENTIAL DEMAND ANALYSIS

Demand for new household formation from population growth is not exclusively a product of the supply and sales of residential housing units, but the ability for an area to accommodate overall demand for housing, which is linked to the steady supply of new housing units. Absent the construction of new housing units, population growth within the Sebastian CRA is likely to stagnate. Thus, it is important to recognize new housing unit stock as both an opportunity to accommodate new households as well as provide existing households the opportunity for household mobility. The net effect either way is the accommodation of housing supply to meet demand.

The historic housing supply as it relates to historic population within the Sebastian CRA has remained relatively stable since 2010, as detailed in the following table.

	Population	Households	Housing Units
2010	162	76	179
2020	192	91	170
2021	198	91	168

Source: Indian River County Tax Roll; ESRI 2022 Estimates; GAI Consultants, Inc.

Although total housing units have experienced a slight decline, total households have seen a positive growth of 15 households since 2010. This decline in housing units may be attributed to increases in seasonal and/or vacation housing units. To note, a household includes all the persons who occupy a housing unit as their usual place of residence; whereas, a housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters.

In addition, residential sales activity within the Sebastian CRA has also been relatively stable over the past several years; however, 2022 saw a notable increase in both sale activity and average sale price per square foot, specifically for single family, as illustrated in the table below. However, there have not been any new residential units constructed within the Sebastian CRA since 2008; this may be stimulating sales activity to meet demand to support population growth and new household formation, along with the exchange of housing among existing residents.

		2016	2017	2019	2021	2022
Single Family	Sales	3	1	2	1	6
	Avg. \$/Sq. Ft.	\$201	\$1,263	\$236	\$143	\$466
Condo	Sales	-	-	-	1	-
	Avg. \$/Sq. Ft.	-	-	-	\$186	-
Multi-Family	Sales	-	-	1	-	-
	Avg. \$/Sq. Ft.	-	-	\$205	-	-

Source: Indian River County Tax Roll; GAI Consultants, Inc. Note: There were zero sales for residential activity in 2018 and 2020.

## NEW HOUSING DEMAND

Based on the projections of population over the next 15 years, through 2037, as well as considering the average persons per households and the annual vacancy rates attributed to seasonality, the stock of housing units within the Sebastian CRA would need to grow by about 35 units to support new residential demand. This new demand equates to an annual rate of roughly 2 units per year. The following table illustrates the estimated total households and housing units throughout the 15-year projection period in 5-year increments that is reasonably achievable based on demand projections.

	Households	Housing Units	Raw Change	% Vacant
2022	94	167		17.0%
2027	155	182	15	17.5%
2032	164	193	11	18.0%
2037	171	202	9	18.5%
<b>CAGR</b>	<b>4.1%</b>	<b>1.3%</b>		

Source: Indian River County Tax Roll; ESRI 2022 Estimates; GAI Consultants, Inc. Note: Values are estimates.

## PROXIMATE RESIDENTIAL CAPACITY (SUPPLY)

Although the land needed to accommodate this residential demand is unknown—either because existing vacant lands are not currently planned for development or they exist in a use that does not allow for residential development. What is known, is that within the Sebastian CRA exists a stock of just 2 parcels with a combined total of 3.02 vacant residential acres, as illustrated in the table below. Given the average residential densities existing within the Sebastian CRA for single family and condominium units are 2 dwelling units per acre and 13 dwelling units per acre, respectively, the limited amount of vacant residential land existing within the Sebastian CRA is likely not adequate to accommodate future population growth and housing needs through 2037. As a result, redevelopment of existing properties and sites within the Sebastian CRA at higher densities/intensities should be considered to accommodate this future demand.

Use Code	Total Acres	# of Parcels
Vacant Residential	3.02	2
Vacant Commercial	30.5	66
Vacant Industrial	17.9	18
Vacant Institutional	0.24	1
<b>Total</b>	<b>51.61</b>	<b>87</b>

Source: Indian River County Tax Roll; GAI Consultants, Inc.

# POTENTIAL DEVELOPMENT OPPORTUNITIES

The potential development opportunities for commercial and residential markets within the Sebastian CRA are based on existing land use data, current demographic and socio-economic characteristics, market inventory trends, and the retail gap analysis; as well as considering the 15-year future growth in population, employment, and commercial and residential demand. In addition, an Investment and Redevelopment Opportunity Index (“ROI”) model, detailed below, also contributed to defining potential development opportunities within the Sebastian CRA.

## INVESTMENT AND REDEVELOPMENT OPPORTUNITY INDEX

The ROI included in this analysis has been developed using weighted values that can identify potential investment and redevelopment properties located within a specific area. For the purpose of this analysis, investment and redevelopment opportunities were examined for the entire Sebastian CRA.

The ROI model defines investment opportunities as current for-sale commercial properties or available vacant land. Whereas, the ROI model defines redevelopment opportunities as select properties—including commercial, residential, and industrial—based on DOR property use codes, with an opportunity index score greater than 80.

These redevelopment opportunities generally represent developed properties that may be in active use and are, in most cases, not currently on the market for sale. While many legal, physical, and economic factors ultimately play a role in the viability of redeveloping properties, the general factors used in the ROI model include the following:

- Age of the Improvements.
- Relationship between Land and Improvement Value.
- Total Market Value, including Land and Improvements per square foot of Property.
- Size of Parcels.

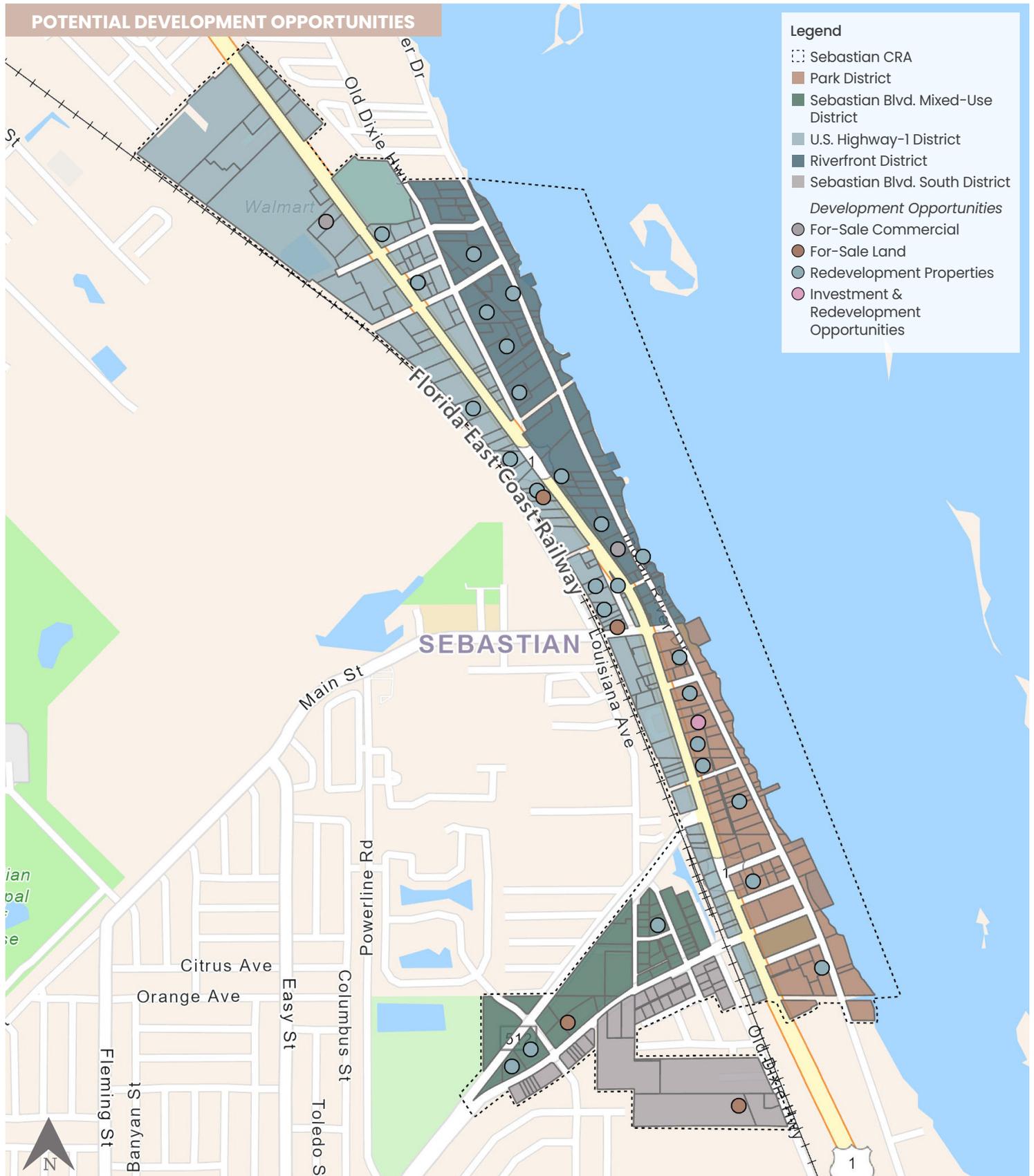
Each of these factors for these properties is weighted to provide a measure between 0 and 100. Values closer to 100 reflect factors in favor of redevelopment, and values closer to 0 reflect

less favorable indicators for redevelopment. For this analysis, properties scoring 80 or above are considered *significant* redevelopment targets. The potential investment and redevelopment opportunities are identified in the following table. It is important to note, the ROI Model does not consider any other legal, physical, or economic factors that may influence development opportunity.

	DOR Code	Land Area (AC)	Bldg. Area (Sq. Ft.)	Year Built	Just Value
<i>Investment Opportunities (For Sale Price):</i>					
1555 Dixie Hwy. (\$1,999,000)	4000	9.20			\$340,639
200–203 Sebastian Blvd. (\$455,000)	1000	1.58			\$222,221
1527 N. Indian River Dr. (\$2,900,000)	6700	1.38			\$731,009
1424 U.S. Highway-1 (1,995,000)	1900	1.37	32,813	1997	\$1,516,467
1026 Indian River Dr. (\$799,000)	0100	1.30	2,203	1955	\$733,061
1979 U.S. Highway-1 (\$1,495,000)	2300	1.15	25,615	2000	\$448,130
1531 U.S. Highway-1 (\$1,530,000)	1000	0.57			\$169,606
919 Main St. (\$250,000)	0100	0.21	908	1948	\$63,095
<i>Redevelopment Opportunities:</i>					
1660 Indian River Dr.	2100	3.60	5,634	1998	\$2,069,446
608 Davis St.	0100	2.93	1,062	1950	\$637,386
1644 Central Ave.	0100	1.98	2,040	1976	\$482,810
250 Sebastian Blvd.	1100	1.83	12,296	1980	\$721,729
N. Central Ave.	4900	1.72	1,195	2013	\$323,719
1524 U.S. Highway-1	2300	1.70	8,240	1970	\$1,058,938
Riverview Parking Lot	8900	0.00	–	–	\$515,538
1109 Indian River Dr.	2100	1.48	12,203	1977	\$1,174,334
1020 U.S. Highway-1	2300	1.34	40,234	1981	\$652,003
300 Sebastian Blvd.	1700	1.32	2,149	1956	\$222,221
1026 Indian River Dr.	0100	1.30	2,203	1955	\$733,061
1625 U.S. Highway-1	2100	1.25	2,732	1986	\$777,037
717 Coolidge St.	2100	1.09	21,308	1979	\$490,903
710 Jackson St.	2500	1.04	11,091	1972	\$476,363
1413 N. Central Ave.	1100	0.80	2,350	1966	\$245,851
941 Indian River Dr.	0100	0.80	2,714	1946	\$261,166
725 Taft St.	4900	0.77	480	1970	\$67,181
1413 N. Central Ave.	1100	0.80	2,350	1966	\$245,851
941 Indian River Dr.	0100	0.80	2,714	1946	\$261,166
725 Taft St.	4900	0.77	480	1970	\$67,181
1004 U.S. Highway-1	2700	0.70	2,446	1959	\$288,129
1716 U.S. Highway-1	1100	0.64	1,148	1952	\$212,614
1605 U.S. Highway-1	2100	0.63	3,422	1979	\$601,416
1315 N. Central Ave.	1900	0.60	1,455	1911	\$143,852
1215 Indian River Dr.	8900	0.51	3,560	1951	\$250,438
1545 U.S. Highway-1	1200	0.43	2,419	1925	\$200,749
1564 U.S. Highway-1	1700	0.37	1,930	1949	\$126,986
1624 N. Central Ave.	1100	0.34	1,905	1956	\$99,724
190 Sebastian Blvd.	8900	0.29	1,040	1935	\$51,037

Source: Indian River Property Appraiser; CoStar Group; GAI Consultants, Inc.

The following map illustrates the potential development opportunities—investment (for-sale) and redevelopment properties—identified in the prior table, and identifies the conceptual planning district each properties falls within the Sebastian CRA.



# CONCLUDING STATEMENT

The intent of this Market Assessment and Economic Analysis is to identify the market for potential commercial and residential development opportunities within the Sebastian CRA. Market Assessment and Economic Analysis is expected to be used as a tool to guide potential commercial and residential development opportunities within the Sebastian CRA and to provide insight on demographic, socio-economic, and market performance trends within the broader Sebastian CRA and City as a whole.

Ultimately, this Market Assessment and Economic Analysis, in combination with the recently completed Existing Conditions and Baseline Evaluation Report, will serve as reference tools during upcoming Public Input and Workshops. These documents can also be used as resources in the formation of a Sustainable Economic Redevelopment Plan Update for the Sebastian CRA.





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