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Retail Analysis

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Retail Analysis

St. Petersburg is a wealthy, yet dramatically underserved retail market that is ready for new retail development. With an average household income (\$52,373) higher than Orlando and Miami and the highest per capita personal income (\$33,167) of the five largest cities in Florida, it is surprising to discover that St. Petersburg has the fewer retailers per number of customers than Tampa, Miami, and Orlando. In fact, there are 88 percent more retailers in Orlando, and 45 percent more in Tampa, per every one customer, than in St. Petersburg. The discrepancy is even greater with regard to eating and drinking establishments, where St. Petersburg has the fewest restaurants per number of customers of the 5 largest cities in Florida. There are 62 percent more restaurants in Tampa per customer than in St. Petersburg and 88 percent more in Orlando. In addition to the built in area market of nearly one million consumers, St. Petersburg welcomes more than 10 million visitors per year.

Residential Projects Downtown

Downtown St. Petersburg is a true urban neighborhood, with many projects sold before ground is even broken. High profile developers and architects such as Perkins + Will, OPUS, and ZOM have come to St. Petersburg to capitalize on the booming market. The more than 700 new units built since 1998, more than 250 under construction, and more than 2,800 proposed, equates to approximately 4,600 new residents for downtown St. Petersburg.

Tax Increment Financing (TIF) Districts

St. Petersburg's seven CRA districts have been a highly successful tool for promoting redevelopment of the city. This quarter, the tax increment finance portion of the Intown CRA district, which encompasses much of the CBD, was renewed until 2032. TIF uses the county and city taxes from increasing property values to fund approved projects. This means that an expected \$95.4 million dollars will be made available for downtown projects such as improvements to The Pier, a new waterfront park, and renovation of the Mahaffey Theater. Since 2000, the value of the Intown TIF district has increased by 103 percent.

Commercial Real Estate

St. Petersburg's stellar commercial real estate run continued in the first quarter of 2005. Downtown office vacancy rates declined to 9.1 percent – the lowest rate for a CBD in the region. Overall lease rates edged up in response to \$17.44, with class A office rates at an all time high of \$18.92, as the supply of office space remains unchanged. Vacancy rates in the St. Petersburg Gateway area remained high at 23.9 percent, primarily due to new product brought online. In the industrial sector, the St. Petersburg Gateway area maintained a low vacancy rate (6.4 percent) even with the addition of more than 400,000 square feet of new product. This highly attractive industrial area experienced its fourth straight quarter of positive absorption and even saw lease rates decline .09 cents to \$6.63.

Job Growth/Unemployment

The Florida Agency for Workforce Innovation has instituted a new method for calculating the unemployment rate. The significance for the St. Petersburg area is that county and MSA unemployment rate appear to have both jumped from the previous quarter to 4.5 percent. Approximately 33,900 jobs were created between March 2004 and March 2005 in the MSA, a 2.7 percent increase over the previous year. Out of the 367 metropolitan areas in the nation on which the U.S. Bureau of Labor Statistics maintains data, the St. Petersburg area rank No. 10 in terms of absolute number of jobs created over the past year.

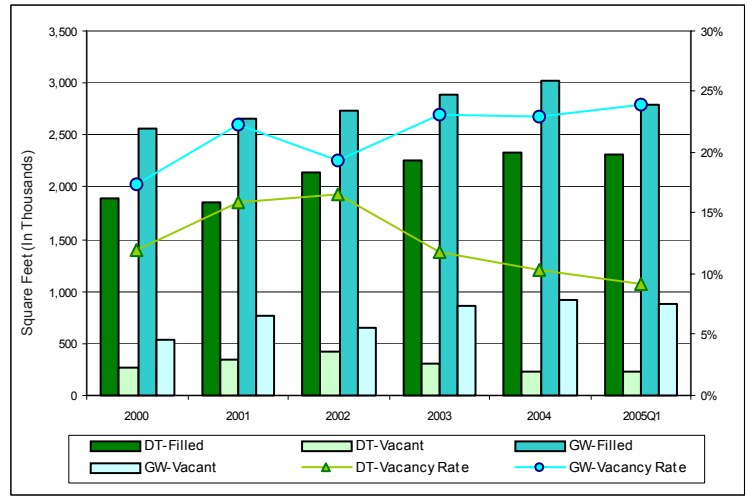
Key St. Petersburg Indicators

Quarterly Average Unemployment Rate



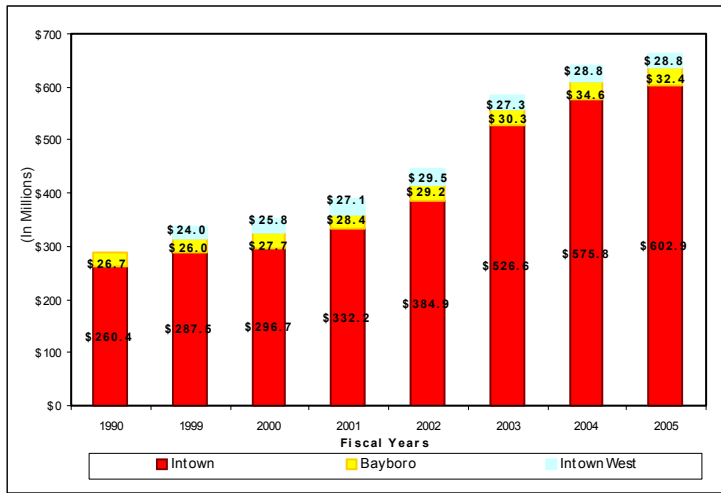
Source: State of Florida, Local Area Unemployment Statistics Program

Downtown & St. Petersburg Gateway Area Existing & Available Office Space with Vacancy Rate



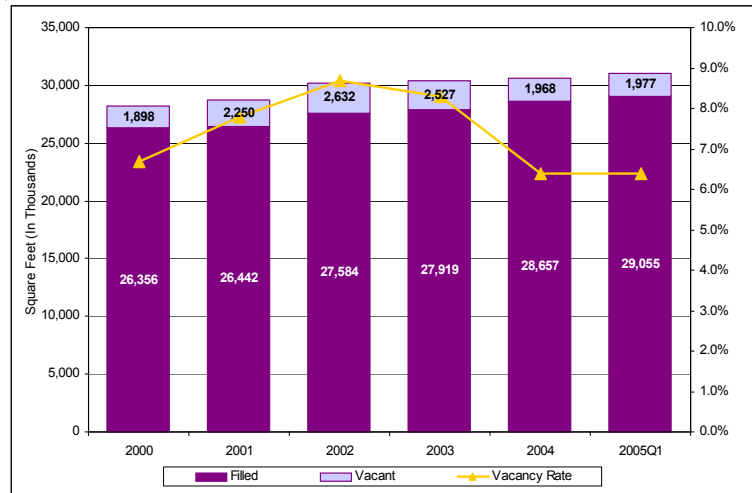
Source: Data provided courtesy of Cushman & Wakefield of Florida

Taxable Value of Tax Increment Financing Districts



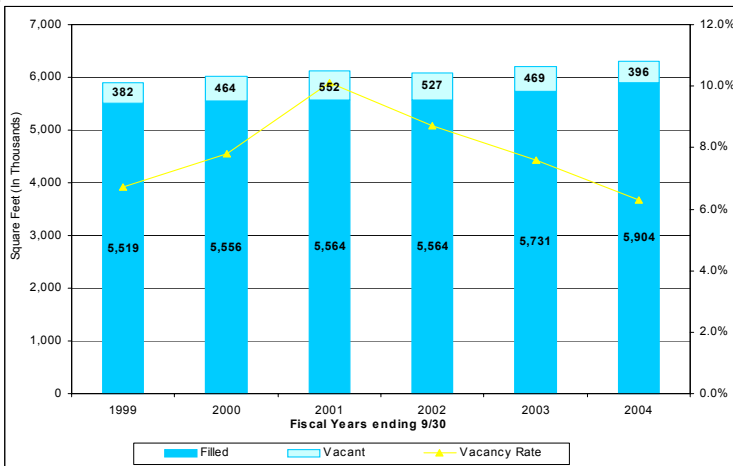
Source: Pinellas County Property Appraiser's Office

St. Petersburg Gateway Area Existing & Available Industrial Space with Vacancy Rate



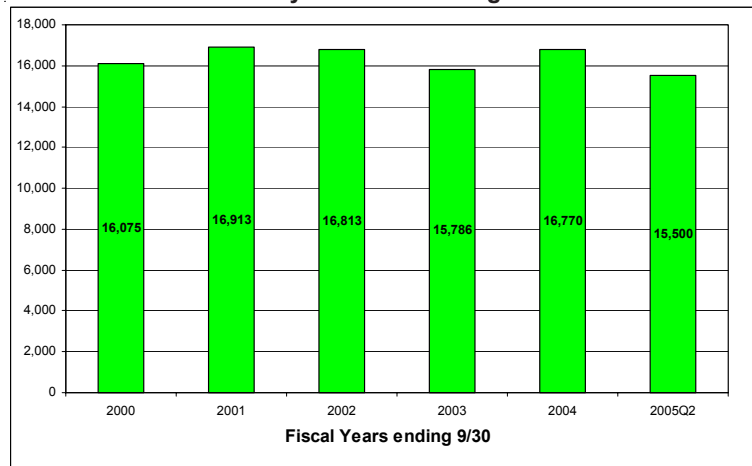
Source: Data provided courtesy of Cushman & Wakefield of Florida

Existing and Available Retail Space with Vacancy Rate



Source: Maddux Report Research Department, 1999-2004

Occupational Licenses Issued City of St. Petersburg



Source: City of St. Petersburg, Occupational License and Tax

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