



SEGMENTATION ANALYSIS
FINANCIAL MODELING
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DESIGN TESTING

ESTERO COMMUNITY MARKET ASSESSMENT Prospects for Future Commercial Development and Economic Development Opportunities

Prepared for:

Mr. Nick Batos
Chairman
Estero Council of Community Leaders (ECCL)
Box 424
Estero, Florida 33929

Prepared by:

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September 16, 2013

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COMMUNITY OF ESTERO
MARKET OPPORTUNITY ASSESSMENT

LEE COUNTY, FLORIDA

SEPTEMBER 2013

September 16, 2013

Mr. Nick Batos
Chairman
Estero Council of Community Leaders (ECCL)
Box 424
Estero, Florida 33929

Dear Mr. Batos,

Per your request and on behalf of your client, the Estero Council of Community Leaders (ECCL), PELTON RESEARCH PARTNERS (*PELTON RESEARCH*) and Seth Harry & Associates (SHA) have conducted a market study to assess the potential market demand for new retail, office, and residential uses to help determine the land needed to support these uses within Estero in the future. This study has been undertaken to provide ECCL relevant data and findings to further support their current and future long-range planning efforts for the community of Estero in conjunction with comprehensive planning efforts in Lee County.

The information provided in this study is built on previous research and planning work conducted by SHA and PELTON RESEARCH to assess larger-scale economic and market opportunities within Lee County. Findings from the earlier Lee County assessment have helped guide a more detailed examination of the unincorporated community of Estero. Key market and community characteristics were analyzed including: local resident demographics, household income levels, retail sales, consumer buying power, local employment, residential neighborhoods, retail centers, office spaces, and real estate market conditions, among others. Many of these characteristics are compared with those of other Lee County communities, including Bonita Springs and Fort Myers, as well as with Lee County overall. Additional comparisons are made with the City of Naples and Collier County to the south.

The following report summarizes the findings of the market investigation conducted by PELTON RESEARCH and SHA during the months of May, June, and July of 2013. The market investigation included a review of historical development trends in Estero and greater Lee County prior to 2000. Special consideration has been given to the impacts of local economic conditions stemming from the national recession during 2008 through 2009.

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This report is separated into five (5) primary sections summarized as follows:

Main Report

- *Section A - Introduction* – this section provides an overview of the study process used by PELOTON RESEARCH;
- *Section B - Executive Summary* – this section provides a summary of key findings from the Estero market study with an assessment of the Strengths, Constraints, and Opportunities discovered for the community. The section additionally includes a summary of national, state, and regional trends that will influence the future growth and development in Estero;
- *Section C – Demographics, Employment, & Future Growth* – this section provides historical, current, and projected statistics on demographics, employment, and job growth for Lee County, Estero, and select geographic areas;
- *Section D – Commercial Real Estate Markets, Retail Demand, and Land Use* - this section provides an assessment of current commercial and retail real market conditions, current and projected retail demand, and implications of future demand for space by type on future land use needs in the community of Estero; and
- *Section E – Prospects for Multi-District Downtown Estero* – based on the findings from the previous sections and a review of vacant mixed-use properties along US-41, the prospects for a multi-district town center for Estero is reviewed. The potential opportunity is reviewed as a comprehensive development program to capitalize on the changing demographic and economic characteristics within the local market that would strategically position the community for greater economic stability and resilience in the future.

Appendices

- *Estero Community Overview* – this section highlights the history of Estero and an overview of some of Estero’s 38 neighborhoods and community features;
- *Estero’s Schools* and their performance indicators are highlighted and summarized;
- *Demographic & Economic Characteristics* – this section of the report provides a summary overview of current and historical demographic and economic

activity in Southwest Florida with special emphasis on trends in the community of Estero. Current and projected demographic characteristics for Lee County and Estero are provided with comparative data provided for the City of Bonita Springs, City of Fort Myers, Collier County, and the City of Naples. Local employment activity and Lee County's largest employers are summarized;

- *Building Industry Activity* - this section provides an overview of building and permit activity in the Greater Estero market area and includes historical and current building trend information for communities in Lee and Collier Counties as well as the counties overall;
- *Real Estate Markets* – this section provides an overview of activity in the residential, office, and retail markets of Estero and selected surrounding market areas. Local sales and listing statistics, prices, and trends are provided across the residential market sector. A survey of available spaces and vacancy rates are provided for the commercial sector in the community of Estero; and
- *Commercial Property Listing Survey* – this section provides a comprehensive list of commercial properties listed for-sale and for-lease in the Estero market area.

This report summarizes the findings from our market assessment of the Greater Estero economy and local real estate market sectors. Based on our findings, the prospects for new development in the Estero market are positive for most residential market sectors in mid-year 2013 with continuing improvement expected through 2014. The retail and office market sectors are not expected to see substantial improvements until after 2014, though select opportunities still exist in underserved market segments.

Seth Harry & Associates will use the information provided in this study to conduct an additional evaluation of the potential building capacity and design implications for a centralized Estero community development, in addition to their assessment of the changes in development patterns that will occur with transitioning land uses in Estero.

Thank you for the opportunity to assist you with an Estero market assessment.

Sincerely,

Richard F. Hunt | Principal
PELTON RESEARCH PARTNERS

Seth Harry, AIA | President
SETH HARRY & ASSOCIATES

A. INTRODUCTION

STUDY OVERVIEW

The following study provides market research findings to support the comprehensive planning efforts of the community of Estero being led by the Estero Community Planning Panel (ECPP) and the Estero Council of Community Leaders (ECCL). The primary focus of this market study is the prospects for future real estate development in Estero based on local economic performance, demographic characteristics, and projections for growth within Estero and surrounding communities within both Lee and Collier Counties. Future population and job growth in Estero will have the greatest impacts on the demand for land use. This study provides findings on the expected shift in the amount of zoned land needed by future use.

The following main sources were used as part of this market investigation:

- National migration data into Lee County was gathered from the U.S. Census, the Internal Revenue Service, and the University of Florida Bureau of Economic and Business Research (BEBR).
- Geo-demographic data and population estimates were gathered from the U.S. Census, Environmental Systems Research Institute (ESRI), Claritas, BEBR, and the State of Florida Office of Economic & Demographic Research.
- Retail Sales and consumer spending data for Lee and Collier Counties for the time period 2003 to 2013 was gathered from ESRI, the State of Florida Department of Revenue, and the Bureau of Economic Analysis.
- Local business data was provided by the national firm Dun & Bradstreet along with data provided by local business owners.
- Local and regional economic data was gathered from the Regional Economic Research Institute at Florida Gulf Coast University and the Fort Myers Regional Partnership.
- Residential, retail, and office space listings were provided by numerous local and regional associations, individual real estate brokerage firms, and homebuilders including but not limited to: the Realtors Association of Fort

Myers and The Beach, Downing-Frye Realty, John R Wood Realtors, Pulte, Lennar, Toll Brothers, Premier Commercial, Cushman & Wakefield, CRE Consultants, Colliers International, Lee & Associates, and Avison Young.

- Previous planning studies were obtained and reviewed from the Lee County Planning Department and the Estero Community Planning Panel (ECP) website.
- Background data and research support was provided by Ruth Landsman, Partner, Seth Harry & Associates.
- PELOTON RESEARCH additionally relied on 26-years of professional experience working in real estate market analysis and economic development to conduct the market assessment for the community of Estero.

By utilizing the data gathered from these various sources, PELOTON RESEARCH and SHA were able to analyze the current economic conditions in the Estero market along with the market context for various real estate uses in the community. This information has been applied to long-range planning efforts to determine whether currently proposed land uses are in-sync with current and projected market demand.

The following section provides an executive summary of findings including an analysis of strengths, constraints, and opportunities relevant to future development in the Estero Planning Area.

B. EXECUTIVE FINDINGS

Strengths, Constraints, and Opportunities

The Estero community has benefitted greatly from careful planning over the past decade. Because of this the community has weathered a major national recession with a minimal amount of negative economic impact when compared to other markets in the State of Florida. Estero has significant strengths and opportunities moving forward that need to be considered. Equally important are some of the constraints the community needs to overcome to reach more sustainable growth and development.

The following is a summary of the strengths, constraints, and opportunities identified in Estero during this market study.

STRENGTHS

Strong population growth – *Estero has experienced rapid population growth since 1990, and is expected to continue to grow at a higher than average rate versus Lee County overall.* The Estero Fire District grew 144% from 2000 to 2010, from a population of 9,261 to 22,612, or a net increase of 13,351 new residents. This population growth exceeded that of Bonita Springs which added 11,117 residents during the same time period.

Based on an analysis of residential permit activity from 2000 through 2012, PELOTON RESEARCH has determined that substantially higher growth occurred in Estero than that reported by the U.S. Census during 2010. The analysis reveals real population growth in Estero from 2000 to 2010 was 5,597 more than that reported by the Census. A total of 26,723 part-time and year-round residents were added to Estero from 2000 to 2010. This puts the “in-season” population of Estero in 2010 at 40,301. These figures are very important when assessing the economic potential of the community in the future.

Excellent roadway network and highway access – *Estero benefits greatly from a location along an interstate and highway corridor. Interstate 75 and Highway 41 provide strong economic benefits for local businesses, drawing customers from North Lee County and Collier County.* Residents benefit from easy, convenient access to employment and shopping. Future development between Highway 41 and I-75 will benefit from visibility along the corridors. Improvements over the past decade include the addition of twelve (12) north/south lanes due to the addition of roadways and the widening of existing roadways. Some key roadway improvements are noted as follows:

- I-75 widened from 4 lanes to 6 lanes, and Hwy. 41 widening to 6 lanes to be completed by September 2013.
- The 4-lane Via Coconut Point roadway completed prior to Coconut Point opening in 2005 from Corkscrew Road to Pelican Colony Boulevard.
- Estero Parkway was extended with 4 lanes from Three Oaks Parkway to Ben Hill Griffin Parkway.
- Three Oaks Parkway was constructed as a 4 lane road south of Corkscrew Road to the Bointa Springs boundary in 2003 and widened to 4 lanes north of Corkscrew a couple of years later.

Close proximity to growing international airport – *The proximity to Southwest Florida International Airport is important for both business and tourism success.* The airport continues to show increasing traffic and usage levels. During July of 2013, a total of 467,946 passengers traveled through the airport. Traffic through July of 2013 is 5.9% higher than that of the same period in 2012. The airport served a total of 7.3 million passengers in 2012. The airport is served by major airlines including Delta, U.S. Airways, JetBlue, and Southwest Airlines. Alico Road and Daniels Parkway provide access to the airport from either Hwy. 41 or I-75. Three Oaks Parkway and Ben Hill Griffin Parkway also provides access north to the airport from Estero.

Centralized location – *The Estero community is well-located in a centralized location in Southwest Florida between the cities of Fort Myers and Naples.* The community is also centrally located in South Florida near equidistance from the major cities of Tampa to the north and Miami to the southeast. Both cities are an approximate 2-hour drive from Estero by automobile.

Highly desirable recreational opportunities and natural resources - *Coastal access, beaches, Koreshan State Park, and the attractive Estero River make for a highly-desirable recreational environment in Estero.* The state park and Estero River are located in the center of the community and provide opportunities to further enhance the surrounding public spaces. The Estero community is well-known as a highly-attractive lifestyle community.

Ability to attract a Fortune 300 corporation – *Estero will soon be home to the Fortune 300 Hertz Company (ranked 292 in 2013).* The new headquarters will be located on a 34-acre parcel on the southeast corner of Williams Road and Hwy. 41. The implications of this relocation will be highly-positive for economic development efforts in both the

short-term and long-run. The company is expected have 700 employees with average annual incomes above \$100,000 with some existing workers relocating into Estero. Hertz is additionally expected to hire new employees from within the surrounding market area. The company is planning to build a total of 450,000 square feet in two buildings. The first phase of the facility, the 300,000 square foot headquarters building, is expected to be completed in 2015. The total economic impact of the Hertz relocation into Estero is estimated at \$68 million.

Well-planned communities and neighborhoods – *Estero has a reported 38 identifiable communities, most with organized associations.* An estimated 35 of these communities are part of the ECCL which, along with the ECPP, guides planning, community development and growth management in the Estero area. So much of Estero's new development occurred over the last fifteen years, and the majority of housing stock is newer than that of surrounding market areas.

Development review process and standards – *Estero has a reputation as a highly-organized and active community with engaged leadership to guide the development review process within the community.* The result of this active involvement and guidance has been higher-quality development standards that have resulted in higher-quality developments and higher property values.

As noted on the Esterofl.org website, Estero is the only community in Southwest Florida where residents have so many opportunities to influence the use and appearance of each of its development projects. The first opportunity is at property zoning before the filing of a zoning application. The Estero Community Planning Panel (ECCP), created in 2002, holds public meetings to allow residents to support or oppose features of a developer's plans. The other opportunity for public participation is arranged prior to an application for a Development Order (DO) by the developer. The Estero Design Review Committee (EDRC) holds public meetings to review design, site planning, architecture, parking, access, and other issues, with all of the findings submitted in a report to the county to help guide the approval process. All of this oversight has led to the approval of more attractive and better planned projects that reflect the influence and support of local residents.

Proximity to major university – *Estero benefits from very close proximity to the Florida Gulf Coast University (FGCU), a fast growing institution of higher-education that brings positive direct and indirect economic impacts to the surrounding market area along with life-long learning opportunities to enrich the lives of local residents.* With a growing

student body of over 12,000 students and projected enrollment of 24,000 in the future, FGCU is a major economic asset for the community. Estero's immediate proximity will permit it to benefit from FGCU's growth.

Estero resident demographics – *The individuals that comprise the Estero population have higher than average levels of education when compared with those in the State of Florida and Lee County overall.* The community also has significantly higher median household incomes, even with household sizes that are significantly smaller than average. Lee County's average household income was \$65,205 in 2012 versus \$86,923 for Estero. A total of 24.7% of Lee County residents have a Bachelor's degree or higher-level degree, while 39.8% of Estero's residents have a Bachelor's degree or higher. Estero's part-time residents and those recently moving to the area have even higher overall percentages of Bachelor's degrees or higher.

Local pool of talent – *Along with higher education levels, the local resident population is comprised of many members who have successful business, professional and organizational experience.* This pool of talent has been tapped for the oversight of local community development and could be further tapped for local business development.

Large regional retail centers – *One of the strongest components of Estero's local economy is the presence of larger retail centers that qualify as regional centers serving a broad market area.* Miromar Outlets and Coconut Point Mall aided substantially in the creation of a retail-based economic engine in Estero. Total retail sales in Estero approached \$810 million in 2012, with these two centers contributing 76% of total Estero retail sales during the year. These retail centers are considered major community assets that greatly enhance the community for residents and visitors. A new 185,000 square foot Wal-Mart is set to be built at the northeast corner of Hwy. 41 and Estero Parkway. The project is due to begin after the completion of the Hwy. 41 road widening to 6 lanes late this year or early in 2014.

Proximity to the Research and Enterprise Diamond – *Nearby land is available for companies seeking industrial lands, especially those companies operating in research and development industries.* The Research and Enterprise Diamond is an economic development zone established in Lee County over an approximately 40 square mile area. The zone includes Southwest Florida International Airport, JetBlue Park and Florida Gulf Coast University and stretches south to the Miromar Outlets. The focus of the zone is the attraction of high-quality, clean-industry businesses, along with the attraction of complementary residential and retail uses to support residents, employees, and

students. The following map shows the boundary lines of the 1,100-acre Research and Enterprise Diamond.



CONSTRAINTS

Over 30% of Estero's population is comprised of part-timer households – *With 30% of the population not present for more than six months per year, Estero does not operate at full economic capacity.* That said, the annual retail sales at major retail centers in Estero don't show significant negative impacts from this less than year-round population. This is in large part due to the ability of these centers to draw retail sales from surrounding market areas. Nonetheless, future major retailers will want to see a higher-percentage of year-round residents to help offset the increasingly competitive retail environments of Lee and Collier Counties.

Limited employed local labor force – *The demographics of Estero, with a high percentage of residents aged 65 and over, limits the number of residents considered in the labor force.* According to the Census Department, over 50% of households in Estero reported no workers present. These factors are combined with the limited number of industries currently operating in Estero. The presence of Hertz in the community will help create a higher number of desirable local jobs with good annual wages.

Over-reliance on construction industry employment – *Like many Florida communities, Estero relies heavily on the success of the construction industry to support a substantial percentage of local industry employment.* The pace of construction may reach pre-recession levels again over the next few years, but the cyclical nature of the construction industry makes the increased diversity of industries in Estero more important. As the community reaches build-out over the next two decades, there will be less demand for construction employment.

Lack of a central downtown – *Estero has 38 communities, but lacks a centralized downtown.* Currently, the areas surrounding Miromar Outlets and Coconut Point Mall represent primary local business districts. And though Coconut Point Mall was originally referred to as the *Town Center at Coconut Point*, neither of these community centers is considered the core of Estero. The establishment of a central downtown in Estero would help the community create a distinct identity and would provide another draw for both local residents and visitors to the area.

Limited rental housing – *Aside from a few older rental housing complexes in the market, Estero relies primarily on individual owners to provide rental housing in the market.* This is partly due to the conversion of for-rent projects into for-sale properties during the

boom years prior to 2008. Some homes offered for-sale were temporarily converted to rentals over the past five (5) years. As the market improves these units could convert back to for-sale. A significant amount of rental housing should be offered in the community to provide housing for working couples, singles, and retirees. The availability of quality rental housing is important for a community looking to provide workforce housing. This is an important factor for businesses looking to relocate or establish a presence in local markets.

Limited housing available to ageing seniors – *Estero has no shortage of high-quality, amenity-rich neighborhoods offering housing for active seniors, though the community appears to have limited housing available for those who are less active or in need of assisted-living.* Given the substantial population aged 65 and over, future planning for housing in Estero should include more emphasis on continuing care, assisted-living, and Alzheimer’s facilities. Additional emphasis should be placed on housing for older single residents, especially housing for older single females. All of these factors are important for a community looking to promote ageing in place.

School choice and teacher pay – *Market perceptions indicate Lee County has limited school choice when compared with Collier County.* This has resulted in younger families with children choosing to purchase in Collier County for the option of school choice, even if there is no guarantee their children will get to attend their school of first choice. Recent media reports have also indicated that Lee County is having a hard time holding on to teachers due to higher pay being offered in Collier County. These issues need to be investigated more fully and mitigated where possible. The attraction of family households is of importance to help balance future growth in Estero.

Lack of an acute care hospital – *The Estero population relies heavily on hospital facilities that are not located within the community.* These facilities, located in Fort Myers and Naples, are in excess of 10 miles away. Given the expected population growth of Estero and the percentage of the population aged 55 and over, the community is at a disadvantage without a local hospital facility. The presence of quality medical facilities is important to attract the Baby Boomer and young family market segments, and is equally important to attract new business development. Aside from school quality, the existence and quality of medical facilities is a key consideration by business owners with employees.

Limited control over community boundaries – *Aside from the local planning and development guidance provided by the ECCL and the ECPP, Estero has limited control over community boundaries. Recent threats by neighboring Bonita Springs to annex unincorporated areas within the Estero planning area demonstrate the need for more control. Estero’s review of incorporation options is a major step to gain control of community boundaries and future fiscal management.*

Large inventory of available office space – *Estero has a substantial amount of vacant office space available for-lease with vacancies in excess of 20% in some market segments. Though this would appear good from the standpoint of attracting new businesses, much of this space is oversized relative to smaller business demand. Ample sites do exist for new office development on a build-to-suit basis.*

Land over-zoned for retail uses – *Based on an assessment of current and future demand for new retail uses in the Estero market, the community has been determined to have an over-abundance of land zoned for retail uses. Future population growth and increased tourism is expected to provide future demand for less than 1 million square feet of new retail/commercial space over the next 20 years. Using an average ratio of 4-to-1 for the amount of land needed to support future retail buildings, all future retail development would result in the need for approximately 92 acres of future retail-zoned land demand. The amount of land needed would be lower if future retail was built more densely or as part of mixed-use development.*

Potential shortage of residential land to support future growth – *The return of a strong growth rate in Estero over the next decade could lead to a shortage of available residential land for new development. If Estero was to grow by another 8,000 to 10,000 year-round and part-time residents over the next 10 years, there would be a need for at least 800 to 1,000 residential acres. At an average household size of two persons per residence, a minimum of 4,000 new units would be needed to support population growth of 8,000 residents. At a residential density of 4 units per acre, a minimum of 1,000 acres would be needed. A housing demand analysis conducted by PELOTON RESEARCH PARTNERS as part of this report reveals that 832 acres of residential land may be needed by 2020, if new residential development is provided at 4 units per acre.*

OPPORTUNITIES

Ample commercial land available for rezone – *Estero has land zoned for approximately 6.5 million square feet of retail and commercial space. Approximately 3.5 million square feet of retail space currently exists in Estero and over 3 million additional square feet are zoned. Projected demand is for less than 1 million square feet of retail and commercial space, including 185,000 square feet to be attributed to a new Wal-Mart in 2014.* A portion of this excess retail land can be converted to residential uses to support projected future household growth in Estero. (See Estero Future Retail Demand for further information).

Properties are available to accommodate a Downtown – *A current review of land available for-sale in Estero revealed significant property listings along the Highway 41 and Interstate 75 corridors. Several properties, located between Estero Parkway and Coconut Road, are currently approved for larger-scale mixed-use developments. One property located along South Tamiami Trail and Broadway is being marketed as “Downtown Estero”. The 35-acre site is planned for a combination of retail, restaurant, office, residential uses (310 units in a 4-story format), and a senior-housing component (90 to 160 beds). Other notable listed properties in various stages of planning include the following:*

- Estero Greens – 10.2 acres
- Coconut Trace – 24 acres
- Estero on the River – 88 acres
- North Point – 102 acres
- Estero Town Center (Via Coconut Point) – 34.5 acres
- Galleria at Corkscrew East & West – 9.9 and 11.4 acres
- Coconut Crossing – 46 acres (not currently listed)
- Halfway Creek – 10 acres (approximate)
- Camargo (North Parcel) – 11 acres

These properties, collectively comprising nearly 350 acres, provide a potential opportunity for a comprehensive planning effort to develop a centralized Downtown area.

Land available for a new hospital – *In 2004 Lee Memorial Hospital System (LMHS) purchased 30 acres of land in the south Village of Coconut Point just south of the Dillard’s department store. This site is in close proximity to the Coconut Point Mall and the new*

Hertz headquarters. The medical facility has the opportunity to be incorporated into a Downtown Estero plan as the catalyst of a new medical district in the community.

Land available for a continuing care facility – *Based on reviews of land availability in Estero, there is significant land available for the creation of continuing care facilities.* These facilities can span the range of care from limited assisted-living to year-round care. An existing facility includes the Life Care Center of Estero located on Williams Road. The facility includes 155 certified beds and 144 year-round residents receiving various stages of care.

The demographics of Estero clearly support the inclusion of these facilities in the community. By 2017, 14.5% of the population is expected to be 75 years of age or older, and a substantial 46.3% will be 65 years or older. Over 26% of the population lives alone in Estero and the figure is much higher for the elderly, especially within the female population.

Land is available for multi-family rental housing – *The Estero market has a limited amount of land available for multi-family rental housing, an important housing choice for accommodating the workforce and new residents.* There is land available in Estero for new multi-family housing in appropriate locations. The proposed corridor of an Estero Downtown has several major properties with the ability to support new multi-family housing both for-rent and for-sale.

Hertz relocation to Estero – *The establishment of the Fortune 300 Hertz headquarters in Estero could be a major catalyst for future business development in the community.* The economic development community should continue efforts to capitalize on the future presence of this facility, highlighting the reasons this major corporation chose the high-quality community of Estero for their homebase. Estero should seek to fill in the open lands around the Hertz facility with activity centers that attract new high-quality development to increase the desirability of the area and benefit future employees and residents.

Potential opportunity for executive offices and corporate apartments – *Estero continues to establish itself as a friendly place to conduct business in a lifestyle community.* There is an opportunity to provide executive office suites for business owners seeking temporary office spaces for employees, visitors, and subcontractors. Regus International is a potential choice as an operator. They have over 1,500 locations worldwide in 100 countries with a growing membership. The closest Regus executive office location is in Sarasota, over 70 miles away. An independent operator in Estero

may be able to provide very similar services in an existing office building. An additional opportunity exists for corporate apartment facilities that provide extended stay options for visiting employees. Extended stay facilities continue to be the fastest growing segment in the hotel industry, but corporate apartments are often overlooked as a complementary option.

Baby boomer retirement growing – *The leading edge of Baby Boomers turned 65 in the depths of a national recession, forcing many to delay retirement.* An increase in retirees is expected over the next decade as the largest demographic group continues to reach retirement age. The tail end of the Baby Boomer population will reach 65 years of age in 2030. Estero should continue to see strong growth in new part-time and year-round residents from this market segment.

Economic growth to drive family growth – *Southwest Florida is experiencing stronger economic growth and the potential for continued job growth.* Both Lee and Collier Counties were recently ranked two of the three fastest growing counties in the State of Florida. For younger couples, singles, and families, new job growth drives the demand for new housing. Estero can capitalize on the economic growth by capturing housing demand deriving from these important market segments. Bella Terra, a 1,900 home community located in East Estero and developed by Lennar Corporation, has demonstrated strong market support for housing catering to families. This housing development has also demonstrated the feasibility of providing more limited amenities such as a 7,000 square foot pool, playground, fitness center, and 7,000 square foot clubhouse.

KEY CONCLUSIONS – THE FUTURE OF ESTERO

Though this study included a comprehensive review of economic activity in Southwest Florida and Lee County, the key findings of this study are being used to support the future planning and development of the Estero community.

The Estero community is fortunate to have so many community members who care about the community's future and who play an active role in planning the community's future. The results are a very attractive and desirable community to live. Growth trends over the past decade reveal the success of the community stemming from careful and thoughtful planning.

The following is the summary of the most important findings and recommendations for Estero moving forward.

- 1) **Future Land Use Changes** – Moving forward, Estero has some key land use issues that need careful attention in the near future. Estero appears over-zoned for retail and commercial uses given the projected future population growth, business growth, and potential demand.
- 2) **Business and Job Growth** – By 2015, Estero will be home to the Hertz Corporation and an associated 700 new jobs in the community. The economic impacts of Hertz’s relocation to the community will have an estimated \$68 million economic impact. As importantly, the presence of Hertz will allow the community to capitalize on the presence of a Fortune 300 corporation. This will be an important catalyst for future economic development efforts. Estero has a substantial amount of existing vacant office space that needs to be filled by the presence of new or expanding local businesses.
- 3) **Adequate Medical Services** – Estero is currently lacking an adequate level of medical services to support the year-round and part-time population of the community. This inadequate level of service will become an even more significant issue with the growing population, especially those aged 55 and over, projected to arrive to the community over the next decade. Additionally, the lack of adequate acute medical care will place Estero at a competitive disadvantage when new residents and businesses evaluate Estero for relocation relative to surrounding communities.
- 4) **Downtown Estero** - A long-term planning strategy for Estero should include the identification and development of a centralized community core. This community core should be easily identifiable as “Downtown” Estero. As part of the recommendations at the end of this study, PELOTON RESEARCH has identified geographic areas within the Estero community that provide potential locations to support a centralized community development. These prospective areas provide positive attributes and locational characteristics to support a range of uses needed to comprise a multiple block Downtown development.

C. DEMOGRAPHICS, EMPLOYMENT, AND FUTURE GROWTH

This section covers a broad range of topics including local demographics, future household growth, employment and job growth in Lee County, Estero, and other selected geographic areas.

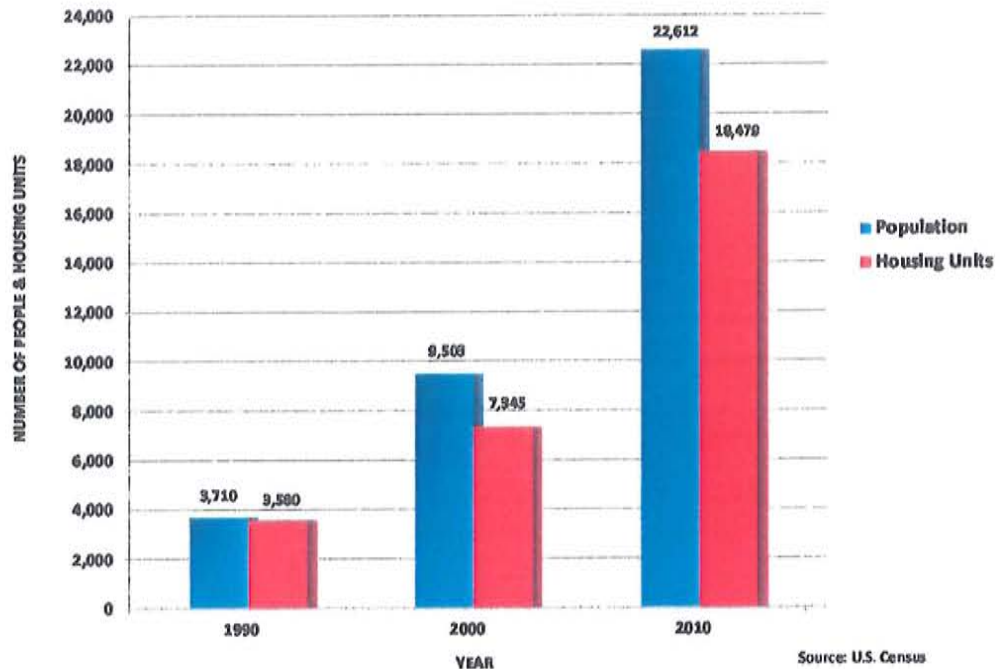
ESTERO POPULATION & AGE GROUPS

Over the past two decades the Estero community has become known for its rapid growth and a high concentration of residents aged 55 and above. Estero experienced astounding growth from 1990 to 2010, increasing population in its Census designated boundaries from 3,710 to 22,612 for a net permanent population gain of 18,902 based on Census estimates. Along with the rapid population growth came the strong growth in new housing units.

Estero had 3,580 housing units in 1990 with nearly 53% considered vacant or seasonal, and 63.2% of all housing units comprised of mobile homes. By 2010, Estero had 18,479 housing units with 7,213 units less than full-time occupied. The total increase in housing units over the 20-year period was a minimum of 14,899 units, or a total unit increase of 316% in just two decades.

The year-round population of Estero grew 156% from 1990 to 2000 and another 138% from 2000 to 2010. By comparison, Lee County grew 31.6% from 1990 to 2000 and 40.3% from 2000 to 2010. Both Lee County and Estero grew at a more rapid pace than the State of Florida overall. The following chart show the population and housing unit growth of Estero from 1990 to 2010. These are Census-based figures only. These figures most likely underestimate the real population growth in Estero (*see Estero Population and Housing Growth*).

ESTERO POPULATION & HOUSING UNIT GROWTH 1990 to 2010



Estero's population growth has been primarily driven by new residents aged 65 and older since 1990. Most often, new households include retirees from other market areas, such as the Midwestern portion of the U.S. Every year a number of part-time residents who already keep a residence in Estero convert to year-round residents, thereby adding themselves to the population count for the community. Estimates from previous Census years showed that between 30% and 37% of Estero housing units are occupied on a part-time basis. There is a tendency to underestimate the impacts of part-time residents on the need for services in the area. At the same time, there is a tendency to underestimate the positive economic impacts the part-timers have on the local economy. (See Estero Estero Retail Demand for more on this topic.)

The year-round 65 and older household segments in Estero are projected to continue to be the most dominant age groups in Estero for the foreseeable future. The following charts show the 2012 breakdown of age groups in Estero compared with the age group breakdown in the Cities of Fort Myers and Bonita Springs and Lee County overall.

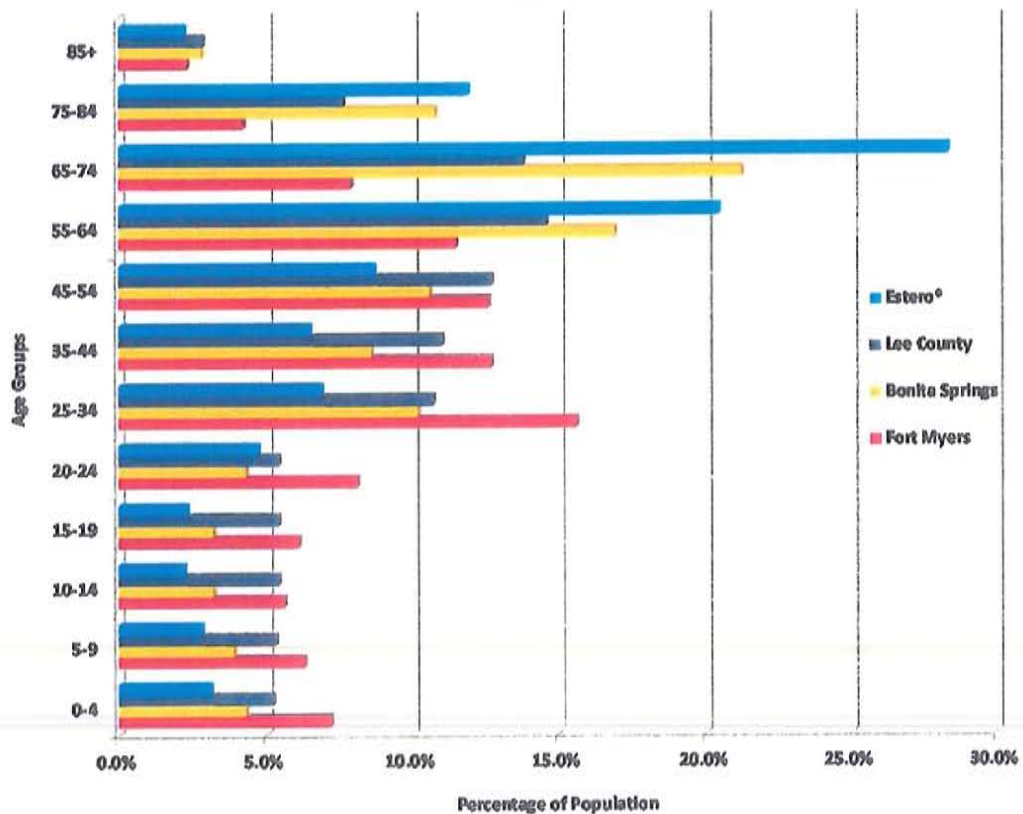
POPULATION BY AGE GROUP 2012
For Selected Geographic Areas

Age Groups	GEOGRAPHIC AREA			
	Estero CDP*	City of Fort Myers	City of Bonita Springs	Lee County
0-4	3.1%	7.2%	4.3%	5.2%
5-9	2.8%	6.3%	3.9%	5.3%
10-14	2.2%	5.6%	3.2%	5.4%
15-19	2.3%	6.1%	3.2%	5.4%
20-24	4.7%	8.1%	4.3%	5.4%
25-34	6.9%	15.6%	10.2%	10.7%
35-44	6.5%	12.7%	8.6%	11.0%
45-54	8.7%	12.6%	10.6%	12.7%
55-64	20.4%	11.5%	16.9%	14.6%
65-74	28.3%	7.9%	21.2%	13.8%
75-84	11.9%	4.2%	10.8%	7.6%
85+	2.2%	2.3%	2.8%	2.8%
Total =	100%	100%	100%	100%

* Estero Census Designated Place Only. Does not include part-time population or greater Estero Planning Area.

Source: U.S. Census; InfoGroup; Claritas; and Peloton Research Partners

AGE GROUP DISTRIBUTION BY GEOGRAPHIC AREA
Estero, Lee County, & the Cities of Fort Myers & Bonita Springs
Year 2012



The light blue bar in the previous chart shows how dominant the 55 to 74 year old age group is in Estero, and how much more dominant this group is in Estero versus the other geographic areas. The impacts of this population distribution leads to a higher overall median age for the Estero community compared with the other areas.

Year	Estero	Fort Myers	Bonita Springs	Lee County
2012	62.1	35.9	56.2	46.3
2017	63.7	36.9	58.8	48.1

The following table shows the distribution of population by age group in 2012 and the forecast for 2017. Based on these figures, the Estero population will see the largest increase in the 55 and above age groups, with a total increase of 42.8% by 2017. The groups aged 55 and above all see positive growth to 2017, while various age groups aged 54 and under see negative growth. The largest decline will occur with the population aged 20 to 24. This trend may be reversed if Estero develops new housing that can accommodate some of the students attending FGCU, along with some of the young professionals associated with the Hertz Corporation headquarters.

ESTERO* POPULATION BY AGE GROUP
 Year 2012 Estimates and 2017 Forecast

Age Groups	YEAR		Percentage Change 2012 to 2017
	2012 % Total	2017 % Total	
0-4	3.1%	2.8%	-4.4%
5-9	2.8%	2.6%	-1.7%
10-14	2.2%	2.1%	1.0%
15-19	2.3%	2.1%	-3.4%
20-24	4.7%	4.1%	-7.7%
25-34	6.9%	6.3%	-3.4%
35-44	6.5%	5.9%	-4.0%
45-54	8.7%	7.5%	-8.8%
55-64	20.4%	20.0%	3.7%
65-74	28.3%	32.1%	20.0%
75-84	11.9%	12.2%	8.5%
85+	2.2%	2.3%	10.6%
Total =	100.0%	100.0%	

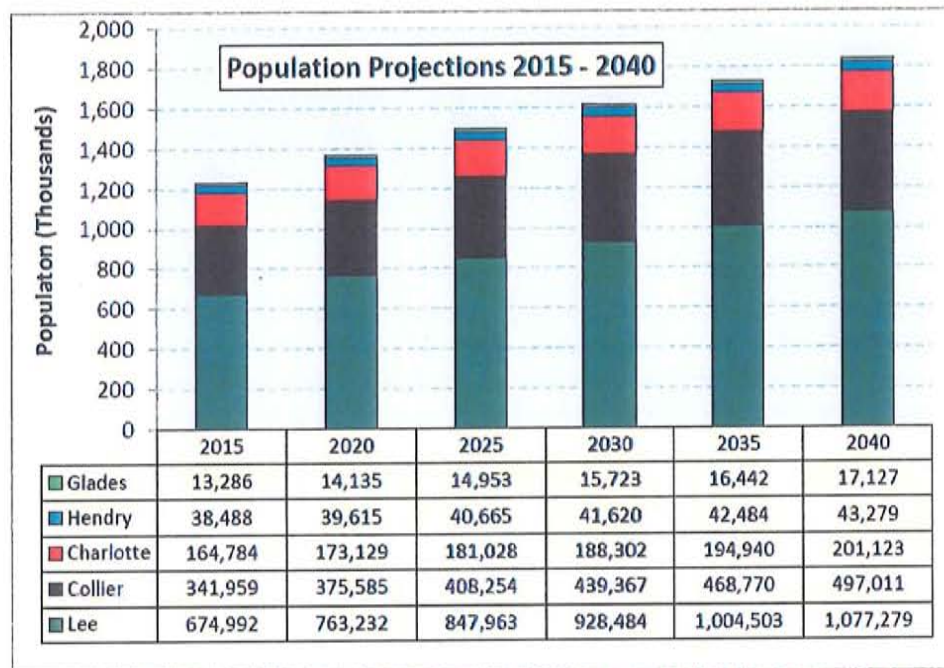
* Estero Census Designated Place Only. Does not include part-time population or greater Estero Planning Area.

Source: U.S. Census; InfoGroup; Claritas; and Peloton Research Partners

ESTERO HOUSING GROWTH & POPULATION FORECASTS

Lee County was the 3rd fastest growing county in Florida from October 2012 to September 2013, growing 10% over the 12-month period. This growth rate only slightly lagged the 11% growth in Collier County during the same time period. Broward County was the fastest growing county over the previous year, due in large part to continued international migration.

The Bureau of Economic and Business Research at the University of Florida in Gainesville projects that the estimated 2012 population of 330,000 in Collier County will grow about 51 percent, to 497,700, by 2040. Lee County’s 2012 population of about 630,000 is expected to expand nearly 68 percent to 1,070,200 during the same period.



Source: Florida EDR: Florida Demographic Estimating Conference, February 2013 and BEBR Florida Population Studies, March 2013.

Lee County is forecast to add 402,287 to its population during the 25-years from 2015 to 2040, for an annual increase of 16,091 people. The added population to Lee County would be in excess of the total population of Collier County in 2020.

Estero comprised 3.6% of Lee County’s population in 2010. Based on continued growth trends in Estero, the community should see an increasing share of the county’s

population total as it continues to outpace the growth of the county and the other communities in the county.

Based on a historical and recent review of development activity and population growth in the Estero community, PELOTON RESEARCH PARTNERS has come to the conclusion that recent Census figures did not accurately account for real population growth in the area. There are a number of reasons for the discrepancy, the most important being the limited household sampling that occurred with the 2010 Census. The Census Department has often struggled with small area population estimates and projections, but the 2010 Census brought changes that made it even harder for the agency to accurately count housing units and population growth.

The following is a review of the Census statistics for the Estero CDP from 1990 to 2010.

CENSUS YEAR	TOTAL POPULATION	HOUSING UNITS	POPULATION		HOUSING UNITS	
			Change 90-00	Change 00-10	Change 90-00	Change 00-10
1990	3,710	3,580				
2000	9,503	7,345	5,793		3,765	
2010	22,612	18,479		13,109		11,134

Source: U.S. Census; Peloton Research Partners

The figures to the right of the table show the net growth from 1990 to 2000 and 2000 to 2010 for population and housing units. As mentioned previously, Estero saw the largest growth rate in Lee County during these time periods.

As fast as these growth rates were, there appears to have been more growth than that indicated in the Census figures above. Population growth in the market has been highly correlated with housing unit growth in the area. Even though an estimated 30% of Estero’s housing units are purchased by part-time residents, the remaining 70% are purchased and occupied by year-round residents who would count in a physical door-to-door Census count.

The following table shows the residential construction permits issued since 2000 along with projected permits for 2013 and 2014 and forecasted estimates for permits for 2015 through 2020.

Estero Planning Area Permit and Population Estimates and Forecasts

Year	Housing Units Permitted	Occupancy Factor	Occupied Units	Average Household Size	Total Population	Population Percent Full-Time	Pop Number Full-Time	Population Percent Part-Time	Pop Number Part-Time
2000	2,008	95%	1,908	2.10	4,006	70%	2,804	30%	1,202
2001	2,104	95%	1,999	2.10	4,197	70%	2,938	30%	1,259
2002	1,500	95%	1,425	2.10	2,993	70%	2,095	30%	898
2003	1,425	95%	1,354	2.05	2,775	70%	1,943	30%	833
2004	1,646	95%	1,564	2.05	3,206	70%	2,244	30%	962
2005	2,833	95%	2,691	2.05	5,517	70%	3,862	30%	1,655
2006	1,310	95%	1,245	2.05	2,551	70%	1,786	30%	765
2007	432	95%	410	2.05	841	70%	589	30%	252
2008	167	95%	159	2.05	325	70%	228	30%	98
2009	164	95%	156	2.00	312	70%	218	30%	93
2010	194	95%	184	2.00	369	70%	258	30%	111
2011	181	95%	172	2.00	344	70%	241	30%	103
2012	341	95%	324	2.00	648	70%	454	30%	194
2013	421	95%	400	2.00	800	70%	560	30%	240
2014	392	95%	372	2.00	745	70%	521	30%	223
2015	431	95%	410	2.00	819	70%	573	30%	246
2016	474	95%	451	2.00	901	70%	631	30%	270
2017	522	95%	496	2.00	991	70%	694	30%	297
2018	574	95%	545	2.00	1,090	70%	763	30%	327
2019	631	95%	600	2.00	1,200	70%	840	30%	360
2020	694	95%	660	2.00	1,319	70%	924	30%	396

Source: Lee County Building Department.; Esterofl.org; Peloton Research Partners, 2013

The occupancy factor show the percentage of homes that would be considered occupied either year-round or part-time after purchase, either by the homeowner or a renter. The average household size is based on Census statistics. This is the average number of people in each residence. The total population column shows the number of people that occupy these units, both part-time and full-time. The full-time population column breaks-out only the portion of the total population that will reside in Estero more than 6 months per year. The part-time population is the other 30% that are considered to have the primary residence somewhere else. These figures give a better indication of actual population growth based on residential development.

Some of the key statistics derived from the previous population/permit table for the time period 2000 to 2010 are shown as follows:

Estero Population and Housing Growth 2000 to 2010		
Full-Time Pop Growth	Part-Time Pop Growth	TOTAL Pop Growth
18,706	8,017	26,723
Full-Time Housing Units	Part-Time Housing Units	TOTAL New Occupied Units*
9,037	3,873	12,910

* Note: this is the number of new units occupied by either part-time or full-time residents during the year.

Based on a correlation of permit activity with population in Estero, the community added 18,706 new full-time residents from 2000 to 2010. During this same time period the U.S. Census reported full-time population growth of 13,109. The permit figures indicate a difference of 5,597 residents versus the Census. The Census would have additionally under-counted the part-time population by a substantial amount. When looking at the total population change (part-time and full-time) in Estero from 2000 to 2010, the permit activity indicates a population change of 26,723 or 2,672 per year. When adding the 26,723 total population growth from 2000 to 2010 to the estimated Year 2000 full-time population figure of 13,578, the “in-season” population of Estero would be an estimated 40,301 in 2010. (See page 27 for a note on Estero population calculations.)

There are many implications of these higher population figures, including the appropriate level of planning for public services and resources. The influx of 30% of the total population during high season can place significant demand on public resources, such as public safety and medical services. The Estero community needs to be aware of the real impacts the larger population will place on the need for localized medical services in close proximity to the community. Based on the historical growth rate and larger the reported population figures of the community, Estero may have already outgrown the capacity of locally available medical services.

POPULATION & HOUSING FORECASTS TO 2020

The rows for the years 2013 and 2014 shown in the previous *Estero Planning Area Permit and Population Estimates and Forecasts* table are the estimates for new residential permit activity based on a survey of planned building activity of local builders for those years. Current estimates show 823 new units planned for 2013 and 2014. This equates to an additional 1,081 new year-round residents in the 2-year period. The figures for 2014 could be higher if local market conditions continue at their current pace.

The rows for the years 2015 through 2020 are forecasted permit activity by PELOTON RESEARCH PARTNERS based on a 10% annual increase of permit activity expected during the time period. This would result in an increase of 3,327 new residential units over the 6-year period and a full-time population increase of 4,425 or 737 new residents annually.

Based on the figures from the permit activity table, total part-time and year-round population in Estero is expected to grow by 8,858 for the time period 2011 through 2020. This would include the new growth that has occurred since the last Census. Given the previous 2010 estimate of Estero's in-season population of 40,301, the 2020 in-season population would be expected to reach 49,159 (40,301 + 8,858).

New housing demand in Estero would include demand from both year-round and seasonal residents. PELOTON RESEARCH PARTNERS has forecasted future demand of 3,327 new housing units in Estero from 2015 through 2020. Estero has been averaging approximately 3 units per acre for recent residential developments. This figure should be closer to 4 units per acre or higher, on average, for future developments. If 3,327 units were built at 4 units per acre, approximately 832 residential acres would be needed. The amount of land needed could be reduced through higher densities and the use of mixed-use lands to incorporate residential units.

The historical average annual permit activity in Estero for the time period 2000 through 2010 was 1,253 permits per year. Though it is unlikely Estero will see the large spikes in activity experienced in 2000, 2001, and 2005, the community has many attributes that will make it a draw for more development and more residents. Estero is maturing as a community, and the years of thoughtful planning and infrastructure improvements have enhanced the community's character and appeal. As long as affordable to moderately

priced residential land is available for future development, the community should see continued growth in annual permit activity. The new Hertz headquarters should bring an influx of new employees and residents to Estero, aiding the initial spike in permit activity starting in 2015.

The following are important clarifications regarding the population and permit figures. The Census estimated Estero as a Census Designated Place based on boundaries that did not include the larger Estero Planning Area. Communities that have developed in the Planning Area that were not included in the Census include: The Vines, Osprey Cove, Belle Lago, and The Reserve at Estero. These communities will contain approximately 1,700 units when they are completed. During the 2000 to 2014 time period shown in the previous *Estero Planning Area Permit and Population Estimates and Forecasts* table, these projects contributed approximately 1,250 units to the permit totals shown in the table. Based on a 95% vacancy factor and an average household size of 2.0, these four communities made up approximately 1,662 new year-round residents in the totals shown up to 2012. If an apples-to-apples comparison of the 2000 to 2010 Census figures was made with that of the population growth figures based on permits for the same time period, the 1,662 new year-round residents would need to be removed from the calculation due to differences in the Census boundaries of Estero versus that of the Planning Area. Even with the removal of the population attributed to these communities, the Estero CDP population far outgrew the population figures indicated by the Census during the periods examined.

LEE COUNTY & ESTERO EMPLOYMENT & JOB GROWTH

Lee County has continued to see job growth during 2013 and is outgrowing the overall recovery being seen for the State of Florida and the U.S. overall. Over the last two years, Florida's private-sector has created over 294,000 new jobs, for an average of 12,250 new jobs every month. Lee County unemployment declined from a rate of 9.7% in July 2012 to 7.6% in July 2013. Collier County declined from 9.8% to 7.5% over the same time period.

Collier, Lee, and Palm Counties led the way in job growth for the State over the past two years. Collier County's 2012 growth rate was 3.4% while both Lee and Palm County's annual job growth rate was 2.5%. The strongest sectors of positive job growth for Lee

County were in the following industries: leisure and hospitality (+3.9%); trade transportation and utilities (+3.7%); information (+3.4%); and construction (+3.1%). Meanwhile, Collier County's positive growth rate was primarily driven by the following industries: professional and business services (+12.4%); construction (+4.4%); leisure and hospitality (+4.4%); and manufacturing (+4.0%).

Given the continued recovery being experienced in the Southwest Florida residential real estate markets, construction employment is expected to see significant increases in both Lee and Collier Counties over the next year. Collier County's growth in the professional and business services and manufacturing sectors demonstrates strength in sectors with higher average wages than those typically seen in the leisure and hospitality sectors. Lee County's recent job growth is a positive indicator, though the County should focus on growth in sectors with higher wage and salary prospects. Growth in the County's information industry provides insight into a sector with increasing prospects for future growth. This sector, along with science, biotechnology, healthcare, education, and research and development, are sectors the County is targeting in an effort to attract higher-wage, clean-industry jobs.

Growing a Lee County Workforce That Will Fit the Needs of Local Companies

The following are excerpts from an assessment and findings provided by PELOTON RESEARCH PARTNERS in March 2013 in regards to Lee County employment prospects and the ULI Report on the Research & Enterprise Diamond.

Lee County can continue to grow in strong industries that are not as competitive for land consumption as the mining industry, and that can also provide jobs to the local population. The County and the community of Estero have ample commercial and industrial lands to support future clean-industry growth. If only half of the 1,100-acre Research & Enterprise Diamond were developed at a minimum of 20 employees per acre, the area could support a minimum of 11,000 new jobs.

A lack of local qualification for local jobs

The Lee County Business Climate Survey Report from the first quarter of 2013 reveals current weaknesses in the local job market as well as an opportunity for businesses to partner with educational institutions to create programs that will produce the kind of workforce needed.

Most business executives surveyed are optimistic about their companies' growth, which suggests that an investment in training workers to fill the needs of those companies would be worthwhile for the future employment of Lee County residents. Furthermore, programs should be molded for both younger and older members of the population, as both of these age groups will continue to grow and play a substantial role in the economic future of Lee County.

Needed skills

The following points are from the business climate survey that suggests the kind of workforce development needed.

Executives need employees with the following skills: analytical, critical thinking, computer and programming, customer service, interpersonal/communication, leadership, listening, machine operator skills, multi-tasking, networking, problem solving, reading comprehension, time management, sales, web design, and writing.

Critical positions and occupations the executives indicated to have trouble filling included account representatives, CNC robotic technicians and programmers, customer service, electricians, IT professionals (including computer support, programming, application software, networks, and web design), sales, marketing, and skilled trades.

Investment in a university business cluster, the Research and Enterprise Diamond

The Technical Assistance Panel (TAP) from the Urban Land Institute together with local expertise assessed a 40-square mile area in Southern Lee County, called the "Research and Enterprise Diamond" to advise the county on market potential; planning and design; and implementation strategies. The overall vision is a cluster or hub of high tech/clean/green/sustainable economic development, where universities and businesses can develop new ventures from the co-location of mutual resources and shared knowledge. A take-away from the TAP report where Lee County can take immediate action is the "keys to sustainable development," which include the availability of improved land, predictability of cost and time for development, and a qualified workforce. The Lee County government with its Fort Myers Regional Partnership and Horizon Council can provide guidance and model legislation and programming to help with the need for improved land and the predictability of cost and time for development.

Appropriately gathering data on available space and marketing that space for new businesses or business expansion is a habit practiced elsewhere in the country to encourage businesses to fill vacant spaces. Incentives can also be provided to help businesses transition into existing, vacant spaces similar to existing programs that help expedite that process.

D. REAL ESTATE MARKETS, LOCAL DEVELOPMENT, & LAND USE

This section provides an overview of real estate markets in Estero with an emphasis on residential, office, commercial, and retail market sectors. The current market conditions and recent activity levels are assessed for various property types. Vacant parcels and the prospects for a central Estero town center are reviewed and analyzed.

ESTERO OFFICE & RETAIL DEVELOPMENT ACTIVITY

The Estero market for commercial space has been improving over the previous three consecutive quarters according to the regional office of Cushman & Wakefield real estate brokerage. This is good news for a market that has experienced an accumulation of vacant commercial buildings and commercially-zoned land over the past five years. The office market has been the hardest hit with vacant space exceeding 20% in 2013.

From 2000 through 2008, Estero experienced over \$750 million in commercial development activity. The community added many new retail and office assets including: the Miromar Outlets, the Hyatt Coconut Point Resort, and the Coconut Point Mall, along with many smaller neighborhood retail centers and office developments. There is approximately 4.7 million square feet of retail and office space in Estero at this time, with approximately 3.5 million square feet represented by retail space alone. New commercial development activity has been very limited over the past five years due to the considerable inventory of vacant space currently on the market.

In a recent media report, Gary Tasman, founder and executive director of Cushman & Wakefield Commercial Property Southwest Florida, said commercial real estate will continue to improve. He doesn't think there will be new office construction, but there will be a decrease in vacancies with rents stabilizing and possibly increasing. However, there may be some new construction in retail spaces and Southwest Florida may see a few new grocery stores. Yet, Tasman said there will definitely be speculative construction of industrial spaces along the I-75 corridor. There is hardly any inventory in

that category, and he said a hint of demand is percolating. “I think the real booming commercial real estate is going to happen in 2014, 2015,” he said.

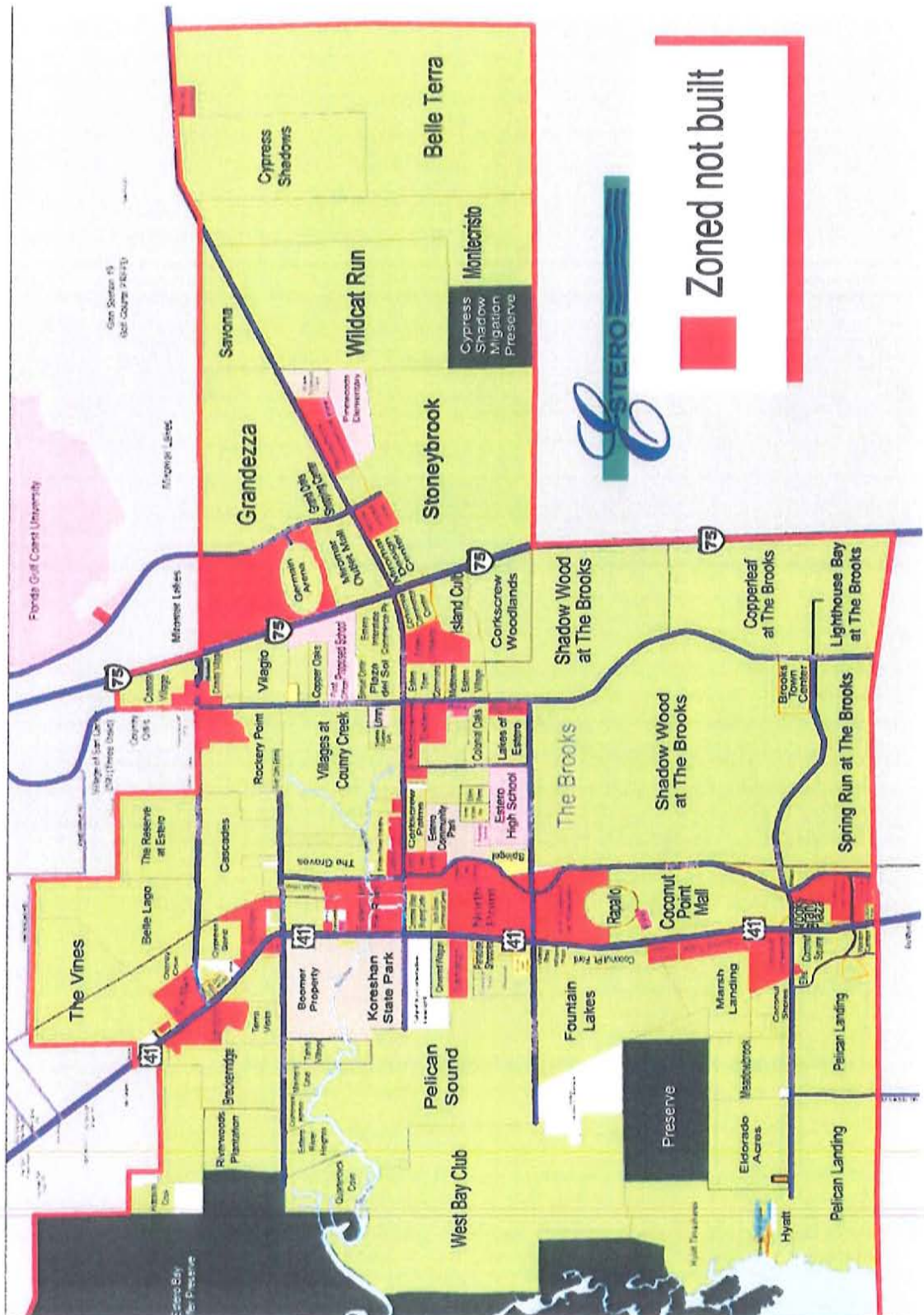
As noted, Estero currently has no shortage of available office space. PELOTON RESEARCH PARTNERS conducted a survey of listed properties being offered for-sale or for-lease in the market (a list and summary of these properties is available in the Appendix of this report). Based on a small sampling of office properties located along Corkscrew Road and US-41 there was approximately 50,000 square feet found to be vacant, not including office space proposed to be built on vacant land.

Estero does not typically experience a high-rate of absorption of office space on an annual basis. Based on the sampling of properties along US-41 and Corkscrew Road, and the extended list provided in the Appendix of this report, there appears to be anywhere from 2 to 3 years of existing office inventory in place (depending on annual absorption rates). What was also noticed was the type of space being offered for-sale and for-lease versus what potential owners or tenants may need in the market. Potential tenants may require different space configurations than that currently being offered by existing buildings. The general demand trend is for smaller office spaces or larger spaces that can be easily configured into smaller, more flexible spaces. Building owners and office space developers need to evaluate potential smaller space needs and the divisibility of existing spaces.

Estero has a number of office spaces and condominiums for sale that are listed as retail/service spaces. These spaces are often targeting medical services, insurance, financial services, retail showrooms, and personal service operators. A survey of these spaces showed a wide-range of asking prices ranging from \$75 to \$175 per square foot for units built primarily since 2005. Many of the properties listed for-sale listed at prices that would not appear to cover the costs of their development (especially when factoring in land value). This is a serious concern when looking at the potential for new retail and office development opportunities in the Estero market. A high vacancy factor combined with properties listed at less than their replacement value would indicate the some sectors of the commercial market are not in equilibrium.

Company relocations, expansions, and new business start-ups will be the drivers of office space demand in Estero over the next decade. The community should seek to accelerate business attraction and economic gardening prior to creating any additional speculative office inventory.

The following map shows the currently zoned, but vacant properties within the Estero community. The areas highlighted in red represent the vacant parcels.



DOWNTOWN ESTERO DEVELOPMENT OPPORTUNITIES

The map on the previous page identifies the properties that are currently zoned but not built (highlighted in red). The following is an overview of a number of currently listed properties in Estero that have the potential for inclusion in a comprehensive Downtown Estero development plan. These properties are located along the Hwy. 41 corridor west of I-75 and could potentially be interconnected in a multi-district master development plan. Some of the listing details, including the project and/or property name and the developer and/or broker name, are noted as follows:

1) Coconut Trace (Dennis J. Lynch PA)

Coconut Trace is a 24-acre development located on the west side of US-41 between Williams and Coconut Roads and fronting the 500+-acre Coconut Point mixed-use development. There are two lots currently listed for-sale, a 1.92 acre lot listed for \$1.82 million, or \$22 per square foot, and a 1.62 acre lot listed for \$1.55 million, or \$22 per square foot (or \$956,790 per acre).

The project is proposed for a combination of uses, including retail, office, and medical. Current uses on formerly sold lots include SunTrust Bank. Development entitlements allow for 90,000 square feet of retail and office space and another 135,000 square feet of office and medical space. The site is within a Commercial Planned District and fronts conservation lots. A current proposal with four buildings totaling 15,601 square feet, including a 3,401 square foot Pollo Tropical Restaurant, is being brought before the Estero Design Review Committee on September 25th.

A 3.37 acre parcel across the street fronting the Coconut Point Mall is currently listed at \$3,669,930 or \$25 per square foot (or \$1,089,000 per acre).

2) Downtown Estero Development (Rockford Development Group, Lee & Associates)

Downtown Estero Development is a 35-acre mixed-use development located on the east side of South Tamiami Trail and north of Broadway, at the north end of the historic area of Estero. The project is proposed for a combination of uses, including retail, restaurants, and office, along with a residential component (4 stories, 310 units) and a senior housing component (90 – 160 beds).

Amenities of the project include the following:

- parkway ramp
- clubhouse
- pool
- lake features amenities with walkway paths
- natural preservation area
- pedestrian civic areas

3) Estero Greens (Fischler Property Co)

Estero Greens is a 10.16-acre property located along South Tamiami Trail, on the west side of US-41 and south of Williams Road. It is approximately a ½ mile north of Coconut Point Mall and opposite Hertz 300,000 SF World HQ (located on the former Art District of Rapallo site). The price for the entire property is listed at \$5.5 million, or \$12.42 per square foot. The price for outparcel lots is listed at \$21.50 - \$23.50 per square foot.

The project is proposed for a combination of uses, including hotel, retail, restaurants, financial, and auto. Utilities currently available at the property boundary include County water, gravity sewer, telephone, and electricity. The site is zoned as a Commercial Planned Development. The following is a former conceptual mixed-use site plan.



4) Estero on the River (Kevin Fitzgerald, CSE of NAI Southwest Florida, Inc.)

Estero on the River is an 88-acre property located at the intersection of US-41 and Corkscrew Rd. Development entitlements allow for 530 residential units (single and multi-family) and +/- 300,000 square feet of commercial uses, with density bonuses available. The following is a conceptual site plan used in the marketing of the development site.



Note: According to the development plan, the commercial space is allocated as follows: 177,000 square feet of retail space, restaurants, and a boutique hotel; 87,000 square feet of general and medical office space; and 36,000 square feet for civic use. It also notes that landings and decks will provide public access to the riverbanks, and a 75-foot greenway spine connects all residential areas to the river buffer. Note: the property is listed with an asking price of \$30 million or \$340,909 per acre.

5) Northpoint (Lutgert Companies)

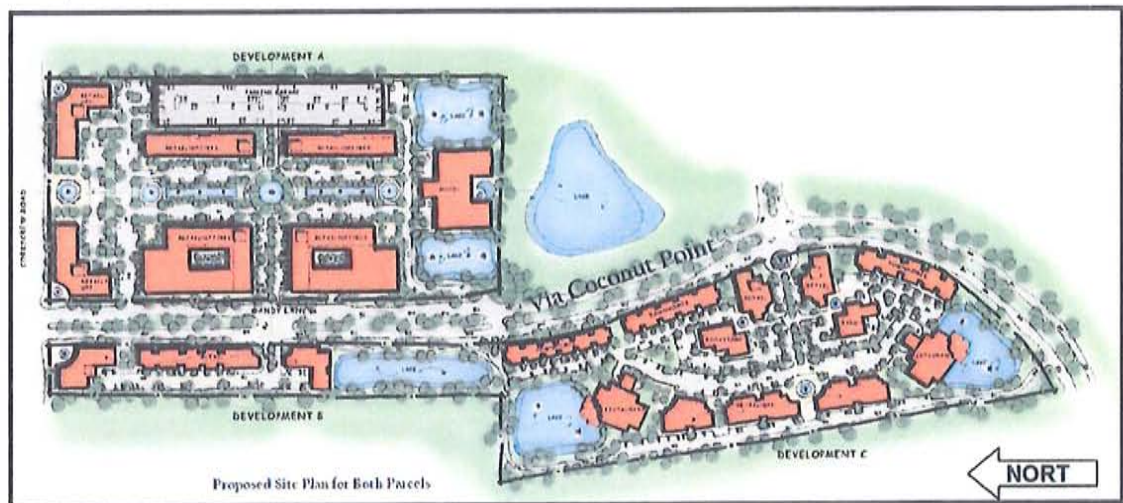
Northpoint is a 102-acre property located on the east side of US-41 just north of Williams Road and is zoned for 550,000 square feet of commercial retail space, 120,000 square feet of office space, a 150-unit hotel and 150 residential units. Lutgert purchased this property in February of 2006 for \$34.4 million. The plans were to build-out a mixed-use development in a joint venture. The developer has sought a reduction in commercial

square footage to make room for more residential units. Just to the north is Corkscrew Village which has a Publix anchor and other stores. The property would be well-suited for residential in a mixed-use environment. Given the size of this site, it is one of the more important properties to consider when reviewing the prospects for a multi-district Estero Downtown development.

6) Estero Town Center (Via Coconut Point)

Property is located $\frac{1}{4}$ mile east of US-41 on the south side of Corkscrew Road, 1.25 miles from I-75 Exit 123. The property includes two (2) parcels. The parcel on the westside of Via Coconut Point comprises 17.6 acres with approximately 100 linear feet of frontage on Corkscrew Road and approximately 3,000 linear feet of frontage on Via Coconut Point. The parcel on the eastside of Via Coconut Point comprises 16.92 acres with approximately 600 linear feet of frontage on Corkscrew Rd. and approximately 1,250 linear feet of frontage on Via Coconut Point.

The combined 34.52 acre site includes a mixed-use overlay. An illustrative site plan is shown below.



The site is located adjacent the 75-acre Estero community park and is north of the Coconut Point Mall. The current asking price is \$14,660,989 for all 34.52 acres, or \$424,710 per acre (\$9.75 per square foot).

7) Galleria at Corkscrew East & West

The Galleria at Corkscrew comprises two parcels of 9.9 acres and 11.4 acres located on the north side of Corkscrew Road just east of Sandy Lane. The following is a conceptual plan and description provided from the property listing:



Design Parc & Galleria at Corkscrew Conceptual Site Plan

The project features a prime location in an established market with excellent demographics. The entitlements and improvements are in place positioning the property to competitively meet the needs of developers looking to immediately enter the market. The Galleria at Corkscrew is located in the center of Estero in close proximity to I-75, the Southwest Florida Regional Airport, Germain Arena, public schools, libraries, medical centers and close to great shopping at the Coconut Point Mall, Gulfcoast Town Center and Miromar Outlets. There are roughly 15 golf courses within a 3-mile radius.

- On-site improvements include a buffer wall acting as a barrier to the residential community to the North.
- 50% of the capacity infrastructure reservations have been paid.
- Impact fees run with the land and are considered to be a site improvement.
- Off-site improvements pertaining to Corkscrew Rd include paving, concrete curb, gutters, storm sewers, sidewalks, lighting and utility lines (water, sewer, elec, tele).
- 9.94± acres on Corkscrew Rd., one mile from Coconut Point Mall
- Convenient access to US-41 and I-75
- Zoned for 30,000 SF retail/restaurant space and 70,000 SF medical/office space

- DO with architectural plans for 4 one-story buildings and 2 two-story buildings includes adjacent parcel

The combined parcels were recently listed for \$6.2 million or \$291,079 per acre. The 9.94-acre parcel is listed by itself for \$3.2 million or \$321,931 per acre.

8) Coconut Crossing

This property is located at the northwest corner of US-41 and Coconut Road across from Coconut Point Mall. The following is a former conceptual site plan.



The original project was to be located on approximately 46 acres and was to be developed by The D’Jamoos Group as mixed-use commercial. Another company was due to develop the residential component on an adjacent 14.4-acre parcel. Also planned on the site was a 150-room Marriott SpringHill Suites Hotel (LEED Certified). The major retail planned for the project included an 87,000 square foot Kohl’s department store and approximately 14,000 square feet of inline retail. In a press release back in 2008 the developer explained that Kohl’s was chosen due to its popularity in the Midwest and Northeast, and its demographic fit with this area. In addition to these developments, the site included eight out-parcels. In 2008, only four of the parcels were reportedly available for sale or lease. The purchased lots were reportedly bought by Orion Bank, Florida Community Bank and CVS Pharmacy (which had two lots). The site was cleared and infrastructure put in place (including Lyden Road).

The original developer of Coconut Crossing purchased the 46-acre site for \$18.5 million in August of 2005, or \$402,173 per acre. That same month, the 14.4-acre residential parcel appears to have immediately sold for \$9.23 million, or \$640,972 per acre. In 2012, a 1.2 acre parcel of the commercial site was sold by the FDIC for \$250,000 or \$4.78 per square foot. This parcel originally sold in 2007 for \$1.65 million. Another 1.05 acre parcel was

sold to Iberia Bank in September 2010 for \$700,000 after originally being sold for \$1,097,000 in 2007. During April 2013, 27.85 acres of Coconut Crossing were sold at auction for \$3 million, or \$107,720 per acre. No new development plans have been submitted for this project as of September 2013.

Additional smaller properties would include the approximately 10-acre Halfway Creek site located long US-41 north of Marsh Landing and the 11-acre Camargo North parcel located on US-41 north of Pelican Sound Boulevard and south of Covered Wagon. A portion of the Halfway Creek site was planned at one time for a commercial office building, but no updates are available. Neither property was identified as being for-sale at this time.

Potential University District Properties

There are two additional properties of interest near I-75 that may contribute to the establishment of a University District near the Florida Gulf Coast University. Both the University Center and University Highlands development sites have previous development plans attached to them, and portions of both projects are currently listed for-sale. Though these properties would not be attached directly to a potential Downtown Estero development, a community plan that connects the Downtown to a University District would be advantageous to the community overall and would help support the economic vitality of the community. The following is a summary of both the University Center and University Highlands development sites.

University Center

University Center (formerly known as Tuscan Park) is a 36-acre commercial-planned development located at the northwest corner of Three Oaks Parkway and Estero Parkway; it is less than 2 miles east of US-41 and approximately ¼ mile west of I-75. The project includes an anchor-tenant parcel (13.6 acres) and eight out-parcels ranging in size from 1.3 acres to 2.6 acres. The project is fully entitled with 90% complete onsite backbone improvements, including roads, accesses/turn lanes, surface water management, and utilities. The project is zoned as a Commercial Planned Development and approved for a maximum of 250,000 square feet of retail commercial use and 50,000 square feet of office use.

Note: Due to the proximity to Florida Gulf Coast University, the Seller suggests this would be an excellent site for an apartment/student housing development. The Seller is willing to allow time to modify the zoning (if needed) to maximize the residential and/or commercial component of the project. As of July 2013, 18-acres of this site have been sold to accommodate a new apartment development.

University Highlands

University Highlands is a 208-acre project situated between Interstate 75 and Ben Hill Griffin Parkway. It is the remaining portion of the 795-acre multi-use Development of Regional Impact known as Timberland and Tiburon. The project is approved for a maximum of 1,300 dwelling units, 150,000 square feet of office (including a maximum of 50,000 square feet of medical, 99,382 square feet of retail, and 200 hotel units). The dwelling units can include uses such as Assisted Living and Continuing Care facility units (with up to 200 units with cooking facilities or 800 units without), 555 single-family units, 800 duplex units, 800 two-family units, 1,300 townhouse units, or 555 zero lot line units. Dormitory and fraternity uses are also permissible on this site, with an intensity of 1,300 units with cooking facilities and a maximum of 5,200 units without cooking facilities. (Note: A combination of the approved residential types will be allowed based on the following conversion rates: 2.3 multi-family/townhouse units per single family unit; 1.6 multi-family/townhouse units per duplex/two-family unit.) Note: this property is listed with an asking price at \$47.5 million or \$228,365 per acre.

The diversity in listing prices and sales prices for the larger mixed-use development land in the Estero market reveals some of the uncertainty property owners and developers are experiencing when trying to determine the prospects for future commercial development. The properties previously listed are only a portion of a substantial number of potential development sites within the community. Given the depth of retail options already present in Estero, and the coming addition of a 185,000 square foot Super Wal-Mart store to the community, the properties previously highlighted will be hard-pressed to bring individual retail operators to the market that will occupy a significant portion of the 340+ acres of potential mixed-use development.

Estero already has an abundance of smaller, stand-alone retail centers as part of its 4.7 million in commercial/retail space. Total retail space is estimated to be 3.5 million square feet in 2013, including the Coconut Point Mall and Miromar Outlets. Additional population and job growth will be needed to attract additional retailers to any newly

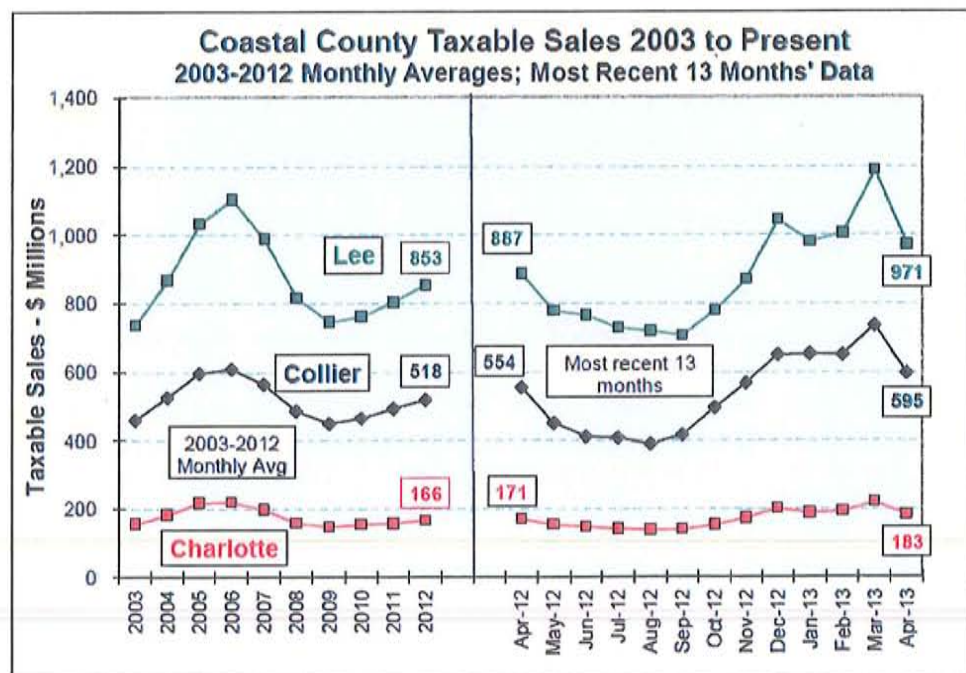
developed space. Another option is to draw more consumers from outside the immediate community, as Coconut Point Mall and Miromar Outlets have both done successfully. The establishment of a true Town Center in Estero, complete with multiple districts, would create the appropriate destination necessary to support more retail development along with other key commercial uses.

RETAIL MARKET OVERVIEW

This section provides an overview of retail activity within Lee County and the Estero community. Retail spending per household in Estero is examined in an effort to evaluate the prospects for future retail demand and retail development.

Lee County

Lee County has experienced a return in retail sales activity following declines that started in 2006 and continued until the 3rd Quarter of 2009. Sales in this market tend to be seasonal, and the county experienced some temporary declines following December of 2012 and then again following March of 2013. Nevertheless, the county saw average monthly taxable sales increase from \$887 million on average in April 2012 to \$971 million per month average in April 2013. The county is expected to see increasing sales activity over the next four quarters as consumer confidence continues to improve.



Source: Florida Department of Revenue, Office of Tax Research

Estero Retail Market Context

The Estero retail market lies within a relatively low-density, modestly upscale community situated between two more densely populated areas -- Naples and Bonita Springs to the South and Ft. Myers/Cape Coral area to the north. All of these communities lie along a north-south axis defined by the two primary arterial corridors of I-75 toward the eastern edge of the currently developed area, and US-41 (Tamiami Trail), which tends to form the primary central spine of the region. The larger metropolitan area is constrained from further development to the west by Estero Bay and the Gulf of Mexico, while development to the east is discouraged by protected natural areas, competing agricultural and mineral-excitation industries, as well as growth management initiatives intended to limit development in these areas.

The existing retail in Estero and nearby communities primarily consists of a combination of grocery anchored, locally serving shopping centers, even located at about two mile intervals throughout the area, and more regionally focused centers in a range of formats including life-style centers, outlet centers, power centers, traditional malls, or a combination of all of the above, in addition to large-format club and warehouse stores. The regional consumer market as a whole is quite robust, with a largely affluent year-round population of close to 300,000 people within a 20-minute drive of Estero, making Estero's strategic location between Naples and Fort Myers, with good access from both I-75 and US-41, an attractive location for large regional centers drawing from the entire metropolitan market.

Most of the newest and most ambitious shopping centers in the area, including Coconut Point Mall in Estero and the Mercato in Naples, were developed during a period of unprecedented residential and income growth, which took place in the middle of the last decade, and reflect the optimistic assumptions of an ever growing consumer market prevailing at the time. A little worse for the wear -- for the most part -- they managed to weather the recent downturn relatively intact, in spite of the stagnation in both the housing and consumer markets, post-bubble, and with currently low vacancy rates, seem well poised to benefit from the ongoing market recovery.

However, the amount of retail GLA (gross leasable area) represented by all of these projects, including that contained in the grocery-anchored neighborhood centers, were pushing the margins of saturation even before the market collapse. Absent a major increase in consumer demand, either in the form of new housing and/or new jobs, it is

unlikely the market can sustain significant increases in the current amount of retail supply, without diluting or cannibalizing sales from existing centers, and opportunities for obvious market niches will be very limited. This reality contrasts sharply with the amount of retail square footage entitled at the peak of the market, and yet to be developed, which is still waiting for a recovery which might look quite different from the inflated market that subsided in late 2006.

The large visitor market, proximity to I-75, and convenient access to area tourist destinations made outlet retail an obvious and attractive opportunity, which the Miromar Outlets has effectively captured. The large, affluent, regional consumer market, blessed with significant disposable income, is also tempered somewhat by the seasonality of that market, and the year-round local population is of more modest means, limiting the opportunities to grow the market for more upscale, regional centers. The supply-driven momentum which produced the surge in retail GLA during the pre-bust era will more than suffice to service the existing market well into the future. Developing housing markets elsewhere in the region, such as the Ave Marie master-planned development in Naples, will work even harder to capture and protect what new household consumer spending emerges as the market recovers, thereby limiting opportunities for the kind of preemptive retail market grabs that were typical of the area, pre-2007.

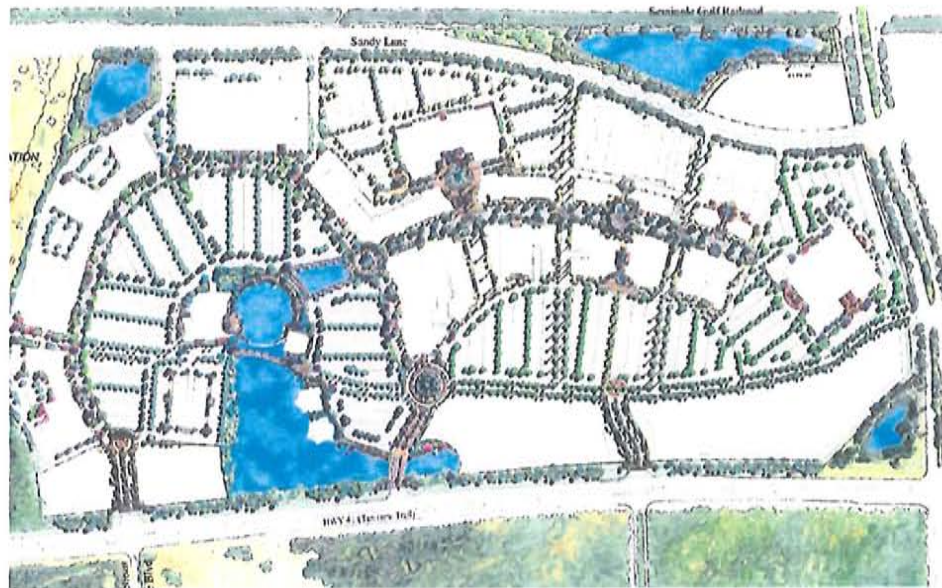
Given that, everything from this point forward is going to require more strategic planning and development to maintain equilibrium, it will be necessary to balance new retail growth with consumer demand in a new type of format, build on the enviable reputation Estero proudly enjoys, which consciously targets household and employment growth through a more fully integrated approach to new development which anticipates new market and demographic trends, and allows for a more sustainable model of development.

Estero Current Retail Supply and Sales

As previously noted the rapid population growth of the community brought rapid growth in both residential and retail development over the past decade. Residential development absorbed considerably more land than that of retail or commercial uses over the decade, though retail development far outpaced the capacity of the local

population to support the end uses. This was due, in large part, to the establishment of Estero as a regional retail destination.

Coconut Point Mall and Miromar Outlets were the two largest retail centers built in Estero over the decade, and both of these retail centers targeted households well beyond the Estero community boundaries. The following is a site plan for the 166-acre, \$225 million Coconut Point Mall.



This Coconut Point has 140 retail tenants in 1.2 million square feet of retail space while Miromar Outlets has 130 retailers occupying approximately 700,000 square feet of retail space.

Overall, retail and commercial development added 4.7 million square feet of new space in Estero over the past decade. More than half of this space is comprised of neighborhood retail centers, small strip centers, and the two larger regional retail centers. There is an estimated 3.5 million square feet of retail alone in Estero in 2013. This is a considerable amount of retail square footage for a community of less than 12,000 year-round households during 2012 (using Census figures as a basis), revealing, in large part, the financial influence of part-time residents and visiting consumers.

Retail sales activity in Estero during 2012 was estimated by PELOTON RESEARCH as just under \$810 million. The following major retail categories are included in this figure: automobile sales and parts; furniture and home furnishings; building materials; lawn and

garden supplies; electronics; health and personal care; clothing and accessories; gas stations; shoes; jewelry; luggage; books, music, and periodicals; sporting goods; general merchandise; florists; grocery, beer, and wine; restaurants and bars; among other categories.

Using an approximate figure of 12,000 year-round households in Estero as a basis, the retail \$810 million in retail sales in 2012 equated to \$67,500 per year-round household (\$810 million/12,000 = \$67,500). Given that the entire disposable income per household in Estero was \$51,645 in 2012, and approximately 32% of this was spent on average on local retail, the actual contribution of local year-round residents to total retail sales was approximately \$15,493 per household for the year. The calculation for the average annual retail contribution of year-round households is shown as follows:

$$\$51,645 \times 0.32 = \mathbf{\$16,526 \text{ per year-round household annually}}$$

If we assume that the approximate 6,000 part-time Estero households in 2012 had an average median disposable income that was 20% above year-round household median disposable income, but these households only spent 16% of this disposable income locally (due to half-time residency), the following calculation would show their annual retail spending per household:

$$(\$51,645 \times 1.20) \times 0.16 = \mathbf{\$9,915 \text{ per part-time household annually}}$$

Adding the impacts of the year-round household retail spending with that of the part-time household spending reveals the dollar impacts of the local “in-season” household spending on total retail sales in Estero during the 2012. The calculation is shown as follows:

$$\begin{aligned} (12,000 \text{ HH} \times \$16,526) + (6,000 \text{ HH} \times \$9,915) &= \\ \$198,312,000 + \$59,490,000 &= \\ \mathbf{\$257,802,000} \end{aligned}$$

Total retail spending by local residents

Given the previous figure of \$810 million in retail sales in Estero in 2012 the following can be concluded:

$$\$810,000,000 - \$257,802,000 =$$

\$552,198,000

Total retail spending from other households

The calculations reveal that the overwhelming majority of retail spending in Estero is coming from households other than those estimated as part-time and year-round residents within the community. Over \$550 million, or 68%, of retail spending is coming from households in surrounding communities within Lee and Collier Counties, from tourists visiting Estero, and any households within Estero that are not counted as part of the year-round or part-time population. These numbers are important to consider when analyzing the potential for new retail operations in Estero. Though the future growth of the Estero population is important to the future demand for retail in the community, the growth and demand from the surrounding market areas and from visitors and tourists to Estero is even more important.

Just two retail centers, the Coconut Point Mall and Miromar Outlets, contribute the highest overall percentage of retail sales to the Estero economy. The total retail sales revenue at these two centers was a combined \$612 million in 2012. This is average revenue of approximately \$322 per square foot over the combined 1.9 million square feet of these two centers (adjusted for vacancies). This is well above the average retail sales rate of \$136 per square foot reported by CoStar Group for Southwest Florida retailers in 2012. More importantly, this leaves approximately \$198 million in retail sales deriving from the remaining retailers located in Estero during 2012.

The trade area required for retail centers such as Coconut Point Mall and Miromar Outlets typically ranges a minimum of 75,000 to 100,000 households within a 20-minute drive. In 2012, Coconut Point Mall had just over 129,000 year-round households within a 20-minute drive. When combined with the part-time household population, there is substantial market support identified for both retail centers. The Mercato in Naples has overlapping, upper-income, target households that it competes with Coconut Point to attract. Gulf Coast Town Center, located directly north of Estero in Fort Myers, competes directly with Coconut Point for both upper-income and moderate-income households.

There is considerable overlap between the markets of these two centers, especially in the sectors that include bigger-box power-center retailers. CBL, Group, the owners of Gulf Coast Town Center, have reported that this center averages retail sales of \$310 per square foot, or in excess of \$360 million total annual sales. The following information provided by CBL describes the Gulf Coast Town Center and its trade areas (trade areas that also overlap with the trade areas of both Coconut Point and Miromar Outlets):

Gulf Coast Town Center is located in Ft. Myers, in the high-growth corridor along busy I-75 between Ft. Myers and Naples.

Lee County is in the heart of one of Florida's most popular and affluent tourist areas hosting more than 6.5 million visitors each year. Local draws include the beautiful beaches, a vibrant downtown and numerous champion golf courses. Only six miles from Gulf Coast Town Center, the new Boston Red Sox spring training facility hosts training games in a 9,999-seat Fenway replica ballpark.

Gulf Coast Town Center is poised to capture the upscale growth occurring within the primary trade area. Housing has been trending upwards each year for the past five years. The majority of growth has occurred in the exclusive subdivisions such as Miromar Lakes, Grandezza, Bella Terra and Pelican Landing with prices ranging from \$300,000 to more than \$4 million.

There are more than 24,000 students attending six colleges and universities within the trade area, including the new Florida Gulf Coast University adjacent to Gulf Coast Town Center with an enrollment exceeding 13,000 students and projected to be 15,000 in the next five years.

As communities surrounding Estero continue to add retail centers in their markets within close proximity to Estero's existing trade area, the more impact this will have on the sales potential for existing and future retailers within Estero.

Estero Future Retail Demand

Existing retailers in Estero, and any new retailers considering locating in Estero over the next decade, will require significant new population and job growth within the community as well as new growth in the surrounding trade area. Estero is currently over-zoned for retail uses relative to future demand, and steps need to be taken to avoid retail duplication and saturation that harms successful local retailers, or worse, sets them up for failure. Vacant retail space in a location that would typically be considered prime

based on traffic counts, number of households, and household incomes, sends a clear signal to potential retailers that a market may be saturated.

There is an estimated 3 million square feet of additional future retail zoned on Estero lands. Over the past two decades approximately 3.5 million square feet of retail has been built, at a pace that could not be replicated in the future. Assuming 3 million square feet of retail space were to be built at a land-to-building ratio of 4-to-1 would suggest the need for 12 million square feet of land to support the built space, or approximately 275 acres to support 3 million square feet of retail uses.

Based on the review of existing retail sales in Estero, it was discovered that 68% of retail sales comes from outside the community. This is due in larger part to the influence of larger regional retailers in Estero that rely heavily on larger trade areas. Future retailers may be less interested in competing in the larger regional market, and may attempt to fill certain niches not currently present in the Estero, in an attempt to capture market segments that area currently underserved.

If future retailers require an average of \$200 per square foot in annual sales, and 1 million square feet of new retail is built in Estero, then \$200 million in annual retail sales would be needed to support this space. If a minimum of 32% of those sales come from within Estero, then \$64 million in spending will need to come from Estero residents, both part-time and year-round. To put this in perspective, each household in Estero contributes enough annual spending to support approximately 80 square feet of retail space (across all retail types). One million new square feet would require new household growth of 12,500 in Estero to be supported, or population growth of approximately 25,000 in households that average two people per residence. Estero is not projected to grow at this level over the next 20 years, so more retail demand would need to come from the surrounding market areas to support 1 million new square feet of retail space.

Given the 3 million square feet of retail currently planned for Estero, it becomes apparent the community is in danger of serious retail saturation. To combat this, the planners and developers within the community need to be very careful in the selection of future retail operators and the execution of future retail developments. In such a competitive market as that of Lee County, the quality and mix of retail will become more important with each new addition of space. Destination retail and dining will be the

largest opportunities moving forward, and based on a survey of Estero parcels with retail development potential, the community has more than enough land to fill this need in a cohesive fashion that connects with other complimentary uses that further feeds retail demand. This would additionally support the community's desire to create a multi-district centralized core that functions as Downtown Estero.

MULTI-DISTRICT DOWNTOWN PLAN

Enough vacant land, over 340 acres, is potentially available to develop a multi-district town center in Estero. These districts could include, a mixed-use business district focused on corporate offices (with Hertz new headquarters as the catalyst), a medical/wellness district incorporating an acute hospital facility and ancillary medical services, including an adjacent senior care facility, and an entertainment and recreation district, including connectivity between the Estero Community Recreation Center and Koreshan State Park.

The plan for a multi-district town center would most likely require the cooperation of individual landowners to properly execute. A distinct area plan with a unique district overlay could be created to cover these various properties, with the goal of implementing an overall vision for the area. Collectively, these properties under a combined plan would be expected to achieve considerably higher overall values than if developed independently of each other. An overall master plan could include separate plans for each district, though the goal should remain to create connectivity and a clear identity of this area as the core of Estero. A successful town center would include several destinations, walkable blocks, interconnected streets, attractive development, and public greens.

Previous proposals to develop a Downtown Estero or an Estero Town Center were not planned at a large enough scale to provide a comprehensive planning area with multiple mixed-use districts. These proposed developments were additionally brought forward during unfavorable economic conditions.

The \$225-million Coconut Point open-air mall, located on 116 acres of the 500-acre Coconut Point Master Planned Development, currently acts as the Main Street for the Estero community with its pedestrian-friendly design and mix of entertainment, shopping, and dining options designed around 18 acres of lakes. Though built a year prior

to the global financial crisis, the development and its associated retail has been successful overall.



Current economic trends and future market prospects in Estero make the feasibility of town-centric development more likely in the near future. Based on a review of historical and forecasted growth trends, Estero is expected to see an increasing annual growth rate from 2014 to 2020. Constraints on this growth could come from a limited future supply of residential land and an above average increase in median home prices. The availability of future land and the option to provide a mix of residential building types will be essential for developers to meet the market demand for both workforce and retirement housing options.

As part of the central business district, the entertainment district would be established to focus primarily on dining and small boutique shopping venues in a walkable environment. The Town Center design would include connectivity between all the districts to allow more synergy to increase the overall economic viability of the Downtown. Residential units could be carefully integrated in the wellness and entertainment districts to provide a carefree, urban-living option for those seeking to live in immediate proximity to goods and services, in a low-maintenance, lock-and-leave lifestyle. The following is an example of a well-designed senior housing development with building types that could be integrated into a residential and/or health and wellness district in Estero.



This national award-winning project, located in Southern California, has a very impressive density of 46 units per acre.



The plan for a multi-district town center would most likely require the cooperation of individual landowners to properly execute. A distinct area plan with a unique district overlay could be created to cover these various properties, with the goal of implementing an overall vision for the area. Collectively, these properties under a combined plan would

be expected to achieve considerably higher overall values than if developed independently of each other. An overall master plan could include separate plans for each district, though the goal should remain to create connectivity and a clear identity of this area as the core of Estero. A successful town center would include several destinations, walkable blocks, interconnected streets, attractive development, and public greens.

The size and scale of the buildings within the various districts will depend on their use, the amount of total land available within the districts, and the timing and phasing of development. The Hertz headquarters and a potential hospital facility would create larger-scale buildings early in the creation of a multi-district Downtown. Retail, commercial, and residential uses may be phased more slowly based on market conditions. An appropriate scale for mixed-use development in Downtown Estero may be the scale of Worth Avenue in West Palm Beach (picture follows).

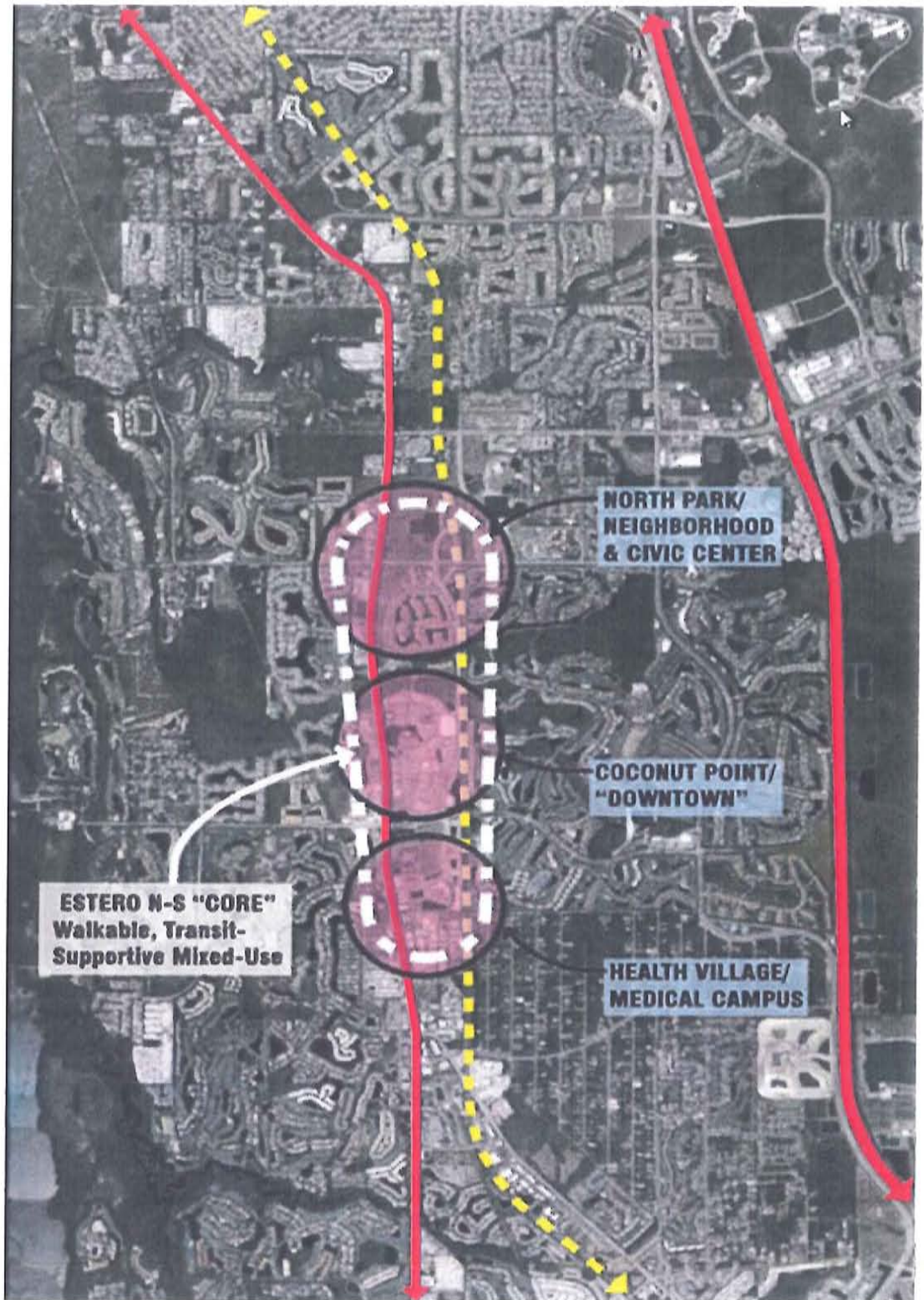


Low-rise to mid-rise building types can be integrated at this scale very attractively, creating an enjoyable pedestrian environment for all age groups.

The map on the following page shows the potential activity centers located along US-41 in a proposed multi-district plan for a Downtown Estero.

The south district would include a medical/health district anchored by an acute hospital facility and surrounded by complementary uses such as medical offices, rehabilitation centers, and assisted care facilities. This district would transition to the north into primary business district which includes Coconut Point Mall and the future Hertz headquarters. This central business district would be a walkable, transit-supportive district capable of supporting an array of mixed-uses including corporate offices, select retail, dining, and housing. Connectivity with existing uses will be essential to create a vibrant commercial core. This connectivity will transition from the business district to the neighborhood and civic center district to the north.

This district will combine the recreational opportunities provided by the Estero Community Center and Koreshan Park with that of new residential units and future civic uses. The creation of a town-centric plan would facilitate the future development of vacant mixed-use parcels located along US-41 in Estero. More importantly, these properties could be developed at potentially higher values than would be achieved by individual, insular projects. The community would further benefit from an identifiable central corridor offering shopping, dining, entertainment, recreation, wellness, lifestyle, and economic opportunities within Estero.



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The data sources utilized in the creation of this report are considered both credible and reliable. No guarantees are made by the author as to the accuracy of secondary data resources.

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