



**ECONOMIC DEVELOPMENT PLAN**  
**OF THE**  
**BOYNTON BEACH COMMUNITY**  
**REDEVELOPMENT**  
**AGENCY**

Prepared by:

Scott Kline, Economic Development Consultant

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## Executive Summary

Economic development is defined as the process of creating wealth through the mobilization of human, financial, capital, physical and natural resources to generate marketable goods and services for the benefit of the community while expanding job opportunities and the tax base. In order to maintain, expand and diversify the economic base, an economic plan has been developed that identifies the challenges facing Boynton Beach's Community Redevelopment Agency (CRA) and the City of Boynton Beach along with opportunities for future economic growth. By strategically planning economic development activities today, resources can be allocated to be best utilized to overcome challenges and to capitalize on current and future opportunities.

Over the past few years, significant redevelopment has occurred within the Boynton Beach CRA's boundaries; however, along with redevelopment came a softening of the real estate market fueled in large part by the subprime mortgage crisis. This in turn caused a subsequent decrease in the tax base. Recent figures indicate an 8.5% decrease in the city-wide tax base for 2008. Besides a soft real estate market, other economic challenges include, but are not limited to:

1. Relatively low level of wages for the area's workforce
2. Limited supply of available industrial land
3. National financial crisis with tightened lending requirements restricting the flow of much needed capital to small businesses and consumers. The crisis has contributed to increased vacancy rates across all of the major markets, including retail, industrial, and office markets of Palm Beach County and Boynton Beach
4. Increase in unemployment
5. Local government budget cuts
6. Increase in petroleum prices to record levels inflating prices of much needed goods and services, including food
7. Antiquated housing base within the CRA
8. Weak U.S. dollar resulting in high supply costs and higher prices for residents and local businesses
9. Weather conditions – threat of hurricanes and other natural disasters

Despite today's challenges, many opportunities exist and significant developments are moving forward within the CRA. Large mixed-use developments along Federal Highway in the heart of the downtown area are in the process of being completed, both rental and homeownership projects. Numerous single family homes targeted towards the City's current and future workforce will be completed in the near future. Large residential developments in the Heart of Boynton Beach are moving forward. All these developments aid in:

1. Increasing the tax base while helping to offset an aging housing base within the CRA
2. Provide new urban housing opportunities for the City's residents and its workforce and
3. Provide opportunities for business owners to startup or relocate to Boynton Beach.

Other future opportunities include, but are not limited to:

1. Available land and commercial space for redevelopment, including a marina and waterfront property within the CRA
2. Ability to redevelopment existing industrial land and to preserve it
3. Low inventory of office space as compared to other local markets
4. Record low interest rates
5. Other housing and mixed-use developments in the planning process
6. A diversifying population base
7. Strategic and central location
8. Possibility to capture future demand in industrial space due to the widening of the Panama Canal allowing Florida to now become the closest port for select exporting nations
9. Weak dollar allowing exporters of goods and services to be more competitive in the global market place. Also, a weak dollar attracts further tourism dollars from outside the U.S.
10. Weather conditions – year round climate continues to attract new residents and tourists

This economic development plan will identify where the City and CRA are today in terms of its economic base and will help guide the CRA in its efforts to successfully continue redevelopment. Specific goals are the redevelopment of the downtown commercial corridor,

the increase in the quality of life for its residents through increases in annual wages, job and small business ownership opportunities and access to needed goods and services. This plan identifies the vision, resources, partnerships, and planned activities of the CRA to accomplish these goals.

## Economic Profile

### Population

Since 1990, the population within the City has increased by approximately 48% from 48,137 to 67,908<sup>1</sup>. Despite past years of record growth, migration from outside the County has experienced a significant recent decrease. In 2007, the population within the County grew by only 99 individuals<sup>2</sup>. Emphasis on one year's growth must be taken in context in historical patterns; however, the overall economy in terms of the rapid increase in housing prices during the recent housing boom, high insurance costs, relatively low wages, and perhaps recent hurricanes have played a part in the stalled migration of individuals from outside the County. Historically, approximately 418,000 migrated to Florida during 2002-2006<sup>3</sup>. Future population growth from 2007-2010 is expected to be half of that or approximately 209,000 people annually arriving in Florida<sup>3</sup>. According to Stan Smith, Director of the University of Florida's Bureau of Economic and Business Research, "A tremendous slowdown is forecasted over the next few years compared to what we've experienced during the last five years. The state has not experienced a decline of this magnitude since the mid-'70s, when we were in a national recession."

A contributing factor to the recent slow down in population growth is the slowdown in the housing market. The ability to relocate for most households is based upon the ability to sell an existing home.

*Conclusion: Population growth will primarily depend upon future job opportunities attracting workers from both within the County, from other areas of Florida and from outside the state. The level of property taxes, cost of homeowners insurance, overall cost of living, and other quality of life factors such as climate will also play a large role in the decision process of whether or not to relocate to the area.*

### Race and Ethnicity

A trend is occurring in which the number of non-Hispanic whites moving into the state of Florida and into Palm Beach County is declining. At the same time, an estimated 9,000 non-

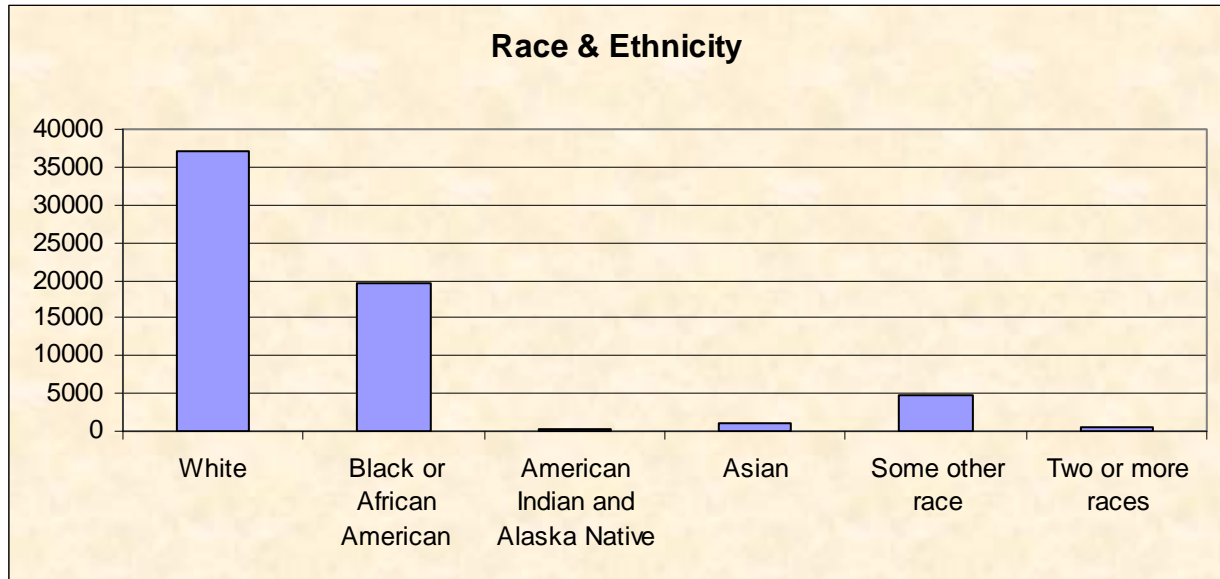
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<sup>1</sup> U.S. Census Bureau, 2006 Population Estimates, 2000 Census, 1990 Census

<sup>2</sup> U.S. Census, Population Estimates

<sup>3</sup> Bureau of Economic and Business Research, University of Florida

Hispanic white individuals left Palm Beach County in 2007. While the population of Palm Beach County and Boynton Beach is still predominately made up of as a whole of white non-Hispanic households, the area is experiencing a larger influx of Hispanic and black/African Americans as a percentage of the total net migration into the County<sup>1</sup>.



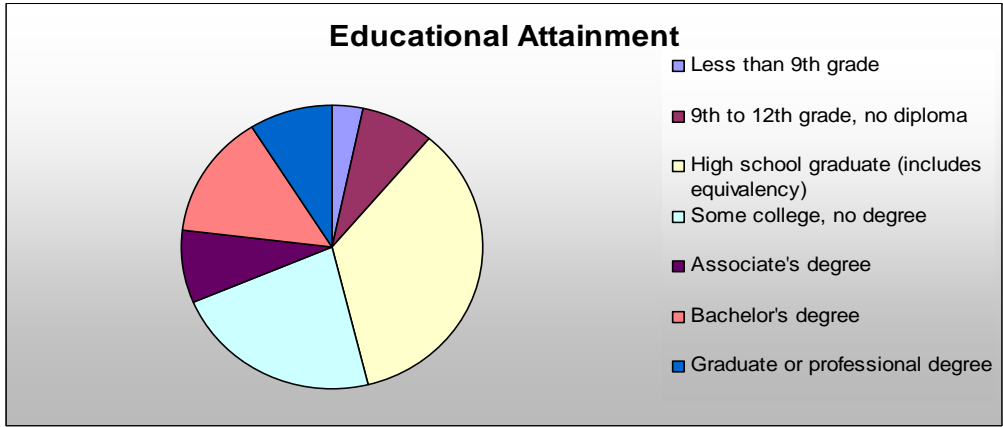
Source: 2006 American Community Survey

*Conclusion: The population within the City is becoming more diversified. As the level of diversification increases, so will the opportunities for small businesses catering to those specific ethnic populations.*

### Education Level

Between 1990 and 2004, the level of achieved education has improved within Boynton Beach. Today, of the population 25 years and older (approximately 44,000 individuals), 22.5% have had some college training, 8.3% earned an associate degree, 14% earned a bachelor’s degree, and 9% earned a graduate or professional degree. Overall, 88.9% have a high school diploma or equivalent and 23.1% have a bachelor’s degree or higher<sup>1</sup>.

<sup>1</sup> 2006 American Community Survey

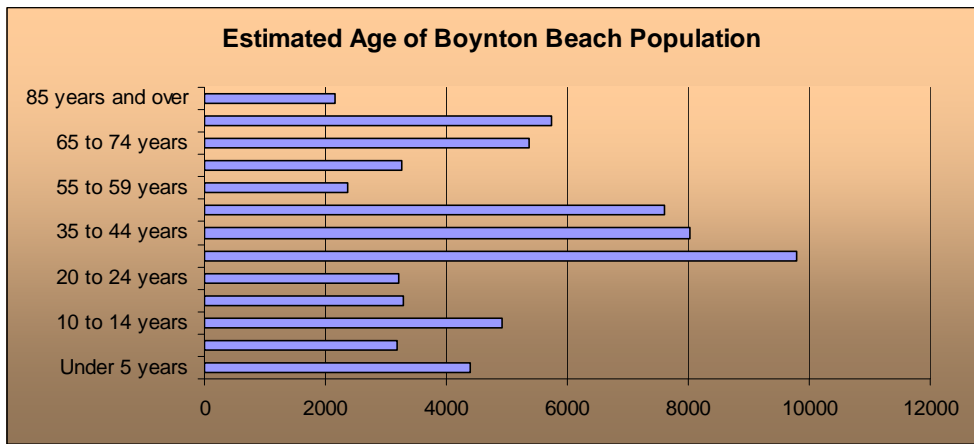


Source: 2006 American Community Survey

*Conclusion: The employment base has become more diversified and as a result more hireable than in the past; however, the City still lags behind neighboring municipalities. The CRA should help link residents to job training opportunities while continuously recruiting businesses to provide additional local employment opportunities. Job training opportunities include linking residents to programs offered through Florida Atlantic University, Palm Beach Community College, and other vocational/trade schools. Incentive programs could be created for small businesses to help offset the costs of the ongoing training of their employees needed to remain current or assist in bringing employees current with existing technology and trends.*

**Age**

The median age within the City has declined from 42.5 in 1990 to 41.8 in 2000 to 38.5 in 2006<sup>1</sup>.



Source: 2006 American Community Survey

<sup>1</sup> U.S. Census, 2000 Census, 1990 Census, 2006 American Community Survey

*Conclusion: This is typical of a younger population moving to Florida seeking job opportunities. Also, retail and other service employment is typically comprised of a younger workforce. While the median age has declined, there exists a large segment of elderly households within the CRA. Current and future opportunities exist for businesses catering to this population.*

**Labor Force**

The current number employed within the West Palm Beach- Boca Raton Metropolitan Statistical Area (MSA) excluding agricultural employment is estimated to be approximately 563,560 individuals. The labor force within the City is estimated to be approximately 34,986. For the population 16 and older and within the City’s labor force, the leading nonagricultural employment opportunities came from education services, health care and social assistance (23%) followed by retail trade (16%)<sup>1</sup>.

2008 West Palm Beach- Boca Raton MSA Labor Force and Wage Estimates

Category – All	Estimated Mean Hourly Wage	Estimated Median Hourly Wage	Estimated Entry Hourly Level Wage	Estimated Hourly Experienced Wage
563,560	\$19.68	\$15.02	\$9.08	\$24.98

Source: Florida Agency for Workforce Innovation

Among the most common occupations were:

- Management, professional, and related occupations, 34%;
- Sales and office occupations, 30%;
- Service occupations, 21%;
- Construction, extraction, maintenance and repair occupations, 9%; and
- Production, transportation, and material moving occupations, 5%.

85% of the people employed were private wage and salary workers. 10% were federal, state, or local government workers and 5% were self-employed.

*Conclusion: Boynton Beach has a slightly higher percentage of its labor force in the secondary labor sector (low wage retail and service sector) than Palm Beach County as a whole. The CRA should include businesses providing employment opportunities in the primary labor market in its recruitment efforts.*

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<sup>1</sup> Florida Agency for Workforce Innovation

## Income

According to the American Community Survey, the 2007 median income of households in the City was estimated to be \$43,774 (2006 figures adjusted for inflation), lower than the County's median income of \$53,149 for the same time period, also adjusted for inflation. Median household income in the CRA was well below the City's average at \$40,959<sup>1</sup>. 70% of the households within the City received earnings and 17% received retirement income other than Social Security. 38% of the households received Social Security. The average income from Social Security was \$14,090. These income sources are not mutually exclusive; that is, some households received income from more than one source<sup>2</sup>.

*Conclusion: The high percentage of households collecting Social Security skews median income downward. This is typical of a population with a large number in their golden years. Also, as previously mentioned, the City has a slightly higher percentage of its labor force in the secondary labor sector than Palm Beach County as a whole. With new and more diversified employment opportunities, this figure should proportionately increase.*

## Unemployment

As previously mentioned in the beginning of this plan, one of the challenges facing the CRA (and the City) is unemployment. Although Florida and Palm Beach County has enjoyed one of the fastest growth rates and highest employment levels within the past 10 years, the unemployment rate and the number of unemployment claims has risen over the past couple of years. In 2005, the statewide unemployment rate was 3.9% decreasing to a record low of 3.3% in May of 2006; however, in 2007 it rose to 4.0% and has continued to rise to its present rate of 6.8% as of August, 2008. On the local level, the County-wide unemployment rate is higher than the national and state average at 7.3% with 47,891 people unemployed. Unemployment within the City is lower at 6.4% so far for 2008, but higher than in previous years<sup>3</sup>.

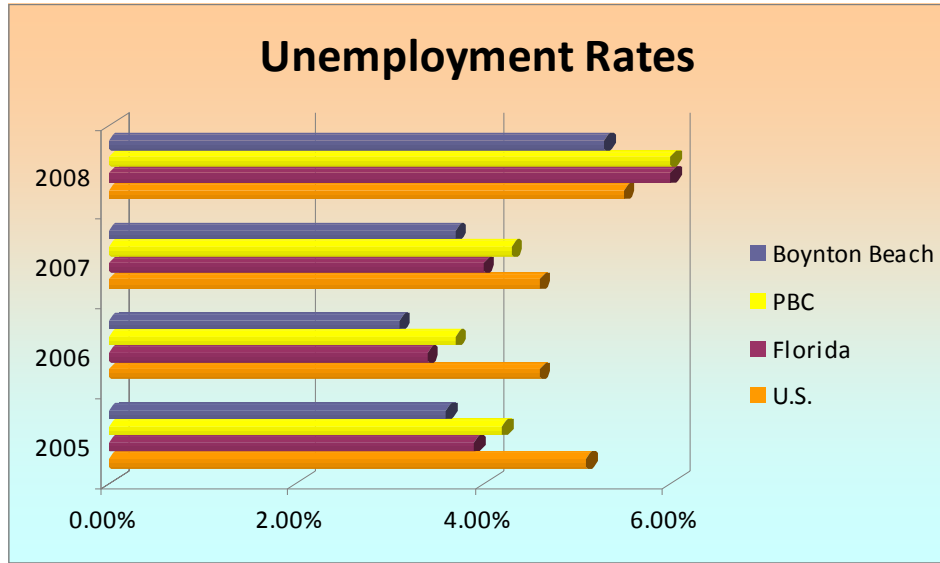
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<sup>1</sup> Median household income for the CRA was extrapolated from the 2006 Boynton Beach CRA Housing Needs Assessment, FIU Metropolitan Center and adjusted for inflation. All inflation adjustments were made using the inflation calculator from the Bureau of Labor Statistics

<sup>2</sup> 2006 American Community Survey

<sup>3</sup> Florida Agency for Workforce Innovation, Labor Market Statistics Center

National, State, and Local Unemployment Trends



Source: Florida Agency for Workforce Innovation

By examining the trend of unemployment claims filed so far for 2008, the number can be expected to reach approximately 65,000 initial claims in 2008 as compared to 42,638 in 2007 in Palm Beach County, an increase of 52%. Also, as is typical in times of stagflation (where GDP retracts while inflation increases), the Consumer Confidence Index has declined significantly and reached an all time low in June, 2008 dropping to 59<sup>1</sup>. Nationally, the index sits around 59.8 as of the end of September; however, the cutoff date for responses to the survey used to gauge consumer confidence was September 23 and doesn't capture the recent market plunge on Wall Street that wiped away \$1.2 trillion in value from retirement funds, mutual funds and individual stock holdings. With the bail out plan for Wall Street having just passed on October 1<sup>st</sup>, there may be an increase in consumers' confidence in the economy. Below is a table released in September, 2008 showing changes in the number employed since last year in Palm Beach County along with the respective job classifications.

<sup>1</sup> Florida Agency for Workforce Innovation, Labor Market Statistics Center

Changes in Nonagricultural Employment – Palm Beach County

Industry Title	July 2008	August 2008	August 2007	Change from			
				July 2008 to Aug 2008		Aug 2007 to Aug 2008	
				Level	Percent	Level	Percent
<b>Total Nonagricultural Employment</b>	572,100	567,600	577,300	4,500	0.8%	-	-0.9%
<b>Total Private</b>	505,400	507,500	511,100	-2,100	-0.4%	-	-1.1%
<b>Goods Producing</b>	57,000	56,900	62,300	100	0.2%	-	-8.5%
<b>Construction</b>	39,500	39,500	43,700	0	0.0%	-	-9.6%
<b>Manufacturing</b>	24,300	24,400	27,700	-100	-0.4%	-	-12.3%
<b>Service Providing</b>	17,400	17,300	18,500	100	0.6%	-	-5.9%
<b>Private Service Providing</b>	515,100	510,700	515,000	4,400	0.9%	100	0.0%
<b>Trade, Transportation, and Utilities</b>	448,400	450,600	448,800	-2,200	-0.5%	-400	-0.1%
<b>Wholesale Trade</b>	103,700	104,300	104,500	-600	-0.6%	-800	-0.8%
<b>Retail Trade</b>	22,800	22,800	22,600	0	0.0%	200	0.9%
Food and Beverage Stores	70,400	71,000	71,600	-600	-0.8%	1,200	-1.7%
Health and Personal Care Stores	14,400	14,600	14,700	-200	-1.4%	-300	-2.0%
General Merchandise Stores	5,800	5,800	5,700	0	0.0%	100	1.8%
<b>Transportation, Warehousing, and Utilities</b>	12,100	12,400	12,500	-300	-2.4%	-400	-3.2%
<b>Information</b>	10,500	10,500	10,300	0	0.0%	200	1.9%
<b>Financial Activities</b>	11,100	11,100	11,100	0	0.0%	0	0.0%
<b>Finance &amp; Insurance</b>	38,500	38,900	39,900	-400	-1.0%	-	-3.5%

Depository Credit Intermediation	25,100	25,000	25,200	100	0.4%	-100	-0.4%
<b>Professional and Business Services</b>	7,500	7,600	7,800	-100	-1.3%	-300	-3.8%
<b>Professional and Technical Services</b>	122,100	123,500	122,000	-1,400	-1.1%	100	0.1%
<b>Management of Companies and Enterprises</b>	38,600	39,100	37,600	-500	-1.3%	1,000	2.7%
<b>Administrative and Waste Services</b>	8,900	8,800	8,500	100	1.1%	400	4.7%
<b>Employment Services</b>	74,600	75,600	75,900	-1,000	-1.3%	1,300	-1.7%
<b>Education and Health Services</b>	43,500	43,500	44,700	0	0.0%	1,200	-2.7%
Ambulatory Health Care Services	79,200	78,600	77,900	600	0.8%	1,300	1.7%
Hospitals	31,700	31,700	31,600	0	0.0%	100	0.3%
<b>Leisure and Hospitality</b>	16,500	16,600	16,200	-100	-0.6%	300	1.9%
<b>Accommodation and Food Services</b>	69,100	69,400	69,200	-300	-0.4%	-100	-0.1%
Accommodation	54,400	54,200	54,500	200	0.4%	-100	-0.2%
Food Services and Drinking Places	10,600	10,700	11,000	-100	-0.9%	-400	-3.6%
<b>Other Services</b>	43,800	43,500	43,500	300	0.7%	300	0.7%
<b>Total Government</b>	24,700	24,800	24,200	-100	-0.4%	500	2.1%
Federal	66,700	60,100	66,200	6,600	11.0%	500	0.8%
State	6,300	6,400	6,300	-100	-1.6%	0	0.0%
Local	8,500	8,200	8,700	300	3.7%	-200	-2.3%
	51,900	45,500	51,200	6,400	14.1%	700	1.4%

Source: Florida Agency for Workforce Innovation

*Conclusion: Inflation along with the downturn in the real estate and credit markets has impacted the purchasing power of many households within Palm Beach County. Without consumer spending and without the ability to borrow capital, many businesses have not been able to retain their employment base. With regained access to credit for both consumers and small businesses, consumer confidence and lending should increase and unemployment rates should return to more historical patterns. The bail out plan that was just passed is anticipated to bring about the needed liquidity in the market place and induce banks to start lending again.*

## Future Job Growth

Industry projections by the Florida Agency for Workforce Innovation provide a look into the job classifications expected to increase for Palm Beach County (Workforce Region 21). The largest increases are within Administrative Support Services, Professional, Scientific, and Technical Services, and Ambulatory Health Care Services.

### Future Job Growth Categories for Palm Beach County

Rank	Industry Code	Title	Employment		Annual Change	
			2007	2015	Total	Percent
1	550	Management of Companies and Enterprises	9,654	13,853	525	5.44
2	621	Ambulatory Health Care Services	32,742	46,433	1,711	5.23
3	712	Museums, Historical Sites, & Similar Institutions	699	962	33	4.70
4	540	Professional, Scientific, and Technical Services	39,663	54,207	1,818	4.58
5	713	Amusement, Gambling, and Recreation Industries	13,410	17,830	552	4.12
6	610	Educational Services	8,368	11,124	344	4.12
7	446	Health and Personal Care Stores	5,623	7,383	220	3.91
8	561	Administrative and Support Services	77,623	100,679	2,882	3.71
9	518	ISPs, Web Search Portals, and Data Processing Services	1,766	2,290	66	3.71
10	524	Insurance Carriers and Related Activities	7,604	9,708	263	3.46
11	423	Merchant Wholesalers, Durable Goods	12,189	15,483	412	3.38
12	624	Social Assistance	7,825	9,929	263	3.36
13	515	Broadcasting (except Internet)	2,094	2,647	69	3.30
14	623	Nursing and Residential Care Facilities	12,793	16,115	415	3.25
15	442	Furniture and Home Furnishings Stores	3,713	4,676	120	3.24
16	325	Chemical Manufacturing	1,018	1,281	33	3.23
17	339	Miscellaneous Manufacturing	1,590	1,994	50	3.18
18	812	Personal and Laundry Services	7,281	8,985	213	2.93
19	452	General Merchandise Stores	13,048	16,071	378	2.90
20	443	Electronics and Appliance Stores	2,644	3,238	74	2.81
† This table includes industries with a minimum of 500 jobs in 2007.						

Source: Florida Agency for Workforce Innovation

*Conclusion: The CRA should focus on recruiting the above industries and similar types of businesses most likely to continue to grow. Also, recruitment should focus on neighborhood goods and services to meet local unmet demand within the CRA.*

## Housing

“Future housing demand in the City of Boynton Beach will be largely determined by on-going and planned economic development activity that will result in expanded employment opportunities. Employment growth will occur through the retention and expansion of existing firms and new economic growth resulting from start-ups, spin-offs, and relocations to the city and the southern and eastern sections of Palm Beach County. Basically, populations follow job growth and the demand for housing will be defined by the location, type and wage levels of the City and County’s future employment growth<sup>1</sup>.”

As previously mentioned, the large majority of the current labor force is comprised of workers within the secondary labor market (low wage retail and service sector occupations). These types of jobs are most affected by changes in the real estate market. It is critical to the City’s economy to be able to house its workforce while simultaneously attract new businesses and industries offering higher wages and salaries. From 2002-2005, the City experienced a 16% loss of renter-occupied units due to condominium conversions. The inventory of apartments decreased from 6,224 to 5,035 units. Of importance here is the majority of young professionals, who are most often the pioneers that move into urban redevelopment areas, are usually renters while starting their careers since entry-level salaries do not typically offer the ability for most of the young professionals to purchase their first home. The CRA needs to continue to build its residential rental base in order to attract the young urban professionals while building its inventory of quality affordable housing for homeownership to keep its workforce from moving to other parts of the County. Intermediate opportunities to rent exist within some of the new condominium and townhome developments; however, this is a short-term situation as a result of the downturn in the local housing market and does not meet current and future local demand nor affordability requirements. By the year 2025, 4,173 new workforce housing units (80 -120% of area median income) and 6,627 affordable rental housing units for new households earning 80% and less than area median income will be needed<sup>1</sup>. The CRA will be expected to absorb a significant amount of these units due to availability of land and other redevelopment opportunities. In the past few years, the CRA has actively acquired land designated for affordable housing and subsidized the cost to for-profit and nonprofit developers committed to quality workforce housing with several infill developments currently underway. Also, in order to match housing demand with supply, the CRA is one of the few CRAs in the state with a grant incentive program for first-time homebuyers. It should be noted that the CRA has received statewide and international recognition for its commitment to and knowledge of affordable housing.

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<sup>1</sup> 2006 Boynton Beach CRA Housing Needs Assessment, FIU Metropolitan Center

*Conclusion: The CRA should continue to subsidize the cost of housing development in attempts to meet current and future housing demand and to work closely with the appropriate City Departments in expediting the development process (site plan related issues, permitting, etc). Also, the CRA should assist developers in accessing other subsidy sources from outside the CRA to help leverage the developers' and CRA's investments. The CRA should continue the down payment assistance program to assist in retaining and attracting its essential workforce. Through effective layering of various down payment assistance programs (State, County, and other local programs), the targeted income households can be served. Monitoring of the State and County down payment assistance programs will be necessary to effectively integrate the CRA's program. In addition, the CRA could partner with existing Community Land Trusts (CLTs) in Palm Beach County to produce a permanently affordable housing stock while simultaneously preserving public subsidies for future generations. By partnering with existing CLTs, startup and administrative costs can be eliminated.*

## **Land Use**

One of the prime factors in attracting new businesses and industries is the availability of commercial and industrial space. Over the past few years, industrial land was converted to residential in order to increase the tax base during a hot residential real estate market. The unfortunate consequence is that this land is no longer available for industrial use which typically provides for higher wages and salaries and also provides for more of a diversified employment base. In addition, industrial land typically requires less public services than other land uses which is critical during a time when the City's budget is constrained<sup>1</sup>.

Strategic planning of the redevelopment of the downtown corridor is currently underway. Key to redevelopment of the area will be the creation of a central "downtown" area that has a uniform feeling or a sense of place. Much of the previously existing retail space within the CRA has been demolished or sits vacant awaiting redevelopment. These vacant sites along with vacant land have caused the central downtown district to lack a pedestrian oriented feel and sense of place. Existing businesses struggle due to these factors. Fortunately, the CRA had the foresight to acquire the marina in order to preserve public access to the waterfront. This should be the starting point on the creation of a sense of place within the downtown. Key to a sense of place is fully-leased up commercial space. Commercial space within the marina currently has several vacancies. Adding to this vacant space will be large amounts of commercial space coming on line through neighboring mixed-use developments. The CRA can capitalize on this opportunity by focusing recruitment efforts to these spaces and helping to link

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<sup>1</sup> Palm Beach County Industrial Land Use Needs, IPARC Industrial Land Use Subcommittee

businesses to the necessary capital. The CRA is currently reviewing designs and construction drawings to make the marina and existing downtown more of a destination for businesses to relocate to and the public to visit.

*Conclusion: Businesses that cater to the seasonal and year round population should be expanded in the marina and downtown and marketed, such as jet ski rentals, kayaking, and other water activities including a water taxi. The CRA currently owns a handful of boat slips. These slips should be made available to new businesses and will also bring about a steady revenue stream to the CRA to help offset some of its costs. In addition, recent legislation that was passed requires the County to develop an Intracoastal Waterfront Economic Master Plan that capitalizes on its environmental asset. The CRA should partner with the County and be actively involved in the planning process. Also, any federal or state incentives should be explored to help offset the CRA's costs freeing up funds for other redevelopment activities.*

*Also, it's recommended the CRA work with City staff on preserving the existing industrial land suitable for redevelopment. This can be accomplished by amending the current City Comprehensive Plan to include new goals and objectives centered on industrial land preservation. Interested property owners of converted industrial land should be encouraged to rezone their properties back to industrial. Other surrounding vacant and underutilized sites that may be suitable to be rezoned to from residential or from commercial to industrial should be examined and further explored to aid in the development and preservation process.*

*Lastly, special marketing events have been underway and have resulted in large numbers of the public coming to the marina and other downtown areas. The CRA should continue to sponsor and put on these events.*

## **Retail Market**

The retail market has been one of the hardest hit segments due to the downturn in the housing sector and the decrease in consumers' disposable incomes caused by inflation. Vacancy rates have been increasing steadily over the past year. Large national retailers are riding out the downturn and temporarily putting expansion plans on hold until the economy recovers. Mom and pop establishments are experiencing a more difficult time causing problems as well for property owners in maintaining the lease-up of their spaces. Although the dominance of the Congress Avenue corridor will continue, new retail space in the marina and new retail space coming online (approximately 70,000 sq ft) along Federal Hwy in the heart of downtown will provide opportunities for small businesses catering to nearby existing and future residents once businesses are able to access capital.

## Retail Rents, Absorption, & Vacancy Rate

Average lease rents have steadily increased over the past years despite the recent downturn in the economy. As of the 2<sup>nd</sup> quarter of this year, average lease rates (NNN) in Palm Beach County averaged \$23.78. The Boynton Beach/Lantana submarket's average lease rate was \$22.38<sup>1</sup>.

Net absorption of retail space continues to decline as weaker tenants continue to experience hard times due to the decrease in consumer spending and higher supply costs. New construction developments are limited which will aid in the stabilization of the market due to no over-building. Below is a table outlining significant trends in the retail market, including average asking lease rates and net absorption:

Submarkets	Gross Leasable Area	Vacancy Rate	2 <sup>nd</sup> Qtr Net Absorption SF	Under Construction SF	Direct Average Asking Lease Rate SNNN SF/YR
Boca Raton	5,541,315	4.58%	(90,824)	45,000	\$28.75
Boynton Beach/Lantana	3,694,514	8.87%	(216,173)	262,622	\$22.38
Delray Beach	2,733,489	5.65%	(60,446)	0	\$22.77
Jupiter	2,492,886	5.40%	(167,045)	0	\$24.08
Lake Worth	4,086,797	9.89%	(345,951)	37,806	\$17.95
North Palm Beach	3,631,703	10.03%	(287,301)	100,000	\$25.98
Palm Beach	120,000	---%	---	---	---
Wellington/Royal Palm Beach	3,594,680	3.95%	(117,688)	119,000	\$28.03
West Palm Beach	4,503,046	7.27%	(261,304)	---	\$20.37
<b>TOTALS:</b>	<b>30,398,430</b>	<b>6.95%</b>	<b>(1,546,732)</b>	<b>564,428</b>	<b>\$23.78</b>

Source: CB Richard Ellis, 2008 2<sup>nd</sup> Qtr Report

The totals above reflect only properties with 25,000 sq ft or more of available retail space. Information will need to be gathered on other properties with smaller retail spaces.

<sup>1</sup> CB Richard Ellis, 2008 2<sup>nd</sup> Qtr Retail Market Report

*Conclusion: The current level of vacancies will provide for ample space for new retail businesses wishing to startup, expand or relocate to the CRA. An emphasis on restaurants and other Eat/Drink establishments should be the primary focus and can be incentivized by utilizing the liquor license currently owned by the CRA. With respect to the vacancy rates having increased, this factor bodes well for small businesses in negotiating with property owners for more favorable terms and concessions. The CRA should continue to fund and market the commercial façade program to assist retailers.*

## **Industrial Market**

Just as with the retail market, Palm Beach County's industrial market is experiencing corrections as evidenced by increases in vacancy rates, decreased lease rates, and overall negative net absorption. The correction can be attributed to the overall downturn in the economy with housing relating businesses taking a beating. It's anticipated the pattern will persist through the remainder of 2008. Vacancies will increase as more firms down size or move out from their existing buildings while at the same time new speculative projects will come on-line adding even more supply to the market<sup>1</sup>.

## **Industrial Rents, Absorption, & Vacancy Rate**

The industrial lease rate in Palm Beach County averaged \$8.34 as of the 2<sup>nd</sup> quarter of 2008 representing a decrease from the same time last year and is estimated to be a result of additional inventory coming on line and as a direct result of decreased operating costs which are (typically) passed onto tenants.

Overall industrial leasing activity totaled approximately 386,000 sq ft countywide in the second quarter of 2008. Much of this activity occurred in the Boca Raton submarket. Sales of industrial land totaled 438,000 sq ft. Riviera Beach led the way in sales transactions of industrial space with approximately 240,000 sq ft. Tightened lending standards and increasing capitalization rates have impacted sales activity. The vacancy rate in Palm Beach County was 8.6% as of the 2<sup>nd</sup> quarter of 2008. The Boynton Beach/Lantana submarket's vacancy rate was higher at 13.5%<sup>1</sup>.

Major efforts by both the government and private sector have focused on positioning Palm Beach County as a biotech and a research and development economy. In addition to Scripps Research Institute, other high tech relocations and start up companies are setting up

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<sup>1</sup> CB Richard Ellis, 2008 2<sup>nd</sup> Qtr Industrial Market Report

operations in Palm Beach County. Beginning early 2009, Max Planck, a German biotech firm is expected to be operating in its 100,000 sq ft facility in Jupiter.

### Palm Beach County Industrial Land

Market	Rentable Building Area	Vacancy Rate	YTD Net Absorption SF	Under Construction SF	Direct Average Asking Lease Rate SNNN SF/YR	Availability Rate %
Boca Raton	8,732,069	5.0%	102,512	0	\$10.85	5.2%
Industrial	4,844,131	4.8%	(78,742)	-----	\$8.50	4.8%
Flex	3,887,938	5.2%	181,254	-----	\$13.78	5.7%
Delray Beach	3,346,767	10.7%	(18,877)	0	\$9.19	10.7%
Industrial	2,394,261	11.6%	12,657	-----	\$8.50	11.6%
Flex	952,506	8.5%	(31,534)	-----	\$10.94	8.5%
<b>Boynton Beach/Lantana</b>	<b>5,387,156</b>	<b>13.5%</b>	<b>(173,178)</b>	<b>0</b>	<b>\$7.73</b>	<b>13.3%</b>
<b>Industrial</b>	<b>4,532,063</b>	<b>13.9%</b>	<b>(153,740)</b>	<b>-----</b>	<b>\$7.25</b>	<b>13.9%</b>
<b>Flex</b>	<b>855,093</b>	<b>9.8%</b>	<b>(19,438)</b>	<b>-----</b>	<b>\$10.26</b>	<b>9.8%</b>
Lake Worth/Wellington	4,072,746	7.1%	23,565	47,958	\$7.46	7.1%
Industrial	3,340,207	4.6%	9,607	14,000	\$6.95	4.6%
Flex	732,539	18.0%	13,958	33,958	\$9.80	18.0%
West Palm Beach	18,144,497	7.4%	(49,011)	275,570	\$8.09	7.6%
Industrial	14,684,589	6.3%	(103,543)	275,570	\$7.50	6.6%
Flex	3,459,908	11.9%	54,532	-----	\$10.60	11.9%
Riviera Beach	10,524,373	9.2%	(181,897)	63,182	\$6.81	9.7%
Industrial	9,361,689	9.0%	(181,299)	63,812	\$6.59	9.4%
Flex	1,162,684	10.5%	(589)	-----	\$9.15	12.1%
Jupiter	3,626,423	14.1%		553,347	\$9.04	14.2%

			11,577			
Industrial	2,751,571	13.4%	13,053	553,347	\$8.50	13.4%
Flex	874,852	16.4%	(1,476)	-----	\$10.75	16.8%
<b>TOTALS:</b>	<b>53,384,031</b>	<b>8.6%</b>	<b>(285,309)</b>	<b>940,057</b>	<b>\$8.34</b>	<b>8.8%</b>
<b>Industrial</b>	<b>41,129,071</b>	<b>8.2%</b>	<b>(482,007)</b>	<b>906,099</b>	<b>\$7.45</b>	<b>8.3%</b>
<b>Flex</b>	<b>11,800,601</b>	<b>9.9%</b>	<b>196,698</b>	<b>33,958</b>	<b>\$11.46</b>	<b>10.2%</b>

Source: CB Richard Ellis, 2<sup>nd</sup> Quarter 2008 Palm Beach Industrial Market Overview

The above table does not include information about industrial properties space with less than 10,000 sq ft. Information will need to be gathered on other properties with smaller industrial spaces.

*Conclusion: CRA staff should work closely with commercial brokers and create incentives to attract new industrial-type businesses in order to compete with neighboring municipalities. CRA staff can work with individual property owners to become designated as Brownfields to access tax credits and other available incentives to encourage redevelopment. The existing commercial façade program should continue to be marketed to industrial property owners and businesses as well. As previously mentioned in the Land Use portion of this plan,, owners of previously zoned industrial land should be encouraged to rezone their properties back to industrial which will add to the available stock.*

## Office Market

Over the past few years, the office market in Palm Beach County has steadily grown. Boca Raton and West Palm Beach have become the office centers with more office space for lease than their neighbors combined. Given Boynton Beach’s central and strategic location, opportunities exist for Boynton Beach to capture a larger share of the office market in Palm Beach County, especially in the Class A office market which is currently is minimal in Boynton Beach. Large tracts of undeveloped land exist within the downtown area upon which new office buildings can be developed bringing new job opportunities. The health care and professional services sectors have steadily grown and are expected to continue to grow which will require additional office space.

## Office Rents, Absorption, & Vacancy Rate

Boynton Beach currently has approximately 348,063 sq ft of office space available for lease among the three classes with a majority within Class B (183,153 sq ft) as of the end of the 2<sup>nd</sup> quarter of 2008. Absorption is down along with asking lease rates and vacancies are up compared to the same time a year ago. In local economies that rely upon construction and

banking for a large portion of total employment, such as Palm Beach County, there's a focus on business-to-consumer services and credit services (ex. mortgage lending). These types of economies are more volatile to changes in the housing market. During housing booms, consumers have access to more disposable income (refinancing opportunities, profit from sales, etc.) and thus business-to-consumer firms generally do fairly well. In downturns in the housing market, the opposite occurs. These types of businesses lay off employees, reduce the scale of their operations, demand less space and/or sublet, adding additional inventory into the office marketplace<sup>1</sup>.

### Palm Beach County Office Space Overview

Market	Net Rentable Area	Vacancy Rate	YTD Net Absorption	Under Construction Sq Ft	Avg Lease Rate NNN
<b>Boynton Beach</b>	<b>348,063</b>	<b>19.5%</b>	<b>(3,469)</b>	<b>0</b>	<b>\$17.46</b>
Class A	30,000	-----	-----	-----	-----
Class B	185,153	23.3%	3,411	-----	\$17.96
Class C	134,910	18.6%	(6,880)	-----	\$16.89
<b>Boca Raton</b>	<b>10,909,338</b>	<b>19.7%</b>	<b>(73,425)</b>	<b>384,174</b>	<b>\$18.71</b>
Class A	5,303,659	14.6%	89,899	319,174	\$21.33
Class B	5,408,627	24.4%	(181,315)	65,000	\$17..18
Class C	197,052	27.1%	17,991	-----	\$16.50
<b>Delray Beach</b>	<b>900,339</b>	<b>18.3%</b>	<b>14,446</b>	<b>-----</b>	<b>\$14.84</b>
Class A	40,000	20.0%	29,695	-----	\$18.00
Class B	504,022	23.0%	(20,982)	-----	\$14.71
Class C	356,317	11.5%	5,733	-----	\$14.63
<b>Jupiter</b>	<b>435,996</b>	<b>21.6%</b>	<b>(15,626)</b>	<b>0</b>	<b>\$15.59</b>

<sup>1</sup> Office Insight, CBRE Torto Wheaton Year End 2007

Class A	-----	-----	-----	-----	-----
Class B	354,613	25.7%	(15,626)	-----	\$15.86
Class C	81,383	6.2%	-----	-----	\$14.00
<b>Lake Worth</b>	<b>438,267</b>	<b>31.3%</b>	<b>(53,546)</b>	<b>41,853</b>	<b>\$13.45</b>
Class A	-----	-----	-----	-----	-----
Class B	379,267	40.9%	(52,341)	41,853	\$13.45
Class C	59,000	17.2%	(1,205)	-----	-----
<b>North Palm Beach</b>	<b>2,805,174</b>	<b>11.6%</b>	<b>(1,702)</b>	<b>44,500</b>	<b>\$20.51</b>
Class A	1,203,999	7.6%	11,175	44,500	\$22.88
Class B	1,326,923	15.9%	(11,814)	-----	\$19.61
Class C	274,252	8.0%	(1,063)	-----	\$17.08
<b>Palm Beach</b>	<b>541,306</b>	<b>7.5%</b>	<b>(33,355)</b>	<b>0</b>	<b>\$54.89</b>
Class A	132,626	8.7%	(11,750)	-----	\$62.21
Class B	298,680	9.7%	(21,605)	-----	\$40.86
Class C	110,000	-----	-----	-----	-----
<b>Royal Palm Beach</b>	<b>296,578</b>	<b>4.1%</b>	<b>(2,000)</b>	<b>0</b>	<b>\$27.00</b>
Class A	141,750	8.5%	(2,000)	-----	\$27.00
Class B	-----	-----	-----	-----	-----
Class C	154,828	-----	-----	-----	-----
<b>West Palm Beach</b>	<b>5,631,799</b>	<b>18.5%</b>	<b>136,595</b>	<b>0</b>	<b>\$22.58</b>

Class A	3,088,081	20.6%	188,038	-----	\$24.91
Class B	2,006,145	18.0%	(52,272)	-----	\$16.09
Class C	537,573	8.24%	829	-----	\$12.98
<b>TOTALS</b>	<b>22,306,860</b>	<b>18.1%</b>	<b>(32,082)</b>	<b>470,527</b>	<b>\$19.41</b>
Class A	9,940,115	15.4%	305,057	363,674	\$22.93
Class B	10,461,430	22.0%	(352,544)	106,853	\$16.93
Class C	1,905,315	10.5%	15,405	0	\$15.07

Source: CB Richard Ellis, 2<sup>nd</sup> Quarter 2008 Palm Beach Office Market Overview

Whereas growth in the past few years has been led by the retail and construction activity, there's expected to be a shift from the current economic center to other types of activity. Future growth during the next 5 to 10 years will be led by exports (a weak dollar), corporate investing (continued large profit margins), and business-to-business services. Residential developers, retailers, and other business-to-consumer services will contribute less to overall growth than in previous years. What this shift means to the local market is increased vacancy rates, slower growth in rents, and the return of incentives and other landlord concessions<sup>1</sup>. The above table does not include office buildings with less than 30,000 sq ft, office condominiums, or medical and government buildings. Information will need to be gathered on those as well, also.

*Conclusion: With projects on hold due to the current credit crunch in the lending fields, absorption in the very near future will most likely be limited to office space currently on the market or currently under construction aiding in the rebound of the office market. The CRA should focus marketing and recruitment activities to firms that provide business-to-business services and could incentivize lease-ups to capture a larger share of the office market.*

*Statistically, Boynton Beach lags far behind West Palm Beach and Boca Raton in the office market, especially Class A and B office spaces. Boynton Beach is strategically located near the center of the County providing access to southern municipalities and to Broward and Miami-*

<sup>1</sup> CB Richard Ellis, 2008 2<sup>nd</sup> Qtr Office Market Report

*Dade Counties. To the north, firms still needing access to the northern municipalities and to the northern portion of the state would be ideally situated in the Boynton Beach CRA, located just off of I-95 and minutes away from Palm Beach International Airport. The CRA has a unique opportunity with its undeveloped and underdeveloped land near the intracoastal to capture a larger share of the office market.*

## **Implementation**

Implementation is a key component to economic development. A marketing campaign will need to be conducted to successfully reach new businesses and developers interested in building, expanding, or relocating to the area. A business relocation package consisting of economic data and other relevant information about the area, including available incentives should be created and made available that expand upon the opportunities outlined in this plan and the City's Economic Development Atlas. Incentives that focus on accessing capital, residential development, industrial development, and the development of office space should be maintained and/or created in such a way to set the Boynton Beach CRA apart from other coastal communities and other similar redeveloping areas.

Staff will need to also actively network with professional peers and maintain involvement with professional organizations to promote the area. Organizations that should be included, but are not limited to the Business Development Board, the World Trade Center Organization, the Palm Beach County Economic Development Office, the International Council of Shopping Centers, and the Chamber of Commerce of Boynton Beach. In addition, regular contact with commercial brokers will be needed. To also assist existing businesses within the CRA, a new web page should be created listing the existing businesses, available job opportunities within the CRA, available job training opportunities, and commercial space available.

Targeted businesses should include businesses that rely upon business to business services seeking office space and industrial space. As previously mentioned, business such as jet ski rentals & kayaking should be recruited for retail space within the marina.

## **Technical Assistance**

A full-time professional staff person or a consultant should be added in FY 08 – 09 to assist in carrying out the Economic Development Plan, including providing the needed technical assistance to new and existing businesses, commercial brokers, and developers. Technical assistance will need to be provided to businesses interested in accessing not only the CRA's incentive programs, but other incentives such as the Brownfield program, Palm Beach County CDBG Economic Development Set-Aside grants, etc.. Initial efforts should focus on the redevelopment of the CRA, but could be expanded to encompass the entire City in the future. An intern should be budgeted for to assist with economic development activities.

## **Measuring Progress**

To effectively measure the results of the economic development efforts, a database should be established that will accurately depict annual median income within the CRA, the current number of businesses operating within the CRA, the type of businesses, number of employees, wage levels, amount of space currently owned and/or leased, and available space for businesses wishing to relocate or startup within the CRA. The database should be updated on a periodic basis.