West Palm Beach Economic Development Study

Report 1: Competitive Assessment

WPB
WEST PALM BEACH

Prepared for the City of West Palm Beach | July 2018

avalanche

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Executive Summary

This Competitive Assessment represents the culmination of Phase 1 of the West Palm Beach Economic Development Study. The report combines extensive statistical analysis with the stories heard through engagement with stakeholders across West Palm Beach and Palm Beach County to provide a holistic assessment of the city's competitive economic development position. To provide context, the city's current socioeconomic conditions and trends are benchmarked to similar communities identified by the Advisory Group, alongside Palm Beach County, the Miami Metro, the State of Florida, and the United States. The findings of this report will be utilized to evaluate existing and new opportunities in the following Sector Analysis report and provide strategic guidance to the city and its partners. The following Executive Summary highlights top findings from this report.

ECONOMIC & DEMOGRAPHIC TRENDS

Job growth in West Palm Beach has been strong in nearly all industries. Since 2012, employment in West Palm Beach has risen by more than 20%. During this same period, total US employment increased by less than 9%. Growth is led by professional and health care industries and includes emerging clusters such as materials, software / IT, and consumer goods manufacturing. The population of West Palm Beach is also growing rapidly – at nearly twice the US rate over the past five years. West Palm Beach is an employment destination that draws workers from across South Florida – 90% of its workers come from outside the city limits and it boasts a large **labor shed of more than 680,000 workers available to employers**. West Palm Beach is well-educated – more than 32% of West Palm Beach residents have a bachelor's degree or higher – above the US, Florida, and Miami Metro averages. The city also benefits from acclaimed educational institutions throughout region **– collectively, schools in a 25 mile radius of the city awarded 18,790 degrees in 2017**. West Palm Beach is **entrepreneurial and innovative**, with a high share of self-employed individuals and an above-average number of patent holding inventors living in the city. Income levels in West Palm Beach are below average and growing more slowly than all benchmarks despite strong economic growth. This contributes to high poverty levels concentrated in specific parts of the city. Crime rates in West Pam Beach are also relatively high but have fallen over the past decade.

BUSINESS CLIMATE

The State of Florida offers a **highly competitive business tax environment** with no personal income tax and a relatively low corporate income tax rate. Florida's tax environment is especially competitive relative to high-tax financial centers in New York, Connecticut, and Illinois. In contrast to income taxes, property taxes in West Palm Beach are relatively high compared to benchmarks, but not extraordinarily so. After five years of flat growth, sales tax collections have grown rapidly in West Palm Beach since 2013. Retail sales comprise the largest source of sales tax collections in West Palm Beach, but Leisure & Hospitality and Construction are the fastest growing source of sales tax revenues. The 33401 and 33409 zip codes are the top sources of sales tax revenues in West Palm Beach, but sales tax collections are growing the most rapidly in the 33401 and 33405 zip codes. In addition to attractive tax rates, the city also has competitive utility rates – Florida Power & Light (FPL) offers highly competitive electrical rates for residential, commercial, and industrial users. High speed internet access is readily available in West Palm Beach, and gigabyte service is much more common than seen in most US communities.

Executive Summary

VISITOR TRENDS

The number of visitors to Palm Beach County has grown rapidly over the past decade, contributing to a corresponding rapid rise in bed tax collections. Visitation remains seasonal with peak visitation in the winter months – but the off seasons are growing in visitor activity. West Palm Beach is the top destination for visitors to Palm Beach County but number two for overnight stays. The large gap between visitation and stays indicates that **West Palm Beach could accommodate additional hotel rooms**. Visitors to Palm Beach County engage in a wide variety of activities, many of which relate to West Palm Beach's assets, including shopping, fine dining, sightseeing, art galleries, historic sites, museums, nightclubs, and more. Additionally, **Palm Beach International Airport is a major asset** to Palm Beach County and West Palm Beach. According to the Florida Department of Transportation, PBIA contributed 34,048 total jobs and nearly $3.5 billion in total economic output through direct, indirect, and induced impacts.

RESIDENTIAL REAL ESTATE

Housing vacancy rates are relatively low in West Palm Beach, but rental vacancies are relatively high. This reflects that a majority of housing units permitted over the past five years have been for multi-family projects – increasing supply of rental options but keeping homes for purchase more static. West Palm Beach is a majority renter city and growing the share of renters over time – a trend common in many high-growth communities in the US today. The median home value in West Palm Beach is lower than most benchmarks, but the median home value and median sales price of new homes is growing rapidly. The City of West Palm Beach permitted nearly as many housing units as new households added over the past five years, demonstrating that the market is providing almost enough supply to catch up with growing demand. **If household growth continues to outpace housing unit construction, it will likely continue to drive up prices**. Although homes and rental units are more affordable in West Palm Beach than many benchmarks, lower incomes in the city make housing expensive for residents – in 2016, **43% of households in West Palm Beach were in unaffordable housing**, meaning that they spend more than 30% of their income on housing costs.

COMMERCIAL REAL ESTATE

Office real estate is growing increasingly scarce in West Palm Beach and Palm Beach County, especially for new, Class A office. Class A office vacancy rates have dropped steadily for the past five years, and rents have gone up correspondingly. Currently, Class A office space in Downtown West Palm Beach is sometimes expensive than in Miami. Demand for industrial real estate is also strong in Palm Beach County and West Palm Beach. New construction has helped absorb growing demand, but vacancy rates continue to fall, causing prices to go up over time. Industrial real estate is still currently more affordable in West Palm Beach than many parts of Palm Beach County.

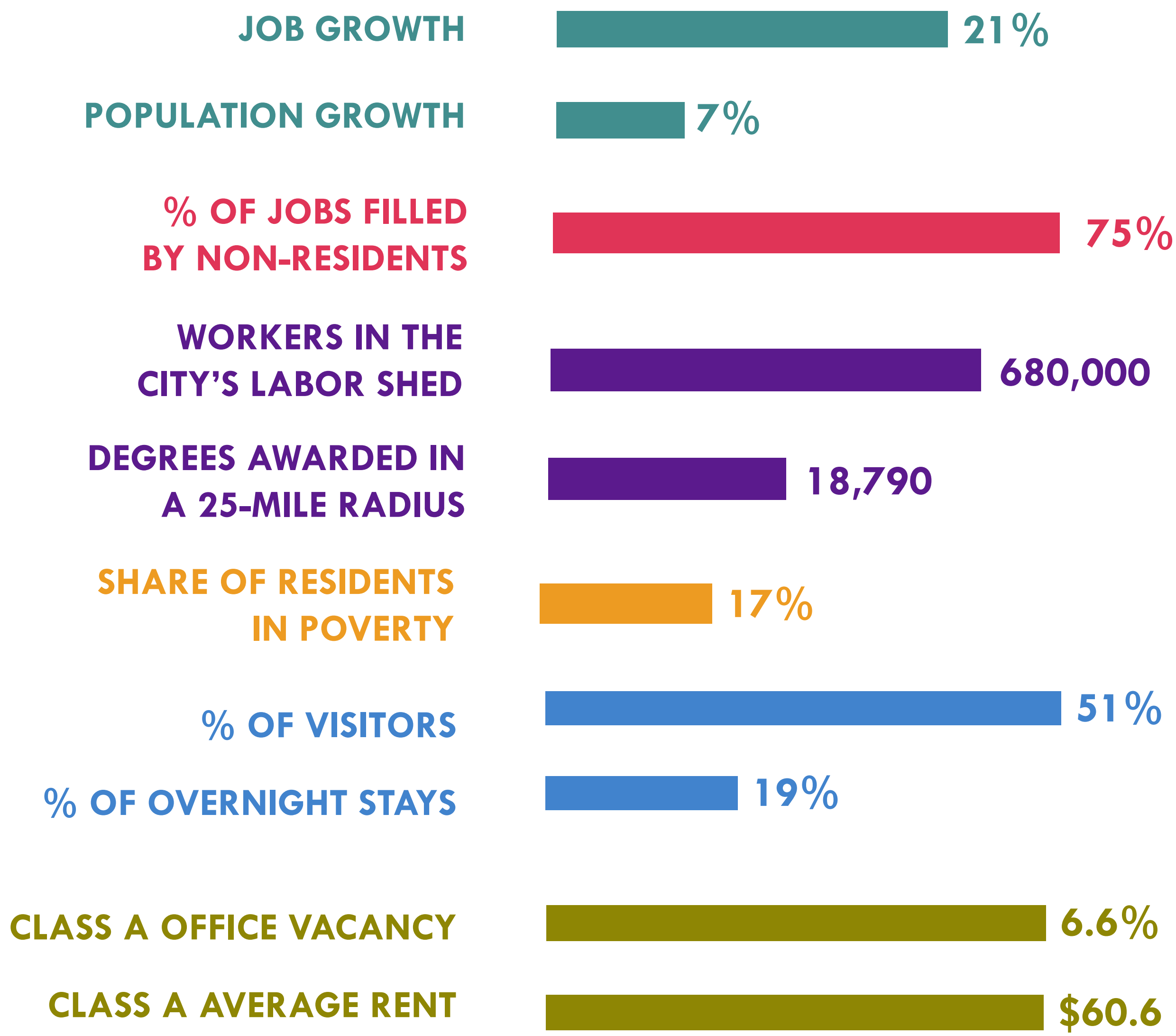
Key Takeaways

This report provides an extensive examination of West Palm Beach's competitive position in:

- Economic trends
- Demographic trends
- Business climate
- Visitation
- Real estate

The key findings are summarized at the beginning of each section and in the SWOT Assessment along with observations about West Palm Beach drawn from the literature review, interviews, focus groups, conversations, tours, and other direct stakeholder engagement.

The key takeaways to the right are a sample of some of the most significant statistics that reveal both strengths and priority issues to be addressed in West Palm Beach.



SOURCE: US Census / EMSI / Avalanche Consulting

01 Introduction

About the Strategy

This Economic Development Study will provide a comprehensive look at the City of West Palm Beach's economy and competitive position.

Phase 1: Competitive Assessment

This phase of the project began with an in-depth review of existing studies to ensure the Economic Development Study is cohesive with current city, county, and regional initiatives. The consulting team then conducted a thorough evaluation of the city's economic and demographic conditions, including a business climate assessment, visitor trends analysis, and real estate analysis. In addition to examining quantitative data, the consulting team facilitated focus groups and interviews with over 70 stakeholders. Based on the results of the research, the consulting team developed a SWOT Assessment and Economic Development Asset & Program Inventory.

Phase 2: Sector Analysis

In Phase 2, the consulting team will examine seven sectors in West Palm Beach: Financial, Medical, Marine, Tourism, Nighttime Economy, Antique Row, and Northwood Village. Using the findings from Phase 1, the Sector Analysis will include an overview of current dynamics and top opportunities to further energize each sector. A connectivity analysis will highlight existing programs while a gap identification will identify new sector opportunities. The Sector Analysis will also include an evaluation of the potential for an Innovation District.

PROJECT INITIATION

- Information Review

PHASE 1: COMPETITIVE ASSESSMENT

- Stakeholder Input & Tours
- Economic & Demographic Conditions
- SWOT Assessment

PHASE 2: SECTOR ANALYSIS

- Sector Profiles
- Connectivity Analysis
- Gap Identification
- Innovation District Evaluation

Project Partners

The Economic Development Study was developed in partnership with Avalanche Consulting, the City of West Palm Beach, West Palm Beach Community Redevelopment Agency, West Palm Beach Downtown Development Authority, and the Chamber of Commerce of the Palm Beaches.

Avalanche Consulting

Avalanche Consulting is the nation's premier economic development strategist. We are deeply driven to make a positive impact and seek clients who are equally inspired to energize their economies. Since it was established in 2005, Avalanche Consulting, Inc. has provided strategic planning services to more than 200 communities throughout the US. (www.AvalancheConsulting.com)

City of West Palm Beach

As one of the three largest cities making up the South Florida region and county seat of Palm Beach County, West Palm Beach is a vibrant, growing, waterfront city that offers the business advantages available in the region, combined with a more refined and relaxed environment for living and working. (www.wpb.org)

Community Stakeholders

The creation of this Economic Development Study included interviews and focus groups with over 70 stakeholders in West Palm Beach.

Advisory Group

Avalanche Consulting and the City of West Palm Beach would like to thank the Advisory Group for helping to inform and guide the development of this Economic Development Study:

- Raphael Clemente, Executive Director, West Palm Beach Downtown Development Authority
- Michael DeBock, President & CEO, Economic Council of Palm Beach County
- Dennis Grady, President & CEO, Chamber of Commerce of the Palm Beaches
- Gary Hines, Senior Vice President, Administration, Palm Beach County Business Development Board
- Michele Jacobs, Chief Strategy Officer, Economic Council of Palm Beach County
- Teneka James, Associate Director, West Palm Beach Downtown Redevelopment Authority
- Christopher Roog, Director of Economic Development, City of West Palm Beach
- Kelly Smallridge, President & CEO, Palm Beach County Business Development Board
- Jon Ward, Executive Director, West Palm Beach CRA

About this Report

This Competitive Assessment represents the culmination of Phase 1 of the West Palm Beach Economic Development Study. The report combines extensive statistical analysis with the stories heard through engagement with stakeholders across West Palm Beach and Palm Beach County to provide a holistic assessment of the city's competitive economic development position. To provide context, the city's current socioeconomic conditions and trends are benchmarked to similar communities identified by the Advisory Group, alongside Palm Beach County, the Miami Metro, the State of Florida, and the United States. The findings of this report will be utilized to evaluate existing and new opportunities in the following Sector Analysis report and provide strategic guidance to the city and its partners.

The reports contains the following sections:

SWOT Assessment

The Strengths, Weaknesses, Opportunities, and Threats (SWOT) Assessment summarizes West Palm Beach's competitive position in five categories: Economic & Demographic Conditions, Talent & Education, Infrastructure & Real Estate, Business Climate & Entrepreneurship, and Livability & Tourism.

Economic & Demographic Evaluation

This section provides a deep dive into a range of statistics that help reveal West Palm Beach's competitive position related to job growth, industry concentrations, population growth, education, entrepreneurship, and much more.

Business Climate Assessment

An examination of the business climate in West Palm Beach, including income and property tax rates, sales tax performance, and utilities, is included in this section of the report.

Visitor Trends Analysis

This section reviews recent visitor trends in Palm Beach County and how they relate to West Palm Beach.

Real Estate Analysis

This section reveals detailed trends related to residential housing, office space, and industrial real estate in West Palm Beach.

Economic Development Asset & Program Inventory

The final section of this report is a descriptive inventory of the major economic development assets and programs available in West Palm Beach.

Data & Benchmarking

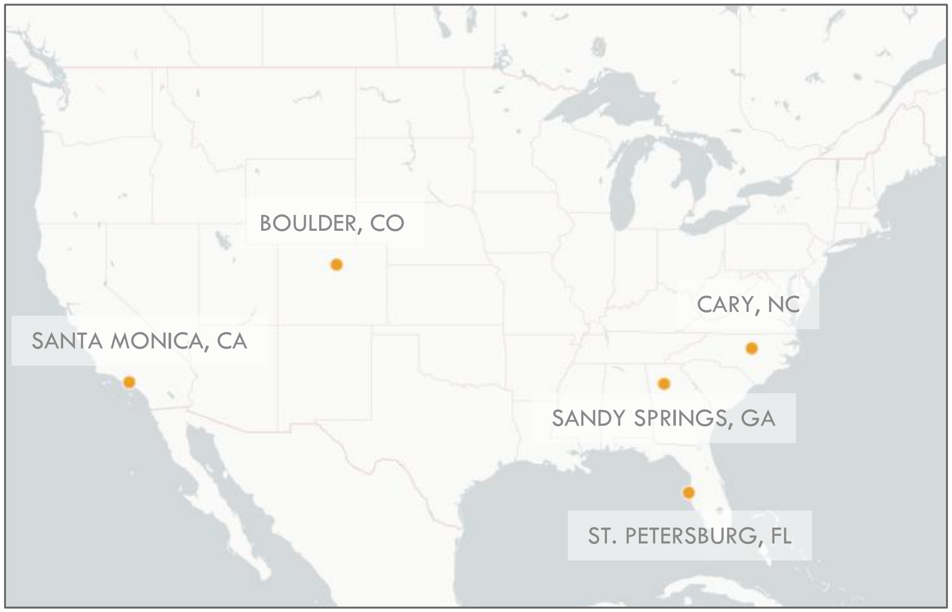
This Competitive Assessment report examines a wide range of topics and statistics from a variety of data sources – collecting the **best-in-class and most recent data available.** Whenever possible, data comes from publicly available sources, including the US Census, US Bureau of Labor Statistics, US Bureau of Economic Analysis, US Patent & Trademark Office, and more. Employment data at the city level was purchased from EMSI – a labor market analytics firm – and real estate data draws from numerous private real estate firm market reports. Avalanche Consulting and the City of West Palm Beach would also like to thank the Florida Department of Revenue, the Palm Beach County Property Appraiser, Discover Palm Beaches, and other government offices for sharing data and perspectives with the consulting team.

The analysis in this report compares West Palm Beach to five benchmark communities in addition to Palm Beach County, the three-county Miami Metropolitan Statistical Area (Miami Metro), Florida, and the United States. The benchmarks were identified in consultation with the City of West Palm Beach and the Study's Advisory Group. The benchmark communities are similar in size, economy, and relation to major urban centers to West Palm Beach – with some differences to offer insight and variety in comparison. The five benchmark communities are:

- Santa Monica, CA
- Boulder, CO
- Cary, NC
- Sandy Springs, GA
- St. Petersburg, FL

When examining trends within the City of West Palm Beach, it is sometimes difficult to get data that precisely matches the official geographic boundaries of the city. Demographic and Housing data in general represents the entire City of West Palm Beach. For employment, property tax, and sales tax data, Avalanche used four primary zip codes that have a majority of their geography within the City of West Palm Beach – 33401, 33405, 33407, and 33409. ***Note: Some portions of these zip codes are located outside of the city. The 33412, 33411, 33417, and 33406 zip codes have portions in West Palm Beach but are majority outside the city. The portions of these zip codes within the city are represented in Demographic, Housing, and any tax discussions that examine the entire City of West Palm Beach.***

West Palm Beach Economic Development Study Benchmarks



02 SWOT

Economic & Demographic Conditions

STRENGTHS

- Job growth in West Palm Beach has been very strong. Since 2012, employment in West Palm Beach grew more than 20% – faster than the State of Florida and nearly all benchmarks.
- The population of West Palm Beach is also growing rapidly – at nearly twice the US rate over the past five years. The growth of the city's active labor force under 65 is especially high relative to benchmarks.
- Employers in West Palm Beach draw from a large, broad labor shed. Currently 75% of workers employed in West Palm Beach live elsewhere.
- Although the population of West Palm Beach is slightly older than the US as a whole, the community has a relatively high proportion of young professionals (29% of the population), and the active labor force is growing rapidly.
- West Palm Beach is highly diverse. White Non-Hispanic residents comprise 41% of West Palm Beach's population compared to 61% nationally.

WEAKNESSES

- Income levels in West Palm Beach are below average and growing more slowly than all benchmarks despite strong economic growth.
- West Palm Beach has a relatively high overall poverty rate of 17%. Poverty is highly concentrated in specific geographic parts of the city – with the poverty rate as high as 48% in some census tracts.
- Economic inequality in West Palm Beach is more pronounced than the US average. In 2016, the top 5% of households in West Palm Beach owned eight times as much income as the bottom 20% of households.

OPPORTUNITIES

- West Palm Beach has seen rapid job growth in nearly all industries. Growth is led by professional and health care industries and includes emerging clusters such as materials, software / IT, and consumer goods manufacturing.
- Minority-owned businesses are highly concentrated in West Palm Beach and the number of woman-owned businesses is growing rapidly – demonstrating that West Palm Beach's entrepreneurial assets are being accessed by a diverse population reflective of the local population.
- West Palm Beach draws from a large labor shed that currently holds over 680,000 employed individuals. The opening of the Brightline will likely expand the size of this labor shed by easing commute options from across South Florida.
- The active labor force under 65 years old is growing rapidly in West Palm Beach in contrast to slow growth nationally. This reveals that West Palm Beach (and South Florida in general) is successfully attracting younger workers, despite persistent misconceptions that the area is solely a retirement and tourism destination.

THREATS

- At 3.6%, the unemployment rate in West Palm Beach is approaching its lowest level in a decade, which could make it challenging for employers to find skilled workers – especially when combined with low unemployment across South Florida and the US. Strong active labor force growth and clear identification of the workforce available in the broader labor shed may help assuage concerns.
- The above average median age in West Palm Beach makes the city appear older and does not necessarily reflect the strong growth among younger residents and the large share of young professionals.
- High levels of economic inequality and poverty create high demand for public services. If a larger share of the local population are not actively included in future wealth expansion, it could slow economic growth in West Palm Beach.

Talent & Education

STRENGTHS

- West Palm Beach is an employment destination, with a large labor shed of more than 680,000 workers.
- West Palm Beach is relatively well educated, with 32% of residents possessing a bachelor's degree or higher level of educational attainment and 11% of residents possessing an associate degree.
- West Palm Beach is home to Palm Beach Atlantic University and benefits from acclaimed educational institutions in Palm Beach County – including Florida Atlantic University, Nova Southeastern University, Palm Beach State College, Lynn University, and Keiser University. Collectively, schools in a 25 mile radius awarded 18,790 degrees in 2017.
- The Palm Beach County Academic Leaders Council brings together six university presidents and the school district superintendent to strengthen business and education partnerships and align curriculum with business needs.
- The Palm Beach County School District received an A from the State of Florida in 2018 and offers diverse PreK-12 choices for residents.

WEAKNESSES

- Stakeholders cite poor perceptions of local PreK-12 school performance in West Palm Beach. Schools within the City of West Palm Beach have mixed performance ratings from the State of Florida, but residents have choice options of schools across the county.
- Research shows that economic circumstances are a primary determinant of student scholastic performance. In 2017, 73% of students in West Palm Beach public schools were economically disadvantaged – creating a significant barrier to helping students attain educational success necessary in today's job market.

OPPORTUNITIES

- Successful talent alignment programs such as Palm Beach State College's Workforce Development Community Impact Partnership Consortium could be replicated across a variety of institutions under the leadership of the Palm Beach County Academic Leaders Council.
- The Academic Leaders Council's programs, including career fairs, internship expos, an online internship database, and marketing campaigns will help to connect local talent with job opportunities.
- Implementing the National Center for Arts & Technology career training program recommendations will further connect residents with in-demand jobs in fields such as culinary arts and construction.
- The Brightline train that connects West Palm Beach to Miami and Ft. Lauderdale will expand the city's labor pool, making it faster and more convenient to commute to and from these markets.

THREATS

- In recent years, talent attraction in West Palm Beach has proven uneven, with a net influx of college-educated residents in 2014 and 2015, but a net loss of college-educated residents in 2016. If this trend continues, it could limit the availability of talent immediately in the city.
- Multi-family residential construction has roughly kept pace with population growth, but if single-family home construction and redevelopment does not expand, there may be challenges retaining younger residents with families.
- West Palm Beach has a concentration of college students roughly equal to the US average, but the number of enrolled students has fallen in recent years.
- While West Palm Beach is a job center for the region, rising housing costs could deter talent from living in the city.
- Perceptions of poor performance at local schools could deter families with school age children from relocating to and remaining in West Palm Beach.

Infrastructure & Real Estate

STRENGTHS

- The newly opened Brightline train offers express service between West Palm Beach, Fort Lauderdale, and Miami, with Orlando service in development. As the only privately owned passenger rail system in the US, this service offers unprecedented access to Florida markets.
- The award-winning Palm Beach International Airport offers flights to more than 25 destinations in the US, Canada, and the Caribbean. The city is also in close proximity to international airports in Fort Lauderdale and Miami.
- West Palm Beach has access to a robust highway network, including Interstate-95 and Florida's Turnpike. Despite perceptions, traffic in the city is relatively low with commute times currently well below average and actually falling in recent years.
- The city is in close proximity to the Port of Palm Beach, the fourth busiest port in Florida that exports bulk commodities, primarily to the Caribbean.
- Florida Power & Light (FPL) offers highly competitive electrical rates for residential, commercial, and industrial users.
- High speed internet access is readily available in the city.

WEAKNESSES

- Office vacancy rates are falling and costs rising – especially for Class A office space.
- Vacant buildings and undeveloped lots throughout West Palm Beach could be better utilized by property owners. Empty spaces alongside active businesses detract from the city's vibrancy and create impressions that bely rapid population and job growth. Underutilized buildings are also taken off the market from those looking for and unable to find space for business activities.
- In 2016, 43% of households in West Palm Beach were in unaffordable housing – meaning that they spend more than 30% of their income on housing costs.

OPPORTUNITIES

- Rybovich's Marina Village initiative is anticipated to further revitalize the North End of West Palm Beach, providing increased housing through a $120 million residential development and expansion of the working marina.
- The potential overlay zoning for the Jefferson Terminal District will allow flexibility for both residential and industrial uses. There is an opportunity to catalyze additional growth in innovation with city-owned property.
- The potential Okeechobee Business District designation will allow the city to increase in-demand Class A office product in a prime downtown location.
- Implementation of the city's Mobility Plan will further enhance transportation infrastructure and mobility in the city. Additional cooperation between city and county to connect transportation corridors will further enhance mobility.
- The city has a high number of greenfield and underutilized sites available for development.

THREATS

- Without new Class A office product, high office lease rates and limited inventory can drive up the cost of doing business, limit the expansion of existing businesses, and impede entrepreneurship and start-up activity in West Palm Beach.
- With the US experiencing one of the longest uninterrupted periods of economic growth in recent history, there is speculation that an economic downturn could occur in the near future. This could limit future real estate development in West Palm Beach by restricting access to capital.

Business Climate & Entrepreneurship

STRENGTHS

- With no state or local income tax, West Palm Beach is a cost competitive destination for business. The new federal Tax Cuts and Job Act includes caps on the deduction for state income tax, making states without an income tax even more attractive.
- Local government is pro-business, with strong collaborative relationships with county, regional, and state entities that advocate for business-friendly policies.
- The city has the ability to offer tax incentives, expedited permitting, and other business relocation assistance. Additional incentives at the state level include target industry (QTI, CITC, HIPI), workforce (Florida Flex, IWT), and infrastructure (Economic Development Transportation Fund) incentives.
- Organizations such as Palm Beach Tech Association and FAU Tech Runway provide resources for the city's burgeoning tech cluster.

WEAKNESSES

- Property taxes in West Palm Beach are relatively high compared to benchmark communities – although offset by the lack of income tax in Florida. Some stakeholders raised concerns about regulations and fee structures in Palm Beach County increasing the cost of needed office and other real estate development.
- Stakeholders cite limited entrepreneurial resources – including coworking spaces and programming to support startups.

OPPORTUNITIES

- The newly designated Opportunity Zone in West Palm Beach's North End will incentivize investment in this neighborhood.
- After five years of flat growth, sales tax collections have grown rapidly in West Palm Beach since 2013.
- West Palm Beach has a high share of self-employed individuals, reflecting a strong entrepreneurial base. Additionally, the number of patent holding inventors living in West Palm Beach is above average, only behind benchmark locations with major research universities.
- West Palm Beach is home to the Flagler Financial District and boasts a high concentration of boutique equity firms that could be a resource for entrepreneurs seeking access to capital.
- There is an opportunity for the city to connect local businesses with additional resources to grow, such as the EB-5 Program and potential investors.

THREATS

- Future economic downturns could limit business growth and availability of capital in West Palm Beach.
- Without resources to support entrepreneurs, such as networks and access to capital, new businesses may open and relocate elsewhere.

Livability & Tourism

STRENGTHS

- West Palm Beach boasts a vibrant, walkable downtown and eclectic neighborhoods offering a variety of cultural, entertainment, and restaurant offerings, including the 500 Block of Clematis Street, CityPlace, and Northwood Village, to name a few.
- The city is a cultural hub, boasting public art throughout the city, the Norton Museum of Art, the Kravis Center for the Performing Arts, and Dramaworks. Both the Norton Museum and Kravis Center are undergoing multi-million dollar renovations.
- Retail assets include CityPlace, which is investing in more experiential retail offerings; Palm Beach Outlets, which draws thousands of visitors a day; and Antique Row, a renowned design destination with over 40 antique shops.
- The city boasts 53 community parks, including waterfront land along the Intra-Coastal waterway that is in proximity to Florida's top beaches. Outdoor recreation opportunities, such as boating, fishing, and golf, are available year-round.
- The city is home to acclaimed medical centers including Cleveland Clinic, NY Langone, JFK North, Good Samaritan, and St. Mary's, with a new Hospital for Special Surgery in development.

OPPORTUNITIES

- Investments in placemaking, particularly projects such as the 300 Block of Clematis Street redevelopment, alleyway development, tree planting, and programs offered by the DDA to fill vacant storefronts and improve facades, will further enhance downtown West Palm Beach's functionality and appeal.
- Stakeholders cite that the waterfront is currently underutilized. There is an opportunity to revisit the legal agreement with the state related to use of public waterfront property.
- Improving wayfinding, walkability, and beautification along Dixie Highway, such as adding sidewalks, trees, and lighting, will increase foot traffic for the shops along Antique Row.
- There are new hotels in the development pipeline. There is demand for another full-service hotel in West Palm Beach similar to the Hilton.

WEAKNESSES

- Both violent and property crime rates in West Palm Beach are relatively high though falling over the past decade. Stakeholders cited crime as a top concern.
- Homelessness was cited as a top concern by stakeholders.
- West Palm Beach has a moderate cost of living, especially given its location. However, housing prices are relatively expensive.
- Stakeholders cite the need for more diverse restaurant offerings with a greater mix of value and quality.
- While the Northwood CRA successfully catalyzed redevelopment in Northwood Village, stakeholders cite challenges in maintaining economic momentum. Merchants note a lack of clear leadership and responsibility in continuing marketing, events, and placemaking opportunities that draw visitors to the area.

THREATS

- Perception of high levels of violent and property crime create a negative image for the city and could deter tourism, business attraction, and talent relocation.
- While the number of visitors to Palm Beach County have grown rapidly over the past decade, visitation remains seasonal, with peak visitation in the winter months. Aging and limited hotel stock may also prevent visitation from reaching its highest potential.
- West Palm Beach's geographic location on the coast puts it at greater risk for sea level rise and natural disasters such as hurricanes, which are occurring with greater frequency due to climate change. The City's Sustainability Action Plan represents efforts to build greater local resiliency in the face of these risks.

03

Economic & Demographic Evaluation

Economic & Demographic Evaluation

Understanding the characteristics and trends of a community's economy and demography help uncover the strengths that support growth in various sectors and identify priorities to be addressed by strategic actions. This section examines West Palm Beach's economy and population from a few angles – job creation, industry employment, population growth, educational attainment, labor force trends, ethnic diversity, and much more.

Key findings from this section include:

- Job growth in West Palm Beach has been very strong. Since 2012, employment in West Palm Beach has risen by more than 20%. During this same period, total US employment increased by less than 9%. Among benchmark communities, only Cary, NC saw faster job growth over the past five years.
- West Palm Beach has seen rapid job growth in nearly all industries. Growth is led by professional and health care industries and includes emerging clusters such as materials, software / IT, and consumer goods manufacturing.
- West Palm Beach has a high share of self-employed individuals, reflecting a strong entrepreneurial base.
- Minority-owned businesses are highly concentrated in West Palm Beach and the number of woman-owned businesses is growing rapidly.
- The number of patent holding inventors living in West Palm Beach is above average, only behind benchmark locations with major research universities.
- West Palm Beach is an employment destination with a large labor shed, drawing 90% of its workers from outside the city limits. The West Palm Beach Labor Shed identified by Avalanche has more than 680,000 workers available to employers in West Palm Beach.
- There are eight major universities and colleges within 25 miles of West Palm Beach, and collectively, these institutions graduated 18,790 students with associate, bachelor's, and higher degrees in 2017.
- Despite perceptions, traffic in West Palm Beach is relatively low with commute times currently well below average and actually falling in recent years.
- The population of West Palm Beach is growing rapidly – at nearly twice the US rate over the past five years. The growth of the city's active labor force under 65 is especially high relative to benchmarks.
- West Palm Beach is highly diverse. White Non-Hispanic residents comprise 41% of West Palm Beach's population compared to 61% nationally.
- Residents of West Palm Beach are well-educated. More than 32% of West Palm Beach residents have a bachelor's degree or higher – above the US, Florida, and Miami Metro averages. Additionally, over 11% of residents hold an associate degree – more than all benchmarks.
- West Palm Beach is relatively affordable, especially given its location. The overall cost of living in West Palm Beach is slightly higher than the US average, but it is less than every examined benchmark community except St. Petersburg, FL.
- Income levels in West Palm Beach are below average and growing more slowly than all benchmarks despite strong economic growth. This contributes to high poverty levels concentrated in specific parts of the city.
- Crime rates in West Palm Beach are relatively high but have fallen over the past decade.

Employment Growth

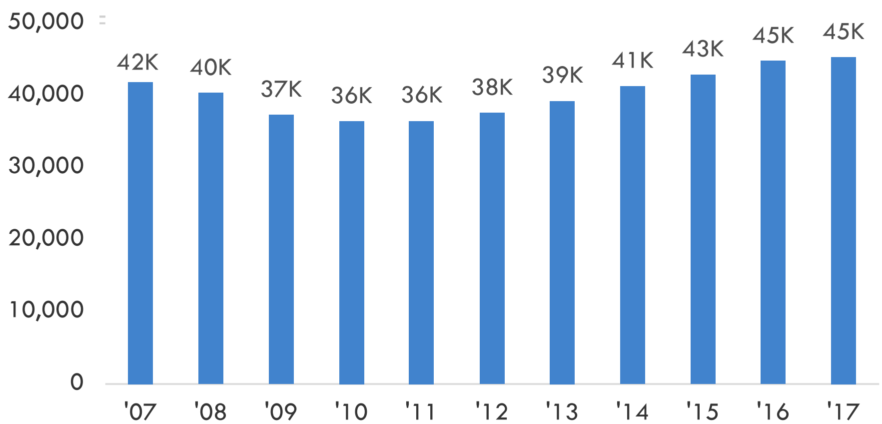
After several years of job losses during the global recession, employment in West Palm Beach has strongly rebounded – reaching more than 45,200 jobs in 2017. From 2012 to 2017, total employment in West Palm Beach increased by nearly 21% – more than double the US rate of job growth (9%).

Among all examined benchmark geographies, only Cary, NC saw faster job growth (24%) over the same time period. Jobs grew 17% in Palm Beach County and 15% in the State of Florida.

WHY IS THIS IMPORTANT?

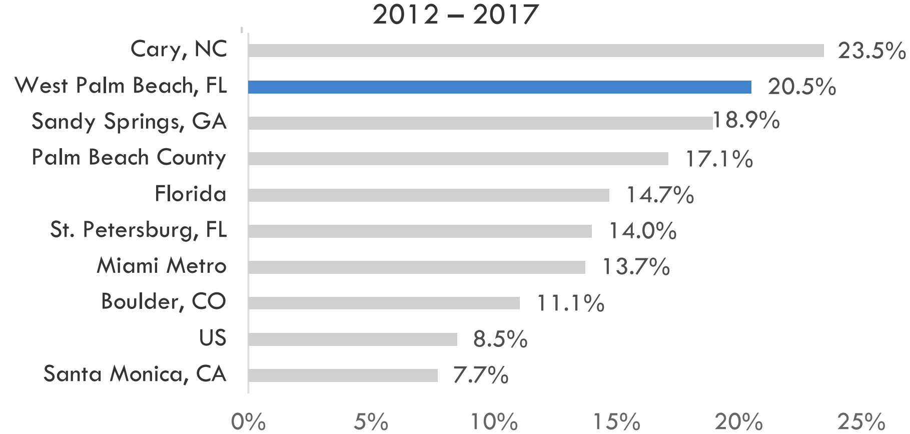
Employment growth is a primary indicator of a community's overall economic health. Strong job creation relative to benchmark communities can indicate a more competitive business climate and the presence of supportive resources.

WEST PALM BEACH EMPLOYMENT GROWTH



SOURCE: AVALANCHE CONSULTING / EMSI

EMPLOYMENT GROWTH
2012 – 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Unemployment

At 3.6%, the unemployment rate in West Palm Beach is approaching its lowest level in a decade. During the height of the recession, the city's unemployment rate nearly reached 12%. Since then, it has steadily declined.

Currently, West Palm Beach's unemployment rate is lower than the national, statewide, and regional averages. Most benchmark communities have lower levels of unemployment – notably unemployment is only 2.3% in Boulder, CO.

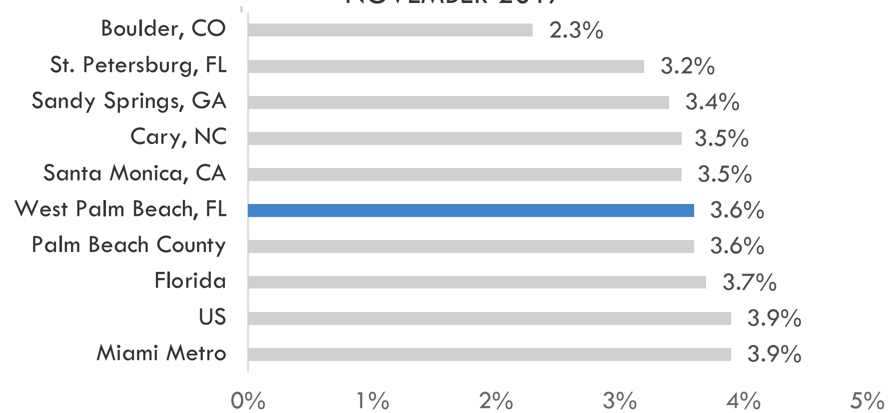
WHY IS THIS IMPORTANT?

Low unemployment is generally a positive sign – indicating that those residents of a community actively looking for work are finding jobs. It can also highlight challenges – revealing that new and expanding employers have a smaller pool of available workers from which to draw or that workers may be exiting the labor force entirely.

WEST PALM BEACH
UNEMPLOYMENT RATE

SOURCE: AVALANCHE CONSULTING / BUREAU OF LABOR STATISTICS

UNEMPLOYMENT RATE
NOVEMBER 2017



SOURCE: AVALANCHE CONSULTING / BUREAU OF LABOR STATISTICS

Industry Diversity

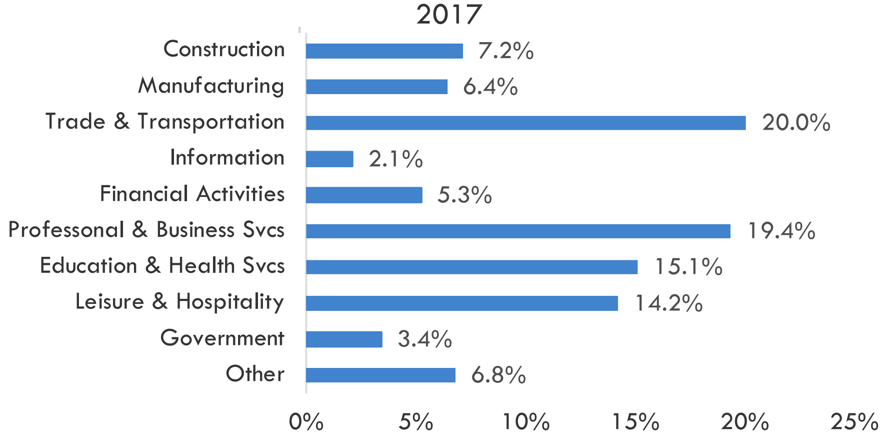
Employment in West Palm Beach is dominated by a handful of major industry groups. Trade & Transportation, Professional & Business Services, Education & Health Services, and Leisure & Hospitality collectively represent nearly 70% of all jobs in West Palm Beach. Nationally, these four industries comprise less than 60% of employment.

From 2012 to 2017, all major industry groups in West Palm Beach grew. On a percentage basis, several smaller industry classifications experienced the greatest job growth. The number of manufacturing jobs in West Palm Beach, for example, increased by more than 75%. Construction employment rose 44%.

WHY IS THIS IMPORTANT?

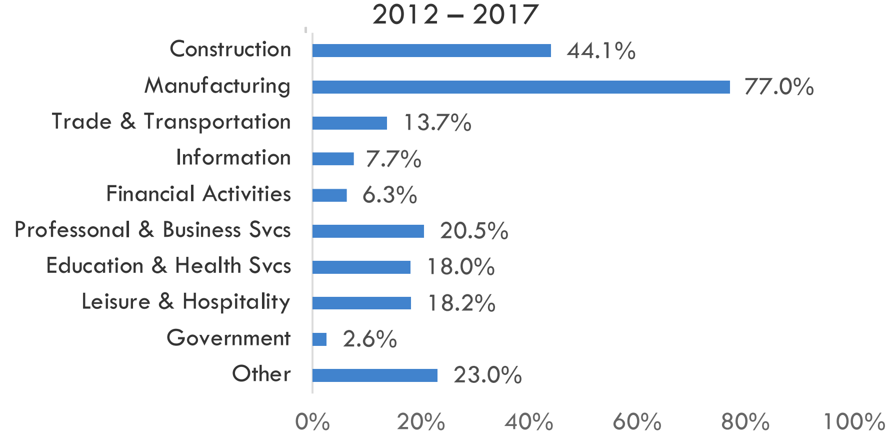
Resilient economies employ residents in a diverse mix of industries. A diverse industry base allows communities to better weather economic downturns that affect one industry more than others. A diverse economy also provides a variety of jobs with different educational and experience requirements.

WEST PALM BEACH EMPLOYMENT BY INDUSTRY 2017



SOURCE: AVALANCHE CONSULTING / EMSI

WEST PALM BEACH EMPLOYMENT GROWTH BY INDUSTRY 2012 – 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Industry Salaries

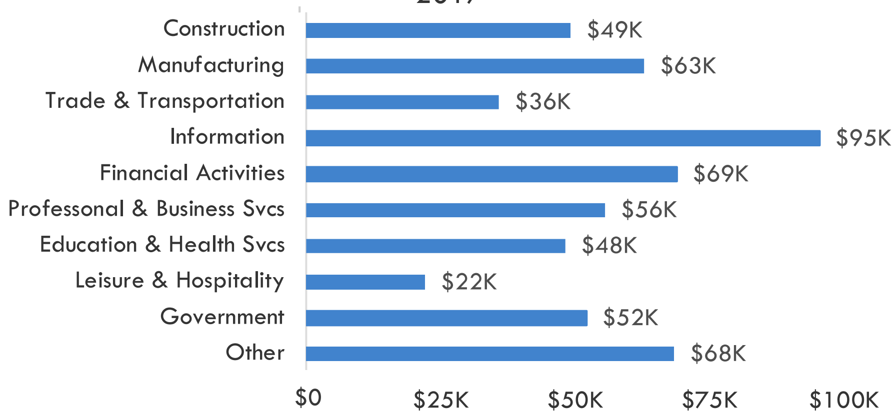
Average salaries vary widely by industry, and West Palm Beach industries are no exception. Information pays the highest average salary at $95,500, and Leisure & Hospitality pays the lowest at approximately $22,100. Average salaries in most other industries in West Palm Beach range from $50,000 to $70,000. The Information industry covers media publication, broadcasting, motion pictures, telecommunications, and data centers.

With a total average wage for all industries of $53,100, West Palm Beach falls right in the middle of benchmark averages, slightly above the US total average, and slightly below the Florida average. Wages in West Palm Beach are higher than Palm Beach County, St. Petersburg, FL, and the Miami Metro.

WHY IS THIS IMPORTANT?

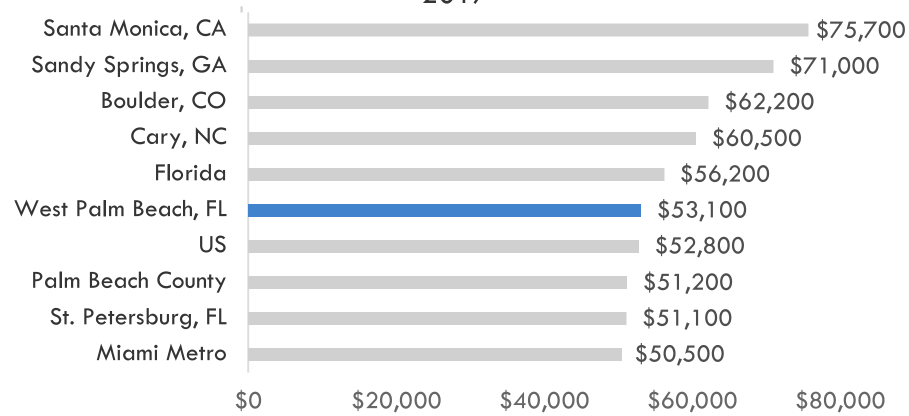
Examining salaries by industry helps reveal which local industries are more competitive for workers or where workers show higher productivity. Above-average salaries may also indicate high demand for those workers in a community.

WEST PALM BEACH AVERAGE WAGE 2017



SOURCE: AVALANCHE CONSULTING / BUREAU OF LABOR STATISTICS

TOTAL AVERAGE WAGE 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Industry Cluster Analysis

This section provides a detailed examination of industry composition in West Palm Beach using custom industry clusters developed by Avalanche Consulting. These clusters reflect more realistic industry groupings than national major industry categories discussed on previous pages. The Appendix includes definitions of each industry cluster. *Note: these clusters cover the entire local economy and are different from the Sectors that will be examined in the Sector Analysis report.*

The analysis compares recent employment trends – including cluster size, growth rates, and relative concentration – to the US average. The industry cluster analysis uses Location Quotients. Location Quotients, also called "LQs", represent the relative concentration or density of a specific cluster in a region compared to the US average. For example, a 1.5 LQ indicates that the location has 50% more jobs as a share of the overall economy than the US. This usually indicates local competitive strengths in that cluster.

The "bubble chart" on the following page combines LQs, growth, and relative size to illustrate a snapshot of West Palm Beach's cluster performance. The horizontal axis displays employment growth of each cluster. The vertical axis shows the LQ or relative concentration. The size of each bubble indicates the number of local jobs in the cluster. Clusters can generally be grouped in four categories, as described in the map below:

HIGHER CONCENTRATION

TOP LEFT – STRONG BUT DECLINING

Contains clusters that are more concentrated in the city but are declining (negative employment growth). Over time, these clusters may fall to the bottom left as job losses eventually lead to declining concentration.

TOP RIGHT – STRONG & ADVANCING

Contains clusters that are more concentrated in the city and are growing. These clusters are usually built on highly competitive local assets and are also experiencing strong national and international growth.

NEGATIVE GROWTH

POSITIVE GROWTH

BOTTOM LEFT – WEAK & DECLINING

Contains clusters that are under-represented in the city (low concentration) and are also losing jobs. In general, clusters in this quadrant reveal a lack of competitiveness.

BOTTOM RIGHT – WEAK BUT ADVANCING

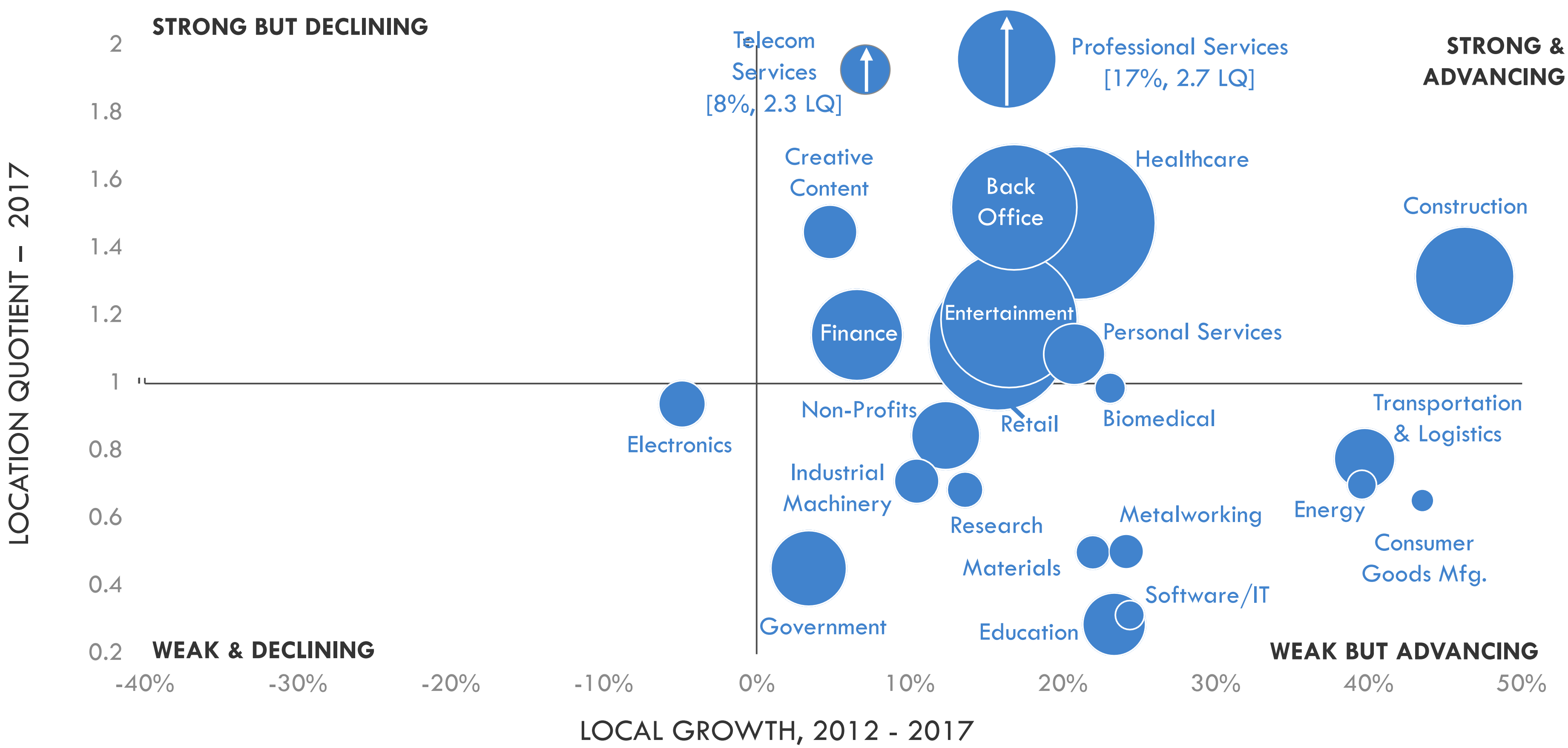
Contains clusters that are under-represented in the region but are growing. If growth continues, these clusters will eventually move into the top-right quadrant. These are generally considered "emerging" clusters.

LOWER CONCENTRATION

West Palm Beach Industry Bubble Chart

From 2012 to 2017, all industry clusters in West Palm Beach created jobs except Electronics, which saw a modest 5% decline in employment. The fastest growing clusters were **Consumer Goods Manufacturing** (46%), **Construction** (46%), **Transportation & Logistics** (40%), **Energy** (40%), **Metalworking** (29%), and **Software/IT** (24%). Most of these industry clusters are emerging – meaning that they are currently less concentrated in West Palm Beach but growing rapidly. The most concentrated industries in West Palm Beach are **Professional Services** (2.7 LQ), **Telecom Services** (2.3 LQ), **Back Office** (1.5 LQ), **Health Care** (1.5 LQ), and **Creative Content** (1.4 LQ).

WEST PALM BEACH INDUSTRY CLUSTERS – 2017



SOURCE: EMSI / AVALANCHE CONSULTING

Industry Cluster Geographic Distribution

Each of the four zip codes that comprise West Palm Beach have a different mix of industry jobs:

- The **33401** zip code has the most jobs (35% of the city's total) with the largest clusters in Entertainment, Health Care, Professional Services, Retail, and Back Office.
- The **33405** zip code has the fewest jobs (9% of total) with the largest clusters in Retail, Entertainment, Construction, Back Office, and Personal Services.
- The **33407** zip code accounts for 29% of the city's jobs with the largest clusters in Health Care, Back Office, Construction, Retail, and Entertainment.
- The **33409** zip code accounts for 27% of the city's jobs with the largest clusters in Back Office, Retail, Entertainment, Health Care, and Construction.

Palm Beach County as a whole shares many employment trends with the city, with the notable exception of a highly concentrated Aerospace cluster.

	WEST PALM BEACH	JOB DISTRIBUTION BY ZIP CODE				LOCATION QUOTIENT	
INDUSTRY CLUSTER	**TOTAL JOBS**	**33401**	**33405**	**33407**	**33409**	**WEST PALM BEACH**	**PALM BEACH COUNTY**
AEROSPACE	0	0	0	0	0	0.0	1.9
AGRIBUSINESS & FOOD	229	66	84	15	62	0.1	0.9
APPAREL & TEXTILES	211	82	63	67	15	0.8	0.5
AUTOMOTIVE	53	5	0	32	20	0.1	0.1
BACK OFFICE	8,597	2,318	542	1,997	3,742	1.5	1.3
BIOMEDICAL	558	60	23	380	98	1.0	1.1
CONSTRUCTION	5,365	1,223	964	1,860	1,323	1.3	1.2
CONSUMER GOODS MFG.	222	54	15	83	74	0.6	0.8
CREATIVE CONTENT	1,641	584	258	605	203	1.4	0.9
EDUCATION	2,211	1,389	154	180	498	0.3	0.7
ELECTRONICS	1,244	125	23	341	756	0.9	0.6
ENERGY	506	135	13	265	98	0.7	0.6
ENTERTAINMENT	10,121	4,503	1,116	1,501	3,024	1.2	1.3
FINANCE	4,606	1,963	203	584	1,852	1.1	1.2
FURNITURE	263	50	141	60	10	1.0	0.7
GOVERNMENT	3,180	764	410	924	1,084	0.5	0.7
HEALTHCARE	12,739	4,244	320	6,649	1,529	1.5	1.1
INDUSTRIAL MACHINERY	1,141	101	51	762	229	0.7	0.6
MATERIALS	672	203	169	292	32	0.5	0.3
METALWORKING	458	15	158	282	15	0.5	0.2
MINING & LOGGING	12	12	0	0	0	0.1	0.1
NON-PROFITS	2,603	864	135	707	893	0.8	0.8
PERSONAL SERVICES	2,102	638	412	440	604	1.1	1.3
PROFESSIONAL SERVICES	5,986	3,814	296	613	1,263	2.7	1.5
RESEARCH	748	486	56	114	92	0.7	1.2
RETAIL	10,359	3,699	1,171	1,836	3,662	1.1	1.2
SHIPBUILDING	20	0	0	20	0	0.3	0.5
SOFTWARE / INFO. TECH.	501	235	16	56	201	0.3	0.6
TELECOM SERVICES	951	89	91	669	106	2.3	1.1
TRANSPORTATION & LOGISTICS	2,074	265	75	1,608	156	0.8	0.5
TOTAL	**79,389**	**27,968**	**6,917**	**22,902**	**21,602**		

SOURCE: EMSI / AVALANCHE CONSULTING

Cluster Distribution – Health Care

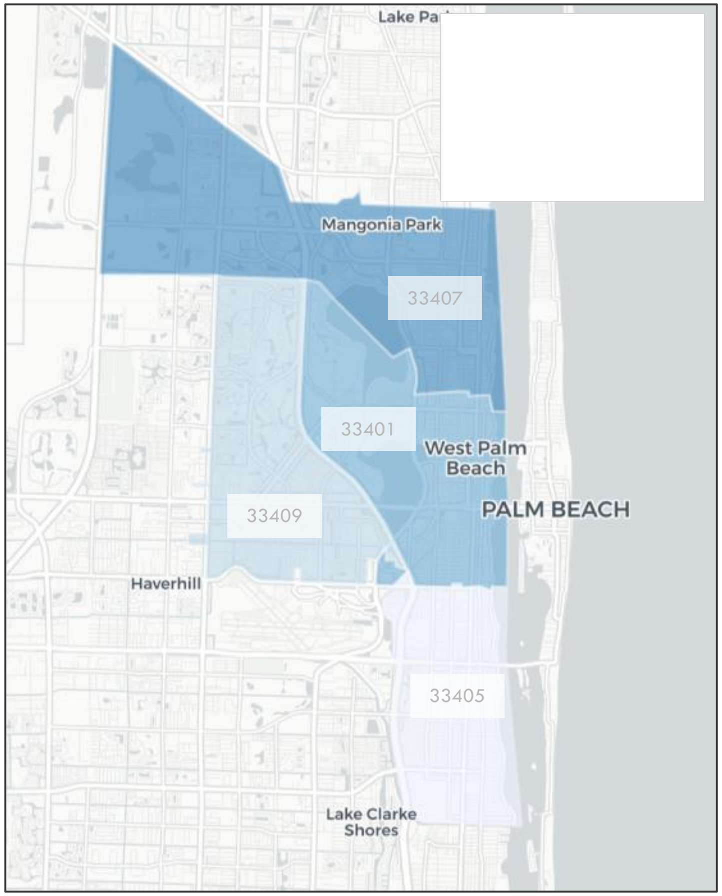
Health Care is the largest employment cluster in West Palm Beach – with over 12,700 jobs spread across the city in 2017. Overall, Health Care has an LQ of 1.5 in West Palm Beach, which means that jobs are 50% more concentrated locally than the national average. In comparison, Health Care has an LQ of 1.1 in Palm Beach County.

The largest Health Care cluster in West Palm Beach is in the 33407 zip code. This zip code is home to 6,650 Health Care jobs with an LQ of 2.7 – 270% more concentrated than the national average.

The next largest cluster is in the 33401 zip code – with 4,240 jobs and an LQ of 1.4.

The other two zip codes in West Palm Beach have below average concentrations of Health Care jobs. The 33405 zip code has 320 jobs with an LQ of 0.4, and the 33409 zip code has 1,529 Health Care jobs with an LQ of 0.7.

Health Care Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

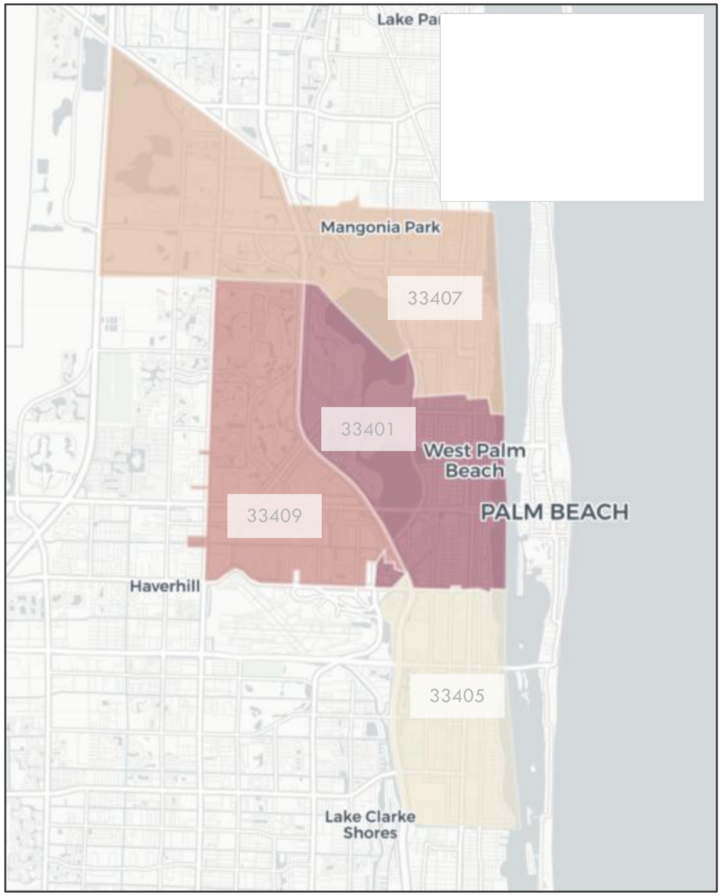
Cluster Distribution – Retail

Retail is the second largest industry cluster in West Palm Beach – accounting for 10,360 jobs with an LQ of 1.1. Retail jobs are more concentrated in Palm Beach County as a whole – with a countywide LQ of 1.2.

The 33401 and 33409 zip codes have nearly the same number of retail jobs. In 2017 there were 3,700 retail jobs in the 33401 zip code – with an LQ of 1.1. There were 3,670 retail jobs in the 33409 zip code – with an LQ of 1.5.

The 33405 zip code was home to 1,170 retail jobs with an LQ of 1.5, and the 33407 zip code had 1,840 retail jobs with an LQ of 0.7.

Retail Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Cluster Distribution – Entertainment

Entertainment is the third largest industry cluster in West Palm Beach – accounting for 10,120 overall jobs with an LQ of 1.2. Entertainment jobs are slightly more concentrated in Palm Beach County – with a countywide LQ of 1.2.

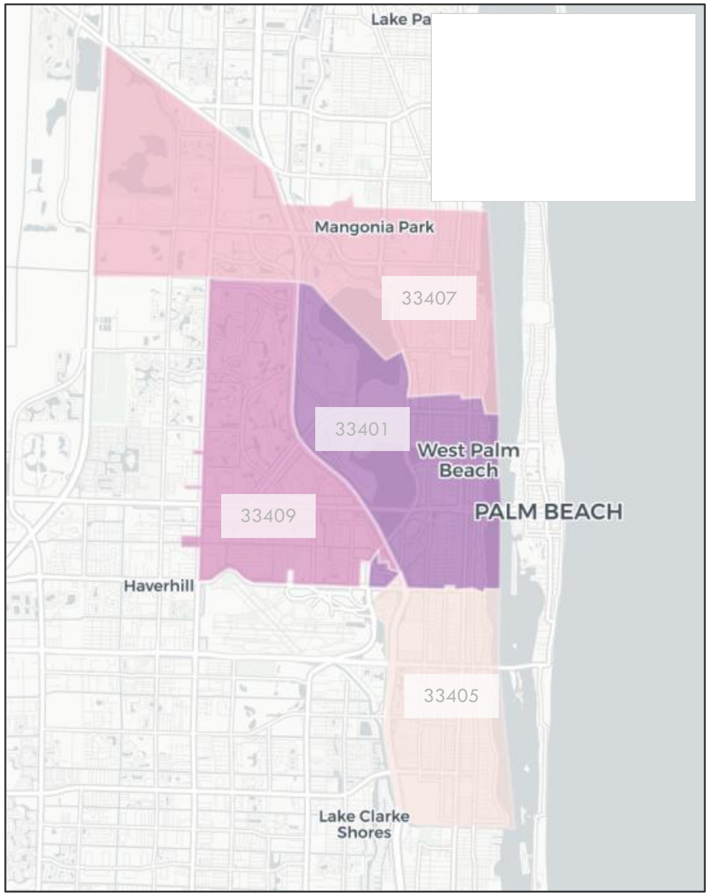
The largest number of Entertainment jobs in West Palm Beach are located in the 33401 zip code – 4,500 jobs with an LQ of 1.5.

The next largest number of Entertainment jobs are in the 33409 zip code – 3,020 jobs with an LQ of 1.3.

Relative to the total jobs in the zip code, the 33405 has a high concentration of Entertainment jobs – 1,110 jobs with an LQ of 1.5.

The 33407 zip code has 1,500 Entertainment jobs but an LQ of only 0.6.

Entertainment Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Cluster Distribution – Back Office

Back Office is the fourth largest industry cluster in West Palm Beach – accounting for 8,600 jobs with an LQ of 1.5. Back Office jobs are more concentrated in the city than in Palm Beach County, which has an LQ of 1.3.

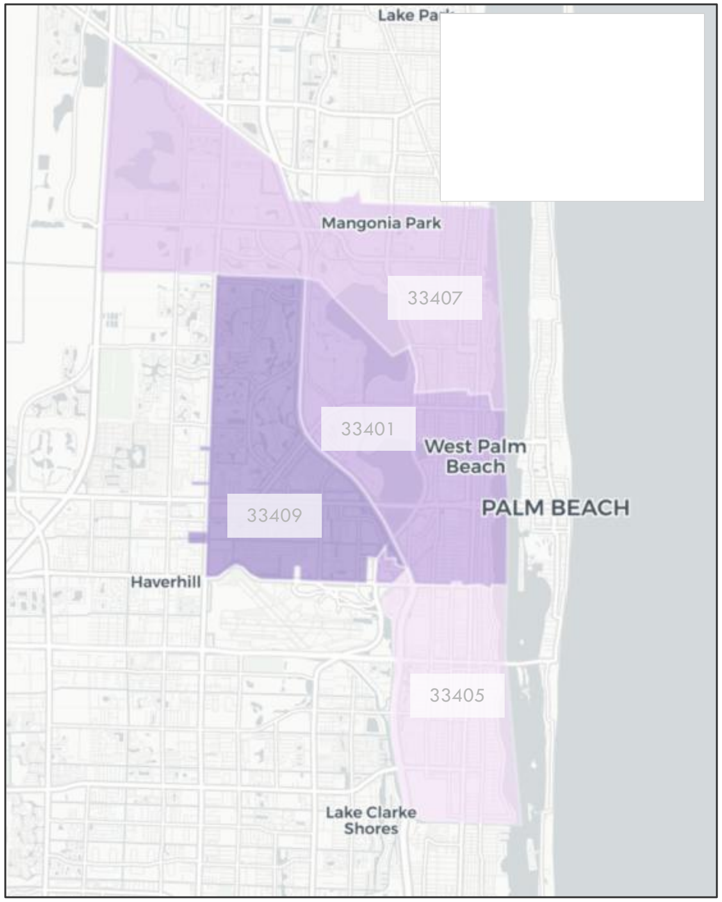
The largest number of Back Office jobs in West Palm Beach are located in the 33409 zip code – which has 3,740 jobs and an LQ of 2.4.

The 33401 zip code has 2,320 Back Office jobs with an LQ of 1.2.

The 33407 zip code has another 2,000 Back Office jobs with an LQ of 1.2.

The 33405 zip code has only 540 Back Office jobs but an LQ of 1.1.

Back Office Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Cluster Distribution – Professional Services

Professional Services is the fifth largest industry cluster in West Palm Beach and the most concentrated. Professional Services accounts for 5,990 jobs in the city and has an LQ of 2.7. In contrast, Professional Services has an LQ of 1.5 in Palm Beach County – indicating that West Palm Beach is one of the most heavily concentrated Professional Services locations countywide.

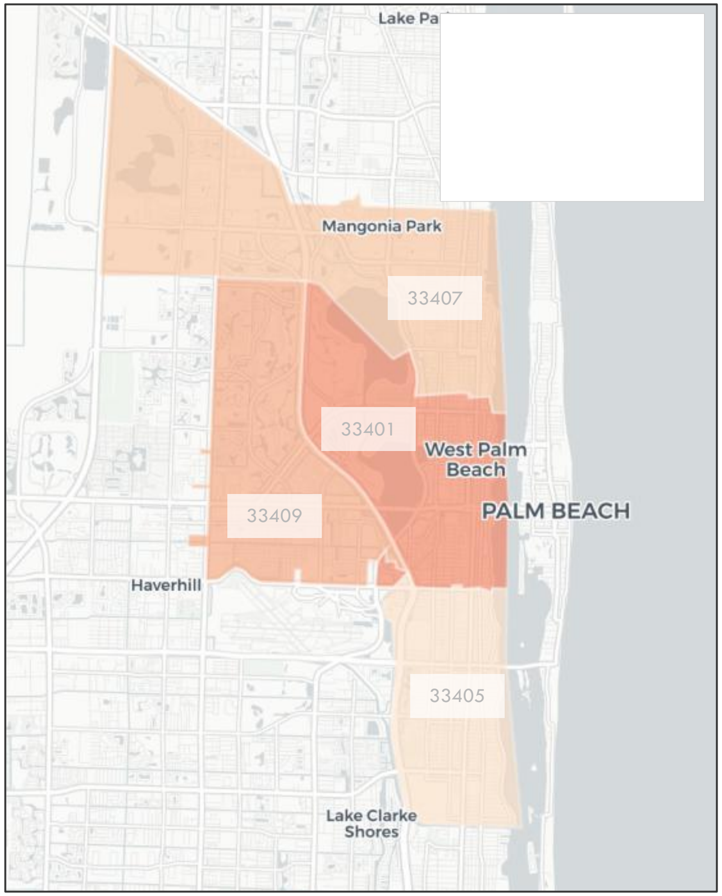
The 33401 zip code accounts for the majority of Professional Services jobs in the city – 3,810 jobs with an LQ of 4.8 – meaning that they are 480% more concentrated than the US average.

The 33409 zip code has the second largest number of Professional Services jobs – 1,260 with an LQ of 2.1.

The 33407 zip code has 610 Professional Services jobs with an LQ of 0.9.

The 33405 zip code has 300 Professional Services jobs with an LQ of 1.5.

Professional Services Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Cluster Distribution – Construction

Construction is the sixth largest industry cluster in West Palm Beach. Construction accounts for 5,370 jobs across the city with an LQ of 1.3. Construction has an overall LQ of 1.2 in Palm Beach County.

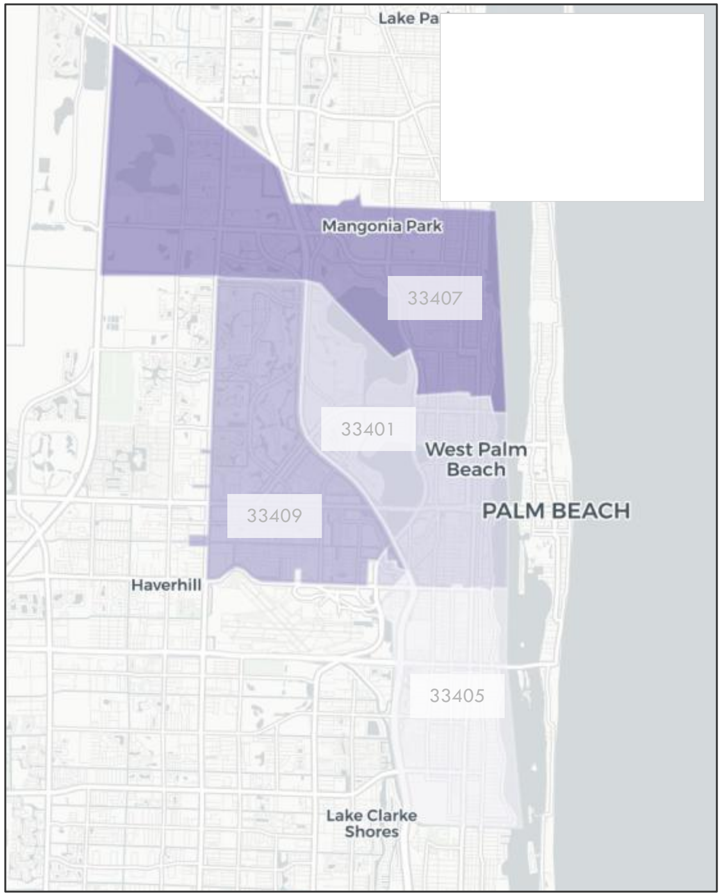
The largest share of Construction jobs are located in the 33407 zip code – 1,860 jobs with an LQ of 1.6.

The 33401 zip code has 1,220 Construction jobs and an LQ of 0.9.

The 33409 zip code has 1,320 Construction jobs and an LQ of 1.2.

The 33405 zip code has 960 Construction jobs and an LQ of 2.7.

Construction Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

Cluster Distribution – Finance

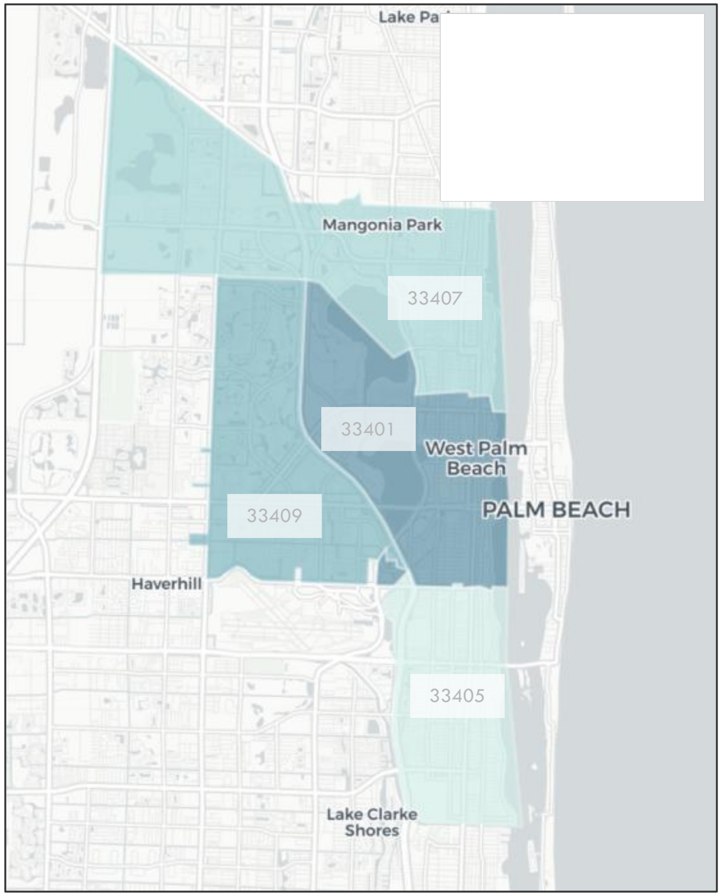
Finance is the seventh largest industry cluster in West Palm Beach – accounting for 4,610 jobs with an LQ of 1.1. Finance jobs are slightly more concentrated in Palm Beach County, which has a countywide LQ of 1.2.

The 33401 zip code accounts for 1,960 of the city's Finance jobs – with an LQ of 1.4.

The 33409 zip code has 1,850 Finance jobs with an LQ of 1.7.

There are relatively few Finance jobs in the other two city zip codes. The 33405 zip code has 200 Finance jobs with an LQ of 0.6, and the 33407 zip code has 580 Finance jobs with an LQ of 0.5.

Finance Jobs, 2017



SOURCE: AVALANCHE CONSULTING / EMSI

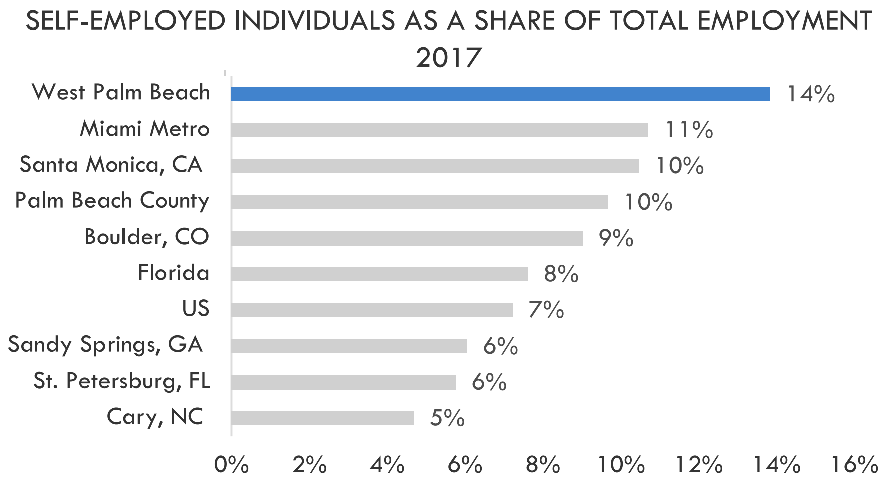
Self-Employment

At 14%, West Palm Beach has the largest number of self-employed individuals as a share of total employment compared to all benchmarks. This is more than double the US average of 7% self-employed individuals.

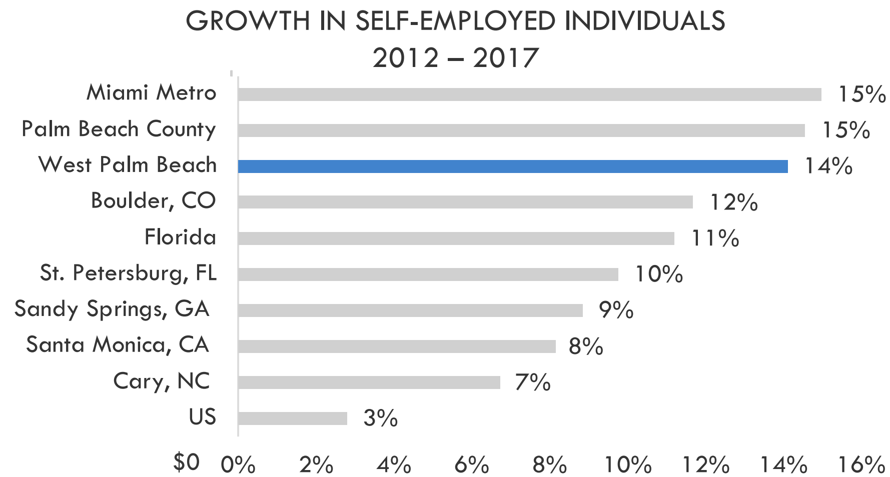
The number of self-employed individuals is also growing rapidly in West Palm Beach – increasing 14% from 2012 to 2017. The only benchmark locations where self-employment grew faster were Palm Beach County and the Miami Metro.

WHY IS THIS IMPORTANT?

The number of self-employed individuals in a community is a reflection of the spirit of ingenuity and self-reliance in the local economy. The concentration of self-employed individuals in a community may also reflect the effectiveness of local small business support and entrepreneurial education programs.



SOURCE: AVALANCHE CONSULTING / EMSI



SOURCE: AVALANCHE CONSULTING / EMSI

Micro Businesses

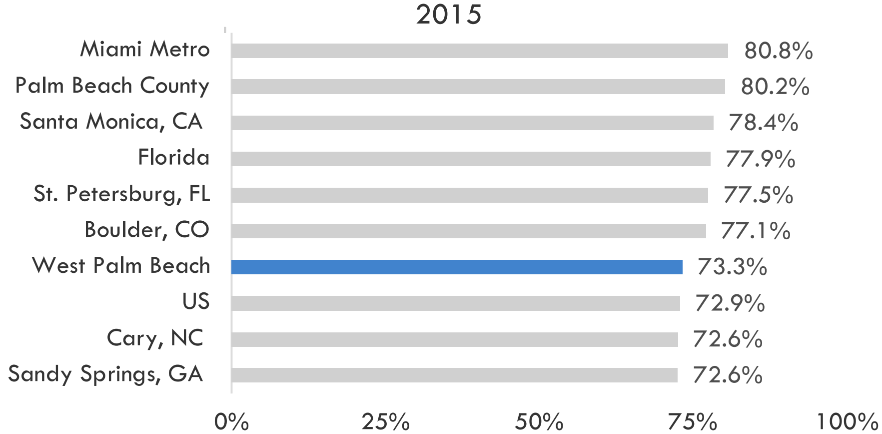
Nearly three quarters of businesses in West Palm Beach employ ten or fewer workers. The share of micro businesses in West Palm Beach is slightly higher than the national average but lower than the statewide, countywide, and metropolitan average. Santa Monica, CA; St. Petersburg, FL; and Boulder, CO all have higher shares of micro businesses.

From 2010 to 2015, the number of micro businesses in West Palm Beach grew 6.4% – faster than the US rate of 2.5% but below Florida (7.5%), the Miami Metro (9.8%), and Palm Beach County (10.7%). Only Sandy Springs, GA and Boulder, CO saw slower micro business growth.

WHY IS THIS IMPORTANT?

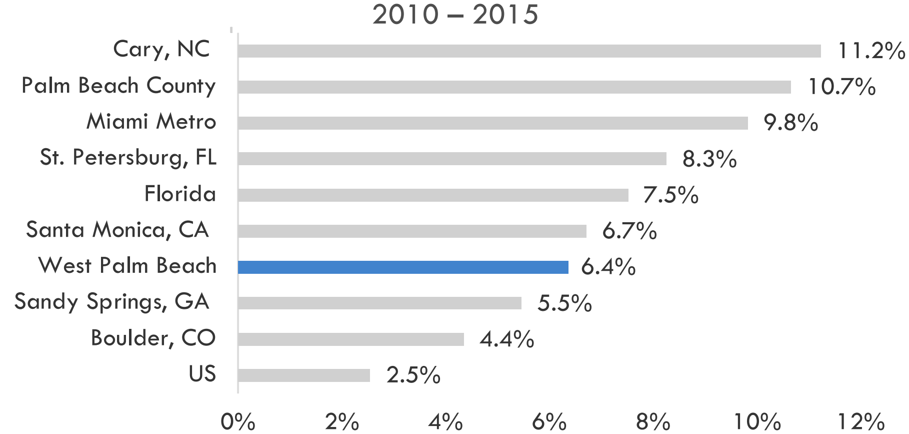
Businesses that have fewer than ten employees are the heart of the national economy. While few create big job gains all at once and many often fail, positive growth of small businesses reflects a thriving economy and the presence of an ecosystem that encourages entrepreneurship.

MICRO BUSINESSES (<10 EMPLOYEES) AS % OF ALL BUSINESSES 2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

GROWTH IN MICRO BUSINESSES (<10 EMPLOYEES) 2010 – 2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Woman-Owned Businesses

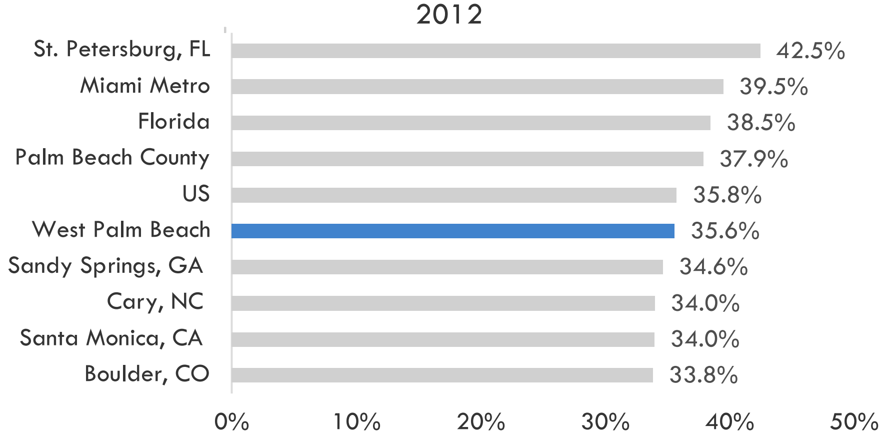
Approximately 36% of businesses in West Palm Beach are woman-owned – roughly matching the US average and slightly below Palm Beach County (38%), Florida, (39%), and the Miami Metro (40%). Among benchmark communities, only St. Petersburg, FL has a higher share (43%).

From 2007 to 2012, the number of woman-owned businesses in West Palm Beach grew 41%. In comparison, the overall number of businesses in West Palm Beach only grew 13% over this period. The only benchmarks that saw woman-owned businesses grow faster were Palm Beach County (47%) and the Miami Metro (53%).

WHY IS THIS IMPORTANT?

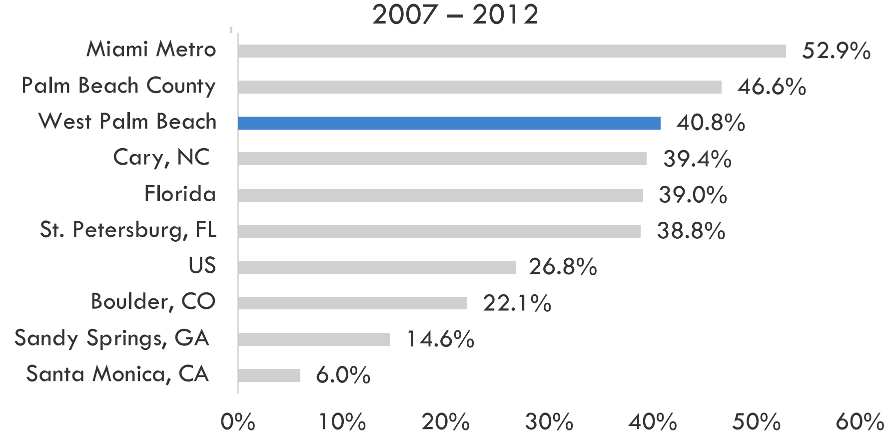
Research continues to show that more diverse and inclusive economies are stronger and more resistant to economic disruptions. Woman-owned and minority-owned businesses provide two metrics of the inclusiveness and diversity of a community's entrepreneurial population.

WOMAN-OWNED BUSINESSES AS A SHARE OF TOTAL 2012



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

GROWTH IN NUMBER OF WOMAN-OWNED BUSINESSES 2007 – 2012



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Minority-Owned Businesses

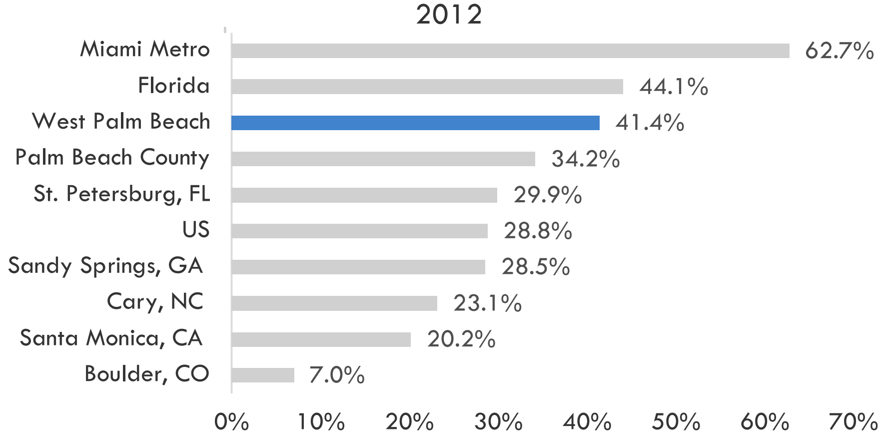
Minority-owned businesses comprise 41% of the total in West Palm Beach. Only Florida (44%) and the Miami Metro (63%) have a higher share among benchmarks.

The number of minority-owned businesses grew 32% from 2007 to 2012. This was the second lowest among benchmarks but still nearly three times faster than overall business growth in West Palm Beach over this period.

WHY IS THIS IMPORTANT?

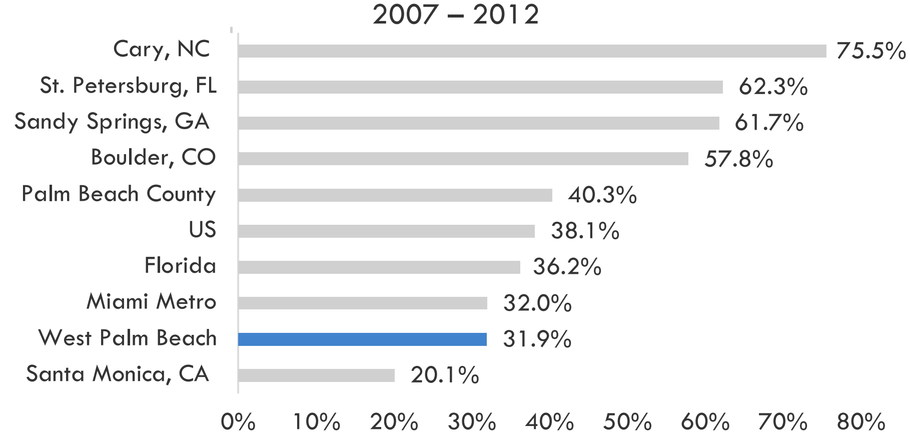
Research continues to show that more diverse and inclusive economies are stronger and more resistant to economic disruptions. Woman-owned and minority-owned businesses provide two metrics of the inclusiveness and diversity of a community's entrepreneurial population.

MINORITY-OWNED BUSINESSES AS A SHARE OF TOTAL 2012



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

GROWTH IN NUMBER OF MINORITY-OWNED BUSINESSES 2007 – 2012



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Patent Activity

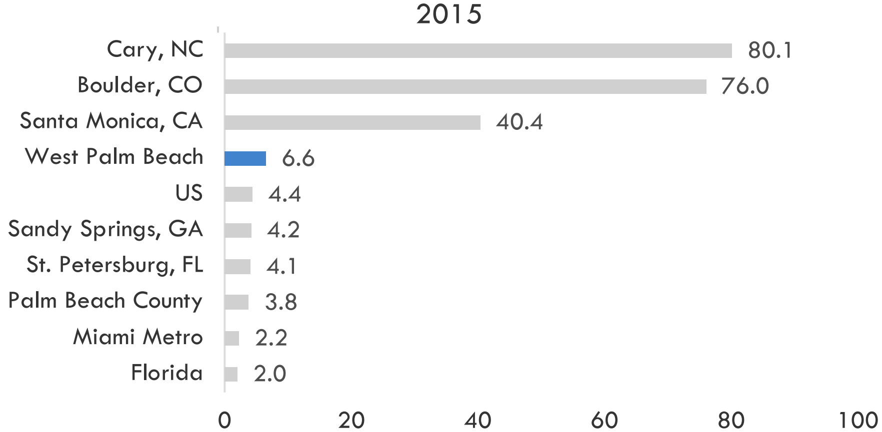
West Palm Beach is home to a high share of patent holding residents – especially for a city without a major research university. Residents of West Palm Beach applied for 6.6 patents for every 10,000 residents – higher than the national (4.4), Palm Beach County (3.8), Miami Metro (2.2), and Florida (2.0) rates. The three benchmarks that had a higher concentration of patent holding residents are all home to major research universities and technology centers – Cary, NC (Research Triangle), Boulder, CO (University of Colorado), and Santa Monica, CA (UCLA, USC, CalTech, and more).

Patent categories are only available at the Miami Metro level, which includes Palm Beach County. The top categories of patents filed from the Miami Metro were Telecommunications, Surgical Instruments, Pharmaceuticals, Financial Data Processing, and Electrical Communications.

WHY IS THIS IMPORTANT?

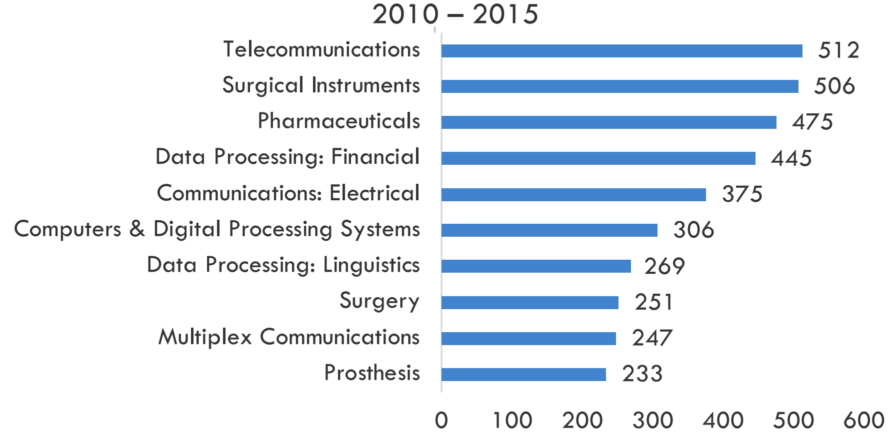
High levels of local patent production within a community may reflect a concentration of innovative businesses and individuals. Patenting and new invention often serves as the basis for increased start-up activity. Examining the technology classes of patents also helps determine which local industries are more competitive.

UTILITY PATENT APPLICATIONS PER 10,000 RESIDENTS 2015



SOURCE: AVALANCHE CONSULTING / US PATENT & TRADEMARK OFFICE

TOP PATENT CATEGORIES – MIAMI METRO 2010 – 2015



SOURCE: AVALANCHE CONSULTING / US PATENT & TRADEMARK OFFICE

University Research Activity

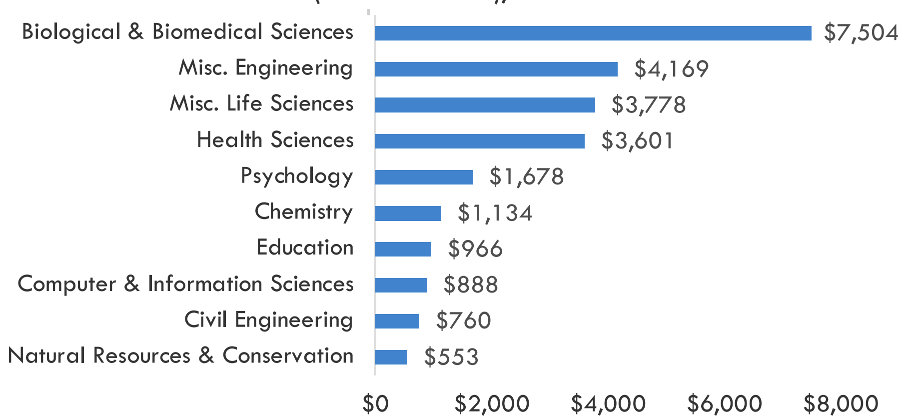
Palm Beach County is home to a number of universities conducting scientific research. The National Science Foundation database of research activity tracks activities occurring at all campuses of Florida Atlantic University and Nova Southeastern University, not only those in the county.

In 2016, Florida Atlantic University's top funded research fields were Biological & Biomedical Sciences ($7.5 million), Misc. Engineering ($4.2M), Misc. Life Sciences ($3.8M), Health Sciences ($3.6M), and Psychology ($1.7M). Overall programs are heavily focused on life sciences and engineering with a growing Computer Sciences program. Nova Southeastern University's research activity is focused entirely on Ocean & Marine Sciences ($9.5M), Health Sciences ($8.3M), Humanities ($1.3M), Psychology ($400K), and Education ($79K).

WHY IS THIS IMPORTANT?

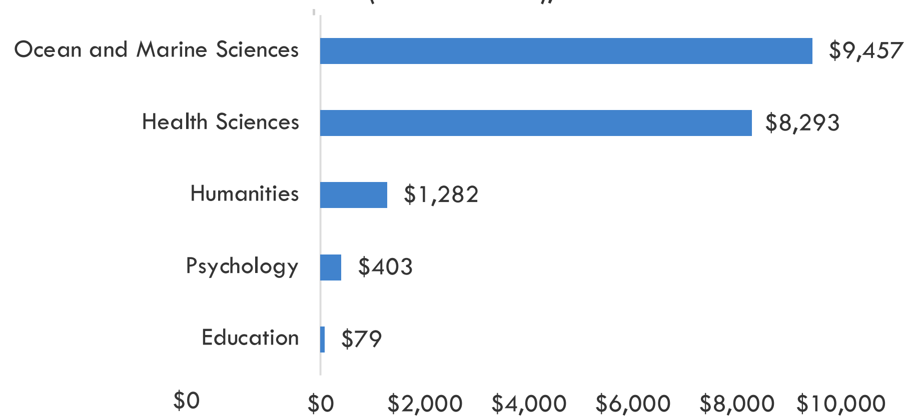
University research is a key driver of innovation and new technology development. In some cases, research at universities can be commercialized and developed into new startup companies or products sold to existing businesses. Related businesses can also benefit from hiring students and researchers working on the latest research.

FLORIDA ATLANTIC UNIVERSITY – TOP RESEARCH FIELDS BY VALUE (THOUSANDS), 2016



SOURCE: AVALANCHE CONSULTING / US NATIONAL SCIENCE FOUNDATION

NOVA SOUTHEASTERN UNIVERSITY – TOP RESEARCH FIELDS BY VALUE (THOUSANDS), 2016



SOURCE: AVALANCHE CONSULTING / US NATIONAL SCIENCE FOUNDATION

Commuting Patterns

There is relatively little overlap between employed individuals living in West Palm Beach and individuals employed in West Palm Beach.

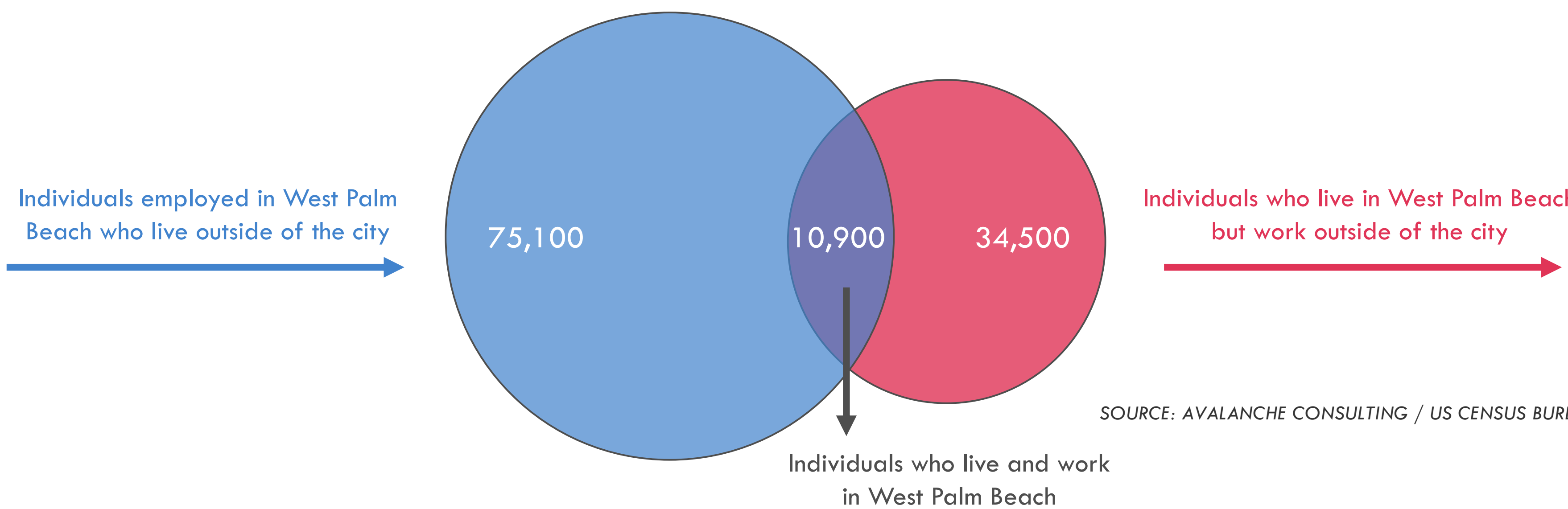
In 2015, for example, more than 75% of the 45,400 West Palm Beach residents with jobs work outside of the city. At the same time, nearly 80% of the 87,000 jobs located in the city are filled by non-residents.

Only 10,900 individuals both live and work in West Palm Beach.

WHY IS THIS IMPORTANT?

Examining commute patterns offers special insight into a community's economy. Communities that can draw from available talents and skill sets outside of their political boundaries can significantly increase their available workforce.

WEST PALM BEACH COMMUTER INFLOW/OUTFLOW ANALYSIS
2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

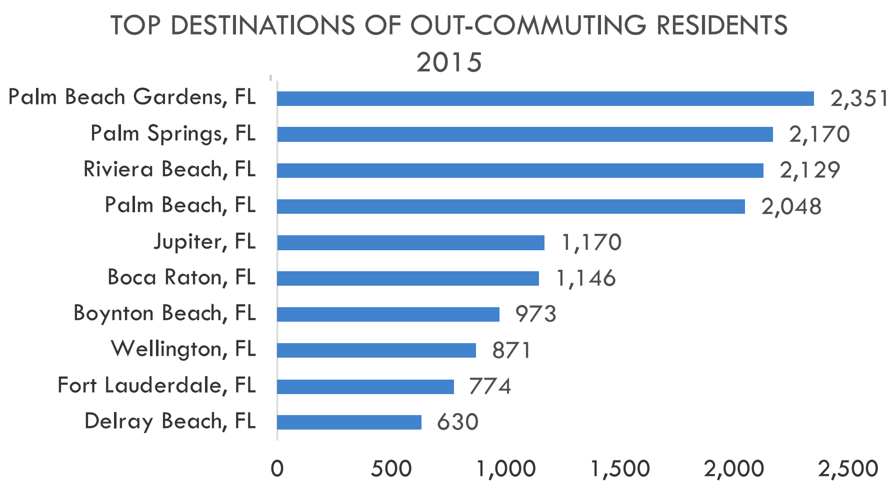
Commute Destinations & Sources

West Palm Beach shares its workforce with a variety of communities across South Florida. The top destinations for residents that commute out of the city are Palm Beach Gardens, Palm Springs, Riviera Beach, Palm Beach, and Jupiter.

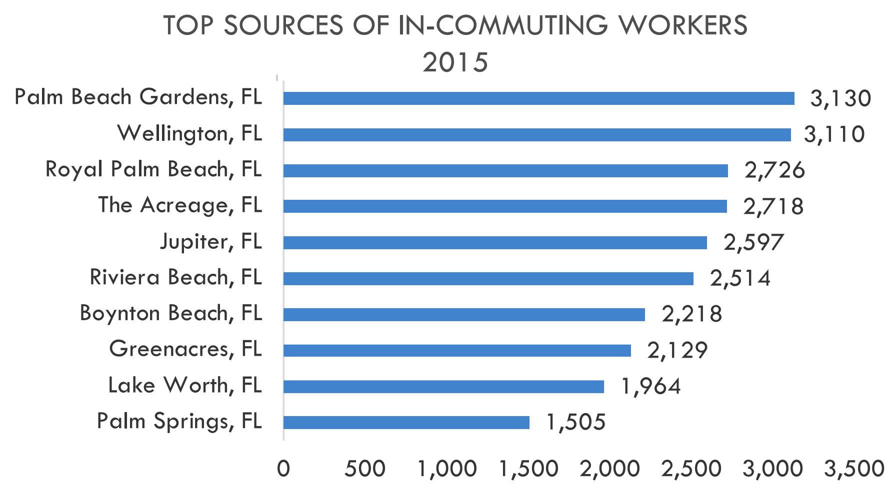
The top sources of workers who commute into West Palm Beach are Palm Beach Gardens, Wellington, Royal Palm Beach, The Acreage, and Jupiter.

WHY IS THIS IMPORTANT?

Examining commute patterns offers special insight into a community's economy. Communities that can draw from available talents and skill sets outside of their political boundaries can significantly increase their available workforce.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Benchmark Commuting

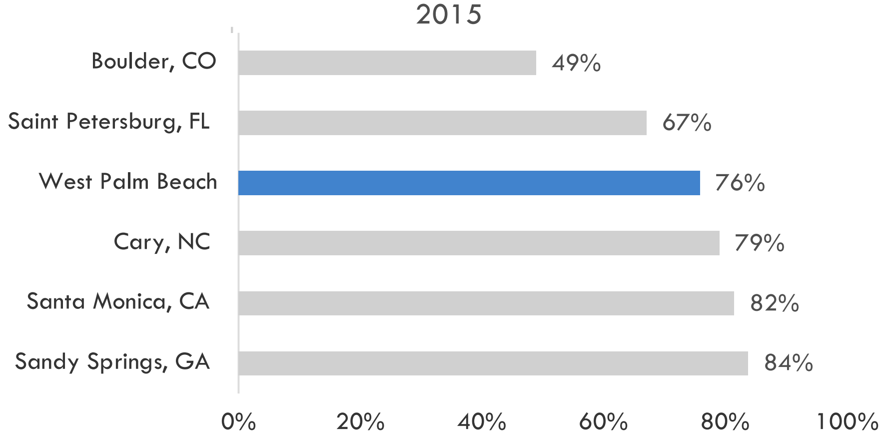
When it comes to workforce, political and geographic boundaries do not matter much. Most cities in the US have a number of residents that work elsewhere and jobs filled by non-residents. The exact share exchanged is usually dictated by the size of the city, transportation access, nearby city and employer bases, and other factors.

Compared to the benchmark communities, West Palm Beach falls right in the middle in terms of commuting. Only Boulder, CO (49%) and St. Petersburg, FL (67%) had a lower share of residents that commute out. Similarly, only St. Petersburg, FL (67%); Boulder, CO (75%); and Cary, NC (82%) had a lower share of jobs filled by non-residents.

WHY IS THIS IMPORTANT?

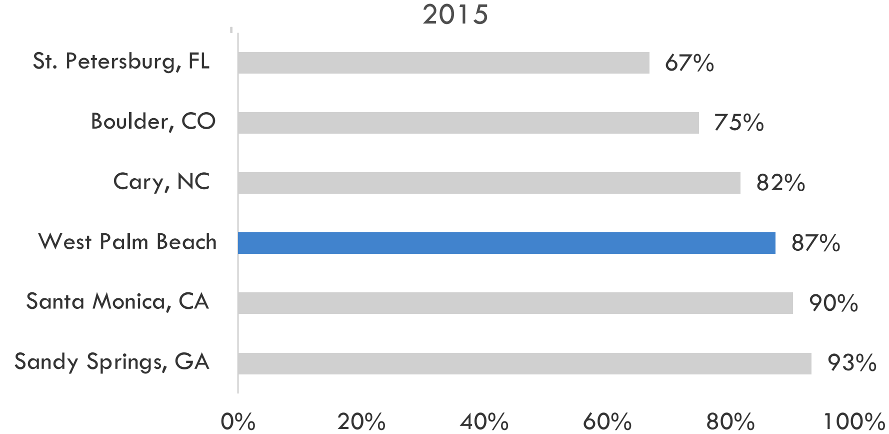
Examining commute patterns offers special insight into a community's economy. Communities that can draw from available talents and skill sets outside of their political boundaries can significantly increase their available workforce.

SHARE OF EMPLOYED RESIDENTS THAT WORK OUTSIDE THEIR CITY 2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SHARE OF CITY JOBS FILLED BY NON-RESIDENTS 2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Commute Times

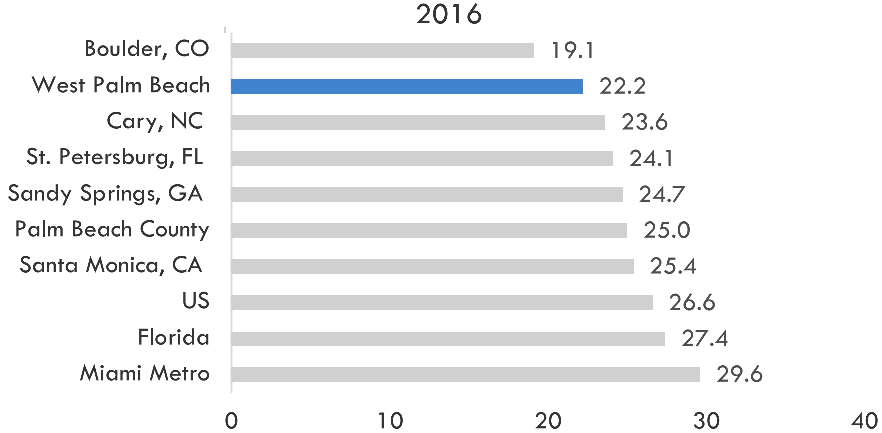
On average, workers in West Palm Beach spend 22 minutes commuting to work. This average commute time is shorter than all benchmarks except Boulder, CO (where relatively few residents commute). The Miami Metro overall had some of the longest commutes at 29.6 minutes on average.

From 2011 to 2016, the average commute time in West Palm Beach actually became shorter – falling by 0.9 minutes. Only Santo Monica, CA; Boulder, CO; and Cary, NC also saw drops in their commute times over this period. Nationally, the average commute increased by 1.1 minutes, and in the Miami Metro it increased by 2.2 minutes.

WHY IS THIS IMPORTANT?

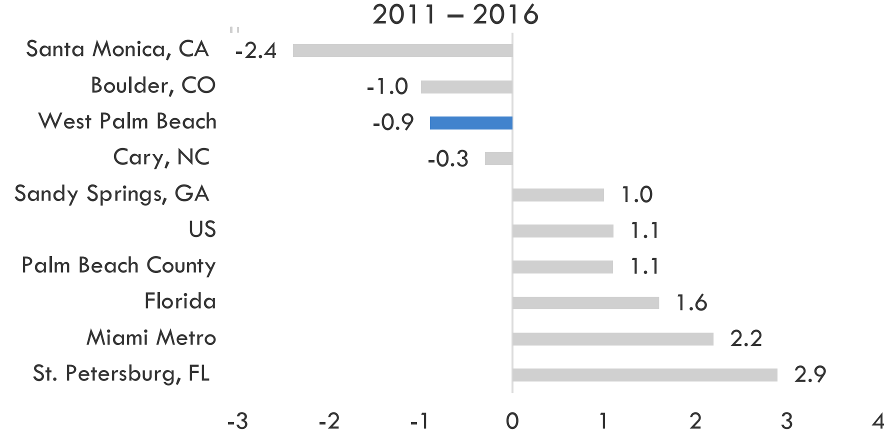
The length of commute times provide numerous insights into a community. They can be indicative of quality of life – as most residents would prefer to have shorter commutes, especially if extended time is due to traffic versus distance. Excessive commute times may also reveal a need for expanded roadways and expanded public transportation to ease the burden on commuters and businesses moving goods.

AVERAGE TRAVEL TIME TO WORK
2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

CHANGE IN AVERAGE TRAVEL TIME TO WORK (MINUTES)
2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Public Transportation

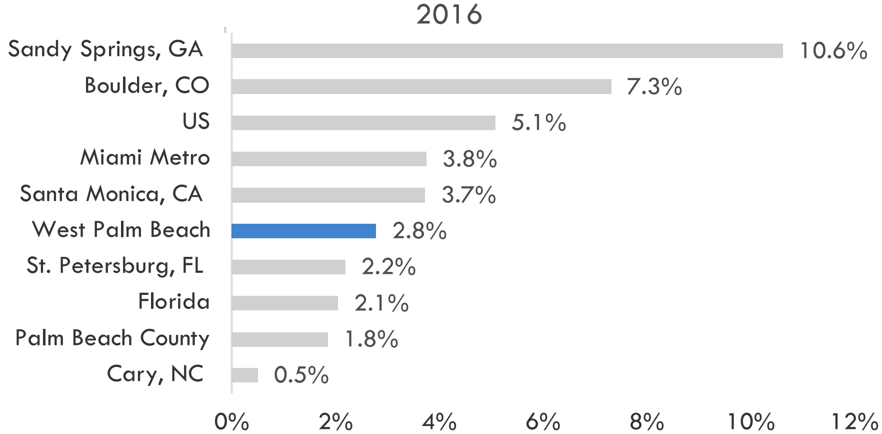
Across the US, only 5.1% of commuters use public transportation to get to work – with a heavy concentration of these individuals in larger urban areas such as New York, San Francisco, and Chicago. Approximately 3% of West Palm Beach residents use public transportation to commute – more than the Florida and Palm Beach County shares but less than the Miami Metro.

From 2011 to 2016, the number of commuters using public transportation in West Palm Beach grew 20% – double the national rate of growth. The number using public transportation in Palm Beach County grew 41% over the same period. Only Sandy Springs, GA saw higher growth in ridership.

WHY IS THIS IMPORTANT?

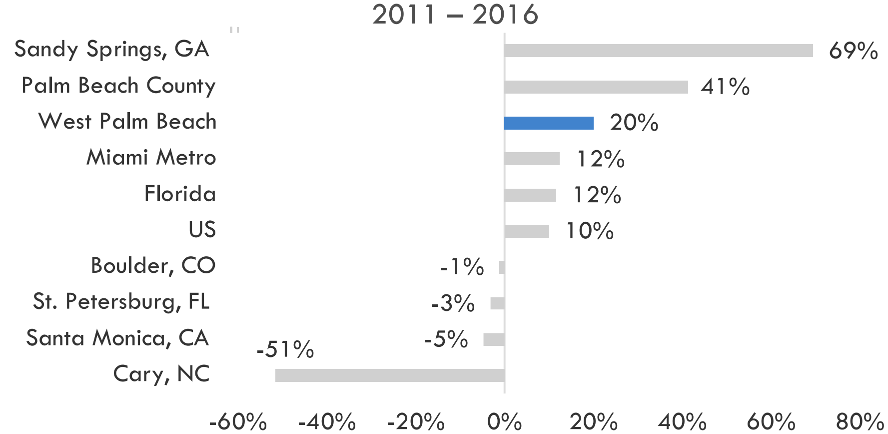
The availability of public transportation plays an important role in providing residents with access to education, employment, health care, retail, and other services and amenities. Public transportation is also an important part of efforts to address climate change, as car exhaust and fossil fuel usage are significant sources of greenhouse gas emissions.

SHARE OF COMMUTERS USING PUBLIC TRANSPORTATION 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

GROWTH IN COMMUTERS USING PUBLIC TRANSPORTATION 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

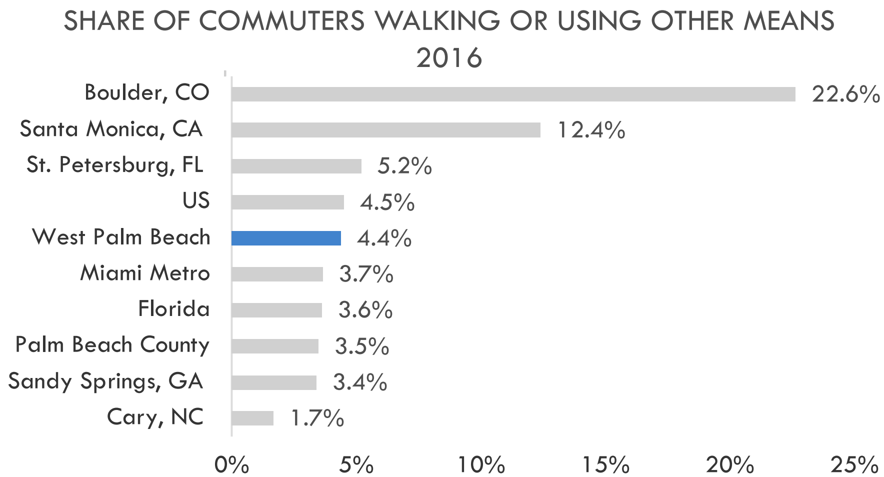
Walking & Alternative Transport

In 2016, 4.4% of West Palm Beach residents walked or used other non-driving means to get to work. Other means include bicycles and taxicabs. West Palm Beach had roughly the same share as the US average and more than the Miami Metro (3.7%), Florida (3.6%), and Palm Beach County (3.5%). St. Petersburg, FL was slightly higher at 5.2%. Notably, Santa Monica, CA (12.4%) and Boulder, CO (22.6%) had much higher shares – both are generally recognized as highly walkable communities.

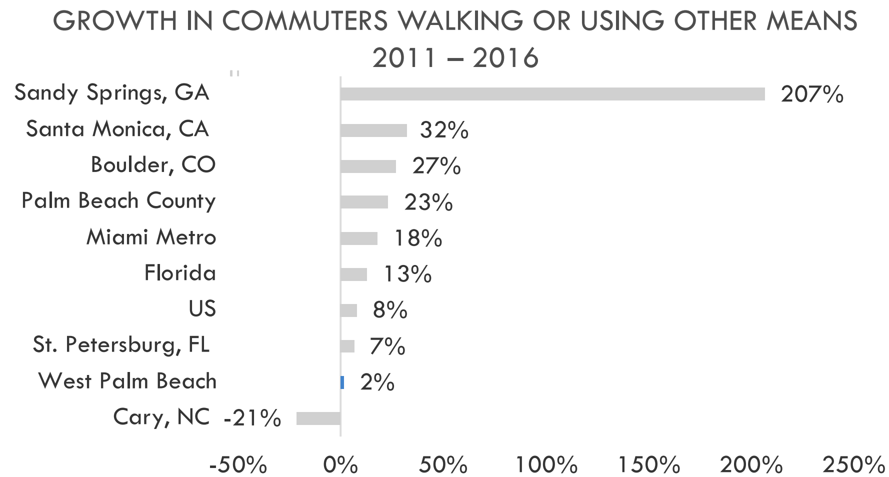
From 2011 to 2016, the number of commuters walking or using other means of transportation grew 2% in West Palm Beach – the slowest growth rate among benchmarks – except Cary, NC where the number actually declined.

WHY IS THIS IMPORTANT?

Walkability has long been seen as a desirable community characteristic. Bringing neighbors closer together, supporting streetscape business activity, and improving the health of residents are among some of the benefits of a walkable city. In response to long suburban building patterns, recently there has been a growing demand for walkable urban live-work environments – especially among Millennials and Baby Boomers.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

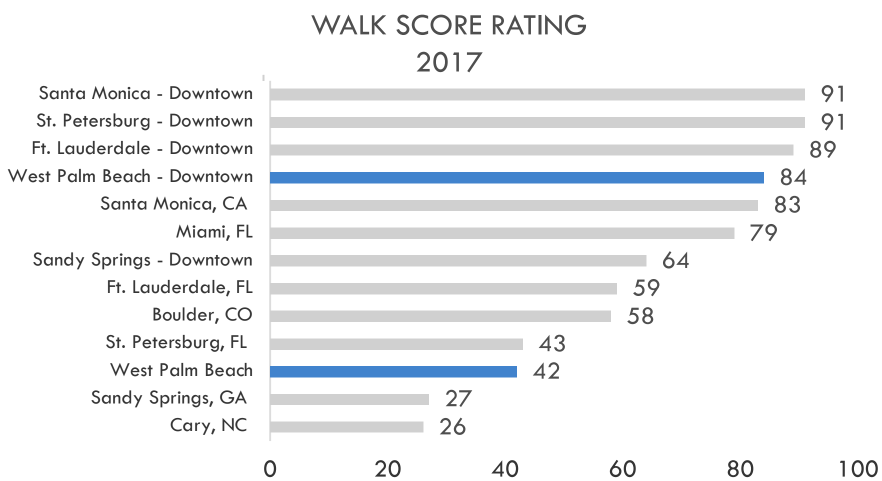
Walk / Bike Scores

The entire city of West Palm Beach has a relatively low Walk Score rating – 42 out of 100 – but this is comparable to most benchmark communities, except Boulder, CO and Santa Monica, CA – which are highly walkable overall. Downtown West Palm Beach has a much higher walkability score at 84 – higher than most benchmarks except Downtown Santa Monica, Downtown St. Petersburg, and Downtown Ft. Lauderdale.

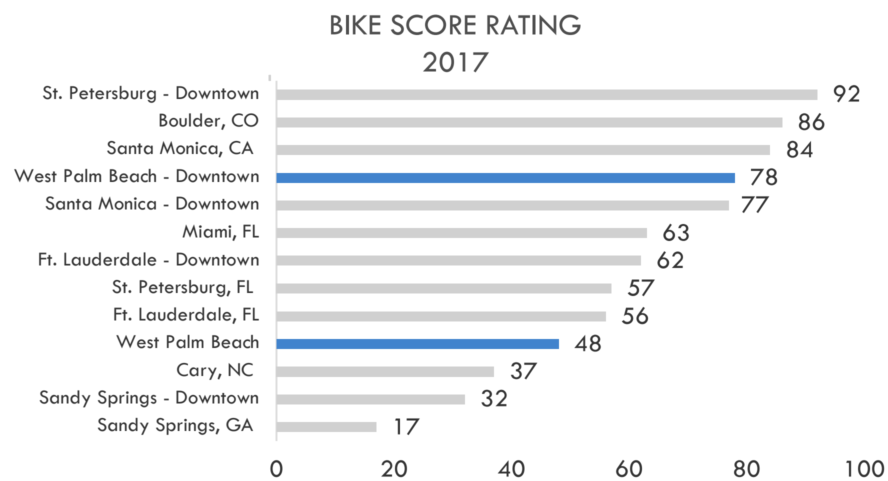
Similarly, West Palm Beach has a Bike Score rating of 48, and the Walk Score website notes a lack of bike lanes citywide. Downtown West Palm Beach has a bike score rating of 78 – fourth only to Downtown St. Petersburg; Boulder, CO; and Santa Monica, CA.

WHY IS THIS IMPORTANT?

Walkability has long been seen as a desirable community characteristic. Bringing neighbors closer together, supporting streetscape business activity, and improving the health of residents are among some of the benefits of a walkable city. In response to long suburban building patterns, recently there has been a growing demand for walkable urban live-work environments – especially among Millennials and Baby Boomers.



SOURCE: AVALANCHE CONSULTING / WALKSCORE.COM



SOURCE: AVALANCHE CONSULTING / WALKSCORE.COM

Labor Shed

After examining current commute patterns, Avalanche identified a labor shed for West Palm Beach. This map is based on zip codes from which 75% of West Palm Beach's existing workforce currently commutes. The population in this area can be seen as readily available potential employees for employers based in the City of West Palm Beach.

In 2017 there were over 680,000 individuals employed in the West Palm Beach Labor Shed. The largest major occupation categories in this labor shed were:

- Office & Administrative Support Occupations – 112,900
- Sales & Related Occupations – 84,600
- Food Preparation & Serving Related Occupations – 76,000
- Health Care Practitioners & Technical Occupations – 43,600
- Business & Financial Operations Occupations – 34,300

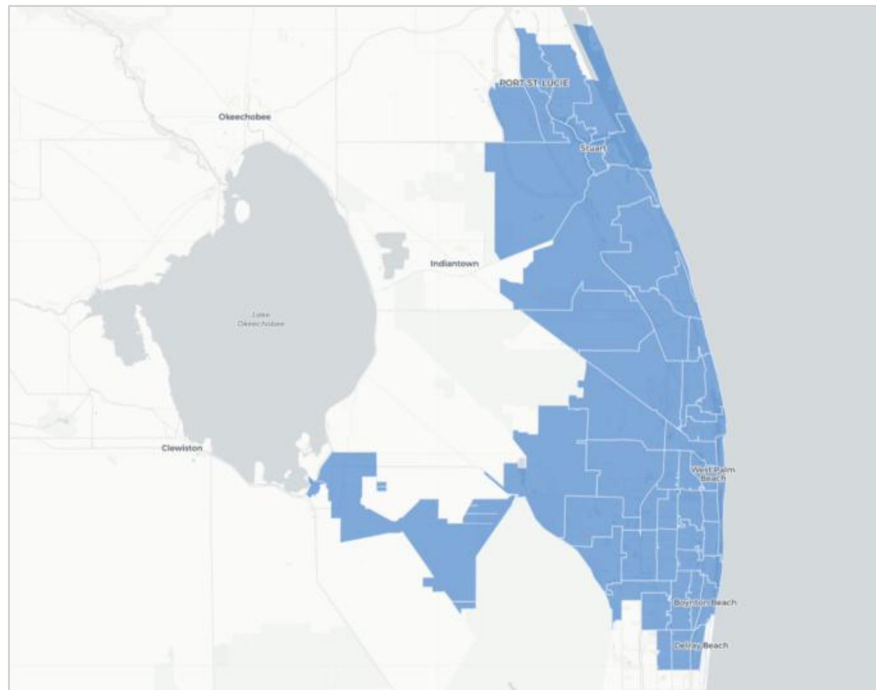
The number of total workers in the West Palm Beach Labor Shed grew 17% from 2012 to 2017. The opening of the Brightline rail should expand the West Palm Beach Labor Shed by making it easier for workers to commute from Ft. Lauderdale, Miami, and eventually Orlando.

Palm Beach County alone is also home to eight major universities and colleges – including Palm Beach Atlantic, Palm Beach State College, Keiser University, Nova Southeastern, South University, Florida Atlantic University, Lynn University, and Strayer University. **In 2017 alone, these schools collectively had 18,790 graduates at the associate, bachelor's and higher degree levels.**

WHY IS THIS IMPORTANT?

A community's workforce is rarely defined by its political boundaries. Most cities draw workers from across a broader region limited largely by transportation access and the length of time workers are willing to commute. Understanding the size and characteristics of this labor shed provides a useful tool for communities.

West Palm Beach Labor Shed Map



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Labor Force Participation

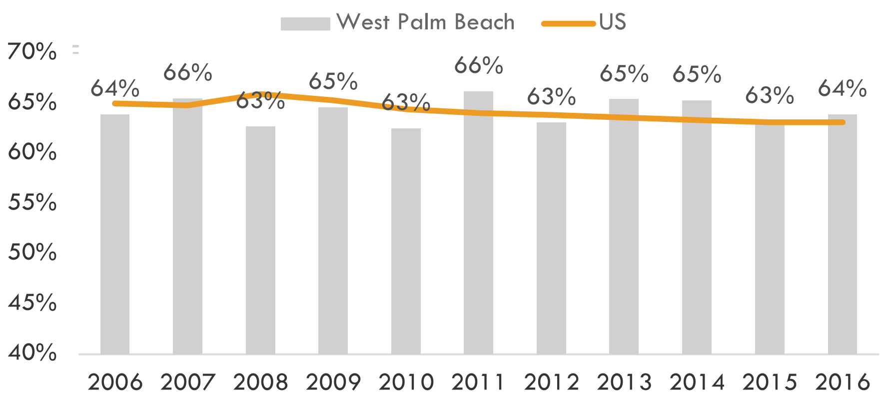
In recent years, the national labor force participation rate has slowly fallen, largely due to Baby Boomer retirement and flat growth in the active younger labor force. Total labor force participation in West Palm Beach fluctuates from year to year. In the past, local participation was lower than the national rate, but in recent years labor force participation has been higher in West Palm Beach – at 64% in 2016 compared to 65% nationally – reflecting a growing younger available workforce in the city.

Notably, from 2011 to 2016, the active labor force aged 25 to 64 years old grew 7% in West Palm Beach – more than three times faster than the national growth rate. This rapid growth among active workers is a highly positive feature in the current tight labor market.

WHY IS THIS IMPORTANT?

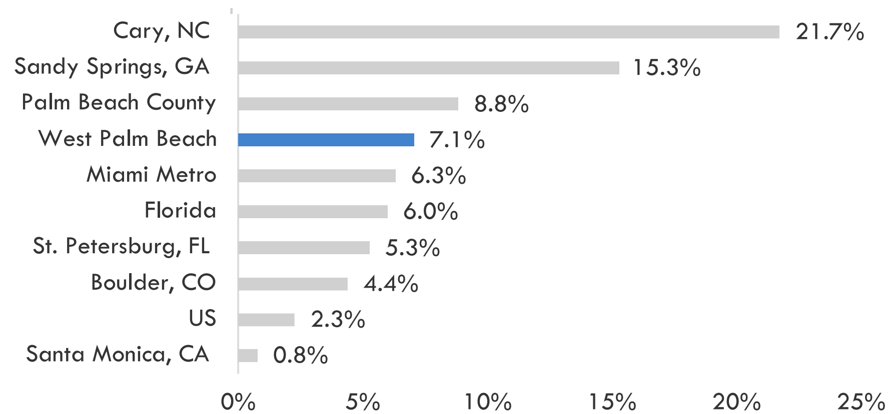
The size and characteristics of a community's labor force provides a direct measure of the available workforce for employers. In contrast to total population, the labor force measures the number of residents actively participating in the economy – either currently working or looking for work. Identifying the populations not participating in the labor force and understanding the barriers preventing or discouraging them from participating are important elements of modern workforce development strategies.

TOTAL LABOR FORCE PARTICIPATION RATE
2006 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

ACTIVE LABOR FORCE GROWTH – 25 TO 64 YEARS OLD
2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Population Growth

Besides a small dip before the recession in 2007, the City of West Palm Beach has seen steady population growth for the past decade – adding nearly 15,700 new residents.

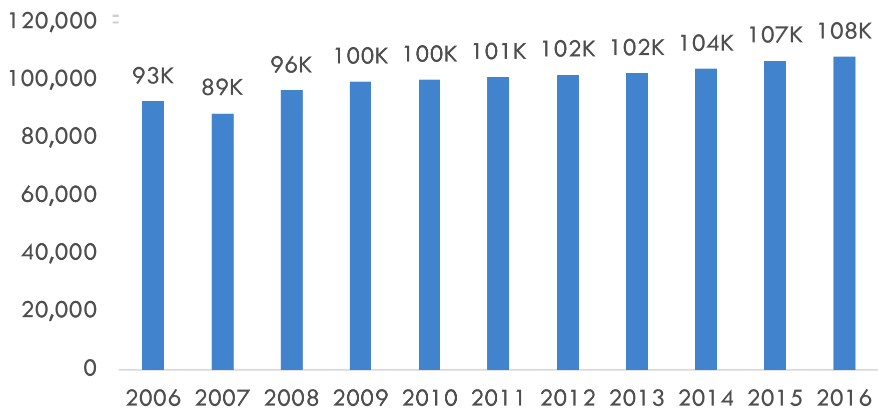
Over the past five years, the city's population grew 6.7% – more than three times faster than the US population. While this growth is fast compared to many parts of the nation, it is still slower than growth across Palm Beach County (8.1%) and Florida (7.9%).

Boulder, CO (6.9%), Sandy Springs, GA (9.1%), and Cary, NC (14.1%) also saw faster population growth.

WHY IS THIS IMPORTANT?

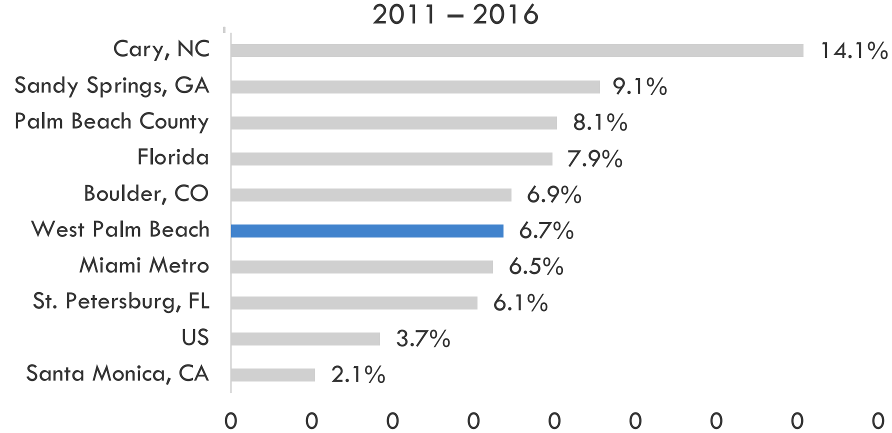
Population growth is one of the base indicators of overall economic prosperity in a community. A growing population shows that a community has assets and job opportunities that retain residents and attract new workers. A growing population also reassures businesses that they will have workers and customers in the future.

WEST PALM BEACH POPULATION



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

POPULATION GROWTH 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Age Distribution

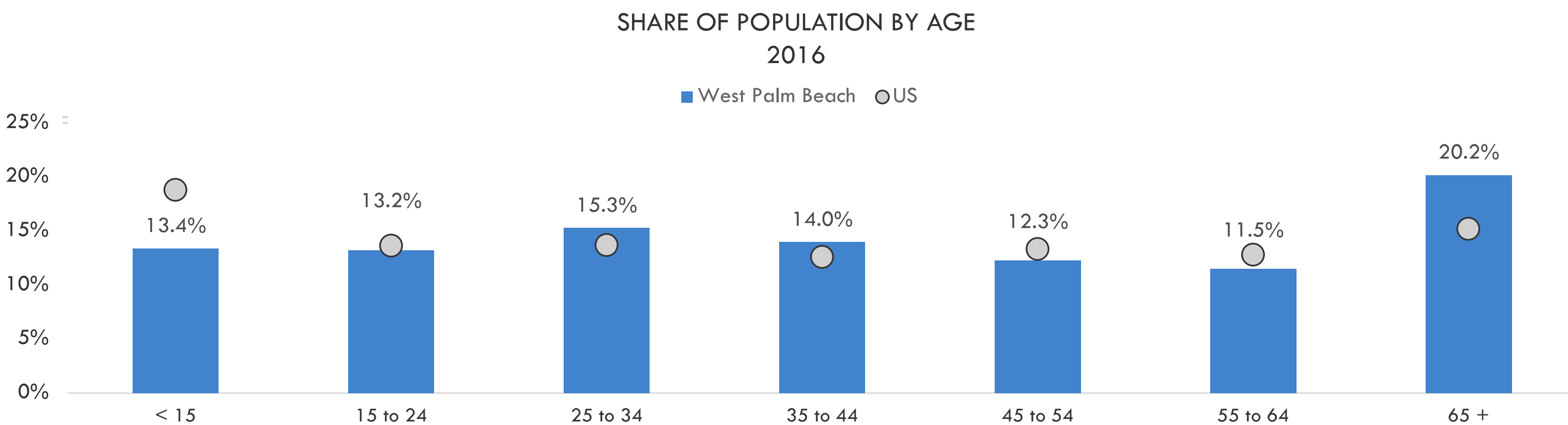
Relative to the US average, West Palm Beach has fewer children and a higher share of residents over 65 years old.

Less than 14% of West Palm Beach's population is age 14 or younger compared to 19% nationally. More than 20% of West Palm Beach's population is age 65 and older compared to 15% nationwide.

The share of West Palm Beach residents in the remaining age cohorts is largely similar to the US average.

WHY IS THIS IMPORTANT?

The age distribution of a population can help us better understand where to prioritize community investments. Changing age distribution within a community has widespread implications for public investments in areas such as health care, education, and workforce training. The age distribution also may highlight where tightness exists in the local labor market.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

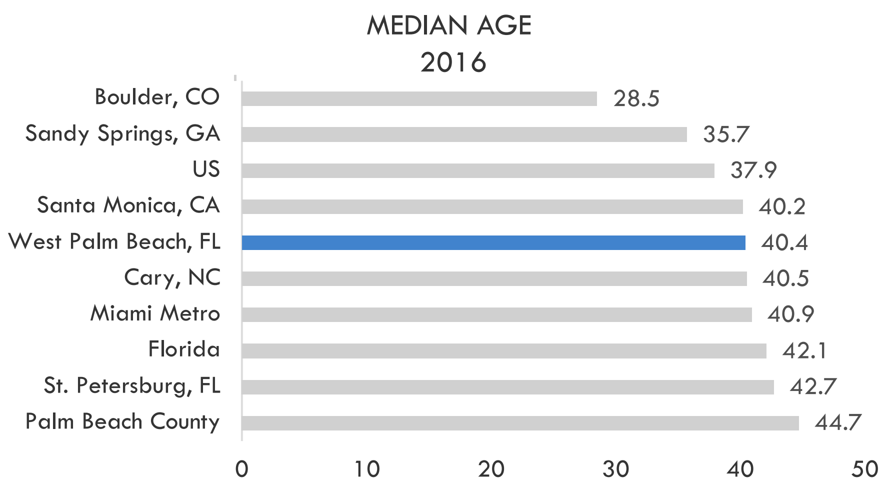
Age Composition

The population of West Palm Beach is slightly older than the US as a whole, but the community also has a relatively high proportion of young professionals. At 40.4 years old, the median age in West Palm Beach is approximately 2 years older than the national figure. The median age in West Palm Beach is less than half of the benchmark communities and well below Palm Beach County, which had the highest median age at 44.7.

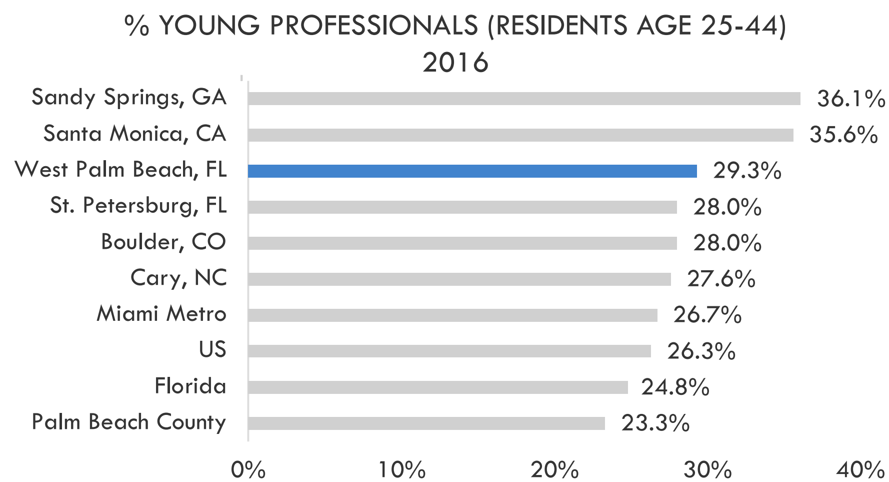
Young Professionals represent more than 29% of West Palm Beach's population, a greater share than the US and Florida averages. Among benchmark communities, only Sandy Springs and Santa Monica have a greater share of young professionals.

WHY IS THIS IMPORTANT?

Young Professionals (residents age 25 to 44 years old) represent a critical segment of a local workforce for companies seeking to hire new workers with the latest skills and knowledge. Recruiting and retaining residents in this age cohort helps ensure a community has a healthy mix of working age residents and can supply a growing labor force for local businesses.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

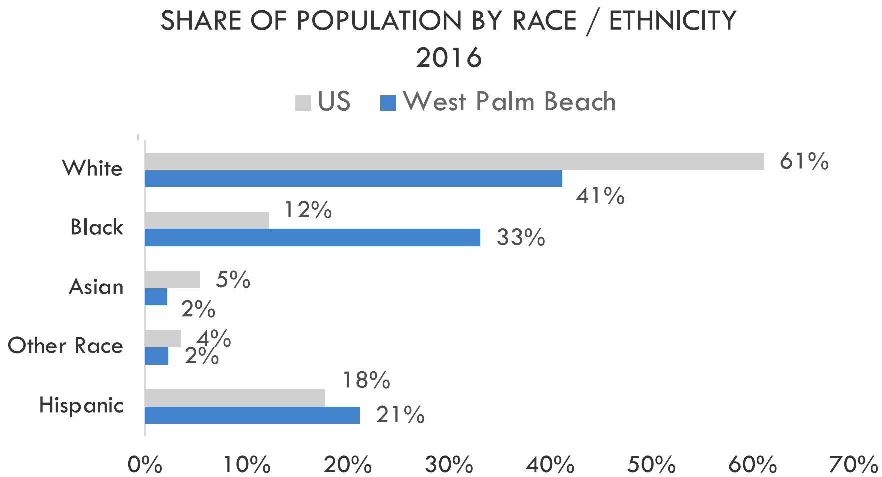
Racial & Ethnic Diversity

West Palm Beach is an incredibly diverse community. White non-Hispanic residents represent approximately 41% of West Palm Beach's population – 20 percentage points less than the US average. Black residents comprise a third of West Palm Beach's population. Nationally, Black residents represent just 12% of the population. More than 21% of West Palm Beach's residents are Hispanic – slightly higher than the national average.

Between 2011 and 2016, West Palm Beach saw growth among residents of all races and ethnicities, except Hispanic residents. The number of Hispanic residents declined 9% over this period.

WHY IS THIS IMPORTANT?

The racial and ethnic diversity of a community is affected by local geography, history, industry trends, and culture. Research shows that a diverse population and inclusive policies contribute to a thriving economy.



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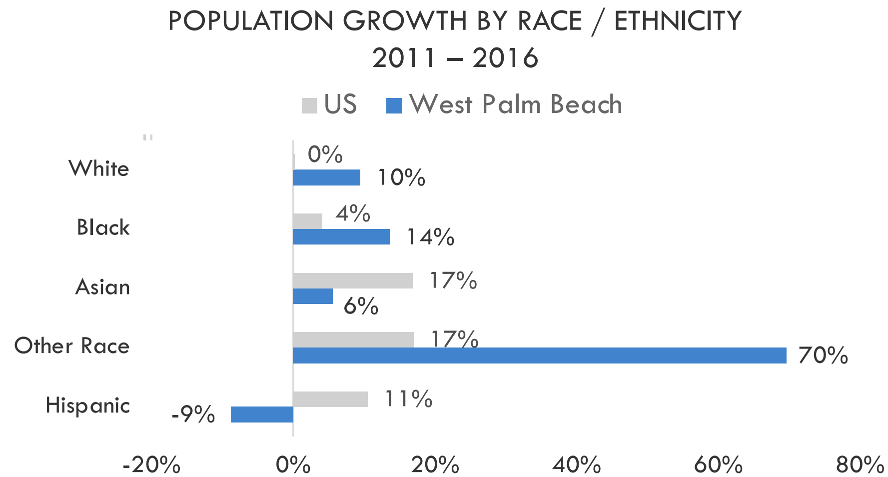


SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Foreign-Born Population

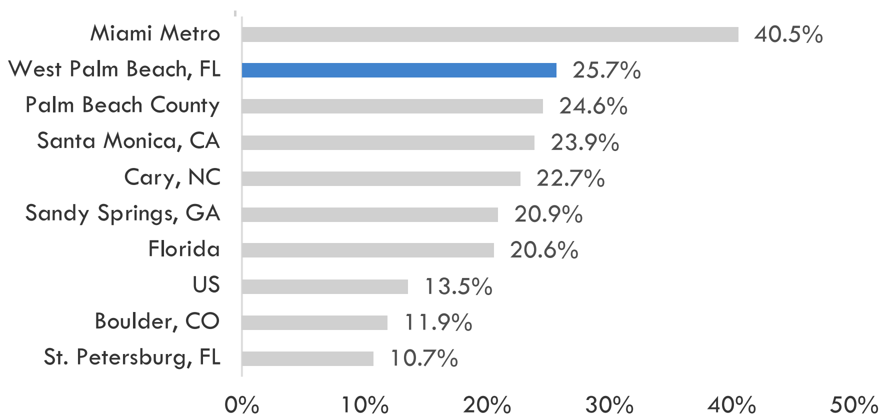
Nearly 26% of West Palm Beach's population is foreign-born, a higher proportion than the averages of the US, Florida, and all benchmark communities. Only the Miami Metro has a higher share of foreign-born residents.

Less than 25% of West Palm Beach's foreign-born population possesses a bachelor's degree or higher level of educational attainment, a smaller proportion than in the US, Florida, and all benchmark communities.

WHY IS THIS IMPORTANT?

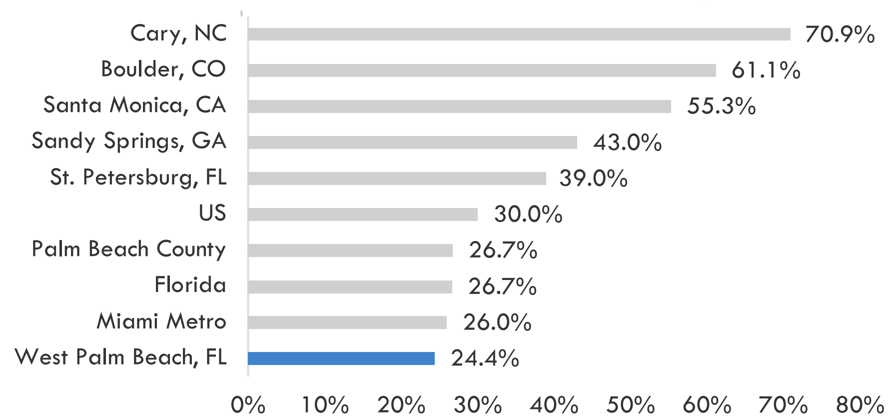
Foreign-born residents often serve as an important contributor to a region's talent pool. Foreign-born residents are also more likely to start their own businesses than native born individuals.

FOREIGN-BORN POPULATION AS % OF TOTAL 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

FOREIGN-BORN POPULATION WITH A BACHELOR'S DEGREE OR HIGHER LEVEL OF EDUCATIONAL ATTAINMENT, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Educational Attainment

West Palm Beach has a higher share of bachelor's degree holders than the US, Miami, and Florida, but less than every benchmark community. With 32% of residents over 25 years old holding a bachelor's degree, West Palm Beach is well-educated. However, four of the benchmark communities have shares above 60% – more than double the US average.

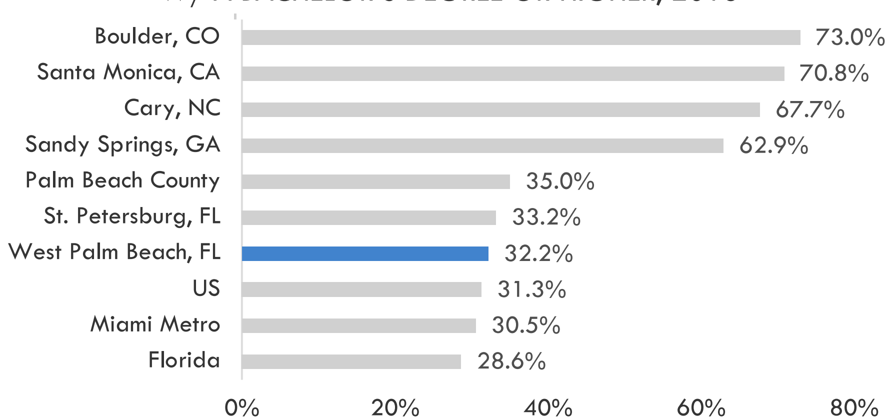
Among all benchmarks, West Palm Beach has the highest share of residents over 25 with an associate degree at 10%. This is comparable to the Florida and Miami Metro averages and above the US level of 8%.

Both these statistics show a strong balance of workers with different levels of education in the community.

WHY IS THIS IMPORTANT?

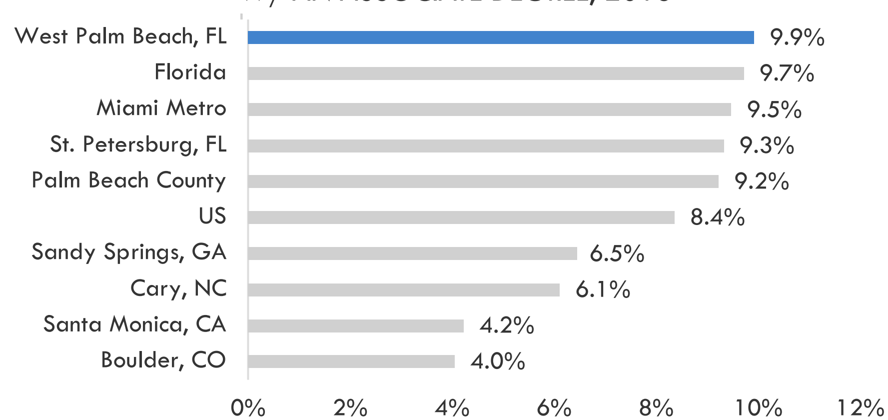
The modern economy is increasingly knowledge-intensive. New jobs often require education beyond a high-school diploma – ranging from a certificate to a master's degree. Due to this growing reliance on skilled workers, many businesses expand in and choose new locations based on the presence of a well-educated population.

SHARE OF 25 YEARS+ POPULATION W/ A BACHELOR'S DEGREE OR HIGHER, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SHARE OF 25 YEARS+ POPULATION W/ AN ASSOCIATE DEGREE, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Young Professionals Education

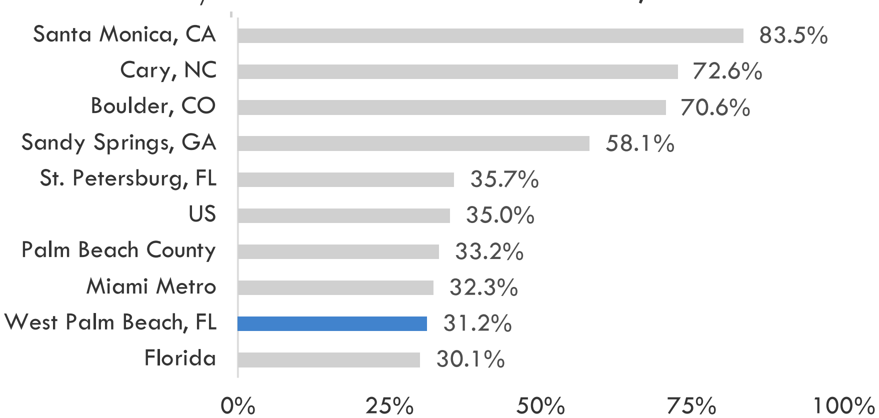
Mirroring the overall population, young professionals in West Palm Beach are more likely to possess an associate degree than the community at large but less likely to hold a bachelor's degree or higher level of educational attainment. Approximately 11% of young professionals in West Palm Beach possess an associate degree, similar to the averages found in Palm Beach County, the Miami Metro, and Florida, and exceeding all benchmark communities.

Slightly more than 31% of West Palm Beach young professionals have a bachelor's degree or higher level of educational attainment. Among all examined areas, only Florida has a lower share of young professionals with a bachelor's degree or higher level of educational attainment.

WHY IS THIS IMPORTANT?

The modern economy is increasingly knowledge-intensive. New jobs often require education beyond a high-school diploma – ranging from a certificate to a master's degree. Due to this growing reliance on skilled workers, many businesses expand in and choose new locations based on the presence of a well-educated population.

SHARE OF YOUNG PROFESSIONAL POPULATION W/ BACHELOR'S DEGREE OR HIGHER, 2016



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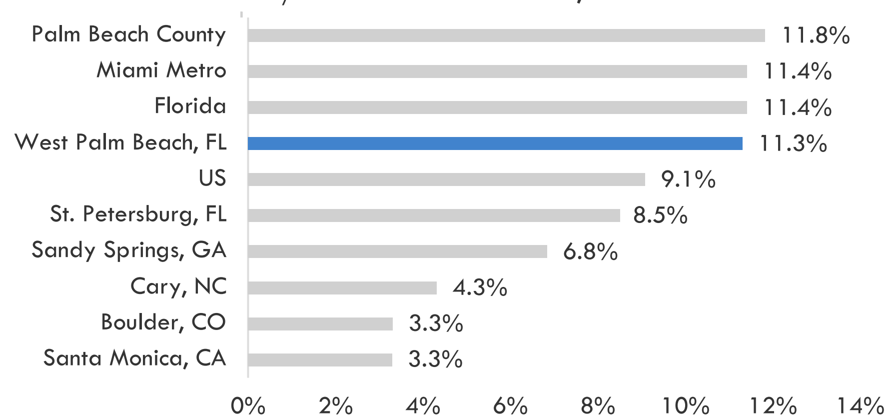
SHARE OF YOUNG PROFESSIONAL POPULATION W/ ASSOCIATE'S DEGREE, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Talent Attraction

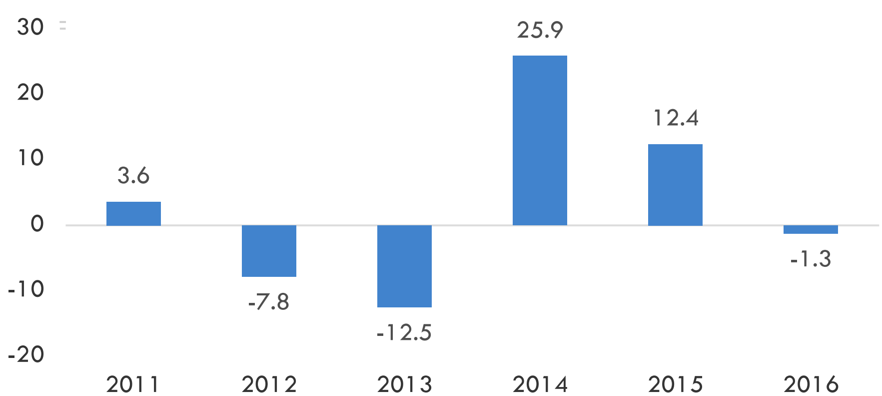
Talent migration in West Palm Beach has varied widely in recent years. In 2016, the city saw slightly more college educated residents leave West Palm Beach than it welcomed new college educated individuals.

Over the previous two years, West Palm Beach enjoyed a net influx of college educated individuals into the community. Among benchmark regions, on a per capita basis only Santa Monica experienced a greater outflow of college educated residents in 2016. The Miami Metro also experienced a modest exodus of talent. All other examined areas posted net gains in talent attraction.

WHY IS THIS IMPORTANT?

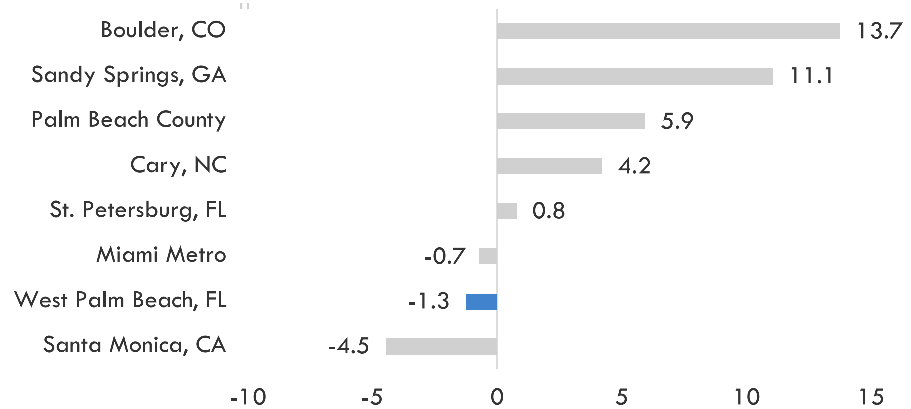
Communities with high levels of talent attraction are significantly better positioned to capture high-skill, high wage job growth compared to communities with more limited talent production and attraction.

NET INFLUX OF COLLEGE EDUCATED DOMESTIC MIGRANTS INTO WEST PALM BEACH, (PER 1000 RESIDENTS) 2011 - 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

NET INFLUX OF COLLEGE EDUCATED DOMESTIC MIGRANTS INTO REGION (PER 1,000 RESIDENTS) 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Education Pipeline

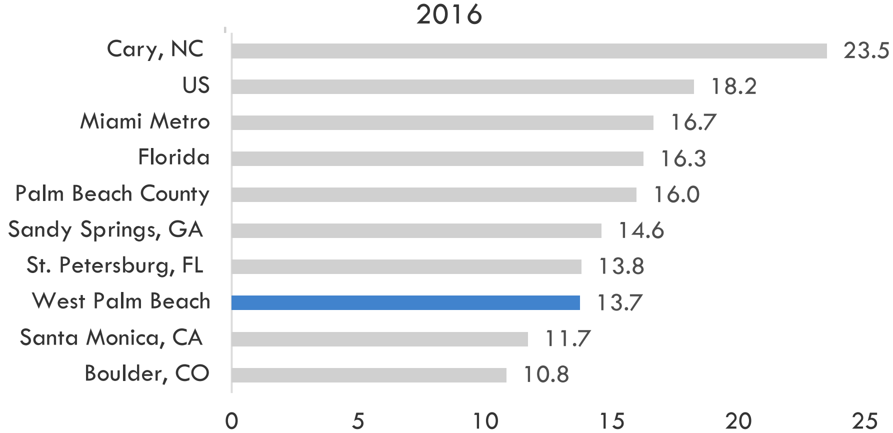
West Palm Beach has a relatively low concentration of school age children, but the number of Pre K through 12th grade students is growing rapidly. In 2016, West Palm Beach had almost 14 Pre K-12 students per 100 residents – more than Santa Monica, CA (12) and Boulder, CO (11), but less than the US average (18) and all other benchmarks.

From 2011 to 2016, the number of Pre K-12 students in West Palm Beach grew 8% at the same time that students declined 1% nationally. The number of students in Palm Beach County grew half that rate (4%). Only Santa Monica, CA (11%), Boulder, CO (20%), and Cary, NC (33%) saw their Pre K-12 student bodies grow faster.

WHY IS THIS IMPORTANT?

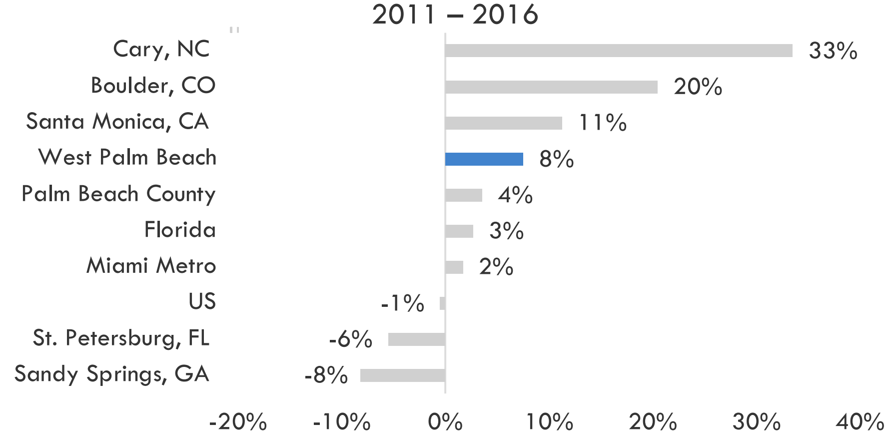
Children and adults currently in the education system represent the future pipeline of workers for a community. Communities with high quality educational systems generally see increased employment opportunities and reduced unemployment in the long-term. Quality school systems and strong graduation rates also make a community more attractive to employers and prospective family residents. Gaps in student achievement also demonstrate areas that require additional investment.

NUMBER OF PRE K-12 STUDENTS PER 100 RESIDENTS 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

GROWTH IN NUMBER OF PRE K-12 STUDENTS 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

School Performance

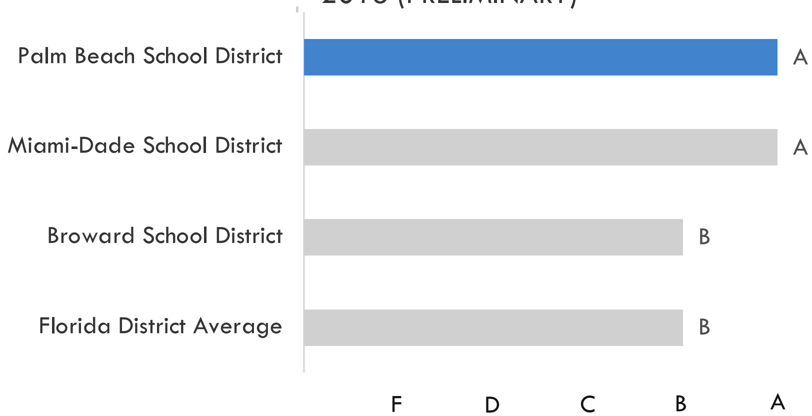
Florida provides "school choice" – which provides alternative options to residents who do not wish to send their children to local public schools. This gives residents numerous options in addition to the schools located in their jurisdiction – including magnet and charter schools. Palm Beach County has one of the top rated school district in the state – providing many school options to residents.

Preliminary state school ratings for 2018 give the Palm Beach School District an A rating. Within the region Miami-Dade School District also received an A and Broward School District received a B. At 82%, Palm Beach School District's graduation rate was higher than the state average (81%), Miami-Dade School District (80%), and Broward School District (79%).

WHY IS THIS IMPORTANT?

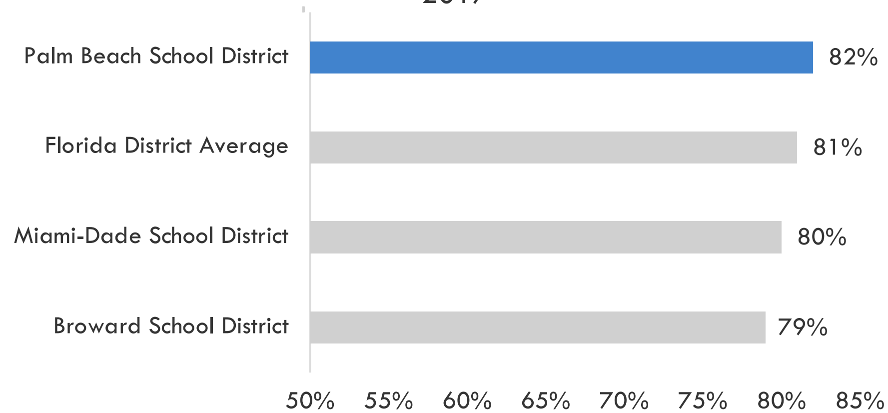
Children and adults currently in the education system represent the future pipeline of workers for a community. Communities with high quality educational systems generally see increased employment opportunities and reduced unemployment in the long-term. Quality school systems and strong graduation rates also make a community more attractive to employers and prospective family residents. Gaps in student achievement also demonstrate areas that require additional investment.

FLORIDA DEPARTMENT OF EDUCATION ANNUAL GRADE 2018 (PRELIMINARY)



SOURCE: AVALANCHE CONSULTING / FLORIDA DEPARTMENT OF EDUCATION

HIGH SCHOOL GRADUATION RATES 2017



SOURCE: AVALANCHE CONSULTING / FLORIDA DEPARTMENT OF EDUCATION

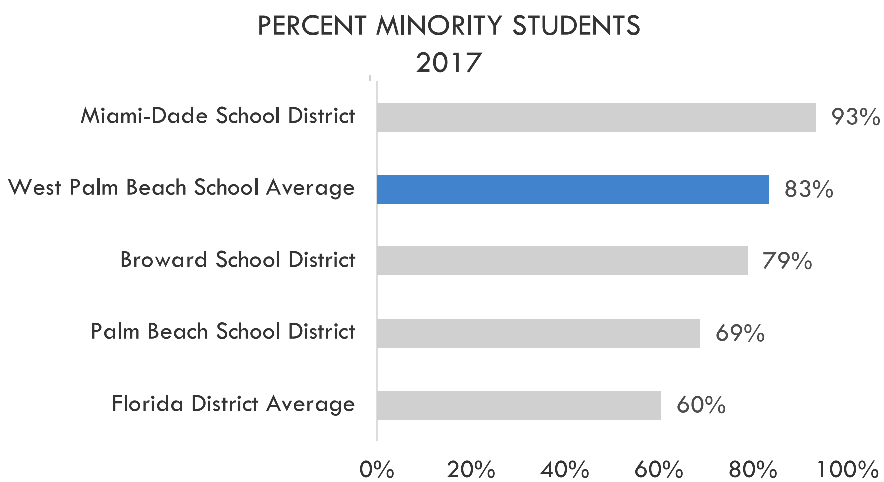
Student Characteristics

West Palm Beach has highly diverse schools and a high share of economically disadvantaged students. In 2017, 83% of students in West Palm Beach public schools were minorities, above the Broward School District (79%), Palm Beach School District (69%), and Florida District Average (60%) but below the Miami-Dade School District (93%).

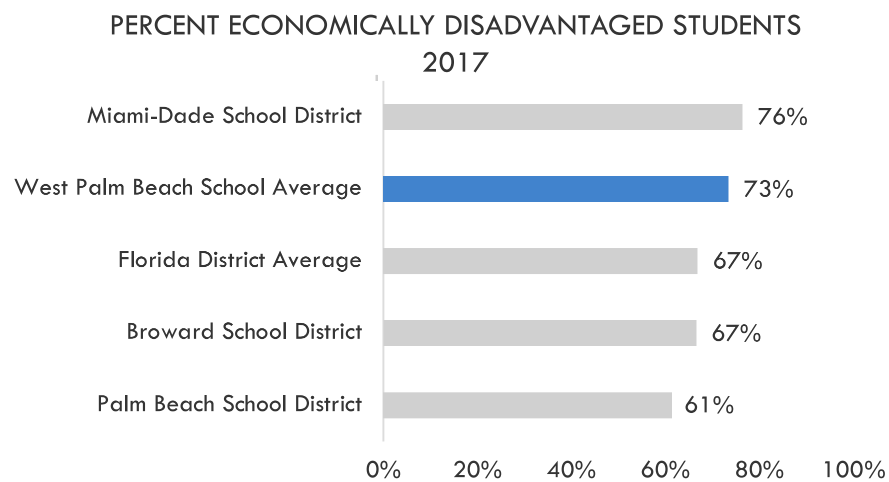
Last year, 73% of students in West Palm Beach public schools were economically disadvantaged compared to 76% in Miami-Dade School District, 67% in Florida overall, 67% in Broward School District, and 61% in Palm Beach School District.

WHY IS THIS IMPORTANT?

Children and adults currently in the education system represent the future pipeline of workers for a community. Communities with high quality educational systems generally see increased employment opportunities and reduced unemployment in the long-term. Quality school systems and strong graduation rates also make a community more attractive to employers and prospective family residents. Gaps in student achievement also demonstrate areas that require additional investment.



SOURCE: AVALANCHE CONSULTING / FLORIDA DEPARTMENT OF EDUCATION



SOURCE: AVALANCHE CONSULTING / FLORIDA DEPARTMENT OF EDUCATION

College Students

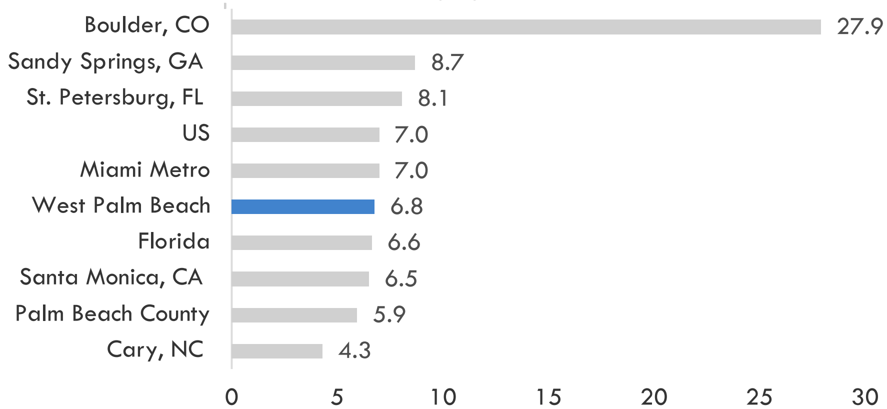
West Palm Beach has a concentration of college students roughly equal to the US average, but the number of enrolled students has fallen in recent years. In 2016, West Palm Beach was home to almost 7 college students per 100 residents – above the Florida average and almost as high as the Miami Metro and US averages. The only benchmarks with higher concentrations of college students were St. Petersburg, FL (8), Sandy Springs, GA (9), and Boulder, CO (28).

From 2011 to 2016, the number of enrolled college students in the US dropped 5%. Over the same period, this number dropped 25% in West Palm Beach. The only benchmarks that saw greater declines in enrolled college students were Santa Monica, CA (-31%) and Cary, NC (-37%).

WHY IS THIS IMPORTANT?

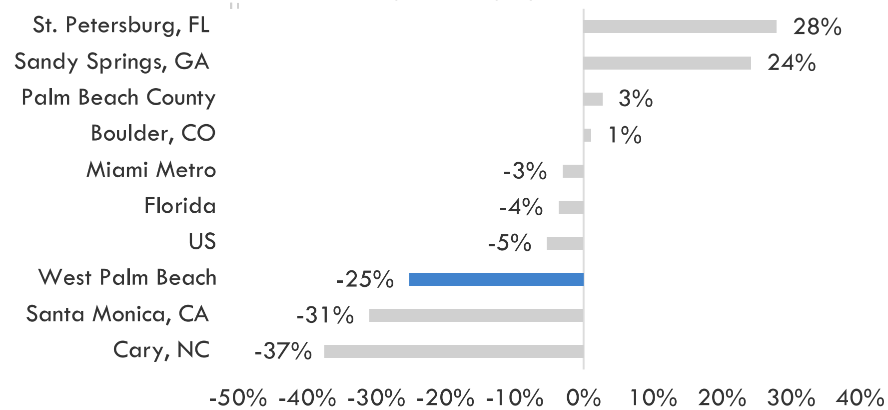
Post-secondary education institutions are critical players in modern economic development. Today employers need workers with a range of skills and technical training – from certificates to master's degrees. Aligning educational resources with employers needs will help local business succeed and connect students with promising careers.

NUMBER OF STUDENTS ENROLLED IN COLLEGE PER 100 RESIDENTS 2016



SOURCE: AVALANCHE CONSULTING / FEDERAL BUREAU OF INVESTIGATION

GROWTH IN NUMBER OF STUDENTS ENROLLED IN COLLEGE, 2011 – 2016



SOURCE: AVALANCHE CONSULTING / FEDERAL BUREAU OF INVESTIGATION

Cost of Living

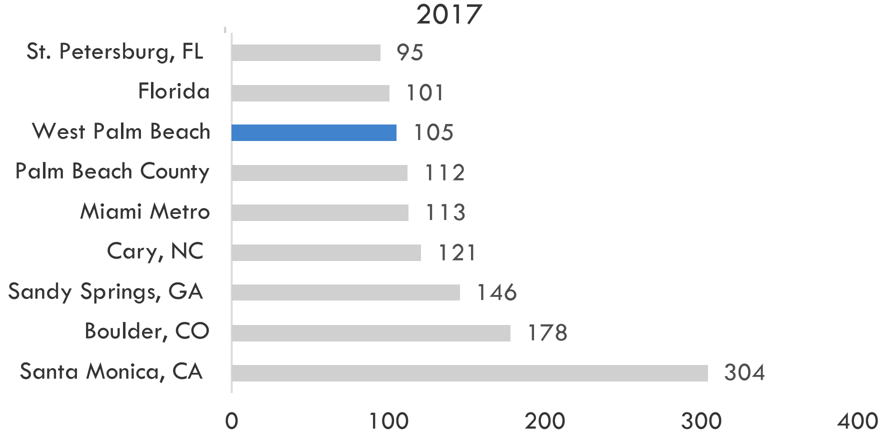
West Palm Beach is a relatively affordable community. The overall cost of living in West Palm Beach is approximately 5% higher than the US average. Among benchmark communities, only St. Petersburg has a lower cost of living.

Despite overall affordability, housing prices in West Palm Beach are relatively expensive. As a ratio of regional median household income levels, home prices in West Palm Beach are higher than the US and Florida averages but less than the average in the Miami Metro. Relative to income, housing prices in West Palm Beach are significantly less expensive than in places such as Santa Monica, CA; Boulder, CO; and Sandy Springs, GA.

WHY IS THIS IMPORTANT?

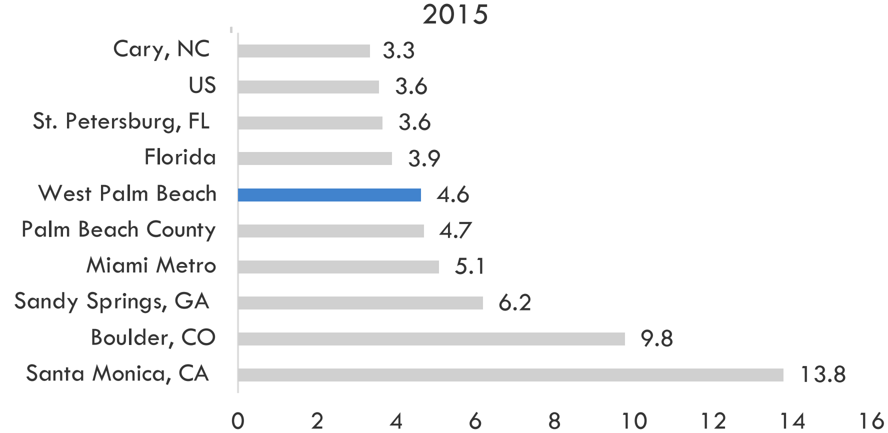
Cost of living is an important component of quality of place. Regions with high costs of living may find it difficult to attract and retain talent. A higher cost of living disproportionately affects lower income families and may create socioeconomic imbalances and create hiring challenges for many "working" occupations – including teachers, nurses, hospitality workers, and more.

COST OF LIVING INDEX (US AVERAGE = 100)
2017



SOURCE: AVALANCHE CONSULTING / SPERLINGS BEST PLACES

RATIO OF MEDIAN HOME VALUE TO MEDIAN HOUSEHOLD INCOME
2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

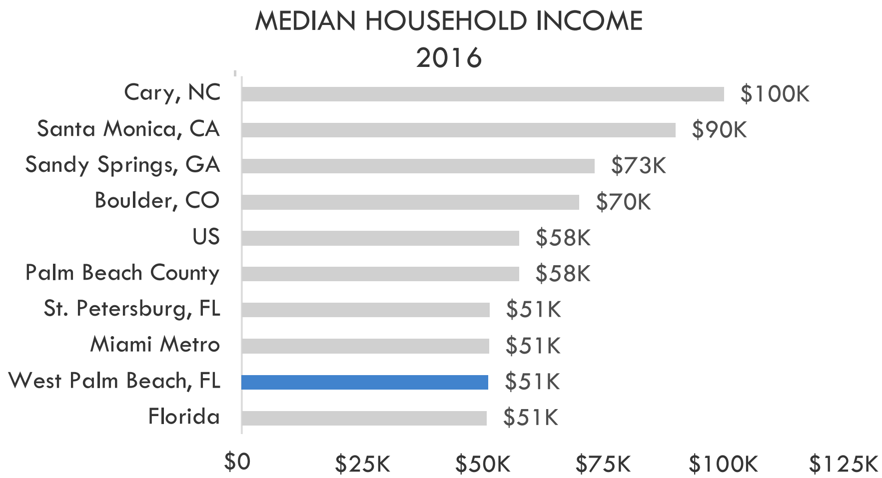
Household Income

At $51,000, median household income in West Palm Beach is similar to the state but less than the national, regional, and countywide levels. Local median household income is also less than in all examined benchmark communities.

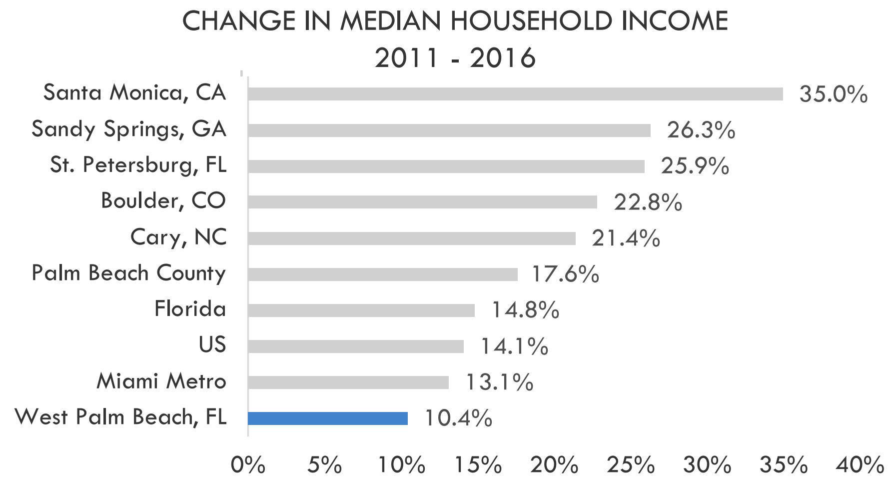
From 2011 to 2016, median household income in West Palm Beach increased by approximately 10% on a non-adjusted basis. During this same period, all examined benchmark communities, as well as the US, Florida, and Palm Beach County, saw household incomes grow more rapidly.

WHY IS THIS IMPORTANT?

Wealth creation is an important goal of economic development and a strong measure of a community's economic health. When residents of a community have high household incomes they are able to reinvest locally by purchasing goods and services that spur additional economic growth.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Income Inequality

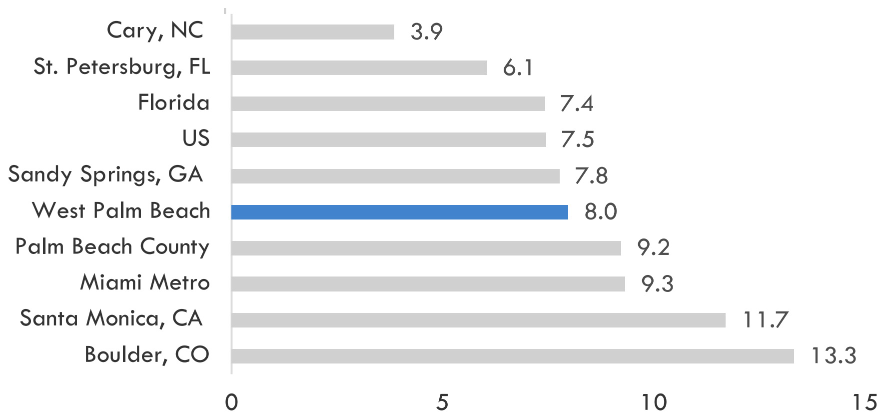
Economic inequality in West Palm Beach is more pronounced than the US average but less severe than in many benchmark communities. In 2016, the top 5% of households in West Palm Beach owned 8 times as much income as the bottom 20% of households. The figure is 7.5 nationally and 7.4 in Florida. In Santa Monica and Boulder the ratios are approximately 12 and 13, respectively.

The Gini Index of Inequality measures the overall distribution of income in a community. A score of 0 indicates that all income is distributed equally. A score of 1 indicates maximum inequality. At 0.5, income inequality in West Palm Beach is slightly higher than the national and statewide averages, but less than the regional and countywide averages. It is also less than Sandy Springs; GA; Santa Monica, CA; and Boulder, CO.

WHY IS THIS IMPORTANT?

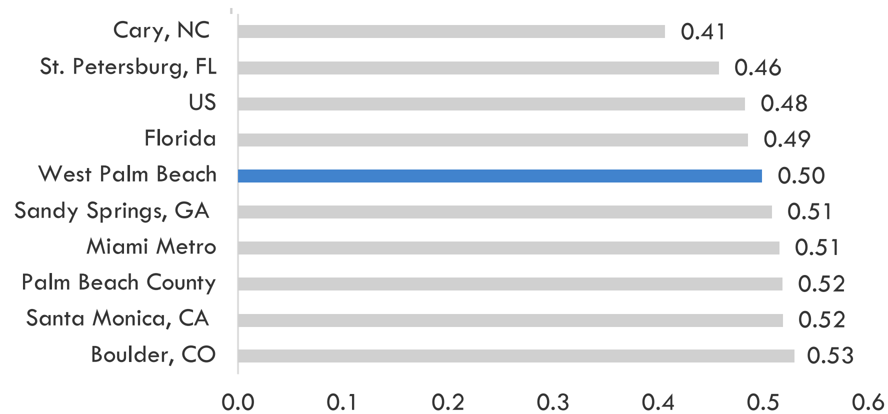
Overall income levels can obscure significant levels of inequality within a community. Identifying residents who are being left out of economic gains is an important step when developing an inclusive economic development strategy.

RATIO OF INCOME OWNED BY TOP 5% OF HOUSEHOLDS TO INCOME OWNED BY BOTTOM 20% OF HOUSEHOLDS , 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

GINI INDEXES OF INCOME INEQUALITY, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Poverty

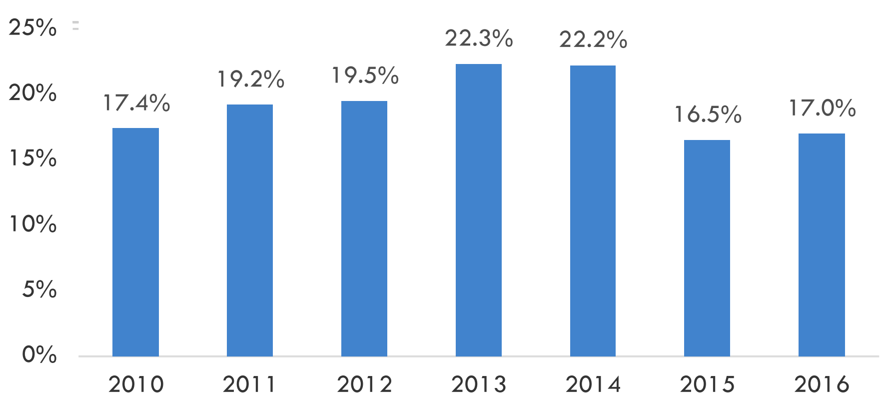
West Palm Beach has a relatively high poverty rate. At 17%, the city's poverty rate exceeds the national, statewide, regional, and countywide averages. It is also higher than all benchmark communities except Boulder, CO, whose poverty rate is likely only so high due to a high concentration of full-time students with no income.

Poverty in West Palm beach has declined from a peak of 22% in 2013 and 2014.

WHY IS THIS IMPORTANT?

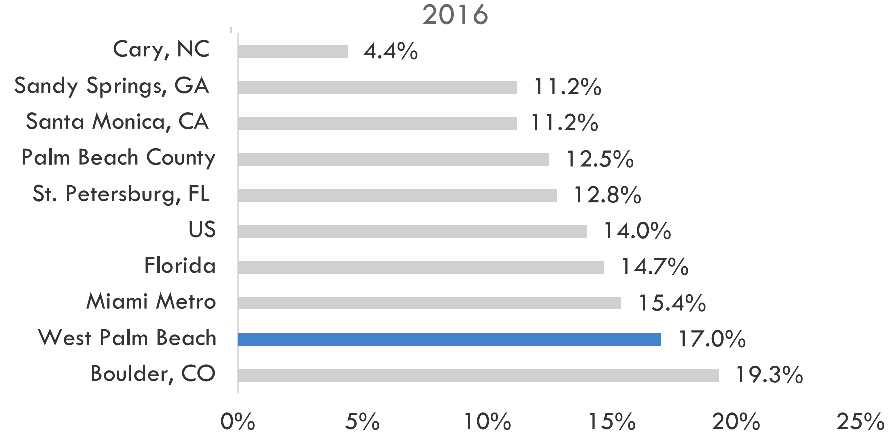
Poverty levels indicate whether residents have incomes and access to jobs that allow them to prosper and support their families. High poverty levels often reflect limited job opportunities in a community and put heavy demands on social services.

WEST PALM BEACH POVERTY RATE
2010 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

POVERTY RATE
2016

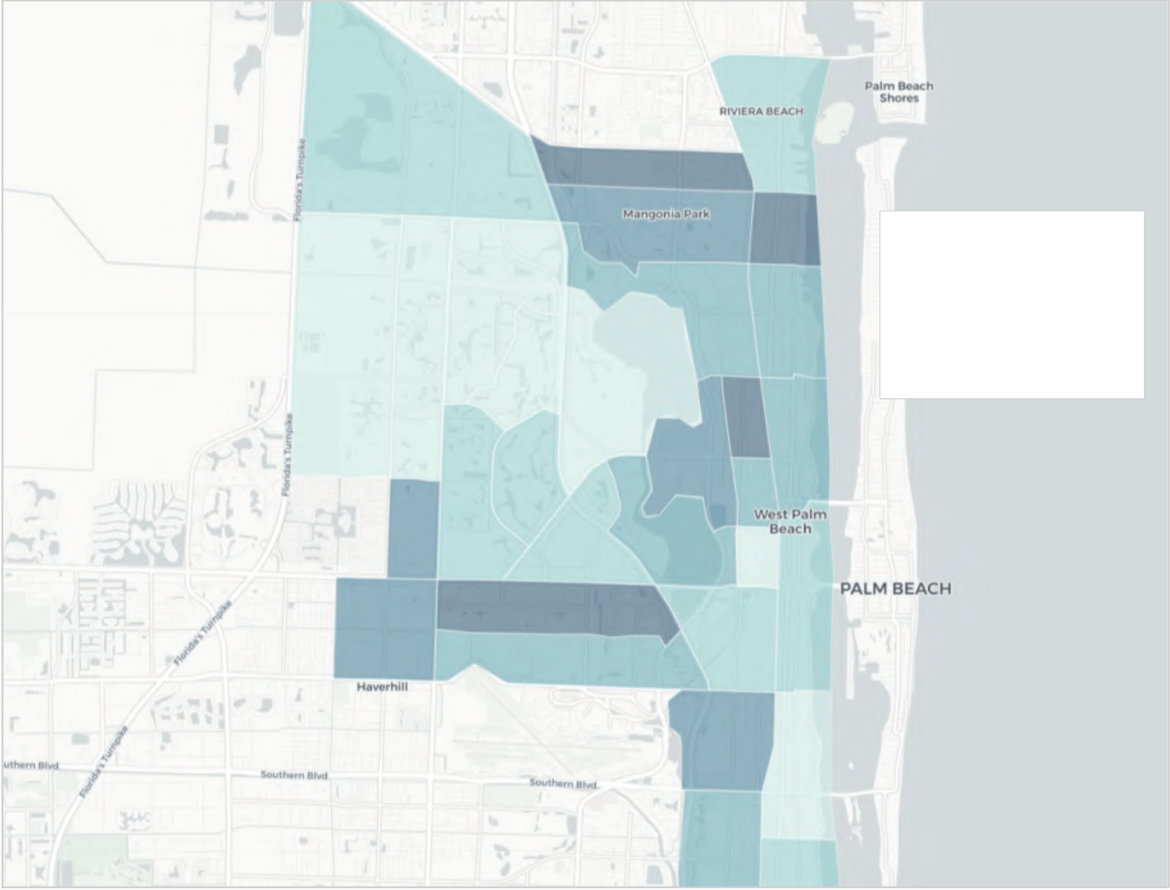


SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Poverty (continued)

Although West Palm Beach has high overall poverty rates, poverty is not evenly distributed across the city. An examination of poverty by census tract shows relatively high pockets of poverty in the Northern and Southwestern areas of town. Poverty rates range from 48% in Census Tract 29 in the Southwest and 47% in Census Tract 14.03 in the North to 7% in Census Tracts 19.14 and 19.15 in the West.

Poverty Distribution by Census Tract, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Crime

Both violent and property crime rates in West Palm Beach are relatively high, but crime has fallen over the past decade. In 2016, both violent and property crime rates in West Palm Beach were nearly twice the state average and higher than the county and all examined benchmarks.

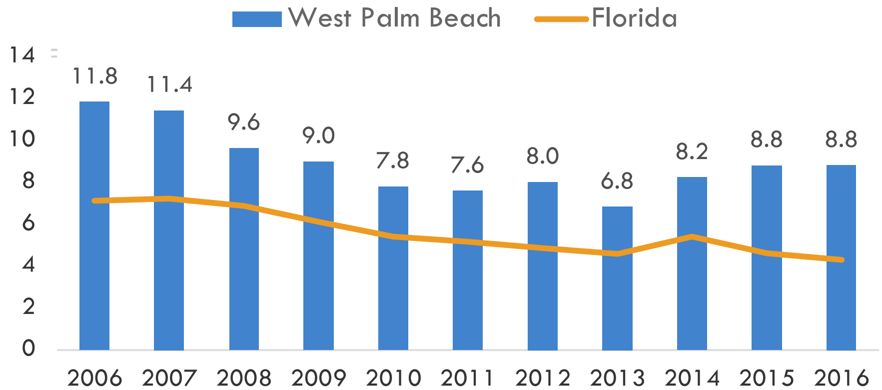
Despite being relatively high, crime rates are falling in West Palm Beach. In 2016, violent crime incidents per capita were down 25% from 2006, and property crime incidents per capita were down 30% from 2006.

Crime in West Palm Beach is highly concentrated in specific areas – primarily in the Historic Northwest – often coinciding with pockets of high poverty.

WHY IS THIS IMPORTANT?

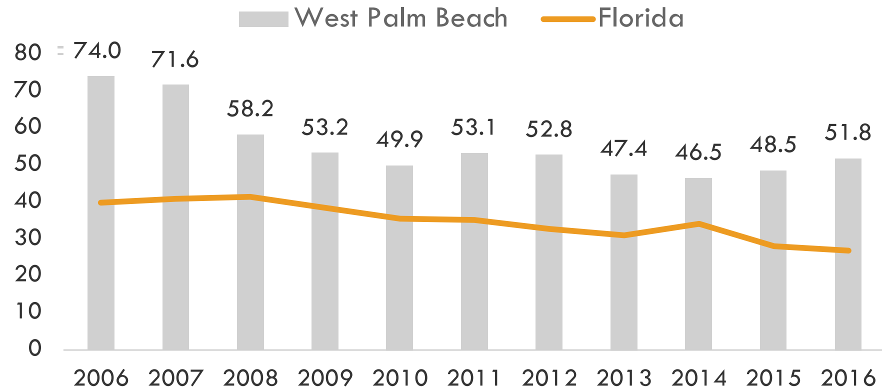
Actual and perceived crime rates play a significant role in location decisions for residents and businesses.

VIOLENT CRIME PER 1,000 RESIDENTS
2006 – 2016



SOURCE: AVALANCHE CONSULTING / FEDERAL BUREAU OF INVESTIGATION

PROPERTY CRIME PER 1,000 RESIDENTS
2006 – 2016



SOURCE: AVALANCHE CONSULTING / FEDERAL BUREAU OF INVESTIGATION

04 Business Climate Assessment

Business Climate Assessment

A community's business climate describes a range of factors related to the ease of operating a business. These include tax rates, business activity, and the availability and cost of utilities. They also include less quantifiable aspects such as the friendliness of government and perception of the community, which is why in addition to this data analysis, Avalanche conducted interviews and focus groups with stakeholders throughout West Palm Beach to better understand the city's competitive position and how it relates to target sectors. Different industries examine different factors when making their location decisions. By examining the dynamics of the local business climate, we are able to better understand how the city can support different sectors.

Key findings from this section include:

- The State of Florida offers a highly competitive business tax environment with no personal income tax and a relatively low corporate income tax rate. Florida's tax environment is especially competitive relative to high-tax financial centers in New York, Connecticut, and Illinois.
- In contrast to income taxes, property taxes in West Palm Beach are relatively high compared to benchmarks, but not extraordinarily so.
- After five years of flat growth, sales tax collections have grown rapidly in West Palm Beach since 2013.
- Retail sales comprise the largest source of sales tax collections in West Palm Beach, but Leisure & Hospitality and Construction are the fastest growing source of sales tax revenues.
- The 33401 and 33409 zip codes are the top sources of sales tax revenues in West Palm Beach, but sales tax collections are growing the most rapidly in the 33401 and 33405 zip codes.
- Florida Power & Light (FPL) offers highly competitive electrical rates for residential, commercial, and industrial users.
- High speed internet access is readily available in West Palm Beach, and gigabyte service is much more common than seen in most US communities.

Personal Income Tax

Florida is one of seven states without an income tax. Among benchmark communities, personal income taxes on a per capita basis are highest in California (home to Santa Monica).

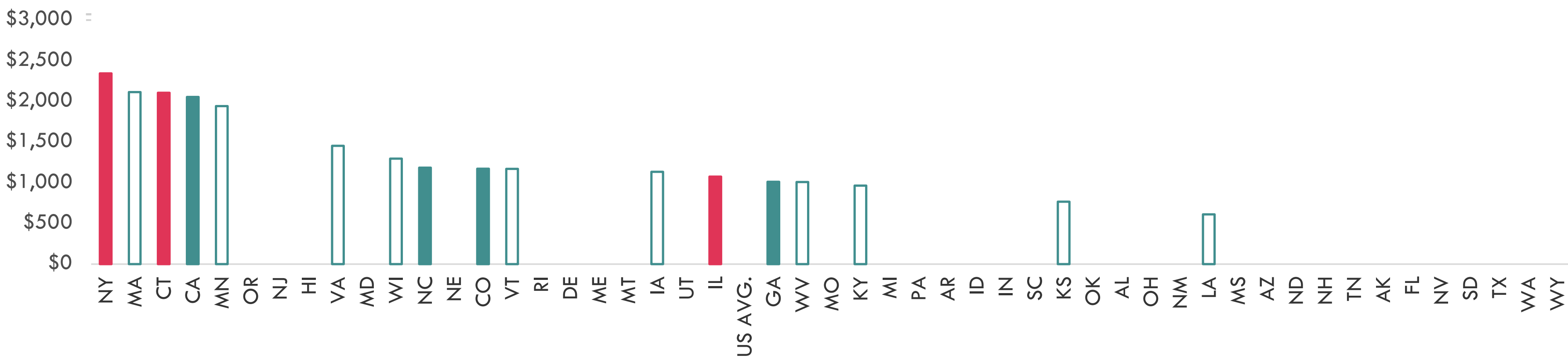
In fiscal year 2015, California collected more than $2,000 in income tax for every man, woman, and child within the state. Outside Florida, Georgia (home to Sandy Springs) collected the least amount of personal income taxes. In 2015, per capita income tax collections in the state were less than $1,000.

Notably, states with large financial industry concentrations, such as New York, Connecticut, and Illinois, have some of the highest personal income tax rates in the nation.

WHY IS THIS IMPORTANT?

Income tax rates are an especially visible form of taxation. States without income taxes are generally perceived as being more cost competitive than states that feature an income tax, regardless of whether or not the overall taxation environment is less burdensome. As workers in states with lower income tax rate keep more of their paychecks, it may allow employers to offer lower salaries to their employees.

PER CAPITA STATE PERSONAL INCOME TAX COLLECTIONS, FY2015



SOURCE: AVALANCHE CONSULTING / TAX FOUNDATION

Corporate Income Tax

At 5.5%, Florida has one of the lower corporate income tax rates in the US with state corporate income tax collections ranked 22nd lowest among the 50 states – collecting $110 per capita.

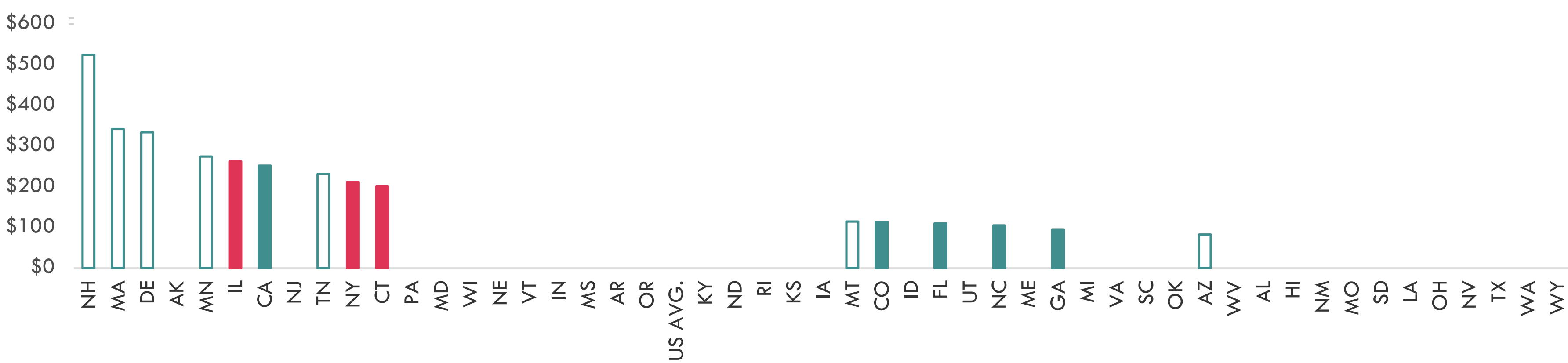
Among benchmark communities, corporate income tax collections were highest in California (Santa Monica) at $252 per capita. Colorado (Boulder) was also higher than Florida at $113 per capita. North Carolina (Cary) and Georgia (Sandy Springs) were slightly lower at $105 per capita and $95 per capita, respectively.

As with personal income taxes, corporate income taxes were significantly higher in Illinois, New York, and California.

WHY IS THIS IMPORTANT?

Corporate income tax rates can affect the profits of businesses and desirability of a location, depending on the industry. For example, financial businesses may see significant benefit to locating in a state with no corporate income tax.

PER CAPITA STATE CORPORATE INCOME TAX COLLECTIONS, FY2015



SOURCE: AVALANCHE CONSULTING / THE TAX FOUNDATION

Property & Sales Tax

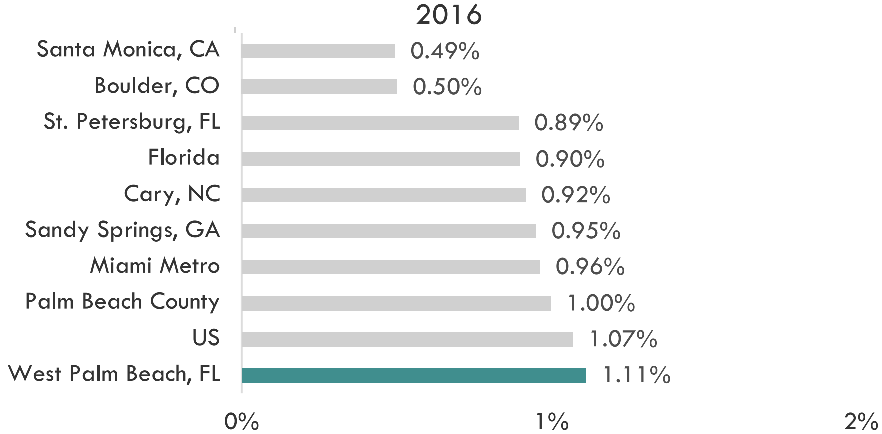
As a proportion of home values, property taxes in West Palm Beach are relatively high. Residents of West Palm Beach pay approximately 1.1% of property taxes as a share of home value. This is higher than all benchmarks.

Conversely, West Palm Beach has a relatively low sales tax rate. At 7%, the local sales tax rate is slightly higher than the US, Miami Metro, and Florida averages, but is below all benchmark communities.

WHY IS THIS IMPORTANT?

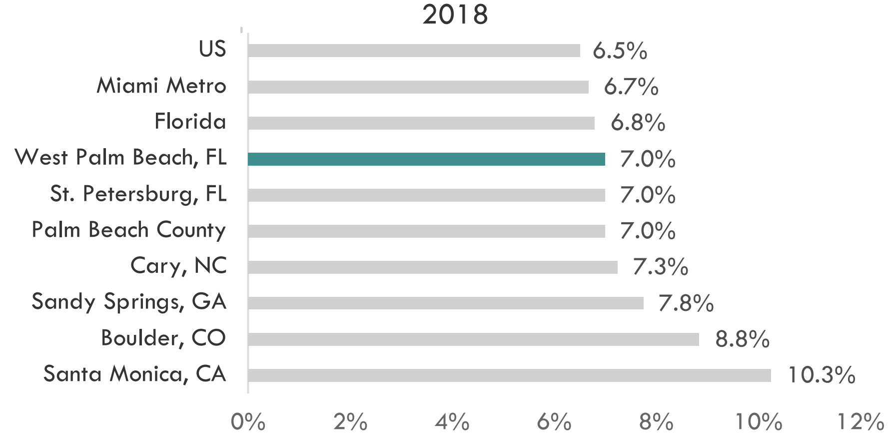
Property taxes in several states are the single largest form of individual and corporate taxation. High property taxes can also have a disproportionate impact on specific capital intensive industries such as manufacturing. Sales tax rates often help reduce the burden on other forms of taxation. They can also shift the burden of taxation from residents to visitors or commuters.

RESIDENTIAL PROPERTY TAX COLLECTIONS AS % OF HOME VALUE
2016



SOURCE: AVALANCHE CONSULTING / TAX FOUNDATION / INDIVIDUAL JURISDICTIONS

SALES TAX RATE
2018



SOURCE: AVALANCHE CONSULTING / TAX FOUNDATION / INDIVIDUAL JURISDICTIONS

Sales Tax Collections

After staying relatively flat for five years following the recession, sales tax collections in West Palm Beach have grown rapidly since 2013, reaching a high of $344.5 million in 2017.

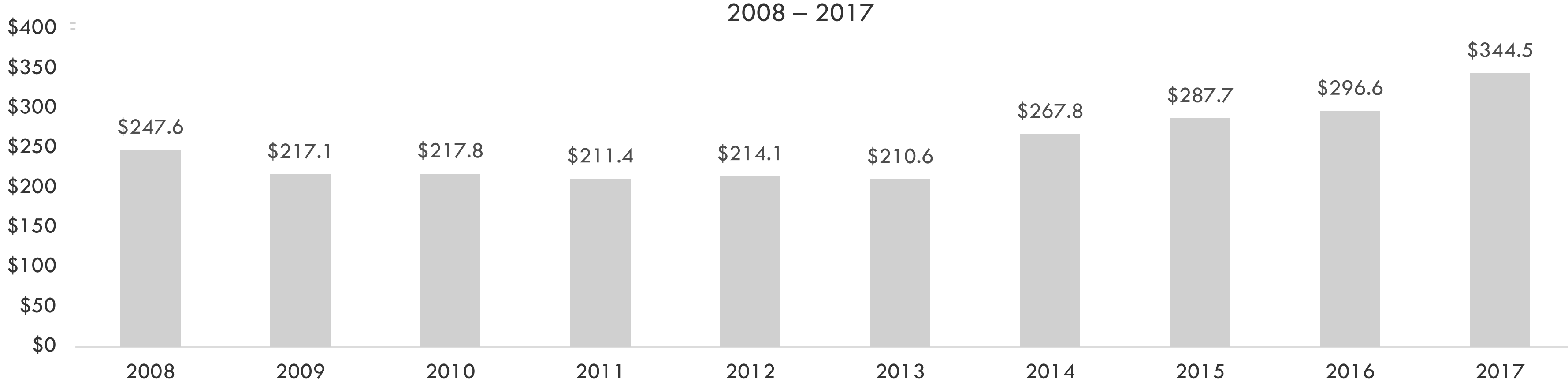
From 2009 to 2013, sales tax collections in West Palm Beach actually shrank at a average annual growth rate of -0.8%. In sharp contrast, from 2013 to 2017, sales tax collections grew at an average annual rate of 13.1%.

Overall, sales tax collections grew 61% from 2012 to 2017.

WHY IS THIS IMPORTANT?

Retail sales offer another measure of strength in a local economy. High retail sales can show that residents have both wealth and local businesses at which to spend their money. High retail sales can also reflect a strong visitors' economy and indicate a community is a destination for shopping, dining, and experiences. Sales taxes are an important source of local government revenue, along with property taxes, and thus contribute to the ability of governments to provide services, invest in infrastructure, and maintain overall operations.

WEST PALM BEACH TOTAL SALES TAX COLLECTIONS (MILLIONS)
2008 – 2017



SOURCE: AVALANCHE CONSULTING / TAX FOUNDATION / INDIVIDUAL JURISDICTIONS

Sales Tax by Industry

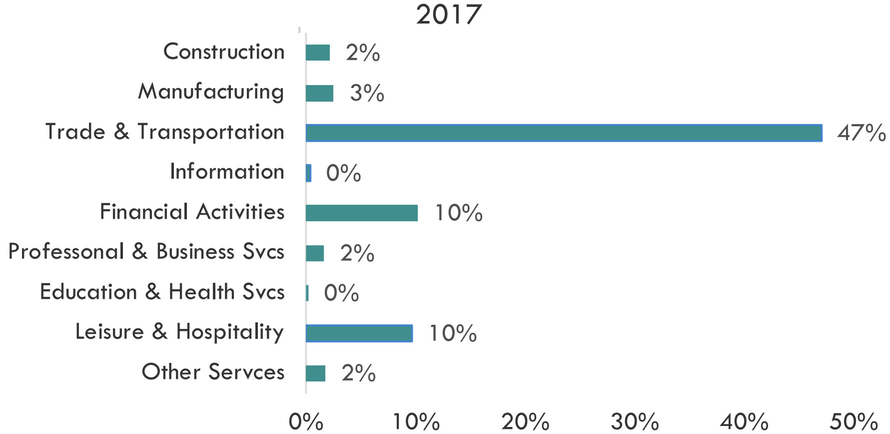
In 2017, Trade & Transportation was by far the largest industry producing sales tax collections in West Palm Beach. This industry (*primarily composed of retail trade*) accounted for 47% of sales tax collections in the city. The next largest sources of sales tax revenue were Leisure & Hospitality (10%) and Financial Activities (10%). Notably, Financial Activities revenues came primarily from real estate and rental/leasing.

From 2012 to 2017, sales tax collections in West Palm Beach grew in all industry categories except Professional & Business Services. The industries that saw the fastest sales tax collection growth were Leisure & Hospitality (96%), Construction (85%), Trade & Transportation (59%), Manufacturing (56%), and Financial Activities (55%).

WHY IS THIS IMPORTANT?

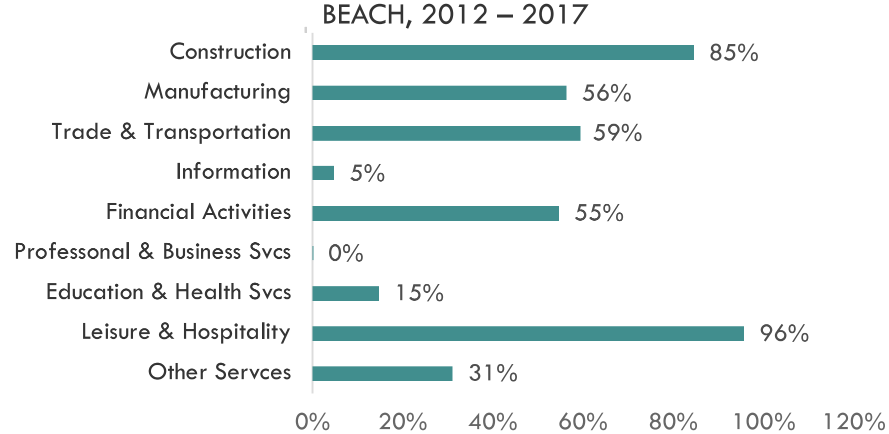
Retail sales offer another measure of strength in a local economy. High retail sales can show that residents have both wealth and local businesses at which to spend their money. High retail sales can also reflect a strong visitors' economy and indicate a community is a destination for shopping, dining, and experiences. Sales taxes are an important source of local government revenue, along with property taxes, and thus contribute to the ability of governments to provide services, invest in infrastructure, and maintain overall operations.

SALEX TAX COLLECTIONS BY INDUSTRY – WEST PALM BEACH 2017



SOURCE: AVALANCHE CONSULTING / STATE OF FLORIDA

SALES TAX COLLECTION GROWTH BY INDUSTRY – WEST PALM BEACH, 2012 – 2017

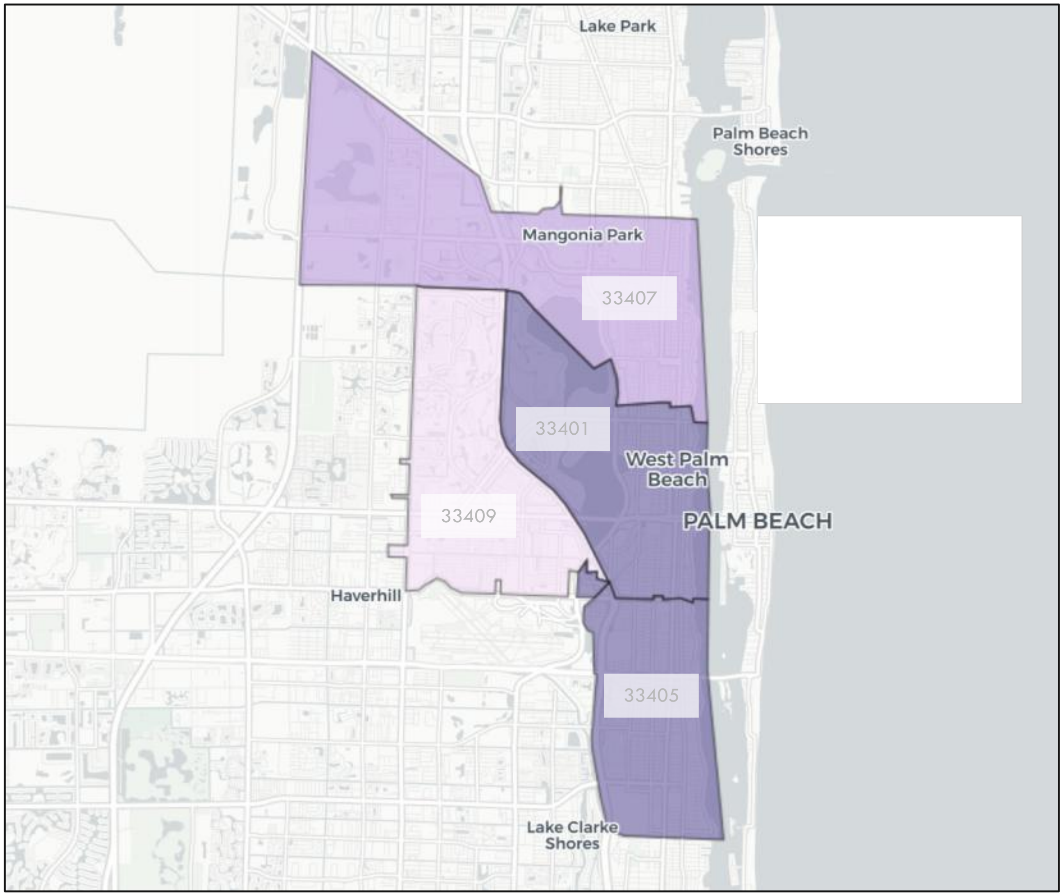


SOURCE: AVALANCHE CONSULTING / STATE OF FLORIDA

Sales Tax Collection Trends

The largest share of sales tax collections in West Palm Beach come from the 33401 and 33409 zip codes. In 2017, these two areas generated 34% and 39% of the city's sales tax collections, respectively. The 33407 zip code accounted for 20% of the city's sales tax collections and the 33405 zip code accounted for 7%. From 2012 to 2017, the 33401 and 33405 zip codes accounted for the fastest growth in sales tax collections – each rising 84%. Sales tax collections grew 59% from the 33407 zip code and 38% from the 33409 zip code.

Sales Tax Collection Growth by Zip Code, 2012 – 2017



SOURCE: AVALANCHE CONSULTING / STATE OF FLORIDA

***Note**: Some zip code areas are not fully within the City of West Palm Beach. Similarly, other zip codes have portions located in the City. These statistics represent the best available data and serve as a proxy for understanding the full city dynamics.*

Electricity Rates

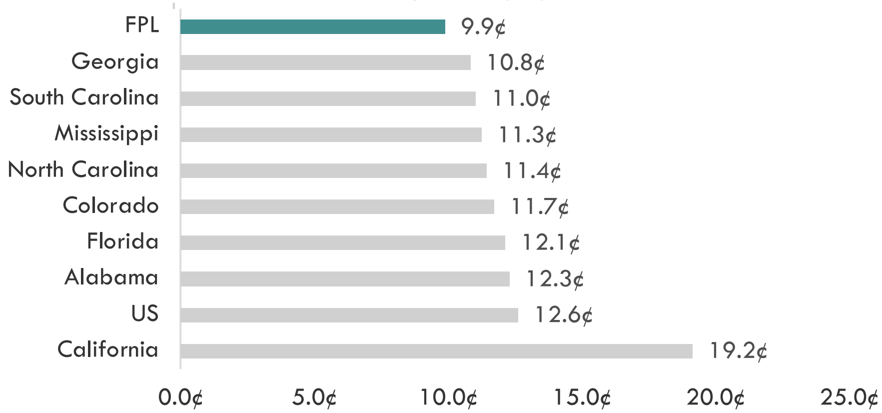
Florida Power & Light (FPL) offers highly competitive electrical rates for residential, commercial, and industrial users. At 9.9¢ per kWh, FPL's residential electricity rates are below the state averages in all benchmark communities, regional Southeastern US states, and the Florida and US averages.

At 6.0¢ per kWh, FPL's industrial electric rate is lower than all benchmark and regional states except Alabama (5.6¢ per kWh), Georgia (5.1¢), and South Carolina (4.5¢). In comparison, the US average industrial rate is 6.1¢ per kWh.

WHY IS THIS IMPORTANT?

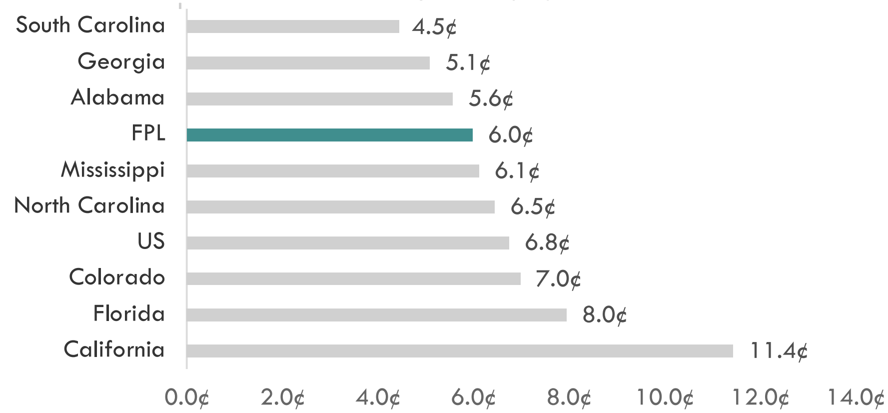
Utility availability and pricing directly affect the cost of operations for many businesses. Large-scale manufacturers, data centers, and other major water- and energy-consuming industries will often make location and expansion decisions primarily on utility considerations.

AVERAGE PRICE OF ELECTRICITY FOR RESIDENTIAL USERS PER KWH, FEBRUARY 2018



SOURCE: AVALANCHE CONSULTING / US ENERGY INFORMATION ADMINISTRATION

AVERAGE PRICE OF ELECTRICITY FOR INDUSTRIAL USERS PER KWH, FEBRUARY 2018



SOURCE: AVALANCHE CONSULTING / US ENERGY INFORMATION ADMINISTRATION

Internet Access

High speed internet access is readily available in West Palm Beach, and gigabyte service is much more common than seen in most US communities.

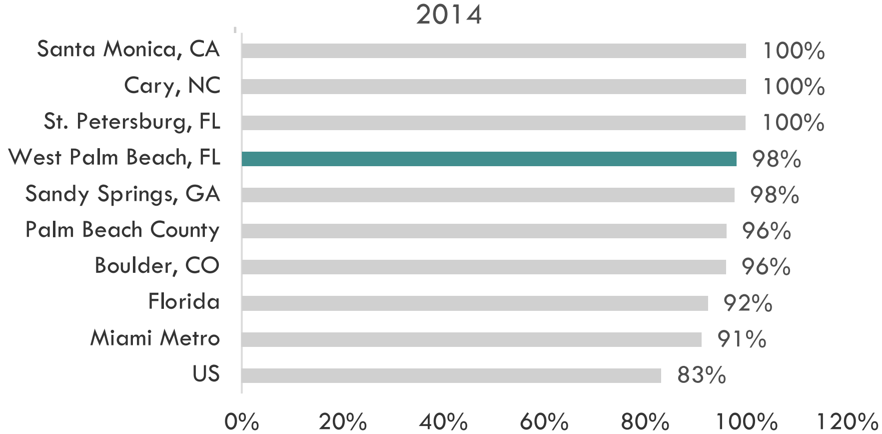
In 2014, over 98% of West Palm Beach residents had access to internet with speeds of 50 megabytes per second – above Florida (92%), the Miami Metro (91%), and the US (83%). Only Santa Monica, CA; Cary, NC; and St. Petersburg, FL had greater access at 100% each.

More impressively, 37% of West Palm Beach residents had access to gigabyte service compared to 21% in the Miami Metro, 10% in Florida, and 8% nationally. Only Sandy Springs, GA residents had a higher share of residents with gigabyte service at 50%.

WHY IS THIS IMPORTANT?

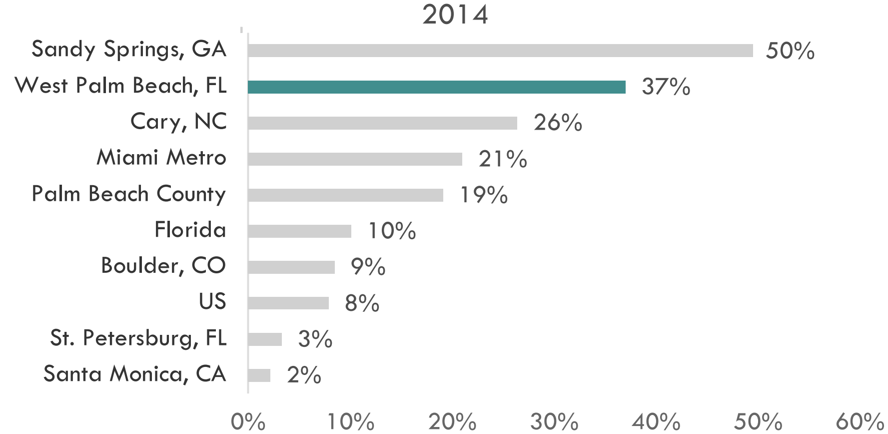
The absence of fast and reliable broadband access can affect high tech job creation, entrepreneurship, and telecommuting ability. Information Technology and Professional Services businesses in particular often look for locations that allow access to high-speed internet for securely transferring files and testing products. Broadband access is important for local entrepreneurs as well and can be considered a measure of quality of life for many residents. As more services – from education to health care – move online, strong internet access will be imperative to maintaining living standards.

PERCENTAGE OF RESIDENTS WITH 50 MBPS INTERNET ACCESS, 2014



SOURCE: National Telecommunications & Information Administration / Avalanche Consulting

PERCENTAGE OF RESIDENTS WITH 1 GIGABYTE INTERNET ACCESS, 2014



SOURCE: National Telecommunications & Information Administration / Avalanche Consulting

05 Visitor Trends

Visitor Trends

The following section examines data related to the visitor economy in Palm Beach County and West Palm Beach – including number of visitors, bed tax collections, overnight stays, activities enjoyed, and more.

Key findings from this section include:

- The number of visitors to Palm Beach County have grown rapidly over the past decade, contributing to a corresponding rapid rise in bed tax collections.
- Visitation remains highly seasonal with peak visitation in the winter months.
- West Palm Beach is the top destination for visitors to Palm Beach County but number two for overnight stays. The large gap between visitation and stays indicates that West Palm Beach could likely accommodate additional hotel rooms.
- Visitors to Palm Beach County engage in a wide variety of activities, many of which relate to West Palm Beach's assets, including shopping, fine dining, sightseeing, art galleries, historic sites, museums, nightclubs, and more.
- Palm Beach International Airport is a major asset to Palm Beach County and West Palm Beach. According to the Florida Department of Transportation, PBIA contributed 34,048 total jobs and nearly $3.5 billion in total economic output through direct, indirect, and induced impacts.

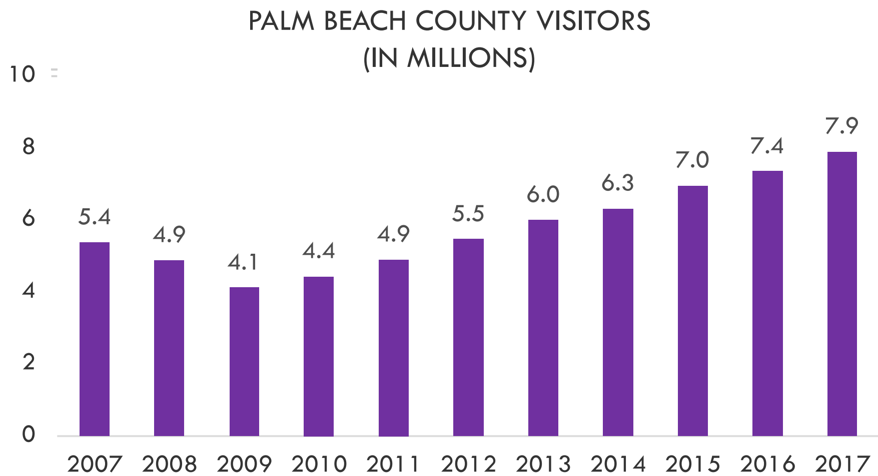
Visitors & Tax Collections

In 2017, Palm Beach County welcomed an all time high 7.9 million visitors. Domestic visitors represented approximately 90% of all travelers, with the remaining 10% of travelers coming from abroad. The volume of visitors to Palm Beach County has risen for 8 consecutive years, with the number of tourists nearly doubling since 2009.

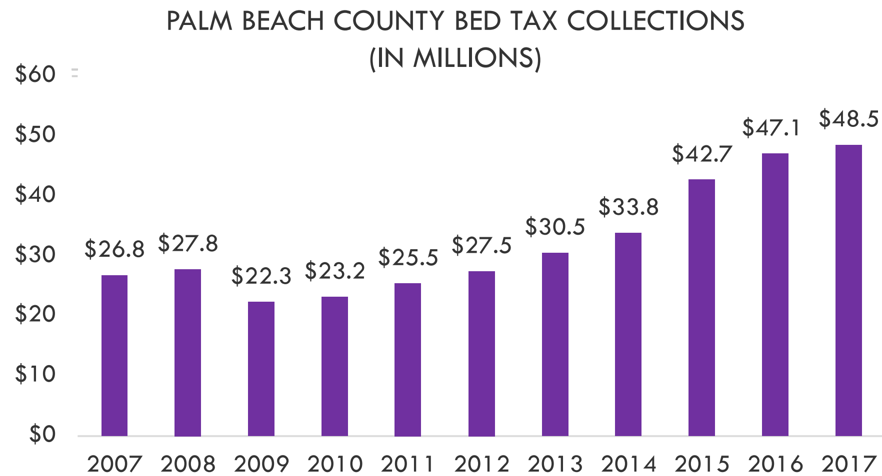
The increase in tourism to Palm Beach County has contributed to a dramatic rise in bed tax collections. In 2017, bed tax collections to Palm Beach County totaled $48.5 million. Since 2009, bed collections in Palm Beach County have risen nearly 120%.

WHY IS THIS IMPORTANT?

In a tourist-oriented community, out of town visitors can generate substantial economic activity and significant tax revenue.



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY TOURIST DEVELOPMENT COUNCIL



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY TOURIST DEVELOPMENT COUNCIL

Hotel Average Daily Rate & Occupancy

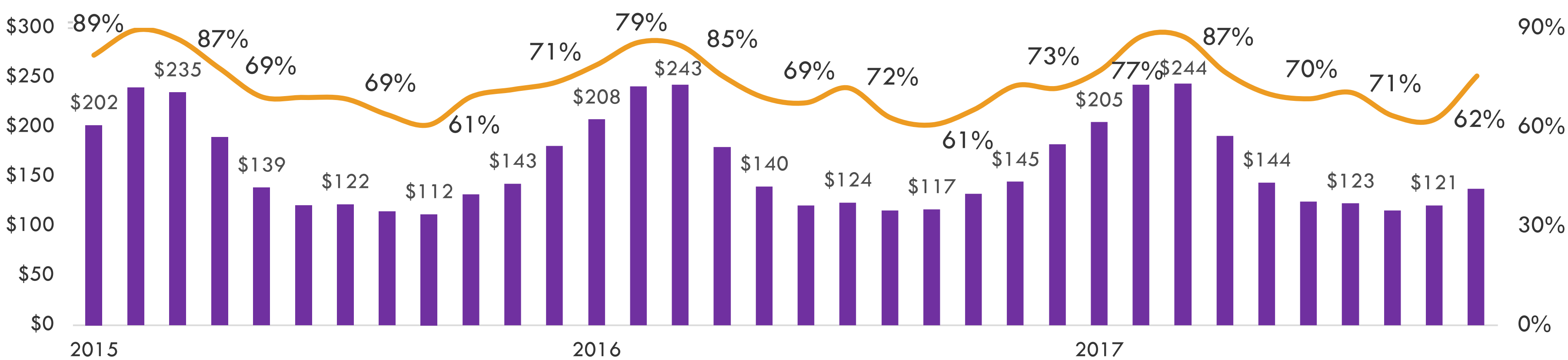
Visitation to Palm Beach County remains highly seasonal, with peak visitation in March and low visitation in September. Average daily rates and hotel occupancy rates vary correspondingly throughout the year. On an annual basis, average daily hotel rates in Palm Beach County are $171. Rates during the summer are approximately half of what they are during the winter.

Hotel occupancy rates demonstrate a similar, if less pronounced, dynamic. Average hotel occupancy rates in Palm Beach County are 74% on an annual basis. During the summer months, however, occupancy rates typically hover in the mid-60s. In the winter months, hotel occupancy rates approach 90%.

WHY IS THIS IMPORTANT?

Hotel costs are typically the single largest expenditure among tourists. As a result, greater average daily hotel rates and occupancy rates have an outsized economic impact on a local economy. Hotel bookings also generate considerable tax revenues for local jurisdictions.

PALM BEACH COUNTY AVERAGE DAILY HOTEL RATE & HOTEL OCCUPANCY RATE



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY TOURIST DEVELOPMENT COUNCIL

Visitor Destinations

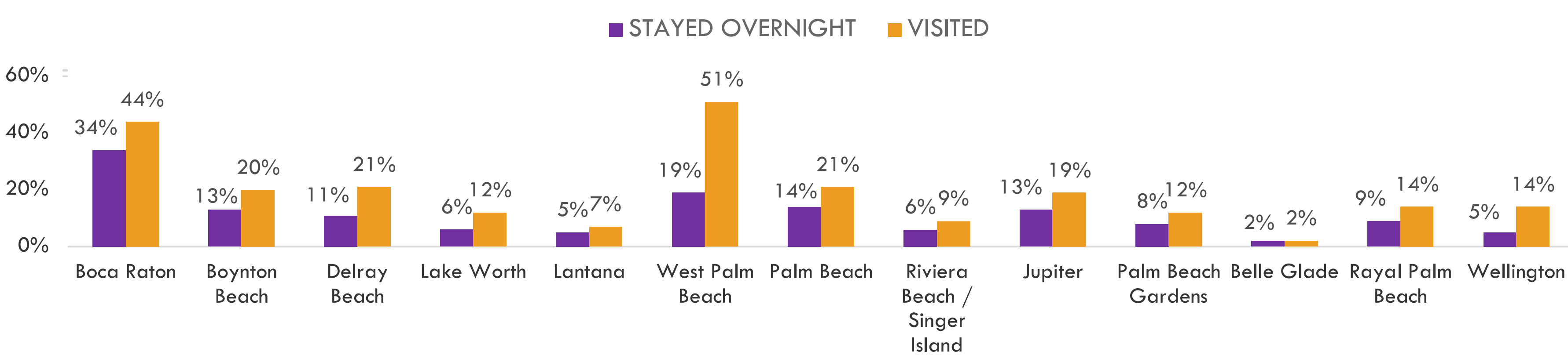
West Palm Beach is the number one city that tourists visit in Palm Beach County, but the number two city for them to spend the night. In 2016, 51% of Palm Beach County visitors went to West Palm Beach – followed by Boca Raton (44%), Delray Beach (21%), Palm Beach (21%), Boynton Beach (20%), and Jupiter (19%). In contrast, only 19% of overnight visitors stayed in West Palm Beach. The other leading overnight destinations were Boca Raton (34%), Palm Beach (14%), Boynton Beach (13%), Jupiter (13%), and Delray Beach (11%).

The sharp difference between visitation and overnight stays in West Palm Beach combined with high occupancy rates indicates that West Palm Beach could likely support more hotels.

WHY IS THIS IMPORTANT?

For communities with a robust tourism sector, it is important to understand where visitors go, whether they spend the night, and the types of activities in which they engage.

CITIES VISITED & STAYED OVERNIGHT IN THE PALM BEACHES BY SHARE, 2016



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY TOURIST DEVELOPMENT COUNCIL

Visitor Activities

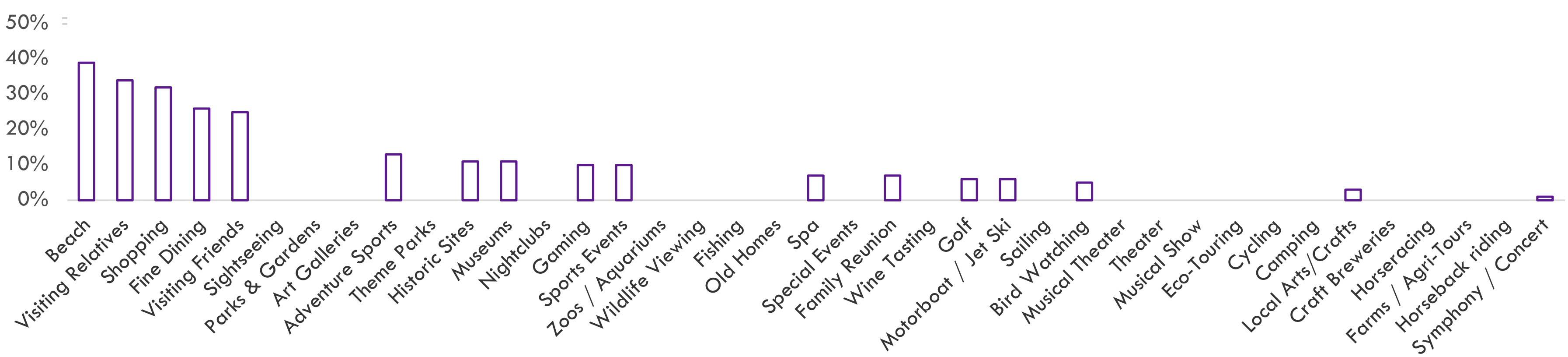
Visitors to Palm Beach County can choose from a wide range of activities in which to participate. In 2016, the top activities visitors participated in were Beaches (39%), Visiting Relatives (34%), Shopping (32%), Fine Dining (26%), Visiting Friends (25%), Sightseeing (19%), Parks & Gardens (16%), Art Galleries (13%), Adventure Sports (13%), and Theme Parks (12%).

Not counted in these numbers were convention attendees. According to the Palm Beach County Tourism Industry Annual Report, the Palm Beach County Convention Center had its strongest year in 2016. The Convention Center actualized over 19,956 room nights by the end of the 2015/2016 fiscal year and continues to book more room nights well into the future.

WHY IS THIS IMPORTANT?

For communities with a robust tourism sector, it is important to understand where visitors go, whether they spend the night, and the types of activities in which they engage.

ACTIVITIES IN WHICH VISITORS PARTICIPATED, 2016



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY TOURIST DEVELOPMENT COUNCIL

Air Travel Activity

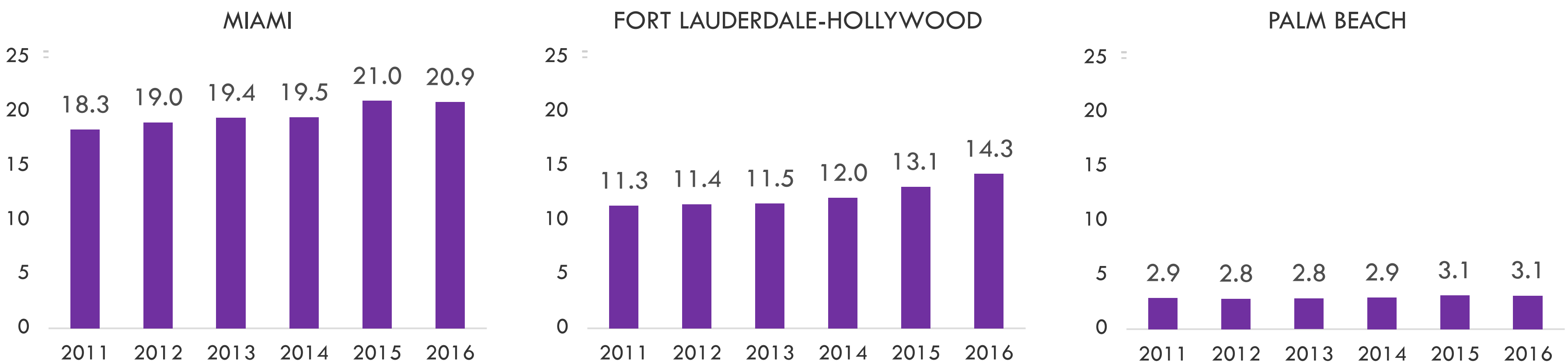
West Palm Beach enjoys proximity to three airports. In 2016, Miami, Fort Lauderdale-Hollywood, and Palm Beach International Airports collectively handled more than 38 million passengers. Since 2011, total passenger volumes at these airports have risen by more than 17%. Approximately half of all tourists to Palm Beach County arrive by plane. The Fort Lauderdale-Hollywood International Airport handles the most Palm Beach County visitors, followed by Palm Beach International Airport and Miami International Airport.

According to the most recent economic impact assessment of Palm Beach International Airport prepared by the Florida Department of Transportation, PBIA contributed to 34,048 total jobs and nearly $3.5 billion in total economic output through direct, indirect, and induced impacts.

WHY IS THIS IMPORTANT?

Airports play a critical role in connecting a region's residents and businesses to the rest of the world. Companies are often attracted to communities with direct air access to other domestic and international destinations. Air travel can also play an especially prominent role in attracting tourists to a community.

AIRPORT PASSENGER TRAFFIC (MILLIONS OF ENPLANEMENTS)



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY TOURIST DEVELOPMENT COUNCIL

06

Real Estate Analysis

Real Estate Analysis

This section of the report examines real estate conditions in West Palm Beach and benchmark communities, focusing on trends in residential housing, office real estate, and industrial real estate.

Key findings from this section include:

- Housing vacancy rates are relatively low in West Palm Beach, but rental vacancies are relatively high. This reflects that a majority of housing units permitted over the past five years have been for multi-family projects – increasing supply of rental options but keeping homes for purchase more static.
- West Palm Beach is a majority renter city and growing the share of renters over time – a trend common in many high growth communities in the US today.
- The median home value in West Palm Beach is lower than most benchmarks, but the median home value and median sales price of new homes is growing rapidly.
- The City of West Palm Beach permitted nearly as many housing units as new households added over the past five years, demonstrating that the market is providing almost enough supply to catch up with growing demand. If household growth continues to outpace housing unit construction, it will likely continue to drive up prices.
- Although homes and rental units are more affordable in West Palm Beach than many benchmarks, lower incomes in the city make housing expensive for residents. In 2016, 43% of households in West Palm Beach were in unaffordable housing – meaning that they spend more than 30% of their income on housing costs.
- Office real estate is growing increasingly scarce in West Palm Beach and Palm Beach County, especially for new, Class A office. Class A office vacancy rates have dropped steadily for the past five years, and rents have gone up correspondingly. Currently, Class A office space in Downtown West Palm Beach is often more expensive than in Miami.
- Demand for industrial real estate is also strong in Palm Beach County and West Palm Beach. New construction has helped absorb growing demand, but vacancy rates continue to fall, causing prices to go up over time. Industrial real estate is still currently more affordable in West Palm Beach than many parts of Palm Beach County.

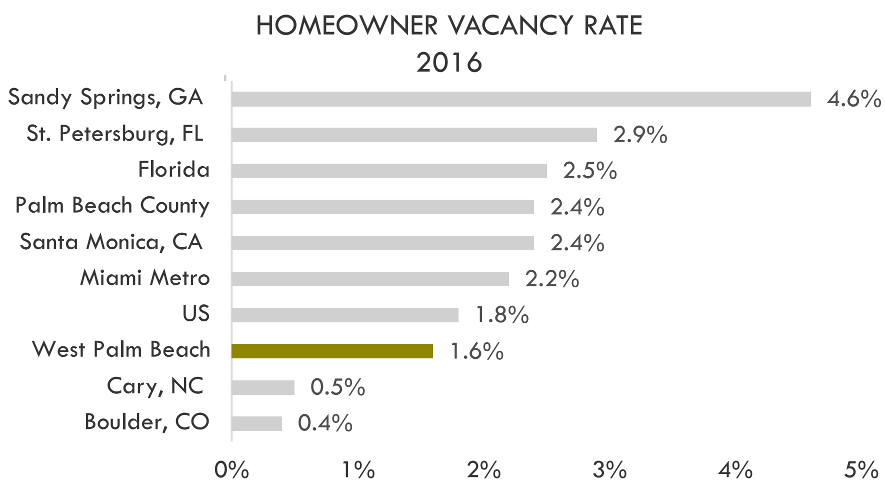
Housing Availability

According to the most recent US Census data, West Palm Beach has few homes available to purchase. In 2016, the homeowner vacancy rate was 1.6%, the third lowest among benchmarks. Only Cary, NC and Boulder, CO had lower homeowner vacancy rates at 0.5% and 0.4%, respectively.

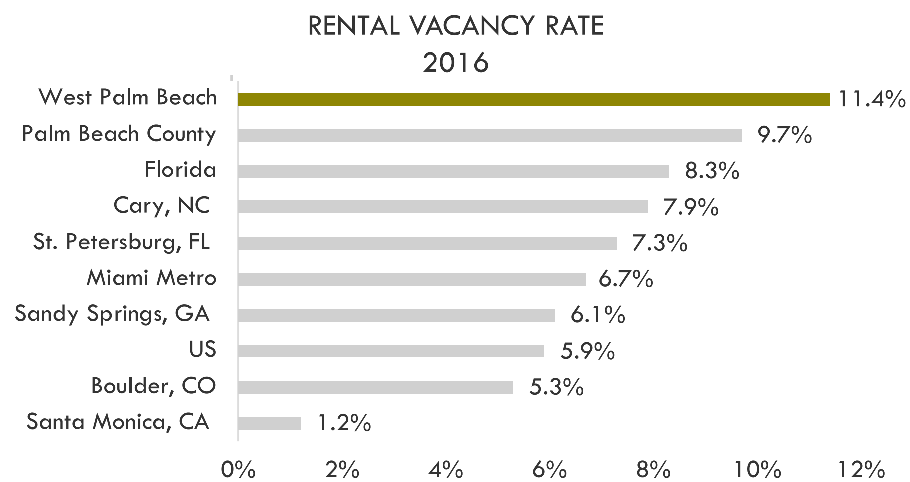
At 11.4%, the rental vacancy rate in West Palm Beach was the highest among benchmarks. Comparatively, the rental vacancy rates were 9.7% in Palm Beach County, 8.3% in Florida, 6.7% in the Miami Metro, and 5.9% in the US. Santa Monica, CA had by far the lowest rental vacancy rate at 1.2%.

WHY IS THIS IMPORTANT?

Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

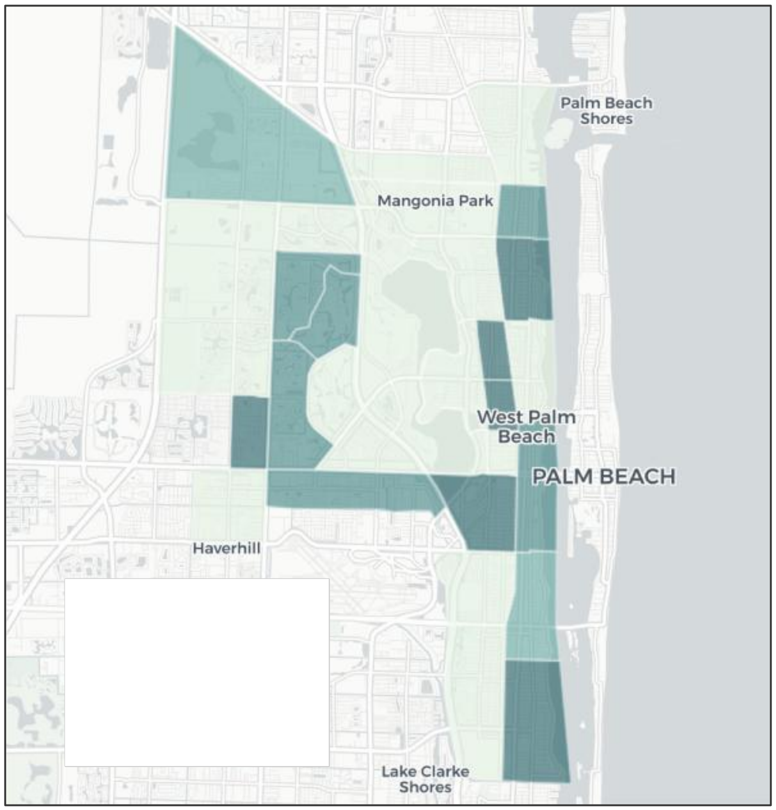


SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

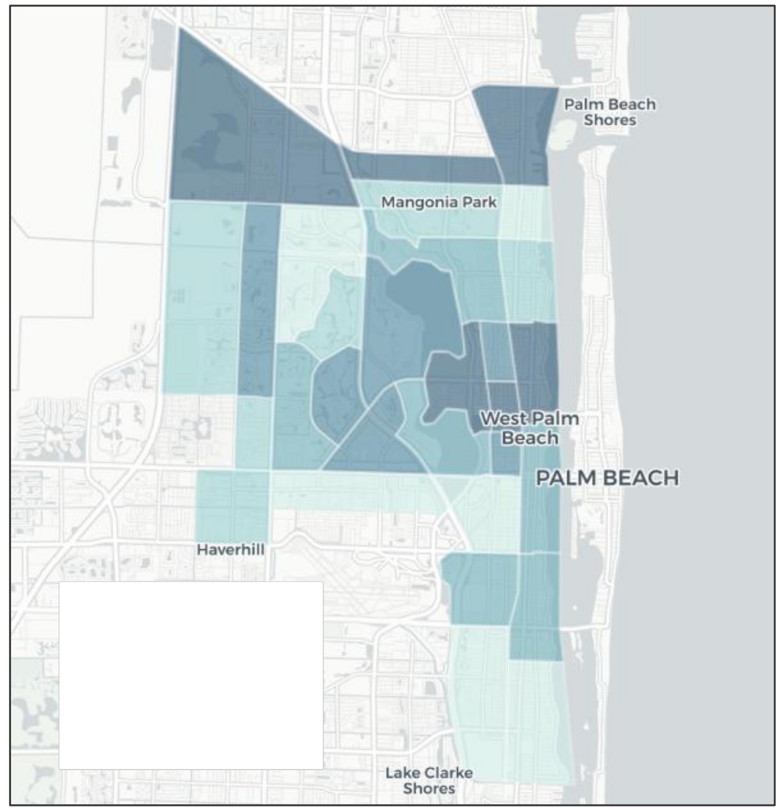
Availability Maps

In general, the share of housing units available for rent and purchase are distributed differently in West Palm Beach. Homeowner vacancy rates are higher in census tracts on the eastern, western, and southern sides of the city. In contrast, rental vacancy rates tend to be higher in the northern and central parts of the City of West Palm Beach.

Homeowner Vacancy, 2012-2016 Average



Rental Vacancy, 2012-2016 Average



SOURCE: AVALANCHE CONSULTING / US CENSUS AMERICAN COMMUNITY SURVEY

Home Ownership

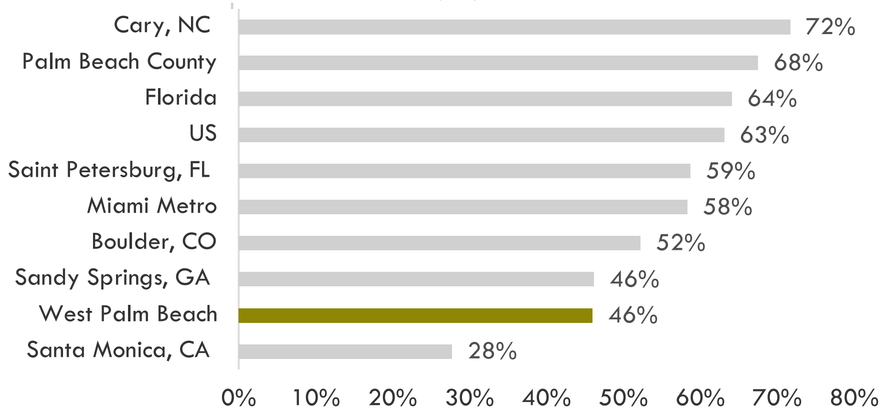
Only 46% of housing units in West Palm Beach are owner-occupied, the second-lowest among all benchmarks. The average share of owner-occupied housing in the US was 63% while Florida was 64% and Palm Beach County was 68%.

Mirroring trends across Florida and the US, West Palm Beach is becoming more of a rental community. From 2011 to 2016, the share of housing units that were owner-occupied fell 4 percentage points in West Palm Beach. Over the same period, the share fell 1.5% nationally, 2.6% in Florida, 3% in Palm Beach County, and 4.2% in the Miami Metro. All benchmark communities saw slight growth in their share of owner-occupied units.

WHY IS THIS IMPORTANT?

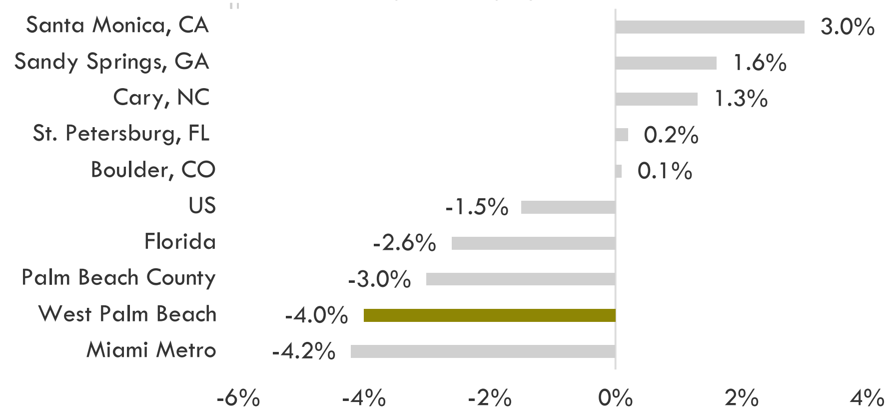
Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.

SHARE OF OWNER-OCCUPIED HOUSING 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

CHANGE IN SHARE OF OWNER-OCCUPIED HOUSING 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

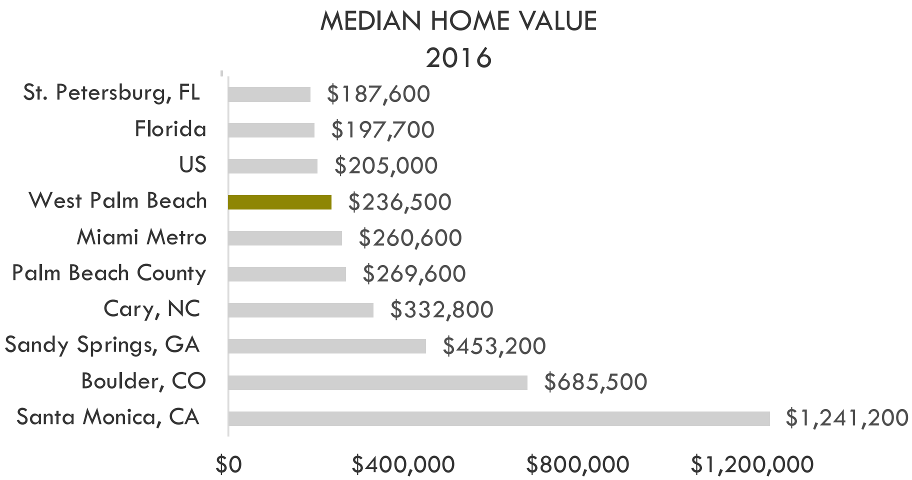
Home Value

In 2016, the median home value in West Palm Beach was $236,500, below nearly all benchmark communities but above the US ($205,000) and Florida ($197,700). Only St. Petersburg, FL had a lower median home value ($187,600). The highest median home values were in Santa Monica, CA ($1,241,200); Boulder, CO ($685,500); and Sandy Springs, GA ($453,200). Some of the most valuable homes in West Palm Beach are in the 33411 zip code – which is 30% within the city limits. Homes in this zip code have a median value of $237,900.

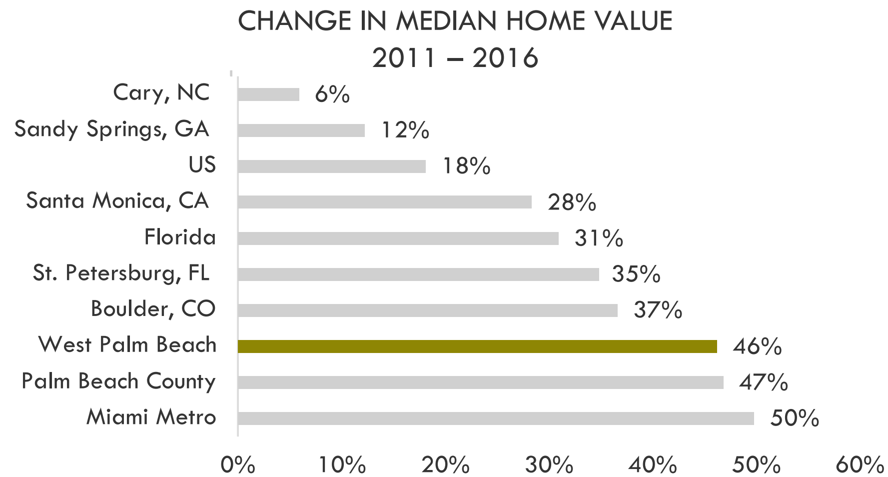
From 2011 to 2016, the median home value in West Palm Beach grew 46%, slower only than Palm Beach County (47%) and the Miami Metro (50%). The US median home value grew 18% over this period, and the Florida median home value grew 31%.

WHY IS THIS IMPORTANT?

Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Housing Sales

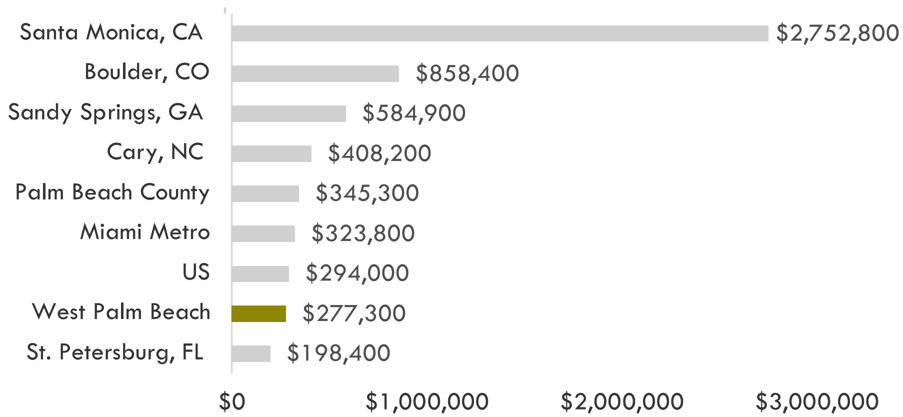
According to real estate website Redfin, the median sales price of a single-family home sold in West Palm Beach approached $280,000 in 2017, slightly less than the US figure ($294,000). Among benchmark communities, only St. Petersburg, FL had a lower median single-family home price at $198,400.

From 2012 to 2017, the median sales price of single-family homes grew 110% in West Palm Beach, the fastest growth among all benchmarks. Nationally, the median sales price grew less than half this at 41%. Florida sales prices in general grew faster than many other locations. The same figure grew 108% in St. Petersburg, 79% in the Miami Metro, and 69% in Palm Beach County – above all the other benchmarks.

WHY IS THIS IMPORTANT?

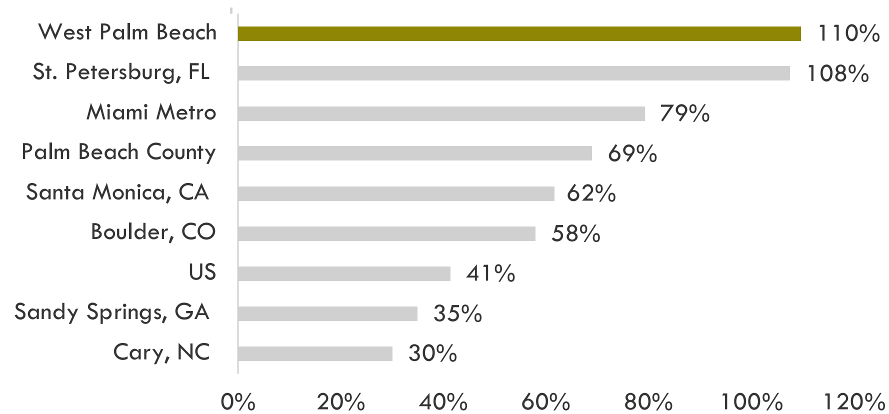
Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.

MEDIAN SALES PRICE OF SINGLE-FAMILY HOMES, 2017



SOURCE: AVALANCHE CONSULTING / REDFIN

CHANGE IN MEDIAN SALES PRICE OF SINGLE-FAMILY HOMES, 2012 - 2017



SOURCE: AVALANCHE CONSULTING / REDFIN

Rent Value

In 2016, median rent was $1,215 in West Palm Beach – right in the middle among all benchmarks. Median rent was $981 in the US, $1,086 in Florida, $1,249 in the Miami Metro, and $1,303 in Palm Beach County.

From 2011 to 2016, median rent grew 20% in West Palm Beach – faster than the US (13%), Florida (14%), Miami Metro (16%), and Palm Beach County (18%). High growth in rent and home values correlates to high population growth relative to growth in available housing units.

The benchmark communities that saw faster median rent growth were Boulder, CO (29%); Sandy Springs, GA (30%); and Cary, NC (33%).

WHY IS THIS IMPORTANT?

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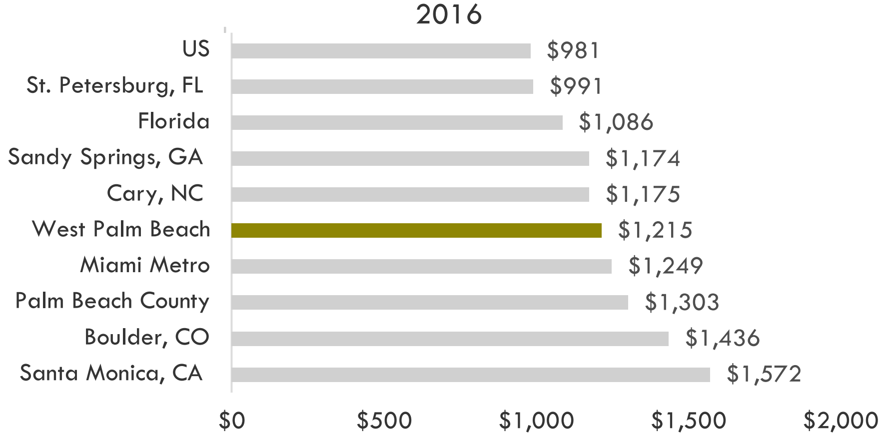
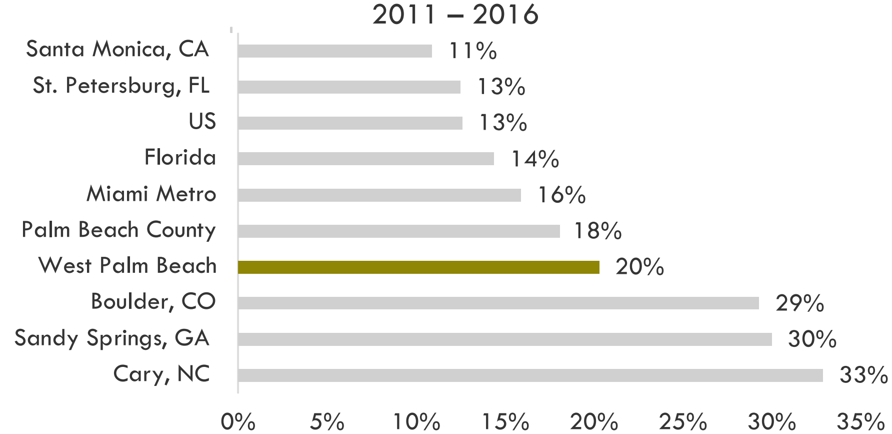
MEDIAN RENT
2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

CHANGE IN MEDIAN RENT
2011 – 2016

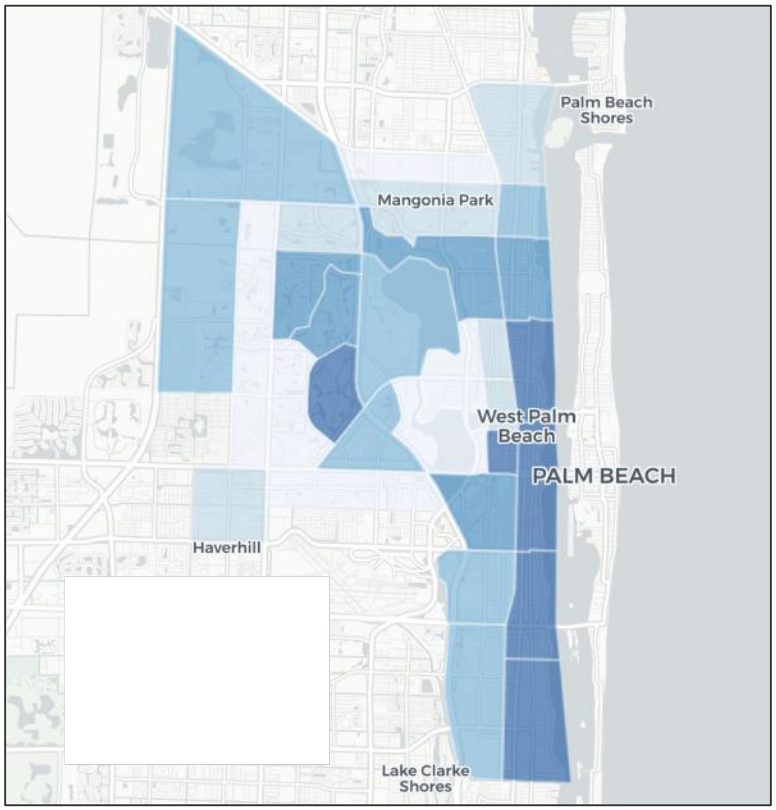


SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

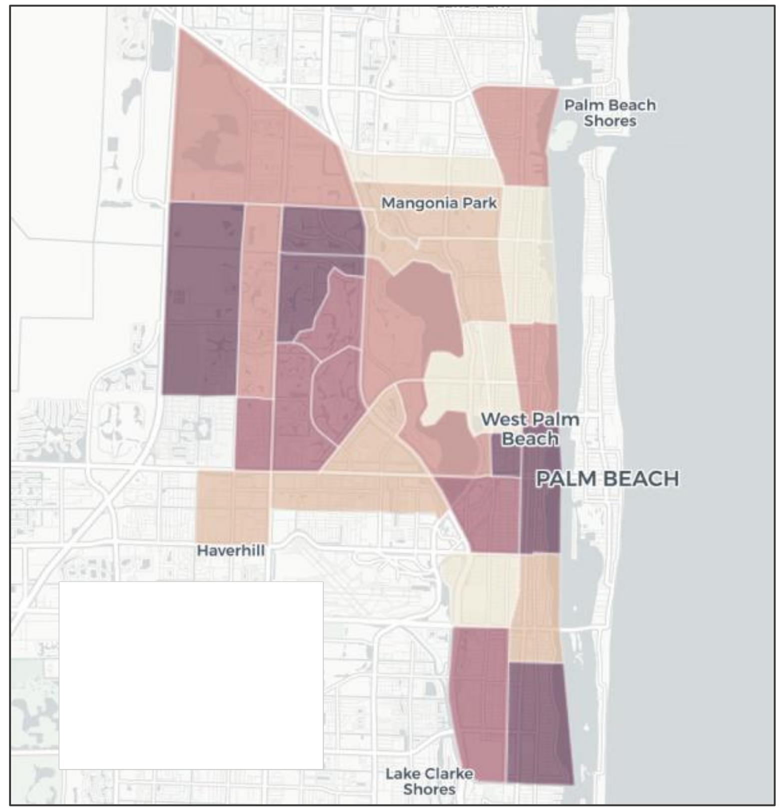
Value Maps

The highest median home values in West Palm Beach are located on the eastern edge of the city running along the coast. The highest median rent values are in the western census tracts of the city and the southeastern portion.

Median Home Value, 2012-2016 Average



Median Rent, 2012-2016 Average



SOURCE: AVALANCHE CONSULTING / US CENSUS AMERICAN COMMUNITY SURVEY

Housing Affordability

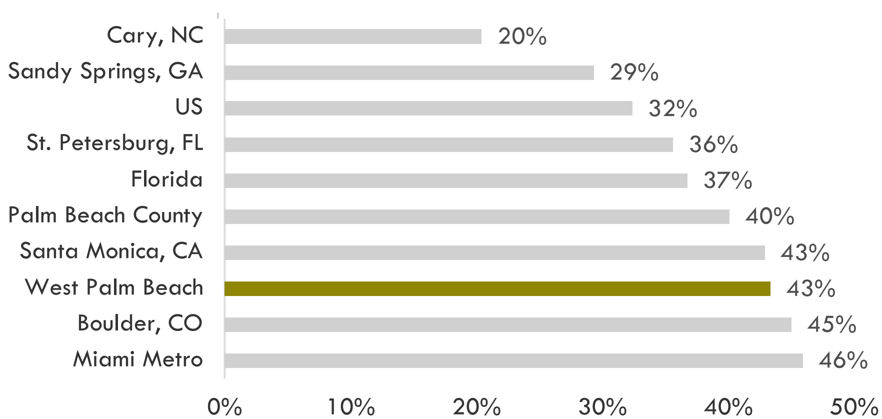
A high share of West Palm Beach households live in "unaffordable" housing. In 2016, more than 43% of West Palm Beach households spent more than 30% of their income on housing costs. Only Boulder, CO (45%) and the Miami Metro (46%) had a higher share of households in unaffordable housing. The US and Florida averages were 32% and 37%, respectively.

From 2011 to 2016, the share of cost-burdened households in the US fell by 5 percentage points. In West Palm Beach the share fell by 1 percentage point – the smallest decrease in unaffordability among benchmarks. Only Boulder, CO saw its share of unaffordable households grow – rising by 3 percentage points. St. Petersburg, FL saw the greatest decrease in share of unaffordable households – falling 11 percentage points.

WHY IS THIS IMPORTANT?

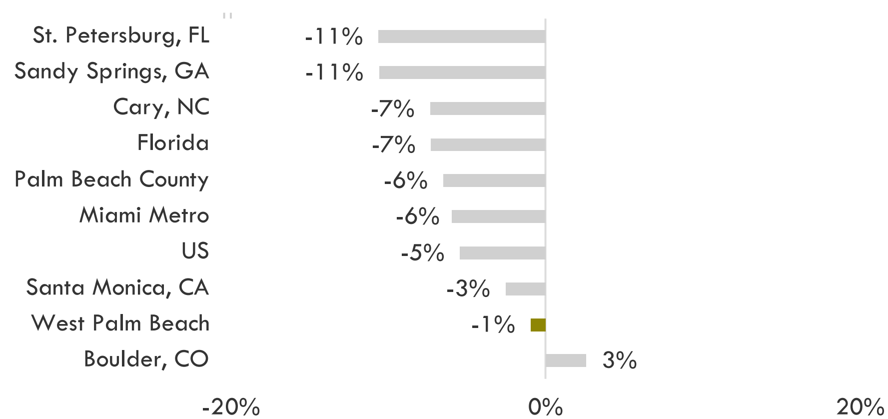
Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.

SHARE OF HOUSEHOLDS SPENDING MORE THAN 30% OF THEIR INCOME ON HOUSING, 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

CHANGE IN SHARE OF HOUSEHOLDS SPENDING MORE THAN 30% OF THEIR INCOME ON HOUSING, 2011 – 2016

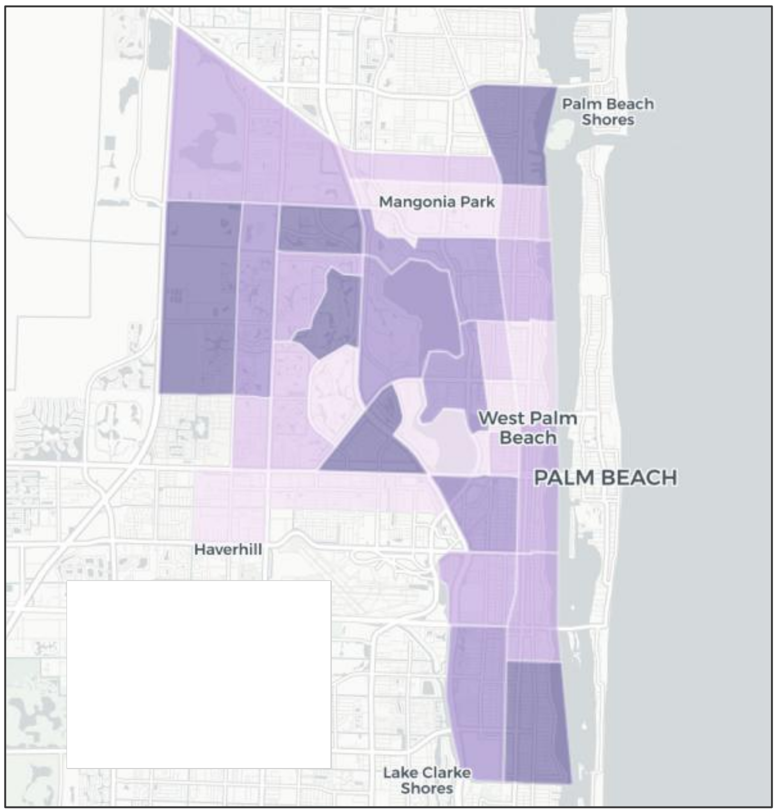


SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

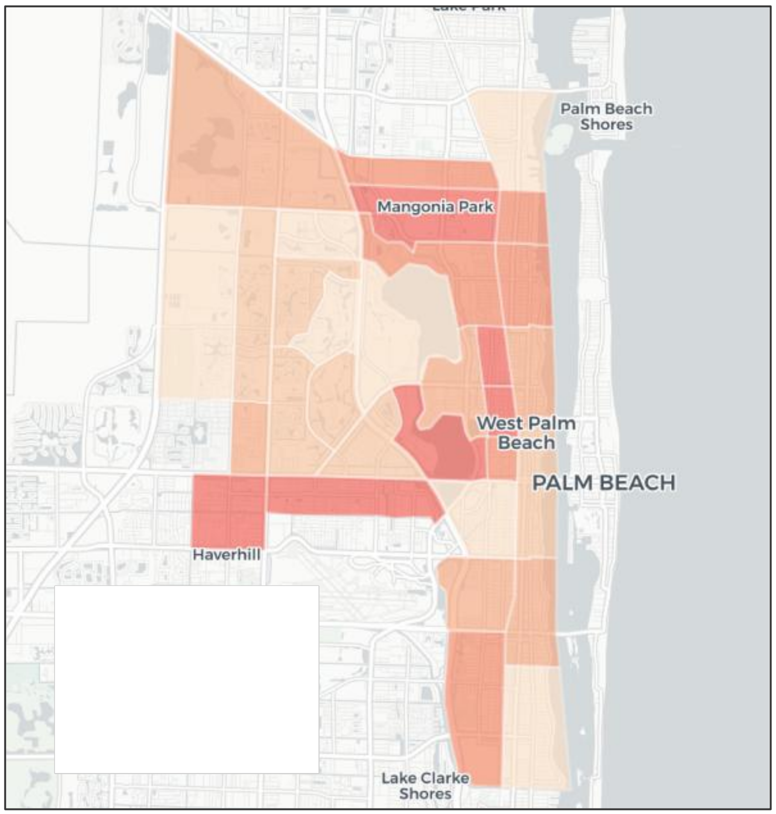
Affordability Maps

At first glance, affordability and owner-occupancy appear correlated in West Palm Beach. Many of the census tracts with higher shares of owner-occupied units are more affordable. In contrast, those census tracts with the highest share of unaffordable housing (residents paying 30% of their income or more towards housing) have more renters. This follows a city-wide and national trend that shows renters are often the most cost-burdened households.

% Owner-Occupied, 2012-2016 Average



% Unaffordable, 2012-2016 Average



SOURCE: AVALANCHE CONSULTING / US CENSUS AMERICAN COMMUNITY SURVEY

Home Construction

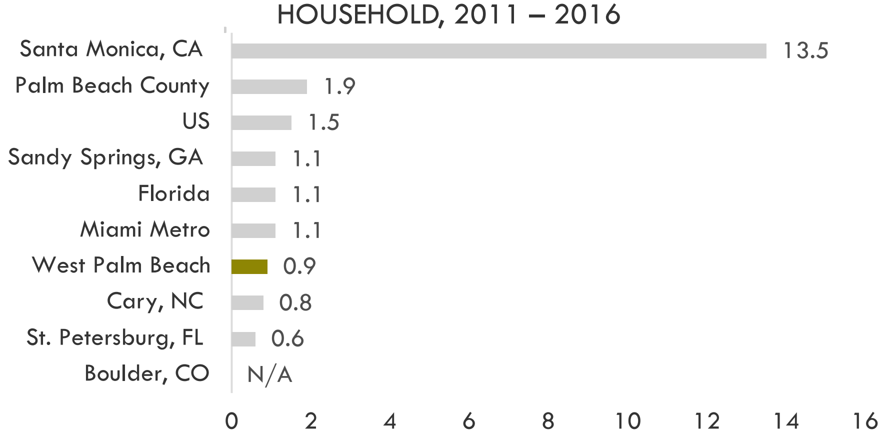
From 2011 to 2016, West Palm Beach permitted 0.9 housing units for every new household added to the city. This shows housing units are growing at almost the same pace as demand locally. The only other benchmarks that permitted housing units slower than household growth were Cary, NC (0.8) and St. Petersburg, FL (0.6). Boulder, CO lost households over this period. Palm Beach County in contrast permitted 1.9 housing units per household.

Over this same time period, 31% of housing units permitted in West Palm Beach were for single-family homes – indicating that multi-family complexes have driven local new construction. Comparatively, 52% were single-family in Palm Beach County, 65% in the Miami Metro, 65% in Florida, and 62% nationally. All other benchmark communities except Cary, NC built an even lower share of single-family homes than West Palm Beach.

WHY IS THIS IMPORTANT?

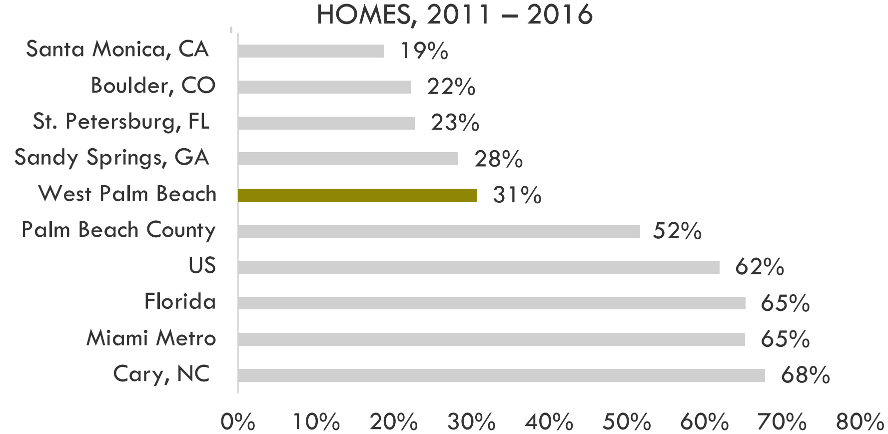
Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.

NUMBER OF **NEW HOUSING UNITS** PERMITTED PER NEW HOUSEHOLD, 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUILDING PERMITS SURVEY

SHARE OF HOUSING UNITS PERMITS ISSUED FOR **SINGLE-FAMILY** HOMES, 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUILDING PERMITS SURVEY

New Home Value

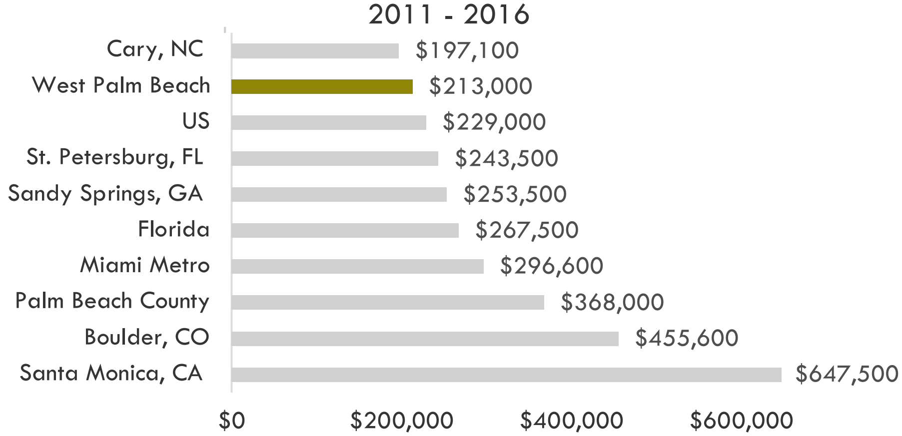
From 2011 to 2016, the average value of new single-family homes permitted in West Palm Beach was $213,000 – the second lowest among all benchmarks. Only Cary, NC had a lower average value of newly permitted single-family homes at $197,100. The average value was $229,000 in the US, $267,500 in Florida, $296,600 in the Miami Metro, and $368,000 in Palm Beach County.

Over the same time period, the average value of new multi-family units permitted in West Palm Beach was $122,700. The only benchmarks with a higher average value of newly permitted multi-family were Boulder, CO ($129,200); the Miami Metro ($134,400); and Santa Monica, CA ($300,100).

WHY IS THIS IMPORTANT?

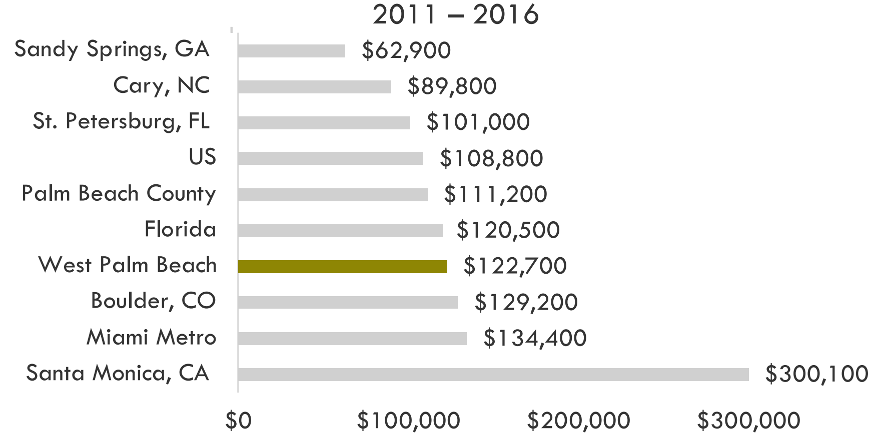
Availability and affordability of housing directly affects the lives of residents in a community and the ability of businesses to retain and attract workers. Housing is considered unaffordable if owners and renters are spending more than 30% of their income on housing costs (mortgage or rent). Many communities across the country face housing challenges – total shortages, cost concerns, housing type imbalances, and more. Housing has become a major quality of life issue, and limited housing options can create socioeconomic imbalances in a community and put constraints on growth.

AVERAGE VALUE OF NEW **SINGLE-FAMILY** HOMES PERMITTED 2011 - 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUILDING PERMITS SURVEY

AVERAGE VALUE OF NEW **MULTI-FAMILY** UNITS PERMITTED 2011 – 2016



SOURCE: AVALANCHE CONSULTING / US CENSUS BUILDING PERMITS SURVEY

Office Real Estate

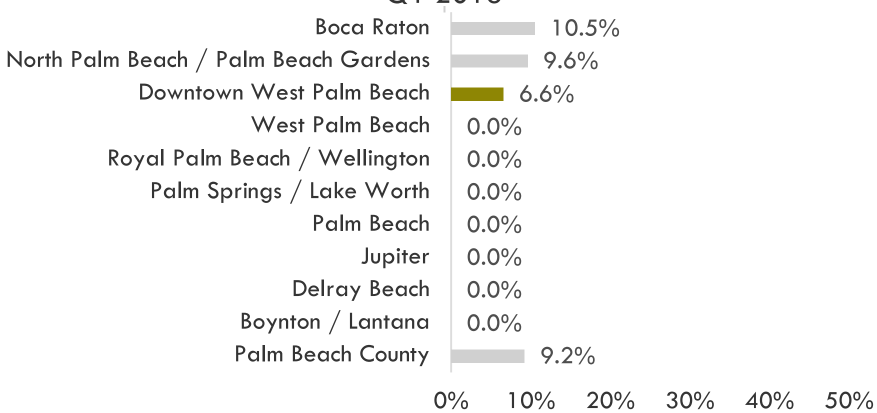
Class A office space is in high demand across Palm Beach County and West Palm Beach. According to numerous international commercial property realtors, office vacancy rates have been steadily falling in every category – A, B, and C – since 2011. According to Avison Young, the Class A office vacancy rate for Palm Beach County was only 9.2%. Most communities have no available Class A space. The only locations with Class A space available were Boca Raton (10.5% vacancy rate), North Palm Beach / Palm Beach Gardens (9.6%), and Downtown West Palm Beach (6.6%).

Rapid job growth combined with slow to no Class A office construction has driven rapid increases in the price for space in Palm Beach County. The average rent per square foot for Class A office was $44.5 in Palm Beach County – the same as Downtown Miami. In Downtown West Palm Beach, the average rent per square foot was $60.6 – by far the highest in the region.

WHY IS THIS IMPORTANT?

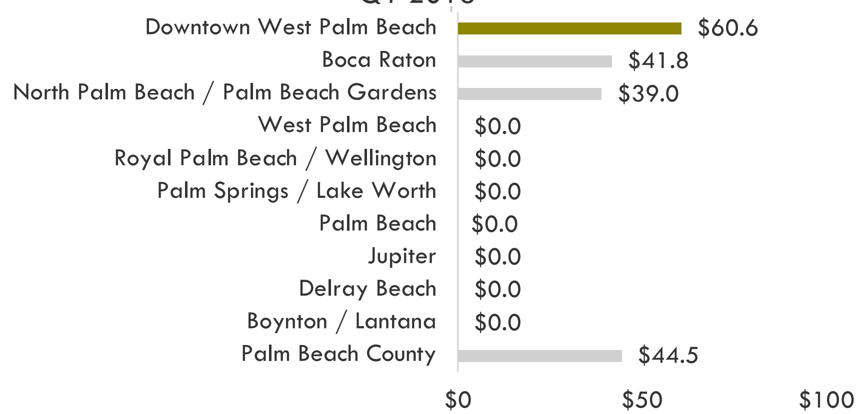
The type, availability, and cost of real estate in a community can affect local ability to attract and grow businesses. High office lease rates and limited inventory can drive up the cost of doing business, limit the expansion of existing businesses, and impede entrepreneurship and start-up activity. Industrial real estate includes a mix of developments – general industrial, R&D Flex, and Warehouse/Distribution space.

CLASS A OFFICE VACANCY RATE
Q1 2018



SOURCE: AVALANCHE CONSULTING / AVISON YOUNG

CLASS A OFFICE AVERAGE RENT PER SQUARE FOOT
Q1 2018



SOURCE: AVALANCHE CONSULTING / AVISON YOUNG

Industrial Real Estate

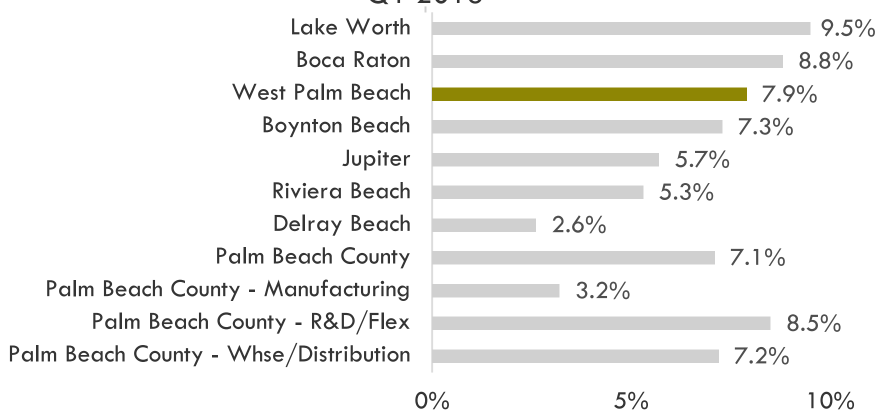
Driven by strong job and population growth, the industrial real estate market has grown in Palm Beach County in recent years. Availability continues to fall at a slow and steady rate, but new construction has kept costs relatively stable. According to CBRE, West Palm Beach had an industrial vacancy rate of 7.9% in 2018 – below Boca Raton (8.8%) and Lake Worth (9.5%) in the county. Palm Beach County's overall availability was only 7.1%. The county featured higher vacancies in R&D/Flex (8.5%) and Warehousing/Distribution (7.2%) compared to Manufacturing (3.2%).

The average asking lease rate in West Palm Beach was $8.71 per square foot – lower than the county average of $9.33. In Palm Beach County, R&D/Flex space was the most costly at $12.60 per square foot compared to $9.57 for Manufacturing and $8.45 for Warehousing/Distribution.

WHY IS THIS IMPORTANT?

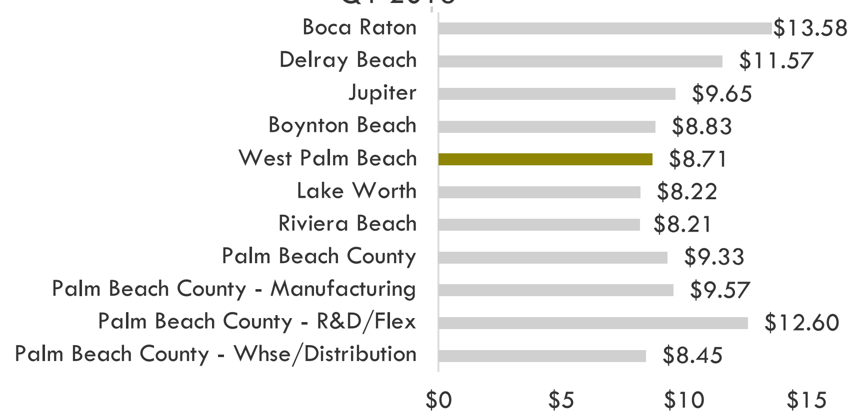
The type, availability, and cost of real estate in a community can affect local ability to attract and grow businesses. High office lease rates and limited inventory can drive up the cost of doing business, limit the expansion of existing businesses, and impede entrepreneurship and start-up activity. Industrial real estate includes a mix of developments – general industrial, R&D Flex, and Warehouse/Distribution space.

INDUSTRIAL TOTAL AVAILABILITY
Q1 2018



SOURCE: AVALANCHE CONSULTING / CBRE

AVERAGE ASKING LEASE RATE ($/SF/NNN)
Q1 2018



SOURCE: AVALANCHE CONSULTING / CBRE

Property Values

The total market value of all properties in the City of West Palm Beach equaled $16.6 billion in 2017 – with an assessed value of $14.2 billion and a taxable value of $11.2 billion. The assessed value was 86% of market value. Notably, in 2012 the assessed value of properties was 98% of market value – indicating that the market value of local properties is growing faster than assessments.

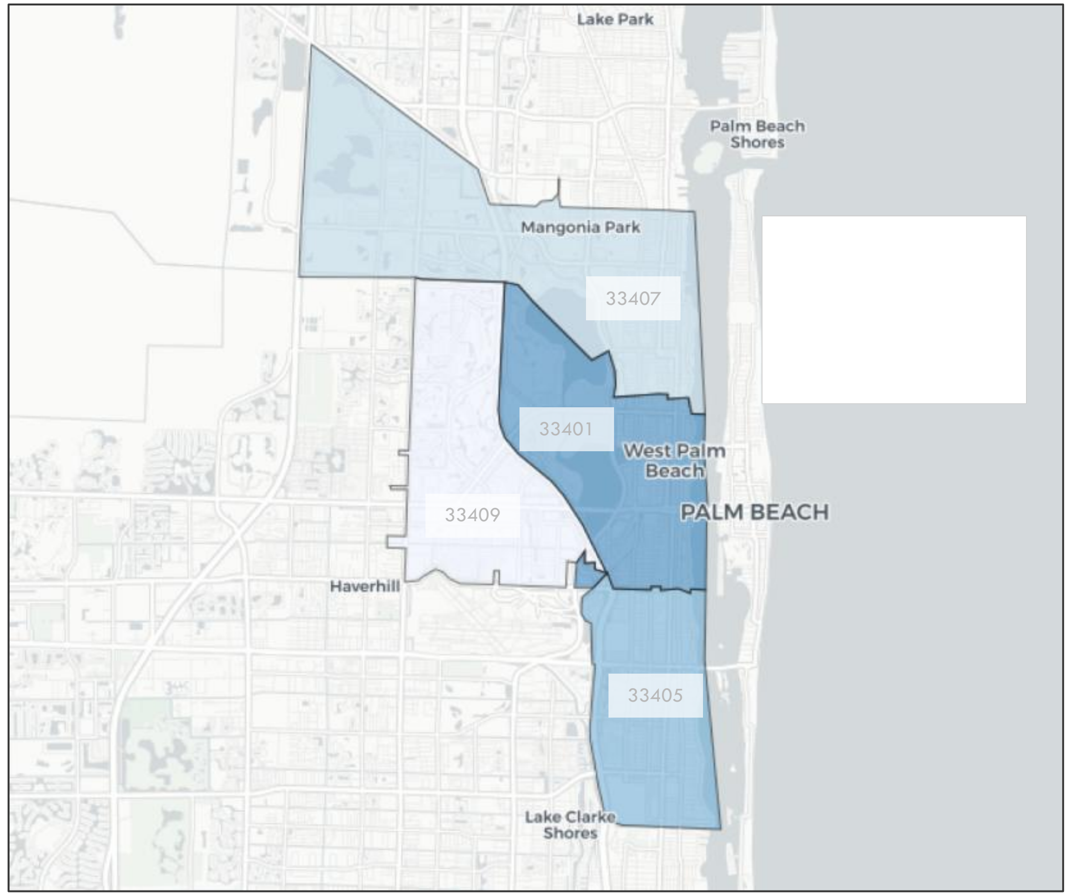
The highest valued properties in West Palm Beach are in the 33401 zip code. The total market value of all properties in this zip code was over $6.8 billion in 2017 – comprising 41% of all the market value in the city.

The total value of properties in the 33405 and 33407 zip codes both comprised 15% of the city's total. The total market value of properties in the 33405 zip code was approximately $2.5 billion. The total market value of properties in the 33407 zip code was slightly under $2.5 billion.

The total market value of properties in the 33409 zip code was $1.9 billion – approximately 11% of the city's total value of properties.

An additional $2.9 billion (18% of total value) in property was located elsewhere in the city – distributed across small portions of other zip codes or attributed to properties with confidential addresses.

Total Market Value of Properties by Zip Code, 2017



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

Change in Property Value

From 2012 to 2017, the total market value of all properties in the City of West Palm Beach grew 64%. Over the same time period, assessed property values only grew 44%. This indicates high demand for real estate in the city – with assessments unable to maintain pace with market demand for properties.

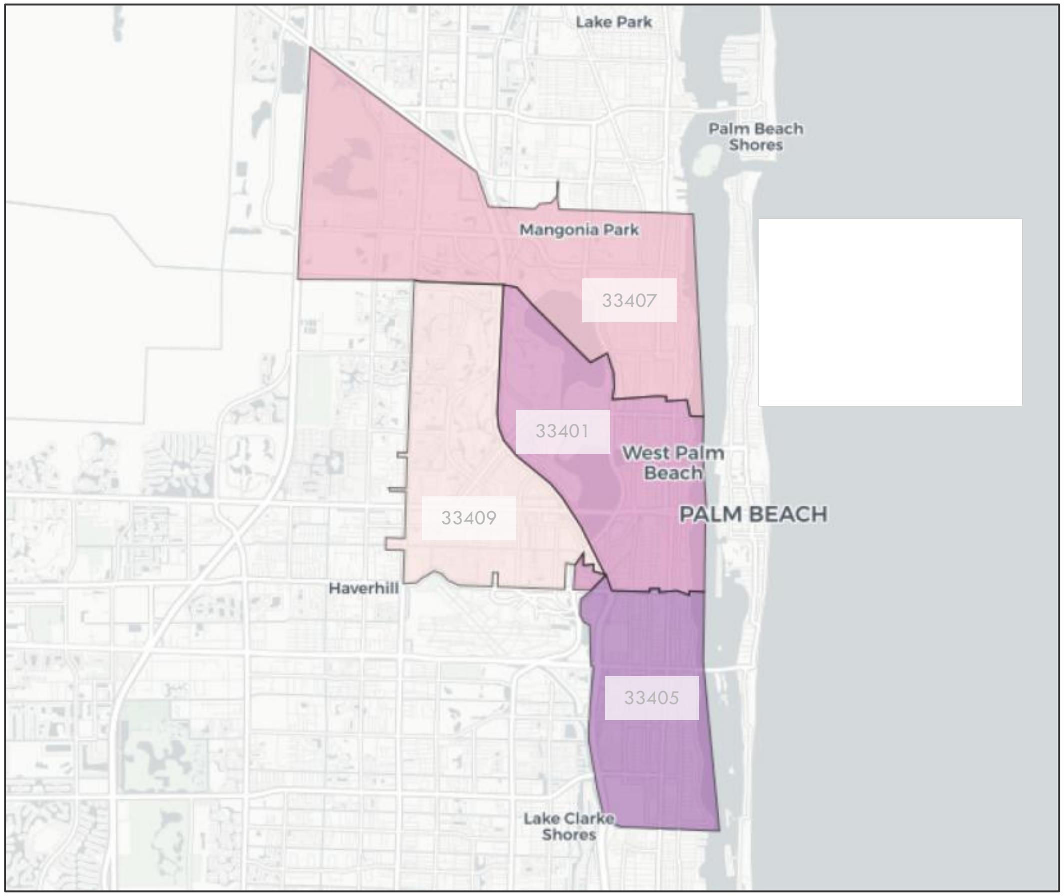
The fastest growth in total market value occurred in the 33405 zip code, where total property values increased 87% from 2012 to 2017.

In the 33401 zip code, total market value of properties grew 70% – also faster than overall property value increase in the city.

Property values grew slightly slower than the city average in the 33407 and 33409 zip codes. Total market value increased by 60% in the 33407 zip code and 56% in the 33409 zip code.

The largest gap between market value increase and assessed value increase occurred in the 33405 zip code. Here the assessed value grew 49% compared to 87% growth in market value – a 38 percentage point differential.

Growth in Total Market Value of Properties by Zip Code, 2012 – 2017



SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

Value by Select Use

Each property in West Palm Beach has a use category designated by the State of Florida. Examining which types of property hold the most value and how the value is changing over time offers insight into demand for property in West Palm Beach. This also provides useful information about potential property tax revenue sources.

There are many different property use categorizations, and not all categories provide specific insight. For this analysis, Avalanche examined 35 select use categories – leaving out areas such as Sewage / Waste Land, State Owned Property, Utility Park Land, and more. Most of these accounted for a small share of overall property value citywide.

The types of property with the greatest 2017 market value in West Palm Beach were **Single Family** ($3,767.6 million in total citywide value), **Condominium** ($2,798.6 million), **Office** ($1,495.0 million), **Multifamily** ($1,300.1 million), and **Townhouse** ($776.4 million).

Four of these largest categories are residential properties – with Single Family, Condominium, Multifamily, and Townhouse properties accounting for 52% of all property values in the City of West Palm Beach.

The largest growth in value from 2012 to 2017 occurred in **Retirement** properties (231% growth), **Shopping Center** (124%), **Multifamily** (105%), **Working Waterfront** (98%), **Townhouse** (82%), **Motel** (81%), and **Vacant** (75%).

The smallest value increases occurred in **Hospitals** (12%), **Open Storage** (15%), **Light Manufacturing** (15%), **Night Clubs** (17%), **Cultural** (17%), and **Rest Home** (25%).

	WEST PALM BEACH	
PROPERTY USE CATEGORY	**2017 MARKET VALUE (MILLIONS)**	**GROWTH 2012 - 2017**
AIRPORT/MARINA	$.3	39%
AUTO SALES	$158.0	45%
CONDO COMMERCIAL	$133.8	59%
CONDOMINIUM	$2,798.6	65%
CULTURAL	$25.3	17%
FINANCIAL	$79.7	37%
GOLF COURSE	$46.3	43%
HOSPITALS	$146.8	12%
INSURANCE	$2.6	65%
LIGHT MFG.	$30.6	15%
MOTEL	$260.2	81%
MULTIFAMILY	$1,300.1	105%
MUNICIPAL	$344.3	40%
NIGHT CLUBS	$5.1	17%
OFFICE	$1,495.0	45%
OPEN STORAGE	$8.6	15%
NON-PROFITS	$31.5	31%
MOBILE HOME PARKS	$35.5	31%
PRIVATE SCHOOL/COLLEGE	$179.3	63%
PUBLIC SCHOOL/COLLEGE	$390.1	39%
RELIGIOUS	$176.9	46%
RESTAURANT	$65.0	54%
RETIREMENT	$58.3	231%
REST HOME	$150.2	25%
SERVICE SHOPS / STATIONS	$39.0	32%
SHOPPING CENTER	$524.1	124%
SINGLE FAMILY	$3,767.6	78%
STORE/OFFICE/RESIDENTIAL	$145.8	66%
STORES & DEPT. STORES	$301.3	48%
SUPERMARKET/DRUG STORE	$22.7	38%
THEATER / AUDITORIUM	$75.3	45%
TOWNHOUSE	$776.4	82%
VACANT	$352.5	75%
WAREHOUSE / DIST.	$471.3	57%
WORKING WATERFRONT	$51.9	98%
GRAND TOTAL	**$16,607.4**	**64%**

SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

33401 Zip Code

Each of the four zip codes that comprise the majority of West Palm Beach contain a different mix of properties. The city boundaries include portions of other zip codes as well, but these four used in the study area represent 82% of all the property value within the city limits.

The types of property that had the greatest market value in the 33401 zip code in 2017 were **Condominium** ($2,086.5 million in market value), **Office** ($1,013.1 million), **Single Family** ($637.4 million), **Multifamily** ($449.9 million), and **Shopping Center** ($332.9 million).

From 2012 to 2017, the highest growth in property value by use in the 33401 occurred in **Shopping Center** (216% growth), **Multifamily** (195%), **Vacant** (122%), **Motel** (120%), and **Single Family** (103%).

The slowest value growth occurred among properties categorized as **Hospitals** (5% growth), **Auto Sales** (14%), **Night Clubs** (24%), **Municipal** (27%), and **Cultural** (30%). Three categories saw their total market value decline – **Golf Course** (25% decline), **Light Manufacturing** (27% decline), and **Supermarket/Drug Store** (29% decline).

Overall, the 33401 zip code accounts for 41% of all the property value in West Palm Beach. The zip code contains a much larger share of city property values in certain categories – **Airport/Marina** (100% of city total market value), **Theater/Auditorium** (100%), **Cultural** (99%), **Condominium** (75%), **Mobile Home Parks** (72%), **Store/Office/Residential** (aka Mixed Use – 70%), **Office** (68%), and **Condo Commercial** (67%).

	33401 ZIP CODE		
PROPERTY USE CATEGORY	**2017 MARKET VALUE (MILLIONS)**	**GROWTH 2012 - 2017**	**SHARE OF CITY TOTAL**
AIRPORT/MARINA	$.3	39%	100%
AUTO SALES	$24.9	14%	16%
CONDO COMMERCIAL	$89.3	66%	67%
CONDOMINIUM	$2,086.5	60%	75%
CULTURAL	$25.1	30%	99%
FINANCIAL	$34.1	68%	43%
GOLF COURSE	$4.1	-25%	9%
HOSPITALS	$46.2	5%	32%
INSURANCE	$.0	0%	0%
LIGHT MFG.	$3.1	-27%	10%
MOTEL	$124.9	120%	48%
MULTIFAMILY	$449.9	195%	35%
MUNICIPAL	$210.3	27%	61%
NIGHT CLUBS	$.8	24%	15%
OFFICE	$1,013.1	47%	68%
OPEN STORAGE	$.8	35%	9%
NON-PROFITS	$6.5	41%	21%
MOBILE HOME PARKS	$25.5	30%	72%
PRIVATE SCHOOL/COLLEGE	$106.3	41%	59%
PUBLIC SCHOOL/COLLEGE	$79.7	33%	20%
RELIGIOUS	$110.7	62%	63%
RESTAURANT	$20.1	30%	31%
RETIREMENT	$25.1	42%	43%
REST HOME	$71.9	41%	48%
SERVICE SHOPS / STATIONS	$8.7	57%	22%
SHOPPING CENTER	$332.9	216%	64%
SINGLE FAMILY	$637.4	103%	17%
STORE/OFFICE/RESIDENTIAL	$101.4	97%	70%
STORES & DEPT. STORES	$123.7	50%	41%
SUPERMARKET/DRUG STORE	$3.1	-29%	14%
THEATER / AUDITORIUM	$75.3	45%	100%
TOWNHOUSE	$63.0	74%	8%
VACANT	$183.2	122%	52%
WAREHOUSE / DIST.	$106.7	59%	23%
WORKING WATERFRONT	$4.1	55%	8%
GRAND TOTAL	**$6,828.0**	**70%**	**41%**

SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

33405 Zip Code

Single Family made up by far the largest share of property values in the 33405 zip code in 2017. The largest categories in that year were **Single Family** ($1,590.0 million in market value), **Multifamily** ($243.1 million), **Warehouse / Distribution** ($101.5 million), **Public School / College** ($92.9 million), **Stores & Department Stores** ($80.3 million), and **Condominium** ($70.7 million).

From 2012 to 2017, the highest growth in property value in the 33405 zip code occurred in **Private School / College** (326% growth in market value), **Supermarket / Drug Store** (262%), **Multifamily** (102%), **Single Family** (99%), and **Store/Office/Residential** (90%).

The slowest growth in value occurred among properties categorized as **Service Shops / Stations** (16% growth in market value), **Light Manufacturing** (20%), **Rest Home** (21%), **Office** (23%), and **Open Storage** (33%). Three categories saw their market value decline over this period – **Night Clubs** (12% decline in market value), **Golf Course** (11% decline), and **Condo Commercial** (8% decline).

Overall, the 33405 zip code accounts for 15% of all property value in West Palm Beach. The types of 33405 property that represent a significantly larger share of the city value include **Light Manufacturing** (45% of the city total) and **Single Family** (42%).

	33405 ZIP CODE		
PROPERTY USE CATEGORY	2017 MARKET VALUE (MILLIONS)	GROWTH 2012 - 2017	SHARE OF CITY TOTAL
AIRPORT/MARINA	$.0	0%	0%
AUTO SALES	$10.2	48%	6%
CONDO COMMERCIAL	$.5	-8%	0%
CONDOMINIUM	$70.7	72%	3%
CULTURAL	$.0	0%	0%
FINANCIAL	$11.8	44%	15%
GOLF COURSE	$3.1	-11%	7%
HOSPITALS	$.0	0%	0%
INSURANCE	$.0	0%	0%
LIGHT MFG.	$13.7	20%	45%
MOTEL	$20.0	85%	8%
MULTIFAMILY	$243.1	102%	19%
MUNICIPAL	$23.9	67%	7%
NIGHT CLUBS	$1.1	-12%	22%
OFFICE	$36.1	23%	2%
OPEN STORAGE	$1.0	33%	11%
NON-PROFITS	$.9	48%	3%
MOBILE HOME PARKS	$1.8	35%	5%
PRIVATE SCHOOL/COLLEGE	$10.0	326%	6%
PUBLIC SCHOOL/COLLEGE	$92.9	43%	24%
RELIGIOUS	$20.9	39%	12%
RESTAURANT	$13.1	57%	20%
RETIREMENT	$.0	0%	0%
REST HOME	$.9	21%	1%
SERVICE SHOPS / STATIONS	$10.4	16%	27%
SHOPPING CENTER	$33.6	63%	6%
SINGLE FAMILY	$1,590.0	99%	42%
STORE/OFFICE/RESIDENTIAL	$25.9	90%	18%
STORES & DEPT. STORES	$80.3	85%	27%
SUPERMARKET/DRUG STORE	$6.0	262%	26%
THEATER / AUDITORIUM	$.0	0%	0%
TOWNHOUSE	$19.1	n/a	2%
VACANT	$37.8	60%	11%
WAREHOUSE / DIST.	$101.5	49%	22%
WORKING WATERFRONT	$.0	0%	0%
GRAND TOTAL	**$2,517.4**	**87%**	**15%**

SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

33407 Zip Code

The types of property that had the greatest market value in the 33407 zip code in 2017 included **Single Family** ($652.4 million), **Office** ($241.6 million), **Condominium** ($221.0 million), **Multifamily** ($181.0 million), and **Warehouse / Distribution** ($176.2 million).

From 2012 to 2017, the highest growth in property value in the 33407 zip code occurred in **Non-Profits** (139% growth in market value), **Working Waterfront** (103%), **Single Family** (93%), **Townhouse** (91%), and **Condo Commercial** (85%).

The slowest growth in value occurred in **Open Storage** (8% growth in value), **Hospitals** (15%), **Religious** (16%), **Store/Office/Residential** (19%), and **Service Shops / Stations** (21%). Two property categories saw their values decline over this period – **Municipal** (2% decline in value) and **Mobile Home Parks** (9% decline).

Overall the 33407 zip code accounts for 15% of all property values in West Palm Beach. The types of property that represent a significant share the city's total value are **Insurance** (100% of city total), **Working Waterfront** (92%), **Hospitals** (68%), **Night Clubs** (63%), and **Open Storage** (61%).

	33407 ZIP CODE		
PROPERTY USE CATEGORY	**2017 MARKET VALUE (MILLIONS)**	**GROWTH 2012 - 2017**	**SHARE OF CITY TOTAL**
AIRPORT/MARINA	$.0	0%	0%
AUTO SALES	$25.7	27%	16%
CONDO COMMERCIAL	$28.5	85%	21%
CONDOMINIUM	$221.0	59%	8%
CULTURAL	$.2	30%	1%
FINANCIAL	$5.9	38%	7%
GOLF COURSE	$.0	0%	0%
HOSPITALS	$100.5	15%	68%
INSURANCE	$2.6	65%	100%
LIGHT MFG.	$12.2	28%	40%
MOTEL	$58.4	60%	22%
MULTIFAMILY	$181.0	73%	14%
MUNICIPAL	$22.9	-2%	7%
NIGHT CLUBS	$3.3	30%	63%
OFFICE	$241.6	43%	16%
OPEN STORAGE	$5.3	8%	61%
NON-PROFITS	$6.4	139%	20%
MOBILE HOME PARKS	$.1	-9%	0%
PRIVATE SCHOOL/COLLEGE	$29.0	60%	16%
PUBLIC SCHOOL/COLLEGE	$113.8	38%	29%
RELIGIOUS	$33.1	16%	19%
RESTAURANT	$8.7	42%	13%
RETIREMENT	$6.5	n/a	11%
REST HOME	$33.7	35%	22%
SERVICE SHOPS / STATIONS	$7.9	21%	20%
SHOPPING CENTER	$16.3	24%	3%
SINGLE FAMILY	$652.4	93%	17%
STORE/OFFICE/RESIDENTIAL	$16.9	19%	12%
STORES & DEPT. STORES	$55.0	34%	18%
SUPERMARKET/DRUG STORE	$7.2	33%	32%
THEATER / AUDITORIUM	$.0	0%	0%
TOWNHOUSE	$152.8	91%	20%
VACANT	$78.7	68%	22%
WAREHOUSE / DIST.	$176.2	60%	37%
WORKING WATERFRONT	$47.8	103%	92%
GRAND TOTAL	**$2,447.5**	**60%**	**15%**

SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

33409 Zip Code

The types of property that had the greatest market value in the 33409 zip code in 2017 were **Multifamily** ($339.7 million), **Condominium** ($261.3 million), **Office** ($163.1 million), **Single Family** ($151.1 million), and **Warehouse / Distribution** ($86.5 million).

From 2012 to 2017, the highest growth in property value in the 33409 zip code occurred in **Condominium** (104% growth in market value), **Municipal** (98%), **Private School / College** (90%), **Restaurant** (90%), and **Townhouse** (83%).

The slowest growth in value occurred in **Condo Commercial** (5% growth in market value), **Rest Home** (12%), **Stores & Department Stores** (15%), **Non-Profits** (18%), and **Light Manufacturing** (20%). Two property types saw values decline – **Financial** (12% decline in value) and **Vacant** (70% decline in value). The declines in Vacant value are likely due to a large share of vacant land being converted to another use.

Overall, the 33409 zip code accounts for 11% of all property values in West Palm Beach. The types of property in the 33409 that represent a higher share of the city total value include **Auto Sales** (46% of the city total), **Non-Profits** (47%), **Restaurant** (26%), **Multifamily** (26%), and **Golf Course** (20%).

	334009 ZIP CODE		
PROPERTY USE CATEGORY	**2017 MARKET VALUE (MILLIONS)**	**GROWTH 2012 - 2017**	**SHARE OF CITY TOTAL**
AIRPORT/MARINA	$.0	0%	0%
AUTO SALES	$72.5	59%	46%
CONDO COMMERCIAL	$15.0	5%	11%
CONDOMINIUM	$261.3	104%	9%
CULTURAL	$.0	0%	0%
FINANCIAL	$11.0	-12%	14%
GOLF COURSE	$9.2	40%	20%
HOSPITALS	$.0	0%	0%
INSURANCE	$.0	0%	0%
LIGHT MFG.	$1.5	20%	5%
MOTEL	$34.1	28%	13%
MULTIFAMILY	$339.7	66%	26%
MUNICIPAL	$1.1	98%	0%
NIGHT CLUBS	$.0	0%	0%
OFFICE	$163.1	44%	11%
OPEN STORAGE	$.2	15%	2%
NON-PROFITS	$14.9	18%	47%
MOBILE HOME PARKS	$6.1	45%	17%
PRIVATE SCHOOL/COLLEGE	$19.8	90%	11%
PUBLIC SCHOOL/COLLEGE	$46.0	47%	12%
RELIGIOUS	$7.7	38%	4%
RESTAURANT	$17.2	90%	26%
RETIREMENT	$.0	0%	0%
REST HOME	$12.9	12%	9%
SERVICE SHOPS / STATIONS	$3.8	33%	10%
SHOPPING CENTER	$76.6	64%	15%
SINGLE FAMILY	$151.1	23%	4%
STORE/OFFICE/RESIDENTIAL	$.0	n/a	0%
STORES & DEPT. STORES	$39.9	15%	13%
SUPERMARKET/DRUG STORE	$3.3	21%	14%
THEATER / AUDITORIUM	$.0	0%	0%
TOWNHOUSE	$78.4	83%	10%
VACANT	$2.0	-70%	1%
WAREHOUSE / DIST.	$86.5	59%	18%
WORKING WATERFRONT	$.0	0%	0%
GRAND TOTAL	**$1,870.5**	**56%**	**11%**

SOURCE: AVALANCHE CONSULTING / PALM BEACH COUNTY PROPERTY APPRAISER

07

Economic Development Asset & Program Inventory

Asset & Program Inventory

This section of the report presents an inventory of the major economic development assets and programs in West Palm Beach with a short description of the relevance of each. Higher education institutions, infrastructure, health care, entrepreneurship and innovation, sports and recreation, arts and culture, and retail and entertainment assets are highlighted. Economic development, talent and education, placemaking, tourism, and transportation studies and programs are also summarized.

Economic Development Assets

HIGHER EDUCATION INSTITUTIONS

- **Palm Beach Atlantic University –** PBAU is a Christian university located in West Palm Beach that enrolls over 3,800 students and offers 51 undergraduate majors, 9 graduate programs, and 3 professional degree programs.
- **Florida Atlantic University –** FAU is located in Boca Raton and serves more than 30,000 undergraduate and graduate students throughout its six-county service area. It offers more than 170 degree programs through 10 colleges.
- **Nova Southeastern University –** NSU is a private research university located in Davie that enrolls more than 23,000 students, offering graduate programs in medicine, law, psychology, business, education, pharmacy, and dentistry, to name a few.
- **Palm Beach State College –** PBSC is a public community college that offers over 130 programs of study at five campuses in Lake Worth, Boca Raton, Palm Beach Gardens, Belle Glade, and Loxahatchee Groves. PBSC serves 49,000 students across the region.
- **Lynn University –** Lynn University is a private university located in Boca Raton. It enrolls over 3,000 students and offers 37 majors across 6 colleges. Lynn University boasts a 19% international student population from 93 countries.
- **Keiser University** - Keiser University is a private, not-for-profit university that provides career-focused educational programs. The main campus is located in Fort Lauderdale and an additional campus is located in West Palm Beach.

Photo Credit: Student Life Camp

Photo Credit: FAU

Economic Development Assets

INFRASTRUCTURE

- **FPL –** Florida Power & Light is the state of Florida's electricity provider. FPL offers highly competitive electrical rates for residential, commercial, and industrial users. Its low cost, service reliability, and energy efficiency have earned top rankings and accolades.
- **Brightline –** The newly opened Brightline train offers express service between West Palm Beach, Fort Lauderdale and Miami, with Orlando service in development. As the only privately owned passenger rail system in the US, this service offers unprecedented access to top Florida markets.
- **Palm Beach International Airport –** The award-winning Palm Beach International Airport offers flights to more than 25 destinations in the US, Canada, and the Caribbean. According to the most recent economic impact assessment of Palm Beach International Airport prepared by the Florida Department of Transportation, PBIA contributed to 34,048 total jobs and nearly $3.5 billion in total economic output through direct, indirect, and induced impacts.
- **Highways –** West Palm Beach has access to a robust highway network, including Interstate-95 and Florida's Turnpike.
- **Port of Palm Beach –** West Palm Beach is in close proximity to the Port of Palm Beach, the fourth busiest port in Florida that exports bulk commodities, primarily to the Caribbean.

Photo Credit: Palm Beach Post

Photo Credit: Palm Beach Post

Economic Development Assets

HEALTH CARE

- **Good Samaritan Medical Center –** Good Samaritan Medical Center boasts a 22-bay emergency department and 333 acute care beds at their facility. Services include internal medicine, general surgery, outpatient surgery, cardiology, orthopedics, oncology, delivery, lab results, radiology, and rehabilitation services.
- **St. Mary's Medical Center –** St. Mary's Medical Center is a 464-bed hospital that provides services related to cardiovascular, mother & baby, neurosciences, and orthopedic health, to name a few. St. Mary's Medical Center also has Level II and III intensive care unit designations, an Institute for Mental Health, and a Children's Hospital.
- **Hospital for Special Surgery –** A top-rated orthopedic hospital is under development that will offer outpatient orthopedic care such as diagnostic services, ambulatory surgery, rehabilitation, and sports programs.

Photo Credit: Good Samaritan Medical Center

Photo Credit: St. Mary's Medical Center

ENTREPRENEURSHIP & INNOVATION

- **Palm Beach Tech Association –** The Palm Beach Tech Association is a non-profit membership association that "unites and builds the innovation, entrepreneurial, and technology industries throughout Palm Beach County." It supports startups and grows the county's tech talent pool.
- **FAU Tech Runway –** FAU Tech Runway is a public-private partnership that accelerates technology development and incubates startup companies. It provides a work space for entrepreneurs with resources for development, mentorship, and funding. FAU Tech Runway has launched 52 startups that collectively have raised more than $46 million in capital, created nearly 300 jobs, and generated more than $23 million in sales revenue.

Economic Development Assets

SPORTS & RECREATION

- **Public Parks –** The city boasts 53 community parks, including waterfront along the Intra-Coastal waterway that is in proximity to top F beaches.
- **Outdoor Recreation –** Outdoor recreation opportunities, such as boating, fishing, and golf, are available year-round.
- **Ballpark of the Palm Beaches –** Home to the Houston Astros and Washington Nationals spring training, the Ballpark was completed in 2015 and has fixed seat capacity for 6,500.
- **Palm Beach International Boat Show –** This show draws in thousands of visitors and generated $682.7 million in economic output throughout the state, including $84.2 million in Palm Beach County in 2018.

Photo Credit: Palm Beach Post

ARTS & CULTURE

- **Norton Museum of Art –** This renowned museum boasts permanent collections of American Art, Chinese Art, Contemporary Art, European Art, and Photography. It is undergoing a $100 million renovation, which will include 12,000 square feet of new exhibition space.
- **Kravis Center for the Performing Arts –** The Kravis Center for the Performing Arts showcases a variety of national and international performances and provides arts education programs. It is undergoing an expansion that includes an outdoor urban plaza and updated facilities.
- **Palm Beach Dramaworks –** Dramaworks is a professional nonprofit theatre company that produces classic and contemporary plays. It also provides arts education and community engagement programs.
- **Public Art –** West Palm Beach boasts a variety of murals, sculptures, and other public art supported by an Art in Public Places Program, which adds to the beauty and vitality of the city.

Photo Credit: Smarter Travel

Economic Development Assets

RETAIL & ENTERTAINMENT

- **CityPlace –** CityPlace is a shopping, dining, and entertainment destination in downtown West Palm Beach. It is currently undergoing a redevelopment that will include more experiential offerings and placemaking investments.
- **Antique Row –** Antique Row is a world-renowned design destination with over 40 antique shops that has been lauded by Architectural Digest, The New York Times, Art & Antiques, and House Beautiful. Additionally, Conde' Nast Traveler ranked Antique Row as their #4 choice for best shopping in the US.
- **Palm Beach Outlets –** Palm Beach Outlets is 440,000 square foot outlet shopping center featuring over 100 stores.
- **Downtown West Palm Beach –** Downtown West Palm Beach offers a variety of dining and entertainment options – including CityPlace, the funky, bohemian 500 Block of Clematis Street, and a growing number of coffee shops and restaurants.
- **Northwood Village –** The historic Northwood District is a creative and eclectic destination that boasts a vibrant arts, shopping, and dining scene.

Photo Credit: Do West Palm

Photo Credit: City of West Palm Beach

Program Inventory

ECONOMIC DEVELOPMENT

- **West Palm Beach Economic Development Study 2014 –** This study outlined ten goals related to business recruitment, retention, and expansion, entrepreneurship, workforce development, and marketing, to name a few. The city has undergone many changes since the development of this plan. We recommend developing a new Strategic Plan based on the findings of this Study.

- **West Palm Beach Economic Development Branding 2014 –** Market research findings for the city's branding initiative are consistent with the findings of this Economic Development Study. Business and talent recruitment activities should continue to utilize messaging and brand guidelines provided by Aqua.

- **Warehouse District Planning Study 2018 –** The city's Planning Division conducted a study of the Warehouse District, finding opportunities to catalyze additional growth in innovation, especially with city-owned property. It is also a prime location for increased density to support more affordable housing. Designated overlay zoning will allow flexibility for both residential and industrial uses.

TALENT & EDUCATION

- **West Palm Beach Center for Arts & Technology Feasibility Report 2018 –** This study determines that there is a market for afterschool arts programs and career training programs in high-demand middle-skill occupations. It recommends reaching residents in Northwest neighborhoods, Coleman Park, and Pleasant City. Our research findings also indicate a need to address educational disparities across neighborhoods throughout West Palm Beach.

PLACEMAKING

- **West Palm Beach Parks Inventory and Parks & Recreation Master Plan 2015 –** These reports outline the city's existing parts and recreation assets and top priorities for new programs, updated facilities, and other amenities. West Palm Beach's parks, including its waterfront, are critical assets that make the city a desirable place to both live and visit.

- **West Palm Beach Public Art Master Plan 2016 –** The Public Arts Master Plan "provides a focused sense of direction in promoting arts in diverse forms." Purposefully investing in this unique asset will further enhance West Palm Beach's sense of place and cultural identity.

- **West Palm Beach Public Realm Action Plan 2017 –** This report outlines top opportunities for placemaking and enhancing quality of life throughout the city. Investing in these initiatives will enhance West Palm Beach's attractiveness for business and residents alike.

- **Rethink Paradise: West Palm Beach Sustainability Action Plan Update 2017 –** This Sustainability Action Plan complements the Public Realm Action Plan and Mobility Plan, ultimately making a positive impact for both quality of life and infrastructure efficiency.

(continued)

Program Inventory

TOURISM

- **Palm Beach International Boat Show Economic Impact Study 2018 –** This study illustrates the impact of the Palm Beach International Boat Show, which draws in thousands of visitors and generated $682.7 million in economic output throughout the state, including $84.2 million in Palm Beach County in 2018.

- **Discover The Palm Beaches Destination Marketing Plan 2018 –** This is a comprehensive strategy for marketing The Palm Beaches to visitors. The marketing plan is complementary to economic development activities that recruit both business and talent to West Palm Beach – the same assets and image that make West Palm Beach an attractive destination to visit also make it an attractive destination to live and work. The city should continue to work closely with Discover the Palm Beaches on joint efforts to promote West Palm Beach, including recruiting target-sector conferences and events to the Palm Beach County Convention Center.

- **Palm Beach County Arts & Economic Prosperity Study 2017 –** This study illustrates the impact of nonprofits, arts, and culture in Palm Beach County and the City of West Palm Beach. These sectors generate $222 million in total economic activity and supports over 5,000 full-time equivalent jobs in West Palm Beach, making a large impact on the Nighttime Economy and Tourism sectors.

TRANSPORTATION

- **West Palm Beach Parking & Transportation Demand Management Study 2017 –** This study helped identify traffic volume and parking demand in downtown West Palm Beach. Better understanding these components will allow the city to proactively address transportation needs.

- **Downtown West Palm Beach Mobility Plan 2017 –** This Mobility Plan provides recommendations on how to implement a modern, balanced transportation system in West Palm Beach. Residents and businesses alike are drawn to dense, urban cores that offer a variety of transportation options, including walking, biking, and public transportation. Implementing this Mobility Plan will further enhance transportation infrastructure and mobility in the city.

08

Appendix: Industry Cluster Definitions

Industry Cluster Definitions

Industry Cluster	NAICS Code	NACIS Description
Aerospace	3364	Aerospace Product and Parts Manufacturing
Agribusiness & Food	1110	Crop Production
Agribusiness & Food	1120	Animal Production
Agribusiness & Food	1141	Fishing
Agribusiness & Food	1142	Hunting and Trapping
Agribusiness & Food	1151	Support Activities for Crop Production
Agribusiness & Food	1152	Support Activities for Animal Production
Agribusiness & Food	3111	Animal Food Manufacturing
Agribusiness & Food	3112	Grain and Oilseed Milling
Agribusiness & Food	3113	Sugar and Confectionery Product Manufacturing
Agribusiness & Food	3114	Fruit and Vegetable Preserving and Specialty Food M
Agribusiness & Food	3115	Dairy Product Manufacturing
Agribusiness & Food	3116	Animal Slaughtering and Processing
Agribusiness & Food	3117	Seafood Product Preparation and Packaging
Agribusiness & Food	3118	Bakeries and Tortilla Manufacturing
Agribusiness & Food	3119	Other Food Manufacturing
Agribusiness & Food	3121	Beverage Manufacturing
Agribusiness & Food	3122	Tobacco Manufacturing
Agribusiness & Food	3253	Pesticide, Fertilizer, and Other Agricultural Chemical M
Agribusiness & Food	4245	Farm Product Raw Material Merchant Wholesalers
Apparel & Textiles	3131	Fiber, Yarn, and Thread Mills
Apparel & Textiles	3132	Fabric Mills
Apparel & Textiles	3133	Textile and Fabric Finishing and Fabric Coating Mills
Apparel & Textiles	3141	Textile Furnishings Mills
Apparel & Textiles	3149	Other Textile Product Mills
Apparel & Textiles	3151	Apparel Knitting Mills
Apparel & Textiles	3152	Cut and Sew Apparel Manufacturing
Apparel & Textiles	3159	Apparel Accessories and Other Apparel Manufacturi
Apparel & Textiles	3161	Leather and Hide Tanning and Finishing
Apparel & Textiles	3162	Footwear Manufacturing
Apparel & Textiles	3169	Other Leather and Allied Product Manufacturing

Industry Cluster	NAICS Code	NACIS Description
Apparel & Textiles	4243	Apparel, Piece Goods, and Notions Merchant Wholes
Automotive	3361	Motor Vehicle Manufacturing
Automotive	3362	Motor Vehicle Body and Trailer Manufacturing
Automotive	3363	Motor Vehicle Parts Manufacturing
Automotive	3369	Other Transportation Equipment Manufacturing
Automotive	4231	Motor Vehicle and Motor Vehicle Parts and Supplies
Back Office	5511	Management of Companies and Enterprises
Back Office	5611	Office Administrative Services
Back Office	5612	Facilities Support Services
Back Office	5613	Employment Services
Back Office	5614	Business Support Services
Back Office	5616	Investigation and Security Services
Back Office	5617	Services to Buildings and Dwellings
Back Office	5619	Other Support Services
Biomedical	3254	Pharmaceutical and Medicine Manufacturing
Biomedical	3391	Medical Equipment and Supplies Manufacturing
Biomedical	4242	Drugs and Druggists' Sundries Merchant Wholesalers
Biomedical	6215	Medical and Diagnostic Laboratories
Construction	2213	Water, Sewage and Other Systems
Construction	2361	Residential Building Construction
Construction	2362	Nonresidential Building Construction
Construction	2371	Utility System Construction
Construction	2372	Land Subdivision
Construction	2373	Highway, Street, and Bridge Construction
Construction	2379	Other Heavy and Civil Engineering Construction
Construction	2381	Foundation, Structure, and Building Exterior Contractor
Construction	2382	Building Equipment Contractors
Construction	2383	Building Finishing Contractors
Construction	2389	Other Specialty Trade Contractors
Construction	3211	Sawmills and Wood Preservation
Construction	3212	Veneer, Plywood, and Engineered Wood Product Ma

Industry Cluster Definitions

Industry Cluster	NAICS Code	NACIS Description
Construction	3219	Other Wood Product Manufacturing
Construction	3271	Clay Product and Refractory Manufacturing
Construction	3272	Glass and Glass Product Manufacturing
Construction	3273	Cement and Concrete Product Manufacturing
Construction	3274	Lime and Gypsum Product Manufacturing
Construction	3279	Other Nonmetallic Mineral Product Manufacturing
Construction	4233	Lumber and Other Construction Materials Merchant Wh
Construction	4237	Hardware, and Plumbing and Heating Equipment an
Construction	4441	Building Material and Supplies Dealers
Construction	4442	Lawn and Garden Equipment and Supplies Stores
Consumer Goods Mftg	3352	Household Appliance Manufacturing
Consumer Goods Mftg	3399	Other Miscellaneous Manufacturing
Consumer Goods Mftg	4249	Miscellaneous Nondurable Goods Merchant Wholesa
Creative Content	3231	Printing and Related Support Activities
Creative Content	5111	Newspaper, Periodical, Book, and Directory Publisher
Creative Content	5121	Motion Picture and Video Industries
Creative Content	5122	Sound Recording Industries
Creative Content	5151	Radio and Television Broadcasting
Creative Content	5152	Cable and Other Subscription Programming
Creative Content	5414	Specialized Design Services
Creative Content	5418	Advertising, Public Relations, and Related Services
Education	6111	Elementary and Secondary Schools
Education	6112	Junior Colleges
Education	6113	Colleges, Universities, and Professional Schools
Education	6114	Business Schools and Computer and Management Tra
Education	6115	Technical and Trade Schools
Education	6116	Other Schools and Instruction
Education	6117	Educational Support Services
Education	90261	Education (State Government)
Education	90361	Education (Local Government)
Electronics	3341	Computer and Peripheral Equipment Manufacturing

Industry Cluster	NAICS Code	NACIS Description
Electronics	3342	Communications Equipment Manufacturing
Electronics	3343	Audio and Video Equipment Manufacturing
Electronics	3344	Semiconductor and Other Electronic Component Manu
Electronics	3345	Navigational, Measuring, Electromedical, and Control
Electronics	3346	Manufacturing and Reproducing Magnetic and Optic
Electronics	3359	Other Electrical Equipment and Component Manufact
Electronics	4236	Electrical and Electronic Goods Merchant Wholesalers
Electronics	4251	Wholesale Electronic Markets and Agents and Brokers
Electronics	8112	Electronic and Precision Equipment Repair and Mainten
Energy	2111	Oil and Gas Extraction
Energy	2121	Coal Mining
Energy	2131	Support Activities for Mining
Energy	2211	Electric Power Generation, Transmission and Distribution
Energy	2212	Natural Gas Distribution
Energy	3241	Petroleum and Coal Products Manufacturing
Energy	4235	Metal and Mineral (except Petroleum) Merchant Whol
Energy	4247	Petroleum and Petroleum Products Merchant Wholesa
Energy	4861	Pipeline Transportation of Crude Oil
Energy	4862	Pipeline Transportation of Natural Gas
Energy	4869	Other Pipeline Transportation
Entertainment	4871	Scenic and Sightseeing Transportation, Land
Entertainment	4872	Scenic and Sightseeing Transportation, Water
Entertainment	4879	Scenic and Sightseeing Transportation, Other
Entertainment	5615	Travel Arrangement and Reservation Services
Entertainment	7111	Performing Arts Companies
Entertainment	7112	Spectator Sports
Entertainment	7113	Promoters of Performing Arts, Sports, and Similar Even
Entertainment	7114	Agents and Managers for Artists, Athletes, Entertainer
Entertainment	7115	Independent Artists, Writers, and Performers
Entertainment	7121	Museums, Historical Sites, and Similar Institutions
Entertainment	7131	Amusement Parks and Arcades

Industry Cluster Definitions

Industry Cluster	NAICS Code	NACIS Description
Entertainment	7132	Gambling Industries
Entertainment	7139	Other Amusement and Recreation Industries
Entertainment	7211	Traveler Accommodation
Entertainment	7212	RV (Recreational Vehicle) Parks and Recreational Ca
Entertainment	7213	Rooming and Boarding Houses
Entertainment	7221	Full-Service Restaurants
Entertainment	7222	Limited-Service Eating Places
Entertainment	7223	Special Food Services
Entertainment	7224	Drinking Places (Alcoholic Beverages)
Entertainment	7225	Restaurants and Other Eating Places
Finance	5211	Monetary Authorities-Central Bank
Finance	5221	Depository Credit Intermediation
Finance	5222	Nondepository Credit Intermediation
Finance	5223	Activities Related to Credit Intermediation
Finance	5231	Securities and Commodity Contracts Intermediation a
Finance	5232	Securities and Commodity Exchanges
Finance	5239	Other Financial Investment Activities
Finance	5241	Insurance Carriers
Finance	5242	Agencies, Brokerages, and Other Insurance Related A
Finance	5251	Insurance and Employee Benefit Funds
Finance	5259	Other Investment Pools and Funds
Finance	5311	Lessors of Real Estate
Finance	5312	Offices of Real Estate Agents and Brokers
Finance	5313	Activities Related to Real Estate
Furniture	3371	Household and Institutional Furniture and Kitchen Cabi
Furniture	3372	Office Furniture (including Fixtures) Manufacturing
Furniture	3379	Other Furniture Related Product Manufacturing
Furniture	4232	Furniture and Home Furnishing Merchant Wholesalers
Government	5621	Waste Collection
Government	5622	Waste Treatment and Disposal
Government	5629	Remediation and Other Waste Management Services

Industry Cluster	NAICS Code	NACIS Description
Government	9011	Federal Government, Civilian
Government	9012	Federal Government, Military
Government	9029	State Government, Excluding Education and Hospitals
Government	9039	Local Government, Excluding Education and Hospitals
Healthcare	6211	Offices of Physicians
Healthcare	6212	Offices of Dentists
Healthcare	6213	Offices of Other Health Practitioners
Healthcare	6214	Outpatient Care Centers
Healthcare	6216	Home Health Care Services
Healthcare	6219	Other Ambulatory Health Care Services
Healthcare	6221	General Medical and Surgical Hospitals
Healthcare	6222	Psychiatric and Substance Abuse Hospitals
Healthcare	6223	Specialty (except Psychiatric and Substance Abuse) H
Healthcare	6231	Nursing Care Facilities
Healthcare	6232	Residential Mental Retardation, Mental Health and Su
Healthcare	6233	Community Care Facilities for the Elderly
Healthcare	6239	Other Residential Care Facilities
Healthcare	90262	Hospitals (State Government)
Healthcare	90362	Hospitals (Local Government)
Industrial Machinery	3331	Agriculture, Construction, and Mining Machinery Manuf
Industrial Machinery	3332	Industrial Machinery Manufacturing
Industrial Machinery	3333	Commercial and Service Industry Machinery Manufact
Industrial Machinery	3334	Ventilation, Heating, Air-Conditioning, and Commercia
Industrial Machinery	3335	Metalworking Machinery Manufacturing
Industrial Machinery	3336	Engine, Turbine, and Power Transmission Equipment Ma
Industrial Machinery	3339	Other General Purpose Machinery Manufacturing
Industrial Machinery	3351	Electric Lighting Equipment Manufacturing
Industrial Machinery	3353	Electrical Equipment Manufacturing
Industrial Machinery	4234	Professional and Commercial Equipment and Supplies
Industrial Machinery	4238	Machinery, Equipment, and Supplies Merchant Wholes
Industrial Machinery	4239	Miscellaneous Durable Goods Merchant Wholesalers

Industry Cluster Definitions

Industry Cluster	NAICS Code	NACIS Description
Industrial Machinery	8113	Commercial and Industrial Machinery and Equipment
Materials	3212	Veneer, Plywood, and Engineered Wood Product Ma
Materials	3219	Other Wood Product Manufacturing
Materials	3271	Clay Product and Refractory Manufacturing
Materials	3272	Glass and Glass Product Manufacturing
Materials	3273	Cement and Concrete Product Manufacturing
Materials	3274	Lime and Gypsum Product Manufacturing
Materials	3279	Other Nonmetallic Mineral Product Manufacturing
Materials	3221	Pulp, Paper, and Paperboard Mills
Materials	3222	Converted Paper Product Manufacturing
Materials	3251	Basic Chemical Manufacturing
Materials	3252	Resin, Synthetic Rubber, and Artificial Synthetic Fibers
Materials	3255	Paint, Coating, and Adhesive Manufacturing
Materials	3256	Soap, Cleaning Compound, and Toilet Preparation M
Materials	3259	Other Chemical Product and Preparation Manufactu
Materials	3261	Plastics Product Manufacturing
Materials	3262	Rubber Product Manufacturing
Materials	4241	Paper and Paper Product Merchant Wholesalers
Materials	4246	Chemical and Allied Products Merchant Wholesalers
Metalworking	3311	Iron and Steel Mills and Ferroalloy Manufacturing
Metalworking	3312	Steel Product Manufacturing from Purchased Steel
Metalworking	3313	Alumina and Aluminum Production and Processing
Metalworking	3314	Nonferrous Metal (except Aluminum) Production and Pr
Metalworking	3315	Foundries
Metalworking	3321	Forging and Stamping
Metalworking	3322	Cutlery and Handtool Manufacturing
Metalworking	3323	Architectural and Structural Metals Manufacturing
Metalworking	3324	Boiler, Tank, and Shipping Container Manufacturing
Metalworking	3325	Hardware Manufacturing
Metalworking	3326	Spring and Wire Product Manufacturing
Metalworking	3327	Machine Shops; Turned Product; and Screw, Nut, and

Industry Cluster	NAICS Code	NACIS Description
Metalworking	3328	Coating, Engraving, Heat Treating, and Allied Activiti
Metalworking	3329	Other Fabricated Metal Product Manufacturing
Metalworking	3365	Railroad Rolling Stock Manufacturing
Mining & Logging	1131	Timber Tract Operations
Mining & Logging	1132	Forest Nurseries and Gathering of Forest Products
Mining & Logging	1133	Logging
Mining & Logging	1153	Support Activities for Forestry
Mining & Logging	2122	Metal Ore Mining
Mining & Logging	2123	Nonmetallic Mineral Mining and Quarrying
Non-Profits & Social Service	6241	Individual and Family Services
Non-Profits & Social Service	6242	Community Food and Housing, and Emergency and O
Non-Profits & Social Service	6243	Vocational Rehabilitation Services
Non-Profits & Social Service	8131	Religious Organizations
Non-Profits & Social Service	8132	Grantmaking and Giving Services
Non-Profits & Social Service	8133	Social Advocacy Organizations
Non-Profits & Social Service	8134	Civic and Social Organizations
Non-Profits & Social Service	8139	Business, Professional, Labor, Political, and Similar Org
Personal Services	6244	Child Day Care Services
Personal Services	8111	Automotive Repair and Maintenance
Personal Services	8114	Personal and Household Goods Repair and Maintena
Personal Services	8121	Personal Care Services
Personal Services	8122	Death Care Services
Personal Services	8123	Drycleaning and Laundry Services
Personal Services	8129	Other Personal Services
Personal Services	8141	Private Households
Professional Services	5411	Legal Services
Professional Services	5412	Accounting, Tax Preparation, Bookkeeping, and Payrol
Professional Services	5413	Architectural, Engineering, and Related Services
Professional Services	5419	Other Professional, Scientific, and Technical Services
Research	5416	Management, Scientific, and Technical Consulting Serv
Research	5417	Scientific Research and Development Services

Industry Cluster Definitions

Industry Cluster	NAICS Code	NACIS Description
Retail	4441	Building Material and Supplies Dealers
Retail	4442	Lawn and Garden Equipment and Supplies Stores
Retail	4244	Grocery and Related Product Merchant Wholesalers
Retail	4248	Beer, Wine, and Distilled Alcoholic Beverage Merchan
Retail	4411	Automobile Dealers
Retail	4412	Other Motor Vehicle Dealers
Retail	4413	Automotive Parts, Accessories, and Tire Stores
Retail	4421	Furniture Stores
Retail	4422	Home Furnishings Stores
Retail	4431	Electronics and Appliance Stores
Retail	4451	Grocery Stores
Retail	4452	Specialty Food Stores
Retail	4453	Beer, Wine, and Liquor Stores
Retail	4461	Health and Personal Care Stores
Retail	4471	Gasoline Stations
Retail	4481	Clothing Stores
Retail	4482	Shoe Stores
Retail	4483	Jewelry, Luggage, and Leather Goods Stores
Retail	4511	Sporting Goods, Hobby, and Musical Instrument Stores
Retail	4512	Book, Periodical, and Music Stores
Retail	4521	Department Stores
Retail	4529	Other General Merchandise Stores
Retail	4531	Florists
Retail	4532	Office Supplies, Stationery, and Gift Stores
Retail	4533	Used Merchandise Stores
Retail	4539	Other Miscellaneous Store Retailers
Retail	4541	Electronic Shopping and Mail-Order Houses
Retail	4542	Vending Machine Operators
Retail	4543	Direct Selling Establishments
Retail	5321	Automotive Equipment Rental and Leasing
Retail	5322	Consumer Goods Rental
Retail	5323	General Rental Centers
Retail	5324	Commercial and Industrial Machinery and Equipment
Retail	5331	Lessors of Nonfinancial Intangible Assets (except Copyr
Shipbuilding	3366	Ship and Boat Building
Software / Info. Tech.	5112	Software Publishers
Software / Info. Tech.	5182	Data Processing, Hosting, and Related Services
Software / Info. Tech.	5191	Other Information Services
Software / Info. Tech.	5415	Computer Systems Design and Related Services
Telecom Services	5171	Wired Telecommunications Carriers
Telecom Services	5172	Wireless Telecommunications Carriers (except Satellite)
Telecom Services	5174	Satellite Telecommunications
Telecom Services	5179	Other Telecommunications
Transportation & Logistics	4811	Scheduled Air Transportation
Transportation & Logistics	4812	Nonscheduled Air Transportation
Transportation & Logistics	4821	Rail Transportation
Transportation & Logistics	4831	Deep Sea, Coastal, and Great Lakes Water Transpor
Transportation & Logistics	4832	Inland Water Transportation
Transportation & Logistics	4841	General Freight Trucking
Transportation & Logistics	4842	Specialized Freight Trucking
Transportation & Logistics	4851	Urban Transit Systems
Transportation & Logistics	4852	Interurban and Rural Bus Transportation
Transportation & Logistics	4853	Taxi and Limousine Service
Transportation & Logistics	4854	School and Employee Bus Transportation
Transportation & Logistics	4855	Charter Bus Industry
Transportation & Logistics	4859	Other Transit and Ground Passenger Transportation
Transportation & Logistics	4881	Support Activities for Air Transportation
Transportation & Logistics	4882	Support Activities for Rail Transportation
Transportation & Logistics	4883	Support Activities for Water Transportation
Transportation & Logistics	4884	Support Activities for Road Transportation
Transportation & Logistics	4885	Freight Transportation Arrangement
Transportation & Logistics	4889	Other Support Activities for Transportation

Industry Cluster Definitions

Industry Cluster	NAICS Code	NACIS Description
Transportation & Logistics	4911	Postal Service
Transportation & Logistics	4921	Couriers and Express Delivery Services
Transportation & Logistics	4922	Local Messengers and Local Delivery
Transportation & Logistics	4931	Warehousing and Storage