

West Palm Beach Economic Development Study

Report 2: Sector Analysis DRAFT



Prepared for the City of West Palm Beach | July 2018



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01

Introduction

About the Strategy

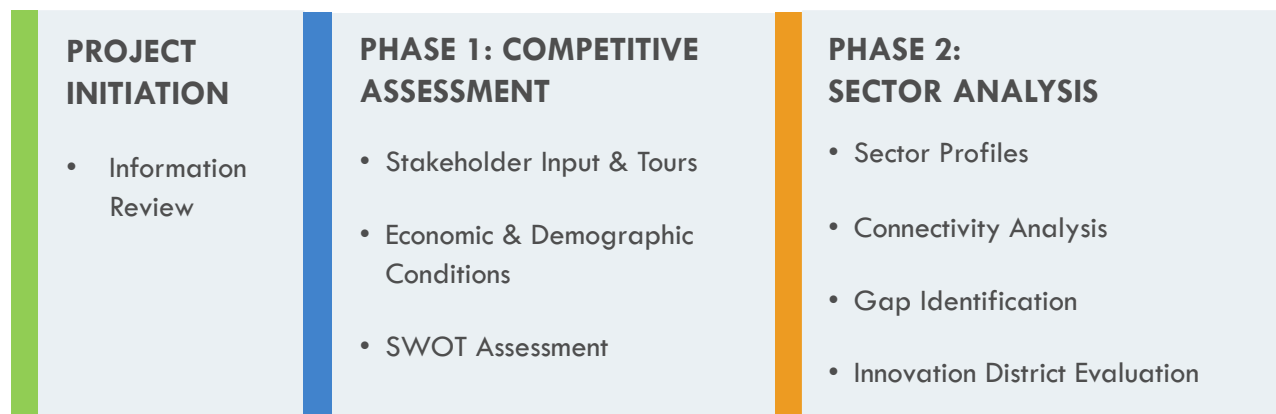
This Economic Development Study will provide a comprehensive look at the City of West Palm Beach's economy and competitive position.

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 examined 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 includes an overview of current dynamics and top opportunities to further energize each sector. A connectivity analysis highlights existing programs while a gap identification identifies new sector opportunities. The Sector Analysis also includes an evaluation of the potential for an Innovation District.



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 report provides an in-depth analysis of 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 includes an overview of current dynamics and top opportunities to further energize each sector. A connectivity analysis highlights existing programs while a gap identification will identify new sector opportunities. The Sector Analysis also includes an evaluation of the potential for an Innovation District.

The reports contains the following sections:

Sector Analysis

This section provides a detailed profile for seven sectors in West Palm Beach: Financial, Medical, Marine, Tourism, Nighttime Economy, Antique Row, and Northwood Village. Each profile includes a cluster overview; a strengths, weaknesses, opportunities, and threats (SWOT) analysis; a gap identification that identifies new sector opportunities; and a connectivity analysis that highlights existing programs to support each sector.

Innovation District Evaluation

The final section of this report provides a similar analysis for the potential for an Innovation District in West Palm Beach. This section assesses the City's current Jefferson Terminal District concept, analyzes economic, physical, and networking assets, proposes ideas for anchor activities in the District, and recommends specific actions to help move this project forward.



02

Sector Analysis

Introduction

The profiles in this section provide a detailed analysis of each sector and the opportunities they present for West Palm Beach. This information allows West Palm Beach to better understand the dynamics, business needs, workforce requirements, and connectivity of each sector to the rest of the economy. This analysis will help develop and prioritize strategic investments across the city.

Each profile begins with a **Sector Overview** describing the nature of the sector and the primary real estate, workforce, and other needs of related businesses.

The profiles then provide descriptions of **Local & Global Trends** within the sector – including sales, property values, and employment trends. Where applicable, global trends affecting the local sector are discussed.

This is followed by a Strengths, Weaknesses, Opportunities, and Threats (**SWOT**) summary of each sector and its position in West Palm Beach.

In the **Gap Identification** portion of the profile, Avalanche notes opportunities for each sector in West Palm Beach.

The profiles conclude with a **Connectivity Analysis** that references broader city, county, and regional strategic planning efforts and programs that support the sector.



Finance & Corporate Headquarters



Photo Credit: City of West Palm Beach



Sector Overview

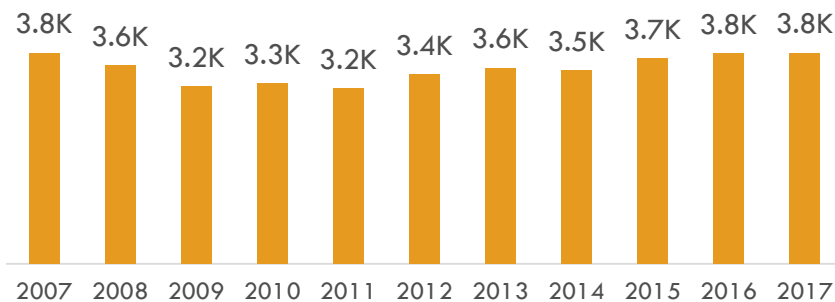
The Finance sector includes businesses involved in managing assets and investments, originating loans, pooling risk, issuing securities, and providing a wide range of related services and support activities. Corporate Headquarters are offices where a company's executive management and key staff and support functions are located. Finance & Corporate Headquarters share similar site location needs related to workforce, real estate, tax environment, and overall quality of life.

Financial firms require a well-educated workforce with a mix of skills – including bachelor's and advanced degrees in finance and associate degrees and other qualifications for support activities. Facing tight labor markets and concerns about skills gaps across the country, Finance & Corporate Headquarters operations often benefit from locations near strong, responsive colleges and universities that can deliver a sustained pipeline of new skilled workers. Relatedly, locations with quality of life amenities that help attract and retain these workers is highly beneficial.

Firms in the Finance sector may locate in existing Class A office buildings. Depending on the size of operation, Corporate Headquarters may construct their own campus facility, which requires large tracts of contiguous land. Financial support activities may be willing to occupy older Class A Office or lower quality space, but most firms seek newer buildings with good optics and modern technology. Given the modern economy's reliance on digital communication, high-speed internet connection is a must. Location in a walkable, mixed-use urban environment near transit is increasingly attractive, as it helps firms recruit the most talented younger workers, who often seek this lifestyle.

Finance & Corporate Headquarters locations often house a company's top executives and other high-salary employees. These decision makers often prefer locations with favorable personal and corporate income tax rates, available executive housing, highly-rated K-12 schools, and proximity to an international airport.

FINANCE & CORPORATE HQ
WEST PALM BEACH EMPLOYMENT, 2007 – 2017



SOURCE: EMSI / Avalanche Consulting

FINANCE & CORPORATE HQ
LOCATION QUOTIENT (LQ) – 2017



SOURCE: EMSI / Avalanche Consulting



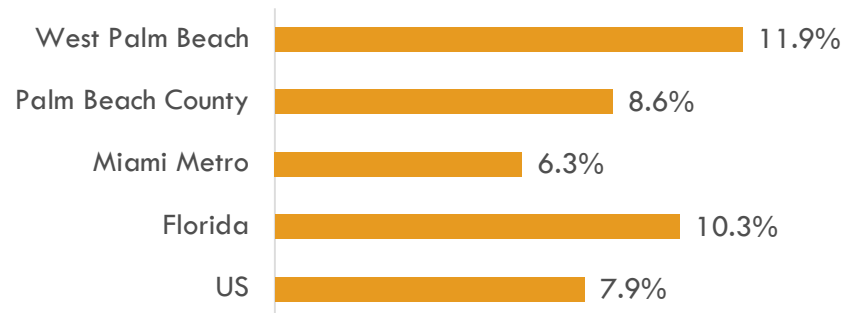
Local & Global Trends

LOCAL TRENDS

Finance & Corporate Headquarters employment is highly concentrated and growing rapidly in West Palm Beach. The city's Finance & Corporate Headquarters sector took a major hit during the recession – along with the rest of the country. Sector employment returned to pre-recession levels in 2016 due to rapid growth. From 2012 to 2017, sector employment grew 12% in West Palm Beach – faster than the Miami Metro (6%), State of Florida (10%), and US (8%).

In 2017, the sector reached 3,840 local jobs for an LQ of 1.2 – more concentrated than Palm Beach County, the Miami Metro, and Florida overall. Finance & Corporate Headquarters operations pay high salaries – with an average salary of \$125,830 in West Palm Beach – more than double the overall average salary in the city and above the sector average in the Miami Metro, Florida, and the US.

FINANCE & CORPORATE HQ
EMPLOYMENT GROWTH, 2012 – 2017



SOURCE: EMSI / Avalanche Consulting

GLOBAL FORCES

Financial regulations passed in the US following the 2008 financial crisis slowed a trend toward deregulation. The new rules produced by legislation such as the Dodd-Frank Act make compliance and risk management major areas of focus in the sector. Technology is also rapidly changing this sector – with mobile banking and payment becoming the norm and non-bank operators such as Apple, Samsung, and Google entering the sector. Technological innovation also raises concerns about cyber security and spurs the increased integration of software and IT into this sector.

The new US tax legislation passed in 2017 limits the deductions for state and local income taxes. Although newly implemented, this change to federal law appears to be encouraging Finance & Corporate Headquarters firms in high local tax environments to consider relocating to less burdensome locations. Growing wealth overseas is also driving foreign investment opportunities in profitable US financial, real estate, and other markets.

FINANCE & CORPORATE HQ
AVERAGE SALARY, 2017



SOURCE: EMSI / Avalanche Consulting



SWOT Analysis

STRENGTHS

- Finance & Corporate Headquarters employment is highly concentrated and growing rapidly in West Palm Beach. From 2012 to 2017, sector employment grew 12% in the city. There are 3,840 Finance-related jobs in West Palm Beach and 34,300 Business & Financial Operations occupations in the city's overall labor shed.
- Finance & Corporate Headquarters operations pay high salaries – with an average salary of \$125,830 in West Palm Beach – more than double the overall average salary in the city and above the sector average in the Miami Metro, Florida, and the US.
- West Palm Beach is relatively well educated and in close proximity to top colleges and universities that offer degrees in Business and Finance. For example, the Florida Atlantic University's College of Business has a Trading Room that simulates a trading floor environment.
- The Flagler Financial District is located in the city's vibrant, walkable downtown that boasts a variety of cultural, entertainment, and restaurant offerings. The lifestyle amenities and affordability of West Palm Beach relative to other expensive financial centers make it easy to recruit financial talent to the area.
- The city is home to Palm Beach International Airport and is in close proximity to international airports in Fort Lauderdale and Miami, making it easy to access top financial markets in the Northeast.
- High speed internet access is readily available in West Palm Beach, and gigabyte service is much more common than seen in most US communities.
- 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. 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.
- Despite common perceptions, West Palm Beach is younger than the Florida and Palm Beach County average, and the active workforce under 65 is growing more rapidly than the US, state, and most benchmarks – making the city and county younger over time.

WEAKNESSES

- 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.
- Stakeholders cite the need for more diverse restaurant offerings downtown with a greater mix of value and quality, such as high-end dining options that appeal to sophisticated clientele in the Finance sector.
- Stakeholders cite poor perceptions of local PreK-12 school performance in West Palm Beach, which could hinder talent attraction efforts – but the Palm Beach County School District overall received an A rating in 2017.



SWOT Analysis

OPPORTUNITIES

- West Palm Beach’s geographic location near wealthy communities in South Florida and easy access to Latin American markets provides lucrative opportunities to grow the Finance sector.
- 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 potential Okeechobee Business District designation will allow the city to increase in-demand Class A office product in a prime downtown location.
- Despite perceptions, traffic in the city is relatively low with commute times currently well below average and actually falling in recent years. Implementation of the city’s Mobility Plan will further enhance transportation infrastructure and mobility in the city.
- The new federal tax code limits the amount of local and state income tax deductions. Many Finance & Corporate Headquarters operations are located in states such as New York and Illinois that feature high local and state income taxes – creating a strong financial incentive for these firms to relocate portions of their business to jurisdictions with less burdensome local taxes, such as Florida. Anecdotes and data trends show this is already occurring, and it presents a significant opportunity for West Palm Beach to attract new firms in this sector and grow existing firm operations locally.

THREATS

- A major barrier to growth is lack of Class A office product. With limited Class A office product, high office lease rates and limited inventory drive up the cost of doing business and limit the expansion of existing businesses.
- Future economic downturns could limit business growth and availability of capital in West Palm Beach.



Gap Identification

- **Cybersecurity & Data** – Cybersecurity is of increasing importance across industries but particularly in the Finance sector as businesses seek to protect their clients data and financial information. With digital attacks growing in both sophistication and frequency, cybersecurity spending is growing rapidly. Bank of America Merrill Lynch estimates that the cybersecurity market will increase from \$75 billion to \$170 billion by 2020. Data hosting and management are the backbone of cloud computing and deeply integrated with cybersecurity. Investments in data centers continue to grow – with Google, Apple, Amazon, and more building new facilities regularly. With affordable electricity, space for development, and close ties to the financial industry, West Palm Beach offers an attractive location for businesses in this space. These operations require a highly skilled technology workforce but not in significant numbers – with data centers generally only needing operations and maintenance staff.
- **Venture Capital & Investors** – West Palm Beach and Palm Beach County are home to many investment management firms and wealthy individuals, but the community lacks a strong investor community focused on local opportunities and startups. With a growing workforce, attractive amenities, and room to grow more office space, West Palm Beach has significant potential to support small startups in a range of fields. Bringing together local capital and investors to focus on entrepreneurs and startups in West Palm Beach would help existing businesses grow and be attractive to new ventures.



Connectivity Analysis

Programs and plans that support and impact opportunities in the Finance sector include:

- The city's Planning Division has outlined plans for the potential **Okeechobee Business District** designation, which will allow the city to increase in-demand Class A office product in a prime downtown location.
- The West Palm Beach **Public Realm Action Plan** 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, enhancing talent attraction efforts in the Finance sector.
- The **Downtown West Palm Beach Mobility Plan** will further enhance transportation infrastructure and mobility in the Flagler Financial District. Talent and businesses alike are drawn to dense, urban cores that offer a variety of transportation options, including walking, biking, and public transportation.
- 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. Their programs, including career fairs, internship expos, an online internship database, and marketing campaigns will help to connect local talent with job opportunities in the Finance sector.



Medical Sector



Photo Credit: Historic Palm Beach

Sector Overview

The Medical sector covers a range of technology, products, and services that enhance the delivery of human health care services. Traditionally this means hospitals, doctors, and specialists providing assessments and treatment. Increasingly, Medical also includes companies using new technology to better understand human genetics, software developers creating telemedicine and record management programs, and manufacturers designing and building medical devices.

Hospitals, clinics, nursing facilities, and doctors offices – the primary providers of health care services – locate where there are patients. Their operations are affected by public budgets, insurance systems, and other regulatory factors, but their fundamental purpose is to serve patients, and they tend to expand based on local population demand.

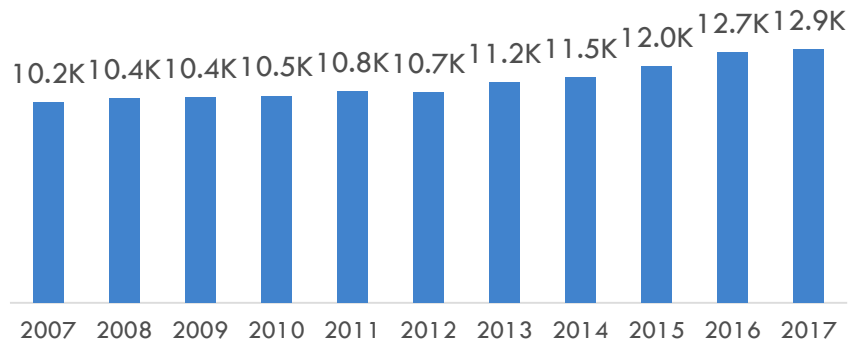
Medical operations work within health care systems and often concentrate in areas with established hospital networks. A skilled workforce is one of the

top needs of this sector. As a result, the Medical sector thrives in locations with colleges and universities producing a high volume of skilled graduates in nursing, therapeutics, and other fields. A quality of life that offers housing, culture, and other amenities attractive to doctors and skilled workers is a major need for Medical operations when recruiting and retaining top talent.

Technology-based Medical businesses, such as device manufacturers, often concentrate in locations near universities conducting related research and development. They benefit from technological breakthroughs and transfer systems as well as entrepreneurial support programs.

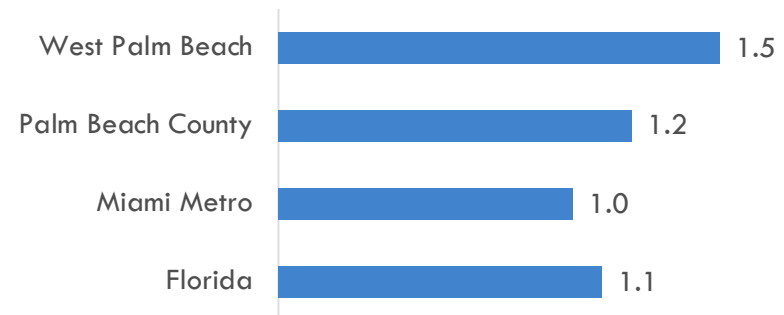
Other Medical subsectors, such as Biomedical Testing and Medical Tourism benefit from strong logistical infrastructure such as international airports, highway access, and rail systems. They rely on these networks to bring in patients for specialized care and distribute medical supplies in regional health care networks.

MEDICAL SECTOR
WEST PALM BEACH EMPLOYMENT, 2007 – 2017



SOURCE: EMSI / Avalanche Consulting

MEDICAL SECTOR
LOCATION QUOTIENT (LQ) – 2017



SOURCE: EMSI / Avalanche Consulting



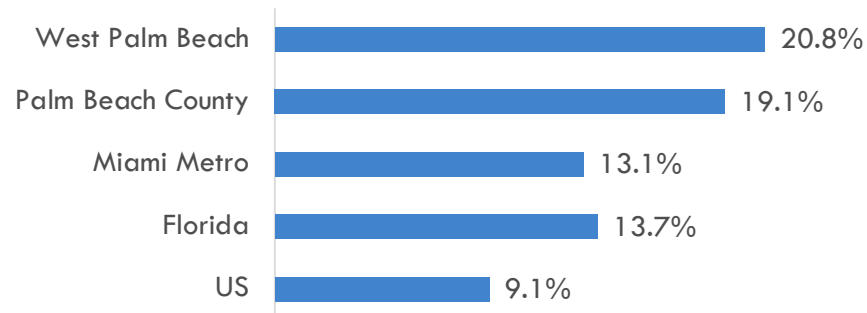
Local & Global Trends

LOCAL TRENDS

Medical employment is highly concentrated and growing rapidly in West Palm Beach. Medical is one of the fastest growing sectors nationally – increasing employment 9% from 2012 to 2017. At 21%, the sector grew more than twice as rapidly in West Palm Beach – faster than Palm Beach County (19%), the Miami Metro (13%), and the State of Florida (14%).

The Medical sector reached an all time peak of 12,900 jobs and an LQ of 1.5 in West Palm Beach in 2017 – 50% more concentrated than the US average. The same year, the sector paid an average salary of \$50,520 in West Palm Beach – slightly lower than the averages for Palm Beach County (\$53,210), the Miami Metro (\$54,470), Florida (\$53,080), and the US (\$54,230). Slightly lower overall salaries in West Palm Beach are partially driven by a high concentration of Nursing & Residential Care Facilities in the city, which tend to pay lower wages than doctors offices, biomedical testing facilities, and other specialty subsectors.

MEDICAL SECTOR
EMPLOYMENT GROWTH, 2012 – 2017



SOURCE: EMSI / Avalanche Consulting

GLOBAL FORCES

The growing and aging US population continues to create new demands for health care. New medical devices, therapies, and pharmaceuticals increase demand and costs, and changes to insurance and the regulatory environment add complexity and new requirements within the Medical sector. Rising costs are increasing the number of hospital system consolidations to reduce costs. Cost reduction and emphasis on continuity of care is changing how health care is delivered, with more doctors prioritizing patient outcomes and focusing on behavioral, lifestyle, and wellness strategies.

Technology and globalization are also changing the face of the sector. New devices and therapies are leading patients to seek treatment in locations that offer specialized, high-quality services. Increased overseas wealth is driving growth in Medical Tourism as international patients travel to the US to take advantage of these top services.

MEDICAL SECTOR
AVERAGE SALARY, 2017



SOURCE: EMSI / Avalanche Consulting



SWOT Analysis

STRENGTHS

- Medical employment is highly concentrated and growing rapidly in West Palm Beach. From 2012-2017, the sector grew 21% in West Palm Beach, faster than Palm Beach County (19%), the Miami Metro (13%), State of Florida (14%), and US (8%). There are 12,900 Medical-related jobs in the City of West Palm Beach and 43,600 Health Care occupations in the city's labor shed.
- 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. Good Samaritan Medical Center provides internal medicine, general surgery, outpatient surgery, cardiology, orthopedics, oncology, delivery, lab results, radiology, and rehabilitation services while St. Mary's Medical Center 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.
- The population of West Palm Beach is growing rapidly – at nearly twice the US rate over the past five years, with notably high growth among younger working residents. This generates more demand for health care services in the area and provides a growing, educated labor pool for employers.
- West Palm Beach is relatively well educated and in close proximity to top colleges and universities that provide health care-related degrees and programs.
- The city's quality of life offerings include housing, culture, and other amenities attractive to doctors and skilled workers that aid in recruiting and retaining top talent in the Medical sector.
- Palm Beach County is home to numerous research universities and private institutes conducting research in health care and other fields. These include Florida Atlantic University, Nova Southeastern University, Scripps Research Institute, Max Planck Florida Institute, and numerous private companies conducting research and development on products. In 2016, Florida Atlantic University's top funded research fields included \$7.5 million in Biological & Biomedical Sciences and \$3.6 million in Misc. and Health Sciences while Nova Southeastern University's research activity included \$8.3 million in Health Sciences.

WEAKNESSES

- While the population of West Palm Beach has grown rapidly over the past decade, much of the population in the surrounding region that utilizes medical facilities remains seasonal.
- Housing in West Palm Beach is more affordable than many benchmarks, but 43% of households in the city spent more than 30% of their income on housing costs in 2016. Stakeholders cited finding affordable housing options in West Palm Beach as a challenge for health care workers.
- Stakeholders cite poor perceptions of local PreK-12 school performance in West Palm Beach, which could hinder efforts to attract surgeons and other medical workers if not addressed.



SWOT Analysis

OPPORTUNITIES

- Overall, the growing and aging US population continues to create new demands for health care. New medical devices, therapies, and pharmaceuticals also increase demand.
- There is opportunity to develop a destination medical campus that connects multiple medical facilities and offers training for new equipment and procedures in partnership with medical device manufacturers.
- The Hospital for Special Surgery currently in development will catalyze additional growth in the city's health care industry. This top-rated orthopedic hospital will offer outpatient orthopedic care such as diagnostic services, ambulatory surgery, rehabilitation, and sports programs.
- Medical device and other health care-related tech companies are spreading across South Florida. There is potential to grow health care-related innovation in West Palm Beach, which is in close proximity to Scripps Research Institute & Max Planck Florida Institute as well as R&D activity at Florida Atlantic University and Nova Southeastern University. The addition of wet lab and other innovation space could help these firms locate and grow in West Palm Beach.
- West Palm Beach's proximity to Latin America and robust transportation infrastructure, including Palm Beach International Airport, Brightline, Tri-Rail, and highway access, could support growth in niche sectors such as Biomedical Testing and Medical Tourism, which rely on these networks to bring in patients for specialized care and distribute medical supplies in regional health care networks.
- Development of wet lab space in the Jefferson Terminal District or other locations in West Palm Beach could create new opportunities to support entrepreneurs and attract medical device and other private research companies.

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 health care employers to find skilled workers – but this is a national trend not unique to West Palm Beach.
- There is a robust medical R&D presence in the region, but stakeholders cite challenges retaining firms in the region due to a lack of commercialization, funding, entrepreneurial support programs, and office space.
- 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. High levels of economic inequality and poverty increase demand for public services, including health care services. This could strain service providers that have limited resources to meet this increased demand.



Gap Identification

- Destination Medical** – West Palm Beach has the potential to become a global destination for medical care. Wealthier patients often travel to destinations known for premier, specialized medical care. In addition to American patients traveling for care, growing wealth overseas is leading many international patients to travel to the US for medical care. Destination Medical communities generally must have high-quality hotels, an international airport, and world-renowned physicians, surgeons, and specialized hospitals. Good Samaritan and St. Mary’s currently provide exceptional care and complementary specialized services. The new Hospital for Special Surgery will create additional unique services in the community with a globally recognized name. The attraction and retention of top surgeons and doctors will be critical to developing West Palm Beach as a medical destination. Exceptional quality of life amenities, transportation access, climate, and the tax environment will also aid in talent attraction efforts.
- Medical Technology** – South Florida is a global leader in medical technology research, development, and manufacturing – with numerous universities, large corporations, and startups leading the way in this sector. Medical Technology, or MedTech, covers the convergence of software, services, and devices that serve human health needs. With a large Medical sector, growing educated workforce, and room for growth, West Palm Beach is a potentially attractive location for businesses in this subsector. Lack of available Class A office and wet lab space could limit growth, but a number of projects work in this subsector’s favor – including efforts to develop an Innovation District, the Brightline connecting West Palm Beach to clusters across South Florida, and the development of the Okeechobee Business District. Further developing relationships between local hospitals and regional universities could help accelerate growth in this sector.



Connectivity Analysis

Programs and plans that support and impact opportunities in the Medical sector include:

- 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. Their programs, including career fairs, internship expos, an online internship database, and marketing campaigns will help to connect local talent with job opportunities in the Medical sector.
- Local medical centers' initiative to develop a **destination medical campus** that connects multiple medical facilities and offers training for new equipment and procedures in partnership with medical device manufacturers will create opportunities to grow complementary niche sectors in West Palm Beach's Health Care Industry.
- The city's Planning Division is conducting a **Warehouse District Study** that will support opportunities to catalyze additional growth in innovation, especially with city-owned property. Designated overlay zoning will allow flexibility for both residential and industrial uses.



Marine Sector



Photo Credit: The Palm Beacher Magazine



Sector Overview

The Marine sector includes a range of operations involved in recreational and business use, exploration, and manufacturing related to the ocean and other navigable waters. This includes ship, boat, and submersible designers, manufacturers, and sellers. It also includes water transportation, port and marina operators, cargo handling, navigation services, and other support activities for the transportation of people and goods over water.

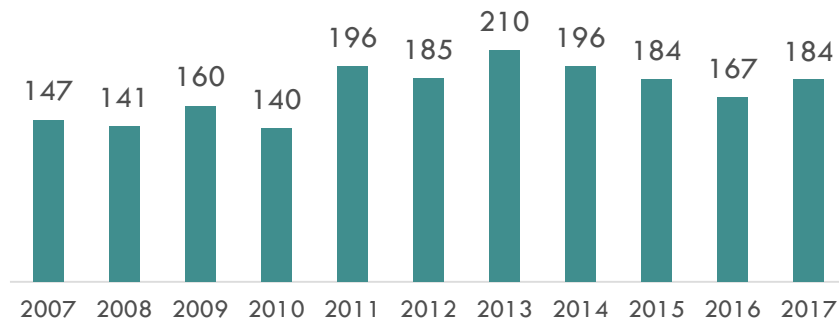
The mega and super yacht (yachts over 79 feet in length) subsector makes up its own special luxury segment of the Marine sector – focused on manufacturing, selling, crewing, and maintaining larger private vessels.

A primary need of the Marine sector is access to navigable waters and the infrastructure and services to support this access. The types of infrastructure and support vary depending on the water – with rivers, oceans, lagoons, and bays all requiring different types of ports, maintenance, dredging, harbor management, and more.

Proximity to Marine users and workforce are also important considerations for this sector. Marinas, ports, and other primary operations have relatively small workforces, but they require specialized skills. These skills are often obtained on the job but can benefit from highly specialized training programs. The crews of ships and yachts are often drawn from a global workforce of self-selecting individuals. When ships are in-dock for maintenance or other reasons, these crews require lodging, entertainment, and other services to make their onshore stay easier and less burdensome on ship owners.

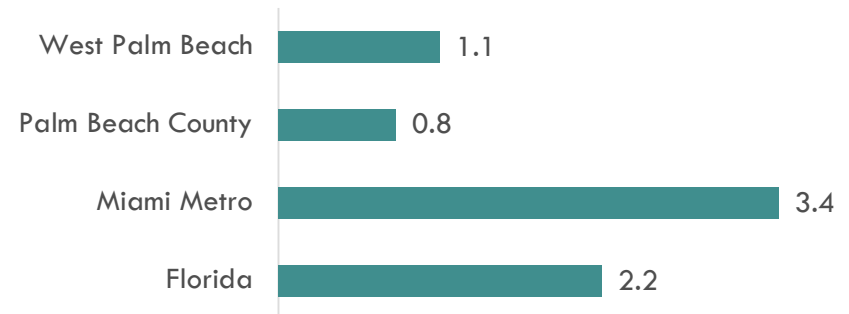
The overall Marine sector continues to be a major global economic driver – with a significant share of agricultural and manufactured goods being transported over water. Growth in the pleasure and luxury sides of the sector is driven by consumer demand and wealth. Sustained economic growth over the past decade has meant increased wealth and spending on luxury items, such as yachts, among high net worth households.

MARINE SECTOR
WEST PALM BEACH EMPLOYMENT, 2007 – 2017



SOURCE: EMSI / Avalanche Consulting

MARINE SECTOR
LOCATION QUOTIENT (LQ) – 2017



SOURCE: EMSI / Avalanche Consulting



Local & Global Trends

LOCAL TRENDS

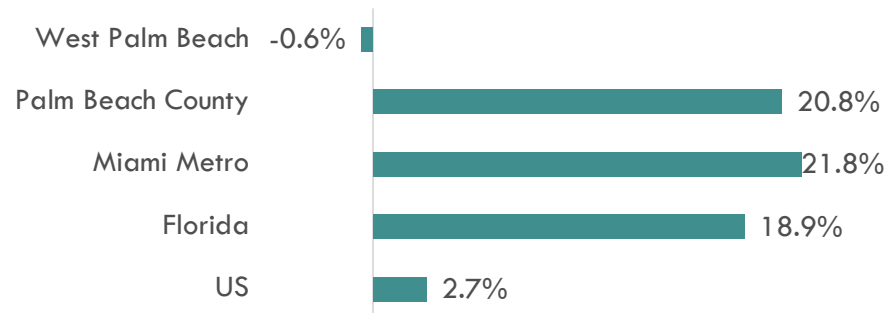
The Marine sector only accounts for 184 jobs in West Palm Beach, but this is 10% more concentrated than the US average with a 1.1 LQ. The Miami Metro has an LQ of 3.4 due to the large amount of activity at the Port of Miami. With numerous large international ports and local marinas, Florida has an overall LQ of 2.2. The most concentrated subsector in West Palm Beach is Marinas (134 jobs; 7.7 LQ).

In recent years, Marine sector employment has been relatively flat in West Palm Beach, and employment actually fell 0.6% from 2012 to 2017. In sharp contrast, Marine employment grew 21% in Palm Beach County, 22% in the Miami Metro, and 19% in Florida. Growth in the Miami Metro and statewide is likely due to continued growth in the international shipping industry, while high job growth in Palm Beach County is likely driven by Rybovich opening their second facility in Riviera Beach.

The Marine sector pays an average salary of \$52,140 in West Palm Beach – above the sector’s average in Palm Beach County (\$47,830), but less than the Miami Metro (\$66,330), Florida (\$58,030), and US (\$65,570). Higher salaries in these geographies is largely due to a higher share of international port operations, which feature higher skill positions and are often unionized.

Gross sales at Boat Dealers & Marinas in West Palm Beach have grown significantly over the past decade. From 2008 to 2017, sales grew 184% - reaching \$44.5 million in 2017. The success of Rybovich and growth of the Palm Beach International Boat Show contribute significantly to this rise in business activity. The strength and attractiveness of West Palm Beach’s Marine sector can also be seen in the 99% rise in Working Waterfront property value from 2012 to 2017 – this is 35 percentage points higher growth than overall property values in the city.

MARINE SECTOR
EMPLOYMENT GROWTH, 2012 – 2017



SOURCE: EMSI / Avalanche Consulting

MARINE SECTOR
AVERAGE SALARY, 2017



SOURCE: EMSI / Avalanche Consulting



Local & Global Trends

GLOBAL FORCES

Technology and economic health are the two primary drivers affecting the Marine sector. Technological innovation creates new types of yachts and features of yachts, which fuel demand. 3D printing, glass technology, multihulls, and other features are allowing manufacturers to make yachts lighter, more durable, and larger. These same innovations drive a need for continued maintenance and sophisticated facilities to service these vessels. Refitting and repairs accounted for nearly \$1.2 billion globally in 2017.

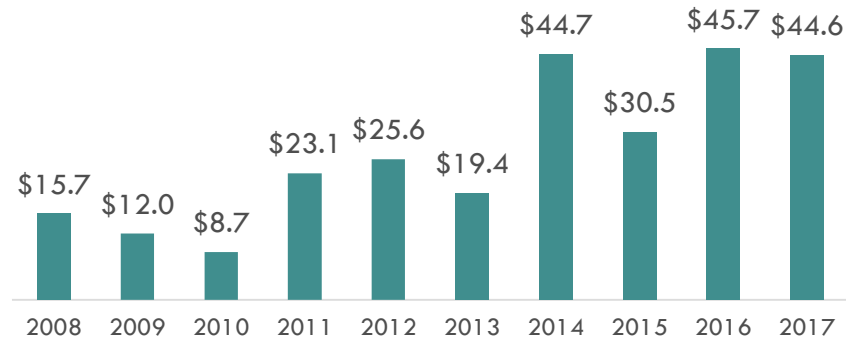
For smaller yachts, charters are an important service, but mega yachts remain driven primarily by sales. Growth in charters continues to grow, and charters are often an entry point for individuals considering purchasing a yacht. Because they are expensive luxury goods, the superyacht industry remains a very niche market. According to one report, there were only 4,500 superyachts worldwide in 2016. Rodriguez Consulting forecasts that this number will grow to 5,900 by 2022 – a 31% increase.

The US is still the world leader in yacht manufacturing – accounting for 43% of production – but on a per capita basis, ownership is more concentrated internationally. Countries with high concentrations of yachts include Norway, Finland, Canada, Sweden, New Zealand, and Australia.

As the number of ultra high net worth households grows overseas, so too will demand for all sizes of yachts. Domestically, the rise of young entrepreneurs from technology and other firms could also provide a new market for superyacht sales. An economic downturn could affect these forecasts, as wealthy individuals may reduce their luxury expenditures.

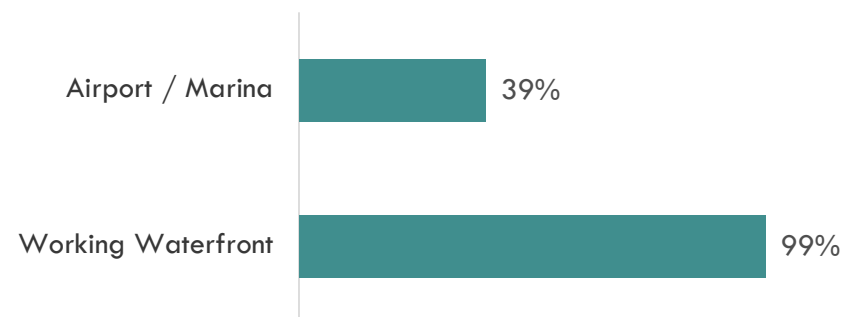
Boat International notes a growing demand for Superyacht Beach Clubs. These luxury facilities feature high-end design and amenities. They also provide a private and seamless connection between yachts and the shore – allowing wealthy owners to maintain anonymity and safety.

GROSS SALES (MILLIONS) – WEST PALM BEACH
BOAT DEALERS / MARINAS, 2008 – 2017



SOURCE: State of Florida / Avalanche Consulting

MARINE RELATED PROPERTY MARKET VALUE GROWTH
WEST PALM BEACH, 2012 – 2017



SOURCE: Palm Beach County Property Appraiser / Avalanche Consulting



SWOT Analysis

STRENGTHS

- The Palm Beach International Boat 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.
- There is a unique concentration of marine industry leaders in the city, including Rybovich, a full service superyacht marina and service facility, and Lockheed Martin, whose West Palm Beach location develops military submersible systems and operations.
- Gross sales at Boat Dealers & Marinas in West Palm Beach have grown significantly over the past decade. From 2008 to 2017, sales grew 184% - reaching \$44.5 million in 2017.
- Working Waterfront property value rose 99% from 2012 to 2017 – 35% higher than overall property value growth in the city.
- The city is strategically located on the waterfront with access to deep water and in close proximity to the Port of Palm Beach, the fourth busiest port in Florida that exports bulk commodities, primarily to the Caribbean.
- Local universities have existing programs and research that support this sector – Florida Atlantic University has an ocean engineering program and Nova Southeastern University’s research activity included \$9.5 million dedicated to Ocean & Marine Sciences in 2016.
- Local employers cited success in recruiting skilled engineering talent from colleges and universities across the state.

WEAKNESSES

- 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 in niche fields such as the Marine sector. Labor shortages are a national concern, however, and the Marine sector employs a very niche workforce that is attracted to the major industry employment centers – often from across the globe.
- Stakeholders cited finding affordable housing options in West Palm Beach as a challenge for marine industry workers. However, the new Rybovich Marina Village initiative should mitigate this concern.



SWOT Analysis

OPPORTUNITIES

- Rybovich's Marina Village initiative is anticipated to further revitalize the North End of West Palm Beach, providing increased housing availability through a \$120 million rental residential development and expansion of the working waterfront marina.
- The newly designated Opportunity Zone in West Palm Beach's North End will incentivize investment in this neighborhood.
- Stakeholders cite that the waterfront is currently underutilized. There is currently a large unmet demand for recreational ocean activities for both residents and visitors. Plans by the CRA and City to develop a marina in Currie Park present a significant opportunity to create recreational marine activity in the city – alongside potential development of smaller pocket parks along the city shoreline. In the future, there may be opportunities for the City to revisit the legal agreement with the State of Florida related to use of public waterfront property downtown. .
- Bringing together West Palm Beach's waterfront access with Florida Atlantic University and Nova Southeastern University's ocean engineering and marine science programs can support additional opportunities in the marine sector. The city could potentially host a marine research facility.

THREATS

- Future economic downturns could limit business growth and availability of capital in West Palm Beach, especially niche sectors such as the Marine sector.
- 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 could negatively impact local Marine sector infrastructure.



Gap Identification

- Recreational Marine Activity** – Recreational marine activity includes paddle board, kayak, and other rentals; oceanside dining and retail; and public access to the water. These options are limited in many parts of Palm Beach County, and there is a high demand from visitors and younger residents for these options. Plans by the CRA and City to develop a marina in Currie Park present a significant opportunity to grow recreational marine activity in West Palm Beach – adding an attraction for visitors and a significant amenity for residents.
- Luxury Yacht Expansions** – Rybovich’s Marina Village will further enhance their standing as one of the world’s top destinations for luxury yacht owners, while also providing a unique amenity and jobs for residents in the area. The Palm Beach International Boat Show continues to grow and is exploring infrastructure to allow larger yachts to participate. This further solidifies West Palm Beach as a globally recognized leader in the Marine sector.
- Aerospace / Defense** – Aerospace is not directly a Marine subsector, but aspects of the Marine industry include Defense, and the Aerospace / Defense subsector shares many business needs and characteristics that make it a potential opportunity for West Palm Beach. There are currently no Aerospace operations in the City of West Palm Beach, but Palm Beach County is home to a large and rapidly growing Aerospace cluster. There are over 3,800 Aerospace jobs in the county, and this cluster grew 56% over the past five years. The city is already home to defense contractors such as Lockheed Martin, which operates a submersible design, testing, and manufacturing division locally. New opportunities continue to emerge in this sector. Much attention is focused on aerial drones, but submersible robots are another growing subsector with applications across industries.



Connectivity Analysis

Programs and plans that support and impact opportunities in the Marine sector include:

- The **Palm Beach International Boat Show Economic Impact 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. The Boat Show makes a large impact on both the Marine and Tourism sectors.
- The newly designated **Opportunity Zone** in West Palm Beach's North End will incentivize investment in this neighborhood, which could further support marine industry growth. For example, **Rybovich's Marina Village** initiative is anticipated to further revitalize the North End of West Palm Beach, providing increased housing availability through a \$120 million rental residential development and expansion of the working waterfront marina.



Tourism Sector



Photo Credit: Palm Beach Post

Sector Overview

The Tourism sector covers a range of businesses that attract visitors to West Palm Beach and Palm Beach County – including hotels, restaurants, entertainment, recreation, and related services. Many of these same Tourism businesses also serve local residents – enhancing quality of life by providing amenities and activities for all to enjoy.

Tourism is not traditionally considered a primary employment industry, because many of its jobs are lower-paying, and its growth is based on consumer spending patterns. Nonetheless, Tourism is an export sector, because it draws outside wealth into a community through visitor spending.

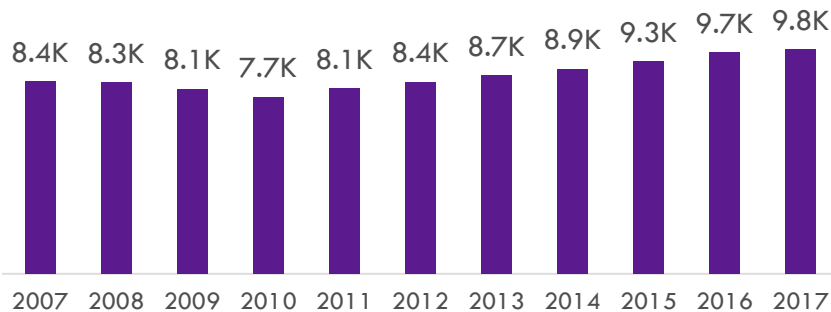
As an export sector, Tourism has a tremendous impact on the local economy despite paying relatively low wages. Tourism creates profits for locally owned establishments and brings in significant sales tax revenues that support community programs and investments.

The Tourism sector grows where there are attractions for visitors and the infrastructure necessary to support access. Depending on the characteristics of a Tourism destination, these infrastructure requirements may include international airports, roads and rail, hotels, marinas, bike paths, hiking trails, and more.

Workforce requirements of Tourism are minimal. Businesses need more soft skills than hard, but the sector can benefit from supportive culinary and hospitality training programs.

The health of the Tourism sector in a local economy is ultimately dependent on distinctive natural, cultural, recreational, shopping, and other experiences that cannot be readily found elsewhere. Businesses in this sector also benefit from Tourism marketing, wealth in the local community, and a healthy international economy.

TOURISM SECTOR
WEST PALM BEACH EMPLOYMENT, 2007 – 2017



SOURCE: EMSI / Avalanche Consulting

TOURISM SECTOR
LOCATION QUOTIENT (LQ) – 2017



SOURCE: EMSI / Avalanche Consulting



Local & Global Trends

LOCAL TRENDS

Tourism employment is highly concentrated in West Palm Beach and across Florida. Following a dip during the recession, the Tourism sector has grown steadily in West Palm Beach since 2010, reaching a peak of nearly 9,800 jobs in 2017 with an LQ of 1.2. The Tourism sector is slightly more concentrated in Palm Beach County overall, with an LQ of 1.3.

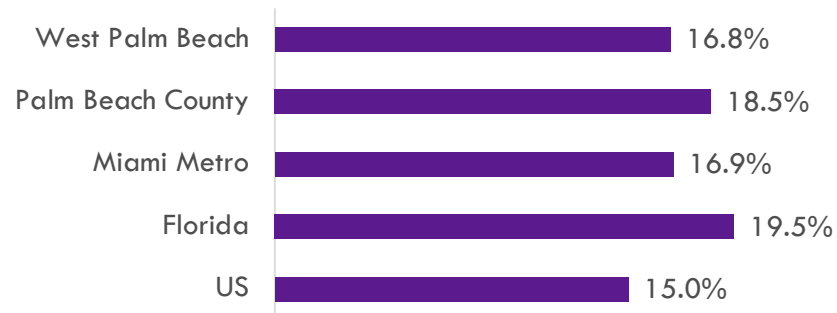
Within Tourism, the most concentrated employment subsectors in West Palm Beach are Racetracks (30.0 LQ; 490 jobs), Marinas (7.7 LQ; 146 jobs), Theater Companies (4.8 LQ; 169 jobs), Zoos & Botanical Gardens (4.3 LQ, 95 jobs), Museums (3.7 LQ; 188 jobs), Amusement & Theme Parks (3.3 LQ; 317 jobs), Bars (2.6 LQ; 536 jobs), and Restaurants (1.1 LQ; 6,140 jobs).

Note: Some employers that comprise these subsectors may be located outside West Palm Beach city limits. Zip code level data were often used, and these do not perfectly match city boundaries. This data still provides a good representation of the city, and businesses just outside city limits are still deeply integrated with the local economy.

Notably, Hotels & Motels are less concentrated than the US average – with an LQ of 0.8. These trends correspond to observations in the Competitive Assessment that West Palm Beach has fewer overnight stays than visitors.

From 2012 to 2017, Tourism employment grew 17% in West Palm Beach – the same rate as the Miami Metro and faster than the US growth rate of 15%. Tourism jobs grew 19% in Palm Beach County over this period and 20% in Florida. Tourism is not a high-paying sector. In 2017, the average salary in West Palm Beach was \$23,560 – above the US average (\$22.4K), but below Florida (\$24.3K), Palm Beach County (\$25.4K), and the Miami Metro (\$26.9K). In contrast, the Tourism sector generates significant sales tax revenues. In 2016, Hotels, Restaurants, & Bars produced nearly \$1.4 billion in sales in West Palm Beach – generating more than \$33 million in tax collections (11% of all sales tax collections in the city). From 2011 to 2016, these sales grew 52% in West Palm Beach.

TOURISM SECTOR
EMPLOYMENT GROWTH, 2012 – 2017



SOURCE: EMSI / Avalanche Consulting

TOURISM SECTOR
AVERAGE SALARY, 2017



SOURCE: EMSI / Avalanche Consulting



Local & Global Trends

The growth of property market values in West Palm Beach reveals particular strengths in the city's Tourism sector. From 2012 to 2017, the Tourism-related property categories that saw the greatest value growth were Shopping Centers (124% growth in value), Motel (81% - includes hotels), Stores & Department Stores (48%), and Theater / Auditoriums (45%). The slowest growth in values was in properties categorized as Night Clubs (17% growth) and Cultural (18%).

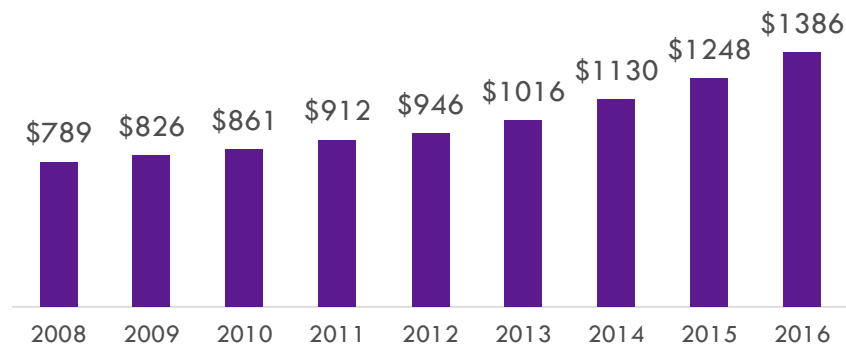
GLOBAL FORCES

In recent years, experts have written about the growing shift in Tourism from traditional consumption activities towards “experiential travel,” which focuses on connecting with a location's history, culture, and people. According to estimates from McKinsey & Company, since 2014, total US spending on experience-related services has grown nearly four times faster than overall spending on goods.

This behavior has been especially notable among the Millennial generation. Individuals in this cohort are more likely to believe experiences contribute to greater happiness than does the acquisition of goods, a dynamic generally backed by scientific studies. These individuals often seek authenticity over popularity, and seek social connectivity in their travel – including utilization of social media, particularly Instagram, to tag and share their experiences.

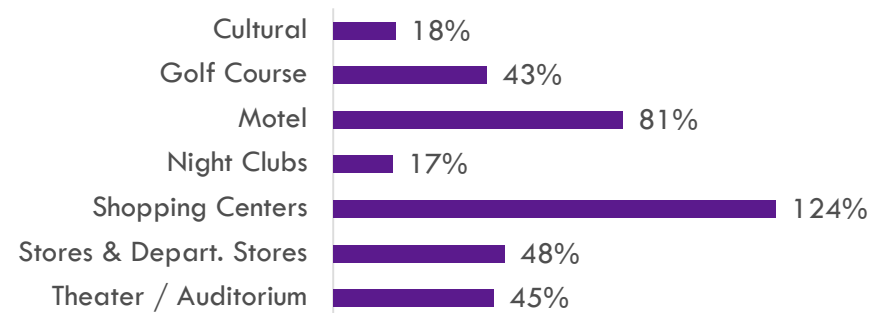
Decreased travel costs combined with a rising global middle class are creating more international tourists – including a rise in travelers to US destinations. At the same time, US residents are looking for new domestic destinations. With less disposable income and an interest in authentic experiences, Millennials increasingly disregard the traditional, expensive foreign vacation packages and seek new options closer to home. As Millennials have children and see their incomes grow, their demand for Tourism experiences will likely continue to evolve.

GROSS SALES (MILLIONS) – WEST PALM BEACH
HOTELS, RESTAURANTS, BARS, 2008 – 2016



SOURCE: State of Florida / Avalanche Consulting

TOURISM RELATED PROPERTY MARKET VALUE GROWTH
WEST PALM BEACH, 2012 – 2017



SOURCE: Palm Beach County Property Appraiser / Avalanche Consulting



SWOT Analysis

STRENGTHS

- The Tourism sector has grown steadily in West Palm Beach, growing 17% from 2010 to 2017 and reaching a peak of nearly 9,800 jobs in 2017.
- The Tourism sector generates significant sales tax revenues. In 2016, Hotels, Restaurants, & Bars produced nearly \$1.4 billion in sales in West Palm Beach – generating more than \$33 million in tax collections. From 2011 to 2016, these sales grew 52% in West Palm Beach.
- The number of visitors to Palm Beach County have grown rapidly over the past decade, welcoming an all-time high of 7.9 million visitors in 2017.
- 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.
- 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.
- 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.
- Retail assets that draw visitors include CityPlace, Palm Beach Outlets, and Antique Row.
- The city boasts 53 community parks, including waterfront land along the Intra-Coastal waterway. Outdoor recreation opportunities, such as boating, fishing, and golf, are available year-round, and there are opportunities for additional recreational marine activity.
- West Palm Beach is home to the Ballpark of the Palm Beaches, which hosts the Houston Astros and Washington Nationals spring training.
- 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. The City is also in close proximity to Fort Lauderdale-Hollywood International Airport and Miami International Airport.
- The newly opened Brightline train offers express service between West Palm Beach, Fort Lauderdale, and Miami, with Orlando service in development, making it easier for visitors to travel to West Palm Beach from other top tourist destinations in Florida.

WEAKNESSES

- Relatively high levels of violent and property crime create a negative image for the city and could deter tourism.
- Stakeholders cite the need for more diverse restaurant offerings with a greater mix of value and quality.



SWOT Analysis

OPPORTUNITIES

- 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. Additionally, Hotels & Motels employments are less concentrated than the US average – with an LQ of 0.8. There is demand for another full-service hotel in West Palm Beach similar to the new Hilton West Palm Beach.
- As hotel capacity expands, there is an opportunity to attract more conferences & events to the Palm Beach County Convention Center that are aligned with West Palm Beach and Palm Beach County’s target industries.
- Since 2014, total US spending on experience-related services has grown nearly four times faster than overall spending on goods. Increased growth in “experiential offerings in West Palm Beach will further bolster growth in the Tourism sector.
- Stakeholders cite that the waterfront is currently underutilized. There is currently a large unmet demand for recreational ocean activities for both residents and visitors. Plans by the CRA and City to develop a marina in Currie Park present a significant opportunity to create recreational marine activity in the city – alongside potential development of smaller pocket parks along the city shoreline. In the future, there may be opportunities for the City to revisit the legal agreement with the State of Florida related to use of public waterfront property downtown. .

THREATS

- 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.
- West Palm Beach’s geographic location on the coast puts it at greater risk for sea level rise and natural disasters such as hurricanes, potentially disrupting tourism to the area.



Gap Identification

- **Experiential Vacations** – West Palm Beach has many attractions that draw visitors. The city should continue to expand experiential products that appeal to Millennials and younger tourists. The emphasis should be on locations and activities that are genuinely authentic, allow for social connection, and are truly unique. Cultural tourism could be a component of these experiences.
- **Hotels** – West Palm Beach accounts for a higher share of visitors than overnight stays in Palm Beach County, and the city has a relatively low concentration of hotel employment. Hotel market analyses conducted throughout the county also show increased planning and development of new hotel supply due to high occupancy rates in recent years. These statistics along with stakeholder input indicate that the city would benefit from another full-service hotel.
- **Conferences** – Additional hotels would likely help West Palm Beach attract more conferences to the Palm Beach County Convention Center. The Convention Center would benefit from attracting conferences and events that are tied to target industries. These connections could help promote West Palm Beach as a place to do business and live.
- **Recreational Marine Activity** – As mentioned in the Marine section, recreational marine activity includes paddle board, kayak, and other rentals; oceanside dining and retail; and public access to the water. These options are limited in many parts of Palm Beach County, and there is a high demand from visitors and younger residents for these options.
- **Connectivity** – Downtown West Palm Beach is walkable and bike-able, but much of the city remains accessible primarily by car and uninviting for pedestrians.



Photo Credit: Hilton



Photo Credit: Smarter Travel



Connectivity Analysis

Programs and plans that support and impact opportunities in the Tourism sector include:

- The **Discover The Palm Beaches Destination Marketing Plan** 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 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.
- The **Palm Beach County Arts & Economic Prosperity 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 Tourism sector.
- The **Downtown West Palm Beach Mobility Plan** will further enhance transportation infrastructure and mobility, making West Palm Beach an even more accessible location for visitors to explore while in South Florida.
- The **West Palm Beach Parks Inventory and Parks & Recreation Master Plan** outlines the city's existing parks 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 visit.
- The **West Palm Beach Public Art 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.



Nighttime Economy



Photo Credit: Do West Palm



Sector Overview

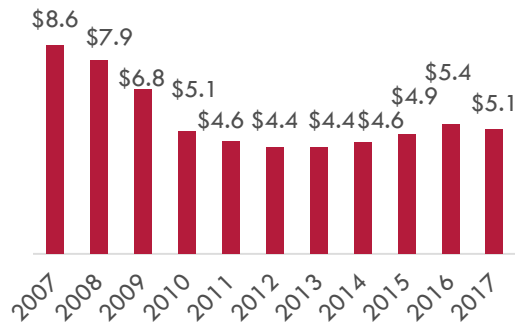
The Nighttime Economy includes business activities that take place during the evening, such as restaurants, nightclubs, performing arts, and other events. Nighttime Economy activity in West Palm Beach takes place in locations such as Downtown, which offers a variety of dining and entertainment options – including CityPlace, the funky, bohemian 500 Block of Clematis Street, and a growing number of late-night coffee shops and restaurants – as well as vibrant neighborhoods such as Northwood Village.

In addition to restaurants and nightlife, West Palm Beach is a destination 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 is a professional nonprofit theatre company that produces classic and contemporary plays.

LOCAL TRENDS

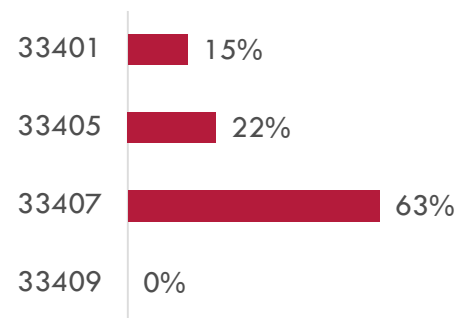
The Nighttime Economy in West Palm Beach has changed significantly over the past decade. According to local business and resident testimonies, ten years ago, the Nighttime Economy was much more focused on Night Clubs, and the data backs this up. From 2007 to 2017, the total market value of Night Clubs in West Palm Beach fell 40% from nearly \$9 million to \$5.1 million. This also represents a drop from 17 properties classified as Night Clubs in 2007 to 10 in 2017. The largest share of Night Club value remains in the 33407 zip code – which contains 63% of all market value in Night Clubs. The remaining value is distributed between the 33401 zip code (15%) and 33405 zip code (22%).

NIGHT CLUB PROPERTY MARKET VALUE
(MILLIONS)
WEST PALM BEACH, 2007 – 2017



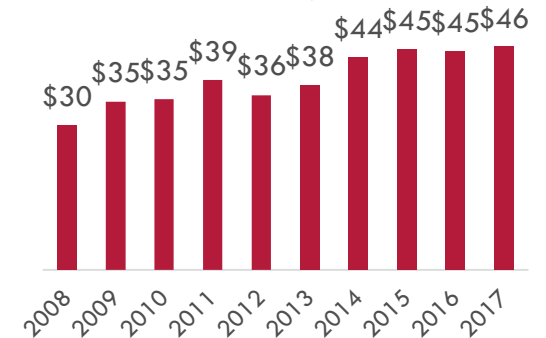
SOURCE: Palm Beach County Property Appraiser / Avalanche Consulting

NIGHT CLUB PROPERTY VALUE
ZIP CODE SHARE OF CITY TOTAL, 2017



SOURCE: Palm Beach County Property Appraiser / Avalanche Consulting

GROSS SALES (MILLIONS) – TAVERNS &
CLUBS / LIQUOR STORES
WEST PALM BEACH, 2007 – 2017



SOURCE: State of Florida / Avalanche Consulting



Local Trends

Although the number and value of Night Clubs have fallen, drinking alcohol remains a growing activity in West Palm Beach. From 2008 to 2017, the gross sales at Taverns & Clubs & Liquor Stores in West Palm Beach increased 55%.

There has also been tremendous growth in Dining in West Palm Beach. From 2008 to 2016, gross sales at Restaurants & Caterers increased by 75%. In 2016, Restaurants & Caterers accounted for 11% of all sales in West Palm Beach and were 27 times larger than liquor sales. In contrast, Restaurants only make up 0.4% of local property market value.

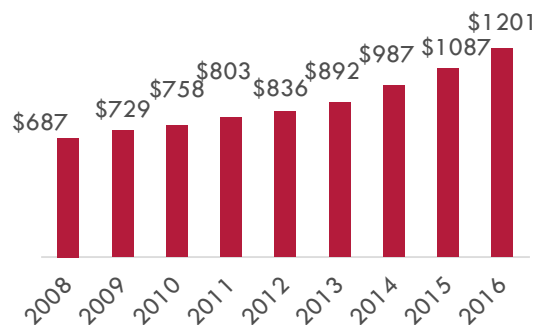
Like Night Clubs, Restaurant activity is highly concentrated in the 33407 zip code. The 33407 zip code accounted for 70% of all Restaurants & Caterers sales in 2016. The 33401 zip code accounted for 16%, the 33409 zip code for 10%, and the 33405 zip code for only 3% of sales.

Crime still remains a concern for the Nighttime Economy of West Palm Beach. As noted in the Competitive Assessment, crime in West Palm Beach is highly concentrated in Downtown (33401 zip code) and the Historic Northside (33407 zip code). Notably, these areas also feature a significant share of Restaurant and Night Club activity in the city.

The heat map below shows the distribution of aggravated assaults by day of the week and time of day. It shows that a high percentage of assaults occur in evening hours and on the weekend.

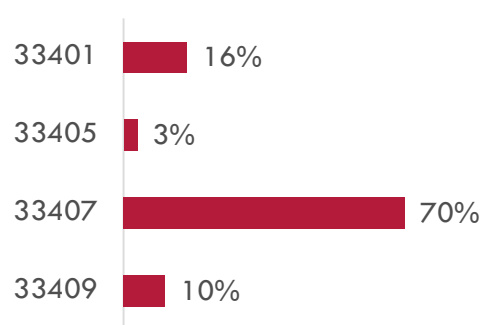
With these crime rates and patterns, perceptions of safety will likely remain a continued challenge for the Nighttime Economy in West Palm Beach.

GROSS SALES (MILLIONS) – RESTAURANTS / CATERERS, WEST PALM BEACH, 2008 – 2016



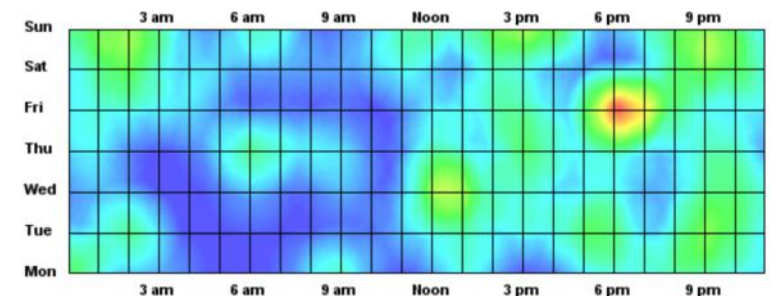
SOURCE: State of Florida / Avalanche Consulting

GROSS SALES – RESTAURANTS / CATERERS, SHARE OF CITY TOTAL, 2016



SOURCE: State of Florida / Avalanche Consulting

AGGRAVATED ASSAULT INCIDENTS BY DAY & TIME 2017



SOURCE: Community Crime Map / Avalanche Consulting



SWOT Analysis

STRENGTHS

- Entertainment is the third largest industry cluster in West Palm Beach, accounting for 10,120 jobs in the city.
- From 2008 to 2016, gross sales at Restaurants & Caterers increased by 75%. In 2016, Restaurants & Caterers accounted for 11% of all sales in the city.
- According to the Arts & Economic Prosperity study, the nonprofit, arts, and culture sector in West Palm Beach generates \$222 million in total economic activity, supports 5,291 full-time equivalent jobs, generates \$121 million in household income to local residents, and delivers \$21.7 million in local and state government revenue.
- According to the Palm Beach County Tourism Development Council, fine dining was a top activity of visitors, with 26% of visitors enjoying the fine dining options in the county in 2016.
- Downtown West Palm Beach offers a variety of dining and entertainment options that support the Nighttime Economy, including CityPlace, the funky, bohemian 500 Block of Clematis Street, and a growing number of coffee shops and restaurants.
- The historic Northwood District is a creative and eclectic destination that boasts a vibrant arts, shopping, and dining scene.
- West Palm Beach is home to the Kravis Center for the Performing Arts, which showcases a variety of national and international performances and provides arts education programs, and Palm Beach Dramaworks, a professional nonprofit theatre company that produces classic and contemporary plays.
- Numerous breweries have opened in West Palm Beach in recent years – offering unique and popular attractions to the city's nighttime economy.

WEAKNESSES

- Stakeholders cited a need of more upscale, sophisticated dining and nighttime entertainment options.
- Crime remains a concern for the Nighttime Economy of West Palm Beach, with crime highly concentrated in Downtown and the Historic Northside, areas that also feature a significant share of Restaurant and Night Club activity in the city. Additionally, a high percentage of assaults occur in evening hours and on the weekend.
- From 2007 to 2017, the total market value of Night Clubs in West Palm Beach fell 40% from nearly \$9 million to \$5.1 million. This also represents a drop from 17 properties classified as Night Clubs in 2007 to 10 in 2017.



SWOT Analysis

OPPORTUNITIES

- Continued job, population, and visitor growth in West Palm Beach will support a thriving Nighttime Economy.
- Stakeholders cited an opportunity to create a distinct identity for unique destinations that support the Nighttime Economy, such as the 500 Block of Clematis Street & Northwood Village.
- CityPlace is currently undergoing a redevelopment that will include more experiential offerings and placemaking investments, which will positively impact the Nighttime Economy.
- Establishing a West Palm Beach Brewers Association will add cohesion and marketing potential to the rapidly expanding cluster of breweries in the city.
- The newly opened Brightline train offers express service between West Palm Beach, Fort Lauderdale, and Miami, making it easier for South Florida residents and visitors to easily travel to West Palm Beach to enjoy its various nighttime entertainment offerings. In addition, Brightline can adjust train schedules to align with evening events, such as a game at the Ballpark of the Palm Beaches or a performance at Dramaworks.

THREATS

- Relatively high levels of violent and property crime create a negative image for the city and could deter patrons from spending evenings in West Palm Beach.
- While the number of visitors to Palm Beach County have grown rapidly over the past decade, visitation remains highly seasonal, with peak visitation in the winter months, which could create volatility for Nighttime Economy sectors.



Gap Identification

- **Active Nightlife** – Diverse nightlife offerings help make a city a vibrant place for residents and visitors. This includes not only night clubs, but a variety of establishments that are open in the evening hours, such as bars and restaurants. Trends such as craft breweries and experiential offerings, such as live music venues described below, are especially appealing to Millennials. New developments such as CityPlace 2.0, which is expanding its experiential offerings, will further support an active nightlife in West Palm Beach.
- **Live Music** – West Palm Beach is home to the successful SunFest event. There is an opportunity to grow live music offerings throughout the city, not just for larger concert events but in smaller venues as well.
- **Performing Arts** – Support for existing performing arts venues, such as DramaWorks and the Kravis Center, and expansion of these offerings will bolster arts and culture in the city. Additionally, the Brightline makes it easier for South Florida residents and visitors to travel to West Palm Beach to enjoy performing arts events in the evening.
- **High-End Dining** – Stakeholders cited a need for more high-end dining options in the city to appeal to sophisticated clientele in industries such as Finance. This would also appeal to visitors – according to the Palm Beach County Tourism Development Council, fine dining was a top activity of visitors, with 26% of visitors enjoying the fine dining options in the county in 2016.



Photo Credit: WPB Downtown Development Authority

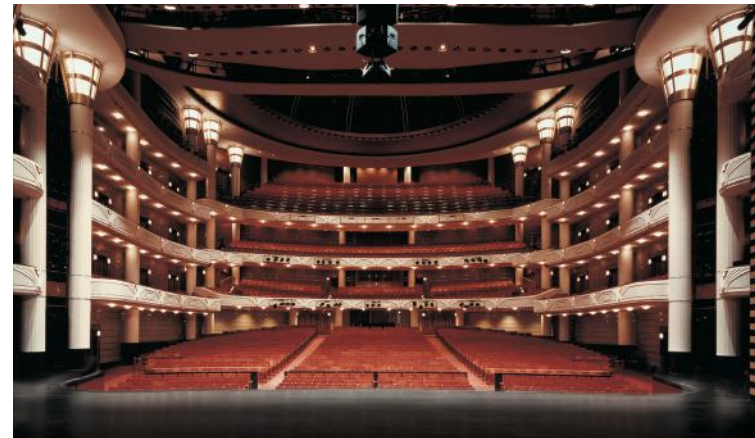


Photo Credit: SouthFlorida.com



Connectivity Analysis

Programs and plans that support and impact opportunities in the Nighttime Economy include:

- The **Discover The Palm Beaches Destination Marketing Plan** is a comprehensive strategy for marketing The Palm Beaches to visitors. Growth in visitors to West Palm Beach will further support a thriving Nighttime Economy.
- The **Palm Beach County Arts & Economic Prosperity 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 sector.
- The **West Palm Beach Public Realm Action Plan** outlines top opportunities for placemaking and enhancing quality of life throughout the city. Investing in these initiatives will enhance West Palm Beach's attractiveness as a nighttime entertainment destination.



Antique Row



Photo Credit: Discover the Palm Beaches

Sector Overview

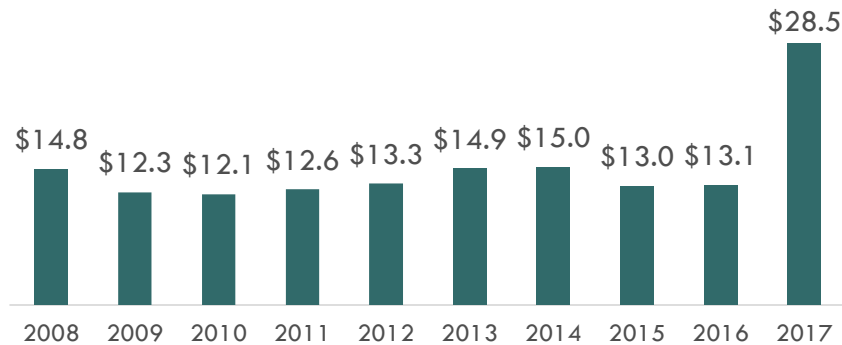
Antique Row is a world-renowned design destination with over 40 antique shops that has been lauded by Architectural Digest, The New York Times, Art & Antiques, and House Beautiful. Additionally, Conde' Nast Traveler ranked Antique Row as their #4 choice for best shopping in the US. Antique Row has been sought out by top interior designers across the country for the past 30 years.

Evening on Antique Row is a signature fundraising event held each year for the Historical Society of Palm Beach County. Dixie Highway is closed for the street festival and shops on Antique Row stay open late, allowing attendees to peruse the shops while enjoying gourmet food and drink and live entertainment.

LOCAL TRENDS

Note: For the purposes of this study, Avalanche examined sales and property data in the 33405 zip code as a rough approximate for Antique Row.

GROSS SALES (MILLIONS) – SECOND HAND STORES / ANTIQUE DEALERS – 33405 ZIP CODE, 2008 – 2017



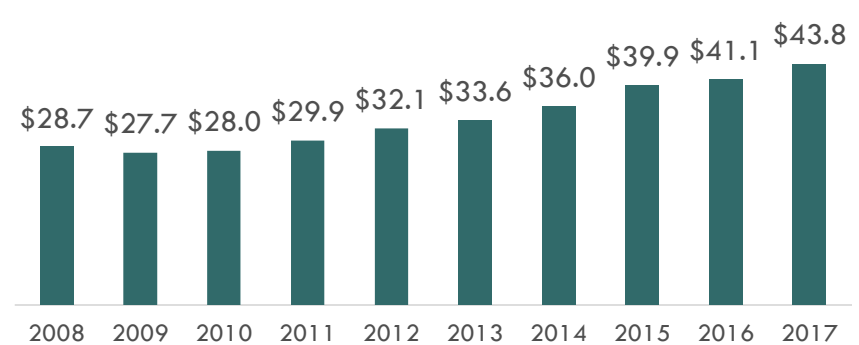
SOURCE: State of Florida / Avalanche Consulting

The 33405 zip code accounts for only 15% of all gross sales in West Palm Beach but averages 41% of Second Hand Stores & Antique Dealers sales citywide. Sales in this category in the 33405 zip code have been relatively steady over the past decade. Ignoring 2017, which saw an irregular doubling in sales, the average annual growth rate from 2009 to 2016 was 0.9% each year. In contrast, citywide average annual growth in Second Hand Stores & Antique Dealers sales over this period was 5.6%.

This indicates that antique sales on Antiques Row, while steady, are not growing in proportion to the rest of the local economy. In contrast to antiques, sales at Restaurants & Caterers in the 33405 zip code grew at an average annual rate of 5.9% from 2009 to 2017.

Sales of Interior Decorating / Painting / Paperhangers / Draperies – a related sector with strong potential in this geography – grew at an average annual rate of 9.9% from 2009 to 2017.

GROSS SALES (MILLIONS) – RESTAURANTS / CATERERS – 33405 ZIP CODE, 2008 – 2017



SOURCE: State of Florida / Avalanche Consulting

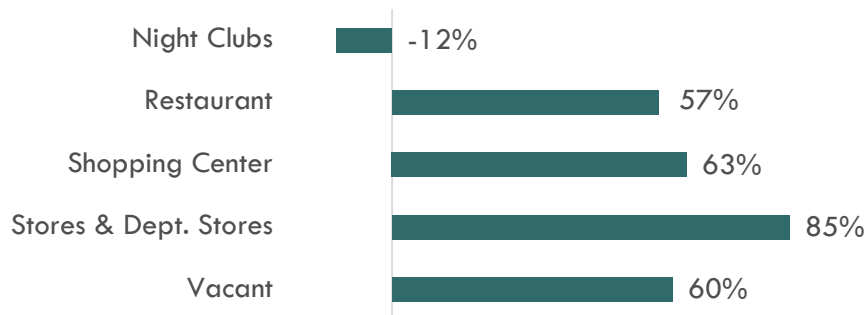


Local Trends

Examining property values in this area shows strong opportunities. The overall market value of properties in the 33405 zip code grew 87% from 2012 to 2017 – compared to 64% citywide. The value of Stores & Department Stores grew at about this rate (85%). The market value of Restaurants grew only 57% and Vacant properties 60%. The value of Night Clubs in the 33405 zip code declined 12% over this period – showing a shift towards more shopping and dining experiences.

Notably, the most concentrated employment clusters in the 33405 zip code include a number of manufacturing, textiles, and household/design industries. Textile Furnishings Mills and Other Textile Product Mills only account for 58 total jobs in this zip code – but this is significantly more concentrated than the US average. Similarly, the 33405 zip code has high employment concentrations in the manufacturing of goods for home construction and décor, including wood products, furniture, cabinets, and architectural metals.

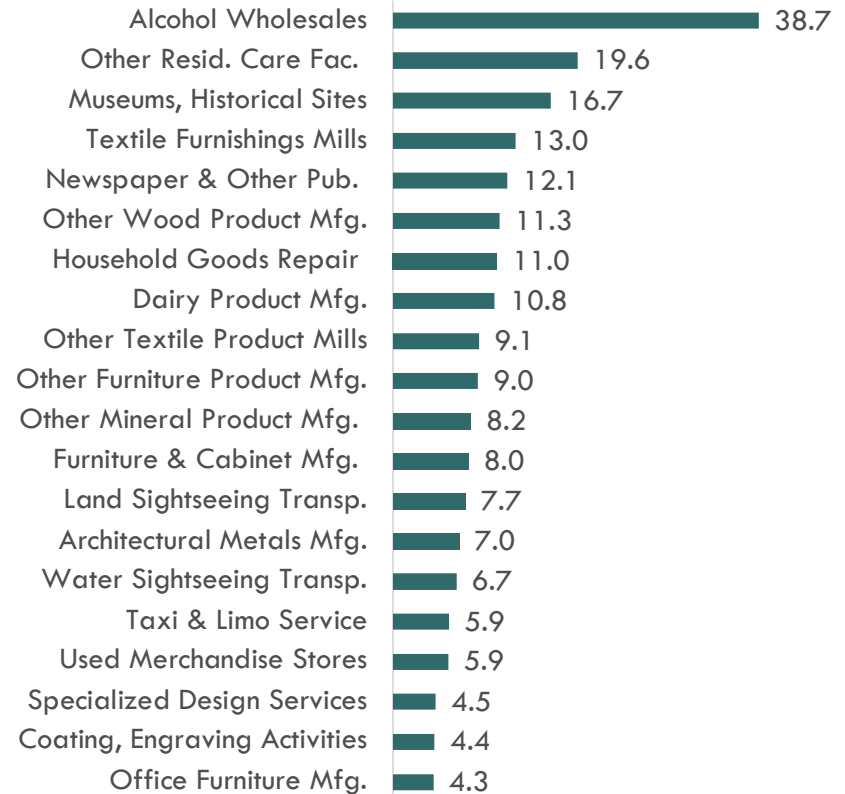
GROWTH IN PROPERTY MARKET VALUES BY SELECT USE
33405 ZIP CODE, 2012 – 2017



SOURCE: State of Florida / Avalanche Consulting

Related clusters that are concentrated in the zip code include Household Goods Repair (39 jobs; 11.0 LQ) and Specialized Design Services (29 jobs; 4.5 LQ). Used Merchandise Stores account for 47 jobs and an LQ of 4.5.

SELECT TOP EMPLOYMENT CLUSTER LOCATION QUOTIENTS
33405 ZIP CODE, 2017



SOURCE: EMSI / Avalanche Consulting



SWOT Analysis

STRENGTHS

- 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.
- Sales of Interior Decorating / Painting / Paperhangers / Draperies in the 33405 zip code grew at an average annual rate of 9.9% from 2009 to 2017.
- Overall, retail is the second largest industry cluster in West Palm Beach, accounting for 10,360 jobs in the city. The 33405 zip code is home to 1,170 retail jobs. Additionally, sales tax collections are growing rapidly in this zip code, rising 84% from 2012 to 2017.
- The overall market value of properties in the 33405 zip code grew 87% from 2012 to 2017 – compared to 64% citywide. The value of Stores & Department Stores grew at about this rate (85%).
- According to the Palm Beach County Tourism Development Council, shopping was a top activity of visitors, with 32% of visitors enjoying the retail offerings in the county in 2016.

WEAKNESSES

- Antique sales on Antiques Row, while steady, are not growing in proportion to the rest of the local economy. Sales in Second Hand Stores & Antique Dealers in the 33405 zip code have only seen an average annual growth rate of 0.9% each year. In contrast, citywide average annual growth in Second Hand Stores & Antique Dealers sales over this period was 5.6%.
- Antique Row's location along a major thoroughfare without distinct wayfinding or signage makes it easy for visitors to miss.



SWOT Analysis

OPPORTUNITIES

- The most concentrated employment clusters in the 33405 zip code include a number of manufacturing, textiles, and household/design industries. Similarly, the 33405 zip code has high employment concentrations in the manufacturing of goods for home construction and décor, including wood products, furniture, cabinets, and architectural metals. This illustrates an opportunity to grow complementary sectors to the existing retail offerings on Antique Row.
- 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.
- The successful “Evening on Antique Row” event can expand to draw more visitors to the area. Stakeholders cited the potential for monthly sidewalk sales to draw foot traffic.
- Growth in residents and visitors to West Palm Beach provides an expanding market for Antique Row. Additionally, the newly opened Brightline train offers express service between West Palm Beach, Fort Lauderdale, and Miami, making it easier for South Florida residents and visitors to access Antique Row.
- Many brick and mortar retailers are closing, but growth in experiential retail could bolster Antique Row as a unique shopping destination.

THREATS

- The number of visitors to Palm Beach County have grown rapidly over the past decade, but visitation remains highly seasonal, with peak visitation in the winter months, which could create volatility in sales for stores on Antique Row.
- With the rise of e-commerce, many brick and mortar retailers across the country are closing. E-commerce sales have increased from 0.8% of all retail sales in 2000 to 9.1% of all retail sales in 2017. Many physical storefronts now focus on experiential offerings and a complementary online presence to combat this trend.



Gap Identification

- **Pedestrian Friendliness** – South Dixie Highway along Antique Row is lacking in shade and other pedestrian-friendly features. Improving wayfinding and beautification by adding signage, sidewalks, trees, and lighting, will increase foot traffic for the shops along Antique Row. The recent mobility study commissioned by the City makes citywide recommendations on how to make streets more walkable, which in turn would increase visitation and shopping.
- **Connectivity** – Today, Antique Row is primarily a destination that shoppers reach by car. The area would benefit from greater bike, pedestrian, and transit connectivity – especially to Downtown, which is very close and a much more active part of the city.
- **Home & Design** – Antique Row and the surrounding area are about more than just antiques. The 33405 zip code is home to numerous home and design related businesses – from furniture manufacturing to interior design services. Businesses could benefit from branding the area as a distinct Home & Design destination.
- **Online Retail** – Contrary to the popular narrative, online retail has not meant the end of brick and mortar stores, but it does mean that they must adapt. Antique sales have been flat over the past decade, and many businesses in this area struggle to stay afloat. Building a greater online retail presence for Antique Row businesses would help them increase sales and draw visitors to the area. For businesses lacking expertise in this area, specialized training and other small business support services would be beneficial.



Photo Credit: Discover the Palm Beaches



Photo Credit: Palm Beach Post

Connectivity Analysis

Programs and plans that support and impact opportunities in Antique Row include:

- The **Discover The Palm Beaches Destination Marketing Plan** is a comprehensive strategy for marketing The Palm Beaches to visitors, potentially drawing more visitors to explore Antique Row.
- The **West Palm Beach Public Realm Action Plan** outlines top opportunities for placemaking and enhancing quality of life throughout the city. Placemaking investments are a key opportunity for Antique Row.
- The **Downtown West Palm Beach Mobility Plan** will further enhance transportation infrastructure and mobility in the City. These findings could provide guidance on how to improve mobility and connectivity of Antique Row.



Northwood Village & the Historic North End



Photo Credit: City of West Palm Beach

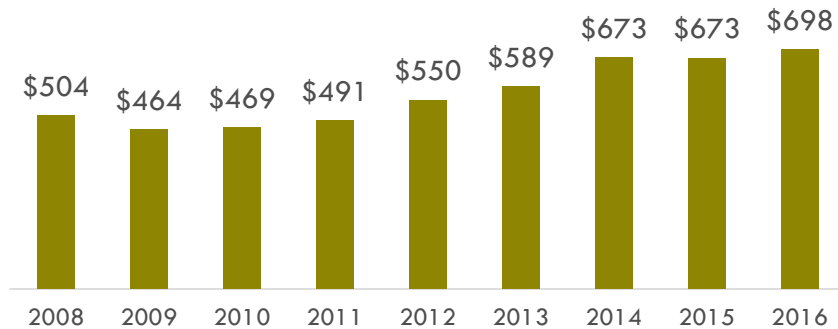
Sector Overview

Northwood Village is a creative and eclectic destination that boasts a vibrant arts, shopping, and dining scene. It includes Northwood Road, 24th Street, and 25th Street. In order to spur investment in this neighborhood, the West Palm Beach Community Redevelopment Agency invested \$18 million for marketing, private security, landscaping, roadway and streetscape improvements, infrastructure, and maintenance in the district between 2005 and 2015. While the CRA successfully catalyzed redevelopment, 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.

LOCAL TRENDS

Note: For the purposes of this study, Avalanche examined sales and property data in the 33407 zip code. This was the closest geographic area for which data was available and offers many insights for Northwood Village as well as the surrounding Historic North End. Northwood Village is a unique area within the 33407 zip code, and visits to Northwood Village and stakeholder input helped to identify distinct trends and opportunities in the area.

GROSS SALES (MILLIONS) – RETAIL TRADE
33407 ZIP CODE, 2008 – 2016



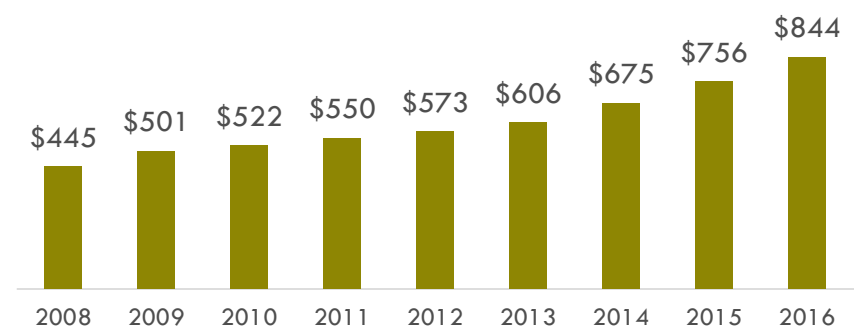
SOURCE: State of Florida / Avalanche Consulting

Northwood Village and the 33407 zip code overall are characterized by a highly diverse mix of business activity. Over the past decade, Accommodation & Food Services and Retail Trade accounted for 60% of all sales in the 33407 zip code.

However, Retail has not performed as well as Accommodation & Food Services. From 2008 to 2016, overall sales in the 33407 zip code grew at an average annual rate of 4.9%. In contrast, Retail Trade only grew 4.1%. Over the same period, Hotels sales and Restaurants & Caterers sales grew at average annual rates of 9.1% and 8.3%, respectively.

Notably, sales at Boat Dealers & Marinas in the 33407 zip code grew at an average annual rate of 11.1% over this same time period – more than double total sales growth in the area.

GROSS SALES (MILLIONS) – RESTAURANTS / CATERERS
33407 ZIP CODE, 2008 – 2016



SOURCE: State of Florida / Avalanche Consulting



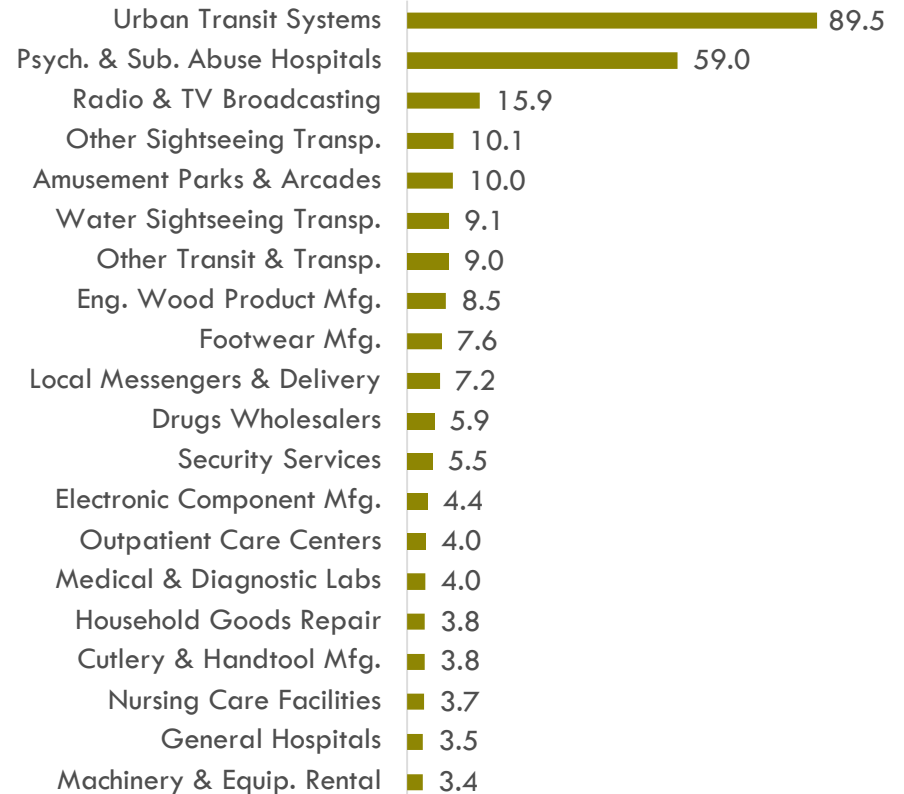
Local Trends

Changes in property values in the 33407 zip code generally reflect sales dynamics. From 2012 to 2017, the overall market value of properties in the zip code grew 60%. Over the same period, the value of Motels (which includes hotels) also grew 60% and the value of Working Waterfront properties grew 103%. Slower growth property types included Shopping Centers (24%), Light Manufacturing (28%), and Night Clubs (30%). Notably, the value of Vacant parcels grew 68% over this period. The 33407 zip code contains 15% of the value of all properties in the City of West Palm Beach but 22% of the Vacant property value. This shows a high potential for development of vacant parcels in the area.

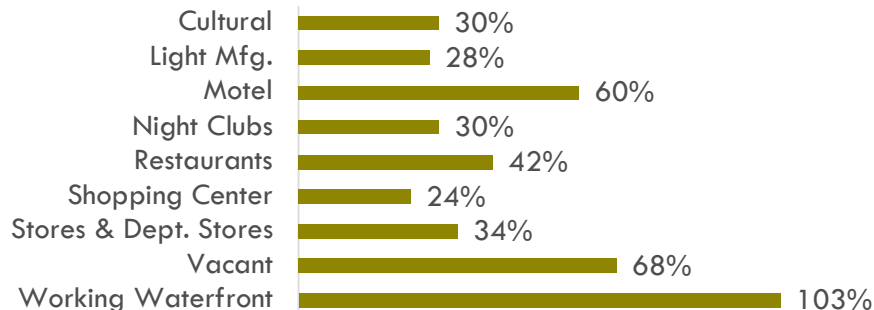
The most concentrated employment sectors in the 33407 zip code cover a range of clusters – many in Transportation (due to the proximity of Palm Tran Headquarters), Support Services, Manufacturing and Medical. With its proximity to Good Samaritan and medical-related nonprofits, the 33407 zip code is home to Psychiatric & Substance Abuse Hospitals (1,060

jobs; 59.0 LQ), Outpatient Care Centers (543 jobs; 4.0 LQ), Medical & Diagnostic Labs (162 jobs; 4.0 LQ), Nursing Care Facilities (918 jobs; 3.7 LQ), and General Hospitals (2,480 jobs; 3.5 LQ).

SELECT TOP EMPLOYMENT CLUSTER LOCATION QUOTIENTS
33407 ZIP CODE, 2017



GROWTH IN PROPERTY MARKET VALUES BY SELECT USE
33407 ZIP CODE, 2012 – 2017



SOURCE: State of Florida / Avalanche Consulting

SOURCE: EMSI / Avalanche Consulting



SWOT Analysis

STRENGTHS

- The historic Northwood District is a creative and eclectic destination that boasts a vibrant arts, shopping, and dining scene.
- The Northwood CRA successfully catalyzed redevelopment in Northwood Village through infrastructure investments, marketing and branding campaigns, events, and incentive programs.
- Northwood Village and the 33407 zip code overall are characterized by a highly diverse mix of business activity. Over the past decade, Accommodation & Food Services and Retail Trade accounted for 60% of all sales in the 33407 zip code. Sales at Boat Dealers & Marinas in the 33407 zip code grew at an average annual rate of 11.1% over this same time period – more than double total sales growth in the area.
- From 2012 to 2017, the overall market value of properties in the zip code grew 60%. Over the same period, the value of Motels (which includes hotels) also grew 60% and the value of Working Waterfront properties grew 103%.

WEAKNESSES

- Despite being known as an arts district, stakeholders cite that the number of art galleries in the area has significantly declined.
- Retail Trade grew only 4.1% in the 33407 zip code from 2008 to 2016, compared to overall sales growth of 4.9%.
- Stakeholders cite a lack of grocery stores in the neighborhood. Growth in population and income levels is needed to attract additional retail to the area, including grocery stores.
- 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.
- West Palm Beach has a relatively high overall poverty rate of 17%. Poverty is highly concentrated in specific geographic parts of the city – especially in the Historic North End.
- Both violent and property crime rates in West Palm Beach are relatively high. Examining the distribution of crime in West Palm Beach shows a high concentration of violent and property crime in the Historic North End and in proximity to Northwood Village.



SWOT Analysis

OPPORTUNITIES

- Consistent marketing & events, collaboration with merchants will bolster economic momentum in the District.
- The value of vacant parcels grew 68% over this period, illustrating a high potential for development of vacant parcels in the area.
- The redesign of Broadway Avenue will make the corridor more pedestrian-friendly, creating an opportunity to attract redevelopment along this street in Northwood Village.
- Developments such as Rybovich Marina Village and Currie Park will further revitalize the area.
- 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. Northwood Village and the entire 33407 zip code is a highly diverse part of West Palm Beach – both racially and economically. This area has an opportunity to embrace diversity – supporting a wide range of service, retail, and primary businesses that create jobs for residents with all levels of education and skills.

THREATS

- Poverty is highly concentrated in specific geographic parts of the city, including near the North End. If a larger share of the local population are not actively included in future economic activity, it could slow growth in the area.
- High crime rates nearby could create a negative perception of Northwood Village and deter visitors from exploring the area.
- Vacant buildings and undeveloped lots throughout West Palm Beach could be better utilized by land owners. Empty spaces alongside active businesses detract from the city’s vibrancy and create impressions that bely rapid population and job growth, further hindering development in the area.



Gap Identification

- **Marketing & Branding** – There is an opportunity to better define the character and identity of Northwood Village. While it was known as an arts destination, stakeholders cite a decline in art galleries in the area. However, it does boast a variety of restaurants, shops, and other attractive offerings that can be better promoted with consistent marketing and events.
- **Diversity / Cultural Tourism** – Northwood Village and the entire 33407 zip code is a highly diverse part of West Palm Beach – both racially and economically. This area has an opportunity to embrace diversity and encourage Cultural Tourism. Celebrating the history and diversity of the neighborhood could support a wide range of service, retail, and primary businesses that create jobs for residents with all levels of education and skills.
- **Connectivity** – Similar to Antique Row, Northwood Village is not very far from Downtown but feels incredibly distant. Efforts to better connect the area to Downtown, the Brightline Station, and other amenities will improve business activity.
- **Currie Park** – As mentioned in the Marine sector, plans to develop a marina in Currie Park would be a gamechanger for Northwood Village and the Historic North End. This would create an needed amenity for residents, a destination for visitors, and a location for new business.
- **Rybovich Marine Village** – In their efforts to develop the Marine Village, Rybovich is working to partner with and include the surrounding neighborhood.
- **Destination Medical** – Medical is a major employer in the 33407 zip code and efforts to develop West Palm Beach as a medical destination must work to include and enhance the entire area.
- **Vacant Parcels** – Northwood Village and the 33407 zip code have a large number of vacant parcels in prime locations. Some of these parcels are already entitled, and efforts should continue to develop these lands in a way that complements the rest of the neighborhood – including needed housing and retail. Development of vacant parcels will also help address appearances of blight.



Photo Credit: City of West Palm Beach



Connectivity Analysis

Programs and plans that support and impact opportunities in Northwood Village include:

- The **Palm Beach County Arts & Economic Prosperity 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 arts-focused Northwood Village.
- The **West Palm Beach Public Realm Action Plan** outlines top opportunities for placemaking and enhancing quality of life throughout the city, including Northwood Village.
- The **West Palm Beach Center for Arts & Technology Feasibility Report** 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.
- The **Discover The Palm Beaches Destination Marketing Plan** a comprehensive strategy for marketing The Palm Beaches to visitors, potentially drawing more visitors to explore Northwood Village.



03

**Innovation District
Evaluation**

Innovation District Evaluation

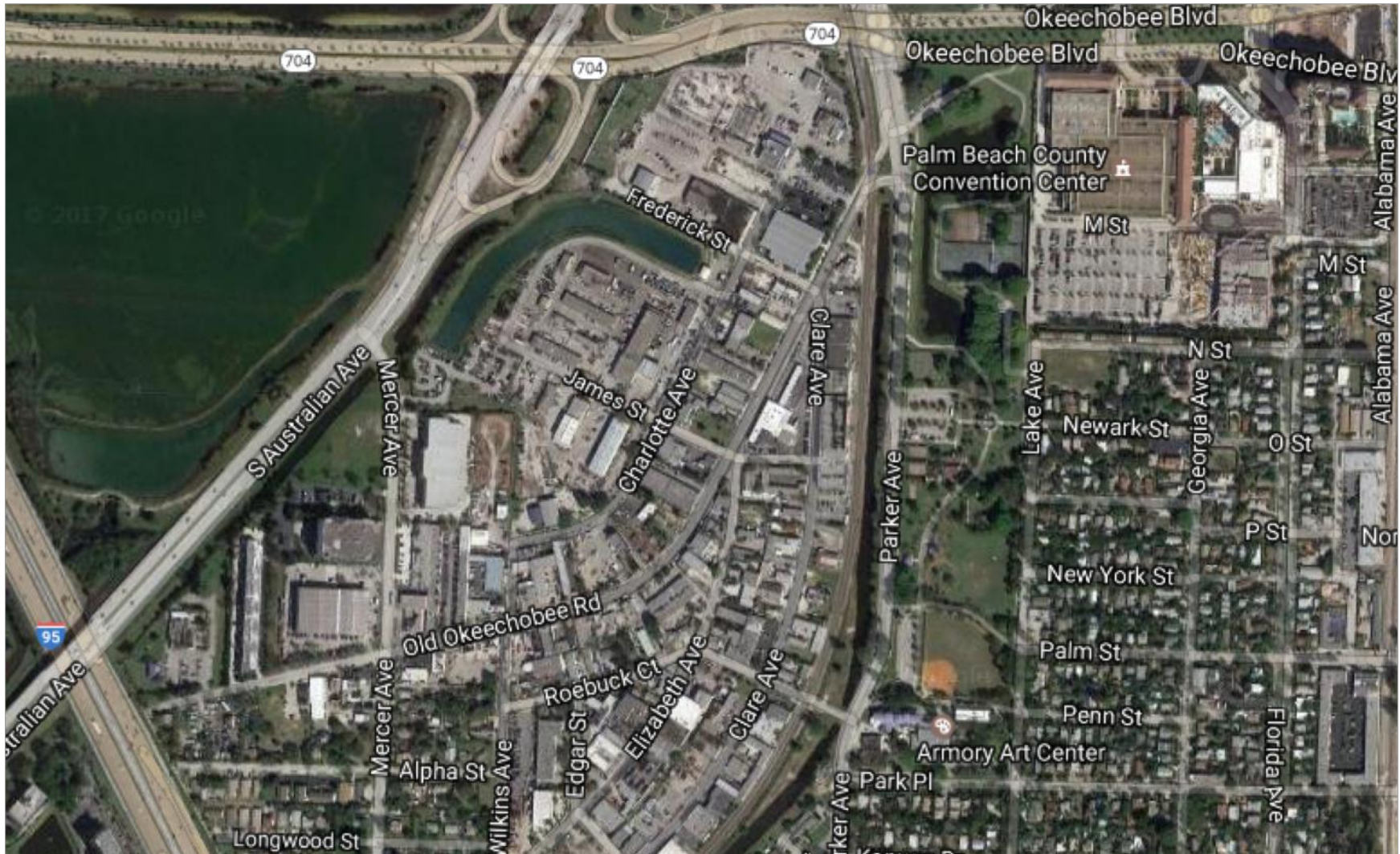


Photo Credit: City of West Palm Beach



Introduction

This Innovation District Evaluation assesses the City’s current Jefferson Terminal District concept, analyzes economic, physical, and networking assets, proposes ideas for anchor activities in the District, and recommends specific actions to help move this project forward.

The Brookings Institution defines **an Innovation District** as “geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators, and accelerators. They are also physically compact, transit-accessible, and technically-wired and offer mixed-use housing, office, and retail.” The Jefferson Terminal District concept was initially evaluated in relation to this best practice model.

The Jefferson Terminal District is a 183-acre district bounded by Okeechobee Boulevard to the north; Stub Canal, Parker Avenue, and the railroad to the east; Interstate 95 to the south; and Australian Avenue to the West. This is closely aligned with the “**re-imagined urban areas**” model in which a historic industrial area, usually in proximity to a city’s downtown, is redeveloped and transformed into an area for innovation.

Through the course of this study, Avalanche took a **broader geographic view** by examining assets within the Jefferson Terminal District as well as related assets within the City of West Palm Beach and Palm Beach County. Due to the relatively small geographic size of the Jefferson Terminal District, it is likely that a fully developed Innovation District model would need to include more of West Palm Beach – including parts of Downtown and other neighboring areas.



Economic Assets

Economic assets include organizations, businesses, and institutions that support innovation. The following section outlines innovation drivers, innovation cultivators, and neighborhood-building amenities in the Jefferson Terminal District, City of West Palm Beach, and Palm Beach County.

INNOVATION DRIVERS

Successful innovation districts need a critical mass of innovation drivers such as **research institutions, medical centers, and innovation-focused businesses and entrepreneurs.**

The Jefferson Terminal District is currently industrial-focused, with many innovation drivers located outside of District boundaries. However, there is strong potential for this to expand.

Overall, the City of 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. The Jefferson Terminal District is also in close proximity to employment centers such as Downtown West Palm Beach and the Flagler Financial District. The city is home to acclaimed medical centers including Good Samaritan and St. Mary's, with a top-rated orthopedic Hospital for Special Surgery in development, which could also support medical-related innovation activity.

Palm Beach County is home to a number of universities conducting **scientific research**. 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).

INNOVATION CULTIVATORS

Innovation cultivators include **businesses, educational institutions, incubators, accelerators, co-working spaces, and other support systems for innovation.** An example of this is Palm Beach Tech Association, 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.

While the District is in close proximity to Palm Beach Atlantic University, the majority of colleges and universities that support innovation, such as Florida Atlantic University and Nova Southeastern University, are located elsewhere in Palm Beach County. In addition to its research strengths, FAU is also home to FAU Tech Runway, 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.

Palm Beach County has a growing technology sector – with companies in a wide range of industries, from IT to BioTech. The Palm Beach Tech Association is a non-profit focused on promoting and supporting the innovation sector countywide. Palm Beach Tech includes 137 member companies, 8 partner organizations, 7 educational partners, 6 workspace locations, and 2 venture



Economic Assets

capital firms. West Palm Beach is also in close proximity to Scripps Research Institute and Max Planck Florida Institute – two major biotechnology research institutes. The innovation and technology industry benefits from many assets and is growing locally, but stakeholders cite challenges retaining startups in the region due to limited entrepreneurial and commercialization resources such as **coworking spaces, programming, and access to capital**.

NEIGHBORHOOD-BUILDING AMENITIES

Neighborhood-building amenities within the District create social interactions that spur collaboration. A key neighborhood-building amenity in the Jefferson Terminal District is the **Warehouse District**, a development by Johnstone Capital Partners that redeveloped six industrial warehouse buildings to create a 85,000 square feet space that includes restaurants, a craft brewery, coffee shop, artisan shops, and athletic facilities.

This successful endeavor that houses creative professionals and provides a community gathering space has also increased property value and spurred business activity in the area, with \$50 million in private investment occurring within a single block.

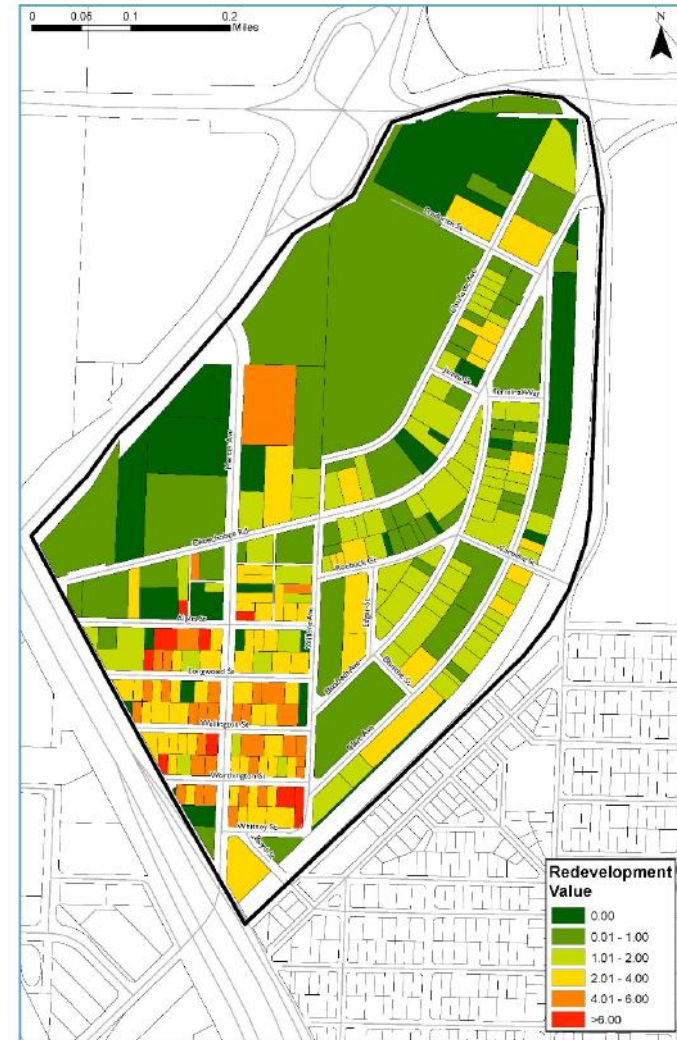


Photo Credit: City of West Palm Beach



Physical & Networking Assets

PHYSICAL ASSETS

Physical assets are spaces that stimulate connectivity, further enhancing collaboration and innovation within the district. This can be **public spaces such as parks, open spaces, streets, and sidewalks or privately owned spaces such as mixed-used developments**. Key characteristics of vibrant physical spaces that support innovation are **dense, walkable, and connected** to other hubs in the city.

An important physical asset in the Jefferson Terminal District is the aforementioned Warehouse District, which has successfully created a community gathering space and spurred business activity in the area. Additionally, the city is proposing overlay zoning for the Jefferson Terminal District to allow flexibility for both residential and industrial uses. This will allow a residential project to move forward on 1701 Clare Avenue that provides more workforce housing options, increases density, and ultimately encourages the social interaction and collaboration needed for innovation to take place. Purposeful investment in the city-owned property within the District will also provide a key opportunity to further catalyze innovation.

It is also important to note that the Jefferson Terminal District is connected to other city assets. It is in close proximity to Downtown West Palm Beach, the Brightline, the Tri-Rail Station, Palm Beach International Airport, and Palm Beach Atlantic University, to name a few.

NETWORKING ASSETS

Networking assets develop ties between people, businesses, and organizations that are a part of the innovation ecosystem. Currently, there are no formal networking assets established in the District.

As development continues it will be important to consider what networking assets will best complement the anchor institution and innovation drivers that locate here.



Potential Anchor Activities

Based on the City's economic drivers and the County's existing research strengths, it is recommended that the Jefferson Terminal District **focus on recruitment of an anchor institution or firm related to Medical Technology.**

South Florida is a national center for medical device and life science technology research, development, design, and manufacturing – with numerous businesses and institutions spread between Miami and Orlando. **Medical Technology is a defining specialty of the broader region** and one that could serve as the primary anchor for an Innovation District in West Palm Beach.

The City is home to Good Samaritan and St. Mary's, with a top-rated orthopedic Hospital for Special Surgery in development. A potential **destination medical campus** that connects multiple medical facilities and offers training for new equipment and procedures in partnership with medical device manufacturers would further complement a Medical Technology-focused Innovation District.

The City is also in proximity to Florida Atlantic University, Nova Southeastern University, Scripps Research Institute, and Max Planck Florida Institute. However, according to the Brookings Institution, "Research competitiveness is a necessary but insufficient condition for innovation districts to grow, export, and become globally competitive. Anchors must also have the right processes, incentives, and outcomes that facilitate the commercialization of research." This is important to keep in mind when determining the right mix of programs and services to support a thriving innovation district. For example, **the addition of wet lab space and entrepreneurial services could help firms develop, test, and commercialize their products.**

Relationships are key, and success in this area will require **strengthening of relationships** between local and regional hospitals, surgeons, device companies, universities, and economic development leaders. With a wealth of institutions and potential partners across the city and region, Medical Technology presents one of the best opportunities to drive innovation in West Palm Beach.



Actions to Move Forward

In order to build momentum for the Innovation District, it is important to proactively plan, invest, and engage. The following actions will help turn the Jefferson Terminal District into a thriving Innovation District.

- **Establish a leadership group for the District.** Assemble leaders and stakeholders that need to be involved in the District’s development, including business and land owners in the District, target sector representatives, entrepreneurs, educational institutions, and economic developers.
- **Continue the Jefferson Terminal District planning study.** Determine what basic infrastructure investments are needed, such as high-speed fiber and storm water drainage. Proactively outline placemaking investments that will spur connectivity throughout the District, such as between the city-owned property, Warehouse District, and future residential developments, as well as connectivity to Downtown West Palm Beach. Consider features such as walkability, open public spaces, and public transportation access.
- **Develop a specific plan for city-owned property in the District.** This property provides opportunity to further catalyze innovation growth. Prioritize activities that will support an anchor institution and innovation cultivators, such as entrepreneurial resources. Identify funding sources to develop physical assets and incentivize private investment, such as a Tax Increment Financing Area, Designated Private Provider Area, or Impact Fee Free/Inclusion Zone.
- **Increase access to capital.** The Flagler Financial District boasts a high concentration of boutique equity firms that could be a resource for entrepreneurs seeking access to capital. In addition to formal investment sources, such as banks and angel investor groups, identify creative ways to tap into wealth that exists in the region. For example, create a community crowdsourcing fund or develop a program that engages retired business owners to mentor startups.
- **Implement diversity and economic inclusion strategies.** West Palm Beach has high levels of poverty and economic inequality. The Jefferson Terminal District can provide economic opportunity for all residents by implementing purposeful diversity and economic inclusion strategies, such as training programs for local residents to fill jobs in the District and public transit options from the District to other parts of the city. Research continues to show that more diverse and inclusive economies are stronger and more resistant to economic disruptions.

