

May 2006

# Avenue on Palmetto

Household Spending Economic Impact Report

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## A. INTRODUCTION

This report presents the potential household spending associated with the development of the Avenue on Palmetto project. The proposed project is a twelve (12) story, mixed use project comprised of 409 high-end residential condominiums, 8,000 sq. ft. of commercial space, a 150 seat 9,504 square foot restaurant, with an internalized parking structure providing 908 spaces. The project site is approximately 8.19 acres in size, located on Marina Island, Sanford, Florida. **Appendix A** shows a proposed site plan of the development.

## B. METHODOLOGY

The methodology used to estimate the potential household spending is based on the anticipated household income of the prospective tenants of the development, the number of residential units within the facility, and the historic household spending distribution of the downtown Sanford area.

The potential average retail value of the individual residential units is estimated to be \$471,250.00<sup>1</sup>. For the purposes of estimating potential average retail value of the individual residential units after construction completion, they were adjusted to \$475,000.00.

Based on the this value the anticipated annual household income required to qualify for a home loan to purchase one of these units was determined to be approximately \$172,736.00 to \$190,000.00.<sup>2</sup> This amount was based on existing commercial lending standards including the following assumptions: a \$5,000.00 down payment, a 30 year mortgage, a 6.7% APR, and a current monthly household debt of ~\$950.00.

The amount of disposable income, or income that was available for the purchase of consumer goods within the Sanford market area was based on the historic spending patterns within the Sanford downtown area census tracts as reported by the US Census and the Bureau of Labor Statistics.<sup>3</sup> This amount provided a percentage of the overall per capita income of Sanford area residences that has historically been spent on consumer purchases. The disposable income rate is approximately 23% of the per capita household income. Based on the income ranges and associated distribution of potential condominium owners, the amount of disposable income utilized is \$43,700 for 312 of the units and \$39,729 for 97 of the units.

The historic household spending distribution was based on annual consumer expenditures within sixteen categories of products for the census tracts located within the downtown area. The purchasing patterns for census tracts 020101, 020102 and 020201 were evaluated based upon their immediate proximity to the project site. Maps detailing the census tracts are shown in Appendix B.

## C. FINDINGS

The estimated potential household spending associated with this project is approximately **\$43,219.00 annually per household, for 312 of the households, and \$39,129 per household for 97 of the households**. The estimated total annual household spending for all of the units within the facility is **\$17,295,743.00**. The 5 largest household expenditure categories, after housing, in descending order, are *Food at Home* (\$17,917.00), followed by *Food Away from Home* (\$6,030.60), *Apparel and Related*

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<sup>1</sup> SUNCOR Properties, Inc., May 2006.

<sup>2</sup> V-Lender, Intellicontact, 2006.

<sup>3</sup> US Census SF-3 Report, 2000, Bureau of Labor Statistics Consumer Expenditure Surveys, 2002.

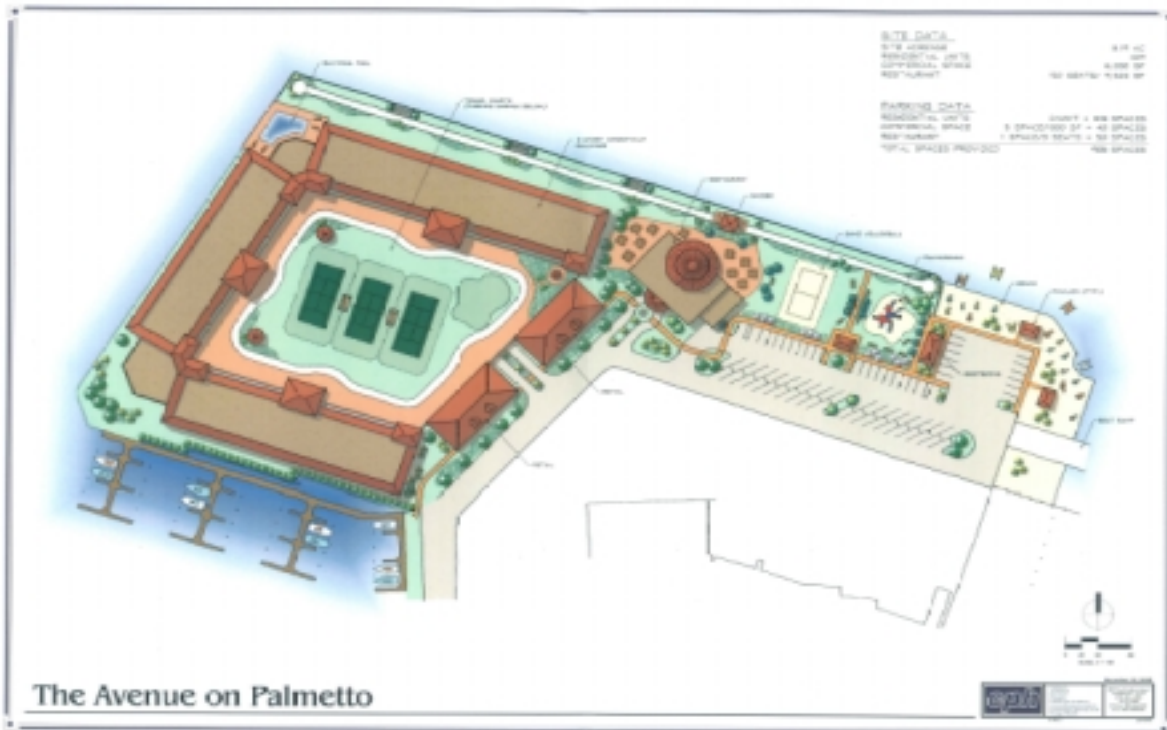
*Services* (\$5,637.30), *Television Equipment, Tapes and Discs* (\$2,622.00) and *Housekeeping Supplies* (\$2,359.80). These expenditure amounts represent a significant potential boost to the downtown Sanford economy, particularly in the top five categories listed above. A detailed narrative of the Expenditure Categories is provided in **Appendix C**.

The multiplier effect created by these new expenditures and dollars injected into the local economy will have far reaching positive effects upon the Sanford economic base, in addition to the direct spending by the new residents of the Avenue on Palmetto development, stimulating both job creation and additional capital investment to satisfy the potential demand for goods and services that would be created by the development. Table I details the potential household spending that may be generated by the Avenue on Palmetto residential development and the associated consumer expenditure categories.

**Table 1**

Expenditures by Item					
Consumer Expenditure Category			Potential Annual Spending by Item per Household <sup>1</sup> @443,700 DI	Potential Annual Spending by Item per Household <sup>1</sup> @439,729 DI	Potential Annual Spending by Item All Households in Development
Food at Home			\$17,917.00	\$16,288.89	\$7,170,126.33
Food Away from Home			\$6,030.60	\$5,482.60	\$2,413,359.59
Apparel and related services			\$5,637.30	\$5,125.04	\$2,255,966.58
Television Equipment, tapes, disks			\$2,622.00	\$2,383.74	\$1,049,286.78
Audio Equipment, CDs, Tapes			\$611.80	\$556.21	\$244,833.58
Household Textiles			\$349.60	\$317.83	\$139,904.90
Furniture			\$1,529.50	\$1,390.52	\$612,083.96
Floor Coverings			\$131.10	\$119.19	\$52,464.34
Major appliances			\$786.60	\$715.12	\$314,786.03
Small Appliances and Housewares			\$218.50	\$198.65	\$87,440.57
Computer Hardware and Software			\$699.20	\$635.66	\$279,809.81
Miscellaneous Household Equipment			\$1,136.20	\$1,032.95	\$454,690.94
Non-Prescription drugs and supplies			\$1,398.40	\$1,271.33	\$559,619.62
Housekeeping Supplies			\$2,359.80	\$2,145.37	\$944,358.10
Personal Products			\$1,398.40	\$1,271.33	\$559,619.62
Home repair commodities			\$393.30	\$357.56	\$157,393.02
<b>Total for 16 Categories</b>			<b>\$43,219.30</b>	<b>\$39,291.98</b>	<b>\$17,295,743.76</b>
<b>Source</b>					
1-US Census, Summary File 3 (SF-3), City of Sanford, Households and Per Capita Income,2000. University of Wisconsin-Milwaukee Employment and Training Institute (ETI), Purchasing Profile Data, Seminole County, Sanford, Census Tracts 020101, 020102, 020201. US Bureau of Labor Statistics Consumer Expenditure Surveys, 2002.					

**Appendix A- The Avenue on Palmetto (Graphic)**





## **Appendix C - Consumer Expenditure Categories**

The ETI Purchasing Power Profiles are based on spending patterns taken from the 2002 Consumer Expenditure Survey, utilizing responses from 30,000 interviews of households with complete income and expenditure responses. Two years of additional data are drawn for the CEX diary file, which include patterns of spending by more than 22,000 respondents with complete income and expenditures data. The Purchasing Power Profiles focus on 16 categories of expenditures:

### **FOOD AT HOME**

Includes expenditures for food purchased at grocery stores and conveniences stores, and food prepared at home for out-of-town trips.

### **FOOD AWAY FROM HOME**

Includes expenditures for meals at restaurants, carryout orders, food purchased on out-of town trips, school lunches and meals as pay.

### **APPAREL AND RELATED SERVICES**

Includes expenditures clothing (suits, coats, sweaters, shirts, nightgown, undergarments, hosiery, uniforms, costumes, etc.), accessories, footwear, material for making cloths, watches, jewelry, shoe repair, laundry and dry cleaning costs, and clothing storages.

### **TELEVISION EQUIPMENT, TAPES AND DISCS**

Includes expenditures for TVs, VCRs and videodisc players; videocassettes, tapes and discs; video game hardware and software; cable satellite services; repairs of TVs, radio and sound equipment; and rental of televisions.

### **AUDIO EQUIPMENT, CDs, AND TAPES**

Includes expenditures for radios; tapes recorders and players; sound components systems; records CDs, audio tapes, and needles; record tape , CD and video mail order clubs; musical instruments; accessories and other sound equipment; satellite dishes; and rental of above equipment.

### **HOUSEHOLD TEXTILES**

Includes expenditures for bathroom, bedroom, kitchen and dining room linens; curtains and draperies; slipcovers and decorative pillows; sewing materials for the home.

## **FURNITURE**

Includes expenditures for mattresses and springs; sofas; living room tables and chairs; kitchen and dining room furniture; infants; outdoor furniture; wall unites, cabinets and other occasional furniture.

## **FLOOR COVERING**

Includes expenditures for wall-to-wall carpeting (for renters and homeowners) and non-permanent floor coverings.

## **MAJOR APPLIANCES**

Includes expenditures for dishwashers, garbage disposes, refrigerators, freezers, washing machines, clothes dryers, cooking stoves, microwave ovens, air conditioners, floor cleaning equipment, and sewing machines.

## **SMALL APPLIANCES AND HOUSEWARES**

Includes expenditures for china, dinnerware, flatware, glassware, serving pieces, small electric kitchen appliances, and portable heating and cooling equipment.

## **COMPUTER HARDWARE AND SOFTWARE**

Includes expenditures for computers, computer hardware, computer software and accessories, for no business use.

## **MISCELLANEOUS HOUSEHOLD EQUIPMENT**

Includes expenditures for window coverings, infants' equipment, outdoor equipment, clocks, lamps and lighting fixtures; other household decorative items; telephones and accessories; lawn and garden equipment; power tools; hand tools; plants and fresh flowers; closet and storage items; rental of furniture; and luggage.

## **NON-PRESCRIPTION DRUGS AND SUPPLIES**

Includes expenditures for non-prescription drugs, non-prescription vitamins, eyeglasses and contact lenses, topical and dressings, medical equipment for general use, supportive and convalescent medical equipment, and rental and repair of medical equipment.

## **HOUSEKEEPING SUPPLIES**

Includes expenditures for laundry and cleaning supplies, cleansing and toilet tissue, paper towels and napkins, miscellaneous household products, and lawn and garden supplies.

## **PERSONAL PRODUCTS**

Includes expenditures for hair care products, no electric articles for the hair, wigs and hairpieces, oral hygiene products and articles, shaving needs, cosmetics, perfume, bath preparation products, deodorants, feminine hygiene articles, and miscellaneous personal care items.

## **HOME REPAIR COMMODITIES**

Includes expenditures for paints; wallpapers; electrical supplies for heating and cooling equipment; materials for hard surface flooring, repair and replacement; materials and equipment for roof and gutters; materials for plastering, paneling, siding, windows, doors, screens, awnings; materials for patios, walks, fences, driveways, brick, masonry and stucco work; materials for landscaping maintenance, materials to finish basements, remodel rooms, or build patios, walks, etc.

Note: The ETI Purchasing Power Profiles do not include certain high-end purchases often included in national marketing firm reports (e.g., cars and boats), which are better identified through other data bases.