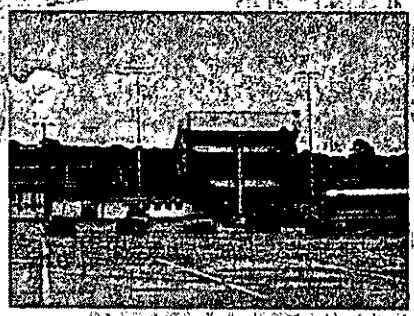
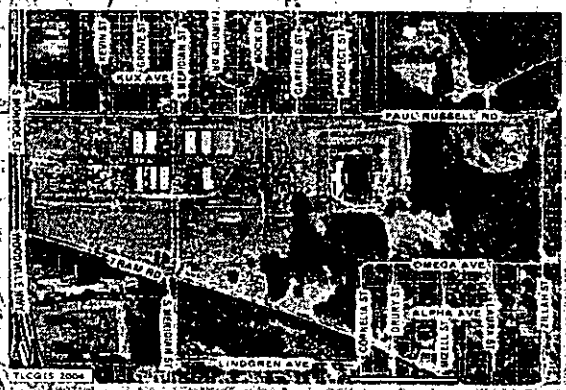
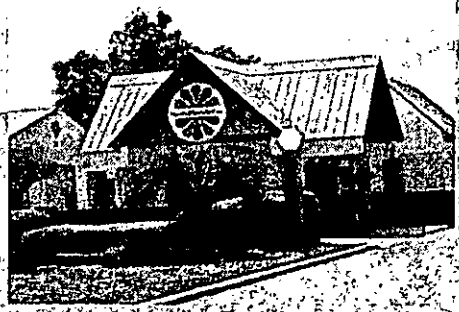
ECONOMIC FEASIBILITY TALLAHASSEE FAIRGROUNDS REDEVELOPMENT

February 11, 2005







Strategic Planning Group, Inc.

Economics • Planning • Development Consultants

In association with
Wendy Grey
Land Use Planning
Community Assets
and
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TABLE OF CONTENTS

INTRODUCTION 1
Background 1
Fairgrounds Property 1
Fairgrounds Location 4

TALLAHASSEE AREA SOCIOECONOMIC OVERVIEW 6
Population 7
Leon County Growth Patterns 8
Student Populations 12
Income 13
Labor and Employment 15
Major Employers 16

FAIRGROUNDS MARKET OPPORTUNITIES 18
Market Overview 18
Transient Lodging Market 18
Office Market 21
Retail Market 25
Fairgrounds Area Market Structure 31
Residential Market 35
Summary of Market Potentials 40

FAIRGROUNDS REDEVELOPMENT CONSIDERATIONS 41
Scenario 1 42
Scenario 2 43
Scenario 3 44
Scenario 4 45
Public Participation 47
Community Comments on Fairgrounds Redevelopment Scenarios 49
Housing 49
Fairgrounds 49
Redevelopment of Entire Site 49
Recreation 49
Implementation 49
Land Value 50

CONCLUSIONS AND RECOMMENDATIONS 52
Redevelopment Strategies 52

TABLE OF CONTENTS

List of Tables

Table 1-1. Leon County Fairgrounds Property Parcels 3
Table 2-1. Tallahassee MSA Population Trends, 1990-2000 7
Table 2-2. Tallahassee MSA Population Forecast, 2003-2025 8
Table 2-3. MSA County Population Increases, 2003-2025 8
Table 2-4. Leon County Population by Sector, 1990-2025 11
Table 2-5. Institutional Enrollment Levels 2
Table 2-6. Median Household Income Levels, 1999 13
Table 2-7. Tallahassee MSA Labor Market Trends 15
Table 2-8. Tallahassee MSA Employment by Sector, 2003-2004 16
Table 2-9. Tallahassee Area Major Employers, 2004 17
Table 3-1. Licensed Lodging Facilities Trends, 1990-2003 18
Table 3-2. Tallahassee Hotel/Motel Inventory, 2004 19
Table 3-3. Planned Tallahassee Hotel/Motel Facilities, 2004 20
Table 3-4. Tallahassee Office Market Vacancy by Sector, 1996-2003 22
Table 3-5. Inventory of Major Office Facilities, Southeast Sector 23
Table 3-6. Forecast of Office Space Demand, Fairgrounds Site 25
Table 3-7. Leon County Retail Establishments, 1998-2001 26
Table 3-8. Inventory of Tallahassee Area Shopping Centers 29
Table 3-9. Fairgrounds Area Demographic Profile 32
Table 3-10. Southeast Sector Retail Development Potentials 34
Table 3-11. Fairgrounds Commercial Retail Development Potentials 35
Table 3-12. Leon County Building Permit Trends, 1990-2003 35
Table 3-13. Tallahassee Apartment Market Characteristics, 1999-2003 37
Table 3-14. Rental Apartment Characteristics by Market Sector, 2003 38
Table 3-15. Southeast Tallahassee Housing Unit Demand, 2003-2025 39
Table 3-16. Fairgrounds Site Housing Demand, 2010-2025 40

List of Figures

Figure 1-1. Leon County Fairgrounds Property Parcels 2
Figure 1-2. City of Tallahassee and Environs 5
Figure 1-3. Fairgrounds Site and Vicinity 5
Figure 2-1. Florida and Leon County/Tallahassee MSA 6
Figure 2-2. Population Inside/Outside Capital Circle, 1970-2020 9
Figure 2-3. Population Growth Rural Leon County 9
Figure 2-4. Population Growth Tallahassee-Leon County 10
Figure 2-5. Leon County Sectors 11
Figure 2-6. Population Forecast by Sector-Leon County 12
Figure 2-7. Greater Tallahassee Area Market, 1999 14
Figure 3-1. Tallahassee Office Market Vacancy Trends 21
Figure 3-2. Vacancy Rate Trends by Market Sector 22
Figure 3-3. Regional Mall Primary Trade Area Coverage Patterns 27
Figure 3-4. Tallahassee Area Shopping Centers 28
Figure 3-5. Community/Neighborhood Center Locations & Anchors 30
Figure 3-6. Fairgrounds Site Average Daily Traffic Counts 31
Figure 3-7. Primary Retail Market Area 33
Figure 3-8. Leon County Building Permit Trends, 1990-2003 36
Figure 3-9. Building Permit Activity by Segment, 1990-2003 37
Figure 4-1. Fairgrounds Parcels 50

SECTION 1 – INTRODUCTION

INTRODUCTION

Strategic Planning Group, Inc. (SPG) has prepared this Market Feasibility Report for the Leon County Board of County Commissioners, to address the possible redevelopment of the Leon County Fairgrounds in Tallahassee, Florida. The purpose of this study is to provide a market analysis in order to determine the potential land uses that could feasibly be supported in the future at the fairgrounds location, including development feasibility along with a land-value appraisal of the current fairgrounds site.

Background

Leon County has expressed an interest in the development of a mixed-use project at the Leon County Fairgrounds site. This location, once considered on the outskirts of the City of Tallahassee has, more recently, been considered an integral part of the City and the Leon County Community. The possible development of the property as a mixed-use project could serve as an economic benefit for the southern portion of the community, which as been targeted for a variety of economic and social programs in recent years.

Presently, the North Florida Fair Association has a lease agreement with Leon County that will expire on December 31, 2067. On January 1 of each calendar year, the North Florida Fair Association pays a $1 rental fee to Leon County for the use of the fairgrounds property. However, if the Fair Association and the County agree, the lease could be terminated or the location of the fairgrounds could be changed. However, before the fairgrounds can be moved, a new location must be identified. County staff has completed some preliminary work on identifying alternative potential sites and have obtained an appraisal study (conducted in 2002) that estimated the current fairground infrastructure value to be approximately $7.2 million. The study did not include an estimate of the actual value of the land occupied by the fair itself.

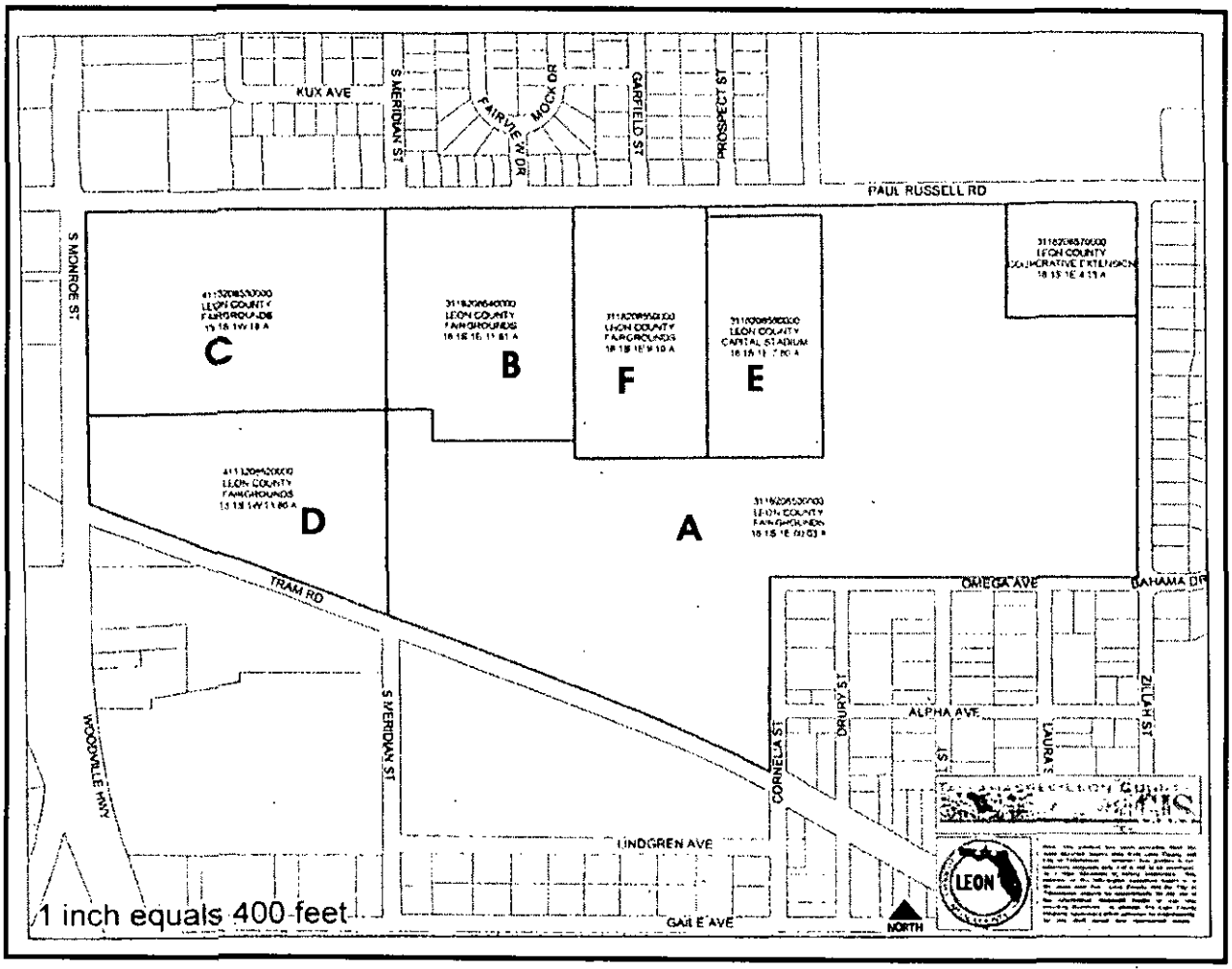
The property is included in the Southern Strategy area, the Central City initiatives, and is within the South Monroe sector plan boundaries.

Fairgrounds Property

The subject property consists of a number of parcels utilized by the North Florida Fair Association. An out-parcel not considered in the study is located adjacent to the fairgrounds, but is occupied by the Leon County Cooperative Extension offices.

Of the six parcels under consideration, one is occupied by the Leon County's Cox Stadium (parcel E) and a second (F) is used for stadium parking (656 spaces). Together, these parcels provide a total of 103.7 acres, excluding the 7.8-acre stadium parcel and the 9.1-acre, stadium-parking parcel. The configuration and location of these parcels is shown in Figure 1-1.

Figure 1-1. Leon County Fairgrounds Property Parcels



Parcels B and C, which are occupied by the North Florida Fair Grounds Association, are zoned as a Planned Unit Development (PUD). The remaining parcels, including Cox Stadium, are zoned Open Space (OS). Thus, rezoning will be required to accommodate any future redevelopment of the fairgrounds properties. Potential redevelopment of the site would be limited to parcels A-D, with the possibility of utilizing parcel F and its 656 spaces of paved parking to be shared with any future commercial development.

According to the Leon County Property Appraisers Office 2004 records, parcels A-D contained a total of approximately 103.7 acres and ten buildings associated with the North Florida Fair Association. These improvements totaled 128,924 square feet. The indicated parcels had an estimated 2004 market value of $4,389,523. The 9.1-acre stadium-parking parcel (parcel F) has an estimated 2004 market value of $247,800 and the Cox Stadium parcel has a market value of $2,118,000. Tax record data for the fairgrounds parcels is summarized in Table 1.

Table 1-1. Leon County Fairgrounds Property Parcels

		Improvements		Est. 2004	
Parcel ID	Acreage	Buildings	Sq. Ft.	Mkt. Value	Present Use
3118208530000	60.0	0	0	$543,905	Vacant & ball field
3118208540000	11.8	4	59,952	$1,388,033	Fair facilities
4113208530000	18.0	6	68,972	$2,230,105	Fair facilities
4113208520000	13.9	0	0	$227,480	Vacant
Total Tract	103.7	10.0	128,924	$4,389,523	
3118208560000	7.8	0	0	$2,118,000	Cox Stadium
3118208550000	9.1	0	0	$247,800	Stadium parking

Source: Leon County Property Appraiser and Strategic Planning Group, Inc., May

An appraisal report of the North Florida Fairgrounds Improvements conducted by Boutin Brown Realty Advisors, Inc., in November of 2002, indicated the following improvements associated with the North Florida Fair Association operations at the subject property site:

Two exhibition buildings with central heat and air conditioning identified as Building 2 and 4, containing 13,271 square feet and 12,191 square feet, respectively. Building 2 has an attached 720-square foot screen room.

Seven exhibition buildings without HVAC identified as Buildings 1,3,6,7,8,9 and a cattle barn. These structures range in size from 12,000 square feet (Building 7) to 24,000 square feet (cattle barn), and total 96,669 square feet.

The Fair office building contains 2,304 square feet and has a 122-square foot attached porch. The building has central HVAC.

The security and maintenance office consisting of two, one-story, shed office structures totaling 787 square feet and cooled with window air conditioners.

A 575-square foot maintenance shop with two attached roofed sheds totaling 725 square feet.

A 1,231-square foot, single-family residence with a screened porch, screened shed and wood deck totaling 441 square feet.
Pole barn, nine-stall stable containing 1,349 square feet with a 300-square foot tack room, detached, 149-square foot feed storage shed and a 567-square foot, roofed patio/deck area.

A total of 11 concrete-block structures that function as an information booth and ten food kiosks. These 256-square foot structures total 2,816 square feet of space.

There are three concrete-block restroom buildings located on the premises, one of which is heated and cooled. These facilities total 3,909 square feet.

Together, these structures provide the North Florida Fairgrounds with 135,102 square feet of building space, excluding porches, decks and shed roof workspace.

FAIRGROUNDS LOCATION

The Fairgrounds property site location is in the southeast sector of the City of Tallahassee and Leon County. Immediately surrounding the subject site, the neighborhood environs are primarily residential in character, with the exception of mixed-use commercial and industrial land uses along the South Monroe and South Adams Street corridors. Northward, the area consists of the Florida A&M Campus, Downtown Tallahassee Core, and several historic neighborhoods. To the southeast inside of the Capital Circle beltway, there are a number of vacant land tracts, the largest being the Colin English property which is over 1,000 acres, and according to the Comprehensive Plan, provides for the development of approximately 1,820 residential units and 167 acres of commercial development. Development timing for this tract is unknown at the present.

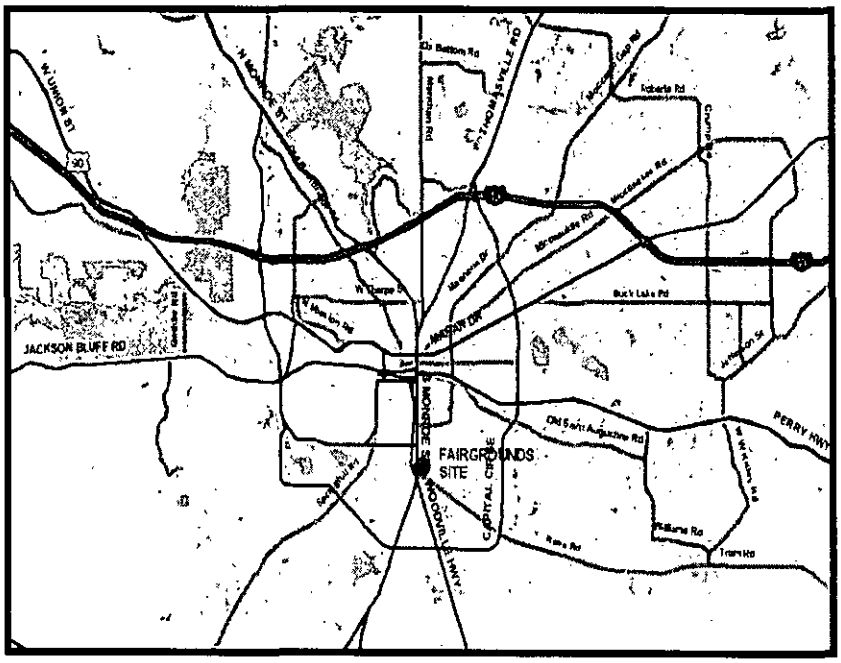
Also, toward the southeast, immediately beyond Capital Circle, the St. Joe Company is developing the SouthWood Community. This project is currently approved to provide 4,770 residential units, 799,503 square feet of commercial/retail, 2,728,381 square feet of industrial, 230,000 square feet of educational/institutional, and 2,194,117 square feet of office development at built-out, provided that traffic concurrency issues can be resolved over the life of the project.

Immediately north of the SouthWood Community is the Capital Circle Office Center project that has been approved for over 2.6 million square feet of State Commercial office space.

Toward the south, in neighboring northeast Wakulla County, an amendment is being processed by Wakulla County to provide for a sustainable community project that would provide 1,000 single-family, 250 multi-family, 300,000 square feet of commercial development and a 200,000-square foot business park. St Joe is also developing a 466-acre property that will generate 400 residential units in the northern part of the County.

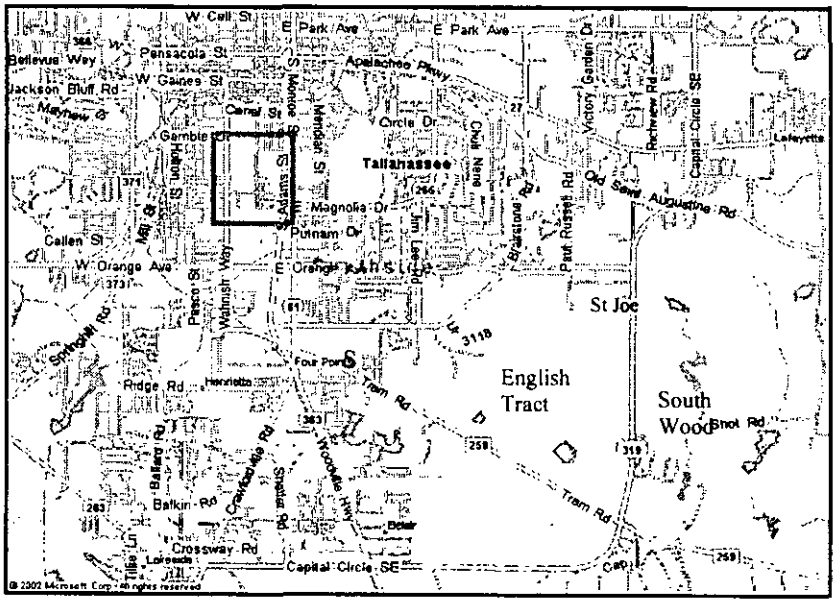
To the west of the subject site, there are a number of student housing apartment developments under construction that reflect the southern expansion of the Florida A&M area of influence within the community. These projects include the 46-unit, The Greens at College Club, the 180-unit Adams Place Apartments, and the 97-unit University Gardens.

Figure 1-2. City of Tallahassee and Environs



Source: Strategic Planning Group, Inc., 2004

Figure 1-3. Fairgrounds Site and Vicinity



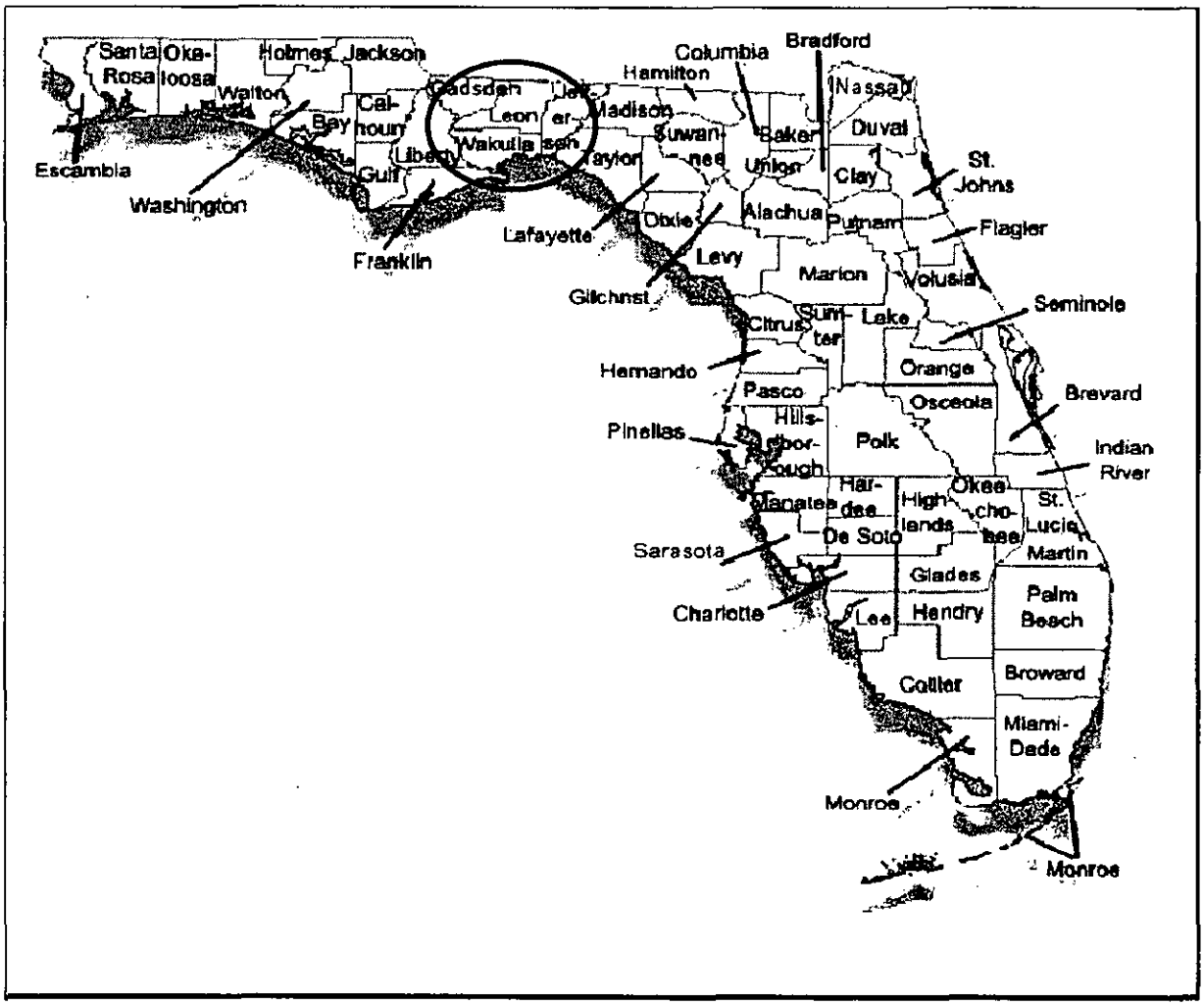
Source: Strategic Planning Group, Inc., 2004

SECTION 2 – TALLAHASSEE AREA SOCIOECONOMIC OVERVIEW

This section of the report presents an overview of various socioeconomic variables that could impact redevelopment opportunities within the Tallahassee Market Area and the subject fairgrounds site itself. Consideration is given to historic and anticipated trends relative to population and households, labor market and employment conditions, household income, and general development patterns within the local Leon County market.

The City of Tallahassee is located in Leon County, serves as the county seat, and is the only incorporated city in the county. Leon County is situated in the central panhandle of Florida and is in the center of the eight-county "Big Bend" region. The county is part of the four-county Tallahassee Metropolitan Statistical Area (MSA) that consists of Gadsden, Leon, Jefferson, and Wakulla Counties. These areas are shown in Figure 2-1.

Figure 2-1. Florida and Leon County/Tallahassee MSA



POPULATION

Historical census population levels for the Tallahassee MSA indicate that Leon County makes up the majority of the population within the MSA. In fact, Leon County's share of the MSA total population has increased from 70% in 1980, to 74% in 1990, and accounted for 75% of the total MSA population in 2000. Thus, the growth within the MSA market tends to be somewhat focused within Leon County.

Between 1990 and 2000, 61,197 persons were added to the MSA population and 77% of that growth (46,959 persons) occurred within the Leon County sector of the MSA. Next to Leon County, the significantly smaller Wakulla County exhibited the next largest increase in population during the decade, expanding by 8,661 persons. MSA population trends for the 1990-2000 Census years are summarized in Table 2-1.

Table 2-1. Tallahassee MSA Population Trends, 1990-2000

County	1980	1990	2000	1990-2000 Change Amount	Percent
Gadsden County	41,674	41,116	45,087	3,971	9.7%
Jefferson County	10,703	11,296	12,902	1,606	14.2%
Leon County	148,655	192,493	239,452	46,959	24.4%
Wakulla County	10,887	14,202	22,863	8,661	61.0%
Total MSA	211,919	259,107	320,304	61,197	23.6%

Source: U.S. Census 1980-2000 and Strategic Planning Group, Inc., 2004.

As of 2003, SPG estimates that the Tallahassee MSA population increased to 340,481 persons. This is based upon the most recent US Census population estimates and the University of Florida's BEBR medium-range forecast for Gadsden and Leon Counties and its high-range estimates for Jefferson and Wakulla Counties.

While Leon County will continue to be the center of population expansion over the next 20 to 25 years, the southern most Wakulla County sector of the MSA Market is anticipated to show significant expansion, increasing by some 30,262 persons by 2025. This is important in as much as this southern MSA population growth strengthens opportunities for future development in the southern sectors of Leon County and the City of Tallahassee that has been somewhat static during the past several decades.

Population forecasts by county for the four county MSA is shown in Table 2-2 and incremental increases from 2003 through 2025 are shown in Table 2-3. An additional

70,119 persons are forecast for the MSA by 2015, with 47,000 in Leon County. This growth increases to almost 124,000 persons in the MSA by 2025, and 80,700 will be locating in Leon County.

Table 2-2. Tallahassee MSA Population Forecast, 2003-2025

Table 3. TALLAHASSEE MSA POPULATION FORECAST, 2003-2025.

County	2003	2005	2010	2015	2020	2025
Gadsden County	46,491	47,100	48,500	49,800	51,200	52,400
Jefferson County	13,552	14,800	16,200	17,600	19,100	20,600
Leon County	255,500	263,400	282,900	302,500	319,800	336,200
Wakulla County	24,938	28,300	34,200	40,700	47,700	55,200
Total MSA	340,481	353,600	381,800	410,600	437,800	464,400

Note: Based on Census estimates, medium range forecasts used for Gadsden an Leon Counties and high range used for Jefferson and Wakulla Counties.
Source: University of Florida BEBR and Strategic Planning Group, Inc., 2004.

Table 2-3. MSA County Population Increases, 2003-2025

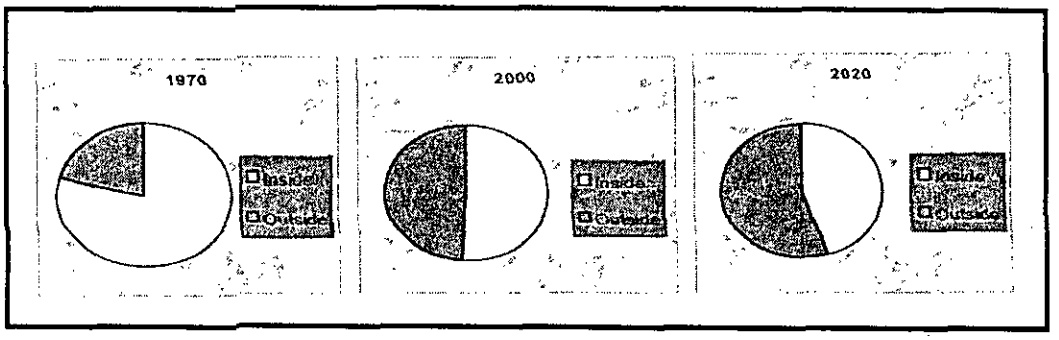
County	2003-05	2003-10	2003-15	2003-20	2003-25
Gadsden County	609	2,009	3,309	4,709	5,909
Jefferson County	1,248	2,648	4,048	5,548	7,048
Leon County	7,900	27,400	47,000	64,300	80,700
Wakulla County	3,362	9,262	15,762	22,762	30,262
Total MSA	13,119	41,319	70,119	97,319	123,919

Note: Based on Census estimates, medium range forecasts used for Gadsden and Leon Counties and high range used for Jefferson and Wakulla Counties.
Source: University of Florida BEBR and Strategic Planning Group, Inc., 2004.

Leon County Growth Patterns

Population distribution within Leon County by persons within or outside of Capital Circle and I-10 has changed dramatically since 1970. Data compiled by the Tallahassee-Leon County Planning Department indicates that in 1970 about 79% of the population resided within the Capital Circle. This number decreased to 51% in 2000 and is forecast to decrease to 45% by 2020.

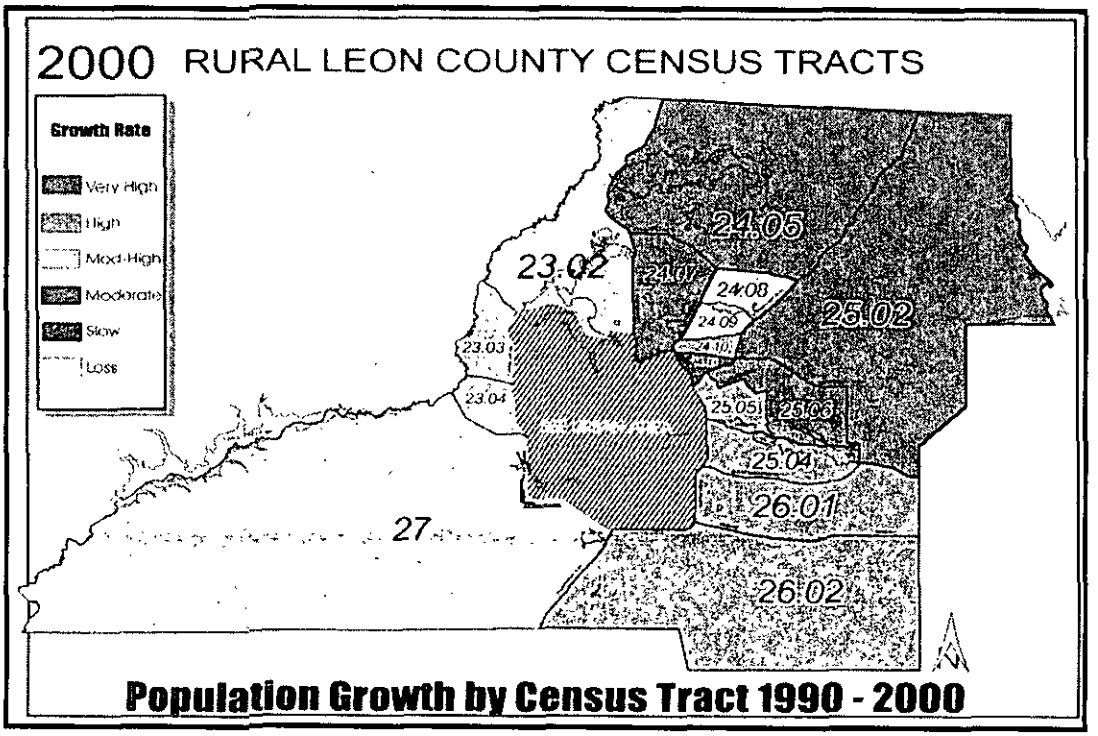
Figure 2-2. Population Inside/Outside Capital Circle, 1970-2020



Source: Tallahassee-Leon County Planning Department, 2004

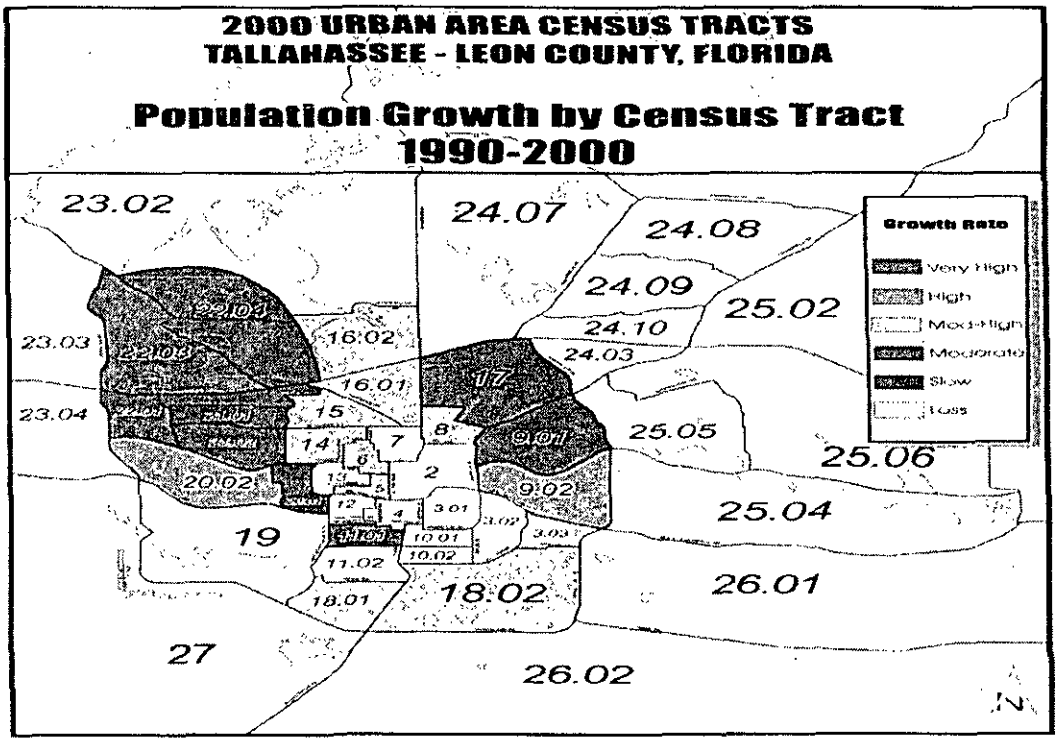
Between 1990 and 2000, census data indicates that the population growth rates were greatest in the rural, eastern sectors of Leon County, with the largest growth rates being experienced in the northeast sector, within the central, urbanized Tallahassee area to the northwest of the downtown, and to the northeast and east of the downtown area. Significantly, a large area of the urban core actually showed a loss of population during the period. Population growth rates by census tract for the 1990-2000 period are shown in Figs. 2-3 and 2-4:

Figure 2-3. Population Growth Rural Leon County



Source: Tallahassee-Leon County Planning Department, 2004

Figure 2-4. Population Growth Tallahassee-Leon County



Source: Tallahassee-Leon County Planning Department, 2004

Analysis of population growth within Leon County by sector shows that between 1990 and 2000, the northeast sector increased by 25,226 persons and accounted for 54 percent of Leon County's growth during the period. The next fastest growing area was the northeast, which increased by 8,411 persons and accounted for 18 percent to the county's total growth between 1990 and 2000.

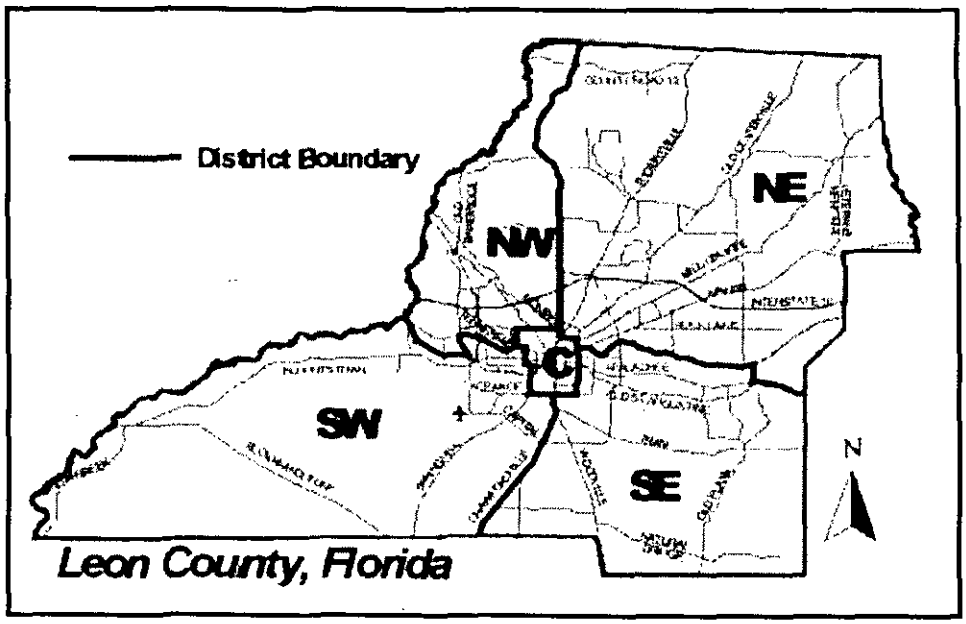
SPG anticipates that based upon current trends, in the coming years the share of total county population will stabilize in the northeast sector and actually begin to decline in the northwest sector. And, the southeast sector of Leon County, which has already begun to show an increasing share of population within the county, will continue to expand from approximately 16 percent in 2003 to 21 percent by 2025. Historic and forecasted population by sector within Leon County is shown in Table 2-4 while Figure 2-5 shows the Leon County sectors.

Table 2-4. Leon County Population by Sector, 1990-2025

	Southeast	Central	Northeast	Southwest	Northwest	Leon Co.
1990-00	7,583	2,631	25,226	3,129	8,411	46,959
2000-03	3,021	1,607	6,877	1,587	2,966	16,048
2003-05	2,821	258	3,468	716	637	7,900
2003-10	10,809	1,154	9,572	2,266	3,600	27,400
2003-15	17,967	2,660	16,236	4,013	6,126	47,000
2003-20	24,486	3,958	22,118	5,735	8,004	64,300
2003-25	31,497	4,319	27,694	7,653	9,537	80,700

Source: U.S. Census, 1990-2000, Leon County Planning Department, and Strategic Planning Group, Inc., 2004.

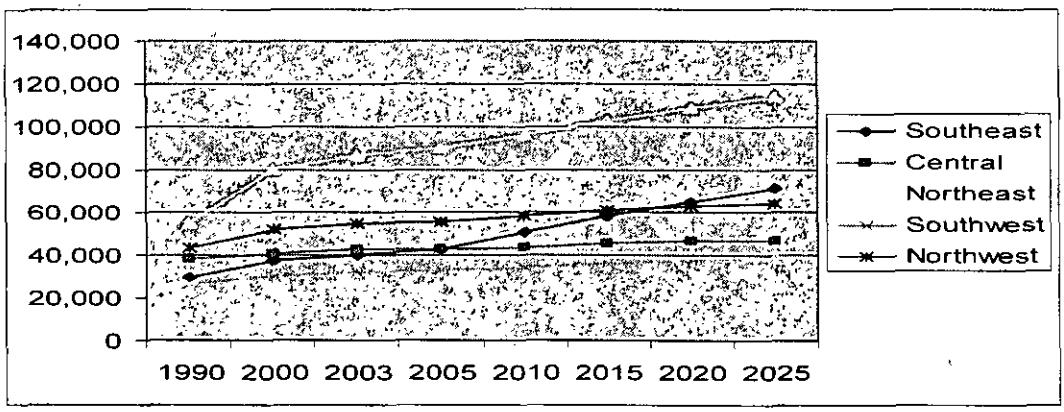
Figure 2-5. Leon County Sectors



This shifting population trend toward Tallahassee's southeastern and southern market sectors is presently being fueled by the St. Joe Corporation's SouthWood Development, the availability of relatively lower cost land for development, the increasing popularity of Wakulla County for persons relocating to the region, the southward expansion of FAMU, the saturation of the northern market areas resulting in increased travel times, and the potential expansion of the Capital Circle State Office Center Complex.

SPG anticipates that the impacts of population growth in the southeast sector will be most evident during the 2010-2025 timeframe. By 2005, population expansion in the southeast sector should equal or exceed that occurring in the central sector of the market, and by the 2015-2020 period should equal or exceed growth in the northwest sector. These trends are illustrated in the population sector forecast shown in Figure2-6.

Figure 2-6. Population Forecast by Sector-Leon County



Source: Tallahassee-Leon County Planning Department

Student Populations

The Leon County population is one of the most highly educated in the State of Florida. This is due in part to the employment requirements for the State of Florida, as well as to the presence of three institutions of higher learning: Florida State University (FSU), Florida A&M University (FAMU) and Tallahassee Community College (TCC). These facilities are within a three-mile radius of the subject fairgrounds property.

Enrollment at these institutions amounted to over 65,000 students as of fall semester, 2004. Projections of future enrollment, along with historical trends, are summarized in Table 2-5, on the following page. As shown, over the next 10 to 11 years, enrollment is forecast to increase by 5,785 students at FAMU and 5,312 students at FSU.

Table 2-5. Institutional Enrollment Levels

Year	Florida State University	Florida A&M University	Tallahassee Comm. College
1980	21,965	5,246	3,663
1990	27,427	8,411	9,679
1995	30,268	10,395	10,101
2000	34,500	12,202	11,207
2002	36,683	12,462	11,667
2004	38,140	13,500	na
2010	40,949	16,483	na
2015	43,452	19,285	na

Sources: Florida Board of Education and TCC Registrars' Office, Fall semester figures and Strategic Planning Group, Inc.

The expansion of FAMU's student body could have a significant impact upon development opportunities at the fairgrounds property site. Continued southward expansion of the FAMU campus is anticipated in future years and off-campus student housing is already being developed on nearby properties immediately west of the fairgrounds location. These opportunities could very well include housing, as well as commercial retail, entertainment and service-type land uses. However, some of this additional new market support is likely to be captured by facilities planned for the revitalized Gaines Street Corridor.

Income

According to the 2000 Census, the Tallahassee MSA had a median household income of $36,441 in 1999. Of the four-county MSA, both Leon and Wakulla Counties recorded median household incomes ranging from 2 to 3% above the MSA average. The reported household incomes were greatest in Leon County and lowest in the rural, Gadsden County area. Table 2-4 summarizes these figures by county.

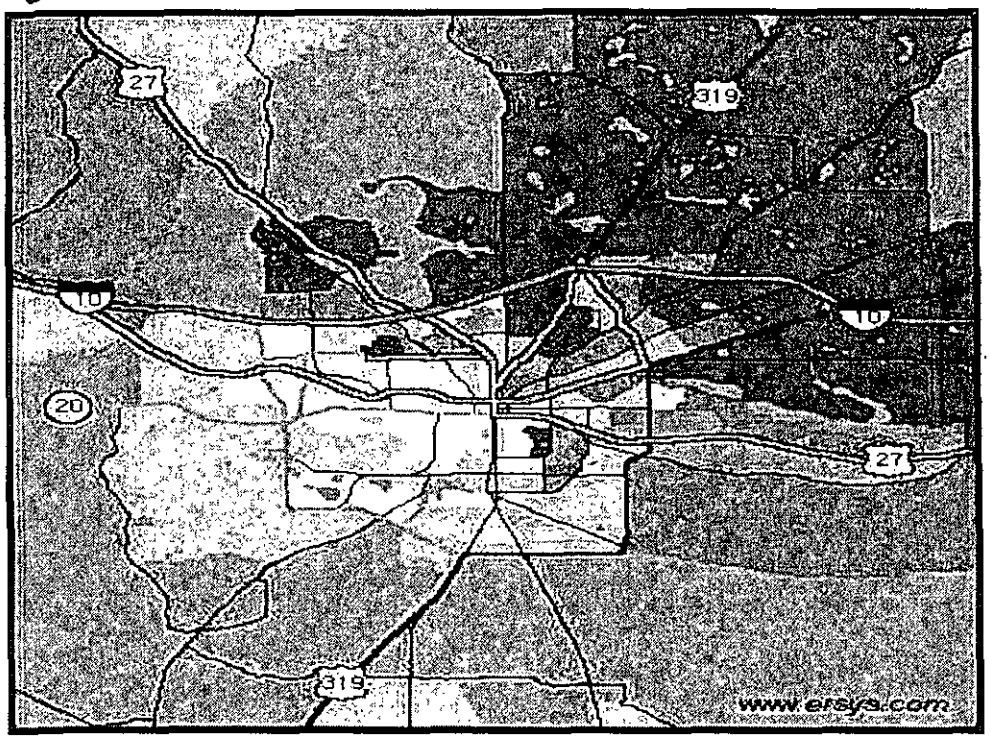
Table 2-6. Median Household Income Levels, 1999

Gadsden County	$31,248	85.7%
Jefferson County	$32,998	90.6%
Leon County	$37,517	103.0%
Wakulla County	$37,149	101.9%
Total MSA	$36,441	100.0%
Primary Market Area	$35,181	96.5%

Source: U.S. Census Bureau, 2000 and SPG, Inc.

The highest median household income levels reported by the Census were located in the market's northeastern sector communities. The distribution of medium household income levels by ranges for the Greater Tallahassee area market in 1999, based on 2000 Census information, is shown in Figure 2-7.

Figure 2-7. Greater Tallahassee Area Market, 1999



Source: US Census 2000, ERSYS, and Strategic Planning Group, Inc. 2004.

Within the Fairgrounds primary market area, defined as the southeast sector of Leon County and excluding the student population and southern downtown area north of Orange Avenue, median household income was determined to be $35,181. Within a several-mile radius of the site north of Orange Avenue, there exists the student population associated with FAMU and FSU with household income levels declining dramatically, ranging between $13,000 and $17,000 according to Census Tract data.

To the north of the fairgrounds site, north of Orange Avenue and east of South Monroe Street, the areas surrounding the Capital City County Club had indicated median household income levels in the $41,550 to $45,324 range. Relatively higher median household income areas were also recorded toward the southeast of the fairgrounds site immediately beyond Capital Circle, with median incomes ranging from $39,207 to $51,981. This data highlights the socioeconomic diversity of the market surrounding the fairgrounds site location.

Table 2-7. Tallahassee MSA Labor Market Trends

Year	Labor Force	Employment	Unemployment	Rate
1995	146,542	142,205	4,337	3.0%
2000	156,786	152,807	3,979	2.5%
2001	157,355	152,440	4,915	3.1%
2002	156,378	150,565	5,813	3.7%
2003	156,530	151,170	5,360	3.4%
2004/1	162,037	156,993	5,044	3.1%

Note: Figures for 2004 are July monthly numbers.
Source: U.S. Department of Labor, Bureau of Labor Statistics and Strategic Planning Group, Inc. 2004.

Labor and Employment

The data indicates that over the past nine years, the Tallahassee MSA labor force has grown by 15,495 persons, or an average of slightly over 1,700 persons annually. During this same time, total employment has increased by 14,788 persons or about 1,643 persons annually.

Unemployment rates within the market ranged from a low of 2.5% in 2000, to a high of 3.7% in 2002. As of July 2004, unemployment rates have declined to slightly over 3%.

An analysis of the 2003 MSA labor force by industry sector, indicates that 28.3% of the total labor force is employed by State government. Together with the local and federal sectors, government employment accounts for 38% of the total, local MSA-area employment. The next largest employment sectors are professional and business services, (11.4%), retail trade (10.9%), and education and health services (10.2%).

Preliminary 2004 data indicates that MSA nonagricultural employment increased significantly between August 2003 and 2004 by 2.2%, or 3,500 persons. The greatest increases in employment were estimated to have occurred in the following sectors: State government; educational and health services; construction; professional and business services; and leisure and hospitality. Changes in employment levels by industry sector for the MSA market are shown in Table 2-6.

According to the 2000 Census, Leon County is a net importer of workers from the surrounding counties. Approximately 55% of the employed population living in Wakulla County worked in Leon County and accounted for about 4% of the total Leon County workforce. Only Gadsden County (6%) accounted for a greater percentage of the non-Leon County population working in Leon County.

Table 2-8. Tallahassee MSA Employment by Sector, 2003-2004

				Change from			
	August	July	August	Jul 2004 to Aug 2004		Aug 2003 to Aug 2004	
Industry Title	2004	2004	2003	Number	%	Number	%
Total Nonagricultural Employment	159,600	157,800	156,100	1,800	1.1%	3,500	2.2%
Goods Producing	11,700	11,700	11,100	0	0.0%	600	5.4%
Natural Resources, Mining, and Construction	8,000	8,000	7,500	0	0.0%	500	6.7%
Manufacturing	3,700	3,700	3,600	0	0.0%	100	2.8%
Service Providing	147,900	146,100	145,000	1,800	1.2%	2,900	2.0%
Trade, Transportation, and Utilities	22,100	21,900	21,800	200	0.9%	300	1.4%
Wholesale Trade	2,900	2,900	2,900	0	0.0%	0	0.0%
Retail Trade	17,600	17,400	17,200	200	1.1%	400	2.3%
Food and Beverage Stores	3,400	3,400	3,800	0	0.0%	-400	-10.5%
Transportation, Warehousing, and Utilities	1,600	1,600	1,700	0	0.0%	-100	-5.9%
Information	3,700	3,700	3,700	0	0.0%	0	0.0%
Financial Activities	7,300	7,300	7,200	0	0.0%	100	1.4%
Professional and Business Services	18,200	17,800	17,700	400	2.2%	500	2.8%
Education and Health Services	16,700	16,600	16,100	100	0.6%	600	3.7%
Leisure and Hospitality	13,300	13,300	12,800	0	0.0%	500	3.9%
Other Services	7,600	7,700	7,600	-100	-1.3%	0	0.0%
Total Government	59,000	57,800	58,100	1,200	2.1%	900	1.5%
Federal	1,800	1,800	1,900	0	0.0%	-100	-5.3%
State	43,500	43,500	42,700	0	0.0%	800	1.9%
Local	13,700	12,500	13,500	1,200	9.6%	200	1.5%

Note: Employment estimates have been rounded to the nearest hundred. Sum of detail may not equal totals due to rounding or the exclusion of certain industries from publication. All data are subject to revision due to late reporting of participants and the annual benchmarking process.

Source: U.S. Department of Labor, 2004

Major Employers

Only 5% of Leon County residents with a job worked outside of Leon County, making it the second-lowest percentage in the State of Florida, according to the 2000 Census. Major employers in the MSA market, employing 300 or more persons, with the exception of St. Marks Powder-A General Dynamics Company are all located in Leon County. Table 2-9 summarizes the markets major employers.

Table 2-9. Tallahassee Area Major Employers, 2004

Florida State University	8,784
Leon County Schools	4,403
City of Tallahassee	3,327
Tallahassee Memorial HealthCare, Inc.	2,850
Florida A&M University	2,681
Publix Supermarkets, Inc.	2,000
Leon County	1,522
Tallahassee Community College	1,090
Sprint	740
Capital City Bank	530
Tallahassee/Leon County Civic Center	518
Capital Regional Medical Center	515
Caspers Group McDonald's	500
Quincy Farms	500
Capital Health Plan	485
Wal-Mart Super Center	425
St. Marks Powder- A General Dynamics Company	330

Source: Tallahassee Area Chamber of Commerce, 2004, and Strategic Planning Group, Inc, 2004

SECTION 3 – FAIRGROUNDS MARKET OPPORTUNITIES

In this section, consideration is given to the market potentials attributable to the commercial and residential markets for possible redevelopment of the fairgrounds property. Presented here is an overview of the commercial transient lodging, office, retail, entertainment, and residential markets relative to their capability of supporting reuse/development at the site, financial considerations associated with the potential sale of part or all of the 104-acre property, and relocation considerations for the existing fairgrounds operations.

MARKET OVERVIEW

SPG has evaluated and analyzed the Tallahassee commercial and residential markets with regard to development patterns and market absorption trends in order to determine the highest and best uses for the fairgrounds property. An overview of each of the land uses considered is presented in the following pages.

Transient Lodging Market

The Tallahassee transient lodging (hotel-motel) market has been somewhat static during the past decade. Between 1990 and 2003, the total number of licensed hotel/motel facilities has only increased by three establishments and a total of 392 rooms. As would be expected, the number of hotels increased by 11 facilities and motels decreased by eight facilities. Hotel rooms increased by 1,011 rooms and motel rooms declined by 619, reflecting the development of new, larger-type lodging facilities within the market. Table 3-1 summarizes trends in licensed lodging facilities in Leon County for the 1990-2003 period.

Table 3-1. Licensed Lodging Facilities Trends, 1990-2003

Fiscal Year	*1990-91*	*1995-96*	*1998-99*	*2001-02*	*2002-03*
Rooms					
Hotel	1,176	1,356	1,816	2,356	2,187
Motel	3,363	3,498	3,119	2,839	2,744
Total	4,539	4,854	4,935	5,195	4,931
Establishments					
Hotel	8	10	15	21	19
Motel	45	45	41	36	37
Total	53	55	56	57	56

Source: State of Florida, Department of Busines and Professional Regulation Division of Hotels and Restaurants, 2004; and Strategic Planning Group, Inc., 2004.

The development pattern of transient lodging facilities within the greater Tallahassee area market has been primarily in the northwest and eastern sectors of the City. As of 2004, the Leon County market contained an estimated 5,013 rooms, and 2,338 or 47% of these rooms were in the northwest sector of the market. The eastern sector of the market provides an additional 1,039 rooms and accounts for 21% of the market. There was not any hotel development in Tallahassee's southern market sector. Table 3-2 indicates the Tallahassee hotel/motel inventory by market sector as of 2004.

Table 3-2. Tallahassee Hotel/Motel Inventory, 2004

Fiscal Year	*1990-91*	*1995-96*	*1998-99*	*2001-02*	*2002-03*
Rooms					
Hotel	1,176	1,356	1,816	2,356	2,187
Motel	3,363	3,498	3,119	2,839	2,744
Total	4,539	4,854	4,935	5,195	4,931
Establishments					
Hotel	8	10	15	21	19
Motel	45	45	41	36	37
Total	53	55	56	57	56

Source: State of Florida, Department of Business and Professional Regulation, Division of Hotels and Restaurants, 2004, and Strategic Planning Group, Inc., 2004

While there would appear to be an immediate opportunity for the development of additional transient lodging facilities within the market, particularly in the southern sector market area, planned and proposed hotel development indicates an expansion of the market by approximately 30% or 1,611 rooms is already underway. About 50% of these rooms are slated for development in the markets eastern and downtown sectors. Planned and proposed hotel/motel development in the Tallahassee market is shown in Table 3-3.

Table 3-3. Planned Tallahassee Hotel/Motel Facilities, 2004

Northeast	Rooms
Hampton Inn & Suites	122
East	
Hilton Garden Inn	85
Extended Stay	150
Camden Suites	84
Applachee Pkwy Hotel	145
Sub Total	464
Downtown	
Marriott Civic Center	329
Northwest	
Holiday Inn	132
West	
HUD Frenchtown	100
Total Market Area	1,611

Source: Tallahassee-Leon County Planning Department, 2003, and Strategic Planning Group, Inc. 2004

Thus, assuming that 80% of the planned inventory will actually be developed and an average absorption of approximately 150 rooms annually, the market will require an estimated eight to nine years to sufficiently absorb the planned development inventory.

Therefore, SPG does not anticipate any short-term market development opportunities for hotel/motel facilities at the Fairgrounds location prior to 2013. At that time, sufficient market support could be expected from FAMU, Innovation Park, SouthWood, the Capital Circle State Office Center, Downtown Tallahassee and Wakulla County residents, tourists, and businesses.

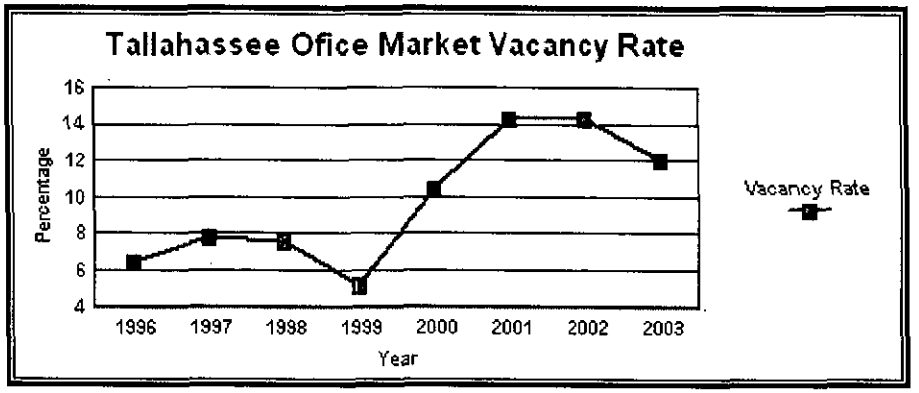
This anticipated development timeframe could, however, be expedited should FAMU decide that transient lodging facilities are required to support new and emerging educational programs and overall campus expansion programs.

OFFICE MARKET

The Tallahassee office market (Leon County) contains approximately 6.6 million square feet of private sector office space (in buildings of 20,000 square feet or greater), according to surveys conducted by SouthLand Commercial. In addition, the State of Florida owns and occupies 4.5 million square feet of space in the County market.

As of 2004, both SouthLand Commercial and Coldwell Banker-Hartung and Noblin, Inc., estimate office space vacancy in the market to be approximately 12%. This is several percentage points below the market vacancy rate experienced in 2001 and 2002 and indicates some strengthening, in spite of recent reductions in government employment. Historical trends in the Tallahassee office market vacancy trends are shown in Figure 3-1.

Figure 3-1. Tallahassee Office Market Vacancy Trends



Source: Coldwell Banker-Hartung and Noblin, Inc., and Strategic Planning Group, Inc., 2004. (Buildings of 10,000 SF minimum)

Within the southeast sector of the market, office space vacancy rates have mirrored trends in the Greater Tallahassee Area market. During the past year, however, southeast sector vacancy has declined to several percentage points below that of the overall market. This is primarily due to slightly increased absorption stemming from increased occupancy of St. Joe's SouthWood One office building that was the first speculative office development in the southeast sector in the last 15 years. During 2003, half of the space in this 90,000 square foot building was leased.

By the end of 2003, the southeast sector contained approximately 2,906,555 square feet of office space, of which 289,634 or 9.96 was vacant and available for lease. This vacancy rate is about equal to that of the northeast and downtown areas, and half that of the northwest market sector which was estimated at 20.7% in 2003. It should be noted that the downtown vacancy rate declined dramatically during the first half of 2004 to approximately 3.0%.

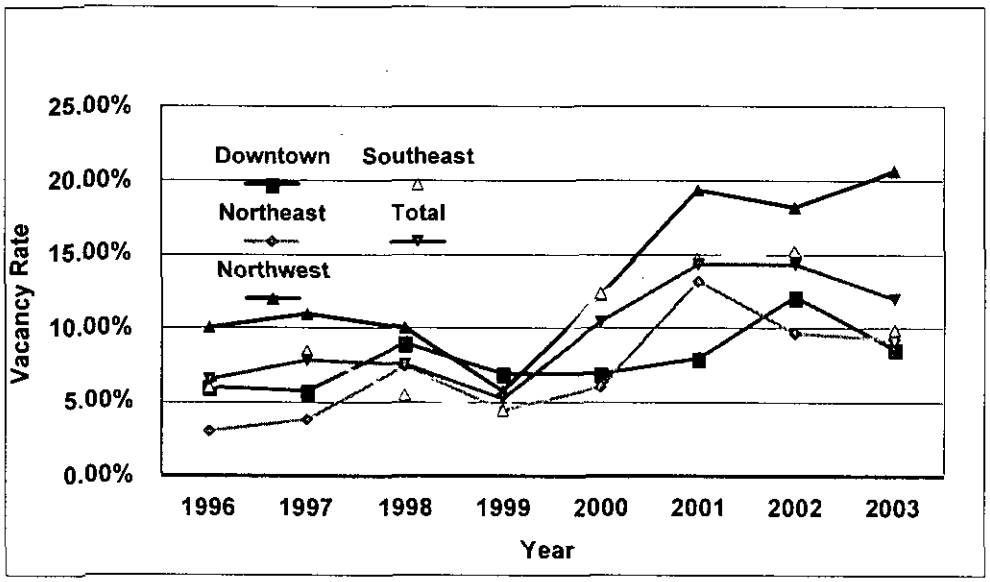
Table 3-4 and Figure 3-2 summarize office space vacancy rates by market sector for the 2000 to 2003 period.

Table 3-4. Tallahassee Office Market Vacancy by Sector, 1996-2003

Year	Downtown	Northeast	Northwest	Southeast	Total
1996	6.00%	3.00%	10.00%	6.00%	6.50%
1997	5.75%	3.82%	11.00%	8.50%	7.79%
1998	9.00%	7.40%	10.00%	5.54%	7.60%
1999	6.96%	4.49%	5.77%	4.44%	5.20%
2000	6.93%	5.99%	12.24%	12.38%	10.49%
2001	7.94%	13.21%	19.37%	14.65%	14.32%
2002	12.09%	9.59%	18.18%	15.20%	14.34%
2003	8.64%	9.23%	20.65%	9.96%	12.00%

Source: Coldwell Banker, Hartung & Noblin, Inc., 2003

Figure 3-2. Vacancy Rate Trends by Market Sector



Source: Coldwell Banker, Hartung & Noblin, Inc., 2003, and Strategic Planning Group, Inc., 2004.

Coldwell Banker, Hartung & Noblin, Inc.'s annual market survey of major office facilities, consisting of buildings over 10,000 square feet, indicated that approximately 37% of the total market's vacant space was located in the southeast sector. An inventory of major office buildings located within the southeast sector of the Tallahassee market is presented in Table 3-5.

Table 3-5. Inventory of Major Office Facilities, Southeast Sector

Project Name / Address	No. Bldgs	No. Floors	Year Built	Rentable Sq Ft	Current Vacant	Rate Per SF (FS/NET)	Largest Avail Space	Comments
KOGER EXECUTIVE CENTER	18	2	72-92	833,372 (Usuable)	158,000	$16.00 Full Service	36,000	
1311 Executive Center Dr								
MAGNOLIA OFFICE PARK	6	2	1985	52,000	3,000	$13.50 Full Service	3,200	
345 S. Magnolia Dr								
LAFAYETTE OFFICE PARK	2	2	1975	26,000	4,500	$13.00 Full Service	1,600 10,00	16,000-2 Story 2 Story
1020-1030 Lafayette St								
327 OFFICE PLAZA (Medallion Building)	1	2	1970	15,212	4,000	$12.00	1,000	
309 OFFICE PLAZA Professional Arts Bldg	1	2	1970	12,632	0	$8.00 No Service	0	
CAPITAL COMMERCE CENTER	11	2-Jan		63,500	7,620	$10.50 NET + .25 CAM	5,400	
500 Capitol Circle SE								
MAGNOLIA CENTRE I	1	6	1988	50,000	8,000	$17.50	5,000	Former bank space
1203 Governor's Square Blvd								
MAGNOLIA CENTRE II	1	4	1988	40,000	4,500	$15.50	4,500	
Governor's Square Blvd								
PARK CENTRE	1	2	1988	30,000	0	$16.00 Full Service	0	
124 Marriott Dr								
FLORIDA LOTTERY BUILDING	1	3	1988	150,000	0		0	
Marriott Dr								
OLD ST. AUGUSTINE OFFICE PK	5	1		150,000	0	$15.00	0	June 4600 SF
2002 Old St. Augustine Rd								
PARKWAY OAKLAND BLDG	3	3-Jan		70,000	4,000	$15.00 Full Service	2,000	
2003 Apalachee Pkwy								
AMBASSADOR BUILDING	1	2	1971	50,000	6,000	$17.00	6,000	
Apalachee Pkwy								
WINEWOOD OFFICE COMPLEX	8	2 1/2-4	1970	330,259	0	$14.04 Net/Elec	0	
1311 Winewood Blvd								
DEPT OF CORRECTIONS	1	5-Mar	1994	330,000	0	$14.79 Net	0 15 year lease	Single Tenant
2601 Blairstone								
BLAIRSTONE PLAZA	2	2		15,000	0	$12.00 Net	0 1,850	
2720 Blairstone Rd								
FORT KNOX	3	3	1986	45,000	0	$17.50 Full Service	0	
1406 Capital Circle NE				90,000 150,000				
2600/2650 APALACHEE PKWY	2	1-Feb	1996	20,000	10,000	$15.00	5,000	
2670 Apalachee Pkwy				5,000				
1310 CROSS CREEK	1	1	1996	10,000	0	$13.00 Net	0	
3717 APALACHEE PKWY	1	2		35,000	8,000	$15.00 Full Service	8,000	DOT

ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

Table 3-5. (Con't.)

Project Name / Address	No. Bldgs	No. Floors	Year Built	Rentable Sq Ft	Current Vacant	Rate Per SF (FS/NET)	Largest Avail. Space	Comments
1830 E. PARK AVE	1	2	2003	20,000	0	$15.00	0	
					Net			
PARK ON PARK	5	2-Jan		30,200	20,000	$10.00	7,000	
820 E. Park					Net			
GOVERNORS COURT	1	1	2001	22,000	4,000	$10.00	4,000	
1140 Capital Circle SE					Net			
SOUTHWOOD ONE	1	3	2001	90,000	17,634	$18.25	9,975	$25.00 TI
Drayton Dr.					Full Service			
FLORIDA BAR ANNEX	1	1	1991	52,000	0	$17.50	0	
661 Crest St.					Net			
FBMC (Former)	1	2	1972	30,380	30,380	$11.00	30,380	2.08 AC
1720 Gadsden					Net			
CCR Building	1	1		30,000	30,000	$12-13.00		Capital Collateral
Drayton Dr.								Resources
				2,906,555				
Total				9.96%	289,634			

Source: Coldwell Banker, Hartung and Noblin, Inc.

Market absorption of office space within the area, based upon the SouthLand Commercial-Tallahassee Office Survey 2004, indicated approximately 223,242 square feet, which was significantly above levels experienced during the past several years. In fact, 2003 was reported as having a net loss of absorbed new office space. The majority of space absorbed within the market was in the northeast sector, which accounted for almost 60% of the total market absorption.

The southeast market sector accounted for an estimated 28%, or 61,699 square feet of this absorption. However, over 60% of the estimated southeast sector office market absorption was accounted for by the St. Joe Company's SouthWood One building. The balance of the entire southeast market captured only slightly over 24,000 square feet.

Average rental rates were indicated to be approximately $16.37 per square foot, up from levels achieved in prior years. This does again, however, reflect new space being marketed by St. Joe's SouthWood One building.

This trend is anticipated to continue during the near term and accelerate as the SouthWood Community continues to grow and expand its commercial office/retail market base.

SPG has forecast office market absorption for the Tallahassee Market based upon anticipated future employment levels in those industry classifications typically considered users of office space. This includes persons employed in the areas of financial activities, professional and business services, health services, and other service industries. Government employment space needs have not been included in this forecast analysis.

Based upon future employment growth, SPG forecasts office-space needs at approximately 190,000 square feet in 2005, increasing annually at 2% throughout the forecast period. A southeast sector market share of this space-need, amounting to 25%, has been utilized in 2005, and increases to 33% in 2015 and 38% by 2025.

Considering anticipated, continued office development to be expected by St. Joe, both within its SouthWood Community and at other properties owned within the southeast sector market, SPG has assumed a Fairgrounds site market share ranging from a low of 75 to a high of 28% throughout the projection forecast period. This results in office space demand at the Fairgrounds site of between 7,500 to 9,400 square feet in 2010, increasing to 11,400-15,200 in 2015, and to approximately 26,400-30,000 by 2025. Again, it should be noted that this space-demand forecast is exclusive of Government and other public/ institutional-type office space use demand. Should Government or institutional users consider office development at the Fairgrounds site, this would be in addition to the indicated forecast of office space demand. Office space absorption at the subject Fairgrounds site is shown in Table 3-6.

Table 3-6. Forecast of Office Space Demand, Fairgrounds Site

	2005	2010	2015	2020	2025
Total Market	190,000	209,000	229,900	252,900	278,200
SE Sector	47,500	62,700	75,967	88,515	105,716
Mkt Share	25%	30%	33%	35%	38%
Fairgrounds					
Mkt Share	7%	12%	15%	20%	25%
Mkt Share	7%	15%	20%	25%	28%
Site Potentials	3,325	7,524	11,380	17,703	26,429
	3,325	9,405	15,173	22,129	29,600

Source: Strategic Planning Group, Inc. 2004

RETAIL MARKET

The Tallahassee/Leon County retail market structure has remained relatively static over the past five to six years, experiencing little expansion outside of the automotive, food and beverage, and general merchandise retail categories. Big box retailers have accounted for the growth in general merchandise-type facilities; however, all of this growth has occurred in the northeast and northwest sectors of the Tallahassee market area.

Total retail establishments in Leon County increased by only 53 outlets between 1998 and 2001, according to the most recently available data provided by the US,

Department of Commerce's County Business Patterns. Significantly, the greatest increase in retail establishments was in the motor vehicle parts and gas station facilities, food and beverage stores, and clothing and accessories stores. Furniture and home furnishing stores, along with health and personal care stores, both posted losses in establishments for the period. The inventory of retail establishments in Leon County for the 1998-2001 period is shown in Table 3.7.

Table 3-7. Leon County Retail Establishments, 1998-2001

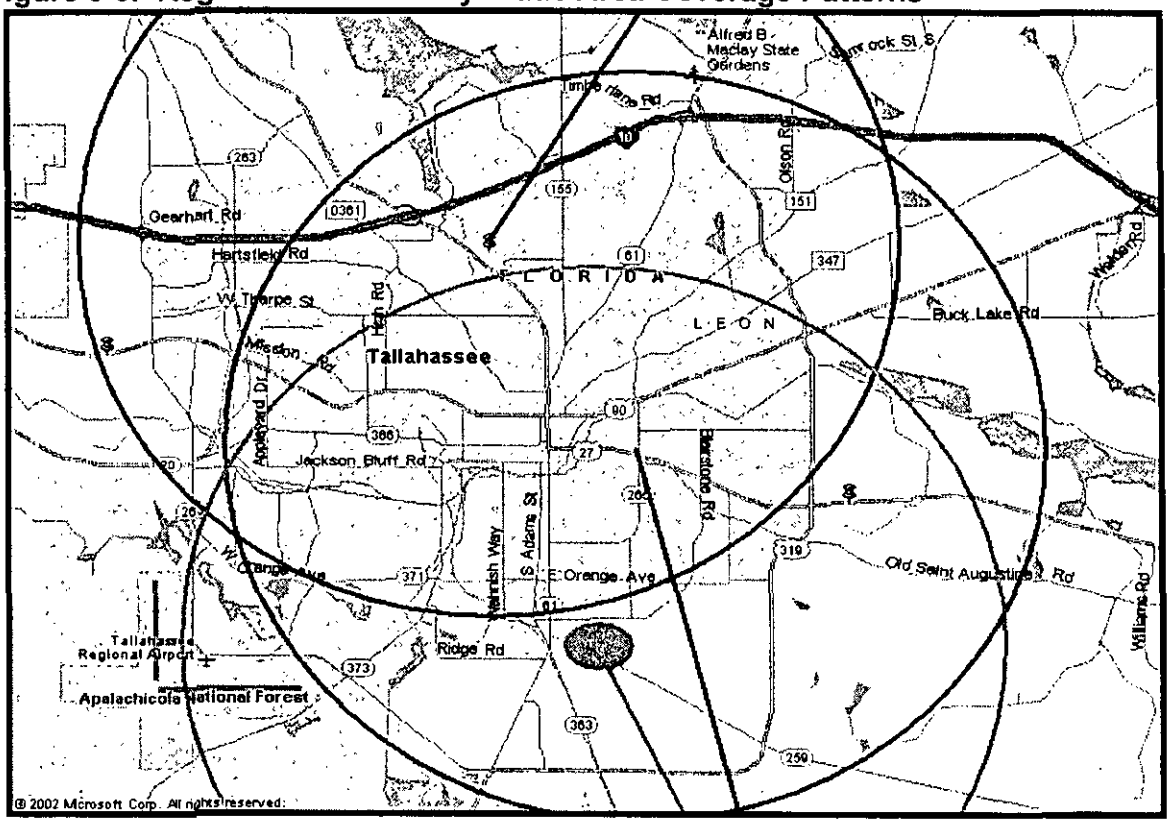
Leon County Retail Structure	1998	2001	Change Amount	Change Percent
Total Retail Establishments	1002	1055	53	5.3%
Motor Vehicle & Parts	111	132	21	18.9%
Furniture & Hm Furnishings	73	61	-12	-16.4%
Electronics & Appliances	57	49	-8	-14.0%
Bldg. Materal & Supply	70	71	1	1.4%
Food & Beverage	77	102	25	32.5%
Health & Personal Care	81	69	-12	-14.8%
Gas Stations	104	127	23	22.1%
Clothing & Accessories	159	172	13	8.2%
Sporting, Book, Hobby Mus.	75	75	0	0.0%
General Merchandise	27	33	6	22.2%
Misc. Retailers	129	133	4	3.1%
Non-Store Retailers	39	31	-8	-20.5%

Source: County Business Patterns, 1998-2001 and SPG 2004.

Regional retail facilities serving the market include the Tallahassee Mall and Governor's Square Mall. These are older, regional shopping malls built in 1971 and 1979, respectfully. Tallahassee Mall is a 749,925-square foot center located in the northwestern sector of the City, and Governor's Square Mall is a 1,313,239-square foot mall located in the eastern sector of the market. From these locations, all of the City of Tallahassee is relatively well served and within a 20-minute driving time from either of these regional mall locations.

Figure 3-3 shows the regional mall primary trade area coverage pattern for each of these centers relative to the fairgrounds site location and potential market area.

Figure 3-3. Regional Mall Primary Trade Area Coverage Patterns



Source: Strategic Planning Group, Inc., 5-mile radius primary trade area market,

Community and neighborhood-type shopping centers within the market are also primarily older centers. Since 2000, only four new community/neighborhood shopping centers were developed within or adjacent to the City of Tallahassee. Three of the four centers were added in the eastern and southern sectors of the market.

The location of these shopping centers is shown, along with the inventory of retail shopping centers in Figure 3-4 and Table 3-7. Of the total 6.7-million square feet of shopping center space, 3.2 million, or 48%, was developed prior to 1980. During the 1980's, an additional 1.8-million square feet, or 26%, of shopping center space was added to the inventory. Between 1990 and 1999, the market added an additional 19% of its total space, or 1.3-million square feet. Since 2000, only 453,713-square feet of shopping center space have been added to the inventory being added annually.

Thus, almost half of the market's shopping center space is at least 25 years or older. Average annual development amounted to 175,500-square feet during the 1980's, and declined to about 127,000-square feet average annually during the 1990's. Annualized figures for the current decade, based upon shopping center development through the first half of 2004, would result in further decline to approximately 907,000-square feet of shopping center space.

Figure 3-4. Tallahassee Area Shopping

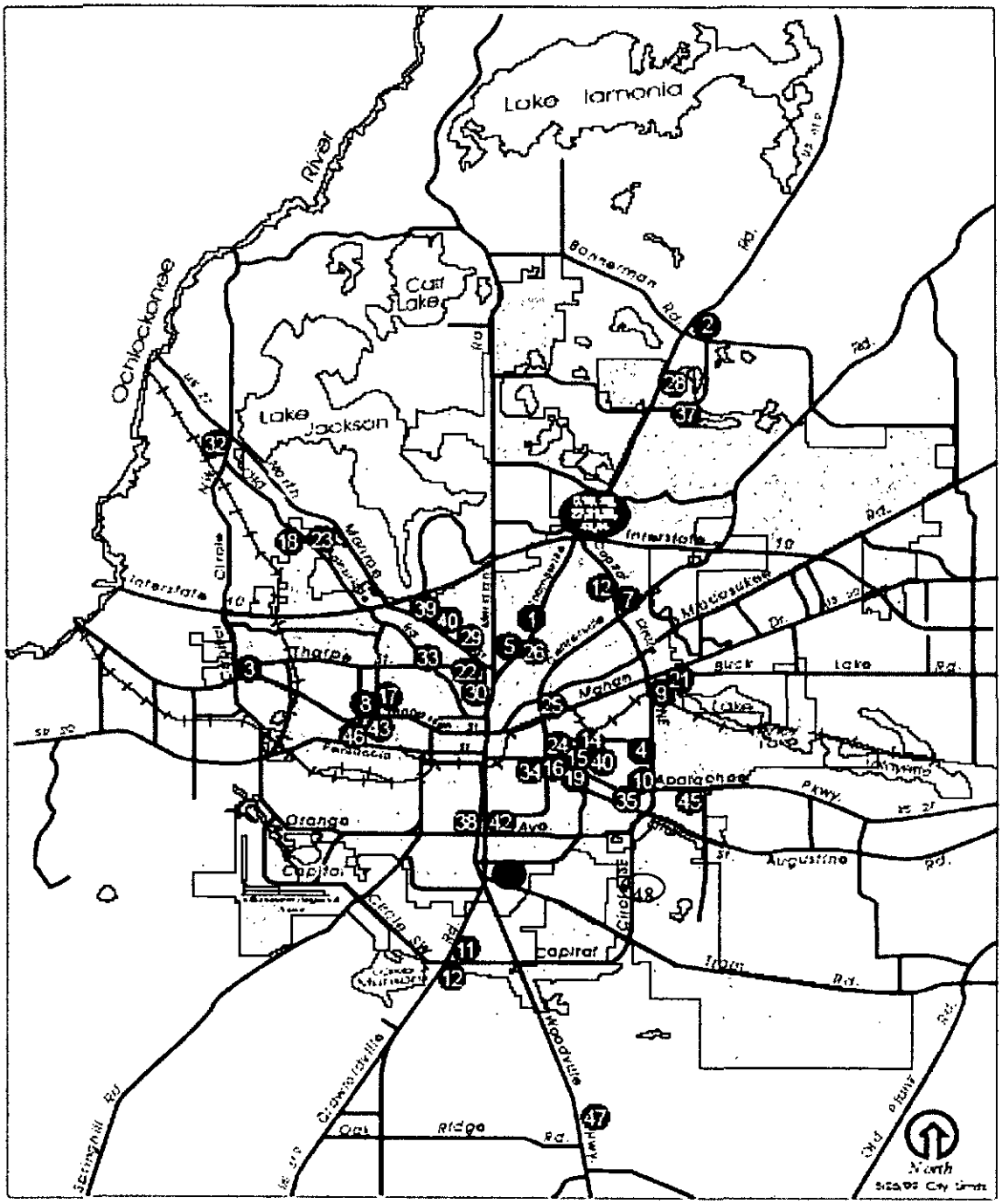


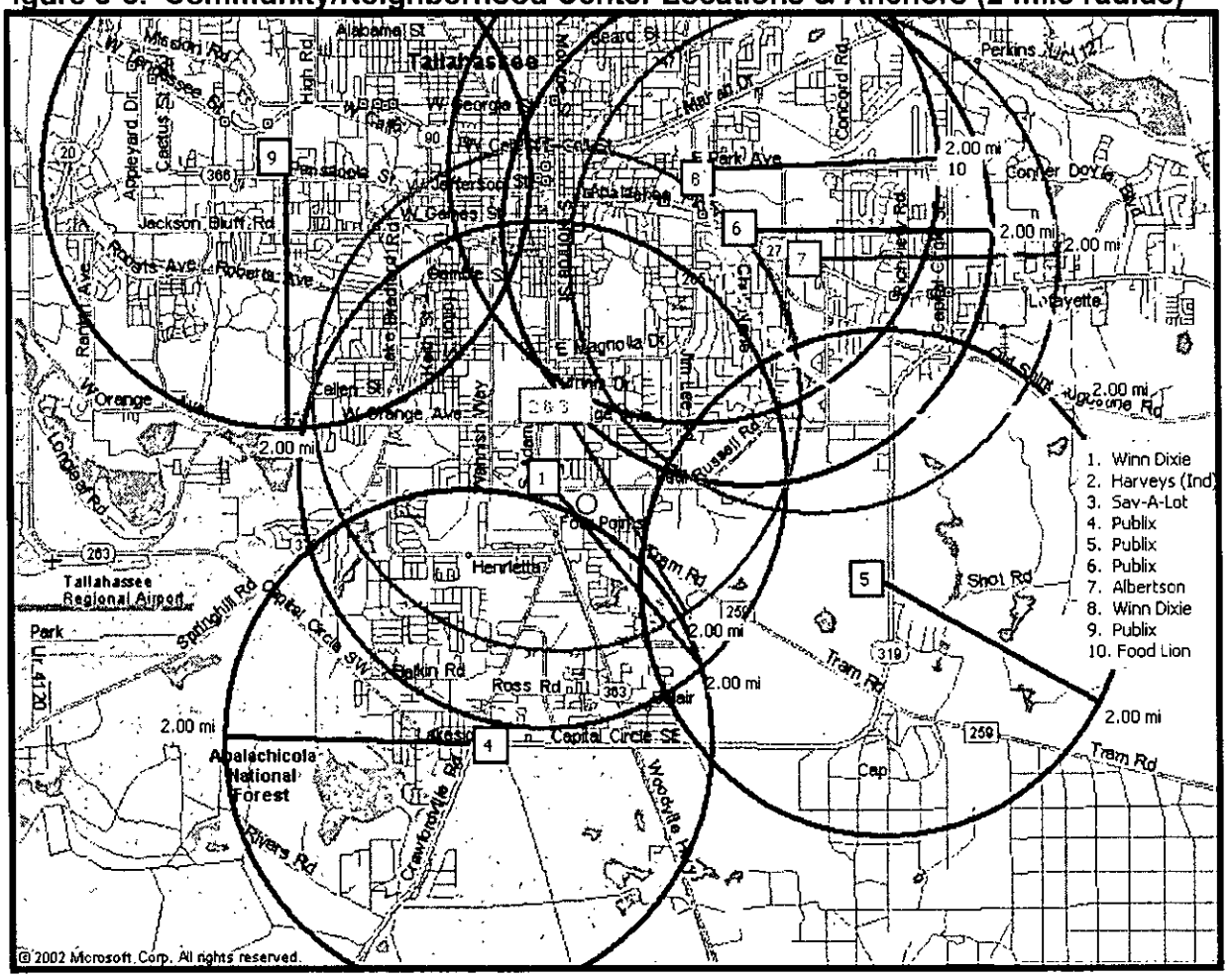
Table 3-8. Inventory of Tallahassee Area Shopping Centers

Map	Shopping Center	Gross Square Footage	Land Area (Acres)	Year Built
1	Betton Place	33,460	23	1983
2	Bradford Village Center	77,152	1,437	1996
3	Capital West	277,546	2,957	1990
4	Capitol Park	80,282	1,165	1989
5	Capitol Plaza	112,741	414	1961
6	Carriage Gate	84,683	689	1978
7	Center Village	179,269	1,728	1993
8	College Square	77,725	876	1979
9	Commercial Plaza East	33,217	398	1982
10	Cross Creek Square	205,482	2,195	1988
11	Crossway Shopping Center	29,360	423	1989
12	Forest Village Shopping Center	134,000	3,079	2000
13	Gallery at Market Street	33,258	149	1986
14	Governor's Marketplace	154,555	3,380	2001
15	Governor's Square Mall	1,313,239	9,556	1979
16	Gulf Winds Shopping Center	117,386	10	1967
17	High Road Corner	71,977	458	1960
18	Huntington Oaks Plaza	73,092	1,156	1990
19	K Mart Plaza Shopping Center	166,365	1,609	1972
20	Killearn Center	94,772	866	1980
21	Lafayette Place Shopping Center	103,540	1,368	1987
22	Lake Ella Plaza	102,158	1,365	2002
23	Lake Jackson Trading Post	73,945	882	1984
24	Magnolia Park Courtyard	86,023	9	1987
25	Mahan Square	35,348	349	1988
26	Miracle Plaza	69,192	618	1981
27	Monticello Square	124,465	1,087	1979
28	Northampton	101,871	1,099	1991
29	Northside Plaza	70,521	575	1977
30	Northwood Station	45,355	26	1991
31	Oak Lake Village	55,968	443	1985
32	Oak Valley Shopping Center	79,766	1,841	1992
33	Old Bainbridge Square	77,133	878	1988
34	Parkway Shopping Center	205,102	141	1965
35	Parkway Terrace	38,250	153	1984
36	Pavillions The	50,602	405	1986
37	Shannon Lakes Shopping Center	64,932	803	1989
38	Southside Shopping Center	60,660	668	1976
39	Sugar Creek	196,665	2,131	1988
40	Tallahassee Mall	749,925	7,425	1971
41	Timberlane Shops on the Square	126,988	961	1985
42	Towne South Shopping Center	81,808	1,225	1980
43	Varsity Shopping Center	45,048	439	1965
44	Village Commons Shopping Center	239,642	2,409	1992
45	WalMart Supercenter	196,538	2,827	1997
46	Westwood Shopping Center	162,690	1,562	1981
47	Woodville Shopping Center	22,170	23	1988
48	SouthWood Village Shopping Center	63,000		2003

Source: Tallahassee-Leon County Planning Department

Community and neighborhood shopping centers are typically anchored by a major supermarket; however, analysis of the present market coverage patterns of these anchor tenants indicates that the opportunity to attract that type of tenant is somewhat limited unless Food Lion, Albertson's, or a new market entry could be identified. The location and coverage patterns of what could be considered competing centers to the Fairgrounds location is shown in Figure 3-5.

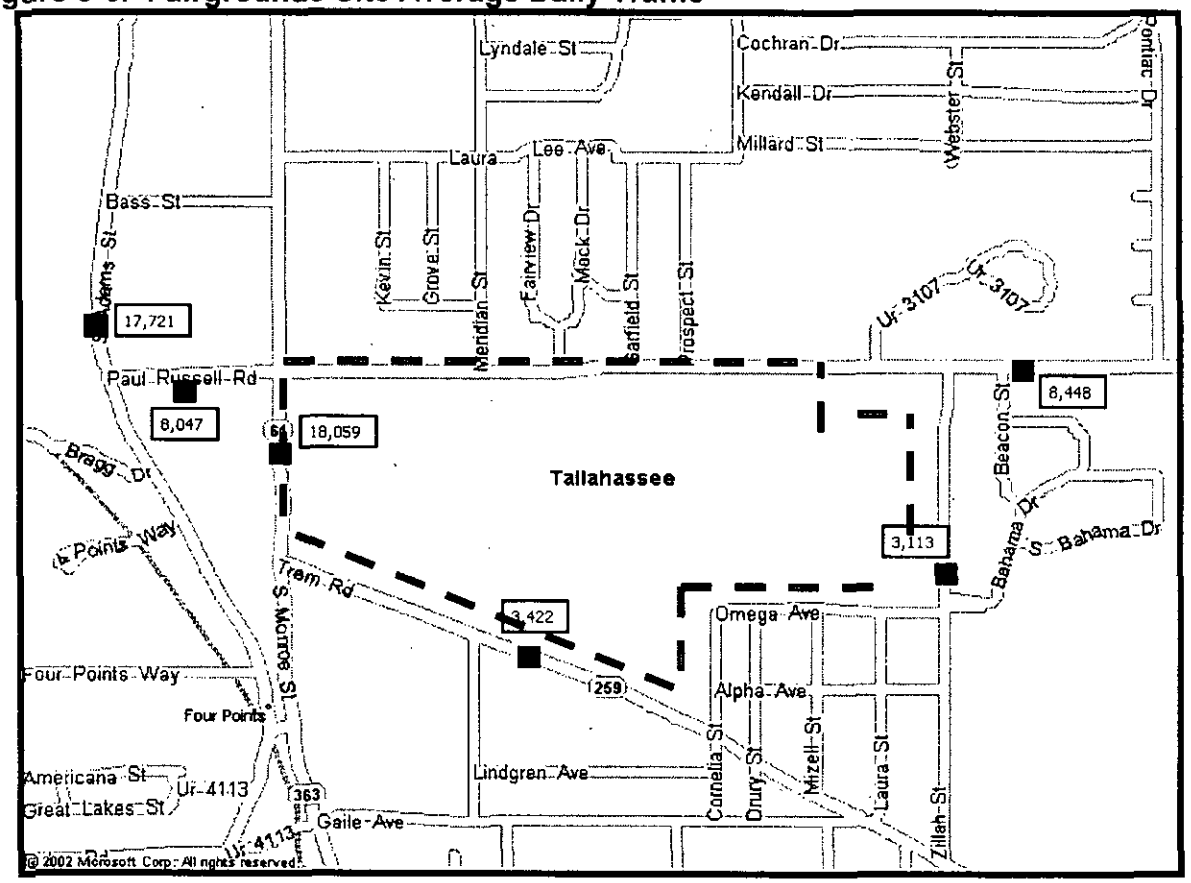
Figure 3-5. Community/Neighborhood Center Locations & Anchors (2-mile radius)



Source: Strategic Planning Group, Inc., 2004.

Traffic counts on the adjacent roads to the Fairgrounds property are showing that South Monroe presently has an average daily traffic count (ADT) of over 18,000 automobiles while the adjacent South Adams Street shows an additional 17,700 automobiles daily. Paul Russell Road's ADT amounted to 6,466, and Tram road amounted to approximately 3,422 ADT. The South Monroe ADT, while relatively high, is still slightly below the ideal that high volume retailers prefer, which is generally around 25,000 ADT (see Figure 3-6).

Figure 3-6. Fairgrounds Site Average Daily Traffic



Source: Strategic Planning Group, Inc., 2004.

Retail development potentials for the Fairgrounds site have been determined on the basis of anticipated, market-growth forecast for the community's southeast sector, and to a limited extent, anticipated resident and tourist growth that will occur in the Wakulla County market immediately south of Leon County.

FAIRGROUNDS AREA MARKET STRUCTURE

A demographic profile of the geographic area extending in a one, two, and three-mile radius from the fairgrounds site location is summarized in Table 3-8. The data indicates a relatively insignificant population growth has occurred in the one- mile radius and the number of households actually declined between the 1990 and 2000 Census periods. The majority of the population growth has been experienced in the one to three and three to five mile radius areas. However, the majority of the household growth has occurred within a three to five mile radius from the site.

Table 3-9. Fairgrounds Area Demographic Profile

Description	1 Mile	Pct.	3 Mile	Pct.	5 Mile	Pct.
Population						
2004 Estimate	6,940		47,100		112,584	
2000 Census	6,607		45,983		108,643	
1990 Census	6,374		44,714		99,061	
Growth 1990 - 2000	3.66%		2.84%		9.67%	
Households						
2004 Estimate	2,284		18,546		47,532	
2000 Census	2,184		18,110		45,680	
1990 Census	2,280		17,505		40,163	
Growth 1990 - 2000	-4.21%		3.46%		13.74%	
2004 Est. Population by Single Race	6,940		47,100		112,584	
White Alone	712	10.26	18,162	38.56	56,299	50.01
Black or African American Alone	6,104	87.95	26,788	56.87	50,538	44.89
American Indian and Alaska Nativ	6	0.09	87	0.18	246	0.22
Asian Alone	22	0.32	859	1.82	2,265	2.01
Native Hawaiian and Other Pacific		0.00	12	0.03	52	0.05
Some Other Race Alone	13	0.19	422	0.90	1,225	1.09
Two or More Races	81	1.17	772	1.64	1,959	1.74
Hispanic or Latino	108	1.56	1,688	3.58	4,952	4.40
2004 Tenure of Occupied Housing Unit	2,284		18,546		47,532	
Owner Occupied	1,272	55.69	6,951	37.48	17,224	36.24
Renter Occupied	1,012	44.31	11,595	62.52	30,308	63.76
2004 Average Household Size	2.66		2.11		2.09	
2004 Est. Households by Household Ir	2,284		18,546		47,532	
Income Less than $15,000	611	26.75	6,605	35.61	16,167	34.01
Income $15,000 - $24,999	412	18.04	3,095	16.69	7,831	16.48
Income $25,000 - $34,999	384	16.81	2,741	14.78	6,742	14.18
Income $35,000 - $49,999	381	16.68	2,539	13.69	6,289	13.23
Income $50,000 - $74,999	299	13.09	2,028	10.93	5,803	12.21
Income $75,000 - $99,999	111	4.86	828	4.46	2,513	5.29
Income $100,000 - $149,999	50	2.19	493	2.66	1,388	2.92
Income $150,000 - $249,999	27	1.18	152	0.82	545	1.15
Income $250,000 - $499,999	8	0.35	57	0.31	177	0.37
Income $500,000 and over		0.00	6	0.03	77	0.16
2004 Est. Average Household Income	$36,252		$32,783		$35,596	
2004 Est. Median Household Income	$28,091		$23,616		$24,703	
2004 Est. Per Capita Income	$12,207		$13,372		$15,702	

Source: CLARITAS Inc., and Strategic Planning Group, Inc., 2004

Within the close in one-mile radius, the population's racial composition is primarily black or African American. In a three-mile radius, this population declines to 57 percent and within the five-mile radius further declines to 50 percent. Thus, this data along with the student populations within the three and five mile radius of the site highlights the diversity of the market surrounding the fairgrounds site. Within the one-mile radius, owner occupied housing accounts for 57 percent of the occupied housing units. Moving outward into the three and five mile zones, renter housing becomes dominant and

accounts for over 60% of the occupied housing. Again, this data reflects the significantly large student population just beyond the one- mile radius.

The estimated 2004 average household incomes are highest in the one-mile radius and decline within the three-mile radius due to the student population. Within the larger five-mile radius, the average household income is estimated at $35,596, which is slightly below that of the four-county MSA average.

The 1-, 3-, and 5-mile market radius for the Fairgrounds site is illustrated, along with the primary market area that could be expected to support commercial retail facilities at the subject location. As shown, a large portion of the delineated primary market area is undeveloped now in terms of both population and competitive facilities.

Figure 3-7. Primary Retail Market Area

Source: Strategic Planning Group, Inc., 2004.

Commercial retail development potentials have been developed on the basis of anticipated market growth occurring within the southeast sector of Leon County. The retail potentials by major retail category determined by SPG for the southeast market sector are summarized in the Table 3-10.

Table 3-10. Southeast Sector Retail Development Potentials

SE Sector Demand (Square Feet Net)	2003-05	2003-10	2003-15	2003-20	2003-25
Food At Home	11,656	44,660	74,235	101,169	130,137
Food Away From Home	12,383	47,446	78,866	107,481	138,256
Alcoholic Beverages Away	1,106	4,237	7,043	9,599	12,347
Alcoholic Beverages Home	3,021	11,575	19,240	26,221	33,729
Total Health Care	8,298	31,796	52,852	72,028	92,652
Total Apparel	19,675	75,388	125,312	170,779	219,677
Entertainment	14,224	54,502	90,595	123,466	158,817
Household Equipment	9,261	35,486	58,985	80,387	103,404
Misc. Personal	14,082	53,957	89,688	122,230	157,228
Total	93,706	359,046	596,816	813,360	1,046,247

Source: Strategic Planning Group, Inc. 2004

Forecast southeast sector, additional, new commercial retail demand is almost 360,000 net square feet by 2010, and approximately 597,000 square feet by 2015. By 2025, this potential demand is forecast to increase to over 1.0 million net square feet of space. A large share of this demand is likely to be captured by St. Joe as part of its continued development program in the southeast sector of the market. Additionally, other locations, especially along Capital Circle Southeast, will be strong competitors for new commercial development within the southeast market.

SPG has determined that for the Fairgrounds location, assuming Tram Road widening and other transportation improvements can be completed, the land use permitting/approval process can be streamlined, the property rezoned mixed-use, and the perception of crime reduced, a 25% market share or capture of the southeast retail potential could be realized if the Fairgrounds site were made available for development. Additional demand, from the transient resident and visitor population from within Wakulla County and the remainder of the MSA, could also be expected and could amount to as much as 30% of the base resident market.

This being the case, commercial retail development potentials at the Fairgrounds site location are forecast to reach approximately 117,000 square feet by 2010, and almost 194,000 square feet by 2015. The forecast Fairgrounds site demand expands to 264,300 square feet by 2020, and reaches slightly over 340,000 square feet in the final projection horizon year of 2025. These commercial retail development potentials are shown by major retail category in Table 3-11.

Table 3-11. Fairgrounds Commercial Retail Development Potentials

Fairgrounds Site Capture (Square Feet Net)	2003-05	2003-10	2003-15	2003-20	2003-25
Food At Home	3,788	14,514	24,126	32,880	42,294
Food Away From Home	4,024	15,420	25,632	34,931	44,933
Alcoholic Beverages Away	359	1,377	2,289	3,120	4,013
Alcoholic Beverages Home	982	3,762	6,253	8,522	10,962
Total Health Care	2,697	10,334	17,177	23,409	30,112
Total Apparel	6,394	24,501	40,726	55,503	71,395
Entertainment	4,623	17,713	29,443	40,126	51,616
Household Equipment	3,010	11,533	19,170	26,126	33,606
Misc. Personal	4,577	17,536	29,149	39,725	51,099
Total	30,454	116,690	193,965	264,342	340,030

Source: Strategic Planning Group, Inc., 2004.

Residential Market

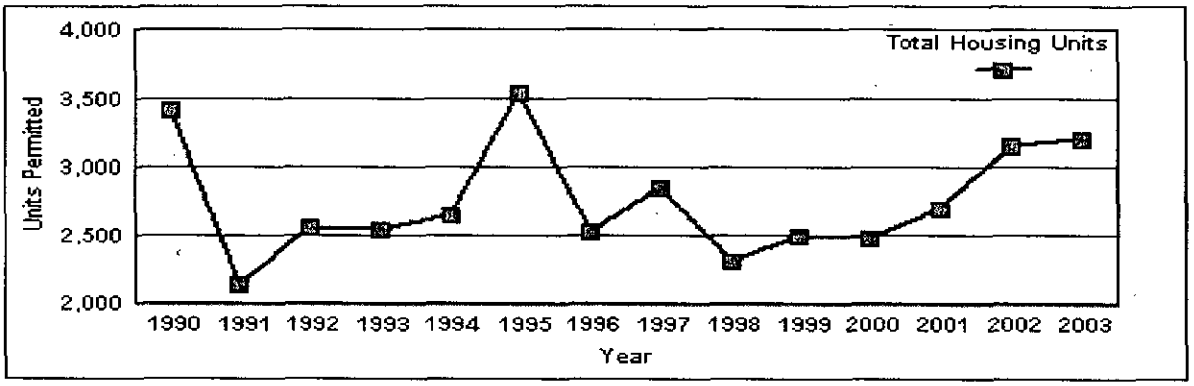
The Tallahassee residential market (Leon County) has been relatively strong during the past several years, with the total number of building permits issued being in excess of 3,100 units annually since 2002. Over 3,200 building permits were issued in 2003, making it the largest building permit year since 1995. The overall housing market, including mobile homes, has been on an upward trend since 1999. During this cycle, the total number of residential building permits has averaged slightly over 2,800 units annually. For the 1990-2003 period, the average annual number of permits issued amounted to 2,762 units. This information is shown in Table 3-12 and Figure 3.8.

Table 3-12. Leon County Building Permit Trends, 1990-2003

Year	Detached Single Family	Attached Single Family	Multi-Family	Constructed Units	Mobile Homes	Total Housing Units
1990	1,346	393	1,136	2,875	542	3,417
1991	1,215	152	298	1,665	480	2,145
1992	1,359	284	441	2,084	480	2,564
1993	1,373	269	381	2,023	530	2,553
1994	1,437	188	476	2,101	556	2,657
1995	1,261	302	1,268	2,831	716	3,547
1996	1,256	257	441	1,954	584	2,538
1997	1,109	259	837	2,205	649	2,854
1998	1,012	166	534	1,712	606	2,318
1999	1,245	162	654	2,061	443	2,504
2000	1,154	123	782	2,059	430	2,489
2001	1,127	258	962	2,347	349	2,696
2002	1,436	97	1,375	2,908	259	3,167
2003	1,456	254	1,197	2,907	306	3,213
Total	17,786	3,164	10,782	31,732	6,930	38,662
Ave Ann	1,270	226	770	2,267	495	2,762

Source: Strategic Planning Group, Inc. 2004

Figure 3-8. Leon County Building Permit Trends, 1990-2003



Source: Leon County Building Department and Strategic Planning Group, Inc., 2004.

Single-family residential development activity within the market has experienced a flat to slight decline in permit levels between 1990-2001, but rebounded to record high levels in 2002 and 2003. Between 1990-2003, an average of 1,270 permits were issued annually. Single-family residential permits accounted for 56% of the residential units (excluding mobile homes) permitted during the period. Single-family development has been particularly strong in the northern and eastern sectors of the Leon County market

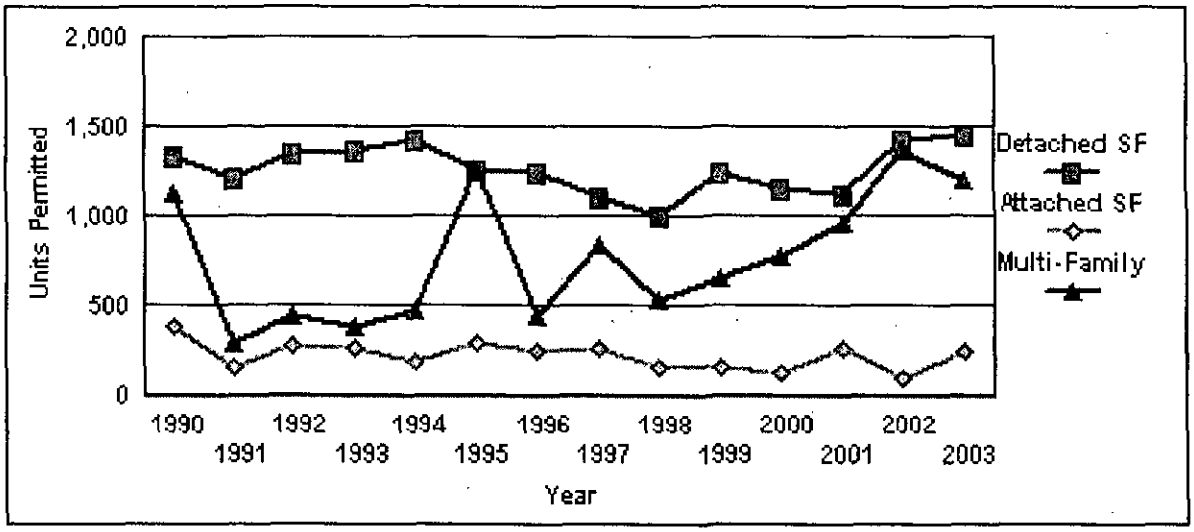
The market's attached, single-family sector has been relatively static since 1990 averaging only 226 permits or 10% of the non-mobile home permits issued for the period. Attached, single-family units have traditionally been associated with speculative development and the market's university populations in the western and core sectors of the Tallahassee Market Area.

Multi-family, residential-permit activity has demonstrated particular strength within the market since 1999, in spite of declining interest rates that have made the cost of renting similar to or even greater than home ownership. This is due, in part, to the transient student population, pent-up market demand, and an influx of retiree and second-home interests beginning to develop within the market.

Multi-family building permits averaged 770 units annually during the 1990-2003 period and accounted for 34% of the non-mobile home permits issued during the period.

Residential building permit trends by market segment for the 1990-2003 period are shown in Figure 3-9:

Figure 3-9 Building Permit Activity By Segment, 1990-2003



Source: Leon County Building Department and Strategic Planning Group, Inc., 2004.

According to recent surveys of the Tallahassee apartment market conducted by Carolina Real Data in September 2003, the market contained 17,401 rental units, with 764 or 4.4% vacant. Between 1999-2003, the supply of rental apartment units increased by 1,628 or 10.3%. This represents an average growth rate of 2.6% annually, during the 1999-2003 period. Characteristics of the market's rental apartments are shown in Table 3-13.

Table 3-13. Tallahassee Apartment Market Characteristics, 1999-2003

Year	*Total Units*	*Vacant Units*	*Vacancy Rate*	*Average Sq. Ft.*	*Average Rent/Month*
2003	17,401	764	4.4%	958	$753
2002	16,433	695	4.2%	936	$719
2001	15,775	608	3.9%	894	$622
2000	15,927	628	3.9%	883	$590
1999	15,773	363	2.3%	872	$559

Source: Tallahassee-Leon County Planning Department

Apartment vacancy rates have escalated from an extremely low 2.3%, to a more realistic 4.4% in 2003. Generally, a 7-10% vacancy rate is considered an acceptable threshold in most markets for rental apartments. Thus, the market appears to remain slightly under-built through 2003.

The distribution of rental apartments within the market by sector indicates that the greatest number of units is located in the northwest and southwest sectors of Tallahassee. This location pattern is influenced by the presence of FSU and FMA located in these sectors of the market.

An estimated 3,702 or 21.3% of these rental apartments are located within the southeast sector of the market. Vacancy was lowest in the southeast sector and amounted to only 3.5%, or 16.8% of the markets total vacant units. The average monthly rental rates were also the lowest at $669, while the average unit size was the second largest at 971 square

Table 3-14. Rental Apartment Characteristics By Market Sector, 2003

Quadrant	Total Units	Vacant Units	Vacancy Rate	Average Sq. Ft.	Average Rent/Month
Northeast	2,680	168	6.3%	948	$704
Northwest	6,876	271	3.9%	1,026	$827
Southeast	3,702	128	3.5%	971	$669
Southwest	4,143	197	4.8%	842	$734
Total	17,402	764	4.4%	958	$752

Source: Tallahassee Apartment Index, CRD and Strategic Planning Group, Inc. 2004.

At year-end 2003, there were 1,146 apartment units under construction and 655 units either planned or proposed for development within the market. A total of 277 of these units were under construction within close proximity to the Fairgrounds location and included the 180-unit Adams Place and 97-unit University Gardens Apartments. The Greens at College Club also had 46 townhouse units under construction focused toward the FAMU student population.

A review of realty MLS records as of mid 2004 for the southeast-side market indicated that there were 174 single-family units on the market within the southeast sector, ranging in price form $56,900 to over $400,000. Approximately 9% of these units had asking prices of under $98,000, and an additional 7% had asking prices between $100,000 and $129,900. The majority of the units, or about 60%, had asking prices in excess of $300,000.

A total of nine condominium units were listed ranging in price from $65,900 to $155,000 for the newest located on Hendrix Road. Townhouse units were generally more available with 33 listings ranging in price from $79,900 for a two-bedroom, two-bath unit to almost $220,000 for a three-bedroom, three-bath unit.

SPG forecasts the demand for additional new housing units in the southeast sector of the Tallahassee market to be approximately 4,600 total units by 2010 (from the base year of 2003), slightly over 7,600 units by 2015, and increasing to approximately 10,400 units in

2020, and 13,400 units by 2025. As could be expected, the majority of this new housing demand (43%) is anticipated to consist of detached, single-family units. Multi-family units, primarily rentals, will show the next greatest demand (37%).

Table 3-15. Southeast Tallahassee Housing Unit Demand, 2003-2025

SE Sector Demand		*2003-10*	*2003-15*	*2003-20*	*2003-25*
Total Housing		4,619	7,646	10,420	13,403
Detached SF	43%	1,986	3,288	4,480	5,763
Attached SF	10%	462	765	1,042	1,340
Multi-Family	37%	1,709	2,829	3,855	4,959

Source: Strategic Planning Group, Inc., 2004

The continued development of the SouthWood Community and the anticipated development of the English Tract will be the future market drivers for additional new residential housing development in the southeast sector of the Tallahassee market. St. Joe has recently revised their build-out plan for the existing SouthWood plat from 20 years to 14 years due to the strong sales experienced at that project and anticipates the recording of additional plats in the near future. The English Tract is presently in the preliminary planning stages and will influence housing product, pricing, and availability within the southeast sector during the coming years.

SPG's forecast of new housing unit demand that could be captured at the Fairgrounds site is based upon presently available information, planned projects, and anticipated future market conditions, including forecasted future population within the greater Tallahassee market area. To that extent, a conservative market penetration or share of the southeast sector total housing demand has been estimated for the subject Fairgrounds property site.

For single-family detached housing, SPG has assumed a 2-5% share of the market. Attached, single-family product utilizes a 5-10% share of the market, increasing over the forecast period and a 15-20% share of the market for multi-family housing products. SPG does not foresee any significant non-student housing demand at the Fairgrounds property site over the short term (the next 2-3 years).

By 2010, forecasted housing demand for the Fairgrounds property site is anticipated to be approximately 340 units, with the majority being multi-family sale or rental units. Table 3-16 summarizes the Fairgrounds site housing-unit demand for the forecast period by housing segment.

Table 3-16. Fairgrounds Site Housing Demand, 2010-2025

Fairgrounds Site		2003-10	2003-15	2003-20	2003-25
Detached SF	3%-5%	60	132	224	288
Attached SF	5%-10%	23	61	83	134
Multi-Family	15%-20%	256	424	771	992
Total Housing		339	617	1,078	1,414

Source: Strategic Planning Group, Inc., 2004

Presently, the Fairgrounds site location is somewhere between urban and suburban, while moving toward urban as the areas along the Capital Circle beltway to the southeast and northern Wakulla County develop. As that occurs, development pressures will then be exerted from both the downtown/central city area from the north and suburban areas presently situated to the south.

Summary of Market Potentials

Within the commercial sector, market potentials for redevelopment of the fairgrounds property are greatest in the retail, commercial services and entertainment categories. In the short term (prior to 2010), SPG forecasts market demand to support approximately 117,000 square feet with increases to almost 200,000 square feet by 2015. The most likely short-term development possibilities would result in interest on the part of "big-box-type" retailers and smaller, strip-center developers.

Over the longer term, (by 2015), the property's commercial/retail development potentials increase significantly. Opportunities for commercial development expand to include a more urban, mixed-use-type development that draws upon a larger regional market area, including more upscale, non-neighborhood-type facilities, such as entertainment and hotel/motel facilities. SPG has concluded that the critical mass necessary to provide the type of commercial development that could function as a major destination within the market would not be supportable prior to an 8-10-year timeframe, or about 2013-2015.

Residential market potentials for redevelopment of the Fairgrounds property appear to be somewhat limited at the present time, with the exception of possible multi-family, student housing. Market conditions are anticipated to expand in the longer term. By 2010, market support for over 300 units is forecast increasing to over 600 units by 2015. The majority of these would be multi-family. At that time, almost 200 units of single-family, residential housing would be supportable at the Fairgrounds location.

As such, market support for redevelopment of the Fairgrounds property does not appear to be sufficient in the short term (prior to 2010) to support the absorption and subsequent sale of a significant amount of acreage in order to cover the costs associated with the necessary relocation of existing Fairgrounds operations (previously estimated at $7.2 million) and possible costs (unknown at the present time) associated with the acquisition of an alternative property.

SECTION 4 - FAIRGROUNDS REDEVELOPMENT CONSIDERATIONS

The Leon County Board of County Commissioners retained Strategic Planning Group, Inc. (SPG), to study the market and economic feasibility of redeveloping the North Florida Fairgrounds. The Board decided to conduct this study because they felt the Fairgrounds property offered an opportunity to provide commercial services and entertainment opportunities that do not currently exist on the south side of town. In undertaking this study, the Board recognized several existing conditions.

First, although the County owns the property, the North Florida Fair Association has a long-term lease for $1 per year. This lease does not expire until 2067. The County recognizes the importance of the activities held at the Fairgrounds. Any consideration for reusing the land would include a plan to move the Fairgrounds to another location. The County would need to find a suitable site for the Fairground's current activities and would need to pay the cost of relocating the Fairgrounds. These costs would include the acquisition of a new site and construction of necessary replacement building and infrastructure for Fairgrounds operations.

Second, the Board of County Commissioners does not wish to act as developer. The Board expects that a private developer, or group of developers, would undertake the redevelopment. Therefore, the Board needs to know how the private-sector market views the Fairgrounds, and what land uses are most likely to be economically successful.

Third, the Board would use the money paid by the developer(s) for the Fairgrounds property to pay for relocating the Fairgrounds. The Board has asked the consultants to determine whether there is a development scenario that would generate enough money to pay the relocation costs.

SPG has evaluated the market and concluded that large-scale redevelopment of the Fairgrounds would not be feasible for approximately 8-10 years based on current trends. This is not absolute but is subject to changing market conditions and other factors (e.g. better marketing of the property, incentives, etc.). This full-scale redevelopment scenario would involve the relocation of the Fairgrounds. SPG also looked at other scenarios that involved keeping the Fairgrounds at its current location and adding other uses, such as commercial development along Monroe Street and Tram road, and residential development along Zillah Road.

Specifically, the following four scenarios are based on the forecasted market support levels developed in the Market Feasibility Study conducted by SPG.

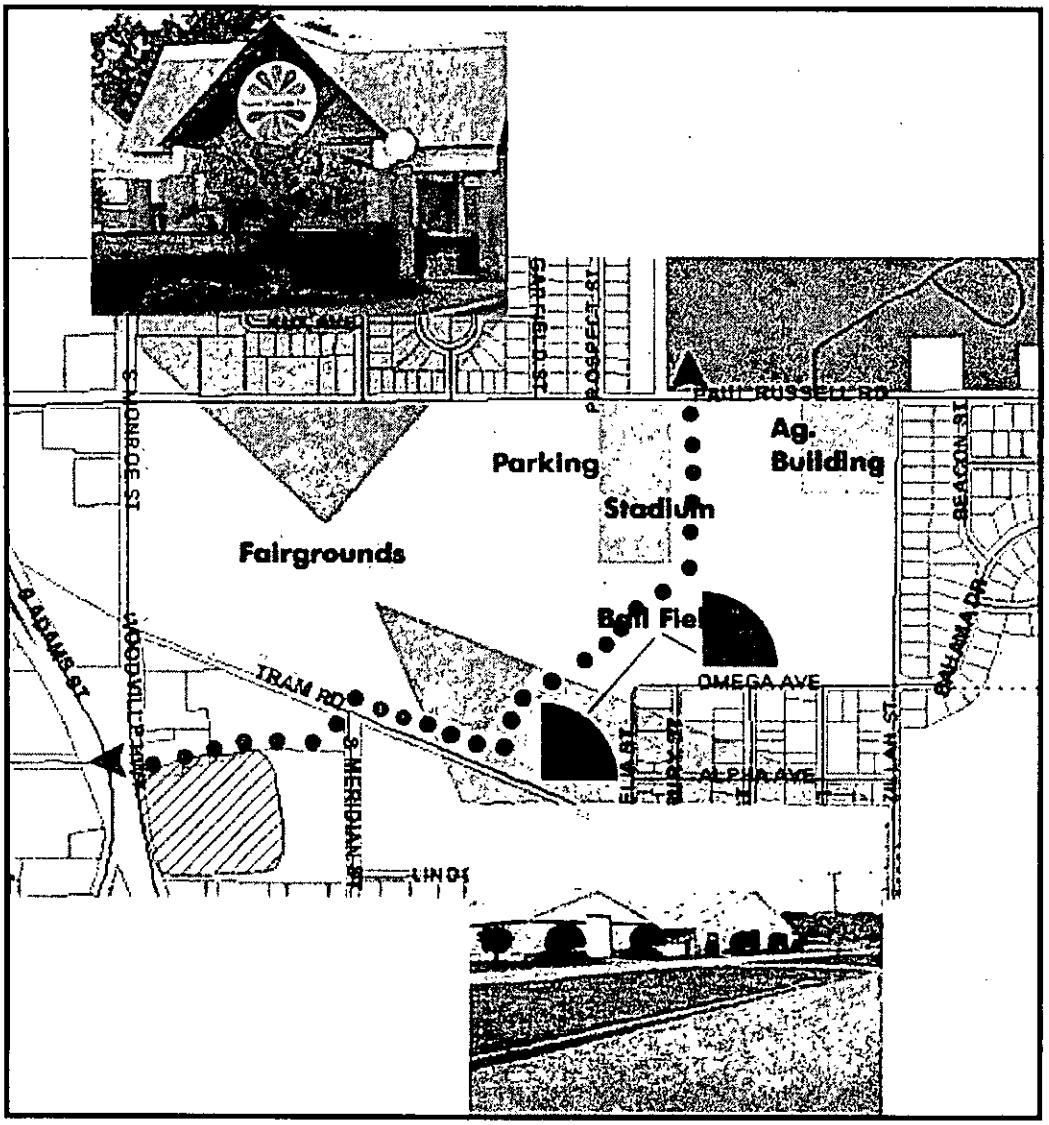
ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

Scenario 1

Under this scenario, the Fairgrounds property remains unchanged in terms of its use. This scenario is envisioned as a "holding scenario." No major changes or improvements are made to the property until the market can support a complete redevelopment (104 acres), and the Fairgrounds can be relocated to an alternative site (See Scenario 4).

The CAC voted to recommend against this scenario. The urbanization of this area makes the Fairgrounds use less appropriate.

A number of attendees at the community meetings supported the idea of keeping the Fairgrounds intact at its current location. A more extensive summary of community comments is included in the Public Participation section of this report.



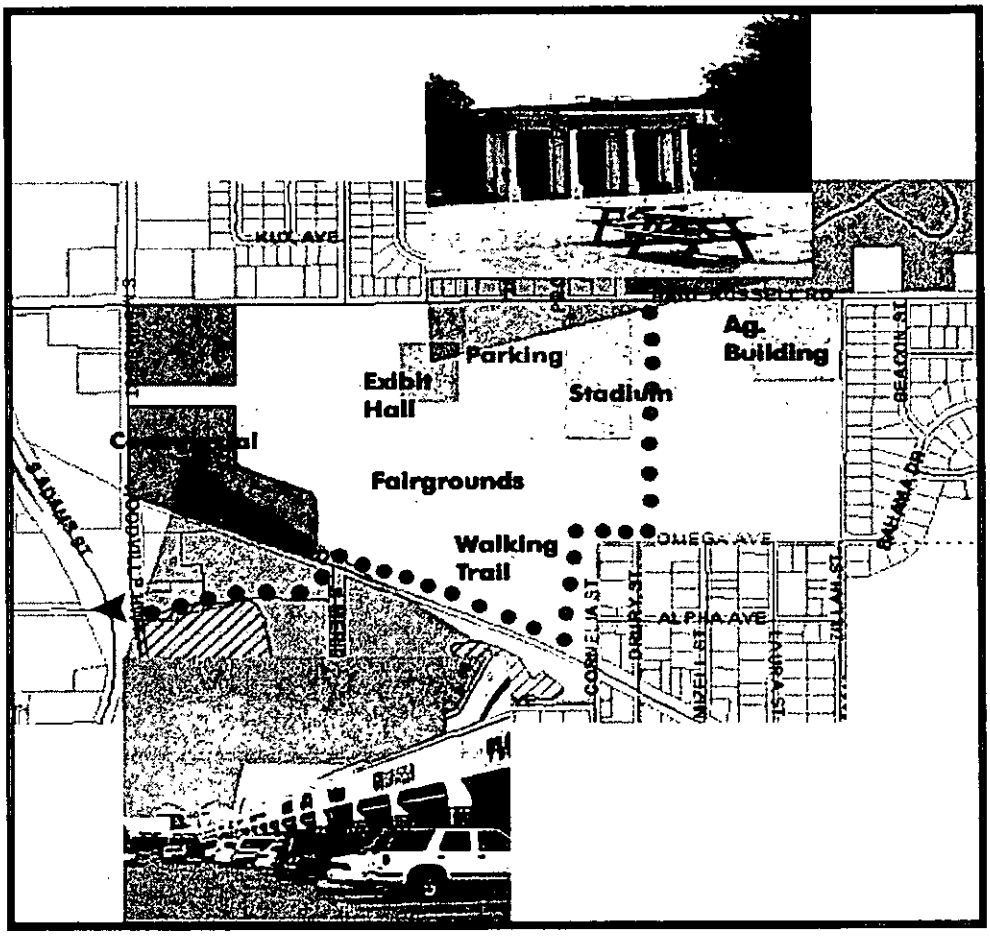
ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

Scenario 2

Under this scenario, the Fairgrounds organization would remain at its current location, and the property would support commercial development along S. Monroe and Tram Roads. About 15-20 acres would be dedicated to commercial development. The frontage, considered the most valuable piece of the property, could be purchased for development and the proceeds could be used to finance the building of an exhibit hall on the Fairgrounds property. However, once the frontage is sold, there may be limited ability to achieve any further more intense urban type redevelopment on the property.

The Fairgrounds Board opposes this scenario because it eliminates the Fair's presence on and access via Monroe Street. This is will significantly affect the success of events and will hurt the overall financial operation of the Fairgrounds. It also places parking where the North Florida Fairgrounds has its midway.

The CAC recognized the Fairgrounds Board's concerns and did not endorse this option. The CAC further noted that this scenario did not make the Fairgrounds "whole."



ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

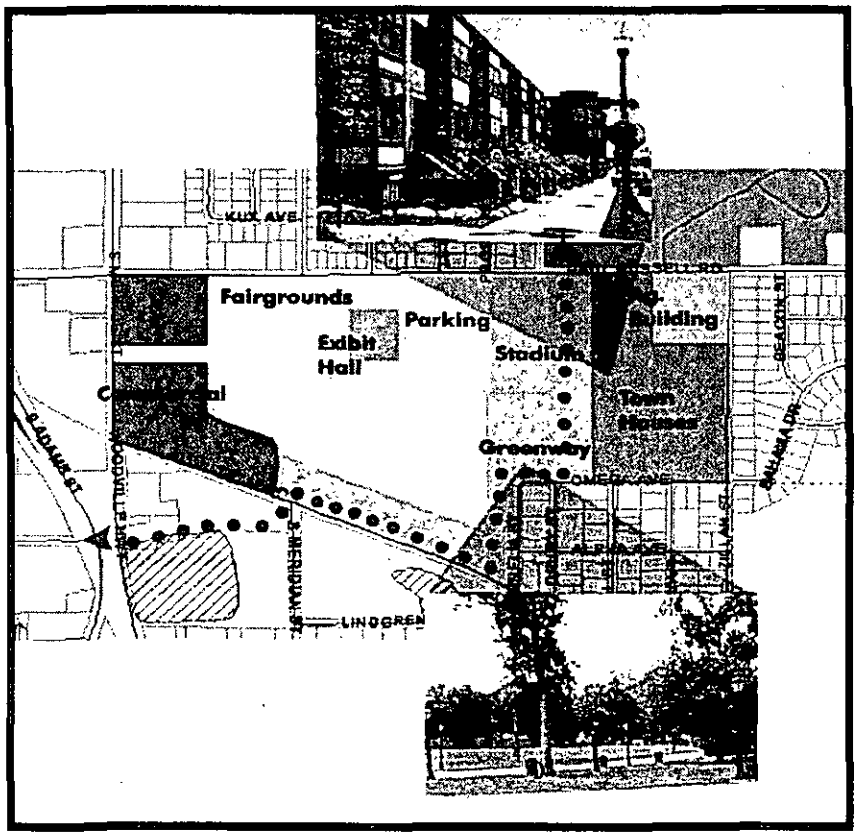
Scenario 3

In this option, the Fair would remain at its present location, but would be forced to operate on a smaller land area. This scenario shows about 15 to 20 acres of commercial development along S. Monroe and Tram and about 20 acres of residential development along Zillah Road. This may not be a feasible option for some because residential housing in a non-urban mixed-use type development could be incompatible with the stadium and fairgrounds activities. Also, some residents expressed concern regarding apartments being placed in the neighborhood.

The Fairgrounds Board opposes this scenario because it eliminates the Fair's presence on and access via Monroe Street. This is will significantly affect the success of events and will hurt the overall financial operation of the Fairgrounds. It also places parking where the North Florida Fairgrounds has its midway. Additionally, the proposed housing will create a conflict with the fairgrounds operation.

The CAC recognized the Fairgrounds Board's concerns and did not endorse this option. The CAC noted that this scenario did not make the Fairgrounds "whole." The CAC further noted that this option was likely to result in the "piecemeal" use of the property and preclude the overall redevelopment of the property.

Many attendees at the community meetings opposed this scenario. They did not support the location of any multi-family housing in this area. Additionally, they noted concerns about compatibility of housing with the stadium operation. A more extensive summary of community comments is included in the Public Participation section of this report.

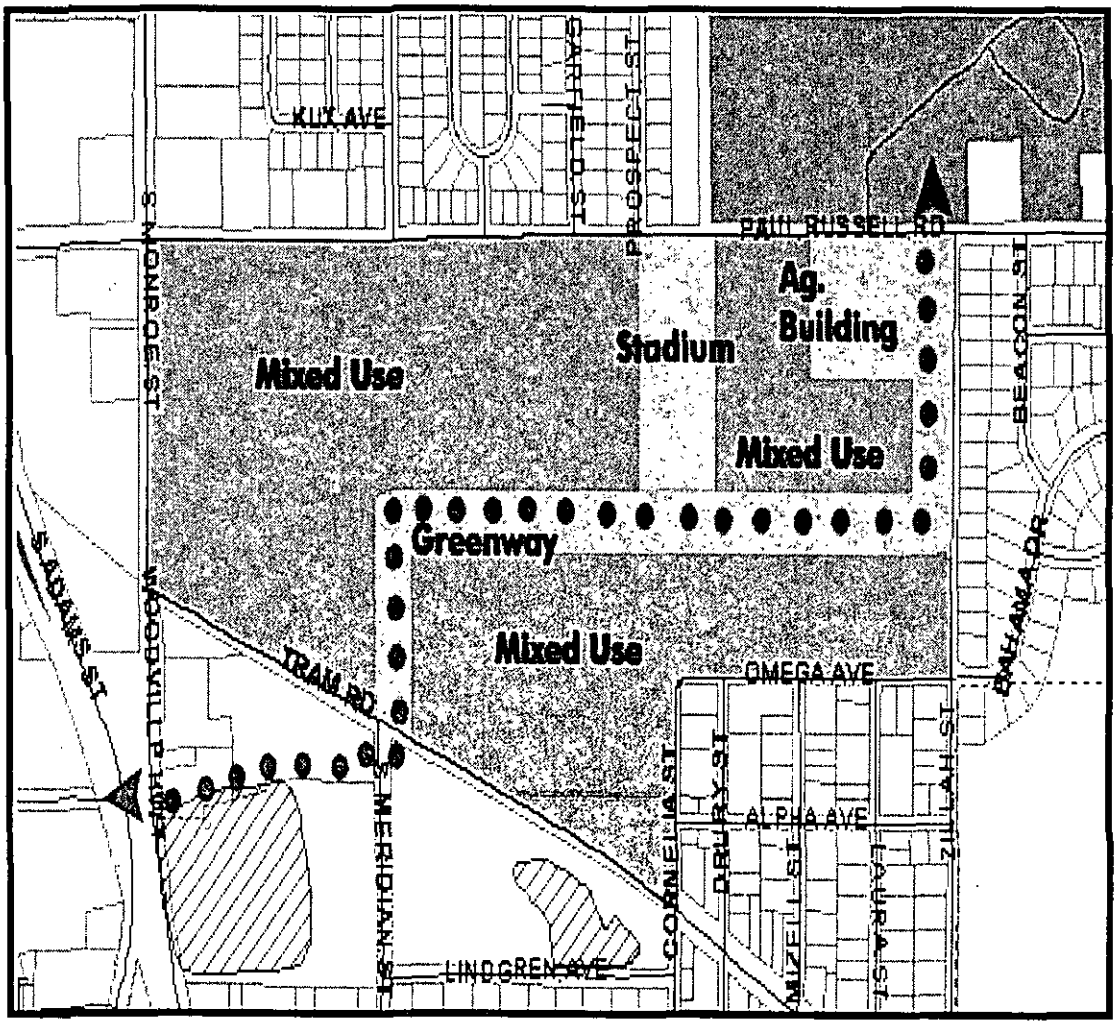


ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

Scenario 4 — "Fairgrounds on Steriods"

This scenario envisions a complete redevelopment of the 104-acre property and the relocation of the Fairgrounds activities to a site not yet determined. The property would contain a mix of commercial and residential uses. Based on market analysis, this scenario may not be feasible for approximately 8-10 years based on current trends. This is not absolute but is subject to changes in the market and other factors (e.g. changes in the appearance of the surrounding area, student growth, continued expansion of downtown, incentives, etc.). However, SPG advises that by waiting to develop the entire property, rather than redeveloping only parts of it (such as in Scenarios 2 and 3), the full value of the property is best realized and the type of development (urban mixed-use) would economically better serve the Southside community.

It is important to note, that in order to develop this Scenario, numerous actions need to be started as shown on the following page.



The following are action items that need to be started immediately, if Scenario 4 is to be developed within the timeframe discussed:

1. Relocation of the Fairgrounds. Studies need to begin immediately to determine suitable replacement sites, and necessary studies needed to develop the selected site begun.
2. The character and appearance of the existing Fairgrounds and surrounding area needs to be improved. The perception of the area as high in crime needs to be addressed.
3. Tram Road improvements need to be funded and its scheduled improvements need to be moved up so that the improvements correspond to the construction of Scenario 4.
4. Russell Road improvements need to be moved up so that the improvements correspond to the construction of Scenario 4.

This is scenario preferred by the CAC. The Fairgrounds Board is on record that this scenario is acceptable to the Board, as long as the Fairgrounds is relocated and "made whole."

A number of neighborhood residents supported this option. A more extensive summary of community comments is included in the Public Participation section of this report.

In addition to those items already discussed in the report, the CAC recommended adding the following short term action:

1. Issuance of an RFP, preferably in coordination with efforts being undertaken by the City to market downtown and Gaines Street properties.

PUBLIC PARTICIPATION

As a part of the Leon County Fairgrounds Feasibility Study, the following objectives were identified for the Public Participation Plan:

To work cooperatively with the Fairgrounds Citizen Advisory Committee to obtain their support for the findings and recommendations of the Fairgrounds Market Feasibility Study and

To understand the concerns/desires of stakeholders, including surrounding neighborhoods, businesses, educational institutions and cultural institutions regarding the re-use of the Fairgrounds and to incorporate those concerns into the recommended redevelopment programs and generalized site plan.

In meeting these objectives, community participation and input was solicited from the Citizen's Advisory Committee (CAC), the Tallahassee Chamber of Commerce, City of Tallahassee and Leon County elected officials and staff, Tallahassee/Leon County Planning Director and staff, residents of Tallahassee and Leon County, including home owner's associations, the administration of area schools, and individual businesses. In addition to public meetings, SPG President, Tony Mondae, met one-on-one with members of the Board of County Commissioners, the Mayor of Tallahassee, the County Manager, and Leon County School Officials. The strategy of the public participation plan was to inform the CAC of the study's progress and findings, as the process proceeded, and to present study findings to stakeholders and solicit input on concerns and desires regarding uses and possible site designs. To implement these strategies, the following opportunities for public participation were held:

Meetings were held with the Fairgrounds CAC on the following dates:

April 19, 2004
August 30, 2004
January 20, 2004
February 3, 2005

Meetings were held with representatives of the Fairgrounds on the following dates:

April 19, 2004: Meeting with Fairgrounds Board Chair, the Executive Director, and staff.
August 30, 2004: Presentation of Scenarios to the Board (in addition, the Executive Director of the Board sits on the Fairgrounds CAC)

The recommendations of the Fairgrounds CAC and the Fairgrounds Board are included in the description of each scenario, contained in Section 4 of this report.

Additionally, the consultants held a meeting with staff from the Greater Tallahassee Chamber of Commerce, the Economic Development Council of Tallahassee/Leon County and the City Economic Development Department to present an overview of the feasibility study findings an graphics of possible scenarios for reuse of the Fairgrounds property.

A public community meeting was held at the Leon County Fairgrounds on August 30, 2004, chaired by Leon County Commissioner Bill Proctor. Approximately 70 people attended.

A survey was posted on the Leon County web site, www.co.leon.fl.us. An overview of the feasibility study was given, together with explanations of each of the four proposed scenarios, including graphics that had been prepared by SPG, and originally presented to the public at the August 30 meeting. The survey requested the respondent to indicate what he/she liked or disliked about each of the four scenarios, and asked for additional comments, if applicable. To promote the website, notices were forwarded electronically to individuals attending the community meeting on August 30 and other interested parties.

A second public community meeting was held at the Leon County Fairgrounds on Monday, October 18, 2004, chaired by Leon County Commissioner Bill Proctor. Approximately 17 people attended.

At each public meeting, preliminary findings of the feasibility study were presented and discussed. Questions, comments and concerns were solicited and recorded. Graphics of conceptual site plan alternatives were posted with an opportunity for the public to view and comment on each of four possible scenarios. Feedback and suggestions from previous meetings were included in subsequent meetings. Community meetings were held in workshop format where individuals could make either verbal or written comments.

Public notification of the community meetings included notices to the *Tallahassee Democrat*, *Capitol Outlook,* and the *Apostle of God Community Newspaper* and web site. Notices were also posted on the Leon County government web site. Outreach to areas adjacent to the Fairgrounds was conducted through neighborhood associations and direct flyers notifying residents of each of the public meetings at the Fairgrounds. Printed flyers were posted on houses and churches in the Apalachee Ridge, Beacon Hill, Lakewood and the Campbell Park neighborhoods, as well as distributed to businesses, churches and schools on Paul Russell Road, Tram Road and South Monroe Street, South of Orange Avenue. E-mail notifications of community meetings were forwarded to neighborhood associations, churches, Fairview Middle and Rickards High schools, individuals from the South Monroe Sector Plan Listserv, Tallahassee Southside Business Association, Mt. Olive and Bethel AME Community Development Corporations, and other interested parties as identified by County administrative staff and SPG. In addition, everyone who attended the first community meeting on October 30 and provided an E-mail address on the sign-in sheet received electronic notification about the second meeting and the web site survey.

In the days immediately preceding the two community meetings, Leon County provided portable, lighted signs on the Fairground's property at Paul Russell Road and South Monroe Streets announcing the date, time and purpose of the meeting.

The following comments are summarized from the community meetings and comments received from the web site survey.

Community Comments on Fairgrounds Redevelopment Scenarios

Housing

Avoid rental housing, or condos that will bring students into the area.

New housing should be equal or slightly more expensive than existing housing (i.e., housing the helps stabilize or slightly upgrade the neighborhood).

Information was provided on the amount of existing and new housing under construction or proposed.

There was note of the need for law enforcement to address existing nuisances in the Campbell Park neighborhood.

Fairgrounds

Those who favored keeping the Fairgrounds view it as one of the Southside's assets. Some also were in favor of making the Fairgrounds more of a year round attraction.

Redevelopment of Entire Site

There was some concern that redevelopment would bring displacement. Some felt commercial development should be targeted towards S. Monroe and areas that have commercial development that is deteriorated. Others felt the redevelopment would bring new amenities to the area. The whole south side is changing, and it is important to think to the long term.

Do not put new commercial on Tram Road under the redevelopment scenario. Focus it on Monroe and across from existing commercial on Paul Russell.

Recreation

Generally favorable comments to the Greenway, which is part of the County's proposed Greenway plan. One recommendation was to move the trail connection from Jack McLean Jr. Park along Zillah Street, so it connects to the Beacon Hill neighborhood. There was also a recommendation for historic markers along the route explaining the area's history. Several people requested keep at least one ball field.

Implementation

If redevelopment does not happen right away, there needs to be a specific timeline for things to get done (e.g., the widening of Tram Road).

Need to continue to involve the residents.

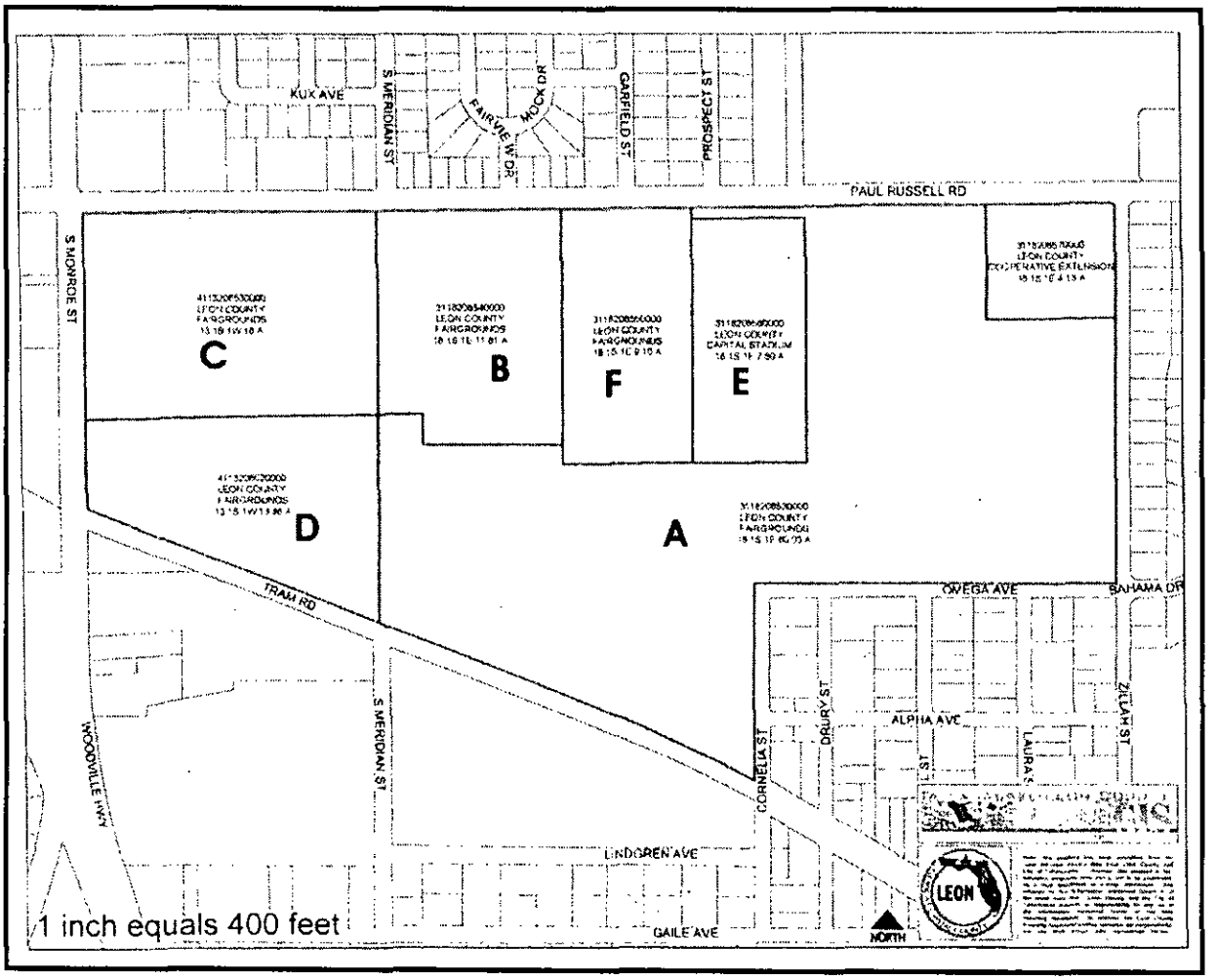
Need to look at general impacts of increased traffic in area, and existing land use designations.

ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

LAND VALUE

The appraisal involves the underlying land of Parcels A, B, C and D of the Fairgrounds. Parcel E is the Cox Stadium site; its attendant parking lot is Parcel F; each is excluded. Also excluded is the Leon County Cooperative Extension property. More specifically, the assignment was to appraise a tract of 103.7-acres of land for potential redevelopment. Hence, the existing improvements (fairgrounds buildings, site improvements and infrastructure) were excluded.

Figure 4.1 Fairgrounds Parcels



This appraisal was one part of a market feasibility study prepared by SPG for the possible redevelopment of the North Florida Fairgrounds tract. The appraisal answered the question of the "as is" value, and "as of" a current date value.

ECONOMIC FEASIBILITY – TALLAHASSEE FAIRGROUNDS

The appraisal report was actually four appraisals in one. That is, in order to value the 103.7-acre tract, the appraiser had to consider the uses to which the Fairgrounds could be put in order to extract meaningful data from the market. In discussions as to the scope of this assignment, it has been agreed that the tract would be a yet-to-be-specified quilt of mixed-uses. As a starting point, the proposed land uses were: multi-family, retail and office/service commercial. Parcel A was valued as multi-family, Parcels C and D were valued as retail commercial, and Parcel B was valued as office/service commercial. Hence, the appraiser valued each of the land-use components of the Fairgrounds (four valuations), and then valued the tract as if it were to be sold to a single entity. It should be kept in mind that the intent is to value the 103.7-acre tract as a whole (i.e., as if it were to be sold to a single purchaser).

Acreage of the individual parcels is summarized as follows:

Parcel A	60.03 Acres
Parcel B	11.81 Acres
Parcel C	18.00 Acres
Parcel D	13.86 Acres
Total Fairgrounds Property	103.70 Acres

The near term sale of approximately 15 to 20 acres of the South Monroe Street/Tram Road frontage property of Parcels C and D were valued at $3.00 to $3.75 per square foot or between $130,680-$163,350 per acre. A near-term sale of 20 acres of this frontage property would only generate $2.6 to $3.3 million in proceeds, far less than the required $7.2 million needed to cover fairgrounds facility replacement costs. It should be noted that this does not include the additional costs associated with land required for a new Fairgrounds location.

The appraiser was quick to add that the boundary lines for these delineations are "soft" or preliminary, and as more clarity is gained through the analysis of others, the lines could shift or the proposed land uses could change altogether.

The various factors that affect the Fairgrounds tract lead the appraiser to the conclusion that the highest and best use of the property now is to "land bank."

Project:	North Florida Fairgrounds
County:	Leon
Appraisal Date of Value:	October 18, 2004
Type Appraisal Report:	Limited, Summary
Prepared By:	Weigel-Veasey Appraisers, Inc.
Value Appraised:	Market Value
Interest Appraised:	Fee Simple
Value Conclusion:	$5,900,000

A copy of the appraisal letter prepared by Weigel-Veasey Appraisers, Inc. is presented in the Appendix of this report. The full appraisal report can be obtained from the Leon County Tallahassee Planning Department.

CONCLUSIONS AND RECOMMENDATIONS

The consultant recommends that the Fairgrounds property be maintained for Fair operations during the near-term (5 to 8 years), or until such time that sufficient market support becomes available to sustain development of the total 104-acre site as a mixed-use, urban, commercial/entertainment/housing-type complex that could function as a "Town Center"-type project (estimated for the 2010 to 2015 timeframe).

This recommendation is consistent with the desires of the community at large based upon community inputs regarding possible redevelopment alternatives, as well as recent studies and recommendations from the Southside Economic Development Plan

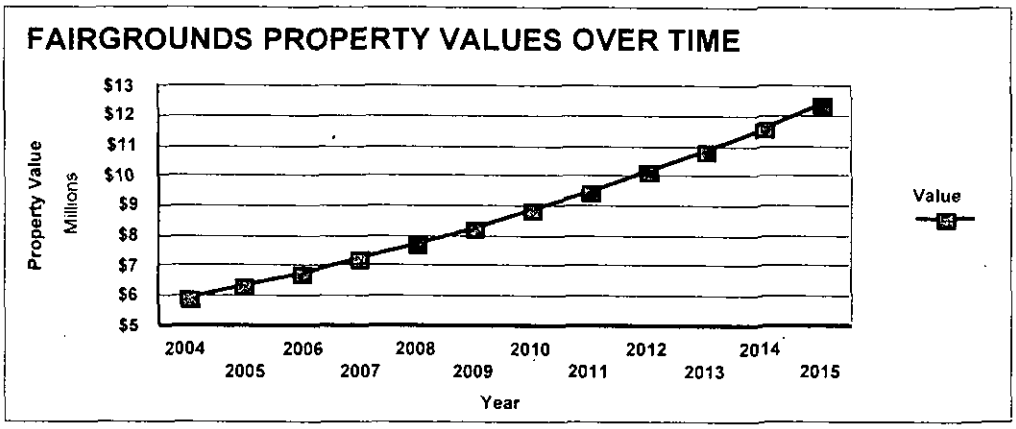
prepared by Angelou Economics, the South Monroe Sector Plan and the Fairgrounds CAC. The South Monroe Sector Plan did, however, call for retaining the Fair at its present location.

The findings of the market study conducted by SPG indicate sufficient market support would be available during the 2010-2015 period, and the property appraisal conducted by Weigel-Veasey Appraisers, Inc. indicates the property's present appraised value to be $5.9 million. This is several million less than required to replicate existing Fairgrounds facilities at an alternative location, and significantly less than the amount required to include costs associated with the acquisition of an alternative Fairgrounds site location. That being the case, there would be insufficient revenue available from the sale of the property in either the short or long term to support relocation of the Fair to an alternative location.

Redevelopment Strategies

The recommended strategy, to hold the property as is until the market matures to a point where a mixed-use commercial/entertainment/housing complex could be supported, will also allow for appreciation of the Fairgrounds property by an estimated 7% annually. In five years, the property value would increase to an estimated $8.9 million or $3.0 million over the present estimated value of $5.9 million. Future property value growth is illustrated in the following figure.

Figure 4.2 Fairgrounds Property Values Over



Source: Strategic Planning Group, Inc., 2004Source: Strategic Planning Group, Inc., 2004

However, replacement costs of the existing Fairgrounds facilities, as well as property acquisition, could also be expected to increase overtime, and possibly at even greater rates than land value. Thus, property sale revenue alone is not likely a viable alternative for redevelopment of the property.

One strategy to be considered would be a land venture with a developer entity or equity partner who could develop the site and, in return for the land, would share some portion of the profits with the City/County over a selected period of time that would allow the City/County to recover Fairgrounds relocation costs and provide for a long-term income stream. The fiscal impact of redevelopment on the Fairgrounds property would also generate additional new tax revenues not presently being realized. A 300,000 square foot, mixed-use development on the site would have an estimated assessed value of approximately $45.0 million in improvements and a land value of $5.9 million in today's dollars. This would generate almost $625,000 annually in new ad valorem tax contributions attributable to only the City and County General Funds. This revenue stream, if bonded for 15 years at 8% interest, could provide the City/County with $5.7 million in funds additional to sale proceeds for the necessary Fair relocation costs.

Short-term actions required to position the Fairgrounds property for development include:

Identification and acquisition of an alternative site for the North Florida Fair,

A program to reduce the incidence of crime and enhance the image of the Southside area,

Accelerate road improvement programs for Paul Russell and Tram Roads, and

General landscape upgrading of subject parcels.

An economic impact to the City and County resulting from the development of the Fairgrounds property would be significantly greater than the existing use, if redevelopment is undertaken for the following reasons:

In addition to a significant increase in property taxes generated, other increased tax revenues such as general sales, gas and other miscellaneous tax revenues would be realized.

Redevelopment of the property would increase property values in the surrounding neighborhood community and Southside overall.

Redevelopment would create new jobs and business opportunities in the Southside Community.

A major project, as proposed, would create a destination in the Southside Community, serve as an economic anchor for attracting other development and redevelopment of existing facilities, and greatly enhance the image of the Southside Community and City/County overall.

APPENDIX

APPENDIX

LIMITED
APPRAISAL REPORT

OF

NORTH FLORIDA FAIRGROUNDS
PARCELS A, B, C and D
TALLAHASSEE, FLORIDA

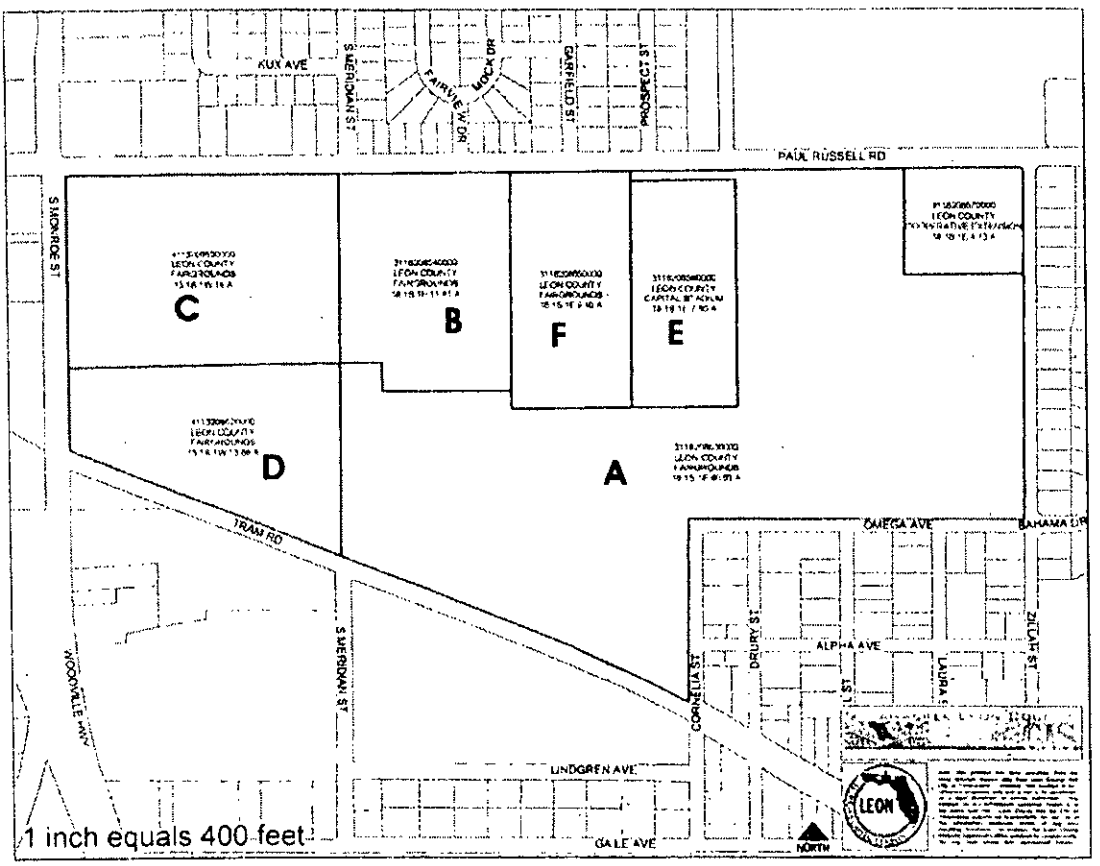
AS OF

OCTOBER 18, 2004

PREPARED FOR
ANTHONY MONDAE, PRESIDENT
STRATEGIC PLANNING GROUP
2453 SOUTH THIRD STREET
JACKSONVILLE, BEACH, FL 32250

PREPARED BY
WILLIAM R. WEIGEL, III, MAI, SRA
WEIGEL-VEASEY APPRAISERS, INC.
2809 BLANDING BOULEVARD
MIDDLEBURG, FL 32068

NORTH FLORIDA FAIRGROUNDS
Tallahassee, Florida



Source: Strategic Planning Group, Inc., 2004

Parcel A	60.03 Acres
Parcel B	11.81 Acres
Parcel C	18.00 Acres
Parcel D	13.86 Acres
Total	103.70 Acres

APPENDIX

Weigel-Veasey Appraisers, Inc.

A Complete Real Estate Appraisal Service

WILLIAM R. WEIGEL, III, MAI, SRA
STATE-CERT. GEN. APPR. 0000580
JOHN W. VEASEY, MAI, SRA
STATE-CERT. GEN. APPR. 0000579

REPLY TO: CORPORATE OFFICE:
2809 BLANDING BOULEVARD
MIDDLEBURG, FLORIDA 32068
E-MAIL: wvcorp@bellsouth.net

TEL. (904) 282-9361
FAX (904) 282-1503

Mr. Anthony Mondae, President
Strategic Planning Group
Costa Verde Plaza
2453 South Third Street
Jacksonville, Beach, Fl 32250

RE: North Florida Fairgrounds
Parcels: A, B, C and D

Dear Mr. Mondae:

Thank you for the opportunity to appraise the North Florida Fairgrounds property as part of your consultations with the Leon County Board of County Commissioners. Our report is attached.

The appraisal assignment involves the underlying land of Parcels A, B, C and D of the fairgrounds. Parcel E is a stadium and its attendant parking is Parcel F; each is excluded. Also excluded is the Leon County Cooperative Extension property. More specifically our assignment has been to appraise a tract of 103.7-acres of land for potential redevelopment. Hence the existing improvements (fairgrounds buildings, site improvements and infrastructure) have been excluded.

This appraisal is one of the parts of a market feasibility study that is being prepared by Strategic Planning Group, Inc (SPG) for the possible redevelopment of the North Florida Fairgrounds tract. The appraisal answers the question of the "as is" value, and as of a current date. A copy of the introduction of that feasibility report is included as part of the addenda to this appraisal.

This is, actually four appraisals in one. That is, in order to value the 103.7-acre tract we had to consider the uses to which the fairgrounds could be put in order to extract meaningful data from the market. In our discussions as to the scope of this assignment, it has been agreed that the tract would be a yet-to-be-specified quilt of mixed-uses. As a starting point, the proposed land uses are: multi-family, retail and office/service commercial. Parcel A has been valued as multi-family, Parcels C and D are valued as retail commercial and Parcel B is valued as office/service

commercial. Hence, we have valued each of the land use components of the fairgrounds (four valuations) and then valued the tract as if it were to be sold to a single entity.

Analysis of the preferred use(s) of the fairgrounds is an ongoing process that is being conducted and refined by others. Nevertheless, we consider the types of stipulated land uses and the placements thereof to be reasonable and reliable. Again, the intent of the breakdown of the overall tract into land use parcels is to get into step with the market for purposes of making comparisons to other properties that have sold within Leon County from which indices of value can be drawn.

We are quick to add that the boundary lines for these delineations are "soft" or preliminary, and as more clarity is gained through the analysis others, then the lines could shift or the proposed land uses could change altogether.

Readers of this report should keep in mind that the intent is to value the 103.7-acre tract as a whole, i.e. as if it were to be sold to a single purchaser. A brief discussion of the types of market participants provides clarity. Market participants (purchasers) usually fall into the categories of:

End-user
Developer
Investor
Speculator

The above is indeed a hierarchy. *End-users* are just as the name implies and are owner-occupants. A *developer* is one who puts a property to immediate use. An *investor* is one who holds a property for a return. The investor's goals and holding period are usually defined to some degree or another. An investor may also become a developer and sometimes an end-user. The *speculator* is one who has less defined intent, other than to make a gain on the purchase. The speculator often acquires a property that is in transition (or has the potential therefore) and is willing to assume the risk for what is to come,... whatever that may be.

The characteristics of the 103.7-acres of the fairgrounds tract are such that the most likely target market would be speculators. This is not to say that investors would not be interested; they would be but it is unlikely that an investor would be willing to take the entire 103+ acres. Investors would most be interested in the retail parcels along South Monroe; say for example for big box retail. The apartment market is such that there has been a recent infusion of new units in this neighborhood so that additional projects are being approached cautiously. The office/service commercial market has been approaching something of a glut of both of sites and of ready-to-occupy space. Those office/service commercial properties are in superior locations, so that any new office/service commercial project at the fairgrounds location would be highly speculative.

Further, the "retail sites" on South Monroe (Parcels C and D) are somewhat out of the mainstream by virtue of the superior linkages to South Adams Street. South Monroe and Adams Streets are parallel and closely proximate. Traffic to and from those areas south of Tallahassee are channeled primarily to South Adams and the improvements to Crawfordville Highway that are now under construction will feed into/out-of Adams Street. Also, a great deal of traffic leading into/out-of those markets south of Tallahassee, never makes it to either Adams or Monroe. It is diverted off of the Woodville and Crawfordville Highways onto Capital Circle and travels to activity centers (work, shopping, recreation) in the eastern and western areas of Tallahassee.

As it pertains to those retail sites, we have come across an idea worth repeating: an activity center like that of the Lake Ella area. That is, retail space on South Monroe with store fronts facing inward – as well as outward – with a passive park area on Parcel A (multifamily tract). The current market would be "devastated" by the addition of 60 acres of multi-family land so a holding pattern of some kind is required. The natural low area on Parcel A could be a pond site (again similar to Lake Ella) that could still become integrated into a multi-family project; if that were to be later desired.

All are just ideas. Which is as concrete as the current market offers for the fairgrounds. That is, whether Leon County or if a private entity were to redevelop the tract and parcel it out, the result is the same for valuation purposes. The owners of such a property would be risk-takers and would thence be in the speculator category. And for a speculator to shoulder the risk, they would want a front-end discount. We have therefore discounted the indications of value from the various land uses (multi-family, retail and office/service commercial) into a number that, in our opinion, would be in the range to attract venture capital.

The various factors that affect the fairgrounds tract lead us to the conclusion that the highest and best use of the property is "land bank". That is, hold the land to see what comes. This is indeed a legitimate highest and best use classification; particularly for larger tracts.

The framework of this assignment defines a **Limited Appraisal** in a Summary Report format. The limitations are a) to Parcels A, B C, and D exclusive of any improvements thereto or thereon, b) the types of land uses as specified, and c) minimal background descriptions of the Leon County and fairgrounds market areas, as those are components of the market feasibility study that is being written by others. Each is a reasonable condition and each is practical in order to appraise the property,... "as is" and as of a current date. Finally, these conditions are in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and there are no other known departures from the standards.

Anthony Mondae
October 25, 2004
Page 4

In my opinion, the market value of Parcels A, B C and D of the Leon County Fairgrounds is, as of October 18, 2004 was:

FIVE MILLION NINE HUNDRED THOUSAND DOLLARS

($5,900,000)

Once again, thank you for having had the opportunity to work on this assignment. I hope that you will find our report to be thorough and well presented. If you have any questions or comments, please do not hesitate to let me know.

Sincerely,

William R. Weigel, III, MAI, SRA
State-Certified General Real Estate Appraiser RZ0580

WRW/LJP
Attachment

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following contingent and limiting conditions:

The appraisal has been limited to a) Parcels A, B, C and D exclusive of any improvements thereto or thereon, b) the types of land uses as specified, c) minimal background descriptions of the Leon County and fairgrounds market areas, as those are components of the market feasibility study that is being written by others. These conditions are in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and there are no other known departures from the Uniform Standards of Professional Appraisal Practice.

The type of inspection conducted by the appraiser is not the equivalent of an inspection by a qualified engineer. Our inspection has been thorough enough to a) adequately describe the real estate in the appraisal report, b) develop an opinion of highest and best use, and c) make meaningful comparisons in the valuation of the property.

No professional soils analysis has been provided. Further, the soil appears to be firm and subsidence in this area is unknown or uncommon, but the appraiser does not warrant against this condition or occurrence. Any adjustments or discussions with regards to soil conditions within the appraisals are made purely on the personal, physical observation of the appraiser and would be subject to whatever any formal analysis would indicate. If any soils features are found to be different than depicted within this appraisal I reserve the right to revisit the value contained herein.

This parcel has been appraised as though free and clear of contaminants.

No responsibility is assumed for matters legal in character and no opinion is rendered of the title, which is assumed to be marketable. Unless otherwise noted, any existing liens or encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

Certain data used in compiling this report was furnished the appraiser from sources, which are considered reliable. The correctness of such data, although not guaranteed, has been checked and is believed to be correct as far as is reasonably possible.

The appraiser, by reason of this report, is not required to give testimony in court with reference to the property herein appraised nor is he obligated to appear before any governmental body, board or agent unless prior arrangements have been made therefore.

Possession of this report, or a copy thereof, does not carry with it the right of publication or reproduction. This report may not be used by anyone other than the client without the prior written consent of the appraiser, and in any event only in its entirety.

APPENDIX

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI and SRA designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.

No survey was provided to the appraiser; therefore, we are relying on the drawings and information obtained from Mr. Anthony Mondae of Strategic Planning Group of Jacksonville Beach and from the public records of Leon County.

CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, unbiased, professional analyses, opinions, and conclusions.

I have no (or the specified) present or perspective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the requirements of *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property and data that is the subject of this report.

With the exception of the following, no one provided significant real property appraisal assistance to the person signing this certification:

L. James Parham, MAI, SRA, State-Certified General Real Estate Appraiser RZ0135, provided professional assistance in market research and preparation of a rough draft of the appraisal.

Robert D. Broome, State-Registered Trainee Appraiser RI 0006678, assisted Mr. Parham in market research.

The data selected, analyses and conclusions, however, are strictly my own.

CERTIFICATE OF APPRAISAL

(Page 2)

I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

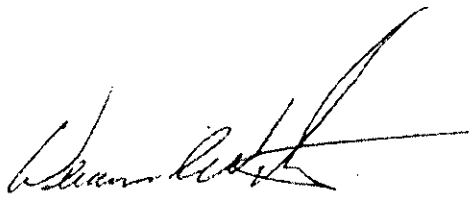
The report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report, Messrs. Weigel and Parham have completed the continuing education program of the Appraisal Institute.

Competency Provision

This appraisal report is made in compliance with the competency provision as outlined within USPAP. This is to acknowledge that the appraiser has the expertise and has expended the time and research within this appraisal report to prepare an accurate opinion of value.

William R. Weigel, MAI, SRA, and L. James Parham, MAI, SRA, have performed and completed similar appraisals of this type. Their years as appraisers have provided them with the knowledge and experience to complete all types of appraisals. In performing the appraisal of the subject property they have gathered, analyzed, confirmed and reported on data obtained from the field.



William R. Weigel, III, MAI, SRA
State-Certified General Real Estate Appraiser RZ0580

APPENDIX

TABLE OF CONTENTS

Identity of the Property Being Appraised	1
Purpose, Intended Use, Intended User of the Appraisal	1
Appraisal Problem	1
Value Appraised	1
Property Rights (Interest) Appraised	2
Scope of Appraisal	2
Regional Map	4
Regional/Neighborhood Analysis	5
Description of Property, Photographs and Sketches	7
Photographs of the Subject Property	9
Aerial Photograph	12
Plat Map	13
Flood Map	14
Zoning, Land use Plan, Concurrency	15
Assessed Value, Taxes and Special Assessments	15
History of Property	15
Exposure Time	15
Effective Date of the Appraisal	16
Public and Private Restrictions	16
Highest and Best Uses Analysis	16
Approaches to Value Omitted	18
Land Valuation	20
Reconciliation of Value Indications and Final Opinion of Value	28
Addenda	30

APPRAISAL REPORT

IDENTITY OF THE PROPERTY BEING APPRAISED:

Address/Location: North Florida Fairgrounds
East side of South Monroe Street between Paul Russell and Tram Roads. Tallahassee, Florida.

Legal Description: Lengthy metes and bounds. Refer to the tax cards included as part of the Addendum. Specifically, Leon County tax parcels:

Parcel A	3118208530000	60.03 Acres
Parcel B	3118208540000	11.81 Acres
Parcel C	4113208530000	18.00 Acres
Parcel D	4113208520000	13.86 Acres
	Total	103.70 Acres

Ownership: Leon County
301 South Monroe Street
Tallahassee, FL 32301

PURPOSE, INTENDED USE, AND INTENDED USER OF THE APPRAISAL:

Purpose: To provide an opinion of the current market value.

Intended Use: Land planning decisions for use by the Strategic Planning Group in its consultations with Leon County.

Intended User: Mr. Anthony Mondaè, and his assigns.

APPRAISAL PROBLEM:

To provide an opinion of the current market value of the underlying land of Parcels A, B, C and D of the North Florida Fairgrounds as a unified 103.7-acre tract, of mixed uses.

VALUE APPRAISED:

Value: Market Value.

Definition: *"The most probable price in cash, as of a specified date, financial arrangements equivalent to cash, or other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeable, and for self-interest and assuming that neither is under duress."*

The Appraisal of Real Estate, 11th Edition, Page 22, Published 1996, by the Appraisal Institute, Chicago, Illinois.

PROPERTY RIGHTS (INTERESTS) APPRAISED:

Rights (Interests): Fee Simple.

Definition of Fee Simple: *"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police powers, and escheat."*

SCOPE OF APPRAISAL:

The scope of this appraisal assignment involves 103.7-acres of the North Florida Fairgrounds. This appraisal is one of the parts of a market feasibility study that is being prepared by Strategic Planning Group, Inc (SPG) for the possible redevelopment of the fairgrounds. The appraisal answers the question of the "as is" value, and as of a current date.

Included in this appraisal is the underlying land of Parcels A, B, C and D of the fairgrounds. Parcel E is a stadium and its attendant parking is Parcel F; each is excluded. Also excluded is the Leon County Cooperative Extension property. The existing improvements (fair buildings, site improvements and infrastructure) have been excluded.

In order to provide an opinion of value of the 103.7-acre tract we had to consider the uses to which the fairgrounds could be put in order to extract meaningful data from the market. It has been agreed that the tract would be a yet-to-be-specified quilt of mixed-uses. The proposed land uses are: multi-family, retail and office/service commercial. Parcel A has been valued as multi-family, Parcels C and D are valued as retail commercial and Parcel B is valued as office/service commercial-commercial.

The intent of the breakdown of the overall tract into land use parcels is to get into step with the market for purposes of making comparisons to other properties that have sold within Leon County from which indices of value can be drawn. To that end we have extracted sales of sites for each land use category and have valued each tract accordingly.

Keeping in mind that the intent is to value the 103.7-acre tract as a whole, i.e. as if it were to be sold to a single purchaser, we have then applied a discount in order to attract the venture capital of a speculator who would be willing to hold the tract in "land bank" until such time as the market became ripe for all or parts thereof.

In appraisal jargon, we have used the Sales Comparison Approach to provide an opinion of the current market value. The opinions and conclusions leading to a market value estimate are reported in a formal appraisal report with supporting data and analyses. The Income and Cost Approaches were not considered applicable for the subject property.

The Appraisal of Real Estate, 11th Edition, Page 137, Published 1996, by the Appraisal Institute, Chicago, Illinois.

APPENDIX

The procedure for this appraisal has been as follows:

Collection of Data:

1) Gathered published data on the economy and profile of Leon County with emphasis on the fairgrounds area.

2) Interviewed local business people as to the status of the current market, its direction and momentum.

3) Interviewed local real estate professionals and individuals as to characteristics of the rural commercial market.

4) Researched sales of multi-family acreage in Leon County.

Sales & listings considered:	12
Sales & listings inspected:	12
Sales utilized:	3

5) Researched sales of office/service commercial acreage in Leon County.

Sales & listings considered:	21
Sales & listings inspected:	8
Sales utilized:	3

6) Researched sales of retail acreage in Leon County.

Sales & listings considered:	10
Sales & listings inspected:	6
Sales utilized:	3

Confirmation of Data:

1) Field inspected each potential, comparison property.

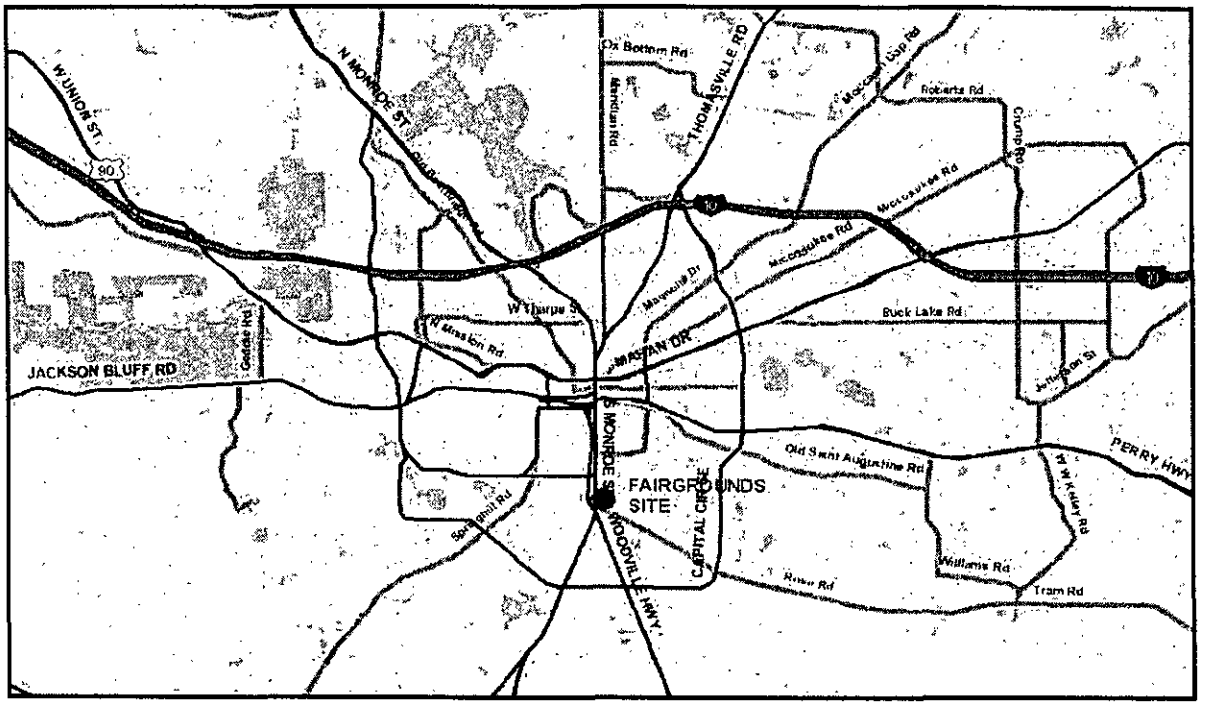
2) Confirmed market conditions with local participants.

3) Verified sales transactions with a reliable party who had personal knowledge thereof (grantor, grantee or representative for either party to the transaction) myself, or an associate in this firm.

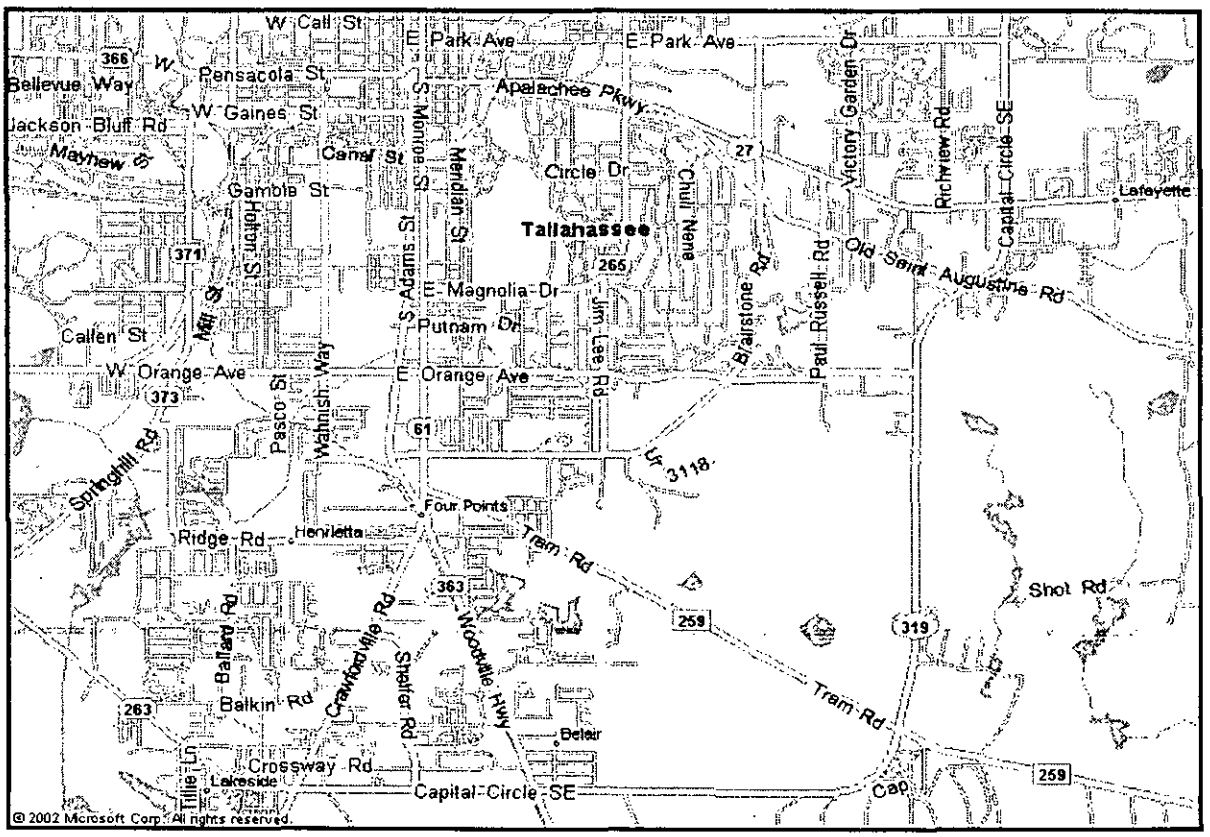
Reporting of Data:

Summary report.

APPENDIX



Source: Strategic Planning Group, Inc., 2004



REGION/NEIGHBORHOOD ANALYSIS:

This appraisal is one of the parts of a market feasibility study that is being prepared by Strategic Planning Group, Inc for the possible redevelopment of the North Florida Fairgrounds tract. Descriptions of Leon County and fairgrounds neighborhood are components of the market feasibility study that is being written by others. Further, the users of this appraisal are well familiar with Leon County and the fairgrounds neighborhood and extensive discussion herein would be superfluous. However there are a few points that warrant highlighting.

First, the influence of Leon County extends for over a 60-mile radius not only into other counties of the Florida panhandle but also into the counties of southwest Georgia. Many residents in those outlying areas are either employed in Leon County or travel thereto for supplies, air travel, education, shopping, dining and recreation. Leon County had a reported population in the range of 252,000 in 2002 but actually serves a population base of something in the range of 400,000 to 500,000 when considering those surrounding counties that look to the offerings of Leon County in one fashion or another. The name of the subject property being the "North Florida Fairgrounds" pays partial acknowledgment thereto.

By all intents and purposes, the Leon County/Tallahassee market is an extended area into those surrounding counties, with various sub-markets located therein. Southside Tallahassee is one of those sub-markets that have been slower to develop than north Tallahassee. The origins can be traced back to Leon County's agrarian history. The lands in the southern part of the county were sandier, less fertile and were simply less desirable; hence those lands were cheaper. That identity has generally stayed with southern Leon County but is changing; if for no other reason than necessity. Even in recent weeks there have been news reports of protests by Realtors and developers about the costs required in order to bring a building lot onto the market, in Leon County. That pressure in other parts of the county is causing a re-examination of southern Leon County.

A case in point is Leon County's signature development that is located in the southeast quadrant of Tallahassee, i.e. Southwood. It is a mixed-used, multi-phase development containing 3,200 acres with a planned 4,700± housing units. There will be about 1,000 acres of parks, lakes and ponds within Southwood, which is about 5 miles east of the subject. We are quick to note that Southwood is one of those "new urban" projects that is intended to be more pedestrian in character and to eventually become somewhat self-contained with work centers, schools, shopping, dining, recreation, and religious facilities located therein. A satellite office park for the State of Florida is an anchor therefore as is the demonstration school for Florida State University (K-12) and the Pope John Paul Catholic Church/school.

The transit routes between Southwood and the fairgrounds tract is through lower-grade housing areas and discussions with real estate professionals indicate that the expected linkage between the two would be tenuous. Perhaps Blueprint 2000 – and the "Southern Strategy" as a part thereof – can contribute in a meaningful manner to create a more unified Southside Tallahassee. An enhanced infrastructure system as part of that strategy could become overwhelmingly attractive in light of increased costs elsewhere in the county.

The next point of regional/neighborhood analysis worthy of being highlighted is the presence and importance of Florida A&M University (FAMU) to the economy. The university is the dominant fixture and the campus thereof is 1½ mile north of the fairgrounds. We have obtained data from Florida A&M University and from Claritas, Inc., which is an on-line service for demographic information.

FAIRGROUNDS NEIGHBORHOOD

	1-Mile	3-Miles	5-Miles
Population:			
2009	5,673	45,222	113,315
2004	5,430	43,521	108,329
2000	5,241	42,236	104,626
1990	5,368	40,713	95,239
Ages (2004):			
Median		24.45 years	
18-24 years		35.04%	
Households:			
2009	2,057	17,409	47,921
2004	1,968	16,727	45,595
2000	1,903	16,214	43,878
1990	1,922	15,707	38,590
Owner Occupied Housing (2004):		6,635	
Tenant Occupied Housing (2004):		10,092	
Median Household Income:			
2004	$29,433	$23,834	$24,195

Source: Claritas, Inc., 2004

FLORIDA A&M UNIVERSITY

Year:	Enrollment	%Change
2004	13,750	+ 4.84%
2003	13,115	+ 4.58%
2002	12,541	+ 1.33%
2001	12,376	+ 1.77%
2000	12,161	+ 0.50%

Degree Seeking Undergraduates:

From Leon County:	12.6%
Live in college owned housing:	22.7%
Live off-campus or commute:	77.3%

Source: Florida A&M University

The percent of households that are tenant occupied and the average age are most revealing, as are the increases in enrollment. There have been 232 new apartment units built within ½ mile of the fairgrounds in the past 3 years (University Courtyard, 96 and College Club, 136) with another 180 under construction (Campus Pointe) and 56 more proposed (Tram Crossing). The developer of Tram Crossing is in a wait-an-see mode due to current construction costs being out of sync with the expected income yield of the project. His current position is to bring the units on-line for the fall term of the 2006 FAMU school year.

Conclusion:

The most significant factor affecting the fairgrounds neighborhood is the increased density of housing units from all of the new apartment buildings that have been constructed,... and more are to come on line. These are typically consumers of good and services, particularly retail.

DESCRIPTION OF PROPERTY, PHOTOGRAPHS AND SKETCHES:

Property Type: Redevelopment tract of mixed uses

Existing Use: Public (North Florida Fairgrounds)

Land:

Site dimensions are incomplete on the property appraiser's atlas and we do not have survey of the property. We have used the dimensions that were available from the atlas and have scaled others from printouts. In doing so, we have checked our acreage figures to that as provided find them to be very similar. Consequently, we rely on the County's acreage figures (as provided) for purposes of this appraisal.

Area:

Parcel A	60.03-acres
Parcel B	11.81-acres
Parcel C	18.00-acres
Parcel D	13.86-acres
Total	103.70-acres

Frontages:

South Monroe Street (direct access)
- Parcel C: 602 feet ±
- Parcel D: 270 feet ±

Paul Russell Road (direct access)
- Parcel A: 630 feet ±
- Parcel B: 648 feet ±
- Parcel C: 1,302 feet ±

	Tram Road (direct access) Parcel A: 1,420 feet ± Parcel D: 950 feet ±
Shape:	Rectangular, except for Parcel A, which is large enough to make effective use of the irregular shaped portions.
Topography:	The tract is comparatively level with some gentle rolling areas.
Flood Plain Data:	Zone X; Area outside the 500-year floodplain. See flood map on following page.
Drainage:	Appears adequate as of date of value.
Soil Characteristics:	No soil tests available.
Utilities at Site:	Adequate for the highest and best use.
Electricity:	Public; City of Tallahassee.
Water:	Public; City of Tallahassee.
Sewer:	Public; City of Tallahassee.
Easements, Encroachments or Restrictions:	None known that would have a negative impact on value or that would not be remedied upon redevelopment.

Improvements:

The subject improvements have been specifically excluded from this appraisal, as the intent is to view the tract for redevelopment. This is not to say that some of those buildings would not have interim use value,... they may. Only that we are not valuing them herein as any such interim use would indeed be highly speculative. Further, the infrastructure (roads, utilities, fencing) may have some value to one degree or another in a redevelopment scheme, but by the same token, those items may also create additional costs for redevelopment to remove. Consequently, it is appropriate – at this stage in the analysis of the fairgrounds – to exclude any and all of the site or building improvements.

APPENDIX

PHOTOGRAPHS OF THE SUBJECT PROPERTY:

Photo 1: View of prime corner of the North Florida Fairgrounds tract at South Monroe Street and Paul Russell Road; looking southeast at Parcel C.

Photo 2: View of "retail" frontage along South Monroe Street with Parcel C in left foreground and Parcel D in background; looking southerly with Paul Russell Road behind photographer.

All photos by L. James Parham, MAI, SREA; October 6, 2004

PHOTOGRAPHS OF THE SUBJECT PROPERTY, Continued:

Photo 3: View to north along South Monroe Street with frontage of existing shopping center on left and view of Florida State Capitol Building in distance; Paul Russell Road is behind photographer.

Photo 4: View to east of along Paul Russell Road with "retail" frontage of Parcel C in right foreground and "office/service commercial" frontage of Parcel B beyond; Monroe Street is behind photographer.

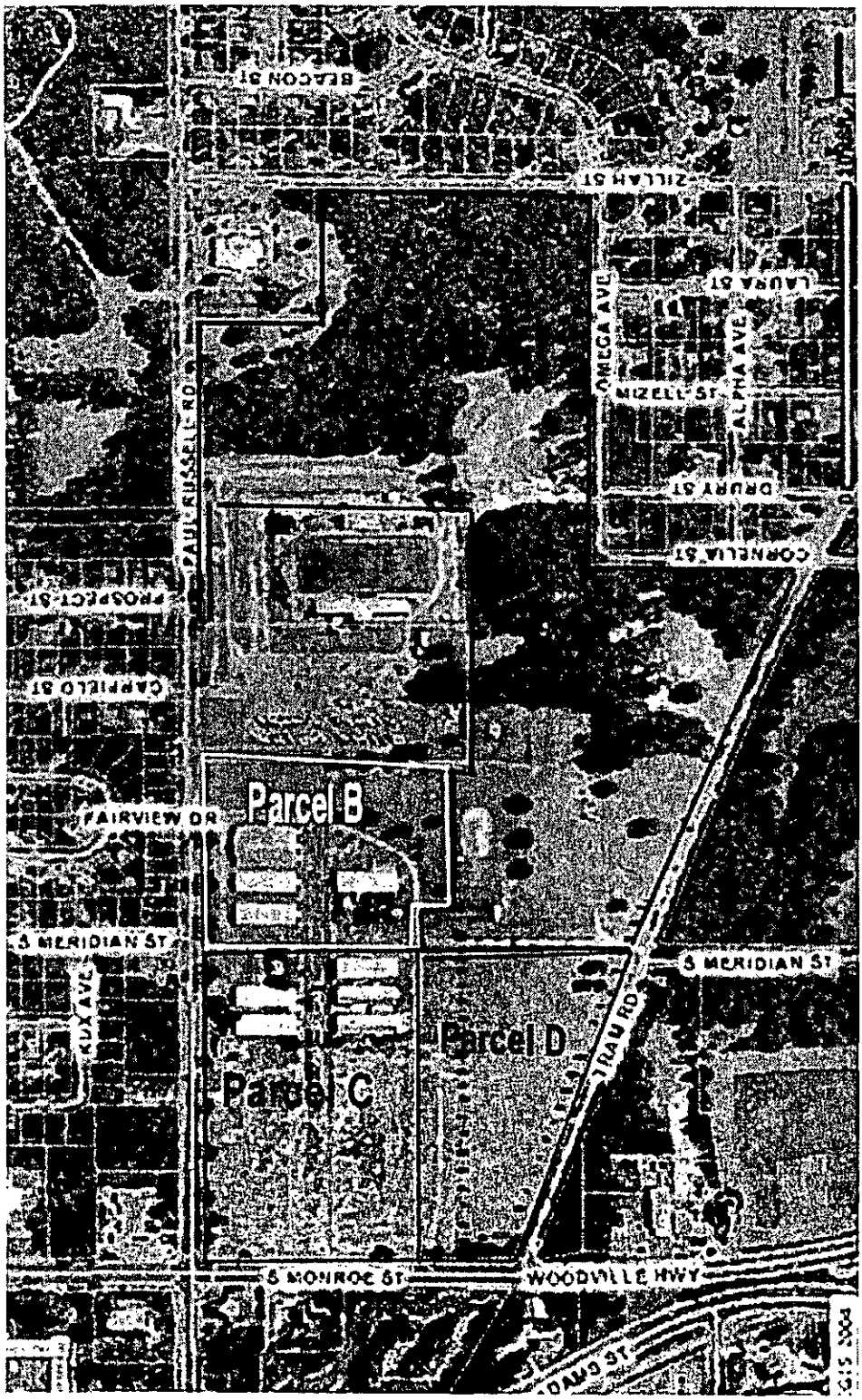
PHOTOGRAPHS OF THE SUBJECT PROPERTY, Continued:

Photo 5: View to north from west side of South Monroe Street from a point south of Tram Road. "Retail" corner of Parcel D at Tram Road is marked by large oaks on right. Frontage of Parcel C is in right background.

Photo 5: View to east from west side of South Monroe Street along frontage on Tram Road. "Retail" corner of Parcel D is in left foreground and Parcel A is in background. Corner on right is site of proposed 56-unit, Tram Crossings apartments.

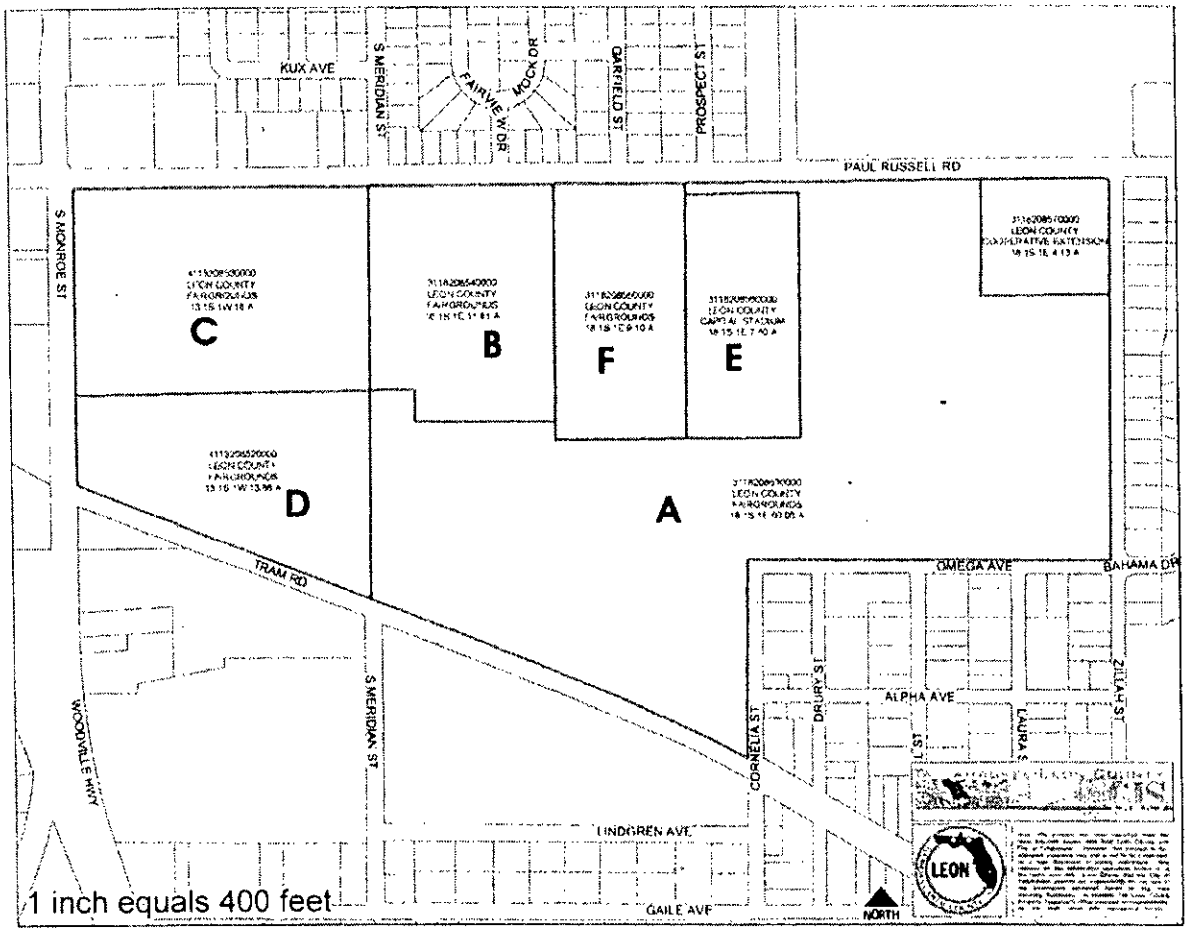
APPENDIX

AERIAL PHOTOGRAPH OF THE SUBJECT PROPERTY:



APPENDIX

PLAT MAP:



Source: Strategic Planning Group, Inc., 2004

Multi-Family Residential Parcel

Parcel A	60.03 Acres

Office/Service Commercial Parcel

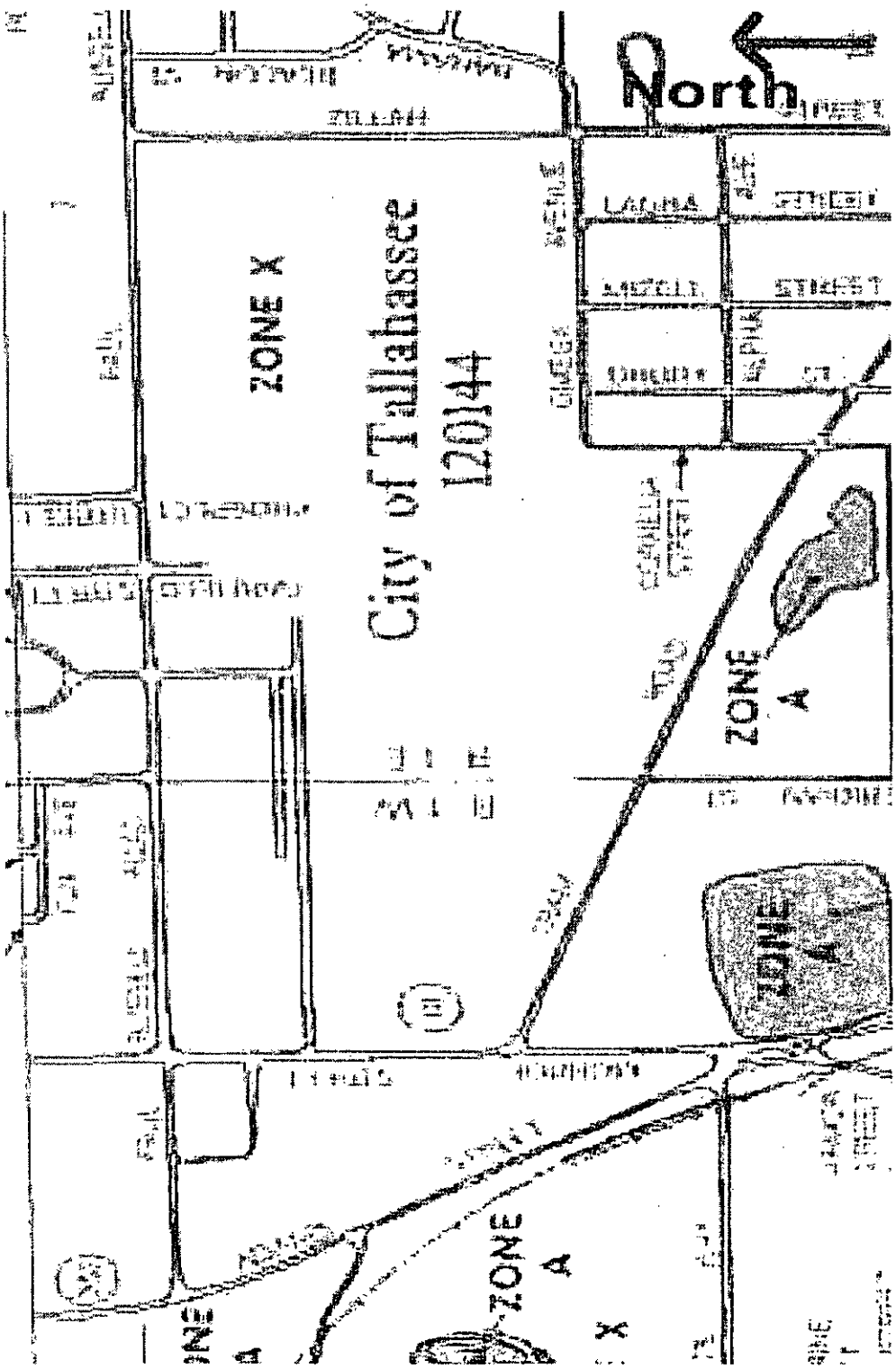
Parcel B	11.81 Acres

Retail Commercial Parcels

Parcel C	18.00 Acres
Parcel D	13.86 Acres
Total	103.70 Acres

APPENDIX

FLOOD MAP:



Flood Insurance Rate Map (FIRM), Community Panel No. 12073C0295D. November 19, 1997

ZONING, LAND USE PLANNING AND CONCURRENCY:

The subject is zoned as "OS" Open Space and "PUD 14" Planned Unit Development by the Tallahassee/Leon County Planning Department. The intent of market feasibility study of which this appraisal is a part is to clarify the most appropriate use(s) of the tract. For purposes of this appraisal, we have been instructed to consider the subject as a mixed-use tract composed of multi-family, retail and office/service commercial.

More detailed or further analysis would be premature and could very well prove to become erroneous. Further, there are no known conflicts between the subject and its uses for multi-family, retail and office/service commercial that would not be remedied upon redevelopment.

ASSESSED VALUE, TAXES AND SPECIAL ASSESSMENTS:

According to information obtained from the Leon County Tax Collector's Office, the subject property, as of the date of value, is identified as follows:

Taxing Authority:	Leon County Tax Collector			
Tax Year:	2003			
	Parcel A	Parcel B	Parcel C	Parcel D
Assessed Value (Land):	$450,225	$141,720	$378,000	$207,900

The owned by Leon County and the above assessments are considered to be academic as the property is tax exempt. Likewise, there are no known special assessments on such a property as the issue would be moot.

HISTORY OF PROPERTY:

No sales within the last five (5) years. Also, the subject property is not listed for sale and there are no offers pending.

EXPOSURE TIME:

Exposure time is defined within the Appraisal Institutes', The Dictionary of Real Estate Appraisal, 4th Edition, published 2002, Page 105, as:

> *"The time a property remains on the market."*
>
> *"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."*

Based on market research, the typical exposure time has been estimated at 6 to 24 months.

EFFECTIVE DATE OF THE APPRAISAL:

Date of Report:	October 25, 2004
Date of Value:	October 18, 2004
Dates of Inspection:	October 18, 2004
Persons at Inspection:	William R. Weigel, III, MAI, SRA, and L. James Parham, MAI, SRA,

PUBLIC AND PRIVATE RESTRICTIONS:

There are no known conflicts between the subject and its uses for multi-family, retail and office/ service commercial that would not be remedied upon redevelopment.

HIGHEST AND BEST USE ANALYSIS:

The term "Highest and Best Use" is defined within The Appraisal of Real Estate, 11th Edition, 1996, Page 50, as:

> *"The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."*

A Highest and Best Use Analysis must meet the following four tests:

1. Legally Permissible
2. Physically Possible
3. Financially Feasible

Maximally Productive (Most Profitable)

Implied in the above definition is that the determination of highest and best use takes into account the contribution of a specific use to the community and its development goals as well as the benefits of that use to individual property owners. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Public powers, through building, safety, and zoning regulations usually establish the parameters within which the highest and best use must occur. Four criteria are analyzed under the highest and best use analysis. As previously mentioned, the use must be legally permissible, physically possible, economically feasible, and the use of the land must be that use which is most profitable.

Legally Permissible:

According to the terms of this assignment, it is assumed that the permitted land use and zoning would be changed to allow multi-family, retail and office/service commercial uses in a layout similar to that as shown on the preceding plat.
The subject tract is therefore considered to be legally conforming site with regards to all minimum requirements.

Physically Possible:

The areas of each parcel (A through D) are substantial enough to facilitate redevelopment for the respective land uses. Each parcel has infrastructure (utilities and access) further, the shapes and topography are compatible to enable a high degree of flexibility in design for each of the parcels.

Economically Feasible:

Economical feasibility is the goal of the market feasibility report, of which this appraisal is a part. The land use categories of multi-family, retail and office/service commercial are as likely as can be proposed at this point in the process. The significant aspect of those proposed uses is that they may become moot over time as the Southside Tallahassee market has yet to become firm enough for any new development in the near future for any of the land use categories. There is an ample supply of sites and properties in the private sector that are on the market – or are coming on the market – so that the introduction of so that the introduction of the subject's acreage would likely throw the market into an imbalance.

The characteristics of the 103.7-acres of the fairgrounds tract are such that the most likely target market would be speculators. This is not to say that investors would not be interested; they would be but it is unlikely that an investor would be willing to take the entire 103+ acres. Investors would most interested in the retail parcels along South Monroe; say for example for big box retail. The apartment market is such that there has been a recent infusion of new units in this neighborhood so that additional projects are being approached cautiously. The office/service commercial market has been approaching something of a glut of both of sites and of ready-to-occupy space. Those office/service commercial properties are in superior locations, so that any new office/service commercial project at the fairgrounds location would be highly speculative.

Further, the "retail sites" on South Monroe (Parcels C and D) are somewhat out of the mainstream by virtue of the superior linkages to South Adams Street. South Monroe and Adams Streets are parallel and closely proximate. Traffic to and from those areas south of Tallahassee are channeled primarily to South Adams and the improvements to Crawfordville Highway that are now under construction will feed into/out-of Adams Street. Also, a great deal of traffic leading into/out-of those markets south of Tallahassee, never makes it to either Adams or Monroe. It is diverted off of the Woodville and Crawfordville Highways onto Capital Circle and travels to activity centers (work, shopping, recreation) in the eastern and western areas of Tallahassee.

Hence the most economically feasible uses is to hold the tract until such time as external market forces dictate marketing a portion or all of the parcels that compose the subject.

Maximally Productive:

"Land Bank" is the only use that is perceivable. The various factors that affect the fairgrounds tract lead us to that conclusion. This is indeed a legitimate highest and best use classification; particularly for larger tracts in maturing markets.

Conclusion:

"Land Bank".

APPROACHES TO VALUE OMITTED:

Cost Approach:	Omitted.
Sales Comparison:	**Utilized.**
Income Approach:	Omitted.

The subject is composed of multi-family, retail and office/service commercial parcels for which the sales comparison approach is the only reliable indicator.

LAND VALUATION:

We have conducted research on three sets of sale data from Leon County to use in this appraisal: multi-family acreage, office/service commercial acreage and retail acreage.

Multi-family acreage:	Sales & listings considered:	12
	Sales & listings inspected:	12
	Sales utilized:	3
Office/Service Comm. acreage:	Sales & listings considered:	21
	Sales & listings inspected:	8
	Sales utilized:	3
Retail acreage:	Sales & listings considered:	10
	Sales & listings inspected:	6
	Sales utilized:	3

Adjustments are made to each of the sales for differences between those sale properties and that of each of the parcels of the fairgrounds. We have relied upon our review of literally hundreds of transactions in Leon County while preparing appraisals (in Leon County) for over 25 years. Adjustments for the date of sale to the current date of appraisal are often the most sensitive. Consequently, we have prepared a market study for use in making those adjustments.

Market Conditions Analysis:

Historically, the passing of time has had a constant, increasing influence on the value of real property. However, it should be noted that this influence has not been steady or straight line in effect but rather has fluctuated as a result of economic events that are often not directly associated with the local market under appraisement. When the economy is in a recession, the increases that can be attributed to time flatten-out. Often, this is due to a drop in demand by market participants for properties. From mid-1979 to 1981, the economy slipped into a deep recession. This economic downturn, combined with the holdover effect of the 1973-1976 recession curtailed the expansion of smaller businesses from the inner-core downtown areas to the suburbs and transit areas within the entire Leon County region. From the mid to late 1980's, an upward turn in the national economy and the local market resulted in growth and expansion, which in turn yielded increases in the value of real property because of increased market participation by investors, etc.

Certain areas or locations in the Greater Tallahassee area have developed more rapidly than others as noted with the growth along Capital Circle Northeast, Centerville Road, Thomasville Road (U.S. 319), North Monroe Street/Apalachee Parkway (U.S. 27) and Mahan Drive (U.S. 90). Completion of planned highway expansions should promote growth and development.

Analyses of sales in the Greater Tallahassee area have been outlined with regard to unit price and date of sale. On the following pages is an explanation and discussion of these comparisons. The best evidence to support a time analysis is the direct comparison of market sales that have sold and resold with relatively little change between the dates of sale.

The market was more active from late 1994 to the present. The properties that have sold in the Tallahassee/Leon County area demonstrate renewed market activity with an increase in value within the mid- to late 1990's through the present of:

Multi-family acreage:	6%, annually
Office/service commercial acreage:	6%, annually
Retail acreage:	8%, annually

LAND VALUATION – Multi-Family Parcel A:

Summary of Land Sales - MULTI-FAMILY

Parcel A

Fairgrounds, Leon County

Sale	Subject	1	3	3
		55-3027-1654	55-2977-2021	55-2436-1928
Seller	Leon County	Aster	Houston Gantt	Council
Buyer		Only Green	Bostic	College Club
Date	18-Oct-04	22-Jan-04	15-Oct-03	20-Nov-00
Location	Paul Russell and Tram Roads	3250 W. Tennessee Street	3000 South Adams Street	2833 S. Adams Street
Size, Acres	60.03	40.19	13.76	10.21
Size, SqFt	2,614,907	1,750,676	599,386	444,748
Price	$ 3,660,900	$ 1,800,000	$ 719,900	$ 741,900
Price, SqFt	$ 1.40	$ 1.03	$ 1.20	$ 1.67
Conditions of Sale		Arms Length	Arms Length	Arms Length
Adjustment		0%	0%	0%
Date of Sale, Months Difference		9.0	12.3	47.6
Adjustment		4.50%	6.15%	23.80%
Current Price SqFt		$ 1.07	$ 1.27	$ 2.07
Location		Overall Similar	Similar	Similar
Adjustment		5%	0%	0%
Size, Shape & Topography		Slightly Inferior	Overall Similar	Slightly Superior
Adjustment		5%	0%	-5%
Net Adjustment		10%	0%	-5%
Adjusted Price Square Foot		$ 1.18	$ 1.27	$ 1.96
Date of Sale Adjustment, Annual:		6.0%	0.50%	Month

Discussion Of Comparable MULTI-FAMILY Land Sales:

Multi-Family Land Sale 1 (55-3027-1654) is a recent sale of a mobile home park that has been sold for redevelopment into a multi-family apartment project. Its location on West Tennessee is slightly inferior. It is near the same size, however, the topography was slightly inferior.

Multi-Family Land Sale 2 (55-2977-2021) is of a the 13.76 acre tract that is under construction for the 180 unit Campus Pointe project at 3000 South Adams. It is a neighbor to the subject and hence its location is similar. The sale is smaller indicating a higher price per acre. However, the smaller size is offset by the topography and shape features of the sale that created additional development costs. Hence, there is no net adjustment.

Multi-Family Land Sale 3 (55-2436-1928) is also a neighbor of Parcel A and is a 10.21-acre sale. It required a size adjustment, however, it was partially offset by its topography.

Conclusion of MULTI-FAMILY Land Value, PARCEL A:

The sales range from $1.18 to $1.96 per square foot for the 60+ acre tract. Most weight was placed on the more recent sales and a unit value of $1.40 per square foot was concluded. Applying this unit value to the parcel's 60.03 acres indicates a value of **$3,660,900.**

LAND VALUATION – Office/Service Commercial Parcel B:

Summary of Land Sales - OFFICE/SERVICE COMM.

Parcel B

Fairgrounds, Leon County

Sale	Subject	1	2	3
		55-2785-1554	55-2519-1847	55-2456-0926
Seller	Leon County	Tallahassee Bank	Crawford	Shovlain
Buyer		LEPEY	DBDI	Aredian
Date	18-Oct-04	20-Dec-02	27-Jun-01	17-Jan-01
Location	Paul Russell Road	250 Capital Circle SW	2878 Mahan Drive	1371 Capital Circle SW
Size, Acres	11.81	2.35	4.32	5.79
Size, SqFt	514,444	102,497	188,179	252,038
Price	$ 1,389,000	$ 250,000	$ 500,000	$ 740,000
Price, SqFt	$ 2.70	$ 2.44	$ 2.66	$ 2.94
Conditions of Sale		Arms Length	Arms Length	Arms Length
Adjustment		0%	0%	0%
Date of Sale, Months Difference		22.3	40.3	45.7
Adjustment		11.13%	20.15%	22.83%
Current Price SqFt		**$ 2.71**	**$ 3.19**	**$ 3.61**
Location		Slightly Superior	Superior	Superior
Adjustment		-5%	-20%	-5%
Size, Shape & Topography		Slightly Superior	Slightly Inferior	Slightly Superior
Adjustment		-5%	5%	-5%
Net Adjustment		-10%	-15%	-10%
Adjusted Price Square Foot		**$ 2.44**	**$ 2.71**	**$ 3.25**
Date of Sale Adjustment, Annual:		6.0%	0.50%	Month

Discussion Of Comparable OFFICE/SERVICE COMMERCIAL Land Sales:

Office/Service Commercial Land Sale 1 (55-2785-1554) is an off-corner property on the southside of Tallahassee (like the subject), on Capital Circle SW. Its location was considered slightly superior. Also, the smaller size was considered superior and the other physical characteristics were similar.

Office/Service Commercial Land Sale 2 (55-2519-1847) is the site of Mahan Oaks Center and is very superior in location. The property is smaller than the subject indicating a downward adjustment. However, it has a very narrow frontage on Mahan Drive and had some topography issues, both of which would indicate an upward adjustment, resulting in an overall upward adjustment.

Office/Service Commercial Land Sale 3 (55-2456-0926) is an off-corner site, as is the subject, on Capital Circle Southwest, near Tennessee Street. It is adjusted downward for its superior location. This property is smaller than the subject and is adjusted downward, however, the other characteristics were similar.

Conclusion of OFFICE/SERVICE COMMERCIAL Land Value, PARCEL B:

The sales form a range from $2.44 to $3.25 per square foot. In the final analysis a unit value of $2.70 per square foot was concluded. Applying this unit value to the parcel's 11.81 acres indicates a value of **$1,389,000.**

LAND VALUATION – Retail Parcel C:

Summary of Land Sales - RETAIL

Parcel C

Fairgrounds, Leon County

Sale	Subject	1	2	3
		55-2802-1157	55-2582-1550	55-2212-0351
Seller	Leon County	Wilson	Chiu	Creekmore
Buyer		Sam's	Regency	Equity One
Date	18-Oct-04	28-Jan-03	15-Nov-01	6-Jan-99
Location	South Monroe Street	Capital Circle SE	6615 Mahan Drive	777 Capital Circle SW
Size, Acres	18.00	23.16	13.89	31.69
Size, SqFt	784,080	1,008,850	605,048	1,380,416
Price	$ 2,940,300	$ 5,000,000	$ 1,805,600	$ 2,100,000
Price, SqFt	$ 3.75	$ 4.96	$ 2.98	$ 1.52
Conditions of Sale		Arms Length	Arms Length	Arms Length
Adjustment		0%	0%	0%
Date of Sale, Months Difference		21.0	35.6	70.4
Adjustment		13.98%	23.73%	46.93%
Current Price SqFt		**$ 5.65**	**$ 3.69**	**$ 2.24**
Location		Very Superior	Superior	Slightly Superior
Adjustment		-45%	-10%	-5%
Size, Shape & Topography		Slightly Inferior	Inferior	Inferior
Adjustment		10%	15%	20%
Net Adjustment		-35%	5%	15%
Adjusted Price Square Foot		**$ 3.67**	**$ 3.88**	**$ 2.57**
Date of Sale Adjustment, Annual:		8.0%	0.67%	Month

Discussion Of Comparable RETAIL Land Sales:

Retail Land Sale 1 (55-2802-1157) is of the new Sam's Club on Capital Circle Southeast, just north of Apalachee Parkway. Its location is very superior and was adjusted downward. The parcel's shape is inferior to the subject as the out-parcels have been carved-out, however, the other physical characteristics were similar.

Retail Land Sale 2 (55-2582-1550) is of the Vineyard Center neighborhood shopping center. It is located at the entry of the "Vineyard" residential subdivision, which consists of upscale homes on estate-sized lots. It is on the eastern fringe of Tallahassee near Interstate 10. Its location was considered superior. It too is inferior in shape due the carve-out of out-parcels and is also inferior in topography.

LAND VALUATION – Retail Parcel D:

Summary of Land Sales - RETAIL				
Parcel D				
Fairgrounds, Leon County				
Sale	**Subject**	**1**	**2**	**3**
		55-2802-1157	**55-2582-1550**	**55-2212-0351**
Seller	Leon County	Wilson	Chiu	Creekmore
Buyer		Sam's	Regency	Equity One
Date	18-Oct-04	28-Jan-03	15-Nov-01	6-Jan-99
Location	South Monroe Street	Capital Circle SE	6615 Mahan Drive	777 Capital Circle SW
Size, Acres	13.86	23.16	13.89	31.69
Size, SqFt	603,742	1,008,850	605,048	1,380,416
Price	**$ 1,811,200**	$ 5,000,000	$ 1,805,600	$ 2,100,000
Price, SqFt	**$ 3.00**	$ 4.96	$ 2.98	$ 1.52
Conditions of Sale		Arms Length	Arms Length	Arms Length
Adjustment		0%	0%	0%
Date of Sale, Months Difference		21.0	35.6	70.4
Adjustment		13.98%	23.73%	46.93%
Current Price SqFt		**$ 5.65**	**$ 3.69**	**$ 2.24**
Location		Very Superior	Superior	Superior
Adjustment		-55%	-20%	-15%
Size, Shape & Topography		Slightly Inferior	Slightly Inferior	Slightly Inferior
Adjustment		5%	5%	5%
Net Adjustment		-50%	-15%	-10%
Adjusted Price Square Foot		**$ 2.82**	**$ 3.14**	**$ 2.01**
Date of Sale Adjustment, Annual:		8.0%	0.67%	Month

Discussion Of Comparable RETAIL Land Sales:

Retail Land Sale 1 (55-2802-1157) is of the new Sam's Club on Capital Circle Southeast, just north of Apalachee Parkway. Its overall location is very superior and was adjusted downward. Parcel D is located at a less intense intersection than Parcel C. The shape of this sale property is inferior to the subject as the out-parcels have been carved-out (Parcel D has less out-parcel potential than C). The larger size and shape warranted an upward adjustment, however, the topography was superior. In the final analysis, this sale was adjusted downward.

The sales form a range from $2.01 to $3.14 per square foot. In the final analysis a unit value of $3.00 per square foot was concluded. Applying this unit value to the parcel's 13.86 acres indicates a value of $1,811,200

Retail Land Sale 2 (55-2582-1550) is of the Vineyard Center neighborhood shopping center. It is located at the entry of the "Vineyard" residential subdivision, which consists of upscale homes on estate-sized lots. The property is on the eastern fringe of Tallahassee near Interstate 10. Its overall location was considered superior. It too is inferior in shape due the carve-out of out-parcels and the other physical characteristics were similar.

Retail Land Sale 3 (55-2212-0351) is of the Forest Village shopping center site located at the southeast corner of Capital Circle and the Crawfordville Highway. It was considered superior in regards to overall location. The larger size along with most of the out-parcels being carved out warranted an upward adjustment. This was partially offset by it superior topography.

Conclusion of RETAIL LAND Value, PARCEL D:

The sales form a range from $2.01 to $3.14 per square foot. In the final analysis a unit value of $3.00 per square foot was concluded. Applying this unit value to the parcel's 13.86 acres indicates a value of $1,811,200.

RECONCILIATION AND FINAL OPINION OF VALUE:

The appraisal is of the underlying land of Parcels A, B, C and D of the fairgrounds. Other parcels have been excluded, as have any improvements.

A market feasibility study, for redevelopment of the tract, is being prepared by Strategic Planning Group, Inc. This appraisal is a part thereof in order to answer the question of the "as is" value, as of a current date.

We considered the uses to which the 103.7-acre fairground tract could be put in order to extract meaningful data from the market: multi-family, retail and office/service commercial. The boundary lines for these land use delineations are "soft" or preliminary, and as more clarity is gained through the analysis others, then the lines could shift or the proposed land uses could change altogether.

The intent has been to value the 103.7-acre tract as a whole, i.e. as if it were to be sold to a single purchaser. The characteristics of the 103.7-acres of the fairgrounds tract are such that the most likely target market would be speculators. That is, whether Leon County or if a private entity were to redevelop the tract and parcel it out, the result is the same for valuation purposes. And for a speculator to shoulder the risk, they would want a front-end discount.

The percentage of discount is extracted from other types of real estate ventures. For example, a typical discount for the purchase of a group of lots in a subdivision is usually 20%, i.e., the wholesale price is 20% less than the retail. Then developers generally seek a 25% profit. The percentage that investors seek is determined by how safe or risky they are willing to be. Speculators often want to double their money,... at least over time.

Keeping in mind that the maturity of the fairgrounds neighborhood is some years in the future – at least to absorb all of the 103.7 acres – the annualized cost of funds could be an indicator. That is, though rates may increase and decrease over time, a 10% annualized return is a number that is often mentioned by real estate participants. And if the fairgrounds take a number of years (5-10 for example) to mature, then the speculator would look at the investment in terms of how many years will it take and multiply that by 10% for the amount of discount. Rudimentary as it may seem, that type of simple logic is often the case. The speculator also banks on the price of the land going up so that the annualized return will work out.

We consider the range of discount (off of full market prices of the sum of the multi-family, retail and office/service commercial components) to be between 30% and 50% in order to attract a speculator to purchase the 103.7-acre tract in one transaction. If other concessions were to be negotiated (such as control of the stadium and parking lot for concerts and other events) then the discount could be negotiated downward.

For purposes of this assignment, we have discounted from 30% to 50% the indications of value from the various land uses into a number that, in our opinion, would be in the range to attract venture capi-

The comparable sale properties provide indications for each of the land use classifications:

Residential Parcel			
Parcel A	60.03 Acres	$1.40 SqFt	$ 3,660,900
Office/Service Commercial Parcel			
Parcel B	11.81 Acres	$2.70 SqFt	$ 1,389,000
Retail Commercial Parcels			
Parcel C	18.00 Acres	$3.75 SqFt	$ 2,940,300
Parcel D	13.86 Acres	$3.00 SqFt	$ 1,811,200
Total	103.70 Acres		$ 9,801,400

Discount:

	Low:	$ 9,801,400 - 30%	=	$6,900,000 (rounded)
	Mid:	$ 9,801,400 - 40%	=	$5,900,000 (rounded)
	High:	$ 9,801,400 - 50%	=	$4,900,000 (rounded)

NET VALUE INDICATION: $5,900,000