

MARKETING REPORT



T R E A S U R E C O A S T R E G I O N A L P L A N N I N G C O U N C I L
I N D I A N R I V E R - S T . L U C I E - M A R T I N - P A L M B E A C H

Introduction

In order to better assess the potential for commercial and residential growth in the downtown area, a market analysis was commissioned as part of the downtown planning process. The study was conducted by Marketek, Inc. of Atlanta, Georgia. Marketek had prepared similar studies for the City's West Atlantic and Pineapple Grove districts in the mid-1990's. The current study included those areas, as well as the Central Core and the Beach Business districts.

The following section is the "Conclusions and Recommendations" section of Marketek's report. A copy of the full report is available upon request.

This section reviews the major findings and conclusions of the residential and retail market analysis with a focus on assessing the level of market support available for fulfilling downtown Delray Beach's potential as a residential and commercial center. The implementation of the market analysis should be focused on expanding downtown's position as an historic mixed-use district with a range of housing options, unique goods and services, entertainment and recreational/cultural opportunities. The major factors that will underlie this opportunity in downtown Delray Beach will be historic buildings, compact pedestrian-oriented development, clustered businesses, diverse uses, viable and sustainable businesses and the creation of an attractive living environment.

This section is organized into six parts:

- Market Position Statement/Vision
- Residential Development Program
- Retail Market Potential
- Profile of Existing Study Area and Development Opportunities
- Key Development Principles
- Recruitment Program Guidelines

A. Market Position Statement/Vision

The marketing process begins with a clear statement of downtown Delray Beach's identity and competitive position in the marketplace. Downtown's market position should work to create a theme or unique identity that will distinguish Delray Beach from other commercial centers. Downtown's current market position as a business district is primarily one of an office, institutional and specialty retail center during the daytime with a variety of restaurants and nightclubs in the evenings.

Based upon interviews conducted with local residents and community leaders, it is clear that one of

Delray Beach's most critical challenges is its current orientation toward external markets (e.g., tourists, seasonal residents and residents of neighboring cities) as opposed to local residents. While external markets are vital in attracting and sustaining retail and entertainment establishments, serving the needs of local residents is the single most important ingredient in creating a thriving community.

Several Delray Beach residents interviewed for this research indicated that divisions within downtown Delray Beach hamper the downtown's ability to establish itself as a "community." The sources of these divisions include: white versus black; young versus old; local residents versus tourists. Despite varying perspectives as to how the community is divided there is one underlying theme regarding the solution - the need to look inward and address the economic, recreational and social needs of nearby residents.

Over time and through a coordinated marketing program, downtown should seek to reposition itself as a 24-hour mixed-use district with a variety of jobs, shopping, entertainment/recreation and housing options. The overriding goal is to not only make downtown a destination for all of the surrounding area, but to also serve the needs of local residents by attracting businesses that enhance the overall community. By doing so, downtown Delray Beach will be able to increasingly attract outside markets.

Interviews with local residents and business owners (Appendix I), survey research (Appendix II) and observations from the charrette conducted in April 2001, have repeatedly reinforced the image of Delray Beach as a community with an urban orientation within a "village-like" setting - a place where people can live in a unique, historic, vibrant, small-town directly on the ocean. Frequently mentioned attributes include:

- History
- Strong sense of community among longtime residents
- Island feel
- Diversity
- Human scale
- Small-town
- Seaside location

Concerns for residents as the city continues to grow include:

- Pedestrian unfriendly environment
- Increased traffic and shortage of parking
- Displacement of residents and businesses

- More businesses that serve consumers who live outside of Delray Beach
- Increasing rents that force out existing small retail and service businesses
- Scale of new construction

When asked to share their vision for Delray Beach's future, the factors that respondents most often identified included:

- Environmentally friendly/ample green space
- Safe
- Stores and housing targeted at all groups
- Businesses owned by residents of the community, serving residents of the community
- Celebration of diversity
- Elimination of dividing lines within the community (e.g., West Atlantic versus East Atlantic)

Based on feedback from the community and an assessment of Delray Beach's assets, a market position statement could be summarized as follows:

- A modern vision of the traditional seaside village - neighborhoods of housing with varying income, age and racial groups set within walking distance of unique shops, jobs, restaurants, entertainment, civic services, recreation and the ocean."

B. Residential Development Program

The residential market analysis performed for this research establishes that there is strong potential demand for ownership and rental housing in downtown Delray Beach that is based on steady population and economic growth and a growing interest in downtown living. Between 2000 and 2005, there is potential annual demand in the market area as a whole for more than 14,000 market rate for-sale housing units and 11,525 rental units. A survey of new for-sale housing development shows strong absorption rates and increasing sales prices - particularly in downtown. The market rate rental housing survey reveals an overall occupancy rate of 95%.

While the conclusion that there is unmet potential demand for housing in downtown Delray Beach is difficult to quantify directly, the following evidence exists to support this conclusion:

- Strong absorption rates at newly developed for-sale developments in downtown settings - including Delray Beach - assuming that they offer quality product with full amenities, parking and spacious floor plans.

- Expressed interest in and knowledge of proposed downtown residential development among local residents.
- High occupancies achieved by existing rental housing projects located in the competitive market area, even at older projects.
- The limited supply of "downtown" rental product in the competitive market area. Speaking with the manager of one of the only upscale downtown apartment communities in the competitive market area (Mizner Park), she reports that area residents are eager to live in urban environments where they can walk to shopping and entertainment destinations.
- A close-in employment base. There are almost 25,000 employees who work at jobs located within a 3-mile radius of Atlantic Avenue and US 1. Employees who work within a "reasonable" commuting distance provide an immediate market for downtown housing.
- The empirical success of downtown housing programs in other cities. In many areas of the nation, residential developers are listening to a growing customer sentiment that expresses the desire to be closer to jobs, closer to neighbors and closer to the heartbeat of the city. In the words of John Williams, chief executive officer of Post Properties, Inc., ... "there is increasing consumer demand for a live-work-walk living environment."

As downtown housing development proceeds in Delray Beach and a critical mass of units is created, the absorption of housing units will gain momentum and steer new development from East Atlantic Avenue to other areas in downtown (e.g., West Atlantic Avenue, Federal Highway pairs, etc.). In other words, new housing development will act as anchors attracting businesses, services and activities to serve new residents, which in turn will enliven the overall study area. In addition, downtown's image would shift from an entertainment district to a true mixed-use community.

Target Markets

Based on experience in other cities, employees working in or close to downtown Delray Beach should be the initial target market for downtown housing. Again, there are almost 25,000 employees within a 3-mile radius of downtown. These prospective residents will primarily include young people, singles and couples with few or no children and empty nesters who are couples or single persons with grown children. Empty nesters and childless individuals who are in their prime career and pre-elderly years will be significantly more flexible in terms of housing and migration patterns than were previous generations at this age. Experience in other cities suggests that these early prospects will have professional, managerial, administrative and clerical occupations. Exhibit CR-1 provides a generalized

summary of the primary target markets for residential development in downtown Delray Beach.

With significant numbers of retirees in the area, the retiree market is another important market for downtown housing - both full time and seasonal residents. The appeal of living in secured housing in a downtown district that has shopping, restaurants, a range of services and entertainment all within walking distance will be strong to the elderly as well as pre-retirees. The retiree market will be interested in both for-sale and rental housing.

EXHIBIT CR-1
TARGET MARKET CHARACTERISTICS FOR HOUSING
Downtown Delray Beach

	For-Sale Product	Rental Product	Live/Work Units For-Sale and Rental
Occupation Age Household Size Income Motivations/Preferences	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$30,000-\$50,000 Close to work/downtown activities Small-town setting but close to I-95 Tired of rentals/first time buyer Investment and resale important Seek urban lifestyle Relatively mobile	Service, technical, administrative 25 to 50 1 to 2 persons, some with children \$25,000-\$40,000 Close to work/downtown activities Value convenience/security Highly mobile	Artists/Professionals* 25 to 60 1 to 2 persons, few children \$30,000+ Seek urban lifestyle Seek large adaptable spaces Access to suppliers, customers Seek architectural character Relatively mobile
Occupation Age Household Size Income Motivations/Preferences	Higher Level Professionals 30 to 50 1 to 2 persons, some with children \$50,000+ Close to work/downtown activities Move-up or move-over buyer Seek urban lifestyle Location with identity/architectural style Investment and resale important Relatively mobile	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$30,000-\$40,000 Close to work/downtown activities Seek urban lifestyle Location with identity/architectural style Relatively mobile	Creative* Advertising, marketing, arts, film & music, software developers, inventors, photographers, designers Professionals* More traditional fields of accounting/finance, education, law, various types of consulting
Occupation Age Household Size Income Motivations/Preferences	Business Owners/Operators 30 to 60 1 to 2 persons, few with children \$40,000+ Close to business/downtown activities Individualized unit Relatively settled	Higher Level Professionals 30 to 50 1 to 2 persons, few with children \$40,000+ Close to work/downtown activities Location with identity/architectural style Highly mobile	
Occupation Age Household Size Income Motivations/Preferences	Retirees 55+ 1 to 2 persons \$35,000 or available equity Close to businesses/services Enjoy downtown community/activities Less maintenance, more security Attractive product conducive to entertaining Location with identity/architectural style Move-over, move-down buyer Highly settled Second home	Retirees 55+ 1 to 2 persons \$30,000+ Close to businesses/services Enjoy downtown community/activities Less maintenance, more security Location with identity/architectural style Relatively settled	

Note: This exhibit applies to all housing that would be located in downtown, both renovation and new construction.

Source: Marketek, Inc.

As the move toward downtown living gains momentum, the demand for downtown housing will be augmented by groups in the general population such as married couples without children, empty nesters who want to abandon the suburbs and professionals that work within commuting distance of their jobs but desire a small-town setting. Increasingly, homeowners are tired of traffic congestion and the cookie-cutter developments that prevail in the suburbs.

Early downtown residents are likely to be relatively mobile, well educated, active and somewhat adventuresome. They will have few or no children. Many of these potential residents are not prepared to commit to home ownership. While surveys completed in several cities show that when asked, the majority of respondents typically voice a preference for homeownership, experience in other cities shows that the creation of a critical mass of downtown residents generally begins with the rental market. The availability of high quality rental product can be the "spark" that initially ignites interest in downtown living. While for-sale development in downtown has already proven itself a success, opportunities for the ownership market will further increase with the market's acceptance of downtown living and will extend beyond Atlantic Avenue as revitalization activity progresses.

Residential Market Potential

Proposed preliminary for-sale and rental housing programs for downtown Delray Beach are displayed in Exhibits CR-2 through CR-4, on the following page. We estimate that during the first five years of development, approximately 3,136 units of market rate housing could be absorbed in the downtown district: 1,753 for-sale units and 1,383 rental units.

CR-4 shows over the course of the five-year housing program, 56% of the units should be for-sale units. While the proportion of rental housing typically exceeds for-sale housing in the initial stages of downtown housing development, in the case of Delray Beach there is already demonstrated demand for for-sale housing.

Although beyond the scope of this project, there appears to be a need for attractive, affordable housing within the study area, particularly in the West Atlantic community. Should an affordable housing development be undertaken, it is our opinion that it should be a mixed-income development to lessen the existing divisions within the community.

Price Points

Based on the existing price position of for-sale housing in the market area, opening price points of for-sale units located in downtown Delray Beach should range from \$150,000 to \$250,000.

EXHIBIT CR-2
PRELIMINARY FOR-SALE HOUSING PROGRAM
Greater Market Area
Five-Year Program

	Potential Demand (1)	Downtown Capture Rate	Total Units
Year 1	14,605	2%	292
Year 2	14,605	2%	292
Year 3	14,605	2%	292
Year 4	14,605	3%	438
Year 5	14,605	3%	438
Total	73,027	2%	1,753

1. As shown in Exhibit H-1

EXHIBIT CR-3
PRELIMINARY RENTER HOUSING PROGRAM
Greater Market Area
Five-Year Program

	Potential Demand (2)	Downtown Capture Rate	Total Units
Year 1	11,525	2%	231
Year 2	11,525	2%	231
Year 3	11,525	2%	231
Year 4	11,525	3%	346
Year 5	11,525	3%	346
Total	57,627	2%	1,383

2. As shown in Exhibit H-2

EXHIBIT CR-4
PRELIMINARY HOUSING PROGRAM
Greater Market Area
Five-Year Program

	Potential Demand	Percent For-Sale	Percent Rental
Year 1	523	56%	44%
Year 2	523	56%	44%
Year 3	523	56%	44%
Year 4	784	56%	44%
Year 5	784	56%	44%
Total	3,136	46%	54%

Sources: Marketek, Inc.; Census 2000; CACI Marketing Systems

Compared to several of the new projects in downtown that are priced above \$300,000, more affordable units will appeal to young professionals who work in the area. "Niche" projects that have a small number of units and unique architectural style have been popular in other cities. This will be particularly applicable to downtown Delray Beach where historic ambiance is a central theme. Strong pre-sales activity was evident among projects surveyed. While many of these projects have sales prices that exceed \$150,000, it is our opinion that when unit prices rise above \$250,000, demand will become thin. However, there is clearly demand for units priced at \$300,000 and up - just a smaller proportion.

Based on current monthly rents at the market rate rental communities in the competitive market area, market rents in the general range of \$1,000 to \$1,600 would be achievable in downtown Delray Beach. Convenient, secure parking should be provided with at least one space per unit at no charge. These rents are justifiably higher than average rents in the competitive market area. The market rate units envisioned for the downtown area will be new, urban, accessible and with amenities generally not offered in the rental communities in the competitive market area.

The projections for housing development in downtown assume that there will exist marketable housing product to rent or sell and that a marketing program for "downtown living" will be underway. The housing types would include renovation, adaptive re-use of existing structures and new construction.

Alternative Residential Products

Live/work units, both for-sale and rental, should be considered to accommodate growing numbers of people who are seeking larger than average space that is adaptable to living and working. These units should average from 1,200 to 1,500 square feet and be priced according to finish.

Success Factors for Downtown Housing

While the immediate potential for downtown housing appears bright in Delray Beach, there are several key factors that need to be considered for the long-term success of downtown living. Successful downtown housing programs throughout the nation seem to have the following common elements:

- Commitment to Downtown Housing: Local government needs to make a strong commitment to downtown housing with appropriate land use regulatory policies, assistance with land acquisition, creative financing to bridge economic gaps, tax incentives and adequate infrastructure. A continuing commitment from the local government to support downtown housing is critical to nurture developer and resident confidence, as well as to enhance financial feasibility.
- Environment: Significant challenges to a livable downtown are not only economic but also environmental. Environmental issues relate to public image, safety, parking, traffic flow, design and architecture, street life and creating a sense of community.
- Ownership Characteristics: Many successful rental projects incorporate features that were once reserved for owner-occupied homes. To enable residents of rental communities to feel less like "renters" developers have used the following techniques: design private street level

entrances, assign street addresses to individual units, provide garages and storage with direct access to the unit, incorporate courtyards and use building materials and architectural styles consistent with surrounding single-family communities.

- **Security:** While crime is a concern in all communities, this is especially true in some of downtown's primary redevelopment areas (e.g., the West Atlantic community). New housing located in the study area should include: security features such as alarm systems, controlled access to parking and interior areas, night-time security guards, exterior lighting, intercoms, surveillance and illumination of all areas where residents circulate; and design features that discourage crime. Housing units that are "elevated" above retail and parking foster a sense of security. While security features are a prime marketing asset, it is vitally important that they are not so overwhelming that they create a feeling of "fortification" between the development and the surrounding community.
- **Parking:** Secured, convenient parking is a requirement for downtown housing. Experience in downtown housing has shown that many prospective residents see a possible lack of parking as a disadvantage of downtown living. While parking is a necessity for downtown housing and commercial development, it is important that it is well designed and integrated into the community (e.g., underground parking or landscaped surface parking hidden from the street).
- **Public Relations:** Working with the local media to highlight success stories and monitoring construction throughout the downtown will help convince local residents that living downtown is an attractive and unique lifestyle choice. Other effective forms of communication include newsletters and websites that keep potential residents up-to-date on special events and redevelopment activity.
- **Quality Product:** New downtown housing must offer high quality product in terms of design and amenities. The challenge is balancing what consumers can pay with what they want. The most frequently desired unit amenities will likely include: washer/dryer, security system, on-site parking, patio or balcony, storage space, interesting views/ architecture and windows/natural light.
- **Design Qualities:** The design of new construction should relate to the surrounding community. The new developments should be distinctively downtown Delray Beach and not "anywhere USA." Suburban-style floor plans for residential units need to be avoided since this is not what most downtown residents are seeking. As mentioned earlier in this report, "niche" projects that have a small number of units and unique architectural style have proven popular in other cities, particularly in the for-sale market. In our opinion, design that capitalizes on Delray Beach's his-

toric attributes will sell and reinforce the overall character of the downtown.

- **Design Features:** New housing should be designed to give occupants a sense of community, ownership and space through techniques such as providing public green space and, in some instances, separate entranceways. Experience in other cities has shown that landscaping, public space and various design features will motivate potential downtown residents to "trade off" many of the perceived advantages of suburbia (i.e., low density housing) for a secure, convenient urban lifestyle.
- **Tenure:** The American Dream entails homeownership to the degree that ownership will be more frequently preferred to renting among those who express an interest in living downtown. Also, for-sale housing is an effective strategy in stabilizing residential development. On the other hand, as mentioned earlier in this section, high quality rental development is an effective means to establish the downtown as "place where people live," especially in the early stages of a downtown housing initiative.
- **Support Services:** Many activities of daily living should occur within walking distance of residential development allowing independence for those who choose not to drive. Besides proximity to restaurants and shopping, downtown residents will desire access to groceries and convenience goods, pharmaceutical services, a post office and a range of services such as dry cleaner/laundry, apparel and footwear repair, video rental, film processing, hairstyling, etc.
- **Urban Experience:** While convenience plays a large role in attracting downtown residents, it is just part of creating successful downtown housing. The urban experience is a vital component, offering new residents a complete lifestyle package: a place where residents can live, work and play. As much as possible, new housing should relate to retail development and entertainment activities, building on the excitement that is generated by downtown's revival. Integrating commercial uses into new housing (e.g., a small grocery, coffee shop, café, art gallery) will contribute to downtown's urban environment. Being "part of" or "living" downtown Delray Beach's renaissance is something suburban residents cannot access.

C. Retail Market Potential

Using consumer expenditure potential data for various types of merchandise and services in the market area, this research provides estimates of increases in supportable retail space that could potentially be captured by downtown Delray Beach by the years 2005 and 2010 (see Exhibits R-1 through R-9, Section IV, Retail Market Analysis).

Exhibit CR-5 shows that, statistically, downtown Delray Beach can potentially support an additional 112,722 square feet of retail space by the year 2005 and another 132,480 square feet of new space by the year 2010. These estimates of supportable retail space for downtown are based on the capture rates shown in Exhibit R-4, Section IV, Retail Market Analysis.

Exhibit CR-5
Potential Supportable Retail Space
Downtown Delray Beach

Merchandise/ Service Category	New Supportable Square Feet 2005*	New Supportable Square Feet 2010*
Shoppers Goods	66,922	82,288
Convenience Goods	16,473	19,888
Food & Beverages	23,763	23,906
Personal Services	5,565	6,398
Total	112,722	132,480

*Not cumulative

Source: Marketek, Inc.

Exhibits R-5 through R-8 (Section IV, Retail Market Analysis) provide estimates of supportable space for the smaller market area, the local market area, which is delineated by a 3-mile radius drawn from the intersection of Atlantic Avenue and A1A. The local market area, which is a sub-area of the greater market area, is used in this analysis to provide an estimate of how potential demand is distributed between the two market areas. As shown in Exhibit R-9, the 3-mile market area will potentially capture a large share of the increase in sales for convenience goods and personal services. The increases in sales of shoppers goods and food and beverages will be derived primarily from the 12-mile market area as a whole.

At this time, rental rates in downtown Delray Beach significantly exceed those paid in surrounding strip centers. It is our opinion that with aggressive marketing and various types of incentives, many new retail businesses that choose to locate in downtown Delray Beach will be willing to pay lease rates that approach those paid by small shop tenants in the regional malls in the area. However, there are many businesses - particularly small service businesses - that will not be able to pay rents at this level.

Target Markets

The primary target markets for retail sales in downtown Delray Beach include the following groups:

- Daytime business population
- Market area residents
- Visitors

Daytime Business Population

Employees who work within the immediate vicinity of downtown Delray Beach are "captive" in the sense that they are in the area for at least eight hours a day, five days a week and, consequently, are likely to shop, run errands and eat out in downtown Delray Beach.

Exhibit S-9 in Section II, Socioeconomic Characteristics and Trends, provides a breakdown of the daytime working population located within a 3-mile radius of Atlantic Avenue and A1A in downtown Delray Beach. Over 25,000 workers and 2,772 businesses are located within this area. Clearly, this market represents an enormous opportunity for retail development within the study area.

General information on workday shopping behavior from surveys conducted by the International Council of Shopping Centers and other organizations follows:

- The major advantage of shopping close to the workplace is convenience.
- The items purchased most frequently by workers include cards, stationery, gifts, drugstore items, books and magazines, music/CDs and video rentals.
- With lesser frequency, workers buy office supplies, jewelry, apparel and accessories, linens, housewares, cosmetics and perfume, sporting goods and arts and crafts.
- The types of convenience goods perceived as being most needed by the daytime population are baked goods, "take-home" dinners and groceries.
- Workers will stop for after work activities (e.g., drinks, dinner and shopping) from time to time when such opportunities are available. Some will be inclined to come back to the shopping district to eat and shop on weekends.
- Most desired leisure/entertainment services include restaurants/bars and movie theaters. Banks and financial services, exercise studios, dry cleaners/laundry, film processing, office supply, mail/packaging and copy centers are perceived as being desired types of personal or business services.

Market Area Residents

The demographic characteristics of greater market area residents are presented in Section II, Socioeconomic Characteristics and Trends. In 2000, the population of the greater market area was significantly older at 46.9 years compared to 38.7 years statewide. The greater market area median income level (\$41,307) was above the statewide median (\$36,559). However, the median income of households within the 33444 Zip Code was below state and market area levels at \$34,958.

Lifestyle characteristics of greater market area residents as well as residents of the 33444 Zip Code

are summarized in Section II, Socioeconomic Characteristics and Trends. The top four lifestyle groups, accounting for 61% of greater market area households, are comprised of retirees/senior citizens with average and above average incomes, much of which is often disposable. This is not to suggest that there are no families or young professionals - just fewer. The types of goods and services for which there appears to be a strong demand among greater market area lifestyle groups include jewelry, crafts & hobbies, wine, investment services, outdoor gardening supplies, health clubs, home furnishings, health food/vitamins, electronics, sports equipment and apparel (including shoes). In terms of entertainment, households within the greater market area enjoy dining out, exercising (golf, tennis, walking, aerobics, jogging) cultural activities and traveling.

Lifestyle groups within the 33444 Zip Code tend to be younger with less disposable income. Types of goods and services that these groups most frequently purchase include infant/children's products and clothing, electronics, apparel, beauty products, athletic shoes, home furnishings and takeout/fast food. Video rental, listening to jazz and R&B, watching sports and visiting museums and watching TV are major forms of entertainment.

To gain a better idea about the types of goods and services most desired by local residents, a survey was distributed to those participating in the charrette held in April 2001. The results of the survey (Appendix I) combined with interviews with residents of the West Atlantic community (Appendix II) most frequently indicated a need for clothing stores, bookstore, small but nice grocery store, athletic shoes, ethnic restaurants, family restaurants, banks and youth activities. The idea that downtown needs more stores that serve the needs of the local community has been repeatedly expressed by residents.

Visitors

As downtown continues with its physical improvements and business expansion programs, the district will draw increasing numbers of visitors. Palm Beach County reports increasing visitor expenditures in 1999-2000 from \$1.5 billion to \$1.54 billion. During these years, there were 4.3 million visitors to the county.

The potential to draw visitors staying in nearby areas (e.g., Boca Raton, Boynton Beach) as well as to pull them off of I-95 is strong. The following types of businesses and services serve the visitor/tourist market:

- Restaurants and eating places representing a variety of cuisine and prices
- Non-manufactured goods such as arts/crafts/galleries
- Unique gift shops

- Antiques
- Convenience goods
- Recreational/sporting goods and services
- Apparel
- Entertainment

D. Profile of Existing Study Area and Development Recommendations

The revitalization of downtown Delray Beach will be dependent upon a number of critical elements working together to create a unified and sustainable community that projects a unique and desirable image in the marketplace. The retail and residential potential identified in this report, together with the many proposed and ongoing development projects throughout the study area create a positive outlook for retail and residential development in downtown Delray Beach.

Within the study area there are several broad but distinct development clusters that represent natural groupings of buildings and land uses organized with consideration to transportation thoroughfares and patterns, existing uses and natural or man-made boundaries. For discussion purposes, the clusters have been identified as Clusters 1, 2, 3, 4, 5, 6, 7 and 8 and are depicted on the map below.



A critical component of the economic revitalization of downtown Delray Beach is the creation of a unified district with complementary businesses that benefit from each other's sales, customers and markets. The primary vehicle for developing unified groups of stores and businesses is clustering - creating mutual advantages in terms of pedestrian flow and shared markets between businesses. Educating business owners, property owners and real estate professionals about the importance of using this management tool is critical.

Underlying a successful cluster plan for the study area are the assumptions that downtown will remain a mixed-use business district and that crucial to its success will be increasing the number and variety of business types that will appeal to and attract target markets. First-floor space should be reserved for retail and related service businesses. Prime retail space should be identified and reserved for restaurants and retail establishments. Office and residential uses should be located in upper-level space or on side streets just off of retail corridors. Unique, specialty merchandise - unlike what is found in nearby strip centers and malls - should be the focus of retail expansion for the downtown district. In particular, a range of merchandise that appeals to multiple customer markets (visitors, local residents and daytime workers) will have the greatest long-term viability.

Redevelopment opportunities are identified for each of the eight clusters based on existing uses and attractions, identifiable linkages among existing businesses, potential pedestrian flow and business opportunities identified through the retail and residential market analysis. Recommended types of businesses should be viewed as suggestions and are meant to serve as a guide for recruitment efforts. Over time, changing circumstances will produce changes in the downtown environment - in the types of businesses that should be recruited, new vacancies and new development opportunities. Those involved in business recruitment should use the ideas expressed in this report as the basis to form their own thinking about business opportunities, individual business prospects and location strategies. An inventory of existing businesses within each of the eight clusters is provided in Appendix III.

Cluster 1 - West Atlantic Community Cluster

Entering downtown Delray Beach from I-95, Cluster 1 provides the first glimpses of downtown. The area runs from I-95 to NW/SW 6th Avenue and stretches up to NW 1st Street and down to SW 1st Street.

Commercial activity is generally limited to West Atlantic Avenue with residential communities to the north and south. The housing stock is a mix of modest single-family homes and small apartment buildings, some of which reportedly have poor management. Residents of this area are predominantly black - a combination of African American and Haitian American - and low to moderate

income. A lack of attractive, well maintained affordable housing has been continuously identified as one of the greatest challenges facing the community.

Aesthetically, the portion of West Atlantic Avenue within Cluster 1 lacks appeal. Large tracts of vacant land, vacant buildings, unkempt storefronts, a four-lane road, inconsistent sidewalks, wide parking lanes and an unrelated mix of businesses inhibit the district's drawing power. Major businesses within this area include numerous beauty-related (barber, stylist, nails), auto-related (gas stations, body repair/paint), convenience stores, a meat market and a funeral home. Few West Atlantic residents interviewed for this research regularly shop or conduct businesses at these establishments due to a lack of selection/quality of goods and services.

Opportunities

As the primary gateway to Delray Beach, Cluster 1 offers visitors their first impression of downtown Delray Beach. It is crucial that this portion of West Atlantic Avenue be redeveloped to give visitors - especially those traveling along I-95 - a reason to enter downtown. There is a proposal to develop a 70 foot median immediately to the east of I-95 upon which a two-story building or "civic monument" would welcome visitors to the city and create a sense that there is a community or "village" ahead. The median would continue down West Atlantic Avenue, providing aesthetic appeal and reducing the impact of the automobile.

Apart from serving as an attractive gateway to downtown, Cluster 1 is ideally located to act as a community retail center with a mix of businesses that serve the needs of residents of neighborhoods to the north and south as well as other downtown residents. Interviews with West Atlantic residents indicate that a variety of affordable goods and services targeted to residents as opposed to tourists are greatly needed in the area as well as entertainment options - especially for youths. The scale of new construction, fast moving traffic and displacement of existing businesses and residents are major concerns of the community and should therefore be considered throughout the redevelopment process.

While the feasibility of affordable housing development in the West Atlantic community is beyond the scope of this study, residents have expressed a strong desire for attractive, well maintained affordable housing.

The Low Income Housing Tax Credit (LIHTC) program is one resource developers frequently rely on to finance affordable rental housing. Under this program, mixed-income communities can be created by allowing developers to set aside a portion of income-restricted units. Developers may also choose to reserve all of the apartment units for income-qualified households, receiving a larger tax

credit. Income guidelines are based on the area median income (AMI) for the county in which the development is located and is adjusted according to household size. Affordable rental communities should be located no more than two blocks off of West Atlantic Avenue - particularly a mixed-income development which should be located as close as possible to or on West Atlantic Avenue. Affordable single-family infill development designed to complement historic structures in the community should also be encouraged throughout the residential areas to the north and south of West Atlantic Avenue.

There has been some discussion of developing a hotel near I-95 that would be less expensive than existing hotels downtown (e.g., the Marriott) and would pull travelers off of the interstate. Although some of the local residents interviewed for this research expressed their concern that a national hotel chain would do more to benefit people from outside than inside of the community, hotel guests would contribute to sales at neighboring businesses.

Focusing on existing conditions and the expressed needs of the surrounding community, the types of businesses that are most needed in Cluster 1 include:

- Take-out food (Chinese, chicken, pizza)
- Small grocery store, perhaps with ethnic products
- Pharmacy
- Youth activities (entertainment complex, skateboard park, music recording...)
- Music store
- Affordable apparel -children/infant's, women's and men's
- Shoe store
- Shoe repair
- Video rental
- Family restaurant - a "sit down" establishment with something for everyone
- Electronics
- Affordable household furnishings and housewares
- Banks

Cluster 2 - Transition Cluster

Cluster 2 is suitably named the "Transition Cluster" as development pushes westward from East Atlantic Avenue. West Atlantic Avenue - especially the area closest to Swinton Avenue - is the logical choice for expansion as space becomes increasingly scarce along East Atlantic Avenue. Not only is land available and less costly than the area to the east of Swinton Avenue, but access to I-95 and multiple target markets (e.g., daytime government workers, nearby residents) make Cluster 2 ideal for

redevelopment.

To the north of West Atlantic Avenue between NW 3rd Street and NW 5th Street is the West Settlers District, the area within which many of the African American families who helped settle Delray Beach lived. The S.D. Spady Cultural Arts Museum, the former home of S.D. Spady who was one of Delray Beach's most prominent African American citizens, recently opened on NW 5th Street. The West Settlers District has become the center of African American cultural heritage in Delray Beach.

Several of Delray Beach's institutional anchors are located in Cluster 2, including the fire station, police station, courthouse and city hall. In addition, one of the city's major recreational anchors, the Tennis Center, is located within this area.

In terms of racial composition and the quality of housing stock, the residential communities located within the northern and southern portion of Cluster 2 are similar to those located in Cluster 1. As such, the need for attractive, affordable housing is clear.

Apart from institutional anchors, West Atlantic businesses between NW/SW 6th Avenue and Swinton Avenue include national chains (Dunkin Donuts, Checkers), restaurants (Chez Zette, Doc's All American), offices and services. As in Cluster 1, this portion of West Atlantic Avenue is not a compact shopping district - businesses are scattered along the Avenue, separated by parking lots and vacant lots. A large tract of vacant land between NW/SW 4th and 5th Avenue has been slated for redevelopment (Atlantic Grove) as a mixed-used development with first story retail and for-sale residential above. A new mixed-use development has recently been completed on the southwest corner of Swinton Avenue and West Atlantic Avenue. In addition, there is a proposal to construct a new public library adjacent to the courthouse between SW 1st and SW 2nd Avenue on West Atlantic Avenue.

South of Atlantic on Swinton Avenue a new development - The Sundry House - has proven that commercial development south of Atlantic can succeed. The Sundry House (an historic structure) is a unique, large-scale development, operating as a restaurant and inn set in a tropical setting with lush gardens.

As in Cluster 1, the visual appeal of the Transition Cluster is limited by the four lane road and a lack of streetscaping, which would perhaps be less noticeable if not for the fact that once crossing Swinton Avenue, the road narrows to two-lanes and streetscaping is in place. However, there are plans to continue the streetscaping westward from Swinton to NW/SW 5th Avenue in the immediate future (including brick sidewalks and crosswalks, buried utilities, new streetlights, trees, ground-

cover and landscaping) and between NW/SW 5th Avenue and I-95 by 2003. Streetscaping has already been extended up NW 5th Avenue in the West Settlers District.

Opportunities

As an area in transition, new development is already occurring within Cluster 2. However, infill space and marginal structures offer strong redevelopment opportunities. Residential and retail development that will soon be under construction, a growing awareness of the African American experience in Delray Beach and employees and visitors of institutional anchors make this area increasingly attractive to developers. Streetscape improvements and traffic calming measures will undoubtedly play a key role in transforming this area.

The intersection of NW/SW 5th Avenue and West Atlantic Avenue is well located to act as the center of the West Atlantic community. Apart from the fact that NW 5th Avenue roughly marks the center of the community, the S.D. Spady Cultural Arts Museum, new streetscaping, a proposed public plaza at West Atlantic Avenue and SW 5th and the Atlantic Grove project at the corner of West Atlantic Avenue and NW 5th Avenue act together to create ideal conditions to spur new development and expand upon the community's cultural heritage theme.

Due to its proximity to employees (e.g., government), surrounding neighborhoods, visitors of recreational and institutional anchors and "spill over" customers from Cluster 4 (many of whom are tourists), Cluster 2 can attract multiple markets. New development should be concentrated along West Atlantic as much as possible to maximize the impact of new development and minimize the impact to surrounding neighborhoods. The types of businesses that would best serve these markets include:

- R&B and/or Jazz Club
- Coffee Shop
- Carry Out/Take Out
- Soul Food
- Ice cream
- Reasonably priced restaurants (Mexican, pizza, deli, seafood...)
- Dry cleaner
- Pack & Mail
- Bakery
- Daycare
- Health club

Cluster 3 - Pineapple Grove Cluster

Pineapple Grove is developing its own identity as an entertainment and cultural district, separate from Atlantic Avenue. With Old School Square to the South and a growing number of arts-related businesses along NE 2nd Avenue (Pineapple Grove Way), Pineapple Grove is developing a reputation as the cultural center of the city.

The western portion of Cluster 3 (west of Pineapple Grove Way) has a strong residential character. Historic bungalows are scattered along the streets, some of which are being occupied as office space. Consequently, there is limited redevelopment opportunity within this area.

Located in the center of the cluster and running north/south, Pineapple Grove Way is the commercial center of the cluster with a mix of convenience goods/services, specialty stores, restaurants and cultural activities. Entering Pineapple Grove Way from East Atlantic Avenue, visitors are greeted with a sign arching over the street welcoming them to community. Shortly beyond the welcome sign, the Ocean City Lumber Company - a new development with a mix of office, retail and entertainment uses - is located on the east side of the street. The Lumber Company development is an exemplary development that not only offers a variety of merchandise types and services (e.g., restaurants, jazz club, photographic center, art gallery, florist, Mizner Electric) but green space incorporated into the project is used for community events. Architecturally the project builds on one of the community's most significant historic themes - the railroad. The Lumber Company anchors the southern end of Pineapple Grove Way, drawing visitors northward from East Atlantic Avenue to Pineapple Grove.

Across the street is a large surface parking lot within which a small office development was recently constructed. To the north on the corner of Pineapple Grove Way and NE 1st Street is Love's Pharmacy, a local landmark that has been converted into a nightclub.

On the eastern side of the next block, a major new development - Creations - is under construction. Creations will be a 37,000 square foot home decorating center, offering home decorating/design services and goods. Also within this block there are several small shops, including related antique/used furniture shops, beauty salons, auto parts, office space, a wine shop, photographic supplies/services and other specialty retail uses. In addition, a new pet store and clothing store will open soon. While the eastern side of the street is well developed, there are remaining infill opportunities on the western side.

Similar to the preceding block, the eastern side of the block between MLK and NE 3rd Street is more densely developed than the western side. The eastern side is comprised of a mix of uses including the former 5,000 square foot Miami City Ballet (now vacant but there is a proposal to divide the

space into four showrooms related to Creations) and a shopping center with a paint store, a dry cleaners, used merchandise, office space and two vacancies. Across the street, there is a car wash, office development, a music store, a restaurant and residential uses. While many of the commercial uses within the two blocks immediately north of East Atlantic Avenue appeal to the local and visitor market, the area north of MLK on Pineapple Grove Way marks the transition to serving primarily the local market.

Commercial uses along the block between NE 3rd and NE 4th Street are frequently marginal and appeal almost entirely to the local market. Businesses such as a liquor store, video rental, a wig store and apartments are scattered along the eastern side of the block. Across the street there is a mostly vacant, dated shopping center where an Eckerd's remains and a post office. The lack of quality businesses on this block despite its access to NE 4th Street - a major transportation thoroughfare - suggests that the area is presently underutilized. Proposals to redevelop the former Publix site and the shopping center have not materialized to date.

The remainder of Cluster 3 is located along NE 3rd Street next to the railroad. Drastically different from the area to the east, NE 3rd Avenue is comprised of a mix of office space and light industrial uses including home building/repair offices, auto repair and upholstery shops. While there are few vacancies in this area, infill and adaptive reuse opportunities exist.

Opportunities

Pineapple Grove should continue to build upon its growing image as an arts and entertainment area. By doing so, the community will be able to attract multiple markets including retirees, young singles and professionals. Retirees in particular enjoy cultural activities (e.g., going to museums, the theater, concerts) and dining out and they have disposable income to support these interests.

Arts and entertainment related businesses should initially be directed to the southern portion of the cluster along Pineapple Grove Way. Although Delray Beach is becoming an established entertainment destination, many of the nighttime establishments cater to younger markets. With a high number of retirees residing within Delray Beach and the greater market area, attracting entertainment establishments that appeal to older residents (e.g., dinner theater, dancing) would serve this market.

To the east of Pineapple Grove Way where light industrial uses currently exist would be an ideal location for artist's studios and building arts (e.g., glass blowing, restoration specialties, iron work, furniture building/repair, etc.). These studios would tie into the home furnishings and cultural/artistic businesses along Pineapple Grove Way.

With the opening of Creations, Pineapple Grove will further develop its home accessory/furnishings niche. As indicated in Section IV, Retail Market Analysis, spending on household furnishings within the greater market area and the smaller local market area is well above average as well as among several primary lifestyle groups.

The northern half of Pineapple Grove is currently oriented toward the local market with a mix of convenience goods and services, office and scattered residential uses. Long term, this two-block area should be more densely developed by utilizing infill space, redeveloping the mostly vacant shopping center below NE 4th Street, utilizing the Miami City Ballet space and replacing marginal uses/structures. The northernmost block, bordered by NE 4th Street, is ideal for residential development and convenience businesses that serve the local community. The following businesses would be appropriate for Cluster 3:

- Home accessories and furnishings
- Antiques
- Frame shop
- Arts & crafts supplies
- Art films
- Live theater
- Dinner theater
- Ethnic restaurants
- Building arts - classes and shops
- Funky used clothing
- Classes - art, cooking, computer
- Dinner/Dancing

Cluster 4 -Entertainment Cluster

Many of the businesses that contribute to Delray Beach's growing reputation as an entertainment center are concentrated on East Atlantic Avenue between Swinton Avenue and the 5th Avenue. In terms of density, aesthetics and quality of businesses, the transition from West Atlantic Avenue to East Atlantic Avenue is immediate once crossing Swinton Avenue where the road narrows to two lanes. The area is a walkable, compact shopping and entertainment district lined with sidewalk cafes, shops, service and office uses. Traffic is becoming a problem, intensified by the railroad crossing and drawbridge. Although densely developed, most of the businesses along East Atlantic are "human scale" with maximum heights of two to three stories.

The northwestern edge of this area is anchored by Old School Square, one of the community's most

significant cultural resources. Directly across the street, there are numerous restaurants (Yama, Safari, Thirty Two East) nightclubs (Icehouse, 32 Degrees) and an upscale men's apparel store. There is only one vacancy on this block, which is adjacent to a surface parking lot. At present, this area alerts visitors that they are entering "downtown Delray Beach."

Commercial uses along the next block along East Atlantic Avenue (between NE/SE 1St and 2nd Avenue) include restaurants, home furnishing stores and offices. The southern side of the block is comprised of a large office building, the first floor of which will be occupied by a new restaurant (Sopra) and a green space from which the farmers market is operated during the high season. The northern side of the street has two restaurants with a third planned to open soon and two furniture stores - one planning to move and the other for lease.

The next block is much the same with a strong mix of restaurants, an art gallery, home furnishings, office, sporting goods, jewelry and eye care. The eastern end of the block is bordered by the railroad, both sides of which are underutilized.

The next two blocks have several restaurants, art galleries, financial services, specialty retail (e.g., jewelers, health food, children's boutique, women's and men's apparel, gifts) and limited upper-story office space. This is perhaps the strongest portion of Cluster 4 with numerous daytime and nighttime patrons. The stores and restaurants within the Entertainment Cluster are generally high-priced and, as such, primarily draw tourists and more affluent market area residents.

Opportunities

While several of the restaurants/cafes within Cluster 4 are oriented more toward tourists/seasonal residents and greater market area residents than residents that live in the area immediately surrounding downtown, they have greatly contributed to downtown Delray Beach's revitalization. As the Entertainment Cluster it is appropriate that restaurants and nightclubs be directed to this portion of downtown, particularly as the area is not adjacent to established neighborhoods where longtime residents would be impacted by late night activity.

Attracting causal lunch spots and specialty merchandise catering to multiple target groups (e.g., tourists, year round/seasonal residents, downtown employees) would help promote daytime traffic in Cluster 4. Examples of such businesses include art galleries, upscale men and women's clothing, luggage and travel accessories and gifts.

Cluster 5 - Osceola Park Cluster

Just south of Delray's most vibrant entertainment area, the Osceola Park Cluster is a mix of uses, some of which cater to the Haitian population. Cluster 5 is bordered by Swinton Avenue and SE 1st Avenue to the west and the Intracoastal and SE 7th Avenue to the east, with predominately office and retail uses in the northern half of the cluster and light industrial and residential uses in the southern half.

Within the northern half of the Osceola Park Cluster, commercial development from East Atlantic Avenue generally spills over at least to SE 2nd Street. However, much of this development is being used as office space rather than retail, particularly on Swinton Avenue and SE 1st Avenue. East of the railroad, the connection between East Atlantic Avenue and the area immediately to the south is stronger with a variety of retail and service businesses such as a Haitian art gallery, hardware store, meditation center, beauty salons, home furnishings, etc. The development of Courtyards of Delray (a new for-sale residential development between the Federal Highway pairs just south of Atlantic) and the proposed Worthing Place will no doubt fuel additional development in the surrounding area.

The influence of the Haitian American community in Cluster 5 is evidenced by a variety of Haitian owned or operated retail, service and community establishments (e.g., the Milagro Center). Although Haitian establishments are scattered throughout the cluster, there is clearly an opportunity to build on this niche.

Cluster 5 has several infill opportunities, particularly along SE 1st Avenue, SE 3rd Avenue and SE 6th Avenue. One of the greatest weaknesses of the cluster is that it is not pedestrian friendly, especially along the one-way Federal Highway pairs. Also, the area surrounding the railroad is currently underutilized and visually distracting.

Opportunities

Residential development is ideally suited for much of the area two blocks south of East Atlantic Avenue. Positioned next to proposed shopping and entertainment uses, residents could easily walk to restaurants, stores, nightclubs, cultural activities, the Intracoastal and the beach. The recent development of the Courtyards of Delray and the proposed Worthing Place will instill acceptance of upscale housing south of East Atlantic Avenue among developers and potential residents. Retail and service uses that are related to businesses along East Atlantic Avenue would help pull shoppers southward as well as serve residents of new housing in the area.

Plans to construct a parking garage where the library is presently located, just south of Atlantic

between SE 4th and 5th Avenue, will help pull shoppers southward into Cluster 4. Experience in other cities has shown that dedicating the first floor of a parking garage to retail - especially if designed to complement the architecture and scale of the surrounding area - can be an effective way to encourage new retail development in and around the parking structure.

Vacant land next to the railroad on SE 3rd Avenue is highly visible and should be redeveloped. The Master Plan calls for a multi-model train station to accommodate future passenger service, parking and some retail in this area.

In the southern portion of the cluster, which is more removed from Atlantic Avenue, recruitment efforts should focus on attracting stores that will act as "destination businesses," particularly along the Federal Highway pairs. Destination businesses attract customers for a specific reason - e.g., a grocery store or hardware store - as opposed to picking up customers already shopping in the area. This is not to say that these stores should not complement businesses to the north. However, pedestrian flow will be less than that experienced in the northern portion of the cluster where businesses can attract shoppers from East Atlantic Avenue. Recommended destination businesses would include garden supplies, eyeglass repair, travel agents and a small grocery/convenience store.

Recruitment efforts should also focus on building upon Haitian businesses already in the area. This niche would serve the needs of the local Haitian community as well as attract visitors and local residents who were looking for a unique shopping experience. It is important that Haitian businesses are concentrated in a well- defined area to have the greatest impact - this would include encouraging existing businesses to relocate. Also, a Haitian shopping district should be no more than two blocks from East Atlantic Avenue to attract the visitor market.

Businesses that should be considered for the northern half of Cluster 5 include:

- Haitian primitive art
- Haitian restaurants
- Bakery specializing in Haitian food
- Fresh produce market with specialty produce and herbs - indoor or outdoor
- Bookstores with French and Creole books
- Needlework supplies
- Men's and women's apparel
- Travel agents
- Film processing/photography supplies
- Bike shop
- Professional office and residential uses

Recommended "destination" businesses in the southern half of Cluster 5 include:

- Gardening supplies - plants, seeds, outdoor furniture, gardening clothes, etc...
- Computer training/repair
- Pool supplies
- Paint store

Cluster 6 -West of Intracoastal Cluster

Moving westward on East Atlantic Avenue from NE/SE 5th Avenue to the Intracoastal Waterway, pedestrian orientation weakens as East Atlantic Avenue opens back up to four lanes and buildings are predominately one story and, in some cases, set back from the street. One of the community's historic landmarks, the Colony Hotel, is located between the Federal Highway pairs and offers nighttime entertainment on its porch which reportedly draws older clientele who are seeking dancing and live music. There are several vacancies across the street from the Colony Hotel, one of which is a large, architecturally dated corner space located on the southwest corner of SE 5th Avenue and East Atlantic Avenue. Recruitment efforts should target this prime location.

Between NE/SE 6th and 7th Avenue there is a mix of businesses including a Chevron Station, restaurants, a nightclub, a furniture store (plans to move) and several office/service uses. Office uses along the southwest portion of this block detract from its strength as a retail location.

The next two blocks are bounded to the east by the Intracoastal Waterway. The northern side of this two-block area is comprised of a shopping center fronted by a parking lot with a number of retail, service and office uses and a park. The southern side is a dense mix of specialty retail stores (gifts, home furnishings), restaurants, a bank and a realtor.

Opportunities

The portion of East Atlantic Avenue between 5th Avenue and the Intracoastal is ideally suited to attract tourists, particularly as it is located between the Marriott and the Colony Hotel. However, unlike the Entertainment Cluster to the west, Cluster 6 should be - and currently is - geared toward specialty retail that will appeal to tourists and local residents. Because much of the space within the Entertainment Cluster is comprised of art galleries and restaurants, recruitment efforts should target other types of businesses. Businesses that would appeal to local and tourist markets include:

- Bookstore
- Men's and women's casual apparel

- Shoe stores with a wide selection of sizes and styles
- A gourmet food store (with a selection of fine wine and international cuisine)
- Cookware
- Sporting goods
- Optical goods
- Hobby shop

Cluster 7 - North Federal Highway Cluster

Cluster 7 is one of the most underutilized clusters in the study area. Located between the railroad and Federal Highway northbound, each day thousands of motorists travel within this cluster along the Federal Highway pairs. Similar to the area immediately to the south (Osceola Park), fast moving traffic along wide one-way roads with an absence of on-street parking strongly discourages pedestrian traffic.

While office space predominates in the area between East Atlantic Avenue and NE 3rd Street, there are limited numbers of small retail uses and new residential developments. The high proportion of office uses just off East Atlantic Avenue discourages shoppers from approaching the area. Therefore, the few retail businesses in this area are less likely to attract shoppers from East Atlantic Avenue.

New residential development along NE 1st Street will no doubt encourage development throughout the area. Between the Federal Highway pairs on NE 1st Street is a new residential development (Town Square) comprised of 35 attached townhouses. Another development, Pineapple Place, is located on the corner of NE 4th Avenue and NE 1st Street and offers office space on the first floor and four condominiums upstairs. In addition, Renaissance Village, a 20-unit for-sale development, is planned at NE 6th Avenue and NE 2nd Street.

At the northern tip of Cluster 7 is a shopping center with Publix, Walgreens and Blockbuster Video as the major anchors.

Opportunities

Office uses should be directed off of East Atlantic Avenue in Cluster 7, preferably at least two blocks north. Too much of East Atlantic Avenue's prime retail space (first floor) is currently occupied by office uses as well as space ideal for retail development one block north and south of East Atlantic Avenue. Office uses should be limited to upper story space or in areas other than in the retail core. However, it is imperative that office development is not discouraged as it provides much needed jobs to local residents.

In addition to office space, business support services such as printing services, graphic services and office supplies would be ideally located for Cluster 7. Also, services that employees and new residents would utilize (day care, a dry cleaners, a pharmacy, casual restaurants) would help unify the area.

Specialty retail should be concentrated no more than one block north of East Atlantic Avenue. Retail establishments should complement businesses on East Atlantic Avenue to provide shoppers with a reason to take a detour off the Avenue. These businesses would also appeal to residents living in newly developed downtown housing.

Residential development is also appropriate for the area as demonstrated by the Town Square, Pineapple Place and proposed Renaissance Village developments. Residential development should be within walking distance of East Atlantic Avenue - no more than two blocks.

The Federal Highway pairs present a strong opportunity for new development. Land uses along the two streets are primarily limited to office development, auto related businesses, restaurants and residential uses. There are several vacancies and infill opportunities. Although difficult to accomplish, narrowing the Federal Highway pairs and providing on-street parking would create a more livable and pedestrian friendly environment.

Cluster 8 - Beachside Cluster

Retail uses along the portion of East Atlantic Avenue between the Intracoastal Waterway and the ocean cater largely to the tourist market. While there are office and residential uses along this stretch of East Atlantic Avenue, the Marriott Hotel, the Spanish River Resort (into which the Marriott is expanding), upscale women's apparel and numerous gift shops primarily serve the tourist market. However, a shopping center directly east of the Intracoastal on the south side of East Atlantic Avenue offers some convenience goods/services (pharmacy, wine shop, beauty), which are difficult to discern from the street as the shopping center is set back from the street with dense landscaping in front.

A recent infill development between the Marriott and the Spanish River Resort is currently vacant as well as two additional spaces to the east. Although there is limited infill opportunity along East Atlantic Avenue, there is some opportunity for new development on surface parking lots in front of buildings.

The eastern edge of Cluster 8 is bordered by the beach. While Marriott occupies the area to the north of East Atlantic Avenue along AIA, within the area to the south there are several bars and restaurants, again, many of which are frequented by tourists.

There has been interest in redeveloping a shopping mall on the south side of East Atlantic Avenue between Venetian and Gleason, pulling stores/restaurants to the front with parking in the rear. In addition, there is a possibility that a dated office building between East and Breeze will have to be replaced with a new structure.

Opportunities

The Beachside Cluster's oceanfront location makes it one of the most popular areas of downtown. The high concentration of tourists within this small area - amplified by the expansion of the Marriott - dictates that uses should primarily cater to the tourist market: restaurants (upscale and affordable casual), specialty retail and convenience goods (groceries, magazines, beach supplies, etc.). There are several existing businesses within Cluster 8 that appeal to both the tourist and local markets - Snappy Turtle, Petite Connection and Peters - which is ideal. Efforts should be made to discourage office uses in this area (particularly on the street level) as well as additional inexpensive gift and beach supply shops.

In addition, efforts should be made to alert traffic on A1A that they have arrived in downtown Delray Beach. At present there is no gateway to welcome visitors to downtown.

E. Key Development Principles

Downtown Delray Beach's single most important competitive advantage will be its ability to provide residents and visitors with a sense of place and community. The revitalization of East Atlantic Avenue has provided the city with a reputation for being a lively entertainment district. While restaurants and nightclubs on East Atlantic Avenue draw visitors from throughout the area, alone they cannot serve as a foundation for a healthy, livable community. In order for Delray Beach to move beyond its position as an entertainment district, efforts must be made to attract businesses that serve the needs of the local community as well as provide well paying jobs for local residents, ensure a range of housing options, promote the city's diversity (racial, ethnic, age and income) and history and maintain architectural consistency throughout the downtown. Together, these elements will work together to connect residents and create a unique setting in which people can shop, work, live and play.

Each of the eight clusters within the study area will play a key role in creating Delray Beach's sense of place and community. However, it is important to prioritize where resources should be placed to avoid diluting the overall impact of new development.

West Atlantic Avenue should be a priority redevelopment area. As the entrance to downtown and

located between I-95 and East Atlantic, this area has strong potential. Infill space and several "unremarkable" structures that could be replaced or redeveloped provide ideal sites for new development. Erecting an attractive gateway just off I-95 will anchor the western portion of the downtown, encouraging new development between East Atlantic Avenue and I-95. Once West Atlantic Avenue is stabilized, it will be easier to direct new development to adjoining streets.

Pineapple Grove should be another priority redevelopment area. With redevelopment activity growing along Pineapple Grove Way, the prospect of convincing new businesses to locate in the area is greatly increased. Encouraging artists to set up studios off of Pineapple Grove Way will help promote the area's image as a cultural center which ties into Old School Square and steers development northward off of East Atlantic Avenue. Initial efforts should be concentrated between MLK and East Atlantic and then proceed northward to NE 4th Street where housing, retail and services that serve the needs of the local community are most appropriate (including the former Publix site).

Southward linkages to Atlantic Avenue should also be emphasized. The proposed Worthing Place development south of Worthing Park and the proposed parking garage where the public library is currently located will undoubtedly pull development southward off of East Atlantic Avenue. Developing a Haitian shopping district in Osceola Park would be another way to steer development southward. Development along the Federal Highway pairs, including the Courtyards of Delray, will likely encourage additional development south of Atlantic Avenue.

As new and infill development occurs throughout the study area, it is imperative to the entire area's future success that it adhere to several guiding principles to reinforce and enhance downtown's existing sense of place. These principles are reflected in the following guidelines:

- Provide a mix of uses including residential, office, institutional, services, restaurant, entertainment and retail that together stimulate and sustain the downtown district's economic vitality.
- Minimize the use of the automobile. A safe, pleasant and convenient atmosphere for pedestrians and bicyclists will encourage shoppers and residents to "branch out", moving beyond the section of East Atlantic Avenue between Old School Square and the Colony Hotel.
- Use land resources efficiently. Work to reuse existing sites (e.g., warehouse space along the railroad in Pineapple Grove) and encourage infill development.
- Maintain the spirit of West Atlantic Avenue. There is some concern among residents of the West Atlantic community that future redevelopment activity along West Atlantic Avenue will transform the community into a replica of East Atlantic Avenue. Specifically there is some concern

that traffic, parking shortages, escalating rents, businesses owned by residents outside of the community and high-priced merchandise will destroy the character of the community and ultimately force out existing businesses and residents. Maintaining the spirit of the community in terms of its cultural heritage, people and scale is a foremost priority of local residents.

- Minimize displacement. Land acquisition is a double-edged sword in redevelopment. A developer's ability to acquire land - often contiguous parcels - is a necessary component of redevelopment which may involve the displacement of long time businesses and residents. Steering new development along the main thoroughfares such as Atlantic Avenue (especially West Atlantic Avenue), Pineapple Grove Way and the Federal Highway pairs and minimizing the impact to adjacent residential areas are key success factors.
- Incorporate existing architectural scale and style. Delray Beach's small-town feel will rely greatly on maintaining its current architectural scale and style. With escalating land prices and limited infill opportunities, it is tempting to build five and six story buildings rather than two to three story structures. Honoring the historic character of the community through consistent design will elevate local resident's comfort level with new development and expand the downtown's image as a unique, historic small-town.
- Promote connectedness. As in almost all cities, there are social and economic barriers in downtown Delray Beach. One way in which these barriers can be reduced is to connect people through parks, greenways, sidewalks, housing and community activities/resources.
- Recruit quality businesses. It will be critical to attract businesses that provide jobs beyond those in the service sector, which are typically low paying, low skilled positions. Attracting businesses that add value to the community through better paying/higher skilled jobs and/or serving the needs of the local community will help to strengthen the economic base of the city.
- Encourage diversity. Often the most successful communities are those within which a variety of income, age and racial/ethnic groups are well integrated. The psychographic profiles of trade area households demonstrate that race, incomes and ages vary among the different lifestyle groups. However, in downtown Delray Beach the division between racial and income groups is drawn at Swinton Avenue in terms of housing, retail and services. Residents within the West Atlantic community have expressed their concern that new residential development along West Atlantic Avenue will be targeted at affluent, white households and that the types of commercial businesses developed in the area will serve the needs of these households as opposed to the residents already living to the north and south,

- Minimize community impact: Residential development is perhaps the single most important element in creating a thriving 24-hour community. Community residents have expressed their concern that new development along West Atlantic Avenue will result in traffic, parking shortages, noise from nightclubs/restaurants and late night deliveries and reduced green space. While a certain level of community impact will be unavoidable as new development occurs, directing new development to well-defined areas and involving the community in the decision-making process will help to reduce negative impacts on the community.
- Quality of life: Crime (particularly drug dealing), poor schools and an increasingly high cost of housing are repeatedly noted as being major drawbacks of downtown. All will need to be addressed, particularly in terms of attracting new residents downtown.

F. Recruitment Program Guidelines

Based on the findings of this report, Delray Beach should work to recruit business that would have the most appeal to target markets, located in the best locations. Successful business recruitment is a direct function of the community's ability to sell itself. This capability is based on a strong local sales team, excellent organization and persistence. The sales team should include participants from the CRA, downtown businesses, the Chamber of Commerce, real estate agents, etc.

The objectives and assumptions of a recruitment program include:

- Continue to develop downtown as a mixed-use center including offices, shopping, residential, entertainment, government and institutions.
- Strengthen and broaden the business mix to enable downtown to compete successfully as a commercial center.
- Create a pedestrian oriented district through the strategic location of businesses.

The steps in the business recruitment process include:

- Identify and package downtown Delray Beach's assets and resources: What makes downtown special?
- Identify and package downtown Delray Beach's market opportunities: What does downtown have to offer?
- Develop and train your business development team.
- Establish clear objectives.
- Develop marketing materials.

- Promote the opportunities and assets to achieve objectives.
- Celebrate the successful location of businesses to downtown.

The keys to success in the recruitment process are:

- Community readiness.
- Distinct market position for downtown Delray Beach.
- Realistic alternatives for improving downtown's market position.
- Organized, pro-active team.
- Follow-through.

Perhaps the most critical aspect of a business recruitment program for downtown Delray Beach will be the ability to convince the local real estate community to "buy into" plans for a broadened business mix. While much of Delray Beach's success at revitalization of the downtown district has been based on attracting restaurants and galleries, it's time to broaden the business mix to include more specialty retail shops, particularly a range of apparel and accessory shops that would serve the local market.