



marketek

**Preliminary Retail Market Analysis
Downtown Milton, Florida**

March 2002

CONTENTS

I. INTRODUCTION	1
II. SOCIOECONOMIC CHARACTERISTICS AND TRENDS	4
Population and Household Growth	4
Age Distribution	6
Household Income Distribution	6
Racial Composition	8
Lifestyle Characteristics	9
Employment Trends	17
III. RETAIL MARKET ASSESSMENT	20
Retail Spending Activity	20
Retail Purchasing Activity by Lifestyle Group	21
IV. CONCLUSIONS AND RECOMMENDATIONS	24
Brand Identity	24
Target Markets	25
Retail Expansion Guidelines	28
Recruitment Program Guidelines	29

SECTION I: INTRODUCTION

INTRODUCTION

In October 2001, Main Street Milton contracted with Marketek, Inc., to conduct a preliminary retail market analysis for downtown Milton as part of its ongoing efforts to revitalize the downtown district.

The City of Milton is the county seat of Santa Rosa County, in Florida's 'Panhandle' area. Located along three major highways – U.S. 90, Interstate 10 and State Road 87 – Milton is a short drive from some of Florida's most beautiful beaches. Milton established itself as a river port and an industrial center in the mid 19th century, where mills, shipyards, foundries and brickyards were supported by local natural resources such as red clay and timber. The Blackwater River served as a major transportation artery, enabling manufacturers to import and export goods. When the railroad reached Milton in the end of the 19th century, industry was no longer confined to the river and began to migrate throughout the county along the tracks. Farming – especially cotton and peanuts – became one of the area's leading industries. Milton's economic base became increasingly diversified in the first half of the 20th century, particularly with the development of N.A.S. Whiting Field in 1943, located five miles north of the city. Today, Whiting Field is the busiest Naval Air complex in the world and provides training to over 1,200 students annually.

While the local economy has been partially supported by Whiting Field and continued Gulf Coast development, Milton has struggled to maintain an economically vibrant downtown. In the past ten years, however, major public investments (including the \$1.5 million streetscape improvement project) and renovations of large, historic buildings have instilled a sense of pride and interest in the downtown. While there are a limited number of retail/service businesses located in downtown, some of these businesses have been able to develop a healthy customer base. Still, downtown businesses must compete with newer and larger shopping centers located just outside of downtown along major roadways. As a result, potential retail sales are flowing away from the downtown.

Main Street Milton is aware of the importance of rebuilding the economic base of the downtown district. This awareness was the impetus for evaluating the status and future of downtown's retail base and planning for its resurgence as a vital element of the local economy.

The economic revitalization process outlined in the flowchart on the following page illustrates both the complexity of the process as well as the linkage and sequence of the steps involved. Most important, it reveals the many pieces of this process that lead to and

lay the groundwork for business retention/expansion and recruitment activities. This study should be viewed as a first step in the economic revitalization process.

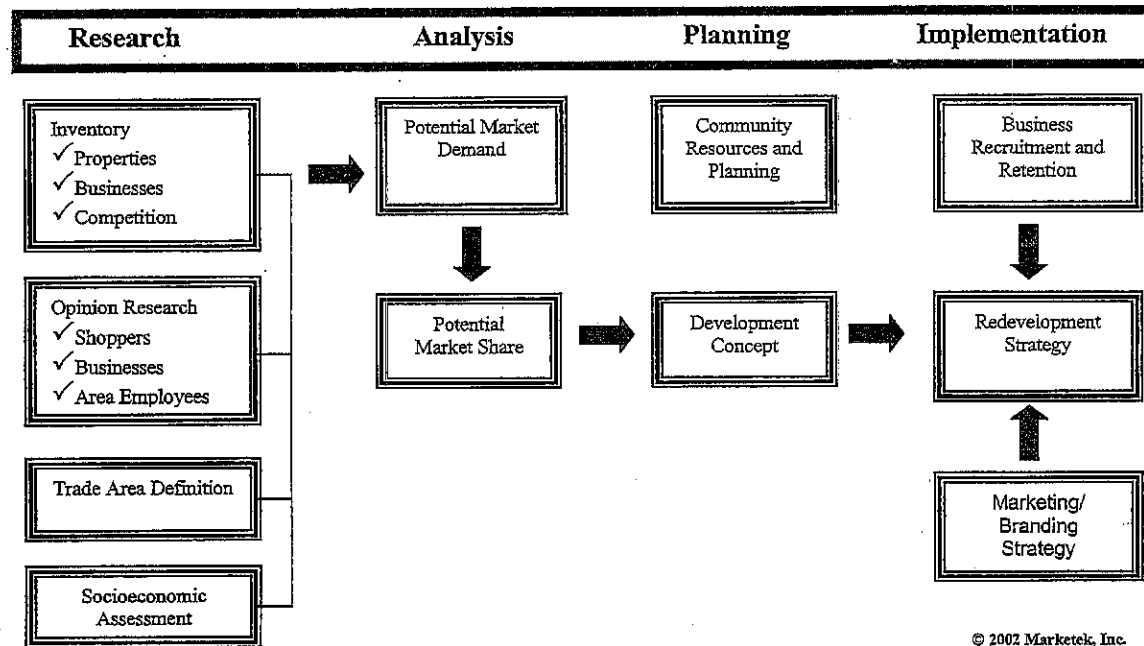
The objectives of this first step are to:

- Analyze the Milton trade area's socioeconomic characteristics and trends.
- Create an accurate picture of retail patterns and opportunities

in downtown Milton.

- Develop initial recommendations to strengthen and diversify the downtown business district and recapture local consumer dollars.

The next phases in the revitalization process are to estimate potential market demand in downtown's primary trade area followed by the development of a business cluster plan for downtown Milton that would identify and locate the most appropriate businesses for the district.



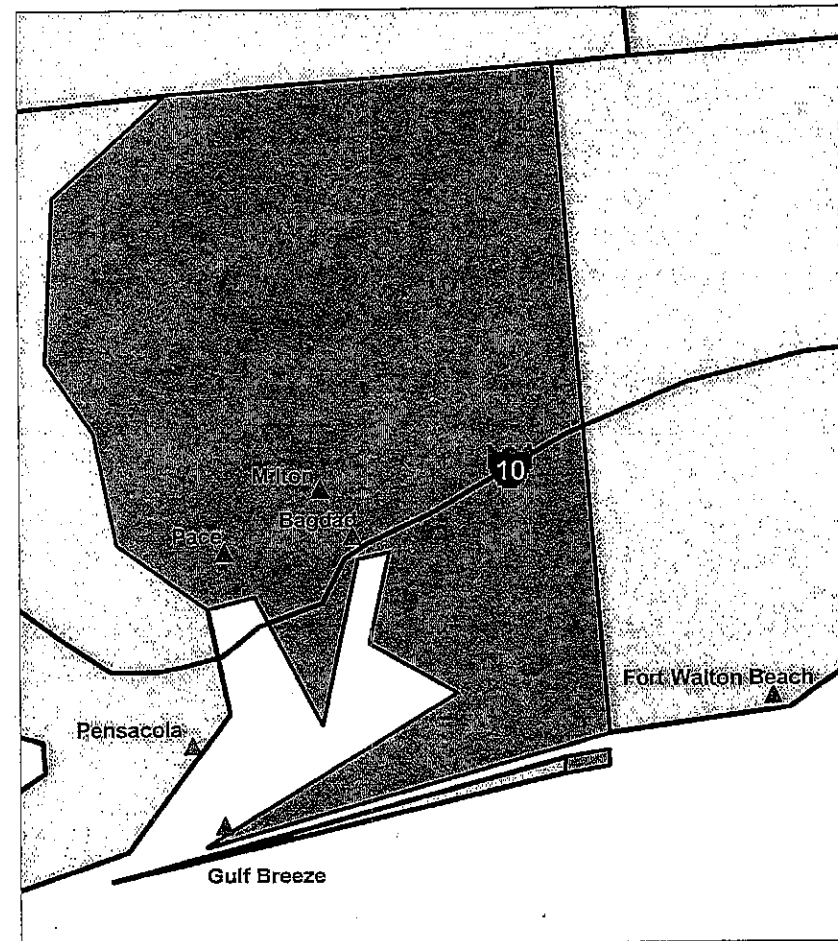
SOCIOECONOMIC CHARACTERISTICS AND TRENDS

The socioeconomic characteristics of the Milton trade area are provided in this section. The trade area used for this research includes the boundaries of Santa Rosa County and is defined as the geographic area from which the large majority of potential shoppers and residents of downtown originate. The delineation of the trade area (the darkest shaded area displayed on the map to the right) is not meant to suggest that prospective shoppers and residents of downtown will be drawn only from this geographic area. Because of downtown's location, quality of life attributes and quality product, it is expected that these groups will also be attracted to downtown from outside of the trade area. Demographic and economic trends are analyzed for the 1990-2005 timeframe.

A. Population and Household Growth

Population and household growth within the Milton trade area has and is expected to continue to surpass state levels. Exhibit S-1 shows that the trade area population was 117,743 in 2000, representing an average annual increase of 3,614 persons per year or a 4.43% average annual rate of increase during the years 1990-2000. Forecasts for 2000-2005 shows a slowing in growth as the population growth rate is expected to decrease to 2.59%. Numerically, population growth will decrease to 3,049 persons per year.

Milton Trade Area



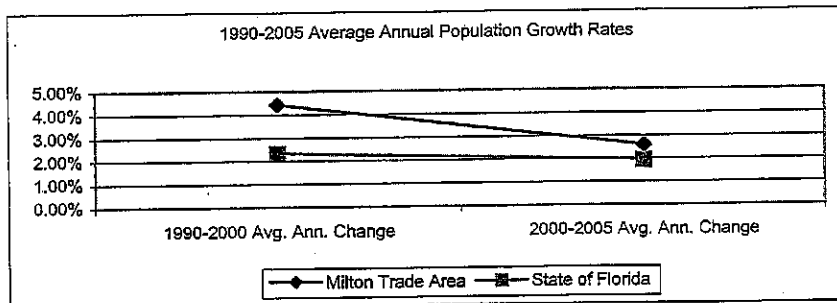
From 1990-2000, the household growth rate within the trade area was slightly above the population growth rate, increasing by 4.65% per year annually. The household growth rate is expected to continue to outpace population growth during the 2000-2005 period, with an projected annual growth rate of 2.72%.

Within the city of Milton, population increased from 47,181 to 60,020 during the 1990-2000 period. This change represents an average annual growth rate of 2.72%, below the trade area. Household growth increased at a slightly lower rate, from 21,387 to 26,787 translating into an average annual rate of growth of 2.52%.

EXHIBIT S-1
POPULATION GROWTH
Milton Trade Area and State of Florida
1990-2005

Area	1990	Avg. Ann. Change 1990-2000		Avg. Ann. Change 2000-2005			
		2000	Number	Percent	2005 (Forecast)	Number	Percent
<i>Milton Trade Area</i>							
Population	81,608	117,743	3,614	4.43%	132,990	3,049	2.59%
Households	29,843	43,793	1,395	4.67%	49,748	1,191	2.72%
Avg. Household Size	2.68	2.70	0.002		2.71	0.002	
<i>Florida</i>							
Population	12,937,926	15,982,378	304,445	2.35%	17,540,659	311,656	1.95%
Households	5,134,869	6,337,929	120,306	2.34%	7,019,890	136,392	2.15%
Avg. Household Size	2.46	2.46	0.000		2.47	0.002	

The 2000 Census reports that between the years 1990-2000, the population of the state of Florida increased at an average annual rate of 2.35%; households increased at an annual rate of 2.34%. Numerically, it is estimated that the state population grew by 304,445 persons per year during this period. Projections for the years 2000-2005 show the statewide average annual rate of population growth slowing slightly to 1.95%; however, numerically population is expected to increase by an average of 311,656 annually.



In the past few decades, household size declined nationally due to a decrease in fertility rates, increasing divorces and single person households and a rise in the elderly population. Exhibit S-1 shows a reversal of this trend in the Milton trade area and the state as a whole. In 1990, average household size within the trade area was 2.68 persons per household. By 2005, household size is expected to increase slightly to 2.71 persons. Statewide, household size is expected to increase from 2.46 persons per household in 1990 to 2.47 persons by 2005. This trend is occurring in many

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

Florida communities as the proportion of newcomers who are elderly declines and the proportion of family households increases. Florida and many of its communities have become “real places,” no longer just places where people go to retire.

B. Age Distribution

Relative to the state of Florida, the trade area population is “younger” with a 2000 median age of 36.8 compared to 38.7 statewide (Exhibit S-2). Within the trade area, the proportion of the population under the age of 15 in 2000 was 22%, compared to 19% statewide. The proportion of the trade area population age 15 to 24 was 12%, equal to the state proportion. Prime consumer age categories, 25 to 64, made up 55% of the trade area population, above the state proportion (52%). The greatest variation between the trade area and state within the 25 to 64 age category was among persons age 35 to 44 where 18% of trade area residents fell within this age category compared to 16% statewide. Only 11% of trade area residents were 65 years of age or older, significantly below the state proportion (18%).

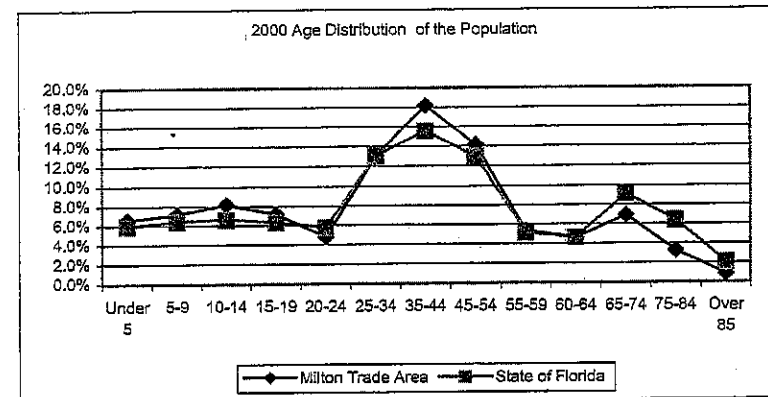
C. Household Income Distribution

Trade area residents are more affluent than households within the State of Florida. The estimated 2000 median household income of the trade area was \$42,341 above the statewide median of \$36,559 (Exhibit S-3).

EXHIBIT S-2

POPULATION BY AGE
Milton Trade Area and State of Florida
2000

Age	Milton Trade Area		State of Florida	
	Number	Percent	Number	Percent
Under 5	7,700	6.5%	945,823	5.9%
5-9	8,389	7.1%	1,031,718	6.5%
10-14	9,592	8.1%	1,057,024	6.6%
15-19	8,430	7.2%	1,014,067	6.3%
20-24	5,637	4.8%	928,310	5.8%
25-34	15,254	13.0%	2,084,100	13.0%
35-44	21,412	18.2%	2,485,247	15.5%
45-54	16,651	14.1%	2,069,479	12.9%
55-59	6,302	5.4%	821,517	5.1%
60-64	5,404	4.6%	737,496	4.6%
65-74	8,124	6.9%	1,452,176	9.1%
75-84	3,850	3.3%	1,024,134	6.4%
Over 85	998	0.8%	331,287	2.1%
Total	117,743	100.0%	15,982,378	100.0%
Median Age	36.8		38.7	



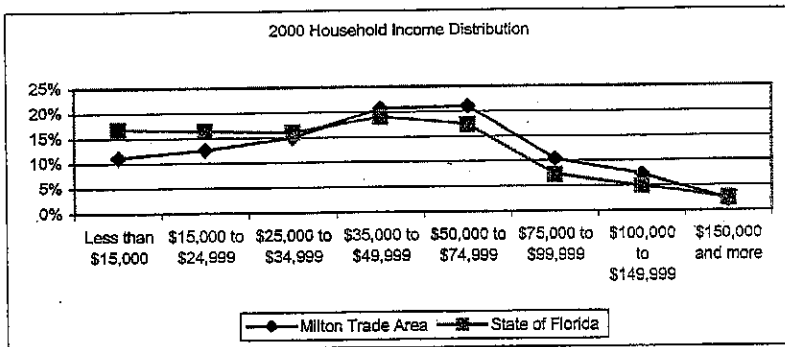
Sources: CACI Marketing Systems; 2000 Census

In 2000, the estimated income distribution for households residing within the trade area shows that 24% of the households had annual incomes of less than \$25,000, far below 33% in the State of Florida. Thirty-six percent (36%) of the households in the trade area

had incomes from \$25,000 to \$49,999, slightly above the statewide proportion (35%). Thirty-one percent (31%) of trade area households had annual incomes between \$50,000 and \$99,999, compared to 25% statewide. An estimated 9% of trade area households had incomes exceeding \$100,000, above the proportion statewide (7%).

EXHIBIT S-3
HOUSEHOLD INCOME
Milton Trade Area and State of Florida
2000

Income	Milton Trade Area		State of Florida	
	Number	Percent	Number	Percent
Less than \$15,000	4,861	11.1%	1,064,772	16.8%
\$15,000 to \$24,999	5,518	12.6%	1,039,420	16.4%
\$25,000 to \$34,999	6,569	15.0%	1,014,069	16.0%
\$35,000 to \$49,999	9,043	20.7%	1,194,700	18.9%
\$50,000 to \$74,999	9,175	21.0%	1,097,729	17.3%
\$75,000 to \$99,999	4,554	10.4%	458,232	7.2%
\$100,000 to \$149,999	3,153	7.2%	310,559	4.9%
\$150,000 and more	920	2.1%	158,448	2.5%
Total	43,793	100.0%	6,337,929	100.0%
	\$42,341		\$36,559	



Source: CACI Marketing Systems

In an effort to gauge the relative wealth of households throughout the trade area, Exhibit S-4 displays various indicators of household wealth throughout the trade area (the boundaries of which are illustrated on the map to the right). Estimates of 2000 median household income reveal slight variations among the four Zip Codes, with the 32571 Zip Code appearing to be the most affluent of the Zip Codes in terms of income and home value. Only one Zip Code (32565) had a median household income below the state (\$35,026 compared to \$36,559).

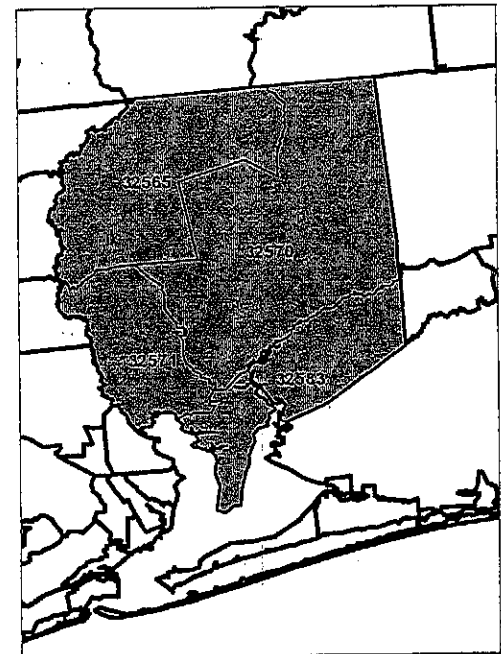
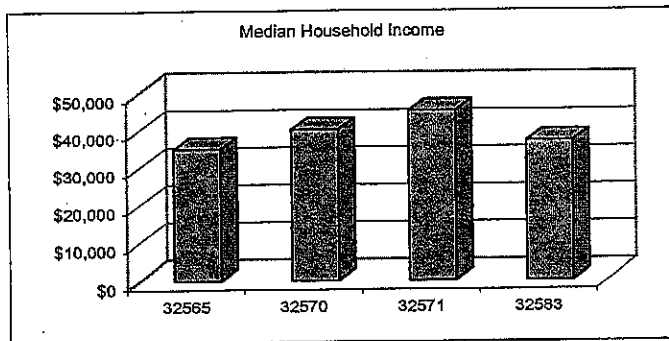


Exhibit S-4

INDICATORS OF HOUSEHOLD WEALTH BY ZIP CODE
Milton Trade Area
2000

	Zip Code			
	32565	32570	32571	32583
Household Income				
Less than \$50,000	69%	65%	57%	66%
\$50,000 to \$100,000	26%	29%	36%	28%
Above \$100,000	5%	7%	7%	6%
Median Household Income	\$35,026	\$40,169	\$45,242	\$37,043
Average Home Value	\$60,435	\$73,718	\$85,698	\$83,153



Source: CACI Marketing Systems

D. Racial Composition

The 2000 estimated racial distribution for the Milton trade area reveals a large majority of the population (91%) was white

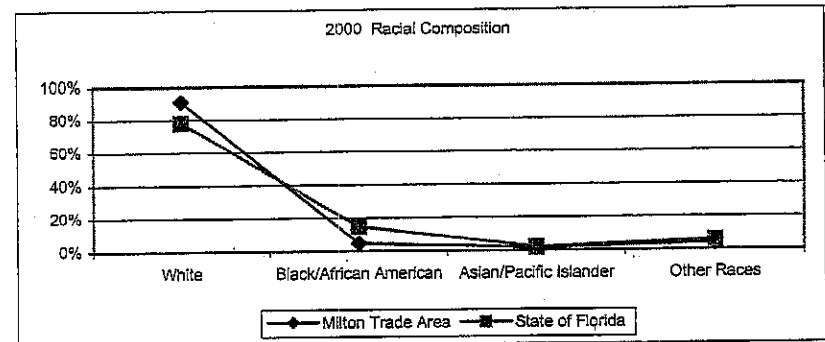
(Exhibit S-5). Four percent (4%) of the population was black or African American, 1% was Asian/Pacific Islander and 4% fell into "other" racial or ethnic groups.

The population is more racially and ethnically diverse

EXHIBIT S-5

RACIAL COMPOSITION
Milton Trade Area and State of Florida
2000

Race	Milton Trade Area		State of Florida	
	Number	Percent	Number	Percent
White	106,822	90.7%	12,465,029	78.0%
Black/African American	5,000	4.2%	2,335,505	14.6%
Asian/Pacific Islander	1,625	1.4%	274,881	1.7%
Other Races	4,296	3.6%	906,963	5.7%
Total	117,743	100.0%	15,982,378	100.0%
Hispanic (any race)	2,968	2.5%	2,682,715	16.8%



Source: Census 2000

throughout the State of Florida. According to the 2000 Census, 78% of Florida's population was white, 15% was black or African American, 2% was Asian/Pacific Islander and 6% fell into "other" racial or ethnic groups.

The Hispanic population within the trade area is significantly below state proportions where only 3% of residents are Hispanic compared to 17% statewide.

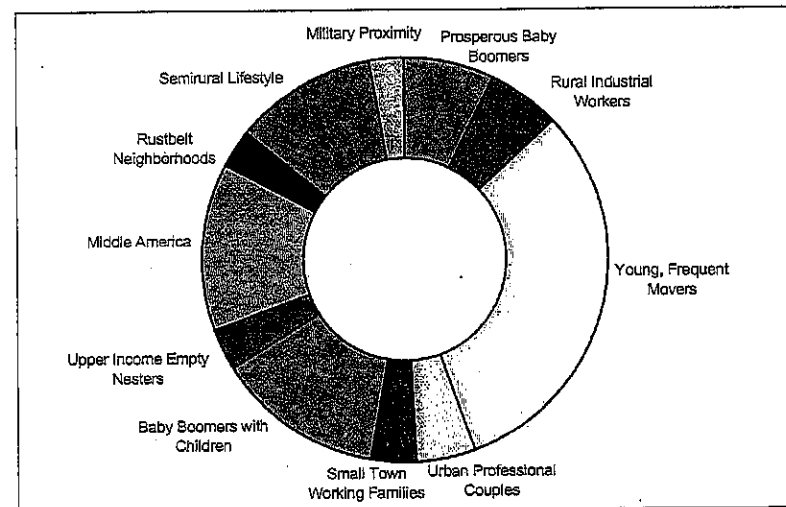
E. Lifestyle Characteristics

ACORN – A Classification of Residential Neighborhoods – categorizes neighborhoods throughout the nation into specific consumer groups or market segments. Neighborhoods are geographically defined by Census blocks, which are analyzed and sorted by over 60 characteristics including income, occupation, household type, age and other determinants of consumer behavior. People who share the same demographic characteristics may have widely divergent desires and preferences.

Individuals within the trade area have been grouped into clusters or segments that bear descriptive names meant to convey a type of neighborhood or lifestyle (Exhibit S-6). The characteristics of each of these groups are provided in the following summaries. ACORN Lifestyle Reports are provided by CACI Marketing Systems.

EXHIBIT S-6
HOUSEHOLDS BY PRIMARY LIFESTYLE GROUP
Milton Trade Area
2000

Lifestyle Group	Number	Percent of Households (43,793)
Young, Frequent Movers	12,846	29.3%
Middle America	5,382	12.3%
Baby Boomers with Children	5,347	12.2%
Semirural Lifestyle	4,551	10.4%
Prosperous Baby Boomers	2,862	6.5%
Rural Industrial Workers	2,333	5.3%
Urban Professional Couples	1,907	4.4%
Small Town Working Families	1,420	3.2%
Upper Income Empty Nesters	1,318	3.0%
Rustbelt Neighborhoods	1,187	2.7%
Military Proximity	1,166	2.7%
Total	40,330	92.1%



Note: The above information includes 92% of the households located in the trade area because the remaining 8% of the households are grouped into categories that are 2% or less of total households, and therefore, considered negligible.

Source: CACI Marketing Systems; 2000 Census

1. Young Frequent Movers: 29% of Trade Area Households

Socioeconomic

- Young families with children.
- Tend to move frequently.
- Earn low to moderate incomes, with a median income 8% below the national median.
- High employment rates with many working in skilled and unskilled blue-collar jobs (farming, manufacturing, mining and construction).
- Racially diverse.

Residential

- Frequently live in mobile homes, six times the national average.
- Homes are valued below the national average and are usually newer and owner-occupied.

Preferences

- Enjoy outdoor activities such as hunting and fishing.
- Own trucks and SUVs.
- Top ranked for owning pets.
- Like to rent videos, listen to country music and read.

2. Middle America: 12% of Trade Area Households

Socioeconomic

- Middle America households are representative of the nation – just a little older, more family-oriented and predominately white.
- Large group, representing almost 8% of the U.S. population.
- Over two-thirds (70%) are married couples – compared to 55% nationwide – but children are fewer in number as household size is equal to the rest of the nation (3.1 persons per household).
- The median age is 36.8 years, slightly above the national median, with more households age 45 to 64 than under 35 years old.
- Income is slightly above the national average.
- Labor force participation is average with many working in the manufacturing or farming sectors.

Residential

- Typically live in single-family homes, 15% of which are mobile homes – twice the national proportion.
- Most of the homes were built after 1970.
- Homes are valued at approximately 20% below the national average.

Preferences

- This group tends to center their purchases and entertainment activities around the home and outdoors.
- Outdoor activities include hunting, fishing and gardening.
- Indoor activities include reading (especially family and hunting magazines), needlework and listening to country music.
- Like taking domestic car trips.
- Buy home improvement goods, chain saws and other tools, children's apparel and toys, shoes, videos, gardening supplies and camping equipment.
- Own powerboats, satellite dishes, campers and pets.

3. Baby Boomers with Children: 12% of Trade Area Households

Socioeconomic

- Married with children and often mobile.
- Median age is 31.2 years although 35% are under the age of 20 – 34% are between the ages of 25 and 44.
- Above average incomes, largely due to double income families.
- Tend to be mobile, seeking the best jobs and locations.
- Well educated.

Residential

- Single-family homes predominate, many of which were built during the 1970s.
- Most are owner-occupied and are valued slightly below the national average.

Preferences

- Spend time and money on home and family-oriented activities and goods.
- Enjoy outdoor activities such as camping, fishing and hunting.
- Indoor activities include gardening, using their PC, renting videos and going to the museum.
- Like fast food, takeout and delivery.
- Own pets.
- Spend money on swimming pools, outdoor grills, campers and multiple vehicles.

4. Semirural Lifestyle: 10% of Trade Area Households

Socioeconomic

- Affluent, middle age (35 to 54) couples with and without children living at home.

- Approximately one-third (35%) of households are “empty-nester” and 40% have school age children living at home.
- Median age is slightly above the national median: 36.8 years compared to 35.5 years.
- Predominately white with a median income of \$61,500.
- While unemployment is low, many are self-employed and earn interest and dividend income.

Residential

- Often live in semi-rural communities just outside of metropolitan areas.
- Live in homes with above average values that are generally built after 1970.

Preferences

- Enjoy spending time around the house, swimming in their pools, working on home projects, gardening, reading and using their PCs.
- Also enjoy golf, going to the movies and participating in civic and political groups.

5. Prosperous Baby Boomers: 7% of Trade Area Households

Socioeconomic

- Mobile families headed by baby boomers.

- Have preschool and grade school age children.
- Median income is 50% above the national median.
- Typically double-income families.
- Two-thirds have earned a college degree.

Residential

- Own their home, most likely built after 1980.
- Median home value 25% above the national median.
- Live in suburban communities and commute to work.

Preferences

- Enjoy physical activities such as lifting weights, tennis, racquetball, aerobics and golf.
- Use their PCs for playing games, finances and surfing the Internet.
- Buy electronics, camcorders, PCs, sports equipment, children’s toys and home furnishings.
- Like to dine at family restaurants for dinner, order takeout pizza and go to the movies.

6. Rural Industrial Workers: 5% of Trade Area Households

Socioeconomic

- Mostly married couples with school age or adult children living at home.

- Tend to be older, with a median age of 36.6 years.
- Unlikely to move – even to a different county – and likely to have lived in the same state their entire lives.
- High unemployment rates.
- Below average incomes as more than 50% earn incomes below \$30,000 annually.

Residential

- Live in single-family homes, many of which are mobile homes.
- Homes tend to have below average values.
- More than 70% of homes are owner occupied.
- Often commute long distances to their place of work.

Preferences

- Buy household appliances, cameras, jewelry and toys.
- Like hunting, fishing, listening to country and gospel music, renting videos, watching television and fast food.
- Own pets, satellite dishes, powerboats and chain saws.

7. Urban Professional Couples: 4% of Trade Area Households

Socioeconomic

- Slightly older than average (median age of 37.8 years).
- Mostly married couples with few children but many single person and shared households.

- Median income is 25% above the national median.
- Well educated with good jobs, mainly professional and managerial positions.

Residential

- Owner occupancy prevails with a mix of single-family homes and townhouses.
- Homes are valued above average.

Preferences

- One of the top groups for consumption of imported wine, listening to classical music, domestic and foreign travel and visiting museums.
- Spend a great deal on home furnishings and improvements.
- Prefer to dine out as opposed to entertaining.
- Sports enthusiasts, play golf, bicycle, jog and tennis.
- Belong to AAA, health clubs and frequent flyer clubs.
- Read two or more newspapers per day and a variety of magazines.

8. Small Town Working Families: 3% of Trade Area Households

Socioeconomic

- Similar to the U.S. population but with more persons age 75 and older and families with school age children.
- Median age is slightly above the national median: 36.1 compared to 35.5 years.
- Income is slightly below the national average.
- Labor force participation is average, with jobs that range from professional to laborer.
- Predominately white.

Residential

- Most likely to live in modest, older, owner-occupied, single-family homes.
- Homes valued below the national average.

Preferences

- Enjoy small town living that includes hunting, fishing, four-wheel drive vehicles and trucks.
- Above average spending on groceries but are likely to diet.
- Active in their communities, including voting, volunteering and participating in local games.

9. Upper Income Empty Nesters: 3% of Trade Area Households

Socioeconomic

- Married couples with children no longer living at home.
- Mostly white and middle age.
- High incomes, supplemented by dividends, rental property and interest.
- Well educated and employed as business owners and managers.

Residential

- Often live in owner-occupied, single-family homes.
- Homes are valued above the national average.
- Neighborhoods range from suburban to urban.

Preferences

- Play a variety of sports – golf, racquet sports and sidewalk sports.
- Enjoy traveling, visiting museums, attending concerts, entertaining and dining out.
- Own PCs, pianos, swimming pools and luxury cars.
- Above average spending on home furnishings and improvements.

10. Rustbelt Neighborhoods: 3% of Trade Area Households

Socioeconomic

- Stable but aging households – younger members leave the area as older residents stay behind.
- Mix of married couples – some with adult children still living at home – and singles.
- While the median age is slightly above average (39.6 years) – 20% are 65 years or older compared to 14% nationwide.
- Labor force participation is below average, with many individuals already retired.
- Blue collar, skilled, unskilled and service occupations predominate.
- Below average median income.

Residential

- Usually live in single family, owner-occupied homes although townhouses and row houses are also common.
- Median home values are below average.

Preferences

- Like sedate activities such as needlework, watching TV and reading magazines.

- Purchases are representative of their age, including denture cleaners, bifocals, over-the-counter prescriptions, lottery tickers and tabloid newspapers.

11. Military Proximity: 3% of Trade Area Households

Socioeconomic

- Young and mobile households who depend on military installations for their livelihood.
- Median age is only 23.6 years.
- One-half are couples – many with pre-school children – while single parent households are also common.
- Approximately one-third work in the Armed Forces.
- While unemployment is slightly above average, labor participation is high for civilians.
- Below average incomes.
- Live in racially mixed neighborhoods.

Residential

- Apartment rental is typical.
- Ten percent (10%) live in military barracks.
- Median home value 18% below national average.

EXHIBIT S-7
 HOUSEHOLDS BY LIFESTYLE GROUP
 Milton Trade Area
 2000

Lifestyle Group	Milton Trade Area		Socio-Econ Rank (1-40)	Housing Type	Household Type	Percent Living in Owner-Occupied Units	Median Age
	Number	Percent of Households					
<i>Affluent Families</i>	9,080	20.7%					
Upper Income Empty Nesters	1,318	3.0%	5	Single-Family	Married, No Children	87%	42.4
Successful Suburbanites	339	0.8%	2	Single-Family	Married w/Children	87%	37.1
Prosperous Baby Boomers	2,862	6.5%	6	Single-Family	Married w/Children	74%	31.1
Semirural Lifestyle	4,561	10.4%	7	Single-Family	Married w/Children	84%	36.8
<i>Upscale Households</i>	7,255	16.6%					
Urban Professional Couples	1,907	4.4%	8	Single-Family	Married Couples	61%	37.8
Baby Boomers with Children	5,347	12.2%	16	Single-Family	Married w/Children	69%	31.2
<i>Retirement Styles</i>	783	1.8%					
Prosperous Older Couples	783	1.8%	11	Single-Family	Married, No Children	81%	43.2
<i>Young Mobile Adults</i>	1,166	2.7%					
Military Proximity	1,166	2.7%	25	Garden Apartment	Married, No Children	23%	25.7
<i>City Dwellers</i>	1,326	3.0%					
Newly Formed Households	636	1.5%	19	Single-Family	Family HH	53%	33.9
Low Income: Young and Old	690	1.6%	36	Duplex & Quad	Mixed Types	39%	31.8
<i>Factory and Farm Communities</i>	23,848	54.5%					
Middle America	5,382	12.3%	18	Single-Family	Married Couples	76%	36.8
Young, Frequent Movers	12,846	29.3%	22	Mobile Homes	Married w/ Children	72%	33.0
Rural Industrial Workers	2,333	5.3%	32	Mobile Homes	Married Couples	71%	36.2
Small Town Working Families	1,420	3.2%	24	Single-Family	Married Couples	66%	35.8
Rustbelt Neighborhoods	1,187	2.7%	26	Single-Family	Married Couples	68%	39.6
Heartland Communities	680	1.6%	31	Single-Family	Family Households	62%	41.0
<i>Downtown Residents</i>	336	0.8%					
Hardtimes	336	0.8%	39	Single Attached	Single Person	43%	34.4
Urban Working Families		0.0%	35	Single Attached	Mixed Types	41%	29.4
Total	43,793	100.0%					

Sources: CACI Marketing Systems; 2000 Census

Preferences

- Purchases are characteristic of a young, family market: children's clothing, shoes, toys, videos and vitamins.
- Enjoy going to bars and nightclubs, eating fast food, weight training, jogging and visiting theme parks.
- Participate in team sports and wilderness sports.

While the characteristics of each of the lifestyle groups vary, generally households within the trade area are younger or middle age families, typically with school age children and earning above average or average incomes with both heads of the household working. Single-family homes are the predominate housing type, most with above average values. Frequently these households commute to work where they are employed in professional positions. It is important to note that almost one-third (29%) of trade area households fall within the *Young, Frequent Movers* lifestyle group. As such, the characteristics of this group should be closely evaluated.

To provide a snapshot of the characteristics of all trade area households, Exhibit S-7 on the preceding page summarizes the housing preferences and socioeconomic characteristics of the eleven primary lifestyle groups as well as those groups within which the remainder of households fall.

F. Employment Trends

Statewide

The Florida Agency for Workforce Innovation is predicting that between 1998 and 2008, 169,284 jobs will be created annually statewide which represents a growth rate of 2.3%. Statewide job growth is not expected to match that of the 1990s largely due to a projected slowdown in population growth.

Within the 1998-2008 period, statewide employment is expected to increase in all of the employment sectors but mining. The strongest employment growth will occur in the services sector (3.7% annually) which will continue to account for the largest share of jobs among all sectors (35% in 2008). This is in-line with national trends as the economy continues to shift from a goods-producing to service-producing economy. Within the service sector, business services, social services, museums and engineering and management services are expected to make the largest gains. The trade and services industries together will account for 70% of all new jobs. Transportation, communication and public utilities (TCU) will be the second fastest growing sector – transportation will account for 70% of new jobs within this sector. Exhibit S-8 on the following page provides an overview of job growth/loss within each major industrial category.

Exhibit S-8

Employment Projections
Santa Rosa and Escambia Counties and State of Florida
1998-2008

Industry	Santa Rosa and Escambia Counties						State of Florida					
	1998		2008		1998-2008		1998		2008		1998-2008	
	#	%	#	%	Avg. Annual Change	#	%	#	%	Avg. Annual Change		
Agricultural Services	1,908	1%	2,243	1%	34	1.8%	220,025	3%	232,851	3%	1,283	0.6%
Mining	193	0%	192	0%	0	-0.1%	6,729	0%	5,797	0%	-93	-1.4%
Construction	10,796	7%	12,677	6%	188	1.7%	348,371	5%	395,001	4%	4,663	1.3%
Manufacturing	9,107	5%	9,289	5%	18	0.2%	492,520	7%	505,866	6%	1,335	0.3%
Durable Goods	2,953	2%	3,276	2%	32	1.1%	296,963	4%	308,534	3%	1,157	0.4%
Non-Durable Goods	6,154	4%	6,013	3%	-14	-0.2%	195,557	3%	197,332	2%	178	0.1%
TCU	7,633	5%	9,993	5%	236	3.1%	335,805	5%	413,637	5%	7,783	2.3%
Transportation	3,414	2%	4,171	2%	76	2.2%	218,475	3%	273,941	3%	5,547	2.5%
Communications & Utilities	4,219	3%	5,822	3%	160	3.8%	117,330	2%	139,696	2%	2,237	1.9%
Wholesale Trade	6,225	4%	7,354	4%	113	1.8%	347,471	5%	430,661	5%	8,319	2.4%
Retail Trade	32,534	20%	39,317	20%	678	2.1%	1,323,786	18%	1,583,445	18%	25,966	2.0%
FIRE	6,082	4%	7,046	4%	96	1.6%	429,818	6%	518,992	6%	8,917	2.1%
Services	49,370	30%	62,528	32%	1,316	2.7%	2,284,534	31%	3,128,533	35%	84,400	3.7%
Hotels & Lodging	1,195	1%	1,493	1%	30	2.5%	150,329	2%	178,655	2%	2,833	1.9%
Personal Services	1,561	1%	1,712	1%	15	1.0%	70,401	1%	83,258	1%	1,286	1.8%
Business Services	11,196	7%	15,594	8%	440	3.9%	644,030	9%	1,017,730	11%	37,370	5.8%
Auto Repair, Services & Parking	1,739	1%	2,322	1%	58	3.4%	70,059	1%	91,400	1%	2,134	3.0%
Misc. Repair Services	751	0%	924	0%	17	2.3%	25,246	0%	28,353	0%	311	1.2%
Motion Pictures	263	0%	301	0%	4	1.4%	23,407	0%	24,438	0%	103	0.4%
Amusements & Rec Services	1,481	1%	1,922	1%	44	3.0%	144,480	2%	196,246	2%	5,177	3.6%
Health Services	15,128	9%	18,477	9%	335	2.2%	577,320	8%	750,580	8%	17,326	3.0%
Legal Services	1,280	1%	1,527	1%	25	1.9%	66,384	1%	83,330	1%	1,695	2.6%
Educational Services	3,213	2%	3,598	2%	39	1.2%	74,672	1%	91,449	1%	1,678	2.2%
Social Services	4,227	3%	5,736	3%	151	3.6%	128,085	2%	175,681	2%	4,760	3.7%
Museums	178	0%	289	0%	11	6.2%	3,684	0%	5,514	0%	183	5.0%
Membership Organizations	2,738	2%	3,100	2%	36	1.3%	119,995	2%	148,811	2%	2,882	2.4%
Engineering & Management Services	4,392	3%	5,502	3%	111	2.5%	184,089	3%	249,687	3%	6,560	3.6%
Misc. Services	28	0%	31	0%	0	1.1%	2,353	0%	3,401	0%	105	4.5%
Government	28,799	17%	30,057	15%	126	0.4%	954,453	13%	1,135,111	13%	18,066	1.9%
Federal	7,844	5%	6,503	3%	-134	-1.7%	120,052	2%	122,110	1%	206	0.2%
State	5,695	3%	6,414	3%	72	1.3%	204,972	3%	241,805	3%	3,683	1.8%
Local	15,260	9%	17,140	9%	188	1.2%	629,429	9%	771,196	9%	14,177	2.3%
Self-Employed & Unpaid Family Workers	13,365	8%	14,731	8%	137	1.0%	598,361	8%	684,820	8%	8,646	1.4%
Total	166,012	100%	195,427	100%	2,942	1.8%	7,341,873	100%	9,034,714	100%	169,284	2.3%

Source: Florida Agency for Workforce Innovation, Office of Information Services, Labor Market Program

Santa Rosa and Escambia Counties

Employment growth within Santa Rosa and Escambia Counties is expected to increase at a slower rate than the state during the 1998-2008 period (Exhibit S-8). Projections show that 2,942 jobs will be created within Santa Rosa and Escambia Counties during this period, representing an average annual growth rate of 1.8% (below 2.3% statewide). Within the two county area, TCU is expected to be the fastest growing sector, followed by services with museums, business services, social services auto repair/parking services growing the most rapidly within this industrial category.

The services and retail trade sectors are expected to remain the two major employers in the two counties, providing 32% and 20% of jobs, respectively. The services sector should experience a gain

in its share of total employment between 1998 and 2008, from 30% to 32%. While the government sector will continue to be a major employer in Santa Rosa and Escambia Counties, employing an estimated 15% of workers in 2008, its share of jobs will decrease slightly and the overall sector will increase by an average of only 0.4% per year.

Wholesale and retail trade sector are expected to maintain a 24% share of total employment in the county – slightly above 23% statewide. However, the rates of employment growth within both sectors are expected to outpace state growth rates. Between 1998-2008, job losses are expected only within mining, non-durable goods manufacturing and the federal government.

SECTION III: RETAIL EXPENDITURE ASSESSMENT

RETAIL EXPENDITURE ASSESSMENT

A. Retail Spending Activity

While the scope of this study does not include an analysis of potential demand for retail space, CACI estimates of retail spending activity for specific goods and services within the Milton trade area are presented in Exhibit R-1. Inferences may be drawn from Exhibit R-1 to identify market opportunities.

The Spending Potential Index (SPI) is a measure of market activity developed by CACI Marketing Systems and denotes actual dollars spent on these goods and services. When the SPI is equal to 100 for a specific type of merchandise, consumers are buying or spending at a rate equal to the national average. A SPI greater than 100 indicates that consumers are buying or spending above the

EXHIBIT R-1

RETAIL MARKET ACTIVITY
Milton Trade Area
2001

Merchandise or Service Category	Spending Potential Index	Merchandise or Service Category	Spending Potential Index	Merchandise or Service Category	Spending Potential Index
Apparel	93	Games and Toys	96	Insurance	
Men's	93	Food & Beverages		Homeowners/Renters	97
Women's	92	Groceries	95	Vehicle	95
Children's	98	Bakery & Cereal Products	94	Life	97
Infant's	96	Meats, Poultry, Fish & Eggs	94	Health	96
Footwear	94	Dairy Products	95	Lawn & Garden	96
Watches & Jewelry	89	Fruits & Vegetables	93	Luggage	90
Other Apparel	91	Other Foods at Home	97	Moving & Storage	96
Automotive Aftermart	99	Meals at Restaurants	94	Optical Goods	97
Automotive Maintenance & Repair	96	Alcoholic Beverages	90	Paint	95
Gasoline and Motor Oil	100	Nonalcoholic Beverages	97	Pets & Supplies	100
Books & Periodicals	92	Financial Services		Sporting Goods	98
Cameras & Equipment	92	Auto Loans	105	Telephone	94
Child Care	97	Home Loans	95	Television & Sound Equipment	94
Computer		Investments	91	Television and Video Equipment	96
Computer Information Services	94	Home		Music Equipment/Accessories	94
Personal Computer Software	93	Home Improvement	93	Cable Television	94
Entertainment		Maintenance & Repair	91	Rental & Repair of TV/Sound	93
Entertainment Fees & Admissions	92	Repair Materials	100	Travel	92
Membership Fees	93	Housekeeping Services	87	Air Fare	88
Sporting Events	95	Household Furnishings	95	Hotels/Motels	92
Sports Participation	94	Household Textiles	93	Rental Cars	89
Theater/Movies	89	Furniture	95	Food/Drink	94
Recreational Lessons	91	Major Appliances	97		
Video Rental	97	Other Household Furnishings	94		
Film Processing	95				

Source: CACI Marketing Systems

national average. In other words, the SPI is an indicator of what prices consumers will pay and/or the level of their discretionary income they are willing to devote to a particular good or service.

Overall, the data presented in Exhibit R-1 demonstrate that consumers within the trade area buy most of the goods and services displayed at a rate below the national average. This phenomenon is likely a result of the fact that while household income levels in the trade area are above state levels, many of these households have children at home who consume much of their disposable income. Hence, they have less money available for shopping. In addition the need to seek out bargains is greater in larger families which also accounts for the below average spending within the various retail categories. Finally, a below average SPI can be partially attributed to nearby big-box discount stores and outlet malls that allow residents to comparison shop to find the "best deal."

While Exhibit R-1 shows low spending on almost all of the goods and services listed, spending was closest to the national average for items centered around the home including appliances (SPI=97), lawn and garden (SPI=96), pets & supplies (SPI=100), home repair materials (SPI=100) and video rental (SPI=97). Trade area households also spend closer to the national average on children's apparel (SPI=98), infant's apparel (SPI=96), automotive

aftermart (SPI=99), sporting goods (SPI=98) and optical goods (SPI=97).

It is important to note that while spending is below average for the various types of goods and services listed in R-1, trade area consumers demand an array of goods and services – on the whole they just tend to pay less for them. Therefore, moderately priced goods and services would likely be most attractive to these households.

B. Retail Purchasing Activity by Lifestyle Group

While SPI is a measure of spending activity, the purchase potential index (PPI) measures consumer's tendency to *buy* certain goods and services. In other words, the PPI indicates that there is higher (PPI>100) or lower (PPI<100) than average demand for a product or service. Exhibit R-2 displays the PPI for various types of merchandise among the primary lifestyle groups within the trade area. The data displayed in Exhibit R-2 should be used to gauge the types of businesses that would appeal to certain markets in the trade area – e.g., young families versus empty nesters. In many instances, there is high demand for merchandise among multiple lifestyle groups.

Exhibit R-2 shows that the primary lifestyle groups within the

trade area tend to have above average demand for children's apparel (1-5 and 6-12 years old), jewelry (fine and costume), family

restaurants, gardening supplies, pet supplies and home remodeling. Needlework is a frequent hobby among these groups.

Exhibit R-2

Purchase Potential Index of Selected Goods Among Primary Lifestyle Groups
Milton Trade Area

	Young Freq. Movers 29%	Middle America 12%	Baby Boomers with Children 12%	Semirural Lifestyle 10%	Prosperous Babyboomers 7%		Young Freq. Movers 29%	Middle America 12%	Baby Boomers with Children 12%	Semirural Lifestyle 10%	Prosperous Babyboomers 7%
Apparel						Books					
Purchased women's apparel	98	101	103	106	107	Purchased paperback book	102	87	101	121	129
Purchased men's apparel	99	101	102	107	110	Purchased hardcover book	84	85	101	128	131
Purchased adult dress shoes	86	78	103	114	123	Purchased travel book	54	57	73	135	147
Purchased adult casual shoes	89	95	96	121	120	Purchased children's book	72	98	100	122	116
Purchased adult athletic shoes	100	99	105	106	106	Purchased cook book	100	108	113	120	128
Purchased children's apparel: 1-5 yrs	99	106	103	101	117	Baby Products					
Purchased children's apparel: 6-12 yrs	103	106	114	111	113	Purchased infant toys	93	100	122	118	128
Purchased fine jewelry	106	96	104	121	109	Purchased infant clothing	103	101	111	111	119
Purchased costume jewelry	105	97	103	116	116	Purchased infant sleepwear	89	95	124	106	121
Purchased watch	103	108	103	101	108	Pets					
Restaurants						Own dog	130	135	119	122	117
Eat at family restaurants 6+/month	100	104	114	110	119	Own cat	129	132	109	119	106
Eat at family restaurants 2-5/month	109	103	99	104	108	Use dog/cat treats	129	122	123	131	130
Eat at family restaurants <2/month	108	119	105	111	102	PC Usage					
Take out: pizza	101	94	112	113	117	Own PC at home	85	87	117	145	150
Take out: Mexican	100	77	111	107	128	Use PC at home 10+ hrs/wk	89	84	114	148	147
Take out: Chicken	82	64	92	117	123	Use/subscribe to Internet	81	63	113	137	155
Take out: Chinese	109	86	82	99	115	Hobbies/Interests					
Enjoy foreign food	95	86	105	114	120	Cooking	80	92	105	119	112
Electronics						Bars/nightclubs	94	82	103	118	111
Purchased Separate Components	84	103	119	94	89	Dancing	100	74	115	103	92
Purchased Compact/Console Stereo	87	97	103	103	116	Needlework	101	127	103	102	111
Own 4+ televisions	82	97	112	138	124	Listening to music	91	92	105	114	115
Own 2+ VCRs	94	94	116	130	128	Photography	84	97	112	112	114
Own camcorder	97	115	124	149	150	Household Furnishings					
Rent 31+ video cassettes	113	99	135	123	128	Purchased household furniture	98	98	114	113	116
Purchase PC/Software/Peripherals	85	85	117	147	153	Purchased tableware/dinnerware	104	85	96	107	115
Gardening						Purchased bedding/bath/linens	97	89	104	113	111
Indoor gardening/plants	81	112	101	117	119	Home Improvements					
Outdoor flower gardening	93	116	114	131	115	Made home improvements	107	108	115	124	113
Outdoor vegetable gardening	94	144	129	124	96	Did home remodeling	112	126	117	134	195

Source: CACI Marketing Systems

SECTION IV: CONCLUSIONS AND RECOMMENDATIONS

Again, this data should not be used solely to determine how to recruit businesses that will be “all things to all markets.” Attracting niche businesses that serve target groups will be the key to a

successful business recruitment and retention program in downtown Milton.

CONCLUSIONS AND RECOMMENDATIONS

This section reviews the major findings and conclusions of the preliminary retail market analysis for downtown Milton with a focus on strengthening and diversifying the downtown business district and recapturing local consumer dollars. Further studies should assess the level of market support available for fulfilling downtown Milton's potential as a unique retail/service center and provide a business cluster plan that would identify and locate the most appropriate businesses for the district. The long-range 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. Over time, the major factors that will underlie this opportunity in downtown Milton 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 four parts:

- Brand Identity
- Target Markets
- Retail Expansion Guidelines
- Recruitment Program Guidelines

A. Brand Identity

The marketing process begins with a clear statement of Milton's brand identity to market to target markets. Milton's brand identity should represent the emotional core of the city – something uniquely specific to Milton, something that sets it apart from its competitors, something that competitors can't steal. In a world with unprecedented options, being brighter, stronger, faster does not guarantee a sustainable lead. Cities that win are ones that create brand personalities that connect with people, that share values and that build long term relationships. The brand idea and story becomes the central organizing principle - the DNA - around which all revitalization efforts are carried out.

Over time and through a coordinated marketing program, downtown Milton should seek to reposition itself as a 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 Milton will be able to increasingly draw from outside markets in the Pensacola area and later, perhaps, from as far as Mobile and Tallahassee.

Based on initial observations, the prevailing image of Milton can be summarized as follows: a growing community within a small town, riverside setting – a place where people can live in a unique, historic, small town yet be within an easy drive to jobs, services and activities throughout the Pensacola area.

Frequently mentioned attributes of the downtown district include:

- History (particularly its reliance on the river)
- Historic neighborhoods
- Metro and regional historic resources
- Small town atmosphere
- The Riverwalk
- Proximity to Blackwater River State Park
- Access to entire metro area
- Distinct, compact commercial core
- Committed volunteers, businesses and officials
- Strong growth

Frequently mentioned concerns include:

- Protection of historic resources

- Limited number of retail businesses
- Limited incentives to attract new businesses downtown
- Emphasis on cars rather than pedestrians
- Absence of a unified vision

A vision for downtown Milton's future include:

- Vibrant, historic downtown with a mix of unique businesses in an expanded downtown core
- Promotion and protection of historic resources
- Strong linkages to the river
- Pedestrian friendly downtown with ample greenspace and streetscaping
- Pro-business climate
- Residential development

Based on feedback from the initial observations on downtown Milton and an assessment of its competitive advantages, Milton's brand position statement might be summarized as follows:

"An historic, mixed-use river town with unique shopping, restaurants and entertainment within walking distance"

B. Target Markets

Downtown Milton should center recruitment efforts on attracting businesses that serve multiple target markets. The primary target markets for retail sales in downtown Milton include: the daytime business population, trade area residents and visitors.

Daytime Business Population

Employees who work within the immediate vicinity of downtown Milton 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 Milton.

- The items purchased most frequently by the working population include:
 - Cards
 - Stationery
 - Gifts
 - Drugstore items
 - Books and magazines
 - Music/CDs
 - Video rentals
- Workers also purchase with some frequency:
 - Office supplies

- Jewelry
- Apparel and accessories
- Linens
- Housewares
- Cosmetics and perfume
- Sporting goods
- Arts and crafts

- Workers purchase convenience goods that most often include:
 - Baked goods
 - Take-home dinners
- Leisure/entertainment services most desired by workers include:
 - Restaurants
 - Bars
 - Movie theaters
- Personal services most desired by workers include:
 - Banks and financial service
 - Exercise studios
 - Dry cleaners/laundry
 - Film processing

- Office supplies
- Mail/packaging
- Copy centers

Trade Area Residents

With above average incomes (median income of \$42,341 in 2000, above the state median of \$36,559) and above average demand for certain types of goods (see Exhibit R-2), capturing trade area residents' purchases will be key in the expansion of downtown Milton's retail base. National trends show that consumers are eager to avoid the monotony of malls and strip centers, seeking the type of unique experience that could be provided in a downtown such as Milton. While trade area residents will continue to patronize malls, big box stores and, increasingly, the Internet for a majority of their purchases, retail businesses in downtown Milton have the potential of attracting nearby trade area residents looking for convenience, personal service, quality goods and services *and* a unique shopping/entertainment experience.

Based on lifestyle characteristics and the retail purchasing activity of each group, the types of goods and services for which there appears to be a strong demand among trade area residents include:

- Children's apparel and toys
- Baby products and toys
- Shoes
- Jewelry (fine and costume)
- Restaurants
- Gardening supplies
- Camping, fishing and hunting equipment
- Pet supplies
- Books and reading material
- Furniture/home furnishing accessories
- Home remodeling goods and services
- Chain saws and other tools
- Electronics, camcorders, PCs and equipment

Needlework is a frequent hobby among the lifestyle groups in the trade area. Other hobbies include cooking, dancing, photography and listening to music.

Visitors

As downtown Milton continues with its physical improvements and initiates business expansion programs, the district will draw increasing numbers of visitors. Travel and tourism are major components of the economy of Florida. The Pensacola area attracts several categories of visitors: the "heritage tourists" who are interested in historic sites and attractions; the eco-tourists who are