

*\* Draft Report \**



## Commercial / Industrial Land Use Analysis

Prepared for:

Lee County, FL



Proposed by:



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June 2007

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## **EXECUTIVE SUMMARY**

Lee County, Florida engaged Basile Baumann Prost & Associates (BBP Associates) to provide a Commercial/Industrial Land Use Study and Analysis for all unincorporated areas of Lee County, Florida. This study was commissioned to enable county planners to better manage the enormous growth of population in the region and better preserve opportunities for industrial and commercial office development in the face of unprecedented residential growth, which is placing pressure on lands previously intended for commercial and industrial development.

The study was divided into four parts:

- 1) Fact-finding, stakeholder interviews, background study;
- 2) Review of the real estate market, leasing, sales, absorption rates, development patterns and existing, zoned industrial and commercial land parcels in Lee County;
- 3) Recommendations for future land use planning including any additions to current inventory based on data and field surveys;
- 4) Review of Comprehensive Plan and relevant Development Codes.

These four study areas were chosen in order to determine what development potential was most likely to occur over the next two decades, what real estate absorption rates had occurred that affect land inventory levels, whether currently zoned and available industrial and commercial land parcels were adequate to meet future demand, and how better planning recommendations and changes in relevant planning codes might facilitate better overall real estate development and community life.

Initial interviews of county officials, developers and real estate professionals revealed these major concerns about the current Lee County development climate:

- Lee County needs Comprehensive Plan changes to attract potential research parks, increase openness to mixed-uses, and allow for greater development intensity within commercial and industrial development projects.
- Incentives are needed to pull together small lots for larger commercial/industrial projects.
- The approval process for development projects often can take more than one year.
- Ratios the County uses to determine appropriate density, intensity, heights, etc. should be replaced by market-based ratios.
- Often, development leads to a “visual cacophony” that makes no sense due to haphazard application of planning principles.
- New roads leading to airport need careful planning to prevent wrong type of development.
- Roads and highways need to be designed to better support traffic in growing commercial areas.
- Code requirements for industrial uses need updating because they tend to look at an industrial project as a separate use with offsite impacts, which is not usually the case.

During the initial review of the real estate sector, preliminary data was collected to determine absorption rates of industrial and commercial development. This data allowed for a market benchmark with which to determine realistic land use requirements to meet long term demand.

After site survey work, database querying, and environmental review, it was determined that significant portions of zoned industrial and commercial parcels should not be included in the

inventory of lands identified to meet future development needs either from a standpoint of existing use or from scalability and locational issues.

In the analysis of whether adequate commercial and industrial land was available to meet development needs through 2025, it was concluded that in both categories adequate, zoned parcels existed, even though they might not be in the proper locations.

The final portion of the study included a review of Lee County's Comprehensive Plan and Land Development Code. BBP Associates, in conjunction with its sub-consultants, reviewed the relevant Comprehensive Plan and Development Code sections pertaining to industrial and commercial uses.

During this exercise, BBP Associates studied the concept of Mixed-Use Office and Industrial Parks, a concept formally known as Regional Activity Centers (RACs). These overlay centers allow more varied development that would include both industrial and commercial office uses to take place within a specific development area. Included within proposed Regional Activity Centers would be commercial office, industrial-flex, research and development facilities and limited retail to serve the needs of workers at these centers. These RACs would also conform to contemporary planning concepts known as "new urbanism."

In all, BBP Associates made several recommendations. Underlying the recommendations was the desire to encourage mixed-use commercial office and industrial centers and allow greater building intensity in order to maximize development potential without causing detrimental environmental impact. Greater intensity would also allow for greater land utility, thus extending its use to meet market demand.

### **Summary:**

Though Lee County continues to grow at a rate beyond even the most aggressive forecasts in recent years, adequate industrial and commercial lands exist to meet demand through 2025. However, land availability is only one part of the issue. Location and suitability are also key issues as are the future development models that will likely emerge over the next few years.

Lee County should encourage new development that better utilizes its land inventory while also reserving the most valuable commercial and industrial corridors for businesses and industries likely to locate there over the next two decades. This would include medical research groups, research and development companies, company headquarters groups, various financial and consulting firms and other "post-industrial" type firms that are increasingly a greater portion of

the U.S. workforce. Growth of the *Professional Business Services* and *Healthcare and Educational Services* employment classifications will be the primary development drivers in the decades to come.

Comprehensive Plan and Development Codes should reflect the trend toward greater mixed-use developments with multiple uses working within a single development structure. More and more, local developers have called for changes that allow for speedier reviews of commercial and industrial projects and also more perspective on how to integrate separate uses that allow for single developments to serve the needs of their users.

## **A. BACKGROUND**

### **1. Project Background**

The purpose of this study is to determine whether there is sufficient land in Lee County's unincorporated sections to meet the needs of future commercial and industrial growth. As outlined by Lee County officials during the solicitation of this study, the project aims would include identifying adequate and appropriate lands suitable for industrial, commercial and tech-flex uses to diversify the County's economy, promote future economic development, attract higher wage employers and bring new businesses into the area. The County's objectives included:

- Identify adequate and appropriate lands suitable for industrial, commercial and tech-flex uses;
- Attract high wage businesses and target cluster industries to the County;
- Enhance Quality of Life;
- Diversify Tax Base;
- Meet short-term and long-term needs of current and future County residents.

The study identified several specific components for study including County database of lands, Comprehensive Plan and Recent Amendments, the 1993 Industrial Lands Inventory and the Land Development Code.

### **2. Lee County, Florida Information**

Lee County is located on the Gulf coast in the southwest region of Florida. The municipalities of Fort Myers, Cape Coral, Fort Myers Beach, Sanibel and Bonita Springs are included within the County borders. More than 550,000 persons reside within the County and the population in the unincorporated regions totals approximately 293,000, 53% of the total population. Cape Coral is the largest of the municipalities, with a population of approximately 140,500, followed by Fort Myers, with 61,500 persons.

Lee County is the largest county in the Southwest Florida region in terms of population. According to recent Census surveys, Lee County is the eighth largest county in Florida in population. The Fort Myers/Cape Coral metropolitan statistical area is the tenth largest in the state.

In physical terms, Lee County covers an area of 804 square miles. Density, at 548 persons per square mile, is well above the state average of 296 persons per square mile. In physical terms, Lee County is smaller than its neighbor to the south, Collier County, with 2,025 square miles, but only 120 persons per square mile. Charlotte County, to the north, totals 693 square miles with 204 persons per square miles.

Given its advantage in terms of population density in southwest Florida, Lee County is the leading business center for the region.

### 3. Recent Trends

Lee County is the fastest growing county in Florida and one of the top ten leading growth counties in the U.S. From 1990 to 2005, the population of Lee County grew by 61%. Population grew by 31% between 1990 and 2000 and 23% between 2000 and 2005. The compounded growth rate over 15 years is 3.3%.

Historically, Lee County has been a retirement haven, particularly popular among Northern “rust belt” residents. The availability of cheap land and attractive financing terms fueled the County’s growth for most of the decades after World War II. However, in recent decades Lee County has transformed itself into the region’s primary business center. Quality of life has been a key element of this growth, with access to the ocean and favorable climate being the primary draws.

Statistical data shows not only the growth of population and households in Lee County, but also the growth in household income, which is beneficial for further commercial development. Household income figures are shown in the table below. Lee County maintains higher household income levels than does the state of Florida and is roughly even with the U.S. median household income level of \$46,242.

Household Income Comparisons						
	1990	2000	2005	% change (90-00)	% change(00-05)	% change cmpd. (90-05)
Lee County	\$28,448	\$40,319	\$46,053	41.7%	14.2%	3.26%
Florida	\$27,483	\$38,819	\$42,433	41.2%	9.3%	2.94%
U.S.	\$30,056	\$41,994	\$46,242	39.7%	10.1%	2.91%

Sources: U.S. Census Bureau, BBP Associates

Lee County continues to outpace both Florida and U.S. household income growth rates. Compounded annual growth in household income for Lee County is 3.26% over the 15 year period since 1990, significantly above both that of Florida and the U.S.

### 4. Lee County and Surrounding Counties

As mentioned above, Lee County is the leading business center in the southwestern Florida region. Not only does Lee County serve as the primary business center for the region, it also tends to provide employment for the majority of its residents. As the table below shows, more than 92% of workers in Lee County also live in Lee County.

Work in Lee County and Live in:	Number	Percent
Lee Co. FL	161,939	92.26
Collier Co. FL	5,068	2.89
Charlotte Co. FL	3,646	2.08
Hendry Co. FL	1,164	0.66
Other	3,703	2.11
Total	175,520	100.00

Source: Florida Agency for Workforce Innovation -- From 2000 Census

At 92%, this level is much higher for Lee County than for both Charlotte and Collier Counties, where less than 85% of the workforce also live in the same counties.

## 5. Infrastructure Update

The development of Lee County’s infrastructure in recent years includes the expansion of the Southwest Florida International Airport as well as the development and expansion of Florida Gulf Coast University. These two growth drivers are helping to attract greater interest among firms wanting to locate facilities within its borders.

Located off of Interstate 75, the Southwest Florida International Airport ranks as among the 60 busiest in the nation. It serves both the domestic market and the international market. The airport also offers a host of cargo services and is designated a Foreign Trade Zone. The recent expansion of the terminal complex totaled \$438 million and included expanded parking, new road access and additional taxiways. In 2005, passenger traffic exceeded 7.5 million.

Florida Gulf Coast University was opened in the fall of 1997 and is situated on 760 acres along Alico Road in the bustling southeastern section of Lee County. The University has both undergraduate and graduate level programs and includes both MBA and MPA programs. More than 7,000 students are enrolled in full-time and part-time educational programs.

## 6. Leading Economic Sectors/Industry Clusters

Key to any land use study involving commercial office and industrial use is the anticipated future economic activity, which is best understood by looking at dominant employment sectors and comparing them to regional and national levels. An industry cluster analysis is a useful tool in presenting dominant employment sectors. The table below shows ten North American Industry Classification Standards (NAICS) codes specifically selected for comparison between Lee County and State and National levels. This data may vary slightly from employment data shown elsewhere in this report. The data was carefully selected from multiple data sources, where the data was consistent between the entities being compared.

<b>Industry Cluster Analysis (Data from June 2006)</b>						
	<b>Lee County</b>	<b>Florida</b>	<b>U.S.</b>	<b>% of Total</b>		
<b>NAICS Classification</b>				<b>Lee County</b>	<b>Florida</b>	<b>U.S.</b>
Construction	36,800	644,850	7,881,626	16.10%	8.05%	5.91%
Manufacturing	7,621	404,350	14,255,066	3.33%	5.05%	10.70%
Trade, Transport, Util.	48,269	1,599,200	26,038,322	21.12%	19.96%	19.54%
Information	4,060	167,700	3,065,482	1.78%	2.09%	2.30%
Financial	14,100	547,200	8,221,775	6.17%	6.83%	6.17%
Prof. Business Svcs.	28,800	1,344,200	17,647,329	12.60%	16.78%	13.24%
Education/Health	21,200	968,100	16,878,587	9.28%	12.08%	12.66%
Leisure/Hospitality	27,317	902,600	13,579,467	11.95%	11.27%	10.19%
Other	9,300	335,400	4,452,636	4.07%	4.19%	3.34%
Fed., State, Loc. Govt.	31,060	1,098,100	21,256,724	13.59%	13.71%	15.95%
<b>Total</b>	<b>228,527</b>	<b>8,011,700</b>	<b>133,277,014</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Sources: Bureau of Labor Statistics, Florida Agency for Workforce Development, FRED Database

The most dominant statistical comparison involves the *Construction* category, with Lee County showing more than 16% participation among the 10 categories selected, whereas both Florida and the U.S. show less participation in this category. Though a slight degree of distortion may exist in this statistical category, Lee County shows a surge in construction employment that took place from 2004 through the third quarter of 2006. Though construction activity appears to be lessening, comparisons to both Florida and the U.S. shows a clear cluster advantage. As the

commercial sector of Lee County continues to expand, construction activity will maintain high levels within workforce statistical surveys.

An additional NAICS sector that deserves comment is the *Professional Business Services* category. Though the cluster analysis does not show this sector as a standout compared to Florida and the U.S. , other data shows that this is the fastest growing employment sector in the region. Recently, Lee County's Economic Development Office presented data that showed the *Professional Business Services* category growing at an annual rate of 6.8%, outpacing all other sectors except for Leisure and Hospitality, which also grew at an annual rate of 6.8%.

Over the next decade it is likely that Lee County will show greater dominance from both *Professional Business Services* and other "white collar" employment classifications. Recent information published by Florida workforce agencies shows that employment categories growing at greater than 3% annually include the following:

- Networking Systems and Data Analysts;
- Medical Assistants;
- Business Consultants;
- Computer Software Engineers, Applications;
- Computer Software Engineers, Systems Software;
- Database Administrators;
- Physical Therapists;
- Employment, Recruitment, Placement Specialists;
- Financial Advisors and Financial Products Representatives.

The future of business growth in Lee County and Florida as a whole will increasingly be driven by professional office and research type industries.

## **7. Strengths/Challenges/Opportunities**

Lee County is one of the fastest growing counties in the U.S. according to the Bureau of Labor Statistics. This growth has challenged local community planning officials and development partners. Evidence of this growth includes the continued escalation in land values and home prices as well as the continued growth of retail and service employment.

This growth presents opportunities and challenges to the region. Below is an assessment of Lee County's strengths and opportunities as well as challenges that community development officials will need to address.

***a. Strengths***

Situated in favorable climate with abundant recreational opportunities;

Strong community with local input and participation;

Excellent quality of life with good neighborhoods, schools and attractive retail shopping;

Dominant business center of Southwest Florida;

Recent upgrades to airport and transportation access thereto will facilitate future growth of the region;

Development of Florida Gulf Coast University offers additional educational and training opportunities for the region.

***b. Challenges***

Trying to maintain community life while grappling with rapid growth;

Maintaining ability to manage environmental impacts in the face of rapid population influx;

Managing infrastructure development to facilitate rapidly expanding commercial, industrial and residential centers;

Maintaining a highly skilled workforce to meet the employment opportunities of tomorrow;

Promoting redevelopment of areas previously developed before rapid growth occurred.

***c. Opportunities***

Lee County can plan now to manage growth in such a way as to build better urban and suburban spaces in the future.

Lee County can capitalize on recent transportation and infrastructure improvements in shaping development;

Lee County can promote its quality of life and public services to attract the industries of the future.

Lee County can implement innovative commercial development planning to better utilize its land resources, lessen environmental impacts and enhance community life.

## **B. PROJECT INITIATION AND STAKEHOLDER INTERVIEWS**

### **1. Description of Work Performed**

BBP Associates held initial meetings with Lee County Officials from the Department of Community Development and the Economic Development Office.

Additionally, interviews with community stakeholders were also conducted and are discussed in further detail in sections B and C of this report. BBP Associates also toured Lee County extensively with the assistance of its locally based sub-contractor. This tour included, but was not limited to, the heavy industrial portion of Alico Road, new roads recently opened along the airport, Florida Gulf Coast University and potential infill opportunity sites. Upon completion of this kickoff trip, BBP Associates composed and mapped out a plan for engaging in land parcel site analysis.

### **2. Persons Interviewed**

BBP Associates conducted on-site interviews with a variety of invested community stakeholders at the Lee County Economic Development Office, including the following persons:

- Edward Adkins, MEL-RE Development-Construction
- Hal Arkin, D'Alessandro & Woodyard
- Chris Bundschu, Bundschu Kraft, Inc.
- Alan Freeman, Southwest Florida Capitol Corporation
- Bruce Gora, Gora/McCahey Architects
- Ron Inge, Horizon Council
- Dan Miller, Re/Max Realty Group
- Steve Shimp, Horizon Council
- Greg Toth, Select Real Estate
- Christy Vogt, Horizon Council
- Bob White, Bob White, Inc.

### **3. Basic Interview Questions**

BBP Associates prepared an interview template to ensure that basic, necessary questions were asked of the subjects who had volunteered their valuable time for this project. The interviews were of course not limited to the following questions, and often evolved into subjects related to their field of the subject's specialization: development, real estate, small business, etc. Further, BBP Associates prepared an additional template relating to specific projects if the interviewee could project any tangible information to further understand the development market in Lee County. The following questions made up the initial template for each interview BBP Associates conducted:

- How much land will be needed for future commercial/ industrial growth?
- Where in Lee County should future growth be expected?

- What changes to Lee County land use regulations are needed to enhance future commercial/industrial growth prospects?
- What are the business trends/growth industries of Lee County? What do these industries look for when searching for opportunity sites in Lee County?
- Could you provide insight into the work commutation patterns of Lee County's workforce? How does this impact current potential commercial sites?
- Are you familiar with the County's land use plan? Will it aid the overall development of the County? How can it be improved? Are there parts that are outdated?
- What is your future vision for the County? What industries should the County seek to grow and develop, the size of companies, areas of the County for future development?
- What obstacles exist to implement this vision?
- How much land is usually absorbed annually for commercial, industrial and residential purposes?
- Can you identify key highway intersections or interchanges where vacant land serviced by utilities exists?
- What are typical rents in the area: office, retail and industrial? Are these full service or triple net rates? Do you see trends in these rents?
- What are land prices per square foot (PSF) for commercial and industrial land?
- Do you have any insight into local absorption rates (retail, office, industrial)?
- What types of industries are contacting you to develop? What are their requirements?
- Do you know of specific County regulations that act as a deterrent to commercial and industrial growth?
- Is the infrastructure (utilities, telecom) in place for development in/near the airport area?
- Other than the airport area, what other locations in Lee County should be considered for industrial/ commercial growth?
- What percentage of land use should be dedicated to commercial/ industrial versus residential to maintain a balanced community?
- Has the County lost any expanding companies/firms primarily due to land use regulations?

#### **4. Summary of Interview Comments**

The following comments represent the main points conveyed to BBP Associates during the course of the interview period with Lee County stakeholder groups.

- Industrial Planned Developments (IPD) contain bad frontage regulations; regulations allow only a certain amount of office space within an industrial development; the limit on such office space is too low
- Need comprehensive plan changes to attract potential research parks; increase openness to mixed uses, same with potential business parks regulations
- Can only do mixed use projects under Developments of Regional Impact (DRI), and the rates do not work; the regulations need to allow retail as well
- The area traffic infrastructure is not prepared to support big distribution entities

- Recently have lost large parcels to residential downgrading; however, some parcels are going the other way (to industrial/commercial)—this is a market driven pendulum; which naturally will create NIMBYism by existing residential users who do not desire industrial/commercial businesses near them
- Need incentives to pull together small lots for commercial/industrial development
- Impediments of planned development exist since the development code forces one to split up sites; the code often limits an owner to such an amount of use even if the owner owns two sites near each other and could combine the sites
- Approval process can take more than a year
- County needs to get rid of its ratios in favor of market-based ratios of density ceilings for use in final totals
- Often, development leads to a ‘visual cacophony that makes no aesthetic sense’ due to haphazard planning
- Cut down the Air Installation Compatible Use Zones, so that there is less need to categorize adjacent areas as industrial
- Need more workforce housing; regulations do not allow for enough density to drive down costs to make workforce housing economical to develop
- Horizon Council did take a stand on workforce housing in July vs. raising the developer impact fees
- The “urban lines” are in the wrong place; their design forces sprawl; and further, the urban roadways need to be designed to carry more traffic
- Need to design urban roadways to carry more traffic
- Future looks bright with I-75 being expanded, \$1 billion targeted for the airport; county needs to think of the future to capitalize on this investment
- As an example of good regulations, look at flex-space design used in Fort Lauderdale
- As an example of bad code writing, current code requires product showrooms to be separate from warehouse space
- Growth should be targeted to pay for such growth instead of property tax rates being raised to new levels
- Need to spread message across the region about need to plan better, concern about property placement of land must be a joint effort
- Density should be raised on infill parcels that are being examined
- The state “concurrency” regulations hinder in-fill development and must be addressed to curtail sprawl for long term health of the area
- The cities are easier to work with than the County and are willing to waive fees so that property owners want to be annexed
- To the north of Lee Boulevard, redevelopment is needed, although it is too remote for business parks
- Public transit is always “in the red,” and is used primarily by low income persons
- Need the support of the news media; media coverage is inconsistent with regard to support of regulations that would aid development and good planning
- No shipping or intermodal facilities exist, which does not aid Lee County as a potential transportation center
- County no longer allowing mining permits, which is a good thing

- Alico Road is main source of heavy industrial, and not pleasant at all visually; Lee County should not make that mistake with other roads along the airport route
- New roads along airport open up potential for airport development; development will come too quickly and be poorly done if not carefully planned
- New type of residents are coming into Lee County; not just ‘snow birds’ but families looking to relocate; the economy is no longer solely based on tourism
- Any new land use plan must look to Cape Coral as a cautionary tale; this community is mainly built out and seeking infill areas to satisfy industrial/ commercial needs.

## **5. Summary: Project Initiation and Stakeholders Interviews**

The initial project meetings and interviews were designed to draw in as many participants to the process of analyzing land use in Lee County and determining areas in which to focus for the purposes of the study. The interviews included persons engaged in real estate services, real estate development, community planning, urban studies and planning, and architecture and design.

Project initiation included a determination of a process by which future field trips to Lee County would include site surveys of selected commercial and industrial land parcels in the County. These field trips would make appropriate notation of whether a particular parcel contained enough acreage for adequate scale for economic development targeting, whether environmental restrictions would deter future development, and whether locational issues would facilitate or discourage development. This information gathered from parcels of significant size would be compiled with data from Lee County’s online GIS database, which includes significant information about land size, wetlands percentages, suitability for development based on location and entitlements.

## C. COMMERCIAL/INDUSTRIAL REAL ESTATE ANALYSIS

### 1. Background

BBP Associates studied the current land use in the unincorporated areas of Lee County, Florida. The task involved collecting information about current industrial and commercial office acreage and determining future needs for additional acreage for industrial and office use.

BBP Associates studied the current real estate trends for Lee County and the adjacent Collier County in order to gain a view as to current market conditions, demand for space, absorption rates for industrial and commercial office space and price information in order to have a larger conceptual view of demand for existing land. BBP Associates also looked at employment growth and how growth would determine marginal demand for office and industrial space through Year 2025.

The accompanying analyses and tables support the conclusions drawn herein regarding Lee County's current inventory of industrial and commercial office acreage and how much, if any, the county should add to existing inventory in order to plan out to the Year 2025.

### 2. Analyses

**Table 1 –**

<b>Lee/Collier Counties - Florida</b>					
<b>Industrial/Warehouse Space Inventory</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Total inventory	4,603,221	5,159,750	5,293,767	5,957,991	5,943,172
Inventory occupied	3,829,878	4,313,551	4,732,628	5,454,541	5,467,718
Inventory vacant	773,343	846,199	561,139	503,450	475,454
Avg. rent per sq.ft.	\$6.03	\$6.37	\$6.58	\$6.60	\$6.85
Vacancy rate	16.80%	16.40%	10.60%	8.45%	8.00%
Estimated land value per sq.ft.	\$5.50	\$6.00	\$7.00	\$9.00	na
Estimated bldg. value per sq.ft.	\$42.65	\$43.64	\$75.00	\$90.00	na
Annual absorption rate sq.ft.	178,170	375,225	273,980	818,500	262,200
<b>Five Year Avg. Absorption (sq. ft.)</b>	<b>381,615</b>				
Sources: Bob White, Inc.; Stan Stouder, CB Richard Ellis; LoopNet.					
(Note: excludes industrial space of less than 25,000 sq.ft.)					

Industrial warehouse space has shown a strong growth trend over the four-year period through 2005. In 2006, there was a net loss of approximately 15,000 square feet, according to data provided by C.B. Richard Ellis. The sector has achieved positive annual net absorption of greater than 381,000 square feet on average since 2002. In tandem with the absorption levels is the vacancy rate, which has been cut in half since 2003. Rents have trended higher as well to an average of \$6.85 per square foot as of the end of 2006. Land and building values have skyrocketed during this same period. This asset price escalation reflects total demand for land for alternate uses. According to a prominent commercial broker in the region, demand for additional residential land use and other commercial uses has driven land values up. This escalation should

place a floor on rental rates as new development would have to recoup the cost of the land by maintaining the current rental levels.

It is important to note, that this set of statistics reflects a two-county area and excludes a significant portion of industrial use. Industrial class buildings of less than 25,000 square feet are excluded from this statistical set. Absorption for the two-county area has trended to levels above historical levels; this trend suggests that Lee County absorption levels are rising as well. If buildings of less than 25,000 square feet were included in this data set, absorption levels would trend even higher than the long term trend.

A closer look at Lee County apart from Collier County shows a strong recent trend in new industrial space of greater than 25,000 square feet.

**Table 2 --**

<b>Lee County, Florida</b>					
<b>Industrial Space Absorption</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Square Footage</b>	116,400	403,550	80,950	828,700	262,200
<b>Five Year Average</b>	<b>338,360</b>				

Source: CB Richard Ellis

The five year average for Lee County appears to be in an upward trend. Typically, Lee County builds more industrial and industrial/flex space than does Collier County. Collier County experienced negative absorption both in 2003 and 2005 while Lee County experienced strong absorption. Real estate data for 2006 identifies more than 920,450 square feet of additional industrial space currently under construction for the region, most of it in Lee County, which will have to be absorbed in a period of economic slowdown nationwide.

**Table 3 –**

<b>Lee/Collier Counties -- Florida</b>				
<b>Commercial Office Space Inventory</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Total Inventory	4,620,753	4,731,669	5,169,466	6,470,312
Inventory Occupied	3,784,397	4,239,575	4,755,909	5,726,226
Inventory Vacant	836,356	492,094	413,557	744,086
Avg. rent per sq.ft.	\$16.52	\$16.29	\$22.10	\$22.73
Vacancy rate	18.10%	10.40%	8%	11.50%
Estimated bldg. value per s.f.(from sales data)		\$95.00	\$165.17	\$200.00
<b>Annual Absorption Rate s.f.</b>	<b>48,025</b>	<b>563,070</b>	<b>1,031,520</b>	<b>673,430</b>
Sources: CB Richard Ellis, Loopnet, BBP Associates			<b>4 Yr. Average -----&gt;</b>	<b>579,011</b>
(Note: Office Category excludes buildings less than 15,000 sq.ft. and also government offices.)				

Table 3, above, shows recent data on commercial office space for Lee and Collier Counties. As with the previous data set, a significant portion of commercial office space is excluded that would likely show even greater absorption levels. Buildings of less than 15,000 square feet are

excluded from study as are government office buildings. Additionally, this data focuses on Class A and B office space and does not include lower grades of office space.

Demand for commercial office space has driven down vacancy rates from 18% in 2003 to 11.5% in the last reporting period. However, the vacancy rate was as low as 8% in 2005, and moved up significantly in the last year. Absorption dropped from a large increase in 2005. In all, the unincorporated portion of Lee County contains in excess of 34.6 million square feet of commercial space of all types and grades according to data provided by the Lee County Planning Office. Office rents have increased dramatically from \$16.52 per square foot in 2003 to \$22.73 per square foot in 2006. As well, building values have soared, due to the strong area economy, continued demographic trends and growth of office professional sectors of the job market. Recent data from real estate sources indicates that Class A and B commercial office space is selling for rates of \$200 or more per square foot, depending on location and other features. Additionally, the wave of hurricanes in Florida in 2005 added significantly to construction and building operating costs that do not appear to be abating.

The next table takes a closer look at Lee County apart from Collier County. Data provided by CB Richard Ellis on Lee County office and retail absorption reveals a strong upward trend in retail square footage absorbed over the past year (2006). Retail net absorption exceeded 2.6 million square feet, well above near-term trends. Commercial office absorption totaled 950,000 in 2005 and 485,000 in 2006, comfortably above the five-year average of 396,400 square feet.

**Table 4 –**

<b>Lee County, Florida</b>							
<b>Commercial Absorption of Retail and Office Square Footage</b>							
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Retail</b>	25,200	301,000	704,700	310,000	658,000	691,000	2,690,000
<b>Office</b>	na	na	155,000	48,000	344,000	950,000	485,000
<b>Office Five-Year Absorption Avg.</b>				<b>396,400</b>			
Retail Six -Year Absorption Avg.*				448,317			
Retail Seven-Year Absorption Avg.				768,557			
<b>Middle Number</b>				<b>608,437</b>			
<b>Commercial( retail + office) Absorption Estimate -----&gt;</b>						<b>1,004,837</b>	
*Six year retail absorption avg. excludes 2007 data.							
All Data Provided by CB Richard Ellis, with backup data by Fishkind Econocast.							

According to local real estate experts, more than 1.9 million square feet of new office construction is underway in the Lee/Collier County region, which will add significantly to the base of 6.5 million square feet of Class A and B inventory of significant scale. Real estate experts believe that continued strong employment growth should allow for normal absorption of this added inventory.

Total near-term commercial and retail absorption for Lee County is estimated to be slightly more than 1 million square feet annually. However, this estimate excludes commercial projects below a specific scale and thus understates total absorption. Data provided by the Lee County Planning

Office, for the period of 1990-2004, shows long term absorption of approximately 1 million square feet of commercial space and approximately 360,000 in industrial space. These absorption levels would include smaller development projects as well that are not counted in other surveys.

**Table 5 --**

<b>Lee County, Florida</b>		
<b>Long-Term Absorption of Commercial and Industrial Space*</b>		
	Commercial	1,000,000
	Industrial	360,000
*Period is for 1990-2004		
Source: Lee County Planning Office		

The following table shows Lee County’s land inventory and the change from 1988 to the present. The table presents the land for unincorporated Lee County and includes the major use categories including both active and passive agricultural uses and wetlands.

**Table 6 –**

<b>Lee County: Change in Land Use Comparison -- 1988 to 2006</b>				
<b><u>Land Use</u></b>	<b>1988</b>	<b>2006</b>	<b>Difference</b>	<b>% Change</b>
<b>Total County Acres</b>	<b>389,472</b>	<b>361,517</b>	<b>-27,955</b>	<b>-7.2%</b>
Industrial	1,330	1,614	284	21.4%
Commercial	3,291	4,640	1,349	41.0%
Residential	33,513	49,084	15,571	46.5%
Public/Quasi Public	36,996	57,958	20,962	56.7%
Active Ag	31,821	29,501	-2,320	-7.3%
Passive Ag	72,607	55,087	-17,520	-24.1%
Wetlands	85,880	82,491	-3,389	-3.9%
Vacant	124,034	81,141	-42,893	-34.6%
<b>Total</b>	<b>389,472</b>	<b>361,517</b>	<b>-27,955</b>	<b>-7.2%</b>
Source: Lee County Planning Division				

Lee County contains a total of 361,517 acres within its boundaries, exclusive of the incorporated entities therein. Annexation over the past 17 years has reduced the unincorporated area by approximately 28,000 acres. During the same time, industrial, commercial and residential use areas were increased at the expense of vacant and agricultural uses. Commercial land use increased by 41% during this period, while industrial use increased by 21.4%. Residential use increased by 46.5% during the same period. Public land use also experienced a large increase, while wetlands sustained a loss of 3.9% in total acreage.

**Table 7 –**

<b>Lee County, Florida</b>					
<b>Comparison: Industrial and Commercial Office Zoning and Land Use</b>					
	<b>Industrial</b>			<b>Commercial</b>	
Currently Zoned Acres	5,972		Currently Zoned Acres	11,150	
Less Res., Comm., Public Use	2,510		Less Res., Comm., Public Use	3,136	
Remaining Zoned Acres	3,462		Remaining Zoned Acres	8,014	
Zoned and Used Industrial	1,119		Zoned and Used Commercial	3,147	
Remaining Zoned Acres	2,343		Remaining Zoned Acres	4,867	
Current Industrial Use	1,614		Current Commercial Use	4,640	

Source: Lee County Planning Division

Not all of the current acres zoned for both industrial and commercial uses are being used. In the industrial area, a total of 5,972 acres is zoned for such use, while 1,614 acres is used for industrial. Of the 1,614 industrially used acres, 1,119 are zoned for such use. The remaining 495 acres are used for industrial but are zoned for other uses. More than 3,400 acres in the industrial zoning category are used for other purposes that make them unlikely to be converted to industrial uses. This leaves 2,343 acres in the industrial zoning category not yet developed. For commercial office, more than 11,000 acres are zoned; however, 3,136 acres are used for other purposes, while 3,147 commercially zoned acres are developed within the commercial zoning category. The commercial sector has an additional use of 1,493 acres from other zoning categories. Total use is 4,640 acres. What remains is 4,867 acres of undeveloped commercially zoned acres.

**Table 8 –**

<b>Demand Factors in Lee County: 1988 to Now</b>					
<b>Factor</b>	<b>Comparison</b>			<b>Compound Growth Rate</b>	
	<b>Then: 1988</b>	<b>Now: 2005</b>	<b>Difference</b>		
<b><u>Demographics</u></b>					
Population (1)	312,383	549,442	237,059	3.3%	
Households (3)	129,800	235,150	105,350	3.8%	
Employees (2)	139,577	253,000	113,423	3.8%	
Businesses (2)	9,146	15,126	5,980	2.8%	

Sources: (1) Florida's Bureau of Economic Research (2) Lee County Economic Development Office (3) Census Bureau (4) BBP Associates

Demand factors for Lee County include a strong general population growth trend of more than 3% annually, as well as strong annual household growth of 3.8% and the same growth rate for employees. Three of the four factors have grown at a compounded annual rate of better than 3% during this 17 year period. Business growth is also strong, albeit at a lower rate of 2.8% over this period.

**Table 9 –**

<b>Projected Population Growth in Lee County</b>					
	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>
low	NA	594,800	652,800	700,200	736,500
medium	549,442	648,400	741,700	828,500	906,200
high	NA	698,200	830,800	966,900	1,104,700

Source: Florida's Bureau of Economic & Business Research  
Population growth projections for Lee County through 2025.

The same growth drivers mentioned above will likely keep Lee County growing at a rapid rate for the next two decades. Recent Bureau of Labor Statistics (BLS) information cited Lee County as one of the top ten counties in the U.S. for job growth. The middle estimate of population growth, as provided by the University of Florida's Bureau of Economic and Business Research, places the population count through Year 2025 at approximately 900,000 persons. This rate assumes a growth rate of 2.5% annually, significantly less than the historical trend. If the historical trend of growth continues, Lee County's population will total more than 1.1 million by Year 2025.

Table 10 looks at Lee County's employment classifications using the Bureau of Labor Statistics' North American Industry Classification System (NAICS) codes. Employment data is critical to understanding Lee County's future land needs because employment growth is the key driver of commercial and industrial activity as well as a key component of residential housing growth.

**Table 10 –**

<b>Employment Growth in Lee County</b>								
	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>% of Total--2005</b>	<b>Growth Rate</b>	<b>% of Total--2025</b>
<b>Total Employment</b>	<b>226,947</b>	<b>258,321</b>	<b>294,744</b>	<b>337,152</b>	<b>386,675</b>	100%	2.70%	100%
Manufacturing	6,410	6,838	7,294	7,780	8,299	2.82%	1.30%	2.15%
Construction	28,982	33,192	38,014	43,537	49,861	12.77%	2.75%	12.89%
Transport, Warehousing	2,586	2,718	2,857	3,002	3,155	1.14%	1.00%	0.82%
Wholesale Trade	6,476	7,256	8,129	9,108	10,205	2.85%	2.30%	2.64%
Retail Trade	34,064	36,697	39,533	42,588	45,879	15.01%	1.50%	11.87%
Information	4,274	4,719	5,210	5,752	6,351	1.88%	2.00%	1.64%
Financial Svcs.	12,424	13,717	15,145	16,721	18,461	5.47%	2.00%	4.77%
Prof. Bus. Svcs.	27,340	34,480	43,485	54,841	69,164	12.05%	4.75%	17.89%
Educ. And Health	20,241	24,040	28,552	33,911	40,275	8.92%	3.50%	10.42%
Leisure & Hospitality	26,751	29,535	32,609	36,003	39,751	11.79%	2.00%	10.28%
Other Svcs.	8,602	9,591	10,693	11,922	13,293	3.79%	2.20%	3.44%
Government	30,888	34,777	39,155	44,085	49,635	13.61%	2.40%	12.84%
Self Employed	17,909	20,761	24,068	27,902	32,346	7.89%	3.00%	8.37%

Note: employment data excludes agricultural, mining, utilities and is not seasonally adjusted.  
Sources: Lee County Economic Development Office, Florida Agency for Workforce Innovation, BBP Associates

The employment picture for Lee County shows strong future growth in two key sectors: *Professional Business Services* and *Educational and Health Services*. *Professional Business*

*Services* is expected to grow by more than 4% annually over the next two decades and will become the largest single job classification sector for Lee County. By Year 2025, *Professional Business Services* will cover almost 18% of total employment in Lee County, or roughly one out of every six jobs. Approximately one out of every four new jobs will be created in this sector as well. *Educational and Health Services* will grow by 3.5% annually and will be approximately 10.4% of the employment sector. Both categories combined will total 28.3% of the employment sector by 2025. Such growth implies more demand for commercial office space. Industrial job growth will grow at a much smaller pace. Manufacturing job growth will increase at 1.3% annually, while wholesale trades will grow at 2.3% and transport and warehousing at 1%. Employment in *Leisure and Hospitality, Retail* and the *Construction* trades will grow at slower rates as well, but because all three categories are large job classifications in Lee County, they will add significantly to the overall growth numbers.

In order to make projections for future land needs in both industrial and commercial categories, it is necessary to split the job classifications into two categories so that those sectors that contribute to industrial growth can be examined separately from those that are involved in driving commercial office growth. Tables 11 and 12 show the two divisions, with Table 11 showing industrial sector categories, and Table 12 showing commercial office categories. One NAICS sector, *Other Services*, was split between industrial and commercial distinctions because this sector is a broad category that will include workers engaged both in industrial and commercial work. However, the majority of such classified workers are assumed to be engaged in service jobs that are predominately commercial office in nature.

**Table 11 –**

<b>Drivers of Demand -- Industrial Space</b>						
<b>Employment in:</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2025</b>	<b>Diff. 2005-15</b>	<b>Diff. 2015-25</b>
Manufacturing	6,410	6,838	7,294	8,299	884	1,005
Construction	28,982	33,192	38,014	49,861	9,032	11,847
Transport, Warehousing	2,586	2,718	2,857	3,155	271	298
Wholesale Trade	6,476	7,256	8,129	10,205	1,653	2,076
Other Services (10% in industrial)	860	959	1,069	1,329	209	260
<b>Total:</b>	<b>45,314</b>	<b>50,963</b>	<b>57,363</b>	<b>72,851</b>	<b>12,049</b>	<b>15,488</b>

\*Other Services includes Contractors, Self Employed, Temporary, Unclassified Occupations.

Sources: Table 10, BBP Associates

Employment in the industrial sectors of the economy was examined in order to capture growth drivers for industrial space. By far, the biggest component of the industrial sector is the *Construction* category. If this component were removed or modified to reduce its contribution to industrial job growth, then this sector would see anemic overall job growth in the future. Of the approximately 28,000 jobs expected to be created by Year 2025 in the industrial sector, 21,000 or 75% of them are construction related. *Manufacturing*, traditionally the main component of industrial space needs, will grow by less than 2% annually over the next two decades. Total manufacturing jobs will grow by only 1,900 positions. *Transport and Warehousing* will also deliver negligible job growth for Lee County, while *Wholesale Trade* will deliver approximately 3,800 positions over the next two decades. Weak job growth outside of the *Construction* sector will challenge calls for additional industrial land accumulation.

**Table 12 –**

<b>Drivers of Demand -- Commercial Office Space</b>							
	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2025</b>	<b>Diff. 2005-15</b>	<b>Diff. 2015-25</b>	
Information	4,274	4,719	5,210	6,351	936	1,141	
Financial Svcs.	12,424	13,717	15,145	18,461	2,721	3,316	
Prof. Bus. Svcs.	27,340	34,480	43,485	69,164	16,145	25,679	
Educational/Health Svcs.	20,241	24,040	28,552	40,275	8,311	11,723	
Other Services (60% in commercial)*	5,161	5,754	6,416	7,976	1,255	1,560	
<b>Total:</b>	<b>69,440</b>	<b>82,710</b>	<b>98,808</b>	<b>142,227</b>	<b>29,368</b>	<b>43,419</b>	
*Other Services includes Contractors, Self Employed, Temporary, Unclassified Occupations.							
Sources: Table 10, BBP Associates							

Growth in the commercial office market will place demands for development of additional land currently reserved for commercial uses. Strong job growth is anticipated, with *Professional Business Services* leading the growth. Of the approximately 73,000 positions expected to be created over the next 20 years in the commercial office area, 42,000, or 57%, will be from the *Professional Business Services* component. These positions will be almost exclusively white-collar jobs requiring high grade, Class A type office space. Additionally, the continued need for space for *Health Care and Educational Services* area will place demands for specialty office space.

### **3. Summary: Commercial / Industrial Real Estate Analysis**

Using the data provided from the previous two tables, Table 13 provides an initial analysis and recommendation of how much commercial office and industrial land will need to be developed to meet anticipated demand. This analysis is based on using a traditional approach to predicting future land needs to support industrial and commercial job growth. This approach involves the use of a standard worker per utilized land acre ratio and then projecting future land needs by holding that ratio constant. Rather than rely on standard industry ratios, however, BBP Associates used the current Lee County ratios and extrapolated them to determine future needs.

The table below uses both demand drivers presented in previous tables—the numbers of commercial office and industrial workers—and the supply of land in both industrial and commercial categories presented in previous tables. Thus, the numbers of workers in each category—industrial and commercial office—are divided by utilized acres. By linking supply with demand, Table 13 allows for an analysis of how much available and undeveloped land would be used to meet anticipated employment growth through Year 2025.

The table shows that with the current Lee County worker to acreage ratios, an additional 988 industrial acres would need to be developed by Year 2025, and 4,842 acres of commercial office land would need to be developed for the same period.

**Table 13 –**

<b>Future Land Needs: Industrial and Commercial Office</b>					
<b>Analysis of Needs</b>	<b>2005</b>	<b>2015</b>	<b>2025</b>		
Commercial office employees per acre	15	15	15		
Industrial employees per acre	28	28	28		
				Difference	
	<b>2006*</b>	<b>2015**</b>	<b>2025**</b>	<b>2006-15</b>	<b>2006-25</b>
Commercial Office Acres	4,640	6,587	9,482	1,947	4,842
Industrial Acres	1,614	2,049	2,602	435	988
<b>Total Industrial/Commercial Office</b>	<b>6,254</b>	<b>8,636</b>	<b>12,084</b>	<b>2,382</b>	<b>5,830</b>
*Acreage represents utilized acreage.					
**Projected based on current ratios					
Note: Ratios on first two lines under "Analysis of Needs" are derived from dividing workers (Tables 11, 12) by acres.					
Sources: Lee County Planning Division, BBP Associates					

## **D. PROJECTIONS OF COMMERCIAL AND INDUSTRIAL LANDS**

### **1. Background**

While Table 13 provides a usable method to determine future land needs for industrial and commercial office uses, it is also believed that other more market-based methods are equally valid. While the guidelines in Table 13 are widely used for studies making comparisons and projecting future land needs, they often fail to live up to realistic assumptions regarding how much new development can be absorbed in a given market area.

As an alternative to ratio application, BBP Associates analyzed the absorption rates of square footage of real estate space for both industrial and commercial uses. Square foot absorption rates are generally stable over long time periods in industrial and commercial real estate markets. These absorptions tend to place a constraint on development assumptions derived from ratios of workers to space.

In determining land use demand using the Table 13 approach, BBP Associates chose to use current Lee County ratios rather than apply industry standard ratios. However, these methods demand a “reality check” to determine whether market conditions support the conclusions.

Additionally, in assessing the available supply of industrial and commercial zoned parcels available for future uses in these categories, BBP Associates engaged in a series of field surveys with Lee County officials and made assessments of the usability of previously identified zoned lands for commercial and industrial uses. In so doing, the following questions were considered to provide a process of analyzing cited land parcels:

- Are the size of the parcels such that more development can be accommodated, particularly today’s mixed-use business and technology parks?
- Is this acreage already serviced by public infrastructure that would support these uses?
- Is this acreage geographically situated in areas likely to face future annexation pressure from nearby cities?
- Are these areas near locations experiencing residential growth pressures and likely to be targeted for residential rezoning?

These and other issues were further addressed in the site survey trips conducted to further examine the issue of developable land in Lee County.

### **2. Analysis**

During these field surveys, additional factors were considered, such as deductions for undevelopable or support areas within zoned acreage and wetlands percentages different from recorded percentages.

Additionally, a third deduction would come from eliminating land parcels too small for any scalable development that would serve future commercial office and industrial space needs. All land parcels zoned industrial that were less than 5 acres were eliminated, as were all land parcels zoned commercial if less than 4 acres.

These site surveys were done in order to gain a better assessment of usable land for each category in order to gain an accurate assessment of locational issues, wetlands restrictions and whether errors existed in current County data provided for this study. Site survey set-up work involved selecting a representative sampling of land parcels of sufficient scale in each category for additional study. This process involved BBP Associates and Lee County officials visually surveying properties and making comments on site suitability, changes in land use from previously documented work and determining what restrictions would hinder use for each category.

Table 7, from the previous section, shows current land designations for Lee County’s unincorporated areas for both industrial and commercial uses. The table below shows the adjustments made to inventories of zoned industrial and commercial lands. They take into account the available land in each category and modify it taking into consideration wetlands percentages different from those recorded on Lee County’s GIS Database, errors discovered, conversions to other uses and also projects that are already in the pipeline for development, evidenced by such visual activities as land clearing, excavation, survey work, and other engineering and building activity:

**Table 14 –**

<b>Results of Land Site Survey, Lee County, Florida</b>	
<b>Development Category</b>	<b>Industrial</b>
Remaining Developable Acres	<b>2,343</b>
Adjustments for Scale(subtract parcels < 5 Ac.)	649
Adjusted Developable Land	1,694
Deduction: Errors Discovered on Zoning	518
Deduction: Wetlands Conditions	150
Deduction: Pipeline Development	190
Total Deductions	858
<b>Net Developable Acres</b>	<b>836</b>
Sources: Lee County Planning Office, BBPA	
<b>Development Category</b>	<b>Commercial</b>
Remaining Developable Acres	<b>4,867</b>
Adjustments for Scale(subtract parcels < 4 Ac.)	1,652
Adjusted Developable Land	3,215
Deduction: Errors Discovered in zoning	126
Deductions: Wetlands Conditions	75
Deductions: Pipeline Development	105
Total Deductions	306
<b>Net Developable Acres</b>	<b>2,909</b>
Sources: Lee County Planning Office, BBP Associates	

Thus, after these deductions, developable land for industrial and commercial dropped to the acreage shown. Industrial acreage dropped to 836 acres from 2,343 acres. Commercial acreage dropped from 4,867 acres to 2,909 acres. Much of the acreage drops can be attributed to the fact that they are located in land designations partially developed; therefore, only the acreages within those parcels were counted toward future development possibilities.

Among the primary findings, BBP Associates determined that the wetlands percentages listed on the County's GIS system were reasonably accurate when compared to a visual inspection of an actual site. Also, several parcels that were shown to be zoned for industrial use had actually been re-zoned for residential and other uses and were therefore not available for future industrial use. One large parcel, 274 acres, was not usable though it was classified as an industrial site. It was the current location for landfill operations.

In all, 518 acres of industrially zoned parcels were discovered to be unusable because of zoning issues involving subsequent re-zoning or because of existing use that precludes future industrial use. For example, one parcel, approximately 50 acres, was shown in County records to be zoned for industrial use, though the developer--who spoke while on site and while building activity was taking place--said he was building homes combined with an RV Park on the site.

In the commercial category, 126 acres were discovered to be unusable for future commercial use either from subsequent re-uses for residential homes or because of current use issues.

The issue of scale was also then considered in this process. All industrial lands less than 5 acres were excluded from consideration for future industrial use. In commercial lands, all parcels less than 4 acres were excluded for future commercial use.

### **3. Demand for Land Use to 2025 (Industrial and Commercial)**

The initial assessment of future demand, as explained in Table 13, found the need for an additional 4,842 acres of commercial development and 988 acres of industrial development by the year 2025. The primary growth driver was the continued strong projected population growth of more than 3% annually, and continued strong growth in the office services sectors of *Professional Business Services*, *Financial Services*, *Government* and *Health Services*.

BBP Associates has reviewed previous industrial/commercial land use studies and industry recommendations for insight as to the proper ratio of workers per acre of land for commercial and industrial land needs. The Roberts Study conducted in the mid-1980s for Lee County recommended 8.5 workers per industrial acre for Lee County and 17 acres of commercial space per 1,000 of population. Current Urban Land Institute (ULI) case studies call for approximately 15 workers per acre in the industrial sector.

BBP Associates, in its analysis, relied on the current Lee County ratios of workers per acre of developed land in order to project future land use demand. Currently, there are 28 industrial sector employees (including construction workers) per acre of developed industrial space. In the commercial office sector, there are 15 such employees for each acre of developed commercial office space. Using this approach, BBP Associates projected a need for approximately 1,000

acres of additional industrial development through Year 2025, and 4,850 acres of commercial land for office space. Total land needed for office and industrial development would exceed 5,800 acres.

If the methodology employed were allowed to define demand for future industrial and commercial uses, Lee County would have a deficiency in industrial and commercial acreage by Year 2025.

However, as a check on assumptions, BBP Associates identified market absorption requirements from earlier tables. For Lee County, long term annual absorption rates are approximately 360,000 square feet in industrial space, and 1 million square feet in all commercial categories, including retail-commercial.

The analysis for future land development in these two sectors calls for approximately 25,000 square feet of additional annual absorption in the industrial market and approximately 100,000 more square feet in the commercial sector. While this increase is significant, BBP Associates believes that Lee County will indeed require more development to satisfy growing demand in both sectors of the market. Land prices, rental rates, and vacancy rates confirm this trend, and continued strong population growth supports this increased level as well. Increasing absorption levels will place them above long term trends but the increase appears to be within a normal range above the trend.

The next step, then, is to apply the absorption levels analyzed in the previous section to determine how much land, from a set of market-based statistics, Lee County can expect to absorb over the next two decades in industrial and commercial categories.

#### **4. Applying Floor to Area Ratio and Assessing Surface Restrictions**

As shown in Table 14 above, current net developable acres for industrial use total 836 acres. Current net developable acres for commercial use total 2,909 acres. In order to accurately determine when land use scarcity reaches its acute phase, it must be determined when land is used up on a square footage basis. In determining this timetable, square footage absorption rates must be considered. As noted in the previous deliverable, absorption rates provide a market-based indicator of growth in real estate development and determine whether growth demand assumptions are realistic given long term absorption in the past. For Lee County, long term annual absorption rates are estimated into the future to be approximately 375,000 square feet (annual increase of 25,000 square feet) in industrial space, and approximately 1.1 million square feet (annual increase of 100,000 square feet) in all commercial categories. If these rates are applied into the future, the square footage amounts need to be tied to the available acreage and the percentage of building built on an available acre of land.

County-provided estimates of floor area ratio (FAR) for industrial usage of building area above 10,000 square feet are approximately 19.5%. As building size increases beyond the 25,000 square foot range, the FAR rises to approximately 23%. This ratio takes into account land in a building area needed for roads and surface water retention. The County estimates that

approximately 30% of a building parcel will need to be set aside for roads and water retention areas.

Finding a standard commercial FAR is more difficult given that commercial space is often built on more than one level and can vary from a one-story business center to multi-story buildings. The Lee County Comprehensive Plan calls for a maximum FAR of 1 (CPA 2005-39 Commercial Future land use Map Category, Policy 1.1.10). Absent a standard ratio, the maximum FAR allowed under the Code could be applied. However, this approach might overstate square footage allowances and produce an unreliable outcome.

An alternate process can also be derived, beginning by subtracting the requisite percentage for water retention, roads and open lands. County-provided examples of water retention, roads and green space use employed for commercial areas zoned CPD range from as low as 12% to as high as 48%. The mid-point of this range is 30%. Using a 30% reduction in acreage will allow for a reasonably useful adjustment of available square footage needed for surface water retention, open areas and roads. A further percentage should be designated for parking requirements. In this case, 30% of total land area for parking is considered. This assumes no requirement for structured parking.

## 5. Acres Absorbed On a Square Footage Basis

### a. Industrial

Industrial land that is available for development through Year 2025 totals 836 acres. This is land that is not subject to wetlands restrictions and is not currently in a pipeline stage of development. Given recent industrial absorption rates for Lee and Collier Counties, a long term absorption rate of 375,000 square feet for Lee County alone is not unrealistic over the next two decades. Applying the FAR cited above, Lee County will have total of 8.3 million square feet of land on which to occupy building space for industrial use. Over a 20 year period, this space, if completely absorbed, will average 418,785 square feet annually, which is significantly higher than both near-term and longer term absorption rates. If land is absorbed for industrial use at the assumed rate of 375,000 square feet per year (25,000 square feet of additional absorption), Lee County will not exhaust its supply of land for industrial use by the Year 2025 (see the table below).

**Table 15 –**

<b>Industrial Land Needs -- Applying Absorption/FAR</b>		
sq.ft in one acre		43,560
acres available	836	X
Total Sq.Ft.		36,416,160
Apply FAR	0.23	X
Adjusted Sq.Ft.		8,375,717
divide by absorption	385,000	/
<b>Years to Absorb</b>		<b>21.8</b>

However, shortly thereafter, certainly by Year 2030, Lee County will have absorbed its current developable industrial parcels on a square footage basis. Though Lee County has adequate industrially-zoned lands until Year 2025, it will not have any remaining lands left which are currently zoned for industrial use by Year 2030. This rate of absorption assumes that the recent higher-than-long term trends will continue into the future.

One note should be made about lands designated as part of the Future Land Use Map in the Tradeport area. An additional 2,000 acres of land in this part of Lee County is reserved for Industrial use, thus giving the County a reserve to plan for beyond Year 2030.

***b. Commercial***

Commercial land of significant scale that is available for development out to Year 2025 totals 2,909 acres, which is inclusive of land parcels of 4 acres or more. Commercial space requirements will be driven by growth in the population and need for greater office space and commercial space for government services, medical facilities and other business support functions.

Given Lee County’s strong growth and its emerging role as a regional business center, it can be assumed that demand for commercial space, namely commercial office, will grow at a faster pace than in the past. The long-run commercial absorption rate of 1 million square feet is likely to be higher in the future, and will therefore need to be adjusted upward. A more recent growth rate suggests absorption of an additional 100,000 square feet on an annual basis. This absorption includes absorption of retail space.

Available square footage given available acreage is then modified for the 30% requirement for water retention, open areas and roads. Parking needs will require a 30% reduction in area for building as well. A total of 50.7 million square feet of land space is then available for commercial use. If absorbed at a rate of 1.1 million square feet annually, Lee County would have more than enough commercial land to satisfy demand beyond Year 2025.

**Table 16 –**

<b><i>Commercial Land Needs -- Applying Absorption</i></b>		
sq.ft in one acre		43,560
acres available	2,909	X
Total Sq.Ft.		126,716,040
Less:(water, road, etc.)	30%	38,014,812
Adjusted Amount		88,701,228
Less:(parking)	30%	38,014,812
Adjusted Amount		50,686,416
divide by absorption	1,100,000	/
<b>Years to Absorb</b>		<b>46.1</b>

Assuming no further net retail absorption, commercial office absorption would continue for well beyond 50 years without the need for additional lands. Thus, the original ratio analysis that

called for 4,077 acres of commercial office land for development through Year 2025 overstates the need for additional commercial zoning beyond the current state.

## **6. Additional Growth Drivers and Future Needs**

Two recent growth drivers for the County include the improvements to the infrastructure surrounding the airport, as well as the development of the Florida Gulf Coast University, both located along the southeast region of the county east of I-75 and near Alico Road. This growth has been given a boost from the recent widening of Alico Road to six lanes, which is in the completion stages. The area may further be boosted by the extension of S.R. 951, which will give another North-South corridor.

Given these road infrastructure improvements, greater access to the airport, and the growth catalysts of the airport and university, many commercial land parcels in more remote parts of the county may not be ideally suited for prime commercial development, given the county's shift in business activity to the southeast along this business corridor. If the bulk of new business activity continues to migrate southeast toward the airport and Alico Road, then other considerations will need to be given to commercial lands in Lee County and whether additional commercial land is needed in this one location along Alico and other growth corridors such as Daniels Parkway and Treeline Boulevard near the airport. The Future Land Use Map shows that areas around the airport have ample acreage including the areas designated as Tradeport. This acreage will likely be developed over the next two decades as access roads are now greatly improved.

Given the likely growth of these corridors into business parks servicing firms interested in the expanded road access to the airport, it appears that maintaining separate categories for industrial and commercial needs in this one particular corridor may be unnecessary and may hinder smart development initiatives. Lee County does not appear likely to attract the industrial-type projects along this corridor that would call for separate industrial and commercial zoning designations. Future industrial needs in this corridor will likely involve significant research and development (R&D), limited manufacturing or assembling, design facilities, small-scale inventory spaces, and logistics/management hubs. It is likely that this business activity can be integrated within commercial development projects without the need to segregate it into a separate category and separate location.

However, this recommendation is not to suggest that Lee County should not maintain a separate zoning designation for industrial use county-wide. Though future heavy industrial uses involving industrial waste disposal needs, heavy transport access, large manufacturing facilities, etc. are not likely to occur in Lee County to a significant degree, industrial land should still be set aside for manufacturing facilities and waste disposal considerations.

## **7. Conclusion**

BBP Associates used a market-based approach to determining future industrial and commercial land needs and thus applied absorption rates from studying available market data on long term absorption of industrial and commercial square footage in the region of Lee and Collier

Counties. These absorption rates applied a check on recommendations based on ratios of employee per acre of space in both categories.

After applying market absorption rates, BBP Associates has concluded that current land designated as industrial and commercial is adequate to meet demand for both industrial and commercial uses beyond Year 2025. However, future commercial and industrial development will likely include a mixed-use approach that might not conform to current land use policies. The areas around the Alico Road corridor and the Airport are the centers of economic activity, and growth of business parks, industrial flex centers, and research and development facilities will likely challenge traditional development regulations and approaches. The next section will address these issues and provide options for future industrial and commercial uses that are most likely to occur in Lee County.

**E. RECOMMENDATIONS FOR CHANGES TO THE COMPREHENSIVE CODE AND LAND DEVELOPMENT CODE**

**1. Background**

BBP Associates reviewed and made recommendations for changes to Lee County's Comprehensive Plan and Land Development Code. The scope of this task included a review of land use categories and uses, determine what they permit, and assess how such uses advance County goals. The scope then requires an assessment of existing policies and recommendations for revised and new policies.

**2. Impact of Recent Lee County Growth Trends on County Regulatory Tools**

Early in Lee County's growth history, the primary development emphasis centered on residential tract housing development, primarily for retired persons. As Lee County has matured and also developed a professional business community, officials have recognized the need for more commercial centers located near residential areas.

In the past 20 years, growth has been sustained beyond most experts' highest estimates. Population growth has compounded at more than 3% on an annual basis, while growth in the *Business and Professional Services* employment sector has increased even more. Ever-increasing land values and escalating rents are indicative of the healthy environment for real estate development, while low rates of commercial and industrial vacancy are indicative of a continued demand for both land and building square footage.

While this growth has continued, the business center of Lee County has continued to shift south away from the downtown area to the southeast region. At the same time, job growth has been dominated by the services sector of the economy. Manufacturing continues to be a small and subservient economic sector. Most industrial growth continues to be dominated by links to the construction sector and the distribution of services related to building activity. Talks with various stakeholders in Lee County, both in government and the private sector, suggest that future industrial sector growth will come more from firms involved in research and development activities, rather than manufacturing and distribution facilities.

Some recent amendments to the Comprehensive Plan have attempted to address these changed circumstances. One set of amendments specifically addressed the lack of commercial centers in the Lehigh Acres section of the county. However, this renewed emphasis on more commercial centers in proximity to residential areas has not led to more mixed-use projects, which seeks to integrate home, work and shopping so as to promote quality of life, reduce traffic congestion and limit sprawl.

On an aggregate basis, Lee County does not appear to suffer from a shortage of commercially zoned parcels. However, Lee County should consider whether it has enough land zoned *Commercial Office* in the growth corridors along Alico Road, Three Oaks Parkway, Daniels Parkway, in the areas around Florida Gulf Coast University and the areas around the Southwest Florida Regional Airport. Lee County has created two new land use categories in this area to

emphasize the specialized nature of the commercial and industrial activity that is expected and encouraged, but additional guidelines and possible incentives to encourage true mixed-use development would be appropriate.

Lee County has sufficient land zoned for commercial and industrial activity at the present time. However, not all of it may be in locations that are in greatest demand. In the meantime, it is recommended (Recommendation 6) that the CC, CG and CS-1 categories be amended to allow for certain uses from Research and Development Laboratories, Group IV and Business Services, Group, II that are determined to not have adverse off-site impacts.

The recommendations below address how the Comprehensive Plan and Land Development Code can be adjusted to accommodate today's market demand and development trends. These recommendations are offered with an eye toward enhancing the County's long term commercial and industrial land supply and promoting more high-quality developments.

### 3. Recommended Revisions to the Comprehensive Plan

**Recommendation 1: Re-evaluate Policy 7.1.4., and consider replacement language that addresses land needs for industrial uses (including manufacturing activities) in the context of current economic and labor force trends.**

**Policy 7.1.4** – *“The Future Land Use Map must designate a sufficient quantity of land to accommodate industrial development that will employ 3% of the county's population in manufacturing activities by the year 2010. A report will be prepared by county staff every two years to monitor the county's progress towards this employment goal.”*

This particular policy was inserted into the Comprehensive Plan following a recommendation in the Roberts Study published in the mid-1980s. This study emphasized population growth and linked this growth to both employment growth and the need for a more diversified employment base. From this emphasis, industrial growth and development in Lee County was benchmarked to population growth.

The desire at that time to bring industrial jobs to the region stemmed from the belief that industrial jobs, particularly those in various manufacturing designations, were higher paying jobs than were retail and tourism-related ones. Now, other categories of jobs such as high-paying service sector employment in *Business and Professional Services* have evolved. The past two decades has seen a shift nationwide in new job development to business and professional services, health care services, software and computer hardware services, distribution and logistics, as well as small business development, the last of which is often missed in statistical compilations of job growth.

The recommendation provided by the Roberts Study to benchmark industrial job growth and land needs to population growth was likely appropriate at that time, but not now. If the 1980's goal of having 3% of the population employed in manufacturing is to be met by 2010, Lee County will have to produce approximately 13,000 new manufacturing positions in a span of three years.

Today, Lee County has only a small manufacturing base according to the statistics provided by Florida's Bureau of Economic and Business Research. High paying manufacturing jobs have taken root in other southern states such as Tennessee, Alabama and North Carolina, more so than in Florida due to better regional access. Other regions of the Southeast, for example, are closer to major shipping, intermodal, interstate and population points that allow for lower costs of operating manufacturing facilities. Long-term cost analysis exercises, routinely done when businesses decide where to locate a new factory or logistics facility, handicap regions that are more physically remote from transportation points and population centers than are their peer states. Lee County is

not in the pursuit of these same industrial jobs as is Florida and her peer states; however, the regional trend places Lee County in a particular context of the types of industrial jobs that are likely to be attracted to the area.

Though the manufacturing base of Lee County has shown incremental growth over the past two decades, the manufacturing sector is less than 1% of the total population. This statistic represents shrinkage of the manufacturing base as a percentage of the Lee County population compared to when the Roberts Study was compiled. This shrinkage is completely logical. As population growth in Lee County has averaged 3.5% annually, manufacturing job growth has averaged 1.3% annually. If this trend continues, the manufacturing base as a percentage of the population will show further shrinkage.

Today's policies should reflect labor participation rates and the fact that with a large population of retired persons in Lee County, labor participation is much lower than for the averages nationwide. The population growth as an aggregate statistic is no longer a valid driver for industrial development. Thus, mere population growth, even if it consists of predominately working age persons, is no longer a useful benchmark to make industrial land use allocations in Lee County.

It is recommended that Lee County engage in a new benchmarking method that links both industrial job growth and industrial land allocations to a more market-based set of data that takes into consideration past industrial real estate absorption rates as well as the needs of the current workforce. Today, domestic worker demand is highest in health services, business and professional services and such high-tech areas as computer network administration. Manufacturing is increasingly out-sourced to countries where labor costs are lower. This trend is particularly true if the product manufactured carries a high labor input as a percentage of its total production value.

Rather than asserting that Lee County should have a percentage of its population in manufacturing positions and then link such a goal to industrial land planning, the Comprehensive Plan should rather assert that Lee County desires high paying positions that fit both its economic development goals and workforce development goals while also conforming to its long range land use planning. Such a restatement would allow for more flexibility in economic development. It would also de-emphasize the focus on strictly-defined manufacturing jobs in favor of not only a broader definition of manufacturing jobs but also business and manufacturing

support services that typically pay much better than do narrowly defined industrial job classifications.

Future land for heavy industrial use should be allocated based on long term market absorption for the types of uses that will involve heavier impacts and special waste disposal needs. However, for light industrial and industrial-flex, new demand can be integrated with commercial office development in intensive urban and central urban designations as long as the particular use is not incompatible with adjacent office and commercial activities, as further described below.

**Recommendation 2: The County Commission should evaluate a Charter amendment that provides more power to prevent any proposed municipal annexation that would affect the Comprehensive Plan.**

Lee County should initiate steps to prevent the further erosion of land parcels already designated for industrial and commercial office uses. Two circumstances need to be addressed:

- The process that is not under the control of the County Commission is annexation by its municipalities. There are currently five cities in Lee County. The most significant recent example was the annexation by the City of Ft. Myers of the Arborwood property north of Daniels Parkway and east of I-75. This large land parcel was designated Tradeport under the Comprehensive Plan which was designed to accommodate light industrial, warehousing, distribution and office uses that would benefit from close proximity to the International Airport, but no residential uses. The DRI that was approved for Arborwood in 2004 permitted a significant residential and retail development, but no office and no industrial.
- The processes that are under the control of the County Commission are re- zonings and Comprehensive Plan amendments. For lands that are lost as a result of rezoning or Comprehensive Plan amendments by the Board of County Commissioners, the simple answer would be to just say “no.” That answer is probably too simple in light of the fact that there are lands designated industrial development or zoned industrial that may be better suited for other uses, depending on the particular circumstances. The County recently adopted a resolution for Lehigh which makes it more difficult to rezone land from commercial to residential. This might serve as a starting point to prevent further erosion of the commercial land base. The County should strive to maintain a reasonable reserve of land suitably designated for industrial/office use, recognizing that future industrial uses will involve less offsite impacts than have been the case in the past.

Lee County is a Charter County and as such has a certain amount of “home rule” authority. The County Commission should consider a Charter amendment to ensure industrial/office land is retained and not converted for residential use.

**Recommendation 3: Amend and broaden Policy 1.1.7 with language that redefines industrial development in Lee County.**

**Policy 1.1.7:** *The Industrial Development areas play an important role in strengthening the county's economic base and will become increasingly important as the county grows in size and urban complexity. To a great extent these are the areas to which Lee County must look for sufficient tax base. These areas have special locational requirements that are more stringent than those for residential areas, including transportation needs (e.g., air, rail, highway); industrial levels of water, sewer, fire protection, and other urban services; and locations that are convenient for employees to reach. Whereas the other Future Urban Areas will include a broad combination of residential, commercial, public and limited activities per se, as well as for selective land use mixtures such as the combined uses of industrial, manufacturing, research, properly buffered recreational uses (except where precluded by airport hazard zone regulations), and office complexes (if specifically related to adjoining industrial uses) that constitute a growing part of Florida's economic development sector. New natural resource extraction (mining) activities and fill dirt operations must be approved through the Industrial Planned Development rezoning process. Retail or wholesale of products manufactured or processed upon the premises may be allowed at a ratio of 1 square foot of commercial uses to 10 square feet of industrial use in association with a Planned Development. Ancillary minor retail commercial uses intended to support the surrounding industrial land uses may not exceed 30,000 square feet per development; and, at build out, may not exceed more than ten percent (10%) of the total acreage of the lands uses, other than bona fide caretaker residences, are not permitted in this category except to the extent provided in Chapter XIII of the Plan.*

In this part of the Comprehensive Plan, the role of jobs in the county's tax base is discussed and the need for zoning that serves strictly industrial use is addressed. As pertains to industrial/office mixed-use or a combination of industrial sites within an office park, the Comprehensive Plan places restrictions on the type of office space allowable within an industrial use category. Yet, the Industrial Development areas play an important role in strengthening the County's economic base. These areas have special locational requirements that are more stringent than those for residential areas, including transportation needs (e.g. air, rail, and highway), industrial levels of water, sewer, fire protection, and other urban services in locations that are convenient for employees to reach.

Restrictions against office and retail that do not directly relate to the industrial activity should also be lifted. Future industrial development aims should seek out firms interested in locating in business and research parks that have integrated features and offer attractive work amenities, including significant green space, retail, office and recreational amenities. Additionally, this change should consider the possibility of mixed-use development to be considered into a large business/research/office park classified as a "Regional Activity Center" (RAC) (see Recommendation 4 below).

Recommendations for County regulatory changes are driven by the assumption that future industrial uses will call for wider applications than just for heavy uses. Thus, a wider definition of such use should permit increased light industrial and flex-industrial activities in other commercial and mixed-use zoning areas.

Though some concern exists that rescinding this language will allow for commercial retail centers to be established in areas designated as industrial or industrial/flex, specific zoning measures can properly guide the development process. The RAC is described below as a separate land use designation, available either to a landowner or by initiation of the County Commission.

**Recommendation 4: Add a policy to evaluate designating specific areas as Regional Activity Centers to allow for office and industrial diversification.**

The RAC designation is recommended for implementation through amendments to the Comprehensive Plan and Land Development Code to encourage more intense levels of industrial development. These amendments would also allow for the integration of industrial and commercial space consistent with the overall goals of the County, and without the restrictions that typically call for separate land uses. The goal in mind is to promote industrial activity involving more “future-oriented” industries such as medical and technical research, design and engineering and product development without the manufacturing and inventory facilities.

It is difficult to successfully execute a mixed-use project because the different components have different markets and design requirements, and lenders are reluctant to finance a project which does not fit neatly into one of their prescribed categories. When the additional review time is added to process the zoning for a mixed-use project, it is much more challenging, especially if a project includes residential and retail and/or office. When industrial flex activity is added to the mix, incentives may be necessary to induce developers to contemplate the concept.

Such a concept would seek to integrate other commercial activities (such as commercial office and retail) without linking them to direct association with other industrial activities therein, as is currently required by the Comprehensive Plan and Land Development Code. The RAC could also allow for higher FARs, greater building heights and a more diverse atmosphere for allowing business activities to occur.

The RAC is envisioned as a new land use designation that would require mixed-use with a significant office/industrial flex component. Limited retail use would be allowed as long as it is part of the overall purpose of the development and not a use meant to attract shopping as a purpose for its presence therein. For example, a large office/industrial development should expect to have small eateries, snack/coffee shops, and convenience shops to serve the needs of the persons working within the development. However, a big-box retailer would be an inappropriate use of retail within such a development.

Rather than maximum densities and intensities, the RAC would specify minimum requirements for FAR. Since it is anticipated that the greatest demand for this designation would be in the Tradeport and University Community land use categories, and since these are both located in some of the most environmentally sensitive areas of the County, the new category would also require more open space and water management. A way to reconcile these two requirements is to allow and encourage taller buildings, most likely in the range of 4-8 stories. And, of course, any tall buildings would have to be reviewed and approved under FAA guidelines for the airport.

The Regional Activity Center land use designation is intended to promote a mixed-use pattern with a significant light industrial/office component and limited retail activity. This can be requested by a landowner or by the Board of County Commissioners to accommodate and facilitate important new employment centers in a mixed-use environment. Any combination of light industrial, office, commercial, and community facilities can be permitted, but three-fourths of the net usable acreage should be light industrial/office uses. The minimum parcel size for this designation should be one hundred acres.

The RAC designation should also require Mixed-Use Planned Development (MPD) zoning (see Land Development Code 34-931(h), as discussed in Recommendation 8 below), and this zoning should insure a minimum Floor Area Ratio (FAR) of 1. When designated in the Tradeport or University Community Land Use categories, the minimum open space should be 40%. If the RAC amendment is initiated by the Board of County Commissioners, it can be processed outside of the once-per-year amendment cycle, if done concurrently with MPD zoning.

#### **4. Recommended Revisions to the Land Development Code**

##### **Recommendation 5: Review lot coverage standards in industrial districts.**

The Land Development Code Industrial Districts' setbacks, building height limits and maximum lot coverage percentages should be reviewed for modification in order to allow for more intensity, particularly regarding areas of interest already noted above. In line with this review, an environmental standard should be included that will make provision for water retention minimums and green space requirements, that encourages flexibility and greater intensity within industrial development projects, thereby lessening demand for scarce land that would otherwise result from lower intensity limits.

##### **Recommendation 6: Expand the General Office designation in Land Development Code Table 34-843 to allow Research & Development Uses in Commercial Zoning Categories.**

It is recommended that the CC, CG and CS-1 categories be amended to allow for certain uses from Research and Development Laboratories, Group IV and Business Services, Group, II that are determined to not have adverse off-site impacts.

##### **Recommendation 7: Promote mixed-use developments by amending Land Development Code 34-901(4) and Land Development Code 34-931 (h).**

Since 1994 Lee County has had a Mixed-Use Planned Development District (MPD) in its Land Development Code that allows for virtually any combination of residential, commercial, light industrial and community facility uses in a single project utilizing the same basic procedures and submittal requirements as other Planned Development Districts (e.g. RPD, CPD, IPD, etc.). And, in 2003, the MPD regulations were amended to reduce the thresholds for eligibility to request the district, as initially it was only available to fairly large projects (e.g. at least 300 dwelling units and 100,000 square feet or more of commercial).

The current rules require at least two of the following factors to utilize the MPD district: 1) 50 dwelling units; 2) a commercial development on two or more acres and at least 30,000 square feet of floor area; 3) an industrial development on two or more acres and at least 30,000 square feet of floor area; and 4) a community facility on at least two acres. While in theory this would allow an MPD development on as little as four acres, a commercial building would have to be 3 or 4 stories to fit 30,000 square feet on two acres.

As the County has continued to grow, there have been some developments that have taken advantage of the MPD zoning category. However, few have resulted in a true mixed-use development with a close interrelationship of the different uses. The design and financing of these projects are much more complicated than a traditional single use. These complexities have resulted in the continued trend of separate residential and commercial areas, often resulting in “urban sprawl” which is an inefficient use of public infrastructure investment.

The Land Development Code 34-901 (4) provision should be amended to allow for the incorporation of other uses besides strict industrial classifications in designated districts throughout the County. These newly-allowed activities would include retail and office activities that are not strictly defined as “*ancillary*” and allow for mixed-use office and industrial flex-space to flourish within the same development.

The current MPD zoning category requires open space according to the component use i.e. residential uses require 40% open space, commercial uses 30% and industrial uses 20%. It is possible that in less sensitive parts of the County, the open space requirement for a RAC could be less. At least two-thirds of the square footage of any RAC should have to be comprised of office or light industrial/flex uses. There would be no special requirement linking commercial to the office/industrial uses on site, but it is suggested that no single commercial operation could exceed 20,000 square feet. This would allow for a modern drug store or furniture store, but would exclude the big boxes which are not the purpose of this district.

While creating a successful mixed-use development is challenging, it is also possible to achieve mixed-use out of disparate existing developments by improving interconnectivity with service roads and pedestrian ways or by adding a new and different uses to an existing development. Although Section 10-294 mandates the coordination of street layouts with the surrounding area, and even gives the director of development review authority to require a connection to adjacent developments, this happens infrequently due to the historic pattern of self-contained developments and a clear preference by developers and homeowners for maximum privacy and security. Section 10-416 of the Land Development Code requires a 30 foot landscaped buffer or a 15 foot buffer with an 8 foot masonry wall between any new commercial activity and any residential use. The County should encourage interconnections between uses in already developed areas, without undermining residents’ desire for safety and privacy.

A mixed-use environment is emerging on the east side of I-75 between Daniels Parkway and Corkscrew Road. Anchored by the International Airport on the north, the Miromar Mall and the Germain Arena on the south, and with Florida Gulf Coast University and the Gulf Coast Center in between, the County enjoys an employment/transportation/ education/shopping and

entertainment focal point for this new engine of growth, with an abundance of existing upscale housing at either end of the corridor.

The Alico Road / I-75 Interchange and Treeline Corridor are logical areas of opportunity relative to creating a RAC. Within the RAC, distinct mixed-use districts would be encouraged utilizing the MPD zoning category to include support services to the airport, research and development parks, distribution centers and flex-industrial space inclusive of limited retail.

**Conclusion:**

Lee County, Florida continues to achieve population growth rates that make it one of the fastest growth regions of the U.S. As the region continues to transform itself into Southwest Florida's premier business center, it will have to be mindful of the challenges that this transformation places on land use planning and development.

In previous growth cycles, real estate development included significant lower-density residential housing subdivisions to meet the needs of retiring workers. However, in recent years, growth has been fueled in part by the influx of younger workers and businesses taking advantages of Southwest Florida's amenities. In the future, development will be fueled by the continuing growth of "white collar" jobs and businesses.

The Bureau of Labor Statistics has cited Lee County as having one of the 10 fastest growing work forces in the U.S. Future land use planning will have to address the needs of this growth and offer opportunities for development that will improve the quality of life while maintaining land resources.