

ATTACHMENT 6:

Commercial Market Assessment **“The Compound”, Palm Bay FL**



March 28, 2025

Provided through technical assistance by the U.S. EPA Office of Brownfields and
Land Revitalization (OBLR) Technical Assistance

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Commercial Re-Use Assessment Summary

The following key takeaways, recommendations and next steps have been drawn from the interviews, discussions, research, and analysis that have occurred over the duration of the technical assistance project.

Purpose

This commercial re-use assessment was conducted as part of a technical assistance project funded by the U.S. Environmental Protection Agency Land Revitalization (LR) Program. The purpose of this assessment is to support the revitalization and reuse goals for the subject property, which include:

- Determine appropriate reuse scenarios for the Northern Quadrant.
- Create employment centers
- Catalyze future development

Summary of Findings

The following bullet points outline the key data and findings identified through this assessment.

- The regional industrial real estate market is healthy
- Activity and demand specific to the Subject Site area is not robust
- Opportunities may exist for shovel ready sites
- Major market swings are not projected

Background

'The Compound' Brownfield Site in Palm Bay, FL

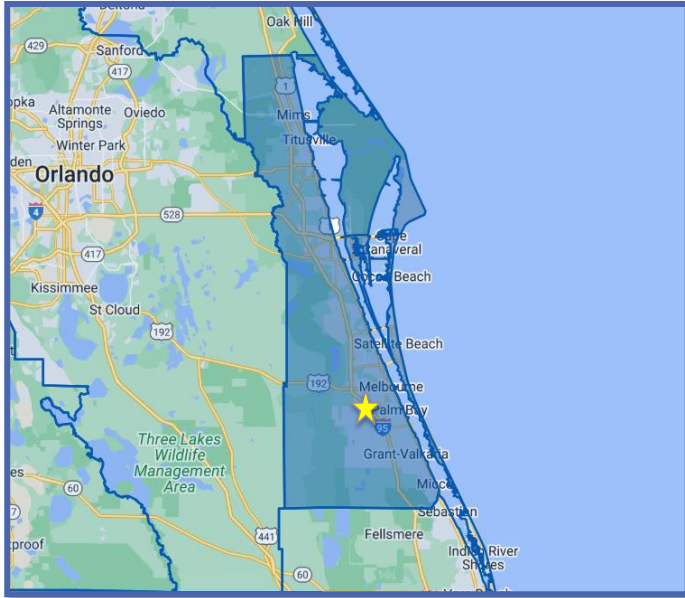
The City of Palm Bay, FL, with support from the U.S Environmental Protection Agency (E.P.A.) has initiated a project, which includes conducting a commercial reuse assessment (the "Reuse Assessment") to determine feasible uses of the area bounded by Angora Street SW on the North, Alwar and Sage Avenues on the East, the Melbourne Tillman Canal on the South, and the Three Forks Conservation area to the West the "Subject Site"), given market conditions and stated community goals and objectives.

The Subject Site, also known as The Compound, is approximately 2,300 acres, primarily vacant site, located in Palm Bay FL, in Brevard County. This urban area lies in the southwestern area of Palm Bay and is a component of the Palm Bay-Melbourne-Titusville, FL Metropolitan Statistical Area. The site is owned by approximately 2,700 owners, including the City of Palm Bay. A primary driver for this project is to put the site to productive use, catalyze job-creating development and advance the economic development of the area.

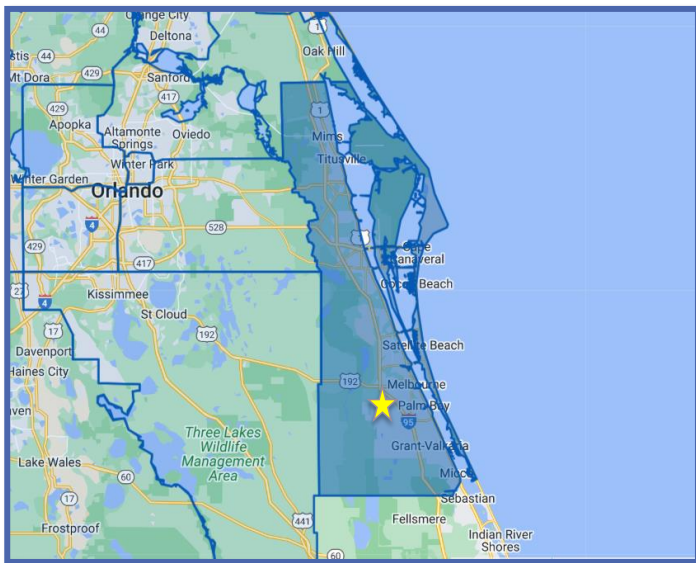
For the purpose of this assessment, the technical assistance contractor focused its attention on market opportunities proposed as a redevelopment zone for light industrial, R&D/flex space uses.

Geographic Considerations

- The subject site is in eastern Central Florida
- The subject site is proximate to I-95 (9 miles)
- The City of Palm Bay is the largest in the county by population and land mass
- The recommended focused study area will be within the Brevard County sub-market
- Suggested areas of comparison analysis are its MSA and the County.



Map 1 The Site is in the Melbourne - FL Market area



Map 2: The subject site's sub-market is Brevard County, which is the same as its market area.

Study Area Assets and Opportunities

Given the subject site's adjacency to current industrial uses, opportunities may exist for complimentary land uses in the area owned by the City of Palm Bay.



Known Assets

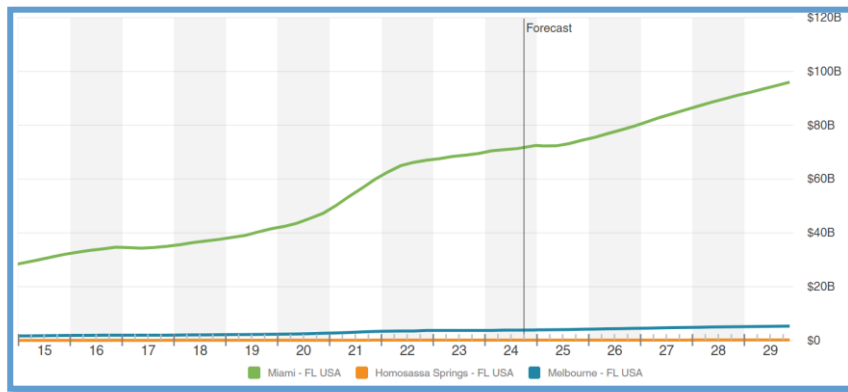
- Florida Space Coast
- Manufacturing industry base
- Melbourne Orlando Airport (14 miles)
- Low-cost housing
- Port Canaveral (52 miles)

Brevard County Industrial Real Estate Market Conditions

This section provides an overview of the supply and demand conditions in the Melbourne market/Brevard County submarket. This market is much smaller than its peer markets and tends to underperform those.

When considered against its peers in the state:

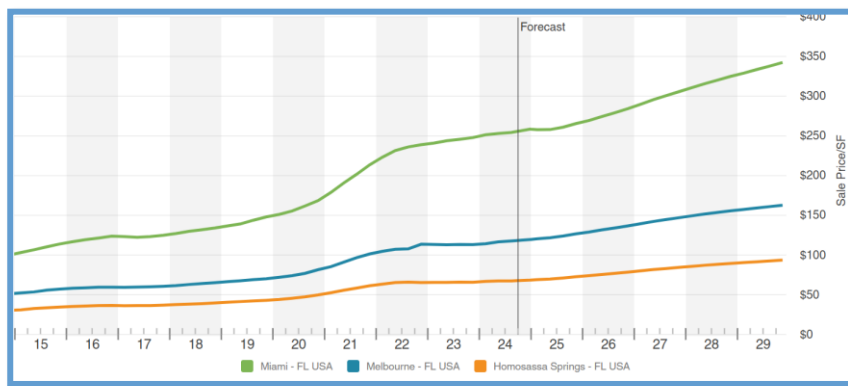
Market Size (By Asset Value – Industrial)



Graph 1 The Melbourne market ranks near the bottom in asset class size in Florida

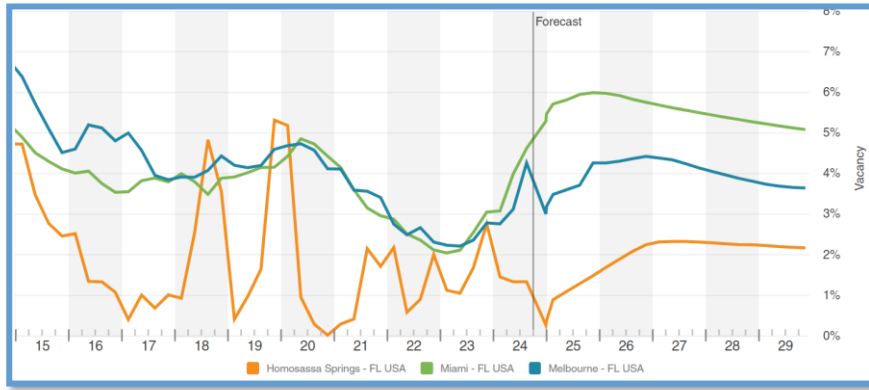
The Melbourne market ranks near the bottom of the industrial market asset class in Florida.

Sales Prices (Per/SF – Industrial)



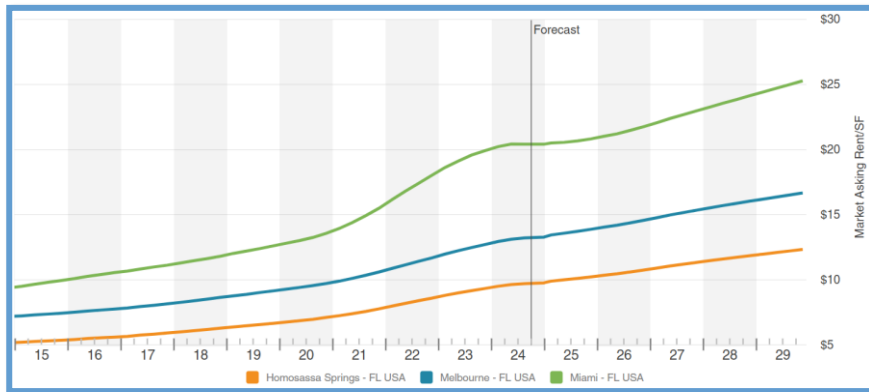
Graph 2 The Melbourne market values industrial space at \$163/sf

Vacancy (Percent of Space Available) Industrial



Graph 3: Vacancy rates remain low throughout the state

Asking Rents - Industrial



Graph 4 Asking Rents (Rent/SF)- Industrial

Industrial Real Estate Market Conditions in Brevard County

- Over the past 12-month period, the industrial vacancy rate in Brevard County is one of the lowest in the state, though it has moved up from its lowest point to 3.0%.
- Flat to negative demand is projected by CoStar through 2025.
- There was only 330,000 SF of industrial space under construction as of the fourth quarter of 2024.
- 100,000SF has been completed in the past 12 months, and construction starts since the beginning of the year have been limited to 150,000 SF.
- A new facility under construction is a 180,000-SF manufacturing building on Grissom Parkway due for delivery in January 2025 where a 61,650-SF block of space remains available.
- Rent growth has slowed in the market to about 4.6% annually after its peak in 2022 of approximately 11%

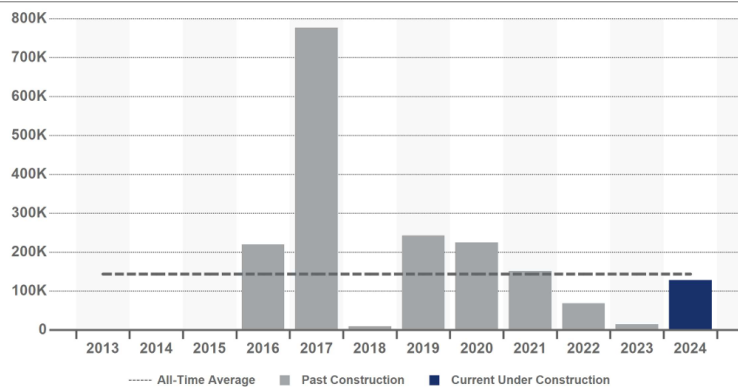
Market Asking Rent Comparisons

	<i>SF Available</i>	<i>Asking Rent</i>	<i>Service</i>
625 Atlantis Road	42,000	\$11.95/sf	NNN
4301 Woodland Park Dr	5,790	\$11.50/sf	NNN

- Rents are \$11 - \$14 in the marketplace
- Rent increases have slowed.
- Rent increases are not projected to rise dramatically
- There is little available space for rent.

Construction Activity Proximate to the Subject Site

UNDER CONSTRUCTION IN SQUARE FEET (30 Mile Radius)



- Construction activity is not robust

- 3 properties have been completed in the past 12 months
- The recent deliveries are 94% leased
- One reported asking rent is \$14/sf NNN

Sales Activity Proximate to the Subject Site

- 11 recent sales in the market area.
- Steady sales activity
- Cap Rate average is 5.9%
- Average price/Sf is \$111
- Sale closest to the site sold for \$154/sf
- High end flex space reported sale at \$219/sf
- Melbourne market sale prices are in line with the US average

SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,800,000	\$4,057,182	\$4,000,000	\$8,350,000
Price/SF	\$60	\$111	\$110	\$154
Cap Rate	5.0%	5.9%	5.5%	7.1%
Time Since Sale in Months	6.5	16.1	15.7	23.9
Property Attributes	Low	Average	Median	High
Building SF	26,592	36,438	30,000	63,807
Ceiling Height	10'	18'5"	18'	26'
Docks	0	3	3	5
Vacancy Rate At Sale	0%	10.4%	0%	100%
Year Built	1948	1980	1985	2006
Star Rating	★★★★★	★★★★★ 2.3	★★★★★	★★★★★

Recommendations

- Prepare the site to be competitive by making it shovel ready.
- Understand developable area.
- Complete a proforma using market-based inputs.
- Identify any gaps.
- Identify funding sources to fill gaps.
- Issue RFP for site.

Commented [CM1]: Are they ready for proforma or should we say "Develop Economic Impact Analysis"?

Commented [A2R1]: In my mind these are separate exercises for different purposes. The proform (which will have many iterations) will guide them to a financially feasible project. The EIA is useful for telling a compelling story about why public investment is required. They will need proforma information for the EIA.