



A Snapshot of the Economic Climate in New Smyrna Beach : 2014

Property Values: “City on the move”

“ ‘In any market that we have, be it up, down or sideways, New Smyrna has real estate locations that are superior to almost anywhere else in our county,’ Gilreath said.”

In the headline story “City on the move” in the January 2, 2014 edition of The Daytona Beach News Journal, Volusia County Property Appraiser Morgan Gilreath provided the above quote. The article also noted that, “County Property Appraiser Morgan Gilreath said that despite having markets over the past five to seven years ‘that were worse than anything we’ve ever seen,’ New Smyrna Beach has weathered the storm and he expects the city of a little more than 22,000 to continue to be a leader in the recovery.” The article provided a table listing the top five cities for increases in property value in 2013, and New Smyrna Beach led all cities with an increase of over \$150 million.

The article can be viewed at:

<http://www.news-journalonline.com/article/20140101/NEWS/140109925/0/search?tc=ar>

Additional information on property values in comparison with other areas of the County is provided below.

Development

In the Volusia County Economic Development Department’s “Q 4” report (the most recent report as of this writing) the City of New Smyrna Beach had the highest dollar value of commercial building permits for all cities and the unincorporated area for the fourth quarter of 2013, at \$7,104,816 (note that this figure is for new construction activity only, not renovation. There is significant commercial renovation activity as well.).

For residential permits, the same report indicated that New Smyrna Beach came in second in dollar value for new construction with \$15,592,478.

There are numerous development projects that have been recently completed, under construction, or in the planning stages. Here are a few of those projects:

- Hospitality: There has been significant development in the Hospitality Sector:

- The Hampton Inn and Suites on Flagler Ave opened 16 months ago, a 112 room hotel in the center of the historic beachside commercial district (Flagler Ave).

- Also in the center of the Flagler Ave historic district, a new bed and breakfast, the Inn on the Avenue, opened late last year with seven rooms.
- The Best Western, the only flag hotel on the beach underwent a major renovation in 2012.
- The Black Dolphin Inn on Riverside Dr opened last year. This inn has already been recognized by Trip Advisor for a 2014 Travelers' Choice award, one of only 144 properties in the US to win the award.
- Many restaurants have recently opened or are under construction: The lead story in the December 1, 2013 edition of The Daytona Beach News Journal Business Section appeared with the headline: "Restaurant Surge: 12 New Smyrna eateries open in 2013". The article noted, "These openings provide more evidence of the growth in tourism, which has been the cornerstone of the local economy since the early 1900's."

- <http://www.news-journalonline.com/article/20131201/BUSINESS/131209961/0/search>

- Other developments include:
 - A 31,200 square foot medical center is under construction by Florida Hospital.
 - The New Smyrna Harbor Marina development has completed the Marina and restaurant portion of the site and is now building out the first phase of the 21 home sites.
 - A Ford dealership recently moved from US 1 to a new facility on SR 44, and a Chevrolet dealership currently on US 1 is planning to follow. Two of the three parcels that comprise the former Ford dealership are either sold or under contract.
 - In the third quarter of 2011 a new 155,000 sq ft. WalMart store opened. Within a year the former 85,000 sq ft WalMart store had sold and was divided with new spaces, and new tenants opened their doors: Big Lots and Beall's. More recently, a Firehouse Subs and Vision Fitness have opened in the divided space.
 - Redevelopment in the historic commercial areas has been dramatic in the past three years. Many renovations were incentivized with Community Redevelopment Agency funds, while more recent renovations are 100%

privately funded. It is estimated that the amount of investment in privately funded projects since the opening of the Hampton Inn and Suites exceeds \$800,000:

- Canal St, the historic mainland “downtown” area: In July, 2011 there were 19 vacancies in the Canal St area, the historic mainland downtown area. More recently there were two vacancies, as many buildings have been renovated and a new two story building constructed.
- Flagler Ave, the historic beachside “downtown” area: a new mixed-use building recently completed construction, and four buildings are now being renovated.
- The industrial area near the airport has seen two recent new business locations:
 - Dougherty Manufacturing has purchased and moved into the building at 1601 Tionia Road. Formerly known as Blue Water Dynamics, the firm has moved from Edgewater and has been doing business in the marine industry. The firm is rolling out a new product line and plans to hire 20-30 persons during the first year.
 - Turbine Legend is an aircraft manufacturing firm that is in the process of moving from Louisiana to a leased building at 1531 Airway Circle.
- The City also has a significant number of capital projects that have been recently completed, under construction, or in the planning stages. Here are a few of those projects:
 - New gateway entry features: \$1.4 million.
 - Recently opened boat ramp at the Swoope site on the intercoastal waterway: \$1.45 million.
 - New beachfront park at Esther Street: \$1.7 million.
 - Improvements at Riverside Park: \$934,000.
 - Improvements at the Flagler Ave Beachfront Pavilion: \$1.3 million.
 - A new fire station at SR 44 at W Canal St is now under construction: over \$2 million.
 - Central Beach Stormwater Mitigation Project: over \$5 million.

- Multi-use trail, 2.2 miles from West Pine St. to Sugar Mill Drive: \$1 million
- “Streetscape improvements” at five locations in the historic area of the city totaling over \$5 million.

Basic Indicators*

- Median Household Income: In New Smyrna Beach the median household income exceeds that in Volusia County and is slightly higher than Ormond Beach and Port Orange. A retailing study conducted by Robert Gibbs in 2009 found that the Trade Area Population for the City is 94,488 and the Average Household Income in that area is \$65,400.
- Comparative retail sales per capita: New Smyrna Beach leads the County and two other cities by wide margins. There are two explanations. First, New Smyrna Beach has been and remains the historical trade and service center for Southeast Volusia County, an area of approximately 60,000 residents. Second, the City has long been a popular beach community for seasonal residents and tourists from Central Florida and beyond. The combination of a comparatively large trade and service area and large influx of seasonal residents and tourists generates substantially more retail activity in the City than would otherwise be supported by the resident population.

The table below (labeled “Table 2”, from the proposed US 1 CRA Master Plan) provides economic and fiscal data and indicators for the City of New Smyrna Beach as compared to Ormond Beach, Port Orange and Volusia County as a whole. Just and taxable values of real estate and other property in New Smyrna Beach are significantly higher on a per capita basis than the County, Ormond Beach, and Port Orange. The implication is that for comparable millage rates, New Smyrna Beach can generate substantially greater per capita proportions of ad valorem revenues than other jurisdictions. This may also allow the City to be more flexible than other jurisdictions in using tax incentives to leverage private investments.

New Smyrna Beach is much more reliant on its residential tax base than the County and two other cities. Residential property contributes 86.4 percent of local real property taxes, compared to percentages in the seventies for the other three jurisdictions. Commercial and industrial property in New Smyrna Beach account for only 10.2 percent of local real property taxes, compared to 16.5 to 20.0 percent in the other three jurisdictions. (Note: New Smyrna Beach has the second lowest property tax millage rate in Volusia County.)

New Smyrna Beach has a much greater proportion of high value residential property than the other jurisdictions, which tends to diminish proportional contributions from

commercial and industrial property. Nevertheless, comparatively low tax revenue contributions from commercial and industrial real estate in New Smyrna Beach provide strong arguments for attracting new business and industry to the City and particularly to the proposed US 1 Community Redevelopment Area to generate both tax revenues and jobs for local residents. (More on the proposed US 1 CRA below.)

*Note: Much of this data came from the 2014 US 1 CRA Master Plan, Kimley-Horn and Associates, and a substudy by Urbanomics, Inc.

Recent Recognitions for New Smyrna Beach

- One of the World's Top Twenty Surf Towns, by National Geographic Magazine in 2012; and
- One of the Coolest Surf Towns, by Travel + Leisure Magazine in 2013
- Named by SmarterTravel.com as one of ten best beach towns in Florida in 2014

City Commission Leadership in Economic Development Activities

The City Commission's Annual Strategic Issues include an Economic Development element, and Economic Development has been a focal point for several years.

In 2010 the City Commission received the City's first Economic Development Plan, prepared by newly elected Mayor Adam Barringer. The plan called for the appointment of an Economic Development Advisory Board, which was then appointed by the City Commission. The Board held its first meeting on June 29, 2010 and continues to meet monthly to make recommendations to the City Commission in matters of Economic Development.

The City Commission has included in the annual City Budget funding for membership at the Executive Committee level in Team Volusia, a public-private economic development organization for Volusia County. The City Budget also includes a staff position for Economic Development Director which is combined with the Community Redevelopment Agency Director's position. (In addition, in the current year budget the CRA Department had two positions closed and eliminated that had been included in the previous budget.)

In addition to working with Team Volusia, the City works with many partners in the Economic Development effort, including Volusia County, the CEO Business Alliance, the Daytona State Small Business Development Center, SCORE, Career Source Flagler Volusia, the New Smyrna Beach Utilities Commission, and other agencies.

As noted above, the City Commission is proposing that a new Community Redevelopment Agency (CRA) be created through a “delegation of authority” from the Volusia County Council. The current CRA sunsets in 2015.

One of the Economic Development services offered by the City has been called the “City Ready” service by a local commercial realtor: At the request of a property owner, or potential buyer, a staff team is assembled to visit a commercial or industrial property on site and discuss the potential for enhancing the property to maximize its usefulness and value. The team visiting the site typically consists of representatives from the Planning Department, the Building Official, and the New Smyrna Beach Utilities Commission. There were 12 such meetings last year, and six meetings have been held in the first four months of 2014.

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