

SECTION I
HERNANDO COUNTY ECONOMIC OVERVIEW

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ECONOMIC CONDITIONS AND TRENDS

The following information is provided as an economic profile of the Hernando County Market and presents relevant economic data regarding population and household trends, employment levels, income trends, and general land use development patterns impacting multifamily housing development.

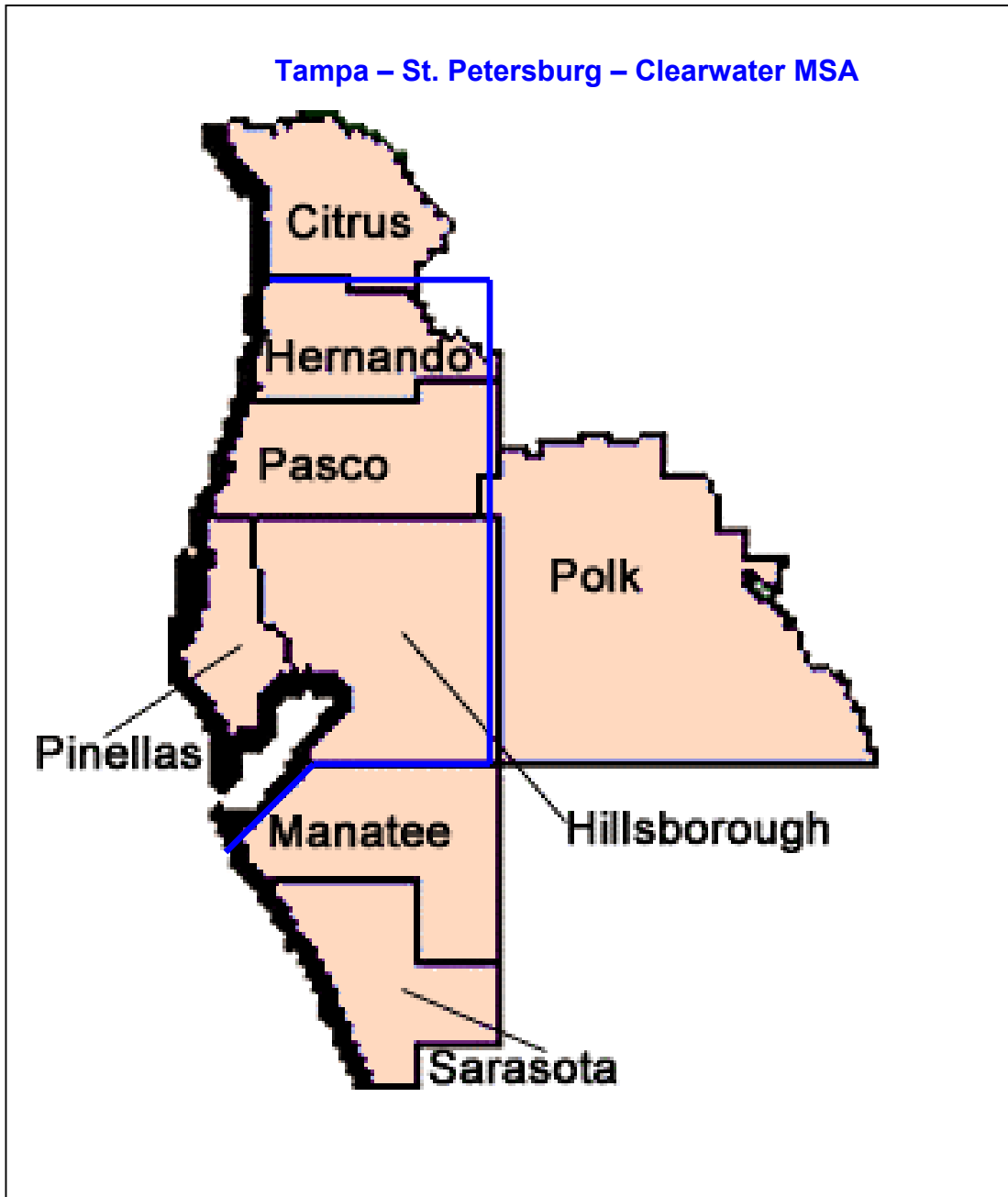
Hernando County is located in the west central part of Florida and is a part of the Tampa Bay Region that is comprised of seven counties and three MSAs: the Lakeland-Winter Haven MSA, the Tampa-St. Petersburg-Clearwater MSA and the Sarasota-Bradenton MSA. The County's location within the State of Florida is shown below:

Figure I- 1 Florida And Hernando County



The Tampa-St. Petersburg-Clearwater MSA consists of Hernando, Hillsborough, Pinellas, and Pasco Counties and is considered a demographic and economic unit as defined by the U.S. Bureau of Census. These counties are shown below:

Figure I- 2: Tampa Bay Region And MSA Counties



Regional Economic Indicators

Table I- 1- Tampa Bay Region: Economic Indicators

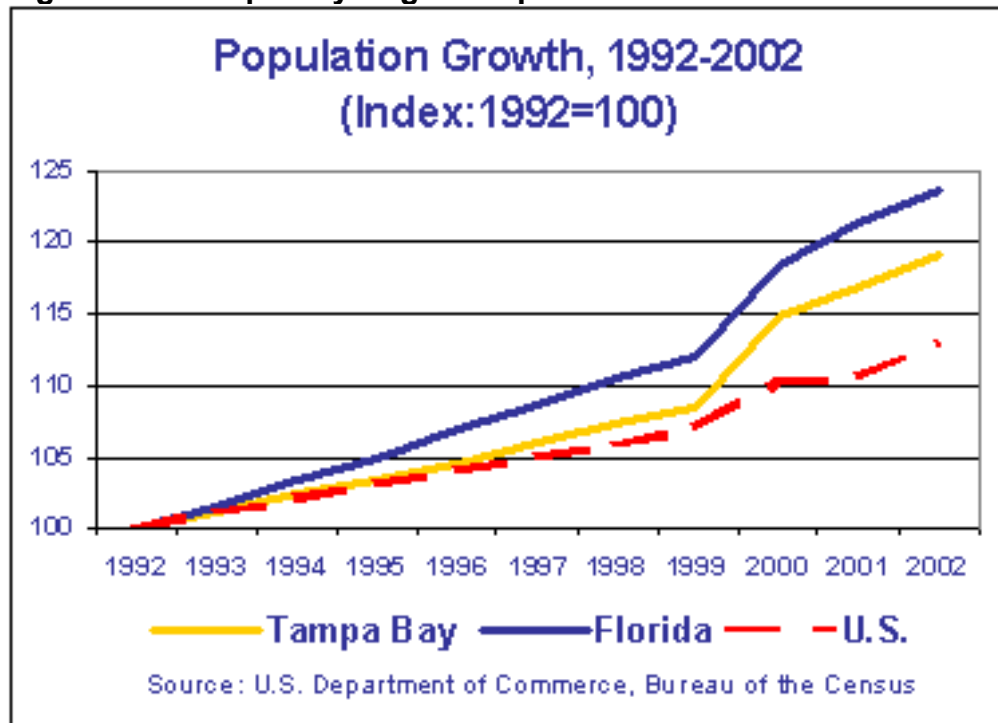
Tampa Bay: Economic Indicators	
Indicator	Tampa Bay
Population, 2002	3,732,837
Labor Force, 2002	1,877,801
Total Employment, 2001	1,788,629
Unemployment Rate, 2002	4.7%
Personal Income, 2001 (Billions)	\$108.9
Per Capita Personal Income, 2001	\$29,729
Number of Foreign-Affiliated Companies, 2003	153
Number of Patents, 1999	113
Cost of Living Index, Q1 2003 (U.S. Average=100)	96.4
Median Home Price, 2002	\$153,200

The Tampa Bay Region had a population of 3.7 million in 2002 and accounted for 22.3 percent of the State of Florida's total population. The region grew by 19.1 percent between 1992 and 2002, while the state and the nation grew by 23.8 percent and 13.1 percent, respectively.

Population Growth

The Tampa Bay region reported relatively slower population growth than the state, but faster growth than the nation, during this period. Between 1992 and 2002, Tampa Bay's population grew by 19.1 percent while that of the state and the nation grew by 23.8 percent and 13.1 percent, respectively.

Figure I- 3: Tampa Bay Region Population Growth Trends



Migration

Over 145,800 people migrated to the Tampa Bay region between 2000 and 2002. Domestic migration accounted for 78 percent of this increase. Of the total international migration of 32,026 people who migrated to Tampa Bay during this period, Hillsborough County received 42 percent of international migrants.

Table I- 2: Tampa Bay Region Migration Trends

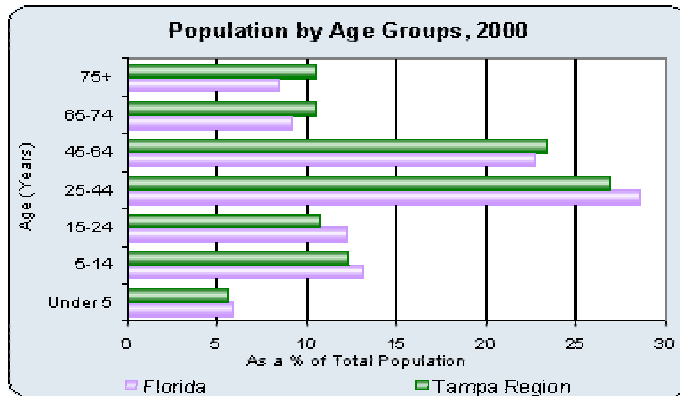
International and Domestic Migration, 2000-2002					
Region/County	Total Net Migration	Net International Migration	Net Domestic Migration	Share of FL's Net International Migration (%)	Share of FL's Net Domestic Migration (%)
<i>Florida</i>	633,076	276,668	356,408	43.7%	56.3%
Tampa Bay Region	145,838	32,026	113,812	11.6%	31.9%
Citrus	7,895	145	7,750	0.1%	2.2%
Hernando	9,087	205	8,882	0.1%	2.5%
Hillsborough	41,092	13,537	27,555	4.9%	7.7%
Manatee	16,106	2,569	13,537	0.9%	3.8%
Pasco	29,333	1,620	27,713	0.6%	7.8%
Pinellas	12,256	7,586	4,670	2.7%	1.3%
Polk	11,562	3,775	7,787	1.4%	2.2%
Sarasota	18,507	2,589	15,918	0.9%	4.5%

Source: U.S. Department of Commerce, Bureau of the Census

Population by Age

Tampa Bay region has a relatively older population than the rest of the state. Tampa Bay region's median age in 2000 was 41.7 years, indicating that the region's population was about 3 years older than the state average. In 2000, 17.9 percent of the region's population and 19.0 percent of Florida's population was 15 years old or younger.

Figure I- 4: Tampa Bay Region Population By Age



Source: U.S. Department of Commerce, Bureau of the Census.

Ethnic Diversity

Tampa Bay region’s racial and ethnic mix, like the rest of the state, has become increasingly diverse over the last decade. Tampa Bay region’s White population share dropped from 89.9 percent in 1990 to 85.4 percent in 2000. Tampa Bay region’s Hispanic population grew by 95 percent between 1990 and 2000 while that in the state grew by 70.4 percent. Nearly one eighth of Florida’s Hispanic population of 2.7 million lived in Tampa Bay region in 2000. Tampa Bay region’s Asian and Pacific Islander and Black populations grew by 149.4 percent and 35 percent, respectively, between 1990 and 2000.

Table I- 3 Tampa Bay Region’s Population by Race

Tampa Bay Region's Population by Race										
Region/County	Total Population (Thousands)		Share of Population (%)							
	1990	2000	White		Hispanic		Black		Asian & Pacific Islander	
			1990	2000	1990	2000	1990	2000	1990	2000
Florida	12,938.1	15,982.4	84.8	79.7	12.2	16.8	13.7	15.5	1.2	2.2
Tampa Bay Region	3,056.3	3,588.0	89.9	85.4	5.7	9.4	8.9	10.2	0.9	2.0
Citrus	93.5	118.1	96.9	96.0	1.8	2.7	2.4	2.6	0.4	1.0
Hernando	101.1	130.8	95.5	93.8	2.9	5.0	3.9	4.4	0.4	0.9
Hillsborough	834.1	998.9	85.0	77.1	12.8	18.0	13.3	15.8	1.4	2.9
Manatee	211.7	264.0	91.4	87.5	4.5	9.3	7.8	8.6	0.6	1.2
Pasco	281.1	344.8	97.2	94.9	3.3	5.7	2.0	2.3	0.5	1.3
Pinellas	851.7	921.5	90.8	87.2	2.4	4.6	7.8	9.4	1.2	2.5
Polk	405.4	483.9	85.6	80.9	4.1	9.5	13.5	14.1	0.6	1.3
Sarasota	277.8	326.0	94.9	93.5	2.1	4.3	4.4	4.5	0.5	1.1

Source: U.S. Census Bureau.

Labor Force and Unemployment

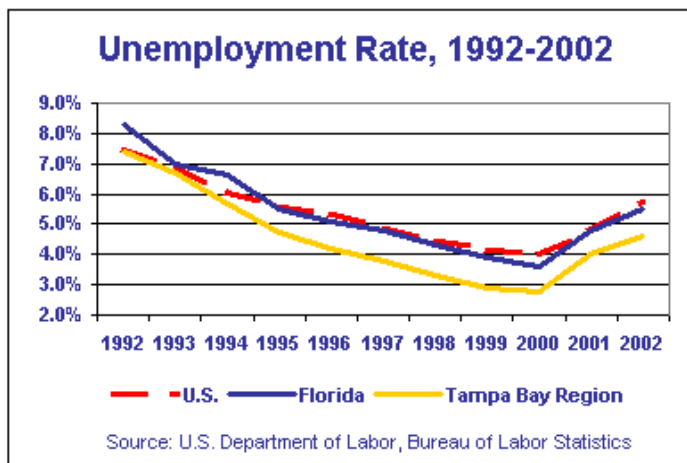
The Tampa Bay region has a labor force of about 1.88 million, about a fourth of the state's total labor force. The region's civilian labor force increased steadily from 1.48 million in 1992 to 1.88 million in 2002, an increase of nearly 27 percent. During this period, Florida's labor force increased by 23.3 percent. Within the region, Hillsborough County has the largest labor force of over 614,000, accounting for 32.7 percent of the region's labor force, followed by Pinellas County with a labor force of nearly 504,000, or 26.8 percent of the region's total. Within the region, Sarasota County had the lowest unemployment rate in 2002 at 3.4 percent, followed by Manatee County with an unemployment rate of 3.9 percent. Hernando County had the third highest unemployment rate (5.4 percent) after Polk and Citrus Counties. This information is summarized in the following table:

Table I- 4 Labor Force and Unemployment 2002
Labor Force and Unemployment, 2002

County	Labor Force	Unemployment Rate
Florida	8,084,462	5.5%
Tampa Bay Region	1,877,801	4.6%
Citrus	40,789	5.7%
Hernando	51,840	5.4%
Hillsborough	614,386	4.4%
Manatee	133,179	3.9%
Pasco	153,578	5.0%
Pinellas	503,751	4.7%
Polk	219,513	6.0%
Sarasota	160,765	3.4%

The unemployment rate in the Tampa Bay region has been significantly lower than the state and national averages over the last ten years. The region's unemployment rate of 4.6% in 2002 was 0.9 percentage points below the state average and 1.2 percentage points below the national average.

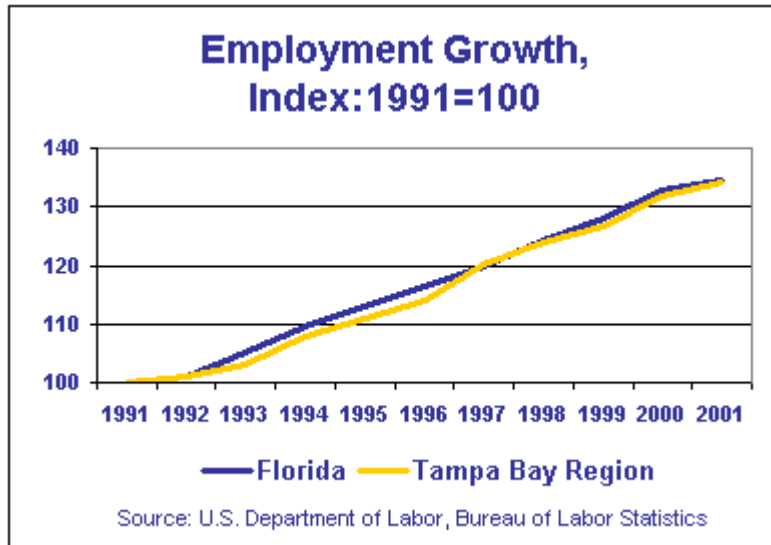
Figure I- 5 Unemployment Rate 1992-2002



Employment

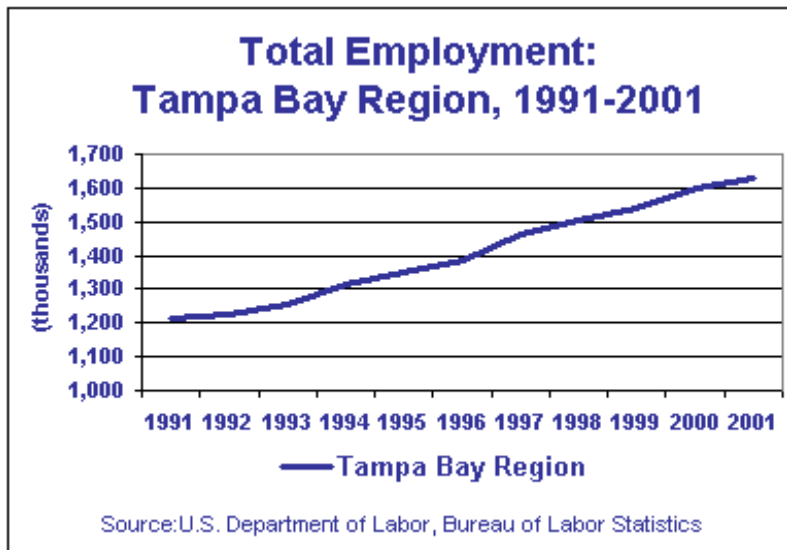
The Tampa Bay region employed about 1.63 million people in 2001, representing about 23 percent of State's total employment.

Figure I- 6: Tampa Bay Region Employment Growth Trends



The Tampa Bay region's rate of employment growth has been similar to the state over the last ten years. Between 1991 and 2001, the region's employment grew at an annual average rate of 3.0%, identical to the state's annual average rate of 3.0%.

Figure I- 7: Tampa Bay Region Employment Trends



The Tampa Bay region's total employment has increased from 1,215,158 in 1991 to 1,629,170 in 2001, an increase of 34.1% Total Personal Income.

Total Personal Income

Total personal income of Tampa Bay region reached \$108.9 billion in 2001. The region accounts for about 23 percent of the total personal income of the state. Of the eight counties in the region in 2001, Pinellas County had the highest total personal income of \$29.9 billion or 27.5 percent of the region's income, followed very closely by Hillsborough county with \$29.6 billion.

Table I- 5: Tampa Bay Region Income By County

Personal Income, 2001		
Region/County	Total (\$ Billions)	Per Capita (Dollars)
<i>Florida</i>	475.6	29,048
Tampa Bay	108.9	29,729
Citrus	2.8	22,691
Hernando	3.3	24,362
Hillsborough	29.6	28,784
Manatee	9.0	33,058
Pasco	9.0	25,150
Pinellas	30.0	32,408
Polk	11.8	23,991
Sarasota	13.5	40,608

Personal Income Growth

Total personal income of the Tampa Bay region had a growth pattern similar to the state average and faster than the national average during the past ten years. Between 1991 and 2001, Tampa Bay region's total personal income increased by 78 percent. During the same period, total personal income of the state and the nation grew by 77 percent and 71 percent, respectively.

Per Capita Personal Income

The Tampa Bay region per capita personal income surpassed the state average in 2001. Per capita income of Sarasota County in 2001 was almost 34 percent higher than the national average followed by Pinellas County, at nearly 7 percent higher than the national average. Hernando County's per capita income amounted to \$24,362 and was 16 percent below that of the State average.

HERNANDO COUNTY

Hernando County is bordered by Pasco County to the south, Citrus County to the north, the Gulf of Mexico to the west and Sumter County to the east. The County measures 37 miles east to west and 18 miles north to south containing a total of 478 square miles.

The local economy is fueled by construction, dairy/cattle production, distribution, electronics, forest resources, health care, lime rock mining, manufacturing, retail and tourism activities. According to the U.S. Census, the county's population reached 130,802 in 2000. Unincorporated Spring Hill in the southwest sector of the County has the largest concentration of population in the County. The City of Brooksville, the county seat, is the focus of government and is located in the center of the County. The only other city in the County is Weeki Wachee, which only has a population of 12 persons.

In 2001, the Turnpike District of the Florida Department of Transportation opened 42 miles of the Suncoast Parkway connecting northern Hernando County with the Tampa International Airport and the Westshore District of Tampa. The north-south toll way translates to less than 30 minutes drive time for many residents in the southern and southwestern sectors of the County.

Population

As indicated previously, Hernando County is part of the Tampa-St. Petersburg – Clearwater Metropolitan Statistical Area (MSA). Hernando County is the smallest of the MSA Counties and has been the slowest growing during the past several decades. Population trends for the MSA counties is summarized below:

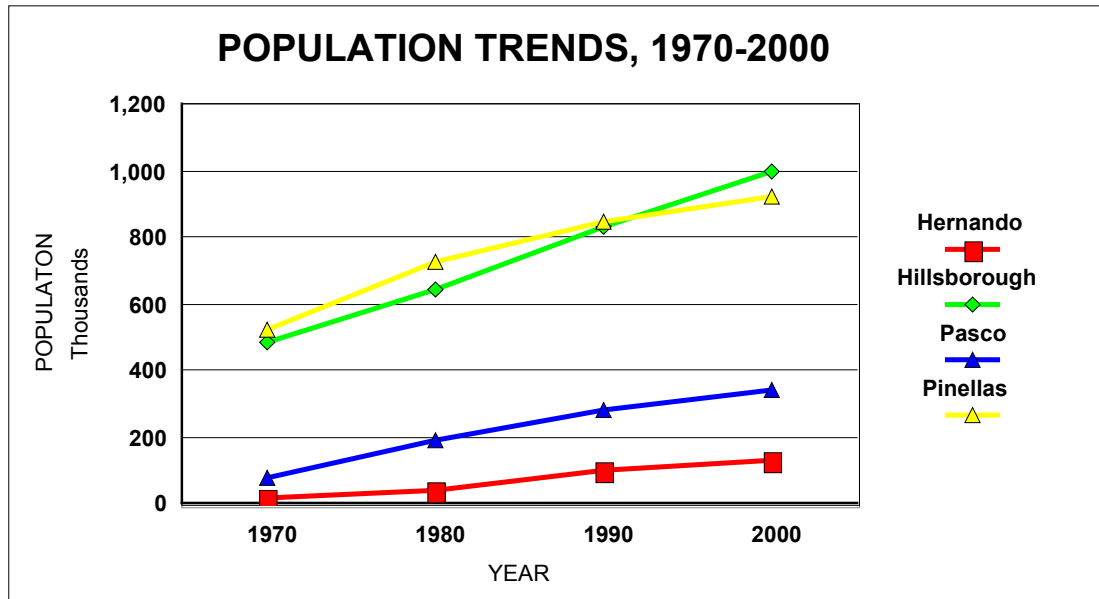
Table I- 6: MSA Population Trends By County, 1970-2000

County	1970	1980	1990	2000
Hernando	17,004	44,469	101,115	130,802
Hillsborough	490,265	646,939	834,054	998,948
Pasco	75,955	193,661	281,131	344,765
Pinellas	522,329	728,531	851,659	921,482
Total MSA	1,105,553	1,613,600	2,067,959	2,395,997

Source: U.S. Census Bureau 1970-2000 and SPG 2004

The county's largest population expansion was experienced during the 1980-1990 decade where an increase of 56, 646 persons was experienced. During the 1990's, population increased by only 29,687 persons, a growth similar to that experienced during the 1970-1980 period.

Figure I- 8: MSA Population Trends By County, 1970-2000



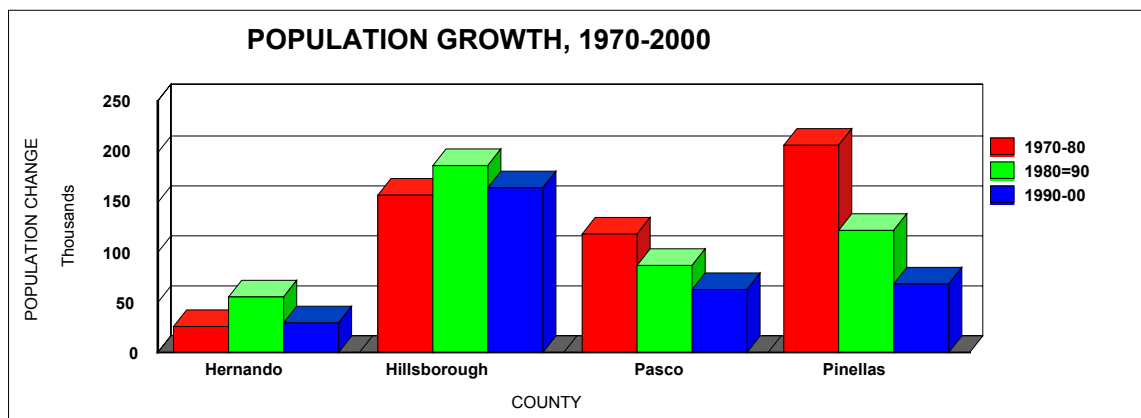
Source: Strategic Planning Group, Inc., 2004.

Table I- 7: MSA Population Growth By County, 1979-2000

County	1970-80	1980-90	1990-00
Hernando	27,465	56,646	29,687
Hillsborough	156,674	187,115	164,894
Pasco	117,706	87,470	63,634
Pinellas	206,202	123,128	69,823
Total MSA	508,047	454,359	328,038

Source: U.S. Census Bureau 1070-2000 and SPG 2004

Figure I- 9: MSA Population Growth By County, 1979-2000



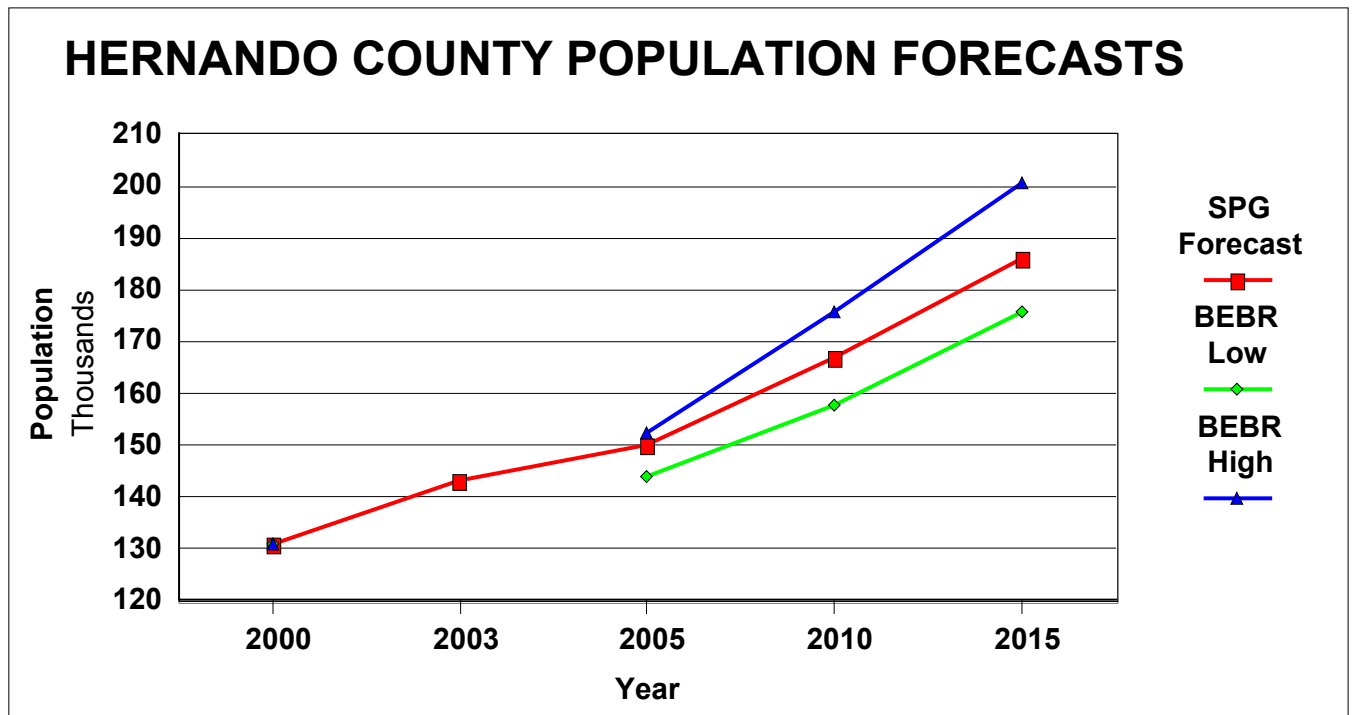
Population Forecast

SPG has evaluated historic population trends in conjunction with building permit and housing development data compiled since the 2000 Census. On the basis of this evaluation and analysis, SPG estimates the mid-year (July) 2003 population of Hernando County to be approximately 143,000 persons. The high growth rate experienced during the past three years is anticipated to continue through at least the next several years and then begin to moderate as interest rates are expected to begin to increase. Thus, SPG has formulated a County population forecast that is above the BEBR medium forecast but below the high range forecast. SPG projected population levels for Hernando County are summarized below:

PROJECTED HERNANDO COUNTY POPULATIONS LEVELS

2000	130,802 (Census)
2003	143,000
2005	150,000
2010	166,800
2015	186,000

Figure I- 10: Hernando County Population Forecast, 2003-2015



Source: Strategic Planning Group, Inc., 2004

Hernando County Employment

Employment in Hernando County is dominated by the retail trade, health care, and the accommodations / food service sectors. Together, these employment sectors accounted for approximately 53 percent of the jobs in Hernando County. Overall, total employment in the selected sectors was relatively constant over the 1998-2001 period, changing by only 91 persons or .04 percent. Employment levels by NAICS code for the County is summarized in the below

Table I- 8: Hernando County Employment, 1998-2001

Industry Code		1998 Employ.		2001 Employ.		Amount Change	Percent Change
NAICS	Description						
11	Ag, Forestry, Fishing	10	/1	10	/1	0	0.0%
21	Mining	296		303		7	2.4%
22	Utilities	249	/1	213	/1	(36)	-14.5%
23	Construction	1,672		1,828		156	9.3%
31	Manufacturing	1,222		1,119		(103)	-8.4%
42	Wholesale Trade	501		509		8	1.6%
44	Retail Trade	5,460		5,394		(66)	-1.2%
48	Transportation & Warehousing	645		641		(4)	-0.6%
51	Information	292		231		(61)	-20.9%
52	Finance & Insurance	814		886		72	8.8%
53	Real Estate	228		325		97	42.5%
54	Professional, Scientific & Tech	582		719		137	23.5%
55	Management	10	/1	50	/1	40	400.0%
56	Admin, Support, Waste Service	1,172		1,110		(62)	-5.3%
61	Educational Services	50	/1	50	/1	0	0.0%
62	Health Care & Social Assist.	4,482		4,688		206	4.6%
71	Arts, Entertainment & Rec	491		150	/1	(341)	-69.5%
72	Accommodations & Food Service	2,854		2,465		(389)	-13.6%
81	Other Services	1,646		1,800		154	9.4%
95	Auxiliaries	953	/1	1,243	/1	290	30.4%
99	Other / Unclassified	36	/1	22		(14)	-38.9%
TOTAL		23,665		23,756		91	0.4%

Note: /1 Estimated based upon reported size range

Source: County Business Patterns 1998 and 2001, and SPG 2004

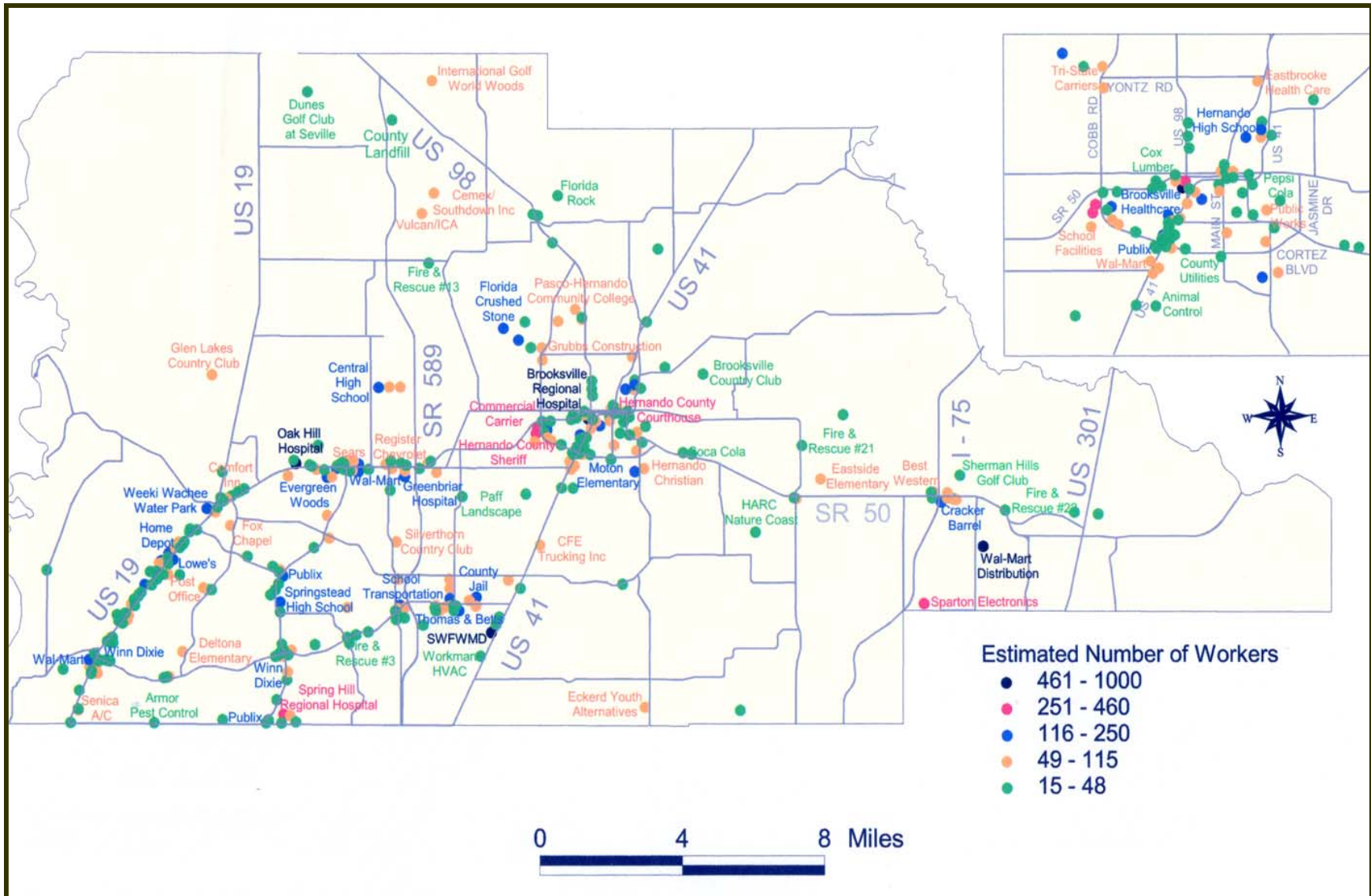
Hernando County has four major concerns employing 500 persons or more and 15 concerns employing between 200 and 500 employees. A listing of major employers in Hernando County is provided in the following table:

Table I- 9: Major Employers In Hernando County, 2004

Employer	Location	Employees
Wal-Mart Distribution	4224 Kettering Rd	1000
Oak Hill Hospital	11375 Cortez Blvd	800
SWFWMD	2379 Broad St	750
Brooksville Regional Hospital	55 Ponce de Leon Blvd	650
Spine & Rehab Medicine	700 DeSoto Ave	460
Sparton Electronics	30167 Power Line Rd	400
Commercial Carrier Corp	18820 Cortez Blvd	380
Hernando County Courthouse	20 N Main St	335
Hernando County Sheriff	18900 Cortez Blvd	290
Spring Hill Regional Hospital	10461 Quality Dr	275
Donto Contractors	3755 Commercial Way	250
Donto Contractors	1665 Donto Way	250
School Transportation Dept	3339 California St	240
Home Depot	4765 Commercial Way	230
Wal-Mart Supercenter	13300 Cortez Blvd	200
Florida Crushed Stone	10311 Cement Plant Rd	200
Cracker Barrel	30405 Cracker Crossing	200
Publix at Barclay	14371 Spring Hill Dr	200
Lowe's Home Improvement Warehse	4780 Commercial Way	200
Florida Crushed Stone	11430 Camp Mine Rd	180
Weeki Wachee Water Park	6131 Commercial Way	180
Winn Dixie at Mariner Village	11092 Spring Hill Dr	175
Greenbriar Hospital	7007 Grove Rd	175
Florida Endoscopy & Surgery	12900 Cortez Blvd	175
Winn Dixie at Brooksville Plaza	1230 S Broad St	160
Evergreen Woods Health Center	7045 Evergreen Woods	160
Springstead High School	3300 Mariner Blvd	160
Central High School	14075 Ken Austin Pkwy	160
Publix at Seven Hills	160 Mariner Blvd	150
Publix at Mariner Commons	4158 Mariner Blvd	150
Wal-Mart Supercenter	1485 Commercial Way	150

Source: Hernando County Planning Department, January 2004 and Strategic Planning Group, Inc., 2004.

Figure I- 11: Major Employers – Hernando County



Source: Hernando County Planning Department, January 2004

Hernando County Development Patterns

Development activity within Hernando County continues to be most prevalent in the southwest sector in the Spring Hill area. Between 2000 and 2003 (April 1 to April 1), the County recorded 4,866 new housing unit completions. An estimated 1,164 or 34 percent of these units were in the area west of Suncoast Parkway and east of Mariner Boulevard, south of State Route 50 and extending south to the County line.

In this same area, immediately to the west of Mariner Boulevard, an additional 1,022 new housing completions were recorded. Overall, this area (Spring Hill) accounted for 55 percent of the County's new housing completions between 2000 and 2003. Other active areas in the western sector of the County included the area north of State Route 50 between the Suncoast Parkway and U.S. 19 North.

In the entire central sector of the County, new housing completions amounted to approximately 743 units or about 15 percent of the County's total. The majority of the construction occurred between the area south of State Route 50 and north of the County line.

Only minimal new housing completions were recorded in the north central and eastern sectors of the County during the period.

Figure I- 12 New Housing Completions: 2000-2003

