



ESTERO COUNCIL OF
COMMUNITY LEADERS

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Feature: Estero’s Future as the Retail Center of Southwest Florida

Changes in the Need for Store Space

Across the nation, retailers have been taking a hit. The Atlantic calls it the “[Retail Meltdown of 2017](#).” Major department store brands like J.C. Penney, Macy’s and Sears have announced hundreds of store closings. Other retailers have gone out of business completely. In Estero, Coconut Point Mall has been affected by the liquidation of Sports Authority and the closing of World Market. Meanwhile, logo-driven brands like American Eagle and Ralph Lauren, which have a presence at Miromar

Outlets, are suffering multi-year lows on stock prices. Additionally, Estero’s strip malls have widespread vacancies.

The economy is not to blame. Most economic indicators show steady improvement since the nation has emerged from the Great Recession. The U.S. GDP has been growing, unemployment is low, and wages have been slowly rising for middle and lower income Americans. The Florida Consumer Sentiment Index is at a six-year high, and the Cape Coral-Fort Myers metro area recently took the No. 1 spot on Forbes’ 2017 list of America’s fastest-growing cities

The Growth of E-commerce

With all of this good news, what is to blame for the continued store closings? The current retail meltdown indicates a change in American shopping habits, with the most prominent factor being the rise in e-commerce. At the same time stores have been shuttering, online retailers have been enjoying tremendous gains. From 2010-2016, Amazon’s sales in North America quintupled from \$16 billion to \$80 billion, according to The Atlantic. Also since 2010, mobile shopping has grown from 2 percent of digital spending to 20 percent, according to data compiled by financial services company Cowen & Co. The couch is replacing the mall for many Americans as apps make online shopping easier.

Shopping Center Oversupply

Along with e-commerce, there is another factor to consider in the retail meltdown. The United States tops the list for shopping space per person, offering 40 percent more than Canada, five times more than the U.K. and 10 times more than Germany (Cowen & Co.). From 1970-2015, the number of malls in the U.S. grew more than twice as fast as the population. Simply put, America built too many malls. Mall visits began declining during the Great Recession, and they've continued to decline even as the economy has rebounded. America's shopping habits have changed, and the retail industry is now having to make adjustments.

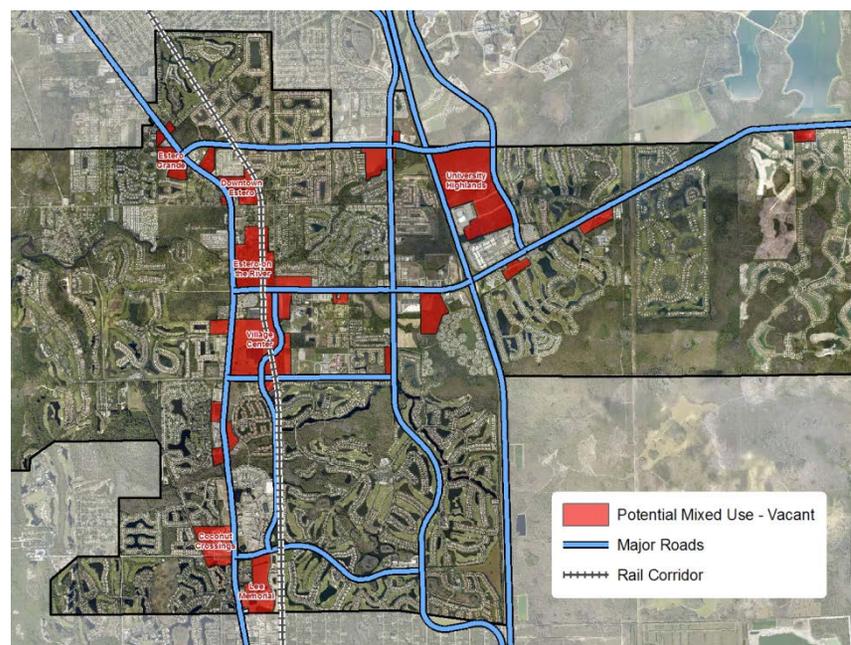
Future Development in our Commercial Corridors: Overview and an Example

Finally, there are 14 large, vacant, undeveloped properties containing 443 acres and many smaller parcels located within Estero's commercial corridors. Most of them have been planned for retail development. Considering the current downward trend for brick-and-mortar retailers, it is likely zoning changes will be sought to convert many of these properties into mixed use developments with a heavy emphasis on residential uses.

Estero Crossing is an example. This 43-acre parcel, located southwest of the intersection of Corkscrew Road and Interstate 75, has long been zoned by Lee County for a 300,000-square-foot "big box" store with surrounding retail shops. Now the developer is seeking a rezoning through the Village of Estero for a mixed use development which would be predominantly residential in use.

The proposal calls for 350 apartments at the back of the property and a small strip of commercial development along the road. The Village Community Development staff has recommended that the application be put on hold as the Village works out the details of its initial Comprehensive Plan. When the Village was incorporated, it inherited the Lee County Comprehensive Plan and a legal mandate to adopt its own plan within three years.

It's likely other large parcels with commercial zoning will come before the Village seeking rezoning to include residential projects. The following two-year-old map by Spikowski Planning Associates shows the location of vacant parcels in Estero at that time.



The following table provides more information about these properties, including their acreage, corridor location and current development status. **TOTAL: 443 acres**

Property Name	Acreage	Corridor Location	Currently active in Village of Estero Zoning Process?
Estero North Point	100	Village Center	No
Estero on the River	85	Village Center	No
Coconut Crossings	46	US 41/Village Center	Yes
Estero Crossing	43	Corkscrew Road (west of I-75)	Yes
Downtown Estero/Southland Village	34	US 41 (north of Corkscrew)	No (already zoned for mixed use)
Estero Grande	30	US 41 (north of Corkscrew)	Yes
Volunteers of America	21	Corkscrew Road (west of I-75)/ Village Center	Yes (senior housing)
Via Coconut Urban Place	19	Village Center	Yes
Miromar Square CPD	13	Corkscrew Road (east of I-75)	No
Bella Terra Commercial	12	Corkscrew Road (east of I-75)	No
Chas. Long Trust/Paradise North	11	Williams Road	No
Pawlet Assoc./TOP & Williams	10	Village Center/Williams Road	No
Gess Family Partnership	10	Village Center/Williams Road	No
Christ Community Ministries	9	Village Center/Williams Road	No

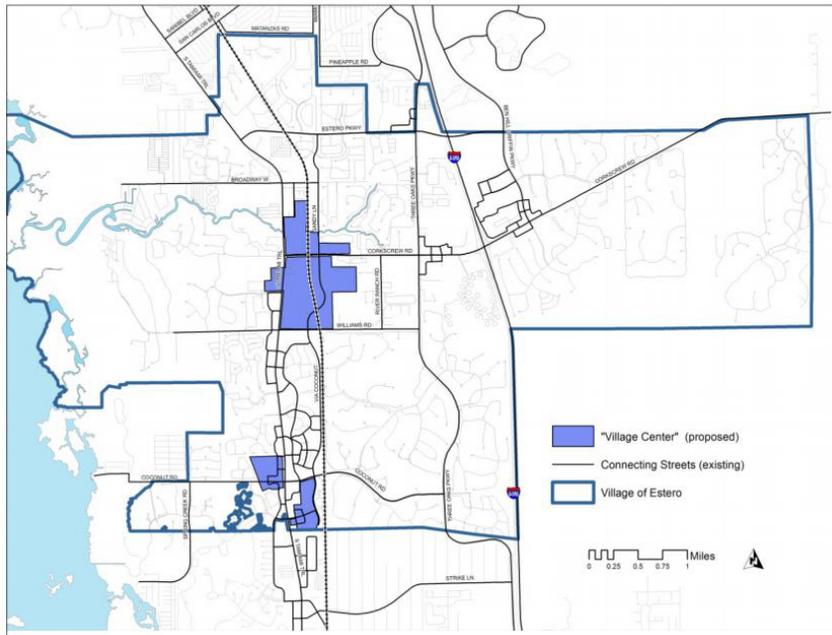
The Village Center Area

Properties within the Village Center are governed by the recently adopted Village Center Comprehensive Plan, which includes incentives for development of this area as a walkable, mixed use community. This affects undeveloped properties near U.S. 41, starting at the Village limits with Bonita Springs and extending to just south of Broadway Avenue. See a map of the Village Center on the next page.

The Village Center contains the largest parcels of vacant land in Estero: **Estero North Point** at 100 acres (labeled “Village Center” on the Spikowski map) and **Estero on the River** at 85 acres. However, neither are seeking to rezone these properties through the Village of Estero. The Village has expressed interest in working with both property owners.

Coconut Crossing, the Village’s third-largest vacant parcel, is located on the south end of the Village Center, at the northwest corner of U.S. 41 and Coconut Road across from Coconut Point Mall. It is zoned for commercial development

The Village Center also includes **Via Coconut Urban Place**, an 18.5-acre parcel at the southwest corner of Corkscrew Road and Via Coconut Point. The developer’s proposal to build 200 rental housing units on this site was denied by the Village subject to submittal of a substantially revised plan. To date, the developer has not indicated future plans. The Village Center also includes three parcels of 10 acres or less along Williams Road which are also not actively seeking development approval at this time.



The U.S. 41 Corridor

Several of the vacant parcels in the Village Center also lie within the U.S. 41 corridor, including Estero North Point, Estero on the River and Coconut Crossing. Other vacant parcels along U.S. 41 are Downtown Estero and Estero Grande to the north of Corkscrew Road. “Downtown Estero” is a bit of a misnomer since this development lies north of the Village Center boundaries. Also known as Southland Village, this 34-acre property is likely the only vacant parcel in Estero with zoning that was submitted and accepted by the present property owner. It was zoned for mixed use development by Lee County with input from the ECCL prior to Estero’s incorporation. Plans call for a walkable community with a

“main street.” However, there has been no movement toward construction by the developer in the years since zoning approval.

Estero Grande is a 30-acre development on the west side of U.S. 41 north of Estero Parkway (across from Walmart). Estero Grande received zoning approval for a mixed use development from Lee County shortly before Estero’s incorporation for 285 multifamily units and up to 100,000 square feet of commercial/retail space. The Village has granted permission for site work to begin, but approval of the Pattern Book required for the development has been delayed until the developer has some users ready to build.

The Corkscrew Road Corridor

Estero Crossing’s proposal includes building a frontage road parallel to Corkscrew Road terminating near the Corkscrew Road entrance road with a newly installed traffic signal located on the east end of Estero Town Commons, the development anchored by Lowe’s. This access road divides the proposed apartment complex from its small commercial development. After the initial proposal with a gas station was rejected, Estero Crossing has since proposed various uses, the most recent being a storage warehouse facility and possibly a hotel. Facing Village staff opposition to its comprehensive plan proposal pending Village adoption of its initial Comprehensive Plan, the developer has asked the Planning and Zoning Board for a continuance.

Also along the Corkscrew Road Corridor, Volunteers of America is planning to build a senior care facility with 340 beds. This future assisted living and continuing care community sits north of Estero

Community Park and is included in the Village Center. No other vacant parcels in the Corkscrew Road commercial corridor are actively pursuing any development approval at this time.

May 2017:

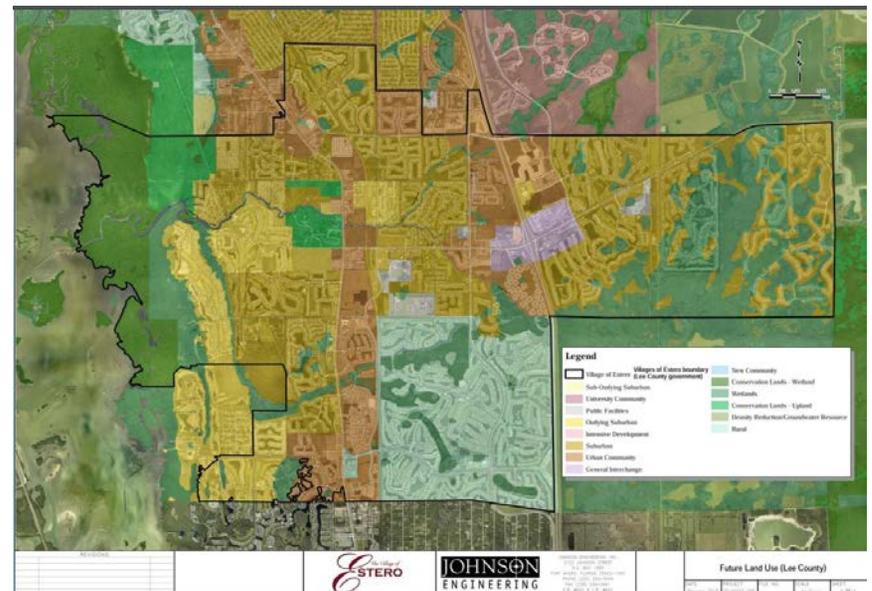
Development Review Summary

In development news this month, zoning and density changes sought by Estero Crossing have been postponed as the Village of Estero awaits completion of its Comprehensive Plan later this year.

The Estero Planning and Zoning Board (PZB) hosted a public input meeting regarding the Conservation and Coastal Management, Infrastructure and Housing Policy elements on May 16. The consultant’s presentation may be viewed here. LaRue and Associates indicated Estero’s permanent population is projected to grow from 30,851 to 48,125 by the year 2030 and to 51,848 at “build-out.” Peak season population is projected to reach 77,253 at build-out (beyond 2040). Topics addressed by Estero residents included consideration of solar energy, resource and wildlife protection, wetland mitigation, potential preservation sites, fertilizer restrictions and septic tank regulation.

The next public input meeting for the Comprehensive Plan will be at the end of the June 1 PZB special meeting, which starts at 4 p.m. The estimated start of this session is 5 p.m. It will focus on the Intergovernmental Coordination, Capital Improvements and

Public School Facilities elements. According to Ed Weil, the Lee County School Board has suggested an Interlocal agreement with the Village to build adult/youth multi-use fields and an aquatic center in Estero. The School District also is planning to build a new elementary and a middle school in Estero.



The next Design Review Board meeting will be Wed., June 14, at 5:30 p.m. The next regular Planning and Zoning Board meeting will be Tuesday, June 20 at 5:30 p.m.

VILLAGE COUNCIL ACTIONS

ESTERO CROSSING

Village Council agreed with the staff recommendation to delay transmittal of an amendment which would allow Estero Crossing to have residential uses up to 10 units per acre on 35 of its 43 acres south of Corkscrew Road and west of Interstate 75. The Village first needs to complete its Comprehensive Plan.

Representatives from Estero Crossing also were granted a postponement of a scheduled public hearing for rezoning the property to Mixed Use Planned Development, allowing a 350-unit apartment complex and commercial development including a self-storage facility. A frontage road would separate the 350-unit apartment complex from four commercial out-lots along Corkscrew Road. The PZB recommended construction be dependent upon the Village's Traffic Study identifying the effectiveness of the frontage road to alleviate traffic congestion on Corkscrew Road and Corkscrew Woodlands Blvd. A traffic signal also must be installed at the entrance to Lowe's on Corkscrew Road before any construction may begin.

BONUS DENSITY PROGRAM

Village Council held a first reading May 17 for an ordinance which would implement a Bonus Density Program applicable to developments already approved for bonus density by Lee County prior to the Village's incorporation. The Village's program would allow increased density in exchange for landowner cash

contributions to the Village, which could be used for purchase of public lands to provide open space, recreation and preservation in the Village of Estero.



ESTERO GRANDE

Estero Grande had a first reading on a site preparation development order before Village Council May 17 and will return for second reading at a later date for Village consideration of an ordinance which would allow infrastructure work to begin prior to approval of the development's Pattern Book. Estero Grande has been zoned by the County for 285 multifamily units and up to 100,000 square feet of commercial/retail space on 30 acres west of the intersection of Estero Parkway and U.S. 41.

DESIGN REVIEW BOARD ACTIONS

ESTERO COUNTRY CLUB

Estero Country Club is proposing renovations for the 180-acre, Gordon Lewis-designed golf course, including the addition of a new putting green and golf cart parking area. The entire golf course will be re-grassed, and improvements will be made to tees, greens, bunkers, wet areas and fairways. Estero Country Club is located north of Estero Parkway and east of U.S. 41. See the presentation to the Design Review Board here.

GERMAIN ARENA

Representatives for Germain Arena brought a revised painting proposal before the Design Review Board to address previous concerns of the DRB. The board unanimously approved the revised exterior paint design, which includes blue, white and gray paint. There will no longer be a blue stripe around the building. Instead, the lower two sections of the arena will be painted Santorini Blue, along with accent segments, while the upper sections will be gray. See the Germain Arena presentation here.

DUNKIN' DONUTS

Dunkin' Donuts is proposing a new monument sign, but the Design Review Board advised that the proposal needs to be reworked. Signage code for the Village calls for 25 percent of a monument sign to be architecturally consistent with the building. The proposed sign for the Dunkin' Donuts going in at Grand Oak

Shoppes also was taller than it was wide, another code violation. See Dunkin' Donuts presentation here.



HEARTLAND DENTAL

Also at Grand Oaks Shoppes, located at the northeast corner of Corkscrew Road and Ben Hill Griffin, Heartland Dental is proposing to build a one-story, 5,520-square-foot building to house a dental office and a retail tenant.

MEDEXPRESS ESTERO

The Design Review Board approved a Development Order for MedExpress Estero at the northeast corner of U.S. 41 and Estero Parkway in front of Walmart. MedExpress representatives presented an improved design with a relocated sidewalk and crosswalk and the addition of bronze benches in a public use area.

Estero's April Residential Housing Permits Remain Steady

During April 2017, permits for forty-six (46) residential units were issued in Estero, including ten (10) single family homes and thirty-six (36) student apartments. The student housing permits were issued to the Reef (Phase II) on Ben Hill Griffin. Of the ten (10) single-family permits, eight (8) were issued to Tidewater, the 55+ gated community at the SW corner of Ben Hill Griffin and Estero Parkway. The total value of all residential permits issued during the month was \$13,378,907.

The table below compares 2017 year-to-date figures with those of the previous 17 years.

Year	Year-to-Date Housing Units	Building Value	Average Building Value Per Unit	Percentage of Single Family Units
2000	733	\$95,634,278	\$130,470	50%
2001	743	114,361,268	153,918	43
2002	453	79,305,463	175,067	56
2003	694	100,480,796	144,785	34
2004	506	101,842,275	201,269	73
2005	1,061	207,175,802	195,295	43
2006	648	143,344,385	221,210	19
2007	258	66,051,728	256,014	31
2008	47	16,487,000	350,787	87
2009	51	18,838,887	369,390	80
2010	76	14,872,134	195,686	79
2011	51	9,046,766	177,388	84
2012	82	12,928,827	157,669	85
2013	135	24,070,276	178,298	95
2014	150	22,842,827	152,286	63
2015	497	49,787,975	100,177	10
2016	62	16,935,316	273,150	61
2017	319	40,354,988	126,505	13

Note: The building values above exclude the value of the underlying land.

Sources: For 2016 and 2017, see Village of Estero Community Development: <https://estero-fl.gov/monthly-building-reports/>

For prior years, see Lee County Permit Reports for the "Village of Estero": <http://www.leegov.com/dcd/reports>

Estero April Commercial Permits Include Lee Health Care Village

Estero’s commercial permits soared in April 2017 to \$85,348,812 on the strength of Lee Health’s \$82 million permit for Estero’s long-awaited health care village. The \$85 million figure represents the single largest one-month total in Estero’s history.

The table below compares 2017 year-to-date totals with those of the previous 17 years.

Year	Year-to-Date	Annual Total
2000	\$7,780,586	\$77,250,835
2001	15,427,071	44,116,526
2002	3,712,079	23,135,139
2003	4,935,094	23,234,725
2004	7,699,199	60,859,820
2005	12,676,374	111,037,977
2006	70,651,988	184,709,240
2007	51,145,498	157,614,045
2008	20,431,973	39,261,677
2009	5,881,990	9,752,556
2010	982,742	9,322,546
2011	4,480,682	11,717,593
2012	5,129,362	11,879,291
2013	2,734,353	14,656,213
2014	70,547,547	139,285,611
2015	61,568,452	68,338,852
2016	24,744,396	39,716,393
2017	99,350,333	N/A

Note: The building values above exclude the value of the underlying land.

Sources: For 2016 and 2017, see Village of Estero Community Development: see <https://estero-fl.gov/monthly-building-reports/>

For prior years, see Lee County Permit Reports for the “Village of Estero”: <http://www.leegov.com/dcd/reports>

Estero's April Single-Family Home Sales Decline

In April, 2017, the Multiple Listing Service (MLS) totaled forty-two (42) single family home sales in Estero, down 37% from April, 2016. Despite robust quarter 1 sales, year-to-date sales have now declined 2% from 2016.

Sales figures for 2017 and for each month for the previous two years are shown below:

Period	2015	2016	2017	Inc (Dec)	Inc (Dec) %
Jan	34	46	46	-	-
Feb	35	39	41	2	5
Mar	65	54	73	19	35
Qtr 1	134	139	160	21	15
Apr	69	67			
May	71	47			
June	63	66			
Qtr 2	203	180			
July	51	42			
Aug	36	57			
Sept	44	35			
Qtr 3	131	134			
Oct	41	33			
Nov	33	39			
Dec	53	65			
Qtr 4	127	137			
Yearly Totals	595	590			
Year-to-Date	134	139	160	21	15

At the end of April, there were 483 listings of currently active unsold homes (i.e., “inventory”). This equates to about a 10-month supply, near the highs in quarter 1 of 2016 and 2017. Often, this figure peaks in the first half of the year.

Pending sales at April 30 totaled 122 homes – one of the highest in the last two years. This suggests solid sales in the near future.

The percent of distressed sales in April, as well as distressed sales in inventory at the end of April, remained near 1%, approximating the lowest levels since 2012.

Continued thanks to Joe Pavich, Sr. of Realty World in Estero for supplying us monthly sales and inventory figures.

Notes: 1) “Distressed sales” include short-sales and sales of bank owned property in which the bank receives less than their loan amount.

2) Figures include homes in the new Village of Estero (excluding homes in the Estero portion of Pelican Landing, which are not separately shown in the MLS). Also not included are figures for multi-family homes.