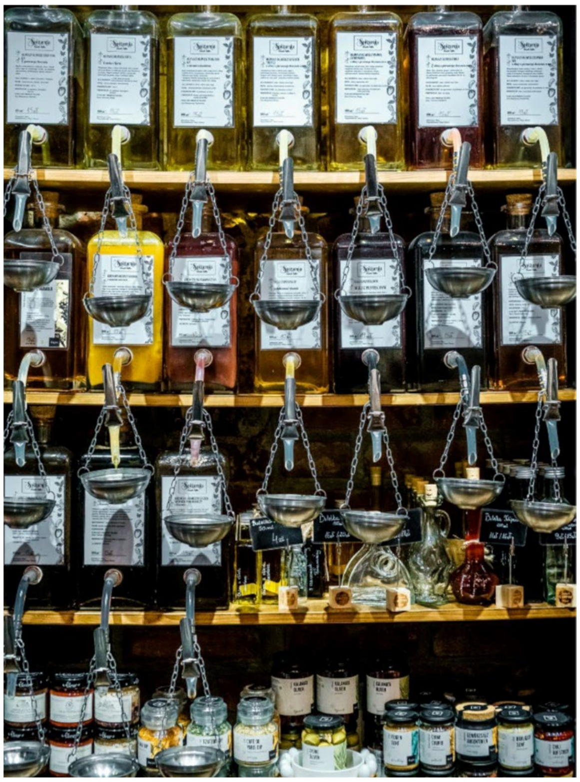
INDUSTRY PROSPECTUS

Competitive Advantages for the Culinary Tourism Cluster in the City of Cape Coral

City of Cape Coral
Office of Economic & Business Development

This cluster illustrates the regional growth of unique food creations and sales that will stimulate new development and provide location opportunities for businesses seeking lower cost operating environments with good market access to multiple urban centers.



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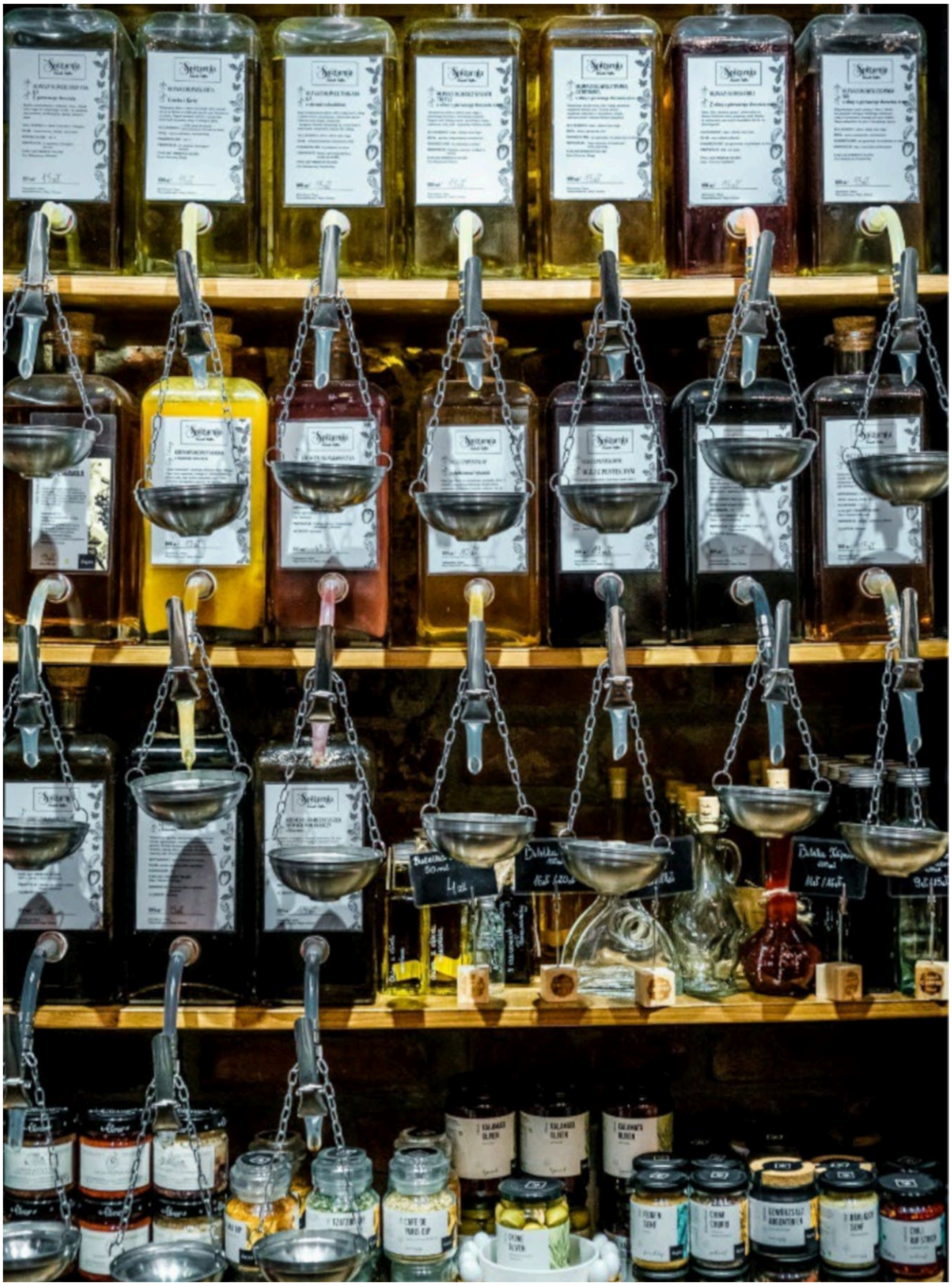

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Key Findings

- As part of an Economic Development Strategic Plan for the City of Cape Coral, a Target Industries analysis was conducted. An outcome of this work was the identification of the Culinary Tourism Cluster.

- The Culinary Tourism Cluster consists of **2** industry components:
    - Specialty Food Retailers
    - Special Food Services

- Revenue (in current dollars) for the Culinary Tourism is **$403.2 billion**. Growth expectations in the next five years will raise this figure to **$523.2 billion**, which is a **5.50%** compound annual growth rate (CAGR), or an overall **29.8%** revenue gain.

- The **2** individual industries that comprise the cluster have projected revenue gains ranging from **30.1%** (Specialty Food Retailers) to **29.4%** (Special Food Services). In aggregate, the cluster demonstrates solid revenue growth for the next several years.

- Florida ranks in 4th place for Culinary Tourism Cluster employment among the **10** leading US states.

- The Cluster has a projected **492** new jobs in Cape Coral supportable by the labor market.

- There are **6** Florida cities identified as direct competitors to Cape Coral:
    - Fort Lauderdale
    - Orlando
    - Palm Bay
    - Pompano Beach
    - Port St. Lucie
    - West Palm Beach

- As an example of typical Cluster business, a Food Service Contractors facility of **19** persons in Cape Coral will generate **$4.586 million** in annual revenue.

- Profitability for a Food Service Contractors Facility in Cape Coral is **11.1%** which leads all competition with the exception of Port St. Lucie.

- Cape Coral's employed civilian labor force of **102,700** is estimated to have an estimated **56%** of workers commuting to locations outside of the City. This out-commuting labor force presents an opportunity for development of new "intercept" facilities that can capture some of this worker flow.

- With the projected office census of **492** new jobs, it can be expected that at least **234,000 sf** of flex space and **7,200** of retail space will be required to meet the Cluster's employment needs.

Introduction

As part of the development of an Economic Development Strategic Plan for the City of Cape Coral, a Target Industries analysis was conducted. An outcome of this work was the identification of the Culinary Tourism Cluster.

As defined by Harvard University, "a cluster is a regional concentration of related industries in a particular location. Clusters are a striking feature of economies, making regions uniquely competitive for jobs and private investment. They consist of companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support.

This cluster illustrates the regional growth of manufacturing and industrial services that will stimulate new development and provide location opportunities for businesses seeking lower cost operating environments with good market access to multiple urban centers.

The Cluster consists of **2** industry components:

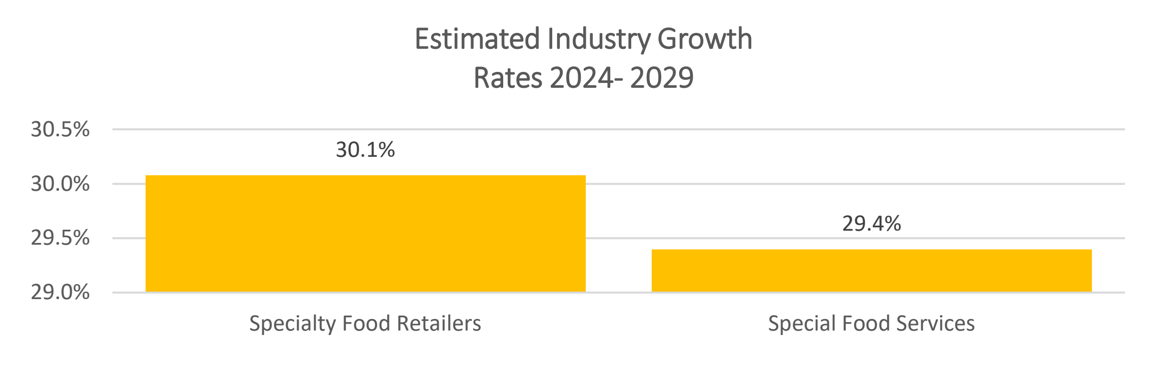
- Specialty Food Retailers
- Special Food Services

Industries Performances

Revenue (in current dollars) for the Culinary Tourism Cluster is **$403.2 billion**. Growth expectations in the next five years will raise this figure to **$523.2 billion**, which is a **5.50%** compound annual growth rate (CAGR), or an overall **29.8%** revenue gain.

The **2** individual industries that comprise the cluster have projected revenue gains ranging from **30.1%** (Specialty Food Retailers) to **29.4%** (Special Food Services). In aggregate, the cluster demonstrates solid revenue growth for the next several years. Refer to Exhibit 1 (below).

Exhibit 1 – Industry Performance Projections 2024-2029

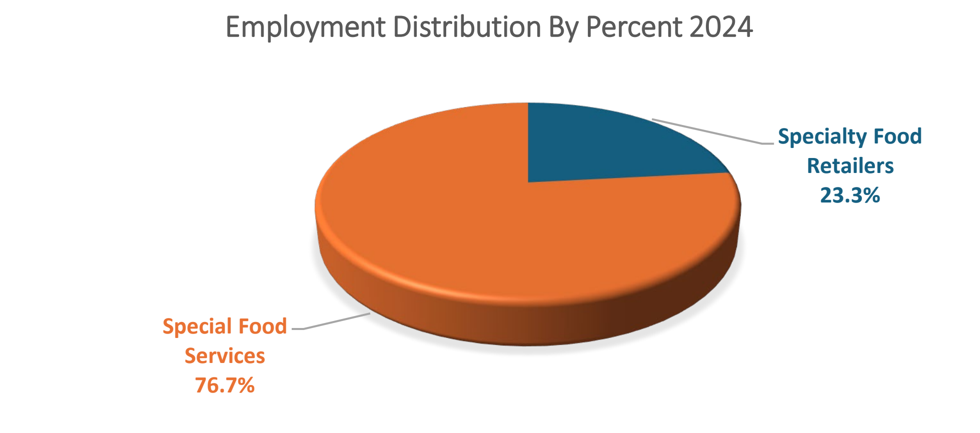


In the following Exhibit 2, each of the component industries are presented with their individual revenue growth expectations, employee productivity evaluation and typical establishment size.

Exhibit 2 – Component Industries Data Aggregation					
Specialty Food Retailers			Special Food Services		
	2024	2029		2024	2029
Revenue ($ billion)	$221.50	$288.12	Revenue ($ billion)	$181.65	$235.05
CAGR	5.40%		CAGR	5.29%	
Revenue Gain ($ billion)	$66.62		Revenue Gain ($ billion)	$53.40	
Revenue Gain (percent)	30.1%		Revenue Gain (percent)	29.4%	
Revenue per employee	$967,500		Revenue per employee	$240,900	
Typ. Estb. Size (US)	8		Typ. Estb. Size (US)	15	

The distribution of employment in the Culinary Tourism Cluster is illustrated in Exhibit 3 (below):

Exhibit 3 – US Employment Distribution in the Culinary Tourism Cluster



For a Florida location, the **4th** place ranking for the Culinary Tourism Cluster employment among the **10** leading states is a favorable condition as shown in Exhibit 4 (below):

Exhibit 4 – Ten Leading States for the Culinary Tourism Cluster Employment

State	2024 Employment	Rank
California	105,897	1
Texas	81,945	2
New York	81,572	3
Florida	64,308	4
Pennsylvania	46,742	5
Illinois	45,907	6
New Jersey	44,964	7
Michigan	29,322	8
Ohio	28,860	9
Massachusetts	28,389	10

The Fit for Cape Coral

As part of an Economic Development Strategic Plan for Cape Coral, a Target Industries analysis was conducted. An outcome of this work was the identification of the Culinary Tourism Cluster. The Cluster contains the **2** component business areas that have a projected **492** new jobs supportable by the Cape Coral labor market, as shown in Exhibit 5 (below):

Exhibit 5 - Culinary Tourism Cluster Employment	
Industry	# of New Jobs
Specialty Food Retailers	24
Special Food Services	468
Total	**492**

For exploratory purposes, the Special Food Services industry has been selected for deeper examination. For this industry category, there is a projected the growth of **492** new jobs. Within this heading are **3** sub-categories of industries one of which will be explored in greater detail.

- Food service contractors
- Caterers
- Food trucks
- Lunch wagons
- Mobile refreshment stands
- Street vendors, food
- Ice cream trucks

Food Service Contractors

This industry comprises establishments primarily engaged in providing food services at institutional, governmental, commercial, or industrial locations of others based on contractual arrangements with these types of organizations for a specified period of time. The establishments of this industry provide food services for the convenience of the contracting organization or the contracting organization's customers. The contractual arrangement of these establishments with contracting organizations may vary by type of facility operated (e.g., cafeteria, restaurant, fast-food eating place), revenue sharing, cost structure, and personnel provided. Management staff is always provided by food service contractors.

Model Operations

The national average size for a Food Service Contractors facility is **22** persons, and the State of Florida's is **16** persons. A nominal facility size of **19** persons is selected as a Cape Coral model for this industry. Average productivity output for Food Service Contractors is **$240,900** per employee, resulting in an annual sales figure of **$4.586 million**. Total investment per employee is estimated at **$45,400**, as shown in Exhibit 6 (below):

Exhibit 6 – Food Service Contractors -- Typical Operations	
Annual Net sales	$4,586,200
Total Employment	19
Avg. hourly Wage	$409.68
Fringe benefits Percentage	30%
Total Payroll	$1,107,800
Facility Footprint sq. ft.	5,700
Employee Occupancy/sf	300
Floor-Area-Ratio	0.37
Facility Construction Cost/sq. ft.	$95
Facility Construction Cost	$543,000
Estimated Equipment Cost (annual carry)	$100,000
Site Acreage	0.5
Land Cost	$221,300
Total Investment	**$864,300**

Staffing

Employment distribution among the relevant major occupational groups for the industry is shown in Exhibit 7 (below):

Exhibit 7 – Food Service Contractors Facility – Employee Census			
Occupation	# of Jobs	Florida Avg. Hrly Wage	Cape Coral Avg. Hrly Wage
General and Operations Managers	1	$62.84	$56.48
Food Service Managers	1	$34.92	$35.17
Business Operations Specialists, All Other	2	$41.40	$36.78
Cooks, Institution and Cafeteria	6	$16.76	$17.47
Food Processing Workers, All Other	6	$15.75	$16.22
Packers and Packagers, Hand	3	$13.81	$14.11
Total	**19**		
Average Hourly Wage			

Labor Capability

Available labor is calculated by using both the current unemployment rate (U3) for the Cape Coral-Fort Myers MSA and the factored under-employment rate[1] (U6) from the Bureau of Labor Statistics. For the target of **468** new jobs for the industry sector, the Employee Census table from above is revisited with the overall new job requirements shown in Exhibit 8 (below).

Exhibit 8 - Food Service Contractors – Occupations Needed	
Occupation	# of new jobs
General and Operations Managers	25
Food Service Managers	25
Business Operations Specialists, All Other	49
Cooks, Institution and Cafeteria	148
Food Preparation Workers	148
Packers and Packagers, Hand	74
Total Occupations Required	**468**

In the following, the **6** categories of staffing for a Food Service Contractors Facility are evaluated for direct hiring capabilities:

General and Operations Managers

In the Cape Coral-Fort Myers MSA, there are currently **6,110** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **425** applicants

[1] U6: Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.

that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Food Service Managers

In the MSA, there are currently **620** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **43** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Problematic** for this position.

Business Operations Specialists, All Other

In the MSA, there are currently **1,310** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **91** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Cooks, Institution and Cafeteria

In the MSA, there are currently **400** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **28** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Problematic** for this position, requiring some external recruitment of applicants or retraining of others in the market area.

Food Preparation Workers

In the MSA, there are currently **2,080** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **145** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Problematic** for this position, requiring some external recruitment of applicants or retraining of others in the market area.

Packers and Packagers, Hand

In the MSA, there are currently **1,200** persons employed in this position. Using the U6 factor, it is estimated that there are approximately **83** applicants that are likely to be available to support this industry in Cape Coral. Direct hiring outcome is **Positive** for this position.

Conclusion

In summary, staffing for a Food Service Contractors Facility in Cape Coral is projected to be quite achievable. However, the positions that exhibit a shortfall are:

- Cooks, Institution and Cafeteria
- Food Preparation Workers

The economic development and workforce officials in Cape Coral have been alerted to these employment shortfall issues. New initiatives are in development that will increase labor availability in this area.

Comparison Analyses

The objective of this section is the determination of which Florida cities are Cape Coral's true competition, not just Fort Myers or another Southwest Florida community. To accomplish this evaluation, a review of **22** municipalities in Florida with a population of **100,000** or more was conducted. Through analysis of population growth for each of the as compared to annual rate for the State of Florida, **6** cities emerged as true competitors to Cape Coral:

- Fort Lauderdale
- Orlando
- Palm Bay
- Pompano Beach
- Port St. Lucie
- West Palm Beach

Profitability Determination

Base financial information is shown in Exhibit 9 (below):

Exhibit 9 - Food Service Contractors – Competitive Evaluation – Base Financial Data							
Market	Cost/Acre	Land Cost	Facility Cost/SF	Facility Cost	Total Investment	Financing	Debt Service
Cape Coral	**$295,000**	**$156,900**	**$95**	**$414,000**	**$570,900**	**$456,700**	**$35,900**
Fort Lauderdale	$1,437,000	$764,500	$99	$428,000	$1,192,500	$954,000	$75,000
Orlando	$201,000	$106,900	$98	$424,000	$530,900	$424,700	$33,400
Palm Bay	$494,000	$262,800	$104	$442,000	$704,800	$563,800	$44,300
Pompano Beach	$2,057,000	$1,094,400	$99	$428,000	$1,522,400	$1,217,900	$95,700
Port St. Lucie	$146,000	$77,700	$95	$414,000	$491,700	$393,400	$30,900
West Palm Beach	$975,000	$518,700	$97	$420,000	$938,700	$751,000	$59,000

Profitability for a Food Service Contractors Facility in Cape Coral is **11.1%** which leads all competition with the exception of Port St. Lucie, as shown in Exhibit 10 (below):

Exhibit 10 - Food Service Contractors – Competitive Evaluation – Annual Operating Profits							
Market	**Cape Coral**	Fort Lauderdale	Orlando	Palm Bay	Pompano Beach	Port St. Lucie	West Palm Beach
Net Sales	**100.0%**	100.0%	100.0%	100.0 %	100.0%	100.0%	100.0%
Payroll	**24.2%**	25.5%	24.2%	24.2%	25.5%	23.1%	25.5%
Utilities & Fuels	**10.0%**	10.0%	11.5%	10.0%	10.0%	10.0%	10.0%
Debt Service	**0.8%**	1.6%	0.7%	1.0%	2.1%	0.7%	1.3%
Materials	**22.0%**	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Cost of goods sold	**56.9%**	59.1%	58.4%	57.2%	59.5%	55.8%	58.8%
Annual Gross profit	**43.1%**	40.9%	41.6%	42.8%	40.5%	44.2%	41.2%
Less: Sales exp.	**12.0%**	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
General & Administrative. Overhead	**20.0%**	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Total Operating expenses	**32.0%**	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
Annual Net Profit before taxes	**11.1%**	8.9%	9.6%	10.8%	8.5%	12.2%	9.2%

Summary

The Culinary Tourism Cluster illustrates the regional growth of unique food creations and sales that will stimulate new development and provide location opportunities for businesses seeking lower cost operating environments with good market access to multiple urban centers.

Metrics for the Cluster and its component industries all indicate positive revenue growth for the next five years. The Cluster is essentially a mix of flex and retail space users. The Culinary Tourism industry is flourishing in Florida, partially due to the following advantages:

Business-friendly policies

Florida offers a favorable tax and business climate, including no state income tax.

Strong workforce

Florida's diverse economy and strong workforce support the labor force.

Proximity to markets

Florida's location near buyers, suppliers, labor, and transportation allows companies to cut costs and develop close relationships with the community.

For Cape Coral, operations such as a Food Service Contractors will be profitable endeavors. The City and the MSA have a dynamic labor supply that is well suited to meet the needs of the Culinary Tourism Cluster.

Cape Coral's employed civilian labor force of **102,700** is estimated to have an estimated **56%** of workers commuting to locations outside of the City. This out-commuting labor force presents an opportunity for development of new "intercept" facilities that can capture some of this worker flow.

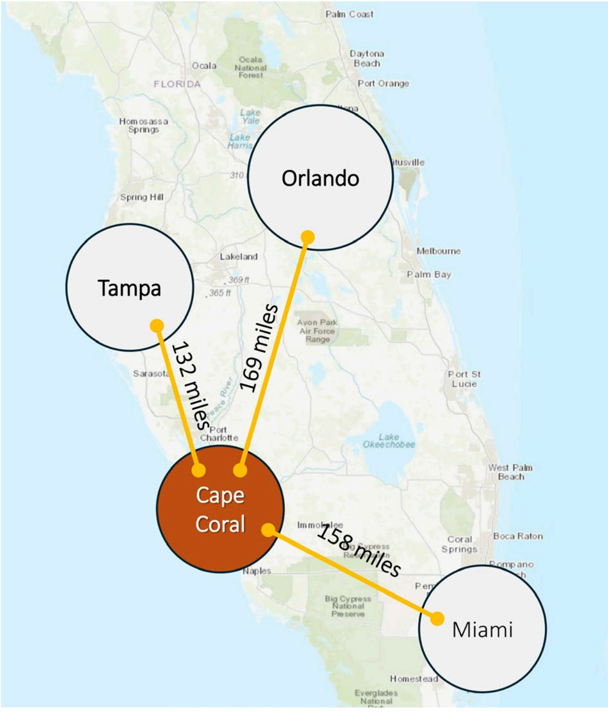
With the projected office census of **492** new jobs, it can be expected that at least **234,000 sf** of flex space and **7,200** of retail space will be required to meet the Cluster's employment needs.

Photo credit: Depositphotos

Competitive Advantages of the City of Cape Coral Location

Cape Coral is in Lee County in Southwest Florida and is the largest population component of the Cape Coral-Fort Myers Metropolitan Statistical Area. The City's location is about an equidistance from the major urban centers of Tampa, Miami, and Orlando.

Originally developed in the late 1950's as a "Waterfront Wonderland", Cape Coral was designed to bring the waterfront dream of home ownership to middle-income Americans. With its over 400 miles of salt and freshwater canals, Cape Coral is a unique community that is redefining its identity beyond being just a suburb of Fort Myers. The City was incorporated in 1970 and maintains a brisk growth pattern despite economic downturns, a pandemic, and severe weather disturbances.



Demographic Advantages

With a current population of approximately **217,000** people, Cape Coral is forecasted to grow to over **375,000** by 2050, representing a nearly **73%** increase. Cape Coral's explosive growth places it among the five fastest growing communities in the nation, measuring more than twice that of the State of Florida.

While more retirees are expected, the City is experiencing a dynamic growth in the working age groups of **25-44 yrs**. By 2029, an overall population gain of about **20,000** new residents will result in **34%** increase in working aged people.

Demographic and market advantages include:

- Growth rate exceeding the State's
- Dynamic growth rate among 25-44 yr. old residents
- Above average number of executive-age workers

- Exemplary rate of English language proficiency
- Above average household size
- Above average median household income
- Above average home ownership rate
- Below average cost of living rate
- Above average good/services industries employment
- Below average services industries hourly wages
- Above average worker mobility patterns
- Below average commercial and industrial electric rates

Higher Education Resources

There are **9** four-year colleges and universities within **50** miles of Cape Coral. In 2022, **9,933** degrees were conferred by the following institutions:

- Florida Gulf Coast University (Fort Myers)
- Florida SouthWestern State College (Fort Myers)
- Southern Technical College (Fort Myers)
- Hodges University (Fort Myers)
- Keiser University-Ft Myers (Fort Myers)
- Rasmussen University-Fort Myers (Fort Myers)
- Ave Maria School of Law (Naples)
- Ave Maria University (Ave Maria)

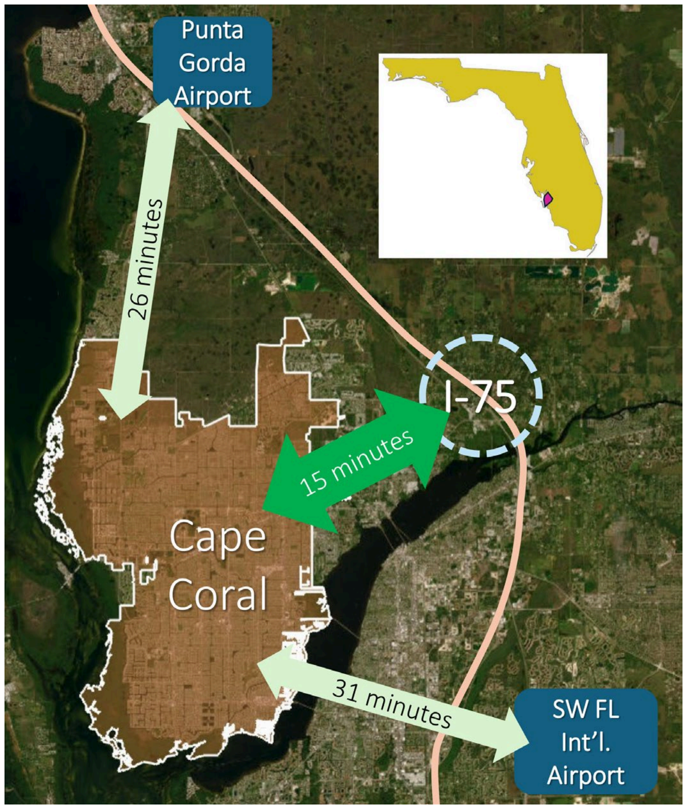
The five most sought after fields of study are:

1. Business, Management, Marketing, and Related Support Services
2. Health Professions and Related Programs
3. Education
4. Multi/Interdisciplinary Studies
5. Psychology

Market Potential

Cape Coral's southwest Florida location can not only cover the total Florida market but a significant portion of the US. Within a 300-mile travel distance (one day truck routing), about **6.1%** of the nation can be reached.

Highway Travel



Interstate 75 (I-75) is within **15 minutes**' drive from Cape Coral. Access to the interstate can be achieved to the eastern direction in North Fort Myers or via one of the bridges through downtown Fort Myers. To the north, access is available in Punta Gorda at a slightly longer travel time.

Air Travel

There are two airports that serve Cape Coral. Southwest Florida International Airport (RSW) is a major facility providing domestic and international flights daily. Travel to RSW is within **31 minutes** from downtown Cape Coral. RSW serves **10.1 million** passengers annually. In 2023, RSW had **87,685** aircraft operations.

Punta Gorda Airport (PGD) in Charlotte County just north of Cape Coral is a regional facility providing domestic flights mainly to the Midwest (Allegiant Air). PGD serves about **1.9 million** passengers per year and had **103,252** aircraft operations in 2023.

Rail Service

Passenger rail service via Amtrak is available in Fort Myers. The system operates **77** daily scheduled trips. Travel from downtown to Fort Myers Station Cape Coral is about **31 minutes**.

Freight rail services are provided by the Seminole Gulf Railway (SGLR). SGLR is a short line freight and passenger excursion railroad headquartered in Fort Myers that operates two former CSX Transportation railroad lines in Southwest Florida.

Bus Service

LeeTran operates bus services in Cape Coral. Currently there are **5** fixed bus routes but expanded services are under development. Looped routes provide transit to and from Fort Myers. The new Ultra On Demand micro-mobility fleet will enhance bus transit capabilities throughout the City.

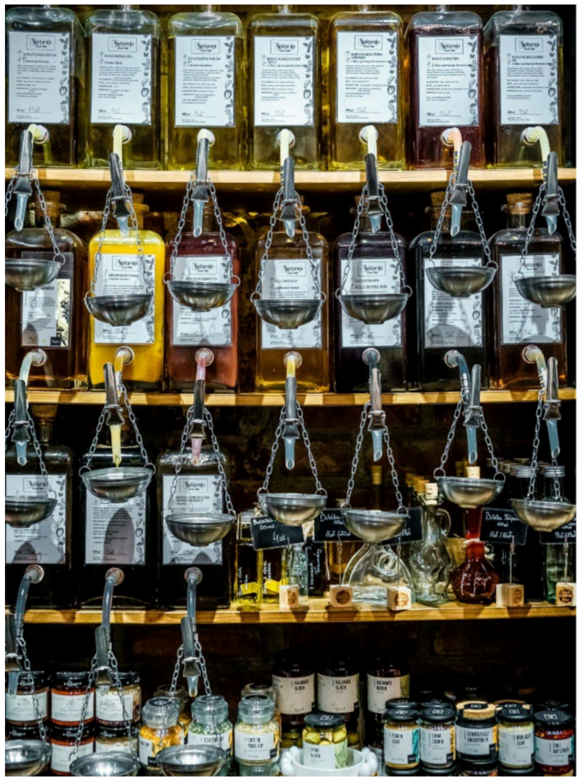
Lifestyle & Recreational

Cape Coral's riverfront location and unique canal system offer a recreation-oriented lifestyle that has broad-range appeal. Some of the area's tourism advantages are as follows:

- Growing residential population, which can further encourage already existing strong category of visiting friends & family travelers
- Major home rental market for vacationers – over **4,000** homes and **350** private rooms available
- Numerous opportunities to rent a house and boat together, canals enhance rental properties
- Major hotel - Westin Resort at Marina Village – significant anchor for tourism activity
- Favorable location
- Proximity to airports, major highways, and neighboring tourist communities.
- One of safest cities in Florida
- Sports tourism – an already existing, active, and effective government involvement
- Increasingly strong restaurant and food scene
- Water activities – boating, dolphin tours, fishing, kayaking
- Winter warm weather destination
- Major League Baseball Spring Training nearby
- Active events schedule including festivals, parades, and concerts

Contact Information

City of Cape Coral Office of Economic & Business Development



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