

IMMEDIATE MARKET AREA

Neptune Beach is delineated by Atlantic Boulevard (County Road 10) on the north, Seagate Avenue on the South, the Atlantic Ocean on the east and the Intracoastal Waterway on the west.

The general market area is larger than Neptune Beach and includes part of a barrier island known as Atlantic Beach, Neptune Beach and Jacksonville Beach south of the St. John's River and north of J. Turner Butler Blvd.

Bank Deposits

I have utilized several sources for the economic and demographic data for this market area including the FDIC (Federal Deposit Insurance Corporation) Deposit record for all federally insured banks serving the market zip code (32266). This data reveals a 22.2% annual increase of deposits levels from June 2003 to June 2004. This is based on deposit records from 5 branch bank office locations in the area and it certainly indicates a strong growth in deposits in the area. This suggests a strong growth in personal and business incomes and or population in the area.

Housing

My second source, the Northeast Florida Multiple Listing statistics for Neptune Beach West of 3rd Street revealed that this last year, from 11-18-2004 to the current date, out performed the previous year in all categories of listings and sales data, including total active listings up 22%, new listings up 37%, # of sold listings up 15%, sale volume up 26% and average sales price up 9% from \$296,317 to \$325,382 for those properties handled by Realtors on the MLS. The percentage of sale price to listing price fell slightly from 97% to 96 % which was superior to the prior year of a 5% drop from listing to sales price. Neptune Beach east of 3rd Street to the Ocean preformed almost as well. The median value of dwellings in Neptune Beach (32266) was \$147,900 in 2000 according to the U.S. Census Bureau.

Traffic Counts

2004 average daily traffic counts at A1A just east of Mayport Road and A1A just south of Seagate Avenue are 39,000 and 38,500 respectively according to the Florida Department of Transportation-Transportation Statistics Office. The principal arterial connectors, Atlantic Boulevard and Beach Boulevard just west of the Intracoastal Waterway are at "E" and "C" levels of service with 671 and 733 total capacity available during PM peak hours. Ramp and bridge work has been completed at Atlantic Boulevard at the Intercoastal Waterway and Mayport Road. The Wonderwood Expressway Bridge has been completed north of Atlantic Boulevard recently since this 2004 report from the Transportation Planning Division of the Planning and Development Department. Bridge work and road widening work is proposed for Beach Boulevard at the Intracoastal Waterway.

The immediate Neptune Beach economy is supported by a significant number of establishments in the following industries: Wholesale Trade, Retail Trade, Professional, Scientific, & Technical Services, Health Care and Social Assistance, Ambulatory Health Care Services, Accommodation & Food Services, Food services & drinking places Etc. Neptune Beach appears to be somewhat more weighted toward the tourist or resort, food, hospital, and professional services industries. Total estimated population in Neptune Beach, census tract (140.00) was 7,270 in 2003 according to the Federal Financial Institutions Examination Council.

SURROUNDING COUNTY

Gross Sales of Goods and Services

Gross Annual Sales of goods and services increased in Duval County by 8.35% per annum from August 2003 to August 2004 according to the Department of Revenue for the State of Florida.

Population & Income

The county wide population in Duval has increased 1.92% per annum from April 2000 to April 2004 according to the Bureau of Economic and Business Research (BEBR) at the University of Florida. Per capita personal income for Duval County in 2003 was \$30,212 (BEBR), a 2.3% increase from 2001 levels. This compares to a \$30,591 per capita income in 1999 for the subject's zip code (32266). Neptune Beach would generally lead other parts of Duval County in per capita personal income. Estimated Median Family Income in Neptune Beach was \$75,725 in 2005 a 2.66% annual increase since 2000. (FFIEC-Federal Financial Institutions Examination Council)

Standard of Living

The Standard of Living in Jacksonville, Fl. is comparable to other metropolitan areas in Florida. Duval County is in the middle price index and the fourth highest wage index of five standard of living categories measuring the same quality of living standards. (2004 Florida County Retail Price and Wage Indices) Duval County's per capita personal income levels equal or are slightly less than state wide averages while price and wages levels are higher for generally equal living standards.

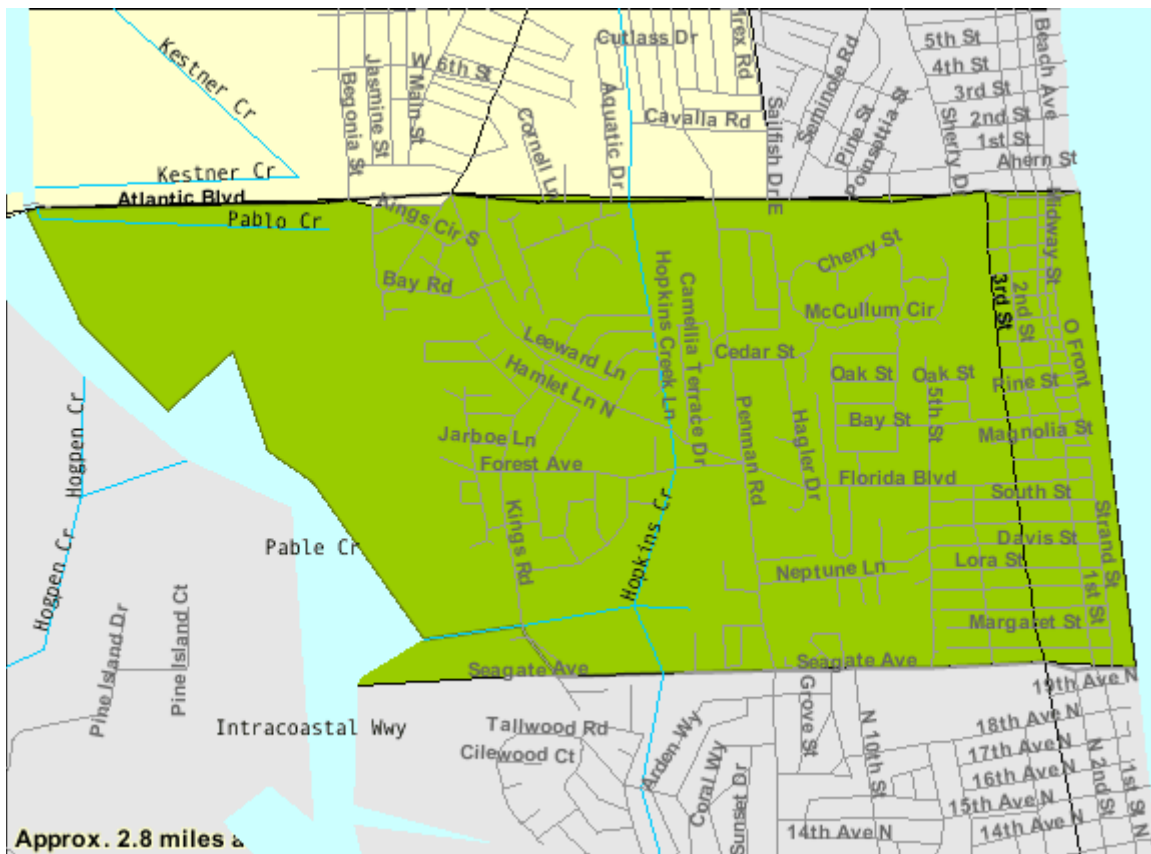
Industries

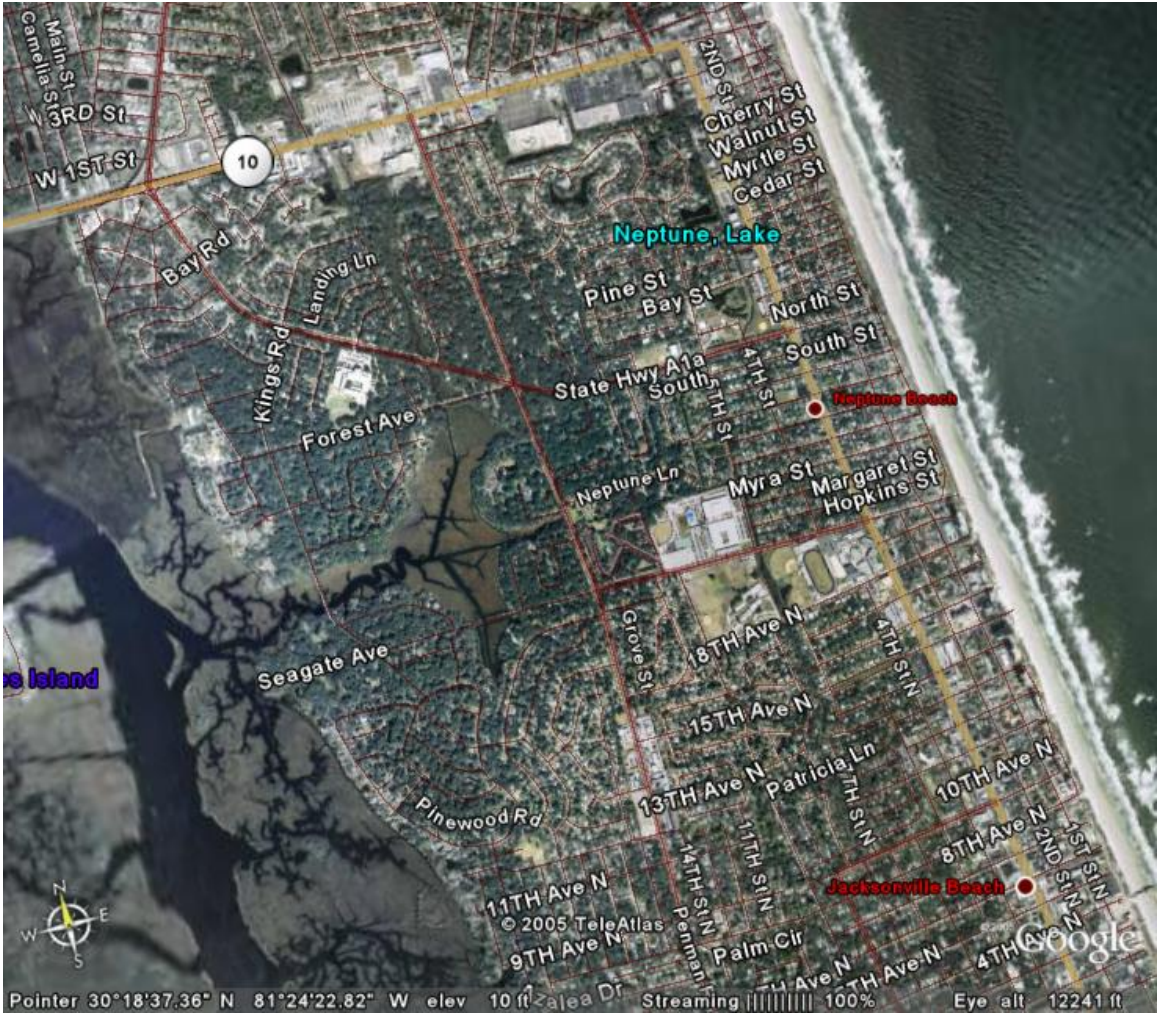
Jacksonville's balanced economy shows growth across its broad variety of industries. The 2002 MSA Business Patterns (NAICS-National Association of Industry Code Summary) shows increases in industry activity over 2000 levels for Duval County with payrolls being 4.8% higher annually and the total number of establishments increasing by almost

3% over the period. (U.S. Census Bureau- NAICS) Manufacturing, Wholesale Trade, Durable Good Merchant Wholesalers, Retail Trade, Professional, Scientific and Technical Services, Health Care/ Social Assistance and Motor Vehicle & Parts Dealers are the largest industries recorded in 2002 according to the U.S. Census Bureau. There are other categories which would be significant in the Jacksonville, Florida's economy that wasn't reported by the U.S. Census Bureau, such as the U.S. Navy, Banking, Insurance and Transportation/Port interests among others.

SUMMARY

Neptune Beach is well positioned for residential living, commercial retail/wholesale trade, professional, technical and scientific services, restaurants and entertainment, hotel and motel accommodations, hospital and health care industries among many other supporting industries. Personal/business income growth, population growth and increasing residential property values are apparent. These trends are expected to continue due to the community's location just south of Atlantic Boulevard between the Intracoastal Waterway and the Atlantic Ocean east of Jacksonville, Florida.





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