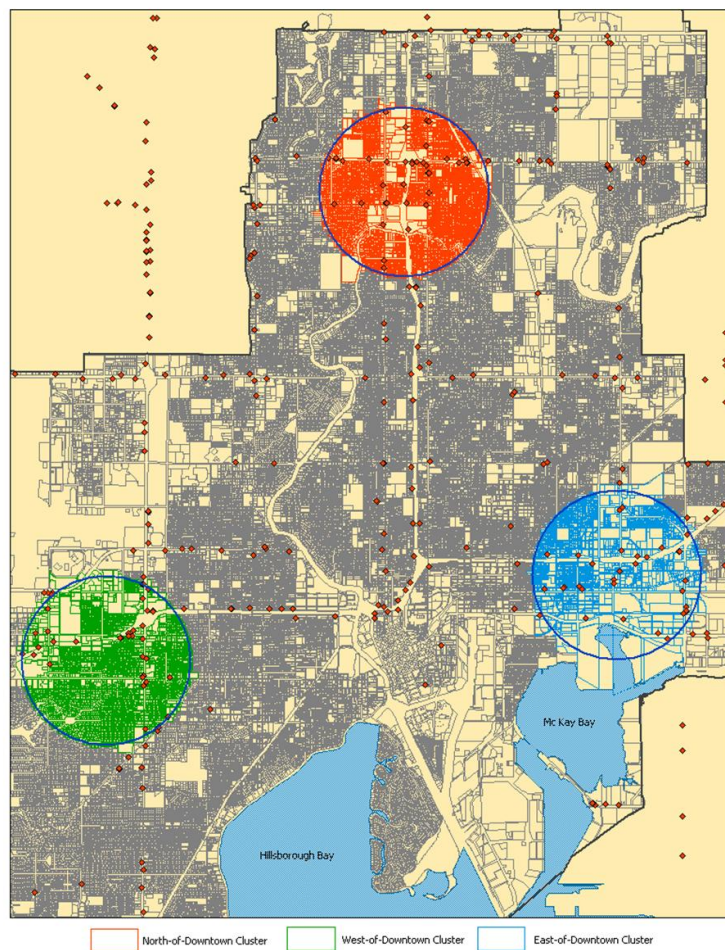


# The Outdoor Advertising Market and its Impact on Tampa Property Values

December 2012

Tampa's 135,471 Land Parcels



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# **Executive Summary**

## **Outdoor Advertising Is Not Detrimental to Property Values**

- In the city of Tampa, parcels with billboards are 47 percent more valuable than parcels without billboards. This difference increased over 40 percent in the last decade, indicating that the value of parcels with billboards sustained growth despite the national real-estate shock experienced since 2008.

## **Outdoor Advertising Is Not Detrimental to Commercial Property Values**

- Commercial parcels with billboards are 80 percent more valuable than commercial parcels without billboards. Based on location, demographic, and zoning data provided by the city and U.S. Census Bureau, it appears that billboards most benefit small business owners and developing areas of the city.

## **Concentrations of Outdoor Advertising Do not affect Property Values**

- In the three most billboard-dense areas--North, East, and West of Tampa's downtown area--parcels with billboards are 18, 75, and 25 percent more valuable, respectively. Not only does the data suggest that clusters of billboards positively impact property values, but also that billboard concentrations function as an accurate model of small business vitality in developing areas of the city.

## **Billboards Encourage Small Business Growth and Benefit Developing Neighborhoods**

- In addition to property values, Small and Medium Enterprises (SMEs) benefit from billboards. Billboards are dominant in areas of Tampa where small businesses are generating sales at an above average rate. The margin of revenue provided by billboards helps SMEs offset the costs of rent, in addition to providing lower-cost advertising to their main demographics.

## Methodology

The findings for this economic impact analysis are drawn from a systematic correlation of the property values, zoning information, acreage, and demographics of all 135,471 land parcels with all 608 billboards.

The definition of terms follows standard academic practice, although a few instances deserve comment. Firstly, the term ‘commercial’ will be used in this paper to refer to all parcels, which are not termed ‘residential’ by the Tampa’s zoning authority. While there are parcels that specifically termed ‘commercial,’ there are other zoning types where private institutions operate for a profit, and those have been subsumed within the scope of ‘commercial’ for the purposes of this paper.

Secondly, the term “Developing Area” refers to areas deemed by the city of Tampa as “Community Redevelopment Areas” or CRAs. Therefore, there is no explicit economic underpinning to the definition of a Developing Area: it simply refers to the expressed designations of the city of Tampa. Particularly relevant to this study, the East Tampa CRA is almost entirely overlapping the East of Downtown cluster used in Stage Three of this study.

## **Section I: What This Analysis Does**

This analysis represents the most exhaustive empirical inquiry to date to test the impact of outdoor advertising on property values—in particular commercial property values, since billboards are rarely permitted in residentially zoned areas.

iMapData took a major American city—Tampa—that qualifies as major in land mass, population size, and the vibrancy and diversity of its economy. Tampa’s geographic size and economic diversity provided the analysis with a prototypical United States market for examining how the presence—and absence—of billboards correlated with the geographically proximate structure of the local economy and the value of the land used by the city’s businesses.

## **Section II: Three Step Analytical Process**

The analysis was executed in four exhaustive and empirical steps:

1. iMapData correlated the presence of billboards against the property values of all 135,471 land parcels in Tampa. iMapData found a positive relationship with billboard presence on property values.
2. iMapData correlated the presence of billboards against the property values of all commercially zoned land parcels in Tampa. iMapData found a very high positive relationship with billboard presence on commercial property values, particularly in developing areas and with small businesses.
3. iMapData correlated the presence of billboards against the property values of the commercially zoned land parcels in the three “downtown” areas where there are the greatest (in density and number) clusters of billboards. In two of the three test cluster areas, iMapData found a positive relationship with billboard presence on commercial property values.

Thus, iMapData’s analysis scaled downwards from all parcels to all commercial parcels to just those commercial parcels with the greatest density and number of billboards.

## Stage One: All 135,472 Land Parcels

This analysis reviewed the property values of all of Tampa's 135,471 land parcels to determine the effect of outdoor advertising on property values. We took every parcel in the city – residential and commercial properties with individual legal ownership. We measured the value of parcels with billboards and without billboards. Parcels with billboards were 47 percent more valuable than parcels without, when measured per acre or per square foot.

Property Values for All Parcels in Tampa					
	Parcel Count	Acreage	Total Value	Property Value/Area (Acres)	Property Value/Area (Square Feet)
<b>Parcels with Billboards</b>	272	521	\$372,756,345	\$716,051	\$16.44
<b>Parcels without Billboards</b>	135,199	63,112	\$30,764,286,244	\$487,458	\$11.19

## Stage Two: All 25,491 Commercial Parcels

iMapData took every commercial parcel<sup>1</sup> in the city (25,491 parcels) and ran the same set of tests. Parcels with billboards were 80 percent more valuable than parcels without billboards.

Property Values for Commercial Parcels in Tampa					
	Parcel Count	Acreage	Total Value	Property Value/Area (Acres)	Property Value/Area (Square Feet)
<b>Parcels with Billboards</b>	264	507	\$370,841,292	\$731,250	\$16.79
<b>Parcels without Billboards</b>	25,227	40,560	\$16,474,799,066	\$406,184	\$9.32

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<sup>1</sup> For the purposes of this study, the term Commercial will refer to all individually owned land parcels which are not zoned as residential.

## Stage Three: The Target Downtown Clusters

iMapData selected three areas, each with a one square mile radius, where Tampa had the greatest cluster of billboards—we designated them “East of Downtown,” “West of Downtown,” and “North of Downtown.” The geographic center of the East cluster is E 10<sup>th</sup> Ave and N 39<sup>th</sup> Street. The geographic center of the West cluster is W Fig St and N Lois Ave. The geographic center of the North cluster is I-275 and E Wood St.

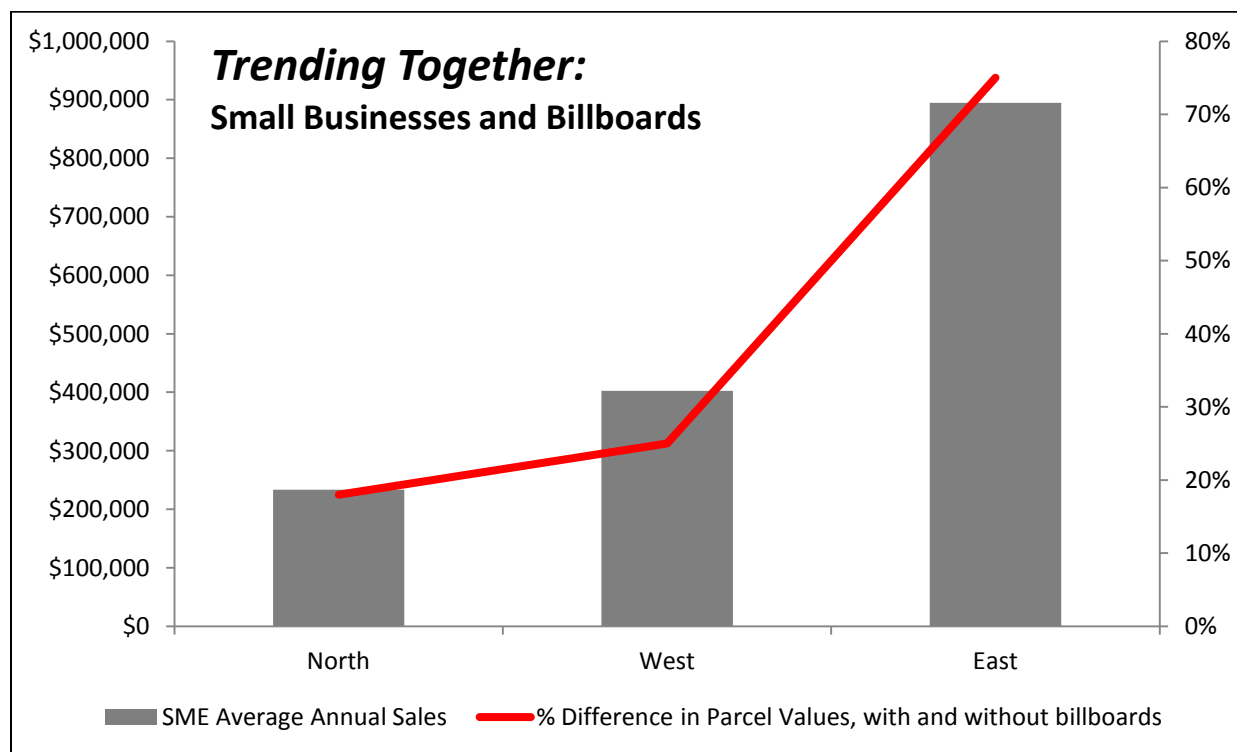
For each area, we measured the value of parcels with billboards and without billboards. In all three areas, there was a pronounced difference in this value, all showing that billboard’s parcels are much more highly valued than parcels without billboards. In the “North of Downtown” area, parcels without billboards were 18 percent less valuable than parcels with billboards. The other two sections, East of Downtown and West of Downtown, had even greater margins for parcels with billboards than without.

Property Values for Parcels in Billboard-Dense Areas of Tampa								
Area	Parcels With Billboards?	Parcel Count	Acreage	Total Value	Property Value/Area (Acres)	Property Value/Area (Square Feet)	Percent Difference With / Without	Average Small Business Annual Sales
North	With	32	41	\$15,402,404	\$378,242	8.68	18%	\$233,269
	Without	6309	1,489	\$717,937,600	\$320,235	7.35		
East	With	26	63	\$24,385,224	\$387,323	8.89	75%	\$894,599
	Without	2565	1,791	\$396,472,251	\$221,424	5.08		
West	With	28	80	\$132,347,688	\$1,660,010	38.11	25%	\$402,659
	Without	5347	1,478	\$2,239,285,035	\$1,326,904	30.46		

## Stage Four: Small and Medium Enterprises

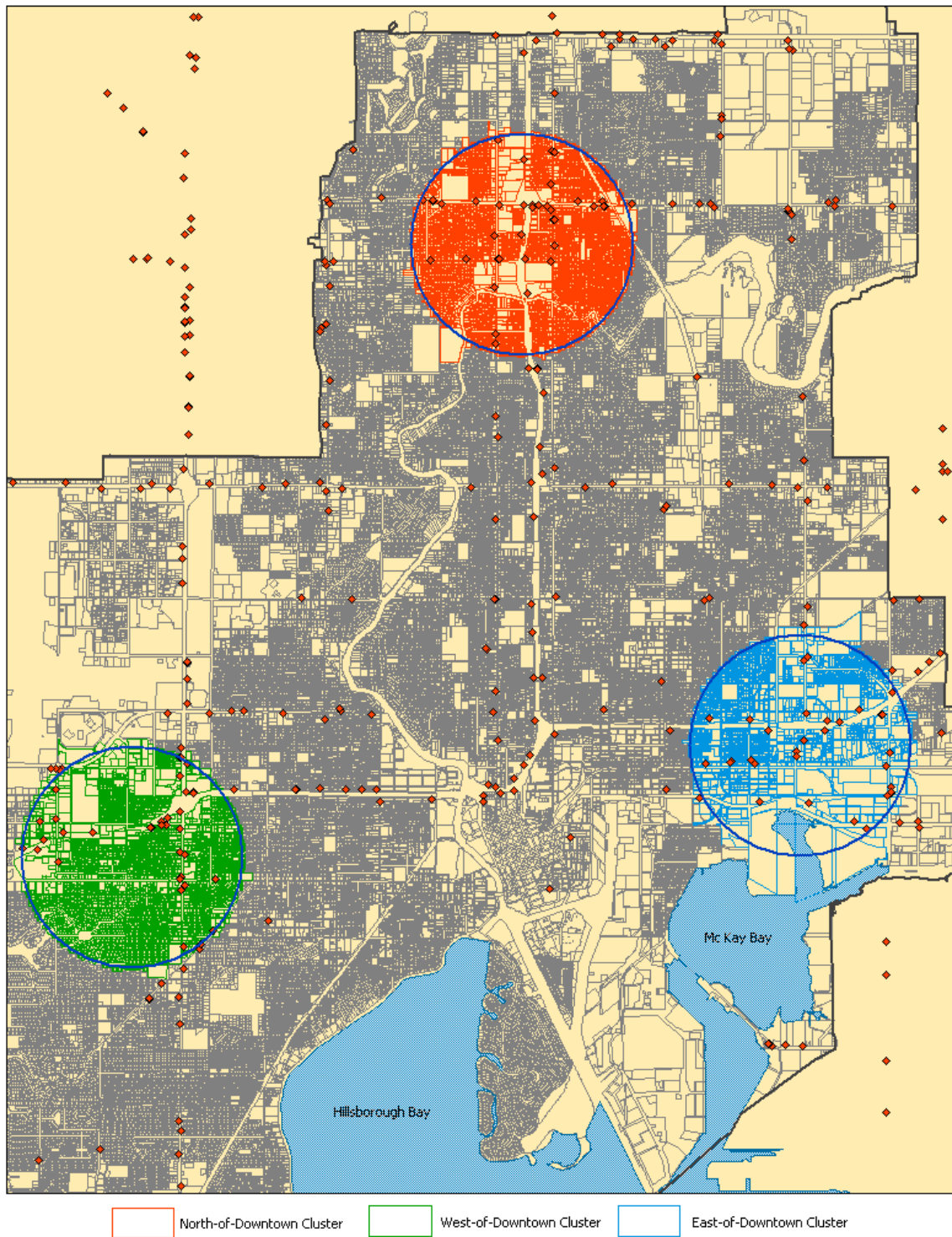
As seen in the chart below, one of the most positive correlates for the parcel-value data are the average annual sales of a Small or Medium Sized Enterprise in Tampa. In the Northern area, SME's average annual sales are half that of those in the Western cluster and a quarter of those in the Eastern cluster. When small businesses are succeeding, parcels with billboards are particularly more valuable than the parcels without.

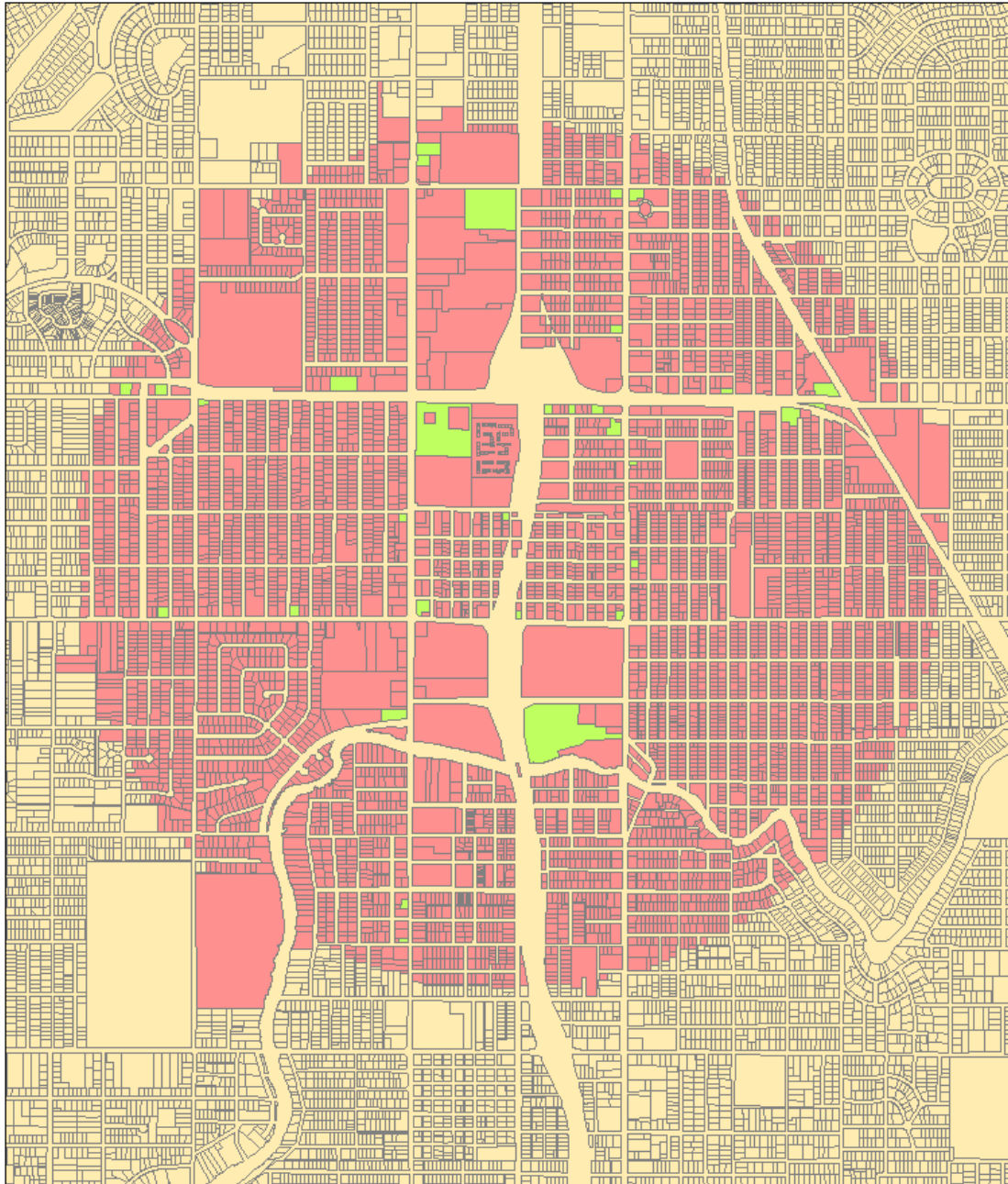
Billboards are dominant in areas of Tampa where small businesses are generating sales at an above average rate. This may stem from the fact that billboards provide revenues that are marginally significant to smaller businesses, which operate with smaller budgets. It may also speak directly to the fact that small businesses have more opportunity to succeed in areas that allow for all forms of advertising (billboards included)





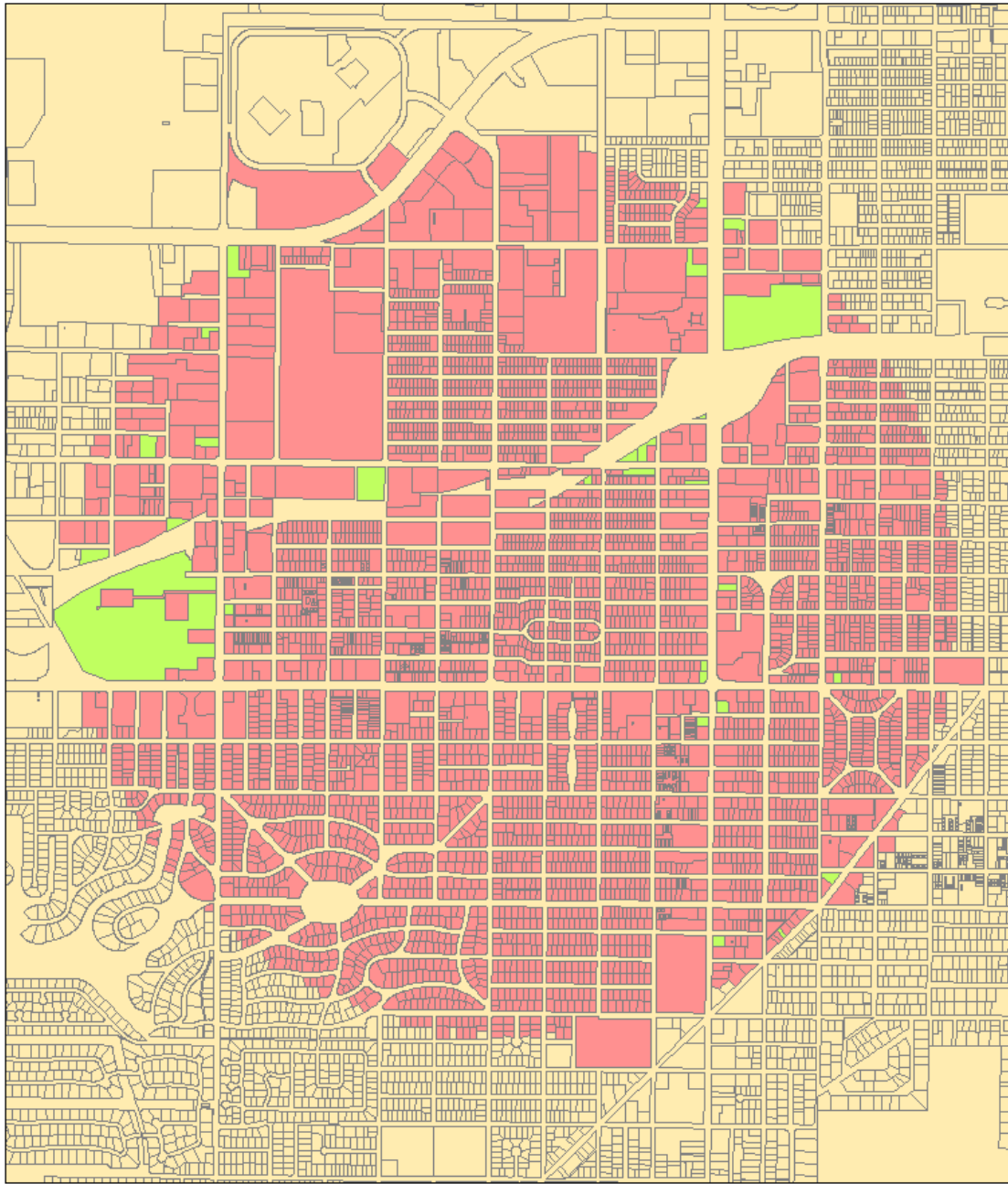
**Map 1: Three Clusters in Tampa**





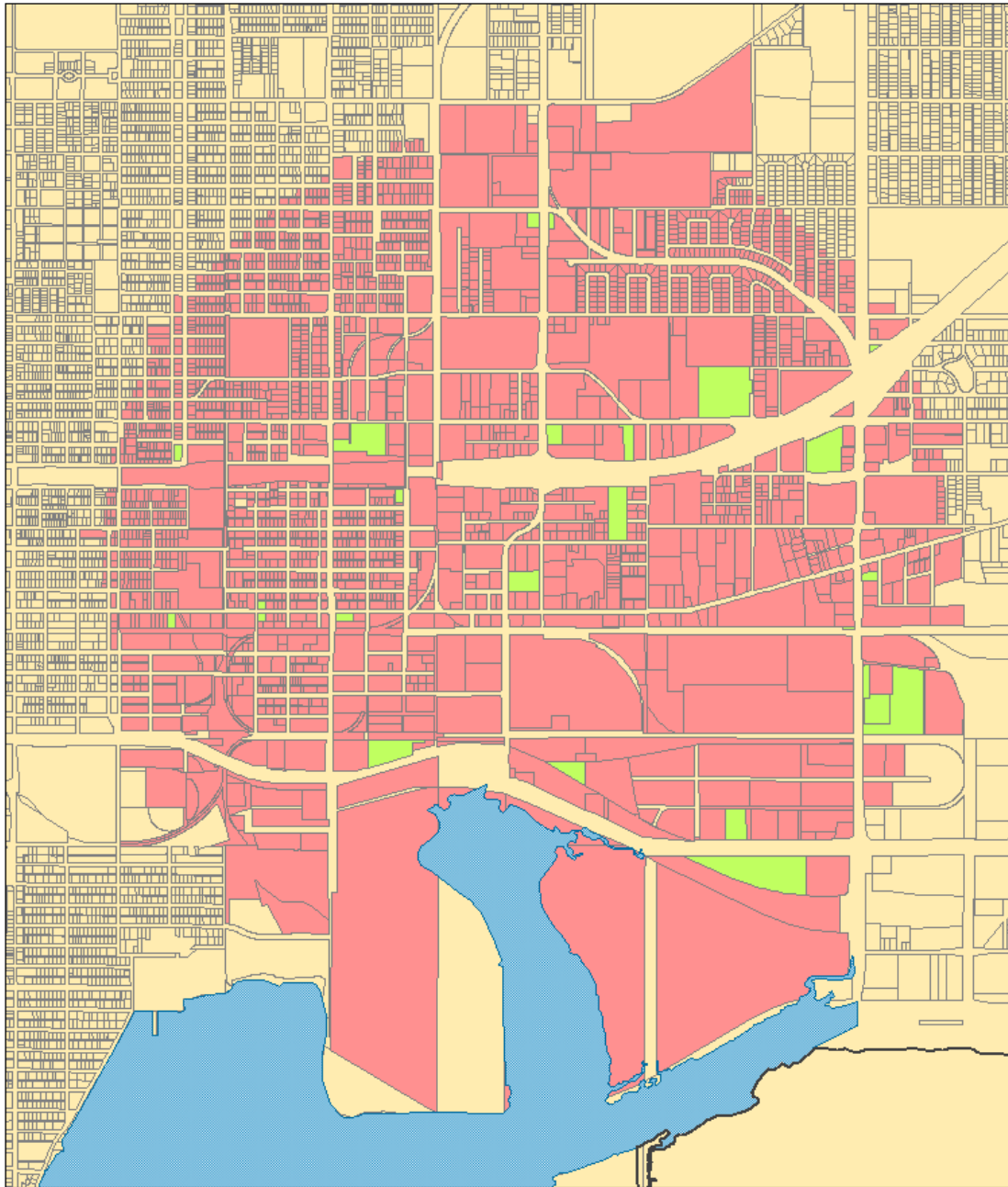
**Downtown Parcels**

- Parcels with Billboards
- Parcels without Billboards



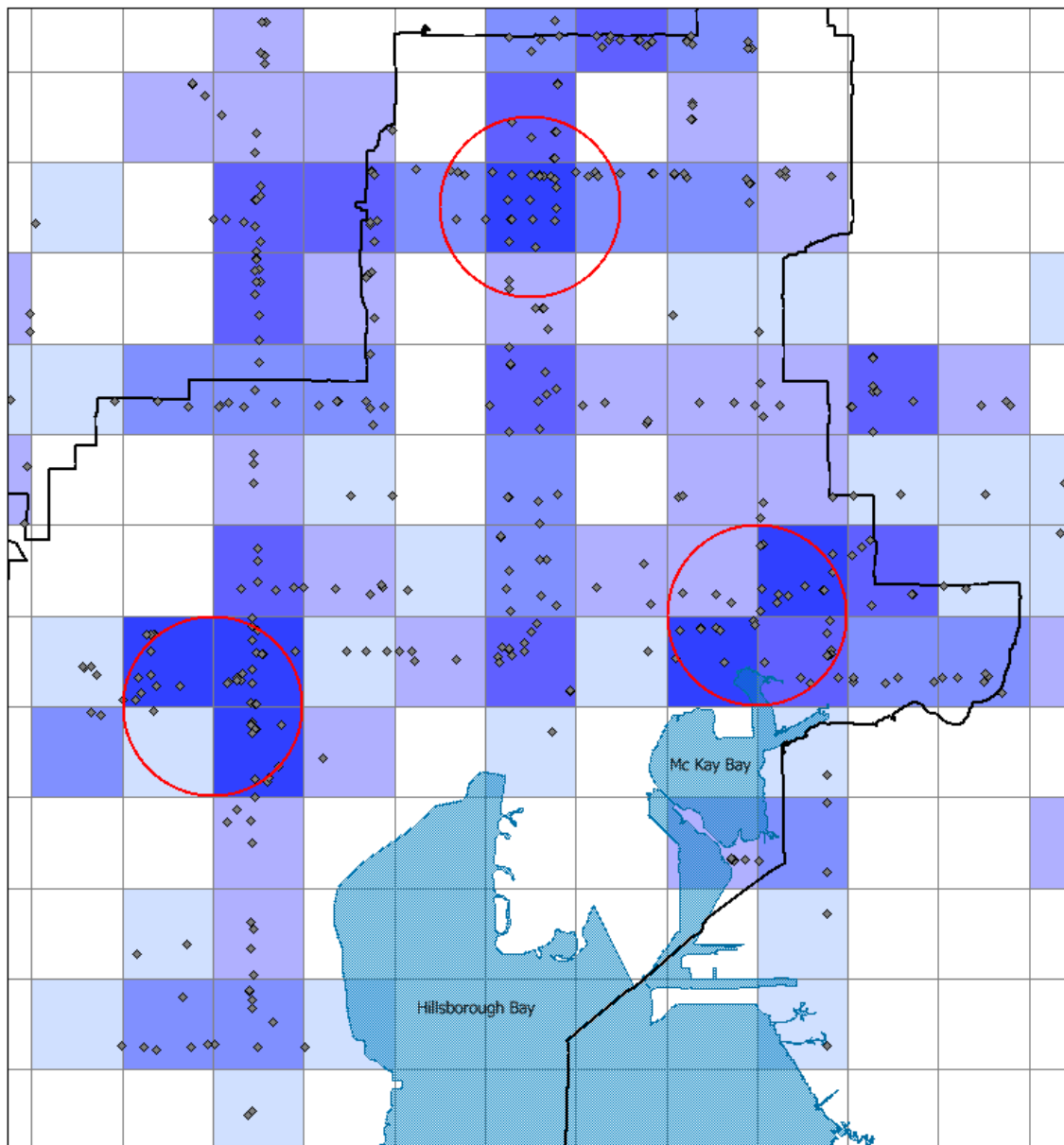
**Downtown Parcels**

- Parcels with Billboards
- Parcels without Billboards

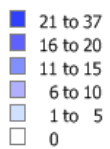


**Downtown Parcels**

- Parcels with Billboards
- Parcels without Billboards



**Billboards by Grid Cell**





## **Conclusion**

iMapData has taken the current property value of all land parcels in Tampa and then disaggregated those parcels into parcels with outdoor advertising and parcels without outdoor advertising.

iMapData found that the presence of outdoor advertising does not negatively impact property values. iMapData also found that in an overwhelming number of areas of Tampa, that the presence of outdoor advertising positively impacted property values—and, in particular, commercial property values.

Regardless of their concentration, billboards tend to make a consistent, positive impact on parcel values. A study of billboard clusters suggested that billboards are supporting the small and medium sized enterprises that contribute so strongly to local economies.

## Methodology

The methodologies employed in this study encompass a number of sophisticated data-analysis and mapping techniques. All of these relatively high technology tools were subordinated to the underlying methodological principle shaping the study that all findings came from the bottom up, not top down. Thus the study's methodology and its finding are entirely empirical; said differently, this is the opposite of a theoretical study.

The study followed the below interrelated methodological steps:

1. Obtained a database of all parcels in the city;
2. Geocoded each Billboard to a parcel;
3. Mapped the values of all the parcels using the residential and commercial property values per land parcel as provided in the second quarter of fiscal year 2012 by Tampa's Department of Planning and Management;
4. Disaggregated parcels by parcels with billboards and without billboards;
5. Disaggregated parcels by zoning code;
6. Calculated property values per area in terms of acres and square feet;
7. Measured the density of billboards per parcel and per square mile of city.

## About iMapData

For 30 years, industry leader iMapData has helped public and private sector organizations make swift, data-driven decisions: decisions based on a wealth of relevant, up-to-date information. This valuable intelligence is displayed in an easy to analyze, geographic format, with rich data linking and data analysis functionality and sophisticated reporting capability.

### **William Lilley III, Chairman, Co-founder**

William Lilley III served as Director of the U.S. Council on Wage and Price Stability and as Staff Director of the Budget Committee for the U.S. House of Representatives. Prior to founding iMapData he was a senior corporate official of the New York-based media company CBS Inc.

He received his Ph.D. from Yale University where he taught political and economic history for eight years. He has written widely on how government policies affect local economic activity, on the economics of the professional sports business and on the socio-economic makeup of U.S. state and local political constituencies.

### **Laurence J. DeFranco, President, CEO, Co-founder**

Laurence J. DeFranco is an expert in the field of geo-economics which merges the disciplines of economics, geography and computer science. He has written, testified and spoken widely on the effects of economic, regulatory, and legislative policy on businesses - especially in a geographic context.

He previously founded and headed Program Flow, Inc., the computer software, research and consulting firm that was the predecessor to iMapData. Before that, he worked for CBS Inc. as head of the New Technologies Task Force.

William Lilley and Laurence DeFranco have collaborated on several noteworthy publications, including an award-winning five volume series on American politics and demographics.