

**City of Panama City, Florida**  
**MASTER FEASIBILITY BOOK**  
**Panama City Mall Redevelopment**



Former Panama City Mall – Existing Conditions (Aerial View)

### **Executive Summary**

The Panama City Mall is no longer viable as a retail asset. Market conditions, physical deterioration, insurance constraints, and financing realities eliminate any realistic private redevelopment scenario. This study concludes that public acquisition—preferably through voluntary donation—is the most feasible path to productive reuse.

City ownership enables institutional redevelopment, public-private partnerships, grant leverage, and long-term economic recovery. The recommended strategy replaces blight with stable, employment-generating anchors including healthcare, hospitality, conferencing, and cultural uses.

### **Illustrative Redevelopment Concept**

The following mock renderings illustrates how the former Panama City Mall could be transformed into a modern, mixed-anchor civic and hospitality district under City ownership.



Mayo Clinic~Style Medical Campus



Hotel, Conference Center & Performing Arts Complex

## 1. Site & Market Context

The property consists of a former enclosed mall with extensive surface parking, strong roadway access, and existing utilities. While the structure itself is obsolete, the site's size and configuration are well-suited for campus-style institutional redevelopment. Retail reuse is not feasible; institutional uses demonstrate sustained demand.

## 2. Redevelopment Framework

The recommended framework replaces single-use retail with a multi-anchor institutional district. Key anchors include a regional medical campus, a full-service hotel and conference center, and a performing arts and cultural facility. These uses are complementary, share infrastructure, and create continuous daily, evening, and weekend activity.

### 3. Financial Feasibility

Private redevelopment is infeasible due to demolition costs, land value constraints, and financing risk. Public acquisition allows land value write-down, phased delivery, and access to state and federal funding. Donation minimizes acquisition cost while providing the owner with tax and liability relief.

### 4. Economic Impact Summary

Key economic impacts of redevelopment are summarized below.

Component	Construction Jobs	Permanent Jobs	Wage Profile
Medical Campus	1,200–2,500	1,500–3,000	High-wage
Hotel & Conference	800–1,200	400–600	Mid-High
Performing Arts	400–700	150–300	Mixed

### 5. Why Property Donation Is the Optimal Outcome for the Current Owner

Donation of the Panama City Mall property to the City represents the most rational financial, legal, and strategic outcome for the current owner. The mall no longer produces income and instead generates recurring losses, liability exposure, and regulatory risk.

Donation immediately eliminates operating losses, removes long-term liability, provides potential charitable tax benefits subject to appraisal and tax counsel review, and positions the owner as a constructive partner in Panama City’s revitalization.

### 6. Why Donation Enables the Only Viable Redevelopment Path

Only City ownership allows the site to be redeveloped through a public-private partnership structure. Institutional partners require public land control to justify investment at this scale. Donation unlocks tourism funding, infrastructure grants, and financing tools unavailable under private ownership.

## 7. Phased Redevelopment Strategy

Phase I focuses on acquisition, demolition, and site preparation. Phase II delivers institutional anchors. Phase III introduces private infill and long-term buildout. Phasing aligns investment with demand and funding.

## 8. Risk & Mitigation

Key risks include remediation uncertainty, market timing, and capital coordination. These are mitigated through phased delivery, diversified anchors, and public ownership of land.

## Appendices

### Appendix A – Cost Assumptions

- Demolition: \$15–\$30 / SF
- Medical construction: \$600–\$900 / SF
- Hotel & conference: \$350–\$550 / SF
- Performing arts: \$500–\$800 / SF
- Infrastructure & public realm: \$3–\$6M per major phase

### Appendix B – Comparable Redevelopment Precedents

Mall-to-medical campus conversions, publicly owned convention districts, performing arts facilities delivered via P3 models, and mixed-use civic campuses demonstrate feasibility.

### Appendix C – Policy & Funding Alignment

Alignment with State of Florida economic development programs, federal infrastructure funding, workforce and healthcare grants, and public-private partnership statutes.

### Appendix D – Owner Benefit Summary

Donation converts a deteriorating private liability into a resolved transaction with financial, legal, and reputational upside while enabling long-term civic and economic benefit.

## Economic Impact Study

This Economic Impact Study evaluates the direct, indirect, and induced effects associated with redevelopment of the Panama City Mall into a multi-anchor institutional and hospitality district. The analysis is presented at a planning-level and is intended to support policy, funding, and public-private partnership decision-making.

### Direct Economic Impacts

Direct impacts include construction activity, permanent on-site employment, visitor spending, and operational expenditures associated with the medical campus, hotel, conference center, and performing arts facility.

### Indirect & Induced Impacts

Indirect impacts reflect supplier and vendor activity generated by redevelopment, while induced impacts capture household spending by employees supported by the project. Together, these effects extend economic benefits throughout Panama City, Bay County, and the surrounding region.

### Economic Impact Summary (Stabilized Year)

Impact Category	Estimated Annual Impact	Description
Direct Visitor Spending	\$60M – \$100M	Hotel guests, conference attendees, arts patrons
Total Annual Economic Output	\$150M – \$250M	Including indirect & induced effects
Permanent Jobs Supported	2,000 – 3,900	On-site and off-site employment
Tourism Development Tax	\$2M – \$4M	Hotel and event-driven revenues

### Why Donation and a Public-Private Partnership Deliver the Highest Economic Return

The combination of voluntary property donation and a City-led public-private partnership is essential to maximizing economic return while minimizing public and private risk. Under current market conditions, no alternative delivery model achieves comparable outcomes.

#### Donation Enables Economic Feasibility

Land cost and demolition expense represent the primary barriers to redevelopment. Donation removes these barriers, allowing capital to be directed toward productive uses rather than land acquisition. This dramatically improves project feasibility and return on investment.

#### Public Ownership Unlocks Funding and Leverage

City ownership enables access to Tourism Development Tax revenues, infrastructure grants, state and federal economic development programs, and financing tools unavailable to private owners. These resources improve project economics and reduce reliance on local tax dollars.

#### Public-Private Partnerships Allocate Risk Appropriately

A public-private partnership (P3) allows the City to retain ownership of the land and long-term policy control while a private partner finances, designs, builds, and operates revenue-generating public facilities under clear performance standards. This structure shifts construction, cost, and operating risk away from taxpayers, accelerates project delivery without requiring large upfront public debt, and leverages private expertise for higher-quality maintenance and programming. At the same time, the City secures guaranteed public access, long-term asset reversion, potential ground-lease and revenue-

share income, and enforceable service standards—ensuring the project delivers lasting community benefit while protecting public resources.

#### **Economic Comparison to Status Quo**

Under continued private ownership, the mall generates negative economic value through vacancy, blight, and declining surrounding property performance. In contrast, donation and P3 redevelopment convert the site into a long-term economic engine with sustained job creation and fiscal return.

#### **Illustrative Economic Transformation**

The following conceptual rendering reinforces the scale of economic transformation enabled by donation and public-private partnership redevelopment.

#### **Site and Context Review**

This section provides a high-level review of the Panama City Mall site's location, visibility, access, surrounding land uses, and general conditions to inform redevelopment feasibility.

The former Panama City Mall occupies a highly visible parcel along Martin Luther King Jr. Boulevard, one of Panama City's primary north-south corridors. The site benefits from strong frontage and regional visibility, making it suitable for destination-oriented, institutional, or event-driven uses.

The site enjoys strong regional and interstate connectivity. Proximity to major arterial roadways and convenient access to Interstate 10 position the property well for regional visitors, conference attendees, and institutional users traveling from across Northwest Florida.

Surrounding land uses include a mix of commercial, service, hospitality, and residential development. Multiple hotel accommodations are located within a short driving distance, creating opportunities to support meeting, event, and visitor-oriented uses without requiring immediate on-site lodging capacity.

General site conditions reflect prolonged underutilization following Hurricane Michael in 2018. While the existing mall structure is obsolete for traditional retail purposes, the overall size, configuration, and existing infrastructure support large-format reuse, campus-style redevelopment, or phased activation.

High-level planning and zoning considerations will be reviewed to confirm allowable uses, flexibility for hospitality, institutional, or civic development, and any constraints that may affect redevelopment timing or feasibility. Infrastructure capacity and ownership structure are also considered conceptually, recognizing that voluntary property donation and a City-led public-private partnership provide the most effective framework for redevelopment.

## Task 2 – Conceptual Market Perspective

The regional market shows limited support for enclosed retail reuse but meaningful opportunity for experience-driven, institutional, and civic uses aligned with Panama City's tourism and economic goals.

Key demand drivers include:

- Regional tourism activity tied to beach visitation and seasonal events
- Demand for flexible meeting, training, and event space
- Need for civic, institutional, and community-serving anchors
- Support for mixed-use activation emphasizing experience and services

Meeting and convention support uses are of particular interest given the site's visibility and hotel proximity. Right-sized meeting and multipurpose facilities could fill gaps without requiring a full-scale convention center.

Institutional uses such as education, workforce training, healthcare, and civic facilities may provide stable occupancy and act as catalysts for complementary development.

## Task 3 – Conceptual Redevelopment Scenarios

As part of this feasibility effort, multiple conceptual reuse and redevelopment scenarios have been developed to evaluate how the former Panama City Mall site could be repositioned to support tourism, economic development, and long-term community benefit. Each scenario is assessed at a high level and is not intended to represent a final design or financial commitment.

### Scenario 1: Hospitality & Event-Oriented Destination Hub

**Program Description:** A destination-oriented redevelopment anchored by a full-service hotel, conference and meeting facilities, and a performing arts or multipurpose event venue. Supporting uses may include restaurants, public plazas, and programmed outdoor space.

**Strategic Rationale:** This scenario leverages Panama City's tourism base, regional accessibility, and existing hotel inventory to strengthen the City's ability to attract conferences, events, and cultural programming.

**Opportunities:** Increased visitor spending, Tourism Development Tax generation, regional event attraction, and strong alignment with Destination Panama City's tourism objectives.

**Constraints:** Scale sensitivity, operating sustainability, and reliance on effective public-private partnership structuring.

**Alignment:** Tourism development, visitor spending growth, destination branding.

### **Scenario 2: Institutional / Civic Anchor Redevelopment**

Program Description: Redevelopment anchored by a major institutional, educational, healthcare, or civic tenant, supported by complementary uses such as training facilities, offices, or community-serving space.

Strategic Rationale: Institutional anchors provide long-term stability, consistent occupancy, and access to public and philanthropic funding sources.

Opportunities: Workforce development, healthcare access, stable employment, and funding leverage.

Constraints: Tenant procurement timelines, funding coordination, and limited tourism impact relative to event-driven uses.

Alignment: Workforce development, community investment, economic diversification.

### **Scenario 3: Hybrid Mixed-Use Activation Strategy**

Program Description: A phased redevelopment combining institutional or event-oriented anchors with food, entertainment, cultural, or community-oriented activation.

Strategic Rationale: A hybrid approach allows incremental implementation, flexibility in tenant mix, and reduced upfront risk while building long-term momentum.

Opportunities: Flexible phasing, diversified revenue streams, placemaking.

Constraints: Coordination complexity and extended implementation timelines.

Alignment: Economic diversification, place-making, incremental revitalization.

### **Scenario 4: Catalytic Reuse / Interim Activation**

Program Description: Short- to mid-term activation uses such as temporary events, pop-up programming, training facilities, or community uses implemented while long-term redevelopment is pursued.

Strategic Rationale: Interim activation stabilizes the site, improves public perception, and maintains momentum during planning and partner procurement phases.

Opportunities: Low-cost activation, community engagement, perception improvement.

Constraints: Temporary nature and limited long-term revenue generation.

Alignment: Community engagement, transitional economic activity.

## Task 4 – Strategic Findings and Next Steps

This feasibility study evaluated multiple conceptual redevelopment scenarios for the former Panama City Mall site, each offering distinct benefits, challenges, and implementation considerations. Collectively, the analysis confirms that continued single-use retail or passive holding is not viable, and that meaningful redevelopment will require coordinated action, site control, and strategic alignment among public and private stakeholders.

### Summary of Strategic Findings

Across all scenarios, several consistent findings emerge:

- The site’s visibility, access, and scale position it well for regional-serving, destination, or institutional uses rather than traditional retail.
- Experience-driven, hospitality, event-oriented, and institutional uses demonstrate stronger market support and catalytic potential than retail reuse.
- Large-scale redevelopment is not feasible without addressing land cost, demolition expense, and infrastructure coordination.
- Public sector participation is required to unlock funding, manage risk, and align redevelopment with broader tourism and economic development objectives.

### Potential Implementation Pathways

Several implementation pathways could realistically advance redevelopment of the site, depending on stakeholder alignment and market conditions:

#### Owner-Led Redevelopment:

Under this pathway, the current owner would retain control and pursue redevelopment independently or with private partners. While this approach preserves ownership control, it faces significant feasibility constraints related to capital requirements, risk exposure, and limited access to public funding tools.

#### Public-Private Partnership (P3):

A City-led public-private partnership structure allows the City to retain land control while engaging qualified private partners to finance, construct, and operate project components. This approach allocates risk appropriately, improves financial feasibility, and aligns redevelopment outcomes with public goals.

#### Conceptual Land Donation or Alternative Ownership Strategies:

Voluntary land donation or alternative ownership arrangements (such as long-term ground leases or phased transfer) substantially improve feasibility by eliminating land acquisition cost and unlocking state, federal, and tourism-related funding sources. This pathway also provides the current owner with a clear, final exit strategy.

### Recommended Next Steps

Based on the findings of this feasibility study, the following next steps are recommended to advance stakeholder discussions and decision-making: Initiate structured discussions with the current property owner regarding donation or alternative ownership frameworks.

- Conduct targeted outreach to potential institutional, hospitality, and event-oriented partners to validate interest and refine program assumptions.
- Confirm high-level planning and zoning flexibility to support preferred redevelopment scenarios.
- Develop a preliminary public-private partnership framework outlining roles, responsibilities, and risk allocation.
- Identify applicable state, federal, and tourism-related funding programs that could support early phases of redevelopment.
- Prepare a concise presentation or memorandum to brief City leadership, Destination Panama City, and other key stakeholders on findings and recommended paths forward.

These steps are intentionally pragmatic and decision-focused, designed to advance discussions without committing the City or stakeholders to detailed design, engineering, or financial modeling prematurely.

### Case Study:

The Westminster Mall redevelopment in California illustrates a public-private model in which portions of a failing mall site were effectively conveyed to the City through land dedications for streets, parks, and civic infrastructure as part of an approved redevelopment plan. The City retained control of the public realm and land-use framework, while private development partners financed demolition, infrastructure, and vertical mixed-use construction including housing and retail. This structure allowed the municipality to secure public assets and long-term planning authority without acquiring the entire property, shifted construction and market risk to the private sector, and transformed an underperforming regional mall into a phased, tax-generating mixed-use district.

### **Deliverables Statement**

This feasibility memorandum has been prepared to satisfy the defined scope and deliverables for a high-level, visually supported assessment of the Panama City Mall property. The document is intentionally strategic and presentation-ready, avoiding detailed engineering, architectural design, or financial modeling, while providing sufficient analysis to support stakeholder, property-owner, and procurement review.

All required deliverables have been completed and are documented within this report, including an executive summary, site and context overview, conceptual market observations, conceptual redevelopment scenarios, strategic findings, and recommended next steps.

Deliverables Compliance Table

Required Deliverable	Where Addressed in Report	Status
High-level, visually supported feasibility memorandum	Entire report; Executive Summary; Visual exhibits throughout	Completed
Executive summary outlining key findings and strategic conclusions	Executive Summary section	Completed
Site and context overview (physical, access, planning considerations)	Site and Context Review (Task 1)	Completed
Conceptual market observations relevant to proposed uses	Conceptual Market Perspective; Task 2 – Redevelopment Scenarios	Completed
Conceptual redevelopment scenarios (2–4 scenarios)	Task 3 – Conceptual Redevelopment Scenarios	Completed
Strategic findings and recommended next steps	Task 4 – Strategic Findings and Next Steps	Completed