

CORAL GABLES

THE CITY BEAUTIFUL

Economic Development Board Meeting Board Meeting Minutes

Wednesday | January 6, 2021 | 8:00 a.m.

Location: Zoom and City Hall Commission Chambers
405 Biltmore Way, 2nd floor, Coral Gables, FL 33134

EDB MEMBERS	J	F	M	A	M	J	J	A	S	O	N	D	APPOINTING ENTITY
	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	'21	
Julio Grabiell	Z												Mayor Raúl Valdés-Fauli
Olga Ramudo, Chair	P												Commissioner Michael Mena
Stuart McGregor	Z												Commissioner Patricia Keon
Bradley Barreto	P												Vice Mayor Vince Lago
Manuel Niebla	P												Commissioner Jorge Fors, Jr.

A=Absent E=Excused Absence P=Present X=No Meeting Ph=Present by Phone Z=Zoom - =Former Board Member

Staff and Guests:

Julian H. Perez, AICP, CFM Director, Economic Development Department

Belkys Perez, Assistant Director, Economic Development Department

Zeida Sardiñas, Asset Manager, Economic Development Department

Francesca Valdes, Business Development Coordinator, Economic Development Department

Leticia Perez, International Business Development Coordinator, Economic Development Department

Yenisis Gomez, Administrative Assistant, Economic Development Department

Mr. Thad W. Adams, Senior Vice President, The Allen Morris Company

Ms. Ramudo brought the meeting to order at 8:10 a.m.

1. Review and approval of November 4, 2020 Economic Development Board Meeting Minutes

Mr. Niebla made a motion to approve the meeting minutes and Mr. Grabiell seconded the motion, which passed unanimously. There was no discussion regarding the minutes.

2. Review and approval of December 2, 2020 Economic Development Board Meeting Summary

Mr. Grabiell made a motion to approve the summary and Mr. McGregor seconded the motion, which passed unanimously. There was no discussion regarding the summary.

3. State of the Commercial Market

Mr. Adams updated Board members on the office market for Miami-Dade County, the Coral Gables submarket and profound impact of Covid-19. There was a strong market pre-Covid County-wide as well as in Coral Gables.

The available space in the County pre-Covid was 110 million square feet of total inventory, about 3.7 million under construction and a negative Covid impact of 886,000 absorption rate which is the net increase or decrease in square footage that is occupied. The vacancy rate of 10.7% increased a few points and Mr. Adams believes it will continue to increase. The leasing market rate now is approximately \$39.50 and the sales market is about \$339 PSF with a market cap rate of 6%. Mr. Adams believes remote working is here to stay. Prior to the pandemic, flexible working spaces accounted for 10% of office space. After the pandemic, companies are saying they're going to go anywhere between 20-80%. Based on most studies, there are workers who want to work remote only 1-2 days and not 4-5 days. Mr. Adams explained how traditionally employers would place more workers per square foot of open space and how that is now reversing itself. Office leases are here to stay although with a smaller footprint and looking for flexible space.

The availability of space in Coral Gables pre-Covid was 11.6 million square feet of total inventory, with about 164 thousand square feet under construction which is the south tower of The Plaza building. We also had a negative absorption rate of 189,000 square feet, a lot of that is attributed to Covid. The vacancies are at a six-year high at a rate of 12.6%. Our rates are higher than the County's for the first time in seven-years. Mr. Adams expects them to climb. The Plaza is quoting lease prices from the mid-\$50 up to \$60 a square foot. Those are new rate record highs for the City of Coral Gables. Alhambra Towers is currently quoting \$50 a square foot. Due to the pandemic, rent growth is flat. The renewals are shorter and there are less expansions.

The office market is critical to the retail market.

Mr. Perez added that the Department has been in preliminary conversations with a company from California that has worked with the City and is interested in coming to our City. In addition, we also have a very strong partnership with Silicon Valley specifically our IT Director and the Economic Development group. Mr. Perez noted that we are beginning to see a lot of interest in South Florida for relocations. Regarding the wealth management industry, Mr. Perez stated that he has been in conversations with the Beacon Council regarding a small to mid-size hedge fund company from New York interested in Coral Gables. Additionally, there are several other wealth management firms from the northeast also looking at our area.

4. Economic Development Dept. Update

Business Grant Program/Cares Act Relief Funds

Mr. Perez updated Board members on the status of two grants submitted to the County under Coronavirus Relief Fund (CRF). The first grant, COVID-19 Small Business Recovery Grant the program closed on December 30th, 2020. We were able to submit all the applications on time and within the allocated budget (\$801,000). We re-appropriated \$51,000 from the COVID-19 Technology Grant into the COVID-19 Small Business Recovery Grant. This allowed us to assist more applications (55 to 60 applications). On January 4th, 2021, we distributed the first 26 checks to the grantees that were approved by the County. We are currently working on another 10 applications that have been approved by the County. To date, the total amount approved by the County is \$458,581.18 that is 57.3% of the total grant. The total applications approved are 33 out of 60 at a 55% approval rate. As of January 4th, 2021, the County has reimbursed the City a total \$274,613.88 at 34.3% of the total grant amount. We have been working with three partners on the second grant, the COVID-19 Technology Workshop Grant. The city's partners include Google, Dr. Rushinek from the University of Miami and

Silicon Valley representatives. All three partners have submitted their programs and will start a series of technology workshops this month. The focus is to establish an e-commerce presence. We also identified CommentSold as a fourth partner. The City purchased 19 licenses to give out to retail businesses. CommentSold will provide them with a comprehensive package of information and accessibility to different platforms. This will allow the prospective buyer/customer to visit the store virtually to view and purchase products directly from the business through their social media platforms. We have combined the two grants for a total of \$850,000 only leaving \$22-\$26 unused.

5. Vacancy Report

Ms. Valdes provided the board an update on the retail market. According to CoStar, Miracle Mile was 87.2% occupied in the month of December. There is a 1% increase in occupancy that has occurred month over month. The majority of businesses coming in are restaurants.

6. Business Tax License Report

Due to time management, Ms. Valdes updated board members of the new and upcoming businesses in Coral Gables via email.

7. Open Discussion

Expanding the Board discussion

Ms. Perez informed Board members that their recommendation to expand the Board by two seats has been approved. The City Manager has already put forth an appointee which should be approved at the Commission meeting scheduled for January 12, 2021. We are awaiting an appointee from the Chamber of Commerce. At which time, it will also require City Commission approval.

There being no further discussion the meeting was adjourned at 9:07 a.m.

Respectfully submitted,

Yenesis Gomez, Administrative Assistant, Economic Development Department.