RESOLUTION NO. 2015-38

A RESOLUTION OF THE MAYOR AND VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, FLORIDA, RELATED TO THE DOWNTOWN REDEVELOPMENT INITIATIVE, ACCEPTING THE ECONOMIC AND MARKET ASSESSMENT REPORT AND SUPPLEMENTAL APPENDIX COMPLETED BY BERMELLO, AJAMIL & PARTNERS FOR THE FUTURE DOWNTOWN PALMETTO BAY AREA; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, last year, the Village entered into an agreement with Bermello, Ajamil & Partners to conduct an economic study and market profile and prepare an economic development guidance document for the future Downtown Palmetto Bay area; and,

WHEREAS, the purpose of such study was to assess the level of absorption that the local economic market could sustain in order to finalize recommendations for the development patterns of the downtown area; and,

WHEREAS, Bermello, Ajamil & Partners, retained Lampert Advisory to complete the study, inclusive of identifying the potential economic benefits of the proposed downtown redevelopment effort; and,

WHEREAS, the findings and recommendations deriving from the study, along with the economic benefits information, are presented on the attached Economic and Market Assessment Report and Supplemental Appendix.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND VILLAGE COUNCIL OF THE VILLAGE OF PALMETTO BAY, FLORIDA, AS FOLLOWS:

Section 1. The final Economic and Market Assessment Report and Supplemental Appendix, attached hereto as Attachment A, are hereby approved.

Section 2. This Resolution shall become effective upon the date of its adoption herein.

PASSED and ADOPTED this 6th day of April, 2015.

Attest: Meighan J. Alexander

Meighan J. Alexander
Village Clerk

Eugene Flinn
Mayor

APPROVED AS TO FORM AND LEGAL SUFFICIENCY FOR THE
USE AND RELIANCE OF THE VILLAGE OF PALMETTO BAY ONLY:

Dexter W. Lehtinen
Village Attorney

FINAL VOTE AT ADOPTION:

Council Member Karyn Cunningham	YES
Council Member Tim Schaffer	YES
Council Member Larissa Siegel Lara	YES
Vice-Mayor John DuBois	NO
Mayor Eugene Flinn	YES

Village of Palmetto Bay – Downtown Master Plan (Economic and Market Assessment) (April 2014)

ATTACHMENT "A"

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Attachment 1: Village of Palmetto Bay Trade Area – Profile of Select Rental Apartments

Attachment 1: Downtown Palmetto Bay Housing Demand Model

Attachment 2: Downtown Palmetto Bay Trade Area Resident Retail Demand Analysis (Model)

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Lambert Advisory (Lambert) was engaged by Bermello, Ajamil & Partners (B&A, the Prime Consultant to the Village of Palmetto Bay) to provide the economic and market analysis associated with the Downtown Master Plan. A primary objective of the Downtown planning process is to identify the opportunity for a mixed use development which emphasizes a sense of place and destination for the residents of the Village.

Lambert has completed its economic and market analysis of the real estate demand potential for the proposed Downtown area. The body of this report includes our assessment of market conditions and trends impacting residential and commercial development proposed to be integrated within the Downtown Master Plan. The opportunity for development within the Downtown area is primarily based upon the market supply and demand conditions within Miami Dade County, the Village of Palmetto Bay and the Downtown Trade Area - as illustrated below and discussed in detail in Section 1 of this report.

Figure 1: Village of Palmetto Bay – Downtown Trade Area and Downtown Area Boundary Map

This section provides a highlight of conclusions with a summary of demand estimates (by use), as well as strategic recommendations to help guide the Downtown Master Plan. The estimates of demand and recommendations herein have been prepared in the effort to understand and define the market-driven housing and commercial development opportunities for the Downtown Master Plan. Importantly, any financial feasibility and/or land evaluation prepared on the basis of this analysis is subject to design, building cost, parking and regulatory requirements that have not been made a part of this analysis.

Following is a summary of demand by use:

Residential: Miami Dade County's economic and housing climate is still in recovery mode from the Great Recession, but the projected economic and demographic fundamentals in the region support long term growth in the housing market. The multifamily housing market is planning for considerable delivery of inventory driven by significant condominium development in Downtown Miami and the coastal/beach areas. However, there is also considerable activity among multifamily rental development, particularly in south Dade County. The multifamily rental market affecting the opportunity for housing development within Village of Palmetto Bay is relatively strong, with occupancy greater than 95 percent. However, the majority of inventory is older in nature, and rental rates overall are still relatively modest; particularly, in the sense of supporting a large amount of new market rate development in the near term.

As detailed within Section 2, the demand for housing for the Downtown Master Plan is based upon regional household growth projections, forecast demand for market rate multifamily housing, and the propensity for the Village's Trade Area and Downtown to capture this growth over the next ten years. It also considers existing "pent-up" demand which is largely the result of a lack of existing mid- to higher density multifamily product within the Village given regulatory, infrastructure and/or other physical challenges associated with accommodating this type housing development. Based upon historical trends and population projections, there is demand for approximately 1,200 multifamily market rate housing units in the Downtown area during the next ten year period (which we consider to represent demand under a *Trending Scenario*). However, we have also undertaken an analysis that considers that the Village of Palmetto Bay and its Downtown area may be in a position to capture well more than its fair share of demand based upon the trending analysis contemplating the Village's strong school district, a highly successful implementation of the Downtown Master Plan and continued improvement in the surrounding corridor. For this, the multifamily housing demand for Downtown area increases to approximately 1,700 units over the next 10 years (referred to herein as the *High Scenario)*. Importantly, for master planning purposes, we recommend the planners rely upon the *trending scenario*, but allow for flexibility to accommodate the higher demand. In either case, the analysis considers demand for either ownership (condominium) and/or rental product supported by primary residents (and therefore does not account for any potential additional development that may be built

largely for investors/speculators). In terms of housing pricing, and specific to the rental market, The base asking monthly rental rates for newer (premium) units within the market area (ie. Dadeland) is in the range of $1.80 per square foot. We assume that this would apply to the Village; therefore, with an estimated average unit size of roughly 1,050 square feet, the average asking monthly rent would generally be in range of $1,800 to $1,900. For ownership (condominium), the pricing is estimated to be within the range of $250,000 to $350,000.

Office: Since the end of the recession in 2009, unemployment in Miami Dade County has continued to decline. Moreover, an analysis of office employment projections based upon CBRE/EA[1] and Florida Department of Economic Opportunity (FDEO) data through 2019 indicates growth in Miami Dade County's office employment of approximately 3,900 jobs per year through this period. Miami Dade County has 100 million square feet of office space, of which the Village of Palmetto Bay (and Trade Area) comprises roughly 1.0 million square feet of total inventory. The majority of office space in Palmetto Bay is Class C space, equal to 59 percent; more than double the 28 percent share of Class C space in Miami-Dade County. Approximately 78 percent of the office space in the Village of Palmetto Bay was built before 1970, and 89 percent before 1990. Since 2007, the impact of the recession pushed the office occupancy level in the Village down below 84 percent in 2012, but has since improved to nearly 88 percent in the Village as of year-end 2013. As detailed in Section 3, based upon broader office market and local submarket office development trends, and based upon projections of office employment during the next five years, office demand for the Village of Palmetto Bay is estimated to be between 135,000 and 270,000 square feet during the next 5± years. It is very important to note that this does not represent demand entirely supporting new future office development because absorption of existing space (and/or older buildings that will likely fall out of the market due to condition) needs to be considered. Nonetheless, the Downtown area is naturally in a position to capture a considerable portion of this demand since there is limited commercial land outside of the corridor to support new office development. Specific to the Downtown Master Plan, the opportunity to incorporate a limited amount of office (ie. small professional and/or medical offices) as a supporting use is warranted.

Retail: For the Village of Palmetto Bay and its broader surroundings beyond the boundaries of the Village and/or Trade Area, the retail market is well represented with local, regional and national stores ranging from quick service restaurants to Big Box tenants to regional malls. Within the Trade Area, there is approximately 600,000 square feet of retail space, with a healthy 95 percent occupancy. However, average asking rental rates within the Trade Area remain 5 to 10 percent below that of the County's average, impacted in part by a considerable amount of older, smaller neighborhood retail centers. Based upon the retail trade model (as detailed in Section 5), retail demand within Trade Area is estimated to increase 110,000± square feet by 2019; a portion of which is anticipated to be absorb by redevelopment of older retail complexes that will likely "fall out" of the market in the near term. Regardless, the Trade Area will likely capture its proportionate share. Specific to the Downtown, we estimate demand for 20,000 to

[1] CBRE/EA is an independent economic research firm owned by CBRE, and internationally recognized in the field of economic modeling and forecasting.

30,000 square feet of retail space can be supported as part of the initial development phase including dining establishments, smaller (boutique) shops, and limited service convenience. We also believe there is an opportunity to attract a grocery store (such as Publix or Whole Foods) within the next 5± years which is based upon steady population growth for the overall trade area and the resultant demand for *convenience goods* during the next 5+ years that adequately supports a 40,000 to 50,00 square feet grocery store. The planning team is assuming that the Village's Downtown core has a very strong opportunity to capture this demand provided that the initial phases of the residential development are successful. Considering the opportunity for both boutique retail and grocery, there is an estimated demand for approximately 60,000 to 80,000 square feet of retail within the next 5± years. Looking further into the horizon, the Village's Downtown area should continue to capture its fair share of retail trade area demand and, therefore, over a 10± year period the total retail demand is estimated to be in the range of 100,000 to 110,000 square feet.

Based upon the analysis completed as part of the economic and market assessment for the Village of Palmetto Bay Downtown Master Plan, we provide the following conclusions and recommendations:

- *Residential and Retail will Drive Initial Downtown Program:* As summarized above, there is demand for approximately 1,200 market rate multifamily housing units within the Downtown market area during the next 10 years. Given location and strong demographic characteristics, the opportunity to incorporate 20,000 to 30,000 square feet of supporting retail within a mixed use development creates a dynamic *downtown* environment.

- *Opportunity is Manageable and Realistic:* The level of development supported herein promotes a manageable development plan that can be phased in over time and that is relatively modest in scale. Accordingly, under this framework of development, investment by the Village to encourage this opportunity is considered to be minimal given available land and existing infrastructure.

- *Downtown Program Works Best in Concentrated Area:* Levering upon the opportunity to create the Downtown based upon a manageable and realistic plan, developing Downtown in phases within concentrated areas (such as that proposed for Phase 1 immediately east of Village Hall), should mitigate substantial infrastructure investment cost by the Village, while at the same time allow for a scale of development that promotes mixed use.

- *Access to US 1 is Critical to Downtown:* Access and visibility to US 1 is critical to the success of Downtown, which is currently lacking. Accordingly, there is presently no sense of arrival or gateway characteristic approaching the Village from either the north or south along US 1. The Downtown Master Plan provides a great opportunity to establish this attribute. Furthermore, this feature helps to promote the Village with a regional presence, rather than as a small local center.

- *Evaluate Parking Needs:* In the effort to support mixed use housing and retail development for the initial phase of the Downtown, it will be important to provide adequate and integrated parking for the residential buildings, with adequate and accessible parking for the ground floor retail.

- *Downtown Potentially Generates Substantial Ad Valorem Tax:* Based upon the incremental ad valorem tax revenue model Lambert prepared for the Village in late 2013 (in association with previous analyses for the Downtown), the initial phases of a Downtown Master Plan that provides for up to 1,200 market rate housing units and approximately 30,000 square feet of retail space is estimated to generate more than $600,000 in total ad valorem taxes per year to the Village (upon stabilized operations). In the case where there is estimated to be up to 1,700 market rate housing units, 100,000 square feet of retail (inclusive of grocery), and some supporting office (or 50,000± square feet), the estimated ad valorem tax revenue increases to a range of nearly $1 million per annum (stabilized).

SECTION 1: STUDY AREA DEFINITIONS

As the basis for evaluating the market potential and real estate development opportunities for the Village of Palmetto Bay Downtown Master Plan, Lambert examined demographic, economic, and real estate market trends and forecasts (both residential and commercial) for four primary geographic areas: (in descending order of geographic size) Miami Dade County, south Dade County, Village of Palmetto Bay, and the Downtown Trade Area (referred to herein as the Trade Area).

Miami Dade County, and the south Dade County area, are both profiled to provide economic context for the narrower drive time radii, Downtown retail Trade Area, and the Downtown. This profiling applies to the Downtown's existing and potential "capture" of economic activity that occurs at the broader geographic levels. Importantly, the Downtown Trade Area was determined based upon a geography that represents behavioral boundaries from which prospective residents, workers and/or retail patrons' have the propensity to live, work and/or shop in a given area. In this case, Downtown Palmetto Bay will likely be supported by areas with stronger income characteristics, which is discussed in detail in Section 2 below. An illustration of the Downtown Trade Area, and outline of the Downtown Master Plan area is provided in Figure 2 at the end of this section.

The following sections provide a detailed analysis of the economic, demographic and/or real estate market conditions within the geographies noted above. Additionally, historic data, estimates, and projections for the broad range of information in this market study – demographics, income, residential and commercial real estate, among others – are available based on varying geographies. Demographic information, for instance, is most widely available for the set hierarchy of US Census geographies. Residential real estate sales data, on the other hand, is most widely available by correlating GIS boundary maps with Miami Dade County Property Appraiser (BCPA) database.

For these reasons, different sections of this study refer to multiple and/or different geographic areas (e.g., County, Village, Trade Area), based on different geographic definitions (e.g., zip code, census block group). These areas are listed below, by section of this report, and shown graphically and defined in more detail in each respective section.

- Section 2, Demographic and Economic Profile, refers to four different areas, based on political boundaries and census geographies: Miami Dade County, south Dade County, Village of Palmetto Bay, and the Trade Area, as data permits. As noted, the Trade Area for the Downtown Master Plan area represents behavioral boundaries based on the propensity for people to live, work, and/or shop in the Trade Area.

- Section 3, Residential Market Analysis, analyzes key housing supply and demand trends in Miami Dade County, south Dade County and Village of Palmetto Bay. For purposes of this analysis, south Dade County is defined as the entire area south of Kendall Drive (Southwest 88th Street) to the Miami Dade/Monroe County line.

- Section 4, Office Market Analysis and Demand Estimate, considers office market trends in Miami Dade County, but focuses intently on the supply and demand activity within the Village and/or Trade Area.

- Section 5, Retail Market Analysis and Demand Estimate, represents retail supply and demand trends within Miami Dade County and the Village of Palmetto Bay, with a specific focus on the Trade Area. This area is the primary area from which Downtown Trade Area businesses will draw resident, visitor and worker expenditure. It is important to note that the Downtown Trade Area is regarded as a primary trade area for expenditure capture; however, the *Lambert Advisory Retail Trade Model* takes into account expenditures by residents outside of the Trade Area (or commonly referred to secondary and/or tertiary Trade Areas) by utilizing inflow factors – discussed in detail within in this section.

Figure 2: Trade Area Boundary Map

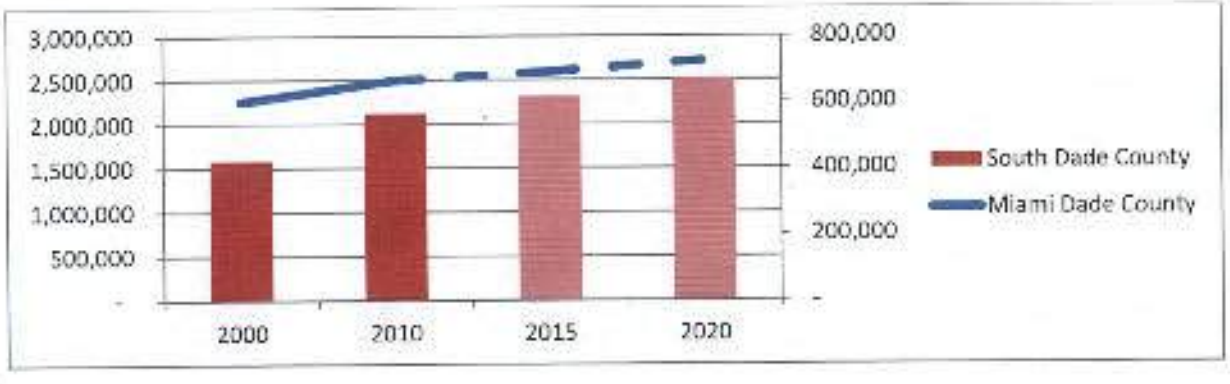
SECTION 2: ECONOMIC AND DEMOGRAPHIC PROFILE

As the basis for evaluating market potential and opportunities for the Downtown area (and the Downtown Master Plan), Lambert examined population, household, and economic trends and forecasts for several geographic areas — Miami Dade County, Village of Palmetto Bay, and the Trade Area (as shown in Figure 2 above). The demographic and economic profile herein focuses on those variables that "drive" demand for residential, retail, and office uses (estimates of which are found in following sections of this report), including population and household growth trends, household income growth, and employment trends and forecasts.

2a: Population and Households Overview

Based upon 2010 US Census data, Miami Dade County grew from 1.93 million residents in 1990 to 2.25 million residents in 2000, or an average 31,600 persons per annum and 1.5 percent average annual growth rate. From 2000 to 2010 population increased to 2.49 million residents, or an average of 24,300 residents per year and 1.0 percent annual growth. According to University of Florida's Bureau of Economic Research (BEBR), the County's growth rate is forecast to increase steadily to 2.71 million residents by 2020, or 22,100 residents per annum and 0.9 percent annual growth. South Dade County experienced stronger population growth from 2000 to 2010, at 3.0 percent per year, and is projected to increase at approximately 1.7 percent per annum for the next several years according to ESRI.[2]

Figure 3: Historic and Projected Population Growth – Miami Dade County
Source: BEBR



[2] ESRI is an international supplier of Geographic Information System (GIS) software, web GIS and geodatabase management applications.

The Village of Palmetto Bay was incorporated in 2002. Therefore, the historical demographic information herein is based upon the correlating Census Designated Places of Cutler and East Perrine. Based upon 2010 US Census data, the Village of Palmetto Bay had a slight loss in population during the period between 2000 and 2010, declining from 24,469 residents in 2000 to 23,410 residents in 2010, or average of 105 residents per year (equal to a decline of 0.4 percent average annually). As discussed in Section 2 above, the Trade Area is slightly smaller than the Village's boundary, but demographically very similar, as summarized below.

Figure 4: Miami Dade County, South Dade County, Village of Palmetto Bay and Trade Area (Demographic Profile 2010)
Source: US Census; ACS 2008-2012

	Miami Dade County	South Miami Dade County	Village of Palmetto Bay	Trade Area
2010 Population	2,496,435	522,619	23,410	16,904
2010 Total Households	867,352	166,635	7,923	5,717
2010 Avg. HH Size	2.83	3.11	2.95	2.95
2008-12 ACS Median Household Income	$43,464	$49,726	$107,259	$98,438
2008-12 ACS Per Capita Income	$23,304	$22,509	$41,034	$39,337
2010 Owner Occupied Households %	55.80%	66.80%	84.20%	82.10%
2010 Renter Occupied Households %	44.20%	33.20%	15.80%	17.90%
2010 Median Age	38.2 years old	35.4 years old	41.9 years old	41.2 years old
Under 19	24.70%		29.20%	28.80%
20-39	28.10%		18.20%	19.30%
40-64	33.00%		40.60%	40.40%
65+	14.20%		12.00%	11.50%

As part of our demographic and economic profile, Lambert analyzed household income, which represents a critical element of retail and housing demand as it indicates the amount and nature of expenditure potential in a given market.

As detailed in the Figure above, the 2008-2012 median household income in the Trade Area ($98,438) is very strong and significantly higher than that of the County ($43,464) and slightly lower than that of the Village ($107,259). This trend holds true for per capita income as well, with the Trade Area ($39,337) having a higher per capita income than the County's ($23,304), and slightly lower than the per capita income of the Village ($41,034). As discussed in Section above, the determination of the Trade Area boundaries considered the income characteristics of the broader market area as shown below:

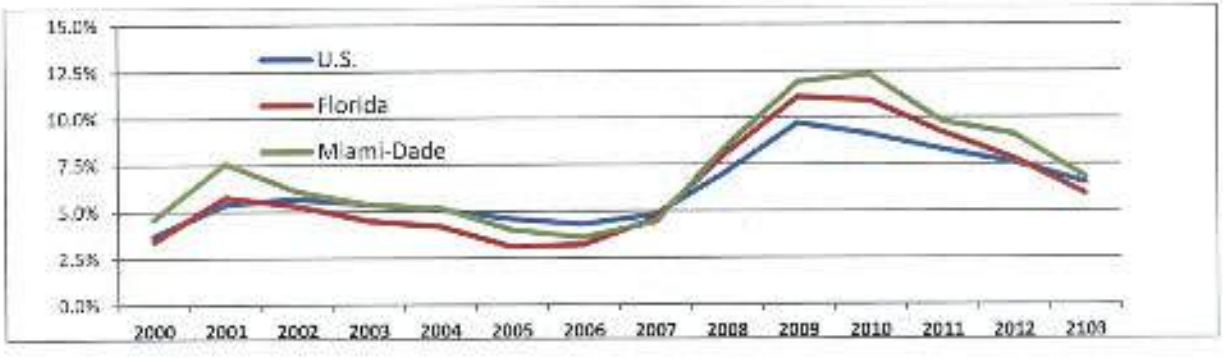
Figure 5: Median Household Incomes by Block Group, 2008-2012 ACS (Village of Palmetto Bay and Surrounding Areas)
Source: ACS

The Downtown area will primarily draw from areas to the east of US 1, with the northern boundary representing S.W. 152nd Street and S.W 184th Street being the southern boundary.

2b: Employment and Wages

From a broad perspective, labor trends among all sectors in Miami Dade County, including employment and unemployment, have a notable impact on office demand. From 2000 to 2007, the unemployment rate in Miami-Dade County was relatively low, which was in line with trends on a State and national level. Outside of the 12 to 18 month period following the calamitous events of 9/11, the State and County unemployment rate remained below 6.0 percent and dipped to 3.3 percent in the State and 4.1 percent in Miami-Dade during 2007[1]. However, commencing with the economic recession in 2007/2008, the unemployment rate in the US and throughout Florida began trending upward, reaching 9.7 percent in the U.S, in 2009 and double digit levels in the State and Miami-Dade County. The State's unemployment rate peaked in 2009 at 11.1 percent, but unemployment in Miami-Dade didn't peak until June 2010, reaching 13.9 percent. Though still above pre-recession levels, unemployment in Miami-Dade has since declined steadily, with the rate dropping to 6.8 percent as of year-end 2013.

Figure 6: National, State and County Historical Unemployment Rate, January 2000-December 2013
Source: Florida Department of Economic Opportunity; BLS; Lambert Advisory



[1] Florida Department of Economic Opportunity

According to the Florida Department of Economic Opportunity (FDEO), Miami Dade County's total non-agricultural employment base is approximately 1.07 million, of which more than 82 percent is private sector employment. Miami-Dade County's total private employment is more than 875,000. The largest private employment sectors in Miami-Dade County are Health Care and Social Assistance at 15.3 percent, Retail Trade at 15.2 percent and Accommodation and Food Services at 11.5 percent. The Professional and Business Services, Finance and Insurance, Real Estate (FIRE), and Information Services, which are primary the sectors for office based employment, collectively represent approximately 17 percent of total private employment in Miami-Dade County.

According to data from the US Census, there were a total of 5,644 persons privately employed within the Trade Area. This is an increase from 2002, were 5,336 persons were privately employed in the Trade Area. Retail trade, was the leading sector, with nearly 32 percent of all total employment in the Trade Area. The Figure below summarized private sector employment within the Trade Area between 2002 and 2011.

Figure 7: Trade Area Private Sector Employment
Source: US Census On The Map

NAICS Sector	Count By Year			Actual Change		Percent Change	
	2002	2007	2011	02-'07	02-'11	02-'07	02-'11
Retail Trade	1,701	2,239	1,804	538	103	31.6%	6.1%
Health Care & Social Assistance	565	302	666	-263	101	-46.5%	17.9%
Administration & Support, Waste Management and Remediation	398	549	649	151	251	37.9%	63.1%
Finance, Insurance & Real Estate (FIRE)	215	351	494	136	279	63.3%	129.8%
Accommodation & Food Services	448	434	481	-12	35	-2.7%	7.8%
Professional, Scientific and Tech Services	288	383	408	75	120	26.0%	41.7%
Wholesale Trade	235	202	208	-33	-27	-14.0%	-11.5%
All Other Sectors	1,488	958	934	-530	-554	-35.6%	-37.2%
Totals:	5,336	5,398	5,644	62	308	1.2%	5.8%

As noted in the table above, the employment sectors that experienced the strongest growth in the Trade Area between 2002 and 2011 were FIRE, Administration & Support, Waste Management & Remediation, along with Professional, Scientific and Technical Services. These sectors are primarily office using jobs and will drive office demand locally and regionally.

In regards to office employment, Miami-Dade County is projected to increase office employment by 3,867 employees on average annually through 2019, or 1.9 percent per year. The following table is a summary of historic and projected office employment in Miami-Dade County.

Figure 8: Miami-Dade County Office Employment Projections
Source: Florida Agency for Workforce Innovation

	Financial	Services	Total	Avg. Annual Change	Avg. Annual Growth %
1990	63,600	76,400	140,000		
2000	60,800	134,400	195,200	5,520	3.4%
2010	60,400	119,200	176,600	-1,860	-1.0%
2013	67,800	125,800	193,600	5,667	3.1%
2019	72,700	144,100	216,800	3,867	1.9%

The office employment growth above will be the key indices for office demand projections provided in Section 5 below.

2c: Economic and Demographic Profile Conclusions

As noted above, the economic and demographic trends of the region are key determinants to possible development opportunities both in the near term and the long term. It is not only important to analyze economic and demographic trends in order to comprehend current market conditions, but also to adequately support a strategy for Downtown going forward. A summary of key economic/demographic characteristics within the local and regional market that will affect opportunities for the and Downtown Master Plan include:

- Population has shown a slight decline in the Village and Trade Area during 2000-2010, compared to modest growth for south Dade and Miami Dade County. Importantly, south Dade County is expected to grow at a faster pace than that of the County for the next few years, which is a key growth indicator for the Downtown Master Plan housing and retail demand.

- The Village and Trade Area have substantially higher per capita and household income compared to the County (and south Dade County), which is a key component to supporting housing and commercial development.

- Employment growth is expected to rebound during the next several years and provide solid demand for on-going office development throughout the broader region.

SECTION 3: RESIDENTIAL MARKET ANALYSIS

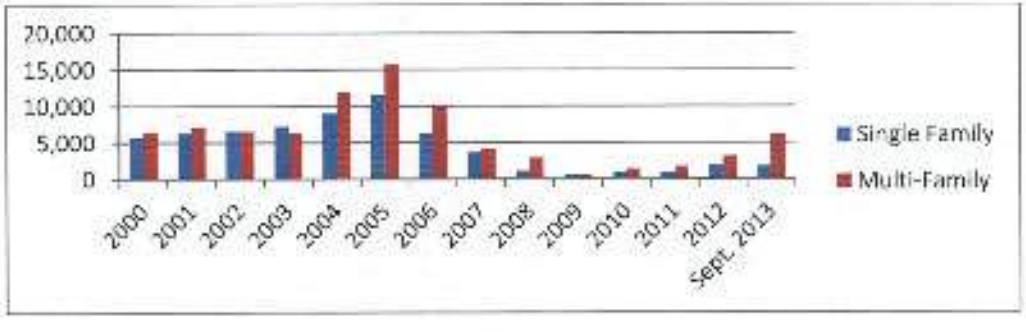
The opportunity for housing is considered to be strong for the Downtown area. In terms of rental housing opportunity, Lambert completed a broad overview of the local and regional rental housing market.

The following provides a profile of residential housing conditions supporting the opportunity for housing as part of the Downtown Master Plan. While we focus on overall trends in the housing market to identify general market conditions, the focus herein is multifamily housing, since it is the product type that defines mid- to higher density development in the Downtown.

3a: Housing Market Overview

According to Reinhold P. Wolff Economic Research (RPW), the growth in both single family and multifamily housing permit activity in Miami Dade County was among the strongest in the region's history, with total housing permits increasing from 12,200 in 2000 to 27,200 by 2005; or an average annual increase of nearly 15 percent per annum. Multifamily housing permits had the strongest growth trajectory from 2002 to 2005, as the Downtown Miami market and coastal areas skyrocketed with speculative development. According to RPW, housing starts are expected to remain robust during the next few years, based upon projects currently under construction or in the planning stages. In particular, multifamily development County-wide is expected to reach 14,000 units in 2014, with single family development expected to remain stable at 4,000 units.

Figure 9: Miami Dade County Residential Building Permit Activity
Source: RPW; Lambert Advisory



Based upon data provided by RPW, the median price for new single family homes in Miami Dade County as of the 3rd Quarter 2013 was $260,000, while existing home values were approximately $206,000; or, an estimated $225,000± combined. However, based upon an analysis of single family home sales in the Village of Palmetto Bay, there were 93 total sales from January 2012 to March 2013, with an average home sale price of $472,480; or, more than twice the average price for that of the County.

In terms of condominium sales, the Miami Dade County peaked with 25,400 sales in 2005, steadily declining to less than 1,330 by 2012. Although there is projected to be roughly 1,000± condominium sales in 2013, the pace of condominium sales is expected to escalate dramatically as new development is completed during the next 12 to 24 months (and likely beyond).

New condominium sales prices are rapidly increasing with the average price reaching nearly $500,000 in the third quarter 2013, compared to less than $375,000 per sale during the same period in 2012 which is largely the impact of sales Downtown, and along the eastern/coastal fringes of the County. In contrast, condominium re-sales are currently just below $200,000, with several areas in the south Dade County area registering re-sales well below this level.

In terms of rental housing, the market profile is based upon rental housing market industry resources such as Apartment Guide, Reinhold P. Wolff (RPW) MyRents.com, with additional support from our discussion with select rental housing developments within the surrounding market area. The County's rental housing market overall is nearly 97 percent occupied, with the broader Perrine/Cutler Bay submarket (within which encompasses the subject's Trade Area as defined by RPW) is slightly lower but still a solid 95.5 percent occupancy. Rental rates County-wide are averaging $1,413 per month (or $1.60 per square foot) as of the third quarter 2013, an improvement of 3.5 percent over the prior year. For the Perrine/Cutler Bay submarket, rental rates are estimated to be slightly lower than the County overall, though generally comparable.

There are approximately 5,850 rental apartment units within five miles of the Trade Area. These include projects with 80 units or more. The inventory is dated, with 83 percent (4,820 units) delivered prior to 1980. Only eight percent (485 units) have been delivered since the year 2000.

As part of the analysis of the rental housing market for the Village of Palmetto Bay, Lambert conducted a survey of select significant rental apartment communities in and around the Village of Palmetto Bay. In the latter case, due to the lack of new vintage Class A or B market rate rental apartments in the Village (or Trade Area), the sample survey extended out to include apartment communities located within five miles of the Trade Area. Ten projects were included in the survey combining for 2,487 multi-family rental apartment units. Of this total, two apartment communities combining for 388 units are located in the Village of Palmetto Bay; four projects, combining for

1,187 units are located in the Dadeland/Kendall market to the north of the Village; and four projects, combining for 912 units, are located in the Cutler Ridge area south of the Village. The findings from our research, including the sample survey of apartment communities, are presented in the following discussion along with a detailed Table in the Appendix.

Occupancies rates are high among all projects, averaging 94.6 percent and ranging from 100 percent for one of the two projects in the Village, to 93.8 percent for the four apartment communities located south of the Village. Rents are roughly 50 percent higher among projects north of Palmetto Bay, averaging $1,254 ($1.43/sq. ft.), compared to an average of $853 ($1.04/sq. ft.) among projects south of Palmetto Bay. The average rental rate for the two projects surveyed in the Trade Area were at the lower end of the survey range, averaging $725and $0.94 per square foot - noting, though, that these properties are more than 40 years old.

3b: Residential Demand Analysis

In the effort to identify the level of demand for residential development expected to occur during the next few years within the broader market area, the Trade Area and the Downtown specifically, we consider the economic, demographic, and overall housing market and economic conditions as outlined in this section as well as in preceding sections. The demand analysis methodology herein is used to identify the broader parameters of residential demand that support potential housing demand within the Trade Area and the Downtown area, and has been prepared in the effort to provide order of magnitude estimates of future housing demand. Accordingly, the focus of the analysis is to determine level of demand for market rate housing, as discussed further below.

The methodology for evaluating demand considers historical population trends and projections for the Village and Miami Dade County. However, household growth activity in south Dade County is a very important part of this analysis considering it is the broader market from which the Village and Downtown will draw demand; particularly upper income households.

The detailed housing demand analysis (model) is included in the Appendix, with a summary of the key assumptions provided as follows:

Household Growth: In 2010, there were 166,365 households in south Dade County and based upon projection data from ESRI[4] the area's household growth is projected to grow at 1.7 percent per annum for the next five to ten year period.

Household Income: Based upon US Census data, approximately 50 percent of all households in south Dade County have annual household income greater than $50,000, a minimum threshold considered to adequately support monthly rental payments required

to underwrite new, market rate multi-family housing development; or, minimum average monthly rental rates estimated to be $1,400 to $1,600.

Multi-family Units: The housing demand for the Downtown area considers propensity of demand for mid- to higher density multi-family housing that provides the critical mass needed to encourage a dynamic, mixed use area. Based upon US Census housing data for Miami Dade County, roughly 40 percent of all dwelling units are multifamily. Importantly, for this analysis, we assume that the proportion of multifamily development will continue to outpace single family development given current and near term trends and therefore we apply a modest increase to the model.

Capture of New Housing Demand: Based upon the demographic composition of the region, Village of Palmetto Bay represents approximately 4.7 percent of the total households in south Dade County; however, it represents more than 7.5 percent of the households over $50,000. Therefore, for this analysis we assume that the Village will continue to capture its fair share of this household demand, which is considered to be a somewhat conservative estimate considering the Village residents have access to some of the highest performing elementary, middle and high schools in the south Dade County region.

Based upon the assumptions above, and detailed in the housing demand model in the Appendix, there is estimated to be approximately 10,500 new multifamily housing units with household incomes greater than $50,000 demanded within south Dade County during the next 10 years from population growth alone. Accordingly, it is presumed the Village (and specifically the Downtown are) will continue to capture its fair share of growing demand, or 840 total multifamily (market rate) housing units demand from 2014 to 2023.

However, in addition to the demand from new household growth in the region, we strongly believe there is current pent-up demand for multifamily housing in the Village of Palmetto Bay. This pent-up demand essentially represents demand from the existing population base that would choose to live in Village of Palmetto Bay should mid- to higher density multi-family product exist, but does not due to any land constraints, infrastructure challenges, and/or regulatory controls that if mitigated by the Village would allow for such development. At this stage of the process, it is difficult to clearly understand or evaluate pent-up demand. Nonetheless, we consider that a select group of tenants within several rental communities in the broader area (as identified above) would have a very high propensity to locate within a new development in the Village of Palmetto Bay; particularly, within a well-planned Downtown environment. For this analysis, we assume that at least 1,000 units (households) that currently exist in the broader market area would represent the universe of pent up demand from which the Downtown may capture over the next ten years. If we assume that the average tenant "roll-over"[3] within an apartment complex is 60 percent on an annual basis, and the Village is capable of capturing only 5

[3] Roll-over is generally defined as expiring leases for which tenants are not likely to renew at the current location.

percent of those tenants, then there is additional "pent-up" demand of approximately 330 multi-family units in total over a 10 year period.

The analysis above is primarily based upon population and housing growth that is generally tied to historical trends and projections from census and County provided data. As such, we refer to this as a *Trending Scenario*. However, we have also undertaken an analysis that considers that the Village of Palmetto Bay and its Downtown area may be in a position to capture well more than its fair share of demand based upon the trending analysis contemplating the Village's strong school district, a highly successful implementation of the Downtown Master Plan and continued improvement in the surrounding corridor. For this, we increase the Villages capture of south Dade County households from 8 percent to 9 percent (more than a 10 percent increase) and increasing capture of "pent up" demand from existing apartments from 5 percent to 7.5 percent, the multifamily housing demand for Downtown area increases to approximately 1,700 units over the next 10 years (referred to herein as the *High Scenario)*. Importantly, for master planning purposes, we recommend the planners rely upon the trending scenario, but allow for flexibility to accommodate the higher demand.

Figure 10: Summary of Multifamily (Market Rate) Housing Demand – Downtown Village of Palmetto Bay (2014 to 2023)
Source: US Census; ESRI; Lambert Advisory

Source	Demand (Units) *Trending Scenario*	Demand (Units) *High Scenario*
Demand from New Households	840	1,206
Plus: Existing Pent-up Demand	330	495
Total Estimated Multifamily Housing Units (Market Rate)	**1,170**	**1,701**

It is also important to note that in the determination of prospective housing demand for the Village and its Downtown, we do not make a distinction between homeownership (condominium) and rental product. This is due to the likelihood that multi-family demand in this particular location will represent a mix of owners and renters. This is based upon multifamily development trends in South Florida during the past 15± years. Prior to the housing boom of in the early 2000's, multifamily family housing development represented a mix of traditional rental complexes and condominium properties. The condominium properties were primarily occupied by primary residents, with a relatively modest representation of second homers and investors who purchased with the intent to rent their units. However, speculation in the condominium development sector prevailed since 2000, and the proportion of investor-purchased units dominated and created a significant "shadow" rental market; particularly in the Downtown Miami market, but also in suburban markets such as Downtown Dadeland and Kendall. Today, this trend continues fueled in large part by financing environment and preponderance of foreign investment in Miami Dade County. Therefore, it is highly possible that housing development in Downtown Palmetto Bay (or at least a portion thereof) may be built as condominium, but the mix of occupants will be primary residents, or investors renting their units

to primary households/renters. Regardless, the demand for multifamily housing whether ownership or rental outlined herein is based upon the demand from primary residents (occupants).

SECTION 4: OFFICE MARKET DEMAND ANALYSIS AND DEMAND ESTIMATE

4a: Office Market Overview

According to CoStar[6], as of the 4th Quarter of 2013, there are 4,315 office buildings in Miami-Dade County combining for 100 million square feet of office space. The vacancy rate is at 12.2 percent and the average quoted full service rent is at $29.05 per square foot.

The Village Palmetto Bay has an office inventory of 989,757 square feet in 73 buildings, equal to one percent of the County total. Of the total office space in Palmetto Bay, 835,470 square feet, equal to 84 percent, is situated in the Trade Area. Vacancy rates in Palmetto Bay and the Trade Area are higher than the County as a whole; and average quoted full service rents are lower than the county. The average size office building in Palmetto Bay is 13,500± square feet, compared to 23,000± for Miami-Dade County.

Figure 11: Miami-Dade County, Village of Palmetto Bay and Trade Area - Office Market Snapshot (4Q 2013)
Source: Costar

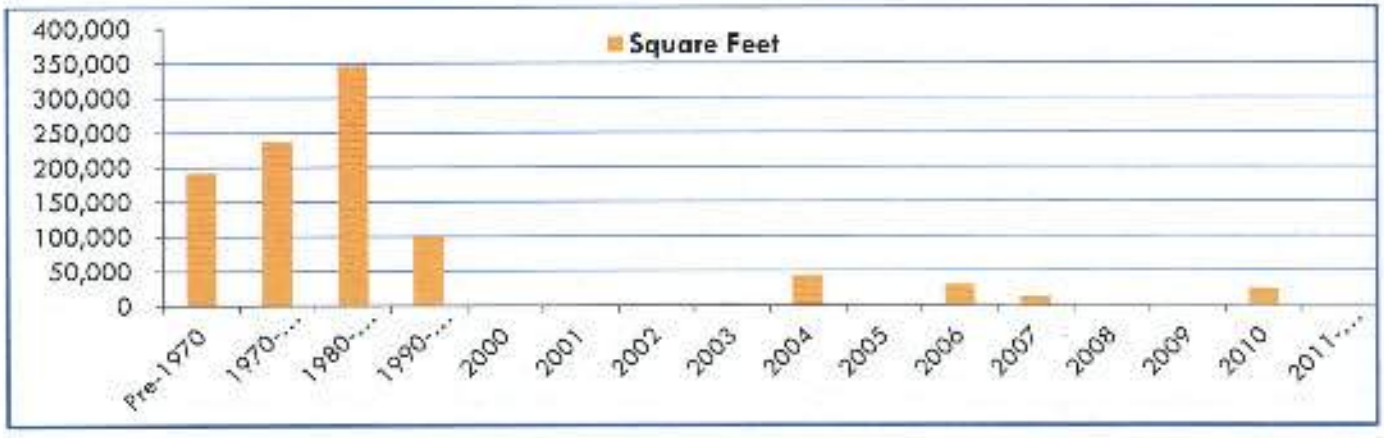
Market Area	Number of Buildings	Avg. Size Bldg Sq. ft.	Total Inventory Sq. Ft.	Vacancy Rate	Quoted FS Rent/ Sq. Ft.
Miami-Dade County	4,315	23,062	99,510,900	12.20percent	$29.05
Village of Palmetto Bay	73	13,556	989,757	16.10percent	$25.75
Trade Area	63	13,261	835,470	12.90percent	$24.75

Approximately 27 percent of the office space in Miami-Dade is classified as Class A, compared to five percent for the Village of Palmetto Bay. This five percent share in the Village represents 48, 700 square feet of Class A office. The majority of office space in Palmetto Bay is Class C space, equal to 59 percent; more than double the 28 percent share of Class C space in Miami-Dade County.

Approximately 78 percent of the office space in the Village of Palmetto Bay was built before 1970, and 89 percent before 1990. Since 2003, seven new buildings, combing for 113,772 square feet of office space has been delivered to Palmetto Bay.

[6] CoStar is an internationally recognized as an industry leading real estate data service provider.

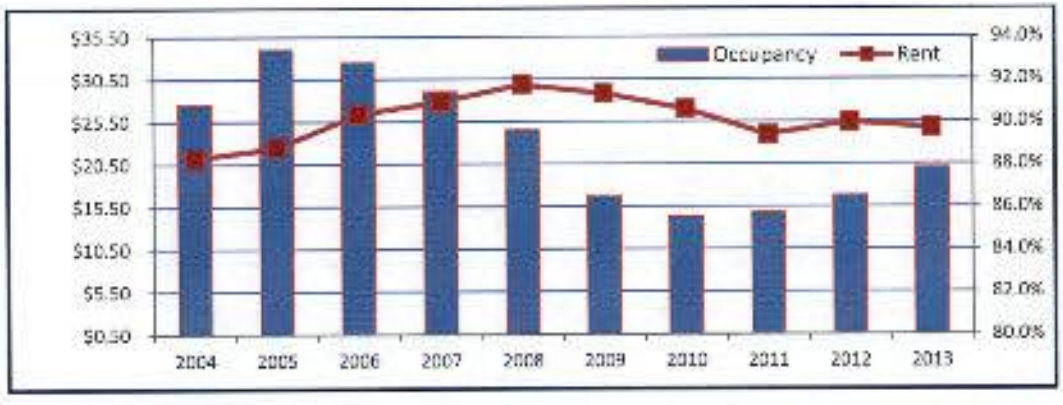
Figure 12: Age of Office Inventory - Village of Palmetto Bay
Source: Costar



The office occupancy rate for Miami-Dade peaked at 93.4 percent in 2005, before over supply, coupled with the impact of the recession contributed to declining occupancy levels every year over the next five years to 85.5 percent in 2010. Office occupancy in Miami-Dade began improving in 2011, with a slow steady climb to 87.7 percent as of the 4th Quarter 2013; and corresponding with the slow but steady improvements in the local economy.

Prior to the recession, office occupancy in the Village of Palmetto Bay (and Trade Area) improved significantly from 2004 to 2007, climbing from a paltry low of 63.8 percent and 63.6, respectively in 2004, to a peak of 93 percent in 2007. This was the result of the new office buildings delivered to the market during this time and an indication of pent-up demand for new office in the Village. Since 2007, the impact of the recessions pushed the office occupancy level in the Village down below 84 percent in 2012, but still significantly better than the occupancy rate in 2004. Office occupancy trended up in 2013 to 87.6 percent in the Village and 86.9 percent in the Trade Area as of year-end 2013.

Figure 13: Village of Trade Area - Office Occupancy and Quoted Rental Rate Trends- 2004-2013
Source: Costar



The average quoted full service rent for office in Miami-Dade County climbed from $24.11 per square foot in 2004, to $32.32 in 2008, peaking in that year. This equated to a staggering average annual increase of 7.6 percent. The impact of the recession contributed to rents for office space declining by 11.2 percent (2.9 percent annual average), from $32.34 in 2008 to $28.71 in 2012. The average quoted full service rent increased by a 1.2 percent in 2013, a modest increase, but a positive sign for landlords.

The Village of Palmetto Bay, including the Trade Area experienced comparable increases in quoted full service rent for office between 2004 and 2008, growing by an annual average of 9.0 percent over the four year period. Rents peaked at $29.26 per square foot in the Village and $29.85 per square foot in the Trade Area in 2008. From 2008 to 2011, rents in the Village declined by 16.8 percent (4.5 percent annual average) to $24.92 per square foot; and by 19.9 percent (5.4 percent annual average) to $23.90 in the Trade Area. Since 2011 rent growth in both the Village and the Trade Area has been uneven, increasing by 4.5 percent to $26.05 per square foot in 2012, before declining by 1.2 percent to $25.75 per square foot in 2013 in the Village; and increasing by 6.2 percent to $25.38 per square foot in 2012, before declining by 2.5 percent to $24.75 in the Trade Area in 2013.

The analysis of net absorption is a very important component of any office demand analysis, as it is the key barometer for understanding timing associated with new development. At the outset, we believe it's important to gain insight into long term absorption trends, narrowing into more recent activity.

The Village of Palmetto Bay absorbed 325,794, square feet of office space from 2004 to 2007. Of this total, approximately 97 percent, equal to 315,216 square feet, was absorbed in the Trade Area. The peak year for absorption over the four years was 2005, with 125,297 square feet absorbed in the Village and 119,297 absorbed in the Trade Area in that year. From 2007 to 2012, absorption in both the Village and the Trade Area has been uneven, with both areas experiencing a negative net absorption of 57,126 and 45,367 square feet, respectively, over the five-year period. However, absorption trended up in 2013, including 33,019 net square feet absorbed in the Village and 28,019 net square feet absorbed in the Trade Area for the year.

The Figure below presents an analysis of annual net office absorption in the Village of Palmetto Bay and the Trade Area as a share of net office absorption in Miami-Dade County from 2004 to 2013. The analysis shows that the Village of Palmetto Bay's share of net office absorption in Miami-Dade County ranged from 2.1 to 10.4 percent, and averaged 2.9percent over the ten-year period. The share of net absorption of office in the PB Trade Area ranged from 2.0 to 50 percent, with the latter occurring in 2008 and representing somewhat of an anomaly. The next highest share in the Trade Area was 10.3 percent in 2006, comparable to the 10.4 percent share for the Village in that year.

Figure 14: Annual Net Office Square Feet Net Absorption, Market Share (2004-2013) - Village of Palmetto Bay & Trade Area
Source: Costar

Year	Miami-Dade Net Sq. Ft. Absorbed	Village of PB Net Sq. Ft. Absorbed	Share of Miami-Dade	PB-Primary Trade Area Net Sq. Ft. Absorbed	Share of Miami-Dade
2004	2,528,860	54,051	2.1%	60,296	2.4%
2005	3,190,230	125,297	3.9%	119,297	3.7%
2006	830,233	86,474)	10.4%	85,274	10.3%
2007	1,210,900	59,972)	5.0%	50,354	4.2
2008	16,259	(8,541)	-	8,177	50.3%
2009	(1,397,274)	(28,235)	-	(32,335)	-
2010	717,337	25,355	3.5%	24,805	3.5%
2011	1,043,220	(12,576)	-	(14,525)	-
2012	1,001230	(33,129)	-	(31,469)	-
2013	1,430,175	33,019	2.3%	28,489	2.0%
Total	**10,571,163**	**301,687**	**2.9%**	**297,508**	**2.8%**
10 Year Anni.Avg	1,057,116	30,1693	2.9%	29,750	2.8%
2004-2007 Pre Recession	7,760,223	325,794	4.2%	315,221	4.1%
2010-2013 Post Recession	4,191,962	12,669	0.3%	6,810	0.2%
Avg 2004-2005	2,859,545	89,674	3.1%	89,800	3.1%
Avg. 2004-2007	1,940,055	81,450	4.2%	78,800	4.1%
Avg. 2010-2013	1,047,990	3,167	0.3%	1,700	0.2%

As part of this analysis, we completed a detailed profile of 12 of the largest office buildings (greater than 20,000 square feet) in the Trade Area. The 12 building combine for 540,058 square feet, equal to approximately 65 percent of the total inventory of office space in the Trade Area and approximately 55 percent of the inventory of office space in the Village. The average rentable area among the 12 office buildings is 45,000 square feet and ranges from 23,639 square feet at the Total Bank Building, to 190,719 square feet at the Palmetto Bay Village Center. The average asking FS rent among the 12 significant buildings is $26.00 per square foot. Operating expense generally range between $7.00 and $10.00/sq. ft.

4b: Office Demand Analysis

To get a basic understanding of future office market demand that will drive the need for new office development throughout the County and the Downtown area, the analysis commences with projected office employment growth. As previously noted, office demand related employment in Miami Dade County is estimated to increase by roughly 3,900 per year over the next few years (or an estimated 23,500 jobs from 2014 to 2019). According to the Building Managers and Owners Association (BOMA), among other industry benchmark indicators, the office space per employee ratio in Miami Dade County is in the range of 230 square feet. Based upon low and high growth estimates ranging from 18,000 to 22,000 new office jobs, and then multiplying this range by 230 square feet per employee, results in net demand for new office space in Miami Dade County is estimated to range between 4.1 and 5.1 million square feet over the next five years. Based upon historical and more recent capture trends, the Village of Palmetto Bay is estimated to capture 3 to 5 percent of the County's total inventory, and assuming this capture rate going forward, the Village's office market is forecast to have demand for roughly 135,000 to 270,000 square feet during the next 5± years.

Figure 15: Village of Palmetto Bay Office Demand – 2014 to 2019
Source: Lambert Advisory

	Low	High
Estimated County Office Job Growth (2014 to 2019)	18,000	22,000
Sq.Ft. Office Net Demand @ 230 sf per employee	4,100,000	5,100,000
percent Village of Palmetto Bay Capture	3percent	5percent
Village of Palmetto Bay Total Potential - Office Demand (Sq.Ft.)	***135,000***	***270,000***

The office demand indicated above represents demand for the entire Village of Palmetto Bay, from which demand in the Downtown area will be driven, including the Downtown area. Accordingly, this figure is net new space demanded and it assumes that at least some portion of this space is absorbed within existing vacant space and/or older, development well beyond its useful life. Nonetheless, the most relevant point to the analysis herein indicates office demand exists for the Downtown area that can be considered a strong supporting use for mixed use development, either in the initial development phases, and/or subsequent phases.

SECTION 5: RETAIL MARKET ANALYSIS AND DEMAND ESTIMATE

5a: Retail Market Overview

The focus of the retail analysis herein is to review and summarize retail market trends in the Village of Palmetto Bay and the Trade Area, with a comparison to that of the broader region. For the Village of Palmetto Bay and its broader surroundings beyond the boundaries of the Village and/or Trade Area, the retail market is well represented with local, regional and national stores ranging from quick service restaurants (ie. fast food) to Big Box tenants (such as Target, Best Buy and Marshalls) to regional malls. Specific to the Downtown area, we do not anticipate large scale retail development (and namely large discount stores) to occur during the foreseeable future considering site constraints and the fact that it is not complimentary to the Downtown envisioned for Palmetto Bay (at least during initial phases). Considering this, we do believe the Downtown will be served by complimentary uses which will be smaller in scale (and discussed further below), with potential for any large scale retail in the Corridor planned for long term development. Regardless, we have analyzed the retail market and prepared estimates of demand.

According to CoStar[7], as of the 4th Quarter of 2013, there are 9,757 retail buildings in Miami-Dade County combining for 122 million square feet of retail space. The vacancy rate is at a very healthy 4.0 percent and the average quoted full service rent is at $27.85 per square foot.

The Village of Palmetto Bay has a retail inventory of 787,200 square feet in 75 buildings, equal to less than one percent (0.6 percent) of the County total. Of the total retail space in the Village, 570,300 square feet (68 percent) is situated in the Trade Area. Vacancy rates in the Village and Trade Area are slightly higher than the county as a whole at 4.1 and 4.9 percent, respectively. The average quoted full service rents are lower than the County at $25.54 and $22.40 per square foot, respectively. The average size retail building in both the Village and Trade Area is roughly 10,000 square feet. By comparison, the average size retail building in Miami-Dade is estimated at 12,519 square feet.

[7] CoStar is an internationally recognized as an industry leading real estate data service provider.

Figure 16: Miami-Dade County & Village of Palmetto Bay and Trade Area - Retail Market Snapshot (4Q 2013)
Source: Costar

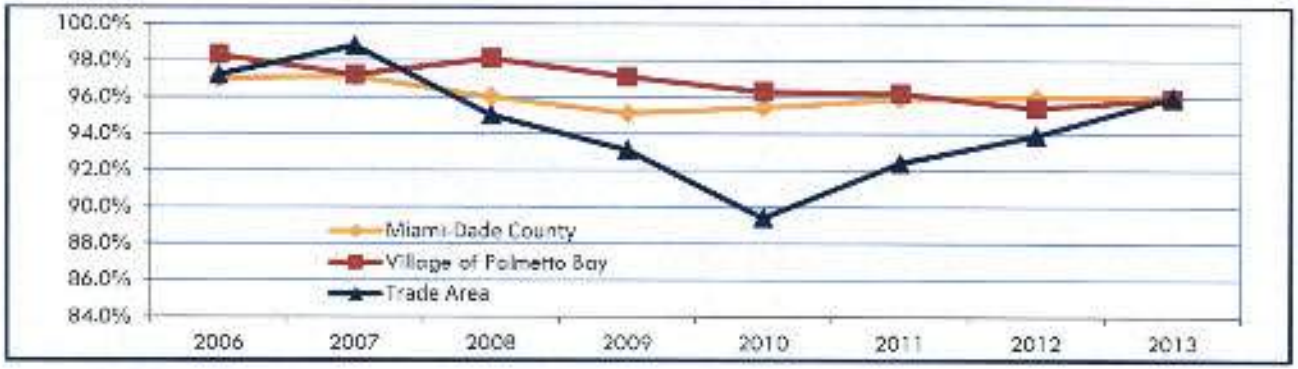
Market Area	Number of Buildings	Avg. Size Bldg. Sq. Ft.	Total Inventory Sq. Ft.	Vacancy Rate	Quoted RS Rent/Sq. Ft.
Miami-Dade County	9,757	12,519	122,152,110	4.0%	$27.85
Village of Palmetto Bay	75	10,496	787,200	4.1%	$25.54
Primary Trade Area	58	9,832	570,250	4.9%	$22.40

As with most metropolitan markets in Florida, the economic downturn in real estate markets has significantly impacted the retail sector in Miami-Dade County. Starting in 2007, declining retail sales brought on by high unemployment and shaken consumer confidence, combined with tight credit markets and a "wait and see" strategy among retailers with regard to expansion plans, contributed to a fragile real estate market for retail. In general, occupancy levels declined as did rental rates, and tenant prospects diminished.

The Figure below presents occupancy rate trends for Miami-Dade County, the Village of Palmetto Bay and Trade Area from 2006 to 2013. The analysis shows that the occupancy rate for retail space in Miami-Dade and the Trade Area peaked in 2007 at 97.1 and 98.8 percent, respectively. Starting in 2008, the occupancy rate for retail space in both Miami-Dade and the Village declined slightly, reaching 95 percent in Miami-Dade County in 2009 and 89.4 percent in the Trade Area in 2010. Since 2009, the occupancy level for retail space in Miami-Dade has slowly increased to reach 96 percent as of the 4th Quarter 2013. The occupancy rate for retail space in the Trade Area also registered 96 percent, with a sharper increase from its low point in in 2010.

The occupancy rate for retail space in the Village of Palmetto Bay as a whole peaked at 98.3 percent in 2006, declined to 97.2 percent in 2007 then popped back up to 98.1 percent in 2008. Starting in 2009, the occupancy rate for retail in the Village declined at a much smaller pace than the Trade Area, reaching a low point of 95.4 percent in 2012, inching up to 95.9 percent in 2013.

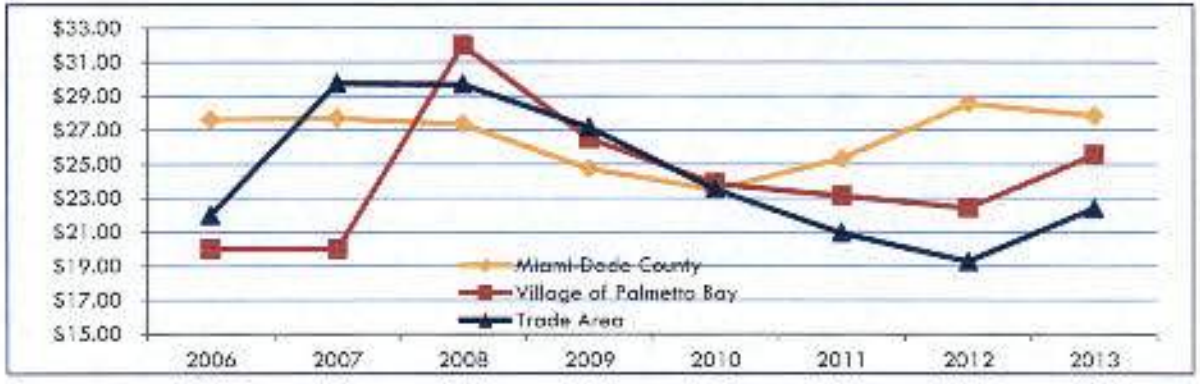
Figure 17: Retail Occupancy Trends- 2004-2013 - Miami-Dade County, Village of Palmetto Bay & Trade Area
Source: Costar



The average rental rate for retail space from 2006 to 2013 in Miami-Dade County, the Village of Palmetto Bay and the Trade Area, generally trended in response to occupancy rate. Thus, after peaking at $27.69 per square foot in 2007, the average rental rate for retail space in Miami-Dade declined by 15.2 percent (5.3 percent annual average) from 2007 to 2010. Rental rates for retail space in Miami-Dade bounced back growing 21.6 percent (10.3 percent annual average) to $28.57 per square foot in 2012. However, the average rental rate for retail in Miami-Dade declined again in 2013, to $27.85 per square foot.

The average rentals rates for retail space in the Village and the Trade Area peaked at $31.99 and $29.70 in 2008, both higher than that for Miami-Dade County in that year. From 2008 to 2012, the average retail rental rate declined precipitously in both the Village and the Trade Area. Accordingly, the average retail rental rate in the Village declined by 30 percent (8.5 percent annual average) to $22.44 per square foot in 2012; declining by 35 percent (10 percent annual average) to $19.29 per square foot in 2012. The average rental rate for retail in the Village jumped back up by 13 percent to $25.54 per square foot in 2013 and by 15.1percent to $22.40 per square foot in the Trade Area.

Figure 18: Retail Quoted Rental Rates- 2004-2013 - Miami-Dade County, Village of Palmetto Bay & Trade Area
Source: Costar



The Figure below presents an analysis of annual net retail absorption in the Village of Palmetto Bay and the Trade Area as a share of net retail absorption in Miami-Dade County from 2006 to 2013. The analysis shows that the Village of Palmetto Bay's share of net retail absorption in Miami-Dade County ranged from 0.3 to 2.4 percent and averaged 0.1 percent over the seven-year period. The share of net absorption of retail in the Trade Area ranged from 0.7 to 1.4 percent and averaged 0.3 percent from 2006 to 2013.

Figure 19: Annual Net Retail Square Feet Absorption and Market Share-2004-2013 - Village of Palmetto Bay & Trade Area
Source: Costar

Year	Miami-Dade Net Sq. Ft. Absorbed	Village of Palmetto Bay Net Sq. Ft. Absorbed	Share of Miami-Dade	Primary Trade Area Net Sq. Ft. Absorbed	Share of Miami-Dade
2006	1,500,000	17,600	1.20%	[illegible]	0.00%
2007	3,557,630	-9,800	-	[illegible]	0.70%
2008	1,460,700	35,460	2.40%	[illegible]	-
2009	906,000	-19,275	-	[illegible]	-
2010	583,400	-1,700	-	[illegible]	-
2011	1,191,800	4,270	0.30%	[illegible]	1.40%
2012	604,200	-17,200	-	[illegible]	1.40%
2013	552,600	9,865	1.80%	[illegible]	0.80%
Total	**10,356,300**	**19,100**	**0.10%**	**55,100**	**0.30%**
8 Year Ann.Avg	1,294,500	2,390	0.10%	[illegible]	0.30%

6B: Retail Demand Analysis

As discussed in Section 1, Lambert has defined its primary retail Trade Area based upon boundaries for the Corridor and Downtown which is considered to represent the area from which we believe Downtown businesses will draw patrons for food and beverage establishments, local stores and boutiques, and specialty businesses on a regular basis. We clearly recognize that the Trade Area described herein is not the only area from which the Downtown area and Downtown retailers will draw patrons. The *Lambert Advisory Retail Trade Model* takes into account expenditures by residents outside the retail Trade Area by utilizing inflow factors, as described in detail below. We have estimated demand for the current year and for 2019.

Local residents' expenditures are the primary potential driver of demand for retailers within the Downtown's Trade Area. Although utilizing large amounts of data from a variety of sources, the way the retail trade model derives the estimated space demand is actually quite simple. The methodology is described in detail below.

- **Total Personal Income** – In 2014, there are nearly 17,250 residents in the Trade Area with per capita income of approximately $43,420 (distinct from average household income), which yields $172 million in total personal income.

- **Total Non-Auto Retail Expenditure** – An estimate of non-automobile retail expenditure for the Trade Area is made by multiplying the Total Personal Income by the percent of income that is spent on non-auto retail purchases in a given year. The percent of household income spent on non-auto retail purchases was derived from the Department of Commerce 2009-2010 Consumer Expenditure Survey (Southern Region), which is both region- and income cohort-specific based upon data from the Department of Commerce, and residents are estimated to spend nearly 23 percent of their income on non-auto related retail goods.

- **Expenditure by Store Type** – Non-auto expenditure by store type for the market area is estimated using the percentage of total non-auto store sales by store type for the State of Florida (as a proportion of total non-auto sales) based on an analysis of the 2007 Census of Retail Trade. County level data is available to some degree but many retail categories are not separable due to the fact that the Census Bureau maintains limits on how much data is provided at the county level for categories where there are only a few competitors.

- **Primary Market Area Retention** – This is estimated based upon fieldwork and experience, and is an estimate of the degree of leakage which may occur from the Downtown by store type. Most merchandise categories have relatively low retention rates due to the size of the Trade Area and the fact that surrounding retail nodes along US 1 in the south Dade County area has considerable retail development.

- **Percent Sales Inflow from Secondary Market** – While there is resident expenditure leakage from the Trade Area there is also inflow from residents that live outside the bounds of the Trade Area. This is accounted for in the resident model. However, additional inflow demand will come from non-resident daytime workers in the area, which are also accounted for in the model and into specific segment models detailed below.

- **Sales per Square Foot** – The sales per square foot figures are estimated for stores in the Trade Area based on interviews and other sources of information, including but not limited to the Urban Land Institute's Dollars & Cents of Shopping Centers.

- **Warranted Square Feet** – Is calculated using the following formula: Net Sales Potential (by category)/ Sales per Square Foot (by category)

- **Non-Retail Space** – Is calculated assuming that there is an additional 10-15 percent of "retail" space demanded in traditional retail space that is utilized for non-retail uses such as doctor's offices, hair salons, or other personal services.

Figure 20: Downtown Trade Area – Estimated Retail Demand (by Category)
Source: Lambert Advisory

	2014	2019	Change
Estimated Population	17,245	18,761	1,516
Per Capita Income	$43,421	$47,238	$3,817
Total Retail Expenditure Potential	$172,217,890	$203,832,559	$31,614,669
Expenditure Potential by Category			
Food Services & Drinking Places	$34,828,020	$41,221,526	$6,393,507
Shoppers Goods	$80,702,733	$95,517,629	$14,814,896
Convenience Goods	$66,153,141	$78,297,115	$12,143,974
Sales per Square Foot by Category			
Food Services & Drinking Places	$375	$375	$0
Shoppers Goods	$302	$302	$1
Convenience Goods	$360	$360	$0
Supportable Square Footage by Category			
Food Services & Drinking Places	92,875	109,924	17,049
Shoppers Goods	267,336	315,803	48,467
Convenience Goods	196,822	231,770	35,948
Non-Retail Space	55,991	66,219	10,228
Total Supportable Retail Space	**612,023**	**723,716**	**111,693**

Based upon the retail Trade Area model (which is provided in detail in the Appendix, retail demand from resident expenditure (which accounts for inflow and outflow demand factors) is estimated to be 600,000 square feet. This appears to be in line with total retail inventory estimated for the Trade Area based upon the retail supply analysis. Accordingly, retail demand within Trade Area is estimated to increase 110,000± square feet by 2019; however, a portion of this net new retail demand presumes absorption of existing vacant space, as well as support for a reposition of older retail buildings that will likely "fall out" of the market from redevelopment. Regardless, the Trade Area and Downtown area will likely capture its proportionate share of future retail demand and, as a matter of fact, the Downtown's ability to capture current and future retail demand is not so much from a lack of demand or expenditure potential, but instead related to other issues, such as the limited availability of sizable parcels for (re)development, required roadway

improvements, and vehicle and pedestrian mobility. Importantly, the mix of retail categories (i.e., the proportion of restaurant and entertainment space, convenience goods space, etc.) implied by these estimates should be taken into consideration as the Village formulates and refines its strategic priorities for the Downtown area and Downtown. As such, the near term opportunity for the first phase of Downtown is approximately 20,000 to 30,000 square feet of retail space comprised primarily of dining establishments, smaller (boutique) shops, and limited service convenience. We also believe there is an opportunity for a grocery store (such as Publix or Whole Foods) within the next 5± years which, as detailed within the retail trade model, is based upon modest population growth for overall trade area and the resultant demand for 50,000 to 60,0000 square feet of *convenience goods* during the next 5+ years. The planning team is assuming that the Downtown core has a very strong opportunity to capture this demand provided that initial phases of the residential development are successful. Therefore, this would support an additional 40,000 to 50,000 square feet of retail demand. In all, the retail demand specifically targeted for the Downtown area is estimated to be approximately 60,000 to 80,000 square feet of retail within the next 5± years. Looking further into the horizon, the Village's Downtown area should continue to capture its fair share of retail demand and we believe that over a 10± year period the total retail demand is estimated to be in the range of 100,000 to 110,000 square feet.

ATTACHMENTS

Attachment 1:
Village of Palmetto Bay Trade Area – Profile of Select Rental Apartments

me of roject	Address	Year Built	Distance from Primary Trade Area	Total Units	Floor Plans	Unit Size AC-Sq. Ft		Base Asking Rent		Base Asking Rent/Sq. Ft.		Current Occ (%)	Comments
						Range	Avg.	Range	Avg.	Range	Avg.		
Palmetto Bay Projects													
Colony	17255 95th Ave. SW	1971	0	214	Eff., 1 & 2 Bdrms	550-1,300	834	$550-$865	$715	$.067-$1.00	$0.86	N/A	Condo Project with rental units
Coast	9001 SW 156th St.	1969	< 1 mile	174	1 & 2 Bdrms	620-845	689	$694-$825	$738	$0.98-$1.10	$1.07	100.0%	35 units are low income set aside
tal				388		550-1,300	799	$550-$865	$725	$0.67-$1.10	$0.94	100.0%	
Projects North of Palmetto Bay - Dadeland/Kendall/Pinecrest													
at nd	9355 77th Ave. SW	1967	5± miles	335	1 & 2 Bdrms	785-1,250	989	$1,071-$1,380	$1,179	$1.10-$1.22	$1.19	99.40%	Refurbished several times
own nd	9005 Dadeland Blvd.	2010	5± miles	135	Studio, 1,2 & 3 Bdrms.	470-1,758	989	$1,100-$2,800	$1,813	$1.59-$2.34	$1.83	95.32%	Condo project marketed as rentals.
ns at est	8800 SW 88th Ct.	1980	5± miles	88	1 & 2 Bdrms	675-825	675	$925-$1,200	$994	$1.45-$1.48	$1.47	90.0%	
nces Falls	13888 90th Ave. SW	1972	3± miles	528	1,2 & 3 Bdrms.	697-1,097	824	$1,055-$1,555	$1,210	$1.40-$1.51	$1.47	92.0%	Condos & Apts.
tal				1,197		470-1,758	878	$925-$2,800	$1,054	$1.10-$2.34	$1.43	94.6%	
Projects South and/or West of Palmetto Bay													
a Club	9005 Dadeland Blvd.	2003	1± miles	135	1,2 & 3 Bdrms.	702-1,210	1,025	$800-$1,025	$950	$0.87-$1.14	$0.93	95.50%	UHTC project
Villa	11105 200 St. SW	1972	5± miles	288	Eff., 1 & 2 Bdrms	474-829	683	$620-$865	$740	$1.00-$1.31	$1.08	90.00%	
Riverside	13888 90th Ave. SW	1989	5± miles	200	1,2 & 3 Bdrms.	660-1,060	860	$750-$1,010	$880	$0.95-$1.14	$1.02	94.5%	
utler	10415 Old Cutler Road	2003	5± miles	288	1,2 & 3 Bdrms.	577-1,092	825	$750-$1,100	$900	$0.98-$1.30	$1.09	96.2%	
al				912		474-1,210	818	$620-$1,100	$853	$0.87-$1.31	$1.04	93.8%	
Avg.				2,487		470-1,758	839	$550-$2,800	$1,024	$0.67-$2.34	$1.22	94.6%	

Attachment 2:
Downtown Palmetto Bay Residential Demand Model

of Palmetto Bay
mily Housing Demand Projections (Market Rate Housing)
rough 2023

	2010	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change
Population	522,619	560,074	568,578	578,244	588,074	598,071	608,238	618,578	629,094	639,789	650,665	106,937
Total Households	166,635	175,665	183,078	186,557	190,101	193,713	197,394	201,144	204,965	208,861	212,829	36,214
Persons per HH	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	
uth Dade HH w/Income > $50K (Future Demand)		50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	
No. HH with Income > $50,000		89,832	91,539	93,278	95,051	96,857	98,697	100,572	102,483	104,430	106,414	16,582
% MF Dwelling	40.0%	40.0%	40.0%	41.0%	41.0%	41.0%	41.0%	42.0%	42.0%	43.0%	43.0%	
Total Demand for New MF Dwelling Units	66,654	35,933	36,616	38,244	38,971	39,711	41,453	42,240	43,043	44,905	45,758	10,495
Scenario 2 - VPB Mid Point Capture:	*x HH Capture:*	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
	Potential HH Demand:	2,875	2,929	3,060	3,118	3,177	3,316	3,379	3,443	3,592	3,661	
	Net New HH Annual Demand:	54	55	130	58	59	139	63	64	149	68	840
	Net New HH Cumulative Demand:	54	108	238	297	356	495	558	622	771	840	
Total Potential Annual Demand (Mid Point)	-	54	55	130	58	59	139	63	64	149	68	840
otal Potential Cumulative Demand (Mid Point)	-	54	108	238	297	356	495	558	622	771	840	
oral Demand from Capture of Existing Renter Market												
Primary Comparable/Competitive Set		1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
% Annual Turnover		60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
% Annual Capture		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Annual Demand from Existing Capture		33	33	33	33	33	33	33	33	33	33	330
Cumulative Demand from Existing Capture		33	66	99	132	165	198	231	264	297	330	
Total Potential Annual Demand (Mid Point)	-	87	88	163	91	92	172	96	97	182	101	1,170
otal Potential Cumulative Demand (Mid Point)	-	87	174	337	429	521	693	789	886	1,068	1,170	

Attachment 3:

Downtown Retail Trade Area Model

Retail Expenditure Potentials, By Major Retail Category, Village of Palmetto Bay Trade Area

	2014	2015	2016	2017	2018	2019
Total Population	17,245	17,530	17,809	18,139	18,448	18,761
Per Capita Income	$48,201	$44,153	$45,019	$46,042	$46,505	$47,246
Total Income	$819,729,996	$774,448,128	$806,542,470	$835,440,969	$860,283,107	$886,329,517
% of Total Income Expended on Non-Auto Retail Expenditure	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Total Non-Auto Retail Expenditure	$172,217,880	$174,108,689	$181,468,709	$187,970,718	$193,563,119	$200,032,559

Distribution by Store Type - 2007 Census, Miami-Dade County

Expenditure by Store Type - Detail

General merchandise stores	$ 28,768,779	$ 27,906,646	$ 28,830,188	$ 29,770,493	$ 30,723,089	$ 31,682,611
Department stores	$ 13,396,625	$ 13,944,013	$ 14,417,387	$ 14,897,823	$ 15,382,883	$ 15,862,489
Other general merchandise stores	$ 15,369,158	$ 13,962,631	$ 14,412,800	$ 14,884,674	$ 15,360,123	$ 15,839,450
Clothing & clothing accessories stores	$ 19,769,687	$ 20,067,283	$ 27,042,524	$ 27,943,283	$ 28,818,154	$ 29,715,202
Clothing stores	$ 11,298,067	$ 12,892,915	$ 16,022,412	$ 16,553,091	$ 17,044,154	$ 20,424,350
Men's clothing stores	$ 868,897	$ 887,153	$ 902,030	$ 913,197	$ 942,229	$ 932,307
Women's clothing stores	$ 4,809,283	$ 5,579,162	$ 6,257,243	$ 5,411,427	$ 5,583,581	$ 5,764,965
Children's & infants' clothing stores	$ 800,244	$ 816,600	$ 830,549	$ 934,240	$ 963,910	$ 945,907
Family clothing stores	$ 4,481,536	$ 5,772,339	$ 8,126,590	$ 9,473,945	$ 9,774,415	$ 10,780,184
Clothing accessories stores	$ 1,019,421	$ 1,060,245	$ 1,063,723	$ 1,133,735	$ 1,159,427	$ 1,201,020
Other clothing stores	$ 1,054,234	$ 1,204,193	$ 1,242,852	$ 1,281,794	$ 1,436,166	$ 1,460,205
Shoe stores	$ 2,141,200	$ 2,209,102	$ 2,383,245	$ 2,465,213	$ 2,543,370	$ 2,719,808
Jewelry, luggage, & leather goods stores	$ 4,675,230	$ 4,965,947	$ 5,033,867	$ 5,223,430	$ 5,335,475	$ 5,509,067
Jewelry stores	$ 4,228,301	$ 4,442,783	$ 4,523,551	$ 4,733,551	$ 4,833,220	$ 5,001,537
Luggage & leather goods stores	$ 396,989	$ 383,990	$ 410,047	$ 470,048	$ 432,055	$ 440,170
Furniture & home furnishings stores	$ 7,899,540	$ 8,161,099	$ 8,469,934	$ 8,781,014	$ 8,996,140	$ 9,336,039
Furniture stores	$ 4,551,870	$ 4,745,122	$ 4,945,774	$ 5,170,080	$ 5,280,060	$ 5,504,599
Home furnishings stores	$ 3,347,662	$ 3,415,977	$ 3,523,060	$ 3,611,134	$ 3,716,174	$ 3,804,440
Floor covering stores	$ 391,806	$ 397,027	$ 830,554	$ 847,665	$ 864,941	$ 901,853
Other home furnishings stores	$ 2,937,856	$ 3,018,949	$ 2,732,706	$ 2,823,628	$ 2,911,233	$ 3,002,739
Electronics & appliance stores	$ 11,372,866	$ 11,760,648	$ 12,249,905	$ 12,557,464	$ 13,052,674	$ 13,616,826
Appliance, televisions, & other electronics stores	$ 8,837,866	$ 9,068,648	$ 9,796,522	$ 10,301,143	$ 10,787,817	$ 11,122,830
Computer & software stores	$ 2,193,936	$ 2,268,761	$ 2,365,125	$ 2,441,755	$ 2,515,023	$ 2,649,446
Camera & photographic supplies stores	$ 320,922	$ 325,053	$ 148,264	$ 134,567	$ 138,792	$ 144,551
Sporting goods, hobby, book & music stores	$ 4,318,165	$ 4,466,259	$ 4,651,196	$ 4,806,545	$ 4,956,073	$ 5,113,860
Sporting goods, hobby, & musical instrument stores	$ 2,551,651	$ 2,639,403	$ 2,711,684	$ 2,773,152	$ 2,872,935	$ 2,975,191
Sporting goods stores	$ 1,402,615	$ 1,543,756	$ 1,607,724	$ 1,661,279	$ 1,713,103	$ 1,769,022
Hobby, toy, & game stores	$ 491,993	$ 860,172	$ 895,798	$ 925,534	$ 954,317	$ 984,324
Sewing, needlework, & piece goods stores	$ 196,944	$ 203,629	$ 206,043	$ 212,685	$ 222,484	$ 229,904
Musical instrument & supplies stores	$ 332,417	$ 404,603	$ 397,123	$ 371,270	$ 382,670	$ 393,839
Book, periodical, & music stores	$ 1,466,524	$ 1,516,766	$ 1,619,599	$ 1,652,153	$ 1,682,130	$ 1,743,711
Book stores & news dealers	$ 1,174,614	$ 1,215,087	$ 1,265,412	$ 1,297,976	$ 1,345,560	$ 1,393,478
Prerecorded tape, compact disc, & record stores	$ 291,852	$ 301,652	$ 314,193	$ 324,448	$ 334,770	$ 345,227
Miscellaneous store retailers	$ 5,401,930	$ 5,590,579	$ 5,928,211	$ 6,133,286	$ 6,314,870	$ 6,511,008
Florists	$ 390,934	$ 404,241	$ 420,979	$ 435,680	$ 448,912	$ 462,567
Office supplies, stationery, & gift stores	$ 2,717,941	$ 2,864,508	$ 3,452,237	$ 3,534,220	$ 3,613,491	$ 3,696,340
Other miscellaneous store retailers	$ 1,457,240	$ 1,507,359	$ 1,585,510	$ 1,632,344	$ 1,672,207	$ 1,720,419
Gift, novelty, & souvenir stores	$ 835,049	$ 863,967	$ 901,246	$ 932,677	$ 961,057	$ 990,068
Used merchandise stores	$ 442,245	$ 424,550	$ 463,641	$ 493,930	$ 515,606	$ 531,715
Other miscellaneous store retailers	$ 2,284,546	$ 2,402,210	$ 2,523,183	$ 2,600,607	$ 2,788,734	$ 2,922,260
Pet & pet supplies stores	$ 644,578	$ 668,176	$ 812,531	$ 830,411	$ 842,980	$ 875,003
Art dealers	$ 514,741	$ 533,511	$ 553,332	$ 572,359	$ 590,743	$ 608,573
All other miscellaneous store retailers	$ 1,125,227	$ 1,200,523	$ 1,157,320	$ 1,197,837	$ 1,355,011	$ 1,438,684
Food & beverage stores	$ 28,853,301	$ 29,883,530	$ 30,289,901	$ 31,340,072	$ 34,391,546	$ 33,455,283
Grocery stores	$ 27,429,212	$ 28,399,309	$ 28,946,291	$ 29,527,247	$ 31,430,207	$ 31,981,758
Supermarkets & other grocery (except convenience) stores	$ 26,043,272	$ 27,561,886	$ 28,138,985	$ 28,598,007	$ 30,534,982	$ 31,036,657
Convenience stores	$ 783,940	$ 837,717	$ 841,760	$ 896,001	$ 895,201	$ 924,220
Specialty food stores	$ 644,598	$ 681,304	$ 1,022,026	$ 1,030,006	$ 1,081,009	$ 1,123,044
Beer, wine, & liquor stores	$ 1,174,891	$ 1,032,916	$ 1,700,210	$ 1,790,766	$ 1,911,997	$ 1,997,981
Food services & drinking places	$ 26,535,935	$ 27,486,510	$ 28,561,378	$ 29,532,968	$ 33,455,308	$ 31,484,876
Full-service restaurants	$ 12,722,468	$ 13,191,484	$ 13,696,308	$ 14,141,160	$ 14,502,902	$ 15,014,491
Limited-service eating places	$ 9,183,543	$ 9,534,081	$ 9,972,015	$ 10,251,005	$ 10,551,623	$ 10,951,245
Drinking places	$ 1,511,520	$ 1,553,302	$ 1,600,840	$ 1,650,291	$ 1,704,812	$ 1,758,002
Health & personal care stores	$ 21,178,525	$ 20,870,451	$ 21,734,624	$ 20,691,184	$ 20,169,329	$ 21,882,776
Pharmacies & drug stores	$ 16,553,172	$ 17,441,400	$ 18,160,614	$ 18,010,844	$ 19,964,227	$ 19,068,814
Cosmetics, beauty supplies, & perfume stores	$ 1,349,899	$ 1,234,318	$ 1,452,671	$ 1,309,091	$ 1,147,968	$ 1,508,248
Optical goods stores	$ 478,703	$ 496,013	$ 394,267	$ 1,010,963	$ 1,044,731	$ 1,081,441
Other health & personal care stores	$ 2,796,751	$ 1,698,720	$ 1,726,142	$ 1,171,677	$ 1,200,484	$ 1,224,268
Home Centers, Food & multiplex stores, Hardware Stores	$ 6,103,024	$ 6,103,024	$ 6,098,011	$ 6,098,047	$ 6,773,240	$ 6,884,822
Building material & garden equipment & supplies dealers	$ 14,580,671	$ 15,098,963	$ 15,715,193	$ 16,238,530	$ 16,743,726	$ 17,283,767
Other building material dealers	$ 9,295,295	$ 9,631,884	$ 9,985,047	$ 9,705,580	$ 9,915,253	$ 7,131,300
Lawn & garden equipment & supplies stores	$ 504,003	$ 521,974	$ 542,569	$ 562,593	$ 578,432	$ 595,902
Outdoor power equipment stores	$ 114,321	$ 118,252	$ 122,144	$ 127,246	$ 131,221	$ 135,320
Nursery, garden center, & farm supply stores	$ 366,704	$ 400,007	$ 416,157	$ 433,726	$ 447,272	$ 461,244

Resident Expenditure Estimate, By Major Retail Category, Village of Palmetto Key Trade Area

Expenditures by Major Type - Summary	2014	2015	2016	2017	2018	2019
General merchandise stores	$ 26,768,775	$ 27,668,643	$ 28,603,058	$ 29,702,435	$ 30,723,039	$ 31,683,317
Clothing & clothing accessories stores	$ 26,199,407	$ 26,982,289	$ 27,842,834	$ 27,542,275	$ 28,615,154	$ 29,715,262
Furniture & home furnishings stores	$ 7,886,943	$ 8,191,894	$ 8,484,194	$ 8,191,874	$ 8,484,140	$ 8,783,098
Electronics & appliance stores	$ 11,372,600	$ 11,755,833	$ 12,256,602	$ 12,667,446	$ 13,082,674	$ 13,440,679
Sporting goods, hobby, book, & music stores	$ 4,318,185	$ 4,462,253	$ 4,607,140	$ 4,803,445	$ 4,964,109	$ 5,130,480
Home Centers, Paint & wallpaper stores, Hardware Stores	$ 6,102,634	$ 6,102,634	$ 6,302,571	$ 6,513,297	$ 6,731,293	$ 6,961,459
Miscellaneous store retailers	$ 5,501,530	$ 5,600,526	$ 5,902,241	$ 6,123,226	$ 6,215,570	$ 6,711,968
Shoppers Goods Subtotal	**$ 87,062,676**	**$ 90,838,870**	**$ 93,998,645**	**$ 96,871,425**	**$ 99,601,245**	**$ 102,905,460**
Food & beverage stores	$ 29,966,361	$ 30,963,536	$ 32,295,801	$ 33,340,372	$ 34,381,549	$ 35,455,502
Food services & drinking places	$ 28,099,836	$ 29,449,376	$ 28,681,579	$ 29,532,398	$ 30,486,500	$ 31,406,678
Health & personal care stores	$ 20,174,329	$ 20,873,481	$ 21,734,936	$ 22,641,098	$ 23,193,926	$ 24,052,534
Convenience Goods Subtotal	**$ 78,070,525**	**$ 81,286,401**	**$ 82,843,316**	**$ 85,513,868**	**$ 87,889,340**	**$ 90,780,714**
Building material & garden equipment	**$ 6,464,847**	**$ 6,665,870**	**$ 6,857,133**	**$ 6,970,961**	**$ 6,870,107**	**$ 10,311,945**
Primary Market Area Retention						
General merchandise stores	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Clothing & clothing accessories stores	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Furniture & home furnishings stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Electronics & appliance stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Sporting goods, hobby, book, & music stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Home Centers, Paint & wallpaper stores, Hardware Stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Miscellaneous store retailers	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Food & beverage stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Food services & drinking places	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Health & personal care stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Building materials & garden equipment	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Inflow from Secondary Market						
General merchandise stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Clothing & clothing accessories stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Furniture & home furnishings stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Electronics & appliance stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Sporting goods, hobby, book, & music stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Home Centers, Paint & wallpaper stores, Hardware Stores	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Miscellaneous store retailers	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Food & beverage stores	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Food services & drinking places	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Health & personal care stores	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Building materials & garden equipment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Sales Potential						
General merchandise stores	$21,654,940	$22,947,310	$24,311,287	$25,452,966	$26,603,476	$27,702,552
Clothing & clothing accessories stores	$20,670,224	$20,801,364	$22,100,615	$23,251,328	$24,203,033	$25,961,155
Furniture & home furnishings stores	$5,917,908	$6,120,824	$6,374,276	$6,595,383	$6,732,105	$7,004,277
Electronics & appliance stores	$4,034,200	$4,204,833	$4,401,986	$4,600,884	$4,800,506	$4,940,830
Sporting goods, hobby, book, & music stores	$1,080,946	$1,071,061	$1,134,481	$1,200,427	$1,184,507	$1,282,620
Home Centers, Paint & wallpaper stores, Hardware Stores	$1,464,918	$1,464,918	$1,535,377	$1,602,335	$1,615,270	$1,670,297
Miscellaneous store retailers	$2,600,765	$2,184,428	$2,533,749	$2,317,678	$2,333,135	$2,277,179
Shoppers Goods Subtotal	**$60,702,733**	**$63,489,349**	**$66,028,273**	**$69,816,484**	**$69,834,235**	**$39,917,823**
Food & beverage stores	$41,933,906	$43,279,949	$45,172,122	$46,676,101	$48,134,169	$49,637,354
Food services & drinking places	$24,623,220	$25,622,236	$27,613,847	$28,762,009	$29,612,896	$31,221,629
Health & personal care stores	$24,214,235	$25,046,517	$26,081,893	$26,940,668	$27,451,130	$28,468,231
Convenience Goods Subtotal	**$130,961,361**	**$134,443,704**	**$138,799,869**	**$112,387,493**	**$114,809,214**	**$116,319,643**
Building material & garden equipment	**$445,494**	**$471,717**	**$491,331**	**$507,183**	**$523,521**	**$539,900**

Resident Expenditure Estimate, By Major Retail Category, Village of Palmetto Bay Trade Area

Sales Per Square Foot	2014	2015	2016	2017	2018	2019
General merchandise stores	$300	$300	$300	$300	$300	$300
Clothing & clothing accessories stores	$325	$325	$325	$325	$325	$325
Furniture & home furnishings stores	$250	$250	$250	$250	$250	$250
Electronics & appliance stores	$325	$325	$325	$325	$325	$325
Sporting goods, hobby, book, & music stores	$250	$250	$250	$250	$250	$250
Home Centers, Paint & wallpaper stores, Hardware Stores	$225	$225	$225	$225	$225	$225
Miscellaneous store retailers	$275	$275	$275	$275	$275	$275
Shoppers Goods Subtotal	$302	$302	$302	$302	$302	$302
Food & beverage stores	$310	$310	$310	$310	$310	$310
Food services & drinking places	$375	$375	$375	$375	$375	$375
Health & personal care stores	$400	$400	$400	$400	$400	$400
Convenience Goods Subtotal	$350	$350	$350	$350	$350	$350
Building material & garden equipment	$115	$115	$115	$115	$115	$115
Average Per Square Foot Sales	$328	$328	$328	$328	$328	$328
Warranted Square Feet						
General merchandise stores	106,765	109,024	111,271	113,517	121,968	28,575
Clothing & clothing accessories stores	91,624	93,580	95,517	97,453	104,706	24,534
Furniture & home furnishings stores	23,670	24,176	24,676	25,176	27,048	6,337
Electronics & appliance stores	12,583	12,851	13,117	13,383	14,378	3,369
Sporting goods, hobby, book, & music stores	4,145	4,233	4,321	4,409	4,736	1,109
Home Centers, Paint & wallpaper stores, Hardware Stores	6,511	6,651	6,790	6,928	7,443	1,744
Miscellaneous store retailers	24,851	25,380	25,908	26,436	28,403	6,654
Shoppers Goods Subtotal	281,324	287,364	293,320	299,302	321,582	75,322
Food & beverage stores	138,257	141,199	144,128	147,057	157,973	37,000
Food services & drinking places	85,875	87,699	89,520	91,341	98,124	22,985
Health & personal care stores	23,536	24,037	24,537	25,037	26,899	6,301
Convenience Goods Subtotal	248,667	253,935	259,184	264,435	283,996	66,526
Building material & garden equipment (excl. nur)	0	0	0	0	0	0
Total Warranted Retail Space	529,990	541,299	552,504	563,737	605,578	141,848
Non-Retail Space (Services)	52,999	54,130	55,250	56,374	60,558	14,185
Non-Retail Percent	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Total	582,989	595,429	607,754	620,111	666,136	156,033
Annual Net New Demand		12,440	12,325	12,357	46,025	9,897
Cumulative Net New Demand		12,440	24,765	37,122	83,147	93,044

Lambert Advisory

Memorandum

To:	Mr. Ed Silva, Village of Palmetto Bay
From:	Lambert Advisory, LLC
Date:	January 7, 2015
Subject:	Village of Palmetto Bay – Downtown Master Plan Economic and Market Assessment (Supplemental Appendix)

The Memorandum herein represents a Supplemental Appendix to the Village of Palmetto Bay – Downtown Master Plan (Economic and Market Assessment) completed in April 2014. The Supplemental Appendix represents an assessment of economic benefits associated with the estimates of demand (by use) indicated within the Economic and Market Assessment. Specifically, the assessment of economic benefits includes **one time construction impacts** and **recurring impacts upon program build out**, and evaluates select benefits such as estimates of employment, wages, and ad valorem tax revenue.

In the absence of any defined development program associated with the estimates of demand by use, we have completed the analysis herein on an order-of-magnitude basis. As such, development and performance information (i.e., development timing, development costs pricing, absorption, and operating performance) utilized to derive select benefits is based upon information obtained from our research as part of the Economic and Market Assessment; but, highly generalized in the application herein. Importantly, Lambert has not independently verified the development cost and/or operating performance data and cannot attest to the accuracy of the estimates that have been utilized to determine the select benefits. Furthermore, the economic impacts as stated herein from construction and operation of any proposed development are presented in current (2015) dollars. Any change in development and/or operating assumptions from those utilized as part of this analysis can have a material impact on the direct and in-direct economic indicators stated herein.

The following table provides a summary of select benefits from the potential demand for approximately: 1,200 residential units; 135,000 square feet of office space; and 100,000 square feet of retail:

Village of Palmetto Bay
Estimates of Select Benefits from Potential Development Program
Order of Magnitude Analysis

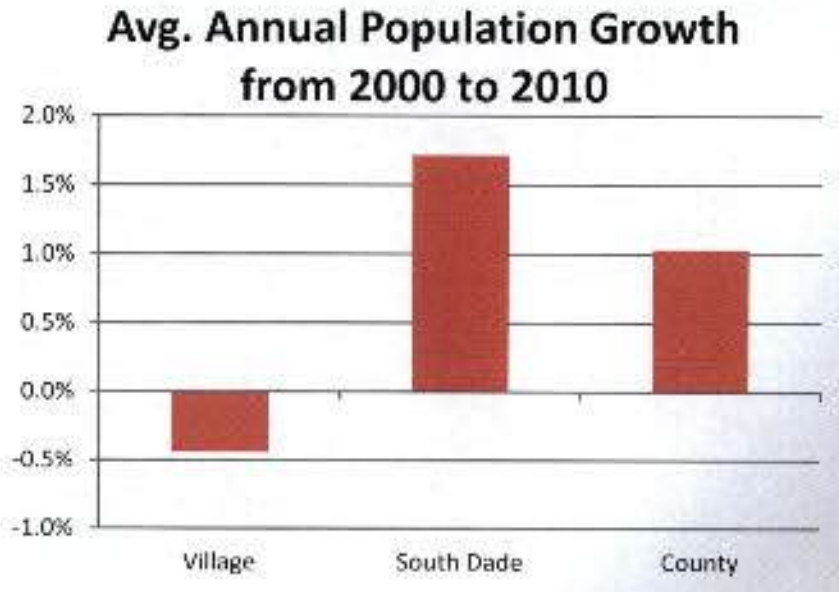
One-Time Construction Impacts	Residential		Office		Retail		Total	
	Trending	*High*	*Trending*	*High*	*Trending*	*High*	*Trending*	*High*
Avg. Annual Direct & Indirect Employment	462	654	45	93	36	40	545	787
Avg. Annual Direct & Indirect Wages	$ 21,743,114	$ 30,802,745	$ 2,188,616	$ 4,377,232	$ 1,715,562	$ 1,888,218	$ 25,648,292	$ 37,068,195
Recurring Impacts (Upon Program Build Out)								
	Trending	*High*	*Trending*	*High*	*Trending*	*High*	*Trending*	*High*
Total Annual Employment	30	43	587	1,174	571	629	1,188	1,843
Total Annual Wages	$ 1,165,344	$ 1,650,904	$ 22,800,209	$ 45,600,417	$ 22,197,029	$ 24,415,731	$ 45,162,581	$ 71,668,053
Ad Valorem to Village (Operating, Debt)	$ 263,464	$ 1,081,574	$ 82,585	$ 165,173	$ 67,293	$ 74,022	$ 913,343	$ 1,320,768
Ad Valorem to County (Operating, Debt)	$ 1,596,475	$ 2,261,670	$ 172,695	$ 345,391	$ 140,715	$ 154,785	$ 1,909,885	$ 2,761,847
Ad Valorem to County (Other)	$ 3,521,945	$ 5,131,090	$ 391,797	$ 783,594	$ 319,242	$ 351,166	$ 4,332,985	$ 6,265,850
Total Ad Valorem	***$ 5,981,882***	***$ 8,474,333***	***$ 647,079***	***$ 1,294,157***	***$ 527,249***	***$ 579,974***	***$ 7,156,210***	***$ 10,348,465***

Village of Palmetto Bay –
Downtown Village of Palmetto Bay
(Summary Market Slides)

Housing Demand

opensity for
ousing Demand
aws from south
ami-Dade County
gion

South Miami-Dade County population growth projections from ESRI indicates 1.7% average annual through 2020



Strength of VPB Demographics vs. south Miami Dade County

emand Profile	South Miami Dade County	Village of Palmetto Bay
t. Population (2013)	549, 728	24,168
t. Households (2013)	176,315	8,212
VPB of South Dade HH's	--	*4.7%*
of HH Income > $50,000	50%	79%
o. of Potential MF HH's w/Income > 0,0000	88,157	6,487
VPB of South Dade HH Income > 0,000	--	*7.5%*

VPB currently comprises **4.7%** of all south Dade households

However, it comprises **7.5%** of all south Dade households above $50,000

Strength of VPB Demographics vs. south Miami Dade County

	2010	2014	2015	2017	2019	2021	2023	Change
Population	522,619	559,074	568,578	588,074	608,238	629,094	650,865	100,937
Total Households	166,035	179,665	183,078	190,101	197,394	204,966	212,829	36,514
Persons per HH	3.1	3.1	3.1	3.1	3.1	3.1	3.1	
% South Dade HH w/Income > $50K (Future Demand)		*50%*	*50%*	*50%*	*50%*	*50%*	*50%*	
No. HH with Income > $50,000		89,832	91,539	95,051	98,697	102,483	106,414	18,257
% MF Dwelling	40.0%	40.0%	40.0%	41.0%	42.0%	42.0%	43.0%	
Total Demand for New MF Dwelling Units	66,654	35,933	36,616	38,971	41,453	43,043	45,758	10,495
Scenario 2 - VPB Mid Point Capture:	*HH Capture:*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	
	Potential HH Demand:	2,875	2,929	3,118	3,316	3,443	3,661	
	Net New HH Annual Demand:	54	55	58	139	64	68	840
	Net New HH Cumulative Demand:	54	108	297	495	622	840	
Total Potential Annual Demand (Mid Point)	-	54	55	58	139	64	68	840
Total Potential Cumulative Demand (Mid Point)	-	54	108	297	495	622	840	
Additional Demand from Capture of Existing Renter Market								
Primary Comparable/Competitive Set		1,100	1,100	1,100	1,100	1,100	1,100	
% Annual Turnover		60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	
% Annual Capture		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Annual Demand from Existing Capture		33	33	33	33	33	33	330
Cumulative Demand from Existing Capture		33	66	132	198	264	330	
Total Potential Annual Demand (Mid Point)	-	87	88	91	172	97	101	1,170
Total Potential Cumulative Demand (Mid Point)	-	87	174	429	693	886	1,170	

rade Area demand for 1,200± multi-family (market rate) housing units during next 10± yrs

High Scenario up to 500± additional units

ombination of new growth and existing "pent up" demand

Retail Demand

Trade Area & US 1 Corridor Map

Estimated Trade Area Demand from *Projected Population* Growth (2014-2019)

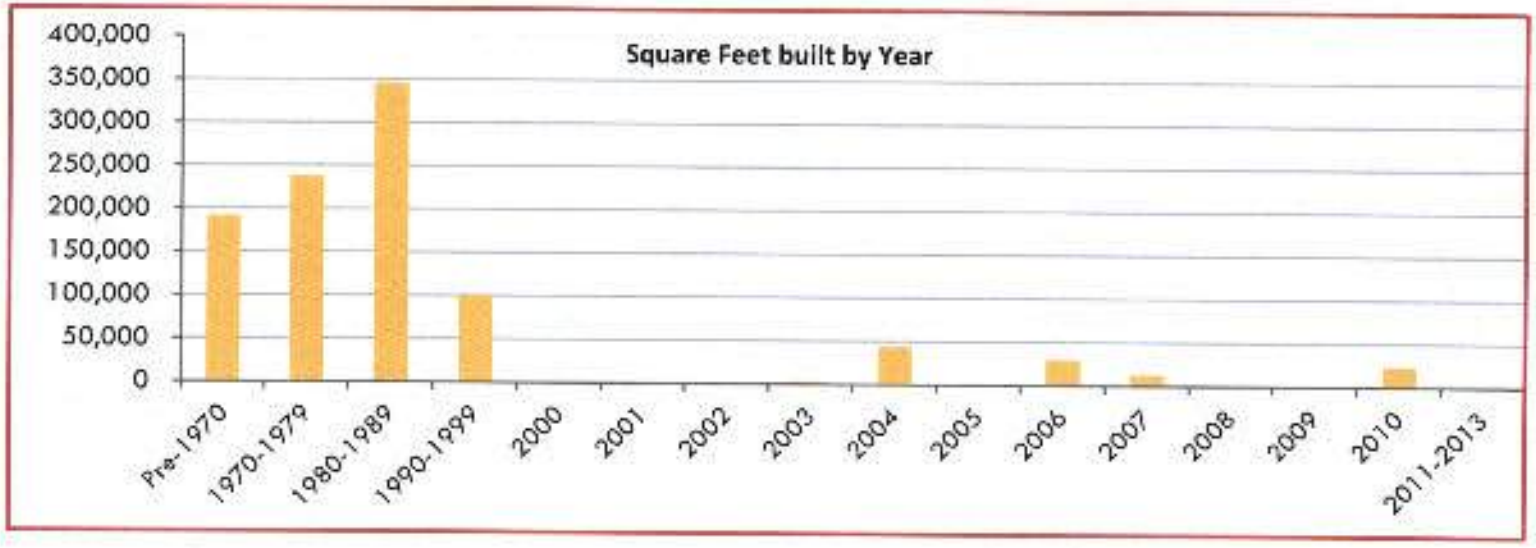
	2014	2019	Change
Estimated Population	17,245	18,761	1,516
Per Capita Income	$43,421	$47,238	$3,817
Total Retail Expenditure Potential	$172,217,890	$203,832,559	$31,614,669
penditure Potential by Category			
Food Services & Drinking Places	$34,828,020	$41,221,528	$6,393,507
Shoppers Goods	$80,702,733	$95,517,629	$14,814,896
Convenience Goods	$66,153,141	$78,297,115	$12,143,974
les per Square Foot by Category			
Food Services & Drinking Places	$375	$375	$0
Shoppers Goods	$302	$302	$1
Convenience Goods	$350	$350	$0
pportable Square Footage by Category			
Food Services & Drinking Places	92,875	109,924	17,049
Shoppers Goods	267,336	315,803	48,467
Convenience Goods	195,822	231,770	35,948
Non-Retail Space	55,991	66,219	10,228
tal Supportable Retail Space	**612,023**	**723,716**	**111,693**

Key Retail Highlights

- Net new retail demand must take into account condition of existing inventory
  - Repositioning under-utilized and/or vacant space
- Near term opportunity for Downtown VPB retail is for relatively limited
  - Primarily serve the phased residential
  - 20-30,000 sq.ft. of dining, convenience, boutique
- During mid- to longer term (as Downtown builds-out) , opportunity to add 50-60,000 sq.ft.
  - potential grocery store

Office Demand

VPB Office Market at Glance



- Notable amount of VPB office inventory is aging, reaching effective life
- VPB office market under 90% occupancy, average rates of $25± - well below County average

Office Employment Trends and Projections

	Financial	Services	Total	Avg. Annual Change	Avg. Annual Growth %
1990	63,600	76,400	140,000		
2000	60,800	134,400	195,200	*5,520*	*3.4%*
2010	60,400	119,200	176,600	*-1,860*	*-1.0%*
2013	67,800	125,800	193,600	*5,667*	*3.1%*
2019	72,700	144,100	216,800	*3,867*	*1.9%*

Key Office Highlights

Village of Palmetto Bay (City-wide) – Office Demand

	Low	High
stimated County Office Job Growth (2014 to 2019)	18,000	22,000
q.Ft. Office Net Demand @ 230 sf per employee	4,100,000	5,100,000
ercent Village of Palmetto Bay Capture (based on historic)	3 percent	5 percent
illage of Palmetto Bay Total Potential - Office Demand q.Ft.)	135,000	270,000

- Importantly, portion of net new demand considers need to reposition older, non-functional space and current vacancy
- Office space potential for Downtown VPB is supporting use
- 20-30,000 sq.ft. of smaller professional/medical