

Below are some proposed questions for Mayor Gimenez and for Carl for tomorrow's discussion on "New York and Miami: Trend-setting Cities". The discussion will begin at 2:45 sharp.

1) Carl and Mayor Gimenez. New York has long been a globally important city, Miami has recently entered the ranks of world cities. What are the shared characteristics that have made and continue to make, these cities globally important?

At the same time, these cities are quite different, is there more than one path for cities to take to achieve global prominence?

2) Mayor Gimenez . Miami is one of the hottest real estate markets in the country. There are already many cranes in the sky again. Most developers of major projects find their way to your office. Many of these are transformative projects. What do you see as among the most important projects in this county and why are they so important?

3) Carl . Provide us with an overview of development in NY. What sectors and parts of town do you see as the strongest and what are the newest emerging areas? What is driving development in these markets?

4) Carl and Mayor Gimenez . Public Private projects today are quite different than before the recession. With the impacts of the recession on local budgets – reduced tax collection and some might say the long unrestrained growth in public employee union contracts and pension obligations – traditional direct public incentives, such as TIF districts, are significantly reduced. What is the public sector doing to incentivize redevelopment and important projects?

What are the newest and most novel approaches you've seen?

What is the role of government in facilitating development?

5) Carl . The outside world views the election of Mayor Deblasio as a radical change in direction for NYC as compared to Mayor Bloomberg, who was viewed as focused on investment and development as priorities v. matters of social equity, which is a priority of the new Mayor. What changes will we see? How will development be effected?

6) Mayor Gimenez . How has political leadership changed? Is it possible to still be a visionary leader or do day to day concerns dominate your time and thoughts?

7) Carl and Mayor Gimenez . What will your cities be like in 50 years? What will be your biggest competitors and why? What does government need to do; policies, capital projects, etc. to assure that cities survive and thrive?

## MIAMI-DADE REAL ESTATE MARKET

### GENERAL OUTLOOK

#### OFFICE

- At year end 2013 the office vacancy rate in Miami-Dade stood at 16.5%, the lowest rate since peaking at 19.1% in early 2102.
- There is still a long way to go before reaching vacancy rates at or near the pre-recession low of 7% recorded in 2007.
- Investment in office properties totaled \$699 million in 2013 a 37% increase over the total for 2012. Investment is expected to be no different in 2014 with investors clamoring for highly sought-after investment properties in South Florida across all property sectors.

#### INDUSTRIAL

- Over 239,000 square feet of industrial/distribution space was delivered during 4<sup>th</sup> Quarter 2103 bringing total delivered space for 2013 to 1.6 million square feet, marking most completions since 2009.
- An additional 1.2 million square feet is currently under construction, the most since 2007 with an additional 3.6 million square feet in the pipeline.
- As the gateway to Latin America and the Caribbean, Miami continues to be one of the most desirable investment markets in the country as evidenced by 4<sup>th</sup> quarter 2013 investment sales of \$126 million for 1.4 million square feet of industrial/distribution space.
- A major driving force behind this phenomenal development is the dredging of Government Cut and installation of 4 new super-sized gantry cranes at PortMiami to accommodate larger vessels from the expansion of the Panama Canal.

#### RETAIL

- National high profile and luxury retailers are being drawn to Miami due to its unmatched accessibility via air, sea, rail and road. Currently there are a total of seven projects and over 1.5 million square feet under construction in addition to several planned projects which could add an additional 2 million square feet.
- Healthy leasing activity helped vacancy rates remain at an all-time low of 4.3%, a whole percentage point lower than 2012.
- Investment activity increased by 84% quarter over quarter totaling \$165 million for 4<sup>th</sup> Quarter 2013.

## RESIDENTIAL

- Strong finish in almost every sector of South Florida's economy in 2013 should lead to a strong 2014. According to The Case-Shiller's October 2013 report for South Florida, residential prices soared 16% in 12 months.
- South Florida home prices will continue to rise in 2014 but not at the same rate as 2013.
- Employers should continue to add jobs but the economic factors of falling gold prices and rising interest rates may offset these gains.
- Absorption of apartments remains solid across the metro area with areas like Coral Gables, Hialeah and West Miami maintaining very low vacancy rates.
- Several additional factors which one must consider which may lead to a flattening of the market:
  - Low availability of mortgages
  - Larger selection of homes and condos to choose from
  - Whether there will be a continuing improvement in the unemployment rates
  - A continuing backlog of underwater mortgages

## REASONS TO BE OPTIMISTIC

## OFFICE

- Two Brickell City Center -128,500 square feet (under construction)
- One Brickell City Center – 1,049 feet (in planning)
- One Bayfront Plaza – 1,010 feet (in planning)
- Doral Park Center -200,000 square feet mixed use including 80,000 square feet office

## INDUSTRIAL

- Flagler Station – 171,994 square feet delivered in 2013 with 270,000 being built in 2014
- Miami International Tradeport -147,840 square feet to be delivered in 2014
- South Florida Logistics Center will deliver a 274,000 square foot and a 110,000 square foot building in 2014

- Also under construction, Beacon Lakes, Medley Logistics North and Transal Logistics Center with an additional 792,000 combined square feet.

## RETAIL

- Miami Beach Art Basel broke sales and attendance records attracting 75,000 visitors and more than \$100 million in sales.
- Macy's and Bloomingdales signed leases of 195,000 and 120,000 square feet respectively at the Miami World Center.
- \$312 million redevelopment of the Design District
- \$1 billion All Aboard Florida passenger rail service project that will include office, residential and retail components is slated to begin in 2014.

## RESIDENTIAL

- 56% of all housing is renter occupied. This is driven by both the high density of existing multifamily stock as well as the high cost of home ownership.
- Nearly 3,600 condominium and rental units are under construction with an additional 1941 units planned for downtown Miami alone.
- The single family market continues to show improvement. Sales in January 2014 were 1,131 units up 9.8% from January 2013 with the median sales price of \$225,000 up 16% from January 2013.

