

ATTACHMENT 10

Economic Analysis

Miami Economic Associates, Inc.

October 17, 2011

Mr. Jack Osterholt
Interim Director
Department of Sustainability, Planning and
Economic Enhancement
Miami-Dade County
Miami, FL

Dear Mr. Osterholt:

Miami Economic Associates, Inc. (MEAI) has reviewed the CDMP application filed on behalf RAM Development Company in the October 2011 Cycle, which seeks to amend the Miami-Dade County Comprehensive Development Master Plan (CDMP) by re-designating approximately 42 acres of the 136 acre of property located on the south side of S.W. 152nd Street at its intersection with S.W. 124th Avenue from Low-Medium Density Residential to Business and Office Use. The amendment also seeks to replace a previously accepted covenant regarding the manner in which the property would be developed with one that reflects the current plans for the site inclusive of the commercial use.

The purpose of our review was to evaluate whether adoption of the proposed amendment is justified by a need for additional land designated for Business and Office Use in the area in which the subject property is located and by other economic considerations. This letter report, which is organized as shown below, is being provided to apprise you of the findings of our review.

Section	Page
Summary of Findings	2
Needs Analysis	2
Methodology	3
Localized Sub-Area Geography	4
Land Supply in the Localized Sub-Area	6
Determination of Need	7
Other Economic Considerations	8
Closing	9

Summary of Findings

As indicated above, the primary purpose of the proposed CDMP amendment is to allow for the development of a shopping center, which would be comprised of approximately 350,000 square feet of gross leasable area and anchored by "big box" retailers on 42 acres of the 136-acre property. Approximately 900 rental apartment units would be constructed on approximately 44 of the remaining 94 acres while approximately 50 acres would be maintained as preserve areas or utilized for civic uses under the auspices of the University of Miami. MEAI believes that the proposed amendment should be adopted for the following reasons:

- The market area for the proposed retail project will be comprised of MSA's 6.1, 6.2 and 7.2, all portions of which are within a 10-radius of the subject property. This area, which currently has a population nearly the size of that of the City of Miami, is underserved in terms of commercial acreage. According to data contained in the 2010 EAR, the area has 1,744.9 commercially-designated acres, which equates to 3.8 acres per 1,000 of its estimated 2020 population. In contrast, in 2020 on a countywide basis there will be 5.8 acres of commercially-designated acres per 1,000 of estimated population.
- Based on data contained in the 2010 EAR, it is anticipated that the 399.5 vacant acres of commercially-designated land in the market area defined above will not be fully depleted until 2025, or 5 years after the current 2020 planning horizon. While this might suggest the re-designation of the subject property for Business and Office Use at this time would be premature, it should be noted that both the quantity of vacant commercially-designated land currently available and the average annual absorption rate used in the depletion analysis reflect the abnormal economic environment that has existed since 2007 when the United States generally and Miami-Dade County specifically entered into the worst economic downturn since the Great Depression. As a result several projects within the area that have been long-planned have been delayed in their implementation. Real estate industry journals as well as discussions with retail developers active in the South Florida market indicate these delayed projects may soon be ready to move forward as the creditworthy retail tenants who are so key to making new retail development happen begin again to develop new outlets.
- The market area defined above is already substantially developed with the result that the subject property is one of only 3 vacant properties within it greater than 10 acres in size and appropriately located on a major roadway that are not already designated for commercial use. MEAI believes that the prudent course of action would be to re-designate the subject property for commercial use now rather than to wait and run the risk that when action would be "more timely" relative to the planning horizon there would be not property available to provide the market area with an adequate supply of commercially-designated land.

Mr. Jack Osterholt
Interim Director, Sustainability, Planning and
Economic Enhancement
Miami-Dade County
October 17, 2011
Page 3

- Development of the proposed retail center and rental apartment units will be economically and fiscally beneficial to the Miami-Dade County and its residents for the following reasons¹:
 - The \$48.6 million spent on labor during the development period would be sufficient to pay the average annual wages and salaries of approximately 780 Miami-Dade County construction workers.
 - Once completed, the proposed retail center is expected to provide jobs for approximately 700 workers on a full-time equivalent basis. These workers, many of whom may live within the market area or the Perrine and Richmond Heights areas to the east, will earn \$17.5 million annually.
 - The proposed retail center will annually generate more than \$1,558,000 in ad valorem taxes for Miami-Dade County and its Unincorporated Municipal Service area as well as nearly \$1,280,000 in ad valorem taxes for the Miami-Dade County Public School District.

Needs Analysis

The materials that follow describe the methodology employed in the needs analysis that MEAI performed and the findings of that analysis.

Methodology

MEAI's conclusion that there is a need for more land designated for Business and Office Use in the area in which the subject property is located is based on analysis using the methodology adopted by the Miami-Dade County Comprehensive Development Master Plan (the "CDMP") to determine the adequacy of supply for non-residential land. The methodology set forth in the CDMP requires an analysis of the following:

I: Relevant Geographic Measure

CDMP Policy LU-8F states that the adequacy of neighborhood and community-oriented Business and Office Uses "shall be determined on the basis of localized Sub-Area geography such as Census Tracts, Minor Statistical Areas (MSA's) and combinations thereof." For the reasons set forth below in the section labeled "Localized Sub-Area Geography", MEAI concluded that the appropriate localized Sub-Area geography includes: (i) MSA 6.2 as the primary market and (ii) MSA's 6.1 and 7.2 as the secondary market.

¹ All monetary amounts expressed in 2011 Constant Dollars.

Mr. Jack Osterholt
Interim Director, Sustainability, Planning and
Economic Enhancement
Miami-Dade County
October 17, 2011
Page 4

II: Adequacy of Current Commercial Land Supply

As the table of Page 1.1-38 of County's 2010 Evaluation and Appraisal Report (EAR) shows, Miami-Dade County's Department of Planning and Zoning (DP&Z) initially bases its assessment of the adequacy of the current commercial land supply in a localized area on the following two factors: (i) the commercial acres per 1,000 population ratio; and (ii) the projected commercial land depletion year. It further establishes a countywide average of commercial land in 2020 equal to 5.8 acres per 1,000 population and in 2030 of 5.2 acres per 1,000 population.

As discussed in the section below labeled "Land Supply in Defined Localized Sub-Area", MEAI's analysis showed that the ratio of the current commercial land supply relative to population in the primary and secondary market areas is well-below the countywide standard. Our analysis further showed that the estimated depletion date of the current land supply in the combined primary and secondary market areas is beyond the current planning horizon. However, for reasons detailed there, MEAI believes that there are specific, abnormal factors that have caused the depletion date to attenuate and that prudence would dictate that steps be taken now to bring the supply of commercial land in the market area into closer alignment with the countywide average.

III: Other Factors

The 2010 EAR indicates that if a local area registers a commercial land/population ratio below the established countywide average, "it does not necessarily indicate an undesirable condition" and other factors should be considered, particularly the vacancy rate of the developed commercial space in the Localized Sub-Area. MEAI's survey of the retail space in the area indicated that the existing rate of occupancy approximates 90 percent, which MEAI considers to be reasonably strong given the current recessionary environment, which among other things, has reduced spending power and caused a number of retailers, including national chains into bankruptcy and/or liquidation. It is also a level of occupancy that can support the development of new space.

Localized Sub-Area Geography

As discussed in the introduction to this report, the Applicant is seeking the re-designation of a portion of subject property for Business and Office Use in order to allow for the development of a commercial project containing 350,000 square feet of retail space anchored by big box retailers. MEAI believes that primary market support would be provided by the residents of MSA 6.2, in which the subject property is located, while secondary market support would be drawn from the households living in MSA 6.1 to the north and MSA 7.2 to the south. According to the 2010 EAR, the area just described had an estimated population in 2010 exceeding 381,000 people, or less than 20,000 fewer residents than 2010 Census estimated live in the City of Miami.

Definition of primary and secondary market areas just outlined is based on the following considerations:

Mr. Jack Osterholt
Interim Director, Sustainability, Planning and
Economic Enhancement
Miami-Dade County
October 17, 2011
Page 5

- Given the size of the proposed retail project and the nature of the anchor tenants that have indicated interest in locating within it, it is reasonable to expect that it could attract customers from within a 10-mile radius. The entirety of MSA 6.2 is located within 5 miles of the subject site while all portions of MSA's 6.1 and 7.2 are within 10 miles.
- MSA's 6.1 and 6.2 are both located west of Florida's Turnpike, the only two MSA's north of S.W. 184th Street so situated. Given that there are only a limited number of roadways that allow traffic to cross from one side of the turnpike to the other and the frequent congestion that exists on those roadway, the Turnpike has historically served as both a real and psychological barrier that has caused MSA's 6.1 and 6.2 in combination to be viewed as their own distinct portion of the County. Further contributing to the cohesion of these two MSA's is the fact that they have very similar socio-economic profiles. There are also two roadways, the Turnpike and S.W. 137th Avenue that serve to tie the two MSA's together as a functional unit.
- MSA 6.1 is extremely underserved in terms of retailing, with the current supply of commercial land in the MSA equating to 2.8 acres per 1,000 of 2020 projected population and 2.5 acres per 1,000 of 2030 projected population. Only MSA 1.1 at the north end of the barrier island has a lower ratio of commercial acreage to population than MSA 6.1 among the County's 31 urbanized MSA's. It should be further noted that the remaining vacant commercial land within MSA 6.1 is extremely limited in terms of its development potential for the kind of retailing proposed at the subject site, with none of remaining sites more than 10 acres in size and only 3 parcels more than 5 acres in size.
- MSA 7.2 differs significantly from MSA's 6.1 and 6.2 in a variety of ways. Illustratively, the eastern portion of MSA 7.2 has a distinctly different socio-economic profile than those of MSA 6.1 and 6.2 in terms of ethnicity and income while the western portion of MSA 7.2, which includes the Redlands, has a rural rather than suburban pattern of development. It should also be noted that the eastern and western portions of MSA 7.2 itself differ from each other in these regards. Notwithstanding, we believe that residents of both portions of MSA 7.2 are likely to be attracted to the proposed shopping center on the subject site. In the case of those who live in the eastern portion of the MSA, the appeal will likely be to the value-oriented shopping that will offered. For those in the west, the appeal will likely to be convenience since the roadway network makes travel to subject property less time consuming than travel through the eastern portion of MSA 7.2 into MSA 7.1.
- MSA 7.2 does have a higher ratio of commercial acreage to population than MSA 6.1 discussed above, 4.8 acres per 1,000 of projected 2020 population and 3.8 acres per 1,000 of projected 2030 population. However, significant portions of the developed commercial acreage in MSA 7.2, the overwhelming preponderance of which is the eastern portion of the area, is occupied by "mom and pop" rather than chain retailers and in numerous instances, by automotive related uses such as garages, body

Mr. Jack Osterholt
Interim Director, Sustainability, Planning and
Economic Enhancement
Miami-Dade County
October 17, 2011
Page 6

shops, etc. Further, the area contains no vacant parcels on which retail development would currently be allowed that is greater than 10 acres in size and only 1 greater than 5 acres in size.

- Besides the MSA's discussed above, there are several others which either in whole or in part are located within a 10-mile radius of the subject site including MSA's 5.4, 5.5, 5.6, 5.7, 5.8, 7.1, 7.3 and 7.4. MSA's 5.4, 5.5, 5.6, 5.7 and 5.8 were not included in the Localized Sub-Area because they are located east of the Turnpike, which, as discussed above, serves as a real and psychological barrier to movement, and because they contain substantial retail opportunities within themselves. MSA 7.1 also already contains substantial amounts of retailing while the amount of retail development in MSA's 7.3 and 7.4 is increasing.

Consistent with Land Use Policy 8F, MEAI concludes that the determination of need with respect to the proposed land use amendment should be made in the context of the conditions that exist in the localized sub-area geography that defines the primary and secondary market area described above..

Land Supply in Defined Localized Sub-Area

The 2010 EAR provides that the appropriate measurements for determining the adequacy of non-residential land supplies should be based on the following:

- The ratio of commercially-designated land within the area, inclusive of developed and vacant property, to population; and
- The timeframe that will be required to fully deplete the existing supply of vacant commercially-designated land.

With respect to these measurements, MEAI's analysis found the following:

Acreage to Population Ratio

- According to the 2010 EAR, the localized Sub-Area described above, inclusive of MSA's 6.2 as well as MSA 6.1 and MSA 7.2 contains a total of 1,744.9 acres of commercially-designated acreage. Included within this quantity are 1,345.4 acres that have already been developed and 399.5 vacant acres. The area is expected to have 441,027 residents in 2020, with the result that the ratio of total commercially-designated acreage to population at that point in time will be 3.9 acres per 1,000 people, a figure considerably below the projected countywide average at that time of 5.8 acres per 1,000 people. By 2030, the population of Localized Sub-Area is expected to increase to 493,015 residents, resulting in a ratio of 3.5 acres per 1,000 people when on a countywide basis it will be 5.2 acres per 1,000 people. Accordingly, MEAI's analysis shows that the Localized Sub-Area is underserved in terms of its current supply of commercially-designated acreage.

Mr. Jack Osterholt
Interim Director, Sustainability, Planning and
Economic Enhancement
Miami-Dade County
October 17, 2011
Page 7

Depletion Year

- Based on data contained in the 2010, the 399.5 vacant acres in the Localized Sub-Area will be absorbed at a annual average rate of 29.64 acres per year. At this pace, it would take 13.5 year to fully deplete the vacant acreage, which means the depletion year would year would be 2025, or 5 years after the current planning horizon of 2020

Determination of Need

As discussed above, one of the two measurements of the adequacy of commercial supply, the acreage to population ratio, indicates that re-designation of the subject property to Business and Office Use is merited because the Localized Sub-Area in which it is located is underserved, relative to countywide supply, in terms of commercial acreage. Supporting this conclusion is the fact that a survey of the existing retail space in the area showed it to be approximately 90 percent occupied despite the current recessionary environment, which is a rate of utilization that would typically be conducive for new development to occur. However, the second measurement, depletion year, suggest that re-designation of the subject property at the present time may be premature. With respect to this latter point, MEAI believes that the following factors should be considered:

- Both the quantity of vacant commercially-designated land currently available in the Localized Sub-Area and the average annual absorption rate used in the depletion analysis reflect the abnormal economic environment that has existed since 2007 when the United States generally and Miami-Dade County specifically entered into the worst economic downturn since the Great Depression. As a result, commercial projects that have been on the drawing boards for a number of years such as Kendall Town Center and the development proposed on the so-called Brown Property have been unable to obtain commitments from creditworthy tenants without whom the financing required to proceed could not be obtained. Additionally, the developer of the Kendall Town Center project suffered its own financial meltdown because it had overleveraged its other projects. Real estate industry journals as well as discussions with retail developers active in the South Florida market indicate that the creditworthy retail tenants who are so key to making new retail development happen have re-engaged and are looking for sites for new outlets. Among the sites in Miami-Dade County that has attracted their attention, in addition to those mentioned above, is subject property.
- The Localized Sub-Area is at the current time substantially developed with the result that at the present time there are only vacant 5 properties, including the subject, within the area that are: (i) not already designated for commercial development ; (ii) 10 or more acres in size; and (iii) appropriately located on a major traffic arteries. Included among these are a tract located right on the Urban Development Boundary at the intersection of S.W. 42nd Avenue and S.W. 167th Avenue that has already

been platted for residential use and a 51-acre industrially-designated parcel at the intersection S.W. 120th Street and S.W. 152nd Avenue where the infrastructure has already been installed for the development of a business park. Assuming that neither of these is likely to be available for commercial development, that leaves only 2 other sites besides the subject property. The first of these is a 13.7-acre industrially-designated site at the intersection of S.W. 137th Avenue and S.W. 138th Court/S.W. 143 Street while the second is a 17-acre site directly across street. The latter property is designated for industrial use on the CDMP Future Land Use Map; however, the property is considered a multi-family residential site by the County Property Appraiser and is being marketed as such.

Given there are only 3 sites, inclusive of the subject property, available to increase the commercial land supply in the Localized Sub-Area in a meaningful way, MEAI believes that it would be imprudent to delay designating more commercial land for the area until the depletion year is within the planning horizon. To do so would open the County to the risk that it may never be able to provide the Localized Sub-Area with an adequate supply of commercially-designated land because by that time all 3 sites might already be developed.

Based on the preceding, MEAI believes that the proposed amendment should be adopted.

Other Economic Considerations²

Miami-Dade County is currently recording an unemployment rate exceeding 12 percent. County government has also recently experienced great difficulty in establishing a budget for the fiscal year ending September 30, 2012 due to the reduction in its tax base that has resulted from the economic downturn has impacted the County's economy since 2007. Development of the subject property in the manner that the proposed CDMP amendment would allow would be highly beneficial both economically and fiscally towards addressing these issues.

- It is estimated that approximately \$48.6 million of the \$108.0 million that will be expended to construct a 350,000 square foot retail center and 900 rental apartment units on the subject property will be spent on construction worker wages and salaries. According to data compiled by the Florida Agency for Workforce Innovation, that would be an amount sufficient to pay nearly 780 workers the amount earned annually by the average construction worker in Miami-Dade County.
- A 350,000 square foot retail center of the type being proposed on the subject property will employ approximately 700 workers on a full-time equivalent basis. These workers, who will likely include people who reside in the Localized Sub-Area

² All monetary figures stated below are in 2011 Constant Dollars. Analysis does not consider the anticipated civic uses.

Mr. Jack Osterholt
Interim Director, Sustainability, Planning and
Economic Enhancement
Miami-Dade County
October 17, 2011
Page 9

as well as people who reside in the Perrine and Richmond Heights area directly to the east of the subject property, will earn approximately \$17.5 million annually.

- Based on a review of comparable properties, it is estimated that proposed retail center and residential units will be placed on the County's tax rolls at a taxable value of approximately \$160.0 million and generate \$1,558,444 annually for Miami-Dade County and its Unincorporated Municipal Service Area. It will also generate \$1,280,800 in ad valorem taxes annually for the Miami-Dade County Public School District and \$80,000 for the Children's Trust.

Closing

Based on the preceding findings, MEAI concludes that CDMP Application filed by RAM Development Company for the October 2011 cycle should be approved.

Sincerely,
Miami Economic Associates, Inc.



Andrew Dolkart
President