

CORAL GABLES



A Briefing on the Economic Base in Coral Gables

The Coral Gables economy is influenced by both domestic trends and international shifts, particularly changes in the Latin American marketplace. The majority of the businesses in Coral Gables service local and international clientele, but unlike other parts of Florida, it is not influenced by seasonal shifts. One of the strengths of this robust economy is the diversity in both product and market geography. There is little manufacturing within the City but strong investment in commercial development and in professional services/administrative operations. The 2008 total assessed value for all commercial and residential property in Coral Gables was \$12.609 billion (an increase of over \$5 billion in the past ten years). Because of the strong municipal services, high quality of life, convenient access, responsible growth, and a diversified economy, property values will continue to increase, supplemented by new appropriate construction, making Coral Gables a highly desirable location for domestic and international investment.

A. Office Market Overview

Coral Gables is considered one of the premium office markets in South Florida, with over 10 million square feet of existing prime office space, ranging from state-of-the-art Class A to affordable Class C. The submarket is desirable due to proximity to Miami International Airport and downtown Miami, while also being convenient to executive housing, allowing officers to live and work in the City Beautiful. Access to client entertaining, with world-class restaurants and first class hotels, rich cultural offerings and a broad range of retail establishments are also looked on as important amenities. A vintage style trolley (rubber-wheeled, not fixed) connects many of the commercial districts and Metrorail, the light rail regional transit line.

The office market is characterized by buildings with an average size of approximately 128,000 square feet of net leasable space. Recent office developments include the "355 Alhambra," by the Codina Group, at 225,000 sq. ft., the "Alhambra Towers" by The Allen Morris Company at 175,000 sq. ft., the "4000 Ponce Building" by CMC Group at 180,000 sq. ft., the 110,000 sq. ft. office component of "The Village of Merrick Park", and the "Hines Building" at 2525 Ponce de Leon Boulevard with 254,104 sq. ft. Approximately 3.8 million square feet of office space is

considered Class A, 4.4 million is Class B, and 2.6 million is Class C. An additional 185,000 square feet is under way.

B. "Corporate Capital of the Americas"

As early as 1925, City Founder George Merrick predicted Coral Gables would serve as "a gateway to Latin America." The City's multinational business community comprises an array of corporations with such interests as oil production, health care, biomedical research, international finance, import and export, transportation, telecommunications, manufacturing, travel and tourism, publishing, news information services, and construction/real estate. Currently, Coral Gables is Latin American or regional headquarters for over 175 multinationals, which represent over 6,000 employees with a projected multiplier of 3.5. Regional offices are heavy purchasers of professional services, particularly in the areas of international law, accounting, and global marketing. Although the majority of the multinational companies locate in Coral Gables to service Latin America, many of the offices have expanded their reach to include other parts of the globe due to reliable telecommunications, multilingual/multicultural professional staff, and ease of international travel. In fact, over 100 countries are served from corporate addresses in the City Beautiful.

A sampling of the multinationals includes:

- American Airlines
- Apple Computer
- AstraZeneca Latin America
- Bacardi U.S.A.
- Business Centers International
- Campbell Soup Company
- Cargill
- Danone Foods
- Del Monte Fresh Produce
- ESPN International
- ExxonMobil Inter-America
- Fox Latin America
- Grupo Kettal
- H.J. Heinz Latin America
- HBO Latin America Production Services
- IntelSat
- Kodak
- Kraft Foods Latin America
- Lexmark International Latin America
- Mastec
- MGM Networks Latin America
- Odebrecht Construction
- Ogilvy & Mather, Latina
- Pilagro
- Richemont Latin America & Caribbean
- Sotheby's
- Starbucks Latin America
- Telemundo Internacional
- Walt Disney Television International
- Warner Brothers International
- Wrigley
- Yahoo

C. Largest Employers in Coral Gables

The City's major employers are a diverse collection of education, hospitality, healthcare, and professional operations. Since the City's incorporation in 1925, the largest single employer has been the University of Miami, now comprising over 3,000 FTE positions on the main campus (and 11,000 system-wide). Recent economic studies confirm that the University of Miami contributes over \$1 billion to the local economy in direct and indirect expenditures and \$4 billion regionally. In addition, the University is undergoing a 20-year, \$400 million development program on the 260-acre campus. Over \$100 million is generated in federally-sponsored research, placing it in the top 3% nationwide. Hospitality represents almost 4,000 employees, assembled to support the high-end leisure and corporate traveler. Recent studies show that Coral Gables commands the highest daily room rates and has some of the highest daily occupancies in Miami-Dade. With three hospitals, administrative headquarters for Baptist Health South Florida, and over 550 doctors and 120 dentists, Health Care is responsible for an estimated 3,200 jobs in the City Beautiful. As noted previously, the combined totals of multinational employment exceed 6,000 jobs with many of the largest multinationals having over 100 employees each.

A sampling of the largest employers includes:

American Airlines	Gables Engineering
Bacardi U.S.A	Gibraltar Bank
Banco Mercantil Venezuela	Hyatt Regency Coral Gables
Baptist Health South Florida	IBM
Bayview Financial Trading Group	International Bank of Miami
Bill Ussery Motors	Kindred Hospital
Biltmore Hotel	Kraft Foods Latin America
ChevronTexaco	Mercantil Commercebank
City of Coral Gables	Odebrecht Construction
Coral Gables Hospital	Richemont Latin America & Caribbean
Courtyard by Marriott	Spillis Candela DMJM
Miami-Dade County Public Schools	University of Miami
Del Monte Fresh Produce	Univision Radio Florida
Doctors Hospital Baptist Health	YardHouse
Esslinger-Wooten-Maxwell	Westin Colonnade Hotel

An exciting new addition is Northwestern University's Kellogg School of Management's Executive MBA Program. This top-ranked program is part of a global outreach to teach the top talent worldwide. The Coral Gables campus serves the Southern United States, the Caribbean, and Central and South America.

D. Retail Environment

Downtown Coral Gables has experienced dramatic and successful growth in the past ten years, including several new office buildings (designed using Mediterranean bonuses), new luxury residential projects, and several new restaurants, galleries, theaters, and shops. In 2008, more than \$1 billion in retail sales were generated in this district. A Retail Development Program addressing Urban Improvement, Development/Retailer Marketing, Consumer Marketing, and a unifying positioning strategy is in place. The positioning strategy, consistent with consumer demand, while also differentiating downtown Coral Gables from its competitors, concentrates on home and lifestyle store formats such as linens, home accessories, value-priced furniture, sporting goods, music and videos, and specialty food. The program fosters quality cultural offerings that complement the district, such as theaters, galleries, lectures, book readings, and concerts. This cultural fabric serves as an excellent anchor point and builds off established restaurant traffic. To assist in the implementation, more than 15 code changes including sidewalk cafes, valet parking, signage, and parking relaxations are now in effect.

Coral Gables has nine retail districts catering to a wide range of shoppers and offering everything from value-priced goods to luxury items, including Mercedes-Benz, Ferrari, Jaguar, and Porsche dealerships. The purchasing power of our residents is extremely high (median family household incomes for Coral Gables exceed \$120,000) and residents have a total effective buying income, aka EBI, of more than \$1.5 billion. In addition, the importance of wealthy international visitors into the local economy should not be underestimated.

Coral Gables has drawn several national developers and retailers to the area, resulting in exciting, new retail offerings and projects:

- The Village of Merrick Park – Developed by The Rouse Company and now owned by General Growth Properties, this \$275 million mixed-use retail, residential and office project includes 780,000 square feet of high-end retail space anchored by Neiman Marcus and Nordstrom. More than 100 other select retailers include Tiffany & Co., Burberry, Coach, and Gucci. The project also includes 120 units of high-end apartments and 110,000 square feet of Class A office space. Over 3,500 parking spaces have been constructed to serve the development. While the 20-acre site is owned by the City of Coral Gables, it is important to note that this project was funded with private sector dollars only. A 99-year lease exists between the developer and the City of Coral Gables. The NPV of the lease for the City (property taxes and guaranteed lease payments combined) exceeds \$42 million.
- New downtown investments include “55 Miracle Mile,” a mixed-use multi-story \$55 million project consisting of retail, office, and luxury residential in the heart of Miracle Mile. In the past five years, Coral Gables has begun to see the revitalization of its retail

districts with the arrival of several national and regional retailers, including Houston's, Tarpon Bend, Fleming's Prime Steakhouse, Benihana and Morton's.

E. Financial Institutions

Over 30 banking institutions have offices in Coral Gables. Coral Gables is also home to several of the financial institutions' regional or corporate headquarters, including Commercebank, Regions Bank, and BankBoston International. Other large financial operations include Mercantil Commercebank, Bayview Financial Trading Group and Merrill Lynch Bank & Trust.

F. Residential Real Estate

Coral Gables offers a wide range of housing choices including rental units, condominiums, and single-family homes in a stable residential real estate market. Over the decades, homes in the City have appreciated at a rate significantly greater than many of the surrounding areas. The median house value has increased by nearly 1,400% since 1970 and has more than doubled since 1980. Strict zoning laws, a favorable property tax rate, and responsive municipal services, together with beautiful residential areas, make Coral Gables a sought-after address. The solid housing market is supported by equally strong residential demographics. Population estimates for 2009 showed Coral Gables with 16,986 households (45,501* residents) and an average family household income of \$136,416, compared with \$64,545 County-wide.

In 1989 the City Commission formed the Development Department, and in 2009 renamed it to the Economic Sustainability Department, to foster and enhance sound economic growth compatible with the adopted policies and quality of life in the City of Coral Gables. Working with the City Commission-appointed Economic Development Board, the department assists realtors, building owners, and organizations in attracting domestic and international prospects by utilizing direct contacts, follow-up visits, brochures, and audiovisual material. A special focus is placed on multinational recruitment and retail development. The department also emphasizes the need for developing a better relationship with the existing business community to help improve the retention and expansion of these businesses. In addition, the department is responsible for providing specialized economic development data, including demographics, property availability and development trends.

The Economic Sustainability Department also distributes informational material such as City maps, cultural information, visitor's guides, etc. upon request. Call (305) 460-5311, or write City of Coral Gables, Economic Sustainability Department, P.O. Box 141549, Coral Gables, FL 33114-1549. You can also visit our website at www.coralgables.com

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Sources: unless noted. Claritas, Inc. July 2009

* Bureau of Economic & Business Research, Univ. of FL, 2009 est.