

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: May 22, 2025

PREPARED BY: Vanessa Mager, Management Analyst

SUBJECT: RECEIVE AND FILE THE 2025 COMMERCIAL BROKER'S REPORT

RECOMMENDATION:

Receive and file the 2025 Commercial Broker's Report.

BACKGROUND/ANALYSIS:

Now in its third edition, the City of Palm Desert's Commercial Broker's Report continues to serve as an essential resource for engaging the commercial real estate community. Building on the success of previous editions, the City has committed to publishing this report on a bi-annual basis.

Feedback from past reports has directly shaped several important updates, including:

- A re-evaluation of the Downtown Edge Transition Overlay, enabling multi-use businesses in areas previously subject to more restrictive zoning.
- Updates to land use definitions, particularly to accommodate flexible auto retail and medical uses, addressing current market needs.
- The introduction of The Business Bulletin, a quarterly communication tool launched in 2024 to strengthen the City's dialogue with the business community.

Commercial brokers have responded positively to these changes. The expanded flexibility within the Downtown Edge Transition Overlay and updated land use definitions have been particularly well received, resulting in increased leasing activity across the city. Additionally, The Business Bulletin has enhanced communication and transparency, reinforcing the City's commitment to responsive economic development.

This latest report reflects what we've learned from our 2024 broker discussions and includes broader economic insights gathered from a range of sources.

Participating firms included Baxley Properties, Coldwell Banker, Progressive, Desert Pacific Properties, Johnson Commercial, Lee and Associates, Smoketree Investments, The Firm, Chartwell Properties, and Wilson and Meade.

Key takeaways:

- Severe Industrial inventory shortage
- Demand for smaller, flexible spaces
- Rising lease rates
- El Paseo and Hwy 111 occupancy remain strong

- City policy and initiative opportunities
- Broker engagement and communication are working

Legal Review:

This report has been reviewed by the City Attorney's Office.

FINANCIAL IMPACT:

There is no financial impact associated with this action.

ATTACHMENTS:

1. 2025 Brokers Report