

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: June 12, 2025

PREPARED BY: Vanessa Mager, Management Analyst

SUBJECT: Strategy Discussion - 2025 Commercial Brokers' Report

RECOMMENDATION:

Provide feedback on strategies in the 2025 Commercial Brokers' Report to guide further analysis and future implementation.

BACKGROUND/ANALYSIS:

At its May 22, 2025, meeting, the Palm Desert City Council received and filed the 2025 Commercial Brokers' Report and requested a Study Session to further discuss broker feedback and the strategies recommended by staff.

Key takeaways from the brokers include:

- Strategic Location Remains a Key Strength.
 - Palm Desert's central location continues to be a major draw for businesses; however, the limited availability of small commercial space presents an ongoing challenge.
- Addressing Rising Lease Rates and Limited Space.
 - Increasing lease rates, coupled with constrained inventory, may be an opportunity for the City to create additional programs to help support small businesses.
- Maintain Proactive Communication with Stakeholders.
 - Continued outreach to tenants and brokers is essential to keep them informed about City programs, zoning regulations, and available support resources.
- Streamline Façade Update Processes.
 - Positive feedback on improvements to discretionary processes for building façade updates suggests this effort is working well and should be expanded.
- Enhance the Approval Process.
 - A streamlined, transparent, and business-friendly approval process will remain critical in attracting and retaining businesses in Palm Desert.
- Support Development of Smaller-Scale Commercial Projects.
 - With increased demand for smaller commercial and retail spaces, the City should consider encouraging projects that align with market needs—such as mixed-use developments and flexible leasing formats that accommodate small businesses.
- Revitalize Underutilized Areas.
 - Encourage new retail development in underused areas and explore adaptive reuse strategies to repurpose vacant spaces, particularly for small square footage retail units in high-demand zones.

Based on discussions with the commercial brokers, staff identified the following strategies that may support both brokers and small businesses:

1. Support Small Business Access to Space.
 - a. Launch a Small Commercial Space Incentive Program.
 - i. Provide financial or permitting incentives to property owners who subdivide larger vacant spaces into smaller, leasable units suitable for small businesses.
 - b. Create a Small Business Rent Support Grant.
 - i. Help offset rising lease rates for qualifying small businesses, particularly in prime locations, to keep them competitive and prevent displacement.
2. Streamline and Promote Development Processes.
 - a. Expand Streamlined Façade Improvement Program.
 - i. Continue refining discretionary processes and provide clear, simplified guidelines for façade improvements, with focused outreach to increase participation.
 - b. Develop a Business-Friendly Development Toolkit.
 - i. Provide a centralized, easy-to-navigate online resource that outlines the entire approval process, available programs, and support services for prospective tenants and developers.
3. Revitalize and Repurpose Underutilized Areas.
 - a. Implement Adaptive Reuse Incentives.
 - i. Offer financial or zoning incentives for the conversion of vacant big-box or underutilized buildings into multi-tenant spaces or small business hubs.
 - b. Target Redevelopment Zones.
 - i. Identify key corridors or districts for revitalization efforts and partner with developers to create smaller-scale, flexible retail and office projects.
4. Strengthen Communication and Stakeholder Engagement
 - a. Enhance Broker and Tenant Outreach.
 - i. Continue regular outreach through The Business Bulletin, stakeholder roundtables, and targeted briefings to ensure businesses and brokers stay informed.
 - b. Establish a Commercial Real Estate Advisory Group.
 - i. Form a working group of local brokers, property owners, and business owners to provide real-time feedback and collaborate on solutions.

The strategies presented in the brokers' report were developed as an initial framework in response to broker feedback and identified market needs. These concepts have not been fully researched or vetted and may carry significant financial implications depending on the direction taken. Prior to any implementation, staff will need to conduct additional research and preliminary cost analysis to better understand feasibility and impact. At this time, staff is seeking the City Council's input and guidance on the proposed concepts to help shape a more detailed and actionable plan moving forward.

FINANCIAL IMPACT:

The financial impact will ultimately depend on the specific strategies selected by the City Council. Once direction is provided, additional research will be conducted, and staff will return with a full overview, including the anticipated costs and potential funding source, such as grant opportunities, budget reallocations, or a request for General Fund support.

ATTACHMENTS:

1. 2025 Brokers' Report
2. Presentation