MARKETBEAT

MIAMI-DADE

Office Q4 2019

	YoY Chg	12-Mo. Forecast
12.4% Vacancy Rate	▼	▲
-51K YTD Net Absorption, SF	▼	▲
$40.63 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
1.2M Miami-Dade Employment	▲	▲
2.7% Miami-Dade Unemployment Rate	▼	▬
3.6% U.S. Unemployment Rate	▲	▲

Source: BLS

**Numbers above are monthly figures, November 2019, FL Dept. Economic OPP.*

ECONOMY: Unemployment Rate Remains Low

Miami-Dade's economic fundamentals remained positive, with the unemployment rate falling below the national average for the third consecutive quarter in a row. A total of 24,700 new jobs were created, which caused the unemployment rate to decrease by 50 basis points (bps) to 2.7% year-over-year (YOY). The Professional & Business Services increased by 140 bps, or 2,600 jobs in the last 12 months. In addition, the Government added another 2,300 jobs.

SUPPLY: Vacancy Decreased Despite New Inventory

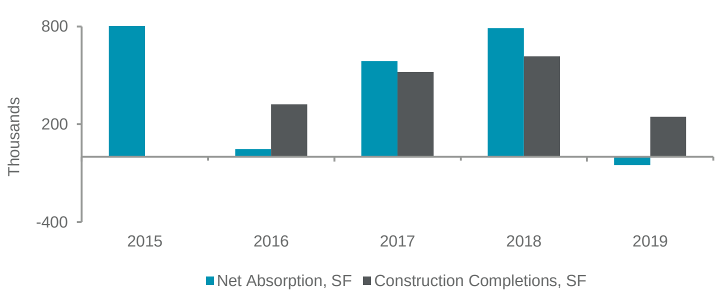
Overall vacancy decreased to 12.4%, down 140 bps YOY despite approximately 245,000 square feet (sf) being delivered in the past 12 months. Most buildings had pre-leasing, however there was 145,000 sf in new availabilities from construction completions. The overall CBD vacancy rate dropped by 80 bps YOY to 17.3%. Some notable move-ins occurred at 200 S Biscayne, where WeWork partially moved into 44,000 sf out of the 88,000 sf they signed for and Rialto Management absorbed 48,000 sf. The addition of tenants in the Downtown submarket helped to reverse the previous trend of lost occupancies over past quarters.

Speculative completions in 2019 totaled over 245,000 sf with approximately 40.0% preleased. The only building that delivered 100.0% occupied upon completion was 3310 Mary Street in the Coconut Grove submarket. Kaufman Rossin, one of the largest CPA & advisory firms leased 65,000 sf, while Terra Group Development leased 14,000 sf. There was an additional 2.6 msf (million square feet) under construction with many projects breaking ground in the last half of the year. Notable buildings included 830 Brickell at 650,000 sf, The Plaza in Coral Gables at 640,000 sf (including retail), and 545 Wynwood at 280,000 sf. The significant number of tenants touring several submarkets raised expectations that space will be taken closer to the anticipated completion dates. In the pipeline, an additional 5.3 msf was proposed to start construction in 2020.

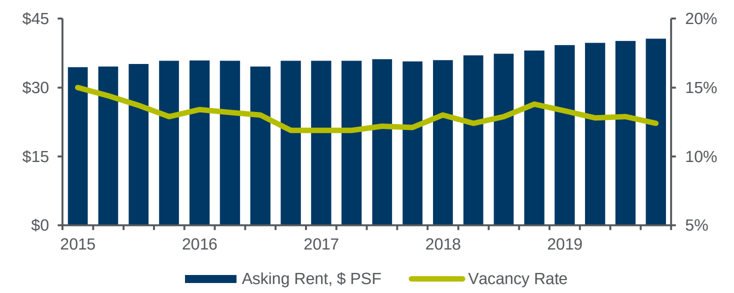
DEMAND: Leasing Activity surpassed 2018

Leasing activity for the overall market reached 2.6 msf year-to-date (YTD), outpacing 2018 figures. The suburbs accounted for 1.8 msf, which was closely in-line with last year's figures. In the CBD leasing activity was up YOY by almost 200,000 sf. A trend that bolstered numbers throughout 2019 were co-working deals signed, with a total of 530,000 sf or 20.0% of total leases. Submarkets that saw the lion's share of activity over the course of the year included Airport West (750,000 sf), Brickell Avenue (531,000 sf) and Downtown (345,000 sf).

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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While the fourth quarter 2019 recorded positive 175,000 sf of absorption for the total market, the YTD figure was -50,800 sf. The CBD ended the year with 37,300 sf of positive absorption, while the suburb's totaled negative -88,000 sf YTD. A major factor that contributed to the overall negative absorption was the loss of Terremark (-52,000 sf) who vacated 2 S Biscayne Boulevard and opted to move in-market to a company owned data center earlier in the year. In addition, there were multiple mid-sized tenant move-outs from the Airport West submarket. Some notable tenants such as Prestige Health Care (-43,934 sf), Biorasi (-19,085 sf), and Spectrum Brand Latin American Headquarters (-15,095 sf) have left their previous buildings and since moved into new locations within Airport West and Northeast Dade.

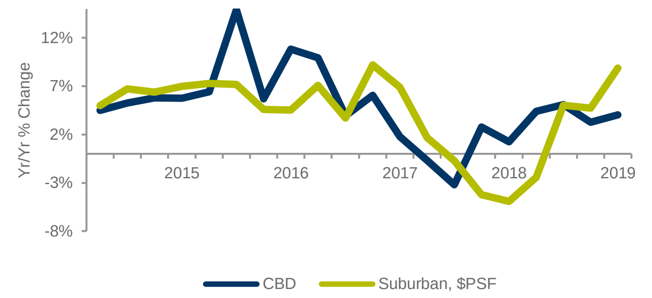
PRICING: Asking Rents on the Rise

Overall rental rates rose by 6.8%, or $2.60, to $40.63 per square foot (psf) full service. Class A asking rates increased by $1.75 psf, or 4.0% in 12 months. Steady tenant demand and new construction were the main drivers of growth over the year. The Northeast Dade submarket led the market in rent growth with a 13.0% increase YOY to $43.64 psf. Landlords capitalized on tenant demand that grew in correlation with the ongoing shopping and dining developments in the Aventura neighborhood. In the CBD, Class A rents continued to climb up by $1.36, or 4.0% YOY to $53.20 psf. A major impact came from 1450 Brickell, which had 12,000 sf available priced at $67.00 psf full service. In addition, 701 Brickell saw rents climb from the mid-$50.00 range up to the mid-$60.00 psf range over the past year.

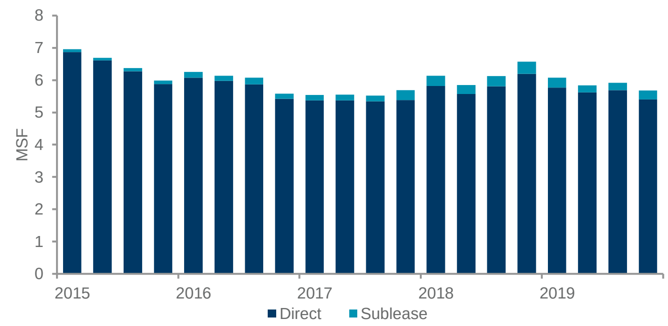
Outlook

- Cushman and Wakefield anticipate asking rents to rise in some CBD and suburban submarkets as new construction delivers over the next 18 months.
- New space options will provide more opportunities for new and expanding companies in the market and impact vacancy levels in the short term. In addition, the co-working sector is expected to grow, but not at the same pace as in 2019.
- Going into 2020 and baring any major macro economic or political incidents, the Miami-Dade office market will remain stable.

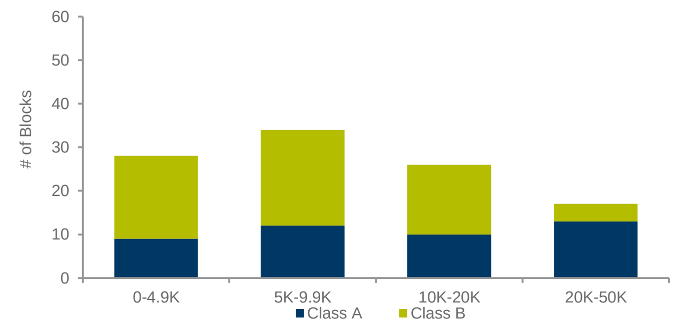
CLASS A ASKING RENT



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



BLOCKS OF CONTIGUOUS SPACE



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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Brickell Avenue	6,525,719	48,311	710,704	11.6%	-14,066	-54,171	531,442	650,000	$47.13	$56.79
Downtown	7,242,704	18,296	1,600,153	22.3%	128,563	91,490	345,044	0	$45.01	$52.25
CBD	**13,768,423**	**66,607**	**2,310,857**	**17.3%**	**114,497**	**37,319**	**876,486**	**650,000**	**$45.67**	**$53.20**
Coral Gables	6,047,592	76,891	457,804	8.8%	34,864	-44,900	340,174	536,567	$40.99	$43.26
Airport West	11,319,646	102,760	1,223,240	11.7%	-12,091	-123,160	749,620	0	$33.52	$36.03
Coral Way	626,935	0	27,261	4.3%	-1,624	-5,856	29,175	0	$36.72	N/A
South Dade	3,309,014	2,000	261,278	8.0%	-22,783	29,660	140,493	0	$34.38	$49.19
Northeast Dade	2,453,613	5,919	175,928	7.4%	-22,402	-11,658	115,838	139,222	$43.64	$51.01
Biscayne	2,067,256	0	411,828	19.9%	57,685	33,541	127,173	642,311	$41.46	$45.45
Miami Lakes	1,774,015	7,222	255,130	14.8%	-14,419	-79,346	49,283	0	$29.03	$31.35
Coconut Grove	951,211	3,312	113,488	12.3%	-907	91,679	100,776	196,762	$41.47	$43.45
S. Gables/ S. Miami	1,003,309	1,000	33,164	3.4%	-984	7,046	25,363	0	$39.10	N/A
East Airport/Central Dade	575,205	0	32,289	5.6%	0	1,687	0	313,081	$29.09	N/A
Miami Beach	1,910,316	7,285	100,038	5.6%	42,979	13,194	78,082	144,430	$46.81	$55.54
Suburban	**32,038,112**	**206,389**	**3,091,448**	**10.3%**	**60,318**	**-88,113**	**1,755,977**	**1,972,373**	**$36.79**	**$40.88**
MIAMI TOTALS	**45,806,535**	**272,996**	**5,402,305**	**12.4%**	**174,815**	**-50,794**	**2,632,463**	**2,622,373**	**$40.63**	**$46.45**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5505 Blue Lagoon	Airport West	Lennar Corp	156,000	New Lease
830 Brickell Plaza	Brickell Avenue	WeWork	146,000	New Lease
200 S Biscayne	Downtown	WeWork	88,880	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/$ PSF
1001 Brickell Bay Drive	Brickell Avenue	AFA Asset Services / Aimco	280,500	$149.2M/$532
800 Brickell Avenue	Brickell Avenue	RAR2 800 Brickell, LLC / NABA Realty, LLC	209,122	$125.5M/$600
550 Biltmore Way	Coral Gables	Prudential Real Estate / CGI Merchant Group	162,293	$60.0M/$429

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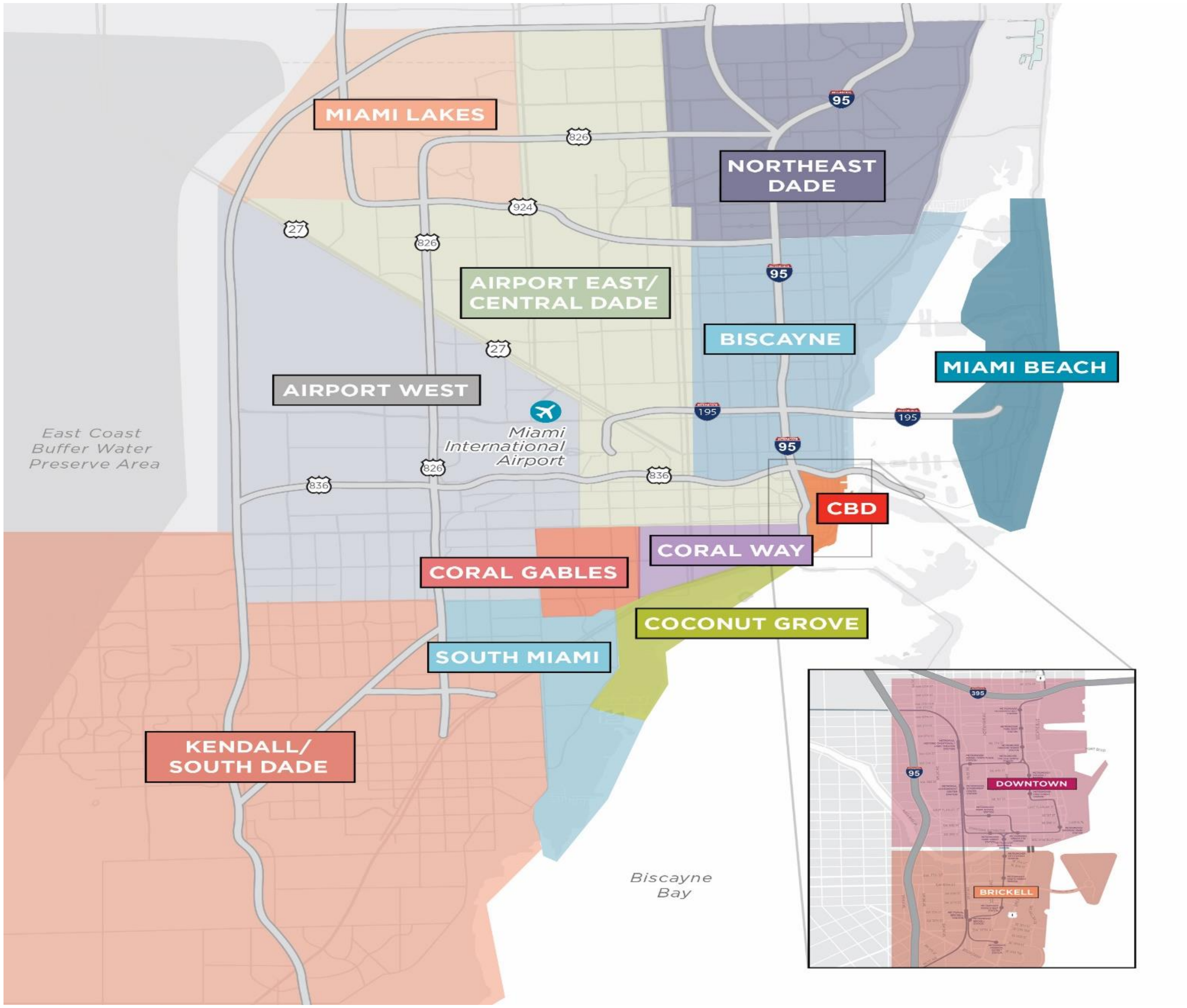
OFFICE SUBMARKETS



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