

YoY Chg

14.8%

Vacancy Rate



-447,759

YTD Net Absorption, SF



\$41.08

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

YoY Chg

1.1M

Miami Employment



8.0%

Miami Unemployment Rate



8.8%

U.S. Unemployment Rate



Numbers above are monthly figures, FL Dept. Economic OPP

ECONOMY

Miami-Dade, part of the South Florida region, had an unemployment rate of 8.0% in August 2020, down 630 basis points (bps) from the previous month but 540 bps higher than one year ago. The month over month improvement was due to Phase 2 reopening which allowed some service-oriented businesses to increase capacity. Nonagricultural employment was down 75,800 jobs, or 6.2%, over the year to 1.14 million. Besides Government, the only two major employment sectors to gain jobs year-over-year (YOY) were in Construction, adding 800 new positions and in Financial Activities with 100 new jobs. The Leisure & Hospitality sector accounted for almost half of all job losses, with 35,300 gone, followed by Trade, Transportation & Utilities with 15,400 positions cut. Professional & Business Services had payroll declines of 8,700 positions, almost half the previous month's losses.

SUPPLY

Overall vacancy ended the third quarter at 14.8%, an increase of 190 bps over last year and up 240 bps when compared to the end of 2019. Class A vacancy rose by 210 bps YOY to 17.0% with available space in Class B climbing by 380 bps to 15.3%. New construction deliveries were the main factor for the increase in vacancy. Two projects, 545 Wyn and The River Landing, delivered nearly 400,000 square feet (sf) of vacant space combined to the Biscayne submarket. An increase in sublease space also caused vacancy to increase as it rose by 64,000 sf, or 27%, from the second quarter.

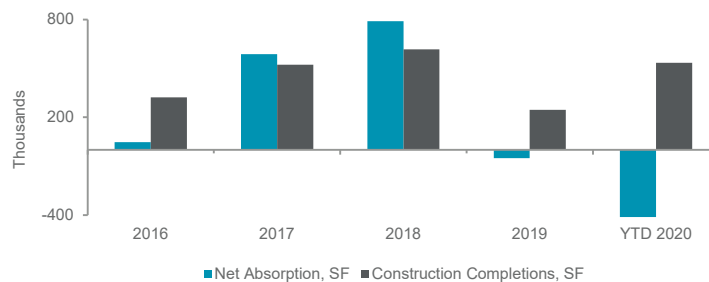
DEMAND

New lease deals totaled approximately 1.0 million square feet (msf) year-to-date (YTD). Approximately half of the total leasing volume YTD occurred in the first quarter of 2020. New leasing demand slightly increased in the third quarter by 18% to 296,000 sf compared to 250,000 sf of new deals signed in the second quarter. Second quarter activity was the lowest amount in a quarter since 2003. The largest leases signed in the current quarter were all renewals with the biggest one being the 26,000-sf signed by Lydecker Diaz in the Brickell Avenue submarket. Leasing activity in Class A assets accounted for nearly 500,000 sf or nearly 50% of the volume YTD. Muted leasing activity in 2020 explained absorption downward trend through the third quarter, recording approximately -448,000 sf YTD

MARKET PRICING

Overall asking rents increased 2.3% year-over-year (YOY) to \$41.08 per square foot (psf) full service, a cycle high. For Class A assets, rental rates rose to \$46.86 psf YOY or a 2.0% increase. In the last 12-months, the CBD experienced a drop in rates, falling to \$44.36 psf or a 2.2% decrease. Meanwhile, rates in the suburban submarkets rose by 8.6% to \$39.25 psf. The Biscayne submarket experienced the largest YOY gain, up 22.2% to \$50.74 psf due to the delivery of two new class A projects in the third quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	32,691	734,860	11.8%	-50,154	2,107	155,164	650,000	\$48.23	\$56.05
Downtown	7,277,445	32,105	1,550,330	21.7%	-16,188	23,359	165,309	0	\$42.53	\$50.55
CBD	13,803,164	64,796	2,285,190	17.0%	-66,342	25,466	320,473	650,000	\$44.36	\$52.24
Suburban	31,401,130	233,080	4,103,347	13.8%	-218,986	-473,225	687,813	1,149,420	\$39.25	\$43.96
Coral Gables	5,988,733	40,519	617,081	11.0%	-84,003	-173,149	119,370	455,008	\$40.35	\$43.09
Airport West	11,058,744	153,308	1,555,332	15.5%	-103,545	-338,442	188,941	167,182	\$34.53	\$36.61
Coral Way	626,935	0	46,407	7.4%	-7,225	-16,608	22,263	0	\$32.40	N/A
South Dade	3,086,774	4,882	296,649	9.8%	-16	-17,816	48,298	0	\$34.24	\$43.81
Northeast Dade	2,522,968	18,392	256,028	10.9%	-22,897	-6,216	85,112	0	\$47.37	\$54.35
Biscayne	2,420,356	6,919	697,958	29.1%	33,534	96,533	78,901	330,468	\$50.74	\$53.11
Miami Lakes	1,698,987	2,781	322,916	19.2%	1,201	-4,393	58,044	0	\$29.27	\$32.48
Coconut Grove	1,017,401	3,263	83,429	8.5%	-5,799	69,514	37,332	196,762	\$44.29	\$45.55
S. Gables/ S. Miami	562,504	1,000	15,326	2.9%	-695	-2,943	10,234	0	\$34.64	N/A
East Airport/Central Dade	575,205	0	41,167	7.2%	0	-5,572	3,306	0	\$29.04	N/A
Miami Beach	1,842,523	2,016	171,054	9.4%	-29,541	-74,133	36,012	0	\$48.05	\$54.16
MIAMI TOTALS	45,204,294	297,876	6,388,537	14.8%	-285,328	-447,759	1,008,286	1,799,420	\$41.08	\$46.86

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2020

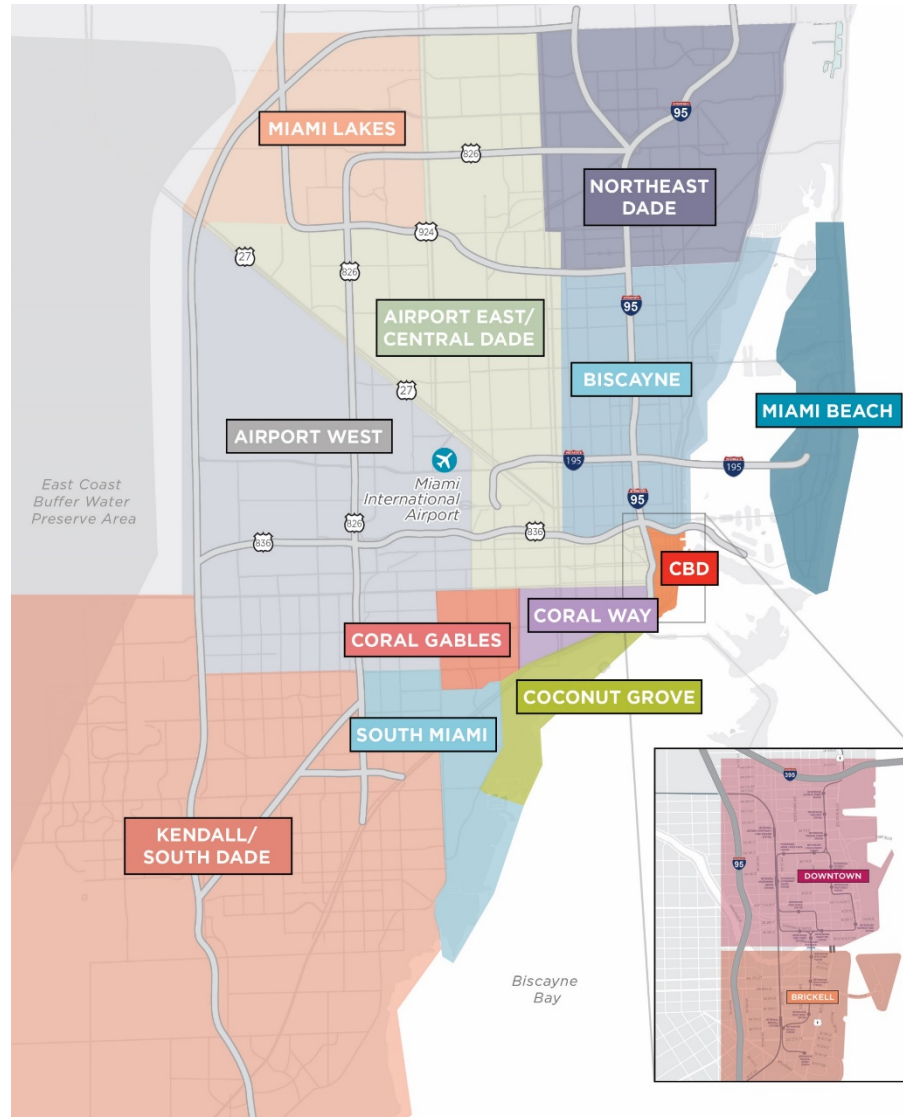
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1221 Brickell Ave	Brickell Avenue	Lydecker Diaz	26,000	Renewal*
2525 Ponce de Leon Blvd	Coral Gables	Kozyak, Tropin, & Throckmorton LLP	22,656	Renewal*
6303 Blue Lagoon Dr	Airport West	Regus	20,700	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Centrum Doral- One and Two	Airport West	Rialto Holdings/Banyan Street Capital	279,151	Portfolio Sale
Brickell City Centre- Two and Three	Brickell Avenue	Swire Properties/Northwood Investors	266,832	Portfolio Sale

OFFICE SUBMARKETS



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