

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2024



Source: BLS

ECONOMY

Miami-Dade County's unemployment rate increased only 10 basis points (bps) year-over-year (YOY) to 1.9%, holding below the 2.0% mark for the third consecutive quarter. Nonfarm employment increased nearly 3.2% over the same period with the Professional and Business Services adding 3,700 new jobs, while the Financial Services sector reported a loss of 100 positions YOY.

SUPPLY

The overall vacancy rate continued to hold level, increasing 10 bps from the previous quarter while remaining unchanged from one year ago. The market has experienced 15 consecutive quarters of stable overall vacancy. The completion of Eighteen Sunset, the 40,000-square-foot (sf) office building in Miami Beach, was the contributing factor in the slight uptick in quarterly supply. While the building was 76.4% preleased, tenant buildout remained underway and occupancy did not occur upon building delivery. Eight projects totaling nearly 1.5 million square feet (msf) were under construction with over 45.0% preleased at the close of Q2. Over 75.0% of new office product underway is slated for completion during the second half of 2024. Vacancy will likely see noticeable increases throughout the remainder of 2024 upon delivery of these projects as space buildouts have been taking longer than expected, followed by a steady decline once companies move into their new offices.

DEMAND

Miami's office market continued to experience a balance between demand and supply with a modest quarterly performance, combining for nearly 56,000 sf of year-to-date (YTD) positive net absorption. This is a slight improvement from the same time last year as the suburban submarkets continued to record moderate growth. Miami's downtown sector recorded another quarter of supply barely outpacing demand which can be attributed to slight downsizes and relocations from smaller and midsize tenants from the Brickell Avenue Submarket. Class A space continued to dominate with 172,000 sf of net occupancy gains, while the Class B market recorded more than 116,000 sf of negative net absorption. New leasing activity rose 13.1% from the previous quarter with nearly 539,000 sf of deals signed. This combined for just over 1.0 msf of new lease deals YTD, lagging behind leasing volume from one year ago by 17.5% despite the quarterly increase. Class A office grew with over 61.0% of new lease transactions while the Class B segment lost momentum.

MARKET PRICING

The overall average asking rate increased by 9.5% YOY. The Class A overall average rose 13.9% YOY and yet this was a noticeable slowdown from the recent rent growth in upper tier space. Class B space recorded a 7.5% YOY increase, pushing over the \$45.00 per square foot mark for the first time. Higher rents in new deliveries could continue to push asking rates upward.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Brickell Avenue	6,351,603	543,402	17,904	8.8%	-46,667	-66,581	98,182	638,355	\$83.65	\$105.14
Downtown	6,259,252	1,198,348	46,213	19.9%	64,410	60,935	84,608	0	\$67.17	\$72.50
CBD	12,610,855	1,741,750	64,117	14.3%	17,743	-5,646	182,790	638,355	\$72.19	\$79.30
Airport West	9,660,892	2,150,526	2,314	22.3%	12,113	12,269	386,207	0	\$39.87	\$43.10
Biscayne/Wynwood/Design	2,221,174	416,514	26,121	19.9%	-1,287	6,702	121,464	489,000	\$71.70	\$80.65
Coconut Grove	1,153,766	57,897	0	5.0%	-1,145	-8,914	7,175	0	\$63.04	\$74.00
Coral Gables	5,861,934	901,929	18,279	15.7%	47,279	37,347	175,008	85,000	\$52.85	\$55.31
Coral Way	397,940	1,917	0	0.5%	1,400	-517	1,400	0	\$30.00	N/A
Miami Beach	1,434,115	222,820	0	15.5%	-6,784	-8,105	43,319	149,819	\$89.05	\$101.86
Miami Lakes	1,415,144	185,389	2,848	13.3%	-2,692	12,800	29,107	0	\$34.83	\$36.61
Northeast Dade	1,703,950	71,068	4,500	4.4%	-477	3,217	42,276	113,650	\$54.17	\$57.90
S. Gables/S.Miami	326,238	14,788	0	4.5%	0	7,248	0	0	\$53.87	N/A
South Dade	2,734,008	264,173	3,453	9.8%	-41,250	-642	26,575	0	\$41.32	\$47.35
Non-CBD/Suburban	26,909,161	4,287,021	57,515	16.2%	7,157	61,405	832,531	837,469	\$46.64	\$52.21
MIAMI TOTALS	39,520,016	6,028,771	121,632	15.6%	24,900	55,759	1,015,321	1,475,824	\$54.85	\$62.43

Rental rates reflect full service asking.

Statistics for Miami-Dade do not include Class C assets.

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
701 Waterford Way	Airport West	Assurant	78,315	New
The Village of Merrick Park-4425 Ponce De Leon Blvd	Coral Gables	Bayview Asset Management	55,071	Renewal
Former Bacardi Headquarters-2701 S Le Jeune Rd	Coral Gables	Quirch Foods	29,988	New

Renewals not included in leasing statistics

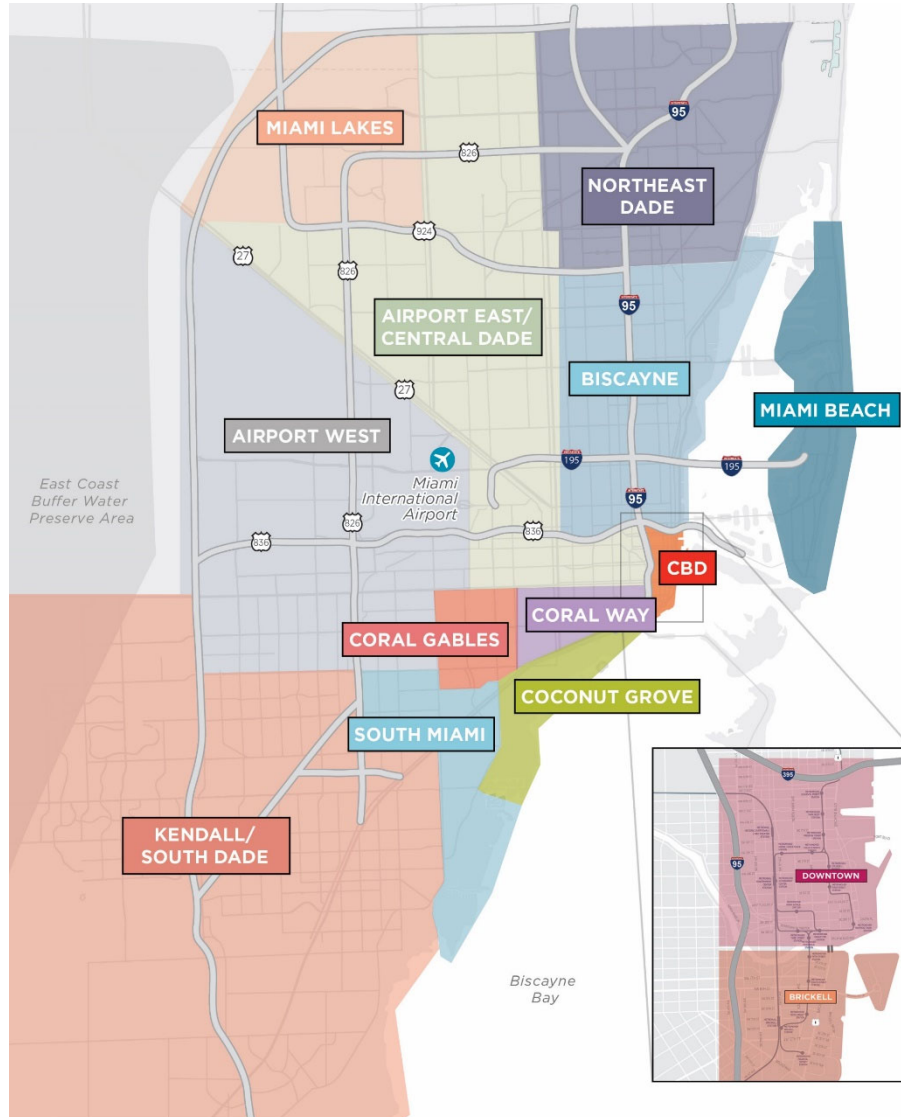
KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	RSF	PRICE / \$ PSF
1691 Michigan Ave	Miami Beach	Clarion Partners Back Lion	161,824	\$62.5 M \$386
Miami Lakes Office Park Building 1-14400 NW 77 th Ct	Miami Lakes	SFL Communities LLC Design Neuroscience	50,000	\$15 M \$300
2850 Douglas Rd	Coral Gables	Professional Translating Corporation Redbridge Properties LLC	23,210	\$9.5 M \$430

MIAMI-DADE

Office Q2 2024

OFFICE SUBMARKETS



Eric Messer

Senior Research Manager

Florida

Eric.Messer@cushwake.com

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