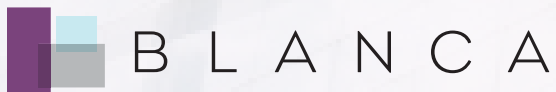


3Q 2020

MIAMI OFFICE MARKET SNAPSHOT & OUTLOOK



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EXECUTIVE SUMMARY

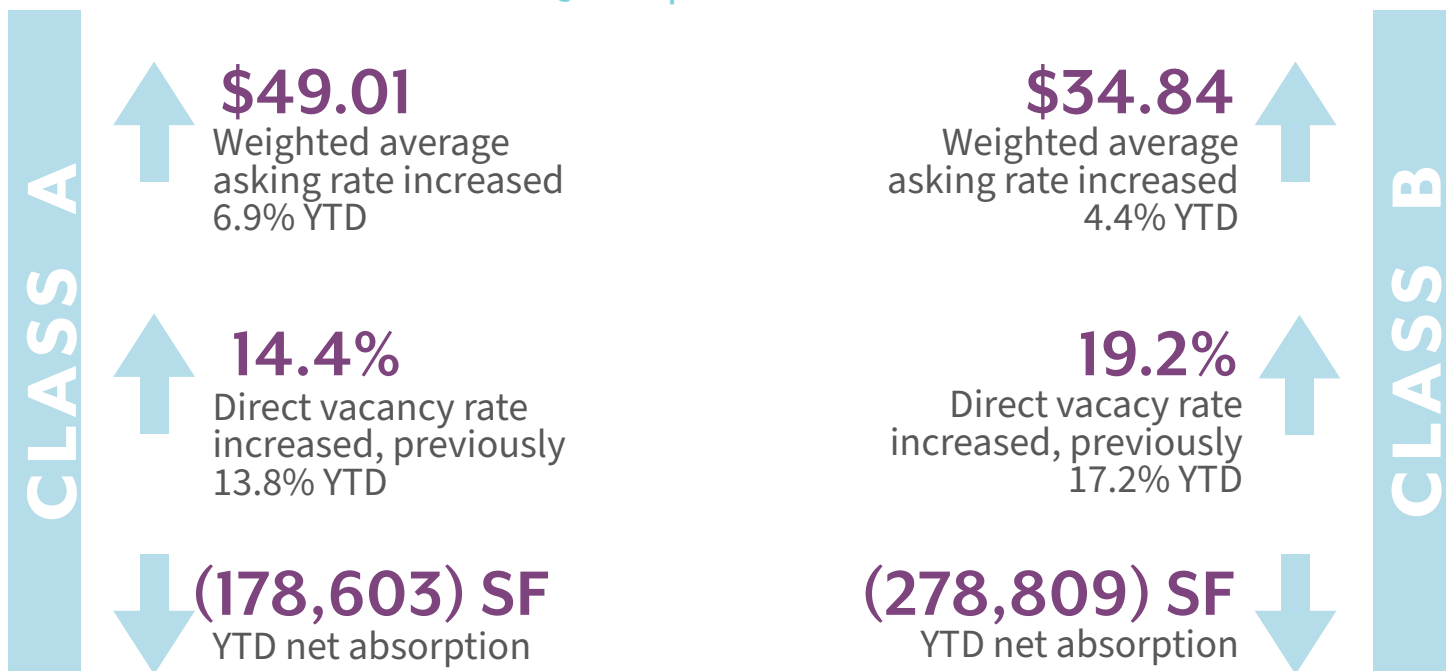
At the close of the 3rd quarter of 2020, office markets across all major U.S. cities began to experience the impact of the COVID-19 pandemic. While Miami-Dade's Class A and B office market experienced a minor increase in rents from new supply being delivered, total completed transactions declined 40% year-to-date. Corporate consolidations resulting from robust M&A activity and the ongoing trend to right-size office footprints, well underway in previous recent years and compounded by the impact of COVID-19, contributed to the significant increase in negative net absorption across the market (457K SF in Class A and B buildings YTD).

Moreover, sublease vacancy increased to 2.3% of total office inventory, previously 2.0% at the close of 2019, due predominately to the underutilization of space resulting from extended stay-at-home orders across the U.S. While there was a slight increase in direct and sublease vacancy, Miami-Dade demonstrated resilience when compared to other major office markets including San Francisco, Los Angeles, New York and Boston where rents declined,

subleases represented more than 7% of total office inventory and vacancy approached historic highs. Further evidencing its strong position, the pipeline of corporate relocations to Miami-Dade by companies currently headquartered in these cities has grown at a rapid pace. As a result, robust leasing activity is expected through 2021 which should reduce the overall vacancy rate across the market. New-to-market completed transactions increased by 30% year-to-date (106K SF closed through 3Q 2020) and 750K SF of new-to-market firms including Blackstone Group are actively seeking to acquire space in Miami.

Even though the presidential election and ongoing battle with COVID-19 has slowed deal flow year-to-date, recent corporate relocation announcements, Florida's business friendly environment (no personal state income tax and low corporate tax rate), and new supply of top quality product will continue to attract corporate relocations and satellite offices from quality companies.

MIAMI-DADE BY THE NUMBERS 3Q 2020 | CLASS A & B MULTI-TENANT OFFICE BUILDINGS > 50,000 SF

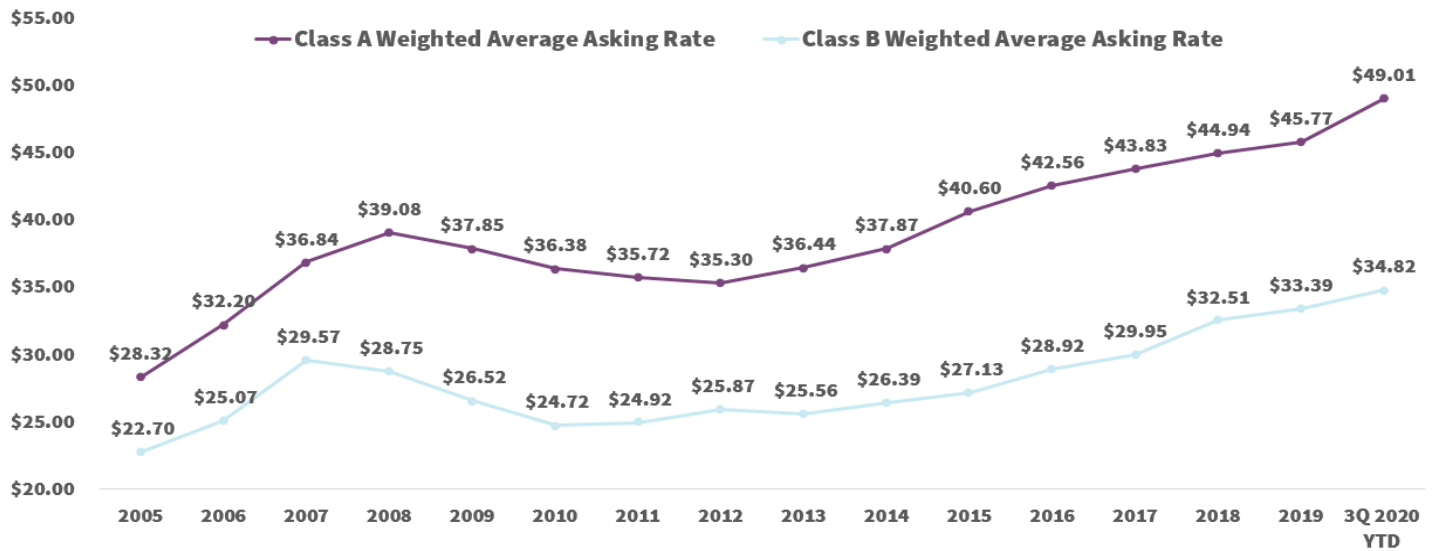




RENTS MAINTAIN UPWARD TREND

HISTORICAL GROWTH - WEIGHTED AVERAGE ASKING RATE

MIAMI-DADE CLASS A VS. CLASS B OFFICE BUILDINGS



Year-to-date, Miami Dade’s Class A & B weighted average asking rate increased by 6.2% (\$42.22 PSF) driven by the leading asking rents in newly delivered buildings and recently traded assets.

545Wyn’s delivery pushed the Wynwood-Design District’s Class A & B weighted average rate to \$61.13 PSF, a significant milestone in asking rent for this submarket, placing it on par with top tier product in Brickell, Miami Beach, and Coconut Grove.

Although rents have slightly increased year-to-date, they are expected to hold steady over the next two quarters given current vacancy levels and the new Class A inventory deliveries through 4Q 2021 across various submarkets (1.6M SF).

NEW DEVELOPMENTS DRIVING INCREASED ASKING RATE

545WYN

5% Leased | \$63.50 PSF



THE OPTIMUM

66% Leased | \$66.00 PSF



MILTON TOWER

44% Leased | \$57.00 PSF



SPIKE IN VACANCY AS COMPANIES EVALUATE SPACE NEEDS

Miami's office market experienced 457K SF of negative net absorption year-to-date in Class A & B buildings and direct vacancy increased to 16.3%, previously 15.2%. Companies including SkyScanner, Vivi Holdings, Regus, and WeWork closed offices or downsized in response to the pandemic; however, most the the negative absorption and up-tick in vacancy was due to transactions that were well underway before the pandemic and stay-at-home orders went into effect. Office demand is expected to increase from the migration of companies to Miami-Dade which is expected to moderately offset further downsizing by existing office users.

Flight to quality has been a consistent driver for Class A leasing activity over the last several quarters. Year-to-date, Class A continues to outperform Class B having posted -179K SF of net absorption compared to -278K SF, respectively.

Moving forward, a heavy emphasis on wellness and flexible space design from tenants may cause owners to accelerate renovations of Class B office buildings to ensure their assets remain competitive.

The full impact of COVID-19 to the overall office market will be best quantified into 2021 and 2022 as companies' space programmatic needs evolve in tandem with new design standards and adapt to more flexible, remote work policies. Gensler's U.S. Work From Home Survey 2020 indicated that 78% of U.S. workers want to work in the office the majority of the work week. The vast majority (74%) cite interaction with colleagues and peers as the top reason followed by collaboration and staying up-to-date ranking second and third, respectively.

GENSLER'S WORK FROM HOME SURVEY 2020 REASONS EMPLOYEES WANT TO RETURN TO THE OFFICE

#1
MISSED PEOPLE
AND INTERACTION
THE MOST

#2
COLLABORATION

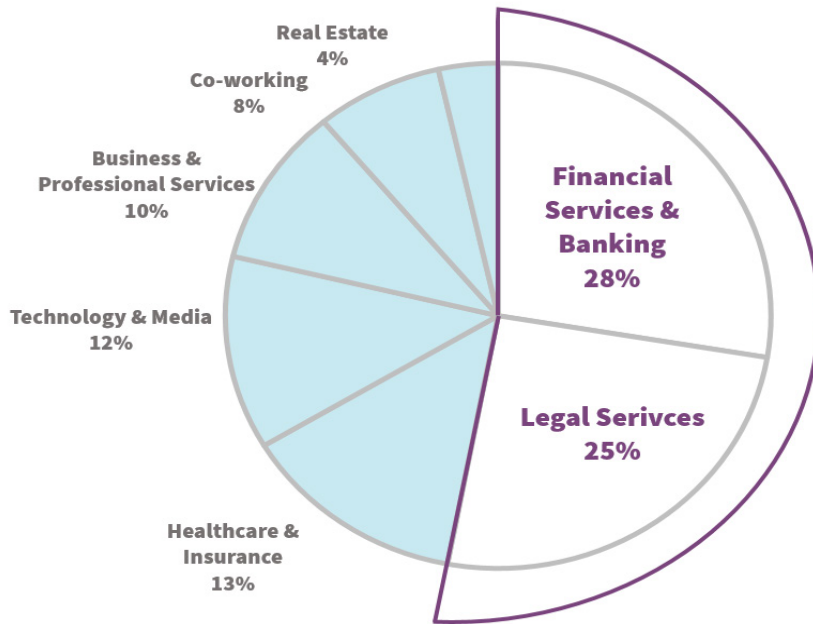
#3
STAYING UP-TO-DATE
WITH PROJECTS



Gensler | Zimmerman | Ft. Lauderdale

LEASING ACTIVITY DYNAMICS STEADY

LEASING ACTIVITY BY INDUSTRY YEAR-TO-DATE 2020 COMPLETED LEASE TRANSACTIONS



Year-to-date, there were 1.5M SF of office lease transactions finalized across Miami-Dade's office submarkets representing 40% less activity than the same time period last year (2.5M SF), but 50% more leasing activity than was realized during the same time periods between 2007 - 2009.

Financial services, legal services, and business and professional services comprises 44% (16.4M SF) of Miami-Dade's current office-space. Tenants across these industries have demonstrated resilience capturing 63% of total leasing activity to-date (939K SF).

According to the U.S. Bureau of Labor Statistics, Miami-Dade's financial services industry sector has continued to grow nearly 1% year-to-date despite the pandemic; comparatively, the national average declined 2%. Growth of financial services in Miami-Dade is expected to continue expanding, given 75% of new-to-market activity has been from financial services firms.

Major leases signed during the 3rd quarter include Spring Place, a new co-working concept from

Beverly Hills that leased 34K SF at 2143 NW 1st Ave, an industrial warehouse that will be repurposed in Wynwood, Vector Global's 11K SF renewal at 1001 Brickell Bay, and ShiftPixy, a new-to-market gig engagement platform provider, which will be relocating its California headquarters to Miami in 13K SF at Courvoisier Centre in Brickell.

In regards to deal terms, companies are still looking to make long-term business decisions in a post COVID-19 environment as it relates to their office space. Year-to-date average deal term continued to exceed five years, on par with the historical average. Concessions also continued to align with previous years, however, in some cases landlords provided additional abatement and favorable improvement allowances to meet the needs of future workplace standards; a trend we expect will continue as companies approach lease renewals.

HEIGHTENED OUT-OF-MARKET DEMAND



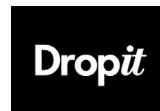
In Miami-Dade, new-to-market demand has been on the rise since 2017 due to significant tax savings, favorable weather and its diverse economy; however, in recent months out-of-market firms are relocating their offices to Miami for its access to top talent (one-quarter of Florida’s university students are located in the Miami metro area) and growing tech community fueled by coding bootcamps such as Wyncode. Evidencing the trend, recent new-to-market firms include ShiftPixy from CA, Witkoff from NYC, Boston Private from West Palm Beach, and Hodges Ward Elliot from NYC/DC.

Further solidifying out-of-market demand, Blackstone Group announced that the private equity giant will open a technology focused, regional headquarters creating over 200 jobs in Downtown Miami referencing talent and access as major contributors to the decision. Additionally, 18 other new-to-market companies are actively looking for office space throughout Miami-Dade representing 24% of active deals (210K SF).

As of the 3rd quarter, an additional 420K SF of companies were planning corporate relocations and including Miami-Dade as one of their top options among other metro cities. The majority (est. 40%) of these firms are currently based in New York, Connecticut, California, and Illinois (Chicago mostly). Most are within the financial services and technology sectors including hedge funds, venture capital, wealth management groups and tech and software platforms.

The strong pipeline of new-to-market entrants is anticipated to drive demand in Miami-Dade into 2021 further benefitting the overall health of the office market.

NEW-TO-MARKET ENTRANTS



SUBLEASE SPOTLIGHT

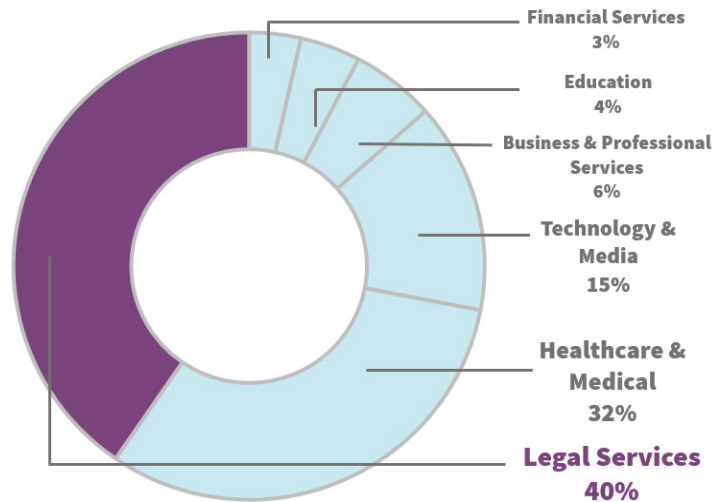
Historically, space available for sublease in Miami-Dade has remained relatively low and stable at an average of 1.6% (since 2005).

At the close of the 3rd quarter, approximately 237K SF of additional sublease space hit the market, totaling 872K SF of sublease space available, 2.3% of the total market. This marks Miami-Dade's highest historical sublease vacancy rate; however, it remains one of the lowest among other major national metro areas. San Francisco (8.3%), New York City (3.7%), and Boston (3.7%) posted the highest sublease vacancy rates across the U.S. Notably, all three markets are in areas that were hit hardest by the pandemic and with the longest lockdowns and restrictions prohibiting the return to the workplace.

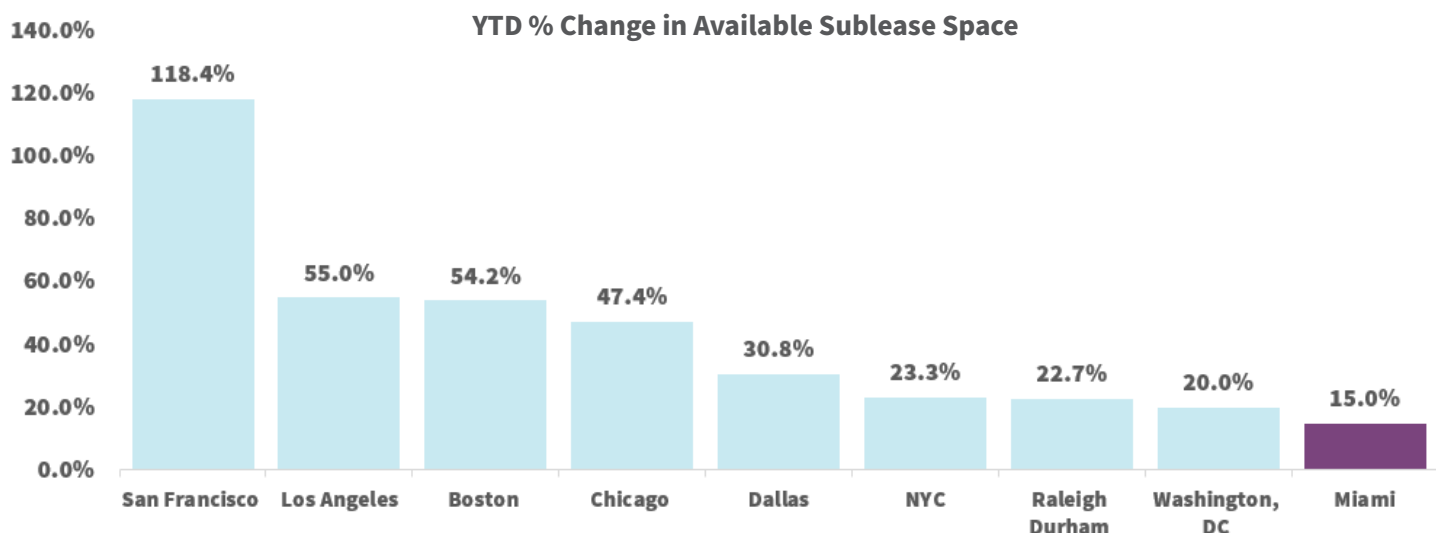
In Miami, available subleases are concentrated (77%) in Miami-Dade's four major office submarkets (Brickell, Downtown, Coral Gables, and Miami Airport); of which approximately 75% of spaces are in Class A buildings. The Class A & B weighted average asking rate for sublease space is at a 19% discount to direct space (\$34.62 PSF). The average size of sublease space is 11,800 SF and the largest available sublease spaces include 25K SF by Banco Sabadell at Sabadell Financial Center and Carecloud at 5200 Waterford, both due to underutilization of space, and 22K SF by Knight Foundation at Southeast Financial Center driven by its planned relocation to Coconut Grove in 2021.

Given the demand for move-in ready spaces from new entrants looking for immediate occupancy, Miami's sublease vacancy rate should trend downward over the next 12 months.

MIAMI-DADE CLASS A & B BUILDINGS AVAILABLE SUBLEASE ANALYSIS BY INDUSTRY



U.S. MAJOR METRO MARKETS YTD % CHANGE IN AVAILABLE SUBLEASE SPACE (ADDED TO MARKET IN 2020)



OFFICE OUTLOOK

While cities move towards final phases of reopening plans in response to the COVID-19 pandemic, many companies will continue work-from-home policies through mid-year 2021 and in some cases permanently allocate a portion of their workforce to work remotely. However, the future of the office and its utilization remains bright as companies crave in-person collaboration, workplace culture, and innovation; new physical distancing guidelines and workplace standards adopted over the next 24 months will mitigate the contraction of space that may result from work-from-home policies.

The near future of Miami's office market is expected to perform well with the expansions of local companies and substantial new-to-market activity in key industry sectors including tech and financial services driven by a diverse economy and talent pool, supply of top-quality office space and favorable tax climate.



TRENDS TO WATCH:



Rents will remain steady, but concessions will be more aggressive



Health focused and progressive buildings will capture premium rents and credit tenants



Established office capacity based on social distancing and flexible in-person schedule options for employees



Continued influx of firms relocating to Miami from out-of-market

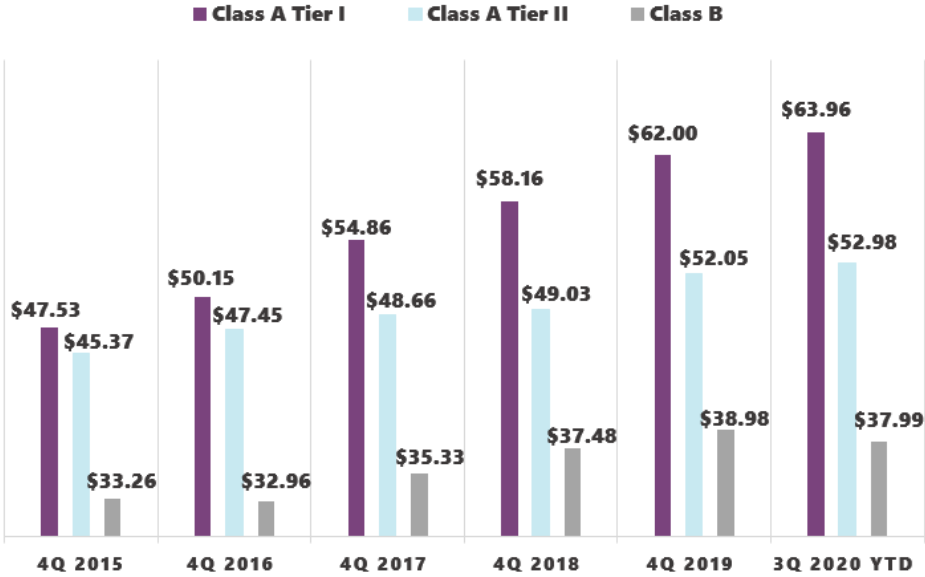


The reimagined workplace will focus on smart building applications, touchless experiences, and health and wellness protocols

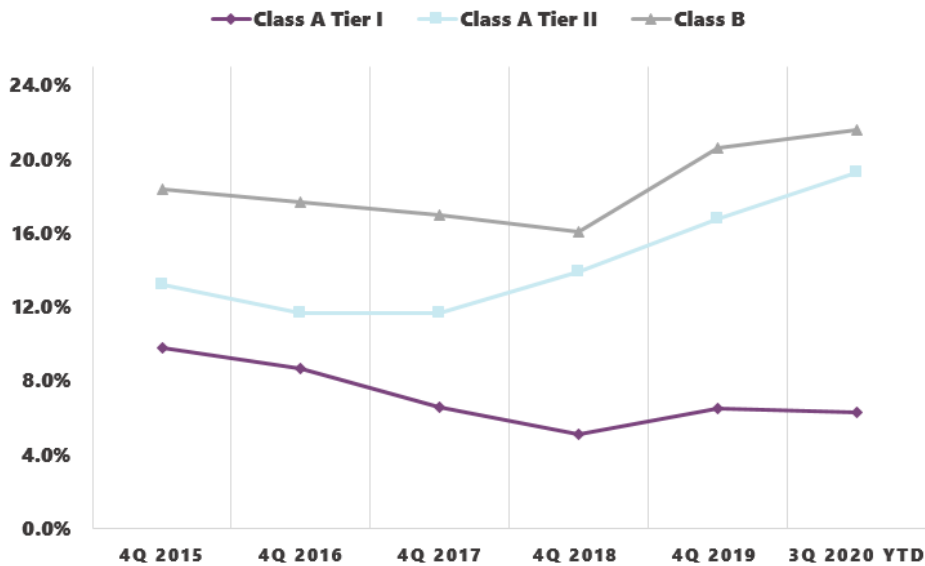
BRICKELL

3Q 2020 YTD | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE (FS PSF)



DIRECT VACANCY RATE



NOTABLE RECENT LEASE TRANSACTIONS



51,500 SF
SABADELL FINANCIAL CENTER
 Renewal



31,600
1221 BRICKELL
 Renewal



13,100 SF
COURVOISIER CENTRE
 New-to-Market

3Q 2020 CLASS A & B HIGHLIGHTS

\$48.79

Weighted average asking rate increased 0.3% YTD

13.7%

Direct vacancy increased, previously 12.9% YTD

(60,889) SF

YTD net absorption

650,000 SF

Under construction at 830 Brickell

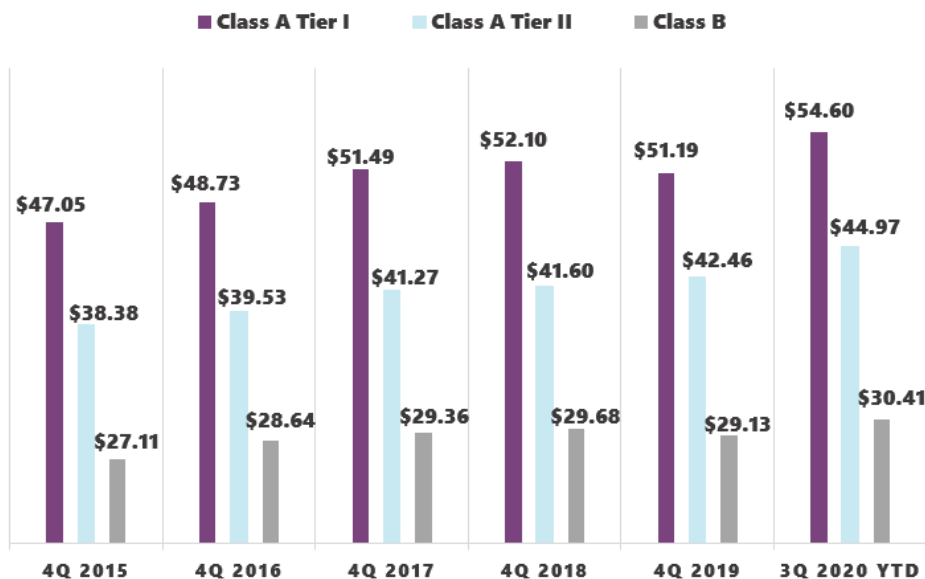
251,323 SF

YTD direct leasing activity

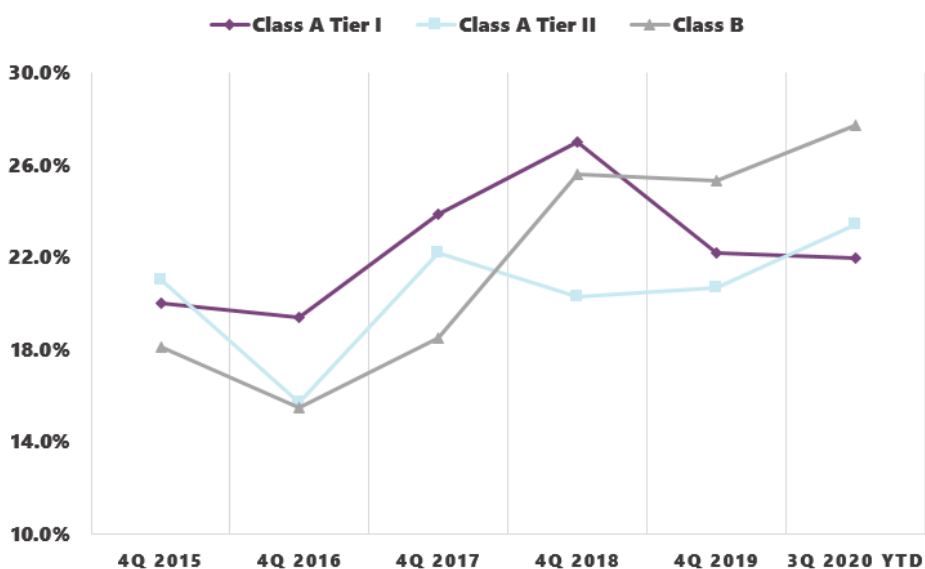
DOWNTOWN

3Q 2020 YTD | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE (FS PSF)



DIRECT VACANCY RATE



NOTABLE RECENT LEASE TRANSACTIONS



111,000 SF
SOUTHEAST FINANCIAL CENTER
 Relocation & Expansion



24,500 SF
WELLS FARGO CENTER
 Downsize & New to Submarket
 Relocation



10,700 SF
CITIGROUP CENTER
 Renewal

3Q 2020 CLASS A & B HIGHLIGHTS

\$43.41

Weighted average asking rate increased 5.1% YTD

24.2%

Direct vacancy decreased, previously 22.8% YTD

(116,260) SF

YTD net absorption

0 SF

Under construction

313,865 SF

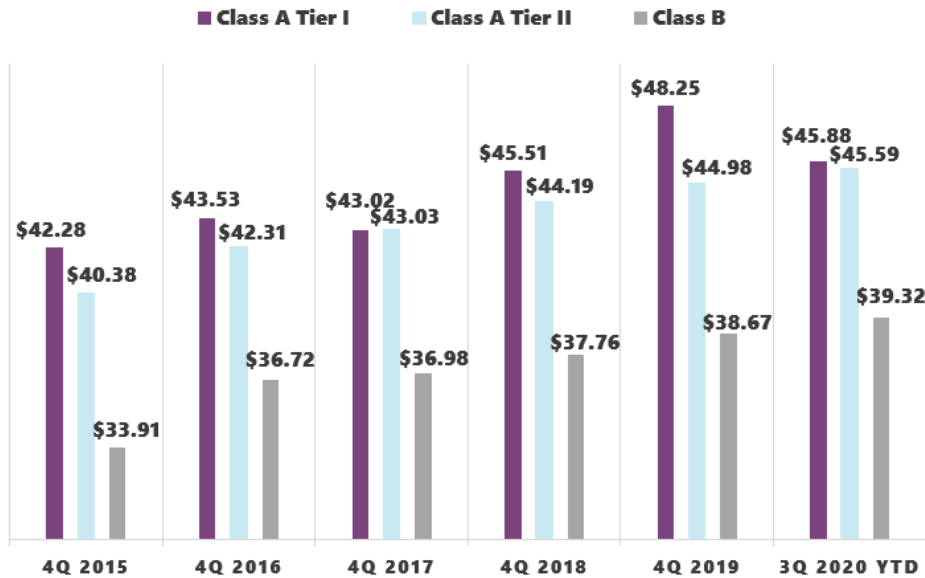
YTD direct leasing activity

CORAL GABLES

3Q 2020 YTD | CLASS A & B > 50,000 SF

3Q 2020 CLASS A & B HIGHLIGHTS

WEIGHTED AVERAGE ASKING RATE (FS PSF)



\$41.38

Weighted average asking rate increased 1.4% YTD

14.6%

Direct vacancy increased, previously 11.1% YTD

(184,658) SF

YTD net absorption

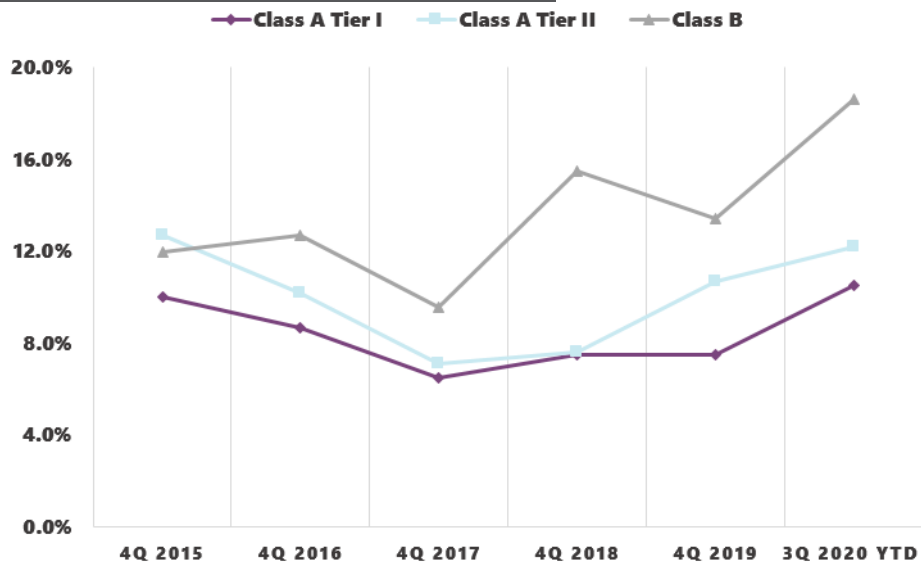
455,008 SF

Under construction

148,118 SF

YTD direct leasing activity

DIRECT VACANCY RATE



NOTABLE RECENT LEASE TRANSACTIONS


**KOZYAK • TROPIN
 THROCKMORTON**

23,000 SF
 2525 PONCE
 Renewal


 DANIELS-RODRIGUEZ
 BERKELEY-DANIELS-CRUZ
 ATTORNEYS AT LAW

11,000 SF
 THE COLLECTION
 Renewal

 **Catalyst**
 pharmaceuticals

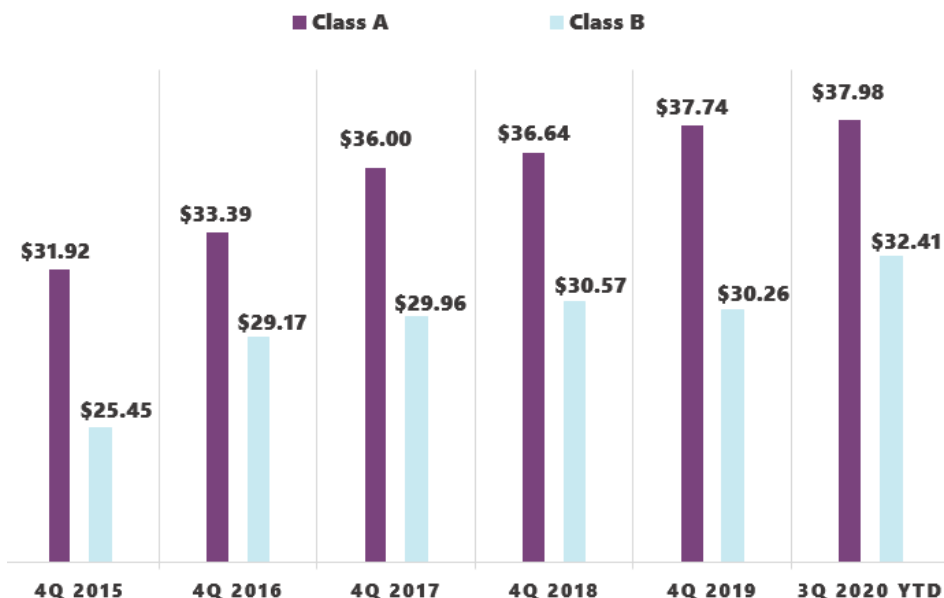
10,600 SF
 355 ALHAMBRA
 Renewal & Expansion

MIAMI AIRPORT

3Q 2020 YTD | CLASS A & B > 50,000 SF

3Q 2020 CLASS A & B HIGHLIGHTS

WEIGHTED AVERAGE ASKING RATE (FS PSF)



\$34.88
 Weighted average asking rate increased 3.7% YTD

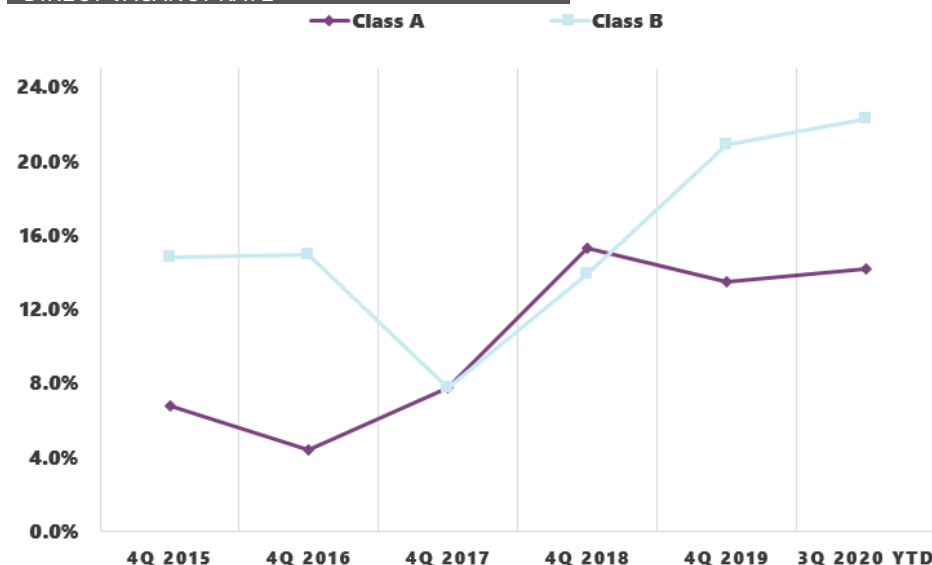
17.8%
 Direct vacancy increased, previously 16.7% YTD

(131,074) SF
 YTD net absorption

200,00 SF
 Under construction

265,598 SF
 YTD direct leasing activity

DIRECT VACANCY RATE



NOTABLE RECENT LEASE TRANSACTIONS



30,000 SF
6505 WATERFORD
 Renewal & Downsize



22,000 SF
DORAL 107
 In-Market Relocation



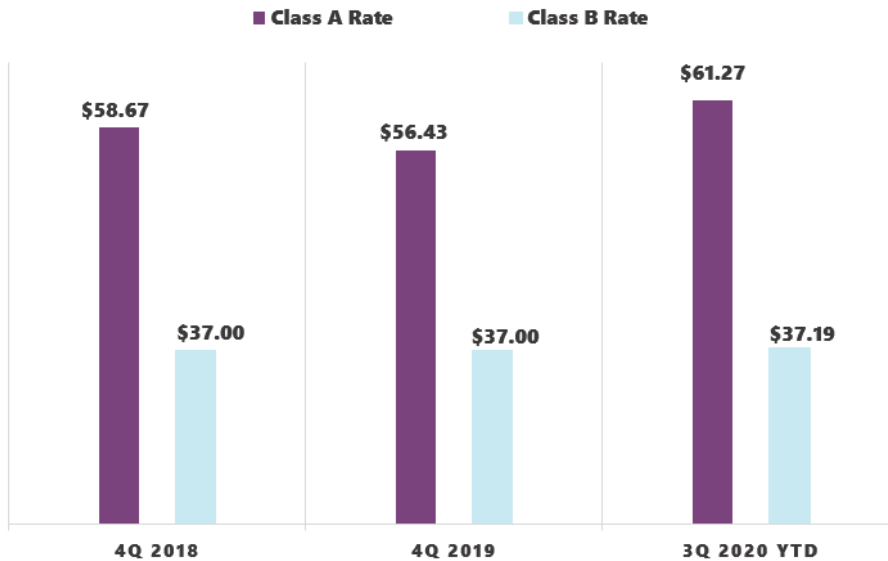
17,000 SF
FLAGLER STATION
 Sublet to Direct

WYNWOOD-DESIGN DISTRICT

3Q 2020 YTD | CLASS A & B > 50,000 SF

3Q 2020 CLASS A & B HIGHLIGHTS

WEIGHTED AVERAGE ASKING RATE (FS PSF)



\$61.13
Weighted average asking rate increased 9.0% YTD

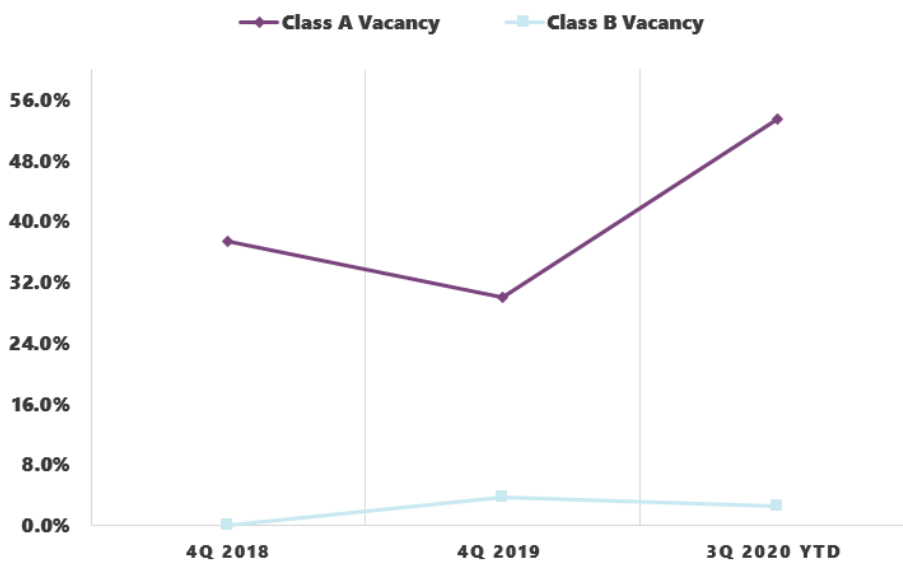
48.0%
Direct vacancy decreased, previously 26.4% YTD

17,896 SF
YTD net absorption

316,485 SF
Under construction

92,855 SF
YTD direct leasing activity

DIRECT VACANCY RATE



NOTABLE RECENT LEASE TRANSACTIONS



NeueHouse

33,200 SF
78 NW 37TH ST
New-to-Market



20,000 SF
THE OASIS
New to Submarket

CIELO

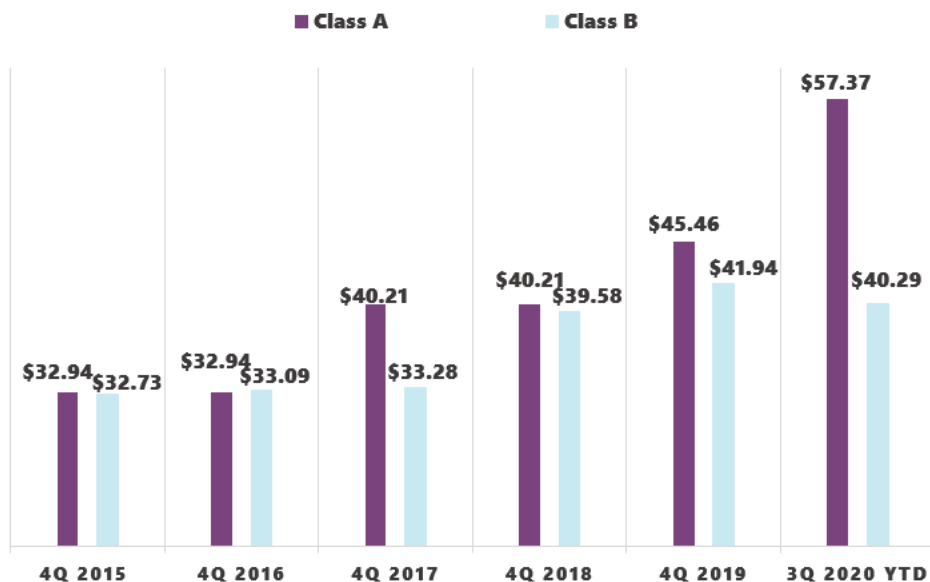
3,000 SF
THE PRINT HOUSE
New-to-Market

COCONUT GROVE

3Q 2020 YTD | CLASS A & B > 50,000 SF

3Q 2020 CLASS A & B HIGHLIGHTS

WEIGHTED AVERAGE ASKING RATE (FS PSF)



\$43.84
Weighted average asking rate increased 10.5% YTD

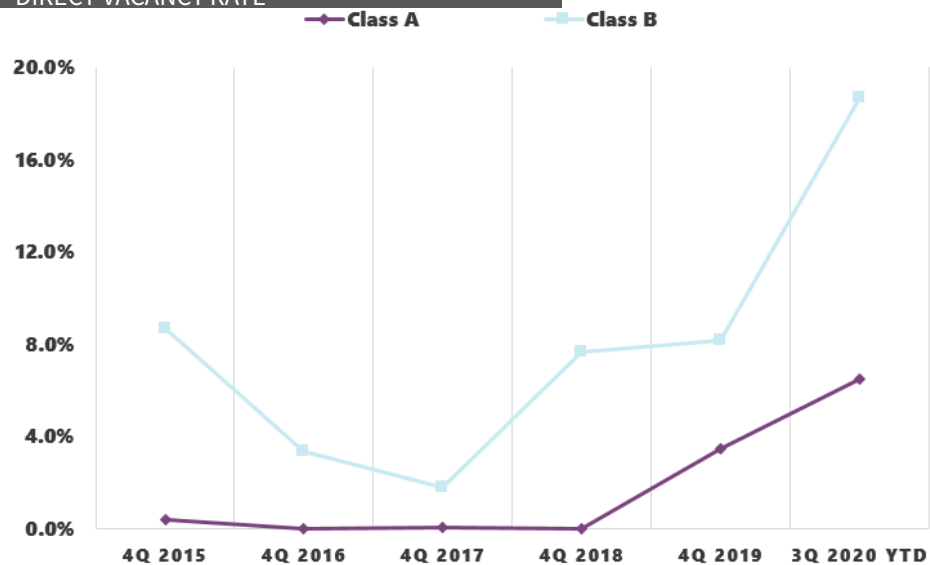
13.5%
Direct vacancy increased, previously 6.2% YTD

(39,773) SF
YTD net absorption

175,762 SF
Under construction

43,323 SF
YTD direct leasing activity

DIRECT VACANCY RATE



NOTABLE RECENT LEASE TRANSACTIONS



13,600 SF
ONE COCOWALK
In-Market Relocation

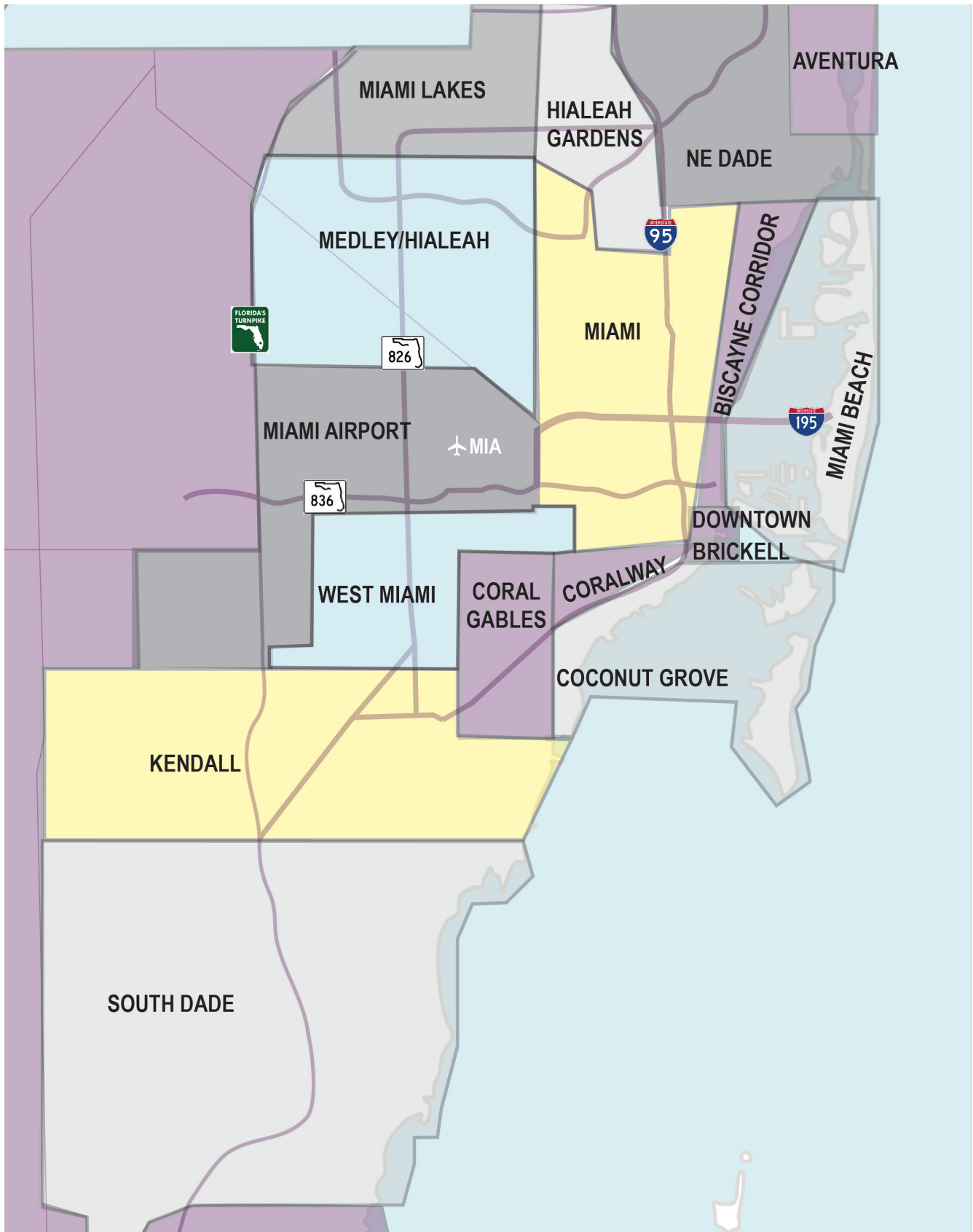


6,100 SF
2850 TIGERTAIL
New to Submarket

WORLD EQUITY
BRAND BUILDERS

2,500 SF
TWO COCOWALK
New to Submarket

MIAMI-DADE SUBMARKETS



MIAMI-DADE BY THE NUMBERS

MIAMI OFFICE SUBMARKETS

| Submarket | Buildings | Inventory (SF) | Direct Vacancy Rate (%) | Weighted Average Asking Rental Rate (\$/SF) | YTD Net Absorption | SF Under Construction |
|--------------------------------|-----------|----------------|-------------------------|---|--------------------|-----------------------|
| Four Major Submarkets | | | | | | |
| Brickell | 25 | 6,480,625 SF | 13.7% | \$48.79 | (60,889) SF | 650,000 SF |
| Downtown | 20 | 6,966,428 SF | 24.2% | \$43.41 | (116,260) SF | 0 SF |
| Coral Gables | 44 | 5,842,664 SF | 14.6% | \$41.38 | (184,658) SF | 455,008 SF |
| Miami Airport | 72 | 9,007,202 SF | 17.8% | \$34.88 | (131,074) SF | 200,000 SF |
| SubTotal | 161 | 28,296,919 SF | 17.8% | \$41.30 | (492,881) SF | 1,305,008 SF |
| Aventura | 11 | 1,110,602 SF | 10.6% | \$47.23 | 1,782 SF | 308,198 SF |
| Biscayne Corridor | 5 | 726,131 SF | 15.6% | \$37.62 | 51,157 SF | 0 SF |
| Coconut Grove | 9 | 1,039,258 SF | 13.5% | \$43.84 | (39,773) SF | 175,762 SF |
| Coral Way | 7 | 482,676 SF | 5.0% | \$28.56 | (2,084) SF | 0 SF |
| Kendall | 13 | 1,963,999 SF | 13.0% | \$37.89 | (92,299) SF | 0 SF |
| Medley/Hialeah | 3 | 185,856 SF | 6.0% | \$25.00 | (1,975) SF | 0 SF |
| Miami | 2 | 328,868 SF | 1.2% | \$56.12 | (13,532) SF | 135,000 SF |
| Miami Beach | 12 | 1,161,218 SF | 16.9% | \$49.33 | (22,102) SF | 136,342 SF |
| Miami Lakes | 10 | 581,214 SF | 16.0% | \$29.54 | 22,315 SF | 82,903 SF |
| NE Dade | 8 | 754,308 SF | 19.9% | \$40.80 | 64,284 SF | 0 SF |
| South Dade | 2 | 133,994 SF | 0.8% | - | 50,160 SF | 0 SF |
| Wynwood-Design District | 8 | 811,639 SF | 48.0% | \$61.13 | 17,896 SF | 316,485 SF |
| SubTotal | 90 | 9,279,763 SF | 16.1% | \$46.30 | 35,823 SF | 1,154,690 SF |
| TOTAL | 251 | 37,576,682 SF | 16.3% | \$42.44 | (457,058) SF | 2,459,698 SF |

Multi-tenant, Class A & B Buildings > 50,000 SF *New developments including The Wynwood Garage and The Optimum have been included in our research. Optima Onyx Tower is under construction in Hallandale (Broward County) as apart of the existing Optima White & Red Tower in Aventura and has been included.

ABOUT US

We are Florida's leading independently owned commercial real estate services firm, known for customizing solutions that drive success for our clients while giving back generously to the community and industry we serve. Founded in 2009, Blanca Commercial Real Estate has advised clients and executed in the leasing and sales of approximately 12.5 million square feet of transactions in addition to maintaining a 30% market share of all office lease transactions signed in Miami since 2016.

Our vision is to deliver outstanding results for our clients by leveraging our superior market intelligence, data-driven research, carefully customized strategies, and excellence in service. Our differentiators, including our client-first approach and our passion, have attributed to our phenomenal growth and continued success on behalf of our clients.

Our services include tenant representation, landlord representation, investment sales, property management, and consulting services including new office and mixed-use developments.

DISCLAIMER

This research is for our clients only, and is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Other than certain industry reports published on a periodic basis, the large majority of reports at published at irregular interval as appropriate. This research does not constitute a recommendation to make a specific business decision, nor take into account particular objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek additional professional advice, including tax advice. The price and value of space for lease referred to in this research fluctuates. Past performance, rental, and vacancy rates is not a guide to future performance, rental and vacancy rates. And the listed asking rental rates are not guaranteed.



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