

MIAMI OFFICE MARKET

2ND Quarter 2021 Snapshot & Outlook



B L A N C A

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EXECUTIVE SUMMARY

The first half of the year brought continued growth for Miami's office market and set the stage for increased demand in the second half.

National headlines announced major corporate giants making bets on Miami. An unprecedented migration from a variety of new-to-market entrants continued to drive leasing velocity and pushed an upward trajectory on asking rates across the city, specifically for top tier assets.

Year-to-date, submarkets including Brickell and Downtown, as well as neighborhoods offering innovative office supply such as Coral Gables, Wynwood and Coconut Grove, captured a significant share of new deals. Many of these new-to-market companies are sparing no expense as they invest in offices with premium finishes, amenities and state-of-the-art infrastructure required to attract and retain talent as employees return to the workplace.

Miami's booming tech start-up scene, catalyzed by the efforts of Miami Mayor Francis X. Suarez, the Miami Downtown Development Authority, and other local leaders, is further fueling the buzz and sparking a national migration from players in key industries, ranging from alternative investment firms to cryptocurrency, who are actively negotiating leases for a presence in the sought after Miami market.

Exemplifying these market dynamics, notable


technology and finance companies from other major U.S. cities inked deals at some of Miami's newest office developments. D1 Capital, a new-to-market investment firm from New York, at 2850 Tigertail; Thoma Bravo, a new-to-market private equity firm with offices in Chicago and San Francisco, at 830 Brickell; and Atomic, Founders Fund, all new-to-market tech-focused firms from Silicon Valley, at Wynwood 25 Annex.

Ongoing negotiations at major new office developments are underway with like-minded companies which should result in strong leasing and positive net absorption by year-end.

Additionally, newly renovated buildings across the market will also benefit from the flight-to-

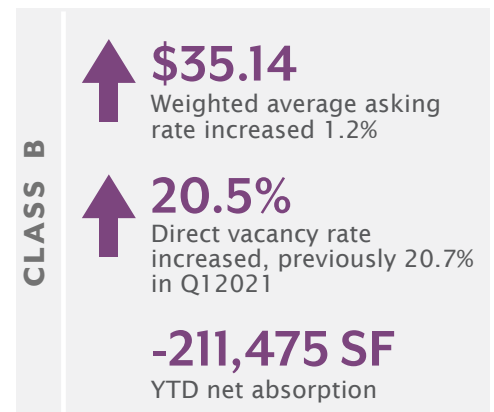
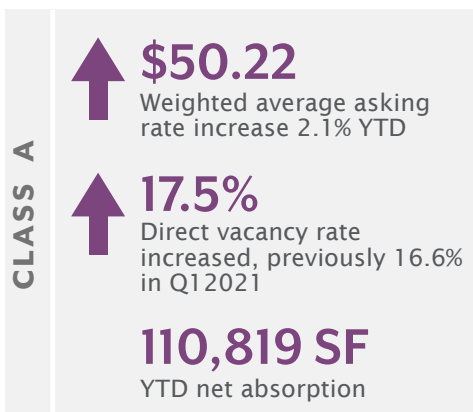
quality trend and positively influence Miami's overall office market. For instance, Subway elected to establish its new 64,000 SF corporate office in Miami at Waterford Business District which offers abundant outdoor lake-front collaboration areas, wellness programs, on-site conference facilities, fitness centers, cafés, ride and bike share options ideally suited to attract and retain talent.

Looking ahead, Miami's evolving marketplace, with its diverse and vibrant economy will increasingly become home to progressive users across various industries seeking to relocate or expand their office presence in the region.



“How can I help?”
- Mayor Francis X. Suarez

The Tweet that launched national interest in Miami-Dade's tech scene.



MARKET HIGHLIGHTS

RATES

Miami-Dade's Class A & B weighted average asking rates rose to \$43.40 PSF, an increase of 1.0% YTD. Submarkets that drove the largest increases included Class A buildings in Brickell (7.2%), Wynwood-Design District (3.4%) and Miami Beach (13.2%) which are drawing demand especially from new-to-market.

Brickell Class A Tier 1 is leading the market with weighted average asking rates at \$68.43 PSF followed by Wynwood-Design District Class A at \$63.36 PSF.

The delivery of new office supply, flight to quality by existing new-to-market users and continued investor confidence in some of Miami's most notable neighborhoods are key factors driving the increase in asking rates.

MAJOR BUILDING TRADES (YEAR-TO-DATE)



Citigroup Center
Sale to Monarch Capital for
\$300M / \$369 PSF



One Biscayne Tower
Sale to CP Group (previously
Crocker Partners) for
\$225M / \$325 PSF



Harbour Centre at Aventura
Sale to Cardone Capital for
\$93M / \$389 PSF



CUBE Wynwd
Sale to Tricera Capital for
\$27M / \$313 PSF



The Atrium Buildings
Sale to RealOp Investments for
\$110M / \$222 PSF



Burger King HQ
Sale to Steelbridge Apollo JV for
\$71M / \$474 PSF

MARKET HIGHLIGHTS

VACANCY & NET ABSORPTION

At the close of the second quarter, Miami experienced 101K SF of negative net absorption YTD across Class A & B buildings. As a result, direct vacancy increased to 18.6% (previously 18.1% at the close of 2020).

Negative absorption was driven mostly by existing corporate downsizing and small office closures primarily in Class B office buildings; Class A buildings experienced positive absorption of 111K SF YTD, further evidencing the demand for this asset class.

Wynwood, Coconut Grove and Coral Gables drove positive net absorption YTD as a result of strong pre-leasing and continued demand for newly delivered office product. These include Wynwood 25 Annex (63% leased), One CocoWalk (82% leased), 2850 Tigertail (99% leased) and The Plaza Coral Gables North Tower (25% leased).

Notable leases signed at new assets delivering in the next 18 months will continue to drive positive net absorption through 2022 as office buildings will deliver with significant pre-leasing by new entrants and existing tenants expanding their footprint in the region.

These include:

- Thoma Bravo: 37K SF at 830 Brickell
- Industrious: 39K SF at The Dorsey Wynwood
- Veru: 12K SF at The Gateway at Wynwood
- Starwood REIT: 70K SF at 2340 Collins
- Bradesco (BAC Florida Bank): 62K SF at The Plaza Coral Gables



Wynwood 25 Annex



One CocoWalk



2850 Tigertail



The Plaza Coral Gables

MARKET HIGHLIGHTS

LEASING ACTIVITY

Strong leasing activity is back – and almost doubling from the first half of 2021 (1.4M SF) when compared with the first half of 2020 (880K SF). As forecasted, new-to-market interest solidified into fully executed leases accounting for 24% of total YTD leasing activity (238K SF), a 54.6% increase from the same time-frame in 2020 (15% of total YTD leasing).

Expansion activity also increased to 16% of total deals (up from 3% of total deals in 2020). This was due in large part to Cano Health’s expansion at Flagler Station (115K SF total; expanded by 85K SF).

Sublease activity has remained relatively stable, with the exception of Miami Airport, where 4.1% of supply is listed for sublease (378K SF) nearly doubling since the close of 2020 where 2.9% of inventory was available for sublease (260K SF).

Notable spaces now being offered for sublease include:

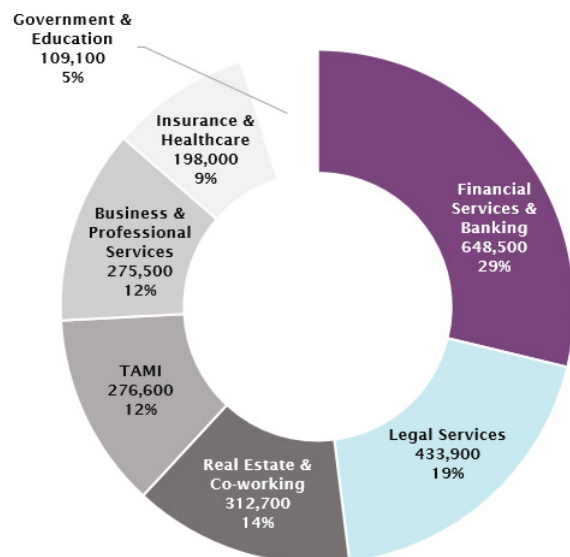
- Amadeus: 78K SF at One Park Square
- CareCloud: 25K SF at 5200 Waterford
- Onboard Media: 21K SF at Doral Concourse
- Cogeco Pier I: 25K SF at 2300 NW 89th Pl.

Industry profiles in Miami are changing with the uptick in leasing. Representative of these leasing dynamics, Technology, Advertising, Media, and Information (TAMI) industries accounted for 14% of total leasing activity YTD (a 23% increase over 2020 YTD).

Financial services comprised the lion’s share, at 31% of total activity. Important to note is the strong tech focus of many of the finance firms that year-to-date have opened satellite offices or relocated to Miami-Dade including: The Blackstone Group; QED Capital; and Point72. Moreover, the average space requirement across the market has grown 33% compared to 2020. Year-to-date, the average size is 9,000 SF while in previous years the majority was less than 5,000 SF.

The incubation stage of many companies will continue to drive the expansion of footprints across Miami-Dade as companies secure capital to fuel expansion.

COMPLETED TRANSACTIONS INDUSTRY ANALYSIS
CLASS A & B BUILDINGS 2020-2021 YTD (18 MONTHS)



MARKET HIGHLIGHTS

NEW DEVELOPMENTS UNDERWAY

1.8M
Under Construction

26%M
Leased Prior to TCO

BRICKELL



830 BRICKELL
888 SE 1st Ave
650,000 SF Class A Office Space
Typical Office Floor: 16,800 SF
Quoted Rental Rate: \$100.00 53rd Floor, \$90.00 Top Floors; \$85.00 High Rise; \$75.00 Balance FS
30% Pre-Leased by WeWork and Thoma Bravo
Owner/Developer: Cain International and OKO Group
Under Construction; Delivery 4Q 2022

WYNWOOD



THE WYNWOOD OFFICE BUILDING
1900 NE Miami Ct
40,000 SF Class A Office Space
Quoted Rental Rate: \$25.00 NNN + \$16.00 Est. Opex
Typical Office Floor: 20,000 SF
50% Leased to Uber Eats
Owner/Developer: Doug Levine
Under Renovation; Delivery 3Q 2021



THE DENTON
2143 NW 1st Ave
Mixed-Use Repositioned Asset with 11K SF of Restaurant/Retail Space and 32K SF of Creative Office Space and Rooftop Terrace
Typical Office Floor: 15,500 SF
Quoted Rental Rate: \$45.00 - \$50.00 NNN + \$15.00 Est. Opex
0% Pre-Leased
Owner/Developer: Morabito Properties
Under Renovation; Delivery 4Q 2021

CORAL GABLES



THE PLAZA CORAL GABLES
3011 Ponce De Leon Blvd
South Tower 163,700 SF
Typical Office Floor: 22,744 SF
Quoted Rental Rate: \$57.00 - \$59.00 FS (\$18.00 Est. Opex)
South Tower 38% Pre-Leased by BAC Florida Bank
Owner/Developer: Agave Holdings
Under Construction; South Tower Delivery 4Q 2021



STRATA
2221 N Miami Ave
Mixed-Use Project with 60,300 SF of Class A Office Space, 27,210 SF of Retail Space, and 257 Residential Units
Typical Office Floor: 20,100 SF
Quoted Rental Rate: \$43.00 NNN + Est. \$16.00 Opex
0% Pre-Leased
Owner/Developer: CIM Group
Under Construction; Delivery 3Q 2021

MIAMI LAKES



BOB GRAHAM OFFICE BUILDING
14800 Oak Ln
82,903 SF Class A Office Space
Typical Office Floor: 20,620 SF
Quoted Rental Rate: Withheld
0% Pre-Leased
Owner/Developer: The Graham Companies
Under Construction; Delivery 2Q 2021

MIAMI BEACH



STARWOOD CAPITAL HQ
2340 Collins Ave
140,000 SF Class A Office Space and 8,000 SF of Retail
Typical Office Floor: 13,500 SF
Quoted Rental Rate: \$70.00 NNN + Est. \$20.00 Opex
100% Pre-Leased by Starwood Capital and Family Wealth Management Firms
Owner/Developer: North Bay Owner, LLC
Under Construction; Delivery Q4 2021



THE GATEWAY AT WYNWOOD
2916 N Miami Ave
Mixed-Use Project with 195,000 SF of Class A Office Space and 25,000 SF of Retail Space
Typical Office Floor: 19,436 SF
Quoted Rental Rate: \$57.00 - \$60.00 NE + \$2.00 Est. Elec.
6% Pre-Leased by Veru (12K SF)
Owner/Developer: Rose & Berg Realty
Under Construction; Delivery 3Q 2021



EIGHTEEN SUNSET
1800 Purdy Ave
32,000 SF Class A Office Space on Two floors with ground floor retail and one ultra-mega PH residence
Full Back-Up Generator
Typical Office Floor: 16,000 SF
Quoted Rental Rate: \$100.00 NNN + \$20.00 Est. Opex
Owner/Developer: Deco Capital Group
Under Construction; Delivery 1Q 2023



THE DORSEY
252-286 NW 29th St
Mixed-Use Project with 306 Residential Units, 33,000 SF of Retail Space, and 78,000 SF of Class A Office Space
Typical Office Floor: N/A
Quoted Rental Rate: Withheld
50% Pre-Leased to Industrious
Owner/Developer: Related Group, Tricera Capital, and LNDMRK
Under Construction; Delivery 3Q 2022

AVENTURA



OPTIMA ONYX
Technology in Highlands (Broward County)
1010 South Federal Highway
308,000 SF Class A Office Space
Typical Office Floor: 16,680 SF
Quoted Rental Rate: \$55.00 - \$60.00 FS (\$17.50 Opex)
7% Pre-Leased to Kawa Capital Management
Developer: Inmobiliaria Brom
Under Construction; Delivery 3Q 2021

TRENDS TO WATCH



Continued demand from out-of-market companies



Demand for premium new buildings and move-in-ready spaces



Flight-to-quality into new and recently renovated office product



Companies right sizing



Increase in asking rates

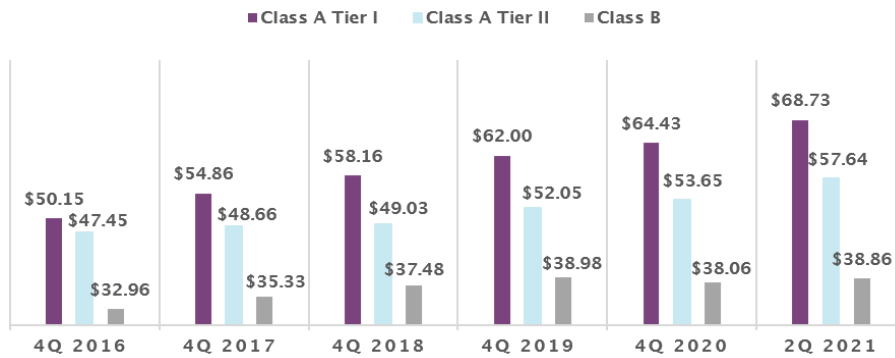


Expansion of local TAMI sector companies and professional services

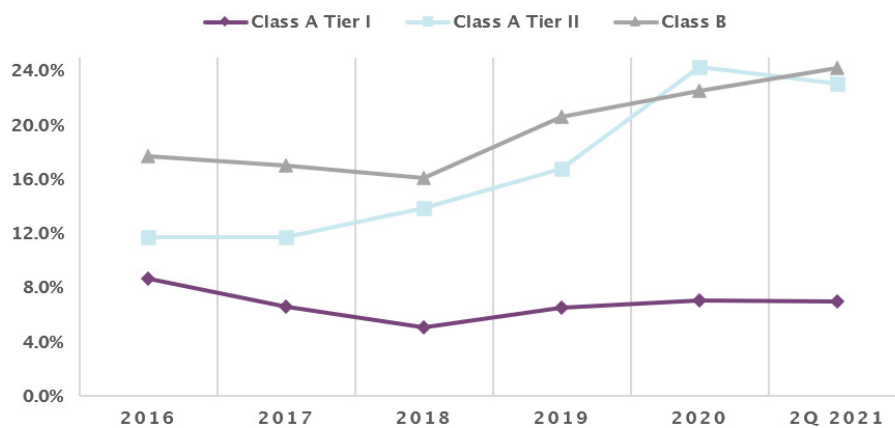
BRICKELL

2Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



NOTABLE RECENT LEASE TRANSACTIONS



36,500 SF
830 Brickell
New-To-Market



11,300 SF
801 Brickell
Relocation in Building



8,600 SF
701 Brickell
New-To-Market

2Q 2021 CLASS A & B HIGHLIGHTS

\$52.17
Weighted average asking rate increased 4.9% YTD

15.6%
Direct vacancy increased, previously 15.5% in 4Q 2020

(24,474) SF
YTD net absorption

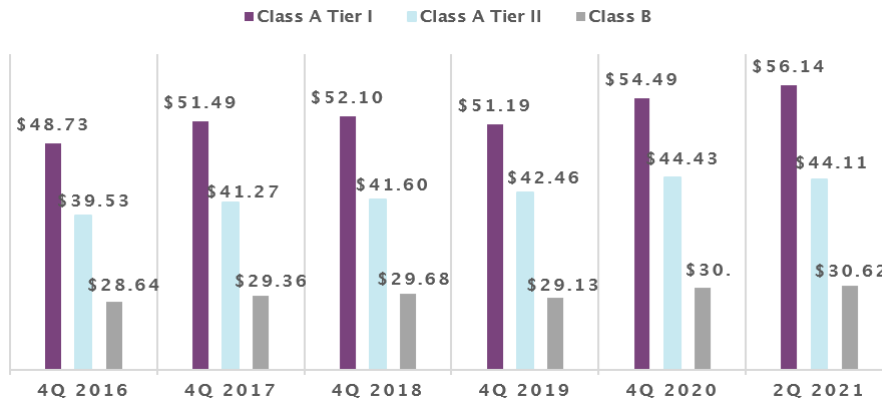
650,000 SF
Under construction at 830 Brickell

253,835 SF
YTD direct leasing activity

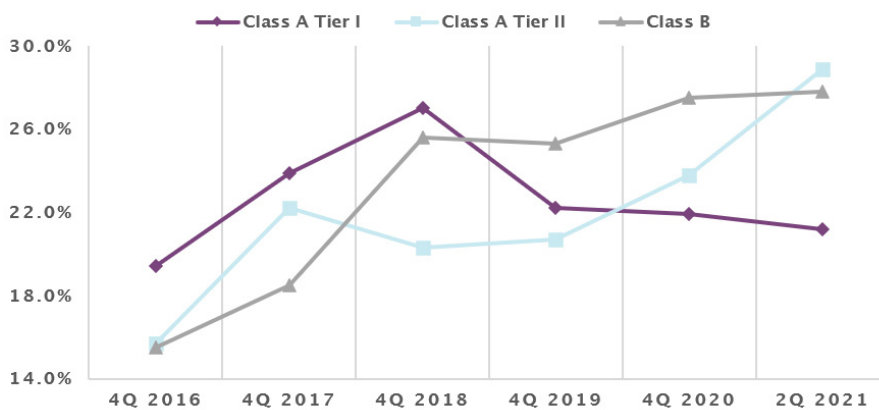
DOWNTOWN

2Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



NOTABLE RECENT LEASE TRANSACTIONS

INSIGHTTEC

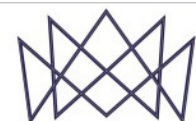
23,000 SF

155 S. Miami Ave.
New-to-Submarket

Morgan Stanley

22,000 SF

Southeast Financial Center
Expansion



TRIPLE CROWN
CAPITAL

6,600 SF

44 West Flagler
New-To-Market

2Q 2021 CLASS A & B HIGHLIGHTS

\$43.63

Weighted average asking rate increased 1.1% YTD

25.4%

Direct vacancy increased, previously 24.2% in 4Q 2020

(103,532) SF

YTD net absorption

0 SF

Under construction

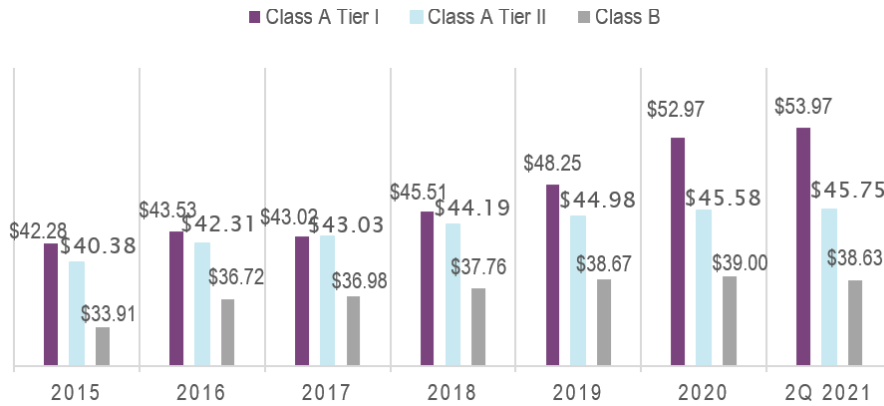
183,396 SF

YTD direct leasing activity

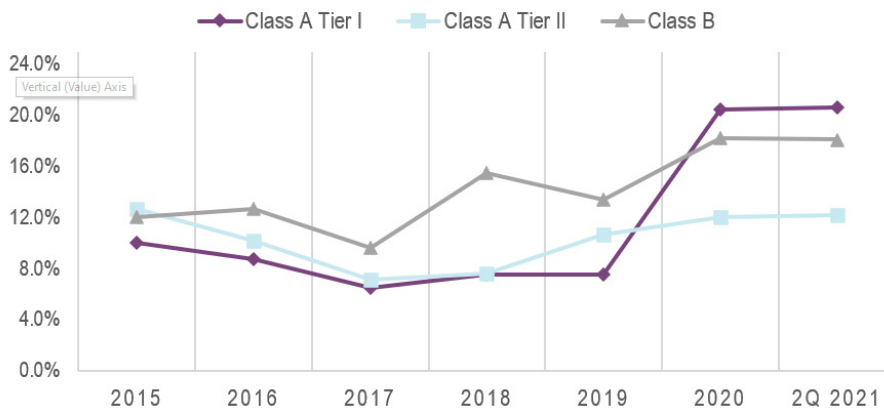
CORAL GABLES

2Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



NOTABLE RECENT LEASE TRANSACTIONS



21,600 SF
BAC Colonnade
Renewal



13,500 SF
Columbus Center
Renewal



27,800 SF
The Plaza Coral Gables
New-to-Market

2Q 2021 CLASS A & B HIGHLIGHTS

\$43.99
Weighted average asking rate decreased 1.1% YTD

17.1%
Direct vacancy remained the same, previously 17.1% in 4Q 2020

47,794 SF
YTD net absorption

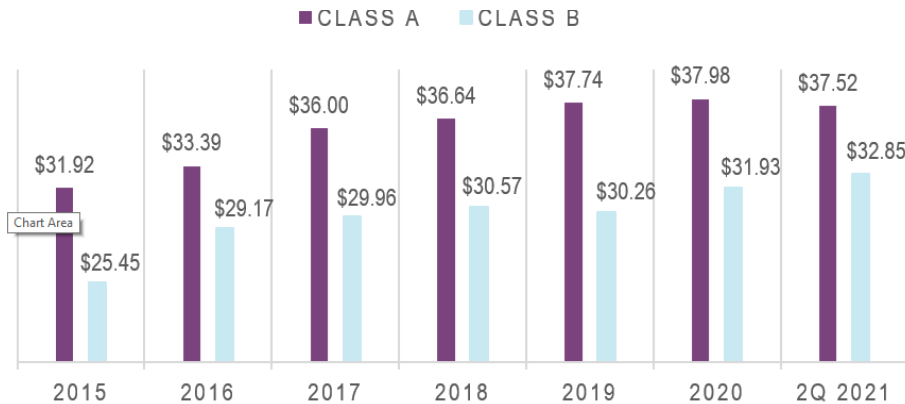
163,700 SF
Under construction

154,436 SF
YTD direct leasing activity

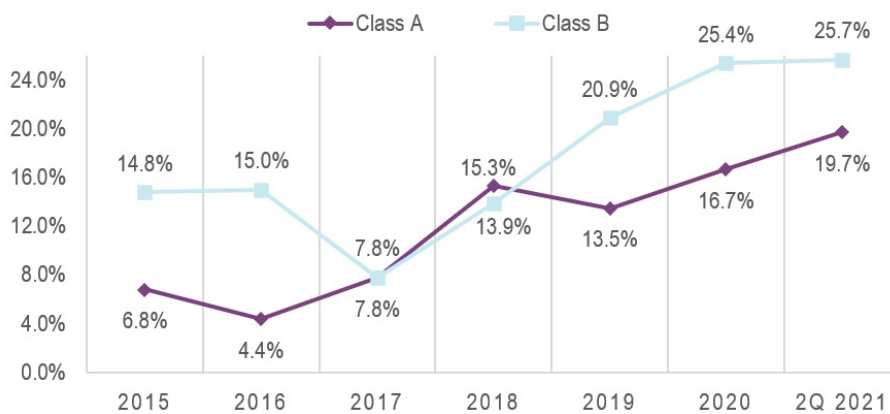
MIAMI AIRPORT

2Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



NOTABLE RECENT LEASE TRANSACTIONS



64,300 SF
1000 Waterford
New-to-Market



16,500 SF
8200 Doral
Renewal



13,200 SF
8333 Downtown Doral
New-to-Submarket

2Q 2021 CLASS A & B HIGHLIGHTS

\$35.18
Weighted average asking rate decreased 1.5% YTD

22.3%
Direct vacancy increased, previously 20.6% in 4Q 2020

(62,238) SF
YTD net absorption

0 SF
Under construction

445,621 SF
YTD direct leasing activity

WYNWOOD-DESIGN DISTRICT

2Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



2Q 2021 CLASS A & B HIGHLIGHTS

\$63.31
Weighted average asking rate increased 3.6% YTD

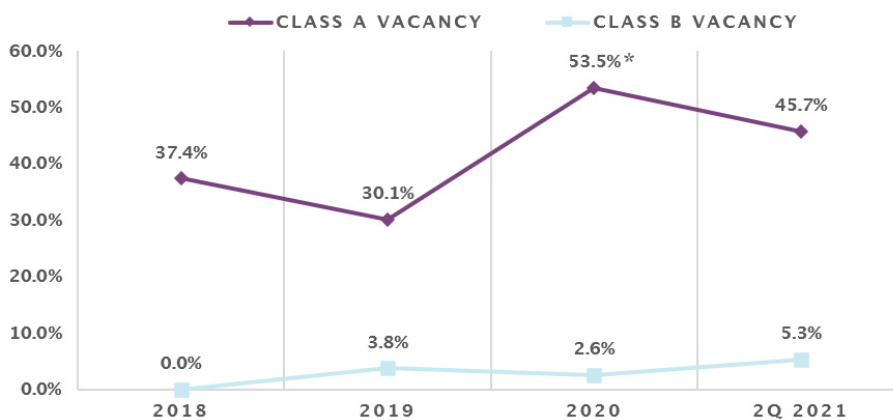
41.6%
Direct vacancy decreased, previously 48% in 4Q 2020

36,562 SF
YTD net absorption

405,300 SF
Under construction

65,784 SF
YTD direct leasing activity

DIRECT VACANCY RATE (YOY)



*Spike in vacancy is due to 545 Wyn (299K SF) delivery.

NOTABLE RECENT LEASE TRANSACTIONS

INDUSTRIOUS

41,000 SF
Strata Wynwood
Submarket Expansion

ATOMIC

8,000 SF
Wynwood Annex 25
New-to-Market

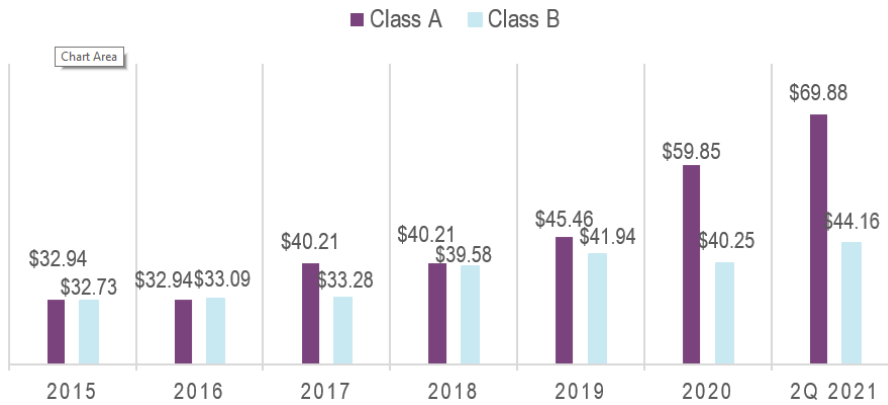
OPENSTORE

6,500 SF
Wynwood Annex 25
New-to-Market

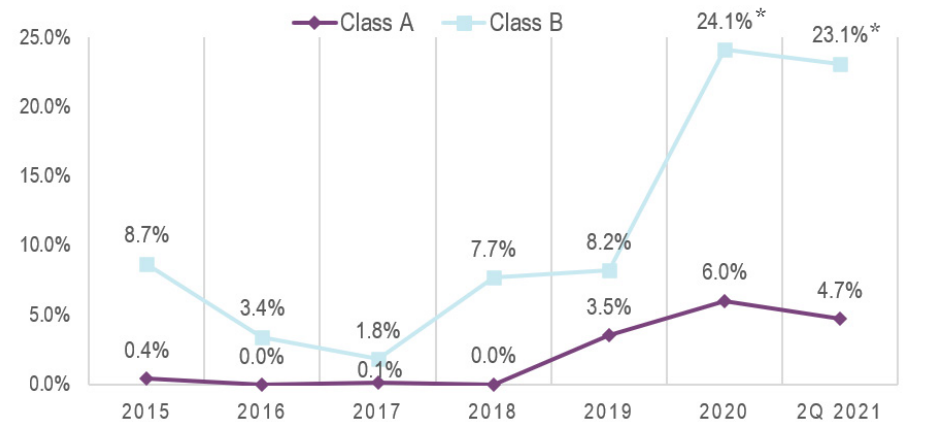
COCONUT GROVE

2Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



*Spike in vacancy is due to One CocoWalk (86K SF) and 2850 Tigertail (180K SF) delivery.

NOTABLE RECENT LEASE TRANSACTIONS



17,600 SF
2850 Tigertail
New-to-Market



6,800 SF
2850 Tigertail
New-to-Market



3,500 SF
One Cocowalk
New-to-Market

2Q 2021 CLASS A & B HIGHLIGHTS

\$48.81

Weighted average asking rate increased 11.4% YTD

13.5%

Direct vacancy decreased, previously 15.5% in 4Q 2020

105,101 SF

YTD net absorption

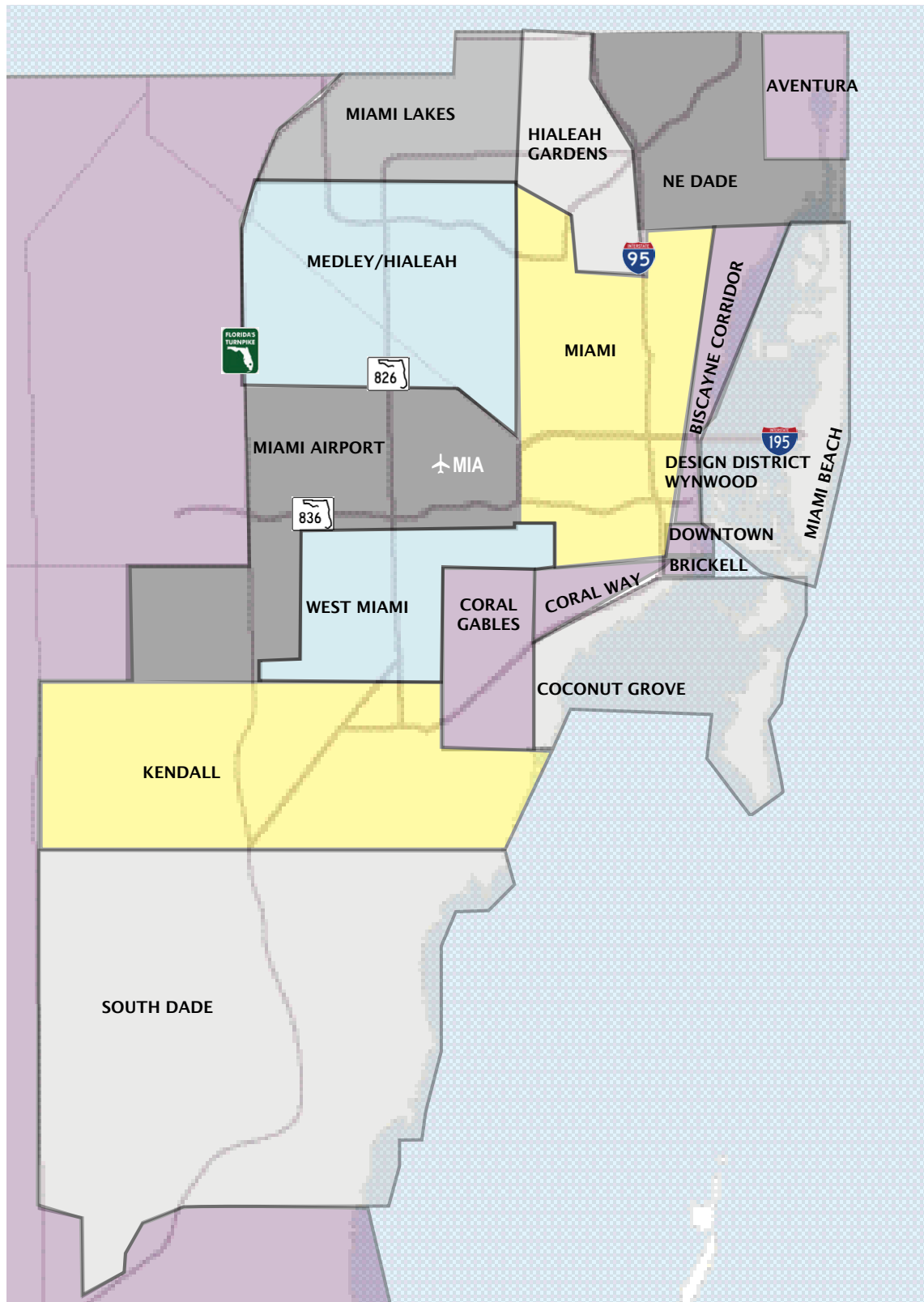
0 SF

Under construction

65,449 SF

YTD direct leasing activity

MIAMI-DADE SUBMARKETS



MIAMI-DADE BY THE NUMBERS

MIAMI OFFICE SUBMARKETS - CLASS A

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rental Rate (\$/SF)	YTD Direct Leasing Activity	YTD Net Absorption	SF Under Construction
Four Major Submarkets							
Brickell	13	4,745,411	12.5%	\$61.78	233,700	6,572	650,000
Downtown	8	4,785,531	24.3%	\$50.46	157,446	-82,912	0
Coral Gables	21	3,508,769	16.4%	\$51.08	84,722	40,978	163,700
Miami Airport	32	5,215,294	19.7%	\$37.52	272,907	-44,043	0
SubTotal	74	18,255,005	18.4%	\$48.60	748,825	-79,405	813,700
Aventura	7	734,178	14.5%	\$50.57	18,061	-992	308,198
Biscayne Corridor	1	435,000	19.0%	\$37.00	17,000	0	0
Coconut Grove	5	641,820	4.7%	\$59.88	50,960	99,031	0
Coral Way	0	0	-	-	-	0	0
Kendall	4	713,687	12.8%	\$44.43	49,560	-7,792	0
Medley/Hialeah	0	0	-	-	-	0	0
Miami	2	401,126	21.9%	\$48.25	-	65,110	0
Miami Beach	7	584,156	21.8%	\$61.67	21,376	-7,701	172,000
Miami Lakes	6	373,227	56.8%	-	27,671	-8,430	82,900
NE Dade	1	102,287	40.9%	\$57.00	12,351	12,335	0
South Dade	0	0	-	-	-	0	0
Wynwood-Design District	7	724,621	45.7%	\$63.36	62,500	38,663	405,300
SubTotal	40	4,710,102	21%	\$55.70	259,479	192,224	968,398
TOTAL	114	22,965,107	17.5%	\$50.22	1,008,304	110,819	1,182,098

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.

MIAMI-DADE BY THE NUMBERS

MIAMI OFFICE SUBMARKETS - CLASS B

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rental Rate (\$/SF)	YTD Direct Leasing Activity	YTD Net Absorption
Four Major Submarkets						
Brickell	11	1,762,560	24.2%	\$38.86	20,135	-31,046
Downtown	12	2,193,541	27.8%	\$30.62	25,950	-20,620
Coral Gables	23	2,625,162	18.1%	\$38.63	69,664	6,816
Miami Airport	42	4,004,707	25.7%	\$32.85	172,714	-18,195
SubTotal	88	10,585,970	24%	\$34.41	288,463	-63,045
Aventura	4	367,424	9.6%	\$43.90	14,888	10,654
Biscayne Corridor	4	469,305	11.4%	\$32.83	5,600	-42,564
Coconut Grove	6	591,884	23.1%	\$44.16	14,489	6,070
Coral Way	7	482,676	6.1%	\$28.09	3,855	-9,317
Kendall	9	1,250,312	14.3%	\$34.26	49,780	-63,196
Medley/Hialeah	3	185,865	8.3%	\$25.00	3,279	-6,214
Miami	1	76,789	0.0%	-	-	9,532
Miami Beach	5	585,202	17.7%	\$47.63	5,480	-54,928
Miami Lakes	4	207,987	2.5%	\$24.27	7,062	5,298
NE Dade	7	652,021	14.5%	\$32.32	32,214	-1,664
South Dade	2	133,994	0.3%	-	-	0
Wynwood-Design District	1	-82,396	5.3%	\$60	-	-2,101
SubTotal	543	5,012,450	13.1%	\$38	136,647	-148,430
TOTAL	141	15,598,420	20.5%	\$35.14	425,110	-211,475

Multi-tenant, Class A & B Buildings > 50,000 SF *New developments including The Wynwood Garage and The Optimum have been included in our research.

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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.

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