

MIAMI OFFICE MARKET

3RD Quarter 2021 Snapshot & Outlook



B L A N C A

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EXECUTIVE SUMMARY

At the close of the third quarter, the Miami office market continued to experience robust leasing activity, increased weighted average asking rents, and overall positive net absorption year-to-date. Drivers, such as quality of life, welcoming business climate, and tax-friendly environment, catapulted Miami's demand and positioned it as a top office destination. Financial services and tech companies from New York and California led the "relocate to Miami" movement, further driving leasing velocity by complementary industry sectors.

As a result of unprecedented demand by new-to-market companies and their desire for premium office space, Class A weighted average asking rents across various submarkets sustained an upward trajectory (5.2% growth YTD) and reached new rent threshold specifically in the CBD, Wynwood, and Coconut Grove submarkets.

Miami continued to make national headlines and proved its global appeal as a business-friendly, progressive city, earning it a top spot as the preferred destination for technology, blockchain, cryptocurrency, venture capitalists, alternative investment firms, and family offices. Already established global and regional firms are following suit, expanding their office footprints across various submarkets in Miami.

Evidencing lease transactions, such as Millennium Management, Schonfeld, Strategic Partners, Atomic, CI Financial, and Slalom Partners, were executed during the third quarter, fueling demand from like-minded companies, and positively impacting absorption.

Year-to-date, total leasing activity increased 65% over the same time last year (2.2M SF), with new-to-market deals nearly tripling since 2019. Notably, flight-to-

quality continued to elevate the success of Class A space resulting in positive net absorption year-to-date across the major office submarkets; 415K SF for Class A; the highest recorded positive net absorption since 2019 (309K SF positive net absorption for Class A - mainly driven by co-working). However, Class B had yet to turn the corner experiencing -265K SF of negative absorption.

New office developments (recently completed and under construction) secured 25% (472K SF) share of total Class A lease activity, greatly contributing to positive net absorption YTD, a trend we expect will continue into 2022 and beyond as Miami's evolving office market continues to thrive.

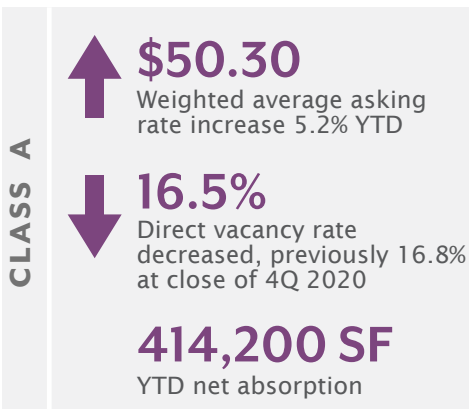
Additionally, several Class A office towers such as 701 Brickell, 801 Brickell, and Museum Tower have announced the launch of significant capital improvements to capture the growing demand for modern and highly amenitized office buildings.

Unprecedented investor demand for Miami office assets provided strong evidence of Miami's increased appeal as an emerging global city. Recent asset trades include Aventura Corporate Center (\$140M/\$555 PSF), One Biscayne Tower (\$225M/\$325 PSF), Doral Concourse (\$96M/\$399 PSF), and 1688 Meridian (\$49.5M/\$534 PSF).

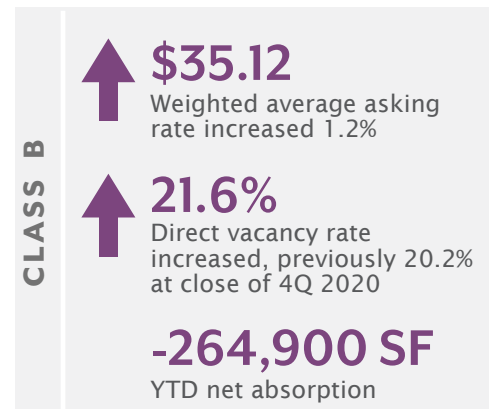
Looking ahead, Miami's evolution as a global city will continue to drive demand from domestic and international companies and bolster investor confidence across all commercial sectors, further setting the stage for record-setting market dynamics by year-end and through 2022.

"Miami is an incredible place to establish our U.S. headquarters and support our fast-growing U.S. business"

*Kurt MacAlpine,
CEO of CI Financial
- Interviewed by SFBJ*



MIAMI-DADE BY THE NUMBERS 3Q 2021
CLASS A & B
MULTI-TENANT OFFICE BUILDINGS >50,000 SF



MARKET HIGHLIGHTS

RATES

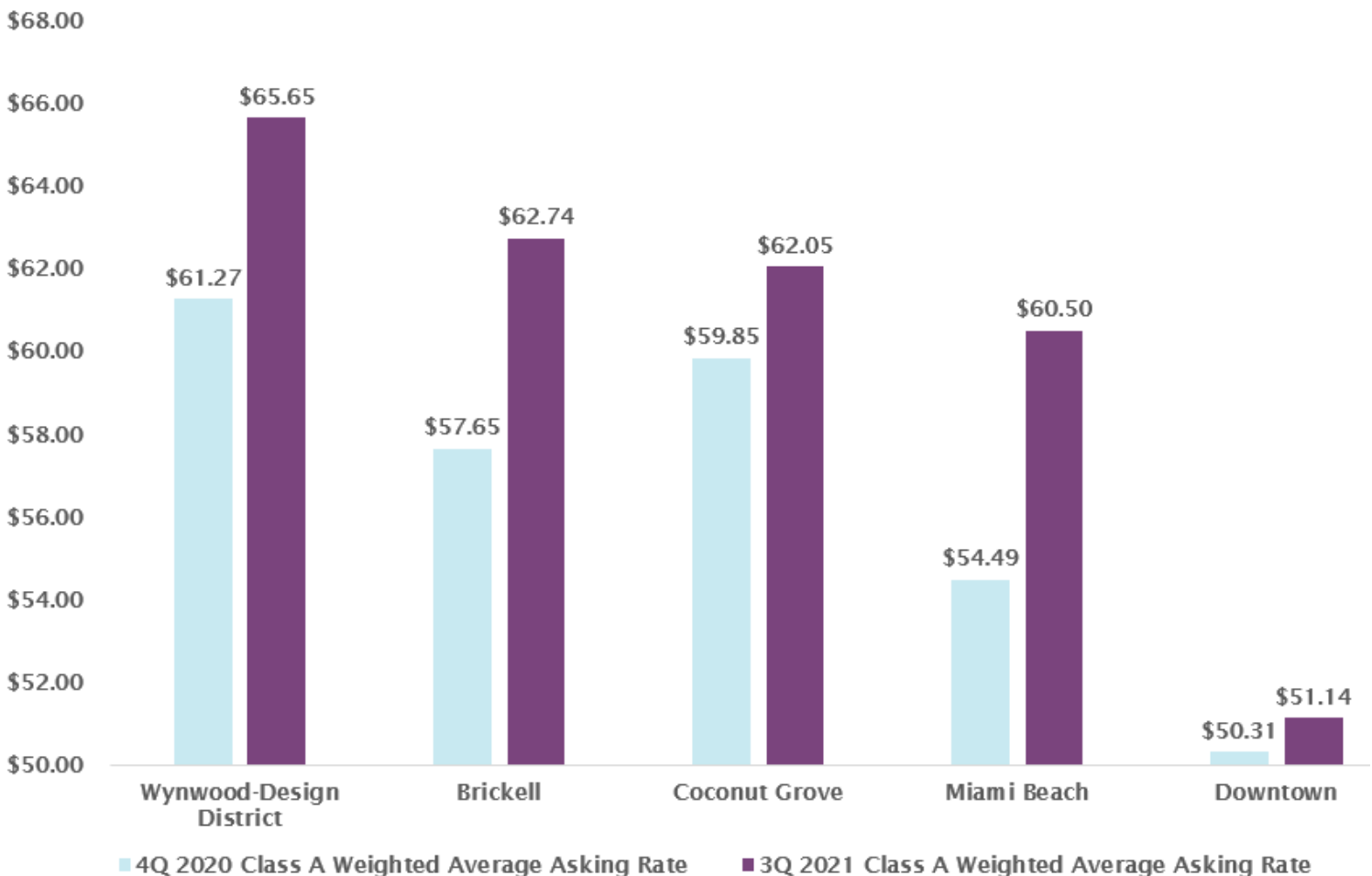
Miami-Dade's Class A & B weighted average asking rates increased nearly 3.0% YTD; Class A assets recorded the highest increase with a 5.2% increase.

The most impactful rent growth year-to-date has been experienced in Miami Beach Class A (11%), Brickell Class A Tier I (7.2%), Wynwood-Design District Class A (7.1%), Coconut Grove Class A (3.7%), and Downtown Miami Class A (3.2%).

Brickell Class A Tier I's weighted average rate has led the market at \$69.09 PSF, followed by Wynwood Class A at \$65.65 PSF, establishing record-setting rents as of the third quarter 2021.

Newly delivered office supply - 545wyn, One Cocowalk, 3650 Main Highway, and The Plaza Coral Gables - have also contributed to the upward pressure on rents in their respective submarkets.

CLASS A TOP RENT GROWTH YTD BY SUBMARKET



MARKET HIGHLIGHTS

VACANCY & NET ABSORPTION

Year-to-date, Miami experienced 149,300 SF of positive net absorption across Class A & B buildings.

Class A buildings experienced 415,000 SF of positive net absorption resulting from the continued flight-to-quality trend by new and existing companies alike. On the flip side, Class B buildings continue to experience negative net absorption (-265K SF YTD) due to corporate rightsizing and in-market relocations to Class A space.

Brickell, Downtown, and Wynwood-Design District Class A contributed 200K SF of positive net absorption (48% of total Class A net absorption) driven by new-to-market companies such as Veru (12K SF at Gateway Wynwood), Schonfeld (18K SF at The Dorsey), and Atomic (8K SF at Wynwood 25 Annex).

New office deliveries continued to achieve solid pre-leasing, which will further fuel a positive impact on net absorption. We expect strong pre-leasing through 2023 as new quality office buildings deliver.

NEW DEVELOPMENTS UNDERWAY

(Over 50K SF of Office)

1.8M
Under Construction

28%
Leased Prior to TCO



THE PLAZA CORAL GABLES
2811 Ponce De Leon Blvd.
Coral Gables
South Tower 163,700 SF
Typical Office Floor: 22,744 SF
Delivering: 4Q 2021



STRATA
2221 N Miami Avenue
Wynwood
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
Delivering: 4Q 2021



BOB GRAHAM OFFICE BUILDING
14800 Oak Lane
Miami Lakes
82,903 SF Class A Office Space
Typical Office Floor: 20,620 SF
Delivering: 4Q 2021



THE DORSEY
252-286 NW 29th Street
Wynwood
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
Delivering: 3Q 2022



830 BRICKELL
888 SE 1st Avenue
Brickell
664,300 SF Class A Office
Typical Office Floor: 16,800 SF
Delivering: 4Q 2022 / 1Q 2023

4Q 2021

2Q 2022

3Q 2022

4Q 2022

1Q 2023



STARWOOD CAPITAL HQ
2340 Collins Avenue
Miami Beach
140,000 SF Class A Office Space & 8,000 SF Retail
Typical Office Floor: 13,500 SF
Delivering: 4Q 2021



OPTIMA ONYX
1010 South Federal Highway
Aventura
308,000 SF Class A Office Space
Typical Office Floor: 16,680 SF
Delivering: 4Q 2021



THE GATEWAY AT WYNWOOD
2916 N. Miami Avenue
Wynwood
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
Delivering: 4Q 2021



WYNWOOD 27 & 28
125-127 NW 27th Street
Wynwood
Mixed-Use Project 152 Residential Units, 34,000 SF of Retail, and 50,000 SF of Class A Office Space
Delivering: 2Q 2022



EIGHTEEN SUNSET
1800 Purdy Avenue
Miami Beach
32,000 SF Class A Office Space on Two floors with ground floor retail and one ultra-mega PH residence
Delivering: 1Q 2023

MARKET HIGHLIGHTS

LEASING ACTIVITY

Strong leasing activity continued through the third quarter at 2.4M SF, 65% higher than was recorded in the third quarter of 2020 (1.45M SF). New-to-market leasing activity has been sustained at an all-time high. New entrants accounted for 21% of total leasing activity YTD (498K SF). Historically, new-to-market activity only accounted for approximately 10% of total transactions dating back to 2016.

Brickell and Miami Airport submarkets secured nearly half of the total lease transactions, followed by Downtown and Wynwood.

Significant third quarter completed transactions include:

- Millennium Management: 67K SF at Sabadell Financial Center
- Royal Caribbean: 50,000 SF at One Biscayne Tower
- Microsoft: 50,000 SF at 830 Brickell

Sublease and co-working leasing activity demonstrated an uptick in demand for move-in-ready space. Sublease inventory decreased slightly to 2.1% of the overall market when compared to 2.2% at year-end 2020.

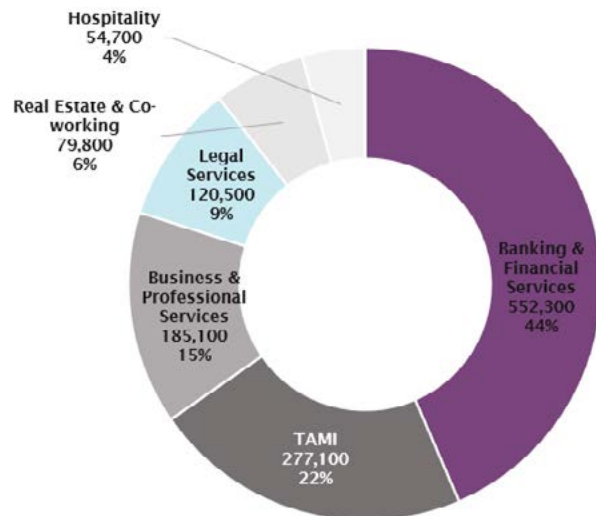
Notable tenants securing sublease space include:

- Managed Healthcare Partners at 1000 Waterford (21K SF)
- Goldberg Rosen at One Biscayne Tower (9K SF)
- Haku App at 1221 Brickell (7K SF)

Industry profiles of completed transactions continued to diversify with Miami's expanding global appeal. Technology, finance, legal and professional services drove leasing velocity, and growing industry sectors including blockchain, cryptocurrency, and fintech are following suit. Representative of these leasing dynamics, these industries accounted for 57% of total

leasing activity YTD, while TAMI industries comprised 16% of total activity. It is important to note that many of the finance and consulting firms that established offices in Miami have a strong tech focus, including OppZo, Connectwise, and EveryMatrix.

COMPLETED TRANSACTIONS INDUSTRY ANALYSIS CLASS A MIAMI MAJOR SUBMARKETS 2021 YTD



TRENDS TO WATCH



Continued new-to-market demand



Flight-to-quality



Increased demand for move-in-ready spaces

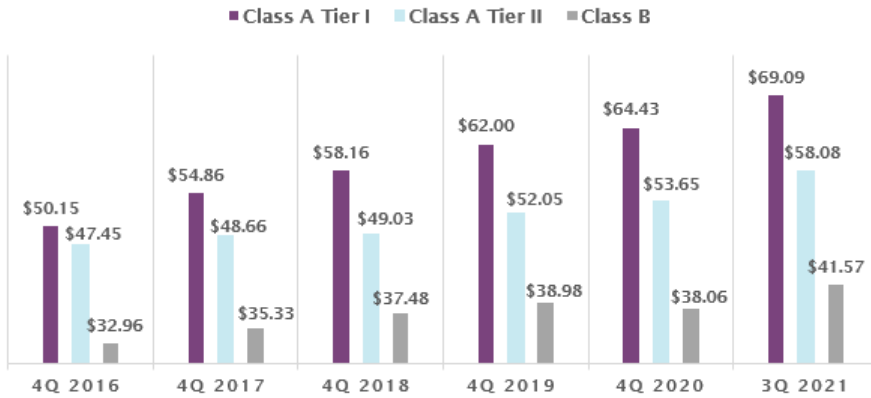


Increase in investment sales activity

BRICKELL

3Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



3Q 2021 CLASS A & B HIGHLIGHTS

\$52.54
Weighted average asking rate increased 5.6% YTD

14.8%
Direct vacancy decreased, previously 15.5% in 4Q 2020

19,911 SF
YTD net absorption

650,000 SF
Under construction at 830 Brickell

503,705 SF
YTD direct leasing activity

NOTABLE RECENT LEASE TRANSACTIONS



74,000 SF
Sabadell Financial Center
New-To-Market



50,000 SF
830 Brickell
New-To-Market

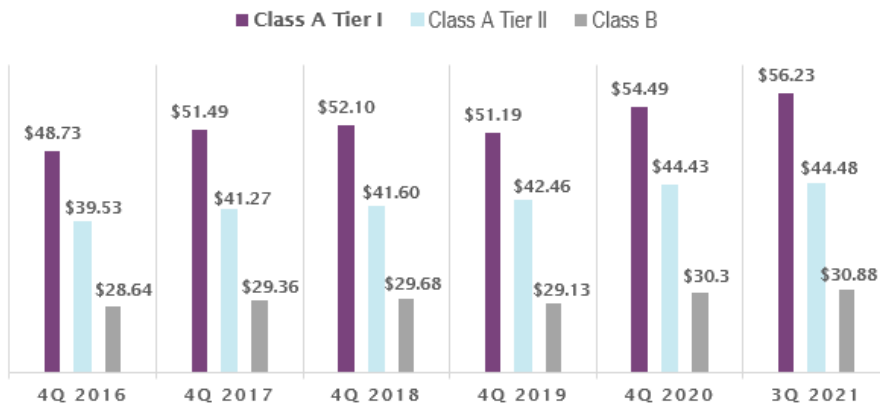


20,000 SF
830 Brickell
New-To-Market

DOWNTOWN

3Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



NOTABLE RECENT LEASE TRANSACTIONS



50,000 SF
One Biscayne Tower
New-to-Submarket



15,000 SF
Southeast Financial Center
Expansion



13,000 SF
3 MiamiCentral
New-to-Submarket &
Expansion

3Q 2021 CLASS A & B HIGHLIGHTS

\$44.04
Weighted average asking rate increased 2.0% YTD

24.1%
Direct vacancy decreased, previously 24.2% in 4Q 2020

(22,778) SF
YTD net absorption

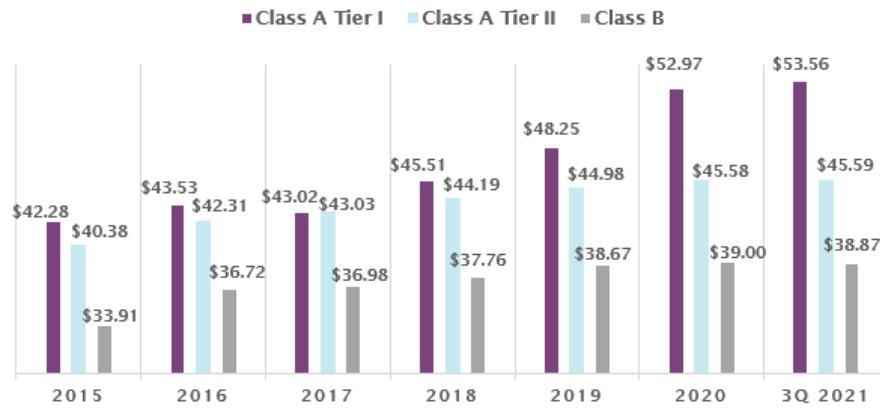
0 SF
Under construction

308,498 SF
YTD direct leasing activity

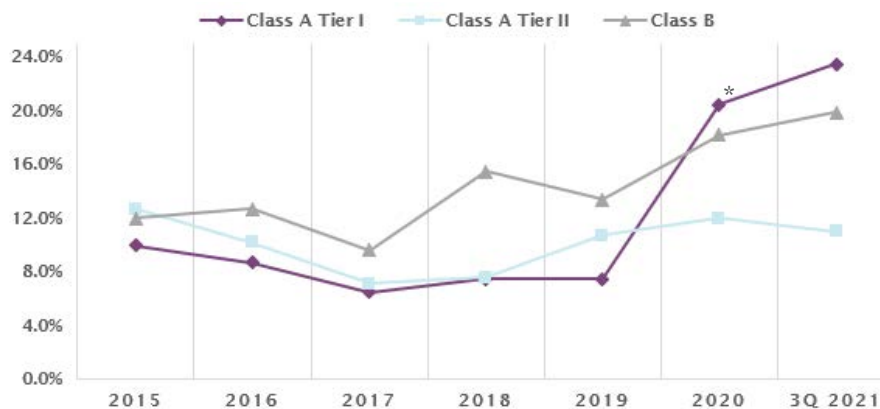
CORAL GABLES

3Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



* Increase in vacancy was due to increased supply from delivery of The Plaza North Tower 291K SF; 24% pre-leased at TCO

3Q 2021 CLASS A & B HIGHLIGHTS

\$43.50

Weighted average asking rate decreased 2.2% YTD

18.4%

Direct vacancy increased previously 17.1% in 4Q 2020

(2,480) SF

YTD net absorption

163,700 SF

Under construction

154,436 SF

YTD direct leasing activity

NOTABLE RECENT LEASE TRANSACTIONS



26,000 SF

2121 Ponce de Leon
New-to-Market



10,500 SF

The Plaza Coral Gables -
North Tower
Expansion



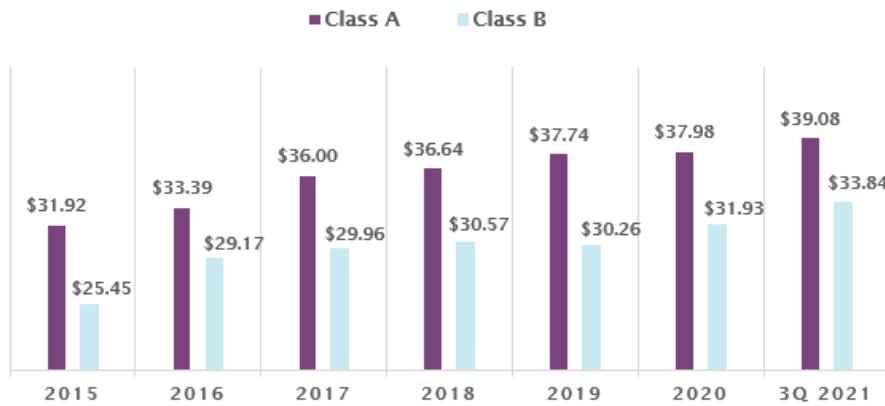
9,600 SF

Columbus Center
Renewal & Expansion

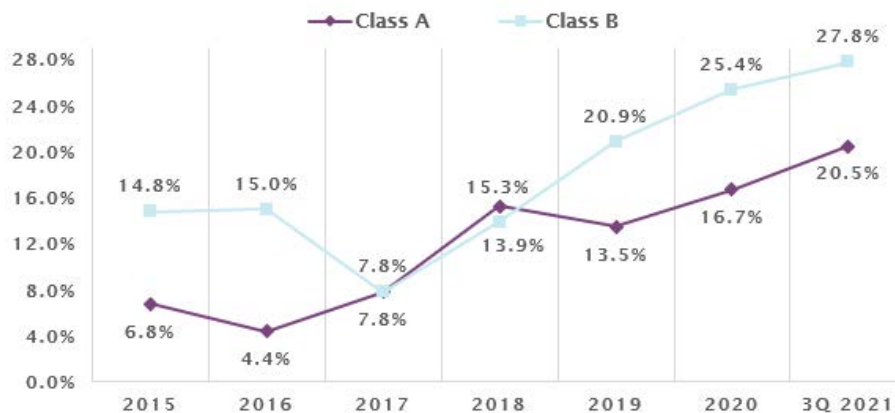
MIAMI AIRPORT

3Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YTD)



DIRECT VACANCY RATE (YTD)



3Q 2021 CLASS A & B HIGHLIGHTS

\$36.55
Weighted average asking rate increased 5.5% YTD

23.7%
Direct vacancy increased, previously 20.6% in 4Q 2020

(97,959) SF
YTD net absorption

0 SF
Under construction

682,726 SF
YTD direct leasing activity

NOTABLE RECENT LEASE TRANSACTIONS



16,100 SF
6100 Waterford
Renewal



10,000 SF
703 Waterford
Renewal

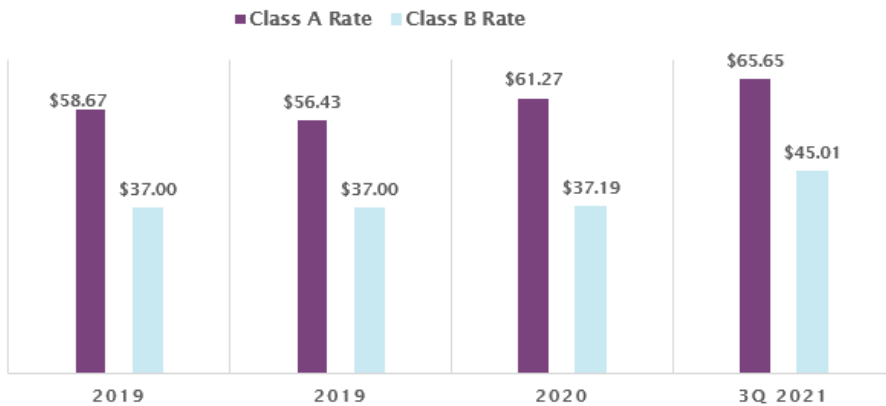


9,000 SF
Doral Concourse
New-to-Market

WYNWOOD-DESIGN DISTRICT

3Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



3Q 2021 CLASS A & B HIGHLIGHTS

\$63.11
Weighted average asking rate increased 3.6% YTD

37.5%
Direct vacancy decreased, previously 48.0% in 4Q 2020

109,496 SF
YTD net absorption

455,300 SF
Under construction

119,734 SF
YTD direct leasing activity

DIRECT VACANCY RATE (YOY)



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

NOTABLE RECENT LEASE TRANSACTIONS



18,500 SF
The Dorsey
New-to-Market



12,200 SF
The Gateway at Wynwood
In-Market Relocation & Expansion

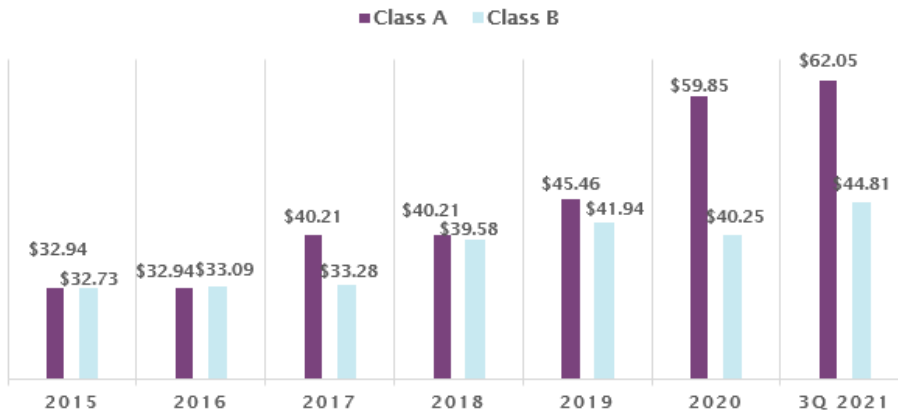


8,000 SF
545wyn
In-Market Relocation

COCONUT GROVE

3Q 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



*2020 Class B increase in vacancy due to flight-to-quality by tenants.

NOTABLE RECENT LEASE TRANSACTIONS



17,600 SF
2850 Tigertail
New-to-Market



12,700 SF
One Cocowalk
New-to-Market



8,300 SF
One Cocowalk
New-to-Submarket

3Q 2021 CLASS A & B HIGHLIGHTS

\$49.55
Weighted average asking rate increased 13.1% YTD

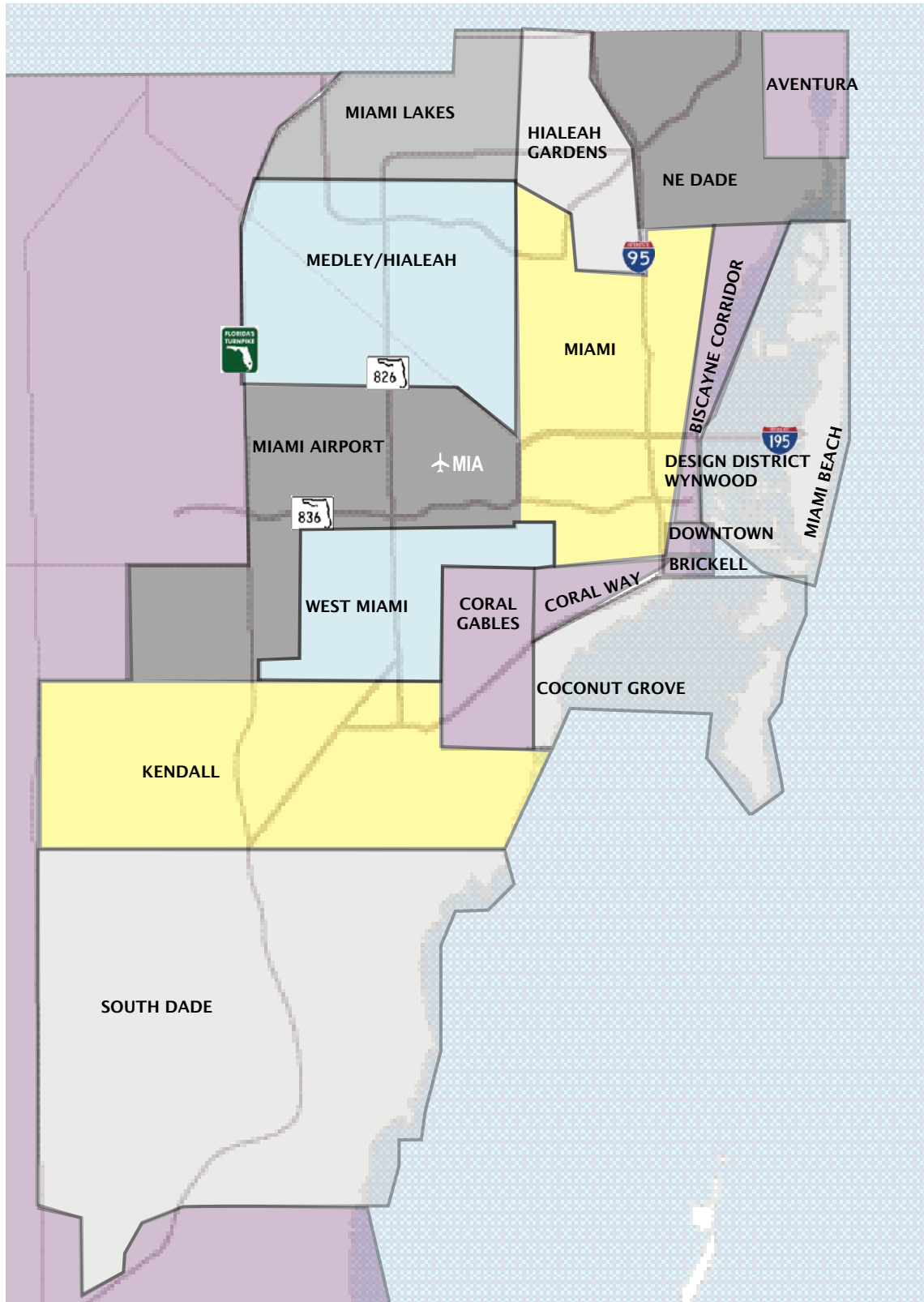
10.7%
Direct vacancy decreased, previously 15.5% in 4Q 2020

139,273 SF
YTD net absorption

0 SF
Under construction

97,263 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	10.5%	\$62.74	470,713	94,923	650,000
Downtown	9	4,986,671	22.1%	\$51.14	274,295	-4,824	0
Coral Gables	21	3,508,769	17.3%	\$51.15	191,197	20,411	163,700
Miami Airport	32	5,210,160	20.5%	\$38.41	425,799	-87,931	0
SubTotal	75	18,451,011	17.7%	\$48.75	1,362,004	22,579	813,700
Aventura	7	734,178	7.6%	\$50.17	30,865	49,485	308,198
Biscayne Corridor	1	435,000	15.1%	\$37.00	17,000	17,000	0
Coconut Grove	5	641,820	4.3%	\$62.05	71,950	101,291	0
Coral Way	0	0	-	-	-	-	0
Kendall	4	713,687	14.4%	\$44.61	50,695	-18,895	0
Medley/Hialeah	0	0	-	-	-	-	0
Miami	2	401,126	11.0%	\$49.49	117,130	109,062	0
Miami Beach	7	584,156	17.7%	\$60.50	47,661	30,703	172,000
Miami Lakes	6	386,785	52.5%	-	29,180	-19,758	152,090
NE Dade	1	102,287	37.0%	\$57.00	16,421	12,335	0
South Dade	0	0	-	-	-	-	0
Wynwood-Design District	7	724,621	38.5%	\$65.65	118,534	110,397	455,300
SubTotal	40	4,723,660	17.3%	\$56.46	499,436	391,620	1,087,588
TOTAL	115	23,174,671	16.5%	\$50.30	1,861,440	414,199	1,901,288

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	26.3%	\$41.57	104,271	-75,012
Downtown	11	2,053,541	28.9%	\$30.88	34,203	-17,954
Coral Gables	23	2,625,162	19.9%	\$30.87	50,512	-22,891
Miami Airport	42	3,998,633	27.8%	\$33.84	256,927	-10,028
SubTotal	87	10,439,896	25.8%	\$35.50	445,913	-125,885
Aventura	4	376,424	7.7%	\$45.40	22,963	17,767
Biscayne Corridor	4	291,131	23.6%	\$38.96	5,600	-57,675
Coconut Grove	6	591,882	17.7%	\$44.81	25,313	37,982
Coral Way	7	482,676	6.4%	\$28.40	3,855	-10,550
Kendall	9	1,250,312	13.8%	\$34.83	59,675	-73,103
Medley/Hialeah	3	185,856	8.3%	\$25.00	5,786	-9,321
Miami	1	76,789	0.0%	-	-	9,532
Miami Beach	5	585,202	18.4%	\$48.03	10,298	-58,974
Miami Lakes	4	207,987	2.5%	\$24.08	8,274	12,772
NE Dade	7	652,021	11.7%	\$33.32	46,464	-6,953
South Dade	2	133,994	0%	-	-	456
Wynwood-Design District	2	-122,396	32.0%	\$45.01	-	-901
SubTotal	54	4,834,274	12.6%	\$38.99	188,228	-138,968
TOTAL	141	15,274,170	21.6%	\$36.14	634,141	-264,853

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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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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