

MIAMI OFFICE MARKET

Year-End 2021 Snapshot & Outlook



B L A N C A

1450 Brickell Avenue, Suite 2060, MIAMI, FL 33131

701 Waterford Way, Suite 160, Miami, FL 33126

201 East Las Olas Blvd., Suite 1050, Ft. Lauderdale, FL 33301

305.577.8850 | www.blancacre.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
MARKET HIGHLIGHTS	4
SUBMARKET WATCH	8
SUBMARKET MAP	14
MIAMI-DADE BY THE NUMBERS	15

EXECUTIVE SUMMARY

In 2021, Miami's appeal as a global, vibrant city and a hub for entrepreneurship, finance, and technology was proven by the significant migration of companies and increased population.

Relocations and expansions by marque global companies including Blackstone, Microsoft, Apollo Global Management, and Millenium Management solidified Miami's place as a top business destination to achieve quality of life and attract a highly qualified multilingual, multicultural talent pool.

As a result, the office market achieved record-setting leasing activity through year-end and experienced an increase in rents across various submarkets, particularly in Class A assets.

Flight-to-quality remained at the forefront of all major office moves and the uptick of new-to-market demand translated into the stellar performance of new office developments and top tier existing Class A office space. Moreover, investor confidence was proven by notable asset trades that set new value thresholds. A healthy pipeline of new office supply across Miami's evolving business hubs has been well received by both new-to-market entrants and established companies seeking quality office environments that will serve as a tool to recruit and retain talent.

The Miami office market is well positioned for a solid performance in 2022.

ECONOMIC HIGHLIGHTS

Despite unprecedented challenges presented by the pandemic during the past two years, Miami's economy demonstrated resilience and became one of the most desirable locations for individuals and companies relocating from other major U.S. metro markets.

Representative of the population and business influx into the city, recent reports noted that Miami MSA's net migration more than doubled from the previous year and the state of Florida recorded the largest net domestic migration gain in 2021 (220,890 new residents between July 2020 and July 2021).

Miami was also credited for being the fastest growing city for new business creation recording a 45% increase over the previous year in new businesses formed. Top industries included finance, technology and entertainment; all of which contributed to office leasing velocity in 2021.

What began as a tweet of "How can I help?" by the City of Miami Mayor, Francis Suarez, Miami quickly catapulted into a global hub for technology and cryptocurrency. Since then, companies like Softbank, Founders Fund, Thoma Bravo, and others, have established their footprint in the Magic City and have made multi-million-dollar commitments to invest in technology companies further helping startups and existing companies grow and thrive.

Miami also demonstrated signs of job recovery with unemployment rates on a steady decline, now at 3.4% vs. 6%+ in other major U.S. metro markets like NY, Chicago, and San Francisco. Industries driving employment growth include technology, finance, professional services, entertainment, and legal services. Tech jobs led growth with a 15% increase over the previous year. These industries also represented most office lease transactions in 2021; a trend we expect to continue over the course of the year. The newcomers who have moved have stayed, and local entrepreneurs expect more to follow suit.

Miami is expected to maintain its vibrant momentum appealing to domestic enterprises and talent, and venture capital investment is trending up. For example, two local startups, fintech firm PIPE and senior care startup Papa, reached billion-dollar unicorn status in recent months. Softbank has already invested \$250 million in Miami, more than doubling the investment commitment it made at the start of 2021.

The current market dynamics are expected to fuel the local economy and further drive the success of the Miami office market in 2022.

"Miami is now one of the fastest growing cities in America for new businesses according to a study from LinkedIn"
- *The Next Miami*

45%

INCREASE OVER PREVIOUS YEAR IN NEW BUSINESSES FORMED

3.4%

MIAMI UNEMPLOYMENT RATE VS. 6% NATIONAL

\$250M

SOFTBANK'S INVESTMENT COMMITMENT IN MIAMI TO DATE



"HOW CAN I HELP?" THE TWEET THAT LAUNCHED MIAMI ONTO THE GLOBAL STAGE

MARKET HIGHLIGHTS

LEASING ACTIVITY

At the close of 2021, Class A and B buildings recorded 3.5 million square feet of leasing activity across the Miami office market: an 83% increase from the previous year.

Due to the continued demand for top tier office space, Class A drove the leasing momentum recording 2.4 million square feet (69%) of completed deals (up 50% from 2020; and 20% greater than the 5-year historical average).

Although demand is evident across several office submarkets, the four major office submarkets (Brickell, Downtown, Miami Airport and Coral Gables) captured more than 75% of completed transactions.

Evidencing its position as one of Miami's top business addresses, Brickell recorded the highest leasing activity with over 470,000 SF (13% of Total SF) of signed leases in 2021.

Evolving submarkets such as Wynwood/Design District, Aventura and Coconut Grove made a positive

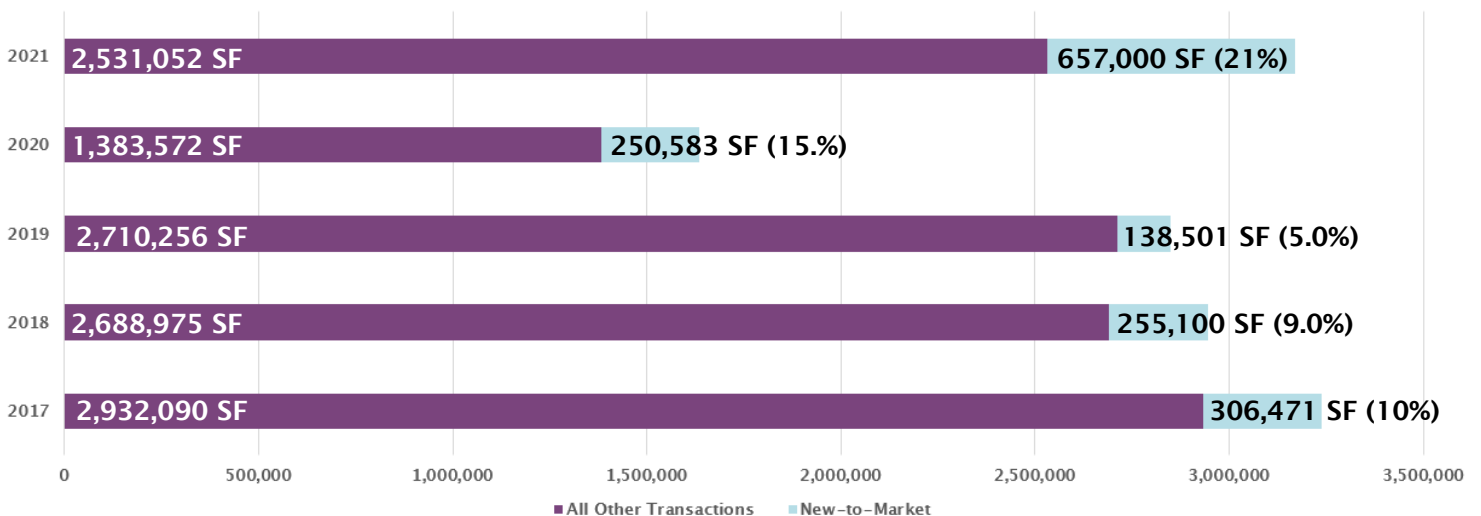
impact in Miami's office market and contributed more than 400,000 SF of completed lease transactions.

Driven by the migration of talent, wealth and businesses, new-to-market activity significantly increased year-over-year to never-before-seen levels. By year-end, there were 657,000 SF of new-to-market transactions representing 20% of total leases closed. More than 80% of the activity by new entrants came from New York and are in the finance industry.

Miami's leasing activity was dominated by financial services, professional services, technology, and accounting. This leasing activity also aligns with job growth statistics by industry which should remain evident in 2022.

Given current market fundamentals and Miami's continued appeal as a desirable live, work, play destination for companies and individuals alike, we expect deal activity to keep up the pace in 2022 and set new benchmarks for the local office market.

COMPLETED TRANSACTIONS WITH NEW-TO-MARKET ACTIVITY



MARKET HIGHLIGHTS

RATES

At year-end, overall direct weighted average asking rents increased 5.0% across the board for Class A and B space; currently at \$45.05 PSF.

Flight-to-quality put upward pressure on Class A rents resulting in a 6% increase over the previous year (now at \$52.00 PSF).

Miami rents continue to outperform and grow at a faster than average pace versus other major U.S. office markets amid the pandemic (5% vs. 1.8% national rent growth).

The upward pressure on rents is driven by unprecedented demand by new-to-market companies and the delivery of new premium office projects across various submarkets. Top tier assets in Wynwood, Miami Beach, and Brickell are achieving rents north of \$65.00 PSF and driving the overall growth in rents. Asking rents for new office projects generally are being quoted above \$55.00 PSF.

As new office supply delivers over the course of the year and the demand for top quality office space grows, we expect Class A rents to sustain an upward trajectory through year-end 2022.

MIAMI-DADE BY THE NUMBERS YEAR-END 2021

CLASS A & B MULTI-TENANT OFFICE BUILDINGS > 50,000 SF

CLASS A

↑ \$52.14
Weighted average asking rate (increased 6.0% YOY)

↓ 16.0%
Direct vacancy rate decreased (previously 0.8% YOY)

875,757 SF
YOY net absorption

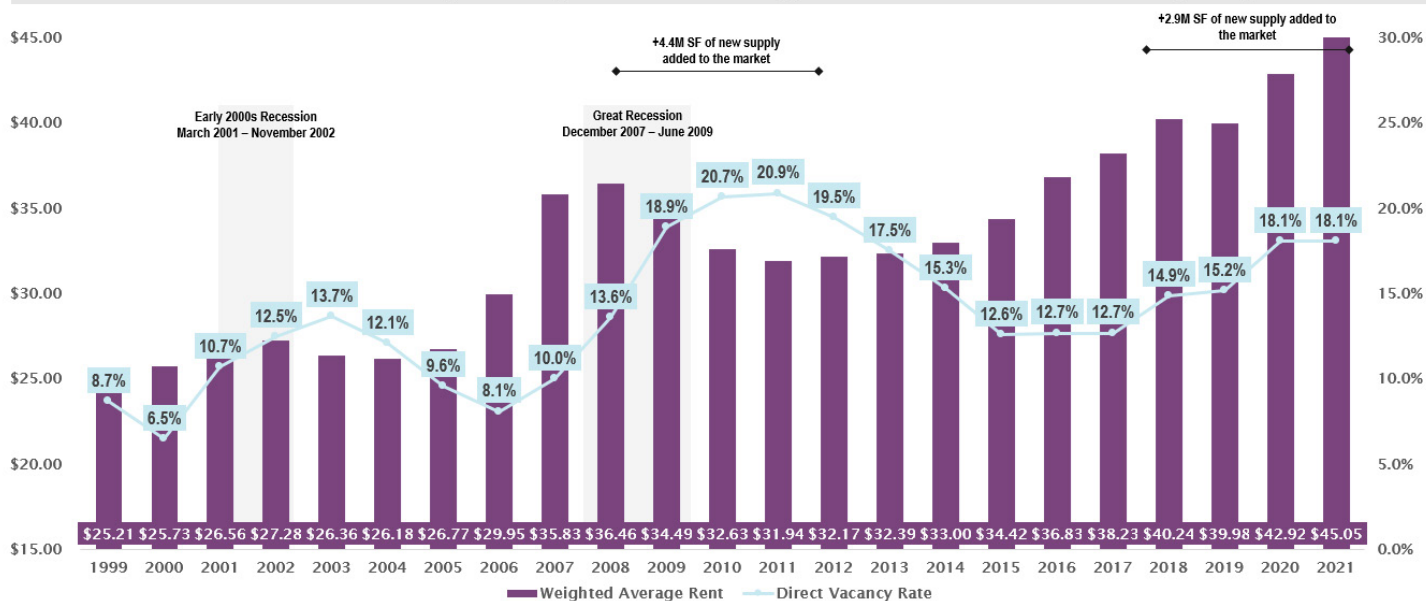
CLASS B

↑ \$36.57
Weighted average asking rate (increased 5.3% YOY)

↑ 22.1%
Direct vacancy rate increased (previously 20.2% YOY)

-194,710 SF
YOY net absorption

Historical Miami-Dade Direct Weighted Average Rate & Direct Vacancy | Class A & B Multi-Tenant Office Buildings > 50,000 SF



MARKET HIGHLIGHTS

VACANCY AND NET ABSORPTION

As a result of robust leasing velocity in 2021, Class A achieved a record-setting 876,000 SF of positive net absorption at year-end while Class B recorded -195,000 SF.

Successful lease-up of new office projects delivered in the past 18 months some of which also achieved 100% occupancy within a year of TCO, contributed greatly to the overall positive net absorption. For example, 2850 Tigertail (100% leased), One Cocowalk (98% leased), 545wyn (25% leased) and The Plaza Coral Gables (40% leased) achieved terrific success in 2021 attracting a cadre of existing and new-to-market quality credit tenants.

The submarkets benefiting from substantial new-to-market activity such as the urban core and Wynwood also drove the strong performance of Class A space.

This momentum is expected to continue and expand across the region to suburban areas including Miami

Airport and growing office submarkets such as Aventura.

Demand for move-in ready space was evidenced by sublease vacancy decreasing by 24% to 1.7% of total inventory vs. 2.1% at the end of 2020. Co-working also performed well with some of the established operators achieving full capacity in various centers across the county. Notable sublease deals include: Managed Healthcare Partners (21,000 SF), and AerSale (13,000 SF).

In 2022, approximately 1.5 million square feet of new office supply is expected to deliver with strong pre-leasing (currently 27% pre-leased). Major lease transactions already announced include: Microsoft (54,000 SF at 830 Brickell), Thoma Bravo (36,500 SF at 830 Brickell), Oppenheimer (32,000 SF at The Plaza Coral Gables North Tower), and Schonfeld Strategic Advisors (18,000 SF at The Dorsey).

NEW DEVELOPMENTS UNDERWAY

(Over 50K SF of Office)

1.5M
Under Construction

27%
Leased Prior to TCO



OPTIMA ONYX
1010 South Federal Highway
Aventura
308,000 SF Class A Office Space
Typical Office Floor: 16,680 SF
Delivering: 1Q 2022



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



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

1Q 2022

2Q 2022

3Q 2022

4Q 2022

1Q 2023



THE PLAZA CORAL GABLES SOUTH TOWER
3011 Ponce de Leon Blvd.
Coral Gables
163,700 SF Class A Office Space
Typical Office Floor: 22,744 SF
Delivering: 1Q 2022



BOB GRAHAM OFFICE BUILDING
14800 Oak Lane
Miami Lakes
82,903 SF Class A Office Space
Typical Office Floor: 20,620 SF
Delivering: 2Q 2022



NIKOLA TESLA INNOVATION HUB
155 S Miami Avenue
Downtown
Mixed-Use with 137,000 SF Class A
Office Space & 6,000 SF Retail Space
Typical Office Floor: 10,461 SF
Delivering: 3Q 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

2021 YEAR-END REVIEW



TOP 3 BUILDING TRADES BY \$ PSF

1. 1674 Meridian (\$828 PSF)
2. 220 Alhambra (\$763 PSF)
3. 2&3 MiamiCentral (\$723 PSF)



TOP 3 BUILDING DELIVERIES BY SF

1. The Gateway at Wynwood (195,000 SF Mixed-Use)
2. Starwood Capital HQ (140,000 SF Office/Retail)
3. Strata (60,300 SF Mixed-Use)



TOP 3 MAJOR LEASES SIGNED BY SF

1. Millennium Management (67K SF at 1111 Brickell)
2. Subway (64K SF at 1000 Waterford)
3. McDermott Will Emery (51KSF at Wells Fargo Ctr)



TOP PERFORMING SUBMARKETS

(CLASS A&B YOY NET ABSORPTION)

1. Brickell 148,337 SF
2. Wynwood 152,274 SF
3. Coconut Grove 216,890 SF



MOST POPULAR SUBMARKETS

(WITH NEW-TO-MARKET FIRMS BY SF)

1. Brickell (283K SF)
2. Coral Gables (107K SF)
3. Miami Airport (84K SF)



INDUSTRIES WITH MOST NEW HIRES*

1. Professional & Business Services (added 22,600 jobs includes tech jobs created)
2. Leisure & Hospitality (added 19,800 jobs)
3. Trade, Transportation, and Utilities (added 15,600 jobs)

TRENDS TO WATCH



Robust leasing activity driven by sustained new-to-market demand



Steady increase in rents as new office supply delivers



Strong positive net absorption though year-end



Continued flight-to-quality

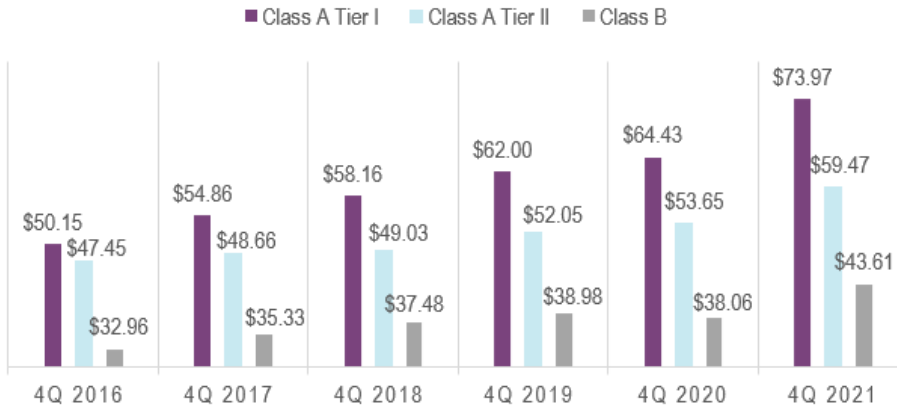


Increased in-market relocations and musical chairs within submarkets

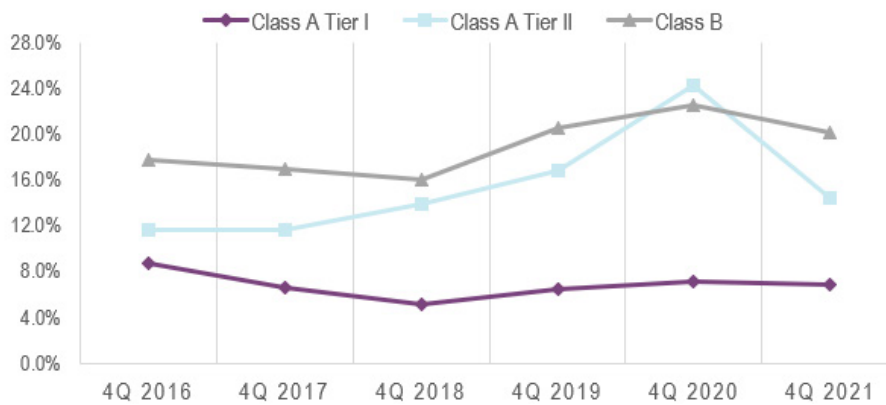
BRICKELL

YEAR-END 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS

APOLLO

24,000 SF
701 Brickell
New-To-Market



12,500 SF
701 Brickell
Renewal



4,200 SF
1221 Brickell
New-To-Market

YE 2021 CLASS A & B HIGHLIGHTS

\$56.01
Weighted average asking rate increased 12.6% YOY

12.5%
Direct vacancy decreased, previously 15.5% in 4Q 2020

148,337 SF
YOY net absorption

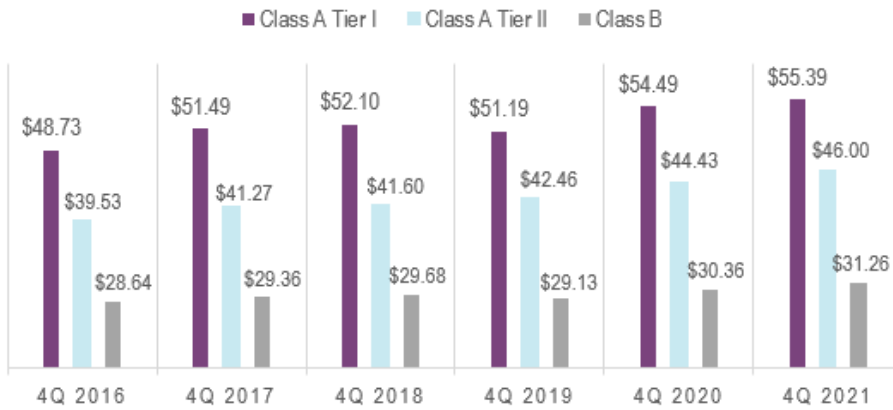
650,000 SF
Under construction at 830 Brickell

823,825 SF
YOY direct leasing activity

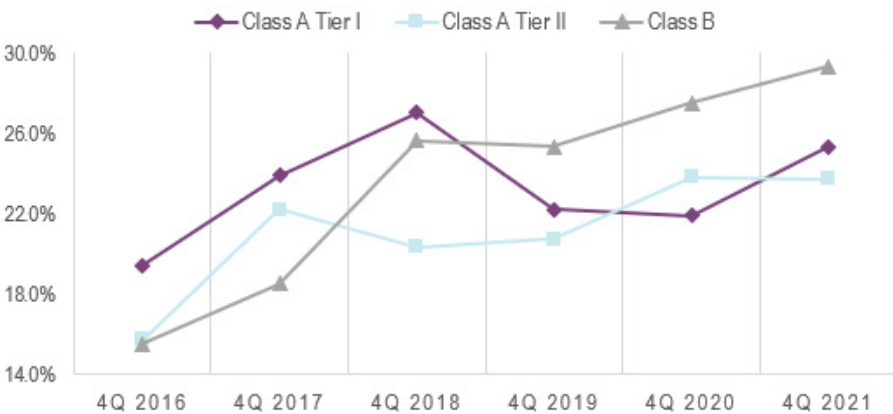
DOWNTOWN

YEAR-END 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YTD)



NOTABLE RECENT LEASE TRANSACTIONS



51,500 SF
Wells Fargo Center
Expansion & Extension



23,500 SF
Citigroup Center
Renewal



3,500 SF
SunTrust International
Relocation

YE 2021 CLASS A & B HIGHLIGHTS

\$45.10
Weighted average asking rate increased 4.5% YOY

26.0%
Direct vacancy decreased, previously 24.2% in 4Q 2020

(66,504) SF
YTD net absorption

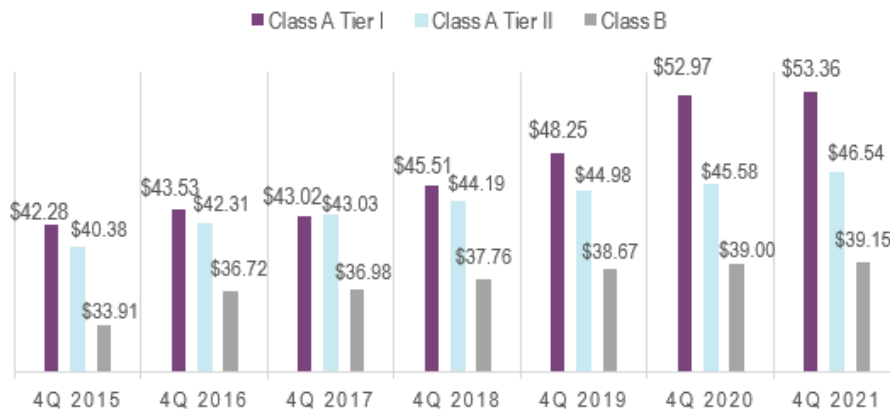
137,000 SF
Under construction (Nicola Tesla Innovation Hub)

473,026 SF
YOY direct leasing activity

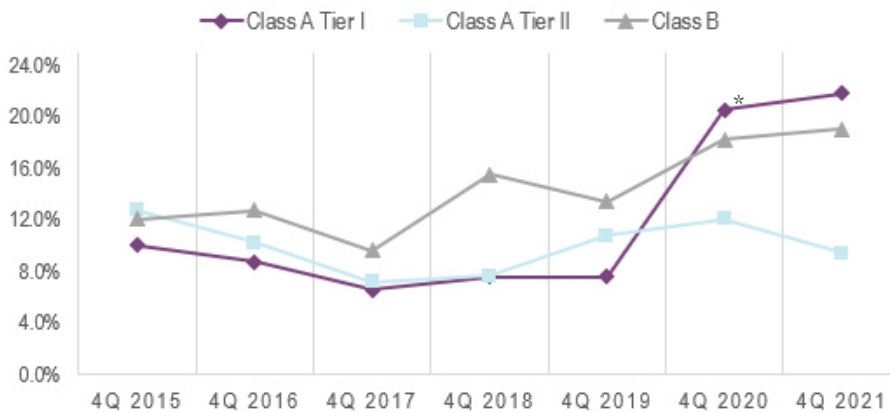
CORAL GABLES

YEAR-END 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



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

NOTABLE RECENT LEASE TRANSACTIONS



32,000 SF
The Plaza Coral Gables
North Tower
Relocation/Expansion



19,500 SF
Columbus Center
New-to-Market



13,500 SF
255 Alhambra
In Sublease

YE 2021 CLASS A & B HIGHLIGHTS

\$43.44
Weighted average asking rate decreased 2.4% YOY

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

(5,155) SF
YOY net absorption

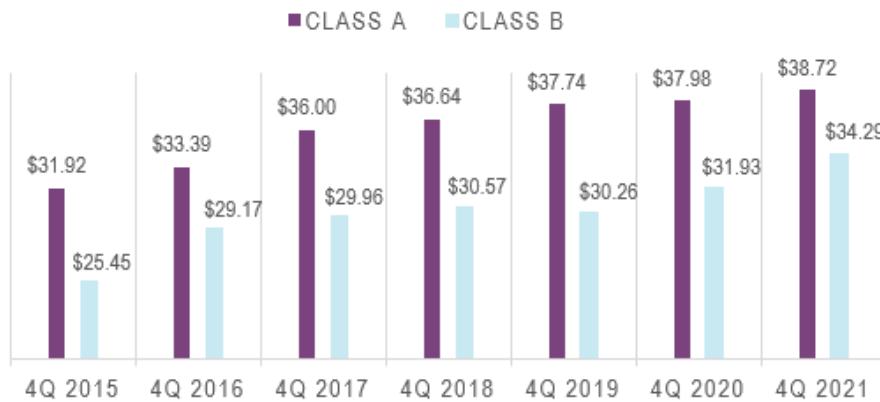
164,000 SF
Under construction
(The Plaza Coral Gables South Tower)

458,857 SF
YOY direct leasing activity

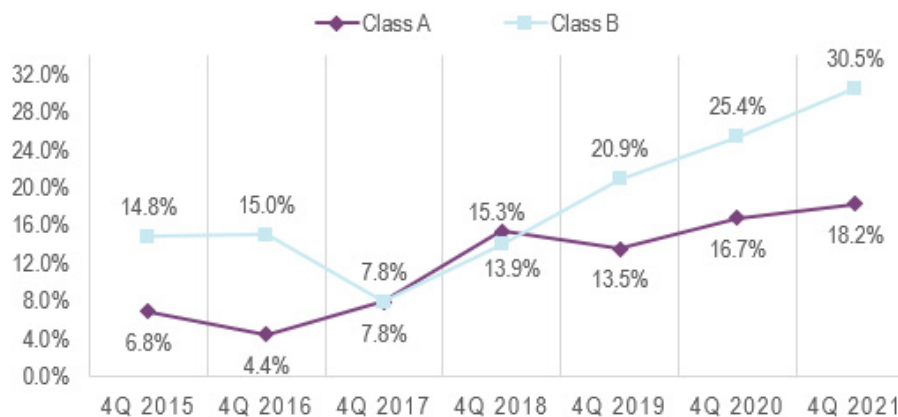
MIAMI AIRPORT

YEAR END 2021 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



40,000 SF

One Park Square at Doral
New-to-Submarket



SCHENKER

26,000 SF

800 Waterford
Extension



GLOBAL BENEFITS GROUP

17,500 SF

1000 Waterford
In-Market Relocation

YE 2021 CLASS A & B HIGHLIGHTS

\$36.24

Weighted average asking rate increased 4.6% YOY

23.5%

Direct vacancy increased, previously 20.6% in 4Q 2020

(104,896) SF

YOY net absorption

0 SF

Under construction

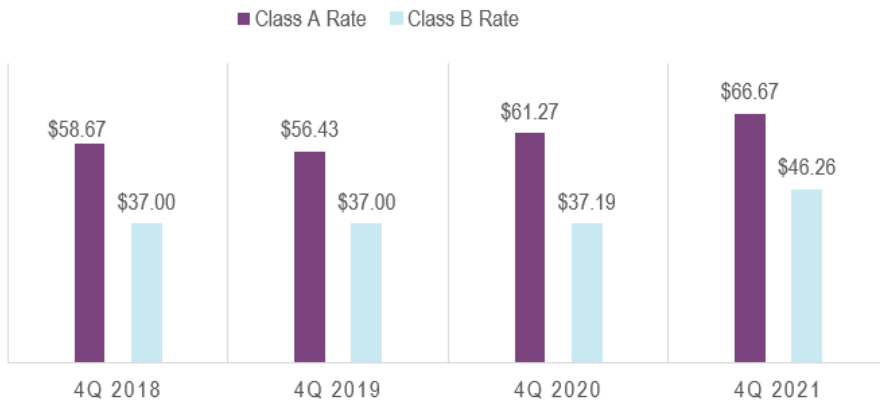
777,007 SF

YOY direct leasing activity

WYNWOOD-DESIGN DISTRICT

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

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



YE 2021 CLASS A & B HIGHLIGHTS

\$65.17
Weighted average asking rate increased 6.6% YOY

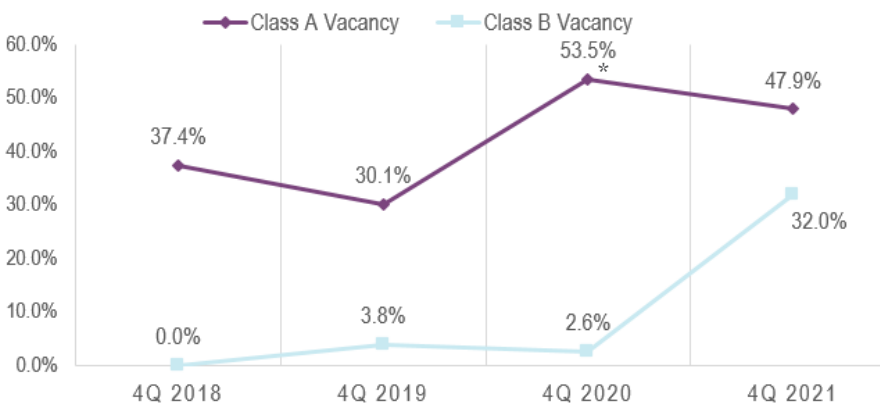
46.2%
Direct vacancy decreased, previously 48.0% in 4Q 2020

152,274 SF
YOY net absorption

128,000 SF
Under construction (The Dorsey, Wynwood 28)

174,433 SF
YOY 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

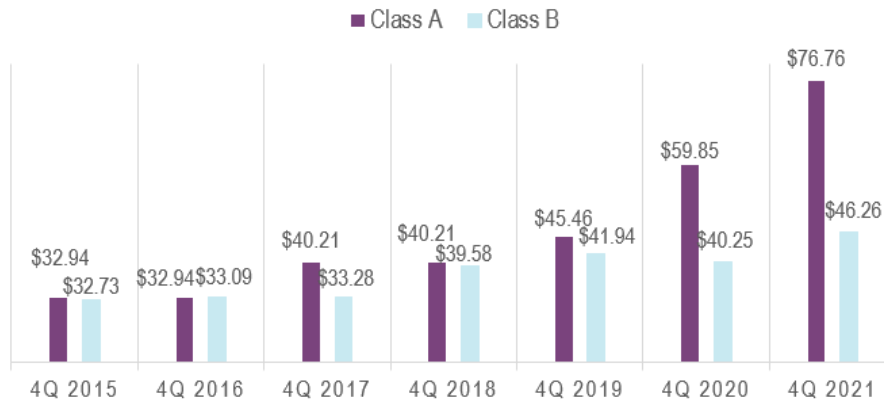


8,000 SF
545wyn
In-Market Relocation

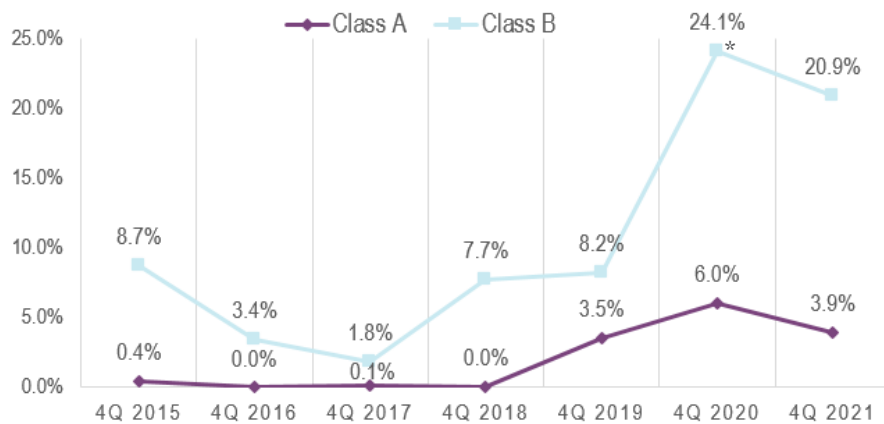
COCONUT GROVE

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.

3Q 2021 CLASS A & B HIGHLIGHTS

\$50.73
Weighted average asking rate increased 15.7% YOY

12.0%
Direct vacancy decreased, previously 15.5% in 4Q 2020

216,890 SF
YOY net absorption

0 SF
Under construction

135,769 SF
YOY direct leasing activity

NOTABLE RECENT LEASE TRANSACTIONS



17,600 SF
2850 Tigertail
New-to-Market

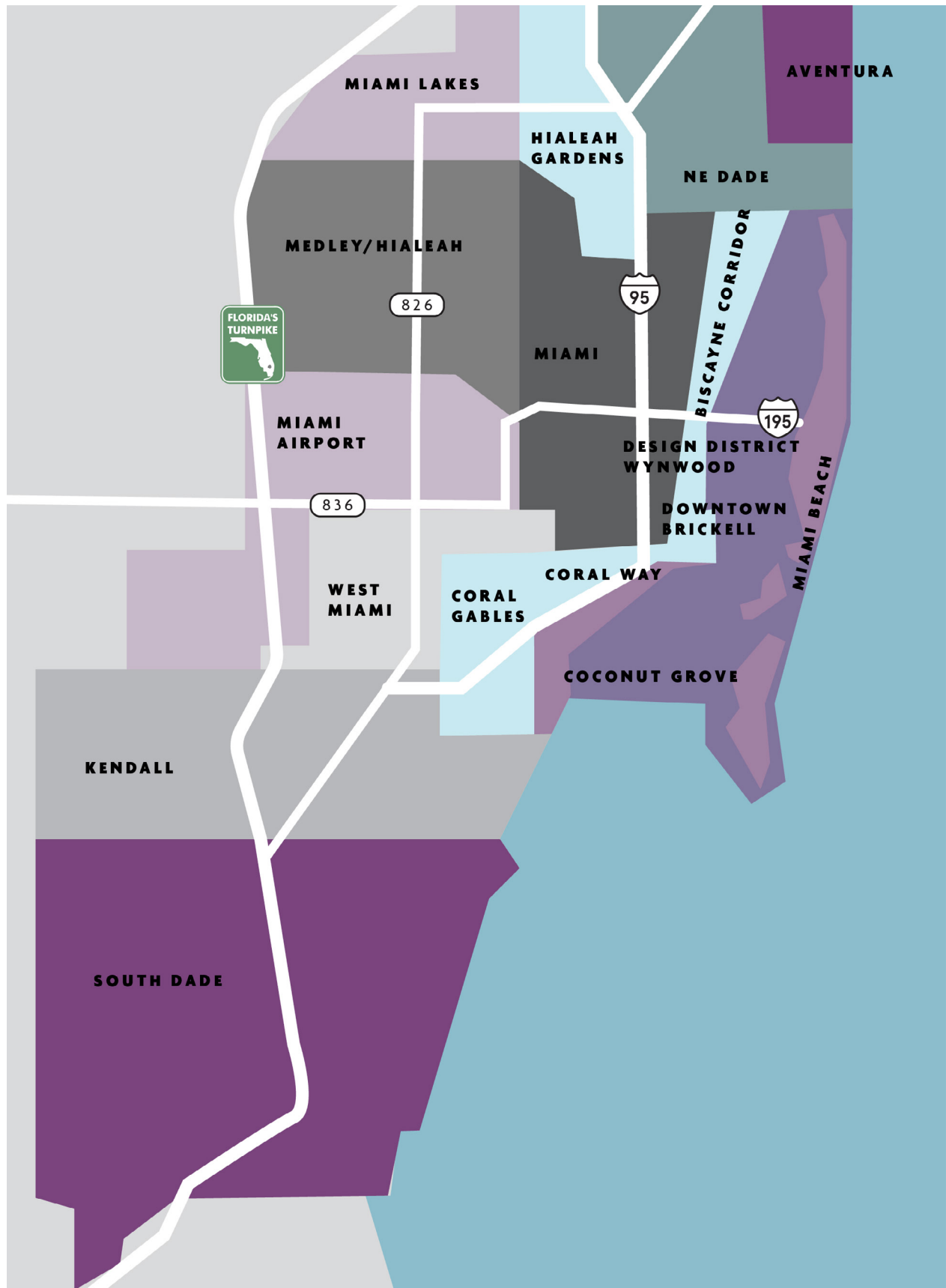
THE JORDAN COMPANY

12,700 SF
One Cocowalk
New-to-Market

UNO
Management Services

8,300 SF
One Cocowalk
New-to-Submarket

MIAMI-DADE SUBMARKET MAP



MIAMI-DADE BY THE NUMBERS

MIAMI OFFICE SUBMARKETS - CLASS A

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rental Rate (\$/SF)	YOY Direct Leasing Activity	YOY Net Absorption	SF Under Construction
Four Major Submarkets							
Brickell	13	4,745,411	9.4%	\$66.45	721,000	132,524	650,000
Downtown	9	4,995,671	24.7%	\$51.85	433,990	-53,843	137,000
Coral Gables	22	3,508,769	15.6%	\$51.44	322,903	30,274	164,000
Miami Airport	32	5,200,079	18.2%	\$38.72	603,229	95,238	0
SubTotal	76	18,449,930	17.2%	\$49.92	2,081,122	204,193	951,000
Aventura	7	757,122	5.9%	\$51.64	136,772	57,152	308,000
Biscayne Corridor	1	435,000	20.8%	\$37.82	17,000	43,895	0
Coconut Grove	5	641,820	3.9%	\$76.76	117,958	197,709	0
Coral Way	0	0	-	-	-	0	0
Kendall	4	713,687	13.8%	\$44.74	50,398	-14,793	0
Medley/Hialeah	0	0	-	-	-	0	0
Miami	2	401,126	15.9%	\$65.12	117,130	115,084	0
Miami Beach	8	728,586	24.4%	\$64.28	63,751	92,829	32,000
Miami Lakes	6	386,785	23.3%	\$30.93	40,336	0	82,000
NE Dade	1	102,287	23.2%	\$62.00	30,596	30,513	0
South Dade	0	0	-	-	-	0	0
Wynwood-Design District	9	1,033,628	47.9%	\$66.67	173,233	149,175	128,000
SubTotal	43	5,200,041	21.3%	\$58.52	747,174	671,564	550,903
TOTAL	119	23,649,971	16.0%	\$52.14	2,828,296	875,757	1,501,903

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	1,888,582	20.1%	\$43.61	104,271	102,825
Downtown	11	2,053,541	29.3%	\$31.26	34,203	39,036
Coral Gables	23	2,634,065	19.0%	\$39.15	50,512	135,954
Miami Airport	41	3,935,393	30.5%	\$34.29	256,927	173,778
SubTotal	86	10,511,581	25.5%	\$35.84	445,913	451,593
Aventura	4	376,424	7.7%	\$45.40	22,963	25,374
Biscayne Corridor	0	0	0.0%	\$0.0	5,600	-
Coconut Grove	6	591,882	20.9%	\$46.26	25,313	17,811
Coral Way	0	0	0.0%	\$0.0	3,855	7,354
Kendall	9	1,328,694	12.4%	\$34.39	59,675	77,075
Medley/Hialeah	3	185,856	8.3%	\$25.00	5,786	5,935
Miami	1	76,789	0.0%	-	-	-
Miami Beach	5	580,996	16.8%	\$49.78	10,298	16,188
Miami Lakes	0	0	0.0%	\$0.0	8,274	8,874
NE Dade	7	652,021	11.8%	\$33.61	46,464	70,234
South Dade	2	133,994	1.0%	\$25.00	-	8,288
Wynwood-Design District	2	-122,396	32.0%	\$46.26	-	-
SubTotal	39	3,926,656	12.9%	\$40.43	188,228	236,515
TOTAL	125	14,438,237	22.1%	\$36.57	634,141	688,108

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 a part 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.



BLANCA
Licensed Real Estate Broker

BLANCA COMMERCIAL REAL ESTATE, INC.
1450 BRICKELL AVENUE SUITE 2060 MIAMI, FL 33131
305-577.8850 | www.blancacre.com