



MIAMI OFFICE MARKET

MIDYEAR SNAPSHOT & OUTLOOK

2Q 2022



B L A N C A
LICENSED REAL ESTATE BROKER

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EXECUTIVE SUMMARY

Financiers, fintech, crypto and other banking, financial services, insurance (BFSI) and professional services players continue to drive Greater Miami's commercial real estate market to historic numbers.

Deal volume and record rents remain strong across the region, belying the trends and concerns of other markets suffering outbound traffic. In fact, those markets remain among the strongest sources of South Florida's influx. As a result, year-to-date leasing activity has increased nearly 40% over same time last year and Miami's top-tier trophy assets are recording never-before-seen rents north of \$95 PSF.

Miami real estate begs the use of superlatives. When discussing commercial real estate sales, new jobs and the continued arrival of tech firms from the Northeast, Texas and California, Miami Mayor Francis Suarez, the shepherd behind luring fintech and cryptocurrency players to the market, told Fox Business that the city's tax base is up 12% year-over-year and its venture capital pipeline grew by 400% year-over-year. He said Miami's booming economy was "on fire."

The headlines keep Miami top of mind. In June, Citadel, the \$51 billion hedge fund, and Citadel Securities, both run by billionaire Ken Griffin, announced their relocation from Chicago to Miami.

This followed other notable regional office announcements, including \$2 trillion in asset management and financial players, such as Apollo Global

Management, Blackstone, CI Financial, Millennium Management and Point72 Asset Management.

Building on the region's strong finance, technology and entrepreneurial ecosystems, companies from other industries, such as legal and professional services, are following suit and establishing their footprint in the lucrative Miami market. A notable relevant announcement is Winston & Strawn's expansion into the market, a move we expect will lead others to follow.

Given Miami's continued appeal as an ideal office destination for domestic and international companies, several major high-end office developments were also announced as developers seek to capture demand and meet the needs set forth by these companies. Proposed new developments include One Brickell City Centre in Brickell, 700 N. Miami Avenue,

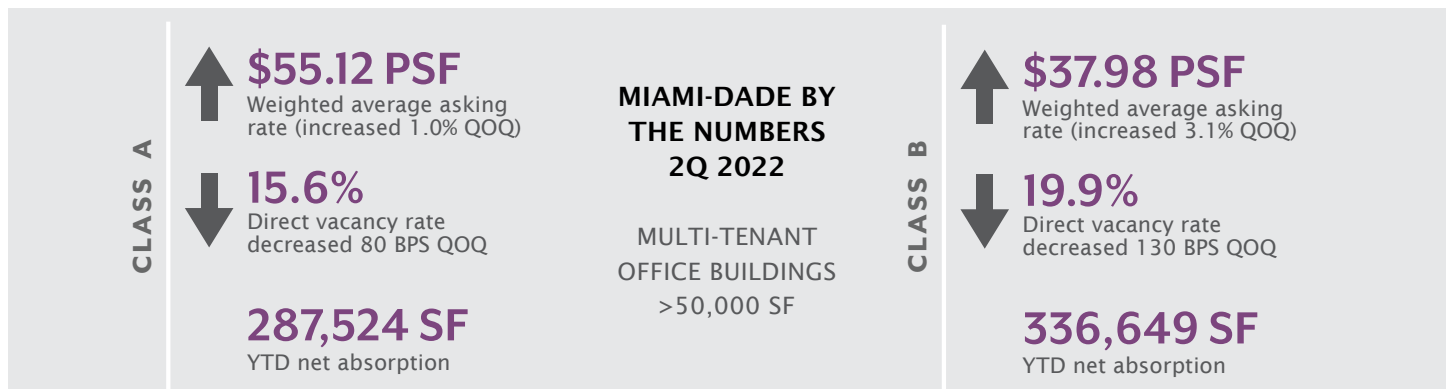
Witkoff Group's project in Downtown Miami, Wynwood Plaza in Wynwood, and The URSA in the Design District.

In summary, the lure remains the same: a strong corporate environment, supportive government, favorable tax structure and lack of a state income tax. Also topping the list of key drivers is quality of life, declining crime rates and the growing inventory of top-tier office product.

Additionally, the county's diverse, educated workforce and influx of new talent remains critical for the corporate migration driving the success of the overall Miami office market.

"It's on fire."

*Mayor Francis Suarez
on Miami's booming
economy.*



MARKET HIGHLIGHTS

LEASING ACTIVITY

Miami’s mix of new-to-market tenants, relocations to high quality buildings and growth from its existing tenant base continue to drive leasing activity in the booming Miami-Dade office market. While new-to-market technology companies and financial services firms dominate the headlines, leasing activity in the market highlights a diverse tenant base of companies of all industries and sizes.

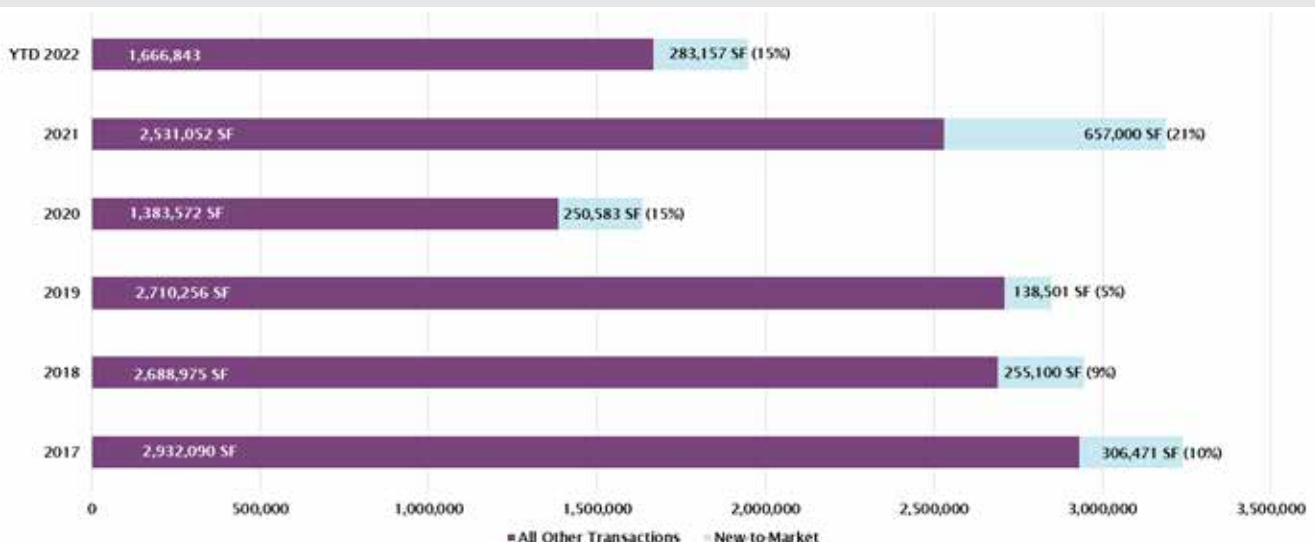
Overall leasing velocity accelerated from the onset of 2022, with completed transactions totaling 991,000 SF signed in the second quarter. Year to date, leasing activity has totaled 1.95 million SF, a 39% increase from the first half of 2021. Given the robust pipeline of 4.3 million SF of active requirements, of which 44% are new to market, leasing activity is expected to remain strong in the coming quarters and likely to outperform previous year.

The influx of out-of-market companies remained evident and is expected to keep up the pace through year-end. Representative of the demand, new-to-market tenants contributed 168,000 SF of leasing activity this quarter and have accounted for 15% of overall leasing activity in the first half of the year.

While the initial surge of new-to-market firms was mainly financial services and tech groups, accounting for 64% of the completed, new-to-market transactions since the start of 2020, there is a strong uptick in demand from top AM Law firms seeking to establish a strong presence in the region. Winston & Strawn, Alston & Bird and Kirkland & Ellis have secured temporary premises in Miami's CBD while they finalize negotiations for permanent premises.

The largest deals of the quarter, however, have come from existing tenants in the market relocating to new submarkets. Evolution Research Group signed a 75,000 SF lease at 700 NW 107th Ave (Miami Airport) relocating from Hialeah to backfill Lennar’s former space. RedBird Capital signed a 11,400 SF lease at 3480 Main Highway in Coconut Grove, relocating from West Palm Beach. PwC signed a 38,000 SF lease at 545Wyn (Wynwood) to attract and retain new employees favoring Wynwood over its prior office in downtown Miami . This continued the trend of companies moving to Wynwood’s growing, vibrant neighborhood.

COMPLETED TRANSACTIONS WITH NEW-TO-MARKET ACTIVITY



MARKET HIGHLIGHTS

RATES

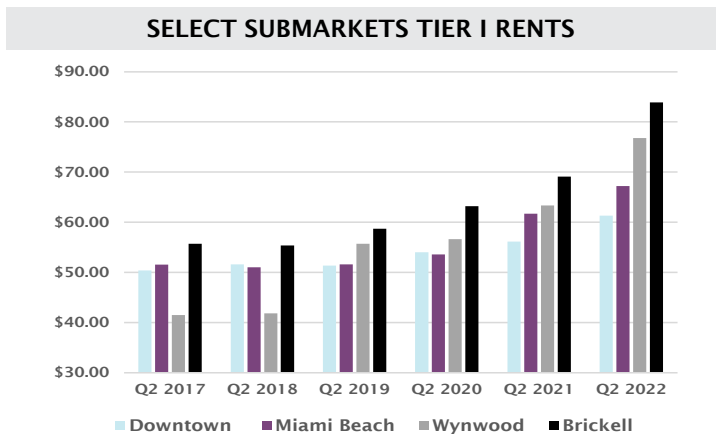
The influx of new-to-market tenants across Miami-Dade coupled with continued leasing activity from the existing tenant base has caused landlords to become more bullish and continue to push rates, especially in Class A product.

The weighted average asking rate ended the quarter at \$47.51 FS for Class A & B combined in Miami-Dade, a 2.2% increase over the prior quarter, and a 9.5% increase from Q2 2021. The increase was largely driven by Class A product, where rental rates have increased nearly 10% YOY to \$55.12 per SF.

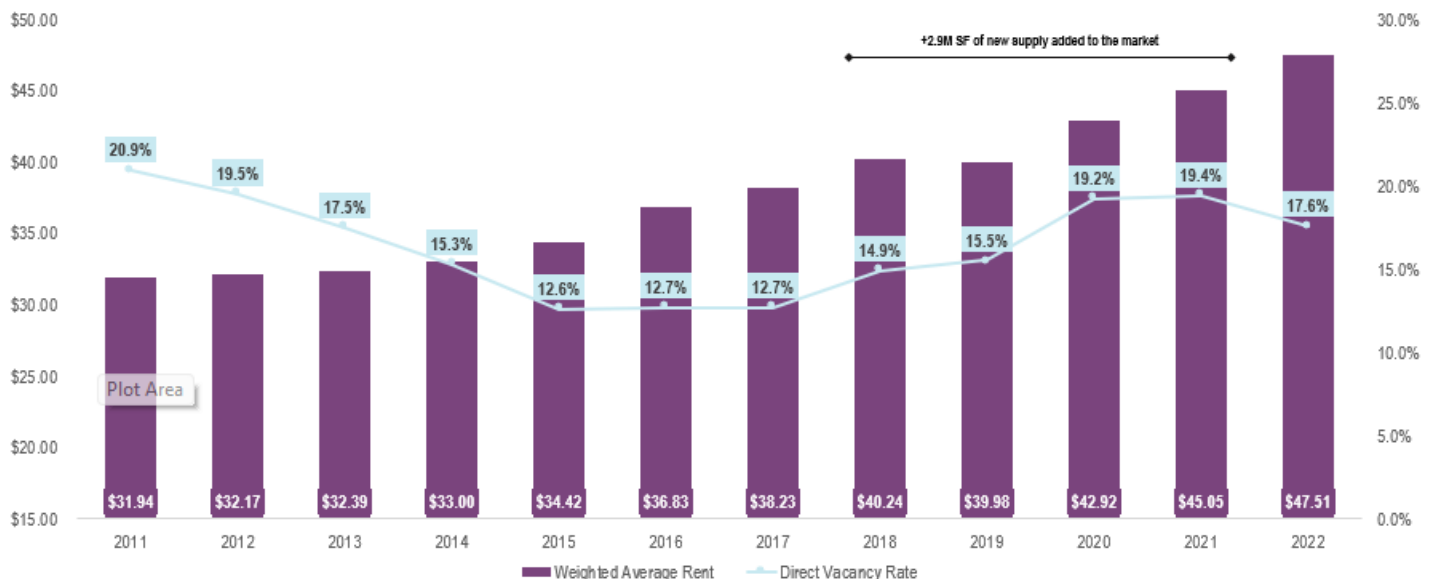
In both well-established submarkets like Brickell and Downtown Miami, as well as up-and-coming submarkets like Wynwood, Class A rates have grown exponentially over the past year, fueled by a continued flight-to-quality trend.

Class A office rates in Brickell have increased 23.4% YOY, followed by 21.2% in Wynwood and 13.7% in Downtown Miami. This trend is prominent in Tier 1 Brickell office buildings, where rents increased 7.2% from the previous quarter with some landlords increasing rents to \$95 PSF and new office developments now quoting north of \$100 PSF.

With continued strong leasing activity and controlled new supply, rental rates across the region are expected to continue to increase as available space becomes sparser, and new high-quality product is delivered to the market with substantial pre-leasing in place. This growth will be prominent in Miami's CBD, where 40% of new-to-market tenants are currently seeking to acquire office space that aligns with their needs. Other key markets, such as Miami Airport, Coral Gables, Miami Beach and Aventura, will benefit from both the influx of new-to-market tenants and in-market relocations as property owners deliver new office supply and renovate their existing product.



HISTORICAL MIAMI-DADE DIRECT WEIGHTED AVERAGE RATE & VACANCY | CLASS A & B MULTI-TENANT BUILDINGS >50,000 SF



MARKET HIGHLIGHTS

VACANCY AND NET ABSORPTION

As many major metro markets are still in search of stabilization from the economic fall-out of the pandemic, the Miami-Dade office market continues to show positive signs of growth.

The Miami-Dade office market recorded 185,995 SF of positive absorption in Q2 2022, a drop-off from the 239,000 SF of average quarterly absorption from the prior 12 months. However, with an uptick in momentum continuing this quarter, the Miami-Dade office market has recorded 1.1 million SF of occupancy gains over the past year.

There have been continued positive outcomes in Wynwood and Brickell, which recorded 97,000 SF and 91,000 SF of occupancy gains, respectively. This mainly stems from demand by out-of-market companies seeking to recruit and retain talent by leveraging quality office space in dynamic urban locations. Benefiting more from in-market relocations, Miami Airport and Coral Gables stand out for recording 125,000 SF of positive absorption.

In Wynwood, Openstore, a Canadian E-commerce business, expanded their footprint by 27,000 SF to 42,000 SF at The Gateway. The Gateway also secured

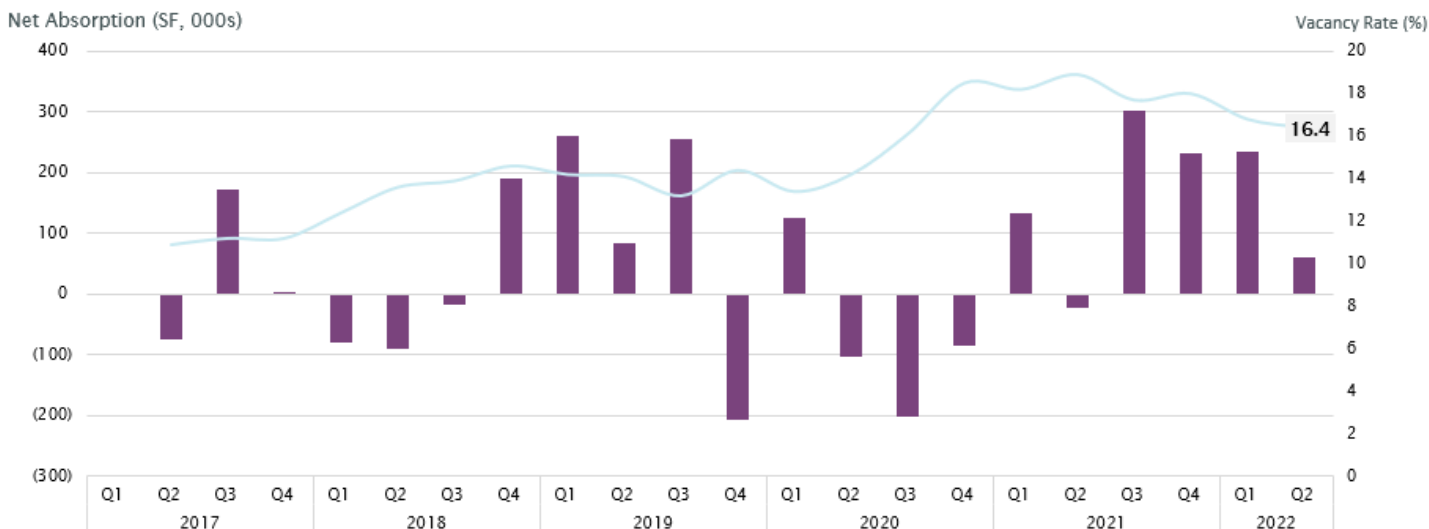
new-to-market tenants this quarter such as Ripple, Baseline, Spearmint and Victory Polymers for a combined 18,700 SF.

In Brickell, Kaseya continued to grow its footprint in the submarket. It leased an additional 43,000 SF at 800 Brickell Ave, its third location in the submarket, bringing their total footprint to 150,000 SF. Additionally, there has been brisk leasing activity at 830 Brickell, which is still under construction. The property will contribute significant positive absorption upon its projected delivery at the beginning of next year.

With continued positive absorption across most of the Miami-Dade office market, vacancy continues to decline, decreasing another 50-basis points from the previous quarter to 17.6% for Class A & B combined.

While new deliveries totaling 2.8M SF elevated the Class A vacancy rate to a record high of 22.8% in Q2 2021, strong absorption for the newly delivered office space has pushed vacancy rates down to 16.4%, a 40-basis point decrease over the prior quarter.

CLASS A HISTORICAL PERFORMANCE



MARKET HIGHLIGHTS

DEVELOPMENT

While no buildings have been delivered in the first half of 2022, development activity continues to be robust across the Miami-Dade office market with numerous deliveries expected in the second half of the year. Approximately 742,000 SF of new office space is expected to deliver this year across four submarkets (Wynwood, Aventura, Coral Gables and Downtown) with average preleasing YTD of 27%.

Of the buildings delivering this year, The Plaza Coral Gables South Tower and The Dorsey in Wynwood have the highest levels of preleasing. The South Tower is 39% leased to Bradesco BAC Florida, which is relocating within the market. The Dorsey is 76% leased to coworking provider Industrious and financial services firm Schonfeld Strategic Advisors.

In addition to what is under construction, many significant projects are at various stages of the approval process to add top-tier space across the market.

Citadel's announcement to relocate its HQ from Chicago to Miami further validates the office market's appeal to major global enterprises. This, in turn, should result in strong leasing momentum for new, well-capitalized, top-tier assets underway.

Large mixed-use projects from local developers and international groups are likely to transform the Miami skyline over the next decade.

NEW DEVELOPMENTS UNDER CONSTRUCTION

Address	Building Name	Submarket	RBA (SF)	Pre-leased (%)	Expected Delivery	Developer
830 Brickell Ave	830 Brickell	Brickell	640,000	56%	1Q 2023	Cain International & OKO Group
191 SW 12 th St	1 South Side Park	Brickell	190,000	0%	3Q 2025	JDS Development Group
3011 Ponce De Leon Blvd	The Plaza Coral Gables	Coral Gables	163,700	39%	3Q 2022	Agave Holdings
1752 Bay Rd	Eighteen Sunset	Miami Beach	38,700	0%	1Q 2023	Deco Capital Group
21500 Biscayne Blvd	Optima Onyx Tower	Aventura	280,000	20%	3Q 2022	Brom Inmobiliaria Group
252-286 NE 29 th St	The Dorsey	Wynwood / Design District	78,000	76%	3Q 2022	Related Group, Tricera Capital & LNDMRK
127 NW 27 th St	WYND 28	Wynwood / Design District	46,000	0%	3Q 2022	Block Capital Group & Kushner Companies
2143 NW 1 st Ave	WYNCATCHER	Wynwood / Design District	37,000	0%	3Q 2022	Morabito Properties

SELECT PROPOSED NEW DEVELOPMENTS

Address	Building Name	Submarket	RBA (SF)	Pre-leased (%)	Expected Delivery	Developer
700 Brickell Ave	One Brickell City Centre	Brickell	1,660,000	0%	Q2 2027	Swire Properties, Related Companies
700 N. Miami Ave	700 N. Miami Ave	Downtown	540,000	0%	Q2 2025	Witkoff Group, Monroe Capital
95 NW 29 th St	Wynwood Plaza	Wynwood / Design District	254,000	0%	Q1 2025	L&L Holding, CARPE Real Estate
30 NE 39 th St	The URSA	Wynwood / Design District	180,000	0%	Q3 2024	Dacra
2701 NW 5 th Ave	Wyn on 5th	Wynwood / Design District	156,000	0%	Q1 2024	Tricap, RAL Development
390 NW 25 th St	Core Wynwood	Wynwood / Design District	123,000	0%	Q2 2024	Goldman Properties

MARKET HIGHLIGHTS

NOTABLE TRADES

NOTABLE 2022 BUILDING TRADES



555 Washington Ave

Miami Beach

65,746 SF

\$52,260,000

\$795/SF

82.2% Leased

Q2 2022

Buyer: The Davis Companies

Seller: East End Capital, BentallGreenOak



1221 Brickell Ave

Brickell

408,423 SF

\$286,500,000

\$701/SF

92.8% leased

Q2 2022

Buyer: Randall Davis

Seller: Rockpoint



Wynwood 25 Annex

Wynwood / Design District

64,900 SF

\$44,000,000

\$678/SF

95% Leased

Q1 2022

Buyer: Brick & Timber Collective

Seller: East End Capital, Related Companies



Miami Tower

Downtown

688,292 SF

\$163,500,000

\$237/SF

70% Leased

Q2 2022

Buyer: CP Group, DRA Advisors

Seller: Sumitomo

TRENDS TO WATCH



Continued flight-to-quality



Occupancy growth sustained



Continued focus on office choice to support community and workplace lifestyle



Continued new-to-market demand



Focus on ESG

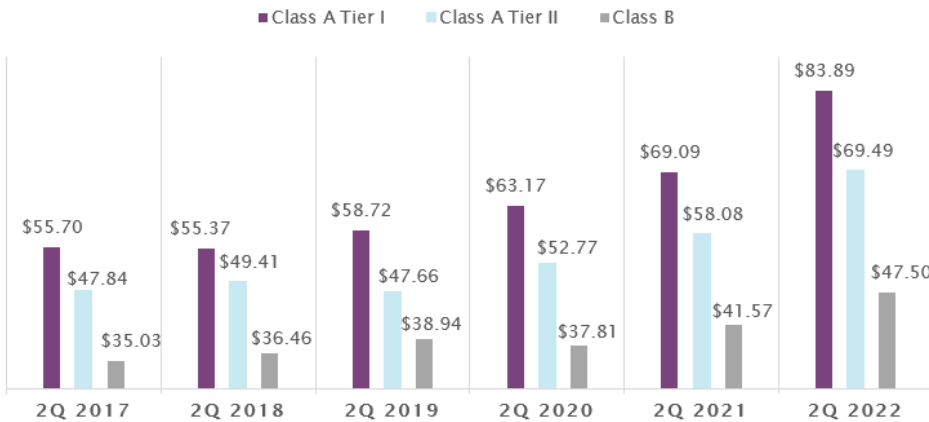


Increased development of top tier assets

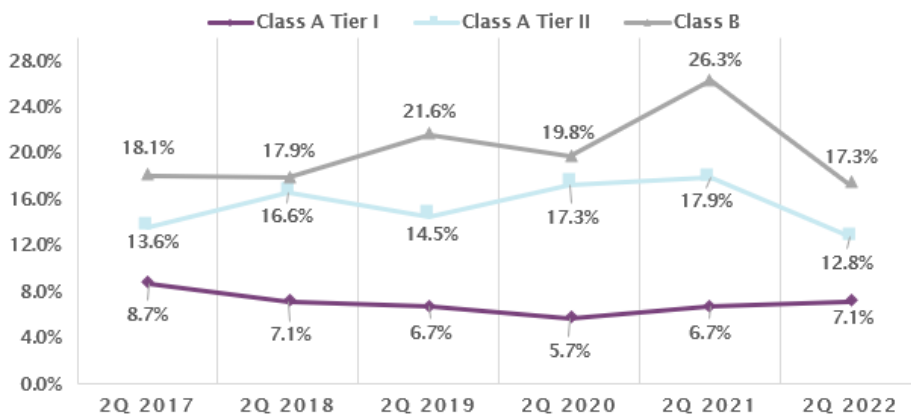
BRICKELL

2Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



41,000 SF
800 BRICKELL
EXPANSION



20,000 SF
830 BRICKELL
NEW-TO-MARKET



18,134 SF
701 BRICKELL
RELOCATION

2Q 2022 CLASS A & B HIGHLIGHTS

\$63.55

Weighted average asking rate increased 22.0% YOY

8.9%

Direct vacancy decreased, previously 15.6% in 2Q 2021

170,552 SF

YTD net absorption

830,000 SF

Under construction

592,172 SF

YTD Leasing

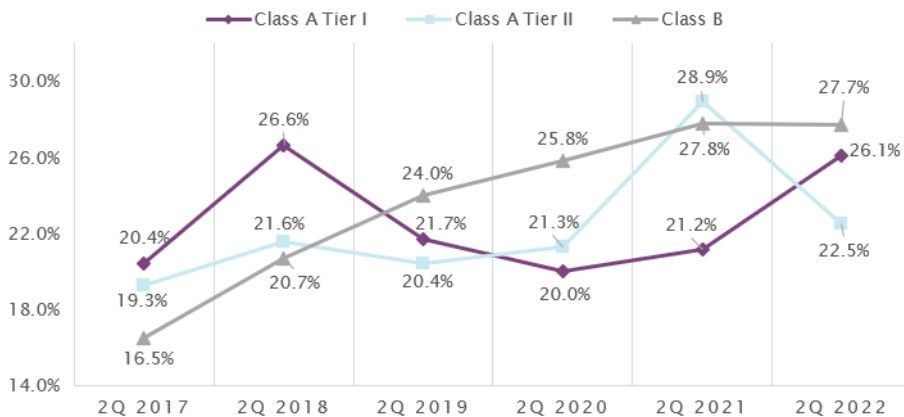
DOWNTOWN

2Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS

ZYSCOVICH

26,000 SF
100 BISCAYNE
RENEWAL

**WINSTON
& STRAWN
LLP**

14,800 SF
SOUTHEAST FINANCIAL CENTER
NEW-TO-MARKET

**Olio
group**

4,000 SF
CITIGROUP CENTER
NEW-TO-MARKET

2Q 2022 CLASS A & B HIGHLIGHTS

\$49.61

Weighted average asking rate increased 13.7% YOY

25.6%

Direct vacancy decreased, previously 25.4% in 2Q 2021

-10,297 SF

YTD net absorption (driven by tenant downsizing and moving to other submarkets)

0 SF

Under construction

181,419 SF

YTD Leasing

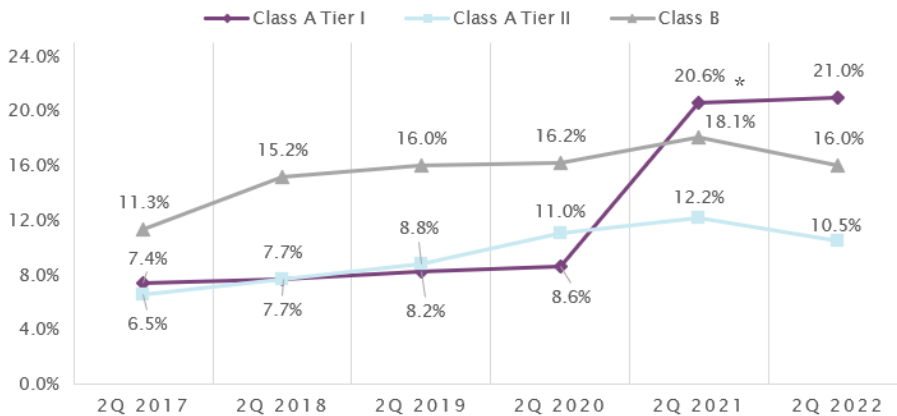
CORAL GABLES

2Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



28,000 SF
220 ALHAMBRA CIR
RENEWAL



22,600 SF
THE ALHAMBRA
IN SUBMARKET RELOCATION



11,621 SF
355 ALHAMBRA
NEW-TO-SUBMARKET

2Q 2022 CLASS A & B HIGHLIGHTS

\$46.60

Weighted average asking rate increased 5.9% YOY

15.9%

Direct vacancy decreased, previously 17.1% in 2Q 2021

78,858 SF

YTD net absorption

163,700 SF

Under construction

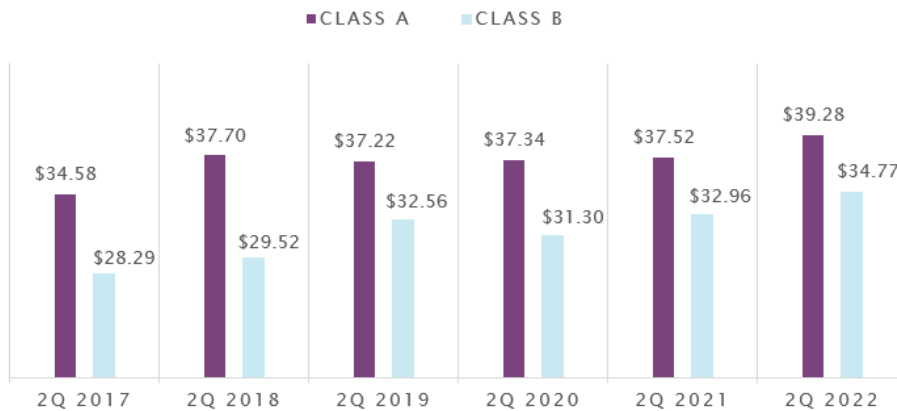
205,623 SF

YTD Leasing

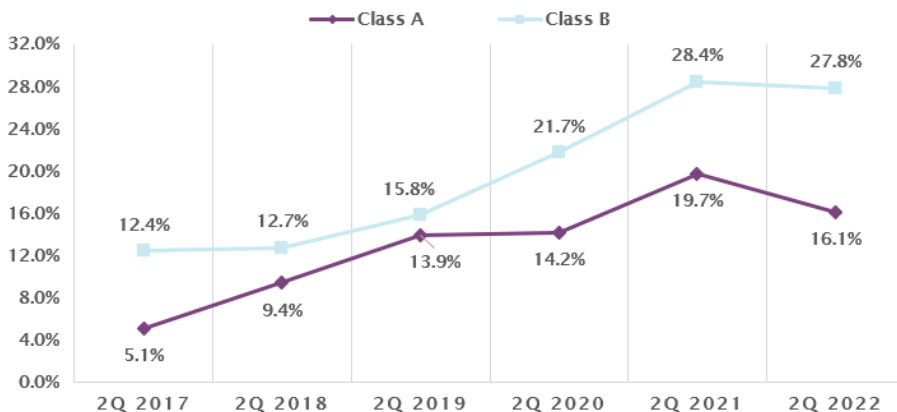
MIAMI AIRPORT

2Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



75,800 SF
700 NW 107th AVE
NEW-TO-SUBMARKET



16,600 SF
8400 NW 33rd ST
RENEWAL



9,500 SF
800 WATERFORD
NEW-TO-SUBMARKET

2Q 2022 CLASS A & B HIGHLIGHTS

\$36.77

Weighted average asking rate increased 4.5% YOY

21.2%

Direct vacancy decreased, previously 22.3% in 2Q 2021

185,143 SF

YTD net absorption

0 SF

Under construction

391,366 SF

YTD Leasing

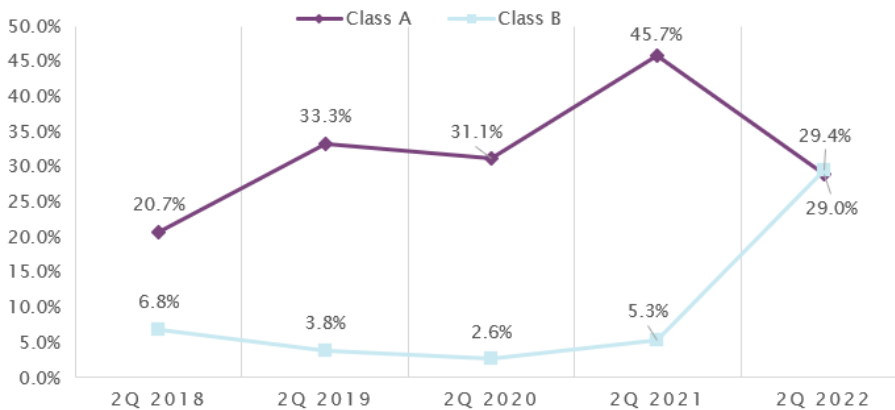
WYNWOOD-DESIGN DISTRICT

2Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



38,400 SF
545WYN
NEW-TO-SUBMARKET



27,000 SF
THE GATEWAY AT WYNWOOD
EXPANSION



5,500 SF
545WYN
RELOCATION

2Q 2022 CLASS A & B HIGHLIGHT

\$75.51

Weighted average asking rate increased 19.3% YOY

29.0%

Direct vacancy decreased, previously 41.6% in 2Q 2021

213,455 SF

YTD net absorption

161,000 SF

Under construction

245,549 SF

YTD Leasing

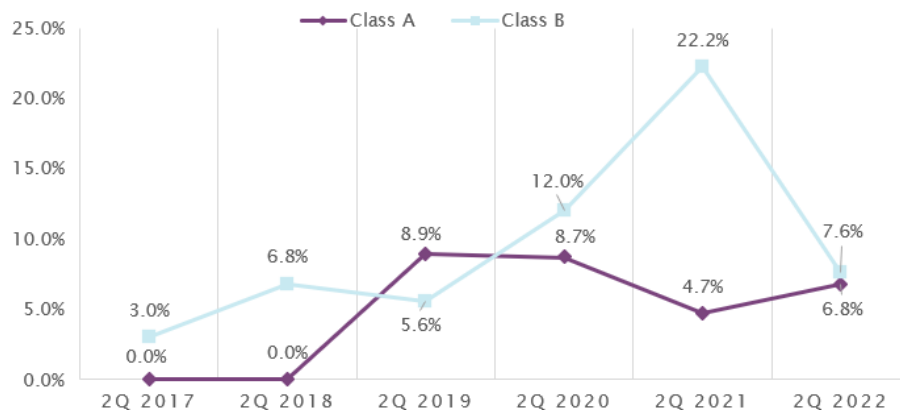
COCONUT GROVE

2Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



11,400 SF
3480 MAIN
NEW TO SUBMARKET



10,125 SF
3390 MARY STREET
SUBLEASE



5,400 SF
2601 S. BAYSHORE
NEW-TO-SUBMARKET

2Q 2022 CLASS A & B HIGHLIGHTS

\$54.19

Weighted average asking rate increased 11.0% YOY

7.2%

Direct vacancy decreased, previously 13.5% in 2Q 2021

38,205 SF

YTD net absorption

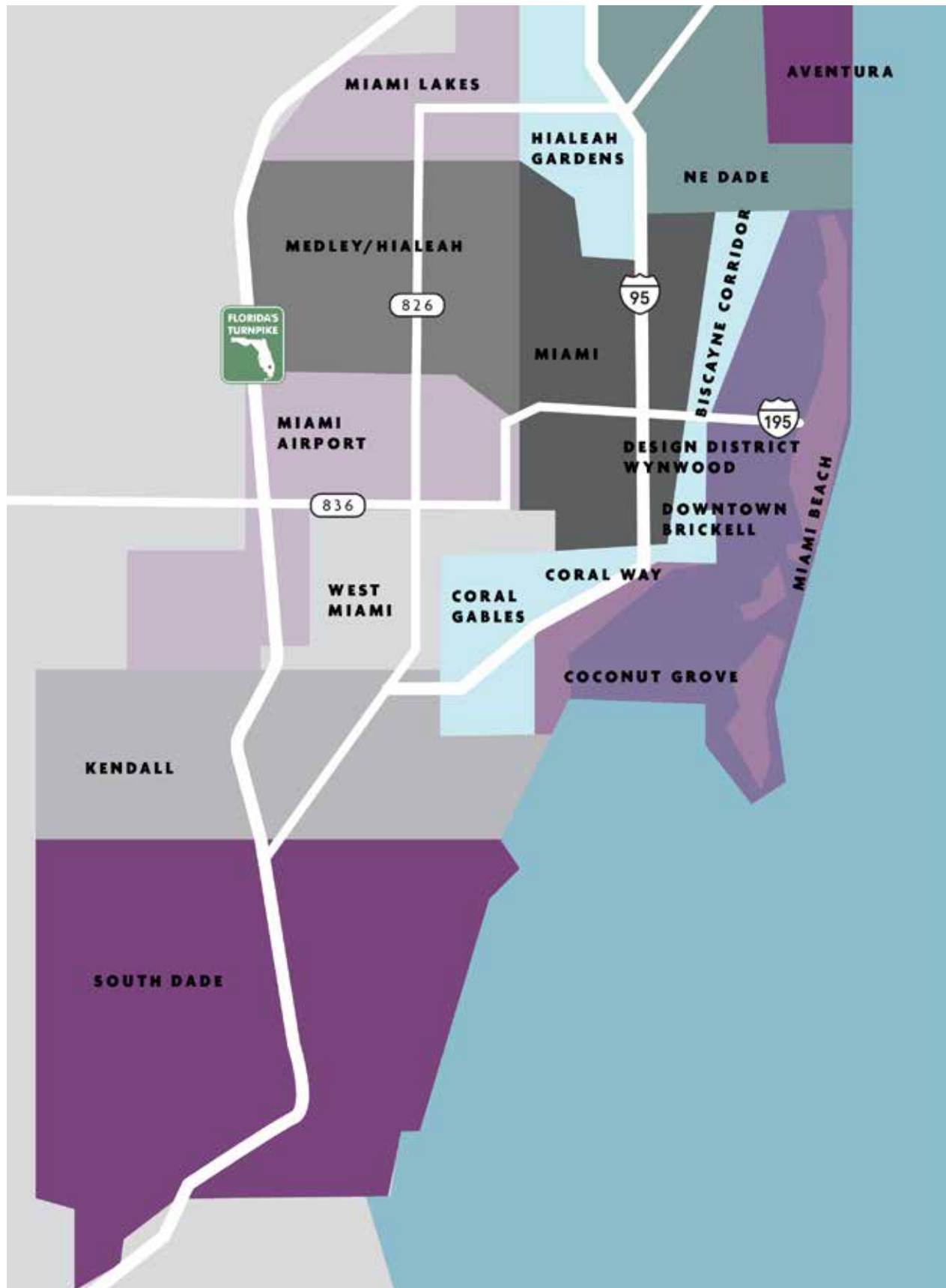
0 SF

Under construction

66,868 SF

YTD Leasing

MIAMI-DADE SUBMARKET MAP



MIAMI-DADE BY THE NUMBERS

MIAMI OFFICE SUBMARKETS - CLASS A

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rent FS	YTD Direct Leasing Activity	YTD Net Absorption	Under Construction
4 MAJOR SUBMARKETS							
Downtown	8	4,950,802	24.7%	\$57.36	128,292	-23,297	137,000
Brickell	13	4,768,713	8.1%	\$76.29	458,273	57,570	829,300
Coral Gables	22	3,533,169	15.8%	\$52.15	164,051	-7,011	163,700
Miami Airport	32	5,219,732	16.1%	\$39.28	275,326	-11,780	-
SUBTOTAL	75	18,472,416	16.3%	\$53.78	1,025,942	15,482	1,130,700

Aventura	8	889,425	6.1%	\$55.41	87,592	19,829	280,000
Biscayne Corridor	1	435,000	20.8%	\$37.82	-	8,412	-
Coconut Grove	5	641,820	6.8%	\$75.71	26,860	-6,657	-
Coral Way	0	0	-	-	-	-	-
Kendall	4	756,587	10.1%	\$44.91	1,750	4,645	-
Medley	0	0	-	-	-	-	-
Miami	2	401,126	23.9%	\$52.00	4,622	8,412	-
Miami Beach	7	787,953	17.4%	\$67.20	51,168	12,660	38,660
Miami Lakes	6	386,785	26.9%	\$31.38	2,353	6,815	-
NE Dade	1	102,287	15.5%	\$62.00	1,149	16,283	-
South Dade	0	0	-	-	-	-	-
Wynwood-Design District	9	1,033,628	29.0%	\$76.78	248,131	105,738	162,000
SUBTOTAL	43	5,434,611	16.9%	\$59.54	423,625	176,137	479,660

TOTAL	118	23,907,027	16.4%	\$55.12	1,449,567	191,619	1,610,360
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*Multi-tenant, Class A Buildings > 50,000 SF *With the exception of new developments The Wynwood Garage and The Optimum*

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
4 MAJOR SUBMARKETS					
Downtown	12	2,178,093	27.7%	\$33.90	55,107
Brickell	11	1,782,567	17.3%	\$47.50	140,184
Coral Gables	23	2,709,900	16.0%	\$40.55	51,819
Airport West	41	3,966,591	27.8%	\$34.77	120,155
SUBTOTAL	87	10,637,151	23.0%	\$37.18	367,265
Aventura	2	229,265	1.0%	\$30.00	-
Biscayne Corridor	0	0	-	-	-
Coconut Grove	6	781,632	7.6%	\$45.86	41,072
Coral Way	0	0	-	\$0.00	12,599
Kendall	9	1,250,840	22.6%	\$37.31	15,758
Medley	3	185,856	8.3%	\$25.00	-
Miami	1	76,789	0.0%	-	-
Miami Beach	6	731,789	10.0%	\$58.11	53,958
Miami Lakes	0	0	-	-	1,684
NE Dade	7	756,123	11.5%	\$31.41	12,965
South Dade	2	133,994	2.9%	-	-
Wynwood-Design District	2	122,396	29.4%	\$65.00	-
SUBTOTAL	38	4,268,684	13.1%	\$41.47	138,036
TOTAL	125	14,905,835	19.9%	\$37.98	505,301

Multi-tenant, Class B Buildings > 50,000 SF

ABOUT US

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 and has consistently maintained no less than a ~30% share of the office-leasing transactions-market in Miami-Dade County, annually since 2016.

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.

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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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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