



# MIAMI OFFICE MARKET

3Q2022 SNAPSHOT & OUTLOOK

 **BLANCA**  
LICENSED REAL ESTATE BROKER

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# EXECUTIVE SUMMARY

To track what's driving greater Miami and South Florida's continued growth across the commercial real estate sector, a quote rings true: "Follow the money."

Since before the pandemic, the region saw inbound migration of national and global companies launching new offices or relocating their corporate headquarters to Miami and South Florida. Since then, the arrival of financiers, bankers, cryptocurrency firms and family offices has, in turn, lured lawyers, accountants, other professional service providers and countless high-skilled talent following their clients, prospects and jobs into a state that enjoys among the lowest taxes and costs of living - and highest quality of life - in the nation.

For developers and property owners, the continued influx of tenants is driving demand, rising rents - in some cases outpacing national rates - and new product development across the Class A office, multifamily residential, warehouse/logistics and other commercial categories for the foreseeable future.

Financiers include such financial players as Ken Griffin's Citadel and Citadel Securities; Andreessen Horowitz / a16z; equity firm Thoma Bravo; A-CAP, a \$6 billion insurance and financial services company; BlackRock in Miami and West Palm Beach; Brookfield; and Millennium Management. Tech firms include Belong, a protech firm arriving from San Mateo, California; FundKite; Blockchain.com; renewable energy startup Spearmint Energy and blockchain and cryptocurrency firm Ripple; and trading data provider Finsight Group, a new arrival to the airport submarket.

Professional services providers, including multiple AM Law 100 firms and various accounting services firms, have followed. Whether serving existing clients, scouting new work, or looking for a place on the hemispheric crossroads that makes Miami the "gateway to the Americas," arrivals include Atlanta-based Taylor English Duma LLP; Winston & Strawn; Kirkland & Ellis; and Sidley Austin; as well as accounting and advisory firm CohnReznick; "Uber for taxes" platform Taxfyle.

Such traffic highlights strong and growing demand for office space, as new-to-market entrants compete with existing tenants. Record demand continues to push the vacancy rate down, decreasing regionally another 20 basis points in Q3. Any signs of a potential economic slowdown are not reflected in asking rates for office product across Miami-Dade. As a result of those rate increases, expectation of sustained leasing demand and limited new office supply, existing tenants are extending, and in some case expanding, their space in anticipation of further rate increases.

Many believe the region's solid fundamentals point to longevity beyond the initial pandemic-driven relocations.

From building and development, to creating an enduring model for the 21st century economy, Miami's boom is bucking downward trends found elsewhere. While office rents for trophy assets across the region are among the highest nationally as newcomers and existing tenants pursue the flight to quality, the greater community is working to ensure workplace and workforce align to serve the region's shared future.

**"We're not  
sort of in -  
we're all in."**  
*Ken Griffin*  
Founder, Citadel on  
Moving to Miami



# MARKET HIGHLIGHTS

## DEMAND

With existing companies competing with new-to-market tenants for high quality space, the demand for Miami-Dade office product remains strong. While notable private equity firms and national law firms dominate the headlines of leasing activity in Miami, local and regional companies from a diverse array of industries are also executing significant leases as office market dynamics rapidly evolve.

Following 2.0 million SF of leasing in the first half of 2022, the Miami-Dade office market recorded significant leasing activity in Q3 with 1.25 million SF of leases executed during the quarter. There has been 3.3 million SF of completed transactions year-to-date, 18% higher than the annual 5-year historical average.

New-to-market activity ramped up in the third quarter with 477,000 SF of leases (38% of total leasing), primarily in Brickell, Wynwood/Design District, and Miami Beach. Year-to-date, there was 760,000 SF of new-to-market activity, a new record for Miami further evidencing the staying power beyond pandemic induced relocations.

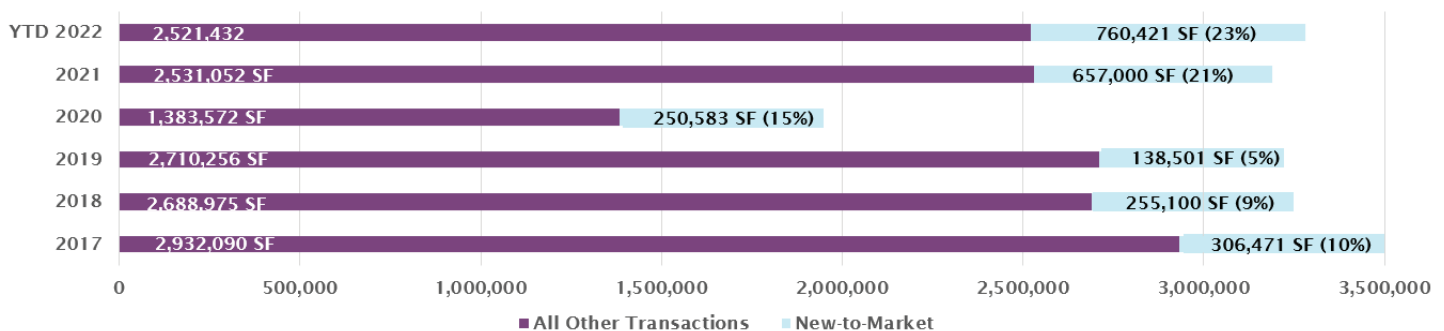
While smaller tenants have driven leasing activity historically, larger tenants (25,000+ SF) accounted for 44% of the square footage leased in the third quarter, compared to only 30% historically. New-to-market tenants, which accounted for 60% of the large leases, averaged 22,300 SF per lease compared to only 8,300 SF for existing tenants that renewed or relocated. The large leases were executed predominately by law firms, financial services firms, and co-working providers

entering the market for a total 550,000 SF. Large tenants include Bilzin Sumberg (83K SF) renewing its lease at 1450 Brickell, Citadel (95K SF) and another yet not announced global financial institution (93K SF) at 830 Brickell, Knotel and Mindspace in Wynwood, and Goldman Sachs expanding at Southeast Financial Center.

Following the flight to quality trend a large portion of the new-to-market demand was captured by 830 Brickell as it nears completion, but market fundamentals especially for existing quality assets remained strong this quarter across the market. The Miami-Dade office market recorded 228,000 SF of positive absorption, bringing year-to-date occupancy gains to 854,000 SF, 312% greater than the five-year historical average. While flight to quality remains evident and driving continued Class A occupancy growth, tightening supply and increasing rents have pushed some tenants to Class B space. As a result, Class B recorded 305,000 SF of positive absorption in the first three quarters of 2022 mostly in the Miami Airport and Coral Gables submarkets.

Even with much of the highly anticipated new-to-market demand coming to fruition this quarter, the pipeline of deals in the market remains strong. There are 4.2 million SF of active requirements in the market with 1.6 million of those being new to market tenants. The Miami-Dade office market is positioned to finish the year strong, continuing to attract investors and out of market tenants.

COMPLETED TRANSACTIONS WITH NEW-TO-MARKET ACTIVITY



# MARKET HIGHLIGHTS

## SUPPLY

Record demand of office space in Miami-Dade has continued to push the vacancy rate down, especially in top tier buildings. Vacancy across Miami-Dade office decreased another 20 basis points to 17.4%, continuing to tick down after 2.9 million SF of deliveries in the prior four years drove vacancy above 19.0%. The Class A market has tighter availability with a vacancy rate of 16.7%, a slight increase over the prior quarter as a result of the delivery of the 285,000 SF Optima Onyx in Aventura which delivered close to 35% preleased.

Despite vacancy rates being slightly elevated above historical levels, Class A assets in core submarkets have limited vacancy, especially in Tier I assets, as both new-to-market tenants and existing tenants continue their flight to quality. In Brickell and Coconut Grove Class A vacancy sits well below the market average with Tier I vacancy below 10%.

Given new deliveries in submarkets such as Coral Gables, Aventura and Wynwood Tier I vacancy has increased. Vacancy rates are not expected to remain elevated in those assets as they have received significant interest from tenants across Miami and are expected to lease up over the next year. The new developments

in Coral Gables and Aventura offer a discount to comparable space in Miami's Brickell while Wynwood offers a burgeoning creative district to like-minded tenants. 1.3 million SF of office product remains under construction at a 63% prelease rate, giving tenants limited options for newly delivered space. Local and national developers are looking to deliver world-class assets, largely located in Miami's CBD, that will change the skyline in the latter half of the decade. Smaller projects in Miami Beach and Wynwood will fill the gap for the demand for new product in Miami-Dade in the short term.

With vacancy tightening and an uptick of large tenant activity this quarter, large blocks of space are becoming increasingly harder to find. For Class A & B multi-tenanted buildings above 50,000 SF there are currently only 14 existing buildings with more than 50,000 SF of contiguous space. Ten of the 14 large blocks of space are second generation space, with half of those spaces in the Miami Airport submarket. Recently delivered space in Wynwood, Aventura, and Coral Gables remain the most attractive options for large tenants looking for quality space and command full-service rental rates between \$60.00 - \$78.00.

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



# MARKET HIGHLIGHTS

## RATES

Any signs of a potential economic slowdown are not reflected in asking rates for office product across Miami-Dade. Bullish with the continued influx of new-to-market tenants and limited availability in existing and under construction buildings, landlords are continuing to push rates to new highs across all submarkets in Miami-Dade.

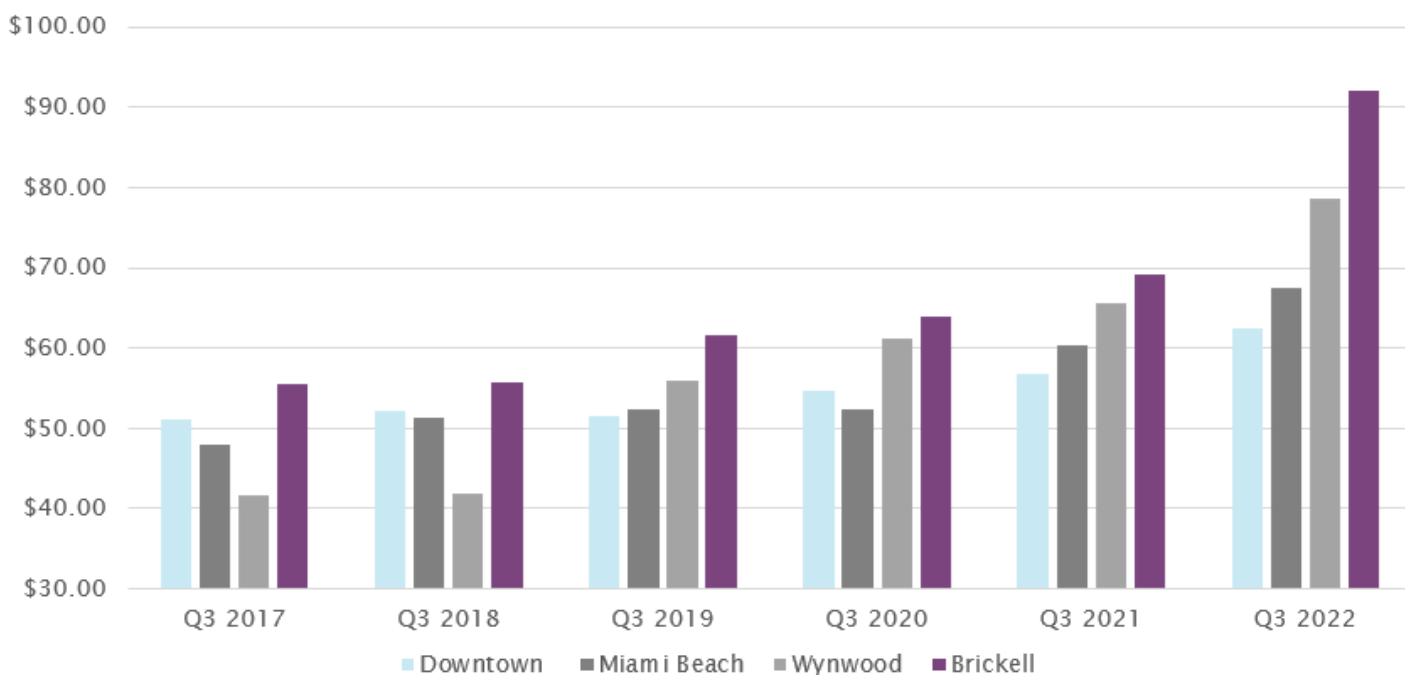
The weighted average asking rate ended the quarter at \$49.13 for Class A & B combined in Miami-Dade, a 3.4% increase over the prior quarter and a 13.1% increase from Q3 2021. The increase continues to be driven by the Class A market segment, where rental rates have increased 14.4% year-over-year and are now at \$56.82 FS per SF.

The increases in rates are largely reflective of the supply and demand dynamics that have changed since the onset of the pandemic. In Miami’s CBD demand for high quality assets remains strong and with limited available supply expected in the coming years

landlords have pushed rates substantially in those submarkets. Class A rates have increased 16.2% year-over-year in Downtown Miami, which is dwarfed by the 30.7% year-over-year growth in Brickell. In submarkets such as Aventura, Wynwood and Miami Beach new deliveries and renovations are improving the quality of the assets in those submarkets and the asking rents are reflective of the increase in quality.

While the increase in Class A rents in other submarkets and Class B rents across the board have been more modest an expected spillover effect from the major submarkets is expected to have a positive effect on other segments of the market. With rents in Brickell, Downtown, Coral Gables, Coconut Grove, and Miami Beach all more than 25% higher than they were five years ago, tenants with leases rolling over the next couple of years may be priced out of their current submarkets, increasing demand for well amenitized office product in other submarkets with lower asking rates.

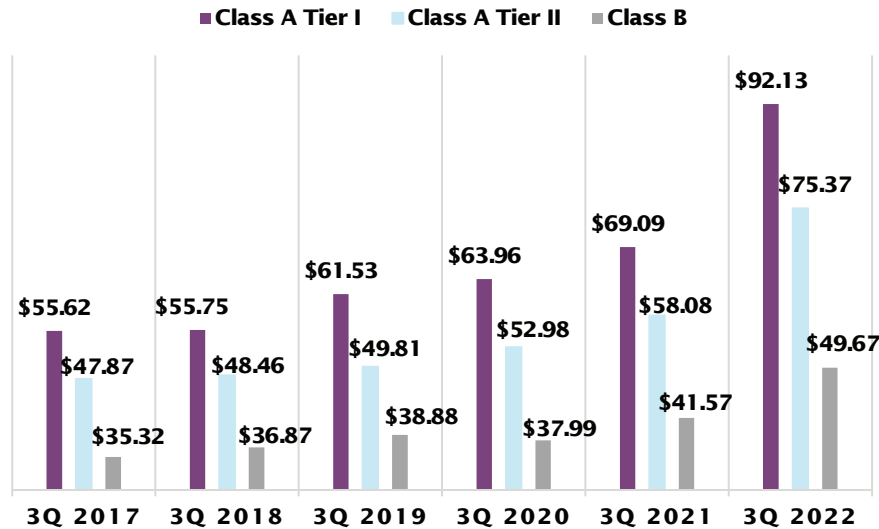
SELECT SUBMARKETS TIER I RATES



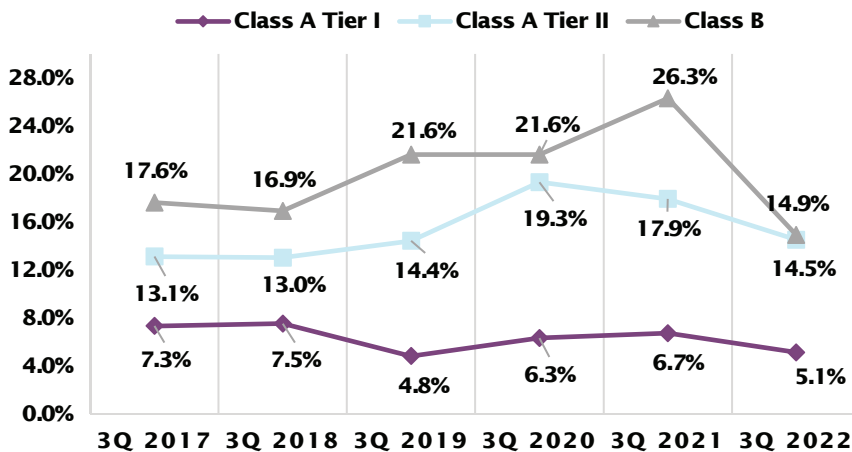
# BRICKELL

3Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



**95,000 SF**  
830 BRICKELL  
NEW-TO-MARKET



**32,500 SF**  
701 BRICKELL  
RENEWAL



**16,000 SF**  
1111 BRICKELL  
NEW-TO-MARKET

3Q 2022 CLASS A & B HIGHLIGHTS

**\$68.87 PSF**  
Weighted average asking rate increased 31.1% YOY

**10.1%**  
Direct vacancy decreased, previously 14.8% in 3Q 2021

**188,171 SF**  
YTD net absorption

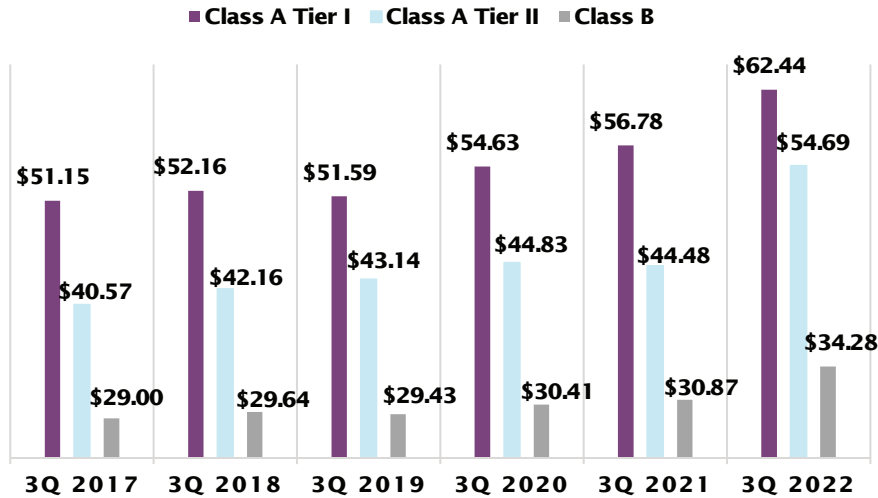
**830,000 SF**  
Under construction

**1,166,150 SF**  
YTD Leasing

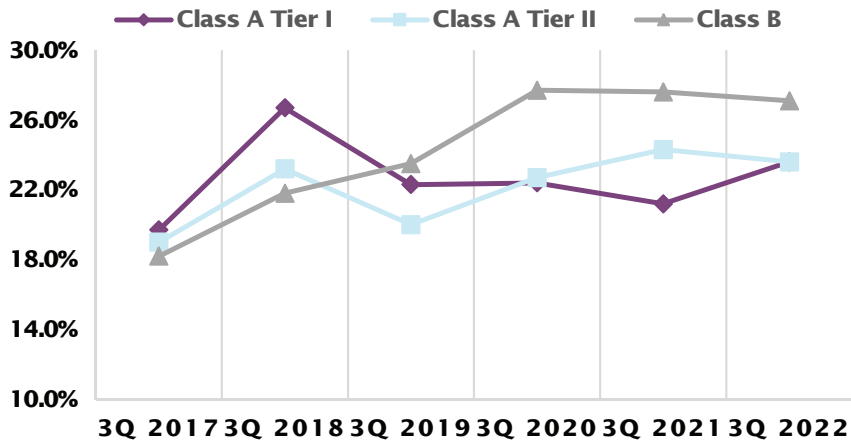
# DOWNTOWN

3Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



**35,000 SF**

SOUTHEAST FINANCIAL CENTER EXPANSION / RENEWAL



**22,800 SF**

SOUTHEAST FINANCIAL CENTER SUBLEASE



**20,200 SF**

ONE BISCAYNE TOWER EXTENSION

3Q 2022 CLASS A & B HIGHLIGHTS

**\$51.04 PSF**

Weighted average asking rate increased 15.9% YOY

**24.5%**

Direct vacancy increased, previously 24.1% in 3Q 2021

**84,381 SF**

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

**0 SF**

Under construction

**343,611 SF**

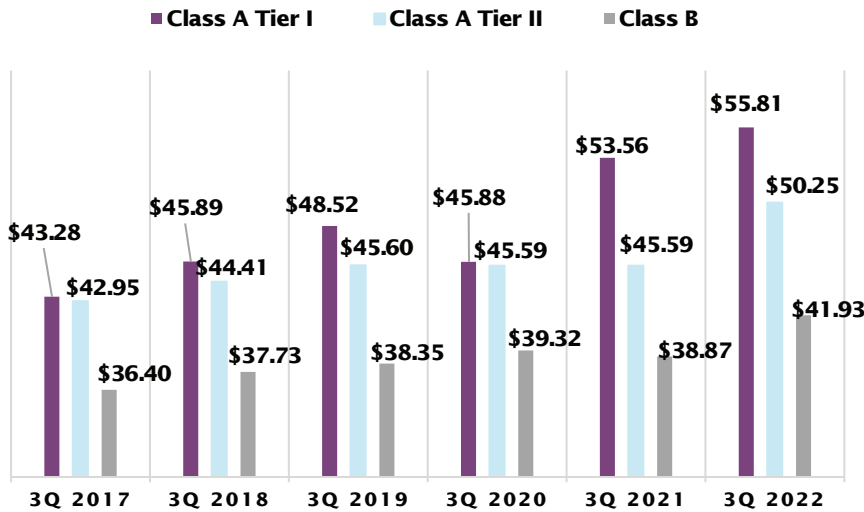
YTD Leasing



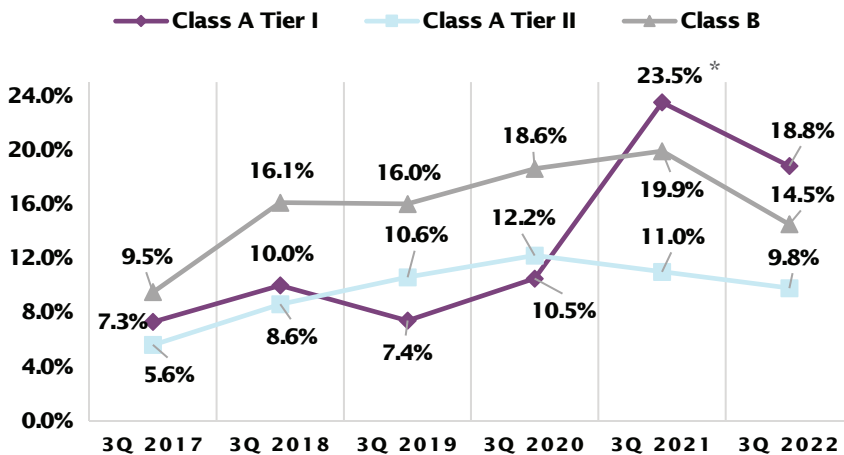
# CORAL GABLES

3Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



3Q 2022 CLASS A & B HIGHLIGHTS

**\$48.93**

Weighted average asking rate increased 12.5% YOY

**14.2%**

Direct vacancy decreased, previously 18.4% in 3Q 2021

**171,175 SF**

YTD net absorption

**163,700 SF**

Under construction

**347,387 SF**

YTD Leasing

NOTABLE RECENT LEASE TRANSACTIONS



**21,800 SF**  
2990 PONCE  
RELOCATION



**15,000 SF**  
PONCE CIRCLE TOWER  
CONTRACTION/RELOCATION

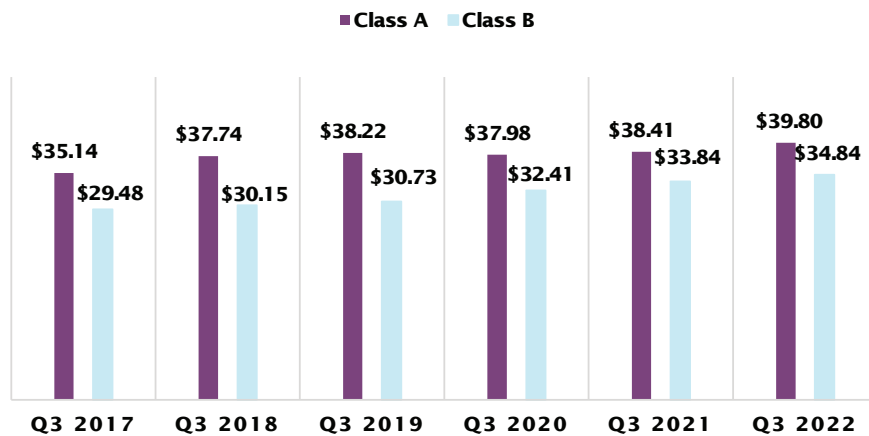


**13,200 SF**  
150 ALHAMBRA  
EXPANSION

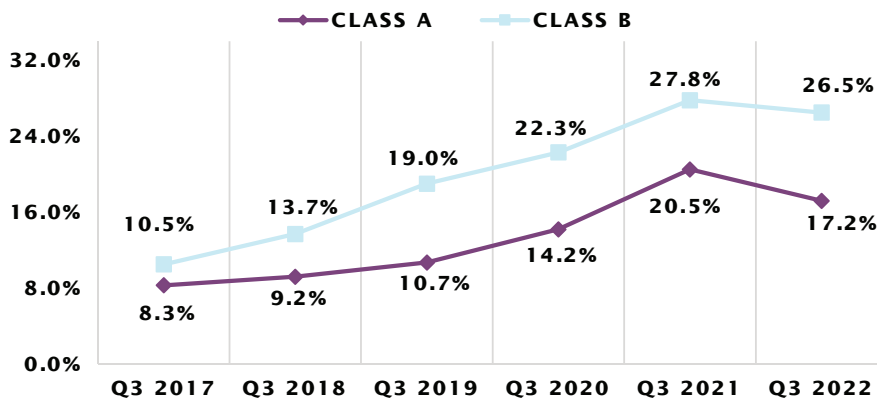
# MIAMI AIRPORT

3Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS

**MONAT**

**54,000 SF**  
10000 NW 15 TERRACE  
EXPANSION/RELOCATION



**25,000 SF**  
TWO DORAL CENTER  
RELOCATION

**YUMI®**

**14,000 SF**  
5301 WATERFORD  
RENEWAL

3Q 2022 CLASS A & B HIGHLIGHTS

**\$37.07 PSF**

Weighted average asking rate increased 2.3% YOY

**21.4%**

Direct vacancy decreased, previously 23.7% in 3Q 2021

**110,330 SF**

YTD net absorption

**0 SF**

Under construction

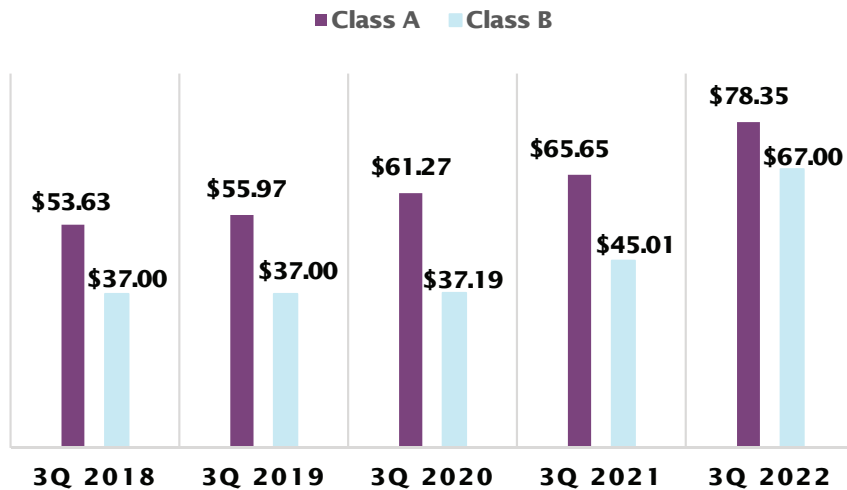
**625,075 SF**

YTD Leasing

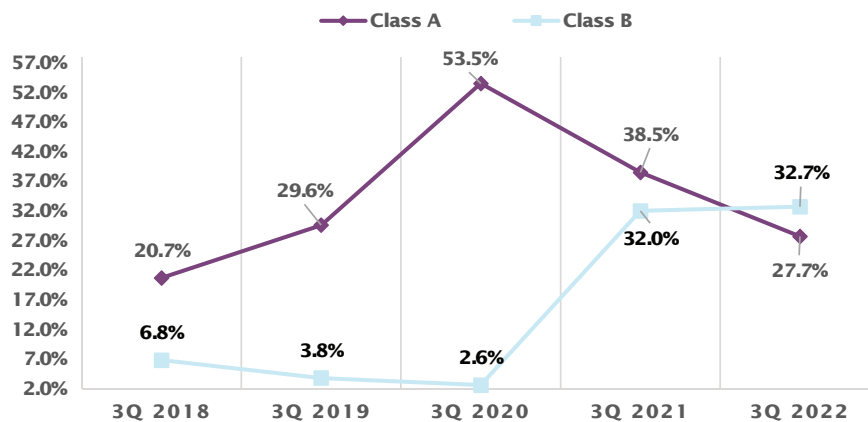
# WYNWOOD-DESIGN DISTRICT

3Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS

**KNOTEL**

**38,400 SF**  
WYNCATCHER  
NEW-TO-MARKET

**MINDSPACE**

**30,000 SF**  
THE GATEWAY AT WYNWOOD  
NEW-TO-MARKET

**W** *the* **chefsWAREHOUSE**

**4,100 SF**  
545WYN  
NEW-TO-MARKET

3Q 2022 CLASS A & B HIGHLIGHT

**\$77.23 PSF**

Weighted average asking rate increased 22.4% YOY

**28.2%**

Direct vacancy decreased, previously 37.5% in 3Q 2021

**212,316 SF**

YTD net absorption

**252,428 SF**

Under construction

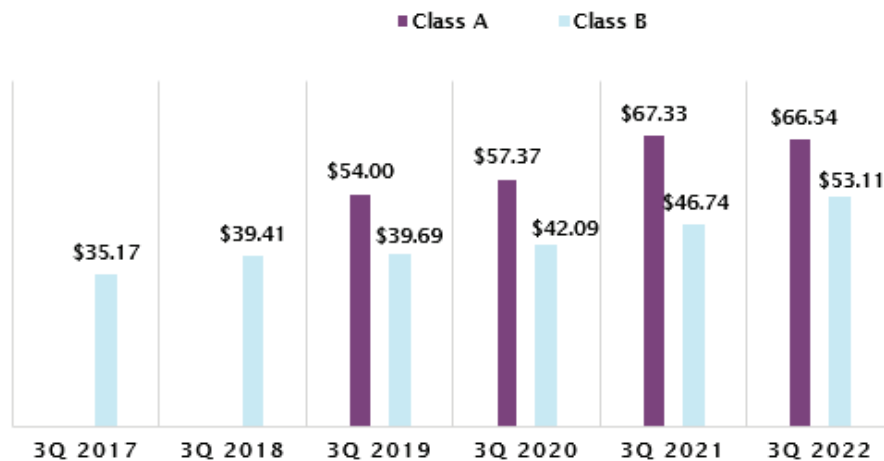
**320,904 SF**

YTD Leasing

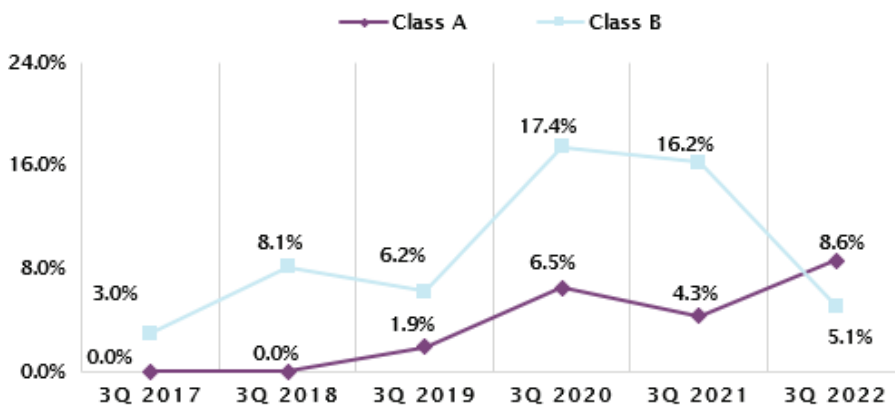
# COCONUT GROVE

3Q 2022 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



NOTABLE RECENT LEASE TRANSACTIONS



**10,700 SF**  
CONTINENTAL PLAZA  
EXPANSION



**5,800 SF**  
BAYVIEW EXECUTIVE PLAZA  
NEW-TO-MARKET



**2,900 SF**  
BAYVIEW EXECUTIVE PLAZA  
SUBLEASE

3Q 2022 CLASS A & B HIGHLIGHTS

**\$62.38 PSF**

Weighted average asking rate increased 25.9% YOY

**7.1%**

Direct vacancy decreased, previously 10.7% in 3Q 2021

**29,415 SF**

YTD net absorption

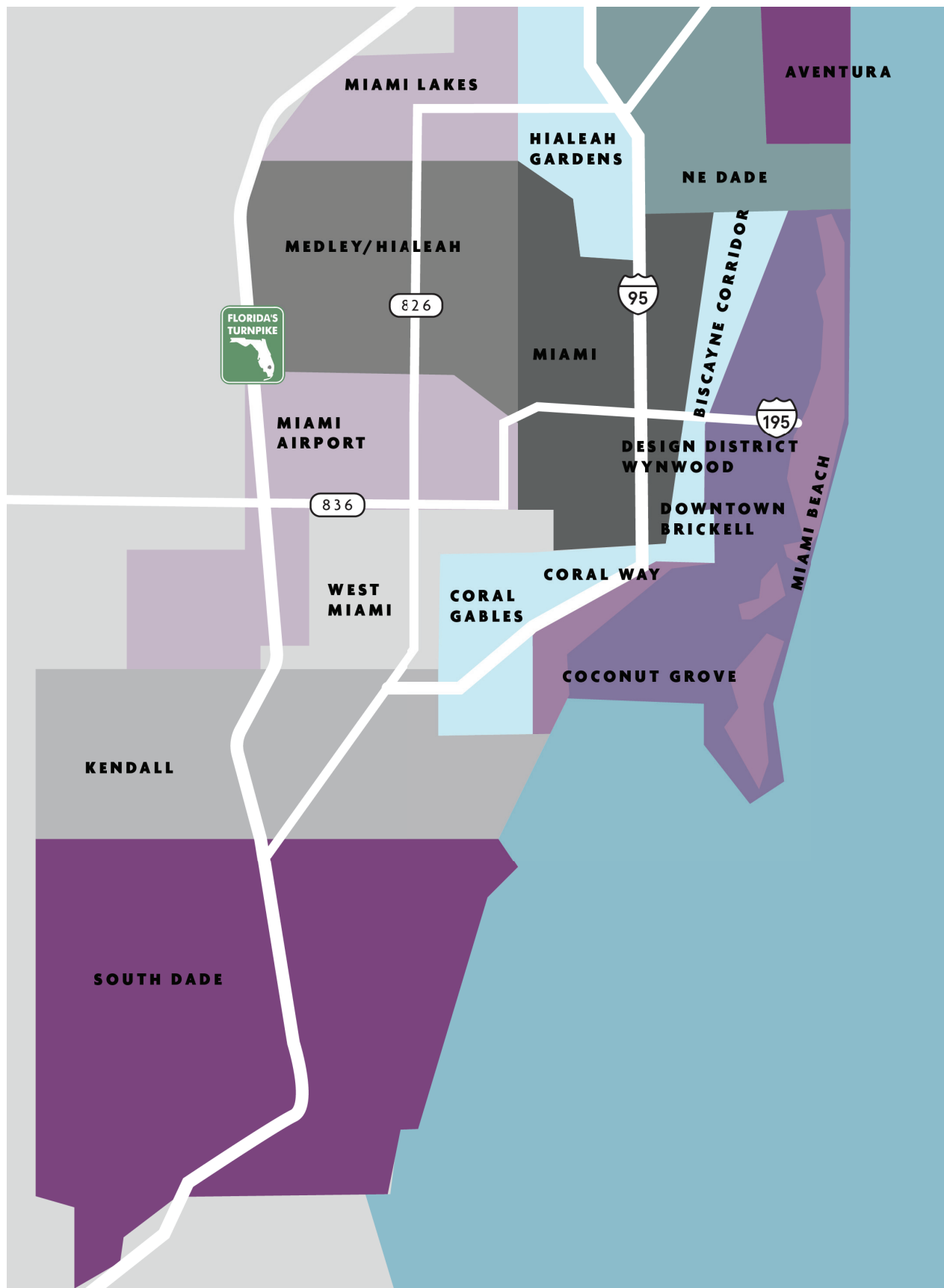
**0 SF**

Under construction

**87,383 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 Rate FS	YTD Direct Leasing Activity (SF)	Under Construction
<b>4 MAJOR SUBMARKETS</b>						
Downtown	8	4,889,662	23.6%	\$59.43	281,755	-
Brickell	13	4,752,936	8.3%	\$81.99	1,017,470	830,000
Coral Gables	22	3,841,341	13.9%	\$53.87	247,039	163,700
Miami Airport	32	5,209,996	17.2%	\$39.80	459,302	-
<b>SUBTOTAL</b>	<b>75</b>	<b>18,693,935</b>	<b>15.9%</b>	<b>\$55.49</b>	<b>2,005,566</b>	<b>993,700</b>
Aventura	9	1,174,802	23.0%	\$59.56	91,689	-
Biscayne Corridor	1	435,000	20.8%	\$37.82	-	-
Coconut Grove	5	711,917	8.6%	\$66.54	35,580	-
Coral Way					-	-
Kendall	4	713,687	9.8%	\$45.05	15,707	-
Medley					-	-
Miami	2	401,126	18.7%	\$54.76	4,622	-
Miami Beach	7	787,953	16.4%	\$67.54	90,250	58,290
Miami Lakes	6	386,785	25.8%	\$31.55	10,701	-
NE Dade	1	102,287	11.5%	\$62.00	1,149	-
South Dade						-
Wynwood-Design District	9	1,071,038	27.7%	\$78.61	282,504	252,428
<b>SUBTOTAL</b>	<b>44</b>	<b>5,784,595</b>	<b>19.1%</b>	<b>\$60.46</b>	<b>532,202</b>	<b>310,718</b>
<b>TOTAL</b>	<b>119</b>	<b>24,478,530</b>	<b>16.7%</b>	<b>\$56.84</b>	<b>2,537,768</b>	<b>1,304,418</b>

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 Rate FS	YTD Direct Leasing Activity (SF)
<b>4 MAJOR SUBMARKETS</b>					
Downtown	12	2,195,144	26.4%	\$34.28	61,856
Brickell	11	1,782,563	14.9%	\$49.67	148,680
Coral Gables	23	2,709,925	14.5%	\$41.93	100,348
Miami Airport	41	4,243,762	26.5%	\$34.84	165,773
<b>SUBTOTAL</b>	<b>87</b>	<b>10,931,394</b>	<b>21.6%</b>	<b>\$37.55</b>	<b>476,657</b>
Aventura	2	229,265	0.4%	-	-
Biscayne Corridor	4	291,131	9.6%	\$47.88	-
Coconut Grove	5	542,426	5.1%	\$53.11	51,803
Coral Way	8	567,749	11.3%	\$32.93	15,261
Kendall	9	1,240,940	21.7%	\$37.65	65,867
Medley	3	193,914	5.5%	\$25.00	-
Miami	1	76,789	0.0%	-	-
Miami Beach	6	731,789	8.5%	\$49.66	66,745
Miami Lakes	3	157,987	2.1%	\$25.84	11,652
NE Dade	7	838,623	10.8%	\$37.35	17,700
South Dade	2	133,994	2.9%	-	-
Wynwood-Design District	2	122,396	32.7%	\$67.00	38,400
<b>SUBTOTAL</b>	<b>52</b>	<b>5,127,003</b>	<b>11.7%</b>	<b>\$41.23</b>	<b>267,428</b>
<b>TOTAL</b>	<b>139</b>	<b>16,058,397</b>	<b>18.4%</b>	<b>\$38.30</b>	<b>744,085</b>

# 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.

*Blanca Commercial Real Estate, Inc. is a licensed real estate broker.*

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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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