



MIAMI OFFICE MARKET

SNAPSHOT & OUTLOOK

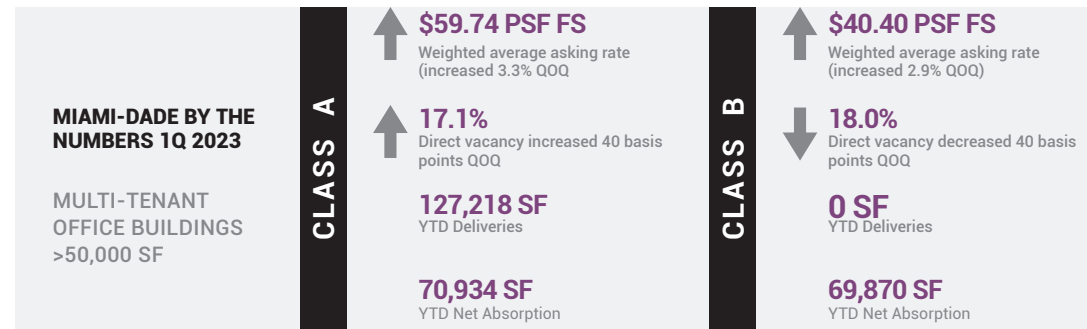
BLANCA COMMERCIAL REAL ESTATE, INC.
LICENSED REAL ESTATE BROKER | [BLANCACRE.COM](https://blancacre.com)

- Executive Summary 03
- Miami-Dade Office Market Highlights
(Demand, Supply, and Rates) 04
- Submarket Watch 10
*(Brickell, Downtown Miami, Coral Gables, Miami Airport,
Wynwood-Design District and Coconut Grove)*
- Miami-Dade Submarket Map 16
- Miami-Dade by the Numbers 17
(Class A and Class B Stats)
- About Us 19



“There is now a certainty of funding and an iron-clad commitment to affordable and workforce housing in the state.”

-- David O. Deutch, Partner at Pinnacle



One bold move in April revealed how strong the Miami market continues to be. Months after the collapse of crypto exchange FTX stripped its name from Miami Heat's arena, local software firm Kaseya inked a 17-year, \$117.37 million deal to replace it. That's not its only downtown address; Kaseya leased in downtown Miami an additional 100,000 SF in February and announced it would add 3,400 jobs to the local market.

Miami speaks in superlatives. The 15-acre bay front site of the former Miami Herald complex is entertaining bids topping \$1.5 billion, making it one of the country's highest priced parcels. The Federal Aviation Administration has approved or is reviewing several requests to ease building height restrictions at a number of residential Brickell and downtown towers along the Miami International Airport flight path. These include a 1,049-foot "supertall" tower proposed for Brickell Key; a 700-foot tower proposed for Miami World Center; a 574-foot building called Downtown 6th at NE 6th Street and 1st Avenue; and, a 930-foot tower Ora by Casa

Tua has been proposed for 1210 Brickell Avenue replacing the garage that backs up to the 1200 Brickell Avenue office condo building. Ken Griffin's Citadel commenced site work for its 1,000-foot-plus, \$1 billion corporate HQ in Brickell while Related Companies and Swire make plans to begin demolition of existing structures at the site for One Brickell City Centre.

Last year, the Miami-Dade office market enjoyed record net absorption, leasing activity, new-to-market activity, and rental rate growth. During 1Q 2023, leasing activity decreased by 12% compared to 1Q 2022, but outpaced average quarterly leasing levels from 2017-2021. New-to-market leasing activity remained strong at 100K in 1Q 2023, 25% above the average new-to-market leasing from 2017 - 2021. Given the robust pipeline of new companies actively seeking office space in Miami-Dade, we expect 2023 to deliver solid leasing performance across the major submarkets especially for top quality space.

Strong rent growth experienced since 2020

in the Class A sector is holding up and is helping drive up rents in Class B buildings, especially benefiting those that have been recently renovated.

Deliveries this quarter include two mixed-use projects in Wynwood: WYND 28, which delivered 53,000 SF of office with 30,000 SF leased prior to delivery; and The Dorsey, which featured 306 apartment units along with 33,000 SF of retail and 74,000 of office which is fully leased.

Supply remains tight, with the overall vacancy unchanged from the previous quarter. Class A supply in Brickell, Coconut Grove, and Coral Gables, which have lured new-to-market companies, is limited with current vacancy at only 12.8% despite 576,000 SF YOY of new office deliveries. The scarcity of quality space in existing buildings coupled with the solid pre-leasing at 50% of the 1.5 million SF of Class A space that is currently under construction presents an imbalance of quality office supply and demand for the next thirty-six months. New companies migrating to Miami and existing companies

looking to relocate are therefore vying to secure quality space with ample lead time in advance of new projects delivering.

Asking rents increased 7.4% in 2020, followed by 5.0% in 2021, and 10.9% last year. With the continued increase in rents in 1Q 2023, market rents are now at record highs. Overall asking rates in Miami for Class A & B increased to \$51.88 joining a select group of metro areas with asking rates north of \$50.00 full service. The tightening supply in the Class A Tier I segment has moved rents over \$100 FS in some Brickell buildings, which in turn has driven rent growth in Class B renovated assets. Proposed trophy assets will further push rents given the high cost of construction and increased interest rates.

Bold continues to define the Miami – and Florida – market. Florida was the fastest growing state percentagewise over the past year; and U.S. Postal Service figures show the Miami-Fort Lauderdale-Pompano Beach MSA topped inbound growth nationally, with a 56.2% increase in inbound moves from 2019 to 2022.

Demand

In 2022, the Miami-Dade office market reached new heights with record levels of net absorption, leasing activity, new-to-market activity, and rental rate growth. This stark contrast compared to most major markets across the country has helped propel the Miami office market to an enviable position. Against a backdrop of mixed economic indicators, rising interest rates, layoffs in big tech and finance, and general uncertainty, 1Q 2023 leasing activity was 12% less than 1Q 2022, but outpaced by 23% the average quarterly leasing levels during 2017-2021. A strong pipeline of 4.0 million SF of active tenants in the market will drive solid leasing for the remainder of 2023.



During the first quarter of 2023, there was 850,000 SF of leasing activity across the Miami-Dade office market. While leasing activity slowed from the unmatched levels of leasing activity in 2022, it surpassed by 23% the quarterly leasing levels from 2017-2021.

New-to-market leasing activity remained evident with 100,000 SF of completed lease transactions in the first quarter of 2023, half of the record new-to-market average quarterly leasing levels in 2022, however, still 25% higher than 2017-2021 levels. The drop-off in new-to-market leasing is largely the result of uniquely large lease transactions closing last year including three significant leases each of about 100,000 SF at 830 Brickell. With a combined 1.6 million SF of new-to-market tenants looking for office space across the county, we expect a strong pickup in leasing by new-to-market companies during the

remainder of 2023. Nearly 70% of these new-to-market companies are seeking to acquire space in Brickell.

With tightening availability and rising rents in Brickell, other submarkets such as Downtown Miami, Wynwood/Design District, Miami Airport and Coral Gables saw upticks in leasing activity in 1Q 2023. We expect this trend to continue over the course of the year.

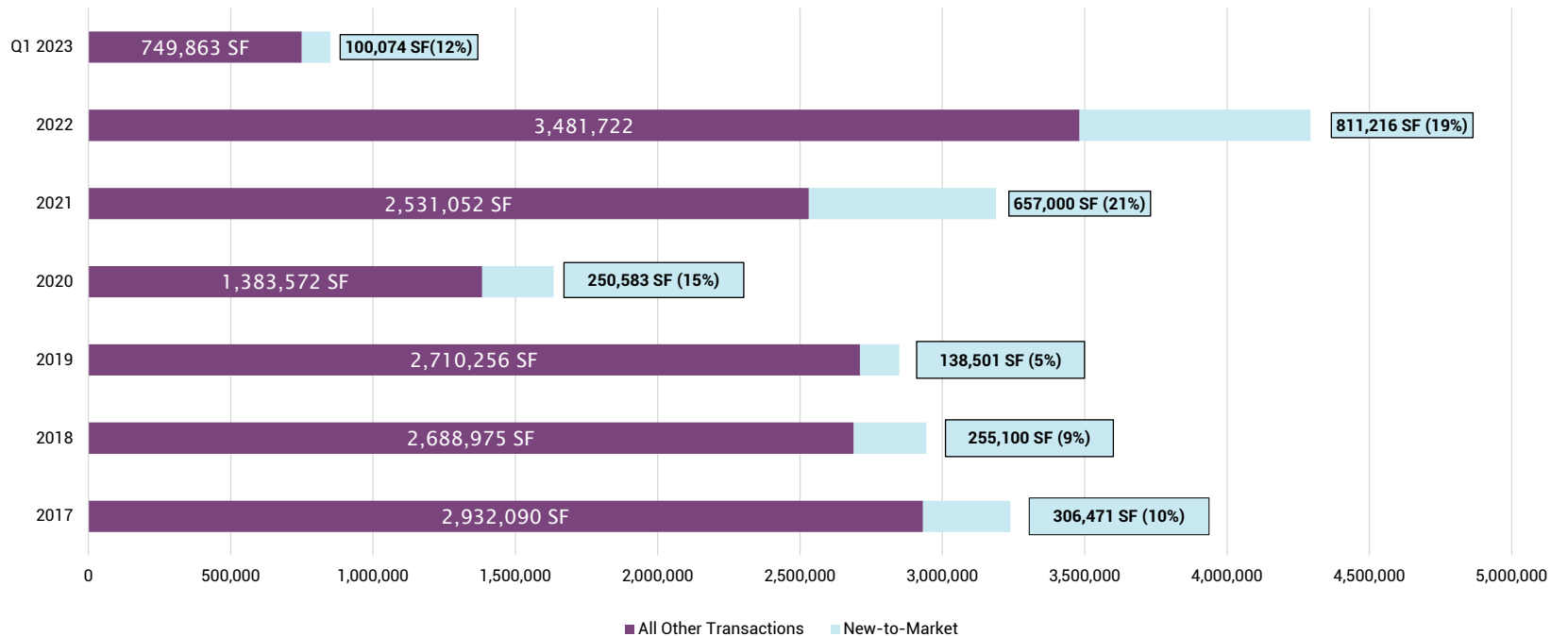
Downtown Miami accounted for 25% of overall leasing in 1Q 2023, up from 13% last year. The most notable lease of the quarter was IT management company Kaseya's 100,000 SF lease at Wells Fargo Center which accounted for 53% of the 1Q 2023 net absorption in Downtown Miami.

The overall Miami market recorded another quarter of strong positive absorption with occupancy increasing

by 141,000 SF, split evenly amongst Class A and B which follows 1.0 million SF of absorption in 2022, adding to a continued run of occupancy growth across the market.

Similarly, as leasing activity, absorption reflects the changing dynamics between the submarkets. Positive absorption in the first quarter was largely driven by Wynwood/Design-District, Downtown Miami, Miami Airport and Coconut Grove. Combined these submarkets delivered 288,000 SF of positive absorption offsetting downsizes and relocations in Class A Tier II and Class B Brickell. In Wynwood, absorption was driven by the delivery of The Dorsey and WYND 28, which contributed 104,000 SF of positive absorption. The Dorsey is fully leased to Industrious and Schonfeld Strategic Advisors, who doubled their footprint upon delivery.

COMPLETED TRANSACTIONS
(WITH NEW-TO-MARKET ACTIVITY)



Supply

—

In the first quarter of 2023, the vacancy rate was unchanged from the prior quarter staying at 17.4%. The Class A vacancy rate increased just by 40 basis points quarter-over-quarter since the 70,000 SF of net absorption trailed the 127,000 SF of deliveries in the same time-frame. The Class B vacancy decreased slightly by 40 basis points to 18.0% reflecting a cumulative drop of 3.2% over the last year. With Class A rents reaching new highs, Class B space recorded significant occupancy growth, especially in the four major submarkets (Downtown, Brickell, Coral Gables, and Miami Airport).



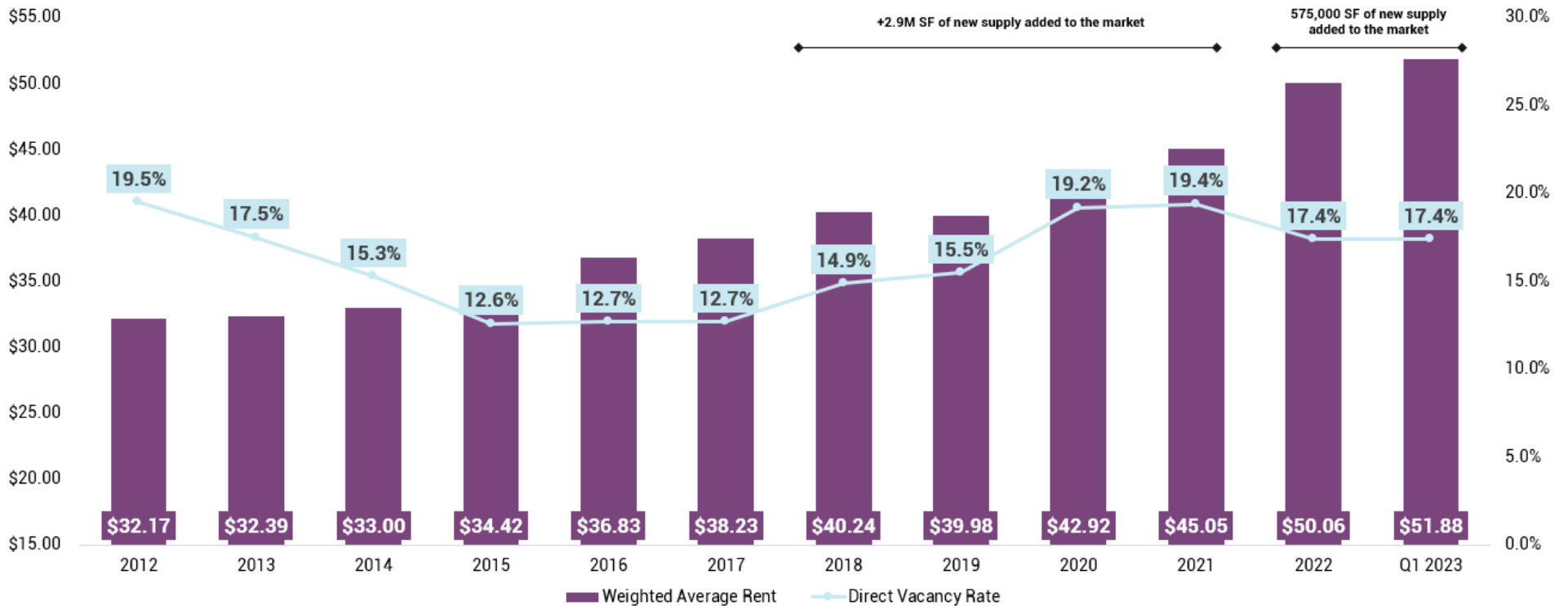
Supply is still tight across various segments of the markets, most notably Class A Tier I Brickell, Coconut Grove, and Coral Gables. There are currently 820,000 SF of active new-to-market requirements in Brickell, which exceeds the current vacancy in the market. With no new deliveries in Brickell Class A through 2026 other than 830 Brickell which is expected to deliver by year-end and is fully leased, availability will remain tight for the foreseeable future.

Year-to-date only two office projects were delivered, both in Wynwood. WYND 28 delivered 53,000 SF of office with 30,000 SF leased prior to delivery and The Dorsey with 74,000 SF of office leased to co-working provider Industrious and hedge fund Schonfeld Strategic Advisors.

There are currently 1.5 million SF of office space under construction, of which 830 Brickell represents 42%, and the balance is predominantly in Wynwood-Design District.

New-to-market companies and existing companies that are price inelastic will continue to take space in new office developments, often at a significant premium to the existing buildings in the market. This continued demand for office space in Miami-Dade coupled with a period of controlled supply will benefit the owners of high-quality assets. As flight to quality remains prevalent, landlords will have the opportunity to secure premium rents.

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



Rates

—

After the onset of the pandemic, office markets across the United States struggled with stagnant office rent growth and deteriorating net effective rents. However, in Miami asking rents increased 7.4% in 2020 followed by 5.0% growth in 2021 and 10.9% growth last year, bringing rents in Miami to record highs. The rent growth in Miami shows no signs of slowing down as overall rents increased another 3.7% over the prior quarter. Overall asking rates in Miami for Class A & B space increased to \$51.88 PSF joining a select group of metro areas with asking rates north of \$50.00 PSF full service.

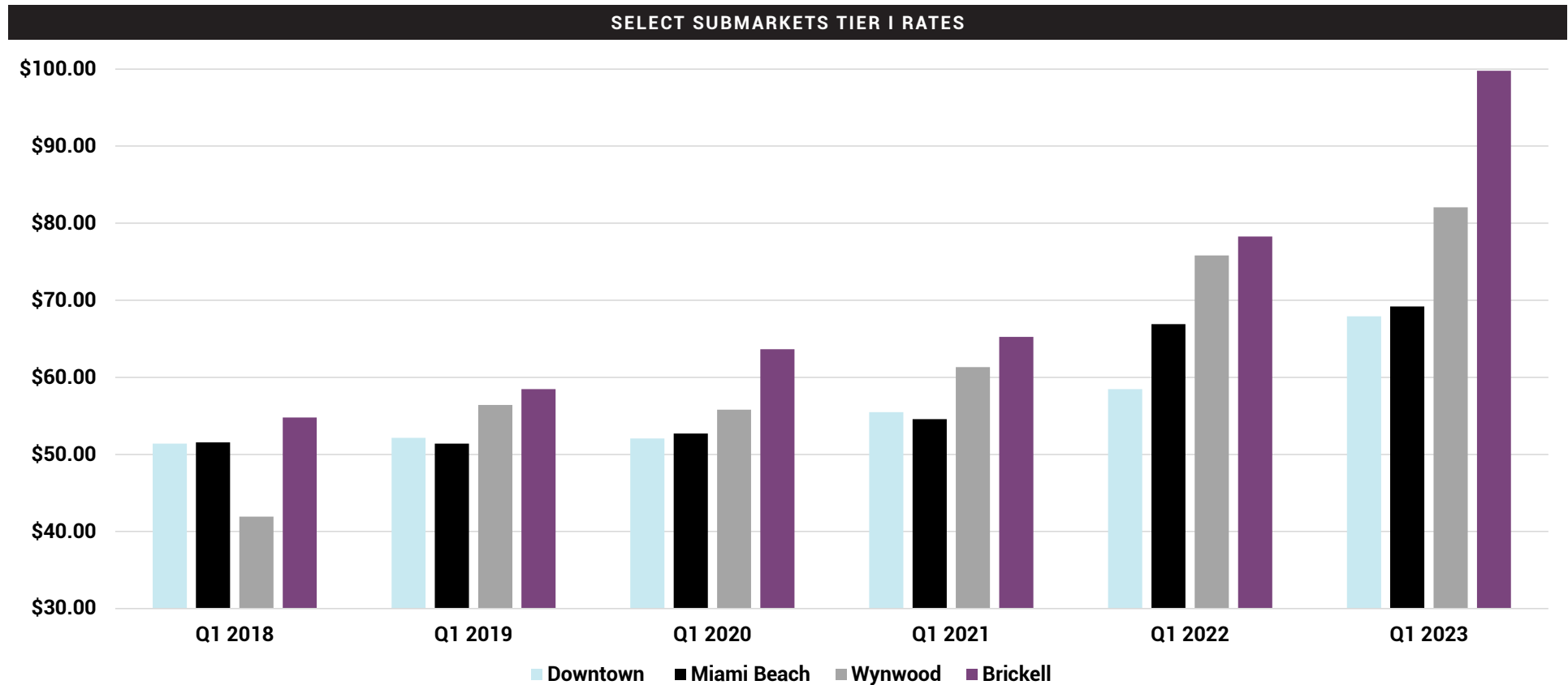
Rental rate growth over the prior quarter was strongest in the four major submarkets as well as Wynwood. Within this subset rental rates increased 4.2% quarter-over-quarter, with Class A rents in those submarkets increasing 3.9%. As supply is tightening within the Tier I segment of the market, rents increased to over \$100 PSF full service for some buildings in Brickell. As a result, Tier II and Class B buildings have been able to increase rents while maintaining or increasing occupancy. Class B asking

rates are now \$40.40 PSF full service, only 12% lower than Class A asking rates were in 2019.

Weighted Average Class A asking rates now surpassed \$50.00 PSF full service in half of Miami's submarkets, led by Brickell's Class A asking rate of \$88.51 PSF and Wynwood's asking rate of \$82.06 PSF full service.

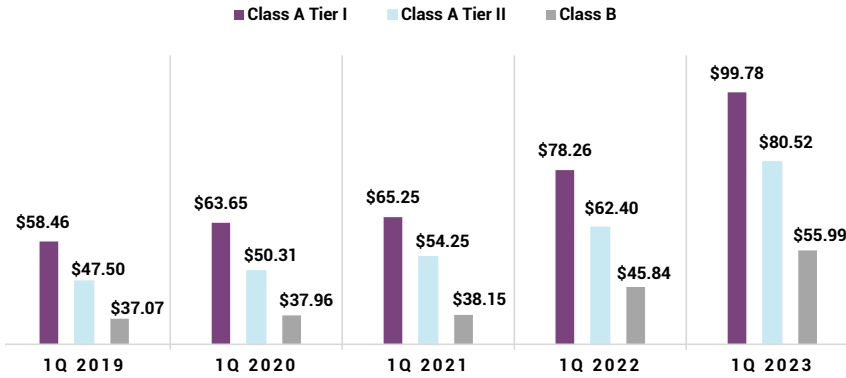
Rental rates are expected to maintain an upward trajectory in 2023, although potentially at a slower rate given the

already significant increases over the last few years. Even with potential macroeconomic conditions softening during the year, Miami's business friendly climate, diverse and educated workforce, and lifestyle position the Miami office market for a strong growth in the second half of this year.

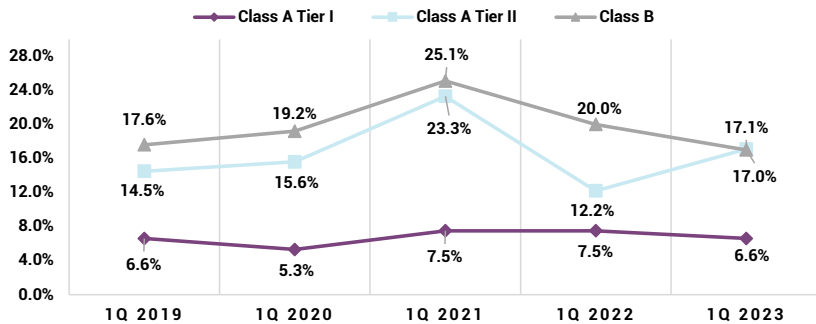


1Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



1Q 2023 CLASS A & B HIGHLIGHTS

\$76.17 PSF FS

Weighted average asking rate increased 27.6% YOY

11.9%

Direct vacancy decreased, previously 12.1% in 1Q 2022

6,396 SF

YOY Net Absorption

822,618 SF

Under Construction

1,135,983 SF

YOY Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS



18,450 SF

801 BRICKELL
RELOCATON & EXPANSION IN SUBMARKET
(FROM BRICKELL CITY CENTER - WEWORK)



BNP PARIBAS

7,665 SF

801 BRICKELL
NEW-TO-MARKET (FROM NY)

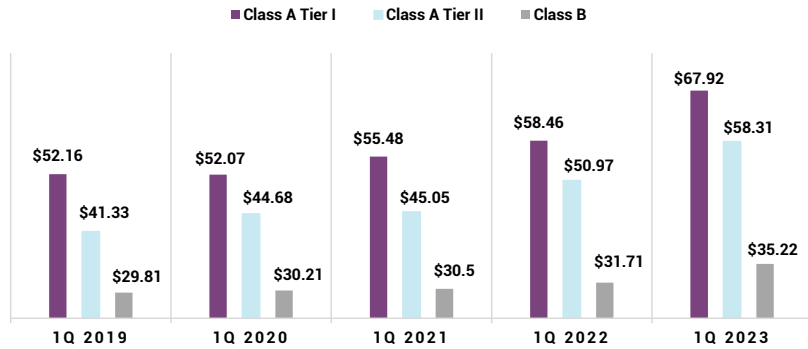
BlackRock

5,103 SF

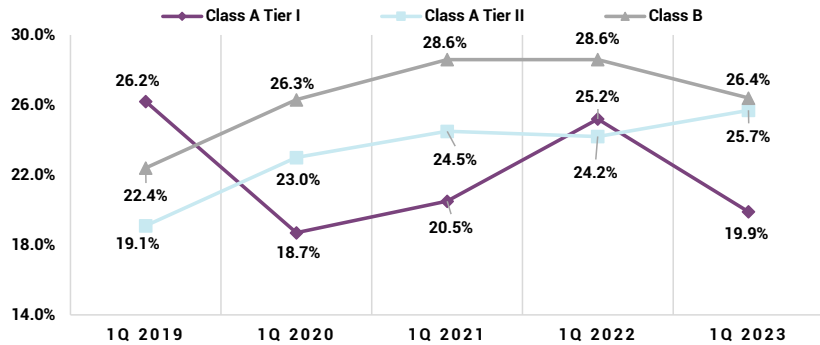
701 BRICKELL
RENEWAL

1Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



1Q 2023 CLASS A & B HIGHLIGHTS

\$53.74 PSF FS

Weighted average asking rate increased 13.1% YOY

23.5%

Direct vacancy decreased, previously 26.0% in 1Q 2022

188,173 SF

YOY Net Absorption

67,588 SF

Under Construction

731,552 SF

YOY Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS



100,000 SF

WELLS FARGO CENTER
NEW-TO-SUBMARKET & EXPANSION
(FROM BRICKELL)

MINDSPACE

31,000 SF

100 BISCAYNE
NEW-TO-SUBMARKET & EXPANSION
(FROM WYNWOOD)

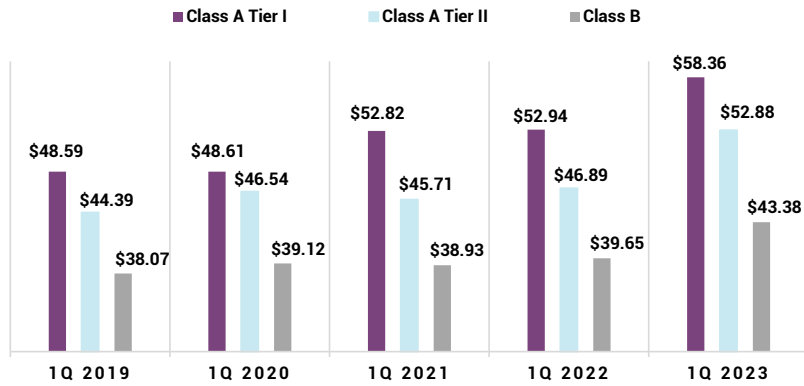


25,717 SF

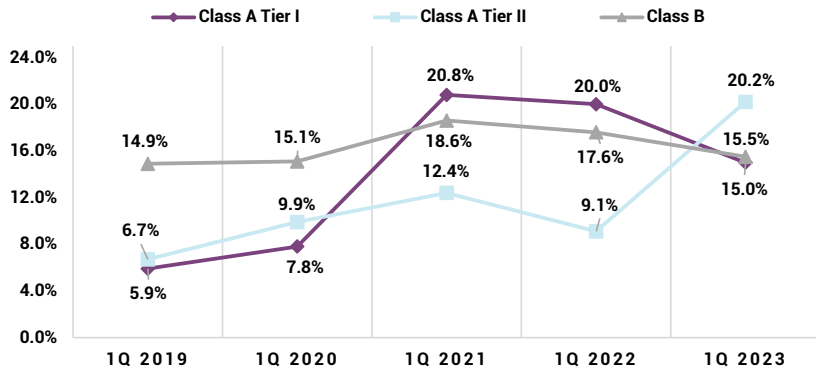
WELLS FARGO CENTER
NEW-TO-MARKET
(FROM IOWA)

1Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



1Q 2023 CLASS A & B HIGHLIGHTS

\$50.61 PSF FS

Weighted average asking rate increased 16.9% YOY

16.8%

Direct vacancy increased, previously 15.9% in 1Q 2022

27,250 SF

YOY Net Absorption

0 SF

Under Construction

609,348 SF

YOY Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS

QUEST
WORKSPACES

22,522 SF

ALHAMBRA TOWERS
RELOCATION / EXPANSION IN SUBMARKET

ALLVUE

11,153 SF

396 ALHAMBRA
RENEWAL

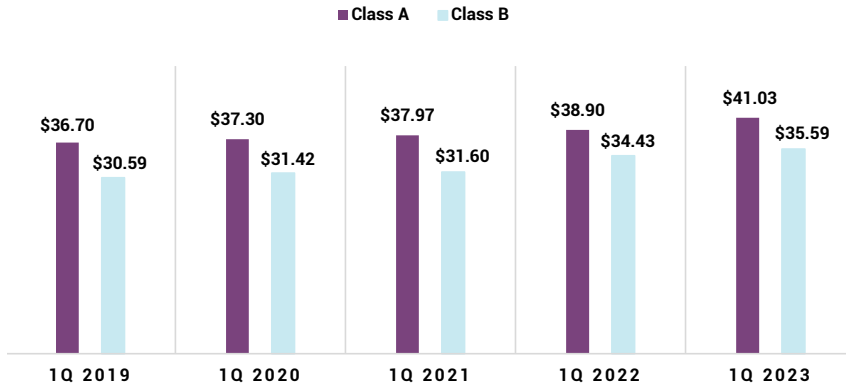
BVLGARI

9,615 SF

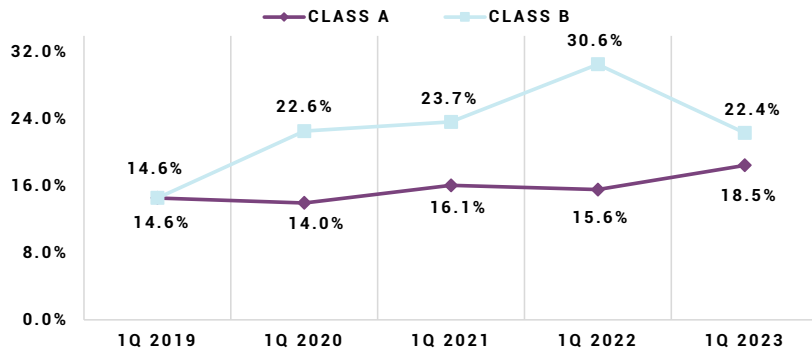
150 ALHAMBRA
RELOCATION / EXPANSION IN MARKET
(FROM DOWNTOWN)

1Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



1Q 2023 CLASS A & B HIGHLIGHTS

\$38.24 PSF FS

Weighted average asking rate increased 5.5% YOY

20.2%

Direct vacancy decreased, previously 22.1% in 1Q 2022

116,893 SF

YOY Net Absorption

0 SF

Under Construction

896,319 SF

YOY Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS

HNTB

25,742 SF

5200 WATERFORD
IN MARKET RELOCATION
(FROM DOWNTOWN)

CLARKE SILVERGLATE

23,790 SF

5301 WATERFORD
SUBLEASE (FROM BRICKELL)

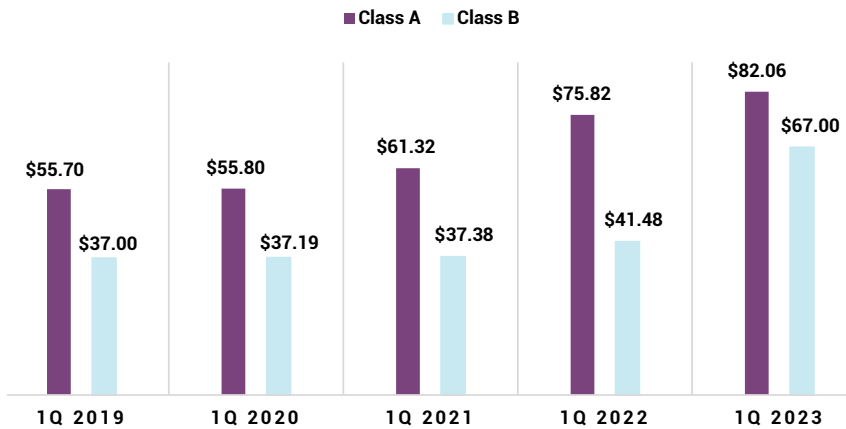


22,650 SF

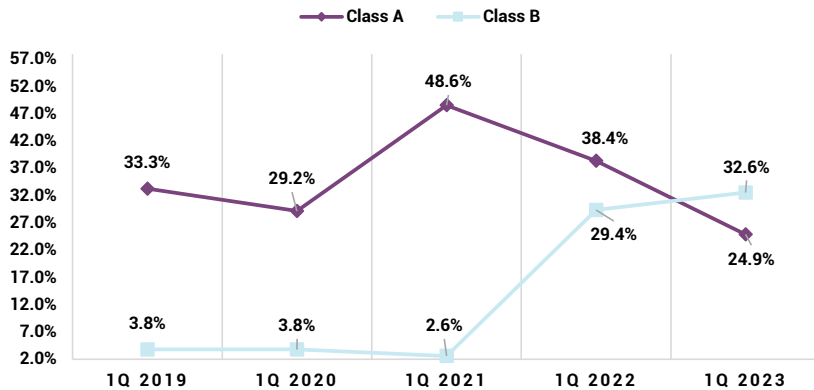
DORAL OFFICE PLAZA
RELOCATION IN SUBMARKET
(FROM 8240 NW 52NF TERRACE)

1Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



1Q 2023 CLASS A & B HIGHLIGHTS

\$80.24 PSF FS

Weighted average asking rate increased 10.0% YOY

25.6%

Direct vacancy decreased, previously 37.4% in 1Q 2022

221,563 SF

YOY Net Absorption

469,759 SF

Under Construction

302,803 SF

YOY Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS

Claire Group

25,400 SF

WYNWOOD PLAZA
IN-MARKET RELOCATION
(FROM DOWNTOWN)

THOMABRAVO

20,930 SF

THE GATEWAY AT WYNWOOD
TEMPORARY SPACE
(WAITING FOR THEIR DIRECT SPACE AT
830 BRICKELL)

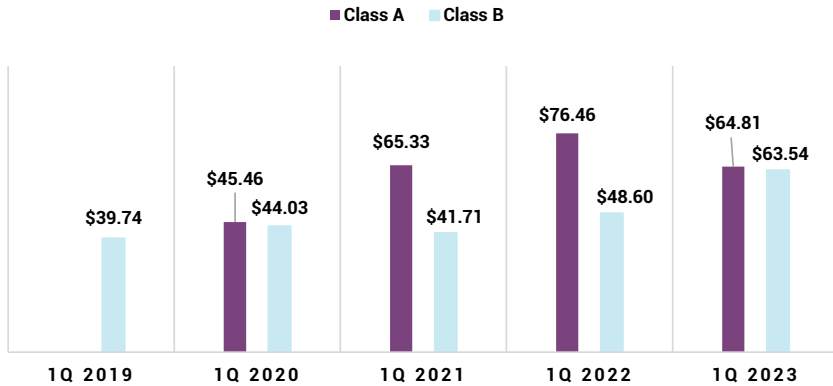
SCHONFELD

18,441 SF

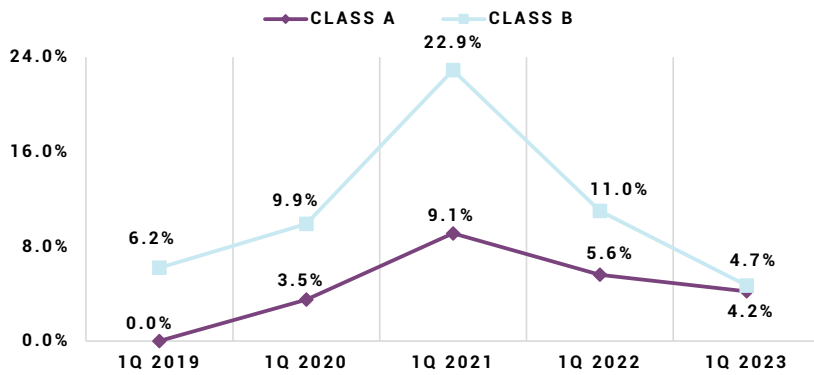
THE DORSEY
EXPANSION (LEASED AN ADDITIONAL FLOOR)

1Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



1Q 2023 CLASS A & B HIGHLIGHTS

\$64.22 PSF FS

Weighted average asking rate increased 21.0% YOY

4.4%

Direct vacancy decreased, previously 8.1% in 1Q 2022

40,516 SF

YOY Net Absorption

0 SF

Under construction

122,441 SF

YOY Leasing

NOTABLE RECENT LEASE TRANSACTIONS



15,093 SF

2601 S. BAYSHORE
EXPANSION



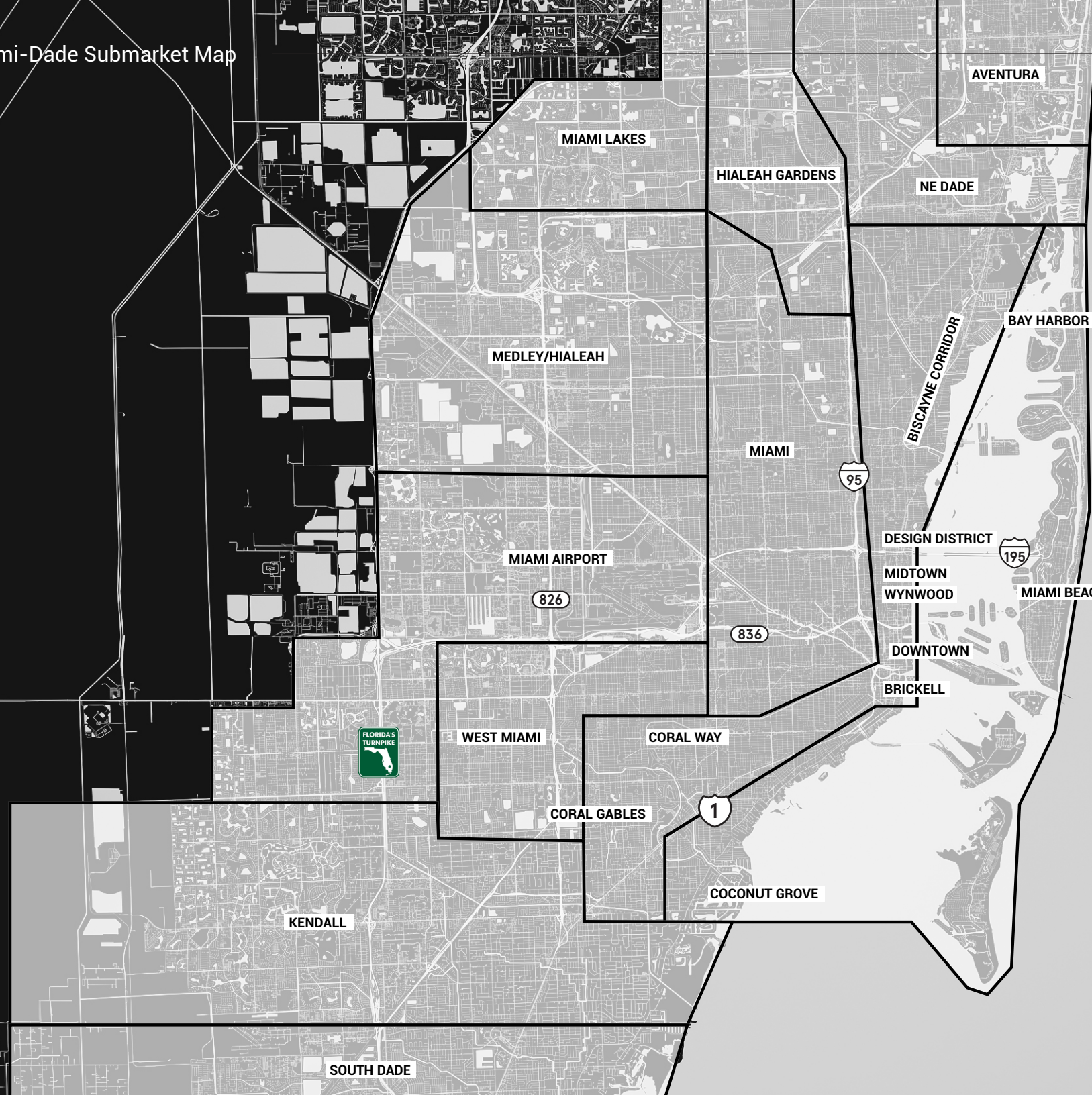
15,000 SF

2601 S. BAYSHORE
NEW-TO-MARKET
(FROM NY / BRAZIL)



5,504 SF

MAYFAIR IN THE GROVE -EAST
EXPANSION



Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate FS	Q1 2023 Net Absorption (SF)	Q1 2023 Leasing Activity (SF)	Under Construction (SF)
4 MAJOR SUBMARKETS							
Downtown	8	4,889,662	22.2%	\$63.60	62,498	181,222	67,588
Brickell	13	4,752,936	10.0%	\$88.51	(78,523)	90,766	822,618
Coral Gables	23	4,005,082	17.6%	\$55.78	(25,362)	81,496	-
Miami Airport	32	5,209,996	18.5%	\$41.03	(28,974)	123,917	-
SUBTOTAL	76	18,857,676	17.1%	\$58.85	(70,361)	477,401	890,206
Aventura	9	1,174,802	17.9%	\$61.91	(3,047)	16,849	-
Biscayne Corridor	1	435,000	15.5%	\$38.26	-	-	-
Coconut Grove	5	711,917	4.2%	\$64.81	31,631	33,921	-
Coral Way							
Kendall	4	713,687	12.0%	\$46.60	(6,709)	17,393	-
Medley							
Miami	2	401,126	18.7%	\$49.65	-	-	-
Miami Beach	7	787,953	16.5%	\$69.21	(4,564)	-	114,467
Miami Lakes	6	386,785	23.9%	\$35.15	4,144	-	-
NE Dade	1	102,287	6.2%	\$63.00	5,506	-	-
South Dade							
Wynwood-Design District	11	1,198,256	24.9%	\$82.06	114,334	90,810	469,759
SUBTOTAL	46	5,911,813	16.8%	\$62.66	141,295	158,973	584,226
TOTAL	122	24,769,489	17.1%	\$59.74	70,934	636,374	1,474,432

Multi-tenant, Class A Buildings > 50,000 SF *With the exception of new developments The Wynwood Garage and The Optimum

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate FS	Q1 2023 Net Absorption (SF)	Q1 2023 Leasing Activity (SF)
4 MAJOR SUBMARKETS						
Downtown	12	2,195,144	26.4%	\$35.22	30,029	30,759
Brickell	11	1,782,563	17.0%	\$55.99	(32,035)	17,378
Coral Gables	23	2,709,925	15.5%	\$43.38	(6,553)	30,932
Miami Airport	41	4,243,762	22.4%	\$35.59	79,514	91,088
SUBTOTAL	87	10,931,394	20.6%	\$39.69	70,955	170,157
Aventura	2	229,265	2.5%	\$52.14	(492)	-
Biscayne Corridor	4	291,131	7.7%	\$47.67	-	-
Coconut Grove	5	542,426	4.7%	\$63.54	(823)	13,812
Coral Way	8	567,749	9.8%	\$32.91	649	2,506
Kendall	9	1,240,940	21.4%	\$38.56	2,262	23,785
Medley	3	193,914	4.2%	\$25.00	2,576	-
Miami	1	76,789	0.0%	-	-	-
Miami Beach	6	731,789	8.9%	\$54.23	(6,947)	-
Miami Lakes	3	157,987	2.1%	\$25.84	(3)	-
NE Dade	7	838,623	16.6%	\$39.49	1,623	-
South Dade	2	133,994	2.9%	-	-	3,302
Wynwood-Design District	2	122,396	32.6%	\$67.00	70	-
SUBTOTAL	52	5,127,003	12.4%	\$42.90	(1,085)	43,405
TOTAL	139	16,058,397	18.0%	\$40.40	69,870	213,562

Powerful outcomes come from the elite team at Blanca CRE through passionate service, proven strategies, rich connections and the confidence that comes from being the dominant Florida-based commercial real estate services firm. Our inclusive culture is built on real estate experts who are passionate in their pursuit to maximize value and drive clients' business objectives.

Our services include tenant representation, landlord representation, investment sales, property management, and consulting services including new office and mixed-use developments.

2009

— *Blanca Commercial Real Estate Founded;
Brickell Office Inauguration*

2014

— *Chief Marketing Officer Joins the Firm*

2018

— *Property Management Launched*

2019

— *Tenant Engagement Consulting Services
Launched;
Waterford Office Inauguration*

2020

— *Healthcare Practice Launched;
Chief Financial Officer Joins the Firm;
Ft. Lauderdale Office Inauguration*

2022

— *Chief Operating Officer Joins the Firm*

2023

— *15+M Square Fee of Transactions Since 2009;
42 Industry Professionals*



BLANCA COMMERCIAL REAL ESTATE, INC.
LICENSED REAL ESTATE BROKER | [BLANCACRE.COM](https://blancacre.com)

FORT LAUDERDALE

201 E Las Olas Boulevard, Suite 1050
Fort Lauderdale, FL 33301
954.395.2112

MIAMI

1450 Brickell Ave, Suite 2060
Miami, FL 33131
305.577.8850

WATERFORD BUSINESS DISTRICT

701 Waterford Way, Suite 160
Miami, FL 33126
305.577.8850

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 are published at irregular intervals 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 are not a guide to future performance, rental and vacancy rates. And the listed asking rental rates are not guaranteed.