

# MIAMI OFFICE MARKET REPORT

DOWNTOWN | BRICKELL | CORAL GABLES | AIRPORT WEST DADE

THIRD QUARTER 2015



# EXECUTIVE SUMMARY

**B**lanca Commercial Real Estate's Q3 research studied the four major office submarkets that continue to drive the greater Miami-Dade County office market: Downtown, Brickell, Coral Gables and Airport West. All told, these four submarkets comprise approximately 27 million square feet of Class A (62 buildings) & Class B (85 buildings) office space.

Stability remains the prevailing force in today's office market, with average year-over-year office rents gradually trending upward, total inventory remaining relatively steady, and overall vacancy rates trending downward.

## POSITIVE ABSORPTION PERSISTS

The Miami-Dade market completed its 13th consecutive quarter of positive net absorption, with total Class A and B absorption for Q3 being 301,982 square feet across all four tracked submarkets. Q3 leasing activity outpaced total absorption for the first two quarters of 2015, which verifies the projection we made in our Q2 market report.

This trend is being driven by a continued expansion of existing tenants and a modest influx of new to market tenants. Office spaces totaling at least 20,000 square feet account for only 7% of the vacant spaces in downtown and 3% of the available spaces in Brickell. There continues to be little by way of new inventory expected to deliver over the next 12-24 months across Miami's four major office submarkets.

Barring an unforeseen shift in macroeconomic factors, we anticipate that the four major submarkets will once again experience positive net absorption in Q4.

## RENTS ARE RISING, VACANCIES ARE FALLING

Total occupancy continues to improve in three of the four submarkets. Year-over-year vacancy rates have declined from 15.4% to 13.2% in Brickell; from 15.9% to 12.6% in Coral Gables; and from 14.9% to 11.9% in Airport West. Downtown Miami was the only submarket to experience a drop in occupancy, due primarily to Akerman's space now being marketed at Suntrust International as a result of Akerman's upcoming relocation to Brickell City Centre.

## EXISTING OFFICE BUILDINGS REMAIN IN HIGH-DEMAND

Rising rental rates, falling vacancy rates, high development costs and the lack of new supply expected to deliver over the near- to mid-term are all fueling strong investor demand for existing office buildings. Q3 saw the completed purchase by Gaedeke Group of the Espirito Santo Office Plaza, for \$142 million.

## 3Q-2015 YEAR OVER YEAR

### CLASS A

- ▼ **14.3%** Average Vacancy Rate
- ▲ **2.65%** Increase in Weighted Average Asking Rents
- + **152,533** SF Total Positive Net Absorption

### CLASS B

- ▼ **14.8%** Average Vacancy Rate
- ▲ **1.92%** Increase in Weighted Average Asking Rents
- + **136,993** SF Total Positive Net Absorption

This research 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. Recipients of this report 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.

# THE BOTTOM LINE

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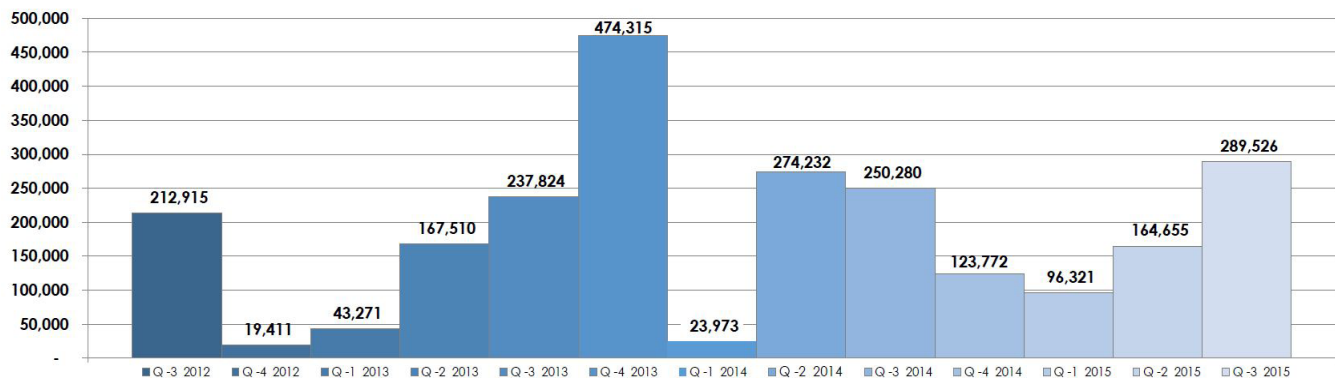
hough Miami's office market has seen 13 consecutive quarters of positive net absorption, absorption levels seem to have stabilized as compared to Q3 2013, when nearly 500,000 square feet of net new space was leased.

While the factors driving these dynamics – lack of new office inventory, greater efficiency in space planning, the pervasiveness of technology in business, and the continued growth of shared co-working spaces – persist, we expect the positive absorption trend to hold steady.

Looking ahead, Miami's office market should continue to reap the benefits of a relatively stable US economy, the city's appeal as a global and regional business hub, and high barriers to entry for new development.

## CLASS A + B Buildings | > 50,000 SF

### Miami Office Major Submarkets Absorption Q3-2012 to Q3-2015 in RSF

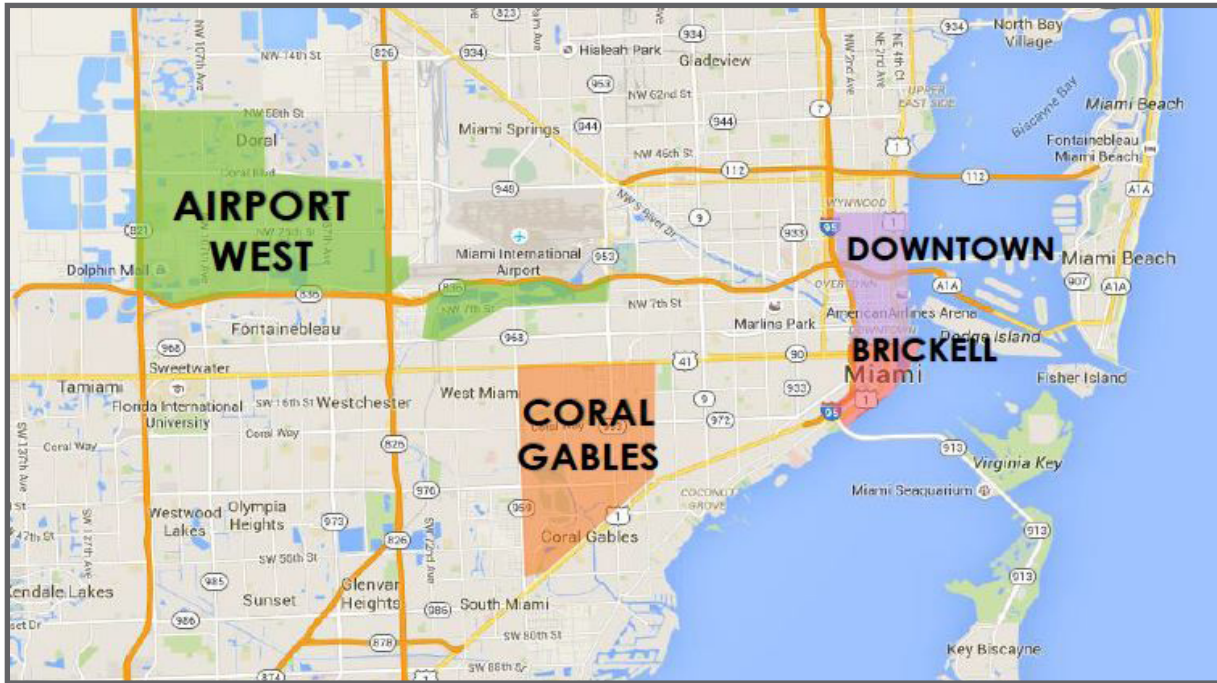


## OVERALL MARKET STATS





	Downtown	Brickell	Coral Gables	Airport West
Q3-2015 YEAR OVER YEAR COMPARISON				
<b>Total SF Tracked:</b>	6,662,496 SF	6,184,084 SF	5,460,835 SF	8,286,606 SF
<b>Direct Available SF:</b>	1,283,085 SF	801,956 SF	688,695 SF	896,426 SF
<b>Vacancy:</b>	19.3% ▲ Vs. 3Q14 18.7%	13.0% ▼ Vs. 3Q14 15.4%	12.6% ▼ Vs. 3Q14 15.9%	10.8% ▼ Vs. 3Q14 14.9%
<b>Direct Weighted Average Rates:</b>	\$38.92 ▲ Vs. 3Q14 \$35.83	\$41.04 ▲ Vs. 3Q14 \$37.78	\$37.16 ▲ Vs. 3Q14 \$35.66	\$27.22 ▲ Vs. 3Q14 \$23.67

# SUBMARKETS

**Miami is comprised of 4 major office submarkets:  
Downtown, Brickell, Coral Gables & Airport West.**



**Of the approximate 27 million square feet of buildings tracked,  
the buildings are divided among the submarkets and classes as such:**

BUILDING CLASS:		A	B	A + B
	Downtown	6	13	19
	Brickell	11	12	23
	Coral Gables	17	22	39
	Airport West	28	38	66
<b>TOTAL NUMBER OF BUILDINGS :</b>		<b>62</b>	<b>85</b>	<b>147</b>

# SUBMARKET WATCH

## Q3 2015 NOTABLE TRANSACTIONS

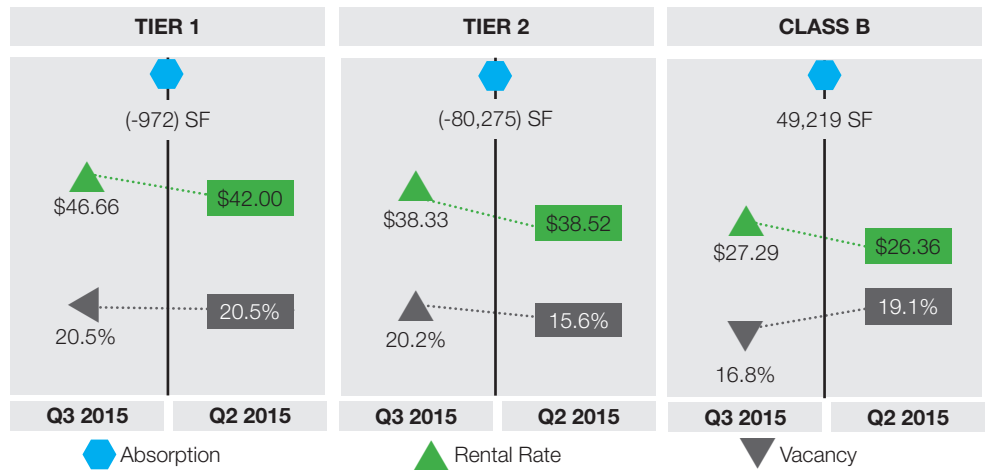
### Silver Seas

16,400 SF  
Wells Fargo Center  
333 Avenue of the Americas

### BTG Pactual US

5,413 SF  
Southeast Financial Center  
200 S. Biscayne Blvd.

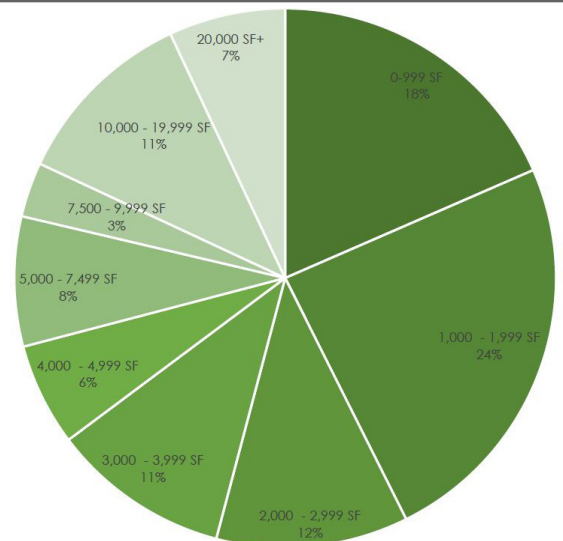
## DOWNTOWN MARKET HIGHLIGHTS



## 3Q SNAPSHOT

### ANALYSIS OF AVAILABLE SPACES

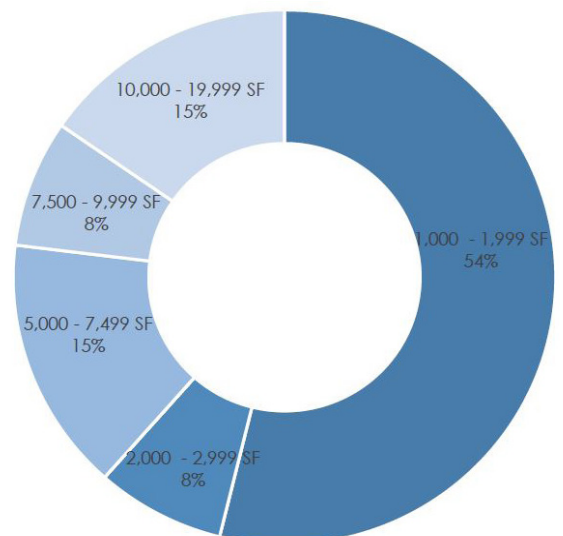
71% | < 4,000 SF



## 3Q SNAPSHOT

### COMPLETED TRANSACTIONS SPACE ANALYSIS

62% | < 4,000 SF



# SUBMARKET WATCH

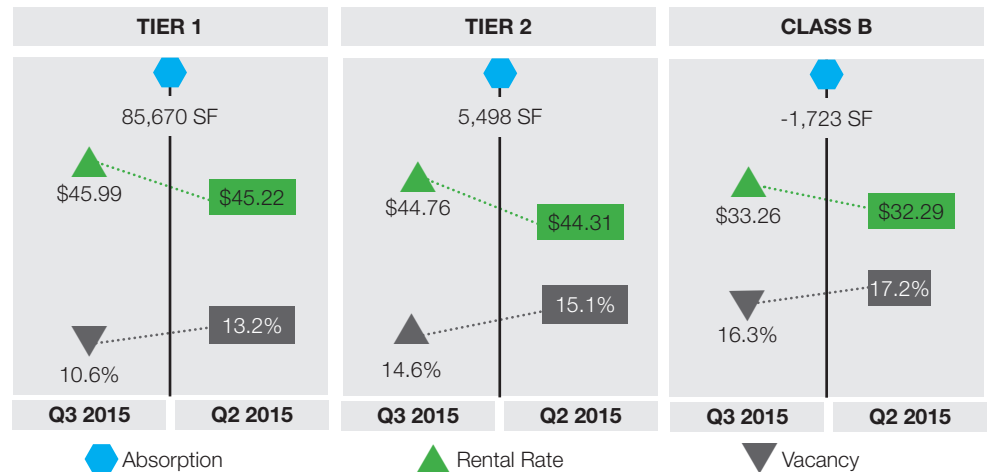
## Q3 2015 NOTABLE TRANSACTIONS

**Experia**  
23,179 SF  
701 Brickell Ave.

**Global Select Advisors**  
7,000 SF\*  
Two Brickell City Centre  
78 SW 7th St.

\*not calculated in absorption figures

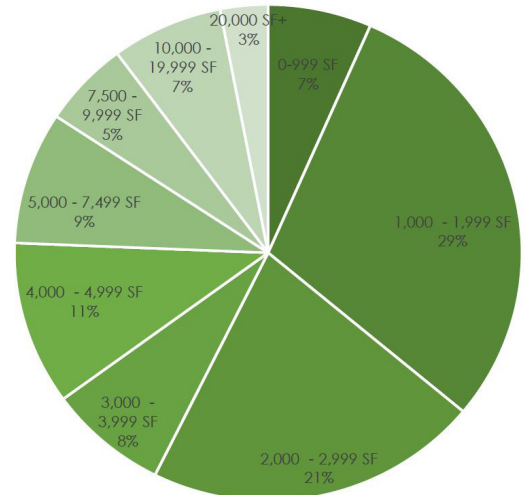
## BRICKELL MARKET HIGHLIGHTS



## 3Q SNAPSHOT

### ANALYSIS OF AVAILABLE SPACES

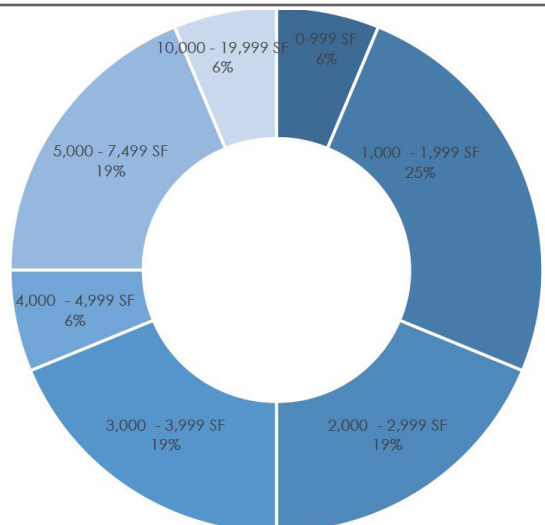
57% | < 3,000 SF



## 3Q SNAPSHOT

### COMPLETED TRANSACTIONS SPACE ANALYSIS

50% | < 3,000 SF



# SUBMARKET WATCH

## Q3 2015 NOTABLE TRANSACTIONS

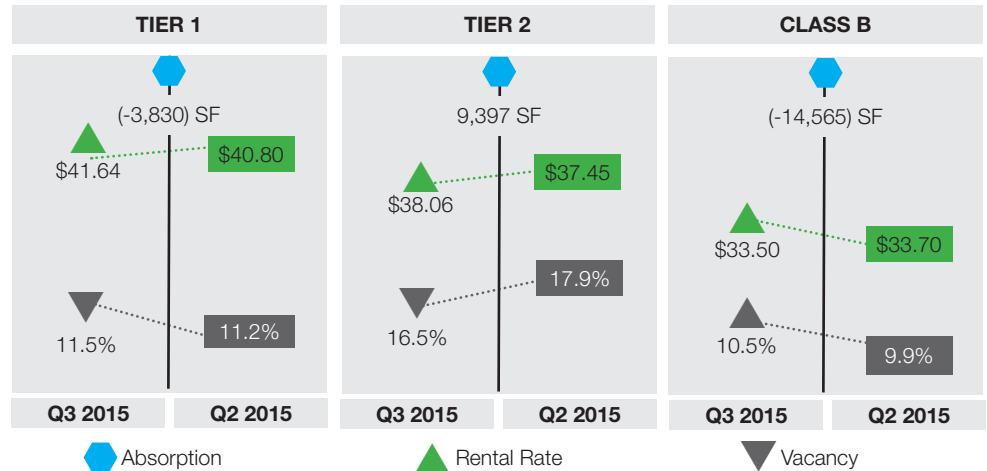
### Pipeline

13,917 SF  
95 Merrick Way  
95 Merrick Way

### Gresham Smith & Partners

7,100 SF  
2 Alhambra Plaza  
2 Alhambra Plaza

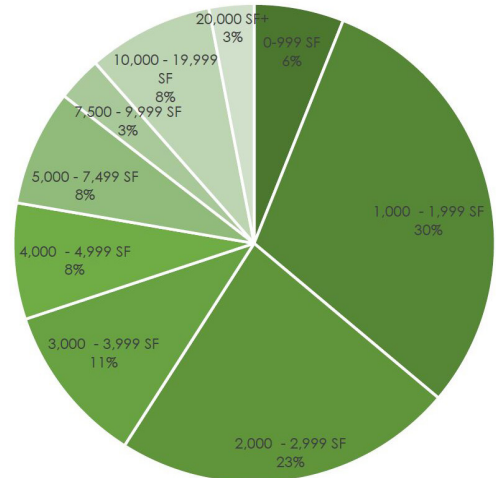
## CORAL GABLES MARKET HIGHLIGHTS



## 3Q SNAPSHOT

### ANALYSIS OF AVAILABLE SPACES

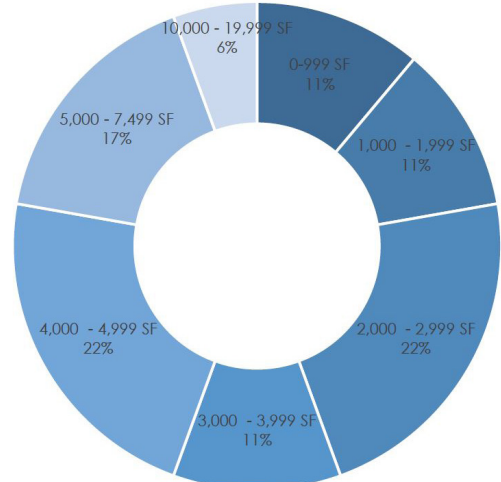
64% | < 4,000 SF



## 3Q SNAPSHOT

### COMPLETED TRANSACTIONS SPACE ANALYSIS

77% | < 4,000 SF





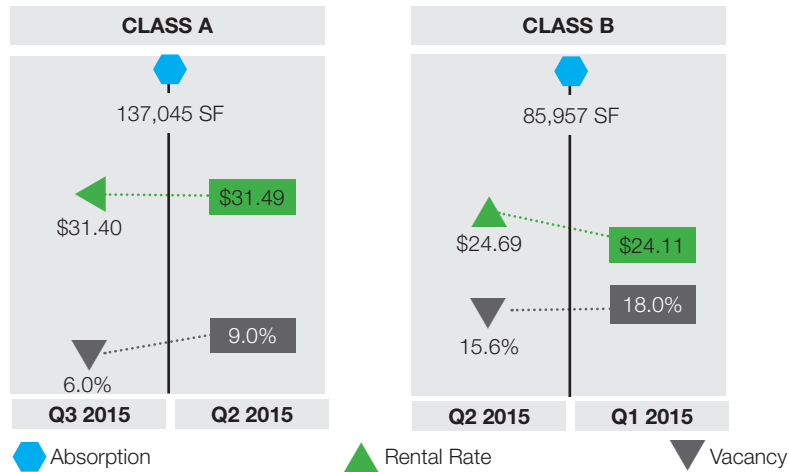
# SUBMARKET WATCH

## Q3 2015 NOTABLE TRANSACTIONS

**Univision**  
40,000 SF  
9250 Doral  
9250 NW 36th St.

**Pipeline**  
12,456 SF  
Doral Concourse - Bldg I  
8400 NW 36th St.

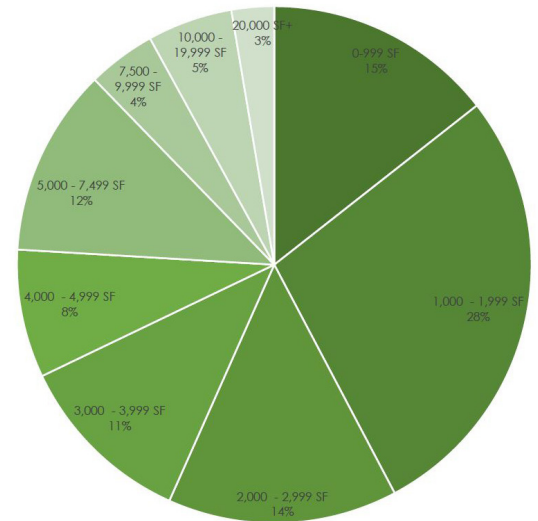
## AIRPORT WEST DADE MARKET HIGHLIGHTS



## 3Q SNAPSHOT

### ANALYSIS OF AVAILABLE SPACES

68% | < 4,000 SF



## 3Q SNAPSHOT

### COMPLETED TRANSACTIONS SPACE ANALYSIS

63% | < 4,000 SF

