



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

04

(Demand, Supply, and Rates)

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)

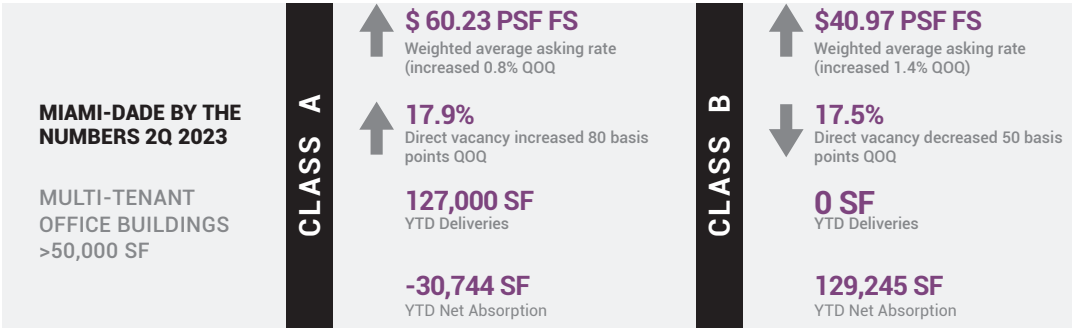
About Us

19



“Miami is one of the most exciting and fastest growing cities in the world”

-- Stephen Ross
Chairman and Founder, The Related Companies



Like the F1 drivers going down the straights of the circuit in Miami Gardens, the last two years for South Florida, specifically Miami commercial real estate, has been all gas, no breaks. But as the straights turn into corners, the Miami office market is now moving at a moderately steady pace in 2023, navigating the evolving market conditions, but still outpacing historical performance. In the prior two years, Florida saw over 1,000 new residents and businesses arriving daily, eager to take advantage of lower taxes, higher quality of life, and a welcoming business and regulatory environment. Real estate deals and development boomed, propelling Miami into a highly coveted global city.

The first half of 2023 has delivered a normalized pace. Still, a strong South Florida economy, especially compared to other U.S. markets, continues to lure newcomers. Overall, the Miami-Dade office market remains well positioned to outperform the national office landscape of other major gateway cities. The outlook remains promising.

In the second quarter, 825,000 SF of completed lease transactions were recorded, bringing year-to-date total leasing to 1.7 million SF. Although the overall leasing activity in the first half of the year is lagging the record-breaking performance of this time last year, it is still 13% higher than the five-year historical year-to-date average.

Most of the leasing activity to date has been driven by Miami's existing tenant base, which recorded 1.4 million SF (82%) of office lease transactions, demonstrating the strength of Miami's thriving ecosystem. This has outpaced the five-year historical year to date average by 16%. Given a robust pipeline of tenants in the market that continues to grow, a large share of which are still new-to-market, we expect demand to pick up pace through year-end.

Meanwhile, the market has absorbed 1.5 million SF of space over the past 30 months, most notably in the Brickell, Coral Gables, Coconut Grove, and Aventura

submarkets. Absorption during this time has largely been concentrated in high quality existing buildings in Brickell and Downtown, as well as newly delivered projects in secondary submarkets such as 545Wyn, WYND 28, and The Dorsey (Wynwood), Onyx Tower (Aventura), and The Plaza (Coral Gables), which have attracted both new-to-market tenants, as well as the existing tenant base.

Vacancy countywide remained roughly the same as year-end 2022 at 17.7%. Despite some recent space occupancy losses in Brickell, it has been one of the best performing submarkets over the last couple of years, with the lowest vacancy rate, leading rents and continued rent growth amongst major submarkets.

Downtown, Coral Gables, Coconut Grove, Aventura, and Wynwood/Design District have also performed well, capitalizing on the consistent flight to quality trend. Inventory is tightening, however, as fewer new projects come online.

Macroeconomic headwinds, such as continued tightening of credit markets and concerns about possible recession, present some cause for pause. Still, businesses and residents keep coming, lured by thriving business, lifestyle, and cultural amenities. In Q2 alone, the region hosted the ATP Miami Open tennis tournament and the Formula 1 Crypto.com Miami Grand Prix. Two pro teams – the Miami Heat and Florida Panthers – played in their respective league championships. Tourists returned en masse last year, with over 26.5 million visitors spending \$20.8 billion, an 8% revenue increase over the year prior.

Miami's current state is a matter of perspective. Though sluggish compared to 2022's boom period, Miami CRE development, absorption and rents are enviable compared to most other U.S. markets. While the future is uncertain, our current tidings position Miami for an equally enviable tomorrow.

Demand

Core and secondary submarket activity across greater Miami present mixed returns. Miami's Downtown and Brickell markets continue to enjoy some new-to-market leasing activity. Those prospective tenants who cannot secure suitable space in the core markets, or those eager to offer employees easier, shorter commutes in an effort to retain talent, are finding submarkets such as Coral Gables, Wynwood and Miami Airport as desirable options. However, the Miami Airport submarket has been a drag on absorption this quarter, as legacy tenants adapt footprints to their evolving needs and downsizing from space leased long before the pandemic.



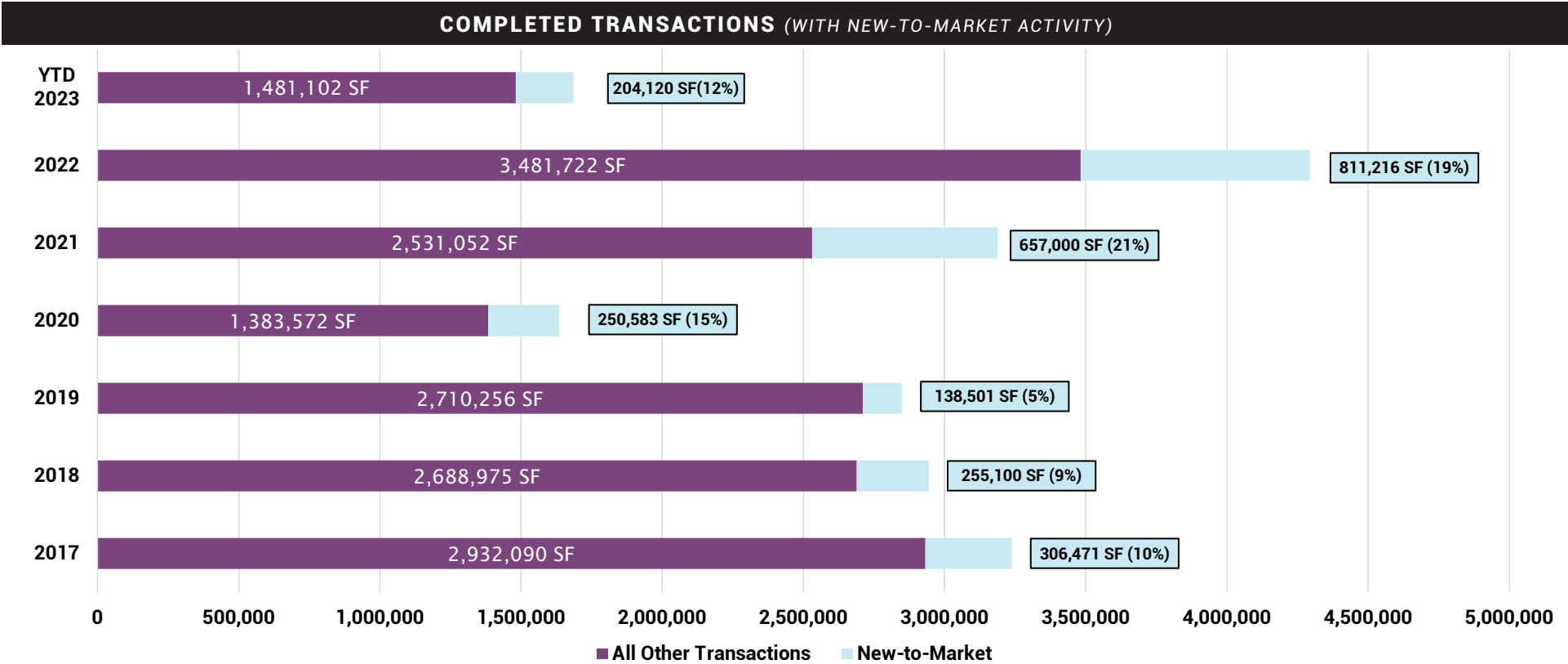
A robust pipeline of diverse tenants both local and new-to-market are actively seeking top quality office alternatives in Miami Airport. This should help deliver a strong finish for this submarket by year end.

Overall leasing activity for the first half of 2023 hit 1.7 million SF, or 13% over the five-year average of 1.49 million SF. The surge in new-to-market traffic during 2020-2022 was bound to slow down; currently, it's 50% from the 2022 record levels, but still aligned with the five-year average. The bullish 2022 leasing volume, with over 800,000 SF in new-to-market leases, distorts any comparison. Excluding 2022 figures, new-to-market traffic was 26% greater than the previous four years (2018-2021). New-to-market

activity was mostly driven by various tenants securing smaller spaces across the market, and a 69,000 SF lease in Coral Gables. Leasing from existing tenants was 1.48 million SF in the first half of 2023, or 15.8% over the five-year average of 1.28 million SF. The largest lease in the second quarter was Holland & Knight's 121,000 SF renewal at 701 Brickell, as the AM Law 100 firm secured their space in an increasingly competitive market.

Absorption was the tale of two categories. Overall, the market recorded 42,000 SF of negative absorption in Q2 2023; despite the slight pullback, the market closed out the first half of the year at 99,000 SF of positive absorption and 382,000 SF of positive absorption year over year. Class A

product recorded 31,000 SF of negative absorption in the first half of the year with Miami Airport and Brickell as the only two submarkets with significant negative absorption in the Class A segment of the market. Negative absorption in Brickell consisted of tenants such as RBC giving back space, as well as tenants moving to other submarkets, like the Greater Miami Convention & Visitors Bureau who will relocate to Downtown. Q2 occupancy losses of 102,000 SF in Class A offset gains in Q1 2023. Meanwhile, Class B picked up in the second quarter, recording 59,000 SF of positive absorption, bringing year to date occupancy gains to 129,000 SF and year-over-year gains to 257,000 SF.



Supply

—

On the heels of the Great Recession, vacancy across the Miami office market was the highest in recorded history as the 4.4 million SF of deliveries was slowed to be absorbed during the weak economic period. As market conditions improved in the first half of the decade, the newly delivered space was leased up and the vacancy rate stabilized. However, in the second half of the 2010s, the Miami office market once again recorded an increase in supply without the demand to match the new deliveries. The vacancy rate increased from 12.7% in 2016 to 19.2% in 2020 as newly delivered space was slow to be absorbed.



Market fortunes changed with the surge of new demand following the onset of COVID with vacancies decreasing since the end 2020, despite continued deliveries in the market of 850,000 SF. Overall market vacancy increased slightly from Q1 to 17.7%, only 10 basis points higher than Q2 2022.

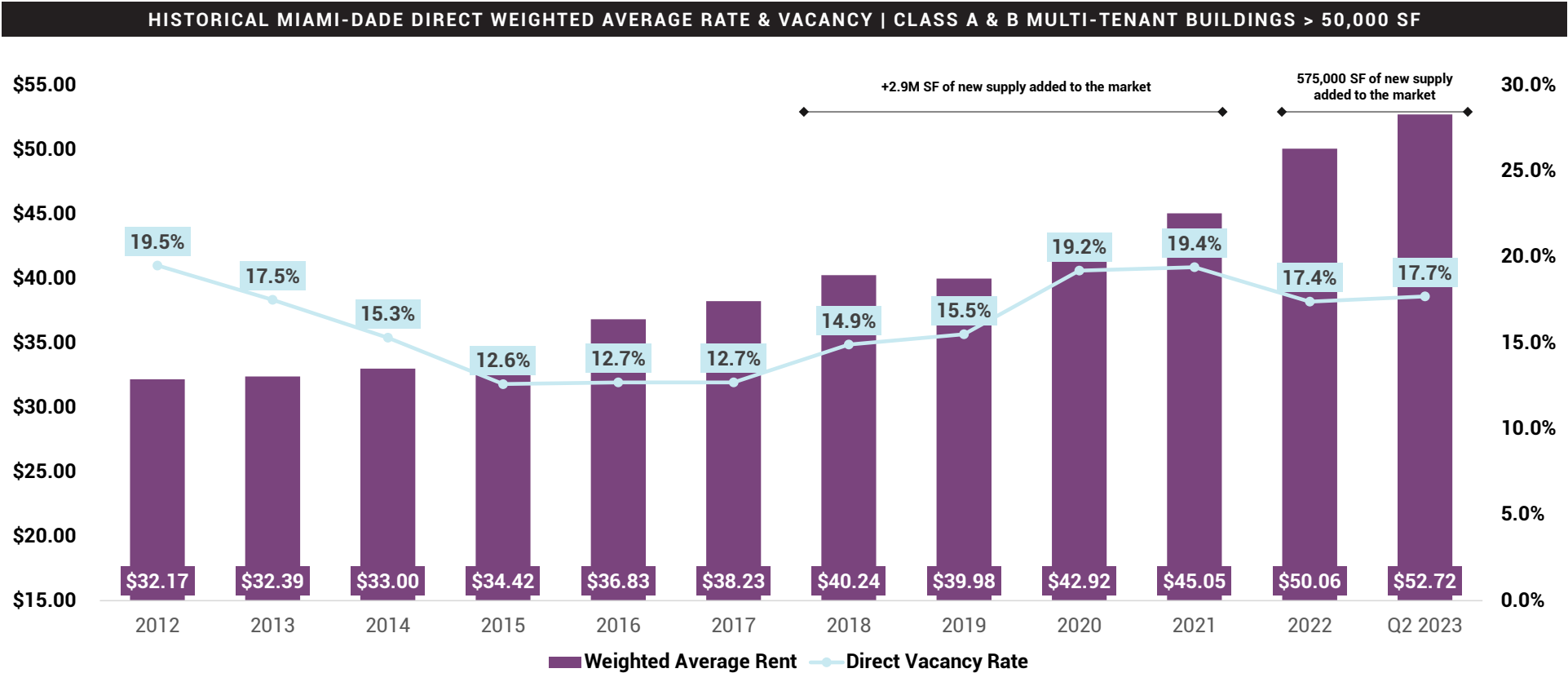
At the end of 2019, the overall vacancy rate was 15.5%, with Class A vacancy at 14.4%. Since then, 2.6 million SF of new product has delivered across Miami-Dade, all outside Brickell and Downtown. Despite the delivery 2.6 million SF of new projects representing 6.3% of total current inventory and the occupancy losses caused by COVID, vacancy has only increased 220 basis points. In that same time, the national vacancy rate has increased more than 600 basis

points, further supporting the strength of the Miami office market.

As a result of rising interest rates and construction costs, development activity has slowed across the market with 1.49 million SF under development. Among the four major submarkets, Downtown and Brickell have 195,000 SF and 823,000 SF (including 830 Brickell's 651,000 SF), respectively, under development (Coral Gables and Miami Airport have no new development currently underway). Among the other submarkets, Wynwood / Design District has 376,759 SF and Miami Beach has 97,497 SF under development.

Again, while Miami's vacancy rate is trending up, it's

relatively stable - and quite enviable compared to a national average topping 20%. Class A vacancy ended Q2 at 17.9%, a 1.7% increase from Q2 2022. Conversely, Class B vacancies are falling as existing tenants seek out available space at a significant discount (32%) to Class A product. Class B vacancy stood at 17.5% in Q2, down from 18.0% in Q1, and 19.9% in Q2 2022. As further evidence of Miami's resilient office market dynamics, sublet vacancy of 2.0% in Miami is well under half the 4.5% national average. Approximately 815,000 SF of vacant sublease space is available in the market across Class A and B space, out of 41 million SF of total Class A and B inventory, a healthy level in line with historical averages.



Rates

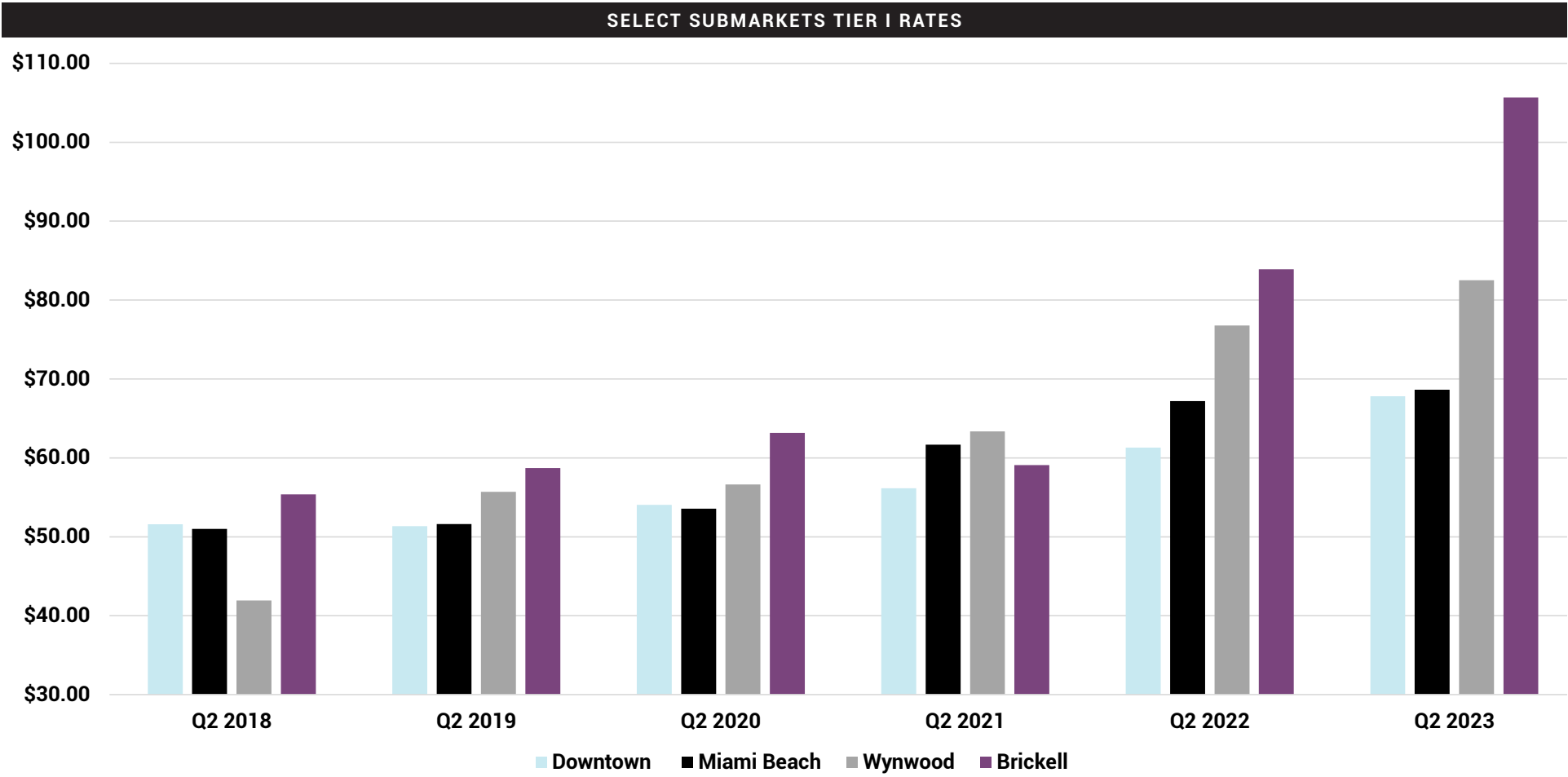
Rent growth hasn't abated over the quarter. However, widely varied rates across Miami-Dade County reflect several significant trends. Across Class A & B, the four core submarkets - Downtown, Brickell, Coral Gables and Miami Airport - continue to enjoy rising rents, ranging from 7.0% growth year over year in Miami Airport to 26.7% growth in Brickell. Some Class B rates are rising more as demand grows from prospective tenants seeking available options at a more affordable rate. Overall, Class B asking rates increased 7.9% year over year, with the growth being driven by submarkets that have also experienced the largest growth in Class A rents such as Brickell, Downtown, Coral Gables and Coconut Grove.



There is now a significant spread in asking rates across existing office assets in the Miami market, and an even larger spread when factoring in asking rates at new developments. Class A Brickell continued to lead rent growth, with rates over the prior quarter rising by 5.7% (\$93.36 PSF from \$88.51 last quarter, and Class A Tier 1 rates at \$106 PSF). Across the market, combined Class A and B rates were at \$52.72 PSF for this quarter, compared with \$51.88 last quarter and \$47.51 a year prior.

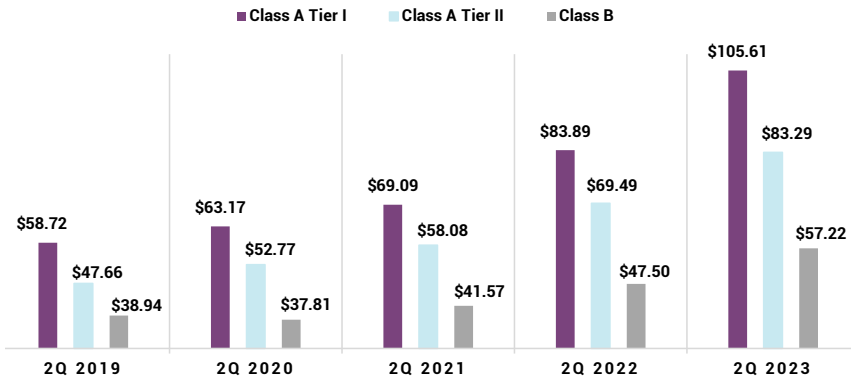
Many anticipated it would take a few years to feel the post-Covid fallout effect on occupancy. Existing tenants across the market continue to evaluate their lease commitments. As employees continue to seek shorter commute times, and employers seek to enhance the workplace experience for employees, top quality projects with an ample amenity base in suburban markets are well poised to see fresh activity in the second half of 2023. While many high-profile tenants, such as in law, accounting, consulting, and tech

firms, will willingly pay a premium for the right location, other new-to-market and existing companies seeking to attract and retain talent while managing occupancy costs will focus on acquiring the right space in Miami Airport, Coral Gables, Waterford Business District, Aventura, and nearby Broward markets.

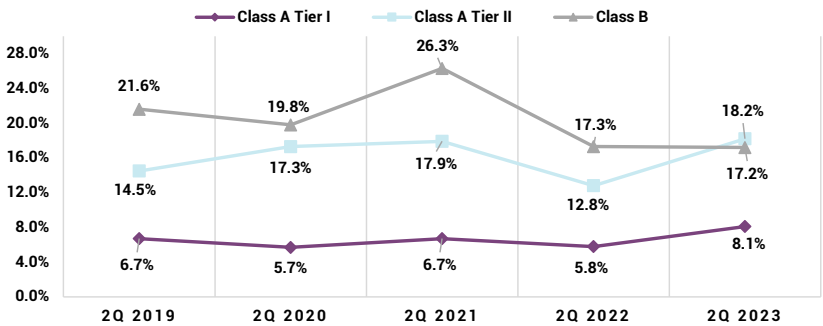


2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$80.49 PSF FS

Weighted average asking rate increased 26.7% YOY

13.0%

Direct vacancy increased, previously 10.6% in 2Q 2022

-180,655 SF

YTD Net Absorption

822,618 SF

Under Construction

332,847 SF

YTD Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS

Holland & Knight

121,032 SF

701 BRICKELL
RENEWAL

SIDLEY AUSTIN LLP
SIDLEY

18,622 SF

1001 BRICKELL BAY
EXTENSION

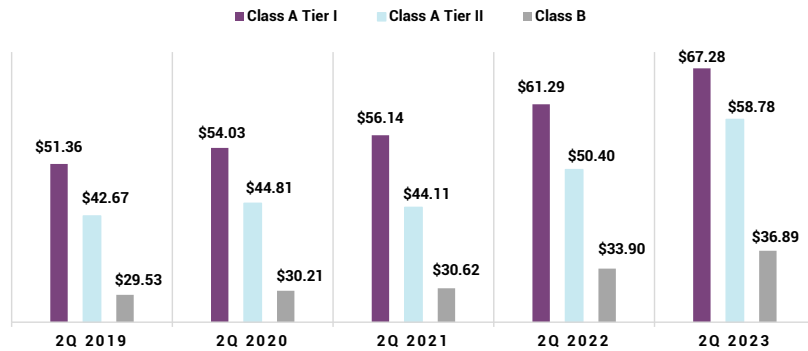
B.A.M.

16,400 SF

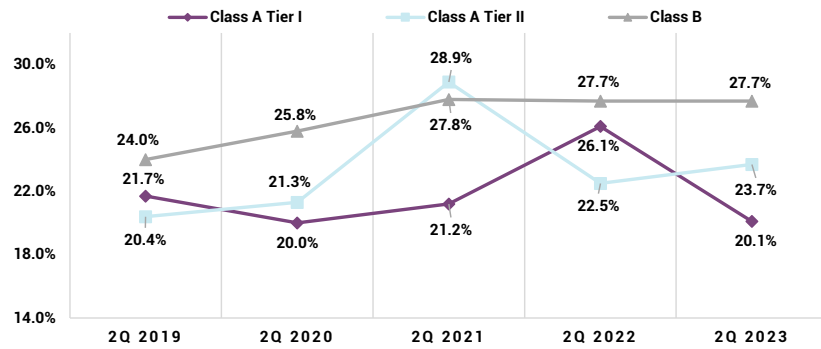
1450 BRICKELL
NEW-TO-SUBMARKET (FROM COCONUT GROVE - 2601 S. BAYSHORE)

2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$53.86 PSF FS

Weighted average asking rate
increased 8.6% YOY

23.4%

Direct vacancy decreased,
previously 25.6% in 2Q 2022

96,923 SF

YTD Net Absorption

195,388 SF

Under Construction

418,633 SF

YTD Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS

Goldman Sachs

34,786 SF

SOUTHEAST FINANCIAL CENTER
EXTENSION



21,928 SF

CITIGROUP CENTER
NEW-TO-SUBMARKET
(FROM 701 BRICKELL)

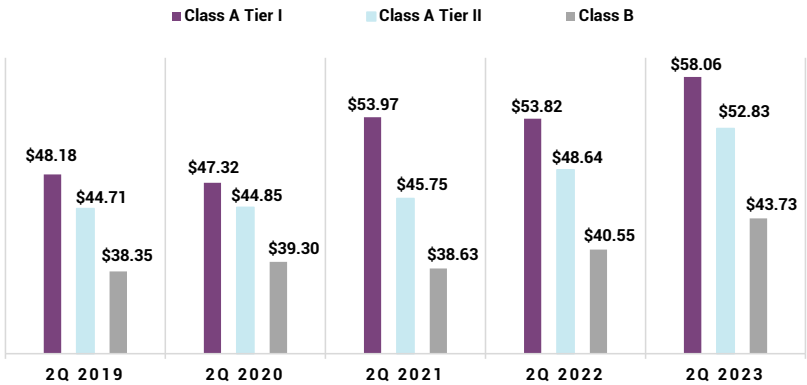


10,000 SF

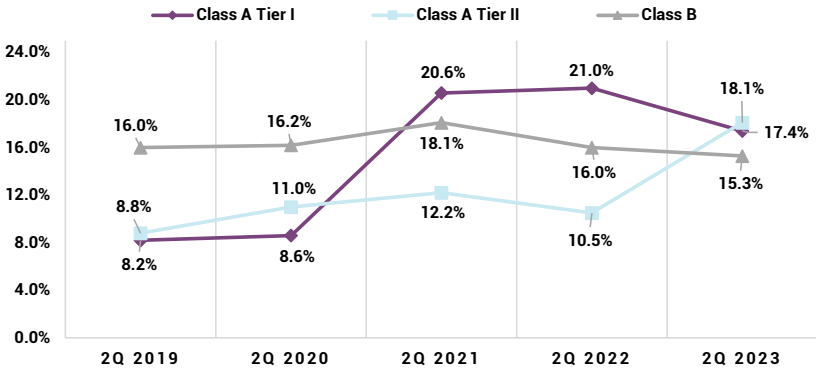
ONE BISCAYNE TOWER
RELOCATION IN SUBMARKET
(FROM 100 N. BISCAYNE)

2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$50.98 PSF FS
Weighted average asking rate increased 9.4% YOY

16.7%
Direct vacancy increased, previously 15.9% in 2Q 2022

391 SF
YTD Net Absorption

0 SF
Under Construction

255,874 SF
YTD Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS



33,798 SF

BAC COLONNADE
NEW-TO-SUBMARKET
(SOLD HQ LOCATED IN MIAMI AIRPORT
SUBMARKET AT 11690 NW 105 STREET)



CONSULATE GENERAL OF
BARBADOS
MIAMI

12,934 SF

2121 PONCE DE LEON
BLEND & EXTEND

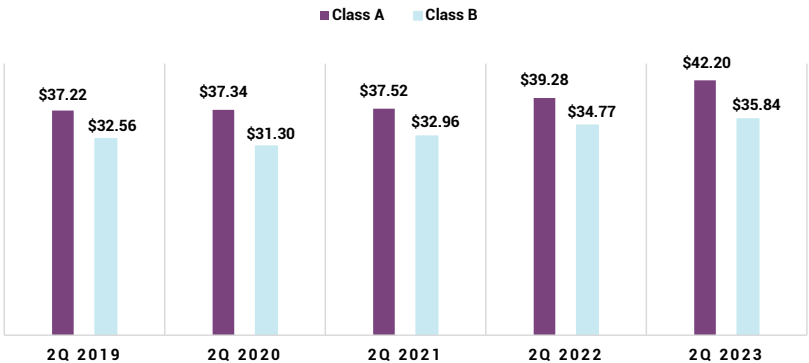
BERK, MERCHANT & SIMS
PLC

11,700 SF

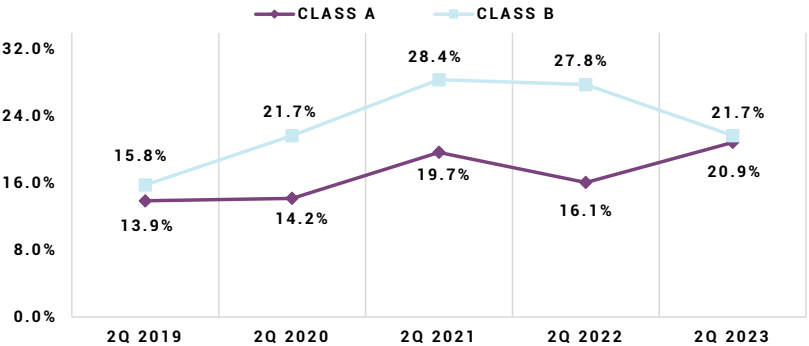
THE ALHAMBRA
EARLY RENEWAL

2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$39.35 PSF FS
Weighted average asking rate
increased 7.0% YOY

21.2%
Direct vacancy remained stable
previously 21.2% in 2Q 2022


-45,768 SF
YTD Net Absorption

0 SF
Under Construction

338,598 SF
YTD Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS

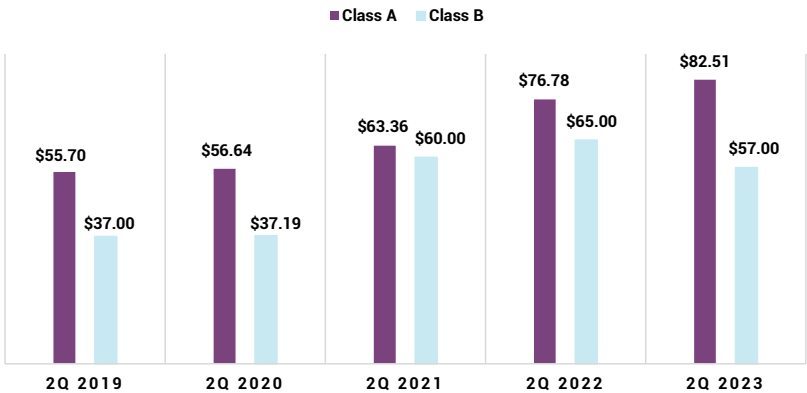
 **United
Healthcare**
19,149 SF
1000 WATERFORD
RELOCATION IN SUBMARKET
(FROM THE LANDINGS - 7600 CORPORATE
CENTER DRIVE)


9,370 SF
THE OFFICE PARK AT MICC
RENEWAL

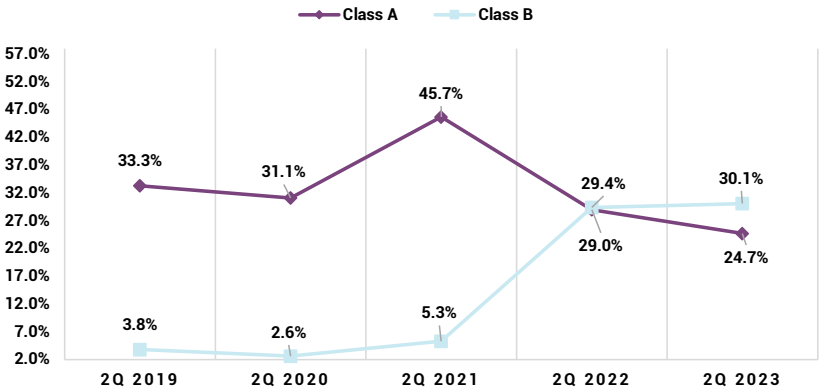
 **MARKEN**
GLOBAL LIFE SCIENCE SUPPLY CHAIN SOLUTIONS
7,911 SF
WESTSIDE PLAZA III
RELOCATION IN SUBMARKET
(FROM DORAL)

2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$79.60 PSF FS
Weighted average asking rate increased 5.4% YOY

25.2%
Direct vacancy decreased, previously 29.0% in 2Q 2022

120,079SF
YTD Net Absorption

376,759 SF
Under Construction

113,384 SF
YTD Leasing Activity

NOTABLE RECENT LEASE TRANSACTIONS



ARBOR

8,000 SF

WYND 28
RELOCATION IN SUBMARKET
(FROM WYNWOOD GARAGE)



6,588 SF

21 NE 26 STREET
EXTENSION

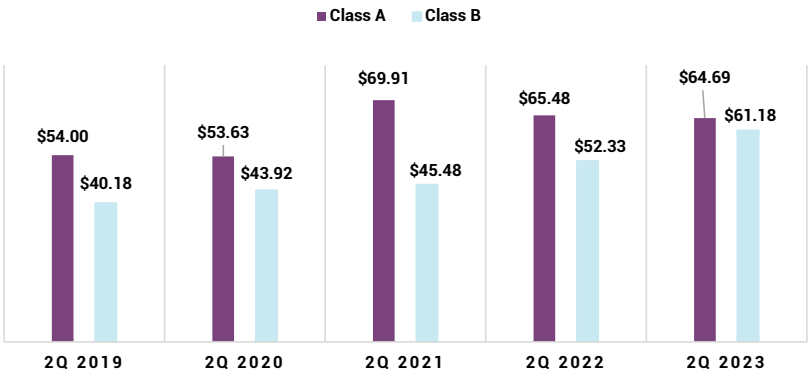


UNIVERSAL MUSIC GROUP
6,063 SF

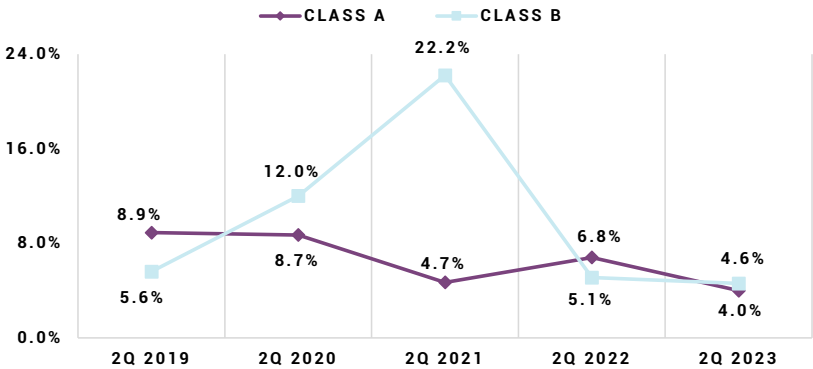
WYND 28
NEW-TO-SUBMARKET (FROM MIAMI BEACH -
404 WASHINGTON AVENUE)

2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$63.06 PSF FS

Weighted average asking rate increased 6.1% YOY

4.2%

Direct vacancy decreased, previously 5.9% in 2Q 2022

33,031 SF

YTD Net Absorption

0 SF

Under construction

109,302 SF

YTD Leasing

NOTABLE RECENT LEASE TRANSACTIONS

Alma **DDB**[®]

17,945 SF

2601 S. BAYSHORE
RENEWAL

MAST
CAPITAL

15,093 SF

2601 S. BAYSHORE
RENEWAL & EXPANSION

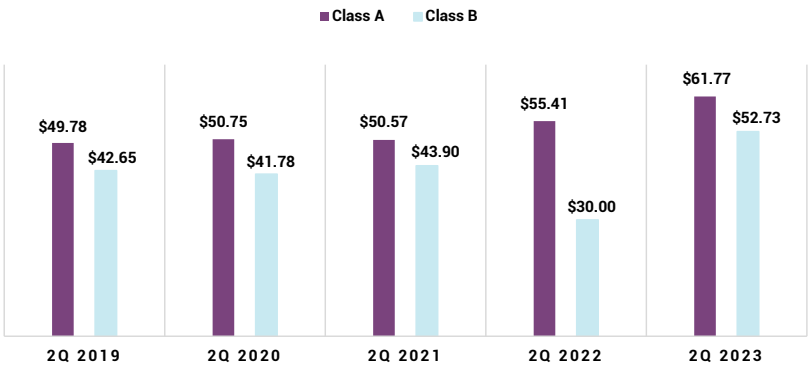
VOLTA
GLOBAL

8,476 SF

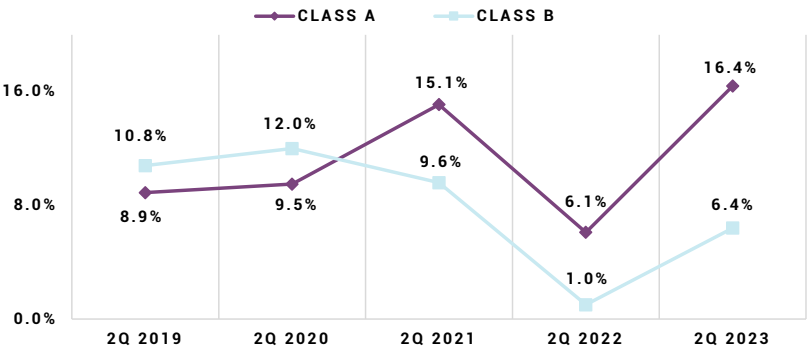
2601 S. BAYSHORE
RENEWAL

2Q 2023 | CLASS A & B > 50,000 SF

WEIGHTED AVERAGE ASKING RATE FS PSF (YOY)



DIRECT VACANCY RATE (YOY)



2Q 2023 CLASS A & B HIGHLIGHTS

\$61.13 PSF FS

Weighted average asking rate increased 12.3% YOY

14.8%

Direct vacancy increased, previously 5.0% in 2Q 2022

4,973 SF

YTD Net Absorption

0 SF

Under construction

16,849 SF

YTD Leasing

NOTABLE RECENT LEASE TRANSACTIONS

RAYMOND JAMES®

8,500 SF

0 TOWERS - ONYX TOWER

RELOCATION IN SUBMARKET (FROM 10X CENTRE)

mayoral

3,500 SF

AVENTURA CORPORATE CENTER II

RENEWAL

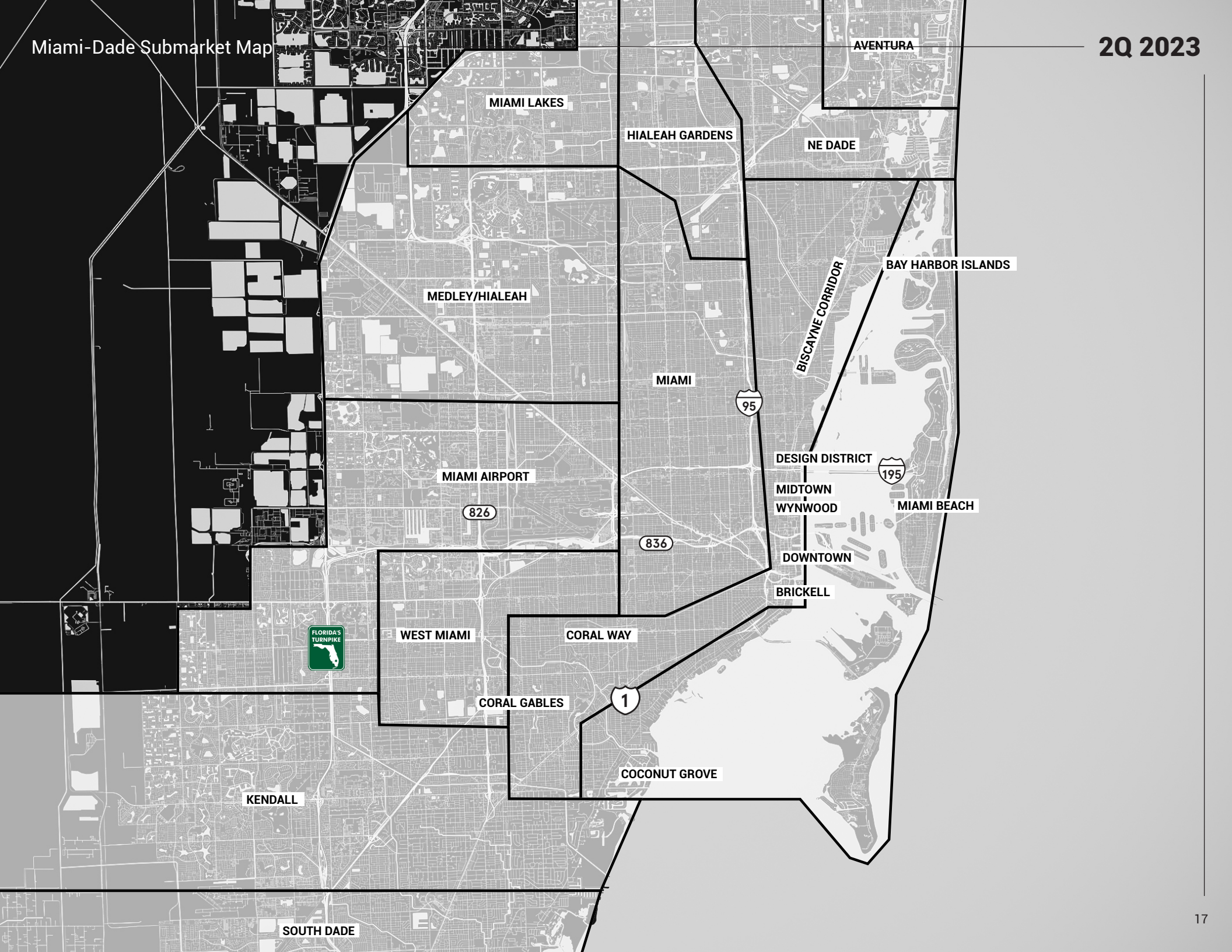
A P E X

CAPITAL

2,200 SF

TURNBERRY PLAZA

NEW-TO-SUBMARKET (FROM NE DADE)



Miami-Dade Submarket Map

2Q 2023



MIAMI LAKES

HIALEAH GARDENS

AVENTURA

NE DADE

MEDLEY/HIALEAH

MIAMI AIRPORT

826

MIAMI

836

BISCAYNE CORRIDOR

BAY HARBOR ISLANDS

DESIGN DISTRICT

195

MIDTOWN

WYNWOOD

MIAMI BEACH

DOWNTOWN

BRICKELL

WEST MIAMI

CORAL WAY

CORAL GABLES

1

COCONUT GROVE

KENDALL

SOUTH DADE

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate FS	YTD 2023 Net Absorption (SF)	YTD 2023 Leasing Activity (SF)	Under Construction (SF)
4 MAJOR SUBMARKETS							
Downtown	8	4,889,662	21.5%	\$63.64	94,514	377,403	195,388
Brickell	13	4,752,936	11.5%	\$93.40	(145,405)	301,370	822,618
Coral Gables	23	4,005,082	17.7%	\$56.04	403	202,344	-
Miami Airport	32	5,209,996	20.9%	\$42.20	(153,013)	190,023	-
SUBTOTAL	76	18,857,676	18.0%	\$59.96	(203,501)	1,071,140	1,018,006
Aventura	9	1,174,802	16.4%	\$61.77	14,353	16,849	-
Biscayne Corridor	1	435,000	30.3%	\$37.97	-	-	-
Coconut Grove	5	711,917	4.0%	\$64.69	33,064	72,030	-
Coral Way						-	
Kendall	4	713,687	11.7%	\$46.79	(4,698)	44,698	-
Medley							
Miami	2	401,126	18.7%	\$49.65	-	-	-
Miami Beach	7	787,953	16.0%	\$68.65	(728)	-	97,496
Miami Lakes	6	386,785	23.7%	\$35.24	5,211	-	-
NE Dade	1	102,287	3.1%	\$63.00	8,608	-	-
South Dade							
Wynwood-Design District	11	1,198,256	24.7%	\$82.51	116,947	104,873	376,759
SUBTOTAL	46	5,911,813	17.4%	\$61.15	172,757	238,450	474,255
TOTAL	122	24,769,489	17.9%	\$60.23	(30,744)	1,309,590	1,492,261

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	YTD 2023 Net Absorption (SF)	YTD 2023 Leasing Activity (SF)
4 MAJOR SUBMARKETS						
Downtown	12	2,195,144	27.7%	\$36.89	2,409	41,230
Brickell	11	1,782,563	17.2%	\$57.22	(35,250)	31,477
Coral Gables	23	2,709,925	15.3%	\$43.73	(12)	53,530
Miami Airport	41	4,243,762	21.7%	\$35.84	107,245	148,575
SUBTOTAL	87	10,931,394	20.6%	\$40.49	74,392	274,812
Aventura	2	229,265	6.4%	\$52.73	(9,380)	-
Biscayne Corridor	4	291,131	10.2%	\$49.52	(7,200)	-
Coconut Grove	5	542,426	4.6%	\$61.18	(33)	37,272
Coral Way	8	567,749	8.5%	\$33.26	8,305	2,506
Kendall	9	1,240,940	18.9%	\$39.36	33,825	42,858
Medley	3	193,914	2.2%	\$25.00	6,334	4,187
Miami	1	76,789	0.0%	-	-	-
Miami Beach	6	731,789	5.8%	\$58.08	5,922	945
Miami Lakes	3	157,987	2.7%	\$26.28	(978)	1,239
NE Dade	7	838,623	15.0%	\$38.80	14,926	-
South Dade	2	133,994	2.9%	-	-	3,302
Wynwood-Design District	2	122,396	30.1%	\$57.00	3,132	8,511
SUBTOTAL	52	5,127,003	11.1%	\$42.89	54,853	100,820
TOTAL	139	16,058,397	17.5%	\$40.97	129,245	375,632

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



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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
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