

BUSINESS ON THE BEACH

Living The Miami
Beach Lifestyle

CBRE

Photography Credits: City of Miami Beach

WELCOME

MIAMI
BEACH

WELCOME

Dear citizens:

As we enter a new decade, it is a great time to reflect on all of the attributes that make the City of Miami Beach a unique and special place - world-class beaches, a commitment to the arts, restaurants, nightlife and our international culture. But now is also the time to focus on our future - resiliency, mobility, safety, and importantly - promoting a business-friendly environment.

With those priorities in mind, we are pleased to present the enclosed 2020 economic report purposely titled "Business on the Beach". It focuses on the nexus of those priorities in Miami Beach – the ideal place to live, work and play.

Importantly, this report was completed prior to the global COVID-19 pandemic and reflects market dynamics prior to the period of uncertainty that accompanies the virus. All of the City's attributes described in this report, however, position the City and its legacy to bounce back quickly and create lessons learned to better serve citizens, businesses and visitors well into the future.

We are pleased that Starwood Capital has chosen Miami Beach for its new corporate headquarters. Our focus in 2020 and beyond is to continue to attract even more top tier businesses who wish to call Miami Beach their home.

The City of Miami Beach Economic Development office partnered with CBRE to develop this "State of the City" report. This initial report focuses on the 5 pillars of what makes Miami Beach such a successful community and wonderful business opportunity for the future -

1. Talent
2. Infrastructure
3. Access to Foreign Capital
4. Ease of Regulatory Burden
5. and, a robust Live, Work & Play environment.

In keeping with our live, work and play initiative, all citizens and future businesses should know that livability magazine rated Miami Beach as one of the Best 100 places to Live. Just a further testament to why now is the time to do "Business on the Beach".

Sincerely,

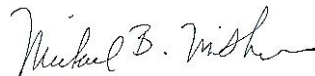
Shay Pope
Senior Vice President
CBRE



Lee Ann Korst
SE Regional Manager
CBRE



Michael McShea
Executive Vice President
CBRE





Photography Credits: City of Miami Beach

ACCOLADES

Miami #1 City for Doing Business
in Latin America

Miami-Dade Beacon Council

Miami #1 Hispanic
Entrepreneurship Rate

Miami-Dade Beacon Council

Miami #1 City for Startup Activity

Miami-Dade Beacon Council

Miami #3 – Foreign Banking Hub
in the U.S.

CBRE Research

Miami – Top City for Growth in College
Graduates (46.3%) and Advanced
Degrees (47.1%)

The Next Miami

Miami Beach – Best 100 Places to Live

Livability

Miami is 12th Globally in
International Retailer

Presence CBRE Research

Miami – 2nd Fastest-Growing
Large City in America

WalletHub

2nd Largest Concentration of Consular
Corps, Foreign-Trade Offices and Bi-Na-
tional Chambers of Commerce in the U.S.

Miami-Dade Beacon Council

Miami International Airport – Leading
International Freight Airport in the Americas

CBRE Research

Miami – Top Vegan City in America

Miami New Times

Miami #1 Cruise Port in the World

CBRE Research

TABLE OF CONTENTS

1. Report Summary

2. The Five Pillars of Excellence

- *Talent*
- *Infrastructure*
- *Foreign Capital*
- *Ease of Regulatory Burden*
- *Live-Work-Play*

3. Current Conditions

- *Office*
- *Retail*
- *Multifamily*
- *People*
- *Housing*



Photography Credits: City of Miami Beach





REPORT SUM



MARY



Photography Credits: City of Miami Beach

22% of residents hold a master's or professional degree.

47% of residents are multilingual and hold a bachelor's degree or higher.



Photography Credits: City of Miami Beach



Photography Credits: City of Miami Beach

Miami Beach is a **walkable, bikeable,** complete-streets community.



Photography Credits: City of Miami Beach

Foreign capital into Miami Beach increased in 2019, opposite of National trend.

The Miami Beach workforce keeps more of their **income** than their peers in other cities in the U.S.



Photography Credits: City of Miami Beach




Photography Credits: City of Miami Beach

Miami Beach owns an authentic live-work-play dynamic that cultivates a perfect **work/life harmony**.

The image is a composite of two photographs. The top half shows a sunset with a sky of orange, pink, and purple, with several palm trees silhouetted against it. The bottom half shows a city street at night, likely Miami Beach, with palm trees, buildings, and outdoor dining areas with umbrellas. A stone wall is in the foreground. The word "PILLARS" is overlaid in the center in a stylized orange font.

PILLARS



The “Five Pillars of Excellence” are used within CBRE Research products and presentations as key factors that distinguish whether a city or metro region can attract talent and development over other cities and regions. They have been conceived out of observation of cities and regions across the U.S., and around the globe. It has been found that cities which possess these “pillars” will often have a competitive advantage in attracting talent and new development.

1. TALENT

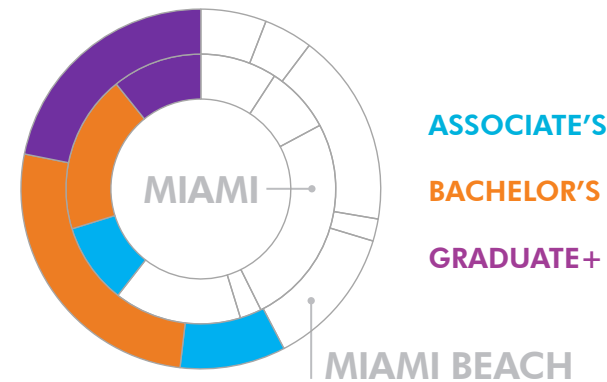
The most important resource to office-using businesses is talent. Firms have shown that they are willing to move their entire base of operations to be nearer to strong pools of labor.

Miami Beach is home to a talented, educated workforce with specialties in a variety of skills, at varying career levels. Additionally, the talent pool is growing, as people take advantage of the wide range of housing stock that is found on the beach. Between 2015-2017, Miami Beach saw some of the sharpest labor-pool growth in crucial job industries such as management, science, and the legal sectors. A sizeable population of administrative support personnel resides in Miami Beach as well.

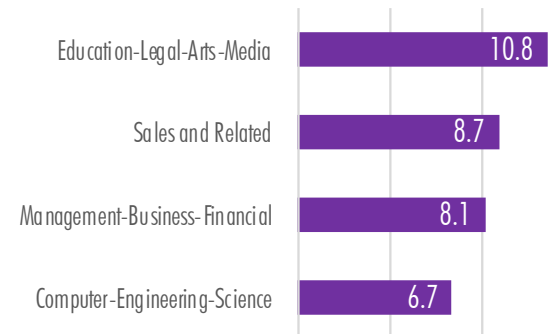
Almost 22% of the Miami Beach population aged 25 and over holds a graduate degree, which is over double the share of the residents of the entire Miami-Dade county. **Overall, 57.7 % of Miami Beach residents hold a degree**, vs. 39.5% for the entire county.

SHARE OF DEGREE HOLDERS

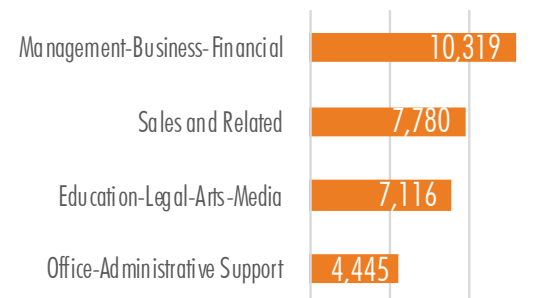
Miami Beach vs. Miami-Dade



% Job Growth 2015 – 2017*



Total Jobs Holders*



Source: ESRI, CBRE Research

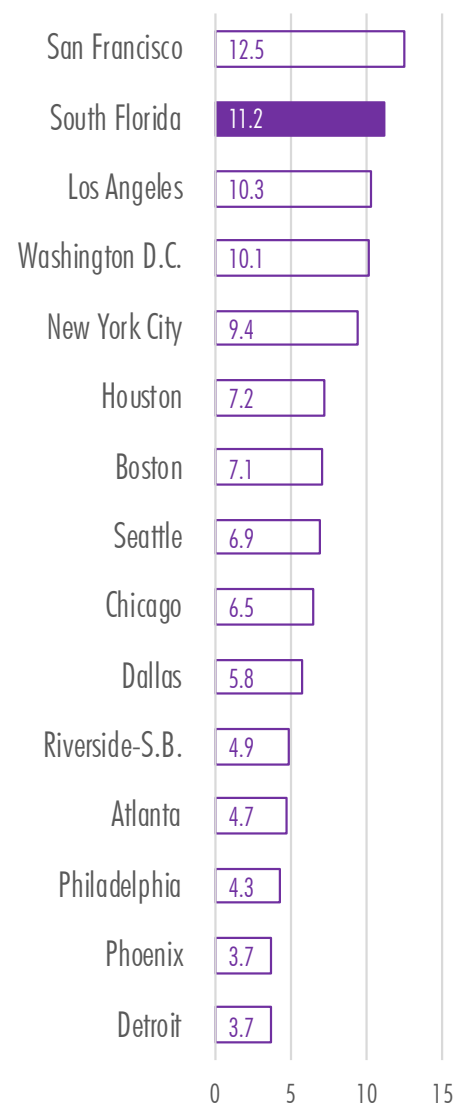
The labor pool in South Florida is second only to San Francisco in regard to the share of the workforce that is multilingual and holds a bachelor's degree or higher. 11.2% of workers hold this designation, higher than places such as Los Angeles, Washington D.C., and New York City.

A report produced by New American Economy in March 2017 reported that from 2010 to 2015, the number of available jobs which requested multilingual workers had more than doubled, with the total share of job postings requesting multilingual workers **rising by 15.7%**. These jobs were spread across various career levels, from administrative assistants to financial managers to industrial engineers.

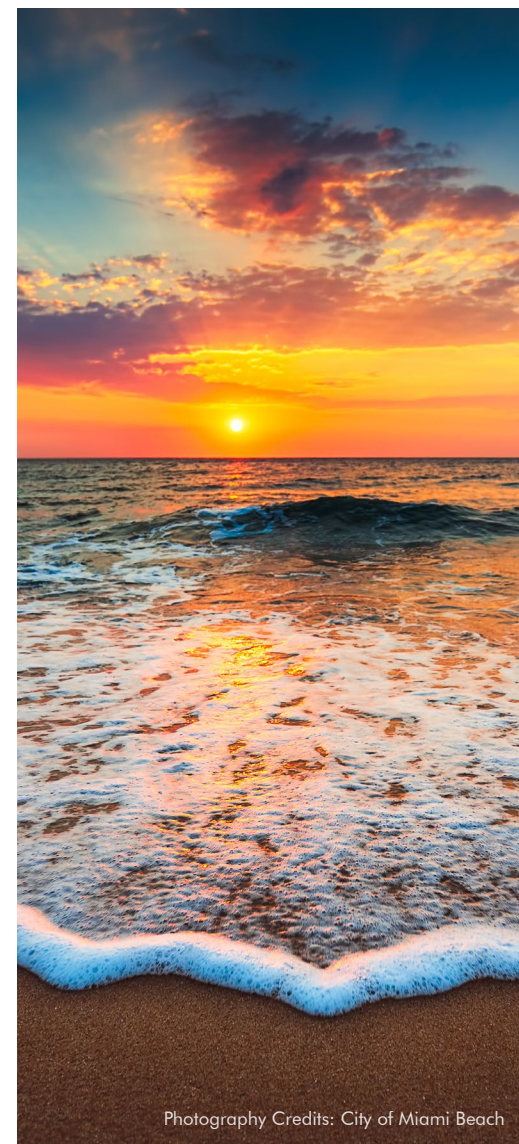
The Miami Beach labor force is poised to take advantage of this need. **Approximately 46.5% of Miami Beach residents are multilingual and hold at least a bachelor's degree**, offering prospective employers a special skill set that will only rise in demand as the global marketplace gains accessibility.

BACHELOR'S DEGREE OR HIGHER AND MULTILINGUAL

% Share, Top U.S. Markets



Source: U.S. Census, CBRE Research



Photography Credits: City of Miami Beach

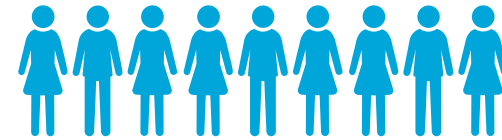
2. INFRASTRUCTURE

Miami Beach benefits from connections to world-class infrastructure. The business world depends on dependable airports with direct flights. Miami International Airport (MIA), just 20 minutes from Miami Beach, was recently rated by OAG as the sixth most punctual airport in the U.S. among major and mega facilities. Impressive, considering that in 2019 MIA moved over 45 million passengers, an increase of over 10% from 2015. This total includes almost 22 million international passengers, as MIA runs over 85 international nonstop routes.

Miami International Airport is the leading international freight airport in the Americas with over 2.2 million tons of cargo annually. Total air freight at MIA **valued at \$60.5 billion, or 92% of the dollar value** of Florida's total air imports and exports, or 39% of the States total trade with the world.

PortMiami, which moves almost 7 million passengers and 1.1 million TEU's annually, has a local economic impact of \$84 billion annually.

MIAMI INTERNATIONAL



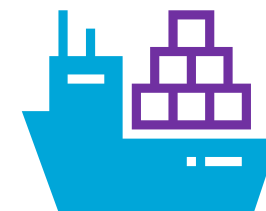
45+ MILLION PASSENGERS

Source: Miami International Airport

PORT OF MIAMI



6.8 MILLION PASSENGERS



1.1 MILLION TEU'S

Source: PortMiami

Miami Beach also boasts infrastructure on the local neighborhood level which grants increased mobility for residents and businesses. As Miami-Dade county grows in notoriety for car congestion, Miami Beach offers a haven of accessibility, with walkable, bikeable neighborhoods and business districts. Both Miami Beach's Walk Score and Bike Score are favorable in comparison to other major markets. The city is continually adding miles of pedestrian and bike paths to the ground.

Miami Beach offers a variety of no-car options to move around the City. **The Miami Beach trolley service provides free, reliable, and convenient mobility throughout the City.** The service operates 18 hours a day, 7 days a week, year-round and is currently carrying over 5.2 million riders annually. To supplement the trolley service in the Mid Beach community, the City offers a free, eco-friendly on-demand transit service through Freebee. The service also operates 7 days a week, year-round.

Market	Walk Score
New York City	88
South Beach	87
San Francisco	86
Boston	81
Seattle	73

Source: Walkscore.com

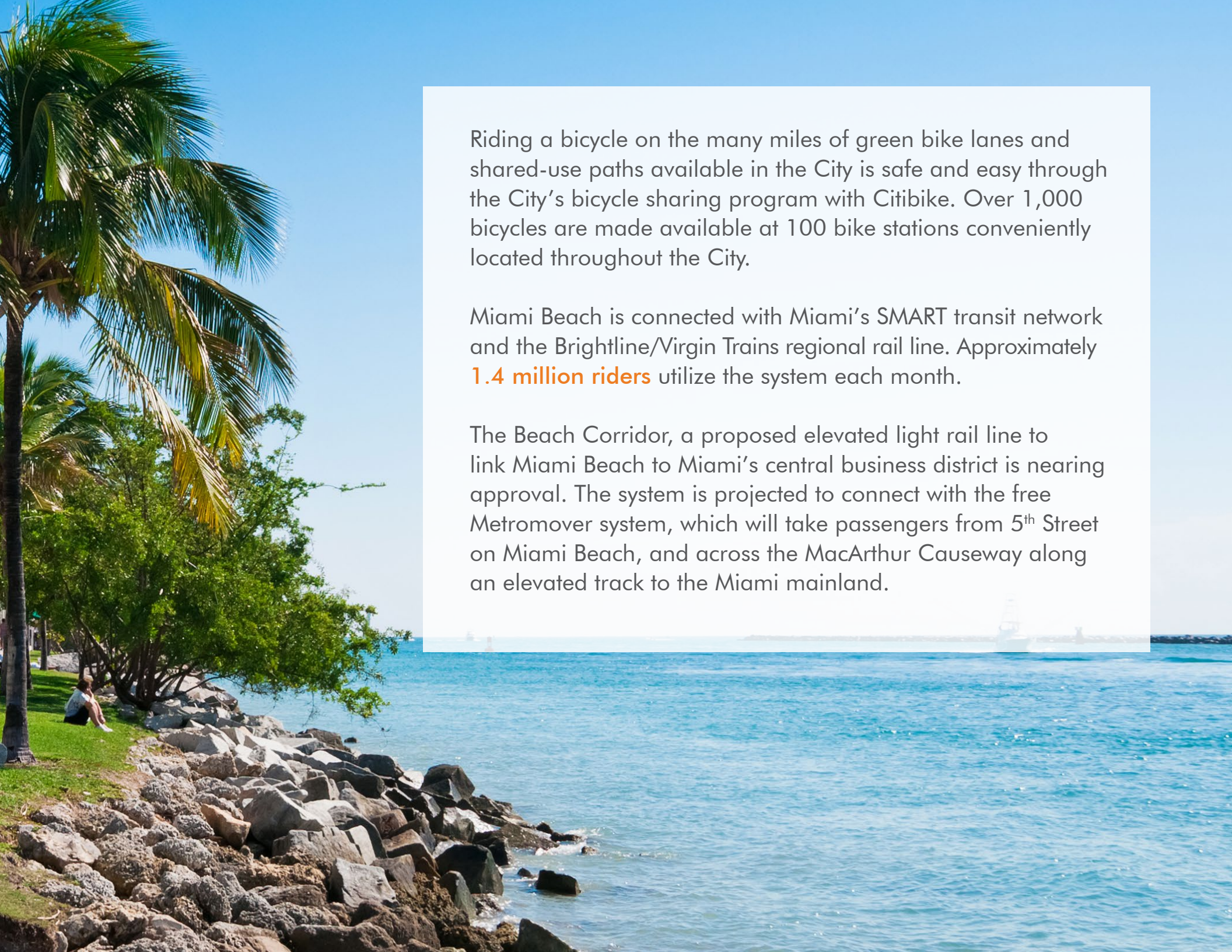
ATLANTIC GREENWAY

Surrounded by palm trees and meandering through South Beach, this trail (also known as the South Beach Trail) is nestled in one of the country's most popular destinations. Both of the trail's endpoints are located in Miami Beach, not far from the Atlantic Ocean.

The pathway is part of two much larger projects: the Miami LOOP, a developing 225-mile trail network throughout Miami-Dade County, and the East Coast Greenway, which is connecting trails from Florida to Maine.

Source: Miami Beach Rising Above





Riding a bicycle on the many miles of green bike lanes and shared-use paths available in the City is safe and easy through the City's bicycle sharing program with Citibike. Over 1,000 bicycles are made available at 100 bike stations conveniently located throughout the City.

Miami Beach is connected with Miami's SMART transit network and the Brightline/Virgin Trains regional rail line. Approximately **1.4 million riders** utilize the system each month.

The Beach Corridor, a proposed elevated light rail line to link Miami Beach to Miami's central business district is nearing approval. The system is projected to connect with the free Metromover system, which will take passengers from 5th Street on Miami Beach, and across the MacArthur Causeway along an elevated track to the Miami mainland.

Infrastructure also refers to resiliency, which Miami Beach has become an international representative for, regarding the topic of climate change. The city is not taking a passive course; instead, they have been aggressively taking on the issue head-on, with several courses of mitigation to ensure that the future is secure.

Sea Level Rise is one of the effects of climate change. It is a result of two different factors: an increase in water volume that is added by melting ice lands and the thermal expansion of seawater as it warms up.

The City of Miami Beach is working diligently to convert these sustainability challenges into opportunities, starting with adaptation initiatives such as the installation of pump stations, rising of roads, and other innovative drainage improvements that are informed by the latest scientific data.

STORMWATER MANAGEMENT

The city has a Municipal Separate Storm Sewer System (MS4): the city's stormwater system is completely separate from the sanitary sewer system to avoid cross-contamination. The stormwater system is designed to drain the city of water during rainfall and high tide events to minimize flooding. The stormwater system carries the runoff through a system of interconnected pipes and structures before depositing the runoff into Biscayne Bay and the surrounding waterways.

PUBLIC INFRASTRUCTURE

The goal of the City of Miami Beach is to elevate roads to deal with flooding issues. The 3.7 NAVD88 standard is being adopted and is based on minimizing potential flooding associated with tides, rainfall, and sea level rise, to around the year 2055. This estimate is based on engineering models and the Southeast Florida Regional Climate Change Compact Unified Sea Level Rise Projection.

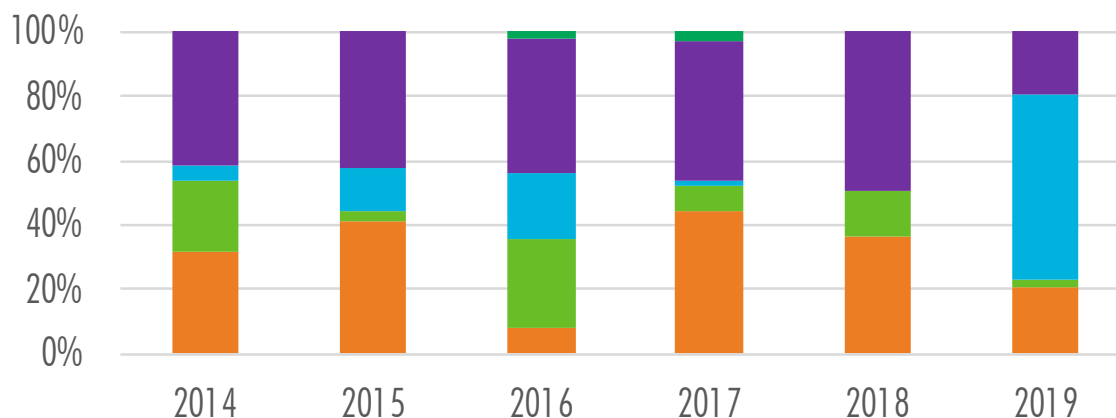
KING TIDES

Miami Beach is installing new pump stations throughout the city that will drain about 7.5 inches of water in 24 hours and have a capacity of up to 30,000 gallons per minute. In addition, dune restorations and public seawall improvements are ongoing to make the City more resilient to sea level rise and climate change.

3. FOREIGN CAPITAL

Foreign capital is used as a metric because it suggests the presence of prime commercial real estate assets that attract cross-border investment. It brings with it jobs, diversity, and an increase in the value of existing real estate. South Florida is one of the prime U.S. markets regarding the attraction of foreign capital. Miami Beach is a significant driver of this, as over the past five years, cross-border investment has made up about 30% of total capital markets activity within the city.

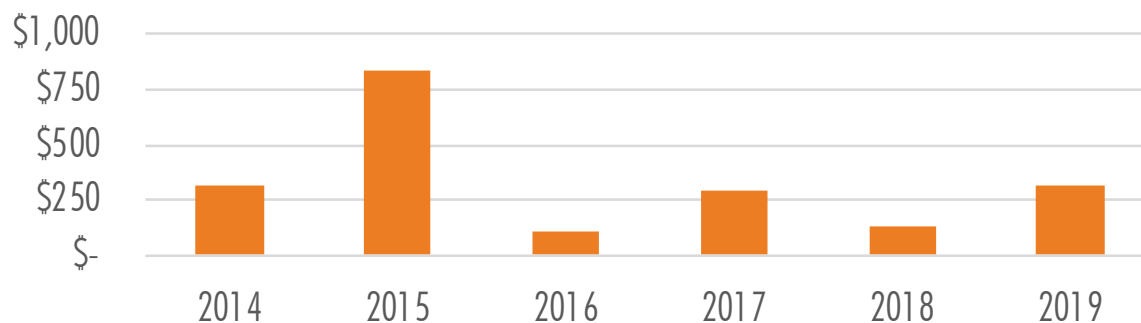
CAPITAL MARKETS ACTIVITY, % SHARE BY TYPE



FOREIGN INSTITUTIONAL REIT PRIVATE USER/OTHER

Across the U.S., cross-border investment was significantly down in 2019. That was not the case for South Florida, or for Miami Beach specifically, as activity in 2019 was double the total volume for 2018.

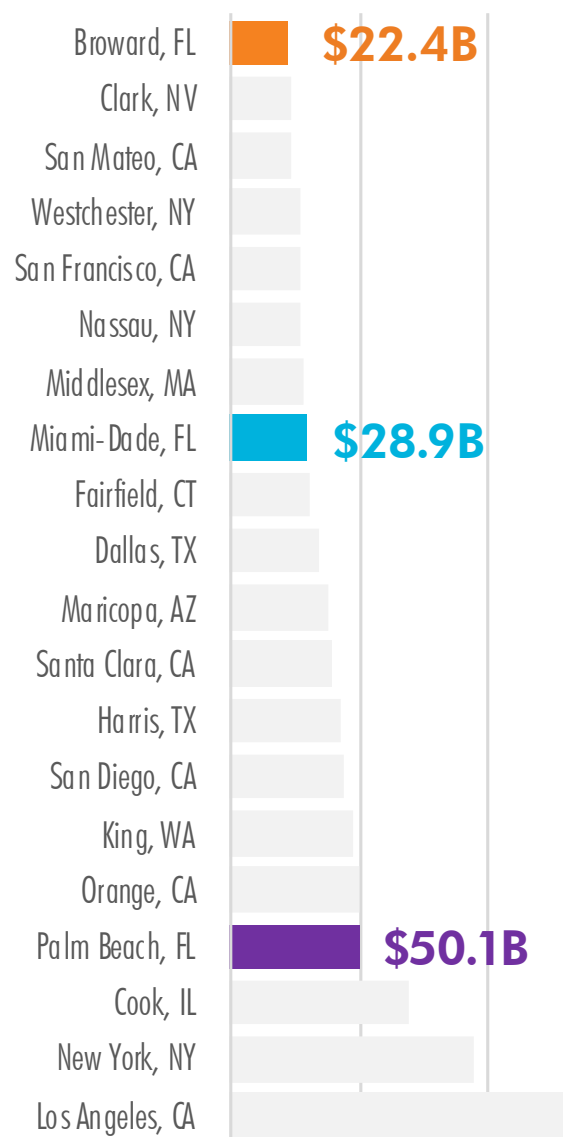
CAPITAL MARKETS ACTIVITY, TOTAL, BY YEAR, IN MILLIONS OF \$



Source: Real Capital Analytics

4. EASE OF REGULATORY BURDEN

INVESTMENT INCOME BY COUNTY



FAVORABLE TAX CLIMATE

Workers in Miami-Dade County keep almost 9% more of their income than comparable workers in New York.

South Florida as a whole benefits greatly from the favorable tax climate that exists in Florida, which in turn **helps power local economies in the form of residential housing, restaurants, and retail trade.** It also provides a boost to property values, as the ease of regulation on multifamily assets is an attractive alternative to the heavily-regulated Northeast.

Individuals also benefit from the **favorable tax climate.** A comparison across income levels shows that workers in Miami Beach keep more of their income than their New York City counterparts. Additionally, that gap widens as income levels grow, and people advance through their careers.

Metro Area	Annual Income Level		
	\$75,000	\$90,000	\$125,000
New York City	70.7%	69.0%	66.0%
Miami Beach	79.2%	77.8%	75.2%
Difference	8.5%	8.8%	9.2%

Investment income refers to personal income derived from rents, dividends, and interest. Source: BEA, CBRE Research

5. LIVE-WORK-PLAY



In the 2017 CBRE Report “The Mighty Urban-Suburban Submarket,” a key takeaway was that suburban office submarkets with urban characteristics are often in the best position to capture office occupier demand, and may provide opportunities for occupiers to secure space at lower rents than they might find in traditional downtown districts. These submarkets are characterized **by live-work-play dynamics, including high density multifamily housing and retail**, as well as transportation access. Miami Beach owns several of these characteristics and has the advantage of being an “established” submarket vs. being an “emerging” submarket, which often leads to higher office occupancy and rents.

An aerial photograph of a coastal city skyline. In the foreground, there is a body of blue water with gentle ripples. The middle ground shows a cityscape with several prominent high-rise buildings. One building has a distinctive orange and blue facade, while another is tall and white with a tiered top. The background is filled with more buildings under a bright blue sky with scattered white clouds. A semi-transparent white rectangular box with a blue border is positioned in the lower half of the image, containing the text 'CURRENT COM'.

CURRENT COM

A vibrant beach scene with a pier, turquoise water, and a blue sky with white clouds. The pier is a long, white structure with a glass railing, extending from the left side of the frame into the water. It is supported by wooden pilings. The water is a deep blue, with a lighter turquoise area near the pier. A rocky breakwater extends from the pier towards the right. In the background, a sandy beach is visible, with many people and umbrellas. The sky is a bright blue with large, white, fluffy clouds. The word "CONDITIONS" is written in large, white, outlined letters across the middle of the image. A thick blue horizontal bar is positioned above the text, and a blue L-shaped graphic element is on the right side of the bar.

CONDITIONS

WITHIN A 30 MINUTE DRIVE OF MIAMI BEACH

MIAMI INTERNATIONAL
AIRPORT

510,000+ MILLENNIAL
AND GEN X WORKERS

230,000+ BACHELOR'S
AND MASTER'S DEGREES

1.3 MILLION DAYTIME
POPULATION

\$3.1 BILLION IN ANNUAL
HOUSEHOLD EXPENDITURE





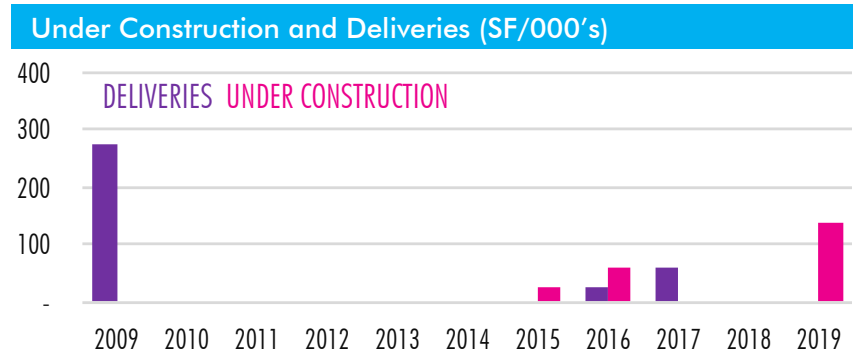
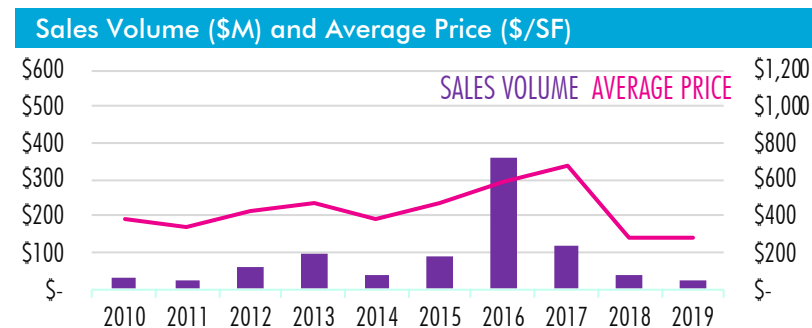
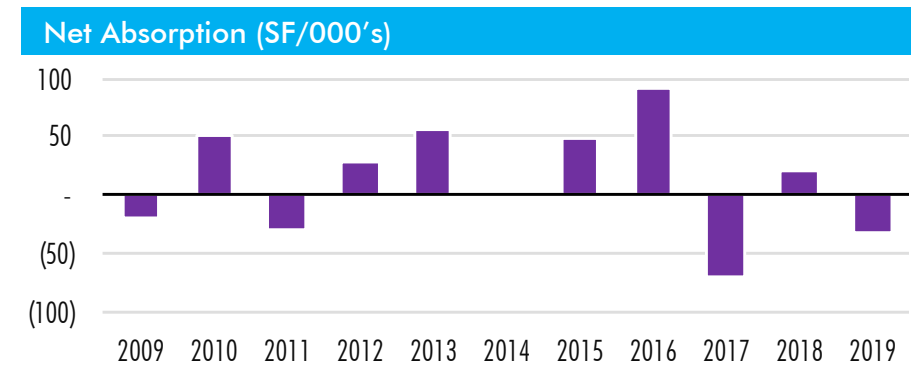
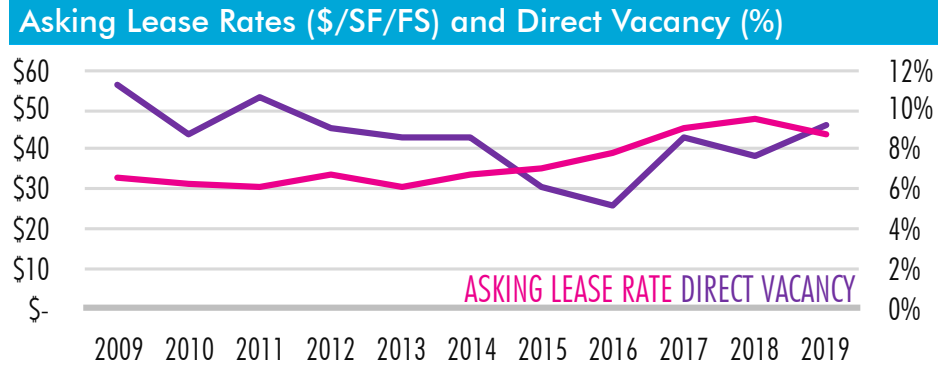
MID
BEACH

NORTH
BEACH

OFFICE

The Miami Beach submarket remains a steady performer, with **above-average lease rates and lower vacancy**. Absorption has been up and down over the last several years, which can be attributed to a lack of new product to attract occupiers to the area.

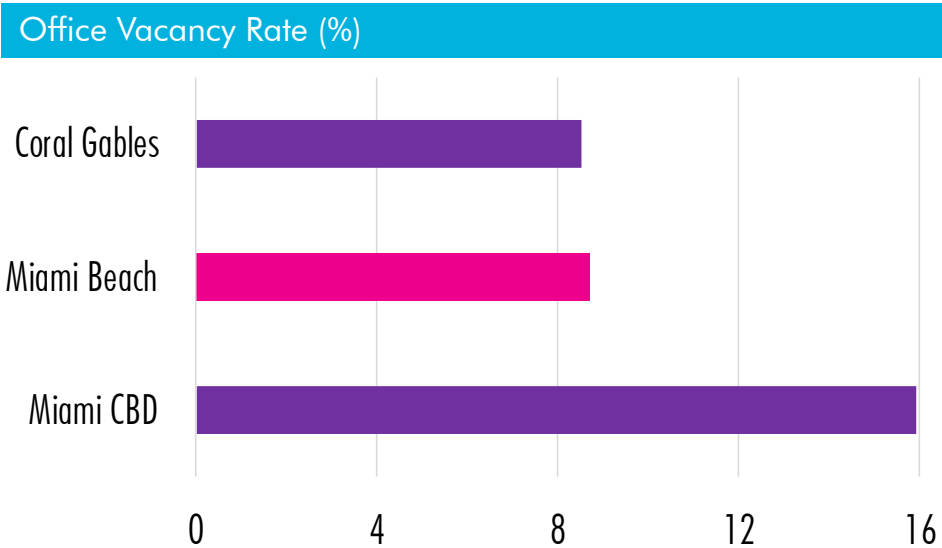
Spaces became a significant new tenant of the 1111 Building in 2019, adding to the significant amount of flexible workspace operators along Lincoln Road, which are essential to promoting emerging firms within Miami Beach. Starwood Capital relocated from Greenwich, CT to Miami Beach, and is currently constructing a new 136,000 sq. ft. HQ with some additional speculative office space at 2340 Collins Avenue.



Source: CBRE Econometrics Advisors

Comparatively, Miami Beach is well-positioned against some of Miami’s top office submarkets, namely the Miami Central Business District and Coral Gables. With vacancy just under 9%, landlords have performed well and achieved substantial rent growth of approximately 30% since 2015.

Occupiers benefit as well, as the asking rents of Miami Beach office assets are competitive in comparison to some of the top office submarkets of Miami. They benefit from the dynamic urban-suburban live-work-play environment and access to an educated workforce and talent base. Amenities such as restaurants, retail, entertainment, and one of the largest and most recently renovated convention centers in Florida, provide even more value for office tenants choosing Miami Beach.



Source: CBRE Research



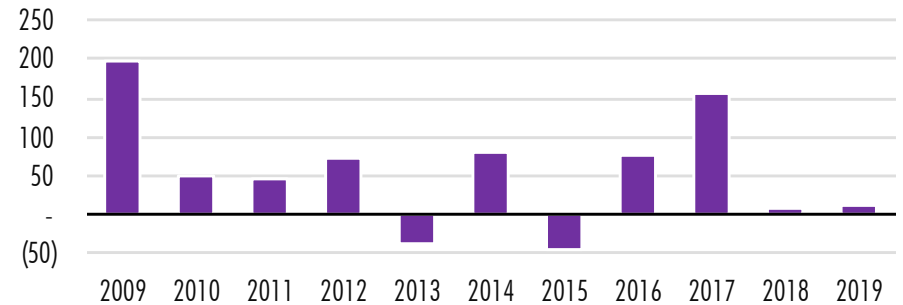
Source: CBRE Research

RETAIL

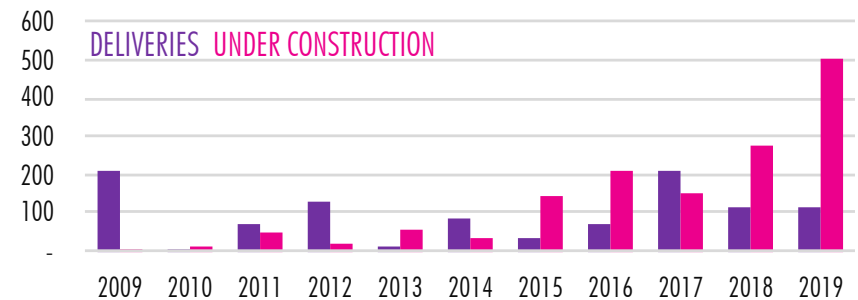
Miami Beach retail is on the rebound, with several recent lease executions for new tenants along Lincoln Road. As the premier shopping district of Miami Beach, recent vacancies were uncharacteristic of the long-standing high-street center. Now, food and beverage operators have balanced out the once-heavy presence of apparel retailers.

The next couple years will have the chance to showcase retail demand in Miami Beach, as several new centers are nearing completion or have been completed. Tenants focused more on businesses within Miami Beach, and a bit less on tourism could see a rise. However, tourism drives retail without a doubt, with tourists spending more annually than residents.

Net Absorption (SF/000's)

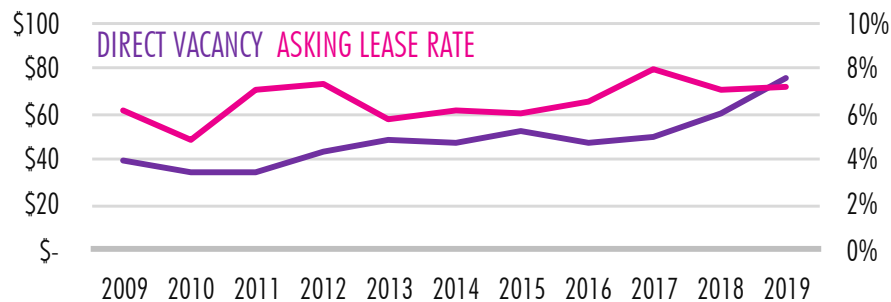


Under Construction and Deliveries (SF/000's)

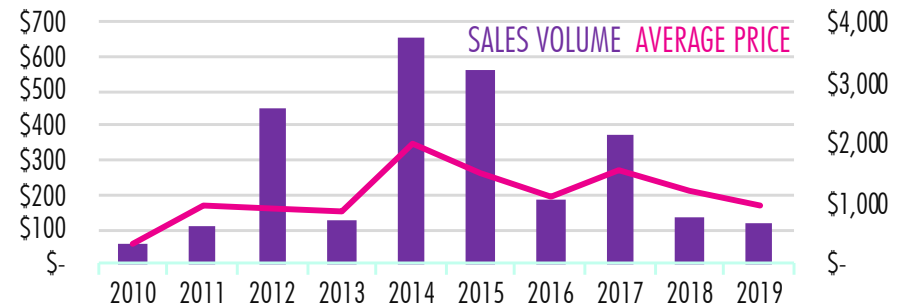


Source: CBRE Econometrics Advisors

Asking Lease Rates (\$/SF/NNN) and Direct Vacancy (%)



Sales Volume (\$M) and Average Price (\$/SF)



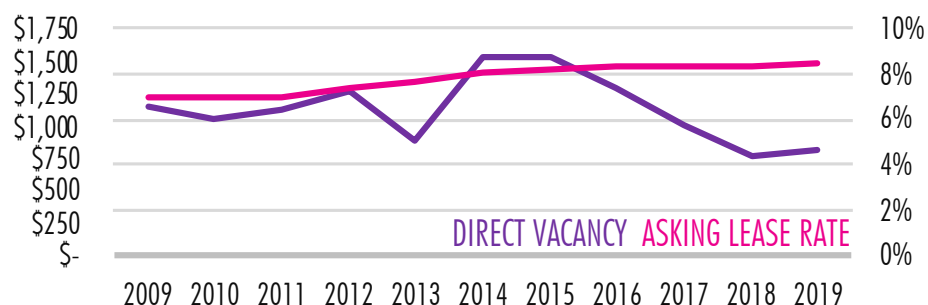


MULTIFAMILY

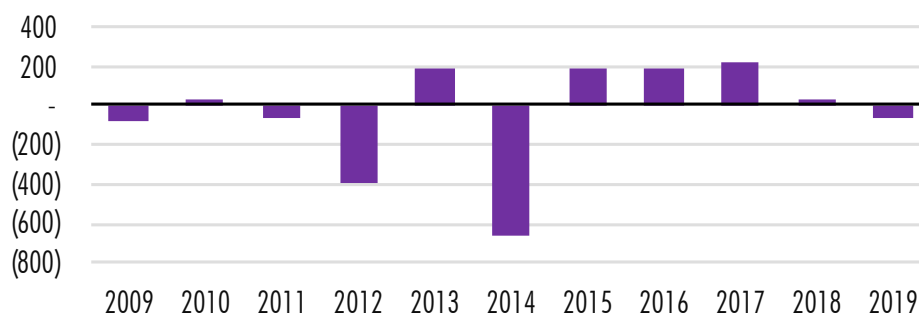
Miami Beach has housing for residents of all economic levels, ranging from workforce-priced rental housing to luxury executive homes on Biscayne Bay. A recent movement by city government to establish more strict regulations on short-term rentals will open up even more housing to the end-user population.

With rising lease rates and falling vacancy as key indicators, Miami Beach is finally constructing new apartments, with several new projects set to break ground in 2020 and 2021. This will help boost a relatively stable population with new residents. As talent is attracted to this new housing, firms will follow to attract them in a tight labor market.

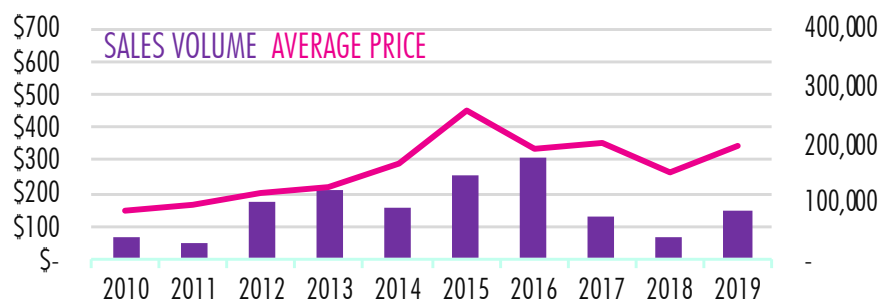
Asking Lease Rates (\$/Unit) and Direct Vacancy (%)



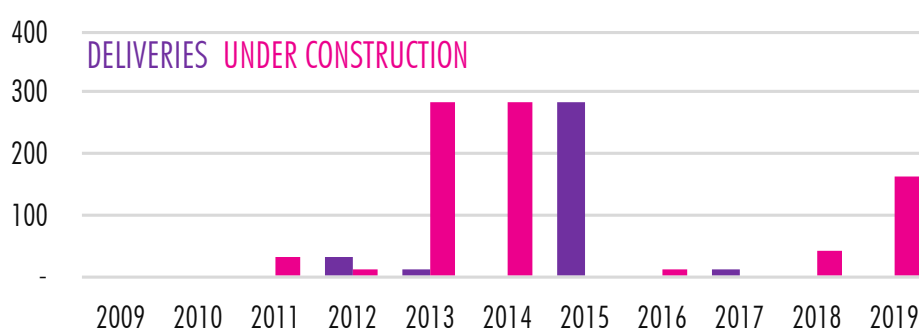
Net Absorption (SF/000's)



Sales Volume (\$M) and Average Price (\$/Unit)



Under Construction and Deliveries (SF/000's)



Source: CBRE Econometrics Advisors



Upwardly Mobile Workforce

Miami Beach is home to a high density of favorable tapestry profiles, illustrating that the population of the city is well educated, motivated, and are enjoyers of the vibrant lifestyle that Miami Beach offers.

Metro Renters



Household
Singles

Median Age 32.5
Median Inc \$67k



Housing
Multi-Unit Rentals

Prof/Mgmt
College Degree

- Prefer environmentally safe products
- Spent wages on rent
- Practice yoga, Pilates; ski
- Active on Facebook, Twitter, Youtube, LinkedIn
- Take public transportation, taxis; walk bike

13,064

16.3%

International Marketplace



Household
Singles

Median Age 32.8
Median Inc \$46.5k



Housing
Multi-Unit Rentals
Single Family

Svcs
HS Diploma Only/FED

- Shop at warehouse clubs, specialty markets
- Do not save or invest
- Visit theme parks; play soccer
- Listen to Spanish/Latin music on cell phone or radio
- Take public transportation

8,345

10.4%

Urban Chic



Household
Married Couples

Median Age 43.3
Median Inc \$109k



Housing
Single Family

Prof/Mgmt
College Degree

- Visit museums, art galleries
- Own healthy portfolios
- Ski; practice yoga; hike; play tennis
- Shop, bank online
- Choose luxury imports

7,351

9.2%

Trendsetters



Household
Singles

Median Age 36.3
Median Inc \$63k



Housing
High-Density Apts

Proof/Svcs/Mgmt
College Degree

- Travel frequently
- Seek financial advice; build stock portfolios
- Shop at Whole Foods, Trader Joe's
- Stay connected, prefer texting
- Choose subcompacts, public transportation

6,849

8.5%

DEMOGRAPHIC SEGMENTATION REPORTING*

Beyond demographics – The segmentation report classifies neighborhoods into 67 unique segments based not only on demographics but also socioeconomic characteristics. It describes US neighborhoods in easy-to-visualize terms, ranging from Soccer Moms to Heartland Communities. Understanding people's lifestyle choices, what they buy, and how they spend their free time helps municipalities identify optimal sites and underserved markets. This insight helps avoid less profitable areas and invest your resources more wisely.

Within the three Miami Beach neighborhoods, the demographics vary significantly, as each district has a unique identity. The affordability of the North Beach neighborhood has attracted a high concentration of Millennials, and the highest concentration of persons who have earned a bachelor's degree. Additionally, North Beach is predicted to have the highest income growth by 2024, at 15.3%. Residents of Mid Beach are some of the highest educated within Miami-Dade County, with **28.2% having earned a graduate degree**, and 56.7% having earned a 4-year degree or higher.



Photography Credits: City of Miami Beach

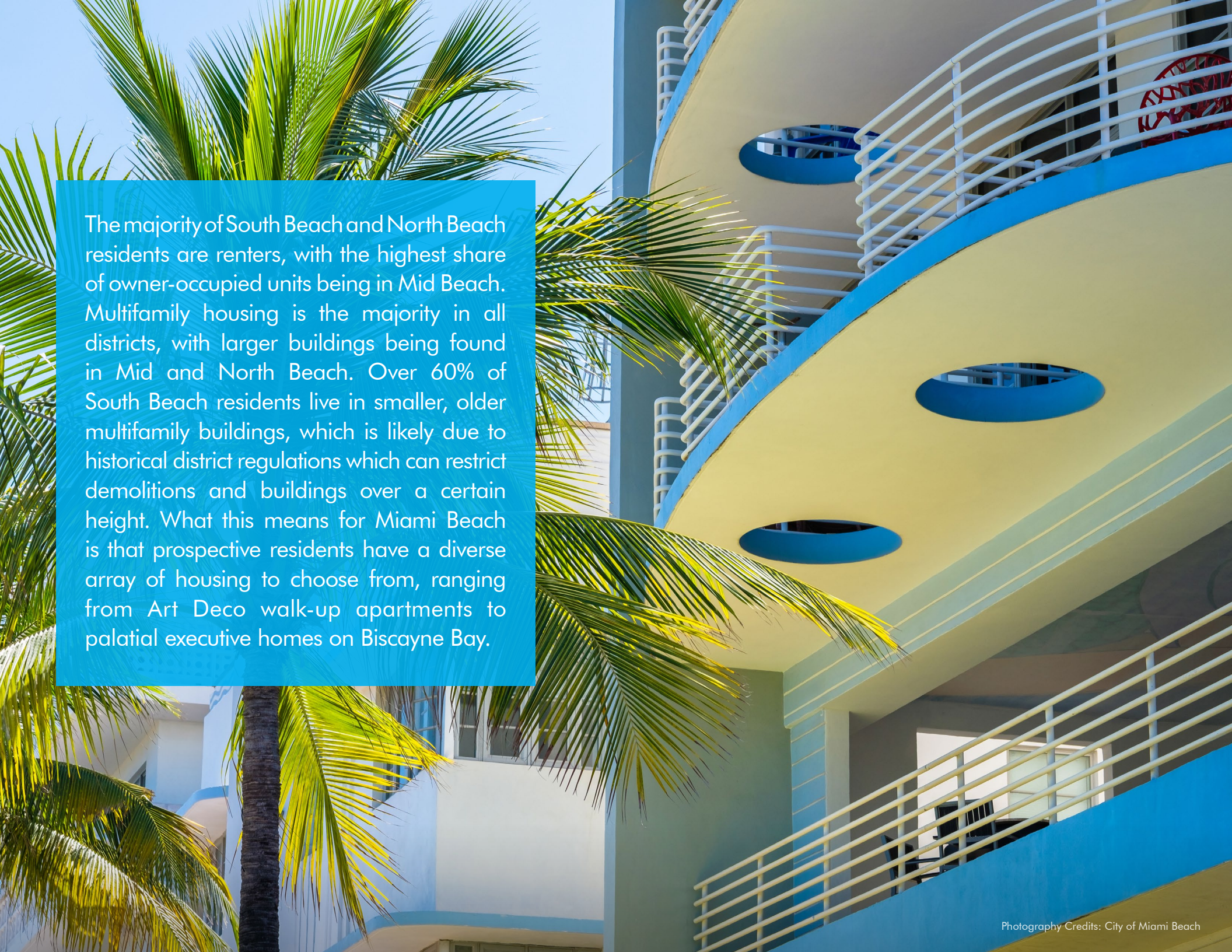


Photography Credits: City of Miami Beach

*Source: Tapestry Reporting By ESRI

Housing	South Beach	Mid Beach	North Beach
Total Population	40,068	23,519	28,636
Average Household Size	1.64	2.10	2.07
Annual Household Growth Rate 2010 – 2019	0.37%	0.46%	0.34%
Annual Household Growth Rate 2019 – 2024	0.63%	0.68%	0.57%
Generation Z	16.0%	17.1%	8.3%
Millennials	25.6%	21.2%	35.7%
Generation X	23.9%	22.9%	24.4%
Baby Boomers	23.3%	23.9%	19.7%
Greatest Generation	8.7%	12.0%	10.0%
Bachelor's Degree	20.3%	28.5%	29.0%
Graduate or Professional Degree	13.7%	28.2%	23.8%
2019 Avg HH Income	\$65,820	\$127,658	\$91,511
2024 Avg HH Income	\$75,469	\$141,125	\$105,559

Source: ESRI



The majority of South Beach and North Beach residents are renters, with the highest share of owner-occupied units being in Mid Beach. Multifamily housing is the majority in all districts, with larger buildings being found in Mid and North Beach. Over 60% of South Beach residents live in smaller, older multifamily buildings, which is likely due to historical district regulations which can restrict demolitions and buildings over a certain height. What this means for Miami Beach is that prospective residents have a diverse array of housing to choose from, ranging from Art Deco walk-up apartments to palatial executive homes on Biscayne Bay.

Housing	South Beach	Mid Beach	North Beach
2019 Average Value of Owner-Occ Housing	\$550,613	\$916,968	\$787,367
1 Unit	10.6%	17.6%	6.9%
2 – 4 Units	13.6%	0.6%	5.6%
5 – 19 Units	28.2%	5.9%	23.4%
20 – 49 Units	18.8%	8.5%	16.2%
50+ Units	28.8%	67.4%	47.5%
Housing Built 2000 or Newer	7.7%	13.2%	11.7%
Built 1960 - 1999	52.4%	57.0%	57.8%
Built Before 1960	39.5%	29.7%	30.4%
Households with No Vehicle	24.90%	12.70%	30.70%

Source: ESRI



Photography Credits: City of Miami Beach

About CBRE Group, Inc.

CBRE Group, Inc. (NYSE:CBRE), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services and investment firm (based on 2019 revenue). The company has more than 90,000 employees (excluding affiliates) and serves real estate investors and occupiers through more than 480 offices (excluding affiliates) worldwide. CBRE offers a broad range of integrated services, including facilities, transaction and project management; property management; investment management; appraisal and valuation; property leasing; strategic consulting; property sales; mortgage services and development services. Please visit our website at www.cbre.com.

CBRE