

MIAMI BEACH

EXHIBIT B



OFFICE MARKET OVERVIEW

CITY OF MIAMI BEACH

OCTOBER 6, 2020

CBRE

MIAMI OFFICE, Q2 2020

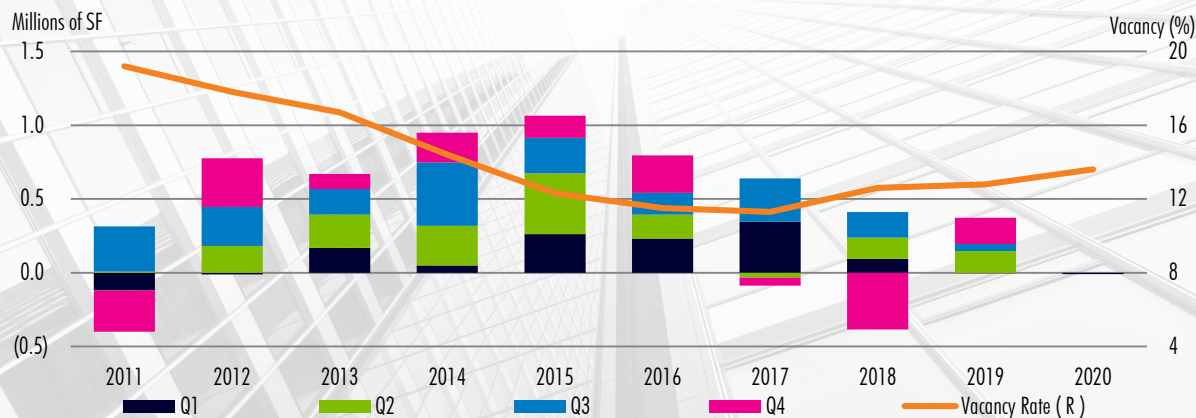
▲ **13.0%**
Total Vacancy

▲ **\$45.50**
Class A Lease Rate PSF

▼ **-39K**
Net Absorption

▲ **112K SF**
Completions

Figure 1: Total Vacancy —vs— Net Absorption (Class A & B)



Source: CBRE Research, Q2 2020.

LEASING ACTIVITY

The office sector demonstrated its resiliency and was less severely impacted than other property types due to its ability to adapt quickly and efficiently to work-from-home policies. As a result, vacancy rose to 13.0%, a slight increase of 20 basis points (bps) quarter-over-quarter and 60 bps year-over-year.

However, office leasing velocity was impacted dramatically decreasing by 58% year-over-year nationwide during Q2 2020. In Miami, demand fell to 458,000 sq. ft. compared to almost 1.4 million sq. ft. in Q1 2020 and 1.5 million sq. ft. in Q2 2019 as some prospective tenants have put their searches on hold.

Several forces are in play and will determine the future of office space in the coming year. Flexibility will be key for landlords and tenants alike as a remote workforce and social distancing in the workplace will be necessary to keep workers safe.

- Miami's annual office-using jobs declined by 16,000 in the subsectors of professional, information and financial activities jobs as of May 2020. However, there was an increase of 26,500 jobs between April and May signifying a move towards economic recovery.
- Current tenant requirements total 1.5 million sq. ft. with financial services, business services, legal and health insurance being the top industries in the market. Approximately 543,000 sq. ft. are currently on hold due to COVID.
- Rents held steady with asking rates in the CBD increasing to \$45.45 per sq. ft., or 3.9% year-over-year., while the suburban submarkets showed a slight decrease of 0.2% year-over-year.

Figure 2: Market Statistics – Class A & B

Submarket	Class	Total Inventory (SF)	Direct Vacancy (%)	Q2 2020 Net Absorption (SF)	2020 YTD Net Absorption (SF)	Under Construction (SF)	Avg. Dir. Asking Lease Rate (\$/SF)
CBD							
Brickell	A	4,320,374	9.6	(9,787)	21,731	533,268	58.66
	B	2,285,545	18.3	10,687	(12,283)	0	41.65
Downtown	A	4,229,699	23.3	(24,395)	(75,015)	135,000	50.79
	B	1,743,801	29.3	14,019	14,794	0	34.70
CBD Total		12,579,419	18.5	(9,476)	(50,773)	668,268	47.11
Suburban							
Airport/Doral	A	4,818,082	16.7	9,904	(1,561)	200,000	36.35
	B	5,938,309	11.8	(50,360)	(89,077)	0	29.67
Aventura	A	1,497,951	13.5	2,000	(4,775)	0	49.97
	B	78,233	16.9	(100)	(100)	0	30.00
Biscayne Blvd Corridor	A	1,051,837	21.0	4,020	73,961	638,824	44.35
	B	441,069	5.9	-	30,943	0	33.25
Coconut Grove	A	646,660	3.9	82,681	67,877	190,762	43.59
	B	667,142	4.2	(588)	10,520	0	38.16
Coral Gables	A	4,388,642	10.6	(18,994)	(20,439)	536,567	43.23
	B	2,999,037	6.4	(12,663)	(553)	0	38.74
Kendall	A	1,445,605	6.0	(2,174)	(4,207)	0	39.91
	B	2,109,424	7.0	500	8,248	0	29.31
Miami Beach	A	937,526	9.0	-	(4,844)	136,430	48.79
	B	892,885	10.9	(3,879)	(3,879)	0	44.27
Miami Lakes	A	517,331	19.8	4,087	(11,377)	82,903	28.09
	B	1,035,620	21.2	(15,022)	(18,376)	0	24.88
North Miami	A	610,652	7.2	(681)	(690)	0	32.82
	B	314,047	2.4	-	(2,278)	0	25.00
South Dade	B	467,756	24.7	0	2,436	0	28.07
Suburban Total		30,857,808	11.6	(1,269)	31,829	1,785,486	36.59
Total		43,437,227	13.6	(10,745)	(18,944)	2,453,754	40.61

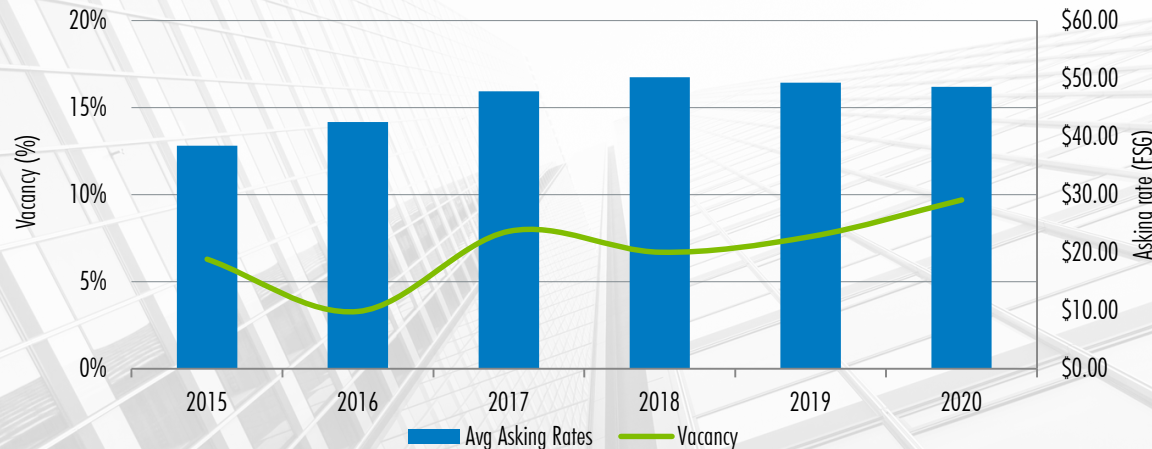
Figure 3: Market Statistics – All Classes

Submarket	Total Inventory (SF)	Direct Vacancy (%)	Q2 2020 Net Absorption (SF)	2020 YTD Net Absorption (SF)	Under Construction (SF)	Avg. Dir. Asking Lease Rate (\$/SF)
CBD						
Brickell	7,384,471	11.6	-	2,277	533,268	49.83
Downtown	7,822,923	21.7	(18,014)	(62,956)	135,000	43.04
CBD Total	15,207,394	16.8	(18,014)	-60,679	668,268	45.45
Suburban						
Airport/Doral	11,871,594	13.5	(42,928)	(92,447)	200,000	32.74
Aventura	1,767,992	13.6	450	(6,325)	-	48.15
Biscayne Blvd Corridor	2,065,012	13.8	4,979	110,176	638,824	41.61
Coconut Grove	1,378,802	3.9	82,093	78,397	190,762	40.04
Coral Gables	7,509,707	8.9	(37,002)	(26,337)	536,567	41.67
Kendall	3,730,829	6.5	(5,638)	77	-	33.98
Miami Beach	2,079,813	9.3	(3,879)	(8,723)	136,430	44.62
Miami Lakes	1,915,051	19.3	(17,995)	(39,613)	82,903	24.93
North Miami	1,384,767	5.8	(681)	(2,968)	-	29.04
South Dade	467,756	24.7	-	2,436	-	28.07
Wynwood/Midtown/DD	173,292	62.8	-	-	638,824	49.57
Suburban Total	34,171,323	11.3	-20,601	14,673	1,785,486	35.80
Total	49,378,717	13.0	(38,615)	(46,006)	2,453,754	39.51

Source: CBRE Research, Q2 2020.

MIAMI BEACH OFFICE, Q3 2020

Figure 7: Total Vacancy & Office Direct Average Asking Rates



Overview

Miami Beach's Class A office market has held strong in 2020 despite the economic headwinds and lack of leasing velocity.

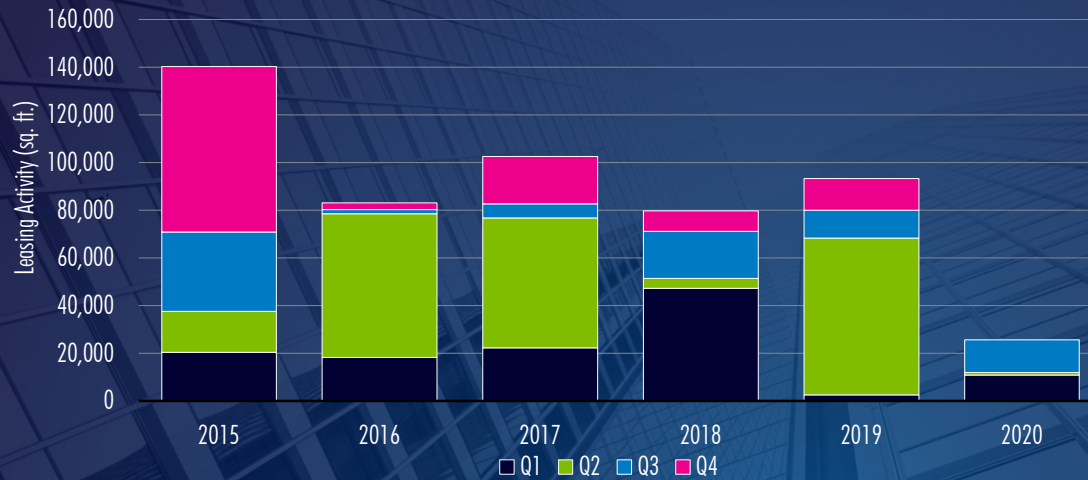
As we continue to benefit from high wage talent relocating to South Florida and Miami Beach, there is a shared belief and vision that decision makers in the alternative investments industry, financial services and other sectors will strongly consider opening satellite offices or relocate certain business operations to Miami Beach.

There are some concerns related to future potential downward pressure on Class A rental rates due to the Starwood factor - and timing to vacate compared to the amount of leasing activity and avg size tenant on Miami Beach, which is approx. 2,000 SF

However, in light of some of the titans who currently reside here and/or have opened offices in the past few years, the City appears well positioned to attract the quality and type of companies that will be accretive to the City, its stakeholders and citizens. How quickly this accelerates, and to what degree, will have a direct impact on the Class A office market.

- Class A Avg Asking Rate is \$48.60 PSF with vacancy hovering at 9.7%.
- Starwood Property Trust's new 160,000 SF HQ is under construction with est. delivery slated for Q2/Q3 2021. Starwood is actively marketing 50,000 SF to 3rd party tenants. Asking rent is reported to be approx. +/- \$72.00 NNN (approx. +/- \$87.00 PSF gross)
- Upon completion of the new HQ, Starwood will vacate approx. 120,000 SF of Class A space located at 1601 Washington, which represents approx. 13% of total Class A inventory on Miami Beach currently. No leases have been signed to backfill any of Starwood's space
- In the unlikely event Starwood does not lease any space in its new building, and none of the space at 1601 Washington is leased, the Class A vacancy rate will spike to over 21%
- CBRE's Econometric Advisors is forecasting approx. 32,000 SF of avg. annual absorption of Class A space from 2021 - 2025

Figure 8: Office Leasing Volume



Leasing volume totaled 524,000 sq. ft. since 2015 averaging 91,000 sq. ft. per year.

Based on historical net absorption over the last five years in Miami Beach Class A properties, net absorption between 2021-2025 will total 159,000 SF averaging 32,000 SF per year.

Figure 9: Net Absorption Forecast 2021-2025

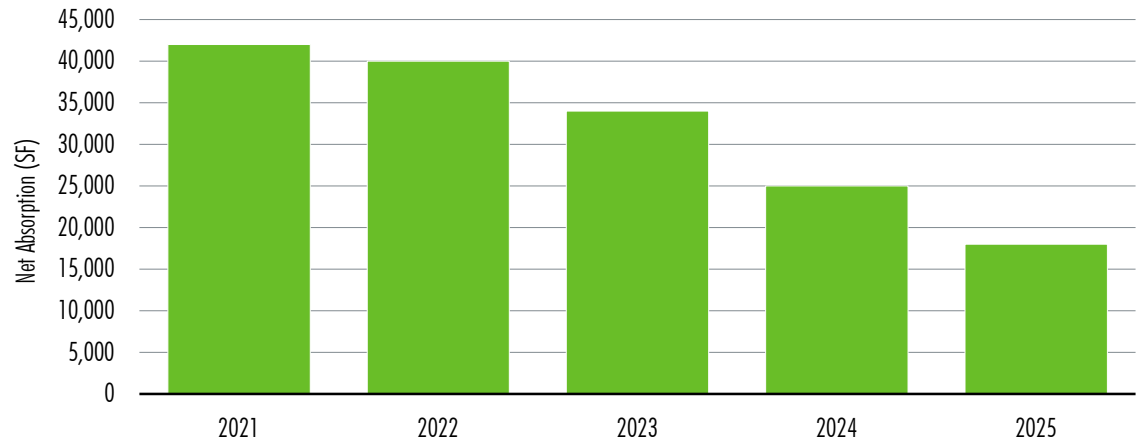


Figure 10: Major Leases Signed in the Last 5 Years (2015-2020)

Tenant	Size (SF)	Lease Type
Spaces (Regus Business Centers)	51,000	New Lease
Viacom, Inc.*	48,000	New Lease
WeWork Companies, Inc.	40,000	New Lease
WIX, Inc.	28,300	New Lease
Compass Brokerage, Inc.	20,600	New Lease
Regus	19,400	New Lease
Appaloosa Management LP	14,000	New Lease
Baptist Health South Florida, Inc.	12,500	New Lease
GDS Group	9,000	New lease
Teleperformance Group, Inc.	9,000	Renewal
Ocean Drive Magazine	8,900	Renewal
Warner Music Latin America	8,300	Renewal
Marriott Ownership Resorts, Inc.	8,100	New Lease
Knight Capital	8,100	Renewal

Figure 11: Significant New-to-Market Tenants to Miami Beach

Tenant	Size (SF)
Appaloosa Management LLP	14,000
Compass Brokerage, Inc.	20,600
ESL Investments	6,000
New York Film Academy South Beach	7,836
Spaces	51,000
WeWork Companies, Inc.	83,600
WIX, LLC	28,300
Total	211,336

S STRENGTHS

- Access to international capital
- Miami Beach culture
- Starwood Capital's recent HQ commitment
- Business friendly
- City leadership priority to enhance business climate
- Diverse, educated workforce
- Developed robust resiliency strategy

C CHALLENGES

- Overcoming perception of Miami Beach as resort / nightlife oriented only
- Upcoming potential vacant office supply (up to 170,000 SF)
- Transportation to / from Miami Beach
- Significant competition and incentives for HQ projects throughout the Southeast US

O OPPORTUNITIES

- Ample City-owned land
- Potential for State and County incentives
- Capitalize on mitigation of investment funds from high-tax environments

T THREATS

- Natural disasters and sea level rise – long term impact on site selection
- Other more desirable Sunbelt locations (e.g. Raleigh, Austin, Nashville, Charlotte, Atlanta)