

Miami

Asking rates simmer near all-time highs as positive absorption finally drives down vacancy

- Miami saw strong leasing activity in Q4 led by McDermott Will & Emory's expansion and Royal Caribbean's new lease at One Biscayne.
- While the most desirable assets continue to push asking rents, most buildings kept rates in line with the previous quarter.
- Strong absorption in Q4 brought the year-to-date net total into positive territory.

Office market fundamentals are finally starting to catch up with market momentum in Miami as 2021 closes with positive absorption, falling vacancy and record-high rents. While rents have been growing for 6 consecutive quarters, positive absorption remained elusive until H2 2021, when firms began to occupy their spaces. Vacancy also fell markedly in Q3 thanks to absorption and boosted by the owner-user purchase of 850 & 860 LeJeune which removed more than 160,000 s.f. of vacant space from inventory.

Several sizable leases signed this quarter indicate net absorption will continue to trend positive as the market expands. Apollo Management leased a new 23,000 s.f. space at 701 Brickell, Wix.com expanded by 15,000 s.f. in Miami Beach, RCL leased a new 50,000 s.f. space Downtown, and McDermott Will & Emory doubled their footprint at Wells Fargo Center to 51,000 s.f.

Robust preleasing among assets currently under development will help to moderate vacancy as inventory continues to grow. 830 Brickell, Miami's largest office project under construction is now roughly 50% pre-leased. 545 Wyn is negotiating with several larger users and will likely be fully leased before the close of 2023. The Dorsey has only one floor remaining and Gateway at Wynwood continues to see strong activity. This will drive additional development throughout the market, but especially in Wynwood.

Outlook

The forces driving the rapid rise of Miami's office market continue to strengthen and the repeated resurfacing of the global pandemic will only compound them. Capital migration continues to accelerate in business-friendly Miami, alongside the increasing appeal of the city's open outdoor spaces and lush outdoor amenities. Asking rent growth may stagnate in the near-term but falling vacancy rates and rising absorption will ensure sustained growth over the long term.

Fundamentals	Forecast
YTD net absorption	93,788 s.f. ▲
Under construction	1,078,975 s.f. ▲
Total vacancy	19.5% ▼
Sublease vacancy	407,716 s.f. ▼
Direct asking rent	\$46.19/s.f. ►
Sublease asking rent	\$38.95 p.s.f. ►
Concessions	Stable ►



JLL Research Report

Office Statistics

	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (%) of stock	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Wynwood-Design District	Totals	1,260,426	99,652	210,724	16.7%	43.5%	43.5%	\$60.09	333,929	202,676
Brickell	Totals	6,735,319	101,673	24,290	0.4%	12.1%	13.2%	\$64.20	0	664,300
Downtown Miami	Totals	7,180,797	3,996	-245,768	-3.4%	24.4%	25.9%	\$46.43	0	185,258
CBD	Totals	15,176,542	205,321	-10,754	-0.1%	20.5%	21.7%	\$54.72	333,929	1,052,234
Aventura	Totals	1,550,384	34,242	170,439	11.0%	23.7%	24.1%	\$53.95	304,000	0
Coconut Grove	Totals	1,249,287	364	133,437	10.7%	11.0%	12.2%	\$53.97	113,127	31,000
Coral Gables	Totals	6,277,416	-7,386	-131,819	-2.1%	17.2%	18.2%	\$45.71	0	163,741
Kendall	Totals	2,779,814	13,236	-9,450	-0.3%	12.5%	12.5%	\$35.69	0	0
Miami Airport	Totals	10,520,852	97,850	-178,818	-1.7%	19.1%	20.4%	\$34.56	0	0
Miami Beach	Totals	1,883,585	28,586	68,829	3.7%	12.5%	12.7%	\$58.85	32,015	0
Miami Lakes	Totals	1,376,739	21,315	51,924	3.8%	18.2%	18.4%	\$28.93	0	0
Suburbs	Totals	25,638,077	188,207	104,542	0.4%	17.3%	18.1%	\$40.48	449,142	194,741
Miami	Totals	40,814,619	393,528	93,788	0.2%	18.5%	19.5%	\$46.19	783,071	1,246,975
Wynwood-Design District	A	994,504	94,742	186,845	18.8%	51.4%	51.4%	\$60.44	300,768	159,210
Brickell	A	4,982,034	85,513	33,416	0.7%	9.3%	10.7%	\$72.25	0	664,300
Downtown Miami	A	4,439,971	-26,561	-112,416	-2.5%	23.4%	25.5%	\$55.80	0	48,258
CBD	A	10,416,509	153,694	107,845	1.0%	19.4%	20.9%	\$62.72	300,768	871,768
Aventura	A	1,226,289	32,620	157,000	12.8%	27.4%	27.8%	\$56.26	304,000	0
Coconut Grove	A	705,044	21,166	141,178	20.0%	5.9%	6.3%	\$67.90	113,127	0
Coral Gables	A	4,333,813	-11,333	-103,375	-2.4%	18.7%	19.9%	\$47.62	0	163,741
Kendall	A	1,046,724	-13,958	-52,907	-5.1%	18.6%	18.6%	\$39.23	0	0
Miami Airport	A	5,680,675	105,432	-100,777	-1.8%	24.0%	25.7%	\$35.76	0	0
Miami Beach	A	663,696	7,844	35,810	5.4%	10.1%	10.1%	\$63.12	0	0
Miami Lakes	A	411,618	7,105	-8,507	-2.1%	23.2%	23.2%	\$30.42	0	0
Suburbs	A	14,067,859	148,876	68,422	0.5%	20.7%	21.8%	\$42.96	417,127	163,741
Miami	A	24,484,368	302,570	176,267	0.7%	20.1%	21.4%	\$51.83	717,895	1,035,509
Wynwood-Design District	B	265,922	4,910	23,879	9.0%	13.9%	13.9%	\$48.50	33,161	43,466
Brickell	B	1,753,285	16,160	-9,126	-0.5%	20.0%	20.1%	\$43.19	0	0
Downtown Miami	B	2,740,826	30,557	-133,352	-4.9%	25.9%	26.6%	\$32.62	0	137,000
CBD	B	4,760,033	51,627	-118,599	-2.5%	23.0%	23.5%	\$36.23	33,161	180,466
Aventura	B	324,095	1,622	13,439	4.1%	9.7%	10.2%	\$42.31	0	0
Coconut Grove	B	544,243	-20,802	-7,741	-1.4%	17.6%	19.7%	\$50.92	0	31,000
Coral Gables	B	1,943,603	3,947	-28,444	-1.5%	13.9%	14.3%	\$39.05	0	0
Kendall	B	1,733,090	27,194	43,457	2.5%	8.8%	8.8%	\$32.93	0	0
Miami Airport	B	4,840,177	-7,582	-78,041	-1.6%	13.3%	14.2%	\$33.17	0	0
Miami Beach	B	1,219,889	20,742	33,019	2.7%	13.9%	14.2%	\$56.09	32,015	0
Miami Lakes	B	965,121	14,210	60,431	6.3%	16.1%	16.3%	\$28.10	0	0
Suburbs	B	11,570,218	39,331	36,120	0.3%	13.1%	13.7%	\$37.17	32,015	31,000
Miami	B	16,330,251	90,958	-82,479	-0.5%	16.0%	16.6%	\$36.86	65,176	211,466