

MARKETBEAT

MIAMI-DADE

Office Q4 2021

CUSHMAN & WAKEFIELD

YoY Chg

12-Mo. Forecast

16.4%
Vacancy Rate

55K
YTD Net Absorption, SF

\$45.04
Asking Rent, PSF

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

YoY Chg

12-Mo. Forecast

1.2M
Miami Employment

3.7%
Miami Unemployment Rate

4.2%
U.S. Unemployment Rate

ECONOMY

Miami-Dade, part of the South Florida region, had an unemployment rate of 3.7% in November 2021, down 10 basis points (bps) from the previous month and 450 bps lower than one year ago. Nonagricultural employment rose by 70,100 jobs, or 6.2%, over the year to 1.2 million. Every single employment sector gained jobs year-over-year (YOY) except for those in the construction and education and health services industries which decreased by 1,300 jobs total. Office-using employment, including those in Professional & Business Services, Financial Activities and in Information, increased by 28,500 jobs in the last 12 months.

SUPPLY

Overall vacancy ended the year at 16.4%, an increase of only 20 bps when compared to the fourth quarter of 2020 but 90 bps lower than the previous quarter. This was the second consecutive quarter where vacancy lowered from the previous quarter since the start of the pandemic in early 2021 when vacancy increased for six consecutive quarters. Class A vacancy reached 20.8%, an increase of 140 bps YOY while Class B lowered by 110 bps to 14.6%. New Class A construction deliveries, most notably the Gateway at Wynwood project in the Biscayne submarket, delivered with substantial vacancies and were the main drivers for the jump in Class A vacancy. There was over 986,000 square feet (sf) under construction with the bulk coming from 830 Brickell in the Brickell Avenue submarket. That project's expected delivery date, already 50% preleased, was the first half of 2022.

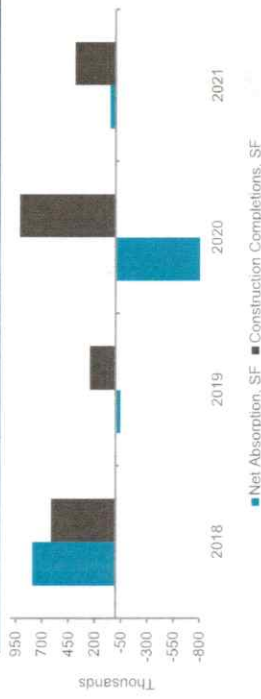
DEMAND

New leasing activity totaled over 2.7 million square feet (msf) in 2021, 115.0% higher than 2020 and 6.0% higher than the pre-pandemic levels in 2019. The flight to quality trend continued as Class A space accounted for 1.8 msf, the highest annual amount on record in the last 15 years. The Airport West Submarket, the largest office submarket in Miami-Dade, accounted for the most leasing activity in the year with over 763,000 sf, or 27% of the total. Positive net absorption in both the third and fourth quarters of 2021 pushed absorption positive for the year with 55,000 sf.

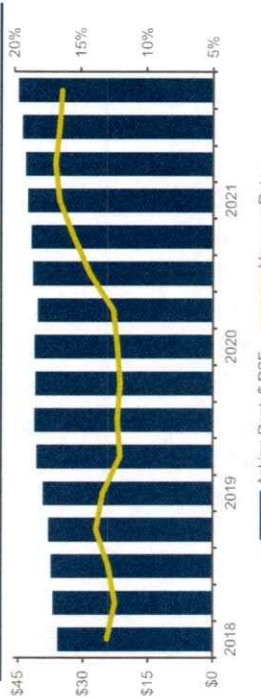
MARKET PRICING

Overall asking rents reached \$45.04 per square foot (psf) full service, an increase of 8.6% YOY and the first time above \$45.00 psf. New construction with higher-than-average rents and landlords that continued to push asking rates, in part due to the heightened demand, were the main drivers for the increased rates. Several submarkets reached all-time high asking rates including Brickell, Downtown, Biscayne, Coral Gables, and Miami Beach. Class A rental rates climbed 8.2% to \$51.02 psf in 12 months, driven by most office users who favored premier assets. Rates in the CBD, which includes both Downtown and Brickell Avenue, ended the year at \$49.70 psf, an increase of 11.8% in the last 12-months.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Numbers above are monthly figures, FL Dept. Economic Opp

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Brickell Avenue	6,533,887	71,438	810,205	13.5%	-3,343	-80,194	585,558	638,355	\$56.27	\$64.46
Downtown	7,168,954	91,271	1,739,986	25.5%	33,254	-148,156	210,543	0	\$47.04	\$55.60
CBD	13,702,841	162,709	2,550,191	19.8%	29,911	-228,350	796,101	638,355	\$49.70	\$58.22
Coral Gables	6,284,671	51,097	961,409	16.1%	40,594	-34,699	265,709	163,741	\$45.04	\$48.65
Airport West	10,919,083	98,883	1,896,405	18.3%	80,448	-32,827	763,016	0	\$36.05	\$37.66
Coral Way	626,935	4,903	19,563	3.9%	-3,100	-9,375	13,441	0	\$32.07	N/A
South Dade	3,338,113	0	253,997	7.6%	-6,680	18,259	120,874	0	\$35.84	\$43.62
Northeast Dade	2,504,767	6,217	169,333	7.0%	13,587	62,040	152,317	0	\$46.81	\$53.07
Biscayne	2,715,513	4,159	745,103	27.6%	95,786	195,892	345,676	184,300	\$57.81	\$61.80
Miami Lakes	1,772,858	0	259,276	14.6%	38,516	52,221	134,905	0	\$29.94	\$30.55
Coconut Grove	1,214,163	29,023	128,316	13.0%	24,429	111,128	111,782	0	\$50.87	\$66.55
S. Gables/ S. Miami	562,504	0	16,117	2.9%	3,079	816	13,851	0	\$31.82	N/A
East Airport/Central Dade	641,936	0	49,317	7.7%	-3,544	-8,150	9,141	0	\$28.29	N/A
Miami Beach	1,837,296	1,325	160,732	8.8%	-21,154	-72,235	64,358	0	\$57.12	\$59.87
Non CBD/Suburban	32,417,839	195,607	4,659,568	15.0%	261,961	283,070	1,995,070	348,041	\$42.38	\$47.07
MIAMI TOTALS	46,120,680	358,316	7,209,759	16.4%	291,872	54,720	2,791,171	986,396	\$45.04	\$51.02

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2021

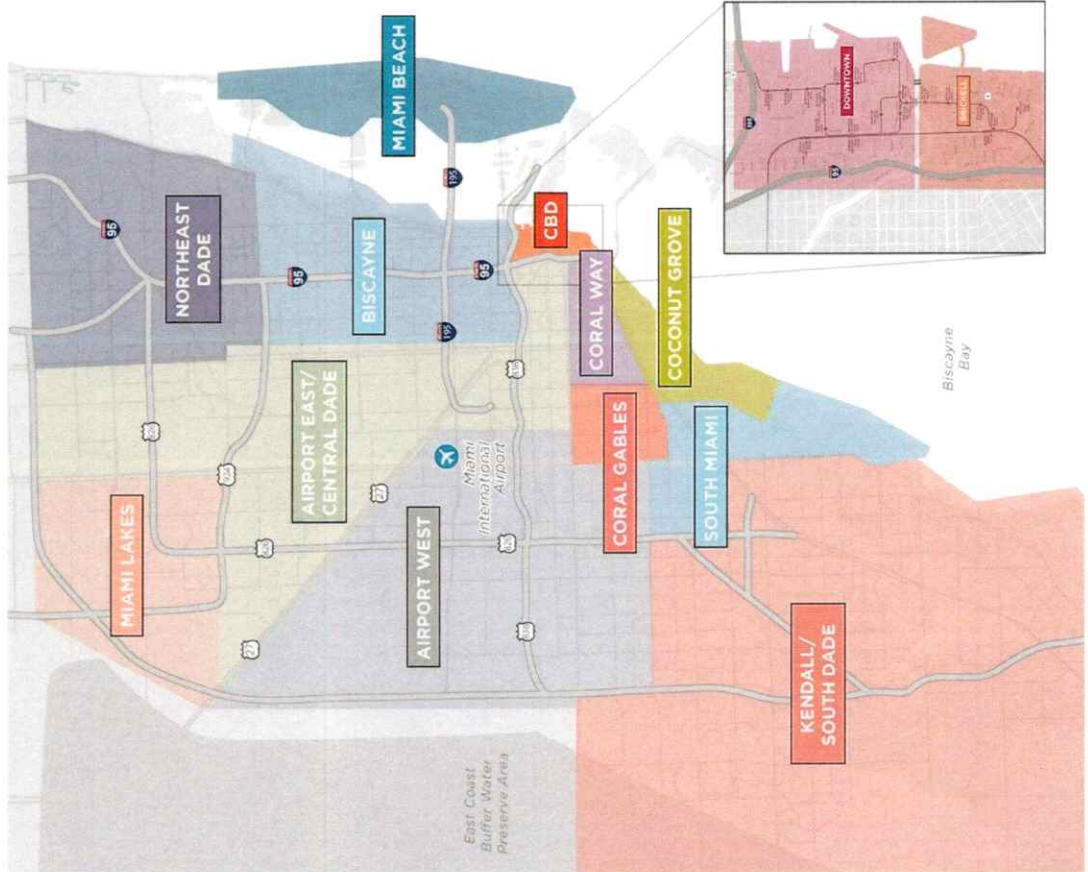
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1000 Waterford	Airport West	Subway	64,256	New
333 Avenue of the Americas	Downtown	Royal Caribbean Cruises	50,727	New
830 Brickell Plaza	Brickell Avenue	Microsoft Corporation	43,885	New

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
2916 North Miami Avenue	Biscayne	None	220,900	Rose & Berg Realty/Rose & Berg Realty
2850 Tigertail Avenue	Coconut Grove	D1 Capital Partners L.P.	111,000	The Related Group/Terra Group

OFFICE SUBMARKETS



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