



Miami Office Market

Miami's office market saw its strongest quarterly performance in over five years and since the peak of the previous economic cycle with over 294,000 square feet of positive absorption during the fourth quarter of 2021. The overall vacancy rate dipped 50 basis points from the previous quarter and was the second consecutive quarter vacancy pushed downward. Despite the negative 337,000 square feet of absorption delivered during the first half of the year, the rebound during the second half pushed demand over returned supply, with a modest 25,000 square feet of absorbed space for 2021. L

Landlords have yet to yield on increasing asking rents despite the market corrections felt from the pandemic as the overall average asking rate pushed upward by \$1.36/SF from one year ago. This was a 35.5% increase from the previous peak of \$31.15/SF recorded in 2008. All three property class segments saw increases from the previous quarter and one year ago as Class A office properties saw the largest increase, with a \$1.22/SF increase from \$47.31/SF to \$48.53/SF, which can be attributed to the delivery of new higher-end office properties, combined with landlords increasing asking rates in secondary high-end buildings. Another aiding factor to the office sectors decent rebound was the disciplined development of new speculative office space, with only four buildings, totaling a modest 334,000 square feet completed in 2021. Delays in construction due to the pandemic limited the amount of new buildings delivered throughout the year. Three buildings remained under construction totaling 1.0 million square feet, with 664,000 square feet of that coming from 830 Brickell, which is approximately 50.0% pre-leased.

Leasing and Demand

Leasing activity in the fourth quarter of 2021 totaled more than 824,700 square feet, almost doubling from the fourth quarter of 2020. This brought the annual leasing volume to just under 3.8 million square feet in 2021, a significant improvement from the 2.3 million square feet leased from the same period one year ago. Class A space accounted for 2.1 million square feet of transaction activity, followed by Class B space with 960,000 square feet. Class C even saw a slight uptick from previous years, accounting for 702,000 square feet of deals done for all of 2021. Renewals and relocations continued to lead deal activity, but the region did see an increase in new tenants from outside the market area as Florida continued to benefit from the state's pro-business tax laws. Over 4.9 million square feet of leases came from mid-sized or larger tenants, dramatically increasing from the 1.3 million square feet leased one year ago. Financial service companies took over the number-one spot with 484,500 square feet, while the medical sector followed with 314,500 square feet. Rounding out the top three were law firms, with more than 237,000 square feet of deals done in 2021.

Investment Activity

Three sales totaling over 506,000 square feet occurred during the fourth quarter of 2021, bringing 2021 investment activity to over 4.0 million square feet, for a total value of \$1.4 billion. This was substantial growth from the 931,000 square feet that sold for \$272.3 million last year. Notably, the price-per-square-foot average improved from \$292/SF one year ago to \$345/SF at the close of the fourth quarter of 2021.

Current Conditions

Miami-Dade rebounded during the second half of the year as leasing activity and demand for office space helped put the office sector back in the black for 2021.

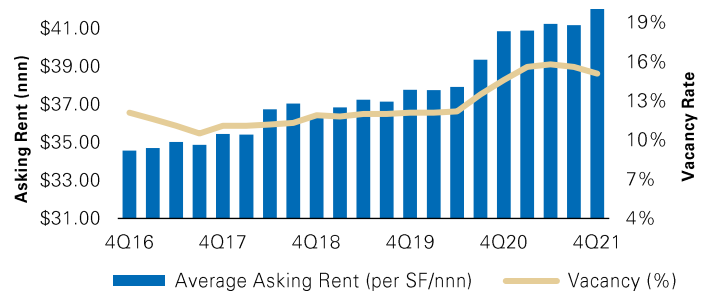
Miami's office sector continued to hold the highest vacancy throughout the State of Florida.

Landlords continued to push asking rents upward as all three class segments saw year-over-year increases in average rates.

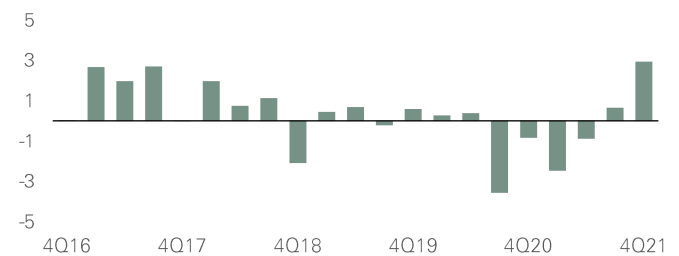
Available sublease space continued its downward climb, decreasing 40 basis points from the 963,00 square feet recorded one year ago to 803,000 square feet at the close of 2021.

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (100,000 SF)



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	49.1M	49.1M	48.8M	↑
Vacancy Rate	15.1%	15.6%	14.6%	↓
Quarterly Net Absorption (SF)	294,543	65,211	(84,120)	↑
Average Asking Rent/SF	\$42.22	\$41.18	\$40.86	↔
Under Construction (SF)	1.0M	1.51M	1.4M	↓
Deliveries	25,040	0	524,047	↑

RESEARCH Q4 2021

Miami Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Overall Average Asking Rent (Price/SF)
Brickell Avenue	6,678,223	664,300	13.8 %	25,220	-20,149	\$63.27	\$43.20	\$54.22
Downtown Miami	7,379,689	0	20.5 %	22,863	-85,141	\$56.32	\$42.07	\$46.85
CBD Total	14,057,912	664,300	17.3 %	48,083	-105,290	\$58.79	\$42.60	\$49.42
Airport West	11,945,479	0	18.0 %	26,312	-255,756	\$35.85	\$34.27	\$34.62
Biscayne Corridor	2,088,237	207,291	31.5 %	52,815	115,683	\$62.88	\$36.92	\$53.27
Coconut Grove	863,536	0	16.6 %	50,519	97,824	\$53.00	\$46.21	\$42.94
Coral Gables	6,376,805	163,741	14.4 %	-3,417	-38,939	\$47.01	\$40.03	\$43.66
Coral Way	822,959	0	2.8 %	1,571	6,065	N/A	\$34.30	\$31.40
East Airport/Hialeah	930,744	0	15.9 %	66,888	70,360	N/A	\$27.25	\$27.24
Kendall/South Dade	4,144,098	0	8.0 %	-16,474	-16,756	\$44.04	\$33.85	\$35.20
Miami Beach	2,099,056	0	5.9 %	2,306	22,471	\$54.66	\$49.24	\$47.56
Miami Lakes	1,806,918	0	14.6 %	15,332	6,878	\$31.17	\$27.27	\$28.40
Northeast Dade	3,432,448	0	6.3 %	48,406	123,122	\$52.88	\$37.46	\$34.78
South Miami	561,200	0	4.3 %	2,202	-622	\$32.25	\$37.97	\$30.24
Suburban Total	35,071,480	371,032	14.2 %	246,460	130,330	\$43.11	\$36.33	\$38.68
Totals	49,129,392	1,035,332	15.1 %	294,543	25,040	\$48.53	\$38.15	\$42.22

Miami Lease / User Transactions				
Tenant	Building	Submarket	Type	Square Feet
McDermott, Will & Emory	Wells Fargo Center-333 Ave of the Americas	Downtown Miami	Renewal/Expansion	51,416
Royal Caribbean Cruise Lines	One Biscayne Tower-2 S Biscayne	Downtown Miami	New	50,427
WIX Inc	The Lincoln-1691 Michican Ave	Miami Beach	Renewal/Expansion	48,148
Crown Castle	One PK Square @ Doral-3470 NW 82 nd Ave	Airport West	New	40,000
Kaseya Corporation	777 Brickell Ave	Brickell	New	26,838

Miami Select Sale Transactions				
Building	Submarket	Sale Price	Price/SF	Square Feet
Westside Plaza Portfolio-8400 NW 33 rd St	Airport West	\$73,000,000	\$189	386,256
Palm Springs Ctr-1840 W 49 th St	East Airport/Hialeah	\$14,700,000	\$141	68,222
801 Arthur Godfrey Rd	Miami Beach	\$22,000,000	\$425	51,806