



Miami Office Market

Miami's office market experienced another quarter of modest growth, setting the stage for continued recovery through 2022. Although demand saw a slight tick downward from the previous quarter, it still outpaced supply with 146,000 square feet of absorbed office space. This was a significant improvement from one year ago as impacts from the pandemic were still being felt. Vacancy fell by 30 basis points to 15.1% from last quarter and this time last year. All three class segments saw similar performances in demand growth during the first quarter of 2022, with Class A edging out the lower-tier segments with 55,000 square feet of absorbed space. The Class B and Class C segments tied with over 45,000 square feet of positive net absorption in each. Higher-end trophy office properties have begun to gain momentum in leasing activity, as the Class A segment will likely continue to lead in demand growth throughout the year. Although no buildings were completed in the first quarter of 2022, construction activity increased slightly from the previous quarter, with four buildings totaling just under 1.0 million square feet of new inventory underway.

The overall average asking rate saw a significant quarterly increase as landlords continued to push asking rents to record levels. The overall average increased by 7.3% from one year ago and is the largest year-over-year jump in recorded history. Leverage remained in the landlords' favor, as Miami finds itself in sunny conditions. Despite market corrections from the pandemic, landlords refused to drop asking rents in all three segments as Class A buildings were the dominating factor, with a \$4.07/SF increase from one year ago. Class B rents saw a much more moderate increase of \$0.81/SF over the past year, while Class C rents increased by \$1.17/SF from the first quarter of 2021 rate.

Leasing and Demand

Leasing activity saw a modest improvement from the previous quarter, with 363 transactions totaling approximately 1.4 million square feet. This was a noticeable improvement from the 817,000 square feet leased one year ago. Class A space still led with over 700,000 square feet of transaction activity and was a noticeable improvement from the first quarter of 2021, while the Class B segment saw over 500,000 square feet of deals signed, a more significant improvement from activity seen this time last year. Class C space remained consistent with 189,000 square feet of activity in the first quarter of 2022. Most deals came in the form of new deals, as Miami held the lead in midsize to larger transactions, totaling over 533,000 square feet. This was consistent from recent quarters, as financial companies led with over 100,700 square feet of leases signed. The business services industry trailed closely with 99,000 square feet, while law firms rounded out the top three with 64,000 square feet of transactions.

Investment Activity

Seven sales totaling over 571,000 square feet occurred during the quarter, for a total value of \$184.2 million. This was consistent from the previous quarter but slightly up from the 318,000 square feet that sold this time last year. Notably, the price-per-square-foot average fell slightly from \$345/SF one year ago to \$322/SF at the close of the first quarter of 2022. This can be attributed to the lack of Class A investment sales as second-tier Class B investment sales dominated the market consisting of five sales totaling 483,578 square feet.

Current Conditions

Miami-Dade experienced another quarter for modest recovery as momentum appeared to be building within the office segment.

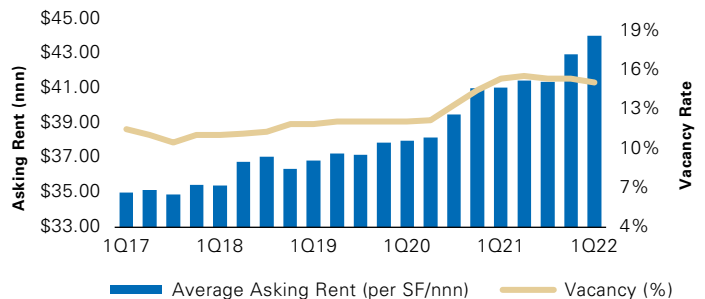
Miami's office sector continued to hold the highest vacancy throughout the State of Florida.

Landlords continued to push asking rents upward as all three class segments saw year-over-year increases in average rates, with Class A seeing record year-over-year growth.

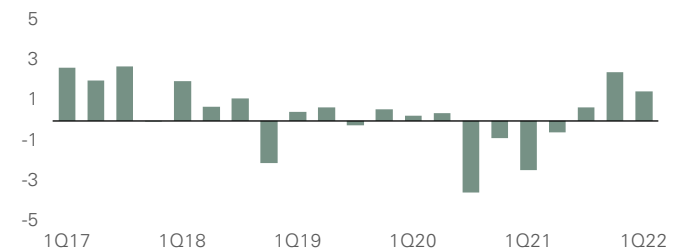
The county led in leasing activity throughout South Florida as new lease deals outpaced the amount of renewals and lease extensions signed within the first quarter of 2022.

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)	49.3M	49.3M	49.0M	↑
Vacancy Rate	15.1%	15.4%	15.4%	↓
Quarterly Net Absorption (SF)	145,954	242,840	(242,569)	↑
Average Asking Rent/SF	\$44.02	\$42.94	\$41.02	↑
Under Construction (SF)	944,701	902,041	1.1M	↓
Deliveries	0	267,591	278,184	↑

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	13.6 %	5,494	5,494	\$64.59	\$44.02	\$56.42
Downtown Miami	7,379,689	0	19.7 %	45,248	45,248	\$57.16	\$43.94	\$47.67
CBD Total	14,057,912	664,300	16.8 %	50,742	50,742	\$59.92	\$43.97	\$50.69
Airport West	11,886,339	0	18.3 %	-29,056	-29,056	\$37.54	\$35.21	\$35.73
Biscayne Corridor	2,295,528	78,000	35.8 %	36,416	36,416	\$66.73	\$39.30	\$58.49
Coconut Grove	863,536	0	12.2 %	18,429	18,429	\$53.00	\$47.34	\$40.28
Coral Gables	6,376,805	163,741	14.1 %	20,991	20,991	\$47.62	\$39.90	\$44.01
Coral Way	822,959	0	3.1 %	-2,504	-2,504	N/A	\$36.56	\$30.09
East Airport/Hialeah	930,744	0	15.9 %	0	0	N/A	\$27.25	\$27.24
Kendall/South Dade	4,144,098	0	7.6 %	14,914	14,914	\$44.85	\$33.92	\$34.97
Miami Beach	2,099,056	38,660	5.2 %	11,360	11,360	\$56.44	\$51.32	\$49.24
Miami Lakes	1,806,918	0	13.5 %	12,003	12,003	\$31.41	\$28.18	\$29.34
Northeast Dade	3,432,448	0	5.9 %	9,593	9,593	\$53.76	\$35.74	\$40.76
South Miami	561,200	0	3.7 %	3,066	3,066	\$32.25	\$45.00	\$30.33
Suburban Total	35,219,631	280,401	14.4 %	95,212	95,212	\$45.84	\$36.30	\$40.49
Totals	49,277,543	944,701	15.1 %	145,954	145,954	\$50.95	\$38.58	\$44.02

Miami Lease / User Transactions				
Tenant	Building	Submarket	Type	Square Feet
Unique Vacations	5505 Waterford, 5505 Blue Lagoon Dr	Airport West	New	55,000
Mastercard	801 Brickell, 801 Brickell Ave	Brickell	Renewal	53,700
Industrious	The Lincoln-1691 Michigan Ave	Miami Beach	New	40,000
Neocis	545Wyn-537 NW 26 th St	Biscayne Corridor	New	37,838
Swatch	Waterford @ Blue Lagoon-800 Waterford Wy	Airport West	New	26,014

Miami Select Sale Transactions				
Building	Submarket	Sale Price	Price/SF	Square Feet
New World Tower-100 N Biscayne Blvd	Downtown Miami	\$81,100,000	\$275	294,694
2000 Ponce de Leon Blvd	Coral Gables	\$14,050,000	\$183	76,677
Wynwood 25 Annex-215 NW 24 th St	Biscayne Corridor	\$49,000,000	\$755	64,900