

A dark, high-angle photograph of the Miami skyline. In the foreground, a large Ferris wheel is visible on the right. The middle ground shows a park area with palm trees and a waterfront promenade. The background is filled with various skyscrapers of different heights and architectural styles. The overall scene is dimly lit, suggesting dusk or dawn.

DOWNTOWN MIAMI

ANNUAL OFFICE MARKET OVERVIEW

MARCH 2023

Table of Contents

Executive Summary	3
Market Trends	5
Market Comparison	7
Representative Office Transactions	8
Tenancing Trends: Co-working Spaces	9
Tenancing Trends: New-to-Market Tenants	10
Office Space Under Construction	11
Planned or Proposed Office Space	12
DDA By The Numbers	13
Acknowledgements	14

EXECUTIVE SUMMARY

Key Takeaways:

- Class A average asking rates are **\$63** as of Q4 2022, a **17% increase year-to-date**.
- There was **422,000 SF** of total net absorption of Class A & B Office space in 2022.
- Just under **19%** of leasing volume in 2022 was for **office spaces larger than 20,000 SF**. The 17 largest tenants leased an average of **49,000 SF** of office space.
- The **26** properties that are under construction and proposed are anticipated to deliver a combined **8.4M SF** of additional supply to the market by 2026.

Miami has become a magnet for companies and talent across the U.S. Downtown Miami has seen tremendous growth in asking rates and leads the South Florida market in that area and in rentable square feet. While major submarkets are recovering from the pandemic and trending upward relative to 2021, Downtown Miami continued to observe positive net absorption in 2022, which grew by 7% since 2021.

Downtown Miami's growing population (estimated at 115,000 in 2020), thriving restaurant scene, top quality hotels, transit access, unbeatable weather, and upcoming state-of-the art office buildings are attracting professional services firms, such as financial and legal services, as well as growing industries such as fin-tech. In some cases, new-to-market tenants are signing long term leases proactively while new product is under construction and leasing existing spaces in the interim. Existing in-market tenants are also extending their stay Downtown via lease renewals and expansions.

Class A

RENTAL RATE

 **\$63**

Weighted average asking rate increased 17% YTD

OCCUPANCY

 **82%**

Direct occupancy increased from 79.9% at the end of Q4 2021

ABSORPTION

 **302,000 SF**

Year-to-date net absorption

Class B

RENTAL RATE

 **\$37**

Weighted average asking rate increased 11% YTD

OCCUPANCY

 **91%**

Direct occupancy increased from 90.3% at the end of Q4 2021

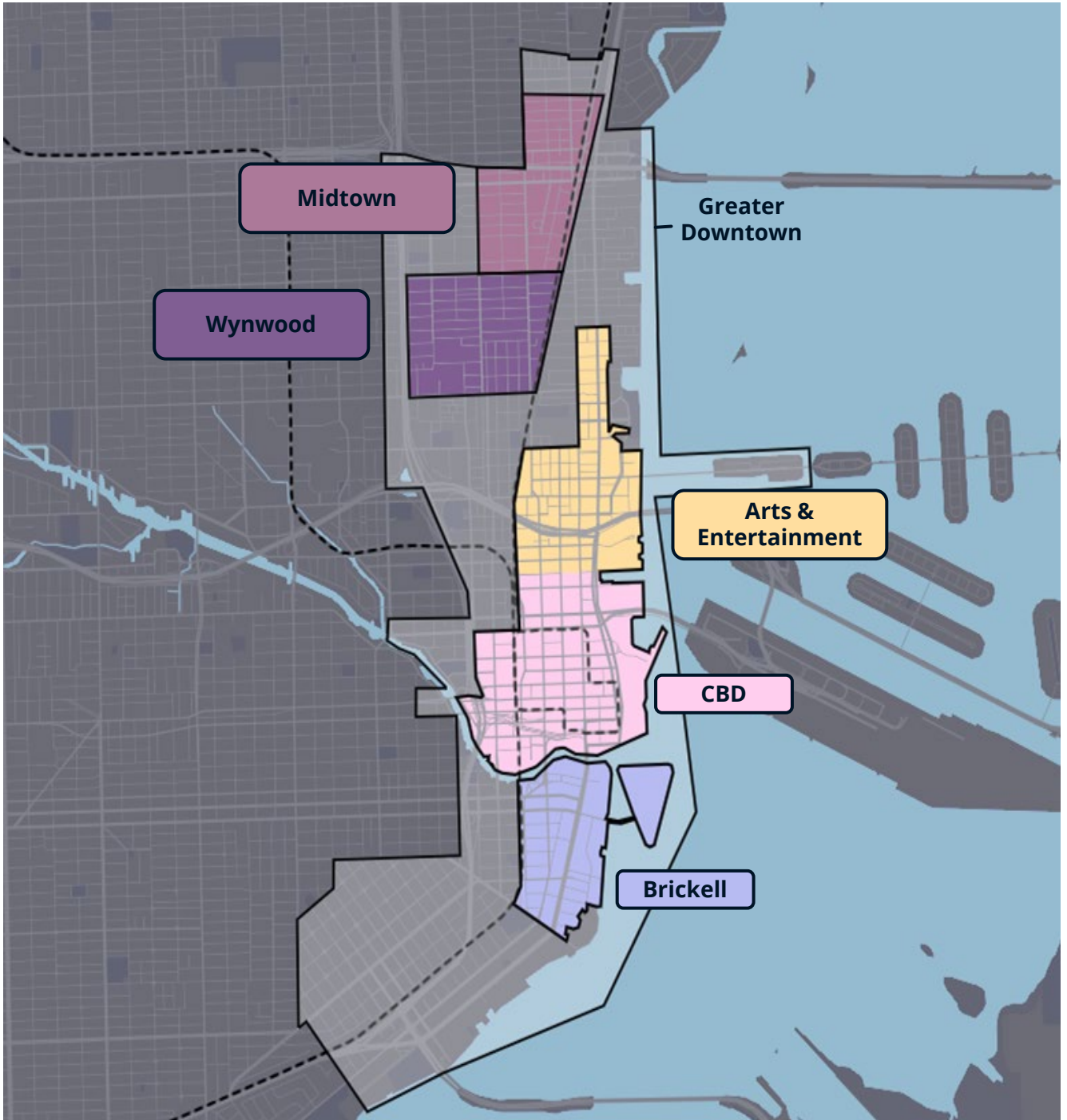
ABSORPTION

 **120,000 SF**

Year-to-date net absorption

GREATER DOWNTOWN DISTRICT MAP

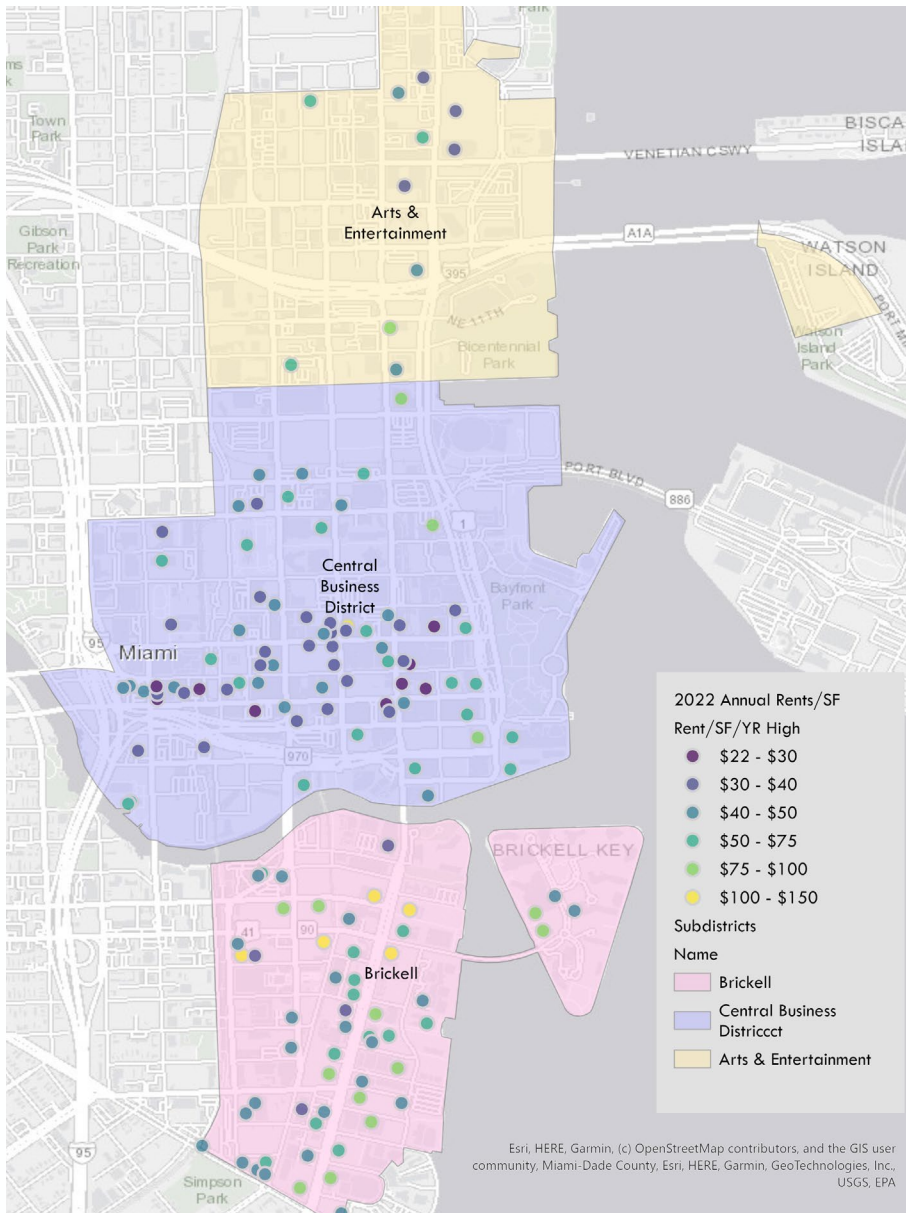
This report refers to Greater Downtown, as outlined in the below map. The Miami DDA consists of three main subdistricts: Downtown / the Central Business District (CBD), Brickell, and the Arts & Entertainment District. Greater Downtown refers to these geographies as well as the neighborhoods of Wynwood and Midtown.



MARKET TRENDS

Rental Rates Distribution

Downtown rental rates rose by **17%** again this year. Based on leasing activity, around 40 are leasing at or below \$50 PSF, 55 are leasing in the \$40-\$50 PSF range, around 30 are leasing in the \$50-\$75 PSF range, and just over 20 are leasing between \$75 and \$150 PSF. **New-to-market office product falls in the \$75 to \$150 range**, which is comparable to New York City rates. Set to be complete in 2023, 830 Brickell, for example, has hit an asking rate of over \$125 PSF on the low end and \$150 PSF on the high end. Other properties leasing at or above \$100 PSF include Two Brickell City Centre, Courvoisier Center I & II, 701 Brickell, and 801 Brickell.



MARKET TRENDS

Rental Rates

Greater Downtown Miami's Class A & B weighted average asking rates increased nearly **21%** in 2022; Class A of space grew by **17%**.

Brickell continues to be the hot spot for rental growth. Class A rates grew **23%**. The weighted average rate there has led the market at **\$81 PSF**. The CBD follows with rates at \$54, a 18% increase from last year's rate.

Downtown Miami Weighted Average Rates
Comparison by Office Class and Geography

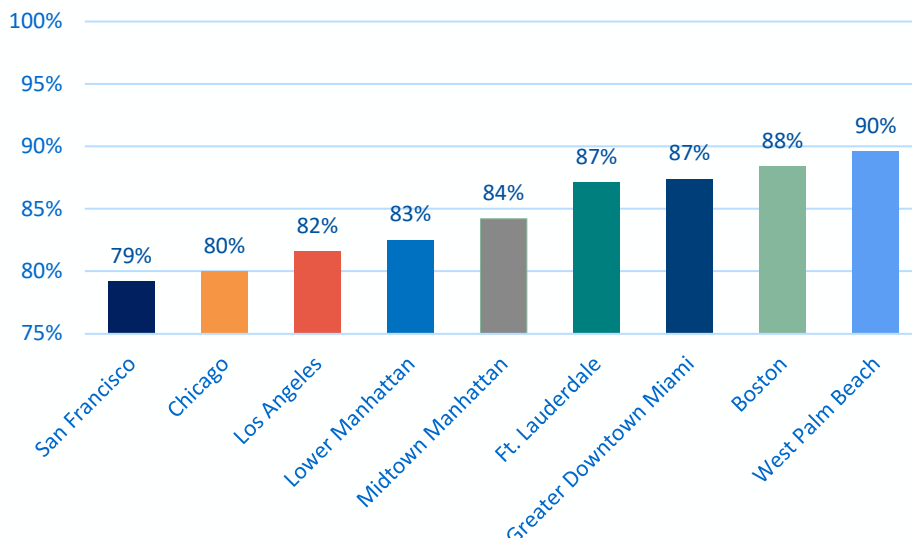


Similarly, to last year, Brickell has also observed the most growth in Class B rates, which grew **18%** with a weighted average rate of **\$49 PSF**. Weighted average rates in the CBD & A&E geographies also grew by 17% and 10% respectively.

Occupancy Rates / Net Absorption

Year-to-date, Greater Downtown Miami experienced **422,000 SF** of positive net absorption across Class A and B buildings. Class A buildings experienced **302,000 SF** of positive net absorption mainly due to the properties under construction, which are due to deliver about **2.5 million SF** to market. When looking at all office classes, Greater Downtown Miami also has the third highest positive absorption rate in comparison to other major downtowns.

Occupancy Comparison by Geography



MARKET COMPARISON

Greater Downtown vs. Other South Florida CBDs

Downtown Miami has the largest office inventory, highest Class A and overall rates, and most construction activity within Miami-Dade County and the state of Florida.

	Greater Downtown	West Palm Beach	Ft. Lauderdale
Inventory SF	28,073,000	4,857,000	11,510,000
Class A Rates	\$66	\$61	\$35
Class B Rates	\$41	\$44	\$29
Overall Rates	\$60	\$57	\$34
Occupancy Percent	87%	90%	87%
Net Absorption SF Total	443,000	118,000	302,000
Lease Deals	338	124	188
Under Construction SF	3,071,000	714,000	33,000
Under Construction %	11%	15%	0.3%

Greater Downtown vs. Other National CBDs

This year, Downtown Miami has the highest overall rental rates, second highest occupancy, and third highest net absorption compared to other major downtowns around the nation. While construction activity was not available for all downtowns, of the available data, Downtown has the third highest amount of new office product under construction.

	Greater Downtown	Chicago	Boston	Los Angeles	San Francisco	Lower Manhattan	Midtown Manhattan
Inventory SF	28,073,000	47,830,000	82,211,000	69,423,000	43,067,000	91,288,000	287,990,000
Class A Rates	\$66	\$28	\$40	\$37	\$67	\$56	\$70
Class B Rates	\$41	\$26	\$38	\$35	\$50	\$45	\$50
Overall Rates	\$60	\$27	\$38	\$36	\$52	\$52	\$55
Occupancy Percent	87%	80%	88%	82%	79%	83%	84%
Net Absorption SF Total	443,000	(,993,000)	950,000	(563,000)	(1,466,000)	(715,000)	3,819,000
Lease Deals	338	396	419	413	325	329	1,828
Under Construction SF	3,071,000	-	3,111,000	293,000	-	49,000	1,950,000
Under Construction %	10.9%	0.0%	3.8%	0.4%	0.0%	0.1%	0.7%

REPRESENTATIVE OFFICE TRANSACTIONS

New Leases

Over **2.2 million square feet** was leased in downtown Miami in 2022. New-to-market tenants continue to increase as do tenants expanding their tenant spaces at their existing locations or moving to new office locations in-market. Arranged from highest to lowest area leased, significant 2022 transactions include:

Tenant/Name	Subdistrict	Area Leased	Move-In Date	Tenure
Kirkland & Ellis	Brickell	99,000	24-Mar	New to Market
Banco Santander	Brickell	96,000	23-May	In-Market
Citadel	Brickell	95,000	23-Jun	New to Market
Bilzin Sumberg	Brickell	84,000	22-Oct	In-Market
Sidley Austin	Brickell	57,000	23-May	New to Market
Kaseya	Brickell	43,000	22-Oct	Expansion
PwC	A&E	38,000	22-Sep	In-Market
Neocis	A&E	38,000	22-Oct	In-Market
Kaseya	Brickell	38,000	22-Aug	Expansion
Winston & Strawn LLP	Brickell	35,000	23-Mar	New to Market
Goldman Sachs	CBD	35,000	23-Sep	Expansion
EFG Capital International Corp	Brickell	32,000	23-Dec	In-Market
MindSPACE	CBD	31,000	23-Jan	New to Market
MindSPACE	A&E	30,000	23-Apr	New to Market
Quest Workspaces	CBD	26,000	22-Sep	In-Market
Millennium Management	Brickell	25,000	22-Dec	New to Market
Morgan Stanley	Brickell	24,000	22-Sep	In-Market

Major Sale Transactions

Miami DDA office property transactions exceeded **\$738 million** in 2022, with an average sales price per square foot of **\$546**.

Building	Year Built	Building SF	Sale Price	Price per SF	% Leased	Building Type	Sale Type
1221 Brickell	1986	408,000 SF	\$286,500,000	\$701	93%	A	Institutional Investment by Investment Manager
Miami Tower	1987	627,000 SF	\$162,500,000	\$259	67%	A	Developer/Owner Acquisition
100 Biscayne	1963	324,000 SF	\$81,100,000	\$249	67%	B	Developer Acquisition
Eagle National Bank/Peace Education Foundation	1959	16,000 SF	\$37,635,000	\$2,352	0%	C	Equity Fund Investment

TENANTING TRENDS: CO-WORKING SPACES

Demand for Move-in Ready Space

Miami's coworking office space remains popular for a range of tenants—startups, small and medium-size firms, and Fortune 100 companies. Firms also span sectors, such as financial services, law firms, technology and real estate. As in 2021, there is continued trend of new-to-market tenants, both corporate relocations and firms seeking new satellite offices, looking for move-in ready spaces as they begin to expand into the Miami market and attempt to figure out how hybrid work affects their employees' office-use. Coworking companies have seen immense demand in Miami:

- WeWork, while closing properties in other geographies, is thriving in the Miami market. It has 3 locations in Greater Downtown. As of Q2 2022, it's 6-location Miami portfolio was 95% occupied. Each location also has a waitlist.
- Quest Workspaces leased 26,000 SF in the CBD geography bringing its Downtown Miami portfolio to 3 locations. Similarly, MindSpace leased 30,000 SF in Wynwood.
- Industrious also has two locations, one in Brickell and one in Wynwood.
- As of Q3 2022, the average rate for a one-to-two person private office suite was \$858 compared to the U.S. average of just under \$800. This is a 33% increase from rates during the pandemic (Q2 2020), which were \$642 in Miami, below the U.S. average of just over \$800 at the time.



A look inside WeWork Brickell.

TENANTING TRENDS: NEW-TO-MARKET TENANTS

Industry Composition

The composition of industries in newly leased spaces continues to diversify with Miami's growing global appeal. Similar to coworking spaces, technology, finance, legal, entertainment, science, and professional services also drove leasing velocity in the permanent office market. Hospitality tenants, such as food and beverage, are also signing leases to cater to the newly arrived workforce. Exciting tenants include:



26,000 SF Expansion
40,000 SF Total

KIRKLAND & ELLIS LLP

94,000 SF



95,000+ SF
Multiple Locations



20,000 SF



95,000 SF



60,000 SF



Our Automation. Your Liberation.™

43,000 + 38,000 SF
Expansion



36,000 SF



20,000 SF Expansion
40,000 SF Total

"The new-to-market leasing activity we're seeing for Miami's Class A market represents how a growing number of companies around the world are looking to establish or expand their footprint in South Florida. These companies are strengthening Downtown/ Brickell's position as one of the most desirable office submarkets in the United States, especially in the eyes of tenants from New York, Chicago and San Francisco, and will serve as a magnet for other tech, finance, investment, and professional services firms."

- **Justin Oates, SVP, Real Estate Equity at Cain International**

"Miami's market is barreling towards major growth and the legal industry has clearly taken note. Sidley's expansion into the city is rooted in service to our clients. By establishing a Miami office, we keep in-step with many of our clients as Florida's financial sector continues to boom. Sidley is particularly excited about the choice to expand into 830 Brickell, an excellent space that positions us at the very heart of Miami's economic hub. This is a vibrant, diverse market and Sidley is thrilled to be a part of it."

- **Beatriz Azcuy, Partner & Head of Real Estate at Sidley Austin LLP**

OFFICE SPACE UNDER CONSTRUCTION

The Downtown Miami office supply will grow **11%** in the next 3 years due to a series of value-add renovations and ground up developments. The total under construction office inventory will add just over **2.5 million SF*** to the existing **28 million SF** of inventory within the Greater Downtown boundaries. The largest 10 under construction properties, based on rentable square-feet, are:

#	Property Name	RBA	Proj. Completion	Asking Rate	Lease Type	Leasing Company
1	830 Brickell	664,000	2023	\$125 - \$150	Full Service	Cushman & Wakefield
2	Miami Riverside Center Office	555,000	2024	\$47 - \$57	Undisclosed	Not Listed
3	Uni Tower	353,000	2024	\$50 - \$61	Undisclosed	Not Listed
4	1 Southside Park - Office	200,000	2024	\$68 - \$83	Undisclosed	Newmark
5	Nikola Tesla Innovation Hub	136,000	2023 (Built: 1980)	\$31 - \$38	Undisclosed	Not Listed
6	Natiivo Creative HQ	135,000	2023	\$48 - \$58	Undisclosed	Not Listed
7	Legacy Office Medical Space	120,000	2024	\$45 - \$54	Undisclosed	Royal Palm Companies
8	The Dorsey - Office	105,000	2023	\$60	NNN	Not Listed
9	Okan Tower- Office	68,000	2025	\$52 - \$64	Undisclosed	Not Listed
10	Society Biscayne	48,000	2022	\$67- \$82	Undisclosed	Witko Group

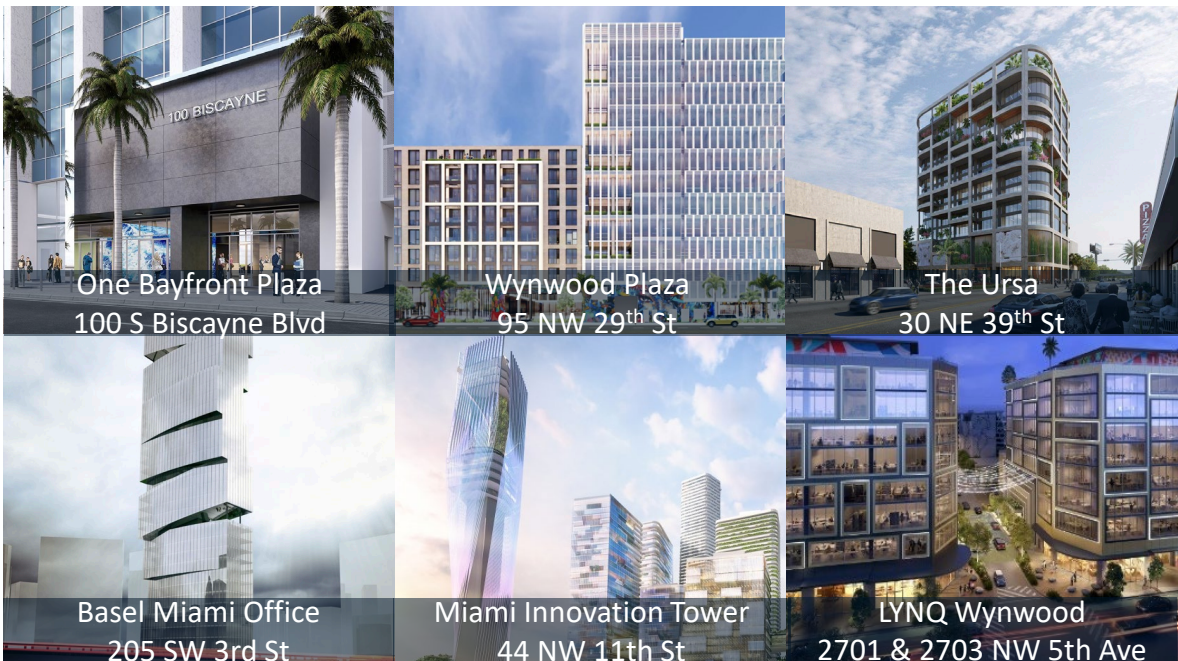


* Sum of the rentable building area for the above Greater Downtown listings.

PLANNED OR PROPOSED OFFICE SPACE

Approximately **5.9 million SF** of Class A office inventory is proposed within the Miami DDA boundaries. The proposed office spaces will be developed in the CBD, Wynwood, Brickell and A&E geographies. Below are the largest properties planned in Greater Downtown as of Q4:

Property Address	Building Class	RBA	Submarket Name	Year Built (Proposed)
700 Brickell Ave	A	1,600,000	Brickell	2026
SW 4th St	A	850,000	CBD	Not Specified
700 N Miami Ave	A	540,000	CBD	Not Specified
100 S Biscayne Blvd	A	537,000	CBD	2026
1010 NE 2nd Ave	A	500,000	A&E	2026
95 NW 29th St	A	266,000	Wynwood	2025
30 NE 39th St	A	240,000	Wynwood	2024
205 SW 3rd St	A	235,000	CBD	2024
400 SE 2nd Ave	A	222,000	CBD	Not Specified
44 NW 11th St	A	210,000	A&E	2026
2701 & 2703 NW 5th Ave	A	164,000 ea.	Wynwood	2026



* Sum of the rentable building area for the above proposed Greater Downtown properties.

DDA BY THE NUMBERS

Class A							
	Miami DDA	A&E	CBD	Brickell	Wynwood	Midtown	Greater Downtown
Number of Buildings	32	3	11	18	4	3	48
Inventory (SF)	12,179,000	1,028,000	5,063,000	6,088,000	560,000	333,000	14,338,000
Occupancy Rate	83%	77%	76%	90%	55%	46%	82%
Market Rent per SF	\$67	\$37	\$56	\$86	\$56	\$70	\$66
Leasing Activity SF Direct (Q1 to Q4 2022)	1,547,000	27,000	373,000	1,147,000	124,000	97,000	1,804,000
Lease Deals	178	1	60	117	6	10	198
Net Absorption SF (Q1 to Q4 2022)	186,000	27,000	157,000	1,900	102,000	47,000	302,000
Under Construction SF	1,895,000	473,000	758,000	664,000	341,000	-	2,344,000

Class B							
	Miami DDA	A&E	CBD	Brickell	Wynwood	Midtown	Greater Downtown
Number of Buildings	68	5	40	23	11	16	148
Inventory (SF)	8,293,000	182,000	5,705,000	2,407,000	240,000	533,000	11,226,000
Occupancy Rate	89%	93%	87%	91%	79%	99%	91%
Market Rent per SF	\$39	\$42	\$36	\$51	\$46	\$50	\$40
Leasing Activity SF Direct (Q1 to Q4 2022)	308,000	10,500	107,000	193,000	10,300	29,400	435,000
Lease Deals	101	2	51	48	5	4	134
Net Absorption SF (Q1 to Q4 2022)	106,000	2,100	(7,200)	111,000	(31,000)	14,500	120,000
Under Construction SF	640,000	-	640,000	-	-	-	728,000

SOURCES & ACKNOWLEDGEMENTS

• CoStar Data (Accessed January 2023)

- Greater Downtown Miami Major Office Properties
- Submarket's Market Area Rents
- Existing Office Square footage
- Inventory
- Office Rental Rates (current and historical)
- Historical office data: absorption, deliveries, vacancy, sales volume, and prices
- Recent deliveries, under construction, and representative transactions
- Under construction projects
- Other Miami Submarkets, Florida CBDs, and National CBD Statistics

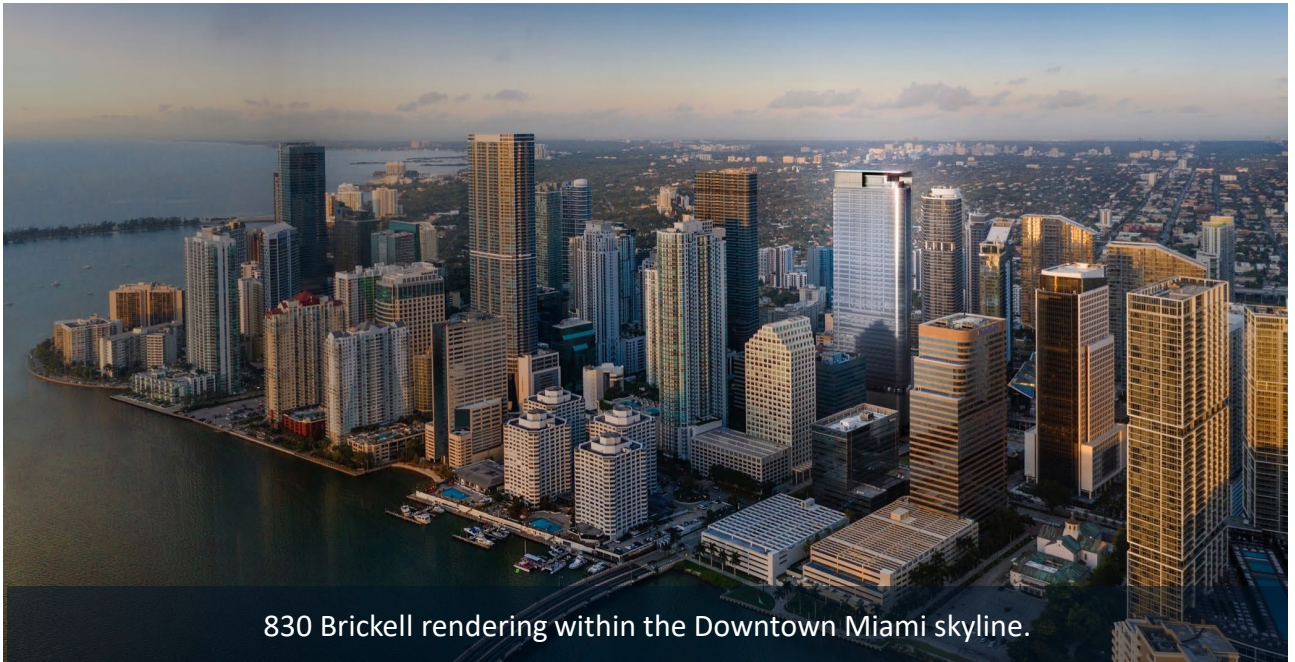
• Featured Articles & Reports

- Cheng, Andria. December 2022. Costar. "WeWork Still Isn't Profitable, but Miami Has Become Its Paradise."
- Correa, Monica. March 2022. Miami Today. "New-to-market tenants spur Wynwood office demand."
- Correa, Monica. November 2022. Miami Today. "Tech, finance and dining fuel Wynwood realty."
- "Gratereaux, Alex. December 2022. BISNOW. "Law Giant Kirkland & Ellis Signs 115K SF Lease For First Miami Office."
- Miami DDA. 2020. *Miami DDA District, Greater Downtown, and 40 Mile Radius Demographics*.
- Nunez, Oscar. August 2022. Florida YIMBY. "Winston & Strawn, Baker McKenzie Sign Leases At OKO Group And Cain International's 55-Story 830 Brickell Office Tower."
- Real Estate Weekly. May 2022. Real Estate Weekly. "Leasing Activity Heats up at The Gateway at Wynwood."

• Image & Logo Credits

- Miami Downtown Development Authority
- WeWork
- Adler Group
- Okan Tower
- LoopNet
- Florida YIMBY
- Profile Miami
- Goldman Properties
- Coworking Mag
- HOK
- Respective Companies

ACKNOWLEDGEMENTS



About Us

HR&A Advisors, Inc. (HR&A) is an industry leader in economic development, real estate and public policy consulting. Equipped with a unique understanding of the intersection of the public and private sectors, our work turns vision into action through rigorous analysis, strategy development, and implementation planning. We have provided strategic advisory services for some of the most complex mixed-use, neighborhood, downtown, campus, and regional development projects across North America and abroad for over forty years.

Disclaimer

The data provided herein is from 2022 and for informational purposes only. All numbers have been rounded to the nearest whole number. This report does not render legal, accounting, appraisal, counseling, investment, or other professional advice. Should such services or other expert assistance be needed, it is recommended that the services of a competent person or firm, having access to the details of the situation, be employed.