

A wide-angle, high-angle photograph of the Miami skyline, including the Freedom Tower and the Biltmore Hotel, with the Biltmore Wheel in the foreground. The image is overlaid with a dark blue gradient. The text 'DOWNTOWN MIAMI' and 'ANNUAL OFFICE MARKET OVERVIEW' is written in white, bold, sans-serif font across the lower half of the image.

**DOWNTOWN MIAMI**  
**ANNUAL OFFICE MARKET OVERVIEW**

MAY 2022

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# EXECUTIVE SUMMARY

## Key Takeaways:

- Class A average asking rates are **\$54.45, 18% increase year-to-date**
- **127,600 SF** of total net absorption of Class A & B Office Space
- **45%** of new leases are **new-to-market** tenants
- The average tenant is leasing approximately **26,000 SF** of office space

Miami has become a magnet for companies and talent across the U.S. While most office markets are only now beginning to recover from the impacts of COVID-19, Downtown Miami has seen tremendous growth in asking rates and currently leads the South Florida market in that area and in rentable square feet. Downtown Miami is also one of the only major markets nationwide to observe positive net absorption throughout 2021.

Downtown Miami's thriving restaurant scene, top quality hotels, transit access, unbeatable weather, and upcoming state-of-the art office buildings are attracting immense new-to-market demand from firms across growing industries such as cryptocurrency and fin-tech, as well as existing companies looking to expand and offer a more attractive office environment to service their clients.

## Class A

### RENTAL RATE

↑ **\$54.45**

Weighted average asking rate increased 18% YTD

### OCCUPANCY

↑ **81%**

Direct occupancy increased from 80.3% at the end of Q4 2020

### ABSORPTION

↑ **21,800 SF**

Year-to-date net absorption

## Class B

### RENTAL RATE

↑ **\$34.30**

Weighted average asking rate increased 18% YTD

### OCCUPANCY

↑ **87.6%**

Direct occupancy increased from 85.3% at the end of Q4 2020

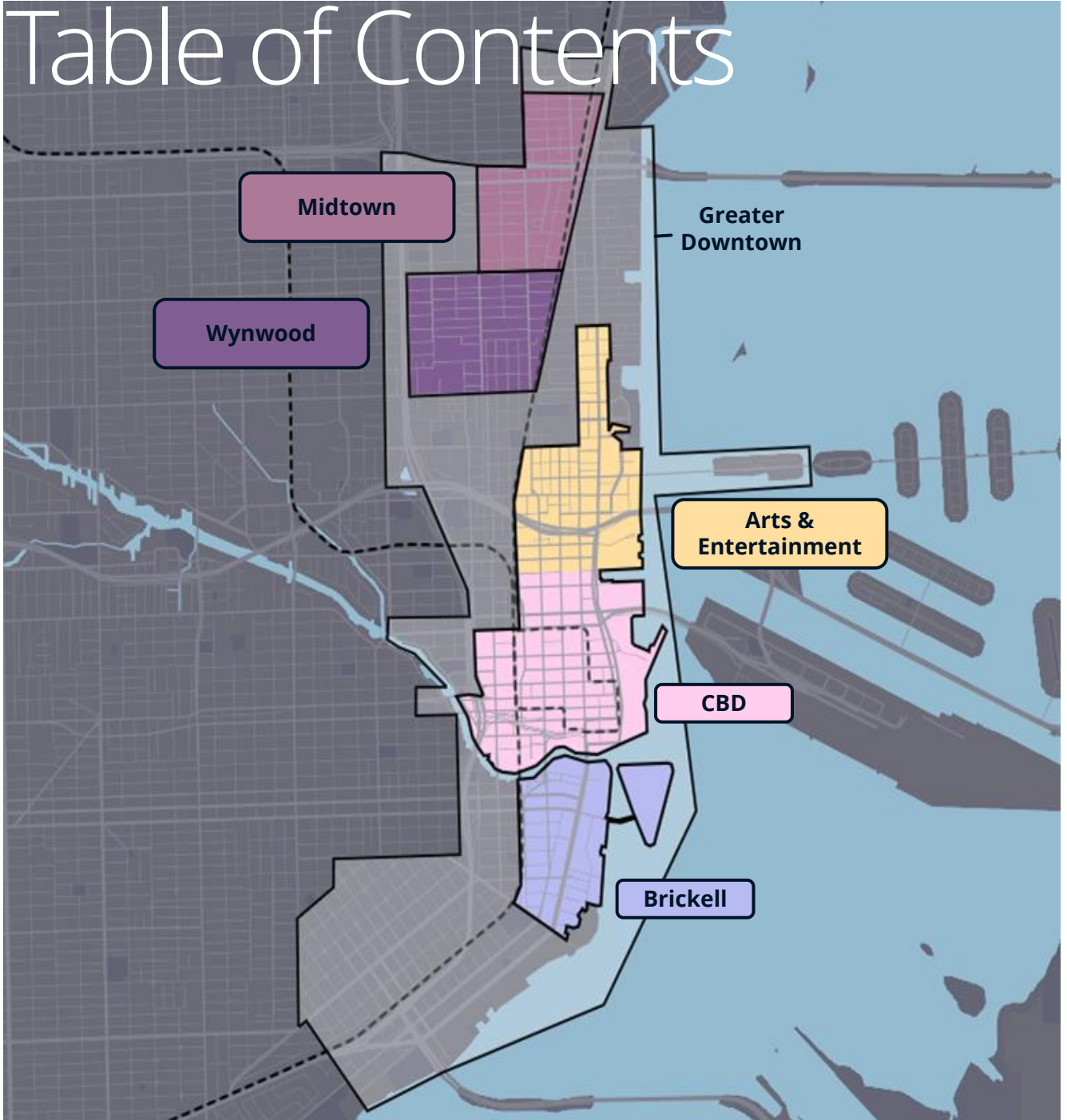
### ABSORPTION

↑ **105,800 SF**

Year-to-date net absorption

# GREATER DOWNTOWN DISTRICT MAP

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



# MARKET TRENDS

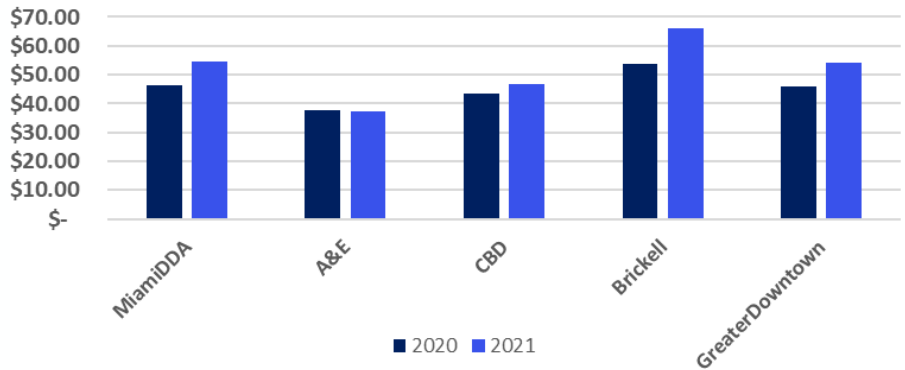
## Rental Rates

Greater Downtown Miami's Class A & B weighted average asking rates increased nearly **16%** over 2020; Class A assets recorded the highest change with an **17%** increase.

The most substantial rent growth has been in the Brickell submarket where Class A rates grew **23%**, the weighted average rate there has led the market at **\$65.90 PSF**.

Brickell has also observed the most growth in Class B rates which grew **8%**, with a weighted average rate of **\$41.30 PSF**.

Weighted Average Class A Rates

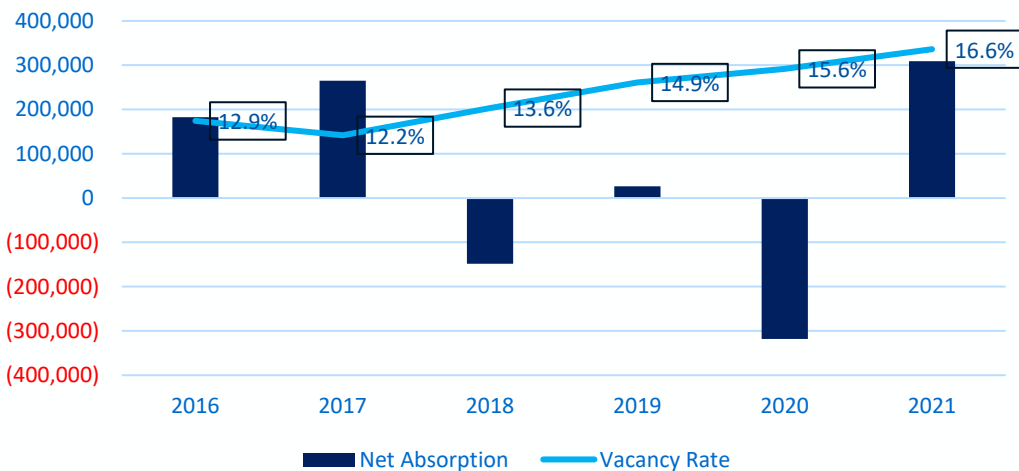


## Vacancy / Net Absorption

Year-to-date, Greater Downtown Miami experienced **309,166 square feet** of positive net absorption across Class A and B buildings – beginning to make up for the impact of COVID in 2020.

Class B buildings experienced **202,252 square feet** of positive net absorption mainly due to firms right-sizing post-COVID and consolidating office space Downtown.

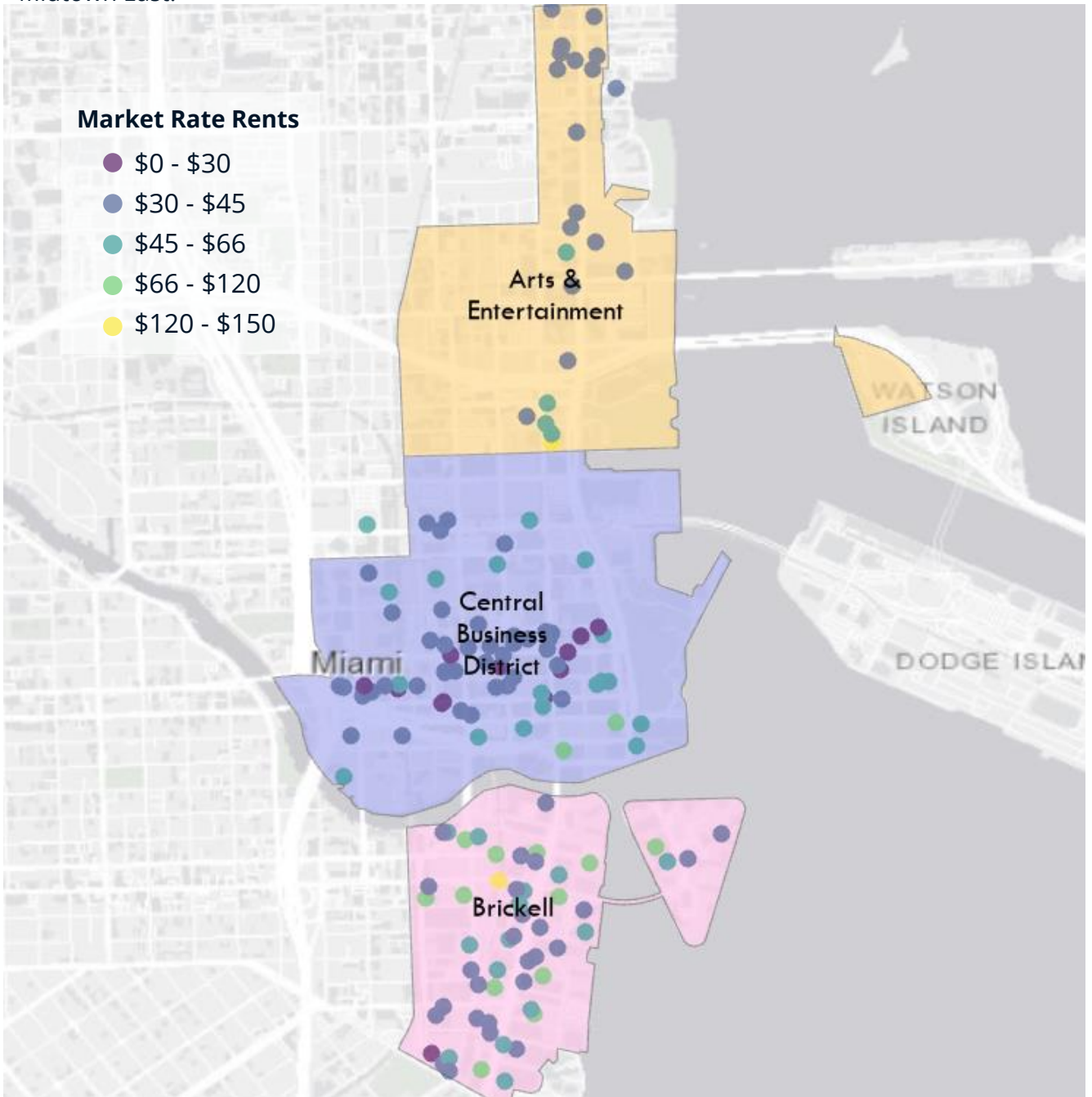
Class A and B Leasing Trends



# MARKET TRENDS

## Rental Rates Distribution

Recent leasing activity at 830 Brickell, currently under construction, has hit an asking rate of over **\$100** per square foot, setting a record price for Miami office space and putting the property on par with pricing in New York City at places like the World Trade Center and Midtown East.



# MARKET COMPARISON

## Greater Downtown vs Other South Florida CBDs

Miami continues to lead the way as the largest downtown office market within Miami-Dade County and the state of Florida in terms of rentable square footage and Class A rental rates.

	Greater Downtown	West Palm Beach	Ft. Lauderdale
Inventory SF	28,471,100	5,909,600	9,982,000
Class A Rates	\$56	\$47	\$34
Class B Rates	\$36	\$33	\$31
Overall Rates	\$51	\$44	\$33
Occupancy Percent	85%	89%	83%
Net Absorption SF Total	150,800	435,300	40,700
Lease Deals	187	56	72
Under Construction SF	1,876,300	210,000	41,600
Under Construction %	7%	4%	0%

## Greater Downtown vs Other National CBDs

Miami best compares to second-tier downtowns in terms of size but is competing with top-tier downtowns in terms of rental rates. Miami is the only CBD of those studied to see positive net absorption in 2021.

	Greater Downtown	Chicago	Boston	Los Angeles	San Francisco	Lower Manhattan	Midtown Manhattan
Inventory SF	28,471,100	47,830,200	48,977,600	68,973,400	62,548,100	122,885,100	319,528,000
Class A Rates	\$56	\$30	\$47	\$37	\$73	\$56	\$72
Class B Rates	\$36	\$28	\$38	\$35	\$57	\$47	\$52
Overall Rates	\$51	\$29	\$38	\$36	\$63	\$52	\$57
Occupancy Percent	85%	84%	86%	83%	84%	88%	88%
Lease Deals	187	142	130	225	137	192	703
Net Absorption SF Total	150,700	(1,720,700)	(2,046,900)	(330,600)	(2,869,500)	(5,077,600)	(7,513,100)
Under Construction SF	1,876,300	-	2,102,200	790,700	-	68,200	12,993,300
Under Construction %	7%	0%	4%	1%	0%	0%	4%

# REPRESENTATIVE OFFICE TRANSACTIONS

## New Leases

The leasing activity in downtown Miami has exceeded **1.3 million square feet** in 2021. New-to-market tenants, typically a small share of lease deals, represented over **45%** of all leasing activity in 2021 compared to the 15% in 2019. The Brickell submarket saw more than **53%** of the total lease transactions, followed by the CBD (34%), and A&E (13%). Significant 2021 transactions include:

Tenant/Name	Subdistrict	Area Leased	Move-In Date	Tenure
Royal Caribbean Cruises	CBD	50,730	Feb-22	In-Market
Microsoft Corporation	Brickell	43,890	Jun-23	New to Market
Thoma Bravo	Brickell	36,500	Oct-22	New to Market
Insigneo	Brickell	27,050	Jun-21	New to Market
Apollo Global Management	Brickell	24,000	Aug-22	New to Market
Polsinelli Law	CBD	23,620	Jan-22	In-Market
Reed Smith	CBD	22,500	Nov-21	New to Market
CI Financial	Brickell	19,680	Jul-22	New to Market
StoneX Group	CBD	15,000	Dec-21	In-Market
Jones, Walker, Waechter, Poitevent, Carrere & Dene	CBD	14,720	Jul-21	In-Market
Turner Broadcasting System	Brickell	13,020	May-21	In-Market
Colliers International	Brickell	11,270	Nov-21	In-Market
Expedia	Brickell	10,000	Oct-22	In-Market
Drake USA	Brickell	9,950	Aug-21	In-Market
Goldberg and Rosen, P.A.	CBD	9,430	May-21	In-Market
BlueCrest Capital	Brickell	9,130	Nov-21	In-Market
Point72 Asset Management L.P.	Brickell	8,630	Jul-21	New to Market

## Major Sale Transactions

Net sales volume surpassed **\$520 million** for office product in 2021 in the Miami DDA, with an average sales price per square foot of **\$333**.

Building	Year Built	Building SF	Sale Price	Price per SF	% Leased	Comments/ Sale Type
Citigroup Center	1983	822,000 SF	\$270,000,000	\$365	75%	Stabilized office building - 90% interest transfer. Recapitalization to complete renovations.
One Biscayne Tower	1972	691,780 SF	\$225,000,000	\$325	65%	Value-add strategy. Buyer plans on executing building improvements and rebrand.
315 S Biscayne Blvd	2006	42,700 SF	\$24,080,000	\$564	0%	Owner-occupied, Related Group sale of former Miami headquarters. Sold 100% vacant.



# CO-WORKING

## Demand for Move-in Ready Space

According to the Witko Group, there are over 1.9M SF of office tenants in the market for space in Miami. There is a growing trend of new-to-market tenants, both corporate relocations and firms looking for 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 and operators such as Industrious are looking to add capacity to the market.



WeWork Southeast Financial Center



Pipeline Workspaces - Brickell

“Currently, many of our spaces, from Miami to Fort Lauderdale to Orlando, are reaching levels of occupancy around 95% — the highest we’ve seen since the onset of the pandemic. Seeing the trends, we are optimistic about the outlook for 2022. All indicators point to Florida continuing to benefit from the wealth and business migration, along with overall population growth. Since we see businesses even more focused on flexible terms today than pre-pandemic times, we are confident that demand for shared workspaces like Pipeline will remain strong.”

- Philippe Houdard, CEO and Co-Founder, Pipeline Workspaces

# TENANTING TRENDS

## Industry Composition

The composition of Industries in newly leased spaces continues to diversify with Miami's growing global appeal. Technology, finance, legal, and professional services drove leasing velocity and growing tech sectors including **blockchain, cryptocurrency, and fin-tech** leading the way with exciting new-to-market tenants such as Crypto.com, Blockchain.com, BlockTower Capital Advisors, Thoma Bravo, Insigneo, StoneX Group, Perimeter X, OppZo, and Haku.

## Geographic Preference

More and more, firms are choosing to relocate to Miami because of its business-friendliness, culture, quality of life, and the appeal of the city's year-round outdoor open-spaces and amenities. Apollo Global Management, a private equity firm with over 1,700 employees and \$461 billion under management decided to open a Miami office after surveying employees on where they wanted to work from.

"Expanding our office footprint is an important part of our talent strategy and attracting and retaining the best and the brightest as we continue to grow our platform. We are not only being responsive to our current teams but are excited to tap into the regional talent network with modern local office space."

- Matthew Breitfelder, Global Head of Human Capital at Apollo Global Management.

"Miami is an incredible place to establish our U.S. headquarters and support our fast-growing U.S. business, it serves as the next logical step for our expansion plans as we work to build the leading high-net-worth wealth management platform in the country. In addition, Miami is a vibrant, multicultural city that offers a deep talent pool, an attractive location for recruiting and a very business-friendly environment."

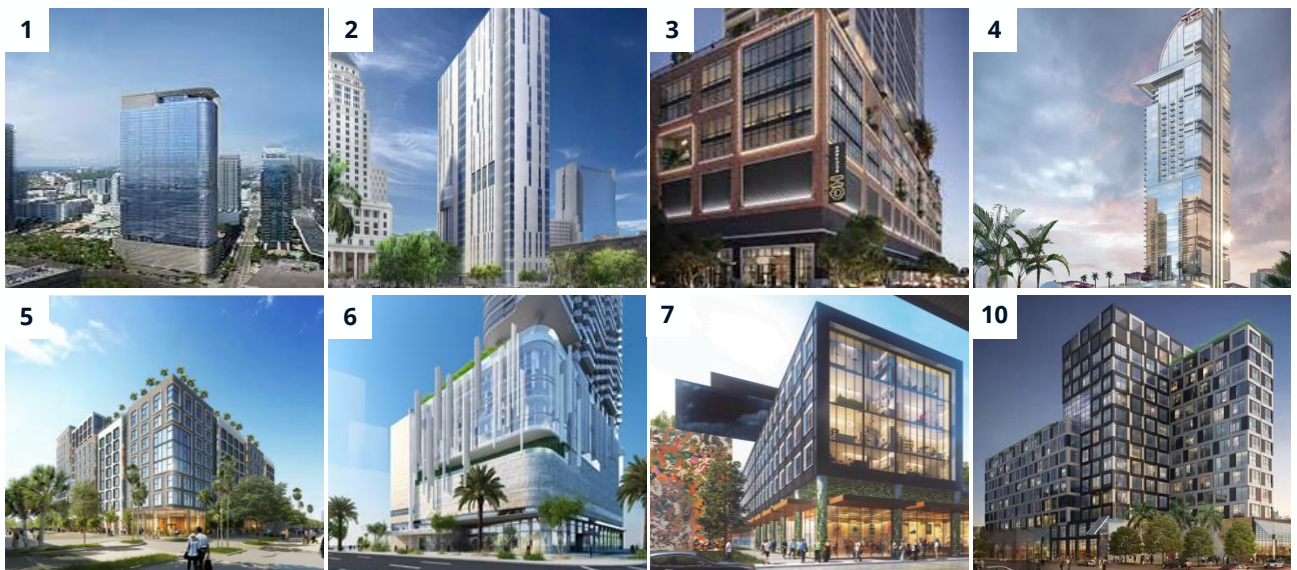
- Kurt MacAlpine, Chief Executive Officer of CI Financial.



# OFFICE SPACE UNDER CONSTRUCTION

The total under construction office inventory is **1,876,300 SF\*** within the Greater Downtown boundaries, three of the projects are depicted below. Based on the existing inventory of 28,471,100 SF, this represents an additional **6.5%** of supply within the next 24 months.

#	Property Name	RBA	Proj. Completion	Asking Rate	Leasing Company
1	830 Brickell	664,300	Q4 2022	\$83 - \$150	Cushman & Wakefield
2	Miami Courthouse	640,000	2024	\$45 - \$55	
3	Natiivo Creative HQ	135,000	2023	\$40 - \$50	
4	Legacy Office Medical Space	120,000	2024	\$40 - \$50	
5	The Dorsey - Office	11,700	Q3 2022	\$50 - \$60	JLL
6	Society Biscayne	48,300	Q2 2022	\$42 - \$52	Witko Group
7	WYND 28	47,000	Q4 2022	\$45 - \$55	
8	Puerto Rican Chamber of Commerce Building	43,460	2023	\$52 - \$64	
9	The Wynwood Office Building	40,000	Q2 2022	\$32 - \$40	Big Move Properties
10	Wynwood 29	26,600	Q3 2022	\$52 - \$64	



# PLANNED OR PROPOSED OFFICE SPACE

Over the next several years, approximately **6,152,000 SF** of office inventory is proposed within the Miami DDA boundaries. The proposed office space represents both new Class A and B inventory and will be located in several different submarkets. A summary of the proposed office space is listed below.

Property Address	Building Class	RBA	Submarket Name	Year Built (Proposed)
700 NW 1st Ave	A	540,000	Downtown Miami	TBD
1010 NE 2nd Ave	B	500,000	Downtown Miami	2023
205 SW 3rd St	A	235,000	Downtown Miami	2023
230 SW 3rd St	A	556,000	Downtown Miami	2023
SW 4th St	A	850,000	Downtown Miami	TBD
90 SW 8th St	A	60,000	Brickell	2023
110 NE 10th St	A	600,000	Downtown Miami	2024
44 NW 11th St	A	210,000	Downtown Miami	2026
70-90 NE 17th St	A	354,000	Miami	2023
100 S Biscayne Blvd	A	537,200	Downtown Miami	2025
444 Brickell Ave	A	66,000	Brickell	2023
700 Brickell Ave	A	1,000,000	Brickell	2024
555 N Miami Ave	A	68,000	Downtown Miami	2025
114 SW North River Dr	B	50,000	Miami	2022
1650 Biscayne Blvd	A	528,000	Biscayne Corridor	2023



Miami Riverside Center,  
230 SW 3rd St



Okan Tower, 555 N Miami Ave



Miami WorldCenter,  
110 NE 10th St

# DDA BY THE NUMBERS

## Class A

	Miami DDA	A&E	CBD	Brickell	Wynwood	Midtown	Greater Downtown
Number of Buildings	31	3	11	17	5	3	45
Inventory (SF)	11,646,600	1,028,000	5,306,700	5,312,000	572,400	330,000	13,546,100
Occupancy Rate	81%	75%	75%	88%	42%	41%	79%
Market Rent per SF (Gross)	\$56.47	\$37.36	\$48.56	\$68.49	\$64.10	\$65.00	\$56.15
Leasing Activity SF Direct (Q1 to Q4 2021)	244,200	5,900	75,000	163,300	108,600	46,336	280,700
Lease Deals	171	4	48	119	14	6	196
Net Absorption (SF) Q1 to Q4 2021	(38,900)	(20,300)	(27,000)	8,400	110,000	21,751	59,600
Under Construction SF	967,600	120,000	183,300	664,300	-	-	1,152,900
Planned/Proposed SF	8,860,000	1,691,000	6,040,000	1,125,000	881,000	180,000	10,980,000

## Class B

	Miami DDA	A&E	CBD	Brickell	Wynwood	Midtown	Greater Downtown
Number of Buildings	71	5	41	25	14	17	150
Inventory (SF)	8,460,300	156,700	5,678,800	2,624,800	227,700	540,000	11,838,000
Occupancy Rate	88%	90%	88%	87%	92%	97%	89%
Market Rent per SF (Gross)	\$35	\$38	\$30	\$43	\$37	\$59	36
Leasing Activity SF Direct (Q1 to Q4 2021)	84,500	4,300	11,900	68,300	29,000	131,000	118,600
Lease Deals	115	3	36	76	15	13	187
Net Absorption (SF) Q1 to Q4 2021	29,300	4,300	27,100	(2,200)	27,000	54,000	79,600
Under Construction SF	640,000	-	640,000	-	-	-	723,500
Planned/Proposed SF	550,000	500,000	50,000	-	-	322,000	1,140,000

# ACKNOWLEDGEMENTS

## Sources

- **CoStar**
  - 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

## Image Credits

- Miami Downtown Development Authority
- WeWork
- Adler Group
- Okan Tower

## 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.

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