

# DOWNTOWN MIAMI

ANNUAL OFFICE MARKET OVERVIEW  
APRIL 2020



# Acknowledgement Credit

Downtown Miami Annual Office Market Overview – April 2020

Prepared for the Miami Downtown Development Authority (DDA)

By Integra Realty Resources (IRR)

This market research report is the first annual publication of office market conditions in Downtown Miami published by IRR. The report was commissioned by the Miami Downtown Development Authority (Miami DDA) to provide an effective framework for understanding the office conditions, critical mass of office, and relative opportunities within each submarket with an emphasis on future study of what factors are contributing to the success of Downtown Miami's office landlords and tenants. The report aggregates proprietary and non-proprietary sources to provide a market-by-market snapshot for landlords and tenants to identify new opportunities in the marketplace by providing useful maps and coding of major projects by submarket that will drive new office opportunities.

For the purpose of this study, the Miami DDA territory includes the following submarkets: Brickell, CBD, Art & Entertainment District, and Wynwood. This report overviews the market conditions as of December 2019.

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## Coronavirus Disease 2019 (COVID-19)

As of the date of this report, the United States economy is starting to experience impacts from the latest worldwide pandemic, Coronavirus Disease 2019 (COVID-19). While this is a rapidly evolving situation, it is unknown at this time what, if any, long-term impact COVID-19 will have on real estate markets. While consideration to overall market conditions are given as of the effective date of this analysis, specific impacts related to COVID-19 are highly speculative as of the date of this report and no material impact on our analysis has been considered. Should at a later date more information and market evidence of impacts from COVID-19 become available, this report is subject to review and revision as necessary.

Data for the study is compiled from various public and IRR proprietary sources, including data layers from IRR Viewpoints, IRR Analytics and IRR DB Metrics databases, as well as CoStar, REIS and MLS. Although we make an effort to confirm the data with primary sources through interviews and proprietary rent rolls, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

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# Executive Summary

Florida is the state with the third largest civilian labor force in the nation with 10.5 million workers. The South Florida region (Miami, Fort Lauderdale, and Palm Beach) is the most populous area in the state and Miami is Florida's largest metropolitan center.

South Florida has evolved from a national to a global tourist destination to a major office hub as it offers unique advantages and benefits from location, connectivity, and tax perspectives. The area is served by two major international airports - Miami International Airport, which saw over 48 million and the Fort Lauderdale International Airport, which saw another 35 million passengers. The Port of Miami is also a trade nexus at the crossroads of north-south and east-west trade lanes, with all major global ocean carrier alliances making call at PortMiami, which favor international global imports and exports. Furthermore, the tax climates is favorable to businesses and employees as Florida is one of the few states with no individual income tax, no corporate income tax on limited partnerships, and limited corporate tax (5.5% income tax), and 6% sales tax. Florida pays its workers and business owners an attractive bonus in the form of 12 months of warm weather, abundant sunshine and easy access to the country's most popular beaches.

Downtown Miami is the heart of the South Florida region. The Ddowntown area has traditionally been a regional employment center with a strong concentration of financial, banking, legal, real estate, and professional services firms. The area now has reached a critical density with residents, workers, tourists, students and visitors; over 250,000 people spend time in the Greater Downtown Miami daily. In just 30 minutes, 1.5 million residents can reach Downtown Miami; and 3.2 million residents in 45 minutes.

Downtown Miami is host to a unique array of neighborhoods that each have their own character. Brickell is Miami's financial hub, with a growing residential component supporting new restaurants, nightlife, and shopping destinations. Tourists are also electing to stay and play in Brickell thanks to a host of hotels throughout the neighborhood. Just across the Miami River from Brickell, the Central Business District (CBD) is the historic center of business, commerce and culture in Miami. The CBD is now evolving into a hub of startups and modern companies, of restaurants and nightlife, and of the quintessential urban lifestyle. Within Greater Downtown lies Wynwood, which has over the years evolved from a warehouse district, to an arts hub, and now to an area that combines large building footprints ripe for a multitude of uses, with arts, restaurants, nightlife, and a growing residential component.

- Downtown Miami contains close to 22 million square feet of office, with a great diversity in rents by neighborhood ranging (on a gross basis) from the teens to over \$65/SF.
- Coworking and flexible office space represents +/- 676,000 square feet, or 4.15% of the total leased office space in Downtown Miami. Major players include WeWork, Regus, Spaces, Industrious and Novel Coworking. There are approximately 34 coworking and flexible office space locations in downtown Miami.
- Despite the delivery of over 650,000 square feet of new Class A office space within seven major buildings over the last two years, market rents are still growing, and the area is still experiencing net absorption.
- There are three major projects under construction that will add 800,000 square feet of office space within the next 12 to 24 months; 545 Wynwood, Wynwood Square, and 830 Brickell. Due to the different location and expected completion dates of each project, IRR forecast that the market will keep positively absorbing the new office space, without disrupting the market or occupancy rates.
- There are several additional projects in the pipeline that are expected to contain office, although not all are fully approved. These include One Brickell City Centre, 888 Brickell Avenue, Miami WorldCenter, Miami 18, One Bayfront Plaza, Wynwood Gateway, and Mana Wynwood.
- Substantial residential growth in the downtown area, along with organic employment growth, increased visitation, and increased county-wide commercial development are all contributing to the improving office fundamentals in greater downtown Miami.
- Leasing office activity in downtown Miami has been averaging 1.5 million square feet per year over the last five years. IRR expects this trend to continue at a similar pace.
- Based on our Miami DDA Employment Estimate By Industry (graph on page 17), the office space usage per industry, the future job growth forecast, and the typical office square footage to employee ratio, IRR forecasts the annual new demand for office space at 300,000 sf to 350,000 sf per year. This represents demand for 1.6 million of new office square feet over the next five years.
- Miami-Dade County is one of the most dynamic employment markets in the nation with a year-over-year employment growth averaging 3.76% in the last three years. Approximately 85,000 employees work in Downtown Miami which represents 6.6% of the county's workforce.
- IRR Miami's analysis of the existing state of Downtown office indicates continued robust growth trajectory as the Downtown Miami area becomes a larger part of the tourist experience, and the residential critical mass continues to evolve. Visitors, residents, and employees alike will benefit from, and be drawn to, new amenities and attractions like SkyRise and the Frost Science Museum.
- Miami DDA 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.
- The Miami DDA office market is currently in the expansion phase of the market cycle. The Miami DDA has the fourth-highest under-construction office space as a percentage of its existing office inventory.
- IRR Miami was asked to research and analyze recent municipal (or city), county, or development authority incentive packages that have been awarded or that are available for corporate downtown relocation or expansion in other U.S. cities, and whether those incentives are sufficient to attract new office tenants with their CBDs. Our research demonstrated that the incentives packages offered for corporate relocation are not enough to attract new offices downtown by themselves. Other demand drivers, specific to each downtown/area, are the main reasons for downtown office relocation.

# Greater Downtown Neighborhood Map

During the course of this study, IRR refers to *Greater Downtown* as the territories outlined below, which includes only the major office clusters of the Greater Downtown Miami. This includes a portion of the Brickell submarket (north of Broadway St/15th Avenue), Downtown/CBD, A&E District with a portion of Edgewater (south of 24th Street along Biscayne Blvd), and Wynwood.



# Representative Office Transactions in 2019

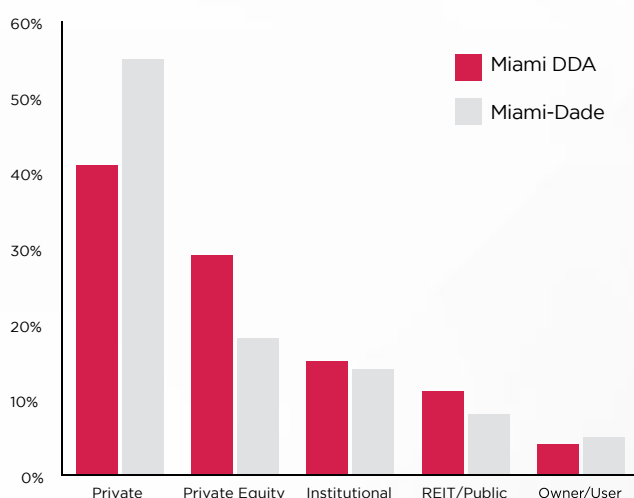
## Major Sale Transactions (> \$20 million)

Net sales volume surpassed \$522 million for office product in 2019 in the Miami DDA, with an average sales price per square foot of \$407. The following table represents the transactions over \$20 million.

	Building	Year Built	RBA	Sale Price	Price per SF	Occupancy at time of sale	Comments/Sale Type
1	Brickell Bay Office Tower	1985	344,000 SF	\$157,000,000	\$480	85%	Stabilized office building- 95% partial interest transfer.
2	800 Brickell	1981/1996	208,000 SF	\$125,500,000	\$603	70%	Value-add strategy.
3	Two MiamiCentral & Three MiamiCentral	2018	318,000 SF	\$170,500,000	\$536	93%	Brand new stabilized office building. The sale price on the deed is \$159.4 million. The difference is due to seller credits for items that include tenant improvements.
4	Museum Tower	1986	260,000 SF	\$64,580,000	\$248	86%	Value-add strategy; buyer plans on investing +/- 4.5 million in renovations.
5	City National Bank Building	1965/1996	139,000 SF	\$25,000,000	\$180	100%	Redevelopment project; acquired by Mana Wynwood.
6	2125 Biscayne Blvd	1965	63,000 SF	\$20,620,000	\$323	61%	Owner-occupied - the buyer, Novel Coworking, is planning on renovating the building and open its first Miami coworking location in Spring 2020.

## Top Buyers - Last 3 Years

Private buyers and private equity firms represents the buyers in most of the transactions that occurred within the last three years in Miami-Dade County, and the Miami DDA.



Source: CoStar Analytics, compiled by Integra Realty Resources

## New Leases

The leasing activity in downtown Miami has exceeded 1.37 million square feet in 2019, with a net absorption of 196,700 square feet. The following chart shows new leases that were signed in 2019. The chart does not include lease renewals.

	Tenant	Submarket	# SF	Move-in Date
1	WeWork	Brickell	167,810 SF	Jan-22
2	WeWork	CBD	88,160 SF	Sep-19
3	Spaces	Brickell	49,000 SF	Mar-20
4	Carlton Fields	CBD	48,249 SF	Jan-20
5	Rialto Mgmt. Group	CBD	48,000 SF	Dec-19
6	Industrious	Brickell	46,118 SF	Jan-20
7	Saul Ewing Arnstein & Lehr LLP	Brickell	36,160 SF	Feb-20
8	Bolton Global Capital	Brickell	22,400 SF	Feb-20
9	Spaces	CBD	20,707 SF	Dec-19
10	Spotify	Wynwood	20,000 SF	Jan-21
11	RBC Wealth Mgmt.	Brickell	18,267 SF	Apr-19
12	CoSuite	Brickell	14,280 SF	Dec-19
13	Soft Bank	Brickell	14,172 SF	Sep-19
14	IberiaBank	Brickell	13,938 SF	Nov-19
15	Buchanan Ongersoll & Ronney Pc	Brickell	13,742 SF	Feb-19
16	Gensler	Wynwood	13,456 SF	Jul-20
17	Sequor Law	Brickell	12,263 SF	Nov-19
18	Live Nation Entertainment	Wynwood	8,000 SF	Sep-19

Source: CoStar, compiled by IRR-Miami.

# Largest Office Tenants and Owner-Users

Tenant	SF	Submarket	Tenant since:	Industry
1 Equinix	670,000 SF	CBD	2002	Financial Institutions
2 Stearns Weaver Miller	221,000 SF	CBD	1999	Law Firms
3 Mana Wynwood	159,000 SF	Wynwood	2019	Business Services
4 Wells Fargo Advisors	147,000 SF	CBD	2010	Financial Institutions
5 Regalia Developers	128,000 SF	CBD	2016	N/A
6 Holland & Knight LLP	121,000 SF	Brickell	2001	Law Firms
7 Akerman	110,000 SF	Brickell	2016	Law Firms
8 Banco Santander International	110,000 SF	Brickell	1996	Financial Institutions
9 Merrill Lynch	105,000 SF	Brickell	1999	Financial Institutions
10 City National Bank	103,000 SF	CBD	2018	Financial Institutions
11 HSBC	98,000 SF	Brickell	2003	Financial Institutions
12 Northern Trust	75,000 SF	Brickell	2013	Financial Institutions
13 Carlton Fields PA	71,000 SF	CBD	2012	Law Firms
14 Shutts & Bowen LLP	68,500 SF	CBD	2015	Law Firms
15 Mastercard Inc.	54,000 SF	Brickell	2011	Business Services
16 Rialto Management Group	48,000 SF	CBD	2019	Real Estate
17 JPMorgan Chase Bank	48,000 SF	Brickell	N/A	Financial Institutions



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# New Deliveries and Office Space Under Construction

The following map represents newly delivered buildings with over 20,000 SF of rentable office space, and the under construction office buildings with over 50,000 SF of rentable office space within the Miami DDA.



Over 650,000 SF of new office space has been delivered across seven Class A office buildings in the Brickell, Wynwood, and Miami CBD submarkets within the last two years. The current asking rents for the remaining spaces in those buildings are averaging between \$35 to \$45 per square foot on a triple net basis, with typical lease terms ranging from five to ten years. Leasing brokers indicated that free rent and a tenant improvement allowance are typically given to the new tenants on case-by-case basis depending on the face rental rate and length of the lease. The CBD submarket absorbed over 275,000 SF of this new office space within the last 24 months.

New tenants in those seven buildings include Spaces, Live Nation, Brightline, WeWork, Cisneros, Ernst & Young, Florida East Industries, MTV, Atlantic Pacific Corporation, Moss & Associates, Regus, Carlton Fields P.A., HNTB, and Viacom.



## New Office Deliveries (Q4 2017 to Q4 2019)



	<b>Two Miami Central</b>	<b>Panorama Tower Office</b>	<b>Three Miami Central</b>	<b>Brickell Heights (Condo Office)</b>
RBA <sup>(1)</sup>	195,000 SF	106,738 SF	90,000 SF	35,000 SF
Stories	10	85	12	6
Year Delivered	2018 Q2	2019	2018 Q1	2017 Q4
Developer	All Aboard Florida	Florida East Coast Realty, LLC	Florida East Coast Industries	Crescent Heights
Avg. Rent	\$40 PSF	\$35 PSF	\$44 PSF	\$55 PSF
Leasing Format	Triple Net	Triple Net	Triple Net	Full Service (Gross)
Direct Space Available	4,566 SF	106,738 SF	6,730 SF	21,837 SF
Leasing Broker	Blanca Commercial Real Estate, Inc.	Florida East Coast Realty, LLC	Blanca Commercial Real Estate, Inc.	Optimar International Realty



	<b>CUBE Wynwd</b>	<b>Wynwood 25 Annex</b>	<b>The Wynwood Garage</b>
RBA <sup>(1)</sup>	77,000 SF	60,000 SF	28,000 SF
Stories	8	8	8
Year Delivered	2019 Q3	2019 Q3	2018
Developer	Redsky Capital	East End Capital	Goldman Properties
Avg. Rent	\$38 PSF	\$59 PSF	N/A
Leasing Format	Triple Net	Modified Gross	
Direct Space Available	55,000 SF	46,000 SF	0 SF
Leasing Broker	Blanca Commercial Real Estate, Inc.	Cushman & Wakefield	

For Sale: 3 office condos (asking prices ranging from \$460/SF to \$620/SF)

<sup>(1)</sup> Includes only the square footage of the office component. *Source: CoStar, compiled by IRR Miami*

## Under Construction

The total under construction office inventory is 907,200 SF within the Miami DDA boundaries. Based on the existing inventory of 21,565,000 SF, this represents an additional 4.2% of supply within the next 24 months. Three of the under construction buildings will house 88% or 800,000 SF of the total 907,200 SF of Class A office being delivered within the next 24 months. Those buildings are located in the Wynwood and Brickell submarkets.



	<b>545 Wyn</b>	<b>Wynwood Square</b>	<b>830 Brickell</b>
RBA <sup>(1)</sup>	271,000 SF	51,000 SF	490,000 SF
Stories	10	4	57
Proj. Completion	2020 Q2	2021 Q2	2022 Q1
Developer	Sterling Bay	One Real Estate Investment	OKO Group
Asking Rate	\$45 PSF	N/A	\$73 PSF
Leasing Format	Triple Net		Full Service
Available Space	257,000 SF	51,000 SF	350,000 SF
Leasing Broker	Newmark Knight Frank	CIM Group LP	Cushman & Wakefield

# Proposed Major Office Projects

The proposed office space represents an additional office inventory of 28% based on the existing and under construction office supply in the Miami DDA. However, not all the projects presented in the following table are expected to come out of the ground as announced. In the next 12 to 24 months, we forecast that approximately 50% of the proposed office pipeline will begin construction.

OFFICE INVENTORY	MIAMI DDA	BRICKELL	CBD	A&E	WYNWOOD
Existing Inventory	21,565,000 SF	9,169,000 SF	10,286,000 SF	1,577,000 SF	533,000 SF
Under Construction Inventory	907,200 SF	490,000 SF	48,000 SF	40,000 SF	329,200 SF
<b>Total Supply</b>	<b>22,472,200 SF</b>	<b>9,659,000 SF</b>	<b>10,334,000 SF</b>	<b>1,617,000 SF</b>	<b>862,200 SF</b>
Proposed Inventory	6,285,871 SF	1,490,478 SF	1,156,733 SF	262,800 SF	861,512 SF
% of Existing and Under Construction Supply	28%	15%	11%	16%	100%

PROJECTED DELIVERY DATE	MIAMI DDA	BRICKELL	CBD	A&E	WYNWOOD
2021	1,507,349 SF	1,053,396 SF	185,100 SF	88,000 SF	180,853 SF
2022	3,870,588 SF	1,060,000 SF	1,205,588 SF	350,000 SF	1,255,000 SF
2023	907,934 SF	370,734 SF	537,200 SF	0 SF	0 SF
<b>Total</b>	<b>6,285,871 SF</b>	<b>2,484,130 SF</b>	<b>1,927,888 SF</b>	<b>438,000 SF</b>	<b>1,435,853 SF</b>
%	100%	40%	31%	7%	23%

The following list includes the proposed project with office space in the Miami DDA. A map showing their location is on the next page.

	NAME	RBA*	STORIES	CLASS	PROJECTED COMPLETION	DEVELOPER
1	1370 NE 2nd Ave	88,000 SF	60	B	2021	Crescent Heights
2	Miami 18 Tower 2	350,000 SF	40	A	2022	Sapir Corp Ltd.
3	Banco Santander	1,053,396 SF	84	A	2021	Banco Santander International
4	One Brickell City Centre	1,000,000 SF	80	A	2022	Swire Properties Inc
5	Brickell Gateway Tower	60,000 SF	48	A	2022	Gazit Horizons, Inc.
6	One Brickell	65,734 SF	N/A	A	2023	The Related Companies
7	888 Brickell Ave	305,000 SF	38	A	N/A	Alphatur, N.V.
8	130 SE 1st Ave	83,100 SF	83	B	2021	
9	114 SW North River Dr	50,000 SF	N/A	B	2021	MV Real Estate Holdings, LLC
10	Basel Miami	52,000 SF	N/A	A	2021	
11	Miami WorldCenter	600,000 SF	45	A	2022	Hines
12	Miami 18 Tower 1	308,000 SF	60	B	2022	Sapir Corp Ltd.
13	Miami Riverside Center	230,000 SF	20	A	2022	Adler Realty Services, LLC
14	Okan Tower	67,588 SF	70	A	2022	Okan Group
15	One Bayfront Plaza	537,200 SF	92	A	2023	Florida East Coast Realty, LLC
16	FORUM	180,853 SF	8	A	2021	JDS Development Group
17	Wynwood Gateway	220,000 SF	12	A	2022	Rose & Berg Realty Group
18	Mana Wynwood	1,000,000 SF	N/A	A	2022	Moishe Mana
19	Wynwood 28	50,000 SF	N/A	A	2022	Kushner Companies Inc

# Proposed Major Office Projects



# Market Comparison Analysis - County and State Level

## Miami DDA vs Other Submarkets in Miami-Dade County

Miami DDA 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.

Coral Gables, Miami Beach, Coconut Grove and Dadeland Class A buildings are following closely with slightly lower Class A rental rates. However, all of those submarkets are significantly smaller than the Miami DDA market. The occupancy rate in the Miami DDA is the lowest in the county, and it is the only submarket with positive absorption over the last four quarters.

	MIAMI DDA	DORAL/ AIRPORT WEST	DADELAND/ KENDALL	CORAL GABLES	MIAMI BEACH	AVENTURA	COCONUT GROVE
Total Inventory (RBA)	21,570,000	18,690,000	11,730,000	11,370,000	4,850,000	2,420,000	2,360,000
Class A rates	\$53	\$35	\$40	\$48	\$49	\$47	\$50
Class B rates	\$38	\$28	\$30	\$38	\$41	\$35	\$37
Average Rental Rate (Gross)	\$46	\$32	\$33	\$45	\$44	\$44	\$44
Occupancy	85.4%	90.7%	95.1%	91.6%	93.1%	89.5%	87.5%
Trailing Four Quarters Absorption: (Q1 to Q4 2019)	197,000	(164,000)	66,000	(39,000)	(30,000)	(5,000)	(37,000)
Under Construction SF	907,000	337,000	143,000	537,000	494,000	149,000	334,000
Under Construction %	4.2%	1.8%	1.2%	4.7%	10.2%	6.2%	14.1%

Source: CoStar Analytics, compiled by IRR Miami

## Miami DDA vs Other Florida CBDs

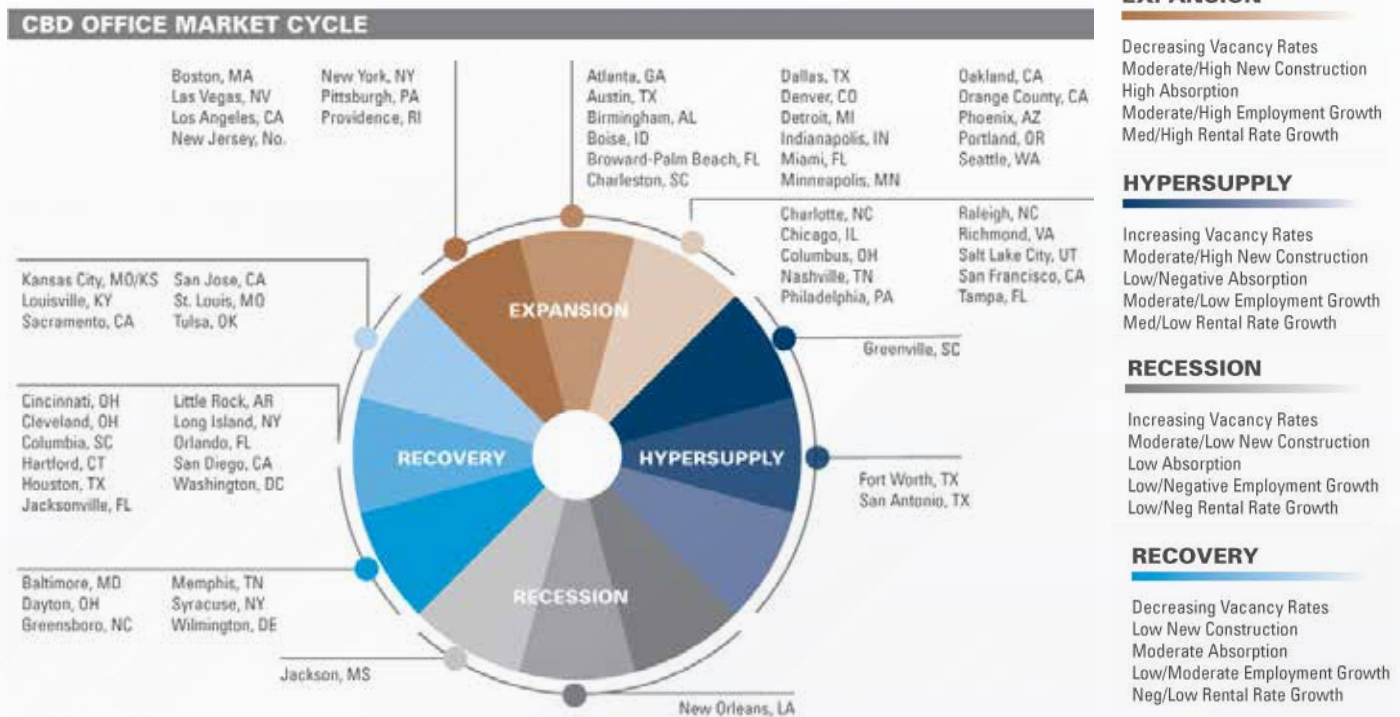
Orlando and Jacksonville are the second and third largest office markets in Florida. However, their Class A rental rates are the lowest amongst the other Florida cities. Fort Lauderdale is trailing closely behind Miami in terms of rental rates, however, the market is half the size of the Miami DDA. Jacksonville, Orlando and Tampa Bay have the highest occupancy rate. West Palm Beach is one of the most active markets in Florida in terms of new under-construction supply, as it will represent an additional 12.7% of square feet over its existing office inventory.

	MIAMI DDA	ORLANDO	JACKSONVILLE	TAMPA BAY	FORT LAUDERDALE	WEST PALM BEACH
Total Inventory (RBA)	21,570,000	11,330,000	11,130,000	10,980,000	9,130,000	5,300,000
Class A rates	\$53	\$28	\$24	\$39	\$46	\$42
Class B rates	\$38	\$23	\$20	\$26	\$36	\$26
Average Rental Rate (Gross)	\$46	\$25	\$22	\$38	\$43	\$38
Occupancy	85%	90%	90%	93%	88%	87%
Trailing Four Quarters Net Absorption: (Q1 to Q4 2019)	197,000	(275,000)	(142,000)	89,000	(194,000)	(106,000)
Under Construction SF	907,000	221,000	62,000	705,000	457,000	672,000
Under Construction %	4.2%	2.0%	0.4%	6.4%	5.0%	12.7%

Source: CoStar Analytics, compiled by IRR-Miami.

# Market Comparison Analysis - National

The following chart shows the current state of the largest CBD office markets within the country based on the information collected by all the IRR offices across the country.



Source: Integra Realty Resources, Inc. All rights reserved.

## Miami DDA vs Other National CBDs

IRR selected ten other national CBD markets that are currently in an expansion phase. Miami best compares to second-tier downtown office markets in terms of size, but it is competing with top-tier downtowns in terms of rental rates. When compared to the ten other markets, the Miami DDA has the fourth highest under-construction office space as a percentage of its existing inventory.

TOP-TIER CBDs	MIAMI DDA	NEW YORK CITY	CHICAGO	SAN FRANCISCO	LOS ANGELES	HOUSTON	BOSTON
Total Inventory (RBA)	21,570,000	548,000,000	113,000,000	108,000,000	66,500,000	51,200,000	43,000,000
Class A rates	\$53	\$81	\$43	\$78	\$43	\$40	\$63
Class B rates	\$38	\$63	\$36	\$65	\$35	\$30	\$45
Avg. Rental Rate (Gross)	\$46	\$73	\$39	\$73	\$39	\$37	\$58
Occupancy	85%	92%	89%	95%	86%	80%	92%
Trailing Four Quarter Absorption: (Q1 - Q4 19)	197,000	5,500,000	221,000	1,231,000	(291,000)	397,000	566,000
Under Construction SF	907,000	17,100,000	673,000	2,300,000	1,059,000	1,300,000	871,000
Under Construction %	4.2%	3.1%	0.6%	2.1%	1.6%	2.5%	2.0%

SECOND-TIER CBDs	MIAMI DDA	ATLANTA	DALLAS	DENVER	CHARLOTTE	AUSTIN	NASHVILLE
Total Inventory (RBA)	21,570,000	36,500,000	33,900,000	26,110,000	23,360,000	17,270,000	15,540,000
Class A rates	\$53	\$29	\$28	\$35	\$35	\$54	\$35
Class B rates	\$38	\$26	\$20	\$29	\$29	\$47	\$28
Avg. Rental Rate (Gross)	\$46	\$27	\$26	\$34	\$34	\$52	\$32
Occupancy	85%	90%	78%	87%	93%	95%	94%
Trailing Four Quarter Absorption: (Q1 - Q4 19)	197,000	57,600	(515,000)	135,000	1,294,000	21,000	370,000
Under Construction SF	907,000	103,000	259,000	639,000	1,746,000	3,126,000	4,498,000
Under Construction %	4.2%	0.3%	0.8%	2.4%	7.5%	18.1%	28.9%







Source: CoStar Analytics, compiled by IRR Miami.

# Case Studies

As part of our scope of work, the DDA asked IRR Miami to research and analyze recent municipal (or city), County, or development authority incentive packages that have been awarded or that are available for corporate downtown relocation or expansion in other U.S. cities. Incentives aim to encourage firms to expand into local areas, generate investment, and create jobs. They can be given in different forms; tax abatement, tax credits, target industry incentives, workforce training incentives, and direct grants, among other examples.

IRR Miami reached out to other Integra Realty Resources across the ten markets in expansion from the previous section to get an understanding of the office space demand drivers within their CBD's. Furthermore, we asked them for specific examples of incentives that were given to attract new office tenants, the impact of local/state incentives, if any, to attract new office tenants/businesses in their CBDs. We also asked them outside of financial incentives or government inducements to explain the specific factors that are contributing to new demand for office. A few case studies are presented on the next page.

Our research showed that the main demand drivers and advantages for a downtown city location are the following:

<p><b>Access to a larger, more diverse, talent pool</b> – A central city headquarter attracts workers from all compass points, rather than a single suburban quadrant.</p>		<p>Downtown Miami features the highest residential density in Florida and serves as the cultural, entertainment, and travel hub of the region.</p>
<p><b>Closer connections with customers and marketplace developments</b> – Remote headquarters can foster an insularity that blinds com, where employees have more contact with the world outside their organization, trends become apparent earlier, giving company more time to respond.</p>		<p>Miami is in the center of the population of the Americas and is within minutes from Florida's largest international airport (Miami International Airport). Locally, Downtown Miami serves as the Central Business District for South Florida.</p>
<p><b>World-class universities</b> – Bigger pipeline of graduate coming out of more prestigious business universities.</p>		<p>Miami has top universities in and near the city, and thousands of alumni from top universities from around the world.</p>
<p><b>Quality of life and Access to cultural amenities</b> – Cost of living, availability of housing options for the employees, things to do in the area are all consideration that play a factor into retaining quality employees.</p>		<p>Miami provides world-class, top-tier city value with modern museums, performing arts and concert venues, sporting teams, restaurants and nightlife, local green spaces and nearby national parks, and world-renowned weather.</p>
<p><b>Physical location advantages and connectivity</b> – Physical proximity to other markets, connectivity via land, air, and water; traffic, commuting time and public mass transit options.</p>		<p>Miami connects to the region via the Interstate Highway System (I-95 and I-75), Florida's Turnpike, and US-1. Passenger rail connections to the region include Brightline Trains, Tri-Rail, and Amtrak. Miami is linked to the world for travel and trade by Miami International Airport and the Port of Miami.</p>
<p><b>Business-friendly climate</b> – Corporate tax-rates and local/state politic climate.</p>		<p>Downtown Miami companies have:</p> <ul style="list-style-type: none"> <li>• No corporate tax on limited partnerships</li> <li>• No franchise tax on capital stock</li> <li>• No local corporate income taxes</li> <li>• No property tax on business inventories</li> <li>• No local personal income taxes</li> <li>• No state personal income taxes</li> <li>• A sales tax exemption on the labor component of R&amp;D expenditures</li> </ul>

Our research demonstrated that the incentives packages offered for corporate relocation are typically not enough to attract new offices downtown by themselves. Other demand drivers, specific to each downtown/area, are the main reasons for downtown office relocation.

Most example of recent local and state incentives where given for distribution and logistics facilities, data centers, and technology-related centers in suburban locations. As an example, the City Council of Charlotte approved a \$13.4 million incentive in form of a road infrastructure reimbursement to Amazon to build a \$200 million distribution center in West Charlotte, which is expected to employ 1,500 workers.

A recent study Evaluating State and Local Business Tax Incentives studied three type of incentives given in the U.S.; state corporate taxes, state tax credits, and firm-specific incentives—and the tradeoffs involved with using them to achieve local and national objectives. Authors found that while state and local governments spend considerable revenue on business tax incentives (~ \$45 billion per year), there is limited evidence that subsidized firms have employment spillovers in the local economy, a factor that is often used to justify the deals to the public. The study also found that state and local agencies offer more incentives when the government is up for re-election, incentives tend to go to large companies, the average subsidy's cost per-job is \$12,000 per year, and that firm-specific subsidies most often go to large establishments in manufacturing, technology and high-skilled services industries.

The study also found that data transparency is an issue, and that reporting requirements give too much discretion to governments in terms of what to report and how to report it. The data are not yet uniform, comprehensive, or high-quality. Despite these new accounting rules, roughly half of municipalities have not disclosed any revenue lost to tax incentives in their annual financial report. Furthermore, most of the incentives are given on a discretionary basis.

Local and state incentives are available for corporate relocation in Miami. The Miami-Dade Beacon Council can help qualified compaignies navigate the application process for the business benefits. A list of these incentives is available on the following website: <https://www.beaconcouncil.com/solutions/locating-expanding-companies/incentives/>.

# Case Studies

## Chicago

**McDonald's** (NYSE:MCD)



**Move Type:**

Relocation from Oak Brook, IL (20 miles outside Chicago) in 2018

**Employees/Office Size:**

2,000 employees; 550,000 SF

**Incentives:** None

**Reasons to move:**

Access to a larger talent pool and Closer connections with customers and marketplace developments. The company said it has received nearly 200,000 job applications since moving in downtown, which is a sizeable increase.

**Molson Coors Beverage Co.** (NYSE: TAP)



**Move Type:**

Relocation from Denver, CO

**Employees/Office Size:**

300 jobs

**Incentives:** None

**Reasons to move:**

Need to retain corporate marketing talent, Closer connections with customers and marketplace development, and More international flights.

**Walgreens** (NASDAQ: WBA)



**Move Type:**

Relocation from Deerfield, IL and other downtown Chicago location

**Employees/Office Size:**

1,800 employees; 500 employees moved from another downtown office and 1,300 from Walgreens suburban campus in Deerfield, IL.

**Incentives:** None to Walgreens, but the landlord received historic tax credits totaling \$100 million over the life of the redevelopment of the Old Post Office

**Reasons to move:**

Possibility to recruit and retain tech-talent and bring them together in an environment where cross-functional cooperation will be possible; Access to cultural amenities

**Mondelez International, Inc.** (NASDAQ : MDLZ)



**Move Type:**

Relocation from Denver, CO

**Employees/Office Size:**

400 jobs; 83,000 sf

**Incentives:** None

**Reasons to move:**

"We sought a location that reflects our new, dynamic and more consumer-centric growth culture, and which will make existing and future colleagues proud to be working at the global headquarters of a \$26B global snacking leader". - Dirk Van de Put, chairman and CEO of Mondelez International

## Nashville

**AllianceBertstein** (NYSE: AB)



**Move Type:**

Relocation from Manhattan, NYC

**Employees/Office Size:**

1,050 employees by 2024 with an average annual salary ranging from \$150,000 to \$200,000; 205,000 sf

**Incentives:** None

**Reasons to move:**

Nashville was chosen over 29 other cities for a list of reasons, according to its CEO, Seth Bernstein. Among them were housing, access to universities, cultural amenities, weather, cost of living, business friendliness, ability to source talent, diversity and inclusion.

The company said it has received nearly 25,000 job applications in between January and November 2019, which is a sizeable increase.

"The company's ability to hire high-quality workers for its Nashville office has exceeded expectations". - Seth Bernstein, CEO

"Nashville's a great place to live, our commute to work is easier, the quality of life is better, and I'm already enjoying more of this city and the things it offers than I had time to do in New York" - Top Executive from AB that recently relocated to Nashville, TN.

## Austin

**Google** (NASDAQ: GOOGL)



**Move Type:**

Expansion of current downtown office (currently 700 employees downtown)

**Employees/Office Size:**

Up to 5,000 employees; 723,000 Sf (under construction 2023)

**Incentives:** None

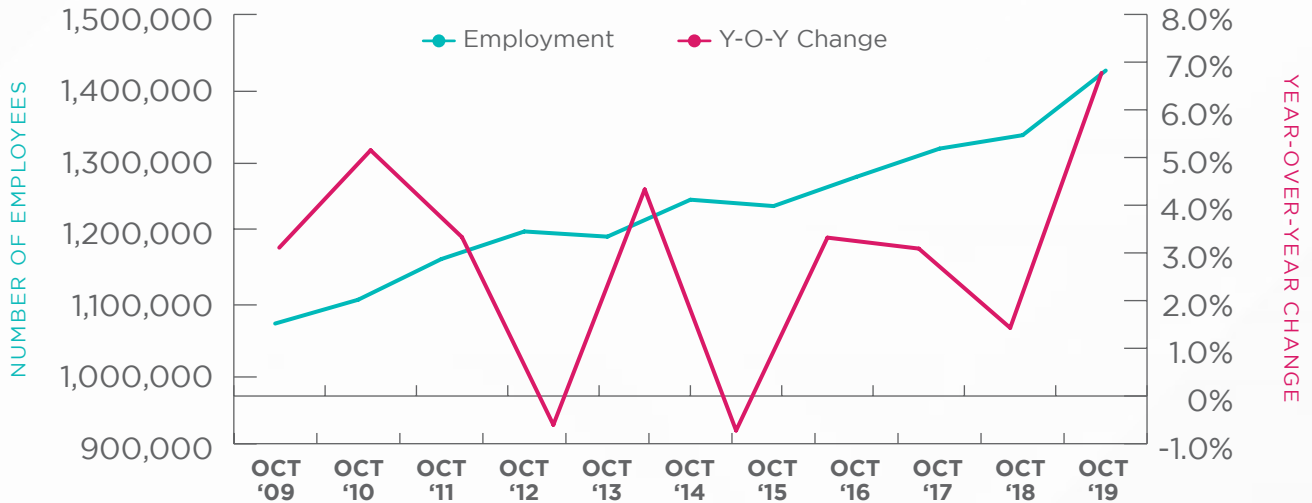
**Reasons to move:**

Access to a large talent pool, Closer connections with customers and marketplace developments, Business-friendly practices. The company said it has received nearly 200,000 job applications since moving in downtown, which is a sizeable increase.

# Employment Trends and New Office Demand Forecast

The employment market in Miami-Dade County is one of the healthiest in the country with an unemployment rate of 2.7%, and a year-over-year job growth of 6.77% within the last year.

## Historical Employment Statistics in Miami-Dade County (Trailing 10 years)

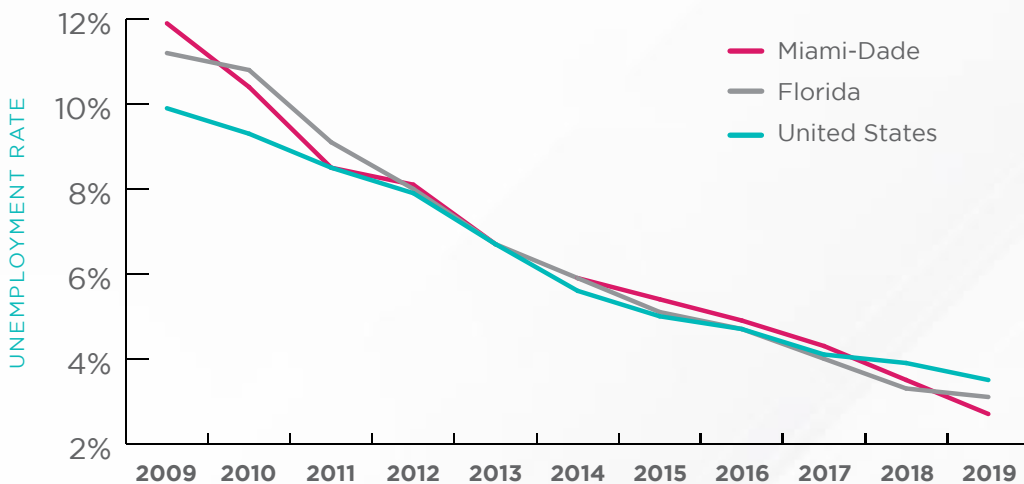


3-YEAR AVERAGE **3.76%**

5-YEAR AVERAGE **2.78%**

10-YEAR AVERAGE **2.92%**

## Historical Unemployment Statistics



Source: BLS - Local Area Employment Statistics for Miami-Miami Beach-Kendall, FL. December 2019. Compiled by IRR Miami.

### Current Unemployment Rates

**2.7%**  
MIAMI-DADE

**3.1%**  
FLORIDA

**3.5%**  
UNITED STATES



## Current Employment - Miami-Dade County & Miami DDA

The following table shows the current employment in Miami-Dade County, and in the Miami DDA per job industry. Overall, approximately 6.63% of the total county jobs are located within the Miami DDA, representing 85,500 employees.

JOBS BY INDUSTRY	MIAMI-DADE COUNTY	MIAMI DDA	MIAMI DDA AS A % OF MIAMI-DADE COUNTY
Agriculture	8,542	64	0.75%
Mining	595	102	17.14%
Construction	49,425	1,675	3.39%
Manufacturing	42,566	1,182	2.78%
Utilities	2,383	4	0.17%
Wholesale Trade	75,791	1,416	1.87%
Retail Trade	151,564	6,223	4.11%
Transportation & Warehousing	71,539	801	1.12%
Information	18,782	2,349	12.51%
Finance & Insurance	52,882	7,769	14.69%
Real Estate Rental & Leasing	28,897	5,183	17.94%
Professional, Scientific & Tech Services	82,416	24,324	29.51%
Management of Companies & Enterprises	10,587	998	9.43%
Administrative & Support & Waste Management	86,837	3,572	4.11%
Educational Services	36,167	1,757	4.86%
Health Care & Social Assistance	154,062	1,984	1.29%
Art, Entertainment & Recreation	15,506	2,927	18.88%
Accommodation & Food Services	131,315	10,914	8.31%
Other Services (except Public administration)	44,640	3,007	6.74%
Public Administration	145,014	8,926	6.16%
Self-employed/Other	80,212	314	0.39%
<b>Total</b>	<b>1,289,723</b>	<b>85,491</b>	<b>6.63%</b>

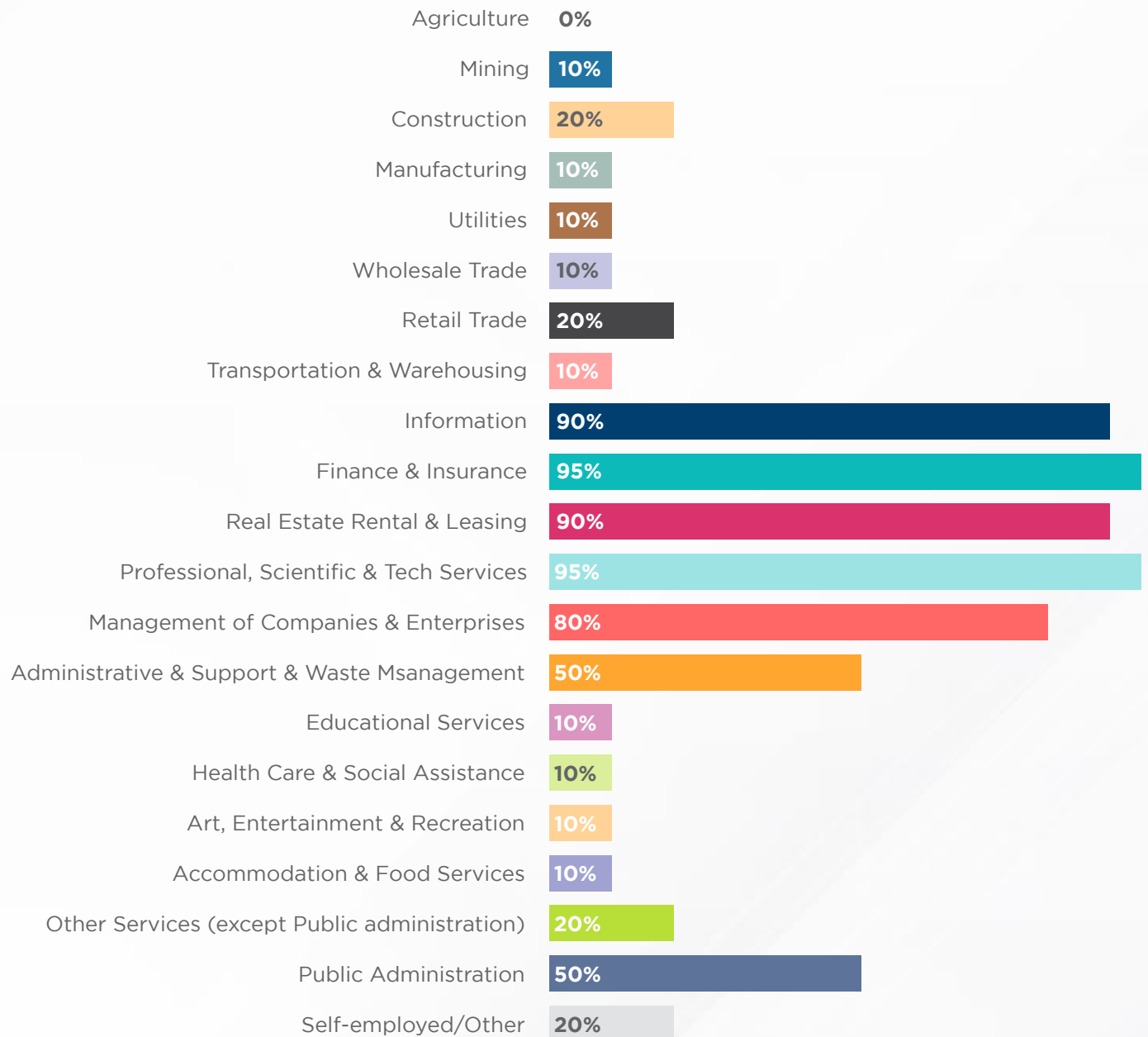
Source: Florida Department of Economic Opportunity, Bureau of Workforce Statistics & Economic Research, ESRI Business Analyst, BLS - December 2019. Compiled by IRR Miami.



# Employment Trends and Office Demand

## Business Employment by Industry and Office Use

The following table represents the approximate office space usage per industry. This is utilized to estimate future office demand. For example, a business in agriculture does not need office space (0%), while a company in Finance & Insurance will conduct the majority of its business via a physical office (95)



Source: Florida Department of Economic Opportunity, Bureau of Workforce Statistics & Economic Research, ESRI Business Analyst, BLS - December 2019. Compiled by IRR Miami.

# Employment Trends and Office Demand

## Job Growth Forecast

We relied on the historical year-over-year job growth to forecast the next 3 to 5 years job growth in Miami DDA. The 3-year average is 3.76%, while the 5-year average is 2.78%. Per the Bureau of Labor Statistics (BLS), the year-over-year employment rate growth is expected to slow down from 0.8% to 0.5% within the next 10 years. As such, we forecast the average growth rate to be between 2.5% and 3.0% for the next 3 to 5 years.

YEARLY JOB GROWTH	2.00%	2.50%	3.00%	3.50%	4.00%
Year					
2020	973	1,217	1,460	1,703	1,947
2021	998	1,247	1,504	1,763	2,015
2022	1,023	1,278	1,549	1,825	2,085
2023	1,048	1,310	1,595	1,889	2,158
2024	1,074	1,343	1,643	1,955	2,234
<b>Total</b>	<b>5,116</b>	<b>6,395</b>	<b>7,751</b>	<b>9,134</b>	<b>10,439</b>



## Office Demand from Job Growth

Based on our Miami DDA employment estimate by industry, the office space usage per industry, the future job growth forecast, and the typical office square footage to employee ratio, IRR forecasts the annual new demand for office space at 300,000 sf to 350,000 sf per year. This represents demand for 1.6 million new office square feet over the next five years. This office demand projection is composed of new companies, existing companies relocating to downtown Miami, and existing companies already in downtown Miami that will organically grow within the 5 next years.

# OF NEW EMPLOYEES	SF/USER	DEMAND
1200	200 SF/Employee	240,000 SF
	250 SF/Employee	300,000 SF
1300	200 SF/Employee	260,000 SF
	250 SF/Employee	325,000 SF
1400	200 SF/Employee	280,000 SF
	250 SF/Employee	350,000 SF
1500	200 SF/Employee	300,000 SF
	250 SF/Employee	375,000 SF
1600	200 SF/Employee	320,000 SF
	250 SF/Employee	400,000 SF

# Coworking and Flexible Office Space

Demand for coworking and flexible office space has been surging in all the major U.S. markets within the last ten years as it offers turn-key space with lease flexibility, limited capital expenditure costs, access to amenities, and increased collaboration and networking opportunities for its members and users.

The current footprint of coworking and flexible space across the nation is estimated at 592 Million square feet, which represents 7.40% of the total office space in the United States. The growth in coworking inventory has accelerated over the past three years, with an average of more than 5 million square feet of new coworking space coming online in each of the past three years. In the last twelve months alone, over 7 million square feet of new space has come online, while the total coworking leasing activity (includes direct leases, subleases, and renewals of existing leases, and pre-leasing activity) during the time same period is estimated at 50 million square feet.

## Coworking and Flexible Office Space in Miami DDA and Miami-Dade County

Coworking space in the Miami DDA represents 4.15% of the total leased space. Brickell and CBD are the submarkets with the most coworking and flexible space. However, Wynwood is the leader in terms of percentage of coworking space when compared to total occupied office space (28.85%).

Wynwood is a creative and artistic neighborhood that has emerged as one of the trendiest areas in the country over the last five years. This formerly industrial area has slowly turned into the “cool spot” for artists, photographers, free lancers, and tourists. This has led to intense redevelopment activity, and creation of new retail, office and residential spaces. Even though the area lacks mass transit options, the absorption of new space has been positive, and landlords have been achieving rents comparable to downtown Miami and Brickell. Coworking and flexible space is a great fit for the area as it offers a more “relaxed” vibe, different than traditional downtown office space, which caters to millennials entrepreneurs, start-up owners, and tech developers, among other professionals.

	MIAMI DDA	BRICKELL	CBD	A&E	WYNWOOD
Coworking and Flexible Office SF <sup>(1)</sup>	672,000 SF	252,335 SF	282,307 SF	26,380 SF	51,780 SF
Total Leased SF <sup>(2)</sup>	16,301,800 SF	7,653,000 SF	7,521,000 SF	948,300 SF	179,500 SF
Percentage of Coworking and Flexible Office Space	4.15%	3.30%	3.75%	2.78%	28.85%

<sup>(1)</sup> We included the existing locations, and upcoming locations with an opening date prior June 30, 2020.

<sup>(2)</sup> We included Class A and B buildings only as the Coworking spaces are in those buildings.

## Largest Operators in Miami-Dade County

The following table shows the largest existing and upcoming coworking and flexible office space operators in Miami-Dade County. Novel Coworking and Industrious are both expected to open their first Miami location within the first half of 2020.

	COMPANY	EXISTING LEASED SF	NUMBER OF LOCATIONS	AVG. SF PER LOCATION	UPCOMING LOCATIONS	UPCOMING LEASED SF	COMMENT
1	WeWork	361,059 SF	6	60,177 SF	2	195,990 SF	WeWork will open a location in th Wynwood Garage in June 2020, and in 830 Brickell Plaza (under construction) in January 2022.
2	Regus	240,005 SF	17	14,118 SF	-1	-12,900 SF	Regus will convert its current space in 801 Brickell into Spaces.
3	Spaces	91,922 SF	3	30,641 SF	2	91,854 SF	Spaces opened its first office in Wynwood in May 2019. Two new locations will open in March 2020 at 801 Brickell, and in Q3 2020 in CocoWalk.
4	Novel Coworking	0 SF	0		1	63,240 SF	Novel Coworking bought a 5-story building in the A&E District and it is planning to open its first location during Spring 2020.
5	Buro	62,294 SF	4	15,574 SF	0		
6	Industrious	0 SF	0		1	46,200 SF	Industrious will open its first location in Miami in 801 Brickell in January 2020.

## Company Profiles



# wework

WeWork was founded in 2010 and is one of the largest providers of shared coworking workspaces, with 848 locations in over 30 countries. WeWork has also acquired a number of other businesses and has launched two residential communities (WeLive NYC and DC). The company reportedly has over 525,000 members worldwide. WeWork's flagship Miami locations are the Security Building downtown (117 NE 1st Ave) and in Brickell City Centre.

# Regus™

Regus is the flagship brand of International Workplace Group (IWG), a multinational provider of both coworking and traditional office spaces headquartered in Switzerland. IWG's other brands include Spaces, Signature by Regus, and HQ. IWG is publicly traded on the London Stock Exchange and is a member of the FTSE 250 index. Regus was founded in 1989 in Britain and now has over 3,000 office locations worldwide. Regus leans more toward traditionally serviced offices and has locations throughout Miami-Dade County, including in many suburban areas.



# SPACES.

Spaces is a brand of coworking spaces originating in the Netherlands and founded in 2008. Spaces was acquired by IWG in 2015 and now has over 200 locations worldwide. Like WeWork, Spaces trends towards urban locations like Miami Beach, Coconut Grove and Wynwood, and has three locations currently in the pipeline in South Florida.

# Novel COWORKING

Novel Coworking was founded under the name Level Office by Chicago entrepreneur Bill Bennett in 2013. The company currently operates 36 locations, and it rebranded itself under the name Novel Coworking in August 2018. Contrary to other coworking operators, Novel owns their buildings. They acquired a 63,000 SF building in A&E District in 2019 and are expecting to open their first Miami location in Spring 2020.

# büro

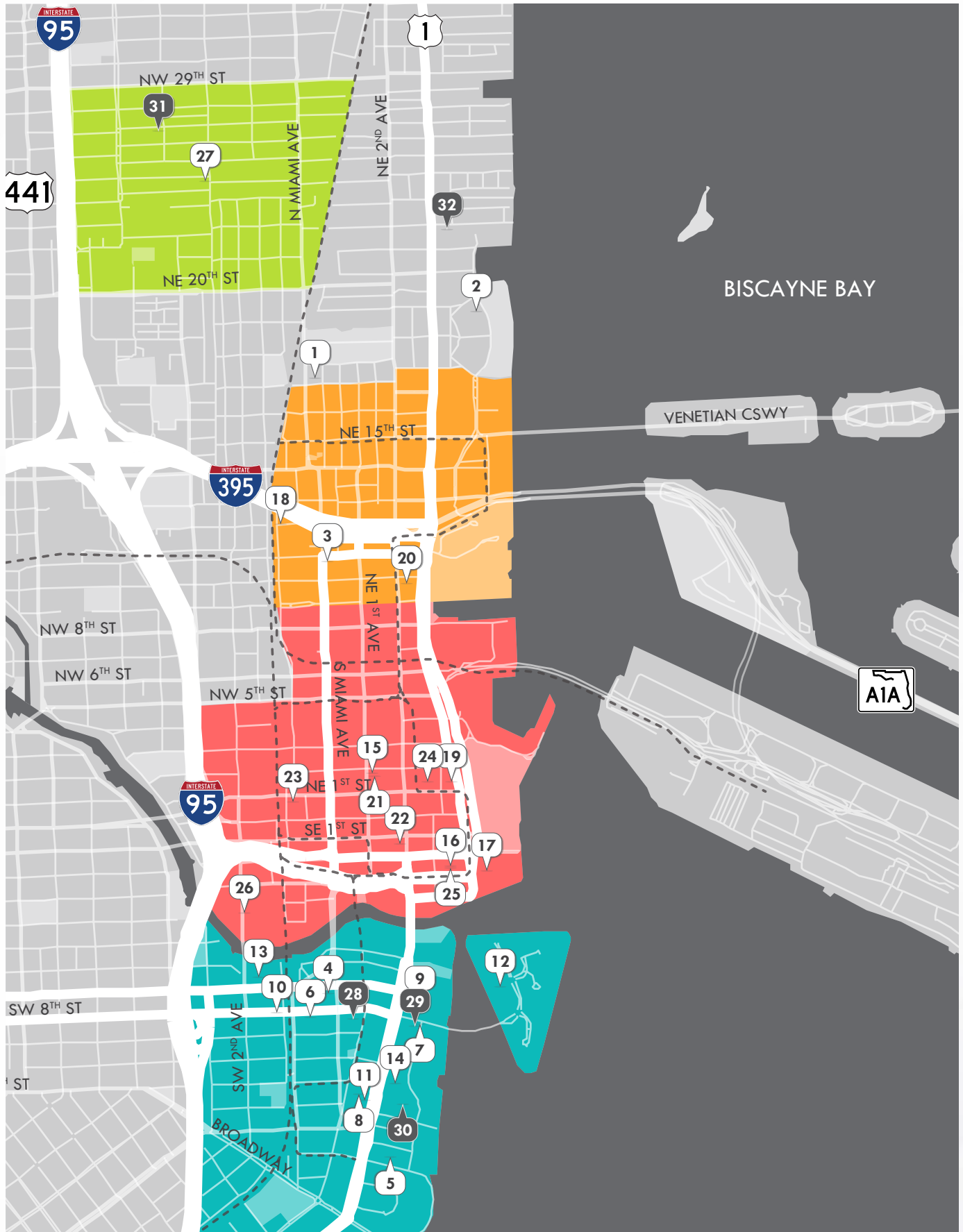
Büro is a local provider of coworking space in the South Florida area. Büro was founded in 2010 and has five locations in Miami-Dade County and one in Broward County (Hollywood). Büro locations tend to be urban or inner suburban, such as Midtown, Miami Beach, and South Miami.

# INDUSTRIOUS

Industrious is a nationwide provider of both shared coworking spaces and traditional offices (the latter under the Canvas by Industrious brand). Industrious' first South Florida location opened in January 2020 in 1111 Brickell, with Coral Gables and Aventura locations currently in development. Industrious is the youngest of the five brands mentioned here, founded in 2013.

# Coworking and Flexible Office Space Locations

The following map shows the existing and new/upcoming coworking and flexible office spaces locations within the Miami DDA territory.



# Coworking and Flexible Office Space Locations



## Existing Locations

	SUBMARKET	COMPANY	SIZE
1	A&E	Ampersand Studios	23,880 SF
2	A&E	Quantum	2,000 SF
3	A&E	Skye Studios	500 SF
4	Brickell	WeWork	49,000 SF
5	Brickell	Quest Workspaces	31,686 SF
6	Brickell	Regus	16,459 SF
7	Brickell	Regus	12,900 SF
8	Brickell	SmartSpace	12,300 SF
9	Brickell	Quest Workspaces	10,361 SF
10	Brickell	Building Co	9,079 SF
11	Brickell	Group Office Space Brickell	6,000 SF
12	Brickell	Regus	5,050 SF
13	Brickell	Latitude Brickell Center	3,000 SF
14	Brickell	Pipeline	1,300 SF
15	CBD	WeWork	96,575 SF
16	CBD	WeWork	88,160 SF
17	CBD	Regus	20,000 SF
18	CBD	Regus/Spaces	19,000 SF
19	CBD	i2Labs	15,492 SF
20	CBD	Miami Shared	7,500 SF
21	CBD	Mind Warehouse	7,210 SF
22	CBD	Next Smart Workspaces	6,300 SF
23	CBD	StartHub Center	6,280 SF
24	CBD	Engine Spaces	5,790 SF
25	CBD	SERVCORP	5,000 SF
26	CBD	Regus	5,000 SF
27	Wynwood	Spaces	23,600 SF



## Upcoming Locations

	SUBMARKET	COMPANY	PROJECTED OPENING	SIZE
28	Brickell	WeWork	Jan 2022	167,810 SF
29	Brickell	Spaces	March 2020	49,000 SF
30	Brickell	Industrious	January 2020	46,200 SF
31	Wynwood	WeWork	June 2020	28,180 SF
32	A&E	Novel Coworking	Spring 2020	63,240 SF

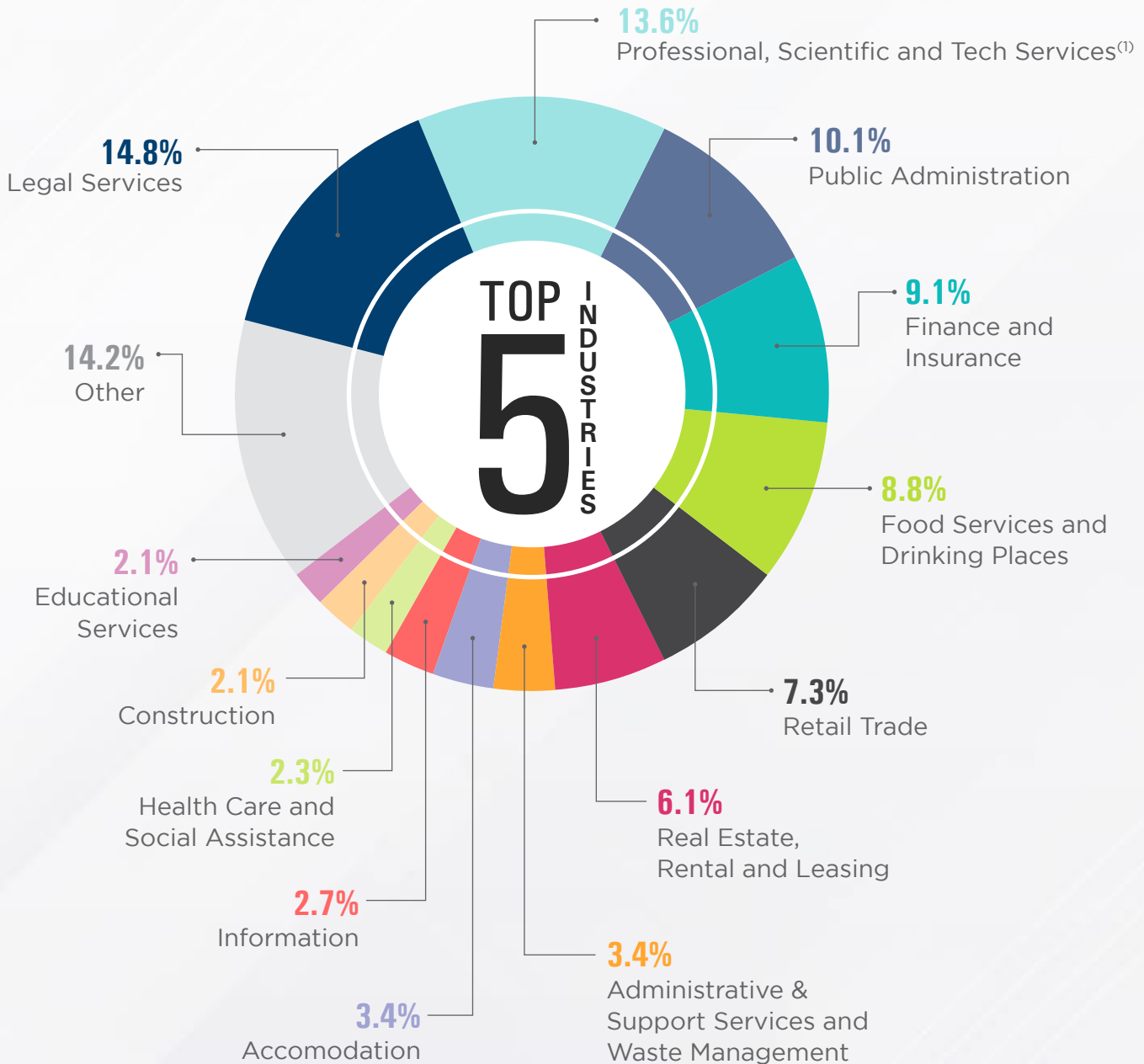
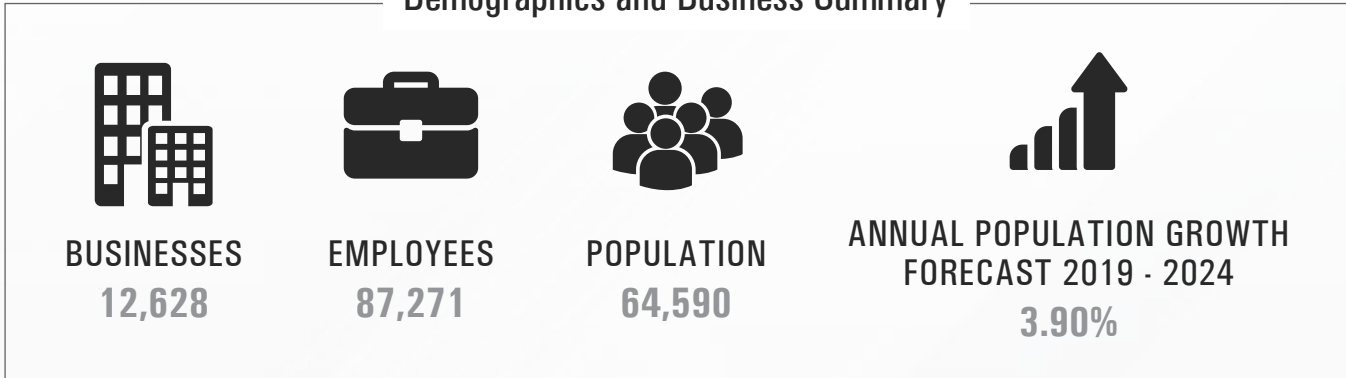


# MIAMI DDA

BRICKELL, CBD, A&E AND WYNWOOD SUBMARKETS



## Demographics and Business Summary



<sup>(1)</sup> Excludes Legal Services

Source: Esri - Business Analyst. 2019 Estimates. Based on NAICS codes.

# Combined Market Conditions (Q4 2019)

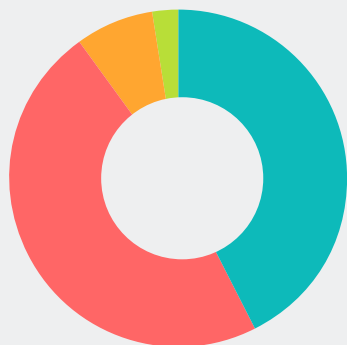
	CLASS A	CLASS B	CLASS C	TOTAL
Inventory	11,209,000 SF	8,225,000 SF	2,131,000 SF	<b>21,565,000 SF</b>
Number of Buildings	34	84	72	<b>190</b>
Avg. Building Size	329,676 SF	97,917 SF	29,597 SF	<b>457,190 SF</b>
Market Rent per SF (Gross)	\$53	\$38	\$33	<b>\$46</b>
Asking Rent per SF (Gross)	\$51	\$33	\$25	<b>\$45</b>
Occupancy Rate	81%	87%	99%	<b>85%</b>
Net Absorption (Q1 to Q4 2019)	207,900 SF	-13,900 SF	2,700 SF	<b>196,700 SF</b>
Leasing Activity (Q1 to Q4 2019)	1,128,900 SF	218,300 SF	29,700 SF	<b>1,376,900 SF</b>
Under construction	846,000 SF	61,200 SF	0 SF	<b>907,200 SF</b>
Owner-Occupied Space	66,000 SF	932,400 SF	499,500 SF	<b>1,497,900 SF</b>



INVENTORY BY CLASS (SF)

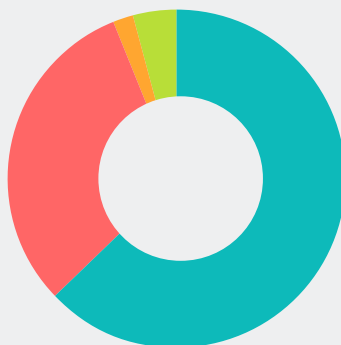
Class A	11,209,000	52%
Class B	8,225,000	38%
Class C	2,131,000	10%
<b>Total</b>	<b>21,565,000</b>	

INVENTORY BY SUBMARKET



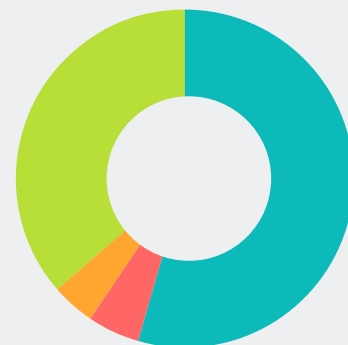
Brickell	9,169,000	43%
CBD	10,286,000	48%
A&E	1,577,000	7%
Wynwood	533,000	2%
<b>Total</b>	<b>21,565,000</b>	

LEASING ACTIVITY (SF) BY SUBMARKET (Q1-Q4 2019)



Brickell	860,000	63%
CBD	422,200	31%
A&E	30,900	2%
Wynwood	60,600	4%
<b>Total</b>	<b>1,373,700</b>	

UNDER CONSTRUCTION (SF) BY SUBMARKET

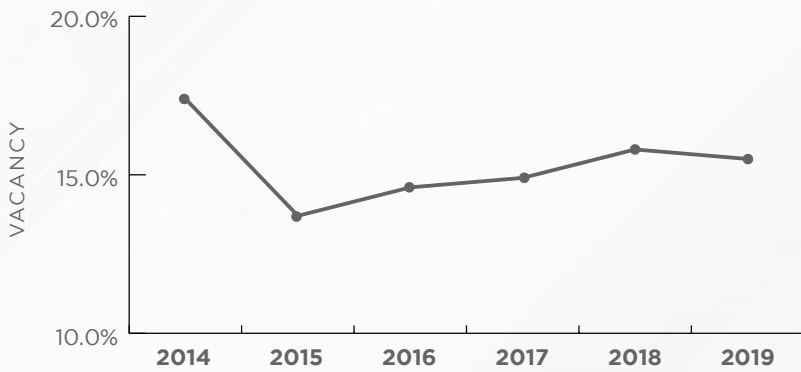
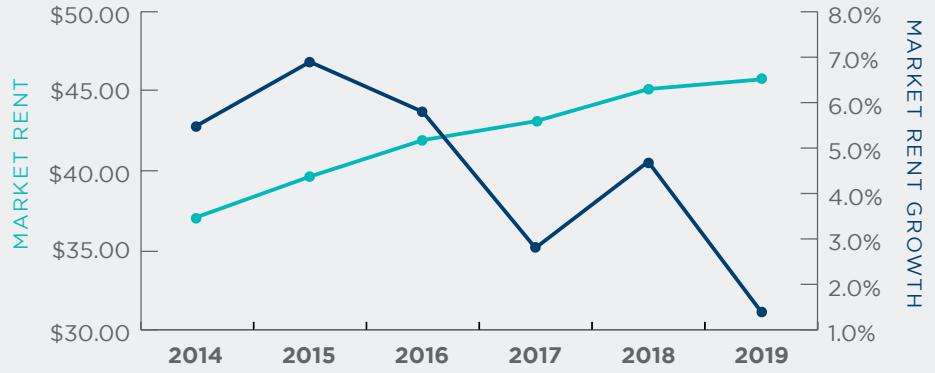


Brickell	490,000	54%
CBD	48,000	5%
A&E	40,000	4%
Wynwood	329,200	36%
<b>Total</b>	<b>907,200</b>	

# 5-Year Historical Trends

## HISTORICAL OFFICE RENTS

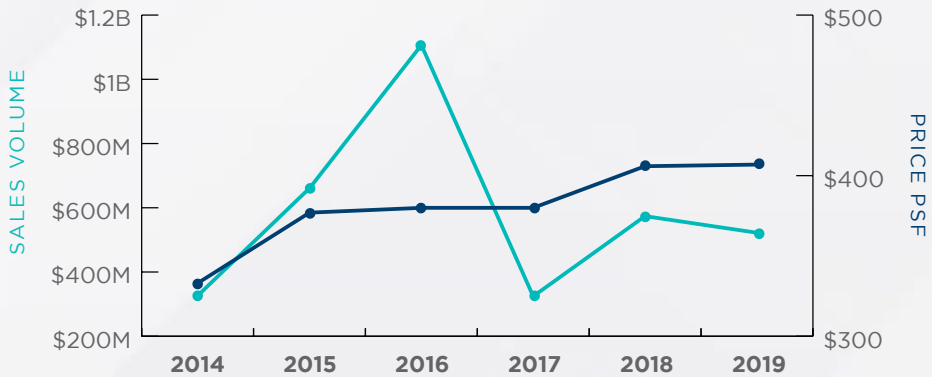
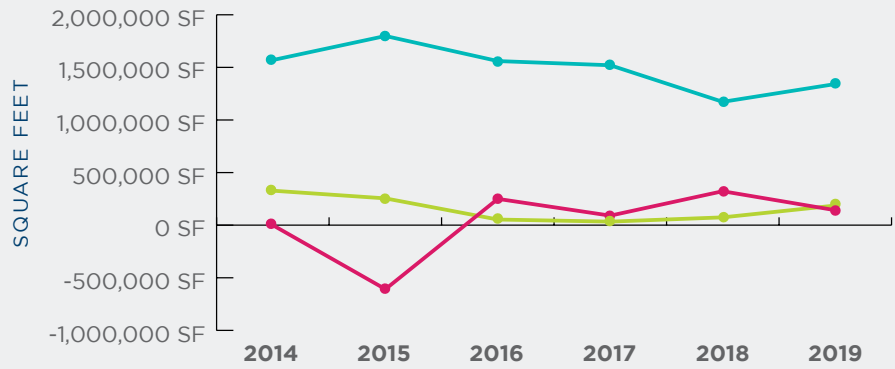
- Market Rent
- Market Rent Growth (Y-O-Y)



## HISTORICAL VACANCY

## LEASING ACTIVITY, DELIVERIES, & ABSORPTION

- Leasing Activity
- Net Delivery
- Net Absorption



## TRANSACTION VOLUME

- Sales Volume
- Sales PSF

# BRICKELL



## Demographics and Business Summary



**BUSINESSES**  
**5,757**



**EMPLOYEES**  
**36,578**



**POPULATION**  
**31,859**

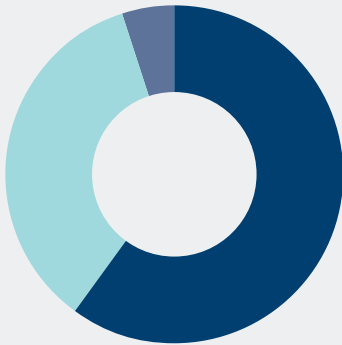


**ANNUAL POPULATION GROWTH  
FORECAST 2019 - 2024**  
**3.09%**

## Brickell Market Conditions (Q4 2019)

	CLASS A	CLASS B	CLASS C	TOTAL
Inventory	5,500,000 SF	3,200,000 SF	469,000 SF	9,169,000 SF
Number of Buildings	18	27	12	57
Avg. Building Size	305,556 SF	118,519 SF	39,083 SF	463,157 SF
Market Rent per SF (Gross)	\$57	\$45	\$36	\$52
Asking Rent per SF (Gross)	\$58	\$38	\$30	\$53
Vacant SF	721,000 SF	326,000 SF	3,200 SF	1,050,200 SF
Occupancy Rate	87%	90%	99%	89%
Net Absorption (Q1 to Q4 2019)	-56,100 SF	-14,200 SF	1,200 SF	-69,100 SF
Leasing Activity (Q1 to Q4 2019)	746,000 SF	111,000 SF	6,200 SF	860,000 SF
Under construction	490,000 SF	0 SF	0 SF	490,000 SF
Owner-Occupied Space	66,000 SF	196,000 SF	24,000 SF	286,000 SF

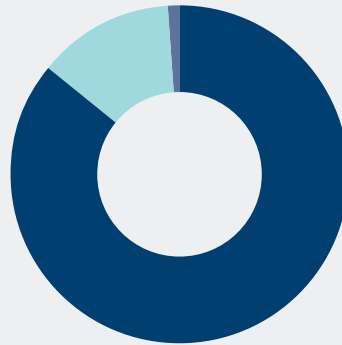
### INVENTORY BY CLASS (SF)



Class A	5,500,000	60%
Class B	3,200,000	35%
Class C	469,000	5%

**Total 9,169,000**

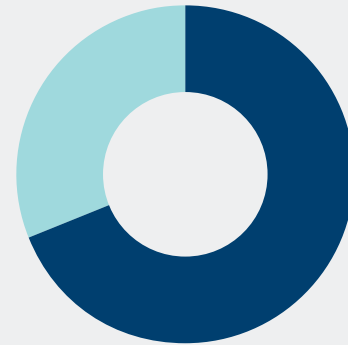
### LEASING ACTIVITY (SF) BY CLASS (Q1-Q4 2019)



Class A	746,000	86%
Class B	111,000	13%
Class C	6,200	1%

**Total 863,200**

### VACANCY (SF) BY CLASS



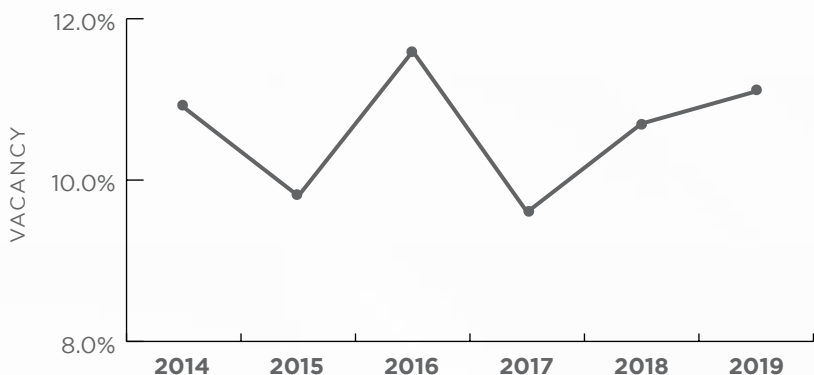
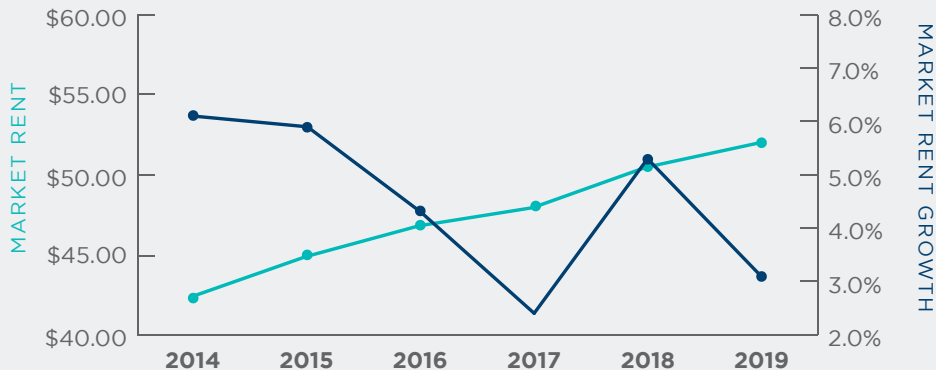
Class A	721,000	69%
Class B	326,000	31%
Class C	3,200	0%

**Total 1,050,200**

# 5-Year Historical Trends

## HISTORICAL OFFICE RENTS

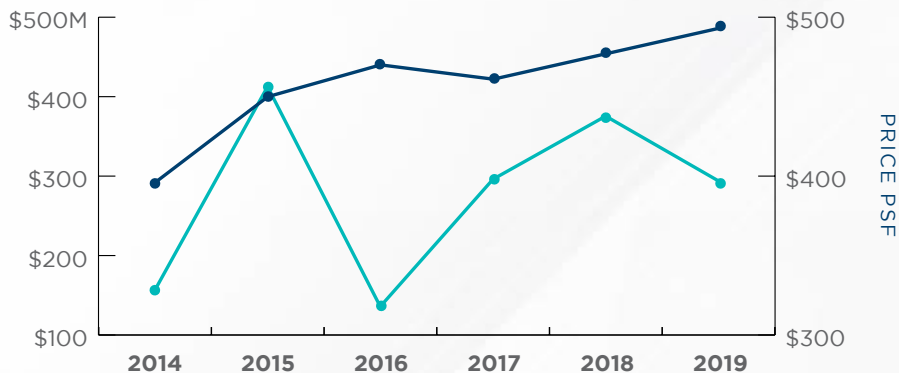
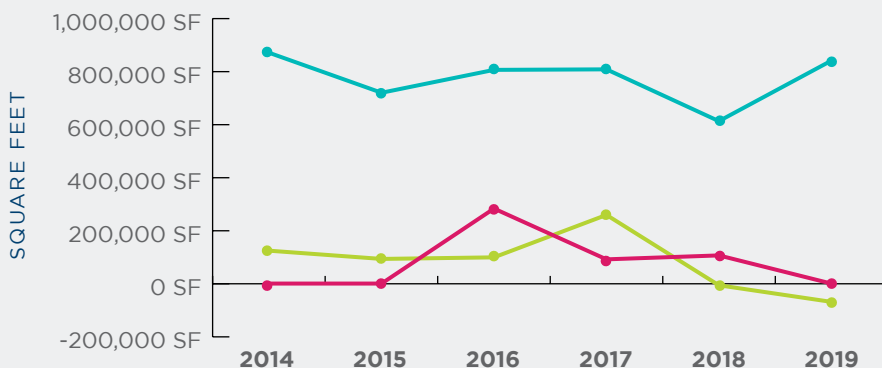
- Market Rent
- Market Rent Growth (Y-O-Y)



## HISTORICAL VACANCY

## LEASING ACTIVITY, DELIVERIES, & ABSORPTION

- Leasing Activity
- Net Delivery
- Net Absorption

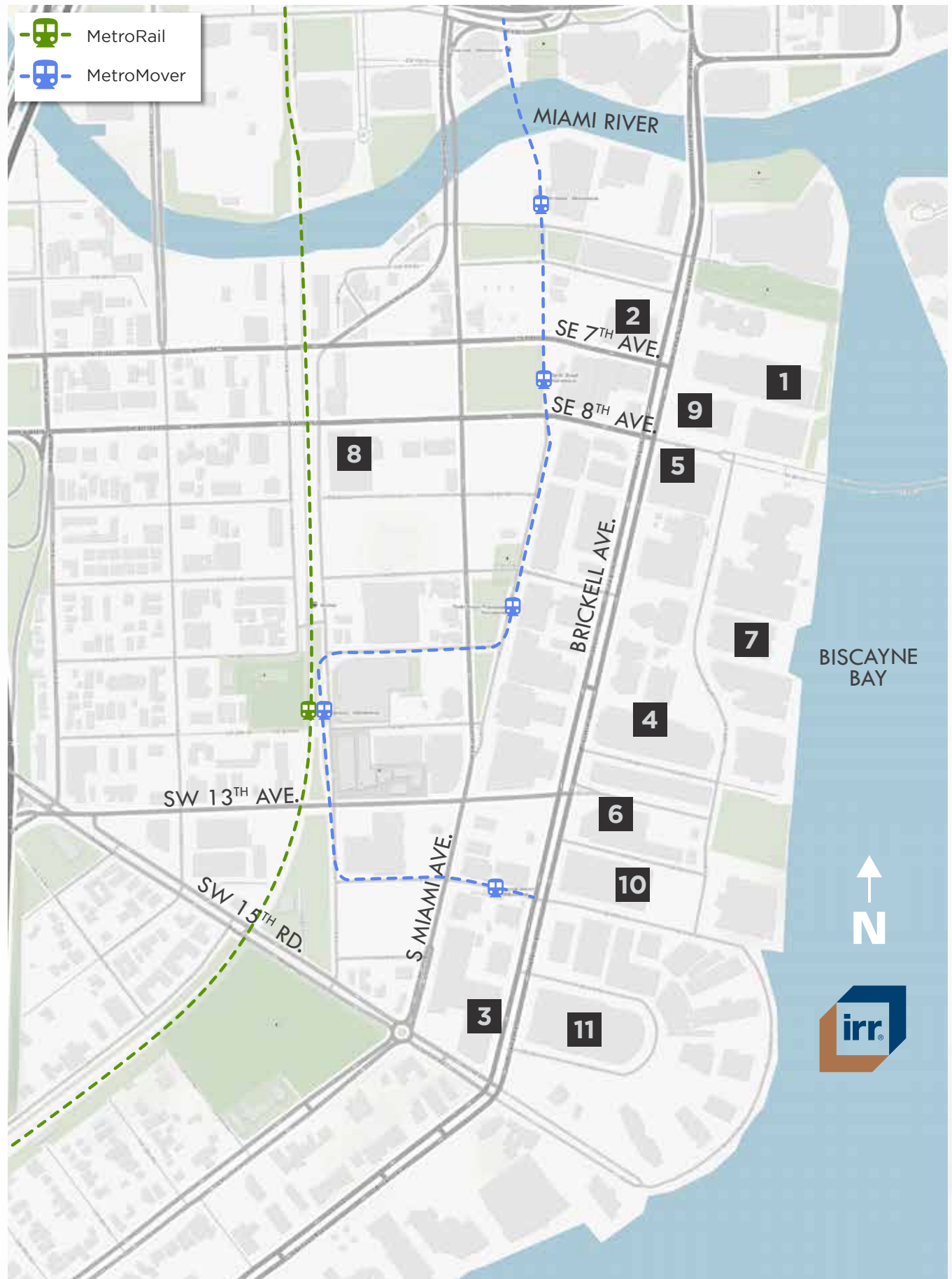


## TRANSACTION VOLUME

- Sales Volume
- Sales PSF



## Brickell Buildings Over 250,000 SF





# Buildings Over 250,000 SF



1



2



3



4

	<b>701 Brickell</b>	<b>Brickell World Plaza</b>	<b>1450 Brickell</b>	<b>1111 Brickell Avenue</b>
RBA <sup>(1)</sup>	677,667 SF	602,488 SF	573,034 SF	522,377 SF
Stories	33	40	35	30
Year Built	1985/Ren. 2012	2011	2010	2000
Class	A	A	A	A
Occupancy	97%	93%	96%	85%
Asking Rents <sup>(2)</sup>	\$65	\$63	\$67	\$55



5



6



7



8

	<b>801 Brickell</b>	<b>1221 Brickell</b>	<b>Brickell Bay Office Tower</b>	<b>Brickell City Tower</b>
RBA <sup>(1)</sup>	386,600 SF	408,649 SF	344,454 SF	290,000 SF
Stories	28	27	32	33
Year Built	1985	1986	1985	1985/ Ren. 2018
Class	A	A	A	A
Occupancy	99%	79%	86%	81%
Asking Rents <sup>(2)</sup>	\$62	\$48	\$53	\$45



9



10



11

	<b>Brickell Office Plaza</b>	<b>Brickell Arch</b>	<b>Four Seasons Hotel &amp; Tower Office</b>
RBA <sup>(1)</sup>	288,457 SF	268,000 SF	206,307 SF
Stories	13	36	70
Year Built	1978/ Ren. 1993	2004	2003
Class	B	A	A
Occupancy	75%	88%	98%
Asking Rents <sup>(2)</sup>	\$40	\$55	\$60

A covered parking space in the following buildings cost between \$100 and \$125 on average, and a reserved covered parking space cost between \$160 and \$225.





<sup>(1)</sup> RBA is based on the office square footage only and excludes ground floor retail.

<sup>(2)</sup> Average asking rent for direct space in each building. All quoted on a full service basis.

# DOWNTOWN /CBD



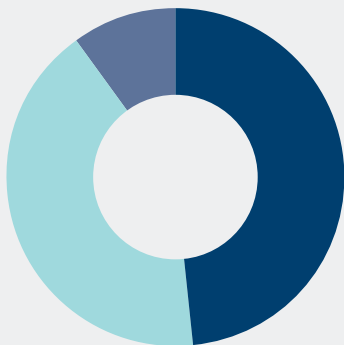
Demographics and Business Summary

			
<b>BUSINESSES</b> <b>4,781</b>	<b>EMPLOYEES</b> <b>37,348</b>	<b>POPULATION</b> <b>14,375</b>	<b>ANNUAL POPULATION GROWTH FORECAST 2019 - 2024</b> <b>3.40%</b>

CBD Market Conditions (Q4 2019)

	CLASS A	CLASS B	CLASS C	TOTAL
Inventory	5,000,000 SF	4,300,000 SF	986,000 SF	10,286,000 SF
Number of Buildings	9	36	24	69
Avg. Building Size	555,556 SF	119,444 SF	41,083 SF	716,083 SF
Market Rent per SF (Gross)	\$50	\$34	\$32	\$46
Asking Rent per SF (Gross)	\$45	\$33	N/A	\$43
Vacant SF	1,100,000	679,000	0	1,779,000
Occupancy Rate	78%	84%	100%	83%
Net Absorption (Q1 to Q4 2019)	208,000 SF	6,100 SF	1,600 SF	215,700 SF
Leasing Activity (Q1 to Q4 2019)	325,000 SF	97,200 SF	0 SF	422,200 SF
Under construction	48,000 SF	0 SF	0 SF	48,000 SF
Owner-Occupied Space	0 SF	709,000 SF	313,000 SF	1,022,000 SF

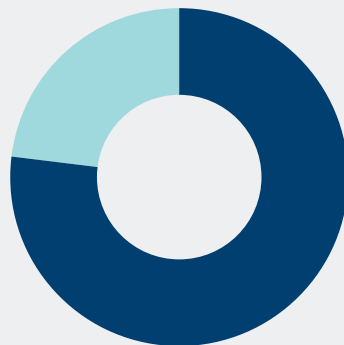
INVENTORY  
BY CLASS (SF)



Class A	5,000,000	49%
Class B	4,300,000	42%
Class C	986,000	10%

**Total 10,286,000**

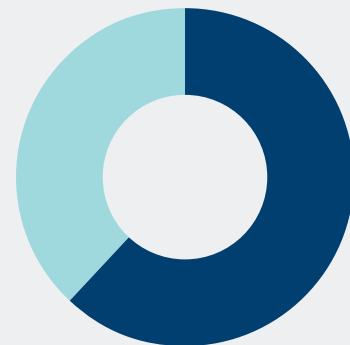
LEASING ACTIVITY  
(SF) BY CLASS (Q1-Q4 2019)



Class A	325,000	77%
Class B	97,200	23%
Class C	0	0%

**Total 422,200**

VACANCY  
(SF) BY CLASS



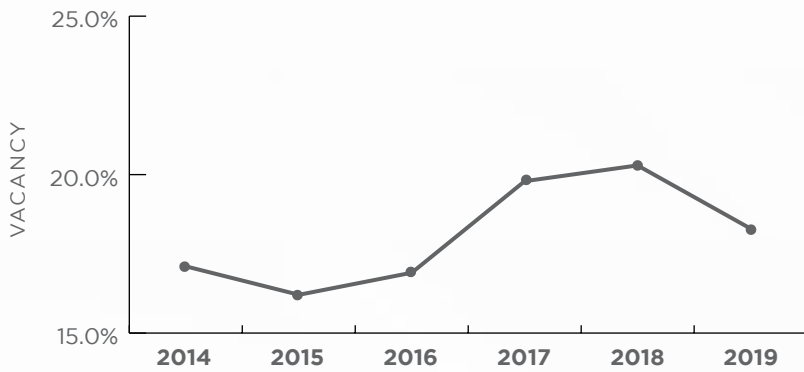
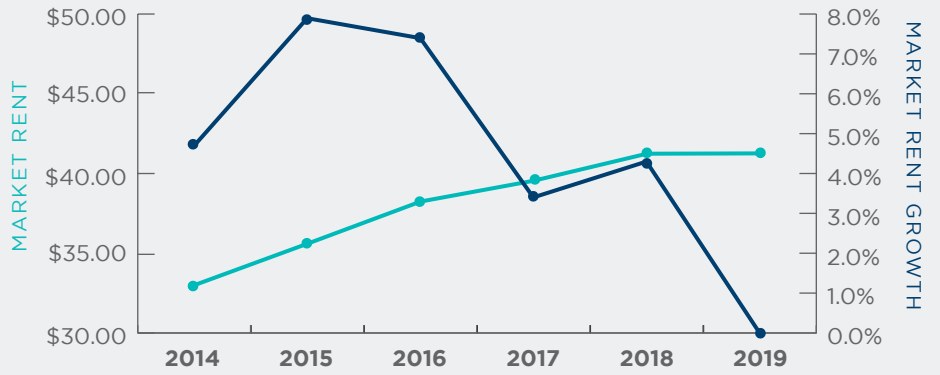
Class A	1,100,000	62%
Class B	679,000	38%
Class C	0	0%

**Total 1,779,000**

# 5-Year Historical Trends

## HISTORICAL OFFICE RENTS

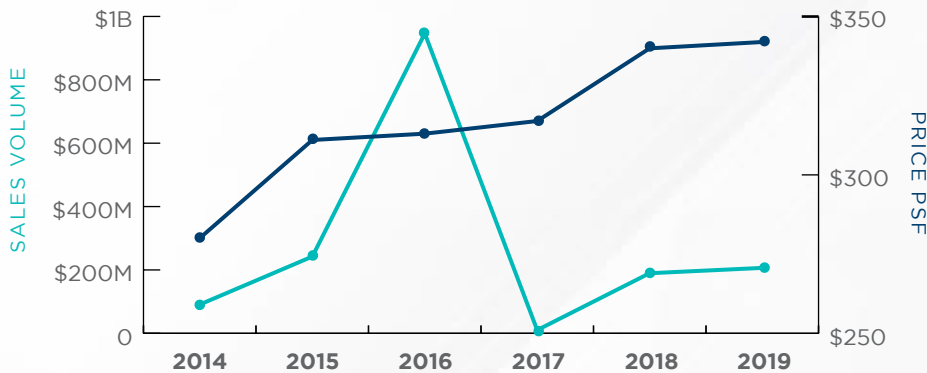
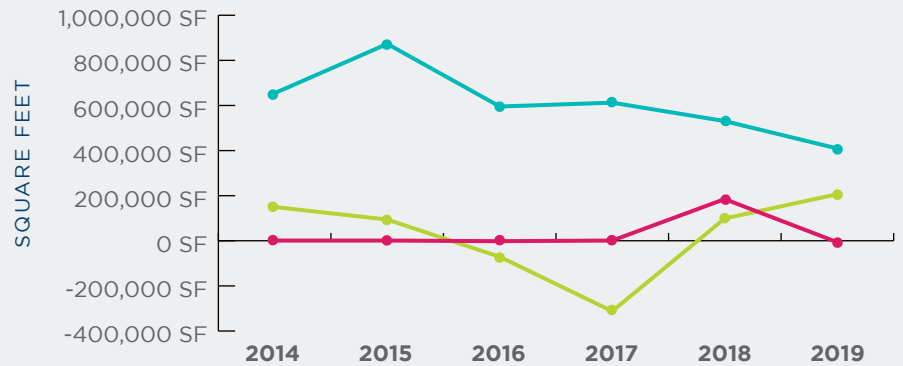
- Market Rent
- Market Rent Growth (Y-O-Y)



## HISTORICAL VACANCY

## LEASING ACTIVITY, DELIVERIES, & ABSORPTION

- Leasing Activity
- Net Delivery
- Net Absorption

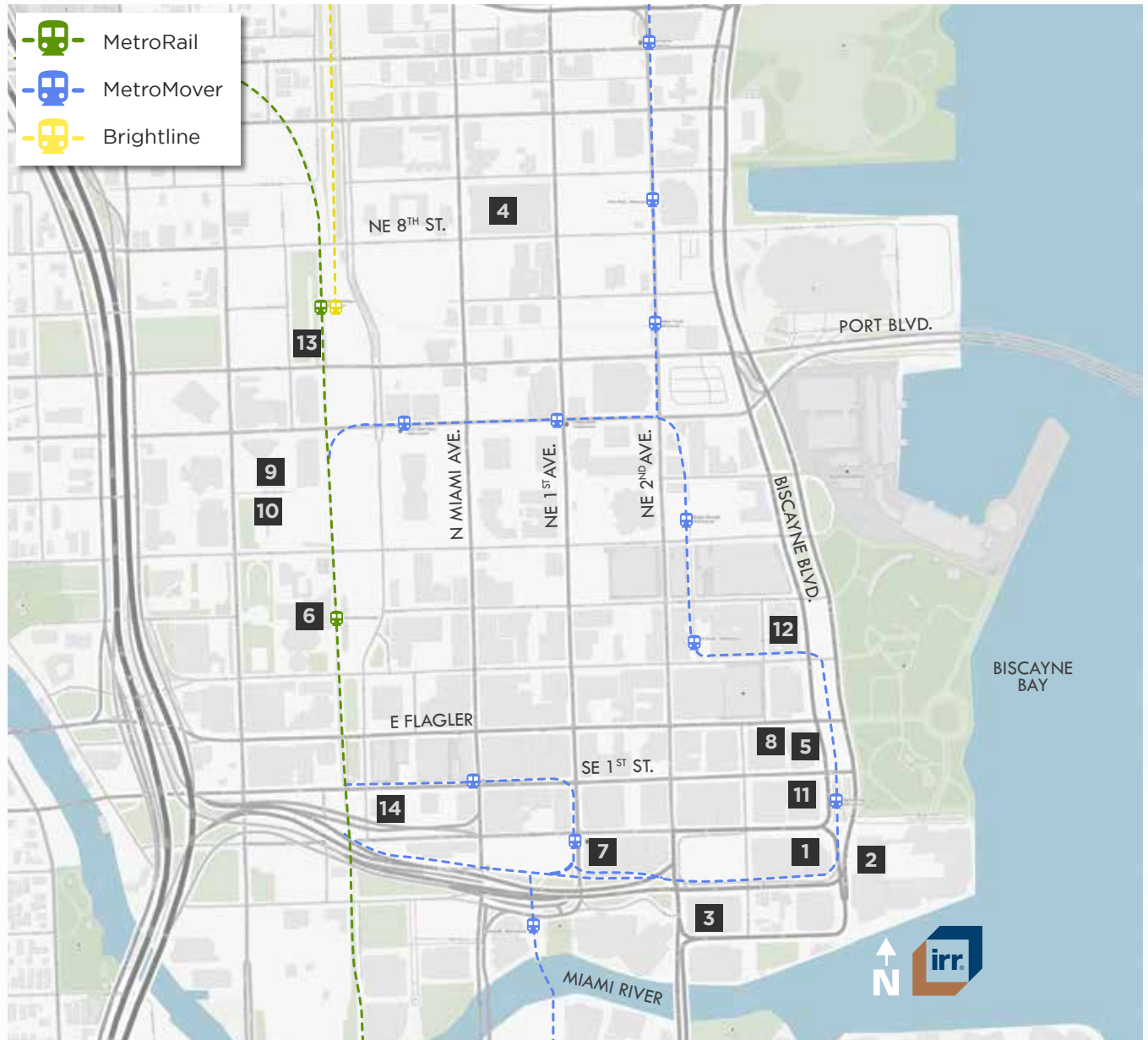


## TRANSACTION VOLUME

- Sales Volume
- Sales PSF



# Downtown/CBD Buildings Over 250,000 SF



	<b>Southeast Financial Center</b>	<b>Citigroup Center</b>	<b>Wells Fargo Center</b>	<b>Equinix: MI1</b>
RBA <sup>(1)</sup>	1,225,000 SF	809,594 SF	752,845 SF	750,000 SF
Stories	55	34	47	6
Year Built	1984	1983 / Ren. 1991	2010	2001
Class	A	A	A	B
Occupancy	73%	74%	84%	70%
Asking Rents <sup>(2)</sup>	\$48	\$47	\$48	\$40

# Buildings Over 250,000 SF



	<b>One Biscayne Tower</b>	<b>Miami-Dade County Government Offices</b>	<b>Miami Tower</b>	<b>SunTrust International Center</b>
RBA <sup>(1)</sup>	691,783 SF	671,961 SF	634,705 SF	440,299 SF
Stories	39	31	47	31
Year Built	1972 / Ren. 1989	1984	1987	1973 / Ren. 2002
Class	A	B	A	A
Occupancy	74%	100%	91%	71%
Asking Rents <sup>(2)</sup>	\$41	N/A	\$50	\$41



	<b>401 NW 2nd Ave</b>	<b>Miami-Dade Children's Courthouse</b>	<b>One Bayfront Plaza<sup>(3)</sup></b>	<b>100 Biscayne</b>
RBA <sup>(1)</sup>	340,129 SF	321,798 SF	320,000 SF	310,000 SF
Stories	10	14	19	30
Year Built	1978	2014	1959 / Ren. 1989	1966 / Ren. 2018
Class	B	B	B	B
Occupancy	100%	100%	35%	78%
Asking Rents <sup>(2)</sup>	N/A	N/A	\$25	\$38



	<b>Overtown Transit Village South</b>	<b>Claude Pepper Federal Building</b>
RBA <sup>(1)</sup>	305,872 SF	292,346 SF
Stories	19	16
Year Built	2007	1962
Class	A	B
Occupancy	100%	100%
Asking Rents <sup>(2)</sup>	N/A	N/A

A covered parking space in the following buildings cost between \$120 and \$150 on average.

<sup>(1)</sup> RBA is based on the office square footage only and excludes ground floor retail.

<sup>(2)</sup> Average asking rent for direct space in each building. All quoted on a full service basis.

<sup>(3)</sup> One Bayfront Plaza is slated for redevelopment within the next 12 to 24 months. The leasing broker indicated that they are only taking short-term leases (max 1 year), and that next year all the leases will be on a month-to-month basis.



# ARTS & ENTERTAINMENT DISTRICT



# Arts & Entertainment District

## Demographics and Business Summary



**BUSINESSES**  
**1,317**



**EMPLOYEES**  
**9,476**



**POPULATION**  
**16,087**

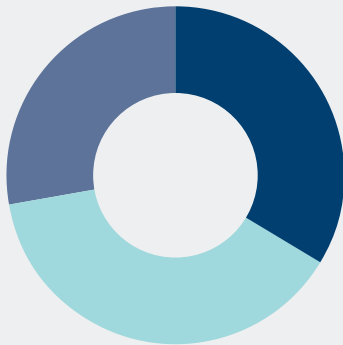


**ANNUAL POPULATION GROWTH FORECAST 2019 - 2024**  
**5.23%**

## A&E Market Conditions (Q4 2019)

	CLASS A	CLASS B	CLASS C	TOTAL
Inventory	530,000 SF	611,000 SF	436,000 SF	1,577,000 SF
Number of Buildings	2	14	18	34
Avg. Building Size	265,000 SF	43,643 SF	24,222 SF	332,865 SF
Market Rent per SF (Gross)	\$42	\$39	\$33	\$38
Asking Rent per SF (Gross)	\$35	\$33	\$24	\$33
Vacant SF	178,000	14,700	21,700	214,400
Occupancy Rate	66%	98%	95%	86%
Net Absorption (Q1 to Q4 2019)	-18,500 SF	-9,100 SF	-5,600 SF	-33,200 SF
Leasing Activity (Q1 to Q4 2019)	7,900 SF	5,800 SF	17,200 SF	30,900 SF
Under construction	0 SF	40,000 SF	0 SF	40,000 SF
Owner-Occupied Space	0 SF	8,800 SF	18,500 SF	27,300 SF

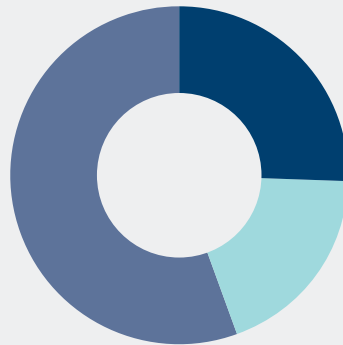
**INVENTORY**  
BY CLASS (SF)



Class A	530,000	34%
Class B	611,000	39%
Class C	436,000	28%

**Total 1,577,000**

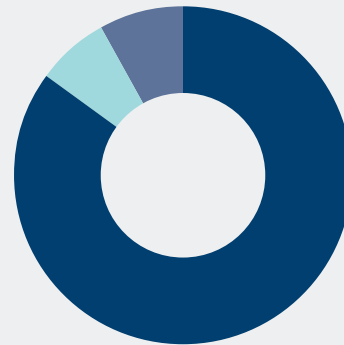
**LEASING ACTIVITY**  
(SF) BY CLASS (Q1-Q4 2019)



Class A	7,900	26%
Class B	5,800	19%
Class C	17,200	56%

**Total 30,900**

**VACANCY**  
(SF) BY CLASS



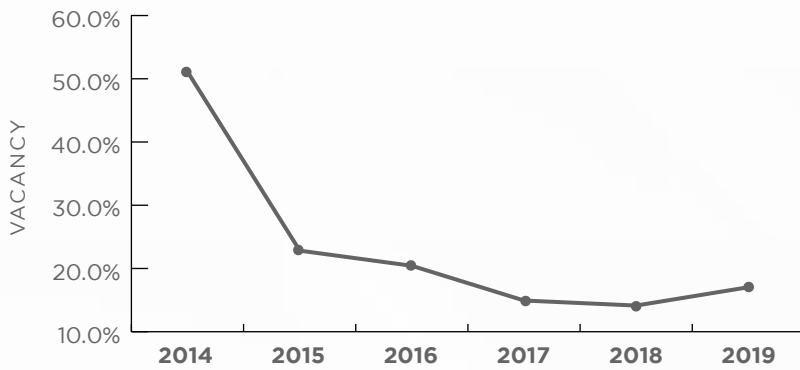
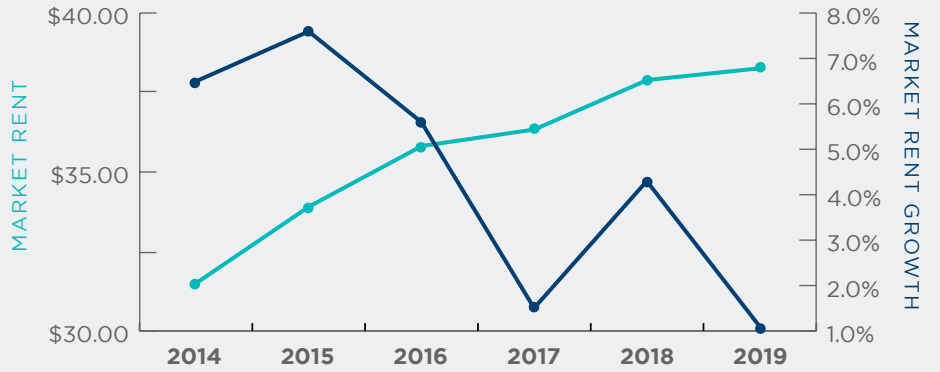
Class A	178,000	85%
Class B	14,700	7%
Class C	21,700	8%

**Total 209,900**

# 5-Year Historical Trends

## HISTORICAL OFFICE RENTS

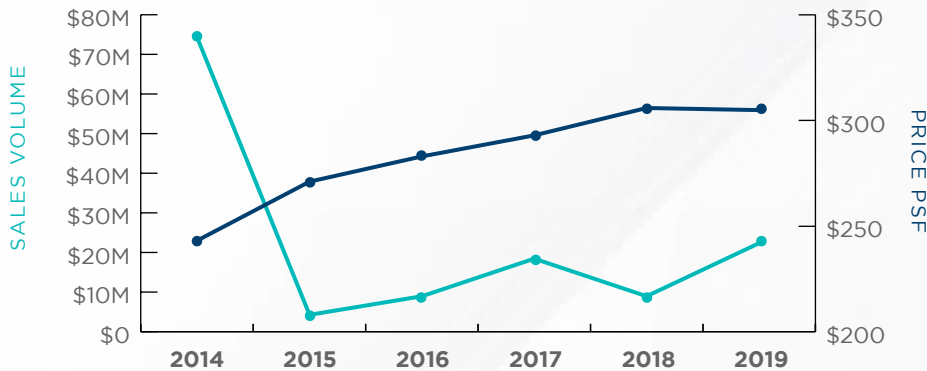
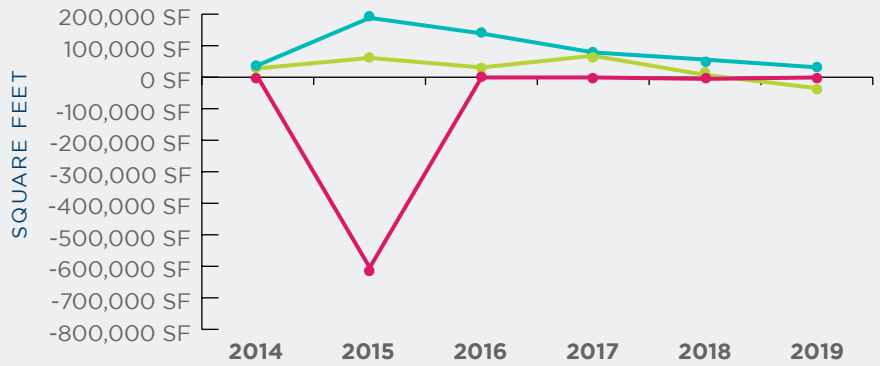
- Market Rent
- Market Rent Growth (Y-O-Y)



## HISTORICAL VACANCY

## LEASING ACTIVITY, DELIVERIES, & ABSORPTION

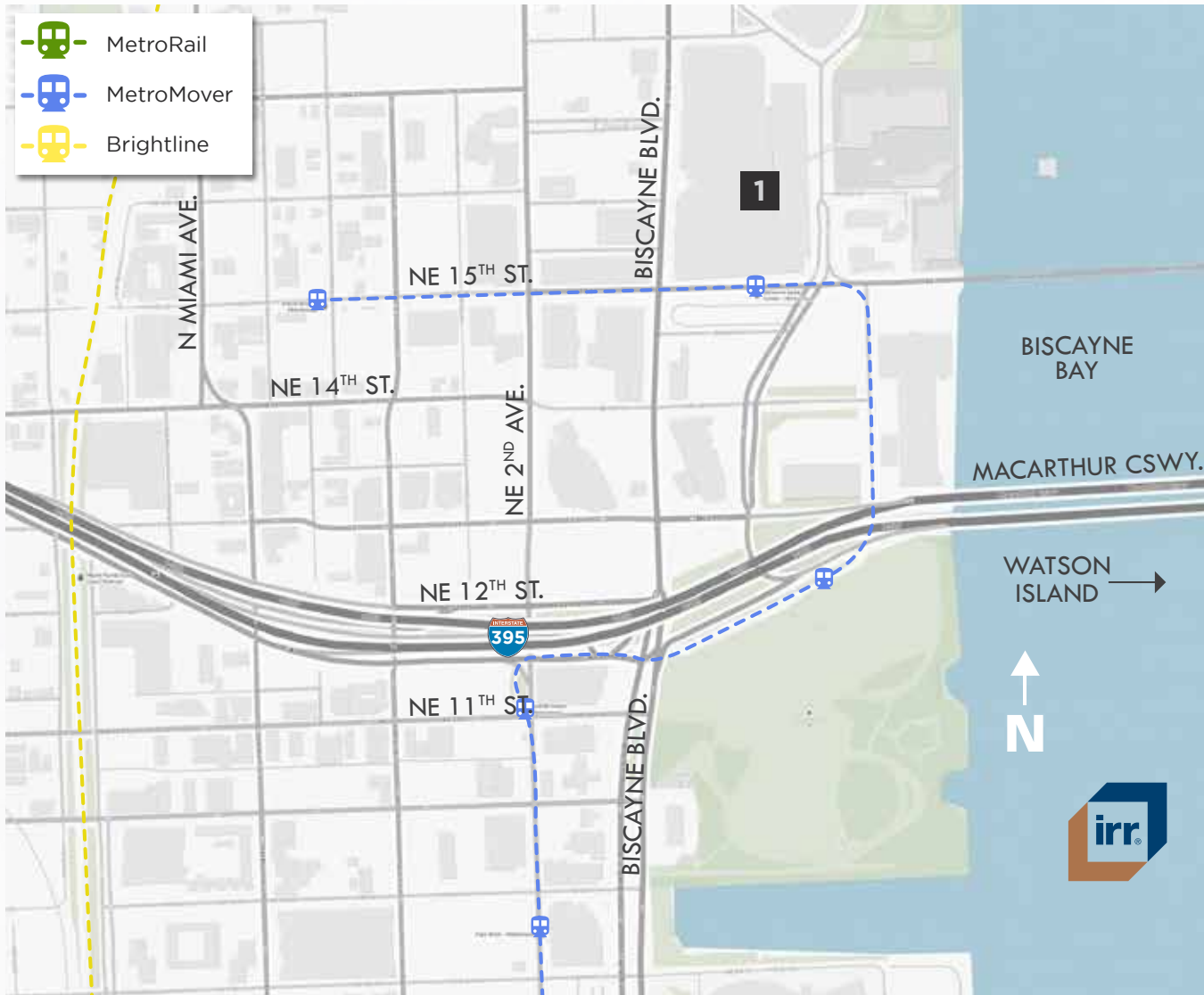
- Leasing Activity
- Net Delivery
- Net Absorption



## TRANSACTION VOLUME

- Sales Volume
- Sales PSF

# A&E Buildings Over 250,000 SF



**The Omni Offices**

RBA <sup>(1)</sup>	418,000 SF
Stories	5
Year Built	1956 / Ren. 2009
Class	A
Occupancy	65%
Asking Rents <sup>(2)</sup>	\$35

<sup>(1)</sup> RBA is based on the office square footage only and excludes ground floor retail.

<sup>(2)</sup> Average asking rent for direct space in each building. All quoted on a full service basis.



# WYNWOOD

## Demographics and Business Summary



**BUSINESSES**  
**773**



**EMPLOYEES**  
**3,869**



**POPULATION**  
**2,269**



**ANNUAL POPULATION GROWTH  
FORECAST 2019 - 2024**  
**9.14%**

## Wynwood Market Conditions (Q4 2019)

	CLASS A	CLASS B	CLASS C	TOTAL
Inventory	179,000 SF	114,000 SF	240,000 SF	533,000 SF
Number of Buildings	5	7	18	30
Avg. Building Size	35,800 SF	16,286 SF	13,333 SF	65,419 SF
Market Rent per SF (Gross)	\$48	\$38	\$36	\$38
Asking Rent per SF (Gross)	\$54	\$38	\$26	\$33
Vacant SF	105,000	8,500	0	113,500
Occupancy Rate	41%	93%	100%	79%
Net Absorption (Q1 to Q4 2019)	74,500 SF	3,300 SF	5,500 SF	83,300 SF
Leasing Activity (Q1 to Q4 2019)	50,000 SF	4,300 SF	6,300 SF	60,600 SF
Under construction	308,000 SF	21,200 SF	0 SF	329,200 SF
Owner-Occupied Space	0 SF	18,600 SF	144,000 SF	162,600 SF

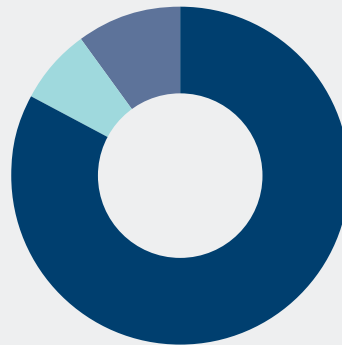
**INVENTORY**  
BY CLASS (SF)



Class A	179,000	34%
Class B	114,000	21%
Class C	240,000	45%

**Total 533,000**

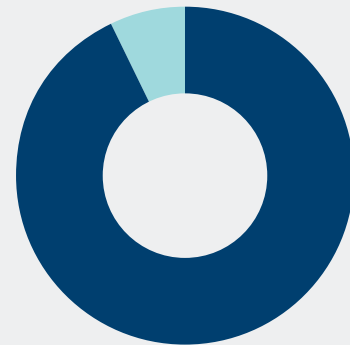
**LEASING ACTIVITY**  
(SF) BY CLASS (Q1-Q4 2019)



Class A	50,000	83%
Class B	4,300	7%
Class C	6,300	10%

**Total 60,600**

**VACANCY**  
(SF) BY CLASS



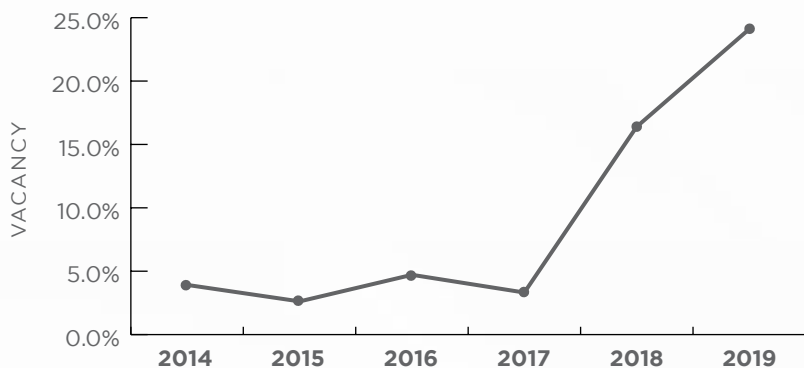
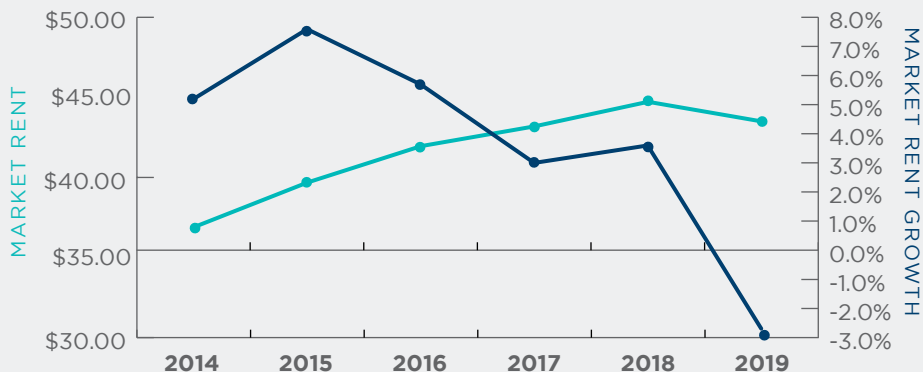
Class A	105,000	93%
Class B	8,500	7%
Class C	0	0%

**Total 113,500**

# 5-Year Historical Trends

## HISTORICAL OFFICE RENTS

- Market Rent
- Market Rent Growth (Y-O-Y)

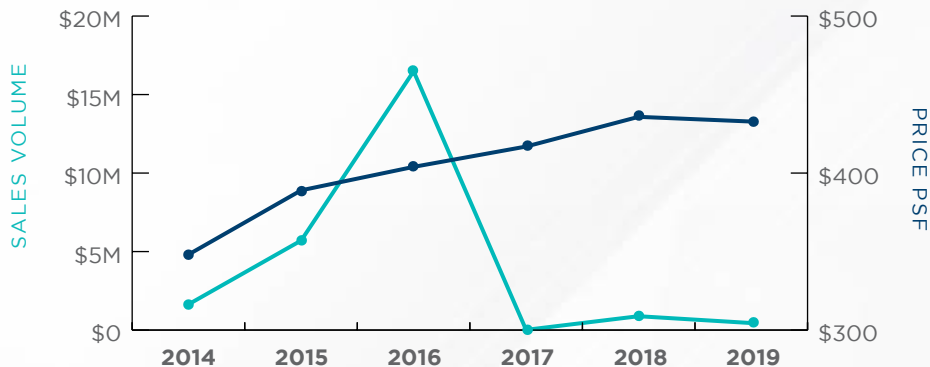
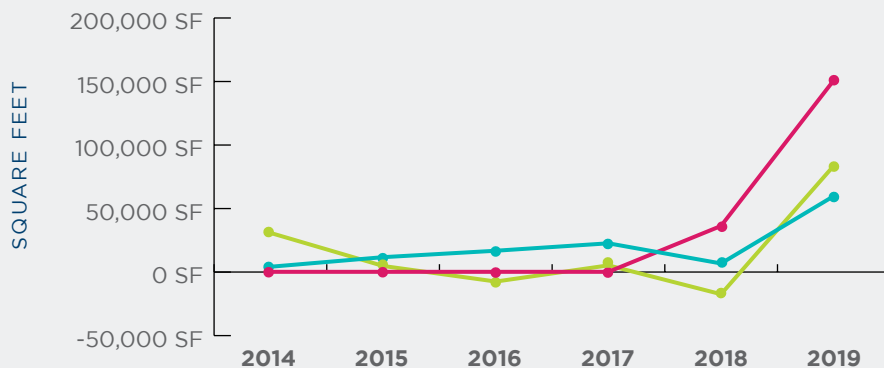


## HISTORICAL VACANCY\*

\*The historical vacancy in Wynwood spiked in 2018 and 2019 as the redevelopment activity has been intense in this submarket with new office projects that have not been fully absorbed yet by the market such as CUBE Wynwood and Wynwood 25 Annex.

## LEASING ACTIVITY, DELIVERIES, & ABSORPTION

- Leasing Activity
- Net Delivery
- Net Absorption



## TRANSACTION VOLUME

- Sales Volume
- Sales PSF



# Live/Work/Play in Downtown Miami

Downtown Miami has seen intense redevelopment activity since the last downturn in 2008-2009. Since 2011, over 10,000 new condominium units have been delivered in the Greater Downtown Miami, along with an additional 9,000 conventional rental units. The majority of those units are in fully-amenitized Class A buildings that include fully-equipped fitness center, a resort-style pool deck with a barbecue area, lounging chairs, and cabanas, clubhouse room, business center, game room, dog walk, and 24-hour security services. Residents of downtown Miami have extensive housing options in different submarkets that each have their own character.

Downtown Miami also has an impressive retail base including retail corridors throughout the area along with large regional malls such as Brickell City Center, Mary Brickell Village, Bayside Marketplace, and Midtown Miami. The following map also identifies the grocery stores, schools, fitness centers/branded gym, and art and attractions.

There are over 25 hotels within the Miami DDA boundaries. We have identified the mid-scale hotels, and the upscale and luxury hotels on the map on the next page.

## RETAIL/SERVICE TYPE

- Grocery/Drug Store
- School
- Fitness/Gym
- Art/Attractions

- 1 American Airlines Arena
- 2 Adrienne Arsht Center
- 3 Frost Museum/PAMM
- 4 Wynwood Walls

## Hotel - Mid-Scale

- 1 Garden Inn
- 2 Homewood
- 3 Extended Stay
- 4 Novotel
- 5 Conrad
- 6 Aloft
- 7 Hampton Inn Brickell
- 8 Hyatt Regency
- 9 Courtyard
- 10 Intercontinental
- 11 Yve
- 12 Holiday Inn
- 13 Gabriel Curio
- 14 Hilton Downtown
- 15 Marriott Biscayne Bay
- 16 DoubleTree Grand
- 17 Hampton Inn Midtown

## Hotel - Upscale and Luxury

- 1 Langford
- 2 Four Seasons
- 3 SLS
- 4 JW Marriott
- 5 East
- 6 W (Icon)
- 7 Mandarin Oriental
- 8 Kimpton Epic





# Live/Work/Play in Downtown Miami



# Miami Area Attractions



## SHOPPING



Dolphin Mall  
Design District  
Lincoln Road/Espanola Way  
South of Fifth  
Aventura Mall  
Bal Harbor Shops

Dadeland Mall  
The Falls  
The Shops at Sunset Place  
Brickell City Centre  
Mary Brickell Village  
Bayside Marketplace



## BEACHES

Key Biscayne  
Virginia Key  
Miami Beach  
South Beach



## CHILD-FRIENDLY ATTRACTIONS

Jungle Island  
Miami Children Museum  
Zoo Miami

Miami Seaquarium  
Frost Science Center



## NATURE-LOVERS



Vizcaya Museum & Gardens  
Fairchild Botanical Garden  
Crandon Park  
Bill Baggs State Park  
Miami Beach Botanical Garden

Everglades National Park  
Virginia Key  
Oleta River State Park  
Dry Tortugas National Park



# Miami Area Attractions

## SPORT LOVERS



## EVENTS



- Miami Boat Show
- Ultra Music Festival
- Art Basel
- Coconut Grove Art Fair
- Miami Marathon
- South Beach Wine & Food Festival
- Miami Dade Book Fair
- Calle 8 Festival

## TRAVEL



- Miami International Airport
- Miami Executive Airport
- Fort Lauderdale-Hollywood Int'l Airport



- Brightline
- Tri-Rail
- Amtrak



- Port of Miami
- Port Everglades



- Walt Disney World
- The Florida Keys
- Universal Studios
- Florida Space Coast



# Sourcing



Analytic Content  
Office Rental Rates  
Office Node/Corridor Identification  
Proprietary Submarket Vacancy and Rent Analysis  
National CBD Analysis and Incentives Program



Greater Downtown Miami Map



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, retail rental rates, vacancy, sales volume, and prices  
Recent deliveries, under construction, and representative transactions  
Under construction projects  
Other Miami Submarkets, Florida CBDs, and National CBD Statistics



Demographics Data  
Business Summaries  
Daytime Employment

# Sourcing



# OFFICE OF THE PROPERTY APPRAISER

Recent deliveries

Properties under construction

Representative transactions

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