

Miami-Dade County



Market Facts

57.2 MSF

Total office inventory in the Miami-Dade office market

1,158,179 SF

Direct net absorption for 2016

10.91%

Direct Vacancy

\$41.26 PSF

Average rental rate for class A space in Miami-Dade County on a full-service basis

Solid Market Performance Strengthened by Future Development

Regional Economic Influence

National and statewide economic growth continues to drive the expansion of Miami-Dade County's office market. Market fundamentals remain relatively sound as demonstrated by a healthy decline in overall vacancy, along with positive net absorption throughout the county. As market conditions continue to tighten, developers are capitalizing on the opportunity with the development of high quality office space, most notably in the Downtown Miami and Brickell submarkets. Foreign capital continues to play an active role as demonstrated by the sale of Southeast Financial Center in the Downtown Miami submarket.

Miami-Dade continues to experience positive economic activity, which is indicated by the 5.0% local unemployment rate – a 60-bps

decrease over the past 12 months ending November 2016. Office market fundamentals remain relatively strong with positive net absorption, active speculative construction and an increase in nonagricultural employment by over 11,000 jobs in that same period.

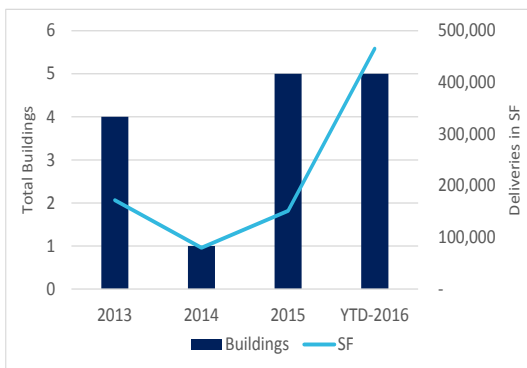
Major Lease Deals in Miami's Urban Core

The Miami-Dade office market has experienced robust growth in 2016. The Brickell submarket was the strongest performer of this past year, accounting for two of the three largest lease deals and nearly thirty percent of the market's total net absorption.

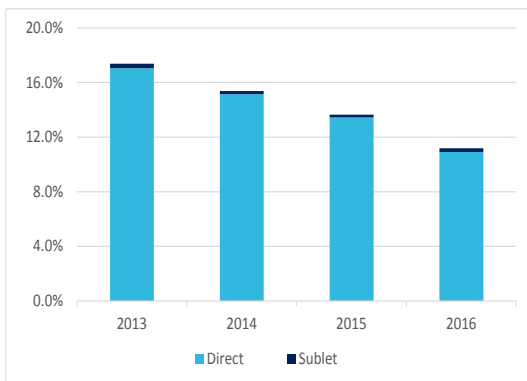
Major lease activity for the year was led by Wells Fargo Bank, which increased its footprint in Downtown Miami's Wells Fargo Center from 96,656 sf to just over 150,000 sf. The financial giant will be relocating the remaining 45,000 sf of

As market conditions continue to tighten, new construction continues to take place in Miami-Dade County's urban core. There was 467,000 sf of product delivered in 2016 and nearly one million sf is currently underway.

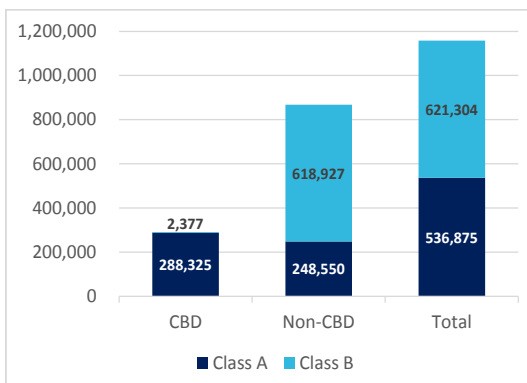
Total Deliveries



Vacancy Rate



YTD Net Absorption (SF)



banking and investment services from Southeast Financial Center to this new location establishing Wells Fargo as the largest tenant in the building. The bank will build out and transition to the expanded space over the course of the year.

Two and Three Brickell City Centre experienced major leasing as well. In the first quarter of 2016, Akermann LLP signed a 110,506-sf lease with Swire Properties to occupy over 80% of newly constructed office space in Three Brickell City Centre. Later in the year, WeWork agreed to occupy 64,572-sf of space at Two Brickell City Centre. In addition, Cambridge Innovation Center leased 87,000 sf at University of Miami's Life & Technology Park in the hospital district.

Massive Development Projects Underway

As market conditions tighten, new construction continues to take place in Miami-Dade County's urban core. 467,000 sf of product was delivered in 2016 including major projects such as Two and Three Brickell City Centre. In addition, there is nearly 1 million sf of office product currently under construction with the majority projected to be completed in 2017. Two major projects currently underway are 800 Waterford at Waterford at Blue Lagoon in the Airport/Doral submarket and MiamiCentral, which is located in Downtown Miami.

Spanning six downtown city blocks, MiamiCentral is a large mixed-use office, retail, residential property and transportation hub. When completed in 2017, MiamiCentral will serve as one of the many stations connecting the state's

largest metropolitan areas through Brightline, All Aboard Florida's high-speed rail system spanning Miami to Orlando.

Growth in Miami-Dade's Labor Market

The Federal Reserve recently raised key interest rates by 25 bps in December of 2016. While this may only mark the second increase for short-term interest rates in the last ten years, many economists, including Federal Reserve chairwoman Janet Yellen, are optimistic in regard to the national economy's performance.

Florida's economy has experienced tremendous growth since the last recession and is projected to expand at an average annualized rate of 2.7% through 2019 in terms of Gross Domestic Product, according to the University of Central Florida's Institute for Economic Competitiveness. The economic strength of the state has already been demonstrated in the South Florida markets, specifically in Miami-Dade County. For the 12 months ending November 2016, Miami-Dade County experienced a 0.8% increase in non-agricultural employment.

Looking Ahead

World-class projects such as Brickell City Centre and Brightline will continue to foster Miami-Dade's growth and development. Strong economic conditions such as employment growth are present and will continue to support active leasing and attract institutional capital. Tenant concessions are also expected to diminish over the next year as a result of more competitive environment.

Airport / Doral										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	5,318,657	332,202	14,477	\$33.01	93.75%	6.25%	0.27%	6.52%	246,085	40,946
Class B	7,885,617	847,595	9,575	\$26.15	89.25%	10.75%	0.12%	10.87%	0	26,962
Airport / Doral Total	13,204,274	1,179,797	24,052	\$28.08	91.07%	8.93%	0.18%	9.12%	246,085	67,908

Aventura										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	797,761	74,563	2,796	\$47.08	90.65%	9.35%	0.35%	9.70%	40,000	(28,178)
Class B	472,594	7,985	2,100	\$41.54	98.31%	1.69%	0.44%	2.13%	0	(1,892)
Aventura Total	1,270,355	82,548	4,896	\$46.55	93.50%	6.50%	0.39%	6.88%	40,000	(30,070)

Biscayne Corridor										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	897,682	135,748	0	\$41.00	84.88%	15.12%	0.00%	15.12%	61,906	90,881
Class B	1,041,219	50,512	0	\$35.93	95.15%	4.85%	0.00%	4.85%	0	27,352
Biscayne Corridor Total	1,938,901	186,260	0	\$39.63	90.39%	9.61%	0.00%	9.61%	61,906	118,233

Brickell										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	4,876,518	441,558	46,700	\$48.60	90.95%	9.05%	0.96%	10.01%	0	377,669
Class B	3,150,734	369,071	19,479	\$33.65	88.29%	11.71%	0.62%	12.33%	0	(70,744)
Brickell Total	8,027,252	810,629	66,179	\$41.80	89.90%	10.10%	0.82%	10.92%	0	306,925

Coconut Grove										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	458,177	5,156	9,787	\$35.00	98.87%	1.13%	2.14%	3.26%	0	12,812
Class B	636,205	58,366	0	\$34.82	90.83%	9.17%	0.00%	9.17%	0	20,396
Coconut Grove Total	1,094,382	63,522	9,787	\$34.83	94.20%	5.80%	0.89%	6.70%	0	33,208

Coral Gables										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	3,709,706	434,990	5,839	\$40.75	88.27%	11.73%	0.16%	11.88%	127,608	36,224
Class B	2,059,871	147,014	4,411	\$36.41	92.86%	7.14%	0.21%	7.35%	0	60,176
Coral Gables Total	5,769,577	582,004	10,250	\$39.65	89.91%	10.09%	0.18%	10.27%	127,608	96,400

Downtown Miami										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	4,891,159	924,634	14,059	\$43.37	81.10%	18.90%	0.29%	19.19%	318,000	(89,344)
Class B	3,499,640	638,172	11,587	\$28.80	81.76%	18.24%	0.33%	18.57%	0	73,121
Downtown Miami Total	8,390,799	1,562,806	25,646	\$37.42	81.37%	18.63%	0.31%	18.93%	318,000	(16,223)

Kendall										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	1,335,652	195,051	288	\$38.59	85.40%	14.60%	0.02%	14.62%	0	(8,928)
Class B	3,209,279	197,308	2,388	\$29.63	93.85%	6.15%	0.07%	6.22%	0	97,104
Kendall Total	4,544,931	392,359	2,676	\$34.08	91.37%	8.63%	0.06%	8.69%	0	88,176

South Gables / South Miami										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	1,047,705	146,874	0	\$37.99	85.98%	14.02%	0.00%	14.02%	60,799	43,100
Class B	1,873,403	112,401	940	\$21.17	94.00%	6.00%	0.05%	6.05%	0	12,187
South Gables / South Miami Total	2,921,108	259,275	940	\$30.70	91.12%	8.88%	0.03%	8.91%	60,799	55,287

Medley / Hialeah										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	656,360	42,181	0	\$27.42	93.57%	6.43%	0.00%	6.43%	0	(3,977)
Class B	1,179,255	91,422	0	\$21.61	92.25%	7.75%	0.00%	7.75%	0	24,998
Medley / Hialeah Total	1,835,615	133,603	0	\$23.45	92.72%	7.28%	0.00%	7.28%	0	21,021

Miami Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	843,228	18,759	11,834	\$40.37	97.78%	2.22%	1.40%	3.63%	0	10,780
Class B	1,958,503	86,300	200	\$36.58	95.59%	4.41%	0.01%	4.42%	0	103,114
Miami Beach Total	2,801,731	105,059	12,034	\$37.25	96.25%	3.75%	0.43%	4.18%	0	113,894

Miami Lakes										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	417,048	92,396	0	\$30.59	77.85%	22.15%	0.00%	22.15%	0	18,016
Class B	1,997,892	374,295	0	\$22.17	81.27%	18.73%	0.00%	18.73%	0	140,284
Miami Lakes Total	2,414,940	466,691	0	\$23.83	80.67%	19.33%	0.00%	19.33%	0	158,300

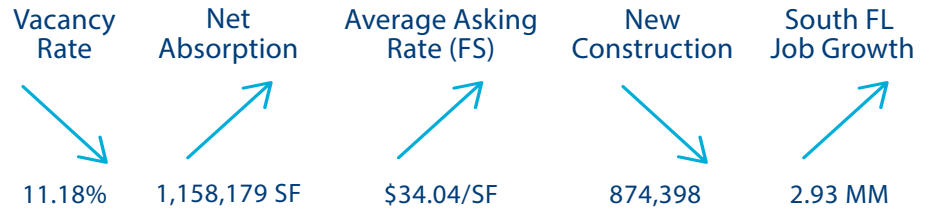
Northeast Dade										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	165,000	0	764	\$0.00	100.00%	0.00%	0.46%	0.46%	0	36,874
Class B	1,826,402	326,759	484	\$27.50	82.11%	17.89%	0.03%	17.92%	20,000	98,928
Northeast Dade Total	1,991,402	326,759	1,248	\$27.50	83.59%	16.41%	0.06%	16.47%	20,000	135,802

South Dade										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	1,004,807	88,922	166	\$21.72	91.15%	8.85%	0.02%	8.87%	0	9,318
South Dade Total	1,004,807	88,922	166	\$21.72	91.15%	8.85%	0.02%	8.87%	0	9,318

Reporting Methodology: This report includes all class 'A' and 'B' office buildings and parks 20,000 SF and greater in the Miami-Dade MSA that are not owner occupied, office medical, or government owned. All rents are reported on a full-service gross basis. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

Florida's economy has emerged from the most significant downturn since the Great Depression as one of the nation's fastest growing economies.

Leading Indicators



MIAMI-DADE COUNTY MSA TOTAL

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	25,414,653	2,844,112	106,544	\$41.26	88.81%	11.19%	0.42%	11.61%	854,398	536,875
Class B	31,795,421	3,396,122	51,330	\$27.99	89.32%	10.68%	0.16%	10.84%	20,000	621,304
Miami MSA Total	57,210,074	6,240,234	157,874	\$34.04	89.09%	10.91%	0.28%	11.18%	874,398	1,158,179

Downtown / CBD

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	9,767,677	1,366,192	60,759	\$45.06	86.01%	13.99%	0.62%	14.61%	318,000	288,325
Class B	6,650,374	1,007,243	31,066	\$30.58	84.85%	15.15%	0.47%	15.61%	0	2,377
Downtown / CBD Total	16,418,051	2,373,435	91,825	\$38.91	85.54%	14.46%	0.56%	15.02%	318,000	290,702

Suburban / Non-CBD

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Asking Rent PSF	% Occupied	% Vacant	% Sublet Vacant	% Total Vacancy	Under Construction	YTD Absorption
Class A	15,646,976	1,477,920	45,785	\$37.75	90.55%	9.45%	0.29%	9.74%	536,398	248,550
Class B	25,145,047	2,388,879	20,264	\$26.90	90.50%	9.50%	0.08%	9.58%	20,000	618,927
Suburban / Non-CBD	40,792,023	3,866,799	66,049	\$31.05	90.52%	9.48%	0.16%	9.64%	556,398	867,477

Significant 2016 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Qtr Leased	Submarket
Wells Fargo	Wells Fargo Center	Renewal/Expansion	150,816	4Q16	Downtown Miami
Akerman LLP	Three Brickell City Centre	New Lease	110,506	1Q16	Brickell
Cambridge Innovation Center	UM Life Science & Technology Park	New Lease	87,028	3Q16	Biscayne Corridor
WeWork	Two Brickell City Centre	New Lease	64,572	3Q16	Brickell
Undisclosed Tenant	The Omni Offices	New Lease	56,780	4Q16	Biscayne Corridor
Office of the Attorney General	SunTrust International Center	New Lease	42,000	1Q16	Downtown Miami
MasTec, Inc.	800 S Douglas Rd	Renewal	36,351	4Q16	Coral Gables
Lufthansa	The 5875 Building	New Lease	31,000	3Q16	Miami Lakes
TSA	Doral Concourse - Bldg 1	Renewal	30,000	3Q16	Airport/Doral
Cisneros	Two MiamiCentral	New Lease	30,000	2Q16	Downtown Miami

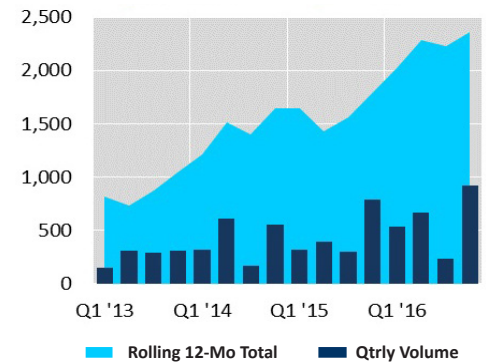


Record-Breaking Office Sale

Investment sales throughout the year have been comprised principally of private and cross-border investors accounting for 79% of the capital flow, followed by institutional capital accounting for 13%, public listed/REITs accounting for 7% and users for 1%. In 2016, over \$2.3 billion in total volume traded for \$321 per square foot on average. This represents a 31% increase in total volume and a 24% increase in the average price per square foot compared to the prior year.

The most significant investment transaction of the year was Ponte Gadea's purchase of Southeast Financial Center for \$516 million, or \$452 per sf. The 1,142,000-sf, 55-story class A office tower last sold for \$365 million in 2008, resulting in a 41% gain in eight years and the largest real estate transaction in South Florida to date. Other notable transactions for the year include the sales of Miami Tower for \$220,000,000 (\$348 per sf), Courvoisier Center for \$175,000,000 (\$522 per sf) and Datran Center for \$150,000,000 (\$315 per sf).

Sales by Total \$ Volume
(in millions)



Significant 2016 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Cap Rate	Buyer	Qtr Sold	Submarket
Southeast Financial Center	1,142,000	\$516,600,000	\$452	5.5%	Ponte Gadea	4Q16	Downtown Miami
Miami Tower	631,672	\$220,000,000	\$348	N/A	Sumitomo Corp (America)	2Q16	Downtown Miami
Courvoisier Centre	335,000	\$175,000,000	\$522	N/A	Masaveu Corporation SA	1Q16	Brickell
Datran Center	476,412	\$150,000,000	\$315	N/A	ABS Partners / Acre Valley Real Estate Capital	2Q16	Kendall
The Lincoln	160,171	\$109,250,000	\$682	N/A	Clarion Partners	1Q16	Miami Beach
New World Tower	272,267	\$84,000,000	\$309	5.6%	East End Capital	4Q16	Downtown Miami
Lincoln Place	139,887	\$80,000,000	\$572	N/A	Nightingale Properties	4Q16	Miami Beach
Doral Costa	280,000	\$73,750,000	\$263	N/A	Triarch Capital Group	1Q16	Airport / Doral
Waterford At Blue Lagoon	372,673	\$68,250,000	\$183	N/A	Ivy Realty	2Q16	Airport / Doral
Aventura Corporate Center	160,000	\$66,974,395	\$419	N/A	Renaissance Properties NY	2Q16	Aventura

Contact Information

Donna Abood
Principal and Managing Director
2020 Ponce de Leon Blvd, Suite 1200
Miami, FL 33134
305.446.0011
donna.abood@avisonyoung.com

Michael T. Fay
Principal and Managing Director
2020 Ponce de Leon Blvd, Suite 1200
Miami, FL 33134
305.447.7842
michael.fay@avisonyoung.com

Ryan Sharpe
Research Analyst
500 W Cypress Creek Rd, Suite 350
Fort Lauderdale, FL 33309
954.903.3705
ryan.sharpe@avisonyoung.com

