

# Miami

## Office market snapshot | Q4 2023

As of the end of November, Miami's unemployment rate decreased by 10 basis points compared to the third quarter, reaching 1.4%. This is 150 basis points lower than Florida's unemployment rate of 2.9%. Total nonfarm employment experienced a year-over-year increase of 3.9%, notably with professional and business services showing job growth of 6.1%.

# \$724M

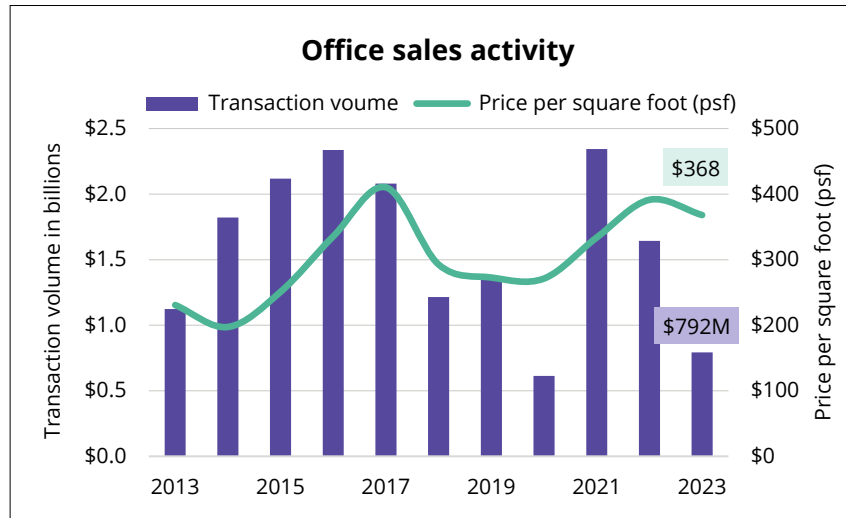
Economic challenges, coupled with reduced office demand, led to a year-end office sales volume of \$792 million, averaging \$368 per square foot.

# -90 bps

Trophy office vacancy rates decreased by 90 basis points from the start of 2023 to the end, driven by the continued flight-to-quality trend.

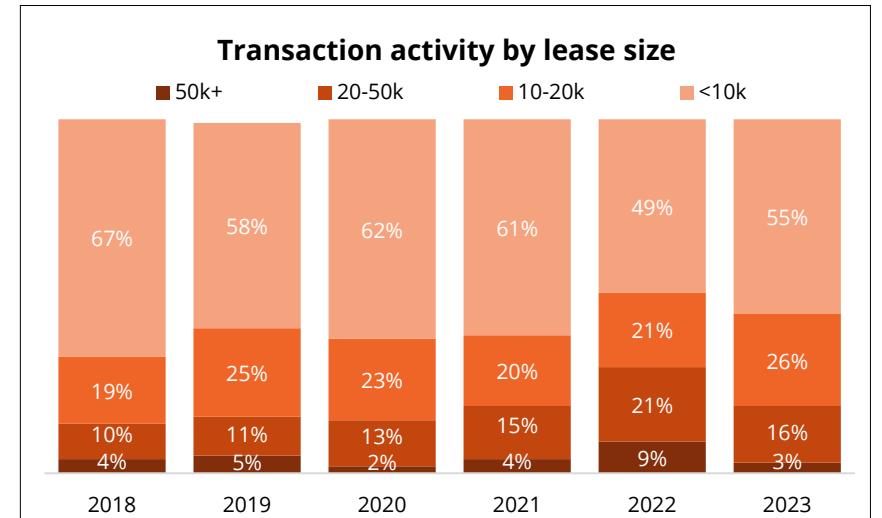
# 4.2 msf

Office leasing activity softened in 2023, resulting in a 24% decrease compared to 2022. However, 4.2 million square feet (msf) in leasing volume aligns with pre-pandemic normal levels.



In 2023, Capital Markets activity encountered a slowdown as buyers and sellers grappled with price discovery amid increased interest rates and limited financing options. By year end, office prices showed a 6% softening from 2022, culminating in an average price per square foot of \$368. With the Federal Reserve announcing three anticipated rate drops in 2024, optimism is on the rise for the near future.

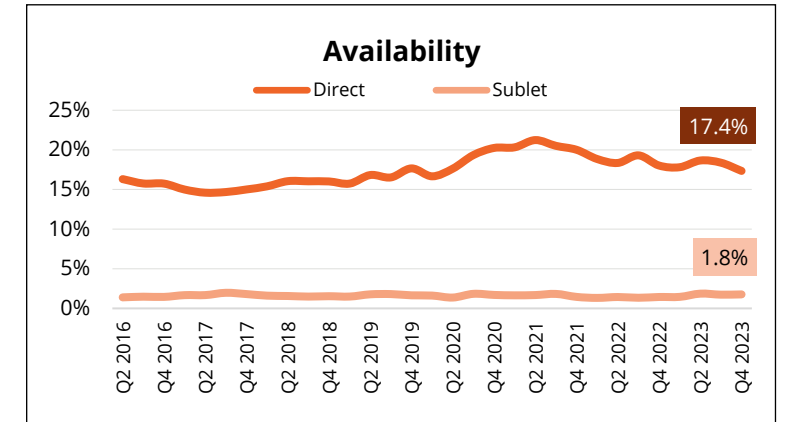
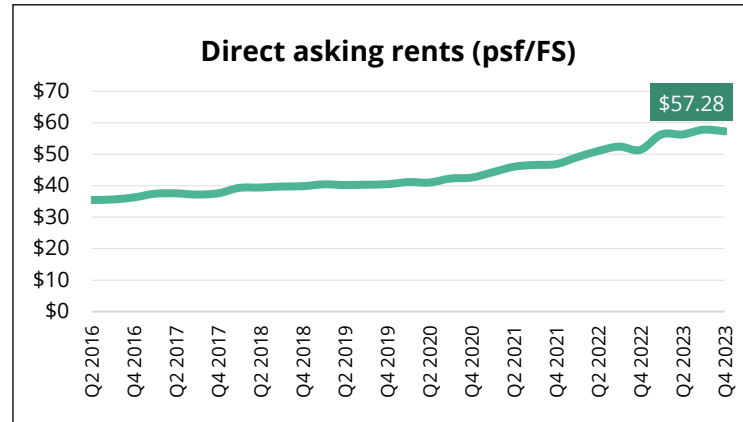
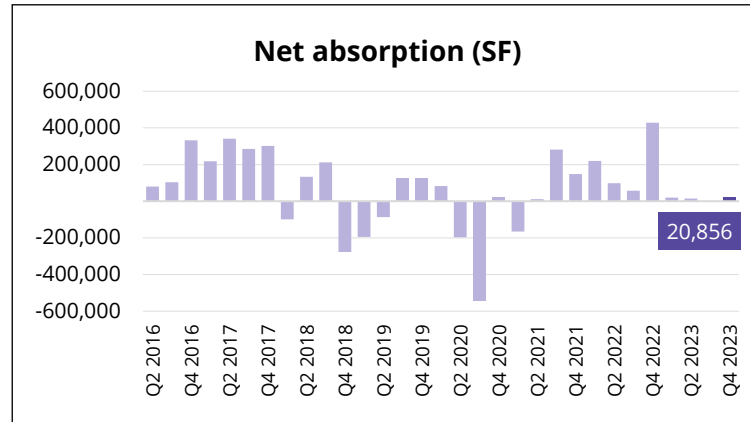
Sources: AVANT by Avison Young, RCA, CoStar, U.S. Bureau of Labor Statistics



Miami's leasing landscape has witnessed a consistent increase in transaction activity within the 10,000-20,000 square foot range over the last five years, constituting 26% of the leasing volume in 2023. Contrary to the national trend of downsizing footprints, the Miami market reflects a notable presence of new-to-market tenants expanding and opting for larger office spaces.

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### Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Simply Healthcare	11410 N.W. 20th St.	55,968	New	Direct
MasTec	800 S. Douglas Rd.	38,786	Renewal	Direct
AerSale	9850 N.W. 41 <sup>st</sup> St.	35,718	New	Direct
Vida Integrated Health	14901 N.W. 79 <sup>th</sup> Ct.	30,000	New	Direct

### Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Tourmaline Capital Partners	801 Brickell Ave.	\$250,000,000	\$602	Nuveen
Lennar	5505 Blue Lagoon Dr.	\$68,000,000	\$319	Franklin Street
Easton Group	8600 N.W. 36 <sup>th</sup> St.	\$28,500,000	\$195	Bridge Investment Group

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## Get in touch

Jason Steele  
Florida Regional Lead, Market Intelligence  
+1 813 314 7808  
jason.steele@avisonyoung.com

Nickolas Daly  
Market Intelligence Analyst  
+1 305 447 7870  
nickolas.daly@avisonyoung.com

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Airport/Doral	11,379,355	-	-	20.2%	0.8%	21%	0.1%	54,814	16,388	\$40.21
Brickell	7,370,295	-	829,300	11.8%	0.8%	12.6%	(2.1%)	(41,451)	(154,120)	\$88.69
Coral Gables	7,316,022	-	-	16.5%	0.9%	17.4%	(0.1%)	(8,999)	(6,411)	\$51.85
Downtown Miami	7,301,509	-	196,832	19.6%	0.9%	20.4%	(0.1%)	39,319	(10,139)	\$62.49
Kendall	4,557,281	-	-	11.7%	0.5%	12.1%	0.7%	(31,884)	30,012	\$41.15
Biscayne Corridor	4,416,309	63,625	566,400	13%	0.9%	13.9%	2.1%	51,768	145,192	\$67.95
Miami Beach	2,778,799	-	308,553	13.7%	2.0%	15.7%	0%	(6,985)	393	\$94.48
Miami Lakes	2,193,262	-	82,903	11.9%	0.5%	12.4%	(0.9%)	(6,694)	(19,404)	\$34.94
Aventura	2,102,534	-	131,627	6.2%	1.1%	7.3%	(1.1%)	(6,434)	(23,150)	\$58.90
South Gables/South Miami	1,958,692	-	-	6%	0.4%	6.5%	(0.1%)	(13,788)	(1,467)	\$41.98
Coconut Grove	1,641,062	27,706	60,000	9%	1.6%	10.6%	1.5%	5,636	49,613	\$63.78
Northeast Dade	1,391,069	-	-	10.2%	0.8%	11%	(0.6%)	(7,748)	(8,365)	\$37.41
Medley/Hialeah	789,908	-	-	12.7%	0%	12.7%	1.4%	(14,039)	10,845	\$36.18
South Dade	150,516	-	-	37.8%	0%	37.8%	15.2%	7,341	22,831	\$36.94
<b>Market total</b>	<b>55,346,613</b>	<b>91,331</b>	<b>2,175,615</b>	<b>14.9%</b>	<b>0.9%</b>	<b>15.8%</b>	<b>0.1%</b>	<b>20,856</b>	<b>52,218</b>	<b>\$57.28</b>

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Trophy	4,659,842	-	1,385,137	14.7%	1.6%	16.3%	(2.3%)	9,307	106,241	\$96.37
Class A	24,748,396	91,331	790,478	18.3%	1.2%	19.5%	1.1%	(11,956)	(192,662)	\$58.14
Class B	25,938,375	-	-	11.7%	0.4%	12.1%	(0.5%)	23,505	138,639	\$42.48
<b>Market total</b>	<b>55,346,613</b>	<b>91,331</b>	<b>2,175,615</b>	<b>14.9%</b>	<b>0.9%</b>	<b>15.8%</b>	<b>0.1%</b>	<b>20,856</b>	<b>52,218</b>	<b>\$57.28</b>