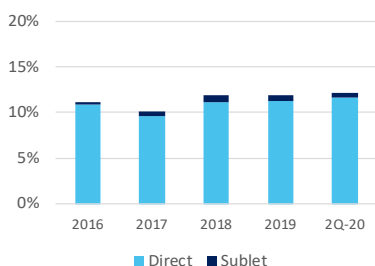


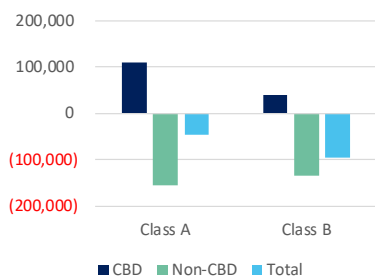
# Miami-Dade County

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Miami market's health. Third quarter activity is expected to provide greater clarity.

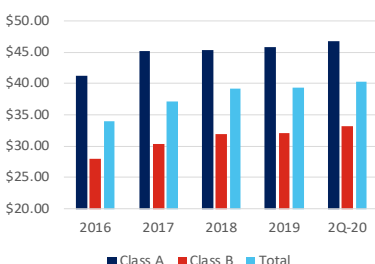
## Vacancy Rate



## YTD Net Absorption (SF)



## Average Asking Rent Rate (\$/SF/FS)



## Miami's Office Market Dips Into Negative Territory Amid Suspended Leasing Activity

- After several quarters of consistent growth, suspended leasing activity during the second quarter pushed Miami's office net absorption into negative territory while vacancy rose 74 basis points (bps) to 12.14%. Although there was an uptick in vacancy during the second quarter, most of it was attributable to already-planned mid-year move outs. Sublease space only accounted for an increase of 8 bps quarter-over-quarter, faring better than many expected.
- Leasing volume fell dramatically during the second quarter of 2020 with total volume arriving at 1.2 million sf for the year-to-date, almost half of the 2.2 million sf reported at mid-year 2019.
- Average rental rates continued to experience steady growth with class A rates increasing to \$46.79 psf (+\$0.32) over the quarter. Landlords have remained patient and are holding rental rates firm, opting to wait out the storm for 60 to 90 days rather than offering significant concessions.
- Several sizable office deliveries remain on the horizon as many developments originally planned for delivery during the second quarter were pushed to the third quarter. The Plaza Coral Gables' North Tower (+291,267 sf), 545Wyn (+298,599 sf), and One Cocowalk (+85,762 sf) are all expected to deliver next quarter, increasing Miami's office inventory by 1.2% and likely placing upward pressure on vacancy.
- The Related Group decided to scrap a planned condo project on Terminal Island and proposed a 160,000-sf office project in its place to be called One Island Park. The developer cited strong demand from the Northeast as the reason for the change in plans.

## Trends to Watch



### Hospitality Sector

Miami's hospitality sector is showing early signs of improvement. Occupancies are steadily rising and 11,500 leisure and hospitality jobs were added back in May.



### Stable Rent Collection

Government relief packages have bolstered rent collections. With the programs expiring in July, a clearer impact may emerge near the end of the year.



### Interest from the NE

South Florida will likely benefit from increased demand from individuals and businesses in the Northeast looking to relocate away from dense, urban locations.

**54.7 MSF**

Total office inventory in the Miami-Dade County market

**(141,680) SF**

Direct Y-T-D net absorption as of 2Q-2020

**12.14%**

Overall Vacancy

**\$46.79/SF/FS**

Average rental rate for class A space

## Airport / Doral

| Class Breakdown | Total RSF         | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption   |
|-----------------|-------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|------------------|
| Class A         | 5,508,500         | 792,550          | 81,869           | \$38.72        | 85.61%        | 14.39%        | 1.49%            | 15.87%          | 213,081            | (128,840)        |
| Class B         | 6,433,791         | 686,182          | 24,569           | \$30.96        | 89.33%        | 10.67%        | 0.38%            | 11.05%          | 0                  | (4,637)          |
| <b>Total</b>    | <b>11,942,291</b> | <b>1,478,732</b> | <b>106,438</b>   | <b>\$35.12</b> | <b>87.62%</b> | <b>12.38%</b> | <b>0.89%</b>     | <b>13.27%</b>   | <b>213,081</b>     | <b>(133,477)</b> |

## Aventura

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|----------------|
| Class A         | 1,354,585        | 197,484          | 5,394            | \$53.52        | 85.42%        | 14.58%        | 0.40%            | 14.98%          | 0                  | 25,617         |
| Class B         | 365,935          | 20,513           | 965              | \$44.96        | 94.39%        | 5.61%         | 0.26%            | 5.87%           | 0                  | (1,886)        |
| <b>Total</b>    | <b>1,720,520</b> | <b>217,997</b>   | <b>6,359</b>     | <b>\$52.72</b> | <b>87.33%</b> | <b>12.67%</b> | <b>0.37%</b>     | <b>13.04%</b>   | <b>0</b>           | <b>23,731</b>  |

## Biscayne Corridor

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|----------------|
| Class A         | 1,455,398        | 220,456          | 0                | \$47.87        | 84.85%        | 15.15%        | 0.00%            | 15.15%          | 698,889            | (2,874)        |
| Class B         | 1,220,234        | 112,373          | 6,919            | \$33.00        | 90.79%        | 9.21%         | 0.57%            | 9.78%           | 33,177             | 51,755         |
| <b>Total</b>    | <b>2,675,632</b> | <b>332,829</b>   | <b>6,919</b>     | <b>\$42.85</b> | <b>87.56%</b> | <b>12.44%</b> | <b>0.26%</b>     | <b>12.70%</b>   | <b>732,066</b>     | <b>48,881</b>  |

## Brickell

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|----------------|
| Class A         | 4,648,272        | 339,900          | 10,847           | \$56.79        | 92.69%        | 7.31%        | 0.23%            | 7.55%           | 613,000            | 21,868         |
| Class B         | 2,945,831        | 356,562          | 11,049           | \$39.66        | 87.90%        | 12.10%       | 0.38%            | 12.48%          | 0                  | 11,230         |
| <b>Total</b>    | <b>7,594,103</b> | <b>696,462</b>   | <b>21,896</b>    | <b>\$48.02</b> | <b>90.83%</b> | <b>9.17%</b> | <b>0.29%</b>     | <b>9.46%</b>    | <b>613,000</b>     | <b>33,098</b>  |

## Coconut Grove

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|----------------|
| Class A         | 637,465          | 55,938           | 0                | \$52.30        | 91.22%        | 8.78%        | 0.00%            | 8.78%           | 190,762            | (6,625)        |
| Class B         | 727,856          | 44,891           | 3,263            | \$42.16        | 93.83%        | 6.17%        | 0.45%            | 6.62%           | 0                  | 4,080          |
| <b>Total</b>    | <b>1,365,321</b> | <b>100,829</b>   | <b>3,263</b>     | <b>\$47.79</b> | <b>92.61%</b> | <b>7.39%</b> | <b>0.24%</b>     | <b>7.62%</b>    | <b>190,762</b>     | <b>(2,545)</b> |

## Coral Gables

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption  |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|-----------------|
| Class A         | 4,390,304        | 432,122          | 13,030           | \$43.47        | 90.16%        | 9.84%        | 0.30%            | 10.14%          | 455,008            | (52,201)        |
| Class B         | 2,714,248        | 241,830          | 3,498            | \$35.83        | 91.09%        | 8.91%        | 0.13%            | 9.04%           | 0                  | (27,219)        |
| <b>Total</b>    | <b>7,104,552</b> | <b>673,952</b>   | <b>16,528</b>    | <b>\$40.73</b> | <b>90.51%</b> | <b>9.49%</b> | <b>0.23%</b>     | <b>9.72%</b>    | <b>455,008</b>     | <b>(79,420)</b> |

## Downtown Miami

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|----------------|
| Class A         | 5,096,314        | 950,369          | 35,118           | \$50.92        | 81.35%        | 18.65%        | 0.69%            | 19.34%          | 0                  | 87,121         |
| Class B         | 3,205,789        | 551,467          | 6,360            | \$29.61        | 82.80%        | 17.20%        | 0.20%            | 17.40%          | 0                  | 27,595         |
| <b>Total</b>    | <b>8,302,103</b> | <b>1,501,836</b> | <b>41,478</b>    | <b>\$43.09</b> | <b>81.91%</b> | <b>18.09%</b> | <b>0.50%</b>     | <b>18.59%</b>   | <b>0</b>           | <b>114,716</b> |

## Kendall

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption  |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|-----------------|
| Class A         | 1,356,034        | 121,698          | 3,453            | \$39.48        | 91.03%        | 8.97%        | 0.25%            | 9.23%           | 0                  | 13,885          |
| Class B         | 2,981,968        | 235,733          | 21,929           | \$32.07        | 92.09%        | 7.91%        | 0.74%            | 8.64%           | 0                  | (55,619)        |
| <b>Total</b>    | <b>4,338,002</b> | <b>357,431</b>   | <b>25,382</b>    | <b>\$34.59</b> | <b>91.76%</b> | <b>8.24%</b> | <b>0.59%</b>     | <b>8.82%</b>    | <b>0</b>           | <b>(41,734)</b> |

## South Gables / South Miami

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption  |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|-----------------|
| Class A         | 479,766          | 46,596           | 0                | \$54.85        | 90.29%        | 9.71%        | 0.00%            | 9.71%           | 0                  | (5,305)         |
| Class B         | 1,555,299        | 106,289          | 959              | \$40.89        | 93.17%        | 6.83%        | 0.06%            | 6.90%           | 0                  | (41,271)        |
| <b>Total</b>    | <b>2,035,065</b> | <b>152,885</b>   | <b>959</b>       | <b>\$45.14</b> | <b>92.49%</b> | <b>7.51%</b> | <b>0.05%</b>     | <b>7.56%</b>    | <b>0</b>           | <b>(46,576)</b> |

## Medley / Hialeah

| Class Breakdown | Total RSF      | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|----------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|----------------|
| Class A         | 392,864        | 2,176            | 16,445           | \$30.80        | 99.45%        | 0.55%        | 4.19%            | 4.74%           | 0                  | 25,416         |
| Class B         | 442,793        | 12,008           | 0                | \$25.24        | 97.29%        | 2.71%        | 0.00%            | 2.71%           | 0                  | (1,101)        |
| <b>Total</b>    | <b>835,657</b> | <b>14,184</b>    | <b>16,445</b>    | <b>\$26.43</b> | <b>98.30%</b> | <b>1.70%</b> | <b>1.97%</b>     | <b>3.67%</b>    | <b>0</b>           | <b>24,315</b>  |

## Miami Beach

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|----------------|
| Class A         | 666,440          | 67,095           | 0                | \$30.00        | 89.93%        | 10.07%       | 0.00%            | 10.07%          | 0                  | (8,044)        |
| Class B         | 1,860,847        | 174,107          | 0                | \$44.35        | 90.64%        | 9.36%        | 0.00%            | 9.36%           | 0                  | 1,820          |
| <b>Total</b>    | <b>2,527,287</b> | <b>241,202</b>   | <b>0</b>         | <b>\$47.08</b> | <b>90.46%</b> | <b>9.54%</b> | <b>0.00%</b>     | <b>9.54%</b>    | <b>0</b>           | <b>(6,224)</b> |

## Miami Lakes

| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption  |
|-----------------|------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|-----------------|
| Class A         | 413,955          | 81,801           | 0                | \$30.80        | 80.24%        | 19.76%        | 0.00%            | 19.76%          | 82,903             | (15,168)        |
| Class B         | 1,881,578        | 329,245          | 0                | \$28.53        | 82.50%        | 17.50%        | 0.00%            | 17.50%          | 0                  | (26,140)        |
| <b>Total</b>    | <b>2,295,533</b> | <b>411,046</b>   | <b>0</b>         | <b>\$28.98</b> | <b>82.09%</b> | <b>17.91%</b> | <b>0.00%</b>     | <b>17.91%</b>   | <b>82,903</b>      | <b>(41,308)</b> |

## Northeast Dade

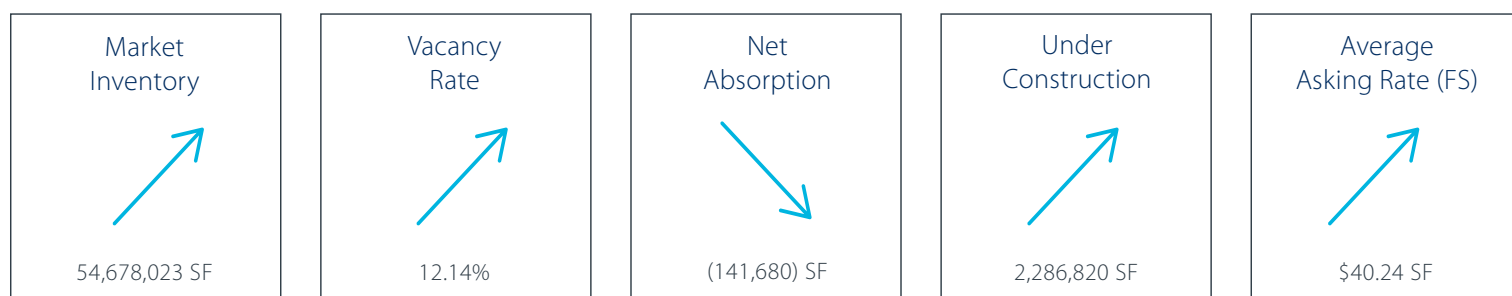
| Class Breakdown | Total RSF        | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant     | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption  |
|-----------------|------------------|------------------|------------------|----------------|---------------|--------------|------------------|-----------------|--------------------|-----------------|
| Class A         | 199,684          | 9,647            | 0                | \$43.75        | 95.17%        | 4.83%        | 0.00%            | 4.83%           | 0                  | (1,593)         |
| Class B         | 1,401,025        | 138,281          | 100              | \$30.46        | 90.13%        | 9.87%        | 0.01%            | 9.88%           | 0                  | (19,384)        |
| <b>Total</b>    | <b>1,600,709</b> | <b>147,928</b>   | <b>100</b>       | <b>\$31.33</b> | <b>90.76%</b> | <b>9.24%</b> | <b>0.01%</b>     | <b>9.25%</b>    | <b>0</b>           | <b>(20,977)</b> |

## South Dade

| Class Breakdown | Total RSF      | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption  |
|-----------------|----------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|-----------------|
| Class A         | 0              | 0                | 0                | \$0.00         | 0.00%         | 0.00%         | 0.00%            | 0.00%           | 0                  | 0               |
| Class B         | 341,248        | 63,963           | 0                | \$24.18        | 81.26%        | 18.74%        | 0.00%            | 18.74%          | 0                  | (14,160)        |
| <b>Total</b>    | <b>341,248</b> | <b>63,963</b>    | <b>0</b>         | <b>\$24.18</b> | <b>81.26%</b> | <b>18.74%</b> | <b>0.00%</b>     | <b>18.74%</b>   | <b>0</b>           | <b>(14,160)</b> |

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

## Leading Indicators (Y-O-Y 2Q-2019 to 2Q-2020)



| Miami-Dade County |                   |                  |                  |                |               |               |                  |                 |                    |                  |
|-------------------|-------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|------------------|
| Class Breakdown   | Total RSF         | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption   |
| Class A           | 26,599,581        | 3,317,832        | 166,156          | \$46.79        | 87.53%        | 12.47%        | 0.62%            | 13.10%          | 2,253,643          | (46,743)         |
| Class B           | 28,078,442        | 3,073,444        | 79,611           | \$33.18        | 89.05%        | 10.95%        | 0.28%            | 11.23%          | 33,177             | (94,937)         |
| <b>Total</b>      | <b>54,678,023</b> | <b>6,391,276</b> | <b>245,767</b>   | <b>\$40.24</b> | <b>88.31%</b> | <b>11.69%</b> | <b>0.45%</b>     | <b>12.14%</b>   | <b>2,286,820</b>   | <b>(141,680)</b> |

| CBD             |                   |                  |                  |                |               |               |                  |                 |                    |                |
|-----------------|-------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|----------------|
| Class Breakdown | Total RSF         | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption |
| Class A         | 9,744,586         | 1,290,269        | 45,965           | \$52.46        | 86.76%        | 13.24%        | 0.47%            | 13.71%          | 613,000            | 108,989        |
| Class B         | 6,151,620         | 908,029          | 17,409           | \$33.55        | 85.24%        | 14.76%        | 0.28%            | 15.04%          | 0                  | 38,825         |
| <b>Total</b>    | <b>15,896,206</b> | <b>2,198,298</b> | <b>63,374</b>    | <b>\$44.65</b> | <b>86.17%</b> | <b>13.83%</b> | <b>0.40%</b>     | <b>14.23%</b>   | <b>613,000</b>     | <b>147,814</b> |

| Non-CBD         |                   |                  |                  |                |               |               |                  |                 |                    |                  |
|-----------------|-------------------|------------------|------------------|----------------|---------------|---------------|------------------|-----------------|--------------------|------------------|
| Class Breakdown | Total RSF         | Direct Vacant SF | Sublet Vacant SF | Lease Rate     | % Occupied    | % Vacant      | % Sublet Vacancy | % Total Vacancy | Under Construction | Net Absorption   |
| Class A         | 16,854,995        | 2,027,563        | 120,191          | \$43.17        | 87.97%        | 12.03%        | 0.71%            | 12.74%          | 1,640,643          | (155,732)        |
| Class B         | 21,926,822        | 2,165,415        | 62,202           | \$33.03        | 90.12%        | 9.88%         | 0.28%            | 10.16%          | 33,177             | (133,762)        |
| <b>Total</b>    | <b>38,781,817</b> | <b>4,192,978</b> | <b>182,393</b>   | <b>\$37.93</b> | <b>89.19%</b> | <b>10.81%</b> | <b>0.47%</b>     | <b>11.28%</b>   | <b>1,673,820</b>   | <b>(289,494)</b> |

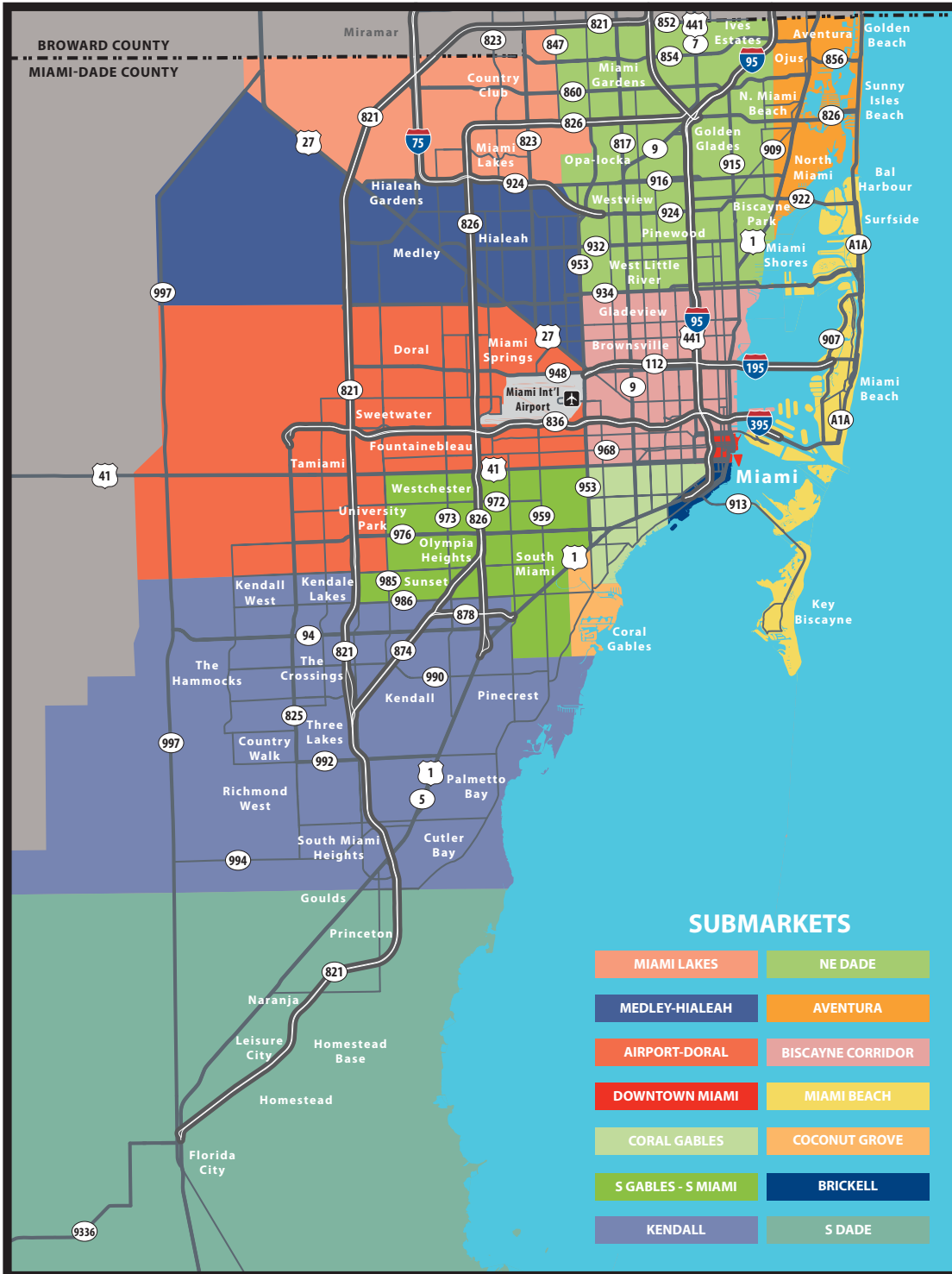
## Significant Second Quarter 2020 Lease Transactions - Sorted by SF

| Tenant                           | Property                     | Type              | SF     | Submarket     |
|----------------------------------|------------------------------|-------------------|--------|---------------|
| Vitas Healthcare*                | One Professional Arts Center | Renewal/Expansion | 35,302 | Kendall       |
| Banco Sabadell                   | 1111 Brickell                | Renewal/Downsize  | 33,500 | Brickell      |
| Discovery Communications         | 6505 Blue Lagoon Dr          | Renewal           | 24,458 | Airport-Doral |
| Saputo Cheese USA                | 1450 Brickell                | New               | 17,800 | Brickell      |
| IberiaBank                       | 1111 Brickell                | New               | 13,938 | Brickell      |
| FEMBi Mortgage                   | 9300 S Dadeland Blvd         | Renewal           | 11,237 | Kendall       |
| Catalyst Pharmaceutical Partners | 355 Alhambra Cir             | New               | 10,661 | Coral Gables  |
| Beacon Health Strategies         | 2 Alhambra Plz               | Renewal/Downsize  | 10,000 | Coral Gables  |

\*Avison Young handled this transaction

## Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

| Property            | SF     | Sale Price   | Price/SF | Buyer          | Submarket         |
|---------------------|--------|--------------|----------|----------------|-------------------|
| 6625 Miami Lakes Dr | 50,192 | \$11,500,000 | \$229    | Ward Law Group | Miami Lakes       |
| 1800 SW 1st St      | 23,595 | \$5,400,000  | \$229    | Care Resource  | Biscayne Corridor |



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