

Miami

Occupancy lags market momentum while rents achieve new all-time highs

- Asking rents across Miami rose for a fourth consecutive quarter, up 2.6% from pre-pandemic levels.
- While new-to-market firms continue to secure space, delayed occupancy for hiring and relocating employees has kept absorption negative, leading to higher vacancy.
- The CBD remains the largest beneficiary of increased market activity, reflecting the prestige and pay range of new-to-market jobs.

Rent continues to climb in Miami despite rising vacancy amid new deliveries and leasing with delayed occupancy. Miami's CBD remains the driving force behind rent growth, posting 5.6% year-over-year growth, compared to just 1.6% in the suburbs. Suburban assets face a combination of more sublease space on the market, new deliveries with little preleasing and less interest from new-to-market firms, which tend to be focused on the CBD.

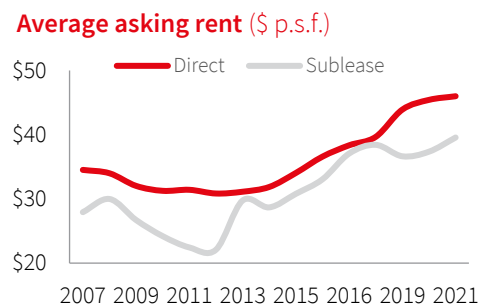
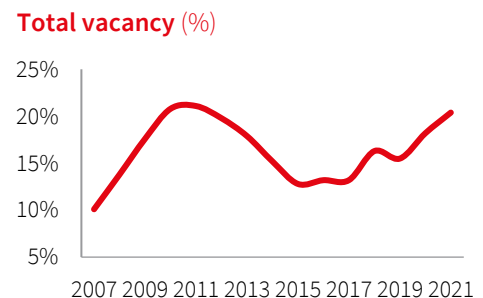
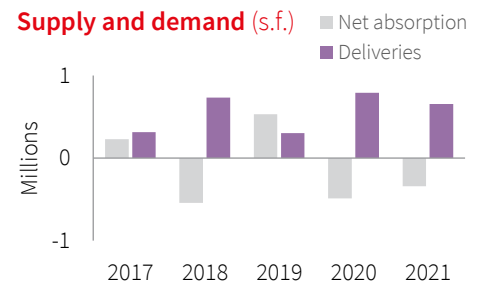
Pending positive absorption is still lagging market momentum as occupiers wait for build outs to complete, new employees to be hired and current employees to relocate or return to the office. Strong leasing activity suggests that positive net absorption will come to fruition late in 2021 and continue well through 2022. In the meantime, elevated vacancy is to be expected as new developments deliver vacant and rightsizing among current occupiers increases availability. Employers are likely to continue adapting to the new way of working for some time as they weigh the costs of collaboration and productivity against the savings of occupancy costs.

Highlights of Q2 leasing activity in Miami include Thoma Bravo's 36,000-s.f. lease at 830 Brickell, D1 Capital taking the last full floor at 2850 Tigertail and the Florida State Attorney's Office signing for 50,000 s.f. at River Landing. Point 72 leased 8,600 s.f. at 701 Brickell, in addition to the 4,280 s.f. that they leased at 360 Rosemary in West Palm Beach last quarter, a move indicative of a larger trend beginning to emerge, that will allow firms to serve both cities while attracting talent from across the South Florida region.

Outlook

Miami continues to grow closer to its goal of becoming the "Wall Street of the South" with major financial firms setting up major operations and relocating hundreds of employees. Wynwood's blossoming tech scene is likely to take off with exponential growth as it approaches critical mass. Rent growth could slow in the near-term but will accelerate again as occupancy rises and quality space becomes scarcer.

Fundamentals	Forecast
YTD net absorption	-339,245 s.f. ▲
Under construction	1,372,171 s.f. ▲
Total vacancy	20.4% ►
Sublease vacancy	419,320 s.f. ►
Direct asking rent	\$46.01 p.s.f. ►
Sublease asking rent	\$39.56 p.s.f. ►
Concessions	Stable ►



JLL Research Report

Office Statistics

	Class	Inventory (s.f.)	Total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (%) of stock	Direct vacancy (%)	Total vacancy (%)	Average direct asking rent (\$ p.s.f.)	YTD Completions (s.f.)	Under Development (s.f.)
Wynwood-Design District	Totals	961,736	33,266	46,116	4.8%	44.0%	44.0%	\$60.46	45,006	438,082
Brickell	Totals	6,725,125	4,522	-121,737	-1.8%	14.3%	15.4%	\$58.24	0	664,300
Downtown Miami	Totals	7,295,637	-114,396	-144,453	-2.0%	25.8%	26.7%	\$44.46	0	48,000
CBD	Totals	14,982,498	-76,608	-220,074	-1.5%	21.8%	22.7%	\$52.34	45,006	1,150,382
Aventura	Totals	1,535,103	73,569	66,276	4.3%	29.3%	29.9%	\$52.57	285,377	0
Coconut Grove	Totals	1,249,287	110,608	134,075	10.7%	10.3%	12.1%	\$51.11	113,127	31,000
Coral Gables	Totals	6,277,416	-40,293	-116,350	-1.9%	17.1%	18.2%	\$45.28	0	163,741
Kendall	Totals	2,748,219	-60,352	-63,994	-2.3%	13.7%	14.6%	\$34.40	0	0
Miami Airport	Totals	10,256,230	-115,794	-198,373	-1.9%	19.5%	21.0%	\$36.02	213,081	0
Miami Beach	Totals	1,833,370	-1,673	26,812	1.5%	12.5%	12.6%	\$53.22	0	27,048
Miami Lakes	Totals	1,376,739	21,282	32,383	2.4%	19.7%	19.8%	\$28.76	0	0
Suburbs	Totals	25,276,364	-12,653	-119,171	-0.5%	17.9%	19.0%	\$41.00	611,585	221,789
Miami	Totals	40,258,862	-89,261	-339,245	-0.8%	19.4%	20.4%	\$46.01	656,591	1,372,171
Wynwood-Design District	A	717,581	30,865	30,865	4.3%	54.3%	54.3%	\$61.14	23,845	394,616
Brickell	A	4,971,840	12,378	-92,259	-1.9%	11.9%	13.3%	\$65.14	0	664,300
Downtown Miami	A	4,400,412	-108,382	-115,613	-2.6%	24.4%	25.5%	\$52.55	0	48,000
CBD	A	10,089,833	-65,139	-177,007	-1.8%	20.4%	21.5%	\$59.46	23,845	1,106,916
Aventura	A	1,211,008	69,701	59,310	4.9%	34.2%	34.6%	\$54.06	285,377	0
Coconut Grove	A	705,044	104,715	124,551	17.7%	7.9%	8.7%	\$61.67	113,127	0
Coral Gables	A	4,333,813	-32,566	-98,229	-2.3%	18.8%	20.2%	\$47.18	0	163,741
Kendall	A	1,046,724	-31,174	-41,339	-3.9%	17.3%	17.5%	\$38.93	0	0
Miami Airport	A	5,488,453	-60,415	-133,071	-2.4%	25.4%	26.9%	\$37.76	213,081	0
Miami Beach	A	663,696	-130	20,890	3.1%	12.0%	12.3%	\$58.18	0	0
Miami Lakes	A	411,618	-14,213	-13,787	-3.3%	24.5%	24.5%	\$31.07	0	0
Suburbs	A	13,860,356	35,918	-81,675	-0.6%	21.9%	23.1%	\$43.81	611,585	163,741
Miami	A	23,950,189	-29,221	-258,682	-1.1%	21.3%	22.4%	\$51.13	635,430	1,270,657
Wynwood-Design District	B	244,155	2,401	15,251	6.2%	13.8%	13.8%	\$48.60	21,161	43,466
Brickell	B	1,753,285	-7,856	-29,478	-1.7%	20.9%	21.3%	\$39.52	0	0
Downtown Miami	B	2,895,225	-6,014	-28,840	-1.0%	28.0%	28.7%	\$32.55	0	0
CBD	B	4,892,665	-11,469	-43,067	-0.9%	24.8%	25.3%	\$35.47	21,161	43,466
Aventura	B	324,095	3,868	6,966	2.1%	11.0%	12.2%	\$41.46	0	0
Coconut Grove	B	544,243	5,893	9,524	1.8%	13.5%	16.6%	\$47.80	0	31,000
Coral Gables	B	1,943,603	-7,727	-18,121	-0.9%	13.3%	13.7%	\$38.75	0	0
Kendall	B	1,701,495	-29,178	-22,655	-1.3%	11.5%	12.9%	\$31.31	0	0
Miami Airport	B	4,767,777	-55,379	-65,302	-1.4%	12.8%	14.2%	\$32.84	0	0
Miami Beach	B	1,169,674	-1,543	5,922	0.5%	12.8%	12.8%	\$48.74	0	27,048
Miami Lakes	B	965,121	35,495	46,170	4.8%	17.6%	17.8%	\$27.19	0	0
Suburbs	B	11,416,008	-48,571	-37,496	-0.3%	13.1%	14.1%	\$36.15	0	58,048
Miami	B	16,308,673	-60,040	-80,563	-0.5%	16.6%	17.5%	\$35.89	21,161	101,514