

MIAMI-DADE OFFICE MARKET REPORT

2009

The Official CIASF Annual Report on Office Market Conditions



Data Provided by Black's Guide

Founded in 1976, Black's Guide delivers actionable data to commercial real estate brokers, owners, developers, property managers and tenants. Published throughout the year, 55 print directories contain information, statistics and trends on more than 80,000 properties in 19 major metropolitan markets.

Black's Guide employs an experienced and dedicated team of real estate research professionals who use an exclusive process to ensure we publish the most comprehensive and accurate data available anywhere. Commercial space listings are arranged by sub-markets to make it fast and convenient to search and compare properties.

Data listings include:

- Building name and address
- Name, company and phone number of the person to contact
- Cross-reference to corresponding map location
- Year constructed
- Parking ratio
- Average floor and building size
- Rental rate and add-on costs
- Minimum/maximum/total space blocks available
- Black's Guide Print Directories

Sponsors

- **One Biscayne Tower** - is a multi-tenant office and mixed-use project owned by L&B Realty Advisors. Brian Gale Managing Director Taylor & Mathis at 305-476-8880
- **Hines Airport Corporate Center** Airport Corporate Center is strategically located at the intersection of the Dolphin (836) and Palmetto (826) expressways which offers prompt access to all of South Florida's Metropolitan areas and provides excellent visibility from these major roadways. Tenants benefit from ample free parking, floor plan flexibility, and redundant electrical services that provide continuous power to various buildings within the property during turbulent weather . Jorge Barbontin 305-468-8200
- **RREEF** Real Estate acquires and manages investments in commercial and residential property, and real estate securities on behalf of its institutional and private clients worldwide. Marta Fernandez 305-441-1212
- **Midgard Management** – It's your property. It's our business to make it everything it can be. Your real estate should be beautiful, comfortable and safe for those who work and visit there. Our job is to bring a property up to its maximum level of performance and then sustain it there so that it continues to produce optimal returns for you and your investors. Lynn-Ann Ierna, CAM Director, Property Management 954-771-6714 Ext 225
- **Colliers Abood Wood-Fay** in partnership with Florida East Coast Realty is leasing 2020 Ponce. This Class "A", 14-story building includes ground-level retail, seven stories of premium office space and a six-level garage. Amenities include valet parking, concierge services, an avant-garde lobby, elegant common areas, state-of-the-art security systems & wireless capabilities, a security desk and a 4/1,000 parking ratio. The development also features a drive-thru for a bank kiosk. Albert E.G. Bolter at 305.446.0011 or abolter@colliersawf.com.
- **Rilea Group** – Developer of The 1450 Brickell Office Building. See back cover.

North Miami-Dade



NORTH MIAMI-DADE SUPPLY

	2007	2008	2009
Office Space in SF			
Aventura	999,749	1,077,693	1,141,330
Bay Harbor Islands	139,158	139,158	139,158
Miami Lakes	1,564,932	1,705,726	1,705,726
Miami Shores	112,771	112,771	112,771
North Miami	276,248	456,248	456,248
North Miami-Dade	361,566	231,566	231,566
North Miami Beach	<u>1,572,145</u>	<u>1,437,594</u>	<u>1,437,594</u>
TOTALS	5,026,569	5,160,756	5,224,393

North Miami-Dade	2005	2006	2007	2008	2009 (Q1)
Number of Buildings	132	131	111	114	115
SF of Space	5,315,101	5,255,704	4,726,481	5,022,926	5,086,563
Vacant	1,054,090	899,986	880,415	1,077,155	1,131,568
Change in Space	-13,369	-59,397	-529,223	296,445	63,637
Rate (Full Service)	\$19.56	\$19.94	\$22.13	\$23.32	\$23.53

Central Miami-Dade



CENTRAL MIAMI-DADE SUPPLY

	2007	2008	2009
Coconut Grove	821,753	1,119,909	1,119,909
Coral Gables	5,506,936	6,218,094	6,642,127
Hialeah	684,633	684,633	684,633
Medley	668,019	819,459	819,459
Miami	3,553,363	4,278,010	4,312,591
Miami-Brickell Area	8,487,437	9,025,085	9,079,592
Miami-Downtown	9,272,527	9,480,940	9,515,942
Doral/Miami Airport West	11,755,311	12,651,218	12,651,440
Miami Beach	1,580,068	1,706,852	1,708,879
<u>Miami Springs</u>	<u>358,873</u>	<u>359,520</u>	<u>277,153</u>
TOTALS	42,688,920	46,343,720	46,811,725

Central Miami-Dade	2005	2006	2007	2008	2009 (Q1)
Number of Buildings	491	501	410	439	442
SF of Space	38,396,709	39,442,662	37,425,139	39,957,983	40,272,820
Vacant	6,142,714	4,324,226	4,130,717	5,034,786	5,178,838
Change in Space	-135,889	1,045,953	-2,017,523	2,532,844	314,837
Rate (Full Service)	\$22.31	\$24.28	\$33.30	\$33.64	\$33.75

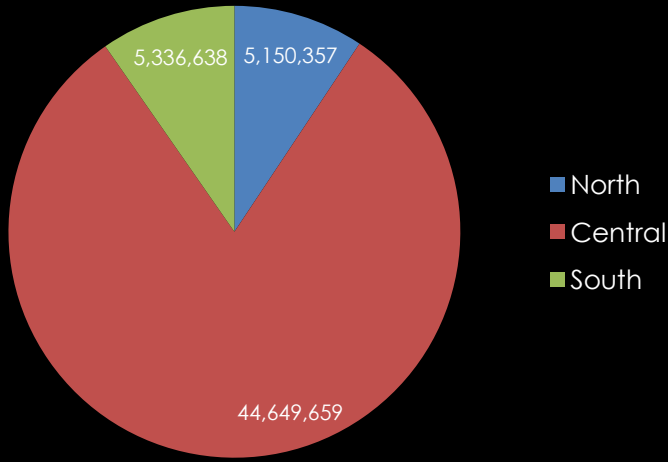
South Miami-Dade



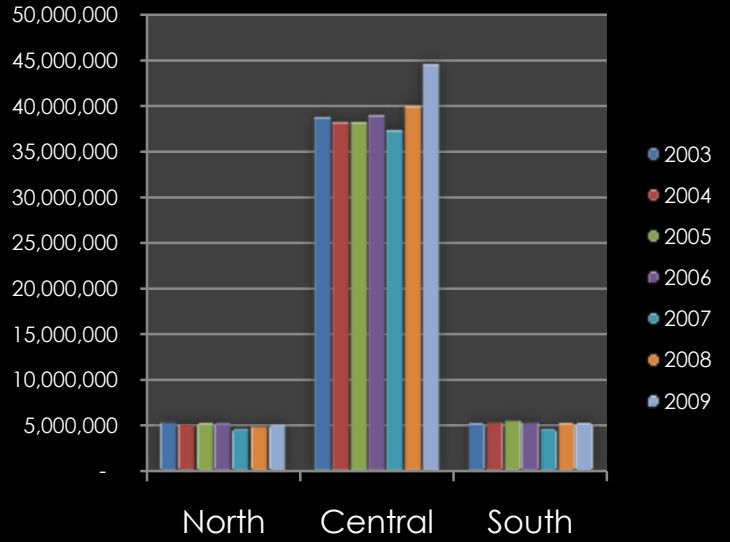
SOUTH MIAMI-DADE SUPPLY			
	2007	2008	2009
Cutler Bay	125,086	151,215	151,215
Homestead	249,000	249,000	249,000
Kendall	2,032,306	2,158,857	2,158,857
Kendall – West	1,362,266	1,459,782	1,459,782
Key Biscayne	59,360	59,360	59,360
South Miami	67,357	67,357	67,357
<u>South Miami- Dade</u>	<u>408,000</u>	<u>438,000</u>	<u>438,000</u>
TOTALS	4,303,375	4,583,571	4,583,571

South Miami-Dade	2005	2006	2007	2008	2009 (Q1)
Number of Buildings	136	134	113	130	130
SF of Space	5,679,893	5,661,863	4,730,870	5,336,638	5,336,638
Vacant	662,844	453,162	384,983	605,683	699,517
Change in Space	-25,875	-18,030	-930,993	605,768	0
Rate (Full Service)	\$20.46	\$22.14	\$27.06	\$25.81	\$25.88

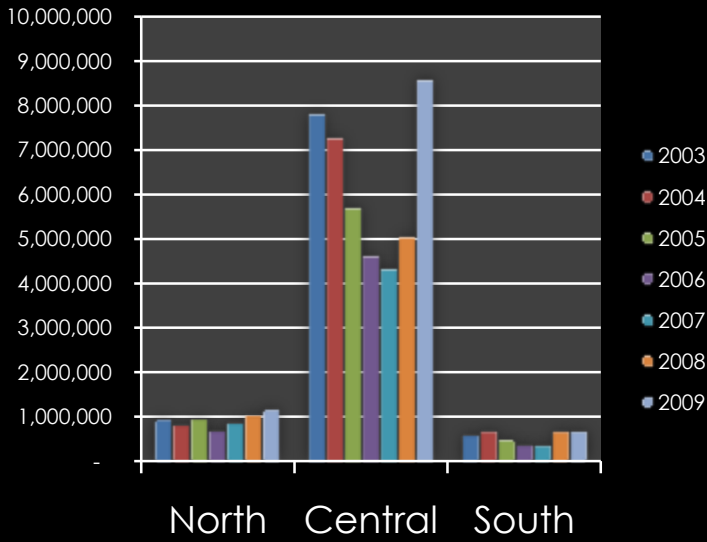
Distribution of Office Space



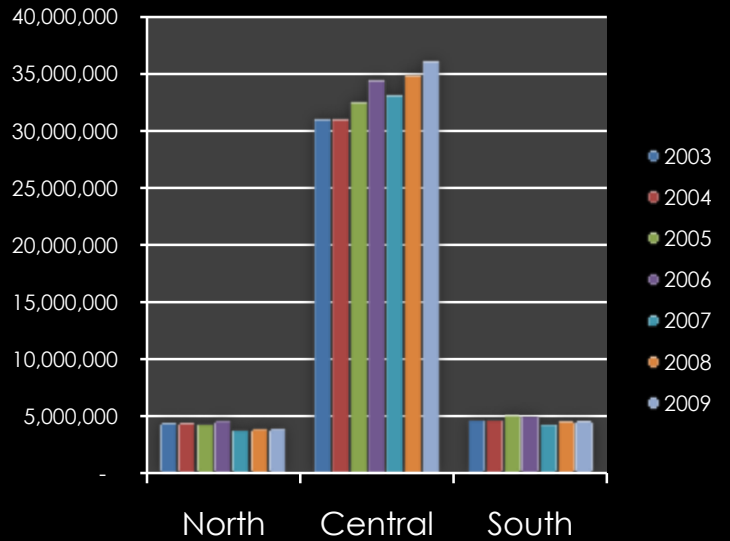
Supply by Region



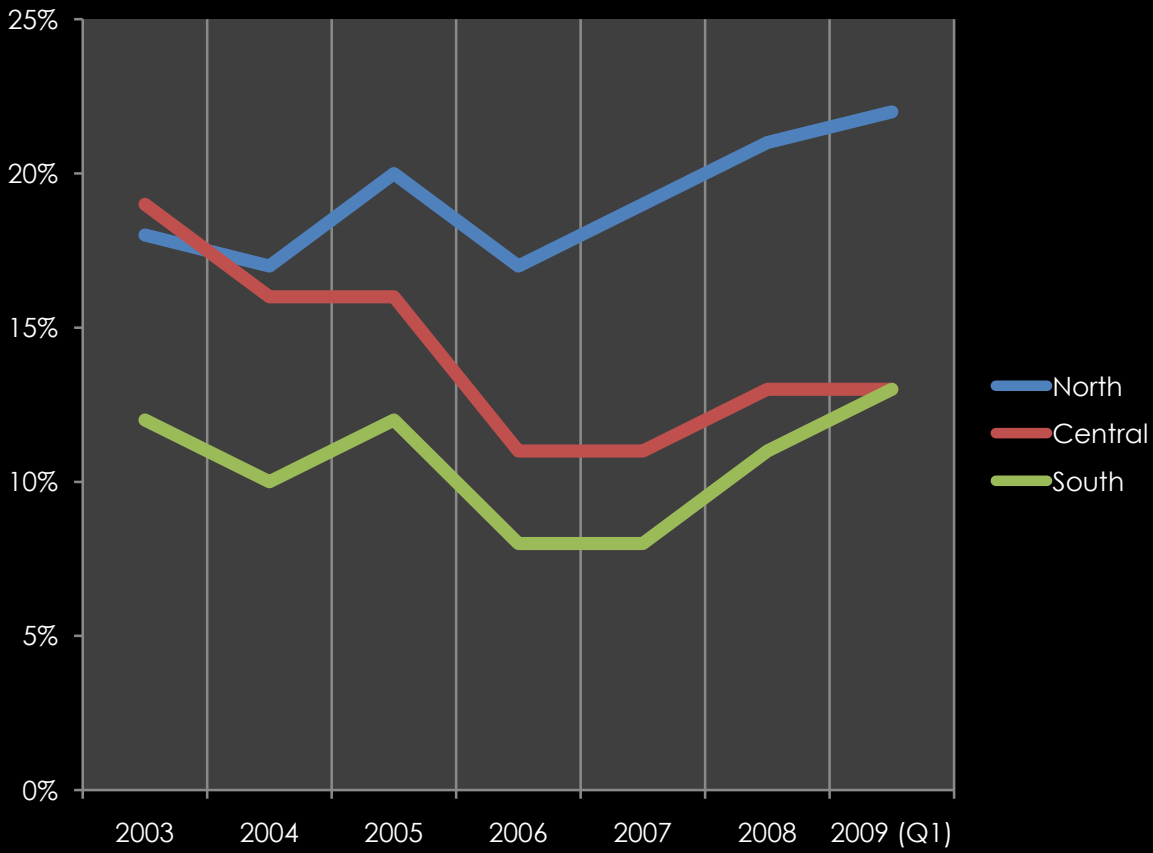
Vacant Space by Region



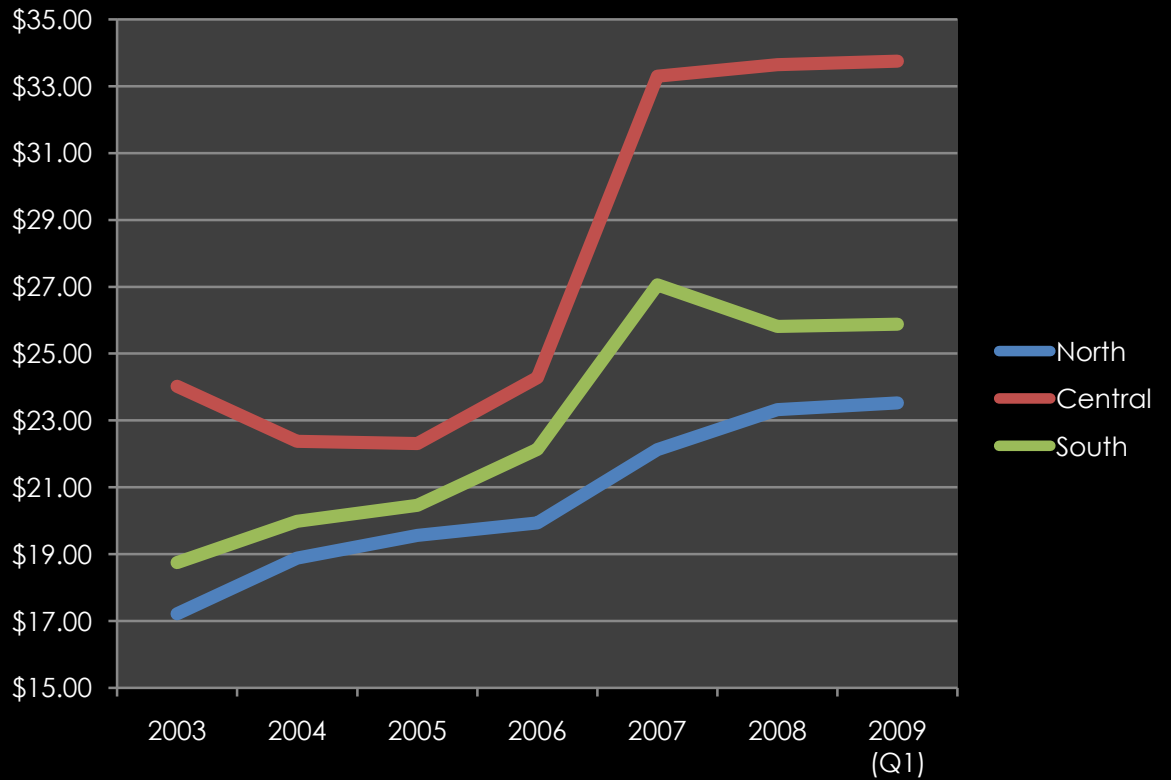
Occupied Space by Region



Vacancy Rate



Rental Rates/SF



Market Data & Trends

Total Supply

	2003	2004	2005	2006	2007	2008	2009
North	5,421,864	5,301,732	5,317,112	5,372,704	4,726,461	5,022,926	5,150,357
Central	38,800,000	38,252,604	38,189,229	39,021,927	37,425,139	39,957,983	44,649,659
South	5,339,984	5,421,168	5,646,794	5,452,804	4,730,870	5,336,638	5,336,638
Totals	49,561,848	48,975,504	49,153,135	49,847,435	46,882,470	50,317,547	55,136,654

Occupied Space

	2003	2004	2005	2006	2007	2008	2009
North	4,458,892	4,458,892	4,339,958	4,668,831	3,846,046	3,945,771	3,954,995
Central	31,000,000	31,000,000	32,486,124	34,418,384	33,114,422	34,923,197	36,069,845
South	4,724,044	4,724,044	5,146,301	5,060,282	4,345,887	4,637,121	4,637,121
Totals	40,182,936	40,182,936	41,972,383	44,147,497	41,306,355	43,506,089	44,661,961

Vacant Space

	2003	2004	2005	2006	2007	2008	2009
North	962,972	842,840	977,154	703,873	880,415	1,077,155	1,195,362
Central	7,800,000	7,252,604	5,703,105	4,603,543	4,310,717	5,034,786	8,579,814
South	615,940	697,124	500,493	392,522	384,983	699,517	699,517
Totals	9,378,912	8,792,568	7,180,752	5,699,938	5,576,115	6,811,458	10,474,693

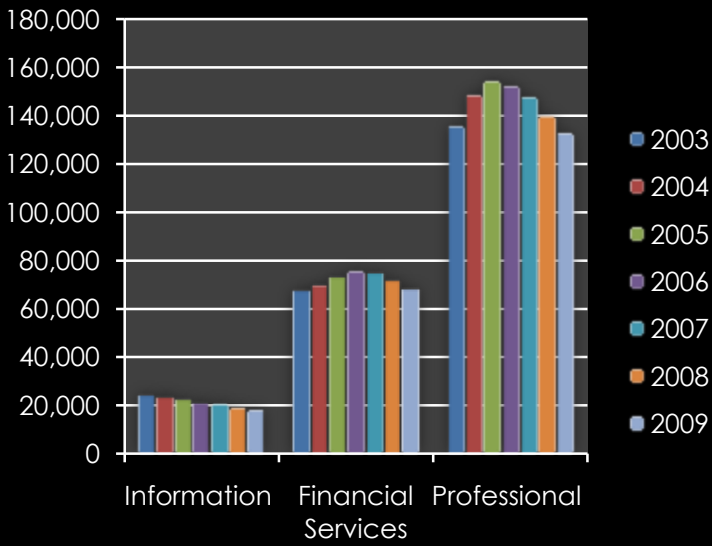
Vacancy Rate

	2003	2004	2005	2006	2007	2008	2009 (Q1)
North	18%	17%	20%	17%	19%	21%	22%
Central	19%	16%	16%	11%	11%	13%	13%
South	12%	10%	12%	8%	8%	11%	13%

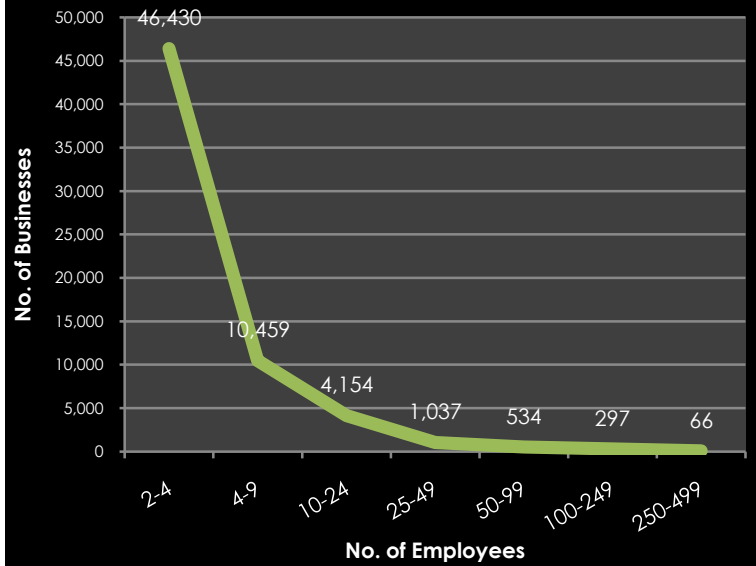
Rental Rates/SF

	2003	2004	2005	2006	2007	2008	2009 (Q1)
Central	\$24.02	\$22.38	\$22.31	\$24.28	\$33.30	\$33.64	\$33.75
North	\$17.22	\$18.88	\$19.56	\$19.94	\$22.13	\$23.32	\$23.53
South	\$18.75	\$19.98	\$20.46	\$22.14	\$27.06	\$25.81	\$25.88

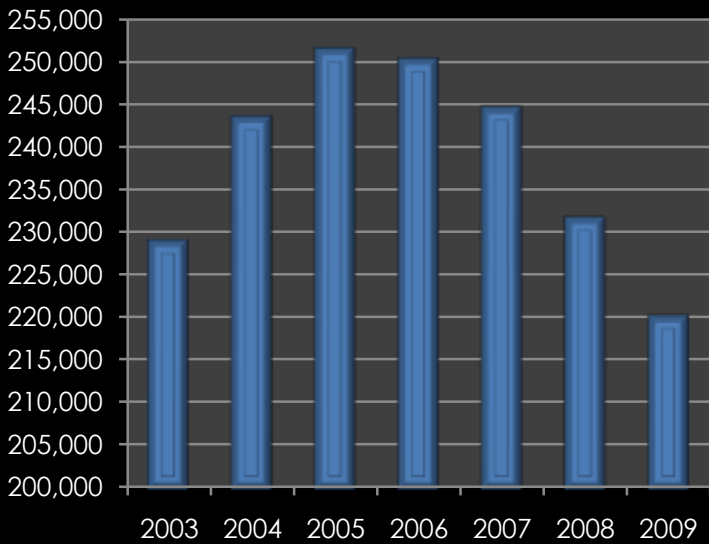
Employment by Sector



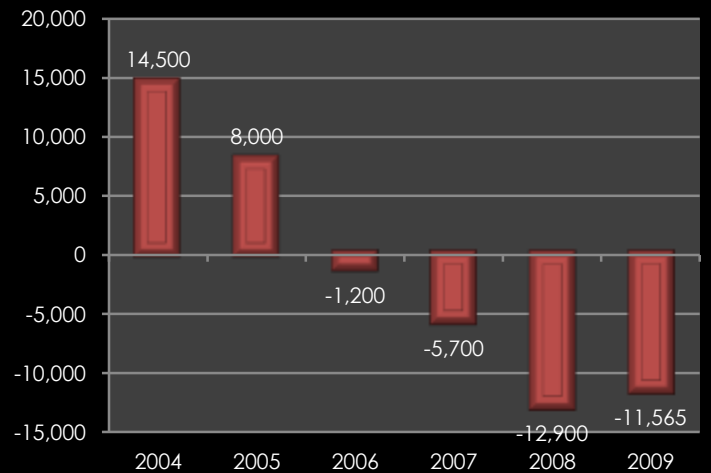
No. of Businesses vs No. of Employees



Employment Totals



Change in Number of Employees



•Tony Puente – Office Broker with Fairchild Partners 305-668-0620

- The office leasing and investment market is stagnant with few significant transactions.
- The demand/absorption of office space is negative and will continue to decline for the foreseeable future. The "for sublease" market has grown substantially and is creating options for tenants in the market.
- Those office buildings delivered to the market place over the last 12 months are having a very difficult time attracting tenants. With an additional three million square feet being delivered to the Miami Dade office market over the next 12-18 months, the vacancy rates will continue to rise through 2010.
- Some office buildings developed or converted to office condos have now reverted back to "for lease" buildings. These buildings have also added vacancies to the office market.

•Jack Lowell – Office Broker Flagler Development 305-520-2456

- Prices and rents will continue to decline.
- Capitalization rates will increase another 1.5%.
- The difference between asking prices and offers will narrow.
- Remaining unsold inventory of failed office condominiums will be bulk sold at one third of their peak retail prices or less.

•Alan Ojeda – Rilea Group – Developer of the 1450 Brickell Office 305-371-5254

- We are now in the middle of the storm, but despite that we are seeing a lot of traffic.
- Next year will be a flat one that only the very best properties will attract interest.

•Donna Abood – Colliers Abood Wood Fay Realtors 305-446-0011

- Continued pressure on rental rates and increased rent concessions.
- Slow increase in demand thru mid 2010.
- Foreclosures on commercial properties will increase beginning in the 3rd quarter of 2009.
- Health care and education to be the leader in growth industries thru 2011.

•Brian Gale – Managing Director Taylor Mathis – 305-476-8880

- The vacancy rate is rising as landlord's renew tenants and take back 10-20% of their space.
- Sublease space is growing and it is putting pressure on existing landlord's to lower their rent.
- The market will remain relatively tight for the next 9-12 months, but next year the new supply coming on-line will increase vacancies.
- Tenants are opting to renew rather than move (cost savings approach).
- Free rent is becoming more and more inclusive in lease transactions.
- South Florida's office market remains relatively strong as compared to other US markets because of the number of international businesses.

Summary of Data

- Asking rental rates have stabilized in all markets.
- Supply of new space has stabilized in North and South Miami-Dade, with an increase in Central Miami-Dade.
- Vacancy rates have increased in all areas.
- Professional employment has declined by almost 10,000 per year.
- Operating expenses remain stable.
- Central Miami-Dade will have increasing vacancy as new office buildings are completed.

Presenters

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Brian Gale – Taylor and Mathis 305-476-8880
Alan Kleber- Cushman & Wakefield 305-533-2860
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Special Thanks

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- Andrew Dixon, Dixon Commercial Real Estate for technical and presentation assistance

The Commercial Industrial Association of South Florida Inc., "CIASF" is a non-profit organization of business leaders involved in the development, design, construction, sales, and leasing of Industrial and Commercial Real Estate in South Florida. For information call Gail Ackermann, Executive Director, at:

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1450 BRICKELL

MIAMI • FLORIDA

The Wall Street of Miami

At the entrance of Miami's Financial District, 1450 Brickell's strategic location offers all the advantages of a prime corporate location.

- 576,000 Sq. Ft. of Class "A" office space
- LEED GOLD Pre-certified: Green Building
- Breathtaking panoramic views of Biscayne Bay
- Easy and convenient access away from drawbridges and traffic congestion
- Over 7 Restaurants, the Four Seasons and Sports Club LA in the immediate area
- Generator power over and above code required to serve additional tenants basic needs during outages
- Large Missile Impact Glass on the entire building exterior, all 508 feet of it
- Valet and Concierge services
- 24/7 Security
- Delivery Date: First Quarter 2010

1450 Brickell, setting the highest standards in Miami Class A office towers.

1450BRICKELL.COM



For Leasing Info:

305.577.8850



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