



Availability and asking rents trend upward in most submarkets

Availability in South Florida increased over the year with overall availability up 40 basis points from Q1 2018 to 17.0%. Class A availability followed the same trend, also seeing a 40-basis-point increase over the same period to 18.2%. Overall availabilities range from 10.8% in South Dade to 24.1% in Downtown Miami. Opportunities expanded notably in the Southwest Broward, Northeast Dade and Coral Gables/Grove submarkets where availability increased by 840 basis points, 180 basis points, and 90 basis points, respectively. Asking rents have seen a slight increase over the year, with overall asking rent ticking up 3.7% to \$33.82 per square foot (psf). Class A asking rents saw a 3.3% increase over the same period, now at \$38.47 psf.

Leasing posts strongest first-quarter total in three years

Total first-quarter leasing activity stood at nearly 1.6 million square feet (msf), up 27.6% year-over-year and 32.6% more than two years ago. As a percent of total leased square footage in the first quarter, the Brickell and Cypress Creek/Fort Lauderdale submarkets saw the most activity. Two notable transactions seen in the Cypress Creek/Fort Lauderdale submarket included Universal Property & Casualty Insurance Company's 45,778-sf lease at 5341 Northwest 33rd Avenue and Infinity Behavioral Health's 28,608-sf lease at 4620 North State Road 7.

Coworking drives demand across the market

Coworking continues to expand across South Florida with Industrious signing one of the largest leases in the first quarter, taking 46,118 sf at Sabadell Financial Center (1111 Brickell Avenue). The building was recently acquired by KKR and Parkway Properties with plans to undergo substantial renovations including an amenity-driven rooftop terrace that Industrious will help program. Asking rents in Brickell increased 6.5% over the year to \$45.73 psf, the highest within the South Florida market. With the ability to pay a premium for top-quality space, coworking's rapid growth may lead to additional inflation of asking rents. Taking brand-new space in the market, Spaces will open a 42,854-sf location in the Coral Gables/Grove submarket, while coworking giant WeWork committed to 30,000 sf at 2660 Northwest 3rd Avenue in the NE Dade submarket. Coworking accounted for 34.3% of major transactions seen this quarter.

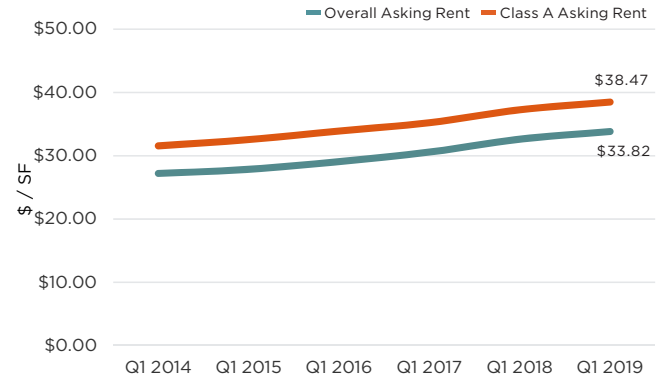
Outlook

- Overall availability sits well above 15.0% in a number of submarkets, presenting plentiful tenant options
- With little spread between class A and B rents in some submarkets, flight to quality opportunities present
- Employment in Miami, Fort Lauderdale, and West Palm Beach is expected to grow by 1.6%, 1.8%, and 2.5% per year, respectively, over the next five years resulting in an aggregate of new 250,000 jobs by year-end 2023

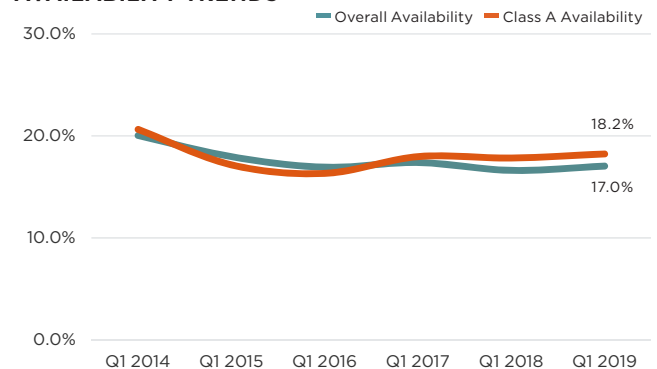
KEY STATISTICS

	Q1 2018	Q1 2019	y-o-y Change
Inventory	102.5 MSF	103.1 MSF	▲
Availability Rate	16.6%	17.0%	▲
Asking Rental Rate	\$32.61	\$33.82	▲
Class A Asking Rental Rate	\$37.25	\$38.47	▲
Quarterly Leasing Activity	1.2 MSF	1.6 MSF	▲

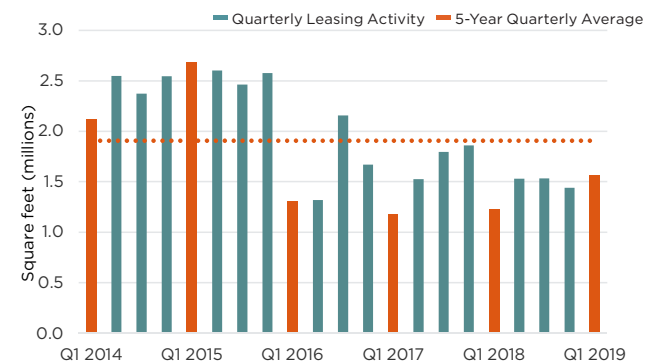
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

93.0%

of major transactions were new market entrants or relocations

21.4%

of large transactions occurred in the Cypress Creek/Fort Lauderdale submarket

34.3%

Coworking represented 34.3% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Carlton Fields	49,893	700 NW Miamicentral Avenue	Relocation	Downtown Miami	Legal Services
Industrious	46,118	1111 Brickell Avenue	New Location	Brickell	Coworking
Universal Property & Causality Insurance Company	45,778	5341 NW 33rd Avenue	Relocation	Cypress Creek/Fort Lauderdale	Financial Services & Insurance
Spaces	42,854	3001 Virginia Street	New Location	Coral Gables/Grove	Coworking
WeWork	30,000	2660 NW 3rd Avenue	New Location	NE Dade	Coworking
Infinity Behavior Health	28,608	4620 N State Road 7	New Location	Cypress Creek/Fort Lauderdale	Healthcare
E-Builder	28,160	13450 W Sunrise Boulevard	Relocation	Sunrise/Plantation	TAMI
Cable & Wireless Communications, Inc.	26,261	7600 Corporate Center Drive	Relocation	West Miami/Airport	TAMI
BTI Partners	24,395	401 E Las Olas Boulevard	Renewal	Downtown Fort Lauderdale	Real Estate
Motorola	24,395	401 E Las Olas Boulevard	New Location	Downtown Fort Lauderdale	TAMI

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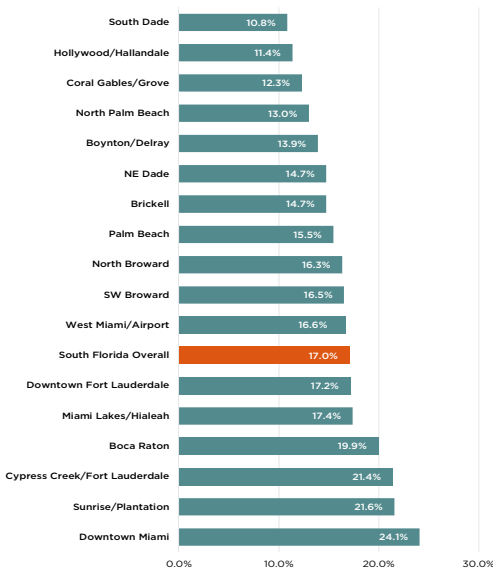
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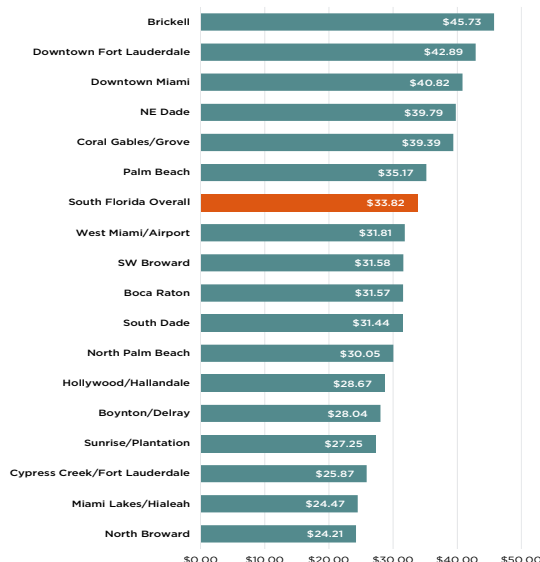
AVAILABILITY RATE COMPARISON

South Florida Submarkets



RENTAL RATE COMPARISON (\$/SF)

South Florida Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents psf. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills compiled with the support of The CoStar Group.

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