

## Availability continues to decline, but at a slower pace

South Florida's overall availability rate declined 80 basis points over the quarter and 40 bps over the year, to 16.4% in the second quarter of 2019. In comparison, the average Class A availability rate declined by 60 basis points over the quarter and 30 basis points over the year, to 17.5%. Central Business District (CBD) and suburban market availability rates were comparable in the second quarter of 2019, now at 17.0% and 16.1%, respectively. Still, submarket availability varied widely, ranging from 12.5% in Coral Gables/Coconut Grove and 15.6% in Downtown Fort Lauderdale, to highs of 18.9% in West Miami/Airport and 25.6% in Downtown Miami.

### Asking rents remain on the rise

In the second quarter of 2019, the overall average asking rent stood at \$34.45 per square foot (psf) in the South Florida office market, reflecting a year-over-year increase of 3.3%. Rents ranged from a low of \$24.70 psf in the Miami Lakes/Hialeah submarket, to a high of \$47.40 psf in the Brickell submarket. Class A asking rents averaged \$39.28 psf in the second quarter, increasing 4.1% and 1.8% over the last year and quarter, respectively.

### Pace of leasing activity increases as total quarterly volume nears two million square feet

Second-quarter leasing activity totaled nearly 2.0 million square feet (msf), up 29.4% year over year and 32.0% from the previous quarter. Leasing activity in the latest quarter was dominated by technology and co-working tenants, which accounted for five of the 10 largest leases seen. WeWork added another location in Downtown Miami, taking 88,880 square feet (sf) at 200 S. Biscayne Boulevard, filling one of the largest blocks of available space in the submarket. Spaces added two new locations throughout the quarter, committing to nearly 50,000 sf at both 1111 Lincoln Road in the NE Dade submarket and 801 Brickell Avenue in the Brickell submarket. Software developer, Ultimate Software, signed the largest lease of the quarter expanding into Sunrise with a new 100,710-sf location. Shifting its headquarters to Pembroke Pines, Aquila Software is leasing 28,890 square feet at the new Edison complex (1200 SW 145th Avenue).

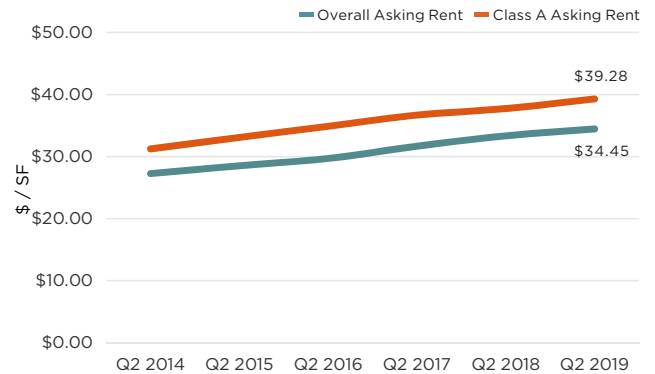
### Outlook

- With overall rents slowly rising, availability rates are still high but declining; a wide variation of submarket performance requires a careful matching of market fundamentals and tenant requirements
- Leasing activity is at a three-year high, showing signs of a strengthening market
- South Florida MSA employment is projected to grow by 1.3% per year (77,000 total new jobs) in Miami, 1.5% (71,000 jobs) in Fort Lauderdale, and 2.3% (74,000 jobs) in West Palm Beach, over the next five years

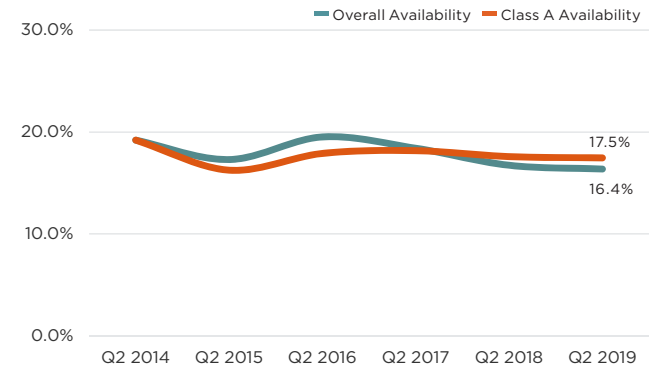
### KEY STATISTICS

	Q2 2018	Q2 2019	y-o-y Change
Inventory	102.3 MSF	<b>103.3 MSF</b>	▲
Availability Rate	16.7%	<b>16.4%</b>	▼
Asking Rental Rate	\$33.34	<b>\$34.45</b>	▲
Class A Asking Rental Rate	\$37.72	<b>\$39.28</b>	▲
Quarterly Leasing Activity	1.5 MSF	<b>2.1 MSF</b>	▲

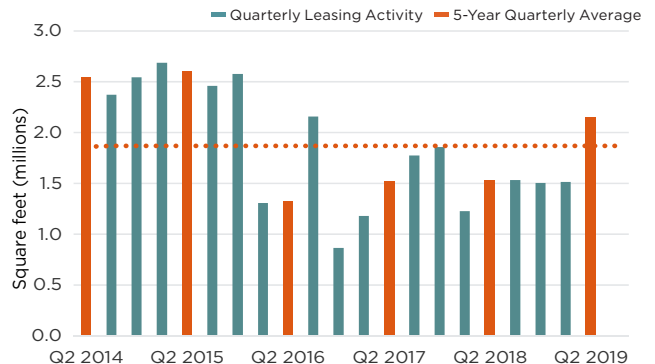
### ASKING RENT TRENDS



### AVAILABILITY TRENDS



### LEASING ACTIVITY



MAJOR TRANSACTIONS

**54.5%**

of major transactions were **new market entrants or relocations**

**22.3%**

of large transactions occurred in the **Southwest Broward** submarket

**31.2%**

**Coworking** represented 31.2% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Ultimate Software	100,710	1340 Concord Terrace	New Location	Sunrise/Plantation	TAMI
U.S. Drug Enforcement Administration	96,175	2100 N Commerce Parkway	Renewal	SW Broward	Government
WeWork	88,880	200 S Biscayne Boulevard	New Location	Downtown Miami	Coworking
Florida Office of the Attorney General	53,965	110 SE 6th Street	Renewal	Downtown Fort Lauderdale	Government
Spaces	49,236	1111 Lincoln Road	New Location	NE Dade	Coworking
Spaces	49,000	801 Brickell Avenue	New Location	Brickell	Coworking
L'Oreal USA	43,624	6100 Blue Lagoon Drive	Renewal and Expansion	West Miami/Airport	Retail
CBS Interactive	41,622	1401 W Cypress Creek Road	Renewal	Cypress Creek/Fort Lauderdale	TAMI
Biorasi	38,856	18851 NE 29th Avenue	Relocation	NE Dade	Healthcare
U.S. Drug Enforcement Administration	37,328	2200 N Commerce Parkway	Renewal	SW Broward	Government

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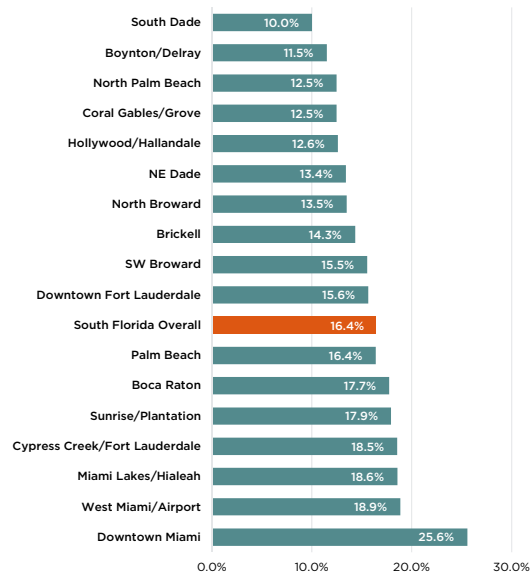
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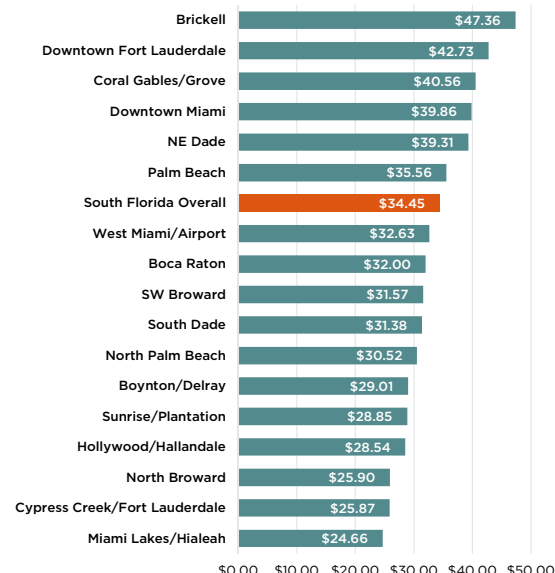
AVAILABILITY RATE COMPARISON

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 per square foot (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.

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