

SOUTH FL

Q4 -21 OFFICE REPORT

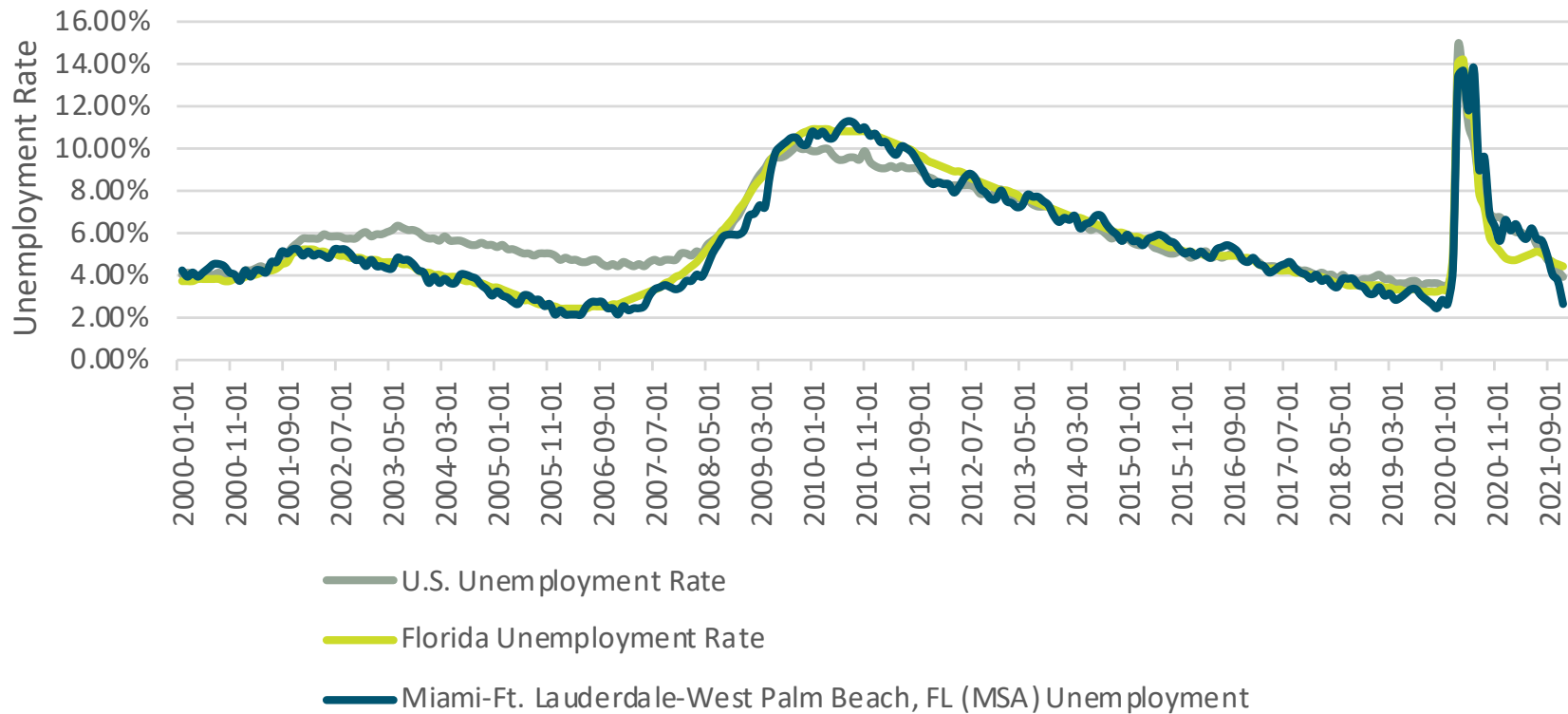
Market Overview

The South Florida office market, comprising Miami-Dade, Broward and Palm Beach counties, is well on its way to recovery. The market is experiencing very healthy employment and economic fundamentals, and average rental rates remain a significant amount of new office construction and record investment sales pricing are promising signs of investors and occupier confidence in the market.



EMPLOYMENT
CONTRACT

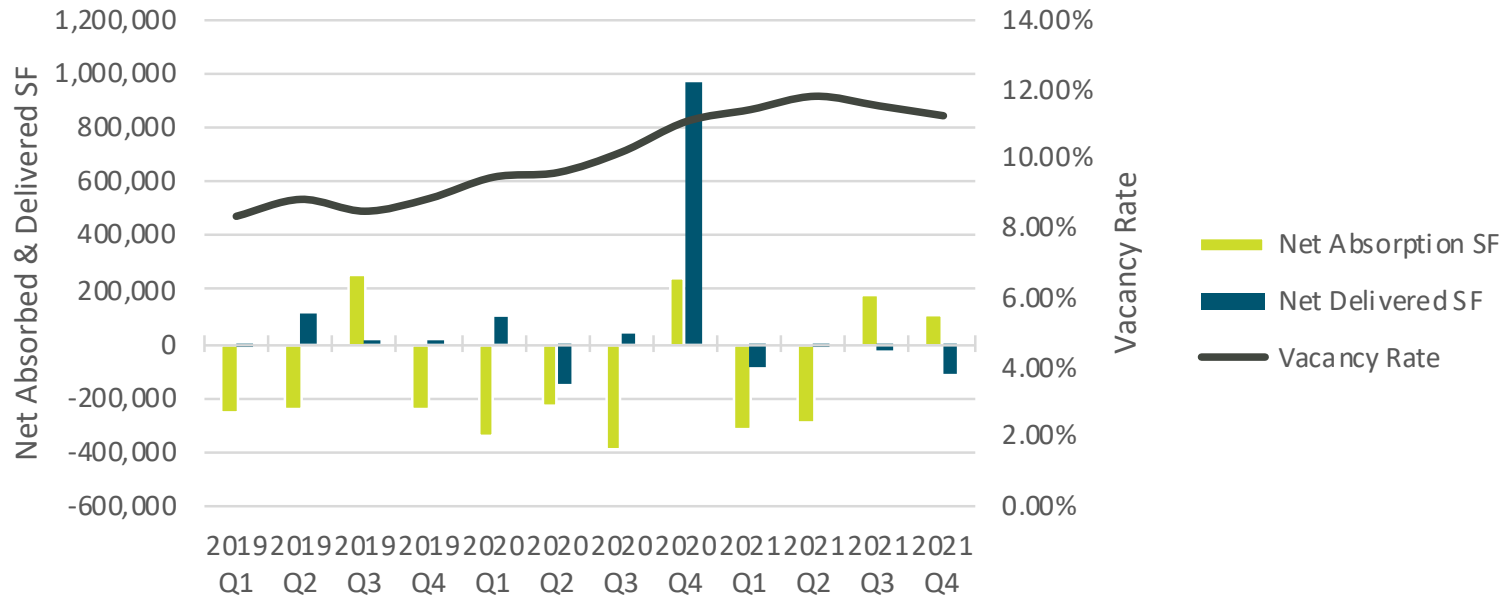
Miami-Dade - Broward - Palm Beach (MSA) Unemployment



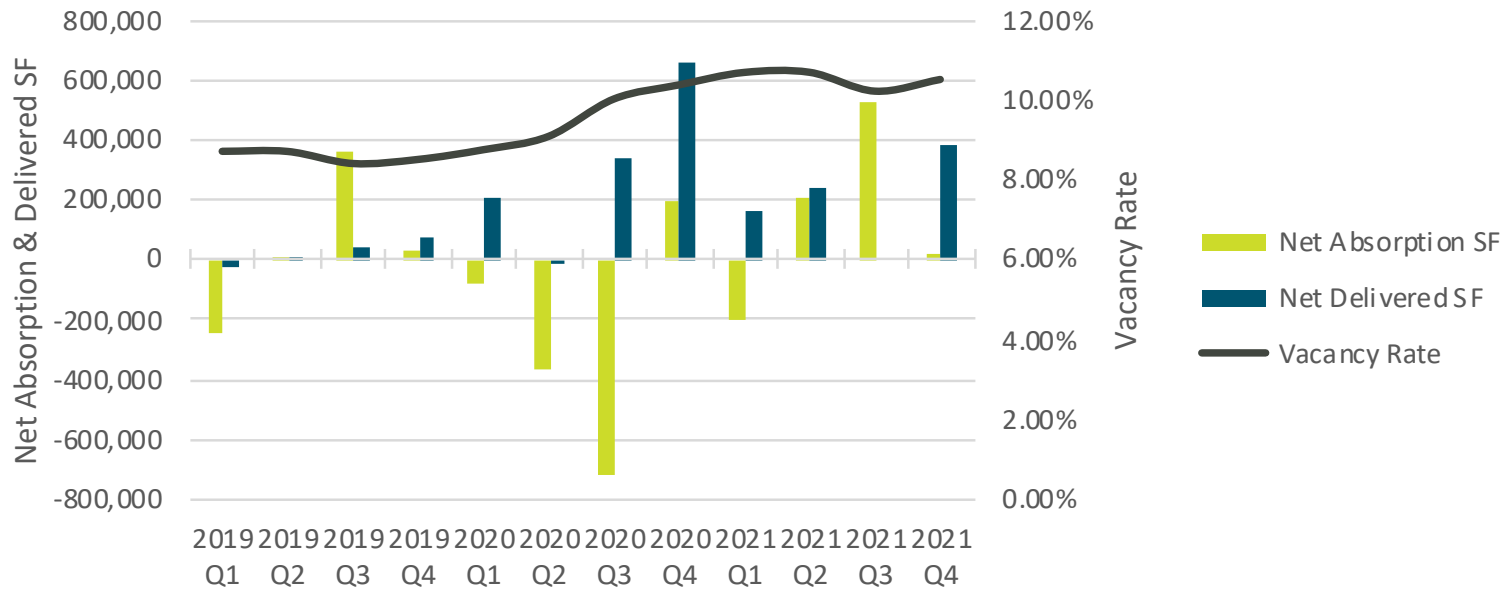
South Florida Unemployment

The South Florida MSA job market has performed well, with the unemployment rates hitting 2.6% by the end of the year—over a full point below both the national and state average. Unemployment decreased YoY by 53.57% in the South Florida MSA at the end of Q4-21, which outperformed the YoY decrease for both Florida (13.72%) and the U.S. (41.79%). The unemployment rate in South Florida has not been this healthy since Q4-19, which may indicate a new macro climate from the pandemic era.

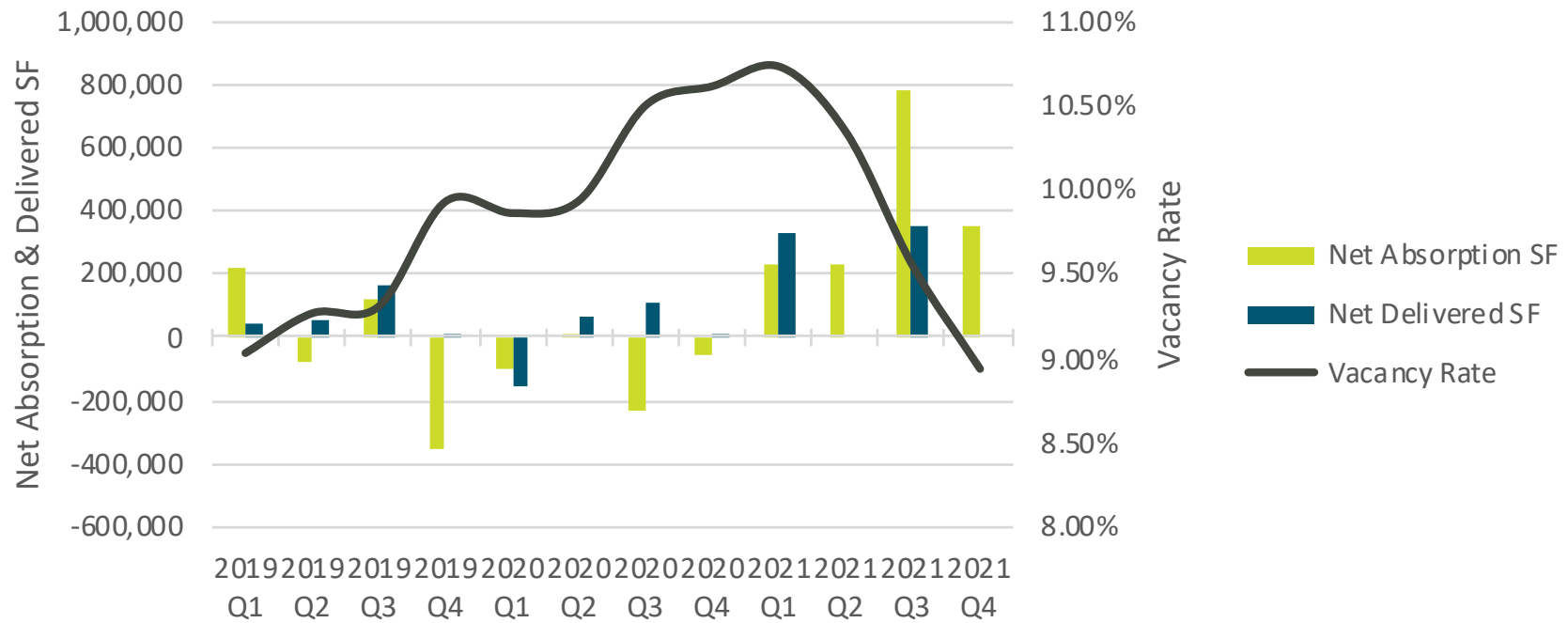
Broward County Office Supply & Demand



Miami Office Supply & Demand



Palm Beach County Office Supply & Demand

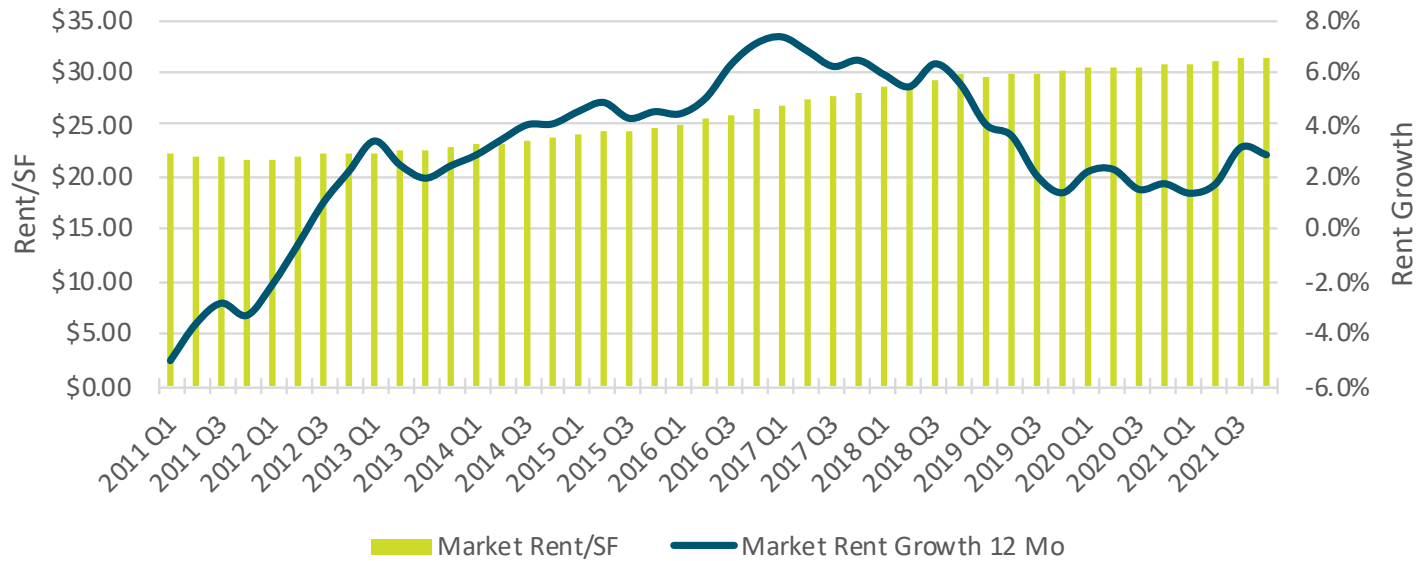


South Florida Office Market Supply & Demand

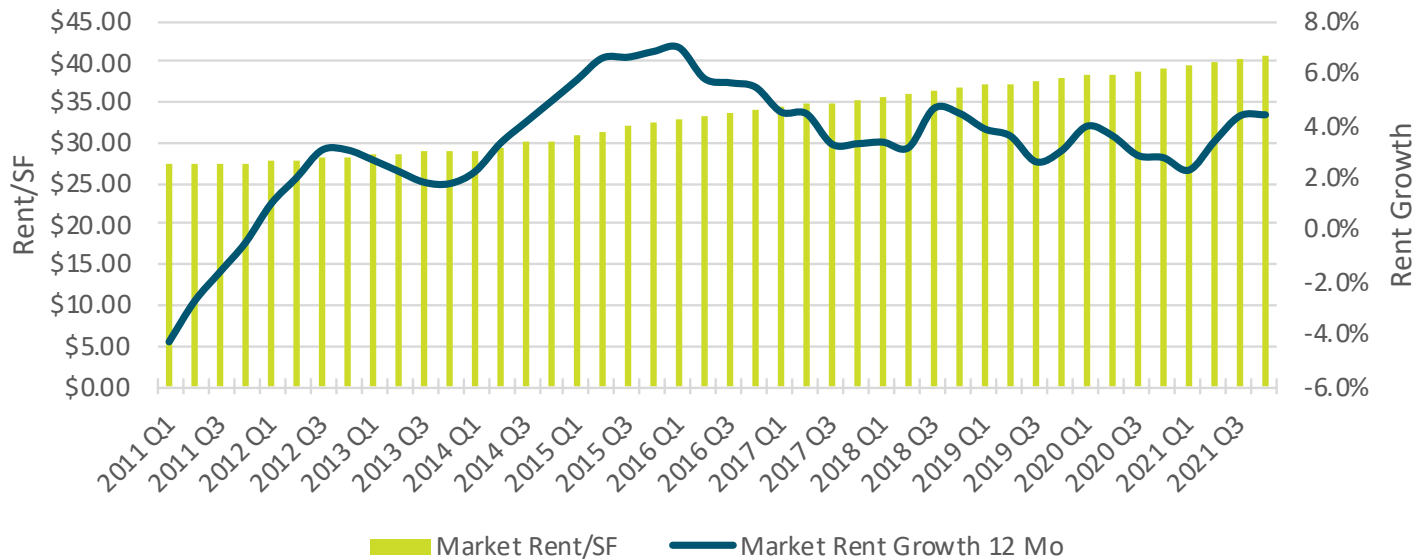
Market signals in Miami-Dade, Broward County and Palm Beach hint toward potential stabilization for the region. With each market showcasing positive net absorption at the end of Q4-21, market fundamentals seem to be alleviating vacancy rates. Both Palm Beach and Broward County experienced a decline in vacancy rates during Q4-21, with Palm Beach experiencing the steepest decline of 15.7% YoY.

Among the three major office markets in the MSA, Palm Beach also ended Q4 with the lowest vacancy, at 8.9%, while Miami-Dade and Broward County remained above 10%. It is also important to note that the slight uptick in vacancies seen in Miami-Dade is in part due to over 380,000 square feet of new office inventory being delivered to the market.

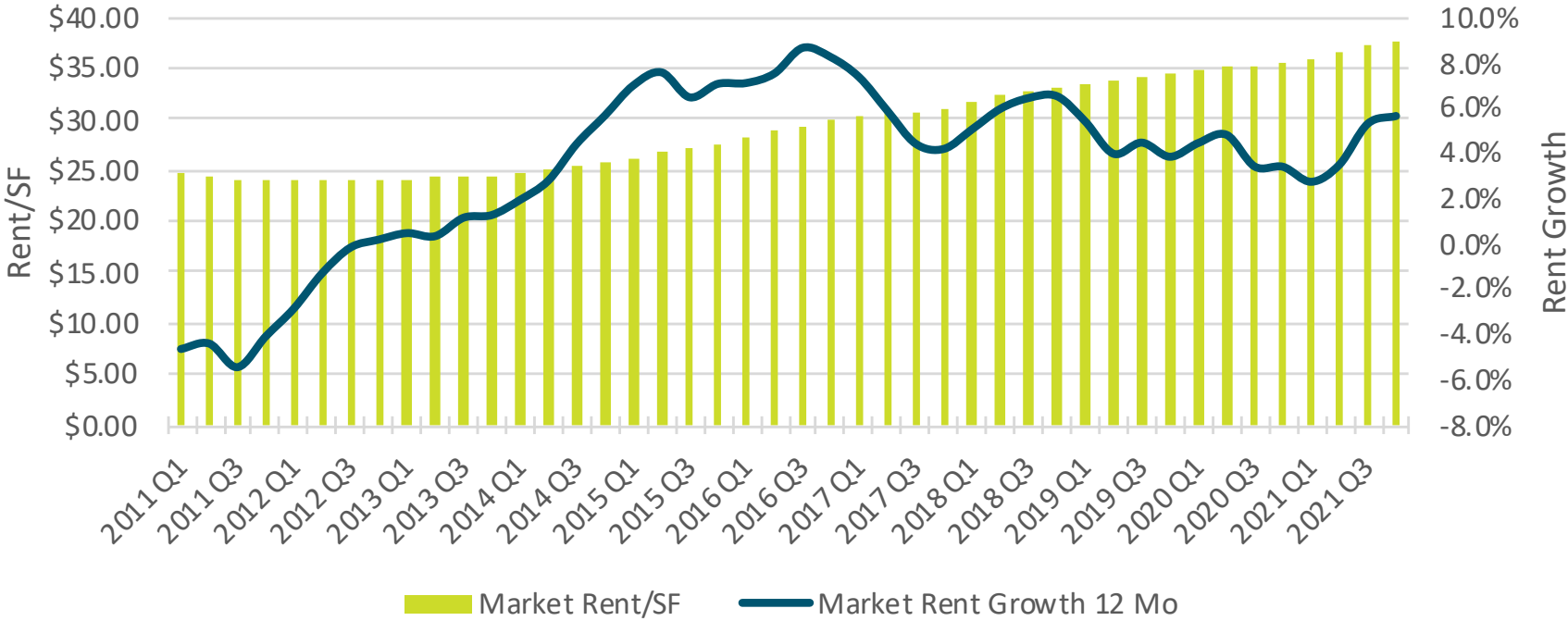
Broward County Office Market Rent



Miami-Dade Office Market Rent



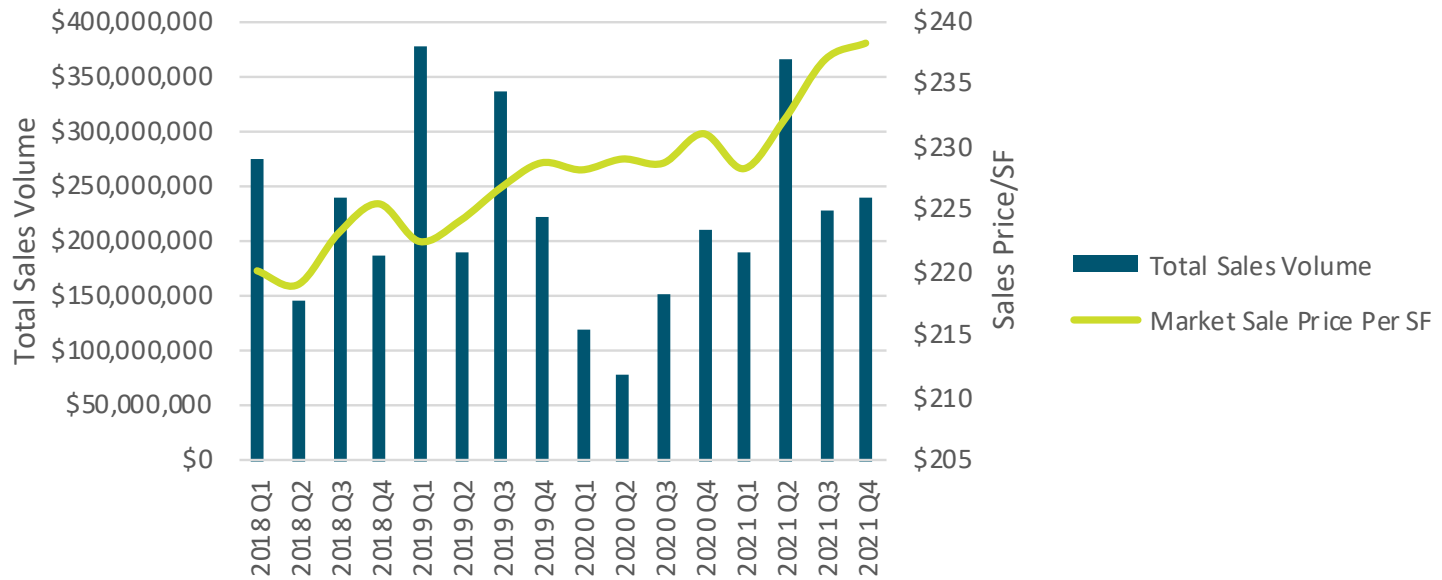
Palm Beach County Office Market Rent



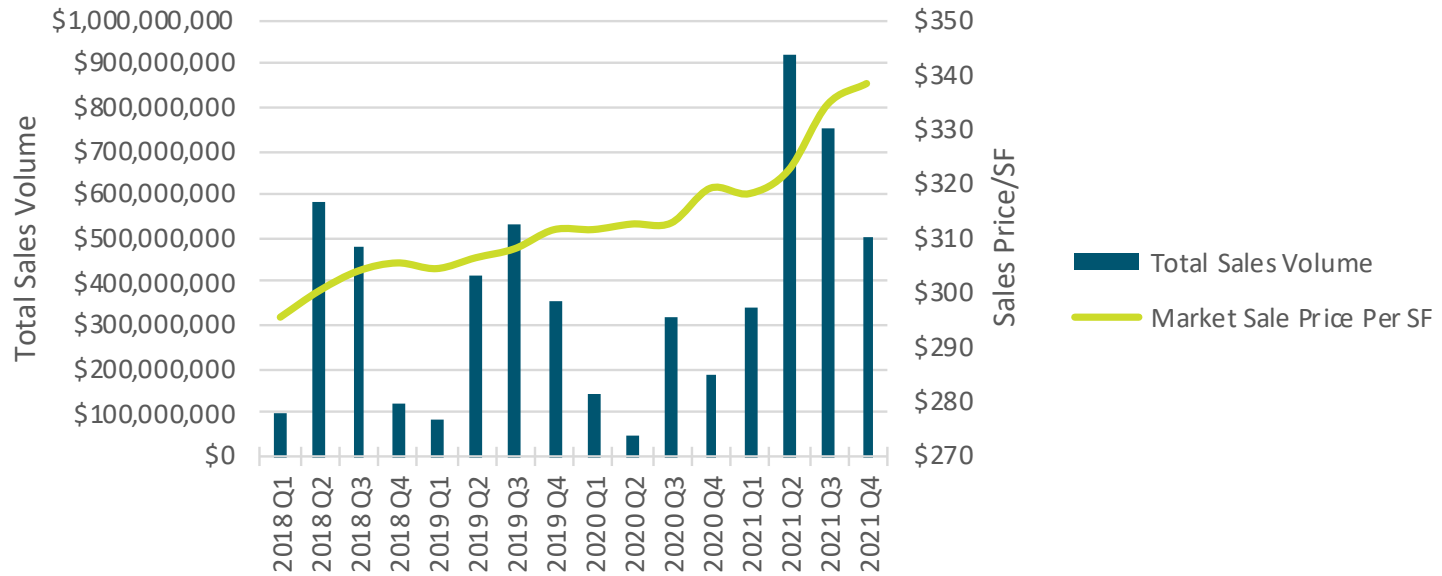
South Florida Office Market Rent

In Q4-21, each of the three office markets experienced positive rent growth. Broward County experienced a 2.8% increase in office market rent while averaging \$31.48 per square foot. Miami-Dade saw a 4.4% increase in office market rent while averaging \$40.78 per square foot. And rents grew the most in Palm Beach, by 5.6%, while averaging \$37.59 per square foot.

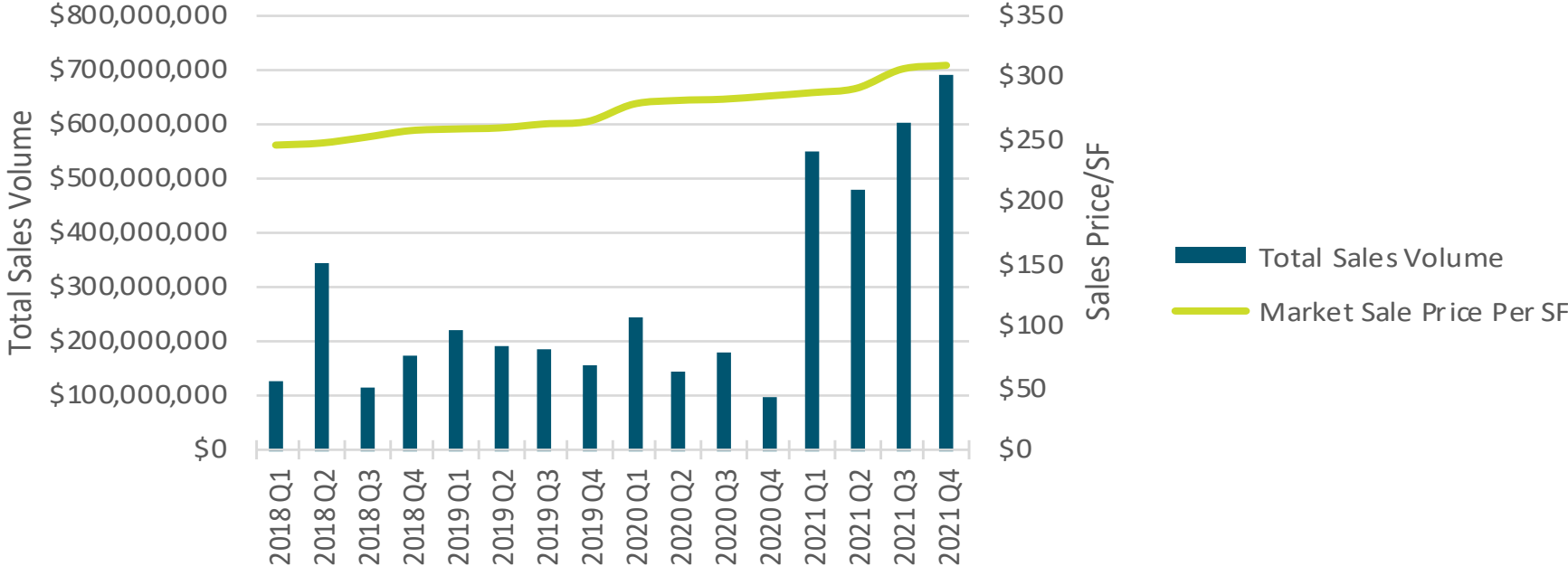
Broward County Office Sales Volume



Miami-Dade Office Sales Volume



Palm Beach County Office Sales Volume



South Florida Office Investment

The South Florida office market broke several records in 2021 when it comes to sales activity.

Miami-Dade, Broward and Palm Beach achieved average per square foot pricing of \$448.53, \$238.23, and \$307.93, respectively. With these record-breaking quarters, the YoY growth for sale price per square foot was 5.72% for Miami-Dade, 3.05% for Broward County and Palm Beach at 7.92%.

The Palm Beach office market experienced a historical quarterly sales volume of \$686 million, bringing the total for 2021 to \$2.3 billion. Additionally, Miami-Dade experienced a record high total sales volume in 2021 of \$2.5 billion.

| Broward County MSA Annual Office Statistics | | | | | | | | |
|---------------------------------------------|--------------|--------------|-----------------------|---------------|------------------|----------------|--------------------|--------------|
| Year | Vacancy Rate | Mkt Rent/Sf. | MKT Rent Growth 12 Mo | Inventory Sf. | Net Delivered SF | Net Absorp Sf. | Mkt Sale Price/Sf. | Mkt Cap Rate |
| 2011 | 13.2% | \$21.72 | -3.4% | 69,665,082 | 80,080 | 90,296 | \$160.51 | 7.7% |
| 2012 | 12.8% | \$22.19 | 2.2% | 69,450,478 | -32,279 | 45,825 | \$166.42 | 7.6% |
| 2013 | 12.2% | \$22.72 | 2.4% | 69,372,485 | -32,393 | 239,341 | \$174.04 | 7.3% |
| 2014 | 10.8% | \$23.63 | 4.0% | 69,697,301 | 403,241 | 578,332 | \$185.79 | 7.1% |
| 2015 | 10.2% | \$24.69 | 4.5% | 69,852,953 | 152,866 | 176,598 | \$195.14 | 7.1% |
| 2016 | 8.9% | \$26.44 | 7.1% | 70,152,365 | -2,571 | 280,191 | \$208.93 | 7.0% |
| 2017 | 7.9% | \$28.15 | 6.4% | 71,186,080 | -6,646 | 126,249 | \$218.21 | 7.0% |
| 2018 | 8.0% | \$29.70 | 5.5% | 71,249,294 | -197,823 | 251,548 | \$225.35 | 7.1% |
| 2019 | 8.9% | \$30.11 | 1.4% | 71,390,009 | 15,570 | -245,227 | \$228.63 | 7.2% |
| 2020 | 11.1% | \$30.62 | 1.7% | 72,335,618 | 966,732 | 238,902 | \$230.97 | 7.2% |
| 2021 | 11.2% | \$31.48 | 2.8% | 72,109,697 | -109,841 | 106,044 | \$238.23 | 7.2% |

| Broward County MSA Office Statistics Q4-21 | | | | | | | | |
|--------------------------------------------|--------------|--------------|-----------------------|---------------|------------------|----------------|--------------------|--------------|
| Retail Product Type | Vacancy Rate | Mkt Rent/Sf. | MKT Rent Growth 12 Mo | Inventory Sf. | Net Delivered SF | Net Absorp Sf. | Mkt Sale Price/Sf. | Mkt Cap Rate |
| Class A | 17.8% | \$40.61 | 2.6% | 20,899,635 | | 85,832 | \$291.48 | 6.9% |
| Class B | 10.2% | \$28.69 | 2.7% | 33,549,447 | 10,000 | 57,258 | \$217.26 | 7.3% |
| Class C | 5.3% | \$25.67 | 3.4% | 17,514,282 | -119,841 | -33,324 | \$213.44 | 7.5% |

| Miami-Dade MSA Annual Office Statistics | | | | | | | | |
|-----------------------------------------|--------------|--------------|-----------------------|---------------|------------------|----------------|--------------------|--------------|
| Year | Vacancy Rate | Mkt Rent/Sf. | MKT Rent Growth 12 Mo | Inventory Sf. | Net Delivered SF | Net Absorp Sf. | Mkt Sale Price/Sf. | Mkt Cap Rate |
| 2011 | 13.7% | \$27.51 | -0.5% | 106,371,098 | 7,945 | 147,863 | \$214.48 | 6.8% |
| 2012 | 12.9% | \$28.35 | 3.1% | 106,339,643 | 3,781 | 144,822 | \$219.87 | 6.7% |
| 2013 | 12.1% | \$28.86 | 1.8% | 106,125,975 | -68,527 | 365,301 | \$233.97 | 6.4% |
| 2014 | 10.8% | \$30.29 | 5.0% | 106,346,229 | -24,082 | 224,979 | \$251.38 | 6.2% |
| 2015 | 8.9% | \$32.37 | 6.9% | 105,543,116 | -74,195 | 396,956 | \$275.45 | 6.1% |
| 2016 | 8.4% | \$34.15 | 5.5% | 106,096,975 | 223,689 | 626,467 | \$287.08 | 6.0% |
| 2017 | 7.7% | \$35.28 | 3.3% | 106,783,221 | 222,629 | 244,556 | \$293.31 | 6.1% |
| 2018 | 8.5% | \$36.86 | 4.5% | 107,979,683 | 122,971 | -319,622 | \$305.34 | 6.2% |
| 2019 | 8.5% | \$37.99 | 3.1% | 108,175,314 | 73,892 | 33,143 | \$311.49 | 6.3% |
| 2020 | 10.4% | \$39.05 | 2.8% | 109,377,302 | 653,973 | 198,104 | \$319.16 | 6.3% |
| 2021 | 10.5% | \$40.78 | 4.4% | 110,163,132 | 380,296 | 16,382 | \$338.53 | 6.1% |

| Miami-Dade MSA Office Statistics Q4-21 | | | | | | | | |
|----------------------------------------|--------------|--------------|-----------------------|---------------|------------------|----------------|--------------------|--------------|
| Retail Product Type | Vacancy Rate | Mkt Rent/Sf. | MKT Rent Growth 12 Mo | Inventory Sf. | Net Delivered SF | Net Absorp Sf. | Mkt Sale Price/Sf. | Mkt Cap Rate |
| Class A | 18.9% | \$50.77 | 4.5% | 33,865,962 | 308,410 | 168,204 | \$406.52 | 5.9% |
| Class B | 8.4% | \$37.18 | 4.3% | 51,949,675 | 71,886 | 1,842 | \$304.60 | 6.2% |
| Class C | 3.3% | \$33.78 | 4.5% | 24,209,838 | | -129,440 | \$311.59 | 6.4% |

| Palm Beach County MSA Annual Office Statistics | | | | | | | | |
|------------------------------------------------|--------------|--------------|-----------------------|---------------|------------------|----------------|--------------------|--------------|
| Year | Vacancy Rate | Mkt Rent/Sf. | MKT Rent Growth 12 Mo | Inventory Sf. | Net Delivered SF | Net Absorp Sf. | Mkt Sale Price/Sf. | Mkt Cap Rate |
| 2011 | 15.9% | \$24.03 | -4.1% | 57,742,945 | 7,615 | -107,688 | \$181.77 | 7.5% |
| 2012 | 14.6% | \$24.07 | 0.2% | 57,734,396 | -33,809 | 349,835 | \$182.43 | 7.4% |
| 2013 | 14.3% | \$24.38 | 1.3% | 57,633,403 | -168,759 | -51,058 | \$185.69 | 7.3% |
| 2014 | 13.0% | \$25.76 | 5.7% | 57,798,950 | 114,088 | 331,961 | \$200.62 | 7.0% |
| 2015 | 11.4% | \$27.58 | 7.1% | 57,668,501 | -24,580 | 168,954 | \$216.53 | 6.9% |
| 2016 | 10.2% | \$29.85 | 8.2% | 57,780,649 | 65,278 | 49,217 | \$233.79 | 6.8% |
| 2017 | 9.7% | \$31.11 | 4.2% | 57,889,913 | 98,681 | 185,079 | \$240.56 | 6.8% |
| 2018 | 9.3% | \$33.13 | 6.5% | 57,884,271 | -4,500 | 114,567 | \$256.10 | 6.8% |
| 2019 | 9.9% | \$34.41 | 3.8% | 58,148,899 | 3,100 | -356,048 | \$263.56 | 6.9% |
| 2020 | 10.6% | \$35.58 | 3.4% | 58,176,329 | 11,400 | -54,607 | \$283.53 | 6.7% |
| 2021 | 8.9% | \$37.59 | 5.6% | 58,851,323 | 0 | 353,646 | \$307.93 | 6.5% |

| Palm Beach County MSA Office Statistics Q4-21 | | | | | | | | |
|-----------------------------------------------|--------------|--------------|-----------------------|---------------|------------------|----------------|--------------------|--------------|
| Retail Product Type | Vacancy Rate | Mkt Rent/Sf. | MKT Rent Growth 12 Mo | Inventory Sf. | Net Delivered SF | Net Absorp Sf. | Mkt Sale Price/Sf. | Mkt Cap Rate |
| Class A | 12.2% | \$46.45 | 5.0% | 16,301,612 | | 246,056 | \$363.35 | 6.2% |
| Class B | 8.4% | \$34.87 | 6.1% | 32,029,405 | | 79,894 | \$288.49 | 6.6% |
| Class C | 5.6% | \$31.83 | 5.7% | 10,469,140 | | 26,243 | \$279.38 | 6.9% |

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