



# South Florida

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

## Overview

It is still a tenant's market in most South Florida submarkets as very modest absorption has not put enough of a dent in over-supply. Overall vacancy in South Florida is 14.6% compared to 14.8% in the third quarter. The downtown Miami/Brickell submarkets continue to experience an interesting dynamic of landlords keeping rental concessions lower than expected, ostensibly due to a high volume of tenant activity during the last six months of 2011. We expect 2012 to be much slower as fewer leases will be expiring in the next 12 months which should lead to increased concessions from landlords eager to capture market share. With the recent delivery of 600 Brickell, the vacancy rate of downtown/Brickell is almost 25%. One interesting deviation from this trend is at 1450 Brickell Avenue, which has continued to lease well and is now up to 76% leased.

Another interesting dynamic in the downtown Miami market is the reemergence of new high rise residential condominium developments as the oversupply of condos has been substantially absorbed. This trend will continue to enhance the CBD as a viable 24 hour location to work, live and recreate. This has buoyed the price of land as residential and retail uses are now viable on development sites.

## Market Trends

- Tenant activity is slowing down a bit as there are fewer leases expiring in 2012 than in 2011. Most landlords are focused on 2013 lease expirations.
- International businesses continue to fuel the meager growth that is occurring as Latin America continues to grow.
- Both institutional and entrepreneurial investors remain very bullish on South Florida's (especially Miami's) long-term prospects and have kept prices relatively high for high quality product.

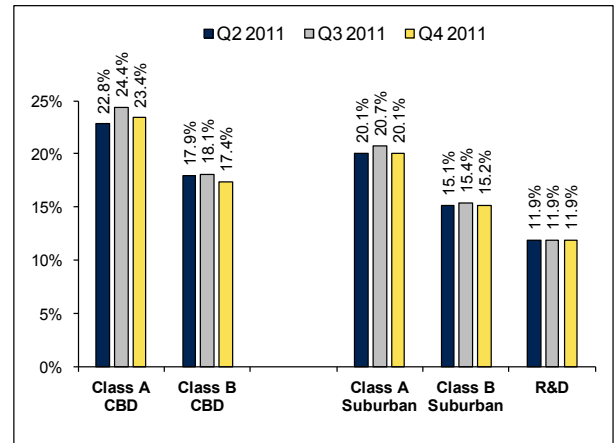
## Tenant's Perspective

Larger suburban tenants should recognize that large blocks of vacant space are diminishing. The best opportunities are primarily in class B and C properties. Smaller tenants will continue to enjoy good market conditions for a bit longer than larger tenants; however, rents will start to increase once the large blocks of space are committed. The suburban markets are recovering at a far faster pace than downtown as absorption has been steadier and new construction minimal.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Trade Station	70,000	Office	Lease
HBO Latin America	50,000	Office	Lease
Keiser	90,000	Office	Lease
UM/Bascom Palmer	48,000	Office	Lease
RCCL	240,000	Office	Lease
Wolfberg Alvarez	11,000	Office	Lease
HNTB Corp	19,000	Office	Lease
Leon Medical	350,000	Manufacturing	Sale

## Vacancy Rate



## Average Rental Rates\*

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$38.25	\$38.03	\$37.65
Class B Office	\$25.01	\$24.81	\$24.60
Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$30.62	\$30.64	\$30.25
Class B Office	\$23.20	\$23.22	\$23.26
R&D	\$12.75	\$12.75	\$12.75

\*South Florida Combined (Miami-Dade, Broward, Palm Beach Counties)

