

Miami Office MarketView

Q3 2013

CBRE Global Research and Consulting

VACANCY
17.4%

ASKING RATE
\$30.21

ABSORPTION
107 K

CONSTRUCTION
353 K

COMPLETIONS
0

UNEMPLOYMENT
8.4%

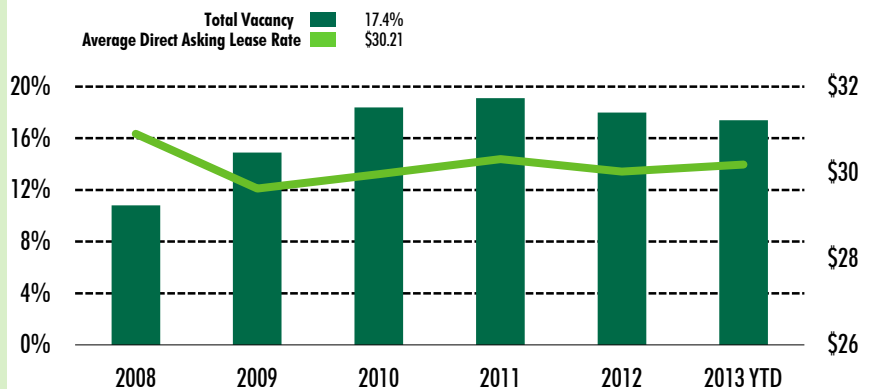
*Arrows indicate change from previous year

MIAMI CONTINUES TO ATTRACT FOREIGN INVESTORS IN SPITE OF RISING INTEREST RATES AND DOUBLE-DIGIT PRICE GAINS

Hot Topics

- The Northern Trust building at 700 Brickell Avenue was acquired for redevelopment by Swire Properties for \$64 million. Shortly thereafter, plans were announced for an 80-story tower as the gateway to Brickell CityCentre to be named One Brickell CityCentre.
- Genting Group (Resorts World Miami and Resorts World Bimini) is the largest new-to-market lease this year with approximately 75,000 sq. ft. at the Omni Offices.
- Investment Sales for Office Properties more than tripled to \$250 million year-over-year.
- Beacon Council assisted ABACO Insurance Adjusters, a Madrid-based company, with a new location in the Brickell submarket, which will add 10 new jobs. This is the first U.S. location for the company.
- Miami-Dade County unemployment continues to improve; professional and business services added 1,400 jobs year-over-year as of August, 2013

Total Vacancy -vs- Average Direct Asking Lease Rate (FSG)



Source: CBRE Research, Q3 2013.

Investment Sales Activity

Miami, among other markets such as San Francisco, Houston, Chicago and Washington, D.C., has been one of the most attractive markets in the U.S. for real estate investments due to competitive pricing, record-low interest rates and a favorable exchange rate for foreign investors. As interest rates climb and the U.S. dollar gets stronger, commercial real estate investments show no signs of slowing down. Year-to-date commercial investment sales of \$683 million have already exceeded investment sales for 2012, which totaled \$670 million.

Commercial real estate investment sales transactions for office properties in Q3 2013 totaled \$250 million, a year-over-year three-fold increase. The largest transaction is the \$55 million sale of the Coconut Grove Bank headquarters at 2701 Bayshore Drive to Terra Group and Related Group. As part of the agreement, a new bank headquarters will be built on

the same site and is due to be completed in 2016. In addition to the bank headquarters, two 20-story condo towers with 75-100 units each are planned for the site.

Northern Trust's 700 Brickell Avenue sold for \$64 million to Swire Properties, developer of Brickell CityCentre. The land was purchased for redevelopment and will be the entrance to the complex. Arquitectonica designed an 80-story tower, which will give the property the prestigious Brickell address. Northern Trust plans to move to its new location at Brickell World Plaza, where it will be the anchor tenant operating a branch on the ground floor.

Leasing Activity

Leasing activity totaled over 765,000 sq. ft. with over 130 transactions. The largest new-to-market lease was signed by Genting Group (Resorts World Miami and Resorts World Bimini), which will take approximately 75,000 sq. ft. at the Omni

Market Statistics

Submarket	Building SF	Direct Vacancy (%)	Total Vacancy (%)	YTD Net Absorption	Under Construction	Avg Dir Asking Lse Rate (FSG)
Airport/Doral	9,802,176	16.5	17.8	26,130	80,000	\$25.48
Aventura	1,386,017	14.2	14.2	(16,399)	103,298	\$36.25
Biscayne Blvd.	1,516,736	27.4	27.4	20,638	0	\$31.01
Brickell	7,151,802	15.8	16.4	52,717	120,000	\$39.18
Coconut Grove	1,073,406	9.0	9.6	(29,329)	0	\$30.99
Coral Gables	6,450,088	16.5	16.9	(421)	0	\$33.80
Downtown Miami	7,442,092	21.3	21.8	(8,555)	0	\$29.25
Kendall	3,410,500	11.4	11.5	30,175	50,000	\$27.39
Miami Beach	1,915,794	9.0	9.0	43,147	0	\$30.75
Miami Lakes	1,523,917	25.8	25.8	30,475	0	\$23.32
North Miami	1,397,369	23.4	23.4	(33,600)	0	\$22.10
Residual	1,798,850	6.0	6.0	1,615	0	\$18.60
South Dade	467,756	32.0	32.0	(9,434)	0	\$23.87
Total CBD	14,593,894	18.6	19.1	44,162	120,000	\$33.58
Total Suburban	30,742,609	16.0	16.6	62,997	233,298	\$28.18
Total Miami	45,336,503	16.8	17.4	107,159	353,298	\$30.21
Class A Total	21,563,130	16.5	17.5	152,948	273,298	\$35.77
Class B Total	18,127,281	17.0	17.2	(78,203)	80,000	\$26.66
Class C Total	5,646,092	17.8	17.8	32,414	0	\$22.44

Source: CBRE Research, Q3 2013.

Offices at 1501 Biscayne Boulevard. Fowler White Burnett PA signed a renewal lease for 45,000 sq. ft. at Espirito Santo Plaza. Vitas Innovative Hospice Care signed a new lease for 23,357 sq. ft. at the Miami Center, with plans to move into their new space by mid-2014. AXA Equitable Life Insurance Company signed a renewal lease at Two Datan Center for 20,268 sq. ft. Cable & Wireless, a London-based company, is a new-to-market lease for 19,406 sq. ft., signed this summer at Columbus Center in Coral Gables. The company will occupy in November.

There was 107,000 sq. ft. of positive absorption in Q3 2013, and the following occupancies took place. Molina Healthcare expanded by 27,303 sq. ft. at the Westside Plaza III in the Airport/Doral submarket. Brinks Security moved into a new 26,948 sq. ft. space at Flagler Station. World Fuel Services Corporation expanded by 17,450 sq. ft. at Doral Costa Office Park, Bldg. II. Brightstar occupied 17,141 sq. ft. in Parkside II in Miami Lakes, and Regus Business Centers took occupancy of 16,947 sq. ft. in the Wells Fargo Center.

Miami key indicators have remained stable with the vacancy rate decreasing slightly by 20 basis points to 17.4% quarter-over-quarter. This is still a marked improvement of 150 basis points compared to Q3 2012. Demand for office space is currently at 1.43 million sq. ft. of space requirements to lease or purchase

in Miami as of Q3 2013, with legal firms demanding the most total square footage of any industry. Average asking lease rates were \$30.21, a decrease of \$0.05 quarter-over-quarter.

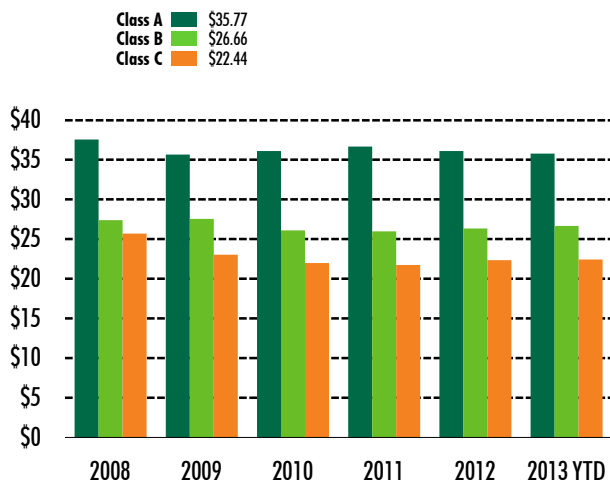
Economic Influence

As a primary determinant of demand for office space, office employment increased year-over-year by 0.7%. This is particularly important since office employment has declined for the last five years according to CBRE Econometric Advisors. The financial activities sector had the highest job growth of all office-using jobs by 2,300 jobs or 3.4%, which includes real estate, banking and insurance categories.

There was a slight improvement in Miami-Dade County's unemployment rate quarter-over-quarter. The not-seasonally adjusted unemployment rate as of August was 8.4%, 10 basis points lower than last quarter and 130 basis points lower year-over-year according to the U.S. Bureau of Labor Statistics.

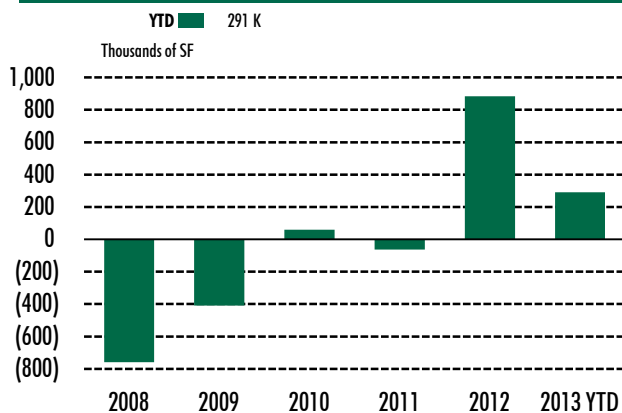
U.S. commercial property investment sales continued to be the safe haven that foreigners were searching for in terms of value and return on investment and has been on the rise for the past three years. Year-to-date sales in the U.S. as of September 1 were \$22.2 billion, which is on pace to exceed the \$27.6 billion in 2012 according to Real Capital Analytics.

Average Dir Asking Lease Rates (FSG)



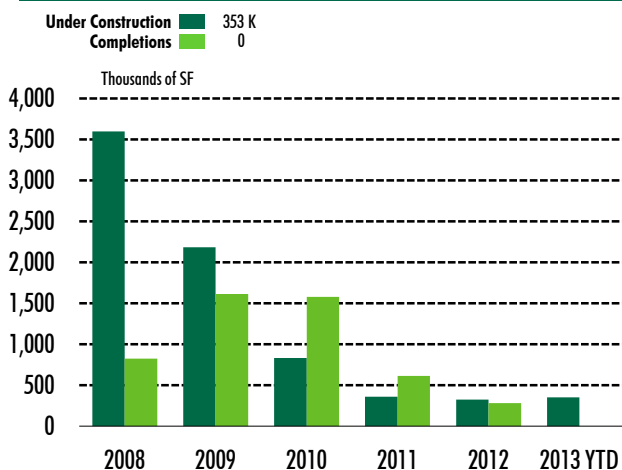
Source: CBRE Research, Q3 2013.

Net Absorption



Source: CBRE Research, Q3 2013.

Under Construction and Completions



Source: CBRE Research, Q3 2013.

Development

With the recent purchase of 700 Brickell Avenue, Brickell CityCentre continues to be an ever-evolving project. The newest tower, One Brickell CityCentre, is the latest addition and gateway tower to the overall development. The tower will house more Class A office space, condominiums, retail space and another hotel. An elevated climate control trellis and architectural statement will unify all towers, which will allow visitors to enjoy the grand plazas and common areas come rain or shine. Phase One of the project is due for completion in 2015.

Doral Park Center in the Airport/Doral submarket currently includes an 80,000 sq. ft. office tower along with ground floor retail, three hotels, restaurants and banks. The project is under construction with a scheduled delivery date of October 2013.

The SoMi Building, located at 5966 S. Dixie Highway in the Kendall submarket, will add 50,000 sq. ft. of office/retail space and is expected to deliver in April 2014.

One Netanya, a new Class A office building with 103,298 sq. ft., is under construction on Sunny Isles and scheduled to deliver in the fall of 2014. Mount Sinai Medical Office recently signed a lease agreement for 12,101 sq. ft. at the Sunny Isles project.

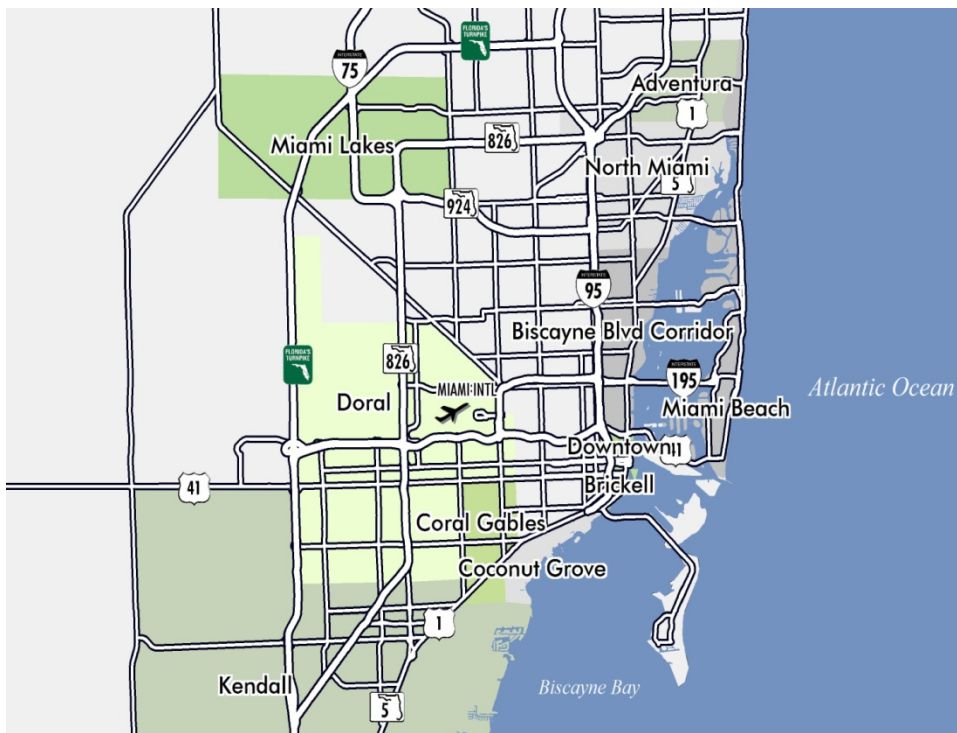
Property	Submarket	Size
Brickell CityCentre	Brickell	120,000
Doral Park Centre	Airport/Doral	80,000
One Netanya	Aventura	103,298
SoMi Building	Kendall	50,000

Outlook

Commercial real estate investments continue to strengthen as foreign investor interest remains unaffected by rising interest rates and escalating prices. Political unrest and economic instability in other parts of the world are projected to continue fueling foreign investment in the foreseeable future.

As the traditional office layout moves toward a more open environment, the way tenants use space and the amount of square footage required is changing. According to CBRE Econometric Advisors, demand for commercial real estate will continue to rise, but at a slower rate than pre-recession levels.

The low levels of new office construction coupled with a limited inventory of office space contributed to a continuing decline in vacancy. The strong housing market also continues to inspire consumer confidence, which in turn, leads to increased job growth and consumer spending.



Market Coverage: Includes all competitive office buildings 30,000 square feet and greater in size in Miami-Dade county.

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