



3Q13 MIAMI OFFICE MARKET

Newmark Grubb Knight Frank

SLOW GROWTH, SMALL GAINS AND THE OFFICE MARKET KEEPS CHUGGING ON

The Miami office market experienced improvement in the third quarter. Demand outpaced supply for the 14th consecutive quarter while vacancy rates dropped 30 basis points from the previous quarter and 110 basis points from one year ago.

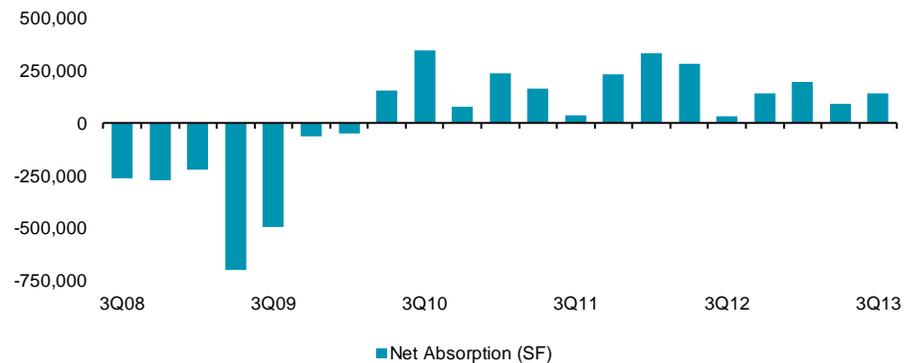
Class A space continued to dominate with over 363,000 square feet of year-to-date positive absorption, while Class C followed suit with over 157,600 square feet absorbed so far this year. Class B space was the only sector where vacant inventory surpassed space needs with 99,500 square feet of negative absorption posted in the first three quarters of 2013. The flight to quality of companies from lower-tier spaces remained strong as tenants take advantage of Class A space availabilities.

Brickell World Plaza is projected to see tenants move into over 117,000 square feet during the next two quarters. Northern Trust will relocate to 75,000 square feet after moving from 700 Brickell which was sold for development to Swire Properties. Gunster Yoakley & Stewart, P.C. and Jones Day took 21,000 square feet which will bring the building's occupancy to 50% just two years after its completion. Gunster will move from One Biscayne Tower in the Downtown submarket while Jones day is a new tenant

Asking Rent and Vacancy



Absorption



Key Indicators

Total Inventory (SF)	46,798,833		
	3Q13	2Q13	3Q12
Asking Rent (Price/SF)	\$29.90	\$30.20	\$30.14
Vacancy Rate (%)	17.0%	17.3%	18.1%
Under Construction (SF)	0	0	0
	3Q13	2Q13	YTD
Net Absorption (SF)	142,619	90,583	411,280
Deliveries (SF)	0	0	0



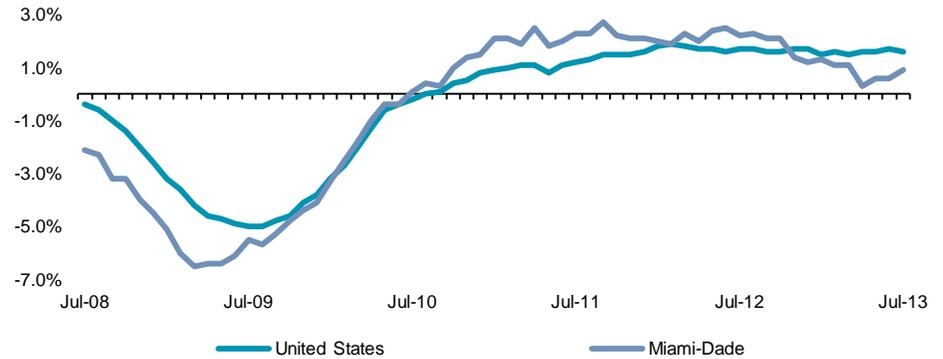
to Miami. This flight to quality has allowed other companies from Class B space to negotiate more affordable rents in older Class A buildings as landlords look to compete with the newer building's rates.

Quoted rents dropped \$0.25 from the \$30.14/sf full service gross rate during this time last year. This can be attributed to the removal of Class A space. As higher-end occupancies occurred, lower-end rates impacted the weighted average more. Class A space saw a \$0.66 drop from the \$36.91/sf full service gross rate posted during third quarter of 2012. Class B space experienced a year-over-year increase of \$0.49 from \$27.10/sf full service gross. This can be explained by the increase of vacancy in more expensive buildings as tenants upgrade into Class A buildings.

The office market began seeing an uptick in demand as interest reappeared with the increase of construction cranes. The boom in the multifamily sector has spilled over into the other commercial sectors. The retail and industrial markets have recovered, while the office sector is building momentum.

Payroll Employment

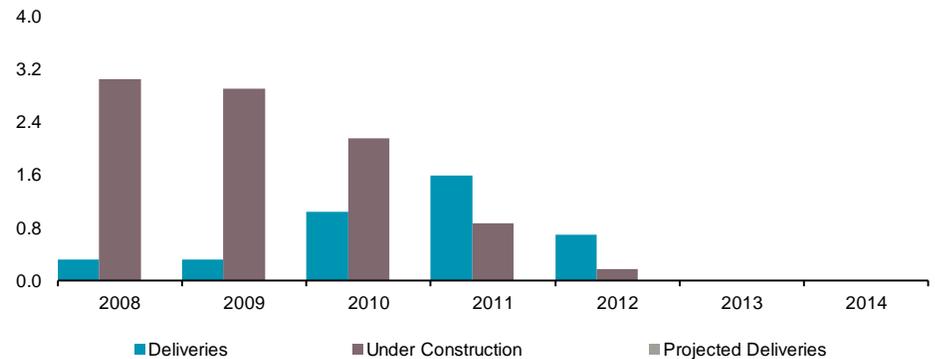
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Molina Healthcare	Westside Plaza II-8200 NW 33 rd St	Airport West	27,344
Vitas	Miami Center-201 S Biscayne Blvd	Downtown	23,344
Jones Day LLC	Brickell World Plaza	Brickell	21,347
Cable & Wireless LLC	Columbus Center-1 Alhambra Plaza	Coral Gables	19,447
Regus	7900 Oak Lane	Miami Lakes	15,111
Sedgwick LLP	One Biscayne Tower-2 Biscayne Blvd	Downtown	13,742
Banco Santander International	1401 Brickell Ave	Brickell	13,440
Veritext, Inc	One Biscayne Tower-2 Biscayne Blvd	Downtown	11,743

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
Coconut Grove Bank-2701 Biscayne	Coconut Grove	65,000	\$55,000,000	Sold for land value
Dadeland Exec. Center-9700 S Dixie	Kendall/South Dade	62,000	\$7,800,000	\$126



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
CBD	13,634,545	0	19.7 %	22,707	164,952	\$42.72	\$28.72	\$35.82
Brickell Avenue	6,417,363	0	18.3 %	-11,427	116,445	\$43.56	\$32.83	\$39.57
Downtown Miami	7,217,182	0	20.9 %	34,134	48,507	\$42.04	\$26.82	\$33.69
Airport West	11,544,602	0	16.1 %	46,594	105,894	\$27.36	\$24.19	\$24.43
Biscayne Corridor	1,694,599	0	42.1 %	-1,803	-14,153	-	\$30.47	\$29.73
Coconut Grove	655,803	0	15.5 %	-7,737	-2,538	-	\$31.48	\$30.55
Coral Gables	5,885,935	0	15.0 %	45,652	39,937	\$36.37	\$29.90	\$33.76
Coral Way	822,959	0	7.3 %	1,271	-8,168	-	\$25.71	\$23.18
East Airport/Hialeah	693,179	0	4.5 %	5,841	11,191	-	\$22.03	\$19.52
Kendall/South Dade	4,331,148	0	12.9 %	-9,158	48,144	\$35.84	\$26.10	\$26.12
Miami Beach	2,131,494	0	11.0 %	20,511	22,964	\$36.40	\$33.48	\$33.36
Miami Lakes	1,806,918	0	17.0 %	15,883	28,959	\$24.68	\$22.87	\$23.00
Northeast Dade	3,036,451	0	16.8 %	647	2,025	\$33.52	\$26.15	\$23.32
South Miami	561,200	0	3.4 %	2,211	12,073	\$26.00	\$34.00	\$22.01
Suburban Total	33,164,288	0	15.9 %	119,912	246,328	\$31.33	\$27.19	\$26.87
Miami-Dade	46,798,833	0	17.0 %	142,619	411,280	\$36.25	\$27.59	\$29.90



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Glossary of Terms

Absorption

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet in total rentable building area. Owner occupied buildings are not included in the inventory.

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