

REVIEW

MIAMI OFFICE MARKET

USA Q4 2024

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Q4 2024

OFFICE MARKET
MIAMI

KEY FIGURES

53m sqft

INVENTORY

12.9%

VACANCY RATE

\$86.7

PRIME AVERAGE ASKING RENT

\$5.1bn

TOTAL INVESTMENT

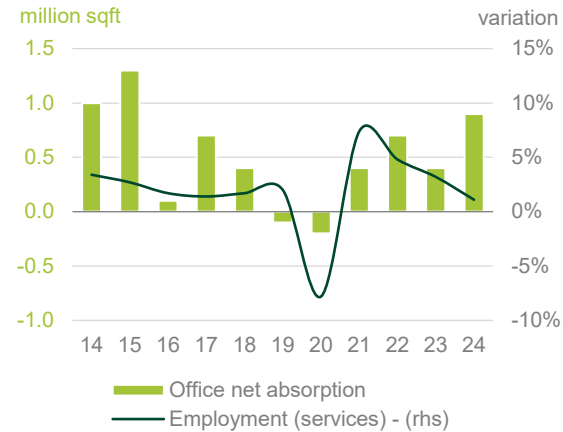
\$1.8bn

OFFICE INVESTMENT

8.10%

OFFICE PRIME CAP RATE

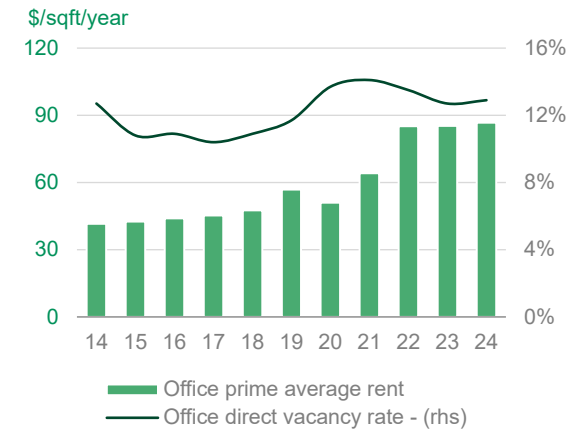
Net Absorption / Employment



Continued Improvement in Miami

Service job growth in Miami slowed significantly from 7.8% in 2021 to just 1.1% by 2024, falling below the pre-2020 average of 2.3%. However, despite this deceleration, Miami's unemployment rate remains notably lower than the national average. On a positive note, the office market has continued to outperform nationally, with a total of 2.4 MSF of net absorption since early 2021, including 915,000 SF in 2024 alone. As a result, the direct vacancy rate has dropped to 12.9%, marking a 120 basis-point decline from its peak in 2021.

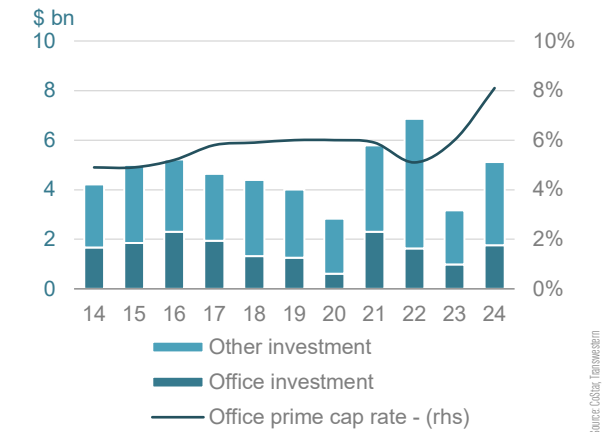
Prime rent / Vacancy Rate



Record High Rents Continue To Rise in Miami

Over the past three years, asking rental rates in Miami have reached unprecedented levels. By the end of 2024, the average rate across the market has risen to \$59.16 PSF, reflecting a remarkable 39% increase—an additional \$16.50—over just five years. This growth has been particularly notable in key urban submarkets such as Brickell, Downtown, and the Wynwood-Design District. While the pace of office rent growth has slowed slightly in 2024, it remains significant at 5.0%. Despite this moderation, rates continue to surge, setting new records throughout the year.

Investment / Capital Rate



Investment Sales Slowing

Office investment in Miami rebounded in 2024 after a softened 2023. With \$1.8 billion in sales volume recorded in 2024, it markets the second-highest year of sales in seven years.

In 2024, one of the highlight sales in the Miami office market was the sale of 400 Biscayne Blvd, a prime office tower in downtown Miami. The property sold for approximately \$312 million. The seller was Hines, a global real estate investment, development, and management firm. The buyer was Brookfield Properties, a major global real estate investor and operator. This deal is particularly notable because it reflects the continued interest in Miami's commercial real estate market, especially in the downtown area, which has seen significant demand for office space in recent years.

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OFFICE MARKET USA

Occupier Market	Inventory (million sqft)	Net Absorption (million sqft)	Vacancy Rate (%)		Office Prime Asking Rent (\$/sqft/year)		
	2024	2024	2023	2024	2023	2024	Trend
Atlanta	234	2.0	18.7%	20.4%	31.8	31.4	-1%
Chicago	159	-3.5	20.2%	22.7%	70.7	73.1	4%
Dallas/Fort Worth	306	1.3	18.4%	19.5%	68.7	72.1	5%
Denver	163	-1.7	14.7%	16.5%	32.2	32.1	-1%
Detroit	201	-1.1	10.7%	11.1%	21.0	21.3	1%
Houston	209	-0.3	20.4%	20.8%	46.0	46.1	0%
Los Angeles	390	-2.5	16.0%	16.6%	43.8	45.4	4%
Miami	53	0.9	12.7%	12.9%	85.3	86.7	2%
Minneapolis	190	-268.6	11.9%	11.9%	29.7	30.0	1%
New York/Manhattan	457	5.3	14.2%	14.4%	77.4	79.9	3%
Phoenix	170	-1.6	17.7%	20.8%	33.5	30.1	-10%
San Diego	100	-0.2	12.0%	12.5%	36.4	36.5	0%
San Francisco	87	0.3	28.0%	30.4%	46.4	70.0	51%
Seattle	181	-1.8	12.9%	15.4%	37.3	36.5	-2%
Washington DC	145	-0.5	14.8%	14.9%	83.0	83.3	0%
Total 15 markets	3,045	-272.0	16.2%	17.4%	49.5	51.6	3.8%

Investment Market	Total investment volume (\$ million)		Office investment volume (\$ million)		Cap rate (%)		
	2023	2024	2023	2024	2023	2024	bps
Atlanta	5,950	8,410	1,210	1,860	6.90%	8.10%	120
Chicago	340	740	140	570	NA	NA	NA
Dallas/Fort Worth	8,810	2,510	2,340	410	6.10%	6.40%	30
Denver	2,210	3,070	860	730	7.00%	6.00%	-100
Detroit	1,870	1,700	500	256	8.20%	8.90%	70
Houston	8,460	9,840	2,340	1,220	12.10%	11.50%	-60
Los Angeles	8,150	9,460	2,360	2,150	NA	NA	NA
Miami	3,170	5,120	980	1,760	6.00%	8.10%	210
Minneapolis	4,360	6,770	580	680	7.70%	7.20%	-50
New York/Manhattan	6,900	10,240	4,960	7,650	6.10%	5.50%	-60
Phoenix	4,680	7,110	560	1,140	6.24%	7.50%	126
San Diego	6,600	4,380	770	930	6.40%	7.50%	110
San Francisco	11,730	1,850	2,920	630	5.85%	6.60%	75
Seattle	860	3,000	180	1,210	6.00%	6.40%	40
Washington DC	560	1,090	510	790	7.00%	8.60%	160
Total 15 markets	74,650	75,290	21,210	21,986	7.05%	7.56%	52

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