

MIAMI OFFICE MARKET

Yardi® Matrix

Market Analysis

First Quarter 2019

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Development Keeps Market Steady



Healthy demand, job growth and company relocations are the main factors driving growth in Miami's office sector. Rising wages and growing demographics indicate economic stability. With unemployment at an all-time low of 3.2% as of November, the metro is well-positioned for further expansion. Miami had 276,000 office-using jobs at the end of November, with information and financial activities driving growth in the office sector. The education and health services segment, one of Miami's regional staples, added 7,100 positions in the 12 months ending in November.

Development activity has been gaining momentum over the past four years, with deliveries peaking in 2018 at 930,000 square feet. Despite elevated labor costs and shrinking available land for construction, new projects continue to break ground. Some 1.3 million square feet was under construction as of December, which will add 3.6% to total stock once completed. The largest project under construction is Sterling Bay's 283,693 545wyn office building, scheduled for delivery in 2020 in Miami North's Wynwood Arts District. Opportunity zones are likely to further encourage construction activity, as long as investors are able to capitalize on the program.

Largely in line with national trends, investment activity in Miami has cooled compared to previous years. Almost \$678 million in office properties traded in 2018 through December. With acquisition yields for top-rated properties hovering in the 5.0% to 6.5% range, Miami is in step with other top-tier markets, such as Chicago and San Diego.