

# MIAMI OFFICE MARKET

Yardi® Matrix

## Market Analysis

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## Tightening Conditions Fuel Rent Growth



Miami's maturing market dynamics and solid office sector are underpinned by a diversifying economy, a steady wave of company expansions and relocations, and a robust development pipeline. Lured by Florida's favorable business environment, finance firms and hedge funds from high-tax markets are moving to Miami—Wall Street giant Icahn Enterprises, relocating from New York, is just one example. According to the Miami Downtown Development Authority, the number of SEC-registered investment advisers in Downtown Miami rose by 95% (from 42 to 82) between 2014 and 2018.

Miami topped the list in CityLab's ranking of the fastest-growing job markets in the U.S. As of September, office-using employment accounted for 23.2% of the metro's total workforce, with professional and business services leading growth (7,200 jobs, up 4% year-over-year). And according to the Bureau of Labor Statistics, Miami's unemployment stood at 2.9% as of October, the lowest rate of this economic cycle and 70 basis points below the national rate (3.6%).

As of October, some 1.6 million square feet was underway (2.6% of total inventory). Developers added a total of 470,000 square feet to stock in 2019 through October. Coming on the heels of a robust 2018 when 1.4 million square feet came online, deliveries slowed in 2019. Investor interest remained consistent, as increasing rental rates and declining vacancies are drawing buyers to Miami. With out-of-state investors actively deploying capital in the metro, total investment volume amounted to \$710 million year-to-date through October.