



South Florida

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

Meaningful recovery continues to elude the South Florida office market. While Miami has added jobs over the past year, the unemployment rate remains significantly above the national average. Throughout the metropolitan office area, demand is gradually increasing driven predominately by international business, specifically from Latin America. Despite modest increase in demand, supply of available space still remains significant, primarily attributed to significant vacancy of 600 Brickell and Wells Fargo Center, which were delivered in 2011 and 2009 respectively. The current market dynamics will most likely fail to produce discernible change in vacancy rates in primary submarkets in South Florida.

Perhaps the lone success story is the substantial absorption experienced at 1450 Brickell, which leased its last remaining two full floors this quarter. As we head into 2012, we estimate the continuation of modest absorption, especially in Miami's CBD. Existing market tenants will continue to benefit from substantial landlord concessions in form of free rent and tenant improvement allowances.

Market Trends

- International business remains strong, particularly in banking, trade, and tourism industries.
- Landlords are beginning to shift attention to 2013 and 2014 lease expirations.

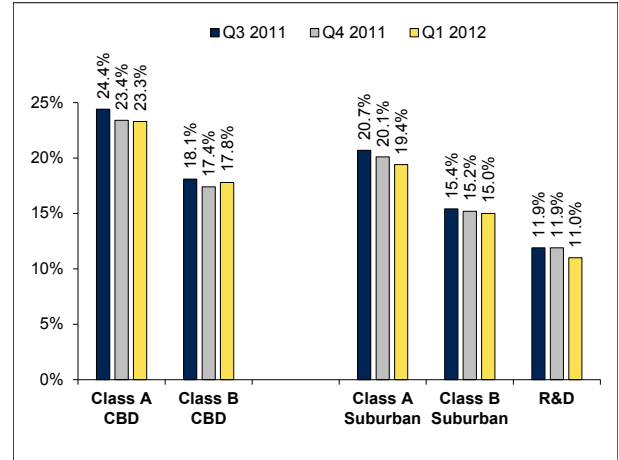
Tenant's Perspective

Suburban tenants in particular are vulnerable to a more rapid recovery given the decrease in vacant spaces and slight uptick in rental rates. The best opportunities exist primarily within the CBD where new inventory (600 Brickell and Wells Fargo Center) is keeping vacancy rates near 25%.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Miami Herald	158,265	Office	Lease
Morrison Brown Argiz	25,796	Office	Lease
Sapient	24,767	Office	Lease
FIU	28,351	Office	Lease
Kaseya	13,987	Office	Lease
DLA Piper Law	22,567	Office	Lease
Doral Money	20,137	Office	Lease

Vacancy Rate



Average Rental Rates*

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$38.03	\$37.65	\$37.19
Class B Office	\$24.81	\$24.60	\$24.56
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$30.64	\$30.25	\$29.92
Class B Office	\$23.22	\$23.26	\$23.10
R&D	\$12.75	\$12.75	\$12.75

*South Florida Combined (Miami-Dade, Boward, Palm Beach Counties)

