

### Coral Gables Office Submarket

Miami - FL ☆☆☆☆

Inventory SF	11.5M ↓	205K ↓	(94.6K) ↓	12.6% ↓	\$45.24 ↓	\$430 ↓	5.8% ↓
Under Constr SF							
12 Mo Net Absorp SF							
Vacancy Rate							
Market Rent/SF							
Market Sale Price/SF							
Market Cap Rate							

#### Summary

While demand for office space in Coral Gables was already fairly tepid in the years leading up to the pandemic, the pace of negative net absorption accelerated after the onset and has yet to improve. On net, more than 250,000 SF of space has returned to the market since the beginning of 2020. And with a significant amount of new, spec space also coming on line over this time period, vacancy is up sharply. At 12.6%, vacancy is around 400 basis points above early 2020 levels and is among the highest in Miami.

Leasing activity continues to lag pre-crisis norms, but has improved from 2020 lows and will help to drive demand back into positive territory in coming quarters. Vacancy in turn declines steadily in CoStar's Base Case forecast, although it remains above the market average through 2026.

Despite an elevated vacancy rate, owners have increased rents, albeit modestly, over the past few quarters. Year-over-year rent growth in Coral Gables is 5.2%, which is underperforming the market average but represents an improvement compared to a few quarters ago. Average asking rents in Coral Gables are slightly above the metro benchmark, though rents here come at a discount to nearby Brickell.

Coral Gables is an active transaction market, although investment slowed to a crawl in the quarters immediately following the onset of the pandemic. Activity finally returned to pre-crisis levels in 21Q4, boosted by the sale of 220 Alhambra. The 177,000-SF property traded for \$135 million.

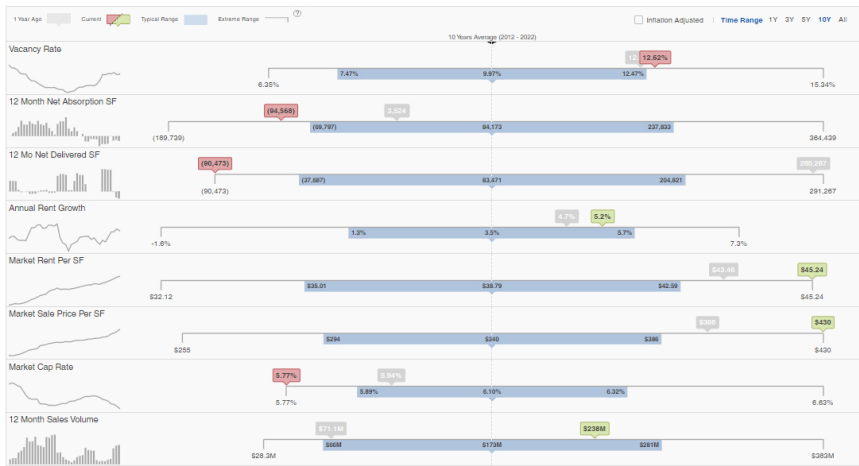
AVAILABILITY	SUBMARKET	MARKET
Market Rent/SF	\$45.24 ↓	\$43.25 ↓
Vacancy Rate	12.6% ↓	10.2% ↓
Vacant SF	1.5M ↓	11.3M ↓
Availability Rate	15.8% ↓	12.3% ↓
Available SF	1.9M ↓	14M ↓
Sublet SF	78.7K ↓	783K ↓
Months on Market	11.8	10.2

INVENTORY	SUBMARKET	MARKET
Existing Buildings	427 ↓	4,476 ↓
Inventory SF	11.5M ↓	110M ↓
Average Building SF	27K ↓	24.6K ↓
Under Construction SF	205K ↓	3.2M ↓
12 Mo Delivered SF	0 ↓	868K ↓

DEMAND	SUBMARKET	MARKET
12 Mo Net Absorption SF	(94.6K) ↓	803K ↓
6 Mo Leasing Probability	34.3%	36.5%

SALES	SUBMARKET	MARKET
12 Mo Transactions	33 ↓	487 ↓
Market Sale Price/SF	\$430 ↓	\$381 ↓
Average Market Sale Price	\$11.8M ↓	\$9.8M ↓
12 Mo Sales Volume	\$238M ↓	\$2.3B ↓
Market Cap Rate	5.8% ↓	5.8% ↓

#### Key Performance Indicators



#### Leasing

While up from 2020 lows, leasing activity continues to lag pre-crisis norms, totaling just over 500,000 SF in 2021 and about 300,000 SF halfway through 2022.

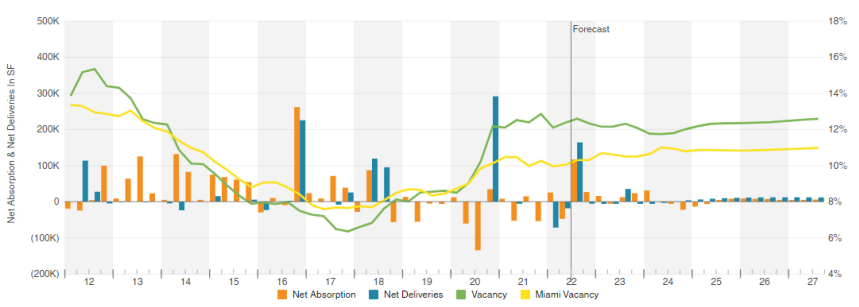
Located in the Plaza Coral Gables mixed-use development, the 2020-vintage property at 2811 Ponce de Leon Blvd. has captured many of the top leases signed since the beginning of 2021. This includes a lease signed by ACI Worldwide in 21Q1. The software firm occupied the 27,600-SF space in 21Q3, at an asking rent of \$62/SF FSG.

The 16-story tower at 355 Alhambra Circle captured one of the most recent leases signed in the submarket. Law firm Armstrong Teasdale leased 11,600 SF in June,

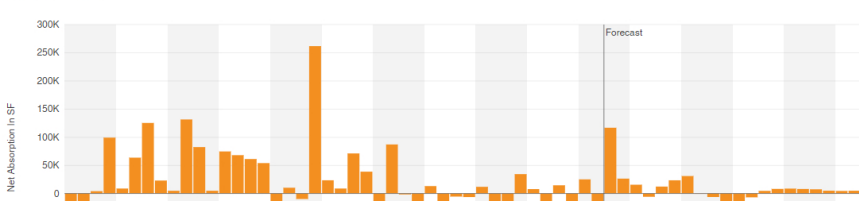
planning to occupy the space in 23Q1, at an effective rent of \$48/SF FSG.

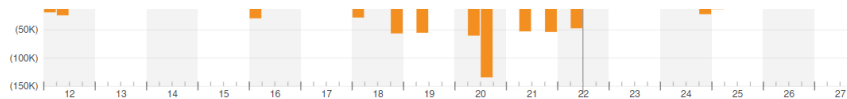
The recent pace of leasing activity should help demand return to positive territory in coming quarters, after an extended stretch below zero. Since the beginning of 2020, more than 250,000 SF of space has returned to the market on net, contributing to a 400-basis point rise in vacancy. Now sitting at 12.6%, vacancy in Coral Gables is among the highest in the Miami area. It recovers steadily in CoStar's Base Case, however, before stabilizing in the range of 11% by mid forecast.

#### NET ABSORPTION, NET DELIVERIES & VACANCY

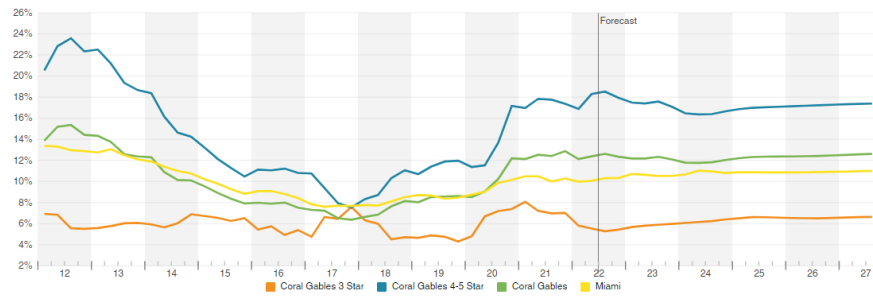


#### NET ABSORPTION





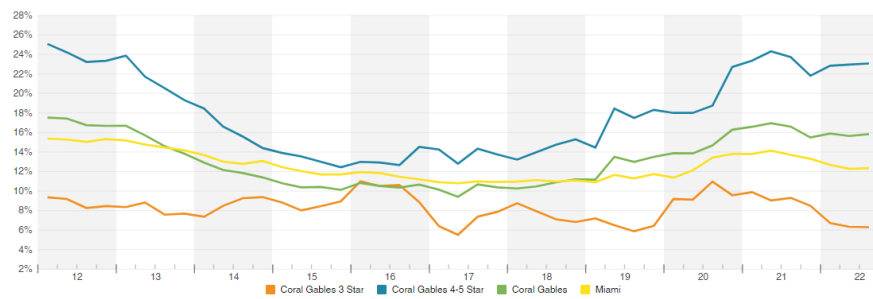
**VACANCY RATE**



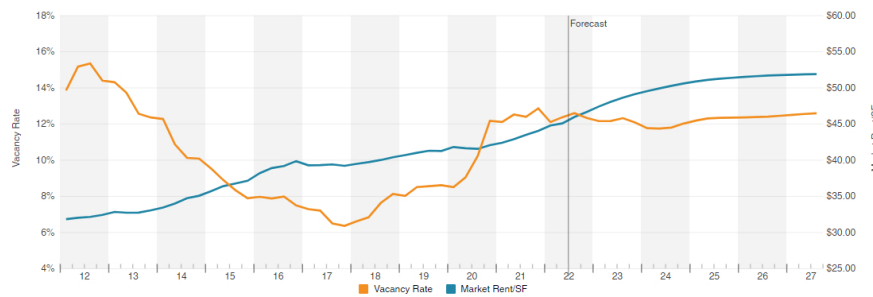
**DAILY VACANCY RATE**



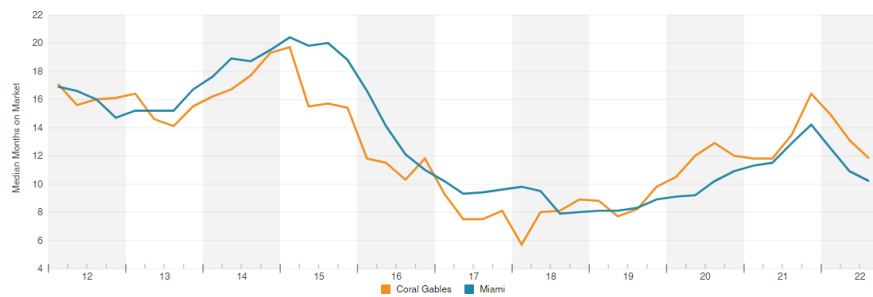
**AVAILABILITY RATE**



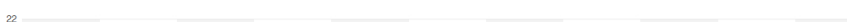
**VACANCY & MARKET RENT PER SF**

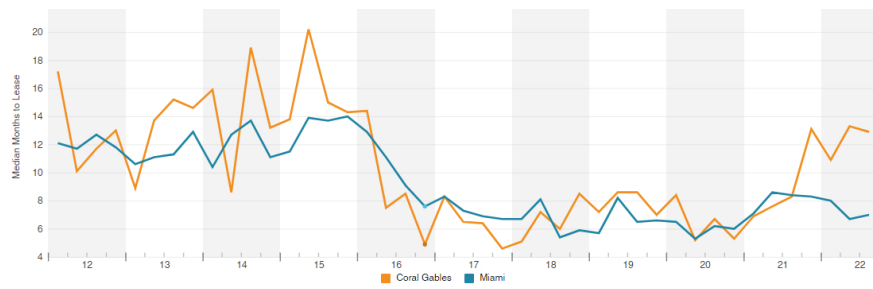


**MONTHS ON MARKET**

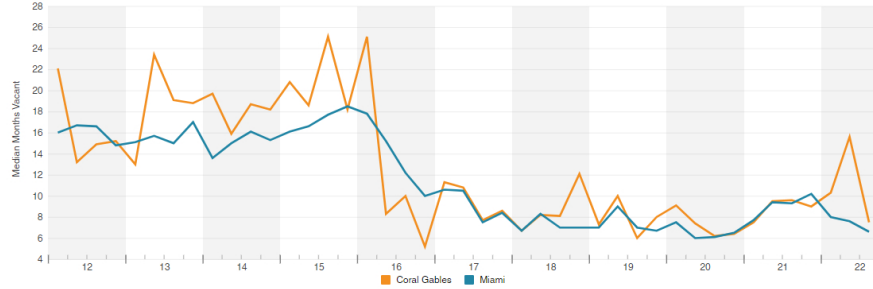


**MONTHS TO LEASE**

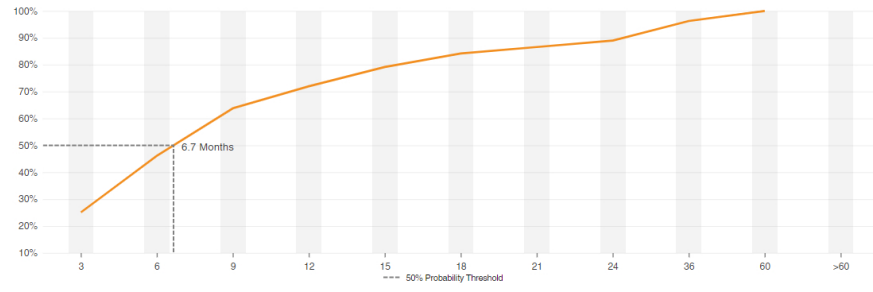




**MONTHS VACANT**



**PROBABILITY OF LEASING IN MONTHS**



**Rent**

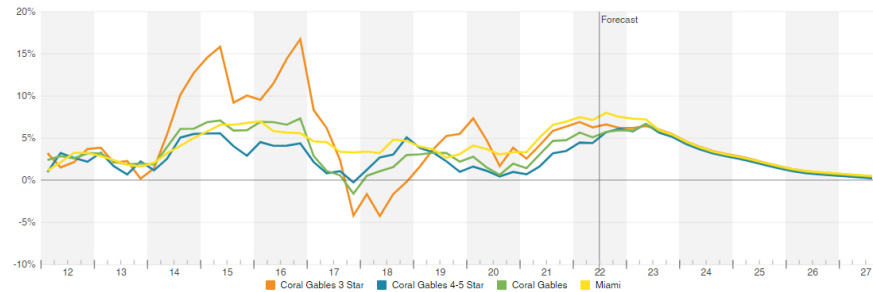
Coral Gables is a mid-priced office submarket, with rents averaging \$45.00, just above the market overall but comfortably below rents in Brickell, Wynwood-Design District and Aventura. Space in the 4 & 5 Star segment rents for \$48.00/SF, while 3 Star space averages \$43.00/SF.

In line with the broader market, rent growth stalled in the quarters immediately after the onset of the pandemic, but has improved steadily since that time. Rents are now up 5.2% year over year, compared to the market average of 7.5%.

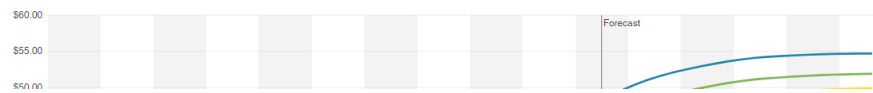
**DAILY ASKING RENT PER SF**

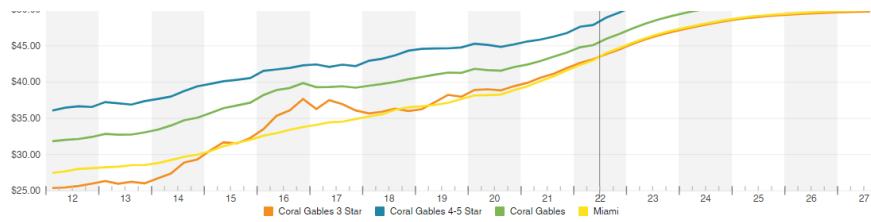


**MARKET RENT GROWTH (YOY)**



**MARKET RENT PER SF**





**Construction**

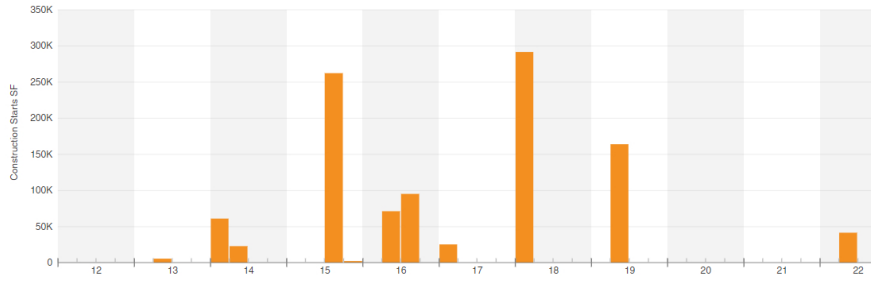
Coral Gables is a fairly active development market, especially considering its size, with more than 1 million SF of space added since 2010. The largest delivery over this time period was also the most recent, the 291,300-SF North Tower at the Plaza Coral Gables. Developed by Agave Holdings, the North Tower entered the market in 20Q4 and is leasing up slowly. The property was 36% leased as of 22Q2, with remaining space available at asking rents ranging from \$56/SF to \$62/SF FSG.

campus, the outpatient center came on line in 2016.

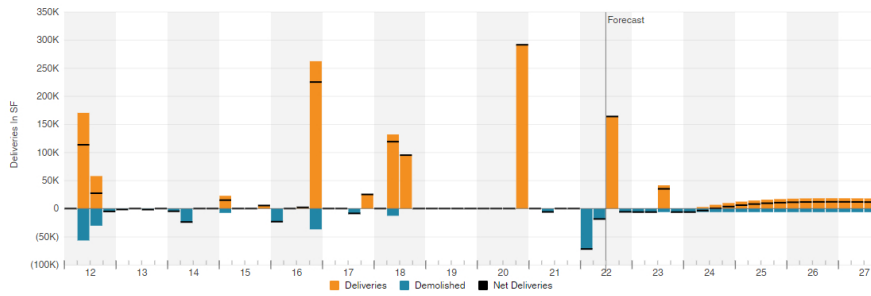
There is one additional property underway at the Plaza Coral Gables, the 164,000-SF office building at 3011 Ponce de Leon Blvd. The property is 26% preleased, with BAC Florida Bank planning to occupy just over 63,000 SF. The remaining space is available at asking rents ranging from \$57/SF to \$60/SF FSG, among the highest asking rents in the submarket.

Prior to this delivery, the largest property to enter the market was the 206,000-SF Lennar Foundation Medical Center. Located on the University of Miami's Coral Gables

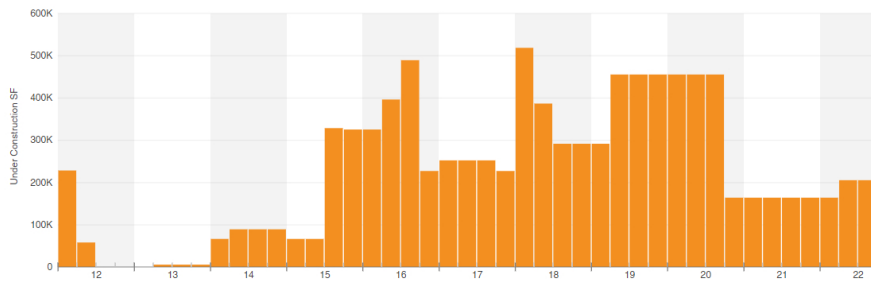
**CONSTRUCTION STARTS**



**DELIVERIES & DEMOLITIONS**



**UNDER CONSTRUCTION**



**Sales**

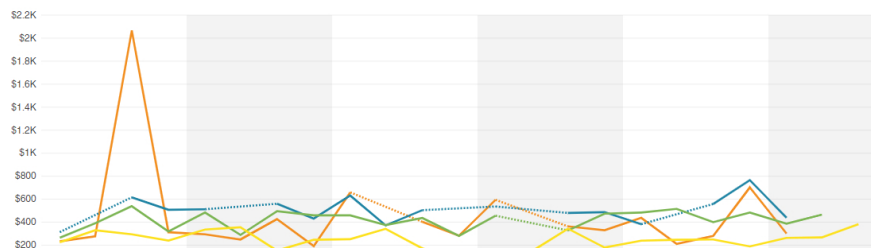
Coral Gables is an active transaction market, although investment can vary significantly from one year to the next. Activity slowed notably after the onset of the pandemic, and remained muted through most of 2021, before a large sale led to a 21Q4 surge in sales volume.

Year to date, about \$70 million in assets has traded. The largest transaction closed in March. TA Realty sold the 57,800-SF property at 2990 Ponce de Leon Blvd. to BEA Equities and Gildenson Real Estate for \$24.7 million (\$427.41/SF). The property was just 65% leased at the time of sale.

In December, the 177,000-SF 220 Alhambra was acquired by Fortress Investment Group for \$135 million (\$763/SF). The trade was a sale leaseback for the seller, Amerant Bancorp, who originally acquired the property in 2014 for \$75 million (\$424/SF).

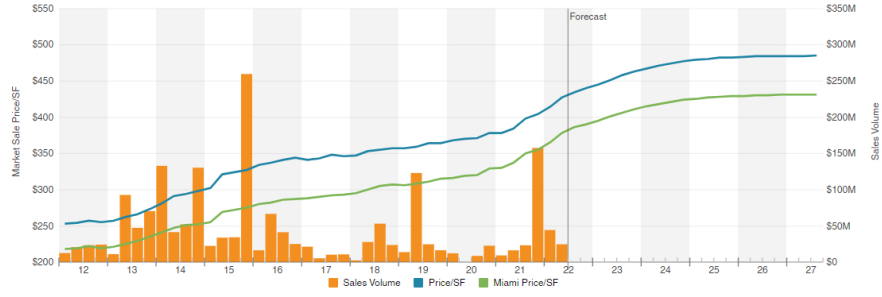
In February, the 46,300-SF property at 2000 Ponce de Leon Blvd. changed hands. Westside Capital Group acquired the asset, which was 81% leased at the time of sale, for \$13.85 million (\$299/SF).

**SALE PRICE PER SF**

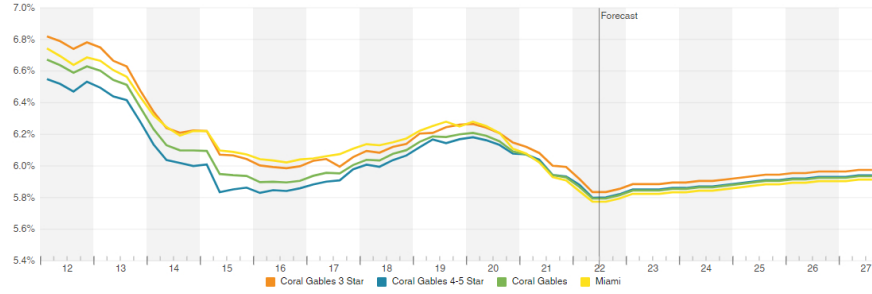




**SALES VOLUME & MARKET SALE PRICE PER SF**

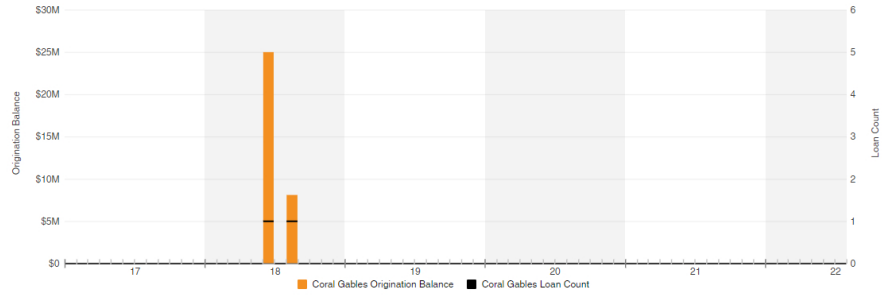


**MARKET CAP RATE**

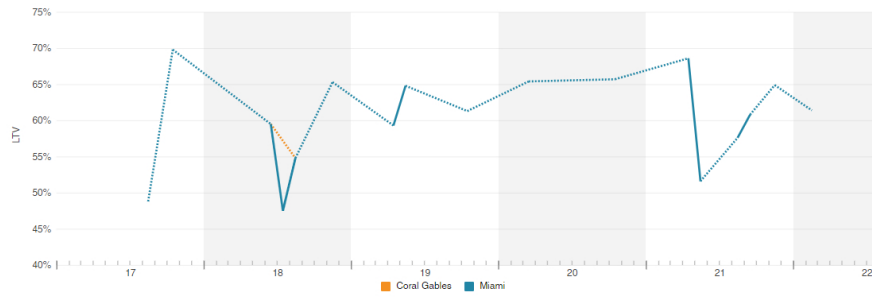


**CMBS**

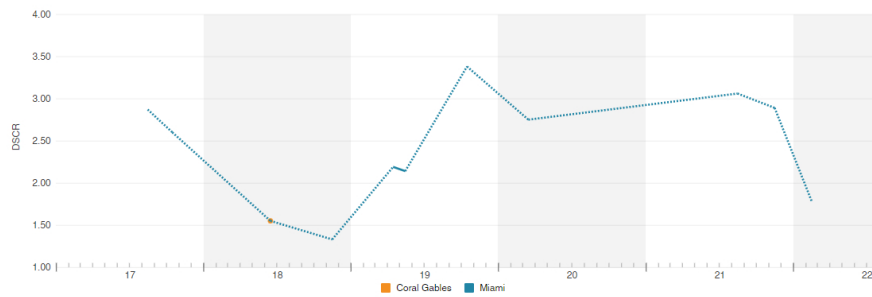
**ORIGINATION BALANCE**



**ORIGINATION LTV**

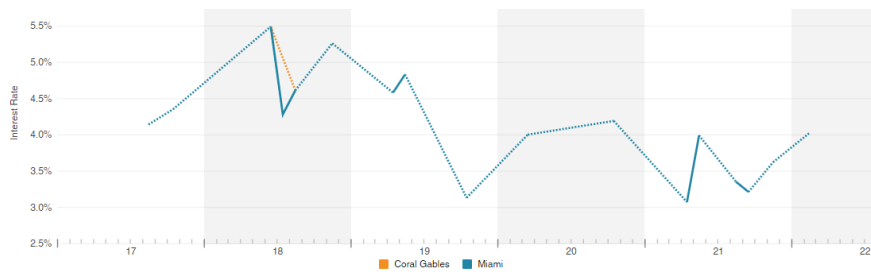


**ORIGINATION DSCR (NOI)**

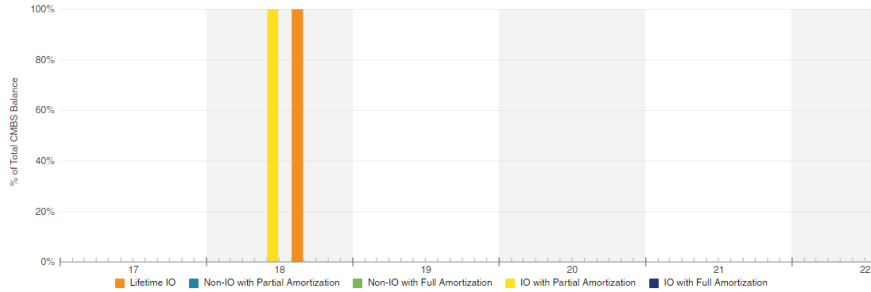


**ORIGINATION INTEREST RATE**

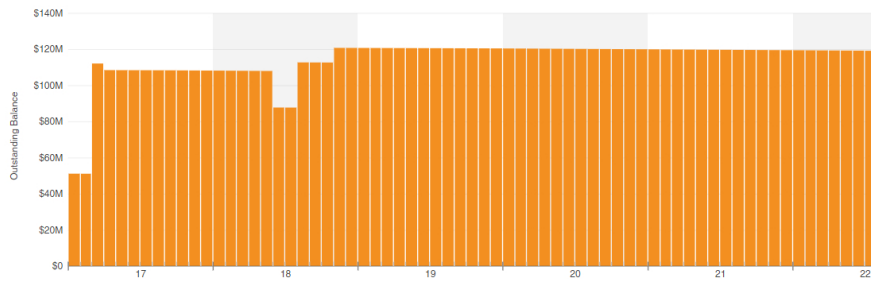




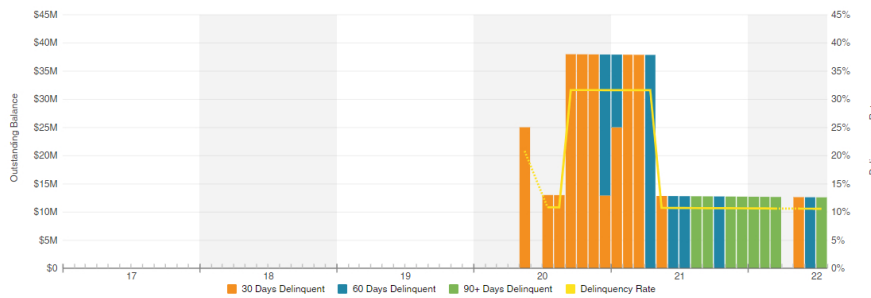
**ORIGINATION BALANCE BY AMORTIZATION TYPE**



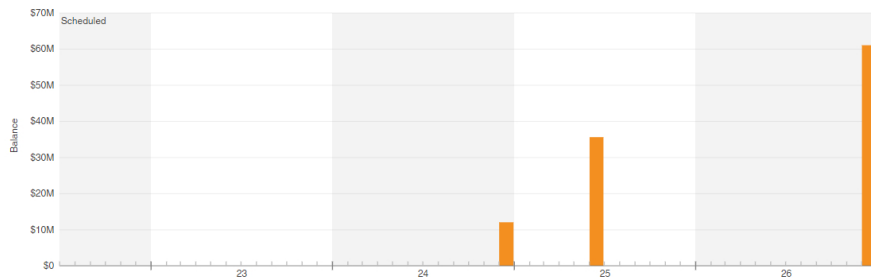
**OUTSTANDING LOAN BALANCE**



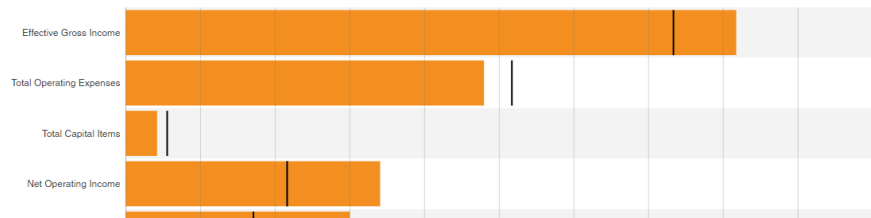
**OUTSTANDING DELINQUENT LOAN BALANCE BY PAY STATUS**

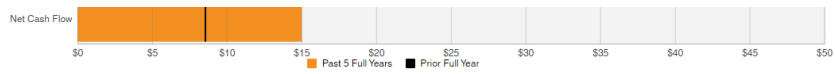


**MATURING LOAN AMOUNT**

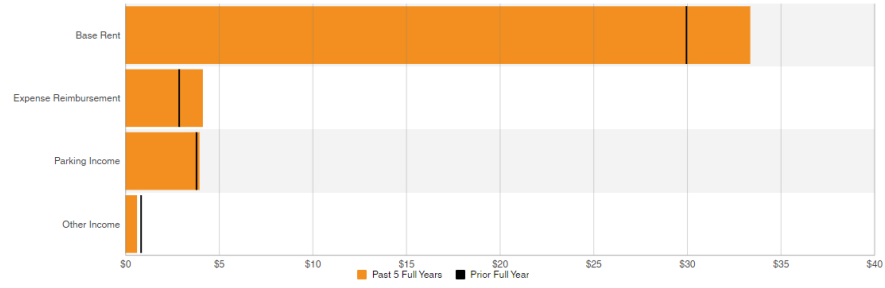


**INCOME AND EXPENSES PER SF**

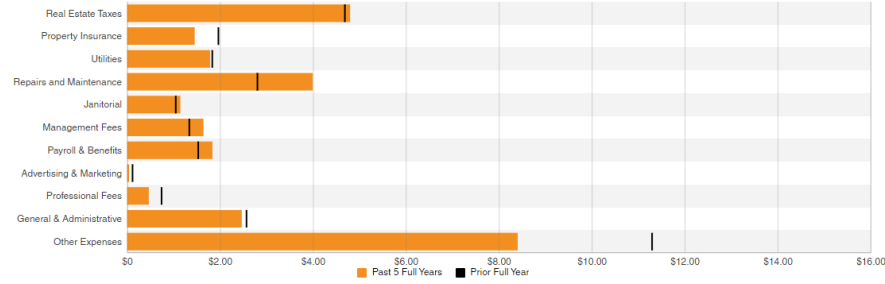




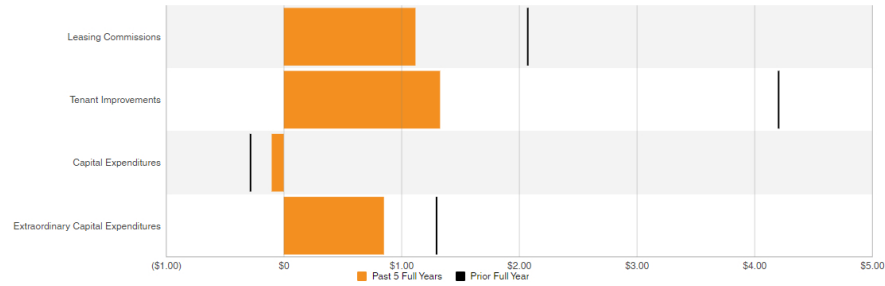
**INCOME PER SF**



**OPERATING EXPENSES PER SF**

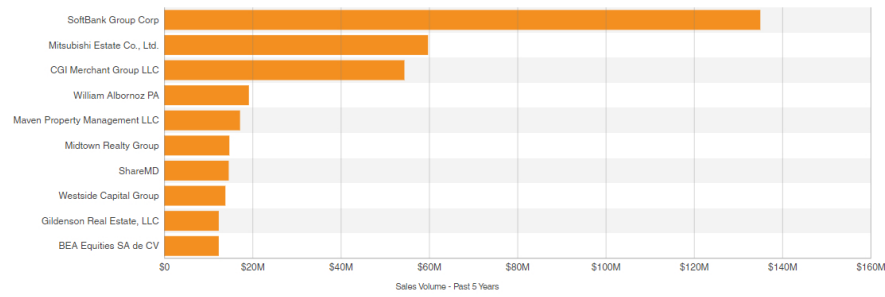


**CAPITAL ITEMS PER SF**

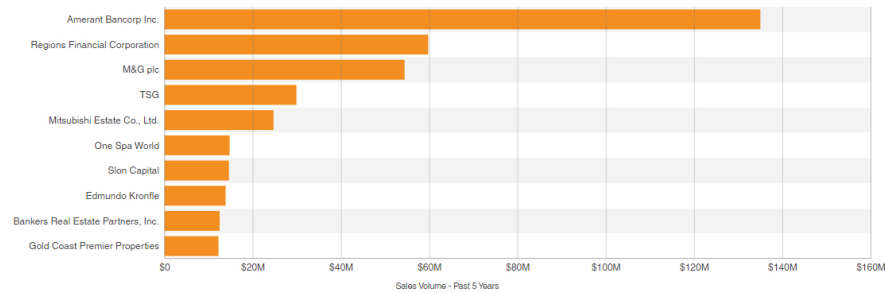


**Players**

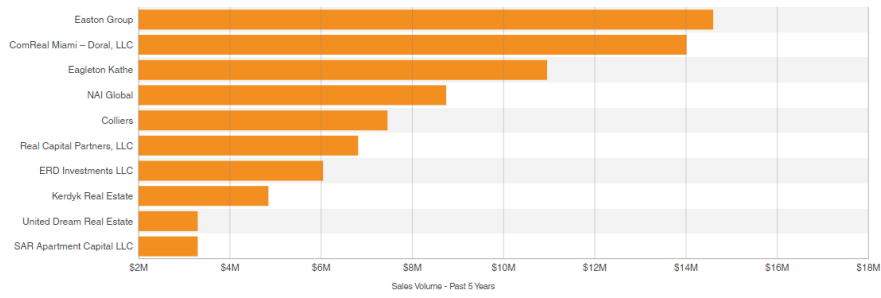
**TOP BUYERS**



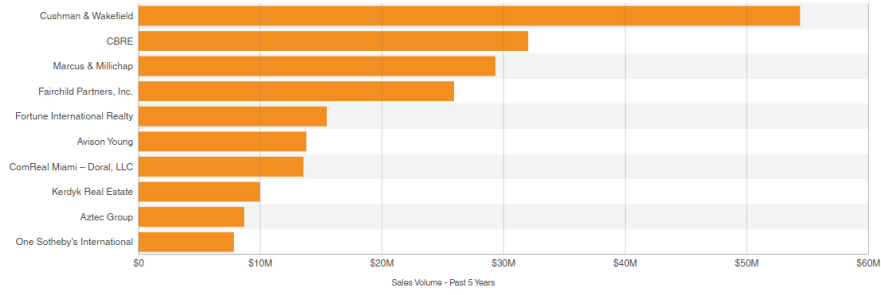
**TOP SELLERS**



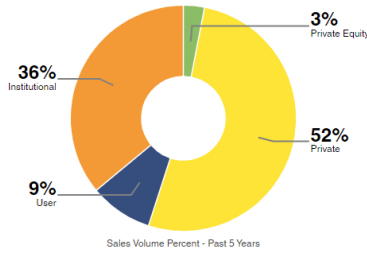
**TOP BUYER BROKERS**



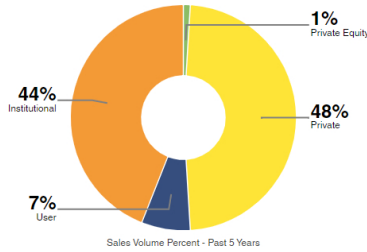
**TOP SELLER BROKERS**



**SALE BY BUYER TYPE**



**SALE BY SELLER TYPE**



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