

# Commercial Office Space & Residential Real Estate

## New-to-market tenants drive down Miami office vacancies

BY MONICA CORREA

Miami-Dade County's growing economy this year is causing a decrease in vacancy rates in office space after a slow but steady growth since 2018, while the direct asking rate has hit a new high.

The office market vacancy rate is down again during the third quarter of 2021 at 10.7%, according to Colliers's preliminary third quarter market data report. The overall market shows a 0.8-point decrease in office vacancy rates since the beginning of the year, as the last quarter did not show a percentage change. The Class A office space



Stephen Rutchik

average asking rate is at the high of \$50.95 per square foot, after an increase of 88 cents.

"The drivers of that are primarily the new-to-market tenants as well as, to some extent, the organic growth of local tenants," said Stephen Rutchik, executive managing director of office services at Colliers. "So, existing tenants in our market who are experiencing the benefits of the growing economy in South Florida."

According to Mr. Rutchik, the decreasing vacancy rates and increasing rental rates mark the beginning of a trend that is going to continue during the foreseeable future.

The Miami Airport area has the highest office space inventory with 6,725,177 square feet of Class A and an overall square footage of 18,813,584, followed by Kendall, with less Class A office space at 2,404,522 but

with an overall square footage of 11,430,870, and Coral Gables with 5,318,211 square feet of Class A office space and an overall square footage of 10,449,493, according to the report.

"This is a great thing for existing companies and tenants in South Florida and for the local economy," said Mr. Rutchik. "It is an excellent thing and something that is going to continue to accelerate."

Wynwood has the highest Class A office market vacancy rate at 61.5% with a total inventory of 586,907 square feet and 467,111 square feet of new constructions for Class A office space and 43,466 square feet of Class B.

"We're finding great optimism from developers to meet the demand for Class A office space in South Florida, primarily in Brickell and Wynwood but also across some

submarkets," said Mr. Rutchik.

Brickell has the most expensive office market asking price at \$71.39 per square foot for Class A, with an inventory of 4,767,656 square feet, 664,300 square feet of Class A office space under construction, and a vacancy rate of 12%.

Mr. Rutchik added that the decrease in office market vacancy correlates with the value of the housing market because of the number of new employers and companies moving to South Florida.

"The impact of what we're seeing in South Florida, the new jobs created by these new-to-market tenants, a number of which are a result of relocations from out of state, driving companies to move here," he said, "is why we're seeing an influx of residents to meet that demand."