

From the South Florida Business Journal:

<https://www.bizjournals.com/southflorida/news/2021/01/29/over-2m-square-feet-of-offices-vacated-in-2020.html>

## Over 2M square feet of South Florida offices vacated in 2020

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The impact of the Covid-19 pandemic weighed heavily on the South Florida office market in 2020, as data from Colliers International South Florida shows negative net absorption of 2.3 million square feet for the year.

Jonathan Kingsley, executive managing director of office services in South Florida for Colliers, said the drop in office occupancy was a reflection of the impact of the pandemic on tenants. Many companies with expiring leases decided to take less space or shift to working from home. A smaller number of companies walked away from their leases. There were also fewer companies seeking new space during 2020, although the outlook for 2021 has improved, he said.

“We will get back to equilibrium, but it will take time for challenged tenants to resolve their situations,” Kingsley said.

Here’s a breakdown of the office market by county from Colliers’ data:

- **Miami-Dade County** experienced negative net absorption of 657,677 square feet during 2020 as the vacancy rate increased to 11.3% from 9.6% over the 12-month period. There were 3.6 million square feet under construction.
- **Broward County**'s negative net absorption of 1.1 million square feet was the most in South Florida during 2020. The vacancy rate jumped to 12.1% from 9.7% over 12 months. Nearly 1.4 million square feet were under construction.

- **Palm Beach County** had negative net absorption of 522,464 square feet during 2020 as the vacancy rate increased to 11.9% from 10.9%. Almost 1.2 million square feet was under construction.

In all three counties, the highest submarket vacancy rates were downtown – in Miami, Fort Lauderdale and West Palm Beach. That's where many of the office buildings are towers, where social distancing is often more difficult. Downtown rents are generally higher, as well.

The higher vacancy rates didn't result in lower rents, at least on the surface. Asking rents for office space increased in all three counties. However, Kingsley said many landlords agreed to significant discounts on the asking rent when signing leases in 2020.

"In certain markets, there are very aggressive deals we never thought we'd see in rent and concessions," he said.

Vacancies will likely increase in the first and second quarters, but Kingsley expects the office market to rebound in the second half of 2021. That's because there are many out-of-state financial companies in the market for space in South Florida. [Blackstone Group](#) signed a big lease in downtown Miami. Goldman Sachs and Apple are on the hunt for space in the region, he said.

Many of the wealthy people moving to South Florida and buying luxury homes are seeking space for their businesses here, Kingsley said. While it may take longer for the new office buildings being delivered to fill up, they should eventually find plenty of tenants, thanks to this trend.

As for the growth of remote working during the pandemic, that won't diminish the demand for office space over the long term, he said.

"We are finding many of the tenants are planning for approximately the same square footage they had before, just a different way to utilize it," Kingsley said. "There are more hoteling stations in offices so people who are comfortable working at home have a place to when they occasionally come to the office. There are larger meeting and collaborative areas."

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