

1Q25

# Miami-Dade County Office Market Overview



NEWMARK



# Market Observations

## Economy

- The market's unemployment rate increased from the all-time historical low of 1.8% in the third quarter of 2023 to 2.5% in February 2025, reflecting an increase of 30 basis points year over year and remaining well below the five-year average of 4.1%.
- Job growth pace has slowed compared with recent highs, with the year-over-year increase at 1.8%, returning to pre-pandemic levels seen in January 2020.
- All sectors, except information reported employment growth, with mining and construction leading job gains at 7.5% over the past 12 months.
- Office-using jobs in the market remained near an all-time historical high at 331,437 employees, reflecting 15.3% growth since December 2019.

## Major Transactions

- The largest deal of the first quarter was a new lease totaling 144,868 SF by City National Bank of Florida, who will move over 800 employees into Bacardi's former HQ in Coral Gables over the next year.
- Nicklaus Children's Hospital penned the second largest deal of the quarter, signing a 62,078 SF lease in Columbus Center.
- Flight to quality continues to remain a central theme for many of the deals signed in the quarter, with each of the top ten largest deals taking place in Class A assets.
- Six of the ten largest leases signed were either a new lease or an expansion, indicating appetite for office space in the market.

## Leasing Market Fundamentals

- Annual full-service asking rental rates reached an all-time high of \$59.52/SF, reflecting a 2.3% increase from the previous quarter and a 9.8% increase year over year.
- Occupancy was positive in the first quarter, but the delivery of Wynwood Plaza attributed to pushing overall vacancy rates to increase by 30 basis points quarter over quarter to 14.8%.
- Under-construction pipeline decreased, with 1.1 MSF still in progress with projects such as The Fifth, 4225 Ponce, and The Offices at The Well expected to deliver later this year.
- Total leasing activity closed the quarter at 1.2 MSF, reflecting rebounding leasing activity due to fewer but larger deals being completed. Leases signed averaged 4,017 SF per deal, reflecting a 1,537 SF increase in average deal size year over year.

## Outlook

- The Miami-Dade County office market will likely see continued growth in 2025. However, the market is still feeling the impacts of national economic headwinds, particularly affecting the information job sector. Office investment activity will likely improve in the medium term but could be hindered by the impacts of the pending tariffs.
- Strong demand for premier office product, coupled with reduced availability in key submarkets, have pushed rents to all-time highs, with asking rents expected to remain elevated. Renewal probability is expected to continue trending upwards over the short term until new high-end space options become available.
- In the near term, vacancies are expected to remain steady as delivery timelines for new supply are pushed further into 2025, while remaining availability continues to dwindle. The first delivery of the year, Wynwood Plaza, was 25.9% pre-leased. The under-construction pipeline is currently 20.8% pre-leased.

1. Economy
2. Leasing Market Fundamentals



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# Economy

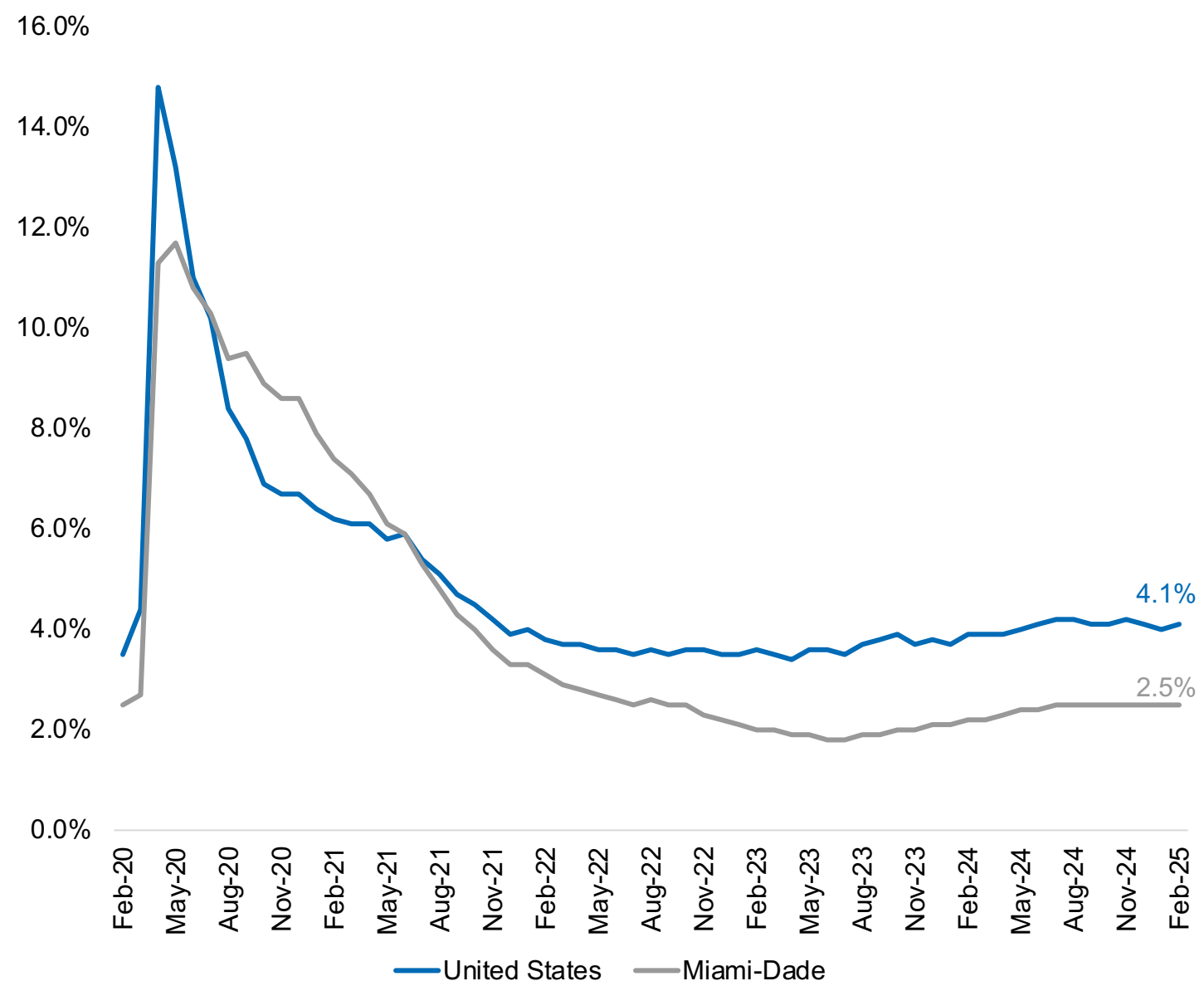




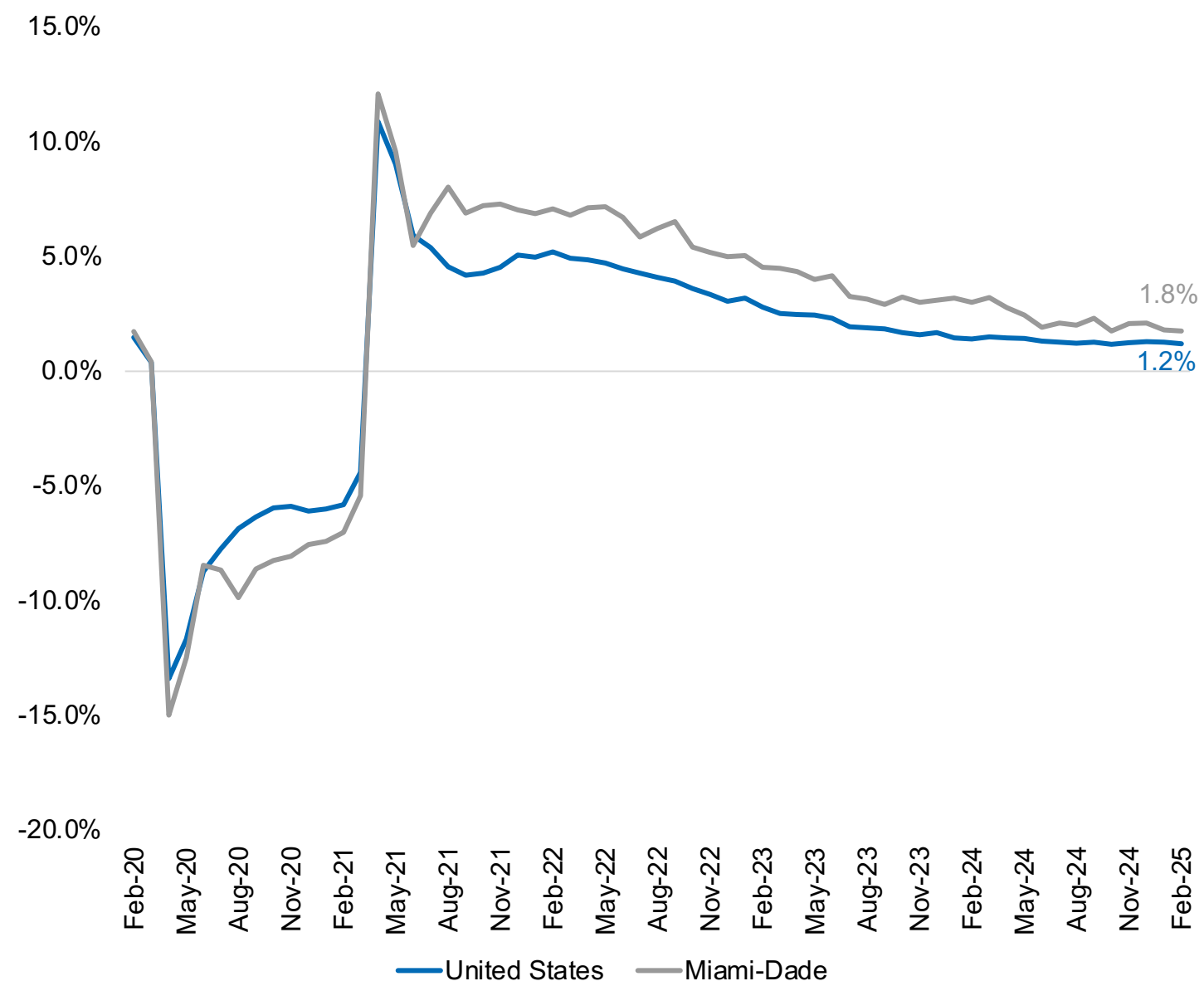
# Unemployment Plateaus After Rising From Historical Low

The Miami-Dade County office market has generally reported lower unemployment rates compared with the national average, while being an outperformer in employment growth. The region’s unemployment rate increased by 30 basis points year over year to 2.5%, trending up from the historical low of 1.8% set in June 2023, but remaining well below the 5-year average of 4.1%. Employment growth has fallen to pre-2020 levels, slowing by 126 basis points year over year, likely impacted by national economic headwinds.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change



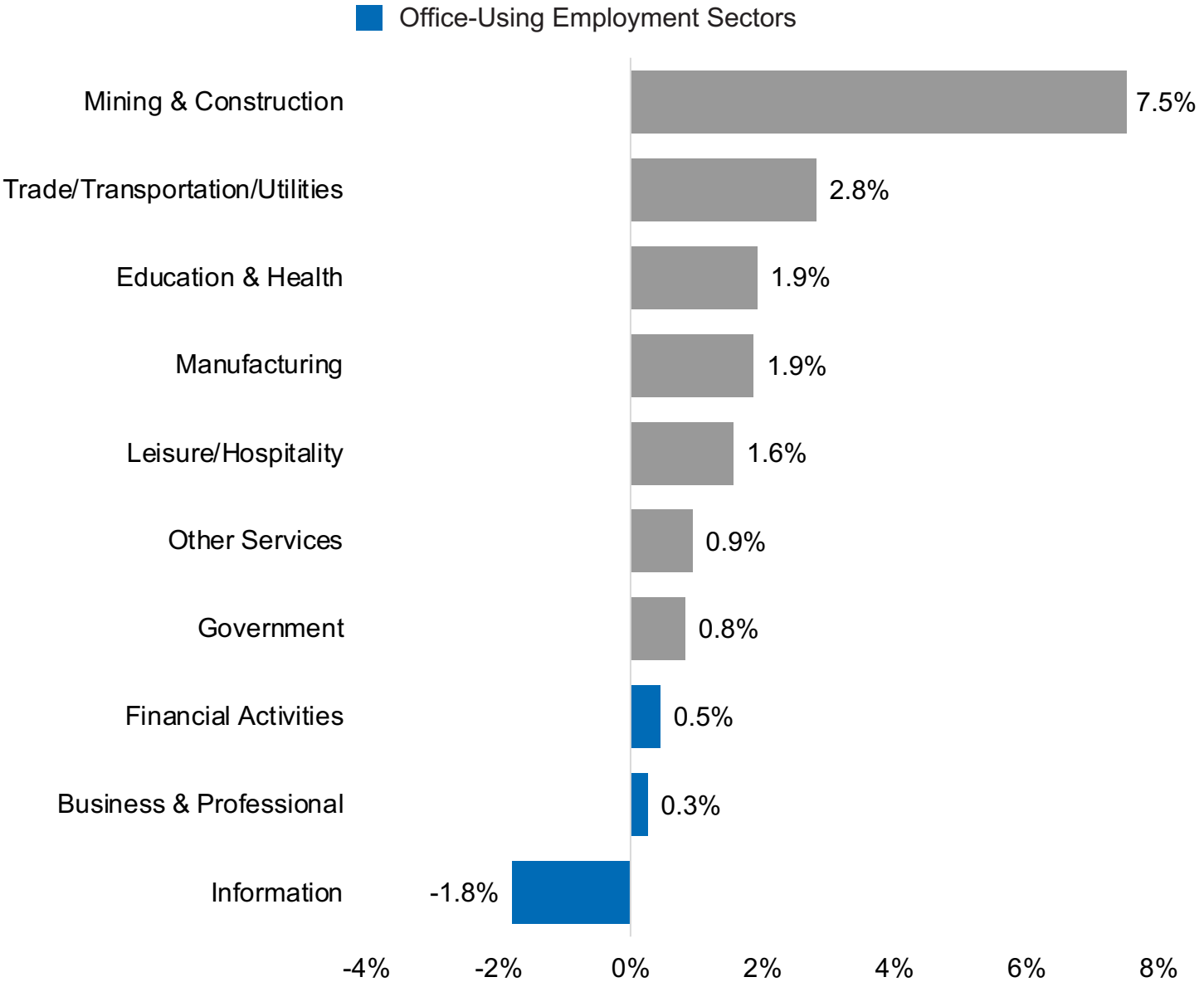
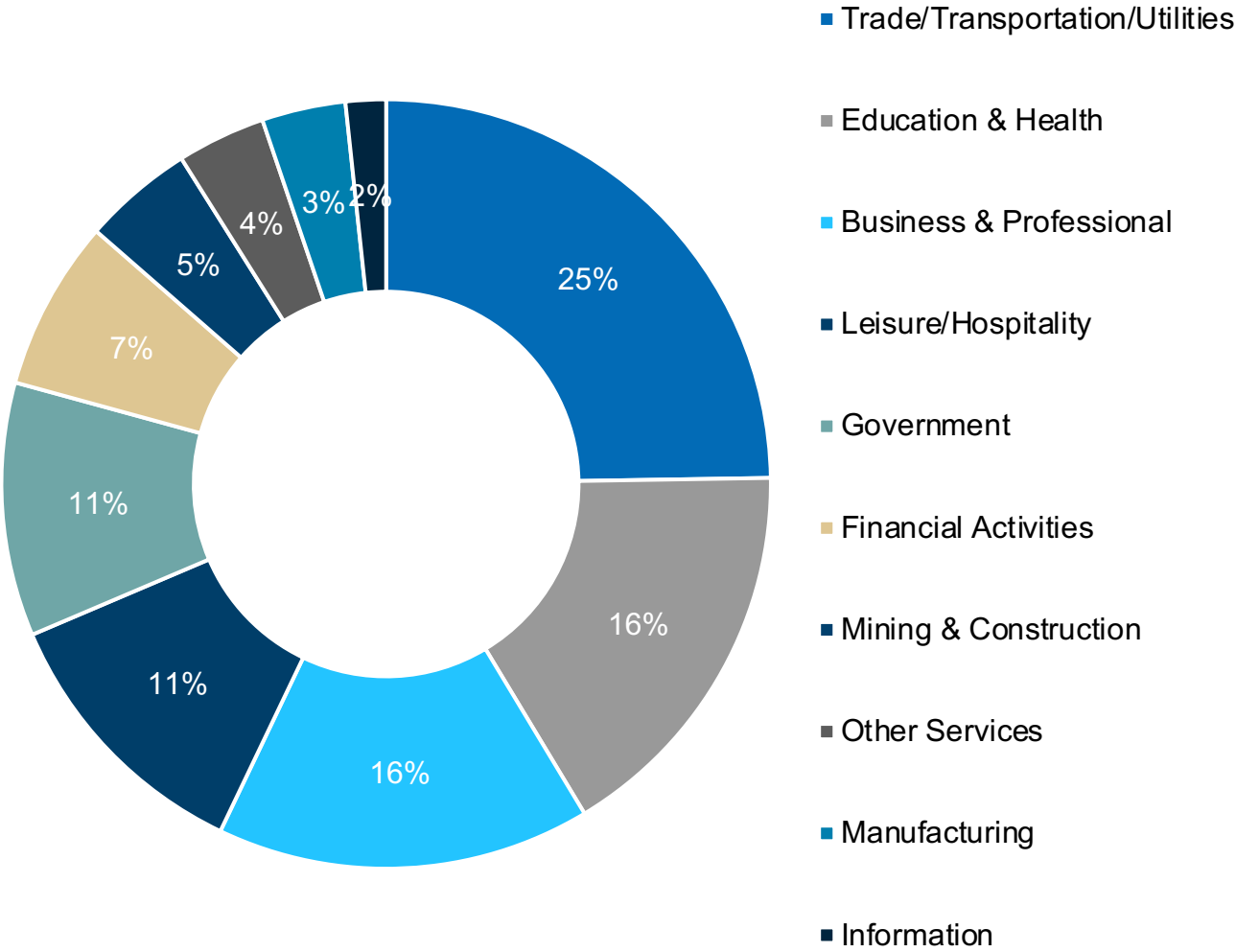
Source: U.S. Bureau of Labor Statistics, Miami-Dade County

# Office-Using Growth Remains Positive, Except for Information Sector

The Miami-Dade County’s top two employment industries account for 41.4% of market share. The office-using employment’s business and professional sector remained the third-largest industry sector in the metroplex at 15.7%. Most industries in the metroplex reported growth while only one office-using industry, the information sector, reported contraction by 1.8%. The business and processional and financial activities sectors reported growth of 0.3% and 0.5%, respectively.

Employment by Industry, February 2025

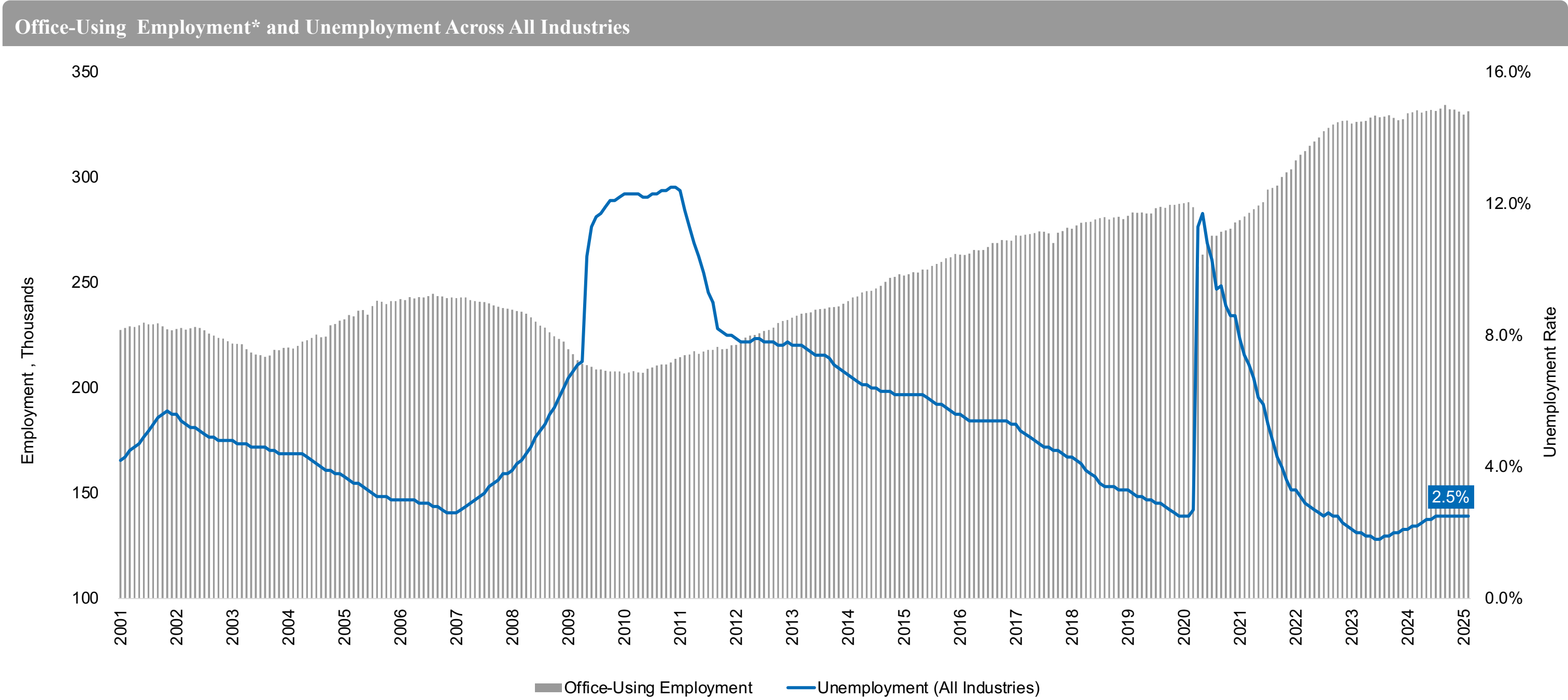
Employment Growth by Industry, 12-Month % Change, February 2025



Source: U.S. Bureau of Labor Statistics, Miami-Dade County

# Overall Office-Using Employment Remains Near Historical High

Office-using employment in Miami-Dade County reached 331,437 employees as of February 2025 and remained only 0.9% below the historical high set in September 2024. The seasonally adjusted unemployment rate is currently at 2.5%, below the 2.9% average levels reported in 2019. Despite national economic headwinds, office employment remains at the tightest levels seen historically. The decline in information sector job growth is counterbalanced by strong growth in the other office-using industries, highlighting their resilience.



Source: U.S. Bureau of Labor Statistics, Miami-Dade County  
\*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.



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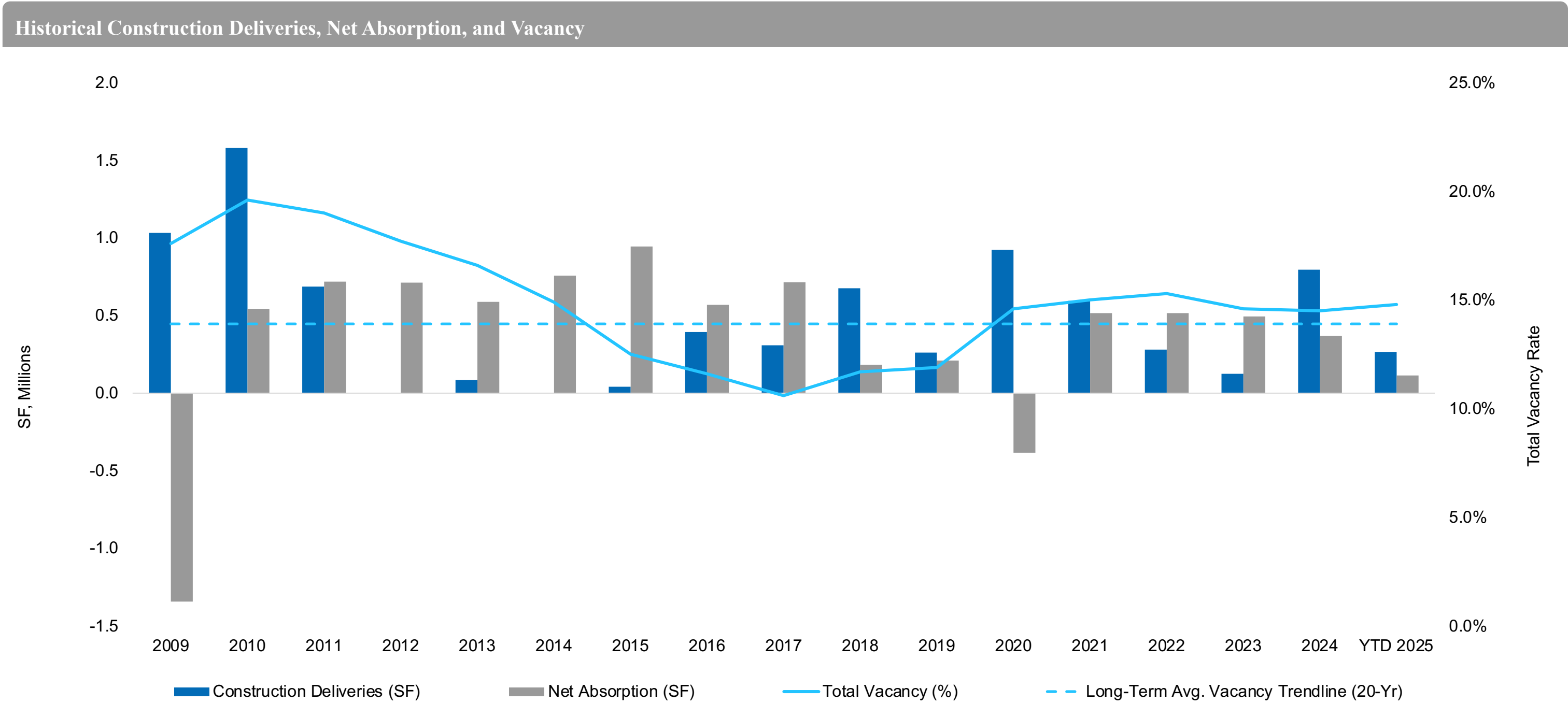
# Leasing Market Fundamentals





# New Supply Outpaces Demand for Third Consecutive Quarter

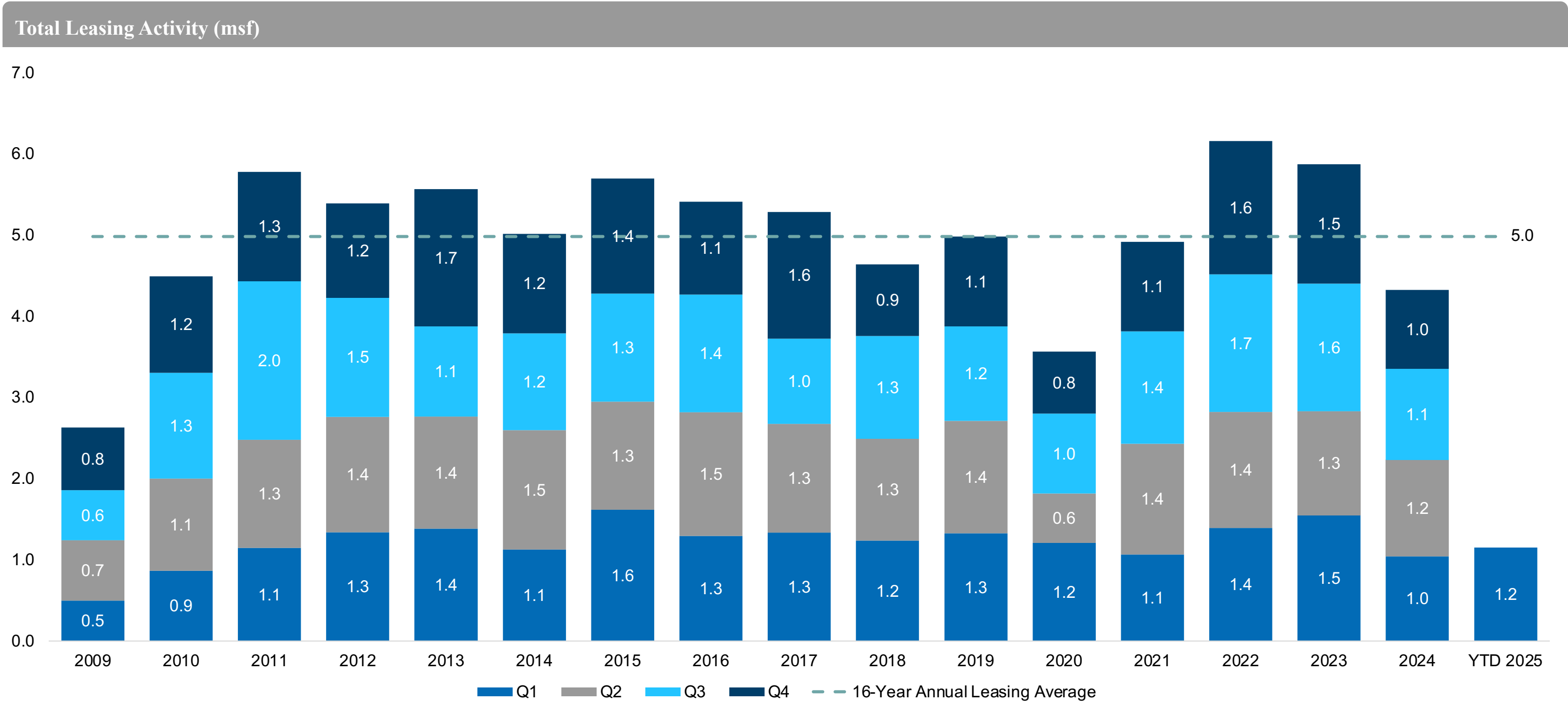
Miami-Dade County’s office vacancy rate increased by 30 basis points quarter over quarter to 14.8% and by 10 basis points year over year in the first quarter of 2025 as a result of the 266,000 SF delivery of Wynwood Plaza, which was 25.9% pre-leased at delivery. Net absorption for the first quarter was positive 112,998 SF, impacted by move-ins such as Baker McKenzie at 830 Brickell and Kandji at The Plaza Coral Gables North Tower. Demand will likely remain strong for the first half of 2025, as tenants continue to open their spaces in the fully leased 830 Brickell.



Source: Newmark Research, CoStar

# Leasing Activity Improves in the First Quarter

The first quarter of 2025 saw 1.2 MSF of leasing activity, surpassing the total in each of the prior two quarters. Since 2010, first-quarter leasing activity averaged 1.3 MSF, indicating that the first quarter leasing volume remains slightly below the average trend. Deal size averaged 4,017 SF in the first quarter of 2025, an average of 1,537 SF more than a year ago. The slower leasing activity pace, down 31.8% in the number of deals signed year over year, is largely attributed to cautionary inaction during this period of economic uncertainty and a challenging debt liquidity environment.

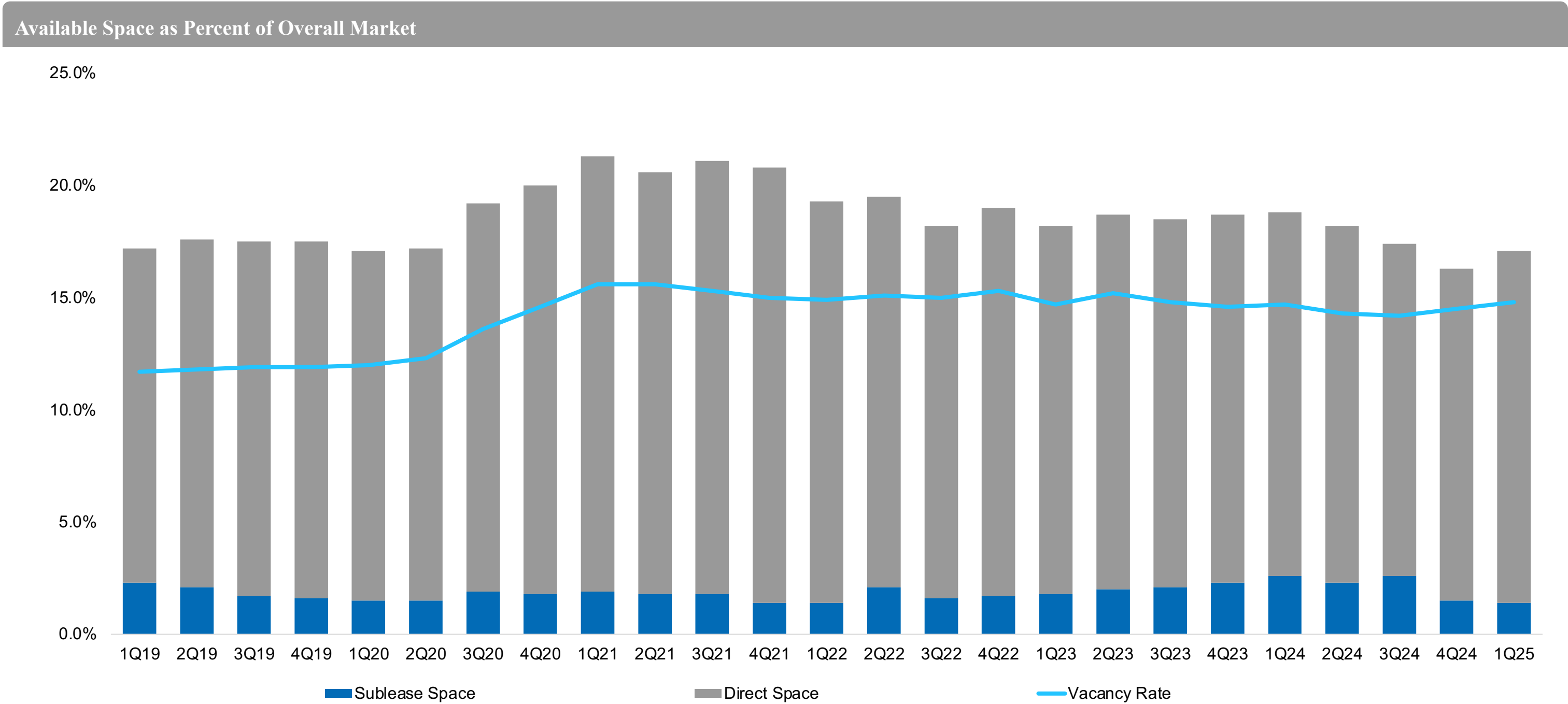


Source: Newmark Research, CoStar



# Overall Availability Remains Near Levels Seen in Early 2020

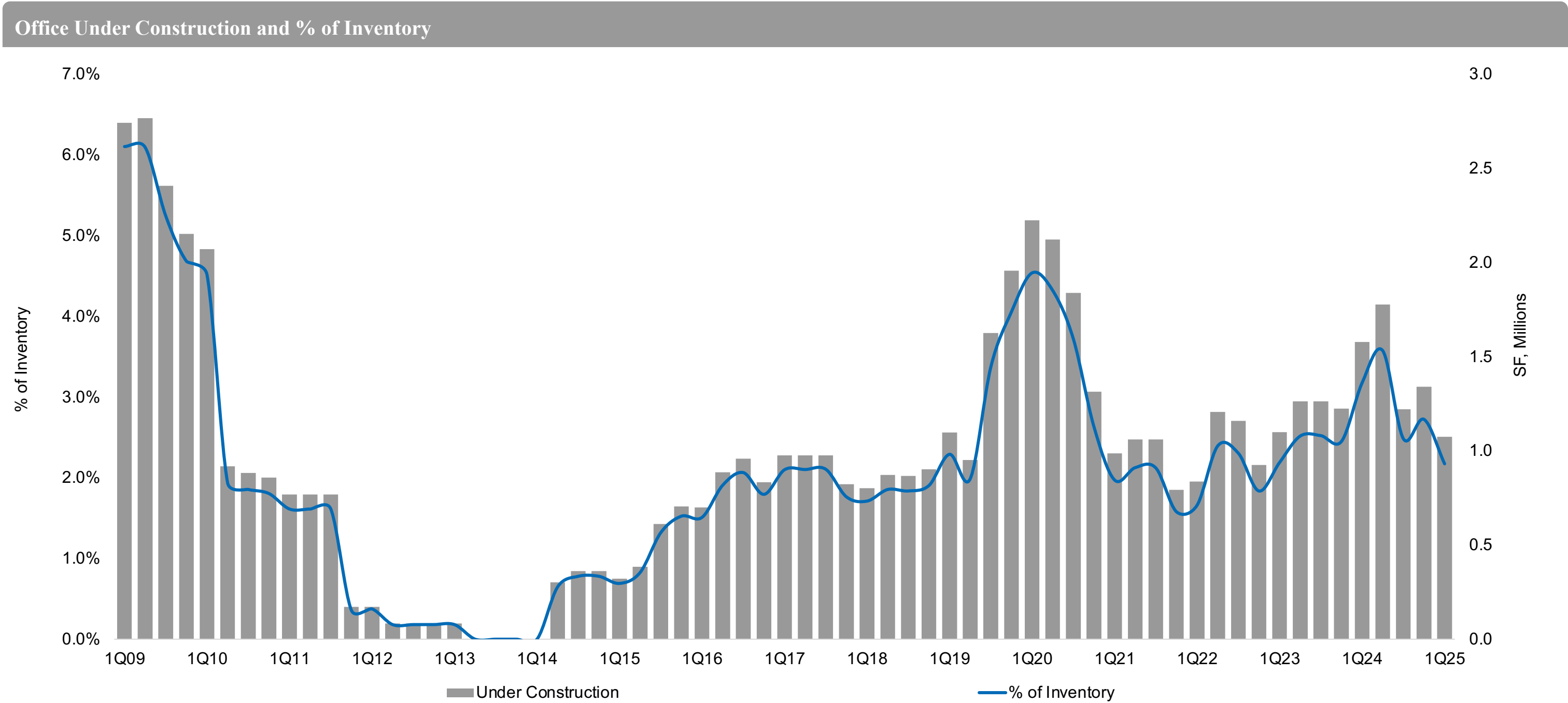
Sublease availabilities in Miami-Dade County have fallen to their lowest levels since the first quarter of 2022 while direct availabilities have increased following a trend of decline, in part due to the delivery of Wynwood Plaza, which was only 25.9% preleased. As of the end of the first quarter of 2025, sublease availability in the market was at 1.4%. The current direct availability rate ended the quarter higher at 15.7% but is expected to resume declining again through the remainder of 2025. Vacancy in the market closed at 14.8% as of quarter end.



Source: Newmark Research, CoStar

# Construction Activity Remains Steady

Construction activity has increased in the years following the pandemic as businesses reassess their needs and opt to relocate or expand into South Florida office space. Although construction has been lower since recent highs seen during 2020, activity continues to remain robust in the county with 1.1 MSF currently under construction. As of the first quarter of 2025, the under-construction pipeline accounts for 2.2% of the market’s inventory. The 266,000 SF delivery of Wynwood Plaza in the first quarter led to a slight drop in the pipeline.



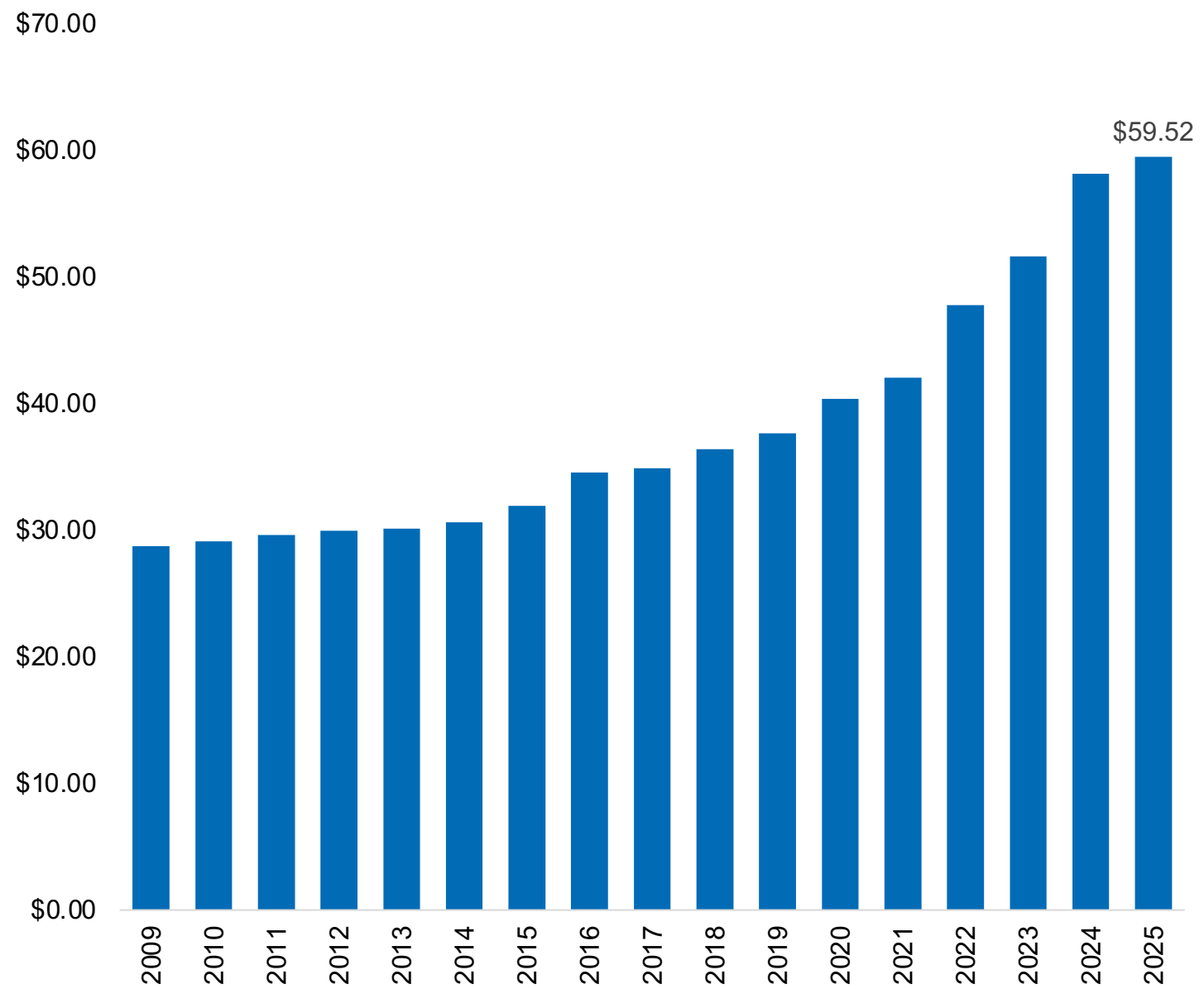
Source: Newmark Research, CoStar



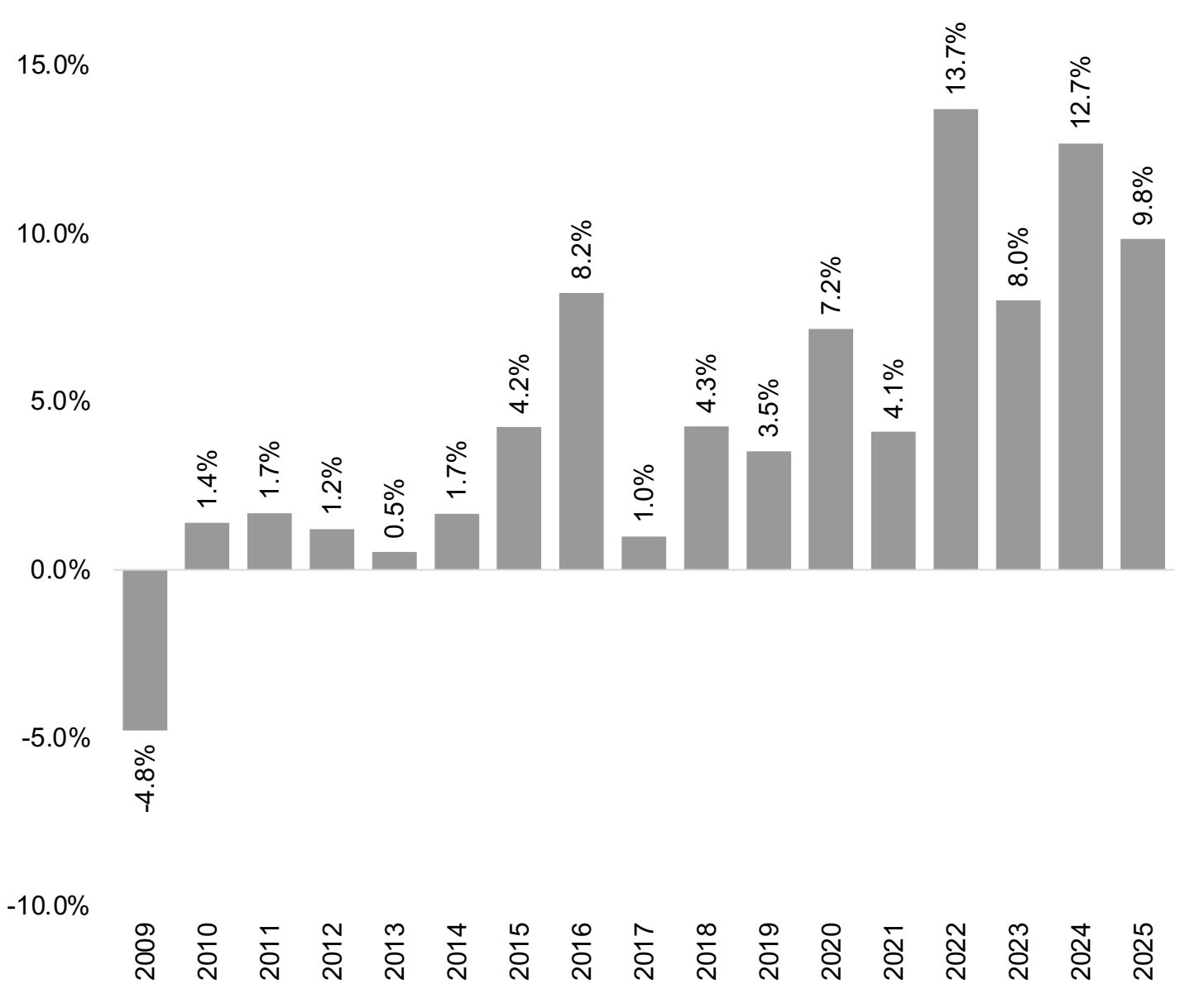
# Asking Rents Hit New All-Time High

Rents peaked at \$59.52/SF in the first quarter of 2025, reflecting a 2.3% increase from the previous quarter’s all-time high and a 9.8% increase year over year. Rent growth in the county is generally attributed to new trophy-quality space availability that has come online as well as dwindling availability of existing high-quality space which has created upward pressure on pricing. Asking rents are likely to remain elevated in a market impacted by inflation and heightened operating costs.

Office Average Asking Rent, \$/SF, FS



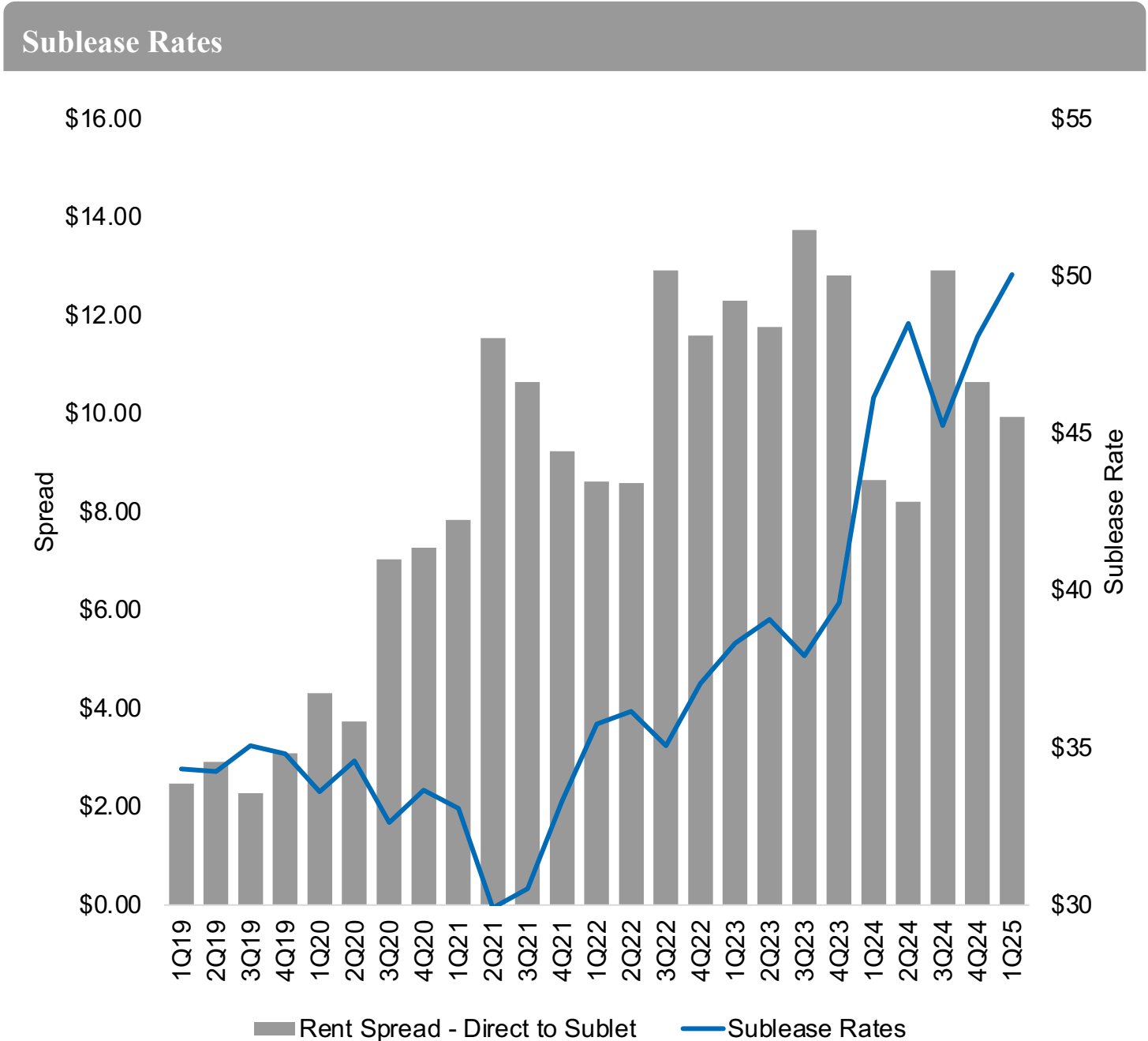
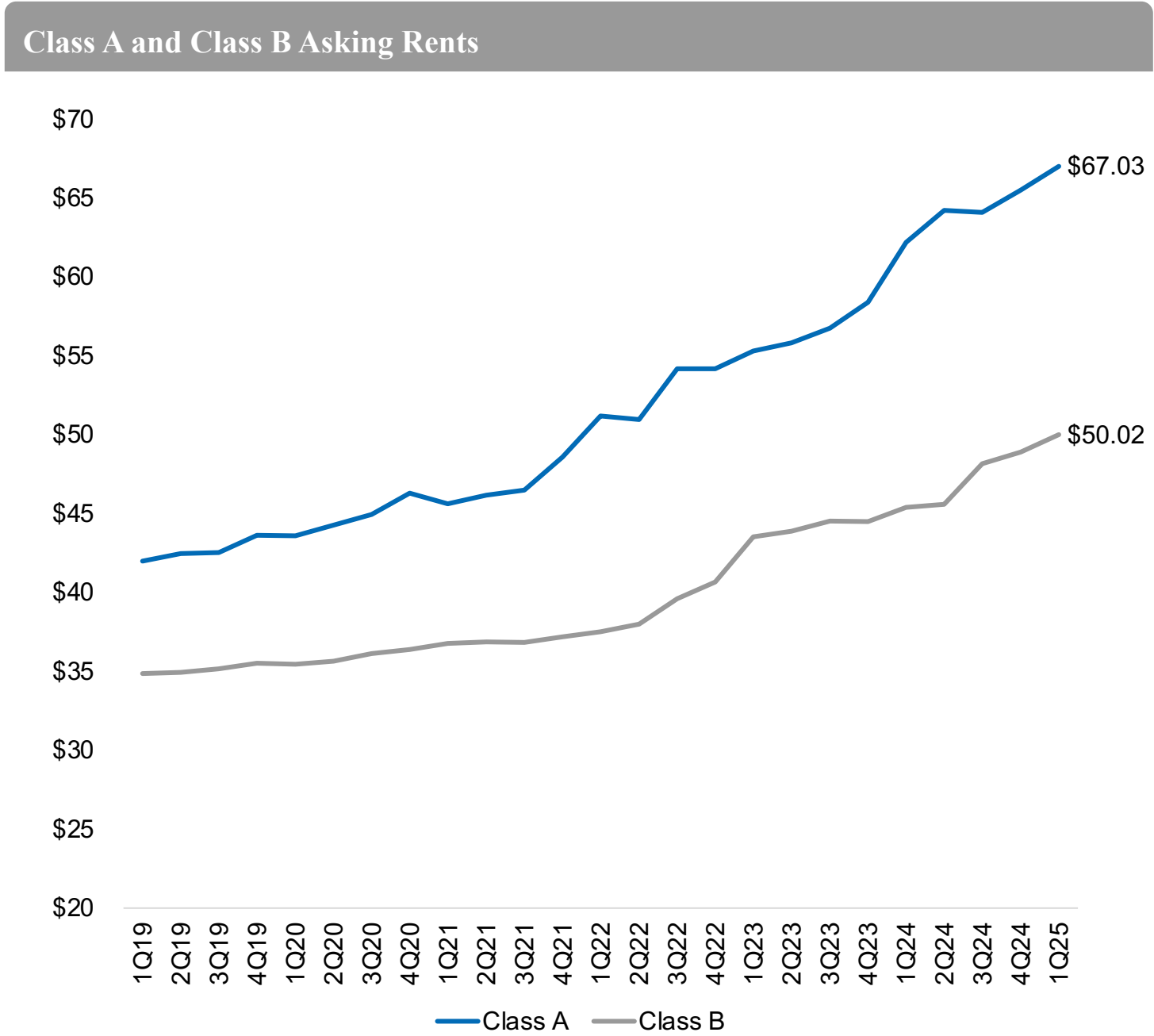
Year-over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

# Asking Rents Growth Reflect Flight to Quality

As rents continue increasing, the bifurcation in rent spread between Class A and Class B assets continues to widen above the \$15.00/SF mark. As of the end of the first quarter of 2025, Class A rents ended at \$67.03/SF, while Class B reported \$50.02/SF; both historical highs. Due to higher demand and diminishing availability within quality assets, the difference in rent between the classes is \$17.01/SF, reflecting a 104.2% spread increase since the first quarter of 2020. Sublease rates increased by 4.1% quarter over quarter to \$50.05/SF.



Source: Newmark Research, CoStar



# Flight-to-Quality Leasing Activity Continues

Flight to quality continues to remain a trend in the Miami-Dade County office market. As of the end of the first quarter of 2025, Class A space accounted for 78.5% of the market's leasing activity by SF, but only 44.9% of the market's deal volume. Average leases signed in Class A space were 7,018 SF and continue to remain larger than the average market deal size of 4,017 SF.

Notable 1Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
City National Bank of Florida	2701 S Le Jeune Rd (Former Bacardi HQ)	Coral Gables	Direct New	144,868
City National Bank of Florida signed the largest lease of the first quarter and will employ over 800 employees at the new location over the next year.				
Nicklaus Children's Hospital	Columbus Center – 1 Alhambra Plz	Coral Gables	Direct New	62,078
The children's pediatric hospital has multiple locations across South and Central Florida.				
Tracfone (Verizon)	5200 Blue Lagoon Dr	Airport West	Direct New	51,484
Tracfone, acquired in 2021 by Verizon, offers affordable wireless solutions on Verizon's network.				
Amazon	Wynwood Plaza	Wynwood/Design District	Direct New	50,333
Amazon signed the largest lease ever recorded in Miami's Wynwood submarket and will join notable tenants such as Shorenstein Investment Advisors and Claire Group within the newly delivered building.				
Morgan Stanley	Aventura Corporate Center III	Northeast Dade	Renewal	42,422
Morgan Stanley has renewed their space at Aventura Corporate Center III, where they have occupied since 2007.				
Rennert Vogel Mandler Rodriguez	Miami Tower	Downtown Miami	Extension	18,349
Newmark brokered an early full-floor lease extension for the Miami-based law firm in the first quarter.				

Source: Newmark Research, CoStar





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