Marcus & Millichap

Offering Memorandum

CHICAGO FINANCIAL BUILDING

16201 SW 95th Ave • Miami, FL 33157

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CHICAGO FINANCIAL BUILDING
Miami, FL
ACT ID ZAB0390449

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INVESTMENT
OVERVIEW

EXECUTIVE SUMMARY

VITAL DATA			
			PRO FORMA
Price	**$4,975,000**	**CAP Rate**	**8.35%**
Loan Type	**All Cash**	**Net Operating Income**	**$415,179**
Price/SF	**$185.23**	**Total Return**	**8.35% / $415,179**
Current Occupancy	**96.61%**		
Year Built	**1984**		
Lot Size	**0.76 acre(s)**		

EXPENSES		
	PRO FORMA	$/SF
Utilites (Electric/Water/Sewer)	**$58,482**	**$2.18**
Contract Services	**$24,027**	**$0.89**
Repairs & Maintenance	**$35,608**	**$1.33**
Landscaping	**$3,043**	**$0.11**
Other	**$3,688**	**$0.14**
Insurance	**$15,039**	**$0.56**
Real Estate Taxes	**$79,674**	**$2.97**
Management Fee	**$19,631**	**$0.73**
Total Expenses	**$239,192**	**$8.91**

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2019 Estimate Pop	14,582	115,056	287,893
2010 Census Pop	13,686	108,729	265,684
2019 Estimate HH	4,679	37,792	94,805
2010 Census HH	4,375	35,490	86,898
Median HH Income	$62,505	$68,033	$64,934
Per Capita Income	$29,232	$33,096	$32,169
Average HH Income	$90,914	$100,019	$97,272

INVESTMENT OVERVIEW

Marcus & Millichap is proud to present Chicago Financial Building, a three-story office building located in Miami, Florida. The Chicago Financial Building is situated on a .76-acre parcel (33,105 square feet) and offers approximately 26,859 square feet of rentable square feet. The Subject property is approximately 97% occupied with a variety of professional tenants and tremendous upside potential in rental income as rents are significantly below market with short term leases in place. Moreover, this asset provides an outstanding owner user option to occupy all or some of the space as the building was originally occupied by an owner user boasting very flexible floor plates and functional floor plan layout with easy ingress/egress and ample parking to satisfy the needs of most users/tenants. The subject property has a parking ratio of 4 per 1000 square feet of building space. The property has excellent visibility and can easily be seen from US-1. The building has high signage capabilities providing excellent opportunity to increase value. This property is positioned well and is strongly sought after by both investors and users alike.

The Chicago Financial Building is located just west of busy US-1, with a high traffic count of 66,000 vehicles per day (VPD). The property is located on 95th avenue which runs parallel with US-1. The building is located approximately 1.5 miles away from the Ronald Reagan turnpike and has immediate access to US-1. This central location sits right next to the affluent communities of Pinecrest, Palmetto Bay, and Cutler Bay.

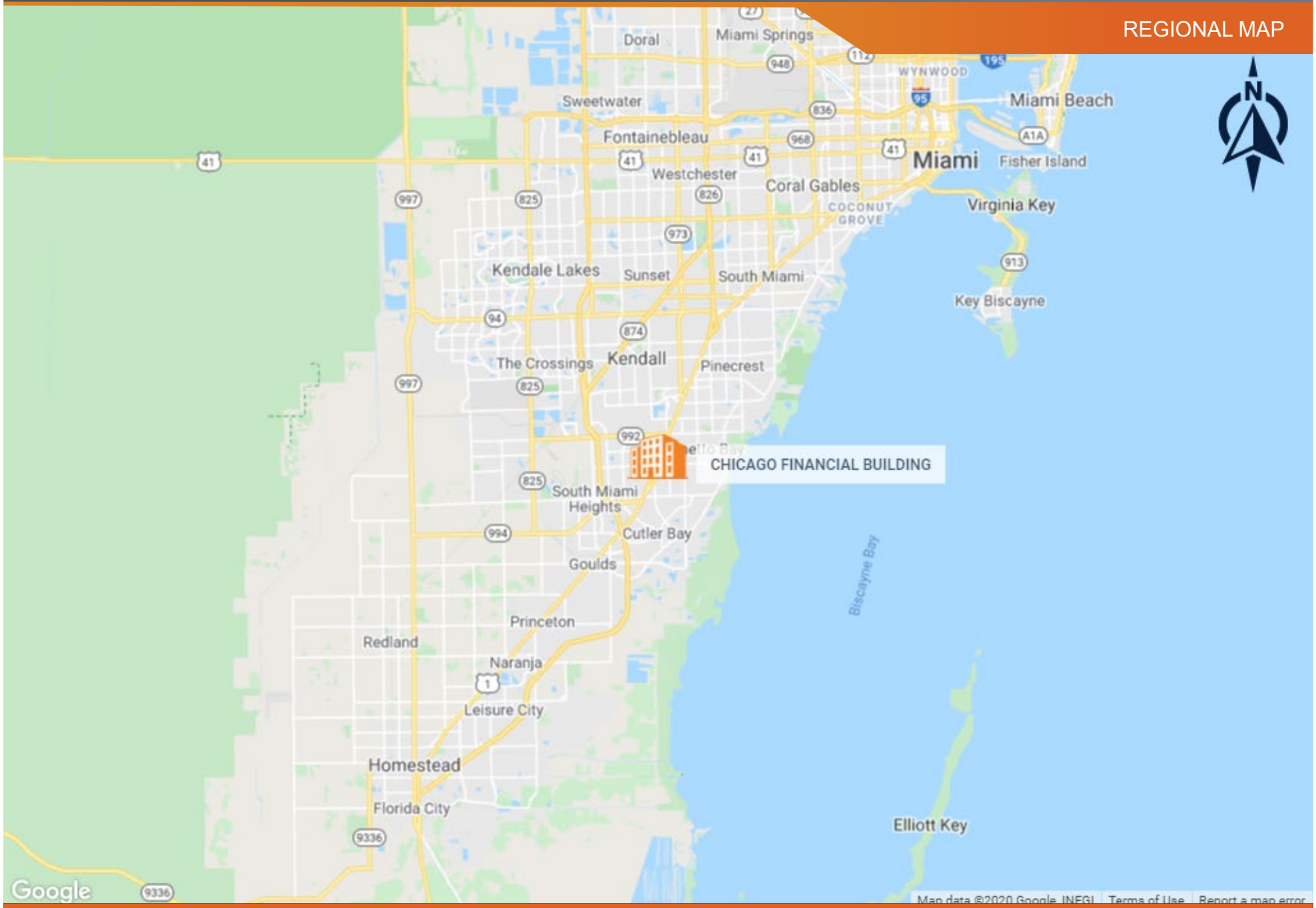
INVESTMENT HIGHLIGHTS

- Great Exposure With Excellent Visibility
- Ideal Opportunity for Owner-user
- Short Term Leases With Tremendous Upside in Rental Growth
- Located Just Off US-1, Which Has Traffic Counts of Over 66,000
- Excellent Signage Opportunities
- Healthy Parking Ratio of 4: 1000

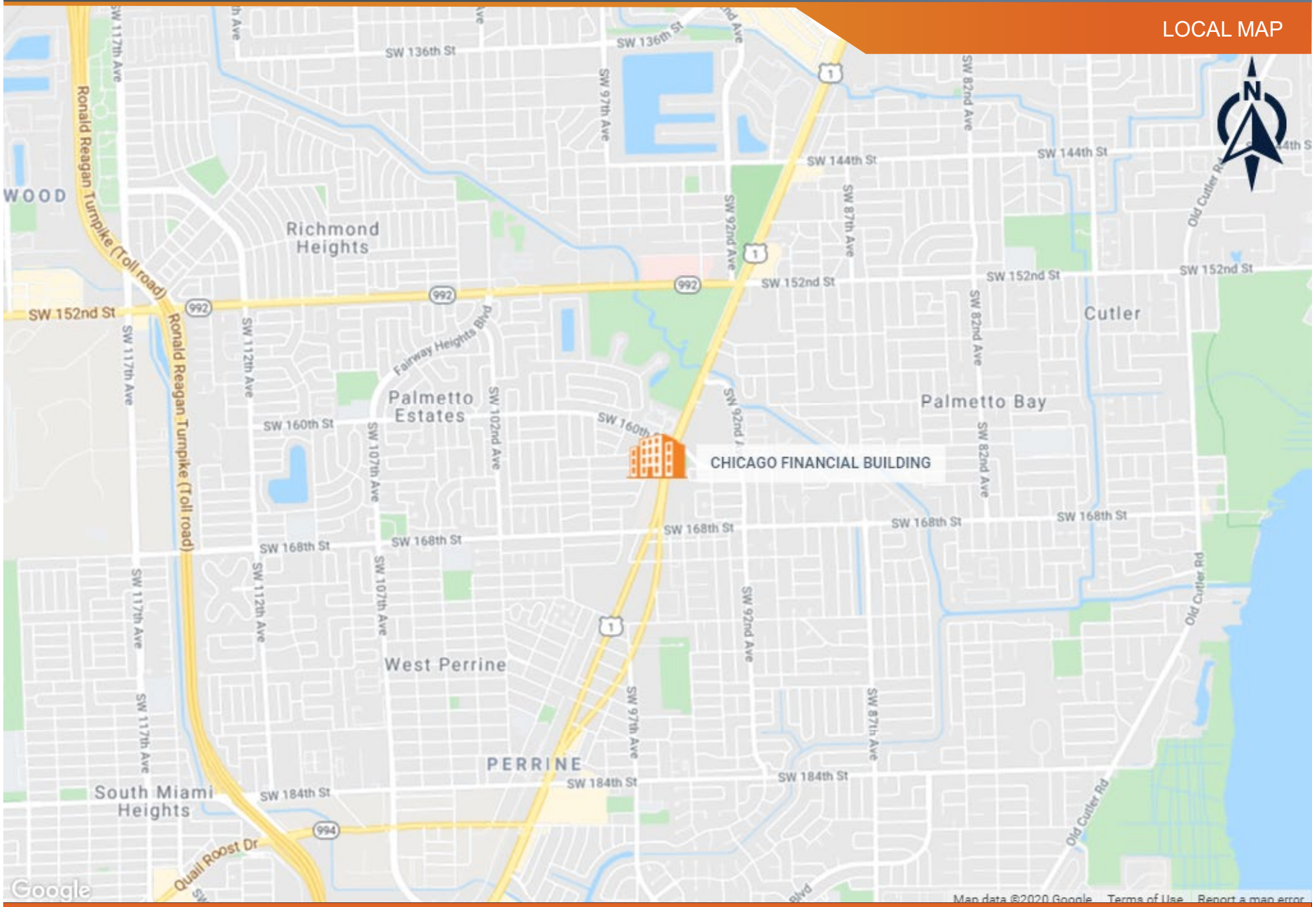
PROPERTY SUMMARY

THE OFFERING	
Property	Chicago Financial Building
Price	$4,975,000
Property Address	16201 SW 95th Ave, Miami, FL
Assessors Parcel Number	30-5028-008-1401
Zoning	BU-1
SITE DESCRIPTION	
Number of Floors	3
Year Built/Renovated	1984
Rentable Square Feet	26,859
Ownership	Fee Simple
Lot Size	0.76 acre(s)
Parking	63
Parking Ratio	4: 1000 SF
UTILITIES	
Electric	FPL
CONSTRUCTION	
Parking Surface	Asphalt
MECHANICAL	
Elevators	1

REGIONAL MAP



LOCAL MAP


CHICAGO FINANCIAL BUILDING
Richmond Heights
Palmetto Estates
West Perrine
PERRINE
South Miami Heights
Cutler
Palmetto Bay
SW 152nd St
SW 168th St
SW 184th St
SW 144th St
SW 136th St
SW 160th St
Ronald Reagan Turnpike (Toll road)
Fairway Heights Blvd
Quail Roost Dr
Old Cutler Rd
SW 117th Ave
SW 112th Ave
SW 107th Ave
SW 102nd Ave
SW 97th Ave
SW 92nd Ave
SW 87th Ave
SW 82nd Ave
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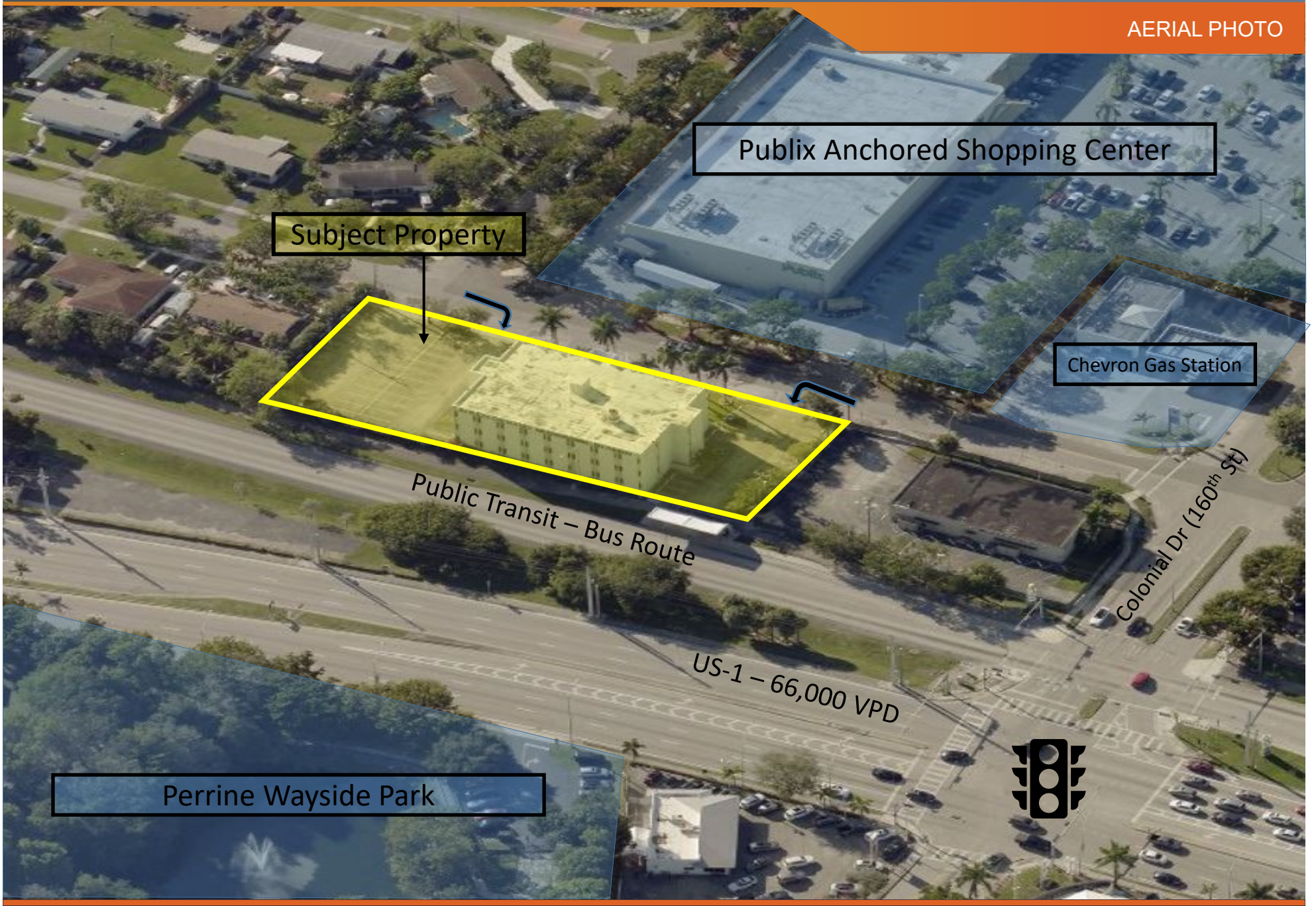
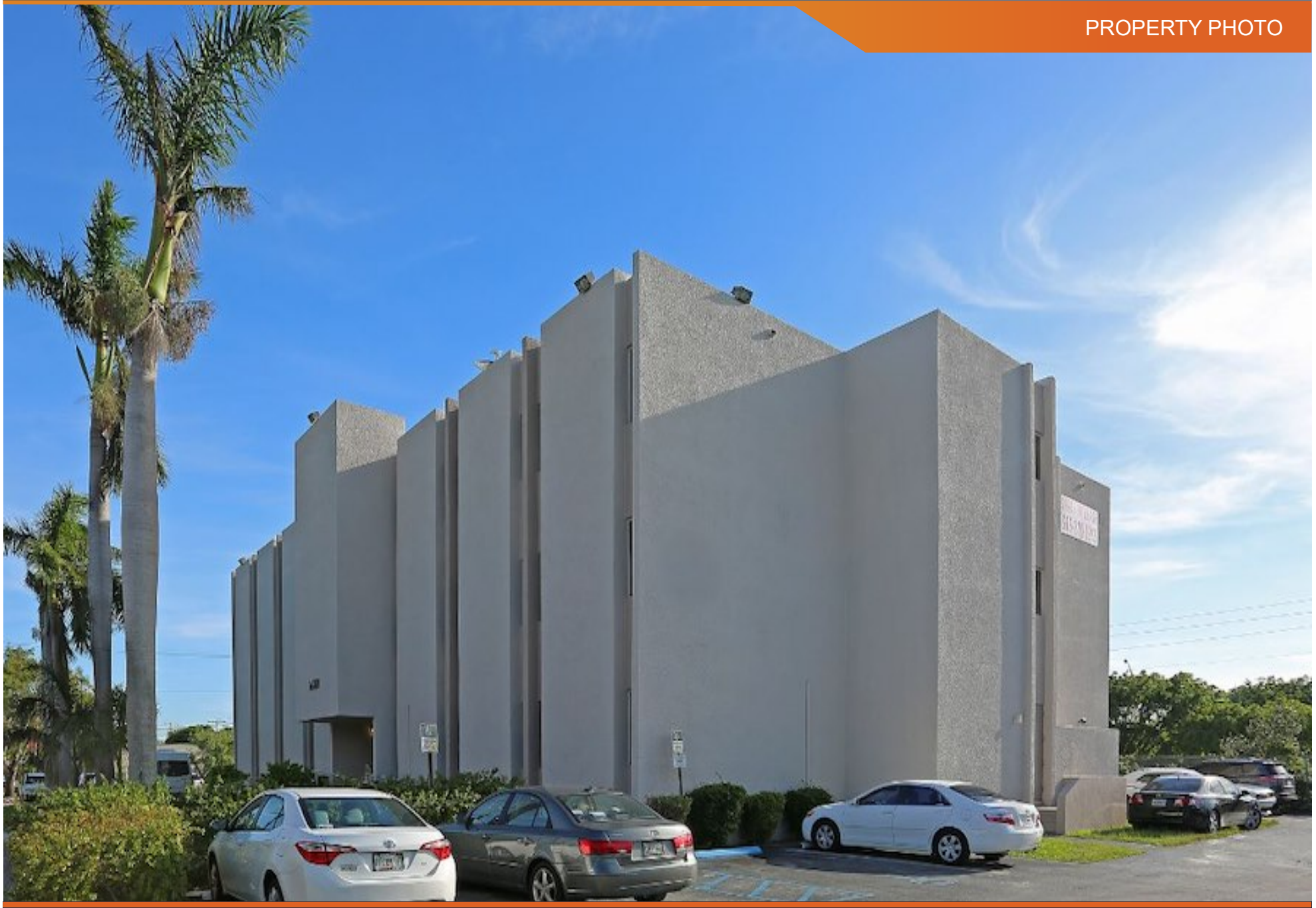
AERIAL PHOTO

AERIAL PHOTO



AERIAL PHOTO

PROPERTY PHOTO



PROPERTY PHOTO

FINANCIAL ANALYSIS

TENANT SUMMARY

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Lease Type
Professional	100A	250	0.9%	6/1/19	5/31/22	$15.17	$316	$3,792	$6,240	Gross
Professional	100B	213	0.8%	6/1/15	MTM	$14.93	$265	$3,180	$5,316	Gross
Professional	100C	310	1.2%	8/1/16	7/31/21	$15.14	$391	$4,692	$7,740	Gross
Professional	100D	505	1.9%	8/1/17	7/31/20	$15.75	$663	$7,956	$12,624	Gross
Professional	101	300	1.1%	10/1/19	MTM	$14.88	$372	$4,464	$7,500	Gross
Professional	102	415	1.5%	6/1/17	MTM	$15.33	$530	$6,360	$10,374	Gross
Professional	103	1,791	6.7%	2/1/19	1/31/22	$13.80	$2,060	$24,720	$44,772	Gross
Professional	104	470	1.7%	5/1/15	MTM	$15.04	$589	$7,068	$11,748	Gross
Professional	105	587	2.2%	3/1/13	2/28/22	$16.52	$808	$9,696	$14,664	Gross
Professional	106	980	3.6%	7/1/14	MTM	$11.46	$936	$11,232	$24,492	Gross
Professional	109	1,442	5.4%	7/1/11	6/30/20	$14.57	$1,751	$21,012	$36,048	Gross
Professional	110	125	0.5%	11/1/17	10/31/20	$15.84	$165	$1,980	$3,120	Gross
Professional	112	780	2.9%	2/1/18	MTM	$15.91	$1,034	$12,408	$19,500	Gross
Vacant	Storage	805	3.0%	-	-	$0.00	$0	$0	$20,124	Gross
Professional	200	760	2.8%	10/1/19	9/30/22	$14.92	$945	$11,340	$18,996	Gross
Professional	201	1,945	7.2%	12/1/19	11/30/22	$19.74	$3,200	$38,400	$48,624	Gross
Professional	204	1,170	4.4%	3/1/20	2/28/25	$15.41	$1,502	$18,024	$29,244	Gross
Professional	205	1,503	5.6%	2/1/19	MTM	$13.97	$1,750	$21,000	$37,572	Gross
Vacant	206	105	0.4%	-	-	$0.00	$0	$0	$2,616	Gross

TENANT SUMMARY

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Per Year	Lease Type
Professional	207	1,356	5.0%	7/1/15	6/30/20	$19.35	$2,187	$26,244	$33,900	Gross
Professional	208	235	0.9%	8/1/17	6/30/20	$15.57	$305	$3,660	$5,196	Gross
Professional	211	246	0.9%	1/1/17	12/31/20	$15.85	$325	$3,900	$5,268	Gross
Professional	212	140	0.5%	6/1/15	MTM	$12.77	$149	$1,788	$3,492	Gross
Professional	213	275	1.0%	6/1/15	MTM	$20.68	$474	$5,688	$6,864	Gross
Professional	214	650	2.4%	5/1/16	4/30/22	$16.32	$884	$10,608	$16,248	Gross
Professional	218	780	2.9%	3/1/20	2/28/25	$15.40	$1,001	$12,012	$19,500	Gross
Professional	300	1,435	5.3%	10/15/19	10/31/20	$14.93	$1,785	$21,420	$35,868	Gross
Professional	301	1,165	4.3%	9/1/19	8/31/24	$14.92	$1,448	$17,376	$29,124	Gross
Professional	302	1,360	5.1%	1/3/18	12/31/22	$18.75	$2,125	$25,500	$33,996	Gross
Professional	303	1,180	4.4%	10/1/19	12/31/20	$14.88	$1,463	$17,556	$29,496	Gross
Vacant	304	0	0.0%	-	-	$0.00	$0	$0	$0	Gross
Professional	305	305	1.1%	9/1/16	8/31/20	$14.75	$375	$4,500	$7,620	Gross
Professional	306	1,070	4.0%	9/1/18	12/31/20	$14.92	$1,330	$15,960	$26,748	Gross
Professional	307	260	1.0%	3/1/20	2/28/21	$16.75	$363	$4,356	$6,492	Gross
Professional	308	439	1.6%	4/1/18	3/31/21	$15.83	$579	$6,948	$10,968	Gross
Professional	309	727	2.7%	3/1/18	2/28/21	$15.90	$963	$11,556	$18,168	Gross
Professional	310	368	1.4%	10/1/19	9/30/21	$14.80	$454	$5,448	$9,192	Gross
Professional	311	127	0.5%	2/1/20	1/31/21	$15.78	$167	$2,004	$3,168	Gross
Profesional	312	285	1.1%	9/1/16	8/31/20	$16.84	$400	$4,800	$7,116	Gross
Total		26,859				$15.21	$34,054	$408,648	$669,738	

Occupied Tenants: 36	Unoccupied Tenants: 3	Occupied GLA: 96.60%	Unoccupied GLA: 3.40%
	Total Current Rents: $34,054	Occupied Current Rents: $34,054	Occupied Current Rents: $0

OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF
Scheduled Base Rental Income	408,648		15.21	669,738		24.94
Additional Income	18,120		0.67	18,120		0.67
Potential Gross Revenue	426,768		15.89	687,858		25.61
General Vacancy	0	0.0%	0.00	(33,487)	5.0%	(1.25)
Effective Gross Revenue	$426,768		$15.89	$654,371		$24.36

Operating Expenses	Current		Per SF	Pro Forma		Per SF
Utilities (Electric/Water/	58,482		2.18	58,482		2.18
Sewer) Contract Services	24,027		0.89	24,027		0.89
Repairs & Maintenance	35,608		1.33	35,608		1.33
Landscaping	3,043		0.11	3,043		0.11
Other	3,688		0.14	3,688		0.14
Insurance	15,039		0.56	15,039		0.56
Real Estate Taxes	79,674		2.97	79,674		2.97
Management Fee	12,803	3.0%	0.48	19,631	3.0%	0.73
Total Expenses	$232,364		$8.65	$239,192		$8.91
Expenses as % of EGR	54.4%			36.6%		
Net Operating Income	$194,404		$7.24	$415,179		$15.46

NOTES

- Proforma Rent Assumes $25/SF
- Contract services expense includes elevator, janitorial, and waste
- Property Taxes are Adjusted to Reflect Assessed Value Based on List Price
- All Leases Contain Six Month Termination Clause
- Vacancy Factor is based of the Potential Gross Revenue
- Pro Forma Assumes 5% Vacancy Rate

PRICING DETAIL

Summary	
Price	**$4,975,000**
Down Payment	$4,975,000
Down Payment %	100%
Number of Suites	39
Price Per SqFt	$185.23
Rentable Built Area (RBA)	26,859 SF
Lot Size	0.76 Acres
Year Built/Renovated	1984
Occupancy	96.61%

Returns	Pro Forma
CAP Rate	8.35%

All PROPERTY TOURS MUST BE SCHEDULED WITH LISTING AGENT

Operating Data

Income		Pro Forma
Scheduled Base Rental Income		$669,738
Other Income		$18,120
Potential Gross Revenue		$687,858
General Vacancy	5.0%	($33,487)
Effective Gross Revenue		$654,371
Less: Operating Expenses	36.6%	($239,192)
Net Operating Income		$415,179
Total Return	7.83%	$415,179

Operating Expenses	Pro Forma
CAM	$124,848
Insurance	$15,039
Real Estate Taxes	$79,674
Management Fee	$19,631
Total Expenses	$239,192
Expenses/Suite	$6,133
Expenses/SF	$8.91

NOTES

- Proforma Rent Assumes $25/SF
- Contract services expense includes elevator, janitorial, and waste
- Property Taxes are Adjusted to Reflect Assessed Value Based on List Price
- All Leases Contain Six Month Termination Clause
- Vacancy Factor is based of the Potential Gross Revenue

MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.

Closed 1,944 debt and equity financings in 2019

National platform operating within the firm's brokerage offices

$ 7.18 billion total national volume in 2019

Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Enhanced control through investor qualification support

Enhanced control through MMCC's ability to qualify investor finance contingencies

Enhanced control through quickly identifying potential debt/equity sources, processing, and closing buyer's finance alternatives

Enhanced control through MMCC's ability to monitor investor/due diligence and underwriting to ensure timely, predictable closings

MARKET

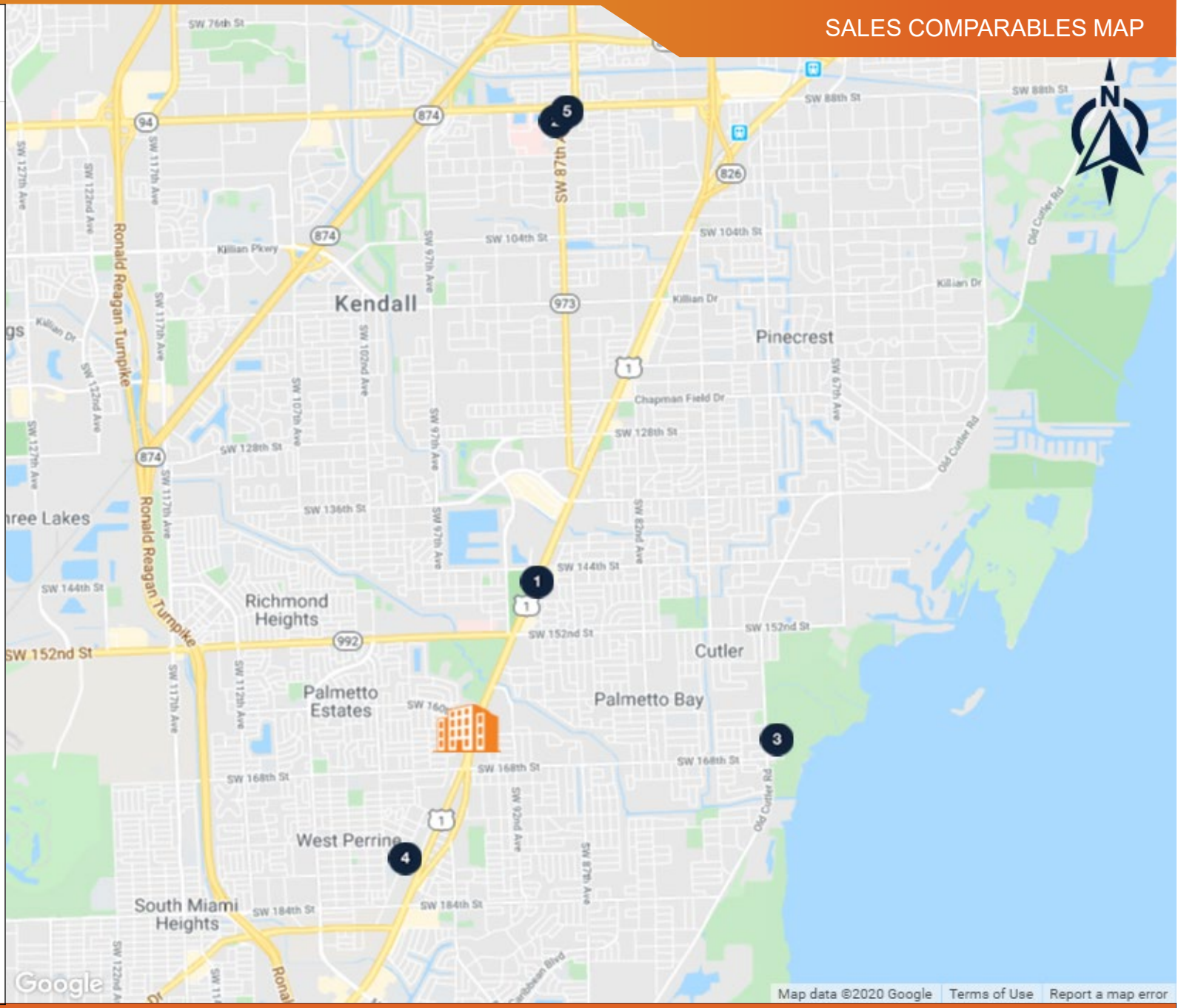
COMPARABLES

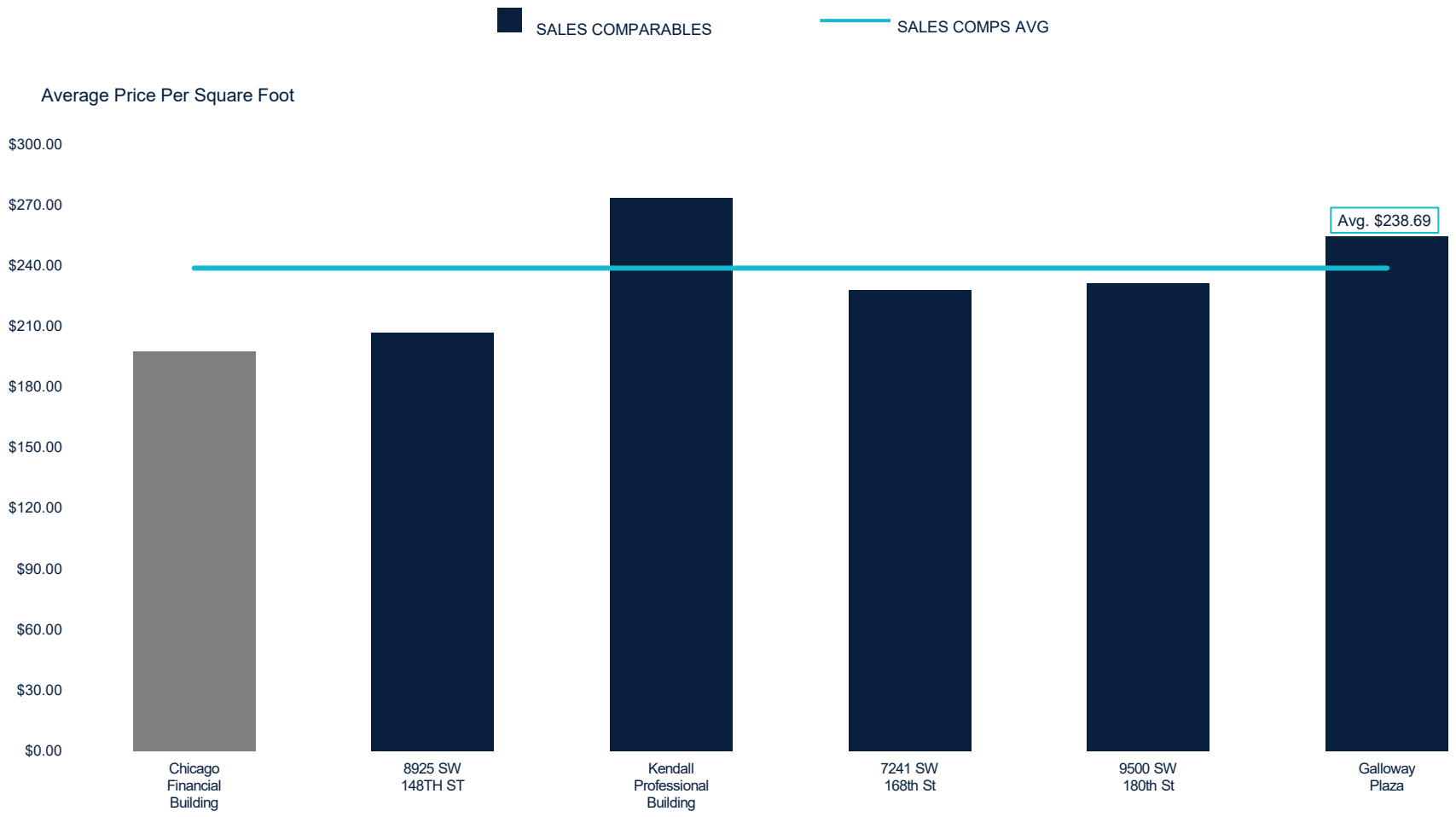
SALES COMPARABLES MAP

CHICAGO FINANCIAL BUILDING
(SUBJECT)

1. 8925 SW 148TH ST
2. Kendall Professional Building
3. 7241 SW 168th St
4. 9500 SW 180th St
5. Galloway Plaza

SALES COMPARABLES




SALES COMPARABLES
SALES COMPS AVG
Average Price Per Square Foot
$300.00
$270.00
$240.00
$210.00
$180.00
$150.00
$120.00
$90.00
$60.00
$30.00
$0.00
Avg. $238.69
Chicago Financial Building
8925 SW 148TH ST
Kendall Professional Building
7241 SW 168th St
9500 SW 180th St
Galloway Plaza

SALES COMPARABLES

8925 SW 148TH ST
8925 SW 148th St, Village Of Palmetto Bay, FL, 33176

Close of Escrow	7/22/2018
Sales Price	$4,750,000
Rentable SF	22,983
Price/SF	$206.67
Year Built	1973
Occupancy	89%

KENDALL PROFESSIONAL BUILDING
9150 SW 87th Ave, Miami, FL, 33176

Close of Escrow	1/19/2019
Sales Price	$6,500,000
Rentable SF	23,798
Price/SF	$273.13
Year Built	1973
Occupancy	100%

7241 SW 168TH ST
7241 SW 168th St, Village Of Palmetto Bay, FL, 33157

Close of Escrow	3/26/2019
Sales Price	$1,320,000
Rentable SF	5,792
Price/SF	$227.90
Year Built	1986
Occupancy	100%

SALES COMPARABLES

9500 SW 180TH ST

9500 SW 180th St, Village Of Palmetto Bay, FL, 33157

4

Close of Escrow	12/23/2019
Sales Price	$7,510,000
Rentable SF	32,489
Price/SF	$231.16
Year Built	1973
Occupancy	100%

GALLOWAY PLAZA

9055-9085 SW 87th Ave, Miami , FL, 33176

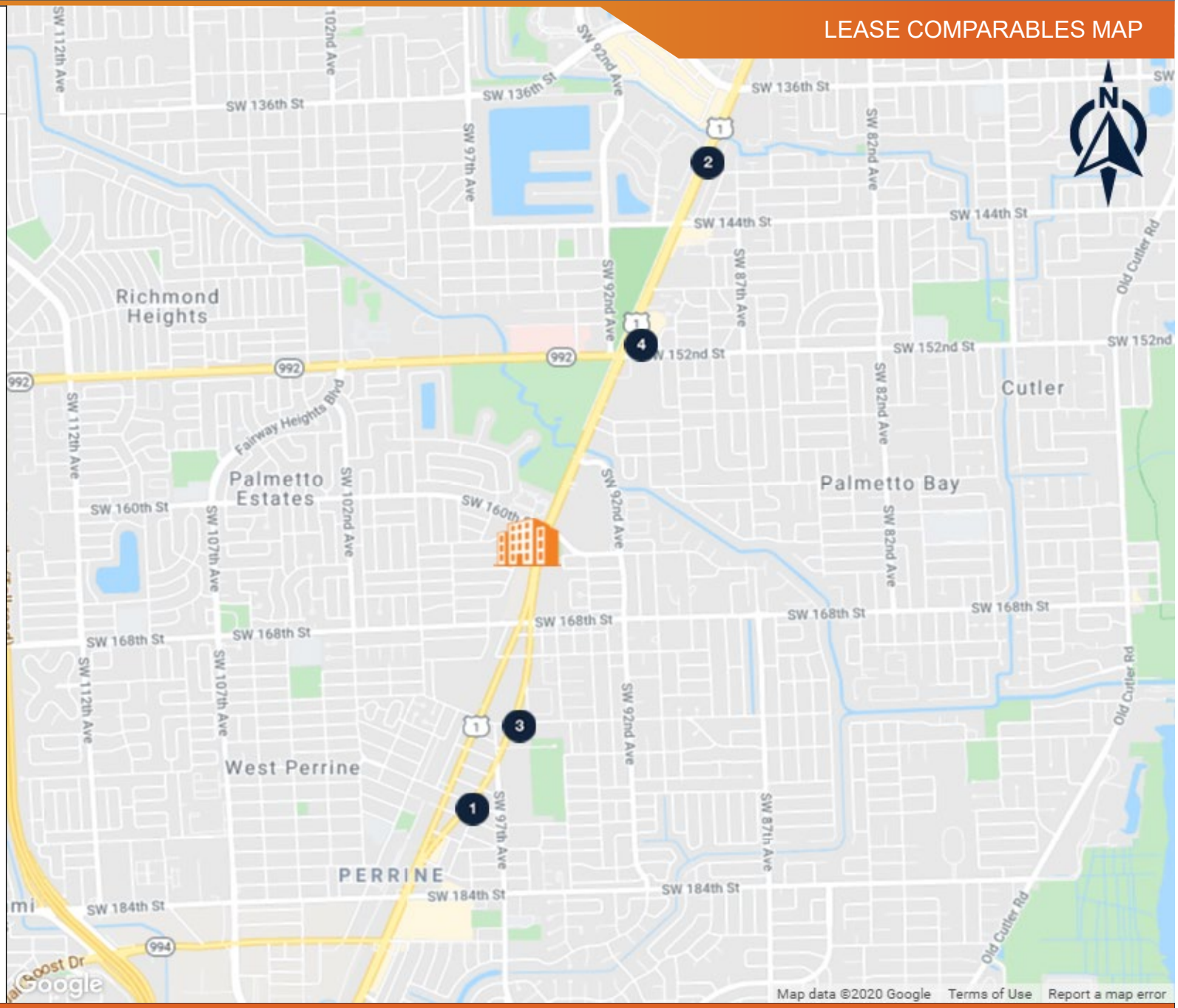
5

Close of Escrow	6/22/2020
Sales Price	$11,134,000
Rentable SF	43,736
Price/SF	$254.57
Year Built	1973
Occupancy	89%

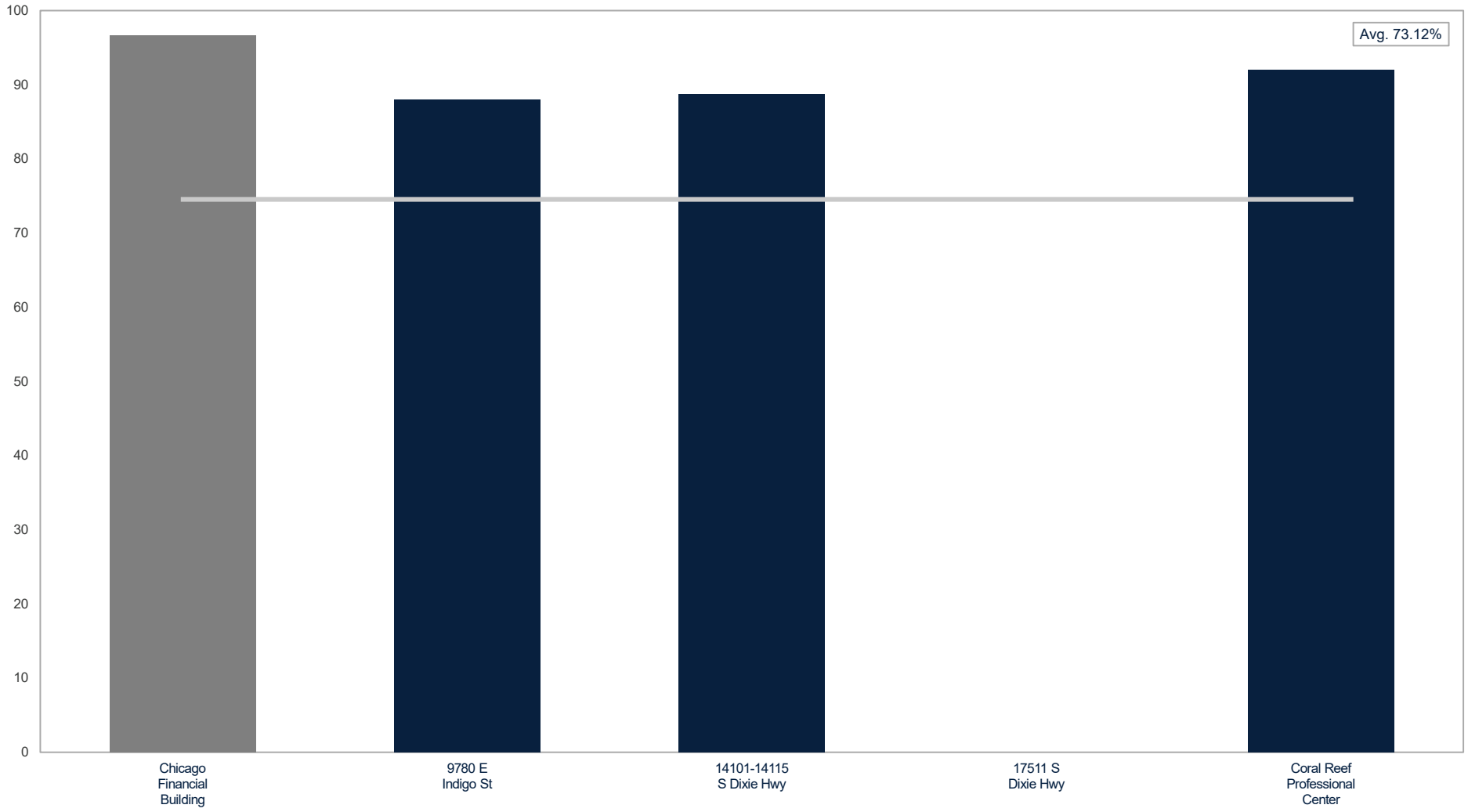
LEASE COMPARABLES MAP

CHICAGO FINANCIAL BUILDING
(SUBJECT)

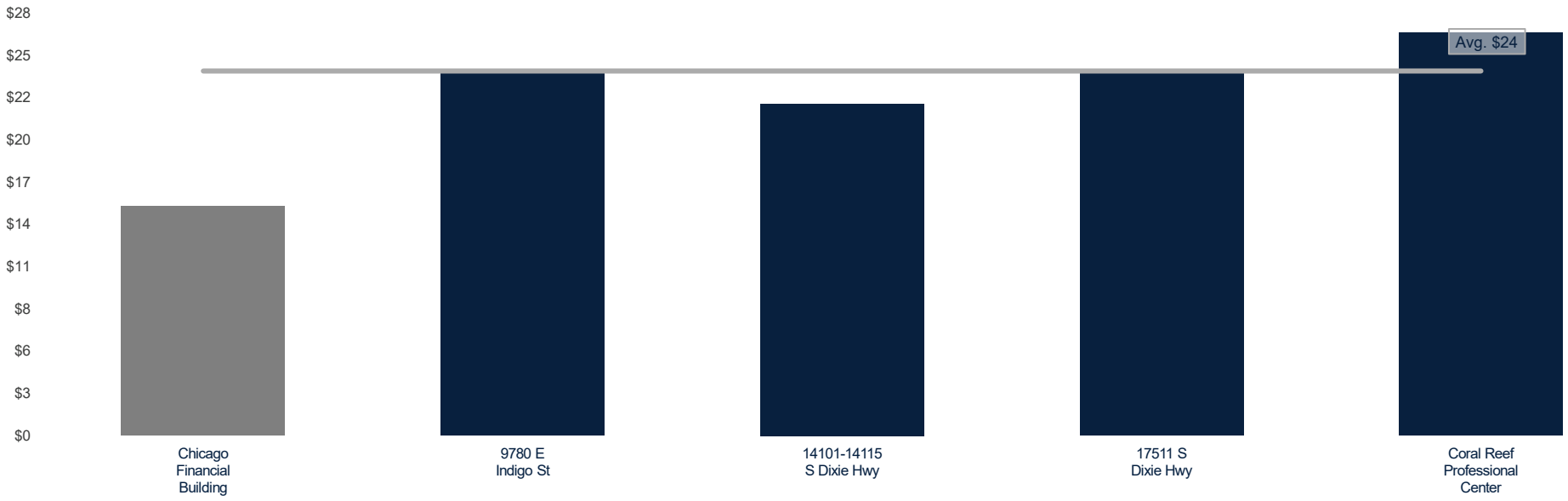
1. 9780 E Indigo St
2. 14101-14115 S Dixie Hwy
3. 17511 S Dixie Hwy
4. Coral Reef Professional Center



AVERAGE OCCUPANCY



AVERAGE RENT PER SQUARE FOOT



9780 E INDIGO ST
9780 E Indigo St, Miami, FL, 33157

1

Survey Date	3/1/2020
Rentable SF	15,558
Available SF	1,200
Asking Rent/SF	$24.00
Year Built	2008
Occupancy	88%
Lease Type	Gross
Lot Size	0.33

14101-14115 S DIXIE HWY
14101-14115 S Dixie Hwy, Miami , FL, 33158

2

Survey Date	11/1/2019
Rentable SF	24,030
Available SF	1,800
Asking Rent/SF	$22.00
Year Built	1972
Occupancy	89%
Lease Type	Gross
Lot Size	.87

17511 S DIXIE HWY
17511 S Dixie Hwy, Miami, FL, 33157

3

Survey Date	8/1/2019
Rentable SF	16,255
Available SF	8,130
Asking Rent/SF	$24.00
Year Built	1972
Occupancy	0%
Lease Type	Gross

CORAL REEF PROFESSIONAL CENTER

9000-9004 SW 152nd St , Miami , FL, 33157

4

Survey Date	6/1/2019
Rentable SF	19,000
Available SF	2,423
Asking Rent/SF	$26.72
Year Built	1972
Lease Type	Gross
Occupancy	92%

MARKET

OVERVIEW

MIAMI-DADE

OVERVIEW

Miami-Dade County is a gateway to South American and Caribbean markets and a tourist destination. The 2,400-square-mile county extends from the Florida Everglades east to the Atlantic Ocean. It is bordered to the north by Broward County and to the south by the Florida Keys. The main portion of the city of Miami lies on the shores of Biscayne Bay and is separated from the Atlantic Ocean by barrier islands, the largest of which holds the city of Miami Beach. The metro, with a population of roughly 2.7 million, is located entirely within Miami-Dade County. Miami is the most populous city, with slightly more than 442,300 residents, followed by Hialeah with roughly 234,800 people.

METRO HIGHLIGHTS

BUSINESS-FRIENDLY ENVIRONMENT

The metro has no local corporate or personal income taxes, which attracts businesses and residents to the area.

INTERNATIONAL GATEWAY

Miami is a gateway for international trading activities, tourism and immigration, connecting to airports and ports around the world.

MEDICAL COMMUNITY

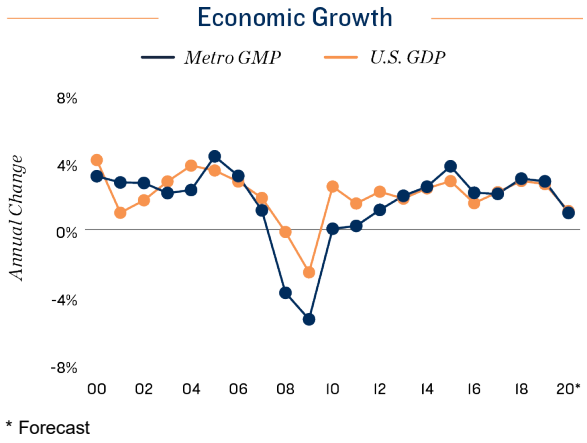
The county contains the largest concentration of medical facilities in Florida, drawing residents needing services throughout the state.

MARKET OVERVIEW

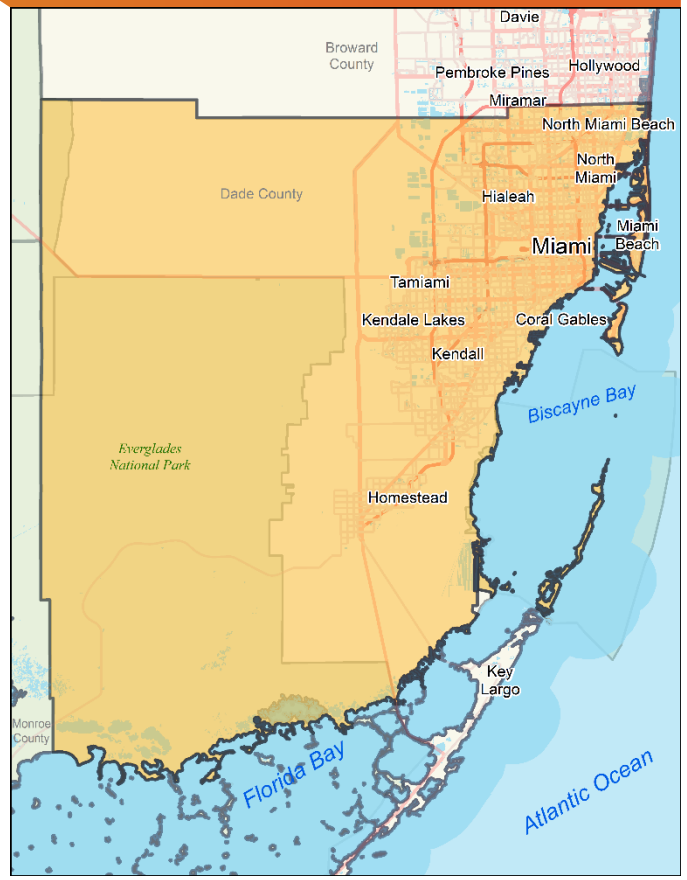
ECONOMY

- Various industries provide a diverse economy. Trade, international finance, healthcare and entertainment have become major segments in the local business community.
- A strong tourism industry has developed with ties to Latin America and the Caribbean.
- Tourism and trade depend on a large transportation sector. PortMiami and Miami International Airport are both major contributors to employment and the economy.
- The Miami metro gross metropolitan product (GMP) expansion is expected to be on par with the U.S. GDP in 2020 and retail sales for the county are also rising.

MAJOR AREA EMPLOYERS
Baptist Health South Florida
University of Miami
American Airlines
Miami Children's Hospital
Publix Supermarkets
Winn-Dixie Stores
Florida Power & Light Co.
Carnival Cruise Lines
AT&T
Mount Sinai Medical Center



* Forecast



SHARE OF 2019 TOTAL EMPLOYMENT

- 3% MANUFACTURING
- 15% PROFESSIONAL AND BUSINESS SERVICES
- 12% GOVERNMENT
- 12% LEISURE AND HOSPITALITY
- 7% FINANCIAL ACTIVITIES
- 25% TRADE, TRANSPORTATION AND UTILITIES
- 4% CONSTRUCTION
- 16% EDUCATION AND HEALTH SERVICES
- 2% INFORMATION
- 4% OTHER SERVICES

DEMOGRAPHICS

- The metro is expected to add nearly 102,000 people over the next five years. During the same period, approximately 40,100 households will be formed, generating demand for housing.
- The homeownership rate of 48 percent is below the national rate of 57 percent, maintaining a strong rental market.
- The cohort of 20- to 34-year-olds composes 21 percent of the population.

2019 Population by Age

0-4 YEARS	5-19 YEARS	20-24 YEARS	25-44 YEARS	45-64 YEARS	65+ YEARS
6%	17%	6%	28%	27%	16%

2019 POPULATION:	2019 HOUSEHOLDS:	2019 MEDIAN AGE:	2019 MEDIAN HOUSEHOLD INCOME:
2.7M	958K	40.1	$48,000
Growth 2019-2024*: 3.7%	Growth 2019-2024*: 4.2%	U.S. Median: 38.1	U.S. Median: $60,800

QUALITY OF LIFE

Miami-Dade County has developed into a cosmopolitan urban area offering a vibrant business and cultural community. The metro has an abundance of popular attractions. Miami hosts the Capital One Orange Bowl and is home to several professional sports teams, including the Miami Dolphins, the Miami Marlins and the Miami Heat. The county has a broad array of cultural attractions, historical sites and parks. These include the Adrienne Arsht Center for the Performing Arts, Zoo Miami and Everglades National Park. The region is home to a vibrant and diverse culture, family-friendly neighborhoods, a plethora of shops and restaurants, and beautiful weather and beaches. It also offers easy access to Latin America and the Caribbean.

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

SPORTS

Miami Dolphins

Miami Marlins

Miami Heat

Miami FC

EDUCATION

University of Miami

Barry University

Florida National University

Miami Dade College

ARTS & ENTERTAINMENT

Adrienne Arsht Center for the Performing Arts of Miami-Dade County

Zoo Miami

Pérez Art Museum Miami

miami children's museum

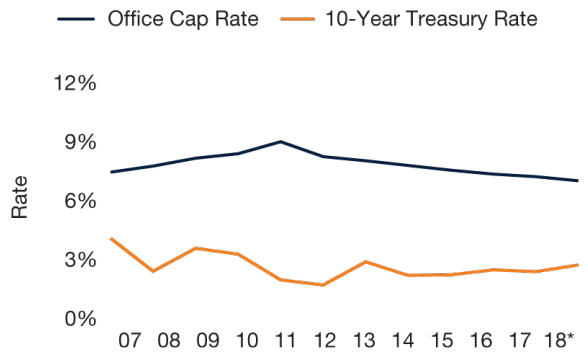
SOUTH FLORIDA METROS

Vacancies and Rents Improve Even as Development Expands in Some Southeast Florida Markets

After moderated period, construction ramps up in West Palm Beach and Fort Lauderdale while fundamentals carry momentum. A subdued development pipeline and consistent demand for space has substantially improved office operations in West Palm Beach over the past several years. The market's vacancy rate has dropped from a cycle high of 20.7 percent in 2010 to under 14.0 percent this year, the most substantive recovery in the region. Availability will decline sharply again in 2019 despite a year-over-year rise in deliveries, as the metro's largest completions are already fully leased. A similar expansion to the construction pipeline in Fort Lauderdale will hold vacancy flat this year but not impede rent growth. Monthly rates are appreciating at a rapid clip here as biotech and business development companies like Ultimate Software absorb more space.

Fewer arrivals pave way for rent growth in Miami. In contrast to the rest of Southeast Florida, the development pipeline in Miami is contracting this year. Although deliveries will still surpass 1 million square feet, ongoing leasing by healthcare companies, coworking enterprises and business services firms sustains demand. Availability will dip this year following a supply-driven increase in 2018, with vacancy particularly tight in Miami City, West Miami and Medley/Hialeah. A strong interest in occupying office space in these and other submarkets bodes well for rent growth this year, even though asking rates are already some of the highest in the state of Florida.

Local Office Yield Trends



* Cap rate trailing 12-month average through 1Q; Treasury rate as of March 29
Includes sales $1 million and greater for Miami, Fort Lauderdale and West Palm Beach
Sources: CoStar Group, Inc.; Real Capital Analytics

Office 2019 Outlook

Metro	Vacancy	Y-O-Y Basis Point Change	Asking Rent	Y-O-Y Change
Miami	12.7%	-10	$35.81	2.4%
Fort Lauderdale	12.9%	0	$29.75	4.6%
West Palm Beach	13.4%	-70	$30.46	4.4%

Investment Trends

Miami

- Greater interest from institutional investors translated into several recent high-caliber trades in Downtown Miami and nearby Brickell. Initial returns for these assets were in the mid-4 percent zone.
- Trade volume improved year over year in Kendall as multiple Class B and C assets changed hands for under $10 million with cap rates in the high-6 to high-7 percent range, above the high-5 percent metro average.

Fort Lauderdale

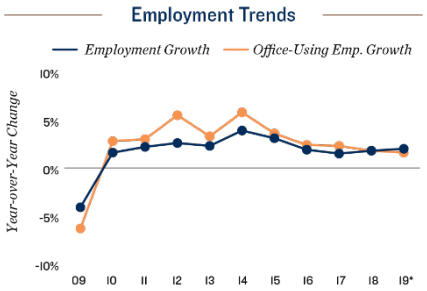
- Private investors have been more active than institutions so far this year as regionally low entry costs attracted parties from outside the market. Sales activity rose notably in Pompano Beach as buyers pursued Class B assets with mid-6 to mid-7 percent initial yields.
- Medical office properties acquired in recent months provided above-market initial returns. Several Class B and C assets in the city of Fort Lauderdale were exchanged with cap rates up to mid-8 percent.

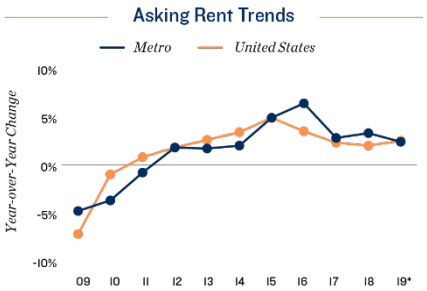
West Palm Beach

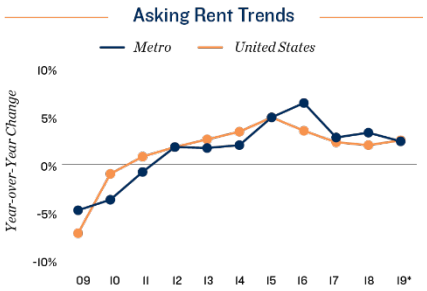
- West Palm Beach investors focus on business hubs in Boca Raton, Delray Beach and other areas to obtain properties with high-credit tenants as the metro lacks a prominent central business district.
- Buyers targeting regionally high yields have pursued opportunities in North Palm Beach. Post 1980-built, sub-30,000-square-foot assets have traded recently with cap rates in the 7 to 8 percent zone.

SOUTH FLORIDA METROS: MIAMI

1Q19 – 12-Month Trend







EMPLOYMENT

2.2% increase in total employment Y-O-Y

- Employment growth expanded year over year in March with the creation of 25,700 new jobs, 7,600 more positions than were added to the market during the 12-month period ended in March 2018.
- Hiring over the past four quarters was led by the professional and businesses services sector as about 8,600 personnel joined payrolls. In that same span, the construction sector grew at the fastest pace, 6.7 percent, between March 2018 and March 2019.

CONSTRUCTION

1.6 million square feet completed Y-O-Y

- **The development pipeline approximately doubled compared with a year ago as an additional 863,000 square feet was delivered over the 12-month period ended in March.**
- **Construction activity was focused in Downtown Miami and nearby Coral Gables as well as farther north in Aventura. Large-scale completions in these submarkets include Miami Central towers Two and Three as well as the Ofizzina building.**

VACANCY

40 basis point decrease in vacancy Y-O-Y

- **The smallest quarterly delivery total in three years contributed to a decline in the metro's vacancy rate to 12.1 percent in March, the lowest value for this time of year since 2007.**
- **Leasing activity by distribution-related firms near Mimi-Opa Locka Executive Airport has supported a 820-basis-point decline in the Miami Lakes vacancy rate to 15.1 percent. Availability is lowest, at 2.9 percent, in West Miami.**

RENTS

2.3% increase in the average asking rent Y-O-Y

- **The average asking rent ended the first quarter at $34.94 per square foot, up 2.3 percent from a year ago. Monthly rates advanced the most, by 7.9 percent, in the Brickell submarket. The waterfront office district just south of downtown commands the metro's highest rents.**
- **Oceanfront submarkets reported above-market rent growth for the past four quarters. Asking rates appreciated by 3.5 and 4.0 percent in Coconut Grove and the Biscayne Corridor.**

* Forecast

SOUTH FLORIDA METROS: MIAMI

Demographic Highlights

2019 Forecast Job growth
Metro 2.0%
U.S. Average 1.3%

Population Age 20-34*
Metro 20.4%
U.S. Average 20.6%

Sq. Ft. Per Office Worker*
Metro 298
U.S. Average 215

2019 Office-Using Job growth
Metro 1.6%
U.S. Average 1.7%

Population of Age 25+ Percent with Bachelor Degree+**
Metro 30.5%
U.S. Average 29.9%

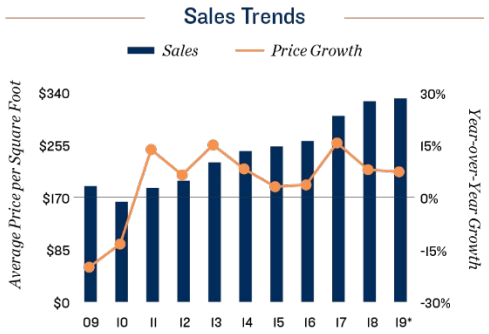
Office Square footage*
13.2% Urban
U.S. Average 32.0%
86.8% Suburban
U.S. Average 68.0%

*1Q19
**2018

Sales Trends

Healthy Office Market, Strong Demographics Encourage Investment and Bolster Sales Prices

- The Miami metro has demonstrated improved sales price appreciation since 2017, with the average price per square foot increasing 7.3 percent to $330 year over year in March.
- While initial returns have remained stable over the past three years, price growth contributed to a 10-basis-point dip in the market average cap rate into the high-5 percent zone in the first quarter.



Outlook: As companies continue to expand their footprints in Miami, contributing to population and income growth, investors from the nation's primary gateway markets will look more toward the metro. Lower entry costs and favorable yield arbitrage are also major draws.

* Trailing 12 months through 1Q19 over previous time period
** Includes submarkets with more than 100,000 square feet of inventory
Sources: CoStar Group, Inc.; Real Capital Analytics

Submarket Trends

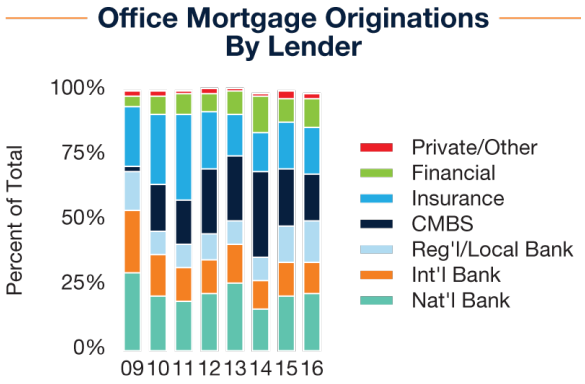
Lowest Vacancy Rates 1Q19*

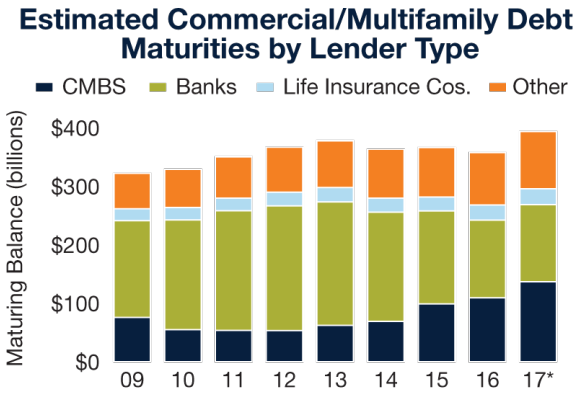
Submarket	Vacancy Rate	Y-O-Y Basis Point Change	Asking Rent	Y-O-Y % Change
West Miami	2.9%	160	$23.82	-0.7%
Miami City	5.2%	-10	$35.75	-5.2%
Medley/Hialeah	5.8%	70	$25.11	-9.5%
Coral Way	5.9%	80	$32.85	1.8%
Kendall	6.7%	-130	$31.44	1.3%
South Dade	8.3%	-130	$24.13	3.3%
Miami Airport	11.5%	-10	$30.14	3.6%
Coral Gables	12.2%	60	$39.54	1.6%
Northeast Dade	12.6%	-220	$26.48	1.5%
Miami Beach	13.1%	210	$43.29	-2.0%
Overall Metro	12.1%	-40	$34.94	2.3%

SOUTH FLORIDA METROS

Capital Markets

- **Monetary policy in transition.** Despite the Fed raising its benchmark short-term rate three times in seven months and signaling another rise before the end of the year, long-term rates have remained stable. The yield on the 10-year U.S. Treasury bond remained in the low- to mid-2 percent range throughout the second quarter of 2017. The Federal Reserve wants to normalize monetary policy and, in addition to rate hikes, will start paring its balance sheet. While short- and long-term rates do not always move in tandem, both actions by the Fed have the potential to lift long-term rates.
- **Sound economy a balancing act for Fed.** With unemployment at the lowest level since 2007 at 4.3 percent, the Federal Reserve will remain vigilant regarding the possible rapid increase in inflation if wage growth takes off. Additionally, business confidence sits close to its all-time high. Businesses finally have the confidence to expand their footprint after years of tepid growth following the Great Recession. Office properties stand to gain significantly from this expansion with increased hiring adding to occupancy, plus expanding economic growth. The Fed, however, must now balance economic growth and job creation against wage growth and inflationary pressures.
- **Underwriting discipline persists; ample debt capital remains.** Overall, leverage on acquisition loans has continued to reflect disciplined underwriting, with LTVs typically ranging from 60 percent to 75 percent for most office properties. At the end of 2016, the combination of higher rates, conservative lender underwriting and fiscal policy uncertainty encouraged some investor caution that slowed deal flow, a trend that has extended into 2017. A potential easing of regulations on financial institutions, though, could liberate additional lending capacity and higher interest rates may also encourage additional lenders to participate.





* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

Created on June 2020

POPULATION	1 Miles	3 Miles	5 Miles
▪ 2024 Projection			
Total Population	14,744	116,210	296,393
▪ 2019 Estimate			
Total Population	14,582	115,056	287,893
▪ 2010 Census			
Total Population	13,686	108,729	265,684
▪ 2000 Census			
Total Population	14,121	106,623	235,938
▪ Current Daytime Population			
2019 Estimate	10,959	96,244	225,107

HOUSEHOLDS	1 Miles	3 Miles	5 Miles
▪ 2024 Projection			
Total Households	4,747	38,323	97,926
▪ 2019 Estimate			
Total Households	4,679	37,792	94,805
Average (Mean) Household Size	3.06	3.02	3.00
▪ 2010 Census			
Total Households	4,375	35,490	86,898
▪ 2000 Census			
Total Households	4,534	34,593	76,843

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
▪ 2019 Estimate			
$200,000 or More	6.53%	8.52%	8.12%
$150,000 - $199,999	7.21%	7.89%	6.91%
$100,000 - $149,000	14.60%	16.58%	15.78%
$75,000 - $99,999	12.85%	12.81%	12.97%
$50,000 - $74,999	17.78%	17.09%	17.75%
$35,000 - $49,999	13.08%	12.11%	12.53%
$25,000 - $34,999	9.11%	7.61%	7.87%
$15,000 - $24,999	8.25%	8.45%	8.76%
Under $15,000	11.04%	9.50%	10.10%
Average Household Income	$90,914	$100,019	$97,272
Median Household Income	$62,505	$68,033	$64,934
Per Capita Income	$29,232	$33,096	$32,169

POPULATION PROFILE	1 Miles	3 Miles	5 Miles
▪ Population By Age			
2019 Estimate Total Population	14,582	115,056	287,893
Under 20	25.07%	24.48%	25.13%
20 to 34 Years	18.86%	17.76%	18.77%
35 to 39 Years	5.54%	5.54%	6.21%
40 to 49 Years	14.30%	14.39%	14.73%
50 to 64 Years	23.27%	23.19%	21.51%
Age 65+	12.95%	14.64%	13.64%
Median Age	40.43	41.75	39.91
▪ Population 25+ by Education Level			
2019 Estimate Population Age 25+	9,985	79,728	197,750
Elementary (0-8)	4.13%	4.80%	4.83%
Some High School (9-11)	8.47%	7.43%	6.77%
High School Graduate (12)	25.86%	25.78%	25.49%
Some College (13-15)	17.37%	16.85%	17.31%
Associate Degree Only	11.27%	9.43%	9.72%
Bachelors Degree Only	17.88%	20.76%	21.18%
Graduate Degree	12.02%	13.42%	13.38%

Source: © 2019 Experian

Created on June 2020

POPULATION BY TRANSPORTATION TO WORK	1 Miles	3 Miles	5 Miles
▪ 2019 Estimate Total Population			
Bicycle	0.04%	0.23%	0.22%
Bus or Trolley Bus	5.45%	3.42%	2.72%
Carpooled	9.49%	9.04%	9.78%
Drove Alone	77.80%	79.60%	78.89%
Ferryboat	0.00%	0.01%	0.02%
Motorcycle	0.02%	0.11%	0.14%
Other Means	2.18%	1.26%	1.54%
Railroad	0.27%	0.21%	0.21%
Streetcar or Trolley Car	0.00%	0.07%	0.06%
Subway or Elevated	0.89%	1.24%	1.21%
Taxicab	0.01%	0.06%	0.04%
Walked	0.46%	0.74%	0.75%
Worked at Home	3.39%	4.00%	4.43%

POPULATION BY TRAVEL TIME TO WORK	1 Miles	3 Miles	5 Miles
▪ 2019 Estimate Total Population			
Under 15 Minutes	12.17%	11.83%	10.75%
15 - 29 Minutes	23.70%	25.69%	26.91%
30 - 59 Minutes	29.87%	29.84%	31.23%
60 - 89 Minutes	14.07%	13.91%	12.94%
90 or More Minutes	3.15%	3.38%	3.56%
Worked at Home	3.39%	4.00%	4.43%
Average Travel Time in Minutes	40	39	39

Source: © 2019 Experian

Population

In 2019, the population in your selected geography is 14,582. The population has changed by 3.26% since 2000. It is estimated that the population in your area will be 14,744.00 five years from now, which represents a change of 1.11% from the current year. The current population is 48.27% male and 51.73% female. The median age of the population in your area is 40.43, compare this to the US average which is 38.08. The population density in your area is 4,648.82 people per square mile.

Race and Ethnicity

The current year racial makeup of your selected area is as follows: 60.43% White, 27.77% Black, 0.05% Native American and 4.70% Asian/Pacific Islander. Compare these to US averages which are: 70.07% White, 12.87% Black, 0.19% Native American and 5.66% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 47.91% of the current year population in your selected area. Compare this to the US average of 18.17%.

Households

There are currently 4,679 households in your selected geography. The number of households has changed by 3.20% since 2000. It is estimated that the number of households in your area will be 4,747 five years from now, which represents a change of 1.45% from the current year. The average household size in your area is 3.06 persons.

Housing

The median housing value in your area was $280,728 in 2019, compare this to the US average of $212,058. In 2000, there were 3,100 owner occupied housing units in your area and there were 1,433 renter occupied housing units in your area. The median rent at the time was $558.

Income

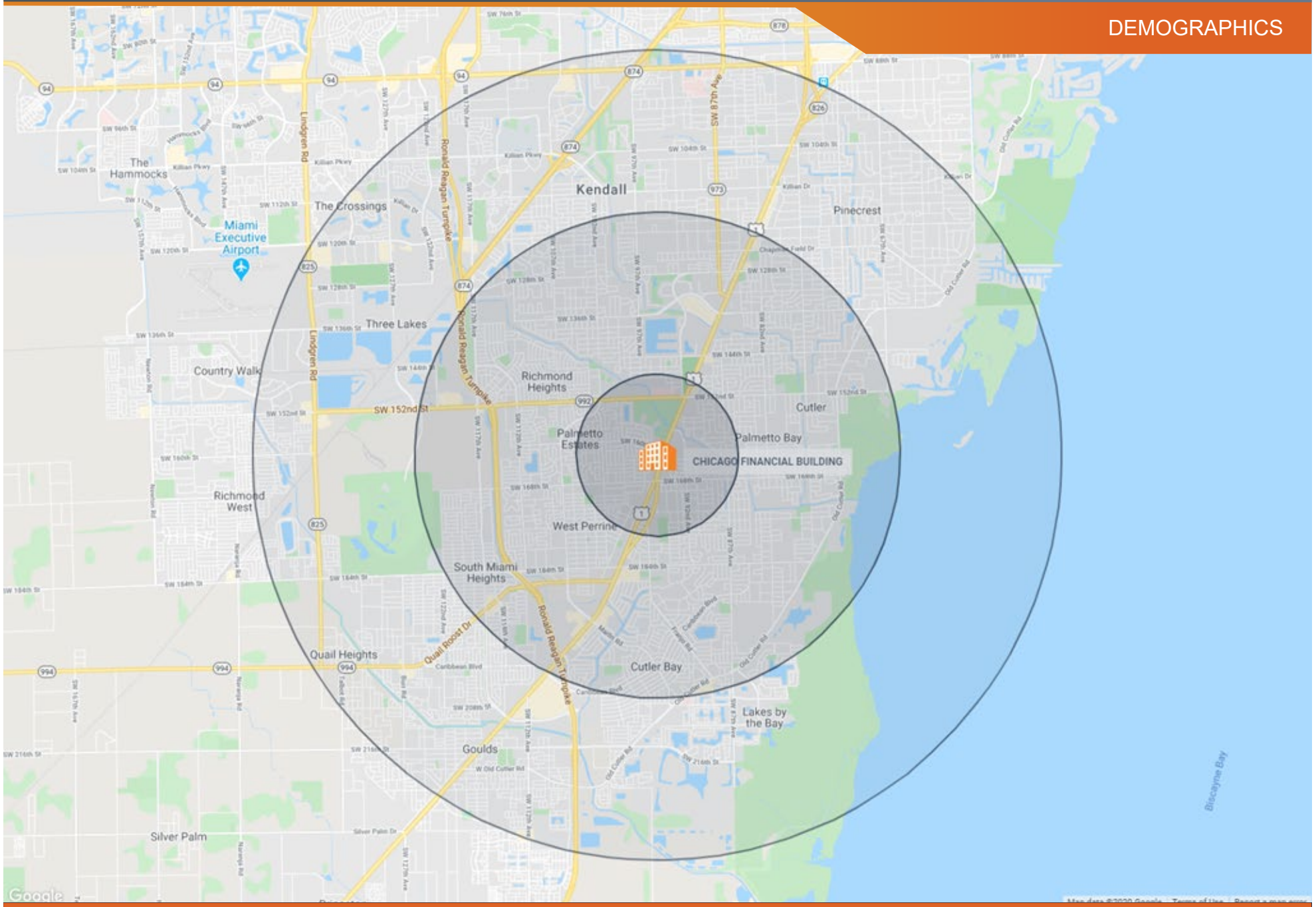
In 2019, the median household income for your selected geography is $62,505, compare this to the US average which is currently $60,811. The median household income for your area has changed by 35.57% since 2000. It is estimated that the median household income in your area will be $71,388 five years from now, which represents a change of 14.21% from the current year.

The current year per capita income in your area is $29,232, compare this to the US average, which is $33,623. The current year average household income in your area is $90,914, compare this to the US average which is $87,636.

Employment

In 2019, there are 5,657 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 62.21% of employees are employed in white-collar occupations in this geography, and 37.18% are employed in blue-collar occupations. In 2019, unemployment in this area is 3.97%. In 2000, the average time traveled to work was 40.00 minutes.

Source: © 2019 Experian


The Hammocks
Miami Executive Airport
The Crossings
Kendall
Pinecrest
Three Lakes
Country Walk
Richmond Heights
SW 152nd St
Cutler
Palmetto Estates
Palmetto Bay
CHICAGO FINANCIAL BUILDING
Richmond West
West Perrine
South Miami Heights
Quail Heights
Cutler Bay
Lakes by the Bay
Goulds
Silver Palm
Biscayne Bay
Lindgren Rd
Ronald Reagan Turnpike
SW 87th Ave
Quail Roost Dr
Caribbean Blvd
Old Cutler Rd
Google