INVESTMENT FORECAST

Marcus & Millichap

OFFICE — **2025**

Miami-Dade Metro Area

Supply-Demand Balance Drives Office Investment as Vacancy Holds Below Pre-Pandemic Levels

Interest rising in urban developments, while suburbs draw cost-conscious tenants. Miami's office vacancy is forecast to sit just above 10 percent this year and remain below its 2019 mark. Despite rightsizing trends driving space givebacks downtown, new urban projects are aligning with institutional demand for premium floorplans. Nearly 70 percent of the 1.5 million square feet delivered last year was occupied entering 2025, while 90 percent of the 1 million square feet set to open this year is already pre-leased. This momentum is set to continue into 2025, as return-to-office plans from firms like J.P. Morgan contribute to rising space needs. Price-sensitive occupiers are likely to favor lower-cost submarkets like the area around Miami International Airport, which saw near-record Class A net absorption last year. Companies such as Assurant, taking 75,000 square feet in mid-2025, will further reinforce local absorption. Well-educated residents and proximity to downtown should also sustain lower-tier space demand here and in nearby areas like Coral Gables, where segment vacancy fell by 50 basis points in 2024.

Investors seek stabilized assets in core locations. Miami sustaining the fifth-lowest office vacancy rate in the country last year helped transaction velocity accelerate compared with 2023, propelling aggregate deal volume into the top five major U.S. markets. Trading activity was focused in dense suburbs like the Miami International Airport area and Coral Gables, which may continue after these areas led the metro in vacancy compression last year. Buyers in these submarkets have found sub-50,000-square-foot Class B offices priced around $200 per square foot. Meanwhile, institutional investors deploying larger capital allocations are likely to focus on the metro's urban core, where Class A vacancy fell below pre-pandemic levels in 2024 despite elevated supply additions.

2025 MARKET FORECAST

+1.6% — **EMPLOYMENT:** Miami employers add 22,000 roles this year, roughly in line with 2024. Hiring in the traditionally office-using sector is forecast to improve with an expected net gain of 5,000 jobs.

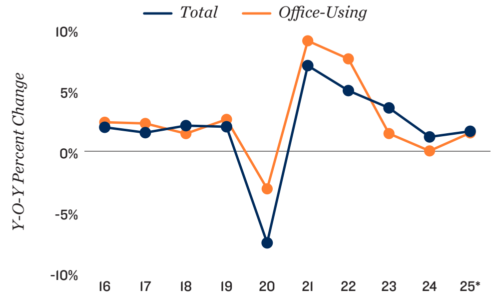
1,250,000 sq. ft. — **CONSTRUCTION:** Still elevated from 2023's record low, deliveries here lead all major Florida metros. Regardless, supply additions will align with the metro's historic annual average of 1 million square feet.

-30 bps — **VACANCY:** Strong pre-leasing activity and stable space needs for recent hires will reduce Miami's vacancy to 10.4 percent, trailing only the Inland Empire for the lowest among primary U.S. markets.

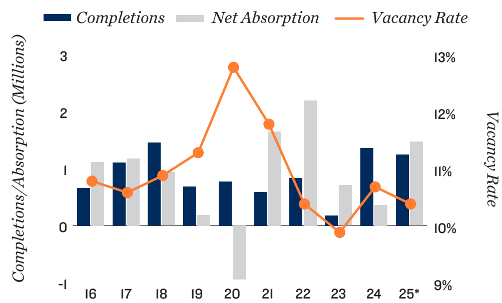
+1.4% — **RENT:** Flight-to-quality trends will limit rent growth as they leave an outsized share of lower-tier space on the market. The metro's average asking rate will reach $45.70 per square foot by year-end.

INVESTMENT: *More investors may target Northeast Dade, where vacancy remains below 10 percent. Planned move-ins, such as by travel company RCI, highlight the area's corporate appeal, driven by competitive rental rates.*

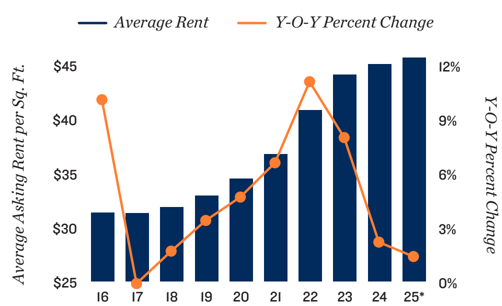
Employment Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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