

# South Florida

Tenant's Guide ■ North American Markets ■ Second Quarter 2010

## Overview

The commercial real estate market continues to struggle and will likely continue in this direction for many years to come. We are in one of the best tenant markets in many years as vacancies remain high. As expected, asking rents have declined, tenant improvement dollars have tripled, and free rent concessions are a standard. Firms such as Wells Fargo, Greenberg Traurig, Bilzin Sumberg, Deloitte, H.I.G., and several large financial tenants have signed leases or are about to sign a lease to relocate into two new downtown Miami office buildings. When these tenants occupy the new buildings, the existing buildings that are losing these tenants will respond by making great deals in order to back fill the empty spaces.

## Market Trends

- Tenants large and small continue to have many opportunities to save on their occupancy costs in this market.
- Most relocating tenants are taking less overall space, so the spurt in leasing activity is not resulting in positive absorption.
- Many landlords are renovating and upgrading the common space of their buildings to attract new tenants.

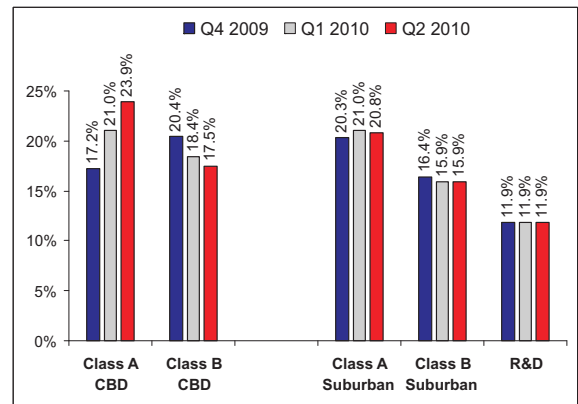
## Tenant's Perspective

Tenants should be in today's market if they have up to three years remaining on their lease, if they have termination rights, or if they need to be right-sized (grow or reduce space). It is very important to talk to your real estate advisor to help seek out other options plus determine the financial health of your landlord.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Wells Fargo	92,100	Office	Lease
Health Care of Palm Beach Cty.	63,055	Office	Lease
CHG Companies	51,498	Office	Lease
NationsHealth, Inc.	50,094	Office	Lease
H.I.G. Capital, LLC	38,661	Office	Lease
Hospital Physician Partners	21,879	Office	Lease
Miami Children's Hospital	20,197	Office	Lease
Quest Workspaces	18,899	Office	Lease
South Florida Technical	18,160	Office	Lease
SunGard Insurance Sys.	16,000	Office	Lease
Holland & Knight	14,735	Office	Lease

## Vacancy Rate\*



## Average Rental Rates\*

CBD	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$40.48	\$39.92	\$38.80
Class B Office	\$26.54	\$26.38	\$25.53

Suburban	Q4 2009	Q1 2010	Q2 2010
Class A Office	\$31.24	\$31.00	\$30.75
Class B Office	\$24.30	\$24.28	\$23.93
R&D	\$12.75	\$12.75	\$12.75

\*South Florida Combined (Miami-Dade, Broward and Palm Beach Counties)S

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