Lambert
ADVISORY

OFFICE MARKET OVERVIEW

MID YEAR 2017 UPDATE

MIAMI DOWNTOWN DEVELOPMENT AUTHORITY

MIAMI DDA
DOWNTOWN DEVELOPMENT AUTHORITY

AUGUST 2017

CONTENT
OFFICE MARKET OVERVIEW

SECTION 01

EXECUTIVE SUMMARY

ABOUT

Lambert Advisory (Lambert) was engaged by the Miami Downtown Development Authority (Miami DDA) to complete an office market report in 2014 for the area specifically defined as the Miami DDA Office Area

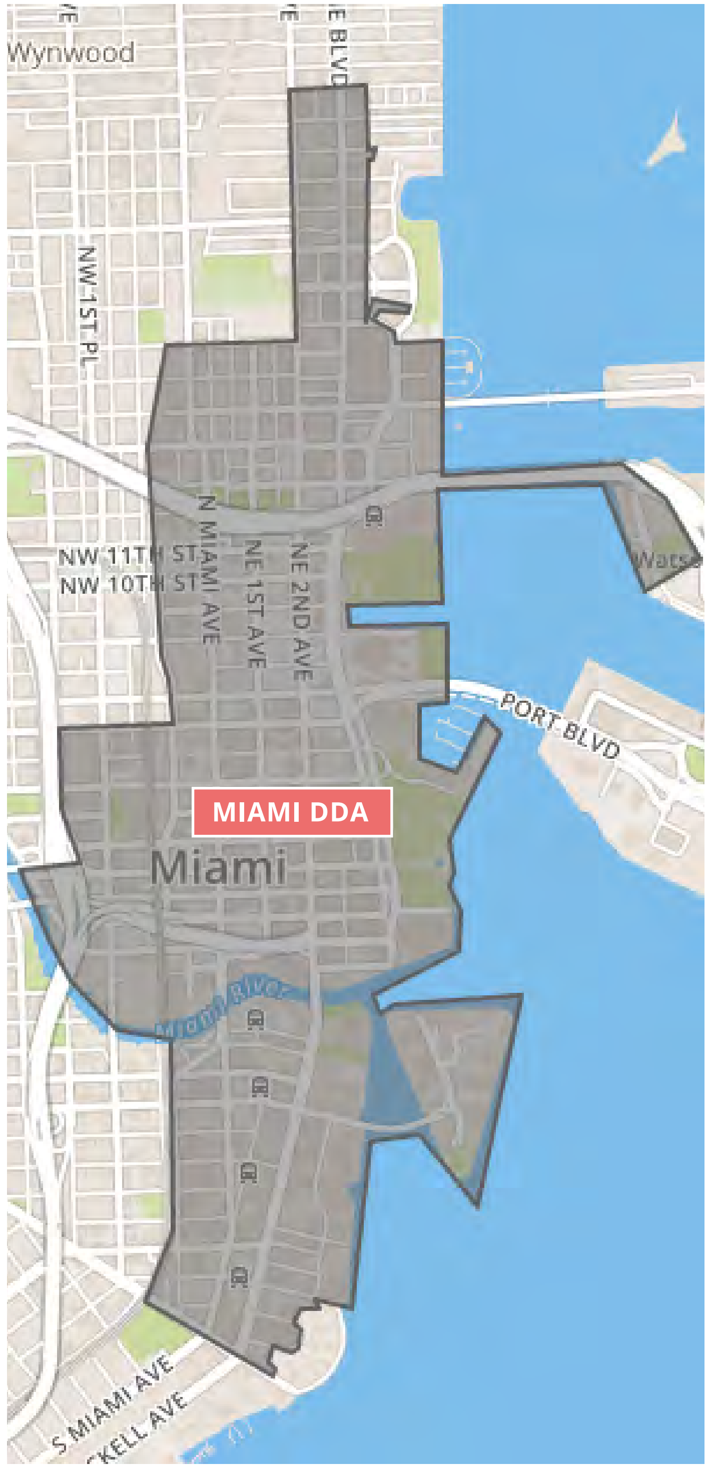
Subsequently, Lambert was engaged to provide an update to the report as of year-end 2015. Lambert has now completed a second update to the office market study which assesses the condition and opportunities in the market through the 2nd Quarter of 2017.

Utilizing the original Office Market Report as the baseline, this document builds upon the information, analysis, forecasts and findings of Miami DDA office market conditions to date.

The body of this report details our research and analysis of office market conditions and trends that support each of the objectives above. The structure of the report comprises five sections, summarized as follow:

1. EXECUTIVE SUMMARY
2. SUMMARY OF APPROACH, DEFINITIONS, AND SURVEY
3. OFFICE EMPLOYMENT TRENDS & PROJECTIONS
4. OFFICE SUPPLY TRENDS
5. OFFICE DEMAND TRENDS

FIGURE 1: MIAMI DDA BOUNDARY MAP



PRINCIPAL FINDINGS FROM OUR CURRENT ASSESSMENT

Miami-Dade County's office employment is expected to maintain steady growth over the next five years through 2022.

We forecast ~ 12,700 additional office jobs added in Miami-Dade County from 2017 to 2022, or an average annual growth rate of slightly less than 1.0 percent. This is considerably lower than the nearly 3.0 percent average annual growth rate from 2011 to 2016, which was largely the result of the economic rebound from the Great Recession in 2007/8, but is generally consistent with long term growth trends. Employment growth is expected to continue through 2018, flatten in 2019/2020 and then increase its pace again in 2021.

In 2016, the Miami DDA office market added its first new office space in nearly five years, the bulk of which is represented by Brickell City Center (266,000 square feet).

The Miami DDA Office Area comprises a total 140 non-governmental office or mixed-use buildings with office space, with a total 18.3M square feet of office space available. In 2016, the Miami DDA office market added its first new office space in nearly five years, the bulk of which is represented by Brickell City Center (266,000 square feet). There are approximately 463,000 square feet of office space currently under-construction including: 318,000 square feet within the CBD at MiamiCentral; and, 100,000 square feet in the Brickell district at Panorama Tower.

Based upon our assessment and estimates of growth in office demand, the scale and timing of these new buildings are unlikely to cause any significant disruption to the market.

MiamiCentral, being built in two phases, is reportedly more than 50 percent pre-leased with new to market tenants including Florida East Coast Industries (FECI) and Codina Partners, along with the relocation of Ernst & Young. Hines has recently announced its plans for a major office building within Miami WorldCenter, a 45-story, 600,000 square feet commercial space.

One concern is the emergence of near markets which have seen the arrival of new ground up office development for the first time or first time in nearly two decades these include Coconut Grove and Wynwood which combined have an announced 400,000 to 500,000 square feet of new ground up office space. These markets will be competitive for tenants seeking an alternative location proximate to the north and south.

PRINCIPAL FINDINGS FROM OUR CURRENT ASSESSMENT

- **After nearly eight years since the market's previous peak levels, office rents in the Miami DDA area have reached new record highs.**

Average asking rents in the Brickell submarket for Class A space is $50.83 today vs. $45.94 in 2008, while for CBD current rents for Class A space are $43.93 vs. $41.37 at their previous peak. One notable trend in pricing activity has been the increased demand for premium office space; or, locations within the more premier buildings offering premium views on upper level floors. This is represented by a number of recent transactions that were between $50 and $60 per square foot. While the continued pressure on rates for premium space has positively impacted the market overall, leasing activity in non-premium space (i.e. lower/mid-level floors) within many higher quality office buildings has remained relatively modest, yet many landlords have been holding out for increasingly higher rates given the presence of a larger than historic group of investors in the Miami market which have long term investment horizons.

- **In light of the Miami DDA's recent fluctuation in net absorption, Downtown will still enjoy sustained net absorption of approximately 20 to 25 percent of total Miami-Dade County absorption as new buildings are introduced, retail/entertainment/cultural options are enhanced, and if transit options improve as planned.**

Miami DDA's total net absorption of office space reached nearly 1.2 million square feet during the past 5 years or, average annual absorption of approximatley 245,000 square feet. This was heavily influenced by very strong absorption in 2012 and 2013, which saw average annual net absorption pushing north of 400,000 square feet following the delivery of buildings such as 1450 Brickell and Wells Fargo Center. This level of activity had Downtown's proportionate share of the County's total net absorption reaching nearly 30 percent, well above historical levels of generaly 17 to 20 percent.

In 2016, Miami DDA's total net absorption actually declined to slightly less than 70,000 square feet, which was 12 percent of the County's total. In spite of the slower pace during that four-quarter period, the Miami DDA office market has once again accelerated with net absorption of 209,000 square feet of space during the twelve months (Q3 2016 - Q2 2017) or 16% percent of the County's total net absorption. Indeed, the lack of premium space has impacted the pace of absorption.

PRINCIPAL FINDINGS FROM OUR CURRENT ASSESSMENT

- **While leasing activity during the past four to six months has been quite strong, vacancy rates in the Miami DDA office market overall are 15.4 percent; due in part to the delivery of new space.**

The vacancy rate for Class A space in Brickell is 10.6 percent, which is the lowest it has been in nearly 10 years. However, Class A space in the CBD has climbed above 20 percent, though in part the result of the relocation of Akerman (120,000+ square feet) from the CBD to Brickell City Center. The vacancy of Class B space in both Brickell and the CBD remains near 20 percent, while combined vacancy in the very small Class C category is around 10 percent. As has been the case in the past, a few buildings play an outsized role in driving the overall vacancy rate, most major newer buildings have vacancies above the 10 percent range.

- **There continues to be a sizable gap in rent of 33 percent between Class A and Class B buildings in the market. This gap will not continue to exist during the next few years with the delivery of new office space.**

Accordingly, considering the level of excess Class B office space currently on the market, competitive pricing in this class of product will likely be required during the near terms in order to absorb vacant space. We believe however there will be reasonable time for the market to absorb the new development before any new substantial amount of office space is delivered, which in turn will create upward pressure on pricing in the overall market.

- **The Professional Services and FIRE (Finance, Insurance and Real Estate) sectors jointly still represent nearly two-thirds of the office employment in the Miami DDA Office Area.**

However, the area continues to position itself to be a major hub for technology and workspace innovation, not only in Miami-Dade County but throughout the southeast US and Latin America. As the Downtown's residential market continues to grow, with the addition of several thousand housing units anticipated during two to three years alone, there will also likely be increased demand for medical office space.

PRINCIPAL FINDINGS FROM OUR CURRENT ASSESSMENT

Shared workspaces, also referred to as co-working, continues its prolific growth. During the past 18 months, this segment has grown to a point where it is becoming its own asset class.

The greater Miami metro area has a higher proportion of small companies compared to many other major markets in the United States and the co- and/or shared-working space has capitalized on this business characteristic. However, based upon our recent discussions with industry representatives, there are a few key trends that are beginning to emerge, namely: a.) the demand for co-working space has moderated and the Downtown market is beginning to see an oversupply of space; b.) several traditional office buildings are creating their own brand of co-working space, but not to the standard/service of more established operations (essentially, creating greater variability in quality of co-working space) and, c.) the level of anticipated turnover in co-working space resulting from business expansion is occurring at a notably slower pace than what was anticipated in the past. While we believe that the co-working/ shared space market will continue to have a significant presence within the Downtown office market, it is not entirely clear that there is a broad change underway that will shift the nature of the office workplan. Rather, co-working space has identified a segment of the market that was largely underserved for decades.

The Downtown Miami office brokers are cautiously optimistic on the submarket's future.

On the bright side, there is certainly consensus that Downtown Miami continues to evolve as a major, vibrant urban district that has national and international appeal supported by burgeoning retail, entertainment, cultural venues and a well-established Downtown, luxury for-sale and rental housing market. Furthermore, the advent of MiamiCentral Station is anticipated to have a profound effect on the Downtown market; particularly, for the CBD. That said, there are growing concerns that access to Downtown continues to worsen without major transportation improvement - to a level that has many corporate executives seeking alternative submarkets that more easily serve their employee base.

In all, we estimate that the Miami DDA Office Area should be in a position to support the new office space being delivered to the market within the next several years.

We maintain that the trend to developing office buildings of under 200,000 square feet and introducing them every two to three years is a healthy evolution for the Downtown market as it allows for the introduction of office space at a pace which the market can tolerate based upon trends in historic and projected employment.

HOW MIAMI DDA COMPARES TODAY

In the effort to place the Miami DDA office market in context with other major submarakets in South Florida, we completed a summary profile of five select submarkets including: Coral Gables, Doral/Medley, Airport West, Aventura and Downtown Fort Lauderdale. Our summary analysis includes a snapshot of the current statistics (Q2 2017) and compares it against conditions at the time of the original study (as of Q4 2013).

Miami DDA office market is considerably larger than the other regional submarkets. Overall, Miami DDA's office rental rates are the second highest in the area right below Aventura - which is by far the smallest of the select submarkets. However rental rates for premium office space (Class A) in the Miami DDA are among the highest of the submarkets with Aventura having only slightly higher rates. For Class B office space, Miami DDA is comparable to both Coral Gables' and Downtown Fort Lauderdale's office markets.

In terms of occupancy, the Miami DDA market has a notably lower overall occupancy rate among the submarkets. However, its proportionate share of net aborsption during the past year (Q2 2016 - Q2 2017) has been very strong in comparison to these other submarkets.

FIGURE 2: COMPARISON OF SUBMARKETS AS OF SECOND QUARTER 2017

Average Rental Rate Includes All Classes of Space

\	Miami DDA	Coral Gables	Doral/Medley	Airport West	Aventura	Downtown Fort Lauderdale
Total Inventory (RBA)	18.3M	11.0M	8.2M	6.0M	1.9M	9.1M
Class A Rates	$46.05	$41.54	$32.13	$34.00	$46.19	$37.82
Class B Rates	$30.76	$35.18	$25.71	$26.99	$36.98	$34.20
Average Rental Rate	$39.48	$38.57	$28.07	$30.33	$41.90	$38.10
Occupancy	84.6%	91.7%	89.4%	94.1%	92.9%	89.7%
Trailing Four Quarters Absorption: (Q3 2016 – Q2 2017)	209,000	+37,034	-31,629	+116,814	-39,142	-74,075

Source: CoStar Property Analytics History *

*Note: The inventory above is based upon CoStar reporting currently on the inventory at that time. Costar office inventory within a particular submarket is based upon its survey of existing office buildings. However it is observed that their quarterly survey may fluctuate as some buildings may be input or taken out at any given time.

HOW MIAMI DDA COMPARED AT TIME OF ORIGINAL STUDY

In Q4 2013, when the original study was released, conditions were similar to today. Miami DDA had the second highest rental rates only slightly behind Aventura. Rates for Class A were also only modestly lower than Aventura.

As is the case now, Miami DDA occupancy was the lowest among the comparable set. However, net absorption for all of 2013 was exceedingly strong for Miami DDA in comparison to other markets. Downtown Fort Lauderdale was also experiencing a strong net absorption at that time.

FIGURE 3: COMPARISON OF SUBMARKETS AS OF FOURTH QUARTER 2013
Average Rental Rate Includes All Classes of Space

	Miami DDA	Coral Gables	Doral/Medley	Airport West	Aventura	Downtown Fort Lauderdale
Total Inventory (RBA)	18.0M	11.0M	8.1M	6M	1.9M	9.2M
Class A Rates	$40.14	$36.54	$28.01	$28.49	$40.42	$32.03
Class B Rates	$25.39	$28.63	$22.66	$21.31	$33.96	$23.10
Average Rental Rate	$35.02	$33.40	$24.21	$24.75	$38.55	$29.00
Occupancy	81.5%	87.2%	84.0%	87.7%	88.8%	86.6%
Trailing Four Quarters Absorption: (2013 Q1 - Q4)	+323,600	+184,100	-50,000	+102,000	+51,200	+293,000

Source: CoStar Property Analytics History *

*Note: The inventory above is based upon CoStar reporting currently on the inventory at that time. Costar office inventory within a particular submarket is based upon its survey of existing office buildings. However it is observed that their quarterly survey may fluctuate as some buildings may be input or taken out at any given time.

GROWTH IN SUBMARKETS SINCE THE ORIGINAL STUDY

Between 2014 and today, Miami DDA has seen a slight growth in inventory and occupancy and significant growth in rental rates. The area has added approximately 267,000 square feet of office inventory which is the highest addition of office inventory in the select submarkets in that time period, followed closely by Doral/Medley.

While Miami DDA's overall average rental rate growth was on the lower end of the scale among the competitive set, growth in its Class A sector was among the highest. Occupancy growth in the Miami DDA has not been quite as strong as other submarkets. However in terms of net absorption, in the past 3 years Miami DDA had among the strongest absorption.

FIGURE 4: DIFFERENCE BETWEEN Q1 2014 AND Q2 2017

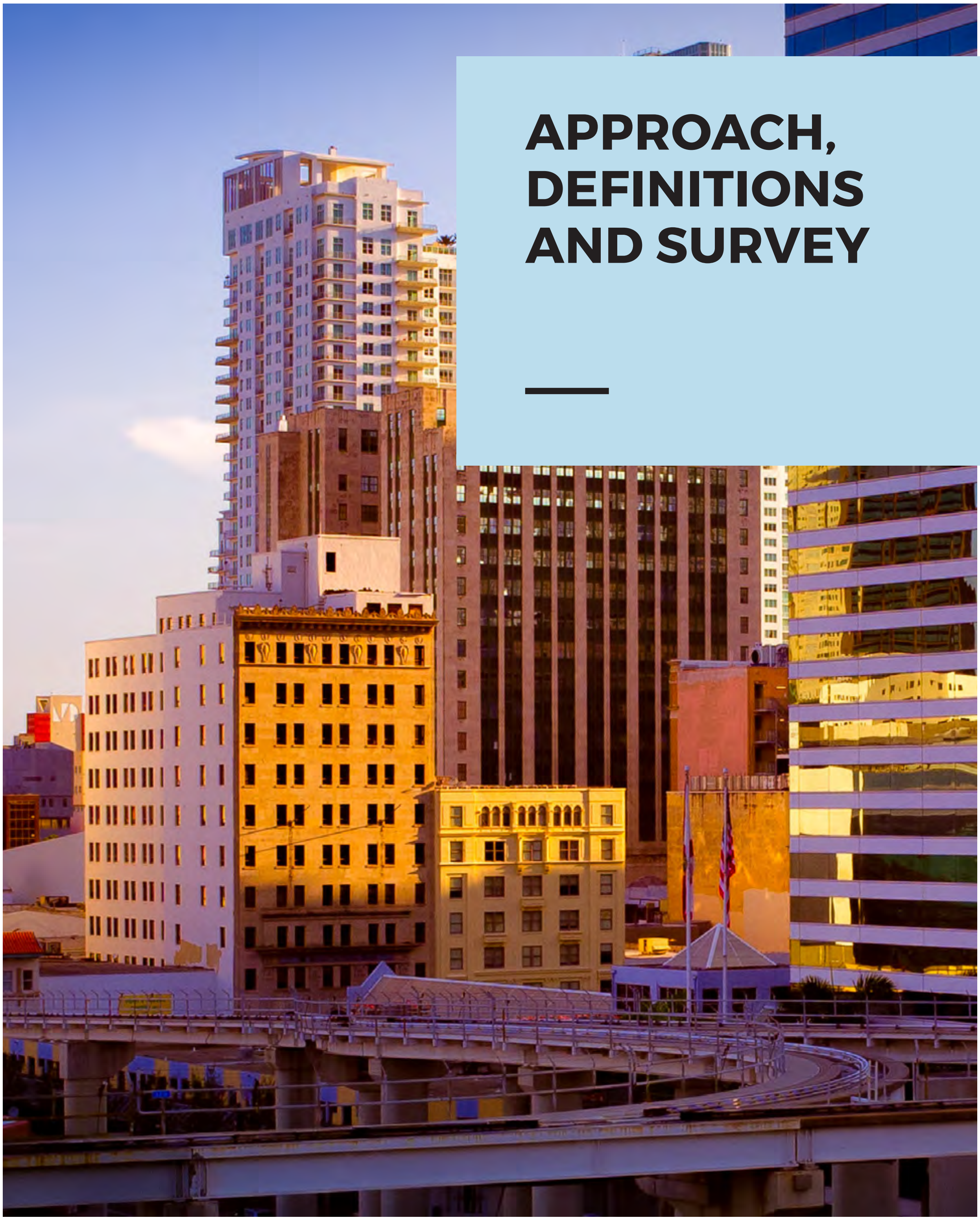
Average Rental Rate Includes All Classes of Space

	Miami DDA	Coral Gables	Doral/Medley	Airport West	Aventura	Downtown Fort Lauderdale
Delivered Inventory Q1 2014 to Q2 2017 (see note)	267,000	11,500	197,000	0	41,400	56,000
Class A Rates	14.7%	13.7%	14.2%	19.3%	14.3%	18.1%
Class B Rates	21.6%	22.9%	13.5%	26.7%	9.1%	48.0%
Average Rental Rate	12.7%	15.5%	14.9%	22.5%	8.7%	31.4%
Occupancy	3.1%	4.5%	5.4%	6.4%	4.1%	3.1%
Net Absorption from Q1 2014 to Q2 2017	+675,074	+473,202	+479,367	+383,153	+181,984	+152,895

Source: CoStar Property Analytics History *

*Note: The inventory above is based upon CoStar reporting currently on the inventory at that time. Costar office inventory within a particular submarket is based upon its survey of existing office buildings. However it is observed that their quarterly survey may fluctuate as some buildings may be input or taken out at any given time.

SECTION 02



APPROACH, DEFINITIONS AND SURVEY

SUMMARY OF APPROACH, DEFINITIONS AND SURVEY

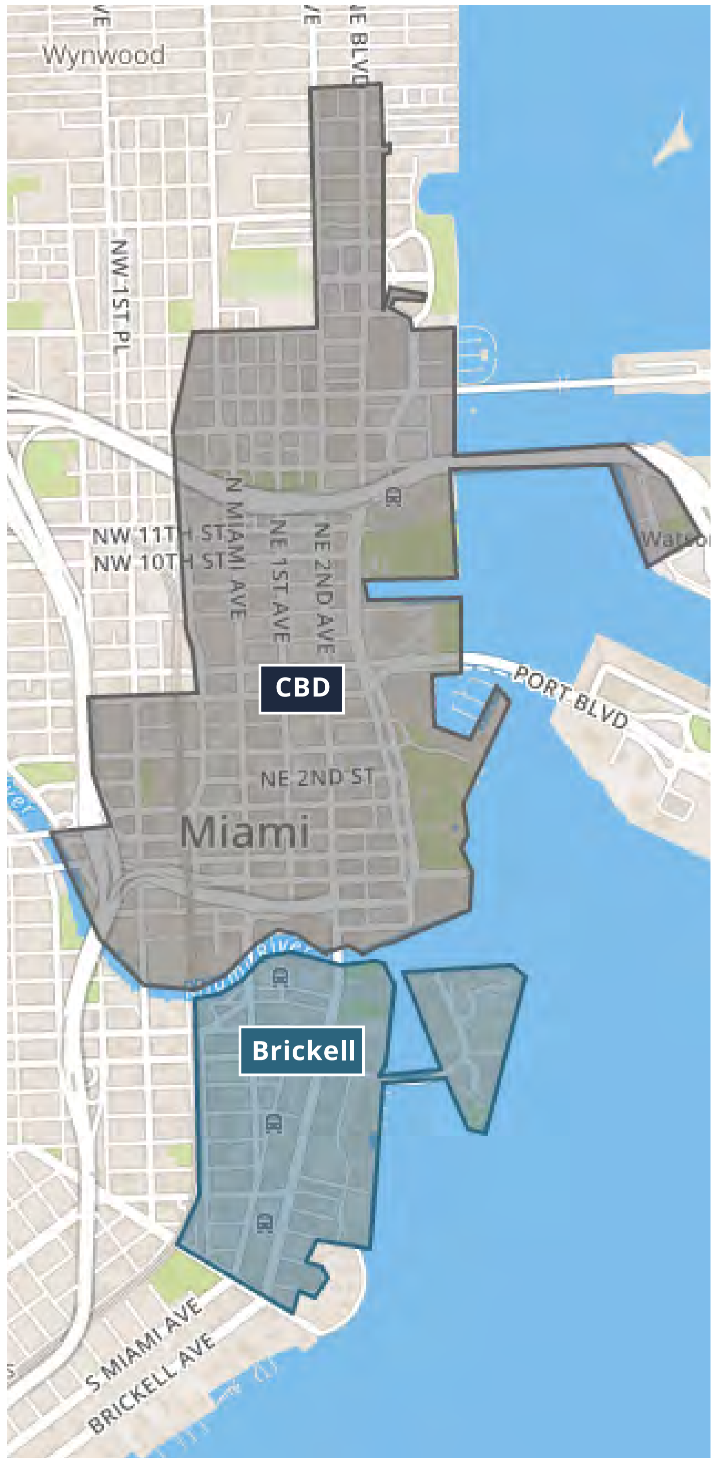
Downtown Miami is the largest and most prominent office submarket within Miami-Dade County. As the basis for evaluating office metrics for the Miami DDA office market (referred to herein as the Miami DDA Office Area), we examined economic and office market trends for two primary geographic areas: Miami-Dade County and Miami DDA Office Area.

The first step to our process was to identify the Miami DDA Office Area and, specifically, to clarify the boundaries of the office market. The Miami DDA Office Area is commonly referred to by industry representatives as Miami's Downtown office market, comprised of two reasonably distinct submarkets: CBD and Brickell. However, among the various industry resources that provide statistical data for the Downtown office market, the Downtown boundaries vary and, notably, no industry resource establishes boundaries that strictly adhere to the boundaries of the Miami DDA district (discussed in more detail below). For this study, office buildings within the Miami DDA boundaries provide the sole basis for the office analysis herein, which is approximately 1.7 square miles within the City of Miami and includes much of the CBD and the majority of the Brickell Office stock.

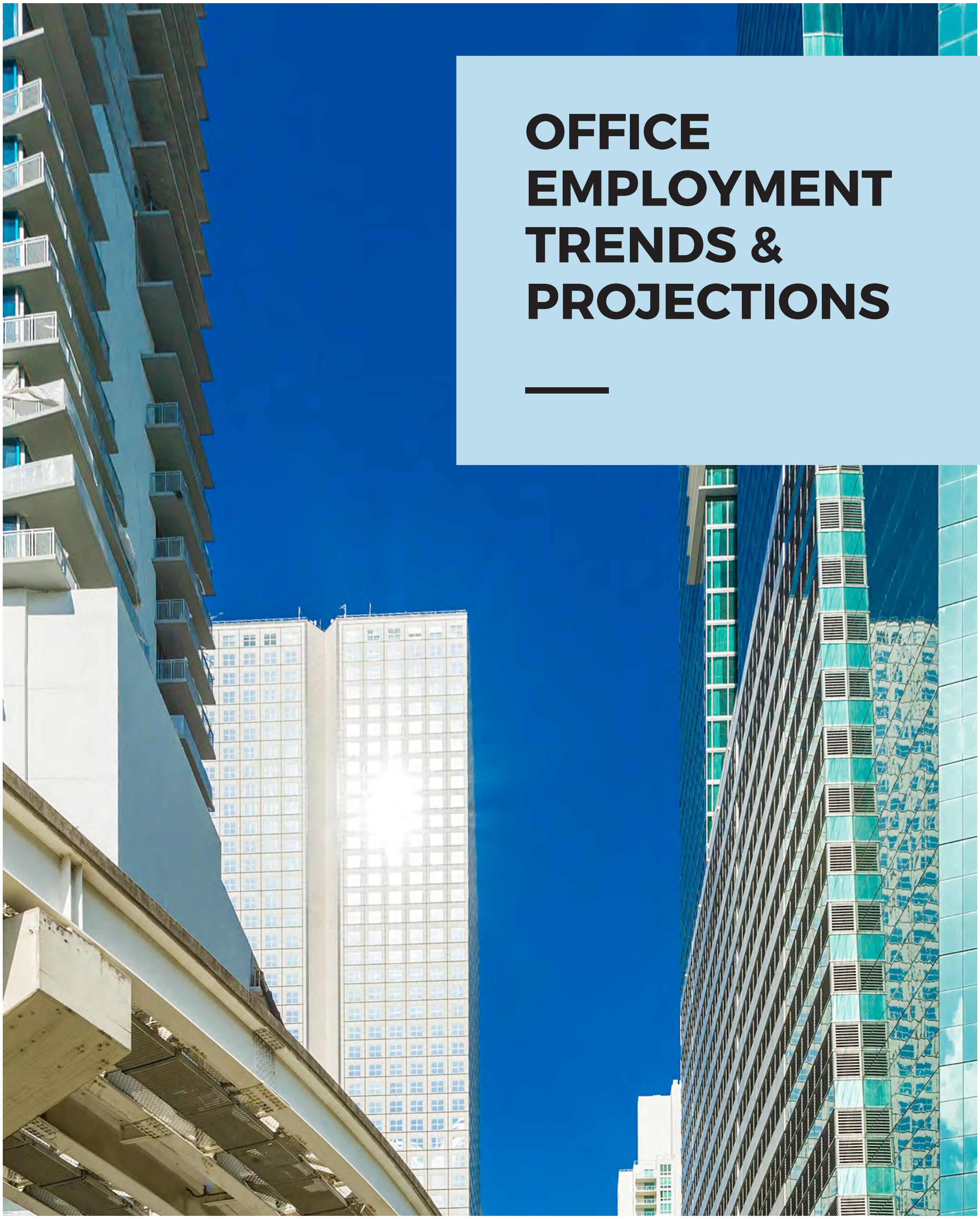
Miami's Downtown office market has two distinct submarkets – CBD and Brickell. For this analysis, we keep the distinction of the two submarkets and consider that the land south of the Miami River, including Brickell Key, is referred to herein as 'Brickell' and the area north of the Miami River, including the southwest corner of Watson Island as the Central Business District (CBD).

The basis for analyzing the Miami DDA Office Area office market considers information gathered from five sources: CoStar; CB Richard Ellis (CBRE); JobsEQ, U.S. Census Bureau and Lambert Advisory's field research. Some of the information collected by each source may be overlapping. Unless otherwise stated, a combination of sources evaluated derives the data and statistics presented herein based on our fieldwork and broader knowledge of the market.

FIGURE 5: CBD AND BRICKELL OFFICE SUBMARKET BOUNDARY MAPS



SECTION 03



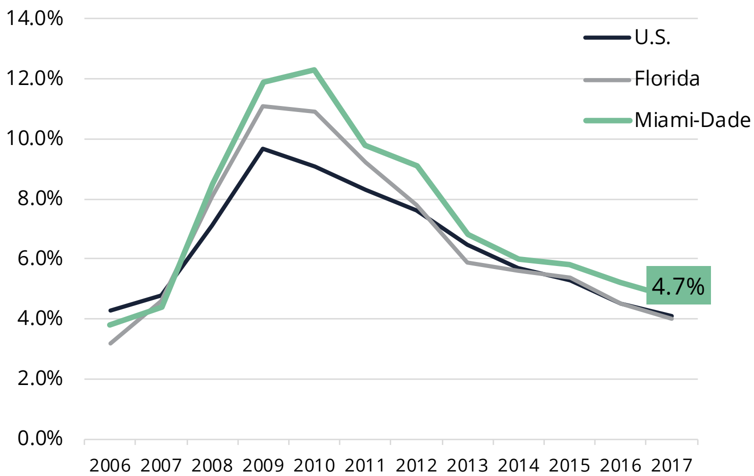
OFFICE EMPLOYMENT TRENDS & PROJECTIONS

MIAMI-DADE UNEMPLOYMENT

Employment in all sectors in Miami-Dade County has a notable impact on office demand. After the economic recession began in 2007/2008, the unemployment rate in the US and throughout Florida began trending upward. In 2009 it reached 9.7 percent in the U.S. and double digit levels in the State and Miami-Dade County. The State's unemployment rate peaked in 2009 at 11.1 percent while unemployment. Miami-Dade County peaked at nearly 14 percent by mid 2010.

Unemployment in Miami-Dade has since declined steadily. As of May 2017, unemployment currently sits at 4.1 percent nationwide, 4.0 percent throughout the State of Florida, and 4.7 percent in Miami-Dade County, the lowest unemployment has been in Miami-Dade County since 2006, when it stood at 3.8 percent.

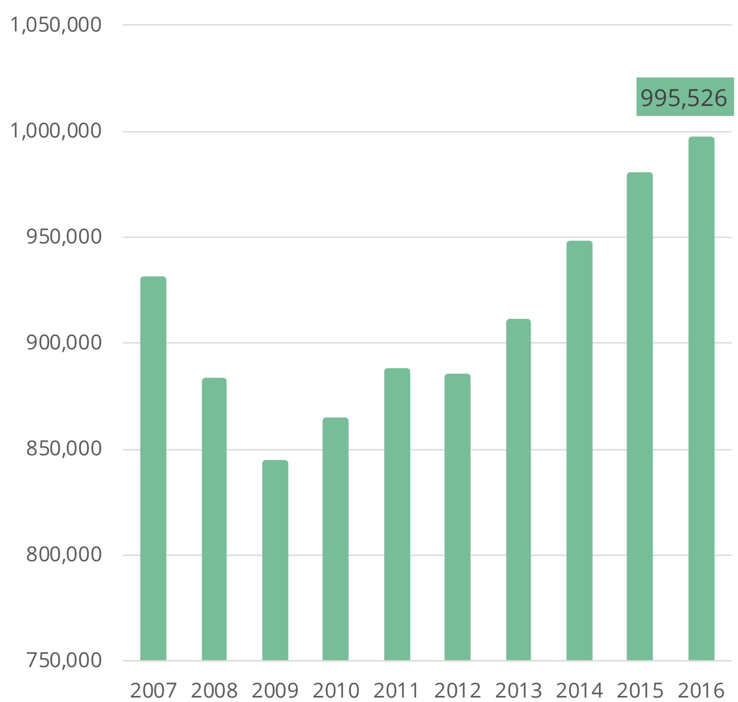
FIGURE 6: UNEMPLOYMENT RATE 2006 - 2017:
Miami-Dade Office Demand Supported by Decline in Unemployment Consistent with State and Nation



Source: Florida Department of Economic Opportunity; Lambert Advisory

MIAMI-DADE PRIVATE EMPLOYMENT

FIGURE 7: TOTAL PRIVATE EMPLOYMENT 2006 - 2016:
Since Recession Miami-Dade County Employment Has Steadily Grown



Source: Florida Department of Economic Opportunity; Lambert Advisory

Since 2007, the total private sector employment base in Miami-Dade County grew by approximately 0.8 percent per year on average. Private employment increased from 883,800 in 2012 to 995,500 in 2016, a 3.0 percent average annual growth. This growth in employment was subsequent to the deep recession earlier in the decade and coincides with the decline the County has experienced in unemployment over the same period. According to the Florida Department of Economic Opportunity (FDEO), as of December 2016, Miami-Dade County's total non-agricultural employment base was approximately 1.1 million, with private sector employment accounting for more than 88 percent of the total.

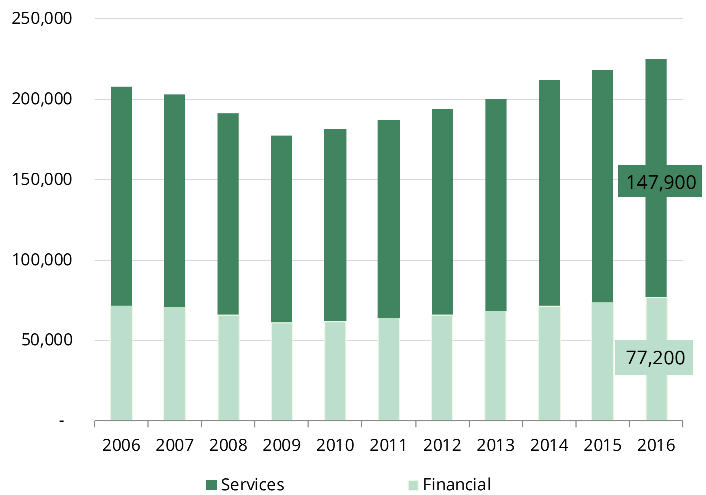
The Professional and Technical Services, Management of Companies & Enterprises, Finance and Insurance, Real Estate (FIRE), and Information Services, the principal sectors which drive office employment, collectively, represent approximately 18 percent of total private employment in Miami-Dade County and grew a rate similar to overall employment growth at a 2.8 percent annual pace between 2012 and 2016.

MIAMI-DADE OFFICE EMPLOYMENT GROWTH TRENDS

The vast majority of office employment falls under two primary employment classifications: Financial Activities and Professional Services. Starting in 2010, office employment in the County has made slow but steady gains following the recession. From 2010 to 2016, the County added an estimated 43,600 office jobs (or an average 7,300 jobs per year), and office employment is now in excess of the pre-recession peak of 2005 with nearly 225,100 jobs.

For our estimate of current and future demand for office space, we utilize the office employment historical trends and projections based upon data provided by the Florida Department of Economic Opportunity (FDEO), CBRE/EA and U.S. Center of Economic Studies. Further information on these data sources is provided in Attachment A.

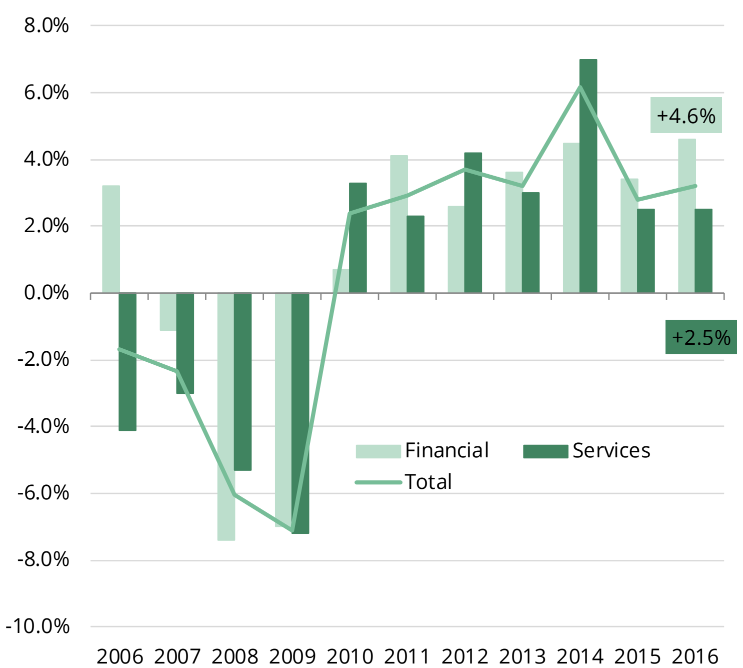
FIGURE 8: EMPLOYMENT GROWTH TRENDS 2006 - 2016:
Miami-Dade is Currently Above Pre-Recession Employment



Source: CBRE/EA, FL Dept. of Economic Opportunity, Lambert Advisory

MIAMI-DADE OFFICE EMPLOYMENT BY SUBSECTOR

FIGURE 9: OFFICE EMPLOYMENT PERCENT CHANGE 2006 - 2016:
Both Financial & Services Sector are Employing More Workers than they did Pre-recession

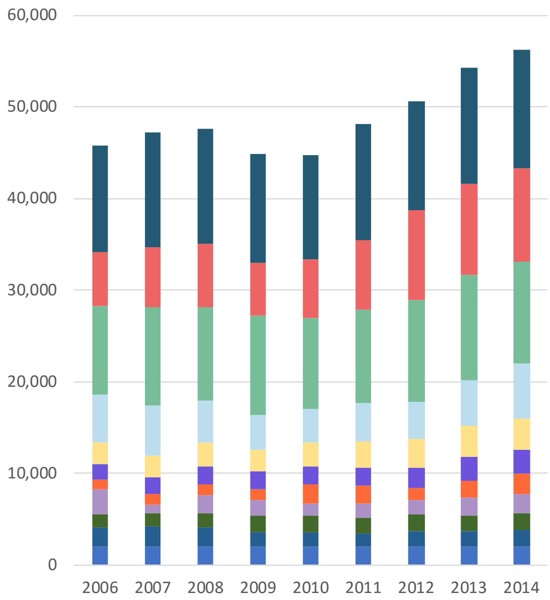


Source: Florida Department of Economic Opportunity; Lambert Advisory

The trend in Miami-Dade County's office employment has generally followed total employment. Broken down by sector, the gains and losses have been slightly more variable for office employment within the Service sector as compared to the Financial sector. Both sectors began declining at the start of the recession eventually declining by 7% in 2009 alone. Beginning in 2010, office employment started to rebound with steady gains after 2010. Currently both sectors employ more workers than they did pre-recession. By the end of 2016, Financial sector employment reached 77,200 and Service sector employment reached 147,900.

MIAMI DDA OFFICE EMPLOYMENT BY INDUSTRY

FIGURE 10: MIAMI DDA OFFICE EMPLOYMENT BY INDUSTRY 2006 - 2014



Source: U.S. Census Center for Economic Studies; Lambert Advisory

TOP 10 INDUSTRIES IN MIAMI DDA

- Professional, Scientific, and Technical Services
- Accommodation and Food Services
- Finance and Real Estate
- Administration & Support, Waste Management and Remediation
- Retail Trade
- Other Services (excluding Public Administration)
- Health Care and Social Assistance
- Information
- Arts, Entertainment, and Recreation
- Wholesale Trade

According to U.S. Census Bureau's Center for Economic Studies (CES) data, in 2014 (the most recent year available) there were a approximately 59,000 private sector jobs in the Miami DDA, a 2.4 percent average annual increase over 2007. Comparatively, county employment grew by only 0.8 percent annually over the same period.

Professional, Scientific, and Technical Services is the largest sector in Miami DDA with 13,000 jobs (21.8 percent of total employment), followed by Accommodations and Food Services (10,300, or 17.4 percent of total) and Finance, Insurance & Real Estate (9,400 jobs or 15.8 percent of total). Among the key office using sectors (Professional, Scientific, and Technical Services, FIRE, Management, and Information) Miami DDA's employment grew by average annual 1.3% between 2007 and 2014; a rate more than double the rate of growth in these sectors countywide (0.6 percent). During this period, Miami DDA's strongest employment growth came from Accommodations & Food Service (6.5 percent average annually) and Education / Health Services (8.9 percent average annually).

Considering that the most up to date information for CES is only through 2014, and office absorption has continued at a strong pace we are confident that when more up to date is available MDDA's office employment will reflect continued growth between 2014 and today.

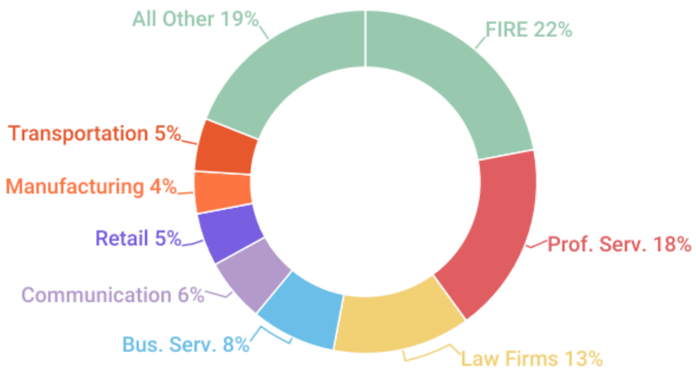
MIAMI-DADE OFFICE EMPLOYMENT BY INDUSTRY SUBCATEGORIES

Costar provides more granular insight to the types of businesses occupying office space in County. Professional Services are broken down into sub categories of Law and Business Services, which is a useful tool for measuring office employment characteristics over time.

Most notably, the Miami DDA has a higher percentage of Law Firms, Financial and Communications jobs than the County. The area also has a significantly small proportion of Professional Services jobs than the County.

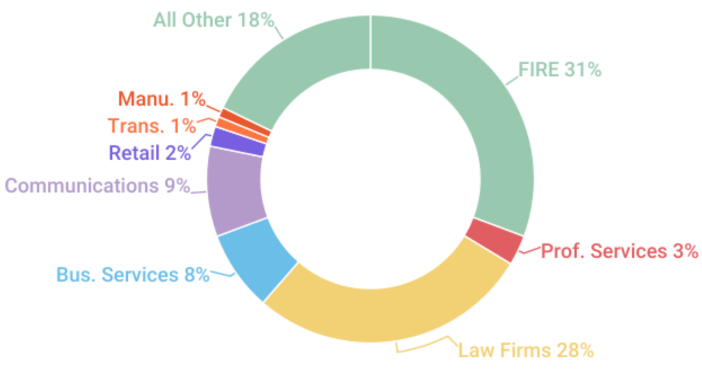
Professional Services, which excludes law firms for the purposes of Costar's categories, includes accountants, computers/data processing, engineers and architects The industries under "All Other" includes agriculture, mining, utilities, government, medical, and personal services.

FIGURE 11: MIAMI-DADE INDUSTRY BREAKDOWN (2017)
Miami-Dade Office Employment has Higher Percentage of Professional Service Jobs (Accountants, Architects, Engineers, etc.)



Source: CoStar Industry Demographics Report, Lambert Advisory

FIGURE 12: MIAMI DDA INDUSTRY BREAKDOWN (2017)
Miami DDA Office Employment has Higher Percentage of Jobs in Finance, Insurance, Real Estate and Law



Source: CoStar Industry Demographics Report, Lambert Advisory

MIAMI-DADE OFFICE EMPLOYMENT PROJECTIONS

Using hedonic time series regression modeling, CBRE/EA forecasts office employment at the County level. Based upon forecasted employment trends by CBRE/EA, private office employment for Miami-Dade County is projected to grow by 12,700 new jobs from 2017 to 2022, equal to 2,117 new jobs on average annually; or, a 0.9 percent compound average annual growth rate. Job growth is expected to slow in 2019 and 2020 but then quickly recover in 2021 and 2022.

Both Professional Services and Financial employment are expected to grow at 0.8 percent annually over the next 5 years.

FIGURE 13: MIAMI-DADE PROJECTIONS (2017 - 2022)
The County is Projected to Add 2,117 New Jobs Per Year (12,700 Jobs Total) from 2007 - 2022

Year	Financial	Services	Total	Average Annual Change	Average Annual Growth %
2007	71,200	132,000	203,200	-4,900	-2.4%
2008	65,900	125,000	190,900	-12,300	-6.1%
2009	61,300	116,000	177,300	-13,600	-7.1%
2010	61,700	119,800	181,500	4,200	2.4%
2011	64,200	122,600	186,800	5,300	2.9%
2012	65,900	127,800	193,700	6,900	3.7%
2013	68,300	131,600	199,900	6,200	3.2%
2014	71,400	140,800	212,200	12,300	6.2%
2015	73,800	144,300	218,100	5,900	2.8%
2016	77,200	147,900	225,100	7,000	3.2%
2017	78,200	150,800	229,000	3,900	1.7%
2018	78,800	153,300	232,100	3,100	1.4%
2019	78,600	153,500	232,100	0	0.0%
2020	78,800	153,600	232,400	300	0.1%
2021	79,800	155,000	234,800	2,400	1.0%
2022	81,200	156,600	237,800	3,000	1.3%

Source: CBRE/EA, FL Dept. of Economic Opportunity, Lambert Advisory

SECTION 04

OFFICE SUPPLY TRENDS

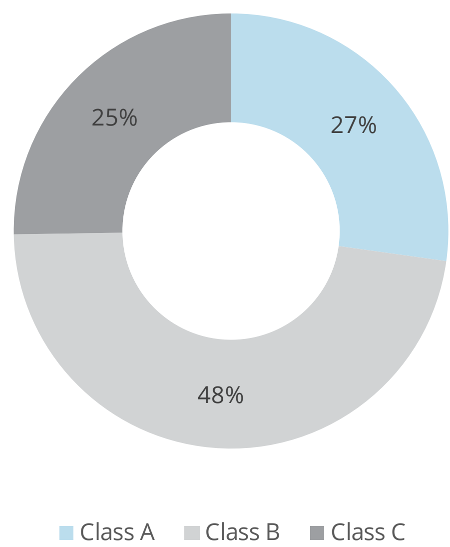
MIAMI-DADE OFFICE SUPPLY OVERVIEW

By the end of the second quarter of 2017, the inventory of office space in Miami-Dade was approximately 101 million square feet within 4,331 private and public buildings.

Private sector buildings are broken into classifications. The definition of building class can in certain circumstances be arbitrary. Traditionally, the classification of office space considers a combination of factors, including rent, building finishes, system standards and efficiency, building amenities, location/ accessibility, and market perception. For Class B and Class C space, the distinction becomes less defined. Nonetheless, our profile of some of the more notable Class B and C buildings is generally consistent with the sourced classification.

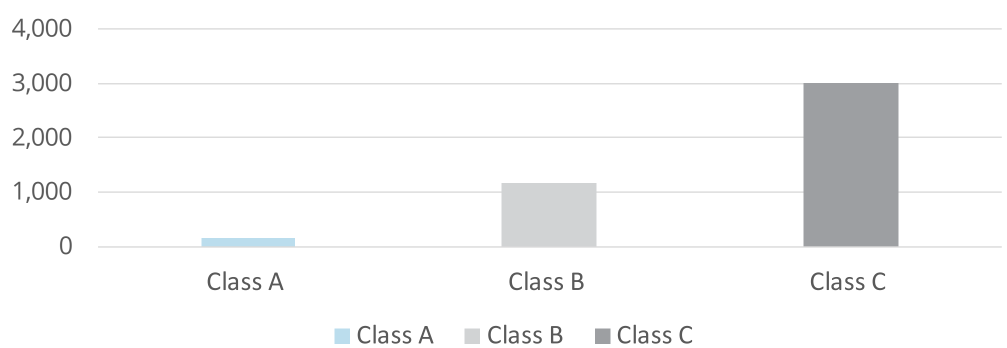
The Class-A private office buildings consisted of 27.7 million square feet in 157 properties (27 percent of total and an average of 176,400 square feet per building. There were 1,169 Class-B buildings totaling 48.4 million square feet (48 percent of total; an average of 41,400 square feet per building), and the Class-C sector consisted of 25.7 million square feet in 3,007 buildings (25 percent of total, an average of 8,500 square feet per building). There were 154 owner-occupied buildings accounting for 5.9 million square feet of office space included within the 101 million square feet of total space.

FIGURE 14: BUILDING CLASS: SQUARE FOOTAGE PERCENTAGE OF COUNTY
Class B Office Space Makes Up the Highest Percentage of Office Space Square Footage in the County



Source: CoStar Property Analytics, Lambert Advisory

FIGURE 15: BUILDING CLASS: NUMBER OF BUILDINGS PERCENTAGE OF COUNTY
Class C Office Space Makes Up the Largest Number of Office Space Buildings in the County



Source: CoStar Property Analytics, Lambert Advisory

MIAMI-DADE DEVELOPMENT SUMMARY

From 1988 to 2016, the County delivered 33.8 million square feet of office space, or an average 1.21 million square feet per year. During the 1990's, the County's office supply increased by approximately 1.0 million square feet per year, while the following decade (2000 to 2009) had an increase in office supply of 1.70 million square feet on average. During the past ten years (2007 to 2017), the County's office market saw development of 11.5 million square feet, or an average 1.15 million square feet per year. The majority of the space over the past 10 years was delivered to the market prior to 2012 with only 1.6 million square feet built between 2012 and 2017, or an average 327,000 square feet per year.

According to CoStar, two buildings were delivered to the market in the first half of 2017 totaling 260,000 square feet, with 2.1 million square feet still under construction at the end of the second quarter. This relatively minimal delivery of space over the past 5 years combined with strong employment growth is the principal driver of the significant rate and occupancy growth throughout the market over the period.

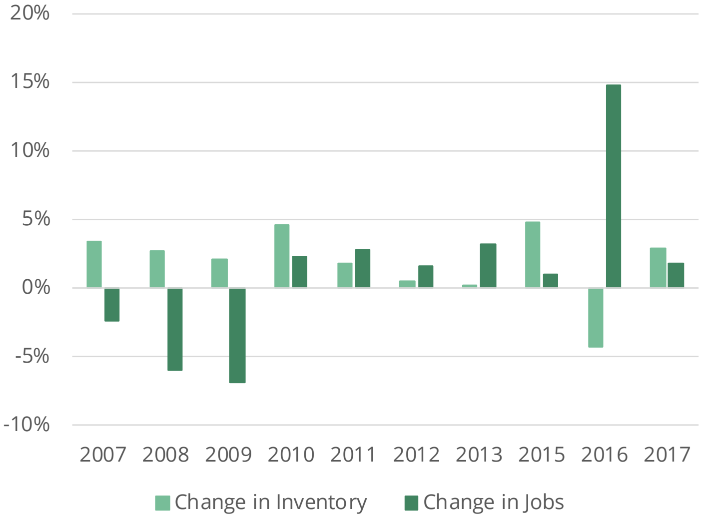
FIGURE 16: TOTAL OFFICE INVENTORY ADDED IN MIAMI-DADE (2000-2018)

Period	Square Feet Delivered
Since 2000 (Q3 2000 – Q2 2017)	21.5 M
Past 10 Years (Q3 2007 – Q2 2017)	11.5 M
Past 5 Years (Q3 2012 – Q2 2017)	1.6 M
Total Inventory to be Delivered 2017-2018	*2.1 M*

Source: CoStar Property Analytics & Mid-Year 2017 AdvisoryReport, Lambert Advisory

MIAMI-DADE OFFICE INVENTORY AND OFFICE JOBS

FIGURE 17: PERCENTAGE CHANGE OF OFFICE INVENTORY & JOBS (2007 - 2017)
County Office Jobs have Dramatically Changed Over Time While Inventory has Been More Constant



Source: CBRE/EA, FL Dept. of Economic Opportunity * Inventory from CBRE which does not include buildings less than 30,000 square feet or stand alone buildings. Lambert Advisory

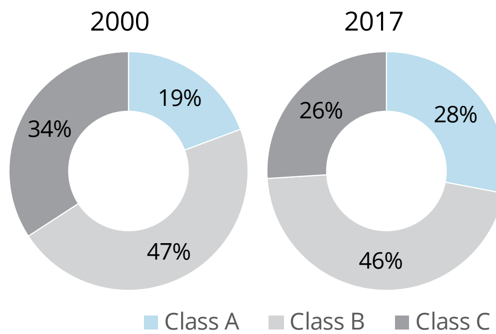
With the economic downturn beginning in 2007, the County's office employment fell dramatically, while the delivery of office space continued at a constant pace. This created a period of notable office market instability throughout most major submarkets within the County. However since 2015, job growth and office space have generally lined up and continue to become furthered aligned into 2017.

MIAMI-DADE OFFICE INVENTORY BY CLASS OF SPACE

Throughout the County, there has been a notable change in the quality and mix of space over the past 17 years in the market. The share of Class A Space in Miami-Dade increased considerably from 19 percent in 2000, to 28 percent in 2017. The increase can be attributed to the addition of new inventory but also because of conversion or demolition of older Class B and C buildings to make way for uses and structures which provided higher returns-on-investment to owners.

FIGURE 18: BUILDING CLASS INVENTORY: PERCENTAGE OF COUNTY (2000 - 2017)

Class A has Increased Considerably since 2000



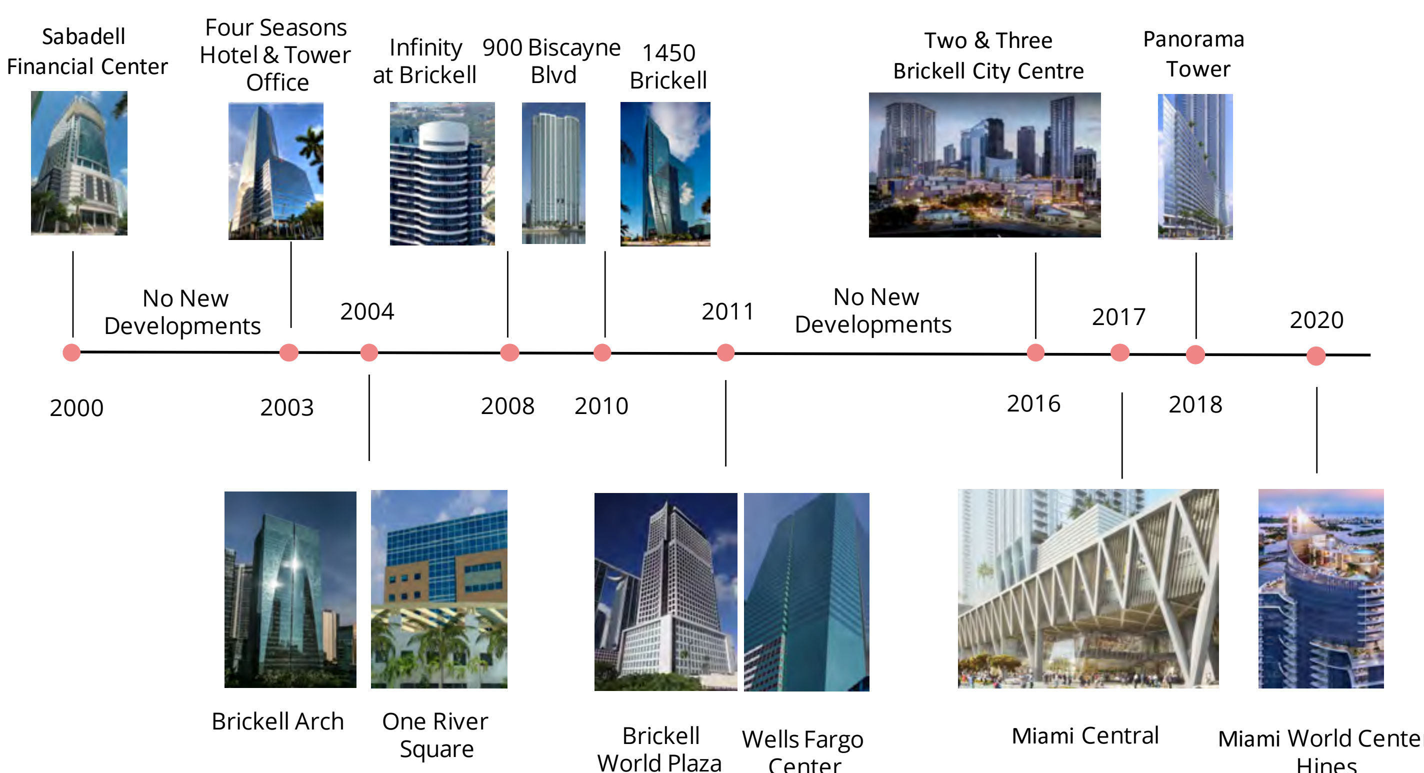
Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA NEW OFFICE DEVELOPMENT

Between 2011 and 2015 there was no new office space delivered in the Miami DDA. 2016 saw the first new office completions in Miami DDA area since 2011, including approximately 290,000 sq.ft. almost entirely within the Brickell City Center project.

Approximately 460,000 sq.ft. of office space is planned to be delivered in 2017/18 nearly 70 percent of which is part of the Miami Central Station development. The breakdown includes: 195,000 sq ft in 2 Miami Central which is set for delivery by 4th quarter 2017 and 123,000 sq ft. in 3 Miami Central of space to be delivered to the market by 2018.

FIGURE 19: MIAMI DDA OFFICE TIMELINE (2000 - 2020)



Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA NEW OFFICE DEVELOPMENT

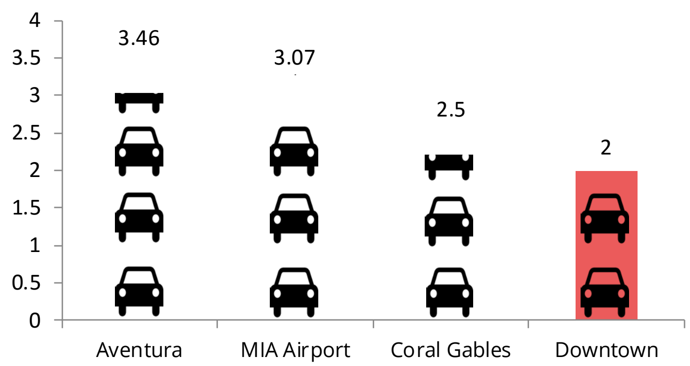
An additional 100,000 sq ft within the Panorama Tower (office component) in Brickell is set for delivery in 2018, with approximately half of this space reportedly proposed for medical use. Other office development includes smaller office developments within residential mixed use buildings in the area. Among the largest new-to-market tenants are Florida East Coast Industries (FECI), and Cisneros Group to be located within Miami Central Station buildings. Hines has also announced new plans to build a mixed use tower as part of the Miami World Center development with a total 600,000 square feet of space to be delivered in 2020.

The Miami DDA Office Area currently comprises 18.3 million square feet of office space: 10.5 million square feet in the CBD and 7.8 million in Brickell.
Since 1988, there was a total 3.7 million square feet of office space delivered to the Miami DDA Office Area (or 138,000 square feet average annually). There was virtually no new office space delivered during the 1990s in the DDA, although the County added an average 1.0 million square feet per year during the 90's outside of Downtown.

The reason for the strong demand outside of downtown could be attributed to the flood of housing and commercial development that occurred in surrounding Miami-Dade County submarkets such as Aventura, Doral, and Kendall, which at the time still had significant amounts of vacant land for large scale development and the capacity to provide substantial amount of low cost parking which historically had been one of the key factors in office location decisions.

PARKING RATIOS HISTORICALLY IMPACTED DOWNTOWN TO A GREATER DEGREE THAN TODAY AND IN FUTURE

FIGURE 20: PARKING AVAILABILITY BY NUMBER OF SPACES PER 1,000 SF OF OFFICE SPACE
MIAMI DDA has Limited Parking in Comparison to Other Markets in the County



Source: Costar Property Analytics, Lambert Advisory

Parking availability, as measured by number of spaces per 1,000 square feet of office leasable area, vary greatly by submarket. As part of our office analysis we compared the parking ratios within the Miami DDA, Aventura, Miami Airport and Coral Gables submarkets. Downtown has the lowest parking allocation per 1,000 square feet among the submarkets. We believe this is partially attirbuted to the cost of land within the Miami DDA, making the cost of construction for parking particularly expensive on a per space basis.

PARKING MITIGATIONS

The parking factors that caused some development of office to move outside of Downtown in prior decades has been mitigated to some extent more recently by

1) Viable public transit options continuing to expand in Downtown

2) land availability in the suburban submarkets becoming increasingly scarce and suburban traffic in key office nodes becoming as challenged as Downtown; and

3) travel patterns among a new generation of workers who rely more heavily on transit, Uber/Lyft, and can now bike or walk to work given the increased housing stock in and near Downtown.

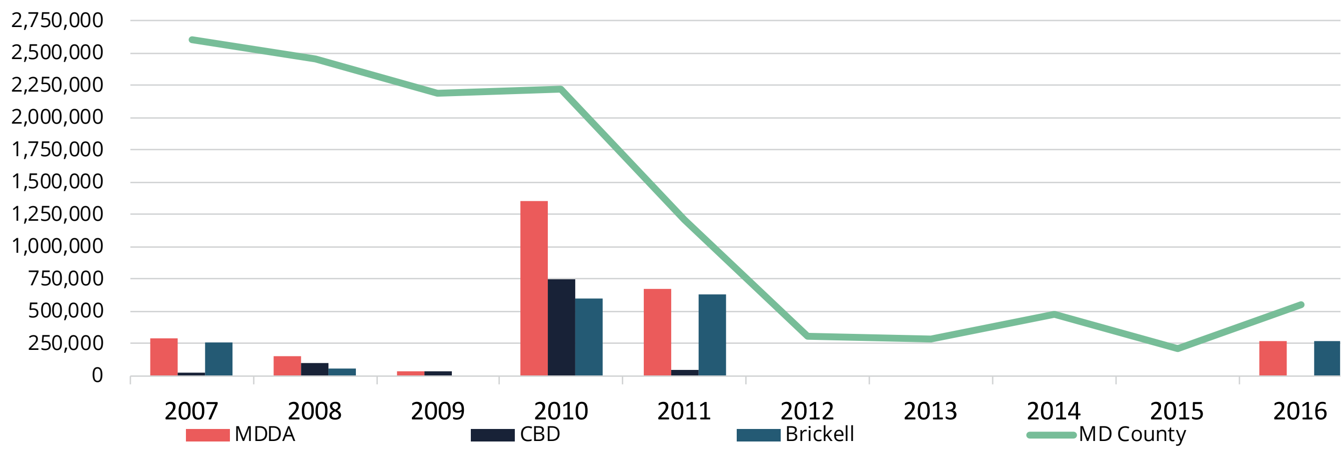
The biggest trend observed through our interviews was for developers to continue to build office product closer to transit in order to provide workers with commuting options.

This is not to say the short term parking constraints are not a factor in location decisions. The long term constraint of relatively low parking ratios in Downtown will continue to diminish in terms of relative importance year-over-year, particularly as autonomous vehicles start to dominate the automobile market. Today congestion Downtown and the lower than regional availability of parking per 1,000 square feet will continue to cause some potential office users that might otherwise locate with Miami DDA to look elsewhere in the near term.

MIAMI DDA OFFICE AREA DELIVERIES

By the early 2000's the Miami DDA Area office market experienced new growth and there were 586,000 square feet of new office space delivered, with an added 255,000 square feet in 2003 and 413,000 square feet delivered in 2004. Following a 5+ year pause, 1.34 million square feet of office space were delivered in 2010, a single year record. With an additional 632,000 square feet delivered in 2011, there were a total 1.97 million square feet of office space delivered to the Miami DDA Office Area during the two year period (2010 and 2011). The delivery of this large amount of space concurrent with a major recession naturally had a substantial impact on occupancy and rates in the Downtown. Only within the past year, has new space been delivered to the Downtown market with the significant development of 267,000 square feet of office space at Brickell City Center.

FIGURE 21: MIAMI DDA OFFICE DELIVERIES (2007 - 2016)
2016 Brought the First Office Deliveries in the Area since 2011



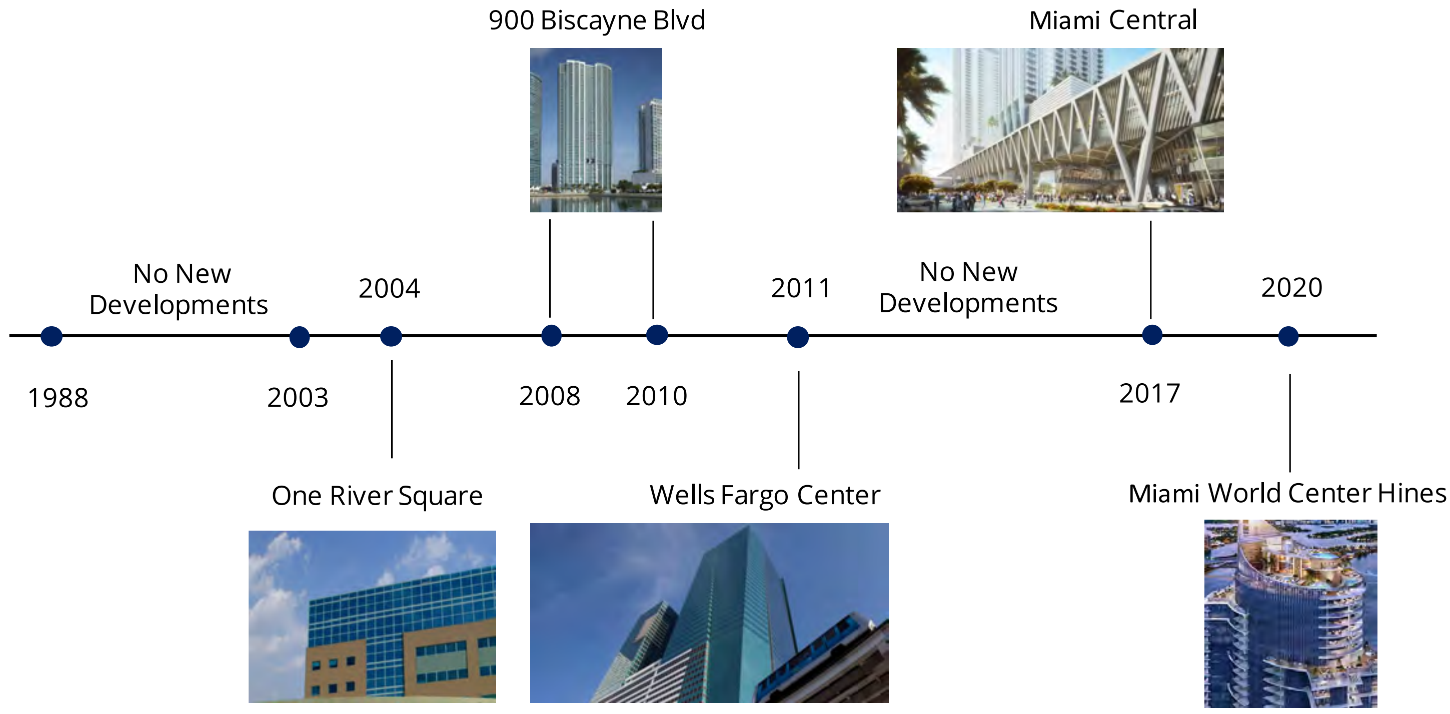
Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA OFFICE COMPLETIONS: CBD

The CBD has a larger share of office inventory in the Miami DDA Office Area, with 10.5 million square feet; or slightly less than 58 percent. For more than 15 years, from 1988 through 2003, there were no new office completions within in the CBD. Then, in 2004, One River Square (163,000 square feet) was opened, 95,000 square feet of office within 900 Biscayne Bay (a residential tower) was delivered between 2008 - 2010, and in 2010 the Wells Fargo Center (752,000 square feet) was available for occupancy.

As a result, since 2000 there has been 1.2 million square feet of office space delivered in the CBD. For the 10 year period from 2000 to 2009, the CBD delivered only 352,000 square feet (in 5 buildings). During the past 10 years (2007 - 2017) , the CBD had 960,000 square feet of new office space delivered, of which 752,000 square feet (or nearly 80 percent) is represented by one building, the Wells Fargo Center. Since 2011, there have been no new completions in the CBD. There are two new office buildings under construction within the CBD district represented by Miami Central Station. Miami World Center Hines is scheduled for 2020.

FIGURE 22: CBD OFFICE TIMELINE (1988 - 2020)



Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA OFFICE COMPLETIONS: BRICKELL & TOTAL

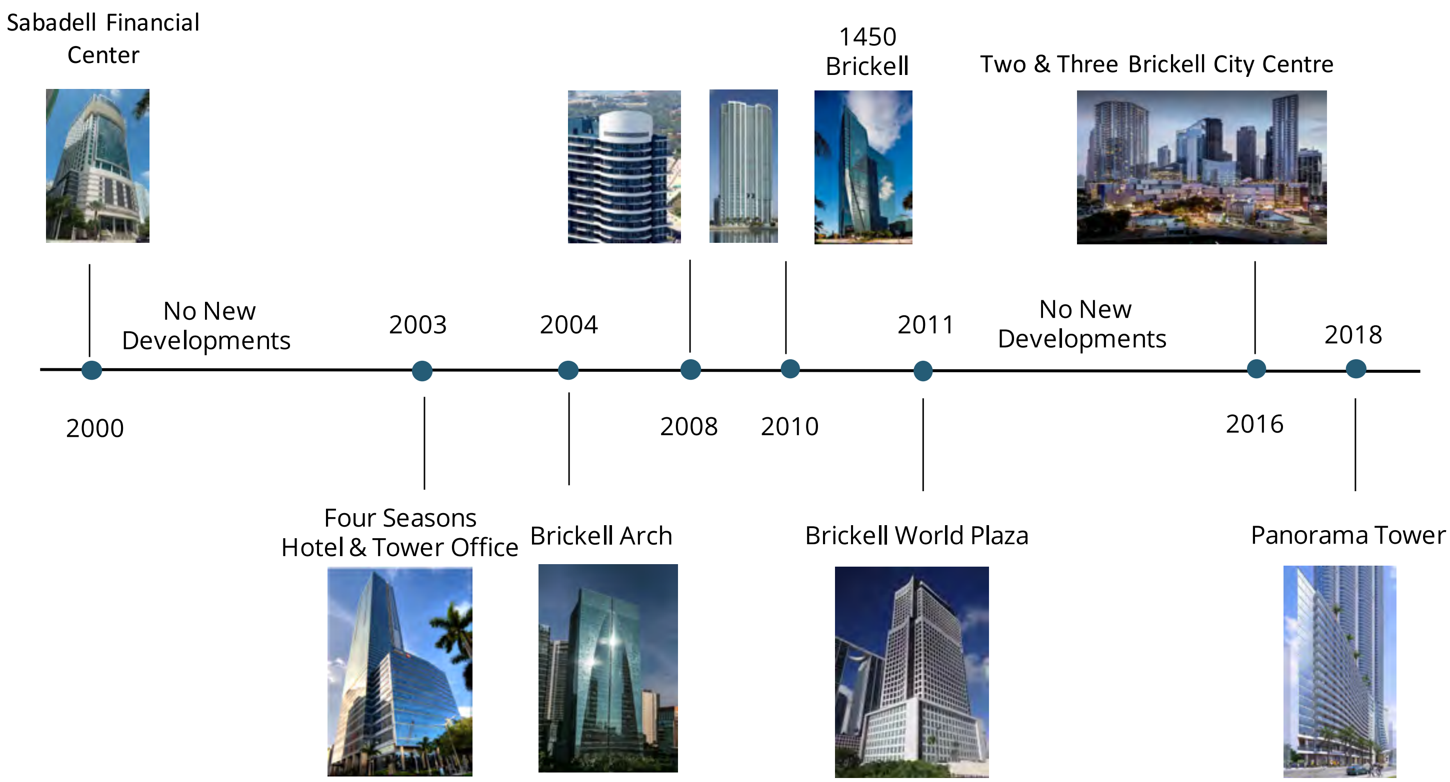
Brickell has experienced more than double the office construction activity during the past 28 years. Since 1988, Brickell has added more than 2.3 million square feet of office space, or an average of nearly 100,000 square feet per annum. Brickell essentially had no notable office development during the 1990's, followed by 1.1 million square feet delivered from 2000 to 2009 (110,000 square feet average per year) and 1.6 million square feet delivered over the past 10 years (approximately 155,000 square feet average per year). In 2016, the Miami DDA office market added its first new office space in nearly five years, the bulk of which is represented by Brickell City Center (266,000 square feet). There are approximately 463,000 square feet of office space currently under-construction including 100,000 square feet in the Brickell district at Panorama Tower.

FIGURE 24: TOTAL OFFICE INVENTORY ADDED IN MIAMI DDA (2000-2018)

Period	Miami DDA Total	CBD	Brickell
Since 2000 (Q3 2000 – Q2 2017)	3.8M	1.2M	2..6M
Past 10 Years (Q3 2007 – Q2 2017)	2.5M	960,000	1.6M
Past 5 Years (Q3 2012 – Q2 2017)	266,000	0	266,000
Total Inventory to be Delivered 2017-2018	463,000	318,000	145,000

Source: CoStar Property Analytics & Mid-Year 2017 AdvisoryReport, Lambert Advisory

FIGURE 23: BRICKELL OFFICE TIMELINE (2000 - 2018)

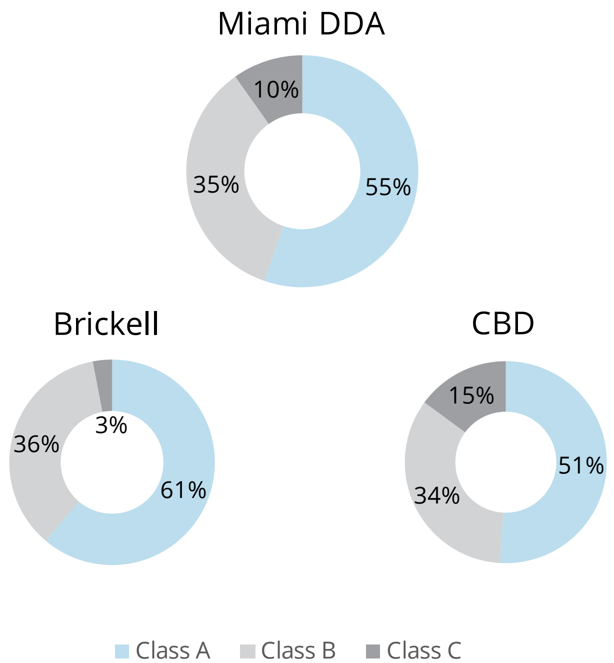


MIAMI DDA OFFICE INVENTORY BY CLASS OF SPACE

As of the second quarter of 2017, Class A office space within the Miami DDA represented 55 percent of all space within the DDA and 28 percent of all Class A inventory Countywide, the single largest Class A submarket.

Class A space is the majority of space in both the CBD and Brickell, today and largely as a result of redevelopment of smaller buildings Brickell has virtually no Class C space and the CBD's inventory of Class C space represents only 15 percent of total space. Class B space is roughly one-third of total space in both the CBD and Brickell.

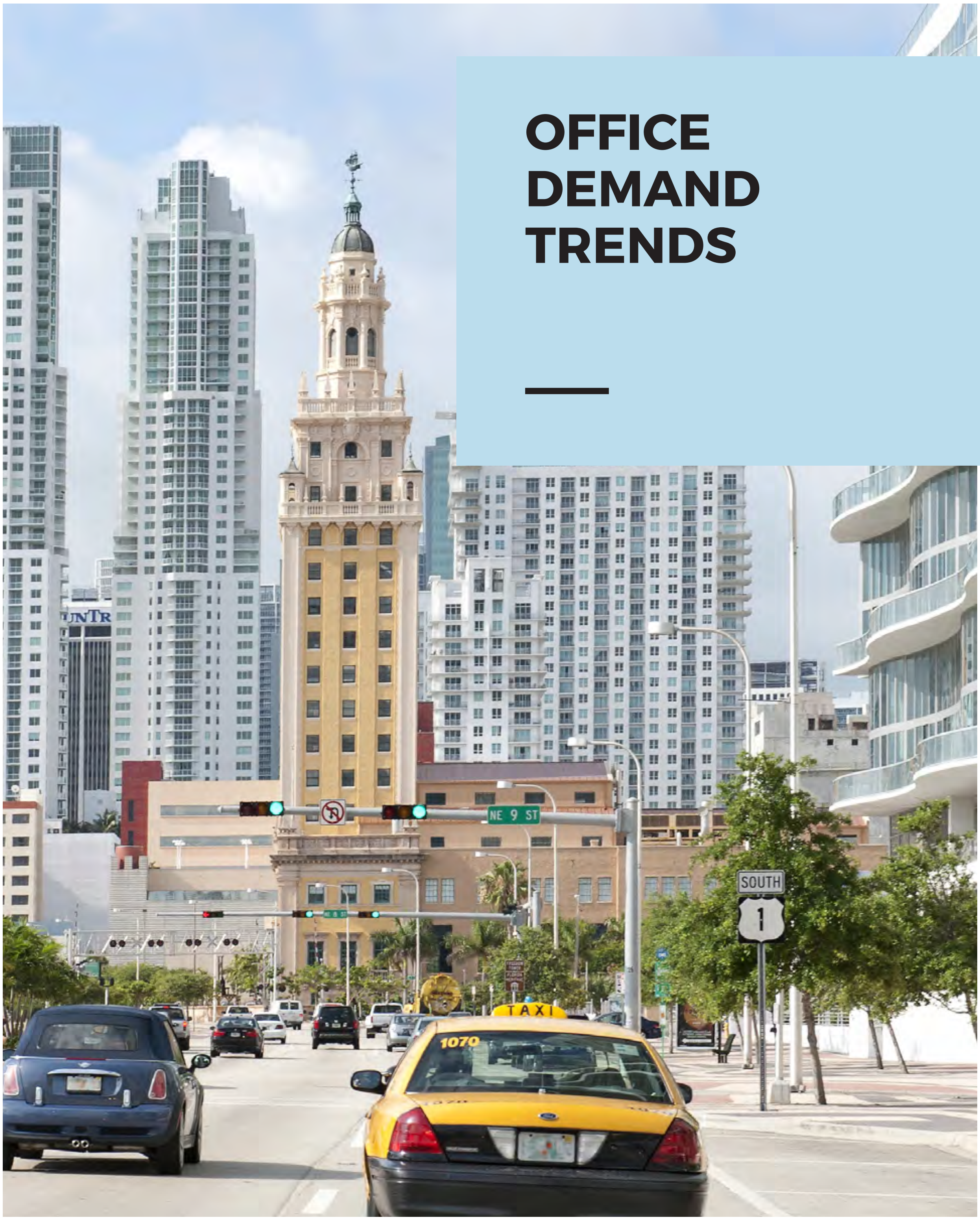
FIGURE 25: BUILDING CLASS INVENTORY: PERCENTAGE OF COUNTY (2000 - 2017)
Class A Dominates the Miami DDA Market



Source: CoStar Property Analytics, Lambert Advisory

SECTION 05

OFFICE DEMAND TRENDS



MIAMI-DADE & MIAMI DDA OFFICE VACANCY TRENDS

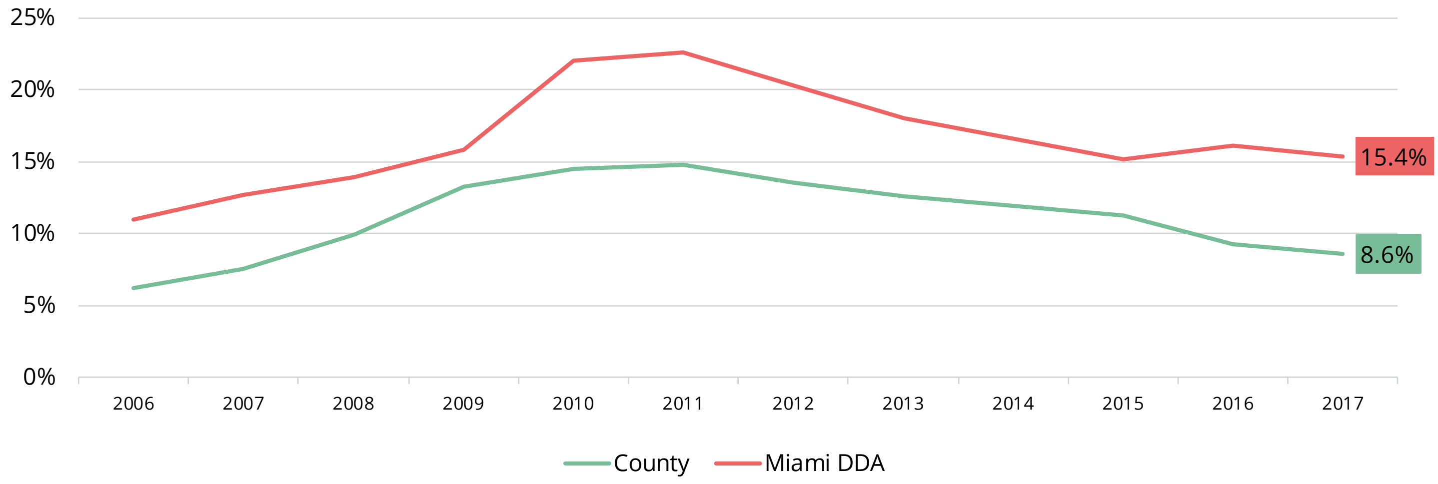
Prior to the recession in 2007, Miami-Dade County's office vacancy neared an all time low of 6.2 percent. Following the recession, vacancy rates throughout the County continued to climb peaking at 14.8 percent in 2011. Since that time, office vacancy levels Countywide have been steadily dropping and currently stands at 8.6 percent as of the second quarter of 2017.
Miami DDA

The recession was felt to an even greater extent in the Miami DDA Office Area office market. The economic downturn combined with a significant amount of office deliveries nearly at the same time pushed vacancy rates in the Miami DDA area to more than 23 percent by 2011. CBD vacancy jumped to 23.3 percent while Brickell peaked at 24.6 percent.

From 2012 – 2015, Brickell's vacancy declined significantly to reach 11.4 percent by the year end of 2015. Since that time, vacancy ticked up to 13.2 percent by year end 2016, which is in part due to the delivery of new space at Brickell City Center.

However, currently Brickell's office vacancy has declined to 11.6 percent. The CBD also experienced a notable decline in vacancy after 2011 and currently stands at 18.3 percent as of the second quarter of 2017.

FIGURE 26: VACANCY RATES (2006 - 2017)
Vacancy Rates are Higher in Miami DDA than in the County

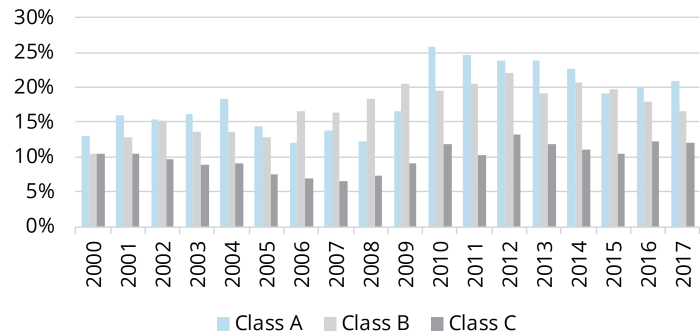


Source: CoStar Property Analytics, Lambert Advisory

CBD OFFICE VACANCY BY CLASS OF SPACE

The vacancy rate for Class A office space in the CBD submarket reached a high of 28.3 percent in late 2010, largely the result of the introduction of Wells Fargo Center. As of Q2 2017, the vacancy rate of Class A space in the CBD is just above 21 percent. The vacancy rate for Class B office space in the CBD has fluctuated moderately during the past several years and currently stands at 16.6 percent. Class C space, which represents approximately 15 percent of the CBD's inventory, has the lowest vacancy rates in the CBD at 12.0 percent. Likewise, the CBD should also be the beneficiary of the tightening within the Brickell corridor.

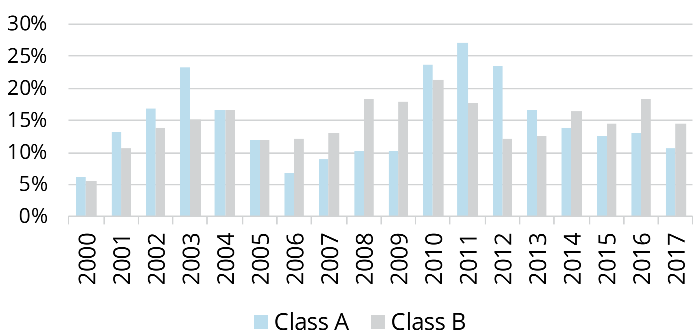
FIGURE 27: CBD OFFICE VACANCY BY CLASS OF SPACE (2000 - 2017)
Within CBD, Class A has the Highest Vacancies and Class C the Lowest



Source: CoStar Property Analytics, Lambert Advisory

BRICKELL OFFICE VACANCY BY CLASS OF SPACE

FIGURE 28: BRICKELL OFFICE VACANCY BY CLASS OF SPACE (2000 - 2017)
Within Brickell, Class B has the Highest Vacancies and There is Virtually No Class C



Source: CoStar Property Analytics, Lambert Advisory

While the vacancy rates in the Brickell submarket have not dropped to pre-recession levels, the area has seen significant improvement from 13.3 percent in Q4 2008 to 11.6 percent in Q2 2017. Accordingly, the vacancy rate for Class A office space in the Brickell submarket reached a high of 27.1 percent in 2011, in large part due to the development of 600 Brickell, which was partially built and then mothballed for several years before being introduced to the market. The Brickell submarket Class A vacancy as of Q2 2017 is at 10.6 percent. In contrast, Class B vacancies have actually increased during the past few years, rising from 12 percent in 2013 to 14.6 percent by Q2 2017. This is largely the result of tenants transitioning from Class B buildings to Class A space. We expect this trend to slow significantly given Class A buildings have seen a major increase in rate and occupancy over the past several quarters.

MIAMI DDA LARGEST CONTIGUOUS OFFICE SPACE AVAILABILITY

The availability of large blocks of office space allows the Miami DDA to potentially attract new large-scale tenants to market and/or accommodate expansion of major existing tenants, though these large amounts of vacant contiguous space obviously do impact the market's overall performance.

The Omni Office building, a mid–rise building that was completely renovated in 2009, has 135,700 square feet of contiguous space decreasing from its 2015 availability of 188,000 square feet.

Southeast Financial has the next largest amount of contiguous space which had a notable increase of over 100,000 sq. ft. of space since 2015. Citigroup Center - Miami Center's availability has also increased with 128,000 square feet of contiguous space available.

FIGURE 29: BUILDINGS IN MIAMI DDA WITH LARGEST CONTIGUOUS SPACE AVAILABLE (CLASS A & B BUILDINGS)

Building	Max Contiguous Space (SF)	Max Contiguous Floor (SF)
1501 Biscayne Blvd – The Omni Offices	135,700	80,000
Southeast Financial Center	133,300	45,400
Citigroup Center – Miami Center	127,600	23,500
Brickell City Center	95,000	9,500
Miami Tower	79,000	22,400
444 Brickell	74,500	18,600
SunTrust International Center	72,200	18,000
801 Brickell	65,000	18,300
33 Downtown	61,200	6,200
One Bayfront Plaza	38,000	38,000

Source: CoStar Property Analytics, Lambert Advisory

MIAMI-DADE & MIAMI DDA RENTAL RATE TRENDS

Between 1999 and 2017, quoted rent levels for office in Miami-Dade County increased an average of 2.3 percent per year, which is in line with the average annual inflation during that period (2.4 percent). Brickell also increased at 2.4 percent per year in step with inflation. The CBD's 2.9 average annual rental rate growth exceeded the rate of inflation although this came at the expense of occupancy.

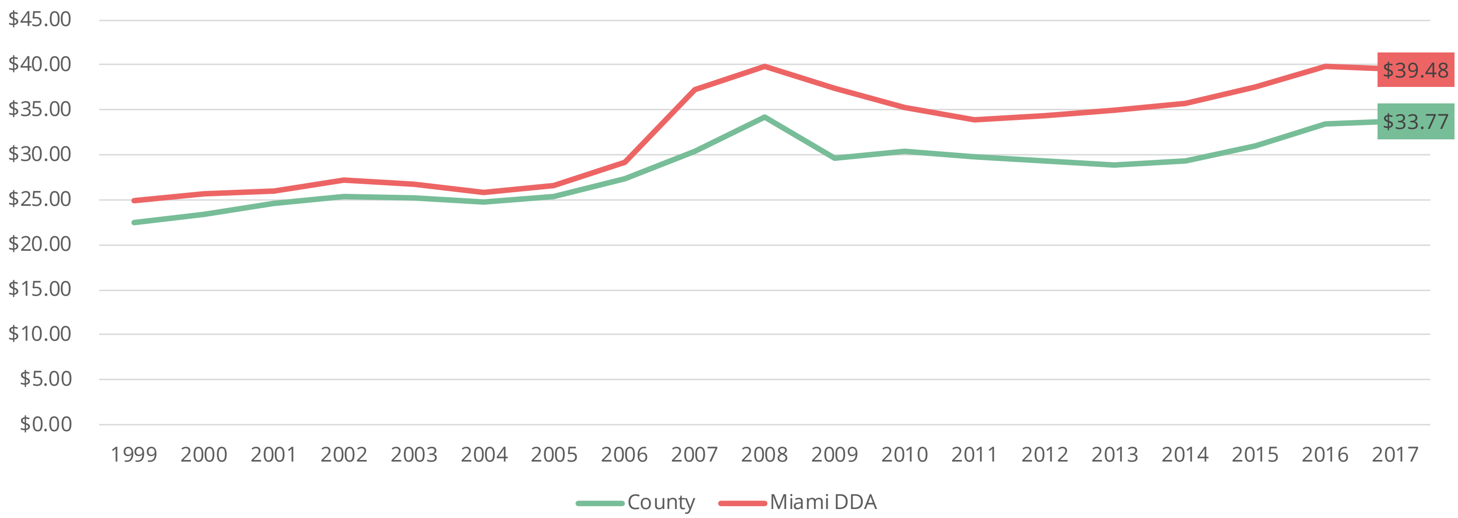
Average lease rates in the Miami DDA market are substantially higher than in the County overall although certain buildings in Aventura and Coral Gables continue to compete with Downtown for premier tenants at top rates.

During the period leading up to the recession, Miami-Dade County's quoted full service rents reached peaked levels of $34.14 in 2008, this trend also occurred in both the CBD and Brickell with peak rates of $37.36 per square foot and $43.15 per square foot respectively.

From 2008 to 2009, quoted rental rates across the entire region dropped more than 10 percent, including the CBD and Brickell; however, after slow growth between 2011-2014 rates began a steep climb again starting in 2015 and continuing to today. At the end of the second quarter of 2017, rates for all classes of space in the CBD averaged $37.39 per square foot which is above its all time highs. Brickell has also reached a record $43.79 per square foot.

FIGURE 30: MIAMI-DADE & MIAMI DDA AVERAGE LEASE RATES (1999 - 2017)

Average Lease Rates in Miami DDA Market are Substantially Higher Than County Overall

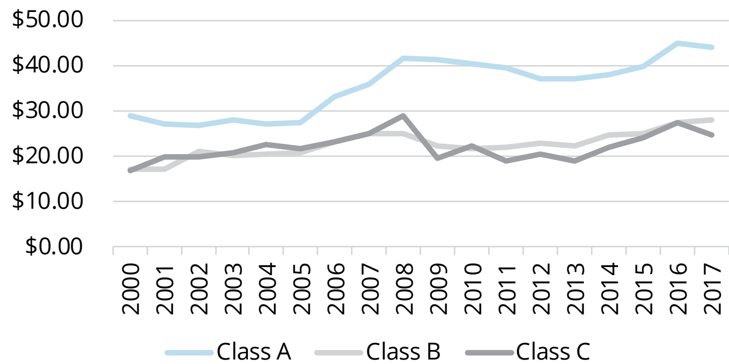


Source: CoStar Property Analytics, Lambert Advisory

CBD QUOTED FULL SERVICE OFFICE RENTS

For the CBD, quoted full service rental rates for Class A space peaked prior to the recession at $41.71 per square foot. After a notable drop during the next few years, Class A space reached a record of nearly $45 per square foot by year end 2016 declining modestly to $43.93 per square foot as of Q2 2017. Quoted rental rates for Class B has followed a similar path, with rent peaking at $27.25 per square foot in 2008, then declining by 19 percent to $22.12 at year-end 2013. Since then, Class B rates have steadily increased and as of Q2 2017 are at $27.99 per square foot. The rate differential between Class A and Class B (and/or Class C for that matter) in the CBD has consistently been quite wide. In 2005, the margin was the tightest at $7 per square foot but that has since increased to $15.94 today.

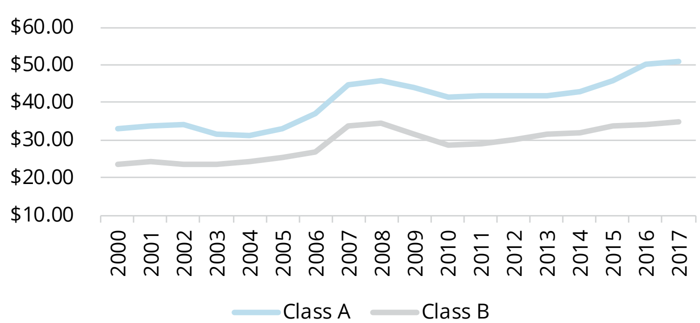
FIGURE 31: CBD QUOTED FULL SERVICE OFFICE RENTS BY CLASS OF SPACE (2000 - 2017)
Within CBD, Class A Office Rents Reached High in 2016 and Have Modestly Declined. Major Gap Continues to Exist between Class A and Class B/Class C Rates.



Source: CoStar Property Analytics, Lambert Advisory

BRICKELL QUOTED FULL SERVICE OFFICE RENTS

FIGURE 32: BRICKELL QUOTED FULL SERVICE OFFICE RENTS BY CLASS OF SPACE (2000 - 2017)
Within Brickell, Class A Office Rents Far Exceed Record Rates. Class B is Currently Mirroring 2008 Peak.



Source: CoStar Property Analytics, Lambert Advisory

Similar to the CBD, Brickell's quoted full service rental rates for Class A and Class B reached its previous high of $45 and $35 respectively in 2008 before dramatically dropping after the recession. During the past five years, Brickell's lease rates have been on a strong path of recovery. Class A space has far exceeded previous record levels and is now averaging at approximately $50.83 per square foot. This has largely been the result of increased demand for premium office space – offices on upper level floors with superior views. Class B has also recovered and in Q2 2017 is averaging at approximately $34.95 per square foot. The gap between Class A and B rates in the Brickell submarket today stands at over 40 percent which remains unchanged from late 2015.

MIAMI-DADE OFFICE SPACE ABSORPOTION

Net absorption is a central component of any office demand analysis, as it is the key barometer for understanding the pace and need for new development. Longer term absorption trends allow us to place more recent activity in context.

Miami-Dade County experienced net absorption of office space of approximately 15.1 million square feet from Q3 2000 to Q2 2017 or just under 900,000 square feet average annually. During the ten-year period between Q3 2007 - Q2 2017 the County had a net absorption of 6.8 million square feet, or 680,000 square feet average annually. During the past five years, net absorption averaged 1.1 million, which accounts for a fairly modest net absorption reported in 2016 of 545,000. The past 12 months overall has had more robust net absorption activity with 1.3 million square feet absorbed.

FIGURE 33: MIAMI-DADE AVERAGE ANNUAL SQUARE FEET ABSORBED (Q3 2000 - Q2 2017)

Period	Avg. Square Feet Absorbed Per Year
Since 2000	890,000
Past 10 years	680,000
Past 5 years	1.1 million
Past 2 Years	1.0 million
Year 2016	545,000
Past 12 months	1.3 million

Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA LEASING ACTIVITY & NET ABSORPTION TRENDS

Since 2000[1], Miami DDA has experienced net absorption totaling approximatly 2.5 million square feet, or nearly 147,000 square feet average annually. Over the past 10 years (Q3 2007 to Q2 2017) the area absorbed 1.8 million square feet, or approximately 180,000 square feet average annually. During the past five years (Q3 2012 - Q3 2017) Miami DDA's absorption was strengthened notably with net absorption totaling approximately 1.2 million; or 245,000 square feet average annually. This relative strengthening in net absorption is attribued to the more than 2 million square feet of new office development added during this five year period.

In 2016, net absorption in Miami DDA moderated considerably to 65,000 square feet. In spite of the slowdown in net absorption, leasing activity overall remained relatevely steadily, which is indicative of the movement of existing office users within their space, or moving to another building within the Miami DDA Office Area. Nonetheless, activity during the past 12 months (Q3 2016 - Q2 2017) has once again approached historically strong annual net absorption at 209,000 square feet; assisted by some of the non-premium space in Class A buildings and Class B buildings that are beginning to experience renewed signs of leasing activity.

[1]This period is represented by Q3 2000 to Q2 2017.

FIGURE 34: MIAMI DDA AVERAGE ANNUAL SQUARE FEET ABSORBED (Q3 2000 - Q2 2017)

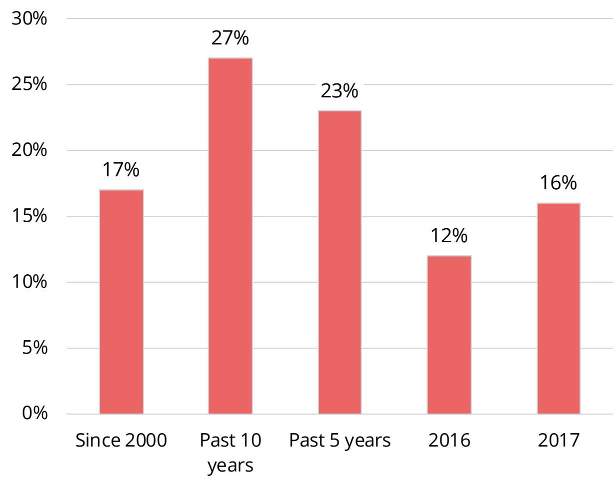
Period	Avg. Square Feet Per Year		
	Brickell	CBD	Miami DDA
Since 2000	117,000	29,000	147,000
Past 10 years	132,000	47,000	179,000
Past 5 years	170,000	75,000	245,000
2016	100,500	-35,200	65,000
Past 12 months	117,000	92,000	208,000

Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA OFFICE AREA CAPTURE

The Miami DDA Office Area continues to capture a significant portion of the County's overall net absorption though the rate of capture fluctuates over time. From 2000 – 2017 the Miami DDA's proportionate share of the County's net absorption was 17 percent. During the period from 2007 to 2017, the MDDA's capture was more than 27 percent, and only slightly below that during the preceding 5 years. This increase is in large part attributed to the significant amount of office deliveries in the MDDA during that period. In 2016, MDDA's capture decreased to 12 percent, but has already increased to 16 percent during the first half months of 2017.

FIGURE 35: MIAMI DDA OFFICE AREA CAPTURE (Q3 2000 - Q2 2017) Miami DDA's Capture Decreased in 2016 but Has Already Increased During the First Half of 2017.



Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA OFFICE AREA - CO-WORKING/SHARED WORKSPACE PROFILE

Several years ago, U.S. based Microsoft Innovation Center, in conjunction with Venture Hive, opened in the Miami DDA area. This coincided with Miami-Dade's College Idea Center for Innovation and entrepreneurship, both providing a strong footprint for the growth of innovation in the Miami DDA area. The co-working/shared-workspace concept is continuing to lease more-and-more space in Miami as operators and buildings are being outfitted for co-working. After a few years of evolution, co-working is becoming its own asset class/category. In late 2015, there were approximately 20 co-working offices identified in the Miami DDA area which has since grown to over 30. Presently, Regus and WeWork are among the largest providers of the co-working space in the US. In the Miami DDA Office Area, Regus is located in 7 buildings with a total 80,239 square feet of space. WeWork leases four floors of Brickell City Center with a total 62,000 square feet.

However, despite its growth, Co-working still only accounts for less than 5% of the Downtown office market. While we believe co-working will continue to be a viable component of the office market, the relationship of companies by size and number of employees in the market creates a limit to shared workspace's growth. While the look-and-feel of the shared office will survive as companies grow, "larger companies" (in this case, those with more than 4 or 5 employees) will naturally seek to maintain their own identity, footprint and environment.

According to recent interviews, there are a few key trends that have recently emerged around co-working / shared workspaces.

1) Co-working as an asset class: With companies like WeWork taking significant space in the market, co-working is getting closer to becoming its own asset class/category.

2) There seems to be an oversupply: There have been a large number of new co working spaces that have opened in Downtown Miami. This has caused concern among operators that the co-work market in Downtown is beginning to become saturated. This

MIAMI DDA OFFICE AREA - CO-WORKING/SHARED WORKSPACE PROFILE

view was consistent beyond Miami with many industry analysts expressing some reticence about the relative celling on this market segment fact approaching. WeWork in Brickell City Center was a major addition of inventory. Many Downtown office buildings of all classes are opening their own co-working spaces with more informal features and lower cost pricing.

3) An issue with commoditizing: One concern voiced by managers of co working spaces is that commoditizing the product becomes a race to the bottom in price and is not good for the ecosystem of co-working.

4) Slight drop in demand: Providers have noted that as of June 2017 there has been a dip in demand in Brickell / Downtown area over the last 8 – 10 month period which they attributed to the oversupply of space and reportedly the lack of quality in some of the newer operators.

FIGURE 36: MIAMI DDA CO-WORKING / SHARED SPACES

In 2015, 20 Companies Were Reported in Miami DDA. There are Currently 30 Companies in 37 Spaces Reported within Miami DDA with a Co-Working/Shared Space Concept. A Total of Approximately 432,000 Sq/Ft of Inventory, 2.4% of Office Inventory in Miami DDA Market.

Name	Building Address	Unit/Suite Number	SF*
Bayfront Executive Center	100 S Biscayne Blvd	3rd Floor	20,000
Brickell Link	600 Brickell Ave	16th Floor	24,000
Brickell Connect	111 NE 1st St.	9th Floor	5,000
Bungalow 24	212 NE 24th Street		1,804
CityDesk Miami	350 S Miami Ave	COM-A	4,600
Excellent Executive	111 N.E. 1st Street	1st Floor	5,000
Group Office Space Brickell	1200 Brickell Ave	8th Floor	1,712
Intelligent Offices	2 S Biscayne Blvd	3760	3,800
District 900	990 Biscayne Blvd		12,000*
Group Office Space Brickell (GOS24)	1200 Brickell Ave, Suite	800	6,000
Intelligent Offices	2 S Biscayne Blvd	3760	3,500
KeyWorking	888 Biscayne Blvd	505	10,000
Latitude Brickell Center	175 SW 7th Street	1900	19,000*
MEC261	261 NE 1st St	500	30,000
MindWarehouse	111 NE 1st Street		14,000
MiamiShared	900 Biscayne Blvd	503	8,000
NEXT Smart Workspaces	150 SE 2nd Ave	3rd Floor	3,150
Pipeline	1101 Brickell Ave	800	14,041
Quest Workspaces	1395 Brickell Ave	800	31,606
Quest Workspaces	777 Brickell Ave	55	20,034
Quantum Executive Offices	1900 N. Bayshore Drive	1A	4,054
Regus	80 SW 8th Street	2000	12,900
Regus	333 Avenue of the Americas	2000	16,947
Regus	801 Brickell Avenue	900	12,900
Regus	1111 Brickell Avenue	11th floor	17,526
Regus	1221 Brickell Avenue	900	11,870
Regus	601 Brickell Key Dr.	700	5,000
Regus	Miami Center	28th floor	3,096
Right Space Office	1001 Brickell Bay Dr.	2700	10,000
SBRUBBLES Workspace	261 NE 1st Street	500	5,700
SERVCORP	200 S Biscayne Blvd.	2790	4,953*
SkyeStudios	1035 N. Miami Ave	4th Floor	500
Smartspace	1200 Brickell Ave	1950	3,000
StartHub Miami	66 W Flagler Street	900	6,500
Synergy Workspaces	2 S Biscayne Blvd	3200	25,472
WeWork Brickell City Center	78 SW 7th St,		62,000

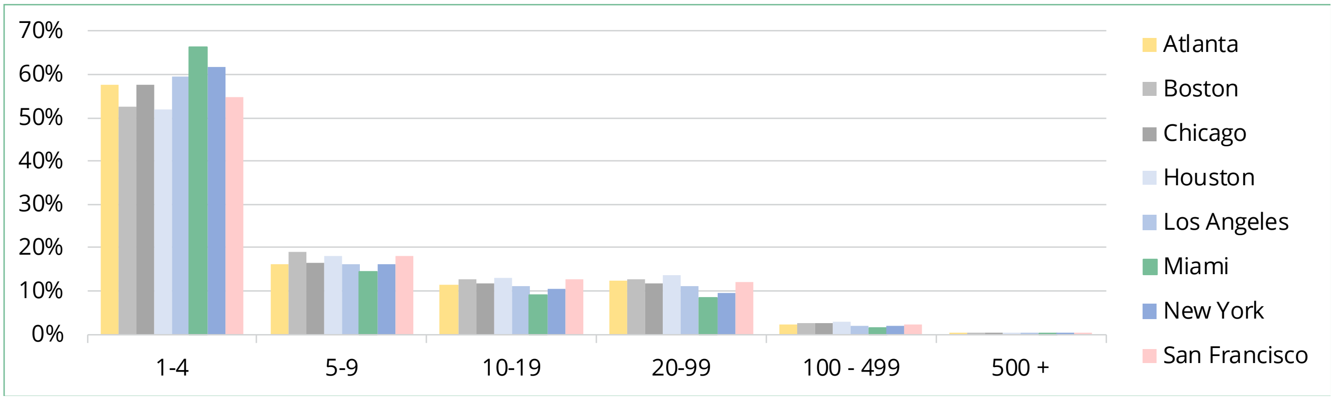
Source: Miami DDA; Lambert Advisory

*Estimated Square Footage

METRO AREA COMPARISON: NUMBER OF COMPANIES BY FIRM SIZE

While there is a significant amount of co-working spaces in Miami, there are some factors which make it relatively conducive to this market. Miami ranks the highest for the percentage of companies with 1-4 employees, a firm size that is more likely to need coworking space when compared to 8 major markets nationwide.

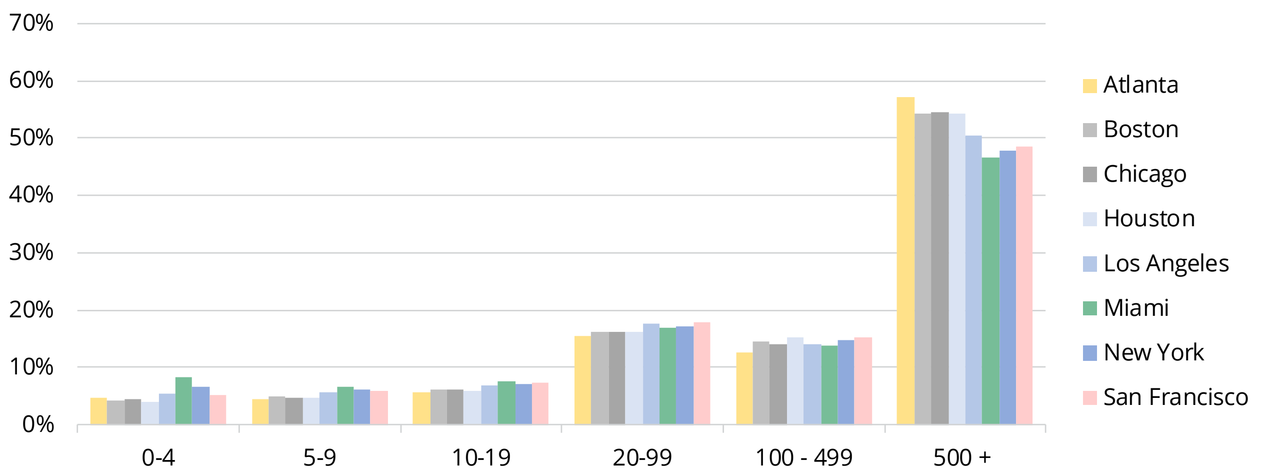
FIGURE 37: MIAMI COMPARISON TO 7 MAJOR MARKETS: NUMBER OF COMPANIES BY FIRM SIZE Miami Ranks the Highest for Percentage of Small Businesses.



METRO AREA COMPARISON: EMPLOYMENT BY FIRM SIZE

However, the vast majority of employees in most major cities do not work for smaller but larger companies. While Miami does have the highest proportion of employees in small businesses compared to all other major cities it still only represents approximately 8 percent of total employment in Miami-Dade County.

FIGURE 38: MIAMI COMPARISON TO 7 MAJOR MARKETS: EMPLOYEES BY FIRM SIZE Miami's Small Businesses Only Represent 8% of Total Employment in Miami-Dade County.



Source: U.S. Census, Lambert Advisory

MIAMI DDA OFFICE LARGEST LEASES

During 2016 there were only 9 reported leases above 20,000 SF. The three largest leases, including two leases over 100,000 square feet during this period, were one tenant renewing their lease, one tenant moving from building-to-building within the market, and one new tenant to the market.

FIGURE 39: 16 LARGEST LEASES WTIHIN MIAMI DDA DURING 2016
Only 9 Reported Leases Above 20,000 SF.

Submarket	Building	Square Feet	Tenant	Type
CBD	333 Avenue of the Americas	143,924	Wells Fargo Advisors	Renewal
Brickell	98 SE 7th Street	110,506	Akerman LLP	Downtown Switch
Brickell	78 SW 7th Street	64,572	WeWork	New to Market
CBD	15 E 3rd Avenue	42,000	Office of the Attorney General	Renewal
CBD	100 N Biscayne Blvd.	25,819	Zyscovich Architects	Renewal
CBD	25 Biscayne Blvd.	25,472	Zarco, Einhorn, Sookowski & Brito	Downtown Switch
CBD	604 NW 1st Street	23,000	Ernst & Young U.S. LLP	Downtown Switch
CBD	200 S Biscayne Blvd.	22,519	Corzen O/E Connor	Renewal
Brickell	600 Brickell Avenue	21,319	SITEL Worldwide Corp.	New to Market
CBD	604 NW 1st Street	17,500	Florida East Coast Industries	New to Market
Brickell	78 SW 7th Street	16,926	McKinsey & Co.	Downtown Switch
Brickell	1221 Brickell Avenue	16,529	Banco de Brasil	Downtown Switch
CBD	333 Avenue of the Americas	13,500	Western Union	Downtown Switch
Brickell	800 Brickell Avenue	12,617	Plurall Offices LLC	N/A
CBD	155 S Miami Avenue	12,323	Department of Justice	Renewal
Brickell	1111 Brickell Avenue	12,297	Revlon, Inc.	New to Market

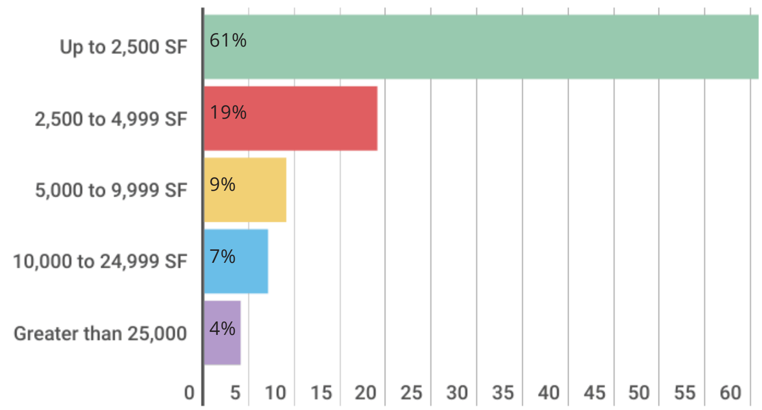
Source: CoStar Property Analytics, Lambert Advisory

TRENDS IN OFFICE SPACE AND TENANT PROFILE

Although Miami-Dade County is home to a number of large local, regional, national and/or multinational companies, the market is dominated by smaller tenant space. More than 60 percent of office tenants in Miami-Dade County occupy less than 2,500 square feet of space and 80 percent less than 5,000 square feet.

Countywide there has been no material change in tenant size since we began our Downtown office analysis. However, based upon the average deal size over the past few years, tenant sizes are continuing to decline modestly.

FIGURE 40: MIAMI-DADE OFFICE SPACE TENANT PROFILE
Majority of Office Tenants in County Occupy Less Than 2,500 SF.

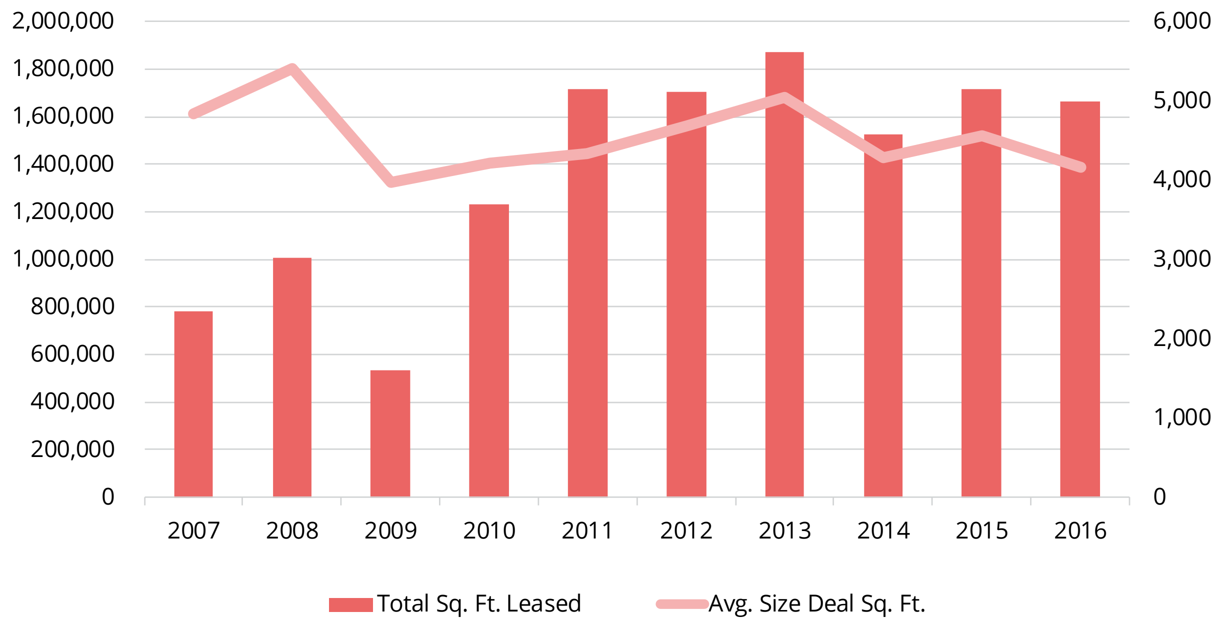


Source: CoStar Property Analytics, Lambert Advisory

MIAMI DDA OFFICE AREA LEASING ACTIVITY AND AVERAGE DEAL SIZE TREND

Though the average lease sizes fluctuated over the past nine years there has been an overall decline in the average deal size during the past ten years. Recent trends indicate the average tenant in the Downtown Office Market has dropped to less than 4,000 square feet.

FIGURE 41: MIAMI DDA LEASING ACTIVITY & AVERAGE DEAL SIZE TREND (2007 - 2016)
Average Tenant Size Has Dropped to Less than 4,000 SF.



Source: CoStar Property Analytics, Lambert Advisory

ESTIMATES OF MIAMI DDA OFFICE DEMAND 2017 - 2022

CBRE Econometric Advisors projects Miami-Dade County office jobs to increase by approximately 12,700 during the period of 2017 to 2022. Accordingly, approximately 4.0 million square feet of net absorption are forecasted for that period.

As highlighted in sections above, the Miami DDA has over the past several years generally captured between 15 and close to 30 percent of the County's net absorption. We believe Downtown will continue to capture its long term historic rates given the ongoing growth of residential, hotel, retail and cultural development that has made the Miami DDA district a unique, vibrant and attractive urban center. Therefore, for this analysis, we project Miami DDA office capture as a percent of the County's forecast net absorption to be evaluated under two scenarios: modest capture rates (15 percent) and trending capture rates (25 percent). Applying these capture rates results in a potential demand for 590,000 to 1.0 million square feet of office space in the Miami DDA Office Area over the next 5 to 6 year period.

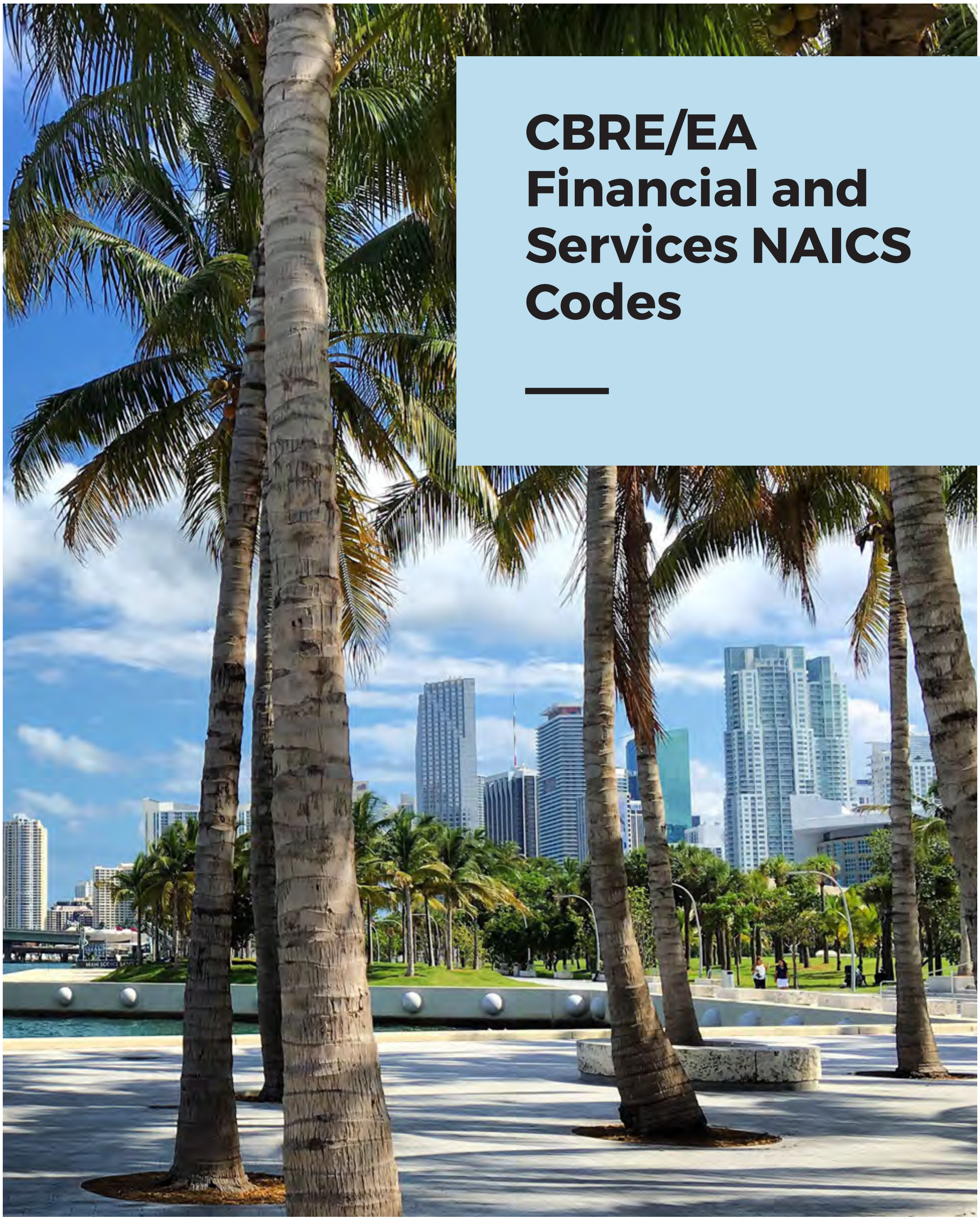
As outlined in the profile of office vacancy above, the market has a vacancy of 16.3 percent, or nearly 3.0 million square feet of total available space – approximately 1.4 million of which is Class A space. Under these conditions, the market would not seemingly be able to support new office development. However, in reality the Miami DDA Office Area has seen new development in the past 12 months with virtually no negative impact to overall vacancy rates. Furthermore, and as observed in previous studies, a stabilized office market is generally considered to be 10+ percent vacant which is reflective of a frictional vacancy rate which always exists due to movements in the market and the fact that a portion of Class B and C space often "falls out" of the market given that it is obsolete, or is demolished/redeveloped to make room for new higher value development (i.e. residential). Therefore, the opportunity to add supply to the Miami DDA Office Area will likely occur when there is less than 1.8 million square feet of total vacant space in the market, which will be achieved at the point where roughly 1.2 million square feet is absorbed in the future. If current levels of trending absorption are maintained, this would indicate demand for new office product to be introduced into the market in 4 to 5 years, or planning/construction that would commence within the next two to three years after accounting for additional development at Miami Central (320,000 square feet) and proposed additional development Brickell CityCenter (estimated to be 120,000 square feet). Additionally, a key barometer to new office development timing will be the unveiling of more detailed office plans within MiamiWorld Center.

FIGURE 42: MIAMI DDA: ESTIMATED POTENTIAL NEW NET DEMAND - FROM NATURAL JOB GROWTH (2017 TO 2022)

	MODERATE	STRONGER
CBRE EA Total Office Demand/Net Absorption (Sq.ft.) Miami Dade County (2017 to 2022)	3,950,000	3,950,000
Miami DDA Office Area Submarket Capture	15%	25%
Miami DDA Office Area Total Potential – Office Demand (Sq.Ft.) 2017 to 2022	590,000	1,000,000
Miami DDA Office Area Total Potential – Office Demand (Sq.Ft.) – Avg. Annual	120,000	200,000

Source: CoStar Property Analytics, Lambert Advisory

APPENDIX A



CBRE/EA Financial and Services NAICS Codes

APPENDIX A

CBRE/EA categorizes the vast majority of office employment within two primary classifications: Financial and Service employment sectors. The following Financial and Services sub-classifications categorize the office demand sectors which generate the greatest proportion of office employment according to CBRE/EA.

CBRE/EA accounts for the fact that there is office demand generated by other industries not noted above (i.e. cruise company headquarters in Miami-Dade) by factoring in a multiplier against the primary office generating industries noted above.

Based upon CBREA / EA analysis, After peaking at 211,700 jobs in 2005, office employment in Miami-Dade declined by 34,400 jobs from 2005 to 2009. However, starting in 2010, office employment in the County has made slow but steady gains. From 2010 to 2016, the County added an estimated 43,600 office jobs (or an average 7,267 jobs per year), and office employment is now in excess of 2005 figures with nearly 221,000 jobs. Among the largest subsectors with the strongest growth include Professional, Scientific and Technical Services, and Securities and Other Financial Investments.

NAICS Code	Services Sector	NAICS Code	Financial Sector
541	Professional, Scientific, and Technical Services	521	Monetary Authorities-Central Bank
551	Management of Companies and Enterprises	522	Credit Intermediation and Related Activities
5111	Newspaper, Periodical, Book, and Directory Publishers	523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
5512	Software Publishers	524	Insurance Carriers and Related Activities
5121	Motion Picture and Video Industries	525	Funds, Trusts, and Other Financial Vehicles
5122	Sound Recording Industries	531	Real Estate
5171	Wired Telecommunications Carriers		
5172	Wireless Telecommunications Carriers (except Satellite)		
518	Internet Service Providers, Web Search Portals, and Data Processing Services		
5191	Other Information Services		
5611	Office Administrative Services		
5613	Employment Services		
5614	Business Support Services		
5619	Other Support Services		
8132	Grantmaking and Giving Services		
8133	Social Advocacy Organizations		
8134	Civic and Social Organizations		
8139	Business, Professional, Labor, Political, and Similar Organizations		

Source: CBRE/EA

LAMBERT ADVISORY

DATA GUIDED STRATEGY

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