

MARKETBEAT



COCONUT GROVE SUBMARKET REVIEW

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

1Q09

AT A GLANCE

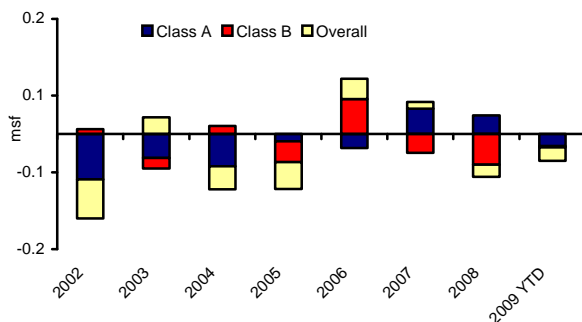
- Inventory:** Vacant inventory in Coconut Grove increased by 18,078 square feet (sf) during the first quarter, only 1.7% of the total Coconut Grove office market. The weakened economy and stagnant growth increased vacancy rates from 17.6% in the fourth quarter of 2008 to 19.3% in the first quarter of 2009.
- Absorption:** measures augmentation and deceleration of space in a given market, a key indicator of volatility in businesses. Last year the Coconut Grove market experienced an overall negative absorption of -15,693 sf, the first quarter of 2009 reported negative -17,588 sf which indicated businesses gave back more space than they acquired at similar velocity as 2008. This indicates a bear market, which historically gives leveraging power to tenants over landlords to negotiate favorable lease terms.
- Leasing** slowed 73.2% from 2008 end-year, reporting 13,187 sf leased compared to 49,246 sf in the fourth quarter.
- Rental Rates** fluctuated as pricing gaps continued to rise between landlords and tenants, and new market equilibriums merged. The market is experiencing an overall asking rental rate average of \$39.26 per square foot (psf) in the first quarter, slightly above 2008 year-end rate of \$38.26 psf. Fundamentals indicate the market has reached the peak of the real estate pricing cycle. As a result, rental rates will continue to fluctuate in 2009.
- Sales-** The lack of liquidity in the financial markets has disrupted the commercial markets' ability to buy and sell office properties. Only highly liquid institutions have the elasticity and necessary carry capital to close and acquire properties in the current market and with values decreasing savvy investors are sitting on the sidelines waiting for the current real estate cycle to bottom out.

SUBMARKET STATISTICS	
Total Inventory	1,035,996 sf
Direct Wtd. Avg. Gross Asking Rental Rate psf/yr	\$39.51/sf
Class A	\$44.64/sf
Class B	\$33.84/sf
Direct Vacancy Rate	17.2%
Overall Vacancy Rate	19.3%
Overall Absorption YTD	(17588) sf

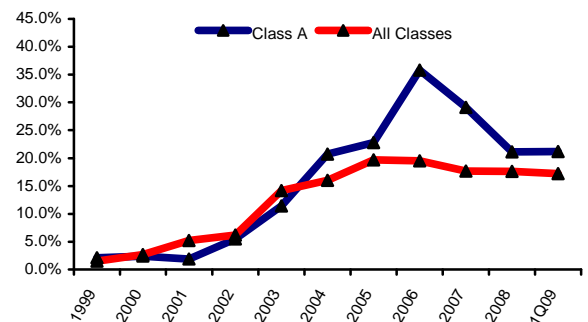
DIRECT ASKING RENTAL



OVERALL ABSORPTION



DIRECT VACANCY RATE



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*Market terms & definitions based on BOMA and NAIOP standards.

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