MARKETBEAT

CORAL GABLES SUBMARKET REVIEW

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions℠

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1Q09

AT A GLANCE

- **Inventory:** Vacant inventory in Coral Gables increased by 88,608 square feet (sf) during the first quarter, only 1.6 % of the total Coral Gables office market. The construction completion of 2020 Ponce in the first quarter combined with a weak economy and stagnant growth increased vacancy rates from 14.6% in the fourth quarter of 2008 to 15.9% 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 Coral Gables experienced an overall negative absorption of 84,602 sf, the first quarter of 2009 reported negative 11,118 sf which indicated businesses are still giving back space at a high rate. This indicates a bear market, which historically gives leveraging power to tenants over landlords to negotiate favorable lease terms.

- **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 $41.53 per square foot (psf) in the first quarter for class A space, slightly below the year-end 2008 rate of $42.60 psf and up 7.8% from 2007 rents. Fundamentals indicate the market has reached the peak of the real estate pricing cycle. As a result, rental rates will continue to fluctuate downward 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.

MARKET HIGHLIGHTS

SIGNIFICANT 1Q09 LEASE TRANSACTIONS

BUILDING	TENANT	SQUARE FEET	BUILDING CLASS
355 Alhambra	Kraft Foods	30,000	A
Two Alhambra	Walt Disney	20,483	A
255 Alhambra	Stiefel Laboratories	17,415	B

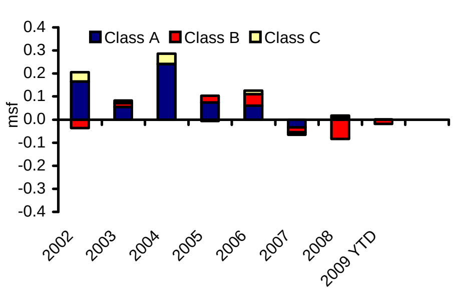
SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
2701 South Le Jeune	Bacardi	250,000	8/2009

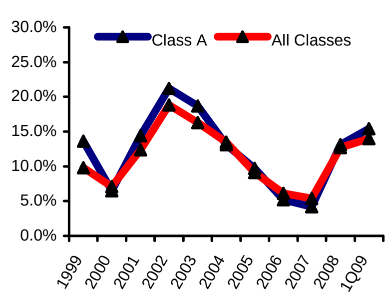
SUBMARKET STATISTICS

Total Inventory	5,633,901 sf
Direct Wtd. Avg. Gross Asking Rental Rate psf/yr	$38.48/sf
Class A	$41.53/sf
Class B	$34.56/sf
Class C	$27.64/sf
Direct Vacancy Rate	14.0%
Overall Vacancy Rate	15.9%
Overall Absorption YTD	(11,118) sf
Under Construction	250,000 sf

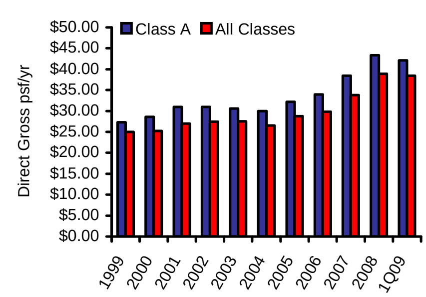
OVERALL ABSORPTION



DIRECT VACANCY RATE



DIRECT ASKING RENTAL



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