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Downtown Miami: No Longer 9 to 5

New study finds downtown Miami's office market is influenced by evolution into a 24-hour destination.

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Danet Linares

Perhaps it is not surprising the area's office market is changing but it may be news to some that downtown's population now of 250,000 has helped it evolve from a daytime business market into a 24-hour live-work-play city.

This shift has led to major transit improvements (including the launch of high-speed rail and a free trolley service); the rise of the neighborhood's bar and restaurant scene; and billions of dollars in new mixed-used development.

So says Miami DDA (Downtown Development Authority) in their study on office leasing trends in the past five years.

"Downtown Miami has long been a preferred location for multinational companies seeking access to North America, South America and Europe, and we're increasingly seeing domestic firms enter the market as we improve our urban infrastructure, welcome new residential options, and cultivate a strong entertainment and hospitality scene," explains Miami DDA Board Member Danet Linares.

Also Vice Chairman of Blanca Commercial Real Estate Inc., she adds: "Our downtown neighborhood is now viewed as a true live, work, play district and the result is an office market that has stabilized and is becoming more diverse."

Some key study findings

- More than 6.3 million square feet of office space was leased in Downtown Miami since 2013, with finance, banking, law and real estate tenants accounting for over 60 percent of all lease activity.
- Tech firms are catching up. Altogether, 72 percent of the new-to-market tech and innovation firms leasing space in Greater Miami are selecting the urban core.
- Approximately 58 percent of companies entering the Miami market for the first time choose to locate downtown, "drawn by the neighborhood's strong quality of life component, walkability and transit connections," the study says.
- Tenant renewals are driving leasing activity, with 89% of downtown users staying in place and/or expanding their office when faced with an expiring lease. "This stability has fueled the rapid growth of downtown's daytime population, which now exceeds 250,000 people," the report says.

- Average rents for Class-A space have climbed nearly 15 percent since 2013 but remain affordable by comparison with other gateway cities in the U.S., such as New York, Boston, and San Francisco, according to the study.
- Downtown Miami has the highest concentration of banks and financial institutions outside of Manhattan.