DECADE OF CHANGE
DOWNTOWN MIAMI AREA
2001 - 2011

Downtown Development Authority
District and Adjacent Areas of Influence

Prepared for:

MIAMI DDA
DOWNTOWN DEVELOPMENT AUTHORITY

DOWNTOWN MIAMI
DWNTWN

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Goodkinconsulting
Advisors to the Real Estate and Financial Industries

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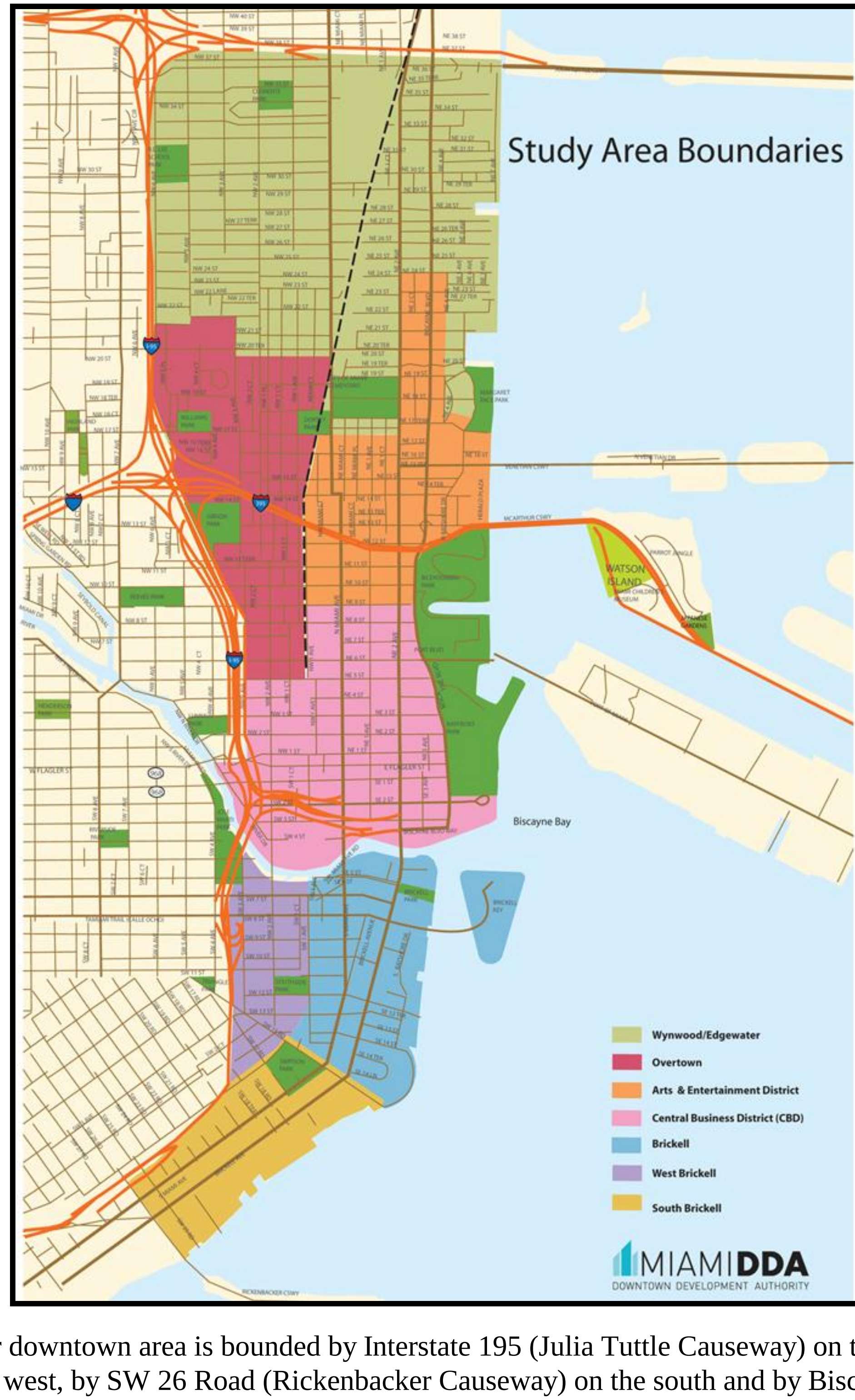
DOWNTOWN MIAMI AREA



The greater downtown area is bounded by Interstate 195 (Julia Tuttle Causeway) on the north, by I-95 on the west, by SW 26 Road (Rickenbacker Causeway) on the south and by Biscayne Bay on the east. The study area is approximately 3.8 square miles in size.

DECADE OF CHANGE

INTRODUCTION

The Downtown Miami area experienced a dramatic permanent transformation during the past decade! Real estate development in the downtown area including the massive expansion of high quality housing along with the expansion and diversification of non-residential private and public facilities has been fundamental to the creation of a 24-hour lifestyle and emerging identity as a unique urban center in the unique international gateway city. This report chronicles the dynamic changes in downtown Miami's physical environment sector by sector from 2001 through 2011 and highlights of the corresponding demographic and economic impacts.

While high-rise residential development has been the most dramatic and widely publicized factor in the physical transformation of the downtown area over the past decade, expansion and subtle change in downtown Miami's physical infrastructure has been evidenced in every major real estate sector. Downtown Miami is emerging as a unique urban center and the core of this expanding international gateway city.

Major real estate land use categories addressed in this summary of change in the downtown area include:

- Residential (Condominiums and Rental Apartments)
- Office
- Retail and Other Commercial
- Industrial (Warehouse)
- Hotel
- Public Facilities (i.e. Public Use facilities include government buildings, parking structures, transportation facilities, etc.)
- Arts & Recreation (i.e. entertainment facilities such as the Arsht Center, American Airlines Arena, parks, museums, etc.)

EXECUTIVE SUMMARY

- Growth during the past decade represented an average annual increase of approximately 2,600 persons and 1,600 households per year.
- The total building square feet (all land uses) within the downtown area increased by 56% over the last decade with an average year-over year increase of 4.2%.
- The change in total percentage of building space over the last decade should convey that while the focus of the last development cycle was clearly on residential it was not performed in a silo as is evidenced by the increases across all building space types.
- Brickell realized the largest total increase of square feet with 15.1M SF while the Arts & Entertainment area saw the largest percentage change with a 79% increase in total building square feet.

- Three of the four downtown submarkets realized increases in density over the last decade.
- The Brickell submarket was the preferred location for residential development over the last decade with an increase of 11,366 units. However, the CBD saw the largest percentage change in residential units developed over the last decade with an increase over 1,000%.
- The significant development of office space in both the CBD and Brickell submarkets can be directly correlated to the increases in residential units developed during the same period.
- The Wynwood/Edgewater submarket was the focus area for development of retail & other commercial space over the last decade realizing increases of 91% or over 1.3M SF. An attribute contributing to this increase is the focus on this submarket as the headquarters of Miami's arts scene and the emergence of art studios and galleries.
- The Wynwood/Edgewater submarket realized a 10.5% increase or over 350,000 SF of industrial space during the last decade while the Arts & Entertainment area had an increase of 170,000 SF or 32%.

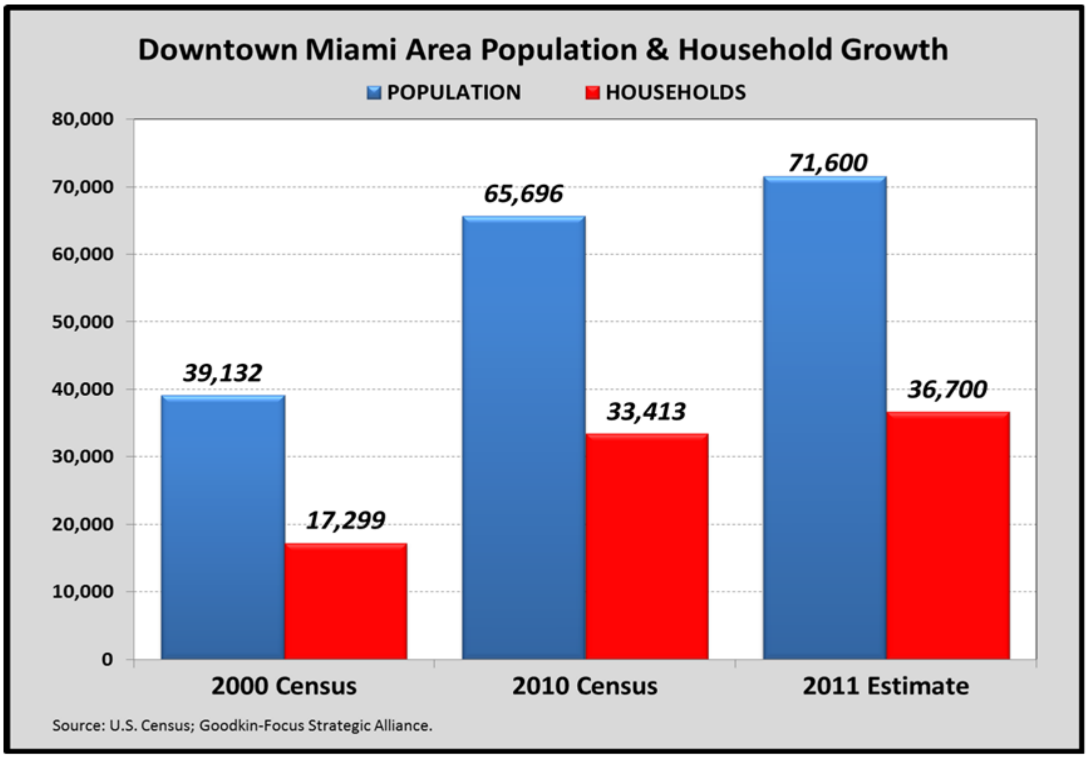


EXHIBIT I.1 DOWNTOWN MIAMI POPULATION AND HOUSEHOLD GROWTH

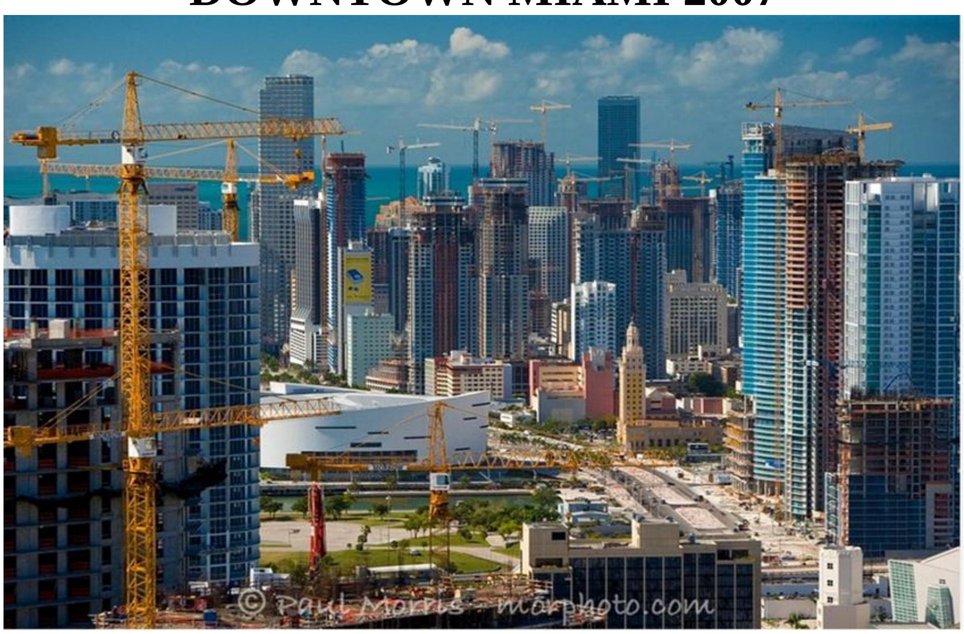
Population and household growth trends and current estimates for the Downtown Miami Area are illustrated in the chart above. The resident population in the downtown study area totaled 65,696 persons, based on the 2010 U.S. Decennial Census. As shown above, total population in the Downtown Miami Area increased by approximately 26,600 people during the ten year period from 2000 to 2010 for a 68% gain. Growth during the past decade represented an average annual increase of approximately 2,600 persons and 1,600 households per year. The downtown area population as of June 30, 2011 is estimated to be approximately 71,600, based on occupancy surveys, residential sales and leasing trends since the Census in 2010. This represents an 8.9% increase year-over-year and is above the average yearly increase over the last decade (6.8%)

DOWNTOWN MIAMI SKYLINE - 2011

BRICKELL/CBD

ARTS & ENTERTAINMENT/WYNWOOD-EDGEWATER

DOWNTOWN MIAMI 2007



As is shown in the graph below the change of total building square feet over the last decade was an increase of over 56% with an average year-over-year increase of 4.2%. The growth outlined in this chart clearly shows an intense and extensive development cycle within the downtown area over the last decade. It is also important to note that the percentage change over the last decade and the year-over-year change are based on the net square footage which was added. For example, if a 150,000SF office building was demolished and a new 600,000SF building was developed in its place over the last decade the net effect would be an additional 450,000SF developed in the downtown area."

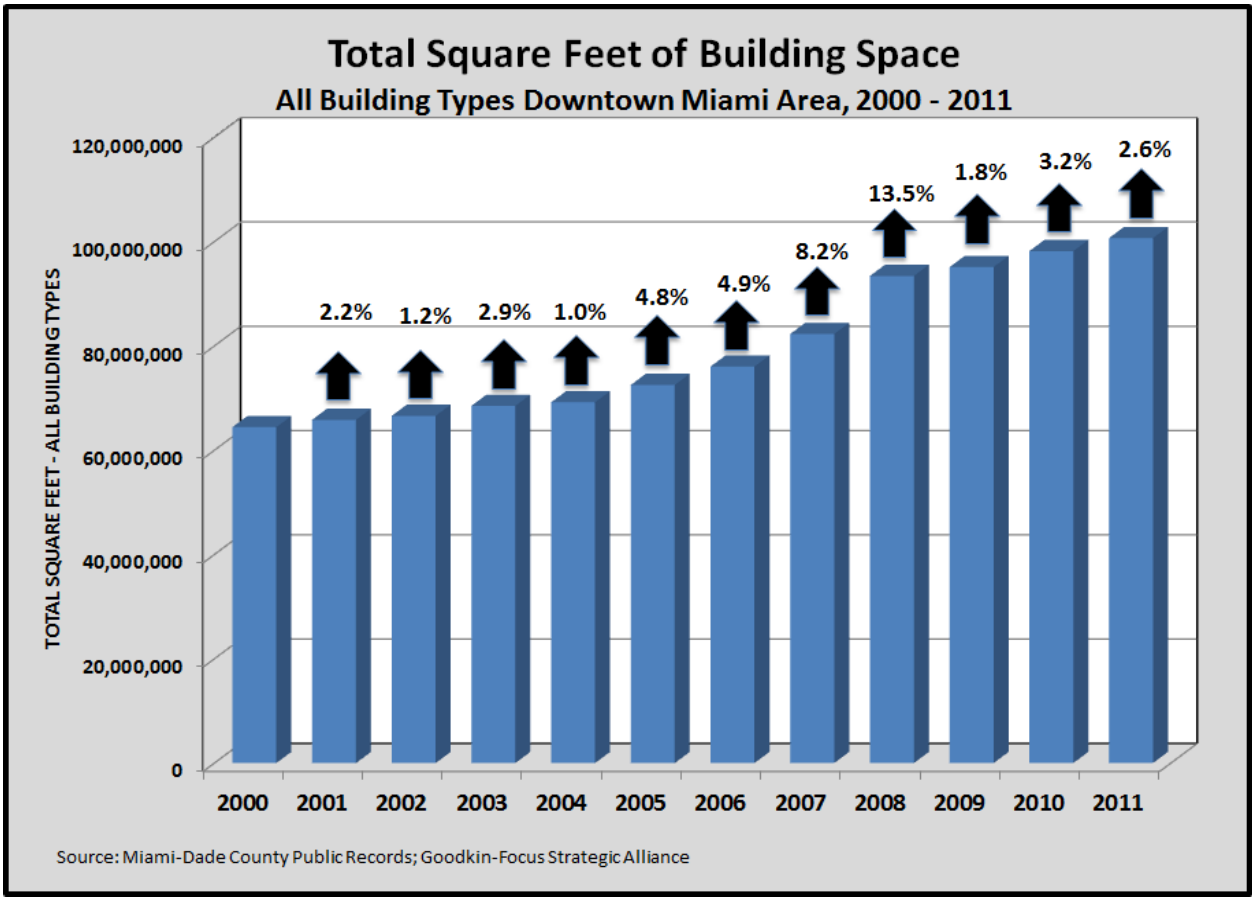
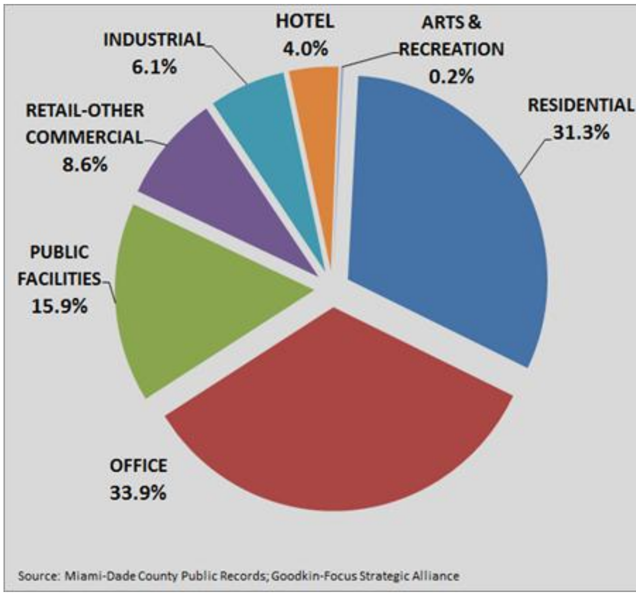
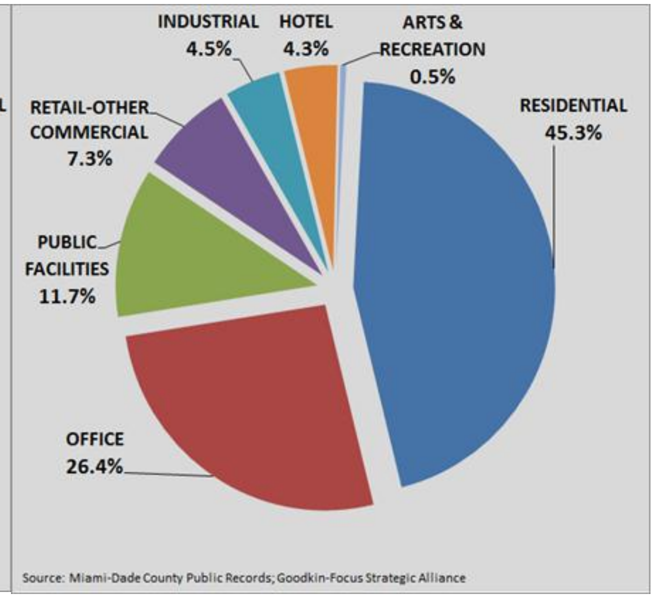


EXHIBIT I.2 GROWTH IN TOTAL BUILDING SPACE

Change in Distribution of Total Building Space





2000 **2011**

EXHIBIT I.3 CHANGE IN TOTAL BUILT SPACE BY LAND/BUILDING USE

While building space increased in every land/building use category, the large and dominant increase in residential space (condominiums and apartments) resulted in the reduction of most non-residential space categories as a percentage of total built floor space in the downtown area. This change in the percentage mix of building space reflects that the focus of the last development cycle was clearly on residential it was not performed in a silo.

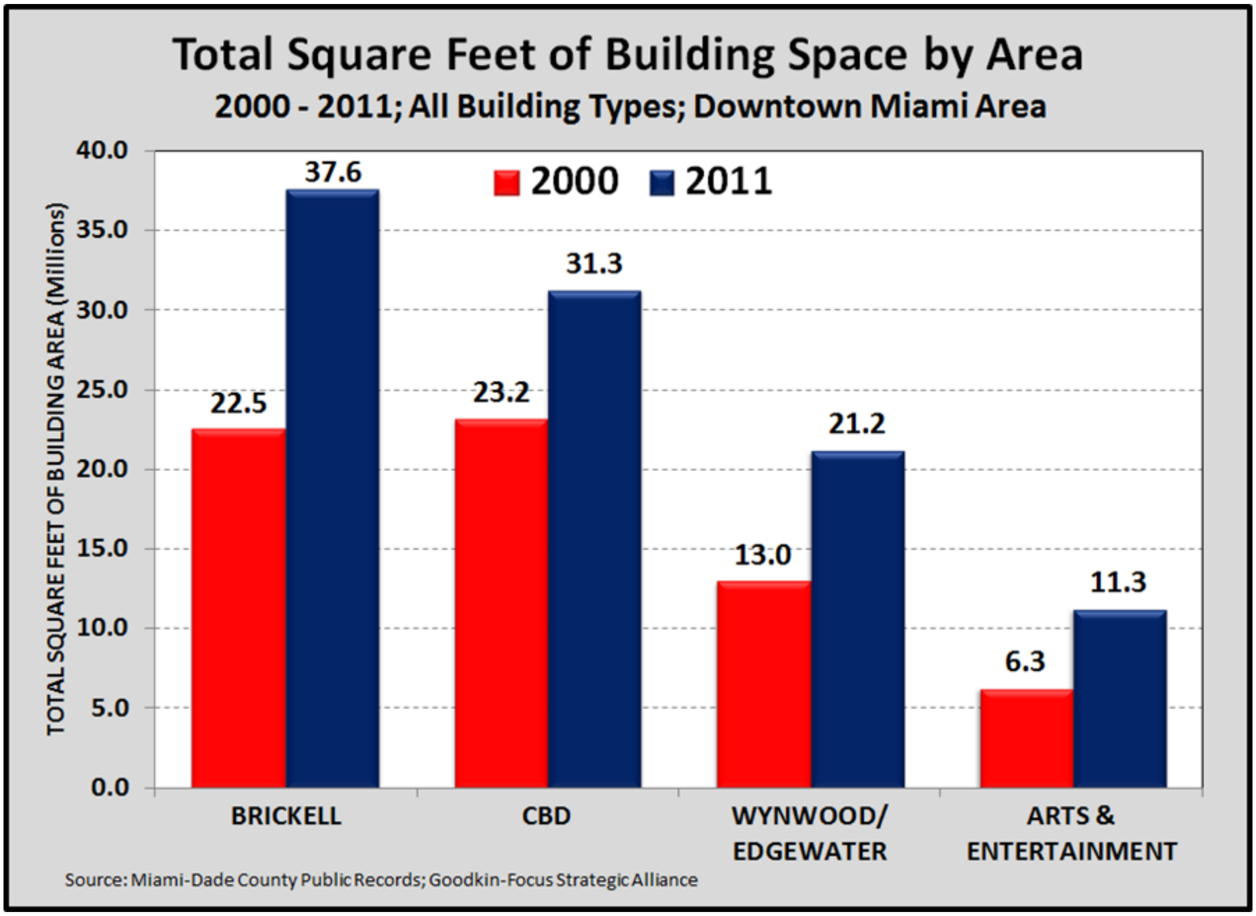


EXHIBIT I.4 CHANGE IN TOTAL BUILT SPACE BY LAND/BUILDING USE

The chart above clearly depicts an increase in total square feet of building space across the four downtown submarkets over the last decade. Brickell realized the largest total increase with 15.1M SF or 67%. However, the Arts & Entertainment area saw the largest percentage increase with a 79% increase in total building square feet. The CBD and Wynwood/Edgewater submarkets realized gains of 35% and 63% respectively. The result of such density increases is the formation of a true urban core and 24-hour work/live city."

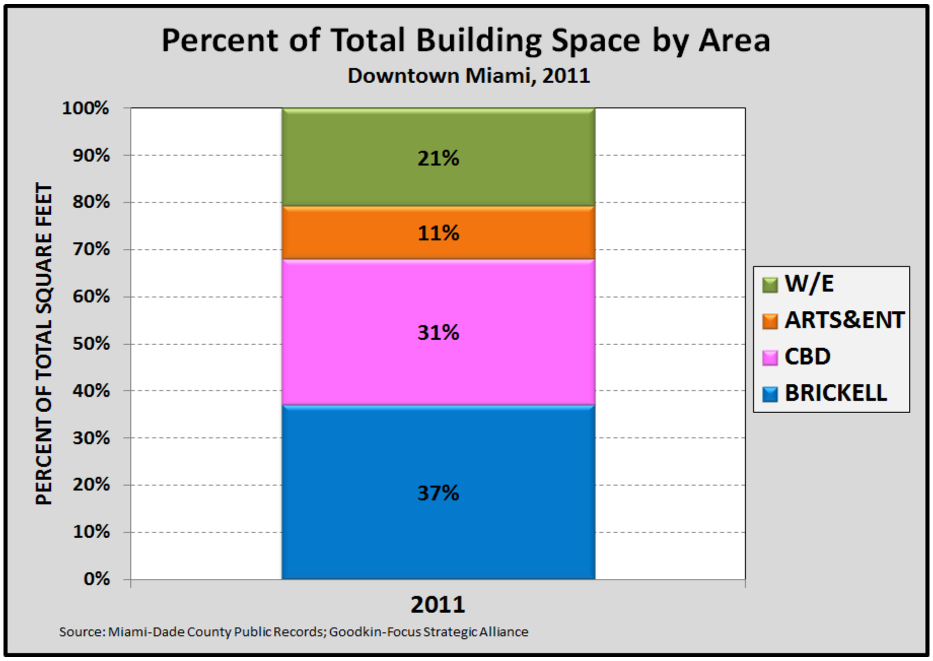


EXHIBIT I.5 CHANGE IN TOTAL BUILT SPACE BY LAND/BUILDING USE

Three of the four downtown submarkets realized increases in density over the last decade with the CBD being the only outlier. However, even with the development seen over the last 10 years the CBD and Brickell submarkets remain the largest in terms of total building space by area and thus remain the targeted areas for potential residents and employers.

Districts

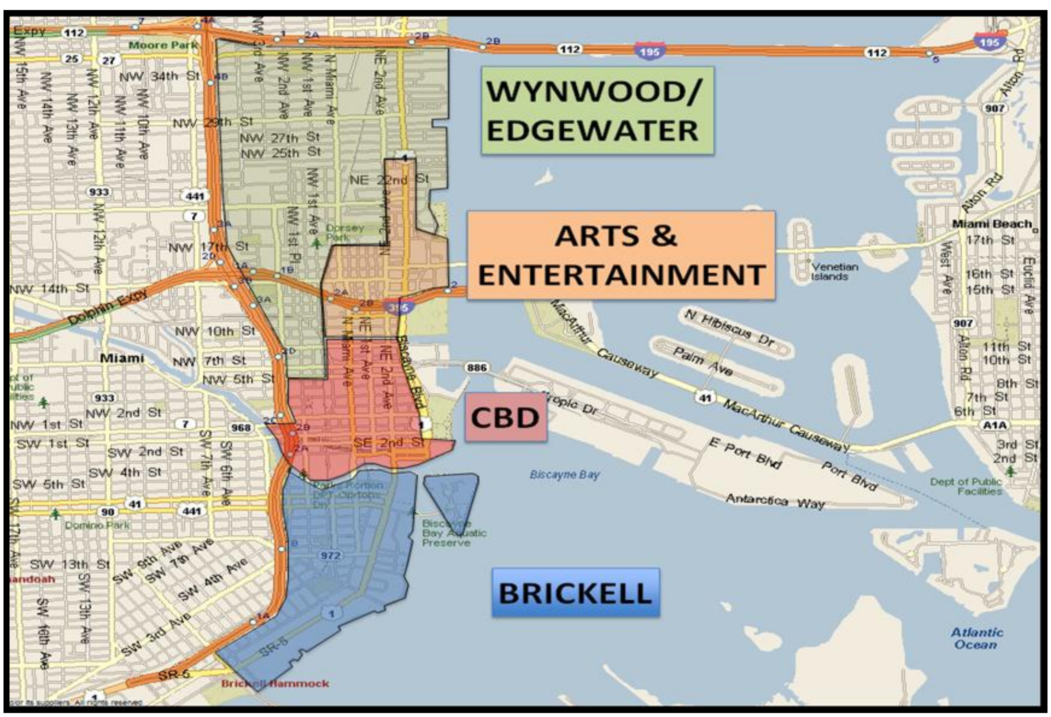


EXHIBIT I.6 DOWNTOWN MIAMI DISTRICTS

PROFILE OF CHANGE BY DISTRICT

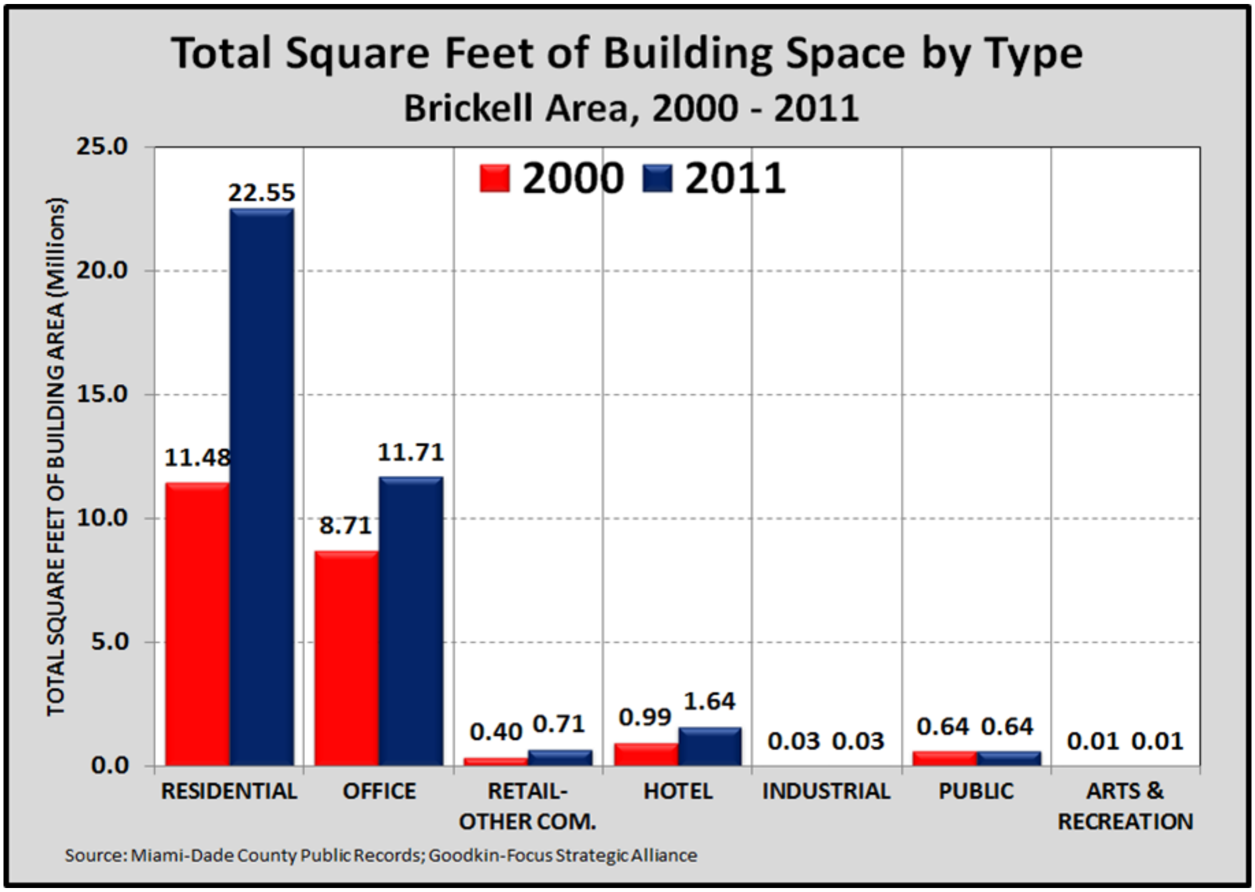


EXHIBIT I.7 BRICKELL AREA – BUILDING SPACE BY LAND/BUILDING USE

BRICKELL AREA

Development within the Brickell area submarket over the last decade was clearly focused on residential units as evidenced by the addition of 11.07M SF. However, coupled with a 37% or 3M SF increase in office space over the same period it is evident that an effort was exerted to establish a true live/work environment.

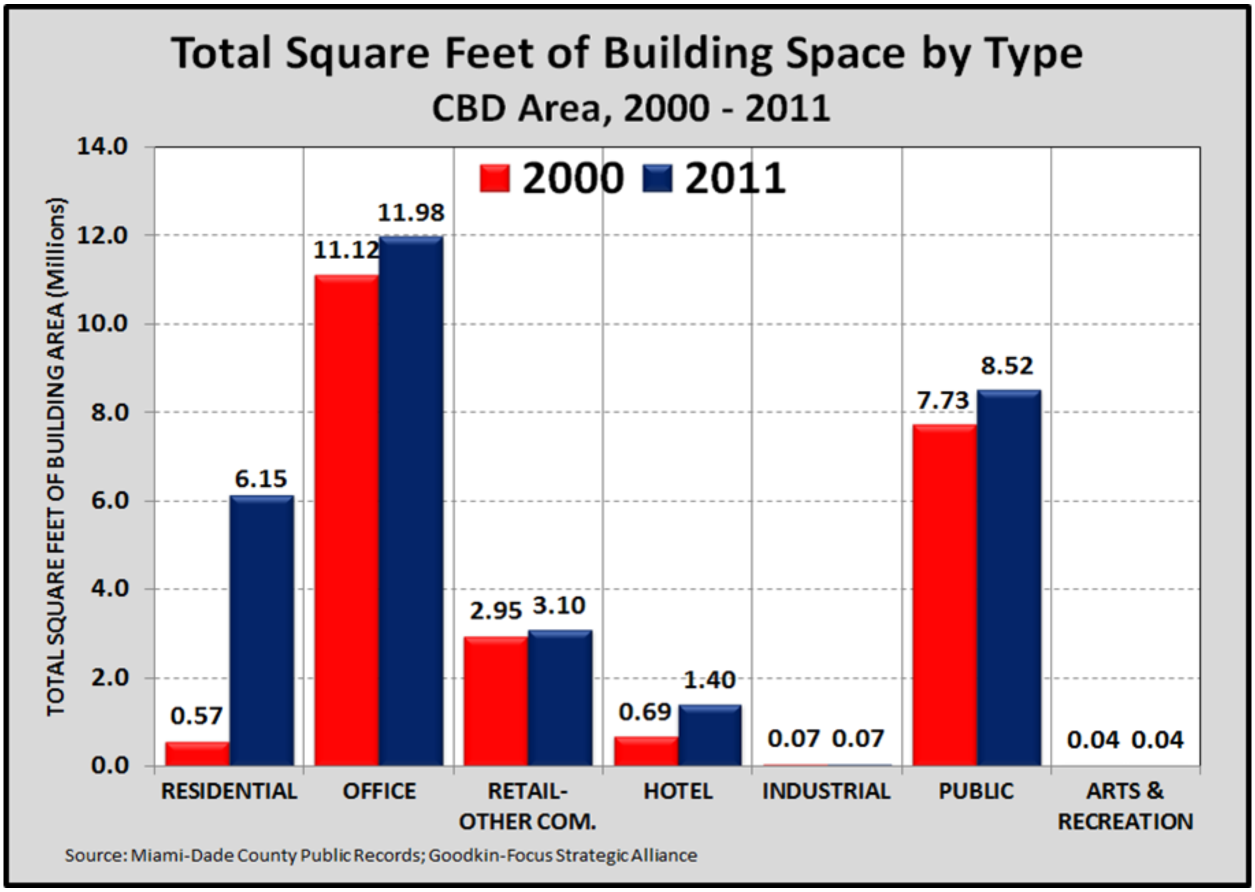


EXHIBIT I.8 CBD AREA – BUILDING SPACE BY LAND/BUILDING USE

<u>CENTRAL BUSINESS DISTRICT (CBD)</u>

The CBD area has always been and continues to be known as the employment center of downtown as it is home to many of the national and multinational corporations and businesses located in South Florida. However, the lack of a residential space has been a key factor in preventing the submarket from realizing its full potential as a key part of the urban core. Over the last decade the CBD submarket has increased residential building space by more than 970% or 5.58M SF. This coupled with growth in the hotel sector (102% or 720,000 SF increase) have made the CBD a preferred location with the downtown corridor for visitors, residents, and employers.

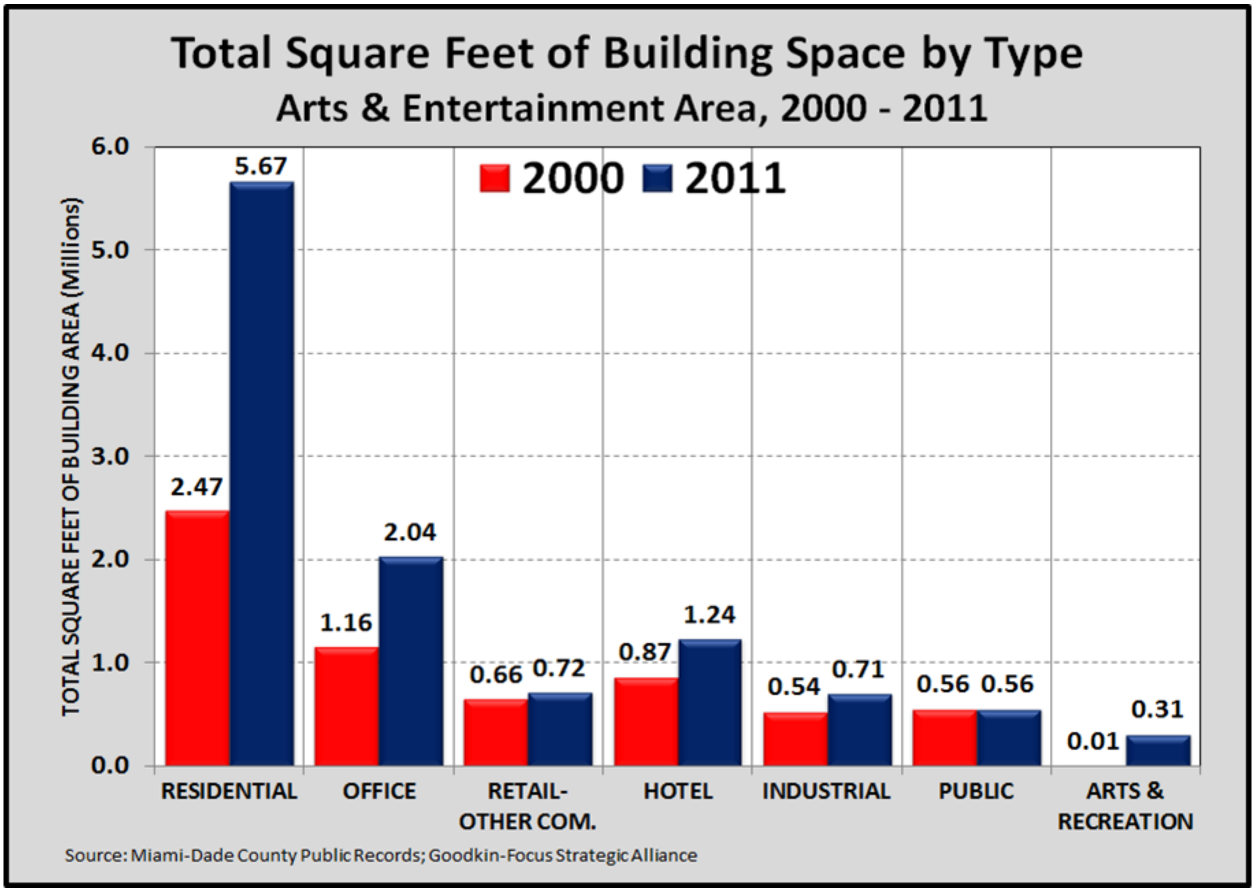


EXHIBIT I.9 ARTS & ENTERTAINMENT AREA – SPACE BY LAND/BUILDING USE

ARTS & ENTERTAINMENT DISTRICT

The Arts & Entertainment submarket realized the largest gain in gross square feet within the residential building space type with an increase of 3.2M SF or 130% over the last decade. However the largest percentage change within this area of downtown was in the arts and recreation building space type which increased in size by 3000% with the delivery of the 240,000+SF Adrienne Arsht Center in 2006.

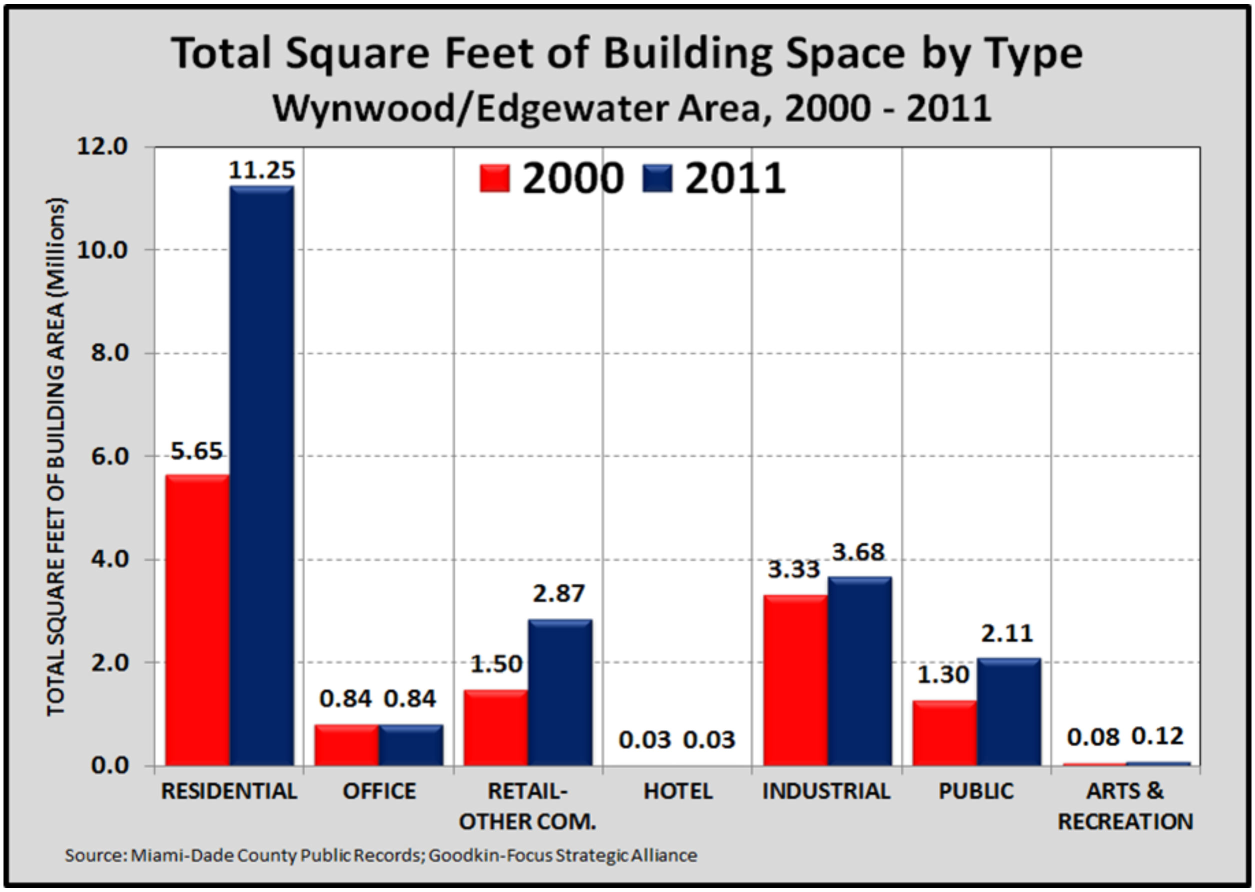


EXHIBIT I.10 WYNWOOD/EDGEWATER AREA – SPACE BY LAND/BUILDING USE

WYNWOOD/EDGEWATER AREA

The Wynwood/Edgewater submarket realized increases of 99% or 5.6M SF in residential building space and 91% or 1.37M SF of retail and other commercial spaces over the last decade. The direct correlation of the growth in the residential space to that of retail and other commercial conveys the focus on developing a true urban work/life environment in another one of the downtown area submarkets.

RESIDENTIAL SECTOR – PROFILE OF CHANGE

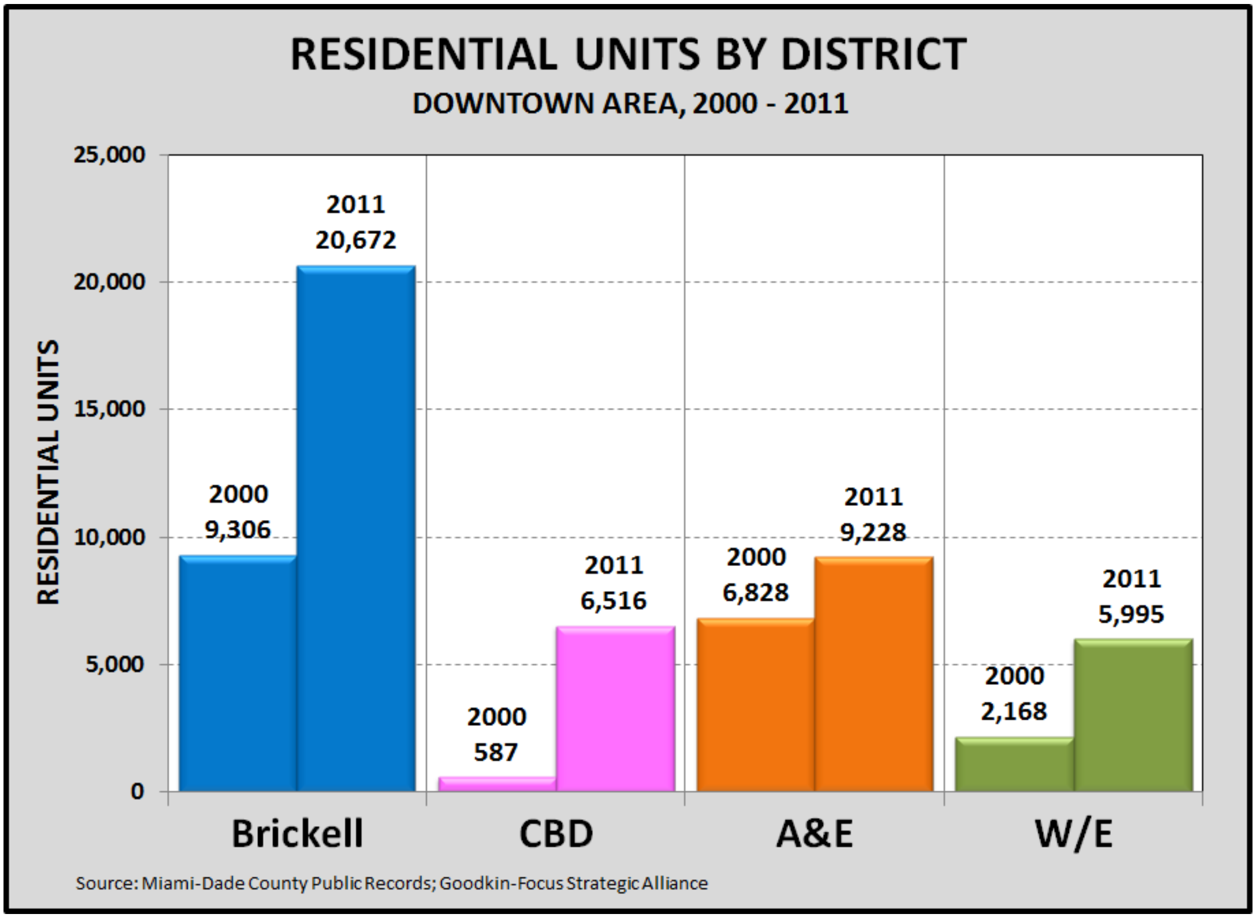


EXHIBIT II.1 RESIDENTIAL UNIT CHANGE BY DISTRICT, 2000-2011

The Brickell submarket was clearly the preferred location for residential development over the last decade with an increase of 11,366 units or 122%. However, it should also be noted that the CBD saw the largest percentage change in residential units developed over the last decade with an increase of over 1,000%. The focused development of residential units in the Brickell and CBD areas can be directly attributed to several factors: proximity to amenities such as the beaches, places of employment, public facilities such as the AAA, and perhaps most importantly available development sites. The Wynwood/Edgewater submarket realized a 176% increase in the number of residential units while the Arts & Entertainment areas increase the number of residential units by 35%.

HOTELS – PROFILE OF CHANGE

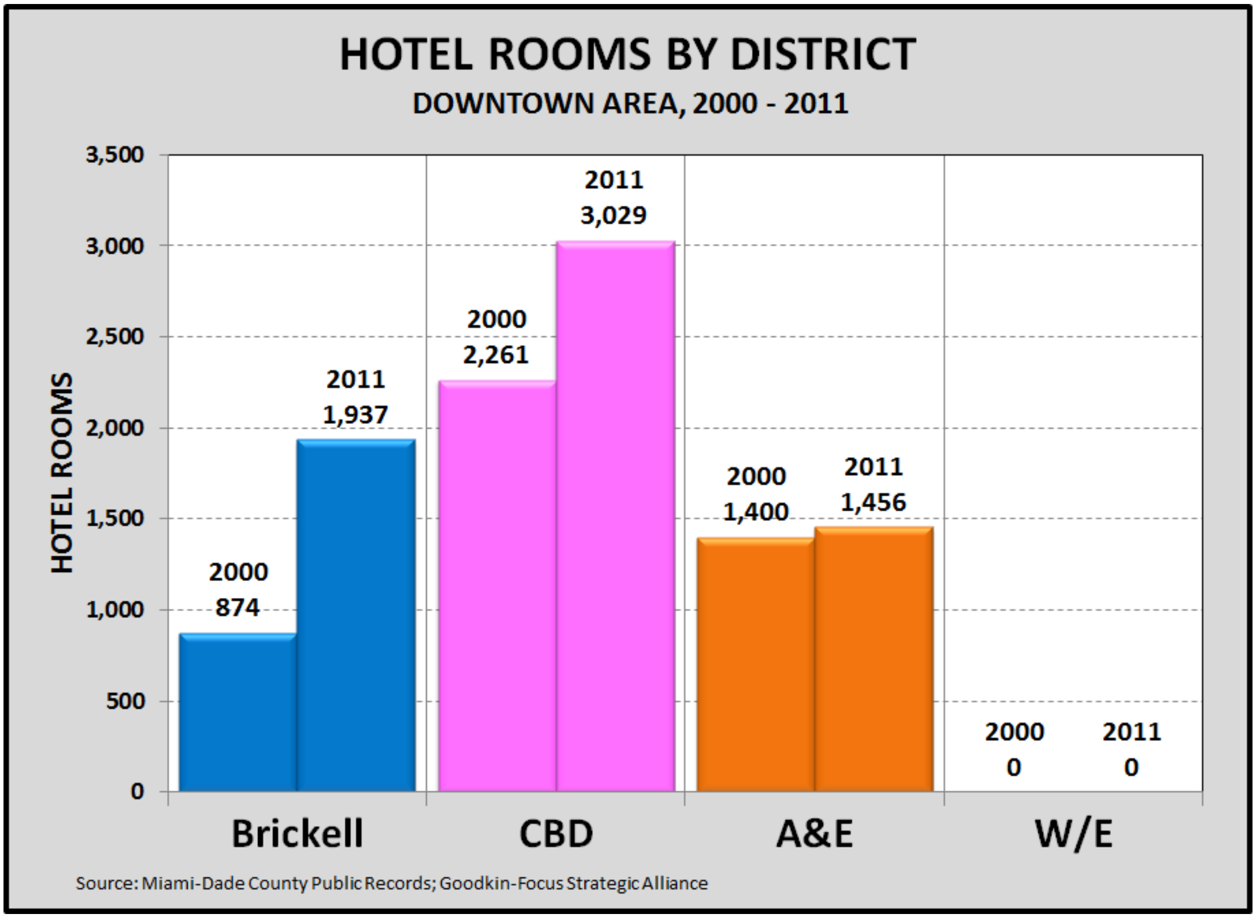


EXHIBIT III.1 HOTEL ROOM COUNT CHANGE BY DISTRICT, 2000-2011

Over the course of the last decade the Brickell submarket has realized the largest increase in the total number of hotel rooms added with 1,063, an increase of 121%. However the submarket with the largest number of hotel rooms was the CBD with 3,029 rooms and an increase of 768 or 34% over the last decade. Both the Arts & Entertainment and Wynwood/Edgewater submarkets saw minimal increases in total inventory over the course of the decade.

OFFICE SPACE- PROFILE OF CHANGE

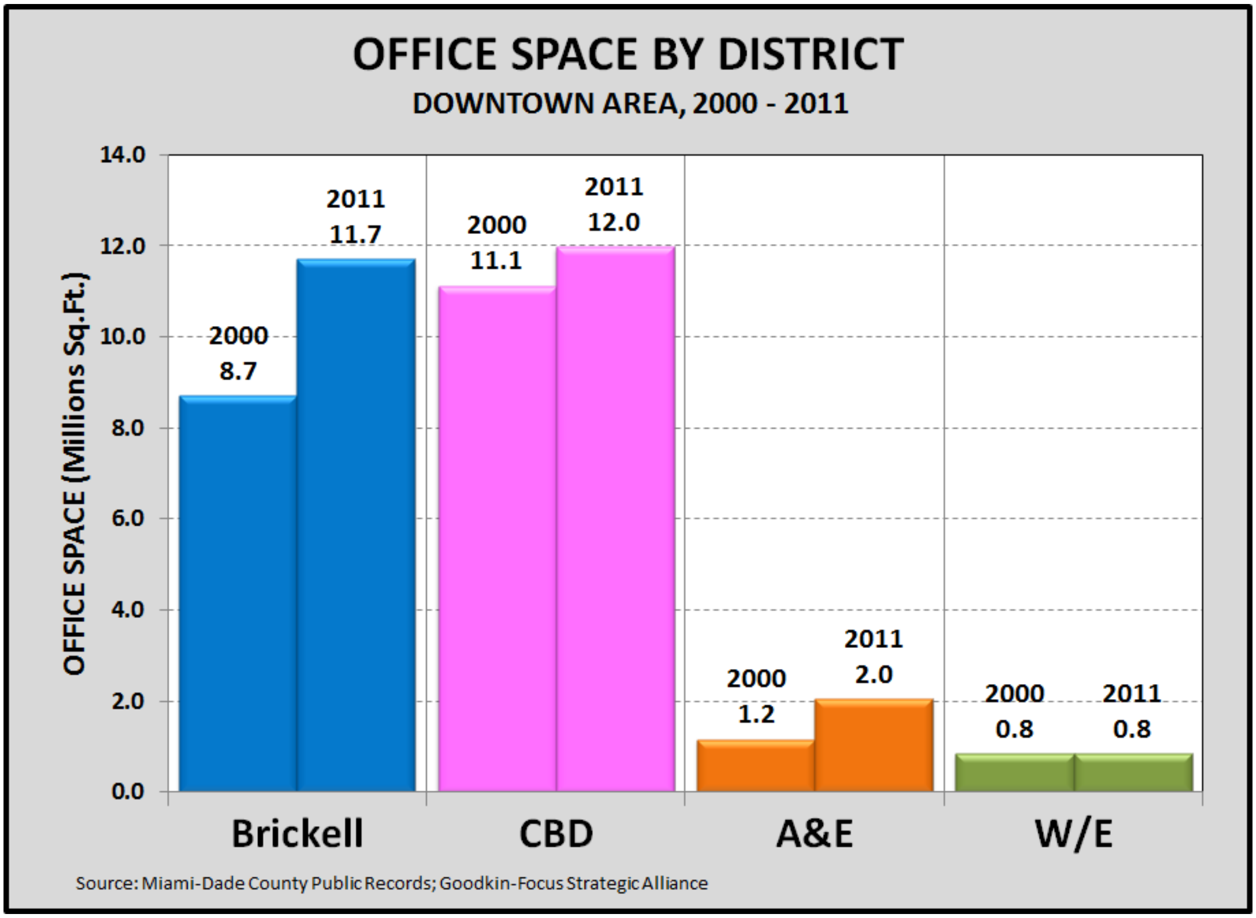


EXHIBIT IV.1 OFFICE SPACE CHANGE BY DISTRICT, 2000-2011

Brickell's office space footprint increased by more than 34% during the last decade with the delivery of 3 million square feet of new office space. However, the Arts & Entertainment realized the largest percentage increase in office space within the downtown markets by almost 83% or nearly 800,000 SF of space. The CDB saw the delivery of an additional 850,000 SF of office space, an increase of almost 8%, while the Wynwood/Edgewater remained unchanged over the last decade. The significant development of office space in both the CBD and Brickell submarkets can be directly correlated to the increases in residential units developed during the same period.

RETAIL & OTHER - PROFILE OF CHANGE

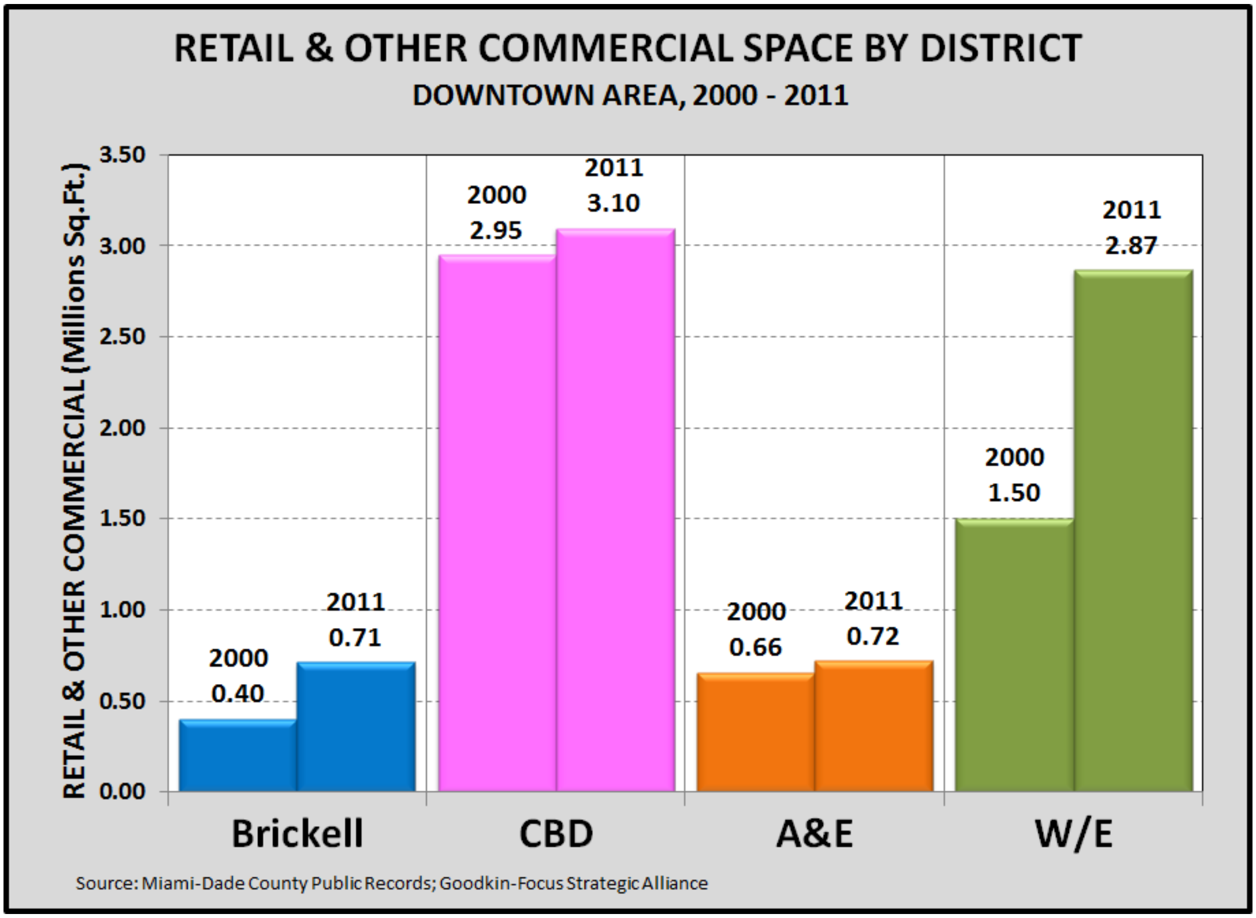


EXHIBIT V.1 RETAIL AND OTHER COMMERCIAL CHANGE BY DISTRICT, 2000-2011

Wynwood/Edgewater submarket was clearly the focus area for development of retail & other commercial space over the last decade realizing increases of 91% or over 1.3M SF. A factor contributing to the increased retail and other commercial space in the Wynwood/Edgewater submarket can attributed to the increased focus on this submarket as the headquarters of Miami's Arts scene and the emergence of art studios and galleries. Similarly, Brickell saw the second largest increase over the last decade adding over 300,000 SF of retail and other commercial space, an increase of 77%. The significant can be directly attributed to the increased development of residential units in the Brickell area and the need to provide supporting retail and commercial spaces for local businesses and restaurant. The CBD and the Arts & Entertainment Districts realized increase of 5% and 10%."

INDUSTRIAL SPACE – PROFILE OF CHANGE

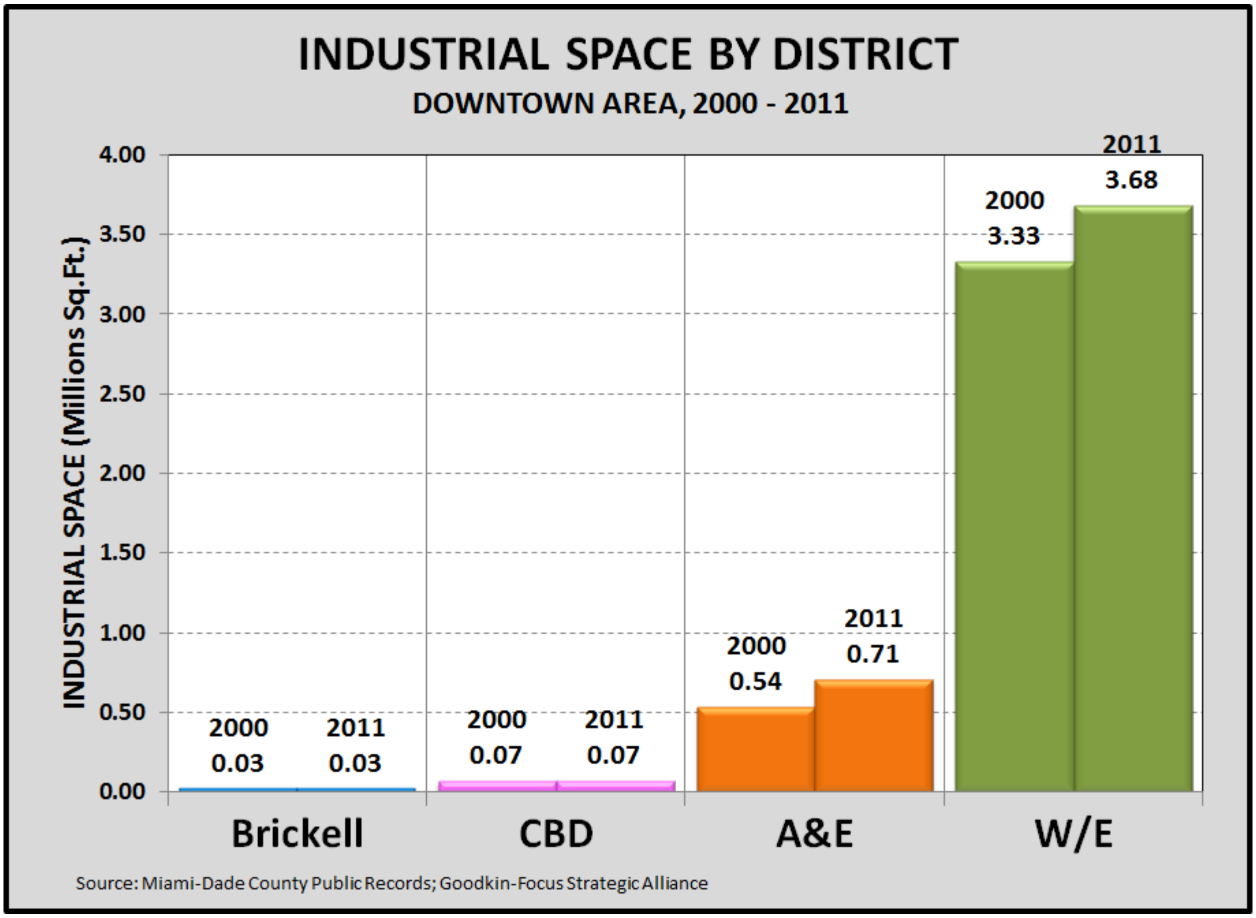


EXHIBIT VI.1 INDUSTRIAL SPACE CHANGE BY DISTRICT, 2000-2011

The Wynwood/Edgewater submarket realized a 10.5% increase or over 350,000 SF of industrial space during the last decade while the Arts & Entertainment area saw an increase of 170,000 SF or 32%. Both the Brickell and CBD submarkets saw no new development in the industrial space from 2000 – 2011.

PUBLIC FACILITIES – PROFILE OF CHANGE

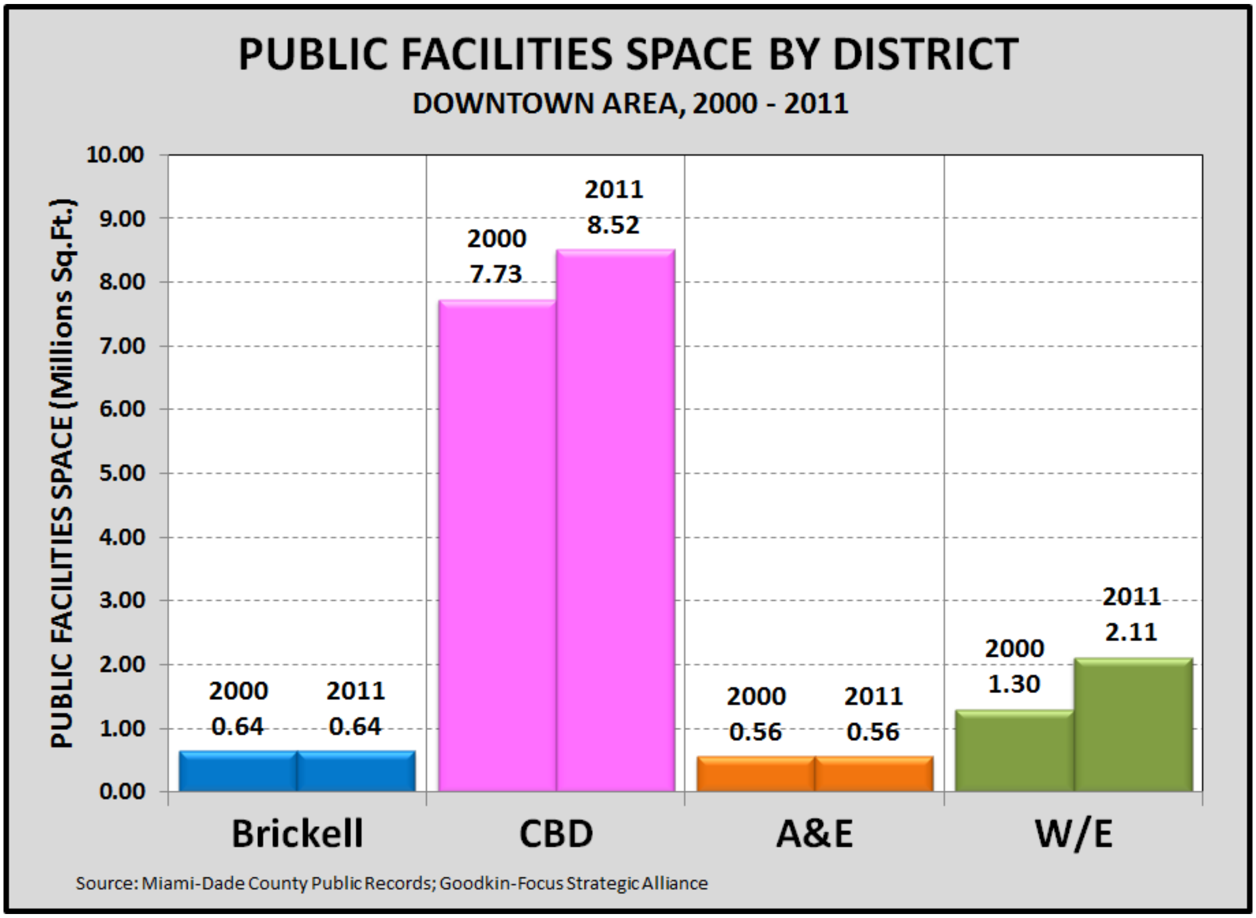


EXHIBIT VII.1 PUBLIC FACILITIES SPACE CHANGE BY DISTRICT, 2000-2011

Based on the data above the W/E submarket realized the largest percentage increase of public facilities with 62%. In addition, the CBD saw a 10% increase in public facilities space over the last decade with both Brickell and A&E submarkets remaining the same.

ARTS & RECREATION – PROFILE OF CHANGE

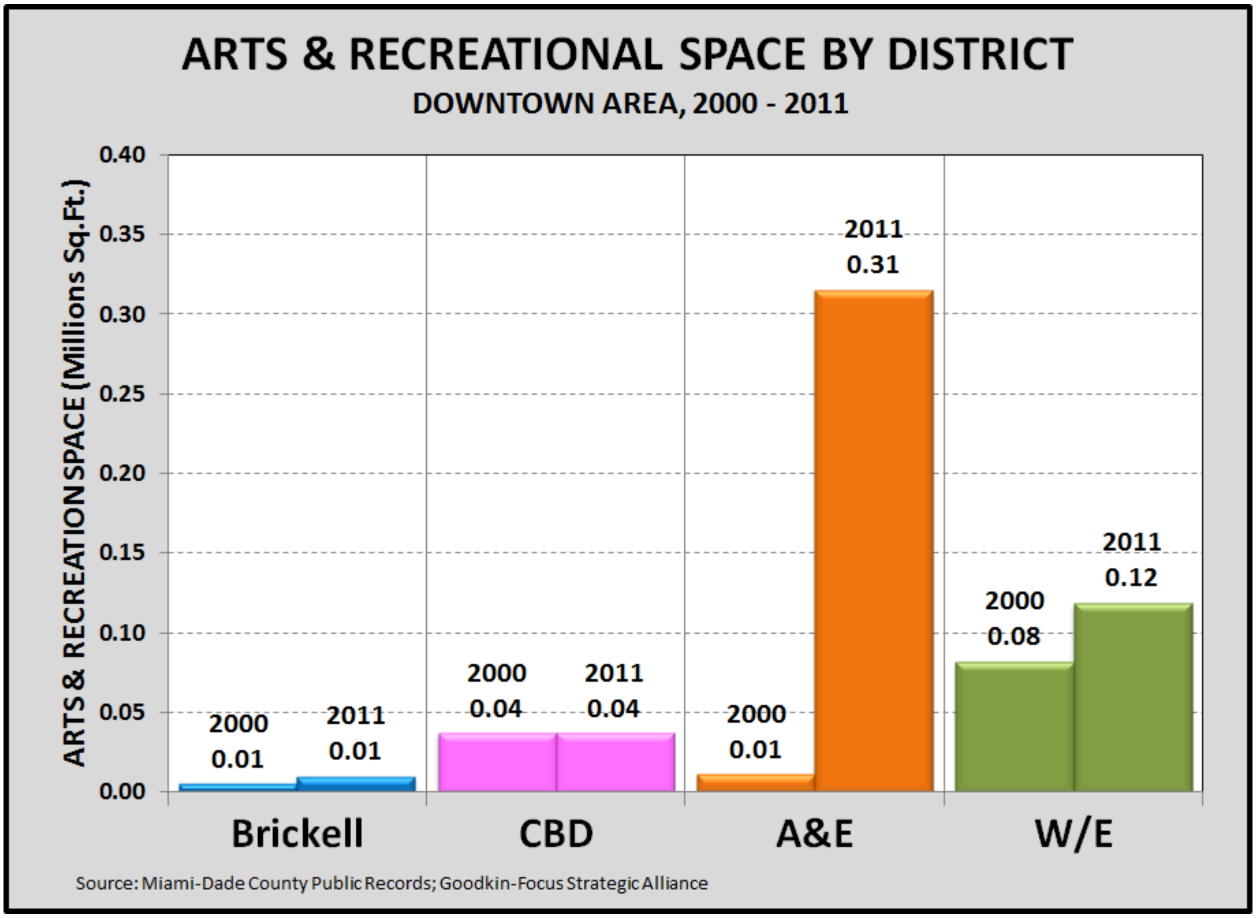


EXHIBIT VIII.1 ARTS & RECREATION SPACE CHANGE BY DISTRICT, 2000-2011

Based on the data above the A/E submarket realized the largest percentage increase of public facilities with 3,000%. This can be largely attributed to the opening of the Adrienne Arsht Center, a 244,000SF performing arts center. In addition, the W/E submarket saw a 50% increase in public facilities space over the last decade with both Brickell and CBD submarkets remaining the same.

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