2018-2019
EDITION

FOR MIAMI RETAIL
Major Markets Report

CUSHMAN &
WAKEFIELD

AT THE CENTER OF WHAT'S NEXT

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CONNECTING THE OLD WITH THE NEW

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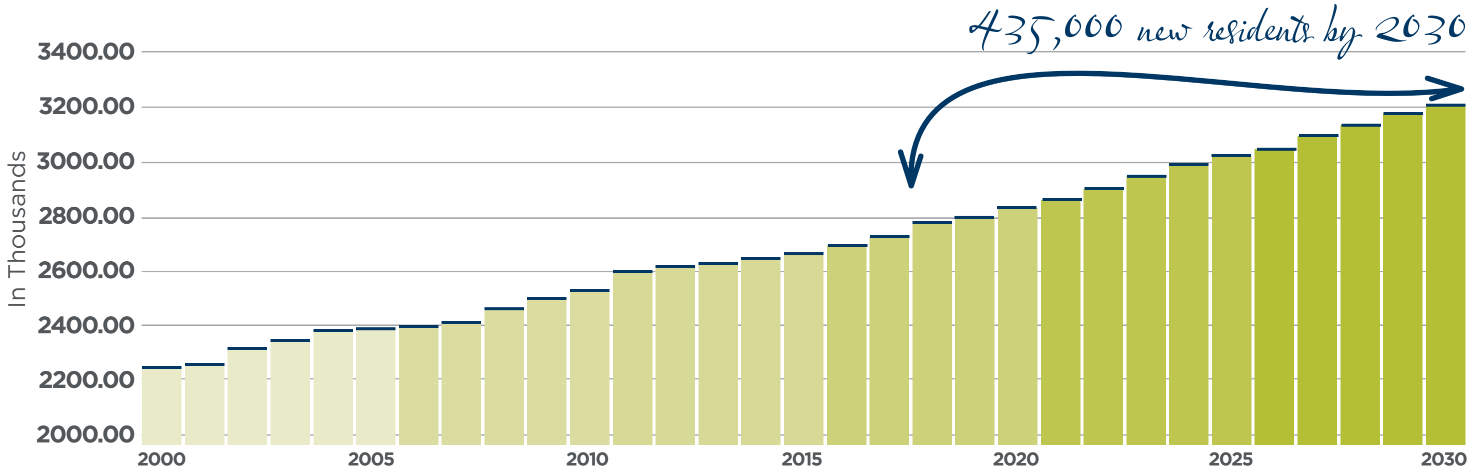
RETAIL IN MIAMI-DADE
CONNECTING THE OLD WITH THE NEW

Miami-Dade Population Projection



Reinvention is the 2018 theme for Miami-Dade. Like many gateway cities, the makeup and composition of its diverse population are constantly shifting and creating new influences that impact people's taste and style. The diverse demographic profile of people who live, work and visit the area creates an ideal environment for the confluence of wealth and consumer spending that supports a vibrant retail market.

Miami-Dade is not immune to the challenges that traditional retail is experiencing nationally in today's market. The fast pace of change is leaving some retailers and older shopping areas struggling to find ways to attract customers and increase foot traffic. The digital infrastructure and the curated experiential environments are creating new touchpoints with customers that are more intertwined and interconnected. Miami-Dade's retail submarkets are at the forefront of the changing landscape of how we shop.

South Florida in 2018 is a microcosm of how these changes are affecting the old retail model and of how retailers are confronting the new subtleties in the 21st century. Due to its size, Miami-Dade has an oversized impact on the region, nationally and worldwide. It is the fourth largest urban area in the United States with 5.5 million people. This dense market, which averages more than 4,400 people per square mile, makes it an ideal testing ground for new retail experiments that may eventually roll out to other markets.

Miami-Dade is not one market but many separate neighborhoods, each with their own unique flavor. The 34 cities and numerous unincorporated areas are predominantly Latino. Of that total population in the county, 70 percent identifies as Hispanic – but within that community are significant pockets of Cubans, Puerto Ricans, Dominicans and Mexicans, as well as residents from most Central and South American countries. Each ethnic group creates an evolving cultural identity that influences how people live and shop.

70%

of the total population in the county identifies as Hispanic.


nauti grind
CAFE
CAFE nauti grind MENU
La COLOMBE
Fresh Baked
CAFE AMERICANO 4
CAPPUCCINO 4
MACCHIATO 4
CAFE LATTE 4
CAFE MOCHA 5
ESPRESSO 3
COLADA 3
CORTADITO 3
HOT CHOCOLATE 4
CROISSANT & MUFFIN 4
PAIN au CHOCOLATE 4
CRUMBCAKE 4
GUAVA PASTELITO 4
EMPANADA 3
CROQUETA 3
ARTISAN SNACKS 4
DRAFT latte 6
PURE BLACK 6
TEA 4
MATCHA 4
Morning AFTER 6
NIZZA BLEND COFFEE + SHOT OF ESPRESSO
Expressed JUICE 9
@NautilusSoBe
@SixtyHotels

MARKET DYNAMICS
IN MIAMI-DADE

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2 MARKET DYNAMICS IN MIAMI-DADE

Vibrant Tourist & Hospitality Sectors

In 2018, Miami-Dade remains one of the top choices for domestic and international travelers. A record 15.9 million overnight travelers visited in 2017 and that number is expected to be even higher in 2018. Visitors spent more than $26 billion in retail expenditure in 2017. Retailers in high-traffic tourist areas are guided by the international stream of customers directly influences how retail formats are developed and how they respond to changes in customer profiles. As the number and origin of visitors shift, those factors also force many retailers to reinvent and reimagine their spaces to differentiate themselves in a competitive environment.

PortMiami is the cruise capital of the world and wants to ensure it keeps that title. In the last three years, the port has signed lease agreements with three major cruise lines for new terminals, including Royal Caribbean, Norwegian and MSC cruise lines. The new facilities, which will be completed in 2018, 2019 and 2022, respectively, will be able to accommodate each line's largest ships, called World Class vessels, each of which can carry nearly 7,000 passengers. Currently those size ships dock at Port Everglades, to the north in Broward County.

*A Record **15.9 million** overnight travelers visited in **2017** and that number is expected to be even higher in **2018**. Visitors spent more than **$26 billion** in retail expenditures in **2017**.*

__Miami__ is the __No. 1 cruise port__ in the world.

Source: Miami Downtown Development Authority, 2018

ORIGINS OF TRAVEL

DOMESTIC
51.2%

INTERNATIONAL
48.8%

Number of Domestic Visitors
7.8 Million

Number of International Visitors
8.1 Million

HOTEL ROOMS
55,453

OCCUPANCY
76.7%

AVERAGE DAILY ROOM RATE/NIGHT
$190

ARRIVALS AT MIA
44.1 MILLION

MIAMI AIRLINE CARRIERS
106

GROWTH IN CRUISE PORT ACTIVITY

PASSENGERS UP
10.9%
Number of Cruise Passengers 5.3 Million

ECONOMIC IMPACT
$34 BILLION

DIRECT/INDIRECT EMPLOYMENT
320,000

MIAMI CRUISE SHIPS
55

22
CRUISE LINES


MIAMI BEACH CONVENTION CENTER
MIAMIBEACH
CONVENTION CENTER

Miami Beach Convention Center

Convention center business plays an important part in bolstering consumer spending and adding to the market's total retail sales. In 2017, 3.6% of all business travelers to Miami-Dade came to attend events at convention centers. Most of these attendees stay in hotels in Miami Beach, a world-renowned destination famous for its nightlife, restaurants and shopping.

The Miami Beach Convention Center (MBCC) sees more than 600,000 visitors annually and is in the final stages of a $620 million renovation and expansion. With a new facade, 505,000 square feet of exhibition space with 10 additional meeting rooms and 870 new parking spaces, MBCC seeks to attract larger conventions while reengaging with the surrounding community.

600,000
Visitors Annually

$620 Million
Renovation & Expansion

505,000 SF
of Exhibition Space

870 New
Parking Spaces

10
Additional Meeting Rooms

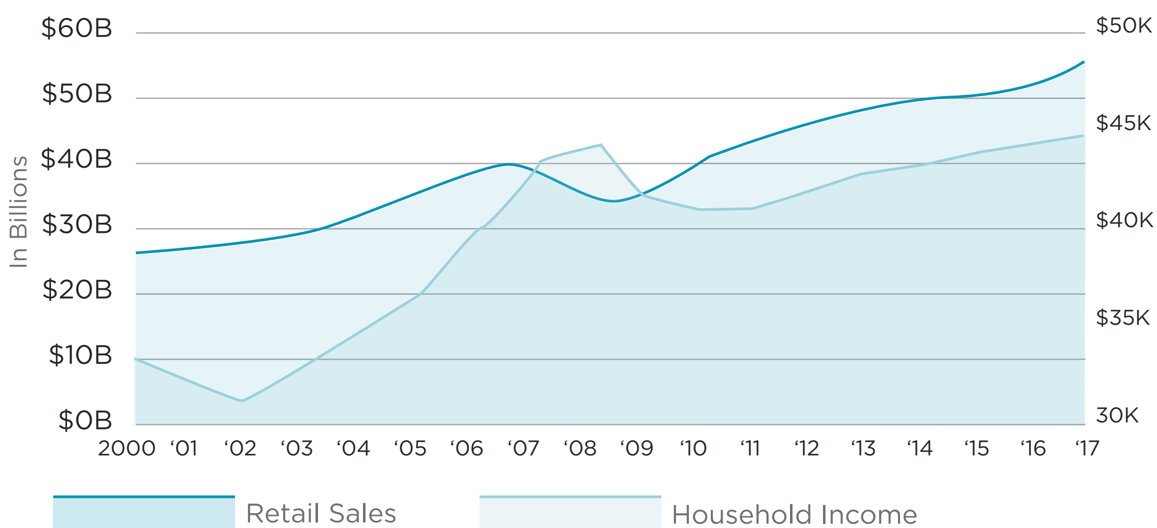
Source: Greater Miami Convention & Visitor Bureau, 2018

Visitor Impact and Shadow Market

Tourist numbers include short-term visitors as well as many who have purchased homes in the region and stay for extended periods of time, from a few weeks to several months. These temporary residents use South Florida as their second or third home and participate in the "Shadow Market," which is not easily quantified in demographics or spending statistics, and is not included in the Census. However, temporary residents do contribute and drive the economic vitality of the region and come from all over the world. Many buy homes and park money in real estate assets, with most willing to pay all cash for assets. The Shadow Market includes many international residents, primarily from Latin America, and remains one of the main factors behind the region's strong real estate market and elevated retail sales growth.

On average, ***62% of foreign buyers spend more than twice*** *that of domestic buyers on residential properties in Miami.*

Retail Sales in Billions vs. Household Income



Sources: Moody's , 2018

Eclectic Neighborhoods & Communities

Miami-Dade is not one retail market but a fractured region made up of distinct geographic retail clusters that many times overlap and are interconnected by transportation corridors. The strength of the retail market lies in its diversity and ability to cater to any customer's needs or wants. From High Street retail to local convenience, several neighborhoods have a stricking juxtaposition of different uses that can help draw customers in, creating foot traffic. The local population as well as strong tourist inflows reenergize the retail market with new concepts and ideas.

The unique layout of the retail market in Miami-Dade also makes it difficult for a few big retail players to dominate the market. As in many other gateway cities, retail in Miami-Dade has been protected by its size and diversity from changes in the overall retail landscape.

Density & Verticalization

Most of South Florida, including Miami-Dade, is boxed in between the Atlantic Ocean and the Everglades. While these enclose and define the natural boundaries of the market, they also allow for the densification of neighborhoods and clustering of business and retail services. Two outcomes that benefit the retail sector are:

1. Vertical development along major traffic corridors
2. Forcing the adaptive re-use of existing structures into higher value uses

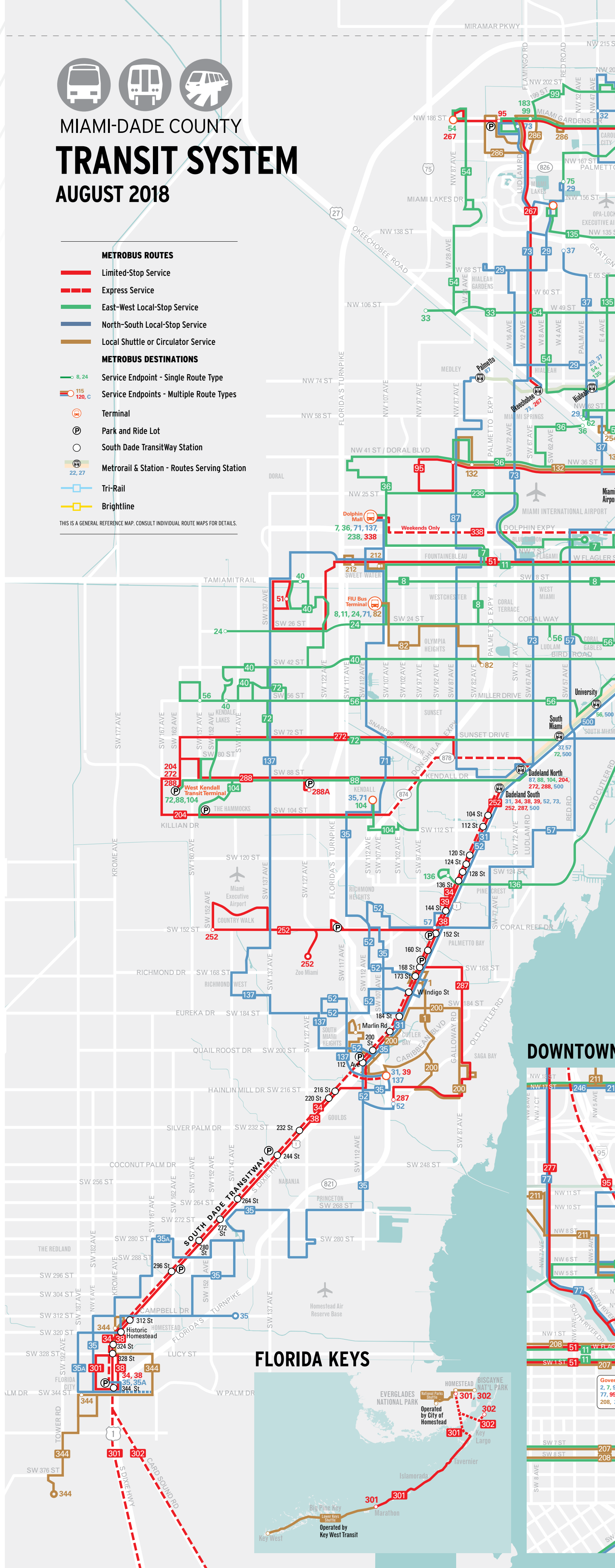
This second trend has occurred in semi-industrial areas surrounding the downtown core. It has added pressure on local infrastructure and increased traffic congestion as residents migrated from the western suburbs east to the urban core. Given the inability to grow outward, the movement east is creating additional incentive for vertical development and will continue to provide new opportunities for retailers.

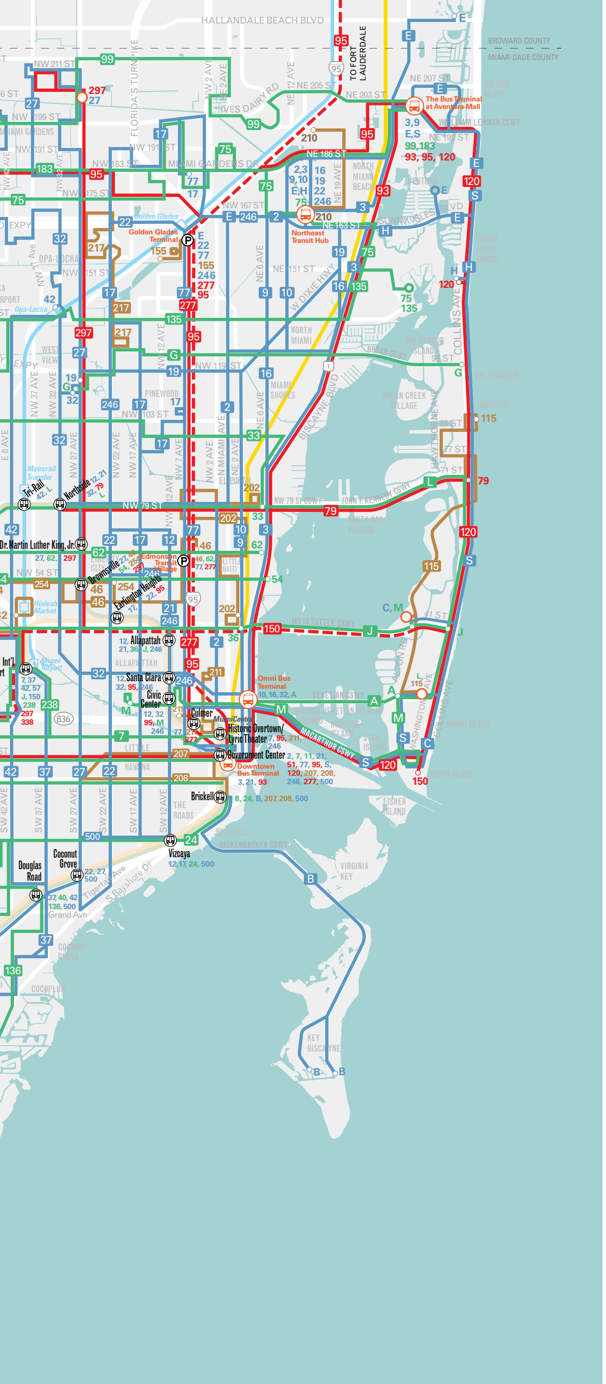
The local population as well as strong tourist inflows ***reenergize the retail market*** *with new concepts and ideas.*

Transportation Linkages and Nodes

Miami-Dade has one of the more extensive mass transit systems in the Southeast. It combines a wide network of bus and rail lines, connecting people on the local, county and regional level. This network was initially developed in the 1980s as a response to traffic congestion and increased transit times. While there are complaints that trains and buses don't go where people want or do not run with enough frequency, utilization of Miami-Dade's buses, trains and elevated lines will only continue to grow as the population increases.

Most rail lines run north-south like major interstate highways and roads. The Metromover in Downtown/Brickell unites the different parts of the CBD. The Metrorail ties Miami-Dade's northern and southern suburbs with the CBD and the airport. The Tri-Rail regional rail line has stops in all three counties in South Florida. Brightline, a fast-moving, inter-city train between the downtowns in Miami, Fort Lauderdale and West Palm Beach, will eventually link up to Orlando and make it easier for residents and visitors to travel quickly throughout the region. In addition, Miami-Dade has a broad network of bus lines that connect communities to the east and west of major rail lines.





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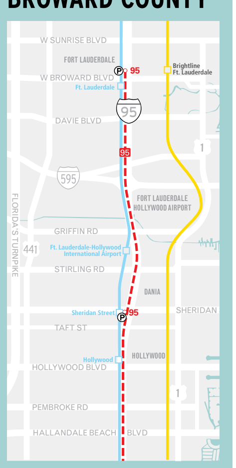
BROWARD COUNTY



Brightline (Virgin Trains) Vision & Reality

South Florida is excited about the possibilities that Brightline brings to the region. Brightline, which will soon become Virgin Trains USA after an investment by Richard Branson's Virgin Group, looks to the future for its growth. The new inter-city express train provides a premium traveling experience that currently links downtown Miami to Fort Lauderdale and West Palm Beach, with a future leg to Orlando and potentially to Tampa. Each station in South Florida is in the urban core, and is situated in order to connect and engage with surrounding neighborhoods.

For Miami, the vision and realty for MiamiCentral, the southern terminus for Brightline, is a multimodal facility that combines different transportation options to tie travelers to every city and community in the county. The station is conveniently located near the central business district, Museum Park, American Airlines Arena and the cruise ships at PortMiami. It is also a short walk, bike or car ride to several of Miami-Dade more unique districts, including Little Havana, Brickell and Wynwood.

More importantly, Brightline is providing a catalyst for new retail options tied to massive mixed-use projects popping up around each station. These projects provide needed foot traffic and density that most retailers need to survive and thrive. As the line expands northward to Orlando, additional stops could be added in South Florida, including Wynwood in Miami-Dade, which could spark additional demand and development along the line.

CLICK HERE TO TAKE A
360° TOUR

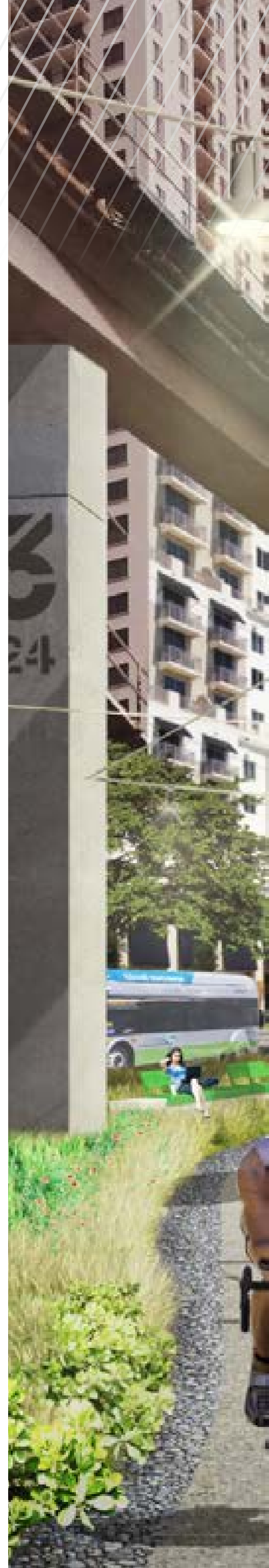
brightline

The Underline Project

The Underline will transform what is currently underutilized land below Miami's MetroRail, from the Miami River to Dadeland South Station. It will connect communities; improve pedestrian and bicyclist safety; create more than 120 acres of open space with restored natural habitats; encourage a healthy lifestyle; provide an easily accessible place to exercise; create a mobility corridor that integrates transit, car, biking and walking along U.S. 1. and generate significant economic impact.

The Underline

CLICK HERE TO
SEE MORE

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The Urbanization of Miami-Dade's Suburbs

Miami-Dade is embracing transit-oriented mixed-use projects around Metrorail and Metromover stations that incorporate residential, office and retail uses. Residents and workers can walk or ride mass transit to get around without having to get in a car. These transit-oriented developments (TODs) offer retailers access to hundreds, maybe even thousands, of customers every day.

In the urban core, TODs have been developed along the free Metromover elevated tram that connects the Downtown, Brickell and Omni neighborhoods. Two significant projects include Brickell City Centre, which includes a large upscale mall and food court, and MiamiCentral, in Downtown, which is the city's new "Grand Central" station, combining all the county's mass transportation options in one place with several office and residential towers above. Retail in the project is already playing an important part in creating a sense of community for an area Downtown that lacked a sense of place.

TODs have had a more profound impact on suburban submarkets where the idea was always that station hubs would provide the population density required and create enough revenue to support the system. The added benefit would be reducing auto use and easing stress on area roadways. After several years when projects failed to get from the drawing board to construction, multiple projects are underway that will dramatically alter the neighborhoods around many stations:

- The Dadeland South station at the system's southern end, had early success with the mall and Datran Center's office towers. The Downtown Dadeland mixed-use urban district, adjacent to the station has taken off with new residential development and a thriving retail component.
- The South Miami station has a proposal for a Class-A office building with ground-floor retail fronting high-profile South Dixie Highway and a 99-unit residential building intended for students attending nearby University of Miami at the back of the station.
- The Douglas Road station could see a mixed-use urban hub that would contrast sharply with the surrounding neighborhood. The project will include 1,000-1,500 apartments and a 22-story, 280,000-square-foot office building. Ground floor retail would engage riders and residents throughout the project.

"The retail market in Miami-Dade remains fundamentally strong and is at the forefront of traditional retail's reinvention in the 21st century. The changing composition of neighborhoods and structural barriers to entry allow for and require urban regeneration. This makes Miami an ideal testing ground for new retail formats and ideas that eventually will roll out and impact retail unit delivery in markets nationally."

Greg Masin*, Senior Director*
Retail Services at Cushman & Wakefield

MARKET DYNAMICS
IN MIAMI-DADE

Miami Millennials

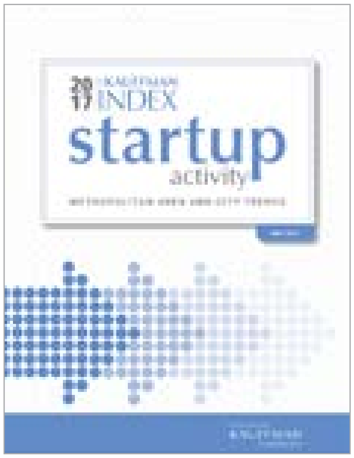
Miami-Dade is one of the top cities nationally for Millennials, with a total of 27% of the population and growing. This generation is plugged into handheld devices, causing significant disruption to traditional purchasing patterns. Millennials value convenience and flexibility in addition to a customer-centric approach that makes them feel wanted and valued. They are drawn to the overall experience more than just buying a product, and demand a seamless integration between the online and physical retail spheres.

Miami-Dade is not considered a traditional tech market, but it is the gateway to Latin America for most U.S.-based technology companies. Its rapidly growing tech community bridges different cultures and provides a melting pot in which ideas can be developed into viable businesses that are able to impact a wider international community.

The Kauffman Foundation's 2017 Index of Startup Activity*, which measures new business creation, ranked the* ***Miami-Fort Lauderdale area No. 1*** *out of the* ***40 largest metro areas*** *in the U.S.*

Venture capital pours into Miami-Dade and South Florida with over $1.5 billion in recent years going to area companies which are in cutting-edge technologies including virtual reality and game simulation. Many times, young Millennials may start out their tech careers in South Florida and then move to other cities where there is more demand for their skills.

Miami-Dade's first 'unicorn' startup (a privately-held startup tech company valued at over $1 billion), **ParkJockey** announced additional investment by Japan's SoftBank which pushed the value of the company over $1 billion. In addition, ParkJockey acquired two of the largest parking operators in North America, making it one of the most valuable parking companies in the world. Their "smart" parking technology has the potential to solve many urban areas traffic congestion and parking issues by taking a city-wide approach and solution.



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FULL REPORT

18-34
AGE GROUP
recently passed Boomers in total size

$69,993
AVERAGE HOUSEHOLD INCOME

DIGITAL NATIVES
GREW UP AND ARE COMFORTABLE ONLINE

54% OF MILLENNIALS
now make **PURCHASES ONLINE,** up from 51% in 2015

$1.4
TRILLION
purchasing power by 2020

MILLENNIALS
DON'T VIEW THE WORLD IN TERMS OF CHANNELS

Millennials are attracted to the sun, sand and fun in South Florida. They see Miami-Dade's density and diversity as pluses and as a source of community and as vitality. Millennials also contribute to the gentrification of many neighborhoods, improving once blighted or marginalized areas. In Miami-Dade, Millennials have changed the overall composition of several neighborhoods, including Wynwood and Downtown, but have not totally erased the existing dynamics in those areas. The different communities where Millennials live and work have created unique environments that allow retailers to test out new concepts and create innovative experiences that hope to capture a Millennial's attention.

The Power of the Gray Dollar

Often overlooked but vitally important consumers for Miami are seniors over the age of 60, who make up over 20% of the total population. Contrary to perception, the spending power of seniors often exceeds those of younger generations. Their focus is more on basic services and health care-related costs and less on fashion or the latest electronic gadgets. Seniors are also the largest generational bloc of new homebuyers. This supports spending in the home improvement, appliances and ancillary services. In a market like Miami, spending by seniors is another piece of the puzzle that retailers must account for to succeed.

SENIORS OVER 60
makeup **MORE THAN 20%** of the **TOTAL POPULATION**

SENIORS
are also the **LARGEST GENERATIONAL BLOC** of **NEW HOMEBUYERS**

MIAMI-DADE'S

MULTIPLE RETAIL DRIVERS

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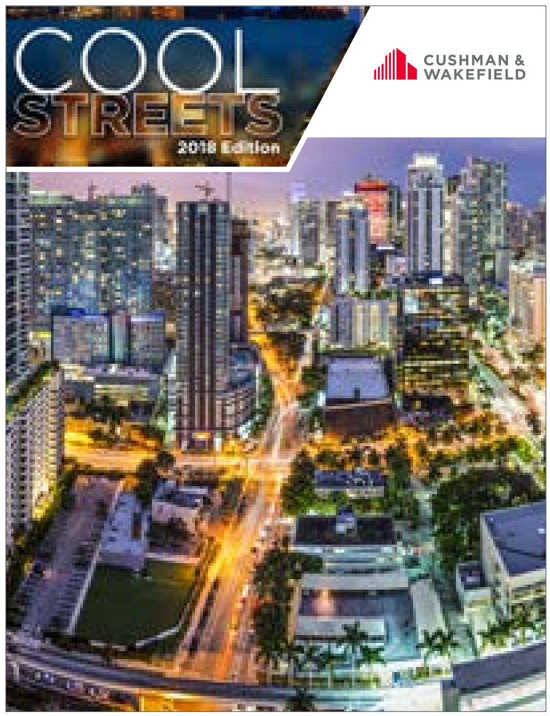
Cool Streets & Walkability

Miami-Dade is a market made for walking and people watching. Its "Cool Streets," like Lincoln Road and Wynwood, are urban retail markets that draw people in by creating an experiential atmosphere that combines sights, sounds, smells and tastes. They are internet-resistant where sensory entertainment is a key element to make these retail corridors successful. The type of retailers can range from cutting-edge or more established institutions that seek to tap into increased foot traffic generated by key demographics that are looking for the next cool thing. Often these neighborhoods undergo varying degrees of development and gentrification as they try to remain hip and relevant. By being "cool," these neighborhoods are undergoing constant evolution and reinvention.

The constant influx of tourists and their spending lengthens the longevity of these areas. The success of these neighborhoods is the result of their uniqueness in Miami-Dade's overall retail landscape and their ability to create a curated and personalized shopping experience unlike anything else in the market.



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COOL STREETS REPORT


COLE
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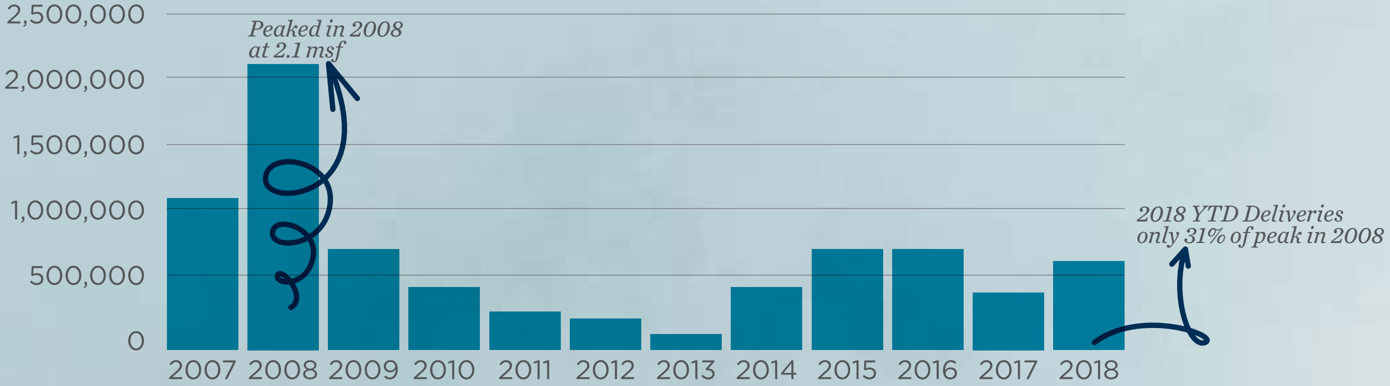
Miami-Dade Retail Construction



Sources: Cushman & Wakefield Research, CoStar

The bulk of new construction occurred in 2008 at the height of the last cycle. From 2009 to 2014, new retail construction essentially flattened and delivered on average less than 350,000 sf even as the local population increased and the economy added jobs. 2015 and 2016 have been the high-water marks for new retail deliveries, including the completion of Brickell City Centre. This cycle, most new construction is in high-end mixed-use projects in the urban core, like the Design District, or in well-established submarkets like Coral Gables.

Miami-Dade Retail Boom

CLICK TO VIEW PROPERTY		DELIVERING
MiamiCentral	At the southern terminus for Brightline, MiamiCentral includes 127 ksf of retail space, 136 residential units, hotel and 300 ksf of office space. It will include a full-service grocery store as well as an international themed food hall.	Q4 18
Miami WorldCenter	A mixed-use project to be developed over the next seven years with 300 ksf of retail, 500 ksf of office, 2,000 hotel rooms and almost 1,900 residential units on a parcel of land south of I-395 and across the street from American Airlines Arena and Museum Mile. First retail phase will deliver in 2019.	Q2 19
Plaza Coral Gables	A 7-acre project in the heart of Coral Gables will deliver 161 ksf of additional retail space, 174 residential units, a 242-key hotel and two office towers totaling 473 ksf of space. It will have a shared parking garage for 2,400 cars and include the development of a public park.	Q3 20
American Dream Miami	Situated on a 174-acre site along the Florida Turnpike, American Dream will be the nation's largest and most expensive mall on buildout. It will include 3.5 msf of retail space and an additional 1.5 msf in entertainment uses including indoor ski slopes, aquariums, skating rinks, climbing walls, live theater venues and 2,000+ hotel rooms.	Q1 23

Miami-Dade Food Halls
The sharing economy for restaurants

Millennials and tourist dollars feed Miami-Dade's thriving culinary scene. Food and beverage remain the driving force for local retail. The international composition of the market creates an ideal testing ground for new food concepts that cater to a diverse population. Food halls are riding that wave and allow consumers to interact with food and with the physical space in different ways depending on the seating, setup and social events. Food halls are multisensory experiences of taste, smell, sound and texture that allow customers to have unique experiences around food and in communal dining environments.

As such, food halls serve as key amenities to within some of Miami-Dade's largest new mixed-use developments. They are also being used to revitalize dated and/or more traditional retail projects. Any area in the county with high traffic, from the Design District to traditional tourists areas like Lincoln Road, is seeing a surge in food hall concepts.

With the rapidly growing popularity of food halls, there has been some concern about overbuilding in Miami-Dade. For the most part, food halls in the county are thriving and positively impacting the bottom line of many developments. While they compete with traditional restaurant concepts, food halls give restaurateurs an overall cheaper operating model, requiring significantly less in start-up capital. For that reason, they are not a fad. They represent a new operating model that provides users with lower costs and, if set up and located correctly, significantly higher levels of foot traffic.

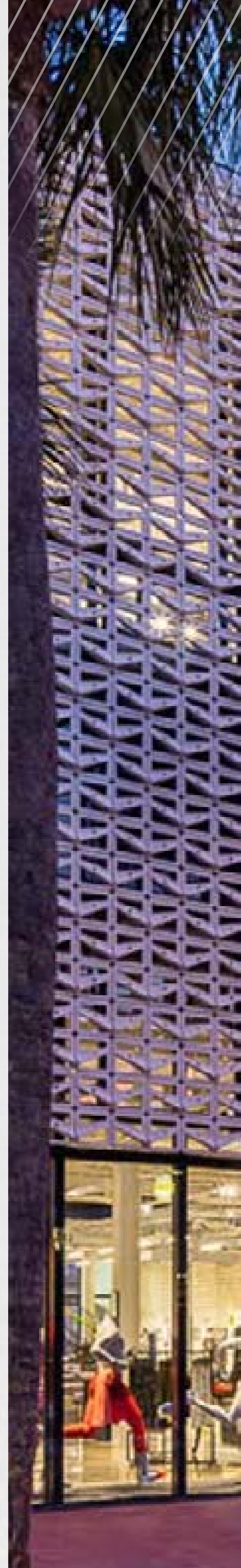
CLICK HERE TO VIEW THE FOOD HALLS REPORT

Food Hall Concepts Under Construction

CLICK TO VIEW PROPERTY		DELIVERING
Central Fare	Part of Downtown's MiamiCentral project, the two-level food hall features more than 20 food and retail concepts, from groceries and quick grab-and-go food to more formal sit-down options.	Q4 18
The Citadel	Part of Miami's historic Little River neighborhood, the mixed-use project will combine innovative office space with over 20 different local food concepts and include retail, beauty services and rooftop bar.	Q4 18
Time Out Market	Upscale and part of a high-end chain, it includes 17 of today's hottest chefs creating some of the most unique food experiences on Lincoln Road in Miami Beach. It is where new concepts are experimented with before being rolled out to restaurants.	Q4 18
1-800-Lucky	Part of Miami's Wynwood Arts and Entertainment District, the 10,000-sf space features seven food vendors, two bars, and the neighborhood's first convenience store. Created in the style of a hip, Asian market with indoor and outdoor seating.	Q4 18

Food Hall Concepts Recently Delivered

CLICK TO VIEW PROPERTY		DELIVERY
La Centrale	A three-level, 40,000-sf Italian food hall, part of Brickell City Centre, with concepts inspired by prominent regions in Italy including a The Mercato area for fast dining options.	Q1 18
St. Roch Market	Located in the Design District, the market is a contemporary, multi-vendor food-hall brand out of New Orleans with a diverse lineup of 12 chef-driven concepts in 10,000 sf of space.	Q1 18

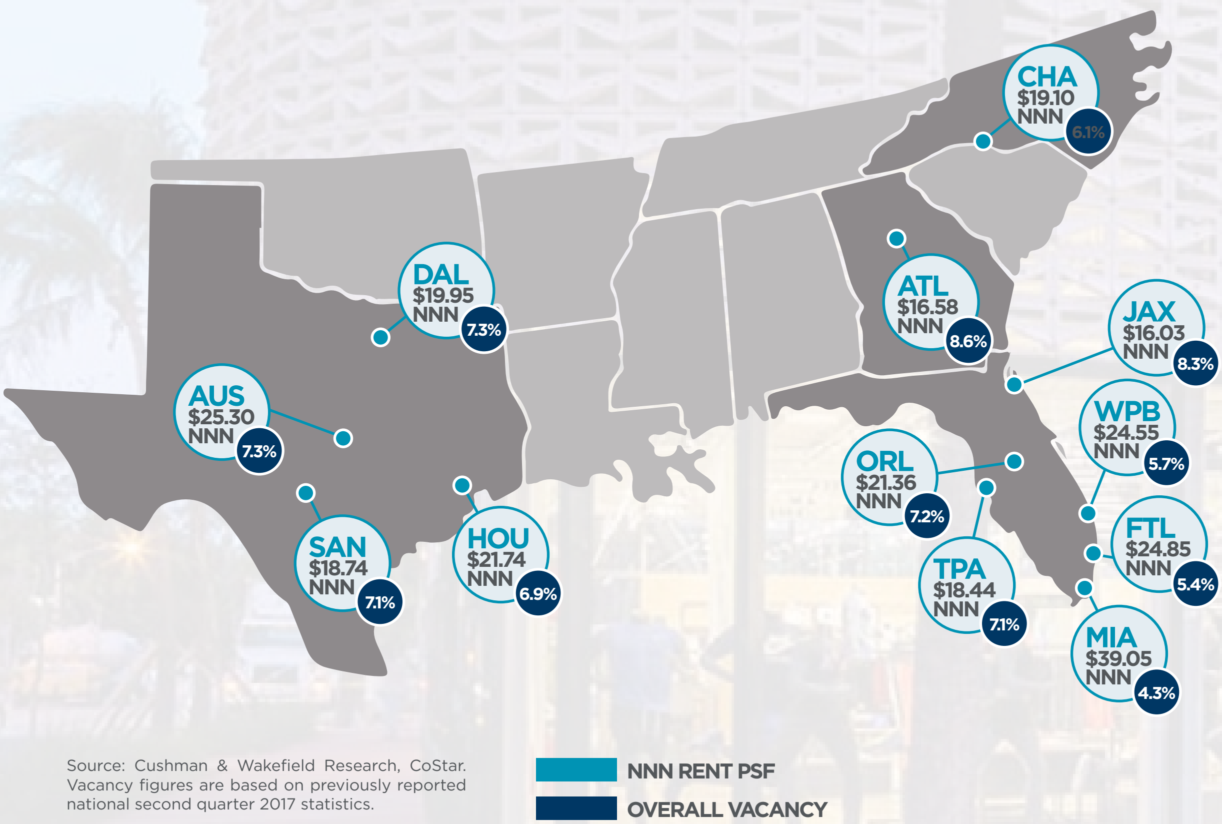


Miami-Dade's Elevated Retail Rents

Miami-Dade has the highest asking overall rents in the Southeast U.S. as well as one of the lowest overall vacancy rates for retail. While the data reflect suburban neighborhood shopping-center product and does not include high street space, it does show the tremendous cost many traditional retailers pay to be in the market. Miami-Dade's elevated status as a gateway market and retail potential based on consumer spending is reflected in the current rent levels.

At the height of the market, rents for urban storefronts exceeded $300 PSF, triple net. Even with a moderate decrease in certain high-street markets over the last 24 months, rent levels remain competitive with larger markets like New York or Los Angeles. Miami-Dade competes for the same level and type of tenants in terms of relevance as other larger gateway cities. Success here validates a concept or a product.

Urban storefronts** in high-end areas can be more than **$300 PSF NNN.



Source: Cushman & Wakefield Research, CoStar. Vacancy figures are based on previously reported national second quarter 2017 statistics.

Photo courtesy of Touzet Studio

The Opportunity in "Opportunity Zones"

A potential boon for the retail market and development in Miami-Dade is the establishment of federal "Opportunity Zones" in distressed neighborhoods in the county. Opportunity Zones, part of the Tax Cuts and Jobs Act signed into law in 2017, give tax breaks to investors who place capital gains into funds that invest in largely low-income areas across the county. Florida has already established Opportunity Zones in 25% of eligible low-moderate income Census tracts throughout the state. Early analysis shows that about 25% of these zones are in rural areas, with the vast majority in more densely populated urban areas.

Nationally, it is predicted that up to $100 billion in capital could be invested into Opportunity Zones. Investors will be able to defer capital gains taxes for five to seven years, and those capital gains taxes are completely waived if they are invested for 10 years. Funds must have 90% of their assets invested as equity in qualified projects in Opportunity Zones in order to receive this incentive. Guidelines from the Treasury Department still need to be issued that define what constitutes an approved investment.

Early indications are that projects that incorporate housing will initially be preferred. There are multiple funds raising capital focused on development in Opportunity Zones. Most are waiting on the sidelines for further guidance and clarification from the government before deploying money, which should begin toward the end of 2018 and in early 2019.

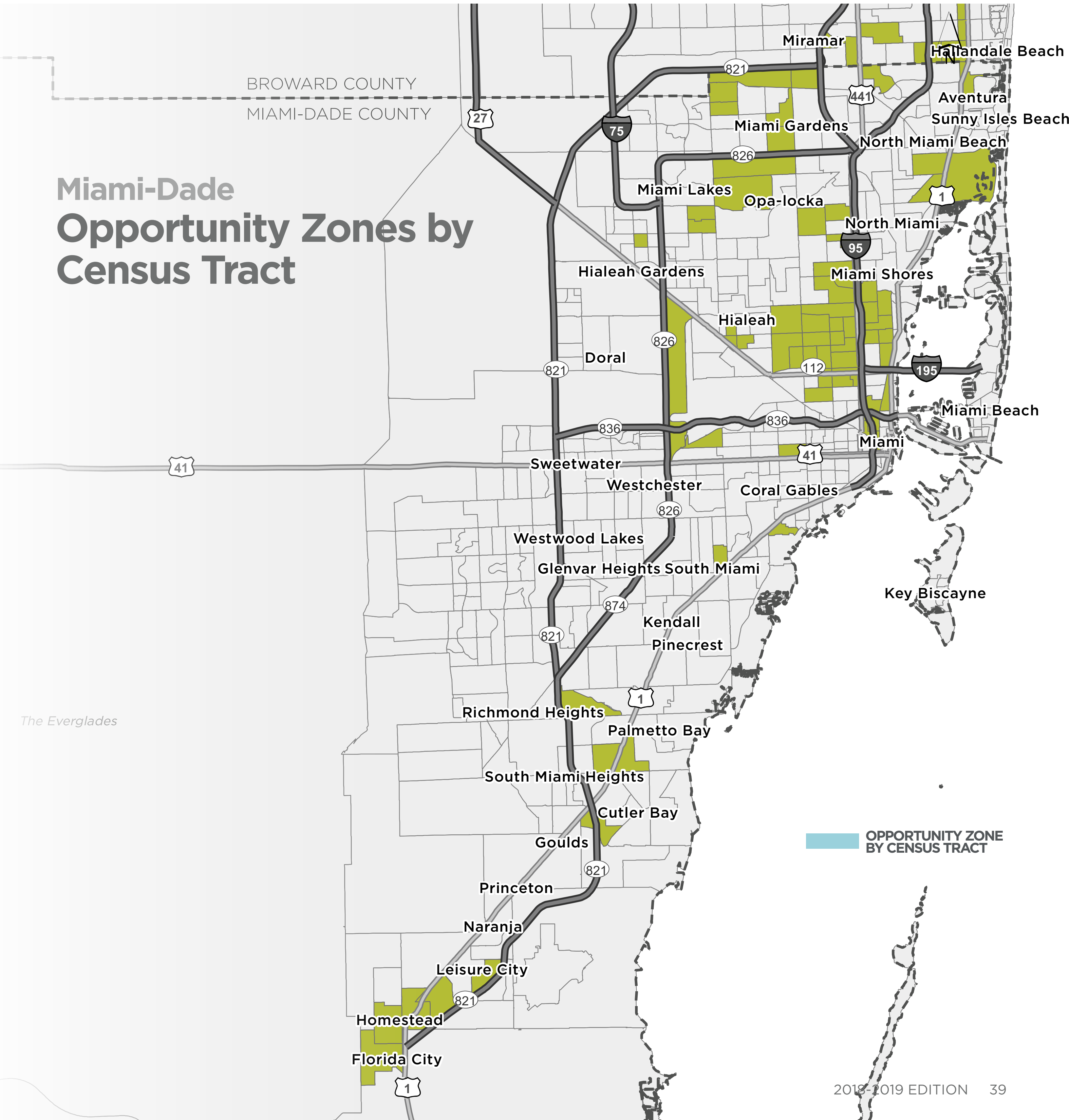
The biggest and most welcome change for areas designated as Opportunity Zones is that many low-income neighborhoods no longer must convince capital to invest in or even look at them. Now, funds flush with money are actively targeting those areas for development.

Miami-Dade has 67 Opportunity Zones designated throughout the county. These include some areas ripe for redevelopment with mega projects already in place and working through entitlements. These projects could potentially qualify for the program and benefit greatly. There is also the potential to spur additional development around zones that could spill into adjacent neighborhoods. Over the next 12 months, the influence of Opportunity Zones on Miami-Dade's retail landscape could be massive.

Miami Dade has ***67***
Opportunity Zones
designated throughout the county.

Miami-Dade

Opportunity Zones by Census Tract



RETAIL CHALLENGES
IN MIAMI-DADE

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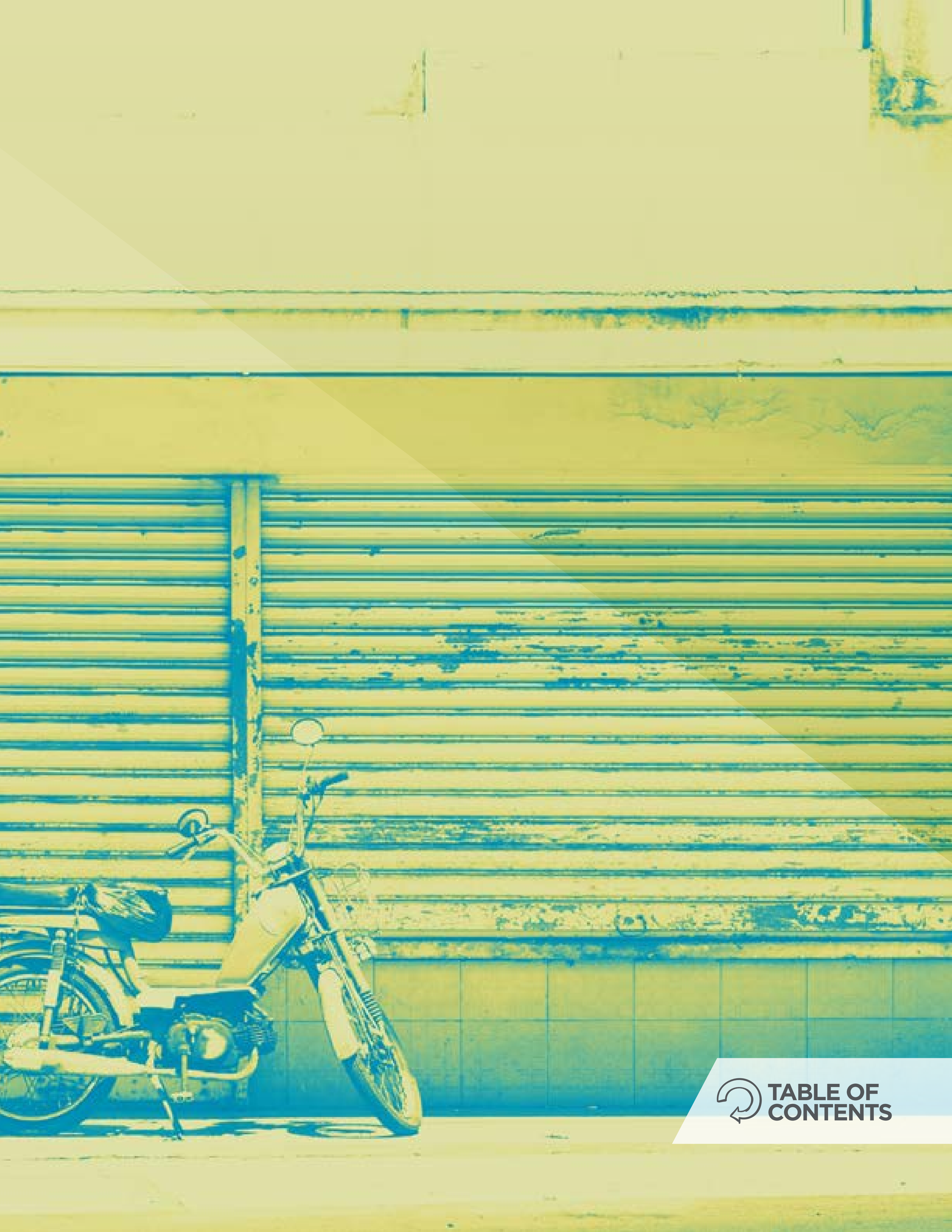

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MIAMI-DADE

Cost of Living

Transportation and the cost of housing are the biggest factors in why it costs more to live in Miami-Dade compared to other markets. The 2018 overall index for Miami is 137, with the U.S. average being 100 and Florida at 111. The average rent for an apartment approaches $1,300 a unit, while the median home price is over $100,000 more than the state's average of $326,000. This high median price is driven by condo sales, which have softened recently but not enough to make a significant dent in living expenses.

AVERAGE RENT approaches **$1,600** for a **975 SF** unit.

Source: AXIOMetrics, November 2018

MEDIAN HOME PRICE is **$100K MORE** than the state's average of **$326,000.**

Source: bestplaces.net, 2018.

Traffic Congestion

The main reason the cost for transportation is so high in the county is that many people must sit in traffic to get from Point A to Point B. In 2018, Miami-Dade is the ninth-worst major city in the U.S. for traffic and the 75th worst in the world, according to the **TomTom Traffic Index**. Increased traffic congestion is directly affecting people's travel patterns and buying habits. Traffic time is shrinking market areas and consumer purchases are increasingly being defined not only by location but also by ease of access.

Community Silos

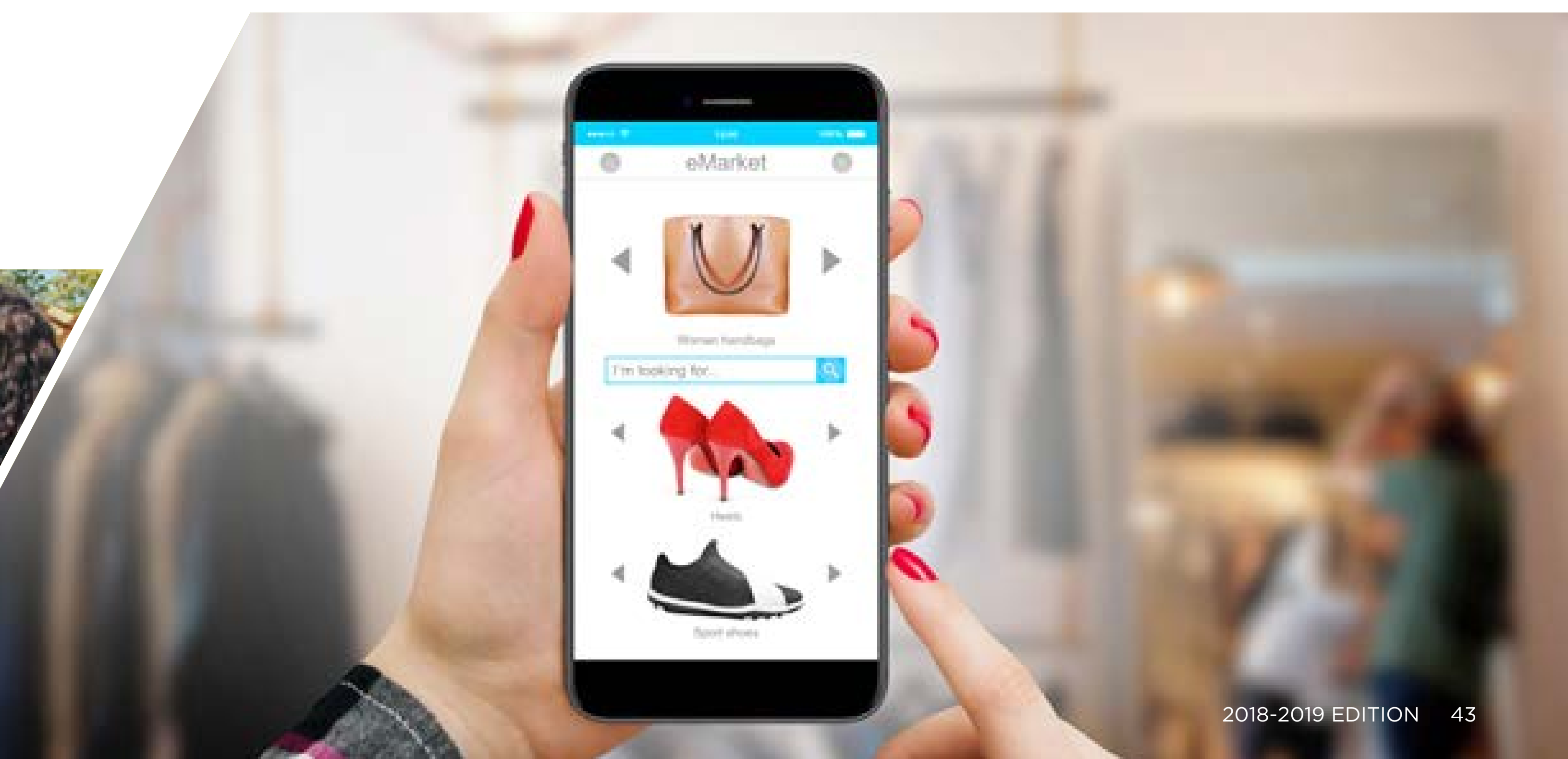
Micro markets are the norm in Miami-Dade. These serve the retail needs of the immediate community and can be walkable, like Brickell or Coral Gables, or spread out over short drivable distances in many suburban submarkets. Online competition and traffic time considerations force many retailers into silos with limited market area from which to pull customers.

eCommerce Online And in the Physical Store

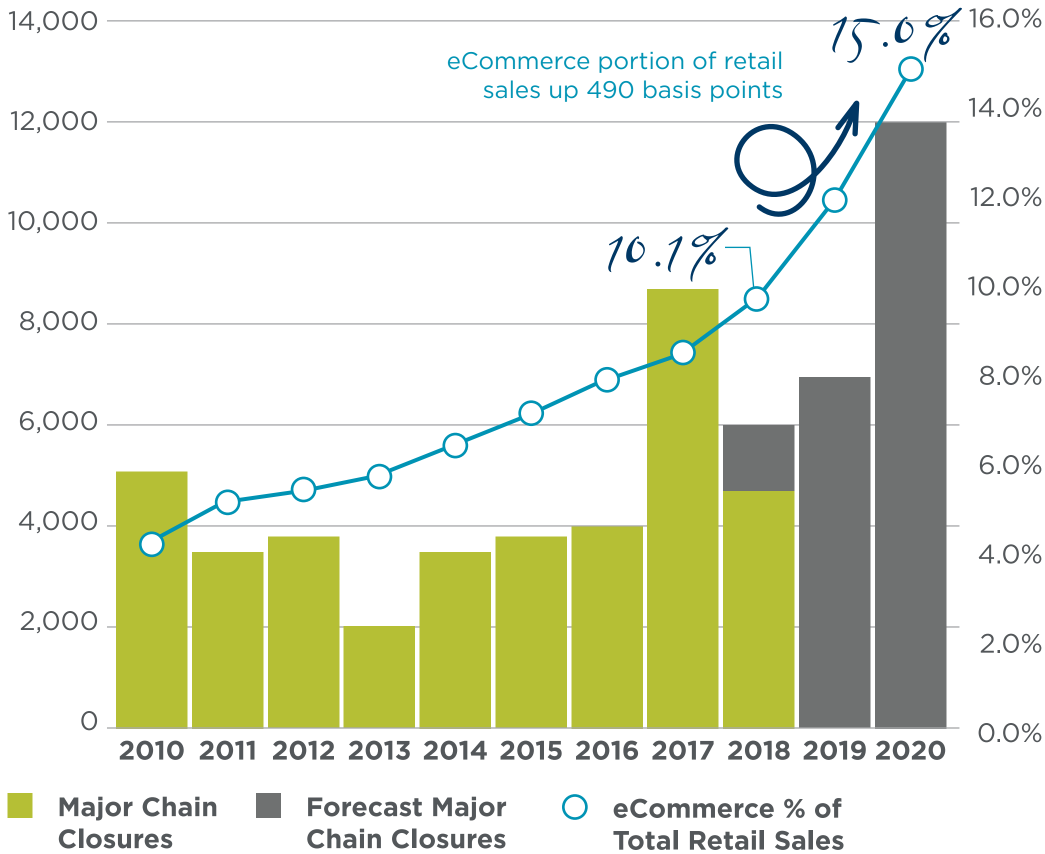
The last decade saw eCommerce take a larger piece of retail sales that will hit 15% of all sales by 2020. eCommerce is a factor in some store-traffic erosion and retail bankruptcies. A larger factor is the spending habits and preferences of Millennials. The old and tired retail model is not appealing to younger customers. They want convenience, a good deal and, if they are out, an experience. Physical stores need to have a compelling and unique environment to draw many of them in.

Retail in Miami-Dade has learned how to adapt and bridge the offline storefront with an online presence. Many times, they are reinventing their business models to use technology to attract and retain customers. Destination retail, like Coral Gables, Bal Harbour and Aventura, create an experience that captures people's attention and cannot easily be replicated online.

Now the pendulum is shifting. eCommerce companies are buying or opening brick-and-mortar storefronts to create more direct "retail touchpoints" with customers. These standalone touchpoints serve as a driver for brand awareness and as a connection to the online marketplace. New physical stores can also be part of a last-mile delivery and fulfillment strategy. Online brands like Miami-Dade's market because it has the density, consumer-buyer power and diverse customer base that can support the creation of physical storefronts. Many new developments that are under construction or proposed actively pursue online brands because they are the most hip and interesting, which will drive more traffic to their projects. This trend will only accelerate as more online brands move into yet-untapped retail concepts, including local corner convenience stores.



eCommerce Acceleration Impact on Store Closures



Source: Company filings, Department of Commerce, Cushman & Wakefield Research

What's Really Happening? It's Not Just About eCommerce

Convergence of Four Factors

1 **ACCELERATION OF NEW COMMERCE**

2 **OVER-RETAILED MARKETPLACE**

3 **RACE-TO-THE-BOTTOM DISCOUNTING**

4 **SHIFTING CONSUMER PATTERNS**
Millennials' Spending Habits

Re-energizing Empty Storefronts

The "retail apocalypse" makes a good press headline, but that's not really what is happening. In 2018, the pace of new store openings is outdistancing store closings. While some chains and retail sectors are being hit harder than others, the overall trend nationally is more positive. Miami-Dade is seeing many of those same dynamics where retail is always in a state of change. Stores are constantly innovating, focusing on flexibility and adaptability to capture customers. Sometimes ideas work and sometimes they do not. Nothing can remain in a static state if retail is to survive.

Empty storefronts are more common in Miami-Dade for many reasons. Retailers are learning to adapt to online competition and to changing neighborhood characteristics. Several chains are closing larger spaces and opening smaller retail footprints in the same areas. Besides lowering costs, that allows stores to tailor the shopping experience for the local area as well as to quickly change and customize the store experience. Some retailers are even using these concepts as another leg in last-mile logistics.

Rents also play a factor in empty storefronts along some of Miami-Dade's top shopping streets. Stores there saw rents doubled or tripled in the last 10 years. Over the last 24 months, rents stagnated as landlords' expectations stayed at one level and many tenants' ability to cover operating expenses and make a profit were lower.

Another way owners are re-energizing retail space to build foot traffic is by repurposing it to other, complementary uses. In some centers, the total amount of retail square feet may be reduced and replaced with entertainment, office and even some residential space to create an atmosphere in which people want to come, stay and spend money. Owners are trying to provide an alternative environment to online shopping where people can gather and interact. In Miami-Dade, we see that in the development of more outdoor and community space within new projects in the urban core, like Brickell City Centre and MiamiCentral, and in suburban locations in South Dade and in Coral Gables. It is one of the reasons food halls took off in the county, and a proven and profitable concept that works in Miami-Dade.

edgy cool

Funky, Small Shops, Cheap Eats, Off the Beaten Path, **Discoverable**, Lower Rents

up and coming

Unique Tenants, Local Ownership, More Food Options, **Experiential**, Higher Rents

prime hipness

Millennial Driven, Mix of Local/ National Retailers, Larger Crowds, **Generational**, Rising Rents

still cool, but...

Institutional Ownership, More National Retailers, Less Diversity, **Accessible**, Still Rising Rents

gone mainstream

Corporate, Higher Costs, Creatives Moving On, Affluent Customers, **Conventional**, Stabilized Rents

HIGH STREET

2018 Retail Rent Survey

NEIGHBORHOOD	LOW	HIGH	AVERAGE
BRICKELL AVENUE	$70	$125*	$98
DESIGN DISTRICT	$65	$300	$183
WYNWOOD	$55	$100	$78
AVENTURA	$85	$125	$95
CORAL GABLES	$100	$125	$115
MIAMI BEACH	$40	$110	$75
LINCOLN ROAD	$225	$275	$250
COLLINS AVENUE	$100	$125	$115

*NNN Retail Rent Survey
Source: Cushman & Wakefield Research. All rental rates are NNN per square foot.

INTERCONNECTED SUBMARKETS

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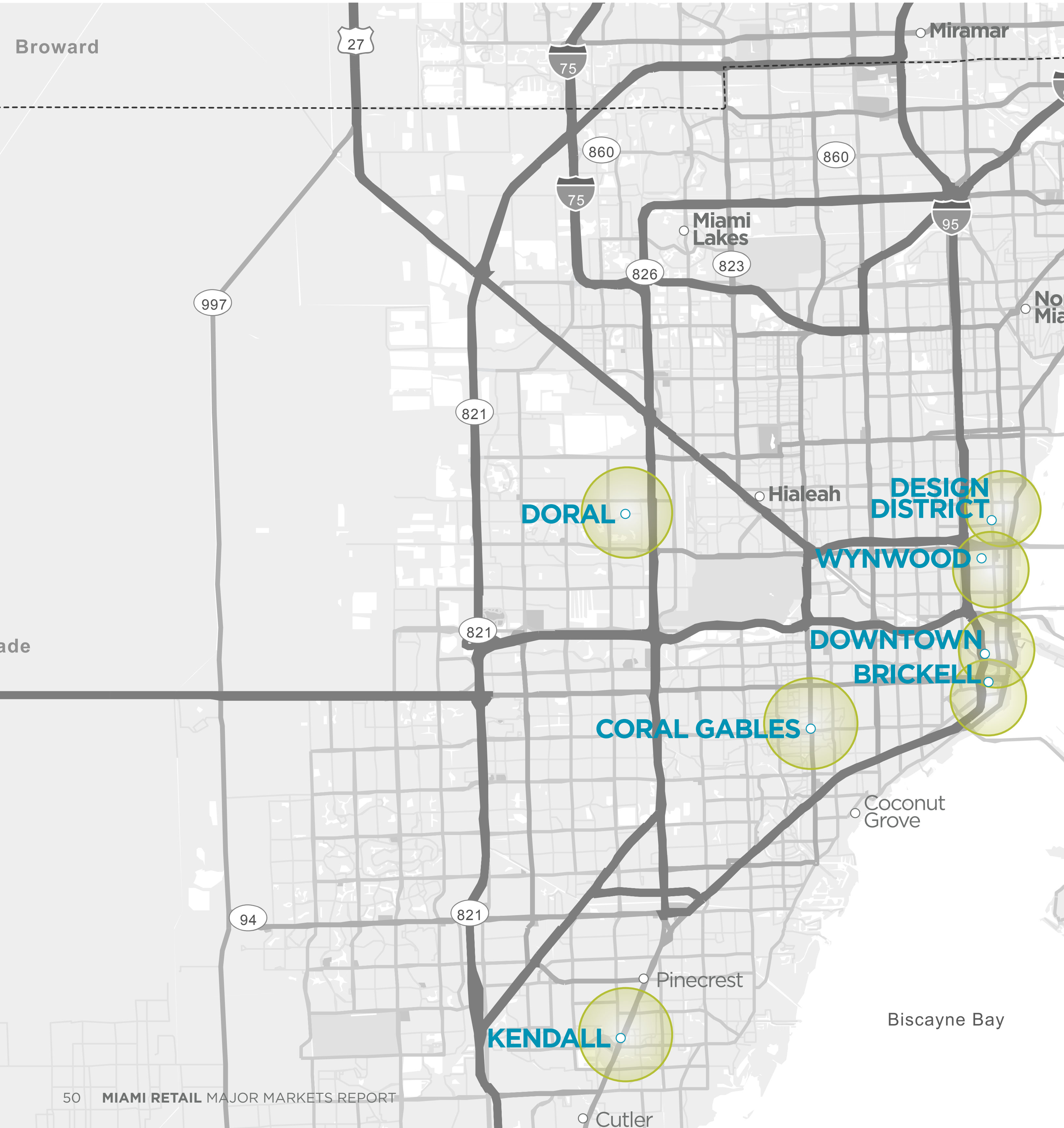
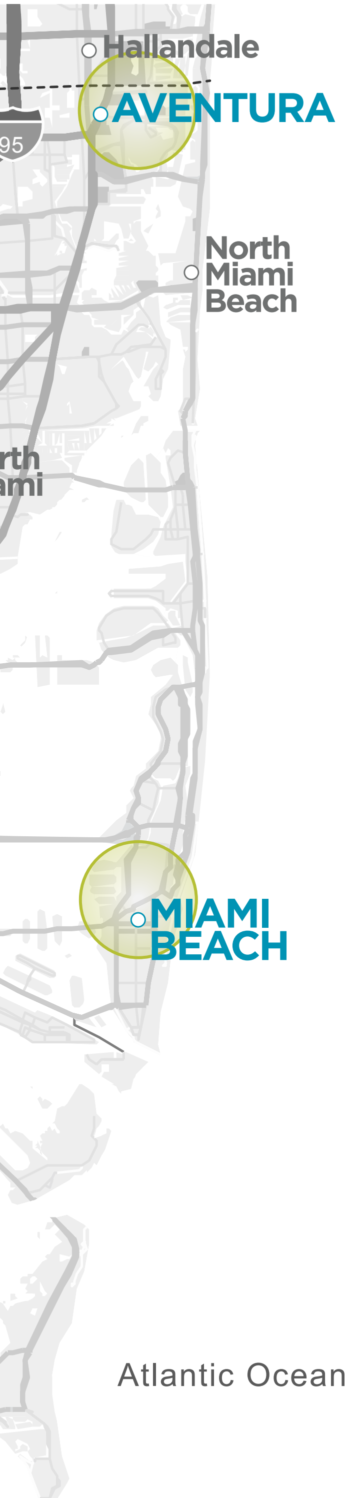
5 INTERCONNECTED SUBMARKETS





BRICKELL

Brickell has become the epicenter of Miami-Dade's growing live-work-play dynamic. Residents and workers enjoy shopping, dining and entertainment all within a short walking distance. The recent delivery of the mall at Brickell City Centre added 565,000 square feet of retail, causing retailers and international brands to open new outlets in the submarket to tap into the increased consumer demand and the highest daytime population in the county.

*Represents urban market rate outside of the Brickell City Centre project.

1,813,801 SQUARE FEET

50,000 UNDER CONSTRUCTION

80.6% OCCUPANCY

$80 PSF NNN RENT

DOWNTOWN

Downtown Miami is poised to become its own retail destination within the next year. The expanded resident population and demand for retail services has the potential to increase as new projects come online. First to market later this year will be MiamiCentral, a transit hub for the new Brightline inter-city train line connecting Miami-Dade to counties to the north. It will include retail, a food hall and other service-orientated retail.

3,113,151 SQUARE FEET

641,070 UNDER CONSTRUCTION

85.5% OCCUPANCY

$60 PSF NNN RENT

DESIGN DISTRICT

After 30-plus years as a center for to-the-trade hard goods, the Miami Design District is being transformed into a luxury-retail destination. With retailers Dior, Hermes, Cartier and Louis Vuitton serving as the market's anchors, a critical mass of luxury co-tenancy has committed to the project. However, with only about half of the redevelopment delivered, it is still too early to understand the District's impact on the greater luxury-retail environment.

850,957 SQUARE FEET

4,500 UNDER CONSTRUCTION

89.2% OCCUPANCY

$85 PSF NNN RENT

WYNWOOD

Over the last real estate cycle, the Wynwood submarket has emerged as both an incubator for creative-office users and as a magnet for hip, emerging brands that appreciate its edgy quality. The next step in the maturation of the market is a wave of proposed residential and office developments that promises to bring much-needed 24-hour density able to support a wider pool of retailers.

2,090,123 SQUARE FEET

60,000 UNDER CONSTRUCTION

89.2% OCCUPANCY

$60 PSF NNN RENT

MIAMI BEACH

Miami Beach continues to be the strongest retail trade market in Miami-Dade, supported by international visitors and affluent full-time and seasonal residents. After peaking at all time highs, both the Lincoln Road Mall and Collins Avenue retail corridor have experienced a slowdown in overall leasing velocity, consistent with national high-street trends. However, with its diverse mix of world-class boutiques, galleries and stores, and access to millions of visitors annually, the underlying fundamentals of the market remain a strong attractor to retailers.

8,101,811
SQUARE FEET

143,264
UNDER CONSTRUCTION

93.6%
OCCUPANCY

RENT
15%

CORAL GABLES

Coral Gables is one of the most affluent submarkets in Miami-Dade. Retail in the master-planned city is clustered around two primary retail destinations; At the southern end of the trade area, General Growth Properties' Village of Merrick Park, an open-air mall anchored by Nordstrom and Neiman Marcus; and to the north, the historic Miracle Mile, which features an eclectic mix of food and beverage establishments as well as local boutiques and galleries. Several mixed-use projects currently proposed or under construction will add thousands of new residents and nearly double the trade areas' retail space. Notable projects in the works are The Plaza Coral Gables, The Link at Douglas and Merrick Manor.

4,472,162
SQUARE FEET

300,000
UNDER CONSTRUCTION

97.3%
OCCUPANCY

$50 PSF
NNN RENT

KENDALL

The Kendall submarket in Miami continues to be one of the strongest suburban retail markets in South Florida. Driven by population density, favorable household incomes and high traffic counts, Kendall is home to the 1.4-million-square-foot Dadeland Mall, The Falls, and The Palms at Town & Country, an open-air retail power center. Kendall can easily be accessed via Miami-Dade's Metroline, with multiple stops at major retail sites.

19,616,237
SQUARE FEET

91,740
UNDER CONSTRUCTION

97.6%
OCCUPANCY

$40 PSF
NNN RENT

AVENTURA

Aventura is known best for Aventura Mall, which is ranked second nationally in number of visitors and is in the top five highest-grossing malls for sales per square foot. Its 2.7 msf dominates the market, and the mall is currently undergoing a vertical expansion that will add an additional 315,000 sf of new space. Other retail centers include Loehmann's Fashion Island, Aventura Shopping Center, Aventura Commons, The Promenade Shops and The Shoppes at the Waterways.

6,695,689
SQUARE FEET

70,730
UNDER CONSTRUCTION

98.5%
OCCUPANCY

$70 PSF
NNN RENT

DORAL

With 250 corporate headquarters and 100 multinational corporations, Doral hosts a daytime population in excess of 100,000 people. Between density and foot traffic, Doral is a major submarket for retailers with significant consumer sales. The two major malls in Doral, The Miami International Mall and Dolphin Mall, are now joined by The Shops at Downtown Doral and the newly opened CityPlace Doral.

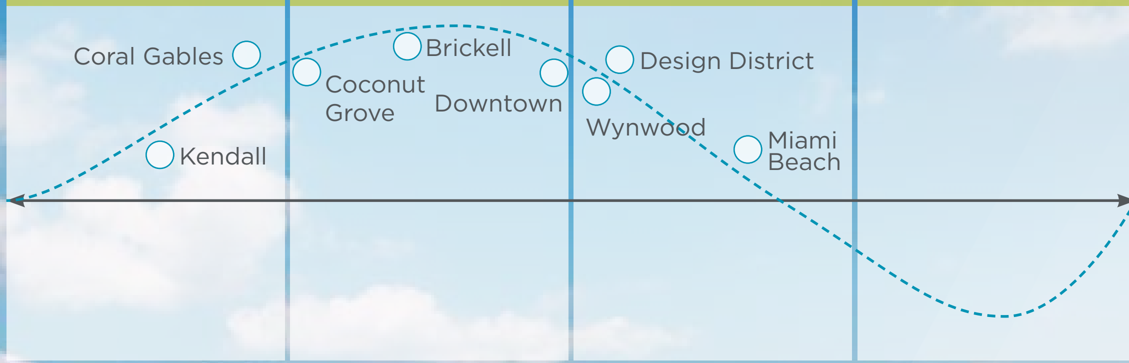
4,866,983
SQUARE FEET

126,169
UNDER CONSTRUCTION

98.3%
OCCUPANCY

$70 PSF
NNN RENT

SUBMARKET HEALTH



RECOVERY	EXPANSION	DECLINE	CONTRACTION
Activity Rebounds Occupancies Increase Rents Stabilize New Tenants Move In	Activity Accelerates Rapid Drop in Vacancy Rents Rises Sharply Some Tenants Priced Out	Activity Falls Vacancy Slowly Rises Rents Decline Slightly Tenants Start to Leave	Limited Activity Long-Term Vacancy Rents Stagnate Empty Storefronts

THE FUTURE OF RETAIL
IN MIAMI-DADE

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6/ THE FUTURE OF RETAIL IN MIAMI-DADE

Miami-Dade is a 24-hour market and does not stand still.

It is the center of a growing and dynamic region that draws in people with significant ties to international markets. The area's cosmopolitan nature, natural beauty and abundant energy attract people from all walks of life, young and old.

The market will continue to be at the forefront of social and economic forces that are shaping our world. Increased east-west commerce with Asia converges with the growing importance of north-south trade with Latin America to place Miami-Dade ideally at the heart of the global economy.

Immigration from all parts of the world will ***drive new ideas*** *and product development.*

Immigration from all parts of the world will drive new ideas and product development. Current retail concepts will morph and create different experiences for consumers that will shift based on new cultural influences. The line between the online and real worlds will further blur as technological advances continue to inspire how we live, get around and shop. The adoption and diffusion of new practices will be made easier by the dense, urban nature of Miami-Dade. Success or failure will depend on the adaptability to stand out in a crowded field.

Miami-Dade is a true gateway between domestic and international markets. It is where trends are set and not followed. While the exact future may not be known, Miami-Dade's relevance will continue to place the region at the forefront of successful ideas and new developments.


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BREWING CO

AT THE CENTER OF WHAT'S NEXT

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