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Coral Gables office market sizzles with new construction and low vacancy rates

City has the most office space under construction in Miami-Dade

By [Francisco Alvarado](#) | February 09, 2018 02:30PM



Douglas Entrance

In Coral Gables' highly competitive office market, landlords are always seeking a slight edge in luring new tenants and retaining existing ones. But for the owners of Douglas Entrance at 800 Douglas Road, spending \$7 million to renovate the office park's lobbies, corridors, elevators, indoor common areas and its historic "La Puerta del Sol" ballroom wasn't enough, said Maggie Kurtz, a CBRE senior vice-president whose team handles leasing for the property.

So Banyan Street Capital and Oaktree Capital Management amped up Douglas Entrance's amenities by adding a fitness center, conference center, outdoor furniture and Wi-Fi access and a chauffeured van that tenants can use to take them anywhere in the City Beautiful and Miami International Airport, Kurtz said. The two investment firms bought the complex in 2014 for nearly [\\$101 million](#).

"They can place a call to the management office and ask, 'I want to go to Miracle Mile to eat,'" Kurtz said. "The chauffeur will pick them up, take them and bring them back when they are ready. The employees like it because they don't have to use their cars."

The repositioning of Douglas Entrance, which is listed on the National Register of Historic Places, has led to a significant bump in the property's occupancy rate the last two years, Kurtz said. In that span, three tenants — DLD Lawyers, The Retail Outsource and INK Global Media, signed leases for a total of 33,000 square feet. The University of St. Augustine inked a deal for a 55,000-square-foot-space that is currently under construction. "The occupancy rate at Douglas Entrance is 85 percent," Kurtz said. "But we have a lot in the pipeline to get us to 92 percent in the next quarter."

Kurtz was among the featured speakers at a Coral Gables office market presentation hosted by the Commercial Industrial Association of South Florida. The event was held in a vacant office space in the north tower of Douglas Entrance. Dianna Parker, Kurtz's colleague and fellow CBRE senior vice president, told the two dozen attendees that Coral Gables has the most office space under construction in Miami-Dade County.

According to a Colliers International report, Coral Gables has 487,257 square feet under construction. That's tops compared to the other 15 submarkets in the report, with the closest the Miami Airport market with 205,000 square feet.

"That speaks volumes about the demand we have here," Parker said. "The market is so tight right now. Coral Gables has about a 7.5 percent vacancy rate and lease rates for Class A ranges between \$40 to \$48 a square foot."

Those statistics are close to [recent data](#) published by brokerage firms. According to a 2018 first quarter Miami-Dade County office market report by Avison Young, the current overall vacancy rate in Coral Gables is 8.1 percent. Colliers International recently reported that Coral Gables has a vacancy rate of 7.7 percent with an average rental rate at \$38.27.

Parker said multinational corporations pick Coral Gables because of the city's close proximity to Miami International Airport; two Metrorail stations and residential neighborhoods for its employees; its walkability and its abundance of restaurants and shops; and because there is not as much traffic congestion as in downtown Miami and Brickell.

Another existing office building that went through a rebranding and that is paying dividends is [2020 Ponce](#). Developed by Florida East Coast Realty, the 14-story tower recently signed Doctors Healthcare Plans Inc., which will move into the 12,700 square-foot penthouse that features a wrap-around terrace and 360-degree views.

“The activity in the Coral Gables office market has been vibrant over the past six months with a significant amount of new leasing activity, especially ranging in size from 5,000 to 15,000 square feet,” said Donna Abood, a principal and managing director of Avison Young who handles leasing for 2020 Ponce.