

Intelligent Investment

2026 U.S. Real Estate Market Outlook

REPORT

SOUTH FLORIDA

CBRE RESEARCH
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Office Outlook

01

MODERATE RENT GROWTH EXPECTED TO CONTINUE; PREMIUM ASSETS AND MOVE-IN-READY SPACES EXPECTED TO OUTPERFORM

National trends continue to reflect a strong flight-to-quality among office occupiers, and the local market is no exception. We expect this preference to remain a key driver of demand. Best-in-class buildings will continue to push asking rents to new highs. Numerous deals have been signed over \$150 per square foot in both Miami and West Palm Beach as tenants show a clear willingness to pay for the newest product in the most desirable locations. Prior to 2020, the high-water mark for rents was hovering around \$70 per sq. ft. Additionally, spec suites, one of the primary catalysts for second-generation lease-up in recent years, are also expected to support further rent growth as we move into 2026.

02

SUPPLY WILL REMAIN A FACTOR AS NEW DEVELOPMENT MOVES FORWARD, BUT CONTROLLED PIPELINES SHOULD LIMIT OVERSUPPLY RISK

South Florida has not historically been a major pre-leasing market; however, this cycle has marked a clear shift, with a record number of deals signed prior to delivery. During the last development cycle, CBD buildings averaged 31% pre-leased at delivery. By comparison, this cycle, buildings have averaged 73% pre-leased at delivery, despite the delivery of twice as many new buildings totaling more than 2 million sq. ft. This momentum is expected to continue among projects currently under construction. While this trend has supported market stability, the primary risk is that later in the cycle multiple large projects could break ground simultaneously and deliver without sufficient pre-leasing, potentially creating temporary oversupply.

For now, development activity remains concentrated in premier, high-demand locations—particularly the Miami CBD and West Palm Beach CBD, as well as urban-suburban submarkets such as Delray and Coral Gables. Currently, approximately 2.5 million sq. ft. (3% of total inventory) is under construction, and this focused pipeline should help keep vacancy rates stable across the region.

03

AS COSTS STABILIZE AND RENTS LEVEL AT STRUCTURALLY HIGHER THRESHOLDS, TENANT STRATEGY BECOMES MORE PRECISION-DRIVEN

While new-to-market activity has slowed from peak levels, inbound inquiries are expected to continue at a pace more consistent with pre-pandemic norms. Although rising rental rates have reduced some of the cost advantages of the market, quality of life and tax benefits continue to support interest. Financial services firms, law firms and technology companies continue to be major drivers of new-to-market activity. We have observed that when a large company opens an office here, related businesses often follow. These tenants largely favor new construction and Class A buildings in the market. More than one third of all new-to-market leasing has occurred in buildings built since 2020 and more than 80% in Class A buildings.

Local tenant commitment remains strong, with South Florida posting some of the lowest sublease rates nationally—2.3% overall and just 1.8% in Miami-Dade County, compared to a national average of 3.4%. We expect local tenants to largely maintain their footprints through renewals or similarly sized leases, helping keep sublease availability limited and vacancy trends stable.

Key Takeaways

FOR OWNERS

- Rent growth is expected to continue at a more modest pace compared with earlier in the cycle. Premium buildings will experience higher-than-market-average levels of growth due to limited supply.
- As existing tenants drive activity, landlords must invest in upgrades to protect occupancy and remain competitive against newer buildings entering the market.
- New-to-market tenants, while more limited, continue to concentrate on new construction. Financial services-related occupiers remain the top driver of new-to-market activity.

FOR TENANTS

- Limited large-block spaces in premium buildings mean that early planning remains critical, especially for tenants looking to relocate or considering new construction opportunities.

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Industrial Outlook

01

AFTER SEVERAL YEARS OF RECALIBRATION, TENANT DEMAND IS ENTERING A MORE STRUCTURAL, STEADY PHASE

South Florida's industrial market is shifting into a new stage defined less by rapid expansion and more by steady, operational demand. Activity in 2026 is expected to be led by 3PLs, freight forwarders, distributors, construction trades and service-oriented firms, all of which rely on functionality and access rather than price alone. Modern, well-located assets continue to outperform older product as tenant preferences evolve.

Miami-Dade should capture most logistics-driven requirements, while Broward's resilient small-bay base supports steady day-to-day leasing activity, even as absorption fluctuates. Palm Beach is poised for selective traction as newer parks draw users seeking modern layouts and reduced congestion.

02

THE REGION SHIFTS TOWARD SUPPLY STABILIZATION AS THE CONSTRUCTION SURGE WINDS DOWN

With new development slowing, 2026 becomes a year of measured absorption and alignment rather than expansion, led by modern, well-located assets. Miami-Dade continues to work through recently delivered Class A product, but fewer starts improve balance. Broward's limited land and modest pipeline reinforce stable fundamentals, especially for functional mid- and shallow-bay assets. Palm Beach may see early-year variability as larger blocks deliver, but modern supply is well-matched to user requirements. Across South Florida, the supply story becomes one of right-sizing and rebalancing, not oversupply.

03

AS COSTS STABILIZE AND RENTS LEVEL AT STRUCTURALLY HIGHER THRESHOLDS, TENANT STRATEGY BECOMES MORE PRECISION-DRIVEN

Operating costs, especially insurance, are expected to stabilize, supporting clearer long-term planning. Rents are forecast to level off at structurally higher ranges for modern, well-located assets, while older product faces continued competitive pressure. In this environment, landlords are expected to rely more on concessions, flexibility, and effective deal economics to attract and retain tenants, rather than continued increases in rents.

Sublease availability remains elevated but continues to lease quickly due to affordability and immediate occupancy acting as a market pressure valve rather than a drag on fundamentals. In 2026, tenants will focus on efficiency, execution speed and operational fit as they pursue relocations and functional upgrades.

Key Takeaways

FOR OWNERS

- 2026 becomes a year of absorption and balance, with owners prioritizing tenant retention over aggressive expansion.
- Replacement costs and return requirements support a higher long-term rent baseline.
- Modern, functional product remains best positioned across all three counties.
- Owners of well-located assets may prioritize tenant retention through targeted upgrades and selective reinvestments to remain competitive.

FOR TENANTS

- Stabilizing costs and rents create a more tenant-favored environment, enabling strategic relocations and consolidations.
- Subleases offer short-term affordability but continue to move quickly in competitive submarkets.
- Real estate decisions in 2026 will center on efficiency, access and operational fit, not simply the lowest rent.

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Retail Outlook

01

LIMITED SUPPLY IS EXPECTED TO CONTINUE SUPPORTING STRONG MARKET OCCUPANCY

The South Florida retail market maintained a range of 3.2 to 4.2% availability rate through the third quarter of 2025, with occupancy rates above 90% across all three counties. There is currently 940,000 sq. ft. of retail under construction in the entire region (of projects over 20,000 sq. ft.). Given the land constraints in South Florida, coupled with the high price of land, the pipeline will likely continue to decrease in 2026 and beyond. This has helped buoy rents amid low vacancy – particularly for well-positioned assets.

Local tenants' ability to access cheap capital to build out their spaces has been a pain point for leasing, even as interest rates have come down. This means landlords will need to get more creative with concession packages in 2026 to lease this type of product. Conversely, national tenants are not faced with said difficulty as retail sales in South Florida are so strong they continue to drive expansion interest from national retailers.

02

NEIGHBORHOOD, COMMUNITY AND STRIP RETAIL WILL CONTINUE TO DRIVE DEMAND

This segment has experienced the most completions across South Florida, as demand for suburban retail remains healthy given strong sales in these centers, especially those in affluent suburban locations in the western submarkets. Much of this has been driven by the wealth migration seen since COVID; South Florida has seen retail sales grow 25% to over \$120 billion for grocery stores. Post-Covid wealth migration will continue to support strong consumer demand and positive outlook for these centers, especially those in affluent suburban locations in the western submarkets. Additionally, the Miami urban core will continue to perform well, driven by that market's strong fundamentals, including a high concentration of residential towers and hotels, which provides a 24/7 customer base for higher-end retail and food and beverage options.

03

CAPITAL MARKET ACTIVITY SHOWS RESILIENCE WITH GROWTH POTENTIAL

South Florida's retail capital markets have strong momentum heading into the new year. Last year was a record for investment sales volume across South Florida, topping \$4 billion -- up 25% from \$3.2 billion in 2024. Pricing has been the driver, rather than sales volume, as 2025 marked the lowest number of property trades since 2020. Strong pricing is due to the lack of new construction and increasing retail sales volume, particularly for luxury assets. The market is also seeing investment to reposition existing assets, such as the \$73 million sale of the Galleria Mall in Fort Lauderdale. Current owners of well-positioned assets should see stronger returns in 2026 as investors target both well-performing retail centers and redevelopment/repositioning opportunities.

Key Takeaways

FOR OWNERS

- Mixed-use landlords should be creative in structuring deals to activate dominant ground floor areas to maximize amenities.
- High occupancy and demand, lack of incoming supply and competition have driven pricing and values higher, providing landlords with leverage to maintain higher rents in strong suburban locations.

FOR TENANTS

- Competition for space from new-to-market tenants (primarily luxury retail and new food and beverage tenants) has made expansion more difficult for local tenants. This will push some local tenants to older product, requiring landlords to get creative with concession packages to help build out space.
- Experiential retail, especially operators that can work closely with owners and local officials to expedite permitting processes will be increasingly important in activating spaces to drive consumer traffic.

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Multifamily Outlook

01

ECONOMIC AND DEMOGRAPHIC TRENDS FUELED GROWTH FOR YEARS, BUT ELEVATED SUPPLY AND SLOWING 2026 GDP GROWTH SIGNAL A MORE MODERATE OUTLOOK

Economic and demographic trends have supported strong growth in South Florida for years. Miami became the sixth-largest metro area in the U.S., adding 320,000 residents from 2020 to 2024, though growth is expected to slow in 2026. The region's position as an emerging business hub and international gateway has attracted migration and corporate relocations—over 189 tenants have moved to the market since 2020. However, elevated supply from years of robust construction and a projected slowdown in 2026 GDP growth could temper near-term performance. These factors suggest a shift toward stabilization rather than the rapid expansion seen in prior years, keeping Miami competitive but with more balanced expectations for multifamily investment going forward.

02

THE RENT VS. BUY EQUATION FAVORS MULTIFAMILY ASSETS DUE TO HIGH HOMEOWNERSHIP COSTS

South Florida led the nation in attracting remote workers after COVID, fueling a housing boom that led to record prices during a time of low interest rates. While the market has cooled and interest rates rose, the current high cost of homeownership is keeping demand strong for the rental market going into 2026. The average home value was \$573,200 in 2025 according to Zillow, up 55.1% from \$369,600 in 2020. Comparatively, the average apartment rent in South Florida ranges between \$2,300 and \$2,500 across the three counties. Although the development pipeline is slowing, excess supply from years of elevated construction remains. With limited new speculative projects underway, rents in South Florida are expected to stabilize, with projected growth of 1.2% in 2026.

03

MIAMI EMERGES AS A TOP MULTIFAMILY INVESTMENT HUB WITH GROWING FOREIGN CAPITAL

With both economic and demographic factors and strong real estate fundamentals, South Florida has drawn the attention of investors, which ranked No. 2 in CBRE's 2025 investor intentions survey, with 75% of investors focusing on multifamily assets. There are more new-to-market investors that are purchasing properties, as well as cross-border capital; so far this year 52% of all new-construction sales have been to foreign buyers. Of these foreign buyers, 86% are from Latin America, led by buyers from Colombia, Mexico and Argentina. This year it is expected cross-border capital will continue to play a leading role in investment activity in South Florida.

Key Takeaways

- In 2026, 14,200 multifamily units are projected to be delivered across 44 properties in South Florida, increasing supply by just 5%. This represents a decrease of 7.8% compared to the three-year average. This slowdown in new deliveries should help compress vacancy in 2026 and beyond.
- Rent growth is expected to stabilize at 1.2% across the three counties in 2026, with Miami-Dade leading at 1.4% and Broward trailing at 0.8%. These cooling rents, alongside more aggressive concessions, should help boost absorption, particularly in the newer product.
- Current high cost of homeownership is keeping potential buyers in the rental housing market, bolstering demand for multifamily.
- Foreign buyers accounted for 52% of all new-construction sales in 2025, a trend that should continue into 2026.

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