

## BROWARD COUNTY

The Broward County office market experienced a modest quarter of growth, with 96,170 square feet of positive net absorption. This pushed demand to the positive side for the first time this year, which had begun with a correction in the first quarter. Year-to-date net absorption reached 41,554 square feet, pushing vacancy down 30 basis points to 11.6% from one year ago. Class A space led with over 189,585 square feet of positive absorption, while Class B led in demand but fell short with negative 126,443 square feet of absorbed space, as supply has outpaced demand so far in 2018. Class C remained lackluster with a slight increase in vacancy, posting negative 11,314 square feet of absorption. The quoted average asking rent increased for the 12th consecutive quarter, rising to \$28.67/SF from \$26.78/SF one year ago. Unlike Miami, Broward County has not surpassed the previous peak level of \$29.61/SF average recorded in 2008. This can be attributed to the lack of available Class A space in the current market compared with the vast amounts of high-end available space from construction completions at the end of the last economic upswing. Quoted rates for Class A buildings along Las Olas in the Central Business District range from \$50.00/SF to \$57.00/SF full service gross, the highest ever for downtown Fort Lauderdale. In key suburban submarkets, asking rents have increased dramatically over the last four years. These have not significantly impacted the weighted average, however, as little space remained available, allowing stronger influence from lower-tier properties.

### LEASING AND DEMAND

The office sector recorded 131 lease deals totaling 316,000 square feet during third-quarter 2018, bringing overall transactions for the year to just over 1.5 million square feet. Class A space led the market with transactions totaling 785,578 million square feet, while Class B inventory reported 675,000 square feet leased. Notably, the Class C office segment accounted for the fewest lease deals with only 63,000 square feet leased. The majority of activity came in the form of renewals and smaller expansions of existing tenants already in the market. Comcast will remain in the Sawgrass Park submarket with a 63,850-square-foot renewal. Aetna is projected to expand into 80,000 square feet in Plantation when its new offices are built out in the Plantation Walk in the first half of 2019. Broward County led the region in midsize to large lease deals completed in 2018 totaling 519,500 square feet, as the insurance sector took the lead with two deals totaling 131,605 square feet of leasing activity. The technology sector took second place with more than 94,224 square feet of growth, while the medical sector rounded out the top three with approximately 84,500 square feet of leases transacted.

### INVESTMENT SALES

Broward County led in the number of sales with 10 buildings exchanging hands during the quarter totaling over 980,000 square feet, bringing year-to-date investments to just under 2.8 million square feet. This is up from the 1.0 million square feet that sold during the same period a year ago. The shortage of Class A properties for sale has translated into increased sale activity for Class B buildings. Other than the marquee sale of Coastal Tower in the Fort Lauderdale Suburban submarket, owners held on to the trophy properties during the third quarter.

## CURRENT CONDITIONS

Broward County continued to lead the amount of midsize to large lease deals in three quarters of 2018.

Three deals totaling 218,000 square feet took place as demand for suburban markets continued to dominate.

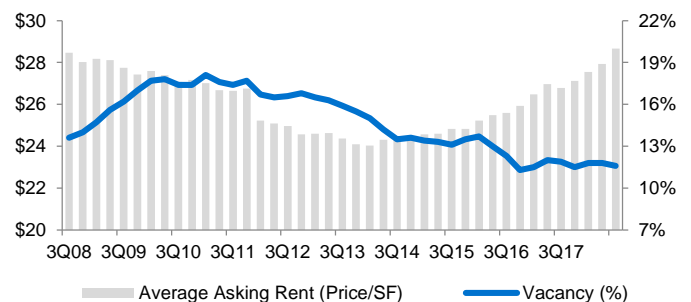
Class A asking rents rose further, as limited new developments hinder future space availability and easing of tight-market conditions.

One 400,000-square foot development is projected to break ground in Fort Lauderdale's CBD during the second half of 2018.

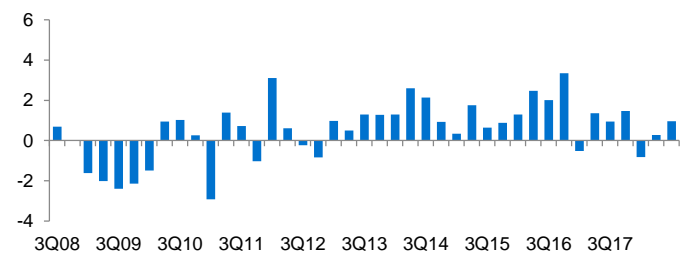
Broward County led the number of investment buildings sold in the first three quarters, but limited trophy sales have diminished as second-tier office sales dominated.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	34.1 MSF	34.1 MSF	33.9 MSF	↑
Vacancy Rate	11.6%	11.8%	11.9%	↔
Quarterly Net Absorption	96,170	28,114	94,391	↔
Average Asking Rent	\$28.67	\$27.93	\$26.78	↑
Under Construction	318,442	352,972	161,598	↑
Deliveries	34,530	0	67,710	↑

## FORT LAUDERDALE / BROWARD COUNTY SUBMARKET STATISTICS

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
<b>Ft. Lauderdale CBD</b>	<b>5,304,289</b>	<b>95,532</b>	<b>12.4 %</b>	<b>17,622</b>	<b>-11,929</b>	<b>\$42.52</b>	<b>\$34.02</b>	<b>\$41.40</b>
Commercial Blvd	1,918,129	0	16.0 %	37,180	64,467	\$26.18	\$21.63	\$21.38
Cypress Creek	4,637,695	0	12.4 %	16,609	-483	\$31.00	\$22.06	\$25.83
Ft. Lauderdale Suburban	3,334,385	0	15.8 %	1,844	-23,193	\$30.46	\$18.87	\$22.33
Hallandale	500,866	0	9.3 %	3,480	28,073	\$37.25	\$35.26	\$32.38
Hollywood	2,545,554	0	7.4 %	-16,947	-11,284	\$33.65	\$25.36	\$27.42
NW Broward/Coral Springs	1,867,382	0	17.3 %	-4,314	-8,124	\$28.64	\$19.58	\$25.03
Plantation	4,590,298	0	15.9 %	-6,456	-59,277	\$34.90	\$20.83	\$27.55
Pompano Beach	2,679,490	87,000	7.9 %	23,693	-50,283	\$26.52	\$19.20	\$20.12
Sawgrass Park	3,182,738	0	5.8 %	12,051	42,609	\$31.91	\$19.18	\$28.25
SW Broward	3,562,157	135,910	5.3 %	11,408	70,978	\$30.74	\$27.50	\$30.59
<b>Suburban Total</b>	<b>28,818,694</b>	<b>222,910</b>	<b>11.4 %</b>	<b>78,548</b>	<b>53,483</b>	<b>\$31.32</b>	<b>\$21.23</b>	<b>\$25.45</b>
<b>Totals</b>	<b>34,122,983</b>	<b>318,442</b>	<b>11.6 %</b>	<b>96,170</b>	<b>41,554</b>	<b>\$35.08</b>	<b>\$21.94</b>	<b>\$28.67</b>

## FORT LAUDERDALE LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Vitas Healthcare	1801 W Sample Rd	Pompano Beach	Direct	25,600
Tambourine	Trade Ctr S-100 W Cypress Creek Rd	Cypress Creek	Direct	24,946
Fortinet	Sawgrass Lake Ctr-13450 W Sunrise	Sawgrass Park	Renewal / Expansion	11,216

## SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Coastal Tower-2400 E Commercial Blvd	Ft. Lauderdale Suburban	\$47,500,000	\$174	272,547
Heron Bay Portfolio-5810 Coral Ridge Dr	NW Broward/Coral Springs	\$42,950,000	\$328	130,985
8601 W Sunrise Blvd	Plantation	\$12,000,000	\$92	130,549