



## Broward Office Market

The office market continued to see supply outpace demand, as the county led South Florida with over 213,000 square feet of negative net absorption recorded during fourth-quarter 2020. Broward County felt the strongest impacts from the pandemic, with more than 763,000 square feet of year-to-date negative absorption, more than 57.0% of all the space given back in South Florida during 2020. The rise in supply, coupled with two construction completions totaling over 454,000 square feet, pushed vacancy rates up 340 basis points to 13.1% from one year ago, knocking the county out of its reign for holding the lowest vacancy in the region since third-quarter 2016. Office downsizes and smaller tenants below 5,000 square feet giving back space from closures and downsizing resulted in most of the negative absorption recorded. All three class sectors saw supply outpace demand, as Class A space led the market corrections with over 499,000 square feet of negative net absorption in 2020. The Class B segment gave back 104,000 square feet, while the Class C sector recorded approximately 160,600 square feet of negative net absorption year-to-date. Despite all fourth quarters of 2020 experiencing a correction, the overall average asking rate ticked upward from the \$30.12/SF recorded from one year ago to a new high of \$31.89/SF. The increase can be attributed to the addition of available high-end space having more of an impact on weighted rents, combined with the addition of Downtown's newest trophy property, The Main at Las Olas. This pushed the Class A average upward to \$37.27/SF from the previous high of \$35.91/SF recorded in second-quarter 2020. The Class B segment saw rates inch upward, as well, to \$23.69/SF from \$23.26/SF recorded one year ago. Asking rents are not likely going to be reduced until the second half of 2021 and may not see significant impacts as landlords may opt to increase tenant concessions as an alternative incentive.

### Leasing and Demand

The office sector saw 318,500 square feet in lease deals during fourth-quarter 2020, dropping sharply from the previous quarter and bringing year-to-date activity to 1.6 million square feet one year ago. This was down from the 2.7 million square feet of transactions recorded at this time last year. Second-tier, Class B led the market in year-to-date activity with almost 793,000 square feet, while Class A office space fell out of the lead for the first time in 10 years, closing out with 655,000 square feet. The Class C office segment accounted for the fewest lease deals, with 180,000 square feet leased. The financial sector moved into the top spot to close out the year, with 200,000 square feet of midsize to large deals, while law firms jumped into the number-two spot, with 142,000 square feet of deals. Insurance companies moved up to third place with 127,000 square feet of transactions.

### Investment Sales

Eight sales totaling 528,989 square feet occurred during the fourth quarter, a slight increase from the previous quarter that brought year-to-date investment deals to more than 1.1 million square feet, combining for \$231.4 million. This was down from the 3.3 million square feet that sold one year ago, yet the most seen in the region for 2020. The average price per square foot rose slightly from \$205/SF to \$207/SF with the help from six Class A sales, totaling over 875,000 square feet.

### Current Conditions

Broward County continued to be the most impacted from the pandemic, with the most returned space and largest increase in vacancy.

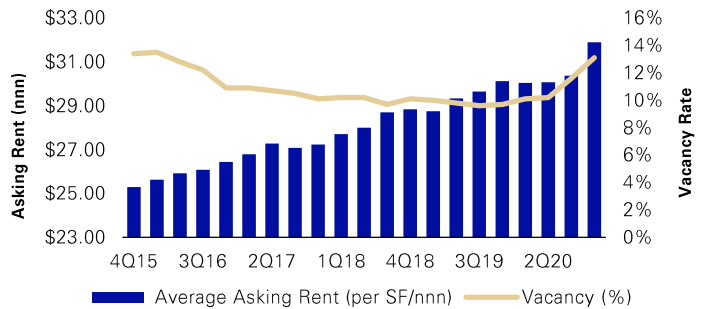
The Class A segment felt the brunt of market corrections with the most space given back within South Florida.

Leasing activity significantly fell, almost dropping by half from the 578,000 square feet of transactions recorded during third-quarter 2020.

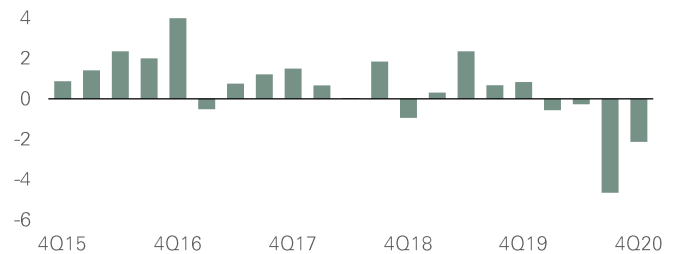
The Class B segment led in lease deals for 2020 as second-tier space surpassed high-end trophy properties for the first time since the Great Recession.

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION (100,000 SF)



### Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	33.8M	33.5M	33.4M	↑
Vacancy Rate	13.1%	11.6%	9.7%	↑
Quarterly Net Absorption (SF)	(213,426)	(465,823)	83,282	↑
Average Asking Rent/SF	\$31.89	\$30.37	\$30.12	↓
Under Construction (SF)	432,560	789,560	887,260	↓
Deliveries	357,000	0	165,000	↔

## Fort Lauderdale / Broward Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Overall Average Asking Rent (Price/SF)
<b>Ft. Lauderdale CBD</b>	<b>5,767,474</b>	<b>0</b>	20.5 %	<b>-51,747</b>	<b>-118,777</b>	<b>\$44.73</b>	<b>\$32.03</b>	<b>\$43.48</b>
Commercial Blvd	1,753,050	0	9.7 %	7,943	-35,576	\$24.67	\$23.21	\$22.32
Cypress Creek	4,657,695	0	10.1 %	-17,055	-74,414	\$32.44	\$22.36	\$27.18
Ft. Lauderdale Suburban	3,190,145	0	17.2 %	-2,428	-76,647	\$32.28	\$23.23	\$24.80
Hallandale	500,866	286,577	6.6 %	3,195	8,888	\$37.25	\$29.27	\$30.50
Hollywood	2,524,544	0	9.5 %	-36,007	-61,358	\$34.11	\$27.18	\$29.22
NW Broward/Coral Springs	1,721,839	0	15.1 %	-28,645	-49,146	\$28.79	\$21.57	\$26.88
Plantation	4,434,151	145,983	11.6 %	-35,189	-215,663	\$34.76	\$23.94	\$29.86
Pompano Beach	2,532,299	0	10.0 %	46,284	21,910	\$31.93	\$19.88	\$24.23
Sawgrass Park	2,935,448	0	13.5 %	-105,134	-129,247	\$34.39	\$21.19	\$32.06
SW Broward	3,819,517	0	9.9 %	5,357	-33,175	\$34.61	\$26.57	\$32.22
<b>Suburban Total</b>	<b>28,069,554</b>	<b>432,560</b>	11.6 %	<b>-161,679</b>	<b>-644,428</b>	<b>\$33.06</b>	<b>\$23.23</b>	<b>\$28.05</b>
<b>Totals</b>	<b>33,837,028</b>	<b>432,560</b>	13.1 %	<b>-213,426</b>	<b>-763,205</b>	<b>\$37.27</b>	<b>\$23.69</b>	<b>\$31.89</b>

## Fort Lauderdale Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Bank of America	BofA Plaza @Las Olas City Centre- 401 E Las Olas	Ft. Lauderdale CBD	Renewal	56,756
TradeStation	Crossroads Bus Pk IV- 8050 SW 10 <sup>th</sup> St	Plantation	Renewal	44,552
Tabacalera USA Inc.	Cypress Financial Ctr- 5900 N Andrews Ave	Cypress Creek	Renewal	19,667
TD Bank	Cypress Financial Ctr- 5900 N Andrews Ave	Cypress Creek	Renewal	17,510
Solstice Benefits	Balfour Beatty Ctr- 7901 SW 6th Court	Plantation	Renewal	15,984

## Fort Lauderdale Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
Crossroads I & II Portfolio Sale- 8201 Peters Rd	Plantation	\$52,319,324	\$263	198,590
Cypress Executive Ctr- 1901 W Cypress Creek Rd	Cypress Creek	\$17,500,000	\$124	140,635
Miramar Tech Ctr- 2900 Monarch Lakes Blvd	SW Broward	\$22,600,000	\$399	56,710
8220 W State Rd 84	Plantation	\$2,800,000	\$121	23,200