

Broward County

Office Q4 2019

	YoY Chg	12-Mo. Forecast
11.8% Vacancy Rate	▼	▲
125K YTD Net Absorption, SF	▲	▲
\$32.57 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
879K Broward County Employment	▲	▲
2.6% Broward County Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▼	▲

Source: BLS

*Numbers above are monthly figures, FL Dept. Economic OPP.

ECONOMY: Unemployment Rate Hits Historic Low

Broward County's economic fundamentals ended 2019 on a high note with the unemployment rate at an all-time low of 2.6%, down 50 basis-points (bps) year-over-year (YOY). A total of 11,200 new jobs were created for an annual growth rate of 1.3%. Financial services, which had the highest annual growth compared to all other Florida metros, added 2,300 jobs for a 3.7% annual growth rate. The Professional & Business Services also increased by 180 bps, or 2,800 jobs in the last 12 months which helped to keep office market fundamentals stable over the past year and going into 2020.

SUPPLY: Vacancy Decreases as Construction Reaches an All-Time High

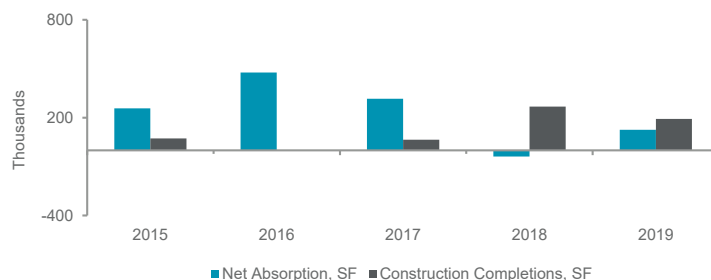
The overall office vacancy rate ended the year at 11.8%, down 100 bps YOY. The Cypress Creek submarket had the biggest impact on vacancy, decreasing 510 bps YOY to 13.9%. There was no new inventory in Cypress Creek in 2019 while there were many occupancy gains within the submarket with tenants occupying space in healthcare and higher education. Tenant demand in the Central Business District (CBD) remained steady as the vacancy rate only increased 10 bps YOY to 14.9%. Legal Services was the most active industry in the CBD with notable tenants such as Holland & Knight LLP, Billing, Cochran, Lyles, Mauro & Ramsey, and RJ Reynolds all renewing space.

Office construction activity reached an all-time high compared to any other year this economic cycle with over 1.0 million square feet (msf) under construction at the end of 2019. There were two notable projects under construction at the end of 2019. The Main Las Olas, which will bring over 350,000 square feet (sf) of office inventory to the CBD was approximately 20% preleased. Optima Onyx Towers, a three-building project consisting of approximately 400,000 sf in the Hallandale submarket had no reported preleasing. Both projects were expected to be completed in the second half of 2020.

DEMAND: Leasing Activity reaches 10-year High

Leasing activity for the year was up by 6.7% from year end 2018 numbers. Broward County saw over 2.0 msf leased in 2019, the highest amount of any year since 2009. The Cypress Creek submarket had its strongest level of leasing in the last 10 years with over 539,000 sf leased YTD. Hayes Medical, CBS Interactive, CentralReach, and TQL all took space within the submarket over the past 12 months. The Hollywood/Hallandale and Sunrise submarkets also saw significant leasing activity increases with growth rates of 36.6% and 15.3% YOY respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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Overall net absorption for Broward County trended upward with over 125,000 sf absorbed at the end of 2019. Suburban Class A space was the driver with over 79,000 sf absorbed. The Cypress Creek submarket led the county with over 262,000 sf absorbed in 2019. Many tenants moved into the Cypress Creek submarket such as Infinity Behavioral Health Services, Hayes Medical, and Arizona College. The Broward County office market experienced negative absorption in the fourth quarter of 2019 with over -65,000 sf as tenants including MDLive and Premier Beverage Co. vacated.

PRICING: Asking Rents on the Rise

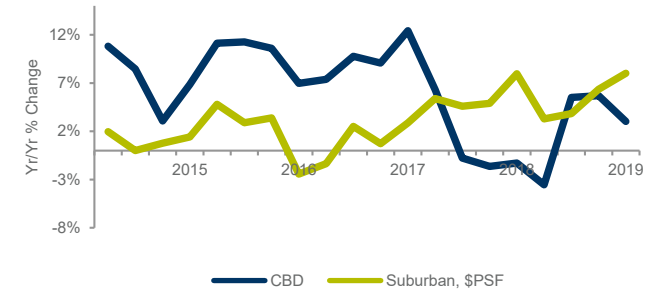
Overall asking rental rates increased by 7.9% YOY, or \$2.39, to \$32.57 per square foot (psf) full service. Class A asking rates increased by \$2.12 psf, or 5.7% in the last 12 months. Increased tenant demand and very little new inventory in 2019 were the main drivers for rent growth across the market. The suburban submarkets led the way in rent growth over the past year with a 10.5% increase to \$29.53 psf. The Coral Springs submarket had the highest rent growth with a 13.4% increase YOY to \$29.68 psf. The Miramar and Cypress Creek submarkets followed with rent growth increases of 8.9% and 8.5% respectively. In the CBD, Class A rents reached an all-time high of \$48.02 psf full service with a 3.0% increase YOY. With most of the new construction being Class A product, rents were expected to continue to rise into 2020.

Outlook

- The office market in Broward County was poised for a strong start in 2020 with robust tenant demand and construction at an all-time high.
- Cushman and Wakefield anticipates asking rents to rise in some suburban submarkets as there are strong fundamentals and low vacancy
- With a substantial amount of deliveries set for 2020, new and expanding companies will have more options and opportunities for space but vacancy could be impacted in the short term especially in the CBD.

*Some numbers may not reflect previous reports

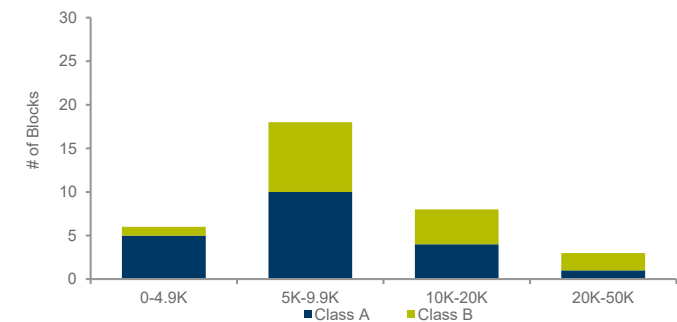
CLASS A ASKING RENT



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



BLOCKS OF CONTIGUOUS SPACE



Broward County

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CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Ft. Lauderdale CBD	5,240,748	82,715	697,097	14.9%	44,644	8,441	301,290	457,264	\$42.18	\$48.02
Suburban Broward County	22,855,533	102,590	2,425,162	11.1%	-109,880	117,053	1,725,530	611,515	\$29.53	\$35.13
Cypress Creek/Commercial	6,171,182	45,604	813,102	13.9%	13,418	262,454	539,950	0	\$27.30	\$32.59
Hollywood/Hallandale	3,106,742	11,665	376,794	12.5%	-33,488	-26,984	249,394	315,532	\$29.82	\$40.17
WEST BROWARD	7,135,227	27,177	497,008	7.3%	-77,342	-100,005	604,644	145,983	\$30.48	\$35.48
Sunrise	3,047,082	4,103	186,636	6.3%	-46,354	-8,398	375,615	145,983	\$29.94	\$33.07
Plantation	3,249,143	21,247	239,986	8.0%	-26,909	-39,923	211,832	0	\$29.89	\$43.02
Weston	839,002	1,827	70,386	8.6%	-4,079	-51,684	17,197	0	\$33.79	\$39.56
NORTHEAST BROWARD	1,766,644	2,400	193,932	11.1%	-10,973	-10,230	136,940	150,000	\$25.10	\$30.07
Pompano Beach	665,953	2,400	115,289	17.7%	-9,306	-4,419	64,859	150,000	\$23.64	N/A
Deerfield Beach	1,100,691	0	78,643	7.1%	-1,667	-5,811	72,081	0	\$27.30	\$30.07
SOUTHWEST BROWARD	3,061,522	11,763	427,404	14.3%	-5,150	-30,860	114,102	0	\$34.95	\$37.07
Pembroke Pines/Cooper City	1,013,918	0	217,227	21.4%	2,336	20,367	51,430	0	\$32.88	\$35.61
Miramar	2,047,604	11,763	210,177	10.8%	-7,486	-51,227	62,672	0	\$37.31	\$38.33
NORTHWEST BROWARD	1,614,216	3,981	116,922	7.5%	3,655	22,678	80,500	0	\$27.40	\$35.45
Coral Springs	1,188,348	3,981	95,627	8.4%	-4,029	-468	53,528	0	\$29.68	\$35.45
Tamarac/Margate	425,868	0	21,295	5.0%	7,684	23,146	26,972	0	\$16.93	N/A
BROWARD TOTALS	28,096,281	185,305	3,122,259	11.8%	-65,236	125,494	2,026,820	1,068,779	\$32.57	\$39.35

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1700 Plantation Pointe	Sunrise	Confidential	145,983	New Lease
2100 N Commerce Parkway	Weston	GSA-DEA*	133,503	Renewal
1340 Concord Terrace	Sunrise	The Ultimate Software Group	100,710	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2019

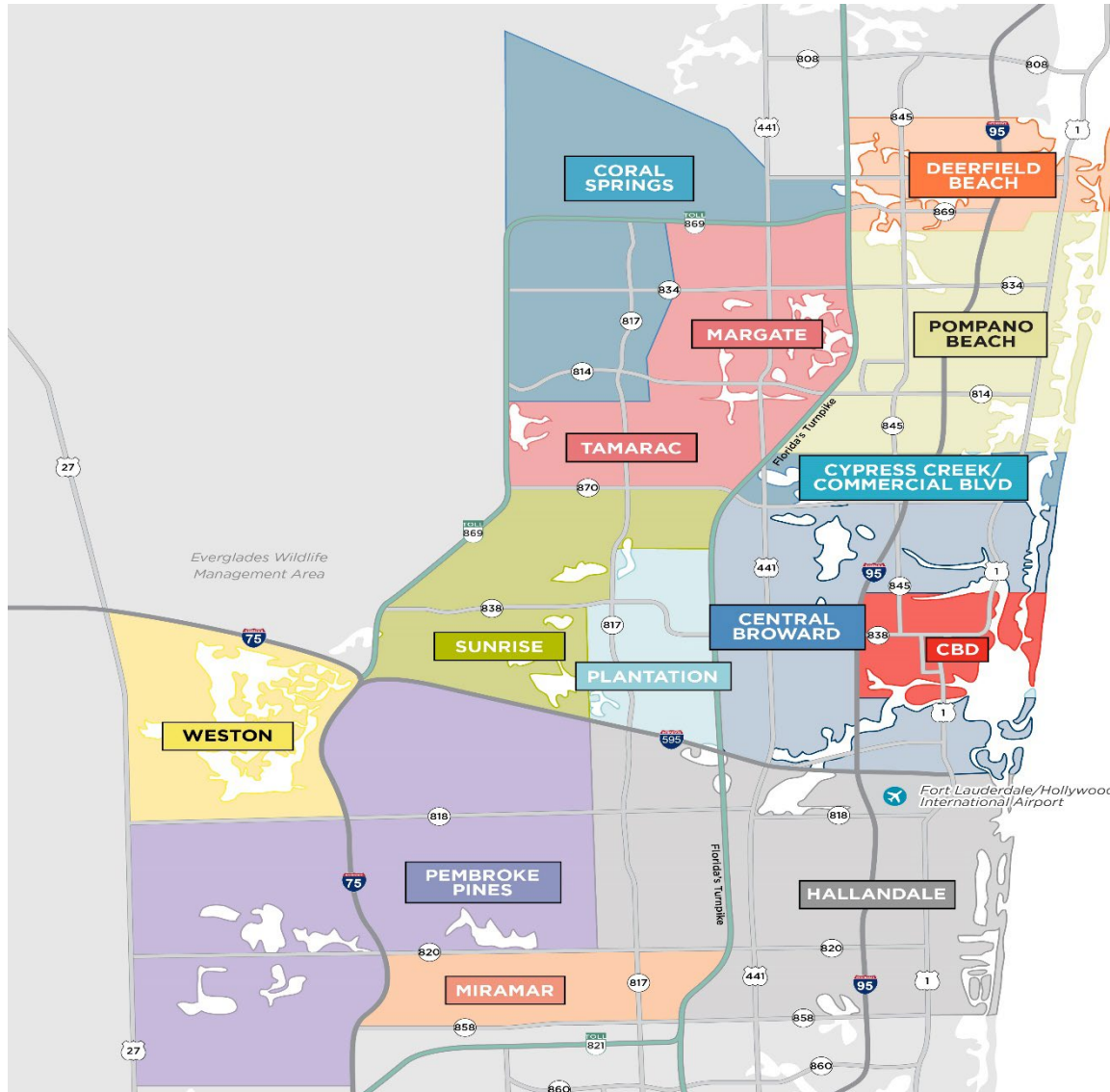
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Sawgrass Technology Park	Sunrise	Oaktree Capital Management / Bridge Investment Group	514,332	Portfolio
100 SE 3 rd Ave	Ft. Lauderdale CBD	Walton Street Capital / Alliance Partnership	276,572	\$117M/\$423
Lakeshore Business Center	Cypress Creek/Commercial	Morning Calm Management / YMP Real Estate	234,954	Portfolio

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OFFICE SUBMARKETS



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