

# Broward County

Office Q4 2020



YoY Chg      12-Mo. Forecast

**14.7%**

Vacancy Rate



**-672K**

YTD Net Absorption, SF



**\$35.94**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2020

YoY Chg      12-Mo. Forecast

**809K**

Broward County Employment



**7.3%**

Broward County Unemployment Rate



**6.7%**

U.S. Unemployment Rate



Source: BLS

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

## ECONOMY

Broward County, including Ft. Lauderdale, had an unemployment rate of 7.3% in November 2020, down 190 basis points (bps) from August 2020 and 460 bps higher than one year ago. Nonagricultural employment was 809,100, a decrease of 64,400 jobs, or 7.4% over the year. Only one major employment sector, Financial Activities, grew over the year with 200 added jobs. Every other major employment sector forfeited jobs over the year with nearly a third of losses coming from the Leisure & Hospitality sector, at 20,900 jobs gone, followed by Professional & Business Services with another 10,800 jobs lost.

## SUPPLY

Broward County's overall office vacancy was 14.7% at the end of the year, up 290 bps year-over-year (YOY). Class A vacancy increased dramatically by 410 bps YOY to 15.5% while Class B jumped by 180 bps in 12 months to 13.9%. A significant driver for the rise in Class A vacancy was due to the delivery of The Main, a 329,000 square feet (sf) office building in Ft. Lauderdale's Central Business District (CBD) with 15.0% preleased. Broward's sublease vacancy stayed in-line since the second quarter of 2020 with a rate of 1.1%, however, it increased over the year by 40 bps or 117,000 sf.

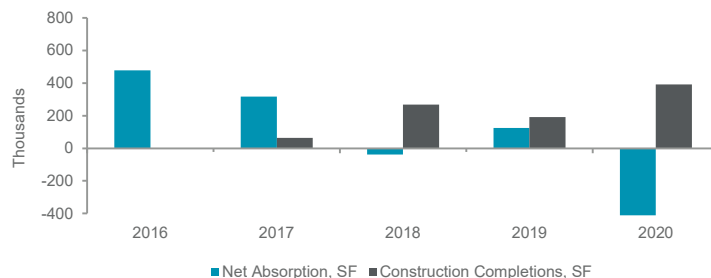
## DEMAND

New leasing activity in the fourth quarter was 175,000 sf. The year ended with approximately 1.0 million square feet (msf) of new leases signed, nearly a 50% decrease compared to last year and well below the five-year average of newly recorded leases of more than 1.6 msf. The Cypress Creek/Commercial Corridor submarket recorded the highest amount in new leases for the quarter and the year with over 71,000 sf and 306,000 sf respectively. However, Cypress Creek/Commercial Corridor leasing activity, was 43.3% lower than in 2019. In conjunction with lower leasing levels that continued in the fourth quarter, absorption turned negative by 186,000 sf across the County. The Sunrise submarket was among the lowest performing submarkets and had the most move-outs in both direct and sublease spaces compared to last quarter.

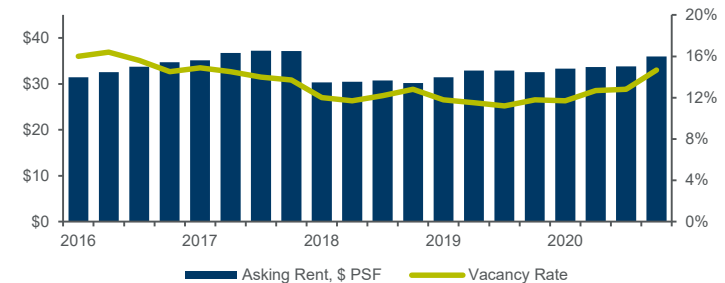
## MARKET PRICING

Broward's overall asking rents rose 10.4% over the year to \$35.07 per square foot (psf) full service, the highest rents since 2017. Class A rents largely contributed to the overall increase in 2020 due to the delivery of two buildings in the CBD. The 550 Building delivered in the first quarter at 62,000 sf with rents upward to \$41.00 psf and The Main delivered in the fourth quarter at 329,000 sf with rents as high as \$71.00 psf. However, most landlords held rents steady in 2020 due to lack of demand. Despite the slowdown in leasing activity, the West Broward major market experienced the largest increase in rents with an 8.0% YOY bump to \$32.92. The increase in West Broward's rents can be attributed to newly marketed vacant space which has nearly doubled in size since 2019.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



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## 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	5,651,420	59,823	1,203,843	22.4%	-37,159	-98,419	198,079	0	\$46.43	\$51.13
Suburban Broward County	22,774,776	243,171	2,664,820	12.8%	-148,681	-573,995	882,643	725,210	\$31.08	\$35.15
Cypress Creek/Commercial	6,247,621	113,441	807,303	14.7%	21,544	-84,396	306,131	0	\$29.40	\$33.18
Hollywood/Hallandale	2,900,980	10,675	391,336	13.9%	7,096	-93,094	126,673	429,227	\$31.45	\$37.85
<b>WEST BROWARD</b>	<b>7,351,681</b>	<b>91,529</b>	<b>873,570</b>	<b>13.1%</b>	<b>-155,584</b>	<b>-410,178</b>	<b>211,574</b>	<b>145,983</b>	<b>\$32.92</b>	<b>\$36.10</b>
Sunrise	3,161,135	70,933	398,834	14.9%	-139,287	-286,261	72,213	0	\$33.48	\$34.99
Plantation	3,354,073	20,596	377,125	11.9%	-16,745	-95,308	124,687	145,983	\$31.42	\$38.23
Weston	836,473	0	97,611	11.7%	448	-28,609	14,674	0	\$34.34	\$43.37
<b>NORTHEAST BROWARD</b>	<b>1,845,365</b>	<b>5,333</b>	<b>154,604</b>	<b>8.7%</b>	<b>-9,063</b>	<b>-7,453</b>	<b>58,491</b>	<b>150,000</b>	<b>\$25.20</b>	<b>\$30.47</b>
Pompano Beach	683,266	2,000	58,490	8.9%	-2,901	817	35,783	150,000	\$20.84	N/A
Deerfield Beach	1,162,099	3,333	96,114	8.6%	-6,162	-8,270	22,708	0	\$27.82	\$30.47
<b>SOUTHWEST BROWARD</b>	<b>2,916,139</b>	<b>22,193</b>	<b>312,654</b>	<b>11.5%</b>	<b>-4,454</b>	<b>48,609</b>	<b>133,165</b>	<b>0</b>	<b>\$35.00</b>	<b>\$37.63</b>
Pembroke Pines/Cooper City	868,535	0	156,256	18.0%	-1,553	68,233	87,575	0	\$32.75	\$36.38
Miramar	2,047,604	22,193	156,398	8.7%	-2,901	-19,624	45,590	0	\$36.93	\$38.53
<b>NORTHWEST BROWARD</b>	<b>1,512,990</b>	<b>0</b>	<b>125,353</b>	<b>8.3%</b>	<b>-8,220</b>	<b>-27,483</b>	<b>46,609</b>	<b>0</b>	<b>\$27.65</b>	<b>\$31.67</b>
Coral Springs	1,176,814	0	110,175	9.4%	-2,920	-17,031	43,126	0	\$29.37	\$31.67
Tamarac/Margate	336,176	0	15,178	4.5%	-5,300	-10,452	3,483	0	\$16.34	N/A
<b>BROWARD TOTALS</b>	<b>28,426,196</b>	<b>302,994</b>	<b>3,868,663</b>	<b>14.7%</b>	<b>-185,840</b>	<b>-672,414</b>	<b>1,080,722</b>	<b>725,210</b>	<b>\$35.94</b>	<b>\$41.08</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
200 E Broward Boulevard	Ft. Lauderdale CBD	Greenspoon Marder	61,994	Renewal/Expansion
8050 SW 10 <sup>th</sup> Street	Plantation	Trade Station	48,902	Renewal
1200 SW 145th Avenue	Pembroke Pines/Cooper City	Galen Health	45,466	New Lease

\*Renewals not included in leasing statistics

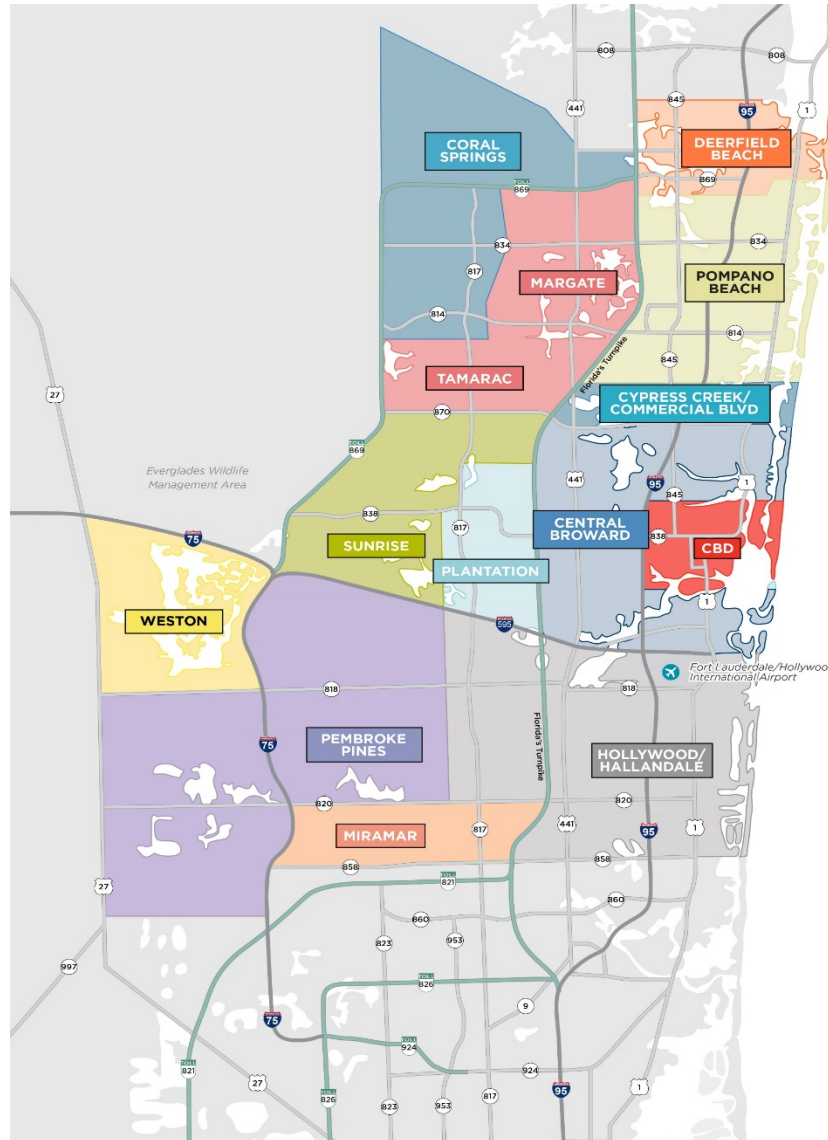
## KEY SALES TRANSACTIONS 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
6451 N Federal Highway	Cypress Creek/Commercial	Bridge Investment Group / Somerset Properties	413,426	\$82.5M/\$199
1901 W Cypress Creek Road	Cypress Creek/Commercial	ICM Asset Management / HS Capital Fund	140,635	\$17.5M/\$124
3700 Lakeside Drive	Miramar	MFC 3700 Investors, LLC / 3700 Lakeside Drive, LLC	132,092	\$29M/\$219

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OFFICE SUBMARKETS



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