

Broward County

Office Q1 2021

YoY Chg 12-Mo. Forecast

16.1%
Vacancy Rate ▲ ▬

-398K
YTD Net Absorption, SF ▾ ▲

\$36.30
Asking Rent, PSF ▲ ▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

YoY Chg 12-Mo. Forecast

817K
Broward County Employment ▾ ▲

5.6%
Broward County Unemployment Rate ▲ ▾

6.0%
U.S. Unemployment Rate ▲ ▾

Source: BLS

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

ECONOMY

Broward County had an unemployment rate of 5.6% in February 2021, down 20 basis points (bps) from the previous month and 230 bps higher than one year ago. Nonagricultural employment was 816,500, a decrease of 58,400 jobs, or 6.7%, over the year. Every major industrial related sector forfeited jobs over the year with Leisure & Hospitality leading with the most losses at 18,200 jobs gone, followed by Trade, Transportation, and Utilities with another 9,600 jobs lost. Office-using employment including Professional & Business Services, Financial Activities and Information, had a combined decrease of 12,100 jobs in the last 12 months.

SUPPLY

At the end of the first quarter, Broward County's overall office vacancy was 16.1%, up 450 bps year-over-year (YOY). Class A overall vacancy increased the most amongst all asset classes to 17.3%, a 590 bps increase YOY but only 180 bps bump from the fourth quarter. Class B availabilities rose by 330 bps to 15.4% in 12 months. The drivers for the rise in overall vacancy were deliveries in the CBD as well as many large move-outs over the twelve-month period. Broward's sublease vacancy rose by 80 bps YOY to 1.5% or 427,000 square feet (sf). Over 124,000 sf of the new vacant sublease space became available in the first quarter of 2021.

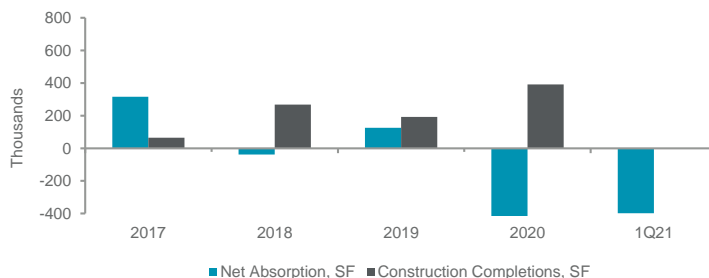
DEMAND

The first three months of 2021 recorded over 272,000 sf of new leasing activity, a 55.8% uptick from last quarter. While new leasing activity showed progress, it was less than half the five-year first quarter average of 483,000 sf leased. The Central Business District (CBD) recorded the highest amount in new leases for the quarter with 87,000 sf signed. New leasing activity in the suburban submarkets was less than half compared to one year ago with over 185,000 sf leased. Overall net absorption continued to trend downward with nearly 398,000 sf of negative absorption. Approximately 58.5%, or 233,000 sf, was caused by two tenant move outs. The IRS left 133,000 sf in the Plantation submarket and Maximus moved from 100,000 sf in the Tamarac/Margate submarket. The largest available sublease space added was in the Sunrise submarket for 22,000 sf by Performant Financial Corporation.

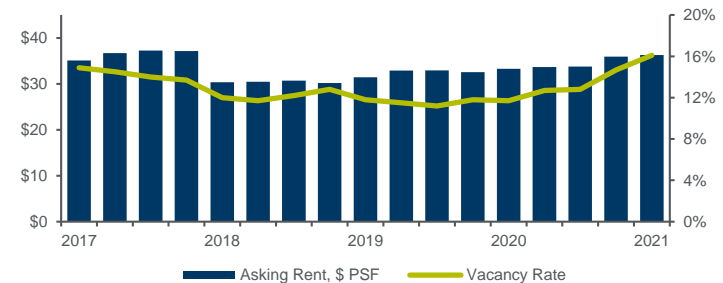
MARKET PRICING

Overall asking rents rose 9.0% over the year to \$36.30 per square foot (psf) full service despite increased vacancy. New inventory in the CBD contributed to the spike in asking rents as well as most landlords holding asking rates steady while offering more abatements and tenant improvements. Newly marketed vacant space, which has increased by 39.1% in size from twelve months prior, also contributed to the rise in asking rents as submarkets such as the CBD, Sunrise, and Plantation added large block of space at elevated rents compared to the submarkets.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Broward County

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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	49,229	1,317,503	24.2%	-21,063	-21,063	87,058	0	\$47.38	\$51.86
Suburban Broward County	22,756,101	378,019	2,835,999	14.1%	-376,798	-376,798	185,024	530,377	\$31.36	\$35.08
Cypress Creek/Commercial	6,247,621	122,700	693,031	13.1%	16,877	16,877	68,580	0	\$29.41	\$33.20
Hollywood/Hallandale	2,880,980	23,746	394,378	14.5%	-13,269	-13,269	9,072	380,377	\$30.90	\$37.80
WEST BROWARD	7,438,609	134,509	1,051,280	15.9%	-245,308	-245,308	63,680	0	\$33.29	\$36.06
Sunrise	3,161,135	94,182	437,572	16.8%	-68,224	-68,224	43,206	0	\$33.46	\$34.90
Plantation	3,441,001	40,327	518,668	16.2%	-179,395	-179,395	18,163	0	\$32.60	\$38.03
Weston	836,473	0	95,040	11.4%	2,311	2,311	2,311	0	\$35.40	\$44.36
NORTHEAST BROWARD	1,845,365	50,051	147,177	10.7%	-4,456	-4,456	13,187	150,000	\$26.27	\$30.47
Pompano Beach	683,266	2,000	50,301	7.7%	-3,766	-3,766	0	150,000	\$20.07	N/A
Deerfield Beach	1,162,099	48,051	96,876	12.5%	-690	-690	13,187	0	\$28.91	\$30.47
SOUTHWEST BROWARD	2,888,323	26,262	316,898	11.9%	-22,581	-22,581	16,816	0	\$35.18	\$37.66
Pembroke Pines/Cooper City	840,719	1,500	131,529	15.8%	2,295	2,295	11,423	0	\$33.09	\$36.38
Miramar	2,047,604	24,762	185,369	10.3%	-24,876	-24,876	5,393	0	\$36.61	\$38.54
NORTHWEST BROWARD	1,455,203	20,751	233,235	17.5%	-108,061	-108,061	13,689	0	\$29.01	\$30.72
Coral Springs	1,119,027	20,751	118,057	12.4%	-8,061	-8,061	13,689	0	\$29.37	\$30.72
Tamarac/Margate	336,176	0	115,178	34.3%	-100,000	-100,000	0	0	\$28.63	N/A
BROWARD TOTALS	28,407,521	427,248	4,153,502	16.1%	-397,861	-397,861	272,082	530,377	\$36.30	\$41.42

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2250 N Commerce	Weston	UKG	97,178	Renewal
1425 W Cypress Creek Road	Cypress Creek/Commercial	Legacy Healing	25,292	New Lease
1100 Park Central Boulevard	Pompano Beach	Sedgwick	18,371	Renewal

*Renewals not included in leasing statistics

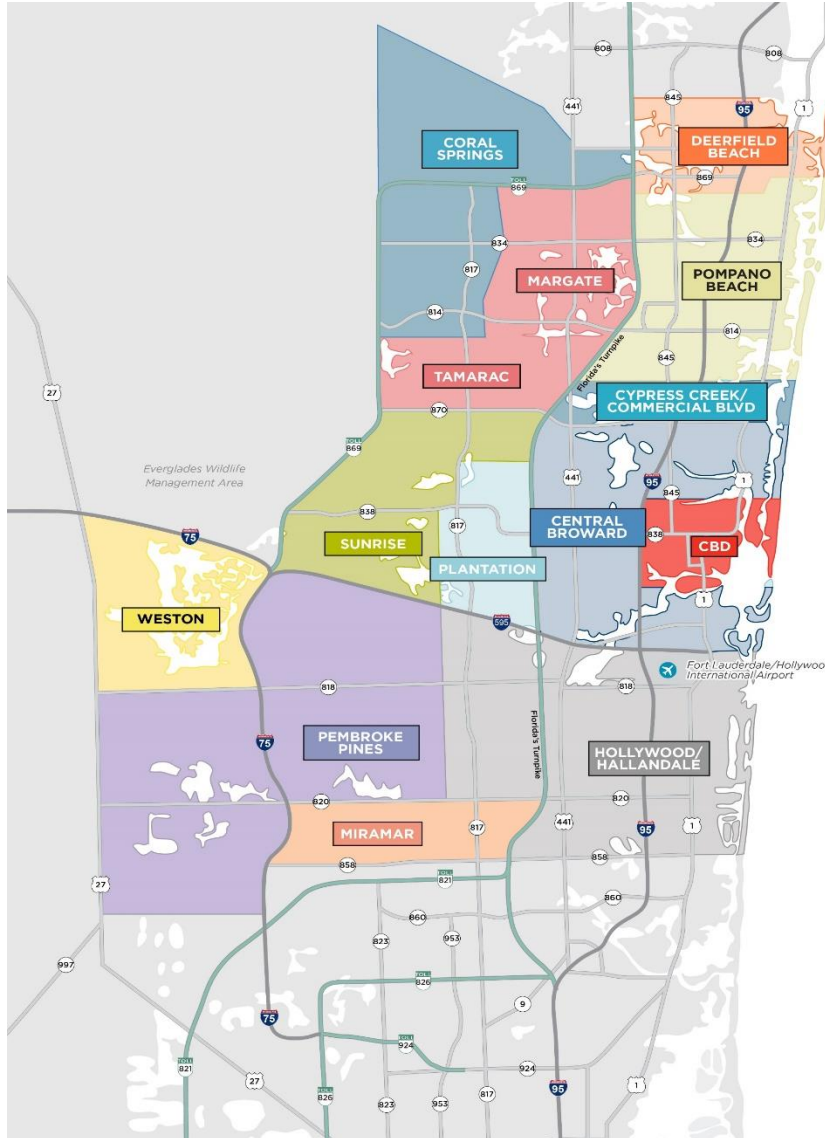
KEY SALES TRANSACTIONS 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5900 N Andrews Avenue	Cypress Creek/Commercial	Steelbridge Capital / Vision Propoerties	206,773	\$44.2M/\$214
1300 Sawgrass Corporate Parkway	Sunrise	Stiles / IP Capital Partners	112,616	\$24.7M/\$219
1625 N Commerce Parkway	Weston	High Line Real Estate Capital / Fox Ridge Capital	33,651	\$8.3M/\$247

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