

Broward County

Office Q3 2021

YoY Chg 12-Mo. Forecast

16.9%

Vacancy Rate



-506K

YTD Net Absorption, SF



\$36.00

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2021

YoY Chg 12-Mo. Forecast

823K

Broward County Employment



4.9%

Broward County Unemployment Rate



5.2%

U.S. Unemployment Rate



Source: BLS

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

ECONOMY

Broward County had an unemployment rate of 4.9% in August 2021, down 460 basis points (bps) over the year. Nonagricultural employment was 823,100, an increase of 29,800 jobs, or 3.8%, over the year. Leisure & Hospitality led the county for the third quarter in a row with job gains of 16,200 added. Information and Financial Activities were the only office using employment sectors to gain jobs over the last 12 months, 500 combined. Professional & Business Services and Government sectors lost a combined 1,400 jobs over the year.

SUPPLY

Broward County's overall vacancy was 16.9% at the end of the third quarter, up 410 bps year-over-year (YOY). Class A vacancy rose over the past twelve months by 600 bps to 18.1% but fell by 60 bps from the previous quarter. Substantial vacancy from the Main Las Olas, which delivered at the end of 2020, and negative absorption were the main drivers for the increase in Class A vacancy over the year. Available inventory in Class B assets increased by 190,000 square feet (sf) over the year pushing the overall vacancy to 16.0%. There was over 435,000 sf under construction at the end of the third quarter, amongst two suburban assets. Both projects were expected to deliver in the next 12 months.

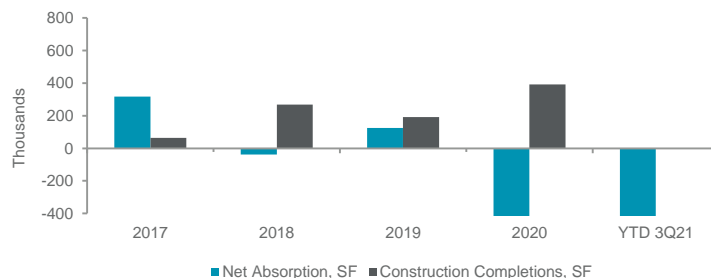
DEMAND

New leasing activity reached 442,000 sf in the third quarter and 1.6 million square feet (msf) year-to-date (YTD), in-line with pre-pandemic levels. A flight to quality by tenants meant Class A assets accounted for over 72.1% of the new leases in the quarter with 318,000 sf signed. The Fort Lauderdale Central Business District (CBD) had the highest amount of leasing activity in the third quarter with over 153,000 sf leased. The largest new deal signed was at One East Broward by West Marine for 43,000 sf. Overall absorption trended upward for the first time in seven quarters with positive 27,000 sf in the third quarter.

MARKET PRICING

Overall asking rents increased 6.6% YOY to \$36.00 per square foot (psf) full service. Landlords continued to hold or increase asking rates while offering more concessions including tenant improvements. Asking rates in the CBD were \$47.11 psf, an increase of 10.3% over the year. The CBD's asking rates consistently stayed about \$47.00 psf since the start of 2021, the highest on record. Miramar was one of the few submarkets where rents fell with a 6.5% drop to \$34.66 psf full service. Miramar added nearly 133,000 sf available space over the last 4 quarters, predominately for sublease with lower asking rates.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Broward County

Office Q3 2021

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	5,605,824	80,008	1,266,226	24.0%	-38,373	-37,168	308,329	0	\$47.11	\$48.27
Suburban Broward County	22,890,366	418,779	3,060,193	15.2%	65,368	-468,347	1,312,129	435,377	\$31.57	\$35.27
Cypress Creek/Commercial	6,247,621	44,506	674,011	11.5%	114,677	110,110	334,044	0	\$28.80	\$33.14
Hollywood/Hallandale	2,933,827	22,581	519,333	18.5%	-76,313	-96,828	86,029	285,377	\$31.86	\$37.68
WEST BROWARD	7,660,206	159,595	1,128,553	16.8%	6,109	-200,926	656,900	0	\$33.63	\$36.89
Sunrise	3,161,135	140,504	483,724	19.7%	9,700	-51,890	236,297	0	\$33.09	\$34.98
Plantation	3,662,598	19,091	545,546	15.4%	6,827	-147,104	387,423	0	\$33.29	\$38.47
Weston	836,473	0	99,283	11.9%	-10,418	-1,932	33,180	0	\$37.87	\$44.74
NORTHEAST BROWARD	1,742,170	42,921	187,754	13.2%	14,852	-44,026	98,894	150,000	\$28.67	\$30.47
Pompano Beach	657,069	7,599	35,658	6.6%	-189	-12,169	2,650	150,000	\$20.47	N/A
Deerfield Beach	1,085,101	35,322	152,096	17.3%	15,041	-31,857	96,244	0	\$30.89	\$30.47
SOUTHWEST BROWARD	2,851,339	118,175	310,932	15.0%	-4,830	-117,996	85,922	0	\$34.23	\$35.40
Pembroke Pines/Cooper City	803,735	0	122,538	15.2%	7,349	8,311	53,128	0	\$33.43	\$36.38
Miramar	2,047,604	118,175	188,394	15.0%	-12,179	-126,307	32,794	0	\$34.66	\$34.91
NORTHWEST BROWARD	1,455,203	31,001	239,610	18.6%	10,873	-118,681	50,340	0	\$28.86	\$31.03
Coral Springs	1,119,027	31,001	118,398	13.4%	10,873	-14,447	49,251	0	\$29.59	\$31.03
Tamarac/Margate	336,176	0	121,212	36.1%	0	-104,234	1,089	0	\$28.02	N/A
BROWARD TOTALS	28,496,190	498,787	4,326,419	16.9%	26,995	-505,515	1,620,458	435,377	\$36.00	\$41.31

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
7600-7700 West Sunrise Boulevard	Plantation	Chewy	221,597	New Lease
2250 N Commerce Parkway	Weston	UKG	97,178	Renewal
1525 W Cypress Creek Road	Cypress Creek/Commercial	Envision Healthcare	81,169	New Lease

*Renewals not included in leasing statistics

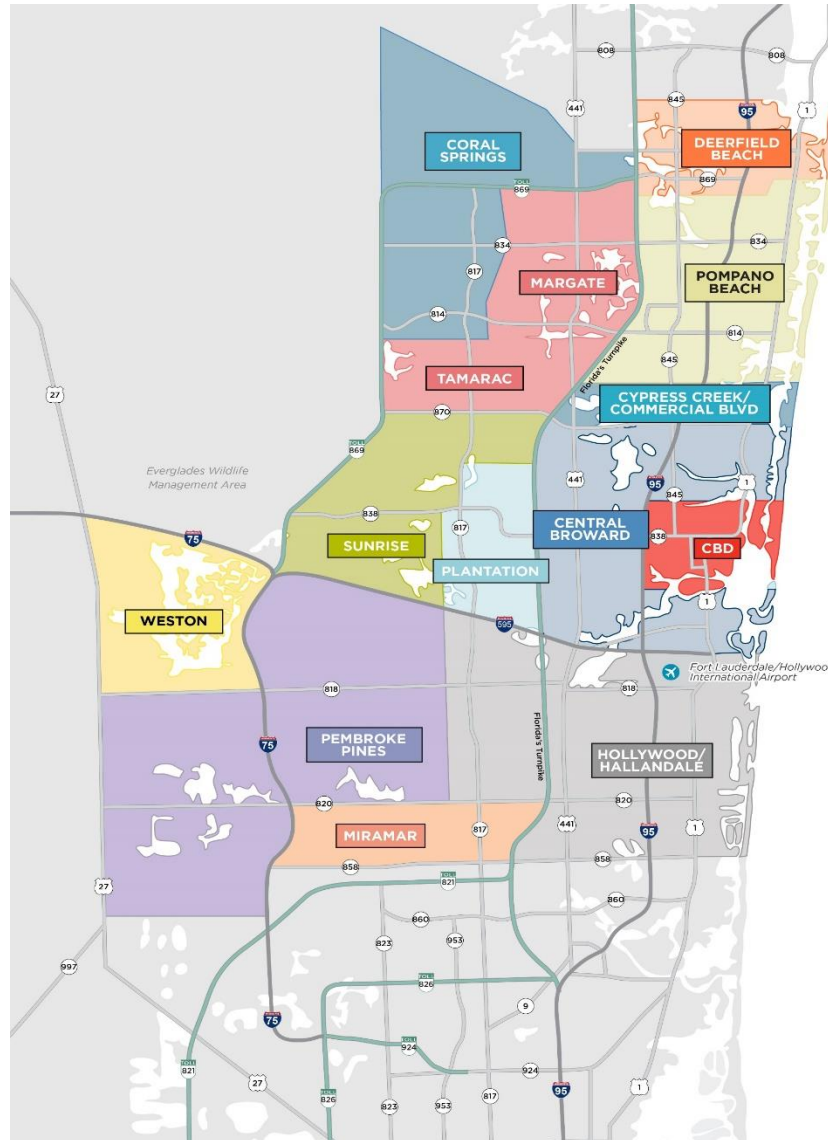
KEY SALES TRANSACTIONS YTD 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
500-550 W Cypress Creek Rd (Building 1 & 2)	Cypress Creek/Commercial	Banyan Street Capital / Feldman Equities	262,434	\$58.9M/\$224
5900 N Andrews Avenue	Cypress Creek/Commercial	Steelbridge Capital / Vision Propoerties	206,773	\$44.2M/\$214
1500 Concord Terrace	Sunrise	MEDNAX Services / Chetu	173,154	\$25.0M/\$137

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