

Broward County

Office Q4 2021

YoY Chg 12-Mo. Forecast

16.9%

Vacancy Rate



-659K

YTD Net Absorption, SF



\$35.30

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

849K

Broward County Employment



3.8%

Broward County Unemployment Rate



4.2%

U.S. Unemployment Rate



Source: BLS

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

ECONOMY

Broward County had an unemployment rate of 3.8% in November 2021, down 140 basis points (bps) over the year. Nonagricultural employment was 849,000, an increase of 34,900 jobs, or 4.3%, over the year. Leisure & Hospitality led the county in job gains all through 2021 with 8,900 jobs added year-over-year (YOY). Office using employment gained 4,800 new jobs with those in Professional & Business Services accounting for close to 90% of all jobs created.

SUPPLY

Broward County's overall vacancy was 16.9% at the end of the year, unchanged from the third quarter and up 230 bps YOY. The bulk of that increase came from Class A space being added and vacancy rose by 310 bps to 18.6% in the last 12-months. 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. While performing better than Class A, vacant Class B space increased over the year to 15.6%, rising by 180 bps YOY. There was over 427,000 square feet (sf) under construction at yearend in the Hollywood/Hallandale and Pompano Beach submarkets. Both projects were expected to deliver in 2022.

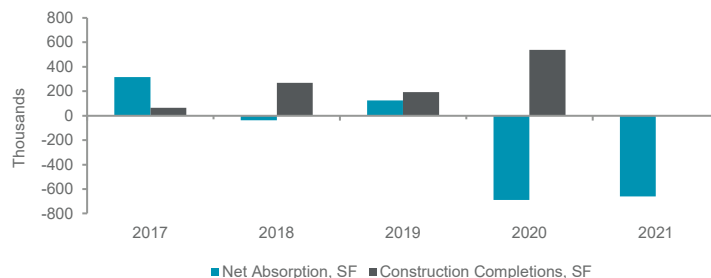
DEMAND

New leasing activity was 2.4 million square feet (msf) for all of 2021, surpassing pre-pandemic levels and the highest annual total since yearend 2009. A flight to quality by office users to Class A space was the dominant trend for the year, with most flocking to suburban assets and only 20% of leases done in the Fort Lauderdale CBD. Tenant move ins accelerated over the last six months of the year and accounted for 87,600 square feet (sf) of positive absorption in the fourth quarter. It was the first quarter to have positive absorption since the third quarter of 2019, not enough to mitigate tenant move outs over the last 18 months. Overall absorption for Broward County in 2021 was -659,000 sf. Average deal size for the year was 6,100 sf.

MARKET PRICING

Overall asking rents decreased slightly YOY by 1.8% to \$35.30 per square foot (psf) full service. Landlords in both Class A and Class B assets were more aggressive with pricing while offering more concessions as well as higher tenant improvement amounts to make tenants sign deals. For the third quarter in a row, asking rates in the CBD were down, falling to \$46.19 psf, down half a percent from yearend 2020 but up 9.5% from the end of 2019. Suburban submarkets eked a slight increase in asking rents over the year to \$31.19 psf. Northeast Broward, which includes Pompano and the Deerfield Beach submarkets, had the highest jump in asking rents, rising 17.3% YOY to \$29.56 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Broward County

Office Q4 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	5,680,447	71,190	1,183,076	22.1%	42,091	-6,275	486,860	0	\$46.19	\$47.61
Suburban Broward County	22,955,517	434,885	3,160,138	15.7%	45,537	-652,897	1,922,844	427,000	\$31.19	\$34.38
Cypress Creek/Commercial	6,247,621	58,375	624,642	10.9%	45,331	157,697	560,663	0	\$28.85	\$33.91
Hollywood/Hallandale	2,933,827	14,194	454,735	16.0%	16,850	-73,746	158,359	277,000	\$32.74	\$38.18
WEST BROWARD	7,725,357	176,529	1,313,376	19.3%	10,165	-406,601	761,917	0	\$32.06	\$33.85
Sunrise	3,173,326	143,774	663,687	25.4%	15,758	-235,387	280,755	0	\$30.49	\$31.28
Plantation	3,662,598	32,755	559,268	16.2%	-14,455	-178,144	447,982	0	\$33.15	\$38.48
Weston	889,433	0	90,421	10.2%	8,862	6,930	33,180	0	\$38.10	\$44.74
NORTHEAST BROWARD	1,742,170	28,923	162,990	11.0%	28,878	-25,062	166,077	150,000	\$29.56	\$30.47
Pompano Beach	657,069	12,754	27,318	6.1%	1,256	-13,259	16,610	150,000	\$25.88	N/A
Deerfield Beach	1,085,101	16,169	135,672	14.0%	27,622	-11,803	144,963	0	\$30.58	\$30.47
SOUTHWEST BROWARD	2,851,339	118,175	313,154	15.1%	-8,370	-139,187	215,154	0	\$34.26	\$37.51
Pembroke Pines/Cooper City	803,735	0	123,989	15.4%	-1,142	8,285	55,836	0	\$33.82	\$37.38
Miramar	2,047,604	118,175	189,165	15.0%	-7,228	-147,472	159,318	0	\$34.52	\$37.61
NORTHWEST BROWARD	1,455,203	38,689	291,241	22.7%	-47,317	-165,998	60,674	0	\$27.97	\$31.24
Coral Springs	1,119,027	31,001	166,431	17.6%	-36,031	-50,478	59,585	0	\$28.44	\$31.24
Tamarac/Margate	336,176	7,688	124,810	39.4%	-11,286	-115,520	1,089	0	\$27.30	N/A
BROWARD TOTALS	28,635,964	506,075	4,343,214	16.9%	87,628	-659,172	2,405,200	427,000	\$35.30	\$40.06

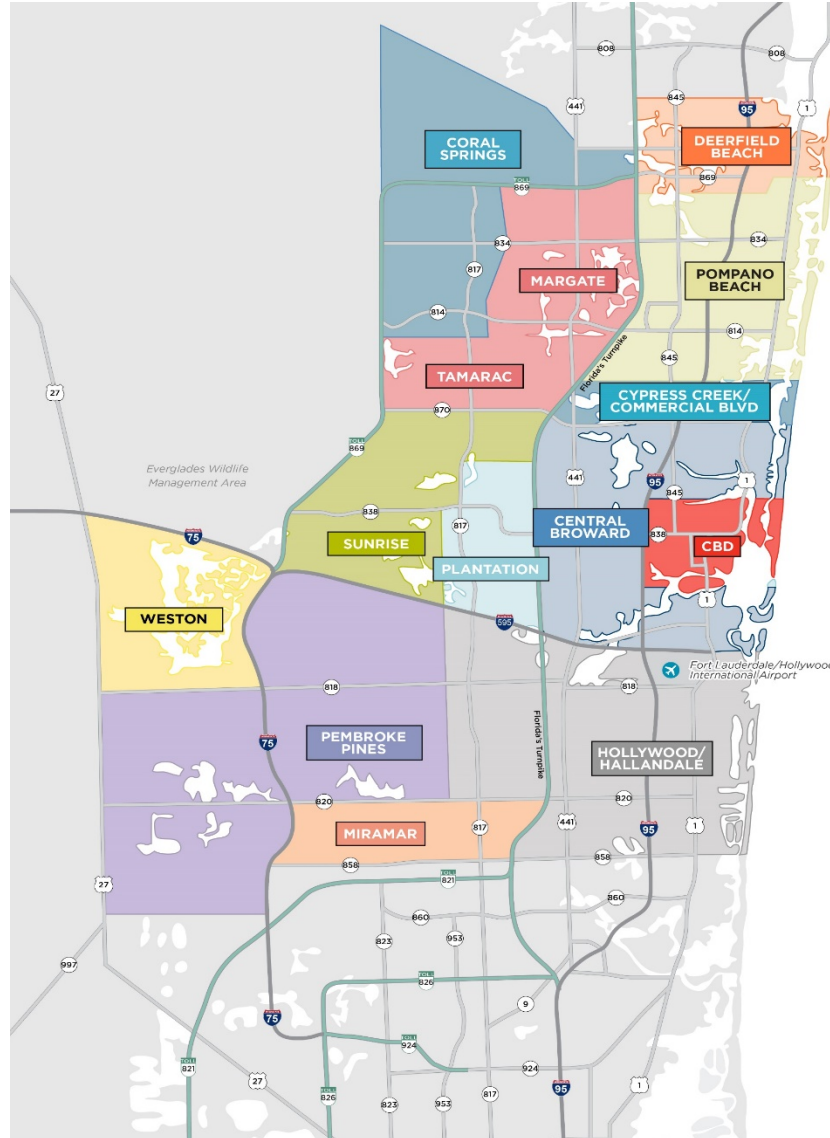
*Rental rates reflect full service asking

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	14,698,488	2,495,165	238,959	18.6%	68,575	-310,278	1,574,301	427,000	\$40.24	\$40.06
CLASS B	11,136,078	1,515,429	227,094	15.7%	3,940	-366,584	715,619	0	\$29.34	\$29.35
CLASS C	2,801,398	332,620	40,022	13.3%	15,113	17,690	115,280	0	\$21.59	\$21.72
BROWARD TOTALS	28,635,964	4,343,214	506,075	16.9%	87,628	-659,172	2,405,200	427,000	\$35.48	\$35.30

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OFFICE SUBMARKETS



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