

**FORT LAUDERDALE  
4Q17 OFFICE MARKET**

**BROWARD COUNTY**

Fort Lauderdale’s office market maintained its steady growth through the end of 2017 despite a slowdown in demand from the previous year, as 450,817 square feet of positive net absorption decreased vacancy by 80 basis points to 11.3% from one year ago. Performance growth swung back to higher-tier Class A space, which led the year with 382,603 square feet of positive net absorption. The Class B segment saw a slight correction with 29,678 square feet of negative absorption for lower-tier space, which can be attributed to the relocation of American Express to its new Class A facility from its previous location in Plantation. The average asking rate rose 5.6% from the \$25.91/SF recorded one year ago. The dwindling amount of high-end available space coupled with modest increases in lower-tier asking rents aided the largest year-over-year increase since the recovery began. Class A space climbed from \$32.34/SF to \$33.69/SF, a more noteworthy improvement for all three class segments, while the Class B weighted average increased slightly to \$21.03/SF from \$20.63/SF one year ago. Two construction completions took place during 2017, totaling 467,000 square feet. With 400,000 square feet delivered fully occupied by American Express, deliveries had little impact on vacancy.

**Leasing and Demand**

The office sector also saw an uptick in lease deals to more than 558,000 square feet during fourth-quarter 2017, bringing year-to-date activity to 2.3 million square feet. This was an 8.0% decrease from the 2.5 million square feet of deals done one year ago. Class A led the market in year-to-date activity with 1.3 million square feet, while Class B closed out the year with just under 707,000 square feet, down from 1.0 million square feet at the close of 2016. The Class C office segment accounted for the fewest lease deals, with only 220,000 square feet leased. The retail sector gained the lead to close out 2017 with 171,000 square feet of leasing activity, while the medical sector fell to second place with 123,000 square feet of deals. Financial and education rounded out the top three, as each accounted for approximately 55,000 square feet of transactions. In terms of midsize to large lease deals, Broward County fell to second place with over 550,000 square feet transacted in 2017.

**Investment Activity**

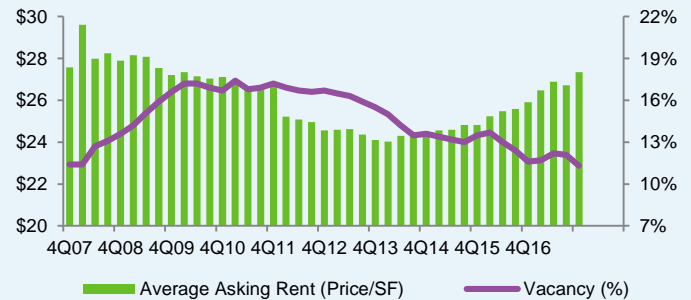
Four sales totaling 800,000 square feet occurred during the quarter, a slight increase from the previous quarter, bringing year-to-date investment deals to over 1.7 million square feet. This is down from the 3.0 million square feet of sales that occurred one year ago. A decreasing number of Class A properties for sale has translated into increased sale activity for Class B buildings. Three marquee Downtown sales took place, including One Financial Plaza, 200 East Broward and Corporate Center at 110 East Broward Boulevard, along with two other suburban Class A sales. Owners held onto the trophy properties, with most high-end building sales having taken place in 2014 or 2016. The lack of higher-end buildings on the market for sale shifted demand to lower-tier Class B buildings. The average price per square foot settled at \$232/SF during 2017.

**Current Conditions**

- Fort Lauderdale continued to see vacancies diminish despite a slowdown in demand.
- Three buildings remained under development with less than 25.0% available for lease.
- Class A asking rents remained at record levels because of the lack of availability and development.
- Two CBD building sales closed in the fourth quarter.
- One major development totaling 400,000 square feet is projected to break ground in Fort Lauderdale’s CBD, marking the first major speculative building to begin construction in South Florida.

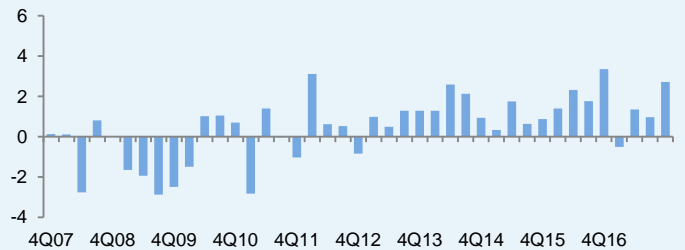
**Market Analysis**

**Asking Rent and Vacancy**



**Net Absorption**

Square Feet, Hundred Thousand



**Market Summary**

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	33.9 MSF	33.9 MSF	33.1 MSF	↑
Vacancy Rate	11.3%	12.1%	11.6%	↔
Quarterly Net Absorption	270,711	96,199	334,594	↔
Average Asking Rent	\$27.35	\$26.72	\$25.91	↑
Under Construction	183,778	127,068	594,778	↑
Deliveries	0	67,710	0	↑

**FORT LAUDERDALE  
4Q17 OFFICE MARKET**

www.ngkf.com

**Fort Lauderdale / Broward County Submarket Statistics**

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
<b>Ft. Lauderdale CBD</b>	<b>5,304,289</b>	<b>0</b>	<b>11.9 %</b>	<b>3,835</b>	<b>-57,068</b>	<b>\$41.00</b>	<b>\$32.09</b>	<b>\$39.81</b>
Commercial Blvd	1,776,222	0	20.5 %	39,418	37,819	\$24.43	\$21.00	\$20.78
Cypress Creek	4,637,695	0	12.2 %	-13,650	117,615	\$30.30	\$21.42	\$25.85
Ft. Lauderdale Suburban	3,334,385	0	12.5 %	82,821	140,351	\$29.48	\$18.51	\$22.37
Hallandale	460,866	40,000	7.5 %	-139	-4,239	\$37.25	\$28.33	\$28.80
Hollywood	2,545,554	0	6.8 %	5,602	26,850	\$33.52	\$27.29	\$27.92
NW Broward/Coral Springs	1,867,382	0	16.3 %	9,102	-65,935	\$26.45	\$15.71	\$22.00
Plantation	4,590,298	0	14.6 %	67,566	-221,690	\$33.77	\$21.15	\$25.41
Pompano Beach	2,669,522	87,068	5.9 %	24,856	55,282	\$29.25	\$18.84	\$20.89
Sawgrass Park	3,182,738	0	7.6 %	11,218	328,618	\$30.76	\$18.28	\$25.49
SW Broward	3,562,157	56,710	7.6 %	40,082	93,214	\$29.71	\$19.99	\$27.63
<b>Suburban Total</b>	<b>28,626,819</b>	<b>183,778</b>	<b>11.2 %</b>	<b>266,876</b>	<b>507,885</b>	<b>\$30.12</b>	<b>\$20.41</b>	<b>\$24.32</b>
<b>Totals</b>	<b>33,931,108</b>	<b>183,778</b>	<b>11.3 %</b>	<b>270,711</b>	<b>450,817</b>	<b>\$33.69</b>	<b>\$21.03</b>	<b>\$27.35</b>

**Fort Lauderdale Lease/User Transactions**

Tenant	Building	Submarket	Type	Square Feet
South FL Bible and Theological College	2200 SW 10 <sup>th</sup> St	Pompano Beach	Direct	50,000
Convey Health Solutions	One Financial Plaza-100 SE 3 <sup>rd</sup> Ave	Ft. Lauderdale CBD	Extension/Expansion	33,635
Federated National Holding	Sawgrass Com Ctr-14050 NW 14 <sup>th</sup> St	Sawgrass Park	Direct	26,341
Fox Sports	Broward Financial Ctr-500 E Broward	Fort Lauderdale CBD	Renewal	24,290

**Select Sales Transactions**

Building	Submarket	Sale Price	Price/SF	Square Feet
Corporate Ctr-110 E Broward Blvd	Fort Lauderdale CBD	\$41,000,000	\$120	342,465
200 E Broward Blvd	Fort Lauderdale CBD	\$81,500,000	\$361	225,761
Pembroke Pointe-880 SW 145 <sup>th</sup> Ave	SW Broward	\$42,000,000	\$293	143,535
International PI 2-1580 Sawgrass	Sawgrass Park	\$19,000,000	\$203	93,738