

BROWARD COUNTY OFFICE

Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Broward County Employment	990k	1.0M	▲
Broward County Unemployment	3.8%	3.2%	▼
U.S. Unemployment	4.3%	3.8%	▼

*Numbers above are monthly figures, June 2018, FL Dept. Economic OPP

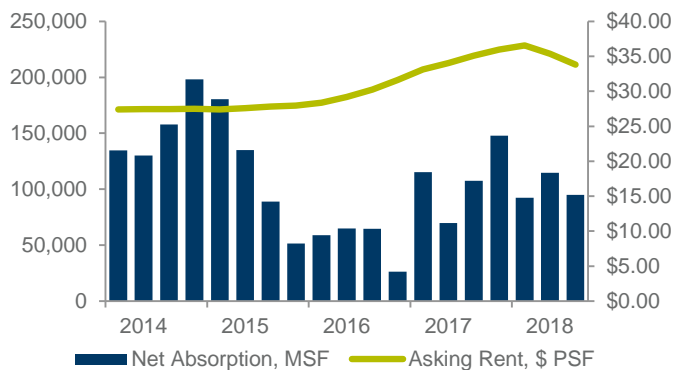
Market Indicators (Overall, All Classes)

	Q2 17	Q2 18	12-Month Forecast
Vacancy	12.5%	11.7%	▼
YTD Net Absorption (sf)	-34k	105k	▲
Under Construction (sf)	214k	255k	▲
Average Asking Rent*	\$29.43	\$30.48	▲

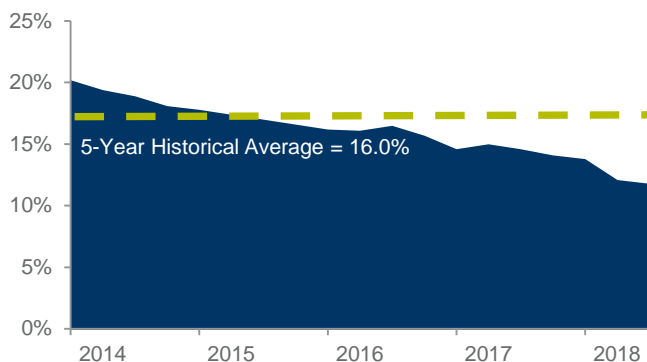
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Broward County's solid economic growth pushed the unemployment rate to 3.2%, a decline of -60 basis points (bps) year-over-year and adding +18,000 new jobs. Expansion by business service firms and increased population to the area were economic drivers to job growth. Professional & Business Services increased +2.4%, adding +3,600 new jobs and financial activities job growth of +1,600 jobs, an increase of +2.8 over last year. A diversified economy, flourishing housing market and the need for new space options set the pace for continued growth in Broward's office market.

Market Overview

Demand for office space in Broward County improved during the first half of the year, as leasing activity increased, absorption remained positive and asking rental rates peaked in core submarkets. The overall vacancy rate fell to the lowest rate during this 10-year cycle to 11.7%, a decrease of -80 bps year-over-year. Class A vacancy fell and hovered just above single digits at 10.0%, a decrease of -180 bps over last year, and which represents only 1.1 million square feet (msf) of available Class A space throughout the market.

Leasing activity remained robust during the first two quarters of the year, especially in Class B assets which accounted for approximately 50% of all leases signed. One reason was tenants opting out of Class A space to benefit from lower rents in Class B assets. Another reason was the lack of quality Class A space in the market that meets today's tenant's needs. This accounted for the increased interest in secondary submarkets like Cypress Creek/Commercial and West Broward which continued to outperform the overall market with over 610,554 square feet (sf) of leasing activity year-to-date. Full service overall asking rental rates for Class A space in the CBD remained relatively unchanged year-over-year at \$46.25 psf, even as overall vacancy dipped 190 bps to 10.8%. Tenant's demand for Class A CBD office resulted in +97,582 sf of leasing activity during the first half of the year.

The combined 255,000 sf of office space under construction, scheduled to deliver by the end of the year, was only 34.3% preleased. Building owners in existing properties undertook remodeling and renovating strategies to attract and retain tenants. Strong office fundamentals attracted investors with over 1.7 msf purchased by corporate users and investment management firms.

Outlook

Broward County's office market continued to benefit from improved business environment and tenant confidence along with positive economic conditions. Office market fundamentals should continue positive momentum as new construction is delivered. The market has not yet been impacted by recent uncertainty in trade relations with partners. Cushman & Wakefield anticipates improved market fundamentals throughout the rest of 2018 and into 2019.

MARKETBEAT

Broward County

Office Q2 2018



SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Fort Lauderdale CBD	5,267,211	42,914	615,446	12.5%	(31,492)	(1,644)	147,305	77,100	\$42.04	\$46.25
Suburban Broward County	22,432,215	114,550	2,474,224	11.5%	140,177	106,262	851,187	178,240	\$27.54	\$32.50
Cypress Creek/Commercial	6,553,645	77,227	1,117,332	18.2%	51,801	56,283	330,874	0	\$25.78	\$31.31
Hollywood/Hallandale	2,439,303	0	189,361	7.8%	4,701	12,472	96,772	0	\$30.45	\$34.00
WEST BROWARD	6,895,217	25,093	438,310	6.7%	139,131	170,143	279,670	0	\$31.24	\$33.90
Sunrise	3,101,708	6,713	211,554	7.0%	99,402	144,199	172,627	0	\$30.67	\$32.58
Plantation	2,956,760	18,380	215,161	7.9%	7,087	(7,126)	98,743	0	\$31.75	\$37.14
Weston	836,749	0	11,595	1.4%	32,642	33,070	8,300	0	\$31.55	\$37.00
NORTHEAST BROWARD	1,974,762	2,700	257,941	13.2%	(21,559)	(70,895)	57,130	87,000	\$24.32	\$28.13
Pompano Beach	782,387	2,700	93,313	12.3%	(46,930)	(46,115)	17,349	0	\$23.43	\$0.00
Deerfield Beach	1,192,375	0	164,628	13.8%	25,371	(24,780)	39,781	87,000	\$24.84	\$28.13
SOUTHWEST BROWARD	2,769,827	8,330	228,709	8.6%	(12,139)	(21,864)	34,832	91,240	\$33.03	\$33.85
Pembroke Pines/Cooper City	771,381	0	93,038	12.1%	3,551	166	19,504	0	\$32.52	\$36.00
Miramar	1,998,446	8,330	135,671	7.2%	(15,690)	(22,030)	15,328	91,240	\$33.37	\$33.53
NORTHWEST BROWARD	1,799,461	1,200	242,571	13.5%	(21,758)	(39,877)	51,909	0	\$24.96	\$27.00
Coral Springs	1,363,452	0	205,409	15.1%	(11,938)	(46,782)	41,889	0	\$25.99	\$27.00
Tamarac/Margate	436,009	1,200	37,162	8.8%	(9,820)	6,905	10,020	0	\$19.43	\$0.00
BROWARD COUNTY TOTALS	27,699,426	157,464	3,089,670	11.7%	108,685	104,618	998,492	255,340	\$30.48	\$37.17

**Rental rates reflect gross asking \$psf/year. **Leasing activity includes only new and expansion leases and does not include Renewals.

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	DIRECT AVERAGE ASKING RENT*
Class A	11,500,072	82,411	1,067,478	10.0%	50,437	72,749	448,715	255,340	62,274	\$37.79
Class B	12,895,932	64,312	1,630,918	13.1%	81,204	102,513	513,970	0	0	\$28.18
Class C	3,303,422	10,741	391,274	12.2%	-22,956	-70,624	35,807	0	0	\$21.68

Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Sawgrass Technology Park	77,116	SR Technologies, Incorporated	Direct	Sunrise
5200 NW 33rd Avenue	34,500	Harrison Visions	Direct	Cypress Creek/Commercial
2400 N Commerce Pkwy	30,514	Ultimate Software	Direct	Weston

Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
13800-14050 NW 14 th Street	153,180	Trinity Capital Advisors/IP Capital Partners	\$27,625,000/\$180	Sunrise
3300 N University Drive	123,409	Asset Recovery Companies/PreDevco	\$7,800,000/\$63	Coral Springs
3201-3353 N University Drive (4 Properties/Office-Retail)	104,265	Delma Properties/Groupe Petra	\$21,150,000/\$203	Coral Springs

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About Cushman & Wakefield

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