



Broward Office Market

After demand growth recovery began during the second half of 2021, the Broward County office market saw a slight setback with negative absorption, while vacancy held level from the previous quarter. Supply just outpaced demand and can be attributed to two moveouts within the office market. Citrix gave back over 120,000 square feet of Class A office inventory in the Cypress Creek submarket as a result of working from home, coupled with the recent company acquisition by Elliott Investment Management and Vista Equity Partners. Despite this large moveout, higher-end trophy office space still saw more of a balance between occupations and added vacancy, with a meek 7,173 square feet of negative net absorption. The Class C sector was the culprit for this quarter's lackluster performance, with 41,099 square feet of returned supply. The Class B segment also saw a significant moveout with Cinch Home Services vacating 38,000 square feet in the Sawgrass Park submarket, but demand still outpaced supply with a modest 16,700 square feet of positive absorption. No new buildings broke ground during the first quarter of 2022, as the county's final building under construction was delivered during the end of 2021. The slight correction during the first quarter of 2022 didn't deter landlords from pushing up rents, as the quoted average asking rent increased from the previous quarter and was \$1.91/SF higher from one year ago. This can be attributed to the increased amounts of available Class A space, coupled with owners pushing up Class A asking rents in key submarkets. Quoted rates for Class A in the Central Business District average pushed over the \$47.00/SF mark, the highest ever for Downtown Fort Lauderdale. In key suburban submarkets, asking rents increased over the last two years and have significantly impacted the weighted average, as well. The Class B sector has also experienced a significant shift, increasing \$2.53/SF from one year ago to \$26.29/SF.

Leasing and Demand

Leasing activity almost doubled from one year ago as Broward County's office saw another improved quarterly performance, with 819,000 square feet of activity for the first quarter of 2021. Notably, the Class A segment regained the top spot with transactions totaling over 515,000 square feet leased, while Class B space dropped to second with 278,000 square feet of deals signed. Broward County moved into the second spot for midsize and large lease deal activity with over 527,000 square feet during the first quarter of 2022. Retail-related companies led with 134,000 square feet, while the technology industry moved into the second spot with over 108,000 square feet. The education sector rounded out the top three with 64,000 square feet leased.

Investment Sales

Investment sales held level from recent quarter performances, with seven sales totaling 480,000 square feet for a combined total of just over \$147.5 million during the quarter. This was slightly down from the 602,000 square feet sold one year ago. Despite most sales being lower-tier office buildings, the average price still saw a significant increase to \$308/SF from the \$188/SF average recorded during the same time last year.

Current Conditions

Broward County experienced a slight setback as supply outpaced demand and can be attributed to two moveouts within the market.

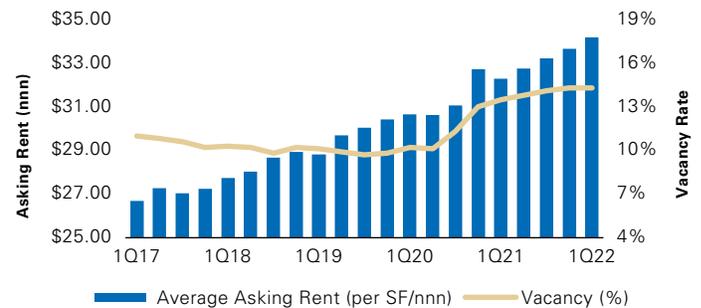
Despite being impacted the most from the pandemic, office vacancy did not experience similar impacts felt during the Great Recession.

Leasing activity continued to see improvements on a quarterly basis as deal activity appeared to be gaining momentum, almost doubling from the same time last year.

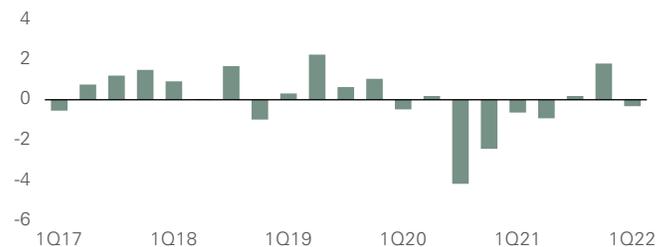
No construction activity of new office buildings will further aid the market's recovery, as no projects are expected to break ground soon.

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (100,000 SF)



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	34.6M	34.6M	34.3M	↔
Vacancy Rate	14.3%	14.3%	13.5%	↓
Quarterly Net Absorption (SF)	(31,572)	180,565	(65,141)	↑
Average Asking Rent/SF	\$34.19	\$33.65	\$32.28	↑
Under Construction (SF)	0	0	286,577	↔
Deliveries	0	286,577	145,983	↔

Fort Lauderdale / Broward 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)	Overall Average Asking Rent (Price/SF)
Ft. Lauderdale CBD	5,767,474	0	18.6 %	88,514	88,514	\$47.03	\$35.46	\$45.70
Commercial Blvd	1,833,050	0	9.5 %	-19,459	-19,459	\$28.47	\$24.22	\$24.28
Cypress Creek	4,657,695	0	12.3 %	-89,674	-89,674	\$34.10	\$26.68	\$29.61
Ft. Lauderdale Suburban	3,148,217	0	12.9 %	22,954	22,954	\$32.76	\$25.51	\$25.97
Hallandale	787,443	0	39.9 %	-3,980	-3,980	\$55.87	\$31.80	\$49.73
Hollywood	2,504,544	0	9.1 %	-13,170	-13,170	\$36.21	\$27.25	\$32.04
NW Broward/Coral Springs	1,721,839	0	17.1 %	7,048	7,048	\$28.53	\$26.06	\$27.32
Plantation	4,674,014	0	9.9 %	26,859	26,859	\$36.27	\$26.23	\$31.35
Pompano Beach	2,532,299	0	10.1 %	44,319	44,319	\$31.72	\$24.63	\$26.86
Sawgrass Park	3,071,971	0	23.9 %	-33,077	-33,077	\$34.54	\$24.48	\$32.33
SW Broward	3,876,438	0	11.5 %	-61,906	-61,906	\$35.40	\$25.55	\$33.98
Suburban Total	28,807,510	0	13.5 %	-120,086	-120,086	\$35.49	\$25.80	\$30.98
Totals	34,574,984	0	14.3 %	-31,572	-31,572	\$39.00	\$26.29	\$34.19

Fort Lauderdale Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Jazwares	South Pointe I-7850 SW 6 th Ct	Plantation	Expansion	133,792
Ultimate Software	Weston Pointe III-2650 N Commerce Pkwy	SW Broward	Renewal	97,178
Adtalem Global Education	DeVry Building-2300 SW 145th Ave	SW Broward	Extension	56,000
Medtronic	DCOTA-1815 Griffin Rd	Ft. Lauderdale Suburban	New	27,637
PropertyForce	DCOTA-1815 Griffin Rd	Ft. Lauderdale Suburban	New	19,249

Fort Lauderdale Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
SunTrust Ctr @ Las Olas Square-501 E Las Olas	Ft. Lauderdale CBD	\$99,500,000	\$455	218,635
Childnet Office Building-1100 W McNab Rd	Cypress Creek	\$15,000,000	\$181	82,854
Plantation Corporate Ctr-2 S University Dr	NW Broward/Coral Springs	\$12,700,000	\$215	59,070
5100 N Federal Hwy	Cypress Creek	\$7,000,000	\$168	41,570