



Broward Office Market

The Broward County office market posted its second consecutive quarter of negative net absorption. Year-to-date, occupancy losses have surpassed 280,000 square feet across the metro area and vacancies reached a cyclical high of 15.0% in the second quarter of 2022. FedNat Holding put close to 45,000 square feet on the sublease market at the Sunrise Commerce Center in Sunrise. Global Response has also vacated 36,500 square feet of sublet space at 777 S State Road 7 in Margate. Vacancies within the Commercial Blvd, Hollywood and SW Broward submarkets are amongst the lowest in the county. Broward County's Class A office segment fared better than average during the second quarter. While sublease vacancies increased modestly, vacant direct space declined over the quarter. As a result, vacancies among higher-end trophy office space were flat, at 20.1%. A majority of second-quarter negative net absorption occurred in Broward County's Class B market. With more than 200,000 square feet of negative net absorption, Class B vacancies increased by 160 basis points over the quarter and reached a cyclical high of 10.3%. The Class C segment also experienced slight negative net absorption during the second quarter of 2022 and vacancies inched up to 10.7%. Development remains limited in Broward County, with only 157,700 square feet of office space currently under construction. Recent softness in fundamentals hasn't deterred landlords from raising asking rents, as quoted lease rates are nearing \$35.00/SF. Over the last year overall asking rents have increased by 6.8%. Average asking rents for Class A space in Broward County is headed toward \$40.00/SF and 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.

Leasing and Demand

Leasing activity in Broward County's office market declined slightly during the second quarter, with roughly 878,000 square feet of leasing executed across 235 transactions. The market's Class A segment accounted more than half of total quarterly leasing volumes. However, leasing velocity within the Class B market declined moderately during the second quarter of 2022. Moss Construction sublet 47,506 square feet at 6363 NW 6th Way in Fort Lauderdale and EastWorkforce Software executed a direct lease for 27,274 square feet of office space at 1200 SW 145th Ave. in Pembroke Pines. Humana, Property Force and Pixels on Target also executed mid-sized leases within the Broward County office market recently as well.

Investment Sales

Investors pulled back during the second quarter of 2022 in the Broward County office market. More than \$219 million in office assets, totaling roughly 630,000 square feet, changed hands this quarter. Average pricing declined recently as well, ending the second quarter of 2022 at \$226/SF. The largest transaction of the quarter was Harrison Street Capital and Anchor Health Properties' acquisition of the Crossroads 3 medical office in Plantation for \$45.5 million or \$475/SF. The Rabsky Group also purchased the 30,949-square-foot Trial Center at 1100 NE 1st Ave. in downtown Fort Lauderdale for \$22.9 million or \$740/SF.

Current Conditions

The Broward County office market posted its second quarter of negative net absorption, with year-to-date occupancy losses totaling more than 280,000 square feet.

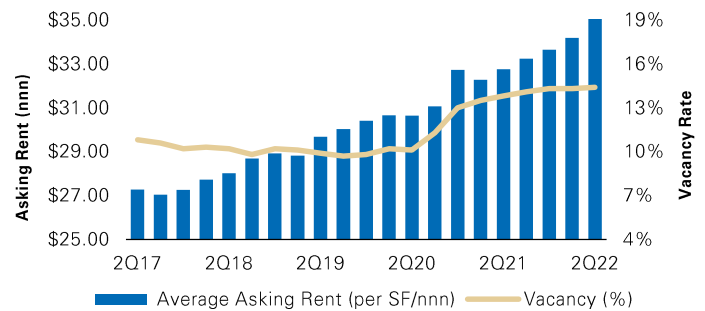
Vacancies among the county's higher-end Class A assets remained flat during the second quarter, at 20.1%.

Leasing volumes declined slightly during the second quarter of 2022, with real estate, finance and business services tenants driving activity.

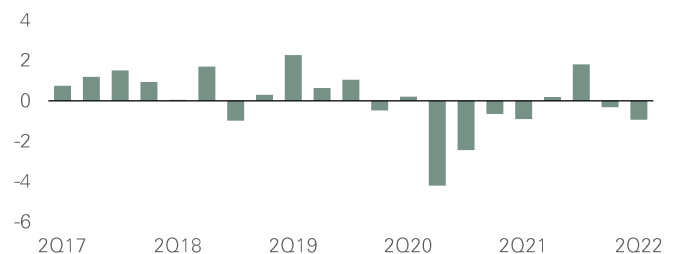
Limited development activity bodes well for the near-term office fundamentals in Broward County.

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)	29.4M	30.0M	29.0M	↑
Vacancy Rate	14.4%	14.0%	13.2%	↑
Quarterly Net Absorption (SF)	(93,221)	(101,951)	(61,008)	↑
Average Asking Rent/SF	\$35.73	\$34.64	\$33.42	↑
Under Construction (SF)	159,756	0	286,577	↓
Deliveries	0	0	0	↔

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	5,497,644	30,000	18.6 %	-23,335	59,862	\$47.92	\$38.31	\$47.08
Commercial Blvd	1,691,524	0	11.2 %	-23,089	-47,013	\$28.52	\$26.35	\$26.15
Cypress Creek	4,082,428	0	12.9 %	-76,760	-188,165	\$33.54	\$24.42	\$28.86
Ft. Lauderdale Suburban	2,674,682	0	11.2 %	70,938	85,376	\$33.33	\$27.03	\$29.89
Hallandale	741,443	0	42.3 %	-1,498	-4,615	\$55.87	\$44.04	\$54.07
Hollywood	2,020,716	129,756	5.9 %	47,047	35,285	\$37.70	\$28.93	\$32.48
NW Broward/Coral Springs	1,346,653	0	21.3 %	-35,874	-44,973	\$28.75	\$27.90	\$27.76
Plantation	4,036,789	0	11.2 %	-70,653	-49,683	\$39.18	\$26.06	\$34.68
Pompano Beach	1,765,962	0	7.5 %	-24,334	1,786	N/A	\$23.83	\$23.08
Sawgrass Park	2,389,020	0	23.4 %	22,131	-16,138	\$33.75	\$24.38	\$30.31
SW Broward	3,143,186	0	10.3 %	22,206	-26,894	\$35.88	\$24.69	\$33.79
Suburban Total	23,892,403	129,756	13.4 %	-69,886	-255,034	\$36.60	\$25.75	\$31.78
Totals	29,390,047	159,756	14.4 %	-93,221	-195,172	\$40.72	\$26.11	\$35.73

Fort Lauderdale Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Windstream	200 N Andrews Ave	Fort Lauderdale CBD	2 Star Office	23,656
Buyers Title	3323 W Commercial Blvd	Cypress Creek	3 Star Office	18,448
Princess Cruise Lines	1510 SE 17th St	Fort Lauderdale CBD	3 Star Office Condo	21,168

Fort Lauderdale Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
515 E Las Olas Blvd	Ft. Lauderdale CBD	\$99,500,000	\$455.10	218,635
633 SE 3rd Ave	Ft. Lauderdale CBD	\$22,900,000	\$739.93	30,949
501 E Las Olas Blvd	Ft. Lauderdale CBD	\$45,000,000	\$750	60,000