XCELIGENT™

MARKET TRENDS

2Q 2017 | Broward | Office

Economic Overview

According to the Bureau of Labor Statistics, the unemployment rate for the Fort Lauderdale metropolitan statistical area continues to improve as it reached 3.8% in May 2017. That's ahead of the State of Florida and National unemployment rates which were both reported at 4.3%. Broward County job creation totaled 31,100 over the past year with the biggest gains occuring in Professional and Business Services (11,700); Education and Health Services (6,400); and Leisure and Hospitality (3,400). Broward gained 400 manufacturing jobs over the year while also gaining 7.5% in construction employment with 3,300 new jobs.

Market Overview

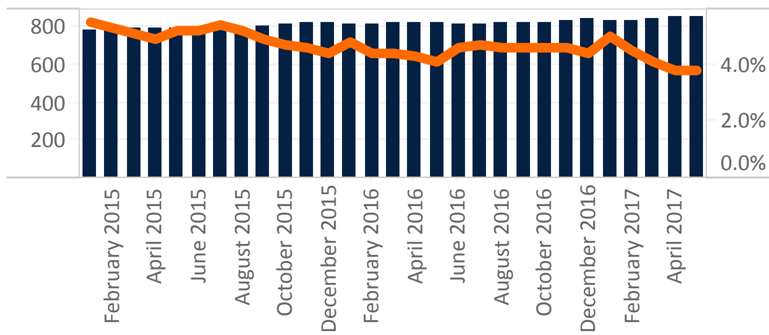
The Broward office market recorded 384,243 square feet (sf) of overall positive absorption during 2Q 2017. Year-to-date absorption hit 1,063,966 sf overall by close of 2Q 2017. Total vacancy reached 7.7% for the market, with three submarkets posting a vacancy rate below 5.0%: Pembroke Pines (2.3%). Hollywood (4.7%) and West Broward (3.8%). Weighted average asking rents were highest in the Pembroke Pines submarket at $31.39 per square foot (psf) and Fort Lauderdale Downtown at $29.56 psf. While Class A and C witnessed an increase of approximately $1.00 psf quarter-over-quarter, Class B fell $5.98 psf from $27.70 psf in 1Q 2017 to $21.72 psf FSG in 2Q 2017. Though no new inventory was delivered during 2Q 2017, there are 306,783 sf expected to be completed by year-end.

Market Highlights

The overall vacancy rate ended at 7.7% in the Broward County Office markets in the second quarter of 2017. By Class, C was the tightest at 4.4% vacancy while A ended at a stable 9.1%. Major occupiers of space included Ford (32,157 sf); Centerfield (31,224 sf); Garrett Laughlin (24,768 sf): Elizabeth Arden (18,500 sf); DeVry (13,900 sf); KPMG (10,532 sf); CoreStaff (8,072 sf); and Adams Reese (7,759 sf). Currently, seven Class A buildings have an ability to accommodate a large user needing 30,000 sf or more.

Broward Employment

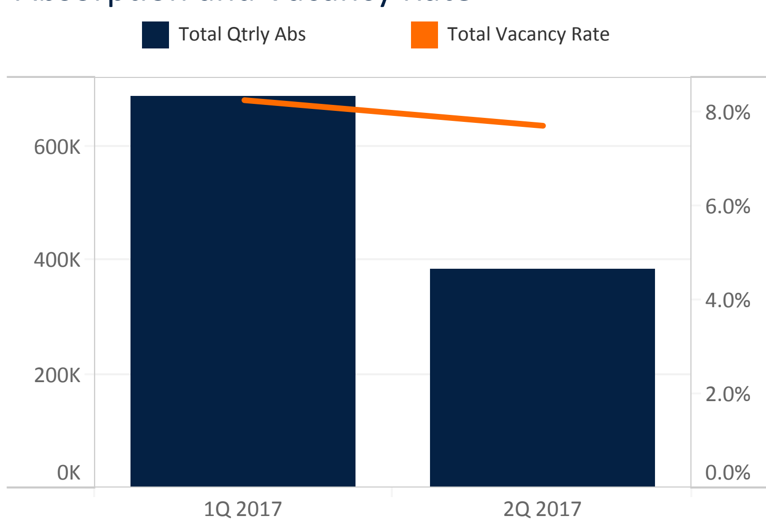
Source: BLS



Market Recap

Inventory (sf)	56,219,912
# of Bldgs	1,707
Qrtly Abs (sf)	384,243
Total Avail Rate	11.4%
Total Vacancy Rate	7.7%
U/C Inventory (sf)	306,783
Delivered (sf)	0
Weighted Average Asking Rate (FSG)	$22.45

Absorption and Vacancy Rate



Overview by Class (Total)

Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
A	15,664,119	2,068,509	1,418,174	9.1%	28,794	128,619
B	35,474,637	3,949,899	2,693,617	7.6%	336,737	835,680
C	5,081,156	383,006	223,775	4.4%	18,712	99,667
Overall	56,219,912	6,401,414	4,335,566	7.7%	384,243	1,063,966

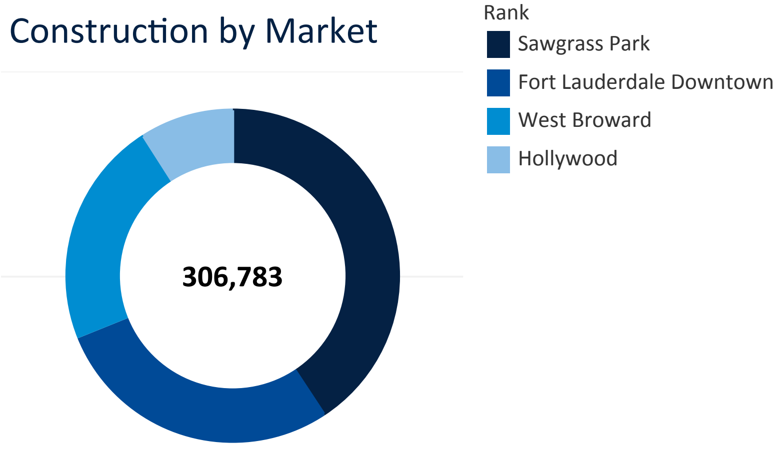
Overview by Market (Total)

Market Name	Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Coral Springs NW Broward	A	755,633	189,882	178,472	23.6%	11,994	-37,179
	B	2,787,865	234,316	141,269	5.1%	69,648	87,185
	C	385,758	55,388	388	0.1%	0	61,740
	Subtotal	3,929,256	479,586	320,129	8.1%	81,642	111,746
Cypress Creek	A	2,550,885	442,737	298,974	11.7%	10,028	4,067
	B	6,341,834	941,184	713,551	11.3%	15,953	271,291
	C	206,328	5,843	5,643	2.7%	-1,021	-2,296
	Subtotal	9,099,047	1,389,764	1,018,168	11.2%	24,960	273,062
Deerfield Beach	A	477,730	65,213	42,236	8.8%	1,311	1,072
	B	2,670,878	295,269	205,174	7.7%	-8,133	-3,642
	C	342,119	34,349	31,531	9.2%	1,595	-1,223
	Subtotal	3,490,727	394,831	278,941	8.0%	-5,227	-3,793
Fort Lauderdale	A	2,101,634	158,702	156,356	7.4%	19,613	25,250
	B	6,494,837	489,125	391,350	6.0%	-181	159,604
	C	825,547	75,183	50,136	6.1%	9,278	26,418
	Subtotal	9,422,018	723,010	597,842	6.3%	28,710	211,272
Fort Lauderdale Downtown	A	3,998,978	445,614	266,233	6.7%	-6,718	47,439
	B	2,207,288	272,866	219,920	10.0%	28,764	53,471
	C	82,533	13,488	12,105	14.7%	-4,890	-5,773
	Subtotal	6,288,799	731,968	498,258	7.9%	17,156	95,137
Hollywood	A	740,770	92,633	84,349	11.4%	-18,591	-22,553
	B	3,713,056	252,391	152,052	4.1%	8,013	26,863
	C	1,100,103	37,099	23,270	2.1%	7,589	5,163
	Subtotal	5,553,929	382,123	259,671	4.7%	-2,989	9,473
Pembroke Pines	A	91,798	0	0	0.0%	900	1,389
	B	1,723,647	65,309	44,510	2.6%	10,239	15,353
	C	175,633	12,583	1,200	0.7%	0	-4,646
	Subtotal	1,991,078	77,892	45,710	2.3%	11,139	12,096
Plantation	A	1,549,185	190,583	141,027	9.1%	19,765	-23,330
	B	4,530,507	979,238	522,548	11.5%	205,460	196,395
	C	670,055	44,706	37,936	5.7%	6,053	3,954
	Subtotal	6,749,747	1,214,527	701,511	10.4%	231,278	177,019
Pompano Beach	A	128,356	14,490	14,490	11.3%	-2,700	17,232
	Subtotal	1,986,799	157,606	110,363	5.6%	36,385	41,446
Overall		56,219,912	6,401,414	4,335,566	7.7%	384,243	1,063,966

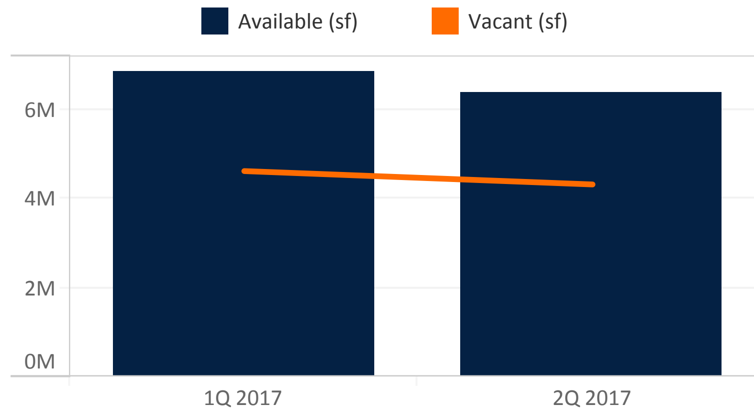
Overview by Market (Total) Cont'd

Market Name	Class	Inventory (sf)	Available (sf)	Vacant (sf)	Vacancy Rate	Qrtly Abs (sf)	YTD Net Abs (sf)
Pompano Beach	B	1,513,131	97,183	79,741	5.3%	39,085	35,791
	C	345,312	45,933	16,132	4.7%	0	-11,577
	Subtotal	1,986,799	157,606	110,363	5.6%	36,385	41,446
Sawgrass Park	A	1,339,665	154,052	94,888	7.1%	5,913	100,706
	B	1,623,326	277,325	185,820	11.4%	-16,232	2,971
	C	240,857	43,769	43,769	18.2%	108	108
	Subtotal	3,203,848	475,146	324,477	10.1%	-10,211	103,785
West Broward	A	1,929,485	314,603	141,149	7.3%	-12,721	14,526
	B	1,868,268	45,693	37,682	2.0%	-15,879	-9,602
	C	706,911	14,665	1,665	0.2%	0	27,799
	Subtotal	4,504,664	374,961	180,496	4.0%	-28,600	32,723
Overall		56,219,912	6,401,414	4,335,566	7.7%	384,243	1,063,966

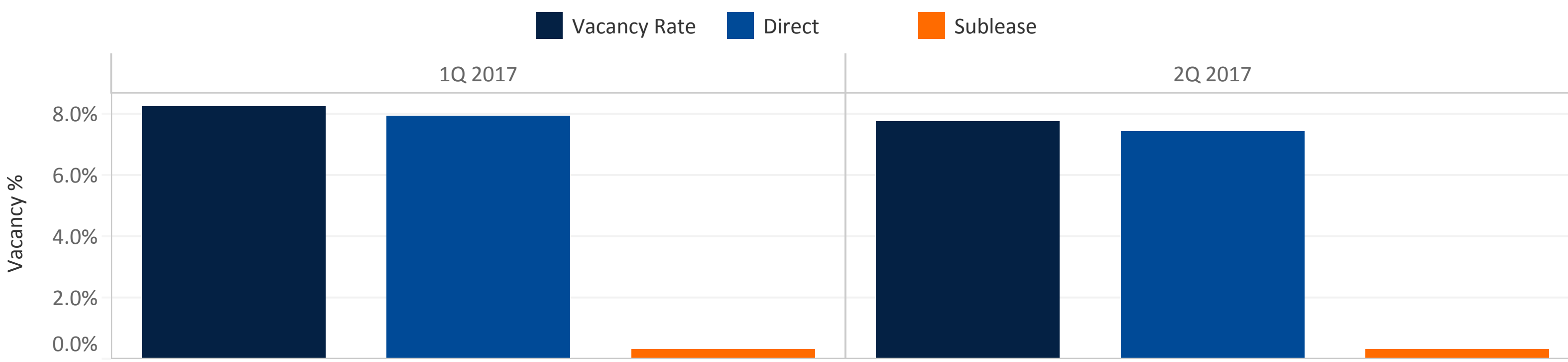
Construction by Market



Total Available and Vacant



Vacancy Rate



Overview by Class (Direct)

Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	15,664,119	1,711,180	1,338,339	8.5%	2,478	99,258
B	35,474,637	3,716,420	2,595,185	7.3%	351,599	752,381
C	5,081,156	382,163	222,932	4.4%	19,555	100,510
Overall	56,219,912	5,809,763	4,156,456	7.4%	373,632	952,149

Overview by Class (Sublease)

Class	Inventory (sf)	Avail (sf)	Vacant (sf)	Vacancy Rate	Qtrly Abs (sf)	YTD Net Abs (sf)
A	15,664,119	357,329	79,835	0.5%	26,316	29,361
B	35,474,637	233,479	98,432	0.3%	-14,862	83,299
C	5,081,156	843	843	0.0%	-843	-843
Overall	56,219,912	591,651	179,110	0.3%	10,611	111,817

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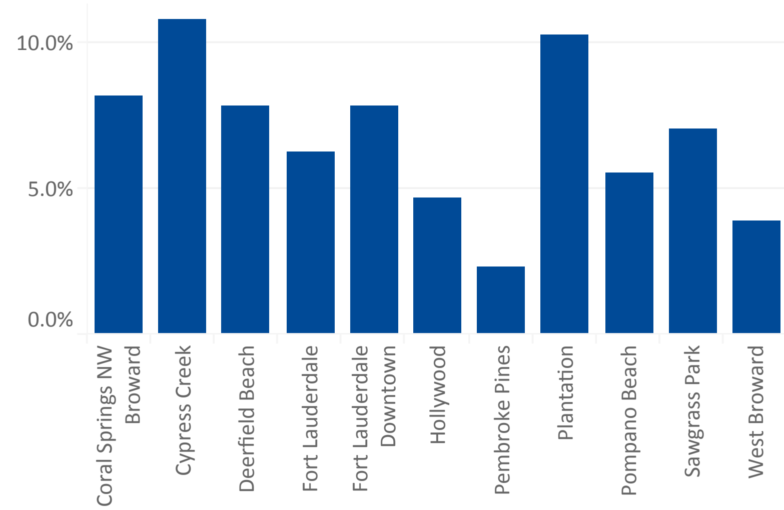
Direct Vacancy Rates

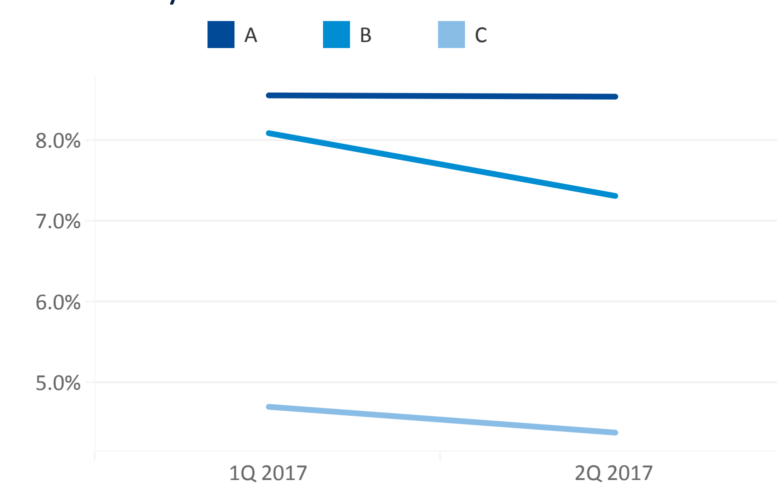
By Market and Class

Market Name	Class	Quarter Year 1Q 2017	2Q 2017
Coral Springs NW Broward	A	25.1%	23.5%
	B	6.1%	5.1%
	C	0.1%	0.1%
Cypress Creek	A	10.8%	10.5%
	B	11.1%	11.2%
	C	2.2%	2.7%
Deerfield Beach	A	9.1%	8.8%
	B	7.2%	7.5%
	C	9.7%	9.2%
Fort Lauderdale	A	8.4%	7.4%
	B	5.7%	5.9%
	C	7.2%	6.1%
Fort Lauderdale Downtown	A	5.5%	6.5%
	B	11.2%	10.0%
	C	8.7%	13.6%
Hollywood	A	8.9%	11.4%
	B	4.4%	4.1%
	C	2.5%	2.1%
Pembroke Pines	A	1.0%	0.0%
	B	3.2%	2.6%
	C	0.7%	0.7%
Plantation	A	9.3%	8.5%
	B	16.2%	11.5%
	C	6.6%	5.7%
Pompano Beach	A	9.2%	11.3%
	B	7.9%	5.3%
	C	4.7%	4.7%
Sawgrass Park	A	6.4%	5.4%
	B	5.7%	6.7%
	C	18.2%	18.2%
West Broward	A	6.7%	6.9%
	B	1.2%	2.0%
	C	0.2%	0.2%
Overall		7.9%	7.4%

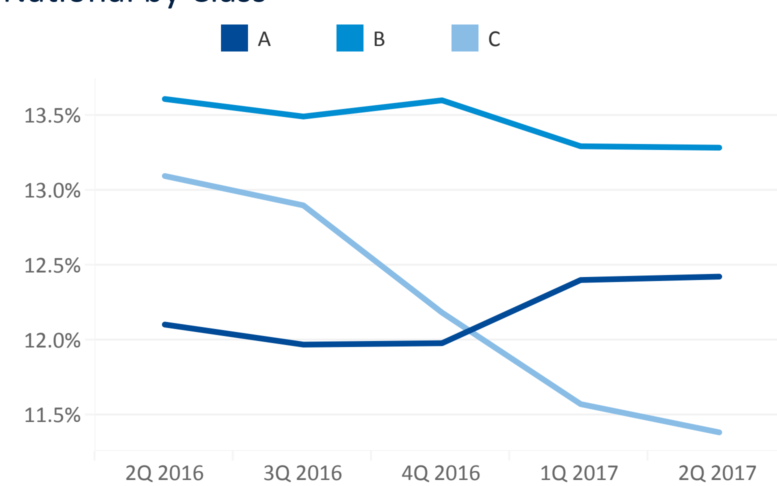
By Market



Broward by Class



National by Class



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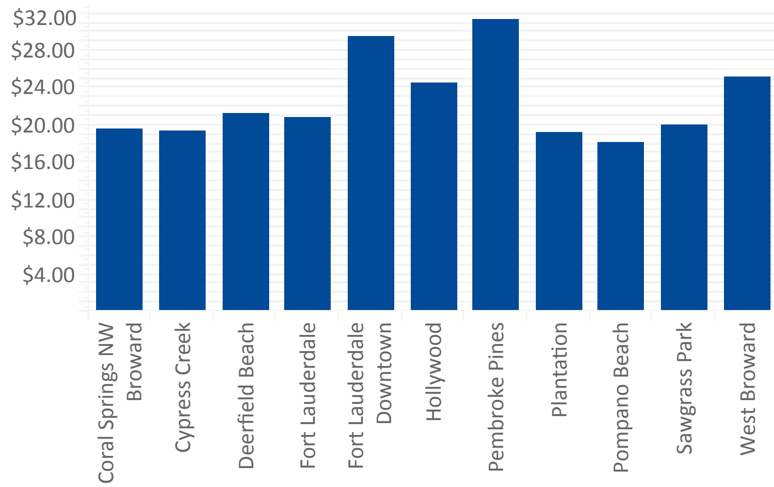
Direct Weighted Average Asking Rates (FSG)

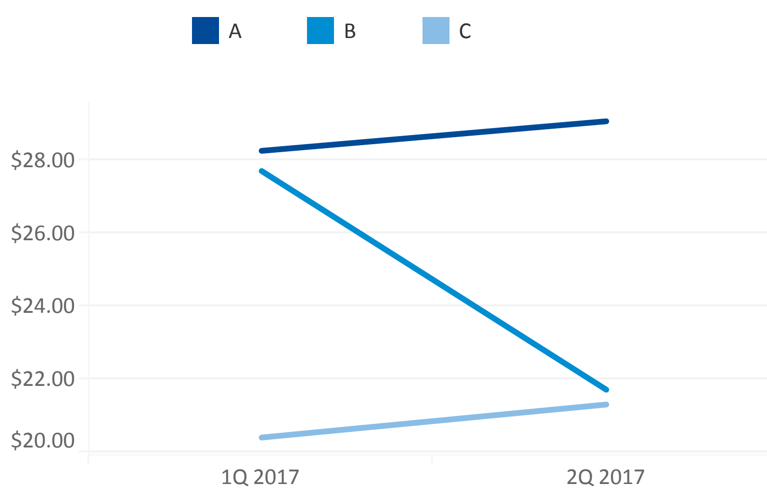
By Market and Class

		Quarter Year	
Market Name	Class	1Q 2017	2Q 2017
Coral Springs NW Broward	A	-	-
	B	$17.09	$19.53
	C	-	-
Cypress Creek	A	-	-
	B	$20.53	$19.33
	C	$25.50	$25.50
Deerfield Beach	A	$17.05	$27.00
	B	$16.00	$14.50
	C	-	-
Fort Lauderdale	A	$25.22	$24.02
	B	$41.43	$20.96
	C	$1.56	$14.67
Fort Lauderdale Downtown	A	$34.24	$30.05
	B	$26.68	$24.83
	C	$30.00	$34.50
Hollywood	A	$29.36	$29.79
	B	$30.64	$23.58
	C	$23.64	$18.72
Pembroke Pines	A	-	-
	B	$21.67	$31.88
	C	$20.00	$20.00
Plantation	A	-	-
	B	$31.64	$20.72
	C	$15.74	$15.74
Pompano Beach	A	-	-
	B	$24.83	$18.13
	C	-	-
Sawgrass Park	A	-	-
	B	$19.72	$16.00
	C	$49.71	$50.00
West Broward	A	$35.13	$35.13
	B	$36.00	$22.44
	C	$31.80	$31.80
Overall		$27.48	$22.45

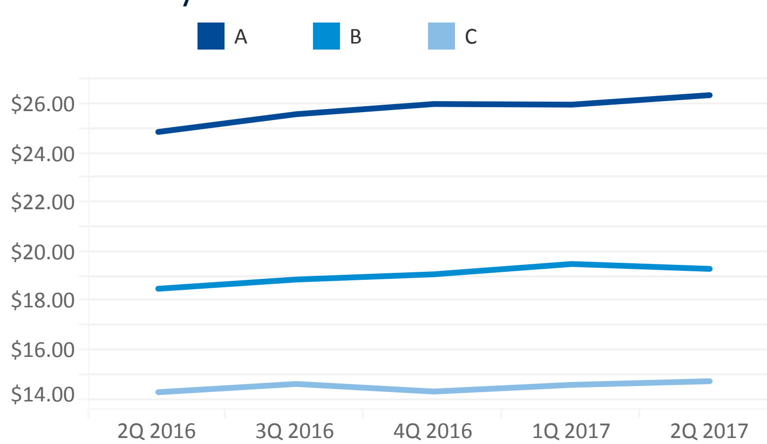
By Market



Broward by Class



National by Class



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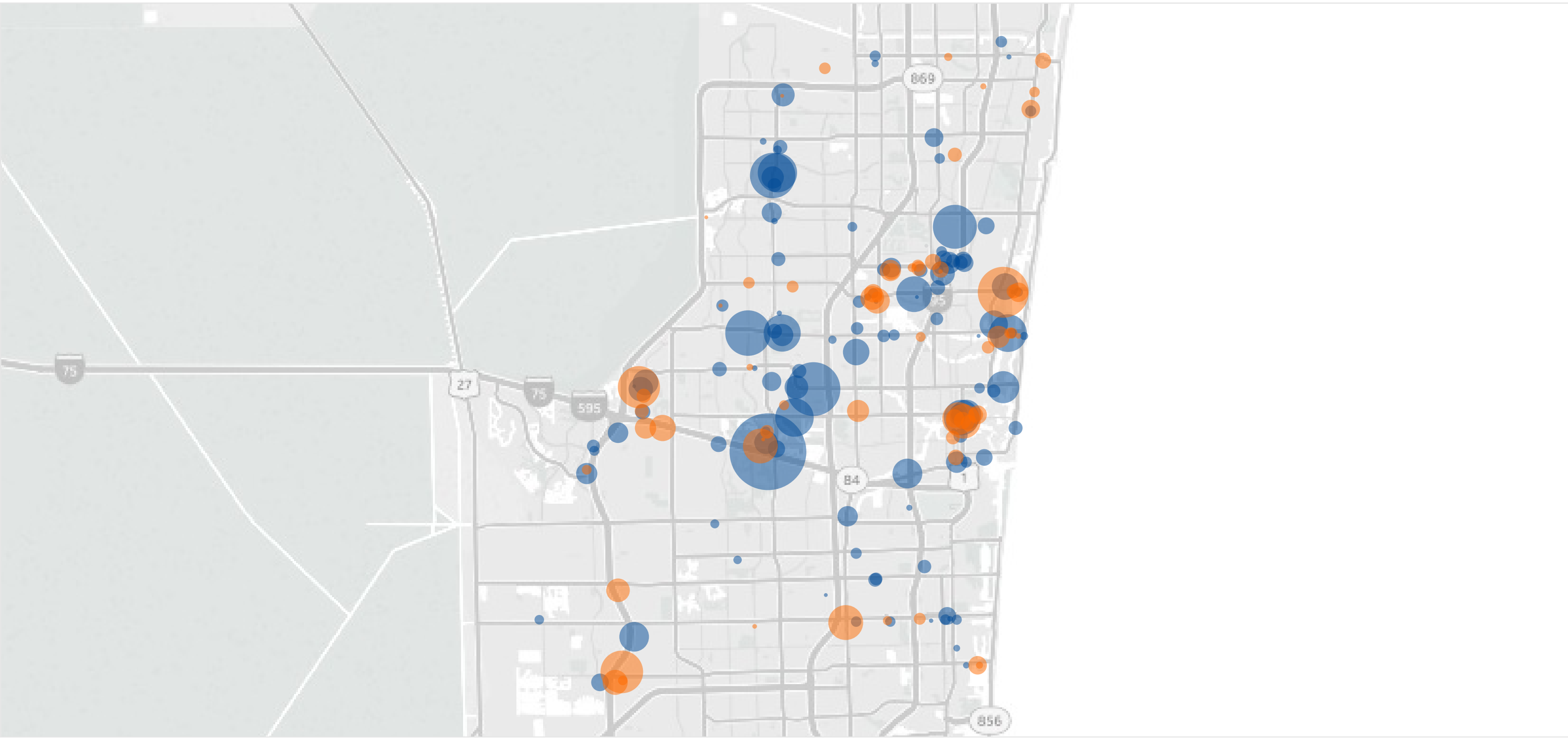
Absorption Map



Largest Positive (Total)

Property Name	Significant Transactions	Market Name	Class	
Plantation Corporate Center I	Centerfield 31,224 sf	Plantation	B	88,845
1750 Building	Therapy4kids 4,586 sf	Coral Springs NW Broward	B	30,676
Promenade of Coral Springs	Nothing Bundt Cakes 2,544 sf; Undisclosed Tenants 20,346 sf	Coral Springs NW Broward	B	22,890
Broward Financial Centre	Garrett Laughliln 24,768 sf; Ginnis-Krathen 4,386 sf	Fort Lauderdale Downtown	B	18,580
Pembroke Pointe Bldg A	Devry 13,980 sf; CoreStaff 8,072 sf	West Broward	A	12,825
Executive Airport Business Center	Design Solutions International 3,754 sf	Cypress Creek	B	10,450
Regions Bank Building	Our Children Our Future 3,177 sf	Fort Lauderdale	B	10,254
OneUnited Bank	OneUnited Bank 10,168 sf	Fort Lauderdale	B	10,168

Largest Negative (Total)

Property Name	Significant Transactions	Market Name	Class	
Coral Ridge Financial Center	Perencal -38,634 sf	Fort Lauderdale	B	-38,634
Huntington Centre I	Automated HealthCare Solutions -24,195 sf	West Broward	A	-26,943
Sawgrass Commerce Center Bldg B	TeamHealth -26,341 sf	Sawgrass Park	B	-26,341
6100 Hollywood Blvd	Law Office -842 sf; Undisclosed tenants -17,520 sf	Hollywood	A	-17,862
300 SE 2nd St	Owner repositioning -15,676 sf	Fort Lauderdale Downtown	A	-15,676
12950 W State Road 84	Save the Nations -10,000 sf	West Broward	B	-10,000

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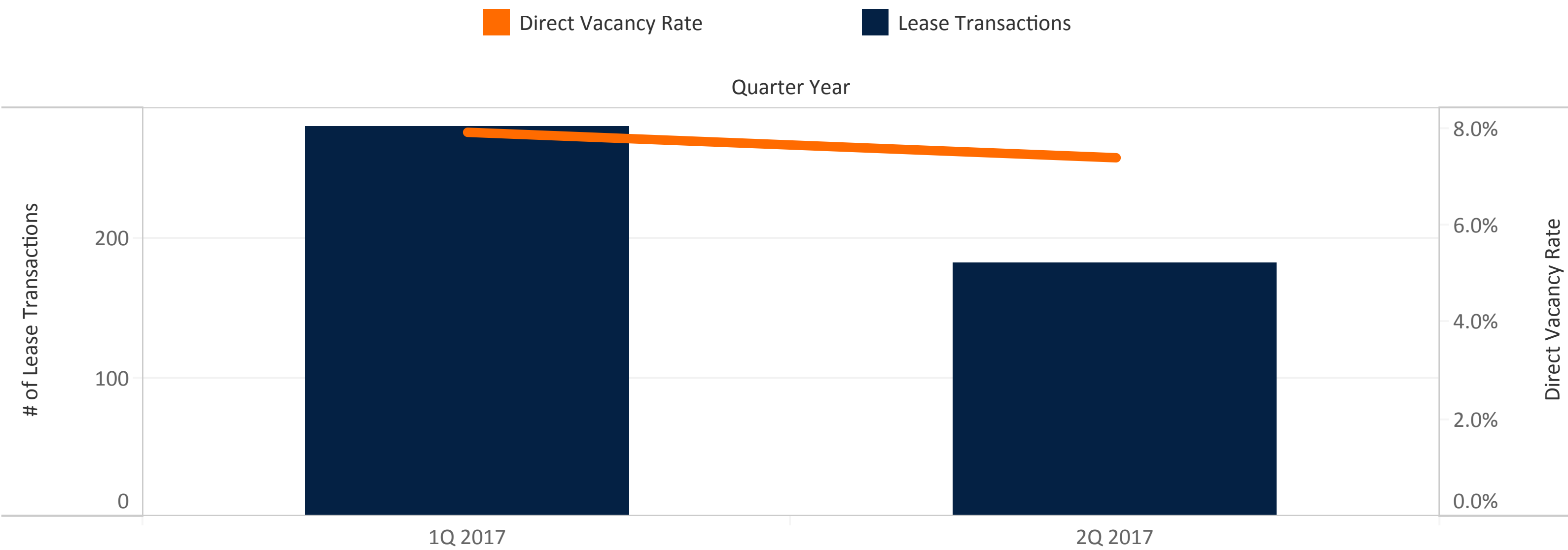
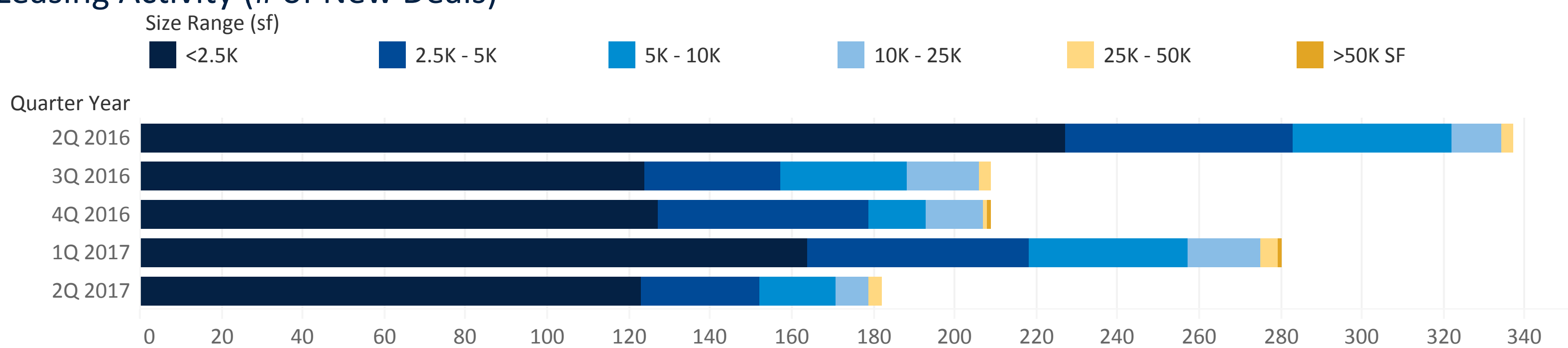
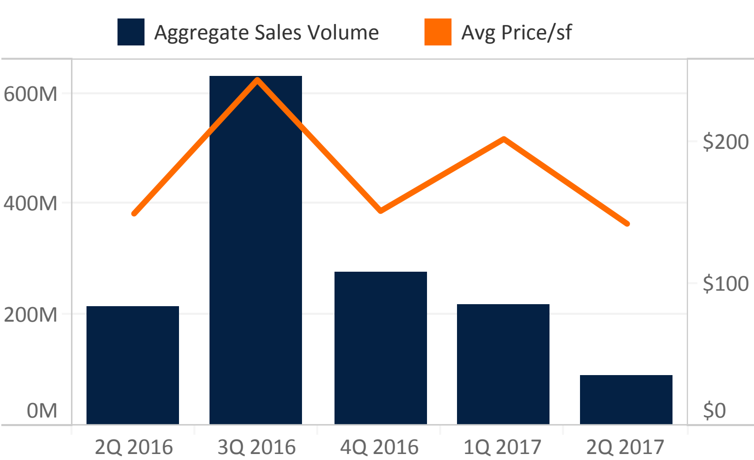
Leasing Activity Trends



Leasing Activity (# of New Deals)



Sales Volume vs. Price/SF



Top Sales

Property	Sale Date	Buyer	Sale Price
Chase Building	05/03/2017	Greystar	$19,500,000
Courthouse Place	05/04/2017	Highline Real Estate Capital	$13,700,000
Executive University Courts	05/25/2017	Moshe Popack	$9,300,000
4800 Medical North	04/18/2017	Richard Meli et al	$6,000,000
Sample Corporate Park	04/25/2017	Madhava Gopal Reddy	$4,050,000

Terminology

Term	Definition
Class A	Properties that attract premium office users and command leasing rates in the top 1/3 of the market due to the combination of their prestigious locations and their ability to deliver a higher than average set of amenities.
Class B	Buildings competing for average to premium office users but command less rents than Class A because of a limitation of their location or an average collection of amenities they deliver.
Class C	Buildings competing for office users requiring functional office space at rents below the market average for the area.
Direct Vacant (sf)	The total of the vacant square footage in a building being marketed as available by a landlord or an agent representing the landlord.
Net Absorption	The net change in occupied square feet from quarter to quarter, expressed in square feet.
Sublease (sf)	Space within a property that is offered for lease by a current tenant or their agent. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant if the landlord or their agent is marketing space that will be coming available at a future date because a tenant is considering a relocation.
Total Vacant (sf)	The total of all of the vacant square footage within a building, including both direct and sublease space.
Tracked Inventory	The total square feet (sf) of all existing single and multi tenant office buildings greater than 10,000 SF, excluding government buildings, owner occupied buildings, medical buildings, and office condo buildings. Only includes 100% office properties.

Advisory Board Members

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Stiles	Norm Adams
	Paul Marko

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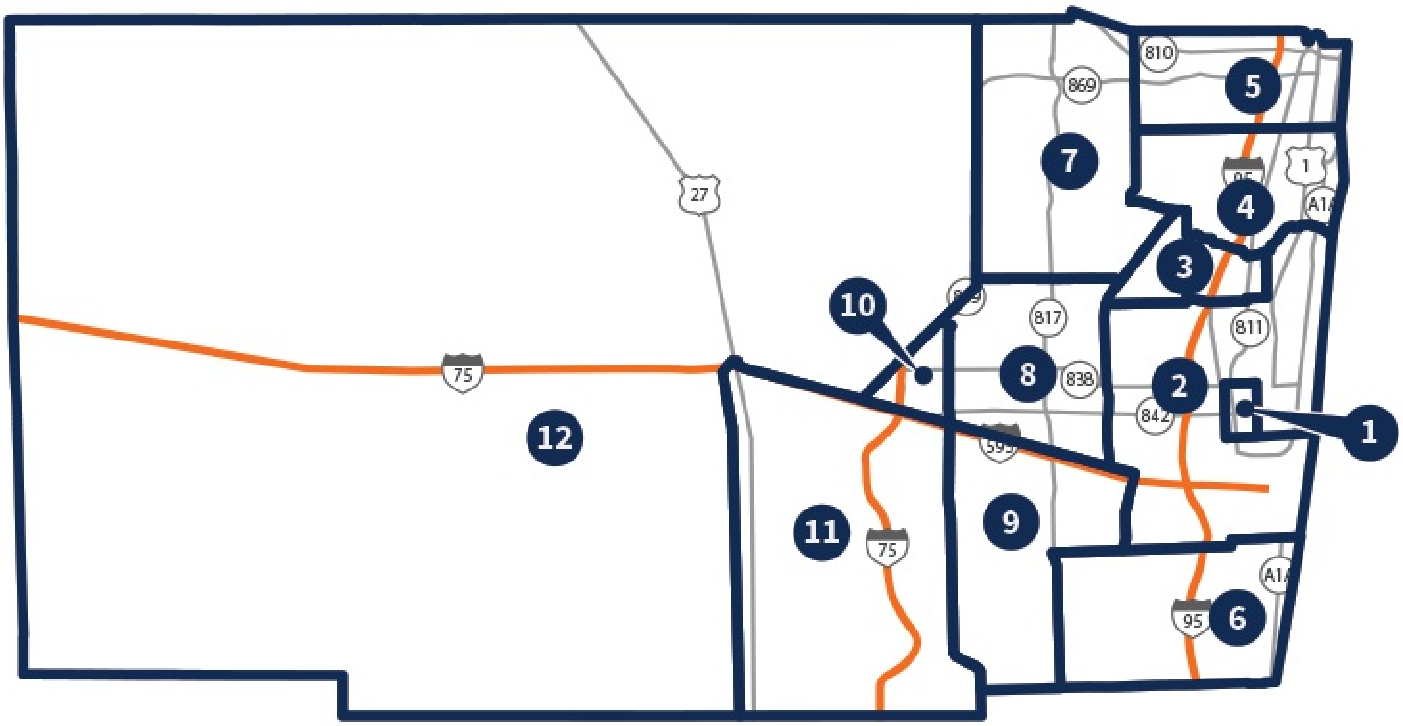

1. Fort Lauderdale Downtown
2. Greater Fort Lauderdale
3. Cypress Creek
4. Popmano Beach
5. Deerfield Beach
6. Hollywood
7. Coral Springs / NW Broward
8. Plantation
9. Pembroke Pines
10. Sawgrass Park
11. West Broward
12. Outlying Broward