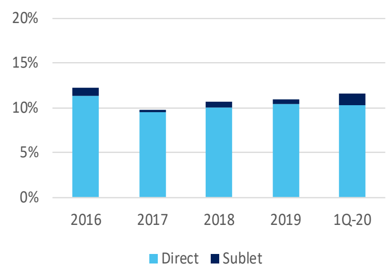
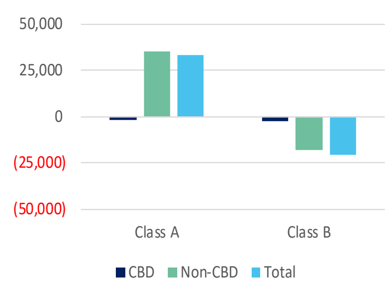
Broward County

First quarter statistics serve as an indicator of the Broward County office market's position prior to the COVID-19 crisis, which began to unfold locally with widespread social distancing measures in March. The leasing and sales environment has changed dramatically since that time, and those impacts will begin to materialize in the data in the second quarter.

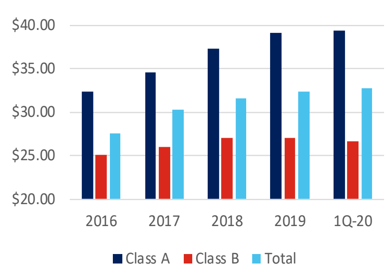
Vacancy Rate



YTD Net Absorption (SF)



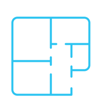
Average Asking Rent Rate ($/SF/FS)



Broward's Suburban Class A Office Product Remains Strong while Vacancies Rise in the CBD

- Class A assets outside the urban core performed particularly well during the first quarter of the year as tenants continue to evaluate the market for well-priced, high-quality office space in strong suburban submarkets like Southwest Broward and Plantation. The largest lease was Galen Health taking 45,466 sf at the recently completed Edison project in Southwest Broward.
- Rent growth in Broward's class A office product, although growing at a healthy pace of 4.1% year-over-year, has begun to decelerate from the 7.9% growth recorded during the same period in 2019. Class A rents experienced the strongest growth within the Cypress Creek submarket of 5.2%.
- The largest investment sale during the first quarter was the $29 million acquisition of 3700 Lakeside Dr in Miramar by Bankers Healthcare. The purchase of the largely vacant building was by an owner user, contributing significantly to the positive net absorption in Southwest Broward.
- Vacancy in class A office assets within the CBD was up significantly year-over-year ending 1Q-2020 at 17.5% (up 3.1%). There were a handful of large tenant move-outs during the first quarter, the largest of which was US Health Advisors vacating nearly 26,000 sf from a space that it had been subleasing from the Sun Sentinel at the Broward Financial Centre.
- The Main Las Olas is set to deliver nearly 357,000 sf in the CBD during 4Q-2020, however with minimal pre-leasing activity, it will likely place upward pressure on vacancy rates in the CBD, which will likely to translate into a decline in rent growth.

Trends to Watch



Tenant Resizing

Tenants may soon require a larger amount of square footage per employee. Some employees may also work from home permanently.

Suburban Growth

While flight to quality space in the suburbs was an existing trend in Broward, the impact of COVID-19 may accelerate the migration outside the CBD.

4,600 Units

At the close of 1Q-2020, just over 4,600 apartment units are under construction in Downtown Ft. Lauderdale, most notably in the booming Flagler Village district.

32.1 MSF
Total office inventory in the Broward County market

12,988 SF
Direct Y-T-D net absorption as of 1Q-2020

11.55%
Overall Vacancy

$39.41/SF/FS
Average rental rate for class A space

Broward County

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	15,228,031	1,601,253	129,323	$39.41	89.48%	10.52%	0.85%	11.36%	961,129	33,651
Class B	16,841,327	1,709,848	264,686	$26.65	89.85%	10.15%	1.57%	11.72%	0	(20,663)
Total	32,069,358	3,311,101	394,009	$32.82	89.68%	10.32%	1.23%	11.55%	961,129	12,988

CBD

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	4,043,030	645,802	59,882	$46.10	84.03%	15.97%	1.48%	17.45%	356,948	(1,453)
Class B	1,085,360	94,416	17,567	$35.53	91.30%	8.70%	1.62%	10.32%	0	(2,452)
Total	5,128,390	740,218	77,449	$44.75	85.57%	14.43%	1.51%	15.94%	356,948	(3,905)

Non-CBD

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	11,185,001	955,451	69,441	$34.89	91.46%	8.54%	0.62%	9.16%	604,181	35,104
Class B	15,755,967	1,615,432	247,119	$26.13	89.75%	10.25%	1.57%	11.82%	0	(18,211)
Total	26,940,968	2,570,883	316,560	$29.38	90.46%	9.54%	1.18%	10.72%	604,181	16,893

Cypress Creek

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	2,557,221	269,873	4,083	$32.78	89.45%	10.55%	0.16%	10.71%	0	(492)
Class B	3,497,917	538,257	15,036	$24.38	84.61%	15.39%	0.43%	15.82%	0	(3,253)
Total	6,055,138	808,130	19,119	$27.19	86.65%	13.35%	0.32%	13.66%	0	(3,745)

Central Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,037,666	130,897	0	$34.92	87.39%	12.61%	0.00%	12.61%	0	(22,225)
Class B	1,574,157	265,824	5,414	$23.40	83.11%	16.89%	0.34%	17.23%	0	(5,532)
Total	2,611,823	396,721	5,414	$27.20	84.81%	15.19%	0.21%	15.40%	0	(27,757)

Downtown Fort Lauderdale

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	4,043,030	645,802	59,882	$46.10	84.03%	15.97%	1.48%	17.45%	356,948	(1,453)
Class B	1,085,360	94,416	17,567	$35.53	91.30%	8.70%	1.62%	10.32%	0	(2,452)
Total	5,128,390	740,218	77,449	$44.75	85.57%	14.43%	1.51%	15.94%	356,948	(3,905)

Hallandale

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	97,744	15,392	0	$43.05	87.94%	12.06%	0.00%	12.06%	308,198	1,229
Class B	469,681	85,598	0	$34.49	81.78%	18.22%	0.00%	18.22%	0	(13,014)
Total	567,425	100,990	0	$35.79	82.84%	17.16%	0.00%	17.16%	308,198	(11,785)

Hollywood

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	487,354	38,510	5,758	$35.62	92.10%	7.90%	1.18%	9.08%	0	(4,586)
Class B	1,325,040	81,732	978	$30.93	93.83%	6.17%	0.07%	6.24%	0	(5,235)
Total	1,812,394	120,242	6,736	$32.44	93.37%	6.63%	0.37%	7.01%	0	(9,821)

Northwest Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	759,657	56,088	3,981	$29.95	92.62%	7.38%	0.52%	7.91%	0	(7,643)
Class B	1,111,690	60,430	225	$22.28	94.56%	5.44%	0.02%	5.46%	0	(9,392)
Total	1,871,347	116,518	4,206	$25.97	93.77%	6.23%	0.22%	6.45%	0	(17,035)

Plantation

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,595,666	93,736	8,137	$38.23	94.13%	5.87%	0.51%	6.38%	145,983	(17,889)
Class B	2,817,817	179,485	181,877	$25.20	93.63%	6.37%	6.45%	12.82%	0	(5,135)
Total	4,413,483	273,221	190,014	$29.67	93.81%	6.19%	4.31%	10.50%	145,983	(23,024)

Northeast Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	375,692	34,757	0	$30.92	90.75%	9.25%	0.00%	9.25%	150,000	1,505
Class B	1,800,771	191,408	0	$27.17	89.37%	10.63%	0.00%	10.63%	0	6,007
Total	2,176,463	226,165	0	$27.74	89.61%	10.39%	0.00%	10.39%	150,000	7,512

Sawgrass Park

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,618,196	107,883	21,954	$35.02	93.33%	6.67%	1.36%	8.02%	0	(34,252)
Class B	1,356,173	77,244	42,989	$28.19	94.30%	5.70%	3.17%	8.87%	0	19,110
Total	2,974,369	185,127	64,943	$32.17	93.78%	6.22%	2.18%	8.41%	0	(15,142)

Southwest Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	2,655,805	208,315	25,528	$37.30	92.16%	7.84%	0.96%	8.80%	0	119,457
Class B	1,802,721	135,454	600	$30.54	92.49%	7.51%	0.03%	7.55%	0	(1,767)
Total	4,458,526	343,769	26,128	$34.63	92.29%	7.71%	0.59%	8.30%	0	117,690

Reporting Methodology: This report includes all class 'A' and 'B' office buildings and parks 20,000 SF and greater in Broward County that are not owner occupied, office medical, or government owned. All rents are reported on a full-service gross basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

Leading Indicators (Y-O-Y 1Q-2019 to 1Q-2020)

Market Inventory	Vacancy Rate	Net Absorption	Under Construction	Average Asking Rate (FS)
32,069,358 SF	11.55%	12,988 SF	961,129 SF	$32.82 SF

Significant First Quarter 2020 Lease Transactions - Sorted by SF

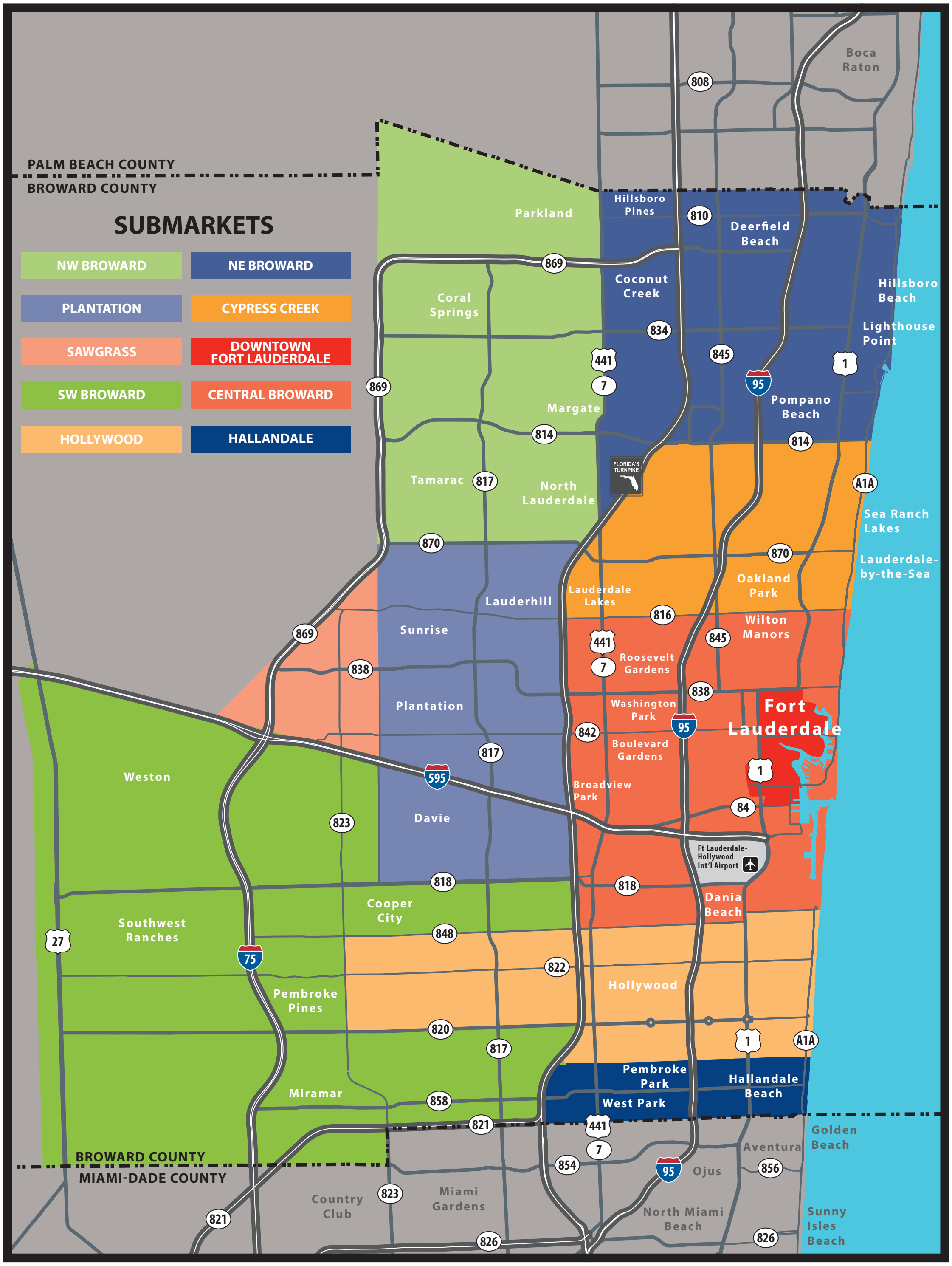
Tenant	Property	Type	SF	Submarket
Galen Health*	The Edison	New	45,466	Southwest Broward
NationsHearing	1801 NW 66th Ave	Sublease	38,725	Plantation
Vohra*	Miramar Centre III	Renewal/Expansion	23,883	Southwest Broward
Innovation Health	Sunrise Corporate Plaza I	Sublease	19,883	Southwest Broward
Xendoo, Inc.	Cypress Financial Center	Sublease	18,300	Cypress Creek
Sedgwick	Park Central Business Park	Renewal	17,184	Northeast Broward
AbleTo	13630 NW 8th St	New	15,000	Sawgrass Park
NEBA	2010 NW 150th Ave	Renewal	14,916	Southwest Broward
Zebersky Payne Shaw Lewens	110 Tower	New	8,263	Downtown Ft. Lauderdale

** Avison Young handled this transaction*

Significant First Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
3700 Lakeside Dr	132,092	$29,000,000	$220	Bankers Healthcare Group	Southwest Broward
Courthouse Place	66,261	$18,200,000	$275	Netz Group	Downtown Ft. Lauderdale
University Office Park*	53,340	$10,600,000	$199	Sergio Viaggo	Plantation
2001 NW 62nd Ter	51,330	$7,200,000	$140	Capital Cypress LLC	Cypress Creek
Cypress Creek Center	38,707	$4,800,000	$124	Carlos Guajardo	Cypress Creek
500 Professional Building	16,517	$3,600,000	$218	Clarkson-Bergman Family Partnership / Charles B Ladd Jr.	Central Broward

** Avison Young handled this transaction*



Contact Information

Greg Martin
Principal
954.903.1815
greg.martin@avisonyoung.com

David Duckworth
Principal
954.903.1815
david.duckworth@avisonyoung.com

Justin Cope
Principal
954.903.3701
justin.cope@avisonyoung.com

Lisa Blumer
Senior Associate
954.903.3703
lisa.blumer@avisonyoung.com

Berkley K. Bloodworth
Associate
954.938.1804
berkley.bloodworth@avisonyoung.com

Evie Linger
Research Analyst
954.903.3714
evie.linger@avisonyoung.com

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