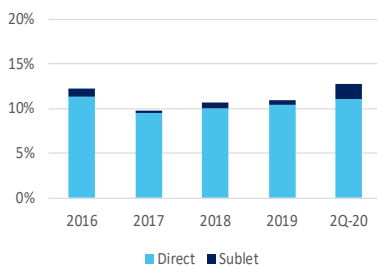


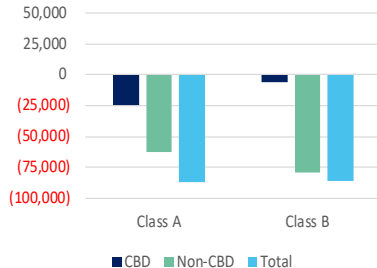
## Broward County

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Broward market's health. Third quarter activity is expected to provide greater clarity.

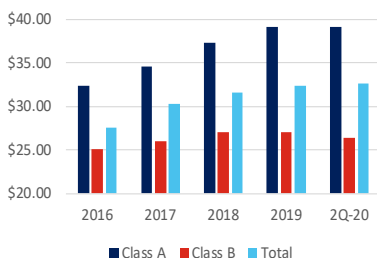
### Vacancy Rate



### YTD Net Absorption (SF)



### Average Asking Rent Rate (\$/SF/FS)



## Office Vacancy Rises in Broward As Leasing Slows While Sublease Space Remains Under Control

- Broward's office market began to feel the effects of the COVID-19 outbreak during the second quarter as leasing velocity dropped dramatically with total volume for the year-to-date down 44% when compared to the same time last year.
- Although many expected a spike in vacancy and a glut of sublease space during the second quarter, much of the space that returned to the market has been attributable to already planned mid-year move-outs. Sublease vacancy rose 39 basis points (bps) quarter-over-quarter, most of which came from Kaplan University putting their 97,000-sf space in Cypress Creek on the market for this quarter.
- While most investment sales came to a halt during the second quarter as investors continued to wait out the storm, land development deals continued to move forward throughout South Florida. In Broward, the OKO Group, the developer behind the massive 830 Brickell office tower in Miami, recently purchased three full blocks in Downtown Ft. Lauderdale for \$63 million to build an undisclosed mixed-use project.
- Rent collection remained fairly consistent throughout April, May and June, due in large part to assistance from government relief packages. As the programs begin to phase out in July, a clearer impact may emerge later in the year.
- Growth within the suburban submarkets, a trend that had been present in Broward prior to COVID-19, will likely be accelerated by the virus. Year-over-year vacancy rose by 385 bps in the CBD and 139 bps in the suburbs. During the second quarter, Goldstein Law vacated 11,000 sf at Plaza 100 in Downtown and relocated to Southwest Broward.

## Trends to Watch



### Interest from the NE

South Florida will likely benefit from increased demand from individuals and businesses in the Northeast looking to relocate away from dense, urban locations.



### Rates Held Firm

Many landlords have been holding rental rates firm while they opt to wait out the crisis for 60 to 90 days rather than offer significant concessions.



### Phase III Breaks Ground

Phase III of Atlantic Village broke ground in Hallandale Beach during the second quarter. It will include a six-story mixed-use building with 70,000 sf of office space.

**32.2 MSF**

Total office inventory in the Broward County market

**(173,106) SF**

Direct Y-T-D net absorption as of 2Q-2020

**12.72%**

Overall Vacancy

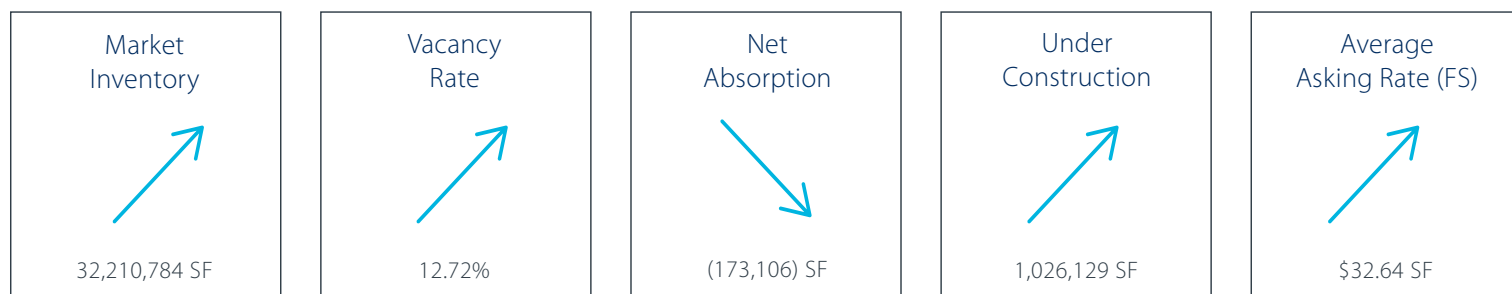
**\$39.07/SF/FS**

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	15,324,979	1,756,054	260,356	\$39.07	88.54%	11.46%	1.70%	13.16%	1,026,129	(87,121)
Class B	16,885,805	1,818,507	261,115	\$26.43	89.23%	10.77%	1.55%	12.32%	0	(85,985)
Total	32,210,784	3,574,561	521,471	\$32.64	88.90%	11.10%	1.62%	12.72%	1,026,129	(173,106)
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	674,113	63,368	\$45.89	83.33%	16.67%	1.57%	18.24%	356,948	(24,895)
Class B	1,085,360	98,485	16,734	\$34.49	90.93%	9.07%	1.54%	10.62%	0	(6,521)
Total	5,128,390	772,598	80,102	\$44.43	84.93%	15.07%	1.56%	16.63%	356,948	(31,416)
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	11,281,949	1,081,941	196,988	\$34.83	90.41%	9.59%	1.75%	11.34%	669,181	(62,226)
Class B	15,800,445	1,720,022	244,381	\$25.96	89.11%	10.89%	1.55%	12.43%	0	(79,464)
Total	27,082,394	2,801,963	441,369	\$29.39	89.65%	10.35%	1.63%	11.98%	669,181	(141,690)
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	2,654,169	298,148	117,364	\$33.00	88.77%	11.23%	4.42%	15.66%	0	(28,767)
Class B	3,497,917	534,988	15,942	\$24.92	84.71%	15.29%	0.46%	15.75%	0	16
Total	6,152,086	833,136	133,306	\$27.81	86.46%	13.54%	2.17%	15.71%	0	(28,751)
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	178,861	0	\$34.64	82.76%	17.24%	0.00%	17.24%	0	(41,029)
Class B	1,618,635	279,004	4,097	\$23.50	82.76%	17.24%	0.25%	17.49%	0	(18,712)
Total	2,656,301	457,865	4,097	\$27.85	82.76%	17.24%	0.15%	17.39%	0	(59,741)
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	674,113	63,368	\$45.89	83.33%	16.67%	1.57%	18.24%	356,948	(24,895)
Class B	1,085,360	98,485	16,734	\$34.49	90.93%	9.07%	1.54%	10.62%	0	(6,521)
Total	5,128,390	772,598	80,102	\$44.43	84.93%	15.07%	1.56%	16.63%	356,948	(31,416)
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	13,975	0	\$43.16	87.94%	12.06%	0.00%	12.06%	373,198	2,646
Class B	469,681	89,916	0	\$30.42	80.86%	19.14%	0.00%	19.14%	0	(17,332)
Total	567,425	103,891	0	\$32.13	82.08%	17.92%	0.00%	17.92%	373,198	(14,686)
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	51,543	5,758	\$34.75	89.42%	10.58%	1.18%	11.76%	0	(17,619)
Class B	1,325,040	94,068	978	\$29.79	92.90%	7.10%	0.07%	7.17%	0	(17,571)
Total	1,812,394	145,611	6,736	\$31.55	91.97%	8.03%	0.37%	8.41%	0	(35,190)
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	75,434	3,981	\$30.52	90.07%	9.93%	0.52%	10.45%	0	(26,989)
Class B	1,111,690	59,355	0	\$22.81	94.66%	5.34%	0.00%	5.34%	0	(8,317)
Total	1,871,347	134,789	3,981	\$27.13	92.80%	7.20%	0.21%	7.42%	0	(35,306)
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	98,575	8,137	\$38.40	93.82%	6.18%	0.51%	6.69%	145,983	(22,728)
Class B	2,817,817	188,755	179,775	\$23.34	93.30%	6.70%	6.38%	13.08%	0	(14,405)
Total	4,413,483	287,330	187,912	\$28.51	93.49%	6.51%	4.26%	10.77%	145,983	(37,133)
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	39,193	0	\$31.40	89.57%	10.43%	0.00%	10.43%	150,000	(2,931)
Class B	1,800,771	204,804	0	\$26.97	88.63%	11.37%	0.00%	11.37%	0	(7,389)
Total	2,176,463	243,997	0	\$27.68	88.79%	11.21%	0.00%	11.21%	150,000	(10,320)
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	114,177	17,851	\$34.96	92.94%	7.06%	1.10%	8.16%	0	(40,546)
Class B	1,356,173	111,716	42,989	\$27.36	91.76%	8.24%	3.17%	11.41%	0	27,975
Total	2,974,369	225,893	60,840	\$31.20	92.41%	7.59%	2.05%	9.64%	0	(12,571)
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	212,035	43,897	\$37.46	92.02%	7.98%	1.65%	9.64%	0	115,737
Class B	1,802,721	157,416	600	\$31.09	91.27%	8.73%	0.03%	8.77%	0	(23,729)
Total	4,458,526	369,451	44,497	\$34.75	91.71%	8.29%	1.00%	9.28%	0	92,008

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 2Q-2019 to 2Q-2020)



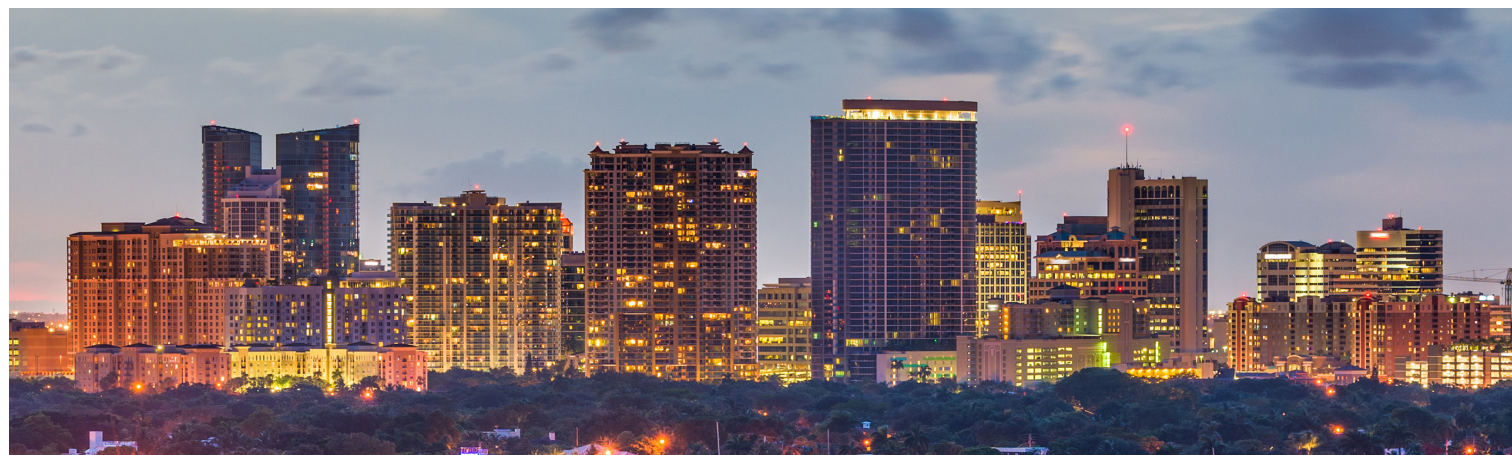
## Significant Second Quarter 2020 Lease Transactions - Sorted by SF

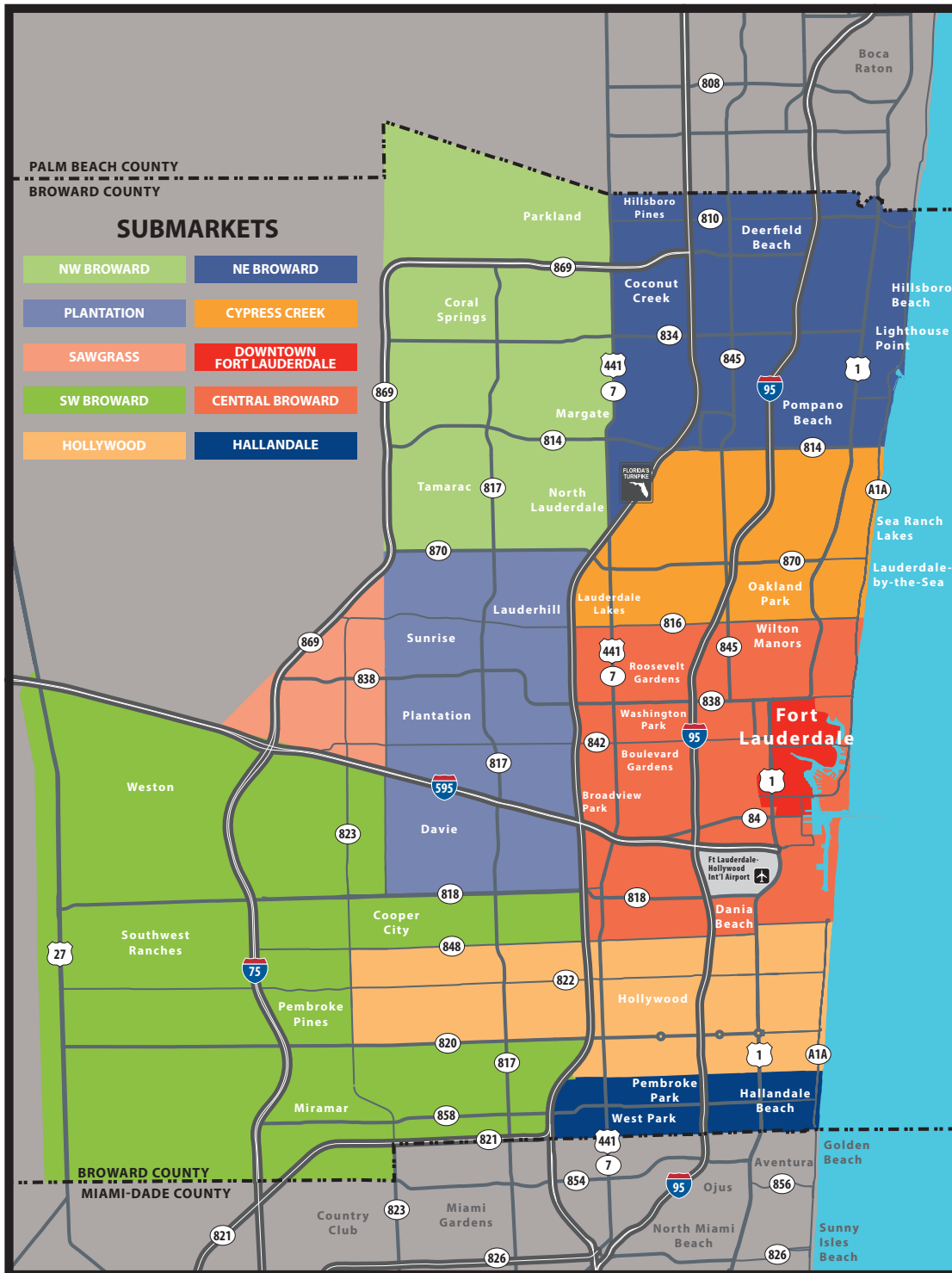
Tenant	Property	Type	SF	Submarket
KCI Technologies	Crown Center - 1425 Building	New	23,725	Cypress Creek
Kovak Securities	Bayview Corporate Tower	Renewal	16,769	Cypress Creek
Guadiar	Sawgrass Technology Park - Bldg G	Renewal/Relocation	15,235	Sawgrass Park
Ameriprise Financial	350 E Las Olas Blvd	Renewal	14,203	Downtown Ft. Lauderdale
Reloquest	2700 S Commerce Pky	New	8,280	Southwest Broward
SCA	Plantation Walk	New	8,000	Plantation
K-force	1551 Sawgrass Corporate Pky	Renewal	8,000	Sawgrass Park
Hardesty & Hanover	Commercial Place II	New	7,859	Cypress Creek
Lexx Health Care	Coral Springs Executive Tower	Renewal	7,177	Northwest Broward

## Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
633 S Federal Hwy*	40,504	\$16,664,210	\$411	OKO Group	Downtown Ft. Lauderdale
3757 Coral Tree Circle	15,544	\$5,100,000	\$328	Pompano Autoplex LLC	Northeast Broward
22 NE 22nd Ave	14,763	\$3,650,000	\$247	22 Ave LLC	Northeast Broward

\* Part of a 6.68-acre assemblage for a large mixed-use redevelopment project





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