



**Q3 2024**

# **Broward Office Market Report.**

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*When 15,000 visitors arrived earlier this month for the Worldwide Exhibition for Incentive Travel Meetings and Events (IMEX America) in Las Vegas, they witnessed larger-than-life scenes of Greater Fort Lauderdale's shores on Sphere – the world's largest LED screen.*

Yet, that only captured part of Broward County's allure. From the shores to downtown, the suburbs and the business, hospitality and cultural sectors that thrive there, Greater Fort Lauderdale continues to shine as a live, work and play destination.

What newcomers and old-timers alike find in the county is a market still benefiting from solid growth. Taxable property values rose 8.8% in the past year, with new construction coming in at \$3.3 billion. The year before tallied 11.2% growth, according to the Broward County Property Appraiser.

While other markets across the U.S. struggle through flat population and business growth, the Miami Designated Market Area ("DMA"), which includes Greater Fort Lauderdale, continues to set the national pace. The region added 75,300 jobs for July 2024, up 2.6 percent over the previous year, versus 1.6 percent growth nationally for the same period, notes the U.S. Bureau of Labor Statistics. Education, health services and construction saw the highest job growth.

From a business and commercial real estate perspective, the past quarter revealed solid metrics. Even before the Federal Reserve cut the federal funds rate by a half-point, development was happening in the four corners of the county.

While there are headwinds, such as limited new office supply coming online and continued high costs of capital and construction, Broward enjoys solid metrics. The county saw 580,000 square feet in leasing activity in the third quarter, which was up significantly from the last quarter (by 20%) and 18% higher than the five-year historical average. Most of the traffic was driven by tech and healthcare. Cloud Solutions Group, a Citrix subsidiary, vacated 139,000 SF in Cypress Creek - and signed a 137,000 SF sale-leaseback; the property's new ownership group, Imperial Fund is backfilling 92,000 SF of the vacated space as an owner occupant.

Public health system Memorial Healthcare added a new 22,000 SF facility in Hollywood and Miami-based Nicklaus Children's Hospital added a 12,000 SF new location in Plantation. To the west, Baptist Health South Florida received approval for its planned \$500 million, 370,000 SF, 100-bed hospital on a 26-acre site in Sunrise.

The market is rich with healthy demand, albeit supply is tight with no new significant deliveries expected until Hines T3 FAT Village project comes online in late 2026. Those markets with solid performance - Downtown Fort Lauderdale, Cypress Creek and sub-urban or outer Fort Lauderdale - have seen vacancies drop and remain well below the national average. Subleases have increased to 3.3% of total inventory (21% increase YOY) which is still well below the national average



of 4.2%. Asking rates are up 2.1% year over year driven by the increased demand and limited availability of top tier space. Stability is forecast for the foreseeable future.

Not surprisingly, the county’s western corridor has the most available land - and the greatest push for development. Sunbeam Development Corp. proposed a 24-building mixed-use redevelopment for its 125.7-acre Park Miramar. The plans call for 128,386 square feet of offices, plus 2,874 multifamily units, 240,862 square feet of retail/restaurants/bars, and a 185-room hotel. Additionally, the Stanley Cup winning Florida Panthers in October extended their lease at the county-owned arena, securing exclusive rights for four years to submit a development plan for the parking lots surrounding the arena.

A push to boost Transit Oriented Development options will keep pace with the county’s western growth. Metropica Development is seeking a land-use revision to its 92-acre Metropica Transit Oriented Development project near the Sawgrass Mills in Sunrise to increase density to 925,000 square feet in office space and high-rise residences to 3,000.

In September, the City of Sunrise officials approved site plan revisions that will see the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) relocate from a Miami location in Sweetwater to a 41,351-square-foot office building on a 4.9-acre site in the city’s light industrial district. This relocation marks the second notable government relocation in the county; the U.S. Federal Building and Courthouse will move to a new \$245 million courthouse south of the river in Fort Lauderdale, relocating from Broward Boulevard, which will spur development back east in the downtown business district.

Developers and investors are investing billions in Broward County’s future. A \$1.3-billion investment will deliver the new Broward County Convention Center and adjoining Omni Hotel, with 800 rooms and 1.2 million square feet of meeting space. Also fronting Port Everglades, a \$1 billion investment is transforming the iconic Pier 66 hotel and marina.

Meanwhile, the county’s cultural infrastructure continues to blossom. Just north of downtown, the venerable Parker Playhouse theater reemerged from a \$30 million makeover as “The Parker.” On the same property, the new 144,000 SF Baptist Health IcePlex - the Florida Panthers’ practice facility and public skating rink - is a centerpiece to the revitalization of the historic FTL War Memorial.

With new office development limited for the moment and solid demand, rents will continue to grow. Greater Fort Lauderdale’s fundamentals and deep investment across the county will deliver the allure and amenities that make it a resilient and world-class live, work and play destination.

## Broward by the Numbers

### Multi-Tenant Office Buildings > 50,000 SF

<h1>Class A</h1>	<h1>Class B</h1>
<p><b>↑ \$28.45 PSF NNN</b> Weighted average asking rate (Increased 0.7% QOQ)</p>	<p><b>↑ \$20.50 PSF NNN</b> Weighted average asking rate (Increased 3.3% QOQ)</p>
<p><b>↓ 17.7%</b> Direct vacancy decreased 10 basis points QOQ</p>	<p><b>↑ 14.6%</b> Direct vacancy increased 30 basis points QOQ</p>
<p><b>-80,505 SF</b> YTD 2024 Net Absorption</p>	<p><b>44,984 SF</b> YTD 2024 Net Absorption</p>

# Market highlights.



*Leasing activity in the third quarter of 2024 totaled 580,000 SF, marking an increase from the second quarter's 484,000 SF and surpassing the five-year historical average of 493,000 SF.*

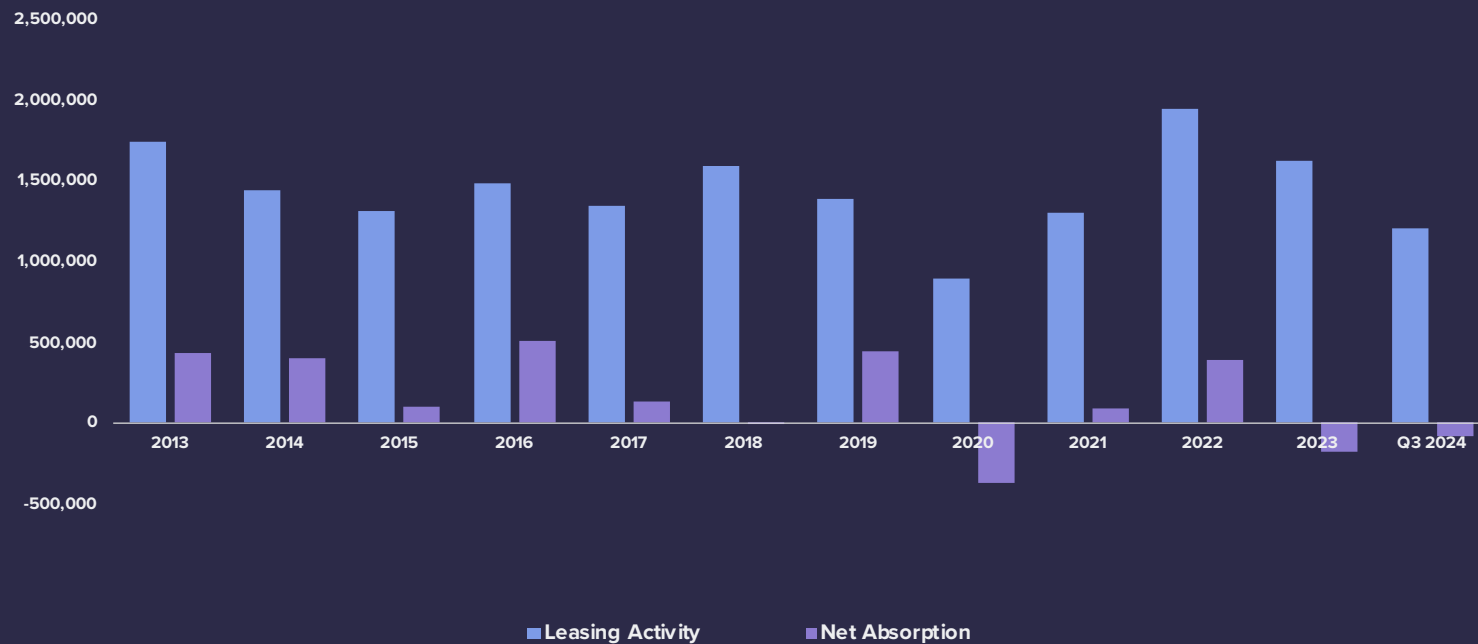
This uptick highlights a market that remains resilient despite ongoing economic headwinds, with certain submarkets outperforming others. The Cypress Creek submarket proved to be a key driver of leasing activity, posting particularly strong numbers during the quarter.

While new-to-market leasing remained subdued, hitting a near-historical low of 4,500 SF, existing tenants played a vital role in maintaining market momentum. Healthcare was a standout sector with two major players adding new locations. Memorial Healthcare added 22,000 SF at 300 South Park Road in Hollywood and Nicklaus Children's Hospital added a 12,000 SF new location in Plantation. However, this growth was offset by some downsizing. Cloud Solutions Group, a Citrix subsidiary, vacated 139,000 SF of space they previously owned while signing a 137,000 SF sale-leaseback also in Cypress Creek. In a move that will offset this large downsize, the new owner will occupy 92,000 SF of the space, helping neutralize the overall impact on the market.

In terms of industry drivers, legal and financial services continued to anchor demand in Downtown Fort Lauderdale and surrounding areas. A notable renewal came from Becker & Poliakoff, which renewed for 29,000 SF in Downtown Fort Lauderdale, while giving back one floor in the process. This

## Historical Broward Direct Leasing Activity & Net Absorption (SF)

Class A Multi-Tenant Office Buildings > 50,000 SF



significant law firm lease follows last quarter's Greenberg Traurig 49,000 SF renewal at 401 E Las Olas. Brookfield signed a significant 35,000 SF renewal in Plantation, highlighting the ongoing preference for high-quality space.

Overall, the Broward office market recorded 58,000 SF of negative net absorption in the third quarter, bringing year-to-date absorption to negative 35,000 SF as a result of Cloud Solutions Group's 57,000 downsizing. The outer Fort Lauderdale submarket outperformed other submarkets, recording 16,000 SF of positive absorption during the quarter, bringing its year-to-date gains to 57,000 SF, the most of any submarket in Broward County.

Despite the ongoing trend of flight to quality, Class A office space in the suburban submarkets has struggled in 2024, primarily due to larger tenants that have been more prone to space reduction. The subset has recorded 81,000 SF of negative absorption year-to-date, with 39,000 SF of negative absorption in the third quarter. Despite the negative absorption largely driven by isolated downsizes in suburban Class A product, there is still demand for Class A space driven by tenants continuing to seek out efficient, high-end, amenity-rich spaces, primarily in urban locations.

As we enter the final quarter of the year, the Broward County office market is on track for a highly competitive finish with a healthy pipeline of lease transactions in progress. While new-to-market leasing has slowed by 70% from last year's levels, tenant expansions and renewals from established businesses, especially in healthcare and legal sectors, continue to drive demand for premium space. Key submarkets posting positive absorption, strong activity from the existing tenants, and most significant downsizes related to hybrid work now in the rearview mirror, provide optimism at the local level. National trends including the first quarter of decreased office availability in five years, increased return to work mandates, and lower interest rates provide overall optimism for growth through the remainder of the year into the next.



*The Broward County office market saw no new office project deliveries or groundbreaking activity in the third quarter of 2024.*

The limited development pipeline bodes well for premium existing product in good locations, as well as Hines' T3 FAT Village, which began construction in Q1 2024, in Flagler Village. The limited development pipeline since 2020 has allowed the market to maintain a vacancy rate well below the national average.

The overall vacancy rate held relatively stable at 16.6%, compared to 16.5% in the second quarter, reflecting a 10-basis-point increase quarter-over-quarter. Year-over-year, the vacancy rate increased 30 basis points from 16.3% in Q3 2023. Class A vacancy saw a slight increase to 17.7%, up from 16.7% a year ago, while Class B vacancy increased to 14.6%, compared to 14.3% in Q3 2023.

Over the past year, Downtown Fort Lauderdale recorded strong performance, with overall vacancy dropping 100 basis points to 15.2%, and Class A vacancy also decreased by 100 basis points to 16.8%, reflecting healthy tenant demand for premium office space in the urban core. The most notable improvement occurred in outer Fort





Lauderdale, where overall vacancy dropped from 20.9% in Q3 2023 to 17.0% in Q3 2024, driven by tenant expansions and relocations.

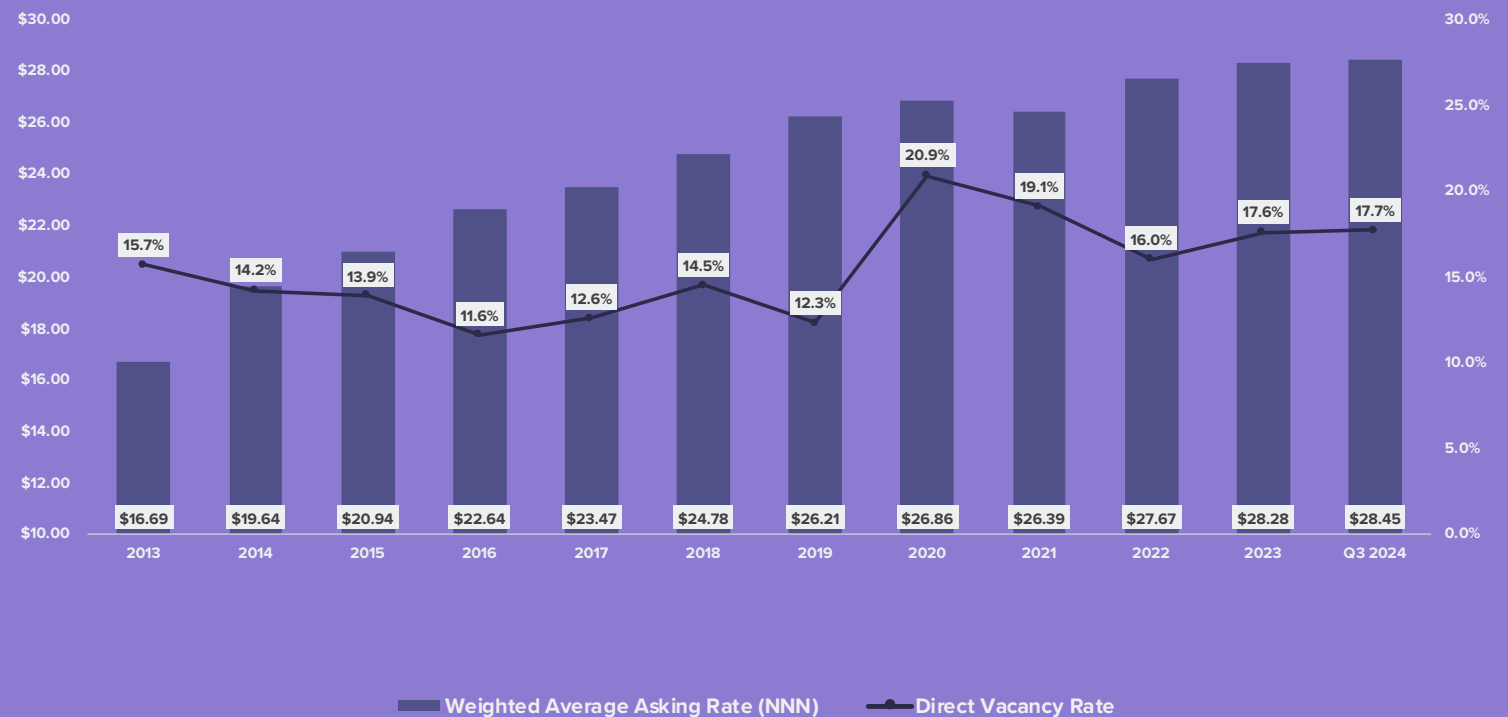
Conversely, suburban submarkets with older office product, such as Sawgrass, continue to lag behind the rest of the market. Sawgrass vacancy increased to 17.9%, up from 16.8% last year, with Class A vacancy reaching 24%, the highest among the six major submarkets. This highlights the growing disparity between high-quality, centrally located assets and aging office buildings that are less connected.

Another key trend this quarter was the rise in sublease space availability, which increased by 4% quarter-over-quarter to 785,000 SF (3.3% of total inventory), up from 755,000 SF in the second quarter, and by 21% year-over-year from 647,000 SF in Q3 2023. While the national office market has seen a significant rise in sublease availability (4.2%), Broward remains below the national average.

Looking ahead, while construction activity remains subdued, Broward’s limited supply of new office space is helping to maintain a relatively stable vacancy rate compared to national trends. Submarkets like Downtown Fort Lauderdale and outer Fort Lauderdale continue to show resilience, while suburban areas may face ongoing challenges as tenant preferences shift toward newer, high-quality, well-connected spaces. As economic conditions improve, new development opportunities may emerge, but for now, the focus remains on absorbing available space in a challenging macroeconomic environment.

## Historical Broward Direct Weighted Average Rate & Direct Vacancy

Class A Multi-Tenant Office Buildings > 50,000 SF



*In the third quarter of 2024, asking rates across Broward County continued to show moderate growth, reflecting steady but measured demand for office space.*

Class A asking rates closed the quarter at \$28.45 NNN per SF, showing little change from \$28.43 NNN per SF in the second quarter. Class B rates increased slightly to \$20.50 NNN, up from \$19.83 NNN last quarter, while the overall asking rate rose to \$25.89 per SF, up 0.8% from \$25.69 per SF in Q2 2024. Year-over-year, the overall rate increased by 2.1%, compared to \$25.37 per SF in Q3 2023.

This moderate rate growth mirrors the broader market dynamics, where high interest rates have slowed building sales and investments in renovations. As a result, upward pressure on weighted average asking rates has been restrained. However, as investment activity picks up, especially in properties undergoing renovations, rents are expected to rise, particularly in high quality buildings in the best performing submarkets.

Reflecting trends in absorption, outer Fort Lauderdale and Downtown Fort Lauderdale have been standout submarkets for Class A rent growth. outer Fort Lauderdale recorded a 7.7% year-over-year increase, while Downtown Fort Lauderdale saw 3.0% growth, driven by sustained tenant demand for premium office space. These submarkets continue to attract businesses seeking high-quality, centrally located properties.

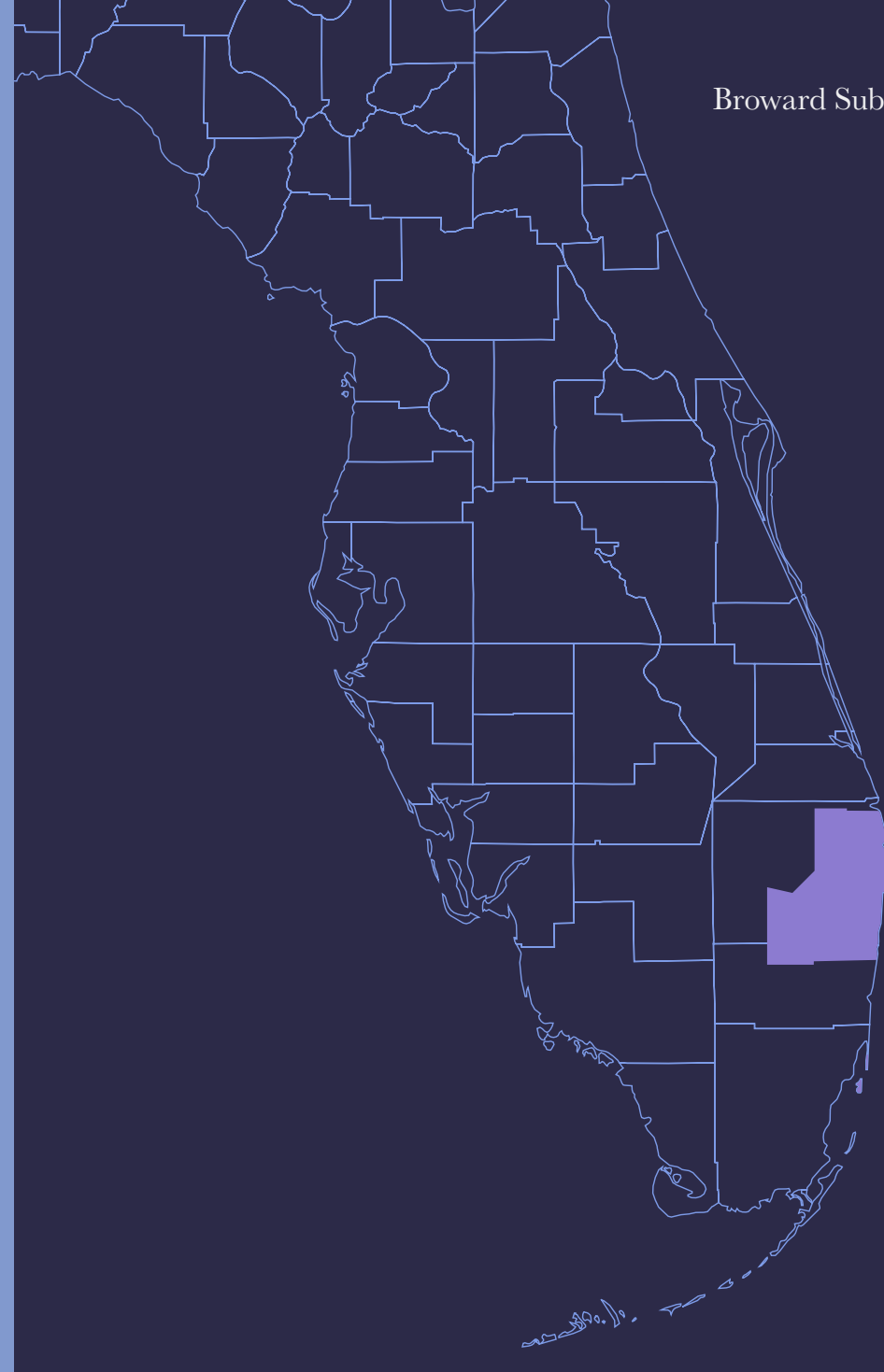
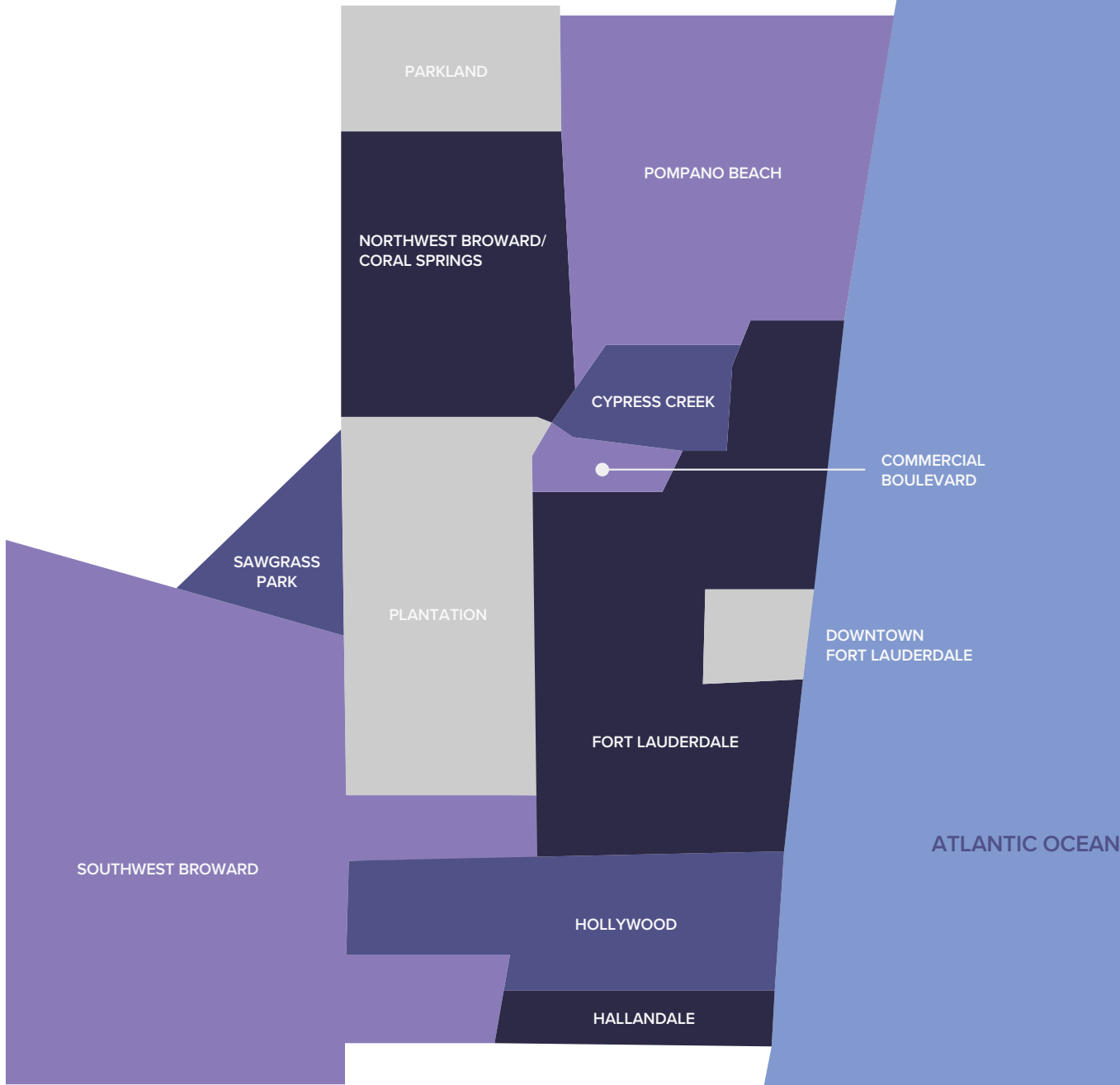
Looking forward, the Broward County office market remains on a path of steady growth. With limited new development and ongoing interest in premium spaces, rent levels are expected to increase gradually, supported by sustained tenant demand. Despite challenges posed by macroeconomic headwinds, Broward's fundamentals remain strong, with key submarkets showing resilience.

Hines T3 FAT Village project, the only major building under construction, is expected to positively impact the market when it delivers in 2026. As Downtown Fort Lauderdale continues to be the most desirable submarket for tenants, the addition of new trophy product will accommodate the demand from existing and new-to-market tenants. With no new product expected outside Downtown Fort Lauderdale, existing suburban locations with high-quality offerings, such as Royal Palm Corporate Center and Weston Corporate Center, will also continue to attract tenants, providing alternatives for businesses looking for top-tier office space outside the core urban areas.

With the market adapting to a new era of steady growth, the outlook for Broward County remains positive. While rent growth has tempered compared to previous years, the potential for increased sales activity and building renovations will push rents upward. As the effects of hybrid work policies continue to play out, with more companies requiring in office attendance, tenants are expected to prioritize high-quality spaces that offer modern amenities and flexible work environments while managing occupancy costs, positioning Broward County for continued success in attracting businesses.



# Broward Submarket Map

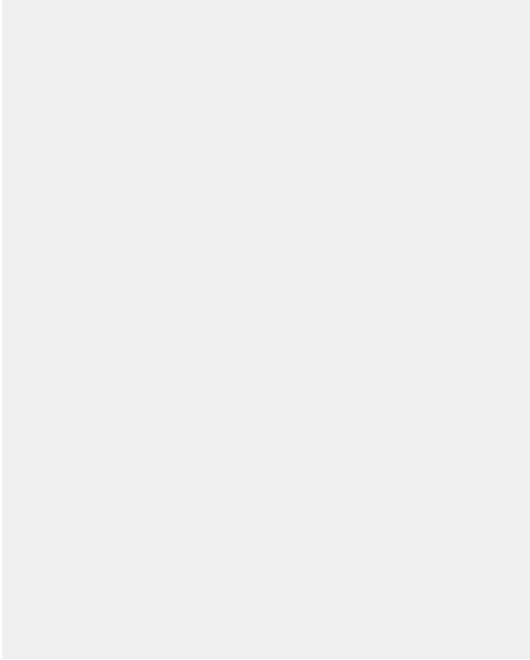


Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate NNN	YTD 2024 Net Absorption	YTD 2024 Leasing Activity (SF)	Under Construction
<b>6 Major Submarkets</b>							
Downtown Fort Lauderdale	19	4,970,927	16.8%	\$36.68	26,228	369,695	180,000
Fort Lauderdale	5	1,216,739	11.2%	\$27.20	66,821	87,887	-
Southwest Broward	20	2,070,390	19.5%	\$24.39	18,823	169,309	-
Sawgrass Park	14	1,685,255	24.0%	\$23.83	(71,533)	139,654	-
Cypress Creek	17	2,116,036	17.8%	\$22.68	(108,103)	279,693	-
Plantation	10	1,339,346	14.7%	\$28.31	(8,713)	80,695	-
<b>Subtotal</b>	<b>85</b>	<b>13,398,693</b>	<b>17.6%</b>	<b>\$28.88</b>	<b>(76,477)</b>	<b>1,126,933</b>	<b>180,000</b>
Commercial Blvd	2	183,137	19.8%	\$23.50	3,960	14,438	-
Hallandale					-	-	
Hollywood	4	589,521	13.6%	\$26.14	16,115	13,058	-
NW Broward/Coral Springs	5	538,784	18.8%	\$24.25	(6,181)	28,448	-
Pompano Beach	3	348,696	28.5%	\$26.21	(17,922)	20,561	-
<b>Subtotal</b>	<b>14</b>	<b>1,660,138</b>	<b>19.1%</b>	<b>\$25.26</b>	<b>(4,028)</b>	<b>76,505</b>	<b>-</b>
<b>TOTAL</b>	<b>99</b>	<b>15,058,831</b>	<b>17.7%</b>	<b>\$28.45</b>	<b>(80,505)</b>	<b>1,203,438</b>	<b>180,000</b>

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate NNN	YTD 2024 Net Absorption	YTD 2024 Leasing Activity (SF)
<b>6 Major Submarkets</b>						
Downtown Fort Lauderdale	9	771,817	4.8%	\$26.06	14,906	11,654
Fort Lauderdale	10	1,470,345	21.7%	\$21.18	(9,985)	18,903
Southwest Broward	7	606,873	18.9%	\$24.36	(10,585)	17,347
Sawgrass Park	4	1,050,394	8.0%	\$20.22	3,758	67,080
Cypress Creek	19	1,806,382	13.2%	\$16.94	39,847	107,057
Plantation	15	1,321,515	14.2%	\$21.71	16,736	101,958
<b>Subtotal</b>	<b>64</b>	<b>7,027,326</b>	<b>14.0%</b>	<b>\$20.72</b>	<b>54,677</b>	<b>323,999</b>
Commercial Blvd						
Hallandale	4	477,402	12.6%	\$17.11		1,106
Hollywood	4	273,649	13.4%	\$23.41	(14,693)	39,932
NW Broward/Coral Springs	1	54,223	42.4%	\$15.00	-	-
Pompano Beach	10	650,196	20.8%	\$20.61	6,715	38,083
<b>Subtotal</b>	<b>19</b>	<b>1,455,470</b>	<b>17.6%</b>	<b>\$19.68</b>	<b>(9,693)</b>	<b>79,121</b>
<b>TOTAL</b>	<b>83</b>	<b>8,482,796</b>	<b>14.6%</b>	<b>\$20.50</b>	<b>44,984</b>	<b>403,120</b>

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deliver **powerful** outcomes.





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