

# BROWARD OFFICE MARKET

3Q2022 SNAPSHOT & OUTLOOK



1450 Brickell Avenue, Suite 2060, Miami FL 33131  
701 Waterford Way, Suite 160, Miami, FL 33126  
201 East Las Olas Blvd., Suite 1050, Ft. Lauderdale, FL 33301  
954.395.2112 | [www.blancacre.com](http://www.blancacre.com)



# TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
MARKET HIGHLIGHTS	4
BROWARD BY THE NUMBERS	5
BROWARD SUBMARKET MAP	7
ABOUT BLANCA	8



# EXECUTIVE SUMMARY

In South Florida where new-to-market tenants dominate headlines, Broward’s existing tenant base has ramped up activity with strong growth across the entire county. Migrating companies are still exploring opportunities across Broward, and specifically in Fort Lauderdale, which may materialize in the coming quarters as increasing rates and decreasing availability in Miami make Broward an attractive alternative. Building off a solid first half of 2022, the Broward office market fundamentals continued to improve as evidenced by a significant uptick in activity with Q3 absorption doubling the total from the first half of the year.

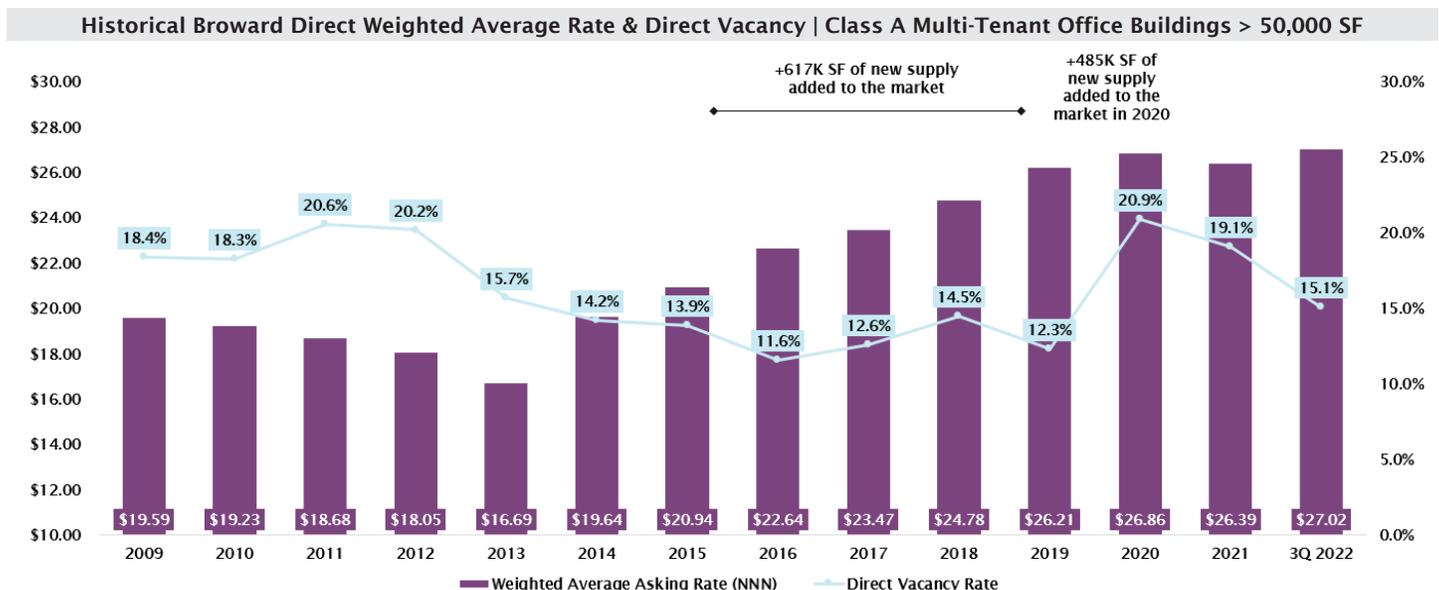
Propelled by 339,000 SF of positive absorption in Class A office, Broward recorded 398,000 SF of positive absorption in Q3, bringing year-to-date occupancy gains to 575,000 SF. With limited supply across Class A office, the Class B segment improved this quarter recording 59,000 SF of positive absorption, offsetting the 40,000 SF of occupancy loss of in the first half of the year.

Despite the recovery of the Class B segment, Class A office product continues to capture the lion’s share of demand across Broward County. This flight to quality is particularly evident in Broward County’s core submarkets: Downtown Fort Lauderdale, Fort Lauderdale, Southwest Broward, Sawgrass Park, Cypress Creek, and Plantation. Class A product within these submarkets accounted for 93% of the positive absorption in 2022 and 80% over the past year.

The strong demand for space has not been limited to office space across Broward County, the multifamily sector has also recorded significant spikes in absorption since the onset of the pandemic. Since the start 2020,

Class A & B multifamily properties in Broward have absorbed 12,500 units. New residents, in search of a better lifestyle, have flocked to South Florida and propelled the multifamily market in Broward. License Swap data shows Miami-Dade, Broward and Palm Beach counties have the first, fourth and fifth most swapped licenses for counties in Florida, respectively. Capitalizing on the growing demand, there are over 13,000 multifamily units currently under construction with notable developers seeking approval for thousands of additional units. Comparatively, no significant office product is currently under construction. Downtown Fort Lauderdale, where the demand for high quality office space has been strongest, only has one viable new office development, Hines’ T3 FAT Village adjacent to Fort Lauderdale’s Brightline Station, which is set for delivery in Q1 2025.

With strong demand and limited supply, rental rates across Broward County have been stable over the past year. The overall direct weighted average asking rate increased 0.9% over the prior quarter to \$24.16 per year on a triple net basis. Broward’s weighted average rent at 28% below Miami-Dade’s is attributed to limited availability in Class A Tier I product, specifically in Downtown Fort Lauderdale where Tier I vacancy decreased from 17.9% to 7.3% YOY. Asking rates in Class A Downtown Fort Lauderdale continue to command a significant premium to the market. The weighted average asking rate of \$33.27 on a triple net basis for Class A Downtown Fort Lauderdale is 43% higher than the remainder of Class A inventory in Broward County. Rates are expected to increase faster in the coming years as demand remains strong and supply remains limited in the development pipeline.



# MARKET HIGHLIGHTS

As a result of the 398,000 SF of positive absorption in Q3 across both Class A & B space, direct vacancy decreased 190 basis points from the prior quarter to 14.9%. Vacancy has declined sharply over the past year, decreasing 380 basis points, due to the successful lease up of The Main in Downtown Fort Lauderdale (98% leased within 18 months of delivery), and positive outcomes in Sawgrass Park and Plantation. The primary driver of the markets overall decrease in vacancy is the Class A office segment where direct vacancy is 15.1%, down from 20.9% at the end of 2020. Class A vacancy decreased in all but two submarkets, with the largest decreases in vacancy occurring in the Downtown Fort Lauderdale, Fort Lauderdale, and Plantation submarkets. In Plantation, FirstService Residential (65,000 SF) and Crown Castle (32,000 SF) both signed leases at 1601 SW 80th Terrace, relocating from other submarkets.

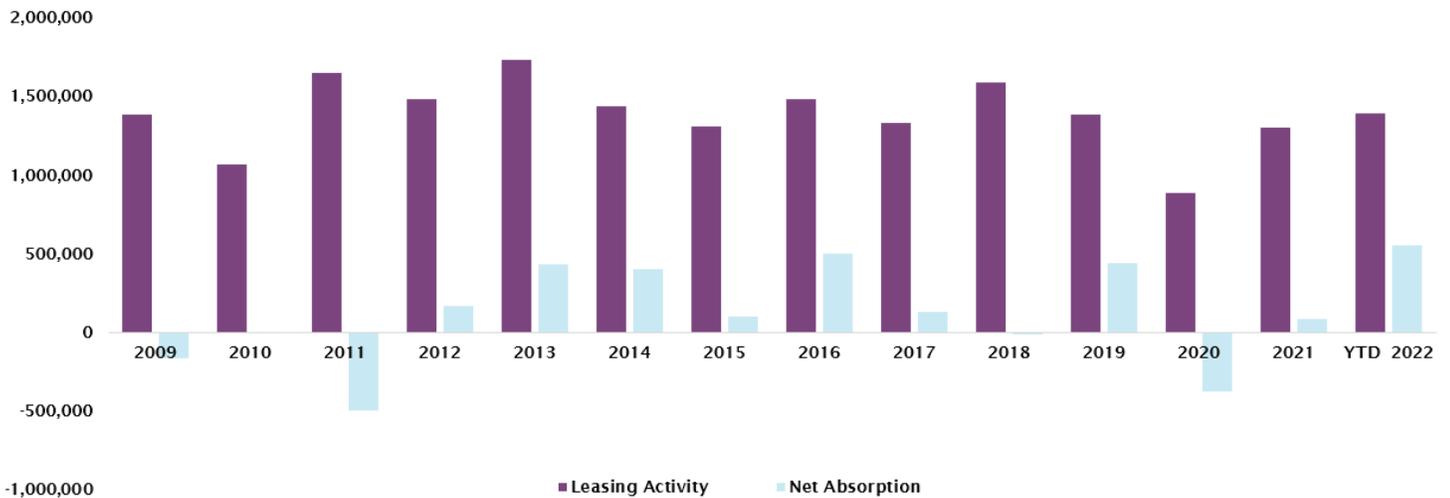
Leasing activity totaled 760,000 SF in the third quarter, bringing year-to-date leasing volume to 1.9 million square feet, 18% higher than the five-year historical leasing average. Downtown Fort Lauderdale accounted for 27% of leasing activity during the quarter, with Industrious' new 44,000 SF location at 200 East Las Olas Blvd the largest lease of the quarter. Coworking providers have been active across the region as the demand for flexible immediate office space remains high across South Florida. The largest lease of the quarter was Enhance Health, taking Connexion Point's

full building sublease, at 1550 Sawgrass Centre (61,000 SF) after raising \$150 million at the end of last year.

While new-to-market leasing has ramped up in Miami, the growth and activity from existing tenants in Broward County has reduced the share of new-to-market activity as a percentage of total leasing. The 110,000 SF of new-to-market leasing in 2022 represents 5.7% of total leasing activity, down from 18% in 2021 and slightly below the historical average of 8.1%. Additional availability in top tier assets and a more robust office development pipeline is needed across Broward to accommodate the demand from new-to-market tenants. Notable new-to-market tenants this quarter include Edwards Asset Management (9,200 SF) in Downtown Fort Lauderdale and Harmonious Minds (3,300 SF) in Plantation. Currently, there are 364,000 SF of active new-to-market tenant requirements that may materialize over the next year, further tightening the availability across Broward County.

Broward County's central South Florida location and connectivity to Miami-Dade and Palm Beach makes it an attractive option for new residents and new-to-market tenants. While the development pipeline for new multifamily remains robust, new office supply is needed to accommodate the demand for top tier office space as companies seek options that lure workers back to the office. Overall, the Broward office market remains healthy and is expected to continue its growth through the end of the year and in to next.

Historical Broward Direct Leasing Activity & Net Absorption (SF) | Class A Multi-Tenant Office Buildings > 50,000 SF



# BROWARD BY THE NUMBERS

## OFFICE SUBMARKETS - CLASS A

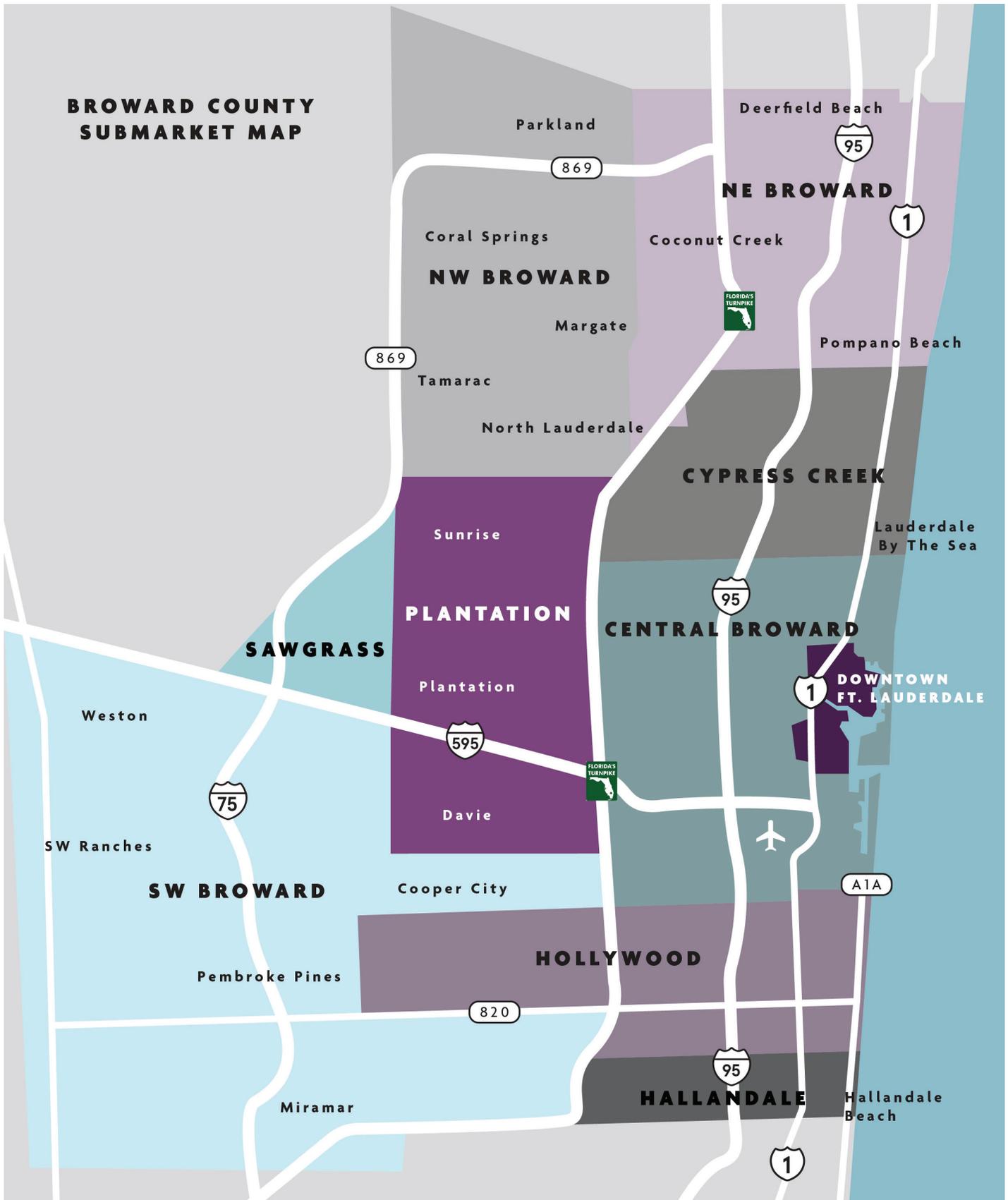
Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate NNN	Sublet Vacancy	YTD Net Absorption
<b>4 MAJOR SUBMARKETS</b>						
Downtown Fort Lauderdale	19	4,970,927	16.5%	\$33.27	3.2%	211,571
Fort Lauderdale	5	1,216,739	11.2%	\$23.77	0.3%	15,463
Southwest Broward	20	2,070,390	15.4%	\$24.53	2.7%	26,019
Sawgrass Park	14	1,685,255	15.7%	\$23.05	3.1%	129,324
Cypress Creek	13	1,623,811	15.1%	\$20.86	0.4%	(6,331)
Plantation	10	1,339,346	9.0%	\$26.00	2.0%	156,505
<b>SUBTOTAL</b>	<b>81</b>	<b>12,906,468</b>	<b>14.8%</b>	<b>\$27.66</b>	<b>2.3%</b>	<b>532,551</b>
Commercial Blvd	2	183,137	7.4%	\$20.00	2.5%	3,227
Hallandale	-	-	-	-	-	-
Hollywood	3	499,645	11.3%	\$25.80	1.3%	2,324
NW Broward/Coral Springs	5	538,784	19.0%	\$21.57	3.8%	18,776
Pompano Beach	3	348,696	30.6%	\$22.44	15.4%	(922)
<b>SUBTOTAL</b>	<b>13</b>	<b>1,570,262</b>	<b>17.8%</b>	<b>\$22.68</b>	<b>5.5%</b>	<b>23,405</b>
<b>TOTAL</b>	<b>94</b>	<b>14,476,730</b>	<b>15.1%</b>	<b>\$27.02</b>	<b>2.7%</b>	<b>555,956</b>

# BROWARD BY THE NUMBERS

## OFFICE SUBMARKETS - CLASS B

Submarket	Buildings	Inventory (SF)	Direct Vacancy Rate (%)	Weighted Average Asking Rate NNN	Weighted Sublet	Sublet Vacancy	YTD Net Absorption
<b>4 MAJOR SUBMARKETS</b>							
Downtown Fort Lauderdale	10	836,817	5.6%	\$26.05	\$47.64	0.5%	(6,516)
Fort Lauderdale	10	1,470,345	20.1%	\$19.21	\$28.50	1.1%	(2,233)
Southwest Broward	7	606,873	12.4%	\$22.89	-	3.7%	51,190
Sawgrass Park	4	1,050,394	5.8%	\$20.32	-	2.5%	1,014
Cypress Creek	19	1,738,144	13.5%	\$15.92	\$29.95	2.9%	54,817
Plantation	14	1,197,966	14.1%	\$20.39	\$28.59	0.6%	(23,961)
<b>SUBTOTAL</b>	<b>64</b>	<b>6,900,539</b>	<b>12.8%</b>	<b>\$19.32</b>	<b>\$30.42</b>	<b>1.8%</b>	<b>74,311</b>
Commercial Blvd	-	-	-	-	-	-	-
Hallandale	4	477,402	12.5%	\$19.40	-	0.0%	14,388
Hollywood	4	273,649	21.5%	\$19.75	\$29.55	11.8%	954
NW Broward/Coral Springs	2	155,628	65.2%	-	-	0.0%	5,782
Pompano Beach	10	650,196	21.6%	\$15.49	\$22.50	5.1%	(76,263)
<b>SUBTOTAL</b>	<b>20</b>	<b>1,556,875</b>	<b>23.1%</b>	<b>\$17.36</b>	<b>\$25.99</b>	<b>4.2%</b>	<b>(55,139)</b>
<b>TOTAL</b>	<b>84</b>	<b>8,457,414</b>	<b>14.7%</b>	<b>\$18.75</b>	<b>\$28.91</b>	<b>2.3%</b>	<b>19,172</b>

# BROWARD SUBMARKETS



# ABOUT US

Founded in 2009, Blanca Commercial Real Estate has advised clients and executed in the leasing and sales of approximately 12.5 million square feet of transactions and has consistently maintained no less than a ~30% share of the office-leasing transactions-market in Miami-Dade County, annually since 2016.

We are Florida's leading independently-owned commercial real estate services firm, known for customizing solutions that drive success for our clients while giving back generously to the community and industry we serve.

Our vision is to deliver outstanding results for our clients by leveraging our superior market intelligence, data-driven research, carefully customized strategies, and excellence in service. Our differentiators, including our client-first approach and our passion, have contributed to our phenomenal growth and continued success on behalf of our clients.

Our services include tenant representation, landlord representation, investment sales, property management, and consulting services including new office and mixed-use developments.

# DISCLAIMER

This research is for our clients only, and is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate. This research does not constitute a recommendation to make a specific business decision, nor take into account particular objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek additional professional advice, including tax advice. The price and value of space for lease referred to in this research fluctuates. Past performance, rental, and vacancy rates are not a guide to future performance, rental and vacancy rates. And the listed asking rental rates are not guaranteed.



B L A N C A

Licensed Real Estate Broker

Blanca Commercial Real Estate, Inc.  
1450 Brickell Avenue, Suite 2060, MIAMI, FL 33131  
701 Waterford Way, Suite 160, Miami, FL 33126  
201 East Las Olas Blvd., Suite 1050, Ft. Lauderdale, FL 33301  
305.577.8850 | [www.blancacre.com](http://www.blancacre.com)