

2024  
Q2

# Broward Office

## MARKET REPORT

### ABSORPTION & VACANCY

In the second quarter of 2024, net absorption of office space was slightly negative at -87,690 s.f. This is still well below the national average, but the trend of tenants downsizing to lower occupancy costs and hybrid work schedules has pushed down demand in general.

Most new absorption has been in Class A and A+ office buildings built in the last 10 to 15 years. Limited existing supply in this asset class is expected to result in tighter vacancy rates and higher rent growth. In fact, three-year rent growth forecasts for four and five-star properties in the greater Fort Lauderdale area are projected to outperform the U.S. average, with a slight increase of approximately 1% compared to a decline of over 1% nationally. While the highest class buildings will reap the benefits of these trends, the Class C and B buildings will show weaker fundamentals in the foreseeable future.

There has been very little new office construction in Broward since 2019, which is keeping inventory in check and helping to avoid heavily negative absorption. Despite some headwinds economic slowdowns, high interest rates, and the increasing availability of sublease space Broward County's office market continues to outperform most of the U.S. on key measures.

#### KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	23,451,993	13.8%	\$46.92	19.8%	27,740	0	183,000
3 Star	31,003,998	9.4%	\$33.22	12.6%	(69,035)	0	12,000
1 & 2 Star	20,991,376	5.1%	\$31.44	6.2%	(46,395)	0	0
<b>Market</b>	<b>75,447,367</b>	<b>9.6%</b>	<b>\$37.01</b>	<b>13.0%</b>	<b>(87,690)</b>	<b>0</b>	<b>195,000</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.3%	9.8%	9.7%	12.7%	2009 Q4	6.4%	2006 Q3
Net Absorption SF	552K	624,345	83,606	3,098,737	2005 Q1	(1,210,772)	2020 Q3
Deliveries SF	419K	878,709	208,441	3,007,815	2001 Q4	7,907	2013 Q3
Market Asking Rent Growth	3.0%	2.5%	1.4%	10.5%	2006 Q4	-8.4%	2009 Q3
Sales Volume	\$440M	\$658.4M	N/A	\$1.3B	2016 Q4	\$99.8M	2009 Q3

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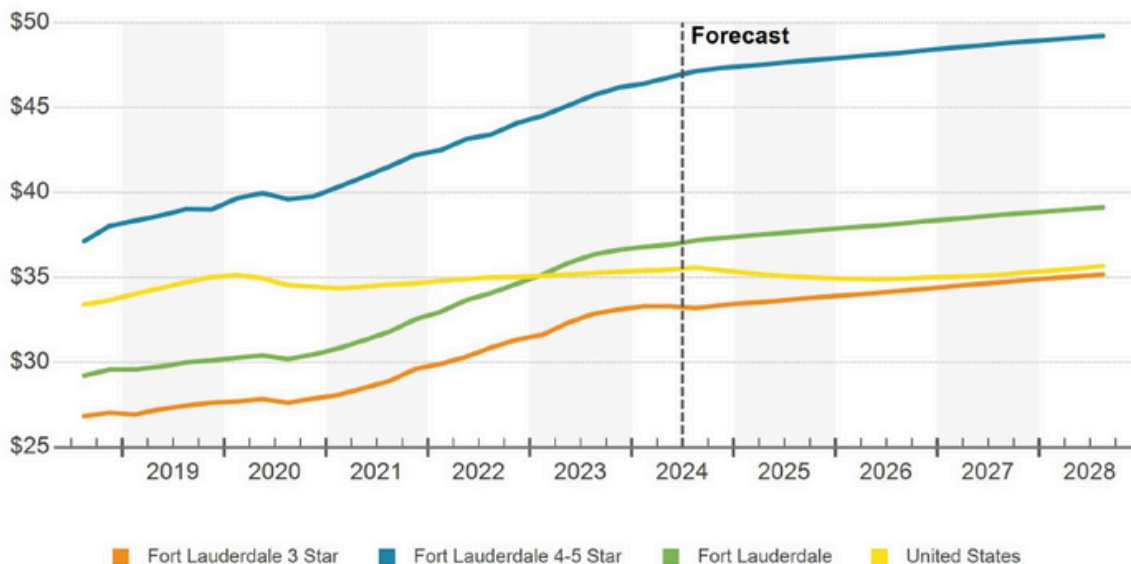
## ASKING RENT PER SF

Office rents have increased 3% in the 3rd quarter of the year, beating the national average of 1.1% growth. This is the 5th highest rental growth rate in the U.S. However, with South Florida's inflation rate being twice the national inflation rate, real gains could be considered to be lower. Rate increases are currently concentrated in top-tier, four and five-star properties, which have experienced year-to-date gains of 3.8% in the third quarter. Three-star office buildings have seen more modest gains of 2.5% during the same period.

Only 10% of Broward's office inventory were built since 2010. The scarcity of new, high-quality buildings in the region has enabled these assets to command premium rental rates. In fact, asking rents for properties built after 2010 are 20% higher than the overall market average.

Recently completed office properties such as 1895 Tyler Street and Atlantic Village Professional Center are commanding asking rents between \$44 and \$55 per square foot, triple net. High-amenity office towers like The Onyx Tower have even higher quoted full-service asking rents exceeding \$60 per square foot. Conversely, older four and five-star office properties typically have asking rents ranging from \$30 to \$40 per square foot, other than those on Las Olas Boulevard in the CBD.

MARKET ASKING RENT PER SQUARE FEET



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# TOP SALES

## MARKET REPORT



### Part of Mixed Use Portfolio Sale

Address: 1515 - 1555 SE 17th St., Fort Lauderdale, FL  
Sale Price: \$48,500,000  
Price/SF: \$577.17  
Building Size: 84,030 SF



### Part of Mixed Use Portfolio Sale

Address: 3601 SW 160th Ave., Miramar, FL  
Sale Price: \$12,060,000  
Price/SF: \$124.40  
Building Size: 96,984 SF



### Part of Mixed Use Portfolio Sale

Address: 2801 SW 149th Ave., Miramar, FL 33027  
Sale Price: \$11,470,000  
Price/SF: \$120.34  
Building Size: 95,283 SF



### Part of Mixed Use Portfolio Sale

Address: 3401 SW 160th Ave., Miramar, FL  
Sale Price: \$10,830,000  
Price/SF: \$114.33  
Building Size: 94,691 SF

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# TOP LEASES

## MARKET REPORT



### Greenberg Traurig

- 401 E. Las Oas Blvd., Fort Lauderdale, FL
- 48,790 SF
- Renewal



### Cigna Healthcare

- 1571 Sawgrass Corporate Pkwy., Sunrise, FL
- 47,879 SF
- Renewal



### MSC Cruises

- 6451 N. Federal Hwy., Fort Lauderdale, FL
- 33,827 SF
- New Lease



*“Broward office vacancy is up to 9.6%, but still well below the national average. There is still a flight to quality, with most demand focused on Class A & A+ buildings built in 2010 and later.”*

**-Lloyd Berger, SIOR,  
President**