



# 3Q13

## FORT LAUDERDALE-BROWARD COUNTY OFFICE MARKET

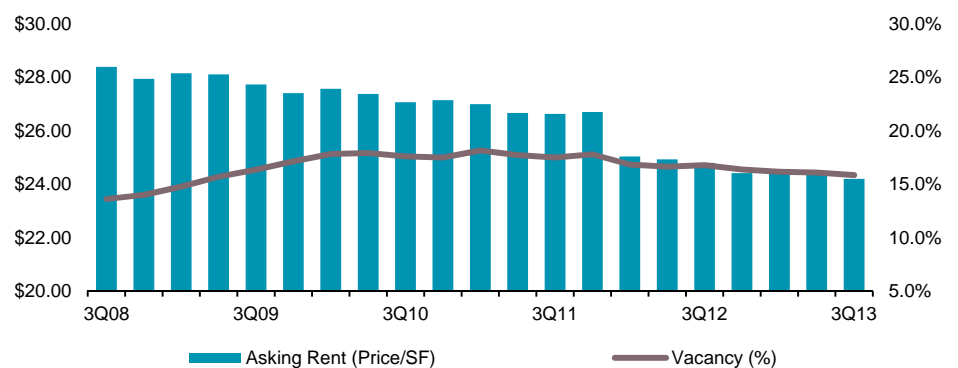
**Newmark Grubb Knight Frank**

### THE SLOW ROAD TO RECOVERY PROGRESSES

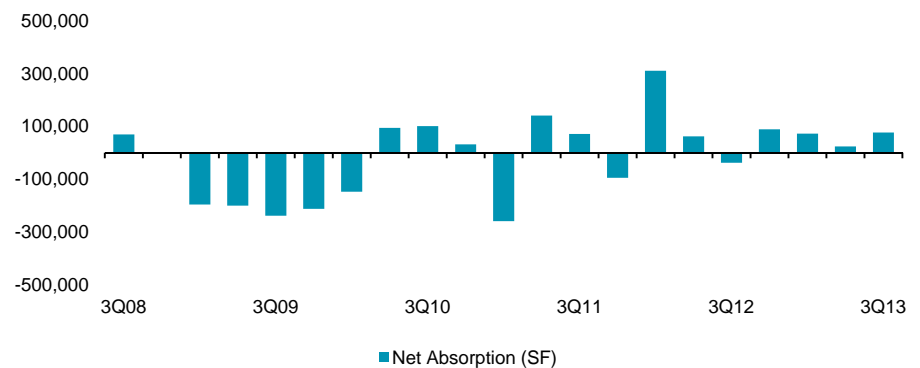
Fort Lauderdale's office market experienced moderate improvements in the third quarter of 2013, as all signs point to another year of so-so growth. Vacancy inched downward 30 basis points from the second quarter to 15.8% – 100 basis points lower than the 16.8% reported a year ago. Demand continued to chip-away at the supply brought back during the great recession as occupancy reached levels last seen during mid-year 2009. Expansions, relocations and renewals ruled tenant movement as growth in new office requirements remained minimal and the flight-to-quality trend continued with companies taking advantage of higher-end space opportunities.

Farmers Insurance inked a deal to move to the Class A Royal Palm at Southpointe in Plantation. The company's relocation – slated for first quarter of 2014 – will be a reduction of 37,000 square feet from their current Class B facility in the Southwest Broward submarket. Whole Foods expanded into 13,000 square feet at Bayview Corporate Tower while USI Insurance signed a deal to relocate from Broward Trade Center in Cypress Creek to Coastal Tower along the Federal Highway Corridor in Fort Lauderdale's suburban submarket. The largest vacancy of the quarter was Bank of America's final stage move-out of 43,500 square feet at Crown Center in Cypress Creek. Hence, Class A space dominated market activity with over 115,000 square feet of positive net absorption for third quarter while Class B

**Asking Rent and Vacancy**



**Absorption**



**Key Indicators**

Total Inventory (SF)	31,795,687		
	<b>3Q13</b>	<b>2Q13</b>	<b>3Q12</b>
Asking Rent (Price/SF)	\$24.20	\$24.40	\$24.79
Vacancy Rate (%)	15.8%	16.1%	16.8%
Under Construction (SF)	0	0	0
	<b>3Q13</b>	<b>2Q12</b>	<b>YTD</b>
Net Absorption (SF)	76,169	23,218	171,058
Deliveries (SF)	0	0	0



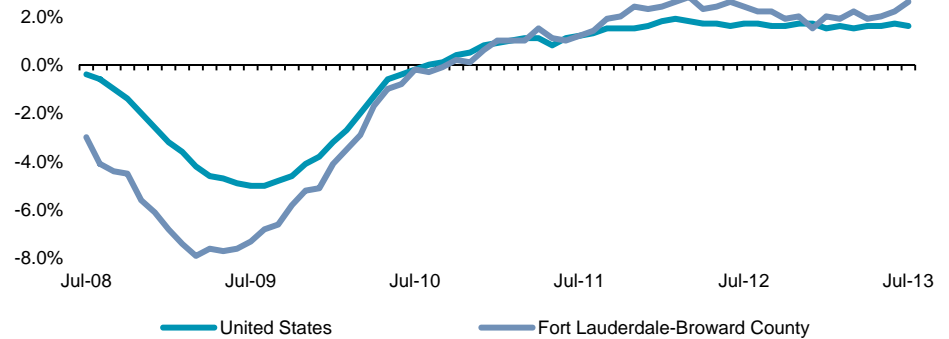
space saw negative absorption totaling 39,600 square feet.

The overall average asking rental rate continued to push downward with a \$0.20 drop from the \$24.40/sf gross rate recorded in the second quarter. This can be attributed to added lower-tier Class B and Class C availabilities having more of an impact on the weighted asking rates than an actual change in quoted rents. The Class A average saw a slight increase of \$0.06 from the \$28.94/sf gross rate quoted during the previous quarter.

The downsizing of Farmers Insurance coupled with the recent announcement of Research In Motion (Blackberry) being sold to a Canadian group could have some negative impacts in the upcoming quarters. The improving residential sector remains promising for the Florida markets, but economic uncertainty hovers as government feuding continues in Washington, D.C. Little change is projected for the remainder of 2013 and slow growth will likely spill over into the first half of 2014 for the office sector.

### Payroll Employment

Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

### Construction and Deliveries

Square Feet, millions



### Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Farmer's Insurance	Royal Palm @ Southpointe II-900 S Pine Island	Plantation	58,461
Sentry Data Systems	800 Fairway Dr	Pompano Beach	20,615
USI Insurance	Coastal Tower-2400 E Commercial Blvd	Commercial Blvd	17,400
Online Vacation Center	Riverbend B-2301 W Broward Blvd	Fort Lauderdale Suburban	17,225
Arnstein & Lehr LLP	New River Center-200 E Las Olas Blvd	Downtown-CBD	16,447
Comprehensive Health Care	Bayview Corporate Center-6451 N Federal Hwy	Fort Lauderdale	14,851

### Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
Lakeside Office Ctr-600 N Pine Island	Plantation	129,375	\$21,500,000	\$166
Hillsboro Exec Ctr-350 Fairway Dr	Pompano Beach	98,128	\$4,931,913	\$50
Prospect Park	Commercial Blvd	68,337	\$5,319,352	\$78
1391 NW 136 <sup>th</sup> Ave	Sawgrass Park	64,241	\$13,250,000	\$206



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
<b>Ft. Lauderdale CBD</b>	<b>5,368,774</b>	<b>0</b>	<b>17.0%</b>	<b>61,907</b>	<b>168,321</b>	<b>\$33.09</b>	<b>\$25.21</b>	<b>\$31.80</b>
Commercial Blvd	1,615,465	0	17.1%	-13,971	16,370	\$22.64	\$19.93	\$19.77
Cypress Creek	4,389,841	0	14.6%	-44,943	-82,218	\$28.70	\$18.72	\$22.37
Ft. Lauderdale Suburban	3,330,713	0	18.1%	11,302	22,927	\$26.47	\$20.96	\$21.73
Hallandale	460,866	0	16.8%	-7,014	-11,557	\$37.25	\$24.78	\$24.95
Hollywood	2,545,554	0	13.5%	2,169	-14,681	\$27.68	\$22.87	\$23.22
NW Broward/Coral Springs	1,867,382	0	20.2%	11,852	43,627	\$22.66	\$16.43	\$19.12
Plantation	3,409,918	0	16.1%	29,028	1,431	\$28.77	\$19.37	\$21.83
Pompano Beach	2,669,522	0	19.1%	-2,523	7,137	\$25.05	\$19.26	\$20.39
Sawgrass Park	2,786,740	0	13.8%	26,011	-8,792	\$25.84	\$22.01	\$25.56
SW Broward	3,350,912	0	10.8%	2,351	28,493	\$30.30	\$20.99	\$29.08
<b>Suburban Total</b>	<b>26,426,913</b>	<b>0</b>	<b>15.6%</b>	<b>14,262</b>	<b>2,737</b>	<b>\$27.13</b>	<b>\$19.75</b>	<b>\$22.49</b>
<b>Totals</b>	<b>31,795,687</b>	<b>0</b>	<b>15.8%</b>	<b>76,169</b>	<b>171,058</b>	<b>\$29.00</b>	<b>\$20.00</b>	<b>\$24.20</b>



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## Glossary of Terms

### Absorption

A measure of the change in occupied space

### Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

### Deliveries

The total RBA of properties added to the inventory once construction has been completed

### Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

### Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

### Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

### Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

### Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

### Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

### Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

### Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet in total rentable building area. Owner occupied buildings are not included in the inventory.

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