

MarketWatch: Broward County

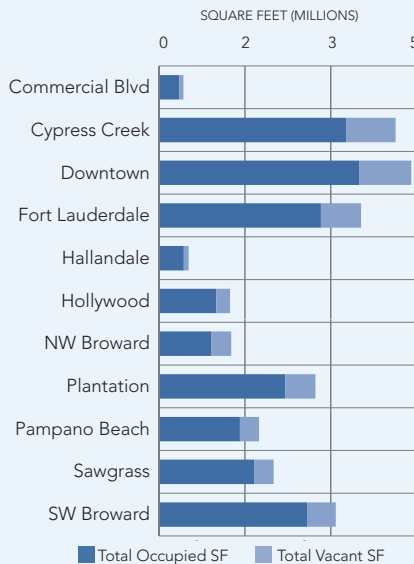
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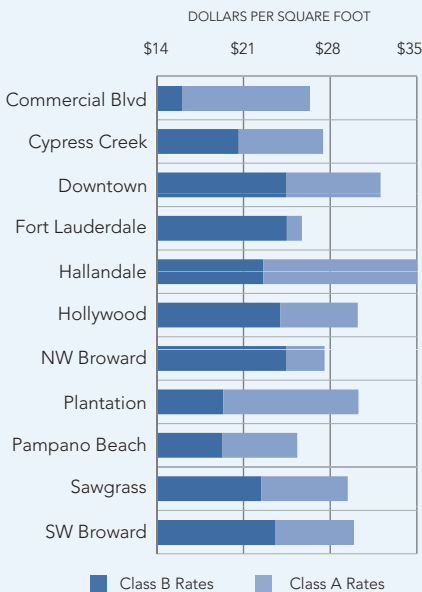
OFFICE MARKET TRENDS SECOND QUARTER 2011

Submarkets at a Glance

Size Comparison



Average Rental Rates



Methodology

The information in this report is the result of Transwestern's ongoing analysis of Broward County's key for-lease office properties. We compile our quarterly statistics based on a defined inventory of Class "A" and "B" multi-tenant office buildings of approximately 20,000 square feet or more in size.

Economic Conditions

- As of the end of May, the Fort Lauderdale region's unemployment level fell to less than 9% for the first time in nearly two years
- With the help of local incentives through the City of Fort Lauderdale, cigar manufacturer Altadis USA opted to renew their lease at Cypress Financial Center and announced plans to add 55 additional high-paying jobs
- After securing the Florida Quick Reponse Training Grant, Great Healthworks announced plans to create 346 new jobs over the course the next two years

Rental Rates and Concessions

- Broward's average asking rates of \$26.22 per square foot are almost \$4 less than in Miami-Dade County, an advantage as companies today are more willing to relocate in order to achieve significant cost savings
- Overall average rental rates remain flat after seeing a slight increase of 2.0% during the first quarter of 2011
- Although some landlords have successfully begun to reduce the amount of concessions needed to secure tenants, the overall softness of the market means free rent and other inducements will continue for the next 9 to 12 months at least

Vacancy and Absorption

- No new office deliveries for more than a year and no speculative projects planned means that the Broward office market will experience a more rapid shift from oversupplied to tight as demand continues to rise
- Downtown Fort Lauderdale's Class A sector led the market in terms of positive absorption, and strong occupancy gains were also recorded in Cypress Creek, Hollywood, and Southwest Broward

Leasing Activity

- Despite – or perhaps because of – current soft office market conditions, leasing activity throughout Broward continues to increase as tenants leverage landlord competition to their advantage
- The "flight to quality" trend is evidenced in the Class A sector outpacing older properties in terms of absorption – historically Class B tenants can now afford to upgrade their space

Investments

- With more and more capital waiting to be placed in a solid investment like stabilized office assets, the volume of Broward County investment sales rose for the third consecutive year
- Bank of America Tower at Las Olas City Centre is under contract and expected to trade for close to \$400 per square foot, indicating investor desire for high-quality, well-located and well-leased properties – the building last sold in 2005 for \$327 per square foot

CURRENT STATISTICS		Total Inventory SF	Direct SF Vacant	Direct Vacancy Rate	Sublease SF	Total SF Available	Overall Availability Rate	2Q2011 Net Absorption	SF Under Construction	Average Quoted Rental Rate PSF (full service)
Submarket										
URBAN SUBMARKETS										
Ft. Lauderdale DT	Class A	3,823,853	833,444	21.8%	40,093	873,537	22.8%	108,339	0	\$32.07
	Class B	1,075,912	141,610	13.2%	0	141,610	13.2%	-5,035	0	\$24.48
	Overall	4,899,765	975,054	19.9%	40,093	1,015,147	20.7%	103,304	0	\$31.06
SUBURBAN SUBMARKETS										
Commercial Blvd	Class A	173,768	33,865	19.5%	0	33,865	19.5%	-1,332	0	\$26.33
	Class B	298,888	44,074	14.7%	0	44,074	14.7%	-7,919	0	\$16.03
	Overall	472,656	77,939	16.5%	0	77,939	16.5%	-9,251	0	\$19.96
Cypress Creek	Class A	2,077,824	423,672	20.4%	21,149	444,821	21.4%	27,549	0	\$27.43
	Class B	2,517,448	441,896	17.6%	75,917	517,813	20.6%	12,635	0	\$20.61
	Overall	4,595,272	865,568	18.8%	97,066	962,634	20.9%	40,184	0	\$23.94
Ft. Lauderdale	Class A	925,185	226,390	24.5%	19,090	245,480	26.5%	-46,774	0	\$25.72
	Class B	2,997,744	526,727	17.6%	8,209	534,936	17.8%	4,041	0	\$24.50
	Overall	3,922,929	753,117	19.2%	27,299	780,416	19.9%	-42,733	0	\$24.83
Hallandale	Class A	171,260	44,035	25.7%	0	44,035	25.7%	-14,161	0	\$35.00
	Class B	402,042	48,485	12.1%	0	48,485	12.1%	1,896	0	\$22.59
	Overall	573,302	92,520	16.1%	0	92,520	16.1%	-12,265	0	\$30.05
Hollywood	Class A	335,132	31,074	9.3%	0	31,074	9.3%	-2,249	0	\$30.23
	Class B	1,043,239	223,730	21.4%	13,746	237,476	22.8%	21,988	0	\$23.96
	Overall	1,378,371	254,804	18.5%	13,746	268,550	19.5%	19,739	0	\$25.10
NW Broward	Class A	528,825	161,780	30.6%	6,958	168,738	31.9%	-35,254	0	\$27.55
	Class B	870,980	205,320	23.6%	7,665	212,985	24.5%	561	0	\$24.48
	Overall	1,399,805	367,100	26.2%	14,623	381,723	27.3%	-34,693	0	\$25.68
Plantation	Class A	1,730,090	351,267	20.3%	46,478	397,745	23.0%	422	0	\$30.29
	Class B	1,307,156	185,918	14.2%	0	185,918	14.2%	2,676	0	\$19.37
	Overall	3,037,246	537,185	17.7%	46,478	583,663	19.2%	3,098	0	\$26.51
Pompano Beach	Class A	306,043	110,980	36.3%	9,714	120,694	39.4%	-2,261	0	\$25.34
	Class B	1,636,942	236,327	14.4%	16,186	252,513	15.4%	4,639	0	\$19.30
	Overall	1,942,985	347,307	17.9%	25,900	373,207	19.2%	2,378	0	\$20.91
Sawgrass Park	Class A	1,581,655	225,981	14.3%	0	225,981	14.3%	-26,102	0	\$29.42
	Class B	644,397	143,233	22.2%	10,048	153,281	23.8%	-360	0	\$22.45
	Overall	2,226,052	369,214	16.6%	10,048	379,262	17.0%	-26,462	0	\$27.24
SW Broward	Class A	1,823,508	344,810	18.9%	16,501	361,311	19.8%	15,597	0	\$29.95
	Class B	1,608,302	190,246	11.8%	6,529	196,775	12.2%	30,358	0	\$23.57
	Overall	3,431,810	535,056	15.6%	23,030	558,086	16.3%	45,955	0	\$27.63
SUBURBAN SUBMARKETS TOTAL										
Suburban	Class A	9,653,290	1,953,854	20.2%	119,890	2,073,744	21.5%	-84,565	0	\$29.60
	Class B	13,327,138	2,245,956	16.9%	138,300	2,384,256	17.9%	70,515	0	\$22.32
	Overall	22,980,428	4,199,810	18.3%	258,190	4,458,000	19.4%	-14,050	0	\$25.21
BROWARD COUNTY TOTAL										
TOTAL	Class A	13,477,143	2,787,298	20.7%	159,983	2,947,281	21.9%	23,774	0	\$29.68
	Class B	14,403,050	2,387,566	16.6%	138,300	2,525,866	17.5%	65,480	0	\$22.30
	Class A & B	27,880,193	5,174,864	18.6%	298,283	5,473,147	19.6%	89,254	0	\$26.22

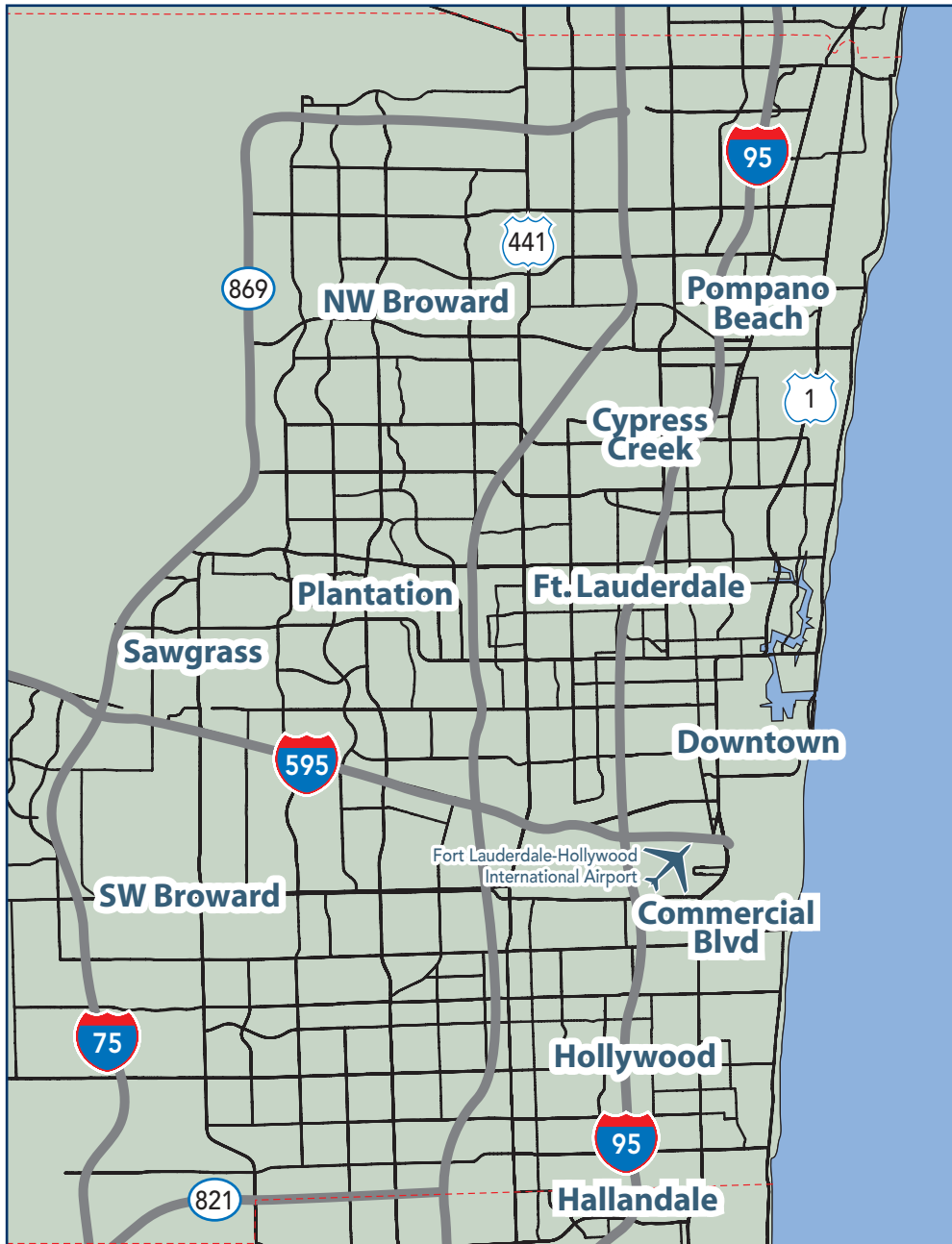
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Broward County Office Submarkets



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Market Highlights

Fort Lauderdale is located in the middle of the Tri-County South Florida metropolitan area, which extends from Boca Raton and Palm Beach on the north down to Miami and Kendall to the south. Together, the area is home to more than 5.4 million residents and is one of the world's top tourist destinations as well.

The Fort Lauderdale and surrounding Broward County markets of Plantation, Sawgrass Park, Cypress Creek, Sunrise, Hollywood, and Pembroke Pines enjoy a robust, diversified business climate. A strong infrastructure, anchored by Port Everglades and the Fort Lauderdale-Hollywood International Airport, as well as the economic advantages offered by no or low tax structures and multiple free trade zones, have cemented Broward County's position as "the place to be" when it comes to doing business on a global scale.

With its growing population base, pro-business climate, abundant area amenities, and an outstanding quality of life, Fort Lauderdale and Broward County will continue to attract businesses, both big and small. With the South Florida and US economy now showing increasing momentum in terms of a recovery, the area is expected to once again outperform the nation in terms of job growth and other economic indicators.

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