

Fort Lauderdale

Office market snapshot | Q2 2024

In the second quarter of 2024, the office market in Fort Lauderdale continues to have lackluster performance. The market experienced just over 100,000 square feet of positive absorption, the total vacancy rate decreased slightly by 20 basis points and there is nearly 400,000 square feet of new construction underway.

1.3 msf

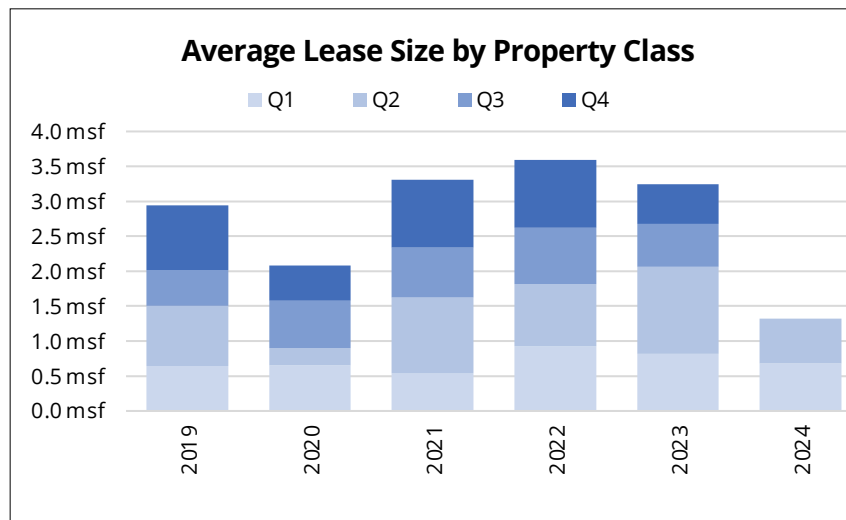
Office leasing activity slows through the first half of 2024 as tenants navigate economic uncertainties.

16.6%

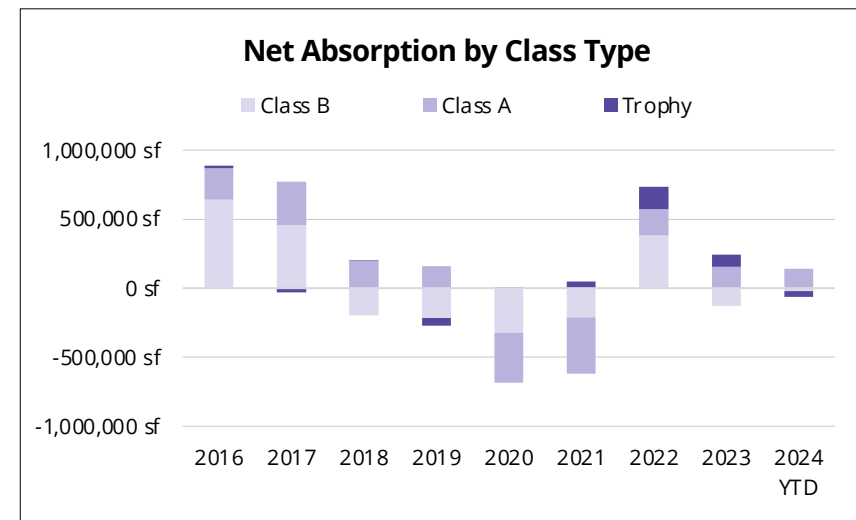
The vacancy rate has remained stabilized year-over-year at 16.6%.

\$135 psf

Office buildings in Fort Lauderdale trade at a discount, averaging \$135 per square foot during the second quarter.



The Fort Lauderdale office market has witnessed a significant decline in leasing activity this year compared to 2023. First half leasing activity reached 1.3 million square, a -48.3% compared to the first half of 2023. This confirms a slowdown in the office leasing market, which is attributed to continued uncertainty in the economy, and evolving return to office policies.

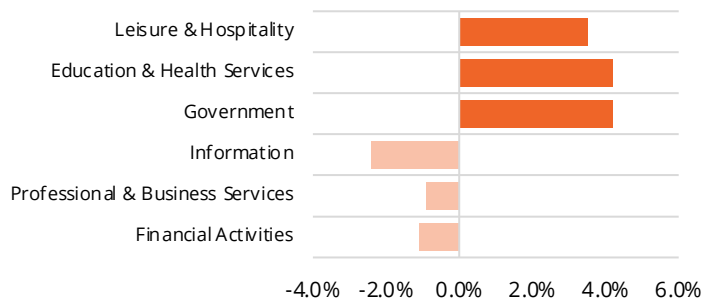


In the second quarter of 2024, the office market recorded just over 108,000 SF of positive net absorption with the largest move-in of the quarter being Jazzwares occupying their 132,638 SF space at 7850 SW 6th Ct – South Pointe I. The ongoing trend towards quality space paired with amenities has enabled Class A assets to draw tenant demand, despite a slow beginning to the year.

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YTD Change in Office Using Jobs

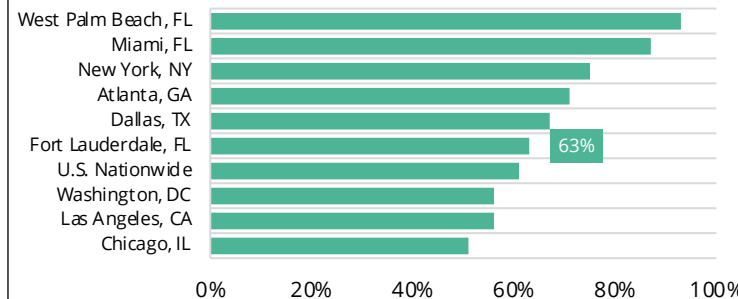


Overall job growth remains positive

Employment growth remains strong in Fort Lauderdale, up 2.3% year-over-year. Top sectors experiencing job growth include the leisure & hospitality, education & health services, as well as the government sector. The traditionally strong sectors such as information, professional & business services, and financial activities have experienced a slight decrease in employment year-over-year.

Return to office recovery

■ Percent of office recovery compared to Jan 2020

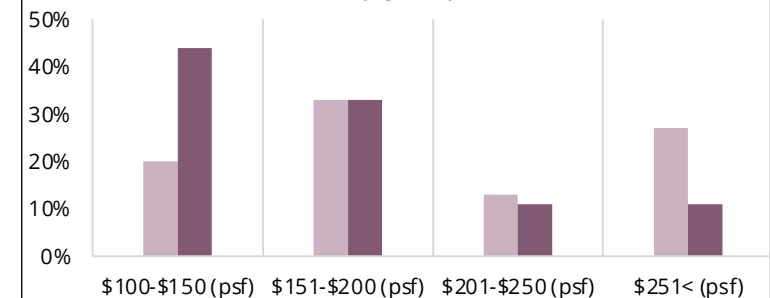


Return to office begins to stabilize

The Fort Lauderdale office market ranks sixth among top cities in return-to-office efforts. Compared to January 2020, the market has achieved a 63% recovery. Year-over-year, it has improved by 4%, indicating stabilization in office visitation. All three tri-county markets in South Florida have experienced significant recovery in office utilization, indicating that companies are effectively enforcing some kind of a return-to-office policy.

Office Valuations Adjust to Market Conditions

■ 2023 ■ 2024



Office assets are trading at a discount

Office valuations continue to evolve as the capital markets environment remains unstable with the Federal Reserve holding interest rates steady through the halfway point in 2024. Transaction activity year-to-date totals are dismal with only \$115 million in sales volume, compared to \$231 million in 2023. During the second quarter, office sales transactions averaged a price of \$135 per square foot.

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Location	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (2Q24)	Net absorption (YTD)	Annual direct asking rent psf FS
Cypress Creek	6,733,226	-	-	15.1%	1.8%	16.9%	1.6%	(63,820)	(71,127)	\$33.33
Downtown Fort Lauderdale	5,829,082	-	348,640	15.3%	0.8%	16.1%	(2.8%)	(12,633)	65,392	\$52.74
Plantation	4,501,326	-	-	13.3%	0.4%	13.7%	(4.0%)	138,604	162,678	\$36.99
Southwest Broward	4,433,605	-	-	11.1%	2.2%	13.3%	(0.9%)	(700)	(21,847)	\$38.12
Sawgrass Park	3,026,378	-	-	22.0%	1.0%	23.1%	5.6%	(43,596)	(139,587)	\$35.76
Pompano Beach/Deerfield Beach	2,198,258	-	-	12.8%	1.3%	14.1%	4.9%	106,953	77,110	\$33.91
Central Broward	2,024,829	-	-	18.9%	1.1%	20.0%	2.2%	(38,030)	(35,811)	\$32.48
Hollywood	1,979,882	-	-	11.1%	1.8%	12.9%	-	(8,217)	8,034	\$40.95
Northwest Broward	1,541,848	-	-	13.4%	2.0%	15.3%	1.0%	32,674	30,123	\$30.93
Hallandale	941,558	111,756	50,000	33.8%	0.1%	33.9%	7.2%	(2,400)	585	\$52.81
Market total	33,209,992	111,756	398,640	15.3%	1.3%	16.6%	-	108,835	75,550	\$39.19

Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Greenberg Traurig	401 E Las Olas	49,000	Renewal	Direct
HCFS	1643 NW 136th Ave	38,906	Renewal	Direct
MCS Cruises	6451 N Federal Hwy	33,827	New	Direct
Dept. of Children & Families	1901 W Cypress Creek Rd	25,775	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
IMC Equity Group	Sawgrass Tech Park	\$49,000,000	\$93	Bridge Investment
YMP Real Estate	3601 SW 160th Ave	\$12,064,946	\$124	Starwood
YMP Real Estate	2801 SW 149th Ave	\$11,466,245	\$120	Starwood
YMP Real Estate	3401 SW 160th Ave	\$10,826,022	\$114	Starwood