

FIGURES | BROWARD OFFICE | Q1 2023

# First quarter of the year kicks off with positive absorption

▼ 19.0%  
Total Vacancy Rate

▶ 101,950  
SF Quarterly Net Absorption

▶ 59,756  
SF Construction

▲ \$24.82  
NNN / Lease Rate

Note: Arrows indicate change from previous year.

## OVERVIEW

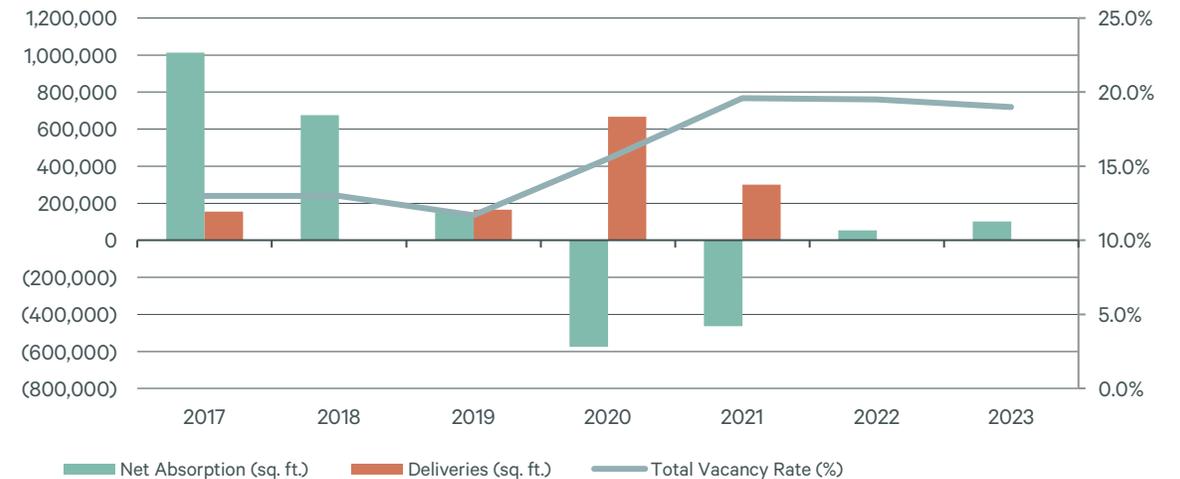
- Total office vacancy has decreased to 19.0% compared to 20.7% in Q1 2022, while direct vacancy is down to 17.2%.
- Available sublease space has increased by 50,000 square feet from the previous quarter.
- Asking rents in the county are up by 6.4% compared with pre-pandemic levels.
- Investment activity remains limited with only 59,756 square feet under construction in 2023 and limited quality building trades.

Broward County started the year with all indicators trending positive:

- Absorption is 101,950 square feet in 2023
- Direct availability fell 371 basis year-over-year to 20.3%
- Sublease availability fell 30 basis points year-over-year to 3.0%, and
- Rents increased slightly to \$24.82 per square foot.

While not all these swings were significant, to start the year positive across the board shows the current strength and resiliency of this market.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE.com

## AVAILABILITY

Office vacancy has decreased by 50 basis points quarter-over-quarter with availability rate hovering at 23.3% thanks to some large tenant move-ins in the suburbs and sublease space being taken back to be utilized. The Plantation submarket had the highest net absorption due to First Service Residential and Crown Castle occupying approximately 96,000 square feet at Plantation Corporate Center I. Uniforms Advantage withdrew their 56,000 square feet sublease listing at Tower 101. Ford Motor Company expanded by 22,000 square feet at Sawgrass Pointe II.

As a result, Downtown and the suburbs contributed 63,470 square feet and 38,480 square feet, respectively.

## SUBLEASE

Available sublease space has increased by 50,000 square feet from the previous quarter. However, the total available sublease is down by 30 basis points year-over-year.

The increase in the sublease inventory were due primarily to 62,000 square feet listing by Carnival at Huntington Square I and 26,000 square feet listing by Benefytt Technologies at Hotwire Tech Center.

## PRICING

Countywide rents continue to tick upwards, albeit at a slow pace. Asking rents in the county are up by 6.4% compared with pre-pandemic levels. Class A rents in the CBD increased 0.6% year-over-year to \$34.44 per square foot.

## SALES ACTIVITY

Masa Global sold the 61,362 square foot office building known as Cornerstone Five located at 1250 South Pine Island Road in Plantation to Douglas Anthony Perera, Jr. for \$14.38 million, or approximately \$234 per square foot.

This is another sign of the resiliency of the Broward office market

FIGURE 2: Statistical Snapshot

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q1 2023 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Cypress Creek	5,416,339	12.8%	15.7%	(25,758)	(25,758)	-	\$ 19.60
Fort Lauderdale CBD	4,768,723	18.6%	20.0%	63,470	63,470	-	\$ 34.44
NE Broward	1,403,533	13.8%	17.3%	19,502	19,502	-	\$ 22.03
NW Broward	936,552	23.7%	25.7%	1,992	1,992	-	\$ 21.27
Plantation	4,137,709	13.7%	14.0%	88,128	88,128	-	\$ 24.19
Sawgrass Park	3,013,383	22.2%	22.2%	2,091	2,091	-	\$ 22.90
SE Broward	2,416,462	25.5%	27.4%	15,404	15,404	59,756	\$ 23.68
SW Broward	2,870,674	15.2%	17.7%	(62,879)	(62,879)	-	\$ 24.12
Suburban Total	20,194,652	16.8%	18.7%	38,480	38,480	59,756	\$ 22.27
Total	24,963,375	17.2%	19.0%	101,950	101,950	59,756	\$ 24.82

FIGURE 3: Class A Fort Lauderdale CBD Statistical Snapshot

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q1 2023 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Trophy*	1,644,102	15.0%	15.9%	(3,343)	(3,343)	-	\$ 46.77
Class A	2,663,007	21.9%	23.5%	69,643	69,643	-	\$ 30.32
Total	4,307,109	19.3%	20.6%	66,300	66,300	-	\$ 34.91

**Note:** All spaces at The Main have been marked as fully occupied as of Q4 2022.

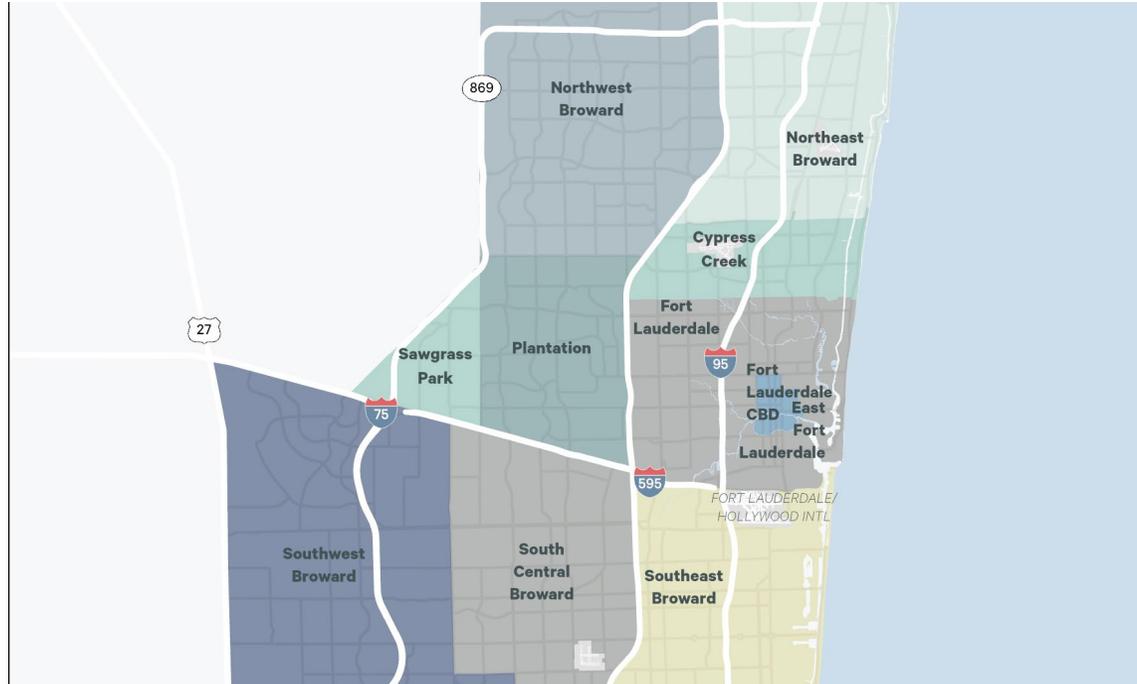
FIGURE 4: Class A Statistical Snapshot

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q1 2023 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Cypress Creek	2,241,012	14.1%	15.8%	(14,184)	(14,184)	-	\$ 22.40
FTL CBD	4,307,109	19.3%	20.6%	66,300	66,300	-	\$ 34.91
NE Broward	259,391	15.3%	30.8%	(3,416)	(3,416)	-	\$ 19.50
NW Broward	508,500	11.2%	15.0%	2,399	2,399	-	\$ 23.50
Plantation	2,274,025	14.5%	16.0%	93,116	93,116	-	\$ 26.56
Sawgrass Park	1,780,323	17.3%	17.3%	(2,453)	(2,453)	-	\$ 23.55
SE Broward	904,958	37.9%	41.2%	1,818	1,818	59,756	\$ 25.00
SW Broward	2,444,507	16.8%	19.8%	(66,094)	(66,094)	-	\$ 24.87
<b>Suburban Total</b>	<b>10,412,716</b>	<b>17.3%</b>	<b>19.6%</b>	<b>11,186</b>	<b>11,186</b>	<b>59,756</b>	<b>\$ 23.89</b>
<b>Total</b>	<b>14,719,825</b>	<b>17.9%</b>	<b>19.9%</b>	<b>77,486</b>	<b>77,486</b>	<b>59,756</b>	<b>\$ 27.33</b>

FIGURE 5: Class B Statistical Snapshot

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q1 2023 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Cypress Creek	3,175,327	11.9%	15.6%	(11,574)	(11,574)	-	\$ 16.75
FTLCBD	461,614	12.7%	15.1%	(2,830)	(2,830)	-	\$ 25.07
NE Broward	1,144,142	13.4%	14.3%	22,918	22,918	-	\$ 24.05
NW Broward	428,052	38.4%	38.4%	(407)	(407)	-	\$ 18.99
Plantation	1,863,684	12.8%	13.1%	(4,988)	(4,988)	-	\$ 21.60
Sawgrass Park	1,233,060	29.3%	29.3%	4,544	4,544	-	\$ 22.03
SE Broward	1,511,504	18.0%	19.2%	13,586	13,586	-	\$ 23.17
SW Broward	426,167	5.8%	5.8%	3,215	3,215	-	\$ 18.11
<b>Suburban Total</b>	<b>9,781,936</b>	<b>16.3%</b>	<b>17.8%</b>	<b>27,294</b>	<b>27,294</b>	<b>-</b>	<b>\$ 20.26</b>
<b>Total</b>	<b>10,243,550</b>	<b>16.1%</b>	<b>17.7%</b>	<b>24,464</b>	<b>24,464</b>	<b>-</b>	<b>\$ 20.39</b>

## Market Area Overview



## ECONOMIC OUTLOOK

Downstream consequences of the Fed’s tightening program are surfacing and signaling slower growth ahead. Specifically, trouble in the banking sector will likely weigh on even the strongest feature of the economy—the consumer—as banks limit lending to increase their own liquidity. This will erode demand for big-ticket items, such as housing and autos, but could also impede spending on services, which has been a key driver of job growth in recent months.

Meanwhile, other corners of the labor market, especially technology and corporate functions, are under pressure as hiring far exceeded revenue growth in recent years. Other operating challenges, such as inflation and cost of capital, are causing firms to shelve expansion plans and business investment is stalling. Like households, firms will certainly feel the pinch of constrained credit flows.

This risk-off environment points to a moderate recession this year. The impact on commercial real estate will be two-pronged—a weaker economy will slow NOI growth and tighter bank lending will limit investment activity. These conditions will likely accelerate and crystalize value loss in the office sector, but losses elsewhere will be less severe due to stronger fundamentals. The silver lining is that a faster slowdown in the economy will reduce inflation pressure later this year and allow the Fed to ease monetary policy, providing greater clarity to the real estate sector.

## Contact

### David J. Bateman

Managing Director  
+1 954 331 1722  
david.bateman@cbre.com

### Marc L. Miller

Associate Field Research Director  
+1 305 381 6428  
marc.miller1@cbre.com

### Kazi Homayun

Data Intelligence Analyst  
+1 954 745 5864  
kazi.homayun@cbre.com

**Survey Criteria:** Includes all competitive Class A and Class B office buildings 30,000 sq. ft. and greater in size in Broward County. Beginning Q1 2022, single tenant non-owner-occupied buildings have been added to the set and their inclusion is reflected historically in the data. Excludes: government and medical buildings.