

Fort Lauderdale

Office market snapshot | Q4 2023

Fort Lauderdale's office market demonstrated a strong performance in 2023, surpassing 3.2 million square feet of leasing activity. There was a continued increase in average asking rates that reached \$38.34 per square foot full-service. Additionally, the market showed resiliency amid prolonged economic challenges and achieved a positive annual net absorption of 14,156 square feet.

3.2 msf

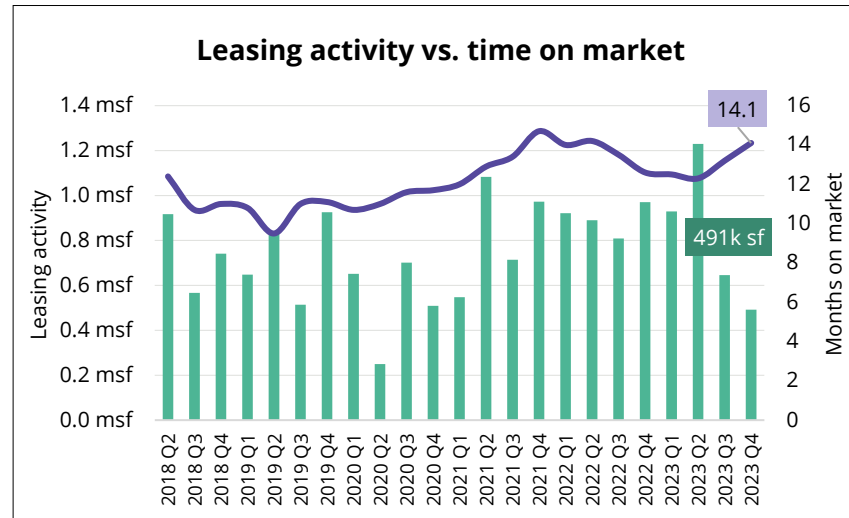
Fort Lauderdale witnessed a strong year of leasing activity, reaching 3.2 million square feet, with a slight decline in activity toward the end of 2023.

10.8%

Trophy asking rents surged 10.8% year over year as amenities, walkability, and building quality fuel tenant demand in these assets.

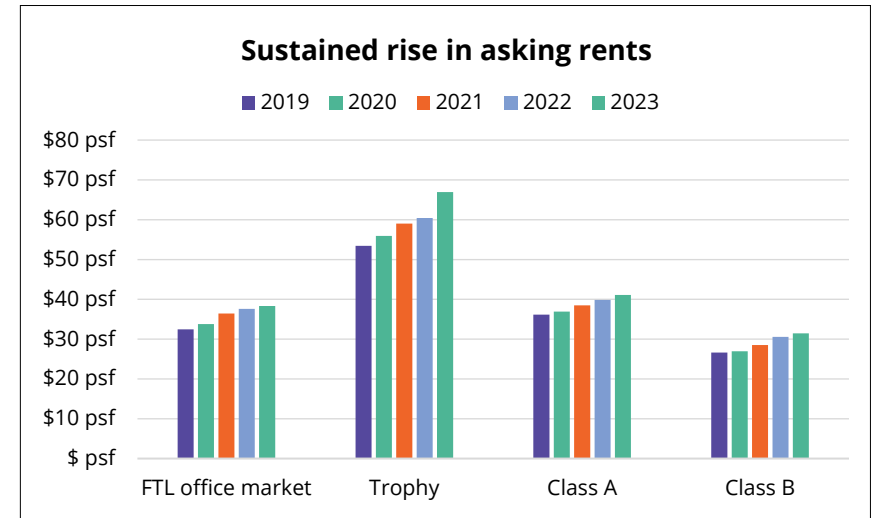
+49k sf

Fort Lauderdale ended the year with 49,891 square feet in positive absorption for the fourth quarter and positive 14,156 square feet for the year.



Amid persistent economic challenges, leasing activity experienced a decline for three consecutive quarters, reaching 491,000 square feet in the fourth quarter. Consequently, the duration of advertising for office listings extended to 14.1 months. While overall leasing volume declined, the prevailing trend driving this is the reduction in office footprints, with 76% of all leases in 2023 falling being below 10,000 square feet. With anticipated easing of economic policies in 2024, companies are expected to refocus on growth strategies, leading to increased demand for top-quality office spaces.

Sources: AVANT by Avison Young, Placer AI, CoStar, U.S. Bureau of Labor Statistics

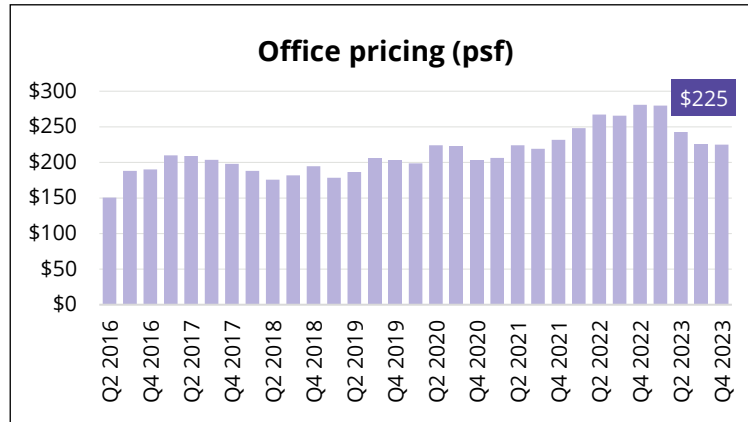


While leasing activity cooled, asking rate growth in Fort Lauderdale persisted across all building classes. The overall market witnessed a 1.9% year-over-year increase in asking rates to \$38.34 per square foot (FS). Notably, trophy assets led this growth with a remarkable 10.8% spike, fueled by robust tenant demand. Over the past five years, the market has seen an 18% surge in asking rents, with trophy assets experiencing a more substantial 25% increase, reaching \$66.96 per square foot (FS) during the same period.

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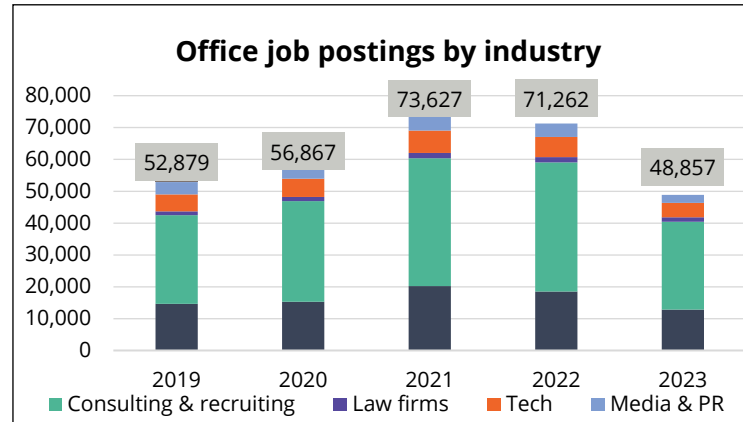
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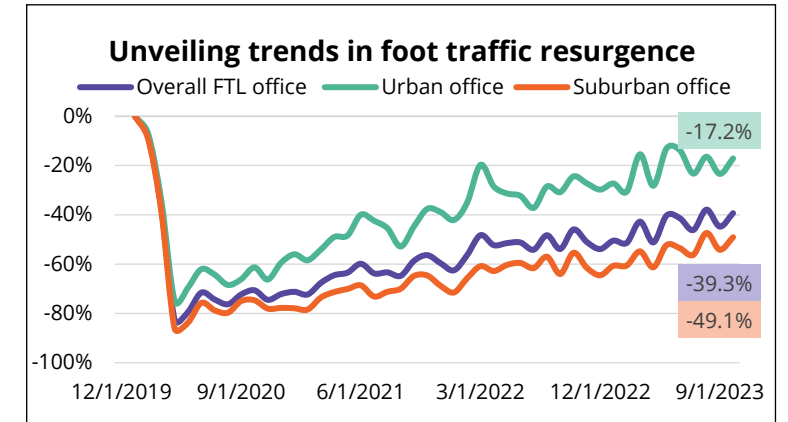
Buyers and sellers are divided on market valuation, navigating the challenges of price discovery

Office investment activity in 2023 was hampered by increased interest rates and restricted financing options. This situation compelled buyers and sellers to engage in price discovery to assess the market value of office assets. Despite ongoing efforts to return-to-office settings, the near future anticipates declining occupancy rates, contributing to a deflation on asset pricing. Fort Lauderdale's office price per square foot experienced a 20% decline, moving from the peak of \$281 per square foot in the fourth quarter of 2022 to \$225 per square foot one year later.



The Great Resignation impact wanes as job postings find stability

Office job postings in Broward county hit a five-year low, as companies implement cost-cutting measures to withstand prolonged economic challenges. Despite this, the consulting and recruiting sector led in office-related job postings in the fourth quarter, followed by the finance, insurance, and real estate sector. Remote job postings comprised 9% of all job listings, up from 3% in 2019. While the Fort Lauderdale market is positioned for success, the decline in job postings is anticipated to be temporary, with expectations that return-to-office mandates will lead to stronger near-term demand.



Fort Lauderdale's office revival, navigating the post-remote era

At the end of 2023, office visitation levels continued improving and were down by 39.3% compared to the same time in 2019, resulting in an overall recovery rate of 60.7%. Notably, urban offices led the return-to-office push, only down 17.2% from pre-pandemic levels. In contrast, suburban offices faced a stagnant resurgence, still encountering a 49.1% reduction in visitation compared to 2019. Alongside building amenities and quality, location proves advantageous in enticing employees back to the office, particularly as the younger workforce seeks a live, work, play environment.

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Cypress Creek	6,768,261	-	-	14.6%	2%	16.6%	2.04%	(62,980)	(210,622)	\$31.14
Downtown Fort Lauderdale	5,826,232	-	348,640	17%	0.9%	17.9%	(4.11%)	75,989	212,749	\$50.75
Plantation	4,501,326	-	-	16.5%	0.7%	17.2%	(1.38%)	14,133	64,132	\$35.39
Southwest Broward	4,377,277	-	-	10.8%	1.9%	12.7%	0.92%	21,222	(67,121)	\$38.48
Sawgrass Park	3,026,378	-	-	17.1%	1.9%	19%	(0.11%)	(15,065)	(6,780)	\$35.53
Hollywood	2,325,563	59,756	-	15%	1.8%	16.8%	(2.22%)	28,538	100,753	\$48.41
Pompano Beach/Deerfield Beach	2,195,707	-	-	14.8%	3.1%	17.9%	0.81%	(7,006)	(16,823)	\$33.54
Central Broward	2,024,829	-	-	17.8%	0.9%	18.7%	0.16%	5,414	(3,827)	\$32.59
Northwest Broward	1,603,111	-	-	12.8%	3.8%	16.6%	2.44%	(12,943)	(49,520)	\$31.73
Hallandale	544,425	-	154,950	14.8%	0%	14.8%	1.62%	2,589	(8,785)	\$34.45
Market total	33,193,109	59,756	503,590	15.2%	1.6%	16.8%	(0.4%)	49,891	14,156	\$38.34

Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
City of Fort Lauderdale	101 N.E. 3 rd Ave.	46,763	Renewal/Expansion	Direct
GQG Partners	350 E. Las Olas	23,381	New	Direct
Sentry Data Systems	800 Fairway Dr.	16,379	New	Direct
Cruise One	1201 W. Cypress Creek Rd.	15,923	Renewal	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Optimar International Realty	800 E. Cypress Creek Rd.	\$3,950,000	\$129	Samco Properties