

# SOUTH FLORIDA OFFICE MARKET

## Demand Outpaced Supply For Another Quarter

The second quarter of 2019 saw vacancy remain level from the previous quarter while dropping 70 basis points from one year ago to settle at 11.2%. Over the past seven years, the South Florida office market has seen demand outpace supply while only having one quarter where negative net absorption was recorded back in the fourth quarter of 2018. The 185,000 square feet absorbed in second-quarter 2019 brings year-to-date absorption to just under 327,000 square feet. This is a 63.3% uptick from the 200,000 square feet recorded one year ago. The need for higher-end space fell during the quarter, as the Class B sector led with almost 122,000 square feet of positive net absorption, compared with Class A properties' quarterly performance of 51,500 square feet. However, the Class A sector led in demand for the first half of 2019 with more than 221,500 square feet of positive net absorption, compared with lower-tier Class B and Class C properties combined total of 115,500 square feet of absorbed space. However, as asking rents in Class A buildings have increased significantly over the past 36 months, the lead has fluctuated between the upper- and lower-tier property classes, indicating that a shift from quality to cost could be on the horizon. The overall average asking rent continued to climb upward at a steady pace, with a year-over-year increase of \$1.29/SF to \$33.73/SF, another record level. Class A properties also climbed upward and ended the quarter just shy of the \$40.00/SF mark, increasing \$0.59/SF to \$39.90/SF from one year ago. This is the highest average recorded, pushing past the previous 2008 peak level of \$35.62/SF by just over 12.0%.

### LEASING AND DEMAND

Leasing activity rose slightly from previous quarterly levels, as more than 1.8 million square feet of deals were recorded in second-quarter 2019, bringing year-to-date transactions to more than 3.5 million square feet at the midyear point. This was a 9.3% increase from the 3.2 million square feet leased at this time one year ago. Class A space held on to the lead with 1.8 million square feet, while Class B trailed closely behind, accounting for almost 1.4 million square feet. Lower-tier Class C space continued to lag behind with just under 500,000 square feet of leasing activity reported during the first half of the year. The real estate industry held the number-one spot with 370,500 square feet of transaction activity, which can be attributed to the increased leasing of coworking space operators throughout the region. The professional and business services segment moved into the number-two spot with more than 187,000 square feet, while the medical sector rounded out the top three with 146,500 square feet of deals completed at midyear.

### INVESTMENT SALES

Seventeen investment sales totaling 1.4 million square feet took place during second-quarter 2019, bringing year-to-date sales to 29 totaling more than 2.6 million square feet with a value in excess of \$693.9 million. This was in stark contrast to the 5.9 million square feet that sold for \$1.1 billion during the same period one year ago. Trophy property sales decreased from the 2.3 million square feet tallied one year ago to 1.5 million square feet in the first half of 2019. Sales of lower-tier properties picked up from one year ago with 18 sales totaling 1.1 million square feet, as sale prices rose in both tiers, pushing up the average sale price from \$202/SF one year ago to \$263/SF at the midyear point.

## CURRENT CONDITIONS

South Florida rebounded in the first half of 2019, pulling in a stronger performance from the midyear point seen one year ago.

Broward County continued to lead the region in demand growth while Miami's office sector remained cool and Palm Beach saw another quarterly correction.

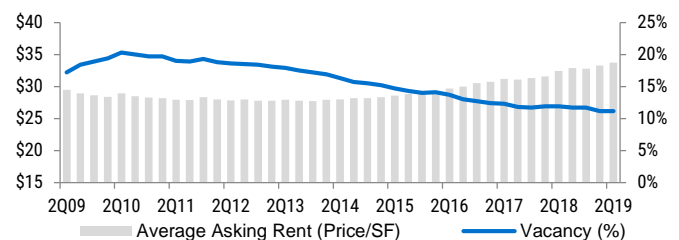
Class A space lead in both leasing activity and absorption in the first half of the year.

It remained a landlord's market, as rents in all three class segments climbed upward, and the Class A segment is pushing close to the \$40/SF market.

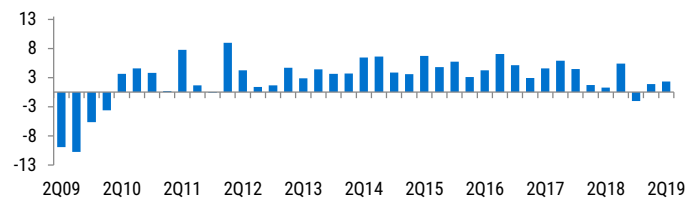
Investment sales remained healthier in Broward County, while Miami and Palm Beach office transactions were limited in the first half of 2019.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

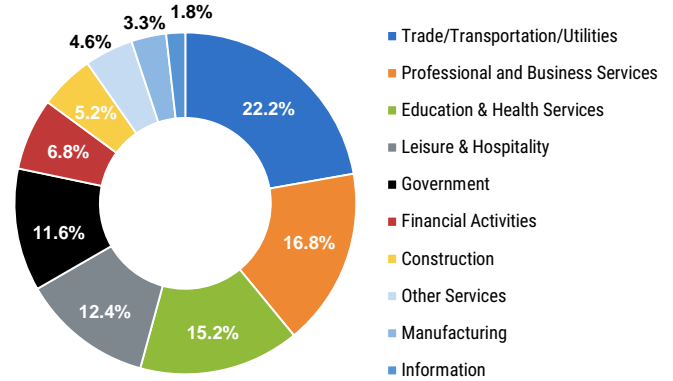
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	107.9 MSF	107.7 MSF	107.1 MSF	↑
Vacancy Rate	11.2%	11.2%	11.9%	↑
Quarterly Net Absorption	185,799	141,190	77,324	↔
Average Asking Rent	\$33.73	\$33.27	\$32.44	↔
Under Construction	1,479,524	1,938,200	1,432,084	↔
Deliveries	196,662	0	71,582	↑

## ECONOMIC CONDITIONS

South Florida's unemployment rate ticked downward 30 basis points to 3.1%, with 54,300 additional jobs added from May of 2018. Miami-Dade County reported the region's strongest drop in unemployment rate, down 50 basis points to 3.2% from one year ago. Palm Beach's rate saw a smaller decrease of 20 basis points to 3.1%, while Broward also decreased by 20 basis points to 3.0% from last year during the same period. Looking back from the second quarter-2018, the education and health sector took the lead in the strongest percentage growth of any industry in South Florida while also providing the largest increase with 17,100 jobs created. The professional and business services segment moved into the second spot with an increase of 14,800 jobs over the past 12 months. Rounding out the top three included leisure and hospitality industry with the creation of 7,300 new positions. Construction jobs slowed during the first half of the year, seeing a modest increase of 5,100 jobs from one year ago. Most remaining sectors experienced moderate improvements with the information sector continuing to struggle with another 300 jobs lost since May of 2018. South Florida's job growth held steady, outperforming overall levels of the Country as population growth and healthy development remained throughout the region. Healthy economic conditions should remain throughout 2019 and into the first half of 2020. The regions is well positioned to weather an economic downturn depending on the severity.

## EMPLOYMENT BY INDUSTRY

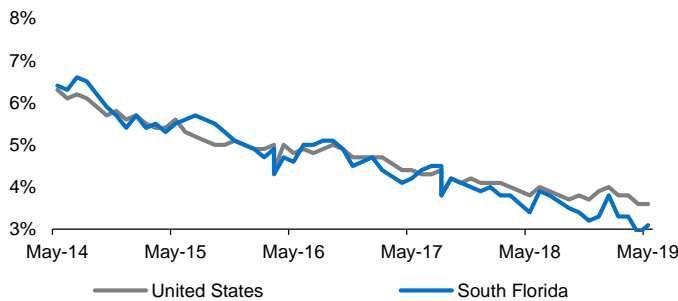
South Florida MSA, May 2018 Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

## UNEMPLOYMENT RATE

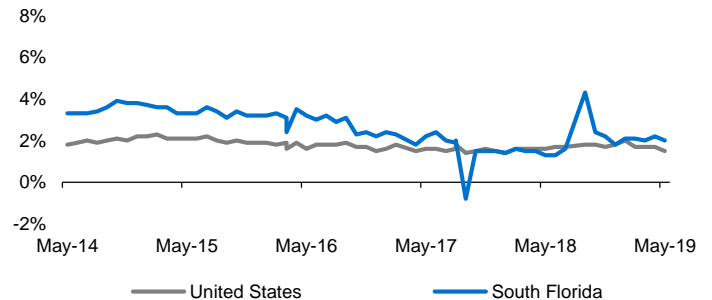
South Florida Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

## PAYROLL EMPLOYMENT

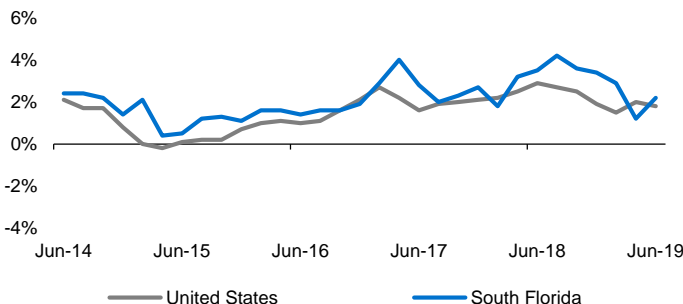
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

## CONSUMER PRICE INDEX (CPI)

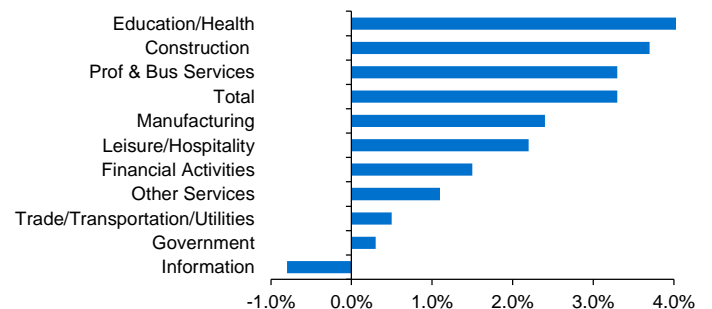
All Items, 12-Month % Change, Not Seasonally Adjusted,



Source: U.S. Bureau of Labor Statistics

## EMPLOYMENT GROWTH BY INDUSTRY

South Florida, May 2019, MSA, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

## MIAMI OFFICE MARKET

Miami's office market saw a slight improvement after the lackluster performances of the previous two quarters, as demand outpaced supply with positive absorption of 87,999 square feet. This improvement resulted in the vacancy rate holding steady from first-quarter 2019 at 11.7% but remained 60 basis points higher than the 11.1% vacancy rate recorded at this time last year. In spite of slowing conditions, the average asking rate pushed upward in two of the three property class segments over the past 12 months. Class A office properties experienced the only correction, dipping to \$42.46/SF from \$43.16/SF one year ago, which can be attributed to the leasing and occupation of higher-end trophy properties, allowing lower-tier Class A asking rents to have a greater impact on the weighted average. The overall average ticked upward by \$0.40/SF to \$36.46/SF, a 14.9% increase from the previous peak of \$31.74/SF recorded 11 years ago. Landlords retained the advantage in lease negotiations, as limited development of new speculative space, combined with healthy pre-leasing of new construction, has impacted rents in key submarkets during this economic cycle. Class B rates led with a year-over-year increase of \$0.90/SF to \$35.57/SF. Overall, the rates of increases have slowed in all segments, as conditions appeared to be leveling off.

### LEASING AND DEMAND

Leasing activity in the second quarter rose from previous quarters, totaling more 833,000 square feet, while bringing year-to-date volume to more than 1.5 million square feet. Class A space accounted for 865,000 square feet of transaction activity, while Class B activity fell from previous levels to 397,000 square feet at the midyear point. Class C held steady with 311,000 square feet of activity in the first half of 2019. The majority of deals came in the forms of renewals and lateral relocations, with 545,000 square feet of leases coming from midsize or larger tenants. This was an increase from last year, as the real estate industry remained in the number-one spot with 342,000 square feet leased so far this year and accounted for the majority of executive suite lease deals in the region. Professional and business services companies moved up to the number-two spot with 74,000 square feet, while the telecommunications segment moved down to third with deals totaling 38,000 square feet. Retail and technology companies struggled, recording no lease deals in the first half of 2019.

### INVESTMENT SALES

Eight sales totaling almost 851,000 square feet occurred during the second quarter, bringing 2019 totals to more than 911,000 square feet valued at \$342.4 million. This was down from the 1.3 million square feet that sold for \$487.5 million last year during the same period. Notably, the price per square foot rose significantly from the \$305/SF of one year ago to \$376 at the close of second-quarter 2019. This can be attributed to the second quarter's keynote sale of Two and Three Miami Center, which sold for more than \$535/SF each. These two sales pushed the Class A average sale price to \$459/SF, up from the \$449/SF seen this time last year after the sale of 1111 Brickell and SunTrust International Center.

## CURRENT CONDITIONS

Miami's office sector persisted with demand growth as vacancy held steady for the third consecutive quarter.

The Class A average asking rate moved slightly upward after decreasing the two previous quarters, but still below the \$36.49/SF peak recorded during third-quarter 2018.

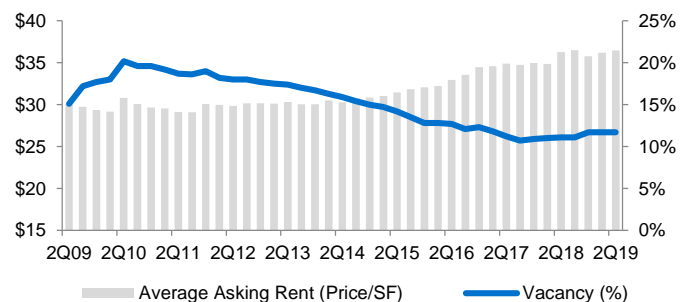
One construction completion totaling 89,000 square feet took place with another eight totaling 750,000 square feet were under construction.

545 Wynwood, a 298,000 square-foot facility Class A building in Miami's Wynwood neighborhood, was the largest project in all of Miami.

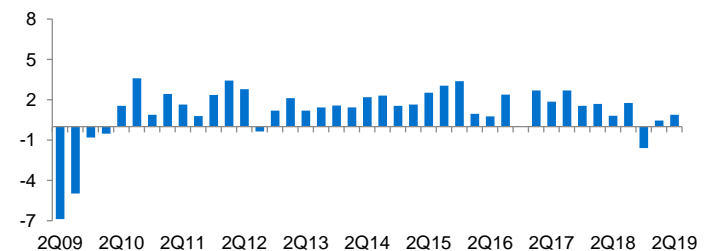
Investment sale activity picked up slightly, while average sale prices also rose with the help from the keynote sale of two downtown office buildings.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	48.4 MSF	48.3 MSF	47.8 MSF	↑
Vacancy Rate	11.7%	11.7%	11.1%	↑
Quarterly Net Absorption	87,999	44,586	80,854	↔
Average Asking Rent	\$36.46	\$36.18	\$36.26	↔
Under Construction	750,020	765,508	787,506	↔
Deliveries	89,705	0	71,582	↑

## MIAMI 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)
Brickell Avenue	6,678,223	0	11.9 %	-60,379	-71,110	\$55.83	\$40.97	\$48.84
Downtown Miami	7,379,689	0	15.6 %	21,144	115,402	\$46.92	\$39.08	\$37.58
<b>CBD Total</b>	<b>14,057,912</b>	<b>0</b>	<b>13.9 %</b>	<b>-39,235</b>	<b>44,292</b>	<b>\$50.71</b>	<b>\$39.76</b>	<b>\$41.34</b>
Airport West	11,955,792	100,000	12.3 %	16,805	-15,002	\$34.50	\$31.87	\$32.16
Biscayne Corridor	1,880,937	298,000	28.5 %	63,881	68,462	\$40.00	\$35.69	\$35.43
Coconut Grove	590,803	161,733	15.8 %	5,258	-6,264	N/A	\$37.16	\$36.13
Coral Gables	6,069,349	0	9.7 %	-15,307	-1,306	\$40.88	\$39.18	\$38.56
Coral Way	822,959	0	4.0 %	742	-11,656	N/A	\$30.34	\$30.38
East Airport/Hialeah	892,179	0	8.7 %	-907	1,245	N/A	N/A	\$38.92
Kendall/South Dade	4,291,946	0	7.6 %	38,595	79,195	\$43.80	\$29.32	\$30.02
Miami Beach	2,132,440	0	5.8 %	3,159	-10,567	\$46.31	\$38.95	\$40.54
Miami Lakes	1,806,918	0	12.8 %	-983	-13,734	\$29.68	\$23.51	\$24.89
Northeast Dade	3,337,549	190,287	6.2 %	11,058	-4,206	\$46.45	\$33.05	\$31.92
South Miami	561,200	0	6.8 %	4,933	2,126	\$9.75	\$38.49	\$28.40
<b>Suburban Total</b>	<b>34,342,072</b>	<b>750,020</b>	<b>10.9 %</b>	<b>127,234</b>	<b>88,293</b>	<b>\$37.56</b>	<b>\$33.33</b>	<b>\$33.63</b>
<b>Totals</b>	<b>48,399,984</b>	<b>750,020</b>	<b>11.7 %</b>	<b>87,999</b>	<b>132,585</b>	<b>\$42.46</b>	<b>\$35.57</b>	<b>\$36.46</b>

## MIAMI LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
WeWork	Southeast Financial Ctr-200 Biscayne	Downtown Miami	Direct	88,000
Spaces	801 Brickell-801 Brickell Ave	Brickell	Direct	49,000
Rialto Management Group	Brickell World Plaza-600 Brickell Ave	Brickell	Direct	46,746
SoftBank	Brickell World Plaza-600 Brickell Ave	Brickell	Sublet	14,172

## SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Two & Three Miami Central Portfolio	Downtown Miami	\$170,500,000	\$536	317,939
550 Biltmore-550 Biltmore Way	Coral Gables	\$54,000,000	\$335	162,293
Regions Bank Tower-2800 Ponce	Coral Gables	\$59,750,000	\$409	146,202
2500 Building-2500 NW 79 <sup>th</sup> Ave	Airport West	\$12,050,000	\$124	94,423

## BROWARD

The Broward County office market experienced another solid quarter of growth, leading South Florida in demand for the third consecutive quarter with just under 122,000 square feet of positive net absorption. This was the only market to see a dip in overall vacant space, which dropped 40 basis points from the previous quarter, helping the county boast the region's lowest vacancy rate since the fourth quarter of 2018. Class B space accounted for the majority of year-to-date absorption with more than 156,600 square feet of positive absorption, while Class A held on to the number-two spot during the third quarter with 123,000 square feet absorbed so far this year. Class C remained lackluster with a vacancy rate of 6.3%, an increase of 50 basis points, as 32,700 square feet was negatively absorbed. The Fort Lauderdale area office market also saw the region's strongest rent growth from one year ago, rising 5.8% to \$29.48/SF from one year ago. Unlike Miami, Broward County has not surpassed the previous peak level of \$29.91/SF average recorded in 2008. This can be attributed to the lack of available Class A space in the current market compared with the vast amounts of high-end available space from construction completions at the end of the last economic upswing. Quoted rates for Class A buildings along Las Olas in the Central Business District range from \$40.00/SF to \$45.00/SF, the highest ever for Downtown Fort Lauderdale and approaching Miami CBD asking rates. In key suburban submarkets, asking rents have increased dramatically over the past two years. These have not significantly impacted the weighted average, however, as little space remained available, allowing stronger influence from lower-tier properties.

### LEASING AND DEMAND

Broward County's office sector saw a decrease in quarterly deal activity, which totaled more than 573,000 square feet during second-quarter 2019. However, healthy first-quarter activity kept year-to-date activity level from one year ago at just under 1.2 million square feet. Class A barely led the market in year-to-date activity with 566,000 square feet, while Class B gained momentum with 531,000 square feet. The Class C office segment accounted for the fewest lease deals with only 76,000 square feet leased. The medical industry took the lead with 120,800 square feet of leasing activity, followed closely by technology with more 120,300 square feet of deals in the first half of 2019. The insurance industry fell to third place with 68,000 square feet of leases transacted. Broward County was the only market to report well over 300,000 square feet of midsize to large lease deals in the first half of the year.

### INVESTMENT SALES

Five sales totaling 373,000 square feet occurred during second-quarter 2019. As a result, sales for the first two quarters totaled 1.1 million square feet and were valued at \$243.2 million, down from 1.9 million square feet that sold for \$307.4 million at the same time last year. The main difference was the decreased sale of lower-tier office properties in the first half of 2019. Notably, seven Class A buildings totaling more than 742,000 square feet pushed the average price to \$218/SF from the \$161/SF recorded at this time last year. Interest from investors remains bullish for office properties throughout the county, and the opportunity for increased sales is there with 20 properties totaling approximately 1.0 million square feet on the market for sale.

## CURRENT CONDITIONS

Broward County held the lowest vacancy rate in the region for the third consecutive quarter, dipping to the 10.0% market, it's lowest point since 2007.

The sale and occupation of a 70,000 square-foot building by Broward County accounted for more than half of the markets net absorption.

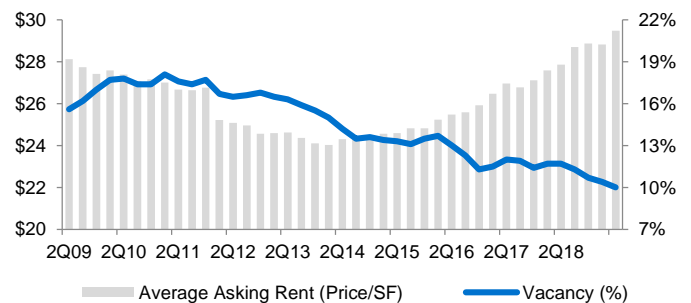
The Main at Las Olas, a 357,000-square foot development in Fort Lauderdale's CBD is the largest project underway in South Florida, with over 26.0% preleased when it is projected to be completed in the second half of 2020.

Rents rose in all class segments, pushing the overall average asking rate very close to the \$29.61/SF recorded back during first-quarter of 2008.

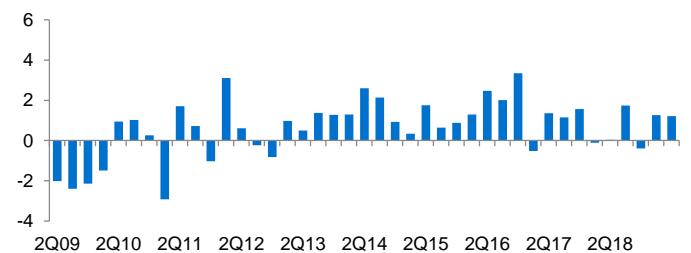
Class A office sales dominated investment sale activity, while lower-tier office sales dipped sharply from levels seen from one year ago.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	34.0 MSF	34.0 MSF	34.1 MSF	↑
Vacancy Rate	10.0%	10.4%	11.7%	↔
Quarterly Net Absorption	121,927	126,003	3,328	↔
Average Asking Rent	\$29.48	\$28.83	\$27.86	↑
Under Construction	617,532	617,532	430,972	↑
Deliveries	0	0	0	↑

## FORT LAUDERDALE / BROWARD COUNTY 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>452,532</b>	<b>12.1 %</b>	<b>-7,241</b>	<b>-10,400</b>	<b>\$43.68</b>	<b>\$34.60</b>	<b>\$42.15</b>
Commercial Blvd	1,918,129	0	9.7 %	86,713	96,212	\$26.10	\$22.99	\$22.61
Cypress Creek	4,657,695	0	11.5 %	-11,595	67,566	\$32.03	\$22.07	\$26.28
Ft. Lauderdale Suburban	3,334,385	0	16.6 %	-30,403	-46,333	\$30.94	\$21.47	\$24.09
Hallandale	500,866	0	9.3 %	-725	-5,067	\$37.25	\$29.85	\$30.03
Hollywood	2,545,554	0	7.4 %	20,645	9,084	\$33.16	\$29.19	\$29.75
NW Broward/Coral Springs	1,867,382	0	15.2 %	575	27,870	\$28.90	\$20.98	\$25.46
Plantation	4,201,867	0	7.3 %	13,483	18,891	\$35.22	\$23.12	\$29.29
Pompano Beach	2,679,490	0	8.9 %	-9,346	-24,186	\$29.99	\$18.85	\$20.40
Sawgrass Park	3,182,738	0	7.0 %	33,443	63,008	\$31.79	\$20.18	\$28.32
SW Broward	3,698,067	165,000	4.9 %	26,378	51,285	\$31.96	\$24.85	\$31.17
<b>Suburban Total</b>	<b>28,586,173</b>	<b>165,000</b>	<b>9.6 %</b>	<b>129,168</b>	<b>258,330</b>	<b>\$32.19</b>	<b>\$22.29</b>	<b>\$26.41</b>
<b>Totals</b>	<b>33,954,947</b>	<b>617,532</b>	<b>10.0 %</b>	<b>121,927</b>	<b>247,930</b>	<b>\$35.80</b>	<b>\$23.02</b>	<b>\$29.48</b>

## FORT LAUDERDALE LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
FL Office of the Attorney General	110 Tower-110 SE 6 <sup>th</sup> St	Ft. Lauderdale CBD	Renewal / Expansion	53,956
MD Live	Huntington Square III-3350 SW 148 <sup>th</sup>	Southwest Broward	Direct	23,105
Veritiv IT System	Pinnacle II-550 W Cypress Creek Rd	Cypress Creek	Direct	22,774
Alpha Staff Inc	Sunrise Corp Plaza I-1300 Sawgrass	Sawgrass Park	Direct	14,604

## SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Radice III-1000 Corporate Dr	Cypress Creek	\$24,165,000	\$187	129,000
Miramar II-14700 Royal Caribbean Way	Southwest Broward	\$45,000,000	\$350	128,540
Park Ctr West-55 Weston Rd	Southwest Broward	\$8,500,000	\$173	49,030
2950 W Cypress Creek Rd	Cypress Creek	\$4,397,000	\$132	33,346

## PALM BEACH

The second quarter of 2019 saw another uptick in vacancy after another quarter of supply just outpacing demand, as the office sectors struggled during the first half of the year with more than 53,500 square feet of negative absorption. Vacancy rose 40 basis points from the previous quarter to 11.7% but was still below the 11.9% rate recorded at this time last year. The Class A segment saw a balance between supply and demand, recording only 373 square feet of negative absorption, while Class B posted more than 87,300 square feet of supply returned to the market, pushing vacancy up 110 basis points from the prior quarter to 11.1%. In a rare occurrence, the Class C segment led during the first half of 2019, as year-to-date absorption was positive with more than 34,400 square feet. Overall asking rents ticked upward over the past year with a \$1.15/SF increase from second-quarter 2018, with the Class A segment reaching \$40.85/SF, a 10.2% increase from the previous peak of \$37.07/SF recorded 11 years ago. Class A rent gains in the West Palm Beach CBD and Boca Raton submarkets have slowed over the past 12 months but could continue if demand continues to lose momentum over the next 12 months. The Class B weighted average increased to \$29.20/SF from \$28.68/SF one year ago. Lower-tier Class C space saw the strongest year-over-year improvement, as the average asking rate increased \$2.29/SF from last year to \$19.44/SF. Construction activity remained limited, with one completion, a build-to-suit for GeoGroup's new headquarters, totaling more than 106,000 square feet. One building with more than 111,000 square feet of Class A speculative space remained under construction in the North Palm Beach/Palm Beach Gardens submarket and will likely be completed in the second half of 2019.

### LEASING AND DEMAND

Leasing activity consisted of 174 transactions totaling 448,980 square feet during second-quarter 2019, bringing totals to 799,000 square feet year to date. Class A office space comprised 329,500 square feet, while Class B held onto the lead in deal activity with 460,000 square feet so far in 2019. Lower-end Class C space continued to lag, with only 9,000 square feet of deal activity during the first half of the year. Palm Beach County saw only 12 midsize lease deals so far this year, with the largest at just 21,622 square feet, signed by FlexShopper, giving the financial sector the lead in lease deals so far this year with more than 83,400 square feet. The professional and business services segment followed suit with 32,700 square feet, while the 20,000 square-foot lease deal by Levatas put the real estate sector in third place. Most deals continued to come from tenants already in the market and in the form of renewals and lateral relocations. Palm Beach's strong ties to the residential sector and healthcare industries have not translated into significant increased demand for office needs and will likely remain that way.

### INVESTMENT SALES

Four sales totaling approximately 190,000 square feet closed in second-quarter 2019. This was in stark contrast to the 2.0 million square feet that sold in second-quarter 2018, bringing the combined total to 614,696 square feet that sold for \$108.4 million. All of the properties trading hands remained second-tier Class B and Class C buildings. As a result, the average sales price dropped from \$214/SF to \$176/SF. Owners held on to Class A properties, with no high-end building sales taking place in the first half of 2019. The shortage of Class A properties for sale did not translate into increased sale activity for the lower-tier segments as investment sales remained limited throughout the county.

## CURRENT CONDITIONS

Four out of the last six quarters have seen supply outpace demand as negative net absorption pushed vacancy upward in the first half of 2019.

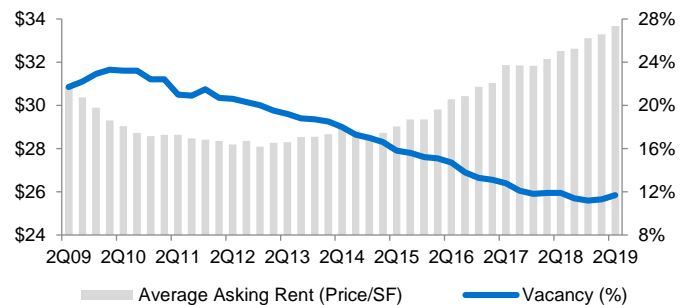
Higher rents and a lack of available space in Class A space have not yet translated into increased demand for lower-tier segments, as Class B space led the market in returned office supply.

The Delray Beach Submarket took the lead in demand with the strongest recorded absorption, while Boca Raton and West Palm Beach's CBD posted modest negative absorption for the first half of the year.

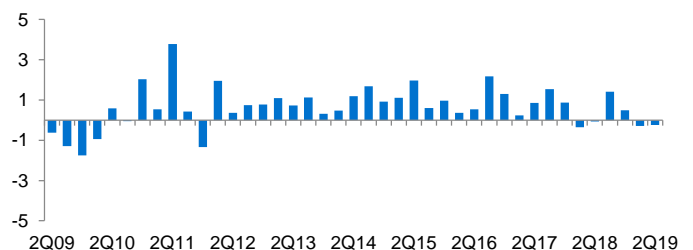
Investment activity was limited in the first half of 2019, as sale opportunities remained scarce throughout the county.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	25.5 MSF	25.5 MSF	25.1 MSF	↑
Vacancy Rate	11.7%	11.3%	11.9%	↑
Quarterly Net Absorption	(53,526)	(29,399)	(6,858)	↔
Average Asking Rent	\$33.66	\$32.28	\$32.51	↑
Under Construction	111,972	265,162	265,162	↔
Deliveries	106,957	0	0	↑

## PALM BEACH MARKET 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>W Palm Beach CBD</b>	<b>2,359,181</b>	<b>0</b>	<b>8.3 %</b>	<b>-43,650</b>	<b>-24,200</b>	<b>\$56.80</b>	<b>\$25.77</b>	<b>\$49.12</b>
Boca Raton	11,928,836	0	13.1 %	-31,669	-47,917	\$37.84	\$28.51	\$34.05
Boynton/Lantana	712,398	0	15.3 %	23,898	19,098	N/A	\$23.53	\$20.20
Delray Beach	1,244,922	0	11.4 %	29,698	24,926	N/A	\$30.84	\$29.48
Jupiter	596,224	0	7.7 %	-7,947	-13,846	N/A	\$27.86	\$27.86
N Palm Bch/Palm Bch Gardens	3,597,494	111,972	6.9 %	-20,609	-11,827	\$38.39	\$24.94	\$28.55
Palm Beach	822,706	0	15.3 %	10,152	5,549	N/A	\$56.43	\$56.43
Palm Springs/Lake Worth	238,131	0	11.3 %	445	-9,133	N/A	\$23.65	\$23.65
Royal Palm Bch/Wellington	304,640	0	2.0 %	1,319	-1,140	N/A	\$28.46	\$28.46
W Palm Beach Suburban	3,704,117	0	14.3 %	14,236	4,964	\$38.02	\$27.00	\$29.55
<b>Suburban Total</b>	<b>23,149,468</b>	<b>111,972</b>	<b>12.1 %</b>	<b>19,523</b>	<b>-29,326</b>	<b>\$37.92</b>	<b>\$29.31</b>	<b>\$32.11</b>
<b>Totals</b>	<b>25,508,649</b>	<b>111,972</b>	<b>11.7 %</b>	<b>-24,127</b>	<b>-53,526</b>	<b>\$40.85</b>	<b>\$29.20</b>	<b>\$33.66</b>

## PALM BEACH LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Levatas	Offices @ Cityplace - 477 Rosemary	W Palm Beach CBD	Direct	20,000
Raymond James & Associates	One Town Ctr-1 Town Center Rd	Boca Raton	Direct	19,292
Ameriprise Financial	Tower I - 5200 Town Ctr Cir	Boca Raton	Direct	16,899

## SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Northbridge Ctr-515 N Flagler Dr	West Palm Beach CBD	\$68,240,000	\$233	293,000
Congress Corp Plaza-902 Clint Moore Portfolio	Boca Raton	\$21,200,000	\$199	106,449
Commerce Pt Gold-1800 S Australian	W Palm Beach Suburban	\$8,500,000	\$196	43,336



## SOUTH FLORIDA OFFICE SUBMARKETS

### SOUTH FLORIDA

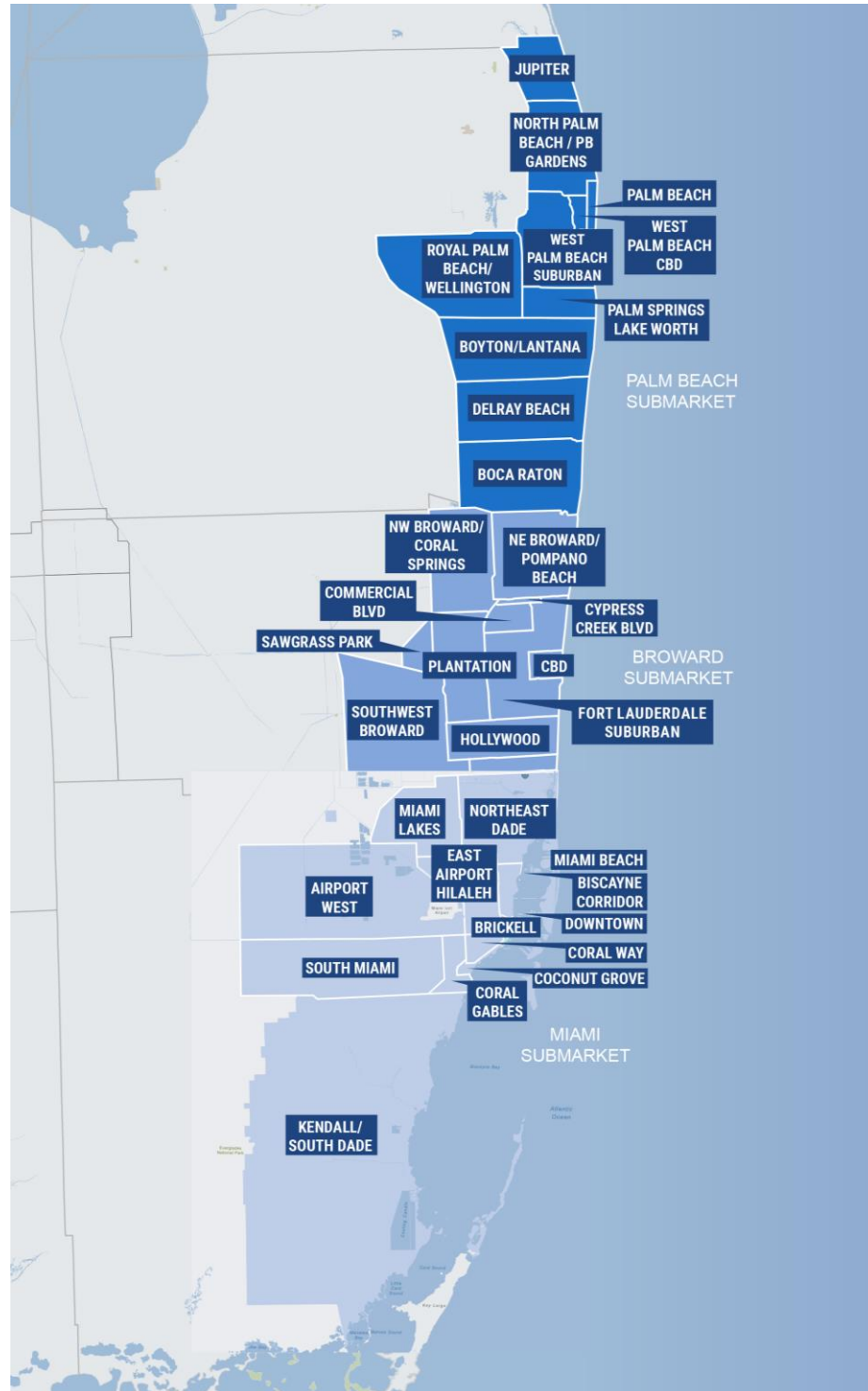
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