

SOUTH FLORIDA OFFICE MARKET

DEMAND GROWTH HELD THROUGH 2019 WITH SIGNS OF BALANCE ON THE HORIZON

South Florida's office market performed modestly in 2019, as demand just outpaced supply in the fourth quarter to bring year-to-date net absorption to more than 585,000 square feet. This was a slight decrease from the 636,000 square feet of net absorption from 2018. Broward County led South Florida in demand, contributing to 75.0% of total net absorption, while Palm Beach County's office market experienced its first year-over-year correction. The region's vacancy rate rose 20 basis points from the previous quarter, but fell 30 basis points year-over-year to 11.2%. The office market showed signs of continued growth, marking a full decade of improved fundamentals after the Great Recession. The market's lower vacancy rate and limited speculative construction continued to strengthen the influence of landlords during lease negotiations. The overall average asking rent increased \$1.32/SF year-over-year, exceeding \$34.00/SF for the first time in recorded history. The region's asking average for high-end Class A space also broke new ground, pushing past \$40.00/SF at the close of fourth-quarter 2019. Two construction completions during the fourth quarter added 243,000 square feet of new office inventory, bringing year-to-date projects to just under 500,000 square feet finished during the year. Another 14 buildings combining for more than 3.0 million square feet of new office product were under construction at year-end. Miami-Dade led with half of all new construction, as Broward County trailed with 885,000 square feet of construction activity. Palm Beach County had three buildings totaling approximately 622,000 square feet underway.

LEASING AND DEMAND

Leasing activity remained consistent with previous quarterly performances, as more than 1.4 million square feet of deals were recorded in fourth-quarter 2019, bringing year-to-date transactions to 7.5 million square feet. Class A space held onto the lead with more than 4.1 million square feet leased, while Class B stayed in the number-two spot with more than 2.6 million square feet, level from one year ago. The lower-end Class C sector also experienced similar leasing activity from 2018, with more than 754,000 square feet of deals in the market. The real estate industry took over the number-one spot with 584,000 square feet of transaction activity, followed closely by the professional and business sector with 510,000 square feet leased. Medical companies fell to third place with 435,000 square feet of deals done. The other strong sectors included financial, technology and insurance companies, with more than 200,000 square feet each. The government, education, retail, insurance and legal services segments each accounted for more than 100,000 square feet of mid-sized deals.

INVESTMENT SALES

Seventy-nine investment sales totaling approximately 6.9 million square feet and worth a combined \$1.7 billion occurred in 2019. This was a slight decrease from the 73 sales totaling 1.9 million square feet sold, but an improvement from the \$1.6 billion in dollar volume, from 2018. Class A space took the lead in sale activity, as 3.8 million square feet traded hands. The Class B segment saw more than 2.7 million square feet of office product changing hands for the year, a decrease from the 5.2 million square feet that had sold at the same time last year. South Florida saw a decline in investment sales during the fourth quarter that will likely continue through 2020, as an upcoming election coupled with a projected economic shift could move investors to take a "wait-and-see" approach.

CURRENT CONDITIONS

South Florida continued to see modest demand growth as the office sector appeared to be leveling off.

Higher-tier space still led demand despite record breaking asking rents for Class A Space, meanwhile Class B space following closely behind in growth.

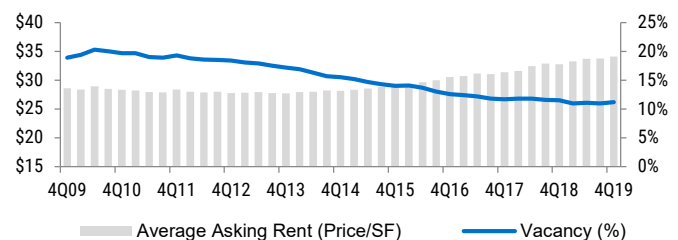
Broward County continued to lead the region in demand for the sixth consecutive quarter.

Asking rates ticked upward from the previous quarter, as the Class A segment pushed past the \$40/SF mark.

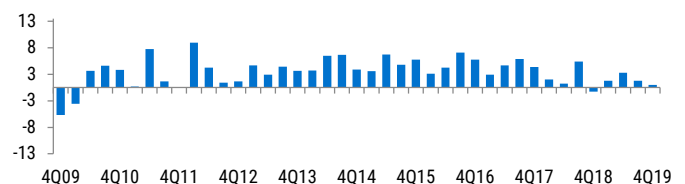
Two construction completions in the region ticked vacancy upward with another 3.0 million square feet underway in South Florida, the market will likely see vacancy fluctuations from quarter to quarter.

MARKET ANALYSIS

Asking Rent and Availability



Net Absorption (SF, 100,000)



MARKET SUMMARY

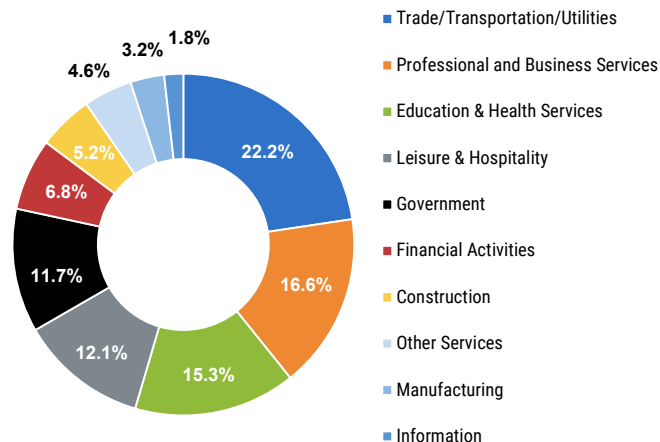
	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	108.4 MSF	108.2 MSF	107.9 MSF	↑
Vacancy Rate	11.2%	11.0%	11.5%	↑
Quarterly Net Absorption	52,103	129,109	(79,572)	↔
Average Asking Rent	\$34.11	\$33.76	\$32.79	↔
Under Construction	3.0 MSF	3.2 MSF	2.5 MSF	↔
Deliveries	245,000	0	325,910	↑

ECONOMIC CONDITIONS

South Florida's unemployment rate ticked downward 20 basis points to 2.7%, with 40,100 additional jobs added from November of 2018. Miami-Dade County reported the region's strongest drop in unemployment rate, down 60 basis points to 2.7% from one year ago. Palm Beach's rate saw a smaller decrease of 50 basis points to 2.8%, while Broward recorded the lowest unemployment rate throughout the region, dropping 50 basis points to 2.6% from last year during the same period. Looking back from the fourth quarter-2018, although job growth remained healthy, it was the lowest annual increase in jobs added seen since the economic recovery began. The education and health sector took the lead in 2019 with the strongest percentage growth of any industry in South Florida while also providing the largest increase with 17,200 jobs created. The professional and business services segment moved into the number two spot with an increase of 7,300 jobs, while the leisure and hospitality industry dropped to third spot 3,200 jobs added over the past 12 months. Construction jobs slowed during 2019 dropping to 3,400 jobs added from one year ago, a sharp drop from the 14,200 created during 2018. Most remaining sectors experienced moderate improvements with the information sector continuing to struggle with 1,000 jobs lost while manufacturing jobs decreased by 2,700 from one year ago. South Florida's job growth held steady, outperforming overall levels of the country as population growth and healthy development remained throughout the region.

EMPLOYMENT BY INDUSTRY

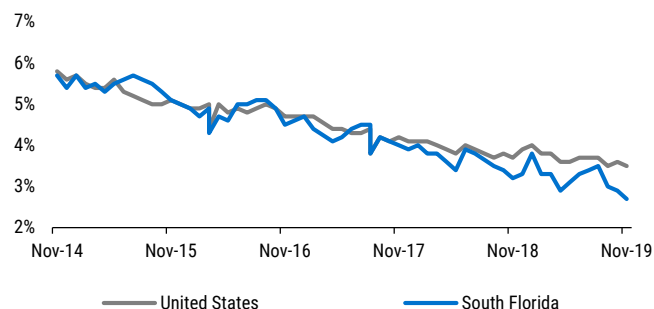
South Florida MSA, November 2019 Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

UNEMPLOYMENT RATE

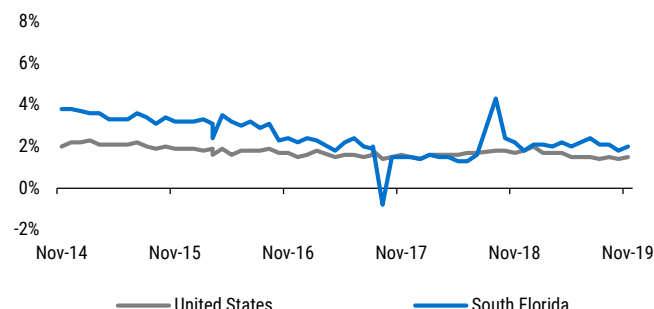
South Florida Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

PAYROLL EMPLOYMENT

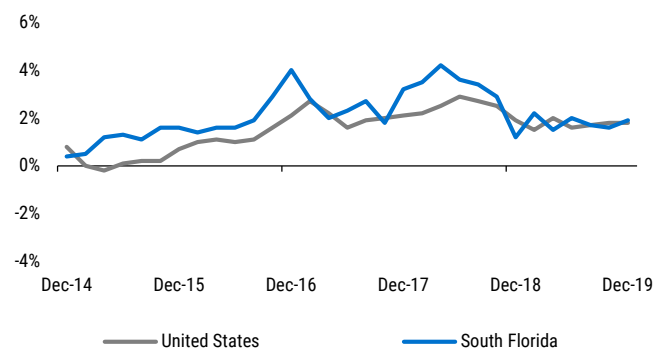
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

CONSUMER PRICE INDEX (CPI)

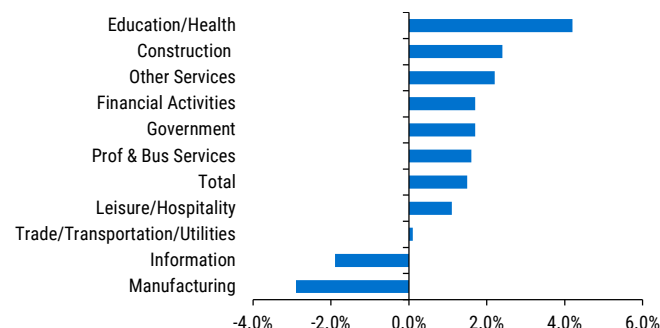
All Items, 12-Month % Change, Not Seasonally Adjusted,



Source: U.S. Bureau of Labor Statistics

EMPLOYMENT GROWTH BY INDUSTRY

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



Source: U.S. Bureau of Labor Statistics

MIAMI OFFICE MARKET

The Miami office market appeared to rebound after its second setback within the span of a year, as demand beat out supply during the fourth quarter, resulting in 59,625 square feet of positive absorption. Signs of slowing growth held with 222,000 square feet of year-to-date absorption, a decrease of 20.2% in growth recorded in 2018. Moreover, vacancy increased by 10 basis points over the past year, the second consecutive year-over-year increase, which can be attributed to recent construction completions and a greater balance between supply and demand. Surprisingly, lower-tier Class C space led the market with more than 123,500 square feet of positive net absorption for the year, followed closely by the Class A segment with 114,000 square feet absorbed. The second-tier Class B segment struggled, as supply outpaced demand in 2019, resulting in 15,627 square feet of negative absorption. After dipping slightly during the third quarter, the quoted average rate rebounded and surpassed its previous record high of \$36.51/SF to close the fourth quarter at \$37.19/SF. The average rate was up 4.0% over the year, as the Class A average rate increased from \$42.33/SF to \$43.41/SF during this time. The lease and occupation of newer and more expensive high-end space, coupled with record breaking investment sales of trophy properties, has maintained upward pressure on average asking rates for Class A buildings. Class B average asking rates increased to \$36.79/SF from \$35.08/SF one year ago, while Class C average asking rates climbed to \$26.77/SF from \$25.55/SF. It is likely that asking rents will continue to rise in 2020, as national economic indicators point to a recession closer to 2021.

LEASING AND DEMAND

Leasing activity in the fourth quarter totaled more than 453,500 square feet, a significant drop from the previous quarter. This brought the annual leasing volume to just under 3.2 million square feet in 2019, holding steady from the total lease transactions recorded in 2018. Class A space accounted for 2.0 million square feet of transaction activity at the close of fourth-quarter 2018, followed by Class B space with 634,000 square feet. Class C remained consistent with previous years, accounting for 567,000 square feet of deals done. Most deals were either renewals or lateral relocations. More than 1.2 million square feet of leases came from mid-sized or larger tenants, doubling from one year ago. The real estate industry jumped into the lead with 584,000 square feet leased in 2019, likely because of deals signed by coworking/executive suite operators. Professional and business services firms trailed in second place with 180,000 square feet. Taking third place were financial companies with more than 161,000 square feet of deals done. Retail, education and technology companies fell to the bottom with less than 20,000 square feet of transaction activity seen throughout the year.

INVESTMENT SALES

Seventeen investment sales occurred during the fourth quarter, combining for more than 522,000 square feet, a slight decrease in sale volume from the previous quarter but a significant improvement from the 24,000 square feet sold during the fourth quarter of 2018. This brought 2019 totals to 3.3 million square feet sold, valued at just over \$685.6 million, an increase from the 2.7 million square feet that sold for \$525.0 million at this time last year. The average price per square foot rose 16.9% to \$285/SF. More than 1.1 million square feet of high-end Class A space sold for a combined total over \$379.8 million, a slight improvement from the 1.0 million square feet sold one year ago.

CURRENT CONDITIONS

Miami's office sector rebounded after a slight correction during the previous quarter with the market beginning to see signs of a balanced market.

The Class A average asking rate saw another uptick from the previous quarter, but still below the \$43.64/SF peak reached in 2018.

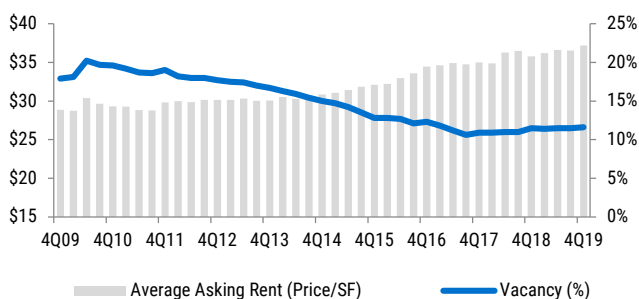
Over 1.5 million square feet of new office inventory remained under construction, the most seen since the recovery began in 2014.

A new submarket is emerging, with 545 Wyn projected to be completed in 2020 and The Gateway @ Wynwood expected to break ground. The trendy Wynwood area is shaping up to be Miami's new office hotspot.

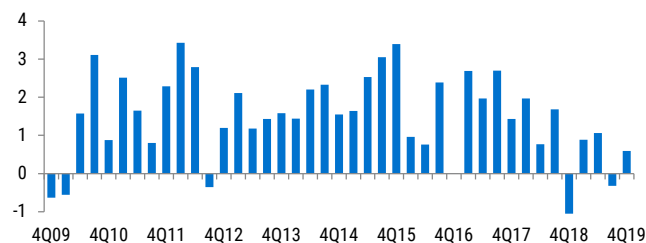
Investment sale activity fell below levels from one year ago, but an increase in Class A transactions coupled with keynote CBD sales pushed the average sale price per square foot from \$244/SF at year-end 2018 to

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	48.1 MSF	↑
Vacancy Rate	11.6%	11.5%	11.5%	↑
Quarterly Net Absorption	59,625	(31,886)	(164,450)	↔
Average Asking Rent	\$37.19	\$36.51	\$35.76	↔
Under Construction	1.5 MSF	1.5 MSF	1.1 MSF	↔
Deliveries	78,000	55,781	190,000	↑

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	490,000	12.3 %	-5,914	-94,192	\$56.32	\$41.41	\$49.60
Downtown Miami	7,379,689	0	16.0 %	41,162	128,668	\$46.98	\$39.89	\$37.93
CBD Total	14,057,912	490,000	14.2 %	35,248	34,476	\$51.10	\$40.48	\$42.03
Airport West	11,887,792	100,000	12.1 %	-15,544	-60,491	\$34.48	\$31.41	\$31.87
Biscayne Corridor	1,880,937	298,000	28.0 %	-12,183	77,849	\$40.00	\$40.47	\$39.48
Coconut Grove	668,803	83,733	22.1 %	7,248	17,386	N / A	\$38.39	\$37.45
Coral Gables	6,069,349	291,267	8.8 %	11,413	57,223	\$42.76	\$40.04	\$40.01
Coral Way	822,959	0	3.6 %	657	-8,864	N / A	\$30.88	\$30.08
East Airport/Hialeah	892,179	135,000	8.1 %	2,301	-490	N / A	\$26.55	\$26.04
Kendall/South Dade	4,291,946	0	7.0 %	5,997	94,273	\$43.82	\$30.18	\$31.04
Miami Beach	2,132,440	0	5.3 %	5,275	425	\$46.56	\$41.52	\$41.93
Miami Lakes	1,806,918	0	12.4 %	5,965	-7,092	\$30.52	\$25.11	\$26.19
Northeast Dade	3,359,891	102,287	6.2 %	311	5,930	\$44.38	\$32.26	\$32.63
South Miami	561,200	0	5.2 %	12,937	11,387	N / A	\$38.06	\$34.76
Suburban Total	34,374,414	1,010,287	10.6 %	24,377	187,536	\$38.08	\$34.93	\$34.29
Totals	48,432,326	1,500,287	11.6 %	59,625	222,012	\$43.41	\$36.79	\$37.19

MIAMI LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Parbel	Waterford @ Blue Lagoon-6100 Blue Lagoon Dr	Airport West	Renewal	43,624
AECOM	The Alhambra-2 Alhambra Pl	Coral Gables	Direct	22,645
Sanitas Medical	Westside Plaza-8400 NW 33 rd St	Airport West	Expansion	18,596
Johnson & Johnson	Waterford @ Blue Lagoon-6303 Blue Lagoon Dr	Airport West	Renewal	16,526

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Museum Tower-150 W Flagler St	Downtown Miami	\$64,580,000	\$266	243,166
City Nat Bank Bld-25 W Flagler St	Downtown Miami	\$25,000,000	\$179	139,448
Waterford Centre-6205 Blue Lagoon Dr	Airport West	\$30,240,000	\$332	91,000
Doral Commons-8550 NW 33 rd St	Airport West	\$12,820,000	\$215	59,591

BROWARD

The fourth quarter of 2019 marked Broward County's sixth consecutive leading quarterly performance for the office market in South Florida. Modest demand beat out supply, bringing year-to-date net absorption to just under 500,000 square feet for 2019. This was the strongest accounting for absorbed space in all of the major markets throughout Florida. Once again, the Class B sector accounted for the majority of net absorption with more than 254,000 square feet, while Class A trailed closely in the number two spot with 228,000 square feet of annual absorption. Class C remained lackluster, as 44,428 square feet was negatively absorbed during 2019. The completion of The Edison, a 165,000-square-foot Class A office building in the Southwest submarket, hindered vacancy's continued decline, as the building's 128,000 square feet of available space caused vacancy to tick up 20 basis points from the previous quarter. The Fort Lauderdale area's overall vacancy still decreased by 20 basis points from one year ago to 10.2%. The office market area saw average rent grow for another quarter, increasing to \$29.59/SF from the \$28.80/SF average recorded one year ago. This was a 2.7% increase from one year ago, as asking rents appeared to be leveling off from the 6.4% year-over-year growth that had occurred by this time last year. Broward County's average rate is inching closer to its record level of \$29.91/SF recorded in 2008. This record could be broken in the first half of 2020, when construction on Class A office buildings totaling 885,000 square feet is expected to be completed. This new Class A space, coupled with the lack of available Class A space throughout the market, should increase asking rents for higher-tier space. Class B asking rents experienced the strongest gain in 2019, increasing \$1.71/SF from the \$35.08/SF rate seen one year ago, while lower-tier Class C rents also experienced a healthy increase of \$1.35/SF to \$19.40/SF at the close of 2019.

LEASING AND DEMAND

The office sector saw 645,000 square feet in lease deals during fourth-quarter 2019, holding steady from the prior quarter to bring year-to-date activity to 2.7 million square feet. This was up from the 2.0 million square feet of transactions recorded at this time last year. Class A led the market in year-to-date activity with almost 1.5 million square feet, while Class B held strong for the year, closing out with more than 1.0 million square feet. The Class C office segment accounted for the fewest lease deals, with only 117,000 square feet leased. The medical sector moved into the top spot to close out 2019 with 330,000 square feet of midsize to large deals, while technology companies jumped into the number two spot, just short of first place with 306,000 square feet of deals. Professional and business services companies moved up to third place with approximately 120,000 square feet of transactions. Broward County also dominated in midsize to large lease deals for the third consecutive year, with more than 1.2 million square feet transacted in 2019.

INVESTMENT SALES

Seven sales totaling 522,000 square feet occurred during fourth-quarter 2019, a slight decrease from the previous quarter that brought year-to-date investment deals to more than 3.3 million square feet, combining for \$685.7 million. This was level with the 3.4 million square feet that sold one year ago but a significant improvement in dollar volume, as the price per square foot increased from \$161/SF to \$205/SF. Class A properties held steady from one year ago with 1.7 million square feet sold in 2019 for \$436.0 million, a substantial increase from the \$371.9 million volume from one year ago. Class B investment transactions trailed closely with 1.5 million square feet of activity. In the one marquee Downtown sale that took place in 2019, One Financial Plaza changed hands for \$117 million, or \$413/SF.

CURRENT CONDITIONS

Broward County led the state in demand growth in 2019, beating out all other major office markets in Florida.

Class A asking rates held level as increases in lower-tier segments helped push overall averages up from the previous quarter and one year ago.

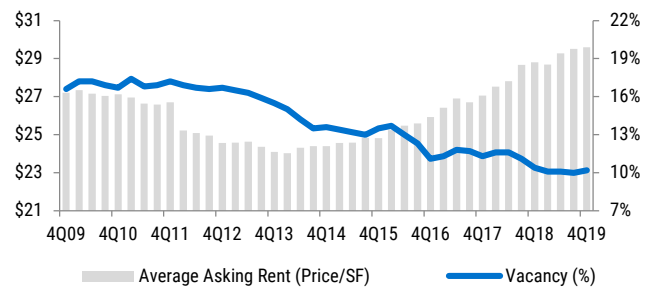
Disciplined construction activity continued to aid tight-market conditions with one construction completion took place during 2019.

Leasing activity saw a significant rise from one year ago as renewals and small expansions continued to lead deals in the market.

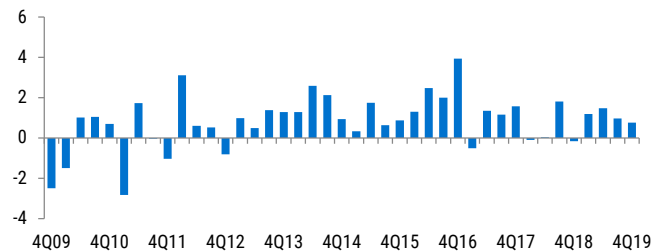
Broward County took the lead in investment sale activity with an increase total square foot sold along with beating out Miami-Dade in dollar volume as well.

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	34.4 MSF	34.2 MSF	34.0 MSF	↑
Vacancy Rate	10.2%	10.0%	10.4%	↔
Quarterly Net Absorption	75,386	96,793	(15,486)	↔
Average Asking Rent	\$29.59	\$29.51	\$28.80	↑
Under Construction	885,092	1.0 MSF	547,109	↑
Deliveries	165,000	0	135,910	↑

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)
Ft. Lauderdale CBD	5,368,774	452,532	11.4 %	8,038	30,790	\$43.29	\$34.16	\$41.89
Commercial Blvd	1,918,129	0	7.6 %	14,698	136,547	\$24.45	\$23.02	\$22.51
Cypress Creek	4,657,695	0	9.0 %	-5,656	165,557	\$31.95	\$21.82	\$25.49
Ft. Lauderdale Suburban	3,334,385	0	16.7 %	72	-54,988	\$31.46	\$23.21	\$24.79
Hallandale	500,866	286,577	8.3 %	5,708	-353	\$37.25	\$24.91	\$27.02
Hollywood	2,545,554	0	7.3 %	-11,603	11,672	\$33.29	\$26.99	\$27.66
NW Broward/Coral Springs	1,868,787	0	14.4 %	10,883	43,572	\$29.81	\$21.92	\$27.18
Plantation	4,372,996	145,983	8.6 %	-18,247	63,029	\$33.40	\$23.35	\$28.29
Pompano Beach	2,756,590	0	11.1 %	18,408	-22,825	\$30.18	\$19.63	\$20.94
Sawgrass Park	3,227,738	0	8.3 %	31,951	17,885	\$34.17	\$20.85	\$32.65
SW Broward	3,863,067	0	8.8 %	21,134	47,784	\$30.75	\$23.87	\$29.19
Suburban Total	29,045,807	432,560	10.0 %	67,348	407,880	\$32.07	\$22.48	\$26.73
Totals	34,414,581	885,092	10.2 %	75,386	438,670	\$35.43	\$23.07	\$29.59

FORT LAUDERDALE LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
US Health	Broward Financial Center-500 E Broward Blvd	Fort Lauderdale CBD	Direct	25,907
FAME	Bayview Corp Tower-6451 N Federal	Fort Lauderdale Suburban	Renewal	25,503
XO Jet Aviation LLC	Cypress Exec Ctr-1901 W Cypress Creek Rd	Cypress Creek	Direct	23,439
GEICO	Lakeside Ofc Ctr-600 N Pine Island Rd	Plantation	Renewal	15,403

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
*Sawgrass Corp Pky-1550-1601 Sawgrass Corp Pky	Sawgrass Park	\$80,250,000	\$230	348,891
*Sawgrass I & II-789-799 International Pky	Sawgrass Park	\$32,650,000	\$290	112,456
Deerfield Ofc Ctr-1400 E Newport Ctr Dr	Pompano Beach	\$6,800,000	\$111	61,408

*Denotes Portfolio Sale

PALM BEACH

The fourth quarter saw its second quarterly correction in 2019, as Palm Beach's office sector saw more than 82,000 square feet of supply returned to the market. This was preceded by two quarters of modest demand growth, allowing for the market's first annual correction in 10 years, as more than 75,000 square feet of negative net absorption was recorded during 2019. However, overall vacancy remained 130 basis points below the 12.9% recorded at the end of 2018, which can be attributed to the more than 500,000-square-foot removal of Office Depot's former headquarters, which is being redeveloped into multi-family. In a rare occurrence, lower-tier Class C space led demand with more than 30,000 square feet of positive absorption, while the Class B segment saw 13,412 square feet of supply return to the market. Class A struggled as supply outpaced demand, pushing vacancy up 50 basis points from one year ago to 11.4%, as the higher-tier office sector recorded 92,600 square feet of negative net absorption during 2019.

Despite slowing conditions, asking rents increased 5.2% from one year ago to \$33.87/SF. The Class A segment led the market, climbing from \$40.23/SF to \$41.56/SF. Average rates for higher-end space have increased by 12.6% from the previous peak level recorded in 2008. The Class B weighted average increased to \$28.98/SF from \$27.94/SF from this time last year, while the Class C segment decreased to \$18.38/SF from the 19.42/SF average recorded during the fourth quarter of 2018. Gardens Corporate Center South Tower is a 111,972-square-foot building in North Palm Beach Gardens slated to be completed in the first half of 2020. 575 Rosemary and One West Palm are two Class A buildings totaling 510,000 square feet under construction in West Palm Beach's CBD submarket that are projected to be finished in 2021. These buildings will likely push vacancy rates upward, as pre-leasing in all three remained limited. Palm Beach's office sector tends to fluctuate with economic conditions. Noticeable market corrections are likely to occur during the next downturn.

LEASING AND DEMAND

Leasing activity dipped slightly from the previous quarter, as 160 transactions totaling 340,000 square feet closed during fourth-quarter 2019, bringing totals to more than 1.6 million square feet year to date. This was also down from the 1.8 million square feet of deal activity seen one year ago. Class B office space held onto the lead for a second consecutive year with 935,000 square feet, while Class A space stayed in the number-two spot with 664,000 square feet in 2019. Class C space continued to lag, with only 71,375 square feet of deal activity. Palm Beach County saw a decline in midsize and large lease deals during the quarter, which pushed the market to the number-three spot with 572,000 square feet. The professional and business services sector jumped into first with 192,000 square feet of lease deals while financial companies remained in second place with 170,000 square feet and the retail sector held in third with 52,000 square feet of transaction activity.

INVESTMENT SALES

Investment sales remained tepid in Palm Beach County, as three sale transactions totaling more than 293,000 square feet occurred during fourth-quarter 2019, bringing year-to-date investment sales to 1.2 million square feet worth a combined \$315.5 million. This was a significant decrease from the 2.9 million square feet that sold for \$445.8 million one year ago. However, the average sales price increased from \$215/SF one year ago to \$259/SF, which can be attributed to the increase in improved sales from the Class A segment as well as the rise in price per square foot for lower-tier investments.

CURRENT CONDITIONS

Palm Beach saw supply outpace demand for the first time in more than ten years but the removal of Office Depot's former headquarters for redevelopment kept vacancy rates lower from one year ago.

No construction completions took place during 2019, but with the projected completion of Gardens Corporate Center South Tower, the 111,000-square-foot building could push vacancy rates in the county upward in 2020.

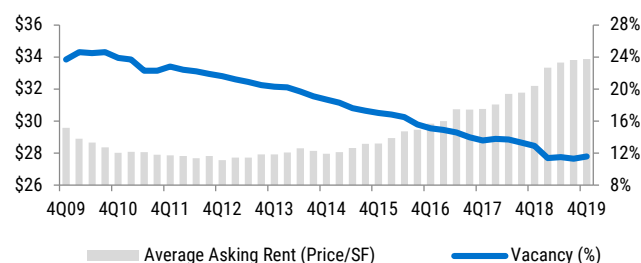
Limited Class A availability in the West Palm Beach's CBD pushed the asking average rate to the highest level throughout South Florida.

Construction activity picked up in West Palm Beach's CBD with two buildings underway totaling just over a half million square feet.

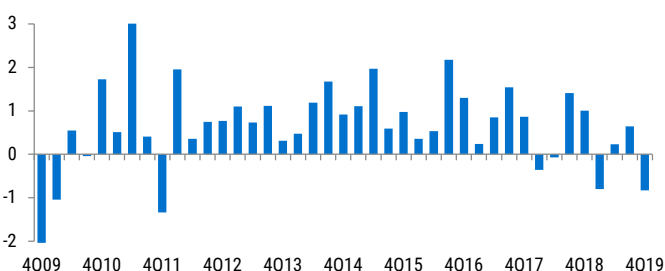
Leasing and sales activity decreased from levels seen in 2018.

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	25.8 MSF	↑
Vacancy Rate	11.6%	11.3%	12.9%	↑
Quarterly Net Absorption	(82,908)	64,202	100,364	↔
Average Asking Rent	\$33.87	\$33.81	\$32.20	↑
Under Construction	621,972	621,972	265,162	↔
Deliveries	0	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)
W Palm Beach CBD	2,359,181	510,000	11.0 %	-63,004	-84,922	\$56.97	\$27.83	\$50.53
Boca Raton	11,928,836	0	12.2 %	-14,668	7,785	\$38.89	\$28.90	\$34.82
Boynton/Lantana	712,398	0	16.9 %	2,325	7,649	N / A	\$22.52	\$21.20
Delray Beach	1,244,922	0	7.9 %	7,380	68,978	N / A	\$29.49	\$27.84
Jupiter	596,224	0	9.9 %	826	-26,887	N / A	\$25.14	\$25.14
N Palm Bch/Palm Bch Gardens	3,597,494	111,972	8.3 %	-24,706	-60,263	\$39.22	\$24.62	\$28.38
Palm Beach	822,706	0	14.3 %	6,449	13,903	N / A	\$55.88	\$55.88
Palm Springs/Lake Worth	238,131	0	15.2 %	1,149	-18,334	N / A	\$17.89	\$17.89
Royal Palm Bch/Wellington	304,640	0	2.9 %	-1,923	-3,787	N / A	\$25.95	\$25.95
W Palm Beach Suburban	3,743,117	0	13.7 %	3,264	20,238	\$38.09	\$28.29	\$30.30
Suburban Total	23,188,468	111,972	11.7 %	-19,904	9,282	\$38.84	\$29.02	\$32.39
Totals	25,547,649	621,972	11.6 %	-82,908	-75,640	\$41.56	\$28.98	\$33.87

PALM BEACH LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Mill Creek Residential Trust	Boca Village Corp Ctr-4855 Technology Way	Boca Raton	Direct	27,079
Micro Stimguard	Gallery Center-604 Banyan Trl	Boca Raton	Direct	7,781
Procurant	Congress Corp Pl-902 Clint Moore Rd	Boca Raton	Direct	5,348

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Centurion Tower-1601 Forum Pl	W Palm Beach Suburban	\$32,500,000	\$226	143,966
* Glades Twin Plaza-2300 Glades Rd	Boca Raton	\$58,435,358	\$594	98,300
*901 Northpoint Pkwy	N Palm Bch/Palm Bch Gardens	\$12,350,000	\$164	75,122
555 Congress	Boynton/Lantana	\$3,700,000	\$181	20,418
* Denotes Portfolio Sale				

SOUTH FLORIDA OFFICE SUBMARKETS

SOUTH FLORIDA

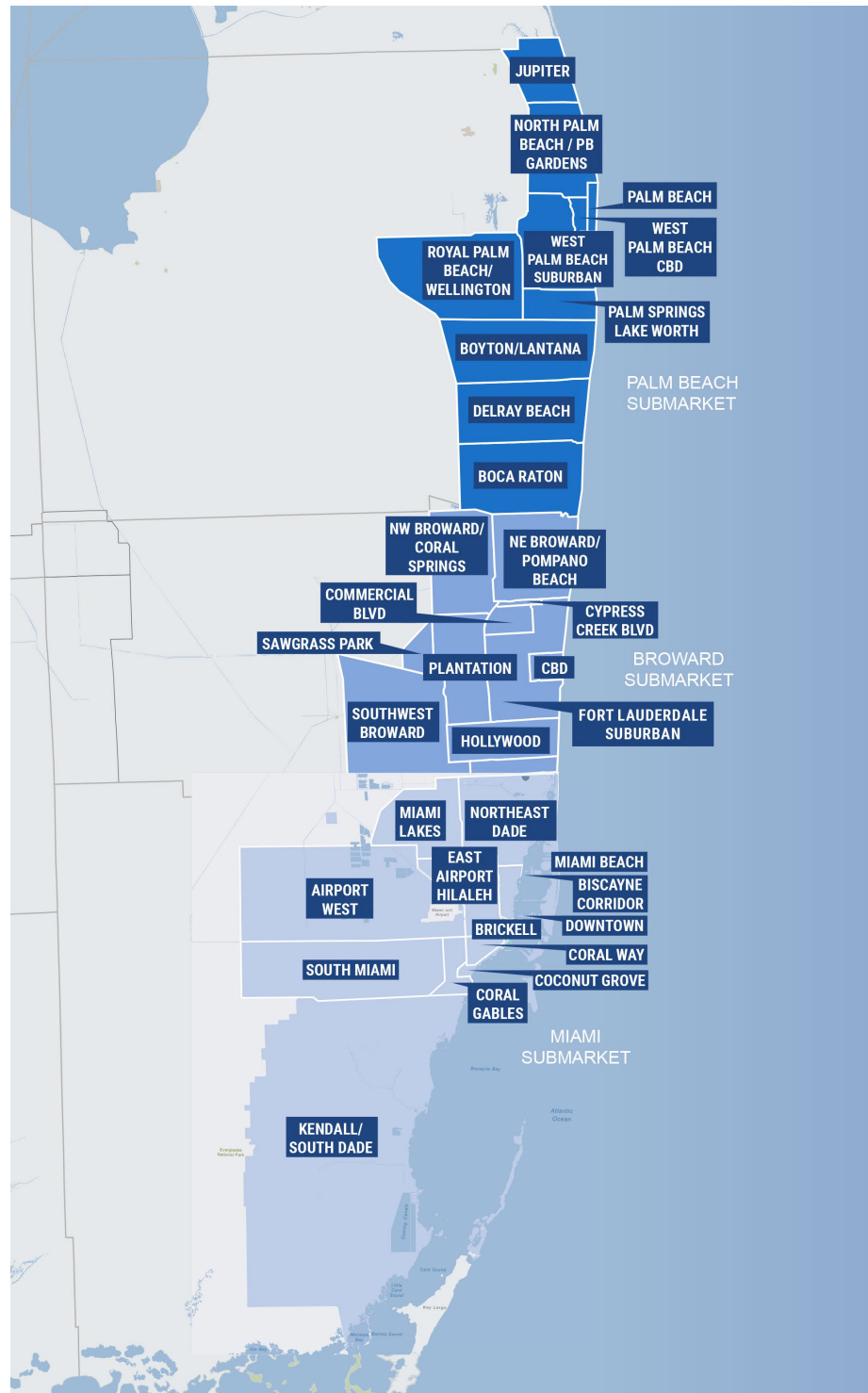
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Newmark Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Knight Frank Research Reports are available at www.ngkf.com/research

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