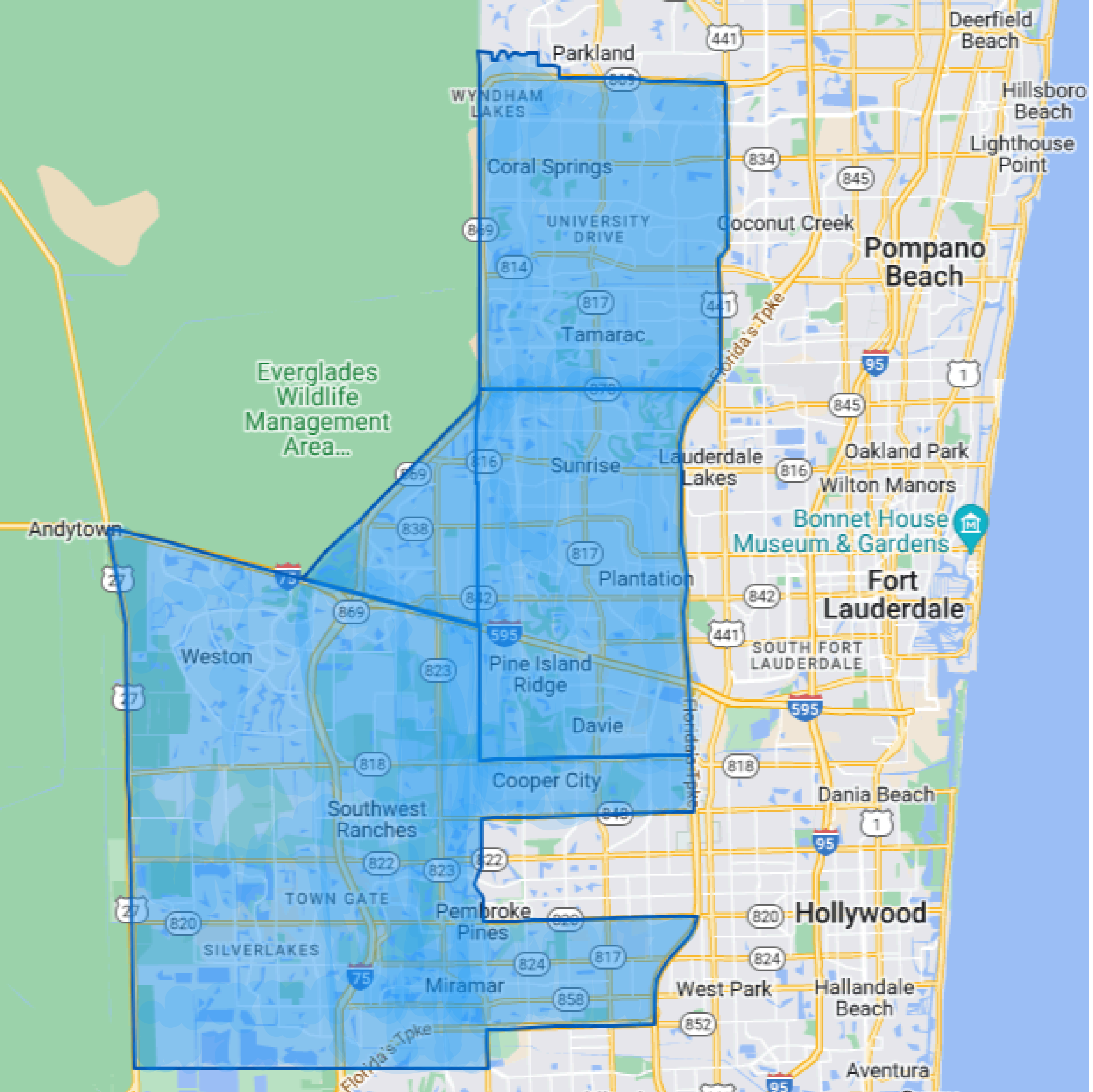
Q4 2024

West Broward Office Market Report

MARTINEZ TEAM

CNV COMMERCIAL


Parkland
Wyndham Lakes
Deerfield Beach
Hillsboro Beach
Lighthouse Point
Coral Springs
University Drive
Coconut Creek
Pompano Beach
Tamarac
Everglades Wildlife Management Area...
Florida's Tpke
Sunrise
Lauderdale Lakes
Oakland Park
Wilton Manors
Bonnet House Museum & Gardens
Andytown
Plantation
Fort Lauderdale
South Fort Lauderdale
Weston
Pine Island Ridge
Davie
Cooper City
Dania Beach
Southwest Ranches
Town Gate
Pembroke Pines
Hollywood
Silverlakes
Miramar
West Park
Hallandale Beach
Aventura

As the sun set on 2024, the West Broward office market showcased resilience and opportunity, driven by sustained demand and a diverse mix of industries thriving in this strategic South Florida location. Encompassing key submarkets like Plantation, Sawgrass Park, Southwest Broward, and Northwest Broward, West Broward remains a magnet for businesses seeking connectivity, affordability, and access to talent. While challenges persist, particularly in vacancy rates, the market continues to deliver a steady trajectory of growth and innovation.

West Broward by the Numbers

Office

Class A	*Class B*
$38.87 *Average Gross Asking Rent*	*$28.86* *Average Gross Asking Rent*
13.9% *Direct Vacancy*	*17.1%* *Direct Vacancy*
17,876 *Q4 2024 Absorption*	*(14,636)* *Q4 2024 Absorption*

Class A Office Momentum

Class A office spaces in West Broward demonstrated their appeal, attracting premium tenants and achieving notable absorption milestones despite sector headwinds:

- Market Strength and Vacancy: The total Class A inventory stands at 7.28 million square feet, with an average total vacancy rate of 15.9%. While vacancy rates rose in some areas, Southwest Broward emerged as a strong performer, recording the lowest vacancy at 13.5%.
- Premium Rents: With an average asking rent of $38.87 per square foot, Class A properties maintained a competitive edge, with Plantation commanding the highest rates at $43.69 per square foot, reflecting its position as a high-demand hub.
- Absorption Trends: Despite a slight pullback in Q4 absorption at (17,876) square feet, the year-to-date absorption of 84,702 square feet underscores the sustained demand for premium office spaces. Southwest Broward led the quarter with a remarkable absorption of 32,401 square feet, while Sawgrass Park faced challenges with (12,258 square feet) in negative absorption.

Class B Office Opportunities

The Class B office market, comprising 2.82 million square feet of inventory, showcased stability in certain submarkets while grappling with higher vacancy levels in others:

- Vacancy and Rent Analysis: The total vacancy rate for Class B properties averaged 17.6%, with Southwest Broward reporting an impressively low rate of 4.0%, in sharp contrast to Sawgrass Park's 23.9%. Average asking rents for Class B spaces stood at $28.86 per square foot, offering affordable options for value-driven tenants.
- Absorption and Activity: The Class B segment recorded a net negative absorption of (14,636) square feet for Q4, mirroring broader challenges in the market. However, Northwest Broward and Sawgrass Park posted modest positive absorption figures, showcasing opportunities for growth in select locations.

West Broward Market at a Glance

With a combined inventory of over 10.1 million square feet across Class A and Class B properties, West Broward offers a balanced mix of premium and affordable office solutions. The total vacancy rate for the region is 16.3%, and the average gross asking rent is $36.08 per square foot, reflecting competitive market dynamics.

Key Market Drivers and Highlights

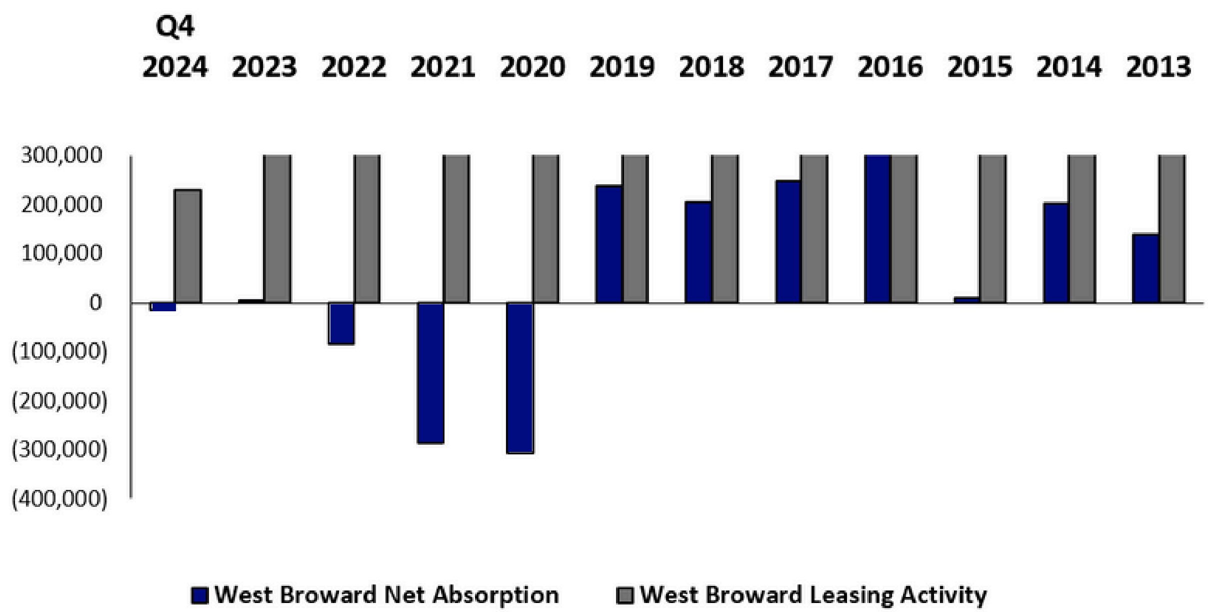
1. Southwest Broward Leads: This submarket stands out as a key driver of growth, combining low vacancy rates, strong absorption, and competitive rents to attract diverse tenants.
2. Opportunities in Sawgrass Park: While Sawgrass Park faces challenges with high vacancy rates and negative absorption, its affordability and connectivity create potential for repositioning and redevelopment strategies.
3. Class A Resilience: Premium properties continue to command high rents, supported by robust tenant demand and strategic locations within the region.
4. Emerging Trends: The broader West Broward region benefits from a mix of healthcare, technology, and financial services, shielding the local economy from sector-specific volatility and reinforcing its long-term appeal to businesses.

Looking Ahead

As we enter 2025, West Broward is poised for transformation. Stabilizing interest rates and renewed developer confidence are expected to invigorate the market. Opportunities abound for landlords and investors to enhance existing properties, particularly in Class B and Tier II Class A spaces, with upgrades to amenities, common areas, and sustainability features.

Strategically positioned in South Florida's thriving ecosystem, West Broward continues to attract businesses seeking access to talent, connectivity, and affordability. With its dynamic mix of suburban vibrancy and urban sophistication, West Broward is well-equipped to capitalize on future growth opportunities, offering an ideal environment for enterprises to thrive in the years ahead.

Net Absorption (SF) & Direct Leasing Activity



Leasing Activity:

- Leasing activity across West Broward remained in line with historical trends, contributing to a total absorption of (14,009) square feet in Q4 2024, a drop from 1,116 square feet in Q4 2023.
- Southwest Broward led leasing activity with 154,262 square feet leased, maintaining its position as a standout performer for modern office spaces.

Absorption:

- Class A properties recorded 17,876 square feet of positive absorption for the year, with 32,401 square feet absorbed in Southwest Broward, underscoring demand for premium spaces.
- Class B properties faced challenges, with negative absorption of 14,636 square feet in Q4, driven by contractions in Plantation and Sawgrass Park.

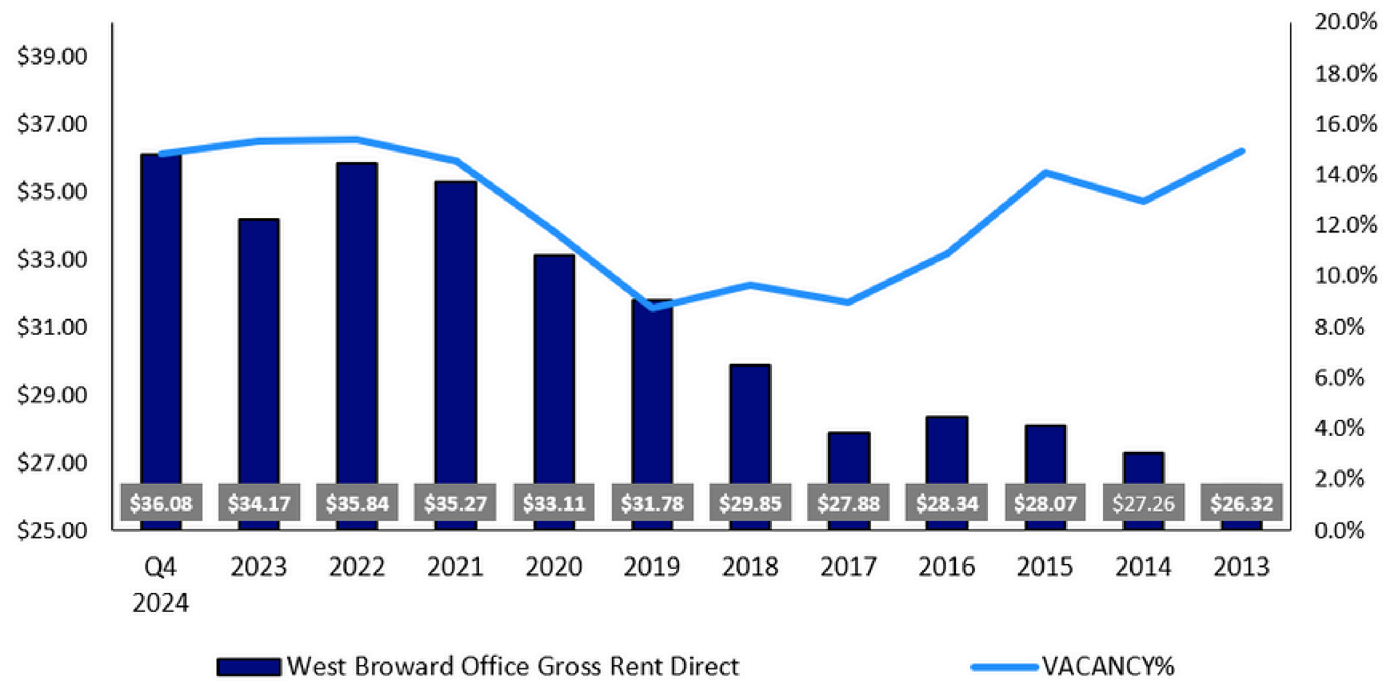
Submarket Highlights

1. **Sawgrass Park:**
   - Demand challenges persisted, with significant tenant contractions driving negative absorption in Class A (-12,258 square feet) and Class B (1,231 square feet).
   - High vacancy rates (23.3% for Class A and 23.9% for Class B) reflect ongoing pressure to reposition older office stock to attract tenants.
2. **Southwest Broward:**
   - A clear demand leader, Southwest Broward achieved the lowest vacancy rates in the region (13.5% for Class A and 4.0% for Class B), supported by consistent leasing activity and a strong tenant mix.
   - Its favorable positioning and competitive rents continue to attract companies in technology, healthcare, and financial services.
3. **Plantation:**
   - Vacancy in Class A properties declined to 13.7%, signaling improved tenant retention, but absorption challenges remain, with negative 22,365 square feet in Q4 2024.
   - Notable leasing, such as Jazwares' 132,000-square-foot move, underscores ongoing interest in premium properties despite absorption declines.
4. **Northwest Broward:**
   - The submarket demonstrated consistent performance, with 23,747 square feet of positive absorption for Q4 across Class A properties, and 1,034 square feet for Class B, reflecting steady demand.

Market Dynamics and Insights

- Total Vacancy: West Broward's 14.8% total vacancy rate (down from 15.4% in 2023) highlights relative stability, outperforming Broward County's average of 16.8%.
- Class A Resilience: Demand remains concentrated in Southwest Broward and Plantation, while Sawgrass Park struggles due to elevated vacancies.
- Tenant Renewals: Renewals played a significant role in leasing activity, reflecting cautious tenant behavior in a challenging economic environment.
- Sublease Availability: Though sublease availability decreased county-wide, no significant West Broward data is available, but tenant confidence appears to be improving.

Overall Rental Rates vs Total Vacancy %



The West Broward office market continues to exhibit a balanced pricing structure, with average gross asking rents at $36.08 per square foot, reflecting stability across Class A and Class B properties. While rates remained competitive, certain submarkets demonstrated notable growth, driven by demand for high-quality, well-located office spaces.

Class A Rental Rates

- The average asking rent for Class A properties was $38.87 per square foot, underscoring the premium nature of these spaces.
  - Plantation: Led the submarkets with the highest asking rents at $43.69 per square foot, highlighting its desirability among tenants seeking modern, centrally located office spaces.
  - Southwest Broward: Ranked second at $39.18 per square foot, driven by strong leasing activity and its appeal as a hub for technology and healthcare tenants.
  - Sawgrass Park: Recorded the lowest Class A rents at $34.66 per square foot, reflective of elevated vacancy rates and efforts to attract tenants in this competitive submarket.

Class B Rental Rates

- Class B properties averaged $28.86 per square foot, offering more affordable options for cost-conscious tenants.
  - Plantation: Commanded the highest Class B rents at $30.47 per square foot, emphasizing its position as a higher-tier Class B option with desirable amenities.
  - Sawgrass Park: Remained the most affordable submarket, with Class B rents averaging $27.20 per square foot, though high vacancy rates persist.
  - Southwest Broward: Averaged $29.26 per square foot, reflecting its strong leasing demand even in lower-tier spaces.

Key Pricing Insights

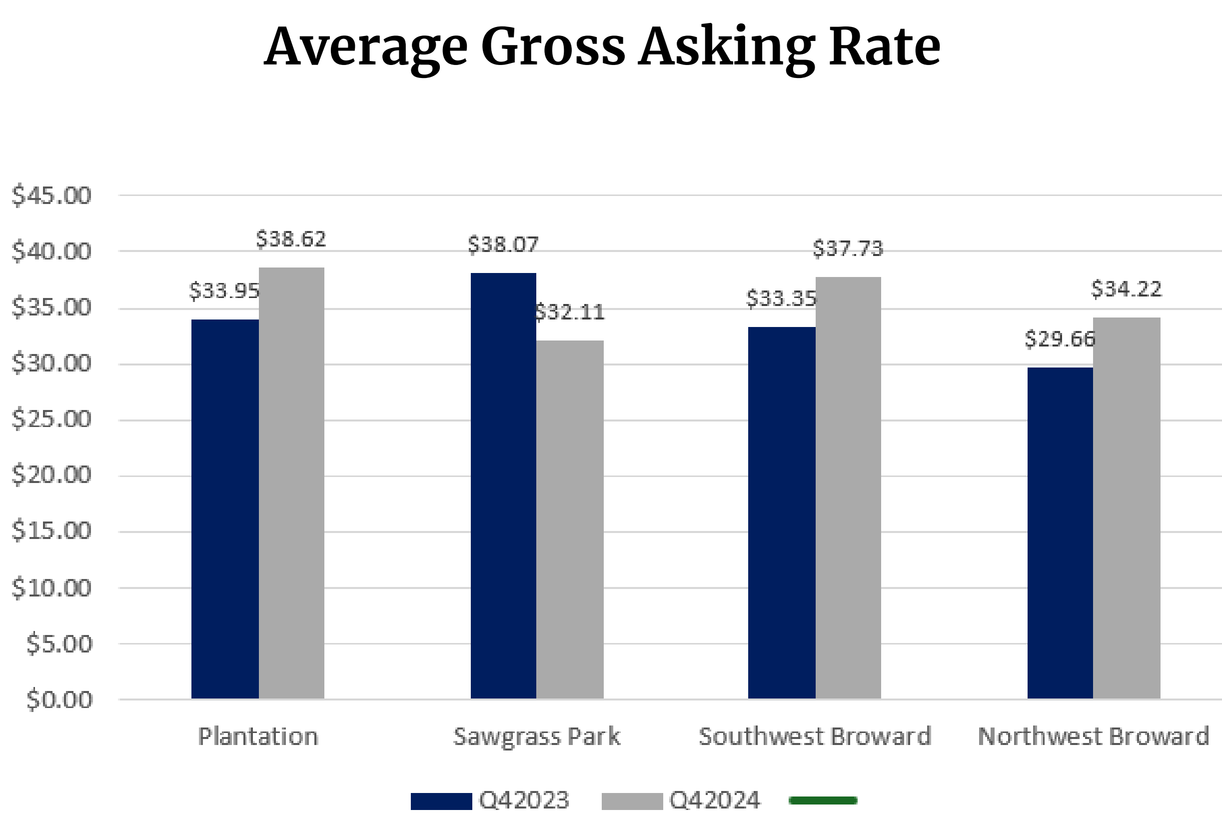
1. **Modest Growth and Stability:**
   - West Broward rents grew by 5% year-over-year, consistent with gradual improvements in tenant demand. However, the region saw less growth compared to Broward County overall, where Class A rents climbed by 3.8% year-over-year in Downtown Fort Lauderdale.
2. **Premium Pricing for Modern Spaces:**
   - Submarkets offering modern, amenity-rich spaces—such as Southwest Broward and Plantation—command higher rents, reflecting strong tenant demand and proximity to executive housing.
   - Conversely, Sawgrass Park's competitive pricing reflects the challenges faced by older inventory and elevated vacancy levels.
3. **Market Trends and Context:**
   - Compared to the county-wide average of $41.16 per square foot, West Broward rents remain slightly lower, reflecting its suburban nature and broader diversity of tenant needs.
   - Stabilizing operational costs and minimal new construction suggest rents will hold steady heading into 2025.

Supply Overview

The West Broward office market maintained a stable inventory of 10.1 million square feet across Class A and Class B properties during Q4 2024. No new construction projects or deliveries were recorded, signaling a cautious market approach as landlords focused on leasing existing spaces and repositioning older properties to meet evolving tenant needs. The market's supply-demand balance is primarily shaped by tenant turnover and absorption trends.

Class A Office Supply

1. **Inventory and Vacancy:**
   - Total Class A inventory stood at 7.28 million square feet, with a direct vacancy rate of 13.9% and a total vacancy rate of 15.9%.
   - Southwest Broward remains the strongest submarket, with a direct vacancy rate of 11.1% and the highest absorption at 32,401 square feet.
   - Sawgrass Park, by contrast, faced significant challenges, with the highest Class A vacancy rate of 23.3% and negative absorption of (12,258 square feet).
2. **Rental Rates:**
   - The average gross asking rent for Class A properties was $38.87 per square foot, reflecting 5% year-over-year growth.
     - Plantation commanded the highest Class A rents at $43.69 per square foot, showcasing its desirability for premium office space.
     - Sawgrass Park offered the lowest rents at $34.66 per square foot, aligning with its higher vacancy and tenant acquisition efforts.
3. **Performance Insights:**
   - Vacancy in Plantation dropped significantly from 21.8% in Q4 2023 to 13.7%, indicating improved demand and tenant retention.
   - Southwest Broward's Class A properties continue to thrive, benefiting from low vacancy rates and sustained leasing activity.



Class B Office Supply

1. **Inventory and Vacancy:**
    - Class B inventory totaled 2.82 million square feet, with a direct vacancy rate of 17.1% and a total vacancy rate of 17.6%.
    - Southwest Broward demonstrated strong performance, maintaining the lowest Class B vacancy rate at 4.0%.
    - Sawgrass Park faced the highest Class B vacancy rate at 23.9%, consistent with its challenges in attracting tenants.
2. **Rental Rates:**
    - The average gross asking rent for Class B properties was $28.86 per square foot, offering affordable alternatives for cost-conscious tenants.
        - Plantation led the Class B submarket with rents at $30.47 per square foot.
        - Sawgrass Park remained the most competitively priced at $27.20 per square foot, reflecting ongoing struggles with vacancies.
3. **Performance Insights:**
    - Class B properties in Plantation and Sawgrass Park struggled with negative absorption in Q4, at (13,252 square feet) and 1,231 square feet, respectively.
    - Northwest Broward posted positive absorption for Class B at 1,034 square feet, reflecting stable demand in this smaller submarket.

Sublease Availability

Sublease availability continues to decline across South Florida, with West Broward benefiting from this trend. Reduced sublease space signals growing tenant confidence in long-term leasing.

Construction Pipeline

The construction pipeline remained inactive, with no new projects breaking ground in Q4 2024. This provides an opportunity for landlords to focus on renovations, modernizing amenities, and upgrading older properties, particularly in Sawgrass Park and Plantation, where elevated vacancies persist.

Key Takeaways

1. **Southwest Broward's Dominance:**
    - Southwest Broward leads the market, combining low vacancy rates and consistent leasing demand across both Class A and Class B properties.
2. **Sawgrass Park Challenges:**
    - Sawgrass Park continues to struggle, with elevated vacancy rates (Class A: 23.3%, Class B: 23.9%) and minimal absorption, indicating the need for targeted strategies to reposition office spaces and attract tenants.
3. **Stable Inventory, Room for Growth:**
    - With no new construction, landlords across West Broward are leveraging a stable inventory to focus on addressing tenant needs through competitive pricing and improvements to older spaces.
4. **Rent Growth and Competitiveness:**
    - Class A rents grew 5% year-over-year to $38.87 per square foot, reflecting premium demand. Class B rents remain competitive at $28.86 per square foot, offering diverse options for a variety of tenants.

Q4 2024 Class A & B Highlights

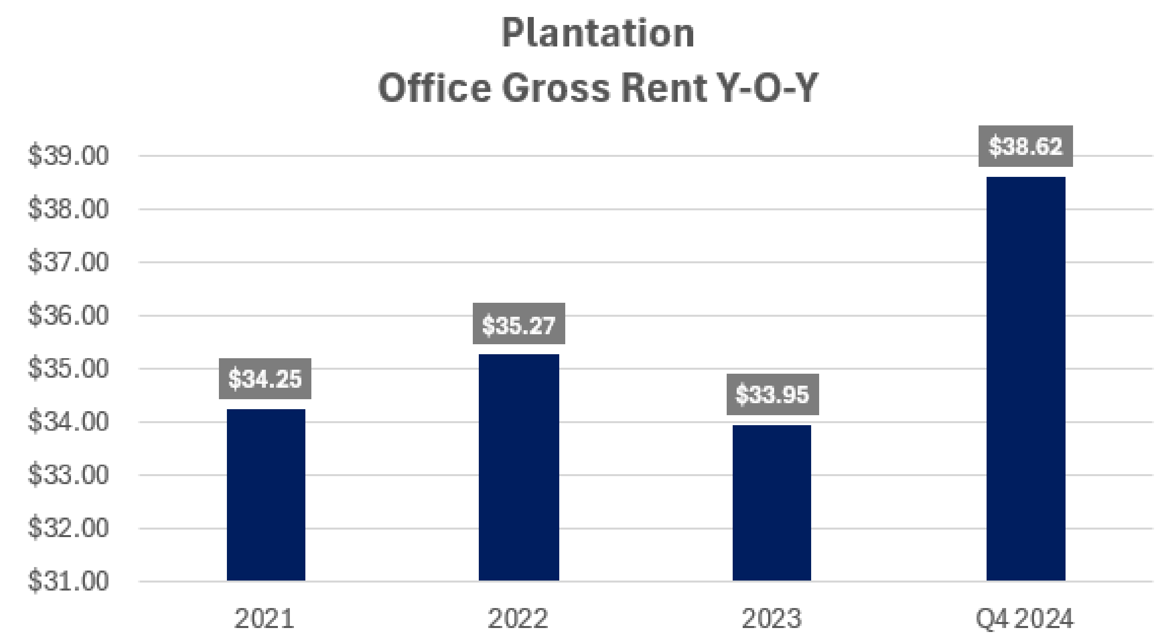
2,864,304 SF
West Broward Inventory

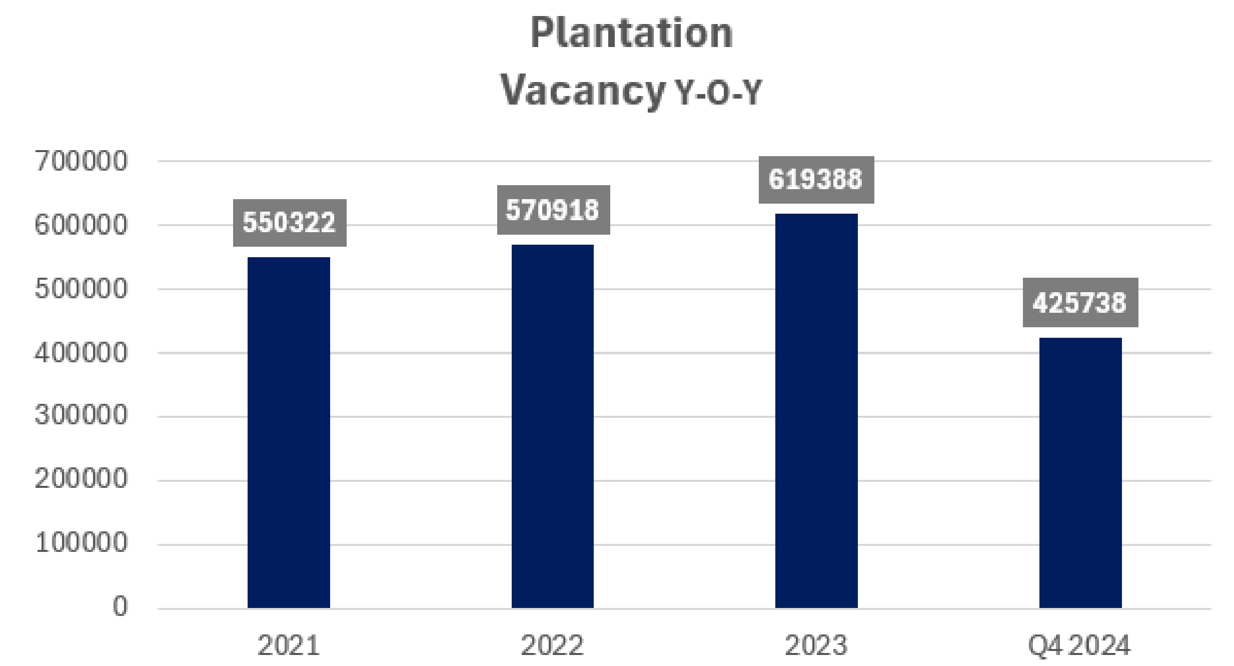
425,738 SF
West Broward Vacancy

$38.62 PSF
West Broward Office Gross Rent Direct

(22,365)
West Broward Net Absorption

13,226 SF
West Broward Leasing Activity





Q4 2024 Class A & B Highlights

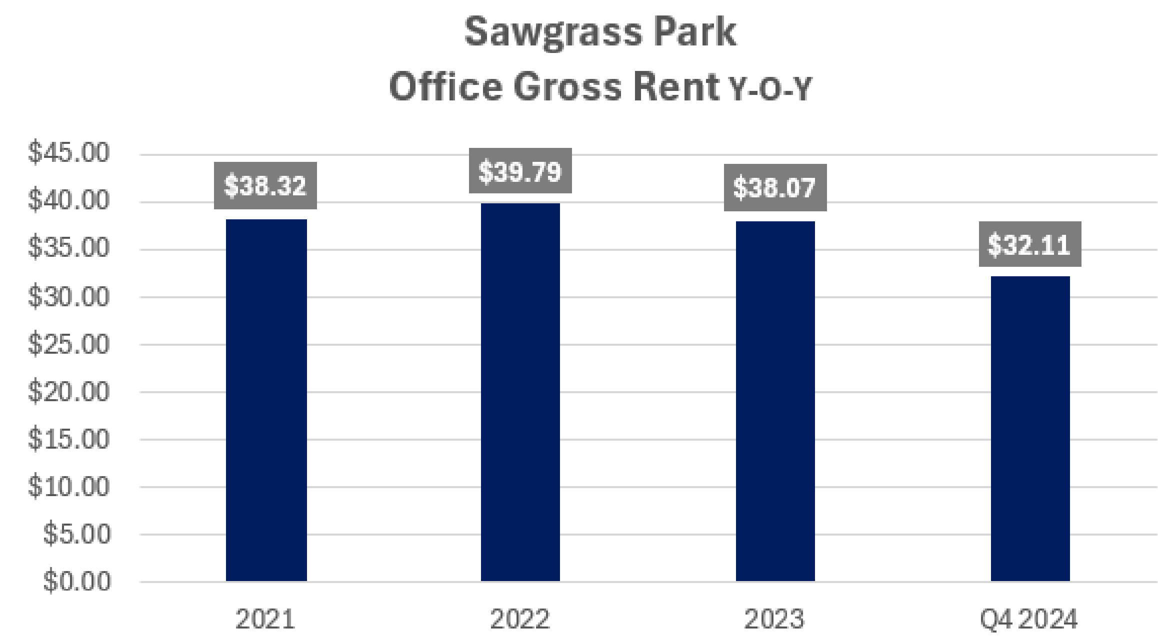
2,707,882 SF
West Broward Inventory

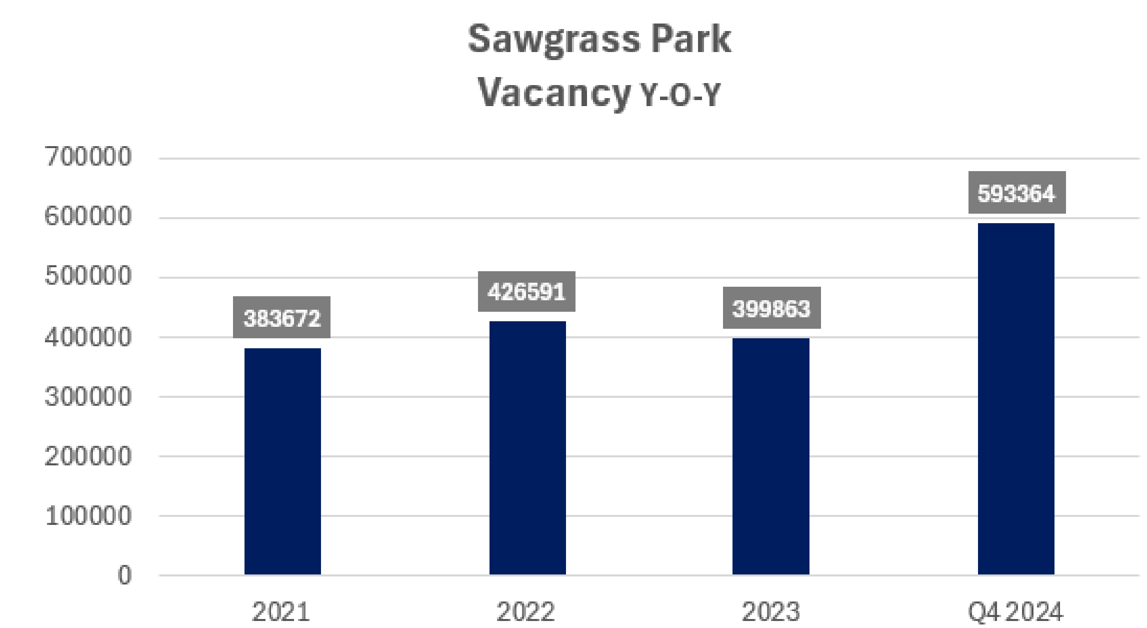
593,364 SF
West Broward Vacancy

$32.11 PSF
West Broward Office Gross Rent Direct

(11,027)
West Broward Net Absorption

37,573 SF
West Broward Leasing Activity





Q4 2024 Class A & B Highlights

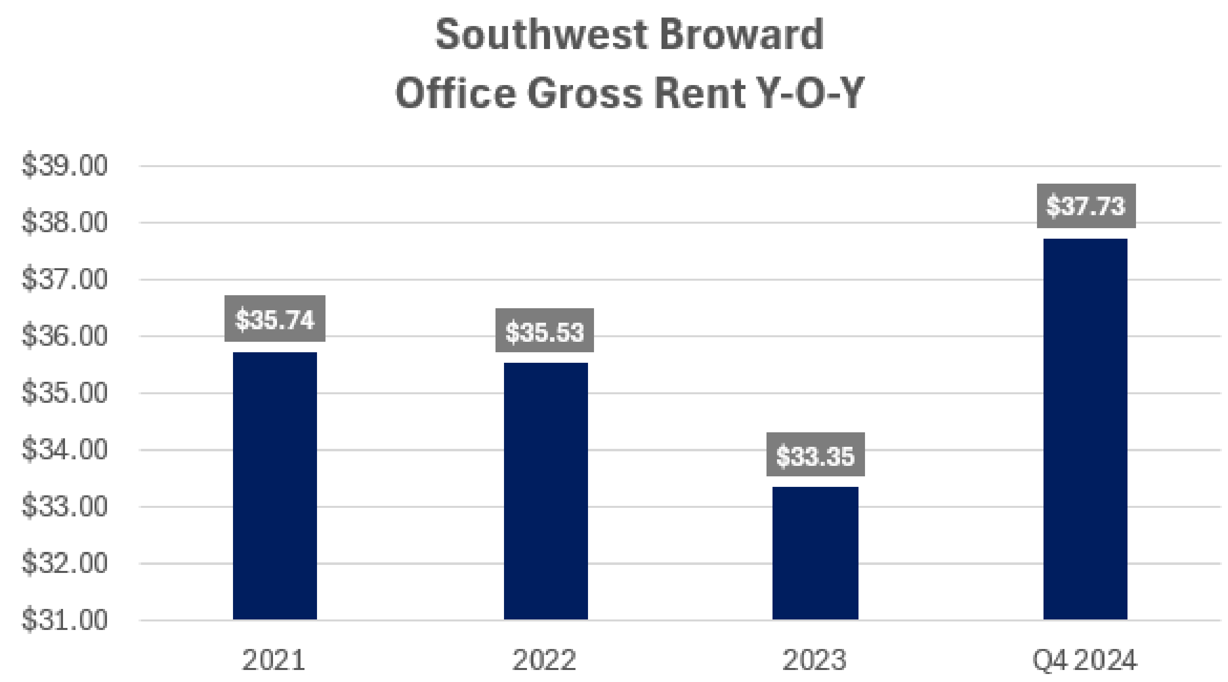
3,380,784 SF
West Broward Inventory

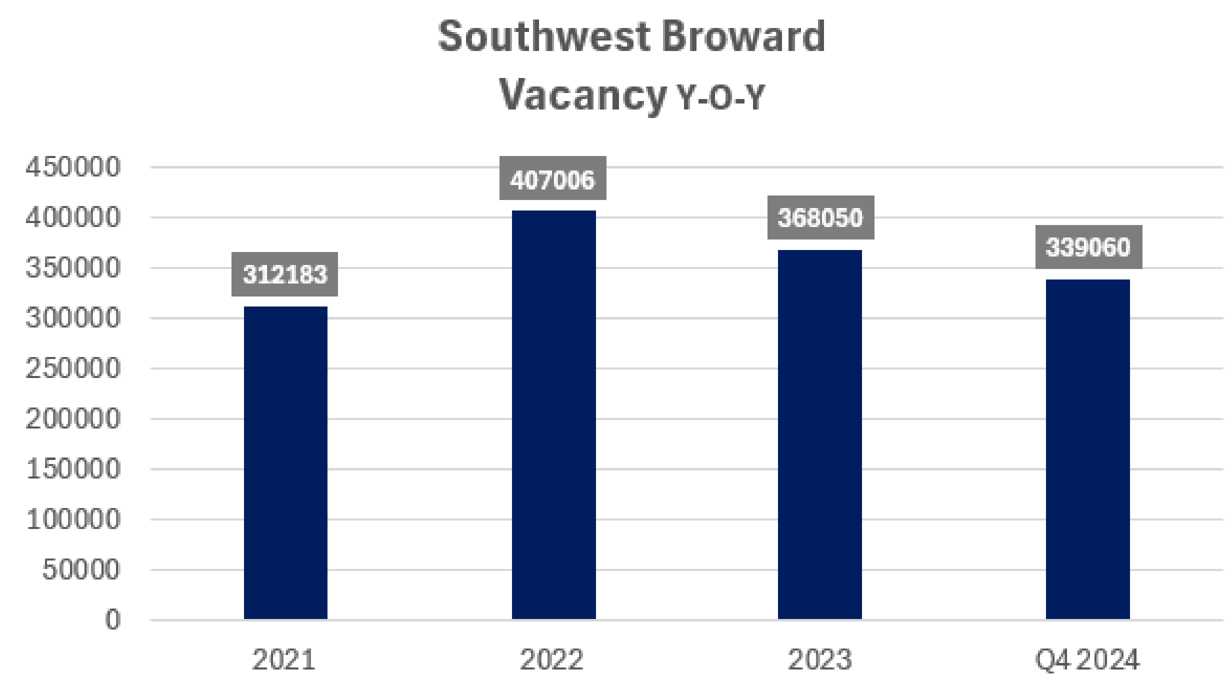
339,060 SF
West Broward Vacancy

$37.73 PSF
West Broward Office Gross

(4,364)
West Broward Net Absorption

154,262 SF
West Broward Leasing Activity





Q4 2024 Class A & B Highlights

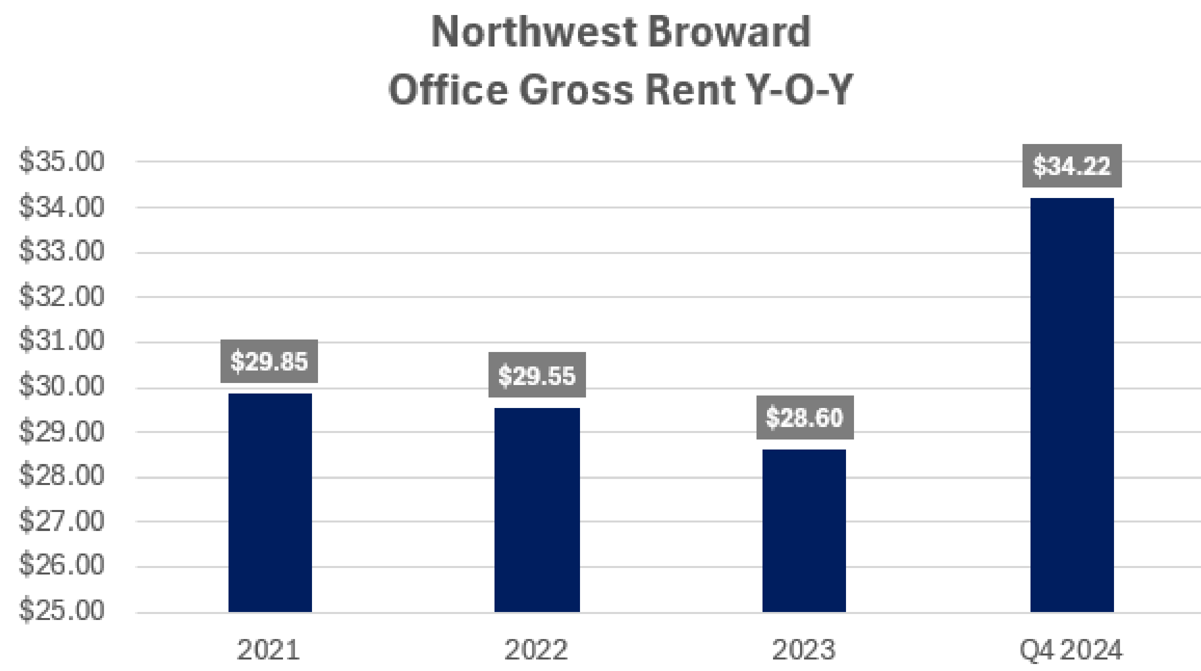
1,149,342 SF
West Broward Inventory

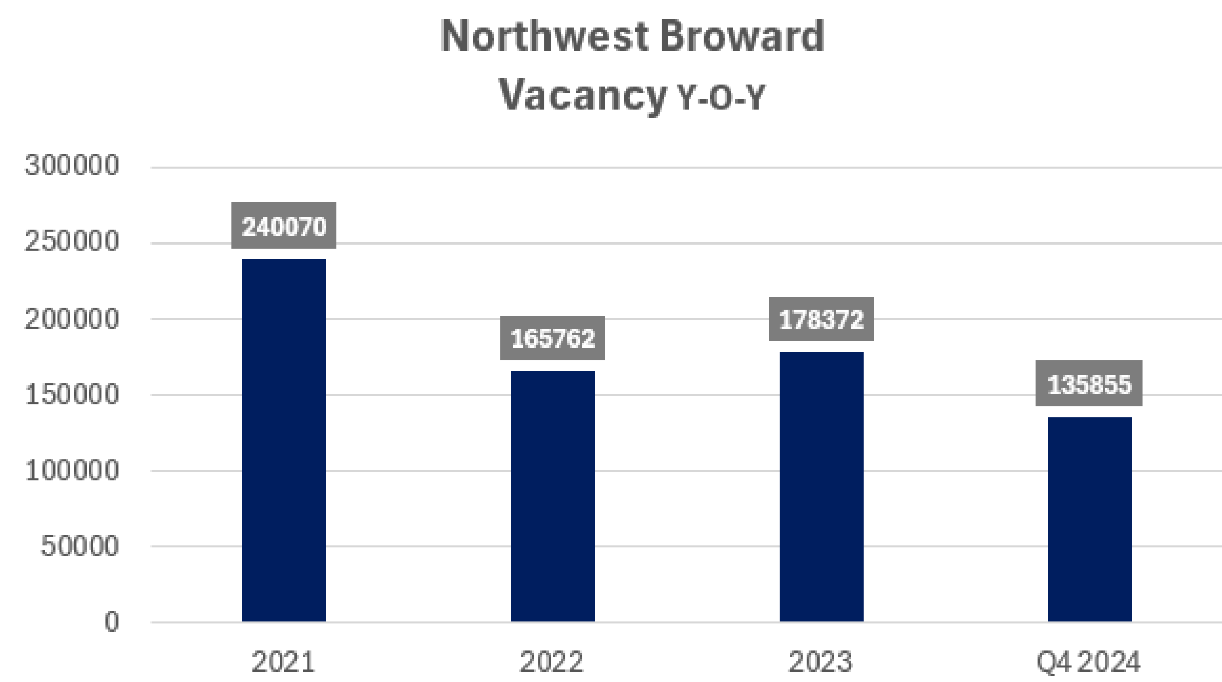
135,855 SF
West Broward Vacancy

$34.22 PSF
West Broward Office Gross

23,747
West Broward Net Absorption

25,756 SF
West Broward Leasing Activity





West Broward Submarkets — Class A

	Existing Inventory	Direct Vacancy %	Total Vacancy %	Average Gross Asking Rent	Q4 2024 Absorption	YTD Absorption	Under Construction
Plantation	1,763,953	11.8%	13.7%	$43.69	(9,113)	113,857	0
Sawgrass Park	1,783,346	21.6%	23.3%	$34.66	(12,258)	(69,915)	0
Southwest Broward	2,887,796	11.1%	13.5%	$39.18	32,401	2,962	0
NW Broward	849,629	11.7%	12.8%	$36.61	6,846	37,798	0
TOTALS	**7,284,724**	**13.9%**	**15.9%**	**$38.87**	**17,876**	**84,702**	**0**

West Broward Submarkets — Class B

	Existing Inventory	Direct Vacancy %	Total Vacancy %	Average Gross Asking Rent	Q4 2024 Absorption	YTD Absorption	Under Construction
Plantation	1,100,351	19.7%	19.7%	$30.47	(13,252)	(2,855)	0
Sawgrass Park	924,536	22.6%	23.9%	$27.20	1,231	(59,636)	0
Southwest Broward	492,988	4.0%	4.0%	$29.26	(3,649)	(470)	0
NW Broward	299,713	12.2%	12.3%	$27.46	1,034	9,901	0
TOTALS	**2,817,588**	**17.1%**	**17.6%**	**$28.86**	**(14,636)**	**(53,060)**	**0**

WEST BROWARD TOTALS	**10,102,312**	**14.8%**	**16.3%**	**$36.08**	**3,240**	**31,642**	**0**

Who We Are



As a boutique commercial real estate firm, we are dedicated to delivering unmatched personalized service and expert guidance, ensuring each client receives the full benefit of our team's knowledge and dedication. With over three decades of combined experience, our seasoned professionals bring a wealth of insight and hands-on expertise in the commercial market, enabling us to provide tailored solutions that meet the unique needs and goals of each client.

Our team specializes in assisting property owners with the liquidation, trade, or strategic repositioning of commercial real estate assets. Leveraging our extensive market knowledge, we create data-driven pricing strategies that not only reflect current market dynamics but also align with our clients' long-term business objectives. From initial consultation to closing, we guide our clients through every step of the process with transparency, integrity, and a commitment to achieving the best possible outcome.

We Believe Every Business Deserves the Best Representation!

Disclaimer

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This report does not constitute a recommendation for any specific business decision and does not consider the unique objectives, financial situations, or needs of individual clients. Clients should carefully assess whether the insights or recommendations in this research align with their specific circumstances and, if necessary, seek additional professional advice, including tax consultation.

It is important to note that the price and value of leasing opportunities discussed in this report are subject to market fluctuations. Past performance, rental, and vacancy trends are not indicative of future outcomes. Furthermore, listed asking rents are not guaranteed and may vary based on negotiations and market conditions.

Data does not include Medical Offices