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Year-End 2017

Miami-Ft. Lauderdale Office

8200 NW 41st Street
Doral, FL 33166
(305) 639-8029

In This Issue

- Current Statistics
 - Retail
 - Office
 - Industrial
 - Multifamily
- Cap Rates
- Commercial Sales
- Home Sale/Price Trends
- Building Permit Data
- SEFL Market Participant Survey Summary

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Data Sources

- ❖ CoStar Group, Inc.
- ❖ PWC/Korpacz.
- ❖ Real Estate Research Corp.
- ❖ U.S Department of Housing and Urban Development
- ❖ Valbridge Property Advisors
- ❖ Florida Realtors®
- ❖ Regional Economic Research Institute-FGCU
- ❖ NABOR

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Prepared by:

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Commercial Markets: Year-End 2017

RETAIL – SNAPSHOT

- The Southeast Florida retail market did not experience much change in market conditions in the last quarter of 2017. The vacancy remained at 3.5% from the third to the fourth quarter.
- Net absorption was strong during the quarter, with positive 523,592 square feet absorbed. Miami Airport, Northeast Dade, and Plantation markets had the largest positive absorption.
- The largest lease signing occurring in 2017 included the 51,409 square feet signed by Costco at Mall of the Americas.
- Average quoted rental rates in the Southeast Florida retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the fourth quarter at \$26.64 per square foot year, a 6.76% increase from four quarters ago.

Retail Data			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Aventura	0.9%	(11,155)	\$37.05
Biscayne Corridor	11.3%	(133,964)	\$35.51
Brickell	9.9%	174,336	\$71.23
Coconut Grove	4.0%	29,140	\$52.88
Commercial Blvd	4.1%	(14,154)	\$15.49
Coral Gables	2.5%	(34,712)	\$42.74
Coral Way	1.3%	17,138	\$30.27
Cypress Creek	4.2%	39,779	\$18.26
Downtown Fort Lauderdale	3.2%	(36,664)	\$35.26
Downtown Miami	8.7%	52,051	\$35.56
Fort Lauderdale	4.1%	72,122	\$19.99
Hallandale	2.0%	54,802	\$24.03
Hialeah Gardens	2.6%	39,423	\$19.42
Hollywood	2.9%	266,199	\$21.95
Kendall	2.8%	79,189	\$31.23
Medley/Hialeah	1.6%	196,882	\$29.52
Miami	5.4%	135,379	\$44.52
Miami Airport	1.9%	459,350	\$28.79
Miami Beach	5.1%	114,365	\$80.16
Miami Lakes	4.8%	(65,546)	\$24.30
Northeast Dade	2.7%	404,460	\$29.50
NW Broward/Coral Springs	3.8%	196,411	\$19.57
Outlying Broward County	2.9%	21,059	\$24.52
Outlying Miami-Dade County	3.2%	5,304	\$23.54
Plantation	3.7%	319,798	\$20.59
Sawgrass Park	0.5%	3,156	\$27.80
South Dade	3.8%	(87,041)	\$21.64
Southwest Broward	2.7%	251,797	\$24.97
West Miami	2.0%	70,968	\$25.25



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southflorida@valbridge.com.

OFFICE – SNAPSHOT

- The Southeast Florida Office market ended the fourth quarter of 2017 with a vacancy rate of 9.0%.
- The vacancy rate was up over the previous quarter by 0.1%. The net absorption dropped from 825,793 square feet in the third quarter to positive 75,520 square feet in the fourth quarter. Sawgrass Park, Plantation, and Miami Airport markets had the largest year to date positive absorption.
- The largest lease signings that transpired in 2017 included: the 105,738 square feet deal signed by Merrill Lynch at 701 Brickell Avenue in the Brickell market; and two office buildings containing 98,474 and 96,948 square feet, which both were leased by Kaplan University in the Cypress Creek market.
- The average quoted asking rental rate for available office space, was \$30.61 per square foot at the end of the fourth quarter. This represents a 1.0% increase in quoted rental rates from the end of the previous quarter, when rents were reported at \$30.31 per square foot.
- During the quarter, six buildings totalling 187,738 square feet were completed. While ten buildings totalling 517,880 square feet were delivered to market in the third quarter.

Office Data			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Aventura	10.0%	(38,896)	\$46.36
Biscayne Corridor	13.3%	(25,266)	\$34.35
Brickell	9.6%	244,088	\$43.48
Coconut Grove	8.6%	42,209	\$39.05
Commercial Blvd	13.5%	39,454	\$21.55
Coral Gables	7.2%	56,924	\$38.39
Coral Way	2.8%	(6,421)	\$28.25
Cypress Creek	12.9%	63,373	\$24.53
Downtown Fort Lauderdale	8.5%	89,790	\$36.51
Downtown Miami	17.3%	(257,498)	\$38.13
Fort Lauderdale	8.6%	105,472	\$24.19
Hallandale	5.5%	45,601	\$29.46
Hialeah Gardens	0.5%	5,008	\$23.50
Hollywood	5.7%	28,270	\$26.64
Kendall	6.2%	263,483	\$30.39
Medley/Hialeah	4.7%	79,359	\$26.05
Miami	4.0%	189,475	\$37.66
Miami Airport	7.8%	271,172	\$28.81
Miami Beach	6.1%	(71,788)	\$42.85
Miami Lakes	16.0%	81,679	\$21.61
Northeast Dade	7.2%	166,369	\$23.64
NW Broward/Coral Springs	9.9%	13,806	\$23.91
Outlying Broward County	0.0%	2,802	\$33.46
Outlying Miami-Dade	0.0%	0	\$0.00
Plantation	8.4%	306,600	\$26.77
Sawgrass Park	7.7%	432,362	\$26.01
South Dade	7.1%	53,254	\$21.51
Southwest Broward	4.2%	173,519	\$29.43
West Miami	0.7%	4,541	\$25.64



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INDUSTRIAL – SNAPSHOT

- The Southeast Florida Industrial market ended the fourth quarter 2017 with a vacancy rate of 3.6%. The vacancy rate was down from the previous quarter, with net absorption totalling positive 970,530 square feet. Medley Ind, Miami Airport West Ind, and Southeast Broward Ind markets had the largest absorption.
- The average quoted asking rental rate for available Industrial space was \$9.88 per square foot at the end of the year. This represents a 1.3% increase in rates from the previous quarter.
- One of the largest lease signings of 2017 is the 540,000 square foot building leased by KLX Aviation at 3760 W 108th St in the County Line Corporate Park.

Industrial-Flex Data			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Central Broward Ind	3.5%	51,193	\$13.73
Central Miami Ind	27.8%	(14,571)	\$14.54
Coral Springs Ind	2.4%	73,155	\$11.71
East Miami Ind	14.7%	3,500	\$21.50
Hialeah Ind	0.3%	(1,000)	\$18.00
Medley Ind	1.6%	9,126	\$14.72
Miami Airport East Ind	22.4%	(184,964)	\$16.94
Miami Airport North Ind	0.0%	20,320	\$13.50
Miami Airport West Ind	2.6%	(39,293)	\$19.72
Miami Lakes Ind	7.3%	(1,370)	\$9.90
North Miami Beach Ind	7.9%	(16,292)	\$13.15
Northeast Broward Ind	7.6%	(27,897)	\$14.47
Outlying Broward Ind	7.5%	(2,734)	\$15.95
Outlying Miami-Dade Ind	0.0%	0	\$0.00
South Central Miami Ind	1.5%	23,018	\$31.58
South Dixie Hwy Ind	1.2%	3,204	\$13.58
Southeast Broward Ind	2.3%	20,766	\$16.31
Southwest Broward Ind	10.5%	(74,024)	\$14.19
Southwest Dade Ind	1.1%	3,510	\$12.23
West Miami-Coral Ter Ind	7.5%	(7,000)	\$14.18
West Sunrise Ind	4.7%	(11,337)	\$12.59

Industrial-Warehouse Data			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Central Broward Ind	2.9%	317,010	\$10.35
Central Miami Ind	3.6%	(5,491)	\$9.70
Coral Springs Ind	6.1%	(117,032)	\$7.53
East Miami Ind	6.8%	(26,132)	\$16.93
Hialeah Ind	2.9%	(160,435)	\$7.27
Medley Ind	6.5%	851,225	\$9.08
Miami Airport East Ind	3.5%	(5,043)	\$9.45
Miami Airport North Ind	1.6%	206,163	\$9.34
Miami Airport West Ind	3.5%	624,823	\$10.23
Miami Lakes Ind	3.5%	271,679	\$8.26
North Miami Beach Ind	3.8%	4,347	\$8.40
Northeast Broward Ind	2.5%	254,763	\$9.25
Outlying Broward Ind	0.0%	0	\$0.00
Outlying Miami-Dade Ind	0.0%	0	\$6.98
South Central Miami Ind	7.3%	74,497	\$20.13
South Dixie Hwy Ind	2.6%	182,248	\$10.41
Southeast Broward Ind	1.5%	434,390	\$10.64
Southwest Broward Ind	7.1%	329,568	\$8.51
Southwest Dade Ind	0.8%	91,175	\$11.58
West Miami/Coral Ter Inc	1.1%	(29,212)	\$14.86
West Sunrise Ind	5.6%	34,979	\$8.90

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MULTIFAMILY – SNAPSHOT

- Occupancy for most markets remains relatively high.
- Rental rates show improvement for most submarkets, with Hallandale, Kendall and Plantation showing the greatest increases in average rent per month over a rolling 12 month period.

Apartment Data				
Market	Occupancy	Avg Rent / Mo	Avg Rent / SF	Rent Change 12 Mo.
Commercial Blvd	92.5%	\$1,156	\$1.13	+2.72%
Cypress Creek	94.9%	\$1,181	\$1.30	+1.56%
Downtown Fort Lauderdale	91.0%	\$1,907	\$2.13	+1.91%
Fort Lauderdale	93.9%	\$1,206	\$1.39	+2.20%
Hallandale	95.3%	\$1,122	\$1.38	+10.40%
Hollywood	94.5%	\$1,267	\$1.51	+3.42%
NW Broward/Coral Springs	93.9%	\$1,454	\$1.37	+2.23%
Plantation	92.8%	\$1,494	\$1.46	+4.28%
Pompano Beach	94.3%	\$1,329	\$1.40	+2.94%
Sawgrass Park	88.3%	\$1,815	\$1.67	+3.08%
Southwest Broward	92.5%	\$1,708	\$1.58	+3.94%
Aventura	95.6%	\$1,763	\$1.79	+0.56%
Biscayne Corridor	93.7%	\$1,646	\$1.88	+1.07%
Brickell	90.9%	\$2,215	\$2.24	+0.90%
Coconut Grove	93.7%	\$1,127	\$1.69	+1.80%
Coral Gables	91.0%	\$2,090	\$2.38	+0.84%
Coral Way	94.8%	\$1,706	\$2.09	+3.46%
Downtown Miami	92.2%	\$1,474	\$1.87	-1.57%
Kendall	93.1%	\$1,604	\$1.79	+4.67%
Medley/Hialeah	98.1%	\$1,085	\$1.35	+2.27%
Miami	95.5%	\$1,085	\$1.43	+2.87%
Miami Airport	92.5%	\$1,652	\$1.75	+2.33%
Miami Beach	94.1%	\$1,422	\$1.99	-1.00%
Miami Lakes	95.6%	\$1,375	\$1.50	+3.44%
Northeast Dade	94.2%	\$1,141	\$1.35	+2.27%
South Dade	96.5%	\$1,008	\$1.13	+2.72%
West Miami	91.6%	\$1,474	\$1.83	+2.23%

Cap Rates – National

According to the **Real Estate Research Corporation (RERC)** "Real Estate Report" and **PwC** "Real Estate Investor Survey," cap rates have shown increases in the Retail Strip Center, Suburban Office, and Flex Industrial categories. No change was reported in the Warehouse space market when compared to the prior quarter on a national scale. There was a decrease in all other categories in the chart below. The rates shown below apply to modern Class A properties with occupancy by creditworthy tenants, good to excellent locations and/or contractual rent growth.

National Rates - RERC & PWC				
Property	Cap Rates			Change from Prior Qtr.
	Low	High	Average	
Retail Strip Center	5.50%	7.00%	6.00%	Decrease
Suburban Office	5.50%	7.00%	6.50%	Decrease
Flex Industrial	6.50%	7.30%	7.00%	Decrease
Warehouse	4.50%	7.00%	5.80%	No Change
Apartment	4.00%	6.00%	5.00%	Decrease
Average for All Properties	5.20%	6.86%	6.06%	Decrease



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Single Family Home Sales & Prices

According to data gathered from Florida Realtors and the Miami Association of Realtors, a total of 2,062 single family homes were sold in Broward and Miami-Dade counties during November 2017. Median sales prices increased over 6% in Miami-Dade County and Broward County had an increase just over 10% from November 2016 to November 2017.

Single Family Home Sales & Median Sales Prices			
Broward County			
	Nov-17	Nov-16	% Change
No. of Sales	1,115	1,257	-11.3%
Median Price	\$350,000	\$318,000	+10.1%
Miami-Dade County			
	Nov-17	Nov-16	% Change
No. of Sales	947	1,025	-7.6%
Median Price	\$330,000	\$310,000	+6.5%

Single Family Building Permits

Southeast Florida long-term trends appear to be mixed after a few years of stabilization according to data gathered from the U.S Department of Housing and Urban Development. Broward County saw decrease of over 10%, while Miami-Dade County increased over 34% from November 2016 to November 2017 in Single-Family building permits issued.

Single Family Building Permits		
Broward County		
Nov-17	Nov-16	% Change
110	123	-10.56%
Miami-Dade County		
Nov-17	Nov-16	% Change
177	132	+34.09%

Southeast Florida Market Participants Survey

Valbridge Property Advisors | Miami – Fort Lauderdale conducts a quarterly survey involving a variety of market participants in the Southeast Florida market including brokers, investors, bankers, property/leasing managers, etc. Market participants are surveyed on their opinions of current market conditions for Industrial, Office, Retail, and Multi-Family markets in Broward and Miami-Dade Counties. The most recent survey conducted in January 2018, indicated participants believe the market in Broward and Miami-Dade Counties to be Improving. The following table summarizes the responses.

Market Conditions	Broward County	Miami-Dade County
Industrial	Strong	Strong
Office	Improving	Stagnant
Retail	Stagnant to Improving	Stagnant to Improving
Multi-Family	Improving to Strong	Improving
Sale Prices	Broward County	Miami-Dade County
Industrial	Strong	Strong
Office	Improving	Stagnant
Retail	Stagnant to Improving	Stagnant to Improving
Multi-Family	Improving to Strong	Improving to Strong
Rental Rates	Broward County	Miami-Dade County
Industrial	Strong	Strong
Office	Improving	Stagnant
Retail	Improving	Improving
Multi-Family	Improving to Strong	Improving to Strong

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