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**Q1 - 2018**

**Miami-Ft. Lauderdale Office**

8200 NW 41<sup>st</sup> 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

*Some figures are estimated due to variances between the reports.*

**Prepared by:**

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## Commercial Markets: Q1 - 2018

**RETAIL – SNAPSHOT**

- The Southeast Florida retail market did not experience much change in market conditions in the first quarter of 2018. The vacancy went from 3.5% in the previous quarter to 3.7% in the current quarter.
- Net absorption was positive, with 140,379 square feet absorbed. Aventura, Southwest Broward, and Miami Airport markets had the largest positive absorption.
- The largest lease signing occurring in 2018 included the 22,100 square feet signed by TJ Maxx at Homestead Pavilion.
- 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 first quarter at \$28.58 per square foot year, an 11% increase from four quarters ago.

Retail Data*			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Aventura	1.2%	301,234	\$42.59
Biscayne Corridor	12.3%	13,678	\$36.02
Brickell	11.5%	(20,785)	\$77.56
Coconut Grove	4.8%	(14,122)	\$54.43
Commercial Blvd	4.3%	(3,188)	\$16.13
Coral Gables	2.7%	(9,464)	\$42.73
Coral Way	1.2%	1,110	\$29.13
Cypress Creek	4.6%	(14,704)	\$18.77
Downtown Fort Lauderdale	3.1%	(9,129)	\$35.81
Downtown Miami	8.7%	1,886	\$34.73
Fort Lauderdale	4.4%	(26,391)	\$20.24
Hallandale	2.1%	(3,663)	\$22.68
Hialeah Gardens	2.5%	(11,070)	\$21.27
Hollywood	3.6%	(73,436)	\$22.05
Kendall	2.7%	2,185	\$32.56
Medley/Hialeah	1.7%	(10,902)	\$28.68
Miami	7.2%	(139,179)	\$46.08
Miami Airport	1.9%	96,596	\$28.20
Miami Beach	5.2%	(21,831)	\$81.47
Miami Lakes	4.3%	6,017	\$24.25
Northeast Dade	2.5%	26,086	\$28.98
NW Broward/Coral Springs	3.9%	(41,247)	\$20.01
Outlying Broward County	1.7%	(960)	\$23.45
Outlying Miami-Dade County	3.9%	(3,335)	\$24.02
Plantation	3.5%	32,162	\$19.34
Sawgrass Park	0.6%	(4,803)	\$23.98
South Dade	4.2%	(48,796)	\$22.02
Southwest Broward	2.2%	101,205	\$34.78
West Miami	2.3%	(4,691)	\$25.33

\*All rental rates reported are calculated using Triple Net (NNN) rental rates.



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[southflorida@valbridge.com](mailto:southflorida@valbridge.com).

**OFFICE – SNAPSHOT**

- The Southeast Florida Office market ended the first quarter of 2018 with a vacancy rate of 9.1%.
- The vacancy rate was up over the previous quarter. The net absorption totalled negative (767,401) square feet. Coral Gables, Sawgrass Park, and Aventura markets had the largest year to date positive absorption.
- The largest project underway at the end of the first quarter is The Plaza Coral Gables – North Tower, a 298,998 square foot building.
- The average quoted asking rental rate for available office space, was \$31.09 per square foot at the end of the first quarter. This represents a 1.6% increase in quoted rental rates from the end of the previous quarter, when rents were reported at \$30.61 per square foot.
- During the quarter, six buildings totalling 237,505 square feet were completed. While six buildings totalling 183,466 square feet were delivered to market in the fourth quarter of 2017.

Office Data*			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Aventura	10.1%	33,563	\$46.40
Biscayne Corridor	12.7%	(35,397)	\$33.80
Brickell	9.8%	(50,301)	\$44.03
Coconut Grove	9.2%	(15,106)	\$39.60
Commercial Blvd	11.7%	25,022	\$21.42
Coral Gables	7.5%	46,927	\$39.69
Coral Way	3.7%	(33,920)	\$30.01
Cypress Creek	13.0%	(25,961)	\$24.14
Downtown Fort Lauderdale	8.3%	(7,277)	\$36.72
Downtown Miami	17.5%	15,621	\$38.65
Fort Lauderdale	9.1%	(46,022)	\$24.08
Hallandale	7.9%	(14,778)	\$29.21
Hialeah Gardens	0.5%	0	\$23.50
Hollywood	5.9%	(24,009)	\$27.70
Kendall	5.9%	23,235	\$30.81
Medley/Hialeah	3.2%	(26,185)	\$26.44
Miami	4.0%	(19,045)	\$36.80
Miami Airport	7.8%	(18,829)	\$29.47
Miami Beach	7.2%	(2,492)	\$46.00
Miami Lakes	15.0%	31,782	\$21.04
Northeast Dade	7.5%	(20,257)	\$25.78
NW Broward/Coral Springs	10.9%	(40,685)	\$24.22
Outlying Broward County	0.0%	0	N/A
Outlying Miami-Dade	0.0%	0	N/A
Plantation	13.1%	(392,689)	\$27.48
Sawgrass Park	6.5%	41,775	\$26.49
South Dade	6.9%	2,587	\$21.75
Southwest Broward	4.2%	(31,174)	\$29.60
West Miami	0.4%	6,671	\$26.14

\*All rental rates reported have been converted to a Full Service rental rate.



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**INDUSTRIAL – SNAPSHOT**

- The Southeast Florida Industrial market ended the first quarter 2018 with a vacancy rate of 4.0%. The vacancy rate was up from the previous quarter, with net absorption totalling negative (215,483) square feet. Medley Ind, Miami Airport West Ind, and Outlying Miami-Dade markets had the largest absorption.
- The average quoted asking rental rate for available Industrial space was \$10.04 per square foot at the end of the quarter. This represents a 1.7% increase in rates from the previous quarter.
- During the first quarter, 12 buildings totalling 1,643,499 square feet were completed in the South Florida market area. This compares to 13 buildings totalling 665,028 square feet were completed in the previous quarter.

Industrial-Flex Data*			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Central Broward Ind	3.2%	(546)	\$13.44
Central Miami Ind	3.3%	550	\$14.97
Coral Springs Ind	5.2%	(30,686)	\$12.30
East Miami Ind	29.7%	(38,375)	\$19.88
Hialeah Ind	0.3%	0	\$18.00
Medley Ind	0.8%	6,582	\$14.72
Miami Airport East Ind	25.0%	(34,604)	\$16.37
Miami Airport North Ind	0.8%	(10,693)	\$18.89
Miami Airport West Ind	3.2%	(34,511)	\$20.20
Miami Lakes Ind	6.5%	12,033	\$10.19
North Miami Beach Ind	8.1%	(10,190)	\$12.84
Northeast Broward Ind	4.4%	46,061	\$13.71
Outlying Broward Ind	0.0%	2,734	\$15.95
Outlying Miami-Dade Ind	0.0%	0	\$0.00
South Central Miami Ind	2.7%	(8,130)	\$34.24
South Dixie Hwy Ind	2.3%	(9,450)	\$11.96
Southeast Broward Ind	2.7%	(9,227)	\$15.32
Southwest Broward Ind	9.9%	18,633	\$14.02
Southwest Dade Ind	2.2%	(19,655)	\$12.05
West Miami-Coral Ter Ind	9.2%	(6,100)	\$14.63
West Sunrise Ind	5.2%	(22,223)	\$12.55

Industrial-Warehouse Data*			
Market	Vacancy	YTD Net Absorption (sf)	Asking Rent
Central Broward Ind	3.0%	(16,257)	\$10.89
Central Miami Ind	4.1%	(12,790)	\$9.56
Coral Springs Ind	8.7%	171,728	\$7.74
East Miami Ind	6.1%	(64,026)	\$16.84
Hialeah Ind	3.4%	30	\$7.81
Medley Ind	6.7%	(79,386)	\$9.24
Miami Airport East Ind	4.0%	60,711	\$9.57
Miami Airport North Ind	2.2%	(65,079)	\$9.40
Miami Airport West Ind	3.8%	293,633	\$10.38
Miami Lakes Ind	1.9%	121,570	\$8.10
North Miami Beach Ind	4.1%	(121,463)	\$8.35
Northeast Broward Ind	1.6%	81,075	\$9.30
Outlying Broward Ind	0.0%	0	\$0.00
Outlying Miami-Dade Ind	0.0%	197,427	\$7.01
South Central Miami Ind	7.9%	(115,285)	\$20.94
South Dixie Hwy Ind	2.7%	3,502	\$10.91
Southeast Broward Ind	2.2%	(174,625)	\$9.83
Southwest Broward Ind	10.4%	(356,163)	\$8.55
Southwest Dade Ind	1.4%	(53,561)	\$11.87
West Miami/Coral Ter Inc	1.2%	(2,318)	\$15.16
West Sunrise Ind	4.6%	84,997	\$8.96

\*All rental rates reported are calculated using the quoted rental rate for each property.

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## MULTIFAMILY – SNAPSHOT

- Occupancy for most markets remains relatively high.
- Rental rates show improvement for most submarkets, with Hallandale, South Dade and Aventura 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	94.8%	\$1,215	\$1.18	+4.83%
Cypress Creek	95.9%	\$1,246	\$1.31	+2.38%
Downtown Fort Lauderdale	89.3%	\$2,026	\$2.20	+2.11%
Fort Lauderdale	94.5%	\$1,233	\$1.42	+4.22%
Hallandale	96.0%	\$1,137	\$1.41	+8.39%
Hollywood	95.6%	\$1,279	\$1.53	+3.40%
NW Broward/Coral Springs	95.4%	\$1,479	\$1.39	+2.35%
Plantation	93.4%	\$1,525	\$1.49	+5.31%
Pompano Beach	94.4%	\$1,348	\$1.41	+3.21%
Sawgrass Park	89.3%	\$1,870	\$1.73	+5.47%
Southwest Broward	93.0%	\$1,731	\$1.59	+5.03%
Aventura	95.1%	\$1,838	\$1.86	+5.81%
Biscayne Corridor	93.2%	\$1,700	\$1.89	+2.84%
Brickell	84.9%	\$2,258	\$2.29	+4.73%
Coconut Grove	93.9%	\$1,160	\$1.75	+2.56%
Coral Gables	91.3%	\$2,195	\$2.50	+1.10%
Coral Way	94.7%	\$1,690	\$2.09	-0.53%
Downtown Miami	96.8%	\$1,631	\$2.18	-1.75%
Kendall	93.0%	\$1,622	\$1.81	+5.05%
Medley/Hialeah	98.2%	\$1,101	\$1.38	+2.60%
Miami	95.1%	\$1,095	\$1.42	+2.14%
Miami Airport	93.1%	\$1,676	\$1.78	+2.63%
Miami Beach	95.1%	\$1,439	\$1.97	-0.27%
Miami Lakes	96.9%	\$1,379	\$1.51	+3.26%
Northeast Dade	94.8%	\$1,168	\$1.37	+3.64%
South Dade	97.0%	\$1,012	\$1.14	+7.89%
West Miami	92.6%	\$1,435	\$1.81	+1.84%

\*All rental rates reported are calculated using the asking rental rate.

## 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 Apartment space and there was a decrease in the Warehouse space market when compared to the prior quarter on a national scale. 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
<b>Average for All Properties</b>	<b>5.20%</b>	<b>6.86%</b>	<b>6.06%</b>	<b>Decrease</b>

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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 2,442 single family homes were sold in Broward and Miami-Dade counties during March 2018. Median sales prices increased over 8% in Miami-Dade County and Broward County had an increase just under 6% from March 2017 to March 2018.

Single Family Home Sales & Median Sales Prices			
Broward County			
	Mar-18	Mar-17	% Change
No. of Sales	1,338	1,495	-10.5%
Median Price	\$350,500	\$331,000	+5.9%
Miami-Dade County			
	Mar-18	Mar-17	% Change
No. of Sales	1,104	1,276	-13.5%
Median Price	\$348,000	\$322,000	+8.1%

## 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 37%, while Miami-Dade County increased over 5% from March 2017 to March 2018 in Single-Family building permits issued.

Single Family Building Permits		
Broward County		
Mar-18	Mar-17	% Change
103	166	-37.95%
Miami-Dade County		
Mar-18	Mar-17	% Change
200	189	+5.82%

## 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 May 2018, indicated participants believe the market in Broward and Miami-Dade Counties to be Improving in the Broward County market and more Stagnant in Miami-Dade County. The following table summarizes the responses.

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

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