

## RETAIL

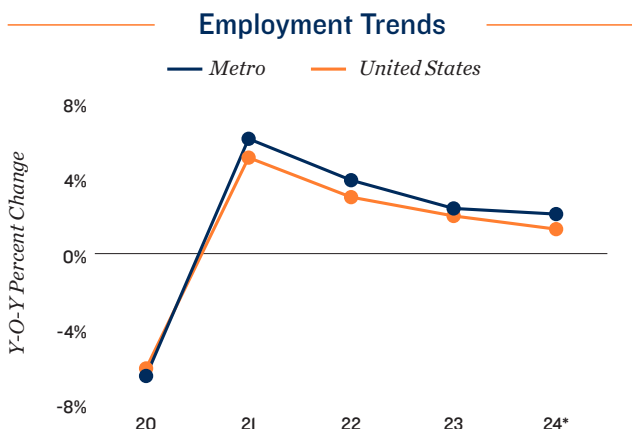
Fort Lauderdale Metro Area

2Q/24

### Demographic Tailwinds Propelling Labor Market, Keeping Retail Space Demand on Upward Path

An increasing number of employed households aids local retail. Population growth double the U.S. pace, paired with a below-national unemployment rate as of May, reflects the positive influence each dynamic has had on each other and the metro broadly. An expanding number of employed households is underpinning retailers' demand for space in Broward County, reflected in vacancy holding just 20 basis points above its record low as of the first quarter. Among new leases signed so far this year are fitness concepts as well as home improvement and value stores, including Floor & Decor, Crunch Fitness and Save-a-Lot. Pockets of leasing activity for floorplans 3,000 square feet and above were observed in the cities of Fort Lauderdale and Pembroke Pines, near Route 817 between Tamarac and Sunrise, and in the greater Coral Springs area.

Available space scarcer outside of the most established hubs. Among submarkets with less than 10 million square feet of stock, aggregate vacancy in March was 3.4 percent, versus 4.0 percent for the larger areas. Vacancy was particularly tight, under 2.0 percent, in Cypress Creek and Hallandale, where local inventory has grown by less than 1.0 percent over the past year. Modest construction is a theme across the market, as Fort Lauderdale will trail its Southeastern Florida neighbors in retail deliveries this year. Victoria Say Plaza, spanning 63,000 square feet in Davie, and a similarly sized building in Hallandale, mark 2024's largest individual projects.



\* Forecast  
Sources: BLS; CoStar Group, Inc.

### Retail 2024 Outlook



19,000

JOB  
will be created

#### EMPLOYMENT:

Fort Lauderdale will join nine other major metros where job growth is expected to surpass 2.0 percent in 2024. Through the first five months of the year, hiring has been strongest in education and health services.



286,000

SQ. FT.  
will be completed

#### CONSTRUCTION:

Overall construction activity tapers this year as openings fall back in line with 2022's total. Among submarkets, the most space will arrive inside the city of Fort Lauderdale, followed by Hallandale and Southwest Broward.



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BASIS POINT  
decrease in vacancy

#### VACANCY:

Vacancy will fall for the fourth straight year, to 3.7 percent, as net absorption holds comparable to 2023. Year-end vacancy will be 50 basis points below the 2019 mark and 110 basis points under the 2014-2019 mean.



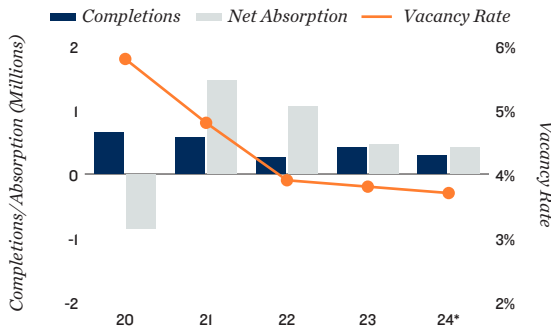
3.5%

INCREASE  
in asking rent

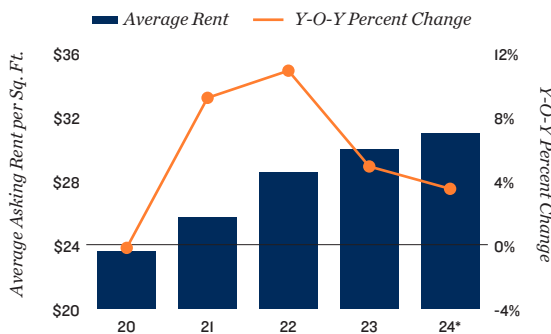
#### RENT:

While down from the 2022 high, rent growth will continue this year. The market's overall average rate will climb to \$31.02 per square foot. Since 2019, the single-tenant mean has risen above the multi-tenant mark.

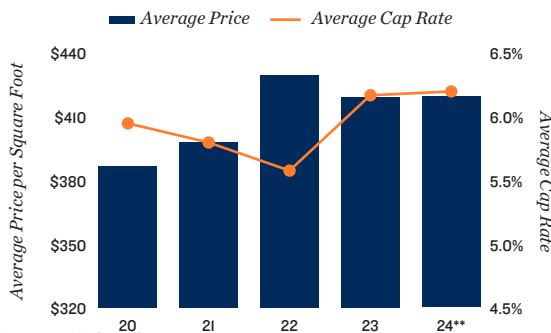
### Supply and Demand



### Rent Trends



### Sales Trends



\* Forecast \*\* Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

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## IQ 2024 - 12-Month Period



### CONSTRUCTION

411,000 sq. ft. completed

- Development eased over the first three months of 2024 as less than 40,000 square feet opened in a quarter for only the fifth time in seven years.
- During the four-quarter period ended in March of this year, openings were most prevalent in the northwest Broward-Coral Springs area as well as within the city of Fort Lauderdale.



### VACANCY

0 basis point change in vacancy Y-O-Y

- A 50-basis-point year-over-year drop in the multi-tenant vacancy rate to 4.0 percent in the first quarter was offset by a 20-basis-point increase in the single-tenant rate to 3.8 percent, keeping the metro rate at 3.8 percent.
- Among submarkets with more than 5 million square feet of stock, vacancy fell in Plantation, Southwest Broward, and the city of Fort Lauderdale.



### RENT

1.9% increase in the average asking rent Y-O-Y

- Reflecting vacancy trends, the mean marketed multi-tenant rate improved by about double the single-tenant average over the past year, bringing the overall market measure up to \$29.83 per square foot.
- While occurring across most larger submarkets, asking rent growth was most pronounced in Hollywood.

## Investment Highlights

- While transaction activity through the first six months of the year, based on preliminary data, is well short of the 2022 peak, several areas of the market continue to record trades. As in past periods, the city of Fort Lauderdale is drawing the most sales. Outside of downtown, sub-6,000-square-foot single-tenant buildings between 40 and 60 years of age trade hands most often, with a median entry cost of about \$380 per square foot. In the city center, meanwhile, assets tend to skew closer to 10,000 square feet and sell for a \$200-to-\$300-per-square-foot premium on average.
- Over the 12-month period ended in March 2024, the average sale price for single-tenant trades was \$513 per square foot, down nearly 3 percent from the previous yearlong period. Pricing was more stable among multi-tenant properties, as the mean entry cost held at about \$337 per square foot.
- Through the first half of 2024, just as many properties have traded in the northwest Broward-Coral Springs area as in all of last year, based on preliminary data. Retail leases in office buildings, fast-food establishments, restaurants and drug stores were favored targets of predominantly local investors. A grocery store also changed hands.