

INVESTMENT FORECAST

Office
Fort Lauderdale Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Investor Confidence Rises as Fort Lauderdale Emerges as Regional Retail Leader

Residential boom drives sector stability. Fort Lauderdale's ongoing influx of affluent professionals is set to drive strong income gains in 2025, sustaining retail sales growth after last year's gain was the third fastest of major U.S. markets. An expanding consumer base should bolster retailer leasing activity, which held steady in 2024 despite slowdowns in Miami-Dade and Palm Beach. Downtown Fort Lauderdale should continue benefiting from rising office occupancy, fueling demand for restaurants and boutique stores in mixed-use areas. A growing corporate presence near Plantation and Oakland Park should also drive leasing, with discount retailers and grocery stores anchoring local shopping centers, while dining and medical tenants target strip centers to be closer to residents. Traditionally tourism-reliant submarkets like Hollywood and Pompano Beach have lagged, but historic residential growth — evidenced by Hollywood's record multifamily net absorption last year — is anticipated to drive future retail demand.

Suburban areas fuel investment surge. Despite a regional slowdown, Fort Lauderdale's retail investment activity strengthened in 2024, as the total sales volume was in line with the 2014-2019 average. This momentum was aided by institutional buyers targeting modern suburban assets, drawn by tighter vacancy relative to the urban core. Steady population growth near Davie and Weston should sustain demand for stable net-lease assets like fast food and auto repair shops, while historically elevated leasing activity at strip centers may attract investors seeking to diversify revenue streams. Meanwhile, spending by higher-income households may bring added investor attention to more affluent areas like Coral Springs and Pembroke Pines, particularly for larger shopping centers anchored by grocery stores or experiential concepts.

2025 MARKET FORECAST

+1.4%



EMPLOYMENT: The metro's workforce grows by 13,000 positions this year, aligning with its historical pace of hiring. Total employment is projected to stand 8.5 percent ahead of the 2019 level.

375,000
sq. ft.



CONSTRUCTION: Completions will edge up following 2024's record-low delivery slate. Even so, this year's annual supply additions will reach only about half of the metro's long-term average.

+20 bps



VACANCY: Vacancy expansion will slow this year amid stable consumer spending and minimal new supply. At 4.7 percent, the metro's rate will remain below its long-term average of 5.6 percent.

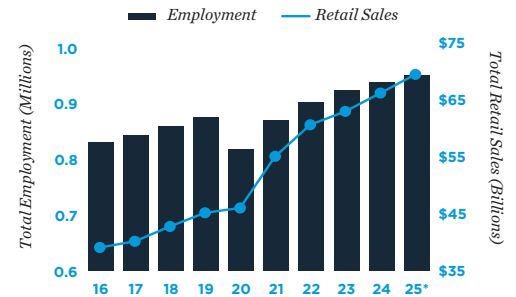
+2.2%



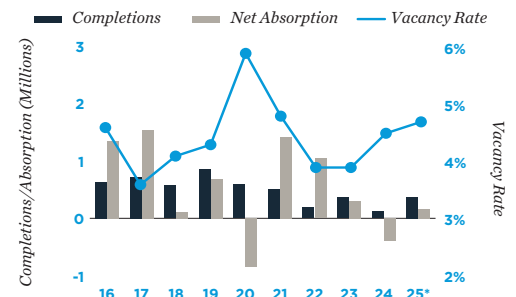
RENT: Tight vacancy is expected to drive modest rent growth, pushing the metro's average asking rent to \$29.80 per square foot by year-end — the lowest among Southeast Florida metros.

INVESTMENT: Southwest Broward boasts asking rents above the metro average and ranks within the top 10 tightest submarkets nationwide with over 10 million square feet of inventory, reinforcing its investment appeal.

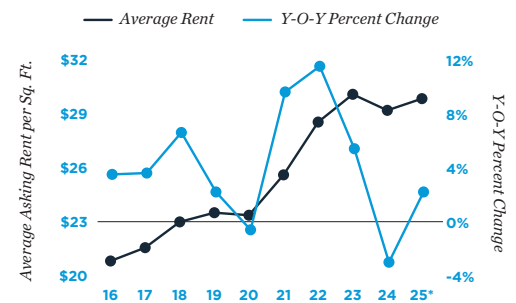
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.