

INVESTMENT FORECAST

Office
Fort Lauderdale Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Premium Space Demand Strengthens Fort Lauderdale's Office Market Amid Ongoing Supply Constrains

Vacancy tightens as tenants favor modern, well-located properties. With the T3 Fat Village the only major project under construction, which is not scheduled for delivery until 2026, the Fort Lauderdale office market is set to keep tightening in 2025. The metro's office vacancy fell by nearly 100 basis points in 2024, propelled by sustained leasing activity across key employment districts, such as Downtown and along Broward Boulevard in Plantation. Health care and small legal firms helped maintain steady demand for Class B/C office space here. Meanwhile, suburban areas like Miramar and Coral Springs showed signs of tenants consolidating into high-quality floorplans. These suburbs have seen the strongest net absorption of Class A office space since before the pandemic, driving a more than 100-basis-point drop in local vacancy last year. While downsizing trends in Cypress Creek fueled relinquishments of Class B/C office space last year, local leasing activity remained steady. Over 60,000 square feet of move-ins set for 2025 should aid fundamentals here, led by national architecture firm RS&H's 10,000-square-foot space.

Investors target well-leased assets in key corporate clusters. Properties in the Cypress Creek submarket are expected to remain attractive to investors, supported by the presence of major health care and aerospace companies. Despite local givebacks of Class B/C office space last year, Class A net absorption stayed positive. A similar dynamic could draw investors to Hollywood and Hallandale, where upper-tier net absorption held firm in 2024. For lower-tier buildings, investors might target more central areas such as within the City of Fort Lauderdale proper and Plantation, where Class B/C vacancy stayed around 10 percent – which is below their respective 2019 levels. Buyers may find early 2000s vintage assets in these markets priced around \$150 per square foot.

2025 MARKET FORECAST

+1.4%



EMPLOYMENT: Fort Lauderdale's workforce will expand by 13,000 positions in 2025. After net job losses in 2024, the metro's traditionally office-using sector is expected to add 3,000 roles this year.

87,000
sq. ft.



CONSTRUCTION: Supply additions are projected to decline to near-record lows this year. A 75,000-square-foot medical office in Coral Springs is the only notable project slated for delivery.

-70 bps



VACANCY: Limited development encourages vacancy compression amid expectations for improved office-centric hiring. Reaching 13.3 percent, the metro's rate will remain below its long-term average.

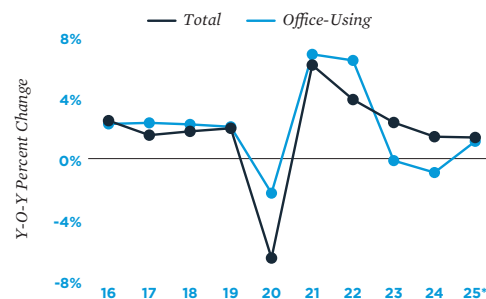
+1.5%



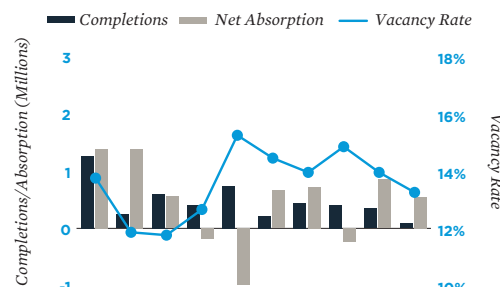
RENT: Tight vacancy will sustain rent growth, but below-average absorption totals will keep gains modest. The metro's mean asking rate reaches \$26.48 per square foot by year-end.

INVESTMENT: *In suburbs where leasing trends have been more volatile, investors may pursue sale-leaseback transactions to secure long-term tenants. High interest rates should support this trend as firms look to free up capital.*

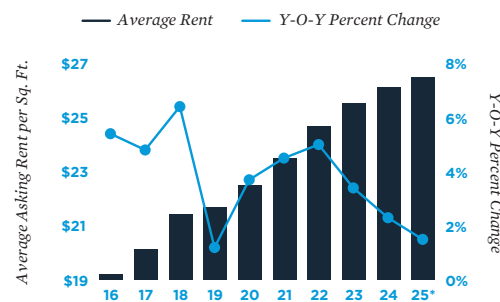
Employment Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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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.