



1Q14

FORT LAUDERDALE-BROWARD COUNTY OFFICE MARKET

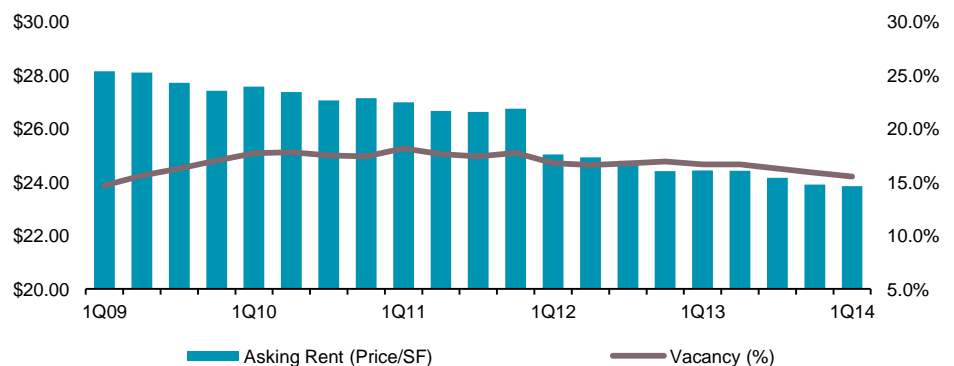
Newmark Grubb Knight Frank

OFFICE SECTOR
GROWTH BUILDS
MOMENTUM

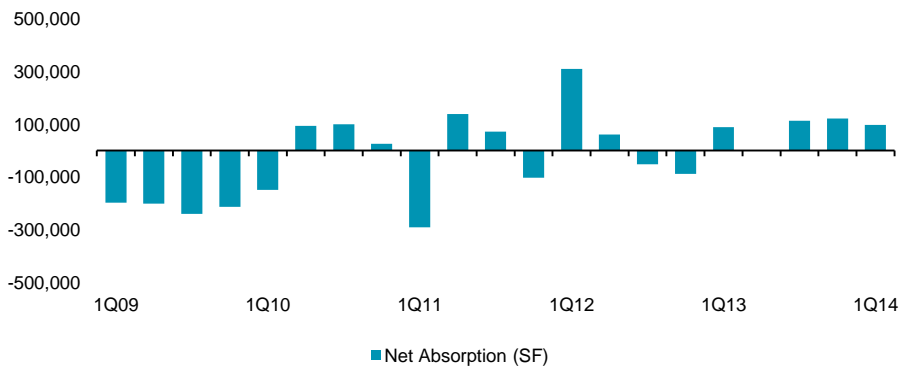
Broward County's commercial office market pushed forward despite space additions from tenant relocations. Demand outpaced supply as vacancy dropped 40 basis points from the 15.9% rate recorded during the previous quarter. Average asking rents trended downward, reflecting the disparity between transaction and occupancy activity, rather than landlords' lowered quoted rates, for the different class levels. Tenants continued their flight to quality: Class A space dominated the market with more than 163,000 square feet of space absorbed, compared to Class B space which saw 83,544 square feet of negative net absorption.

Zimmerman Advertising vacated 69,000 square feet of Class B space at 2200 West Commercial Boulevard when the firm relocated to their owner-occupied Class A building in Cypress Creek. Farmers Insurance also upgraded when they downsized from the 95,000-square-foot Class B building at 5701 Stirling Road into 68,000 square feet of Class A space at Royal Palm II at Southpointe in Plantation. These downsizings were offset by South Broward Hospital's occupancy of 46,000 square feet at Emerald Lakes Corporate Park along with Prolexic's 34,000-square-foot move-in at New River Center in downtown Fort Lauderdale. Also contributing to the positive net absorption was Fidelity, moving into 25,000 square feet at Sawgrass Commerce Center A; the investment company had come from industrial space.

Asking Rent and Vacancy



Absorption



Key Indicators

Total Inventory (SF)	32,076,199		
	1Q14	4Q13	1Q13
Asking Rent (Price/SF)	\$23.85	\$23.91	\$24.44
Vacancy Rate (%)	15.5%	15.9%	16.8%
Under Construction (SF)	0	0	0
	1Q14	4Q13	YTD
Net Absorption (SF)	97,130	121,630	97,130
Deliveries (SF)	0	0	0

IQ14 FORT LAUDERDALE-BROWARD COUNTY OFFICE MARKET

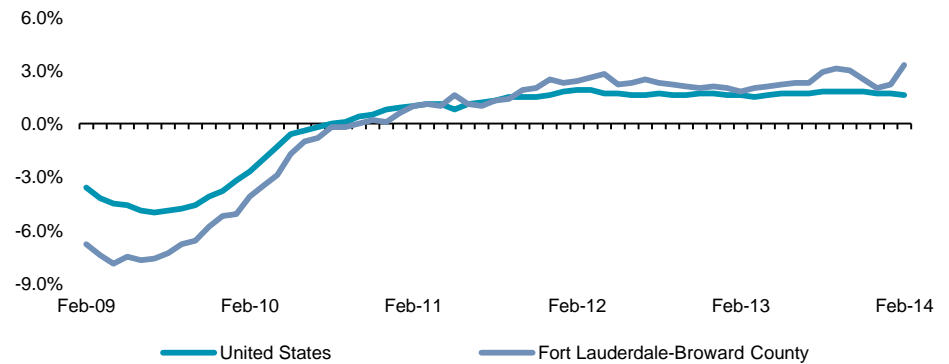


Sales activity remained low during the first quarter. The Seminole Tribe of Florida purchased 5701 Stirling Road with plans to occupy the 95,000-square-foot building toward the second half of 2014. The first quarter investment sale that commanded the most attention was the purchase of 350 and 450 Las Olas Centre by a company linked to Chicago-based real estate investment group RREEF America REIT II. The sale is further proof that well-leveraged properties are rebounding quickly, since it traded for 20% above the 2010 distressed price and at \$435, reached closer to the \$487 cost per square foot record it set at the height of the market in 2007.

Looking ahead, the office sector will see momentum build as confidence gains traction. Companies also appear to be preparing for the next growth stage in the real estate cycle by upgrading now before the pendulum swings to the landlord's favor. The market for the majority of three- to five-year deals signed during the recession should be coming around the corner for renewal. Look for companies to negotiate before prices begin to push upward.

Payroll Employment

Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Fort Lauderdale Executive Office Suites	110 Tower-110 SE 6 th St	Fort Lauderdale CBD	15,298
Lewis Brisbois Bisgaard & Smith	110 Tower-110 SE 6 th St	Fort Lauderdale CBD	14,873
Vohra Wound Physicians	Miramar Ctr III-3601 SW 160 th Ave	Southwest Broward	11,544
Multaply LLC	1799 W Oakland Park Blvd	Fort Lauderdale Suburban	10,254
Burr Forman	350 Las Olas Centre-350 Las Olas Blvd	Fort Lauderdale CBD	9,508

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
350 & 450 Las Olas Ctr	Fort Lauderdale CBD	468,553	\$204,000,000	\$435
5701 Stirling Rd	Plantation	95,512	\$11,500,000	\$120
Riverbend B-2307 W Broward Blvd	Fort Lauderdale Suburban	66,917	\$5,900,000	\$88



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Ft. Lauderdale CBD	5,368,774	0	15.8%	48,402	48,402	\$34.18	\$22.57	\$31.71
Commercial Blvd	1,615,465	0	16.8%	-70,442	-70,442	\$23.14	\$20.92	\$20.11
Cypress Creek	4,574,841	0	17.9%	17,204	17,204	\$29.02	\$19.15	\$22.66
Ft. Lauderdale Suburban	3,330,713	0	15.0%	61,970	61,970	\$26.41	\$19.76	\$21.14
Hallandale	460,866	0	13.6%	5,186	5,186	\$37.25	\$29.13	\$26.82
Hollywood	2,545,554	0	12.8%	54,058	54,058	\$27.88	\$25.48	\$23.94
NW Broward/Coral Springs	1,867,382	0	20.6%	-19,670	-19,670	\$22.75	\$16.40	\$19.17
Plantation	3,505,430	0	15.5%	-13,968	-13,968	\$30.74	\$21.45	\$23.01
Pompano Beach	2,669,522	0	18.8%	-7,967	-7,967	\$25.17	\$18.08	\$19.09
Sawgrass Park	2,786,740	0	14.0%	38,371	38,371	\$25.39	\$17.71	\$24.35
SW Broward	3,350,912	0	9.7%	-16,014	-16,014	\$29.81	\$20.91	\$28.63
Suburban Total	26,707,425	0	15.4%	48,728	48,728	\$27.04	\$19.95	\$22.22
Totals	32,076,199	0	15.5%	97,130	97,130	\$29.20	\$20.13	\$23.85

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Glossary of Terms

Absorption

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Office inventory includes all multi-tenant and single tenant buildings at least 20,000 square feet in total rentable building area. Owner occupied buildings are not included in the inventory.

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