



FORT LAUDERDALE MARKET PULSE

Q2 2018 | OVERVIEW

PREPARED FOR



August 9, 2018

Florida Demographics

Robust Job Growth

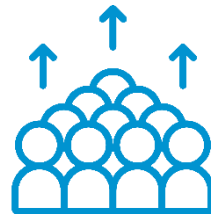
Florida added more new jobs
over the past year
than 47 of 50 states



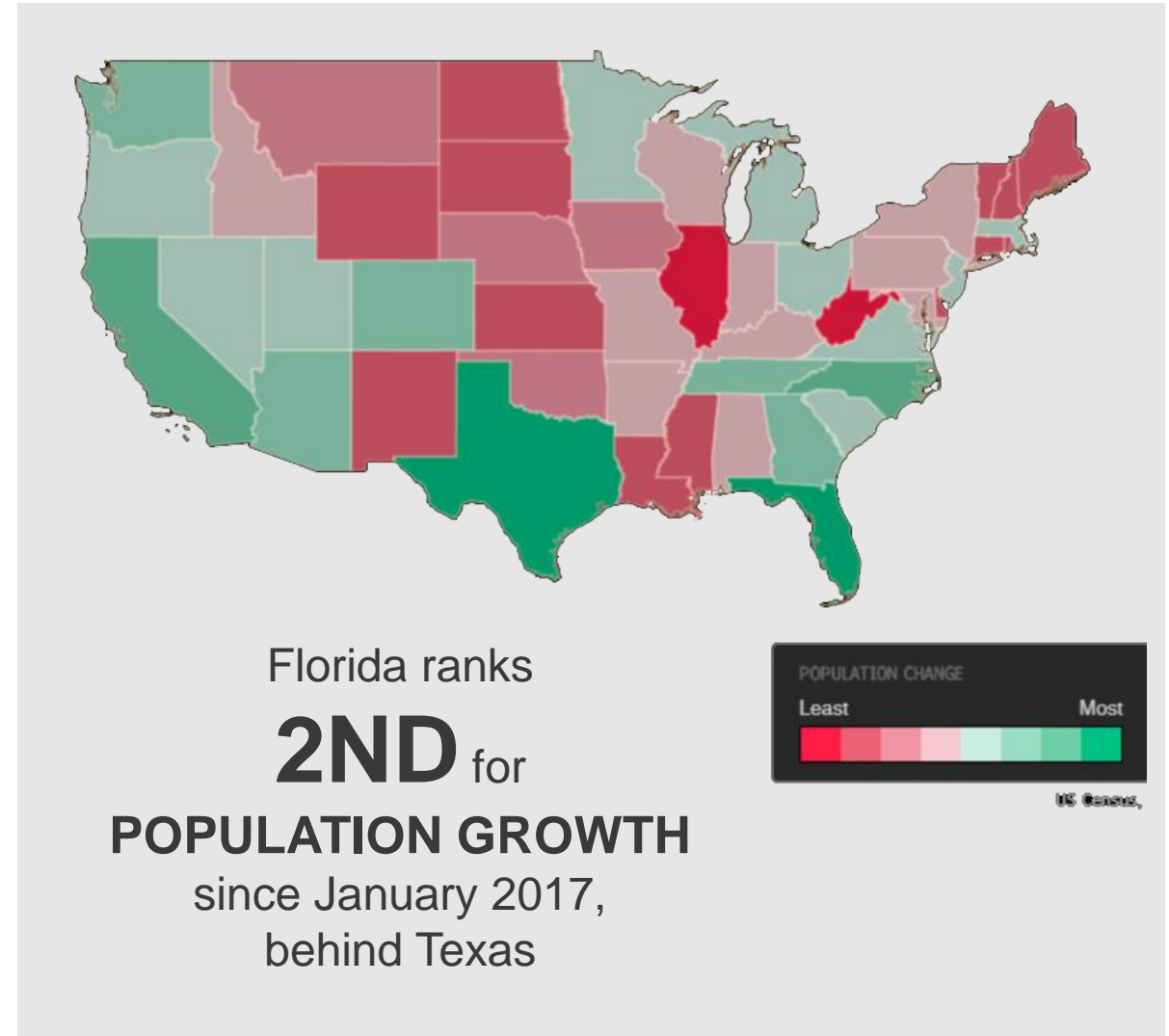
170,500 nonfarm jobs
added in Florida in just the past year alone
(behind only Texas & California)



The **unemployment** rate
in Florida dropped to
3.8 percent,
from 4.1 percent
a year ago



Florida's
civilian labor force
was **10,232,602**
in June 2018, up
from **10,103,119**
in June 2017



As of June 2018, Bloomberg, U.S. Census Bureau

South Florida Population Growth



Trends driving population growth

71%

population growth from international net migration

SALT Tax Reform continues to attract relocations from Northern states to Florida

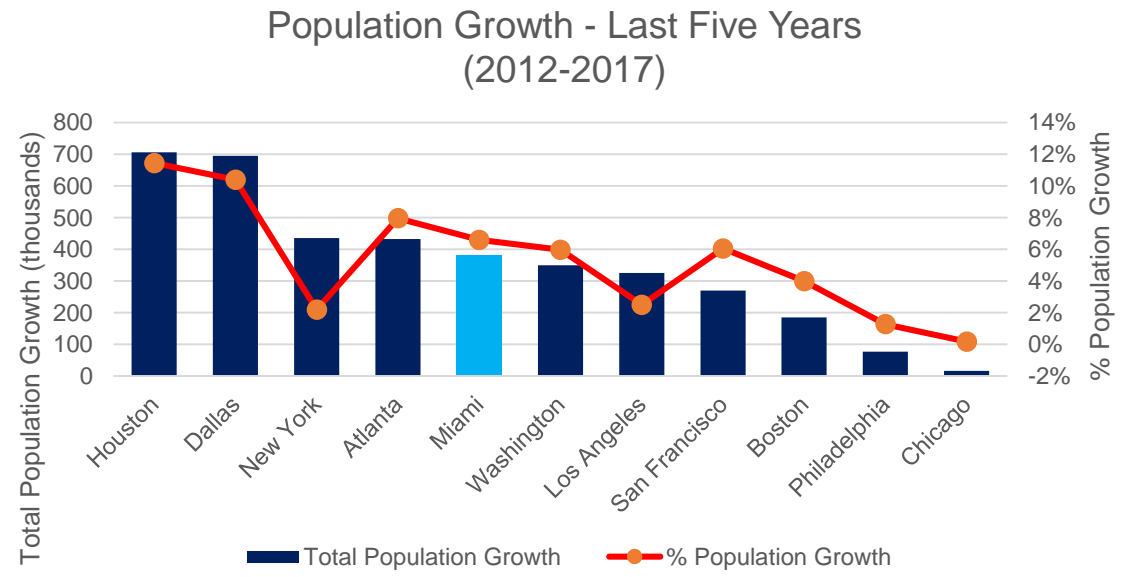
200,000 Puerto Ricans have moved to FL since Hurricane Maria

Approximately **17% settled** in Miami Dade and Broward

Annual relocations to Miami MSA from:

Latin America: 48,000

New York: 4,400



South Florida Employment Growth

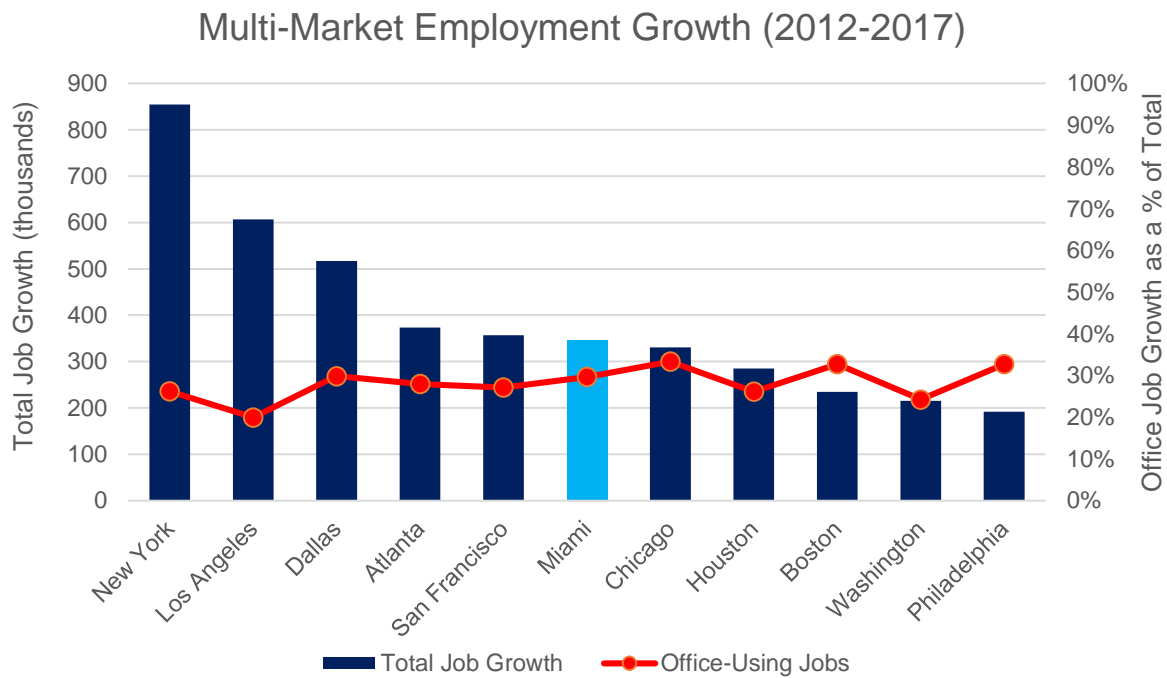


Trends driving employment growth

Ranked #1
Start-up Density
on the Kauffman Index of
Start up activity (2017)

THE KAUFFMAN INDEX
248 startups
per 100,000 residents








South Florida is emerging as
a "hotbed for startups,"
says Inc. Magazine



South Florida CBD Demographics (2018)

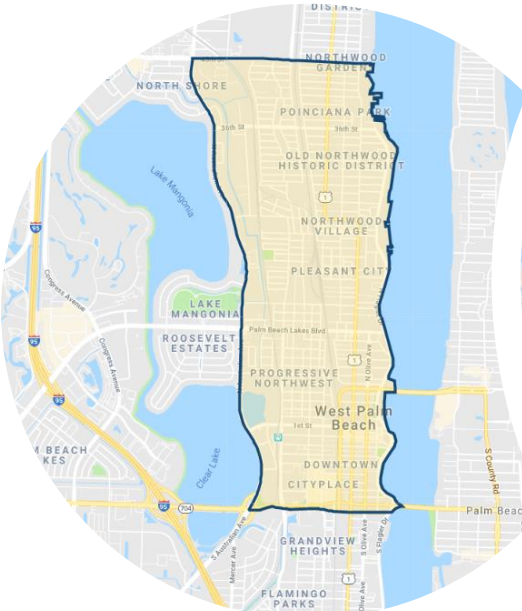
Fort Lauderdale ranked #1 most popular large city to relocate

MoveBuddha, May 2018

	FORT LAUDERDALE	MIAMI	WEST PALM BEACH
 Population	38,788	59,287	22,963
 Households	21,074	32,404	10,253
 Families	7,160	11,838	4,235
 Average Household Size	1.75	1.77	2.13
 Median Age	46.3	35.8	39.2
 Median Household Income	\$72,799	\$66,003	\$40,711
 Average Household Income	\$115,063	\$99,307	\$70,420

Source: ESRI/Site to Do Business

South Florida CBD Boundaries



WEST PALM BEACH



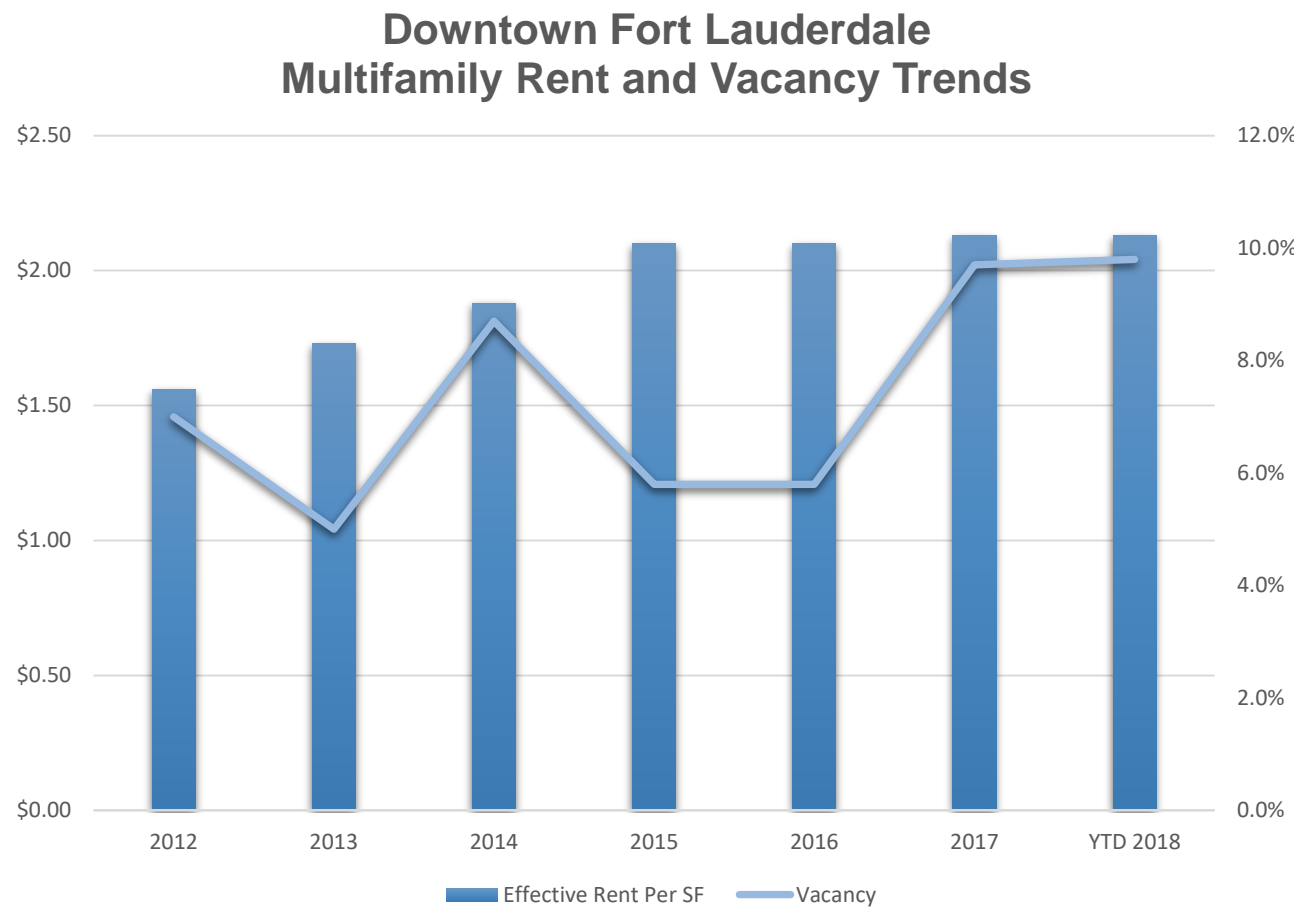
FORT LAUDERDALE



MIAMI

Emerging Multifamily Trends

Downtown Fort Lauderdale Trends



YEAR	INVENTORY (UNITS)	EFFECTIVE RENT PER SF	VACANCY RATE
2012	6,185	\$1.56	7.1%
2013	6,152	\$1.73	5.0%
2014	7,029	\$1.88	8.7%
2015	7,769	\$2.10	5.8%
2016	7,993	\$2.10	5.4%
2017	8,840	\$2.13	9.7%
YTD 2018	9,156	\$2.15	8.2%

Inventory has grown

50%

since 2012

Rental rates
have increased

38%

since 2012

Vacancy rates
have fluctuated
throughout the years
due to the
delivery of over
3,200 units
since 2012.

Emerging Multifamily Trends

South Florida CBD Market Comparison

MARKET INDICATORS	FORT LAUDERDALE CBD	MIAMI CBD	WEST PALM BEACH CBD
Inventory (Units)	9,156	8,223	4,253
Vacancy Rate	8.8%	9.0%	6.6%
EFFECTIVE RENTS			
Per Square Foot	\$2.13	\$2.24	\$1.96
5 Year Rent Growth	24.5%	36.5%	27.2%
Forecasted Annual Rent Growth	3.6%	3.2%	2.8%
DELIVERIES			
Units (YTD 2018)	316	1,285	315
UNDER CONSTRUCTION			
Units	4,214	3,123	651
Source: MPF Research, Axiometrics, Costar, Colliers International, Q2 2018			

> MARKET HIGHLIGHTS & OUTLOOK

Fort Lauderdale CBD

- A number of luxury rental projects are in the pipeline with over 4,000 units currently under construction as Downtown appeals to buyers wanting a different pace than Miami.

Miami CBD

- The downtown Miami residential market has been expanding rapidly since 2012. This coming year will mark the high point of the residential expansion, with nearly 7,000 condo and rental units delivering in 2018.

West Palm Beach CBD

- The residential market is positively growing with nearly 30% rent growth over the past 5 years thanks to healthy population growth in Palm Beach County.

Emerging Multifamily Trends

Housing Affordability Analysis

NEW DEVELOPMENTS

Colliers performed a survey of apartment buildings in Downtown Fort Lauderdale with an objective of **identifying the number of buildings offering units within the affordable housing rental rate threshold** as defined by the Florida Housing Finance Corporation.

FINDINGS

Included in the survey were all apartment units approved by the City since 1989 in the Downtown RAC. Of the units surveyed, Colliers successfully collected data on 19 apartment buildings. Of these 19 apartment buildings, **20.4%** met the **affordable housing threshold**.

TREND ALERT

Developers in Downtown Fort Lauderdale recognize the need for affordable units in the urban core. Catering to that demand, smaller units geared toward young, single professionals who want to live in popular neighborhoods without paying exorbitant rents are starting to come online.

Preliminary Findings - Downtown Fort Lauderdale Apartment Rate Survey 2018				
Unit Type	Affordable Rate Max	Total Units Counted	Total Affordable Units	Percentage Affordable
Studio	\$1,698	296	147	50%
1BR	\$1,819	1917	493	26%
2BR	\$2,184	2537	537	21%
3BR	\$2,521	739	20	3%
4BR	\$2,814	324	0	0%
5BR	\$3,103	56	0	0%
Total		5,869	1,197	20%

Emerging Development Shifting West

Progresso Village/Sistrunk Corridor



Six13 Apartments

613 NW 3rd Ave

Units: 142 workforce rentals

Developer: Affiliated

Delivery: 2019



Brightline Office Tower

113 NW 5th Avenue

Size: 80,000 SF

Developer: Florida East Coast Industries

Delivery: 2020



Microunit Apartments

Sistrunk Blvd & NW 7th St

Size: 365 apartments | 33,000 SF retail | 350 parking spaces

Developer: Lansing Melbourne Group

Delivery: Proposed

New development West of the train tracks in Progresso Village and the Sistrunk Corridors building momentum with apartments, microunits, office, and retail all planned and expected to transform the blighted area close to downtown.



YMCA

1409 West Sistrunk Boulevard

Size: 40,000 SF



Sistrunk Brewery and Market

115 NW 6th Street

Size: 40,000 SF

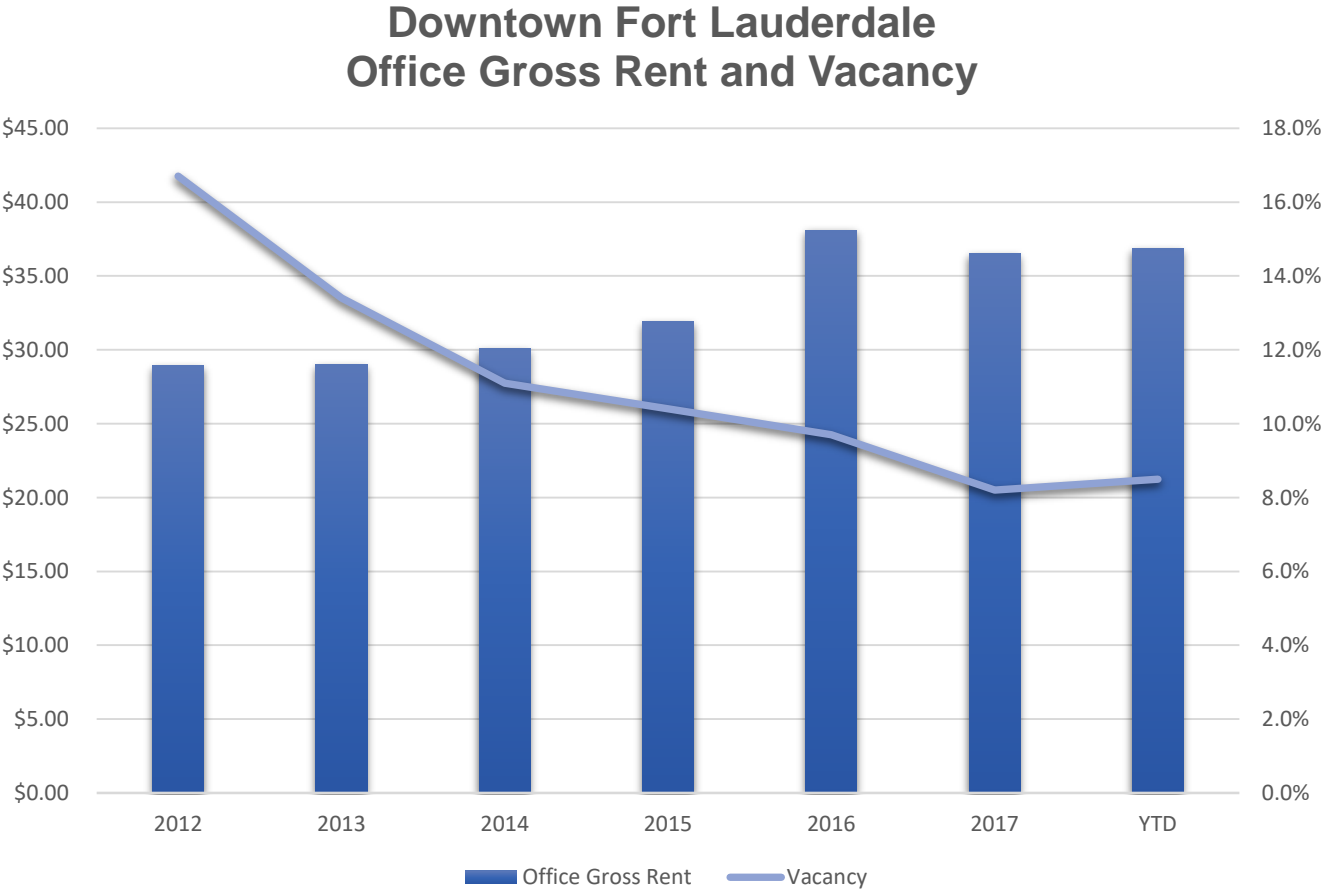
Developer: Society 8 Hospitality Group

Delivery: Fall 2018

Contains a food hall, a fully operational brewery, an event space, a meeting space, a recording studio, light-use office space, and warehouse space.

Emerging Office Trends

Downtown Fort Lauderdale Trends



YEAR	INVENTORY (SF)	EFFECTIVE RENT PER SF	VACANCY RATE
2012	9,208,021	\$28.95	16.6%
2013	9,208,021	\$29.02	13.4%
2014	9,180,037	\$30.07	11.8%
2015	9,198,376	\$31.89	10.4%
2016	9,210,731	\$38.10	9.7%
2017	9,185,555	\$36.49	8.9%
YTD 2018	9,190,555	\$39.70	10%

The Broward College Building is in the process of demolition to make way for the **new Class A office building**, 201 E Las Olas.

Rates have increased
37%
since 2012.

Vacancy rates have decreased to
10%
from 16.6% in 2012.

Emerging Office Trends

South Florida CBD Market Comparison

MARKET INDICATORS (Class A/B/C)	FORT LAUDERDALE CBD	MIAMI CBD	PALM BEACH CBD
Inventory	9.2 million SF	21.7 million SF	5.4 million SF
Under Construction	122,920 SF	100,000 SF	0 SF
Net Absorption (YTD 2018)	-28,823 SF	82,107 SF	-12,705 SF
Vacancy Rate	9.7% Decreased 50 bps YOY	13.7% Increased 20 bps YOY	11.4% Increased 20 bps YOY
Full Service Rents			
Full Service Rents	\$39.47	\$40.67	\$34.11
5-Year Growth	+35%	+15%	+9%
Class A Rents	\$42.24	\$47.09	\$40.85
5-Year Growth	+34%	+16%	+11%

Source: CoStar, Colliers International, Q2 2018

> MARKET HIGHLIGHTS & OUTLOOK

Fort Lauderdale CBD

- In an opportune time to develop, 201 Las Olas, a Stiles office development, marks the first Class A office building being developed in Downtown Fort Lauderdale for nearly 10 years.

Miami CBD

- New supply in the urban core has been displayed with over one million square feet currently under construction at MiamiCentral and MiamiWorldcenter. Phased deliveries also help balance the supply and demand dynamic.

West Palm Beach CBD

- Prospective tenants of newly proposed developments in the CBD want to see buildings under construction before signing a lease with zero square feet currently under construction and 2.3 million square feet of proposed office space.

Emerging Office Trends

The Evolution of the Gig Economy

COWORKING

As a percentage of total stock, the metro area has the most coworking space at 2.7 percent of the 50.5 millions square feet of space

Yardi[®] Matrix

ENTREPRENEURSHIP

South Florida is No. 1 in the U.S. for new startup activity according to the Kauffman Foundation's 2017 Index of Startup Activity

THE KAUFFMAN
INDEX

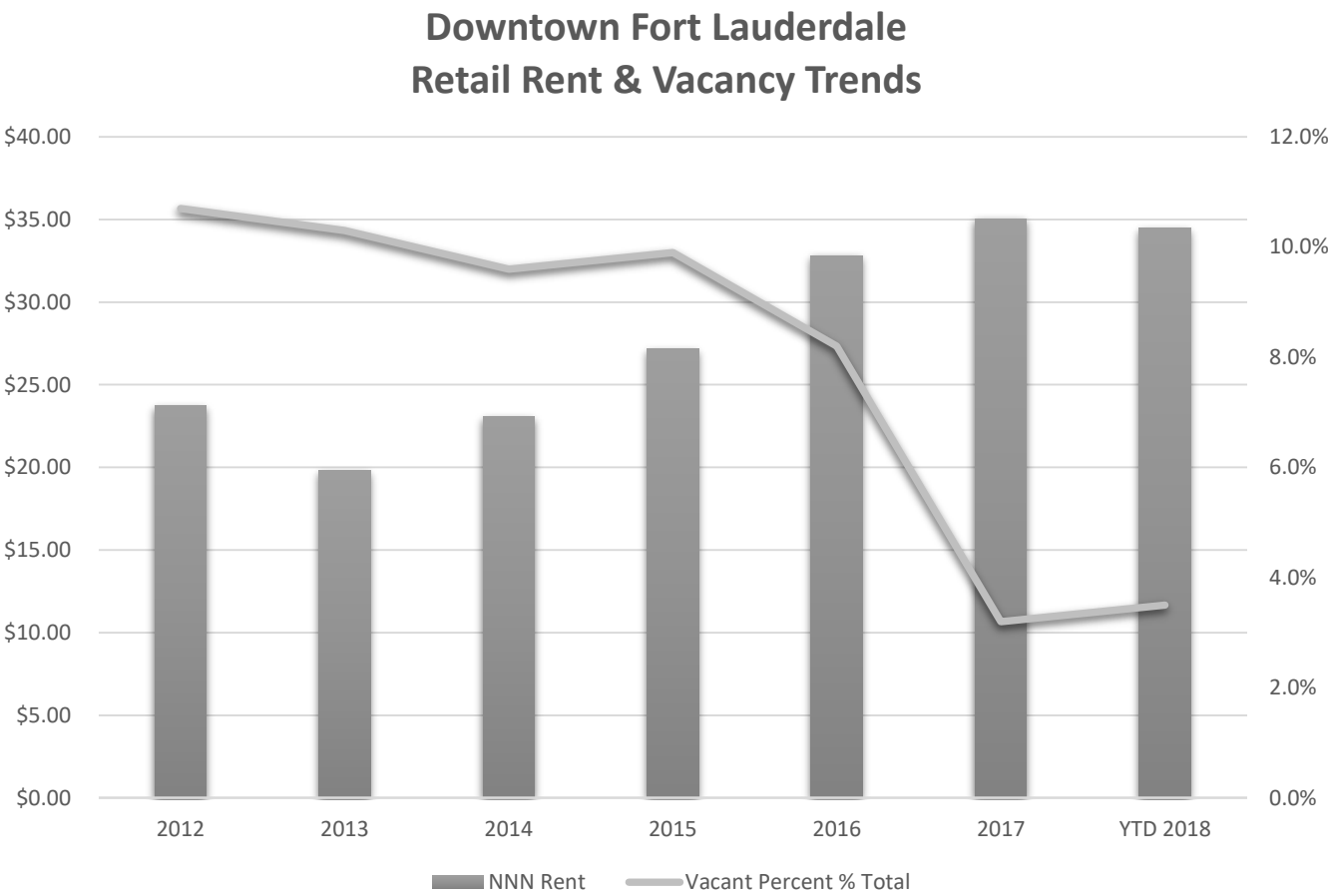
AIRBNB

In Florida, Miami ranks #1 in host revenue, closely followed by Broward in second place with \$45.7 million in host income and 358,400 guests.



Emerging Retail Trends

Downtown Fort Lauderdale Trends



YEAR	INVENTORY (SF)	EFFECTIVE RENT PER SF	VACANCY RATE
2012	4,795,869	\$26.05	9.4%
2013	4,808,472	\$22.85	9.0%
2014	4,807,460	\$27.87	8.5%
2015	4,807,997	\$28.92	8.1%
2016	4,810,770	\$32.66	6.8%
2017	4,681,526	\$35.47	3.5%
YTD 2018	4,681,526	\$37.32	3.4%

Inventory **decreased** by **2%** since 2012 as older retail buildings are being **redeveloped** into mixed-use projects.

Vacancy rates are at post-recession lows and have **decreased** from **9.4%** in 2012 to **3.4% today**

Rental rates have **increased** by **43%** since 2012

Emerging Retail Trends

South Florida CBD Market Comparison

MARKET DATA (10,000+ SF)	FORT LAUDERDALE CBD	MIAMI CBD	WEST PALM BEACH CBD
Inventory	3.3 million SF	4.3 million SF	2.7 million SF
Under Construction	22,000 SF	661,774 SF	34,101 SF
Net Absorption (YTD 2018)	7,557 SF	77,322 SF	-1,000 SF
Vacancy Rate	3.5% Decreased 670 bps YOY	13.7% Increased 320 bps YOY	1.2% Decreased 110 bps YOY
Rental Rates (NNN)			
Asking Rents	\$37.14	\$66.40	\$34.11
5-Year Growth	+106%	+179%	+8%

Source: Costar, Colliers International, Q2 2018

> MARKET HIGHLIGHTS & OUTLOOK

Fort Lauderdale CBD

- The need for retail space continues to grow in Downtown Fort Lauderdale as the population is expected to grow by 2.23% by 2023 to 44,279 residents.

Miami CBD

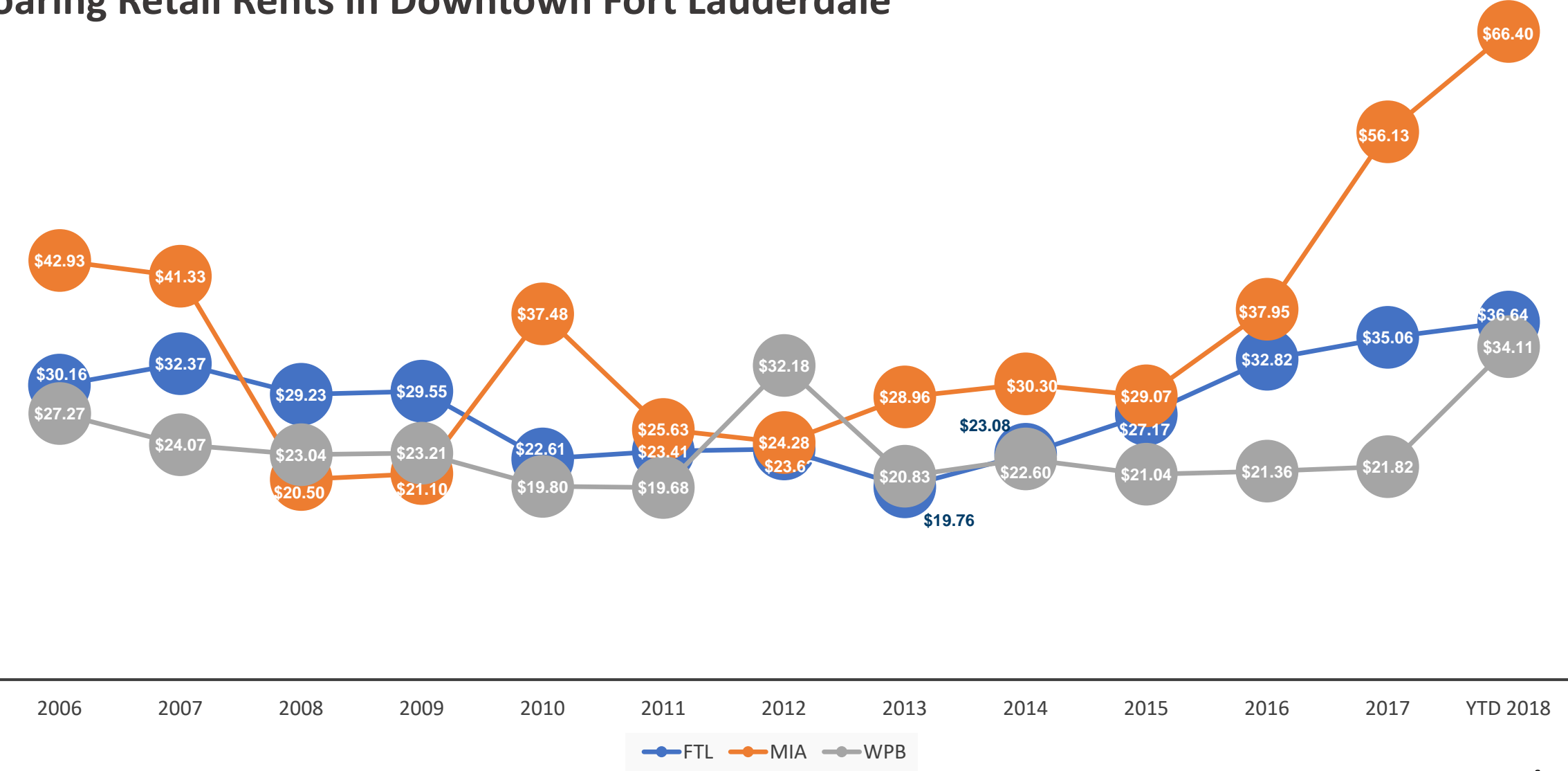
- Rates have soared in the Miami CBD. Large amounts of new retail space will soon enter the submarket once MiamiWorldcenter and MiamiCentral are completed.

West Palm Beach CBD

- Rates in the CBD have grown by 56% over the past year as the 51,000 SF Restoration Hardware delivered in 2017 and over 30,000 SF of retail space continues to be under construction.

Emerging Retail Trends


Soaring Retail Rents in Downtown Fort Lauderdale



Emerging Hospitality Trends

Market Overview Comparison

Hospitality by the numbers

	FORT LAUDERDALE	MIAMI	WEST PALM BEACH
Occupancy	77.80%	76.70%	74.4%
ADR	\$142.31	\$188.81	\$171.00
RevPAR	\$110.72	\$144.78	\$127.00
Number of Visitors	12,800,000	15,900,000	7,900,000

Air and sea travel (2017)


FORT LAUDERDALE-HOLLYWOOD
INTERNATIONAL AIRPORT
BROWARD COUNTY, FLORIDA
32,500,000
passengers


PORT EVERGLADES
BROWARD COUNTY, FLORIDA
5,300,000
passengers


44,100,000
passengers

PORT MIAMI
3,863,662
passengers

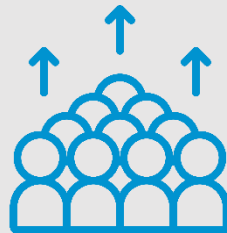

6,322,452
passengers

Emerging Industrial Trends

Planning the Final Mile in Fort Lauderdale

DRIVERS

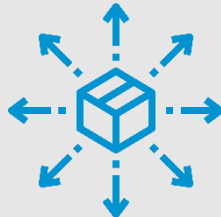
Demand is heightened for distribution centers close to the urban core and **densifying population centers**



With the exponential growth of **e-commerce**, requiring warehouses to stock more products and ship directly to consumers based upon dynamic demand, **larger facilities close to downtown** are needed.

Furthermore, as consumers increasingly expect orders to be fulfilled and delivered in **two days or less**, demand for closer **“in-town” smaller final-mile fulfillment centers** is exploding

CHALLENGES



Getting the order to the end consumer is overwhelmingly the **most expensive** portion of the total transportation costs.

Thus, to mitigate the final-mile transportation costs, occupiers find it more effective to locate closer to their consumer base, **despite facing higher lease rates.**

Like many built populous areas, industrial markets are mature and provide relatively **few options for distribution needs.**

Urban Infill / Last Mile Distribution



SOLUTIONS

This is forcing occupiers to get more creative, and use more **in-depth location analysis** than ever before.

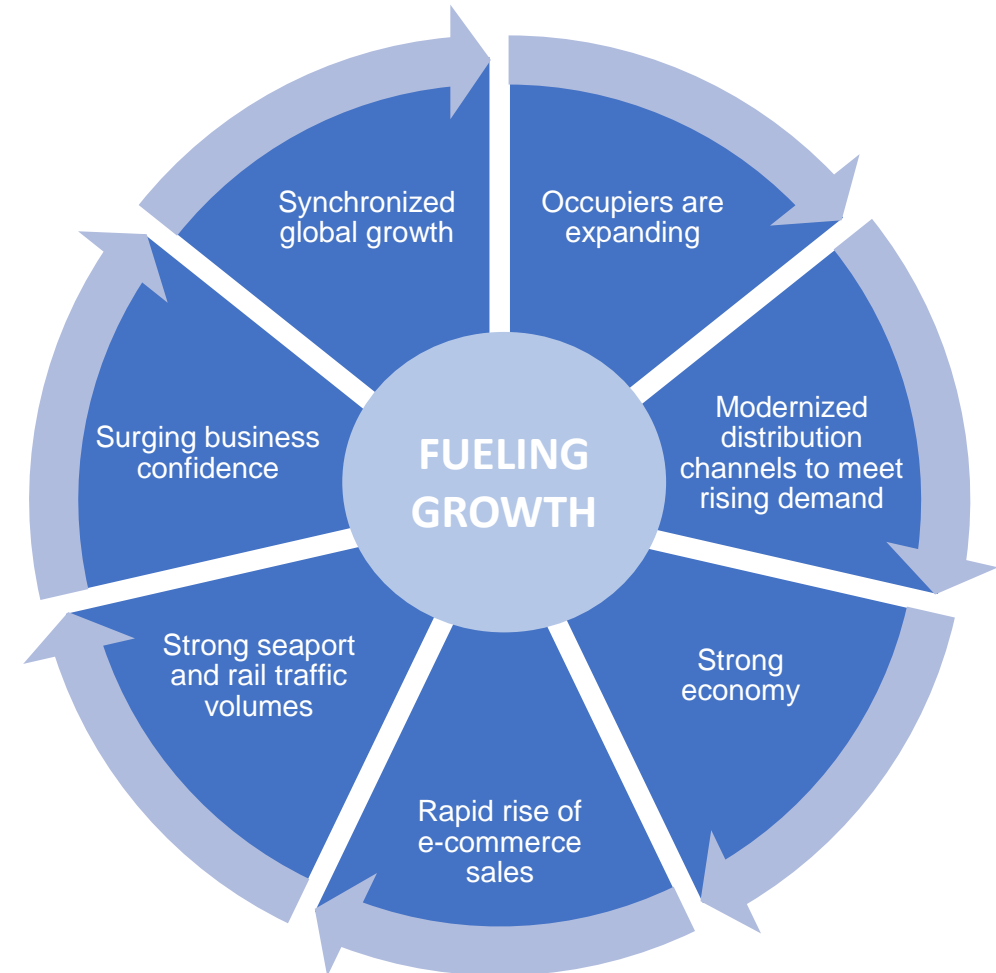
Functionally obsolete industrial or converted retail space is being absorbed because of the **ability to quickly reach end users** is more important than building amenities when it comes to the final-mile.

Emerging Industrial Trends

Greater Fort Lauderdale Trends

The industrial sector has emerged as the strongest property sector in Broward County.

- The **new favorite** among investors due to robust fundamentals including record occupancy and rents, as well as net absorption and construction.
- **Surging business confidence**, fueling a significant pickup in business investment, even as consumer spending slows.
- **Synchronized global growth**, as all major regions of the world are growing simultaneously for the first time in over a decade, supporting U.S. exports and corporate profits.
- **Demand from retailers will remain robust.**
- We expect the biggest increases in space requirements from **wholesalers and third-party logistics (3PL)** which must expand the size and locations of their distribution centers to keep pace with increasing demand from e-commerce and a strong overall economy.
- Headwinds: Concerns over rising **trade tensions** with China and Europe.



Parking Garage Trends

Conventional Garage Designed to Adapt to Autonomous Vehicles

Phase 1: 2018-2025

5%

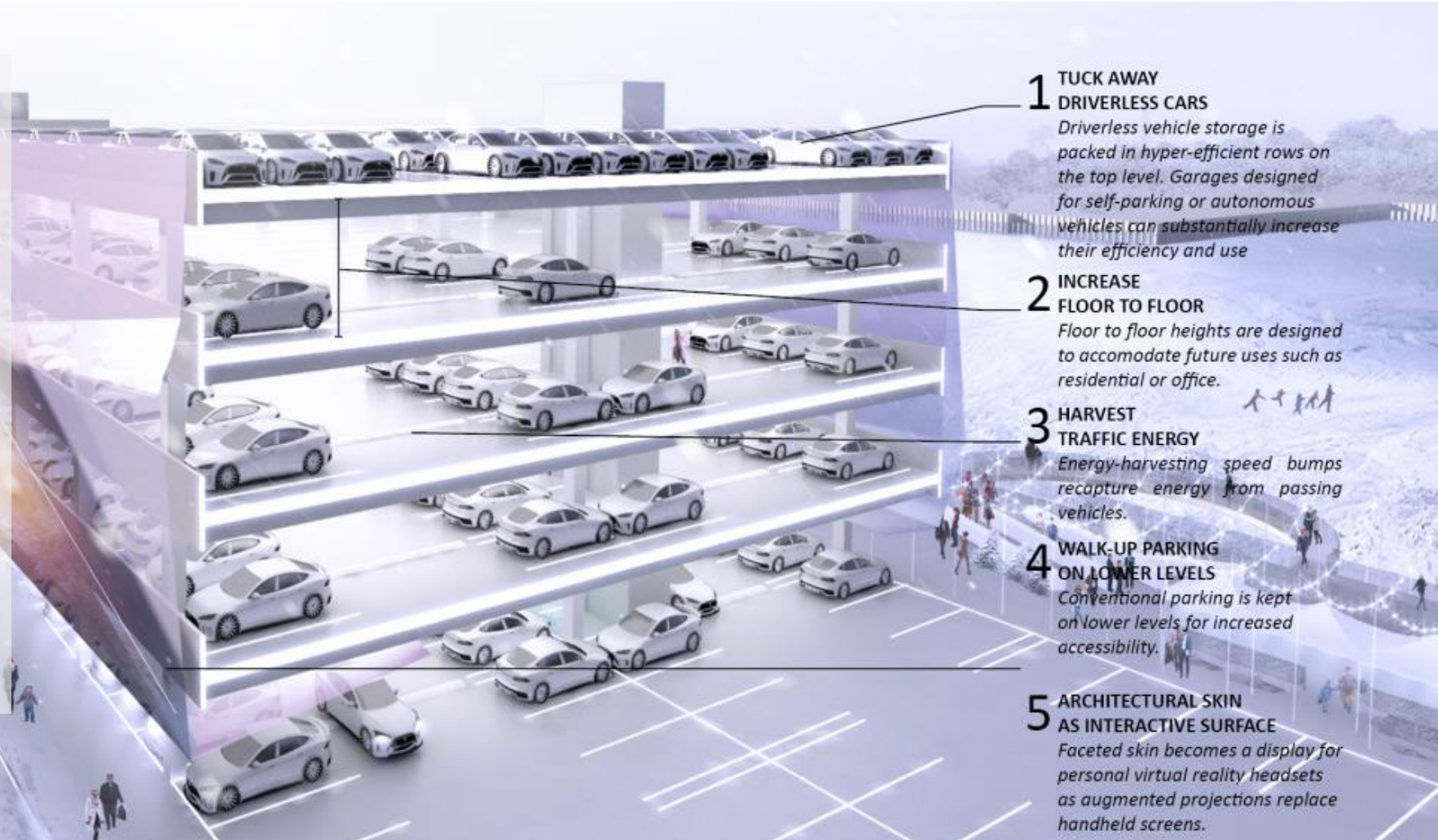
% of time
typical car
is in use

95%

% of time
typical car
is parked

By the time today's garages are built, **self parking cars** and **shared fleets** will be a reality.

By 2025, **fully autonomous cars** are expected to be **available to the general public** for an additional \$10,000.



- 1 TUCK AWAY DRIVERLESS CARS**
Driverless vehicle storage is packed in hyper-efficient rows on the top level. Garages designed for self-parking or autonomous vehicles can substantially increase their efficiency and use
- 2 INCREASE FLOOR TO FLOOR**
Floor to floor heights are designed to accommodate future uses such as residential or office.
- 3 HARVEST TRAFFIC ENERGY**
Energy-harvesting speed bumps recapture energy from passing vehicles.
- 4 WALK-UP PARKING ON LOWER LEVELS**
Conventional parking is kept on lower levels for increased accessibility.
- 5 ARCHITECTURAL SKIN AS INTERACTIVE SURFACE**
Faceted skin becomes a display for personal virtual reality headsets as augmented projections replace handheld screens.

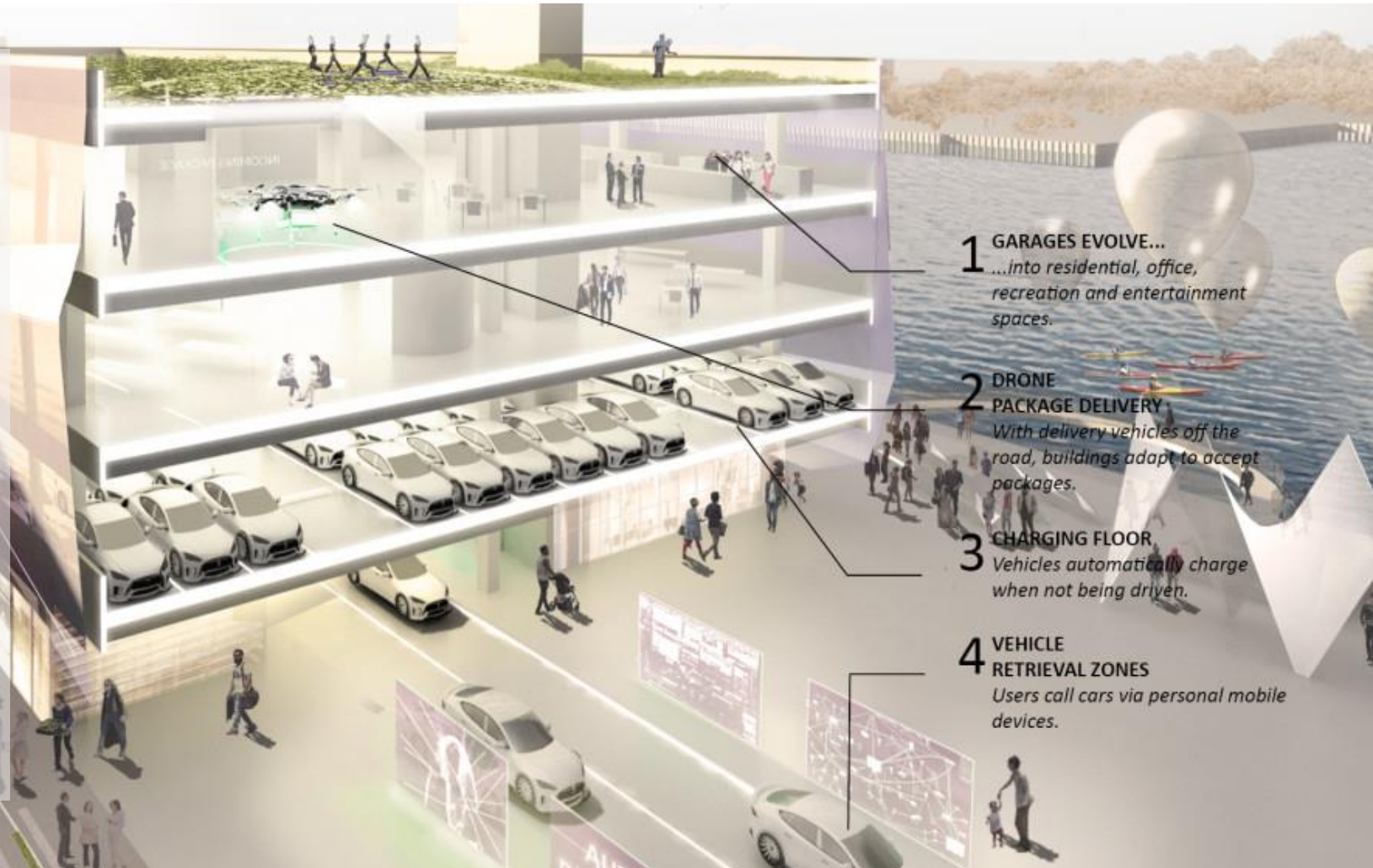
Parking Garage Trends

Autonomous Vehicles and the Evolution of the Parking Garage

Phase 2: 2025-2035

As car ownership evolves to a subscription service with intelligent fleets, there will be less need for parking. Garages are transformed into other uses such as office, residential and hotels.

In 2035, the need for parking should decline by more than 5.7 billion square meter in the U.S. (This equates to half the size of Connecticut)





Accelerating success.