RESEARCH

2Q13
BROWARD COUNTY OFFICE MARKET

Newmark Grubb Knight Frank

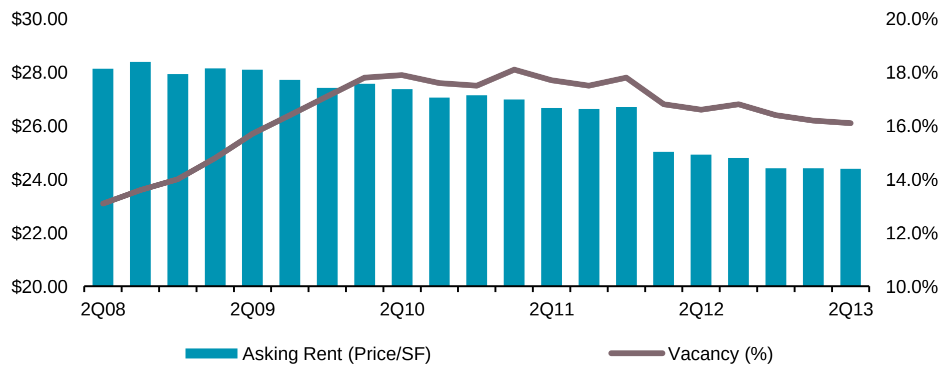
FORT LAUDERDALE OFFICE MARKET GAINING TRACTION...SLOWLY

The Fort Lauderdale office leasing market experienced little change during the second quarter of 2013. Vacancy decreased 10 basis points from the first quarter to 16.1% – 50 basis points lower than the close of the second quarter a year ago. Demand outpaced supply and quarterly positive net absorption helped push year-to-date absorption over 100,000 square feet. Numerous small relocations and expansions of existing tenants within the market continued to fuel the positive demand.

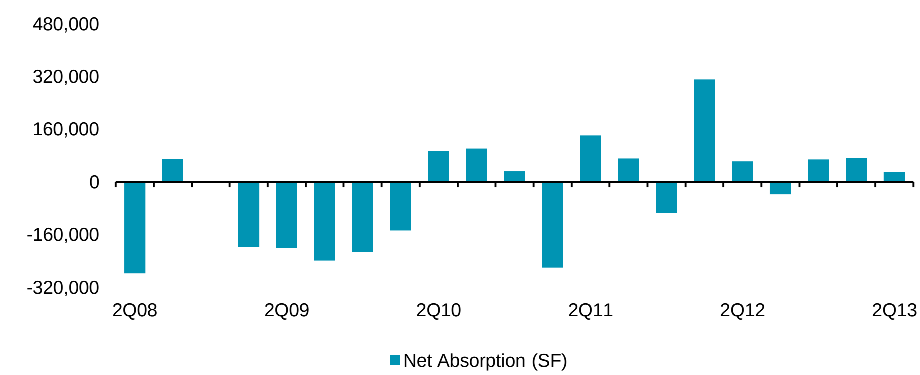
Becker & Poliakoff PA inked a 46,800-square-foot deal to relocate downtown from the Southwest submarket. The relocation is slated for the first quarter of 2014. Sunshine State Health continued its expansion efforts by occupying an additional 21,328 square feet at Lake Shore Plaza I in Sawgrass Park. Whole Foods expanded to 18,000 square feet in the Bayview Corporate Tower (formerly AtlanTech Tower) at 6451 North Federal Highway. These mid-sized deals counter balanced the 25,270 square feet AT&T and Greenspoon Marder gave back at Trade Center South in Cypress Creek, and the 21,423 square feet Equitrac Corporation returned at Royal Palm at Southpointe I in Plantation. The majority of spaces coming back to the market are smaller spaces in Class C and B inventory.

The overall average asking rental rate remained virtually unchanged with a $0.01

Asking Rent and Vacancy



Absorption



Key Indicators

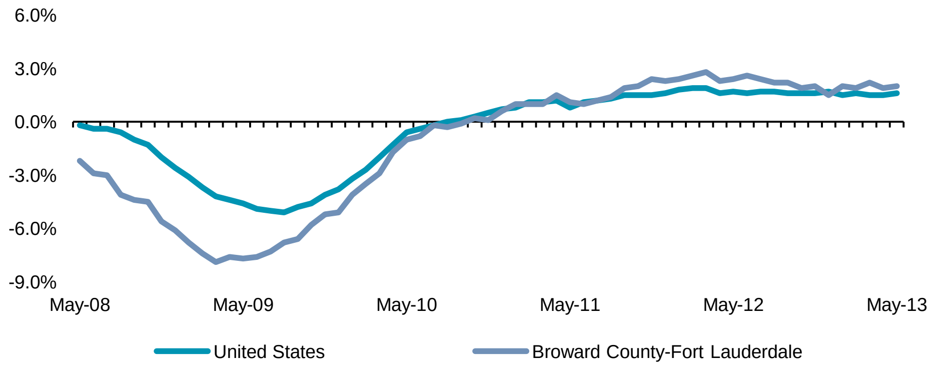
Total Inventory (SF)			31,795,687
	2Q13	1Q13	2Q12
Asking Rent (Price/SF)	$24.40	$24.41	$24.93
Vacancy Rate (%)	16.1%	16.2%	16.6%
Under Construction (SF)	0	0	0
	2Q13	1Q13	YTD
Net Absorption (SF)	28,853	71,671	100,524
Deliveries (SF)	0	0	0

drop from the $24.41/sf, gross rate recorded in the first quarter. The $0.53 year-over-year drop can be attributed to the leasing activity of higher-end spaces. When this space is removed from availability, the lower-tier Class B and Class C availabilities have more of an impact on the weighted asking rate. Landlords have kept asking rates steady while continuing to use concessions to entice prospective and existing renters. Until a consistent gain in job growth translates into steady decreases in vacancy, tenants will continue to have the upper hand in lease negotiations.

Slow employment growth is projected through the remainder of 2013, and weaker demand from small businesses continues to hinder the office sector's ability to recover from high vacancy rates and large blocks of available space. Improvement in the residential sector could begin to translate into increased demand for office space, but landlords and owners should expect continued favorable conditions for tenants through 2014.

Payroll Employment

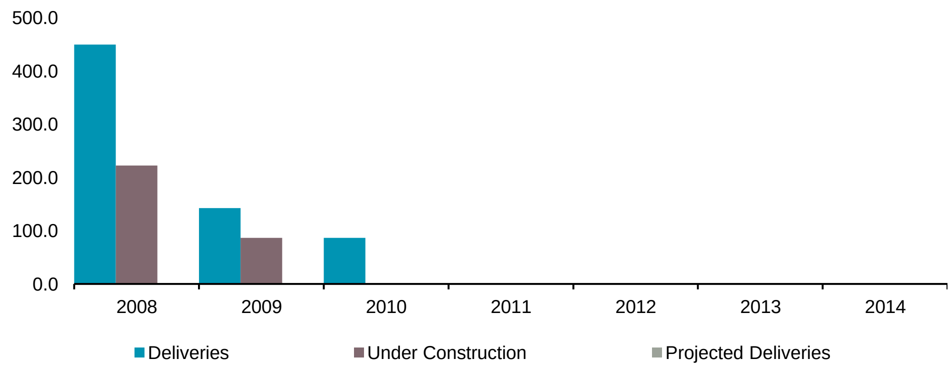
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, thousands



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Carnival Cruise Lines	3400 Lakeside Dr	Southwest Broward	63,000
Becker & Poliakoff PA	1 E Broward Blvd	Downtown	46,347
Premier Beverage	500 E Broward Blvd	Downtown	20,000
Selling Source	1601 NW 136th Ave	Sawgrass Park	14,256
Fortinet	13450 W Sunrise Blvd	Sawgrass Park	8,941

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
1655 NW 136th Ave	Sawgrass Park	368,259	$33,493,500	$91
4300 N University Blvd	Plantation	88,000	$5,300,000	$60
4200 NW 16th St	Central Broward	80,870	$4,800,000	$59
6360 NW 5th Way	Cypress Creek	41,849	$4,300,000	$103
1001 N Federal Hwy	Southeast Broward	30,000	$4,200,000	$140

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**	**18.2%**	**53,353**	**100,709**	**$33.12**	**$24.97**	**$31.64**
Suburban	**26,426,913**	**0**	**15.6%**	**-24,500**	**-185**	**$27.18**	**$19.85**	**$22.78**
Commercial Blvd	1,615,465	0	16.0%	19,371	30,341	$21.59	$19.94	$19.53
Cypress Creek	4,389,841	0	13.6%	-37,809	-37,275	$28.75	$19.63	$23.03
Ft. Lauderdale Suburban	3,330,713	0	18.5%	-1,401	11,625	$26.50	$20.86	$22.00
Hallandale	460,866	0	15.3%	-4,543	-4,543	$37.25	$24.78	$24.26
Hollywood	2,545,554	0	13.5%	-6,731	-16,850	$27.62	$23.02	$23.24
NW Broward/Coral Springs	1,867,382	0	20.9%	24,686	31,775	$22.66	$16.30	$19.04
Plantation	3,409,918	0	16.9%	-63,401	-27,597	$28.32	$20.63	$23.57
Pompano Beach	2,669,522	0	19.0%	-1,910	9,660	$25.08	$18.05	$19.63
Sawgrass Park	2,786,740	0	14.3%	36,139	-23,463	$25.75	$21.50	$25.44
SW Broward	3,350,912	0	10.9%	11,099	26,142	$30.09	$20.78	$29.04
Fort Lauderdale	**31,795,687**	**0**	**16.1%**	**28,853**	**100,524**	**$28.94**	**$20.11**	**$24.40**

RESEARCH

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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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