
COLLIERS INTERNATIONAL DOWNTOWN FORT LAUDERDALE MARKET OVERVIEW

Tuesday, February 2, 2021



PREPARED FOR



CITY OF FORT LAUDERDALE



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AGENDA

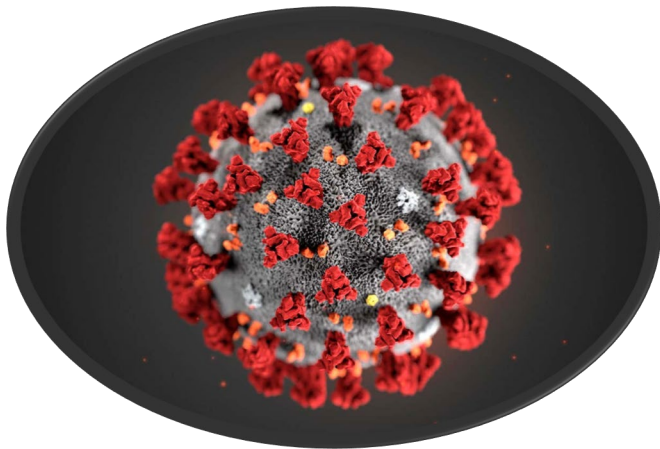
01 MARKET OVERVIEW

02 FORT LAUDERDALE OPPORTUNITIES – INTERACTIVE MAP

MARKET OVERVIEW

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A SERIES OF OVERLAPPING CRISES AND DISRUPTORS



Financial

Economic and Fiscal Fallout



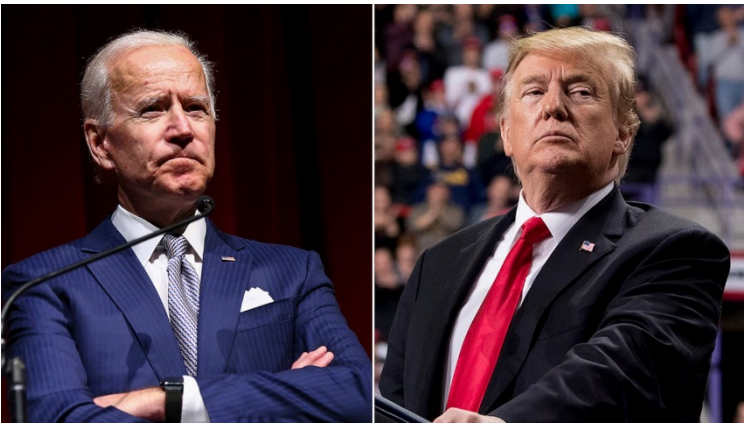
Civil Unrest

Protests for Racial/Economic Justice



Presidential Election

Trump/Biden



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YEARS OF TRANSFORMATION IN MONTHS



DEMAND FOR DISTRIBUTION FACILITIES

An increase in online shopping driving demand for e-commerce distribution facilities.

Did you know?

Amazon leased more in 2020 than any other industrial occupier!



HUB AND SPOKE OFFICE MODEL

Companies are re-evaluating their space and logistical needs as more workers work remote - accelerating the hub-and-spoke model.

Did you know?

40% of Americans are working remotely now (Up from 5%).



ADAPTIVE RETAIL

Ghost kitchens, in-store self-service solutions, omnichannel retail, curbside pick-up/instant gratification, in-store inventory visibility available to see online.

Did you know?

BOPIS sales grew more than 500% during the pandemic and accounted for more than 40% of online orders.

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WHERE ARE WE HEADING POST COVID-19?

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SOUTH FLORIDA DRIVERS – POPULATION & EMPLOYMENT GROWTH



Unemployment News Timeline

September 24th

“Florida’s first-time unemployment claims dip slightly as economy recovers slowly”

October 1st

“Florida’s unemployment claims hit a pandemic low, but big layoffs loom for airlines and hospitality”

October 29th

“Florida’s unemployment claims take another sharp decline”

November 5th

“Florida’s new unemployment claims slip below 30,000, but COVID-19 still dogs the job market”

December 17th

“Florida’s unemployment claims decline sharply as economy stays open”

“Florida’s unemployment dips to 6.1% in December”

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MULTIFAMILY TRENDS

MARKET COMPARISON

| OVERALL MULTIFAMILY MARKET INDICATORS | FORT LAUDERDALE CBD | MIAMI CBD | WEST PALM BEACH CBD |
|--|---------------------------|-----------|------------------------|
| Inventory (Units) | 10,388 | 10,485 | 2,339 |
| Occupancy | 93.5% | 92.7% | 94.6% |
| | | | |
| Per Square Foot | \$1.92 | \$2.12 | \$1.62 |
| 5 Year Rent Growth | 8.4% | 6.0% | 36.1% |
| Forecasted Annual Rent Growth | -1.3% | -2.2% | +2.0% |
| DELIVERIES | | | |
| Units (Q4 2020) | 694 | 0 | 0 |
| UNDER CONSTRUCTION | | | |
| Units | 1,801 | 3,829 | 543 |

Source: Costar, MPF, Colliers International, Q4 2020

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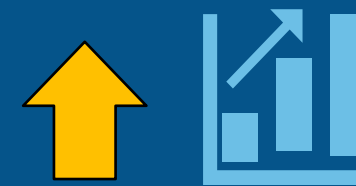
Co-Living

Just like coworking, the “shared living” concept has taken off in SFL with the delivery of PMG’s X Miami, and construction of Society Las Olas.



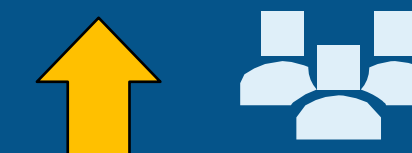
Affordability

2020 brought to light the severity of the affordable housing crisis, but 2021 looks to be the year that starts to address the issue with a number of affordable developments underway.



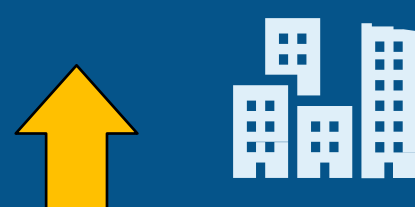
Investor Demand

Demand is high as investors seek opportunity in safe markets, unlike the NE states, however opportunities today are limited as much product has recently traded.



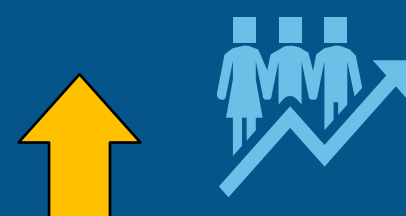
Suburban Shift

Shaking up the multifamily market, millennials are seeking more affordable rents in suburban areas, particularly post-Covid with increased remote work.



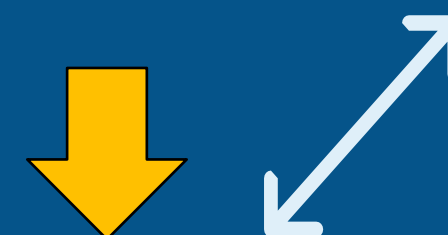
Population Growth

Migration from NE continued during COVID (starting to see other regions increase like Midwest and CA) and will accelerate in 2021.



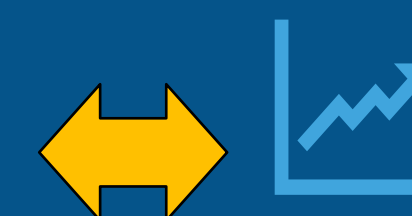
Mixed-Use

New developments with a mixed-use concept are most popular both in the CBD and suburbs and will thrive in 2021.



Occupancy Rates

Occupancy rates will start to decline as year progresses through Mid Year 2021 stabilizing towards the end of next year. Class B/C product will suffer disproportionately.



Construction

A modest pull back in construction starts in 2021 will help stabilize pricing.

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OFFICE TRENDS

MARKET COMPARISON

| MARKET INDICATORS (Class A/B/C) | FORT LAUDERDALE CBD | MIAMI CBD | WEST PALM BEACH CBD |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|
| Inventory | 7.7 Million SF | 23.2 Million SF | 3.5 Million SF |
| Under Construction | 0 SF | 1.4 Million SF | 671K SF |
| Net Absorption (Q4 2020) | 16K SF | (42K) SF | (26K) SF |
| Vacancy Rate | 20.4% Increase 710 BBS YOY | 14.8% Increase 10 BBS YOY | 18.4% Increased 370 BBS YOY |
| NNN Rates | | | |
| Full Service Rents | \$45.69 | \$49.26 | \$45.16 |
| 5-Year Growth | +40.3% | +29.3% | +45.7% |

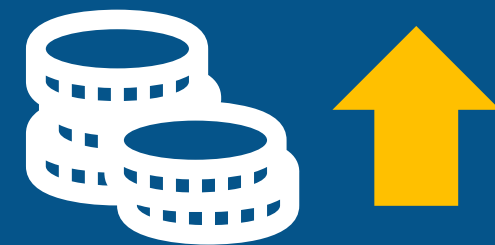
Source: CoStar, Colliers International, Q4 2020

OFFICE TRENDS

WHAT'S NEXT...?



Occupancy/Rates?
15-20%



Capital Avoidance



Consolidation



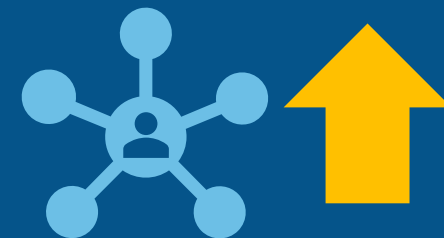
Work from Home/
Anywhere



Flight to Quality



Operating Costs



Geographical Disbursement
- Hub/Spoke



Space re-design/
De-densification?



Reduce fixed cap-ex/leases
and have an intermediate
larger demand for pre-built
space?



The "new" PPE...

- People
- Place
- Engagement

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RETAIL TRENDS

MARKET COMPARISON

| MARKET DATA | FORT LAUDERDALE CBD | MIAMI CBD | WEST PALM BEACH CBD |
|--------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| Inventory | 2.4 Million SF | 5.1 Million SF | 1 Million SF |
| Under Construction | 28K SF | 345K | 0 SF |
| Net Absorption (Q3 2020) | (2K) SF | 27K SF | (2K) SF |
| Vacancy Rate | 8.1% Increased 260 BPS YOY | 16.6% Decreased 170 BPS YOY | 5.7% Increased 210 BPS YOY |
| Rental Rates (NNN) | | | |
| Asking Rents | \$29.71 | \$58.35 | \$25.49 |
| 5-Year Growth | +12.7% | +36% | +26.7 |

Source: Costar, Colliers International, Q4 2020

MARKET HIGHLIGHTS & OUTLOOK

Fort Lauderdale CBD

- As the core of the county, Downtown Fort Lauderdale's retail market continues to be strong with an 8.1% vacancy rate and rental rates increasing 12.7% over the past 5 years to \$29.71 PSF.

Miami CBD

- Miami has the largest amount of retail under construction across the 3 CBD's. Miami's strong rent growth and decreasing vacancy rate are a good sign for the 345K SF currently underway.

West Palm Beach CBD

- Limited inventory and a lack of new construction has kept vacancy rates low, currently at 5.7%, even after experiencing increases during the COVID-19 pandemic.

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RETAIL TRENDS

WHAT TO EXPECT POST COVID-19?

Every retailer needs to adapt to survive.

E-Commerce

- › Americans over 65 are the fastest-growing category of e-commerce shoppers

Customers will now expect:

- › An online presence for every retailer
- › The same shopping experience online and offline
- › Flexibility from retailers with a wide range of shopping and delivery options

Omnichannel

- › Omnichannel is now the only option
- › Products need to be available where your customers are
- › Online and offline can't be disconnected: local delivery, curbside pickups, in-store pickups

Micro-fulfillment Centers

- › Re-imagine retail locations to support ecommerce and omnichannel
- › Store are now fulfillment hubs and pickup locations
- › Treat front-of-house as a showroom

Redevelopment of existing centers

- › Older shopping centers are prime targets for redevelopment and reconfiguration for the new retail formats
- › Micro-fulfillment centers will need to be located close to consumers, driving demand in secondary retail markets

The “Dark” Store

Brick and Mortar Delivery-Only Store Concept

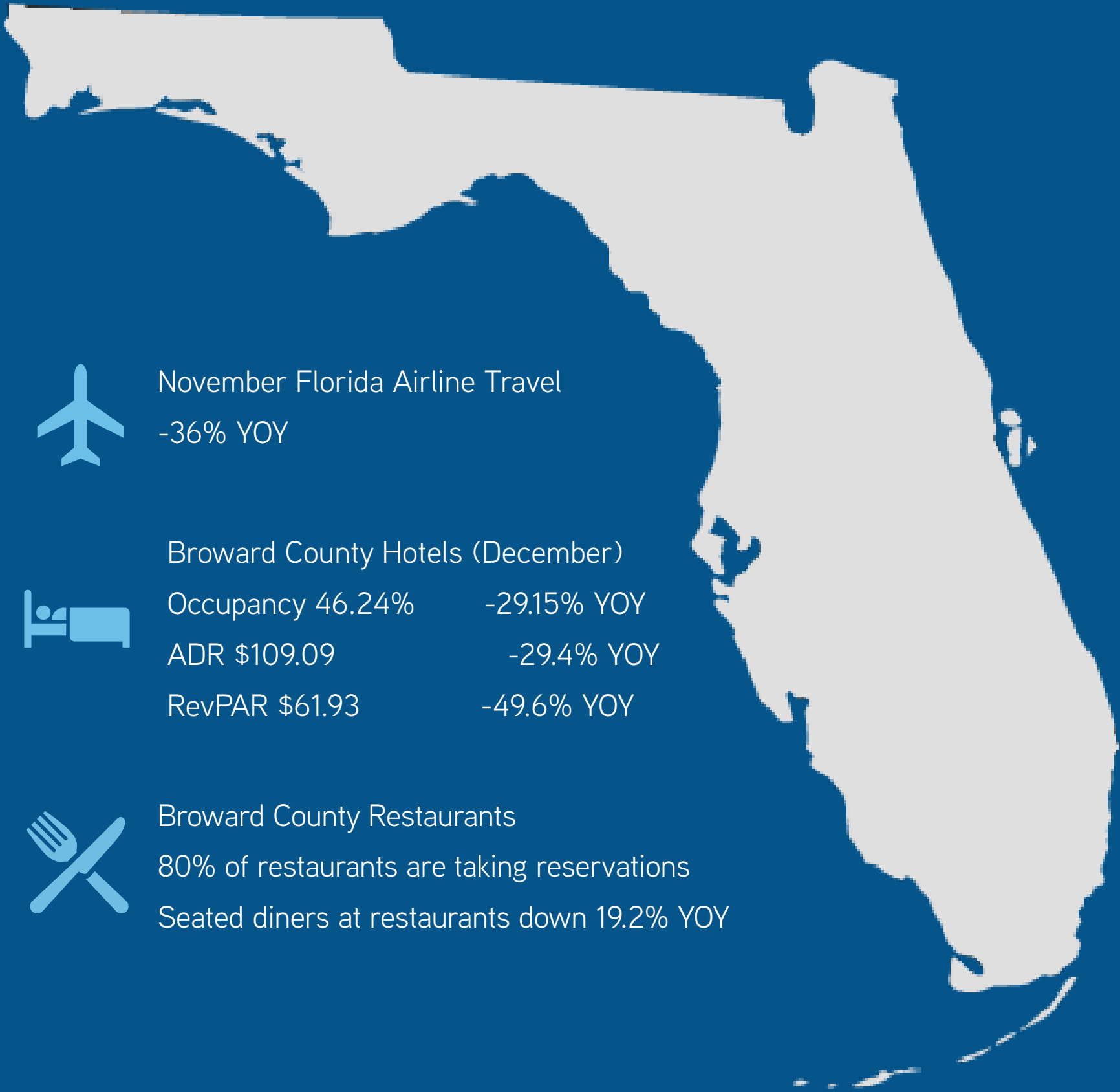


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HOSPITALITY TRENDS

HARDEST HIT SECTOR

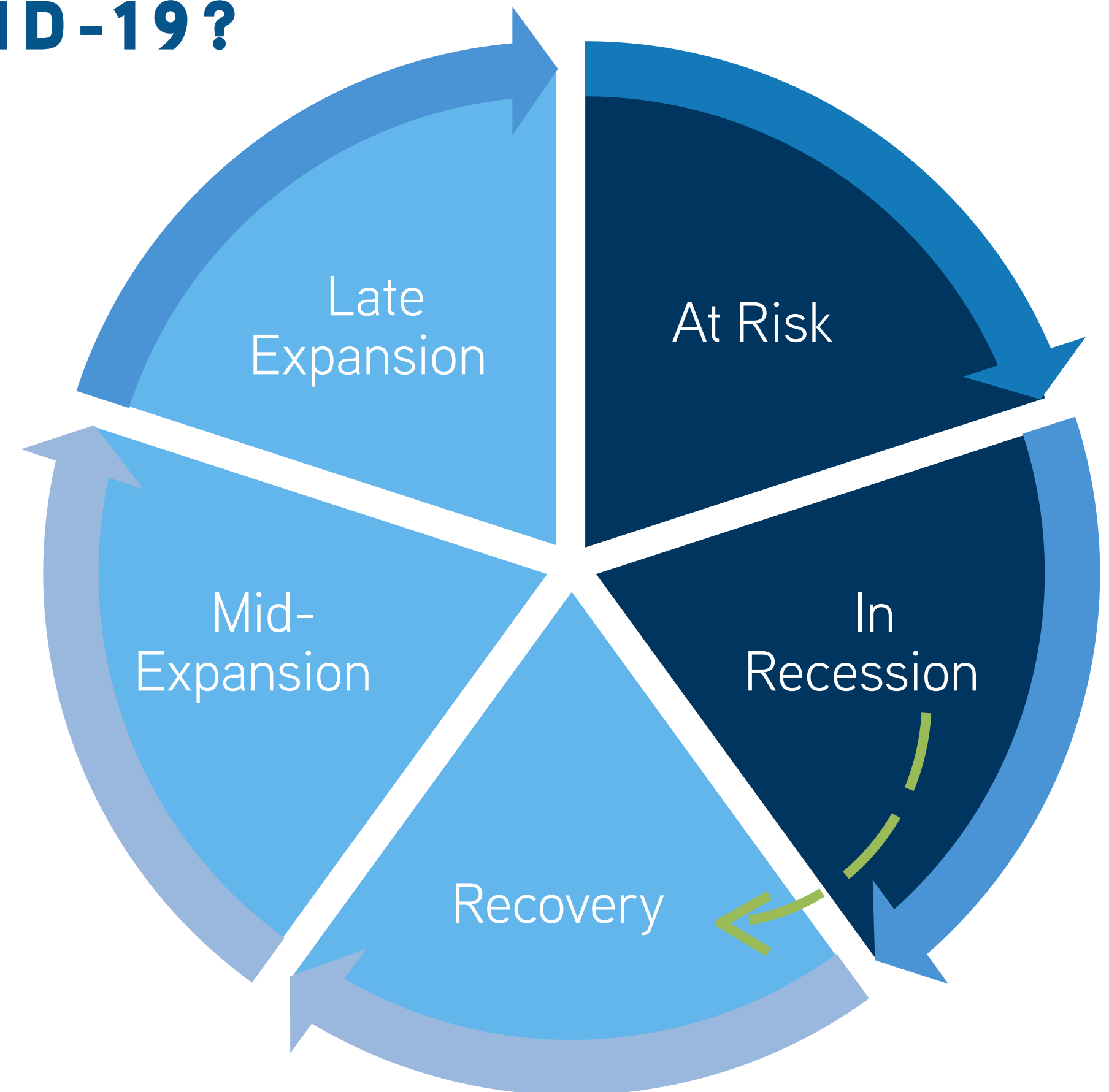
- A dramatic drop in tourism travel has caused difficulty in valuing hotels resulting in a **slowdown in hotel sales**.
- Approximately 208 hotels traded hands in Florida in 2020, down 33.3% from 312 sales for the same time last year.
- While mostly stagnant right now, most of the sales activity that closed in 2020 has involved "functionally obsolescent" properties such as older motels with plans to **convert use into multifamily properties**.
- The Challenges: **Financing**, and **closing the gap** between buyer requests for discounts, and seller pricing expectations.
- We can expect some sales to occur over the next two year, but then a sharp rise in transactions as the **financing market regains confidence**.



WHERE IS SOUTH FLORIDA IN THE CYCLE? WHAT TO EXPECT POST COVID-19?

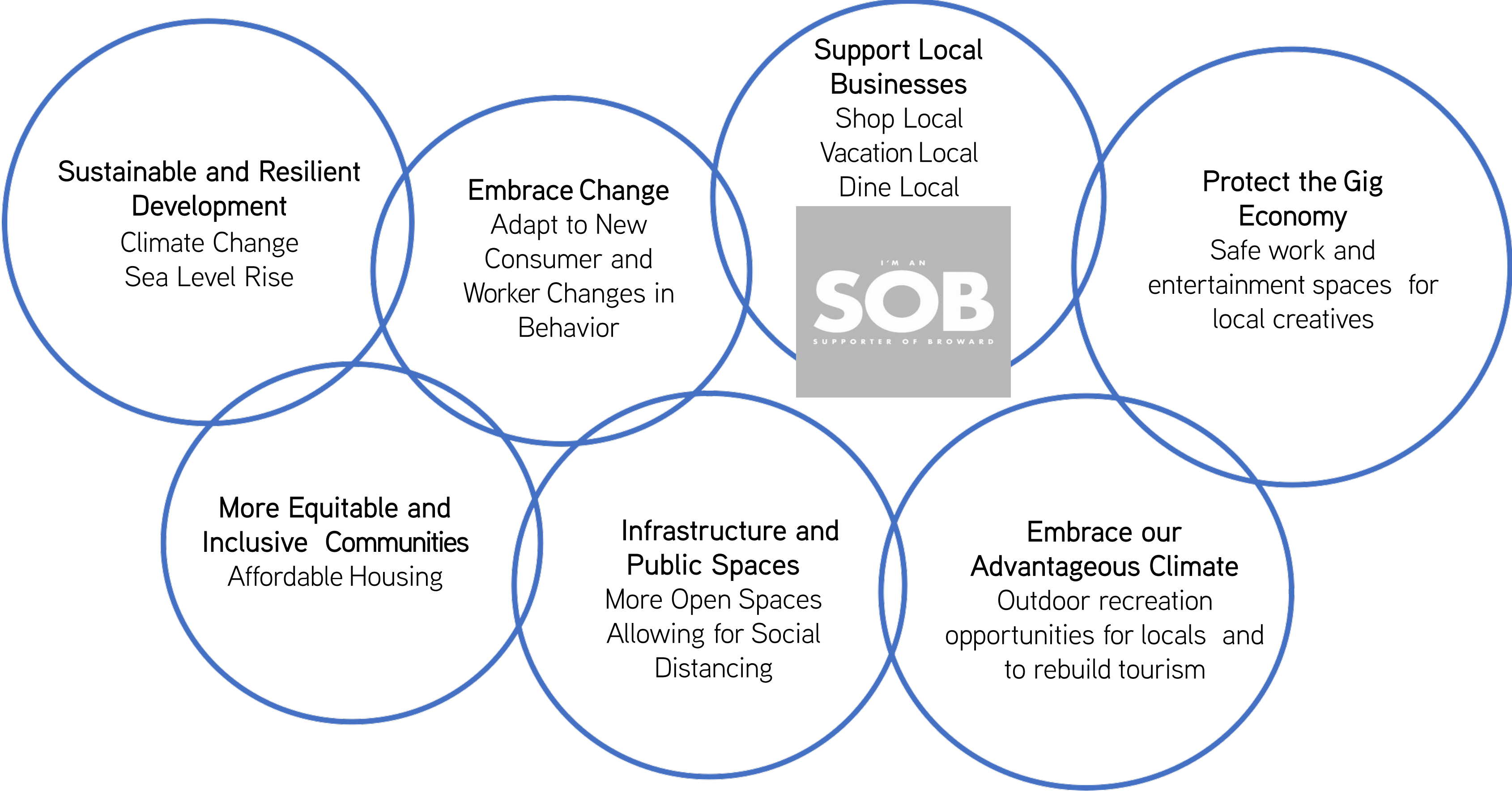
LOCAL RISK FACTORS

- › Control of the virus
- › In-migration growing from multiple regions
- › Tourism/Hospitality – Unemployment
- › Retail Closures – New trends emerge
- › Workforce and business relocations?
- › Rapid expansion of e-commerce – last mile
- › New development delivering in 2020 – Distress
- › De-Urbanization/Suburban “Flight”?
- › Education/Transportation Infrastructure



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WHAT'S NEXT?
WHERE ARE WE GOING?



FORT LAUDERDALE OPPORTUNITIES

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Thank you.

QUESTIONS?