

South Florida Law Firm/Courthouse District Office Market Report



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For law firms, office location is critical. Several factors determine where a firm will lease or purchase an office, building image, surrounding amenities, and traffic and commute time for employees. Many other considerations come into play, but **for firms with a significant litigation practice, close proximity to the county circuit court can be critical.** When “time is money,” litigators, court reporters, forensic accountants, and all of their supporting vendors need to get to and from the courthouse quickly and easily.

With that in mind, Berger Commercial Realty has created a Courthouse District Office Market Report, focusing on office buildings within a one-mile radius from each of the three county circuit courthouses – Broward, Miami-Dade and Palm Beach. Our report gives an overall indication of market conditions. Are we in a landlord-friendly market? A tenant-friendly market? A turning point between the two? There are many other variables to consider and we could not cover them all. If you’re considering a new office, renewal, expansion, or contraction, it’s always best to consult with a commercial real estate broker with local market knowledge and a track record of successfully representing office tenants, but this overview can get you started with your analysis.

Currently, Broward County’s Courthouse District is the tightest, with 10.2% vacancy within one mile of the Broward County Circuit Court. Class A is slightly higher at 11.7% vacancy, but Class B (3.6%) and Class C (1.2%) will present challenges for tenants, making a “plugged in” broker even more important to your search. This is a healthy vacancy rate, with leverage slightly in landlords’ favor. The Miami-Dade Courthouse District is a bit more favorable for tenants at this time, with overall vacancy at 14.3%. Class A space is at 15.5% (a great time to negotiate favorable terms!), Class B at 11.6%, and Class C at 3.8%. Palm Beach County’s Courthouse District is showing interesting statistics, with overall vacancy at 12.3%, a fair equilibrium of power for landlords and tenants. Class A space in the Palm Beach district is at 12.8%, Class B at 9.7%, but Class C is at 15.3%, bucking the trend of Class C buildings outperforming the market in other counties. For those needing low-cost space, this is an ideal time to negotiate in Palm Beach County.

Note that some buildings within an asset class or county may be outperforming or underperforming the rest of the market, and buildings (and portfolios) must be reviewed on a case-by-case basis when negotiating, to assess your bargaining power and obtain all that you should in your lease. Please call us with any questions regarding this report or your own requirement, and I’ll be happy to answer any questions you may have.

South Florida Courthouse District Market Report

All spaces are within 1 mile of the County Circuit Courthouse, existing office buildings 10,000 s.f. and larger



Building Class	Market Size	Vacant s.f.	Vacant/ Available	Average Asking Rental Rate	Absorbed s.f.	Available Blocks of Contiguous Space 20,000 s.f. +	Available Blocks of Contiguous Space 10,000 - 19,999 s.f.	Available Blocks of Contiguous Space 5,000 - 9,999 s.f.	Notable Leases	Notable Sales
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Broward Circuit Courthouse Office District

Class A	22 buildings 4,606,182 sf	540,969	11.70%	\$42.04/s.f. full service	3,160	13	12	23	450 E. Las Olas, 3/22/18 16,507 s.f., \$37.50/s.f. NNN	
Class B	40 buildings 1,331,448 s.f.	47,400	3.60%	\$31.04/s.f. full service	(9,234)	0	0	4	633 S. Federal Hwy, 3/23/18 3,027 s.f., \$25.00/s.f. + electric	110 E. Broward Blvd., 1/2018 (sold by special servicer) \$41,055,000 (\$107.89/s.f.)
Class C	35 buildings 947,121 s.f.	11,390	1.20%	\$24.08/s.f. full service	(8,246)	0	0	1		105 SE 12th St., 4/25/18 \$1,800,000 (\$175/56/s.f.)

Miami-Dade Circuit Courthouse Office District

Class A	28 buildings 10,116,339 s.f.	1,568,711	15.50%	\$46.56/s.f. full service	(41,718)	16	24	50	201 S. Biscayne Blvd., 4/27/18 23,128 s.f., \$57.50/s.f. + electric	
Class B	60 buildings 8,293,262 s.f.	964,212	11.60%	\$32.09/s.f. full service	96,912	7	6	33	800 Brickell Ave., 5/30/18 3,563 s.f., \$40.75/s.f. full service	510-528 NW 7th Ave., 12/2017 \$10,200,000 (\$673.18/s.f.)
Class C	35 buildings 1,569,068 s.f.	59,189	3.80%	\$23.84/s.f. full service	107,123	0	2	0		

Palm Beach Circuit Courthouse Office District

Class A	16 buildings 2,580,422 s.f.	330,852	12.80%	\$33.77/s.f. NNN	(65,282)	3	8	12	525 Okeechobee Blvd., 5/10/18 6,579 s.f., \$35.00/s.f. NNN	
Class B	37 buildings 1,738,439 s.f.	168,252	9.70%	\$26.77/s.f. NNN	(358)	1	2	6		400 Clematis St., 4/2018 office condo sale \$615,000 (\$289.91/s.f.)
Class C	22 buildings 419,668 s.f.	64,384	15.30%	\$20.00/s.f. NNN	(1,932)	2	0	2		

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Broward Circuit Court - All Office Classes

Availability	Survey	5-Year Avg
Gross Rent Per SF	\$39.80	\$34.49
Vacancy Rate	10.2%	12.3%
Vacant SF	703,095	831,314
Availability Rate	16.6%	16.3%
Available SF	1,144,320	1,104,351
Sublet SF	107,307	89,465
Months on Market	14.6	16.8

Inventory	Survey	5-Year Avg
Existing Buildings	97	96
Existing SF	6,884,751	6,755,562
12 Mo. Const. Starts	0	14,121
Under Construction	0	15,348
12 Mo. Deliveries	0	19,769

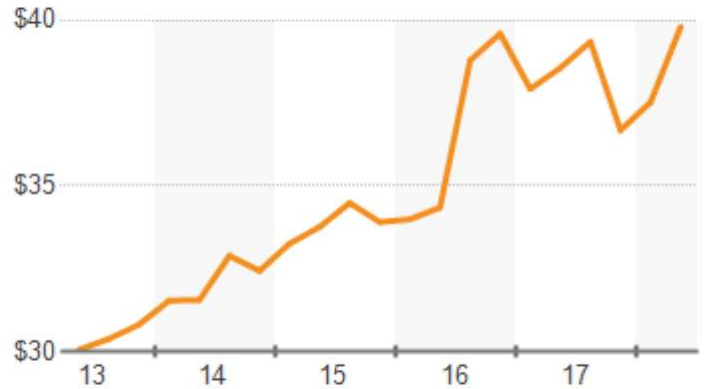
Demand	Survey	5-Year Avg
12 Mo. Absorption SF	114,261	114,913
12 Mo. Leasing SF	650,766	524,857

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$152	\$286
Asking Price Per SF	\$502	\$397
Sales Volume (Mil.)	\$145	\$247
Cap Rate	5.6%	6.2%

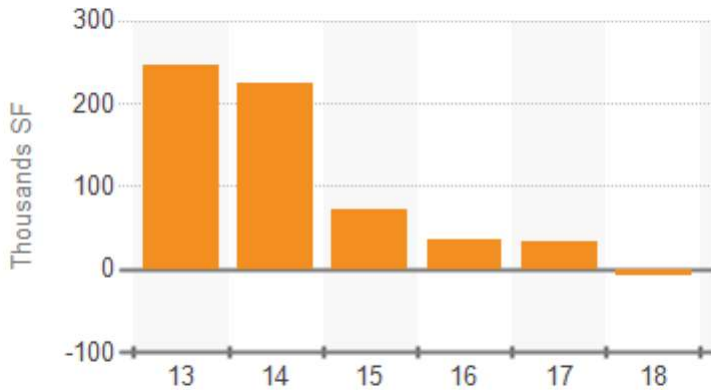
Vacancy Rate



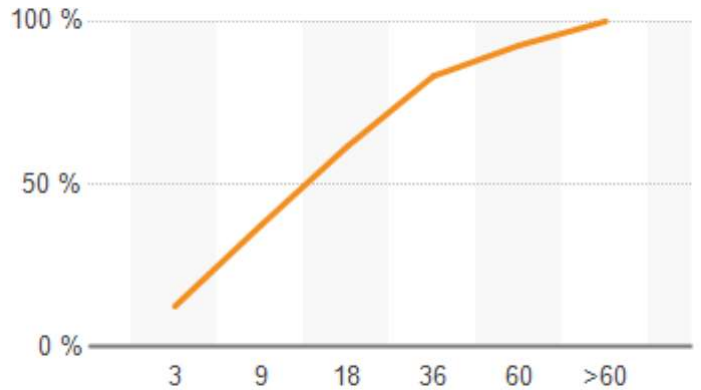
Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



Miami-Dade Circuit Court - All Office Classes

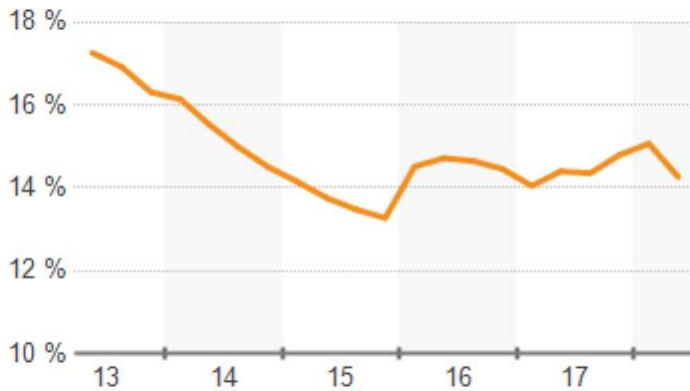
Availability	Survey	5-Year Avg
Gross Rent Per SF	\$40.45	\$37.75
Vacancy Rate	14.3%	14.9%
Vacant SF	2,844,568	2,900,376
Availability Rate	17.8%	18.5%
Available SF	3,543,084	3,662,084
Sublet SF	354,829	308,105
Months on Market	18.0	21.3

Inventory	Survey	5-Year Avg
Existing Buildings	122	118
Existing SF	19,937,552	19,516,351
12 Mo. Const. Starts	0	64,287
Under Construction	0	331,761
12 Mo. Deliveries	219,356	211,445

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	145,456	227,497
12 Mo. Leasing SF	1,437,700	1,457,303

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$293	\$354
Asking Price Per SF	\$417	\$402
Sales Volume (Mil.)	\$214	\$415
Cap Rate	3.0%	4.7%

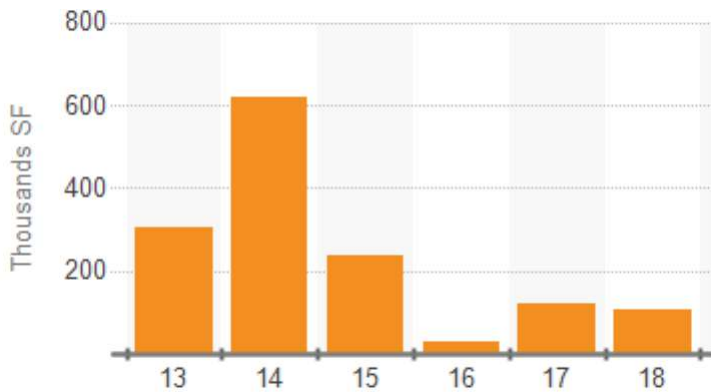
Vacancy Rate



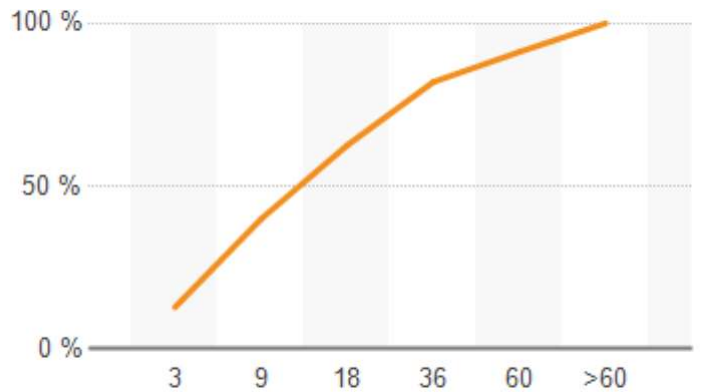
Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months



Palm Beach Circuit Court - All Office Classes

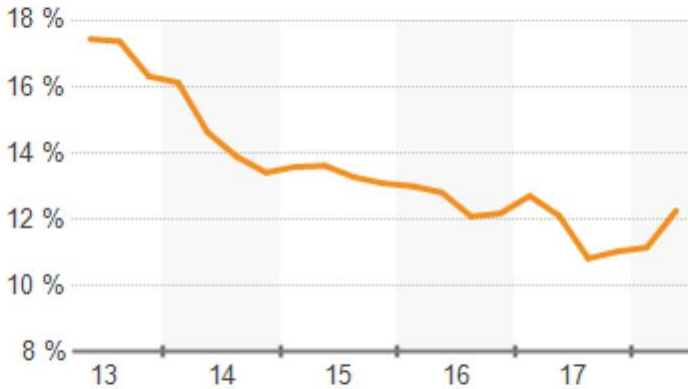
Availability	Survey	5-Year Avg
Gross Rent Per SF	\$36.64	\$33.47
Vacancy Rate	12.3%	13.5%
Vacant SF	580,993	640,642
Availability Rate	16.4%	16.9%
Available SF	775,505	801,250
Sublet SF	48,208	36,262
Months on Market	13.9	23.9

Inventory	Survey	5-Year Avg
Existing Buildings	75	75
Existing SF	4,741,147	4,738,853
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

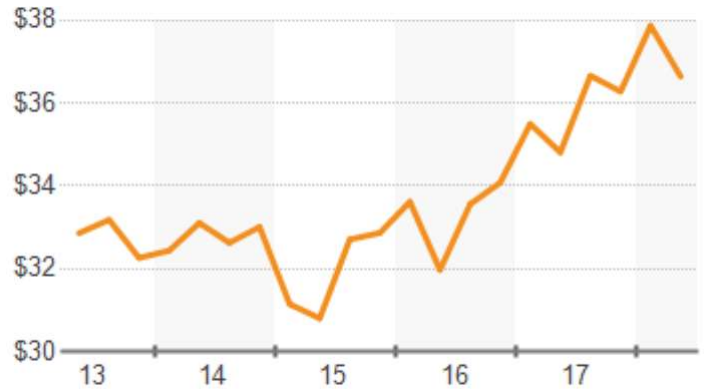
Demand	Survey	5-Year Avg
12 Mo. Absorption SF	20,501	60,298
12 Mo. Leasing SF	263,311	315,746

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$184	\$322
Asking Price Per SF	\$436	\$274
Sales Volume (Mil.)	\$73	\$173
Cap Rate	-	6.6%

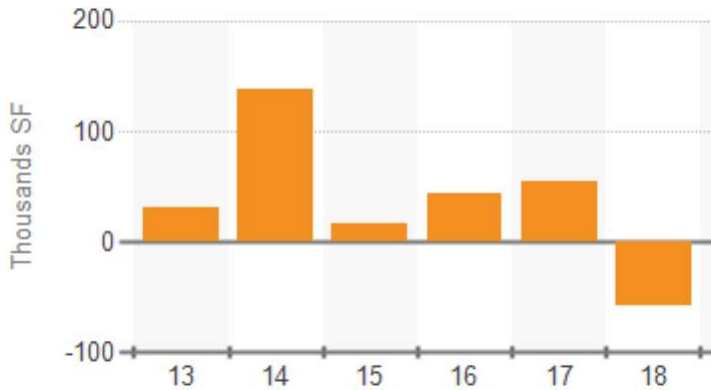
Vacancy Rate



Gross Asking Rent Per SF



Net Absorption



Probability of Leasing in Months

