

NAR Commercial Real Estate Metro Market Report | 2021.Q4

Ft Lauderdale-Pompano Bch-Deerfld Bch, FL

Core-Based Statistical Area Code: 22744

The Ft Lauderdale-Pompano Bch-Deerfld Bch, FL commercial real estate market is stronger compared to the overall U.S. market.
NAR Commercial Real Estate Market Conditions Index* 68.0

Overall economic conditions are not as strong than nationally.
 The apartment property market is stronger than nationally.
 The office property market is stronger than nationally.
 The industrial property market is stronger than nationally.
 The retail property market is stronger than nationally.
 The hotel/lodging property market is about the same than nationally.

I. Economic and Demographic

Economic	Ft Lauderdale-Pompano Bch-Deerfld Bch, FL			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Total non-farm employment ('000)	849	829	815	150,098	147,650	143,602	
Y/Y chg.in nonfarm payroll employment ('000)	35	32	(72)	5,977	5,704	(9,244)	
Y/Y % chg. in nonfarm payroll employment	4.3%	4.0%	-8.1%	4.1%	4.0%	-6.0%	Job creation is stronger than nationally
Unemployment rate (%)	4.3%	4.6%	4.5%	4.2%	4.7%	6.7%	Unemployment rate is higher than nationally
Average weekly wages	\$1,019	\$1,003	\$976	\$1,080	\$1,073	\$1,038	
Wage growth, year-over-year <i>(data are as of last month of the quarter)</i>	2.8%	7.9%	7.4%	4.8%	4.5%	6.7%	Wages are rising at a slower pace than nationally

	2020	2019	2018	2020	2019	2018
GDP growth (%)	-4.6%	1.9%	3.6%	-3.4%	2.3%	2.9%
Median household income	\$60,141	\$44,841	\$45,942	\$87,470	\$84,423	\$81,284

	2020	2019	2018	2020	2019	2018
Demographic						
Net domestic migration ('000)	(46.0)	(49.1)	(58.2)	0	0	0
Population ('000)	6,173	6,165	6,141	331,501	328,330	326,838
Population growth (%)	0.13%	0.40%	0.41%	0.97%	0.46%	0.53%

II. Multifamily

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	3.1%	3.3%	7.5%	4.6%	4.6%	6.6%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	624	1,763	1,870	78,063	189,629	94,740	
Absorption of units in past 12 months	7,492	8,738	3,253	714,672	731,349	376,273	
Absorption in past 12 months as % of inventory	6.1%	7.2%	2.8%	4.2%	4.3%	2.3%	The area has stronger absorption than nationally
Market asking rent per unit	\$2,083	\$2,013	\$1,715	\$1,543	\$1,532	\$1,387	
Market asking rent per unit, y/y % chg	21.5%	19.4%	1.8%	11.3%	10.6%	0.5%	
Effective rent per unit	\$2,075	\$2,006	\$1,685	\$1,534	\$1,523	\$1,367	
Effective rent per unit, y/y % chg	23.2%	21.6%	0.9%	12.2%	11.6%	-0.1%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	23.4%	23.0%	19.9%	16.3%	16.3%	15.2%	Renting is less affordable than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory	122,549	121,925	115,058	17,112,020	17,034,566	16,401,950	
Net delivered units in past 12 months	2,128	3,108	5,872	369,993	387,542	434,591	
Net delivered units, as % of inventory	1.7%	2.5%	5.1%	2.2%	2.3%	2.6%	
Units under construction	8,993	7,678	5,072	681,402	692,701	687,551	
Units under construction, as % of inventory	7.3%	6.3%	4.4%	4.0%	4.1%	4.2%	Construction is stronger than nationally
Ratio of jobs created to net delivered units <i>(as of latest available month of the quarter)</i>	16.4	10.3	(12.2)	16.2	14.7	(21.3)	More jobs per delivered units than nationally

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$2,288	\$893	\$795	\$86,764	\$63,211	\$47,522	Sales transactions are rising faster than nationally
Transaction sales price per unit	\$359,932	\$237,166	\$244,059	\$235,199	\$231,697	\$212,033	Prices are rising faster nationally
Market cap rate	4.7%	4.8%	5.0%	5.2%	5.2%	5.3%	Cap rates are lower than nationally

III. Office

Demand indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Vacancy rate	11.2%	11.5%	11.1%	12.2%	11.5%	11.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	108,044	187,715	231,184	14,567,728	5,676,582	(34,912,824)	
Absorption in sq.ft. over 12 months	(311,795)	(188,655)	(739,508)	(39,446,204)	(88,926,760)	(74,605,520)	
Absorption in past 12 months as % of inventory	-0.5%	-0.3%	-1.1%	-0.5%	-1.2%	-1.0%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$31.4	\$31.2	\$30.6	\$34.4	\$34.3	\$34.3	
Market rent growth, y/y % chg.	2.6%	3.0%	1.7%	0.1%	-0.3%	-1.5%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	4.2	0.8	(12.6)	1,134	1,092	(870)	Stronger office job creation than nationally

Supply indicators	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Inventory in sq. ft.	64,004,956	63,896,912	64,316,752	7,237,517,312	7,222,925,312	7,276,806,144	
Net delivered over 12 months, in sq.ft.	(225,921)	850,652	945,609	59,502,409	57,367,205	45,533,641	
Net delivered units, as % of inventory	-0.4%	1.3%	1.5%	0.8%	0.8%	0.6%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	696,944	706,944	720,409	142,297,840	141,203,264	155,258,080	
Under construction, as % of inventory	1.1%	1.1%	1.1%	2.0%	2.0%	2.1%	Construction activity is slower than nationally

Sales transactions	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Total investment acquisitions (in million \$)	\$229	\$227	\$210	\$28,031	\$29,974	\$21,646	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$178	\$203	\$236	\$305	\$306	\$301	Prices are not rising as fast than nationally
Market cap rate	7.1%	7.1%	7.2%	7.0%	7.0%	7.0%	Cap rates are higher than nationally

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IV. Industrial

	Ft Lauderdale-Pompano Bch-Deerfld Bch, FL			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Demand indicators							
Vacancy rate	4.0%	5.2%	6.0%	4.2%	4.6%	5.5%	<i>The area has lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	1,799,330	1,445,213	388,967	134,147,704	163,473,664	85,677,192	
Absorption in sq.ft. over 12 months	4,957,892	3,547,529	1,054,746	502,819,872	454,349,376	223,162,272	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	3.7%	2.7%	0.8%	3.0%	2.7%	1.4%	
Market rent per sq.ft.	\$15.0	\$14.5	\$13.4	\$9.8	\$9.5	\$9.0	<i>Rents are rising faster than nationally</i>
Market rent growth, y/y % chg.	12.6%	9.6%	4.5%	8.6%	7.2%	4.6%	
Supply indicators							
Inventory in sq. ft.	134,307,552	132,508,216	129,349,656	16,815,425,536	16,680,851,456	16,312,040,448	
Net delivered over 12 months, in sq.ft.	2,287,072	2,335,662	2,266,175	283,714,234	297,459,785	307,128,078	<i>More deliveries relative to inventory than nationally</i>
Net delivered units, as % of inventory	1.7%	1.8%	1.8%	1.7%	1.8%	1.9%	
Under construction in sq.ft.	1,339,709	1,540,589	2,656,640	508,025,152	466,780,896	340,499,936	<i>Less delivered space relative to inventory than nationally</i>
Under construction, as % of inventory	1.0%	1.2%	2.1%	3.0%	2.8%	2.1%	
Sales transactions							
Total investment acquisitions (in million \$)	\$653	\$293	\$166	\$34,773	\$30,151	\$29,578	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$180	\$182	\$139	\$144	\$127	\$110	<i>Prices are not rising as fast than nationally</i>
Market cap rate	6.0%	6.0%	6.1%	6.3%	6.3%	6.4%	<i>Cap rates are lower than nationally</i>

V. Retail

	Ft Lauderdale-Pompano Bch-Deerfld Bch, FL			U.S.			
	2021 Q4	2021 Q3	2020 Q4	2021 Q4	2021 Q3	2020 Q4	
Demand indicators							
Vacancy rate	4.4%	4.6%	5.3%	4.6%	4.8%	5.1%	<i>The area has a lower vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	265,666	302,755	(299,670)	28,236,304	29,377,518	689,343	
Absorption in sq.ft. over 12 months	1,403,992	838,656	(787,739)	76,321,048	48,774,088	(28,079,124)	<i>The area has stronger absorption than nationally</i>
Absorption in past 12 months as % of inventory	1.3%	0.8%	-0.8%	0.7%	0.4%	-0.3%	
Market rent per sq.ft.	\$28.8	\$28.0	\$26.6	\$22.5	\$22.3	\$21.9	<i>Rents are rising faster than nationally</i>
Market rent growth, y/y % chg.	8.2%	4.5%	0.4%	2.8%	2.1%	0.8%	<i>The area has stronger retail trade job creation than nationally</i>
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	2.80	2.00	(7.40)	372.10	387.70	(473.90)	
Supply indicators							
Inventory in sq. ft.	105,247,072	104,981,408	103,886,352	11,209,097,216	11,180,823,552	11,132,858,368	<i>Relatively more units delivered than nationally</i>
Net delivered over 12 months, in sq.ft.	327,912	506,944	581,298	21,047,385	28,105,270	41,736,234	<i>More delivered space relative to inventory than nationally</i>
Net delivered units, as % of inventory	0.3%	0.5%	0.6%	0.2%	0.3%	0.4%	
Under construction in sq.ft.	415,610	463,624	739,710	50,577,712	53,660,692	52,556,572	<i>Construction activity is slower than nationally</i>
Under construction, as % of inventory	0.4%	0.4%	0.7%	0.5%	0.5%	0.5%	
Sales transactions							
Total investment acquisitions (in million \$)	\$785	\$276	\$180	\$24,585	\$21,801	\$18,723	<i>Sales transactions are rising faster than nationally</i>
Transaction sale price per sq.ft.	\$335	\$262	\$256	\$237	\$204	\$192	<i>Prices are rising faster nationally</i>
Market cap rate	6.1%	6.2%	6.2%	7.0%	7.0%	7.0%	<i>Cap rates are lower than nationally</i>

VI. Hotel/Lodging

	Ft Lauderdale-Pompano Bch-Deerfld Bch, FL			U.S.			
	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	2021 Q4 (Nov)	2021 Q3 (Sept)	2020 Q4 (Dec)	
Leisure and hospitality payroll workers ('000)	87.1	86.9	77.3	15,362	15,397	12,896	
Y/Y change ('000)	8.9	16.2	(21.5)	2,533.0	1,841.0	(3,541.0)	<i>Job creation in the leisure industry is stronger than nationally</i>
% share to nonfarm payroll employment	10.3%	10.5%	9.5%	10.2%	10.4%	9.0%	<i>Higher fraction of workers in leisure industry than nationally</i>

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

For information about this report, email data@nar.realtor.

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