

SOUTH FLORIDA RETAIL REPORT

SOUTH FLORIDA MARKET OVERVIEW

South Florida’s retail market is highly active, with many different types of tenants seeking space. While not all retailers survived the impact of the pandemic, most categories of retail have resumed normal hours and operations. From fitness clubs to big box stores, retailers that saw a drop in foot traffic during the pandemic have now fully recovered and are seeking to expand in the South Florida market. However, the limited amount of retail space available in the market continues to present challenges for retailers. Vacancies are tight across all three South Florida counties, creating a highly competitive landlord’s market and leading many retail tenants to turn to new construction.

SOUTH FLORIDA MSA UNEMPLOYMENT

South Florida Unemployment rates remained relatively low in comparison to the United States and the State of Florida in Q4. Wrapping up 2021, unemployment rates in the United States, Florida, and the Miami-Ft Lauderdale- West Palm Beach (MSA) ended up at 4.2%, 4.5%, and 3.7%, respectively. Despite pandemic-related challenges, South Florida’s position as global tourism destination continues to boost its employment market.

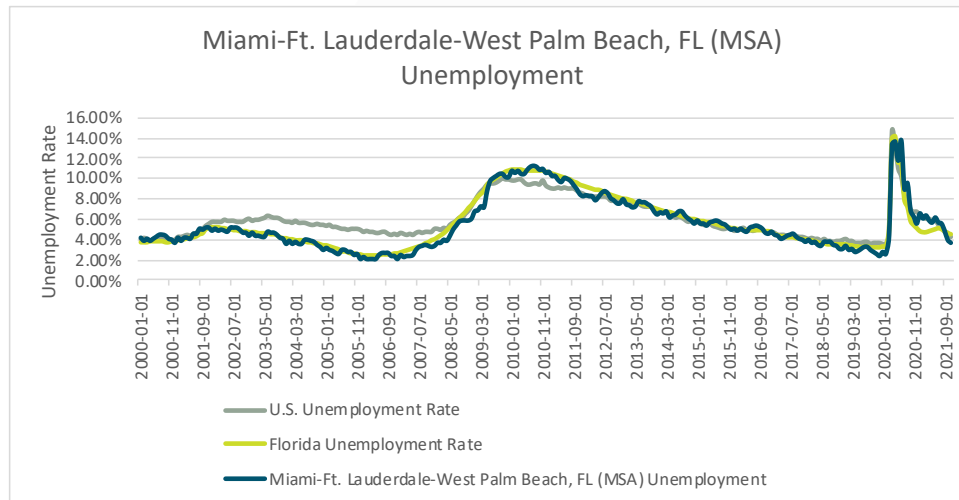
Ft. Lauderdale
3.7%
 Unemployment Rate
4.4%
 Vacancy Rate
\$28.71 PSF
 Avg Rent
\$279.41
 Sales Price PSF

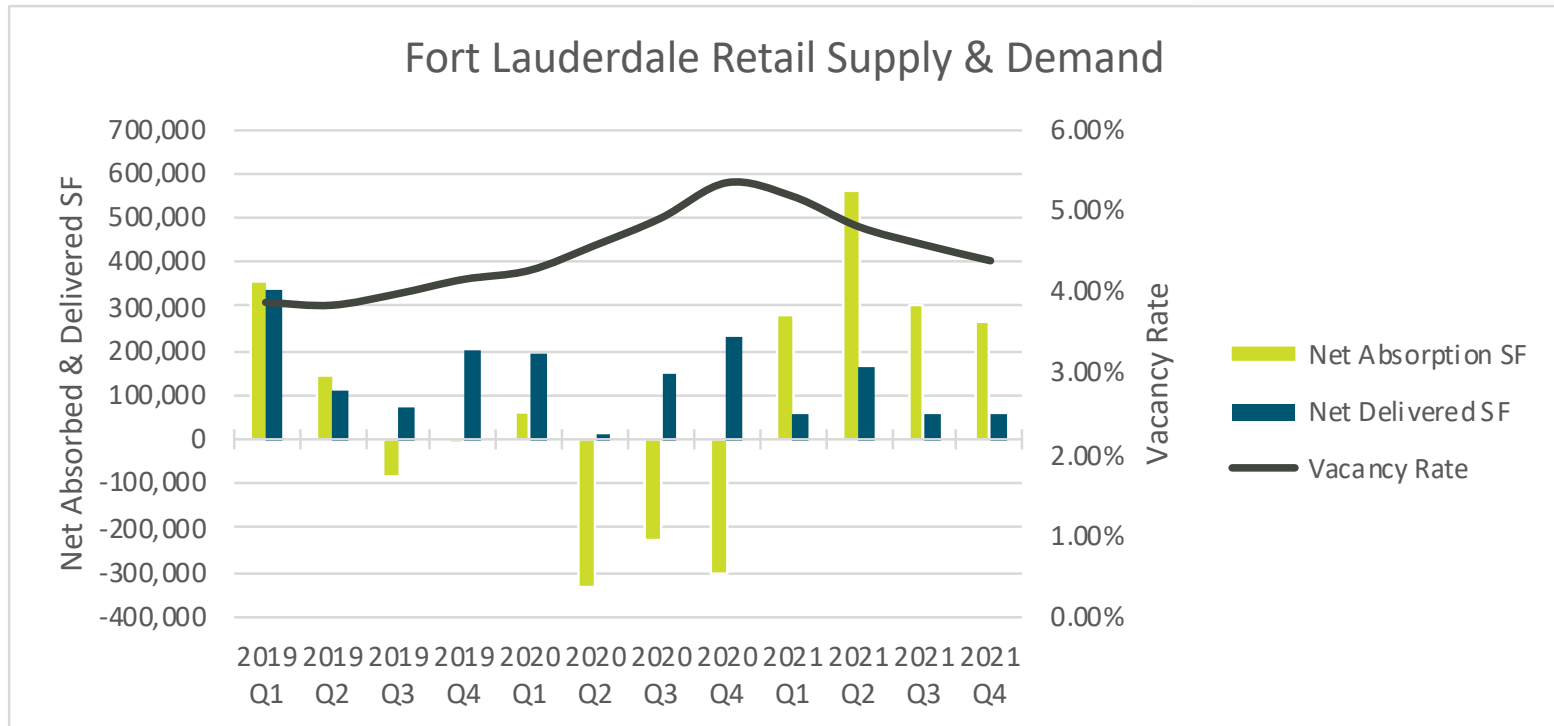
Miami
3.7%
 Unemployment Rate
3.4%
 Vacancy Rate
\$40.68 PSF
 Avg Rent
\$393.67
 Sales Price PSF

Palm Beach
3.7%
 Unemployment Rate
4.2%
 Vacancy Rate
\$30.06 PSF
 Avg Rent
\$297.55
 Sales Price PSF

“As long as demand continues to outpace supply in South Florida’s retail market at this current rate, we can expect rents to continue increasing and the market to remain highly competitive, giving landlords the ability to be more selective with the tenants they sign. Retailers ready to expand are encouraged to act quickly on openings and should be prepared for fewer concessions than they may have received in the past.”

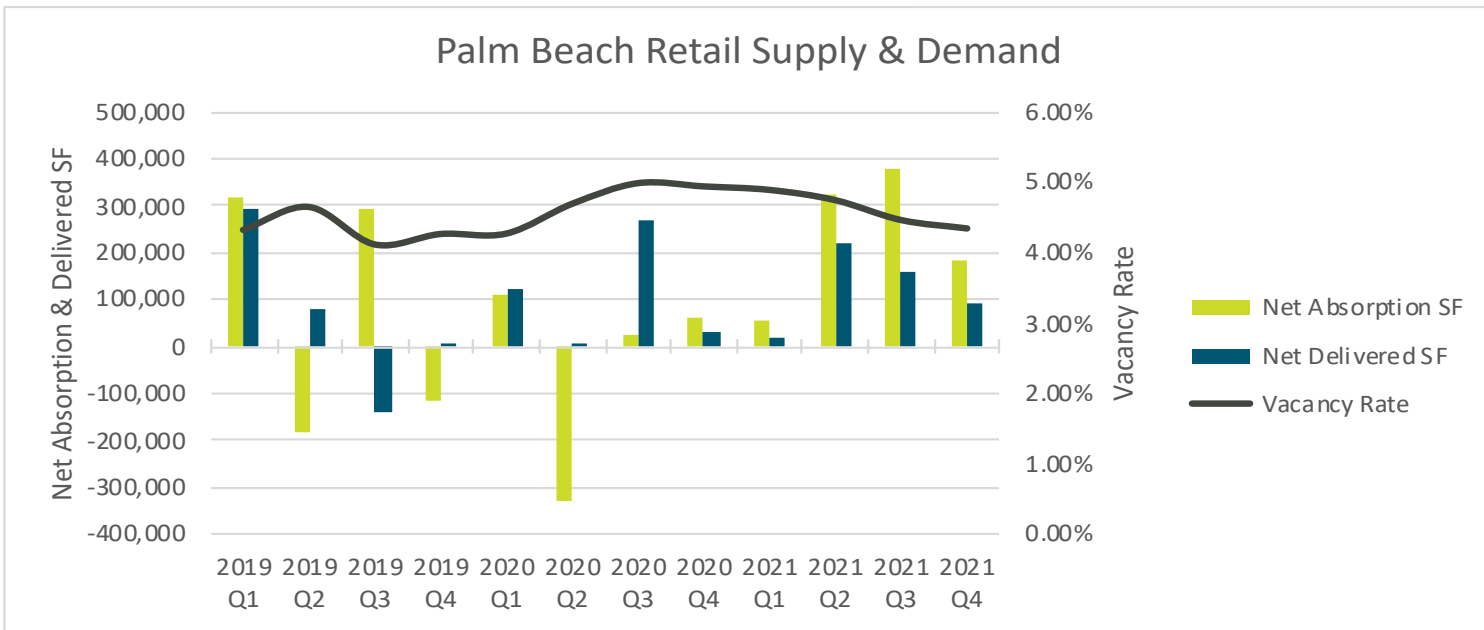
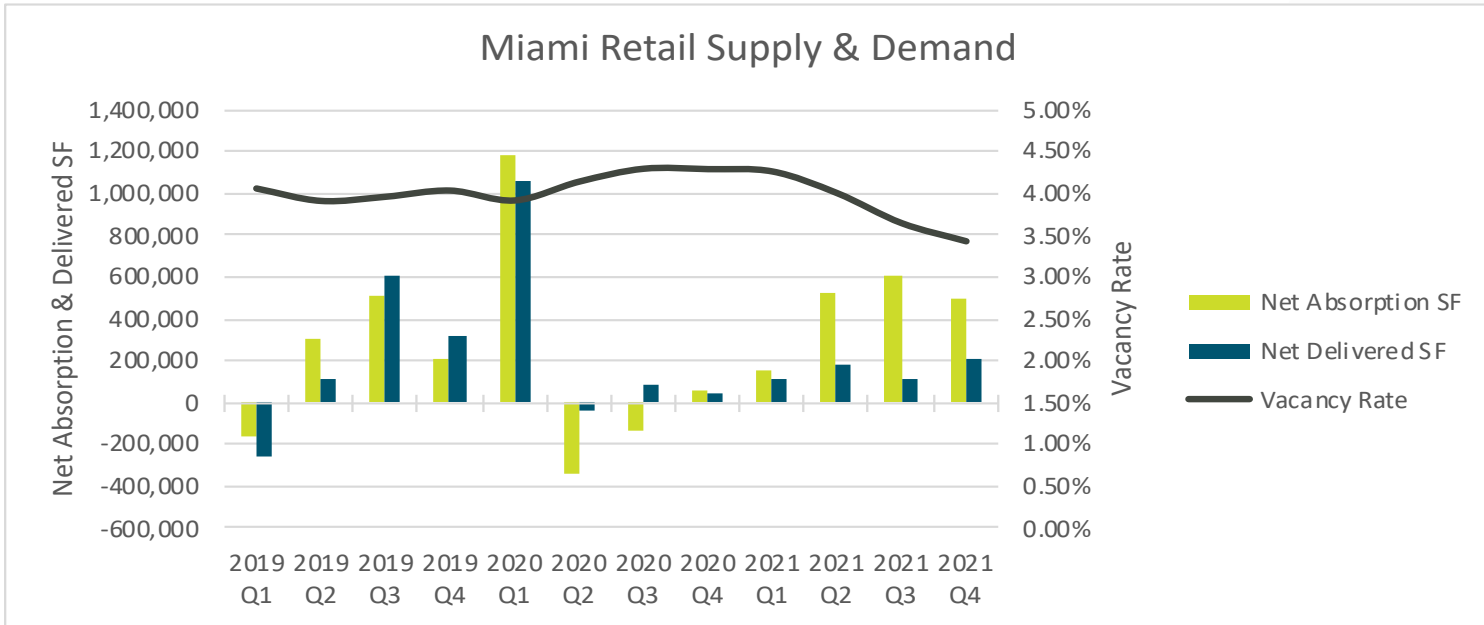
-Carrie Smith, Senior Vice President, Retail Services

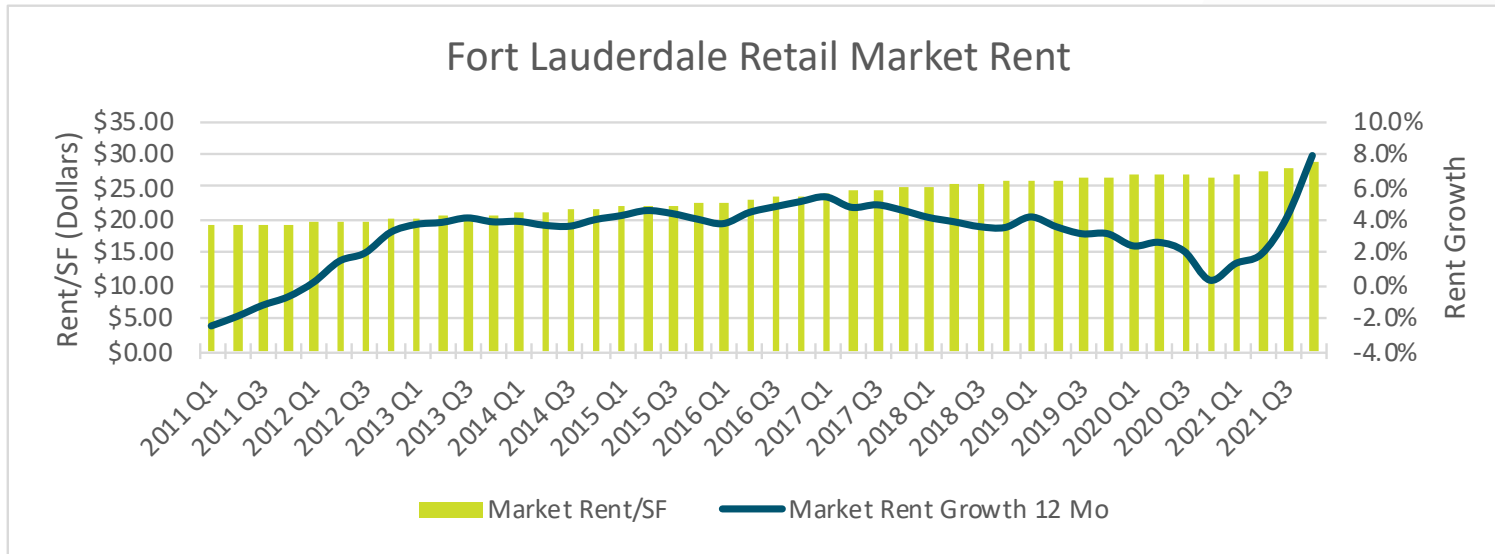




SOUTH FLORIDA RETAIL SUPPLY & DEMAND

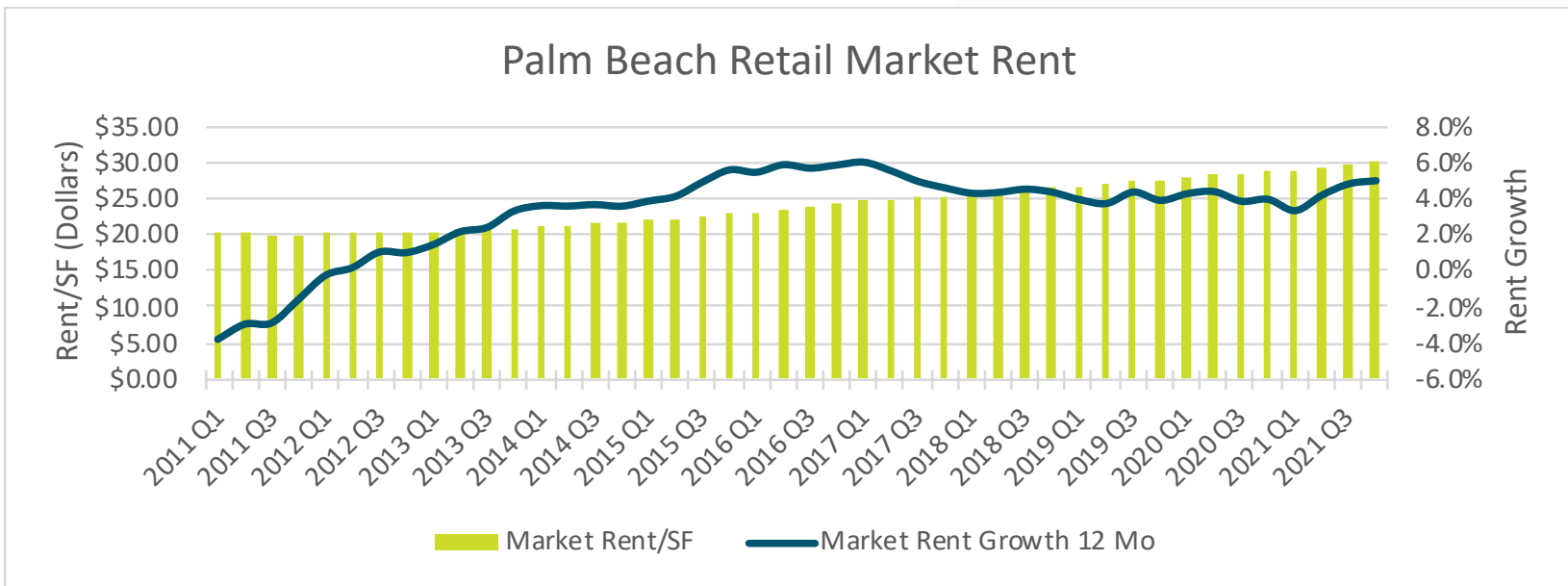
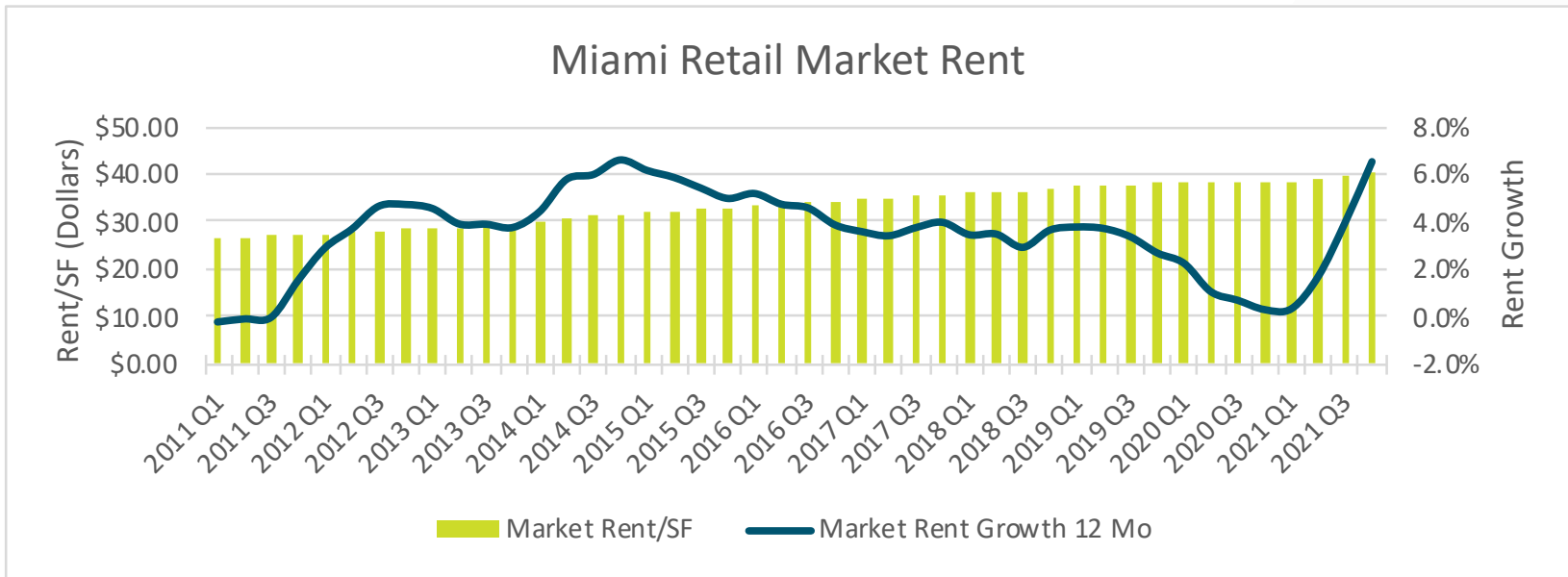
Supply and demand fundamentals have recovered well since mid-2020, when all three markets experienced upticks in vacancy rates and periods of negative net absorption. Ending Q4-21, all three markets experienced positive net absorption that exceeded net delivered square feet. The result was a decrease in vacancy rates across all three markets. Fort Lauderdale, Miami, and Palm Beach all finished the quarter with vacancy at 4.4%, 3.4%, and 4.3%, respectively.

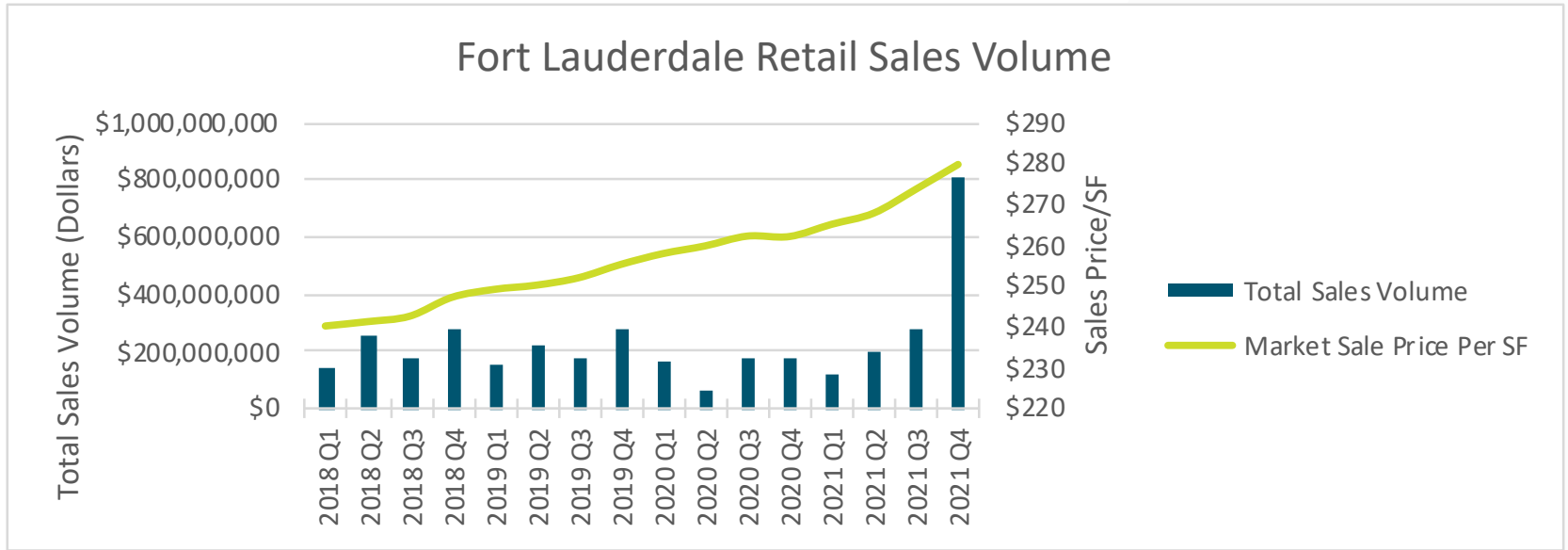




SOUTH FLORIDA MARKET RENT

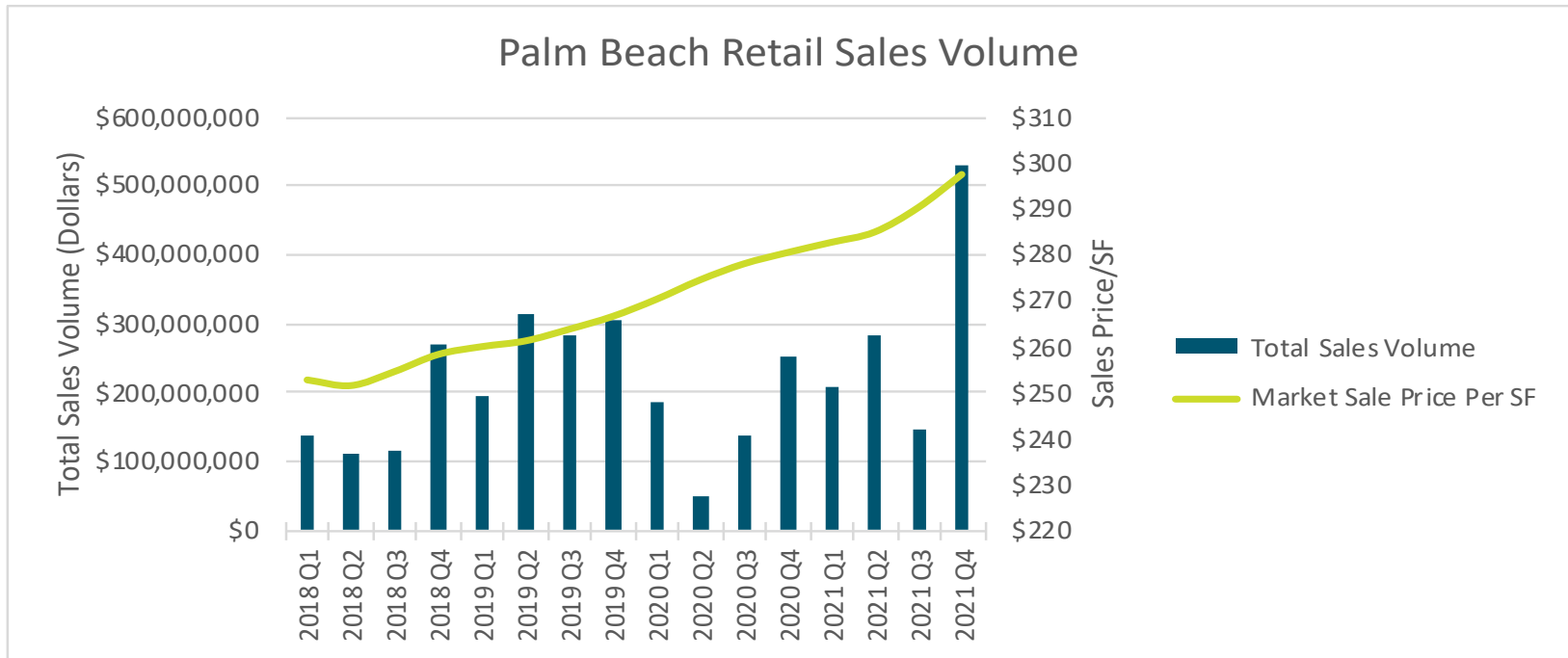
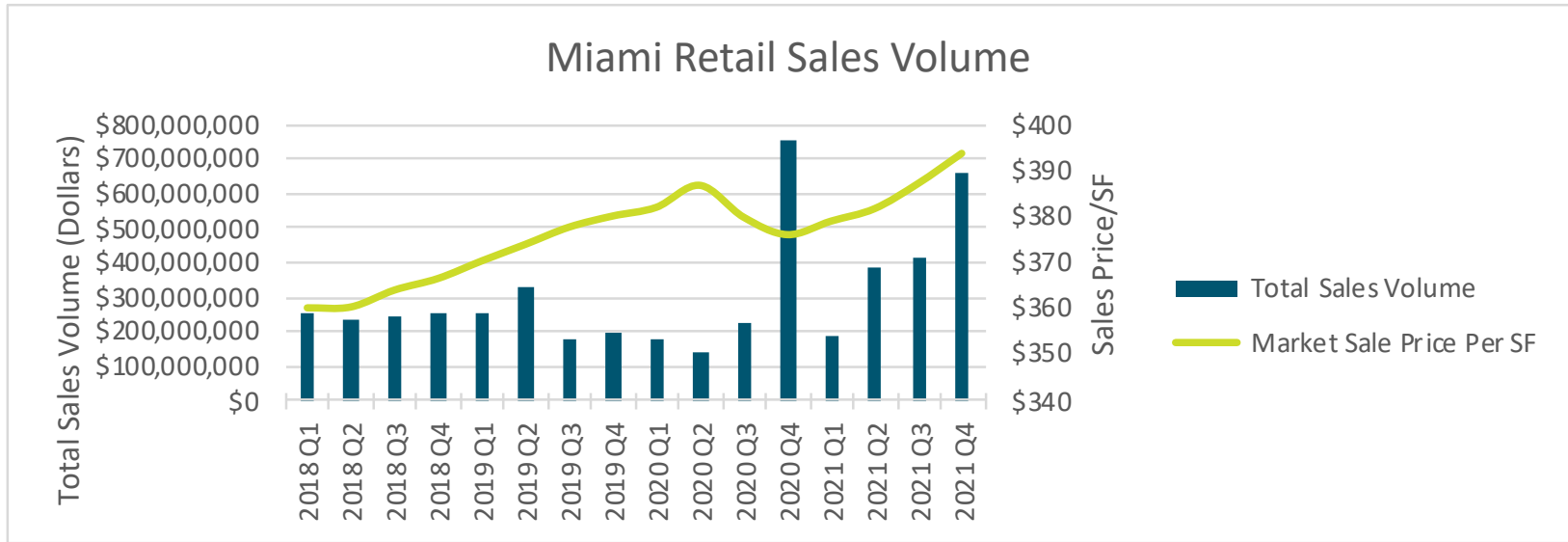
In 2021, market rent growth across all three markets was the highest in quarter 4. Fort Lauderdale retail experienced a 7.9% increase in retail market rent while averaging \$28.71 per square foot. Miami retail experienced a 6.5% increase in retail market rent while averaging \$40.68 per square foot. Palm Beach retail experienced a 5% increase in retail market rent while averaging \$30.06 per square foot. Market rent growth rates will continue to increase as will the average rent per square foot.





SOUTH FLORIDA RETAIL INVESTMENT SALES

Sales price per square foot, like many other measurements, experienced all time highs across all three markets. Fort Lauderdale, Miami, and Palm Beach produced \$279.41, \$393.67, and \$297.55 per square foot, respectively. Additionally, sales volume in Fort Lauderdale, Miami, and Palm Beach finished at \$808 million, \$656 million, and \$528 million, respectively.



Ft. Lauderdale MSA Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	7.2%	\$19.41	-0.6%	104,597,742	283,983	263,835	\$156.02	7.6%
2012	6.9%	\$20.05	3.3%	104,895,938	298,196	60,166	\$171.29	7.2%
2013	6.5%	\$20.83	3.9%	105,785,035	889,097	210,953	\$179.48	7.1%
2014	6.2%	\$21.67	4.0%	106,054,091	269,056	289,842	\$201.20	6.8%
2015	5.4%	\$22.56	4.1%	107,206,792	1,152,701	550,748	\$217.71	6.5%
2016	4.4%	\$23.71	5.1%	107,705,419	493,727	336,041	\$228.39	6.4%
2017	3.3%	\$24.80	4.6%	107,718,467	1,926	241,384	\$240.41	6.3%
2018	3.9%	\$25.69	3.6%	108,411,971	684,504	118,140	\$247.09	6.3%
2019	4.1%	\$26.51	3.2%	109,127,160	715,189	-4,030	\$255.08	6.3%
2020	5.3%	\$26.61	0.4%	109,714,094	581,298	-299,670	\$261.88	6.2%
2021	4.4%	\$28.71	7.9%	110,042,006	327,912	267,166	\$279.41	6.1%

Ft. Lauderdale MSA Retail Statistics Q4-21								
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
General Retail	2.6%	\$29.47	8.0%	44,247,335	49,593	109,059	\$328.89	6.0%
Mall	6.7%	\$30.50	7.1%	10,306,471		57,951	\$259.19	6.0%
Neighborhood Center	5.9%	\$27.40	7.9%	39,519,569	4,800	112,524	\$238.40	6.2%
Other	3.5%	\$37.38	6.8%	1,712,255		10,596	\$236.46	6.2%
Power Center	4.8%	\$30.60	7.4%	5,197,866		-5,898	\$235.33	6.2%
Strip Center	3.5%	\$25.79	9.0%	8,908,720		-25,154	\$269.35	6.1%

Miami MSA Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	4.4%	\$27.18	1.6%	129,099,321	691,130	525,564	\$212.19	7.1%
2012	4.2%	\$28.47	4.7%	129,841,669	742,348	348,548	\$240.70	6.6%
2013	4.2%	\$29.55	3.8%	130,250,550	408,881	320,536	\$256.47	6.4%
2014	3.8%	\$31.50	6.6%	131,456,023	1,205,473	561,188	\$300.71	6.0%
2015	3.6%	\$33.08	5.0%	132,426,581	970,558	208,376	\$328.56	5.7%
2016	3.7%	\$34.36	3.9%	133,419,953	936,465	-29,833	\$348.04	5.6%
2017	3.5%	\$35.74	4.0%	135,089,712	1,669,759	542,789	\$358.49	5.6%
2018	4.1%	\$37.05	3.7%	136,301,521	1,202,246	-247,346	\$366.32	5.6%
2019	4.0%	\$38.06	2.7%	137,089,975	774,943	206,527	\$379.97	5.6%
2020	4.3%	\$38.19	0.3%	138,244,744	1,154,769	54,310	\$375.90	5.6%
2021	3.4%	\$40.68	6.5%	138,858,473	613,729	496,302	\$393.67	5.6%

Miami MSA Retail Statistics Q4-21								
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
General Retail	3.4%	\$41.50	7.2%	69,013,372	29,167	189,525	\$455.91	5.4%
Mall	3.5%	\$53.75	5.2%	17,149,242		5,101	\$340.98	5.8%
Neighborhood Center	3.9%	\$35.02	5.7%	36,150,996	176,546	306,552	\$312.95	5.8%
Other	0.0%	\$26.26	9.4%	483,215			\$378.15	5.5%
Power Center	1.3%	\$43.92	5.4%	3,278,355		7,400	\$368.91	5.8%
Strip Center	2.6%	\$33.50	7.6%	12,536,047		-14,343	\$354.35	5.6%

Palm Beach MSA Annual Retail Statistics								
Year	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
2011	7.6%	\$20.03	-1.5%	76,248,546	421,791	213,940	\$164.76	7.5%
2012	6.9%	\$20.24	1.1%	76,548,841	300,295	366,426	\$179.27	7.2%
2013	6.2%	\$20.92	3.4%	76,316,635	-232,206	260,397	\$184.63	7.1%
2014	6.0%	\$21.68	3.6%	77,220,138	903,503	222,463	\$207.53	6.7%
2015	5.7%	\$22.90	5.6%	77,594,483	374,345	246,149	\$227.73	6.4%
2016	4.4%	\$24.24	5.9%	78,186,115	591,632	434,745	\$242.58	6.3%
2017	4.0%	\$25.37	4.6%	78,551,685	365,570	162,995	\$251.61	6.2%
2018	4.4%	\$26.48	4.4%	78,789,790	238,105	-99,246	\$258.50	6.3%
2019	4.3%	\$27.52	3.9%	79,025,175	235,385	-116,630	\$266.76	6.2%
2020	4.9%	\$28.62	4.0%	79,443,835	418,660	63,561	\$280.59	6.0%
2021	4.3%	\$30.06	5.0%	79,935,858	492,023	183,577	\$297.55	6.0%

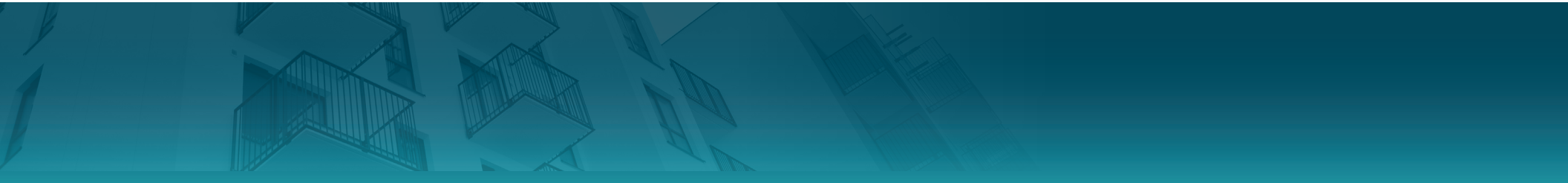
Palm Beach MSA Retail Statistics Q4-21								
Retail Product Type	Vacancy Rate	Mkt Rent/Sf.	MKT Rent Growth 12 Mo	Inventory Sf.	Net Delivered SF	Net Absorp Sf.	Mkt Sale Price/Sf.	Mkt Cap Rate
General Retail	2.5%	\$29.68	5.3%	30,271,282	85,201	203,714	\$337.69	5.9%
Mall	4.5%	\$34.29	4.8%	9,784,219		17,754	\$282.98	5.8%
Neighborhood Center	5.9%	\$28.75	4.8%	29,835,147		48,576	\$255.37	6.1%
Other	1.0%	\$38.07	4.9%	1,379,377	8,200	4,428	\$518.83	5.4%
Power Center	8.1%	\$33.47	5.3%	3,543,225		-55,411	\$283.95	6.1%
Strip Center	4.2%	\$27.30	5.1%	5,040,196		-35,484	\$284.35	5.9%

CONCLUSION

The South Florida retail market is thriving as consumers eagerly returned to in-person shopping and dining experiences over the course of 2021. The market continues to serve as an international hub for business and tourism, attracting global companies and capital.

“South Florida has benefited greatly from fewer restrictions and closures surrounding Covid-19. People know our area is open for business, and that has served as a boon to the retail market. In 2022, we expect people to continue opening businesses and investing their money in South Florida at substantial rate.”

**-Adam J. Tiktin, Managing Director,
Investment Sales**



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