

Miami Leads the Way in South Florida's Retail Recovery

Q2-21 SOUTH FLORIDA HIGHLIGHTS

The South Florida retail market, consisting of Miami-Dade, Broward and Palm Beach counties, made positive strides over the span of Q2 2021. Retail performance was supported immensely by high levels of foot traffic from an influx of in-state and out-of-state travelers. The tri-county region experienced increases in investment sales volume, market rent and overall performance related to net absorption and occupancy rates. Overall, the South Florida retail market will remain a dominant force as data points to continued quarter over quarter growth.

“South Florida is seeing more demand for retail investment properties than it has in several years, even before Covid, and competition has grown significantly as we remain in a strong seller's market.”

– Adam Tiktin, Managing Director, Investment Sales

RETAIL PERFORMANCE

All three South Florida counties performed exceptionally well in Q2. Each market experienced positive net absorption levels for the past two quarters. Neighborhood centers carried all three markets, posting the highest positive net absorption and highest total leasing activity among all retail assets. In contrast with national trends, regional malls performed relatively well, especially in the Miami-Dade market. Miami's malls ended Q2 with a 3.6% vacancy rate, which is far lower than other Florida markets. Overall, vacancy rates

\$429,649,046

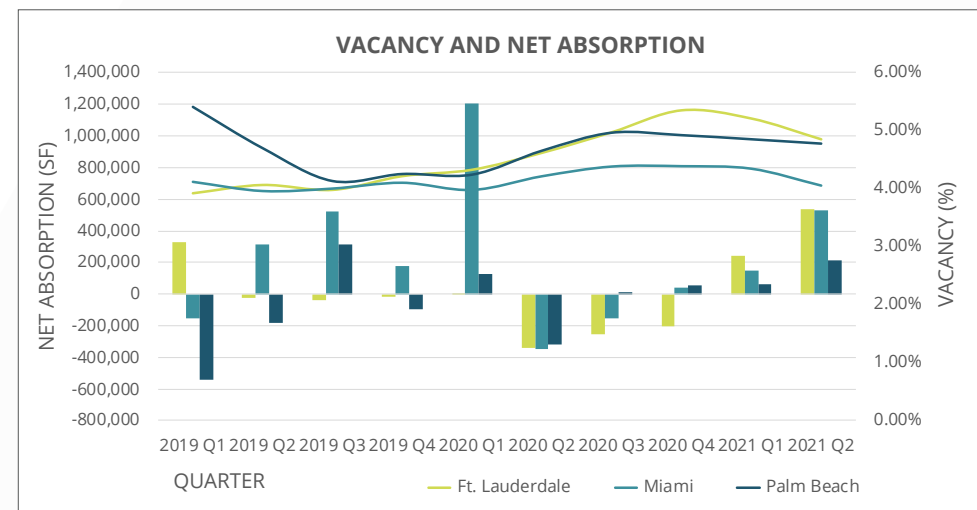
Total Investment Sales Miami

\$281,725,064

Total Investment Sales Palm Beach

\$211,669,831

Total Investment Sales Ft. Lauderdale



Source: CoStar

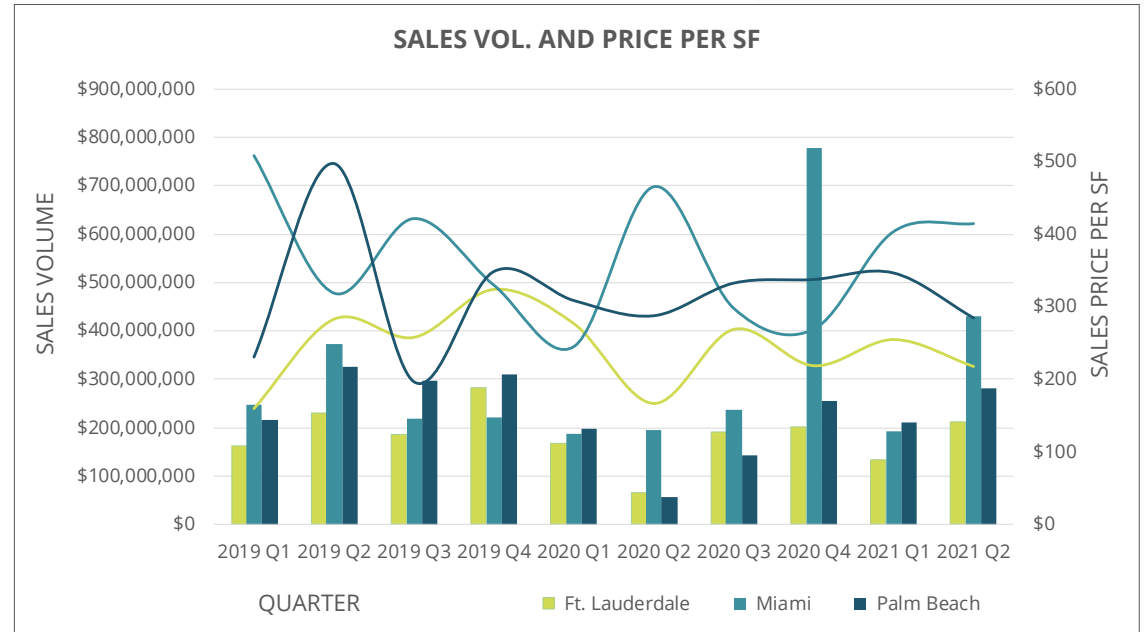
in all three markets are still a few basis points higher than pre-covid, however, with the increases in net absorption, we can expect to see vacancies continue to decline.

INVESTMENT ACTIVITY

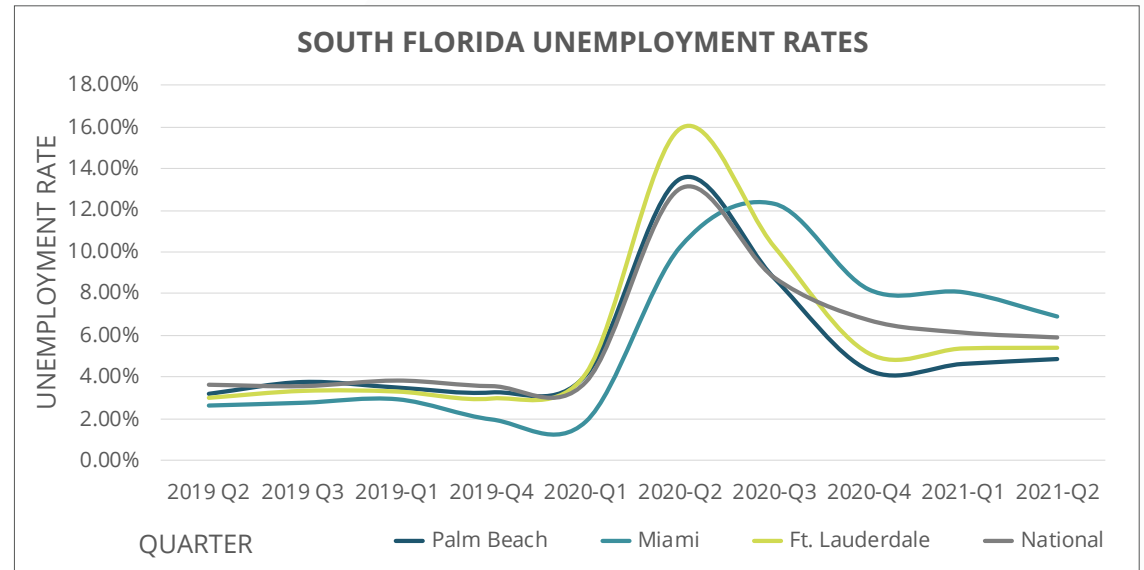
Investment activity picked up in Q2-21 relative to Q1-21 in all three South Florida counties. The average sales price per square foot in Miami-Dade remained stagnant relative to the previous quarter, while sales prices per square foot in Palm Beach and Broward have recovered to pre-pandemic levels. Investment activity in South Florida was carried particularly by the Miami market, which completed approximately \$430M in sales volume. Palm Beach completed roughly \$280M in transaction volume while Broward completed approximately \$212M.

UNEMPLOYMENT RATE

Unemployment rates in all three markets have decreased since the height of the pandemic, however, rates are still above pre-pandemic levels. Unemployment rates in Palm Beach and Broward are below the national average, but Miami-Dade unemployment is still above the national level.



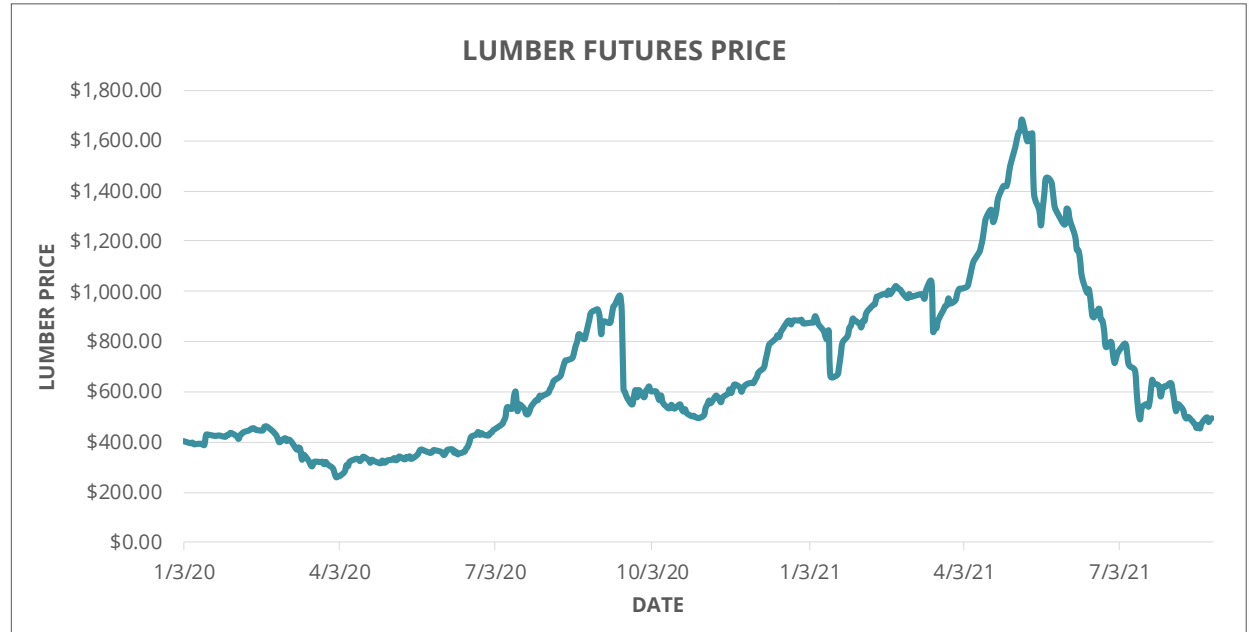
Source: CoStar



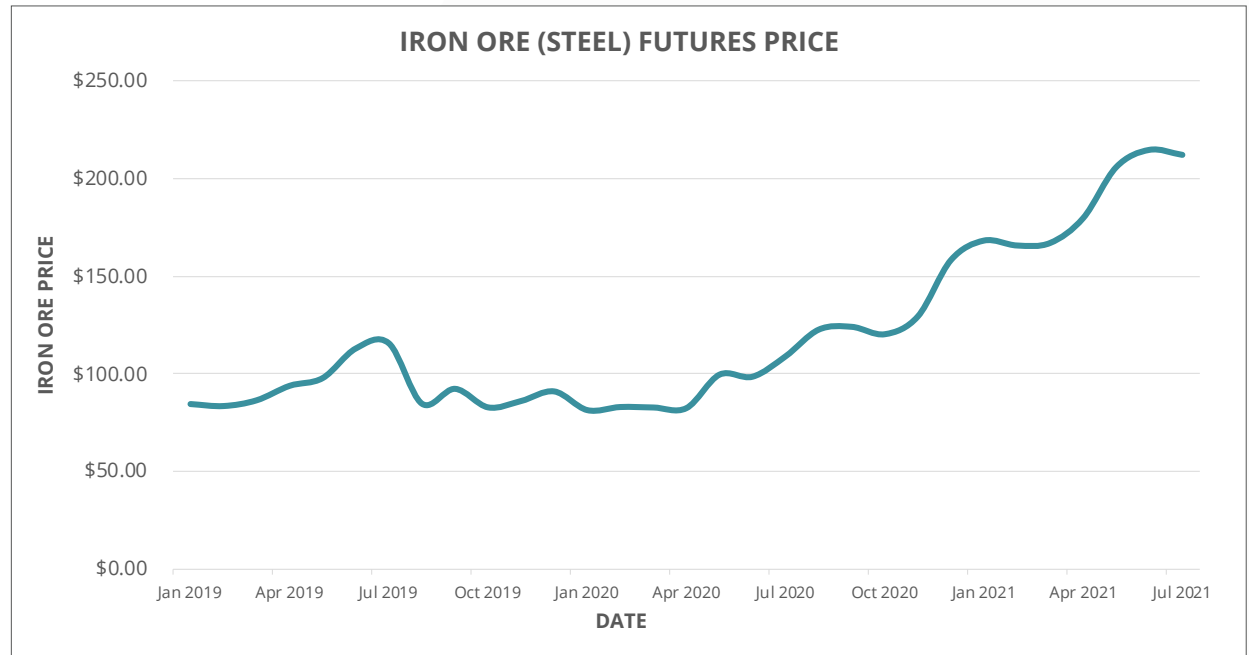
Source: BLS.gov

CONSTRUCTION

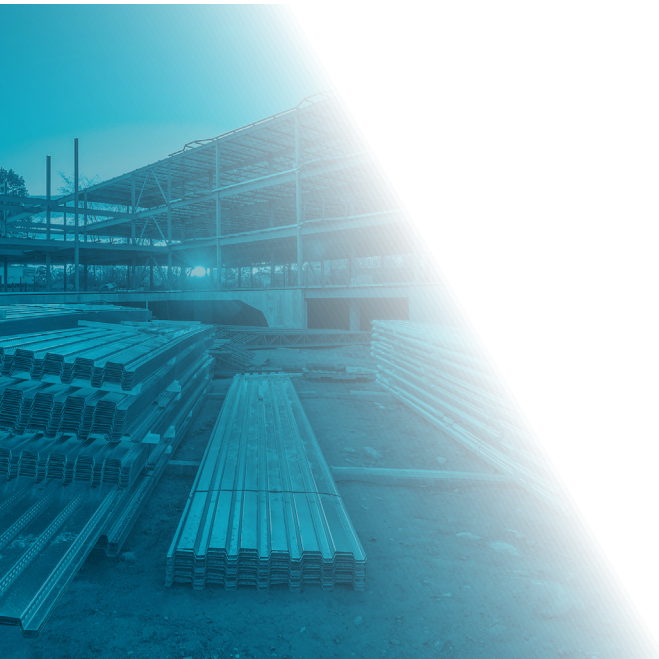
Prices of lumber and steel are all trading relatively high compared to pre-Covid levels. Lumber prices experienced the highest increase due to what experts thought was going to be a slump in on-going construction. Sawmills shut down and the demand for lumber significantly increased while the supply lagged. Although lumber prices have decreased since their spike, lumber is still trading relatively higher than before the pandemic. Steel has also significantly increased trending upward in price.



Source: nasdaq.com



Source: Marketindex.com



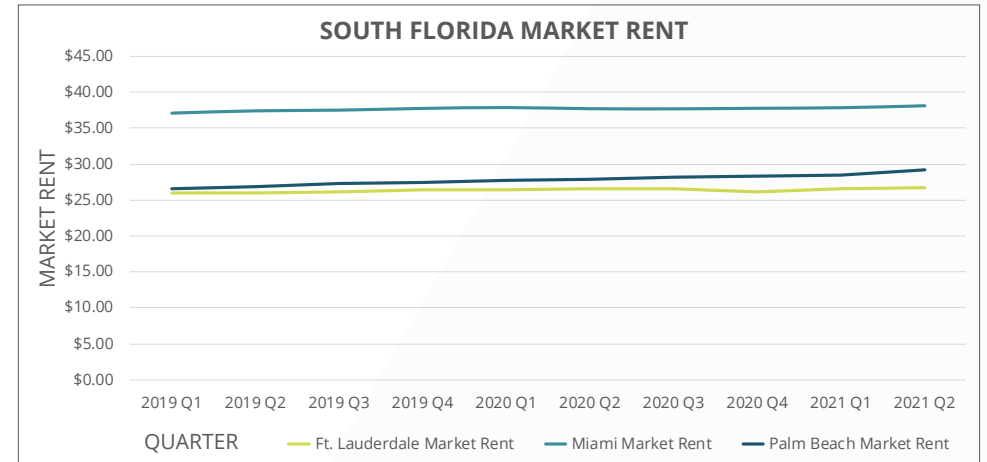
MARKET RENT

Market rents have remained relatively stagnant across all three markets. Over the quarters shown in the graph, market rents have increased but not at the significant rate of the percentage changes in consumer price index.

“As South Florida’s population continues growing and tourism rebounds, there’s no sign of a slowdown in the retail market. While Miami continues to serve as a hot bed for national and international brands, major retailers are also expanding within Broward and Palm Beach counties.” – Greg Matus, Managing Director, Investment Sales

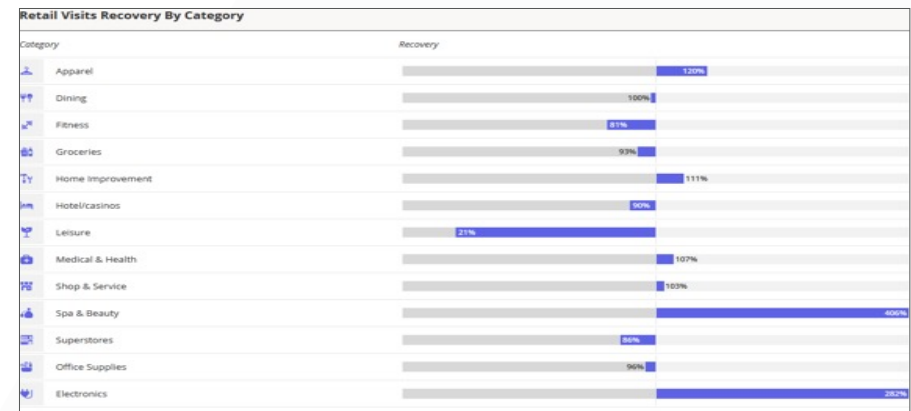
FOOT TRAFFIC

Foot traffic levels in South Florida have surpassed pre-covid levels indicating strong performance recovery. Miami has led the recovery with a strong increase in retail visit in the spa, beauty and electronics categories. The Palm Beach market has experienced a significant increase in fitness foot traffic, which has driven their retail recovery. Broward County, which includes Fort Lauderdale, has remained relatively stable. No specific retail visits category has significantly surpassed any others, but leisure visits have significantly lagged. All in all, Broward, Palm Beach and Miami-Dade counties have all performed significantly well and have all continued to see overall increases in retail foot traffic.

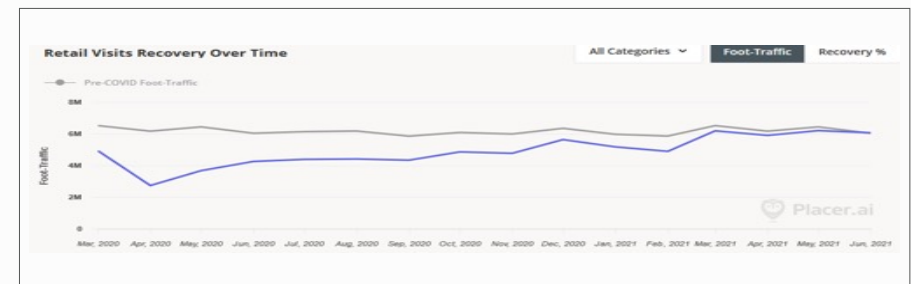


Source: CoStar

MIAMI-DADE COUNTY

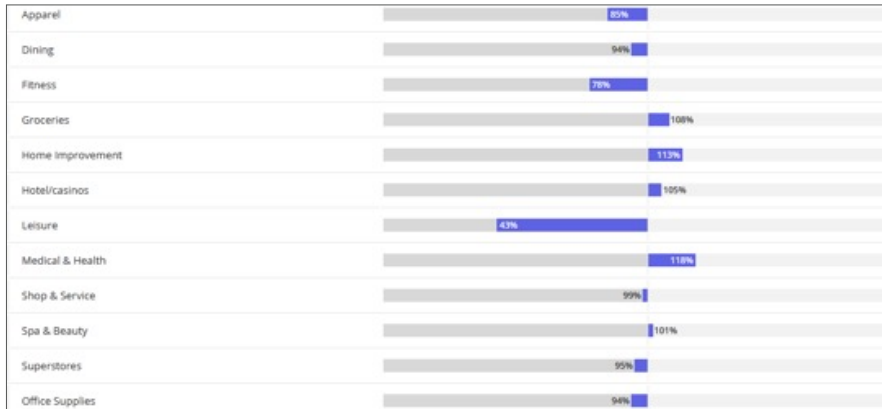


Source: PlacerAi

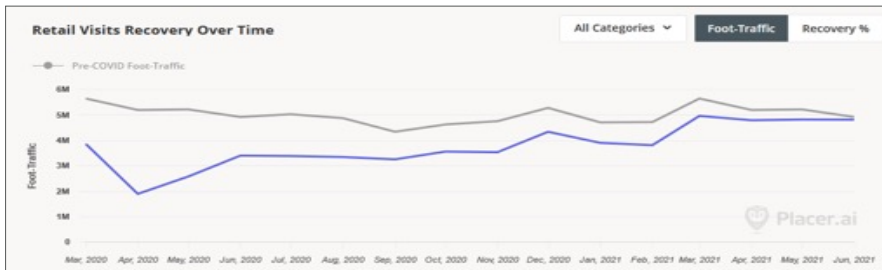


Source: PlacerAi

BROWARD COUNTY

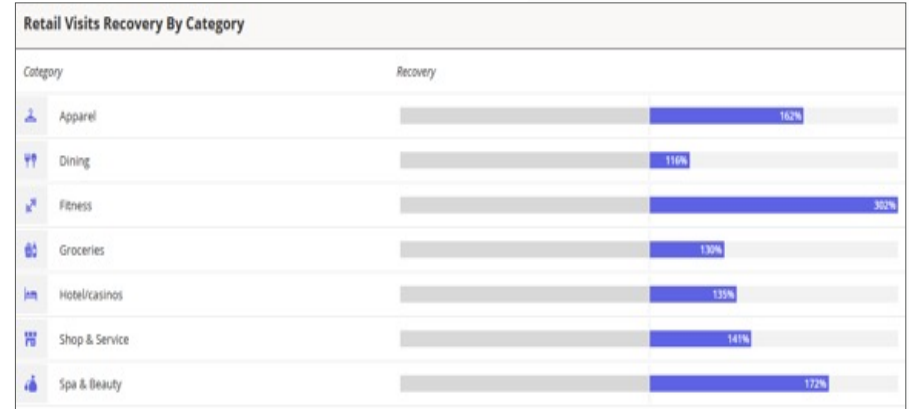


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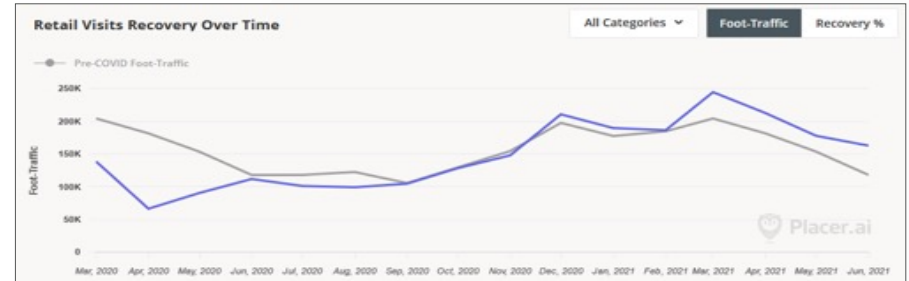


Source: PlacerAi

PALM BEACH COUNTY



Source: PlacerAi



Source: PlacerAi

PALM BEACH	INVENTORY SF	VACANT SF TOTAL	VACANT PERCENT % TOTAL	OCCUPANCY PERCENT	NET ABSORPTION SF TOTAL	LEASING ACTIVITY SF TOTAL	DELIVERIES SF	UNDER CONSTRUCTION SF	NNN RENT OVERALL
Airport Retail									
Community Center	13,444,972	985,121	7.3%	92.7%	(27,505)	74,762	0	0	\$23.03
Lifestyle Center	3,539,921	216,600	6.1%	93.9%	(64,482)	21,427	0	0	\$29.07
Neighborhood Center	16,556,370	961,887	5.8%	94.2%	168,474	170,199	117,905	201,818	\$23.66
Outlet Center	1,247,014	10,160	0.8%	99.2%	4,371	-	0	130,054	\$38.33
Power Center	3,548,280	256,841	7.2%	92.8%	524	6,300	0	0	\$23.33
Regional Mall									
Strip Center	5,001,542	173,283	3.5%	96.5%	44,235	51,379	0	0	\$22.89
Super Regional Mall	5,831,275	177,810	3.0%	97.0%	(58,662)	-	0	0	-

Source: CoStar

MIAMI	INVENTORY SF	VACANT SF TOTAL	VACANT PERCENT % TOTAL	OCCUPANCY PERCENT	NET ABSORPTION SF TOTAL	LEASING ACTIVITY SF TOTAL	DELIVERIES SF	UNDER CONSTRUCTION SF	NNN RENT OVERALL
Airport Retail									
Community Center	15,834,193	921,542	5.8%	94.2%	89,720	141,918	10,200	176,815	\$25.50
Lifestyle Center	4,397,651	294,988	6.7%	93.3%	28,636	47,441	0	125,000	\$40.36
Neighborhood Center	19,910,781	758,900	3.8%	96.2%	61,417	208,316	0	458,790	\$36.53
Outlet Center									
Power Center	3,351,178	51,301	1.5%	98.5%	(4,623)	14,917	0	0	\$35.00
Regional Mall	3,355,918	120,434	3.6%	96.4%	35,621	11,614	19,637	340,387	\$28.00
Strip Center	12,523,919	347,267	2.8%	97.2%	4,800	89,084	0	6,928	\$37.02
Super Regional Mall	9,189,164	184,287	2.0%	98.0%	5,800	-	0	249,491	-
FT. LAUDERDALE	INVENTORY SF	VACANT SF TOTAL	VACANT PERCENT % TOTAL	OCCUPANCY PERCENT	NET ABSORPTION SF TOTAL	LEASING ACTIVITY SF TOTAL	DELIVERIES SF	UNDER CONSTRUCTION SF	NNN RENT OVERALL
Airport Retail									
Community Center	15,095,878	963,551	6.4%	93.6%	82,213	176,341	0	0	\$21.31
Lifestyle Center	2,380,268	170,070	7.1%	92.9%	32,228	12,912	122,637	32,717	\$46.91
Neighborhood Center	24,545,619	1,663,700	6.8%	93.2%	122,775	217,295	0	113,579	\$21.51
Outlet Center	421,603	10,000	2.4%	97.6%	(2,086)	8,968	0	0	\$14.11
Power Center	4,882,153	235,389	4.8%	95.2%	2,662	10,741	0	18,871	\$28.86
Regional Mall	858,289	83,777	9.8%	90.2%	(6,081)	34,600	0	0	-
Strip Center	8,928,974	339,306	3.8%	96.2%	53,827	97,432	5,031	7,000	\$23.81
Super Regional Mall	7,007,834	513,913	7.3%	92.7%	18,650	-	0	0	\$20.00

Source: CoStar

CONCLUSION

South Florida recovered better than most markets. Over 2021-Q2, the retail market demonstrated significant strides in terms of foot traffic recovery. South Florida has served as a catalyst for tourism and out-of-state visitors. Due to high foot

traffic compared to other similar markets, we can expect to see continuous increases in investment sales volume and steady increases in market rents with relation to increases in consumer price index. The Miami market carried the growth of the South

Florida market and will continue to drive the market. The Palm Beach and Broward markets also performed exceptionally well and will continue to see similar increases in investment sales and market rents, but likely not to the level of Miami.

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