

MARKET REPORT

RETAIL 3Q/26

Fort Lauderdale Metro Area

Marcus & Millichap

Retail Turnover Expands Space Options as Smaller Tenants Extend Commitments

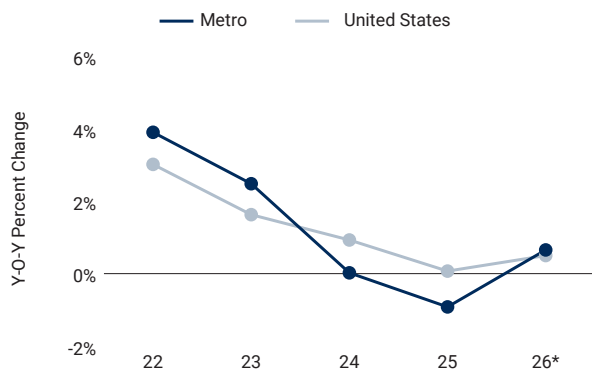
Big-box churn may create expansion opportunities. Vacancy at properties over 50,000 square feet remained below 4 percent in June, potentially constraining big-box leasing, as only one lease above this size was signed through midyear. More than 300,000 square feet of first-half move-outs across Plantation and Northwest Broward may therefore create new openings rather than signal weakness. Necessity-oriented retailers remain among the most active tenants and may favor these suburban areas. Downtown Fort Lauderdale faces a different challenge, with older space keeping vacancy above 7 percent, though Wayfair's 94,000-square-foot commitment may signal rising urban interest.

Longer leases reflect small-tenant resilience. Small-format leasing has held firm despite some tenant turnover. Average lease terms rose by 10 months, from 39 months in the first half of 2025 to 49 months a year later, signaling confidence in long-term space needs. Hollywood's growing mixed-use appeal, particularly near Young Circle, supported a notable leasing uptick, helping local vacancy fall 110 basis points year-over-year to 4.5 percent in June. Pompano Beach also showed signs of stabilization, with vacancy holding steady at 5.4 percent after two years of increases, although leasing was comparatively soft.

Employment

Following net losses in 2025, roughly 700 jobs have been created year-to-date through June 2026. Notably, the traditionally office-using sector added about 1,200 roles during that span, which could support daytime retail spending near urban cores and among retailers serving higher-income consumers. In contrast, continued employment losses in the transportation and warehousing sector partially offset these gains and may weigh most heavily on retail spending in some lower-income suburban areas.

EMPLOYMENT TRENDS



* Forecast

Sources: BLS; CoStar Group, Inc.

2026 FORECAST



EMPLOYMENT

6,000

0.7%

Jobs will be created Increase Y-O-Y



CONSTRUCTION

150,000

0.2%

Sq. ft. will be added Inventory increase Y-O-Y



VACANCY

4.5%

20

Vacancy rate BPS increase Y-O-Y



RENT

\$32.67

0.9%

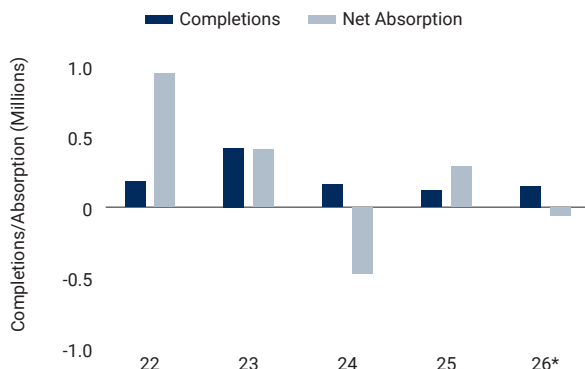
Average asking rent by year-end Increase Y-O-Y



Construction

Completions will remain subdued in 2026, matching last year's level and marking the lowest total since at least 2007. Deliveries are concentrated in suburban areas and largely consist of small neighborhood centers, restaurants, and gas stations. Meanwhile, most future supply is concentrated in just two projects: the 400,000-square-foot Miramar Center, slated for 2028 delivery, and The Pomp, opening in phases in the coming years and including about 1.3 million square feet of retail and entertainment space.

CONSTRUCTION TRENDS

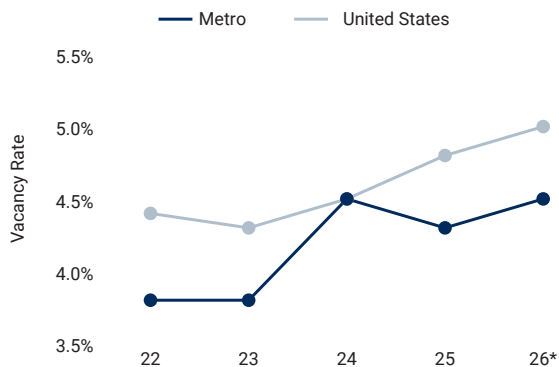




Vacancy

While vacancy is expected to rise in 2026 amid legacy retailer closures, the metro's rate will stand just 20 basis points above its past 10-year average and stay below the national rate. Suburban areas generally maintain the metro's tightest conditions, led by Sawgrass Park and Southwest Broward, where vacancy stood at 1.8 percent and 2.6 percent, respectively, in June. Across other major submarkets with at least 5 million square feet of inventory, vacancy also stayed within a narrow range of 4.5 percent to 5.5 percent.

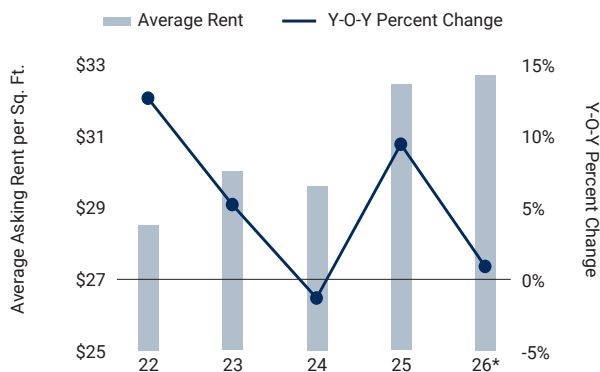
VACANCY TRENDS



Rent

Tenant turnover may moderate asking-rent growth in 2026, though rates are still projected to rise. Multi-tenant properties may post stronger gains, as vacancy stands below the single-tenant rate at 4.1 percent versus 4.8 percent, and the segment has posted the nation's strongest rent growth over the past five years. Suburban asking rents of \$20 to \$30 per square foot should sustain demand from cost-conscious tenants, while eastern urban areas generally exceed \$30, with some new mixed-use projects topping \$70.

RENT TRENDS



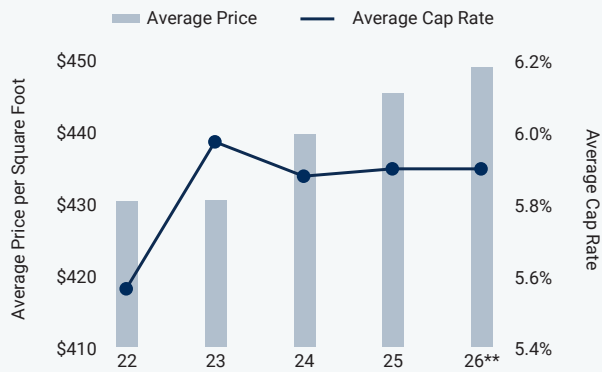
* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

INVESTMENT HIGHLIGHTS

- Retail trading approached an all-time high in late 2025, though activity has moderated so far in 2026. Private capital has remained more resilient, with buyers continuing to acquire older infill properties in neighborhoods near the urban core, including Oakland Park and Edgewood. Proximity to major travel corridors and dense residential areas should support current retail operations, while ongoing mixed-use growth may provide longer-term repositioning potential.
- Office storefronts may become more appealing to investors as office-based hiring strengthens and South Florida leads the office-attendance recovery. Regional office visits surpassed pre-pandemic levels in June 2026, and Downtown Fort Lauderdale attendance recovered to more than 90 percent of its prior level. Other office hubs have also remained resilient, with Hollywood's office vacancy below 9 percent. These conditions should support daytime spending at coffee shops, fast-casual restaurants, and convenience stores.
- Deals above \$20 million rose sharply in late 2025 as institutions acquired suburban shopping centers. Large trades have slowed in 2026 but could improve if economic conditions stabilize. Recent sales have clustered near Coral Springs, often involving partially vacant centers with lease-up potential, given that the metro is one of only 13 major markets where multi-tenant vacancy is below single-tenant. Many 1980s- and 1990s-vintage centers traded for less than \$200 per square foot, compared with the metro's \$350 multi-tenant average, leaving potential pricing upside.

SALES TRENDS



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