



CITY OF FORT LAUDERDALE

**APPROVED
ECONOMIC DEVELOPMENT ADVISORY BOARD
(EDAB)
MEETING MINUTES
CITY OF FORT LAUDERDALE
100 NORTH ANDREWS AVENUE
8TH FLOOR CONFERENCE ROOM
WEDNESDAY, FEBRUARY 14, 2018 – 3:45 P.M.**

<u>Board Member</u>	<u>Attendance</u>	<u>January - December</u>	
		<u>Present</u>	<u>Absent</u>
Jason Crush, Chair	P	1	0
Cary Goldberg, Vice Chair (arr. 3:53)	P	1	0
Steven Buckingham	A	0	1
Keith Costello	P	1	0
Christopher "Kit" Denison	A	0	1
Mick Erlandson	P	1	0
PJ Espinal	A	0	1
Lonnie Maier	P	1	0
David Neal (new)	P	1	0
Dustin Robinson	P	1	0
Jordan Yates (arrived 3:53)	P	1	0

Staff

Michael Chen, City Liaison, Economic & Business Development Manager
 Lutecia Florencio, Economic Development Program Aide
 Suzy Joseph, Economic Development Program Aide
 Sarah Hannah-Spurlock, Nighttime Economy Manager
 Jamie Opperee, Recording Secretary, Prototype, Inc.

Communications to the City Commission

None

I. Call to Order & Determination of Quorum

Chair Crush called the meeting to order at 3:50 p.m. A quorum was present.

II. Approval of December 13, 2017 Meeting Minutes

Motion made by Ms. Maier, seconded by Mr. Costello, to approve the minutes of the December 13, 2017, meeting. In a voice vote, the motion passed unanimously (6-0).

Introductions went around to welcome new Board Member, David Neal.

III. Staff Updates

- A. See attached trade briefing on Brazil – City Commission welcome of Brazilian Ambassador Adalnio Senna Ganem

Mr. Chen reviewed the charts, noting EDAB is on pace so far this year, and tracking against multiple years. Package includes a press piece on Brazil, City recognizing Brazil as a very important trading partner. A coffee has been scheduled between the Sister Cities representative and Andrew Duffell, to provide introductions to contacts in Brazil.

ECI provided a set of brochures for the upcoming BEAMs classes, three programs series of four classes each and will be run twice a year, which means ECI will do 24 forums a year to teach businesses how to be more successful. Registrations have already begun.

[During discussion it was noted that there was an active high school shooting at Parkland High School.]

Discussion followed regarding building permits as a sign of improvement (or not), multiple rounds of comments between Staff and developers/consultants were not generating third round of comments as planned. Under-staffing of certain departments was cited as one factor; some new staff members have been hired, but the learning curve is under way; reviewers are working double overtime, suggested not pushing too hard in the meantime. Development/tourism/marine are the three legs of the stool of Ft. Lauderdale's economic picture. Staff is training on new software; however, current system does not allow reviewers to share plans and review at once. Chair Crush's assessment was that the problem with hiring more plans reviewers is not budget so much as a lack of available qualified/licensed staff, also complicated by a lower pay scale for the positions. Discussion followed for Mr. Neal's benefit on how the workload is currently handled.

Sarah Hannah-Spurlock, Nighttime Economy Manager, was introduced and explained her position, a concept that started in Amsterdam/Europe, as a recognition that a significant part of the economy occurs after 5:00 p.m. and on weekends. Rather than reactively addressing the needs of this extended time frame, the position was created to be more proactive with initiatives. Ft. Lauderdale is one of the few cities in the world that has this position, and the only city in the world that has a team including a police lieutenant and three officers, PSA, code-compliance officer, parks foremen, municipal maintenance workers, and a fire captain. Permitted special events now go through the Nighttime Economy Manager's office.

IV. Presentations

A. Ken Krasnow – Executive Managing Director & Market Leader – Market Overview for Fort Lauderdale Q4 2017 and Outlook for 2018 – Colliers International South Florida

Ken Krasnow stated Colliers International of South Florida has been working with Ft. Lauderdale as a quasi-real estate department for the City, helping with strategic planning, dispositions, highest and best use, etc. Every quarter an update on the market is given to Staff. A PowerPoint presentation was given (see attached), mirroring what is used when talking to investors/tenants/occupants interested in assets in the City.

Discussion covered new development in the market; comparability to Miami office market (\$60 per sq. ft. Miami, \$55 per sq. ft. Ft. Lauderdale); testing demands with regional market flights from the north, suburban areas, and new-to-market are real; effect of new tax plans on flight from northern states. Drivers also discussed were tech industries, hospitality markets, tourism, cruise ships, world-class airports. Not necessarily a migration from Miami, but people are understanding that there's more to South Florida than just Miami. Discussion touched on miscellaneous points such as shortages of skilled construction workers; shortages of dependable line cooks; awareness of and designing for sea level rise/storm surges; secondary insurance costs; global financial crises; distant future of the area.

Mr. Krasnow summarized that Ft. Lauderdale is in “the 8th inning of the first game of a double header”; has come a long way, and still has a long way to go. Mr. Chen commented on an earlier statement, affirming that there have been three corporate relocations on QTI going through the City Commission already this year.

V. Old Business – None

VI. New Business

Possible items for next Agenda: Affordable Housing Study (140% of median income). New businesses (Del Frisco's, Zuma, Brightline facility, the Progresso area).

Next meeting is scheduled for Wednesday, March 14, 2018.

Upon motion duly made and seconded, the meeting was adjourned at 5:00 p.m.

Attachments:

Trade Briefing on Brazil

Market Overview for Fort Lauderdale

Economic Development Advisory Board
February 14, 2018
Page 4

[Minutes prepared by M. Moore, Prototype, Inc.]

Fort Lauderdale City Commission - June 6, 2017: Welcome/Introduction of Ambassador Adalnio Senna Ganem, Consul General of Brazil in Miami (Speech by Mayor Jack Seiler)

Brazil is the world's 5th largest country by both area and population. In fact, Brazil is so big that Fort Lauderdale has two Sister City relationships in the country - Belo Horizonte and Sao Sebastiao. And we recently received information that a third Brazilian city is seeking Sister Cities status with us.

A major draw to Brazil continues to be its unique cultural integrity coupled with its absolute beauty. The Amazon River basin includes a vast tropical forest, home to diverse wildlife, a variety of ecological systems, and extensive natural resources spanning protected habitats. Because of the abundance and accessibility of its natural attractions, Brazil has become acclaimed for its eco-tourism. In 2015, 575,000 US visitors toured Brazil while the US welcomed more than 2.2 million visitors from Brazil - Brazilians are the 2nd largest group of international visitors to Broward County.

Brazil's economy is the 8th largest in the world, with a 2016 GDP estimated at \$1.8 trillion, a labor force of over a 107 million, and natural resources ranked 1st out of all countries considered. The United States and Brazil are the two largest economies in the Western Hemisphere and share one of the most important trade relationships in the world. The United States is Brazil's 2nd largest trading partner. In 2016, US exports to Brazil are estimated at \$88.2 billion - supporting about 310,000 US jobs - while US imports from Brazil are estimated at \$36.3 billion.

Brazil has been South Florida's No. 1 trade partner for two decades, valued at approximately \$15 billion. As the 6th largest import into South Florida by value, aircraft and parts are one of the largest categories of Brazilian imports - up 121% and valued at \$1.9 billion in 2016. Those aircraft are touching down at Fort Lauderdale-Hollywood International Airport, where the Brazilian aircraft manufacturer Embraer has its US headquarters.

Brazilian imports to Florida last year increased 21.2%, largely due to a jump in semi-finished goods that require further manufacturing - a local value-added manufacturing opportunity. Port Everglades handles more containerized trade with Brazil than any other Florida seaport. During the first quarter of 2017, Brazilian imports handled by Port Everglades were up 6.3% while exports were down 0.5%. The Brazilian relationship is so important to Port Everglades that in 2010 they established a "Sister City Seaport" agreement with the Port of Rio de Janeiro.

In 2015, a Brazilian group acquired the license for the World Trade Center in Fort Lauderdale. The new owners already hold the licenses for World Trade Centers in Sao Paulo and seven other cities in Brazil, which have more than 1,500 member companies. They plan to develop a hub to help their member companies expand into South Florida, including a foreign trade incubator.



FORT LAUDERDALE MARKET PULSE

Q1 2018 | OVERVIEW

PREPARED FOR THE CITY OF FORT LAUDERDALE ECONOMIC DEVELOPMENT ADVISORY BOARD



February 14, 2018

FORT LAUDERDALE MARKET INSIGHTS

Transformative Developments

> BRIGHTLINE



> DALMAR HOTEL



> FORT LAUDERDALE BEACH



> URBANIZATION



> RIVERFRONT PMG



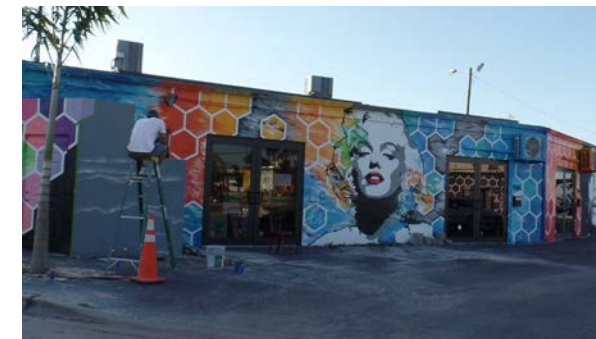
> WAVE STREETCAR



> 201 E LAS OLAS



> FAT VILLAGE

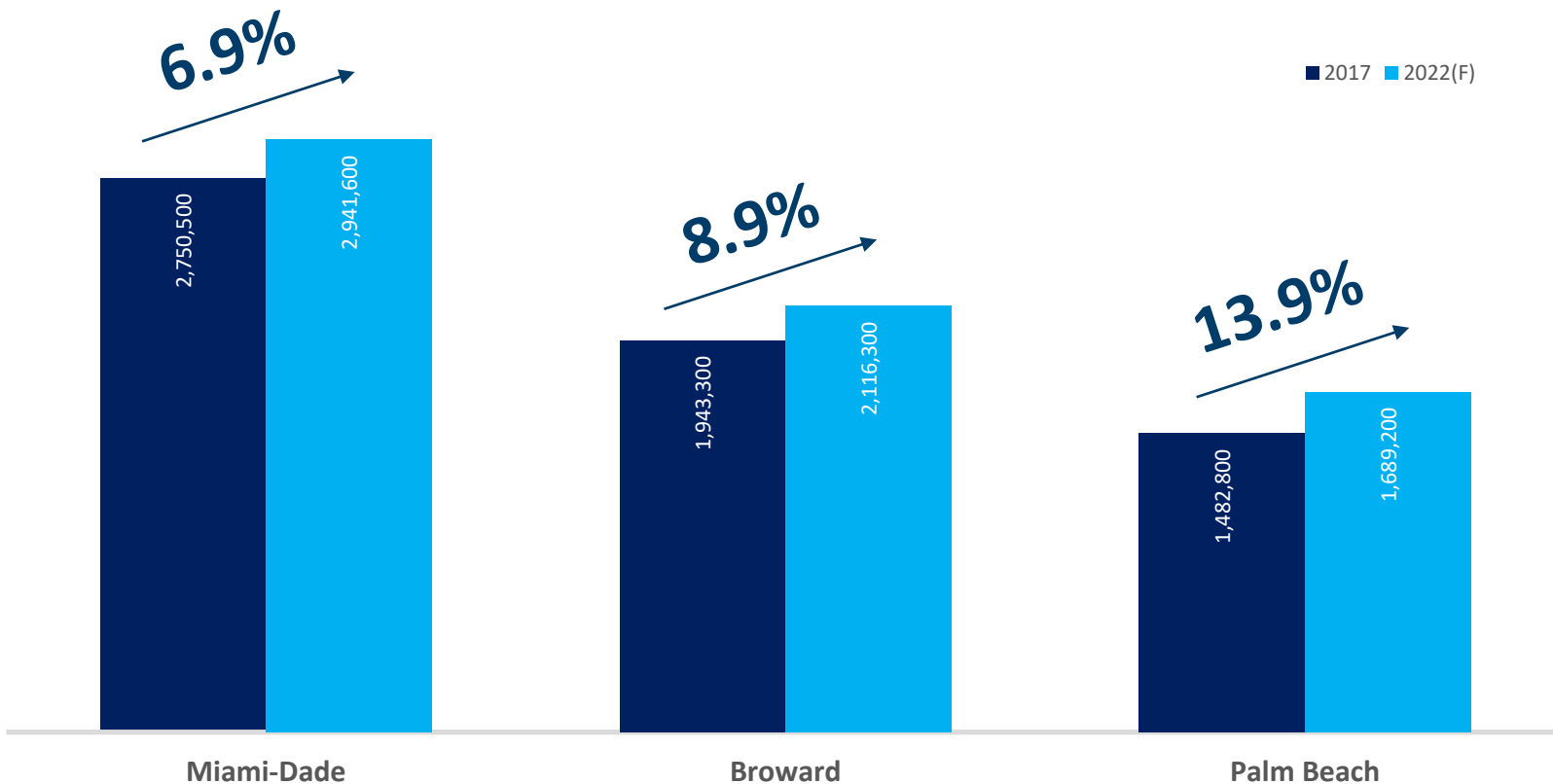


amazon?

SOUTH FLORIDA MARKET INSIGHTS

Follow the People

Florida is the Nation's 5th Fastest-Growing State with the 2nd Largest Population Gain in 2017. South Florida is the most populous MSA in Florida with 6.2 million residents, accounting for more than 30% of the state's residents, and is the 8th most populous MSA nationally



South Florida population is expected to grow by

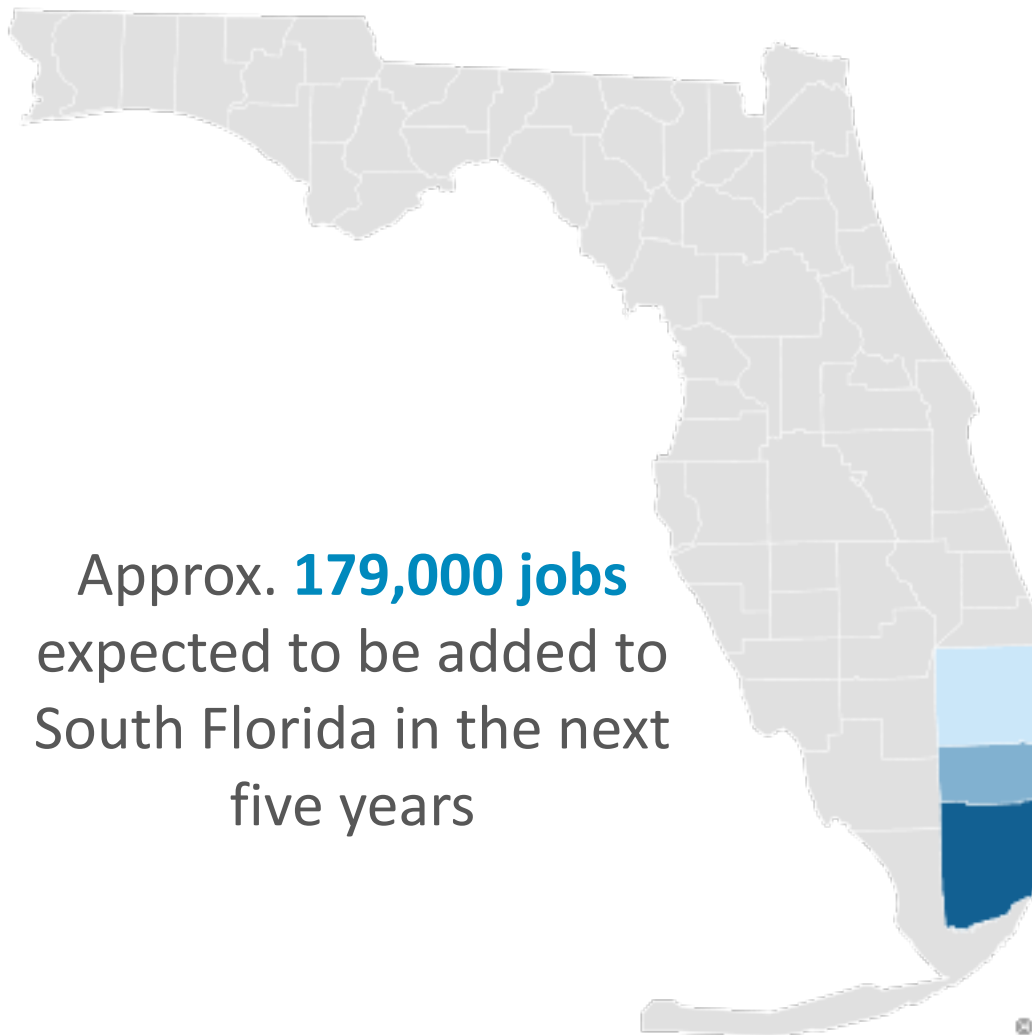
9.9%

over the next five years to

6.7 MILLION

SOUTH FLORIDA MARKET INSIGHTS

Rapid Job Growth



Approx. **179,000 jobs** expected to be added to South Florida in the next five years

The South Florida MSA is Florida's largest employment center

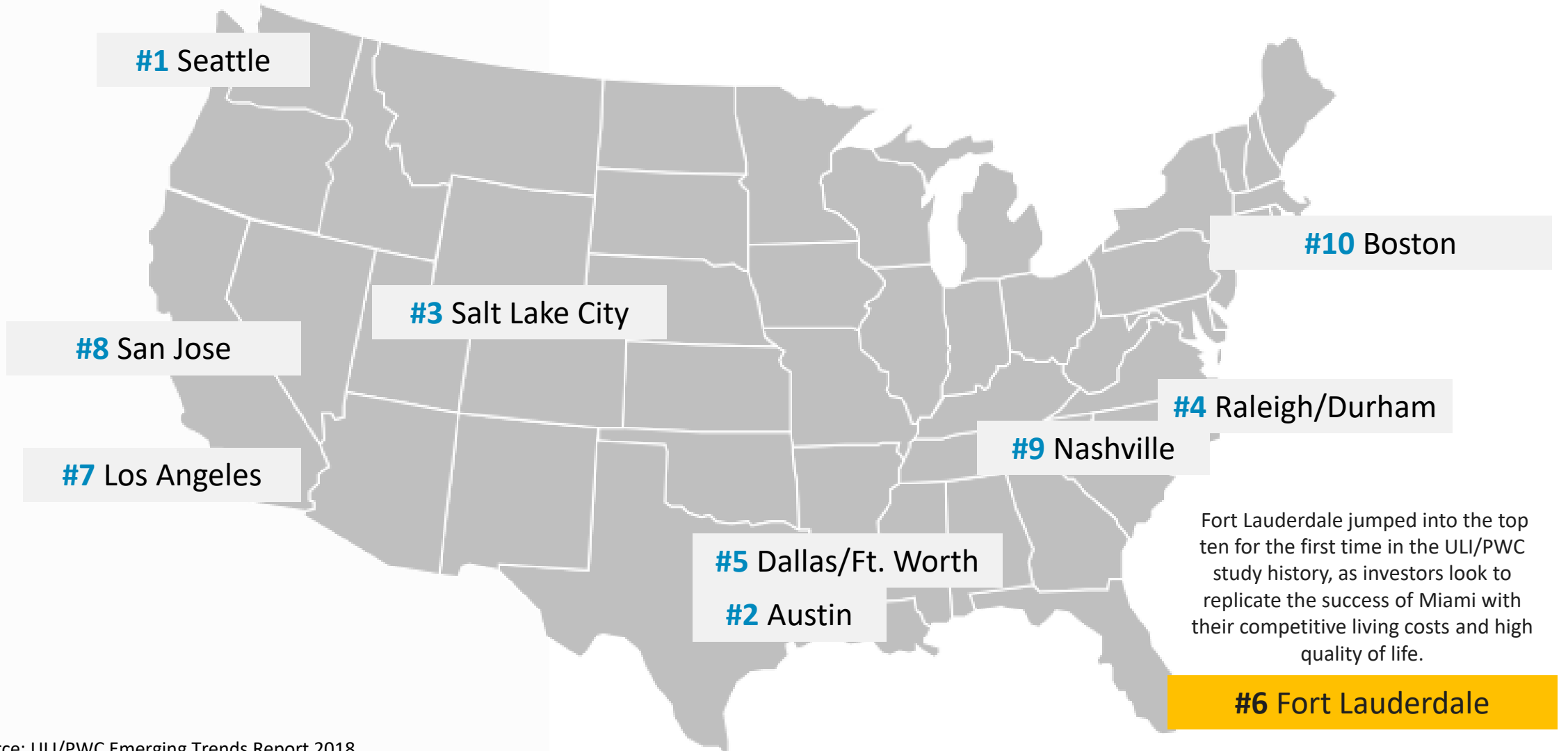
West Palm Beach | 621,700 Total Employment
Unemployment Rate: 4.2%
Annual Job Growth (2012-2017): 3.3%
Forecasted Job Creation (2017-2022): 55,500

Broward | 845,200 Total Employment
Unemployment Rate: 4.0%
Annual Job Growth (2012-2017): 2.8%
Forecasted Job Creation (2017-2022): 52,600

Miami-Dade | 1.2 Million Total Employment
Unemployment Rate: 4.9%
Annual Job Growth (2012-2017): 2.7%
Forecasted Job Creation (2017-2022): 70,900

SOUTH FLORIDA MARKET INSIGHTS

Top 10 U.S. Market to Watch



EMERGING MULTIFAMILY TRENDS

Fort Lauderdale Market Overview

MARKET INDICATORS	Broward County	Fort Lauderdale
Inventory (Units)	144,733	38,840
Vacancy Rate	5.3%	5.7%
EFFECTIVE RENTS		
Per Square Foot	\$1.51	\$1.89
5 Year Rent Growth	+27%	+36%
Forecasted Annual Rent Growth	+3.2%	+2.7%
DELIVERIES		
Units (2017)	4,445	1,242
UNDER CONSTRUCTION		
Units	3,428	1,515



Supply volumes remain **elevated** across the tri-county region. Meanwhile, the condo market is in a period of turbulence as sales activity slows and construction is canceled/postponed making South Florida well-positioned to absorb new supply as **population growth** continues.



A **wave of new development** is driven by a population unable to enter the property ladder due to housing prices and a strained supply.



Rents soared by **36 percent** over the past five years, driven by the influx of millennials seeking a live-work-play lifestyle. Effective rates in Fort Lauderdale are **25% more** than the County's average.



The pace of rent growth is expected to remain strong between 2 and 3% annually.

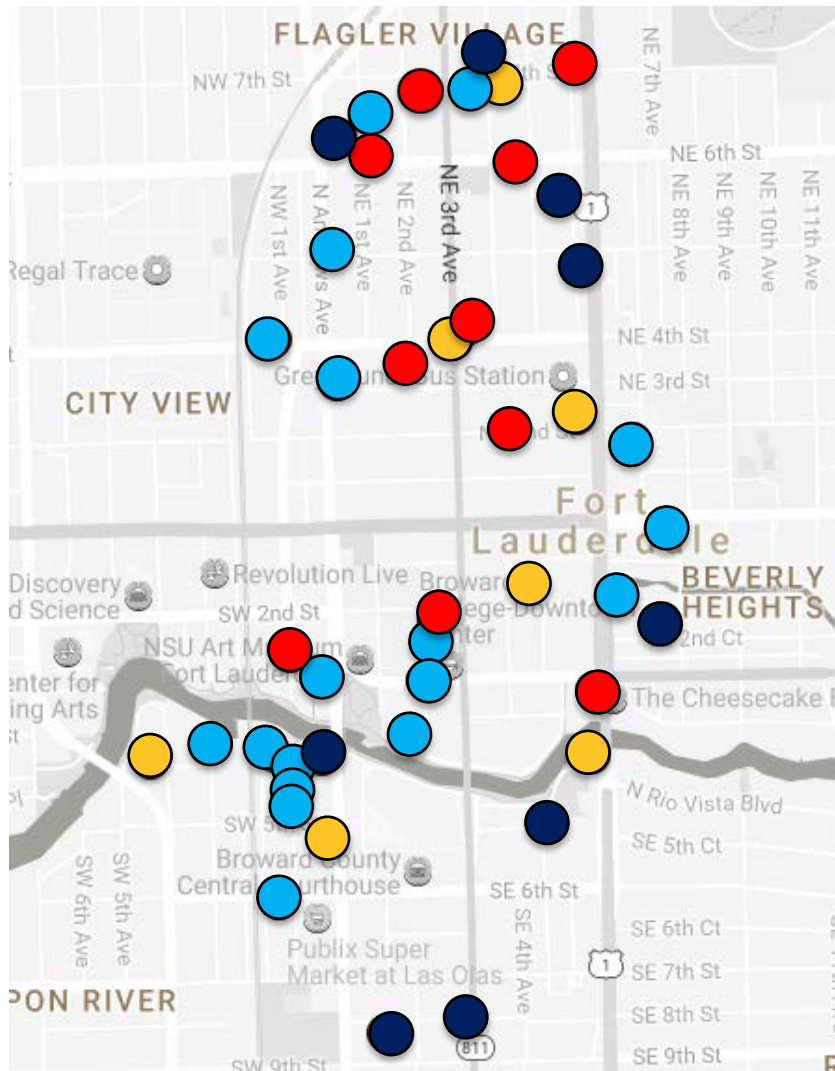


Despite new construction, **vacancy rates are projected to decline** due to millennials preference to rent over ownership.

Source: MPF Research, Axiometrics, Costar, Colliers International, Q4 2017

EMERGING MULTIFAMILY TRENDS

New Development Map



Development	Units
URBN @ Flagler	217
Southside City Center	879
Sailboatbend Apartments	110
Next Las Olas	374
RD Las Olas	352
Alexan Tarpon River	181
Alta Flagler Village – Phase II	271
Apache Lofts	33
New River Yacht Club III	190
Marina Lofts	856
New River Yacht Club West	349
Riverwalk Residences	297
488 Residences	362
New River Central	407
4 West Las Olas	260
790 East Broward	328
Las Olas Townhomes	7
1st Avenue Residences	380
FAT City	612
The Residences of Las Olas	419
Flagler 626	99
Flagler Townhomes	5
Las Olas Walk	456
Archo Metropolitan	385
Southeast 2nd Avenue	348

Development	Units
Sistrunk Townhouses	24
Icon Las Olas	312
Morgan on 3rd Avenue	350
Alta Flagler Village	214
100 Las Olas	121
ORA Flagler Village	292
One20fourth	386
Quantum at Flagler Village	328
Riverfront	1,214
The Rise	191
The Manor, Flagler Village	382
The Edge at Flagler Village	327
New River Yacht Club	248
VU New River	215
Wisdom Village Crossing	105
Amaray Las Olas	262
Village Place	112
Pinnacle at Tarpon River	112
The Queue	202

■ In Review: 2,384 Units
■ Approved: 5,793 Units
■ Under Construction: 3,432 Units
■ Completed Since 2012: 1,965 Units

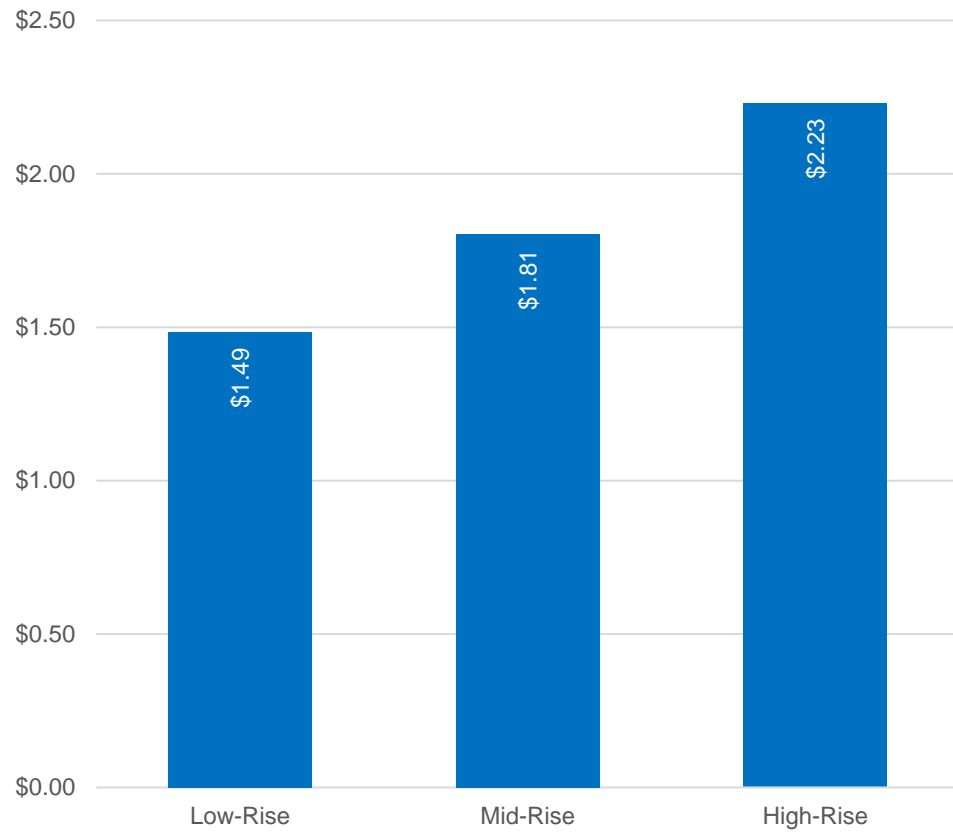
Source: City of Fort Lauderdale, Colliers International, November 2017

THE NORTHERN SHIFT OF THE FORT LAUDERDALE CBD
 The revitalization of Flagler Village and Brightline have created the emergence of a new, thriving neighborhood north of Broward Blvd – “NoBro.”

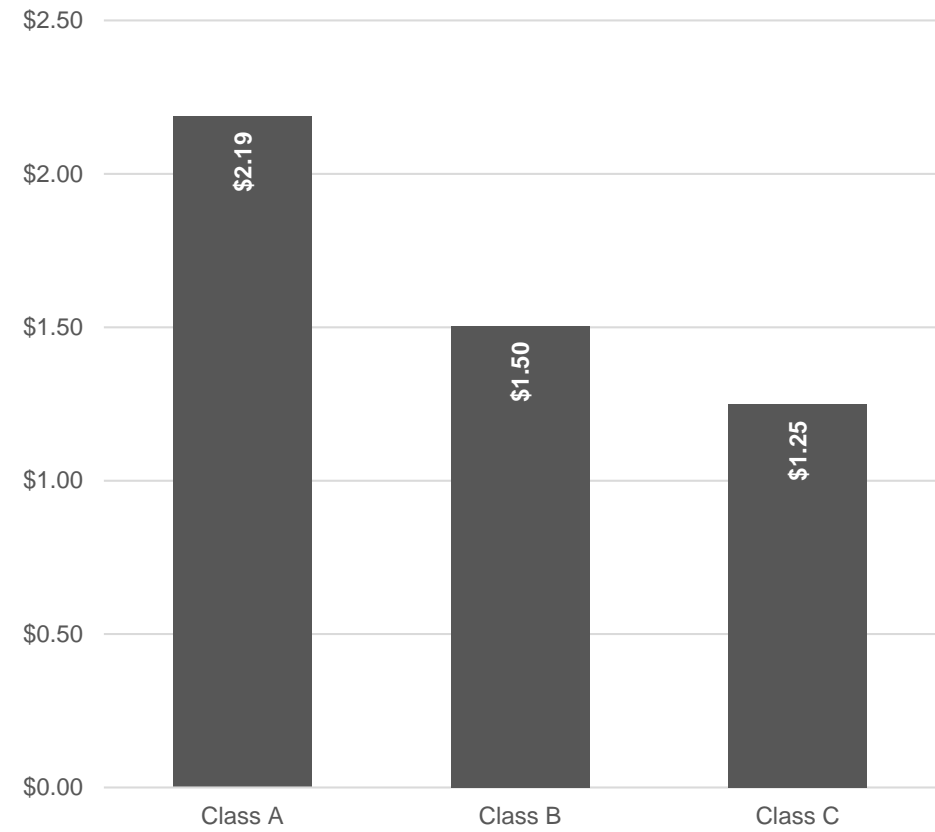
EMERGING MULTIFAMILY TRENDS

Fort Lauderdale Market Overview

Rental Rates by Building



Rental Rates by Class



EMERGING MULTIFAMILY TRENDS
Fort Lauderdale Market Overview

2015

The Manor at Flagler Village

Sale Date: July 2015

Units: 382

Sale Price: \$133,866,000

\$350,487/Unit

Buyer: TIAA

Seller: Related



2016

The Edge at Flagler Village

Sale Date: April 2016

Units: 331

Sale Price: \$114,395,000

\$345,604/Unit

Buyer: TIAA

Seller: Morgan Group



2017

Amaray Las Olas

Sale Date: June 2017

Units: 254

Sale Price: \$133,500,000

\$525,787/Unit

Buyer: GID

Seller: Stiles/Rockefeller



Source: CoStar, Real Capital Analytics, Colliers International

EMERGING MULTIFAMILY TRENDS

An Outlook for 2018

Multifamily market fundamentals remain strong

The multifamily sector continues to post historically **robust fundamentals**.

As **construction peaks and rent levels reach record highs**, this restrains new demand and further rent gains.

Zillow reports that rent takes a **larger share of household income** now than it did historically.

Affordability is becoming increasingly problematic.

Occupancy rates will remain at 2017's elevated levels.

Further rent gains will be moderate, particularly in urban core submarkets witnessing significant deliveries.

But downside demand risks are moderated by the still diminished (though rising) home buying by **millennials** unable to get a foot on the homeownership rung.

EMERGING OPPORTUNITIES & TRENDS

Fort Lauderdale Market Overview

MARKET INDICATORS (10,000+ SF)	BROWARD COUNTY	DOWNTOWN FORT LAUDERDALE	
	Class A/B/C	Class A/B/C	Class A
Inventory	60,571,515 SF	7,526,131 SF	4,483,077 SF
Vacancy Rate	9.1%	9.8%	14.4%
FULL SERVICE RENTS			
Full Service/PSF	\$27.10	\$37.00	\$38.18
NET ABSORPTION			
2017	1,366,784 SF	75,978 SF	-78,973 SF
2016	1,068,282 SF	17,714 SF	23,984 SF

Source: CoStar, Colliers International, Q4 2017

WHERE ARE WE TODAY? Fort Lauderdale

Average Class A Asking Rents
LAS OLAS: \$48.57
BROWARD BLVD: \$37.25

Class A buildings constitute **60%**
of Downtown office inventory

Lack of new inventory in urban core. New development proposed.

OVERALL AVG. ASKING RATES INCREASED

26.0%

OVER THE LAST THREE YEARS

VACANCY IS AT

9.8%

DOWN FROM 11.2% in 2017

Downtown rents are **37% MORE** than Countywide rents

EMERGING OFFICE TRENDS

South Florida Market Insights



SUPPLY CONSTRAINTS

Limited available office supply and lack of new product delivered to the market in downtown markets. Pre-leasing of proposed new office buildings is critical to future growth.



INVESTMENT ACTIVITY

A mix of capital sources, investors and many new groups are active; particularly “spin-off” mid-cap institutional investors and foreign capital. Investors are now looking for value-add opportunities in office.



RENT GROWTH

New ownership at recently traded assets have been pushing rents after trading at a premium.



MORE RENT GROWTH

Owners of Class B/C buildings that have invested in capital improvements are also pushing rents.

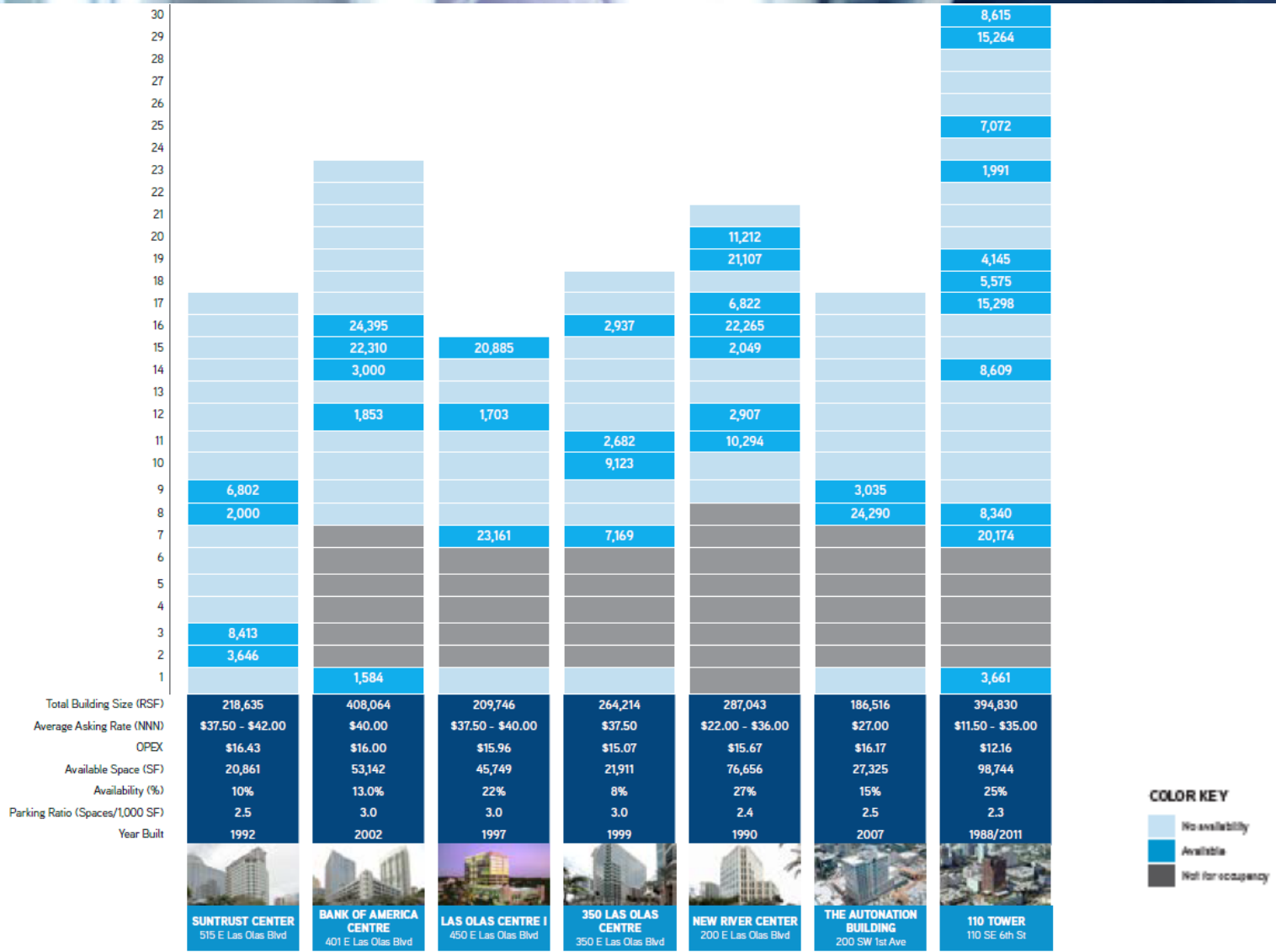


ACTIVE TENANTS

Wealth Management, Law Firms and Technology Companies are among some of the most active tenants.

EMERGING OFFICE TRENDS

Fort Lauderdale Office Market Skyline

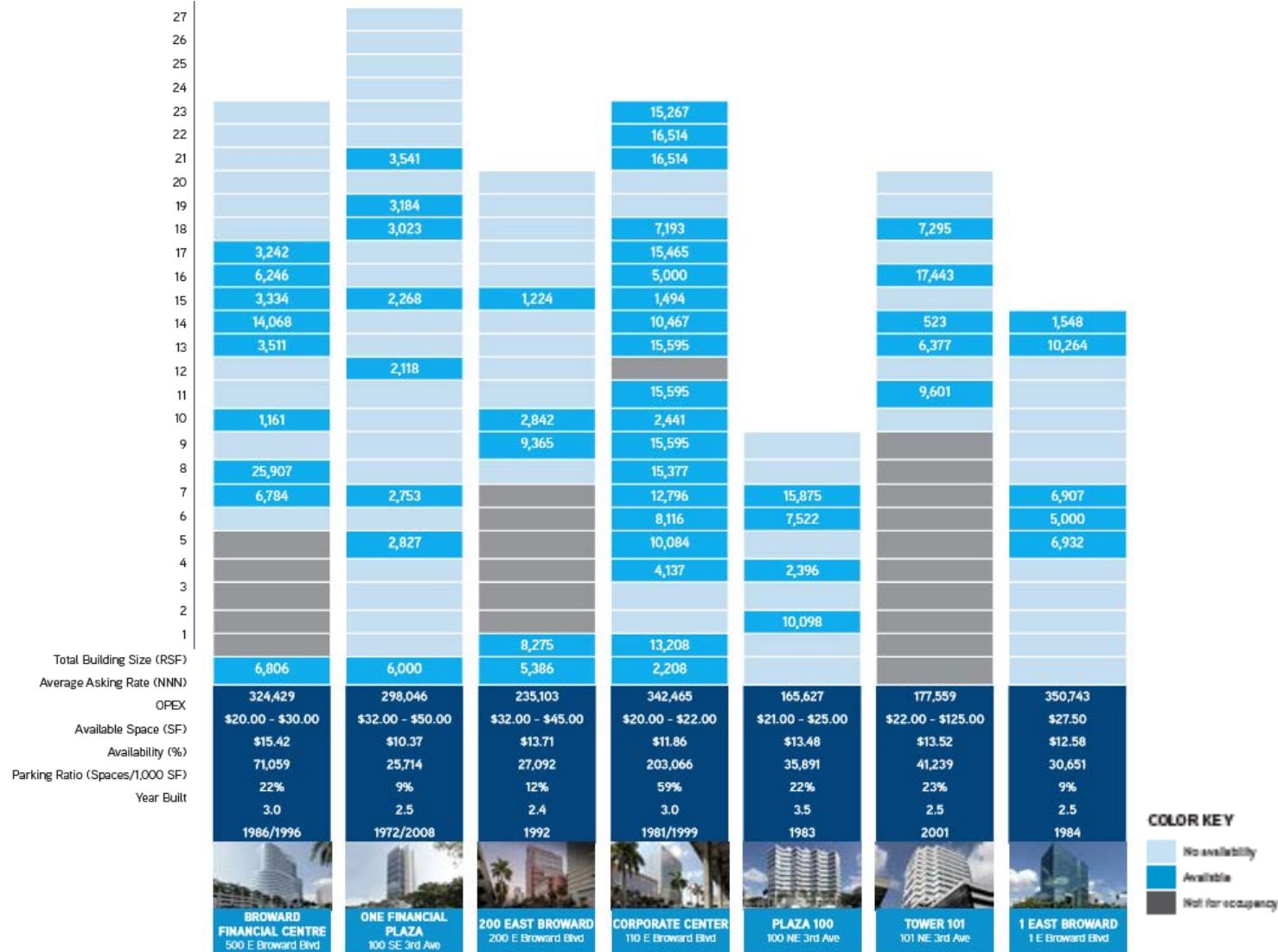


COLOR KEY

- No availability
- Available
- Well for occupancy

EMERGING OFFICE TRENDS

Fort Lauderdale Office Market Skyline



FUTURE DEVELOPMENT



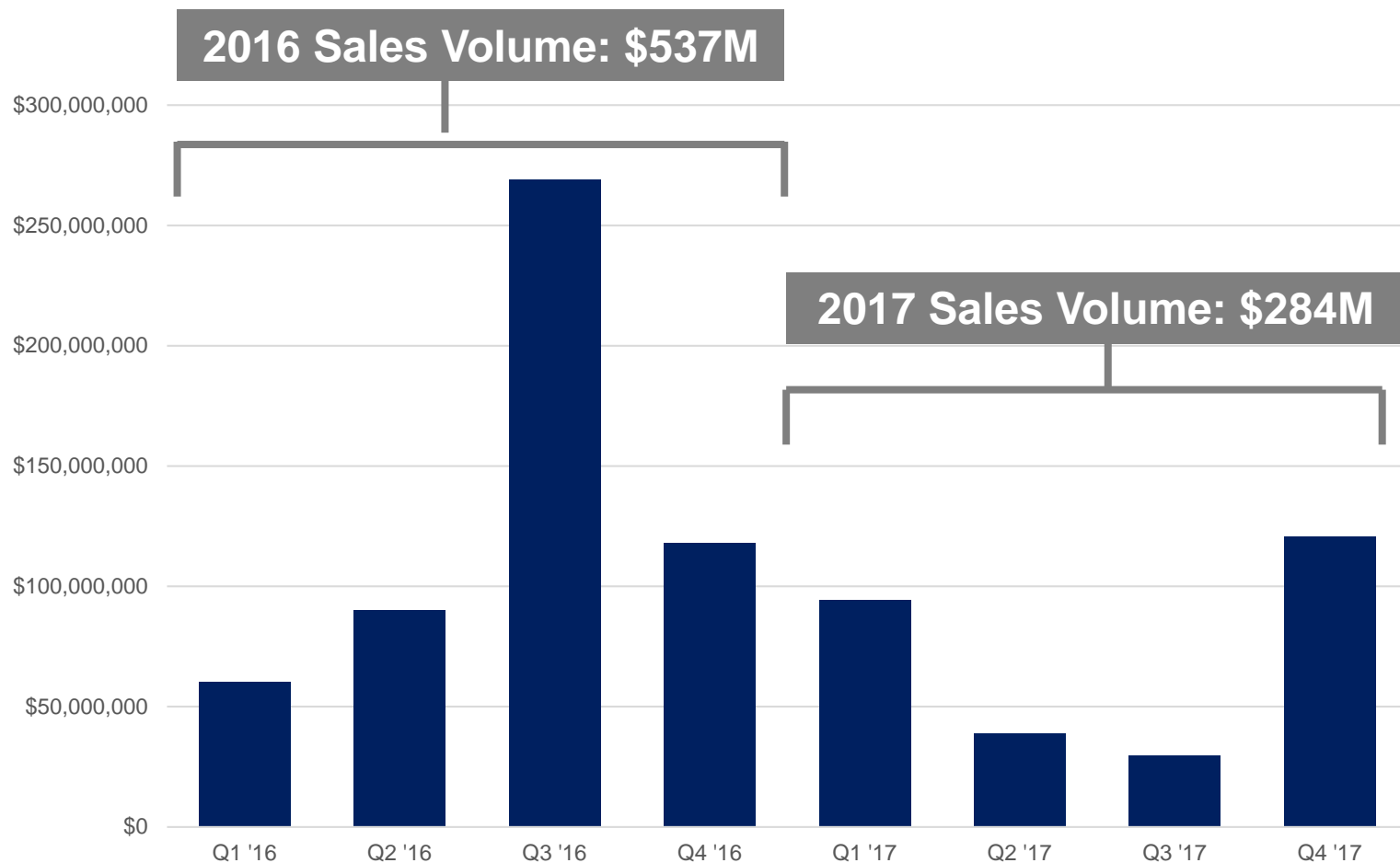
201 East Las Olas
Former Bank of America/Broward College Site

RBA: 300,000 SF, Class A
Status: Demolition beginning Feb 2018
Owner: Stiles Corp.
Asking Rents: rates at \$40/NNN

Developers seek significant preleasing before breaking ground on a new project.

EMERGING OFFICE TRENDS

Downtown Fort Lauderdale Office Sales Volume



- Much of the downtown Class A office product has already traded leaving investors seeking new opportunities.
- A mix of capital sources, investors and many new groups are active; particularly “spin-off” mid-cap institutional investors and foreign capital.
- Investors are now looking for value-add opportunities in office.
- Many investors are shifting their investments toward suburban property or industrial product.

EMERGING OFFICE TRENDS

Fort Lauderdale Recent Office Sales

1

Bank of America Plaza at Las Olas City Centre

Sale Date: September 2016
Size (SF): 408,064
Sale Price: \$220,000,000 (**\$539/SF**)
Buyer: Deutsche Asset & Wealth Management
Seller: JP Morgan

3

SunTrust Center

Sale Date: June 2016
Size (SF): 270,000
Sale Price: \$90,000,000 (**\$333/SF**)
Buyer: Steelbridge Capital
Seller: SunTrust Bank

5

Plaza 100

Sale Date: August 2016
Size (SF): 165,627
Sale Price: \$46,500,000 (**\$280/SF**)
Buyer: Zurich Asset Management
Seller: Brookwood Financial Partners

2

110 Tower

Sale Date: October 2016
Size (SF): 394,830
Sale Price: \$112,900,000 (**\$286/SF**)
Buyer: IP Capital Partners
Seller: The GenCap Group

4

Tower 101

Sale Date: January 2016
Size (SF): 444,326
Sale Price: \$56,300,000 (**\$248/SF**)
Buyer: Ivy Equities
Seller: Banyan Street Capital
Note: Previously sold for \$28.7 million in 2012

6

One Financial Plaza

Sale Date: February 2017
Size (SF): 298,046
Sale Price: \$86,750,000 (**\$291/SF**)
Buyer: JV Crocker/Walton Street Capital
Seller: JV Crocker/Westcity Realty

1



2



3



4



5



6



7



200 East Broward

Sale Date: October 2017
Sale Price: \$81,500,000 (**\$362/SF**)
Note: Previously sold for \$66.4 million (\$295/SF) in 2014

Size (SF): 225,761
Seller: TA Realty
Buyer: Banyan

Highest Price Per Square Foot (\$362)
in Fort Lauderdale in the past 12-months.

8



Corporate Center, 110 E Broward

Auction Date: Nov 2017 / Sale Date: Jan 2018
Sale Price: \$41,000,000 (**\$110/SF**)
Special Servicer/Seller: LNR Partners

Size (SF): 368,791
Buyer: Stockbridge

Sold at Auction
Approx 60% vacant



EMERGING OFFICE TRENDS

An Outlook for 2018

Stability in the Office Sector Expected to Persist in 2018:

Supply and demand dynamics in the office sector should remain broadly in tandem in 2018.

An uptick in GDP, and potentially job growth, should spur more need for office space.

Though property markets likely peaked for this cycle in 2015, both leasing and sales transaction activity remain robust and pricing firm.

Expect a shift of sales and leasing volumes from CBDs into suburban submarkets and from primary into secondary markets in 2018, as investment volumes tick down.

Investors continue to shift their focus to suburban assets in search of more attractive yields, while suburban offices also see an uptick in its share of leasing as CBDs offer tenants fewer options.

Occupancy and rent growth potential will be held in check by the continued drive for space efficiency, footprint reduction and shared services

A shifting investor appetite away from trophy CBD assets could drive some price corrections.

EMERGING REAL ESTATE TRENDS

Fort Lauderdale Market Overview

MARKET DATA (10,000+ SF)	Broward County	Downtown Fort Lauderdale
Inventory	84,969,247 SF	3,353,155 SF
Vacancy Rate	3.5%	3.2%
RENTAL RATES (NNN)		
Asking Rents (PSF)	\$19.99	\$35.24
5 Year Growth	+15%	+48%
ABSORPTION		
2017	1,163,352 SF	-27,086 SF
2016	1,080,030 SF	74,122 SF

Source: Costar, Colliers International, Q4 2017



A growing population and increasing disposable income are all factors driving strong growth in Fort Lauderdale.



A construction boom of new residential, hotel and office development drives a heightened demand for retail and restaurant options.



Rental rates soared to \$35.24 per square foot in Downtown, approximately 76 percent higher than the county average.

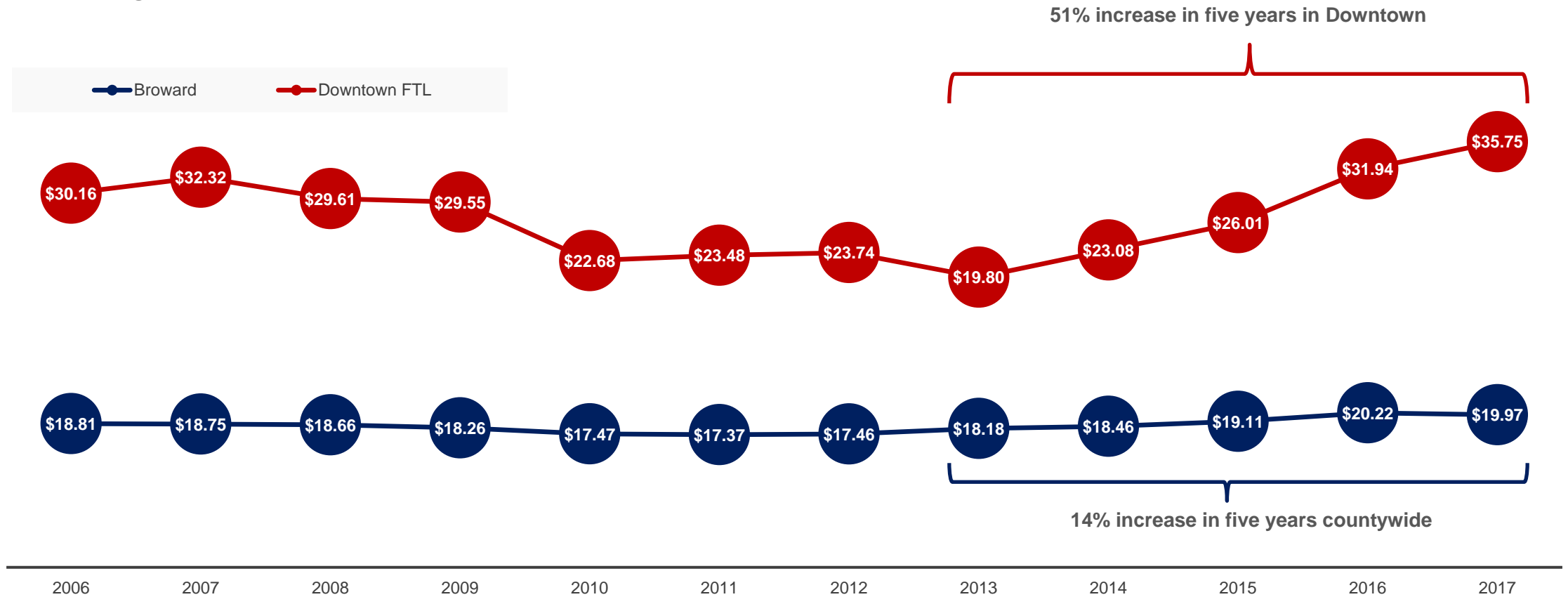


The city's downtown master plan requires ground-level retail and hidden parking garages as part of any new development to foster an urban yet pedestrian friendly downtown.

EMERGING RECENT TRENDS

Fort Lauderdale Market Overview

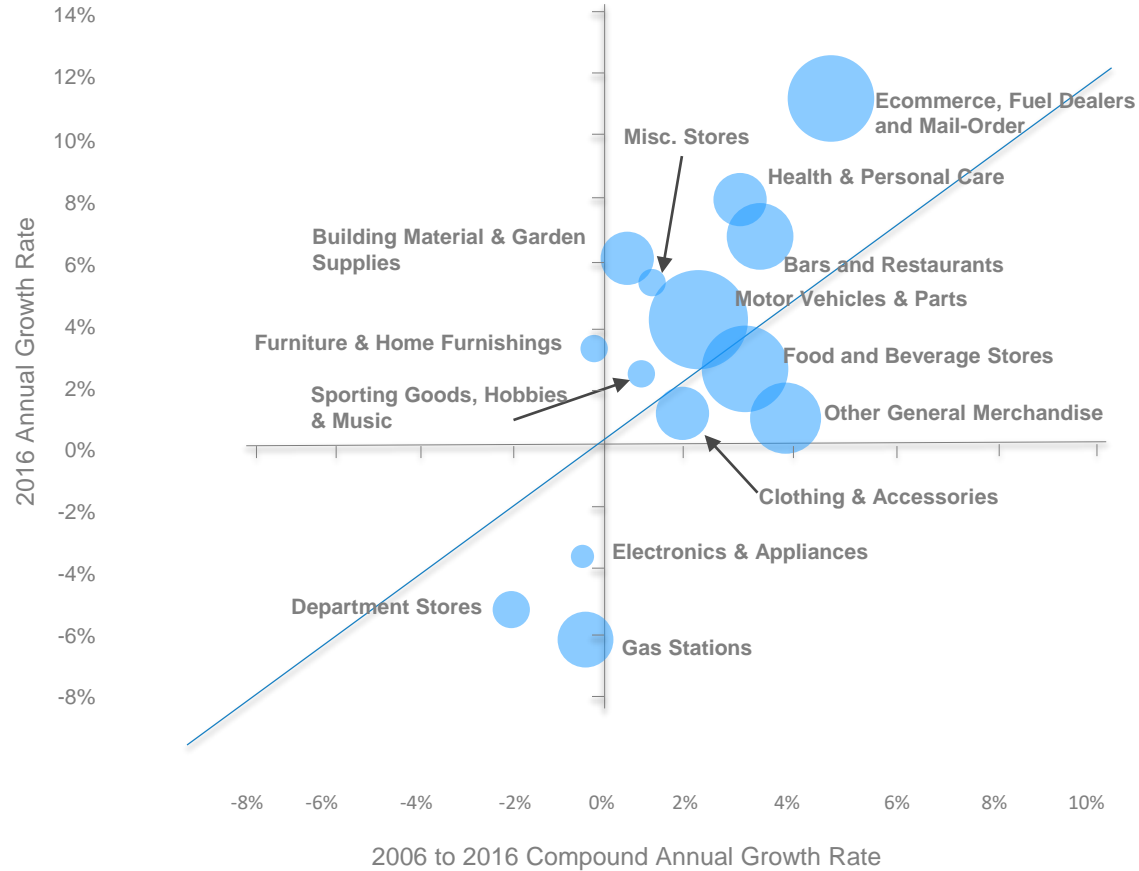
Soaring Retail Rents in Downtown Fort Lauderdale



Source: Colliers International, CoStar

EMERGING MARKET TRENDS

Painting the Picture



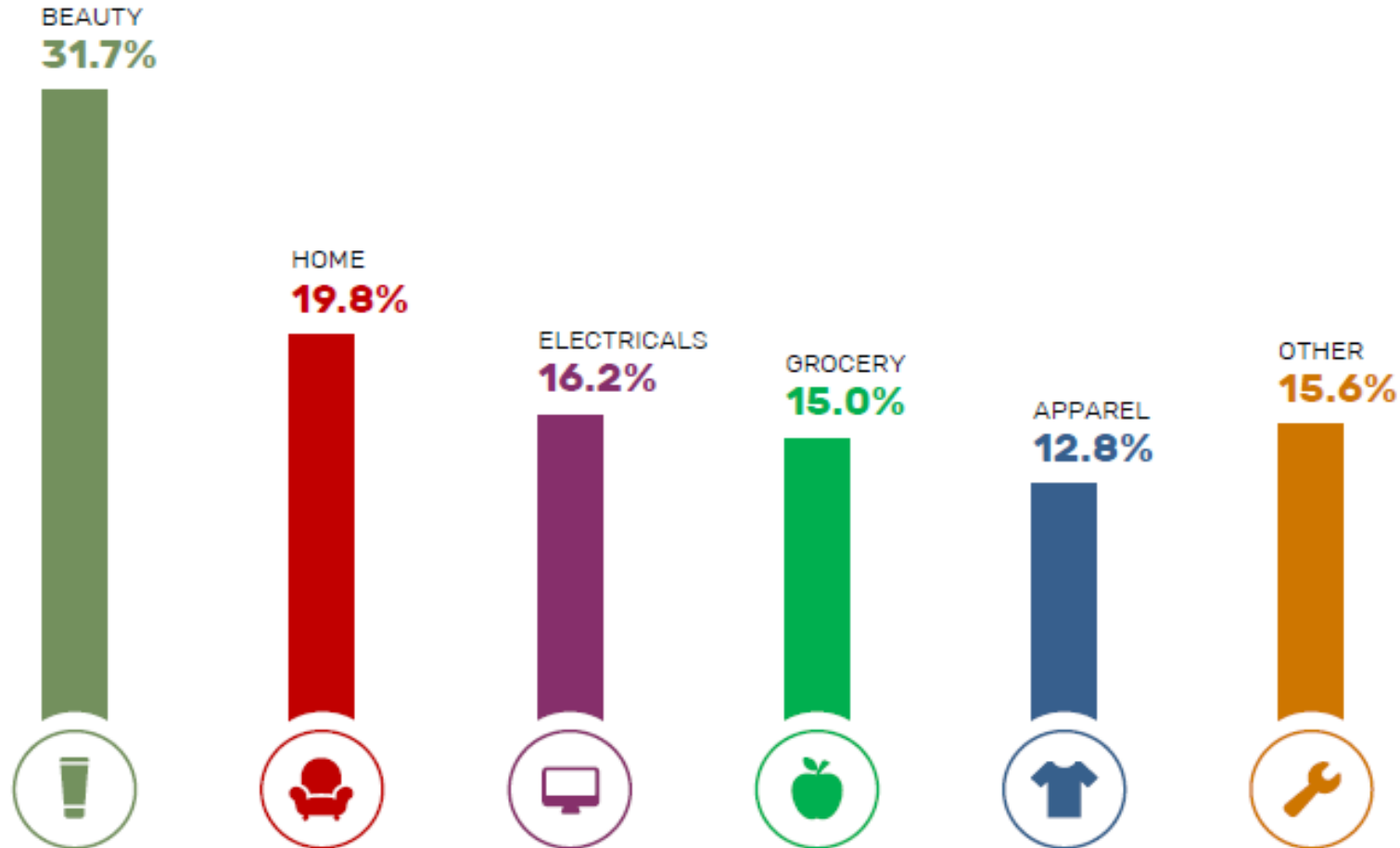
**WHAT'S GROWING?
WHAT'S NOT? WHY?**

Note: Bubble size reflects 2016 sales.

Source: U.S. Census Bureau

EMERGING RETAIL TRENDS

Forecasting Tomorrow



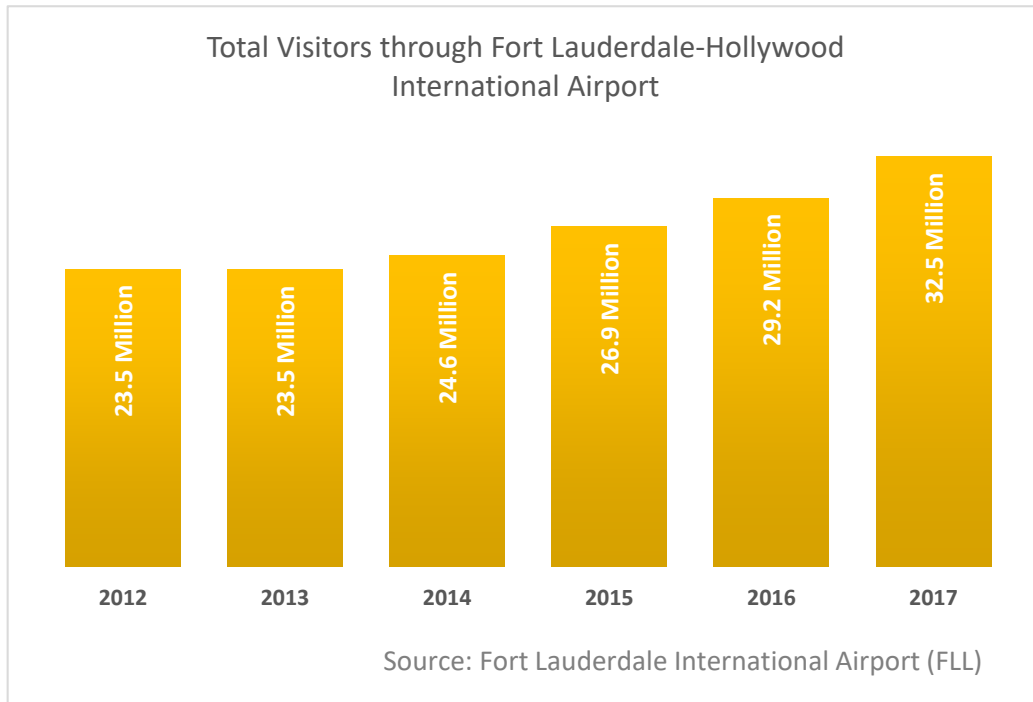
Retail spending growth by sector

**WHAT
CATEGORIES
WILL OUTPACE
OTHERS?**

EMERGING HOSTILITY TRENDS

Fort Lauderdale Market Overview

South Florida is positioned as a key gateway market serving as the primary link between the U.S. and Latin America.



Source: Fort Lauderdale-Hollywood International Airport

Demand Drivers



Fort Lauderdale-Hollywood International Airport (FLL):

- Total traffic through FLL jumped to **32.5 million** in 2017, up by 11.3 percent over 2016.
- Fastest growing large hub airport (Jan-Nov 2017).
- Ranked 12th in international traffic (Jan-Nov 2017).
- Ranked 2nd large hub airport for growth in scheduled available seats from Jan-Jun 2018 (8.5% growth rate).
- 27 new routes added in 2017, including British Airways service to London-Gatwick.
- SFL has TWO airports ranked in the U.S. top 20 by passenger count.

Port Everglades:



- The second busiest cruise port in the world with over **3.8 million guests** in FY2017.
- Port Everglades is currently home to two of the largest cruise ships in the world: Allure of the Seas and Harmony of the Seas.
- A number of capital and improvements in the Port's Five Year Master Plan position the port to expand operations to 5.6 million passengers in 2033.

EMERGING HOSPITALITY TRENDS

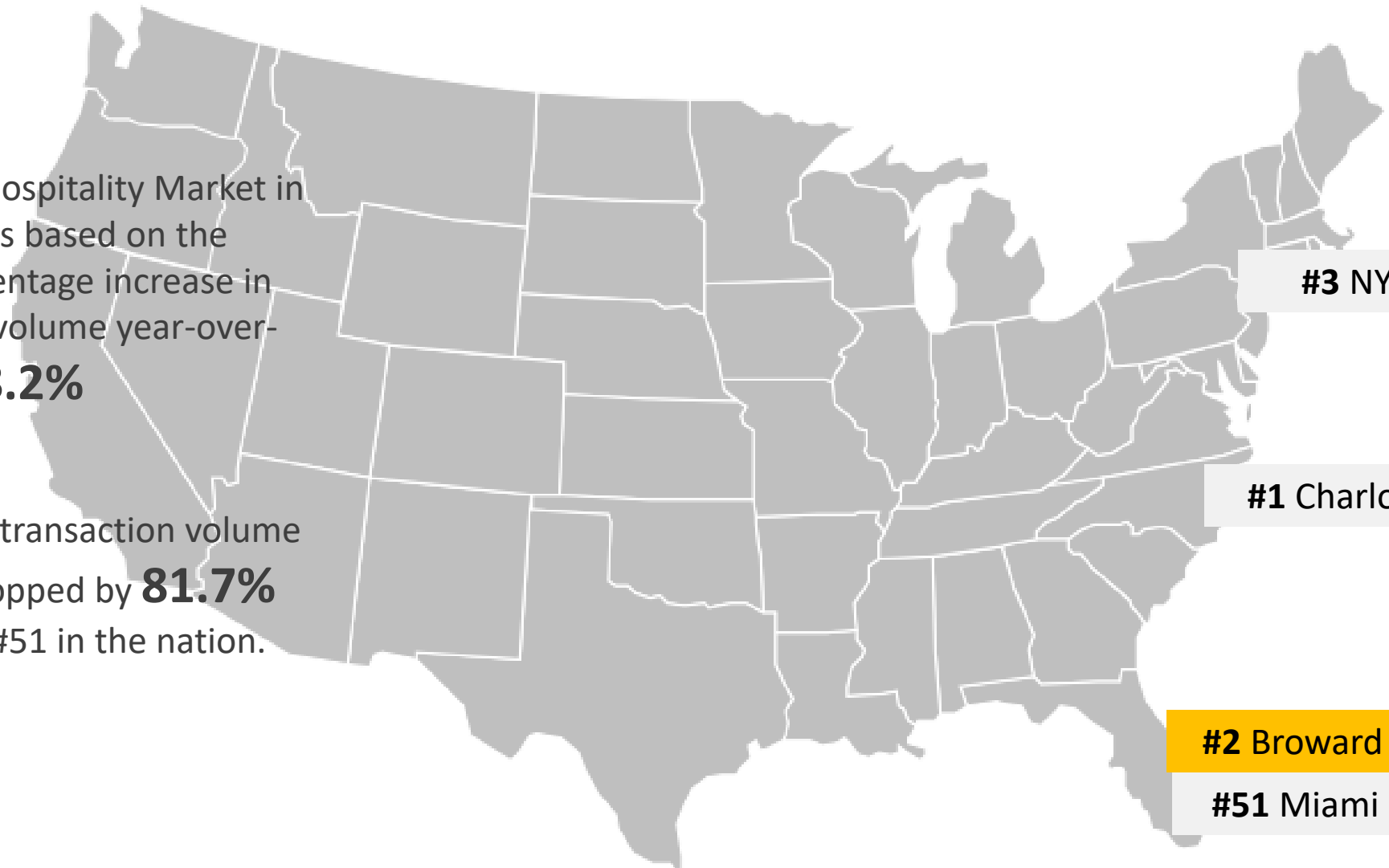
Top 2017 Rankings

BROWARD

Ranked #2 Hospitality Market in United States based on the largest percentage increase in transaction volume year-over-year at **418.2%**

MIAMI

Meanwhile, transaction volume in Miami dropped by **81.7%** and ranked #51 in the nation.



#3 NYC Boroughs

#1 Charlotte

#2 Broward

#51 Miami

EMERGING HOSPITALITY TRENDS

Top Fort Lauderdale Hospitality Sales in 2017



Courtyard by Marriott

Sale Date: May 2017

Rooms: 261

Sale Price: \$85 million
(\$325,700/Room)

Buyer: Summit Hotel Properties

Seller: Fillmore Capital



Hollywood Beach Marriott

Sale Date: Sept 2017

Rooms: 225

Sale Price: \$61 million
(\$270,000/Room)

Buyer: Ocean Properties Ltd

Seller: Rockwood Capital



Link Hotel

Sale Date: May 2017

Rooms: 145

Sale Price: \$13 Million
(\$95,800 /Room)

Buyer: Stambul

Seller: Equity Mgmt Partners

EMERGING HOSPITALITY TRENDS

Fort Lauderdale Outlook for 2018

OCCUPANCY

77.2%

Occupancy rates are expected to remain stable at 77.2 percent heading into 2018

RevPAR

+1.6%

RevPAR is projected to grow by 1.6 percent over the next twelve months due to the increases in average daily room rates.

ADR

+1.7%

The ADR growth trend is expected to continue rising with a 1.7 percent growth in 2018.

SUPPLY

+4.7%

After years of limited new supply, Fort Lauderdale supply is growing at a rate of 4.7 percent.

DEMAND

+5%

With projected visitor statistics growing year-over-year, demand for hotels is climbing at a positive rate of 5 percent annually.

EMERGING HOSPITALITY TRENDS

Trends to Watch in 2018

INFRASTRUCTURE

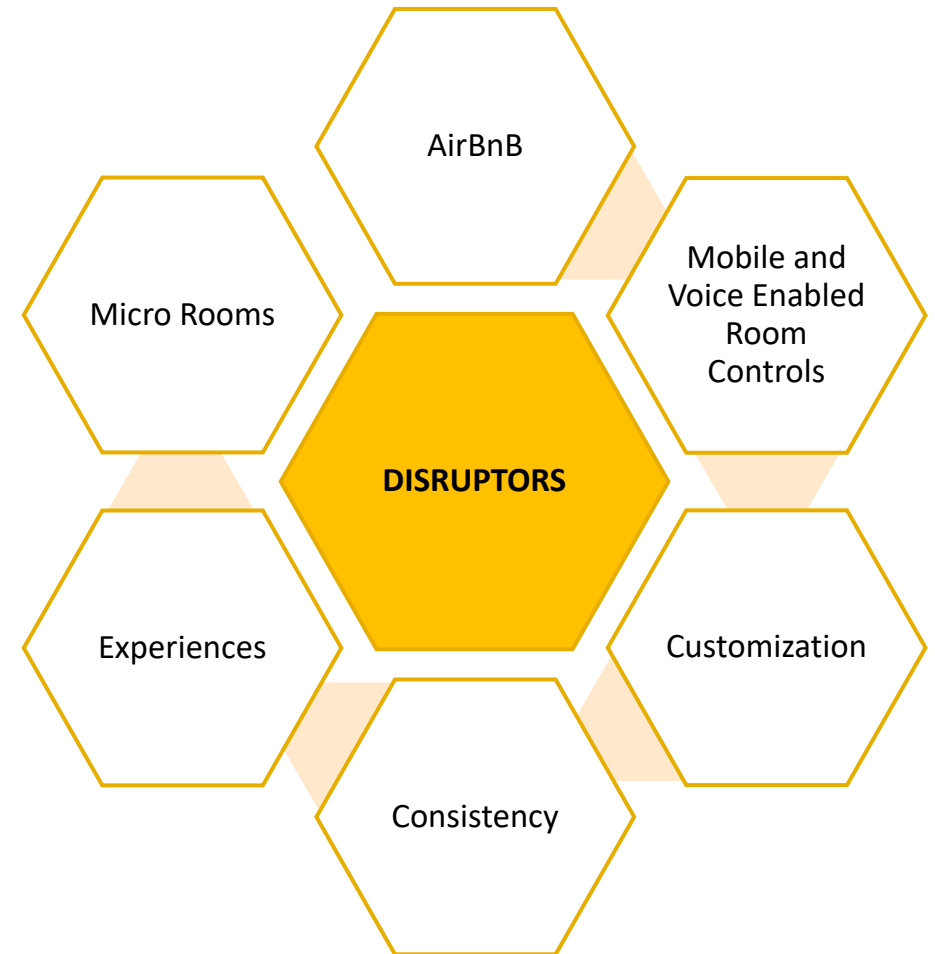
Investment continues in tourism-related infrastructure and offerings, including new restaurants, retail, air routes, high-speed rail, cruise lines and other attractions.

INVESTORS

Investors are increasingly seeking investments in noncore assets including development projects and hotels that require repositioning in gateway and secondary or tertiary markets.

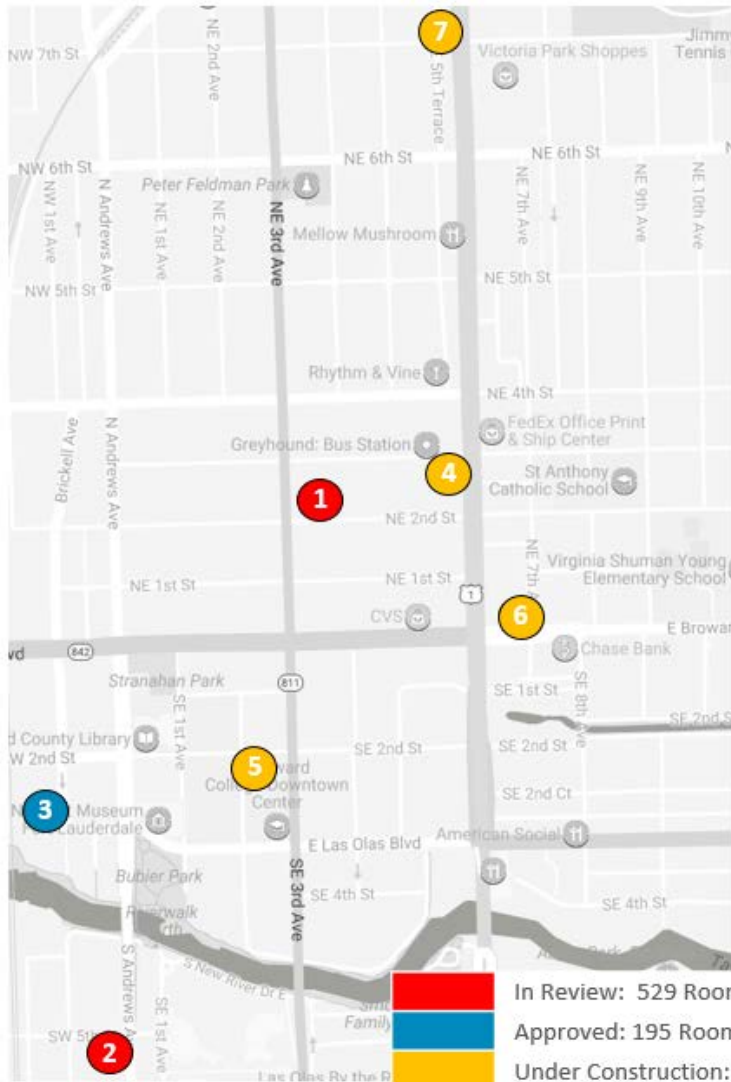
ECONOMIC EXPANSION

An extended U.S. economic expansion has supported strong hotel market fundamentals.



EMERGING TRENDS

Fort Lauderdale Hospitality Market Overview



	Development	Hotel	Other Amenities	Developer
1	315 NE 3rd St (Aloft)	199 Rooms	6,208 SF Retail	-
2	Southside City Center	330 Rooms	207,000 SF Office 52,000 SF Retail 879 Residential Units	Ocita Properties
3	Flagler Village Hotel	195 Rooms	2,227 SF Retail	Groupe Pacific
4	Tribute/Element Hotel – The Dalmar	323 Rooms	10,897 SF Retail	Wurzak Hotel Group
5	100 Las Olas	228 Rooms	6,983 SF Retail 120 Residential Units	Kolter Group
6	Fairfield Inn	108 Rooms	-	LM Hotels
7	Quantum at Flagler Village	137 Rooms	7,572 SF Retail 328 Residential Units	Prime Hospitality Group (FV Land Trust)

Source: City of Fort Lauderdale

The Fort Lauderdale Hotel Boom

- Brand-name hospitality offerings ranging from **economy or "value"** brand to **luxury, upscale boutique** and **mixed-use hotel developments**.
- Previously, there were only **two downtown hotels** until this wave of development (Riverside Inn and the Hampton Inn).
- Demand is driven by **residential growth in the CBD**, a **saturated office market** and a **booming tourism industry**.

TAX CUTS & REFORM

Both direct & indirect benefits to CRE sector

› **Key terms**

- Primary benefits go to businesses due to lower corporate income tax rate
- Moderate and temporary gains for most (but not all) households
- Standard deduction doubled but some itemized deductions capped (property taxes, mortgage interest)
- Limits residential mortgage-interest deductions to debt up to \$750K and excluded home equity

› **Key benefits for real estate sector**

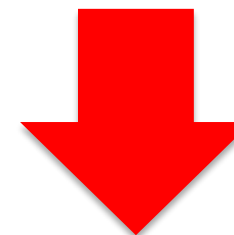
- Preserves 1031 tax-free exchanges, carried interest, and commercial interest deductions
- Effectively reduces tax rates on most pass-through income and entities including REITs
- More generous depreciation provisions

› **Impacts for real estate sector**

- Tax liabilities reduced for commercial property owners (about average for all industries)
- Should spur greater leasing via (marginally) faster economic growth
- May encourage more leasing by key occupiers whose sectors benefit disproportionately from tax bill: retailers, hotels and restaurants, warehousing, and wholesaling
- Retail and industrial property sectors should be biggest winners
- Multifamily sector should gain from hit to some homeowners, esp. in high-tax states
- Office sector gains more neutral as key tenant groups are disadvantaged: finance, professional services, and tech



Tax rates



SUMMARY

Headwinds to Watch in 2018

FEDERAL INTEREST RATES

Tax bill is likely to prompt the Fed to more rapidly shift from dovish (pro-growth) to hawkish (anti-inflation) policies that raise interest rates and slow wage growth.

TRADE

The possibility of trade wars with our trading partners in response to more protectionist U.S. trade policies is perhaps the greatest near-term risk for the economy.

\$1.5 TRILLION INFRASTRUCTURE SHORTFALL

ASCE estimated that through 2025, the nation needs to spend \$3.32 trillion to keep its ports, highways, bridges, trains, water and electric facilities up to date but has funded only \$1.88 trillion of that. \$800 billion is required just to shore up the nation's roads and bridges.

But overall, near term risks seem slanted to the upside.

Are PPP's the solution?

SUMMARY

What Typically Ends CRE Cycle?

	Yes	Maybe	No
Over Supply			✓
Over Leverage			✓
Banking Crisis			✓
Global Financial Crisis			✓
Material Recession			✓

SUMMARY | CRE Year in Review

- A need to deploy capital in scale continues to be at all-time high
 - Major pension and Life Co's are still significantly underinvested
- While deal volume has come down in 2017, deal pipeline growth remains robust
 - Widening gap between buyers and sellers' expectation.
 - Which side will win out?
- As “lower for longer” yield environment persists, credit becomes critical in ascertaining CRE values
- “Relative Value” more relevant than ever before
 - Contrasting the perception of rich pricing in CRE against the valuations of other investment types e.g. public equity and debt markets
 - Overall stable CRE supply/demand dynamics to provide additional pricing support
- Growing demand in non-traditional sectors and disrupted markets (retail) in search for yield

SUMMARY | New Life in 2018 For an Aging Economic Expansion?

Moderate economic growth continues: By mid-2018 this economic recovery will be the second longest in U.S. history.

2017 economic growth slightly outpaced that in 2016, and 2018 should be stronger still.

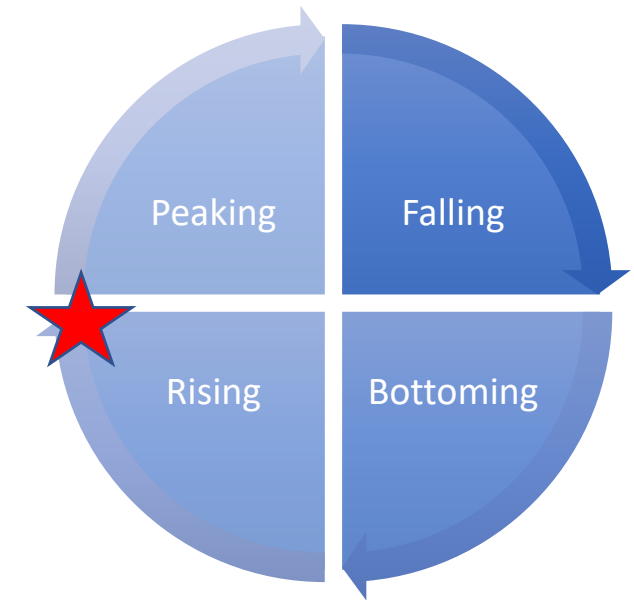
Job growth continues yet we near full employment.

Courtesy of the **strengthening global economy, a tax cut stimulus and infrastructure spending**, the economy is getting new life

Wage growth continues to **underwhelm** – it has yet to reach 3%, its long term average during expansions since the 1980's until this cycle.

Synchronized global growth is fueling a significant pickup in business investment and offshore demand
(exports account for 12% of GDP)

Florida braces for an **influx of Puerto Ricans** as thousands flee humanitarian crisis



Overall, property market drivers continue to be strong, but we can expect future gains in market fundamentals to stabilize over time.

Who is Colliers International?

16,000

PROFESSIONALS

66

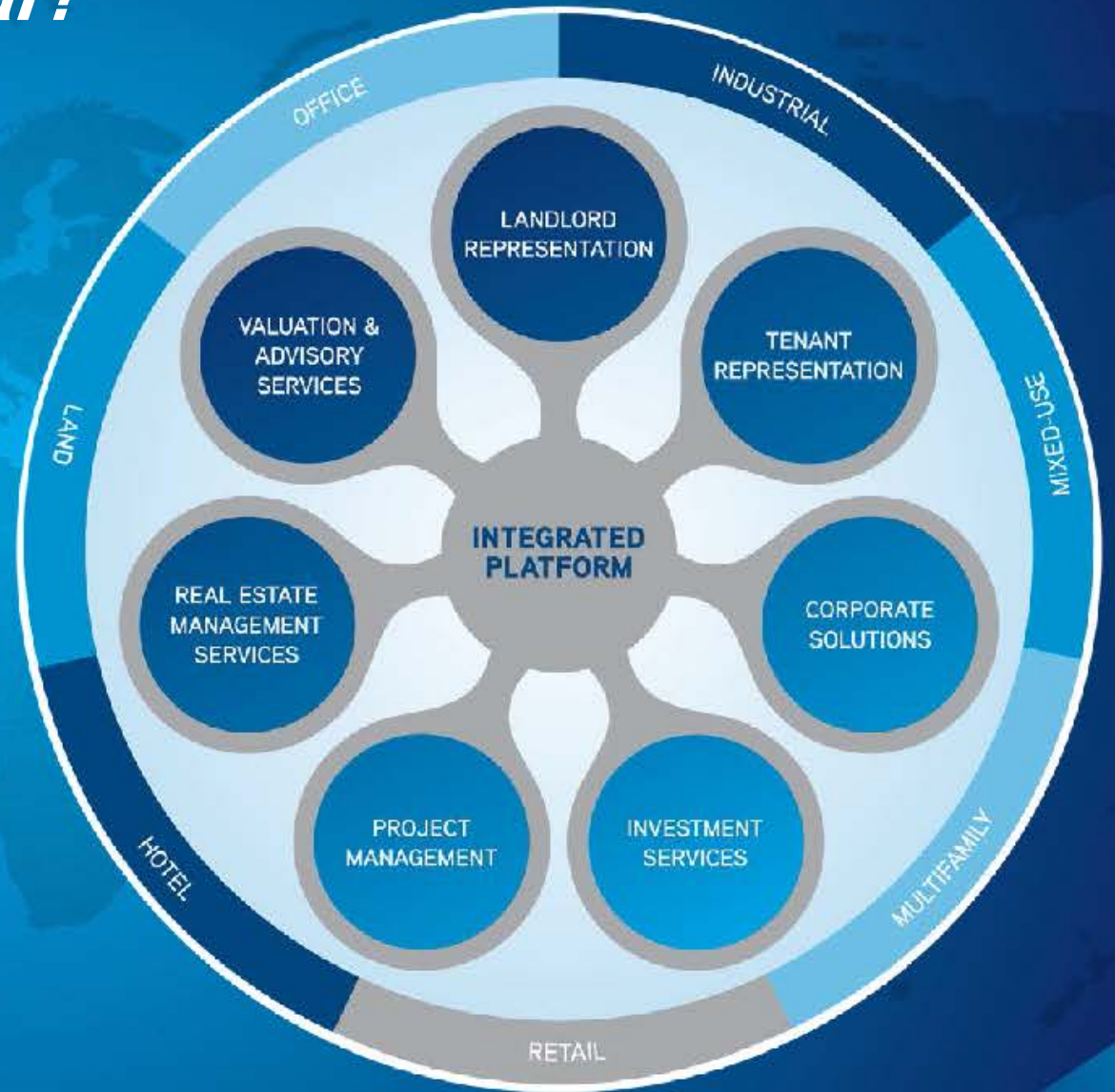
COUNTRIES

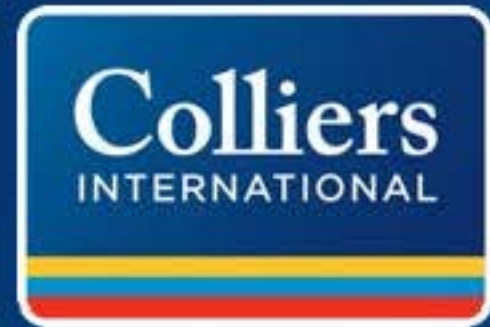
\$2.5

billion in
annual revenue

2

billion square feet
under management





Accelerating success.



CITY OF FORT LAUDERDALE
BEAMs
BUSINESS ENGAGEMENT
ASSISTANCE & MENTORSHIPS

BUILD A ROCK SOLID BUSINESS

BUSINESS ACADEMY

LEARN HOW TO:

- ▶ Organize your thoughts and layout a plan for your business
- ▶ Take control of your business by building a budget, forecasting revenues and estimating expenses
- ▶ Use the right tools to be successful at direct business to business sales in any industry
- ▶ Develop a marketing plan with key strategies and research

CERTIFICATIONS PROGRAM SOLID FOUNDATION

MARCH 8

Planning Your Business / BIZ Talk: Dreams to Reality through the eyes of an Entrepreneur

MARCH 15

Building a Budget

MARCH 22

How to Sell to Businesses

MARCH 29

12 Steps to a Successful Marketing Strategy

TIME: 6:00PM to 8:30PM

LOCATION:

Greater Fort Lauderdale Chamber of Commerce
512 NE 3rd Avenue, Fort Lauderdale, FL 33301

APPLY HERE: www.fortlauderdale.gov/beams



BUSINESS ENGAGEMENT

Connecting with business owners through site visits. During face-to-face conversations ECI is introduced as the City's point of contact. We are here to learn about the goals and aspirations of our local businesses and to be an advocate for their success.



BUSINESS ASSISTANCE

Fostering job creation and supporting the growth of new and existing businesses through the Business Academy's three certification programs. We are here to educate and connect business owners with other agencies and organizations that are able to support their needs.



BUSINESS MENTORSHIPS

Facilitating personalized assistance between business owners and experts in various fields in order to enhance business growth.



INTERNATIONAL MARKET EXPANSION

Assisting Fort Lauderdale businesses to become a part of the global import/export community by helping them to make the necessary international connections. We are here to elevate Fort Lauderdale's role as a robust hub for international commerce and a world-class business destination.

Department of Sustainable Development | Economic and Community Investment Division
700 NW 19th Avenue, Fort Lauderdale, FL 33311

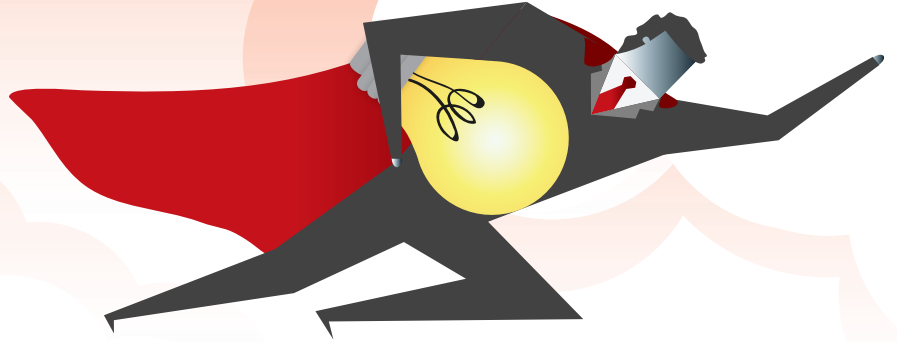
Phone (954)-828-5130 | Email economicdevelopment@fortlauderdale.gov | Visit www.fortlauderdale.gov/beams



CITY OF FORT LAUDERDALE
BEAMs
BUSINESS ENGAGEMENT
ASSISTANCE & MENTORSHIPS

UNLEASH YOUR BUSINESS POWER

BUSINESS ACADEMY



LEARN HOW TO:

- ▶ Expand your vision, generate a competitive advantage and recognize opportunities
- ▶ Access Capital Markets
- ▶ Effective sales and marketing strategies

CERTIFICATIONS PROGRAM

BUILD ON SUCCESS

APRIL 12

What is your competitive advantage?

APRIL 19

What are your opportunities?

APRIL 26

How to capitalize on your opportunities

MAY 3

BIZ Talk: Taking Business to the Next Level

TIME: 6:00 to 8:30 PM

LOCATION:

Greater Fort Lauderdale Chamber of Commerce
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CITY OF FORT LAUDERDALE

BEAMs

BUSINESS ENGAGEMENT
ASSISTANCE & MENTORSHIPS

Expanding into GLOBAL MARKETS

BUSINESS ACADEMY

LEARN HOW TO:

- ▶ Determine if your business is export ready
- ▶ Prepare an Export Plan
- ▶ Develop international marketing strategies
- ▶ Find the right logistics Partner
- ▶ Use the right method of payment to export
- ▶ Federal and State resources available to support your needs

CERTIFICATIONS PROGRAM GLOBAL COMMERCE

JUNE 7

Why Export? Where to Start?

JUNE 14

Country Policies/Free Trade Agreements
Logistics US/Foreign Regulations

JUNE 21

Methods of Payment • Export Financing & Advice
Resources Available

JUNE 28

BIZ Talk: Overcoming Global Challenges

TIME: 6:00 to 8:30 PM

LOCATION:

Greater Fort Lauderdale Chamber of Commerce
512 NE 3rd Avenue, Fort Lauderdale, FL 33301

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