



**FORT LAUDERDALE  
4Q16 INDUSTRIAL MARKET**

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The industrial market pulled in the strongest fourth-quarter 2016 performance, as 623,933 square feet of positive net absorption pushed Broward County into the number-one spot for growth, with more than 1.9 million square feet absorbed during 2016. This is the first time Broward County led in absorbed space over Miami since the recovery began. Vacancy fell 110 basis points from last year to 5.2%, its lowest point since 2007. Industrial developers finished six buildings totaling 428,000 square feet of new inventory during the fourth quarter, for a total of 10 finalized projects totaling more than 838,000 square feet for the year. Over 30.0% of the new industrial product was leased.

The county posted the second-highest quoted average rent in South Florida, with rates increasing \$0.88/SF to \$8.86/SF from one year ago. This is still below the \$9.62/SF record set in 2007. Unlike Miami-Dade, the warehouse/distribution sector led with an increase of \$0.91/SF from \$6.94/SF, while general industrial rents trailed with an increase of \$0.74/SF from \$7.32/SF recorded at this time last year.

**Leasing & Demand Activity**

Leasing activity fell, as 155 transactions closed totaling 772,000 square feet, almost half of the 1.3 million square feet reported during the previous quarter. Year-to-date, the market has recorded 713 deals totaling more than 4.9 million square feet. The warehouse/distribution segment led the market with leases totaling almost 3.3 million square feet. General industrial space trailed with 1.2 million square feet, followed by R&D/flex with deals totaling 480,000 square feet. Expansions and relocations dominated leasing activity for the year. Logistics and distribution companies dominated deal activity with 1.4 million square feet, while aviation and aerospace were a distant second with 720,000 square feet. The food and beverage industry trailed closely for third with 662,000 square feet of lease transactions, while the technology and leisure and hospitality segments struggled with less than 80,000 square feet of activity each. The Southeast Broward submarket took over the lead for the region to close out the year with 603,000 square feet of mid-to large-sized transactions, while Pompano Beach fell to a close second place with 587,000 square feet. Surprisingly, the Central Broward submarket rounded out the top three with 203,000 square feet of transactions recorded year-to-date.

**Development Activity & Forecast**

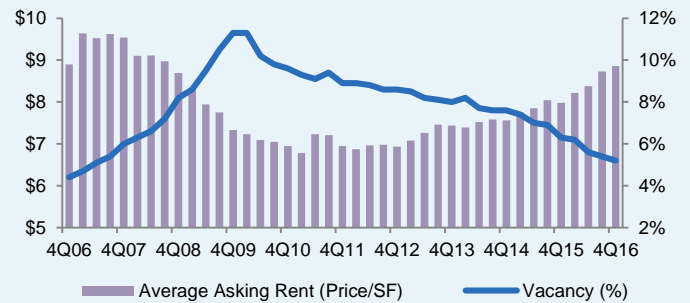
Three buildings remained under construction, totaling over 333,000 square feet. There could be a slowdown in development, should investors take a “wait and see” attitude from what appear to be signs of a slowing economy, coupled with the start of a new presidential administration in the U.S. This disciplined approach will likely aid the limit of market corrections, as the Port of Everglades dredging project, alongside the expansion of the Panama Canal, is poised to grow South Florida’s capabilities as a global player on the world trade stage.

**Current Conditions**

- Broward County has yet to see increases in vacancy due to construction completions of new industrial projects.
- Warehouse/distribution space dominated industrial demand.
- Tenant concessions have diminished significantly, while asking rents have pushed upward.
- Effective rates range from \$8.00/SF to over \$10.00/SF.

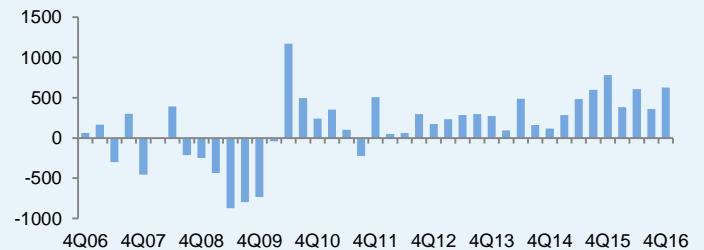
**Market Analysis**

**Asking Rent and Vacancy**



**Net Absorption**

Square Feet, Hundred Thousands



**Market Summary**

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	105.4 MSF	104.9MSF	104.5MSF	↑
Vacancy Rate	5.2%	5.4%	6.3%	↔
Quarterly Net Absorption	623,933	357,624	780,356	↔
Average Asking Rent	\$8.86	\$8.73	\$7.98	↑
Under Construction	333,399	762,069	766,188	↓
Deliveries	428,678	138,728	180,089	↓


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**Fort Lauderdale Submarket Statistics**

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central Broward	16,735,631	306,466	4.9 %	-40,727	-3,975	\$7.92	\$9.94	\$8.30
Coral Springs	4,720,456	0	9.1 %	15,418	80,300	\$10.82	\$9.32	\$8.48
Northeast Broward	9,810,233	0	6.2 %	41,482	137,589	\$8.63	\$11.03	\$9.14
Pompano Beach	25,498,084	26,933	2.5 %	84,419	462,092	\$7.50	\$10.82	\$8.11
Southeast Broward	24,713,248	0	4.1 %	300,725	840,316	\$7.92	\$21.46	\$11.17
Southwest Broward	15,647,497	0	9.1 %	211,938	232,702	\$7.39	\$8.69	\$7.96
West Sunrise	8,250,345	0	6.3 %	10,678	213,365	\$7.68	\$12.18	\$9.85
<b>Totals</b>	<b>105,375,494</b>	<b>333,399</b>	<b>5.2 %</b>	<b>623,933</b>	<b>1,962,389</b>	<b>\$7.85</b>	<b>\$11.69</b>	<b>\$8.86</b>

**Fort Lauderdale /User Transactions**

Tenant	Building	Submarket	Type	Square Feet
Holland American Group	Port 95 Com Pk 900-3711 SW 30th	Southeast Broward	Renewal/Expansion	180,000
Floor & Decor	Bridge Point B-2200 W Sunrise Blvd	Central Broward	Direct	82,755
BF Aerospace	Prologis I595 100-7050 St Rd 84	Southwest Broward	Direct	52,081
Challenge Warehouse	3501 46 <sup>th</sup> Ave	Southeast Broward	Direct	45,536
Tuscany Furniture	Quiet Waters Bus Pk 4-740 Powerline	Northeast Broward	Direct	23,835

**Fort Lauderdale Select Sales Transactions**

Building	Submarket	Sale Price	Price/SF	Square Feet
Weston Pk of Comm-1951 Comm Pkwy	Southwest Broward	\$14,313,600	\$106	134,400
Superior Rex-201 Ansin Blvd	Southeast Broward	\$3,000,000	\$31	96,000
Wartsilla-2900 SW 42 <sup>nd</sup> St	Southeast Broward	\$13,700,000	\$171	80,000
6520 N Powerline	Pompano Beach	\$6,000,000	\$96	62,489