

BROWARD

The Broward County industrial market continued its winning streak with its 30th consecutive quarter of demand growth. More than 265,000 square feet was positively absorbed during first-quarter 2019. Nevertheless, the vacancy rate climbed 40 basis points over the quarter to 4.4%, as two new buildings delivered more than 275,000 square feet of new industrial space. The occupancy rate of 95.6% still translated into tight market conditions but fell just behind the 96.9% recorded at the close of 2017. Warehouse/distribution space led the market with 263,104 square feet of positive absorption, while the general industrial segment saw demand outpace supply with more than 77,000 square feet of positive absorption. The R&D/flex sector lagged behind with almost 75,000 square feet of supply returned to the market, as negative absorption occurred. The steady increase in asking rents that began in 2013 continued into this year, as the first quarter ended with rents up 3.6% from the \$8.92/SF reported at the end of first-quarter 2018. The county posted a slight drop from the highest average rental rate recorded during the previous quarter, although this was still above the \$9.00/SF mark. Year-over-year, warehouse/distribution average rents increased from \$7.70/SF to \$8.26/SF, and general industrial rents increased from \$8.74/SF to \$9.10/SF. R&D/flex average rental rates fell below the \$12.00/SF mark to \$11.54/SF at the close of the quarter. Construction activity appeared to be slowing, with 10 projects totaling more than 1.4 million square feet underway.

LEASING AND DEMAND

Leasing activity held level from recent quarterly performances, as there were 152 transactions totaling almost 1.1 million square feet during first-quarter 2019. This was the same amount of activity seen one year ago. The warehouse/distribution segment led the market with 95 leases totaling just over 838,000 square feet, while general industrial space saw a slight uptick with 37 deals totaling approximately 200,000 square feet. R&D/flex deals lagged behind with 87,500 square feet. Small expansions and lateral relocations led activity, as demand for large blocks of space appeared to be slowing. Most activity came in the form of smaller-size deals less than 10,000 square feet. Only seven transactions took place that were midsize or larger, totaling 617,000 square feet. The retail/wholesale and logistics industries held onto the lead with 286,000 square feet of transaction activity each. The aviation/aerospace sector moved into the number-two spot with 124,000 square feet, while manufacturing companies rounded out the top three with 122,000 square feet leased. The logistics and distribution industry struggled in the beginning of 2019 with only one deal of 27,000 square feet.

INVESTMENT SALES

Broward County led the region in industrial investment sales for the second consecutive quarter, as eight deals totaling approximately 1.1 million square feet sold for \$142.9 million. This was a slight decrease from the previous quarter but a significant improvement over the 245,000 square feet sold during the same period last year. All but one of the sales were above the \$125/SF mark, which contributed to the increase in price per square foot, to \$137/SF from \$129/SF at the close of first-quarter 2018. As Miami sales appear to be tapering off, investors may want to look north to Broward County for sale opportunities.

CURRENT CONDITIONS

Broward County saw another quarter of positive absorption as vacancy ticked upward from recent construction completions.

Two buildings were completed while ten buildings totaling over 1.4 million square feet are projected to be completed over the next 12 months.

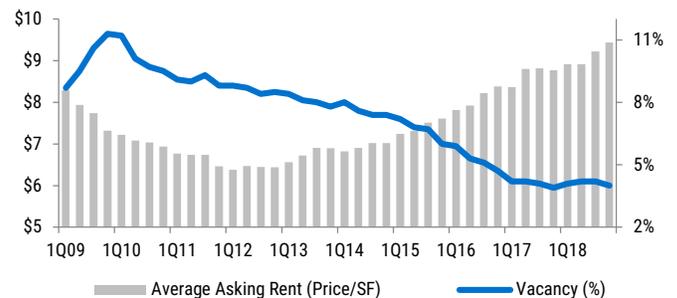
Vacancy rates are likely to climb upward as speculative construction space comes online during 2019.

Leasing activity remained healthy while Broward County recorded the most first-quarter 2019 investment sale activity for the region.

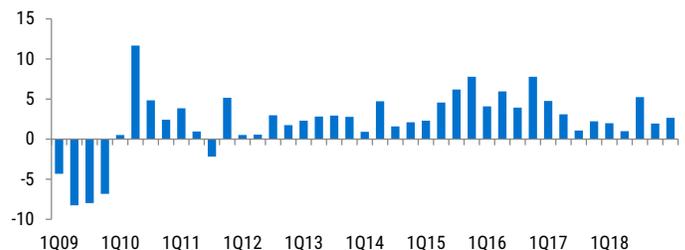
Interest remained high as investors remained bullish on Broward County's industrial market.

MARKET ANALYSIS

Asking Rent and Availability



Net Absorption (SF, 100,000)



MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	106.8 MSF	106.0 MSF	105.3 MSF	↑
Vacancy Rate	4.4%	4.0%	4.1%	↑
Quarterly Net Absorption	265,718	194,484	200,926	↔
Average Asking Rent	\$9.27	\$9.44	\$8.92	↔
Under Construction	1,438,879	1,860,234	1,716,397	↓
Deliveries	275,155	0	404,696	↑

FORT LAUDERDALE / BROWARD COUNTY 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	17,355,231	137,976	4.2 %	156,781	156,781	\$8.45	\$12.00	\$9.12
Coral Springs	5,083,666	215,486	3.9 %	100,894	100,894	\$9.28	\$10.62	\$7.33
Northeast Broward	10,065,050	0	3.6 %	56,681	56,681	\$7.95	\$11.35	\$10.13
Pompano Beach	25,713,198	535,832	2.0 %	-37,997	-37,997	\$9.48	\$9.74	\$9.53
Southeast Broward	24,130,083	344,145	3.7 %	-60,729	-60,729	\$8.60	\$14.38	\$9.90
Southwest Broward	16,068,344	205,440	10.4 %	67,376	67,376	\$7.50	\$11.29	\$9.02
West Sunrise	8,337,135	0	3.7 %	-17,288	-17,288	\$6.79	\$9.75	\$8.71
Totals	106,752,707	1,438,879	4.4 %	265,718	265,718	\$8.26	\$11.54	\$9.27

FORT LAUDERDALE LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Coaster Company	Miramar Pk of Com-10700 Enterprise Way	Southeast Broward	Renewal	250,000
Propulsion Technologies	Miramar Bus Ctr 5-15301 SW 29 th St	Southwest Broward	Renewal	124,000
Blue Dog Chemical Company	Bridge Point Powerline Rd 3-1971 Powerline Rd	Pompano Beach	Direct	122,000
Empire Delivery	Pompano Ctr of Com 7-1660 NE 18 th	Pompano Beach	Direct	27,000
Rentokil NA	Port 95-4140 SW 30 th Ave	Southeast Broward	Renewal	25,000

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Meridian Bus Pk-3225 & 3245 Meridian	Southwest Broward	\$63,050,000	\$144	439,335
Bridge Point Miramar-15501 SW 29 th St	Southwest Broward	\$38,000,000	\$125	304,428
*Deerfield Corp Pk-700 Military Trail	Northeast Broward	\$36,300,000	\$141	256,776
Exec Airport Bus Ctr-5101 NW 21 st Ave	Central Broward	\$5,500,000	\$75	73,289

*Denotes portfolio sale