

## BROWARD

The Broward County industrial market saw its performance improve from the previous three quarters and posted the strongest growth in Florida's major markets with more than 450,000 square feet of positive net absorption during third-quarter 2019. Overall vacancy held at 4.5% from the previous quarter but increased 40 basis points from 4.1% recorded one year ago. The 850,000 square feet of absorbed space recorded so far in 2019 was not enough to combat the vacancy resulting from more than 1.5 million square feet of new industrial inventory added this year. Although development in the market has been robust over the past two years, the occupancy rate remained greater than 95.0%, still giving landlords the upper hand in negotiations. Tight market conditions, healthy demand and high-end industrial developments have favored landlords, causing rents to increase and tenant concessions to continue to fade. The county posted the second-highest quoted average rent in Florida at \$9.37/SF but remained below the record \$9.63/SF from 2007. The average increased at a slower rate, by \$0.15/SF from one year ago to \$9.37/SF. This was a result of second-tier industrial space impacting the average rate as new industrial inventory was leased. Industrial developers continue to break ground on new projects with 12 buildings totaling approximately 1.5 million square feet underway, with 87.0% still available for lease at the close of the third quarter. This should contribute to increased vacancy and asking rents over the next 12 months. Industrial construction held over the 1.0 million-square-foot market for the ninth consecutive quarter.

## LEASING AND DEMAND

Leasing activity picked up during third-quarter 2019, as 149 transactions totaling 1.1 million square feet were reported. Year to date, the market has recorded 466 deals totaling more than 3.6 million square feet, holding steady from the same amount leased one year ago. The warehouse/distribution segment led the market with leases totaling 3.0 million square feet. General industrial space trailed with 422,000 square feet, followed by R&D/flex with deals totaling 119,000 square feet. The Southwest Broward submarket has led the region thus far in 2019 with 473,000 square feet of mid- to large-sized transactions, while the Southeast Broward submarket moved into the number-two spot with 261,000 square feet. The Pompano Beach submarket fell to third place with 216,000 square feet of transactions recorded. The retail/wholesale segment signed most of the mid-to larger-sized lease deals at the midyear point, totaling 328,000 square feet. The home and building sector moved into the second place with 258,000 square feet, while the aviation and aerospace industry took third place with 218,000 square feet in deal activity. Notably, deals within the logistics and distribution segment have fallen with only three deals recorded totaling 195,000 square feet, while no deals were recorded in the food and beverage sector.

## INVESTMENT SALES

Sales activity remained flat from the previous quarter, as three transactions totaling 205,000 square feet closed during third-quarter 2019. So far this year, 13 sales totaling more than 1.5 million square feet of industrial investments changed hands for a combined \$213.1 million, whereas 23 sales totaling 2.3 million square feet sold for \$290.0 million at the same time last year. One notable difference included the increase of the average sale price from \$121/SF to \$137/SF, the largest increase in South Florida.

## CURRENT CONDITIONS

Broward County's took the lead in growth demand during third quarter throughout the state of Florida.

New project completions have picked up with 11 buildings totaling over 1.5 million square feet coming on line so far in 2019. Twelve buildings totaling another 1.4 million square feet remained under construction.

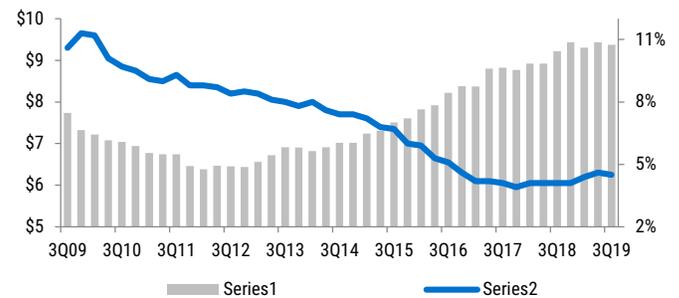
Vacancy rates still dipped in spite of robust construction activity as strong market fundamentals are likely to hold through 2020.

Asking rents saw a slight correction as second-tier space impacted the average as higher-end space occupations took place. Rents should still climb upward as new space with higher rates are delivered.

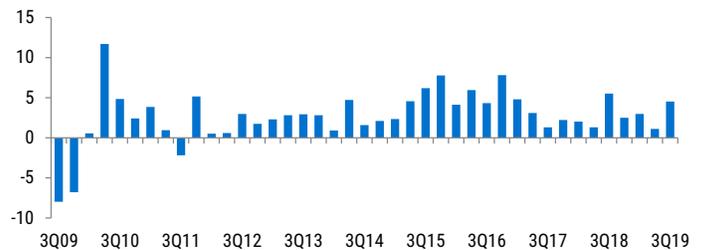
Investors remained bullish on the industrial segment as industrial s continued to hold steady despite record level sale prices.

## 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	107.6 MSF	107.0 MSF	105.0 MSF	↑
Vacancy Rate	4.5%	4.6%	4.1%	↑
Quarterly Net Absorption	450,836	110,192	552,059	↔
Average Asking Rent	\$9.37	\$9.43	\$9.22	↑
Under Construction	1,484,064	1,546,938	1,915,234	↓
Deliveries	428,741	623,345	567,112	↔

## 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	282,983	3.8 %	-17,724	205,308	\$9.00	\$9.98	\$9.43
Coral Springs	5,299,152	0	9.1 %	-53,503	34,436	\$10.81	\$11.65	\$7.46
Northeast Broward	10,065,050	0	4.1 %	-59,236	-25,269	\$9.81	\$11.93	\$10.32
Pompano Beach	26,383,517	383,598	3.6 %	210,953	181,422	\$8.94	\$10.40	\$8.89
Southeast Broward	24,513,508	337,885	4.0 %	134,816	169,098	\$8.24	\$14.81	\$10.21
Southwest Broward	15,764,344	479,628	7.2 %	237,936	345,982	\$7.25	\$9.51	\$9.07
West Sunrise	8,205,335	0	3.0 %	-2,406	-52,735	\$7.03	\$13.00	\$9.43
<b>Totals</b>	<b>107,586,137</b>	<b>1,484,094</b>	<b>4.5 %</b>	<b>450,836</b>	<b>858,242</b>	<b>\$8.31</b>	<b>\$11.03</b>	<b>\$9.37</b>

## FORT LAUDERDALE LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Florida Home Improvement Associates	Port 95 Dist Ctr-3801 SW 30 <sup>th</sup> Ave	Southeast Broward	Direct	103,000
Marble of the World	Pompano Bus Ctr II-3001 W Copans Rd	Pompano Beach	Direct	94,000
Omnicon Supplies Inc.	Sample 95 Bus Pk-3135 N Andrews	Pompano Beach	Renewal	34,000
D&D Aerospace	Meridian Bus Campus-3360 Enterprise Ave	Southwest Broward	Direct	30,000
MedGluv	Coral Springs Com Ctr II-4100 Coral Ridge Dr	Coral Springs	Direct	27,000

## SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
2121 NW 15 <sup>th</sup> Ave	Pompano Beach	\$10,600,000	\$120	88,000
300 International Pkwy	West Sunrise	\$8,700,000	\$148	58,961
Plantation Tech Pk-1800 NW 66 <sup>th</sup> Ave	West Sunrise	\$6,200,000	\$108	57,680