

BROWARD

The Broward County industrial market experienced its 34th consecutive quarter of growth holding steady from the previous quarter with almost 128,000 square feet of positive net absorption recorded during first-quarter 2020. Nevertheless, the vacancy rate climbed 10 basis points over the quarter to 5.5%, as one building completion delivered over 115,000 square feet of new industrial space. The occupancy rate of 94.5% still translated into tight market conditions but continued to fall from the 96.9% recorded at the close of 2017. Warehouse/distribution space led the market with 351,000 square feet of absorbed space, while the general industrial segment saw supply outpace demand with 116,000 square feet of space returned to the market. The R&D/flex sector trailed with 107,000 square feet of negative absorption. The steady increase in asking rents that began in 2013 continued, as the first quarter ended with rents up 4.7% from the \$9.27/SF reported at the end of first-quarter 2019. This marks another all-time record high from the average rental rate recorded during the previous quarter and pushing closer to the \$10.00/SF mark. Year-over-year, warehouse/distribution average rents increased from \$9.18/SF to \$9.47/SF, and general industrial rents increased from \$8.23/SF to \$9.03/SF. R&D/flex average rental rates fell from \$11.54/SF one year ago to \$11.13/SF at the close of the quarter. Construction activity picked up from the previous quarter with nine projects totaling over 1.1 million square feet underway. However, this is still down from the 1.6 million square feet recorded this time last year.

LEASING AND DEMAND

Leasing activity held level from recent quarterly performances, as there were 149 transactions totaling almost 1.1 million square feet during first-quarter 2020. This was the same amount of activity seen one year ago. The warehouse/distribution segment led the market with 115 leases totaling just over 800,000 square feet, while general industrial space saw a slight dip with 23 deals totaling approximately 180,000 square feet. R&D/flex deals lagged with 70,000 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 354,000 square feet. The retail/wholesale and logistics industries held onto the lead with 109,000 square feet of transaction activity each. The aviation/aerospace sector moved into the number-two spot with 76,000 square feet and food and beverage companies rounded out the top three with 60,000 square feet leased.

INVESTMENT SALES

Investment sales fell sharply during the quarter, as two deals totaling 212,000 square feet sold for \$27.4 million. This was down from the 1.1 million square feet sold during the same period last year. Notably, the limited activity didn't impact the average price per square foot, as the \$129/SF held level from the close of first-quarter 2019. Sales appeared to be tapering off as investors hold off on making real estate decisions as result of uncertainty in future economic conditions.

CURRENT CONDITIONS

Growth held as the industrial market appeared to be cooling off after its second consecutive quarter of moderate net absorption.

Construction activity picked up from the previous quarter as developers continued to break ground on new projects.

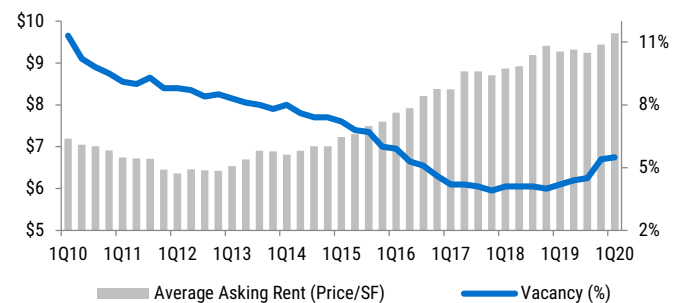
Leasing activity held level as the majority of deals came in the form of renewals, lateral relocations and small expansions.

Steady rate gains over the last two years finally beat out Broward County's previous \$9.63/SF recorded in first-quarter 2017.

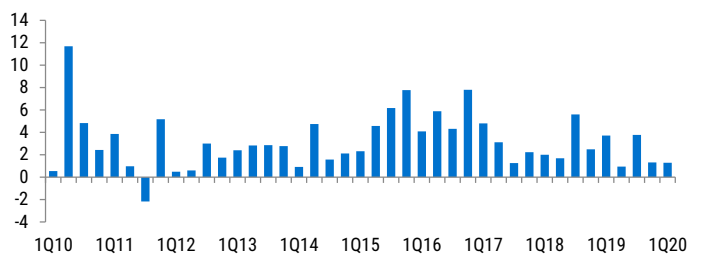
Investment sales took a dive during first quarter as property owners held onto their South Florida assets since industrial remained a strong asset class to keep.

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	108.8 MSF	108.6 MSF	106.7MSF	↑
Vacancy Rate	5.5%	5.4%	4.2%	↑
Quarterly Net Absorption	127,757	131,062	372,014	↔
Average Asking Rent	\$9.71	\$9.44	\$9.27	↔
Under Construction	1.1 MSF	647,241	1.6 MSF	↓
Deliveries	115,740	1.0 MSF	490,641	↔

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	17,303,743	296,207	3.9 %	3,195	3,195	\$9.51	\$9.74	\$9.44
Coral Springs	5,299,852	220,356	3.9 %	66,996	66,996	\$10.02	\$11.71	\$8.10
Northeast Broward	10,141,800	0	7.5 %	-214,013	-214,013	\$10.85	\$13.64	\$10.43
Pompano Beach	26,547,439	220,890	3.9 %	119,266	119,266	\$9.66	\$11.22	\$9.20
Southeast Broward	24,789,393	0	5.0 %	-93,717	-93,717	\$8.68	\$14.97	\$10.06
Southwest Broward	16,547,972	217,434	10.1 %	244,171	244,171	\$8.59	\$10.30	\$9.78
West Sunrise	8,200,044	178,240	4.3 %	1,859	1,859	\$7.34	\$12.12	\$9.71
Totals	108,830,243	1,133,127	5.5 %	127,757	127,757	\$9.03	\$11.13	\$9.71

FORT LAUDERDALE LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
United Medco	Coral Springs Com Ctr II-Bld 1	Coral Springs	Direct	88,000
Aero Accessories & Repair	Bridge Point Miramar-15501 SW 29 th St	Southwest Broward	Direct	76,000
Lehman Pipe & Plumbing Supply	Copans 95 #1-1731 Copans Rd	Pompano Beach	Direct	60,000
Wastequip	Pompano Bus Ctr II-3001 W Copans Rd	Pompano Beach	Direct	40,000
Tag USA Gymnastics	Weston Com Pk-1951 Commerce Pky	Southwest Broward	Direct / Expansion	38,000

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Deerfield Commerce Ctr-1111 SW 30 th Ave	Northeast Broward	\$22,000,000	\$139	158,000
1601 N Powerline Rd	Pompano Beach	\$54,400,000	\$99	54,000