

## Broward Industrial Market

The fourth quarter of 2021 marked 10 years of consecutive quarterly demand growth, a feat not seen in any other market throughout Florida with over 790,000 square feet of positive net absorption during the quarter. This was the strongest quarterly performance in five years, bringing total net absorption for 2021 to approximately 2.6 million square feet, a number not seen since 2011 at the peak of the previous economic cycle prior to the Great Recession.

Warehouse/distribution space accounted for more than 2 million square feet of positive net absorption, while the R&D/flex segment moved into the number-two spot, with over 267,000 square feet. This sector benefited from some office tenants, impacted by the pandemic, opting to relocate for the more affordable space option. The general industrial followed closely, with over 263,000 square feet of absorbed space. The improved demand for space pushed overall vacancy down 70 basis points from the previous quarter and from this time last year to 4.5%, despite more than 1.7 million square feet of new inventory delivered during 2021. Eight buildings, totaling approximately 1.2 million square feet, remained under construction, with moderate pre-leasing activity already taking place. More proposed projects are expected to break ground, but with limited space available and demand for space remaining strong, deliveries of new inventory should have limited impacts over the next year.

Increases in the overall average asking rate regained momentum in the second half of 2021 as the overall average pushed past the \$10.00/SF mark for the first time. The overall average rebounded with year-over-year rents up \$0.88/SF from the \$9.32/SF reported one year ago to \$10.20/SF. Landlords resumed pushing asking rents upward for new space and in second-tier industrial buildings.

### Leasing and Demand

Lease deals fell slightly from the previous quarter, with 179 transactions totaling just under 2 million square feet for the fourth quarter of 2021. This brought overall activity of 10.1 million square feet of transactions during 2021, up from the 6.7 million square feet leased during the previous year. Warehouse/distribution space accounted for 8.7 million square feet, while the general industrial segment lagged, with 846,000 square feet. The R&D/flex sector followed, with 555,500 square feet. Over 4.5 million square feet of lease deals were in the form of midsize to large transactions, which was up from one year ago. Retail/wholesale companies signed for over 2 million square feet, while the building supply industry jumped into the second spot with over 822,000 square feet. The food and beverage fell to third place, with 434,000 square feet leased. Notably, the logistics and distribution industry fell out of the top three, achieving 388,000 square feet of activity during 2021.

### Investment Sales

Twenty-seven deals totaling 1.8 million square feet sold during the fourth quarter of 2021, the most seen in South Florida. Annual investment activity improved dramatically from the 810,000 square feet seen in 2020, with 3.0 million square feet selling for \$570.9 million during 2021. Keynote industrial sales impacted the average price per square foot, as the \$190/SF average was a sharp increase from the \$124/SF average from one year ago. The rise in high-end property sales pushed sale prices just under the \$200/SF mark.

### Current Conditions

The industrial segment continued the region's longest streak of demand growth with improved performance from previous quarters.

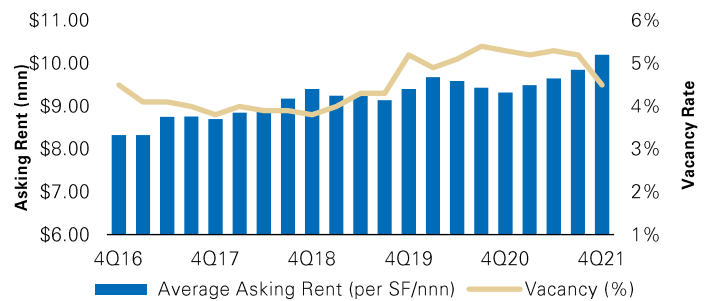
Vacancy fell below the 5.0% mark for the first time since the pandemic began at the start of 2021, indicating tight market conditions.

Leasing activity improved throughout 2020, as move-ins outpaced new supply being added to the market.

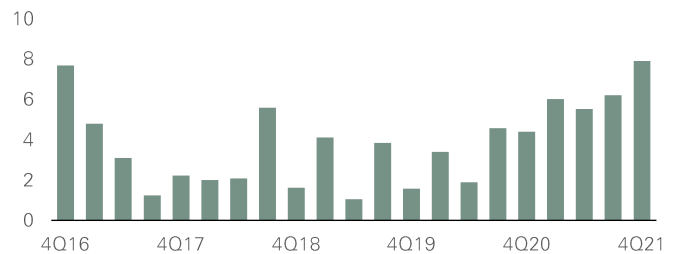
Developers are still bullish on the industrial market, but projects coming out of the ground appear to have slowed during 2021.

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION (100,000 SF)



### Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	111.3M	111.3M	109.7M	↑
Vacancy Rate	4.5%	5.2%	5.3%	↑
Quarterly Net Absorption (SF)	790,824	619,914	439,858	↓
Average Asking Rent/SF	\$10.20	\$9.85	\$9.32	↑
Under Construction (SF)	1.2M	840,292	1.6M	↓
Deliveries	0	501,622	372,916	↑

## Fort Lauderdale / Broward Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability 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	17,743,888	0	3.8 %	118,973	213,193	\$10.24	\$14.22	\$11.12
Coral Springs	5,568,109	0	2.9 %	-3,005	158,910	\$13.50	\$11.68	\$8.72
Northeast Broward	10,141,800	296,901	2.8 %	51,747	452,272	\$8.13	\$13.75	\$11.12
Pompano Beach	27,349,636	323,757	4.4 %	188,567	856,060	\$9.79	\$13.25	\$9.56
Southeast Broward	24,642,093	545,787	1.7 %	115,375	253,393	\$9.70	\$15.87	\$11.79
Southwest Broward	17,442,720	0	10.1 %	337,519	251,647	\$9.19	\$12.54	\$9.95
West Sunrise	8,356,831	0	5.3 %	-18,352	379,581	\$7.53	\$10.72	\$8.73
<b>Totals</b>	<b>111,245,077</b>	<b>1,166,445</b>	<b>4.5 %</b>	<b>790,824</b>	<b>2,565,056</b>	<b>\$9.42</b>	<b>\$13.25</b>	<b>\$10.20</b>

## Fort Lauderdale Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Unique Wholesale Blinds	Pompano Bus Ctr G-2001 NW 25 <sup>th</sup> Ave	Pompano Beach	Direct	182,610
The Tire Rack	Bridge Point 595 1-2700 Bridge Way	Southwest Broward	Direct	176,935
Medify Air	Tamarac Bus Pk 1-6901 N Hiatus	West Sunrise	Direct	115,115
LaMesa RV	Bridge Point 595 2-2750 Bridge Way	Southwest Broward	Direct	96,728
JFC International	Cypress Pointe Dist Ctr-1800 NW 13 <sup>th</sup> Ct	Pompano Beach	Direct	87,189

## Fort Lauderdale Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
Weston Bus Ctr Portfolio-2935 W Corp Lakes Blvd	Southwest Broward	\$110,000,000	\$278	396,090
Superior Commerce Pk Portfolio=1543 Powerline	Pompano Beach	\$46,250,000	\$134	345,325
53 W Commerce Ctr Portfolio-10791 NW 53 <sup>rd</sup> St	West Sunrise	\$42,250,000	\$161	263,113
South FL Dist Ctr B-20351 Sheridan St	Southwest Broward	\$58,250,000	\$234	248,770
Coral Springs Pk of Commerce-11711 W Sample Rd	Coral Springs	\$15,700,000	\$147	106,600