

Broward County Industrial Market

Following a blip in which absorption posted negative in the third quarter of 2022, Broward County's industrial market has posted positive absorption for two straight quarters. Levels in the first quarter of 2023 closed at 194,240 square feet. This total is still down from 508,488 square feet absorbed last quarter to end the year.

As positive absorption continued, vacancy declined, falling 30 basis points from the fourth quarter of 2022 to 4.6%. Southeast Broward, with 25.2 million square feet of inventory, remains the tightest submarket, with 3.2% vacancy.

Average asking rents in Broward increased by \$0.30/SF to \$13.15/SF from the fourth quarter of 2022, a 2.3% increase. Central Broward and Coral Springs both continue to command top submarket rents in Broward County, each surpassing \$16.00/SF.

Less than 1% of market inventory is currently under construction as just 1.0 million square feet of space is currently in the pipeline. Coral Springs and Southeast Broward are the submarkets with development projects underway.

Leasing and Demand

Broward County recorded two consecutive quarters of declining leasing velocity. Activity in the first quarter of 2023 closed at just under 900,000 square feet, a drop of 41.2% from the levels in the fourth quarter of 2022. The number of transactions completed was also down, with just 176 executed deals.

Blue Aerospace signed one of the most notable deals of the quarter to date, renewing and expanding to 31,580 square feet at 6201 N Nob Hill Rd in West Sunrise.

Investment Sales Activity

After Broward County reported \$1.0 billion in sales volume in the fourth quarter of 2022, sales volume dropped in the first quarter of 2023 with just \$109.8 million in activity. Pricing on these deals closed at \$201/SF across more than 500,000 square feet.

The sale of the Broward portfolio to the Harbert United States Real Estate Fund VII for \$65.8 million was one of the largest transactions of the first quarter of 2023 that included mainly local properties in the portfolio sale.

Current Conditions

Broward County's tenant demand remained positive, closing the first quarter at 194,240 square feet.

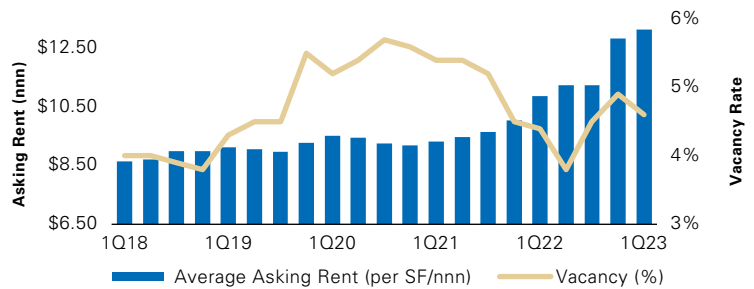
Vacancy declined 30 basis points on a quarter-over-quarter basis to 4.6%.

New construction remained limited in the market, with just under 1% of market inventory currently in the pipeline.

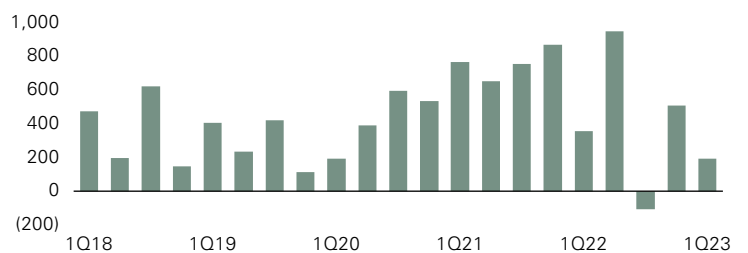
Leasing was down more than 600,000 square feet from the fourth quarter. Investment sales surpassed \$100 million across nine deals.

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)	116.3M	116.2M	113.6M	↑
Vacancy Rate	4.6%	4.9%	4.4%	↔
Quarterly Net Absorption (SF)	194,240	508,488	357,834	↑
Average Asking Rent/SF	\$13.15	\$12.85	\$10.88	↑
Under Construction (SF)	1.0M	1.0M	1.4M	↔
Deliveries (SF)	0	309,179	521,596	↑

Broward County 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	16,439,977	-	4.9 %	-22,891	-22,891	\$16.58	\$14.85	\$15.40
Coral Springs	6,646,063	427,238	4.1 %	269,726	269,726	\$16.61	\$13.88	\$11.55
Northeast Broward	10,853,996	-	4.1 %	-16,485	-16,485	\$14.10	\$15.14	\$14.57
Pompano Beach	28,572,750	-	5.9 %	-13,905	-13,905	\$13.23	\$15.02	\$13.47
Southeast Broward	25,234,103	580,612	3.2 %	-79,076	-79,076	\$12.54	\$16.37	\$15.31
Southwest Broward	19,110,891	-	4.9 %	89,985	89,985	\$10.89	\$13.20	\$11.04
West Sunrise	9,407,279	-	4.7 %	-33,114	-33,114	\$10.28	\$11.96	\$10.76
Totals	116,265,059	1,007,850	4.6 %	194,240	194,240	\$12.95	\$14.15	\$13.15

Broward County Lease/User Transactions

Tenant	Submarket	Building	Type	Square Feet
Undisclosed	Coral Springs	4150 Coral Ridge Dr	Direct	55,918
Blue Aerospace	West Sunrise	6201 N Nob Hill Rd	Renewal/Expansion	31,580
ABC Supply Company	Northeast Broward	1471 W Hillsboro Rd	Direct	30,800
Soaring Chefs	Northeast Broward	1310 S Powerline Rd	Renewal	30,424
Infused Gummy Co	Southeast Broward	2800 S Andrews Ave	Direct	29,209

Broward County Select Sale Transactions

Buyer/Seller	Submarket	Building	Sale Price	Price/SF
Harbert United States Real Estate Fund VII / Sawgrass Commerce Realty Inc.	Central Broward	Broward Portfolio	\$65.8M	\$172
L&W Supply / Wholesale Building Products	Southeast Broward	3275 SW 42nd St	\$5.3M	\$119
J.J. Properties / Saul Sibling Properties	Pompano Beach	1751 W Copans Rd	\$9.4M	\$235
Bridge Investment Group / The Fischman Law Firm	Pompano Beach	290 SW 14th Ave (includes land)	\$5.8M	--
Oceansouth USA / Gulshakar F. Mithavayani	Pompano Beach	3081 W McNab Rd	\$5.3M	\$254