

3Q23

Broward County Industrial Market Overview



NEWMARK

Market Observations

Economy

- The market's unemployment rate ticked up by 3 basis points year over year to 2.6% but remained below the national average of 3.8%.
- Job growth pace has slowed compared with recent highs to 1.9% year over year, a result of recent national economic headwinds.
- More employment sectors reported negative year-over-year growth compared with the second quarter of 2023, although sectors with the biggest market share of employment all grew, with financial activities reporting year-over-year growth of 3.4%.
- Industrial-using jobs slowed for most sectors, with trade/transportation/utilities being the only sector reporting year-over-year growth of 1.9%.

Major Transactions

- Stanley Black & Decker signed the largest deal of the quarter, renewing their 150,000 SF, full-building lease at 9850 Premier Pkwy in the Southwest Broward submarket.
- ATI signed a full-building, 131,683 SF lease at 5301 W Copans Rd in the Coral Springs submarket, representing the second biggest lease and the biggest new lease of the third quarter.
- Three of the top four deals were renewals – one renewal included expansion space – and three of those top four deals were in the Southwest Broward submarket.

Leasing Market Fundamentals

- The market reported 220,850 SF of positive absorption in the third quarter of 2023, the second consecutive quarter where demand outpaces supply, resulting in vacancy declining 10 basis points quarter over quarter to 4.6%.
- Rents ease from the historical high to \$13.53/SF in the third quarter, but reflecting a 21.3% increase year over year.
- Construction pipeline picked up slightly, with 1.4 MSF currently under construction as of the end of the third quarter of 2023, a 5.3% increase from the previous quarter.
- Total leasing activity picked up significantly, reporting 2.3 MSF at the end of the third quarter, representing a 67.9% increase over the previous quarter and sharply reversing a downward trend in recent quarters.

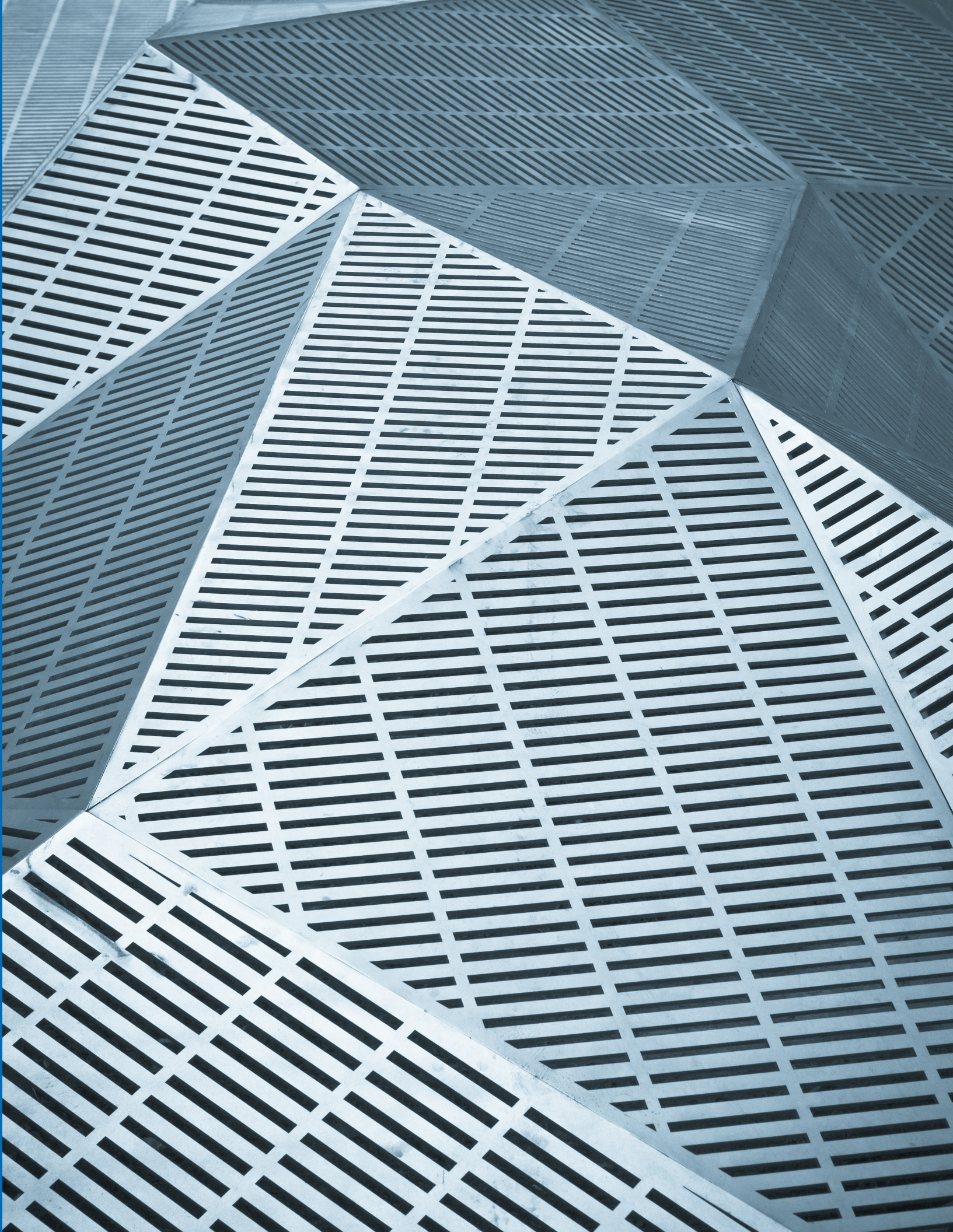
Outlook

- While Broward County reported an uptick in deliveries in the third quarter, the industrial market will likely see limited increases in supply, as developers slow new projects due to a challenging financing environment.
- Vacancy rates will likely be flat over the next few quarters, as demand becomes more in balance with supply.
- Asking rents will continue to increase, with the pace of rent growth continuing to moderate.

1. Economy
2. Leasing Market Fundamentals

3Q23

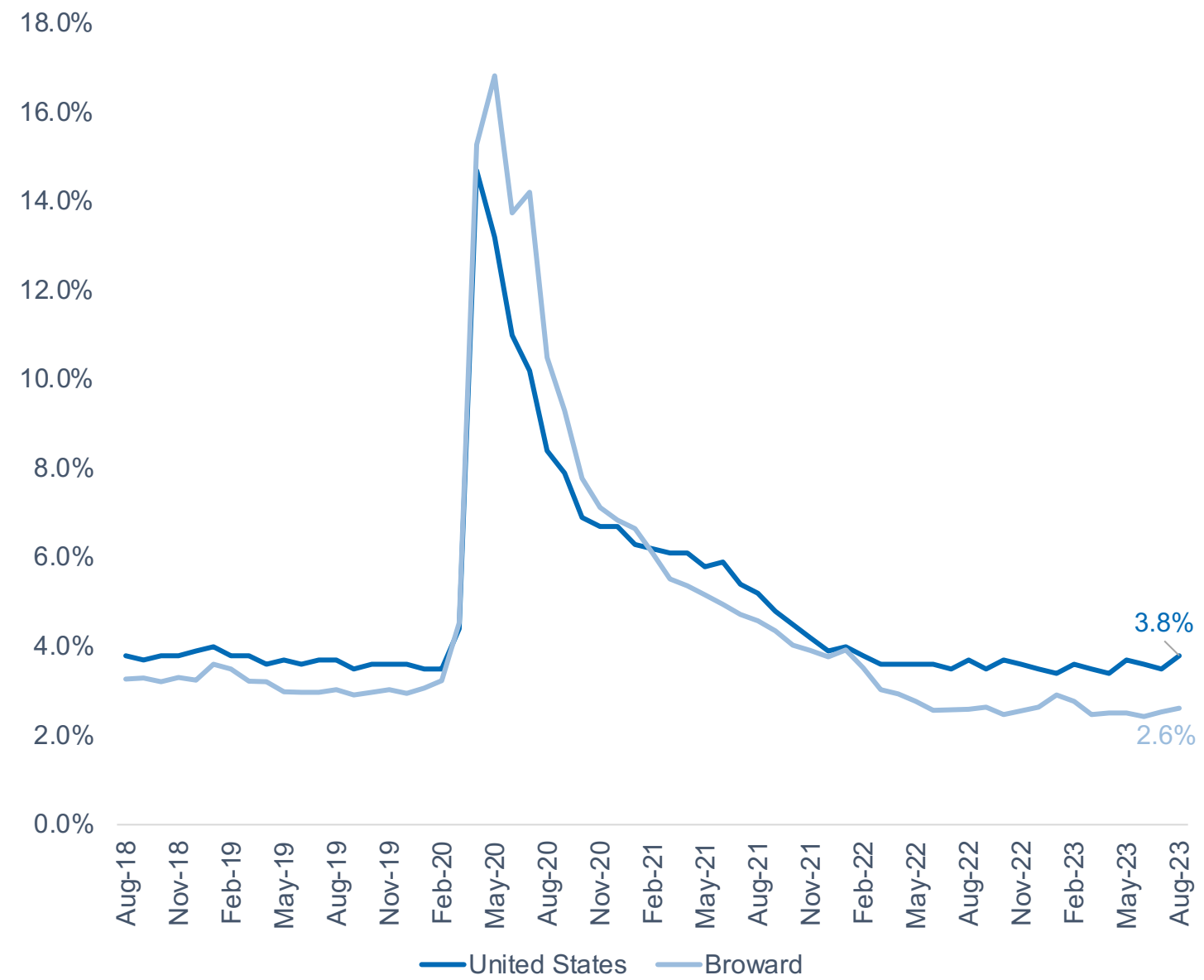
Economy



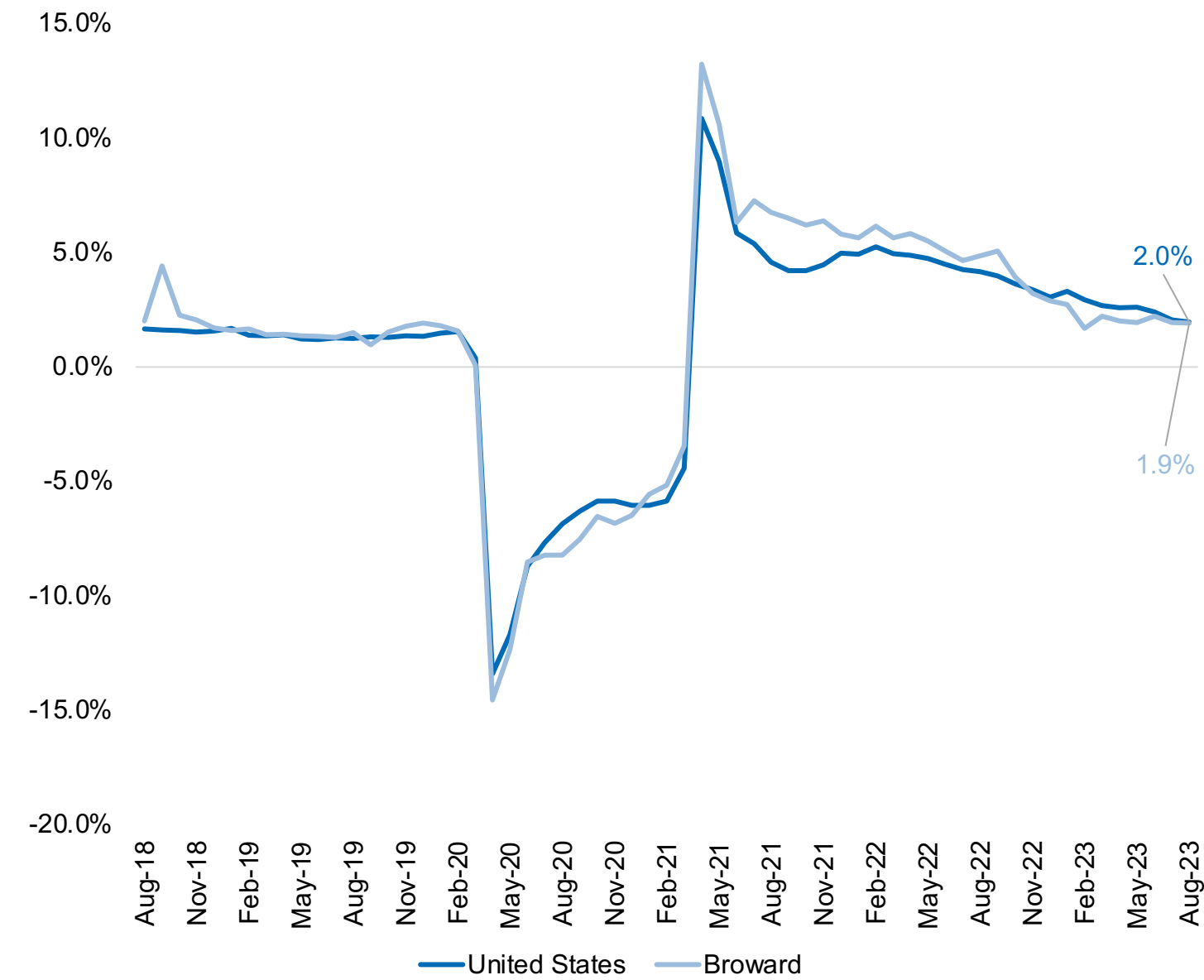
Recent Metro Employment Trends Signal a Slowing Economy

Except for 2020 and 2021, Broward’s unemployment rate has again been consistently below the national average. The region’s unemployment rate increased slightly by 3 basis points year over year to 2.6%, easing off near all-time historical lows but below the five-year average of 4.6%. Employment continues to grow at a slower pace, reporting a year-over-year gain of 1.9%, a result of recent national economic headwinds.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

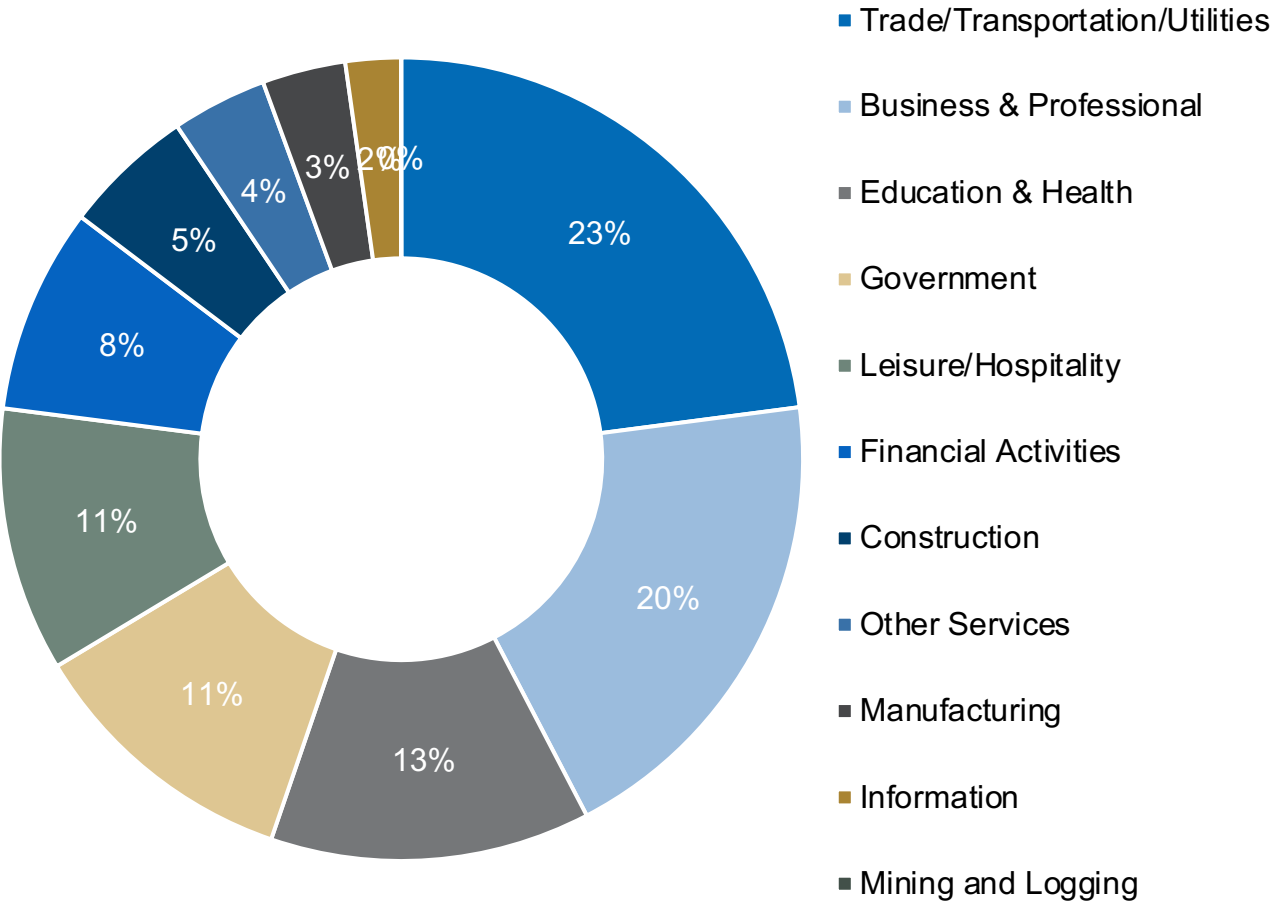


Source: U.S. Bureau of Labor Statistics, Broward County

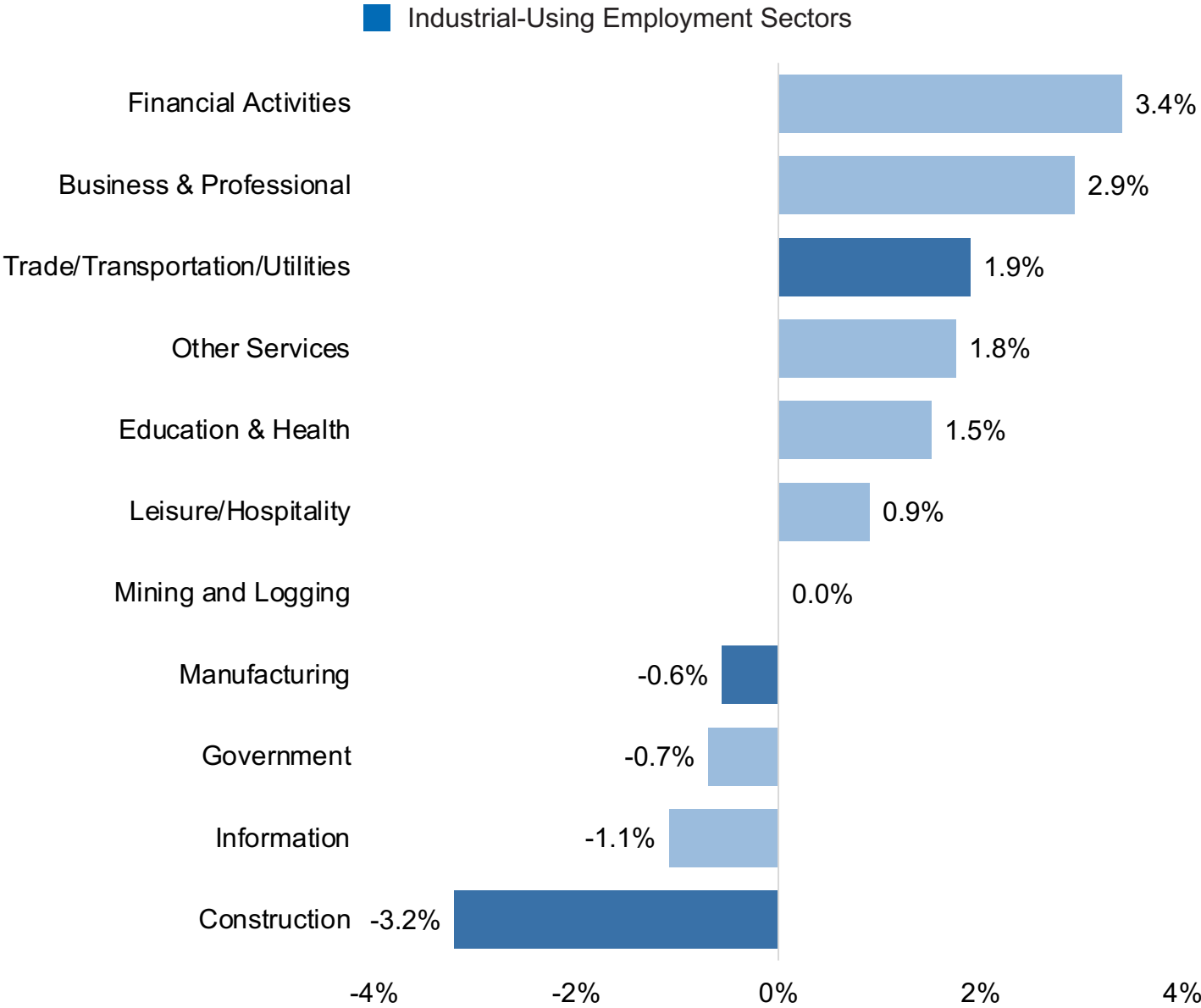
Growth Persists in Biggest Industrial-Using Sector Amid Employment Slowdown

The trade/transportation/utilities and business and professional sectors are Broward county's top two employment sectors, accounting for 42.4% of market share. The industrial-using trade/transportation/utilities sector is the largest at 22.9%. While more sectors reported negative year-over-year growth compared with the second quarter of 2023, the trade/transportation/utilities sector reported 1.9% growth in employment year over year.

Employment by Industry, August 2023



Employment Growth by Industry, 12-Month % Change, August 2023

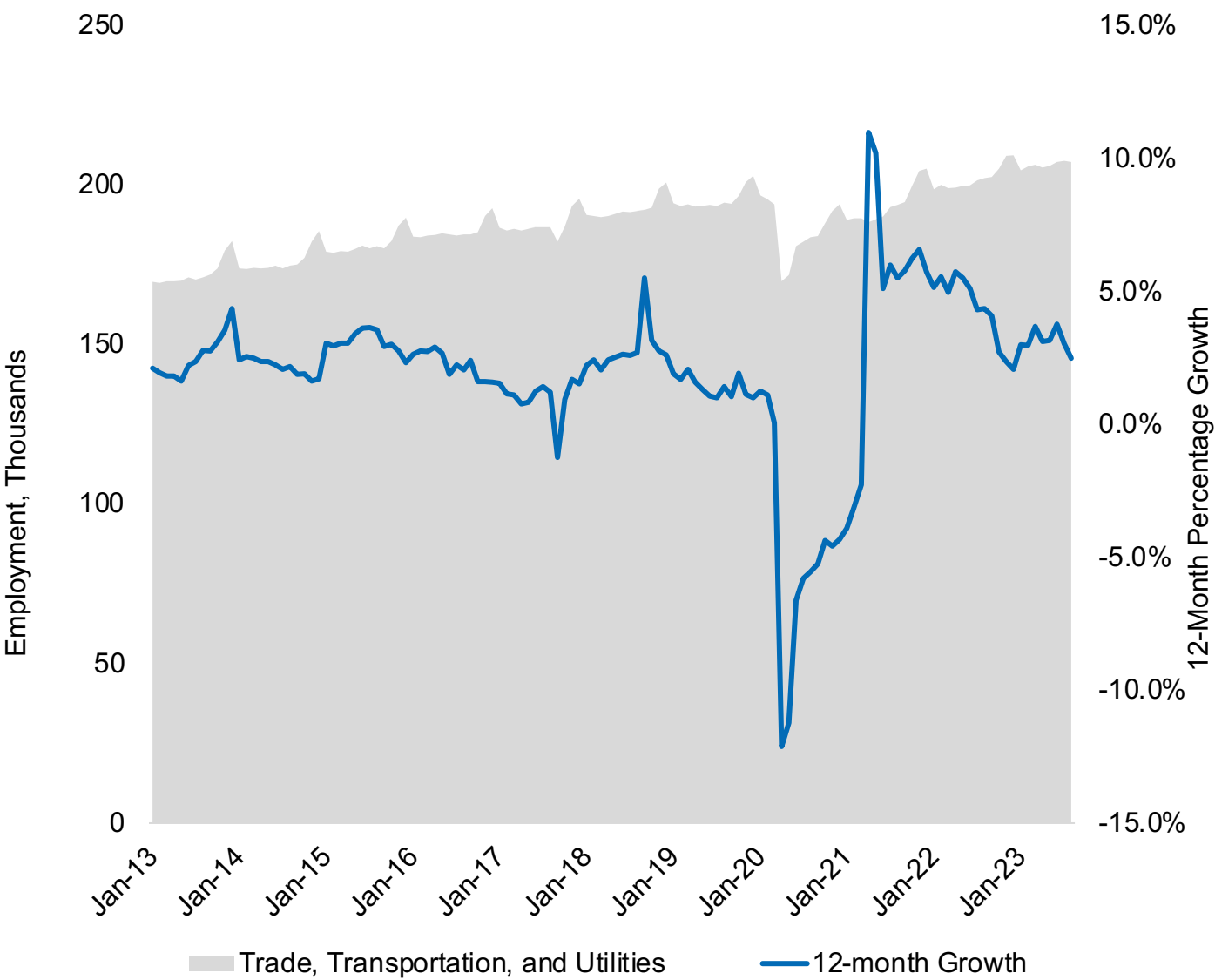


Source: U.S. Bureau of Labor Statistics, Broward County

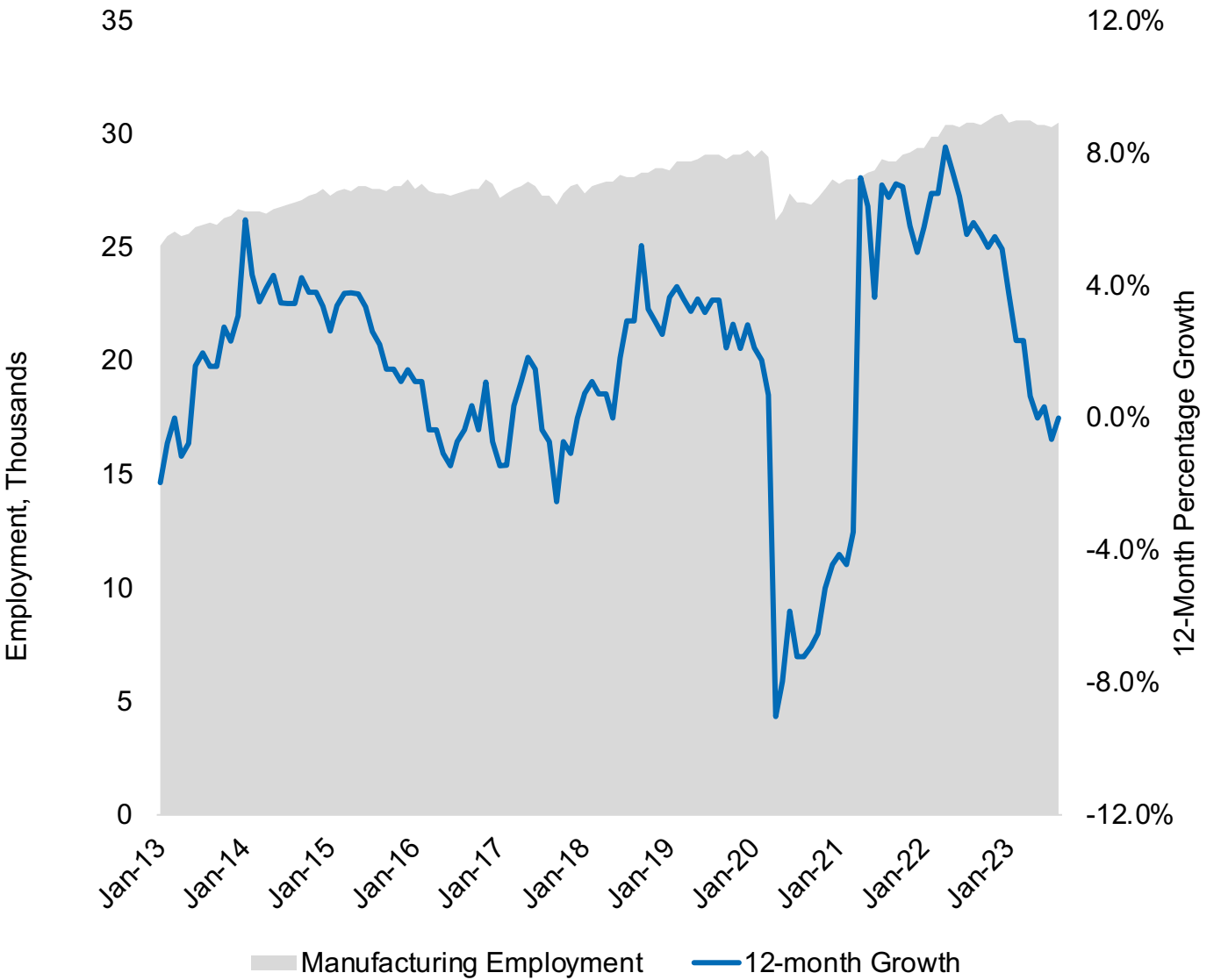
Industrial-Using Employment Slows

Trade/transportation/utilities employment in Broward remains strong, with 207,100 employees as of August 2023, a 2.5% year over year increase and close to the historical high of 209,200 at year-end 2022. Manufacturing employment in August 2023 stood at 30,500 employees, flat year over year but near the all-time high of 30,900 at year-end 2022. Despite a slowing economy, Broward's largest industrial sectors showed growth.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



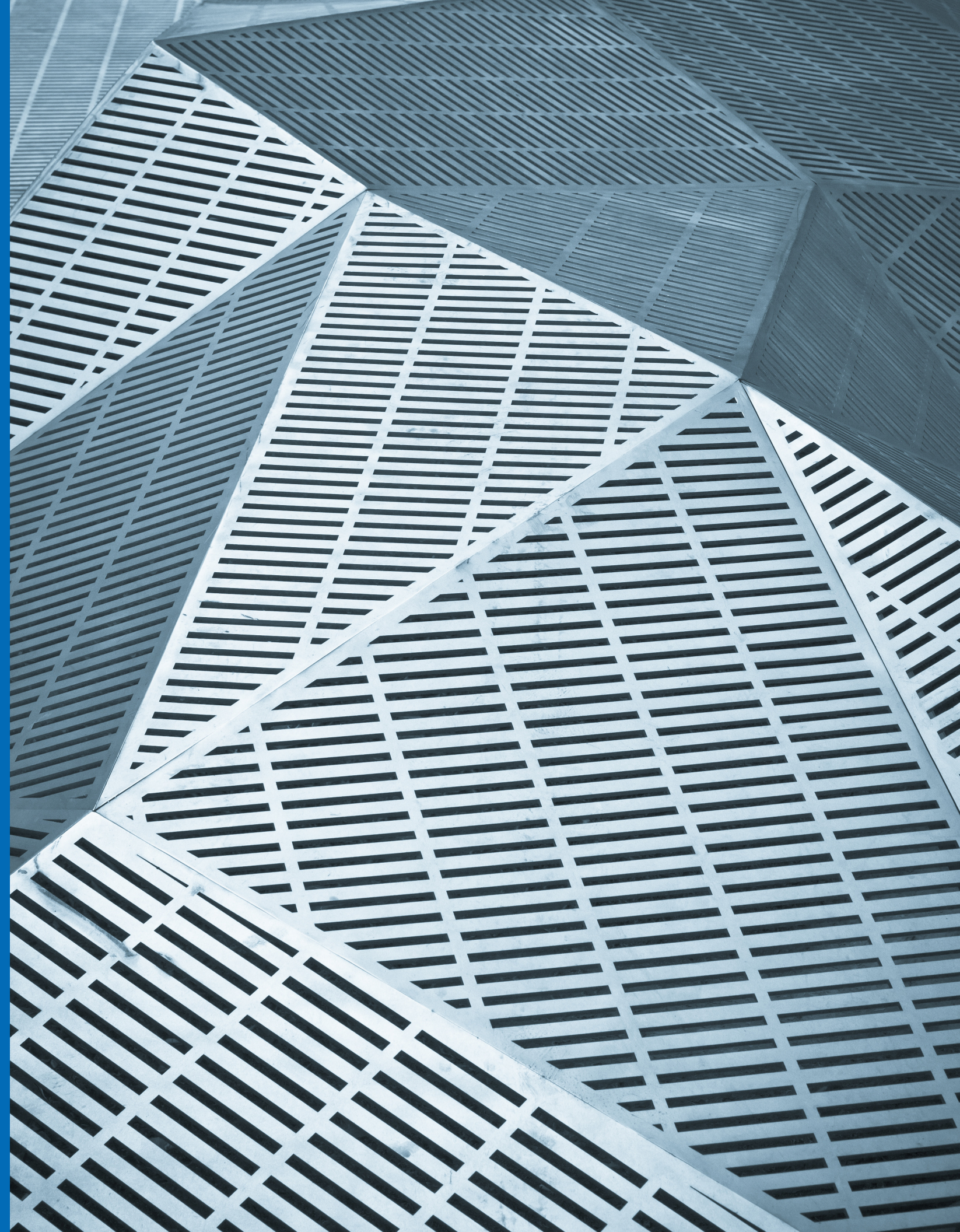
Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Broward County

3Q23

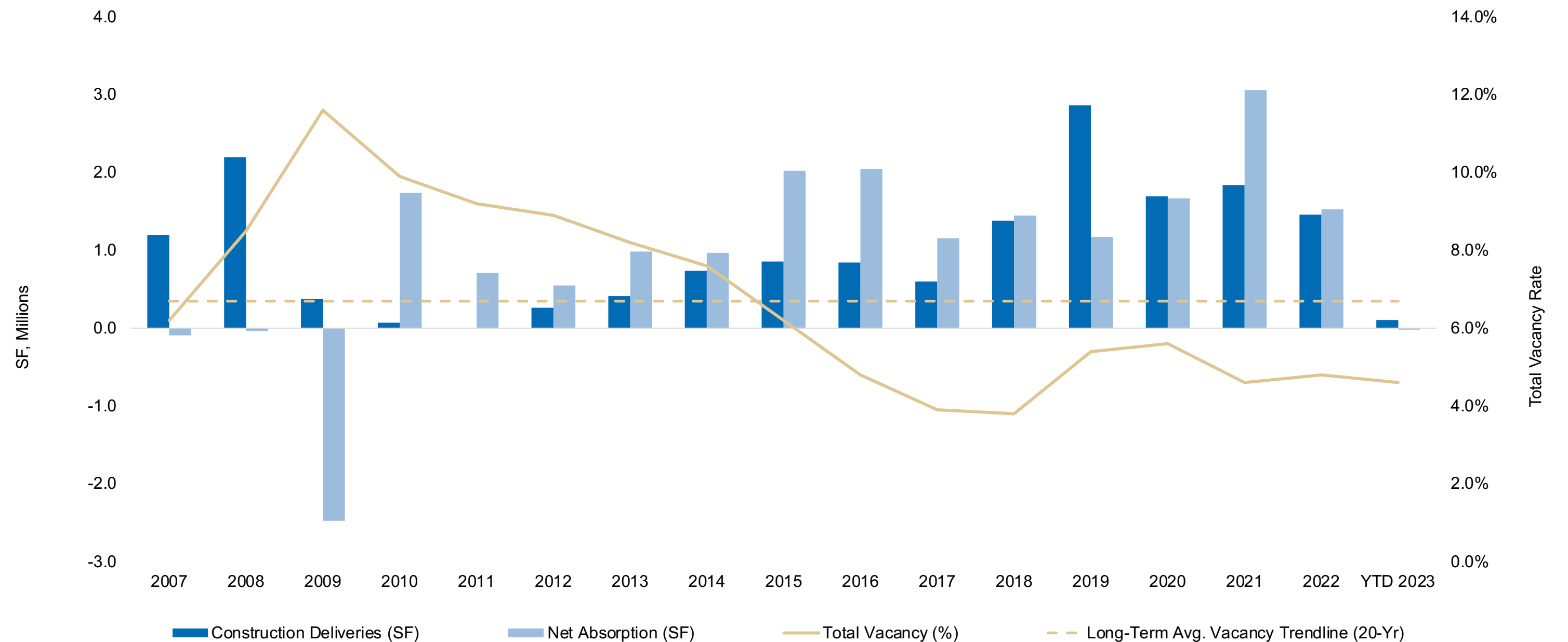
Leasing Market Fundamentals



Supply Remains Muted

In the third quarter of 2023, the vacancy rate decreased by 10 basis points to 4.6% quarter over quarter, and net absorption increased 116.8% from 101,880 SF to 220,850 SF. Although year to date net absorption was a slightly negative 21,232 SF, new supply has been muted, with only 102,913 SF delivering year to date.

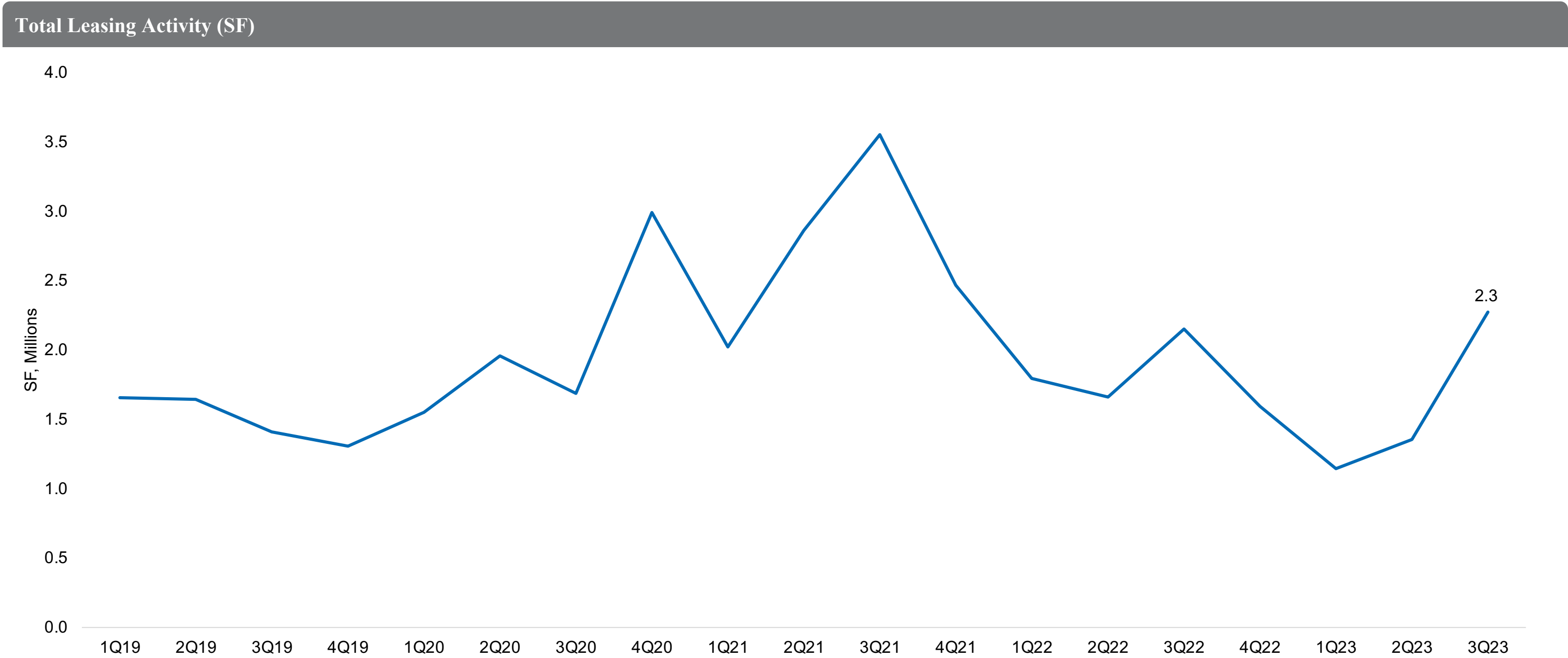
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Leasing Activity Significantly Picks Up Following Recent Downward Trend

Leasing activity ended the third quarter of 2023 at 2.3 MSF, increasing 67.9% quarter over quarter. Leasing activity in general had trended downward from the historical highs reported post-pandemic, with the third quarter of 2023 representing a significant reversal of that trend and a 5.7% year over year increase.

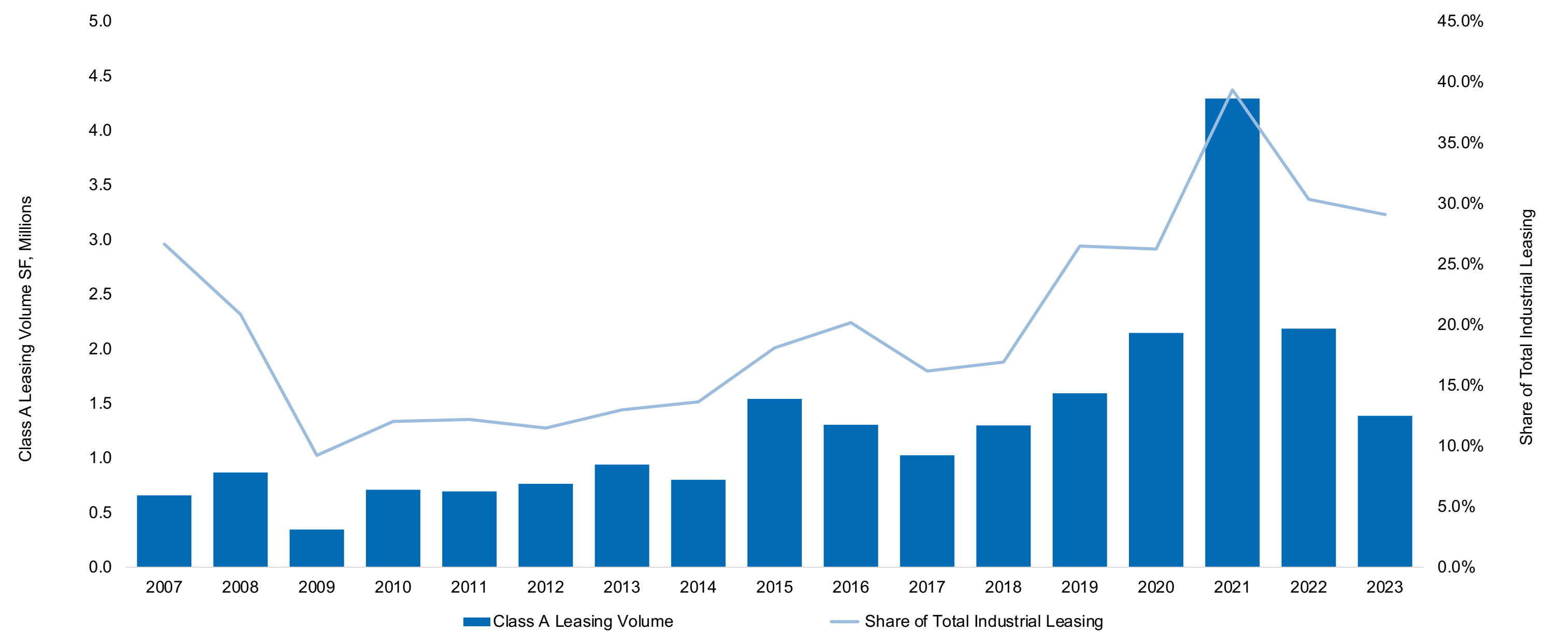


Source: Newmark Research, CoStar

Class A Warehouse Leasing Picks Up Significantly in Third Quarter

Class A warehouse leasing activity was 1.4 MSF in year-to-date 2023. While that represents a 10.7% year-over-year decline when comparing the first three quarters of 2023 to the first three quarters of 2022, Class A leasing in 1H 2023 had declined 58.0% compared to 1H 2022. The driver was the 1.0 MSF of Class A leasing reported in the third quarter of 2023, the highest quarterly leasing activity since the fourth quarter of 2021.

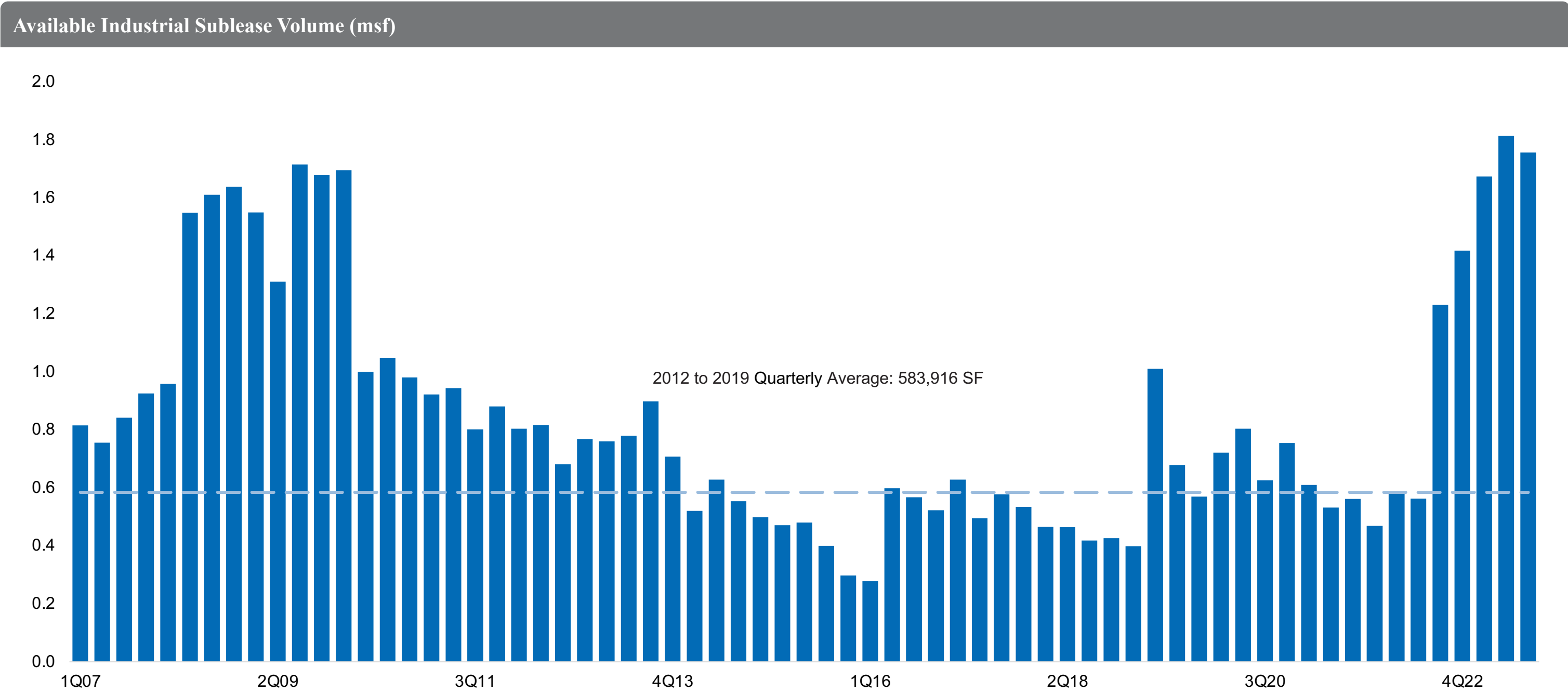
Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

Sublease Availabilities Eases Off Recent High

Sublease volume eased off a recent high, ending the third quarter of 2023 at 1.8 MSF, representing a 3.2% quarter-over-quarter decline. A large chunk of that 1.8 MSF is leased to one company who has not moved in yet.

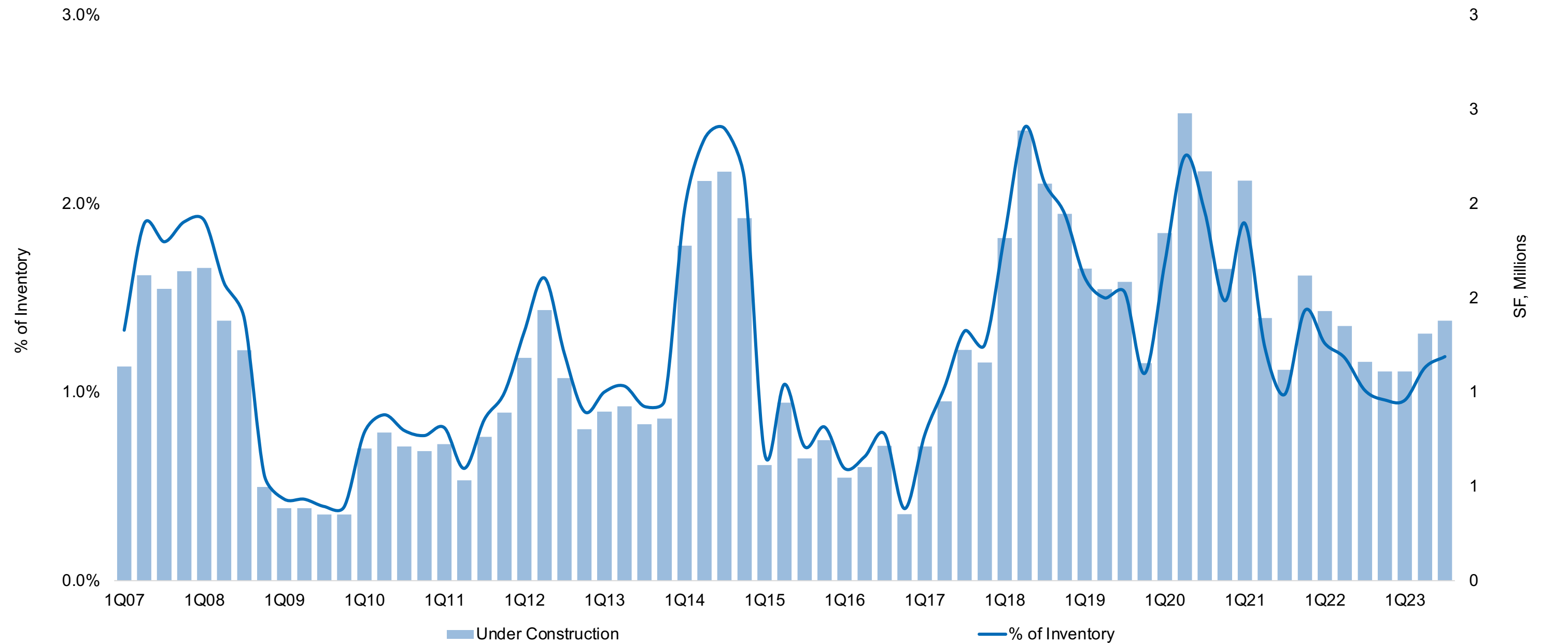


Source: Newmark Research, CoStar

Industrial Supply Pipeline Ticks Up

In the third quarter of 2023 the construction pipeline picked for the second consecutive quarter, increasing 5.3% quarter over quarter to 1.4 MSF under construction. The pipeline continues to remain below the historical high of 2.5 MSF reported in the second quarter of 2020, as many developers are pausing new development amid a challenging financing environment.

Industrial Under Construction and % of Inventory

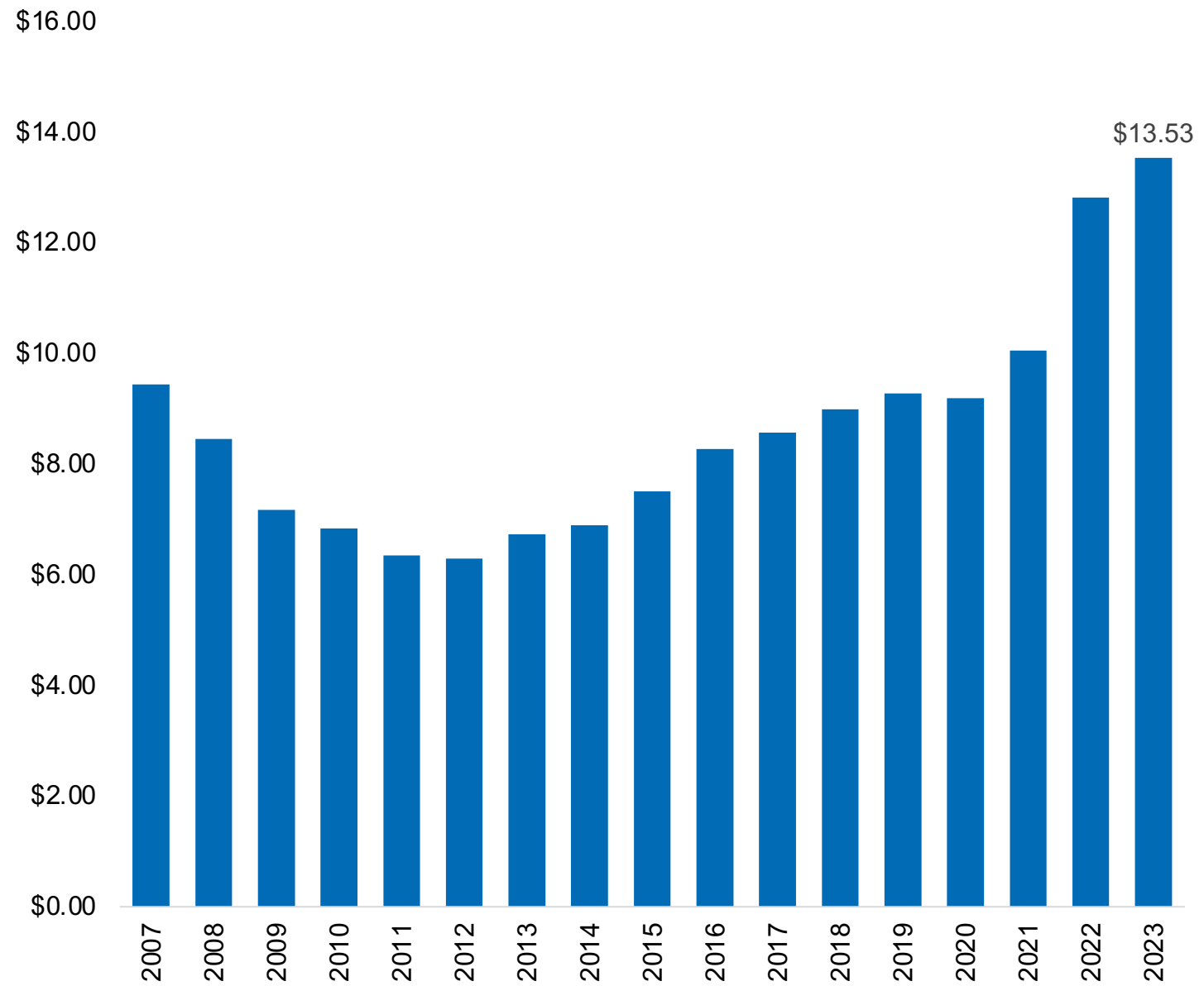


Source: Newmark Research, CoStar

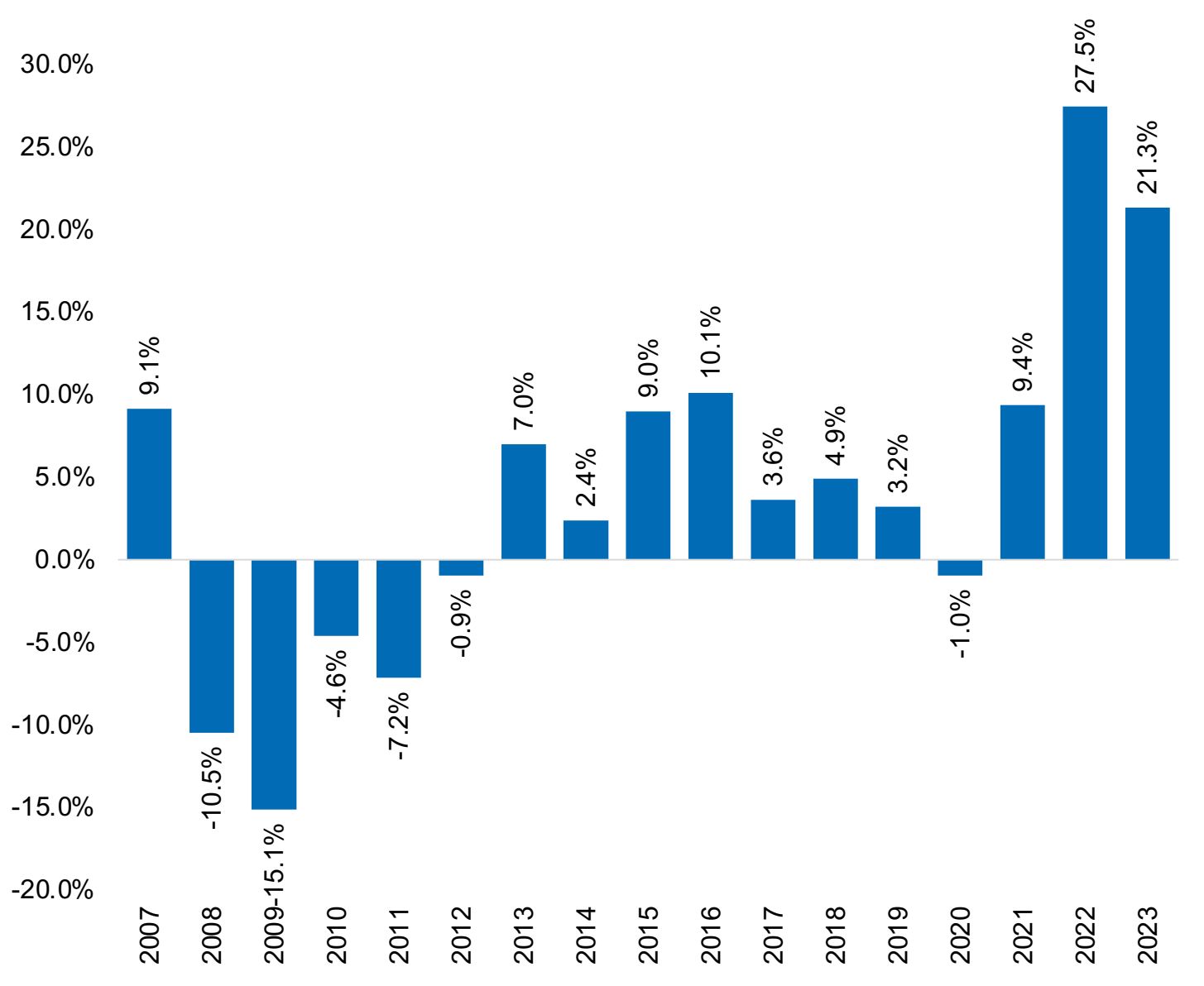
Asking Rents at New High

At the end of the third quarter of 2023, average asking rents was \$13.53/SF, increasing by 21.3% year over year. However, the all-time high was \$13.81/SF in the previous quarter and represents a 2.0% decrease quarter over quarter. The 612-basis-point decline in year-over-year rent growth at the end of the third quarter of 2023 suggests the pace of rent growth is slowing.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q23 Lease Transactions

Leasing activity picked up in the third quarter of 2023, with 2.3 MSF reported. The average deal size increased 98.8% quarter over quarter to 12,712 SF per deal on average. Currently, projects under construction are 58.7% preleased.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Stanley Black & Decker	Miramar Park of Commerce - 9850	Southwest Broward	Renewal	150,000
The company, which manufactures industrial tools and household hardware, originally occupied 62,201 SF in Miramar Park of Commerce before expanding to their current 150,000 SF space a few years ago.				
ATI	5301 W Copans Rd (First Gate Logistics)	Coral Springs	Direct New	131,683
The Dallas-based Allegheny Technologies Incorporated (ATI) signed a full-building lease for space intended for the manufacture of nuclear-powered submarines and aircraft carrier parts.				
Monster Energy	1600 N. Park Dr (Weston Park of Commerce)	Southwest Broward	Renewal	104,392
The energy drink distributor completed its acquisition of Vital Pharmaceutical in the third quarter of 2023. Monster also concurrently renewed the lease formerly held by Vital.				
Walgreens	3130 Executive Way (Miramar Park)	Southwest Broward	Renewal/Expansion	63,177
The retailer renewed their original 51,863 SF and signed an additional 11,314 SF expansion space for a total of 63,177.				

Broward Industrial Submarket Overview (Page 1 of 2)



Please reach out to your
Newmark business contact for this information

Broward Industrial Submarket Overview (Page 2 of 2)



Please reach out to your
Newmark business contact for this information

For more information:

Neil Matthee
Research Manager, Southeast
neil.matthee@nmrk.com

Ching-Ting Wang
Head of Southeast Research
chingting.wang@nmrk.com

Miami
1111 Brickell Ave
Suite 2000
Miami, FL 33131
t 305-350-0915

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

