

BROWARD COUNTY INDUSTRIAL

Economic Indicators

	Q1 18	Q1 19	12-Month Forecast
Broward Employment	846k	860k	▲
Broward Unemployment	3.6%	3.2%	▼
U.S. Unemployment	4.1%	3.8%	▼

* Numbers above are monthly figures, Feb. 2019, FL Dept. Economic OPP.

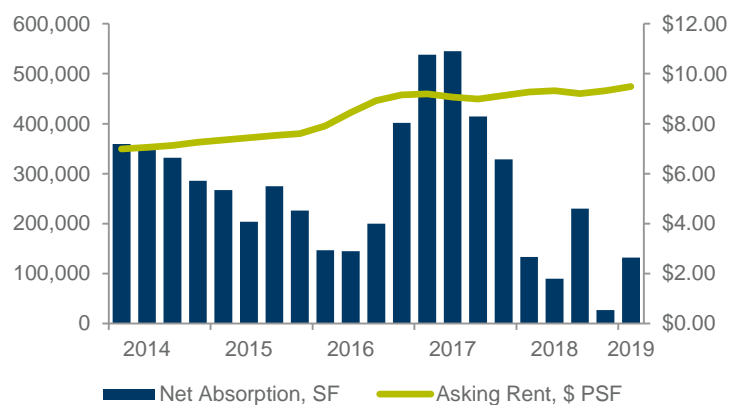
Market Indicators (Overall, All Property Types)

	Q1 18	Q1 19	12-Month Forecast
Vacancy	3.8%	3.1%	▲
YTD Net Absorption (sf)	-152K	210K	▼
Under Construction (sf)	1.5M	2.4 M	▲
Average Asking Rent*	\$9.45	\$10.10	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Broward County added nearly 14,000 jobs year-over-year (YOY) driving the unemployment rate down 40 basis-points (bps) to 3.2%. Steady employment gains benefited the Transportation, Warehousing, and Utilities sector, which grew by nearly 3.0% over the past 12 months. Demand for quality Class A warehouse/distribution space, especially amongst building supply and professional services companies, allowed landlords to raise rental rates throughout the County.

Market Overview

The overall vacancy rate for industrial space in Broward County remained near a historic low at 3.1%; 230 bps below the 5-year historical average of 5.4%. The strongest YOY gains in occupancy were witnessed in Southwest Broward, the County's second largest industrial submarket, where vacancy dropped 340 bps to 3.4%. Overall vacancy for warehouse/distribution space fell 80 bps to 3.4% as limited availability drove tenants to compete against one another for quality space. With over 2.4 million square-feet (msf) of speculative warehouse/distribution space under construction, vacancy was likely to trend upward into 2019 as new space delivers. However, prime warehouse/distribution assets like Pompano Center of Commerce in Pompano Beach and I-595 Distribution Center in Dania Beach were seeing high levels of preleasing, which should help to offset or even eliminate vacancy upon delivery.

County-wide asking rates for warehouse/distribution space increased 8.0% YOY to \$9.63 per square foot (psf) triple net (NNN) as landlords rose rents to offset rising construction costs and keep up with demand. Southwest Broward led the County in warehouse/distribution rent growth, up over 20.0% YOY to \$10.47 psf NNN. Overall, all industrial asset classes witnessed a yearly increase in average asking rates, up 6.9% to \$10.10 psf NNN.

Absorption totaled approximately 210,000 square feet (sf) in the first three months of 2019, driven by warehouse/distribution move-ins. Over 150,000 sf of positive warehouse/distribution absorption occurred in Pompano Beach, where prime location and desirable features of new buildings drove tenant demand. Absorption amid office service and manufacturing assets was virtually muted over the first three months of the year, as the bulk of industrial tenant activity remained confined to warehouse/distribution space. North Broward was responsible for over 57.0% of Broward County's industrial leasing activity, totaling nearly 389,000 sf. Companies involved in the distribution of building materials were responsible for over 260,000 sf of leasing activity since 2017, while high tech firms accounted for over 253,000 sf of leasing activity over the same period.

MARKETBEAT

Broward County

Industrial Q1 2019



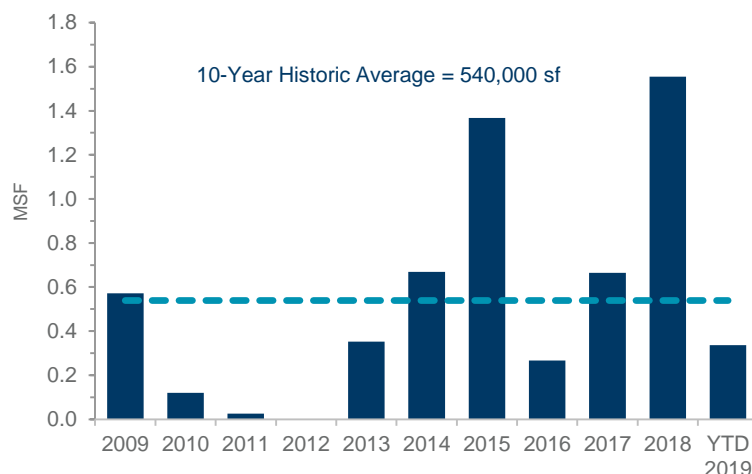
Investment sales volume in Broward County, for all industrial asset classes, totaled 3.4 msf in the first three months of 2019, with nearly 2.4 msf trading across sought-after warehouse/distribution assets. Activity was especially high in Southwest Broward, which accounted for 65.0% of the total sales volume, or just over 2.2 msf. Strong investor appetite for well-positioned warehouse/distribution assets was apparent in the first quarter and was expected to continue into 2019.

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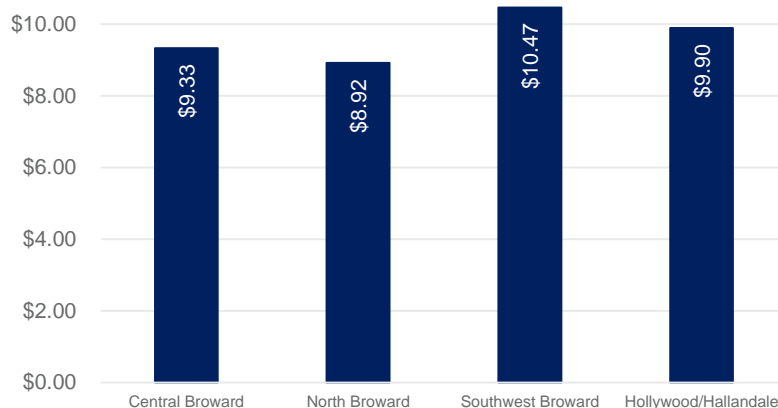
Construction activity throughout Broward County picked up during the first three months, posting one of the strongest years since 2009. There were 2.4 msf of speculative, institutionally-owned warehouse/distribution product under construction across the County, up over 46% since year-end 2014. There were 336,000 sf of construction completions this quarter, primarily in the Southwest Broward submarket. The largest assets under construction were part of larger projects with multiple buildings and phases. Some notable developments underway include Seneca Commerce Center in Southeast Broward, Bergeron Distribution Center in Southwest Broward, Bridge Point Powerline Road in North Broward, and I-595 Business Center in Central Broward. As the expansion continues, many projects should continue to see strong construction activity well into 2020. Tenant confidence in market fundamentals influenced developers to move forward with several proposed projects in the pipeline, and an uptick in absorption and leasing activity will be expected once these projects deliver.

As Broward County's last remaining parcels are built-out or rezoned for alternative uses, developers and users alike will be forced to turn to creative solutions to meet their real estate demands. This could include filling lakes, redeveloping functionally obsolete assets, and working with municipalities to create additional industrial zoned properties.

New Supply (msf)

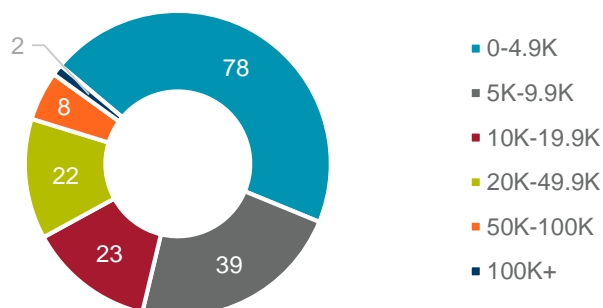


Warehouse/Distribution Asking Rents by Submarket (NNN)



Availability by Size Segment

OVERALL VACANCIES IN ONE SUITE



Market Outlook

- Key market fundamentals were expected to strengthen into 2019, in-line with the growth trajectory witnessed over the past 5 years.
- Tenant interest from expanding building supply, high tech, and professional services firms, was expected to remain high, and will lead the way to more significant growth.
- 2.4 msf of warehouse/distribution space was currently under construction across the County and over 1 MSF was set to deliver during 2019 alone

MARKETBEAT

Broward County

Industrial Q1 2019



CUSHMAN & WAKEFIELD

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTRUCTION COMPLETIONS (SF)	YTD WEIGHTED AVG. NET RENT (MF)*	OVERALL WEIGHTED AVG. NET RENT (OS)*	OVERALL WEIGHTED AVG. NET RENT (WD)*
Central Broward	498	21,496,087	137,453	3.3%	-21,431	231,964	0	\$13.71	\$12.17	\$9.33
Ft. Lauderdale - Central	174	8,408,354	137,453	2.7%	9,057	0	0	N/A	\$11.62	\$9.05
Ft. Lauderdale - East/Central	191	6,239,593	0	2.8%	-26,879	81,964	0	\$10.16	N/A	\$8.59
Ft. Lauderdale - Airport/Dania	133	7,100,086	0	4.4%	-3,609	150,000	0	\$16.28	\$16.01	\$9.83
North Broward	728	38,029,475	1,004,700	2.5%	128,551	1,176,789	68,500	\$8.90	\$11.60	\$8.92
Pompano Beach	456	22,222,476	697,186	2.4%	134,800	1,176,789	68,500	\$10.70	\$11.42	\$9.10
Deerfield Beach	141	8,557,385	307,514	2.1%	-10,769	0	0	\$9.50	\$10.86	\$9.74
Coral Springs/Margate	131	7,249,614	0	3.1%	4,520	0	0	\$7.25	\$15.36	\$7.76
Southwest Broward	315	22,761,106	2,206,075	3.4%	40,926	363,779	205,440	\$9.17	\$16.41	\$10.47
Davie/Plantation/Sunrise	167	9,699,182	922,231	3.3%	73,394	114,774	205,440	\$9.17	\$16.89	\$9.06
Pembroke Pines/Miramar/Weston	148	13,061,924	1,283,844	3.5%	-32,468	249,005	0	N/A	\$15.10	\$11.55
Hollywood/Hallandale	133	7,059,080	27,000	5.3%	61,920	603,133	62,176	\$17.38	N/A	\$9.90
BROWARD TOTALS	1,674	88,681,956	3,375,228	3.1%	209,966	2,375,665	336,116	\$10.72	\$13.51	\$9.63

*Rental rates reflect asking \$psf/year

FLEX = Flex Space MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

ASSET TYPE	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)**	CONSTRUCTION COMPLETIONS (SF)	YTD OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	1,076	66,907,044	2,379,938	3.4%	229,195	2,375,665	599,721	336,116	\$9.63	\$9.63
Manufacturing	262	11,800,382	681,946	3.0%	4,740	0	7,020	0	\$10.72	\$10.72
Office Service/Flex	336	12,455,981	313,344	2.0%	-23,969	0	70,997	0	\$13.51	\$13.53

**Leasing activity includes only new and expansion leases and does not include Renewals

Key Lease Transactions Q1 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
10700 Enterprise Way	250,441	Coaster Company	Renewal*	Southwest Broward
1951 N Powerline Road	121,978	Blue Dog Chemical Corp	New Lease	North Broward
15301 SW 29th Street	124,280	Propulsion Tech	Renewal*	Southwest Broward
1551-1571 N Powerline Road	50,660	Southern Furniture Leasing	Renewal*	North Broward

* Renewals are not included in Leasing Activity.

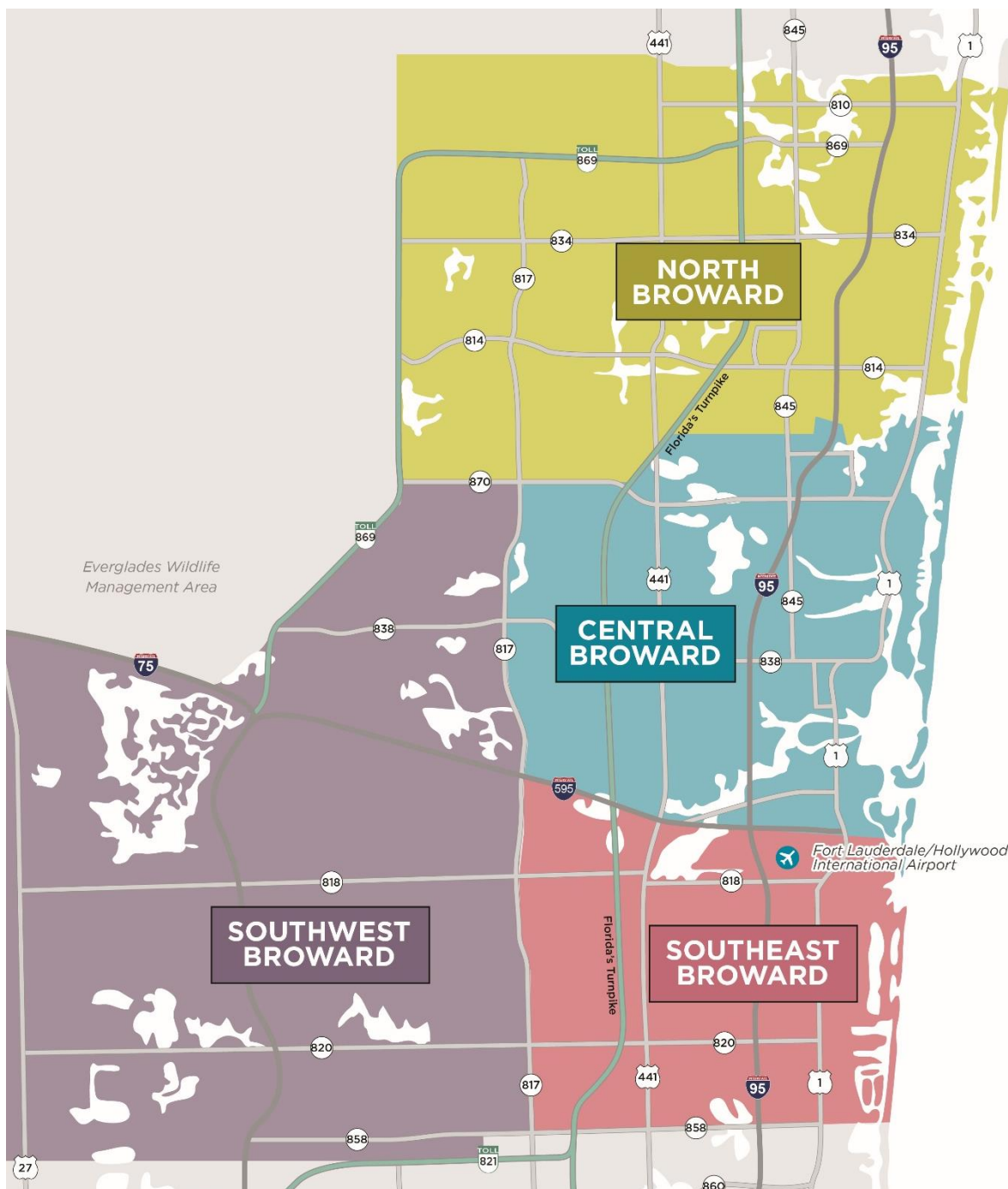
Key Sales Transactions Q1 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Meridian Business Campus (2 Building Portfolio Sale)	438,331	Clarion Partners/Cabot Properties	\$62,000,000/\$143	Southwest Broward
Powerline Business Park	443,720	Lee Lasser/Stockbridge	\$62,000,000/\$140	North Broward
Bridge Point Miramar	304,420	Apotex Corp/Bridge Development Partners	\$38,000,000/\$125	Southwest Broward
Quorum Business Center	247,000	Ivy Equities/Brookfield Property Partners	\$36,000,000/\$147	North Broward

MARKETBEAT

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