

# MARKETBEAT

## Broward County

Industrial Q1 2018



### BROWARD INDUSTRIAL

#### Economic Indicators

	Q1 17	Q1 18	12-Month Forecast
Broward County Employment	974k	999k	▲
Broward County Unemployment	4.2%	3.5%	▼
U.S. Unemployment	4.7%	4.1%	▼

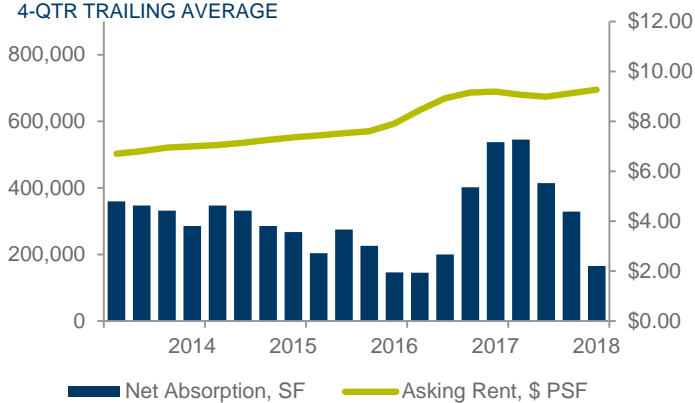
\* Numbers above are monthly figures, Feb 2018, FL Dept. Economic OPP.

#### Market Indicators (Overall, All Property Types)

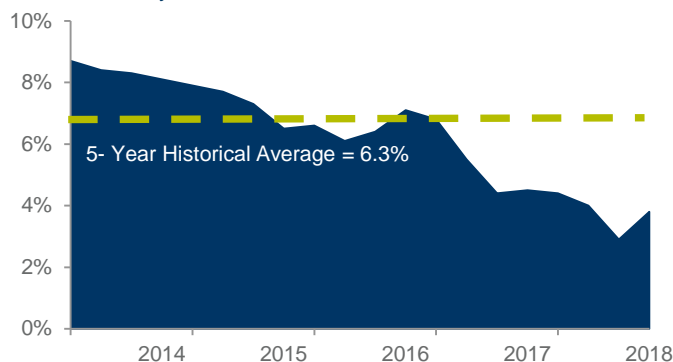
	Q1 17	Q1 18	12-Month Forecast
Vacancy	4.5%	3.8%	▼
YTD Net Absorption (sf)	570k	-82k	▲
Under Construction (sf)	635k	1.5M	▲
Average Asking Rent*	\$8.92	\$9.45	▲

\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



#### Overall Vacancy



### Economy

The economy in Broward County continued to improve with unemployment dropping -70 basis points (bps) to 3.5%. The current rate was 30-bps lower than the State of Florida's unemployment rate of 3.8%. Job creation in the construction sector increased, adding +2,300 positions over the previous 12 months. Increases were also seen in the Trade, Transportation & Utilities sector, adding +1,500 new jobs in the area. Broward County could see some impact on any change to the U.S. immigration policy on international net migration which may have an indirect effect on the area's labor markets and industrial sector. This could be minimized by strong population and job growth fueling business expansion as well as improvement in the industrial industry.

### Market Overview

Healthy consumer spending, growth in e-commerce sales and international trade were the economic drivers in the Broward County industrial market during the first quarter. Limited availabilities resulted in the vacancy rate for warehouse distribution space to dip to 4.2%, a -50 bps decrease year-over-year. Asking rental rates rose to \$8.83 per square foot (psf), a +4.4% increase year-over-year, as demand for warehouse distribution space continued to hit record levels. The limited amount of available space for lease or purchase along with strong market fundamentals, pushed developers to continue to build in the area. Completions for speculative warehouse distributions space during the quarter totaled 553,700 sf, where more than half was already released. Construction of 1.5 million square feet of warehouse distribution space is currently under construction and is expected to accommodate the rapid market growth.

Robust leasing activity led to over 983,000 sf of space being signed for by tenants across the market in the first quarter. The bulk of new leases signed occurred in the northern submarkets which has a greater stock of newer large bay assets in its inventory. After 20 consecutive quarters of positive absorption, Broward County experienced 83,000 sf of negative absorption during the first quarter. Despite the increase in available space, tenant interest was expected to stay peaked as new availabilities to the market are expected to quickly backfill.

Investment sales volume slowed during the first quarter with only seven industrial sales transactions totaling 199,000 sf. This decline was not considered a real pullback but a pause based on the limited number of assets for sale. Potential buyers continued to watch the market to see what comes up for trade and what affect changes to international trade agreements will have on the market.

### Outlook

Broward County industrial market continued to display strong fundamentals. Record low vacancy rate across all major submarkets, coupled with rental rate growth created confidence with developers to build. Cushman & Wakefield remains optimistic that key market drivers and new construction will support further improvement in the industrial sector in 2018.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
<b>Central Broward</b>	<b>515</b>	<b>18,759,379</b>	<b>68,737</b>	<b>2.3%</b>	<b>17,467</b>	<b>122,000</b>	<b>0</b>	<b>\$10.00</b>	<b>\$12.15</b>	<b>\$8.45</b>
Ft. Lauderdale - Central	186	7,498,360	18,737	2.1%	62,262	0	0	\$0.00	\$11.93	\$7.87
Ft. Lauderdale - East/Central	203	6,241,346	50,000	3.0%	-36,674	0	0	\$10.00	\$10.00	\$9.55
Ft. Lauderdale - Airport/Dania	126	5,019,673	0	1.6%	-8,121	122,000	0	\$0.00	\$13.94	\$9.55
<b>North Broward</b>	<b>692</b>	<b>35,910,942</b>	<b>109,721</b>	<b>2.5%</b>	<b>260,019</b>	<b>708,918</b>	<b>383,320</b>	<b>\$10.51</b>	<b>\$11.38</b>	<b>\$9.29</b>
Pompano Beach	443	22,077,504	66,721	2.6%	71,447	218,277	195,220	\$9.50	\$10.77	\$9.67
Deerfield Beach	143	8,523,243	20,520	2.2%	54,363	275,155	37,050	\$9.75	\$12.82	\$8.93
Coral Springs/Margate	106	5,310,195	43,000	2.8%	134,209	215,486	151,050	\$14.00	\$11.90	\$8.37
<b>Southwest Broward</b>	<b>340</b>	<b>24,543,512</b>	<b>0</b>	<b>6.8%</b>	<b>-210,506</b>	<b>695,845</b>	<b>170,373</b>	<b>\$11.38</b>	<b>\$12.06</b>	<b>\$8.71</b>
Davie/Plantation/Sunrise	193	11,514,460	0	4.1%	32,169	655,845	170,373	\$11.38	\$11.10	\$9.20
Pembroke Pines/Miramar/Weston	147	13,029,052	0	9.3%	-242,675	40,000	0	\$0.00	\$13.31	\$8.57
<b>Southeast Broward</b>	<b>153</b>	<b>9,163,757</b>	<b>0</b>	<b>2.7%</b>	<b>-149,032</b>	<b>0</b>	<b>0</b>	<b>\$9.94</b>	<b>\$0.00</b>	<b>\$9.65</b>
Hollywood/Hallendale	153	9,163,757	0	2.7%	-149,032	0	0	\$9.94	\$0.00	\$9.65
<b>BROWARD TOTALS</b>	<b>1,700</b>	<b>88,377,590</b>	<b>198,978</b>	<b>3.8%</b>	<b>(82,052)</b>	<b>1,526,763</b>	<b>553,693</b>	<b>\$10.18</b>	<b>\$11.81</b>	<b>\$8.91</b>

\*Rental rates reflect asking \$psf/year FLEX = Flex Space HT = High Tech/Flex MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)**	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	1,043	61,841,640	184,685	4.2%	(93,700)	1,526,763	840,991	553,693	\$8.91	\$8.83
Manufacturing	295	12,687,135	14,293	1.3%	(2,580)	0	3,380	0	\$10.18	\$10.18
Office Service/Flex	362	13,848,815	0	4.0%	14,228	0	138,929	0	\$11.81	\$12.09

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

### Key Lease Transactions Q1 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
4050 NW 126 <sup>th</sup> Avenue	215,486	Emser Tile	Direct	North Broward
5255 Johnson Road	151,050	Elite Aluminum Corporation	Direct	North Broward
19700 Stirling Road	91,198	Ryder Truck Rental	Direct	SW Broward

### Key Sales Transactions Q1 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1800 N Commerce Parkway (Portfolio)	66,819	Principal Financial Group	\$9,025,000/\$135	SW Broward
3220 SW 15 <sup>th</sup> Street	59,653	LIBI Tool & Engineering Incorporate/Communication Development Services Incorporate	\$4,890,000/\$82	North Broward
1300 E Newport Center Drive	55,000	Orhan Karakaya/University of Miami	\$8,200,000/\$149	North Broward

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