

MARKETBEAT

Broward County

Industrial Q2 2018



BROWARD INDUSTRIAL

Economic Indicators

	Q2 17	Q2 18	12-Month Forecast
Broward County Employment	990k	1.0M	▲
Broward County Unemployment	3.8%	3.2%	▼
U.S. Unemployment	4.3%	3.8%	▼

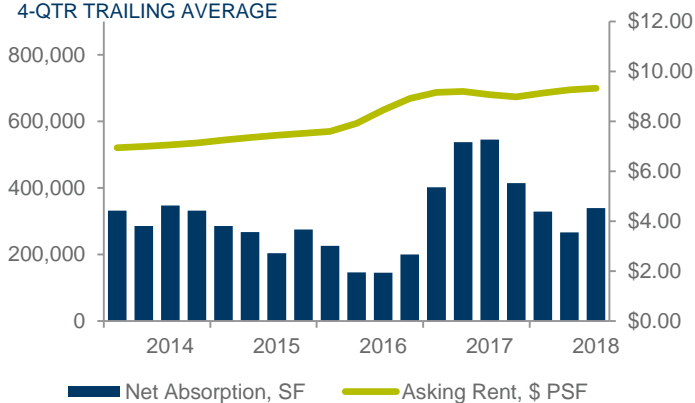
* Numbers above are monthly figures, Feb 2018, FL Dept. Economic OPP.

Market Indicators (Overall, All Property Types)

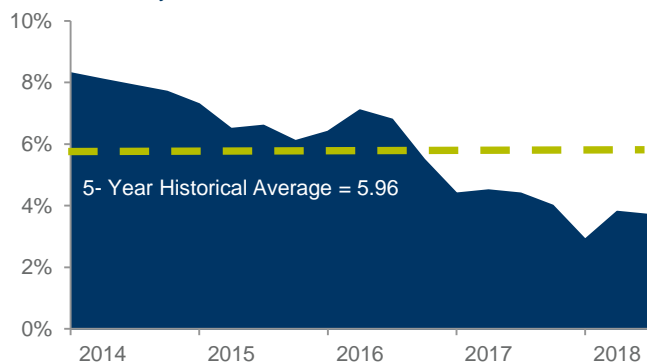
	Q2 17	Q2 18	12-Month Forecast
Vacancy	4.4%	3.7%	▼
YTD Net Absorption (sf)	49k	20k	▲
Under Construction (sf)	850k	1.2M	▲
Average Asking Rent*	\$9.12	\$9.36	▲

*Rental rates reflect net asking \$psf/year

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



Overall Vacancy



Economy

Broward County's solid economic growth pushed the unemployment rate to 3.2%, a decline of -60 basis points (bps) year-over-year and adding +18,000 new jobs. Job creation in the construction sector increased by +4,300 positions over the previous 12 months due to strong demand for new housing and expansion in the commercial real estate field. Increases were also seen in the Trade, Transportation & Utilities sector which saw +1,000 new jobs focused on servicing distribution and logistics users. Broward County's diversified economy, growing consumer market and direct links to several markets in the Southeast set the pace for positive development in the industrial market.

Market Overview

Over 1.2 million square feet (msf) of warehouse/distribution space was under construction in Broward County during the second quarter while over 890,000 square feet (sf) of space was delivered during the first half of the year. Developers remained confident that tenant demand will easily absorb the new space as it comes to market and continued to acquire land to position themselves for future growth by tenants. Warehouse/distribution space accounted for the lion share of leasing activity with more than 2.4 msf leased year-to-date. Within a 5-year period, more than 11.7 msf of warehouse/distribution space was leased in Broward County while the vacancy rate fell to 3.4%, a -520 bps decline over the same 5-year period.

Rent increases for warehouse/distribution space accelerated due to limited available space options for expanding or new-to-market tenants. Overall asking rates rose to \$8.62 per square foot (psf), triple-net, a +5.4% increase over 12 months. Rental rates for all product types ended the quarter at their highest levels in over five years as available space in newer product hit the market with above-average rents.

Despite the influx of new deliveries, the vacancy rate continued to decrease to 3.7%, a decline of -70 bps year-over-year and -870 bps over a five-year period. The gap between delivery of new industrial space and absorption was not seen during the quarter as 341,358 sf of space absorbed during that time period. Since 2017 more than 3.6 msf of industrial space was delivered to the market with 6.0 msf of space was absorbed during that same time period for a significant reduction in available space options.

Outlook

Industrial market fundamentals throughout Broward County finished the first six months of the year in an enviable position. The diversified employment base coupled with robust job growth and new construction will continue to push industrial space to a premium. Cushman & Wakefield remains optimistic that key market drivers will support further improvement in the industrial sector throughout the remainder of 2018 and into 2019.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	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)**
Central Broward	532	20,868,266	90,517	2.0%	98,977	122,000	0	\$9.00	\$14.41	\$7.92
Ft. Lauderdale - Central	186	7,535,666	71,517	1.7%	130,245	0	0	\$0.00	\$12.51	\$7.79
Ft. Lauderdale - East/Central	203	6,232,498	19,000	2.6%	-28,064	0	0	\$9.00	\$0.00	\$8.58
Ft. Lauderdale - Airport/Dania	143	7,100,102	0	1.8%	-3,204	122,000	0	\$0.00	\$17.57	\$7.14
North Broward	715	38,284,433	923,428	2.1%	505,674	430,588	721,650	\$12.08	\$10.72	\$8.72
Pompano Beach	444	22,199,862	721,948	2.3%	173,318	95,433	318,064	\$9.16	\$10.14	\$8.79
Deerfield Beach	143	8,523,243	0	1.4%	164,124	275,155	37,050	\$9.75	\$9.96	\$8.70
Coral Springs/Margate	128	7,561,328	201,480	2.4%	168,232	60,000	366,536	\$14.25	\$13.60	\$8.45
Southwest Broward	317	22,601,746	225,760	6.3%	-98,759	695,845	170,373	\$9.00	\$12.66	\$8.88
Davie/Plantation/Sunrise	171	9,541,222	225,760	5.4%	187,101	655,845	170,373	\$9.00	\$11.61	\$9.66
Pembroke Pines/Miramar/Weston	146	13,060,524	0	7.0%	-285,860	40,000	0	\$0.00	\$13.93	\$8.53
Southeast Broward	136	7,139,338	0	8.6%	-337,128	0	0	\$7.75	\$0.00	\$9.43
Hollywood/Hallendale	136	7,139,338	0	8.6%	-486,199	0	0	\$7.75	\$0.00	\$9.43
BROWARD TOTALS	1,700	88,893,783	1,239,705	3.7%	19,693	1,248,433	892,023	\$9.82	\$12.01	\$8.84

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

	TOTAL BLDGS	INVENTORY (SF)	INVESTORS 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	62,283,442	1,168,188	4.1%	-114,749	1,248,433	1,985,027	892,023	\$8.84	\$9.02
Manufacturing	295	12,698,397	31,517	1.5%	-71,169	0	61,183	0	\$9.82	\$9.82
Office Service/Flex	362	13,911,944	40,000	3.5%	205,611	0	311,845	0	\$12.01	\$12.63

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

Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2965 West Corporate Lakes Blvd	215,486	Postal Center International	Direct	Dave/Plantation/Sunrise
15701 SW 29th Street	63,860	AMD Supply LLC	Direct	Dave/Plantation/Sunrise
2405 College Avenue	50,000	XPO Logistics	Direct	Dave/Plantation/Sunrise

Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
1600 N Park Drive	226,392	USB Realty Investors/GLL Real Estate Partners	\$30,350,000 / \$134	Pompano Beach
2901 W Cypress Creek Road	39,990	Y&T Management/Palmetto, Mollo, Molinaro & Passarello	\$3,400,000 / \$85	Cypress Creek
5470 NW 10 th Terrace	31,517	Pensler Capital Corp/Foundation Art Services	\$2,150,000 / \$68	Central Broward

Cushman & Wakefield, LLC
225 NE Mizner Boulevard
Suite 300
Boca Raton, FL 33431
cushmanwakefield.com

For more information, contact:
Valerie Tatum
Senior Analyst
Tel: +1 954 377 0492
valerie.tatum@cushwake.com

Chris Owen
Florida Research, Director
Tel: +1 407 541 4417
chris.owen@cushwake.com

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