

BROWARD INDUSTRIAL MARKET

FIRST QUARTER 2017

Asking rents rise to new decade high

Developers race to keep up with demand

ECONOMY

Trade and tourism continue to bolster local economy

Broward County has seen moderate job growth in recent months, and as of February 2017 unemployment in Broward was 4.5%, below state and national averages and among the lowest in Florida. Wage growth has outpaced the national rate in recent months, and employment is steady in the area's warehousing and distribution sectors, as global trade and shipping remain strong. Tourism remains healthy in Broward as well, with a rise in leisure and hospitality jobs and increasing trade and travel through the airport and Port Everglades.

VACANCY

Vacancy hits lowest point in more than a decade

Broward's industrial vacancy rate has steadily declined during this decade, reaching 4.8% in Q1. This is the lowest rate posted in more than a decade and reflects increasing demand for space in Broward County. Vacancy is lowest in the Pompano Beach, Coral Springs, and Southeast Broward submarkets, but nearly submarket reports vacancy below 6%.

ABSORPTION

Strong start to 2017

In Q4 Broward's industrial market absorbed 852,996 SF, the strongest single-quarter performance seen since 2005. Q1's absorption of 558,295 SF is closer to historic averages for this market, and is well in line with demand seen in the past two years. Absorption in Q1 was strongest in the Southeast and Northeast Broward submarkets, while West Sunrise and Coral Springs also saw healthy demand in the first quarter of the new year.

SUPPLY AND DEMAND

Spec construction gains momentum, may exceed 2016's level

Just over 750,000 SF of new space was delivered in 2016, below the previous year's level. In Q1 the market saw another 377,414 SF delivered, with 444,898 SF under construction. Most of that is in Southwest Broward. Approximately 15% of the space under construction has been preleased, and most of the projects are expected to deliver later in 2017.

FORECAST

Rising rents & strong demand should spur more development

Broward is expected to continue enjoying strong absorption, as long as users can find spaces to meet their needs. Asking rents will continue to rise in the near term, enticing developers to launch more projects later this year.

QUARTERLY SNAPSHOT

VACANCY



4.8%

Lowest level in more than 10 years

ABSORPTION



558,295 SF

Down from Q4's peak but in line with recent trends

RENTAL RATE



\$8.79 PSF

Highest asking rent in a decade

UNDER CONSTRUCTION



444,898 SF

Most of this in Southwest Broward

AVERAGE SALE PRICE



\$108 PSF

Up 12% from previous quarter

JOB GROWTH



2.9%

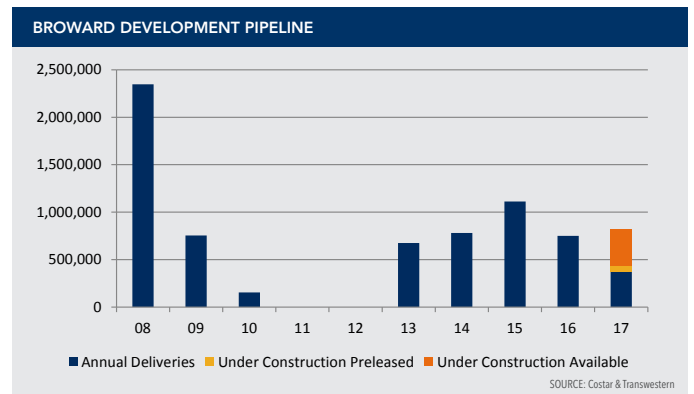
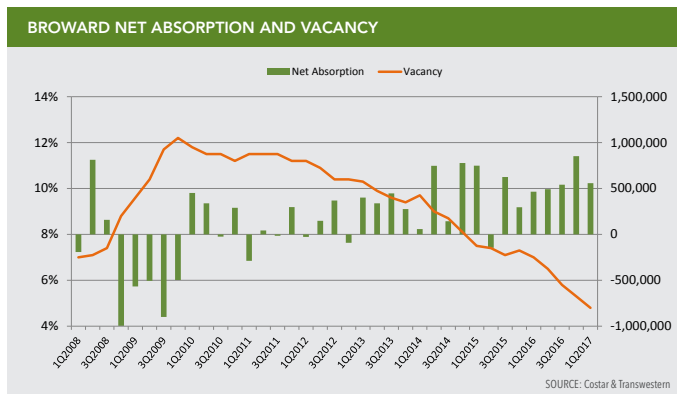
Annual growth in 2016 outpaced the U.S. average

BROWARD INDUSTRIAL MARKET

FIRST QUARTER 2017

Broward Industrial Market Indicators

SUBMARKET	BUILDINGS	INVENTORY	DIRECT VACANT	DIRECT VACANCY RATE	SUBLEASE SF	TOTAL SF VACANCY	OVERALL VACANCY	CURRENT NET ABSORPTION	UNDER CONSTRUCTION	RENTAL RATE PSF
Central Broward	271	11,323,150	491,846	4.3%	34,800	526,646	4.7%	5,689	0	\$9.12
Coral Springs	110	5,565,940	213,707	3.8%	0	213,707	3.8%	90,616	0	\$7.31
Northeast Broward	175	10,211,406	517,283	5.1%	10,704	527,987	5.2%	188,807	0	\$8.99
Pompano Beach	445	23,227,568	715,216	3.1%	4,000	719,216	3.1%	-56,741	26,933	\$8.73
Southeast Broward	410	19,679,654	744,229	3.8%	10,041	754,270	3.8%	230,198	30,000	\$9.15
Southwest Broward	217	16,061,731	1,345,870	8.4%	83,065	1,428,935	8.9%	-18,129	387,965	\$8.78
West Sunrise	145	8,991,910	330,331	3.7%	64,489	394,820	4.4%	117,855	0	\$8.65
Grand Totals	1,773	95,061,359	4,358,482	4.6%	207,099	4,565,581	4.8%	558,295	444,898	\$8.79



Transaction Highlights

Notable Industrial Lease Deals

Tenant	Building	Lease (SF)	Comments
Aviall	Davie Business Center	67,000	New lease
Broward Motor Sports	Bridge Point I-95	57,340	New lease
Hurok Marble	Atlantic Business Center	43,093	Renewal

Completed between 1/1/17 and 3/31/17

Notable Industrial Building Sales

Building	Total (SF)	Price	Price (PSF)	Comments
15501 SW 29th Street	304,428	\$50 million	\$164	Sold to owner/user Apotex
Bridge Point Crossroads	145,800	\$22 million	\$151	100% leased; sold to TA Realty as part of a portfolio
2200 Airport Center	137,500	\$13.1 million	\$95	100% leased; sold to DRA Advisors as part of a national portfolio

Completed between 1/1/17 and 3/31/17

CONTACT

Keith Pierce
Senior Research Manager, Southeast
404.842.6534
keith.pierce@transwestern.com

METHODOLOGY

The information in this report is the result of Transwestern's ongoing analysis of Broward County's key for-lease industrial and flex properties. We compile our quarterly statistics based on a defined inventory of existing buildings of 20,000 square feet or more in size.



LICENSED REAL ESTATE BROKER

100 SE 2nd Street, Suite 3100
Miami, FL 33131

T 305.808.7310
www.transwestern.net/miami