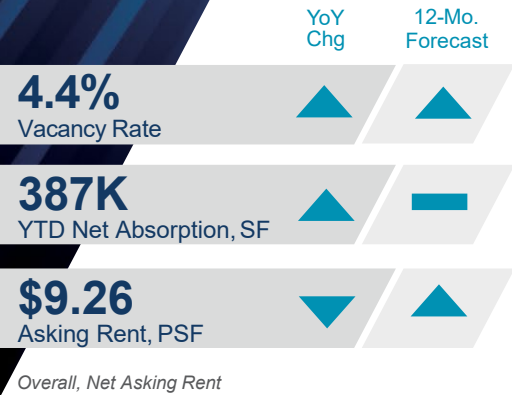


# BROWARD COUNTY

## Industrial Q4 2019



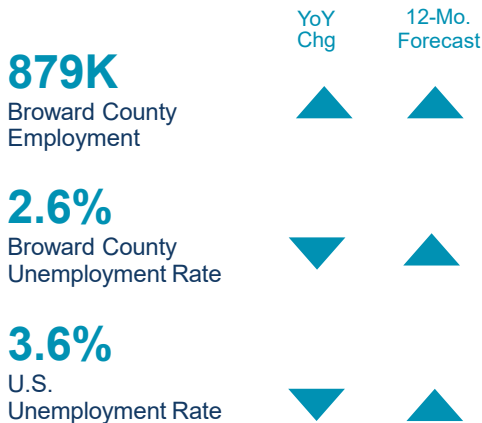
### ECONOMY: Unemployment Rate Hits Historic Low

Broward County's economic fundamentals ended 2019 on a high note with the unemployment rate at an all-time low of 2.6%, down 50 basis-points (bps) year-over-year (YOY). A total of 11,200 new jobs were created for an annual growth rate of 1.3%. Job growth in industrial using sectors was flat at the end of 2019. The construction industry remained stable with only 100 new jobs added over the year while the Trade, Transportation, & Utilities sector lost 1,400 jobs.

### SUPPLY: Vacancy Rose as New Inventory and Construction Reached 10-year Highs

Overall vacancy increased by 120 bps YOY to end 2019 at 4.4%. The main driver in the vacancy increase was due to the 1.9 million square feet (msf) delivered in 2019 with only approximately 33% preleased. The bulk of the new inventory was warehouse/distribution product which caused this sector's vacancy to increase to 5.2%, or 160 bps YOY. The Coral Springs-Margate submarket had the biggest impact on vacancy overall, increasing 600 bps YOY to 8.6%. There was over 400,000 square feet (sf) total between two buildings that delivered with 100% availability in the Coral Springs Commerce Center that caused the substantial increase. The manufacturing sector increased in vacancy to 2.0% while the office service/flex sector decreased in vacancy to 2.3%, both indicators of an incredibly tight market with high demand from users.

### ECONOMIC INDICATORS Q4 2019

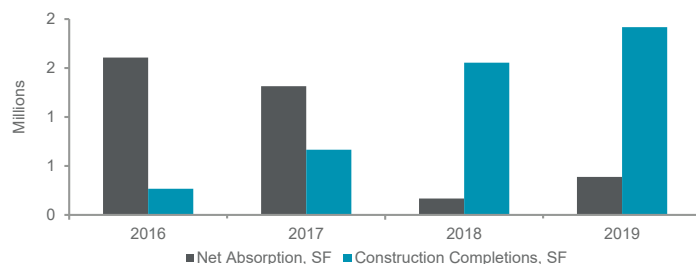


Industrial construction activity reached the highest level compared to any other year this economic cycle with over 2.0 msf under construction at the end of 2019, 56.8% higher than the 5-year average of 1.3 msf. Notable projects included buildings 1 and 2 at the Tamarac Business Center in the Coral Springs/Margate submarket. Both buildings were expected to deliver over 350,000 square feet (sf) total in 3Q 2020. Buildings A and B at the East Pompano Industrial Center in the Pompano Beach submarket were also construction at the end of 2019. The buildings were expected to deliver over 430,000 sf in 1Q 2020. There was no reported preleasing for either project.

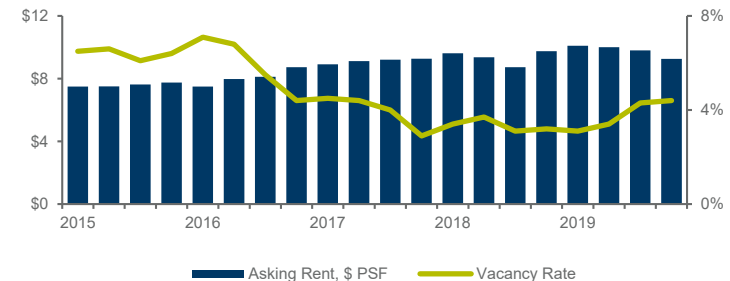
### PRICING: Asking Rents Experience Slight Decrease

Overall asking rental rates decreased by 5.1% YOY, or \$0.49, to \$9.26 per square foot (psf) triple net. Warehouse/distribution product had a slight decrease of 3.2% to \$8.89 psf. The substantial amount of new inventory was the main driver of decreased rents across the market. In contrast, Southwest Broward had an increase of 6.0% YOY to \$10.61 psf. The increase was caused by the substantial amount of buildings that were sold to new owners who pushed rents. Both the office service/flex and manufacturing sectors experienced increases YOY of 13.3% and 2.9% respectively.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



Source: BLS

Numbers above are monthly figures., FL Dept. Economic OPP.

### Demand: Leasing Activity Remains Strong

Leasing activity in Broward County reached over 3.7 msf in 2019, a decrease of 17% YOY. Although the amount was lower, the total was still higher than the 5-year average. International Warehouse Services had the largest new lease transaction, with over 140,000 sf leased at the Port Everglades International Logistics Building that was under construction at the end of 2019 in the Hollywood/Hallandale submarket. The next largest new lease transaction was Blue Dog Chemical who leased over 120,000 sf at Bridge Point Powerline road in the Pompano Beach submarket. The increased demand of “Last mile” and “Last touch” facilities continued to be the main driver for expansion by tenants signing deals within Broward County.

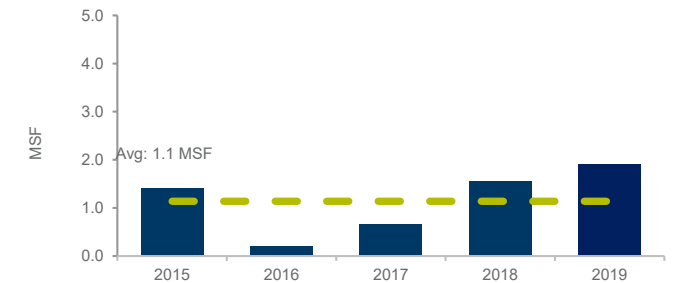
Overall net absorption trended upward with over 387,000 sf absorbed, a 132.8% increase YOY. At the end of 2019, the warehouse/distribution sector totaled over 414,000 sf of positive absorption. Some of the larger warehouse/distribution tenants that moved in included AJIX Inc, F.E. HVAC Enterprises, and Skyline Exhibits Craft. The manufacturing and office service/flex sectors experienced negative absorption of -12,075 and -14,695 sf respectively caused by a cumulation of several smaller tenant move-outs.

Investor’s activity in industrial product in Broward County reached an all-time high in 2019 with 80 buildings sold for over 8.6 msf, a 151.6% increase YOY. Warehouse/distribution product accounted for 83% of all sales or approximately 7.1 msf. Southwest Broward, consisting of the Coral Springs/Margate and Pembroke Pines/Miramar/Weston submarkets, was the most active submarket in terms of investment sales, with over 5.7 msf sold in 2019.

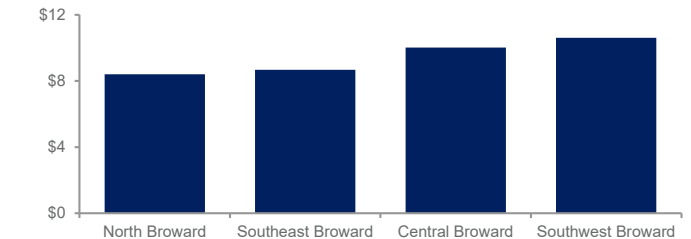
### Outlook: Market Continues to be Steady in 2020 with Solid Fundamentals

- The industrial market in Broward County was poised for a strong start in 2020 with sustained tenant demand and construction activity.
- Cushman & Wakefield anticipates increased expansion for last mile options as population and job growth continues.
- With a substantial amount of deliveries set for 2020, new and expanding companies will have more options and opportunities for space but vacancy could be impacted in the short term.

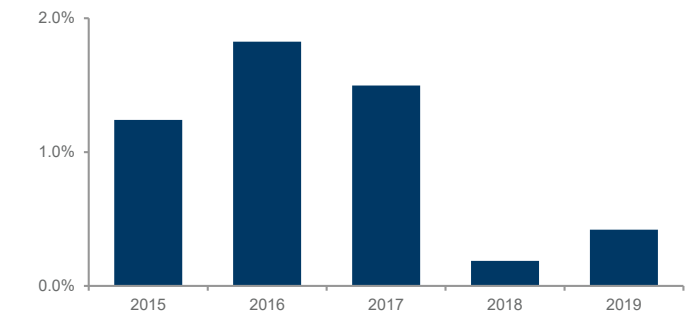
### NEW SUPPLY



### RENT BY SUBMARKET



### INDUSTRIAL NET ABSORPTION AS % OF INVENTORY



## Industrial Q4 2019

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR 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>21,436,155</b>	<b>553,584</b>	<b>2.6%</b>	<b>79,338</b>	<b>167,044</b>	<b>174,129</b>	<b>150,000</b>	<b>\$14.97</b>	<b>\$16.38</b>	<b>\$9.45</b>
Ft. Lauderdale- Central	8,367,103	221,786	2.7%	-10,434	64,564	0	0	N/A	\$16.23	\$8.90
Ft. Lauderdale- E. Central	5,785,943	124,024	2.1%	25,521	-57,918	174,129	0	N/A	N/A	\$10.66
Ft. Lauderdale- Airport/Dania	7,283,109	207,774	2.9%	64,251	160,398	0	150,000	\$14.97	\$16.59	\$9.35
<b>North Broward</b>	<b>39,489,533</b>	<b>1,818,003</b>	<b>4.6%</b>	<b>-93,121</b>	<b>92,962</b>	<b>1,509,623</b>	<b>982,946</b>	<b>\$8.01</b>	<b>\$11.96</b>	<b>\$8.34</b>
Pompano Beach	22,991,425	727,716	3.2%	1,237	334,882	853,677	573,019	\$9.27	\$11.92	\$9.00
Deerfield Beach	8,730,676	421,262	4.8%	-60,100	-179,386	0	0	N/A	\$11.53	\$9.11
Coral Springs / Margate	7,767,432	669,025	8.6%	-34,258	-62,534	655,946	409,927	\$7.55	\$15.95	\$7.07
<b>Southwest Broward</b>	<b>23,586,969</b>	<b>1,040,346</b>	<b>4.4%</b>	<b>9,506</b>	<b>181,646</b>	<b>219,872</b>	<b>500,045</b>	<b>\$10.63</b>	<b>\$15.24</b>	<b>\$9.84</b>
Davie/Plantation/Sunrise	9,894,975	256,367	2.6%	-27,389	229,575	114,774	251,040	\$10.63	\$15.98	\$10.11
Pembroke Pines/Miramar/Weston	13,691,994	783,979	5.7%	36,895	-47,929	105,098	249,005	N/A	\$13.97	\$9.79
<b>Southeast Broward</b>	<b>7,790,478</b>	<b>630,258</b>	<b>8.1%</b>	<b>-15,254</b>	<b>-54,286</b>	<b>145,007</b>	<b>284,321</b>	<b>N/A</b>	<b>N/A</b>	<b>\$8.66</b>
<b>BROWARD TOTALS</b>	<b>92,303,135</b>	<b>4,042,191</b>	<b>4.4%</b>	<b>-19,531</b>	<b>387,366</b>	<b>2,048,631</b>	<b>1,917,312</b>	<b>\$8.97</b>	<b>\$14.24</b>	<b>\$8.95</b>

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

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

### KEY LEASE TRANSACTIONS YTD 2019

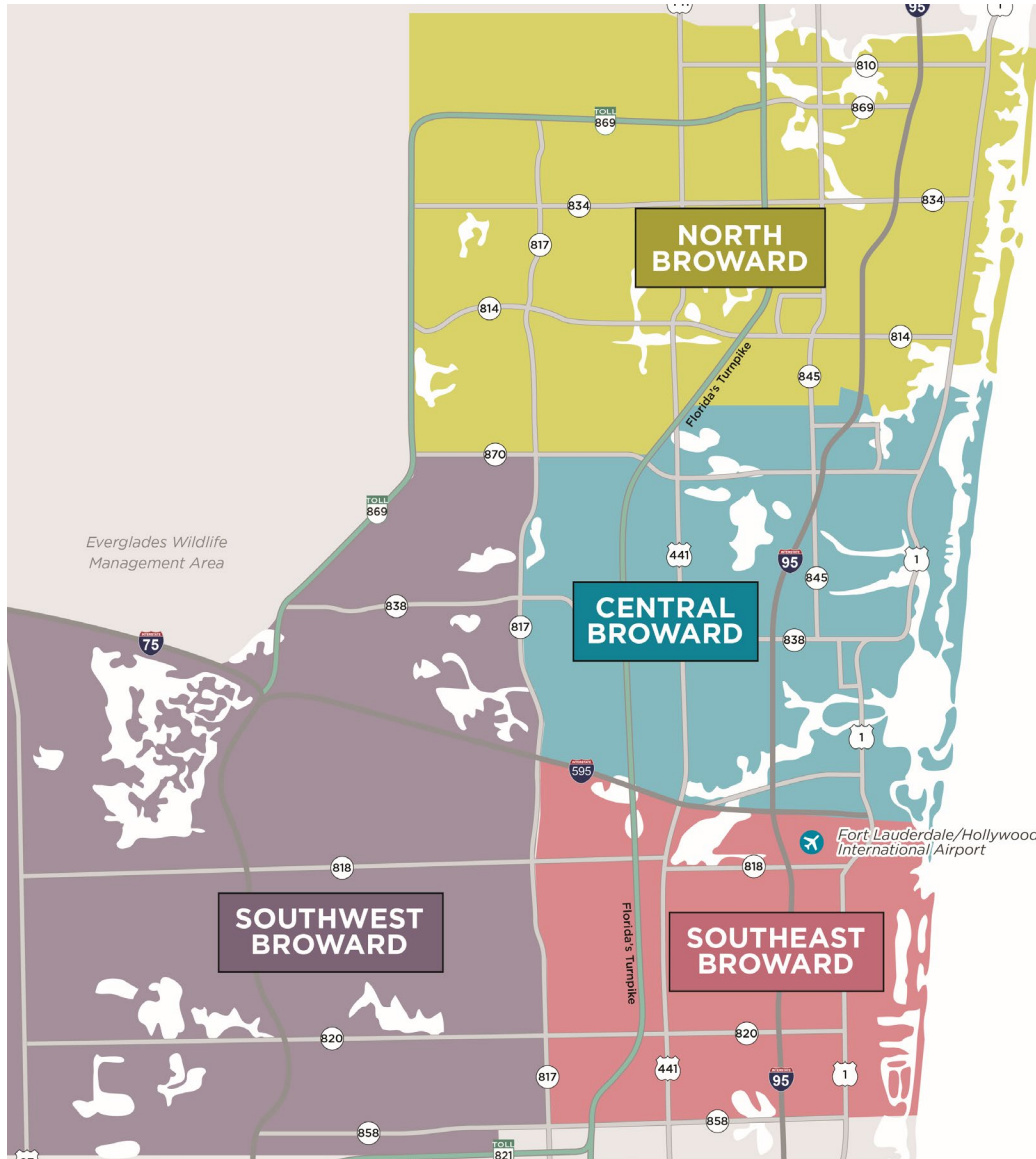
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
10700 Enterprise Way	Southwest Broward	Coaster Company	250,441	Renewal*
9850 Premier Parkway	Southwest Broward	Stanley Black & Decker	150,000	Renewal*
3423 McIntosh Road	Southeast Broward	International Warehouse Services	142,454	New Lease
1971 N Powerline Road	Pompano Beach	Blue Dog Chemical	121,978	New Lease

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
13801-13807 NW 4 <sup>th</sup> Street	Southwest Broward	Fifteen Group/ Bridge Development	649,676	\$74.3M/\$114
15501 SW 29 <sup>th</sup> Street (Building B)	Southwest Broward	Apotex Corp / Bridge Development	304,420	\$38.0M/\$125
3425 Meridian Parkway	Southwest Broward	Clarion Partners / Cabot Properties	232,000	\$33.1M/\$142
201 NW 22 <sup>nd</sup> Avenue	Central Broward	Bridge Development / ASB Capital	221,815	\$38.2M /\$172

## INDUSTRIAL SUBMARKETS



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