

BROWARD COUNTY INDUSTRIAL NEWSLETTER

North Broward • South Broward Submarkets

THIRD QUARTER 2017

LOCAL FACTS

FORT LAUDERDALE,
FLORIDA

Did you
know?



Broward County unemployment rate stands at 3.9%, with a gain of 26,900 jobs in Q3.

SUBMARKET SNAPSHOT

Quick Stats :: Broward County

	Change from last		
	Current	Yr.	Qtr.
Total Vacancy	3.6%	↓	↓
Avg Dir Asking Lease Rate	\$7.27	↔	↔
Qtr Net Absorption	280K	↑	↑
Construction	810K	↑	↑
Completions	306K	↑	↑

*The arrows indicate a trend and do not represent a positive or negative value for the underlying statistic (e.g. net absorption could be negative, but still represent a positive trend over the time period.)

FEATURED PROPERTY



2012 NW 25th Street
Pompano Beach, FL 33069

±63,440 SF

SPACE AVAILABLE FOR LEASE

CBRE

CBRE, Inc. | Licensed Real Estate Broker

General Market Summary

As we exit the supposedly “slower” summer months by dodging Hurricane Irma, the Broward Industrial Market is diligently trying to finalize deals prior to the end of the year. The overall stats for the third quarter continue to demonstrate the strength of the overall marketplace. The marketplace has experienced enough deal velocity that although lease rates aren’t growing at the same ferocious pace as 2014 -2016, they continue to tick up in a supply constrained environment. The overall absorption numbers for Broward should easily fall within our historical averages for the year with 280,000 SF of absorption this quarter alone. With vacancy rates now below 4%, the 800,000+ square feet of new product under construction should provide tenants with a few more options when it comes to accommodating their growth or relocation needs. With another 520,000 SF set to break ground in the fourth quarter, the market should have plenty of new product in the pipeline over the next few quarters for users to choose from. As things stand now, many tenants continue to kick the can down the road and push off large expansion plans due to a lack of available options. In fact, for the first time this cycle, most new developments have impressive preleasing activity which is not typical for our market.

South Broward continues to demonstrate strength across the board, especially with spaces that are less than 20,000 SF. Lease rates for Class A product less than 20,000 SF are firmly in the \$8.00 - \$8.50 PSF NNN range with some deals approaching \$8.75 - \$9.00 PSF NNN once you factor in a lack of supply in certain submarkets. The demand for these size spaces is clearly outpacing supply. For lease options in the 30,000 - 60,000 SF range, lease rates are settling out in the \$7.25 - \$7.75 PSF NNN range. For spaces in 60,000 SF plus range rates are hovering in the \$7.00 - \$7.50 PSF NNN range depending upon the submarket. Of the 7 largest deals signed in South Broward so far, only one was signed for \$7.00 PSF NNN with the others at \$7.25 PSF

NNN, \$7.32 PSF NNN and \$8.10 PSF NNN. All 7 deals ranged from 45,000 SF – 200,000 SF.

One area of concern is the emergence of numerous large blocks of second generation space that are expected to come back to landlords over the next 6-9 months. We are tracking multiple properties over 80,000 SF (3 in Westin alone) across South Broward that are either actively on the market or will be by the end of the fourth quarter. New product will compound the problem for the less functional second-generation space coming back to the market. With most developers spec’ing office space from the beginning, the timing advantages second generation space had will no longer be a factor.

North Broward is reporting a solid performance in the third quarter. We count 5 deals from 40,000 SF to 100,000 SF being signed this year so far. These lease rates shake out at \$6.75 PSF NNN, \$7.25 PSF NNN, \$7.50 PSF NNN, and \$7.65 PSF NNN respectively. We are tracking around 7 large users in the market currently trying to lock down space in North Broward. The smaller size ranges (8,000 -25,000 SF), which historically has always had very strong demand, is very active right now with limited options. One trend we are seeing is landlords and brokers reporting that the smaller users out in the market are demanding too many tenant improvements and don’t have the credit to justify it. As developers deliver their new projects in North Broward, we expect to see a high velocity of leasing activity since the market is constrained. Of all the institutional quality owners, we only count one existing vacancy over 35,000 SF, which is an incredible achievement for submarkets like Pompano, Coral Springs, Sunrise and Deerfield Beach. It’s worth mentioning owner user buildings in North Broward are selling at incredible prices as well, thus eliminating another potential option in the search for space.

AVAILABLE SF - SOUTH / NORTH BROWARD SUBMARKETS - THIRD QUARTER 2017

South Broward Industrial Parks	Total SF	Direct	Sublease	Total SF Available	Vacancy %	Size Range Available	Asking Base Rent	Expenses
Seneca Industrial Park (TH & Prologis)	±1,688,824	27,256	0	27,256	1%	27,256	\$7.75 - \$8.00 NNN	\$2.65 -\$3.04
Miramar Park of Commerce - Sunbeam	±2,980,000	96,186	0	96,186	4%	13,880 - 34,471	\$8.95 - \$9.25 IG	\$2.90 -\$3.31
Miramar Business Ctr. / Centre - IDI / GLP	±1,800,883	0	0	0	0%	0	\$9.75 NNN	\$2.65
Port 95 Business Center - Private	±419,252	19,913	0	19,913	5%	19,913	\$7.75 NNN	\$2.95
I-75 Distribution Ctr. /Flamingo - GLP	±729,705	60,747	0	60,747	8%	60,747	\$8.25 NNN	\$2.13
Pointe West I & II Principal	±269,554	8,879	0	8,879	3%	8,879	\$7.95 - \$15.00 NNN	\$3.55
Port 95 - Prologis	±1,460,174	0	0	0	0%	0	\$8.00 NNN	\$2.63
Port 95 - TA	±197,669	0	0	0	0%	0	0	\$2.69
Broward International Commerce Center	±250,000	0	0	0	0%	0	\$6.75 NNN	\$3.14
Prologis Hollywood Showrooms	±520,000	0	0	0	0%	0	\$9.00 NNN	\$2.92
Davie Business Center - IDI A & B	±289,350	0	0	0	0%	0	\$7.75 NNN	\$2.75
Meridian Business Campus - UBS	±650,000	211,160	0	211,160	32%	60,160 - 151,000	\$6.50 - \$7.60 NNN	\$2.85

North Broward Industrial Parks	Total SF	Direct	Sublease	Total SF Available	Vacancy %	Size Range Available	Asking Base Rent	Expenses
Atlantic Business Park - Duke	±1,265,590	0	0	0	0%	0	\$7.50 NNN	\$4.26
Pompano Distribution Ctr I & II - Zurich	±330,626	0	0	0	0%	0	\$6.50 NNN	\$2.50
Park Central - Duke	±712,700	10,015	0	10,015	1%	10,015	\$6.75 NNN	\$3.02
Sample 95 - EastGroup	±173,448	0	0	0	0%	0	\$8.00 NNN	\$3.03
2500 Commerce Center - DCT	±102,897	0	0	0	0%	0	\$7.95 NNN	\$2.95
Copans Business Park - Duke	±384,711	0	0	0	0%	0	\$6.50 NNN	\$3.20
Sample 95 - Duke	±469,300	0	0	0	0%	0	\$6.75 NNN	\$3.36
Pompano Business Center - Clarion Partners	±624,486	63,440	0	63,440	10%	16,640 -63,440	\$7.25 NNN	\$2.79
Pompano Prologis Park - Prologis	±240,000	0	0	0	0%	0	\$7.75 NNN	\$2.51
Pompano Commerce Center - Duke	±224,000	0	0	0	0%	0	\$6.75 NNN	\$2.64
Pompano Commerce Center II - Duke	±180,178	0	0	0	0%	0	\$7.65 NNN	\$2.64
CenterPort - Prologis	±376,000	0	0	0	0%	0	\$7.50 NNN	\$2.56
Quorum Business Center - IVY	±275,000	17,339	0	17,339	0%	8,412 - 8,927	\$7.75 NNN	\$3.14
Quiet Waters - Prudential	±670,000	0	0	0	0%	0	\$7.50 NNN	\$2.50
Quadrant	±280,000	0	10,610	10,610	3%	0	\$6.95 - \$7.95 NNN	\$2.85
Bridge I-95	±306,000	29,893	0	29,893	9%	29,893	\$8.75 NNN	\$2.65
Pompano Ctr. of Commerce II - BlackRock	±376,644	355,444	0	±355,444	95%	18,000 - 133,262	\$7.75 NNN	\$2.75

NOTABLE CBRE TEAM TRANSACTIONS IN THIRD QUARTER 2017



Prologis Port 95
3301 NW 42nd Street
Fort Lauderdale, FL
±26,600 SF
Landlord: Prologis
Tenant: Premier



Pompano Business Center
1901 NW 25th Avenue
Pompano Beach, FL
±38,000 SF
Landlord: Clarion
Tenant: Meridith Baer



Fort Lauderdale Commerce Center
3585 NW 54th Street
Fort Lauderdale, FL
±24,490 SF
Landlord: GLP
Tenant: RAM Tools

MEET THE TEAM



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