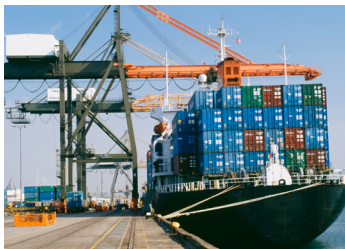




LOCAL FACTS

F O R T L A U D E R D A L E , F L O R I D A

Did you know?



"Broward County currently has 426,088 SF of spec industrial development under construction."

SUBMARKET SNAPSHOT

Quick Stats :: Broward County

	Change from last		
	Current	Yr.	Qtr.
Total Vacancy	6.1%	↔	↔
Avg Dir Asking Lease Rate	\$6.95	↔	↔
Qtr Net Absorption	106k	↓	↓
Construction	426K	↓	↓
Completions	146K	↓	↓

\* 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



PROLOGIS PROSPECT PARK ±70,874 SF SPACE AVAILABLE LEASE

General Market Summary

With 2015 now in the rearview mirror, the overall Broward County Industrial marketplace had another solid year of performance with all major submarkets reporting higher rents, lower vacancy and positive absorption for the year. Here is a foreshadowing of coming trends, headlines and landlord dilemmas we are predicting for 2016:

1) The overall cost of tenant improvements are starting to impact everyone's ability to get deals done. A lot of the rental rate growth we will see from landlords in 2016 will not be so much driven by demand, but more of a reaction of having to finance TIs. With GCs and subs all reporting robust pipelines, construction pricing will continue its upward trend in 2016.

2) Rental rate growth will plateau in 2016 and tenants will start looking toward other alternatives like in past cycles. Although rental rates have not reached the previous peaks of 2006-2007, we are already starting to get pushback from perspective tenants. Furthermore, the early budgets coming in from landlords look like operating expenses will be higher in 2016 compared to 2015. A lot of that increase is property tax driven stemming from sales or increased Broward County Property Appraiser valuations.

3) To build or not to build? The real question should be, how quickly can we get it built and CO'd. With the current market expansion entering its fifth year, developers have a lingering feeling that serious consideration must be given to what kind of economic environment they will deliver in. All the developers we've spoken to are pushing hard to break ground as soon as possible with the idea that it will be better to deliver in 2016 than 2017 or worse yet 2018. This is 100% about hedging risk against another market correction.

4) The overall environment to sell individual owner-user buildings or institutional level product is as good as it is going to get for a while. With interest rates still low and a surplus of capital waiting to jump at anything with a story, now is a good time to sell. It will come down to those that don't care about the last 5% upside and want to table any additional downside risk and those who

are just not real sellers. This situation comes down to the old logic of would you risk a quarter to pick up another five or ten cents. The larger institutions are going to face issues with their investors and will only be able to keep the cash position for so long before an alternative investment comes into play. These funds are paid to place the money, not wait around for potential targets to come on the market. We have already seen some big backers of REITs sell positions and move from owning physical real estate to shares of REITs.

5) With the vacancy rate down across the Broward County industrial marketplace, we will be watching to see if the new construction lease-up period speeds up. Everyone who had delivered industrial product in the last 24 months has been surprised at how long it has taken to fill up and stabilize their assets. This all might change with less second generation product available that has offered tenants a less expensive alternative that can be delivered much faster.

South Broward Summary

- With Miramar's major landlords reporting almost full occupancy we should see demand in, Weston, Sunrise and the I-595 corridor pick up.
- The western push will move front and center with two developers starting large projects along US 27 in western Broward.
- With no available inventory for sale in south Broward, triple digit pricing will be market, regardless of the class of buildings.

North Broward Summary

- With the majority of Pompano's second generation product full, we will see rates in Broward's largest submarket move up another 0.50¢ - 0.75¢ PSF in the next 12 months. These rates will still trail south Broward, but the gap will close.
- With all the subtraditional markets landlocked, we will see developers break ground on repositioned sites demanding some of the highest rates in Broward County.
- Several institutional quality one-off buildings and parks will come to market in 2016. We are seeing cap rates compressed near record levels leaving thinner margins for investors.





# INDUSTRIAL MARKETS :: BROWARD COUNTY

## AVAILABLE SF - SOUTH / NORTH BROWARD SUBMARKETS - FOURTH QUARTER 2015

South Broward Industrial Parks	Total SF	Direct	Sublease	Total SF Available	Vacancy %	Size Range Available	Asking Base Rate	Expenses
Seneca Industrial Park (TIAA & Prologis)	±1,688,824	149,154	40,320	189,474	11%	55,454 -93,700	\$6.25- \$8.25 NNN	\$2.10-\$2.75
Miramar Park of Commerce - Sunbeam	±2,980,000	144,371	0	144,371	4%	13,278 - 83,243	\$8.95 - \$9.25 IG	\$2.90-\$3.31
Miramar Business Ctr. / Centre - IDI /IIT	±1,800,883	228,000	0	228,000	14%	60,000-228,000	\$7.25 NNN	\$2.65
Port 95 Business Center - Private	±419,252	298,254	0	298,254	71%	28,021-161,443	\$7.45 NNN	\$2.95
I-75 Distribution Ctr. /Flamingo - INCOR	±729,705	0	43,066	43,066	0%	43,066	\$6.95 NNN	\$2.80
Pointe West I & II	±269,554	22,640	0	22,640	8%	10,720-11,920	\$7.95 NNN	\$3.55
Port 95 - Prologis	±1,185,374	16,494	0	16,494	1%	16,494	\$8.00 NNN	\$2.63
Port 95 - Principal	±197,669	0	0	0	0%	0	\$6.95 NNN	\$2.69
Broward International Commerce Center	±250,000	0	0	0	0%	0	\$6.75 NNN	\$3.14
Prologis Hollywood Showrooms	±520,000	16,412	9,700	26,112	5%	9,700-16,412	\$7.00-\$12.00 NNN	\$3.67
Davie Business Center - IDI	±122,175	32,425	0	32,425	26%	32,425	\$7.45	\$2.75

North Broward Industrial Parks	Total SF	Direct	Sub-lease	Total SF Available	Vacancy %	Size Range Available	Asking Base Rate	Expenses
Atlantic Business Park - Duke	±1,265,590	0	0	0	0%	0	\$7.75 NNN	\$3.00-\$3.15
Pompano Distribution Ctr I & II - Weeks	±330,626	76,016	0	76,016	23%	21,000-76,016	\$6.50 NNN	\$2.50
Park Central - Duke	±712,700	35,828	0	35,828	5%	35,828	\$6.25 NNN	\$3.02
Sample 95 - EastGroup	±173,448	0	0	0	0%	0	\$6.75 NN	\$3.09
2500 Commerce Center- DCT	±102,897	0	0	0	0%	0	\$7.25 NNN	\$2.95
Copans Business Park- Duke	±384,711	79,819	0	79,819	20%	20,958-79,819	\$6.00 NNN	\$3.20
Sample 95- Duke	±469,300	25,280	0	25,280	5%	25,280	\$6.10 NNN	\$3.20
Pompano Business Center- INVESCO	±624,486	31,418	0	31,418	5%	31,418	\$7.25 NNN	\$2.69
Pompano Prologis Park-Prologis	±240,00	0	0	0	0%	0	\$6.25 NNN	\$2.42
Pompano Commerce Center-Duke	±224,000	0	0	0	0%	0	\$6.75 NNN	\$2.64
Pompano Commerce Center II- Duke	±180,178	143,178	0	143,178	80%	25,000-90,089	\$7.65 NNN	\$2.64
CenterPort- Prologis	±376,000	0	0	0	0%	0	\$6.25 NNN	\$2.56
Quorum Business Center-IVY	±275,000	16,008	0	16,008	6%	16,008	\$7.75 NNN	\$2.78
Quiet Waters- Prudential	±670,000	13,274	0	13,274	2%	13,274	\$6.25-\$6.95	\$2.50
Quadrant	±280,000	35,000	0	35,000	13%	15,000-35,000	\$6.95-\$7.95 NNN	\$2.85

## NOTABLE TRANSACTIONS IN 4TH QUARTER 2015

 <p><b>Pompano Business Center</b></p> <p>2510 West Copans Road Pompano Beach, FL ±64,345 SF Landlord: INVESCO Tenant: Worldpac</p>	 <p><b>Federal Medical Building</b></p> <p>3536 North Federal Highway Fort Lauderdale, FL ±12,808 SF Seller: Federal Medical Associates Buyer: A North Broward, LLC</p>
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