

BROWARD COUNTY INDUSTRIAL NEWSLETTER

North Broward • South Broward Submarkets

FIRST QUARTER 2018

LOCAL FACTS FORT LAUDERDALE, FLORIDA

Did you
know?



Broward County Industrial market has 1.6M square feet under construction with another 802,984 SF starting over the next 60-120 days.

SUBMARKET SNAPSHOT

Quick Stats :: Broward County

	Change from last		
	Current	Yr.	Qtr.
Total Vacancy	3.8%	↓	↓
Avg Dir Asking Lease Rate	\$7.50	↑	↑
Qtr Net Absorption	284K	↑	↑
Construction	1.6M	↑	↑
Completions	336K	↑	↓

*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



3245 Meridian Parkway
Weston, FL 33331

±232,000 SF

SPACE AVAILABLE FOR LEASE

CBRE

CBRE, Inc. | Licensed Real Estate Broker

General Market Summary

2018 is off to a good start across the Broward County Industrial marketplace with solid activity reported across all submarkets and the reemergence of rent growth! Although the asking rates kept increasing in 2017, the actual strike prices that deals were signed at throughout 2017 didn't demonstrate any rent growth to everyone's surprise. However, over the last 90 days we are starting to see rent growth again across Broward County both in new product and second-generation space.

We feel this phenomenon is a result of having such a large run-up in rents from 2014-2016. Tenants almost needed a breather and decided to take it in 2017. As the vacancy rate continues to drop and supply remains in check, Landlords are winning the battle with regards to holding out for higher rates. In studying the most recent data published for Q1, over 15% of the deals signed ended up higher than their published asking rate. Of course, this might be a result of the tenant improvement allowance, but still a positive trend. Another 50% of the transactions were signed within 5% of their asking rates and 35% within 10% of the asking rate. The balance of the deals were either a unique situation or had low rates as the result of not offering any other concessions with the deal. We feel this trend is important because it demonstrates that both the Tenants and Tenant Rep brokers have acknowledged we are in a Landlord's market. Everyone seems to be holding, better yet pushing rents all at once. The only exception to the above rent growth trend would be larger deals where we've seen both first and second generation landlords more focused on occupancy than obtaining the highest possible rate. We feel this rent growth trend should continue over the next couple of quarters unless a macro trend emerges or an imbalance of supply occurs.

Naturally as we experience rent growth once again, the question arises if the Broward County Industrial market has passed our historical rental rate highs that were reached in 2007. We feel this question needs to be broken down by size range and submarket. If you look at deals signed for less than 20,000 SF, all the submarkets are reporting rates that are either at or slightly above the record highs. Looking at deals in the 25,000 – 65,000 SF range, we are either at or within 5% of the all-time highs and for deals larger than 75,000 SF we still have room to grow before we surpass the previous record highs.

Looking at the different submarkets, we saw southeast Broward experience the biggest rental rate growth during the 2014-2016 period and now that hyper growth is tracking north to our largest submarket of Pompano Beach. Although Pompano's average lease rate is still lower than southeast Broward, the recent deals coming out of Pompano are once again demonstrating solid rent growth across the board.

We predict that even with 1.6M square feet under construction and another 619,000 SF scheduled to start in the second or third quarter of this year we should continue the current trends. All these projects under construction or about to break ground have basis and underwriting that will require them to hold rate. They might have to offer a larger improvement allowance than they planned or some additional free rent, however by doing so they will be rewarded with solid rates for years to come.

AVAILABLE SF - SOUTH / NORTH BROWARD SUBMARKETS - FIRST QUARTER 2018

South Broward Industrial Parks	Total SF	Direct	Sub-lease	Total SF Available	Vacancy %	Size Range Available	Asking Base Rent	Expenses
Seneca Industrial Park (TH & Prologis)	±1,688,824	93,351	0	93,351	5%	27,256 - 66,095	\$7.75 - \$8.00 NNN	\$2.65 - \$3.04
Miramar Park of Commerce - Sunbeam	±2,980,000	63,816	0	63,816	2%	25,259 - 34,471	\$8.95 - \$9.35 Gross	\$2.90 - \$3.31
Miramar Business Ctr. / Centre - IDI / GLP	±1,800,883	0	0	0	0%	0	\$7.75 NNN	\$2.65
Port 95 Business Center - Private	±419,252	0	0	0	0%	0	\$7.75 NNN	\$2.95
I-75 Distribution Ctr. /Flamingo - GLP	±729,705	60,747	320,000	380,747	8%	60,747 - 320,000	\$8.25 NNN	\$2.13
Pointe West I & II TH Realty / Principal	±269,554	0	0	0	0%	0	\$13.00 - \$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	±280,584	0	0	0	0%	0	\$9.00 NNN	\$2.92
Davie Business Center - IDI A & B & D	±439,730	75,190	0	75,190	17%	0	\$7.75 NNN	\$2.75
Meridian Business Campus - UBS	±650,000	211,160	61,137	272,297	41%	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	32,752	0	32,752	1%	8,057 - 24,695	\$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	25,280	0	25,280	5%	25,280	\$6.75 NNN	\$3.36
Pompano Business Center - Clarion Partners	±624,486	16,640	0	16,640	2%	16,640	\$8.50 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	0	0	0%	0	\$6.95 - \$7.95 NNN	\$2.85
Duke I-95	±306,000	30,214	0	30,214	10%	30,214	\$8.75 NNN	\$2.95
Pompano Ctr. of Commerce II - BlackRock	±376,644	187,467	0	187,467	49%	14,904 - 86,880	\$7.95 - \$8.95 NNN	\$2.75

NOTABLE CBRE TEAM TRANSACTIONS IN FIRST QUARTER 2018



GLP Sawgrass Center
13801 NW 4th Street
Sunrise, FL
±24,067 SF
Landlord: GLP
Tenant: Air Around the Clock



GLP International Center
900 International Parkway
Sunrise, FL
±34,183 SF
Landlord: GLP
Tenant: All Media Supply



Becknell Dawie
2401 College Avenue
Davie, FL
±49,655 SF
Landlord: Becknell Industrial
Tenant: XPO Logistics

MEET THE TEAM



TOM O'LOUGHLIN, SIOR, CCIM
Senior Vice President
+1 954 356 0468
tom.oloughlin@cbre.com



LARRY W. GENET
First Vice President
+1 954 331 1740
larry.genet@cbre.com



YURI J. QUISPE
Associate
+1 954 745 5878
yuri.quispe@cbre.com

WWW.DOCKHIGHWAREHOUSE.COM

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