

BROWARD COUNTY INDUSTRIAL NEWSLETTER

North Broward • South Broward Submarkets

SECOND QUARTER 2018

LOCAL FACTS

FORT LAUDERDALE,
FLORIDA

Did you
know?



Broward and Dade counties have a combined 5.5M SF of industrial space under construction.

SUBMARKET SNAPSHOT

Quick Stats :: Broward County

	Current	Change from last	
		Yr.	Qtr.
Total Vacancy	3.9%	↓	↓
Avg Dir Asking Lease Rate	\$8.05	↑	↑
Qtr Net Absorption	45,750 SF	↑	↑
Construction	1.2M	↑	↑
Completions	326,022 SF	↑	↓

*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



11500 Miramar Parkway
Miramar, FL 33025

±63,800 SF

SPACE AVAILABLE FOR LEASE

CBRE

CBRE, Inc. | Licensed Real Estate Broker

General Market Summary

At the half way point of 2018 Broward County's Industrial market is hitting on all cylinders and taking advantage of a healthy national economy. It goes without saying that Broward's Industrial market is also feeling the tailwinds of the e-commerce phenomenon along with the ferocious appetite of the institutional investment community. As we drill down further into the Broward marketplace, we have identified some existing and emerging trends we will be watching as we work through the second half of the year.

The South Broward Shift – If you look back over the last 2 or 3 years the majority of vacancy in Broward was found in the NE/NW Broward submarkets and a few second-generation buildings in Weston. However, when you take inventory of the larger blocks of space and look at the proverbial "horizon" SE/SW Broward submarkets are now the areas to watch. Over the last two quarters we've had a 261K, 331K, 223K, 178K and 232K all come back on the market either via a sublease scenario or direct. Plus, when you factor in the five new first generation buildings under construction it will be something to watch.

One of the positive trends that will help absorb some of the space mentioned above in the "South Broward Shift" will be the amount of larger users currently hunting around Broward for space. Historically, Broward would only do 4 or 5 deals north of 80,000 SF a year and we are trending to almost double that amount this year. Broward has already had 5 deals in the first half of the year over 80,000 SF with numerous others in different stages of negotiations. If this trend continues, it should help absorb a lot of the

space that has recently come to market. One area the marketplace is closely watching is the lack on tenants in the 40,000 to 75,000 SF range. We are seeing robust activity from the smaller users and as mentioned above the larger users are out and about as well. However, what once use to be Broward's go-to size range has been quiet for the last couple of quarters.

The Tenant Improvement battle continues, it doesn't seem that pricing is ever going to come down and GCs across the board are reporting healthy backlogs of work (so nobody is stretching for the jobs.) Long gone are the days of budgeting \$7.00 PSF in TIs to get 8-10% office, lighting and a few extras at the loading docks. We are now seeing those costs require landlord's to budget \$9.00 - \$10.00 PSF to provide the same level of build out. Tenants now seem to require even more complex build outs with a lot of 100% HVAC requirements, heavier office finishes and loading packages on more than just a "few" doors. We are now budgeting \$6.00 - \$7.50 PSF to HVAC the warehouse area while office build outs are firmly in the \$60 - \$80 PSF for large footprints and \$80-\$95 PSF for smaller ones.

Rental rates continue on their upward march with strong rates being reported across all submarkets other than Coral Springs. We are seeing solid rates reported on new product deals along with some of the second-generation buildings. The deals being done in the new product from 15,000 to 35,000 SF are all being registered at or above \$8.00 PSF NNN. Tenants are being forced to pay these higher rental rates as a result of the marketplace having very little availability.

AVAILABLE SF - SOUTH / NORTH BROWARD SUBMARKETS - SECOND 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, DCT/Prologis)	±1,973,145	581,327	0	581,327	29%	35,549 - 261,457	\$7.75 - \$8.00 NNN	\$2.65 - \$3.04
Miramar Park of Commerce - Sunbeam	±2,980,000	34,471	24,200	58,671	1%	24,200 - 34,471	\$8.95 Gross	\$2.90 - \$3.31
Miramar Business Ctr. / Centre - IDI /GLP	±1,800,883	63,800	0	63,800	3%	63,800	\$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	\$8.50 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	0	0	0	0%	0	\$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	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	0	0	0	0%	0	\$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	0	0	0	0%	0	\$9.00 NNN	\$2.95
Pompano Ctr. of Commerce II - BlackRock	±376,644	161,585	0	161,585	42%	14,640 - 85,523	\$8.50 NNN	\$2.75

NOTABLE CBRE TEAM TRANSACTIONS IN SECOND QUARTER 2018

 <p>DAVIE BUSINESS CENTER 3300 Davie Road, Davie, FL Davie, FL ±32,350 SF Landlord: IDI Logistics Tenant: Robe Lighting</p>	 <p>WESTON BUSINESS CENTER 2965 West Corporate Lakes Weston, FL ±224,650 SF Landlord: TH Real Estate Tenant: PCI</p>	 <p>BERGERON DISTRIBUTION CENTER 19700 Stirling Road Pembroke Pines, FL ±90,646 SF Landlord: Bergeron Dev Corp Tenant: Ryder</p>
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MEET THE TEAM



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