

# MARKETBEAT

# Industrial Snapshot Q4 2015

## Broward County



### BROWARD INDUSTRIAL

#### Economic Indicators

	2014	2015	12-Month Forecast
Broward Employment	786.8k	897.8k	▲
Broward Unemployment	5.5%	4.8%	▼
U.S. Unemployment	5.7%	5.0%	▼

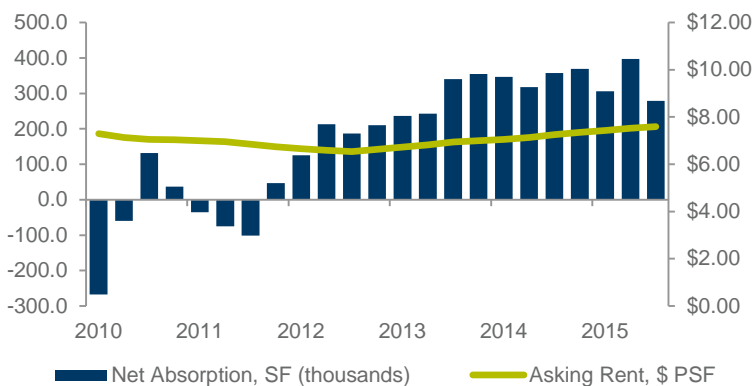
#### Market Indicators (Overall, All Classes)

	2014	2015	12-Month Forecast
Vacancy	7.3%	6.5%	▼
Net Absorption (sf)	1,462,218	905,206	▲
Under Construction (sf)	651,049	951,547	■
Average Asking Rent*	\$7.45	\$7.75	▲

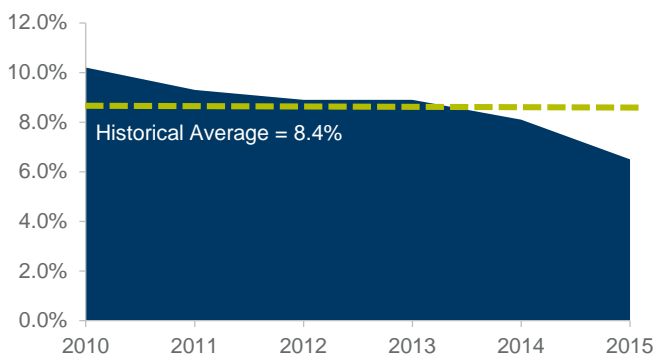
\*Rental rates reflect net asking \$psf/year

#### Overall Net Absorption/Overall Asking Rent

##### 4Q TRAILING AVERAGE



#### Overall Vacancy



## Economy

The unemployment rate in Broward County ended 2015 at 4.8%, a 70 basis points (bps) decline year-over-year. The rate was reflective of the employment growth in construction and the trade, transportation, and utilities sectors. Job growth throughout the County increased by more than 21,000 jobs during the year. Industrial demand fed part of that growth as several companies renewed and expanded in the market to take advantage of the area's location in the middle of the growing South Florida economy.

## Market Overview

Several new warehouse/distribution developments delivered during 2015 with clear heights of 36 feet to 40 feet, indicating taller heights are needed to meet changing tenant requirements and make buildings more marketable. Many of the spaces were easily absorbed as vacancy rates continued to trend downward all year. In the last twelve months, vacancy decreased to 6.5%, a decline of 80 bps. Warehouse/distribution space experienced a decline of 50 bps to 7.1%, with manufacturing and offices services having steeper drops, each falling by 140 bps over the year. The industrial market remained active as year-to-date leasing activity reached over 4.2 million square feet and direct net absorption experienced a two-year high of 900,000 sf.

The largest completion in 2015 was a 189,000 square foot warehouse/distribution space delivered during the second quarter. In previous years most new construction occurred in the southern part of the county as tenants sought close proximity to the Miami-Dade area. In 2015, new speculative development as well as many of the proposed projects focused on the northern part of the County. Vacancy in those submarkets reached their lowest point in eight years. Direct net asking rental rates increased 6.4% to \$7.93 per square foot year-over-year. With strong tenant demand projected to continue, this trend is expected to benefit most of the County's submarkets and product types. The significant increase of 6.5% in rents for warehouse/distribution space prompted some developers to announce projects in both core and tertiary markets.

## Outlook

Broward County is expected to remain a top industrial market in South Florida by providing space options that meet today's tenant's requirements. Activity and demand has moved north in the County creating new opportunities and development possibilities. With strong absorption, rising rental rates and healthy leasing activity, Cushman & Wakefield forecasts solid improvement in the industrial market for all of Broward County in 2016.

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SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (WD)
Ft. Lauderdale – Central	7,301,783	454,733	25,000	3.6%	287,896	0	N/A	\$5.85	\$10.01	\$6.49
Ft. Lauderdale - East/Central	9,315,981	151,226	242,174	2.6%	51,252	30,000	N/A	\$8.50	\$14.18	\$5.84
Ft. Lauderdale - Airport/Dania	6,628,973	255,122	0	7.7%	89,127	0	N/A	\$9.12	\$9.55	\$7.55
<b>CENTRAL BROWARD</b>	<b>23,246,737</b>	<b>861,081</b>	<b>267,174</b>	<b>4.3%</b>	<b>428,275</b>	<b>30,000</b>	<b>N/A</b>	<b>\$8.13</b>	<b>\$10.33</b>	<b>\$7.26</b>
Pompano Beach	24,495,925	1,319,846	148,638	3.7%	402,811	90,089	N/A	\$6.70	\$11.16	\$7.58
Deerfield Beach	8,269,673	467,697	51,750	4.7%	288,330	506,864	N/A	N/A	\$8.69	\$8.13
Coral Springs/Margate	5,083,486	142,906	245,000	11.0%	(2,523)	59,904	N/A	\$6.53	\$9.67	\$7.45
<b>NORTH BROWARD</b>	<b>37,849,084</b>	<b>1,930,449</b>	<b>445,388</b>	<b>4.9%</b>	<b>688,618</b>	<b>656,857</b>	<b>N/A</b>	<b>\$6.59</b>	<b>\$10.04</b>	<b>\$7.70</b>
Plantation/Sunrise	8,943,254	243,648	0	7.2%	(199,235)	103,515	N/A	N/A	\$8.69	\$7.55
Davie/Pembroke Pines/Miramar	14,971,050	891,300	34,125	11.6%	214,258	167,175	N/A	\$6.75	\$9.87	\$7.73
<b>SOUTHWEST BROWARD</b>	<b>23,914,304</b>	<b>1,134,948</b>	<b>34,125</b>	<b>10.0%</b>	<b>15,023</b>	<b>270,690</b>	<b>N/A</b>	<b>\$6.75</b>	<b>\$9.04</b>	<b>\$7.70</b>
<b>HOLLYWOOD/ HALLANDALE</b>	<b>9,937,174</b>	<b>301,804</b>	<b>44,001</b>	<b>9.8%</b>	<b>(226,710)</b>	<b>0</b>	<b>N/A</b>	<b>\$15.50</b>	<b>\$9.06</b>	<b>\$7.60</b>
<b>BROWARD TOTALS</b>	<b>94,947,299</b>	<b>4,228,282</b>	<b>790,688</b>	<b>6.5%</b>	<b>905,206</b>	<b>959,547</b>	<b>N/A</b>	<b>\$7.06</b>	<b>\$9.64</b>	<b>\$7.63</b>

\*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

### Key Lease Transactions 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
13900 NW 2nd Street	276,175	Watson Pharmaceuticals	Lease	Plantation/Sunrise
1551-1571 N Powerline Road	44,760	Southern Furniture Company	Lease	Pompano Beach
710 South Powerline Road	34,574	Design Hardware	Lease	Deerfield Beach
2500 Copans Road	34,345	WorldPac, Inc.	Lease	Pompano Beach

### Key Sales Transactions 2015

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
Port 95 Commerce Park (3 Bldgs.)	276,000	Prologis	\$31,542,100/\$114	Hollywood/Hallandale
Pembroke Commerce Center (3 Bldgs.)	265,000	Prologis	\$30,259,400/\$114	Hollywood/Hallandale
4250 Coral Ridge Drive	245,000	Hoerbiger Corporation of America	\$12,850,000/\$52	Coral Springs/Margate
2901 Simms Street	86,937	Eyal Ross	\$6,100,000/\$70	Hollywood/Hallandale

Cushman & Wakefield of Florida, Inc.  
225 Mizner Boulevard  
Suite 300  
Boca Raton, FL 33432  
[cushmanwakefield.com](http://cushmanwakefield.com)

For more information, contact:  
Valerie Tatum  
Senior Research Analyst  
Tel: +1 954 377 0492  
[valerie.tatum@cushwake.com](mailto:valerie.tatum@cushwake.com)

#### About Cushman & Wakefield

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