

BROWARD INDUSTRIAL MARKET

Q1 2023



TRENDLINES

	Q1 2023	Q1 2022	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	2.4	3.5	↓	4.7	↑
NET ABSORPTION (MSF)	0.2	0.6	↓	0.5	↑
OVERALL VACANCY RATE	4.1%	4.3%	↓	5.2%	↓
OVERALL VACANT SF (MSF)	4.5	4.6	↓	5.4	↓
UNDER CONSTRUCTION (MSF)	1.1	1.7	↓	2.0	↑
ASKING RENT, NNN (PSF)	\$14.32	\$11.24	↑	\$10.26	↑
SALES VOLUME (MILLIONS)	\$147.3	\$495.7	↓	\$266.4	↓

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

LEASING SLOWS, RENTS SURGE

Diminishing quality supply contributed to a slowdown in occupancy growth for Broward County’s industrial real estate market, as tenants absorbed the lowest amount of space in three years. Nevertheless, conditions remain strong over the long term as growth was recorded in five of seven submarkets year-over-year, lowering the overall vacancy rate for the fifth time in the past seven quarters. Minimal construction starts continued to put pressure on rents, which rose 27.4% during the past 12 months, the largest year-over-year increase on record and now rank among the highest in the nation.

Broward’s labor market remains tight, with unemployment setting another record at 2.4%. During the quarter, however, industrial-using employment in Broward fell for the first time since the same quarter a year ago, though both transportation and manufacturing job totals were still higher than 12 months ago. As far as which industries are leasing warehouse space in Broward, retailers continue to be the most active over the long term, while activity among service companies accelerated during the quarter.

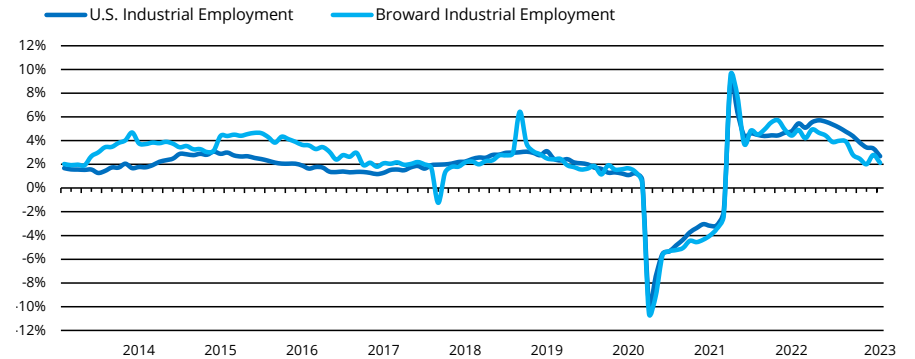


ECONOMY

Industrial-Using Employment Falls

- The U.S unemployment rate ticked up slightly to 3.6% and has ranged between 3.5% and 3.7% since Q1 2022.
- Labor participation has not changed much in more than a year and remains below February 2020 pre-pandemic levels.
- Jobs supporting the industrial real estate sector continued to increase, however the growth rate on an annual basis has decelerated. Logistics companies and e-commerce retailers continue to trim jobs due to a slowdown in spending.
- Broward's labor market remains tight, with unemployment setting another record low at 2.4%.
- Industrial-using employment in Broward fell for the first time since the same quarter a year ago, however both transportation and manufacturing job totals were still higher than 12 months ago, while construction employment was slightly lower.

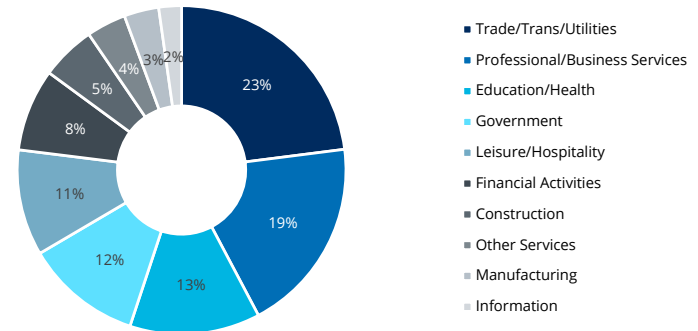
Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

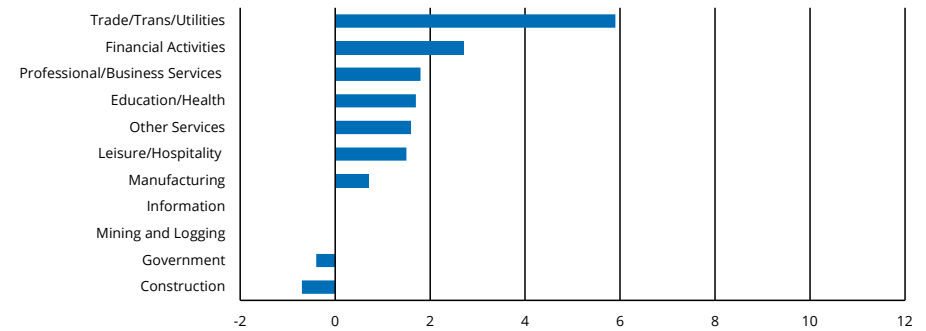
Broward | February 2023



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Broward | February 2023



Source: Bureau of Labor Statistics, Transwestern

In Thousands

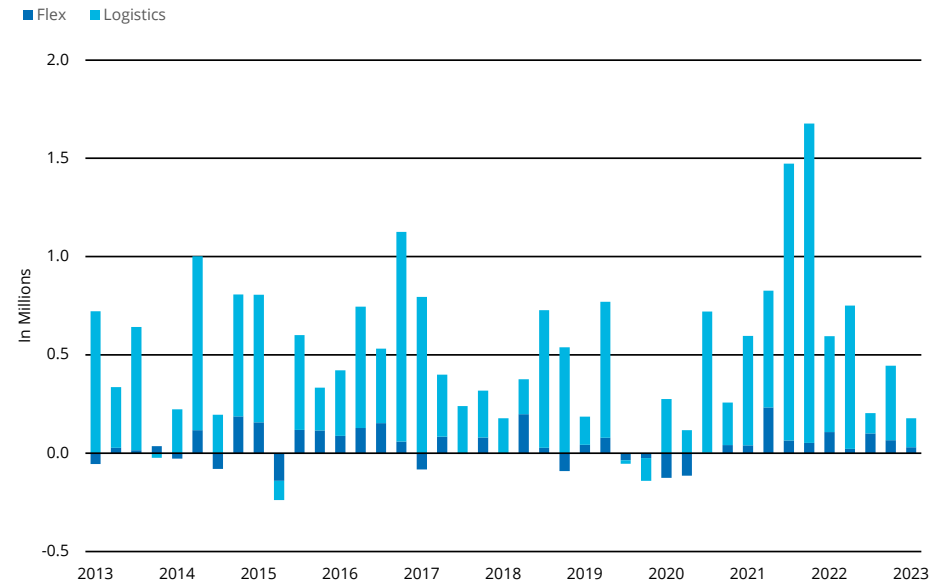


NET ABSORPTION

Slow Start Consistent with Past Years

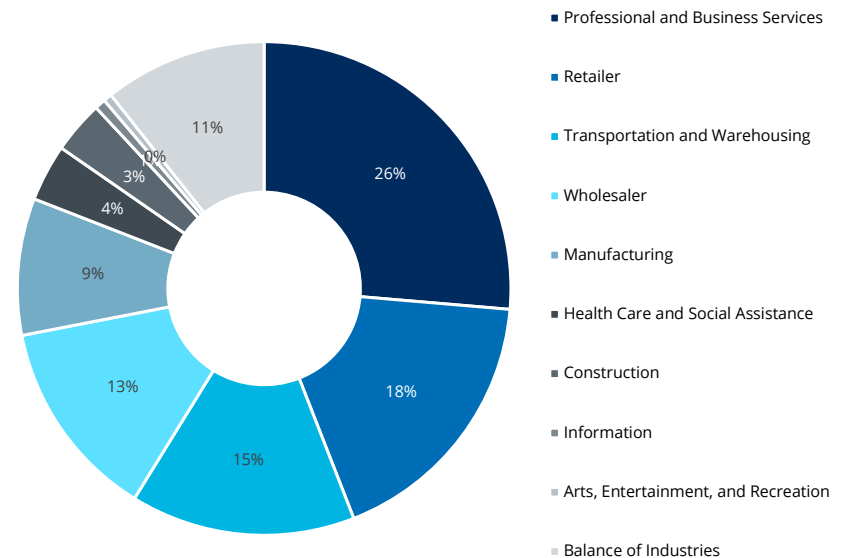
- Diminishing quality supply contributed to slower growth, as Broward's quarterly absorption was less than 200,000 SF for the first time in nearly three years.
- The level of positive net absorption during Q1 was comparable to each of the first quarters of the previous five years with the exception of much stronger start in 2022.
- Occupancy growth was recorded in more than half of the studied submarkets during Q1 and five of seven year-over-year.
- Coral Springs recorded its highest level of occupancy growth during the quarter.
- Retailers continue to lead warehouse space leasing over the long term, while activity among service companies accelerated during the quarter.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

SHARE OF LEASING ACTIVITY BY INDUSTRY Q1 2023



Source: CoStar, Transwestern

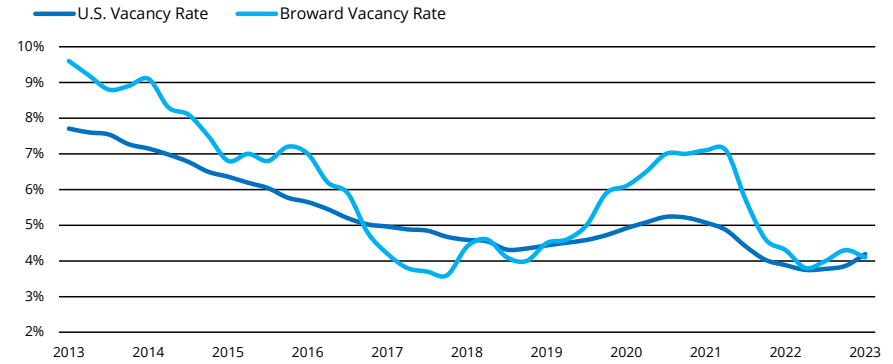


VACANCY

Outperformed the U.S. Market

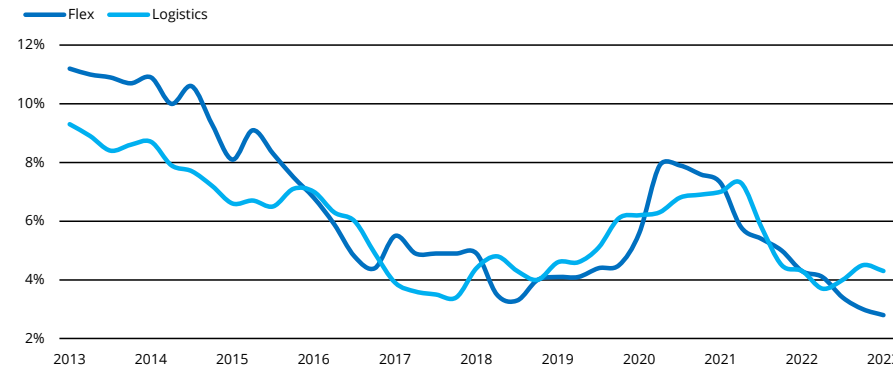
- After ticking up to close out 2022, the vacancy rate fell 20 basis points during the quarter.
- The vacancy rate improved for the fifth time in the past seven quarters, falling 300 basis points during that period.
- Vacancy is less than 7% in all of Broward’s submarkets, with Southeast Broward reporting the lowest rate at 2%.
- The amount of vacant space fell by more than three million SF during the past two years, despite an additional three million square feet of new inventory being delivered to the market.
- Broward’s vacancy rate dropped below the U.S. average for the first time since 2018.

OVERALL VACANCY RATE



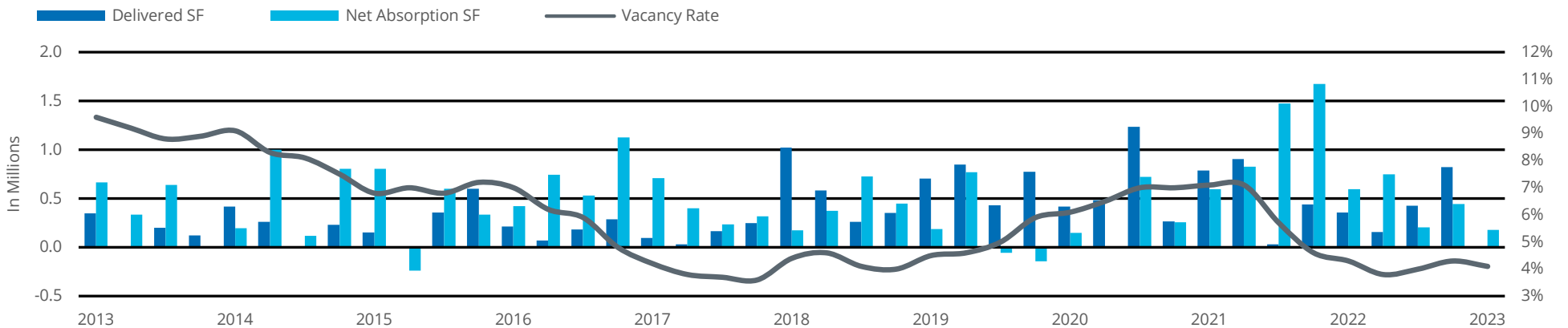
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

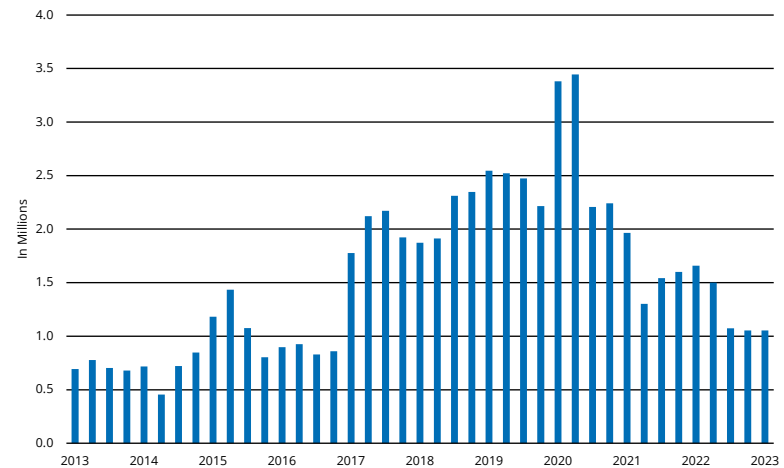


UNDER CONSTRUCTION

New Development Remains Scant

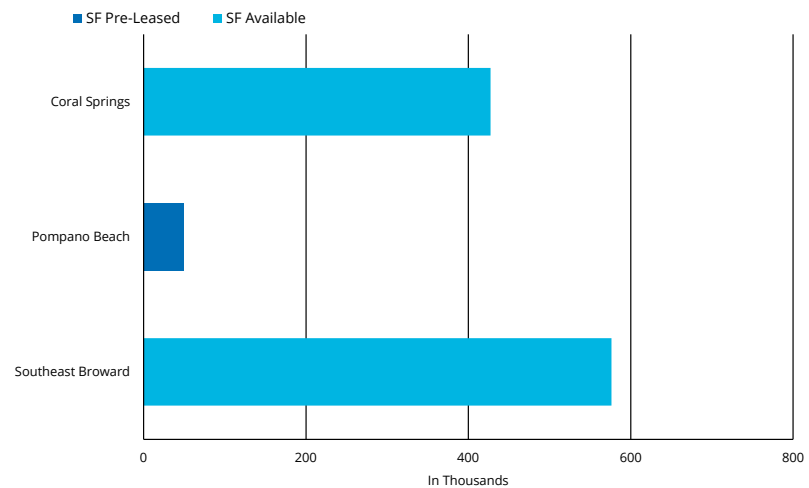
- No new inventory was delivered to the market for the first quarter since Q2 2015.
- Net absorption outpaced deliveries for the fifth time in the past seven quarters.
- Construction remained above one million SF but has not increased since Q1 2022 and is well below the three-year average.
- Projects are underway in three of seven submarkets and more than 95% of the space under construction remained available.
- Less than 30% of the 1.8 MSF of new construction that was delivered in 2022 remains available for lease.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

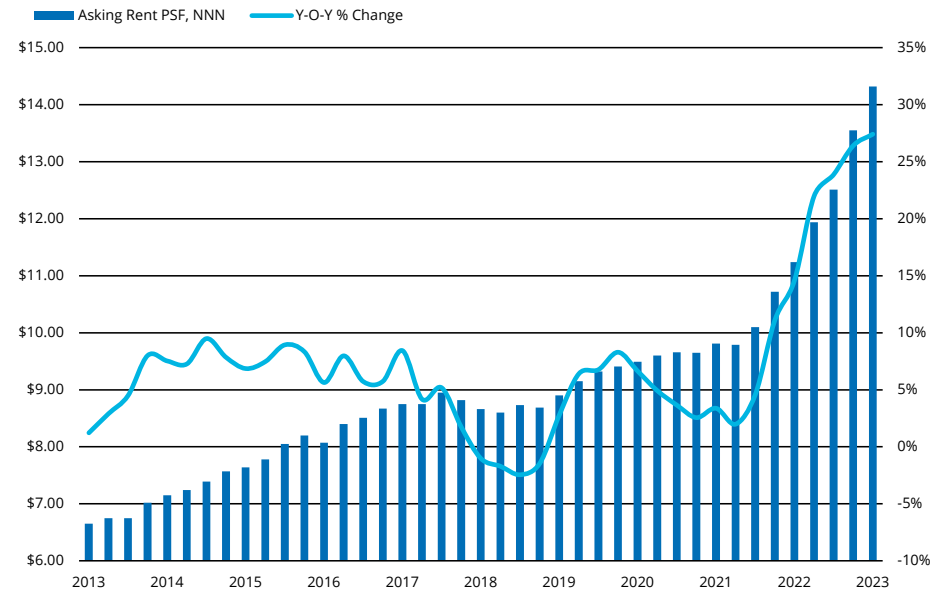


RENTAL RATES

Among the Highest in the U.S.

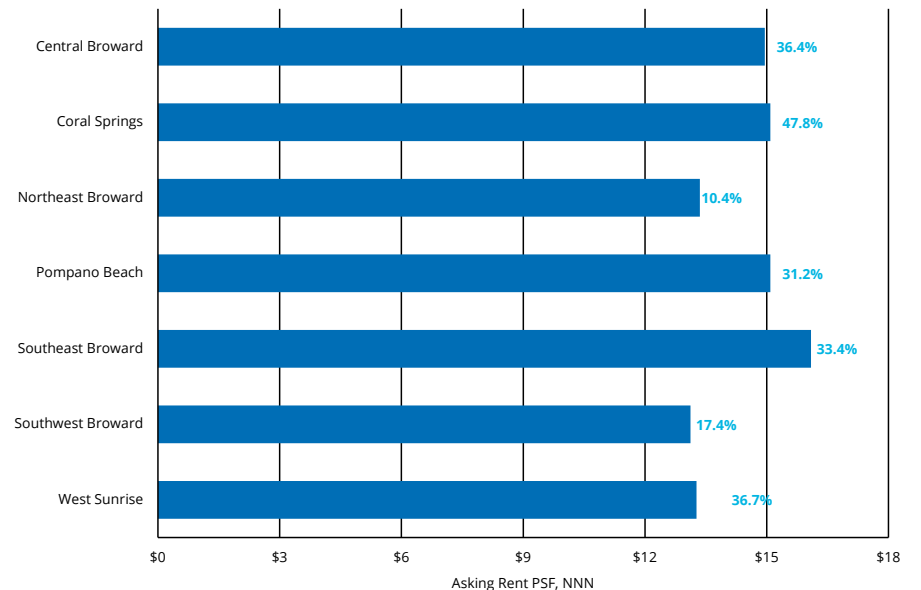
- The asking rent average of \$14.32/SF is up from \$13.55/SF the previous quarter and \$11.24/SF when compared year-over-year.
- Coral Springs, Pompano Beach, and Southeast Broward all exceed a \$15.00/SF asking rent average for logistics space.
- The 27.4% rise in asking rents during the past 12 months is the highest year-over-year increase on record, topping the previous high set during Q4 2022.
- The highest quarterly rent gains for industrial properties were in West Sunrise, Pompano Beach and Southwest Broward.
- Rents for industrial space in Broward rank among the highest in the nation, asking nearly 70% more than U.S. average.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

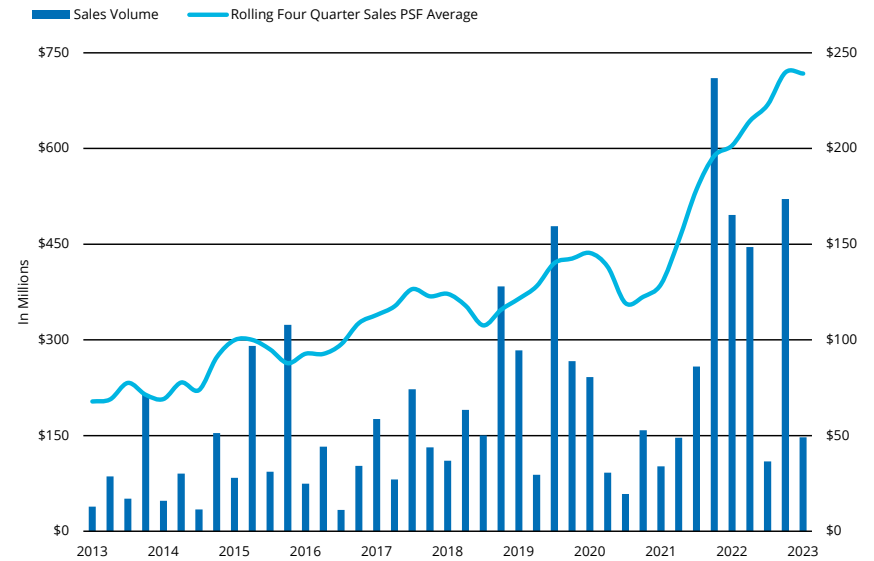


SALES

Decelerated Volume

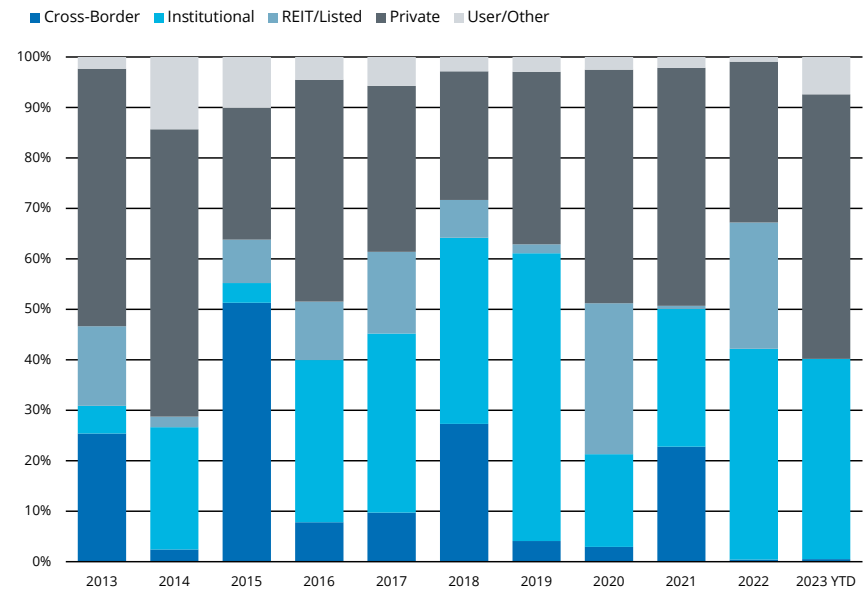
- Following a strong Q4 2022, the Broward market experienced slower sales activity, registering just under \$150 million in total volume.
- Total sales volume failed to reach \$200 million for only the second time in the past seven quarters.
- The average sale price/SF was essentially unchanged from the previous quarter but increased 18.7% when compared year-over-year.
- A portfolio sale of 11 industrial properties in Central Broward accounted for 45% of total sales volume.
- While lending is expected to tighten, continued strong demand for South Florida warehouse space keeps Broward as a favorable place to deploy capital.

SALES VOLUME



Source: CoStar, Transwestern

BUYER CAPITAL COMPOSITION



Source: CoStar, Transwestern



NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
AIRWORTHY INC	4150 Coral Ridge Dr	Coral Springs	New	55,918
BLUE AEROSPACE LLC	6201 N Nob Hill Rd	West Sunrise	Renewal	31,580
ABC SUPPLY COMPANY	1471 W Hillsboro Blvd	Northeast Broward	New	30,800
SOARING CHEFS	1310 S Powerline Rd	Northeast Broward	Renewal	30,424
HILL YORK	3490 SW 30th Ave	Southeast Broward	New	28,177

Source: CoStar, Transwestern

NOTABLE SALES

PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
POMPANO/LINCOLN/LAUDERHILL PORTFOLIO	Central Broward	\$65,800,000	359,460	\$183	Harbert Management Corp	Sawgrass Commerce Realty Inc
ORIOLE INDUSTRIAL PARK	Northeast Broward	\$22,000,000	78,556	\$280	Miami City Self Storage	Crystal Pointe Commercial Properties LLC
5200 NW 108TH AVE	West Sunrise	\$14,200,000	61,660	\$230	5200 NW 108th Avenue LLC	Chauvet Realty Investments, LLC
COPANS WHOLESALE CENTER	Pompano Beach	\$9,400,500	40,315	\$233	James M Robbins	Saul Silber Props LLC
290 SW 14TH AVE	Pompano Beach	\$5,800,000	31,834	\$182	Blusv I FL 290 SW 14th AVE LLC	DBG Properties LLC, Neal A Simon, Bruce Fischman

Source: CoStar, Real Capital Analytics, Transwestern

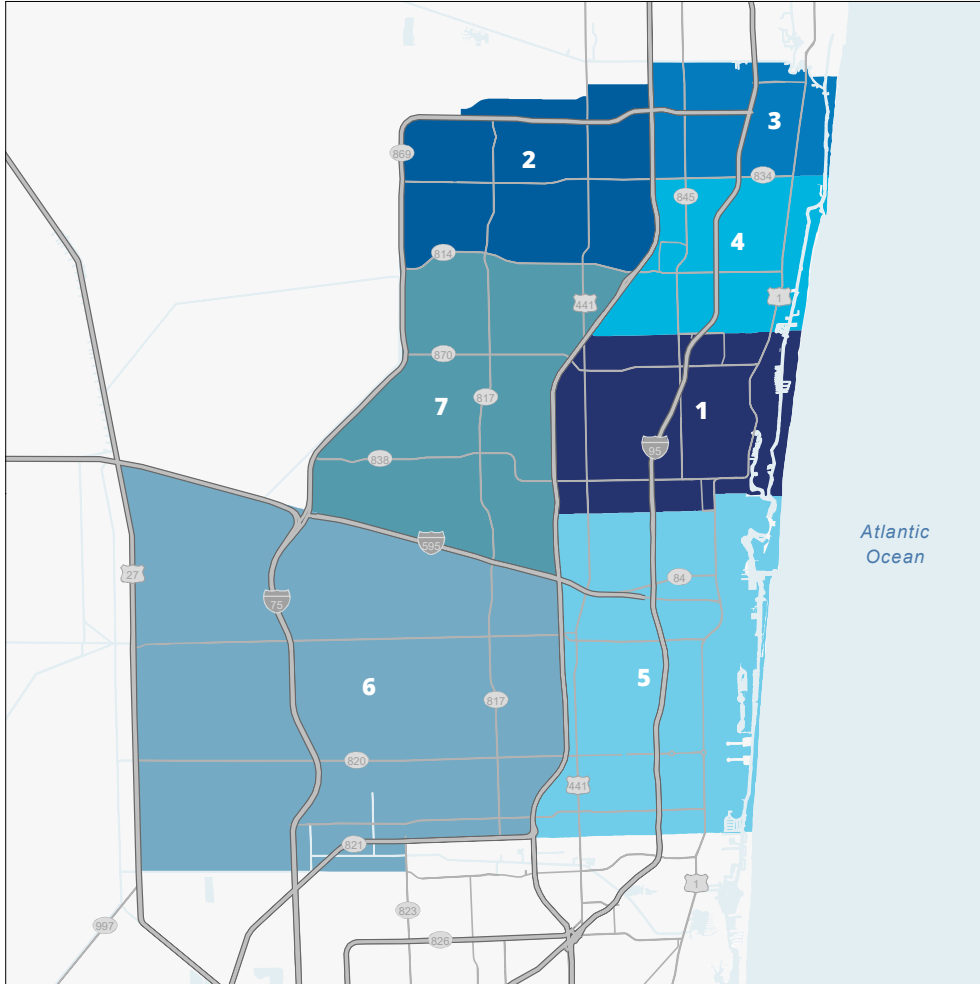


MARKET INDICATORS

All Property Types | First Quarter 2023

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	TOTAL VACANT SF	OVERALL VACANCY RATE	UNDER CONST. SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	LOGISTICS ASKING RENT PSF, NNN	FLEX ASKING RENT PSF, NNN
CENTRAL BROWARD	12,644,423	477,072	3.8%	32,400	509,472	4.0%	0	(183,170)	(135,994)	\$14.95	\$14.69
CORAL SPRINGS	6,651,994	243,240	3.7%	0	243,240	3.7%	427,238	392,784	210,080	\$15.09	\$12.95
NORTHEAST BROWARD	11,919,271	742,460	6.2%	71,395	813,855	6.8%	0	136,615	398,029	\$13.01	\$18.05
POMPANO BEACH	26,466,734	720,933	2.7%	315,867	1,036,800	3.9%	50,000	76,171	188,204	\$15.06	\$15.46
SOUTHEAST BROWARD	22,195,484	427,105	1.9%	13,600	440,705	2.0%	576,242	216,510	651,008	\$15.80	\$18.31
SOUTHWEST BROWARD	19,333,137	532,818	2.8%	536,099	1,068,917	5.5%	0	(419,188)	334,641	\$12.97	\$13.95
WEST SUNRISE	9,365,534	148,941	1.6%	200,000	348,941	3.7%	0	(41,600)	(68,650)	\$12.90	\$16.30
TOTAL	108,576,577	3,292,569	3.0%	1,169,361	4,461,930	4.1%	1,053,480	178,122	1,577,318	\$14.20	\$15.66

Source: CoStar, Transwestern



Broward Industrial Submarkets

- 1** Central Broward
- 2** Coral Springs
- 3** Northeast Broward
- 4** Pompano Beach
- 5** Southeast Broward
- 6** Southwest Broward
- 7** West Sunrise

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on Industrial properties located in the Broward metropolitan area. This report includes single tenant, multi-tenant and owner-user properties 20,000 SF and larger.

FOR MORE INFORMATION

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