

BROWARD INDUSTRIAL MARKET

Q3 2024



TRENDLINES

	Q3 2024	Q3 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	3.6	3.1	↑	4.7	↑
NET ABSORPTION (MSF)	-0.4	-0.5	↑	0.4	↓
OVERALL VACANCY RATE	5.1%	4.0%	↑	5.1%	↑
OVERALL VACANT SF (MSF)	5.6	4.4	↑	5.5	↑
UNDER CONSTRUCTION (MSF)	0.4	1.3	↓	1.6	↓
ASKING RENT, NNN (PSF)	\$16.11	\$15.87	↑	\$12.42	↓
SALES VOLUME (MILLIONS)	\$70.6	\$354.4	↓	\$242.8	↑

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

FUNDAMENTALS MODERATE

A moderating economy and elevated interest rates have prompted caution among tenants and investors, leading to lukewarm results for Broward’s market fundamentals. After a strong performance in Q1, Broward recorded negative absorption for the second consecutive quarter in Q3 2024. However, even with a negative quarterly absorption of 395,000 SF in Q3, year-over-year absorption remained positive at 249,000 SF. In addition to negative absorption thus far this year, new deliveries, albeit limited, have caused Broward’s vacancy rate to increase to 5.1% after holding steady at 4.6% in Q4 2023. Construction starts in 2024 has been minimal, with only 353,000 SF currently underway in Q3, one of the lowest levels in the past decade. While asking rents remain near record highs, signs of moderation have emerged, with rates averaging \$16.11/SF in Q3 2024, marking the market’s second consecutive quarterly decline, although minimal.

Sales activity, though slightly down, remains healthy, with \$561 million transacted through three quarters, and is expected to increase in Q4 as multiple portfolios are being actively marketed.

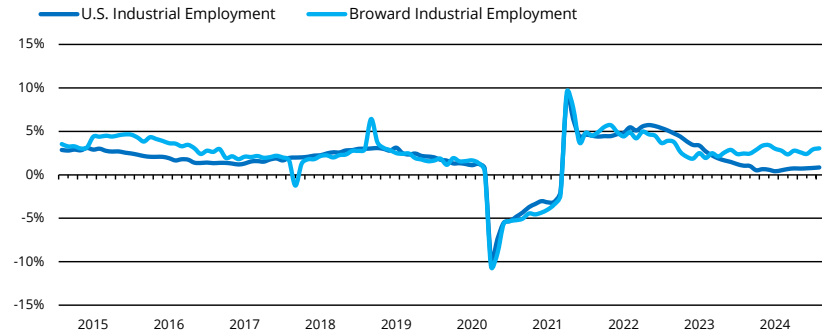


ECONOMY

Job Growth and Unemployment Rate Settles

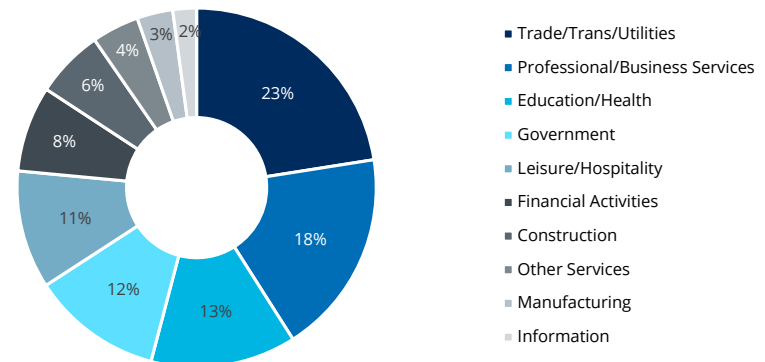
- The U.S. unemployment rate in Q3 rose slightly to 4.2%, its highest since Q3 2021. The current rate remains relatively low compared to historical averages and only slightly above pre-pandemic levels, signaling a resilient labor market despite economic uncertainties.
- U.S. industrial employment has grown year-over-year since Q2 2021 and reached record highs in Q3 2024. However, growth has decelerated, falling below 1.0% in the past four quarters, reflecting a broader economic cooling that was expected after the Fed raised interest rates.
- Broward's unemployment rate averaged 3.6% in Q3, rising from the historic lows observed in early 2023. Despite this increase, it remains significantly below the five-year average of 4.6%, as the local economy continues to outperform other markets across the region.
- Broward's industrial employment has continued its upward trajectory, reaching record levels while recording growth on an annual basis in every quarter since Q1 2021. As of August 2024, Broward's industrial employment growth rate stands at a robust 3.0% year-over-year—220 basis points above the U.S. average—highlighting strong industrial sector momentum, a trend it has consistently maintained since November 2022. This strength underpins continued demand for industrial space, further stabilizing property values and rental rates.

Y-O-Y CHANGE IN INDUSTRIAL JOBS



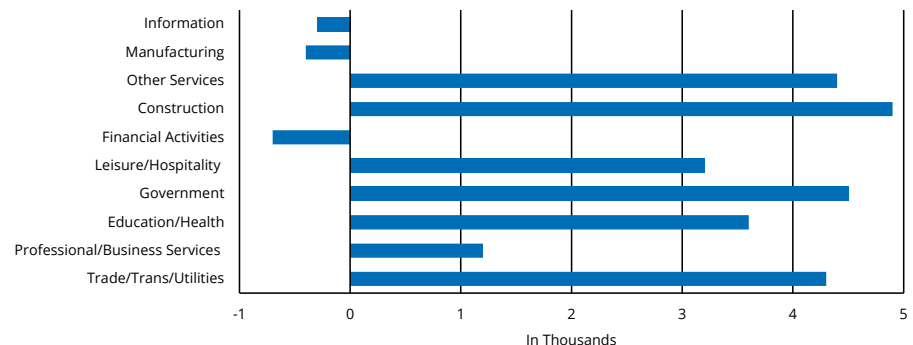
Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY



Source: Bureau of Labor Statistics, Transwestern

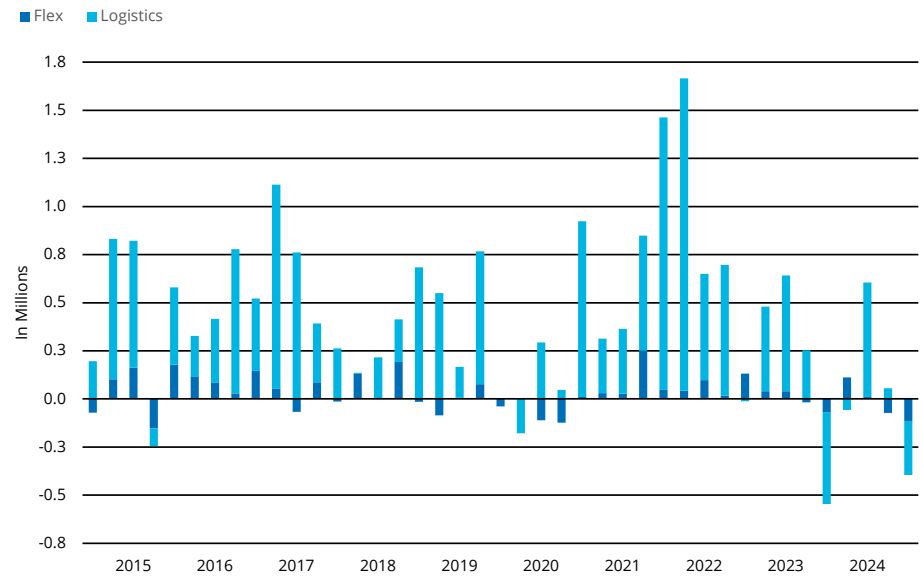


NET ABSORPTION

A Mixed Showing in 2024

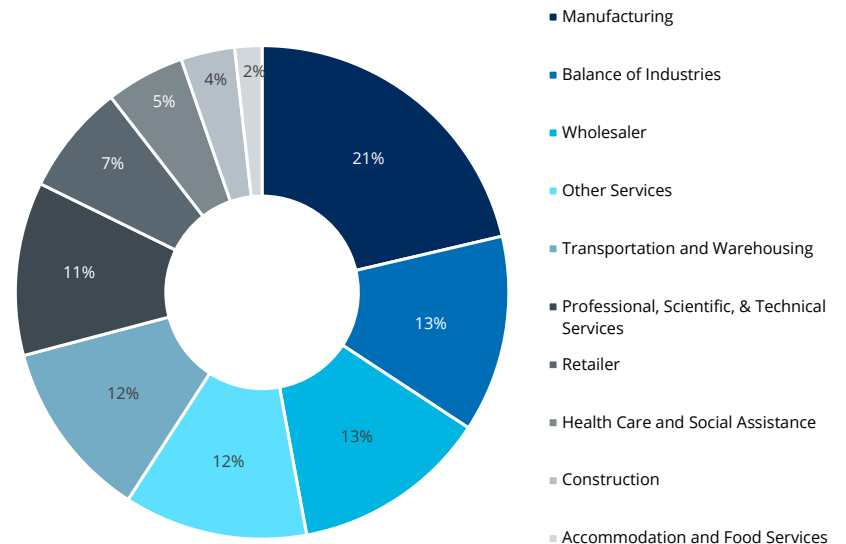
- After a strong performance in Q1, Broward recorded negative absorption for the second consecutive quarter in Q3 2024. However, even with negative quarterly absorption of 395,000 SF in Q3, year-over-year absorption remained positive at 249,000 SF, thanks to the strong showing in Q1. Given the six-year average of 1.8 million SF in annual net absorption, a moderate cooling was anticipated as lower lease roll and slower economic growth weighed on the market.
- Absorption trends across Broward’s submarkets showed a consistent decline, with only two submarkets achieving modest occupancy gains while five experienced losses.
- Pompano Beach, the largest submarket, led with a year-over-year positive absorption of 274,000 SF and a Q3 gain of 31,000 SF, followed by West Sunrise which recorded positive year-over-year absorption of 157,000 SF, despite a smaller Q3 increase of 5,100 SF.
- Over the next 12-15 months, absorption is expected to remain sluggish as tenants adjust to rent hikes of 60-100% on expiring leases. In addition, lower lease roll, slower economic growth, and broader economic uncertainties will likely exert downward pressure on demand.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

SHARE OF LEASING ACTIVITY BY INDUSTRY



Source: CoStar, Transwestern

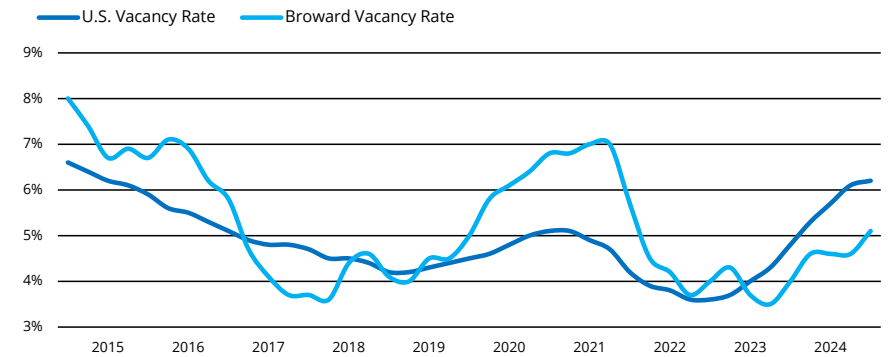


VACANCY

Healthy Despite Increased

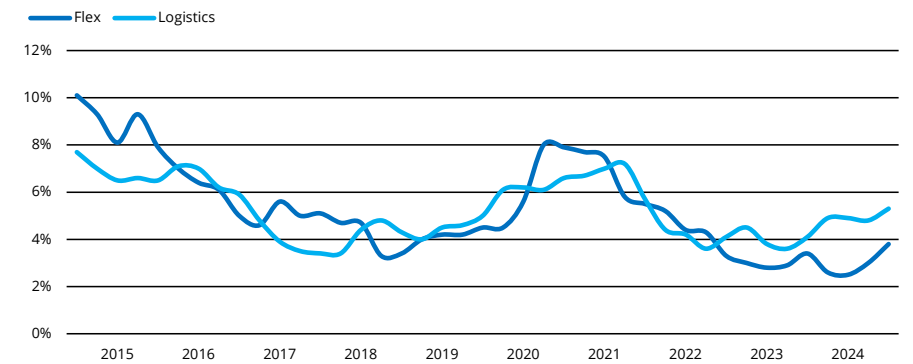
- Negative absorption and new deliveries contributed to Broward’s vacancy increasing to 5.1% in Q3 after holding steady at 4.6% for three consecutive quarters. This marks just a 50 basis point increase year-over-year, and it surpassed the market’s average of 4.7% from 2016 to 2019. While higher, the market is still 110 basis points below the U.S. average.
- After a stable Q2, some Broward submarkets experienced notable vacancy increases of 90 to 110 basis points in Q3. As the smallest submarket, Coral Springs is more volatile to vacancy shifts, with a 100-basis-point rise in Q3 driven by only 75,000 SF of additional vacant space. In contrast, Pompano Beach continued a four-quarter growth trend and tightened to 4.2%. At 3.1%, Southwest Broward holds on to the market’s lowest vacancy rate, even after a 90-basis-point increase from Q2.
- Looking ahead, limited new construction should help taper the rise in vacancy. We expect some slight increases as the economy moves through at a moderate phase for the next 12 months.

OVERALL VACANCY RATE



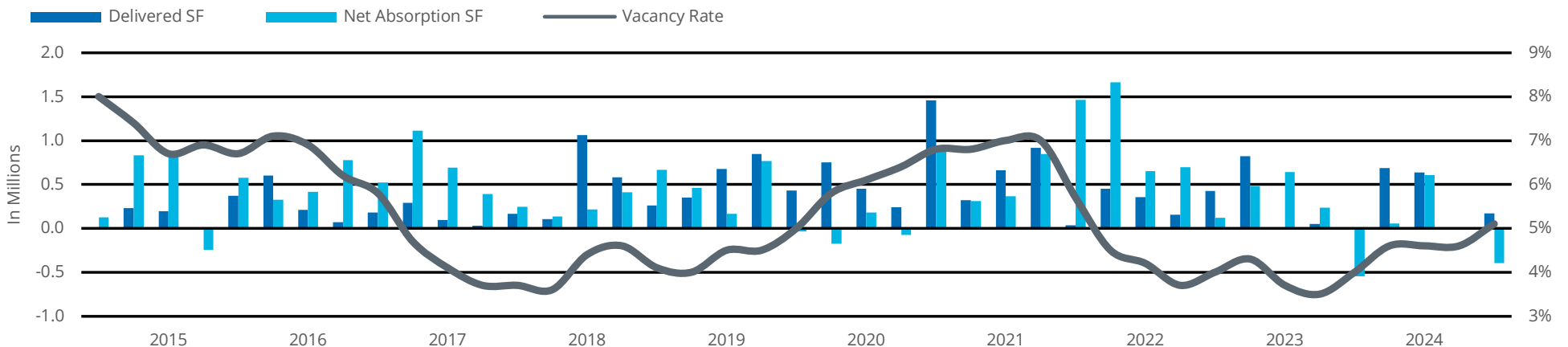
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

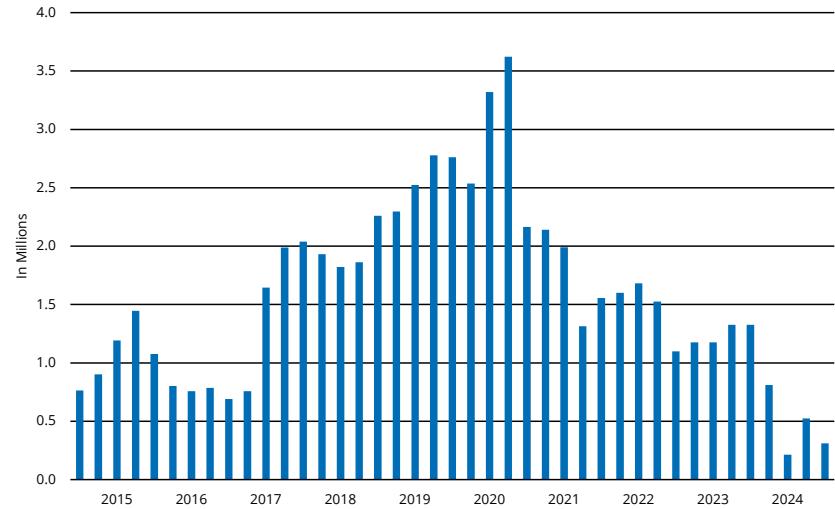


UNDER CONSTRUCTION

Supply is Expected to Remain Scarce

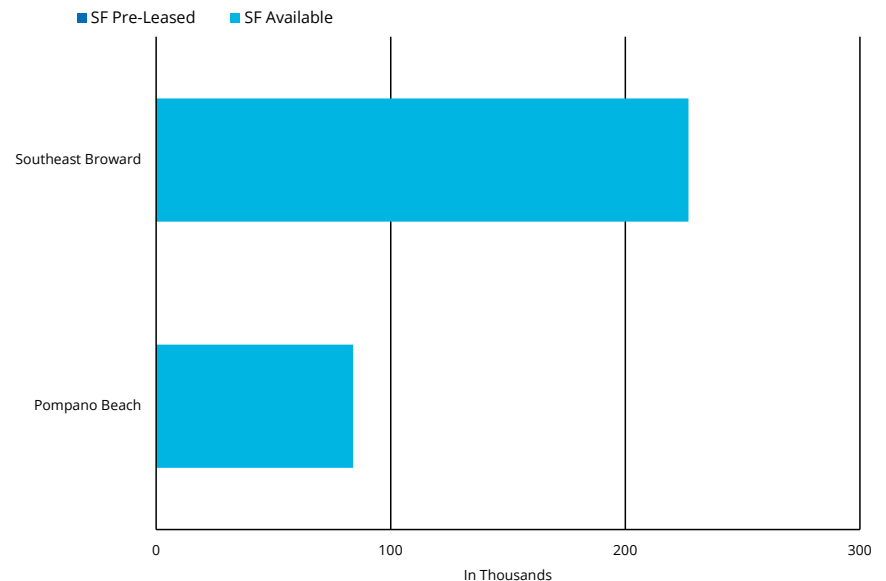
- No new projects broke ground in Q3 2024, keeping Broward’s construction levels near their lowest point in a decade as developers responded to softening market conditions. Since Q4 2023, 1.5 million SF of industrial space has been delivered, yet only 353,000 SF of new projects have commenced construction.
- The only Q3 delivery was Bridge Point Port Everglades in Southeast Broward, a 172,000 SF facility now available for lease. Davie Industrial Center (Buildings A and B) and Andrew Logistics remain the only properties actively under construction, adding 227,000 SF and 84,000 SF, respectively.
- With minimal new groundbreakings in 2024 and only three active developments, the scarcity of modern logistics space is expected to temper the rise in vacancy and firm up rental rates.
- While Broward’s long-term market fundamentals remain strong, a challenging debt environment has slowed the pace of new projects. Nevertheless, developers remain attentive to opportunities to bring more high-quality product online when conditions are more favorable.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

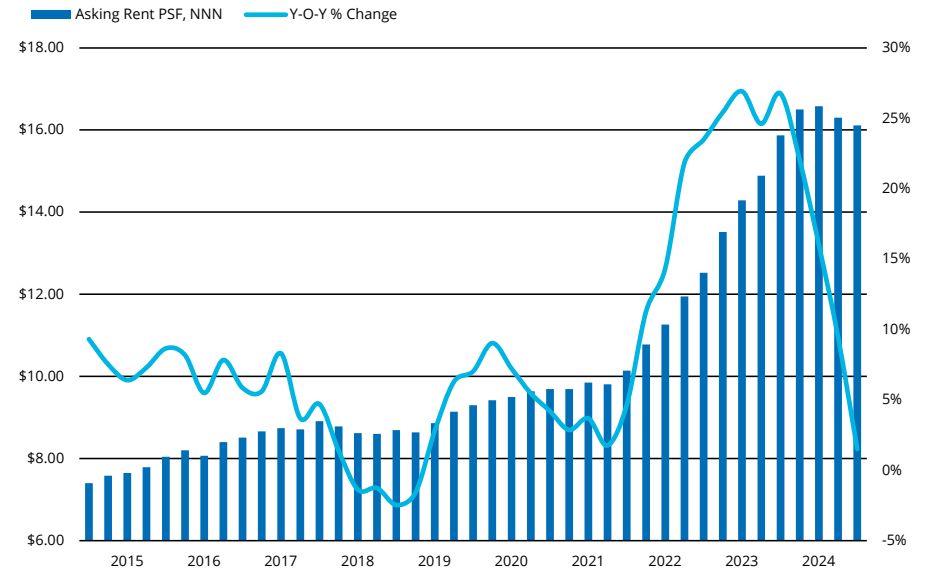


RENTAL RATES

Still Elevated, But Showing Signs of Softening

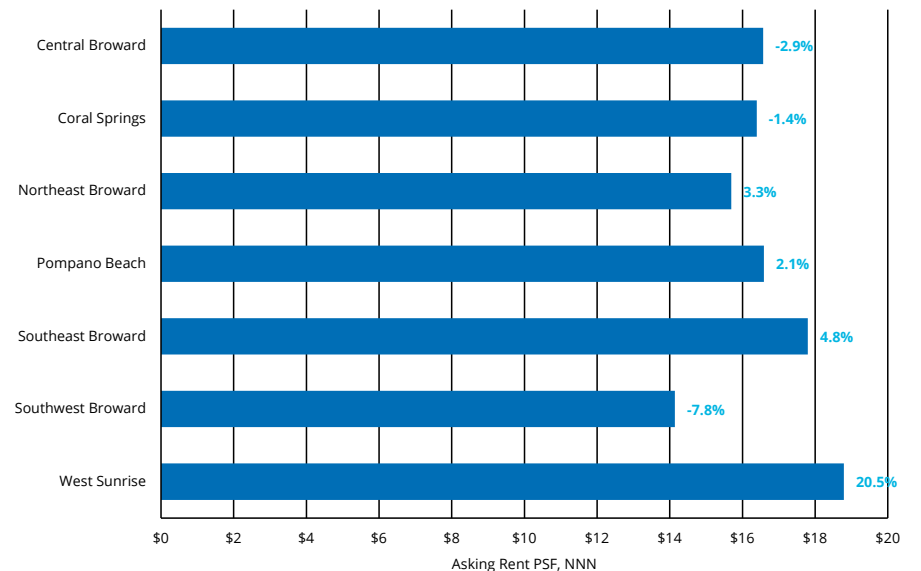
- Rent growth showed signs of leveling off in 2024, with Q3 marking the second consecutive quarter of slight negative growth. Despite this recent cooling, the robust gains of the past five years have largely held, with average asking rents at \$16.11/SF in Q3—down only 2.8% from the record high of \$16.58/SF in Q1 and still approximately 80% above 2019 levels.
- Year-over-year growth in Q3 was a modest 1.8%, with projections suggesting a potential dip into negative territory by late 2024 or early 2025 as the market undergoes a gradual correction. This cooling trend follows eight consecutive quarters of high double-digit annual rent increases, averaging around 21%.
- Among Broward’s submarkets, four out of seven maintained positive year-over-year growth in Q3. West Sunrise led with a strong 20% annual increase, reaching \$18.79/SF and becoming the most expensive submarket, while other positive-growth areas saw rates climb between 2.0% and 5.0%. Conversely, Southwest Broward experienced a 7.8% decline, falling to the most affordable rate of \$14.14/SF.
- South Florida’s economic resilience, supported by diverse local and international demand, is expected to help guide the market through this moderating period. However, the 82% increase in asking rates within the past five years is weighing on tenants’ evaluation of leasing needs, which is expected to continue for the next 12 to 18 months.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

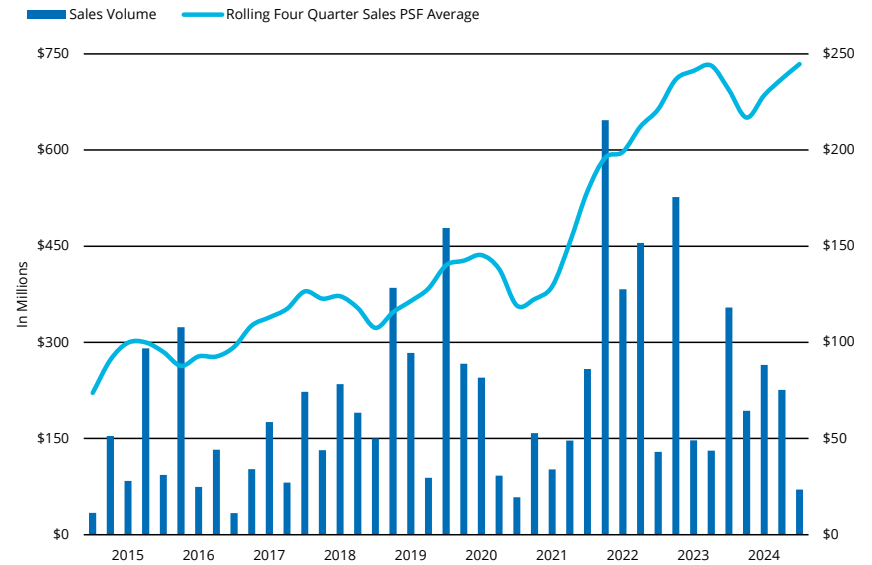


SALES

Steady Activity

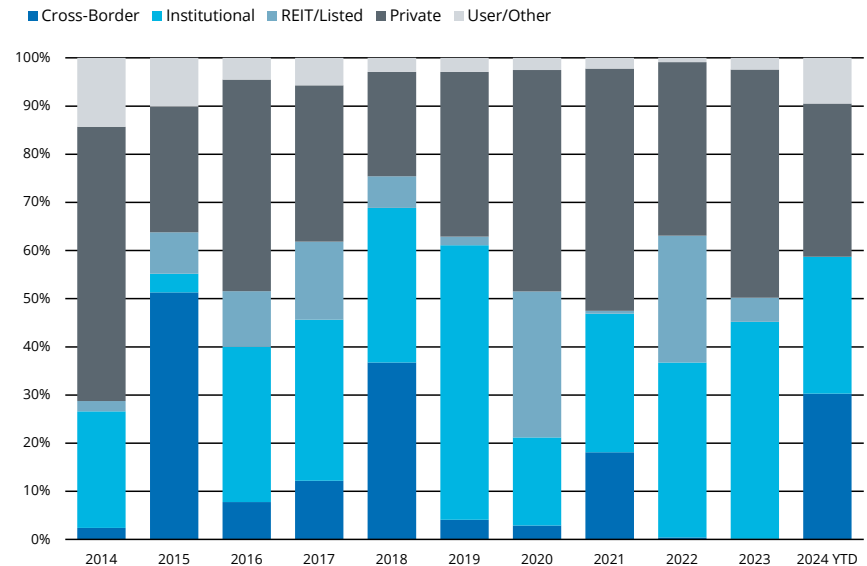
- Despite the persistent impact of high interest rates on sales volume, Broward’s industrial market investment activity has remained relatively resilient, averaging nearly \$1.0 billion in sales over the five years leading up to 2024. Although sales volume somewhat cooled in 2023 to \$826 million, it still boasts the market’s fourth-highest annual volume in the past ten years. Through three quarters in 2024, volume is on pace to align with 2023 levels.
- Although just \$71 million of sales volume was recorded in Q3, \$561 million exchanged hands through three quarters of 2024, on pace to match 2023’s figures. This steady exchange of funds underscores South Florida’s strength as a robust institutional market, even during a moderation period.
- Eleven consecutive quarters of increasing sales prices led to an all-time high average of \$244/SF in Q2 2023. After moderately cooling since then, the average sales price reached \$245/SF in Q3 2024, a new high partly due to smaller but higher-priced deals still evident across the market.
- While stringent lending conditions are expected to create challenges for many prospective buyers, Broward’s robust market fundamentals—anchored by strong local and international demand—continue to attract both institutional and private investors, reinforcing the market’s appeal during a period of broader economic caution.

SALES VOLUME



Source: CoStar, Real Capital Analytics, Transwestern

BUYER CAPITAL COMPOSITION



Source: CoStar, Real Capital Analytics, Transwestern



NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
PEPSICO BEVERAGE NORTH AMERICA	Coral Springs Distribution Center I 4000 NW 126th Ave	Coral Springs	New	215,486
ONTIC ENGINEERING & MANUFACTURING	Stockbridge Miramar Centre 15701 SW 29th St	Southwest Broward	New	63,860
THE RESTAURANT STORE	Bridge Point 595 2750 Bridge Way	Southwest Broward	New	47,316
AMJ ADVANCED MOVERS	East Pompano Industrial Center 2405 College Ave	Northeast Broward	New	45,647
MARC REFRIGERATION	Coral Springs Corporate Park 3850 NW 126th Ave	Coral Springs	New	31,068

Source: CoStar, Real Capital Analytics, Transwestern

NOTABLE SALES

PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
*ROCK LAKE BUSINESS CENTER 3150 & 3250 NW 33RD ST	Southwest Broward	\$100,150,000	256,000 Existing, 243,000 Proposed	\$201	Tishman Speyer	IDI Logistics
*1280-1300 NW 22ND ST, 2151 BLOUNT RD	Pompano Beach	\$23,850,000	94,106	\$253	Invesco Real Estate	Ares Industrial Real Estate Income Trust Inc.
THE SHADE ROOM 3141 SW 10TH ST	Pompano Beach	\$20,700,000	93,873	\$221	Link Logistics Real Estate	Elion Partners
THE CORPORATE PARK OF CORAL SPRINGS 3900 CORAL RIDGE DR	Coral Springs	\$12,500,000	81,960	\$153	Mars Real Estate LLC	Elion Partners
*1901 MEARS PARKWAY 1925-1947 & 1901-1923 MEARS PKY	Coral Springs	\$11,000,000	48,000	\$229	The STRO Companies, The KRE Group	Industry Capital

**Portfolio/bulk deal*

Source: CoStar, Real Capital Analytics, Transwestern

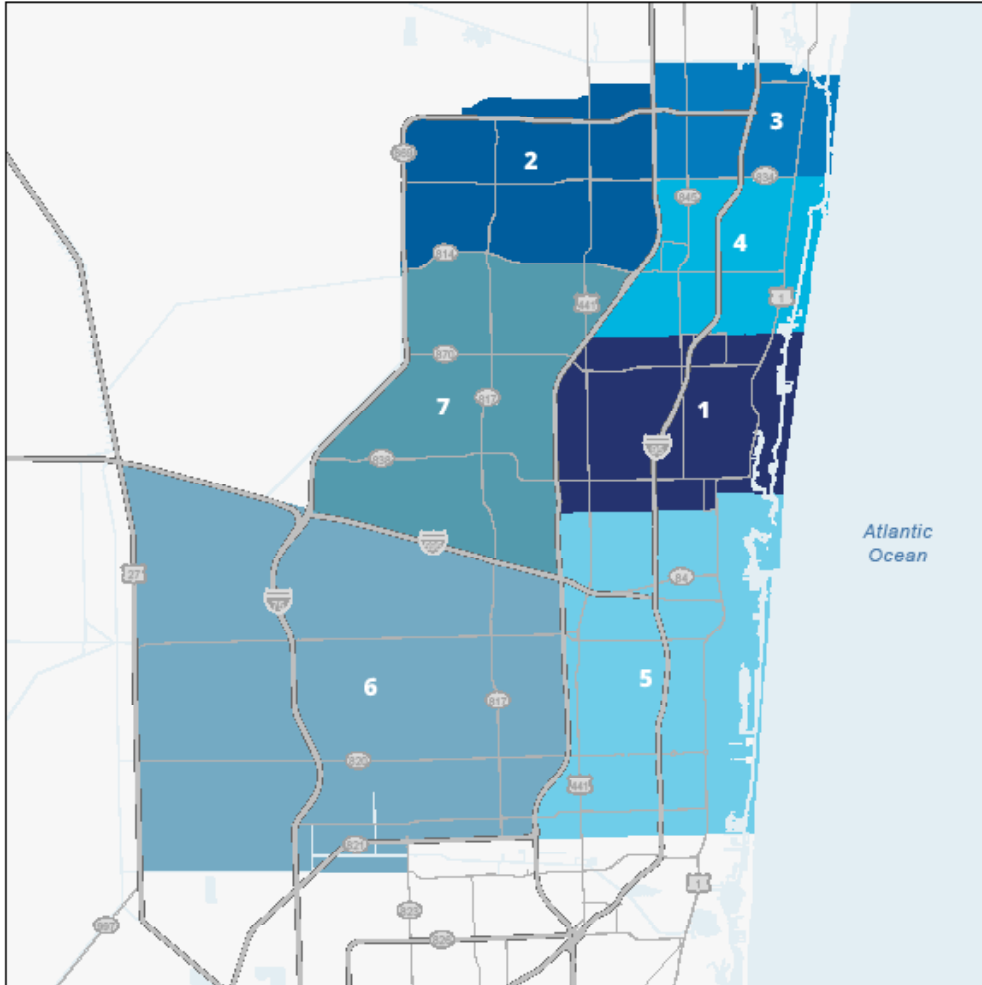


MARKET INDICATORS

All Property Types | Q3 2024

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	11,808,715	569,659	4.8%	132,438	702,097	5.9%	0	(13,812)	(40,565)	\$16.60	\$16.29
CORAL SPRINGS	7,483,761	446,165	6.0%	0	446,165	6.0%	0	(70,450)	68,111	\$15.87	\$20.57
NORTHEAST BROWARD	12,119,889	737,403	6.1%	63,375	800,778	6.6%	0	(82,158)	61,510	\$15.72	\$14.18
POMPANO BEACH	26,442,701	1,110,115	4.2%	34,002	1,144,117	4.3%	84,000	30,758	274,319	\$16.54	\$17.40
SOUTHEAST BROWARD	22,740,614	1,353,989	6.0%	85,500	1,439,489	6.3%	226,957	(85,694)	(247,258)	\$17.64	\$20.80
SOUTHWEST BROWARD	19,770,508	473,768	2.4%	145,962	619,730	3.1%	0	(178,774)	(24,098)	\$13.75	\$17.81
WEST SUNRISE	9,824,090	320,634	3.3%	157,200	477,834	4.9%	0	5,170	157,089	\$18.70	\$18.97
TOTAL	110,190,278	5,011,733	4.5%	618,477	5,630,210	5.1%	310,957	(394,960)	249,108	\$15.93	\$18.01

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 Miami metropolitan area. This report includes single tenant, multi-tenant and owner-user properties 20,000 SF and larger.

FOR MORE INFORMATION

Ryan Burress

Research Analyst & Associate
ryan.burress@transwestern.com
305.357.3839

ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern).