TRANSWESTERN

# BROWARD INDUSTRIAL MARKET

Q4 2024

## TRENDLINES

| | Q4 2024 | Q4 2023 | ONE-YEAR TREND | FIVE-YEAR AVERAGE | 12-MONTH FORECAST |
|---|---|---|---|---|---|
| UNEMPLOYMENT RATE | 3.4 | 3.1 | ↑ | 4.7 | ↑ |
| NET ABSORPTION (MSF) | -0.4 | 0.1 | ↓ | 0.4 | ↓ |
| OVERALL VACANCY RATE | 5.5% | 4.6% | ↑ | 5.1% | ↑ |
| OVERALL VACANT SF (MSF) | 6.0 | 5.0 | ↑ | 5.5 | ↑ |
| UNDER CONSTRUCTION (MSF) | 1.4 | 0.8 | ↑ | 1.5 | ↓ |
| ASKING RENT, NNN (PSF) | $16.35 | $16.50 | ↓ | $12.77 | ↓ |
| SALES VOLUME (MILLIONS) | $481.7 | $193.3 | ↑ | $255.3 | ↑ |

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

## FUNDAMENTALS MODERATE

After a strong start to 2024, Broward's industrial market cooled later in the year with negative absorption for the second consecutive quarter in Q4 2024. Full-year absorption was a negative 52,000 SF and, combined with new deliveries, pushed the market's vacancy rate to 5.5% by the end of 2024, a 90-basis-point increase from 4.6% at the start of the year.

Developers remain confident in Broward's market fundamentals, as 1.0 million SF broke ground in Q4 2024, bringing total product underway to 1.4 million SF—the highest level in ten quarters. Rent growth began to moderate during the year, declining 1.4% from the record high of $16.58/SF in Q1 to $16.35/SF in Q4. Despite this slight cooling, rents remain approximately 80% higher than 2019 levels.

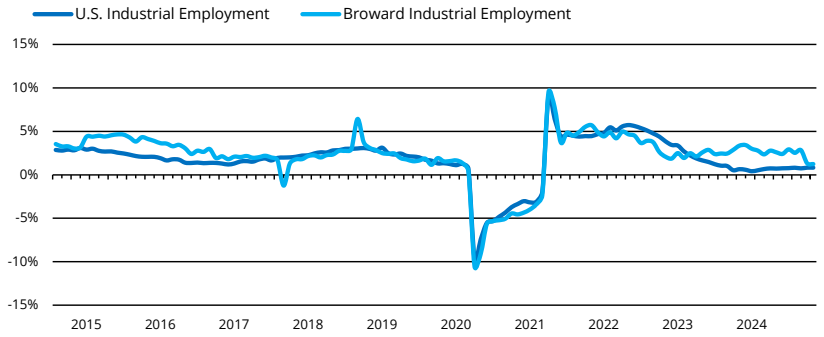
Additionally, Broward's industrial market showed resilience in sales activity, averaging nearly $1 billion in annual sales over the past five years. While sales volume dipped to $826 million in 2023, it rebounded to over $1 billion in 2024—marking the fourth-highest annual total in the past decade.

## ECONOMY

### Job Growth and Unemployment Rate Settles

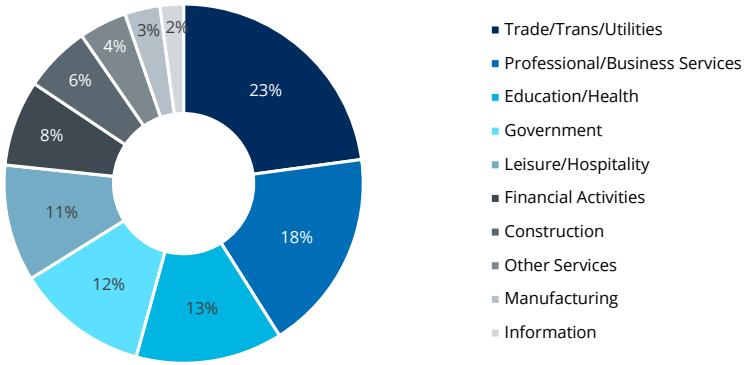
- The U.S. unemployment rate held steady at 4.2% in Q4, matching Q3 levels, remaining the highest rate since Q3 2021. Despite this, the rate remains comparatively low by historical standards and only slightly above pre-pandemic levels, reflecting a robust labor market amid ongoing economic uncertainties.
- U.S. industrial employment has steadily increased year-over-year since Q2 2021, reaching record highs in Q4 2024. While growth has slowed to under 1.0% from a peak of 5.7% two years ago, this deceleration reflects broader economic cooling and cautious hiring strategies driven by rising operational costs and global challenges.
- Broward's unemployment rate averaged 3.4% in Q4, a slight increase from the historic lows of early 2023 but consistent with pre-2020 levels. Despite modest growth throughout 2024, the rate remained significantly below the five-year average of 4.7%, reflecting the local economy's resilience.
- Industrial employment in Broward has maintained steady growth, reaching record levels with consistent annual gains in every quarter since Q1 2021. From January 2023, industrial employment increased at an average annual rate of 2.5%, though this has moderated to 1.2% year-over-year as of November 2024. This sustained growth supports the stable demand we expect in the industrial real estate sector.

## Y-O-Y CHANGE IN INDUSTRIAL JOBS



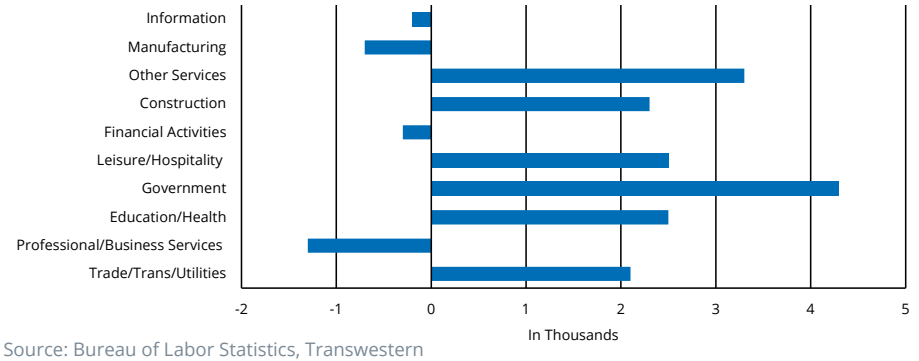

Source: Bureau of Labor Statistics, Transwestern

## SHARE OF EMPLOYEES BY INDUSTRY




Source: Bureau of Labor Statistics, Transwestern

## Y-O-Y CHANGE IN JOBS BY INDUSTRY



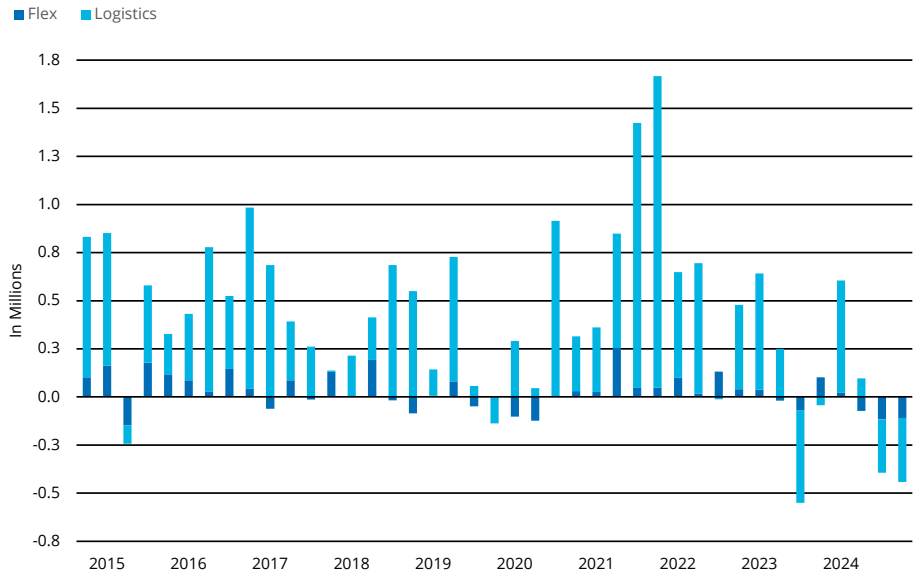

Source: Bureau of Labor Statistics, Transwestern

## NET ABSORPTION

### Modest Demand as Expected in 2024

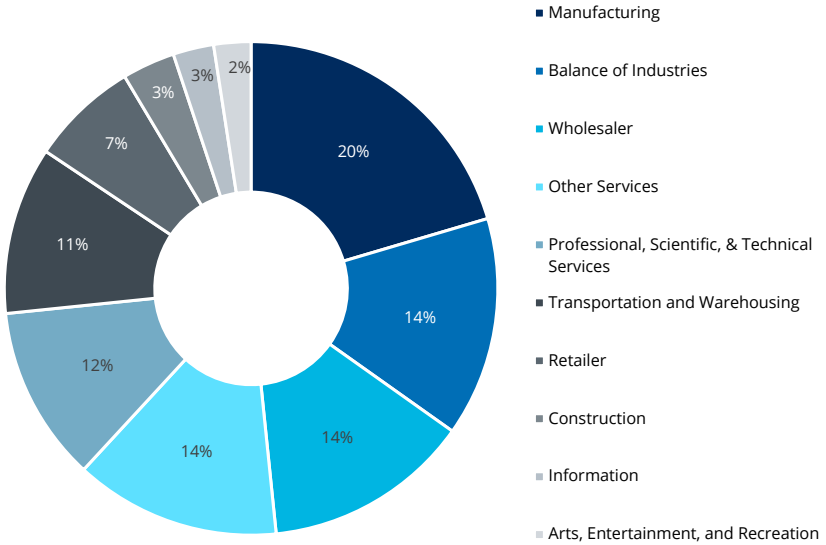
- After a strong performance in Q1, Broward recorded negative absorption of 441,000 SF in Q4 2024, the second consecutive quarter of occupancy losses. However, the strong showing in Q1 balanced year-over-year absorption to just negative 52,000 SF. Given the six-year average of 1.8 million SF in annual 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 revealed a consistent decline, with only three submarkets achieving modest annual occupancy gains in 2024 and just one posting positive absorption in Q4.
- Coral Springs led the county with positive annual absorption of 126,000 SF, despite slight occupancy losses in three out of four quarters. West Sunrise followed with a modest gain of 50,000 SF for the year, supported by steady, positive activity throughout most of 2024.
- Over the next two quarters, absorption is expected to remain sluggish as tenants adapt to rent increases of 60-100% on expiring leases. Additionally, slower economic growth and broader uncertainties will likely weigh on demand. However, Transwestern anticipates activity to amp up and market fundamentals to strengthen as lease rollovers increase in latter 2025 and early 2026.

## NET ABSORPTION BY PRODUCT TYPE




Source: CoStar, Transwestern

## SHARE OF LEASING ACTIVITY BY INDUSTRY



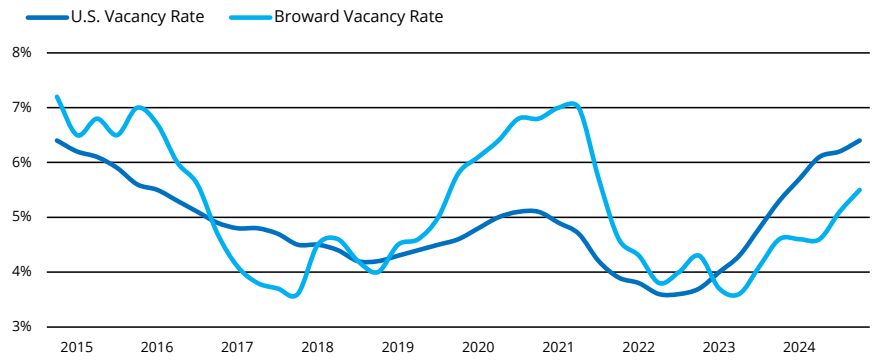

Source: CoStar, Transwestern

## VACANCY

### Healthy Despite Increased

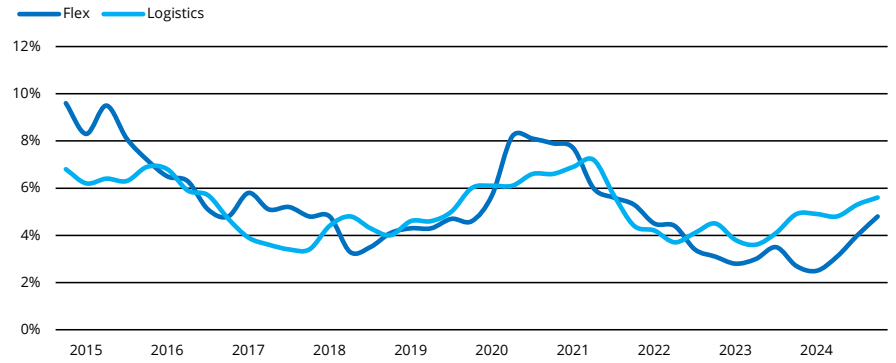
- Broward's industrial vacancy rate rose to 5.5% by the end of 2024, up from 4.6% at the year's start, fueled by the combination of negative absorption and new deliveries. Although it slightly exceeded the market's five-year average of 5.1%, it remains 90 basis points below the U.S. average.
- Some Broward submarkets experienced notable vacancy increases year-over-year. As the smallest submarket, Coral Springs is more volatile to vacancy shifts, so with 428,000 SF of additional vacant space since Q4 2023, its vacancy rose to 5.9% in Q4 2024.
- Southwest Broward continued to boast the lowest vacancy rate in the market at 3.6%. Meanwhile, Southeast Broward was the only submarket to improve in Q4, tightening to 5.9%.
- Looking ahead, vacancy rates may experience slight increases as the economy progresses at a moderate pace and the market absorbs new construction. However, leasing activity is expected to accelerate in the latter part of 2025 into early 2026.

## OVERALL VACANCY RATE



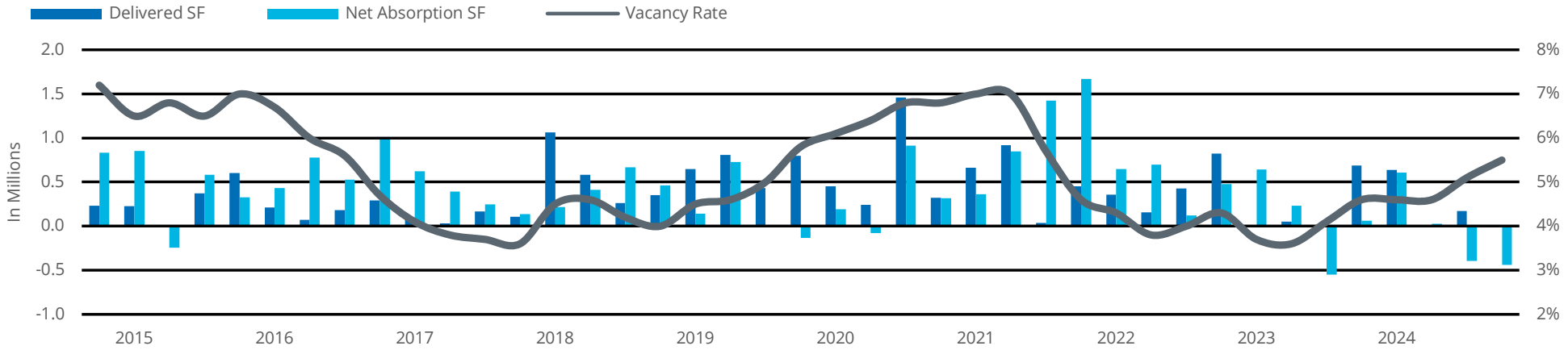

Source: CoStar, Transwestern

## OVERALL VACANCY RATE BY PRODUCT TYPE




Source: CoStar, Transwestern

## DELIVERY IMPACT ON KEY INDICATORS



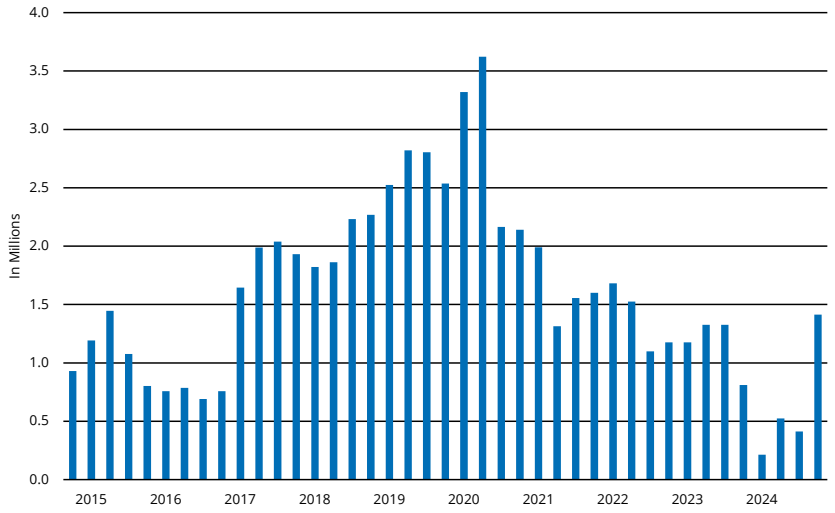

Source: CoStar, Transwestern

## UNDER CONSTRUCTION

### Activity Picked Up to Close Out 2024

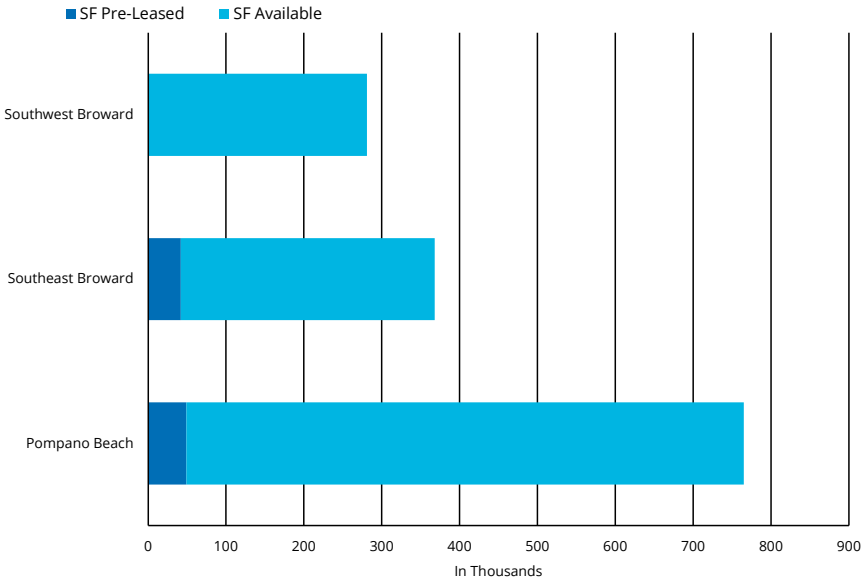
- During the first three quarters of 2024, construction activity in Broward County reached its lowest levels in a decade as developers adjusted to softened market conditions over the past year. However, Q4 2024 saw an uptick with 1.0 million SF breaking ground, bringing total projects underway to 1.4 million SF—a ten-quarter high—reflecting sustained confidence in Broward's market fundamentals. Between Q1 2023 and Q3 2024, 1.5 million SF of industrial space was delivered, a significant decline from the 3.8 million SF delivered during 2021–2022.
- Rockpoint's Race Trace Logistics project broke ground in Q4, set to deliver over 621,000 SF across four buildings by Q3 2025, with an additional 562,500 SF spanning three buildings scheduled to commence construction in 2025. Summit's Building C at the South Florida Distribution Center also began construction in Q4 and is expected to add 281,145 SF of space by Q3 2025.
- Limited groundbreaking activity throughout most of 2024 helped slow the rise in vacancy. However, as more industrial space comes online, modest increases in vacancy are anticipated until leasing velocity accelerates, as leasing rollover picks up later in 2025 and economic growth stimulates the market.
- Broward's industrial market remains underpinned by strong long-term fundamentals, with greater market liquidity prompting a resurgence in project proposals. Developers are actively identifying opportunities to deliver high-quality industrial products over the next 12–18 months.

## UNDER CONSTRUCTION




Source: CoStar, Transwestern

## UNDER CONSTRUCTION BY SUBMARKET



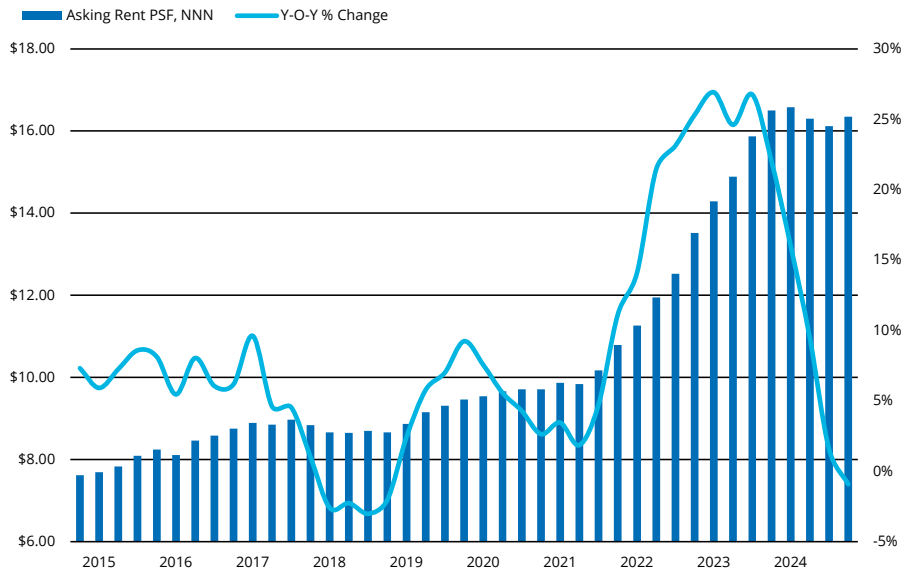

Source: CoStar, Transwestern

## RENTAL RATES

### Still Elevated, Showed Signs of Softening

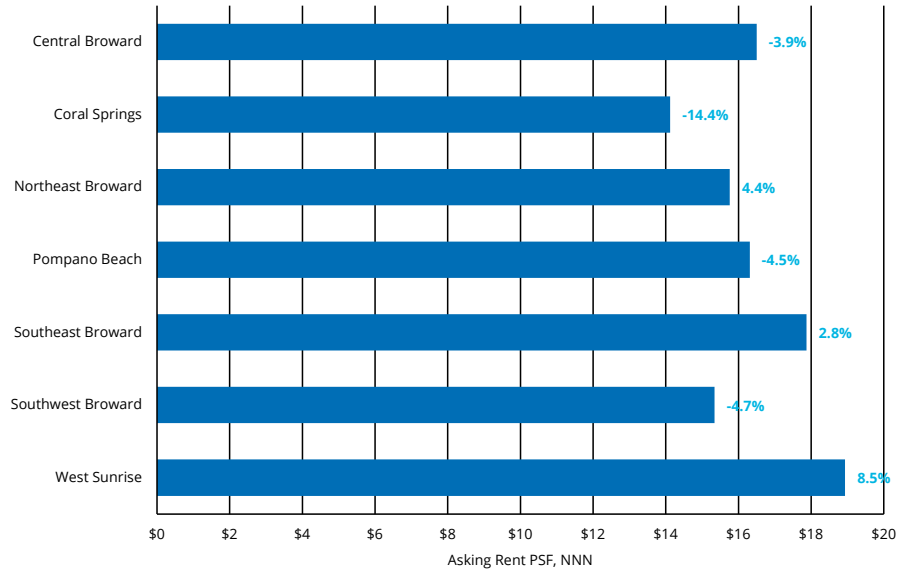
- Rent growth began to moderate in 2024, edging down 1.4% from the record high of $16.58/SF in Q1. Despite this slight cooling, the impressive gains of the past five years remain intact, with average asking rents at $16.35/SF in Q4—still approximately 80% higher than 2019 levels.
- As anticipated, year-over-year rent growth in Q4 dipped marginally into negative territory at -0.9%, reflecting a gradual market correction. With slower activity across the market, we expect rent growth to be flat for the next two quarters until the expected delivery of a million SF of new construction between Q3 and Q4 2025 will apply some pressure.
- Among Broward's submarkets, three out of seven recorded positive year-over-year growth in Q4. West Sunrise led the charge with an impressive 8.5% annual increase, reaching $18.93/SF to claim the title of the most expensive submarket, while other growing areas saw moderate gains between 2.0% and 5.0%. Conversely, Coral Springs experienced the steepest decline, with rents dropping 14.4% to the most affordable rate of $14.12/SF.
- South Florida's economic resilience, bolstered by diverse domestic and international demand, is expected to support its industrial market through this period of moderation. However, the substantial 80% increase in asking rents over the past five years continues to weigh on tenant leasing decisions, a dynamic likely to persist for the next 12 to 18 months.

## ASKING RENT




Source: CoStar, Transwestern

## ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



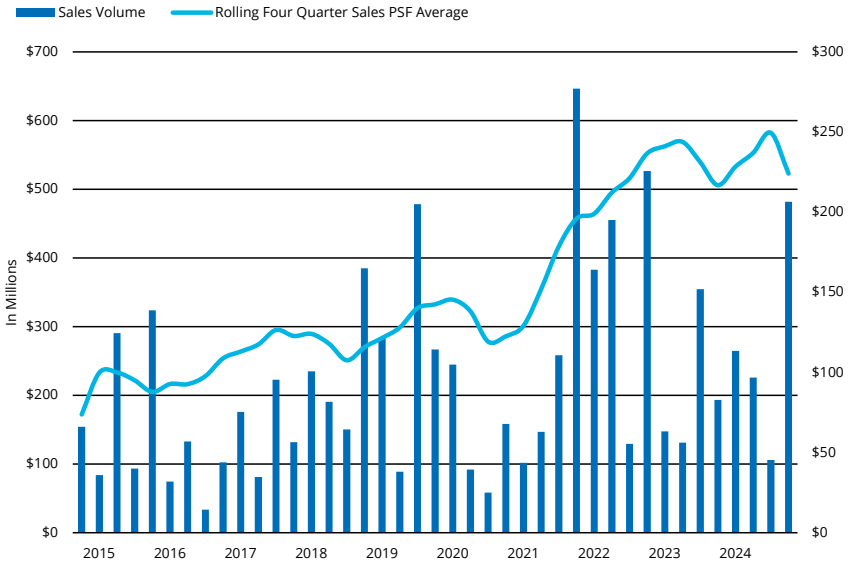

Source: CoStar, Transwestern

## SALES

### Investors Remained Active

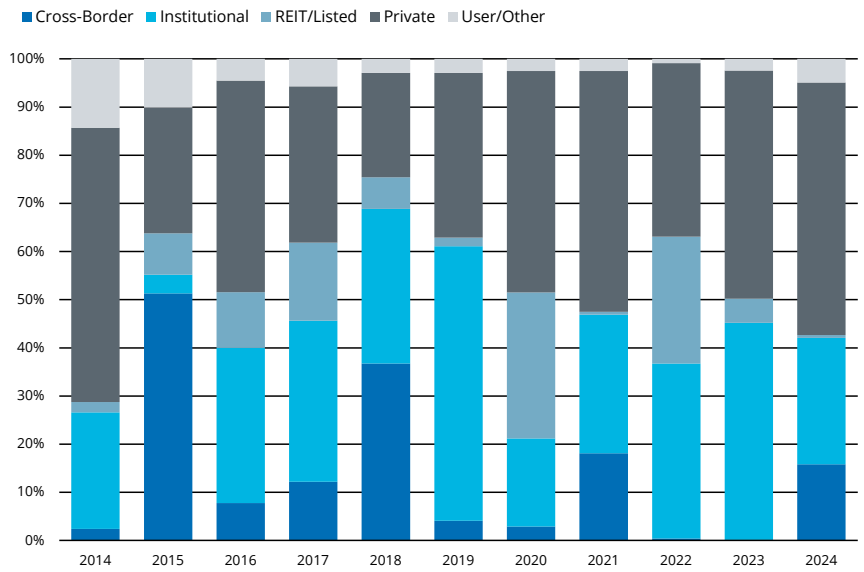
- Over $481 million in transactions occurred in Q4 2024, the highest quarterly volume in two years. This consistent activity highlights South Florida's position as a dynamic and attractive institutional market, even amid broader market moderation.
- Sale prices have experienced notable shifts over the past two years, retreating in 2023 before reaching record highs in Q3 2024, with an average of $250/SF. Although prices moderated to $224/SF in the end of 2024, they still remain well above pre-2022 averages.
- Stringent lending conditions have posed challenges for some buyers, yet Broward's solid market fundamentals—driven by robust local and international demand—continue to draw institutional and private investors, solidifying its appeal even in a cautious economic climate.

## 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 |
|---|---|---|---|---|
| POINT BLANK ENTERPRISES | Atlantic Business Center (Four spaces in four bldgs) | Pompano Beach | Renewal | 240,988 |
| PEPSICO BEVERAGE NORTH AMERICA | Coral Springs Distribution Center I 4000 NW 126th Ave | Coral Springs | New | 215,486 |
| COOLER DEPOT | Prologis Seneca Park 2400 Commerce Center Way | Southeast Broward | New | 71,741 |
| ONTIC ENGINEERING & MANUFACTURING | Stockbridge Miramar Centre 15701 SW 29th St | Southwest Broward | New | 63,860 |
| CROWN LINEN SERVICE | Andrews Logistics 1698 N Andrews Ave | Pompano Beach | New | 50,323 |

Source: CoStar, Real Capital Analytics, Transwestern

## NOTABLE SALES

| PROPERTY | SUBMARKET | SALES PRICE | BUILDING SF | PRICE PSF | BUYER | SELLER |
|---|---|---|---|---|---|---|
| *FIVE PROPERTY PORTFOLIO IN 33325 | West Sunrise | $205,500,000 | 791,618 | $260 | Elion Partners | Link |
| MERIDIAN BUSINESS CAMPUS 3225 MERIDIAN PKY | Southwest Broward | $50,500,000 | 201,845 | $250 | Chick-Fil-A | Capot Properties |
| 10200 NW 67TH ST | West Sunrise | $27,000,000 | 135,000 | $200 | Walton Street / Lincoln | New Vision Pharmaceuticals |
| 1280-1300 NW 22ND ST & 2151 BLOUNT RD | Pompano Beach | $23,850,000 | 94,106 | $253 | Invesco Real Estate | Ares |
| COASTAL WASTE & RECYCLING 3900 NE 10TH WAY (SOLD TO TENANT) | Northeast Broward | $20,500,000 | 30,890 | $664 | Coastal Waste & Recycling of Broward County | Financial Investments Corp |

**Portfolio/bulk deal*

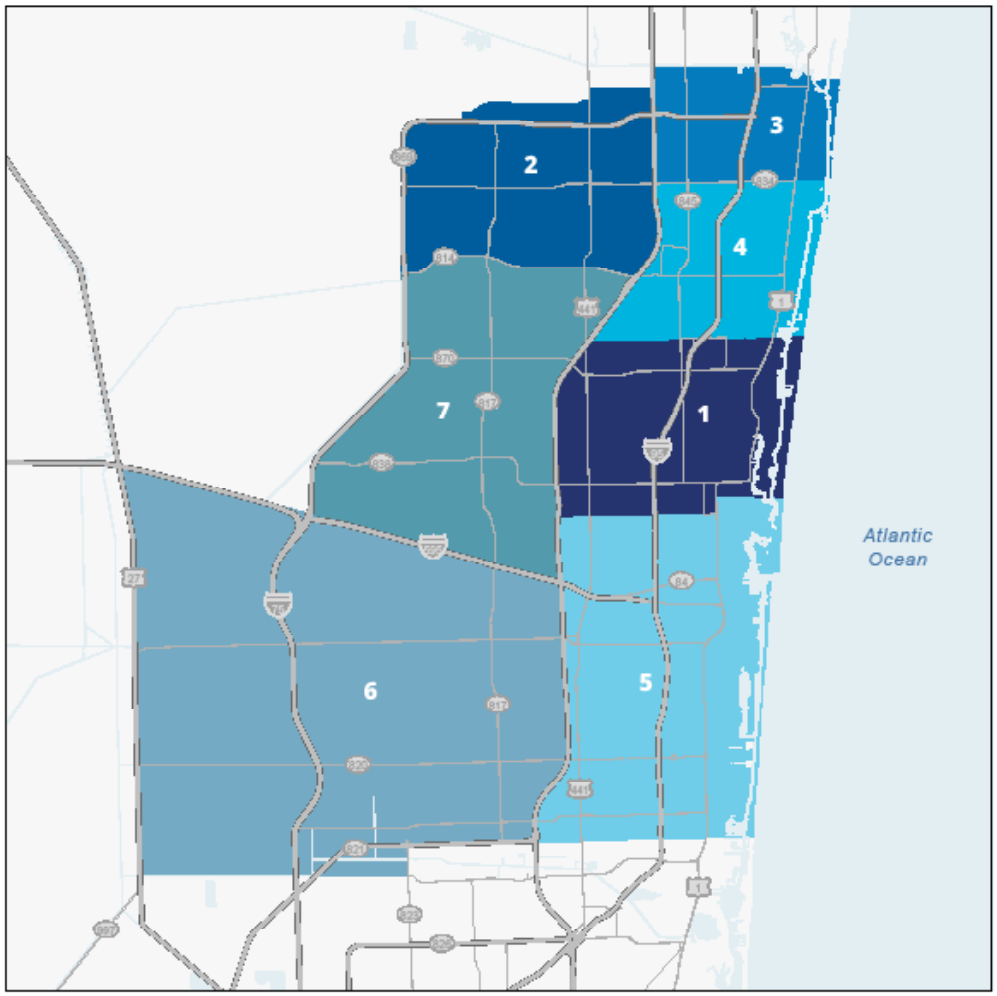
Source: CoStar, Real Capital Analytics, Transwestern

## MARKET INDICATORS

### All Property Types | Q4 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 | 11,768,804 | 592,522 | 5.0% | 125,977 | 718,499 | 6.1% | 0 | (16,402) | (113,931) | $16.55 | $16.18 |
| CORAL SPRINGS | 7,152,416 | 422,073 | 5.9% | 0 | 422,073 | 5.9% | 0 | (19,802) | 125,688 | $13.21 | $19.26 |
| NORTHEAST BROWARD | 12,201,147 | 729,528 | 6.0% | 115,257 | 844,785 | 6.9% | 0 | (44,007) | (89,312) | $15.77 | $15.67 |
| POMPANO BEACH | 26,456,787 | 1,412,917 | 5.3% | 30,271 | 1,443,188 | 5.5% | 765,155 | (299,071) | 16,468 | $16.28 | $17.64 |
| SOUTHEAST BROWARD | 22,767,825 | 1,249,259 | 5.5% | 90,164 | 1,339,423 | 5.9% | 367,900 | 100,066 | (34,099) | $17.71 | $20.80 |
| SOUTHWEST BROWARD | 19,583,845 | 539,512 | 2.8% | 167,465 | 706,977 | 3.6% | 281,145 | (78,924) | (161,259) | $14.79 | $18.13 |
| WEST SUNRISE | 9,724,818 | 410,727 | 4.2% | 150,000 | 560,727 | 5.8% | 0 | (82,893) | 50,347 | $18.84 | $19.10 |
| **TOTAL** | **109,655,642** | **5,356,538** | **4.9%** | **679,134** | **6,035,672** | **5.5%** | **1,414,200** | **(441,033)** | **(206,098)** | **$16.18** | **$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

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