

Broward Industrial Market

Broward County recorded approximately 800,000 square feet of positive net absorption in the second quarter of 2022. Propelling this volume was a number of significant move-ins over 100,000 square feet, including Tire Rack, which occupied the 290,295-square-foot Bridge Point 595 in Davie, and Medify Air, which moved into 115,115 square feet at 6899 Hiatus Road in Tamarac. Both were recently constructed warehouse facilities. Broward County not only realized the second-highest quarterly total on record for the market, but also the 43rd consecutive quarter of positive net absorption. The market continues to boast the longest stretch of demand growth in all of Florida.

Second-quarter net absorption significantly outpaced deliveries, pushing vacancy down to 4.0% by quarter-close. This represented a decline of 120 basis points (bps) year-over-year, and just a 20 bps spread above the all-time low vacancy rate charted in Broward County in 2018. One building completed construction in the second quarter, the 82,197-square-foot distribution facility at 1900 N.E. 7th Avenue. Challenge Warehouse occupied half of the building upon completion, relocating from 3501 Burris Road. Remaining in the development pipeline was 1.5 million square feet of space, a notable portion of which is already spoken for. Tenants desiring new, modern space in the market will continue to feel the squeeze of space scarcity.

Leasing activity in Broward County remained robust in the second quarter of 2022, with approximately 1.3 million square feet of transactions. The market has witnessed a gradual deceleration of leasing volume from the heights realized in mid-2021, yet current levels are on par with pre-pandemic leasing volume.

Average asking rents continue to grow on the heels of dwindling vacancy. At an average of \$11.10/SF, second-quarter asking rents were up 15.0% year-over-year, running well above elevated national inflation rates. This marked the fastest annual pace of rent growth for Broward County on record. Yet, as is the case across the South Florida industrial market, asking rents for modern warehouse space in desirable locations are higher than statistical industrial market averages.

Current Conditions

Broward County's industrial segment continued to lead the longest streak of consecutive quarterly demand growth throughout the state of Florida.

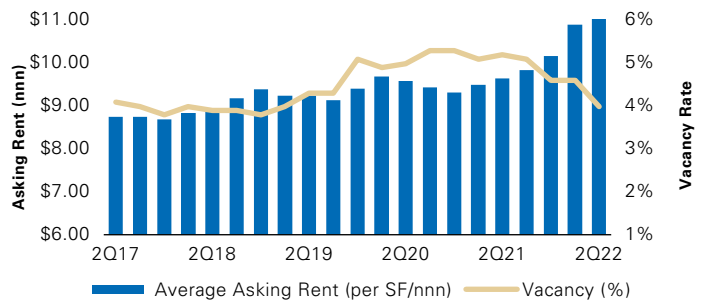
Net absorption improved from the previous quarter and one year ago as demand remained healthy to kick off the second quarter of 2022.

Vacancy ticked downward, despite the 605,294-square-foot difference in new inventory being delivered from the previous quarter.

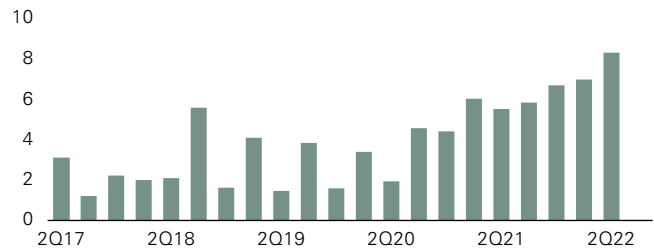
Developers are still bullish on the industrial segment as construction activity increased from the first quarter of 2022 and one year ago.

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (100,000 SF)



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	112.5M	111.8M	110.8M	↑
Vacancy Rate	4.0%	4.6%	5.2%	↑
Quarterly Net Absorption (SF)	547,542	790,824	601,807	↔
Average Asking Rent/SF	\$11.10	\$10.91	\$9.65	↑
Under Construction (SF)	1.5M	1.09M	1.1M	↓
Deliveries	82,197	687,491	728,178	↓

Fort Lauderdale / Broward Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central Broward	15,246,308	0	3.7 %	103,477	-18,178	\$10.37	\$16.23	\$11.56
Coral Springs	5,081,968	131,683	1.9 %	26,242	44,392	\$11.98	\$13.12	\$10.98
Northeast Broward	9,004,686	159,812	2.2 %	-32,302	72,289	0	\$13.28	\$13.42
Pompano Beach	24,199,926	484,778	4.2 %	81,399	366,116	\$10.03	\$12.97	\$10.25
Southeast Broward	22,346,458	760,850	3.0 %	85,421	198,638	\$12.40	\$15.73	\$13.02
Southwest Broward	15,564,240	0	5.4 %	344,839	652,994	\$10.42	\$12.69	\$10.87
West Sunrise	7,193,082	0	3.5 %	139,406	178,552	\$7.07	\$9.45	\$8.41
Totals	98,636,668	1,537,123	3.7 %	748,482	1,494,803	\$10.28	\$13.03	\$11.13

Fort Lauderdale Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Southern Specialties	1400 SW 6th Ct	Pompano Beach	4 Star Industrial Warehouse	143,759
RF Supply	1500 SW 5th Ct - Pompano Business Park	Pompano Beach Submarket	2 Star Industrial Warehouse	130,196
Screen Graphics of Florida, Inc.	1801 N Andrews Ave	Pompano Beach Submarket	3 Star Industrial Manufacturing	113,610
Turbo Air Inc	2701 SW 145th Ave - I-75 Center #200	Southeast Broward	3 Star Industrial Distribution	108,800
The Glove Store	3400 SW 20 th st	Southeast Broward	3 Star Industrial Warehouse	53,822

Fort Lauderdale Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
635-655 NW 4th Ave	Central Broward Submarket	\$14,100,000	\$225.35	62,568
6600 NW 12th Ave	Pompano Beach Submarket	\$12,710,000	\$189.86	66,929
6500 NW 12th Ave	Pompano Beach Submarket	\$12,580,000	\$188.01	66,929
3060 SW 2 nd Ave Portfolio	Southeast Broward	\$9,850,000	\$164.19	60,000
1400 NW 65th Pl	Pompano Beach	\$9,320,000	\$212.35	43,900