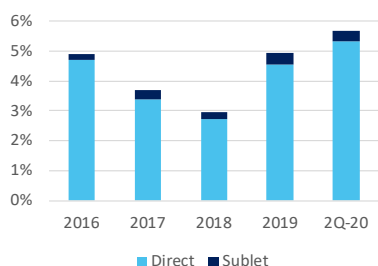


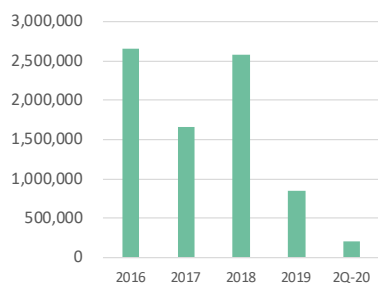
# Broward County

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Broward market's health. Third quarter activity is expected to provide greater clarity.

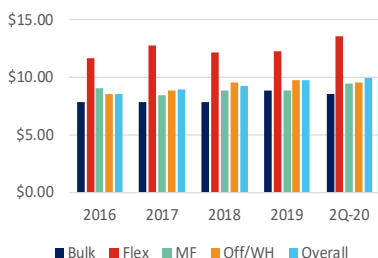
## Vacancy Rate



## YTD Net Absorption (SF)



## Average Asking Rent Rate (\$/SF/NNN)



## Leasing Activity Remains Steady While Vacancy Rises Amid New Speculative Deliveries

- Broward's industrial market held steady during the second quarter of 2020 with net absorption trending positive at 206,105 sf at the close of the quarter. Vacancy continued on an upward trajectory, a trend present prior to the outbreak of COVID-19, as large speculative deliveries came online. A record-breaking 2.8 million sf delivered during 2019, and nearly 1 million sf has delivered so far at mid-year 2020.
- Due to an uptick in online ordering during the pandemic, Amazon has been expanding aggressively throughout South Florida. The largest lease of the second quarter was Amazon's 252,000-sf lease of a cold storage facility in Pompano Beach formerly occupied by Save-A-Lot.
- A handful of speculative industrial buildings completed during the second quarter including Buildings A and B of East Pompano Industrial Center (+435,856 sf) and Building 2 of Port Everglades International Logistics Park (+145,007 sf), which was fully preleased by IWS.
- While the overall asking rate remained flat year-over-year, the bulk distribution rate saw a slight decline to \$8.57 psf (-\$0.19), a trend that had been present prior to the pandemic as demand attempts to catch up with supply.
- While most investment sales cooled across South Florida, investment in industrial assets has remained steady, particularly within cold storage assets. One of the most notable sales of the quarter was Nestle's disposition of a cold storage warehouse in Southwest Broward to LBA Realty for \$9 million. An increase in online grocery deliveries during the pandemic has accelerated demand for cold storage facilities in South Florida.

## Trends to Watch



### E-commerce Expansion

Accelerated e-commerce expansion is expected to fuel demand for warehouse space since it requires three times the logistics space as traditional distribution.



### Growing Inventory

Following a development boom over the last few years, Broward's industrial inventory has expanded by 6.3% since the end of 2016.



### New Development

Two industrial projects broke ground in Pompano Beach during 2Q20 including First Cypress (+373,930 sf) and the North Broward Commerce Center (+70,335 sf).

**99.7 MSF**

Total industrial inventory in the Broward County market

**206,105 SF**

Direct Y-T-D net absorption as of 2Q-2020

**5.70%**

Overall Vacancy

**\$9.06/SF/NNN**

Average rental rate for industrial space (excluding flex)

## Broward County

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	22,125,167	2,188,494	141,966	\$8.57	90.11%	9.89%	0.64%	10.53%	2,421,767	241,008
Flex	21,020,742	1,104,816	33,110	\$13.56	94.74%	5.26%	0.16%	5.41%	70,335	(76,519)
Manufacturing	8,168,009	206,909	0	\$9.44	97.47%	2.53%	0.00%	2.53%	130,000	65,923
Warehouse / Distribution	48,408,117	1,838,537	167,873	\$9.60	96.20%	3.80%	0.35%	4.14%	1,134,513	(24,307)
<b>Total</b>	<b>99,722,035</b>	<b>5,338,756</b>	<b>342,949</b>	<b>\$9.99</b>	<b>94.65%</b>	<b>5.35%</b>	<b>0.34%</b>	<b>5.70%</b>	<b>3,756,615</b>	<b>206,105</b>

## Central Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	528,007	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Flex	2,797,207	110,147	0	\$11.32	96.06%	3.94%	0.00%	3.94%	0	12,181
Manufacturing	1,423,664	59,004	0	\$8.40	95.86%	4.14%	0.00%	4.14%	0	4,614
Warehouse / Distribution	6,176,619	134,687	66,075	\$9.24	97.82%	2.18%	1.07%	3.25%	0	(24,768)
<b>Total</b>	<b>10,925,497</b>	<b>303,838</b>	<b>66,075</b>	<b>\$9.83</b>	<b>97.22%</b>	<b>2.78%</b>	<b>0.60%</b>	<b>3.39%</b>	<b>0</b>	<b>(7,973)</b>

## Northeast Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	2,812,115	231,784	0	\$9.57	91.76%	8.24%	0.00%	8.24%	151,870	(93,600)
Flex	2,003,327	87,073	0	\$14.00	95.65%	4.35%	0.00%	4.35%	0	(12,225)
Manufacturing	867,428	51,500	0	\$8.00	94.06%	5.94%	0.00%	5.94%	0	(41,500)
Warehouse / Distribution	4,694,717	211,818	0	\$10.18	95.49%	4.51%	0.00%	4.51%	144,161	(27,825)
<b>Total</b>	<b>10,377,587</b>	<b>582,175</b>	<b>0</b>	<b>\$10.32</b>	<b>94.39%</b>	<b>5.61%</b>	<b>0.00%</b>	<b>5.61%</b>	<b>296,031</b>	<b>(175,150)</b>

## Northwest Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	1,626,689	215,486	40,000	\$7.50	86.75%	13.25%	2.46%	15.71%	194,441	2,138
Flex	1,556,040	62,368	180	\$11.98	95.99%	4.01%	0.01%	4.02%	0	8,620
Manufacturing	790,668	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	130,000	91,009
Warehouse / Distribution	2,087,541	112,553	0	\$7.79	94.61%	5.39%	0.00%	5.39%	181,733	8,264
<b>Total</b>	<b>6,060,938</b>	<b>390,407</b>	<b>40,180</b>	<b>\$8.30</b>	<b>93.56%</b>	<b>6.44%</b>	<b>0.66%</b>	<b>7.10%</b>	<b>506,174</b>	<b>110,031</b>

## Pompano Beach

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	4,450,733	780,225	101,966	\$8.73	82.47%	17.53%	2.29%	19.82%	150,955	96,745
Flex	4,493,067	171,386	930	\$12.44	96.19%	3.81%	0.02%	3.84%	70,335	(32,198)
Manufacturing	2,489,460	65,755	0	\$8.23	97.36%	2.64%	0.00%	2.64%	0	11,800
Warehouse / Distribution	13,685,306	600,758	61,183	\$8.84	95.61%	4.39%	0.45%	4.84%	528,116	(79,745)
<b>Total</b>	<b>25,118,566</b>	<b>1,618,124</b>	<b>164,079</b>	<b>\$9.15</b>	<b>93.56%</b>	<b>6.44%</b>	<b>0.65%</b>	<b>7.10%</b>	<b>749,406</b>	<b>(3,398)</b>

## Southeast Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	2,942,052	430,486	0	\$8.56	85.37%	14.63%	0.00%	14.63%	545,998	0
Flex	3,162,213	153,510	0	\$12.85	95.15%	4.85%	0.00%	4.85%	0	(31,896)
Manufacturing	1,611,302	21,000	0	\$18.28	98.70%	1.30%	0.00%	1.30%	0	0
Warehouse / Distribution	12,552,321	360,733	40,615	\$10.49	97.13%	2.87%	0.32%	3.20%	151,200	161,269
<b>Total</b>	<b>20,267,888</b>	<b>965,729</b>	<b>40,615</b>	<b>\$10.17</b>	<b>95.24%</b>	<b>4.76%</b>	<b>0.20%</b>	<b>4.97%</b>	<b>697,198</b>	<b>129,373</b>

## Southwest Broward

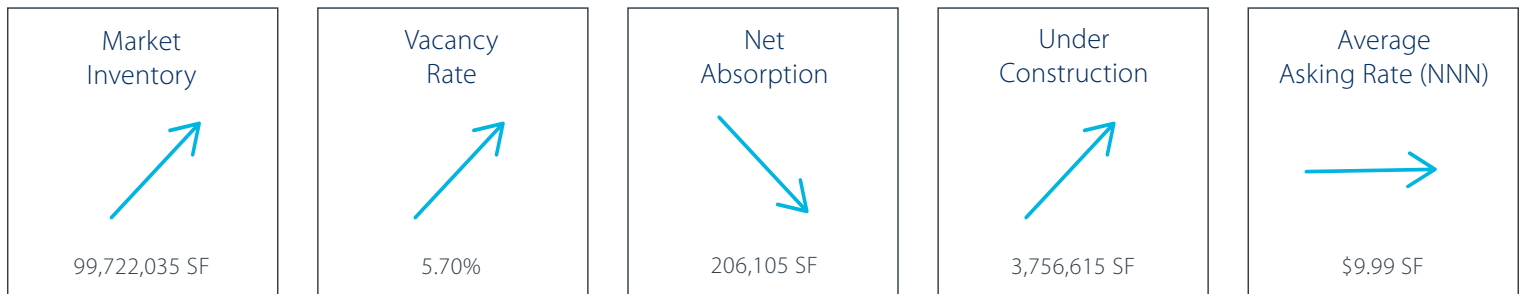
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	8,032,431	514,343	0	\$8.29	93.60%	6.40%	0.00%	6.40%	1,019,851	251,895
Flex	3,977,322	376,836	32,000	\$15.36	90.53%	9.47%	0.80%	10.28%	0	33,290
Manufacturing	469,096	9,650	0	\$12.50	97.94%	2.06%	0.00%	2.06%	0	0
Warehouse / Distribution	5,698,443	264,687	0	\$10.64	95.36%	4.64%	0.00%	4.64%	129,303	(13,434)
<b>Total</b>	<b>18,177,292</b>	<b>1,165,516</b>	<b>32,000</b>	<b>\$11.14</b>	<b>93.59%</b>	<b>6.41%</b>	<b>0.18%</b>	<b>6.59%</b>	<b>1,149,154</b>	<b>271,751</b>

## West Broward

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	1,733,140	16,170	0	\$9.75	99.07%	0.93%	0.00%	0.93%	358,652	(16,170)
Flex	3,031,566	143,496	0	\$13.10	95.27%	4.73%	0.00%	4.73%	0	(54,291)
Manufacturing	516,391	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,513,170	153,301	0	\$9.46	95.64%	4.36%	0.00%	4.36%	0	(48,068)
<b>Total</b>	<b>8,794,267</b>	<b>312,967</b>	<b>0</b>	<b>\$11.15</b>	<b>96.44%</b>	<b>3.56%</b>	<b>0.00%</b>	<b>3.56%</b>	<b>358,652</b>	<b>(118,529)</b>

Reporting Methodology: This report includes all industrial buildings and parks 20,000 SF and greater in Broward County that are not government owned. All rents are reported on a triple-net basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

### Leading Indicators (Y-O-Y 2Q-2019 to 2Q-2020)



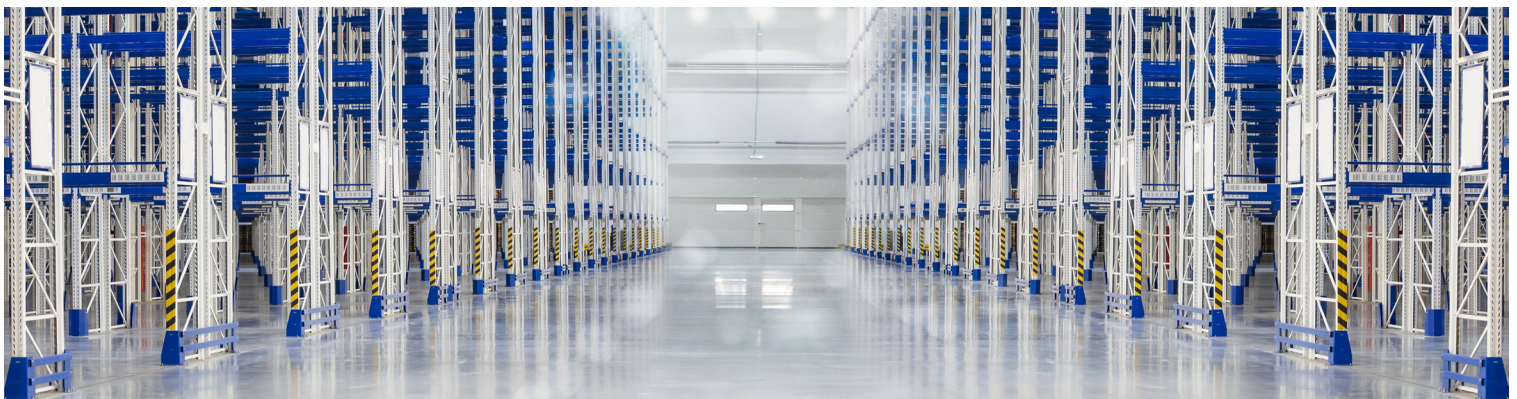
### Significant Second Quarter 2020 Lease Transactions - Sorted by SF

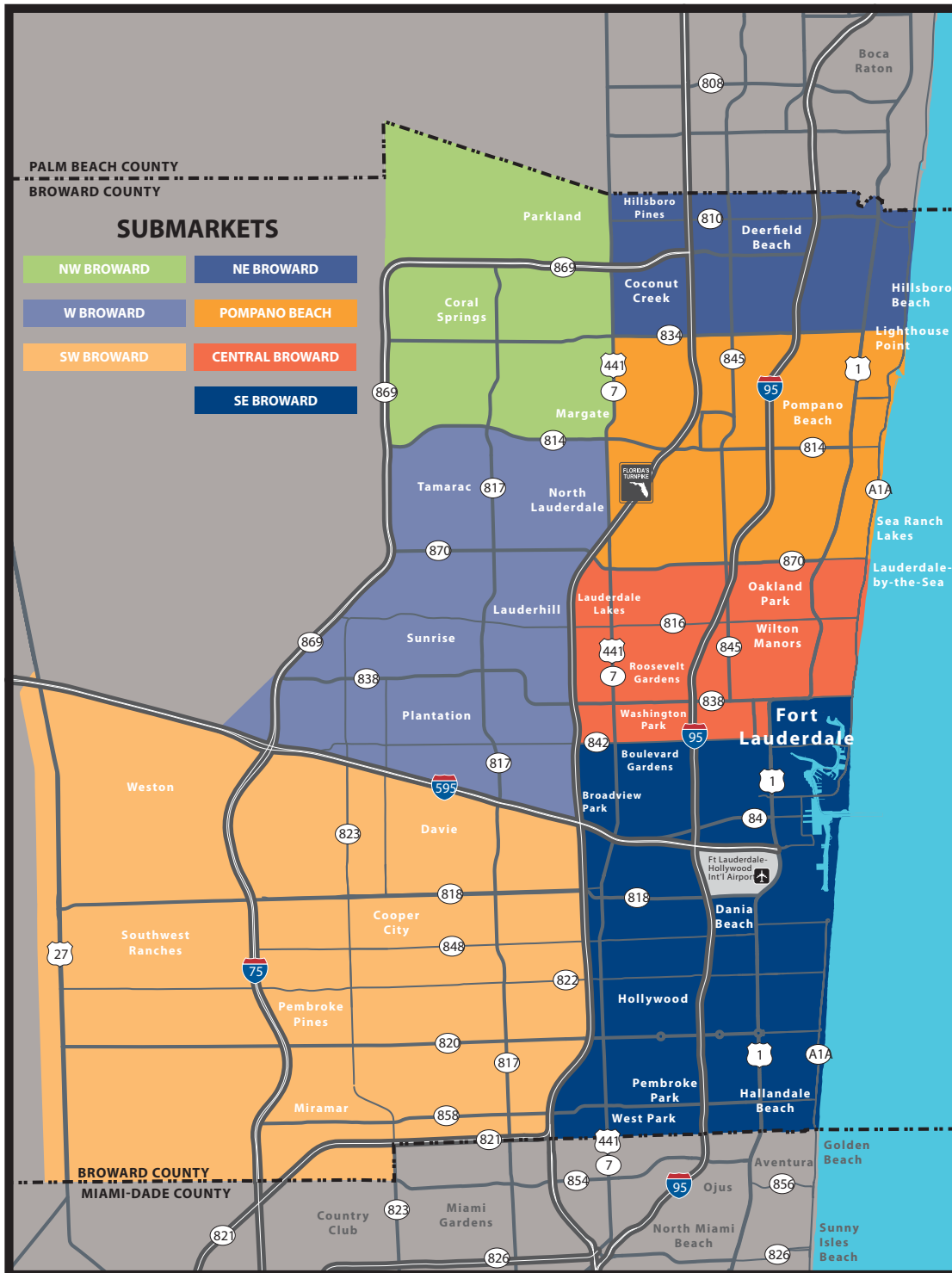
Tenant	Property	Type	SF	Submarket
Amazon	2800 N Andrews Ave	New	252,000	Pompano Beach
KeHE Distributors	Meridian Business Campus	Renewal	201,849	Southwest Broward
Brandy Melville	9801 Premier Pky	New	112,318	Southwest Broward
Restoration Hardware	Pompano Distribution Center I	Renewal	101,105	Northeast Broward
Simply Reliable Power	Miramar Park of Commerce 10	Renewal	49,352	Southwest Broward
Goodman Air Conditioning & Heating	Port 95 Logistics Center II	New	41,200	Southeast Broward
Right Choice Vending	Gateway Industrial Center	New	38,500	Pompano Beach
Nutrition Formulators	Miramar Park of Commerce 17	Renewal	36,648	Southwest Broward
Gateway Classic Cars	Coral Springs Commerce Center I	Renewal	32,000	Northwest Broward
MD Science Lab	1901 Green Rd	New	26,925	Northeast Broward

### Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
6806-6814 N State Rd 7	274,000	\$13,600,000	\$49	Cusano's Italian Bakery	Northwest Broward
3255 Meridian Pky	37,873	\$9,000,000	\$237	LBA Realty	Southwest Broward
3900 Coral Ridge Dr	80,718	\$7,150,000	\$88	Elion Partners	Northwest Broward
21005 Taft St*	15245	\$5,200,000	\$341	Ebsary Foundation	Southwest Broward

\*Avison Young handled this transaction





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