

2024
Q2

Broward Industrial

MARKET REPORT

ABSORPTION & VACANCY

In Q2 2024, industrial net absorption in Broward County decreased significantly to -78,395 square feet, a notable drop from the previous quarter's +419,818 square feet. Still, Broward County's demand for industrial space is outperforming the rest of the U.S. Fort Lauderdale's industrial market has historically exhibited a lower vacancy rate than the national average. This trend has intensified, with the gap between local and national vacancy rates expanding to over one percentage point in the first quarter of 2024, compared to a historical average of half a percentage point.

Vacancy rates reflect a still healthy market, at 4.3%, with very little space (320,000 s.f.) currently under construction. Leasing activity was brisk in the 2nd quarter, with over 1.55 million s.f. of leases completed. However, smaller spaces dominate the list of closed transactions. Most activity was for spaces below 50,000 square feet, with over 80% of leases falling between 10,000 and 50,000 square feet. While the demand for larger spaces (over 100,000 square feet) is not as prevalent, most new construction primarily targets this larger tenant base. As a result, smaller industrial spaces (particularly under 100,000 square feet) remain in high demand with vacancy rates below 4%.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	110,393,506	4.6%	\$20.25	6.7%	(142,025)	171,983	320,957
Specialized Industrial	14,917,923	3.6%	\$20.53	5.7%	(36,189)	0	0
Flex	18,175,543	3.2%	\$21.34	5.0%	1,067	0	0
Market	143,486,972	4.3%	\$20.42	6.4%	(177,147)	171,983	320,957

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.0%	5.9%	4.3%	9.7%	2009 Q4	3.1%	2017 Q4
Net Absorption SF	(504K)	1,600,803	711,820	4,867,395	2005 Q3	(3,071,234)	2009 Q3
Deliveries SF	1.5M	1,809,253	978,562	5,489,330	2001 Q4	29,100	2011 Q3
Market Asking Rent Growth	4.8%	4.8%	5.1%	17.0%	2022 Q3	-5.6%	2009 Q4
Sales Volume	\$1.1B	\$578.5M	N/A	\$2.1B	2022 Q4	\$83.8M	2010 Q1

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ASKING RENT PER SF

Fort Lauderdale's industrial market is experiencing unprecedented but slowing growth. Strong tenant demand has driven rents to record-high levels, surpassing \$20 per square foot for some property types, among the highest in Florida. Since 2019, industrial rents in the area have soared 57%, outpacing the national average by 21%. Rent growth over the past 12 months, however, has slowed to 4.8%, still above the national average but not at the strong levels immediately after the Pandemic.

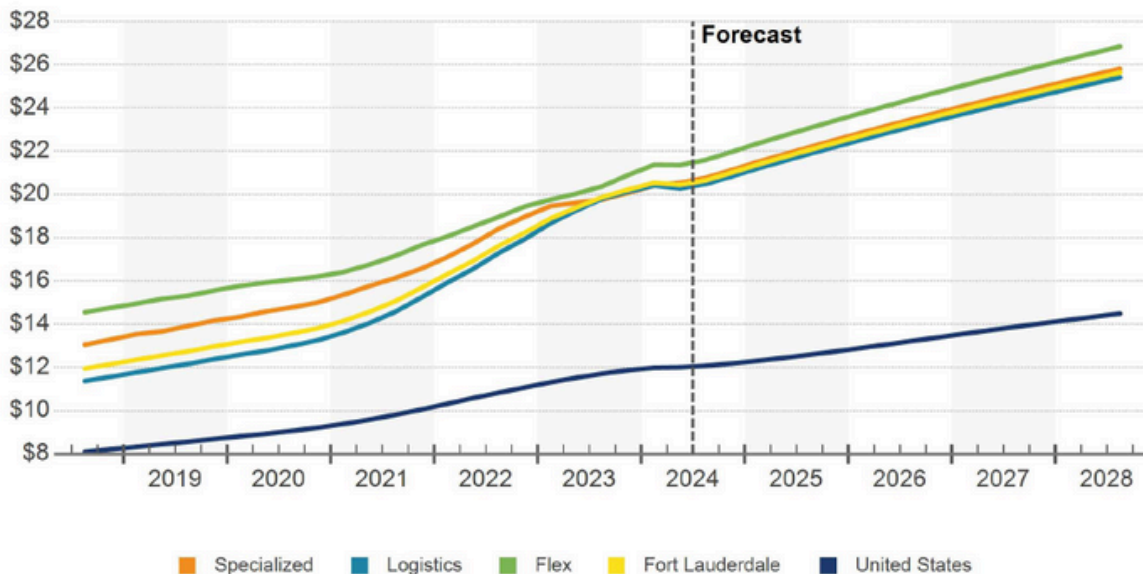
Logistics properties exceeding 100,000 square feet have an average asking rate of \$14 per square foot, 20% lower than smaller assets (10,000 to 100,000 square feet) which command over \$18 per square foot. Despite lower per-square-foot rates, larger facilities have still demonstrated excellent rent growth since 2021.

Newer, large industrial spaces are outperforming older properties. Assets exceeding 100,000 square feet built after 2018 have average asking rents above \$16 per square foot, with rent growth exceeding 13% and occupancy rates surpassing 90%. Interestingly, smaller spaces often command higher rental rates.

Location and size are also determining factors. Bridge Point 595 offers over 47,000 square feet at \$17.50 per square foot triple net, while larger spaces at East Pompano Industrial Center, totaling 150,000 and 200,000 square feet, are marketed at \$14 and \$13 per square foot triple net, respectively.

Fort Lauderdale's industrial market remains exceptionally strong, despite a recent slowdown in rent growth. Tight supply is keeping vacancy rates below the national average, projected to hover around 4%. As a result, robust annual rent gains of over 6% are anticipated through 2027, significantly exceeding the projected U.S. average of 4.6%.

MARKET ASKING RENT PER SQUARE FEET



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TOP SALES

MARKET REPORT

Rock Lake Business Center- Building D



Address: 3150 NW 33rd St., Pompano Beach, FL
Sale Price: \$62,860,708
Price/SF: \$462.10
Building Size: 136,032 SF

Rock Lake Business Center - Building B



Address: 3250 NE 33rd Ave., Pompano Beach, FL
Sale Price: \$37,289,292
Price/SF: \$310.83
Building Size: 119,968 SF

The Shade Room



Address: 3141 10th St. SW., Pompano Beach, FL
Sale Price: \$20,700,000
Price/SF: \$220.51
Building Size: 93,873 SF

Pompano Industrial Center



Address: 1280 - 1300 NW 22nd St., Pompano Beach, FL
Sale Price: \$18,670,000
Price/SF: \$271.39
Building Size: 68,806 SF

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TOP LEASES

MARKET REPORT



PepsiCo Beverage North America

- 4000 NW 126th Ave., Coral Springs, FL
- 215,486 SF
- New Lease



Universal Technical Institute

- 2601 SW 145th Ave., Miramar, FL
- 83,200 SF
- Renewal



Compass Group USA

- 7601 Riviera Blvd., Miramar, FL
- 69,679 SF
- New Lease



“Broward County’s Industrial Market has slowed in some respects – but still far exceeds normal. Even with a slightly higher vacancy rate, continues to outperform other areas of the U.S. With very little space under construction, the market should stay strong for the foreseeable future.”

-Lloyd Berger, SIOR
President