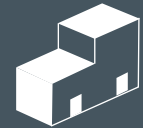


Broward's Industrial Market Remains Solid with Steady Growth as Vacancies Inch Upward Amid New Construction Deliveries

Healthy economic fundamentals in Broward County continue to drive growth of the industrial market as both employment and population growth remain strong. Broward County's centralized location, robust port activity, and convenient access to major transportation lines continue to attract e-commerce and logistics tenants looking for high-quality industrial space. Although the industrial market made moderate gains in positive net absorption during the second quarter of 2019, the overall vacancy rate still managed to tick upward to 3.38%, due in part to new construction deliveries. Notable deliveries during the second quarter included building C of the Davie Business Center in Southwest Broward, the Pompano Business Center II in Pompano Beach, and the newly renovated building 1 of the Coral Springs Commerce Center II in Northwest Broward. With a large construction pipeline, several significant projects will continue to deliver throughout the year including the three-building project Bridge Point Powerline Road in Pompano Beach. As concerns continue to arise regarding the possibility of a global economic slowdown on the horizon, a surge in supply could contribute to a slight market correction or normalizing effect in the future as the product is absorbed over time.

Leasing activity remained solid throughout the quarter with the most significant deals taking place in the Southwest Broward and Southeast Broward submarkets. Year-over-year rent growth of the overall average asking rate continued at a steady pace reaching \$9.97 (up \$1.30).



2.2 million SF

of new industrial development is projected to deliver by the end of 2019, breaking delivery records set in 2018

Industrial Market Snapshot

- CenterPoint Properties broke ground in June on a new warehouse logistics project totaling 296,207 sf in Port Everglades. The project, known as Port Everglades International Logistics Center, will be comprised of two buildings. The first building totaling 145,007 sf has been completely pre-leased to International Warehouse Logistics and the second building totaling 151,200 sf is being built on speculation. The development is currently scheduled to be completed in spring of 2020.
- Investment sales volume activity began to decelerate slightly during the second quarter of 2019 as investors are exercising more caution when evaluating deals due to concerns regarding an eventual market downturn. Only nine sales transactions totaling \$96.5 million took place during the second quarter of 2019. Investors have also been buying and holding their industrial assets, so it has been harder for buyers to acquire available assets. None the less, total industrial investment sales for the trailing 12-month period ending June 2019 was \$684.9 million, a 13.1% increase from the same period in 2018.
- Bridge Development Partners recently proposed a 677,314-sf industrial park in Davie. The project, called Bridge 595, would include three buildings, two of which would total 290,295 sf each, with a third totaling 96,724 sf.
- According to a new report released by maritime research company Maritime Associates, Port Everglades generated \$34 billion in economic activity during fiscal year 2018. Port Everglades is the 11th-busiest container cargo port in the U.S. and is Florida's largest seaport for exports.
- In June, the Federal Reserve announced that interest rates would remain unchanged at the benchmark target range of 2.25% and 2.5%, but at the same time expressed concerns over economic uncertainty and slowing global growth, suggesting that an interest rate cut may be in the works by the end of the summer. It would be the first time the Federal Reserve cut the benchmark short-term rate since 2008.

97.4 MSF

Total industrial inventory in the Broward County market

589,245 SF

Direct Y-T-D net absorption as of 2Q-2019

3.38%

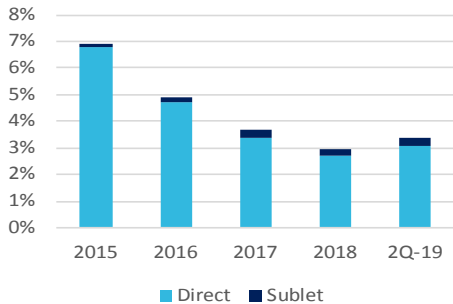
Overall Vacancy

\$9.97/SF/NNN

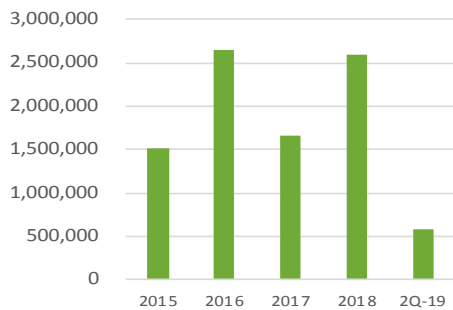
Average asking rental rate

Statistical Snapshot

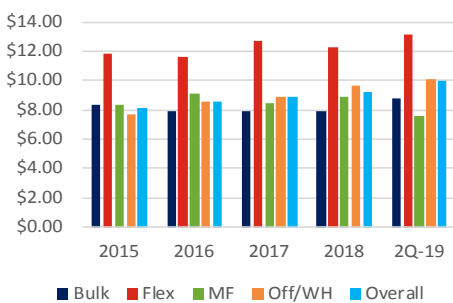
Vacancy Rate



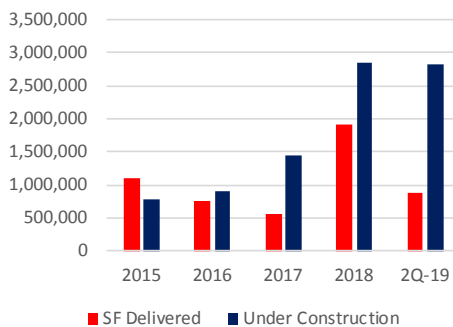
YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/FS)



Construction Pipeline



Broward County Industrial Market At A Glance

Demographics & Economy

Steady population growth is fueling demand for logistics and distribution services

The U.S. GDP grew by 3.1% during 1Q-2019

3.2%
MAY-2018

3.0%
MAY-2019

change in the Broward County unemployment rate

11,200
increase in total non-farm employment since 2Q-2018

Development

435.8 K
square feet under construction in phase I of East Pompano Industrial Center.

2.83 MM
square feet under construction in Broward County

Port Everglades

\$437.5 Million
planned for the largest ever expansion project at Port Everglades

49.2%
of all new development underway is located in the Pompano Beach submarket

Market Influencers

\$684.9 MILLION
in total industrial sales volume during the T-12 months ending 2Q-19

43.9%
of total industrial investment sales so far in 2019 were to institutional investors

40 bps
increase in the overall vacancy rate since year-end 2018 due to new development deliveries

Dwindling supply of developable land is placing upward pressure on average rental rates

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	21,162,934	1,369,721	137,373	\$8.76	93.53%	6.47%	0.65%	7.12%	1,630,022	605,849
Flex	19,482,387	647,641	83,749	\$13.10	96.68%	3.32%	0.43%	3.75%	150,113	18,378
Manufacturing	8,203,250	191,147	32,600	\$7.54	97.67%	2.33%	0.40%	2.73%	0	29,747
Warehouse / Distribution	48,526,657	771,541	58,153	\$10.08	98.41%	1.59%	0.12%	1.71%	1,054,360	(64,729)
Total	97,375,228	2,980,050	311,875	\$9.97	96.94%	3.06%	0.32%	3.38%	2,834,495	589,245

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	51,180	0	\$9.50	90.31%	9.69%	0.00%	9.69%	0	0
Flex	3,027,263	72,828	0	\$10.59	97.59%	2.41%	0.00%	2.41%	0	105,404
Manufacturing	1,376,161	16,978	0	\$7.98	98.77%	1.23%	0.00%	1.23%	0	(15,278)
Warehouse / Distribution	6,249,324	115,272	0	\$9.11	98.16%	1.84%	0.00%	1.84%	0	(70,974)
Total	11,180,755	256,258	0	\$9.54	97.71%	2.29%	0.00%	2.29%	0	19,152

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	2,824,132	177,223	73,373	\$8.54	93.72%	6.28%	2.60%	8.87%	0	0
Flex	2,042,374	45,797	0	\$15.12	97.76%	2.24%	0.00%	2.24%	0	(846)
Manufacturing	867,428	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	4,576,736	87,785	16,008	\$10.07	98.08%	1.92%	0.35%	2.27%	0	15,639
Total	10,310,670	310,805	89,381	\$9.94	96.99%	3.01%	0.87%	3.88%	0	14,793

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	254,387	0	\$7.50	84.36%	15.64%	0.00%	15.64%	0	0
Flex	1,556,040	52,703	10,600	\$12.35	96.61%	3.39%	0.68%	4.07%	0	(11,783)
Manufacturing	779,686	87,885	32,600	\$6.75	88.73%	11.27%	4.18%	15.45%	0	(46,761)
Warehouse / Distribution	1,985,413	15,476	0	\$9.87	99.22%	0.78%	0.00%	0.78%	0	(15,476)
Total	5,947,828	410,451	43,200	\$8.05	93.10%	6.90%	0.73%	7.63%	0	(74,020)

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	3,382,963	166,321	0	\$8.86	95.08%	4.92%	0.00%	4.92%	1,158,872	92,967
Flex	4,267,397	108,472	930	\$12.03	97.46%	2.54%	0.02%	2.56%	0	8,087
Manufacturing	2,489,460	78,695	0	\$7.88	96.84%	3.16%	0.00%	3.16%	0	(21,489)
Warehouse / Distribution	13,299,405	166,260	21,030	\$9.21	98.75%	1.25%	0.16%	1.41%	238,508	75,021
Total	23,439,225	519,748	21,960	\$9.49	97.78%	2.22%	0.09%	2.31%	1,397,380	154,586

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	2,567,346	297,006	0	\$7.59	88.43%	11.57%	0.00%	11.57%	222,145	0
Flex	2,872,694	126,408	8,364	\$12.68	95.60%	4.40%	0.29%	4.69%	0	(5,667)
Manufacturing	1,577,767	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	55,000
Warehouse / Distribution	12,581,213	246,204	19,615	\$9.59	98.04%	1.96%	0.16%	2.11%	654,512	(43,547)
Total	19,599,020	669,618	27,979	\$9.29	96.58%	3.42%	0.14%	3.56%	876,657	5,786

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	8,366,557	366,427	64,000	\$10.61	95.62%	4.38%	0.76%	5.14%	249,005	512,882
Flex	3,013,874	219,492	3,000	\$14.63	92.72%	7.28%	0.10%	7.38%	150,113	(80,228)
Manufacturing	618,045	1,589	0	\$21.00	99.74%	0.26%	0.00%	0.26%	0	45,275
Warehouse / Distribution	5,484,219	50,500	500	\$12.37	99.08%	0.92%	0.01%	0.93%	115,740	23,323
Total	17,482,695	638,008	67,500	\$12.16	96.35%	3.65%	0.39%	4.04%	514,858	501,252

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	1,867,240	57,177	0	\$8.25	96.94%	3.06%	0.00%	3.06%	0	0
Flex	2,702,745	21,941	60,855	\$11.30	99.19%	0.81%	2.25%	3.06%	0	3,411
Manufacturing	494,703	6,000	0	\$10.00	98.79%	1.21%	0.00%	1.21%	0	13,000
Warehouse / Distribution	4,350,347	90,044	1,000	\$13.04	97.93%	2.07%	0.02%	2.09%	45,600	(48,715)
Total	9,415,035	175,162	61,855	\$11.15	98.14%	1.86%	0.66%	2.52%	45,600	(32,304)

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.

Broward County's industrial market should see steady growth for the remainder of 2019 as consumer confidence and e-commerce continue to drive demand for logistics space.

Leading Indicators (Y-O-Y 2Q-2018 to 2Q-2019)

Vacancy Rate	Net Absorption	Average Asking Rate (NNN)	New Construction	Total Employment
3.38%	589,245 SF	\$9.97	2,834,495 SF	1.01 MM

Significant Second Quarter 2019 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
International Warehouse Logistics	Port Everglades International Logistics Center	New	142,454	Southeast Broward
National Stoneworks	Meridian Business Campus	New	60,160	Southwest Broward
F.E. HVAC Enterprises	Port 95 Distribution Center	New	38,355	Southeast Broward
Balearia Caribbean	Schaefer Industrial Park	New	25,704	Southeast Broward
D&B Tile	Superior Commerce Park	New	20,304	Pompano Beach
Boulevard Tire Center	Gateway Industrial Center	Renewal	20,000	Pompano Beach
Modine	1950 NW 15th St	Renewal	19,042	Pompano Beach
ATI Electric	Pompano Center of Commerce II	New	18,950	Pompano Beach
US Med-Equip, Inc.	Sunrise Industrial Park	New	17,540	West Broward

Significant Second Quarter 2019 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Bridge Point Riverbend	221,542	\$38,200,000	\$172	ASB Capital Management	Central Broward
Station Square	205,053	\$24,000,000	\$117	Extra Space Storage	Pompano Beach
10501 Commerce Pkwy	63,152	\$9,400,000	\$149	WPT Industrial REIT	Southwest Broward

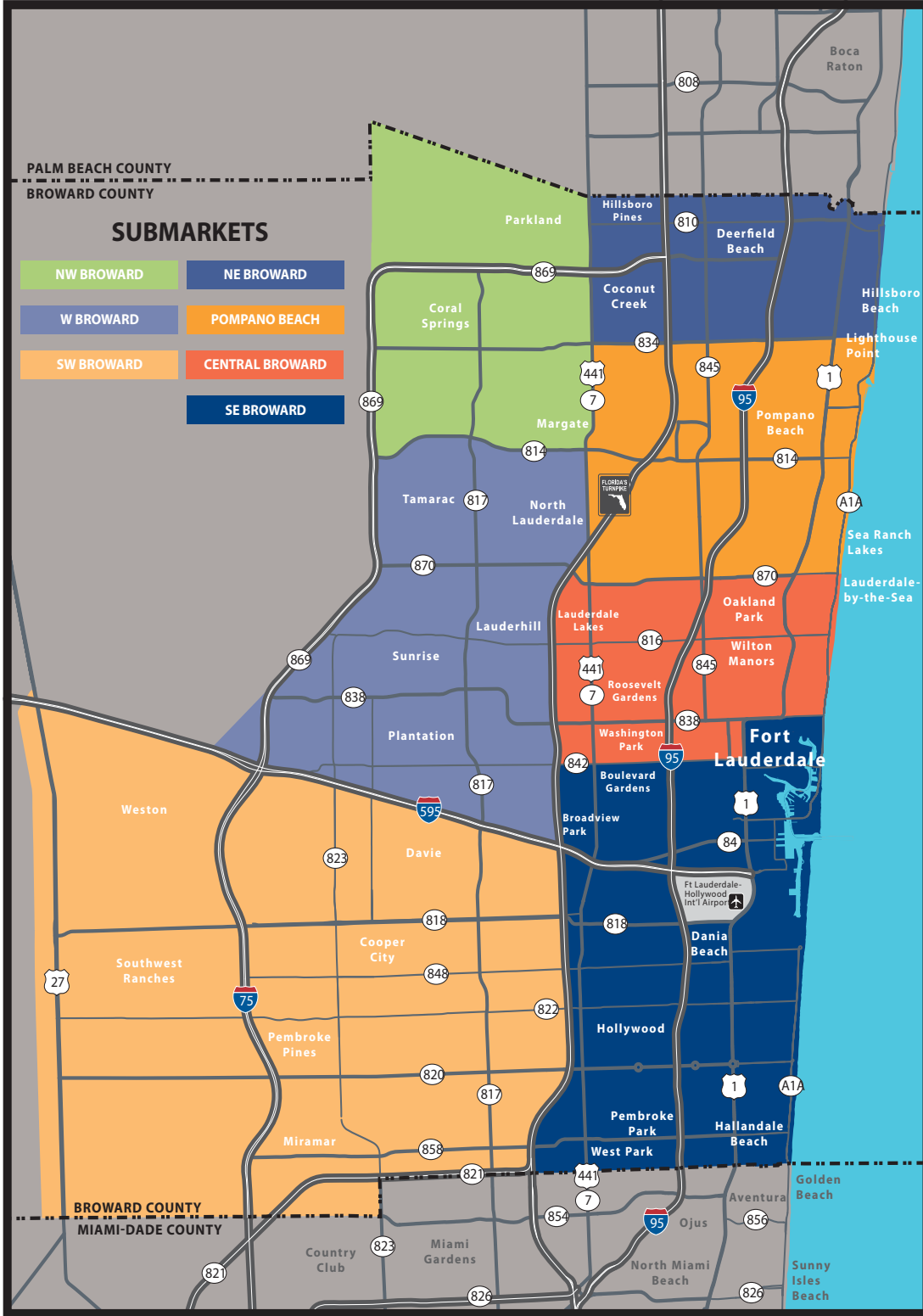
Recently Completed Bridge Point Riverbend Trades for \$38.2 Million

The largest industrial sale during the second quarter of 2019 was Bridge Point Development Partner's sale of the recently completed 221,815-sf Bridge Point Riverbend industrial center to ASB Capital Management for \$38.2 million. This trade speaks to the volume of institutional investors taking an interest in the South Florida industrial market. The building is located west of Interstate 95 in the Central Broward submarket and is currently 76% occupied by logistics company ShipMonk, which took occupancy in June.



Broward County Industrial Market Report

Second Quarter 2019



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