

Leasing activity soars during the fourth quarter as demand from e-commerce tenants strengthens

Demand from e-commerce tenants continued to propel Broward's industrial market during the fourth quarter as four of the largest leases of the quarter were signed by e-commerce tenants. During 2020, more than 1.8 million sf was leased in Broward County by e-commerce users as the county's central location in the South Florida region and its sizable construction pipeline make it an attractive location for expanding e-commerce companies. The increased demand brought about healthy positive net absorption for the year with 844,605 sf of industrial space absorbed.

Overall vacancy increased substantially by 108 basis points (bps) year-over-year to 6.0% due to a considerable number of deliveries during the year. More than 1.8 million sf of new construction was delivered during 2020, of which 71.2% has yet to be leased, and 2.6 million sf remains under construction. Although a significant amount of supply remains in the construction pipeline, the large blocks of vacant class A product could satisfy some of the space requirements for expanding tenants that have been increasingly interested in Broward, including e-commerce users, logistics companies, home building materials, and medical suppliers.

Leasing activity ends the year on a strong note

Leasing activity surged at the end of the year with volume for the fourth quarter totaling 2.4 million sf, up 85% from the third quarter of 2020. The boost in leasing activity primarily came

from an undisclosed e-commerce giant signing a deal for 545,000 sf to take the entire building at Countyline Business Center in Southwest Broward. The same tenant also leased all three buildings currently under construction at the First Cypress project totaling 373,390 sf in Pompano Beach. A majority of the significant leasing activity during the 2020 took place in Pompano Beach, Southwest Broward, and Northwest Broward as tenants continue to seek out newly delivered space in a trend of flight-to-quality.

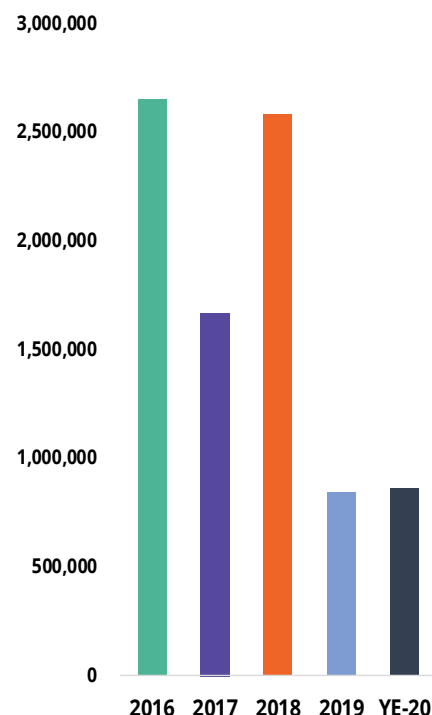
Investment activity rebounds in the fourth quarter

Investors continue to regain their confidence and investment activity picked up speed during the fourth quarter with total quarterly volume recorded at \$152.0 million compared to \$58.4 million recorded during the third quarter. Although sales have additional momentum, total sales volume for the year is significantly down from 2019 levels with \$379.8 million in total sales volume, a decrease of 67.9% year-over-year.

Looking ahead toward 2021

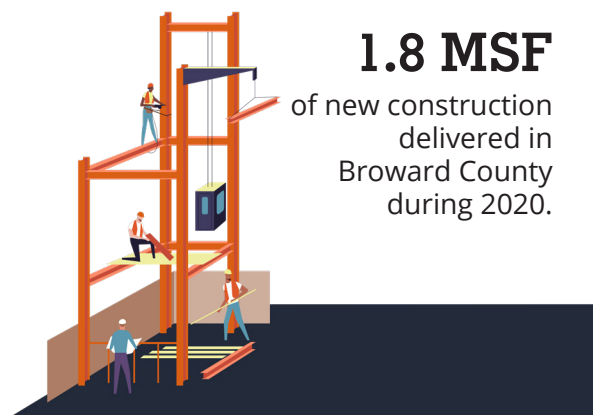
Broward County's industrial market is well positioned for strong growth leading into 2021 as the onset of the pandemic further accelerated many of the trends that had already been present. The strong shift during 2020 that occurred in online ordering, including grocery delivery, is likely here to stay and will fuel demand for logistics space and cold storage over the next few years.

Historical 5-Year Net Absorption Trend



1.8 MSF

of new construction delivered in Broward County during 2020.



100.6 MSF

Total inventory in the Broward Industrial market

844,605 SF

Direct Y-T-D net absorption as of 4Q-2020

6.02%

Overall vacancy

\$8.97/SF/NNN





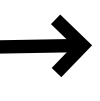
Average rental rate for industrial space (excluding flex)

Market by the numbers

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	22,488,102	2,108,735	100,160	\$8.31	90.62%	9.38%	0.45%	9.82%	1,637,110	841,702
Flex	21,054,900	1,026,465	66,104	\$13.20	95.12%	4.88%	0.31%	5.19%	70,335	34,411
Manufacturing	8,168,009	192,699	10,055	\$10.30	97.64%	2.36%	0.12%	2.48%	0	80,133
Warehouse / Distributi	48,926,020	2,423,648	131,020	\$9.44	95.05%	4.95%	0.27%	5.22%	911,928	(92,853)
Total	100,637,031	5,751,547	307,339	\$9.72	94.28%	5.72%	0.31%	6.02%	2,619,373	863,393
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	111,546	39,729	\$11.50	96.01%	3.99%	1.42%	5.41%	0	10,782
Manufacturing	1,423,664	61,053	0	\$8.34	95.71%	4.29%	0.00%	4.29%	0	2,565
Warehouse / Distributi	6,176,619	180,860	66,800	\$10.81	97.07%	2.93%	1.08%	4.01%	0	(70,941)
Total	10,925,497	353,459	106,529	\$10.60	96.76%	3.24%	0.98%	4.21%	0	(57,594)
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	156,355	0	\$8.93	94.44%	5.56%	0.00%	5.56%	151,870	139,829
Flex	2,003,327	90,423	0	\$15.52	95.49%	4.51%	0.00%	4.51%	0	(15,575)
Manufacturing	867,428	51,500	0	\$8.00	94.06%	5.94%	0.00%	5.94%	0	(41,500)
Warehouse / Distributi	4,694,717	185,057	0	\$9.75	96.06%	3.94%	0.00%	3.94%	144,161	(1,064)
Total	10,377,587	483,335	0	\$10.38	95.34%	4.66%	0.00%	4.66%	296,031	81,690
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	1,821,130	444,647	40,000	\$7.50	75.58%	24.42%	2.20%	26.61%	0	(32,582)
Flex	1,556,040	70,993	270	\$12.99	95.44%	4.56%	0.02%	4.58%	0	(5)
Manufacturing	790,668	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	91,009
Warehouse / Distributi	2,387,006	108,117	0	\$7.76	95.47%	4.53%	0.00%	4.53%	0	312,165
Total	6,554,844	623,757	40,270	\$8.17	90.48%	9.52%	0.61%	10.13%	0	370,587
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	711,237	0	\$8.43	84.02%	15.98%	0.00%	15.98%	0	165,733
Flex	4,493,067	228,740	6,919	\$12.44	94.91%	5.09%	0.15%	5.24%	70,335	(89,552)
Manufacturing	2,489,460	3,150	10,055	\$8.25	99.87%	0.13%	0.40%	0.53%	0	74,405
Warehouse / Distributi	13,751,606	758,486	20,617	\$8.88	94.48%	5.52%	0.15%	5.67%	671,043	(171,573)
Total	25,184,866	1,701,613	37,591	\$9.17	93.24%	6.76%	0.15%	6.91%	741,378	(20,987)
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	13,242	0	\$9.50	99.55%	0.45%	0.00%	0.45%	545,998	417,244
Flex	3,162,213	84,408	0	\$11.89	97.33%	2.67%	0.00%	2.67%	0	37,206
Manufacturing	1,611,302	67,346	0	\$13.62	95.82%	4.18%	0.00%	4.18%	0	(46,346)
Warehouse / Distributi	12,703,521	626,777	38,603	\$9.73	95.07%	4.93%	0.30%	5.24%	0	46,425
Total	20,419,088	791,773	38,603	\$10.28	96.12%	3.88%	0.19%	4.07%	545,998	454,529
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	8,200,925	675,880	60,160	\$8.49	91.76%	8.24%	0.73%	8.98%	580,590	258,852
Flex	4,011,480	353,242	19,186	\$13.83	91.19%	8.81%	0.48%	9.28%	0	89,463
Manufacturing	469,096	9,650	0	\$12.50	97.94%	2.06%	0.00%	2.06%	0	0
Warehouse / Distributi	5,699,381	398,610	5,000	\$9.48	93.01%	6.99%	0.09%	7.08%	96,724	(147,357)
Total	18,380,882	1,437,382	84,346	\$10.10	92.18%	7.82%	0.46%	8.28%	677,314	200,958
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	107,374	0	\$8.65	93.80%	6.20%	0.00%	6.20%	358,652	(107,374)
Flex	3,031,566	87,113	0	\$13.81	97.13%	2.87%	0.00%	2.87%	0	2,092
Manufacturing	516,391	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distributi	3,513,170	165,741	0	\$10.00	95.28%	4.72%	0.00%	4.72%	0	(60,508)
Total	8,794,267	360,228	0	\$10.52	95.90%	4.10%	0.00%	4.10%	358,652	(165,790)

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 Q4-2019 to Q4-2020)

Market Inventory  100,637,031 SF	Vacancy Rate  6.02%	Net Absorption  844,605 SF	Construction Pipeline  2,619,373 SF	Average Asking Rate  \$9.72 SF
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Significant Fourth Quarter 2020 Lease Transactions - Sorted by SF

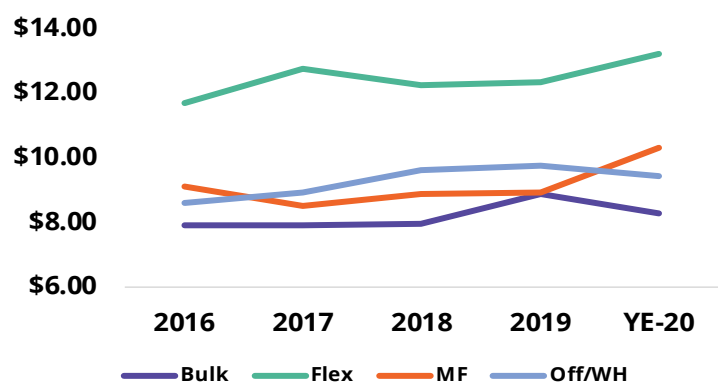
Tenant	Property	Type	SF	Submarket
e-Commerce User	Countyline Business Center	New	545,000	Southwest Broward
TEVA Pharmaceuticals	Marina West Business Center - Building A	Renewal	276,165	West Broward
e-Commerce User	First Cypress - Building 2	New	147,690	Pompano Beach
e-Commerce User	First Cypress - Building 3	New	139,320	Pompano Beach
USPS	Prologis Seneca Park - Building 800	New	169,029	Southeast Broward
Owen and Minor	Sunrise Distribution Center	Renewal	143,000	West Broward
American Tire	Miramar Business Center - Building C	Renewal	110,758	Southwest Broward
e-Commerce User	First Cypress - Building 1	New	86,920	Pompano Beach

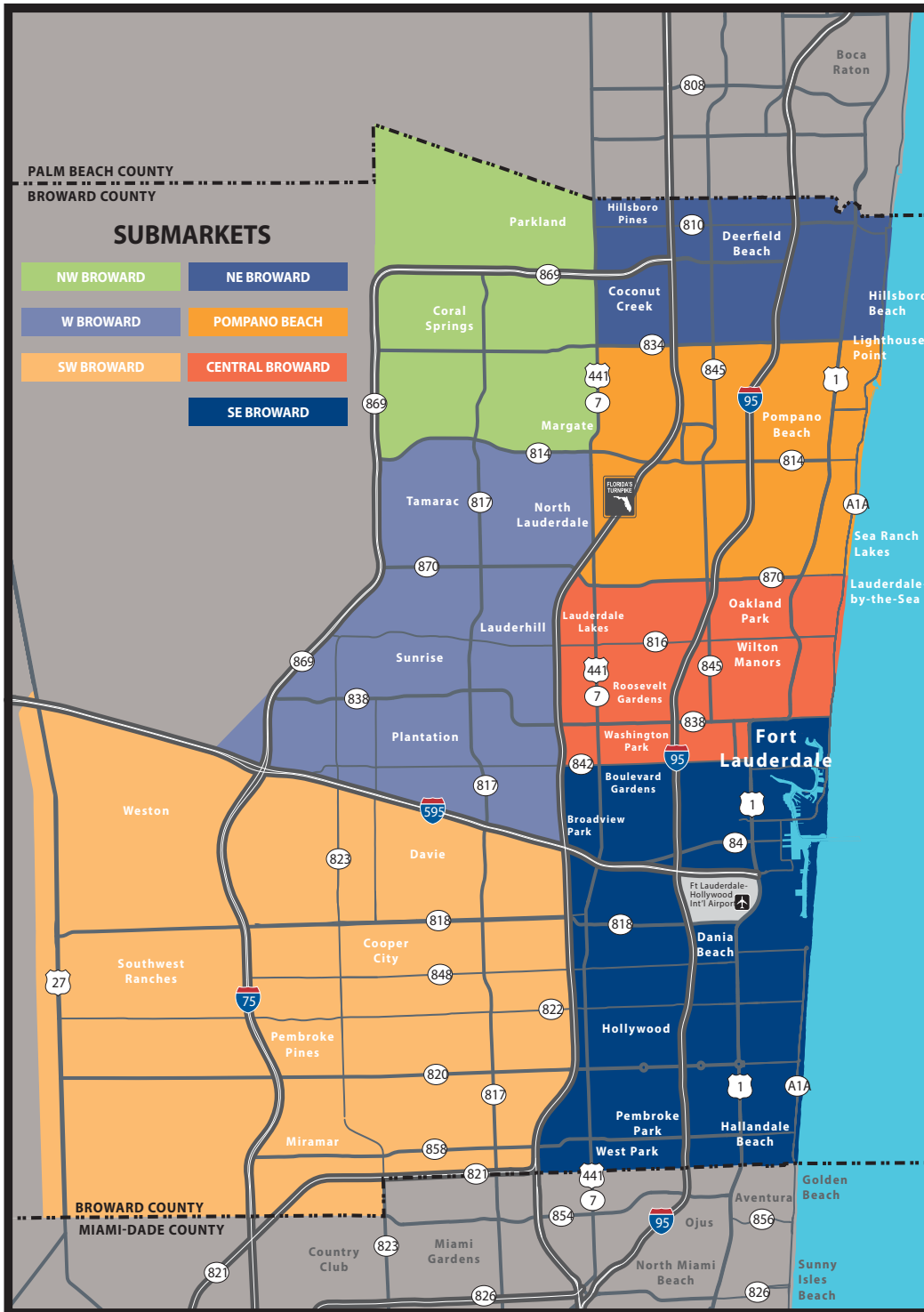
Significant Fourth Quarter 2020 Sales Transactions - Sorted by Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
2281 Griffin Rd	180,000	\$31,500,000	\$175	Elion Partners	Southeast Broward
3501 Commerce Pky	85,000	\$13,650,000	\$160	Seagis Property Group	Southwest Broward
3141 SW 10th St	96,377	\$11,650,000	\$120	Elion Partners	Pompano Beach

Asking rents decline slightly as higher quality space gets leased

The overall asking rate (excluding flex space) declined slightly year-over-year to \$8.97 per sf (-\$0.22). The dip in pricing is partly attributable to some higher-priced space being leased and taken off the market. Rent growth was most significant in Southeast Broward with asking rates increasing to \$10.09 per sf (+\$0.84).





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