



AVISON  
YOUNG

# Fort Lauderdale market fundamentals

FLORIDA INDUSTRIAL INSIGHT REPORT  
Q2 2021

# Key industrial takeaways



## Economic conditions

- Essential workers, a logistics hub and a sharp but entrenched rise in e-commerce spending have helped bring South Florida's unemployment rate down to **5.7%**.
- Oxford Economics projects that South Florida is expected to see job growth of **3.2%** in 2021, 4.6% in 2022, and should recover all of its lost jobs in Q2 2022.
- Gross domestic product (GDP) in South Florida remains **0.8%** below the peak level reached in 2019 but is expected to grow 8.1% in 2021 and 4.9% in 2022. From 2023 to 2025, GDP is expected to grow at an annual rate of 1.8% led by real estate - which is expected to contribute 20% of the growth.



## Recovery rate

- Florida was ranked **#4** in a WalletHub study of the top U.S. states for their rates of recovery, with industries gaining the most jobs over the year including leisure and hospitality, professional and business services, and trade, transportation and utilities.
- Logistics, e-commerce and the distribution of consumer products continue to drive leasing activity in Fort Lauderdale, a trend that is expected to continue well into 2022.



## Industrial demand

- Leasing activity is at **48.7%** of the total recorded in 2020 and is expected to accelerate through the end of 2021.
- E-commerce continues to have a significant impact on the Fort Lauderdale market, with two notable deals signed during the second quarter, which is creating marked demand for higher quality class A distribution space.
- The largest lease concluded during Q2 occurred in the Northwest Broward submarket when an e-commerce company leased a **215,486-sf** class A distribution building.

# Key industrial takeaways



## Industrial supply

- As logistics requirements and e-commerce needs forge ahead in Fort Lauderdale, developers continue to scout for sites to stay ahead of demand.
- There are 11 industrial properties under construction in Broward County totaling **2.2 million sf** and comprising 1.8% of existing inventory. Half of these buildings underway are in the pivotal 100,000 – 250,000 sf range in heavy demand, along with another 22 buildings that remain proposed.
- Fort Lauderdale’s overall vacancy rate continues to incrementally decline with vacancy at **4.4%**, the lowest rate since 2018.



## Pricing trends

- Base rents have increased by **5.4%** since the start of the pandemic and have generally trended upward over the last decade, rising steadily since 2012.
- Some landlords in South Florida are beginning to push for **4%** escalations in their initial proposals but there is little traction so far. The Amazon effect has driven some of the acceleration in asking rents over the last year, and that may begin to taper off during the second half of the year.



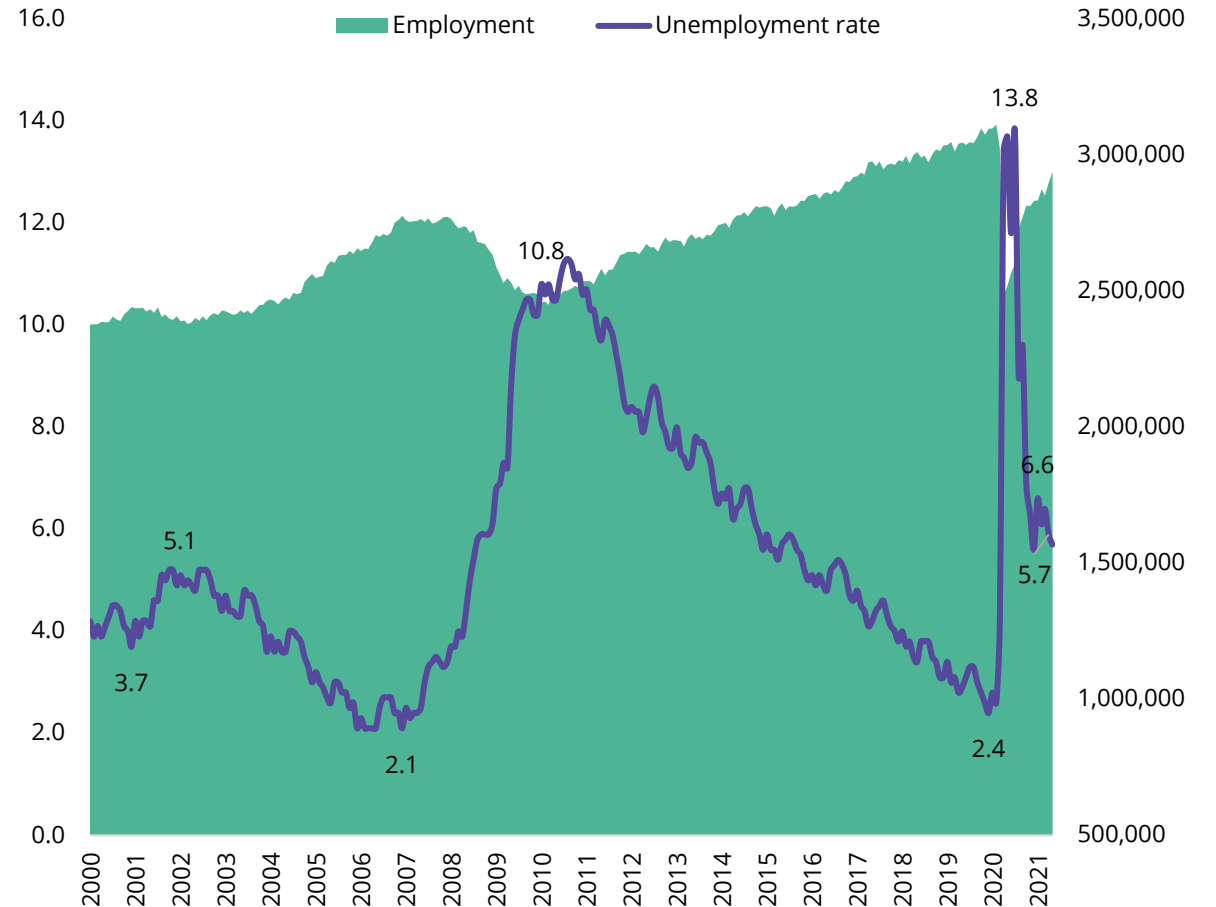
## Capital markets

- Fort Lauderdale’s industrial investment activity has been healthy, totaling **\$546.4M** since 2020 as investors are attracted to the sector’s strong post-pandemic fundamentals.
- Industrial volumes are down **8.3%** against the prior five-year average due in part to fewer properties being placed on the market for sale.
- The most significant investment sales transaction during Q2 2021 was Seagis Property Group’s acquisition of a warehouse building in Port 95 Industrial Park in the SE Broward submarket for **\$24.6 million**, or \$173 per sf, a 341% increase over its last sale in 2011.

# 5.7%

## South Florida's unemployment rate as of May 2021, 810 bps below the height of the pandemic

Historically tightened labor market conditions were halted by the pandemic with 629,600 job losses between February and April 2020. However, reopening efforts in the months since have enabled the economy to add over 455,000 jobs since April 2020.



Note: Not seasonally adjusted data. Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Property type job gains and losses

# -6.8%

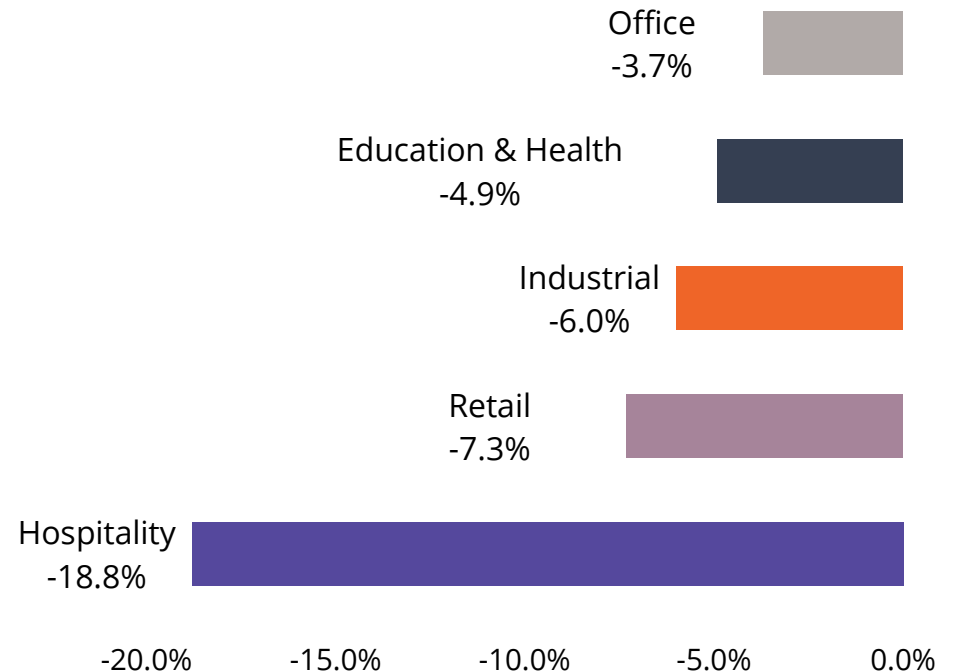
## Change in total employment during the pandemic

The South Florida metro area lost 6.8% of its total labor force since the pandemic began with industrial losses faring slightly better at 6.0%. The strength of the industrial sector in Fort Lauderdale pre-pandemic helped to offset the losses that have occurred.

[VIEW DASHBOARD](#)

### Total change in South Florida\* job gains/(losses)

February 2020 to May 2021



Note: Not seasonally adjusted data. \*Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Industrial job gains and losses

# -6.0%

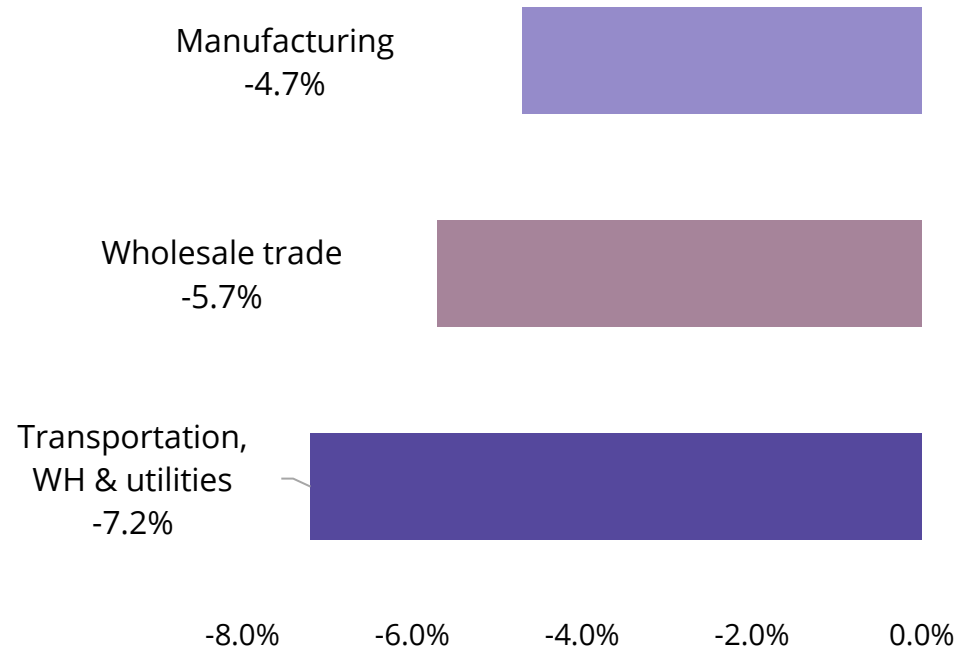
## Change in industrial employment during the pandemic

South Florida industrial job losses have declined by 6.0% since the start of the pandemic, however this recession's impact on the industrial labor market has been considerably less severe than the global financial crisis, when total job losses totaled 12.6%.

[VIEW DASHBOARD](#)

### Total change in South Florida\* job gains/(losses)

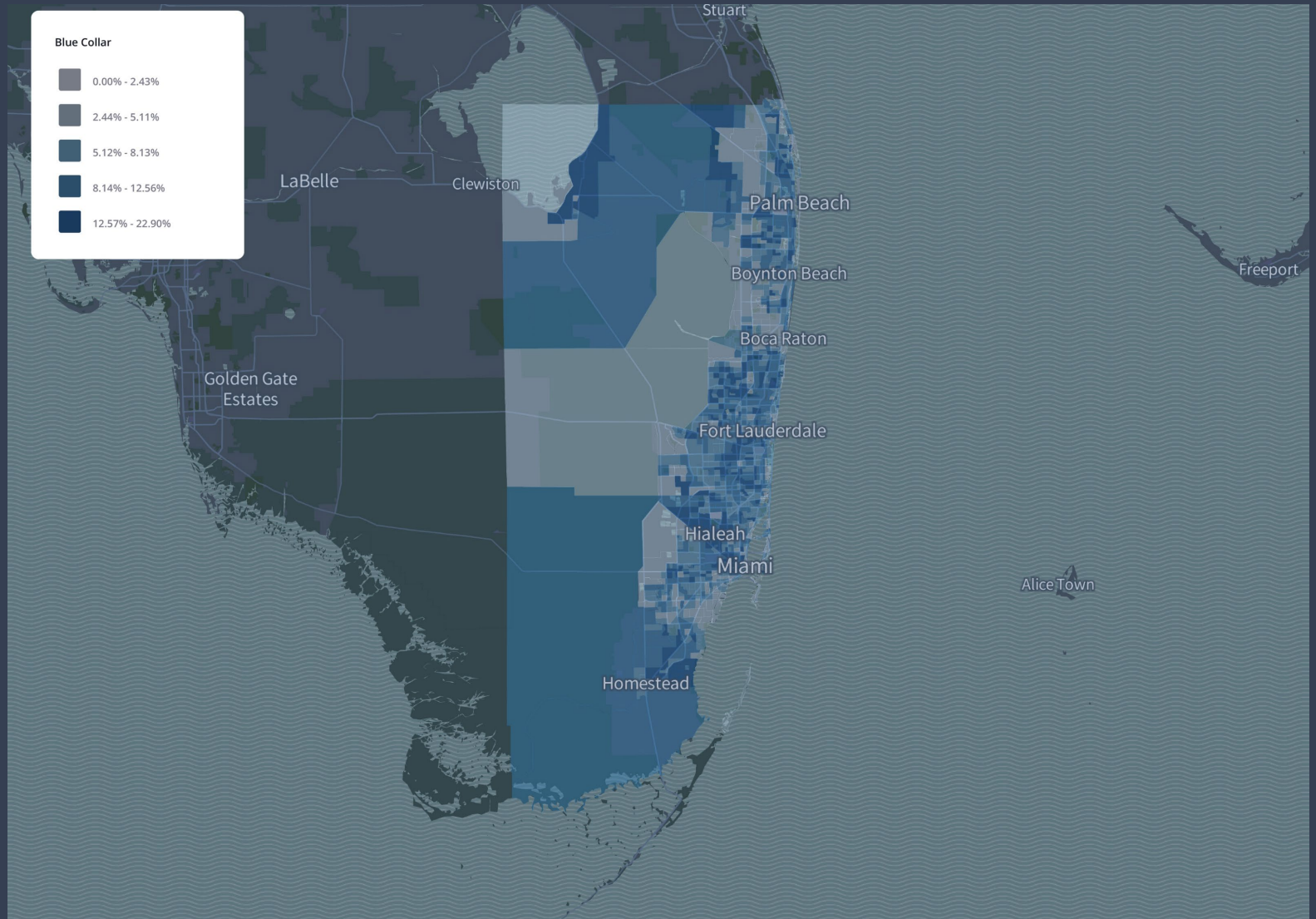
February 2020 to May 2021



Note: Not seasonally adjusted data. \*Metropolitan statistical area.  
Source: Bureau of Labor Statistics

# Blue-collar workforce concentration

Source: AVANT by Avison Young, ESRI  
Large pockets of blue-collar workforce are found  
throughout South Florida's largest industrial submarkets.

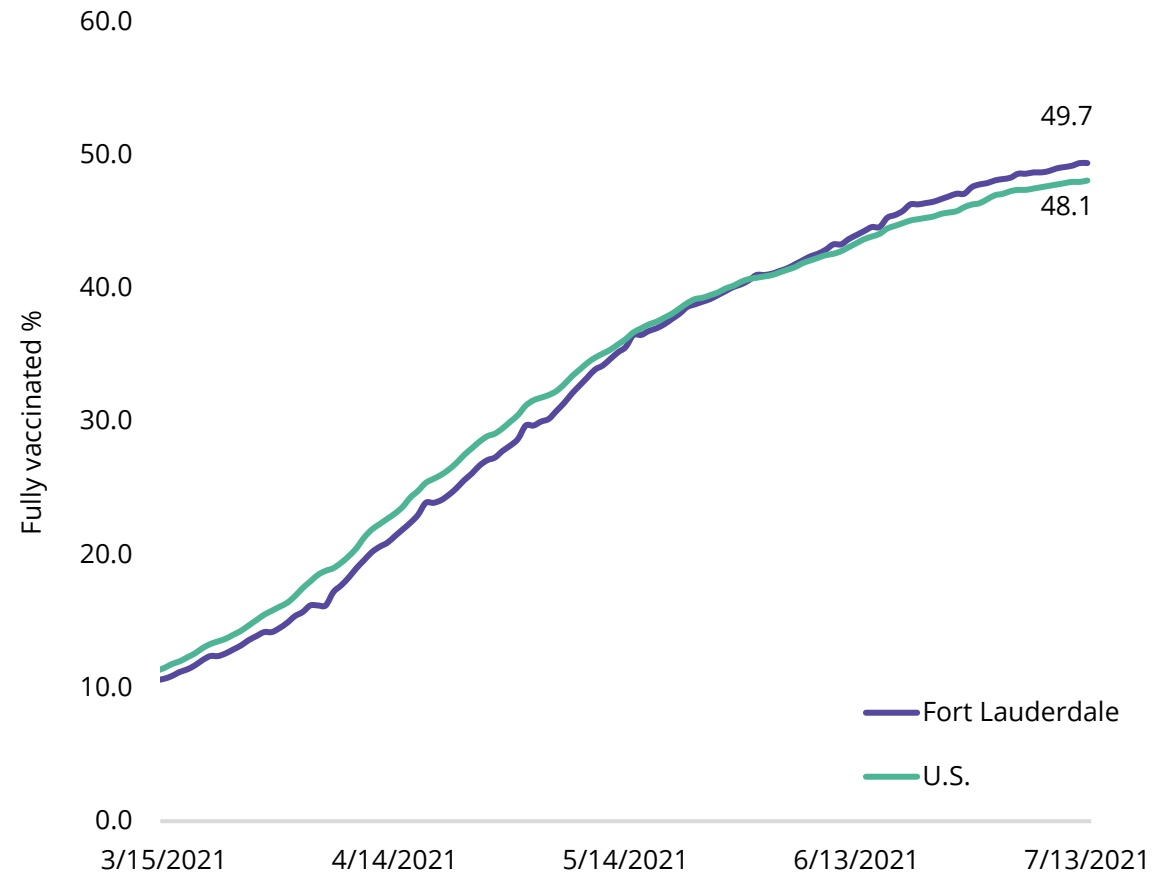


# Vaccination rates

# 49.7%

**Share of total Broward County population that is fully vaccinated**

Total vaccinations in Broward County slightly exceed the national average, however the county still lags behind vaccination rates in several major U.S. metros.



Source: CDC

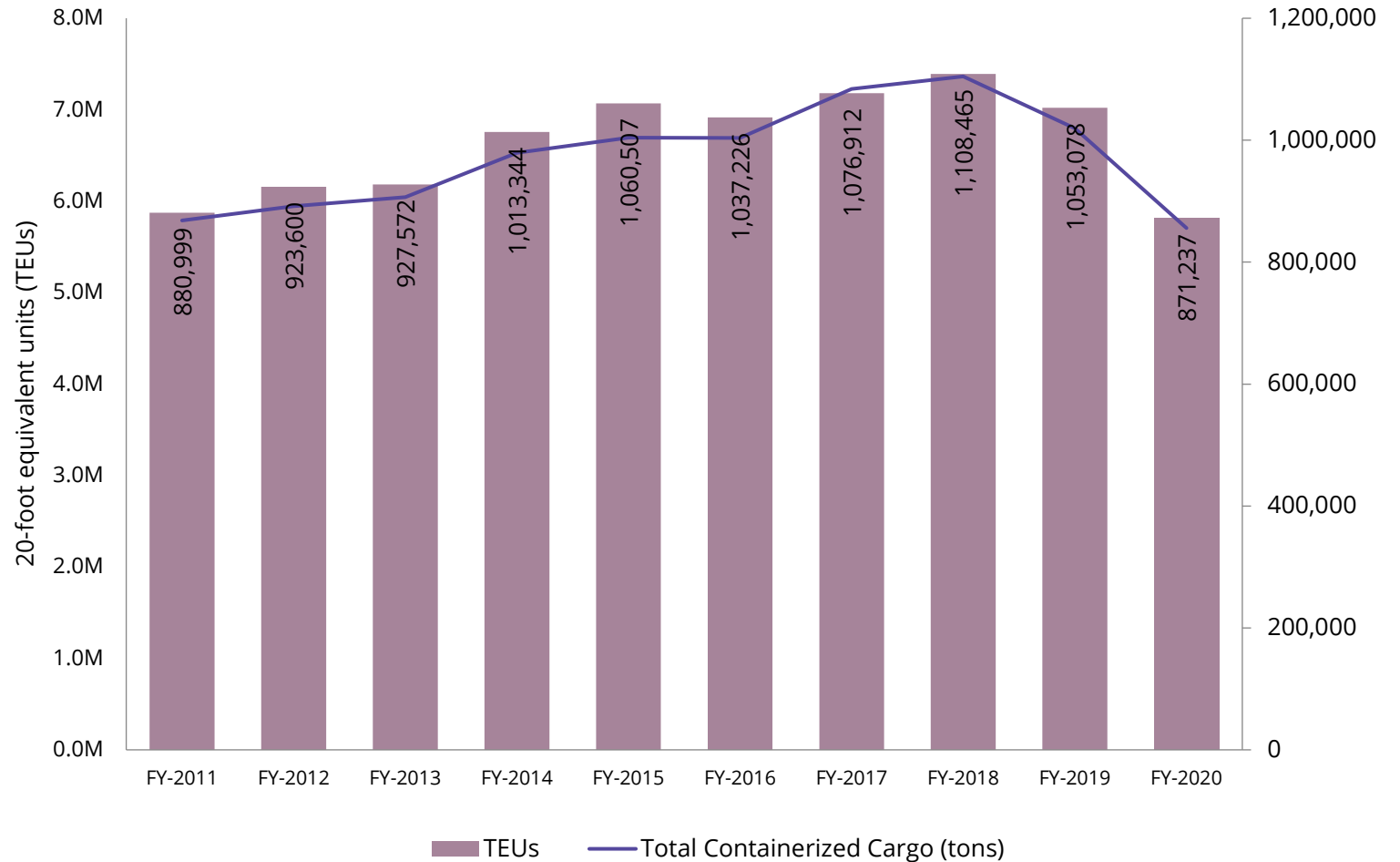


# Port Everglades cargo volume

# 871.1K

## TEUs during FY-2020

Port Everglades was impacted by the cruise industry stoppage during 2020, however FY-2020 cargo and cruise activity still generated \$29.1 billion in economic value for the state of Florida during the year. Figures for FY-2021 will not be available until October.



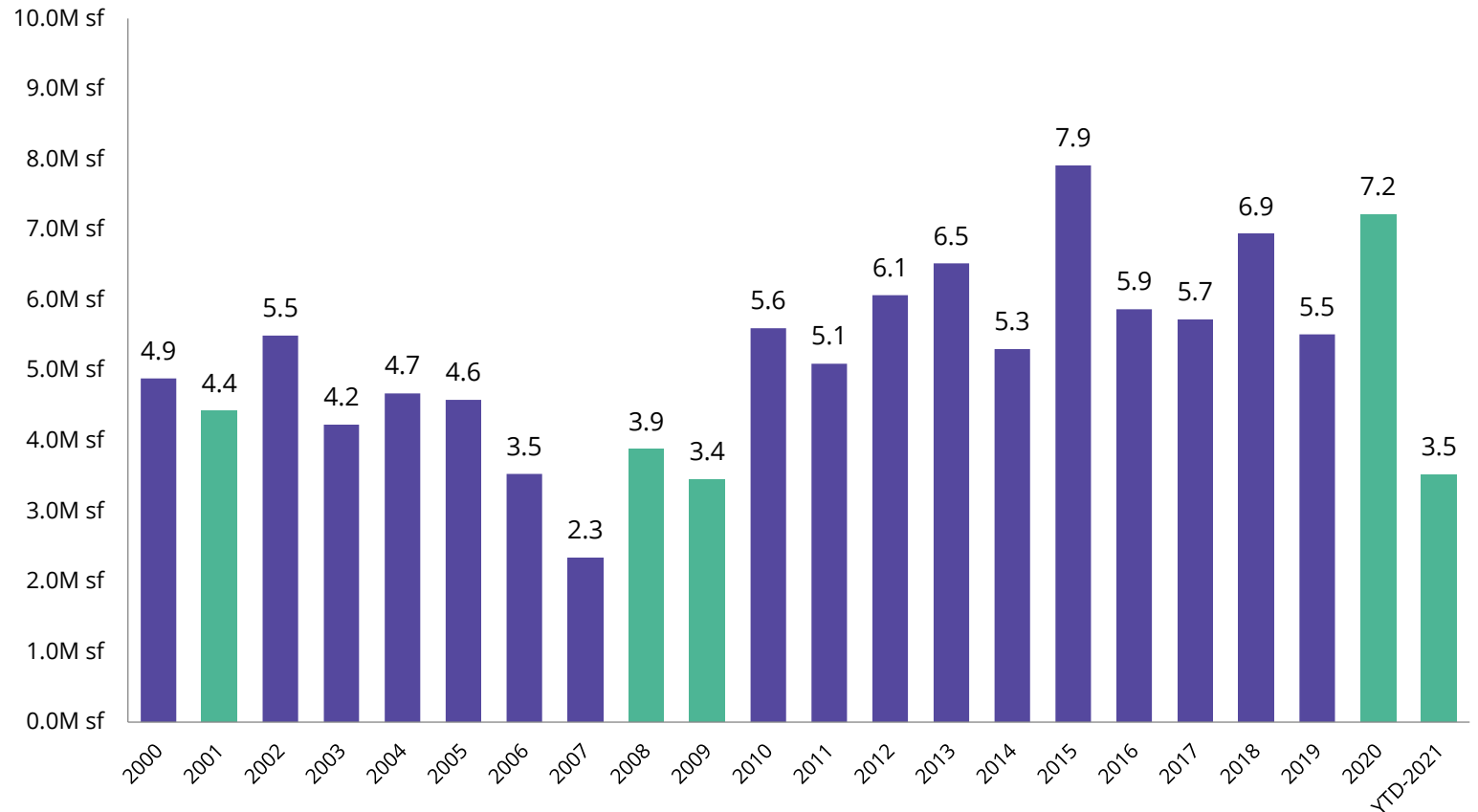
Source: PortMiami

# Industrial leasing activity

# 48.7%

**Year-to-date 2021  
leasing activity  
compared to YE-2020**

Leasing activity has been strong through Q2 2021, following on the heels of 11 straight years where leasing eclipsed 5 million sf annually.



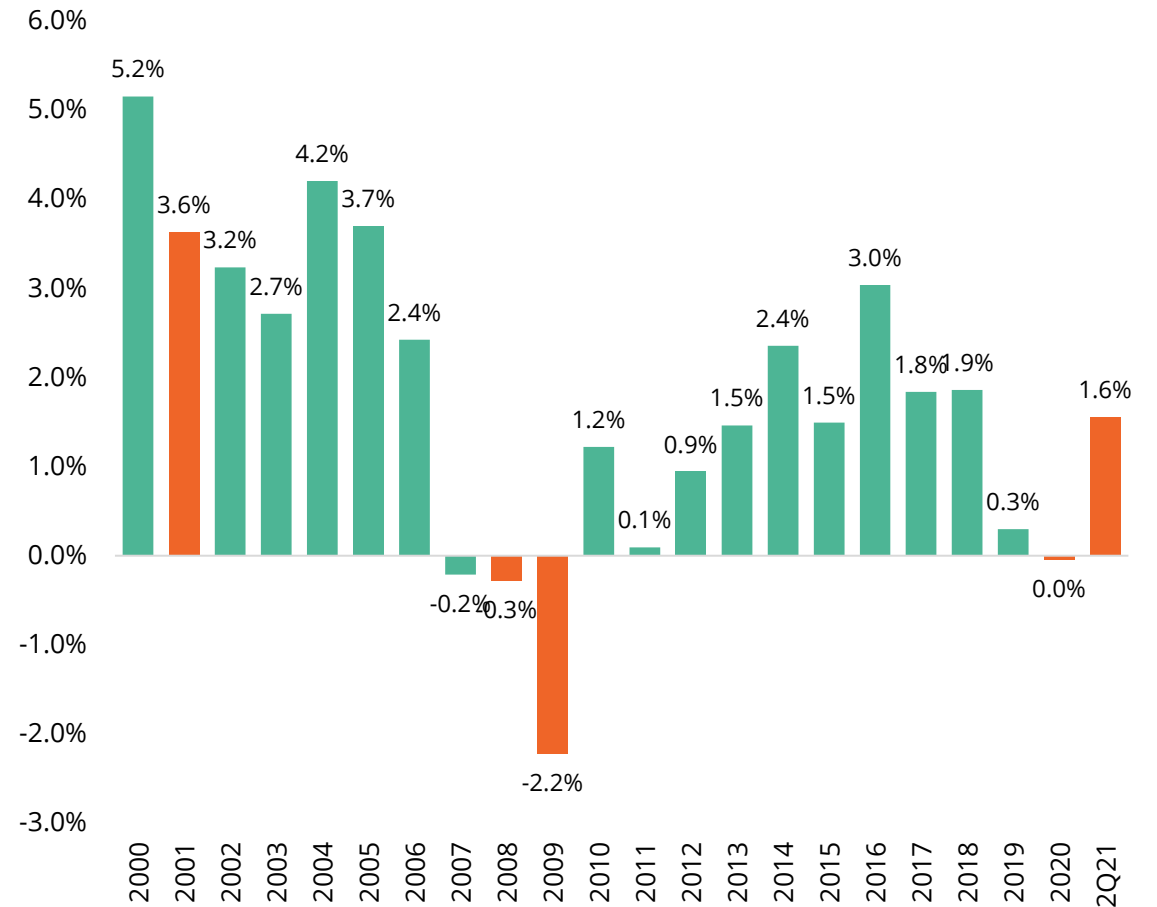
Note: Green represents recession years.  
Source: CoStar

# Industrial net absorption

# 1.6%

**Net absorption as a percentage of inventory, 2020 through Q2 2021**

Absorption through mid-year has been solid and is indicative of an active and healthy industrial market. Barring anything unforeseen, net absorption for 2021, which currently totals 1.6 million sf, is on pace to significantly outpace the performance of the last several years.



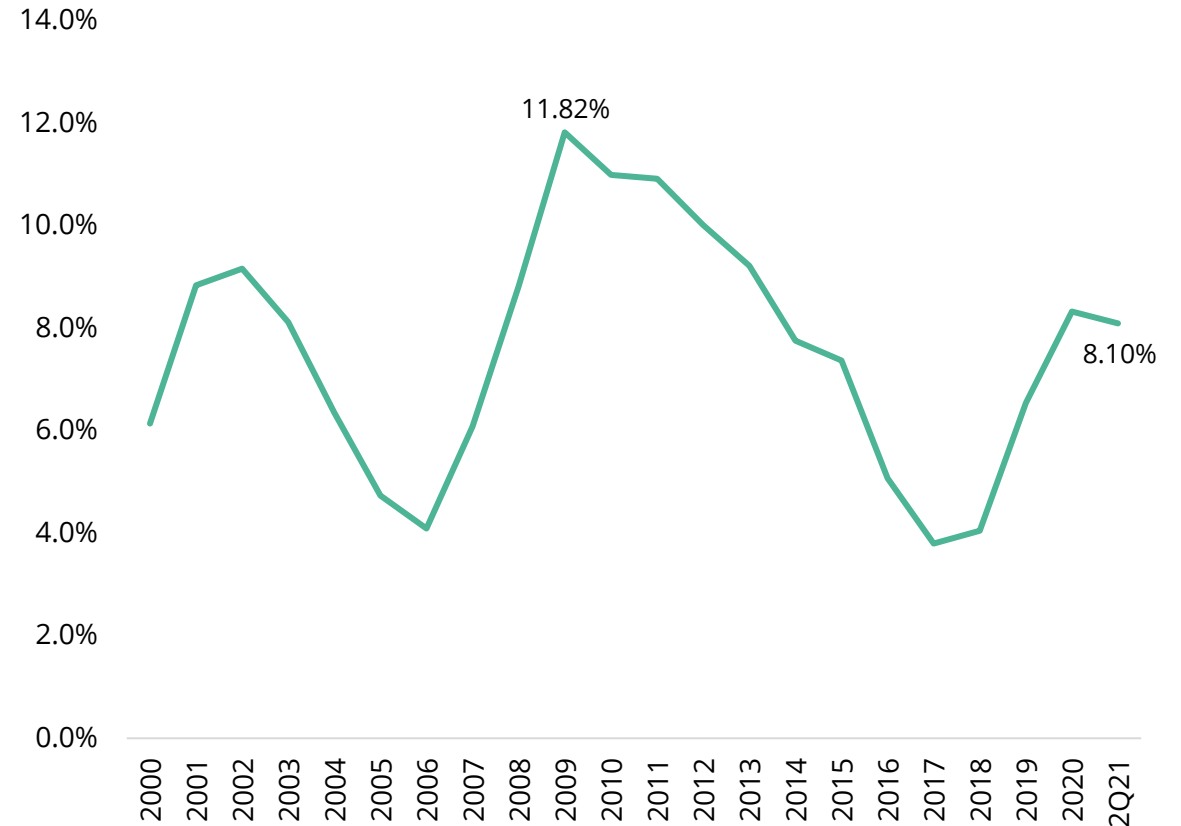
Note: Absorption is measured as the year-over-year change in occupied square feet. Orange represents recession years. Source: CoStar

# Industrial vacancy rate

# 8.1%

**Total vacancy in Fort Lauderdale has nearly doubled since 2018**

The Q2 2021 total vacancy rate of 8.1% reflects the lowest rate since 2018, however it is also notable that net absorption for the year-to-date is already 89% of what was recorded that year, underscoring how quickly the market is leasing up newly available space.



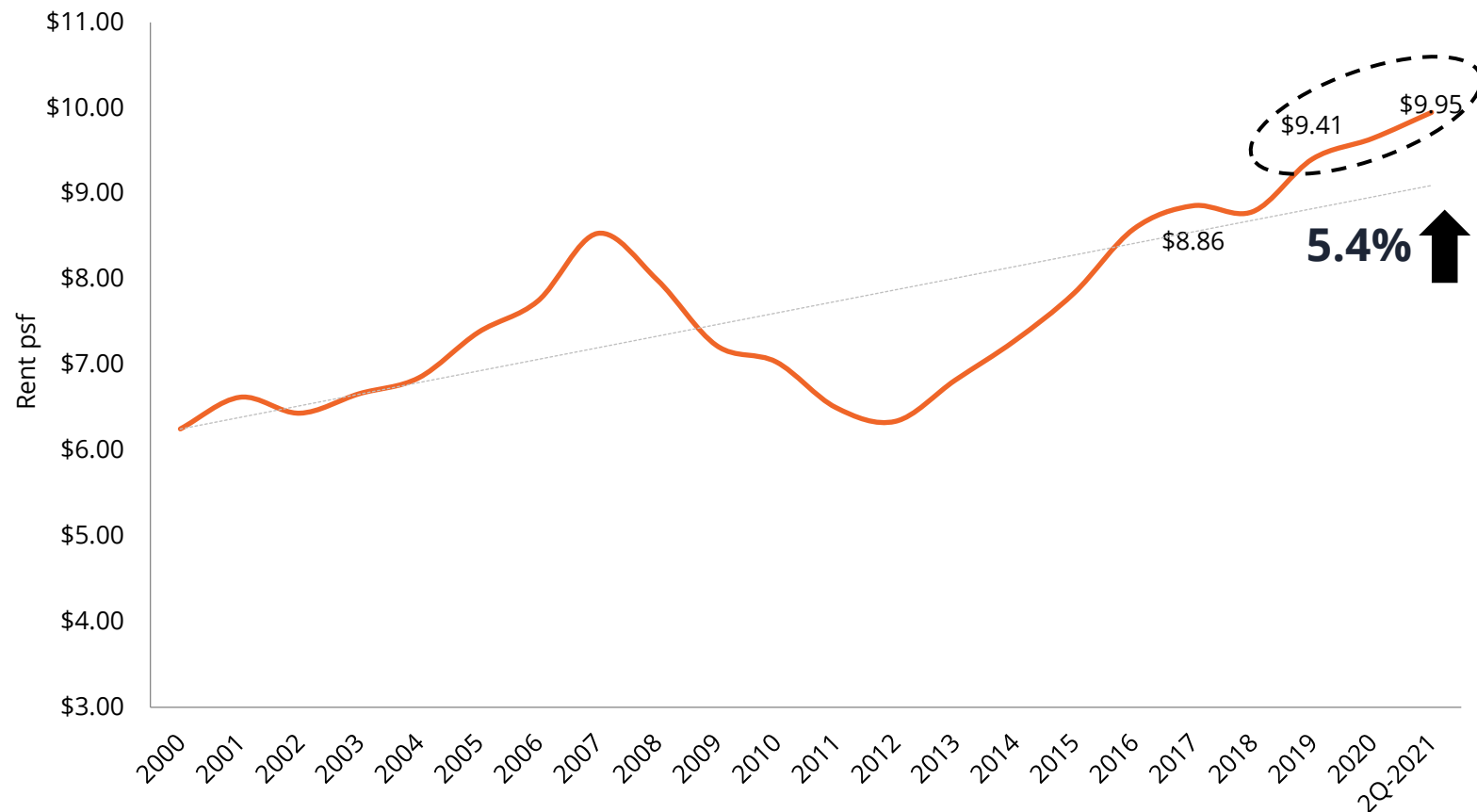
Source: CoStar

# Base rents

# +5.4%

## Base rents since the onset of the pandemic

Base rents for industrial space grew during the second quarter and have generally trended upward over the last decade, rising steadily since 2012 and growing 36.2% over that period.



Source: AVANT by Avison Young

# Big-box demand drives construction

**20 properties**

Proposed or under construction

**3.0 msf**

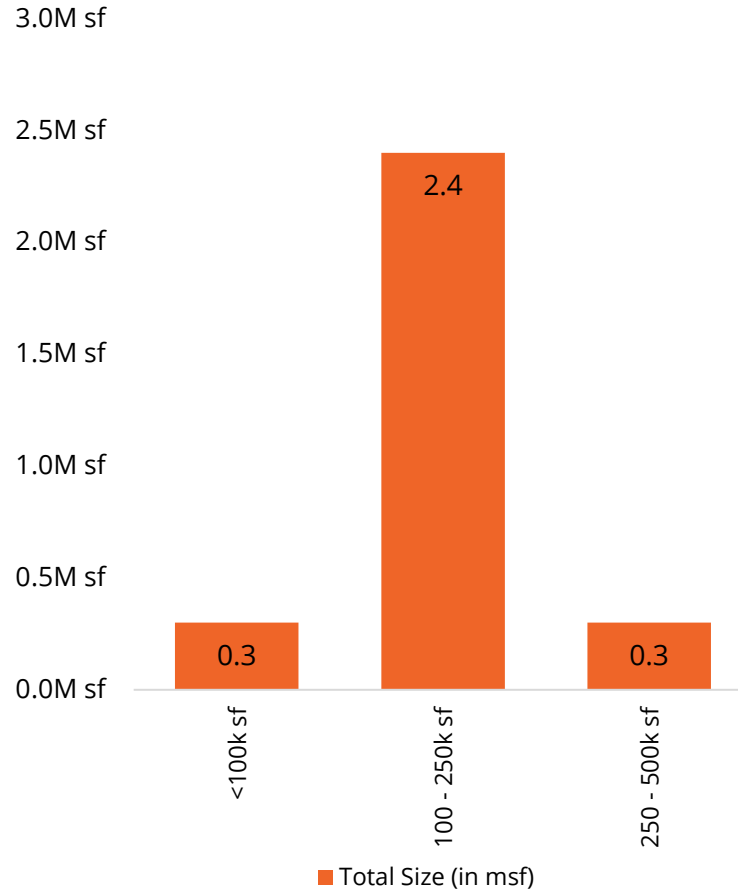
Proposed or under construction

**4.6%**

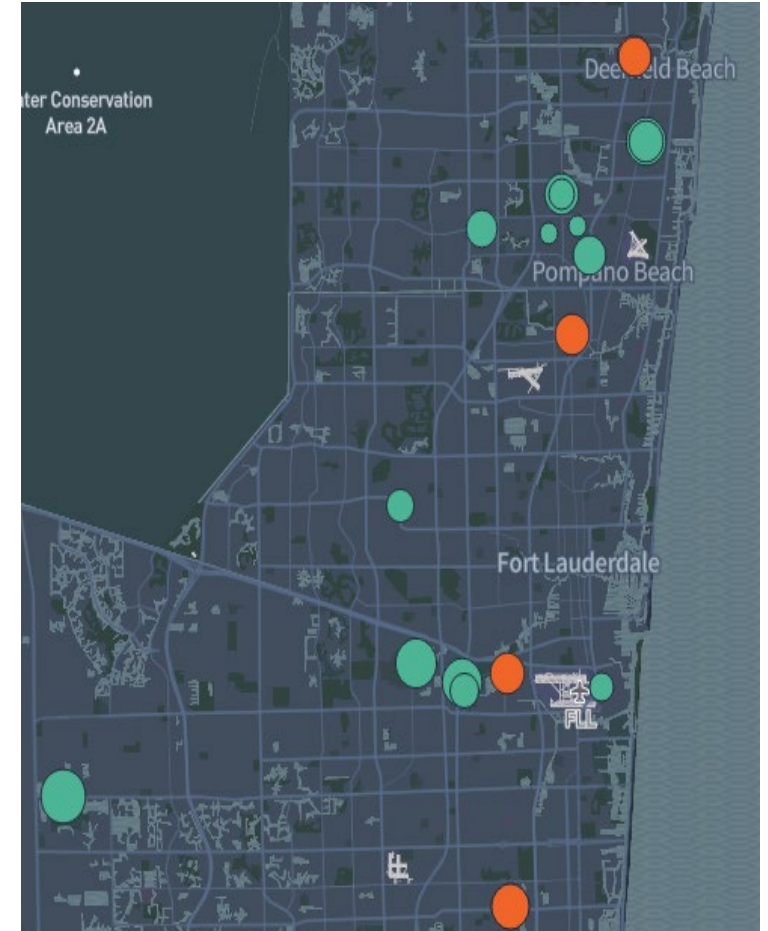
Share of industrial inventory

## Southeast Broward

Submarket with the most projects under construction at 3



Source: AVANT by Avison Young



Orange circle: Under construction    Green circle: Proposed

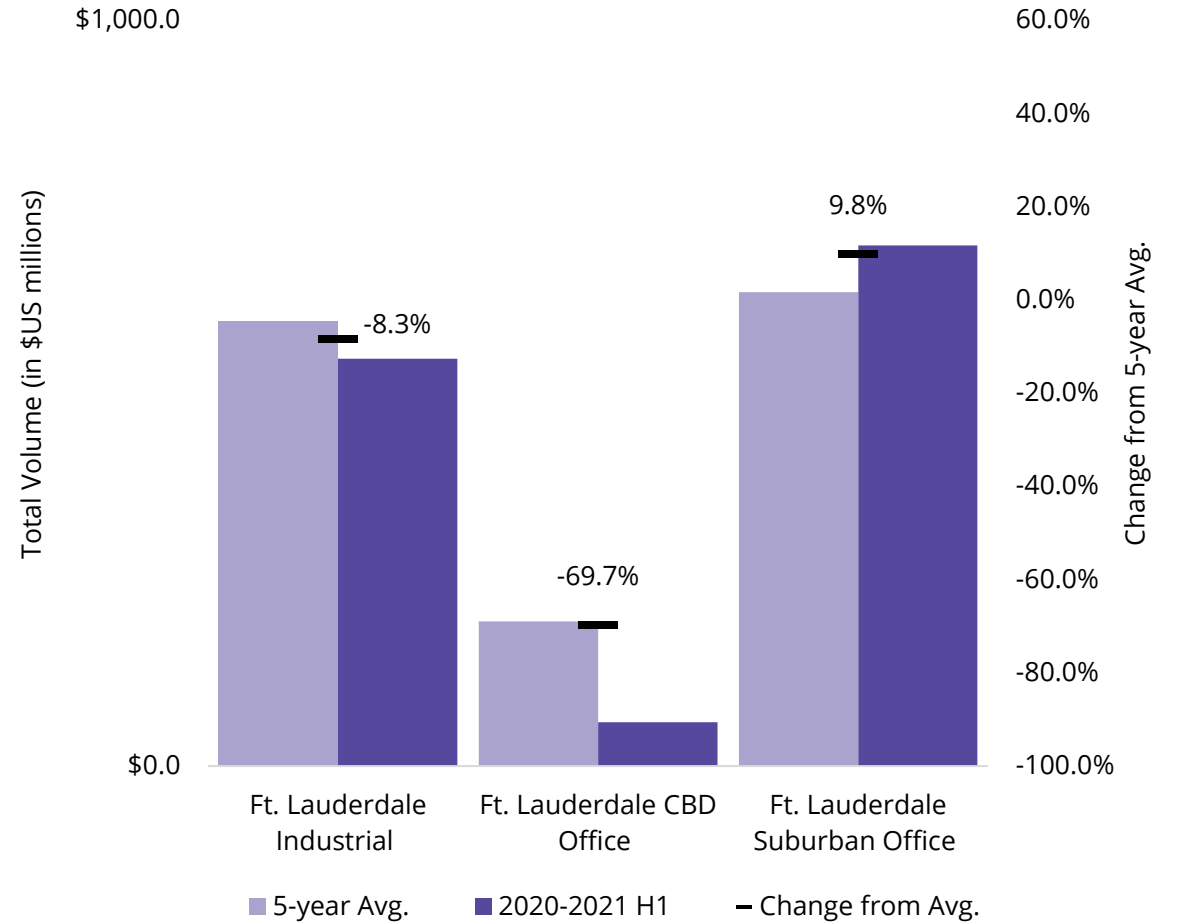
# Investment dollar volume

# \$546.4M

## Industrial dollar volume, 2020 to Q2 2021

Industrial sales volume from 2020 through 2Q21 remains down 8.3% from the 5-year average sales volume.

Investment activity in Fort Lauderdale’s suburban office market was the strongest with total volume between 2020 and 2Q21 rising 9.8% above the 5-year average.



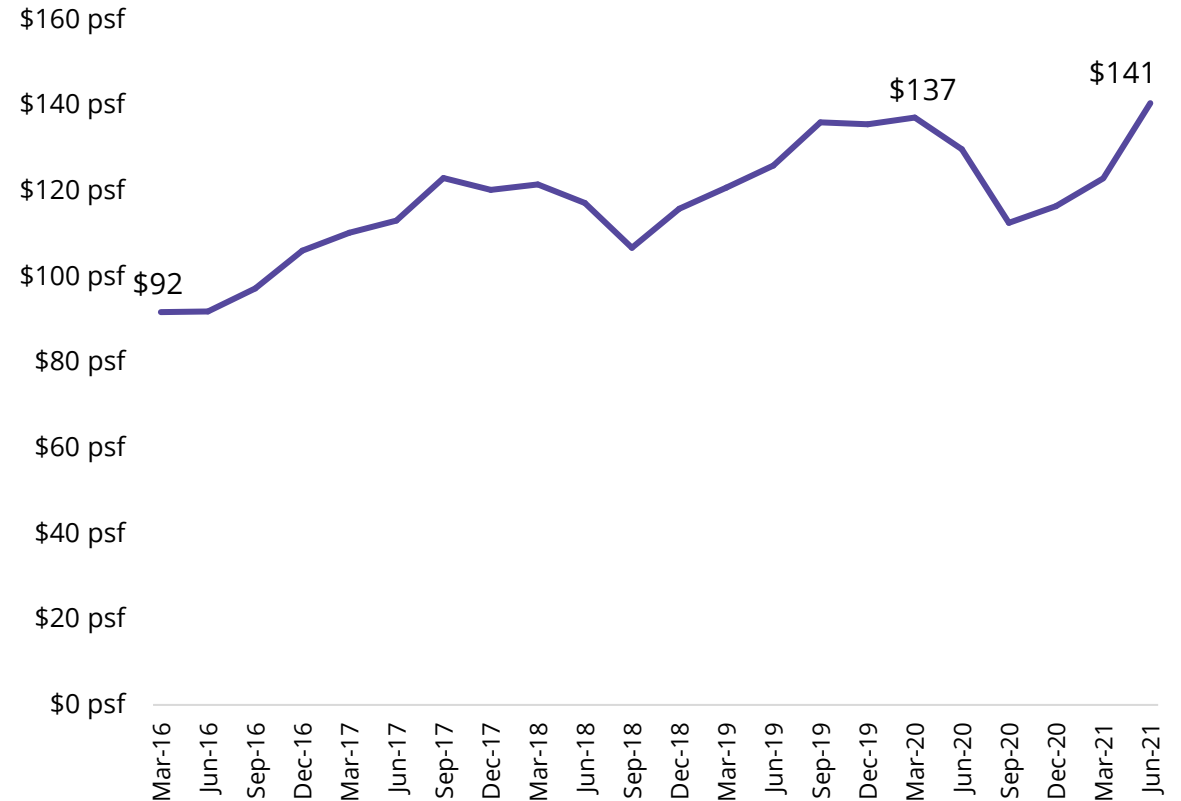
Source: AVANT by Avison Young  
RCA

# Industrial asset pricing

**+ 2.5%**

## Fort Lauderdale industrial pricing, March 2020 to June 2021

Pricing for Fort Lauderdale industrial assets has experienced a healthy recovery, increasing by 2.5% since the onset of the pandemic.



Source: AVANT by Avison Young  
RCA



# Looking forward



## Here's what we can expect

- While industrial fundamentals remain strong in Fort Lauderdale, pricing pressures on both the leasing and investment sales sides coupled with **inflationary concerns** are leading some investors to look at secondary and tertiary markets.
- Developers remain active in Fort Lauderdale. As they pencil in higher rates for new projects it will help to set the bar moving forward for existing properties negotiating the **pricing delta** between remaining competitive and offering an attractive alternative to new development with a comparatively discounted rate.
- Incremental upticks in asking base rents will continue over the next year as higher quality class A space will remain sought after, creating **pricing appreciation**.
- While **supply chain disruption** was an issue at the beginning of the pandemic, semiconductor shortages coupled with the Suez Canal blockage further highlighted frailties within global supply chains. Moving forward, creating logistics, distribution and shipping efficiencies, in addition to reshoring efforts, will be critical in preventing the kind of disruption that took place in 2020.



# Get in touch



## Wayne Schuchts

Principal  
+1 305 504 2032  
[wayne.schuchts@avisonyoung.com](mailto:wayne.schuchts@avisonyoung.com)



## Lisa McNatt

Director  
U.S. Insight Team  
+1 813 244 5618  
[lisa.mcnatt@avisonyoung.com](mailto:lisa.mcnatt@avisonyoung.com)



## Tom Viscount

Principal  
+1 954 903 1810  
[tom.viscount@avisonyoung.com](mailto:tom.viscount@avisonyoung.com)



## Evie Linger

Senior Data Analyst  
Innovation  
+1 954 903 3714  
[evie.linger@avisonyoung.com](mailto:evie.linger@avisonyoung.com)



**AVISON  
YOUNG**

# Let's talk

© 2021 Avison Young – Florida, LLC. All rights reserved.

E. & O.E.: The information contained herein was obtained from sources which we deem reliable and, while thought to be correct, is not guaranteed by Avison Young.

**AVANT**  
by AVISON YOUNG