



Q3 2016
Broward County
OFFICE AND INDUSTRIAL
MarketBeat Reports

MARKETBEAT

Office Snapshot Q3 2016

Broward County/Ft. Lauderdale



BROWARD COUNTY OFFICE

Economic Indicators

	Q3 2015	Q3 2016	12-Month Forecast
Broward Employment	995.8k	1.015 mil	▲
Broward Unemployment	5.2 %	4.6%	▼
U.S. Unemployment	5.2%	4.9%	▼

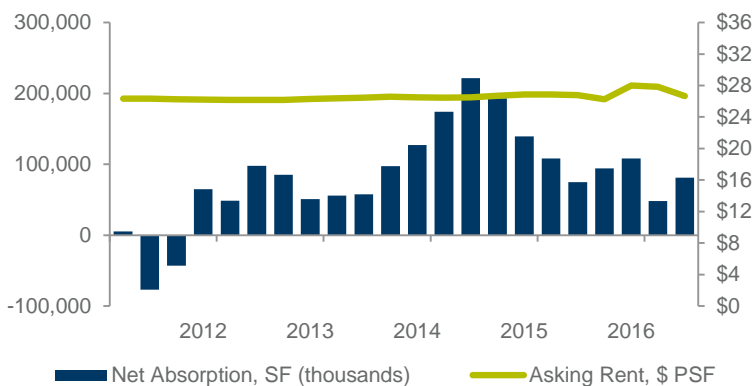
Market Indicators (Overall, All Classes)

	Q3 2015	Q3 2016	12-Month Forecast
Vacancy	13.5%	14.0%	▼
Net Absorption (SF)	3,199	228,017	▲
Under Construction (SF)	241,701	281,429	▲
Average Asking Rent*	\$26.68	\$26.65	▲

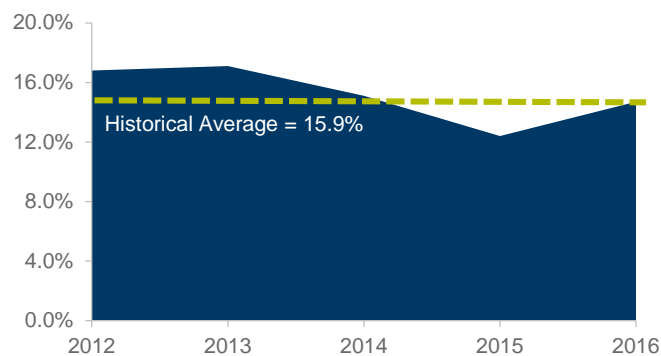
*Rental rates reflect gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Broward County continued to be attractive to people moving to South Florida which helped to push job creation over 25,000 during the past twelve months, reducing the unemployment rate by 60 basis points to 4.6%. The increase in professional & business services jobs accounted for 6.2% of gains year over year, leading to strengthening in the office market. As an example, Hotwire, a rapidly growing telecommunication provider, recently announced their headquarters move to Ft. Lauderdale, bringing 375 new jobs in the Florida.

Market Overview

Office market fundamentals remained stable during the third quarter as space tightened and general uncertainties surrounding upcoming interest rate hikes and the impending election force some tenants to delay any significant location decisions. Rental rates in prime suburban office submarkets increased as direct vacancy rates dropped under 10.0%, specifically in many Class A buildings. Some tenants were relatively insensitive to rising rental cost, as they sought the best location for their company and employee base. Supply constraints continued to plague many of these same submarkets as competition with multifamily developers for traditional office land sites intensified.

Positive activity in the Downtown CBD decreased overall vacancy rate to 10.0% in the third quarter, as demand for space in an already tight market generated 27,465 square feet of positive absorption. Class A space experienced year over year increases of overall average rental rates, up 28.2% over the last three quarters to \$35.06 per square foot (PSF), as prime space along key corridors was leased.

While more cost-conscious tenants were priced out of the area along Las Olas Boulevard, several landlords opted to combine smaller spaces to accommodate larger tenants circling the submarket both internally and from outside of the CBD.

Acquisitions of office space in both the suburban and Downtown CBD slowed slightly during the third quarter although trade prices remained high. The largest trade was 401 E. Las Olas in the Downtown CBD, which was acquired by Deutsche Asset & Wealth Management for \$220,000,000, or \$539.13 PSF.

Outlook

The Broward County's office market continued positive momentum in the third quarter with many indicators reaching levels not seen since before the recession. Rental rates were comfortably above and vacancy rates hovering below pre-recession levels. New construction options still remained limited as many potential tenants would not commit to preleasing and waiting the expected two years for construction to finish. In the short term, Cushman & Wakefield remains optimistic for improved office market fundamentals in 2017.

MARKETBEAT

Office Snapshot Q3 2016

Broward County/Ft. Lauderdale



SUBMARKETS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Ft. Lauderdale CBD	5,295,996	53,964	474,906	10.0%	27,465	156,328	82,246	0	\$35.06	\$42.15
Cypress Creek/Commercial	6,713,888	35,378	1,400,128	21.4%	96,266	6,668	211,467	0	\$23.44	\$29.77
Hollywood/Hallandale	2,515,127	0	273,336	10.9%	25,731	19,792	39,347	40,000	\$28.03	\$35.50
West Broward	7,395,437	61,725	707,709	10.4%	101,742	171,756	242,966	0	\$27.27	\$31.39
Sunrise	3,164,843	22,187	323,115	10.9%	31,666	82,731	148,508	0	\$29.19	\$31.38
Plantation	3,396,589	39,538	316,638	10.5%	57,467	73,120	85,199	0	\$24.94	\$30.95
Weston	834,005	0	67,956	8.1%	12,609	15,905	9,259	0	\$29.75	\$35.11
Northeast Broward	2,090,125	19,566	254,504	13.4%	(38,572)	17,171	108,522	174,000	\$21.89	\$27.78
Pompano Beach	784,296	0	138,566	17.7%	(37,262)	(12,800)	10,200	0	\$18.88	\$0.00
Deerfield Beach	1,305,829	19,566	115,938	10.4%	(1,310)	29,971	98,322	174,000	\$24.96	\$27.78
Southwest Broward	2,849,750	28,413	321,522	12.3%	(15,224)	55,504	108,594	67,429	\$27.94	\$32.07
Pembroke Pines/Cooper City	889,498	0	204,095	22.9%	(547)	15,258	53,620	0	\$31.76	\$35.50
Miramar	1,960,252	28,413	117,427	7.4%	(14,677)	40,246	54,974	67,429	\$28.40	\$28.62
Northwest Broward	1,895,242	0	387,550	20.4%	30,609	28,481	89,145	0	\$25.41	\$29.32
Coral Springs	1,419,494	0	293,350	20.7%	22,549	22,339	84,145	0	\$24.82	\$30.12
Tamarac/Margate	475,748	0	34,200	19.8%	8,060	6,142	5,000	0	\$24.85	\$29.00
Suburban	23,459,569	145,082	3,344,749	14.9%	200,552	299,372	800,041	281,429	\$25.37	\$30.83
BROWARD TOTALS	28,755,565	199,046	3,819,655	14.0%	228,017	455,700	882,287	281,429	\$26.65	\$33.47

**Overall stats are not reflective of U.S. Overview.

CLASSES	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Class A	11,362,608	136,832	1,265,399	12.3%	118,794	213,527	523,687	281,429	\$33.47	\$33.90
Class B	13,935,334	52,835	2,101,313	15.5%	111,776	22,622	308,087	0	\$23.99	\$23.98
Class C	3,457,623	9,379	452,943	13.4%	35,351	31,028	50,513	0	\$18.57	\$18.59

Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
6451 N Federal Hwy	84,112	CompHealth Group	Lease	Cypress Creek
13450 W Sunrise Blvd	58,379	BellSouth Telecommunications, LLC	Lease	West Broward
1901 W Cypress Creek Rd	35,000	Delphi Behavioral Health Group	Lease	Cypress Creek
3350 SW 148th Avenue	30,519	Carnival	Lease	SW Broward

Key Sales Transactions Q3 2016

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
401 E. Las Olas Boulevard	408,064	Deutsche Asset & Wealth Management	\$220,000,000	Downtown CBD
6451 N Federal Highway	413,426	Fairlead Commercial Real Estate, LLC	\$56,300,000	Pompano Beach
100 NE 3 rd Avenue	165,627	Zurich Alternative Asset Management LLC	\$46,500,000	Downtown CBD
6363 NW 6 th Way	118,930	Gladstone Commercial Corporation	\$23,900,000	Cypress Creek

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Industrial Snapshot Q3 2016

Broward County



BROWARD INDUSTRIAL

Economic Indicators

	Q3 2015	Q3 2016	12-Month Forecast
Broward Employment	995.8k	1.015 mil	▲
Broward Unemployment	5.2 %	4.6%	▼
U.S. Unemployment	5.2%	4.9%	▼

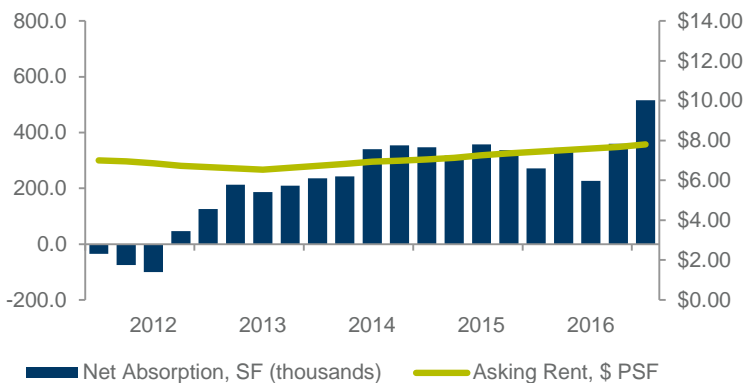
Market Indicators (Overall, All Classes)

	Q3 2015	Q3 2016	12-Month Forecast
Vacancy	6.1%	5.5%	▼
Net Absorption (sf)	482,672	511,427	▲
Under Construction (sf)	688,517	910,108	▲
Average Asking Rent*	\$7.63	\$8.12	▲

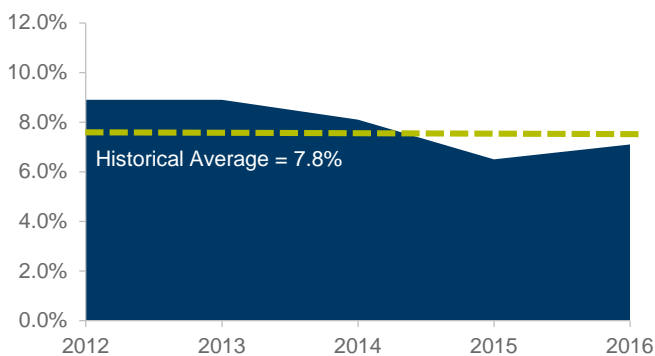
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Broward County continued to be a business portal to companies seeking a location in the heart of the tri-county area of South Florida. Employment increased by 25,000 over the past twelve months and the unemployment rate decreased 60 basis points (BPS) to 4.6% on strong gains for companies in the industrial sector. Jobs in trade transportation & utilities accounted for 4.8% of the expansion year over year, the second fastest yearly job growth rate compared to all metro areas in Florida. Broward County also experienced a 3.6% surge in manufacturing jobs over the past year.

Market Overview

The overall Broward County industrial market remained healthy, with a vacancy rate of 5.5%, the lowest since 2008. Unwavering demand for space drove leasing activity to 3.2 million square feet (SF) year to date, as wholesale distributors, construction firms and suppliers represented a majority of companies involved in space acquisition. The market experienced 480,172 SF of positive absorption through the third quarter. As space availability continued to decrease, industrial rental growth rates in Broward County remained competitive compared to the overall South Florida market.

Broward County's warehouse/distribution sector continued to experience record low vacancy rates. The overall vacancy decreased 110 BPS to 6.0% as tenant demand for small bay and larger cross dock space remained strong. Asking rental rates of \$8.83 per square foot (PSF), reflected rising demand in a healthy industrial market. Over 910,000 SF of speculative warehouse/distribution development was currently under construction in Broward County with no new starts announced in the third quarter. The strongest demand from tenants was for space in the 15,000 to 25,000 SF range. These smaller sized tenants are a major driver in the region.

Although the outlook for the industrial market remained upbeat, the market experienced only moderate growth in investment sales activity during the third quarter. This is reflective of a lack of quality product available to purchase and that many core assets throughout the County traded hands in the first half of the year.

Outlook

The industrial market in Broward County continued to display improving fundamentals. Significant space absorption, coupled with historically low supply drove rent growth and created confidence with developers to build. Cushman & Wakefield remains optimistic that key market drivers and new construction will support further improvement in the industrial sector going into 2017.

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Industrial Snapshot Q3 2016

Broward County



SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (WD)
Ft. Lauderdale – Central	7,228,382	192,933	133,124	4.6%	94,523	306,466	N/A	\$5.53	\$11.48	\$7.25
Ft. Lauderdale - East/Central	6,463,158	19,520	0	3.7%	79,278	30,000	N/A	\$7.15	\$11.80	\$7.28
Ft. Lauderdale - Airport/Dania	5,111,047	179,215	0	8.6%	22,997	0	N/A	\$7.80	\$12.11	\$7.76
CENTRAL BROWARD	18,862,587	391,668	133,124	5.4%	196,807	336,466	N/A	\$7.22	\$11.61	\$7.53
Pompano Beach	21,983,049	567,157	1,596,754	2.7%	684,833	0	N/A	\$7.50	\$10.40	\$7.54
Deerfield Beach	8,193,501	317,376	315,500	3.5%	18,015	403,269	N/A	\$8.00	\$11.53	\$7.51
Coral Springs/Margate	5,120,903	43,176	0	8.4%	35,061	29,952	N/A	\$7.10	\$10.13	\$6.56
NORTH BROWARD	35,297,453	927,709	1,9125,254	3.7%	737,909	433,221	N/A	\$7.31	\$7.48	\$7.31
Plantation/Sunrise	9,332,219	327,626	0	5.9%	241,578	0	N/A	\$7.50	\$10.54	\$7.23
Davie/Pembroke Pines/Miramar	15,668,964	439,130	0	9.3%	311,526	170,373	N/A	\$8.15	\$13.00	\$7.52
SOUTHWEST BROWARD	25,001,183	766,756	0	8.0%	533,104	170,373	N/A	\$7.98	\$10.96	\$7.46
HOLLYWOOD/HALLANDALE	9,128,315	543,112	53,822	6.2%	343,839	0	N/A	\$8.00	\$12.00	\$7.27
BROWARD TOTALS	88,289,538	2,629,245	2,099,200	5.5%	1,831,659	910,108	N/A	\$7.47	\$11.12	\$7.38

*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

**Overall rental rates not reflective of US Overview.

BUILDING TYPE	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (SF)
Warehouse/Distribution	61,685,947	3,566,424	6.0%	376,977	1,402,707	443,218	910,108	\$7.38
Manufacturing	12,929,882	278,464	2.2%	33,759	201,622	23,835	0	\$7.47
Office Services/Flex	13,673,709	865,503	6.8%	100,691	437,956	41,837	0	\$11.12

*Rental rates reflect NNN asking \$psf/year

Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
3400 SW 30 th Avenue	161,443	Graybar	Lease	Central Broward
2700-2798 SW 32 nd Avenue	55,454	SALT International	Lease	North Broward
3501 46 th Avenue	48,600	Challenge Warehouse	Lease	North Broward

Key Sales Transactions Q3 2016

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
Pompano Industrial Center I	202,226	Zurich Alternative Asset Management LLC	\$23,600,000/\$116.70	Central Broward
Prologis Pompano Industrial Cente	68,806	Black Creek Group	\$6,570,000/\$95.49	Central Broward

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