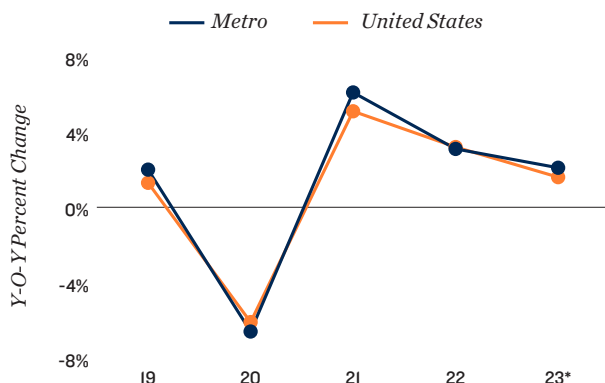


Port Upgrades and Lessened Risk of Overbuilding Brighten the Metro's Long-Term Outlook

Regional growth stokes space demand. Although net absorption during the first three months of this year fell to the lowest level since 2020, vacancy still declined quarter-over-quarter to 4 percent, which is 240 basis points below the long-term mean. Access to the rapidly-growing Southeast Florida region and proximity to Port Everglades, the Port of Miami and Miami International Airport has driven strong demand for industrial space across the metro. Leasing activity has been most robust in Southeast Broward in recent quarters, as the submarket accounted for nearly half of all net absorption recorded metrowide during the past year ending in March. Fort Lauderdale also faces minimal supply pressure, which, together with solid demand, will allow vacancy to decrease further throughout this year. Looking farther out, land constraints lessen the risk of local overbuilding, keeping fundamentals tight longer term.

Fort Lauderdale offers more space options. Vacancy in Miami-Dade was at 1.8 percent in March, the lowest rate among major U.S. markets. As a result, tenants looking to establish or expand in Southeast Florida may consider setting up operations in Broward County instead, as the metro provides prospective occupants with more space options at relatively lower asking rates. Also boosting tenant interest, Port Everglades recently received a federal grant to improve its infrastructure. The upcoming improvements will likely increase the number of vessel calls, which may ultimately lift the port's TEU volumes and draw more industrial users to the area.

Employment Trends



* Forecast
Sources: BLS; CoStar Group, Inc.

Industrial 2023 Outlook



18,500

JOB

will be created

EMPLOYMENT:

Unemployment fell to a near record low of 2.5 percent in March, due to strong growth in the local economy. The tightened labor market will slow job gains this year, as firms expand headcounts by 2.1 percent.



720,000

SQ. FT.

will be completed

CONSTRUCTION:

Annual supply additions fall to the lowest level since 2017, as developers increase local stock by just 0.6 percent. Osprey Logistics Park is the largest project in the pipeline and is slated to deliver in Coral Springs.



20

BASIS POINT

decrease in vacancy

VACANCY:

Consistent tenant demand and minimal competition from new builds helps facilitate a third straight year of vacancy compression. At 3.9 percent, the year-end rate remains 150 basis points below the pre-pandemic level.



11.0%

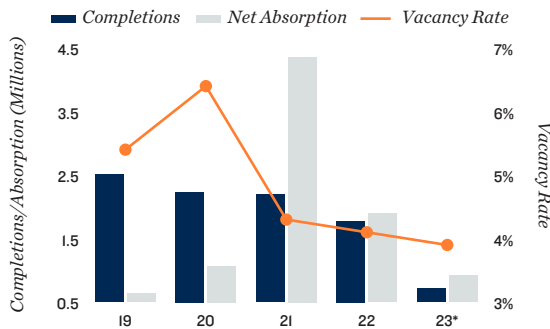
INCREASE

in asking rent

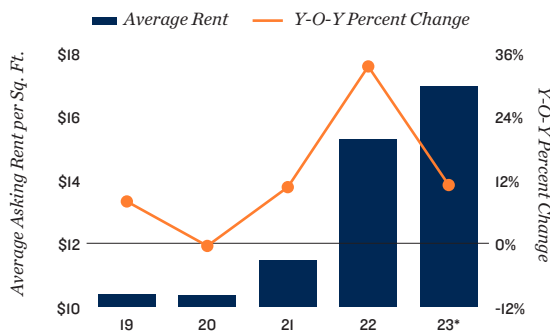
RENT:

Broward County ranks among the top rent growth metros in the nation, as the measure remains in double digits for the third consecutive year. The average asking rent is projected to reach \$16.95 per square foot.

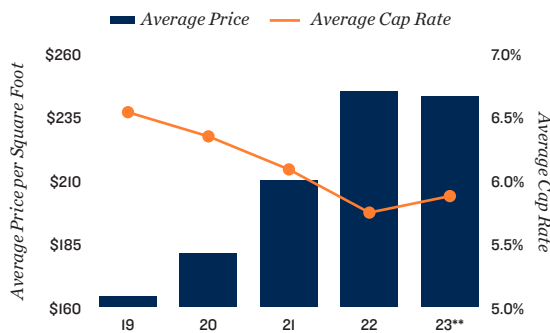
Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics

Fort Lauderdale Office:

Harrison E. Rein Regional Manager

5900 North Andrews Avenue, Suite 100

Fort Lauderdale, FL 33309

Tel: (954) 245-3400 | harrison.rein@marcusmillichap.com

Prepared and edited by:

Carlos Pietri

Research Analyst | Research Services

For information on national industrial trends, contact:

John Chang

Senior Vice President, Director | Research & Advisory Services

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guaranty regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

IQ 2023 - 12-Month Period

CONSTRUCTION

1,423,000 sq. ft. completed

- Developers increased local inventory by 1.3 percent during the past 12 months ending in March, with over half of all new supply delivering in the Northeast and Southeast Broward submarkets.
- With just over 3 million square feet of proposed projects in the pipeline entering April, development will likely remain moderate in the mid-term.

VACANCY

0 basis point change in vacancy Y-O-Y

- Driven by more than 660,000 square feet of positive net absorption, vacancy in the Southeast Broward submarket fell by 110 basis points during the yearlong period ending in March to 1.9 percent.
- Meanwhile, vacancy rates in Central Broward, Northeast Broward and West Sunrise each rose by at least 40 basis points during this span.

RENT

31.8% increase in the average asking rent Y-O-Y

- Fort Lauderdale boasted the fifth-largest rent growth figure among major U.S. markets during the past four quarters ending in March, as the mean marketed rate rose to \$15.91 per square foot.
- During this span, six of the metro's eight submarkets recorded asking rent growth that exceeded the 20 percent threshold.

Investment Highlights

- Standout rent gains and tight vacancy have supported strong investor interest for industrial assets in Fort Lauderdale. Transaction velocity reached record highs in 2021 and 2022, and deal flow improved during the first three months of this year relative to the previous quarter — despite ongoing headwinds in the lending sector. However, elevated interest rates have begun to impact entry costs, as the average sale price retreated by 0.8 percent on a quarterly basis during the first three months of 2023.
- Assets are coveted in Southeast and Central Broward as these submarkets provide industrial tenants quick access to Hollywood and Fort Lauderdale proper, two of the metro's most densely-populated residential nodes. Smaller warehouses ranging from 10,000 to 70,000 square feet are trading here, with cap rates that have recently trended in the mid-5 percent range.
- Roughly 40 percent of all trades over the past year ending in March occurred in Pompano Beach. Here, a flurry of out-of-state investors from California, New York and Pennsylvania have been increasingly active as of late. These buyers have been acquiring larger warehouse portfolios that include fully-leased properties.