



1Q14

FORT LAUDERDALE-BROWARD COUNTY INDUSTRIAL MARKET

Newmark Grubb Knight Frank

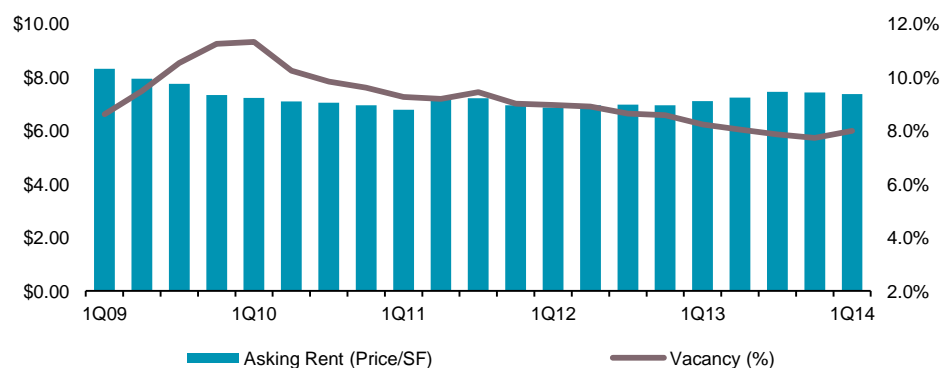
INCREASED CONSTRUCTION PREPARES FOR GROWTH

Broward County's industrial market held steady in the first quarter of 2014, although looks can be deceiving. Overall vacant space saw a slight increase from the previous quarter, but the vacancy rate dropped 20 basis points from the 8.2% recorded in the first quarter of 2013. A modest 304,000 square feet of speculative construction was delivered to the market during the quarter, none of the space was leased, which helped to increase supply without impacting net absorption negatively.

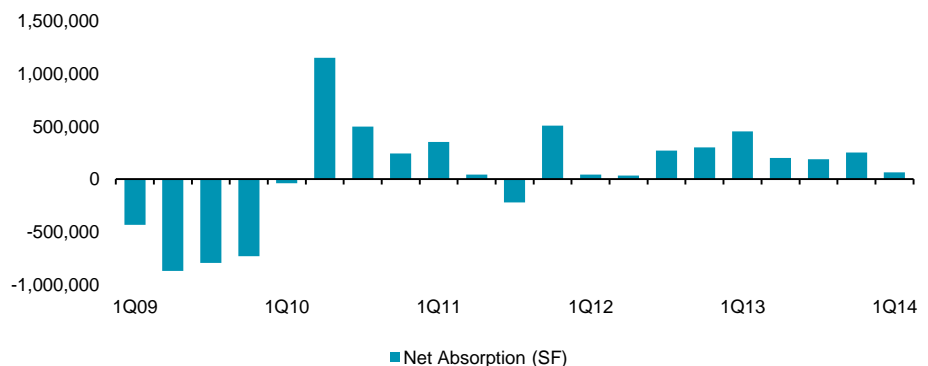
Asking rents held steady after 10 consecutive quarters of small increases. The overall quoted rate inched upward by \$0.26 from the \$7.11/SF triple net average recorded last year at this time. Landlords have yet to pull the trigger on significant bumps in asking rents. This is evident from the \$0.13/SF drop from the \$6.10/SF triple net rate recorded for warehouse/distribution space one year ago. R&D/flex space experienced a \$0.10/SF increase from the \$10.84/SF triple net rate, while general industrial space showed the most significant year-over-year improvement with a \$0.51/SF jump in the quoted average.

Although asking rents have not yet rebounded strongly, the improving economy has prompted developers to begin preparing for increased space needs. Five buildings totaling more than 550,000 square feet are currently slated for completion within the next three quarters, with over

Asking Rent and Vacancy



Absorption



Key Indicators

Total Inventory (SF)	103,297,799		
	1Q14	4Q13	1Q13
Asking Rent (Price/SF)	\$7.37	\$7.43	\$7.11
Vacancy Rate (%)	8.0%	7.7%	8.2%
Under Construction (SF)	324,725	619,516	0
	1Q14	4Q13	YTD
Net Absorption (SF)	61,544	252,215	61,544
Deliveries (SF)	304,000	122,175	304,000

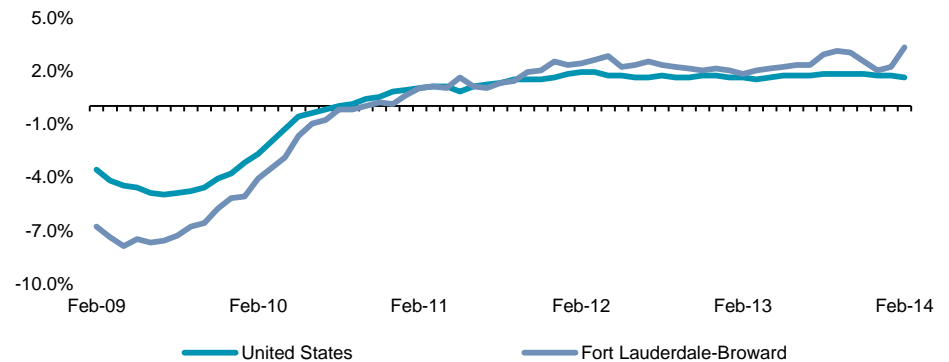


80% still available for lease. Hertz Corporate is building an owner-occupied facility in Pompano Beach; completion of the 97,000-square-foot industrial building is expected in June. The remainder of speculative construction slated for construction includes Miramar Park of Commerce #28, an 80,000-square-foot distribution facility on track for completion early in the second quarter. Also, two buildings expected to begin construction, Bridge Point A and B in Port 95, will add 229,000 square feet of warehouse inventory in the second half of the year.

As developers take advantage of diminishing available space, investor's interest has once again peaked in Broward's industrial sector. Unfortunately, this has not translated into many investment sales, and none of the major facilities was sold. Most transactions are user sales, with some companies looking to purchase remaining foreclosures, before rents begin to climb steeply; and lower-end, Class B-type facilities, while investors hold on to the higher-end, well-leveraged properties.

Payroll Employment

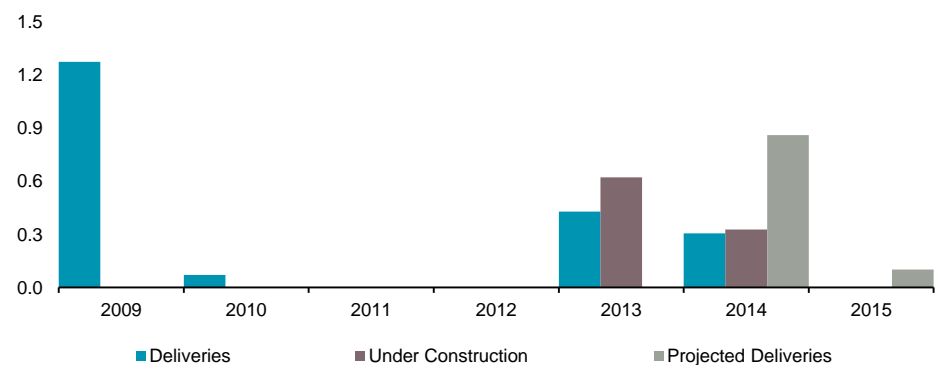
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Marble of The World	6001 Powerline Rd	Central Broward	155,099
Group III International	Gateway Industrial Ctr-2775 NW 63 rd Ct	Pompano Beach	59,912
Whole Foods	Pompano Business Ctr M-2700 NW 19 th St	Pompano Beach	51,308
Murvest Fine Foods	Gateway Industrial Ctr-1280 SW 29 th Ave	Pompano Beach	43,000
Future Energy Solutions	Prospect Park III-5400 NW 35 th Ave	Central Broward	39,141

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
Powerline Ind Ctr-5900 N Powerline Rd	Central Broward	323,000	\$12,600,000	\$39
1201 NE 38 th St	Central Broward	188,000	\$10,000,000	\$53
Marble of the World-6001 Powerline Rd	Central Broward	155,825	\$6,500,000	\$42
3499 NW 53 rd St	Central Broward	80,450	\$4,900,000	\$61
Gateway Ind Ctr-1280 SW 29 th Ave	Pompano Beach	42,900	\$3,075,000	\$72



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Central Broward	16,517,343	0	7.1%	-4,464	-4,464	\$5.60	\$8.67	\$6.17
Coral Springs	4,630,296	0	11.0%	-17,492	-17,492	\$7.71	\$9.24	\$6.61
Northeast Broward	9,452,511	0	8.4%	-54,758	-54,758	\$6.94	\$9.37	\$7.45
Pompano Beach	24,915,830	291,725	7.7%	35,531	35,531	\$5.61	\$10.42	\$6.50
Southeast Broward	23,835,535	33,000	6.7%	43,136	43,136	\$6.66	\$17.72	\$10.07
Southwest Broward	15,359,296	0	10.2%	9,365	9,365	\$5.78	\$6.82	\$6.46
West Sunrise	8,586,988	0	8.1%	50,226	50,226	\$6.83	\$9.30	\$8.21
Totals	103,297,799	324,725	8.0%	61,544	61,544	\$5.97	\$10.94	\$7.37

RESEARCH



Miami

1111 Brickell Avenue
Suite 2000
Miami, FL 33131
305.350.0915

Boca Raton

1801 N. Military Trail
Suite 202
Boca Raton, FL 33431
561.995.5150

Eric Messer

Research Manager
561.893.6234
emesser@ngkf.com

Glossary of Terms

Absorption

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Industrial inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet in total rentable building area. Owner occupied buildings are included in the inventory.

Newmark Grubb Knight Frank Research Reports are also available at www.ngkf.com/research

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Grubb Knight Frank (NGKF) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NGKF. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of NGKF, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.



Please recycle,
whenever possible

Sustainably

Newmark Grubb Knight Frank