

Broward County Industrial MarketView

Q3 2013

CBRE Global Research and Consulting

VACANCY
7.8%

ASKING RATE
\$7.08

ABSORPTION
302K

CONSTRUCTION
709 K

COMPLETIONS
0 K

UNEMPLOYMENT
5.8%

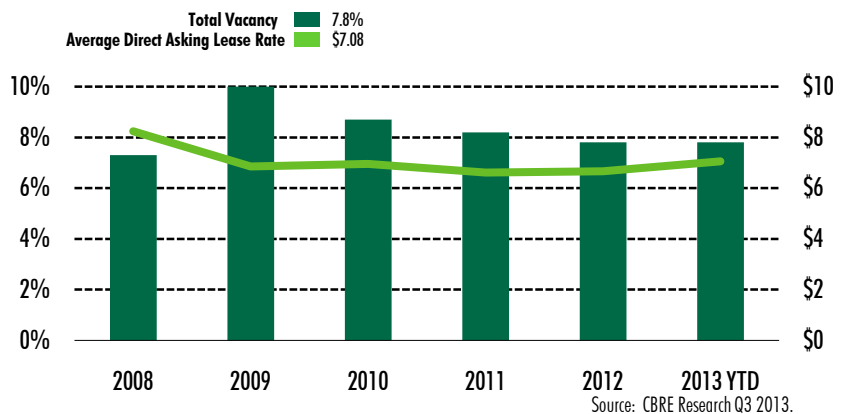
Arrows reflect year-over-year trends

BROWARD COUNTY VACANCY RATE CONTINUES TO DECREASE, LANDLORDS ARE GAINING TRACTION

Hot Topics

- U.S. Gas & Electric, a supplier of natural gas and electricity to commercial and residential consumers, plans to combine its headquarters into a 46,000 sq. ft. facility at 3700 Lakeside Drive in Miramar, Florida.
- Spirit Airlines now occupies 70,819 sq. ft. of space after expanding by 14,625 sq. ft.; signing a 10-year lease at its headquarters located at 2844–2854 Corporate Way, Miramar.
- Holocaust Documentation and Education Center is moving its Hollywood headquarters to a 25,000 sq. ft. space located at 303 S. Federal Highway, Dania Beach.
- Unipharm, a Venezuelan pharmaceutical company has announced that it is establishing operations as a US company and moving its headquarters to Tamarac, bringing 100 jobs to Broward County.
- Sentry Data Systems plans to move its headquarters to Deerfield Beach, occupying 21,615 sq.-ft. of space in the 800 Fairway office building.

Total Vacancy -vs- Average Direct Asking Lease Rate (NNN)



Leasing Activity

The overall Broward County industrial market is trending in a positive direction at the close of Q3 2013: vacancy rates declined to a five-year low of 7.8%. The vacancy rate for manufacturing space declined 420 basis points to 13.5% year-over-year. R&D flex space also experienced a drop in vacancy rate of 140 basis points to 5.8% from the Q3 2012 rate of 7.2%, while warehouse space decreased to 7.5% Q3 2013, from 7.1% year-over-year.

The majority of transactions in Broward County are the result of existing tenants relocating or executing minor expansions and/or contractions. In addition, a few new buildings should be delivered by year-end, which will add to the existing supply and more meaningful positive absorption.

The average triple-net lease rate showed a steady increase to \$7.08 in Q3 2013 from \$6.61 in Q3 2012. Manufacturing lease space increased to \$6.61 from

\$5.59 year-over-year. Lease space for R&D Flex increased by \$0.88 from \$9.68 in Q3 2012 to \$10.56 this quarter. Lease rates in the S.W. Broward submarket increased to \$7.54 during Q3 2013 from the Q3 2012 rate of \$6.93, and the N.E. Broward submarket asking rate of \$7.22 in Q3 2013 was an increase over the \$6.93 rate posted in Q3 2012.

In Q3 2013, net absorption for the Broward County industrial market was positive 301,868 sq. ft. Businesses contributing to absorption throughout Broward County included Floor & Décor, which absorbed 183,331 sq. ft. of Class B space in the S.W. Broward submarket at 3701 Flamingo Rd. in Miramar. Florida Backyard Stores also moved into 51,900 sq. ft. of space at 600-652 S.W. 12th Avenue, Deerfield Beach. Finally, Quality Transport took occupancy of 26,947 sq. ft. of space at 730 S. Powerline Road in the Quiet Waters Business Park in N.E. Broward County.

Market Statistics

Submarket	Building SF	Total Vacancy (%)	Total Availability (%)	Qtrly Net Absorption	YTD Net Absorption	Under Construction	Avg Dir Asking Lse Rate (NNN)
Central Broward	15,781,893	6.8	10.8	48,353	88,295	0	\$7.49
Coral Springs	4,619,252	13.8	17.8	(19,418)	2,831	0	\$7.15
Northeast Broward	9,861,907	7.9	11.9	88,596	87,191	0	\$7.22
Pompano Beach	22,082,073	8.3	14.7	83,632	88,474	202,226	\$6.72
Southeast Broward	17,977,989	5.9	8.8	(17,000)	17,594	0	\$6.81
Southwest Broward	15,512,568	8.4	13.3	141,949	377,422	506,465	\$7.54
West Sunrise	5,688,519	7.2	8.0	(24,244)	(58,711)	0	\$7.84
Total Broward	91,524,201	7.8	12.1	301,868	603,096	708,691	\$7.08
Manufacturing	6,695,320	13.5	18.8	234,577	330,508	0	\$6.61
Warehouse/Distribution	71,752,609	7.5	11.9	(13,345)	198,333	0	\$6.85
R&D/flex	11,635,956	5.8	8.9	85,636	85,605	0	\$10.56
Other	1,440,316	8.5	16.9	(5,000)	(11,350)	0	\$7.39

Source: CBRE Research Q3 2013.

Markets reporting negative absorption included Coral Springs, which posted 19,418 sq. ft. of negative absorption partly as a result of Shoreline Aerospace moving from 26,418 sq. ft. of space at 4050 NW 126th Ave, in ProLogis Park. Vacancy in the Coral Springs submarket increased to 17.8% during Q3 2013 from 12.8% posted a year ago. Actavis vacated 40,000 sq. ft. of space at 13800 N.W. 2nd Street in Sunrise, which caused 24,244 sq. ft. of negative absorption in that submarket.

Development

There were no completions in Q3 2013. Year-to-date, 351,614 sq. ft. of space was delivered in the industrial market. Industrial buildings under construction in Broward County include Davie Business Center, a 122,175-sq.-ft. Class A, multi-tenant distribution building located at 3300 Davie Road, scheduled for delivery during the Q1, 2014; Pompano Beach Distribution Center, a 202,000-sq.-ft. property on a 13-acre parcel at 3901 N.E. 12th Avenue, scheduled for occupancy Q2 2014; Miramar Centre Business Park, a 304,000-sq.-ft. Class B distribution building, delivering in Q3 2014; and Miramar Park of Commerce, a 80,290-sq.-ft. Class B distribution building set to deliver in Q4 2013.

To meet increased demand for storage of merchandise in e-commerce, retail and wholesale markets, developers are acquiring land to position themselves for future development throughout the county.

Bridge Development Partners purchased two land parcels during Q3 2013. The 15-acre industrial-zoned land parcel located at 2650 S.W. 36th Street will consist of a 230,000-sq.-ft. warehouse distribution building. A 16-acre parcel located at the 3400 block of S.W. 30th Avenue will consist of an 189,000-sq.-ft. Class A industrial facility. Bridge Development Partners plan to break ground on this location during Q3 2013.

Sales Activity

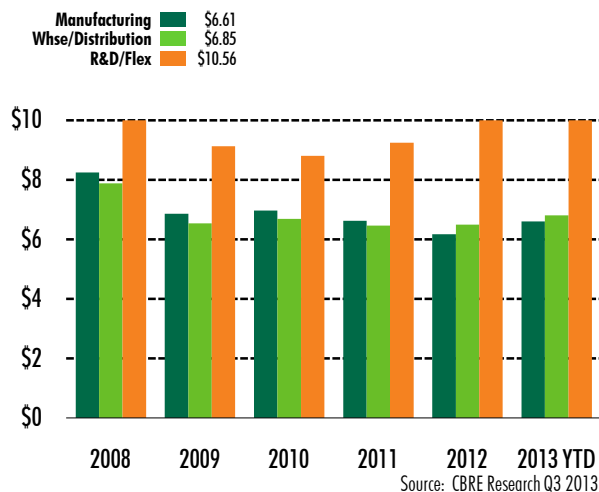
Notable sales during Q3 2013 included:

- Prospect Park, a sixteen-building industrial complex located at 3301-3471 NW 55th Street and 5201-5255 NW 33rd Avenue, which consist of 278,641 sq. ft., sold for \$13.4 million. The property was 48% leased at the time of the sale. KTR Capital Partners purchased the property for investment.
- Meridian Business Campus, a 32,367-sq.-ft. warehouse located at 3305 Corporate Avenue, Weston, sold for \$3.2 million. The property was 100% leased. The buyer is an owner occupant with the business Mega Airlines Solutions.
- Lyons Technology Center, located at 6855 Lyons Technology Circle in the City of Coconut Creek, sold for \$2.8 million with a 7.5% capitalization rate. This was an R.E.O. sale, purchased by Lyons Flex Space, LLC for investment.

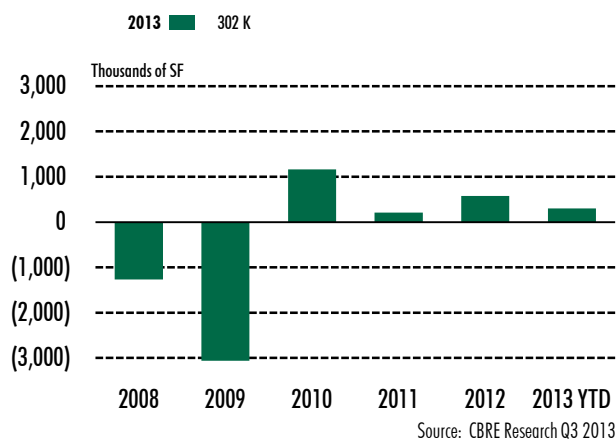
Economic Influence

Broward County continues to work towards facilitating businesses by offering incentive programs and community resources to propel growth of national and international organizations, create new businesses and assist existing companies with expansion or relocation within the county. Job diversification continues to impact the county's economy with growth of information technology companies, along with health-related and aviation-related businesses. Some of the beneficiaries of these programs include:

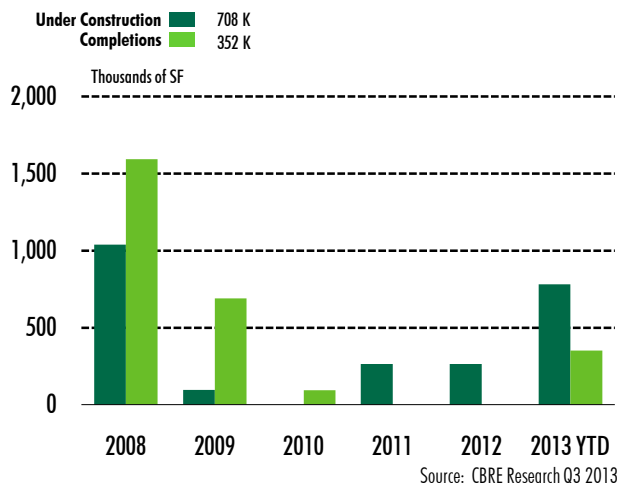
Average Dir Asking Lease Rates (NNN)



Net Absorption



Under Construction and Completions



Cyalume Technologies Holdings, Inc. will relocate its corporate headquarters from West Springfield, Massachusetts, to a new facility in Fort Lauderdale, creating 25 new jobs. Citrix, a provider of technology solutions, will expand its Fort Lauderdale offices. The expansion will generate 200 jobs in Broward County. Parallon announced expansion of its headquarters in Sunrise, and will add 125 new jobs to the area.

With more companies moving to the area, the housing market is showing strong demand and rising prices in Broward County. Developers have planned new multi-family units to meet this growing need. A 240-unit apartment complex is planned in the 5400 block of South University Drive, in the City of Davie. Veranda, located at 599 N.W. 82nd Avenue, Plantation, has broken ground for a 197-unit multi-family housing complex. The Pearl at Flagler Village, north of Federal Highway and N.E. 6th Street, is a 330-unit complex currently under construction.

New multi-family projects delivered and leasing include Modera Miramar, located at 113398 S.W. 45 Place, Miramar, which is a 1,400-unit complex; Altis Coconut Creek, a 270-unit apartment complex located at N.W. 45th Street & SR 7 in Coconut Creek; Broadstone, a 396-unit apartment complex located at Cypress Hammocks, on W. Hillsboro, south of SR 7 in Coconut Creek; and 501-unit apartment building located at 1903 N.W. 130th Avenue in the City of Sunrise.

Broward County's unemployment rate of 5.8% was among the lowest in the state of Florida. The total civilian labor force (non-seasonally adjusted) for Broward County in August 2013 was 1,034,916, of which 974,384 were employed and 60,532 were unemployed.

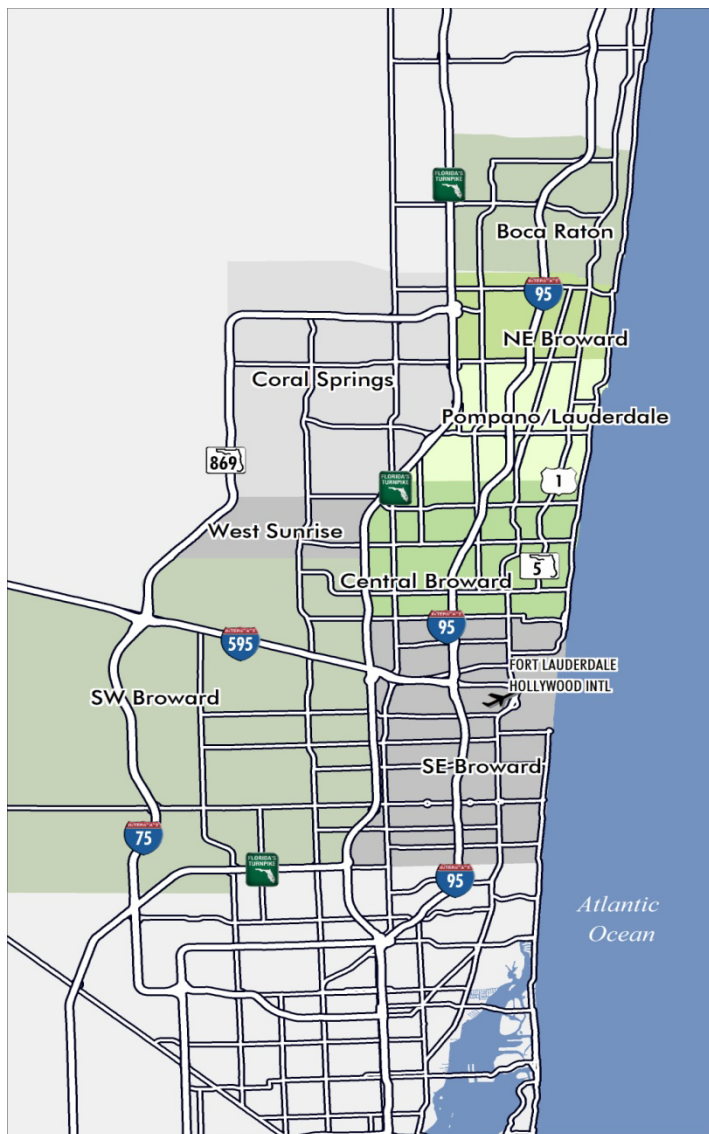
County	Labor Force	Unemp%
Broward County	1,031,530	5.8%
Miami-Dade	1,295,896	8.4%
West Palm Beach	637,921	7.5%
Florida	9,450,000	7.1%
US	155,734,000	7.3%

Outlook

Broward County continues to see improvement in the industrial market. The flourishing housing market and low unemployment rates set the pace for a slow and steady recovery. Numerous companies have announced new job openings totaling more than 7,500 jobs year-to-date.

Demand for warehouse/distribution space is expected to remain strong as e-commerce continues to be instrumental in fueling the positive momentum, with companies looking for space to store their goods. The manufacturing sector as well as the Flex/R&D space has shown steady progress with vacancy rates decreasing year-over-year while rental rates improve each quarter.

With limited new construction underway and continued demand for space, the Broward County market is expected to continue absorbing existing inventory at a moderate pace.



Market Coverage: Includes all competitive industrial buildings 30,000 square feet and greater in size in Broward County.

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