

Robust Fort Lauderdale Industrial Sector Expected to Post Solid Results for Investors

International trade drives warehouse users to take up space in Fort Lauderdale. Strong ties with Latin American trade partners make Port Everglades in Fort Lauderdale the driving force to the local industrial market. Robust trade activity to the south fueled by the Miami Airport, the national leader in international freight, trickles north as well. These factors contributed to net absorption surging past 2.5 million square feet last year, the highest in South Florida. Developers have been unable to keep up with surging demand, adding a nominal 3 million square feet over the last five years with the greatest concentration of new space in the southern portion of the county. Rising competition for land with non-industrial sectors has been a factor in new construction, boosting land prices in areas that have the infrastructure and access that Class A industrial users demand. Limited new supply and a vacancy rate that is anticipated to dip below 4 percent in 2017 support another year of asking rent increases, while rates still remain the most affordable in South Florida.

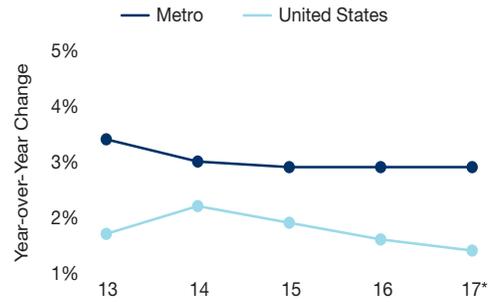
No shortage of buyers in the market, limited number of listings. Robust local demand drivers, limited development and lower perceived risk are fueling buyer interest in Broward County's industrial market. These factors, though, are also contributing to owners holding onto assets longer, reducing available listings. As a result, competition for premium assets is growing, triggering a willingness to pay higher prices on a per square foot basis, pushing past the \$100-mark last year. With initial yields in the low-7 percent band, investors are eager to deploy capital. The popularity of urban core properties near major travel routes has risen after buyers focused primarily on Pompano Beach and Fort Lauderdale in 2016. Strong rent growth and compressing vacancy will provide investors with some of the greatest potential revenue gains nationwide this year.

2017 Market Forecast

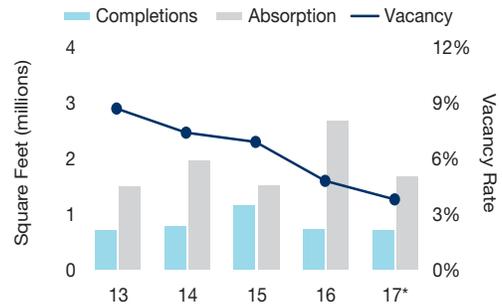
- NRI Rank**
 15 ■ Surging demand produces a robust drop in the vacancy rate, bringing Fort Lauderdale into the 15th spot.
- Employment**
 up 2.9% ↻ Employers are on track to add 24,000 staffers to the local workforce this year, up slightly from the 23,200 jobs created in 2016.
- Construction**
 702,000 sq. ft. ↘ Following the delivery of 730,000 square feet in 2016 completions pull back slightly this year, reaching their lowest level since 2012.
- Vacancy**
 down 100 bps ↘ Net absorption will total 1.7 million square feet this year, pushing the vacancy rate down 100 basis point to 3.8 percent at year-end. In 2016, a drop of 210 basis points was registered.
- Rent**
 up 7.3% ↻ Fort Lauderdale will post one of the largest asking rent increases this year to end 2017 at \$8.95 per square feet. A 7.8 percent climb occurred last year.
- Investment**
● A shortage of listings in the market will bring greater attention to the county's older industrial assets. Once repurposed or redeveloped the sites are able to generate healthy rents more in line with the market.

Fort Lauderdale

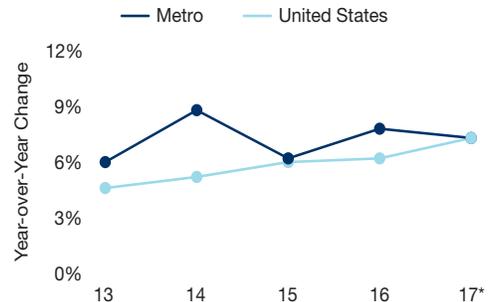
Employment Trends



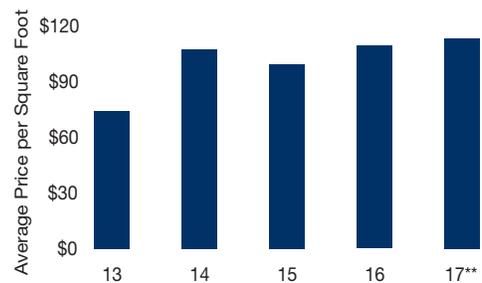
Industrial Supply and Demand



Asking Rent Trends



Sales Trends



* Forecast
 ** Trailing 12 months through 1Q 2017
 Source: CoStar Group, Inc.