

Broward County Retail MarketView

Q3 2013

CBRE Global Research and Consulting

▼ VACANCY
8.0%

▲ ASKING RATE
\$20.59

▼ ABSORPTION
46 K

▼ CONSTRUCTION
213 K

▲ COMPLETIONS
441 K

▼ UNEMPLOYMENT
5.8%

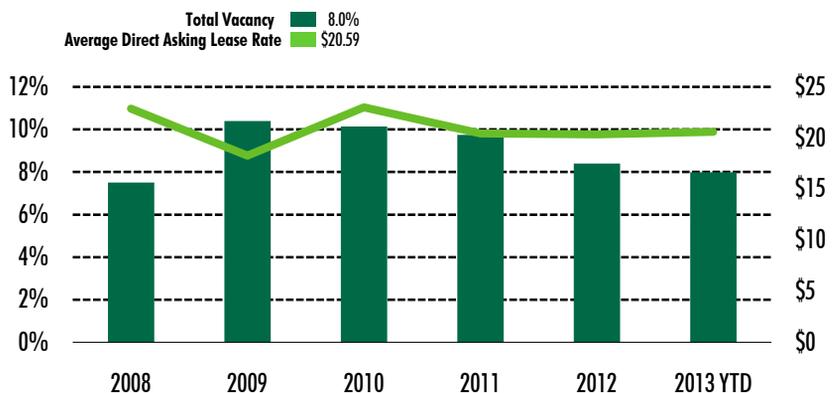
*Arrows reflect year-over-year trends

VISIBLE GROWTH IN HIGH-TRAFFIC AREAS OF BROWARD COUNTY RETAIL MARKET

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.
- Unipharma, 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)



Source: CBRE Research Q3 2013.

Leasing Activity

The Broward County retail sector is feeling revitalized as retailers gear up to occupy space before the holiday season. The overall vacancy rate decreased to 8% during Q3 2013, a 70 basis point drop year-over-year. Vacancy total for buildings not including free-standing decreased 60 basis points to 8.7% year-over-year, while free standing building vacancy dropped to 1.5%, a 70 basis point decrease from Q3 2012. Shopping Centers saw a reduction in vacancy by 60 basis points to 8.0% during third quarter. Although declining, vacancy for mixed-use space is 16.8%, a 90 basis point decrease from Q3 2012.

Landlords are receiving multiple bids on high-end space as leasing activity heats up. The suburbs that were burdened with surplus space, as a result of overbuilding during the boom, have seen positive activity. Tight supply for prime space, along with a gradual increase in consumer spending, has brought about a resurgence in major submarkets in the county.

Broward County leasing rates have shown a slight uptick in numbers. Overall asking rental rates in Q3 2013 increased to \$20.59 from \$20.20 year-over-year. Asking rates this quarter in Central East Broward County decreased to \$17.11, from a Q3 2012 rate of \$18.58.

No year-over-year change took place in the Central West Broward submarket, which posted an asking rate of \$18.09, or the Northwest Broward submarket, which posted a rate of \$17.95. The Northeast submarket rental rates increased to \$18.58 in Q3 2013, while the Southwest submarket experienced an increase in the average asking rate to \$22.11 in Q3 2013 from \$20.72 in Q3 2012.

Overall absorption of 46,423 sq. ft. does not reflect the momentum of the market, as tenants will begin their move to their new space during Q4 2013. With a high occupancy rate of 92% and low vacancy rate of 8%, retail growth is expected to gain strength as the year concludes.

Submarket	Building SF	Direct Vacancy (%)	Occupancy (%)	Qtrly Net Absorption	YTD Net Absorption	Under Construction	Avg Dir Asking Lse Rate (NNN)
Central East Broward	5,853,784	4.3	95.7	(1,220)	31,512	0	\$17.11
Central West Broward	9,289,204	12.7	87.3	36,572	74,738	0	\$18.09
Northeast Broward	5,757,862	4.1	95.4	0	46,355	93,000	\$18.58
Northwest Broward	9,031,252	9.7	90.3	4,731	254,982	0	\$17.95
Southeast Broward	5,212,393	10.6	89.4	0	(7,500)	70,650	\$31.98
Southwest Broward	12,923,670	5.4	94.5	6,340	209,866	50,000	\$22.11
Total Market	48,068,165	7.9	92.0	46,423	609,953	213,650	\$20.59
Total Before Freestanding	43,547,200	8.6	91.3	46,423	141,076	0	\$20.61
Shopping Centers	40,369,216	7.9	92.0	46,423	95,414	0	\$18.41
Mixed-Use	3,177,984	16.9	83.1	0	45,662	0	\$32.15
Free Standing	4,520,965	1.5	98.5	0	468,877	213,650	\$15.20

Source: CBRE Research Q3 2013.

Development

No space was delivered to the Broward County market during Q3 2013. Currently, there is 213,650 sq. ft. of inventory under construction within the Broward County retail market. The development pipeline includes: construction of a 93,000-sq.-ft. Walmart building located at 5001 N. Federal Highway in Pompano Beach, to be delivered at the end of 2013; and construction of a 70,650-sq.-ft. Publix-anchored retail building at 1700 Sheridan Street, scheduled for delivery in Q4 2013.

Investment Sales Activity

Sales of retail property continued at a strong pace in Q3 2013. The Northeast Broward submarket reported \$4 million in sales for more than four properties. Net Lease Alliance acquired Super Target and KFC located at 3599 W. Hillsboro Boulevard, Deerfield Beach. The 163,866-sq.-ft. single tenant space sold for \$3.8 million and was 100% occupied by Super Target at the time of the sale.

Bassett Furniture, a 14,017-sq.-ft., single-tenant retail property located at 3550 N. Federal Highway in Fort Lauderdale, was purchased as a part of a 1031 exchange. Queens Boulevard Corporation purchased the 100% leased property for \$4.3 million with a capitalization rate of approximately 8.16%. At the time of the sale, the tenant had about six years remaining on the triple-net lease.

Galt Ocean Plaza, a 27,000-sq.-ft. strip center located at 3300-3370 N.E. 34th Street in Fort Lauderdale, was acquired by Inductoweld Tube Corp for \$3.2 million at a 5.86% capitalization rate. The property was purchased as an investment and was 59% leased at the time of sale.

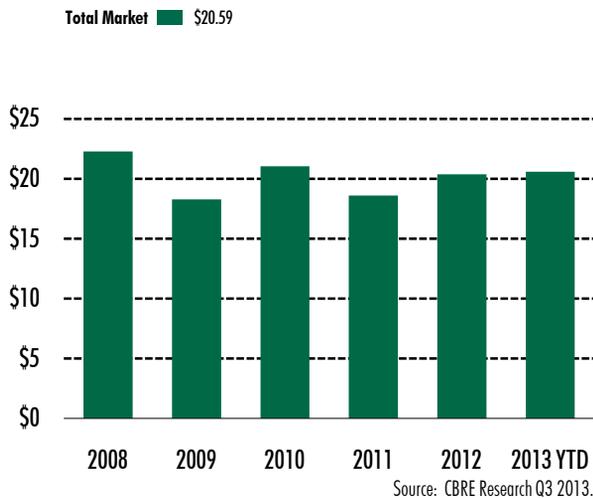
Economic Influence

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:

- Cyalume Technologies Holdings, Inc. which 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 the 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 Site, 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.

Average Dir Asking Lease Rates (NNN)

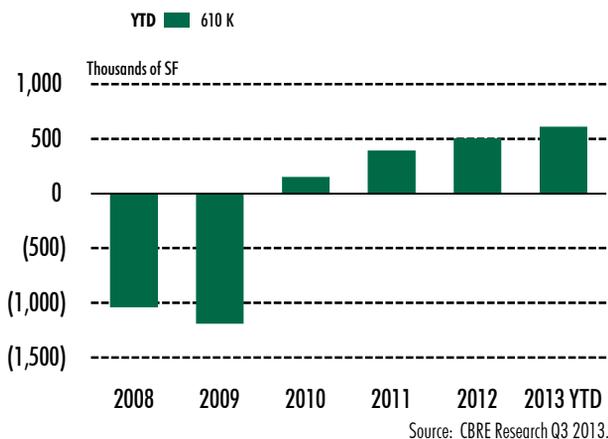


New multi-family projects delivered and leasing include Modera Miramar, located at 113398 S.W. 45 Place, Miramar, which is a 1,400-unit complex; Altis Coconut Creek, a 270-unit apartment complex located at N.W. 45th Street & SR 7 in Coconut Creek; Broadstone, a 396-unit apartment complex located at Cypress Hammocks, on W. Hillsboro, south of SR 7 in Coconut Creek; and a 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	1,034,916	5.8%
Miami-Dade	1,277,084	8.4%
Palm Beach	640,239	7.5%
Florida	9,446,000	7.1%
US	155,971,000	7.3%

Net Absorption



Outlook

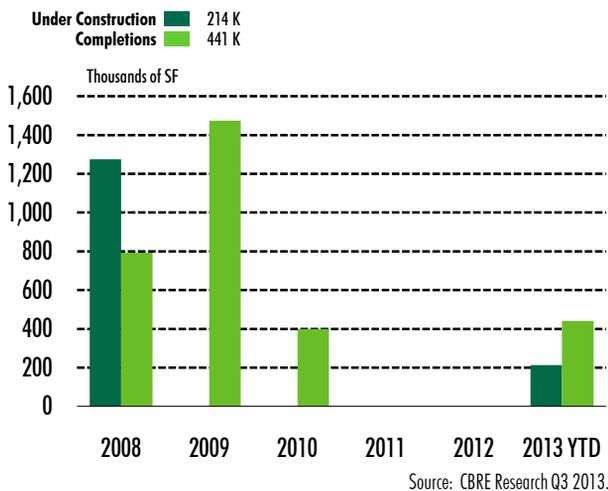
Across the board, a steady decline in vacancy rate, improved rents and increased tenant activity show a stronger market year-over-year. Broward County retail investment activity performed well in Q3 2013. Forecasts show that given the significant pipeline of transactions, year-end volumes are set to exceed 2012 levels.

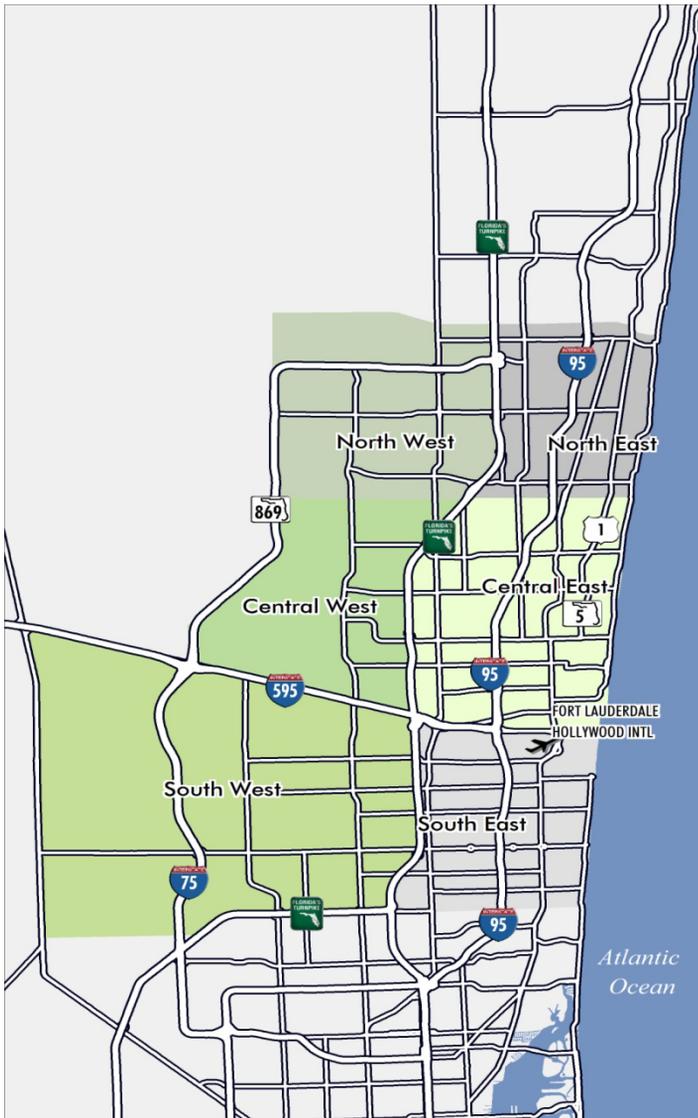
Broward County employment has continued its upward trend, as unemployment remains the lowest in the tri-county area. Industries that continue to add jobs are private education, professional and business services, health services, trade, hospitality, manufacturing and financial activities.

Favorable conditions are forecasted to remain in effect during 2013 as the labor market recovers and the housing sector continues to show positive improvement. On the heels of the holiday season, the market has witnessed acceleration in consumer spending in entertainment, dining and apparel.

Tenant demand has increased for quality space in well-anchored, high-traffic centers to service the influx of users. As occupiers rush to sign leases at the end of Q3 2013, the market looks to see an even greater decline in vacancy next quarter.

Under Construction and Completions





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

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