



3Q13

FORT LAUDERDALE-BROWARD COUNTY INDUSTRIAL MARKET

Newmark Grubb Knight Frank

FULL RECOVERY ALMOST REACHED

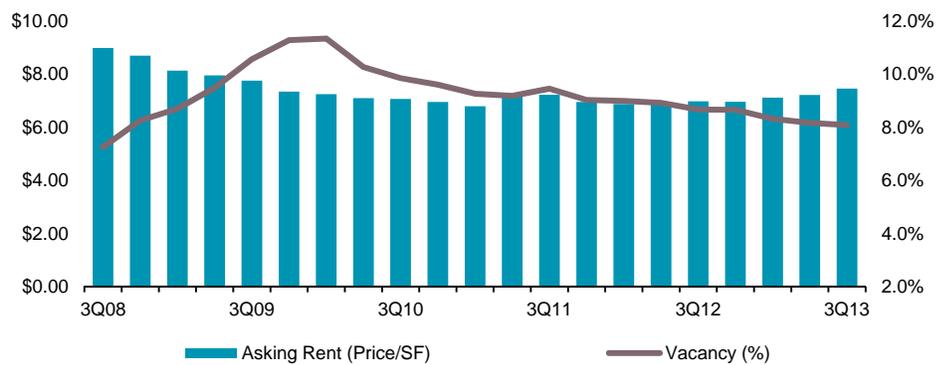
Broward County’s industrial market saw a decrease in vacancy of 10 basis points to 8.1% from second quarter – down 60 basis points from the 8.7% recorded one year ago. Demand outpaced supply as the County recorded positive net absorption for the 14th consecutive quarter bringing vacancy to its lowest level in five years.

Floor and Décor occupied 183,000 square feet when they expanded into the I-75 Distribution Center in the Southwest Submarket. Mr Office Furniture expanded into 31,517 square feet in Central Broward and Walgreens expanded into 30,000 square feet at Miramar Business Center F. The industrial sector continued to experience a healthy number of mid-sized deals. Aerospace, furniture companies and health-related industries led market activity.

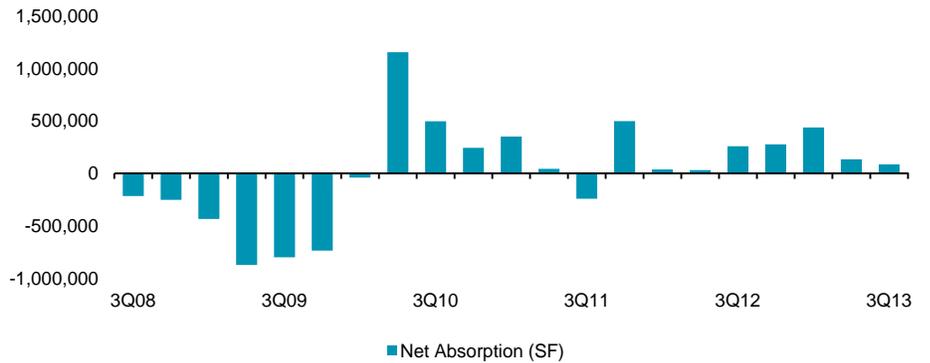
These continuous quarter-to-quarter gains have aided the market to shift as rents are on the rise. Quoted average asking rental rates have steadily increased into the \$7.00/sf – to \$7.50/sf triple net range after hovering in the \$6.75/sf – to \$7.00/sf triple net range for nearly two years. Diminishing space opportunities have given owners a stronger hand at the negotiating table as the pendulum appeared to have swung in their favor.

Developers have taken notice of the improving fundamentals in Broward County’s industrial market and are once

Asking Rent and Vacancy



Absorption



Key Indicators			
Total Inventory (SF)		102,907,026	
	3Q13	2Q13	3Q12
Asking Rent (Price/SF)	\$7.45	\$6.95	\$6.87
Vacancy Rate (%)	8.1%	8.2%	8.7%
Under Construction (SF)	741,691	87,540	264,074
	3Q13	2Q12	YTD
Net Absorption (SF)	85,054	134,264	656,485
Deliveries (SF)	87,540	264,074	351,614

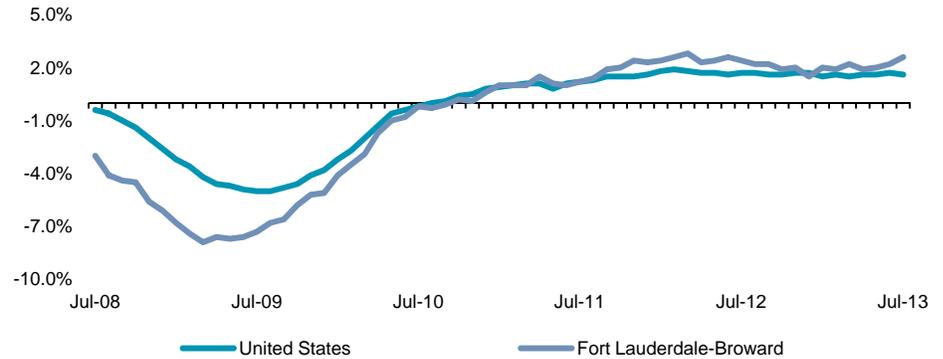


again kicking off new speculative projects. Five buildings totaling over three-quarters of a million square feet have broken ground with 101,000 square feet of preleasing to date. IDI's Miramar Business Centre B, a 304,000-square-foot distribution center, along with Sunbeam's 80,000-square-foot warehouse addition to the Miramar Park of Commerce in the Southwest Submarket are projected to be completed by year-end. Pompano Distribution Center is a 202,000-square-foot distribution center with half spoken for by Restoration Hardware while Davie Business Centre, a 122,000-square-foot distribution building located in the Southeast Submarket, remains underway. Both buildings are slated for completion in December.

Activity should remain steady over the next 12 months with no major shifts likely to occur. Asking rents are expected to rise steadily as increases are likely when newer construction with higher rates hit the market. Brisk leasing activity should remain consistent barring no major shifts in economic conditions impacting the industrial sector.

Payroll Employment

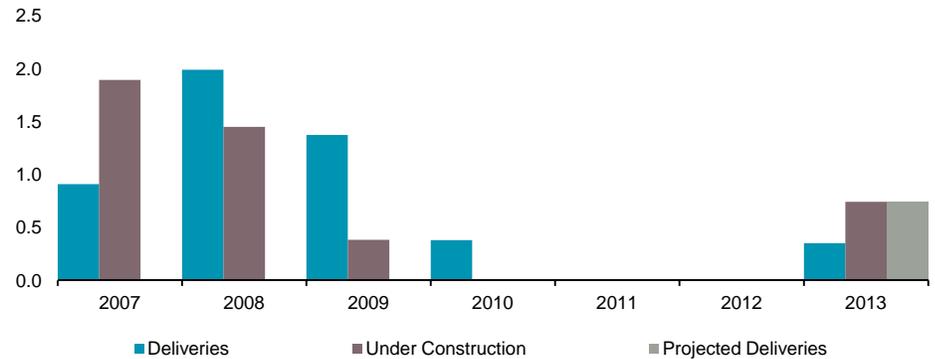
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Fanatics Mounted Memories	Sawgrass Int'l Corp Pk-251 Int'l Pkwy	West Broward	178,791
Lee Equipment Company	1000 W Pembroke Rd	Southeast Broward	75,000
Parker Hannifin	Seneca Ind Pk L-3000 SW 32 nd Ave	Southeast Broward	56,530
Florida Backyard by Fortunoff	Quadrant Bus Ctr 5-600 SW 12 th Ave	Northeast Broward	51,900
Causeway Supply	3318 SW 2 nd Ave	Southeast Broward	44,404
Challenge Warehouse	Port 95 Commerce Pk 4-3030 SW 42 nd St	Southeast Broward	38,453

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
8060 Knue Rd	Northeast County	37,096	\$2,300,000	\$62
12175 Visionary Way	Northeast County	51,571	\$2,100,000	\$41
643 Massachusetts Ave	Downtown	9,000	\$750,000	\$83
11988 Fishers Crossing Dr	Northeast County	6,800	\$665,000	\$98



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	16,756,412	0	8.9%	43,426	84,853	\$5.31	\$10.12	\$6.11
Coral Springs	4,624,525	0	10.1%	11,278	80,889	\$9.27	\$8.54	\$6.64
Northeast Broward	9,452,511	0	9.1%	30,346	62,934	\$7.35	\$9.28	\$7.34
Pompano Beach	24,812,428	202,226	8.9%	-34,525	222,541	\$5.52	\$9.60	\$6.31
Southeast Broward	23,699,156	155,175	5.6%	-102,870	-88,774	\$7.21	\$16.15	\$9.87
Southwest Broward	14,975,006	384,290	7.8%	116,112	350,595	\$6.82	\$8.97	\$7.66
West Sunrise	8,586,988	0	9.4%	21,287	-56,553	\$6.01	\$9.48	\$8.03
Totals	102,907,026	741,691	8.1%	85,054	656,485	\$6.08	\$11.35	\$7.45



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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.

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