

Broward County Industrial Market Overview

Market Observations

Economy

- The market's unemployment rate increased slightly by 21 basis points year over year to 3.3% at the end of February 2025. The rate remains well below the national average of 4.1%
- Despite recent national economic headwinds, job growth increased by 1.0% year over year to 931,600 jobs by the end of February 2025, underperforming the 1.2% national job growth rate.
- Seven of the 10 employment sectors reported year-over-year growth, with the other services sector leading job gains at 5.3% over the past twelve months.
- Industrial-using jobs in the market experienced positive results, with mining and construction, manufacturing, and trade/transportation/utilities jobs reporting a growth of 0.2%, 0.6%, and 1.4% year over year, respectively.

Major Transactions

- Transpire Bio inked the quarter's largest deal, taking a new lease of 139,020 SF at South Florida Distribution Center – Bldg A. The biopharmaceutical company specializes in clinical-stage inhaled medicines.
- Three of the top five deals of the quarter took place in Southwest Broward. The other two took place in Coral Springs and Pompano Beach.
- The quarter's deal activity consisted of a blend of balanced activity between new leases and renewals.



Leasing Market Fundamentals

- The market realized 47,938 SF of positive absorption in the first quarter of 2025. Muted leasing activity, tariff uncertainty, and a temporary lag in the construction pipeline primarily attributed to the reduced, but improving level of absorption.
- With no deliveries reported in the first quarter of 2025, demand outpaced supply. However, new deliveries despite the demolition of existing inventory slated for redevelopment, such as the Apex Logistics Park, led the vacancy rate of inventory to increase by 30 basis points year over year to 4.3%.
- Overall asking rental rates in the first quarter of 2025 decreased by 0.6% from the previous quarter's all-time high to \$14.92/SF.
- In the first quarter of 2025 the under-construction pipeline continued to grow to 1.3 MSF. Projects are currently 8.7% preleased.



Outlook

- The Broward industrial market will likely see modest increases in the under-construction pipeline, spurred by low vacancy rates but constrained by an ongoing challenging financing environment for new construction.
- Vacancy rates can be expected to remain flat in the near to medium term as positive net absorption is counterbalanced by an increased delivery pipeline.
- Asking rents will likely continue to increase, albeit at a slower pace, driven by still-low available inventory and a pipeline of new product commanding higher pricing.

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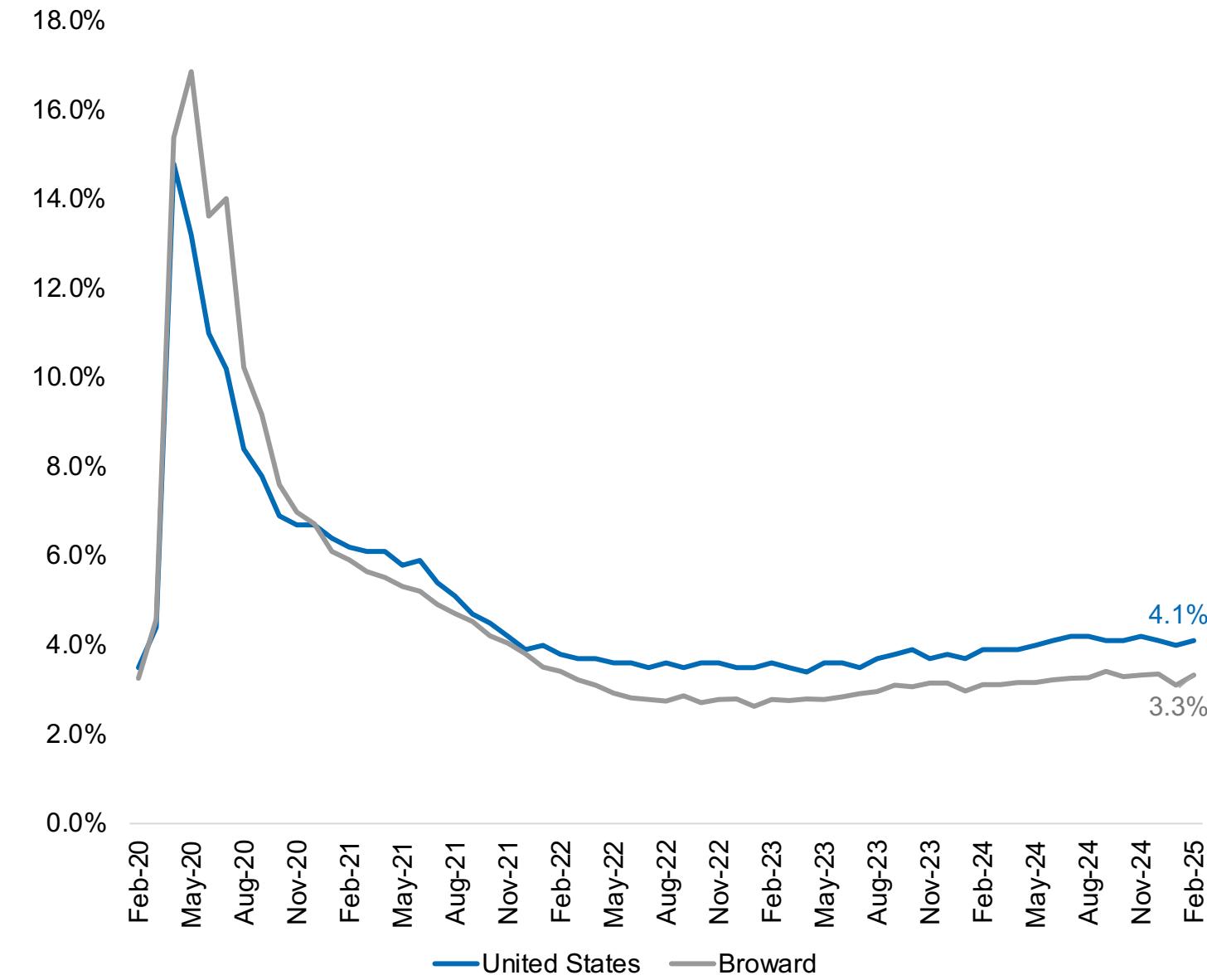
Economy



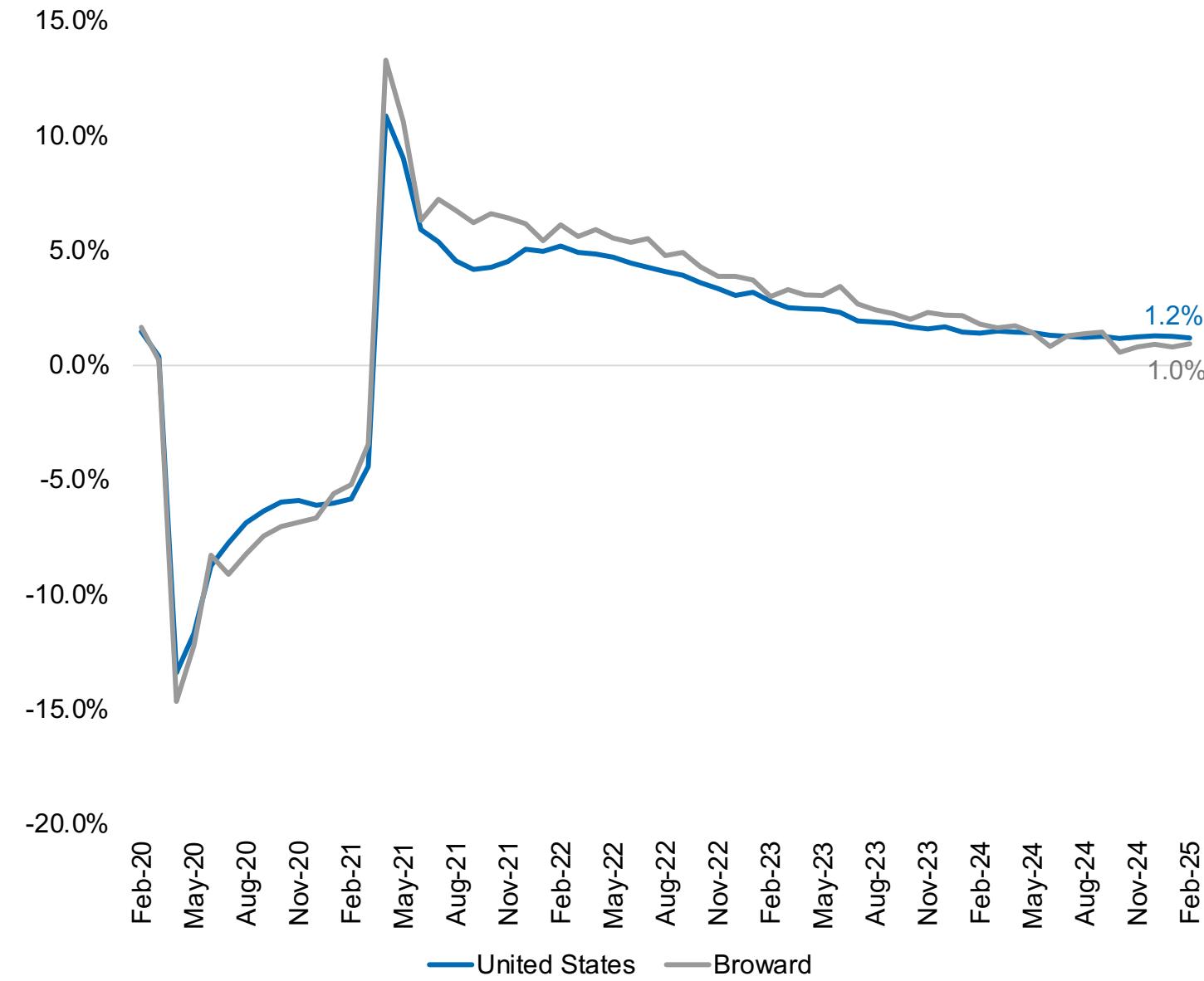
Pace of Broward Jobs Growth Continues To Slow

The Broward market has generally reported lower unemployment rates compared with the national average. The region's unemployment rate has remained below the national level since November 2020, despite in the first quarter of 2025 increasing, by 21 basis point year over year to 3.3%. The market has been an outperformer in employment growth, although this trend has reversed since the fourth quarter of 2024. Employment growth has increased since the fourth quarter of 2024 by 1.0% but remains below the national level of 1.2%.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

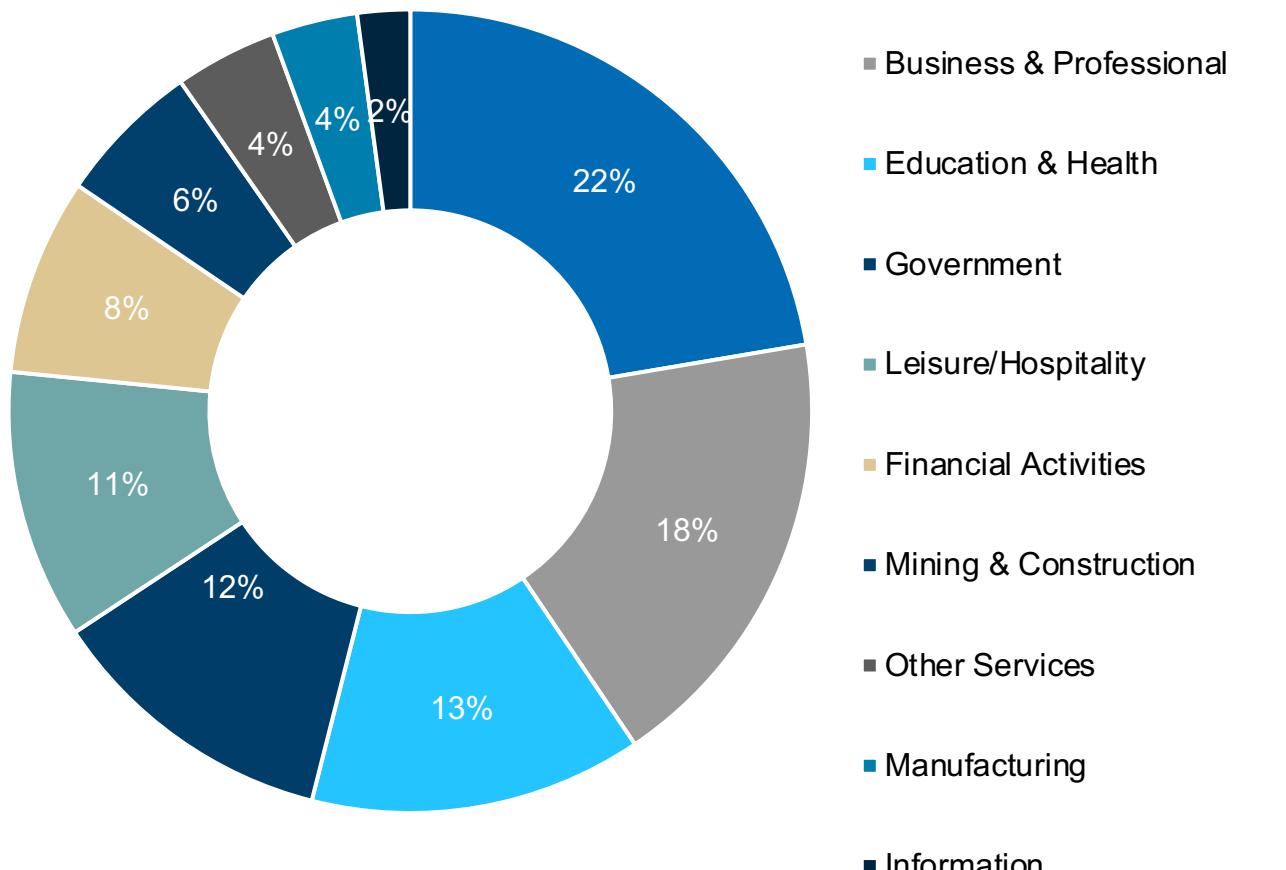


Source: U.S. Bureau of Labor Statistics, Broward County

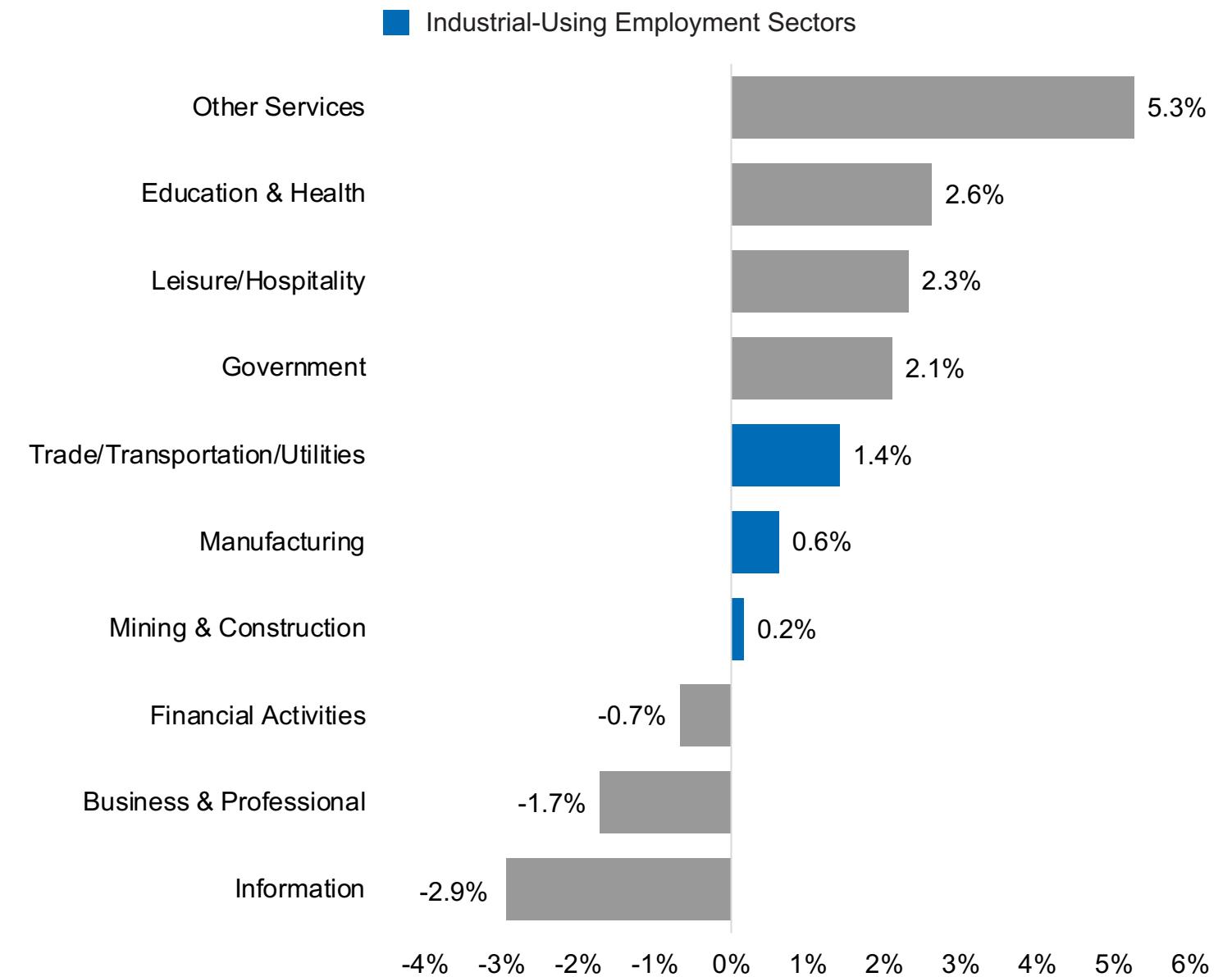
Employment Growth Continues Most Sectors

The Broward market has a high industry diversity with the top two industries accounting for only 40.6% of the market's industry employment share. The industrial-using trade/transportation/utilities sector is the largest at 22.3%. Seven out of ten employment sectors saw annual growth, led by other services at 5.3%. The industrial-using mining and construction, manufacturing, and trade/transportation/utilities sector grew by 0.2%, 0.6%, and 1.4% year over year, respectively.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

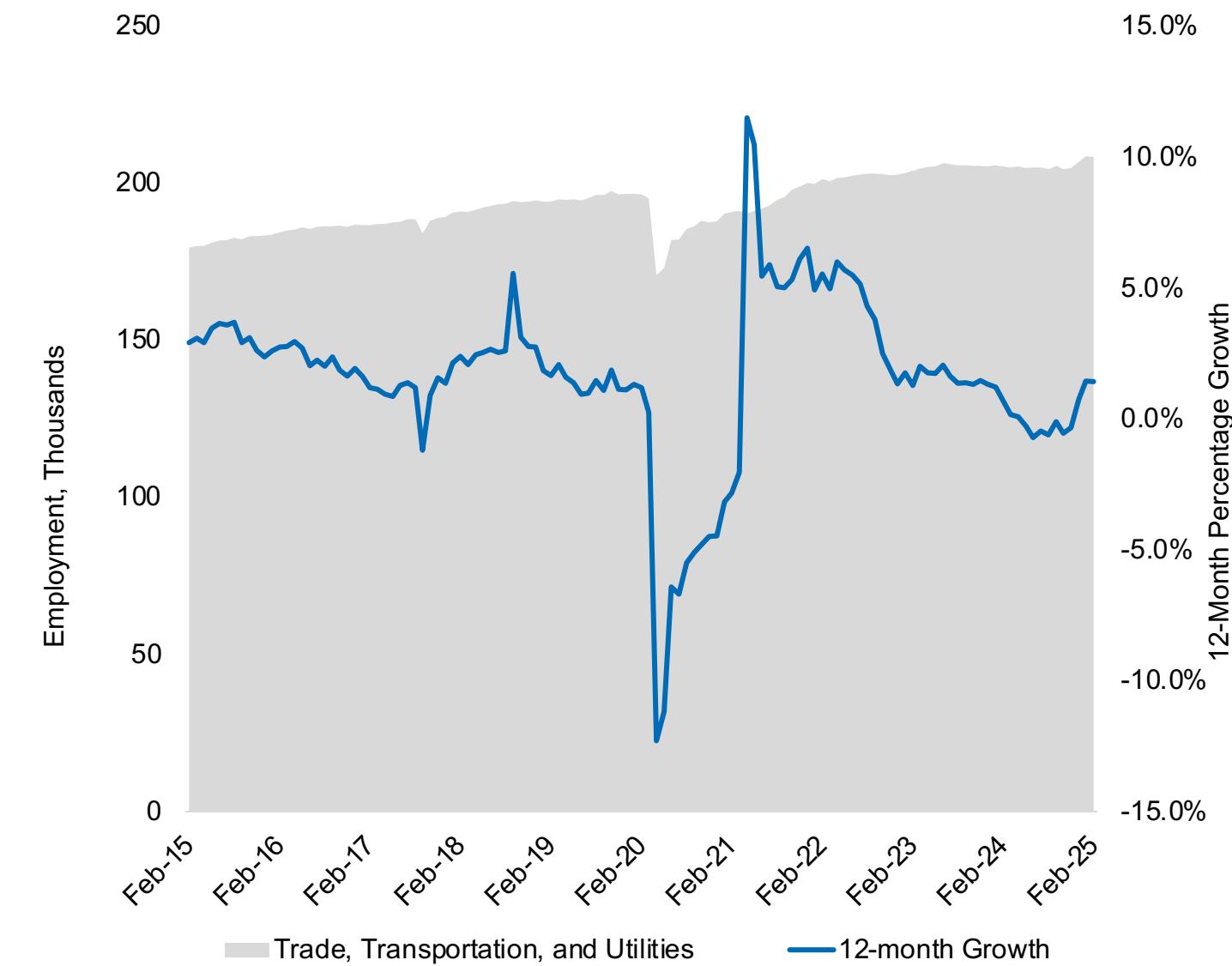


Source: U.S. Bureau of Labor Statistics, Broward County

Mixed Employment Growth Across Industrial-Using Sectors

Trade/transportation/utilities employment in Broward reported 208,109 employees as of February 2025, reflecting a 1.4% year-over-year increase. Manufacturing employment in the same period reported 32,148 employees, reporting a 0.6% increase year over year and a 1.2% decline from the historical high of 32,550 employees reported in December 2024. The trends indicate that trade/transportation/utilities job growth remains resilient, while manufacturing employment continues to soften modestly.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



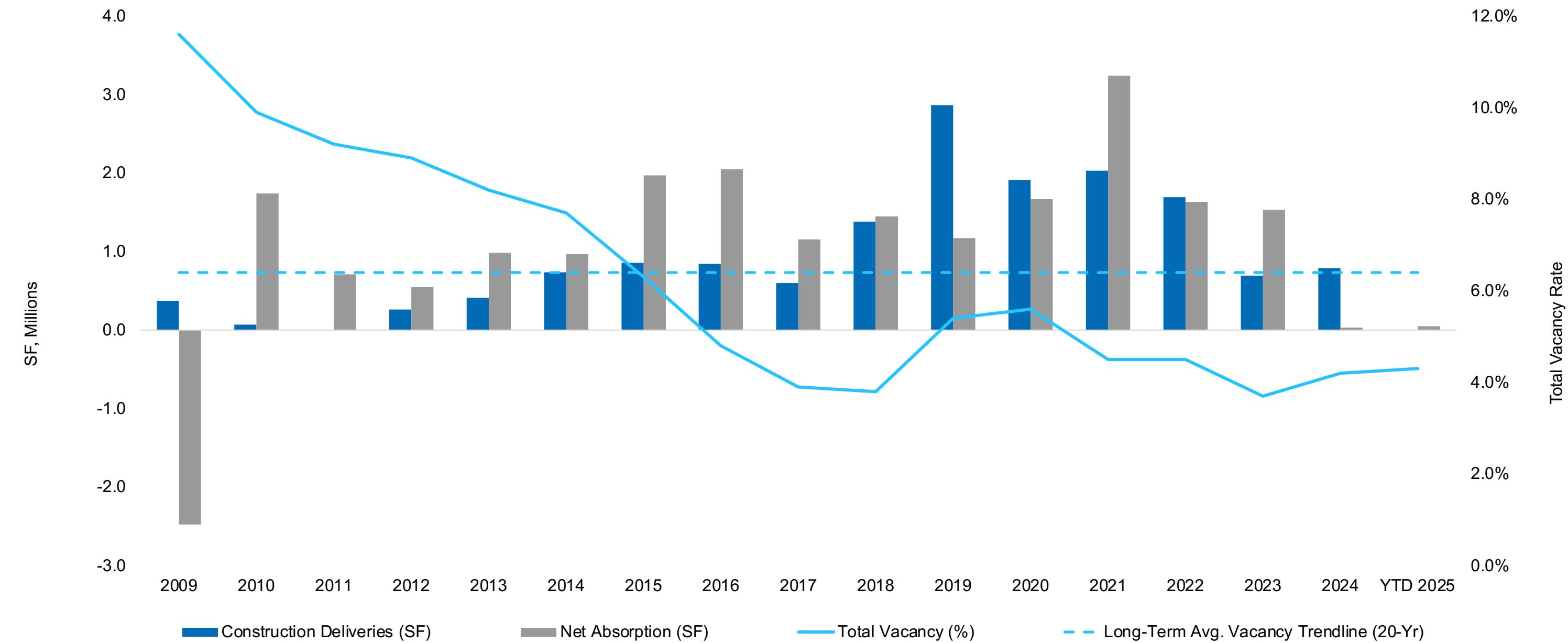
Leasing Market Fundamentals



Quarterly Demand Continues to Outpace New Supply

In the first quarter of 2025 net absorption ended at 47,938 SF, which is already greater than the total yearly absorption reported in 2024. The delivery of new supply despite the demolition of existing inventory for new development led to an increase in vacancy by 30 basis points year over year to 4.3%, with no new supply delivered and only slightly positive demand. Current projections show at least 1.3 MSF of new inventory expected to deliver to the market by the end of 2025.

Historical Construction Deliveries, Net Absorption, and Vacancy

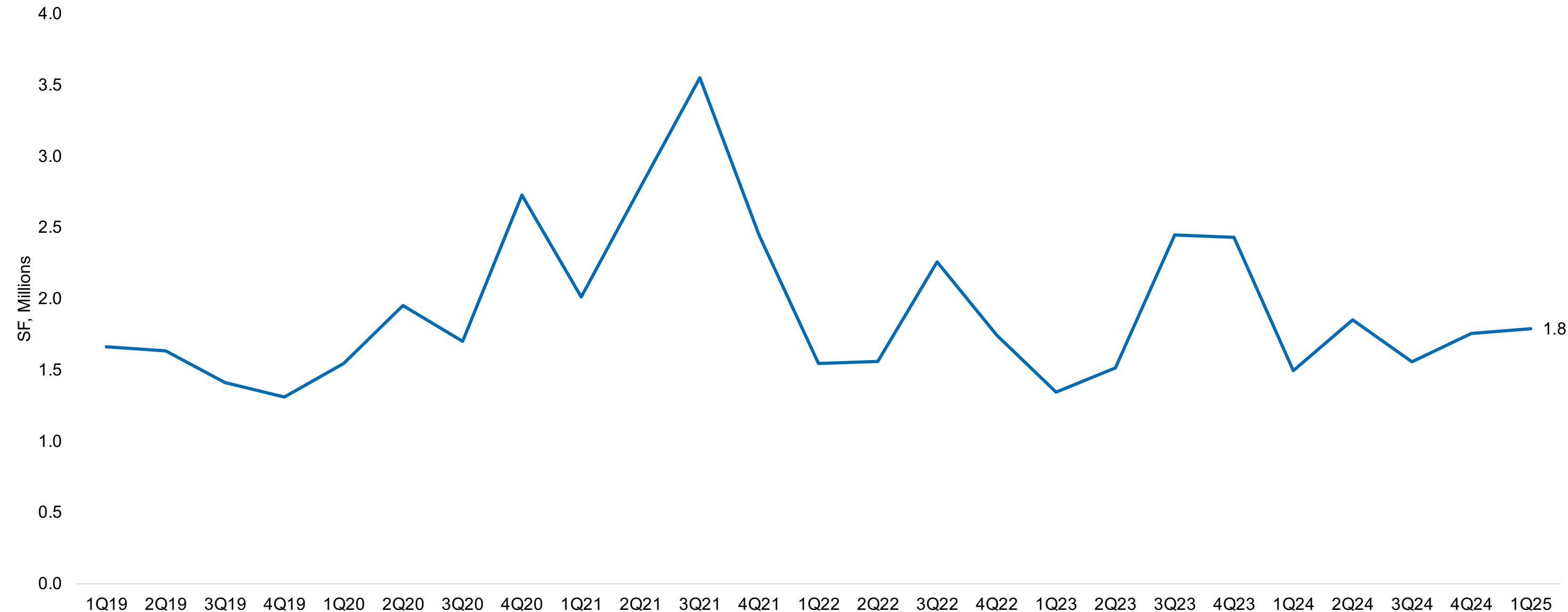


Source: Newmark Research, CoStar

Leasing Activity Ticks Up, In Line with Long-Run Historical Quarterly Average

Leasing activity in the first quarter of 2025 increased by 2.0% quarter over quarter to 1.8 MSF. Although leasing volumes have generally decelerated from historical highs reported post pandemic, volume in the first quarter was slightly above the 20-year quarterly averages of 1.5 MSF reported from 2004 to 2024. Ongoing national economic headwinds and uncertainty regarding tariffs have been partially responsible for the recent muted leasing activity. However, this quarter marks a second consecutive quarterly increase in leasing volume.

Total Leasing Activity (SF)

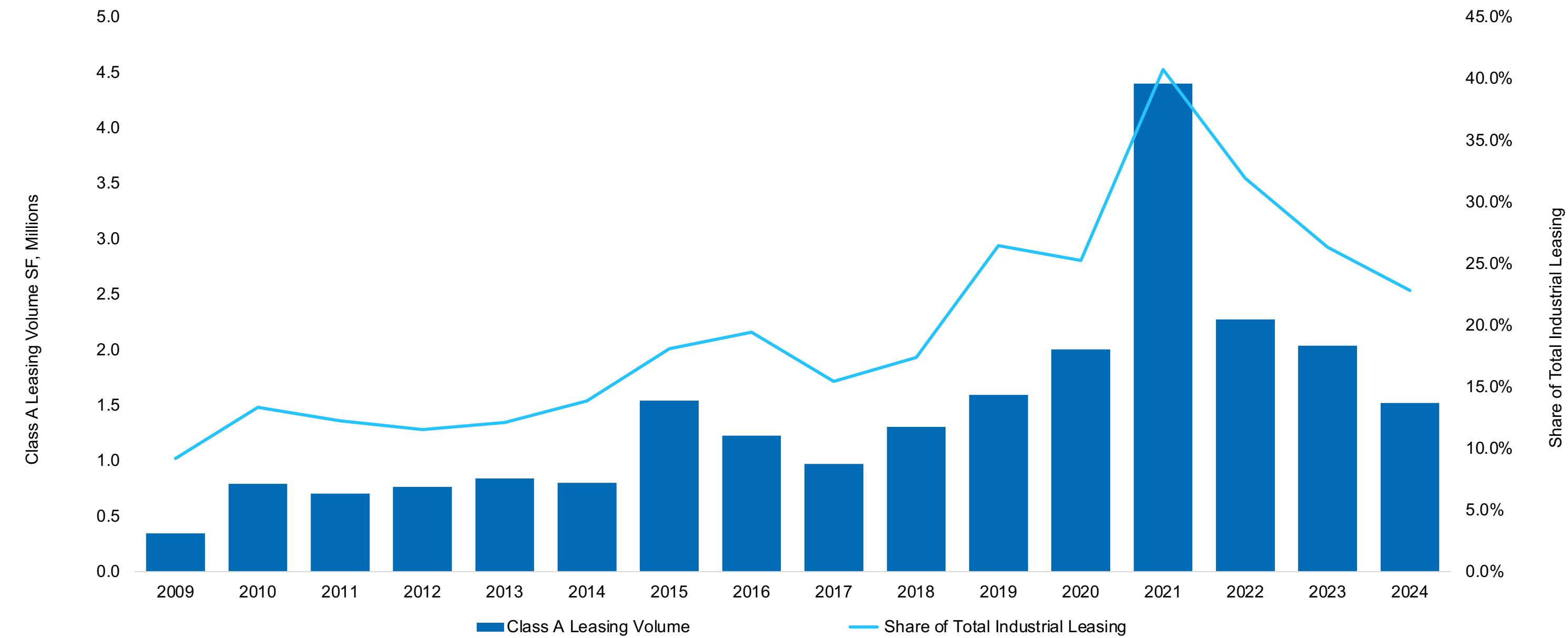


Source: Newmark Research, CoStar

Share of Class A Leasing Slightly Down From 2024 Average

Yearly Class A warehouse leasing activity, on both a square-foot basis and as a percentage of overall annual activity, has decreased following a major spike in 2021. In the first quarter of 2025, Class A leasing volume was 386,525 SF, an improvement over the prior quarter at 274,956 SF. The proportion of Class A leasing compared with total leasing ended the quarter at 21.6%, reflecting a 190-basis-point increase from the previous quarter and above the historical yearly average from 2008 to 2024 at 19.8%.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing

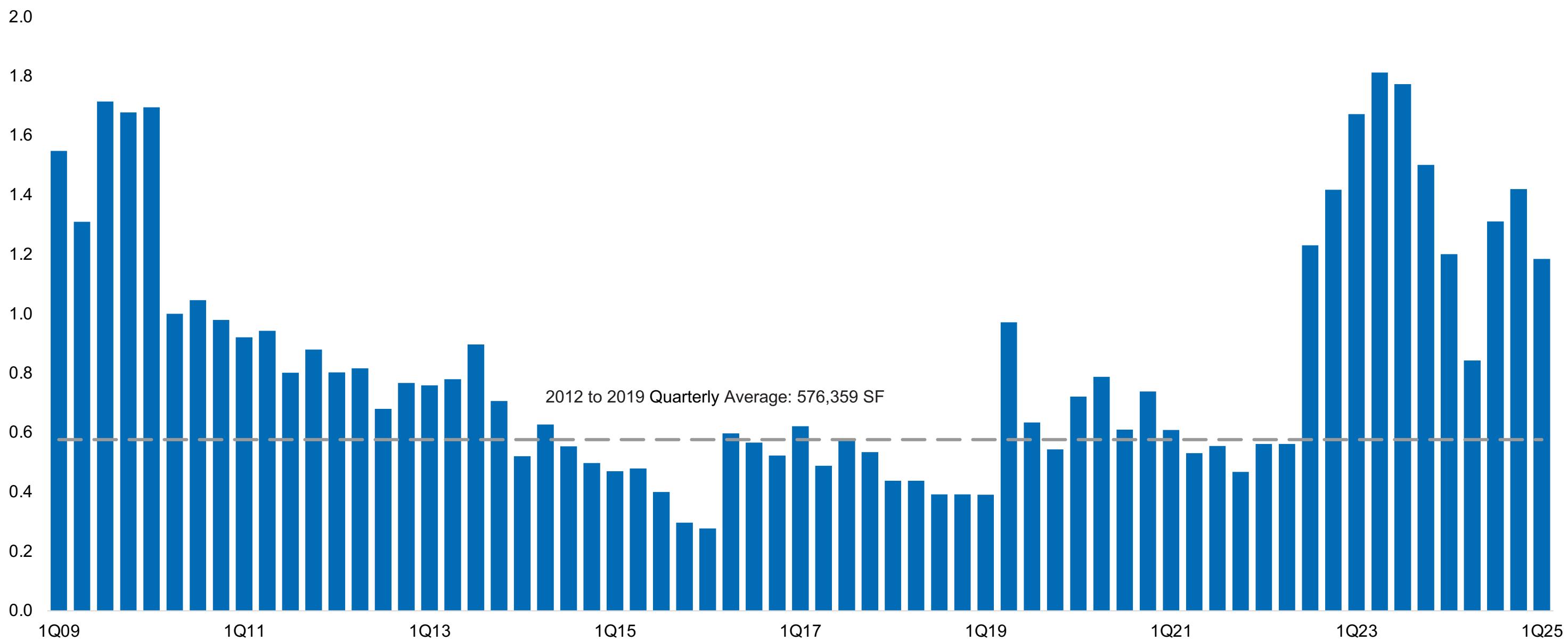


Source: Newmark Research, CoStar

Sublease Availability Remains Elevated

Sublease volume ended the first quarter of 2025 at 1.2 MSF, reflecting a 16.6% decrease quarter over quarter and a 1.3% decrease year over year. Some firms are aiming to control costs via supply chain optimization and consolidation, which includes putting excess or underutilized space up for sublease. Sublease levels are now more than double the 2012 to 2019 average, likely driven by still elevated interest rates and slowing consumer demand.

Available Industrial Sublease Volume (msf)

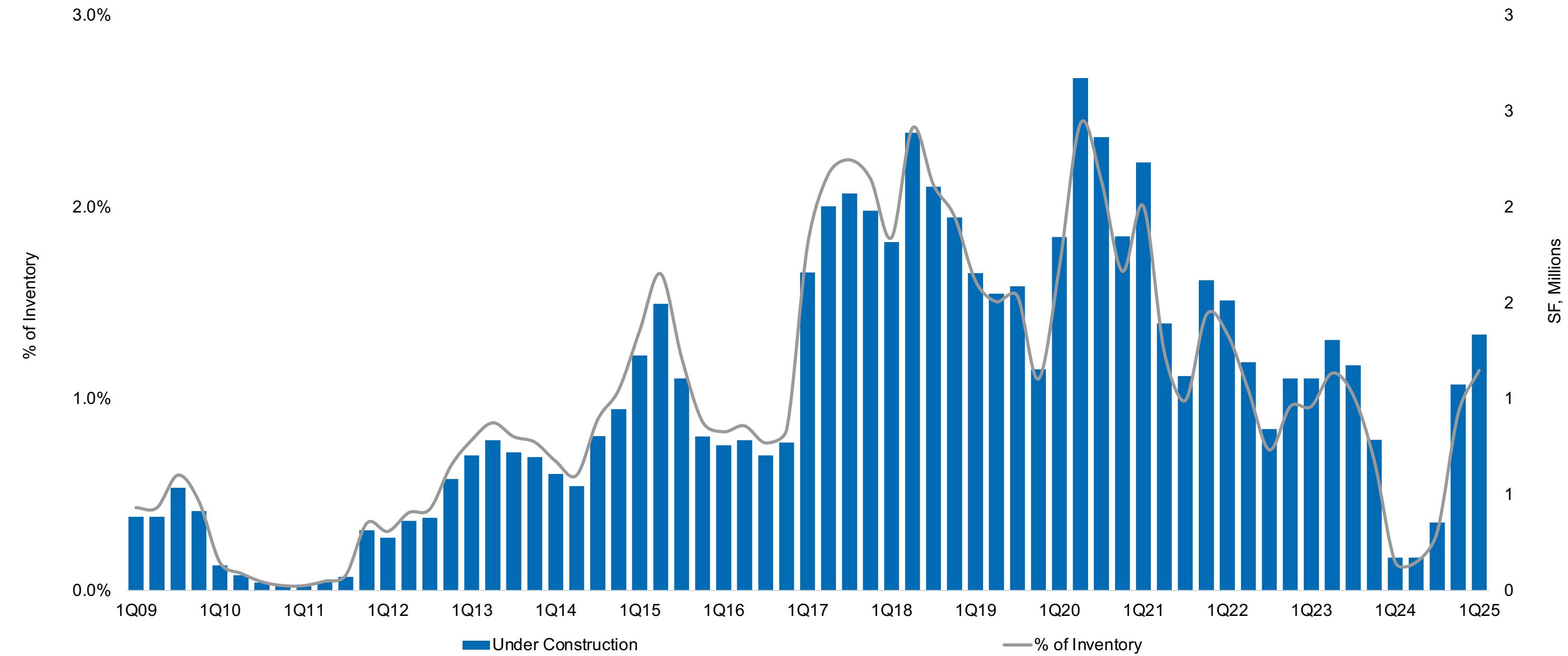


Source: Newmark Research, CoStar

Under-Construction Pipeline Continues to Grow

The under-construction pipeline increased by nearly 25% in the first quarter of 2025 to 1.3 MSF in progress. Including the latest project stats, the pipeline now represents 1.1% of current inventory, exceeding the historical quarterly pipeline average of 1.0 MSF from 2009 to 2024. The higher volume of new product could ease supply constraints as economic conditions improve in late 2025.

Industrial Under Construction and % of Inventory

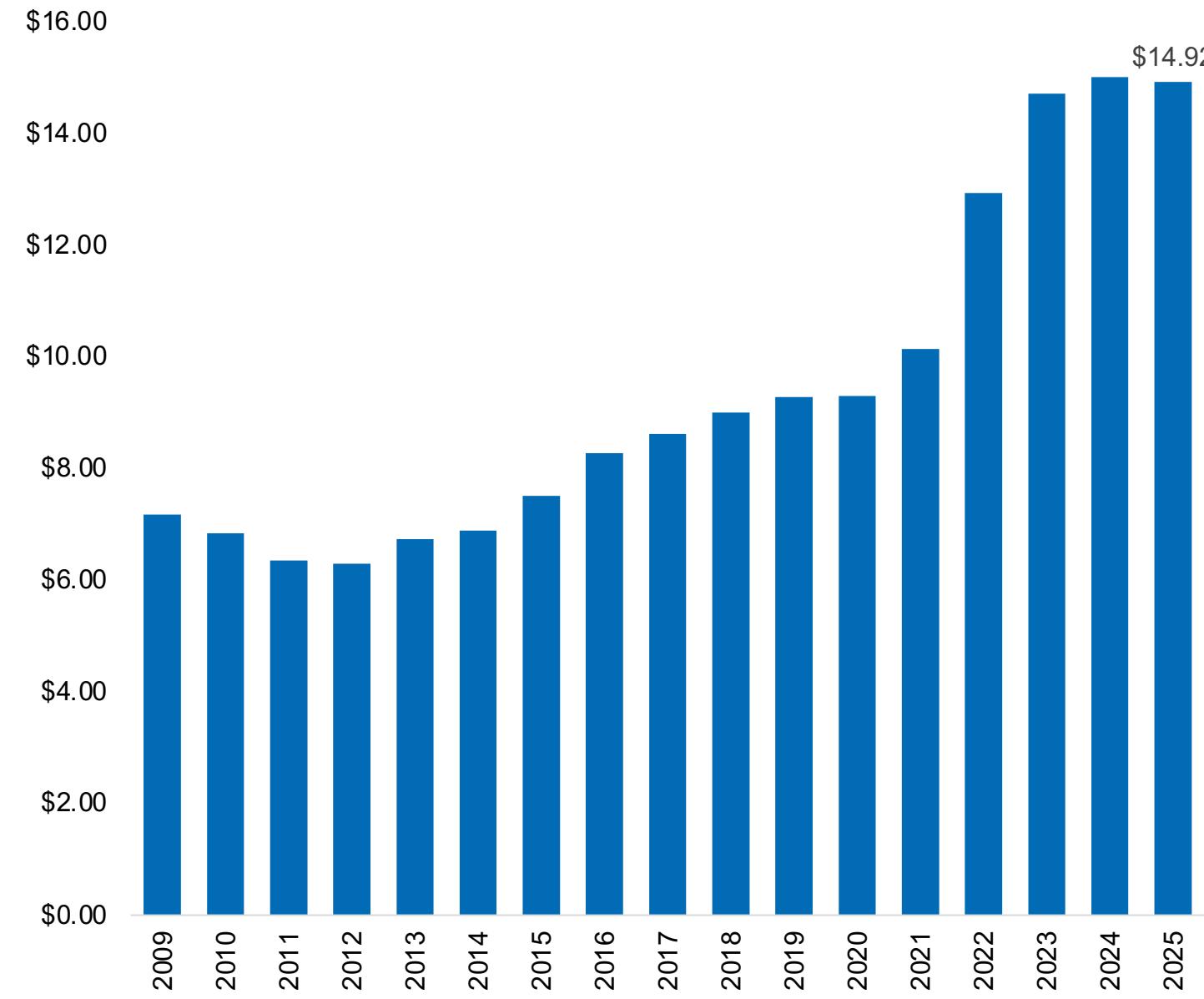


Source: Newmark Research, CoStar

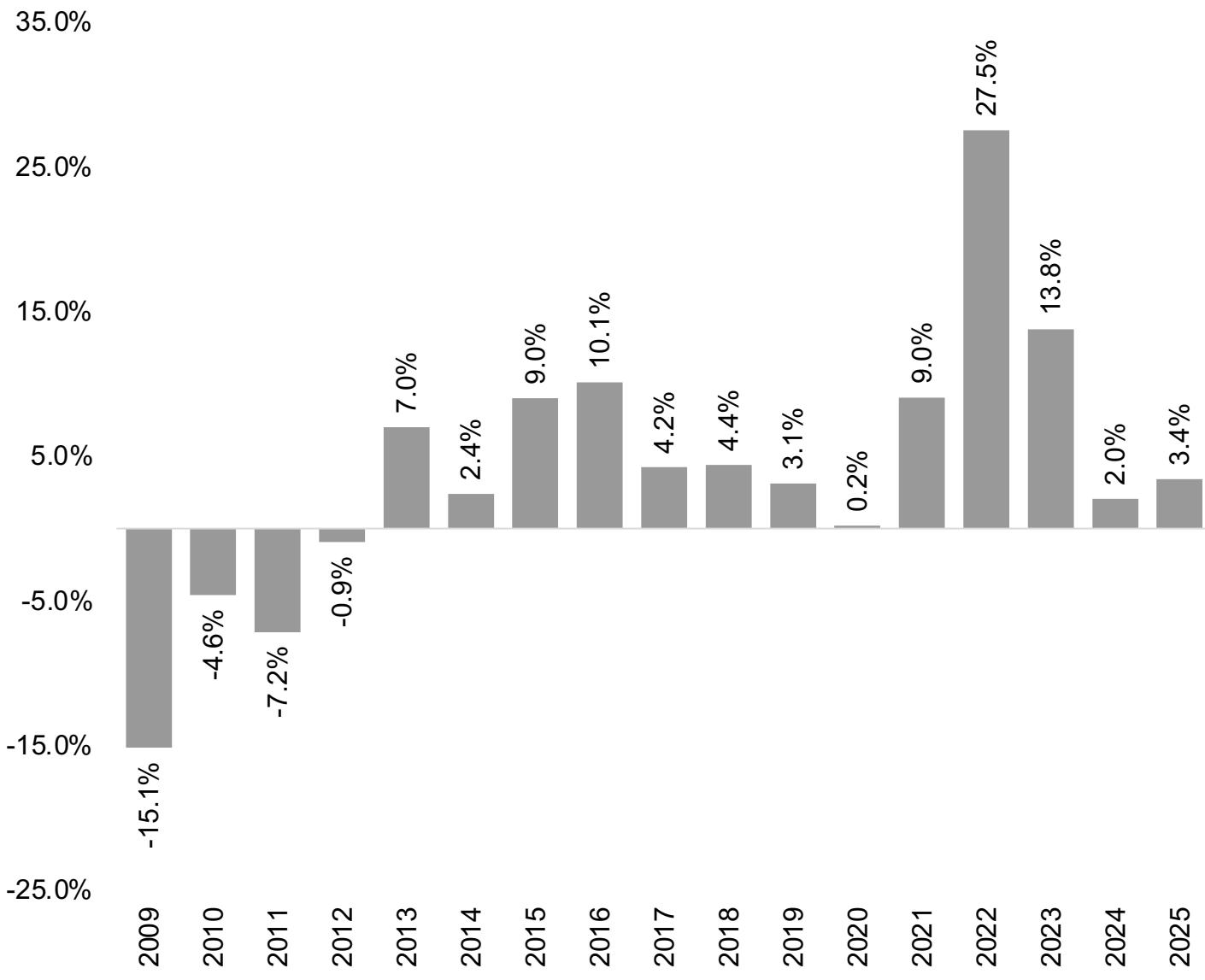
Asking Rents Remain Near All-Time Highs

Industrial asking rents reached \$14.92/SF in the first quarter of 2025, decreasing by 0.6% quarter over quarter from the historical high of \$15.01/SF. Rent growth is expected to slow in the near term due to softer than average leasing demand but will start to see growth again when the pending wave of new supply delivers in mid to late 2025.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

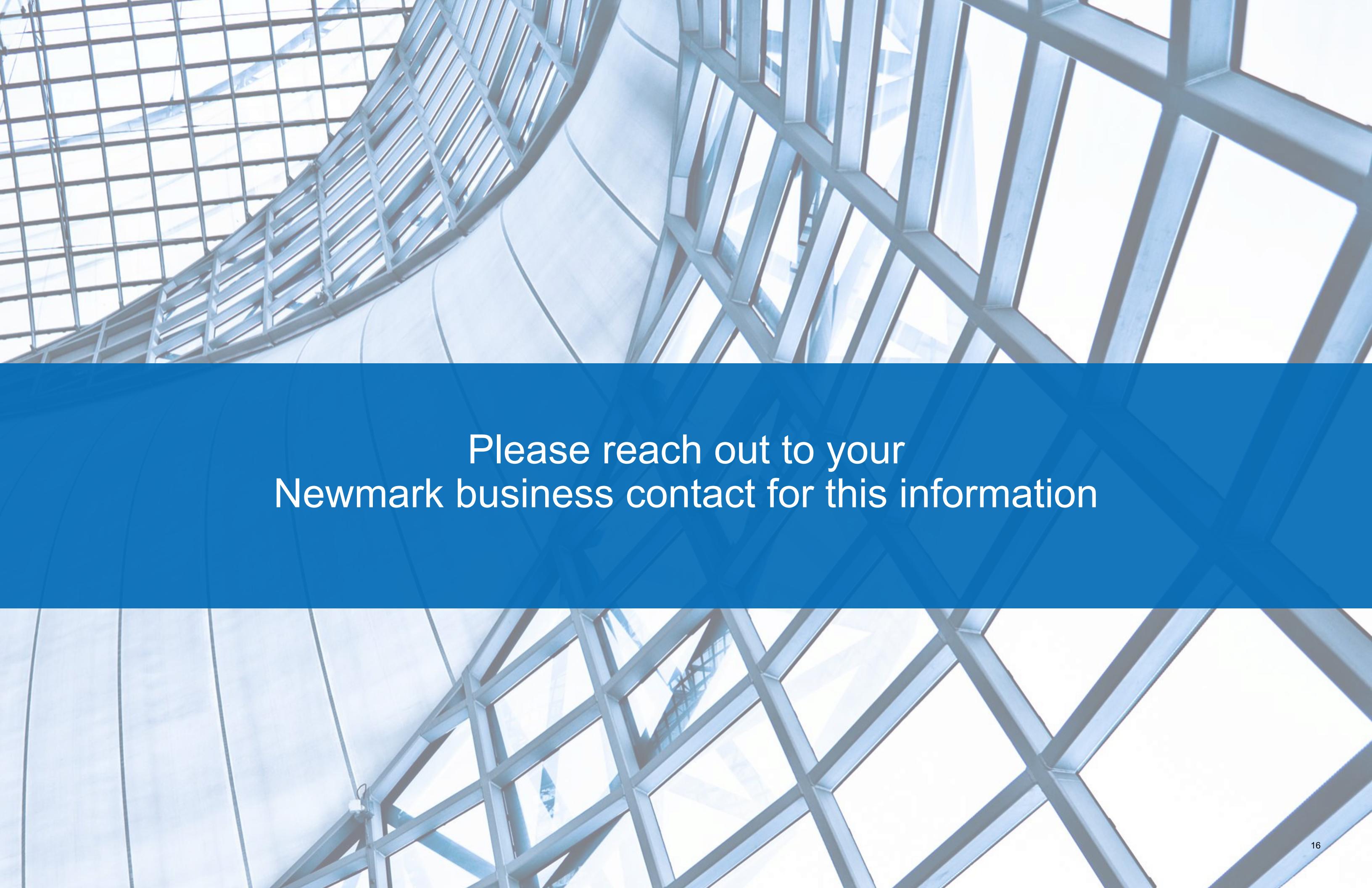
First Quarter Activity Mix of Renewals and New Deals

The quarter's top five deals were split between three new leases and two renewals. The Southwest Broward submarket captured three of the five largest deals of the quarter. The remaining two of the top five deals included one deal in Coral Springs and one in Pompano Beach. As of the end of the first quarter of 2025, projects under construction were 8.7% preleased.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Transpire Bio	South Florida Distribution Center – Bldg A	Southwest Broward	New Lease	139,020
<i>Transpire Bio signed the largest new lease for the first quarter of 2025. The company is an integrated clinical-stage biopharmaceutical company dedicated to developing inhaled medicines.</i>				
D&D Aerospace	Meridian Business Campus – 3360 Enterprise Ave	Southwest Broward	New Lease	60,160
<i>D&D Aerospace is a global leader in aftermarket support for fixed- and rotary-wing aircraft and engine support.</i>				
Ferguson Enterprises	Coral Spring Commerce Center II – Bldg 3	Coral Springs	Renewal	56,685
<i>The company is a large North American distributor specializing in servicing the professional construction market. They provide a wide range of products for plumbing, HVAC, appliances, lighting, and more.</i>				
Willis Aeronautical Services, Inc.	Pompano Commerce Center 4	Pompano Beach	New Lease	45,044
<i>Willis Aeronautical Services is a leading supplier of surplus engine material to the global aviation and aerospace industries.</i>				
Caterpillar Inc.	Miramar Park of Commerce – 3450 Executive Way	Southwest Broward	Renewal	41,664
<i>Caterpillar is the world's leading manufacturer of construction and mining equipment, off-highway diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives.</i>				

Source: Newmark Research



Please reach out to your
Newmark business contact for this information

For more information:

John Tagg
Senior Research Analyst
John.Tagg@nmrk.com

Alain Perez
Senior Research Analyst
Alain.Perez@nmrk.com

Ching-Ting Wang
Head of Southeast Research
ChingTing.Wang@nmrk.com

Miami
1111 Brickell Ave
Suite 2000
Miami, FL 33131
t 305-350-0915

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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