
4Q24

Broward Industrial Market Overview

NEWMARK

Market Observations

Economy

- The market’s unemployment rate increased slightly by 16 basis points year over year to 3.3% at the end of November 2024. The rate remains well below the national average of 4.2%.
- Despite recent national economic headwinds, job growth increased by 1.7% year over year to 934,400 jobs by the end of November 2024, outperforming the 1.4% national job growth rate.
- Six of the 10 employment sectors reported year-over-year growth, with the other services sector leading job gains at 8.9% over the past twelve months.
- The industrial-using trade/transportation/utilities sector reported 210,370 employees as of the end of November 2024, reflecting a 1.1% year-over-year increase. Mining and construction jobs grew by 4.4% year over year to 55,830 employees. However, manufacturing employment declined by 2.1% year over year to 30,090 jobs.

Major Transactions

- Restoration Hardware inked the quarter’s biggest deal, renewing their 101,105 SF space at Pompano Distribution Center I. The home-furnishings retailer has occupied the space since at least 2016.
- The quarter’s top five deals were split between three renewals and two new leases.
- The Pompano Beach submarket captured the two largest deals of the quarter. For the remaining three of the top five deals the Southeast Broward, Central Broward and Southwest Broward submarkets each had one deal apiece.

Leasing Market Fundamentals

- In the fourth quarter of 2024 net absorption ended at 139,843 SF, improving on the negative absorption reported in the previous two consecutive quarters. Still, for 2024 the total demand was 213,817 SF, the lowest yearly volume reported since 2010.
- With no deliveries reported in the fourth quarter of 2024, demand outpaced supply, causing the vacancy rate to decrease by 20 basis points quarter over quarter to 4.0%.
- Overall asking rental rates in the fourth quarter of 2024 increased 3.4% quarter over quarter to \$15.09/SF, a new all-time high.
- In the fourth quarter of 2024 the under-construction pipeline surged, more than tripling quarter over quarter to 1.0 MSF and in line with the historical quarterly average of 1.0 MSF from 2008 to 2023. Projects are currently 8.8% 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.
- As of the end of the fourth quarter of 2024, projects under construction were 8.8% preleased.

1. Economy
2. Leasing Market Fundamentals

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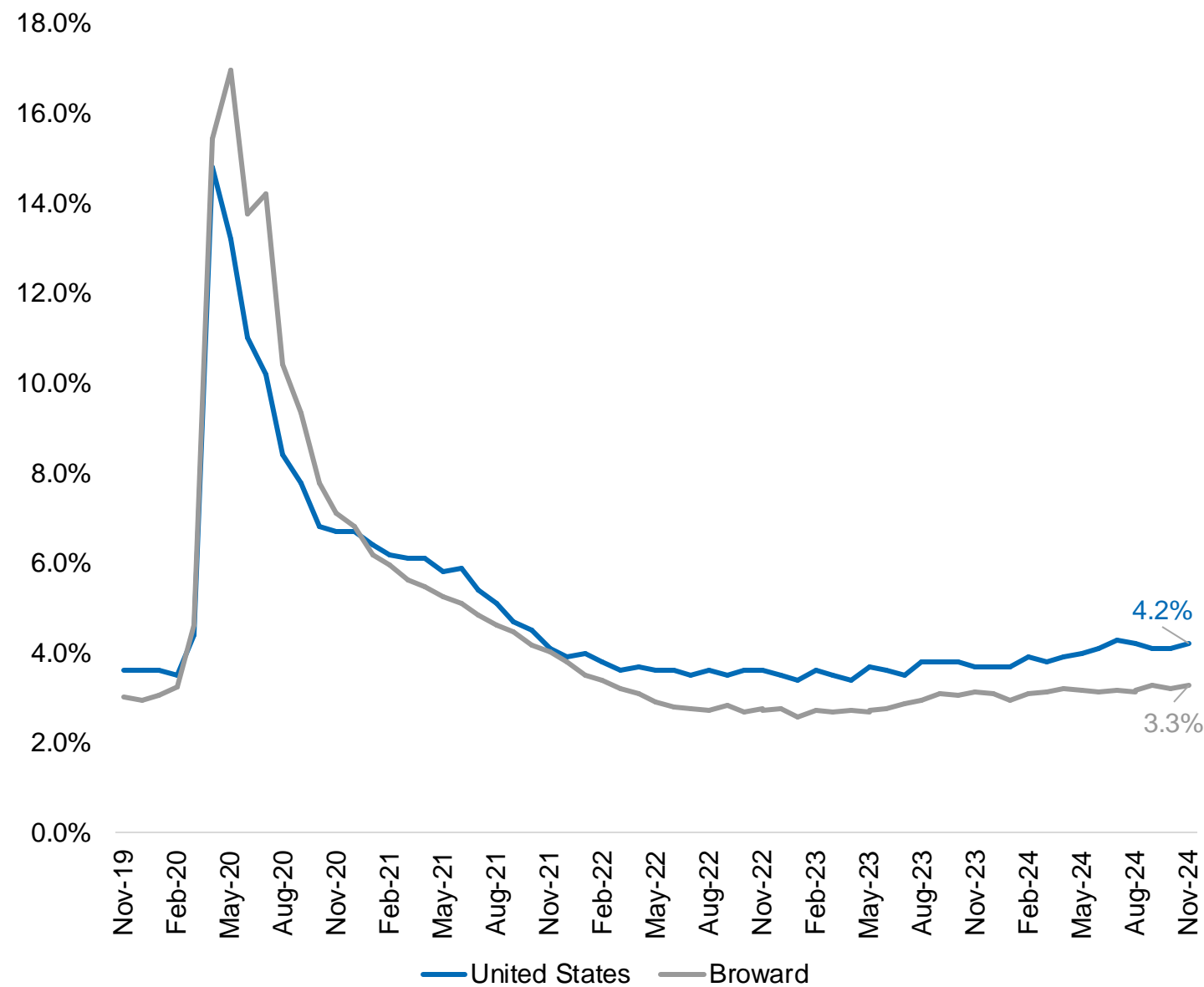
Economy



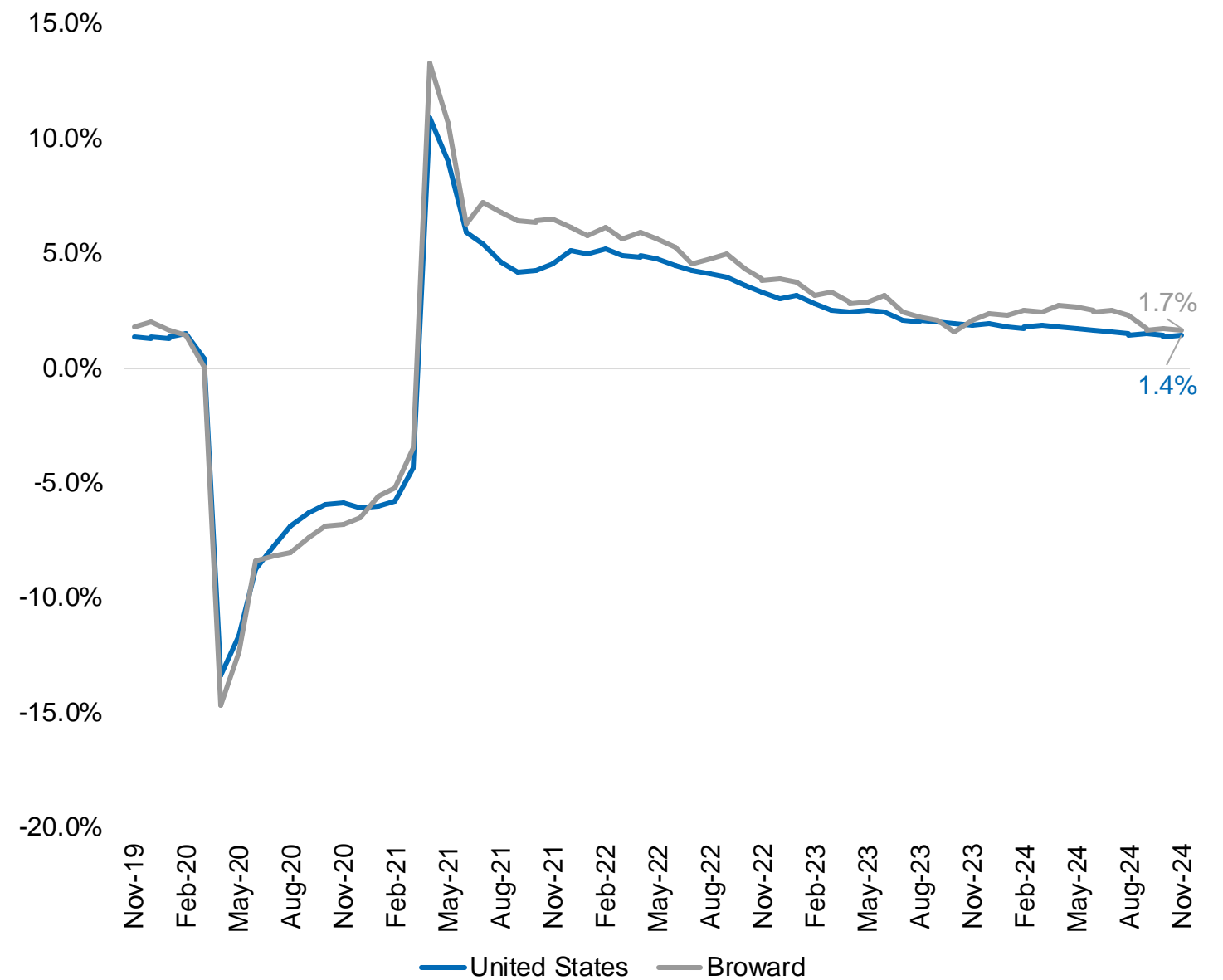
Pace of Broward Jobs Growth Slows

The Broward market has generally reported lower unemployment rates compared with the national average, while being an outperformer in employment growth. The region's unemployment rate increased slightly, by 16 basis point year over year to 3.3% in November 2024. This rate is 92 basis points below the national rate. The market reported 1.7% year-over-year employment growth every month from September through November 2024, reflecting the slowest rate of job growth since October 2023.

Unemployment Rate, Seasonally Adjusted



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



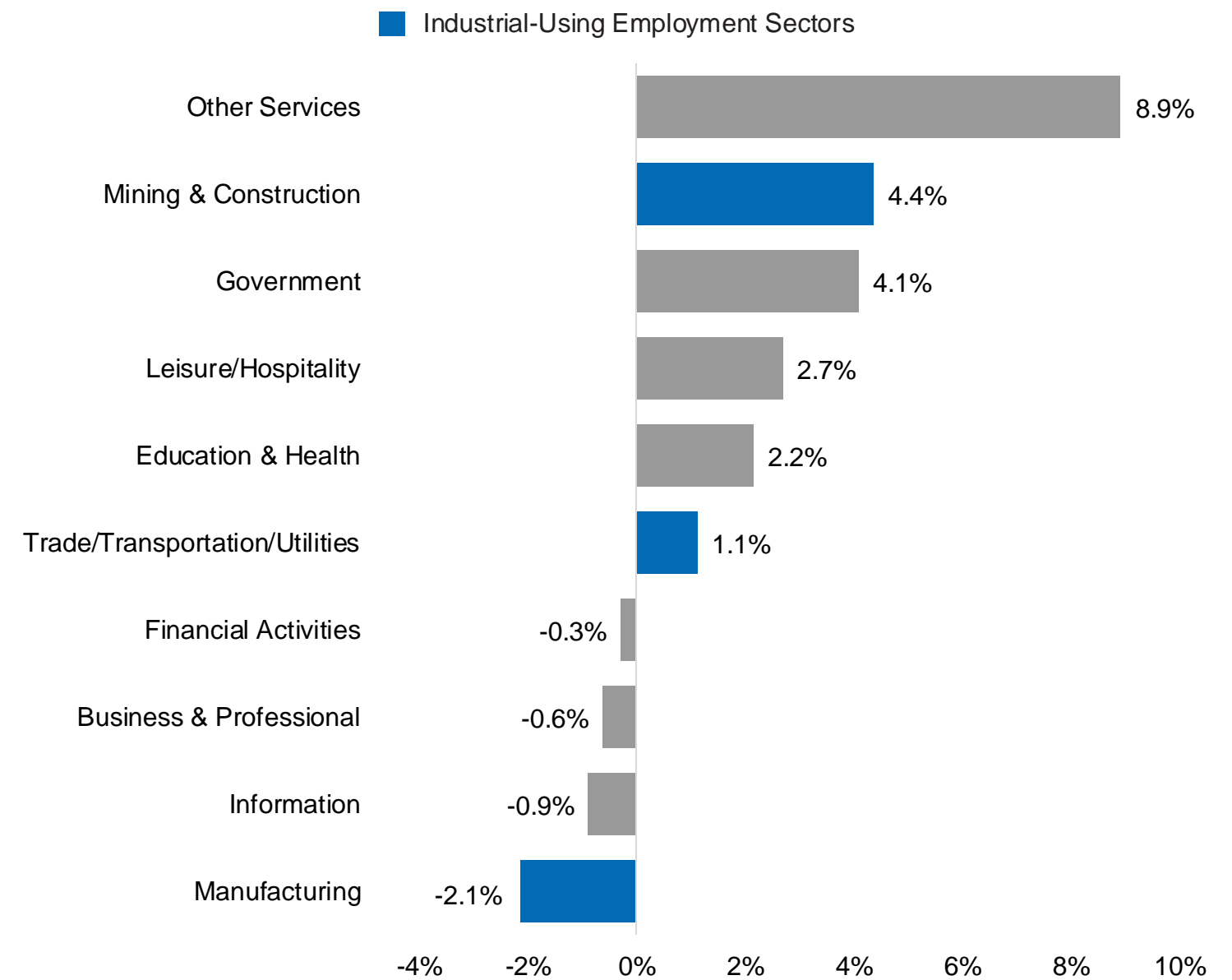
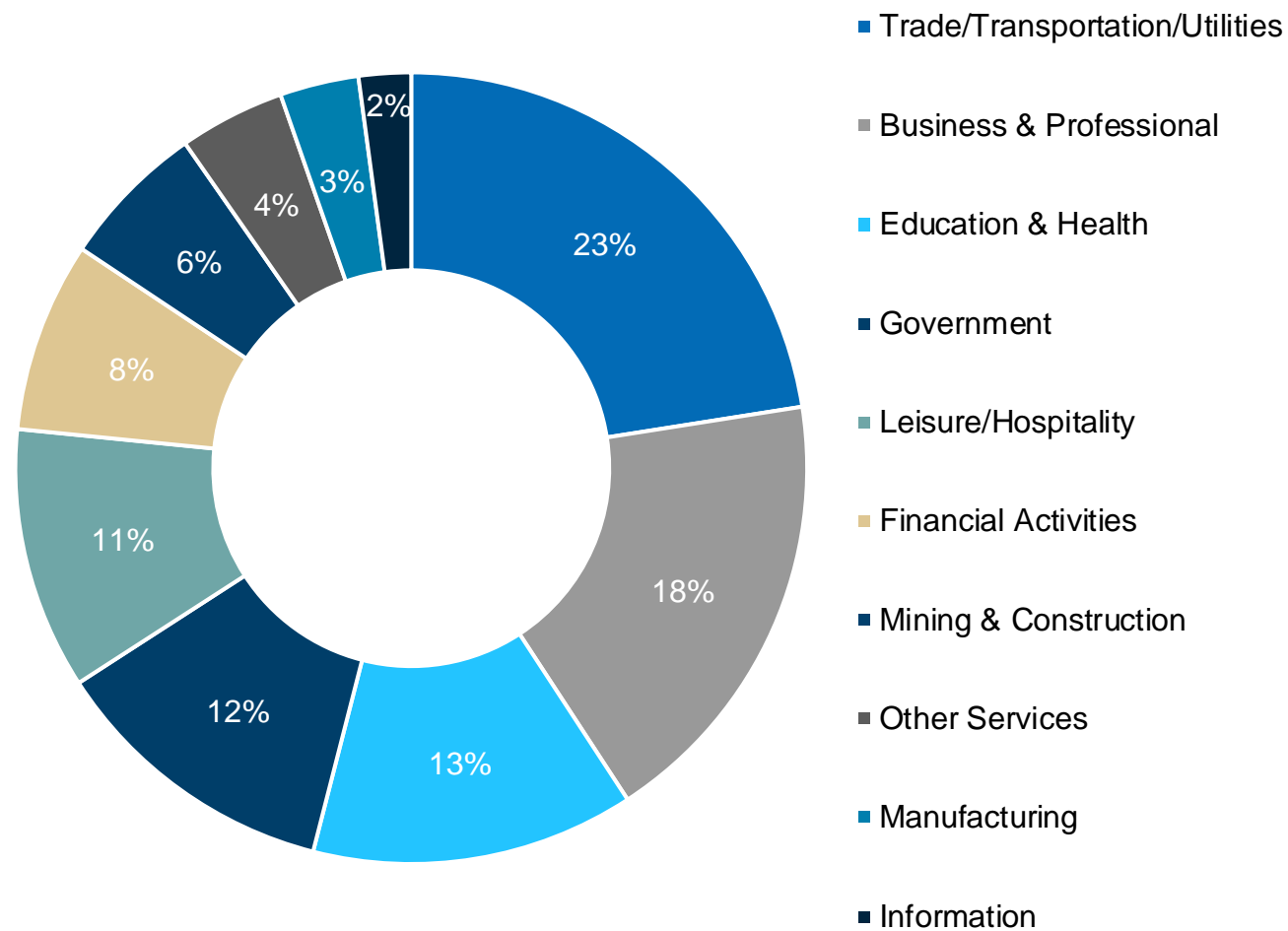
Source: U.S. Bureau of Labor Statistics, Broward County

Employment Growth Continues In Most Sectors

The Broward market has a high industry diversity with the top two industries accounting for only 40.8% of the market's industry employment share. The industrial-using trade/transportation/utilities sector is the largest at 22.5%. Six out of ten employment sectors grew, led by other services at 8.9%. The industrial-using trade/transportation/utilities sector grew by 1.1% and the mining and construction sector by 4.4%. In contrast, the manufacturing sector's jobs declined by 2.1% year over year.

Employment by Industry, November 2024

Employment Growth by Industry, 12-Month % Change, November 2024

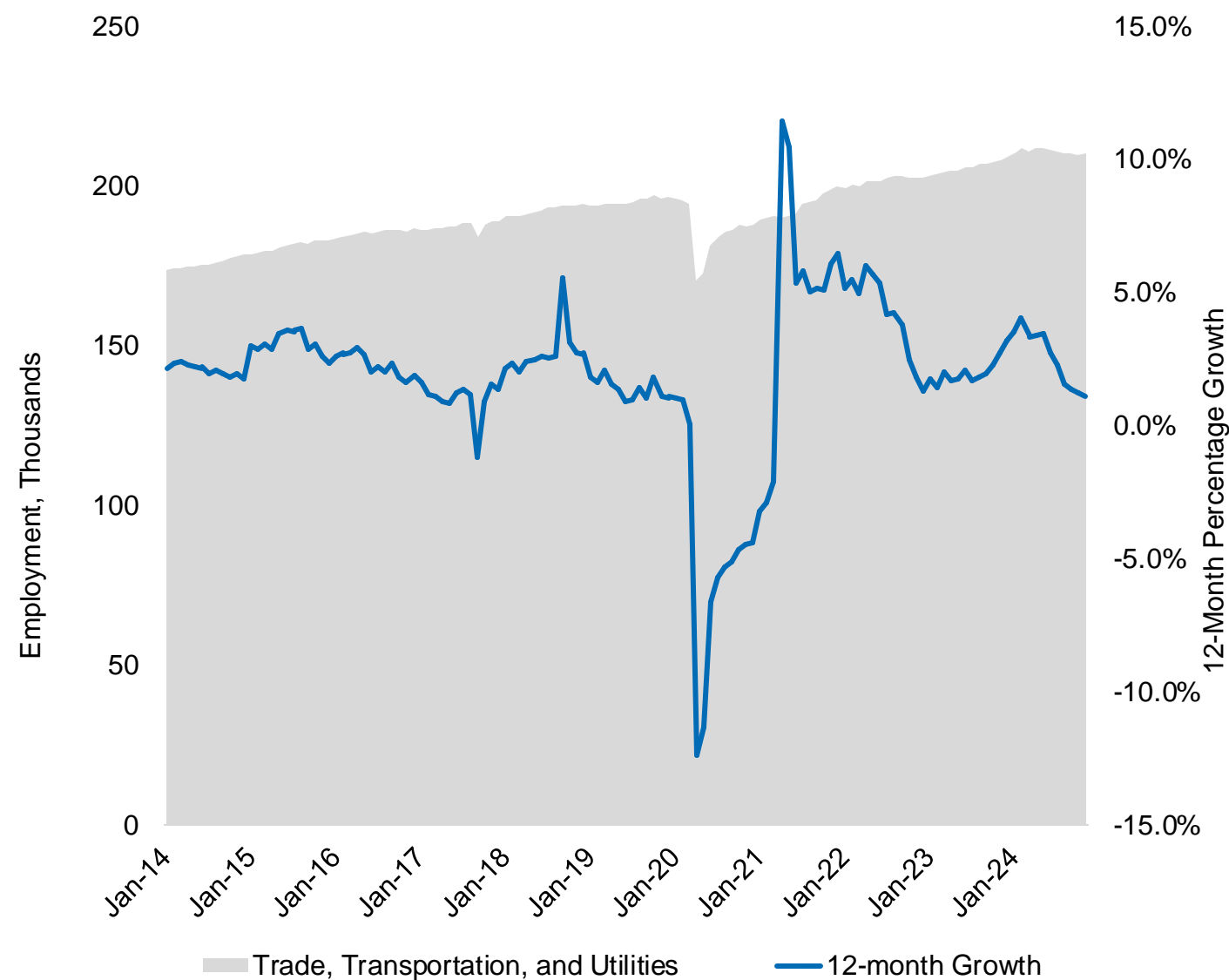


Source: U.S. Bureau of Labor Statistics, Broward County

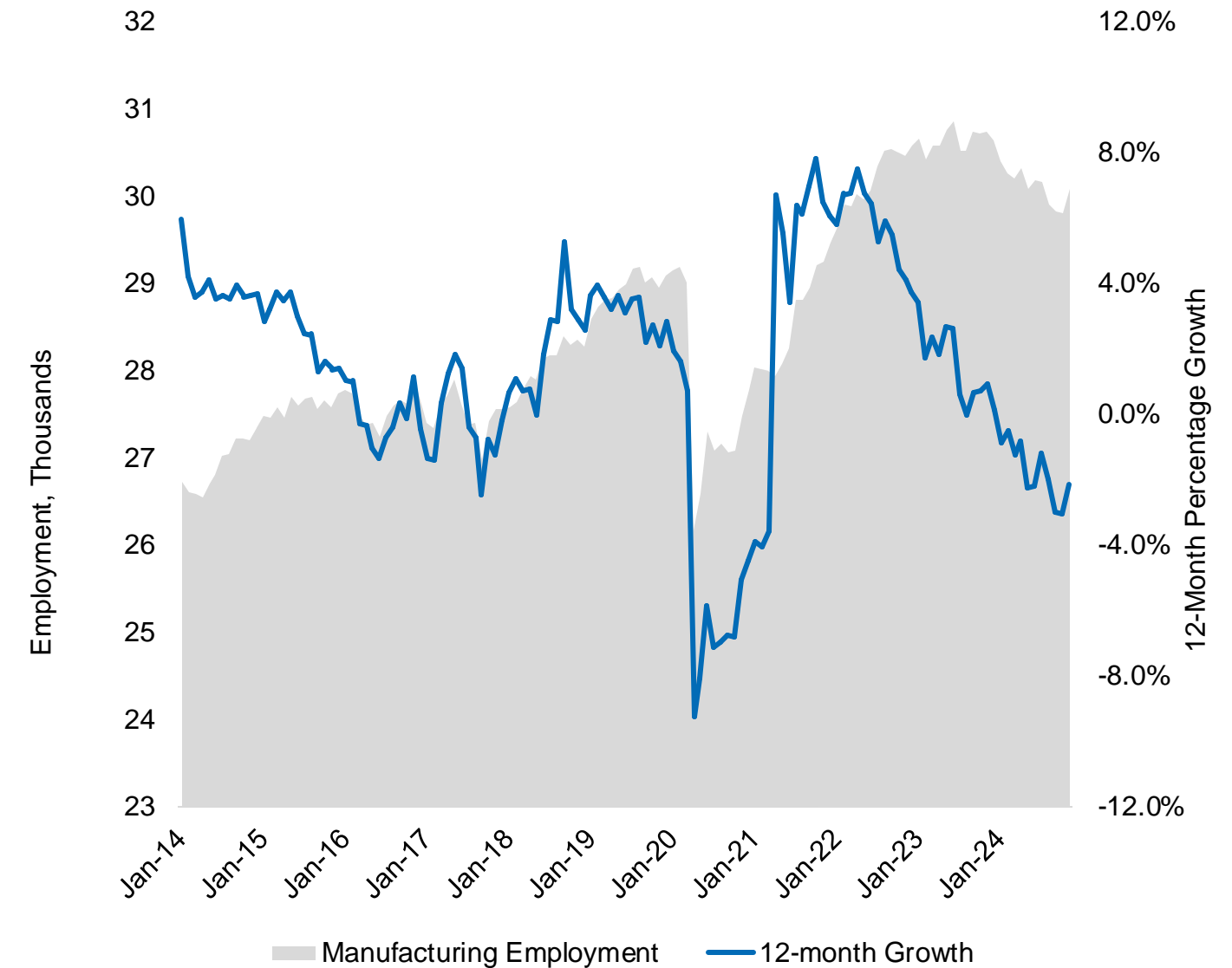
Mixed Employment Growth Across Industrial-Using Sectors

Trade/transportation/utilities employment in Broward reported 210,370 employees as of November 2024, reflecting a 1.1% year-over-year increase. Manufacturing employment in the same period reported 30,090 employees, reporting a 2.1% decline year over year and a 2.5% decline from the historical high of 30,860 employees reported in June 2023. 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



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

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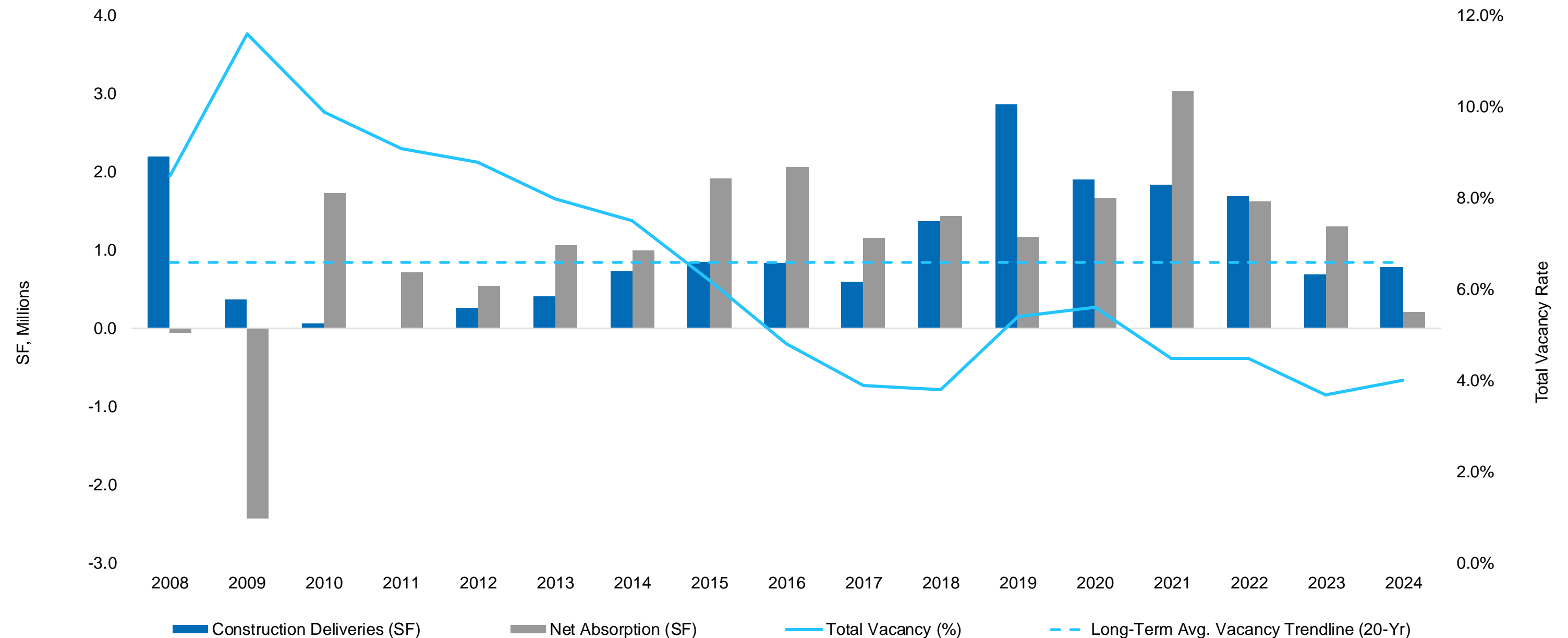
Leasing Market Fundamentals



Quarterly Demand Outpaces Supply, but Annual Volume Lowest Reported in Years

In the fourth quarter of 2024 net absorption ended at 139,843 SF, improving on the negative absorption reported in the previous two consecutive quarters. Still, for 2024 the total demand was 213,817 SF, the lowest yearly volume reported from 2010 to 2023, which averaged 1.5 MSF annually. With no deliveries reported in the fourth quarter of 2024, demand outpaced supply, causing the vacancy rate to decrease by 20 basis points quarter over quarter to 4.0%.

Historical Construction Deliveries, Net Absorption, and Vacancy

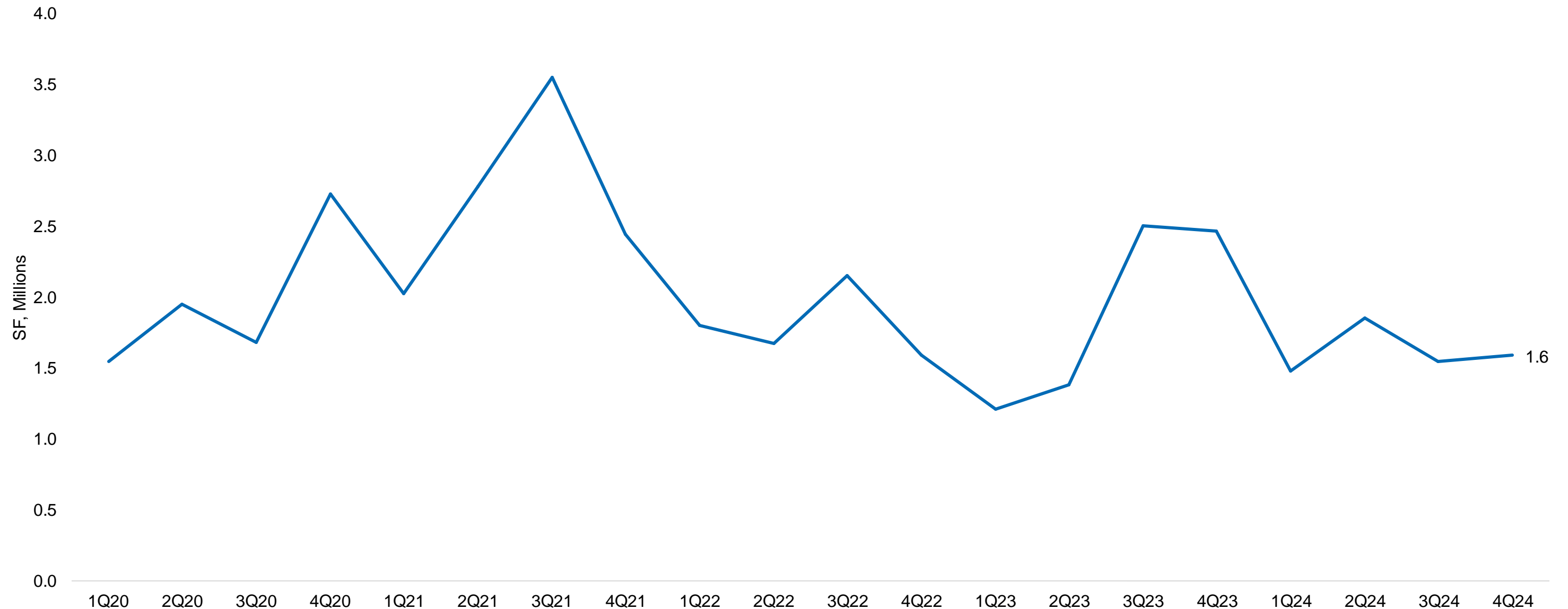


Source: Newmark Research, CoStar

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

Leasing activity in the fourth quarter of 2024 increased by 2.5% quarter over quarter to 1.6 MSF. Although leasing volumes have generally decelerated from historical highs reported post pandemic, volume in the quarter was more or less in line with the 20-year quarterly averages of 1.5 MSF reported from 2003 to 2023.

Total Leasing Activity (SF)

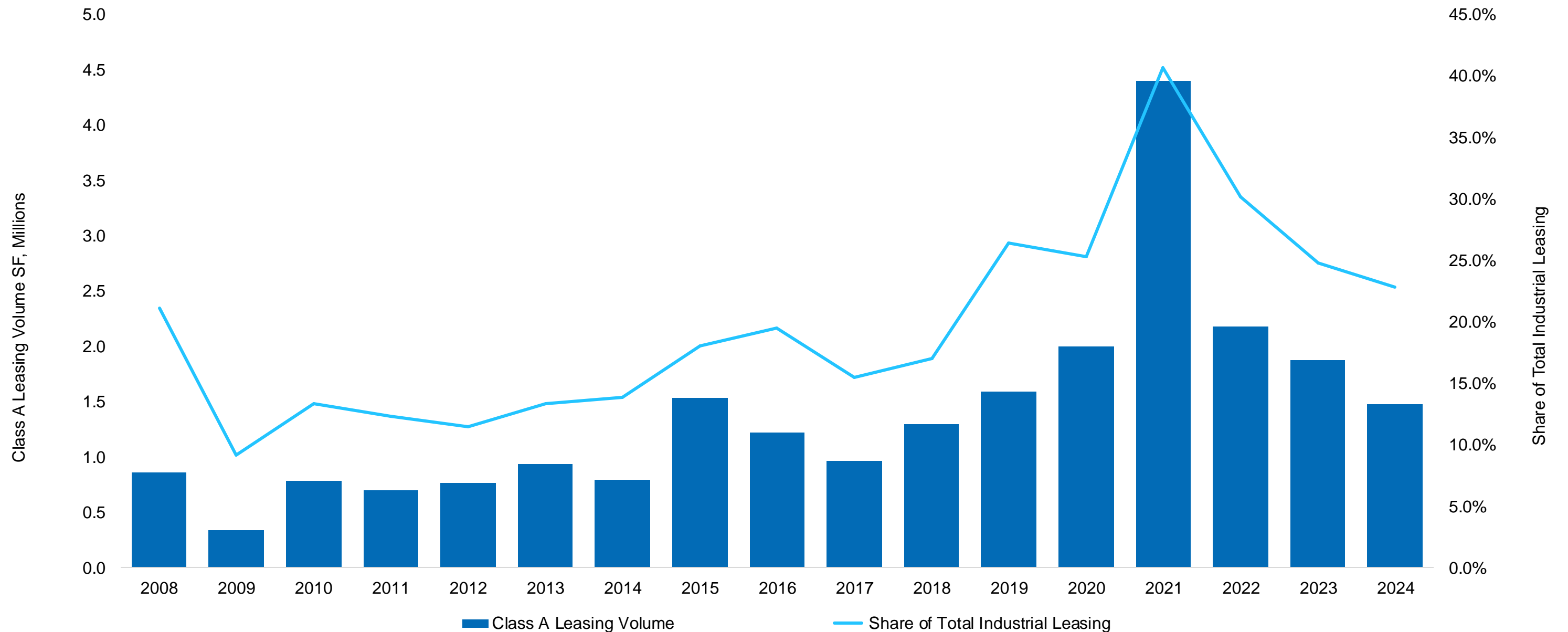


Source: Newmark Research, CoStar

Class A Leasing Rises Quarterly, 2024 Annual Volume Below 2023 but Above Pre-Pandemic Levels

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 2024, annual Class A leasing volume reported was 1.5 MSF, an improvement over the historical yearly average of 1.4 MSF from 2008 to 2023, but lower than in 2023. The proportion of Class A leasing compared with total leasing ended 2024 at 22.9%, reflecting a 190-basis-point decline from the previous year but remains above the historical yearly average from 2008 to 2023 at 19.5%.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

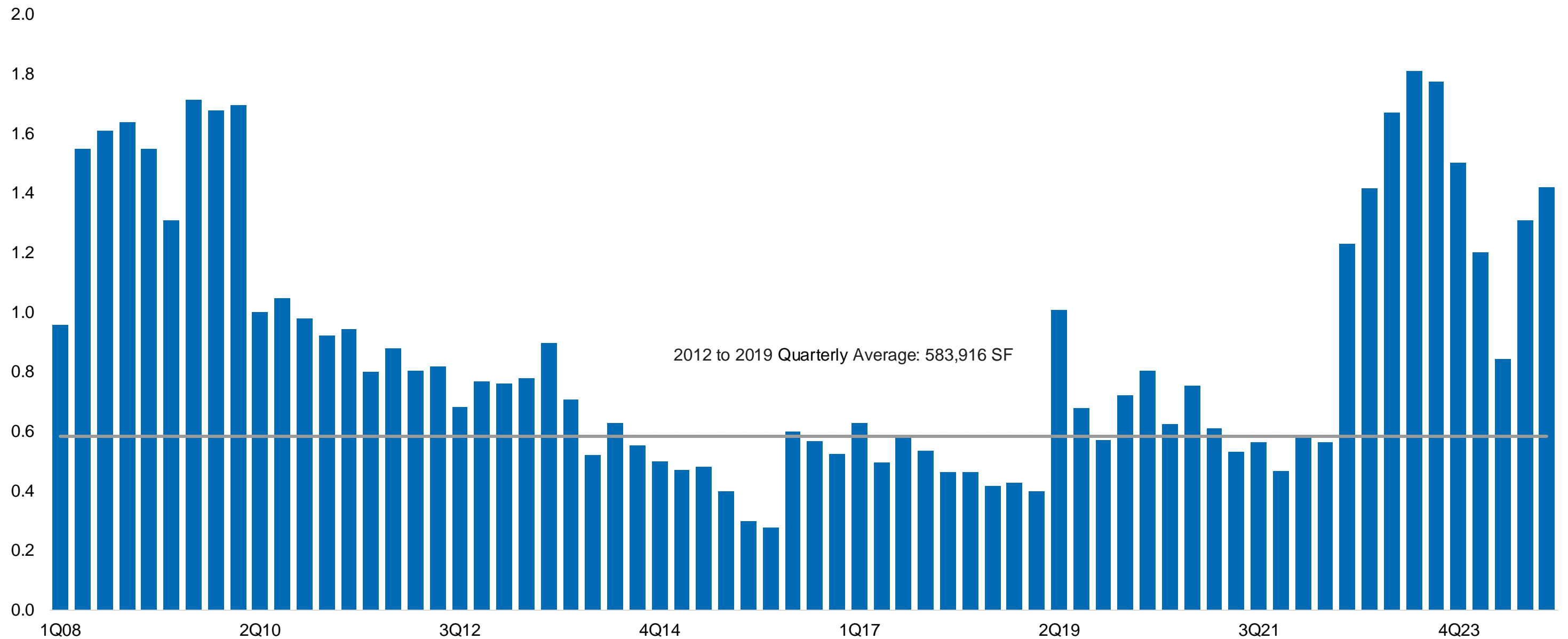


Source: Newmark Research, CoStar

Sublease Availability Increases for Second Consecutive Quarter Following Declines Earlier in Year

Sublease volume ended the fourth quarter of 2024 at 1.4 MSF, reflecting an 8.3% increase quarter over quarter. The second consecutive quarterly increase reversed the trend of declining sublease volume since the third quarter of 2023. 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)

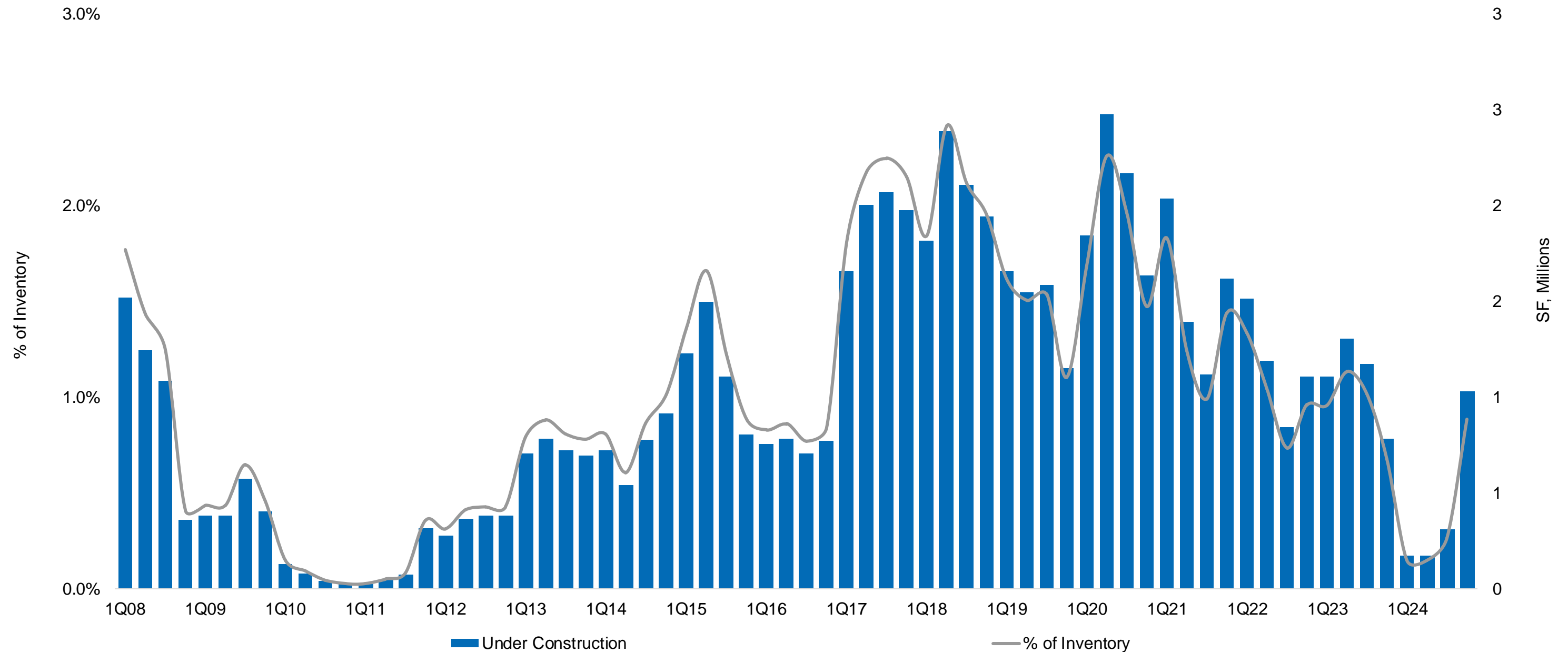


Source: Newmark Research, CoStar

Under-Construction Pipeline Increases over Threefold

The under-construction pipeline surged in the fourth quarter of 2024, more than tripling quarter over quarter to 1.0 MSF. The spike means under construction projects now represent 0.9% of current inventory, an increase of 62 basis points quarter over quarter and equaling the historical quarterly pipeline average of 1.0 MSF from 2008 to 2023. The higher volume of new product could ease supply constraints as economic conditions improve in late 2025.

Industrial Under Construction and % of Inventory

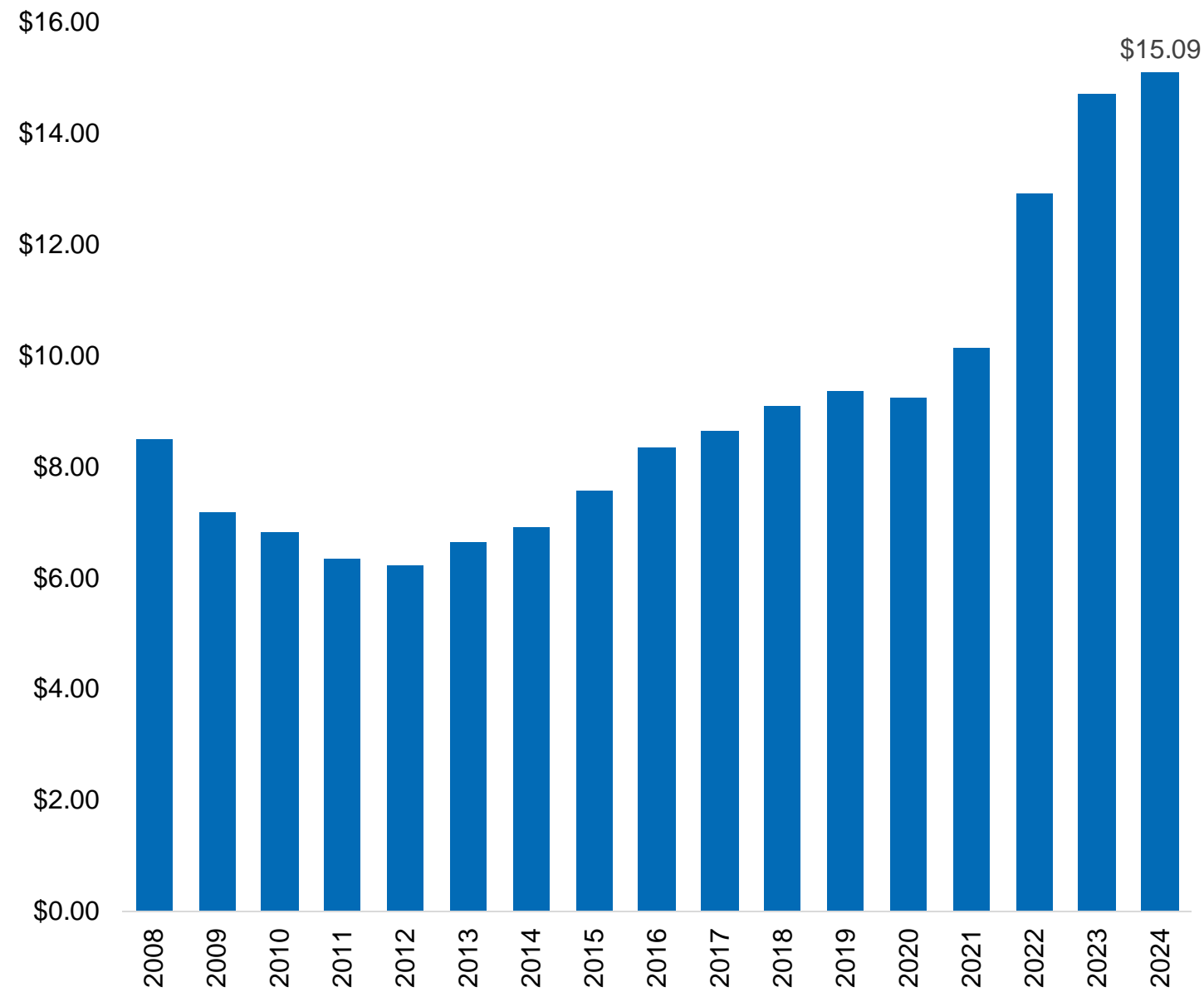


Source: Newmark Research, CoStar

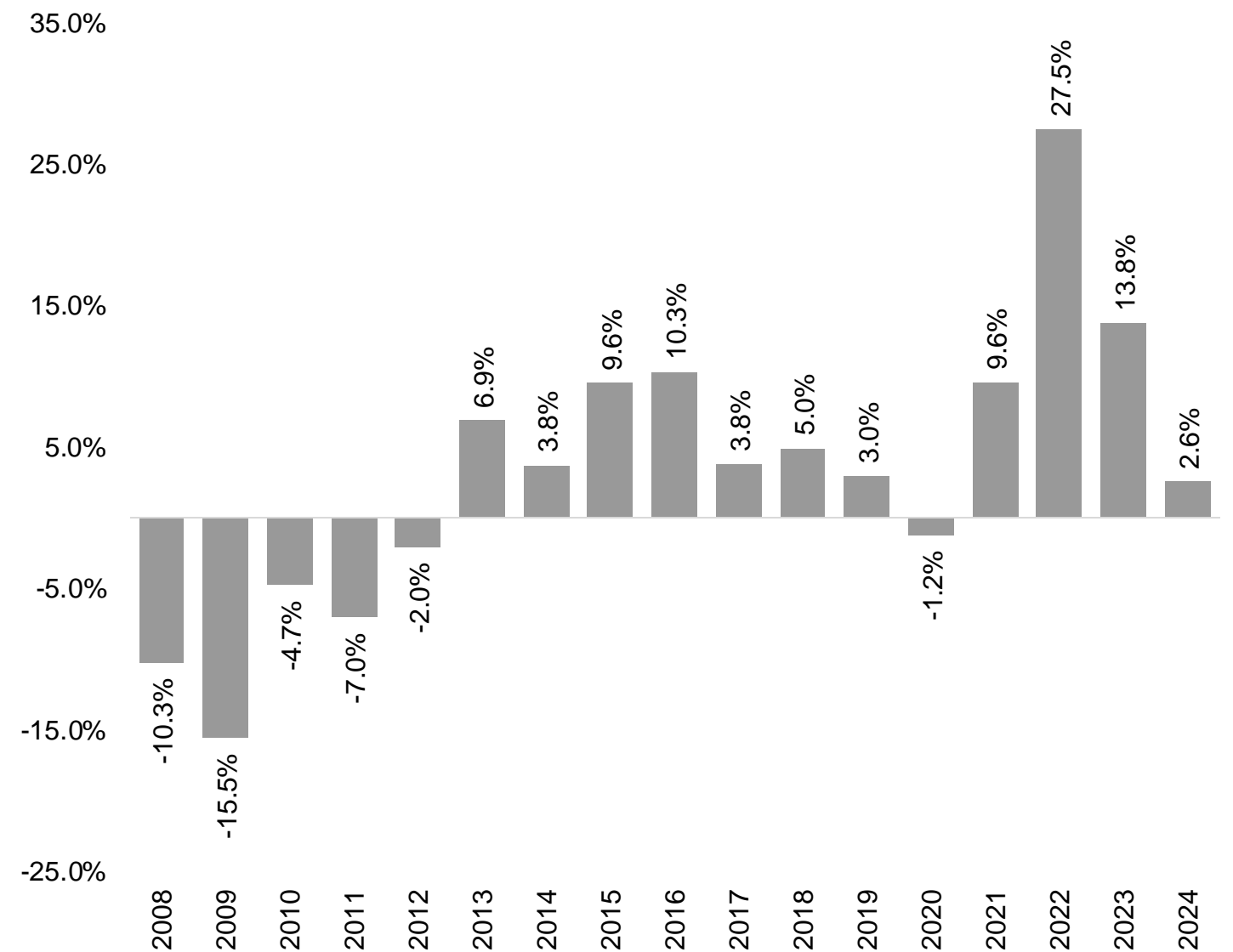
Asking Rents Increases to New All-Time High

In the fourth quarter of 2024, industrial average asking rents increased by 3.4% quarter over quarter, reaching a new all-time high of \$15.09/SF. However, this uptick reflects only a 2.6% year-over-year increase, marking one of the slowest recent rates of rent growth. Rent growth is expected to increase modestly in the near term as the delivery of newer inventory commanding higher asking rents comes to market.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Fourth Quarter Activity Mix of Renewals and New Deals

The quarter's top five deals were split between three renewals and two new leases. The Pompano Beach submarket captured the two largest deals of the quarter. For the remaining three of the top five deals the Southeast Broward, Central Broward and Southwest Broward submarkets each had one deal apiece. As of the end of the fourth quarter of 2024, projects under construction were 8.8% preleased.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Restoration Hardware <i>Restoration Hardware renewed their space for 50% of 3901 NE 12th Avenue in Pompano Beach. The home-furnishings retailer has been a tenant since at least 2016.</i>	Pompano Distribution Center I	Pompano Beach	Renewal	101,105
Parts Authority <i>The New York-based company leased the remaining three available suites at 3760-3774 Park Central Blvd North in Pompano Beach which total 70.5% of the building's footprint. Parts Authority is a national distributor of automotive replacement parts.</i>	Prologis Park Central 600	Pompano Beach	Direct New	88,042
Honey Management Group <i>Honey Management is a Los Angeles-based distributor of restaurant appliances and equipment. The new space at 2500 Commerce Center Way in Pembroke Park allows the company to expand east coast distribution capacity.</i>	Prologis Seneca Park 800	Southeast Broward	Direct New	71,741
Chromalloy Material Solutions <i>The company is a manufacturer of aerospace parts. The renewal is for the full building at 3600 NW 54th Street in Fort Lauderdale, which they have occupied since 2015.</i>	KTR Prospect Park IV	Central Broward	Renewal	68,500
Renew Life Holdings <i>Renew Life is a distributor of wellness supplements. The company renewed their lease for 42.7% of 2405 College Avenue in Davie.</i>	East Davie Commerce Center	Southwest Broward	Renewal	55,897

Broward Industrial Submarket Overview

Please reach out to your
Newmark business contact for this information

Broward Industrial Submarket Map

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Newmark business contact for this information

For more information:

John Tagg

Senior Research Analyst

john.tagg@nmrk.com

Neil Matthee

Research Manager, Southeast

neil.matthee@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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