

FIGURES | BROWARD INDUSTRIAL | Q2 2025

Speculative development remains strong in Broward

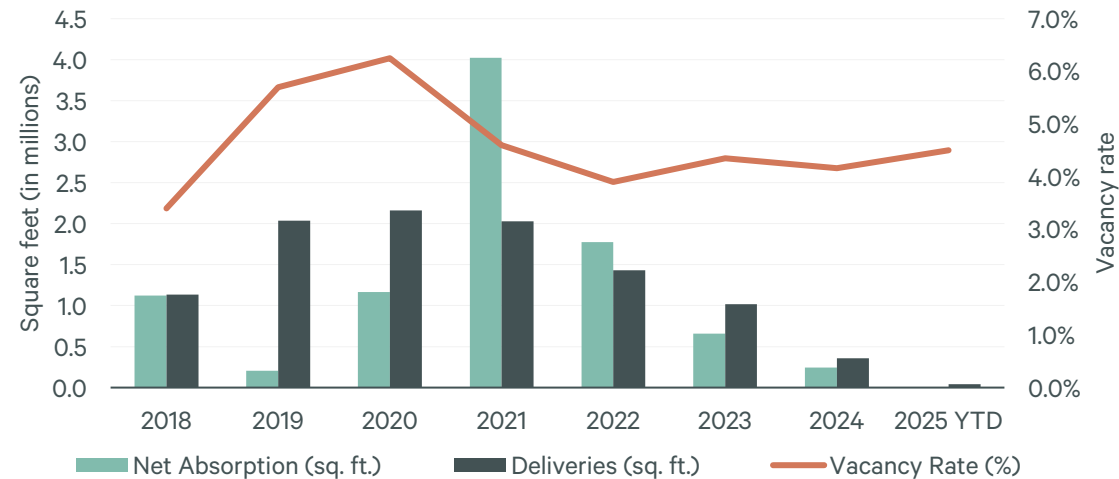


Note: Arrows indicate change from previous quarter.

Market highlights

- Industrial demand has softened over the past couple of years, and occupancy levels have remained relatively flat through early 2025. Market activity has normalized from the record-setting pace of 2021 and 2022, with leasing transactions now taking longer to finalize across the board.
- Only 300,000 sq. ft. of new inventory was delivered last year, a steep 70% drop from 2023. However, a notable rebound is on the horizon, with 1.3 million sq. ft. under construction. The bulk of this space is expected to deliver by year-end, setting the stage for a meaningful uptick in supply
- The vacancy rate remains one of the lowest in the nation, currently at 4.5%. Unless demand picks up considerably, the ongoing development pipeline suggests continued vacancy increases through 2025, albeit at a slower pace than previously seen.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE.com

Demand & Supply

Net absorption has continued to taper off compared to the robust activity recorded during the pandemic. Industrial tenants are taking longer to make decisions, leading to a noticeable slowdown in absorption across several submarkets. Still, underlying demand remains healthy, and absorption is expected to stay in positive territory in the quarters ahead. A key upcoming move-in that will support totals is Chick-fil-A’s 200,000 sq. ft. space, which is still under construction.

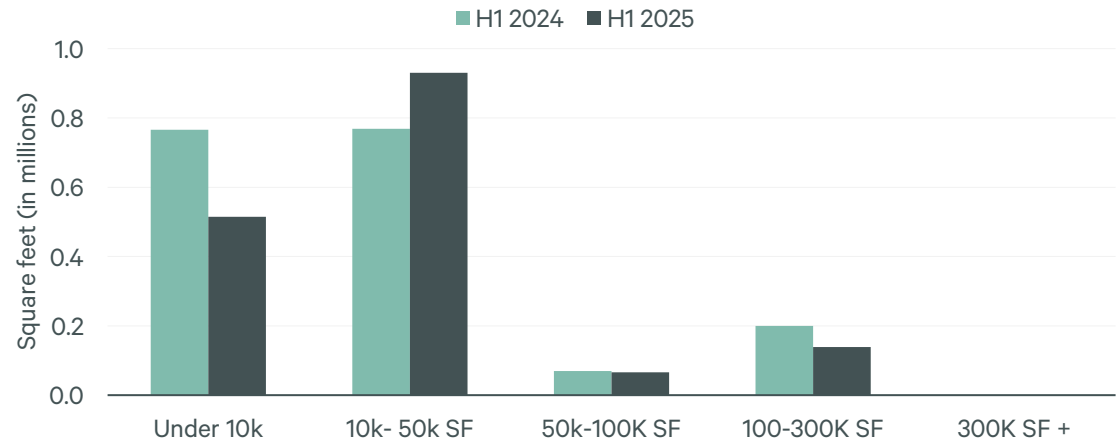
Southeast Broward stood out this quarter, posting the highest net absorption among all submarkets and leading year-to-date totals as well. This strong performance was bolstered by key move-ins at Prologis Seneca Commerce Center and Davie Industrial Center. Leasing activity remained stable through the first half of the year, with the 10,000 to 50,000 sq. ft. segment showing the strongest movement.

Construction starts slowed in 2023 but picked up again 2024, driven largely by speculative distribution projects across the market. Notable developments include Race-Trac Logistics, South Florida Distribution Center, and Davie Industrial Center. As of now, pre-leasing activity across the pipeline remains modest, with just 25% of space committed.

Vacancy & Pricing

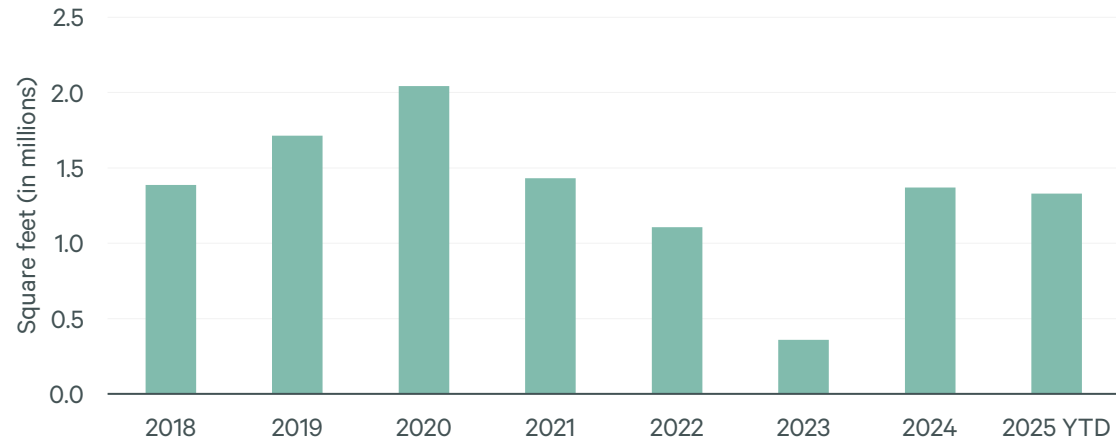
With more than 1.3 million sq. ft. expected to deliver in the coming quarters, vacancy is projected to rise further, potentially reaching between 5.0% and 6.5%, before gradually stabilizing. This shift in market dynamics has prompted a modest correction in asking rents, which now average \$15.90 per sq. ft. on a triple net basis, down 1.0% quarter-over-quarter. Alongside softening rents, landlords are increasingly offering concessions such as free rent to attracts tenants. While new projects could experience longer lease-up periods than they have over the past few years, the long-term outlook remains positive.

FIGURE 2: Leasing activity (excluding renewals)



Source: CBRE.com

FIGURE 3: Under Construction



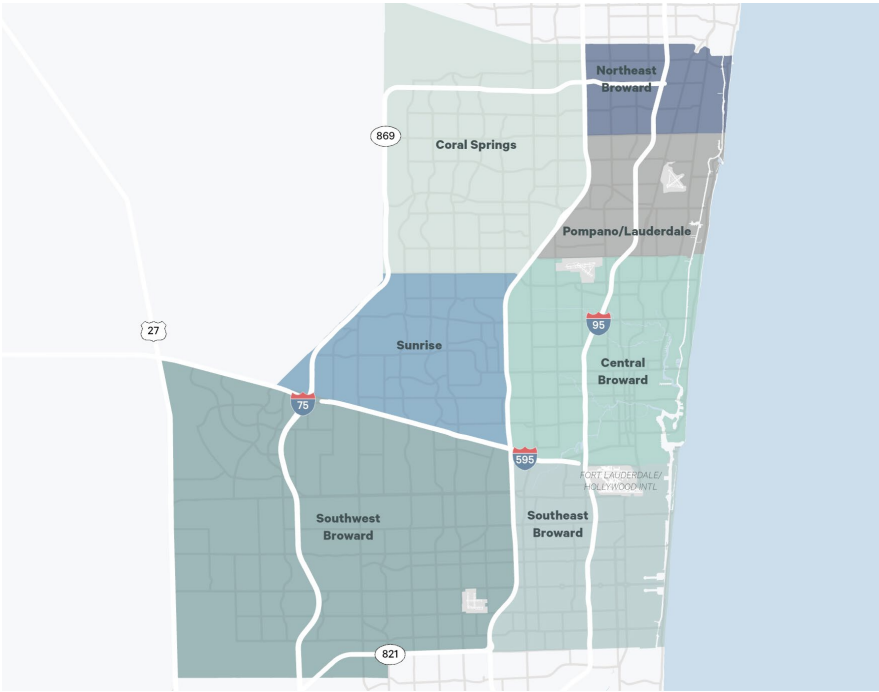
Source: CBRE.com

FIGURE 4: Statistical Snapshot Q2 2025

Submarket	Total Inventory (SF)	Total Vacancy Rate (%)	Q2 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Q2 2025 Deliveries (SF)	YTD Deliveries (SF)	Average Asking Lease Rate (\$/NNN)
Central Broward	18,576,151	4.42 %	21,157	-42,213	0	0	0	16.88
Coral Springs	9,274,627	4.17 %	-23,921	-18,857	0	0	0	14.77
Northeast Broward	11,596,543	6.89 %	-88,422	-79,723	0	0	0	16.70
Pompano/Lauderdale	25,235,616	4.64 %	-53,026	-111,756	763,969	0	0	15.65
Southeast Broward	17,039,343	4.88 %	136,770	211,921	283,900	42,000	42,000	15.68
Southwest Broward	17,763,709	2.49 %	6,988	59,548	281,000	0	0	17.39
Sunrise	5,806,974	4.67 %	-30,830	-16,067	0	0	0	15.58
Total	105,292,963	4.49 %	-31,284	2,853	1,328,869	42,000	42,000	16.00

Note: All figures reflect the most current data and are revised each quarter. Prior reports may not reflect updated statistics. In addition, all stated rents are estimates subject to size, credit, TI, and term.

Market Area Overview



CBRE Economic House View

Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

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