

INDUSTRIAL SUBMARKET REPORT

Pompano Beach, FL



Average Rental Rate
\$18.50 PSF



Vacancy
4.2%



Market Sale Price
\$246 PSF



Average Cap Rate
6.2%



Total Inventory
33.2M SF



Under Construction
0 SF



12 Mo. Net Absorption
(-32.8K SF)



12 Mo. Sales Volume
\$975M

Executive Summary

Deal velocity has slowed from the record pace of the last 3 years. We continue to maintain historically low vacancy rates in spite of increasing costs, rising interest rates and future economic uncertainty. The demand of new to market companies relocating into South Florida and the growth of existing tenants already operating in the market continues to drive prices higher. Overall, the lack of industrial space will remain a constant challenge regardless of the requirement size.

MARKET OVERVIEW

Property Values



Highest Ever

For Sale Inventory



Historically Low

Leasing Rates



Historically High

For Lease Inventory



Low

Deerfield Beach, FL



Average Rental Rate
\$19.20 PSF



Vacancy
6.4%



Market Sale Price
\$231 PSF



Average Cap Rate
6.1%



Total Inventory
14.669M SF



Under Construction
0 SF



12 Mo. Net Absorption
74.1K SF



12 Mo. Sales Volume
\$232M



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THE RENEWAL GAMBIT: PLAYING THE RENEWAL GAME TO WIN

UNDERSTANDING THE LANDLORD/TENANT DYNAMIC

Landlords capitalize on their experience and market knowledge in any direct renewal negotiation with a tenant and often profit disproportionately at the tenant's expense. Tenants that negotiate their own renewals gain some concessions, but with little idea of their true worth or how much more they could have negotiated.

3 COMMON TENANT MISTAKES

- VIEWED LEASE RENEWAL AS AN ADMINISTRATIVE MATTER**
 With no operational need to relocate, renewal was viewed as a routine task. Renewals avoided the operational, logistical and cost issues associated with moving and was seen as an opportunity to "come out ahead" for the company and its shareholders. The reality is that the company left money on the table.
- ENTERED WITHOUT A CLEAR STRATEGY**
 The company did not see the lease renewal as an opportunity to gain a competitive cost advantage. By underestimating the magnitude of the economic benefits that could be extracted from a "routine" renewal, the company missed a major cost-reduction opportunity.
- FAILED TO UNDERSTAND THE ECONOMICS OF THE LANDLORD'S POSITION**
 Knowing all the factors that Landlords use to determine their optimal outcome creates leverage for the Tenant.

UNELEVEL PLAYING FIELD

Without representation a Tenant is walking onto an unlevel playing field for the following reasons:

- THE LANDLORD IS IN THE REAL ESTATE BUSINESS AND THE TENANT IS NOT**
- THE LANDLORD HAS SUPERIOR INFORMATION AND UNDERSTANDS THE GAME'S STRATEGY AND TACTICS**
- LANDLORDS KNOW THEIR "BOTTOM LINE" - THE PRECISE POINT WHERE THEY BECOME ECONOMICALLY INDIFFERENT TO A RENEWAL VS. FINDING A NEW TENANT**

COMMON TENANT MISCONCEPTIONS

- "I'LL GET A BETTER DEAL FROM MY LANDLORD BY NOT USING A BROKER."
- "I HAVE A RELATIONSHIP WITH MY LANDLORD."
- "I CAN HANDLE IT - I KNOW THE RECENT DEALS IN THE BUILDING AND I'VE DEALT WITH MY LANDLORD BEFORE."

MARKET REALITY

A full commission is paid on the vast majority of deals, whether a broker is involved or not. The landlord will either pay himself or his representative a commission otherwise paid to a tenant rep broker.

Every tenant has a "relationship" with their landlord. Your landlord is a real estate professional who's in the business of maximizing a return on investment.

No matter how much you know, the landlord works on transactions daily. A tenant may work on a transaction every 5-10 years. Engaging a tenant representative will even the playing field.



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