



Executive Summary

Since July 2018, Colliers International actively marketed Parcels B, C and D on behalf of the City of Fort Lauderdale. Our marketing strategy and directive was to secure long term ground lease tenants for select parcels adjacent to the Fort Lauderdale Executive Airport. Proposals were to increase the tax base, create jobs, and enhance City's environment. Appraisals provided by Meacham and Associates, Inc., determined the minimum rent on all three (3) parcels was \$0.66 PSF.

The properties were marketed through Costar, LoopNet, colliers.com and personal outreach. Sealed bids were due to the City on September 5, 2018. Three bids were received for Parcels B, C and D. Eastgroup Properties and First Industrial Realty Trust/Butters Construction and Development bid on Parcels B, C and D and Midgard bid on Parcel C.

Midgard | Parcel C

Proposed Development	Two (2) dock-high warehouse/distribution buildings totaling approx. 142,000 SF
Parcels	Parcel C: \$320,472 (\$0.71 PSF), Year 1
Lease Term	50 years
Renewals	Five 5-year renewals, not to exceed 25 years
Rent Increases	Annual based on CPI
Rent Deferment	\$10,000 discount to monthly payments, subject to payback over 5 years. Full rent will begin 9 months from Lease Commencement
Total Lease Value	\$27.1 million

Eastgroup Properties | Parcels B, C and D

Proposed Development	Five (5) Class A, rear-load distribution industrial buildings, totaling approx. 340,120 SF
Parcels	Parcel B: \$206,000 (\$0.66PSF) Parcel C: \$326,000 (\$0.73 PSF) Parcel D: \$236,000 (\$0.69 PSF) \$768,000 (\$0.694 PSF), Year 1
Lease Term	50 years
Renewals	Five 5-year renewals, (25 years)
Rent Increases	10 percent every 10 years
Rent Deferment	\$10,000 per month for the first 24 months following Lease Commencement. The amount deferred over the first 24 months will be paid over the initial term.
Total Lease Value	\$46.8 million

First Industrial Realty Trust/Butters Construction and Development Option A: Parcels B, C and D

Proposed Development	Five (5) Class A industrial buildings, totaling approx. 352,040 SF		
Parcels	Parcel B: \$208,951.68 (\$0.67 PSF) Parcel C: \$300,306.18 (\$0.67 PSF) Parcel D: \$229,123.76 (\$0.67 PSF)	\$738,381.62 (\$0.67 PSF), Year 1	
Lease Term	50 years		
Renewals	None		
Rent Increases	Annual based on CPI		
Rent Deferment	None		
Total Lease Value	\$62.4 million		

First Industrial Realty Trust/Butters Construction and Development Option B: Parcels B, C and D

Proposed Development	Five (5) Class A industrial buildings, totaling approx. 352,040 SF		
Parcels	Parcel B: \$218,307.73 (\$0.70 PSF) Parcel C: \$313,752.73 (\$0.70 PSF) Parcel D: \$239,383.03 (\$0.70 PSF)	\$771,443.49 (\$0.70 PSF), Year 1	
Lease Term	50 years		
Renewals	One 50-year renewal option		
Rent Increases	Annual based on CPI		
Rent Deferment	None		
Total Lease Value	\$65.2 million		

Bid Summary

	Midgard	Eastgroup	First Industrial - A	First Industrial B
Parcel	C	B, C and D	B, C and D	B, C and D
Minimum Rent	Yes	Yes	Yes	Yes
Lease Term	50 years	50 years	50 years	50 years
Renewals	Yes	Yes	No	Yes
Annual CPI Rent Increases	Yes	No	Yes	Yes
Rent Deferment	Yes	Yes	No	No
Total Lease Value	\$27.1 million	\$46.8 million	\$62.4 million	\$65.2 million

After reviewing the proposals, our recommendation is to proceed with lease negotiations with First Industrial Realty Trust/Butters Construction and Development Option A. From the City's perspective, the proposal will increase in the tax base, bring 10 to 15 local companies and companies around the world that will require 300-500 employees in all wage ranges and it will be enhancing the overall environment with new development that brings much needed modern commercial/industrial space to a market that is currently 97% occupied.

The economic terms of First Industrial Realty Trust/Butters Construction and Development Option A is the most advantageous for the City. The overall lease value, \$62.4 million, surpasses the next proposal by 25%. Unlike all the other proposals, this proposal does not require any extensions, which is favored by the FAA. Additionally, it has annual CPI rent increases and it does not require any rent deferment.