

Miami-Dade County



Market Facts

182.1 MSF

Total inventory in the Miami-Dade industrial market

672,600 SF

Direct net absorption for Q1 2017

2.83%

Overall Vacancy

\$7.07 PSF

Average asking lease rate for industrial space in Miami-Dade County on a triple-net basis

Miami Perceived as a Global Competitor

Regional Economic Influence

Miami-Dade County's industrial market has experienced robust growth due in large part to the strengthening South Florida economy. According to the population estimates recently published by the U.S. Census Bureau, the Miami-Fort Lauderdale metropolitan area is ranked the fifth fastest growing area by population adding an average of 1,533 people per week.

This population growth has been accepted well in the local labor market as demonstrated by overall decline in the unadjusted unemployment rate which sits at 5.1% as of February 2017 – a 20 bps decrease from the prior year.

Tenants Seeking Out New and Improved Product in Miami's Most Active Submarkets

The Miami-Dade County industrial market ended the first quarter of 2017 with an overall vacancy rate of 2.83%,

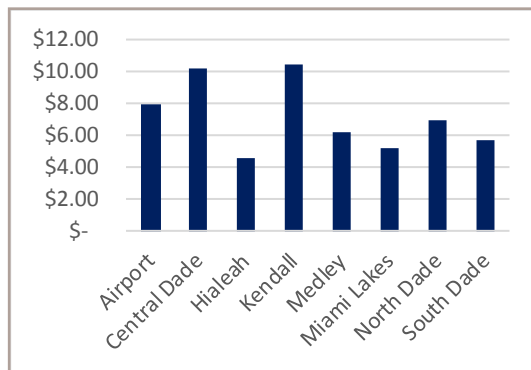
which represents a slight increase of 46 bps when compared to the prior quarter. There was 672,600 sf of net absorption - a positive sign of the overall market's health and ability to absorb new space. Nearly all of this activity occurred in the Airport and Medley submarkets, which together represented 112% of the market's total net absorption during the first three months of 2017.

There is a growing trend of tenants flocking to these submarkets as the delivery of new industrial space continues. Tenants are seeking larger buildings with taller clear heights, more efficient space configurations, newer technology and greater access to major transportation corridors. Many of these tenants are large, sophisticated companies seeking direct access to global markets.

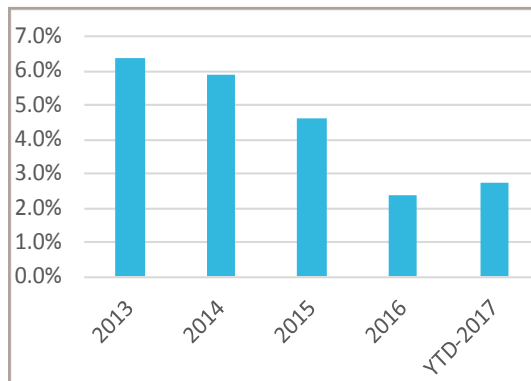
Recently, Medley Logistics Park signed a 342,750-sf renewal with Bel USA, one of the fastest growing promotional

Even as the available land zoned for industrial development dwindles, developers continue to find opportunity throughout the market.

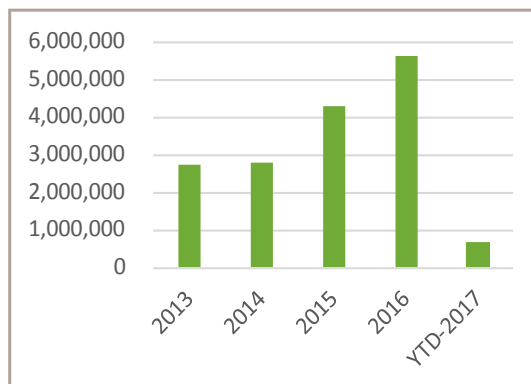
Average Asking Lease Rates (NNN)



Direct Vacancy Rate



Net Absorption (SF)



products companies in the United States. Lease deals such as these are further establishing Miami as a major global player. Two of the largest factors fueling this trend are the growing logistics capacity and improved access to global markets. The recent expansion of the Panama Canal and dredging of PortMiami have also continued to push Miami into a more dominant market position.

Big Land Sale May Soon See Large Development Project

The market realized the delivery of over 1.5 million sf of new industrial product in the first quarter, most notably in major parks including South Florida Logistics Center, Bridge Point Crossroads, Flagler Station and Centergate at Gratigny.

Even as the available land zoned for industrial development dwindles, developers continue to find opportunity throughout the market. EastGroup Properties purchased 61 acres of land just east of Calder Casino and Race Course last October with the intention of developing a major industrial park. The Mississippi-based development firm has plans to build 850,000 sf of industrial space on the site. The long-term growth opportunity of this project is further enhanced by its strategic location just off the Florida Turnpike.

Federal Reserve Raises Key Interest Rate Among Concern

The Federal Reserve's Open Market Committee recently voted to increase the benchmark interest rate by 25 bps, raising the federal funds target rate to a range of 0.75 percent to 1.00 percent. The Federal Reserve also has plans to

increase rates twice more in 2017 and has forecasted three more rate hikes in 2018. However, this has not been determined and any additional influence by the Federal Reserve will likely depend on how the national economy responds in the coming months.

Although the average national unemployment rate remains stable at 4.7%, the share of adults between the ages of 25 and 54 who remain unemployed has not fallen below pre-recession levels, let alone levels achieved in the late 1990s. Janet Yellen, chairwoman of the Federal Reserve, has responded to these concerns by stating that waiting too long to raise rates could potentially require a rapid increase down the road, potentially disrupting financial markets. This bodes well for Miami-Dade, which relies heavily on strong economic performance in the trade, transportation and tourism sectors.

Looking Ahead

Healthy economic conditions and global accessibility are the characteristics defining Miami-Dade as one of the world's fastest growing industrial markets. Market conditions are tightening as vacancy continues to drop to a historic low and lease rates ascend to peak levels. This has resulted in a consistent wave of new development. Consequently, cap rates have become very competitive as sellers are reluctant to ignore investor interest. This trend is likely to continue and attract a growing number of institutional investors to the area.

Miami-Dade County Total

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	27,981,688	1,619,281	80,000	\$6.69	94.21%	5.79%	0.29%	6.07%	2,607,124	681,007
Flex	14,405,830	388,593	4,000	\$10.16	97.30%	2.70%	0.03%	2.73%	0	(19,951)
Manufacturing	22,387,075	279,866	0	\$8.15	98.75%	1.25%	0.00%	1.25%	0	(101,246)
Warehouse / Distribution	117,369,834	2,705,082	69,835	\$6.74	97.70%	2.30%	0.06%	2.36%	72,887	112,790
Total	182,144,427	4,992,822	153,835	\$7.07	97.26%	2.74%	0.08%	2.83%	2,680,011	672,600

Airport

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	11,019,766	14,188	80,000	\$11.49	99.87%	0.13%	0.73%	0.85%	1,698,798	310,042
Flex	7,684,131	132,197	4,000	\$10.41	98.28%	1.72%	0.05%	1.77%	0	(70,702)
Manufacturing	3,274,844	143,646	0	\$7.96	95.61%	4.39%	0.00%	4.39%	0	(40,000)
Warehouse / Distribution	44,973,409	1,220,584	45,500	\$7.70	97.29%	2.71%	0.10%	2.82%	0	296,909
Total	66,952,150	1,510,615	129,500	\$8.00	97.74%	2.26%	0.19%	2.45%	1,698,798	496,249

Central Dade

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	228,000	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Flex	513,415	61,600	0	\$12.01	88.00%	12.00%	0.00%	12.00%	0	0
Manufacturing	1,818,935	43,950	0	\$14.81	97.58%	2.42%	0.00%	2.42%	0	(12,376)
Warehouse / Distribution	7,770,529	245,872	0	\$8.95	96.84%	3.16%	0.00%	3.16%	0	(40,185)
Total	10,330,879	351,422	0	\$10.22	96.60%	3.40%	0.00%	3.40%	0	(52,561)

Hialeah

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Flex	158,755	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	6,344,921	42,120	0	\$4.00	99.34%	0.66%	0.00%	0.66%	0	(42,120)
Warehouse / Distribution	13,856,894	219,841	0	\$4.73	98.41%	1.59%	0.00%	1.59%	0	(31,556)
Total	20,360,570	261,961	0	\$4.61	98.71%	1.29%	0.00%	1.29%	0	(73,676)

Kendall

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Flex	1,821,304	76,084	0	\$11.09	95.82%	4.18%	0.00%	4.18%	0	10,226
Manufacturing	755,071	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	6,079,598	24,966	0	\$8.45	99.59%	0.41%	0.00%	0.41%	25,387	(3,520)
Total	8,655,973	101,050	0	\$10.44	98.83%	1.17%	0.00%	1.17%	25,387	6,706

Medley

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	13,267,184	924,182	0	\$6.12	93.03%	6.97%	0.00%	6.97%	710,899	313,394
Flex	610,372	3,420	0	\$12.00	99.44%	0.56%	0.00%	0.56%	0	0
Manufacturing	3,254,100	1,400	0	\$9.42	99.96%	0.04%	0.00%	0.04%	0	0
Warehouse / Distribution	11,139,413	168,195	24,335	\$6.91	98.49%	1.51%	0.22%	1.73%	47,500	(52,768)
Total	28,271,069	1,097,197	24,335	\$6.26	96.12%	3.88%	0.09%	3.97%	758,399	260,626

Miami Lakes

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	989,200	78,911	0	\$8.17	92.02%	7.98%	0.00%	7.98%	197,427	57,571
Flex	1,644,803	40,000	0	\$5.60	97.57%	2.43%	0.00%	2.43%	0	40,000
Manufacturing	2,136,913	42,000	0	\$6.25	98.03%	1.97%	0.00%	1.97%	0	0
Warehouse / Distribution	6,641,236	411,384	0	\$4.50	93.81%	6.19%	0.00%	6.19%	0	(44,587)
Total	11,412,152	572,295	0	\$5.21	94.99%	5.01%	0.00%	5.01%	197,427	52,984

North Dade

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	2,477,538	602,000	0	\$7.25	75.70%	24.30%	0.00%	24.30%	0	0
Flex	1,185,091	48,712	0	\$9.16	95.89%	4.11%	0.00%	4.11%	0	245
Manufacturing	4,660,061	6,750	0	\$6.04	99.86%	0.14%	0.00%	0.14%	0	(6,750)
Warehouse / Distribution	23,272,253	316,990	0	\$6.09	98.64%	1.36%	0.00%	1.36%	0	52,797
Total	31,594,943	974,452	0	\$6.96	96.92%	3.08%	0.00%	3.08%	0	46,292

South Dade

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Flex	787,959	26,580	0	\$10.38	96.63%	3.37%	0.00%	3.37%	0	280
Manufacturing	142,230	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,636,502	97,250	0	\$4.50	97.33%	2.67%	0.00%	2.67%	0	(64,300)
Total	4,566,691	123,830	0	\$5.76	97.29%	2.71%	0.00%	2.71%	0	(64,020)

Reporting Methodology: This report includes all industrial buildings and parks 20,000 SF and greater in the Miami-Dade MSA that are not government owned. All rents are reported on a triple-net basis. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but not guaranteed.

Healthy economic conditions and global accessibility are the characteristics defining Miami-Dade as one of the world's fastest growing industrial markets.

Leading Indicators (Y-O-Y 1Q-2016 to 1Q-2017)

Vacancy Rate	Net Absorption	Average Asking Rate (NNN)	New Construction	South Florida Labor Force
2.83%	672,600 SF	\$7.07	2,680,011 SF	3.11 MM

Significant First Quarter 2017 Lease Transactions - Sorted by SF

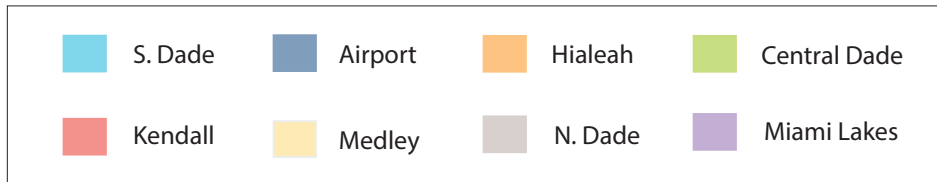
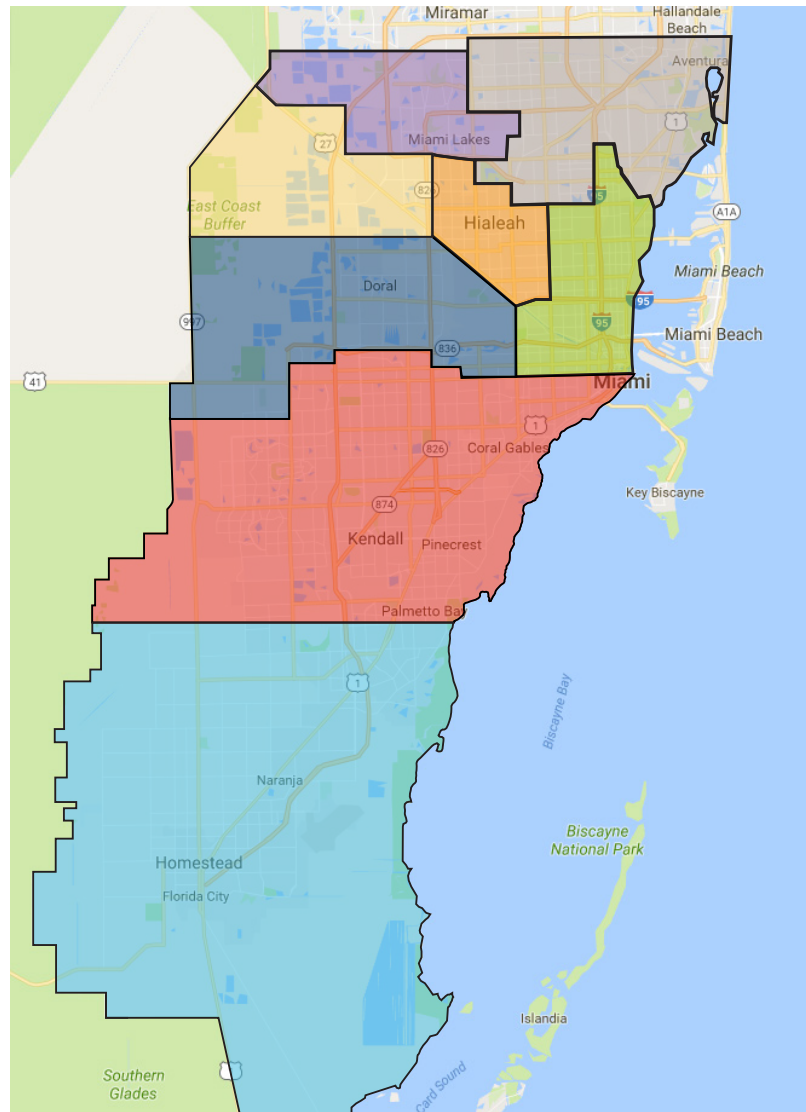
Tenant	Property	Type	SF	Submarket
Bel USA	Medley Logistics Park	Renewal	342,750	Medley
H Greg Miami Inc.	Bristol Logistics Center	New Lease	96,920	Airport
Dupuy	Market Station	New Lease	96,883	Hialeah
General MRO Aerospace	Flagler Station	New Lease	60,000	Airport
IFS Neutral Maritime Service Inc.	International Corporate Center	New Lease	29,052	Airport
Apex Global Logistics	Beacon Centre	New Lease	20,400	Airport
K&M Handling	MICC Building 10	New Lease	18,000	Airport

Significant First Quarter 2017 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Bridgepoint Crossroads West	243,300	\$31,650,000	\$130	TA Realty	Hialeah
Gratigny Industrial Park	343,553	\$25,750,000	\$75	Prologis	North Dade
Floor & Decor	181,850	\$14,992,600	\$82	MDH Partners	North Dade
1605 NW 159th Street	165,710	\$11,404,300	\$69	MDH Partners	North Dade
16501 NW 8th Avenue	67,710	\$10,149,579	\$150	MDH Partners	North Dade
Dade Paper Company	82,261	\$10,000,000	\$122	Honey Hill LLC	Airport
6850 SW 81st Terrace	42,224	\$8,720,000	\$113	DRA Advisors	Medley



Industrial Submarkets Map



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