

# Miami-Dade County



## Market Facts

**184.4 MSF**

Total inventory in the  
Miami-Dade industrial market

**3,020,597 SF**

Direct net absorption  
for 2017

**2.87%**

Overall Vacancy

**\$7.32 PSF**

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

## New Supply Continues to Chase Increasing Demand

### Regional Economic Activity

Strong economic fundamentals continue to strengthen and fuel growth in the local industrial market. As of November 2017, Miami-Dade County's unemployment rate stood at 4.6% which is 40 bps below November's rate in 2016. Furthermore, total employment is also up, growing by 2.3% in the same time period and currently sitting at 1.3 million jobs. These economic factors have contributed to both an active leasing market and significant investment interest by large institutional buyers.

Miami has become a hotbed of industrial activity, attracting institutional investors, logistics operators and e-commerce companies alike. Due to this tremendous growth, Miami is now on par with many top U.S. markets such as Los Angeles, New York, Chicago, Atlanta and North Carolina in terms of overall vacancy and total net absorption.

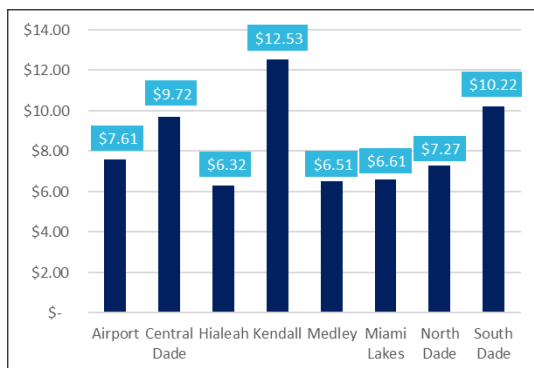
### Last-Mile Space Drives Leasing Activity

With more than 3 million sf of industrial space absorbed in 2017, the market now boasts occupancy rates above 97%. Miami-Dade has improved global ties and entered a period of unprecedented growth which is largely a result of improved infrastructure including the recent expansion of the Panama Canal and the dredging of the shipping channel in PortMiami.

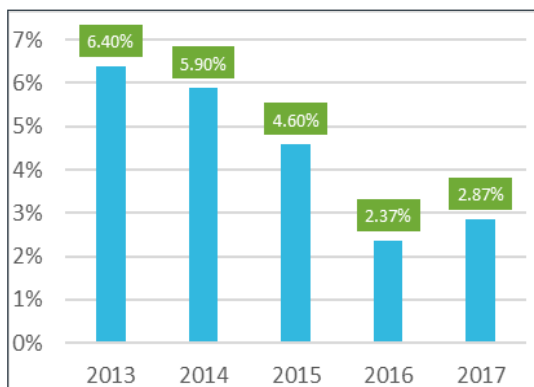
According to the Prologis Industrial Business Indicator, tenant demand for industrial space is very strong and is largely driven by the industry's logistical dependency on seaports. In addition, Miami offers many newly-built properties that satisfy e-commerce occupiers' requirement for "last-mile" space. These characteristics found in the Miami-Dade industrial market are all contributing

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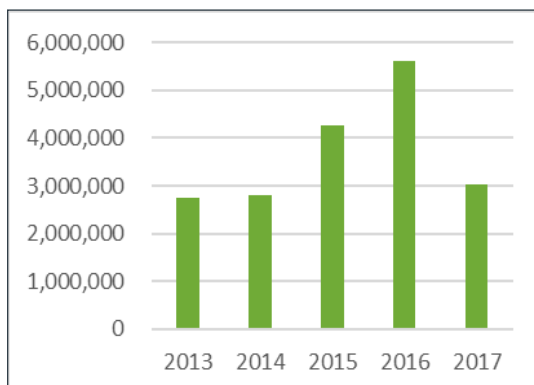
### Average Asking Rent Rate (NNN)



### Vacancy Rate



### Net Absorption (SF)



factors to the county's significant demand and leasing activity.

### Large Capital Supply Drives Development Activity

The Miami-Dade industrial market has experienced a return to pre-recession occupancy levels and lease rates, with over 4 million sf under construction across the county. Speculative industrial development is also on the rise as demonstrated by the 4 million sf delivered in 2017, in part because there is an influx of capital funding these projects. Following the recession, construction loans were mostly available for built-to-suit developments.

However, this is no longer the case and the near-limitless supply of capital from institutional funds and private equity to buy large parcels of industrial land is adding a new generation of industrial space that meets the needs of today's large occupiers. At the same time, there are smaller companies, such as local produce companies, adapting older buildings to suit their needs. As long as there is positive absorption taking place in the industrial market, it will not become overbuilt.

### Large Sales Prompt Future Development

Investment sales throughout the year have been comprised principally of private investors, which account for 44% of the capital flow, followed by institutional investors accounting for 25%, REITs for 24% and finally cross-border capital for 7%. In 2017, \$1 billion in total volume traded for an average of \$80 per sf. This represents a significant 60%

decrease in total volume and a 6% increase in the average price per sf compared to the prior year.

The most significant investment transaction of 2017 was Foundry Commercial's acquisition of the Miami Free Zone Business Park for \$90 million, or \$106 per sf. Built in 1979, the 850,000-sf industrial complex last traded in 2006 for \$76.2 million, resulting in an 18% gain over the last 11 years. However, a majority of the value in the deal comes from the 18 acres of undeveloped land where Foundry Commercial and American Realty Advisors plan to build another 300,000 sf of industrial space. Another notable sale was CenterPoint Properties' acquisition of the Winn Dixie Distribution center for \$59 million, or \$61 per sf. This was one of two investments CenterPoint made in the Miami market. The second was the \$17.5 million purchase of Iron Mountain in a nearby park.

### Looking Ahead

Miami's access to a global investment pool allows for the development of the large properties with amenities which sophisticated tenants are seeking. In addition to 4 million sf of industrial space currently under construction, there are several buildings projected to begin construction in 2018. Avison Young anticipates the market will remain strong throughout 2018, and for continued demand to drive future industrial development.

Miami-Dade County

Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	30,195,084	2,159,559	211,977	\$7.04	92.85%	7.15%	0.70%	7.85%	4,140,975	2,354,125
Flex	14,431,217	224,761	32,130	\$9.37	98.44%	1.56%	0.22%	1.78%	0	169,268
Manufacturing	22,387,075	143,299	0	\$8.16	99.36%	0.64%	0.00%	0.64%	0	35,321
Warehouse / Distribution	117,412,802	2,398,957	117,662	\$7.33	97.96%	2.04%	0.10%	2.14%	101,130	461,883
<b>Total</b>	<b>184,426,178</b>	<b>4,926,576</b>	<b>361,769</b>	<b>\$7.32</b>	<b>97.33%</b>	<b>2.67%</b>	<b>0.20%</b>	<b>2.87%</b>	<b>4,242,105</b>	<b>3,020,597</b>

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	11,962,364	757,910	48,682	\$7.69	93.66%	6.34%	0.41%	6.74%	766,200	508,918
Flex	7,684,131	89,469	22,130	\$10.16	98.84%	1.16%	0.29%	1.45%	0	(27,974)
Manufacturing	3,274,844	36,499	0	\$8.95	98.89%	1.11%	0.00%	1.11%	0	67,147
Warehouse / Distribution	45,016,377	907,221	50,875	\$7.24	97.98%	2.02%	0.11%	2.13%	0	653,240
<b>Total</b>	<b>67,937,716</b>	<b>1,791,099</b>	<b>121,687</b>	<b>\$7.61</b>	<b>97.36%</b>	<b>2.64%</b>	<b>0.18%</b>	<b>2.82%</b>	<b>766,200</b>	<b>1,201,331</b>

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	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	61,600
Manufacturing	1,818,935	16,850	0	\$11.06	99.07%	0.93%	0.00%	0.93%	0	14,724
Warehouse / Distribution	7,770,529	202,749	0	\$9.61	97.39%	2.61%	0.00%	2.61%	0	2,938
<b>Total</b>	<b>10,330,879</b>	<b>219,599</b>	<b>0</b>	<b>\$9.72</b>	<b>97.87%</b>	<b>2.13%</b>	<b>0.00%</b>	<b>2.13%</b>	<b>0</b>	<b>79,262</b>

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	30,200	0	\$5.89	99.52%	0.48%	0.00%	0.48%	0	(30,200)
Warehouse / Distribution	13,856,894	324,834	55,307	\$6.36	97.66%	2.34%	0.40%	2.74%	0	(136,549)
<b>Total</b>	<b>20,360,570</b>	<b>355,034</b>	<b>55,307</b>	<b>\$6.32</b>	<b>98.26%</b>	<b>1.74%</b>	<b>0.27%</b>	<b>2.02%</b>	<b>0</b>	<b>(166,749)</b>

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	1,846,691	19,801	0	\$13.58	98.93%	1.07%	0.00%	1.07%	0	91,896
Manufacturing	755,071	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	6,079,598	18,109	0	\$11.39	99.70%	0.30%	0.00%	0.30%	0	3,337
<b>Total</b>	<b>8,681,360</b>	<b>37,910</b>	<b>0</b>	<b>\$12.53</b>	<b>99.56%</b>	<b>0.44%</b>	<b>0.00%</b>	<b>0.44%</b>	<b>0</b>	<b>95,233</b>

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	14,300,982	893,902	140,895	\$6.36	93.75%	6.25%	0.99%	7.24%	708,590	1,377,472
Flex	610,372	750	0	\$11.00	99.88%	0.12%	0.00%	0.12%	0	2,670
Manufacturing	3,254,100	15,000	0	\$8.75	99.54%	0.46%	0.00%	0.46%	0	(13,600)
Warehouse / Distribution	11,139,413	186,436	0	\$7.04	98.33%	1.67%	0.00%	1.67%	0	(71,009)
<b>Total</b>	<b>29,304,867</b>	<b>1,096,088</b>	<b>140,895</b>	<b>\$6.51</b>	<b>96.26%</b>	<b>3.74%</b>	<b>0.48%</b>	<b>4.22%</b>	<b>708,590</b>	<b>1,295,533</b>

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	18,164	0	\$7.75	98.16%	1.84%	0.00%	1.84%	2,158,685	118,318
Flex	1,644,803	82,567	10,000	\$6.74	94.98%	5.02%	0.61%	5.63%	0	(2,567)
Manufacturing	2,136,913	32,000	0	\$8.35	98.50%	1.50%	0.00%	1.50%	0	10,000
Warehouse / Distribution	6,641,236	248,223	4,480	\$6.26	96.26%	3.74%	0.07%	3.81%	101,130	118,574
<b>Total</b>	<b>11,412,152</b>	<b>380,954</b>	<b>14,480</b>	<b>\$6.61</b>	<b>96.66%</b>	<b>3.34%</b>	<b>0.13%</b>	<b>3.47%</b>	<b>2,259,815</b>	<b>244,325</b>

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	489,583	22,400	\$7.25	80.24%	19.76%	0.90%	20.66%	507,500	112,417
Flex	1,185,091	19,874	0	\$11.50	98.32%	1.68%	0.00%	1.68%	0	29,083
Manufacturing	4,660,061	12,750	0	\$6.26	99.73%	0.27%	0.00%	0.27%	0	(12,750)
Warehouse / Distribution	23,272,253	419,371	7,000	\$7.13	98.20%	1.80%	0.03%	1.83%	0	(49,584)
<b>Total</b>	<b>31,594,943</b>	<b>941,578</b>	<b>29,400</b>	<b>\$7.27</b>	<b>97.02%</b>	<b>2.98%</b>	<b>0.09%</b>	<b>3.07%</b>	<b>507,500</b>	<b>79,166</b>

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	237,000	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	237,000
Flex	787,959	12,300	0	\$10.93	98.44%	1.56%	0.00%	1.56%	0	14,560
Manufacturing	142,230	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,636,502	92,014	0	\$10.13	97.47%	2.53%	0.00%	2.53%	0	(59,064)
<b>Total</b>	<b>4,803,691</b>	<b>104,314</b>	<b>0</b>	<b>\$10.22</b>	<b>97.83%</b>	<b>2.17%</b>	<b>0.00%</b>	<b>2.17%</b>	<b>0</b>	<b>192,496</b>

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

The Miami-Dade industrial market has experienced a return to pre-recession occupancy levels and lease rates, with 4 million sf under construction across the county.

### Leading Indicators (Y-O-Y 4Q-2016 to 4Q-2017)

Vacancy Rate	Net Absorption	Average Asking Rate (NNN)	New Construction	South Florida Labor Force
→	↘	↗	↗	↗
2.87%	3,020,597 SF	\$7.32 / SF	4,242,105 SF	3.14 MM

### Significant 2017 Lease Transactions - Sorted by SF

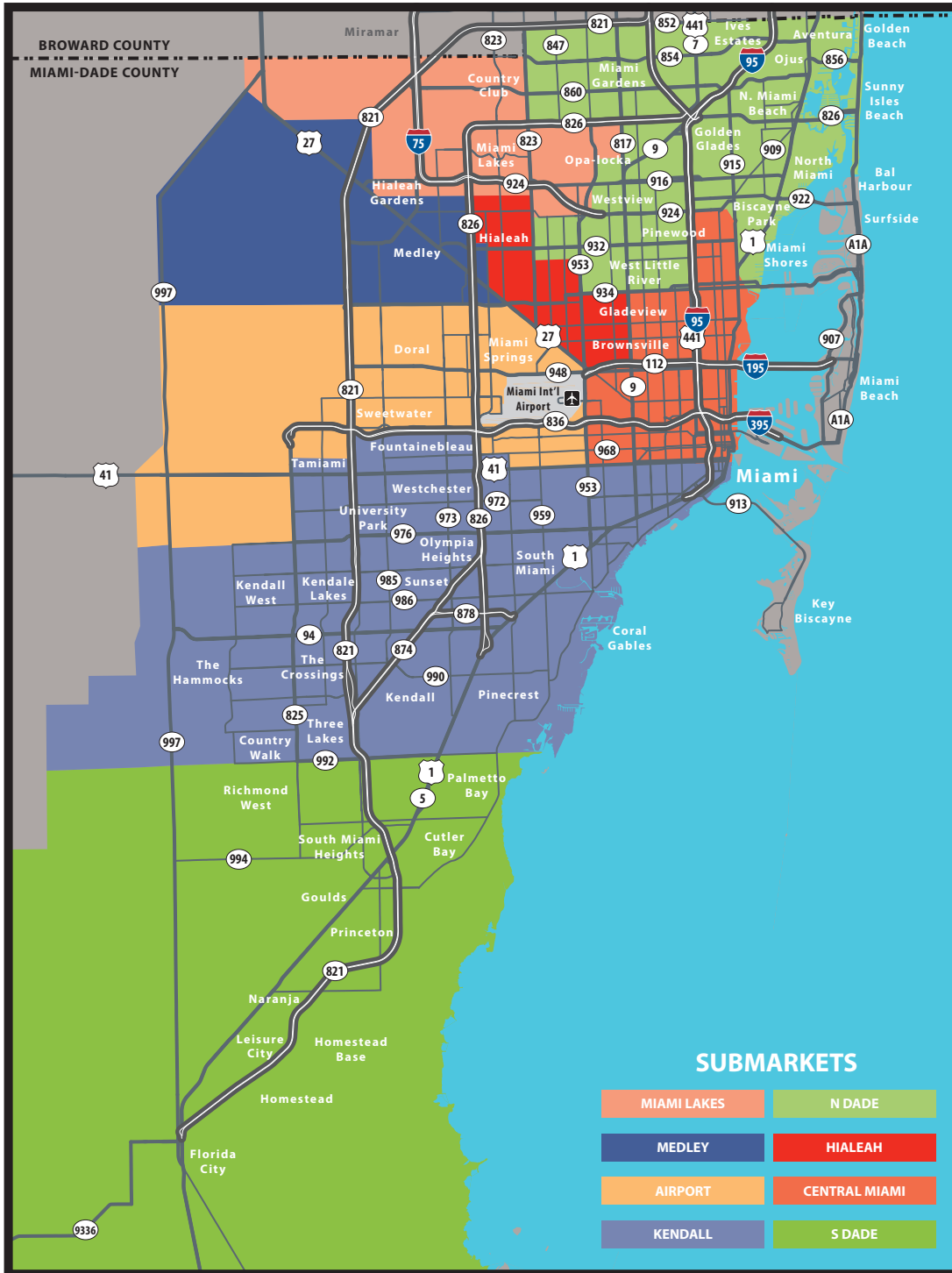
Tenant	Property	Type	SF	Qtr Leased	Submarket
Bel USA	Medley Logistics Park	Renewal	342,750	1Q17	Medley
Ross Furniture	6695 - 6699 NW 36th Avenue	New Lease	114,000	4Q17	Hialeah
AMG Global Distribution	Miami International Tradeport	New Lease	113,700	2Q17	Medley
Pro Intermodal	Miami Int. Logistics Center - East	New Lease	104,616	3Q17	Medley
DHL	Beacon Centre - Bldg 26	Renewal	100,044	4Q17	Airport
H Greg Miami, Inc.	Bristol Logistics Center	New Lease	96,920	1Q17	Airport

### Significant 2017 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Qtr Sold	Submarket
Miami Free Zone	850,000	\$90,000,000	\$106	Foundry Commercial	4Q17	Airport/Doral
Winn Dixie Distribution Center	961,345	\$59,000,000	\$61	CenterPoint	3Q17	Hialeah
Bridgepoint Crossroads East	420,989	\$49,706,300	\$118	Duke Realty	2Q17	Medley
FedEx Ground Distribution	236,975	\$38,347,933	\$162	MREIC	2Q17	South Dade
FedEx Miami	103,337	\$37,250,000	\$360	Lalezarian Developers	2Q17	Central Miami
1604 West 31st Place	372,136	\$32,500,000	\$87	COFE Properties	4Q17	Medley
Bridgepoint Crossroads South	255,846	\$30,207,800	\$118	Duke Realty	2Q17	Medley



Industrial Submarket Map



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SUBMARKETS

MIAMI LAKES	N DADE
MEDLEY	HIALEAH
AIRPORT	CENTRAL MIAMI
KENDALL	S DADE

