



Miami industrial market report

Q1 2023

**AVISON
YOUNG**

Miami industrial market trends

2.2 msf

Scarce availability causes slower leasing activity

Amid rising economic pressure, Miami's industrial leasing activity continued to lag, resulting in the second slowest quarter post-pandemic at 2.2 million square feet (msf) leased. Leasing volume in the first quarter was down 58% from the same time last year, partly because of a historically low vacancy rate as developable land becomes scarcer.

Market fundamentals have remained tight for several quarters due to robust tenant demand and extremely low availability. During the first quarter, four deals were signed that exceeded 100,000 square feet (sf), with JAS signing the largest deal for 198,108 sf at Building 10 of First Park Miami.

Leasing volume is expected to pick back up throughout 2023 as more projects near completion.

8.6 msf

Record amount of new inventory to deliver in 2023

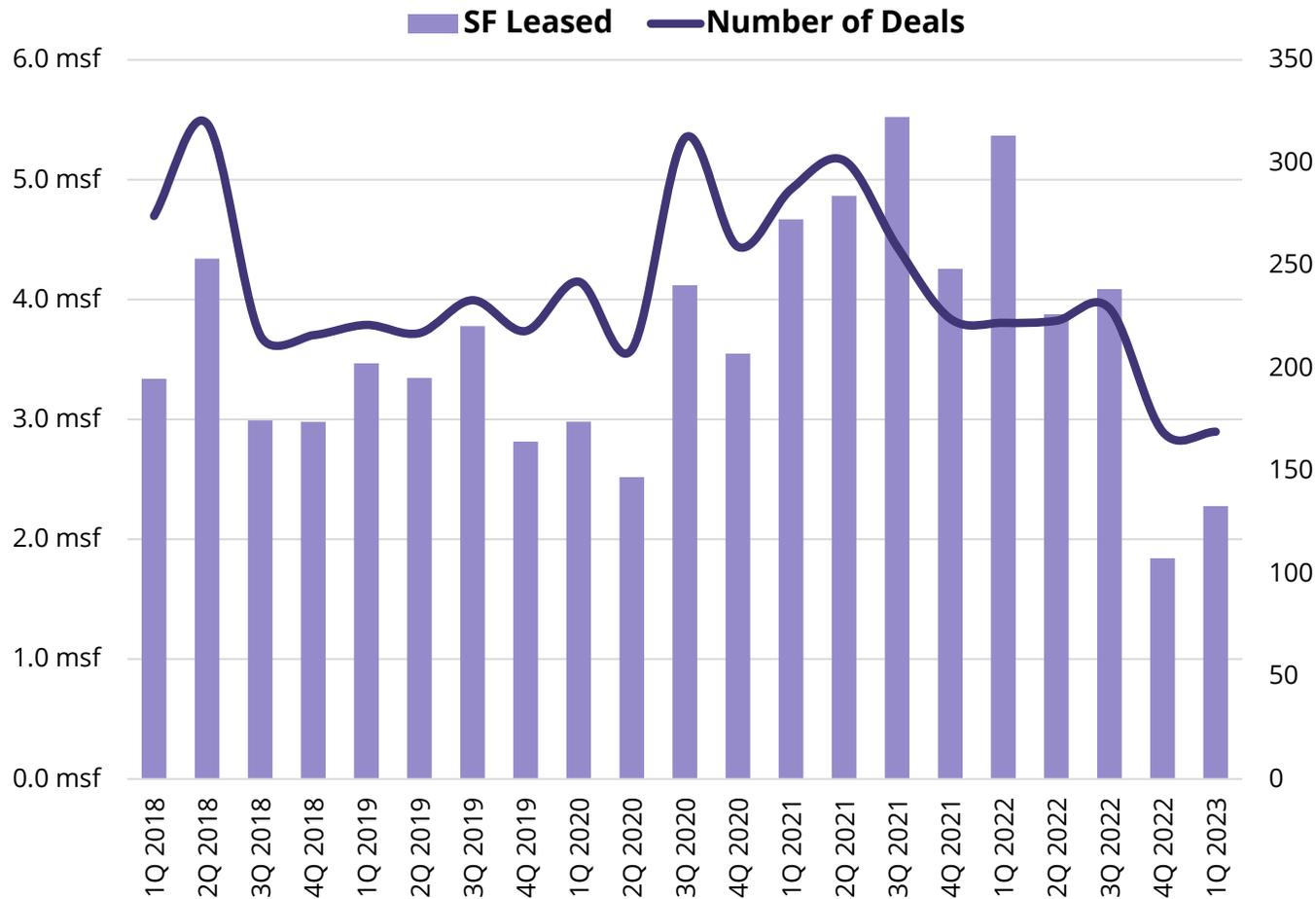
A record amount of new inventory is set to deliver in 2023, with 3 msf delivering throughout the first quarter and another 5.5 msf underway. While vacancy has declined steadily over the past few quarters despite new supply, a brief pause in leasing activity amid economic constraints may temporarily increase vacancy. The largest project under construction is Bridge Point Commerce Center Phase II, totaling 1.5 msf within two buildings. The top three projects under construction account for 36% of the development pipeline and have yet to be pre-leased. The surplus of inventory on the horizon is anticipated to fuel leasing demand throughout the year as economic conditions improve.

\$16.50

Strong fundamentals apply upward pressure on asking rates

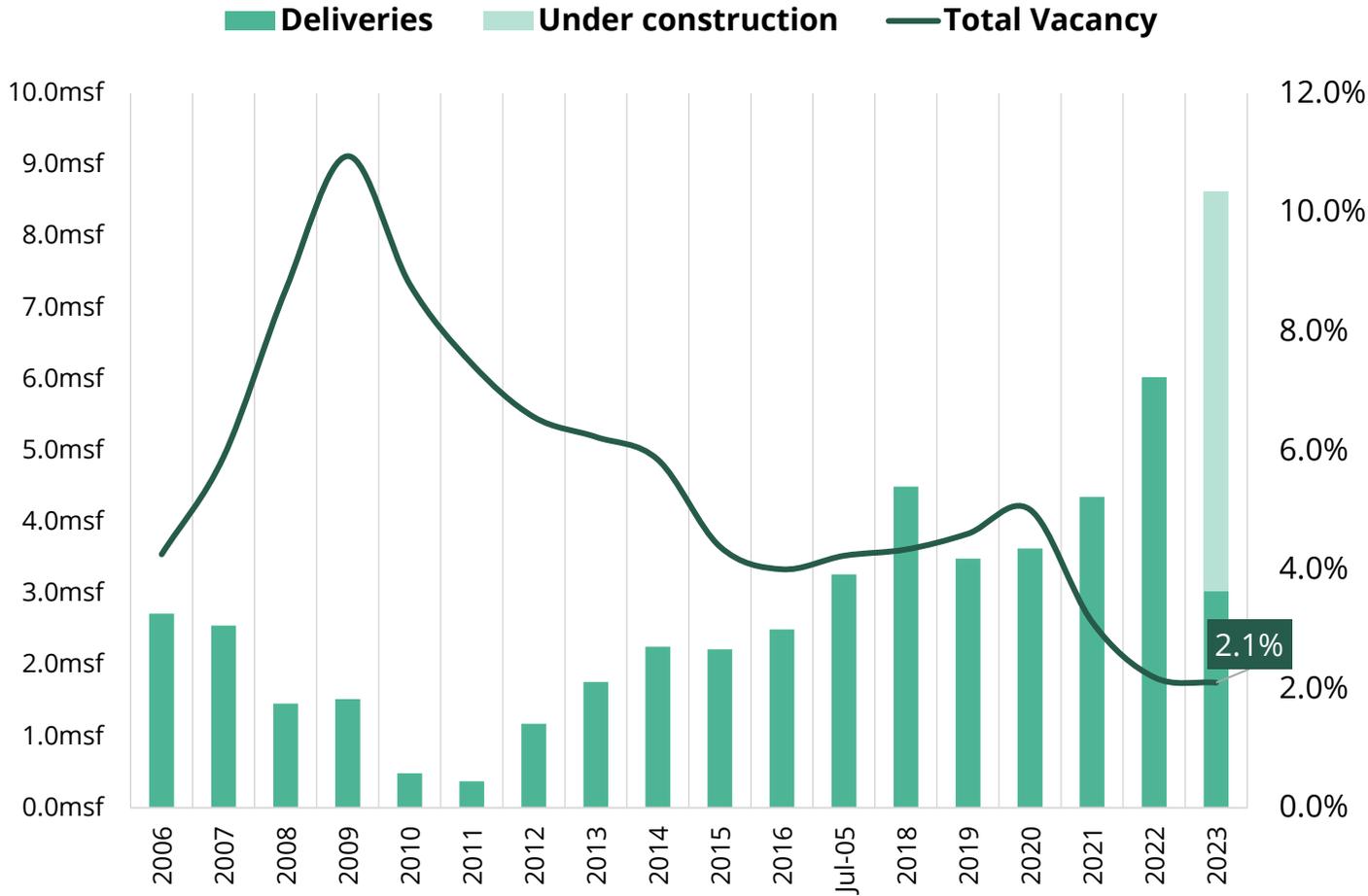
Landlords continue raising rents as vacancy remains at record lows. The direct average asking rate increased by 8.1% over the quarter to \$16.50 NNN. Buildings between 100,000 and 250,000 sf are in the highest demand, leading to an average asking rate of \$17.06 NNN. Airport West has seen some of the strongest rent growth in the market, with the average asking rate reaching \$18.31 NNN, up 36% from the first quarter of 2022. Asking rents are expected to continue rising in the near term as more high-quality space is added to the market.

Leasing activity



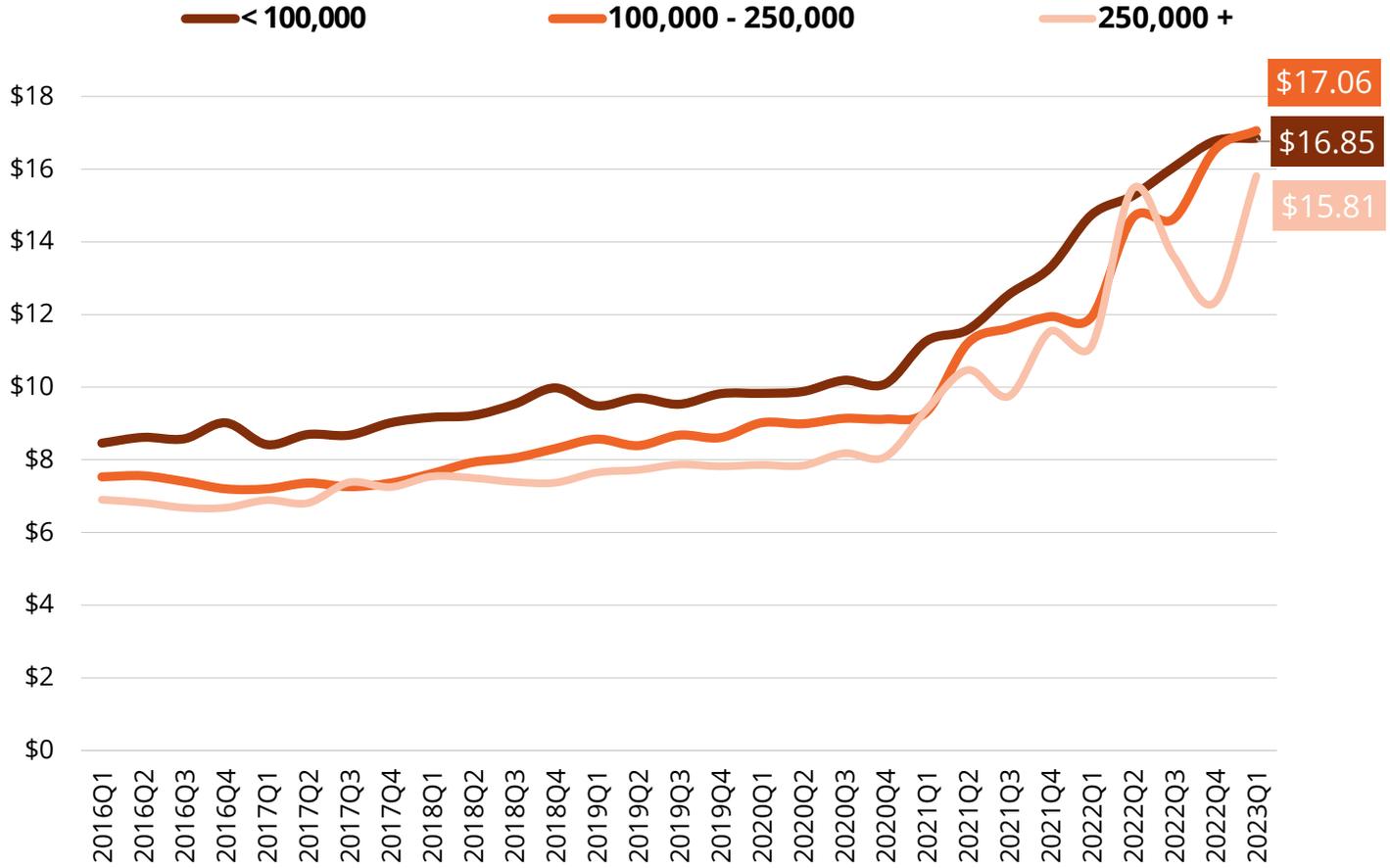
Leasing demand has softened due to limited availability within the market, as the direct vacancy rate was at 1.9% at the end of the first quarter.

Record deliveries could increase vacancy



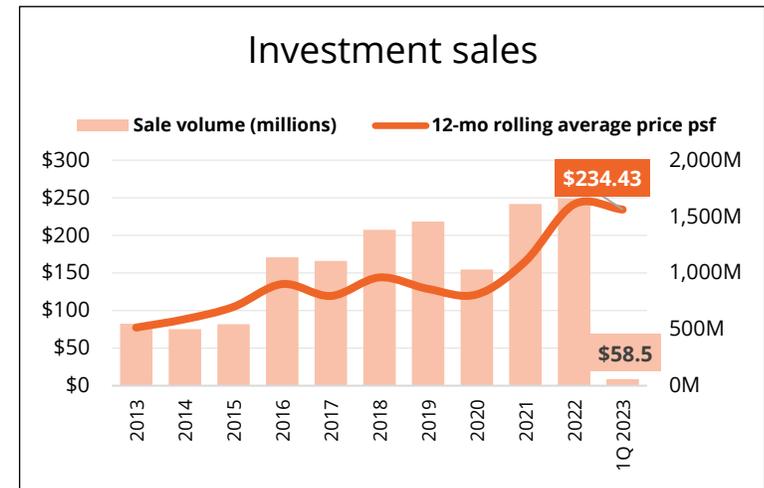
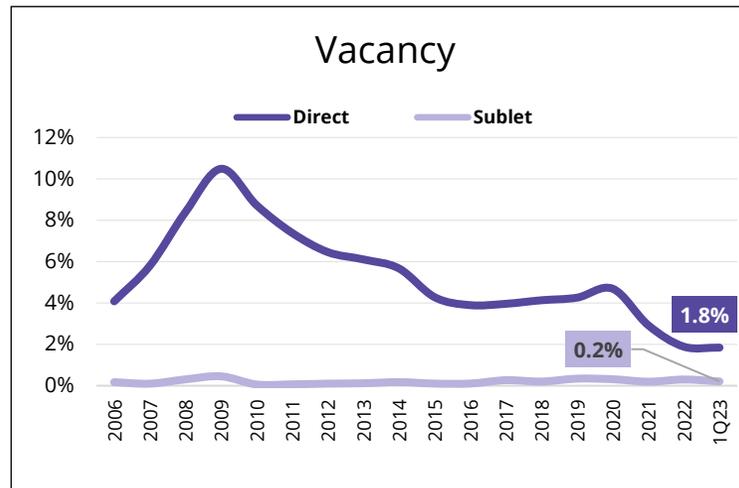
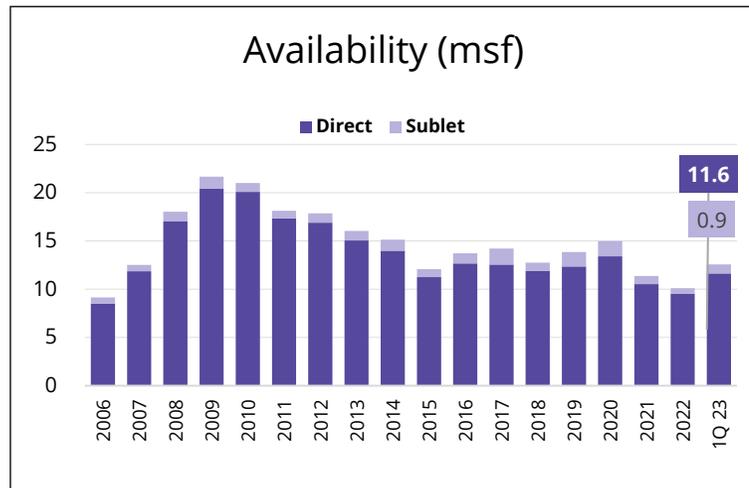
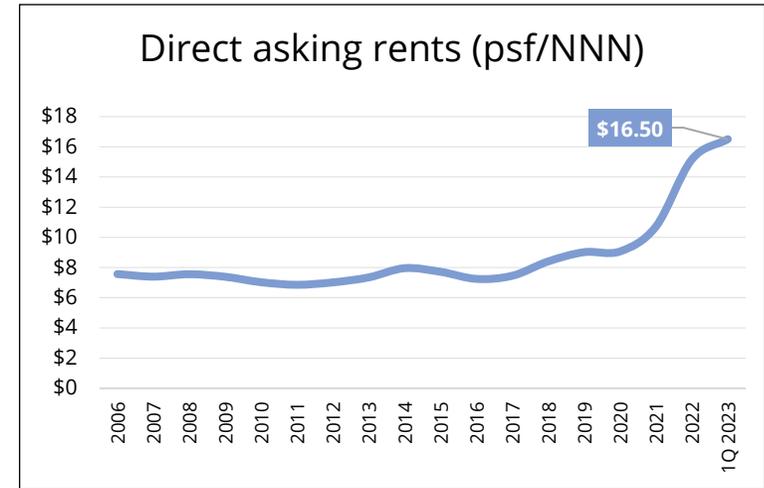
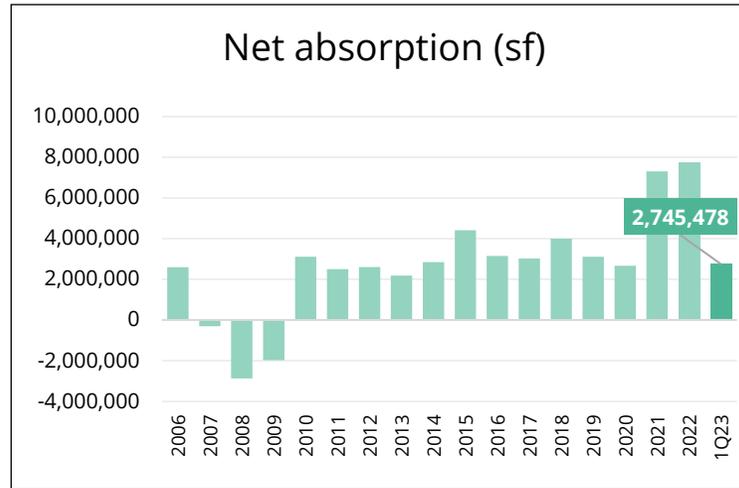
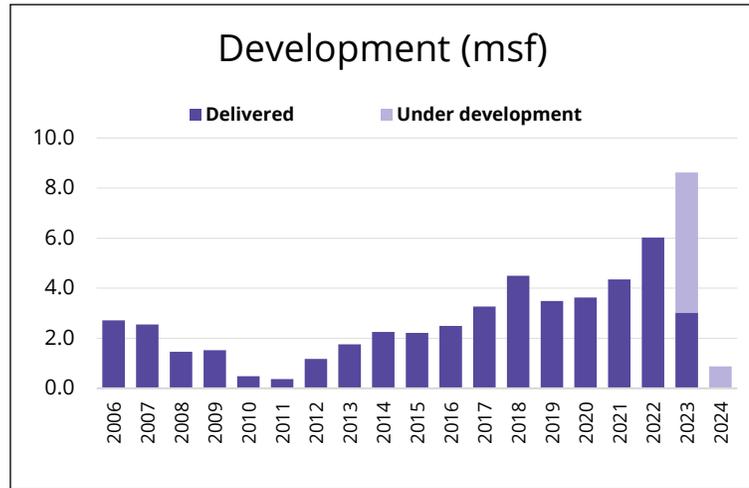
While vacancy has been at a historic low, an additional 5.6 msf is expected to come online by the end of the year and will likely increase vacancy in the near term.

Asking rates by size

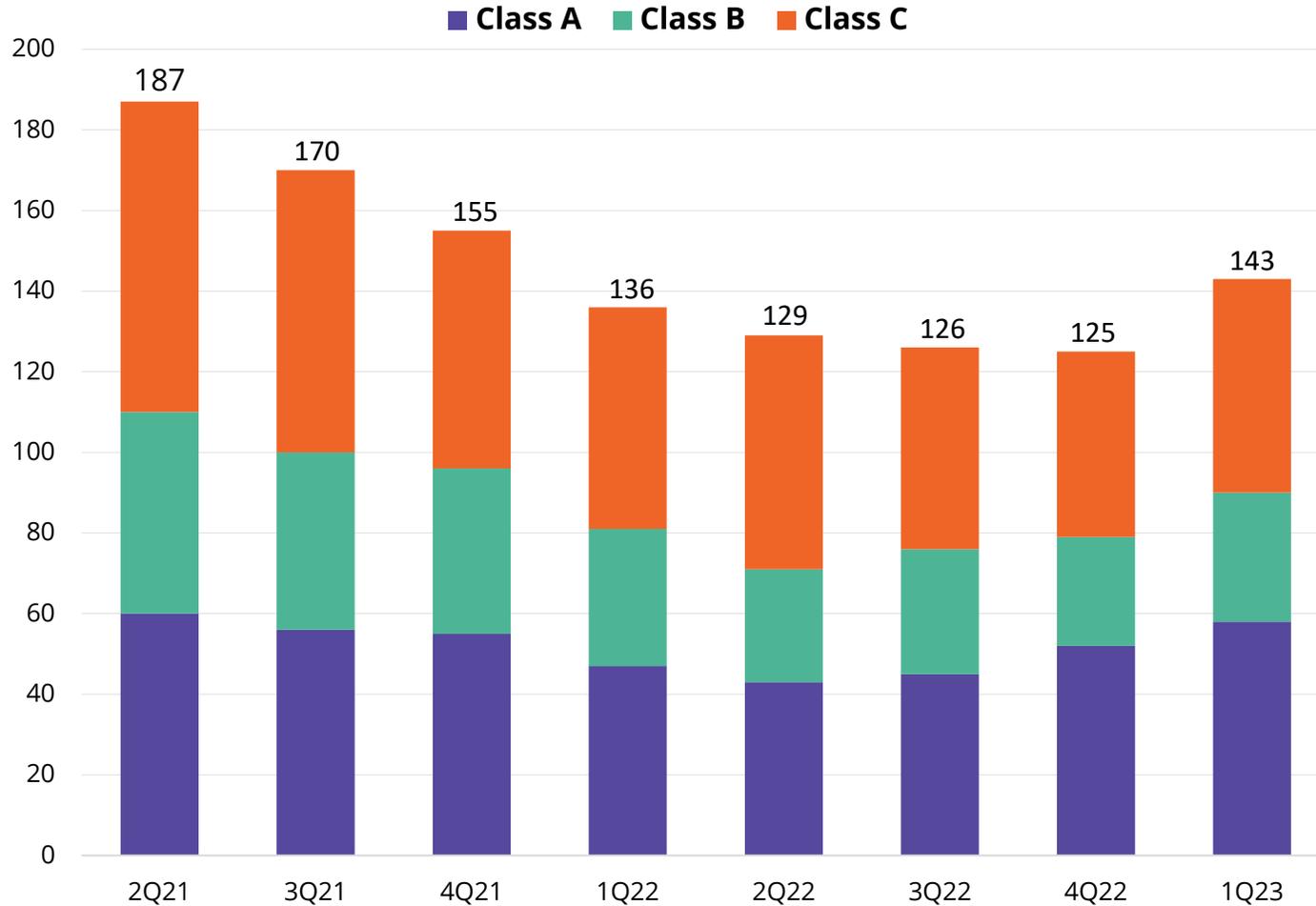


Robust demand continues to apply upward pressure on asking rates as buildings over 100,000 sf experienced a 43% increase year-over-year.

Miami industrial market indicators

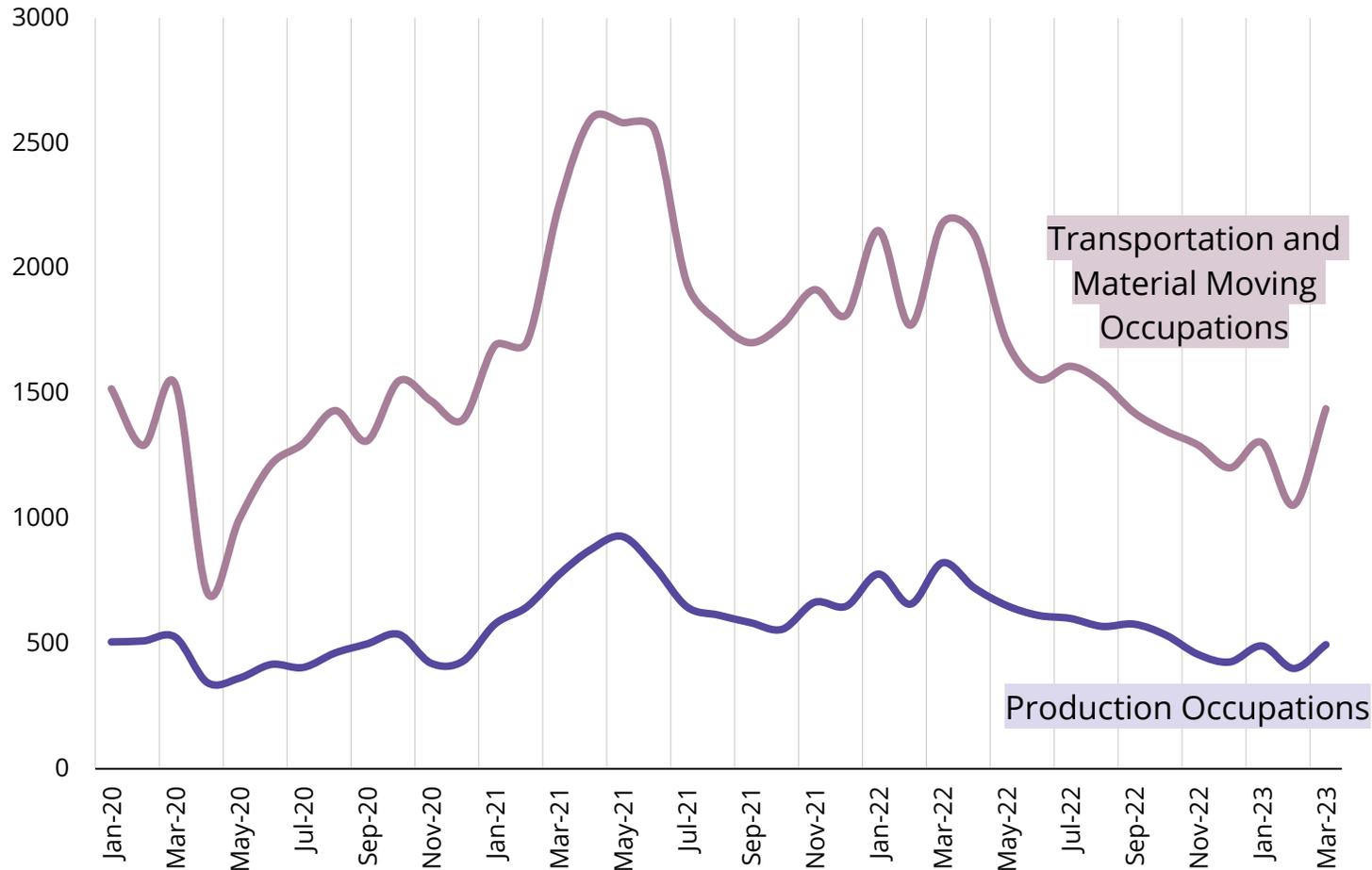


Large block availabilities



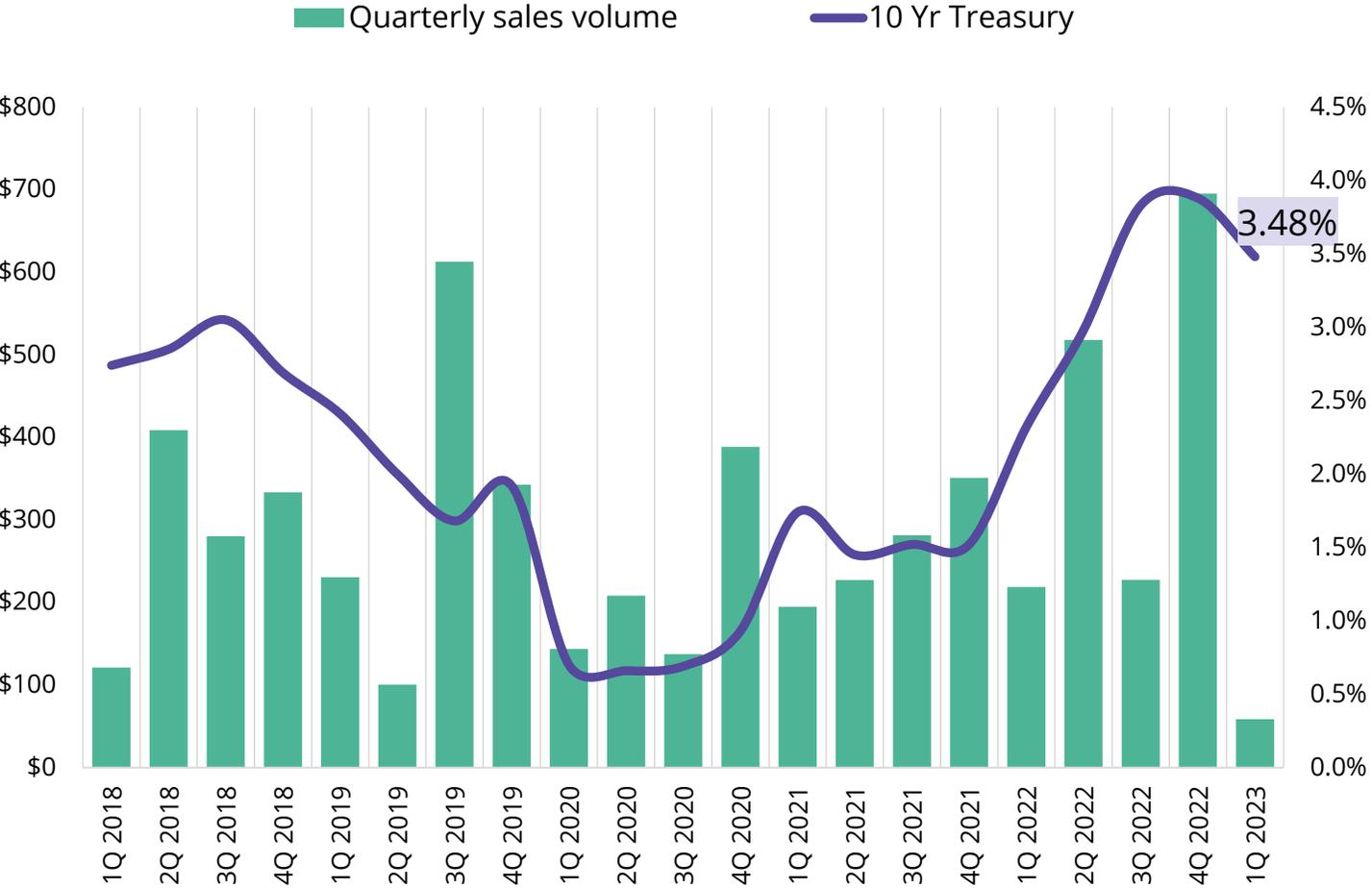
Availabilities increased slightly by 5.1% year-over-year due to recent deliveries in the first quarter. The Airport West submarket represents 39% of the large block availabilities.

Miami industrial using job postings



Transportation and material movers job postings saw a strong increase year-to-date of 19.6%, in addition to production occupation job postings increasing by 16.2%.

Investment sales volumes



Economic headwinds begin to impact industrial assets as investors face challenges securing capital amid financial crisis within banks.

Miami industrial market stats

Recent leasing activity

Tenant name	Address	Sign date	Size (sf)	Transaction type	Lease type	Submarket
JAS	8406 N.W. 90 th St.	March 2023	198,108	Direct	New	Medley
Perez Trading	3490 N.W. 125 th St.	March 2023	114,000	Direct	Renewal	Northeast Dade
Krystal Logistics USA	11600 N.W. 91 st St.	Feb. 2023	112,602	Direct	Renewal	Medley
ModusLink	10990-11010 N.W. 92nd Ter.	Feb. 2023	104,127	Direct	Renewal	Medley
Avenir Aviation	9710 N.W. 110 th Ave.	Feb. 2023	96,838	Direct	Renewal	Medley

Recent sales activity

Buyer	Address	Sale date	Building Size (sf)	Sale price	Sale price psf	Seller
Ray & Fredrica Applebaum	4180-4182 S.W. 74th Ct.	Feb. 2023	68,077	\$13,210,000	\$194	Tilia Family of Companies
Milestone & Paver	6500 N.W. 72nd Ave.	Jan. 2023	53,005	\$12,750,000	\$241	Platinum Brands International
Yoel Gidanian	3130 W. 15th Ave.	Jan. 2023	37,422	\$10,000,000	\$267	Jimmy Ng

Top projects under development

Property	Address	Delivery Date	Building Size (sf)	% Preleased	Developer	Submarket
Bridge Point Commerce Center, Phase II, Buildings A and B	21500 N.W. 47 th Ave.	June 2023 May 2023	793,937 793,937	0%	Bridge Industrial	Northeast Dade
Bridge Point Gratigny	4700 N.W. 135 th St.	Oct. 2024	409,189	0%	Bridge Industrial	Miami Gardens
Countyline Corporate Park, Phase II, Building 18	4000 W. 108 th St.	April 2023	360,845	0%	Ares Management	Hialeah

Miami industrial market stats

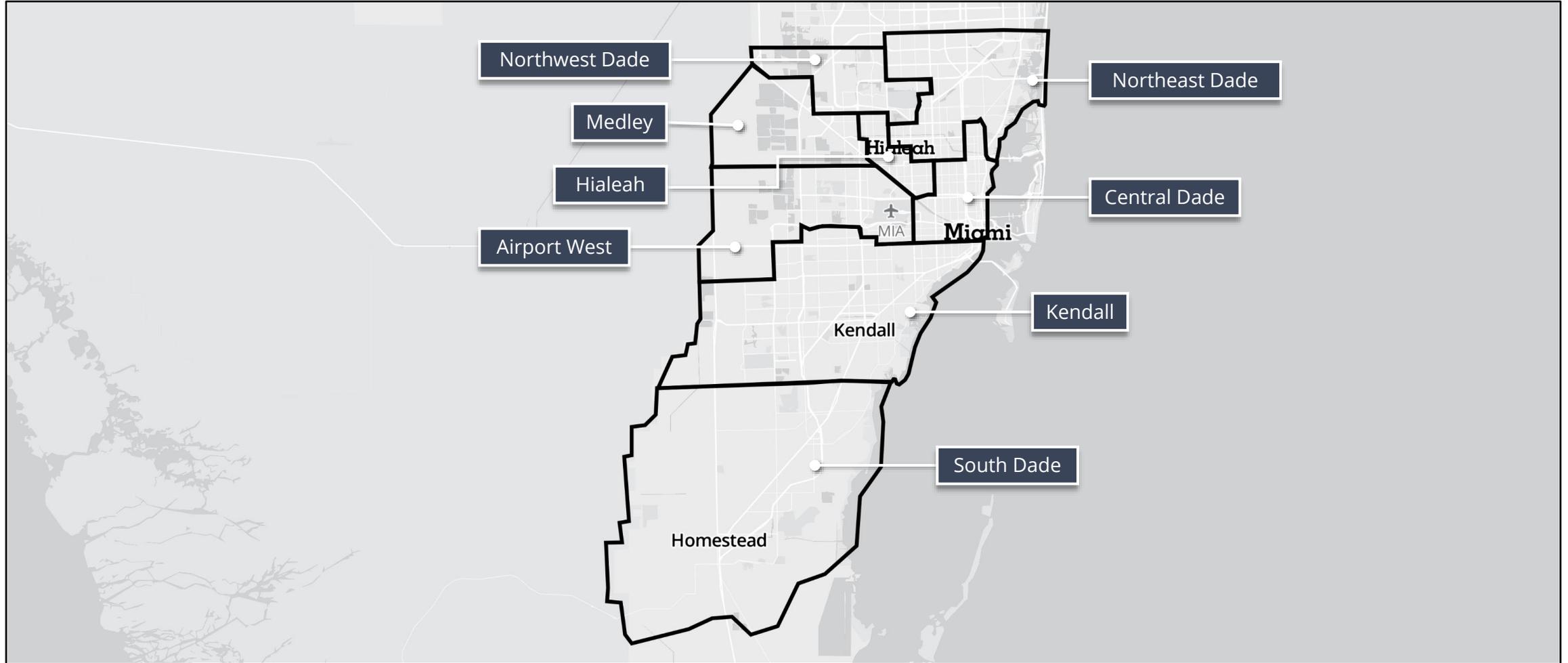
By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			W / D	Flex	1Q23	YTD	Construction	Total	W / D	Flex
Airport West	61,161,630	1.8%	1.7%	2.4%	255,101	255,101	905,710	\$18.31	\$ 18.06	\$20.61
Central Dade	13,696,303	2.3%	2.0%	5.2%	1,033,964	1,033,964	85,376	\$19.58	\$ 19.11	\$23.77
Hialeah	17,504,741	2.3%	2.3%	0.0%	90,654	90,654	149,850	\$12.21	\$ 12.07	\$18.00
Kendall	7,962,764	0.9%	0.9%	1.0%	-34,295	-34,295	—	\$17.62	\$ 16.71	\$18.47
Medley	35,860,581	2.4%	2.3%	3.5%	541,835	541,835	674,840	\$17.61	\$ 17.54	\$19.85
Northeast Dade	29,464,663	2.0%	1.7%	7.0%	208,654	208,654	1,762,871	\$15.09	\$ 14.77	\$30.44
Northwest Dade	26,860,049	2.6%	2.7%	0.1%	618,196	618,196	2,891,107	\$16.08	\$ 16.05	\$16.96
South Dade	6,227,288	0.7%	0.6%	1.2%	31,369	31,369	—	\$17.43	\$ 17.37	\$17.82
Market Total	198,738,019	2.1%	2.0%	2.7%	2,745,478	2,745,478	6,469,754	\$16.50	\$16.20	\$21.90

Miami industrial market stats by type

By Type	Inventory (sf)	Vacancy	1Q Absorption	YTD Absorption	SF Under Construction	Available Sublease (sf)
Warehouse and Distribution	181,458,025	2.0%	2,735,379	2,735,379	6,399,602	901,557
Flex	17,279,994	2.7%	11,989	10,099	70,152	13,800
Market total	198,738,019	2.1%	2,745,478	2,745,478	6,469,754	915,357



Miami industrial submarket map



Industrial insights glossary of terms

Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

Industrial rents and concessions

- **Triple net rents:** tenant is responsible for paying rent, utilities, taxes, operating expenses and common area maintenance
- **Asking rents:** pricing guidance provided by landlords to tenants for available space expressed as triple net (NNN)
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases, expressed as triple net (NNN)
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of an industrial suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions expressed as full service (FS)

Capital markets

- **Investment volume:** industrial sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and information visit **avisonyoung.com**

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