

## Robust Leasing Activity and Strong Positive Net Absorption Set the Tone for 2019 Amid New Industrial Deliveries

Following one of the most successful years for Miami-Dade County's industrial market, 2019 is already off to an impressive start as the market continues to be propelled by persistent population and job growth, positive investor sentiment, and strong leasing activity. Healthy economic fundamentals remain in place as the overall unemployment rate saw an 80-basis point (bps) drop to 3.2% year-over-year as of February 2019. Net absorption experienced a significant gain during the first quarter, recording 1.15 million sf of positive net absorption, a notable 45% increase from the net absorption recorded for the first quarter of 2018. The delivery of several mostly pre-leased speculative developments this quarter contributed to the spike in net absorption. Significant deliveries during the first quarter included the three buildings of phase one at Eastview Commerce Center in Northeast Dade (+357,500 sf), building H at Lakeview Industrial Center in Medley (+200,000 sf), and three buildings, including the build-to-suit project for travel retailer Dufry, at the Beacon Lakes Industrial Park in Airport West (+425,800 sf). Despite an influx of new industrial product, vacancy rates continue to remain low and relatively flat indicating the strength of demand in Miami's industrial market. Robust leasing activity took place during the first quarter, with CEVA Logistics signing the largest lease of the first quarter for the renewal of its 364,608-sf space in the Airport West submarket. Roca Tile USA also renewed its lease at the Dolphin Commerce Center and expanded by 25,745 sf for a total of 134,383 sf. In an effort to prepare for the possibility of an eventual downturn in the market, landlords have been pushing to renew tenant leases early in order to lock in a higher rental rate. The outlook remains positive for the industrial sector in 2019 as e-commerce and the demand for industrial and logistics space continues to drive the market.



**1.1 Million SF**  
of new industrial  
space delivered  
during 1Q-2019,  
of which 70% was  
leased prior to  
delivery

## Industrial Market Snapshot

- As developable land is becoming increasingly scarce and the price for land continues to climb, industrial space is beginning to be purchased and rezoned for redevelopment and repositioning of alternate uses. The demand for more residential development being driven by the county's strong population growth will continue to have an effect on this trend.
- During the first quarter of 2019, a confidential cold storage company was seeking incentives from Miami-Dade County to create 51 new jobs. The company currently referred to as "Project Frost" would build a 185,731-sf refrigerated storage and warehouse facility in Hialeah in exchange for \$895,000 in county incentives.
- In a tight labor market, industrial tenants are seeking more amenities in an effort to attract and retain talent. As a result, an emerging trend of the convergence of retail and industrial space is beginning to surface in new developments. A prime example

is Terra and Terranova Corporation's recent purchase of a PepsiCo bottling plant in Doral, to be redeveloped into a commercial and industrial project called District 79. The development would comprise 500,000 sf of retail/commercial space and 60,000 sf of warehouses.

- Following its most successful year ever in 2018, PortMiami broke records yet again this quarter, recording its highest-ever monthly cargo activity amount in January with a total of 104,183 twenty-foot equivalents (TEUs) of containerized cargo, a 17% increase over January 2018.
- The Federal Reserve announced in late March that it would not continue to raise interest rates during 2019, and that it would instead hold interest rates steady at the target range between 2.25 and 2.5 percent, which was set in December. The decision was made on the basis that the economy's growth is slowing somewhat more than previously expected.

**186.2 MSF**

Total industrial inventory in the  
Miami-Dade County market

**1,147,743 SF**

Direct Y-T-D net absorption  
as of 1Q-2019

**2.82%**

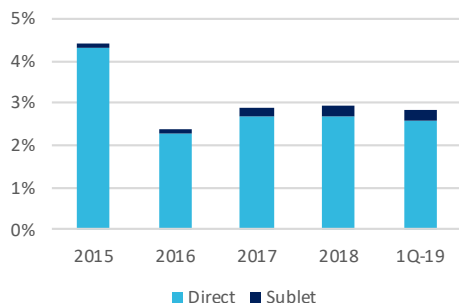
Overall Vacancy

**\$8.44/SF/NNN**

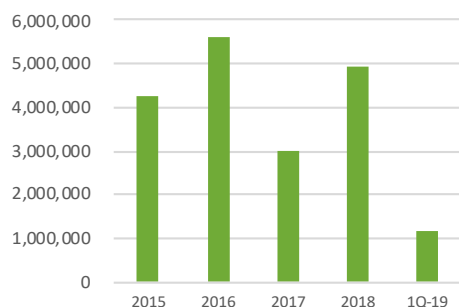
Average asking rental rate

## Statistical Snapshot

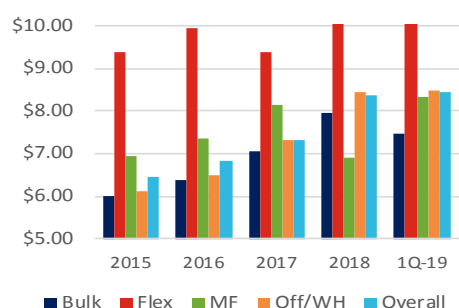
### Vacancy Rate



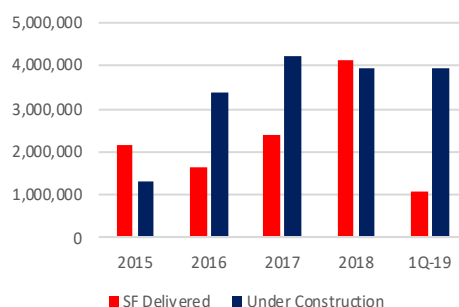
### YTD Net Absorption (SF)



### Average Asking Rent Rate (\$/SF/FS)



### Construction Pipeline



## Miami-Dade County Industrial Market At A Glance

### Demographics & Economy



**126.1 million**  
visitors to Florida during 2018, up  
6% from the record set in 2017



**6.6%** ↑

increase in construction employment  
in the trailing 12 months as of 1Q-2019

**4.0%**  
FEB-2018



**3.2%**  
FEB-2019

change in the Miami-Dade County  
unemployment rate

**26,300**

increase in total non-farm  
employment since 1Q-2018

### Development



#### 13 Major Industrial Projects

scheduled to deliver in Miami-Dade  
County throughout 2019 and 2020



**44%**  
OF DEVELOPMENT  
UNDERWAY

#### Eastview Commerce Center



recently broke  
ground on final  
phase of the  
industrial park.  
Phase II will add

446,800 sf of industrial space to the  
Northeast Dade submarket by July 2019.

is located in the Northeast  
Dade submarket



**3.9 MILLION**

total square feet  
currently under  
construction in  
Miami-Dade County

### Market Influencers



**\$1.35  
BILLION**

in total industrial sales volume  
during the T-12 months ending 1Q19



**11.9%**

average rental rate  
increase over the  
trailing 12-months  
ending 1Q-2019



**40% Increase**

in industrial land prices in Miami-  
Dade County over the last 5 years



#### Average Deal Size

has more than doubled since 2014,  
increasing from an average size of  
30,000 sf to more than 70,000 sf

# Miami-Dade County Industrial Market Report

## First Quarter 2019



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	37,416,658	1,765,124	234,906	\$7.47	95.28%	4.72%	0.63%	5.35%	3,083,884	874,321
Flex	16,014,621	374,597	18,690	\$12.88	97.66%	2.34%	0.12%	2.46%	193,350	(32,266)
Manufacturing	22,941,843	229,140	0	\$8.35	99.00%	1.00%	0.00%	1.00%	0	(103,310)
Warehouse / Distribution	109,826,847	2,444,732	191,254	\$8.47	97.77%	2.23%	0.17%	2.40%	648,173	408,998
<b>Total</b>	<b>186,199,969</b>	<b>4,813,593</b>	<b>444,850</b>	<b>\$8.44</b>	<b>97.41%</b>	<b>2.59%</b>	<b>0.24%</b>	<b>2.82%</b>	<b>3,925,407</b>	<b>1,147,743</b>

Airport West										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	12,866,718	818,099	164,966	\$7.75	93.64%	6.36%	1.28%	7.64%	504,627	369,315
Flex	8,273,744	203,247	18,690	\$13.38	97.54%	2.46%	0.23%	2.68%	155,350	(37,791)
Manufacturing	3,419,124	123,720	0	\$8.61	96.38%	3.62%	0.00%	3.62%	0	(83,221)
Warehouse / Distribution	43,483,518	1,157,378	172,789	\$8.58	97.34%	2.66%	0.40%	3.06%	151,376	289,218
<b>Total</b>	<b>68,043,104</b>	<b>2,302,444</b>	<b>356,445</b>	<b>\$8.71</b>	<b>96.62%</b>	<b>3.38%</b>	<b>0.52%</b>	<b>3.91%</b>	<b>811,353</b>	<b>537,521</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	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Flex	759,509	37,155	0	\$16.24	95.11%	4.89%	0.00%	4.89%	0	(10,700)
Manufacturing	1,719,611	11,260	0	\$12.67	99.35%	0.65%	0.00%	0.65%	0	0
Warehouse / Distribution	6,159,252	89,286	0	\$13.11	98.55%	1.45%	0.00%	1.45%	0	15,944
<b>Total</b>	<b>8,638,372</b>	<b>137,701</b>	<b>0</b>	<b>\$13.92</b>	<b>98.41%</b>	<b>1.59%</b>	<b>0.00%</b>	<b>1.59%</b>	<b>0</b>	<b>5,244</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	1,390,873	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	113,086
Flex	158,755	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	6,457,038	8,600	0	\$8.58	99.87%	0.13%	0.00%	0.13%	0	(8,600)
Warehouse / Distribution	12,338,108	340,395	0	\$7.53	97.24%	2.76%	0.00%	2.76%	59,959	(61,156)
<b>Total</b>	<b>20,344,774</b>	<b>348,995</b>	<b>0</b>	<b>\$7.56</b>	<b>98.28%</b>	<b>1.72%</b>	<b>0.00%</b>	<b>1.72%</b>	<b>59,959</b>	<b>43,330</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	2,006,309	31,384	0	\$12.41	98.44%	1.56%	0.00%	1.56%	38,000	11,796
Manufacturing	751,598	21,600	0	\$13.00	97.13%	2.87%	0.00%	2.87%	0	1
Warehouse / Distribution	5,923,542	78,517	5,662	\$10.57	98.67%	1.33%	0.10%	1.42%	0	1,048
<b>Total</b>	<b>8,681,449</b>	<b>131,501</b>	<b>5,662</b>	<b>\$11.41</b>	<b>98.49%</b>	<b>1.51%</b>	<b>0.07%</b>	<b>1.58%</b>	<b>38,000</b>	<b>12,845</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	14,583,659	498,965	69,940	\$6.96	96.58%	3.42%	0.48%	3.90%	310,214	211,420
Flex	653,913	4,000	0	\$7.95	99.39%	0.61%	0.00%	0.61%	0	(2,800)
Manufacturing	3,199,165	16,460	0	\$6.07	99.49%	0.51%	0.00%	0.51%	0	(16,460)
Warehouse / Distribution	11,524,276	149,024	12,803	\$8.35	98.71%	1.29%	0.11%	1.40%	322,738	228,994
<b>Total</b>	<b>29,961,013</b>	<b>668,449</b>	<b>82,743</b>	<b>\$7.25</b>	<b>97.77%</b>	<b>2.23%</b>	<b>0.28%</b>	<b>2.51%</b>	<b>632,952</b>	<b>421,154</b>

Northwest 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	3,350,524	70,658	0	\$7.25	97.89%	2.11%	0.00%	2.11%	640,955	0
Flex	1,503,936	25,302	0	\$11.30	98.32%	1.68%	0.00%	1.68%	0	0
Manufacturing	2,214,580	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	6,908,109	59,060	0	\$7.73	99.15%	0.85%	0.00%	0.85%	0	25,380
<b>Total</b>	<b>13,977,149</b>	<b>155,020</b>	<b>0</b>	<b>\$8.09</b>	<b>98.89%</b>	<b>1.11%</b>	<b>0.00%</b>	<b>1.11%</b>	<b>640,955</b>	<b>25,380</b>

Northeast 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	4,944,372	377,402	0	\$7.60	92.37%	7.63%	0.00%	7.63%	1,628,088	180,500
Flex	1,771,752	68,164	0	\$10.82	96.15%	3.85%	0.00%	3.85%	0	591
Manufacturing	4,985,630	47,500	0	\$5.25	99.05%	0.95%	0.00%	0.95%	0	4,970
Warehouse / Distribution	20,132,175	553,517	0	\$7.82	97.25%	2.75%	0.00%	2.75%	114,100	(87,517)
<b>Total</b>	<b>31,833,929</b>	<b>1,046,583</b>	<b>0</b>	<b>\$7.82</b>	<b>96.71%</b>	<b>3.29%</b>	<b>0.00%</b>	<b>3.29%</b>	<b>1,742,188</b>	<b>98,544</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	280,512	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Flex	886,703	5,345	0	\$10.81	99.40%	0.60%	0.00%	0.60%	0	6,638
Manufacturing	195,097	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,357,867	17,555	0	\$9.90	99.48%	0.52%	0.00%	0.52%	0	(2,913)
<b>Total</b>	<b>4,720,179</b>	<b>22,900</b>	<b>0</b>	<b>\$10.11</b>	<b>99.51%</b>	<b>0.49%</b>	<b>0.00%</b>	<b>0.49%</b>	<b>0</b>	<b>3,725</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.

Despite the addition of new industrial product during 1Q-2019, vacancy rates have remained relatively flat below 3% over the quarter due to the brisk leasing of speculative development.

### Leading Indicators (Y-O-Y 1Q-2018 to 1Q-2019)

Vacancy Rate	Net Absorption	Average Asking Rate (NNN)	New Construction	Total Employment
2.82%	1,147,743 SF	\$8.44/SF	3,925,407 SF	1.39 MM

### Significant First Quarter 2019 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
CEVA Logistics	5601 NW 72nd Ave	Renewal	364,608	Airport West
Roca Tile USA*	Dolphin Commerce Center	Renewal/ Expansion	134,383	Airport West
MD Turbines, Inc.	Countyline Corporate Park	New	126,064	Northwest Dade
Sentury Tire	Countyline Corporate Park	New	126,000	Northwest Dade
Marjam	Airport East Distribution Center	New	96,100	Hialeah
Confidential Tenant	Lakeview Industrial Center	New	93,349	Medley
Senator International Freight Forwarding	10505 NW 112th Avenue	New	88,011	Medley
Vivex Biomedical	Eastview Commerce Center	New	78,600	Northeast Dade
ConverPack	Medley Industrial Center	New	70,500	Medley

\* Avison Young handled this transaction

### Significant First Quarter 2019 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
15600 NW 15th Avenue	201,491	\$24,000,000	\$119	Dalfen Industrial	Northeast Dade
17707 NW Miami Court	52,468	\$12,500,000	\$238	Relentless Capital	Northeast Dade
14627 SW 119th Avenue	121,359	\$12,250,000	\$101	Rodan Property Management	Kendall



### Last-mile distribution warehouse sells for \$24 million in North Miami Beach

The largest investment sale of the first quarter of 2019 was Dalfen Industrial's purchase of a 201,491-sf multi-tenant industrial facility located at 15600 NW 15th Avenue in the Northeast Dade submarket. The property, which is 100 percent occupied by the Packaging Corporation of America and Amazon, is a strategically located last-mile distribution facility and the sale is a prime example of the increasing demand for last-mile industrial assets.



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