

Miami-Dade's Industrial Market Experiences Strong Leasing Activity and Steady Vacancy Rates as New Developments Reach Completion

Following a strong first quarter, Miami-Dade County's industrial market continues its fast-paced growth as e-commerce sales and strong population growth propel the market forward. Economic fundamentals remain strong as Miami-Dade County's overall unemployment rate ticked down to 3.2% as of May 2019. Of the county's overall employment gains, the largest increase over the trailing 12-month period ending May 2019 was in the construction services sector, which grew by 6.0%. Significant leasing activity took place throughout the second quarter, with the two largest deals each taking an entire building, pulling a significant amount of vacant space off the market. These deals included Aljoma Lumber's 280,701-sf lease at the Prologis Gragny Industrial Park in the Northeast Dade submarket, and a confidential e-commerce user's 176,348-sf lease at the Blue Lagoon Business Park in the Airport West submarket.

Average asking rents for bulk distribution space continued to push higher during the second quarter, reaching \$7.92 per sf, a significant 9.2% increase from the \$7.25 per sf recorded during the second quarter of 2018. The overall vacancy rate has managed to hover around 3.0% despite almost 4.3 million sf of industrial product delivering in Miami-Dade County over the last 12 months. Since the second quarter of 2018, the overall vacancy rate has only risen 17 basis points (bps) to 2.9%, due in large part to successful pre-leasing efforts fueled by demand for high-quality logistics space. Notable deliveries during the second quarter included building 5 of Countyline Corporate Park (+252,127 sf), building F2 of Miami International Tradeport (+147,014 sf), building 4 of the Airport North Logistics Park (+106,600 sf), and building G of Lakeview Commerce Park (+150,000 sf).



4.3 Million SF
of new industrial
space delivered
over the last 12
months ending
2Q-19

Industrial Market Snapshot

- Flagler Global Logistics purchased an 8.6-acre development site referred to as the "Turnpike Transfer" that borders its 500-acre park. Plans have yet to be announced for the development site, but the site's flexible zoning allows for commercial, office, retail, industrial and hospitality. Flagler is developing Countyline Corporate Park on the 500 acres of land that border the Turnpike Transfer site.
- Investment activity remained healthy during the second quarter of 2019, with investment sales volume totaling \$897.1 million for the trailing 12-month period ending June of 2019. Although sales volume for this period was 15% less than the sales volume recorded during the same period last year, it is not too surprising as many investors have been buying and holding industrial assets, making it more difficult to find industrial investment opportunities.
- Bridge Development Partners is seeking to build an industrial project in Hialeah that would include a 305,156-sf distribution warehouse. The development site would be located at the northeast corner of Northwest 102nd Ave and West 108th Street, bordering the northside of phase I of the Countyline Corporate Park development.
- The rise of e-commerce continues to draw the attention of institutional capital. During the second quarter, Blackstone Group LP announced that it would be acquiring 179 million sf of urban logistics assets from GLP for a total of \$18.7 billion, the largest private real estate transaction globally. Blackstone won in an auction of GLP's assets and reportedly out bid Prologis Inc. and Brookfield Asset Management Inc. The deal will almost double Blackstone's U.S. industrial footprint.
- In June, the Federal Reserve announced that interest rates remain unchanged at the benchmark target range of 2.25% and 2.5%, but at the same time expressed concerns over economic uncertainty and slowing global growth, suggesting that an interest rate cut may be in the works by the end of the summer. It would be the first time the Federal Reserve cut the benchmark short-term rate since 2008.

187.0 MSF

Total industrial inventory in the
Miami-Dade County market

1,571,733 SF

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

2.92%

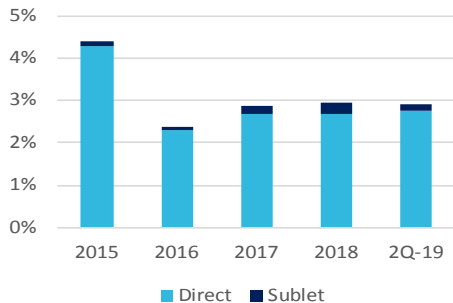
Overall Vacancy

\$8.78/SF/NNN

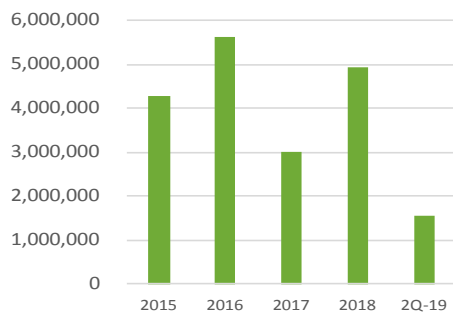
Average asking rental rate

Statistical Snapshot

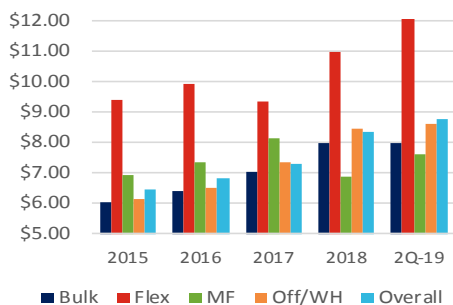
Vacancy Rate



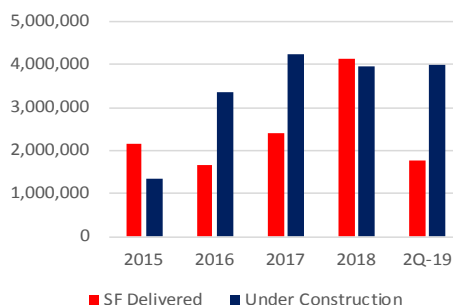
YTD Net Absorption (SF)



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



Construction Pipeline



Miami-Dade County Industrial Market At A Glance

Demographics & Economy

28,300
increase in total non-farm
employment since 2Q-2018

10.5%
According to new data released by the
U.S. Census Bureau, Miami-Dade County's
population has grown by 10.5% between
2010 and 2018.

3.7% **3.2%**
MAY-2018 **MAY-2019**
change in the Miami-Dade County
unemployment rate

The U.S. GDP grew
by 3.1% during
1Q-2019

Development

\$3.5 BILLION
CAPITAL IMPROVEMENT PLAN
to be spent over 5 years for all
Florida seaports, of which 22.5%
will be dedicated to PortMiami

673,224 SF
of new industrial space
delivered in the Airport West
submarket for the year-to-date

3.99 MILLION
total square feet
currently under
construction in
Miami-Dade County

Countyline Corporate Park
will be delivering building 8 in
3Q-2019, while foundation work
has begun on buildings 6 & 7.

Market Influencers

\$897.1
MILLION
in total industrial sales volume
during the T-12 months ending 2Q-19

9.2%
increase in bulk
distribution average
rental rate over the
trailing 12 months
ending 2Q-2019

26.5%
increase in the sales price per sf over
the T-12 months ending 2Q-19

Tightening land constraints
leading developers to buy
older industrial assets to
redevelop into apartments
and mixed-use projects.

Miami-Dade County Industrial Market Report

Second 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	37,815,799	1,826,102	199,706	\$7.96	95.17%	4.83%	0.53%	5.36%	2,948,052	1,277,434
Flex	16,039,146	483,278	12,675	\$13.46	96.99%	3.01%	0.08%	3.09%	364,150	(140,947)
Manufacturing	22,946,613	330,830	0	\$7.63	98.56%	1.44%	0.00%	1.44%	220,000	(205,000)
Warehouse / Distribution	110,154,664	2,514,569	89,762	\$8.63	97.72%	2.28%	0.08%	2.36%	461,906	640,246
Total	186,956,222	5,154,779	302,143	\$8.78	97.24%	2.76%	0.16%	2.92%	3,994,108	1,571,733

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	847,926	164,966	\$8.39	93.41%	6.59%	1.28%	7.87%	504,627	339,488
Flex	8,297,969	219,977	8,800	\$13.48	97.35%	2.65%	0.11%	2.76%	155,350	(54,521)
Manufacturing	3,419,124	91,043	0	\$8.58	97.34%	2.66%	0.00%	2.66%	0	(50,544)
Warehouse / Distribution	43,611,520	1,202,505	79,200	\$8.81	97.24%	2.76%	0.18%	2.94%	0	395,167
Total	68,195,331	2,361,451	252,966	\$9.08	96.54%	3.46%	0.37%	3.83%	659,977	629,590

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	759,809	99,429	3,875	\$16.69	86.91%	13.09%	0.51%	13.60%	0	(72,974)
Manufacturing	1,719,611	14,260	0	\$10.05	99.17%	0.83%	0.00%	0.83%	0	(3,000)
Warehouse / Distribution	6,159,252	36,348	0	\$16.95	99.41%	0.59%	0.00%	0.59%	0	68,882
Total	8,638,672	150,037	3,875	\$16.12	98.26%	1.74%	0.04%	1.78%	0	(7,092)

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	26,826	0	\$5.97	99.58%	0.42%	0.00%	0.42%	0	(26,826)
Warehouse / Distribution	12,381,349	492,141	0	\$7.71	96.03%	3.97%	0.00%	3.97%	0	(212,902)
Total	20,388,015	518,967	0	\$7.62	97.45%	2.55%	0.00%	2.55%	0	(126,642)

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	43,559	0	\$12.20	97.83%	2.17%	0.00%	2.17%	38,000	(379)
Manufacturing	751,598	21,600	0	\$13.00	97.13%	2.87%	0.00%	2.87%	0	1
Warehouse / Distribution	5,923,542	89,425	5,662	\$10.39	98.49%	1.51%	0.10%	1.61%	0	(9,860)
Total	8,681,449	154,584	5,662	\$11.27	98.22%	1.78%	0.07%	1.85%	38,000	(10,238)

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	14,730,673	563,756	34,740	\$7.61	96.17%	3.83%	0.24%	4.06%	163,200	358,593
Flex	653,913	4,000	0	\$7.95	99.39%	0.61%	0.00%	0.61%	170,800	(2,800)
Manufacturing	3,203,935	82,601	0	\$7.81	97.42%	2.58%	0.00%	2.58%	220,000	(82,601)
Warehouse / Distribution	11,680,850	182,719	4,900	\$8.51	98.44%	1.56%	0.04%	1.61%	200,038	345,308
Total	30,269,371	833,076	39,640	\$7.83	97.25%	2.75%	0.13%	2.88%	754,038	618,500

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	3,602,651	56,618	0	\$7.35	98.43%	1.57%	0.00%	1.57%	652,137	266,167
Flex	1,503,936	27,059	0	\$11.41	98.20%	1.80%	0.00%	1.80%	0	(1,757)
Manufacturing	2,214,580	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	6,908,109	262,309	0	\$6.40	96.20%	3.80%	0.00%	3.80%	147,768	(177,869)
Total	14,229,276	345,986	0	\$6.95	97.57%	2.43%	0.00%	2.43%	799,905	86,541

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	357,802	0	\$7.59	92.76%	7.24%	0.00%	7.24%	1,628,088	200,100
Flex	1,771,752	81,090	0	\$11.36	95.42%	4.58%	0.00%	4.58%	0	(12,335)
Manufacturing	4,985,630	94,500	0	\$5.45	98.10%	1.90%	0.00%	1.90%	0	(42,030)
Warehouse / Distribution	20,132,175	233,460	0	\$10.28	98.84%	1.16%	0.00%	1.16%	114,100	232,540
Total	31,833,929	766,852	0	\$8.55	97.59%	2.41%	0.00%	2.41%	1,742,188	378,275

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	8,164	0	\$10.57	99.08%	0.92%	0.00%	0.92%	0	3,819
Manufacturing	195,097	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,357,867	15,662	0	\$9.12	99.53%	0.47%	0.00%	0.47%	0	(1,020)
Total	4,720,179	23,826	0	\$9.62	99.50%	0.50%	0.00%	0.50%	0	2,799

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.

According to a recent report by the U.S. Census Bureau, Miami was ranked as the second fastest growing city in the state of Florida.

Leading Indicators (Y-O-Y 2Q-2018 to 2Q-2019)

Vacancy Rate	Net Absorption	Average Asking Rate (NNN)	New Construction	Total Employment
2.92%	1,571,733 SF	\$8.78/SF	3,994,108 SF	1.37 MM

Significant Second Quarter 2019 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
Aljoma Lumber	Prologis Gratigny Industrial Park	New	280,701	Northeast Dade
Miami International Freight Solutions	14100 NW 60th Ave	Renewal	192,454	Northwest Dade
E-Commerce User	Blue Lagoon Business Park	New	176,348	Airport West
Ryder System, inc.	Prologis Beacon Lakes	Renewal	112,189	Airport West
Advanced Tire Wholesale	Miami International Tradeport	New	69,184	Medley
Interglass	14600 NW 112th St	New	65,250	Medley
Romero Britto	795 NW 72nd St	New	58,000	Central Dade
Mel Stevenson & Associates	Prologis Palmetto Tradeport	New	50,000	Medley
Crowley Logistics	Flagler Station	Renewal	38,835	Medley

Significant Second Quarter 2019 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Webster Business Park	178,521	\$25,000,000	\$140	AEW Capital Management	Airport West
10900 NW 27th St	139,380	\$22,000,000	\$157	Carisam-Samuel Meisel, Inc.	Airport West
1101-1109 NW 22nd St	93,259	\$18,750,000	\$201	CenturyLink	Central Dade

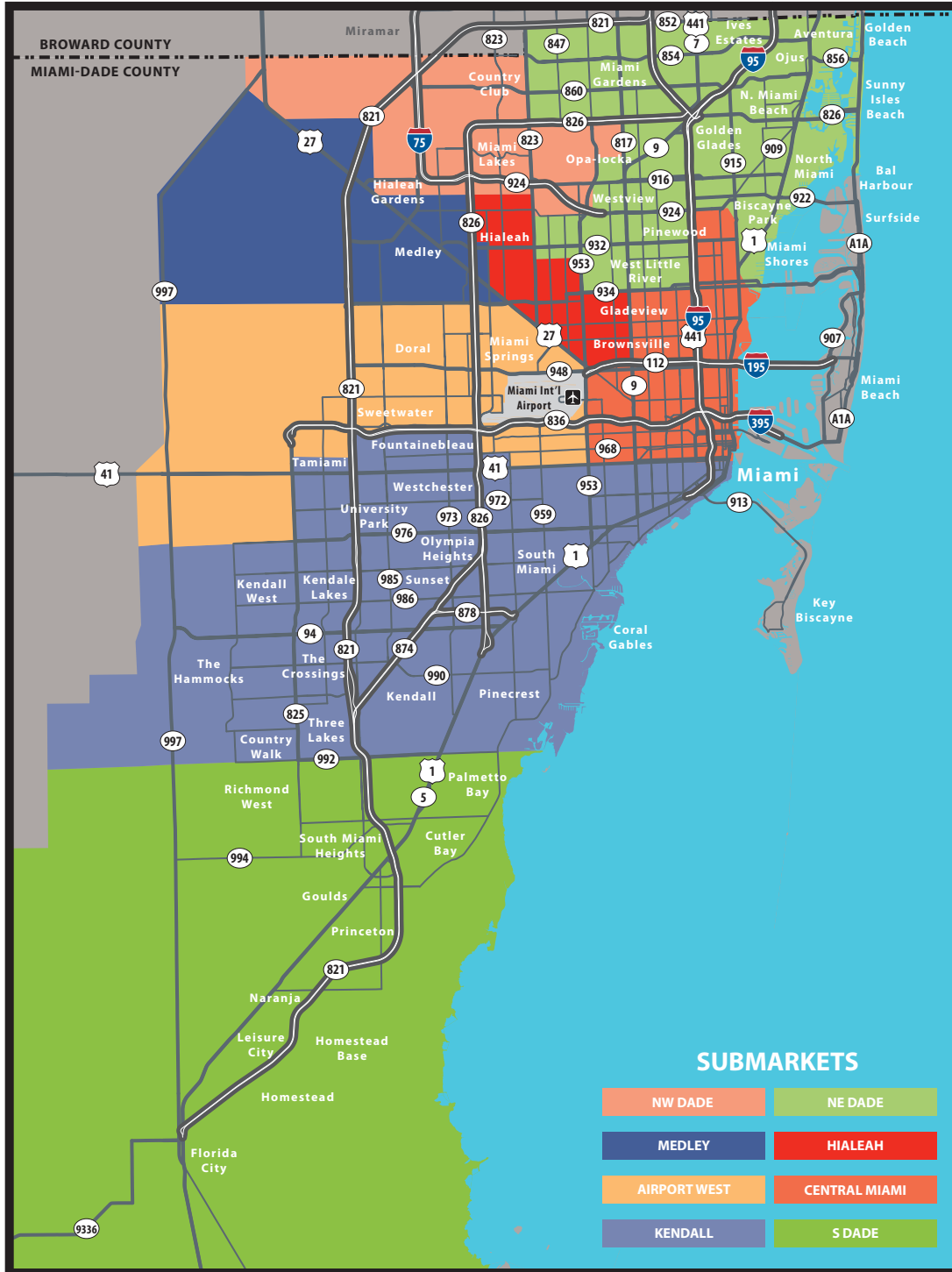


CenturyLink Purchases Industrial Buildings for \$18.75M to Redevelop

One of the largest industrial investment sales of the second quarter was CenturyLink's purchase of a site located at 1101 and 1009 NW 22nd St that currently houses 93,259 sf of industrial buildings. The company announced plans to renovate the building into an IT gateway and will begin moving in during the summer of 2020.

Miami-Dade County Industrial Market Report

Second Quarter 2019



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