



## 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 Gratigny 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%**

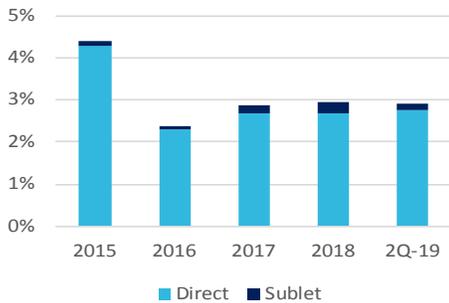
Overall Vacancy

**\$8.78/SF/NNN**

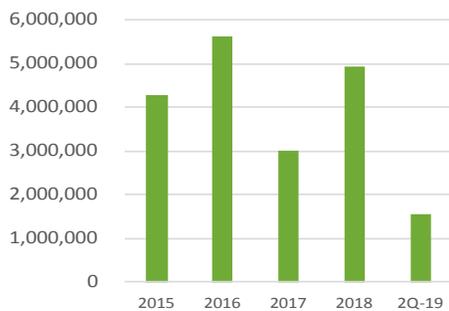
Average asking rental rate

## Statistical Snapshot

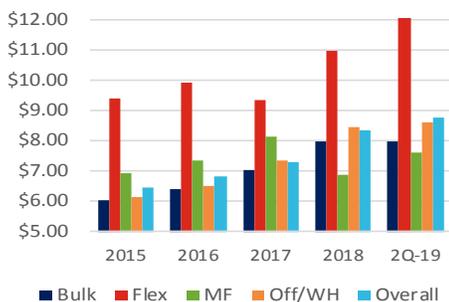
### Vacancy Rate



### 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

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
<b>Total</b>	<b>186,956,222</b>	<b>5,154,779</b>	<b>302,143</b>	<b>\$8.78</b>	<b>97.24%</b>	<b>2.76%</b>	<b>0.16%</b>	<b>2.92%</b>	<b>3,994,108</b>	<b>1,571,733</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	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
<b>Total</b>	<b>68,195,331</b>	<b>2,361,451</b>	<b>252,966</b>	<b>\$9.08</b>	<b>96.54%</b>	<b>3.46%</b>	<b>0.37%</b>	<b>3.83%</b>	<b>659,977</b>	<b>629,590</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	759,809	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
<b>Total</b>	<b>8,638,672</b>	<b>150,037</b>	<b>3,875</b>	<b>\$16.12</b>	<b>98.26%</b>	<b>1.74%</b>	<b>0.04%</b>	<b>1.78%</b>	<b>0</b>	<b>(7,092)</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	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)
<b>Total</b>	<b>20,388,015</b>	<b>518,967</b>	<b>0</b>	<b>\$7.62</b>	<b>97.45%</b>	<b>2.55%</b>	<b>0.00%</b>	<b>2.55%</b>	<b>0</b>	<b>(126,642)</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	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)
<b>Total</b>	<b>8,681,449</b>	<b>154,584</b>	<b>5,662</b>	<b>\$11.27</b>	<b>98.22%</b>	<b>1.78%</b>	<b>0.07%</b>	<b>1.85%</b>	<b>38,000</b>	<b>(10,238)</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	14,730,673	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
<b>Total</b>	<b>30,269,371</b>	<b>833,076</b>	<b>39,640</b>	<b>\$7.83</b>	<b>97.25%</b>	<b>2.75%</b>	<b>0.13%</b>	<b>2.88%</b>	<b>754,038</b>	<b>618,500</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	3,602,651	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)
<b>Total</b>	<b>14,229,276</b>	<b>345,986</b>	<b>0</b>	<b>\$6.95</b>	<b>97.57%</b>	<b>2.43%</b>	<b>0.00%</b>	<b>2.43%</b>	<b>799,905</b>	<b>86,541</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	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
<b>Total</b>	<b>31,833,929</b>	<b>766,852</b>	<b>0</b>	<b>\$8.55</b>	<b>97.59%</b>	<b>2.41%</b>	<b>0.00%</b>	<b>2.41%</b>	<b>1,742,188</b>	<b>378,275</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	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)
<b>Total</b>	<b>4,720,179</b>	<b>23,826</b>	<b>0</b>	<b>\$9.62</b>	<b>99.50%</b>	<b>0.50%</b>	<b>0.00%</b>	<b>0.50%</b>	<b>0</b>	<b>2,799</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.

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-0-Y 2Q-2018 to 2Q-2019)



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

Tenant	Property	Type	SF	Submarket
Aljoma Lumber	Prologis Gratiigny 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

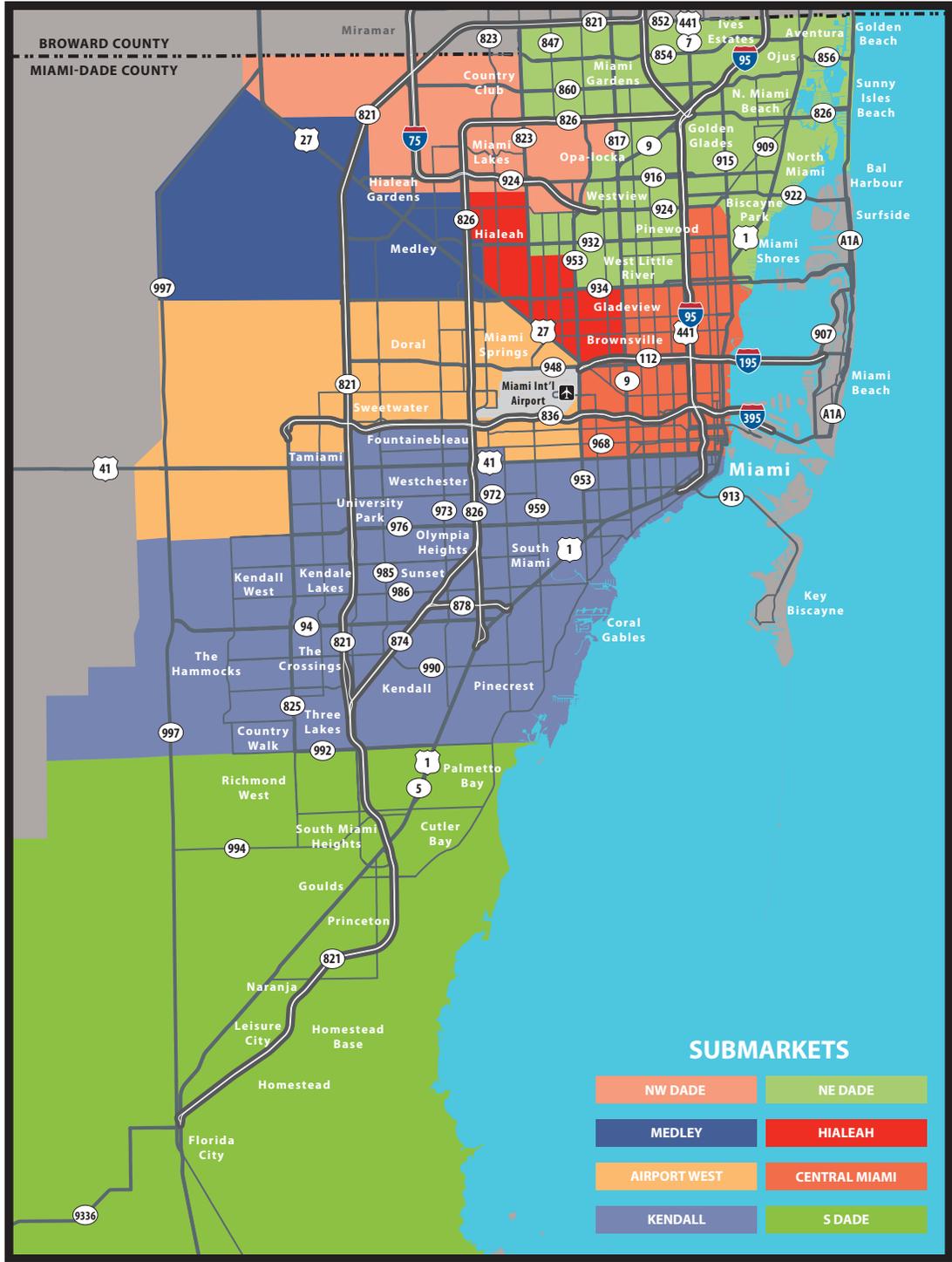
### Significant Second Quarter 2019 Sales Transactions - Sorted by Sale Price

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.



### SUBMARKETS

NW DADE	NE DADE
MEDLEY	HIALEAH
AIRPORT WEST	CENTRAL MIAMI
KENDALL	S DADE

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