

Miami's industrial market benefits from challenges brought on by the pandemic in 2020

Miami's industrial market ended the year on strong footing as demand from e-commerce users continued to fuel leasing activity during the fourth quarter. Net absorption rounded out the year in positive territory at 1.6 million sf, with the strongest growth in the Northeast Dade, Medley and Hialeah submarkets, where much of the new development has taken place.

Overall vacancy rose by only 16 basis points (bps) over the year to 4.2% despite 1.8 million sf of new construction delivering to the market during 2020. During the last five years, Miami's vacancy has remained below 5.0% even as more than 17 million sf of new construction has delivered, speaking to the strength of demand for premium class A industrial space in Miami.

Leasing activity fueled by e-commerce and food service users

Leasing activity remained strong in the last half of 2020 as e-commerce and food service users increased their space requirements as the pandemic continued. Although slightly down from last year by 7.9%, leasing activity totaled 12.6 million sf during 2020. The largest deal during the fourth quarter was a confidential e-commerce user that leased 221,300 sf at the Gratigny Logistics Center, currently under construction in the Northeast Dade submarket.

Construction activity beginning to accelerate

After putting some projects on pause earlier in the year due to uncertainty regarding the pandemic, developers

began to resume construction activity during the fourth quarter. At the close of 2020, 3.9 million sf remains under construction, 45.9% of which has been pre-leased. Notable projects that broke ground during the fourth quarter included Buildings 2, 9 and 11 at FirstPark Miami, totaling 591,940 sf; Bridge Point Cold Logistics Center (one of Miami's first speculative cold storage projects), totaling 312,103 sf; and Building 2 at the Miami 27 Business Park, totaling 221,948 sf.

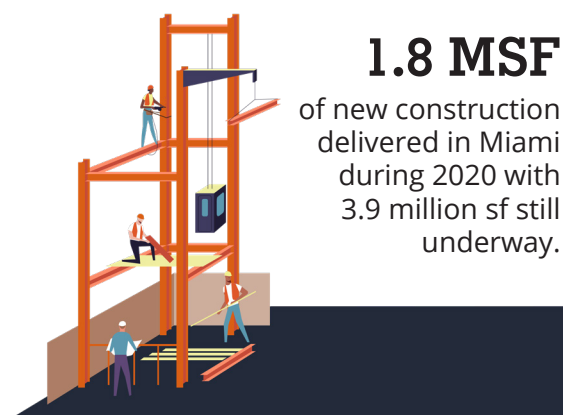
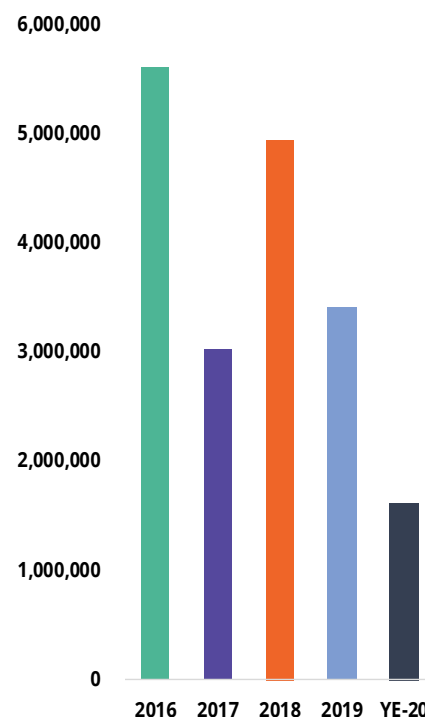
Investment activity sees a resurgence

Investment activity picked up dramatically at the end of the year with \$539.3 million of total investment volume recorded during the fourth quarter compared to \$155.5 million during the third quarter. The sharp uptick in sales activity at the end of the year was due to CenterPoint Properties purchasing the two-building, 1-million-sf Home Depot facility in Countyline Corporate Park for \$184.4 million. Although a positive sign for the investment market, total sales volume during 2020 still lags from one year prior with total volume recorded at \$1.0 billion (-32.4%).

Looking ahead toward 2021

The Miami industrial market is well positioned for strong growth leading into 2021 as the onset of the pandemic further accelerated many of the trends that had already been present. The strong shift during 2020 that occurred in online ordering, including grocery delivery, is likely here to stay and will fuel demand for logistics space and cold storage over the next few years.

Historical 5-Year Net Absorption Trend



190.5 MSF

Total inventory in the Miami Industrial market

1,614,258 SF

Direct Y-T-D net absorption as of 4Q-2020

4.22%

Overall vacancy

\$8.46/SF/NNN






Average rental rate for industrial space (excluding flex)

Market by the numbers

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	41,282,402	2,655,265	183,787	\$8.35	93.57%	6.43%	0.45%	6.88%	2,834,799	1,268,511
Flex	17,234,095	532,524	22,020	\$14.60	96.91%	3.09%	0.13%	3.22%	0	213,089
Manufacturing	23,205,219	267,639	72,446	\$6.33	98.85%	1.15%	0.31%	1.47%	0	281,382
Warehouse / Distribution	108,813,575	3,810,068	488,724	\$8.68	96.50%	3.50%	0.45%	3.95%	1,113,759	(148,724)
Total	190,535,291	7,265,496	766,977	\$8.91	96.19%	3.81%	0.40%	4.22%	3,948,558	1,614,258
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	12,510,374	556,369	59,970	\$9.91	95.55%	4.45%	0.48%	4.93%	0	576,133
Flex	8,679,150	314,302	22,020	\$14.31	96.38%	3.62%	0.25%	3.88%	0	127,945
Manufacturing	3,413,165	4,450	0	\$12.91	99.87%	0.13%	0.00%	0.13%	0	35,550
Warehouse / Distribution	43,065,305	1,891,664	334,262	\$8.97	95.61%	4.39%	0.78%	5.17%	127,150	(613,051)
Total	67,667,994	2,766,785	416,252	\$9.77	95.91%	4.09%	0.62%	4.70%	127,150	126,577
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	873,516	86,787	0	\$16.68	90.06%	9.94%	0.00%	9.94%	0	3,448
Manufacturing	1,598,097	14,800	0	\$10.20	99.07%	0.93%	0.00%	0.93%	0	17,860
Warehouse / Distribution	6,006,875	140,193	0	\$9.94	97.67%	2.33%	0.00%	2.33%	0	(46,793)
Total	8,478,488	241,780	0	\$12.37	97.15%	2.85%	0.00%	2.85%	0	(25,485)
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	1,604,280	246,307	0	\$8.39	84.65%	15.35%	0.00%	15.35%	0	(32,900)
Flex	198,755	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	6,375,261	124,057	0	\$4.74	98.05%	1.95%	0.00%	1.95%	0	232,957
Warehouse / Distribution	12,355,174	485,857	51,753	\$8.63	96.07%	3.93%	0.42%	4.35%	0	40,060
Total	20,533,470	856,221	51,753	\$8.00	95.83%	4.17%	0.25%	4.42%	0	240,117
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	2,244,217	18,716	0	\$12.87	99.17%	0.83%	0.00%	0.83%	0	61,435
Manufacturing	751,598	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	5,715,479	51,703	1,000	\$10.45	99.10%	0.90%	0.02%	0.92%	0	54,411
Total	8,711,294	70,419	1,000	\$11.09	99.19%	0.81%	0.01%	0.82%	0	115,846
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	15,981,443	791,591	123,817	\$7.72	95.05%	4.95%	0.77%	5.73%	993,424	177,774
Flex	933,348	3,229	0	\$15.95	99.65%	0.35%	0.00%	0.35%	0	26,421
Manufacturing	3,450,535	68,047	0	\$7.54	98.03%	1.97%	0.00%	1.97%	0	(1,500)
Warehouse / Distribution	11,702,359	489,696	21,854	\$8.97	95.82%	4.18%	0.19%	4.37%	209,551	132,934
Total	32,067,685	1,352,563	145,671	\$8.18	95.78%	4.22%	0.45%	4.67%	1,202,975	335,629
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	4,255,868	57,849	0	\$7.75	98.64%	1.36%	0.00%	1.36%	1,620,089	126,362
Flex	1,368,770	17,100	0	\$10.74	98.75%	1.25%	0.00%	1.25%	0	12,823
Manufacturing	2,339,874	0	42,000	\$0.00	100.00%	0.00%	1.79%	1.79%	0	0
Warehouse / Distribution	7,583,683	414,488	79,855	\$6.88	94.53%	5.47%	1.05%	6.52%	732,573	144,190
Total	15,548,195	489,437	121,855	\$7.11	96.85%	3.15%	0.78%	3.93%	2,352,662	283,375
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	6,649,925	1,003,149	0	\$8.00	84.91%	15.09%	0.00%	15.09%	221,286	421,142
Flex	2,049,636	90,490	0	\$14.78	95.59%	4.41%	0.00%	4.41%	0	(18,283)
Manufacturing	4,912,342	56,285	30,446	\$6.85	98.85%	1.15%	0.62%	1.77%	0	(3,485)
Warehouse / Distribution	19,098,931	317,263	0	\$8.20	98.34%	1.66%	0.00%	1.66%	44,485	119,593
Total	32,710,834	1,467,187	30,446	\$8.42	95.51%	4.49%	0.09%	4.58%	265,771	518,967
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	1,900	0	\$9.83	99.79%	0.21%	0.00%	0.21%	0	(700)
Manufacturing	364,347	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,285,769	19,204	0	\$7.68	99.42%	0.58%	0.00%	0.58%	0	19,932
Total	4,817,331	21,104	0	\$7.87	99.56%	0.44%	0.00%	0.44%	0	19,232

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.

Leading Indicators (Y-O-Y Q4-2019 to Q4-2020)

Market Inventory  190,535,291 SF	Vacancy Rate  4.22%	Net Absorption  1,614,258 SF	Construction Pipeline  3,948,558 SF	Average Asking Rate  \$8.91 SF
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Significant Fourth Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
E-Commerce User	Gratigny Logistics Center	New	221,300	Northeast Dade
Kuehne + Nagel	Prologis MIA Business Center 5	New	209,610	Airport West
Atalanta Corp	11421 NW 107th St	Renewal	127,136	Medley
Satellite Logistics	12300 NW 32nd Ave	Renewal	98,072	Northeast Dade
IFS Neutral Maritime Service	Turnpike Commerce Center	New	93,320	Airport West
Lasership	International Corporate Park - Bldg 1	Renewal	87,156	Airport West
Global Engine Maintenance*	International Corporate Park - Bldg 15	Renewal	81,900	Airport West
Captiva Containers	74 NW 176th St	New	83,000	Northeast Dade

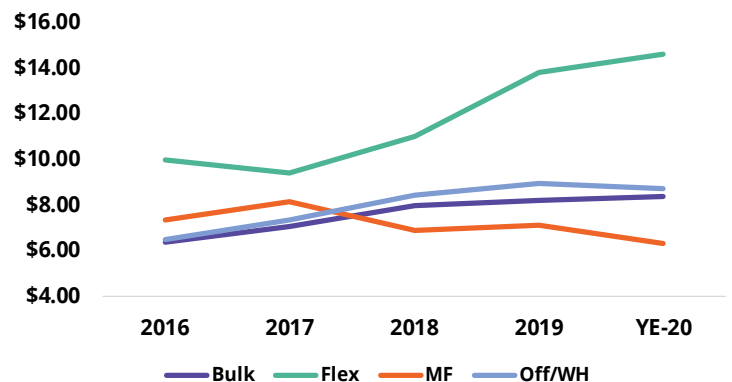
*Avison Young handled this transaction

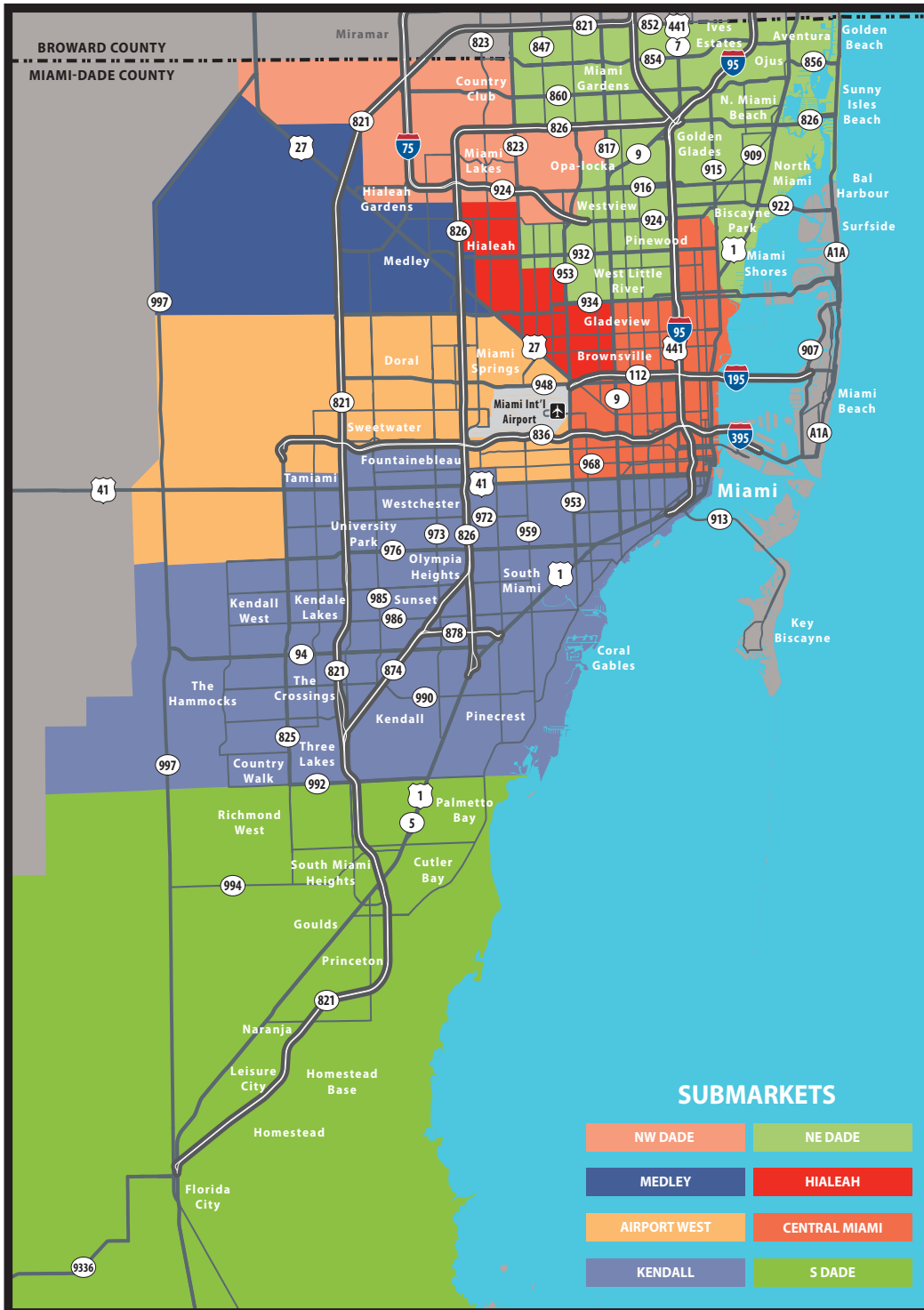
Significant Fourth Quarter 2020 Sales Transactions - Sorted by Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Countyline Corporate Park - Home Depot Facility	1,048,089	\$184,400,000	\$176	CenterPoint Properties	Northwest Dade
COFE Properties Portfolio	531,279	\$65,212,800	\$122	TA Realty	Hialeah
1604 W 31st Pl	376,016	\$40,212,800	\$106	TA Realty	Hialeah
5055 NW 74th Ave	82,283	\$13,220,000	\$160	TA Realty	Hialeah
2500 W 84th St	72,980	\$11,780,000	\$161	TA Realty	Hialeah

Asking rates inch up slightly amid new construction deliveries in 2020.

The overall asking rate (excluding flex) inched up to \$8.46 per sf (+\$0.04) year-over-year. Fueled by new deliveries, the strongest rent growth occurred in the Medley and Hialeah submarkets, increasing to \$8.16 per sf (+\$0.39) and \$8.00 per sf (+\$0.39) respectively.





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