

MARKETBEAT

Miami-Dade

Industrial Q2 2019



MIAMI-DADE INDUSTRIAL

Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Miami-Dade Employment	1.19M	1.22M	▲
Miami-Dade Unemployment	3.7%	3.1%	▼
U.S. Unemployment	3.9%	3.6%	▼

*Numbers above are monthly figures, August 2018, FL Dept. Economic OPP.

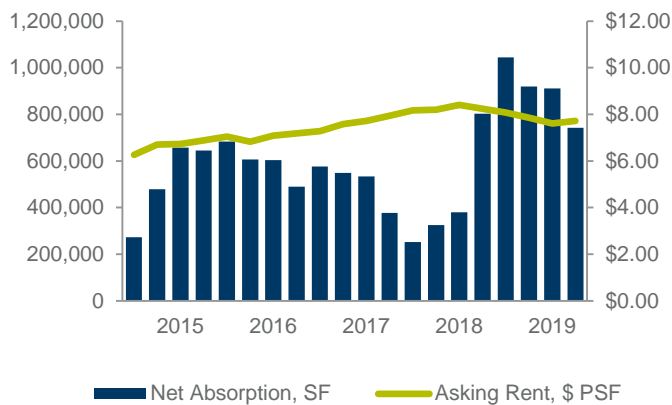
Market Indicators (Overall, All Property Types)

	Q2 18	Q2 19	12-Month Forecast
Vacancy	4.3%	3.9%	▲
YTD Net Absorption (sf)	2.4M	1.6M	▲
Under Construction (sf)	4.0M	2.0M	▼
Average Asking Rent*	\$7.49	\$7.93	▲

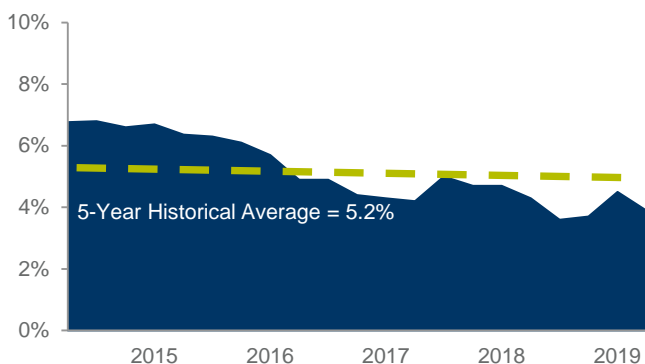
*Rental rates reflect net asking \$psf/year.

Overall Net Absorption/Overall Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

Economic fundamentals ended the second quarter 2019 on an upward trajectory, with the unemployment rate falling below the national average. Miami-Dade created 28,300 new jobs in 12 months, causing the unemployment rate to decrease by 60 basis points (bps) to 3.1%. The Trade, Transportation & Utilities sector drove job gains, up 5.5% year-over-year (YOY), or 4,100. In addition, the Construction sector added 3,100 jobs. Combined, both industrial-related sectors accounted for over a quarter of all new jobs created in the county over the year.

Market Overview

Nearly 1.0 million square feet (msf) of industrial product delivered, with approximately 355,000 square feet (sf) vacant in the past 12 months. Overall vacancy rose by 10 bps YOY to 3.9% at the end of the second quarter. The vacancy rate remained relatively low, despite the amount of new inventory added. Countyline Corporate Park (Building 4) was 100.0% occupied when it delivered at the end of second quarter 2019 while Gateway Commerce Park (Building 1) was only 35.0% preleased. Some notable tenants who took space included Holpack Corp (144,800 sf), Goodman Manufacturing (97,000 sf), and National Tire Wholesale (30,100 sf). The overall vacancy rate reached 4.2% for warehouse/distribution space, up 30 bps YOY. The vacancy rate was expected to climb further as an additional 1.5 msf was planned for completion throughout the second half of 2019.

Overall asking rents ended the second quarter of 2019 at \$7.93 per square foot (psf) triple net, up \$0.44, or 5.9% YOY. The rent ranges for Class A warehouse/distribution space increased from \$6.75 to \$9.50 psf to \$7.25 to \$10.00 psf. Rental rate gains were due to several factors. The additional costs for construction pushed lease rates higher for new inventory, while the scarcity of unimproved and pad-ready development sites increased improved land values in excess of \$20.00 psf of land. This reinforced a steady climb in rental rates and sale values. In turn, new construction yielded a higher asking rate than existing product.

Leasing activity year-to-date (YTD) for the market reached 4.0 msf, a slowdown of only 2.1% compared to this time last year. With the heightened pace of tenants who toured the Miami-Dade market, leasing activity was expected to pick up over the second half of the year. Furthermore, a noticeable trend in the market was tenants expanding their footprint. One example was Neutralogistics which expanded by 68,787 sf, making their total footprint in the Airport North submarket 174,687 sf. Due to the increased demand from ecommerce companies, "last-mile" destinations recorded an uptick in leasing transactions, especially in the Airport West, Airport North and North Central Dade submarkets. When combined, they accounted for 70.0% of all deals signed YTD.

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In the first half of 2019, absorption totaled 1.6 msf, up 6.0% compared to this time last year. Warehouse/distribution accounted for all of the positive absorption recorded in the county, with the minor addition of 16,000 sf from the office/services sector. Manufacturing had 54,000 sf of negative absorption, due to a number of smaller tenant move-outs. Some significant move-ins were Sentury Tire (127,000 sf), Marine Harvest (106,600 sf), and Eco Windows & Doors (93,300 sf). All three tenants were already in the market and opted for new space options in buildings recently delivered, which allowed them the opportunity to double in size.

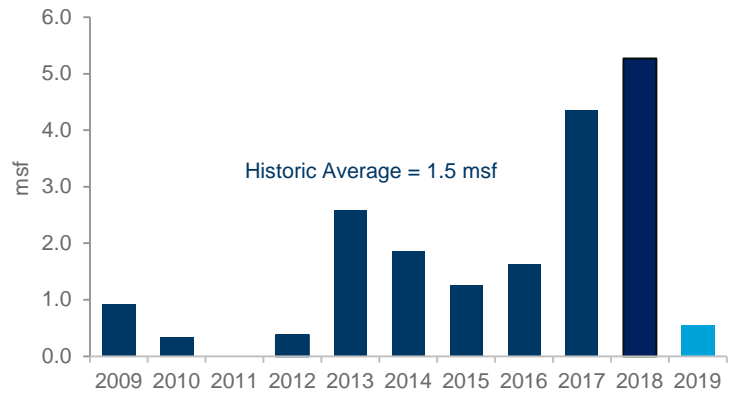
Overall asking rents ended the second quarter of 2019 at \$7.93 psf NNN, up \$0.44, or 5.9% YOY.

There was 2.0 msf under construction at the mid-point of the year with 27.9% preleased. Some larger projects over 100,000 sf with significant preleases were in the North Central Dade and Northwest Dade submarkets. To signify, Bridge Point Commerce Center (Building B) was 56.9% preleased, as UPS signed a deal for 304,000 sf. The project was not expected to be completed until late-2019. In the planning phase, there was a total of approximately 1.8 msf of speculative warehouse/distribution space proposed. Due to a scarcity of developable land, new product deliveries should slow down. To meet some future demand, developers will look to redevelop older industrial buildings in well located submarkets.

Miami-Dade's industrial market continued to record strong market fundamentals through the second quarter 2019. A booming economy bolstered by job growth, further consumer demand and continued trade will support the industrial market for the foreseeable future. Cushman & Wakefield anticipates steady activity in 2019, with new construction providing numerous opportunities across Miami-Dade for new and expanding tenants.

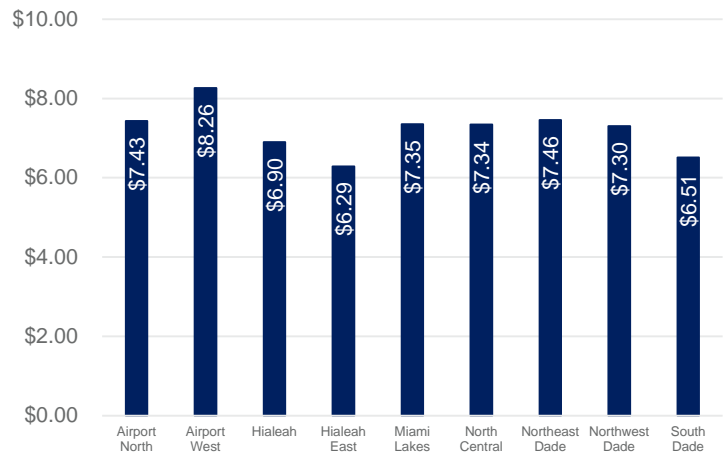
New Supply (msf)

AN ADDITIONAL 1.8 MSF IS SCHEDULED TO DELIVER BY Q4 2019



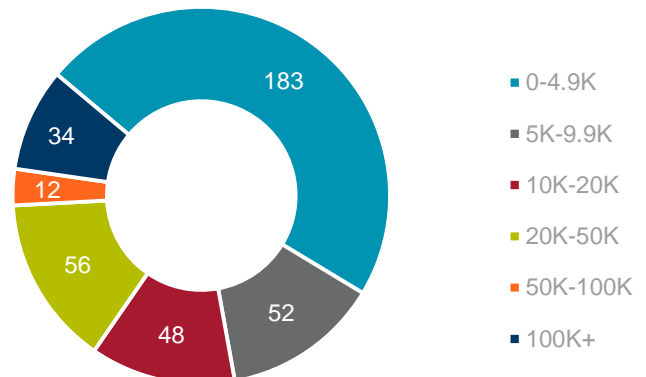
Warehouse/Distribution Asking Rents by Submarket (NNN)

AIRPORT WEST HAS HIGHEST ASKING RENT IN THE MARKET



Availability by Size Segment

OVERALL VACANCIES IN ONE SUITE



Outlook

- Cushman & Wakefield anticipates steady rent hikes and a slight increase in vacancy, as 2.0 msf gets delivered to the market through 2019-2020.
- In the long term, vacancy will level out as the influx of tenants touring the market remains consistent.
- The market will see an increase in redevelopment projects, as a shortage of available land sites persists.

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SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Airport North/Medley	421	33,788,639	32,190	3.7%	550,922	199,410	152,000	N/A	\$10.92	\$7.43
Airport West	670	44,967,782	266,935	4.8%	89,432	250,000	0	\$10.99	\$13.95	\$8.26
Hialeah	265	8,863,135	60,000	1.8%	87,497	0	0	\$8.48	\$8.80	\$6.90
Hialeah East/Downtown	500	25,868,741	40,580	4.2%	107,447	0	0	\$8.63	\$19.88	\$6.29
Miami Lakes	73	5,184,718	0	5.3%	-100	0	0	N/A	\$11.34	\$7.35
North Central Dade	432	28,858,535	284,291	2.3%	428,638	1,108,566	0	\$10.03	\$1.99	\$7.24
Northeast Dade	44	2,213,813	356,753	16.6%	67,206	186,822	200,372	N/A	N/A	\$7.46
Northwest Dade	8	2,187,598	0	1.9%	277,733	252,000	208,229	N/A	N/A	\$7.30
South Dade	179	7,752,725	0	2.9%	31,216	0	0	\$13.52	\$10.49	\$6.51
MIAMI-DADE TOTALS	2,592	159,685,686	1,040,749	3.9%	1,639,991	1,996,798	560,601	\$9.20	\$12.87	\$7.51

*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

CLASSES	TOTAL BLDGS	INVENTORY (SF)	YTD INVESTORS SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD LEASING ACTIVITY (SF)**	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL AVERAGE ASKING RENT	DIRECT AVERAGE ASKING RENT
Warehouse/Distribution	2,049	130,803,554	758,813	4.2%	1,678,151	1,996,798	3,726,121	560,601	\$7.51	\$7.50
Manufacturing	354	19,110,468	241,936	1.8%	-53,900	0	181,007	0	\$9.20	\$9.20
Office Service/Flex	189	9,771,664	40,000	3.6%	15,740	0	118,670	0	\$12.87	\$12.94

**Does not include Renewals

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
11240 NW 122 nd Street	69,184	JCA Ventures	New	Airport North
795 NW 72 nd Street	58,000	Romero Britto	New	Airport West
7939-8187 NW 84 th Road	50,000	Mel Stevenson & Associates	New	Airport North
10025 NW 116 th Way	40,876	Matus	New	Airport North

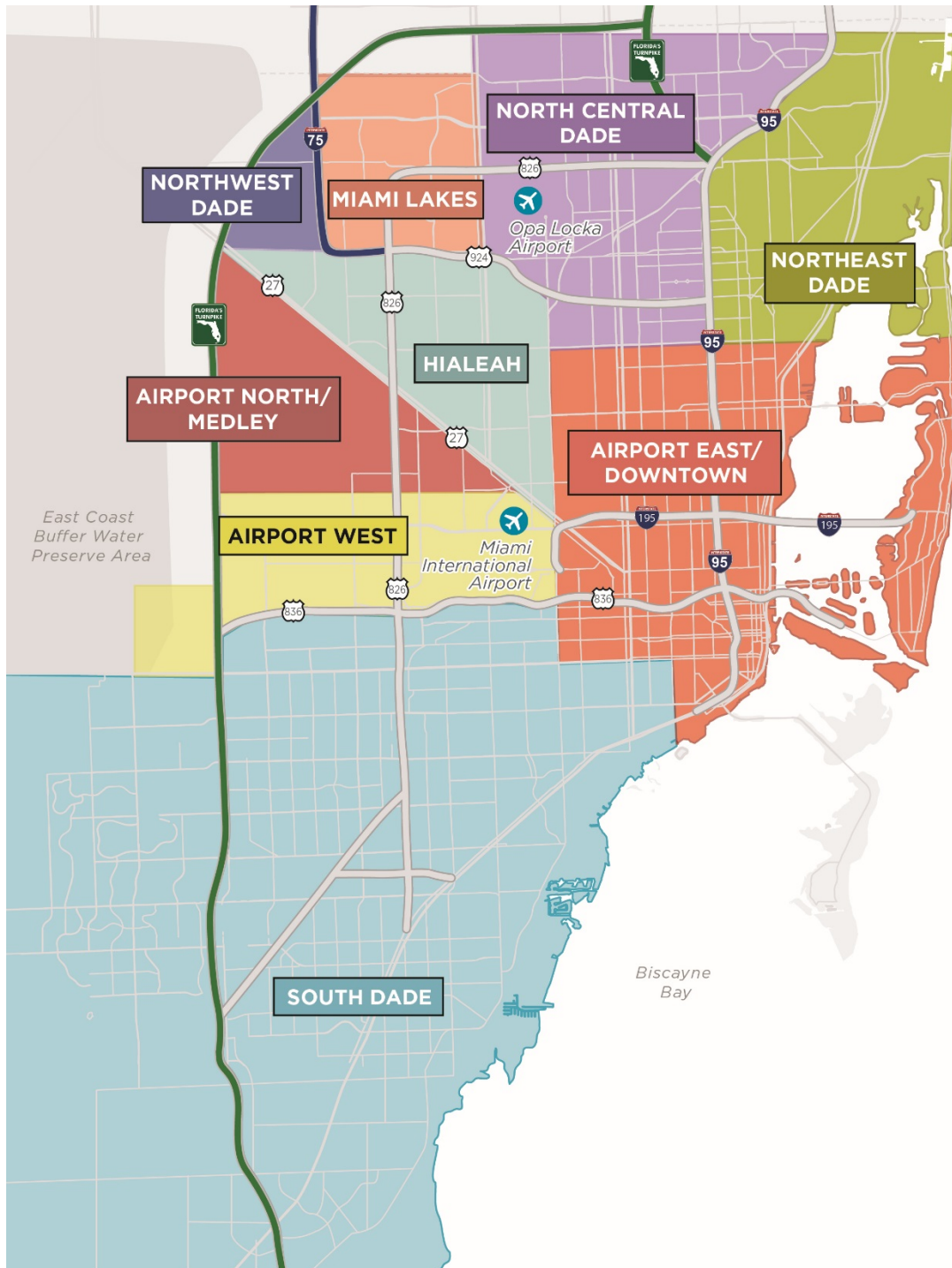
Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Webster Park	167,200	CoFe Properties/AEW Capital Mgmt.	Portfolio	Airport West
2200 NW 24 th Avenue	23,080	Miami Herald Pub./Global Aeroleasing	\$3,300,000/\$143	Airport East/Downtown
7555 W 2 nd Court	20,000	Amanie, Inc./7555 Prestige Center	\$1,800,000/\$90	Hialeah

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