

# MARKETBEAT

## Miami-Dade

### Industrial Q3 2019



#### MIAMI-DADE INDUSTRIAL

##### Economic Indicators

	Q3 18	Q3 19	12-Month Forecast
Miami-Dade Employment	1.20M	1.23M	▲
Miami-Dade Unemployment	3.9%	3.4%	▼
U.S. Unemployment	3.8%	3.7%	▲

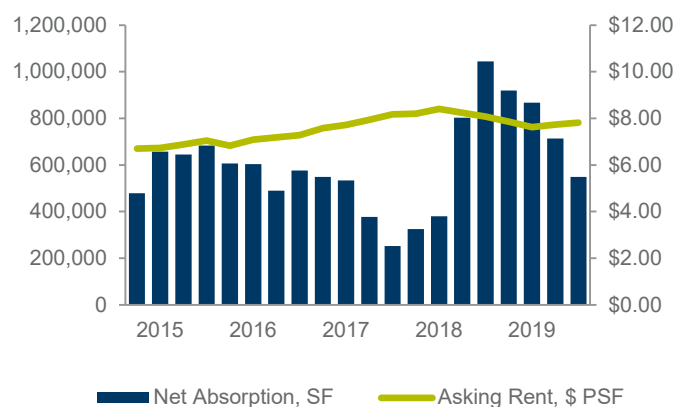
\*Numbers above are monthly figures, August 2018, FL Dept. Economic OPP.

##### Market Indicators (Overall, All Property Types)

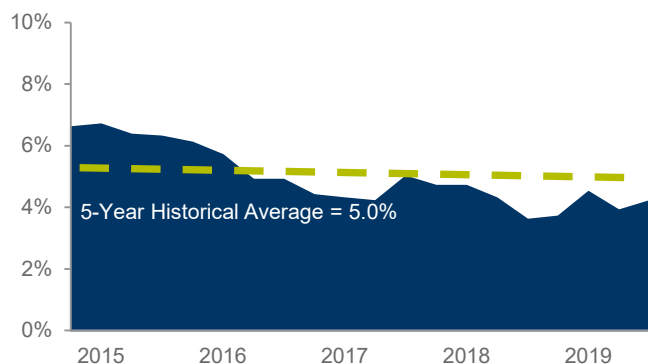
	Q3 18	Q3 19	12-Month Forecast
Vacancy	3.6%	4.2%	▲
YTD Net Absorption (sf)	3.4M	2.0M	▲
Under Construction (sf)	3.9M	4.6M	▼
Average Asking Rent*	\$7.55	\$7.89	▲

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

##### Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



##### Overall Vacancy



## Economy

Miami Dade's economic fundamentals trended positive through the third quarter of 2019. The unemployment rate was below the national average for the second consecutive quarter in a row. A total of 28,500 new jobs were created over the past 12 months, which caused the unemployment rate to fall by 50 basis points (bps) to 3.4% year-over-year (YOY). The Transportation, Warehousing and Utilities sector drove job gains, up 6.3%, or 4,800 new jobs. In addition, the Construction sector added 2,300 jobs. Combined, both industrial-related sectors accounted for over a quarter of all new jobs created in the county over the year.

## Market Overview

Overall asking rents climbed to \$7.89 per square foot (psf) triple net, up by \$0.34, or 4.5% YOY. The rent ranges for Class A warehouse/distribution space have increased from \$6.75 to \$9.50 psf to \$7.25 to \$10.00 psf due to a flood of new deliveries and the rising cost of construction. In contrast, rents in the office/services and manufacturing sectors decreased YOY by 7.3% and 23.4% respectively, due to recently vacated low-cost inferior space options.

Overall vacancy rose by 270 bps YOY to 4.2% at the end of the third quarter on nearly 1.6 million square feet (msf) of new product delivering in the first nine months of the year with approximately 820,000 square feet (sf) vacant. Only recently has the glut of new inventory impacted warehouse/distribution vacancy levels, with the overall vacancy rate at 4.4%, up 270 bps YOY. In addition, more vacant space was put back on the market in both the manufacturing and office/services sectors where vacancy reached 3.0% and 3.8% respectively. An additional 3.5 msf was planned for completion by the end of the year, with 2.4 msf with only 1.1 msf preleased.

Over the quarter, several new projects delivered with more preleasing than others. Countyline Corporate Park (Building 5) was 100% preleased upon completion, while South Florida Logistics Center (Building 9) and Miami Central Commons (Building 2) were completely vacant. Eastview Commerce Center (Building 4) gained in occupancy and delivered 41.7% occupied.

Leasing activity year-to-date (YTD) for the market reached 7.8 msf, nearly double compared to this time last year and a record high for Miami-Dade. The heightened pace of e-commerce and large logistics-driven tenants committing to new warehouse/distribution space brought leasing activity to an all-time high. The Northwest Dade submarket was responsible for a significant portion of leasing activity with approximately 2.1 msf leased YTD. The largest user to sign in the quarter was Home Depot, which pre-leased two separate 550,000-sf built-to-suit buildings in the Countyline Corporate Park development.

## MARKETBEAT

# Miami-Dade

Industrial Q3 2019



In the first three quarters of 2019, absorption totaled 2.0 msf, down by 1.6 msf compared to this time last year. Warehouse/distribution accounted for 2.2 msf of positive absorption recorded in the county, while the office/services and manufacturing sectors combined totaled nearly 300,000 sf of negative absorption. Warehouse/distribution had significant large tenant move-ins in the third quarter including Advanced Tire (69,184 sf), and Dupuis Furniture Company (66,572 sf). In comparison, the office/services and manufacturing sectors had a cumulation of smaller tenant move-outs. The last quarter of the year was expected to pick up pace, as UPS (304,000 sf), Aljoma Lumber (281,000 sf), and Nearly Natural (201,000 sf) all have scheduled move-ins.

**Leasing activity YTD reached 7.8 msf, nearly double compared to this time last year and a record for Miami-Dade.**

Developers and investors remained active in Miami-Dade to capitalize on the surge of tenant demand in the market. There was 4.6 msf under construction at the close of the third quarter, of which approximately 25% was preleased. Warehouse/distribution product accounted for the total amount of sf under construction. In addition, there was a total of approximately 7.3 msf of speculative warehouse/distribution space proposed.

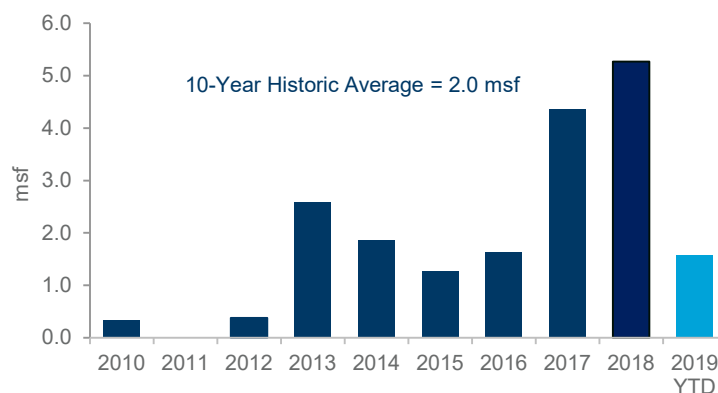
Miami-Dade's booming economy and continued job growth will boost industrial market fundamentals going into the final quarter of 2019. In addition, consumer demand and sustained trade will further support the industrial market's stability. However, Cushman & Wakefield anticipate vacancy levels to increase as tenant demand attempts to keep pace with the flood of new construction. A large portion of warehouse/distribution space being added will be pre-leased, with the remainder providing opportunities for new and expanding tenants.

### Outlook

- New construction over the next several months indicates an increase in vacancy.
- Warehouse/distribution rents will rise as several small (eight to fifteen-acre) parcels have been purchased and/or identified for 2020-2022 deliveries and the cost of construction continued to rise.
- The market will see more creative redevelopment projects, as a shortage of the larger traditional land sites persisted.

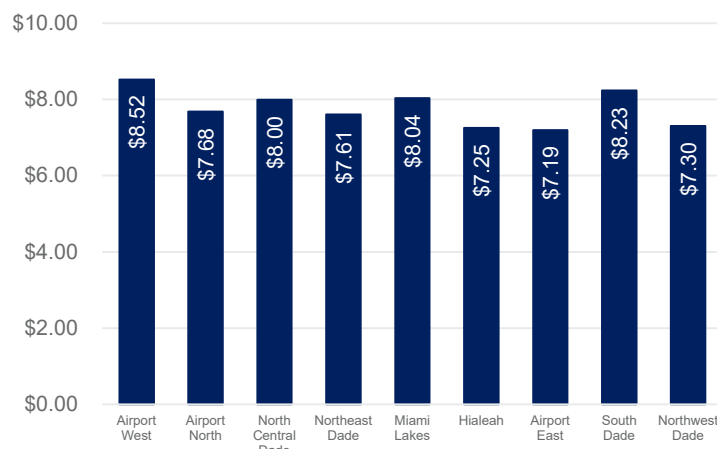
### New Supply (msf)

AN ADDITIONAL 3.5 MSF IS SCHEDULED TO DELIVER BY Q4 2019



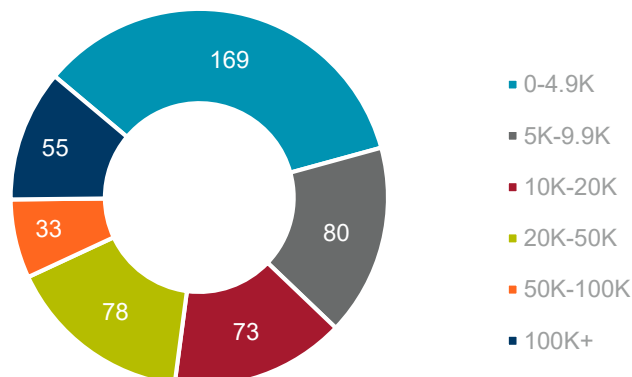
### Warehouse/Distribution Asking Rents by Submarket (NNN)

AIRPORT WEST HAS HIGHEST ASKING RENT IN THE MARKET



### Availability by Size Segment

OVERALL VACANCIES IN ONE SUITE



## MARKETBEAT

## Miami-Dade

Industrial Q3 2019



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	422	33,951,839	156,946	3.7%	813,807	199,410	315,200	\$10.92	\$10.58	\$7.50
Airport West	673	45,453,337	1,079,218	5.2%	181,956	466,780	485,555	\$13.95	\$11.16	\$8.33
Hialeah	265	8,863,135	153,400	2.1%	62,880	294,648	0	\$8.80	\$8.80	\$6.86
Hialeah East/Downtown	500	25,868,741	1,838,051	5.0%	-270,116	400,680	0	\$19.88	\$19.71	\$6.31
Miami Lakes	73	5,184,718	0	5.3%	-4,158	0	0	\$11.34	\$12.63	\$7.35
North Central Dade	432	28,858,535	850,082	2.2%	488,213	1,108,566	0	\$1.99	\$12.55	\$7.33
Northeast Dade	45	2,327,913	268,117	15.3%	193,253	1,290,424	314,472	N/A	N/A	\$7.47
Northwest Dade	9	2,439,598	0	2.5%	508,979	838,948	460,229	N/A	N/A	\$7.30
South Dade	179	7,752,725	0	3.5%	-11,155	0	0	\$10.49	\$11.21	\$6.52
<b>MIAMI-DADE TOTALS</b>	<b>2,598</b>	<b>160,700,541</b>	<b>4,345,814</b>	<b>4.2%</b>	<b>1,963,659</b>	<b>4,599,456</b>	<b>1,575,456</b>	<b>\$8.13</b>	<b>\$12.04</b>	<b>\$7.57</b>

\*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	2,055	131,818,409	3,923,039	4.4%	2,241,634	4,599,456	7,388,023	1,575,456	\$7.57	\$7.56
Manufacturing	354	19,110,468	289,055	3.0%	-273,979	0	227,852	0	\$8.13	\$8.13
Office Service/Flex	189	9,771,664	40,000	3.6%	-3,996	0	185,113	0	\$12.04	\$12.09

\*\*Does not include Renewals

## Key Lease Transactions Q3 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
3850 W 108 <sup>th</sup> Street (Building 1)	550,000	Home Depot	New	Northwest Dade
3850 W 108 <sup>th</sup> Street (Building 2)	550,000	Home Depot	New	Northwest Dade
3870 W 108 <sup>th</sup> Street	201,000	Nearly Natural	New	Northwest Dade
3805 W 108 <sup>th</sup> Street	185,731	Preferred Freezer Services	New	Northwest Dade

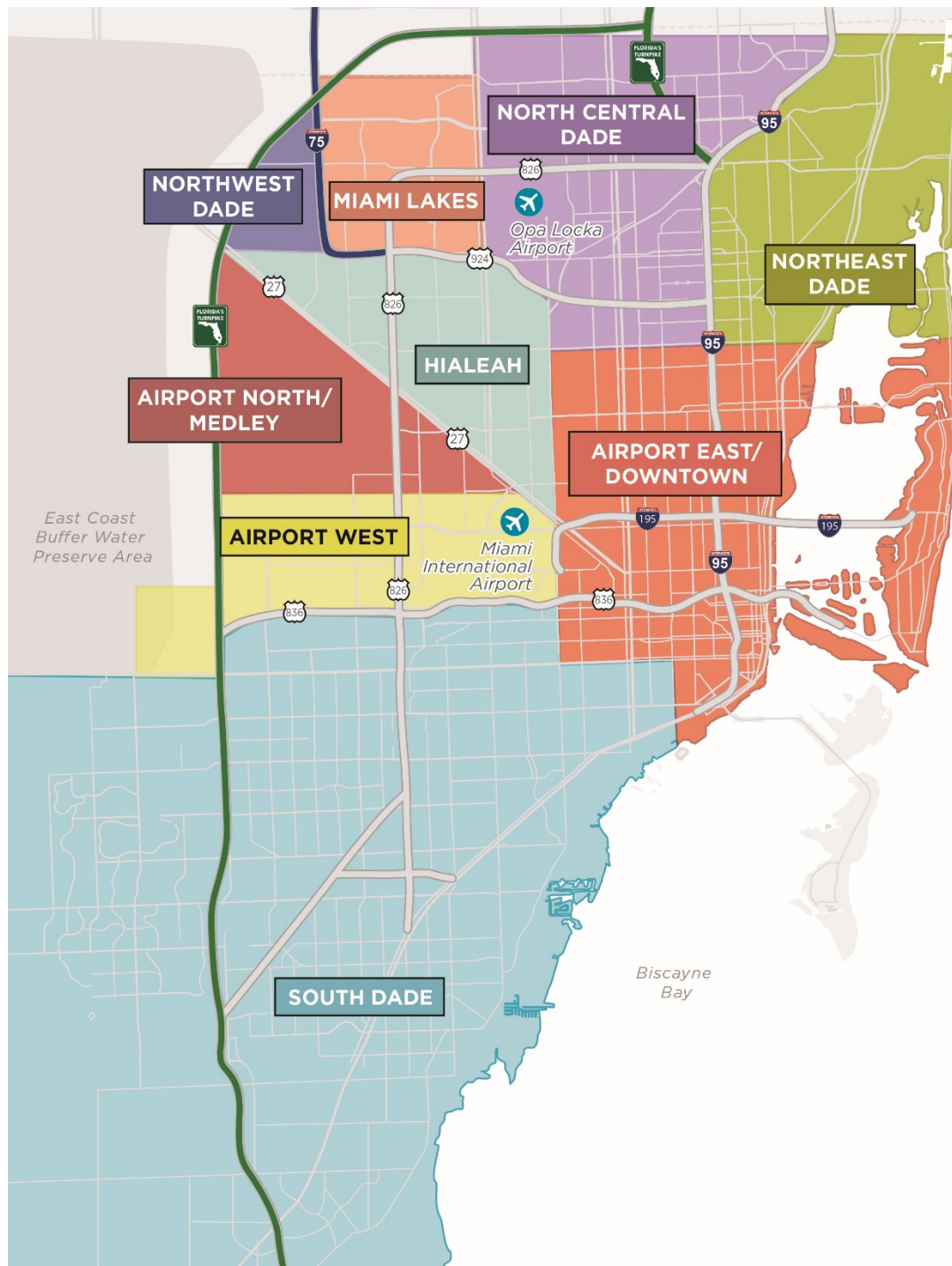
## Key Sales Transactions Q3 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
5801-6301 E 10 <sup>th</sup> Avenue	1,279,164	RREEF America/Prudential RE Investors	Portfolio	Airport East/Downtown
3108-3390 NW 72 <sup>nd</sup> Avenue	236,589	Elysee Investment Co/Blackstone	\$36,000,000/\$152	Airport West
3200 NW 67 <sup>th</sup> Avenue	175,000	Fortress/J.P. Morgan	\$33,000,000/\$189	Airport East/Downtown

MARKETBEAT

# Miami-Dade

Industrial Q3 2019



Cushman & Wakefield of Florida, LLC  
333 SE 2<sup>nd</sup> Avenue, Suite 3900  
Miami, FL 33131  
[cushmanwakefield.com](http://cushmanwakefield.com)

For more information, contact:  
Shanna Naseery  
Research Analyst  
Tel: +1 305 533 2845  
[shanna.naseery@cushwake.com](mailto:shanna.naseery@cushwake.com)

Chris Owen  
Director, Florida Research  
Tel: +1 407 541 4417  
[chris.owen@cushwake.com](mailto:chris.owen@cushwake.com)

#### About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in approximately 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without warranty or representations as to its accuracy.