

## Industrial Q3 2023

YoY Chg 12-Mo. Forecast

**1.8%**  
Vacancy Rate



**1.2M**  
YTD Absorption, SF



**\$15.40**  
Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

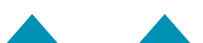
**1.3M**  
Miami Employment



**1.8%**  
Miami Unemployment Rate



**3.7%**  
U.S. Unemployment Rate



Source: BLS

### ECONOMY

Miami's unemployment rate fell by 70 basis points (bps) year-over-year (YOY) to 1.8%, remaining substantially lower than both the national and statewide averages. From 2021-2022, Miami recorded the 8th-highest net migration in the U.S. and is projected to have continued healthy net migration through 2027, fueling industrial demand with the need for goods and services. Industrial-using employment posted moderate growth with 800 jobs added YOY. The trade, transportation and utilities sector grew with an addition of 11,300 jobs, while manufacturing increased by 3,400 new positions while the construction industry fell by 4,400 jobs YOY.

### DEMAND

More than 1.7 million square feet (msf) of leasing activity was registered in Q3, slightly up from the previous two quarters and bringing the YTD total to 4.8 msf. Demand continued to normalize after the robust activity of the previous three years as leasing fell by 41.9% from this time last year. Move-ins to new industrial inventory should hold through the first half of 2024 as demand for new construction remains sturdy. However, no sizable lease deals over 200,000 square feet (sf) have taken place in 2023 and transactions over 100,000 sf have slowed with the bulk of leases taking place within the 25,000-sf to 50,000-sf range.

### SUPPLY

Despite the uptick in quarterly leasing, the industrial segment experienced an unusual correction during third quarter as supply outpaced demand with more than 340,000 sf of negative absorption. This can be attributed to the loss of occupancy from smaller and midsize tenants below the 50,000-sf threshold that decided to downsize or close their distribution operations and contract out to third-party logistic companies as cost containment efforts due to higher rents. This combined with the supply chain issues causing delays with construction completions and occupations of preleased space pushed vacancy upward 50 basis points quarter-over-quarter (QOQ). Despite the slight hiccup, tight market conditions continued as overall vacancy persisted below the 2.0% threshold — up 40 bps YOY. Limited vacancy remained throughout the county despite the addition of nearly 1.6 msf of new industrial inventory added since the beginning of 2023; only 13.8% of this space is still available for lease. Developers remained bullish as construction activity increased to a new record level with nearly 6.7 msf of new inventory underway and 1.0 msf already spoken for.

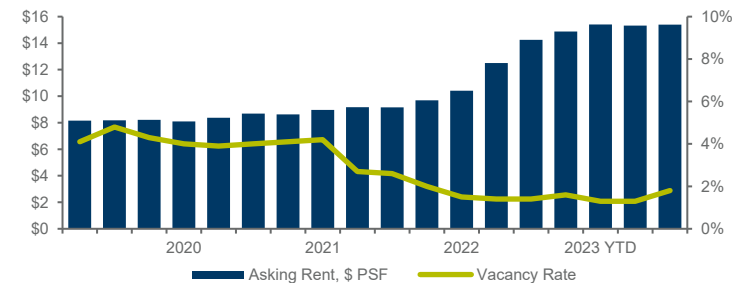
### MARKET PRICING

Average rents held steady the past three quarters, experiencing slight fluctuations while the \$15.40 per square feet (psf) triple net (NNN) average marked an 8.1% YOY increase. Limited available space from new industrial inventory hampered significant growth as rents for recently completed buildings ranged between the \$16.00 to \$19.00 psf NNN mark. Average rate growth is likely through 2024.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q3 2023

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Airport East/Downtown	23,240,823	373,158	1.6%	-166,215	455,771	85,376	0	\$6.50	\$21.10	\$11.93
Airport North/Medley	36,455,168	421,146	1.2%	190,526	1,047,790	724,958	56,404	N/A	\$18.93	\$14.52
Airport West	46,235,150	1,579,973	3.4%	-72,023	1,890,392	1,566,312	321,357	N/A	\$18.50	\$15.74
Hialeah	8,022,854	62,090	0.8%	237,219	205,764	363,907	176,315	N/A	N/A	\$19.26
Miami Lakes	4,791,921	71,505	1.5%	-71,505	66,092	0	0	\$13.00	\$17.31	N/A
North Central Dade	31,844,119	409,212	1.3%	96,804	470,374	1,587,924	319,792	\$18.00	\$19.68	\$14.50
Northeast Dade	3,050,778	51,845	1.7%	-51,845	32,081	0	0	N/A	N/A	\$16.50
Northwest Dade	7,997,703	60,860	0.8%	1,052,478	470,887	2,048,646	646,953	N/A	N/A	\$14.42
South Dade	8,595,837	53,800	0.6%	-8,083	112,149	0	20,000	\$19.00	\$18.56	\$17.08
<b>MIAMI-DADE TOTALS</b>	<b>170,234,353</b>	<b>3,083,589</b>	<b>1.8%</b>	<b>1,207,356</b>	<b>4,751,300</b>	<b>6,377,123</b>	<b>1,540,821</b>	<b>\$10.86</b>	<b>\$18.85</b>	<b>\$15.24</b>

\*Rental rates reflect weighted NNN asking \$psf/year \*Renewals not included in leasing statistics

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

### MARKET STATISTICS BY PRODUCT TYPE

PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	17,679,892	224,417	1.3%	-104,087	-72,107	217,797	0	0	\$10.86
Office Service	8,757,218	231,120	2.6%	-24,333	-97,707	119,043	0	0	\$18.85
Warehouse/Distribution	143,797,243	2,628,052	1.8%	-212,063	1,377,170	4,414,460	6,377,123	1,540,821	\$15.24
<b>MIAMI-DADE TOTALS</b>	<b>170,234,353</b>	<b>3,083,589</b>	<b>1.8%</b>	<b>-340,483</b>	<b>1,207,356</b>	<b>4,751,300</b>	<b>6,377,123</b>	<b>1,540,821</b>	<b>\$15.40</b>

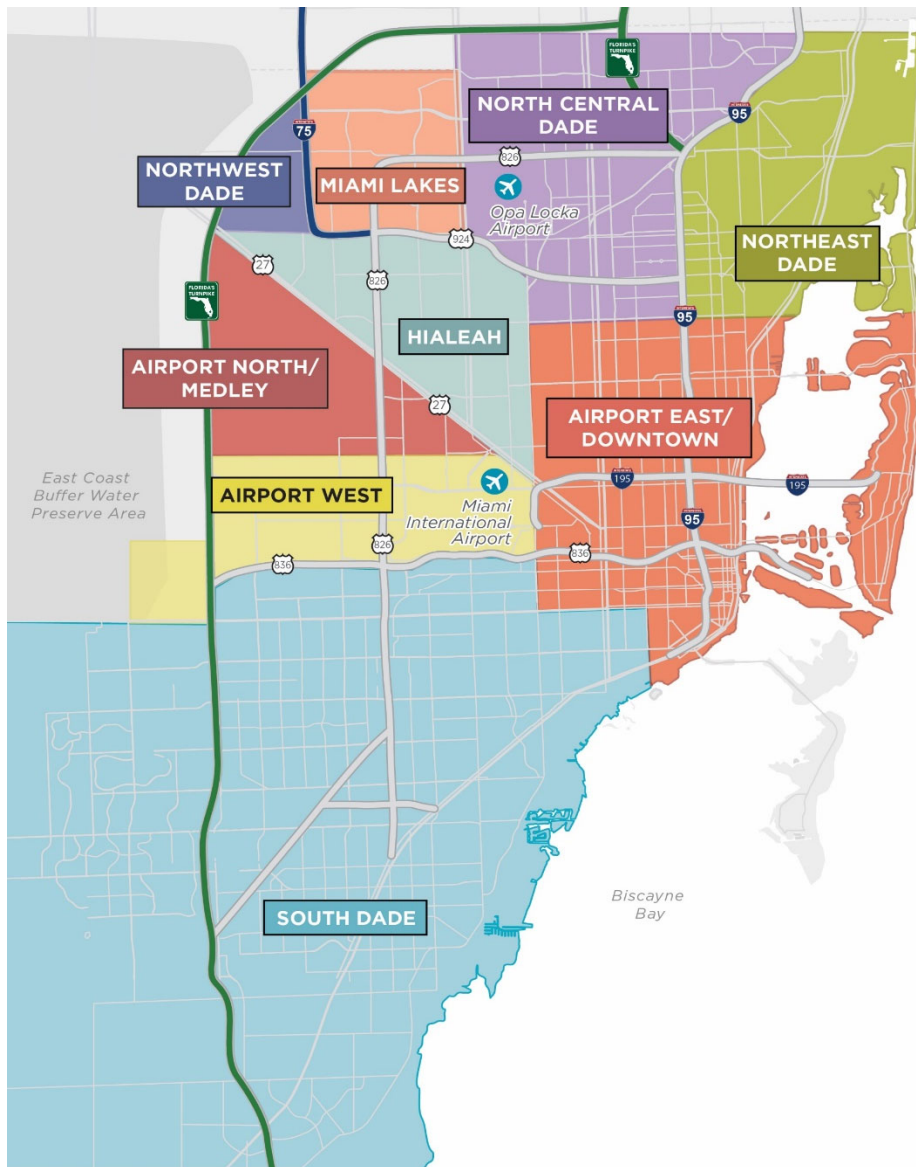
### KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
NW 107th Ave - Building 6	Airport West	Undisclosed	130,320	New
6715 NW 36th Street	Milam Dairy	FedEx	116,896	New
12480 NW 25th St	Airport West	Top Shipping Systems	112,189	New
9950 NW 17th St - Bldg 4	Airport West	Aeropost International Services	106,208	New

### KEY SALE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER   BUYER	SF	PRICE   \$ PSF
7201-7275 NE 4th Ave - Rail 71	Downtown	Little River Urban Investors LLC   Spiegel Associates	128,211	\$34.0M   \$265
14705-14720 NW 25th Ct	Opa Locka Airport	NR Investments   KODA	67,515	\$8.0M   \$118
14000 SW 140th St	Tamiami Airport	Red Dot Construction   CoFe Properties	52,467	\$11.2M   \$213

### INDUSTRIAL SUBMARKETS



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