

Miami-Dade County

Net Absorption Experiences a Significant Jump Amid Record High Construction Completions

Miami-Dade County's industrial market reported yet another year of robust expansion in 2019. Economic fundamentals remained strong and the rise of e-commerce alongside solid international trade continue to fuel Miami's industrial market despite a slowing of the global economy. Following a national trend, the manufacturing sector has begun to decline with the sector's employment growth shrinking by 5.9% in Miami. However, manufacturing makes up a small portion of Miami's inventory and the local market should see little to no impact. Although ongoing trade wars, escalating tensions in the Middle East, and uncertainty surrounding the upcoming political season present some notable headwinds in 2020, some fears have been mitigated with the passing of the USMCA (United States-Mexico-Canada Agreement) in the House during December.

Leasing activity remained strong during the fourth quarter of 2019 as demand continues to outpace supply. Following a prolific year of construction completions, 2019 completions still managed to surpass the all-time record high set in 2018. During 2019, over 5.6 million sf of industrial product was added to the market, expanding the local inventory by nearly 3%. Due to much of the new construction being pre-leased, net absorption made a significant jump during the fourth quarter, ending the year with 3.4 million sf being absorbed. The overall vacancy rate remained low amid the new deliveries, increasing to 4.06%. An influx of bulk distribution space during the fourth quarter lowered the overall average asking rate to \$8.89 per sf over the quarter (-\$0.11), however asking rates still remain well above the \$8.36 per sf reported at the end of 2018. Looking ahead, Miami's industrial market remains well positioned for another year of steady growth in 2020.



64.4%

of all industrial space delivered during 2019 has been leased, most of which had been pre-leased prior to delivery

Industrial Market Snapshot

- After a development boom over the last few years, construction completions in 2019 surpassed the all-time low set in 2018 by delivering 5.6 million sf, of which 64.4% has been leased as of year-end 2019. In the fourth quarter alone, 2.9 million sf was delivered. The most notable deliveries included 1.1 million sf in three buildings at Bridge Point Commerce Center; 446,803 sf in three buildings in the final phase of Eastview Commerce Center; 412,030 sf in buildings 6 and 7 at Countyline Corporate Park; and 216,780 sf in Building 36 at Prologis Beacon Lakes.
- After acquiring 18 acres in Hialeah Gardens, Foundry Commercial has announced plans to build a 320,000-sf speculative industrial project called Miami Midpoint Logistics Park. The project has the potential to be a build-to-suit for a large user, or a two-building industrial park. Construction is expected to begin during the first quarter of 2020.
- There was an outpouring of institutional capital into Miami-Dade's industrial market during 2019. Investment sales for the year totaled nearly \$1.4 billion, an impressive 27.5% jump over the previous year. Of all investment sales, 45.2% went to institutional investors.
- The surge in investment sales during 2019 speaks to the strength of investor sentiment in Miami-Dade's industrial market and the investor demand for well-placed assets.
- According to WorldCity's analysis of the most recent US Census Bureau data, PortMiami's trade volume increased by nearly 3.5% during the first 11 months of 2019 when compared with the same period during 2018. Over the same time period, exports rose by 2.8% and imports rose by 3.9%. While trade through PortMiami grew during 2019, trade for the U.S. as a whole fell by 1.5%. Continued growth is expected at PortMiami in 2020 as the port remains vital for trade with Latin America.
- Lack of developable land in Miami continues to present headwinds for developers as infill development, which is often more costly, becomes more and more common. A trend that began to emerge in 2019 was the purchasing of outdated industrial assets to be redeveloped as multifamily projects. As Miami's growing population continues to fuel the need for multifamily development, this trend is likely to continue in 2020.

190.8 MSF

Total industrial inventory in the Miami-Dade County market

3,413,037 SF

Direct Y-T-D net absorption as of 4Q-2019

4.06%

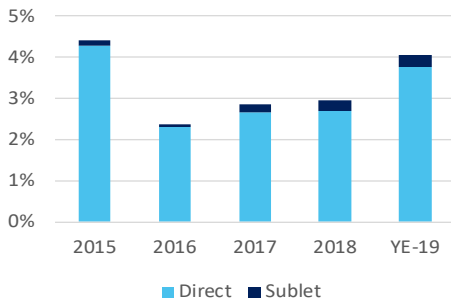
Overall Vacancy

\$8.42/SF/NNN

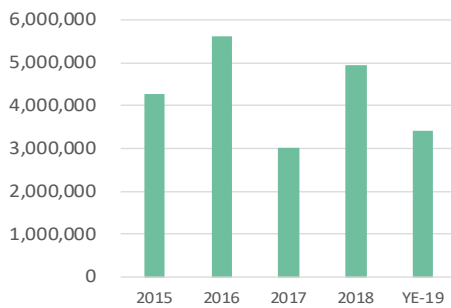
Average rental rate for industrial space (excluding flex)

Statistical Snapshot

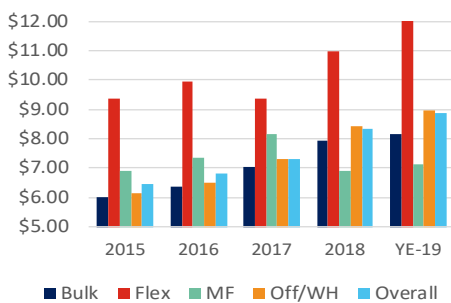
Vacancy Rate



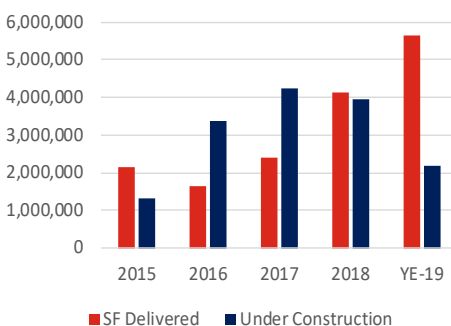
YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/NNN)



Construction Pipeline



Miami-Dade County Industrial Market At A Glance

Demographics & Economy



USMCA Trade Deal

The United States-Mexico-Canada Agreement passed in the House and will now go to the Senate.

24,700

increase in total non-farm employment since 4Q-2018

1 

According to new data compiled by U-Haul, Florida has surpassed Texas as the number one state for population growth.

3.3%
NOV-2018



2.7%
NOV-2019

change in Miami-Dade County's unemployment rate

Development



MIAMI 27 BUSINESS PARK

is gearing up to break ground on 723,208 sf in the Medley submarket. The two buildings are slated to break ground in 1Q20.

2.1 MSF



of new industrial product delivered in the Northeast Dade submarket during 2019



MIAMI AXIS PARK

is currently underway in the Hialeah submarket. The three buildings totaling 415,460 sf are scheduled to come online by mid-2020.



2.2 MSF

square feet of industrial space currently under construction in Miami-Dade County

Market Influencers



\$1.38 Billion

in total industrial sales volume during the T-12 months ending 4Q19



2.8%

increase in the bulk distribution average rental rate over the trailing 12 months ending 4Q-2019



3.47%

year-over-year increase in trade volume at Port Miami in 2019



45.2%

of all industrial investment sales during 2019 were to institutional investors

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	41,076,994	3,195,007	170,560	\$8.18	92.22%	7.78%	0.42%	8.19%	1,147,023	3,169,724
Flex	16,221,796	626,972	19,573	\$13.81	96.14%	3.86%	0.12%	3.99%	208,800	(101,991)
Manufacturing	23,166,613	549,121	30,446	\$7.12	97.63%	2.37%	0.13%	2.50%	0	(203,291)
Warehouse / Distribution	110,365,252	2,838,808	315,100	\$8.95	97.43%	2.57%	0.29%	2.86%	821,919	548,595
Total	190,830,655	7,209,908	535,679	\$8.89	96.22%	3.78%	0.28%	4.06%	2,177,742	3,413,037

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	13,437,041	1,072,976	17,385	\$9.03	92.01%	7.99%	0.13%	8.11%	0	684,761
Flex	8,453,319	375,881	9,246	\$13.76	95.55%	4.45%	0.11%	4.56%	0	(55,075)
Manufacturing	3,419,124	40,000	0	\$10.00	98.83%	1.17%	0.00%	1.17%	0	499
Warehouse / Distribution	43,611,520	1,155,733	152,977	\$9.55	97.35%	2.65%	0.35%	3.00%	171,533	441,939
Total	68,921,004	2,644,590	179,608	\$9.95	96.16%	3.84%	0.26%	4.10%	171,533	1,072,124

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	79,515	3,875	\$17.81	89.53%	10.47%	0.51%	10.98%	0	(53,060)
Manufacturing	1,719,611	32,760	0	\$9.49	98.09%	1.91%	0.00%	1.91%	0	(21,500)
Warehouse / Distribution	6,159,252	61,120	0	\$13.84	99.01%	0.99%	0.00%	0.99%	0	66,110
Total	8,638,672	173,395	3,875	\$14.84	97.99%	2.01%	0.04%	2.05%	0	(8,450)

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	40,000	\$0.00	100.00%	0.00%	2.88%	2.88%	212,760	113,086
Flex	158,755	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Manufacturing	6,457,038	357,014	0	\$6.46	94.47%	5.53%	0.00%	5.53%	0	(357,014)
Warehouse / Distribution	12,381,349	471,220	13,253	\$8.48	96.19%	3.81%	0.11%	3.91%	202,700	(191,981)
Total	20,388,015	828,234	53,253	\$7.61	95.94%	4.06%	0.26%	4.32%	415,460	(435,909)

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	41,842	5,000	\$10.61	97.91%	2.09%	0.25%	2.33%	38,000	1,338
Manufacturing	751,598	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	21,601
Warehouse / Distribution	5,923,542	84,739	5,662	\$10.26	98.57%	1.43%	0.10%	1.53%	0	(5,174)
Total	8,681,449	126,581	10,662	\$10.38	98.54%	1.46%	0.12%	1.58%	38,000	17,765

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	15,140,225	679,273	113,175	\$7.87	95.51%	4.49%	0.75%	5.23%	199,410	652,628
Flex	681,213	24,150	0	\$16.89	96.45%	3.55%	0.00%	3.55%	170,800	4,350
Manufacturing	3,423,935	66,547	0	\$8.25	98.06%	1.94%	0.00%	1.94%	0	153,453
Warehouse / Distribution	11,777,350	358,850	88,553	\$7.47	96.95%	3.05%	0.75%	3.80%	153,038	265,677
Total	31,022,723	1,128,820	201,728	\$7.96	96.36%	3.64%	0.65%	4.29%	523,248	1,076,108

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	215,705	0	\$7.45	94.93%	5.07%	0.00%	5.07%	537,731	760,297
Flex	1,503,936	42,252	0	\$10.26	97.19%	2.81%	0.00%	2.81%	0	(16,950)
Manufacturing	2,214,580	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	6,908,109	228,179	54,655	\$6.20	96.70%	3.30%	0.79%	4.09%	294,648	(143,739)
Total	14,882,493	486,136	54,655	\$7.11	96.73%	3.27%	0.37%	3.63%	832,379	599,608

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	6,572,475	1,227,053	0	\$7.73	81.33%	18.67%	0.00%	18.67%	197,122	958,952
Flex	1,771,752	62,132	1,452	\$12.40	96.49%	3.51%	0.08%	3.59%	0	6,623
Manufacturing	4,985,630	52,800	30,446	\$6.47	98.94%	1.06%	0.61%	1.67%	0	(330)
Warehouse / Distribution	20,246,263	439,831	0	\$9.60	97.83%	2.17%	0.00%	2.17%	0	140,257
Total	33,576,120	1,781,816	31,898	\$8.31	94.69%	5.31%	0.10%	5.40%	197,122	1,105,502

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	1,200	0	\$8.50	99.86%	0.14%	0.00%	0.14%	0	10,783
Manufacturing	195,097	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	3,357,867	39,136	0	\$8.93	98.83%	1.17%	0.00%	1.17%	0	(24,494)
Total	4,720,179	40,336	0	\$8.92	99.15%	0.85%	0.00%	0.85%	0	(13,711)

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.

The most significant construction is occurring in the Northwest Dade, Medley, and Hialeah submarkets at the end of 2019.

Leading Indicators (Y-O-Y 4Q-2018 to 4Q-2019)

Vacancy Rate	Net Absorption	Average Asking Rate (NNN)	New Construction	Total Employment
4.06%	3,413,037 SF	\$8.89	2,177,742 SF	1.39 MM

Significant Fourth Quarter 2019 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
American Fine Foods Corp	International Corporate Park - Bldg 19	Sublease	147,581	Airport West
Suddath	Countyline Corporate Park - Bldg 6	New	132,821	Northwest Dade
Apollo Export Warehouse	Airport North Logistics Park - Bldg 2	New	120,590	Medley
HapCor*	Bridge Point Commerce Center - Bldg A	New	114,808	Northeast Dade
Cachita Universal Studio	7355 NW 41st St	New	81,765	Airport West
SPR Global Storage	Beacon @ 97th - Bldg 2000	New	80,000	Airport West
Estes	12950 NW South River Dr	New	60,000	Medley
Promo International, Inc.	Miami International Tradeport - Bldg F2	New	43,238	Medley
U.S. Customs	Maimi Central Commons - Bldg 2	New	42,273	Airport West
Guardian Fueling Technologies	Countyline Corporate Park - Building 6	New	40,000	Northwest Dade

*Avison Young handled this transaction

Significant Fourth Quarter 2019 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
AVE Aviation & Commerce Center*	959,437	\$126,000,000	\$131	Bridge Development Partners / BentallGreenOak	Northwest Dade
Countyline Corporate Park - Bldg 8	241,187	\$39,050,000	\$162	Duke Realty	Northwest Dade
1000 SE 8th St	234,146	\$26,800,000	\$114	Wheelock Street Capital	Hialeah
3000 NW 123rd St	54,874	\$25,000,000**	\$456	Panattoni Development	Northeast Dade

*Avison Young handled this transaction

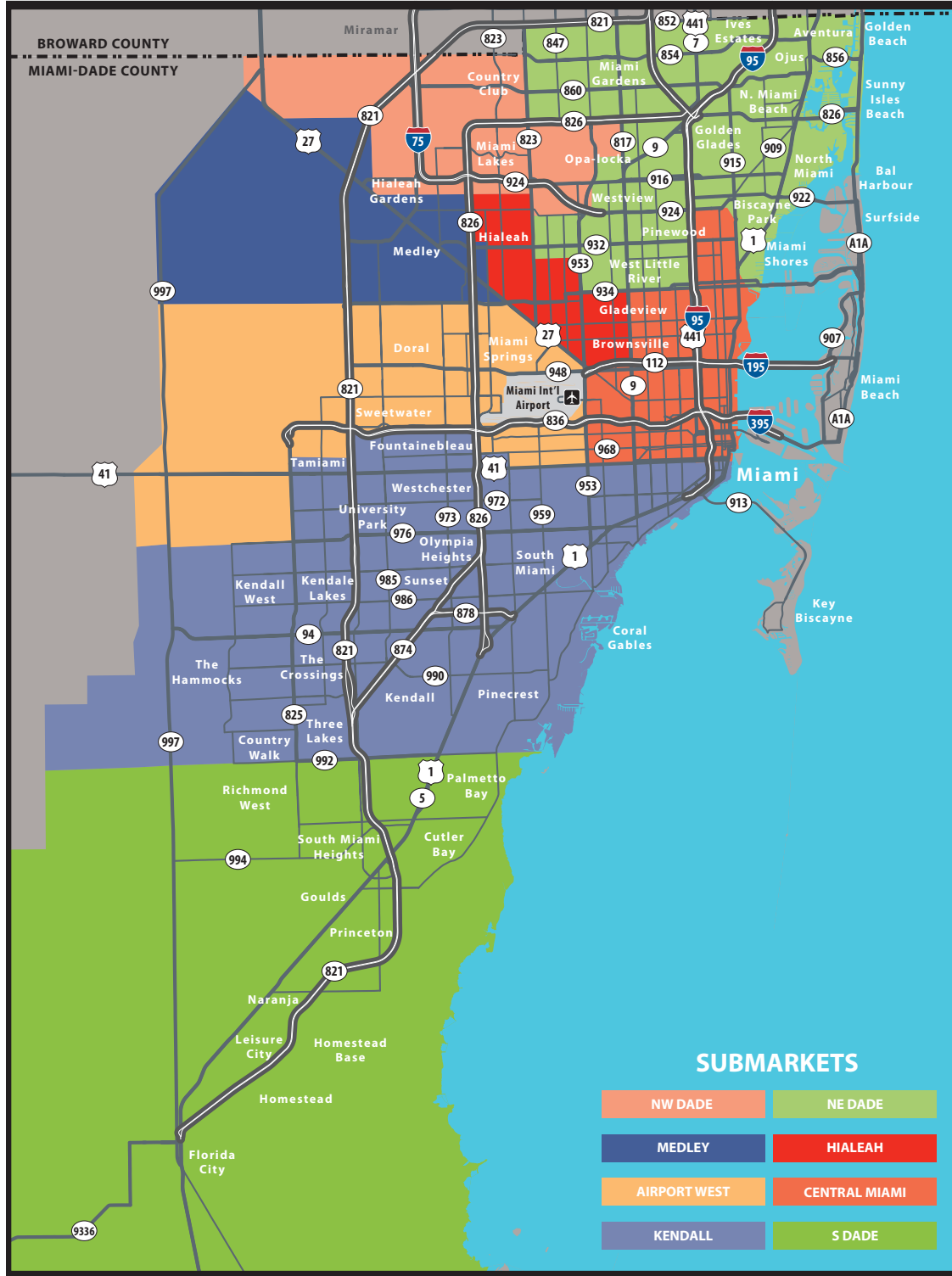
** Property sold for its land value



AVE Aviation & Commerce Center

Industrial Park Sells for \$126 MM with an Additional 1 MSF For Development

During the fourth quarter of 2019, the master-planned AVE Aviation & Commerce Center sold for \$126 million. The sale included 959,437 sf of existing industrial buildings at the park, as well as the development rights to 1 million sf on the remaining 47 acres. A joint venture between Bridge Development and BentallGreenOak purchased the asset and plan to build a 1 million-sf speculative development that would include four buildings ranging in size from 109,000 to 500,000 sf. Construction is slated to begin during the first quarter of 2020 with completion during the first quarter of 2021.



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