

# Miami

## Strong market fundamentals will continue accelerating in 2021

- New construction has shifted demand to new areas such as Northwest Dade.
- Most of the largest deals this quarter were signed in Medley.
- Landlords continue to push rates for new construction – some are asking up to \$10.00 p.s.f on a triple net basis.

The market managed to keep solid footing through the first half of 2021 with more than 7.0 million s.f of transactions. This quarter, net absorption was largely driven by Home Depot, which occupied 1.0 million s.f in the Northwest Dade submarket. Just two years ago most logistics companies would have never considered this location due to the difficult highway access. But low vacancy rates and limited large blocks have pushed demand further west. As a result, the market has seen a steep increase in construction activity recently, especially in the Medley area. Currently, there are more than 900,000 s.f of speculative builds in the Medley submarket near W Okeechobee Rd and the Turnpike highway. Some notable projects include First Park Miami and Miami International Tradeport (MIT), these two projects signed some significant deals in Q2 2021. Pilot Air Freight pre-leased 369,000 s.f at First Park Miami and Agility and Hitachi signed 147,000 s.f and 140,000 s.f, respectively, at MIT.

Several large distribution centers are expected to deliver this year. Roughly 2.5 million s.f is set to come online during the upcoming quarters. While this is a robust amount, much of this space is preleased with only 1.6 million s.f unaccounted for. This activity has led to a significant range in asking rates for the newly built product. Those rates range from \$7.00 to \$10.25 p.s.f on a triple net basis, which will most likely continue to drive up sales prices and lowering cap rates in the upcoming quarters.

### Outlook

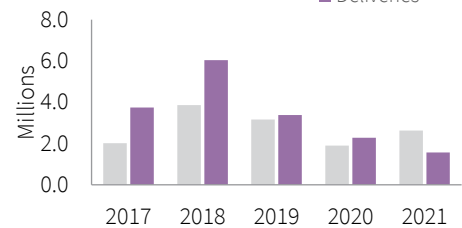
Overall, we expect demand for industrial space to remain above historical levels, driven by continued growth in e-commerce, logistics, and an expanding economy. The demand for the newer product will command a premium and give landlords such as First Industrial and Flagler the option to raise prices for the most competitive tenants. But also expect to see higher rents among supply-constrained submarkets, especially those close to ports such as Airport West and Medley. The growth of e-commerce may slow down a bit from its feverish pace during the height of the pandemic, though, it is expected to remain a significant source of demand for the short to medium term.

### Fundamentals

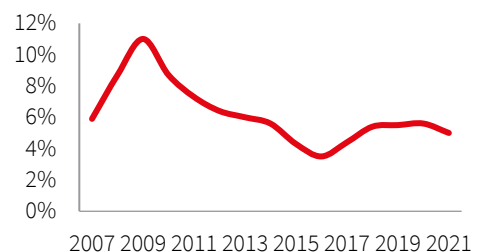
Forecast

YTD net absorption	2,627,705 s.f.	▲
Under construction	2,814,146 s.f.	►
Total vacancy	5.0 %	▼
Sublease vacancy	474,495 s.f.	►
Direct asking rent	\$7.68 p.s.f.	▲
Sublease asking rent	\$7.20 p.s.f.	▲
Concessions	Stable	►

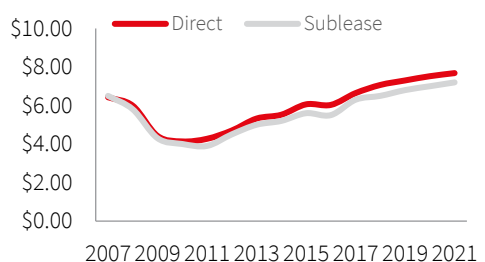
### Supply and demand (s.f.)

Net absorption  
Deliveries


### Total vacancy (%)



### Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Miami-Dade total										
Warehouse & Distribution	177,167,232	2,081,159	2,690,634	1.5%	5.2%	8.4%	\$7.65	221,300	1,560,687	2,814,146
Manufacturing	14,330,028	-47,824	-62,929	-0.4%	2.1%	4.1%	\$7.05	0	0	0
Overall Total	191,497,260	2,033,335	2,627,705	1.4%	5.0%	8.1%	\$7.68	221,300	1,560,687	2,814,146
Airport North										
Warehouse & Distribution	20,322,991	-2,790	179,262	0.9%	4.6%	6.2%	\$7.47	0	0	0
Manufacturing	469,765	-14,444	-14,444	-3.1%	6.4%	8.2%	\$6.54	0	0	0
Overall Total	20,792,756	-17,234	164,818	0.8%	4.6%	6.2%	\$7.50	0	0	0
Airport West										
Warehouse & Distribution	42,562,794	244,159	355,593	0.8%	4.7%	10.1%	\$8.74	0	0	127,000
Manufacturing	1,676,802	0	0	0.0%	0.0%	8.2%	\$8.05	0	0	0
Overall Total	44,239,596	244,159	355,593	0.8%	4.6%	10.1%	\$8.75	0	0	127,000
East Dade										
Warehouse & Distribution	11,994,112	-19,549	-124,390	-1.4%	5.7%	9.3%	\$7.64	0	0	0
Manufacturing	726,315	0	0	0.0%	1.1%	1.1%	\$6.54	0	0	0
Overall Total	12,720,427	-19,549	-124,390	-1.3%	5.4%	8.8%	\$7.67	0	0	0
Hialeah										
Warehouse & Distribution	24,424,487	345,635	393,546	1.6%	5.0%	8.0%	\$6.43	0	0	0
Manufacturing	4,690,964	-8,350	-18,485	-0.4%	3.8%	4.2%	\$6.00	0	0	0
Overall Total	29,115,451	337,285	375,061	1.3%	4.8%	7.3%	\$6.50	0	0	0
Medley										
Warehouse & Distribution	27,666,648	7,980	178,481	0.6%	5.4%	8.5%	\$7.84	0	0	923,472
Manufacturing	2,057,502	0	0	0.0%	0.0%	0.0%	\$7.40	0	0	0
Overall Total	29,724,150	7,980	178,481	0.6%	5.1%	7.9%	\$7.85	0	0	923,472
North Central Dade										
Warehouse & Distribution	33,155,022	106,750	210,161	0.6%	5.8%	7.2%	\$7.70	221,300	221,300	0
Manufacturing	3,605,787	-25,030	-30,000	-0.8%	2.1%	5.8%	\$7.30	0	0	0
Overall Total	36,760,809	81,720	180,161	0.5%	5.4%	7.0%	\$7.75	221,300	221,300	0
Northwest Dade										
Warehouse & Distribution	17,041,178	1,398,974	1,497,981	8.8%	6.0%	8.8%	\$7.83	0	1,339,387	1,763,674
Manufacturing	1,102,893	0	0	0.0%	0.0%	0.4%	\$7.50	0	0	0
Overall Total	18,144,071	1,398,974	1,497,981	8.3%	5.7%	8.4%	\$7.84	0	1,339,387	1,763,674