

Miami

Vacancy is close to historic lows as asking rates soar to new heights

- Class A product and new construction is fueling asking rate increases, with many landlords asking north of \$10.00 NNN p.s.f.
- 2021 is already a record year for absorption, with 4.6 million s.f. absorbed year-to-date.
- Total vacancy dipped below 5.0% for the first time since Q3 2019

The Miami industrial market posted near historical market fundamentals through Q3. To date, the market has absorbed approximately 4.6 million s.f., crushing the previous high at 4.3 million s.f. for all of 2015. Over half of that absorption was concentrated in the Northwest Dade submarket, which has recorded 2.5 million s.f. to date. In addition to leading the market in absorption, the bulk of new construction has also taken place in Northwest Dade, accounting for 2.5 million s.f. of construction deliveries so far this year.

The historical level of absorption helped push the market vacancy to its lowest level in three years. Total vacancy decreased by 310 bp year-over-year. With the exception of Northwest Dade, every submarket recorded year-over-year occupancy increases and recorded a sub-5.0% vacancy rate. Occupancy gains in Q3 were driven by a diversified set of tenant including an e-commerce tenant taking down 276,000-s.f. in Northwest Dade, Software Brokers of America occupying 161,000 s.f. in Medley, and Florida Freezer moving into 85,000 s.f. in North Central Dade.

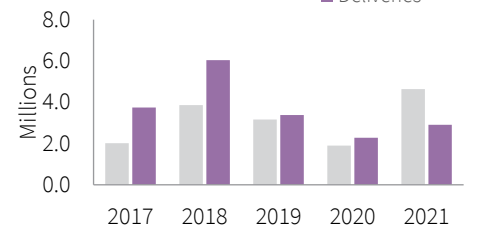
Significant demand has bolstered landlord and developer confidence to continue to push asking rates to historical levels. Every submarket has recorded year-over-year asking rate increases as landlord across the market increased rates \$1.00-\$3.00 p.s.f.

Outlook

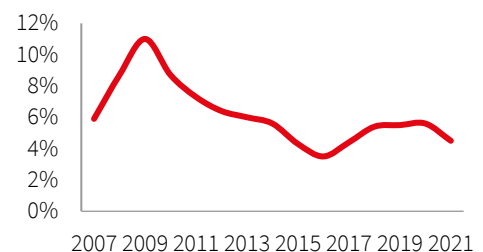
The Miami industrial market is showing little to no signs of slowing down. As vacancy decline asking rates are anticipated to continuously break records for the foreseeable future. The market will continue to be a top market for e-commerce and distribution companies looking to tap into a robust and growing population base.

Fundamentals	Forecast
YTD net absorption	4,634,609 s.f. ▲
Under construction	2,988,504 s.f. ►
Total vacancy	4.5% ▼
Sublease vacancy	651,408 s.f. ►
Direct asking rent	\$8.84 p.s.f. ▲
Sublease asking rent	\$10.88 p.s.f. ▲
Concessions	Stable ►

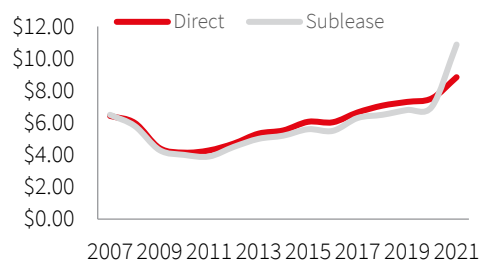
Supply and demand (s.f.)



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	178,496,282	1,910,631	4,687,351	2.6%	4.7%	7.0%	\$9.03	1,341,705	2,902,392	2,988,504
Manufacturing	14,313,337	-71,466	-52,742	-0.4%	2.0%	3.5%	\$6.90	0	0	0
Overall Total	193,034,006	1,839,165	4,634,609	2.4%	4.5%	6.7%	\$8.94	1,341,705	2,902,392	2,988,504
Airport North										
Warehouse & Distribution	20,332,991	255,849	435,111	2.1%	3.2%	3.2%	\$8.92	0	0	0
Manufacturing	454,074	30,124	15,680	3.5%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	20,787,065	285,973	450,791	2.2%	3.1%	3.1%	\$8.92	0	0	0
Airport West										
Warehouse & Distribution	42,618,679	-68,885	243,609	0.6%	4.7%	9.2%	\$10.09	0	0	127,000
Manufacturing	1,676,802	-96,620	-96,620	-5.8%	5.8%	5.8%	\$9.00	0	0	0
Overall Total	44,295,481	-165,505	146,989	0.3%	4.7%	9.0%	\$10.05	0	0	127,000
East Dade										
Warehouse & Distribution	11,873,823	154,339	101,486	0.9%	3.6%	4.9%	\$9.71	0	0	0
Manufacturing	726,315	0	0	0.0%	1.1%	1.1%	\$0.00	0	0	0
Overall Total	12,824,525	154,339	101,486	0.8%	3.4%	4.6%	\$9.71	0	0	0
Hialeah										
Warehouse & Distribution	24,443,322	129,641	523,787	2.1%	4.2%	7.5%	\$7.29	0	0	0
Manufacturing	4,689,964	0	15,668	0.3%	3.1%	4.5%	\$6.86	0	0	0
Overall Total	29,133,286	129,641	539,455	1.9%	4.0%	7.0%	\$7.25	0	0	0
Medley										
Warehouse & Distribution	27,945,873	471,978	727,064	2.6%	4.2%	6.8%	\$8.87	221,984	221,984	1,790,625
Manufacturing	2,057,502	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	30,003,375	471,978	727,064	2.4%	3.9%	6.3%	\$8.87	221,984	221,984	1,790,625
North Central Dade										
Warehouse & Distribution	33,120,695	293,105	503,266	1.5%	4.9%	4.5%	\$8.90	0	221,300	0
Manufacturing	3,605,787	-4,970	12,530	0.3%	1.0%	5.1%	\$5.79	0	0	0
Overall Total	36,726,482	288,135	515,796	1.4%	4.5%	4.6%	\$8.51	0	221,300	0
Northwest Dade										
Warehouse & Distribution	18,160,899	674,604	2,153,028	11.9%	8.2%	11.6%	\$8.73	1,119,721	2,459,108	1,070,879
Manufacturing	1,102,893	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	19,263,792	674,604	2,153,028	11.2%	7.8%	11.0%	\$8.73	1,119,721	2,459,108	1,070,879