

MIAMI INDUSTRIAL MARKET

Q4 2022



TRENDLINES

	Q4 2022	Q4 2021	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	1.8	4.3	↓	4.6	↑
NET ABSORPTION (MSF)	1.2	1.6	↓	0.9	↑
OVERALL VACANCY RATE	2.2%	2.8%	↓	4.0%	↓
OVERALL VACANT SF (MSF)	4.5	5.6	↓	7.7	↓
UNDER CONSTRUCTION (MSF)	4.8	6.0	↑	4.1	↑
ASKING RENT, NNN (PSF)	\$14.83	\$12.05	↑	\$11.25	↑
SALES VOLUME (MILLIONS)	\$883.7	\$759.4	↑	\$453.7	↓

Source: Bureau of Labor Statistics, CoStar, Real Capital Analytics, Transwestern

HISTORICAL YEAR

Key performance indicators for the Miami industrial market shattered records for the second consecutive year in 2022. Tenants continued to absorb space amongst constrained supply, resulting in the second highest total on record for occupancy growth, reducing the overall vacancy rate to a historically low level. Because development has not been able to keep pace with leasing activity, rent growth skyrocketed, increasing by 23.1% during 2022.

Miami continued to add strong industrial labor throughout 2022, growing by 6.4%, while unemployment fell below 2.0% during Q4. Trade remains the major economic driver for the region and the outlook is very promising based on projections in Latin America and the expected impact of nearshoring manufacturing growth. With strong continued demand expected for industrial real estate space, developers will persist in finding creative ways to add new product in spite of recent turbulence in the debt and equity markets.

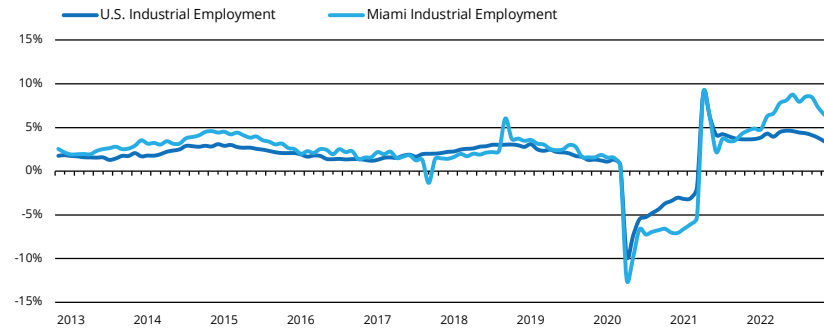


ECONOMY

Trucking Employment Revised Upward

- The U.S unemployment rate stabilized during Q4, remaining at 3.5%. This rate is lower by 50 basis points when compared to the close of 2021.
- Labor participation also stayed the same during the quarter, while U.S. industrial employment continued to increase, though at the slowest year-over year pace post pandemic.
- While trucking employment slowed during the second half of the year, earlier estimates were revised upward, indicating the sector remains strong.
- Miami unemployment fell below 2.0% during the final quarter of 2022 and at 1.8% was 150 basis points lower than a year ago.
- Miami added strong industrial labor throughout 2022, growing by 6.4% year-over-year.

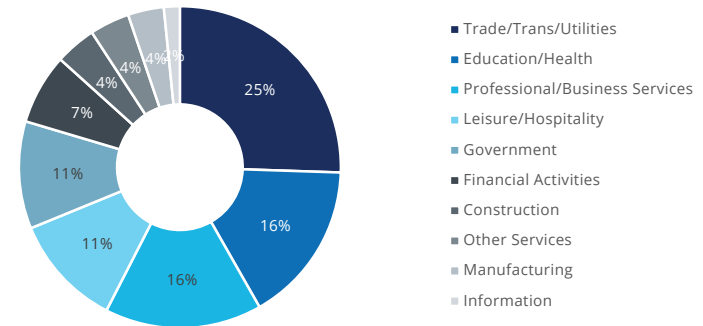
Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

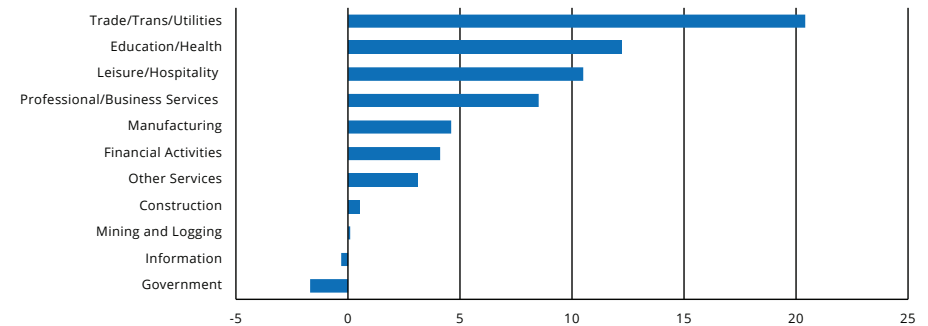
Miami | November 2022



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Miami | November 2022



Source: Bureau of Labor Statistics, Transwestern

In Thousands

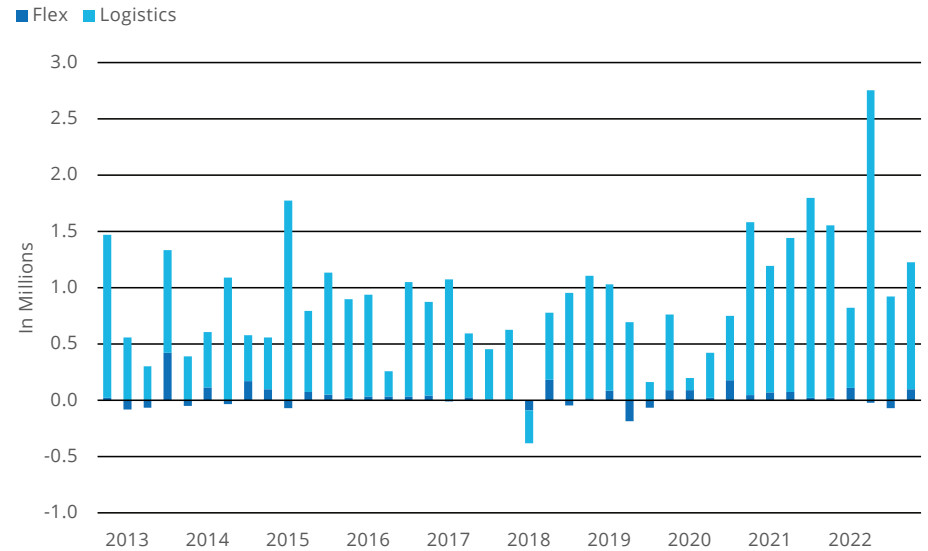


NET ABSORPTION

Strong Finish

- Net absorption climbed back above 1 MSF to close the year, surpassing that level for the eighth time in the past ten quarters.
- Occupancy growth totaled 5.6 MSF during 2022, the second highest total on record, trailing only the record setting 6.0 MSF in 2021.
- Positive net absorption in the past 19 quarters, and 40 of the past 41, resulted in a 36 MSF increase in occupied space during the past 10+ years.
- Nine of 11 submarkets recorded positive net absorption during 2022, including three which recorded more than 1MSF.
- Only two submarkets recorded occupancy losses during the past three months, down from four during the previous quarter.

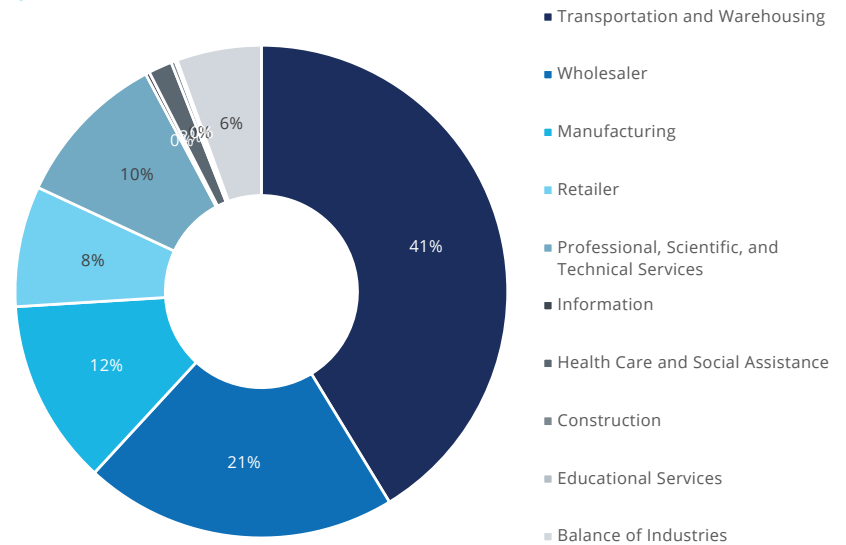
NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

SHARE OF LEASING ACTIVITY BY INDUSTRY

Q4 2022



Source: CoStar, Transwestern

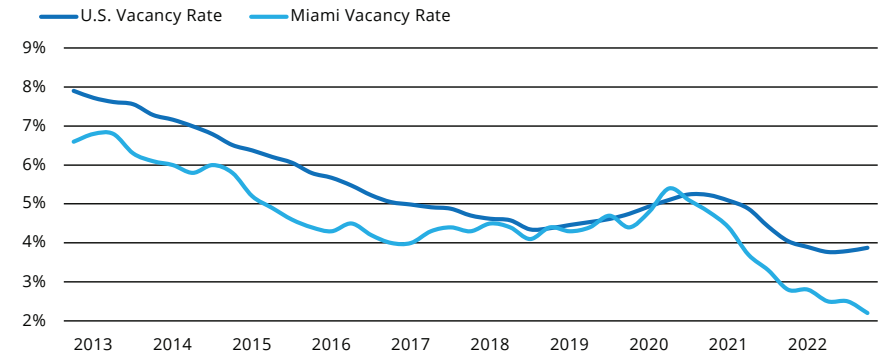


VACANCY

Historical Low

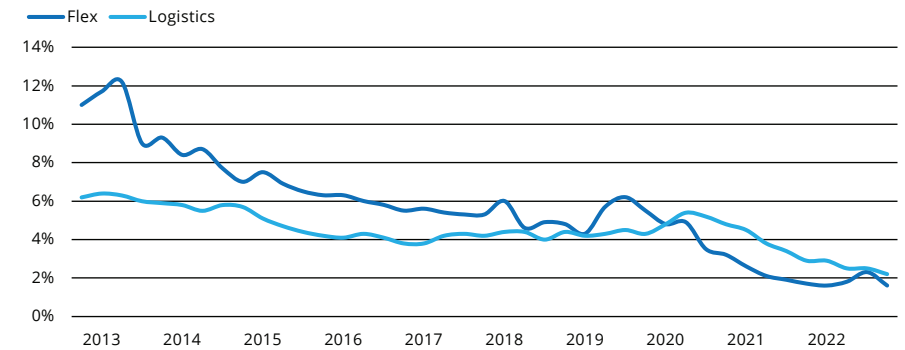
- After stabilizing during the previous quarter, the overall vacancy rate fell 30 basis points to 2.2%, the lowest level ever recorded.
- The vacancy rate fell by 60 basis points during 2022 and is 320 basis points lower than the pandemic peak level.
- In the past four years the Miami vacancy rate has been cut in half, despite the addition of nearly 15 million SF of new industrial inventory to the market.
- The amount of vacant sublease space ticked up for the fourth consecutive quarter and closed 2022 at the highest level in more than two years.
- The vacancy rate in the Miami industrial market is 170 basis points lower than the U.S. average.

OVERALL VACANCY RATE



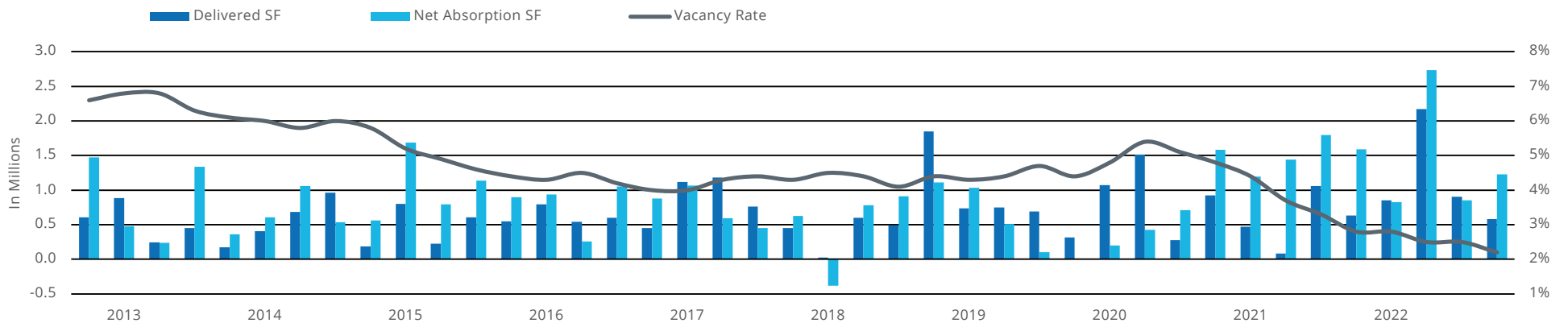
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

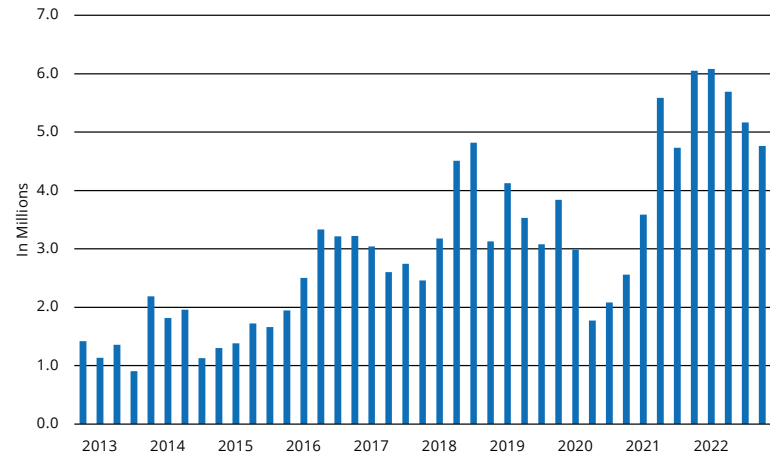


UNDER CONSTRUCTION

Development Still Outpaced by Leasing

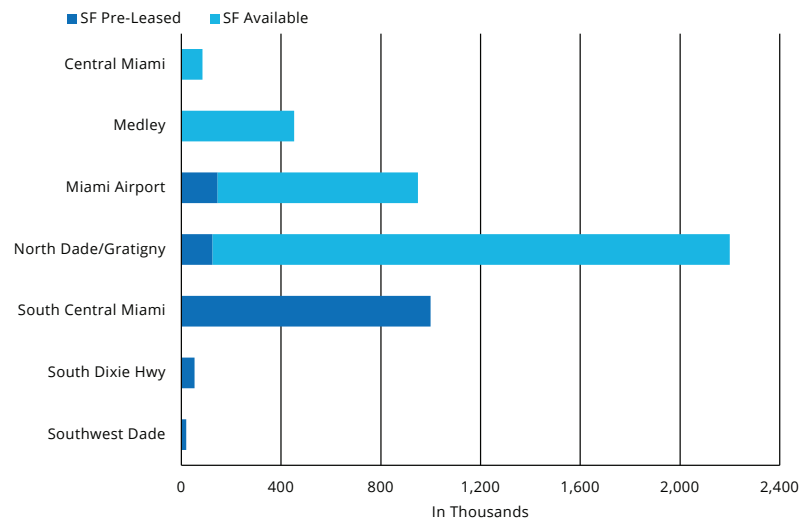
- New deliveries fell considerably during the second half of 2022 and closed the year at the lowest level in 18 months.
- The construction level fell for the third consecutive quarter remained above the three-year average.
- Slightly more than a quarter of the product under construction was pre-leased as of Q4, down considerably from the previous quarter.
- Construction was underway seven of eleven submarkets with nearly half of new development in the North Dade/Gratigny submarket.
- Developers will continue to get creative in finding ways to add new product in spite of recent turbulence in the debt and equity markets.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

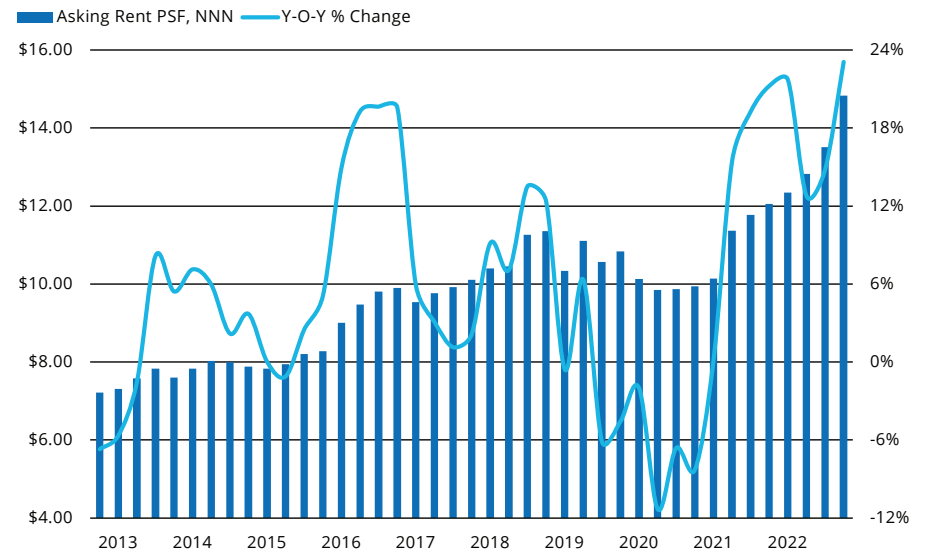


RENTAL RATES

Historical Year-Over-Year Growth

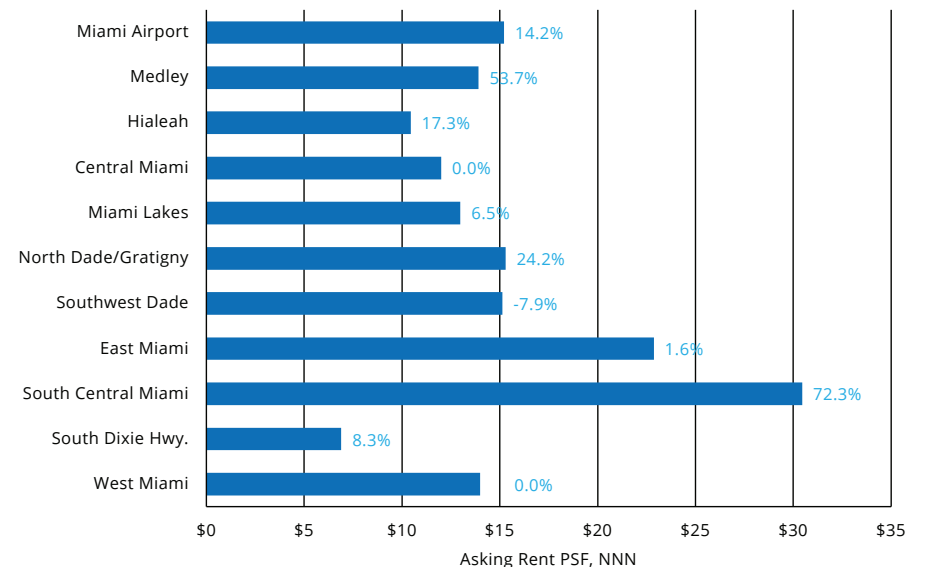
- After soaring past \$13.00 per square foot (PSF) the previous quarter, constrained supply continued to put upward pressure on rents, with averages nearing \$15.00 at year-end.
- Rents averaged nearly 10% more than three months prior, the highest quarterly increase since Q2 2021.
- Rents increased 23.1% during 2022, the highest ever annual increase and the seventh consecutive quarter of double-digit percentage YoY growth.
- The average asking rent has risen for ten consecutive quarters and has grown by nearly 50% since the onset of the pandemic.
- Miami ranks among the highest asking rents for industrial space in the U.S., with rates nearly 84% higher than U.S. average.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

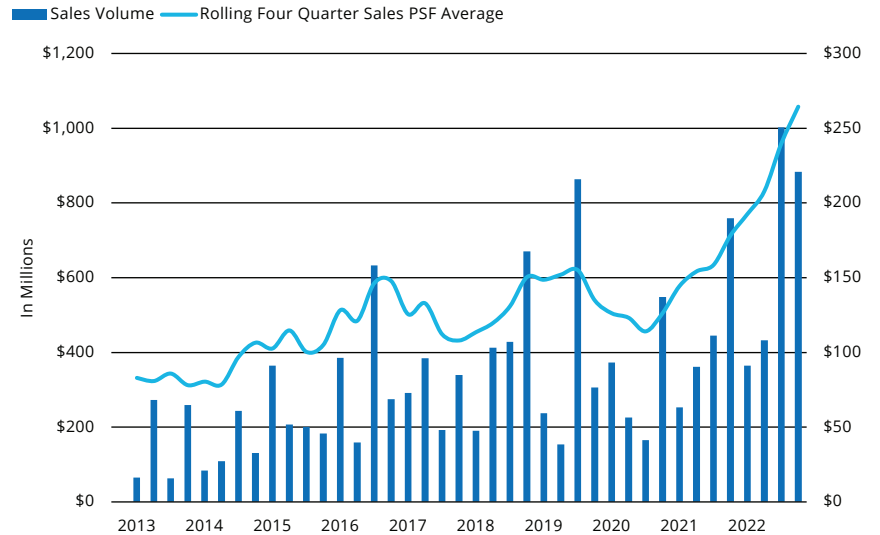


SALES

Buying in Bulk

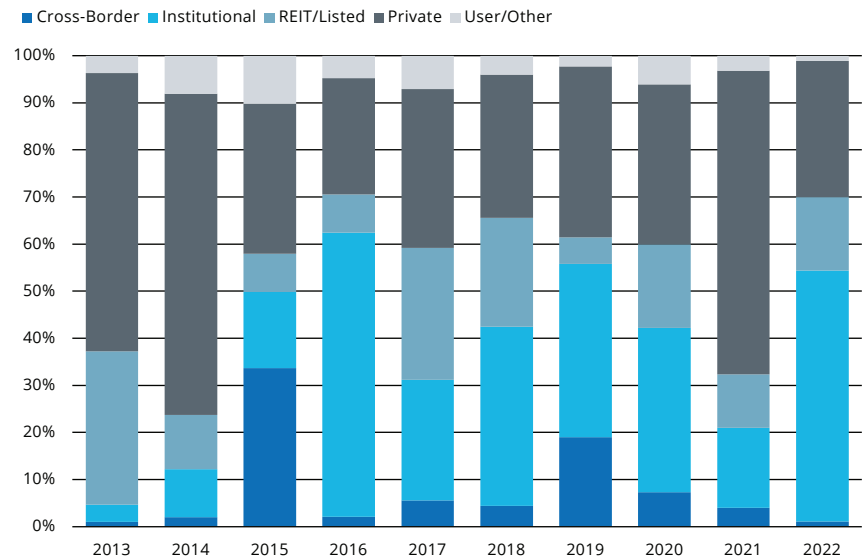
- After exceeded \$1.0 billion for the first time ever during Q3, industrial property sales volume the fell only slightly and closed the year just shy \$900 million, the second highest total on record.
- Three-quarters of the volume during Q4 was a result of individual property sales.
- Sales volume totaled \$2.7 billion in 2022, a historical high and nearly 50% higher than the previous record set in 2021.
- Pricing has risen consistently during the past nine quarters, climbing to a record-high average of \$264/SF in Q4 2022, up 48% in the past 12 months.
- Institutional investors topped the buyer list in Miami during 2022, representing 53.3% of industrial real estate investment activity, with and private investors next at 28.9%.

SALES VOLUME



Source: CoStar, Transwestern

BUYER CAPITAL COMPOSITION



Source: CoStar, Transwestern



NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
IMPERIAL DADE	3761 W 112th Pl	Hialeah	New	506,000
ALL GLASS PRODUCTION	4120 W 91st Pl	Hialeah	New	232,620
LOGISTICS PLUS	9575 NW 174th St	Hialeah	New	181,051
FLOWERS FOODS	9221 W 44th Ave	Hialeah	New	113,113
TRUE GRADE	555 NE 185th St	North Dade/Gratigny	New	110,850

NOTABLE SALES

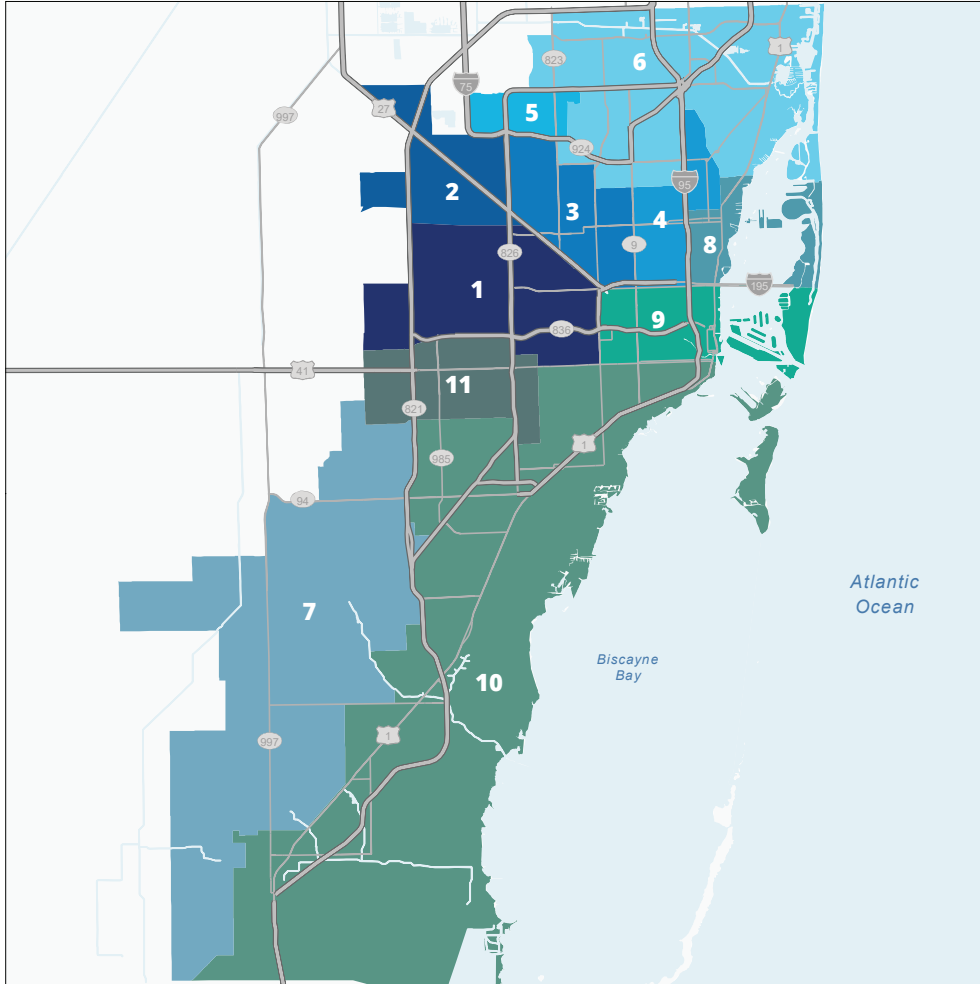
PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
MEDLEY COMMERCE CENTER	Medley	\$241,000,000	1,060,740	\$227	TA Realty	LACERA
DOLPHIN COMMERCE CENTER	Miami Airport	\$198,000,000	710,000	\$279	LBA Realty	Principal Global Investors
AMERICAS INTERNATIONAL CENTER	Miami Airport	\$28,800,000	145,331	\$198	Lithia Motors	HighBrook Investors, Foundry Commercial
16175 NW 49TH AVE	Miami Lakes	\$26,250,000	120,739	\$217	BRIDGE	Kalorik; Team International Group of America Inc; Uri Murad
4343 NW 77TH AVE	Miami Airport	\$20,100,000	25,626	\$784	Stockbridge	W Christopher Cosby



MARKET INDICATORS

All Property Types | Second Quarter 2022

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	SUBLEASE VACANT SF	TOTAL VACANT SF	OVERALL VACANCY RATE	UNDER CONST. SF	NET ABSORPTION SF	Y-O-Y NET ABSORPTION SF	LOGISTICS ASKING RENT PSF, NNN	FLEX ASKING RENT PSF, NNN
MIAMI AIRPORT	72,096,408	1,205,528	1.7%	89,320	1,294,848	1.8%	949,388	409,201	1,312,284	\$14.83	\$24.62
MEDLEY	35,283,891	1,115,193	3.2%	224,870	1,340,063	3.8%	452,624	294,708	2,260,186	\$13.91	-
HIALEAH	20,593,735	441,501	2.1%	102,000	543,501	2.6%	0	(97,216)	146,893	\$10.44	-
CENTRAL MIAMI	1,804,327	0	0.0%	0	0	0.0%	85,376	24,104	4,500	\$12.00	-
MIAMI LAKES	12,158,701	103,220	0.8%	49,885	153,105	1.3%	0	47,300	189,898	\$12.74	\$15.67
NORTH DADE/GRATIGNY	36,284,376	569,494	1.6%	160,609	730,103	2.0%	2,199,863	411,594	161,338	\$14.93	\$27.56
SOUTHWEST DADE	7,129,359	45,746	0.6%	0	45,746	0.6%	20,000	17,250	134,196	\$15.13	-
EAST MIAMI	2,319,125	104,393	4.5%	4,000	108,393	4.7%	0	(40,295)	(32,408)	\$24.51	\$22.26
SOUTH CENTRAL MIAMI	6,959,996	195,819	2.8%	0	195,819	2.8%	999,145	67,382	65,640	\$32.66	\$20.00
SOUTH DIXIE HWY	6,793,153	39,005	0.6%	0	39,005	0.6%	52,985	80,680	1,393,801	\$6.89	-
WEST MIAMI	2,461,159	6,000	0.2%	0	6,000	0.2%	0	11,400	(1,950)	\$14.00	-
TOTAL	203,884,230	3,825,899	1.9%	630,684	4,456,583	2.2%	4,759,381	1,226,108	5,634,378	\$14.45	\$22.97



Miami Industrial Submarkets

- 1 Miami Airport
- 2 Medley
- 3 Hialeah
- 4 Central Miami
- 5 Miami Lakes
- 6 North Dade/Gratigny
- 7 Southwest Dade
- 8 East Miami
- 9 South Central Miami
- 10 South Dixie Hwy
- 11 West Miami

RESEARCH METHODOLOGY

The information in this report is the result of a compilation of information on Industrial properties located in the Miami metropolitan area. This report includes single tenant, multi-tenant and owner-user properties 20,000 SF and larger.

FOR MORE INFORMATION

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