

MIAMI INDUSTRIAL MARKET

Q1 2023



TRENDLINES

	Q1 2023	Q1 2022	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	1.9	3.0	↓	4.5	↑
NET ABSORPTION (MSF)	0.9	0.8	↑	1.0	↑
OVERALL VACANCY RATE	2.0%	2.8%	↓	3.9%	↑
OVERALL VACANT SF (MSF)	4.2	5.6	↓	7.5	↑
UNDER CONSTRUCTION (MSF)	5.9	6.1	↓	4.2	↓
ASKING RENT, NNN (PSF)	\$15.98	\$12.34	↑	\$11.53	↑
SALES VOLUME (MILLIONS)	\$130.7	\$372.2	↓	\$458.7	↑

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

MARKETS TIGHTEN FURTHER

Despite limited opportunities, the Miami industrial market experienced continued occupancy growth during the quarter. Tenants have absorbed more than 20 million SF of space during the past five years, dropping the level of vacant space to a historically low 2.0%. Developers have responded, as the amount of industrial real estate under construction at the close of the quarter was at its highest level since Q1 2022. As a result of limited supply and persistent demand, asking rents exceeded a year-over-year record for growth for the second consecutive quarter.

Miami's industrial employment remained in growth mode, although the pace has slowed, with construction and manufacturing jobs leading the way. Logistics companies and e-commerce retailers continue to trim jobs due to a slowdown in spending and online shopping. Manufacturing companies have increased their share of industrial building occupancy market during the past 12 months, perhaps a sign that the reshoring initiative is beginning to take shape.

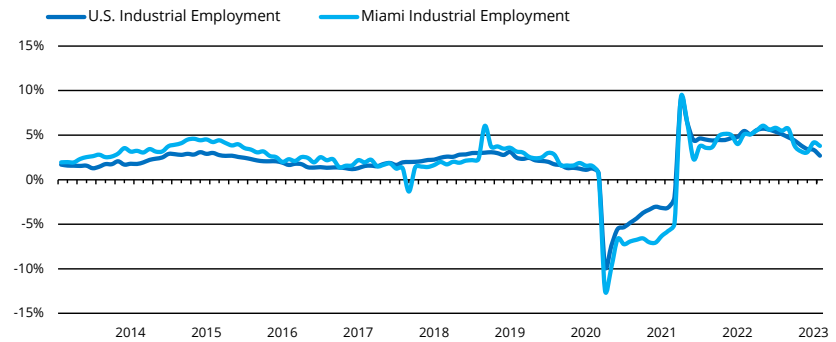


ECONOMY

Historically Low Miami Unemployment

- The U.S unemployment rate ticked up slightly to 3.6% and has ranged between 3.5% and 3.7% since Q1 2022.
- Labor participation has not changed much in more than a year and remains below February 2020 pre-pandemic levels.
- Jobs supporting the industrial real estate sector continued to increase, however the growth rate on an annual basis has decelerated. Logistics companies and e-commerce retailers continue to trim jobs due to a slowdown in spending.
- Miami unemployment continued to decrease, averaging 1.9% during the quarter, a new historic low.
- Miami's industrial employment remained in growth mode, although the pace has slowed, with construction and manufacturing jobs leading the way during the quarter.

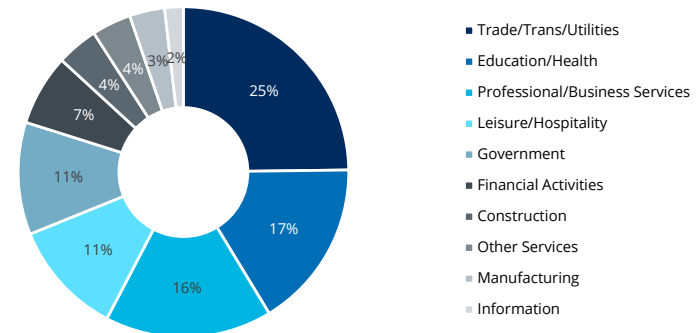
Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

SHARE OF EMPLOYEES BY INDUSTRY

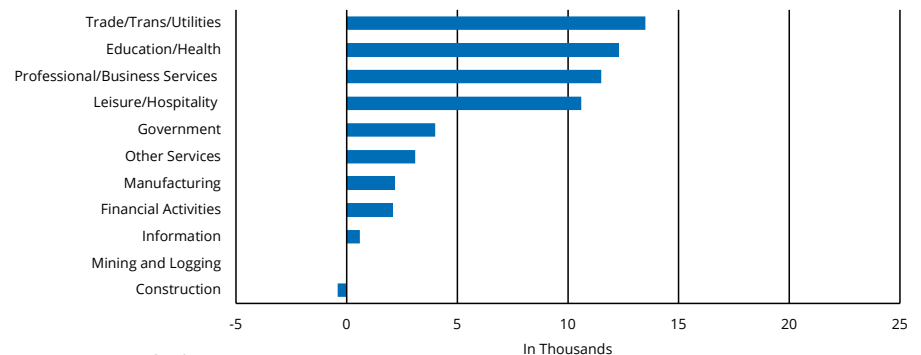
Miami | February 2023



Source: Bureau of Labor Statistics, Transwestern

Y-O-Y CHANGE IN JOBS BY INDUSTRY

Miami | February 2023



Source: Bureau of Labor Statistics, Transwestern

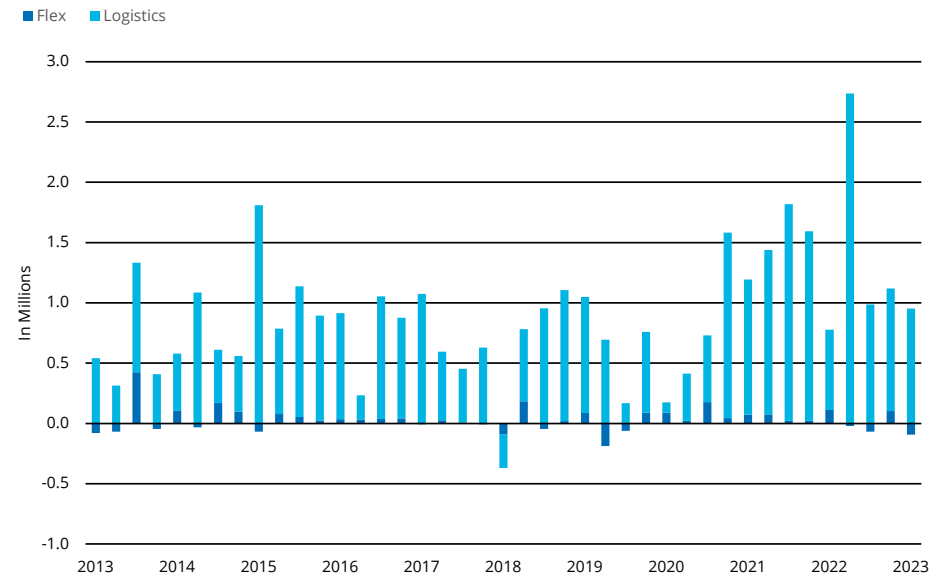


NET ABSORPTION

Streak Continues

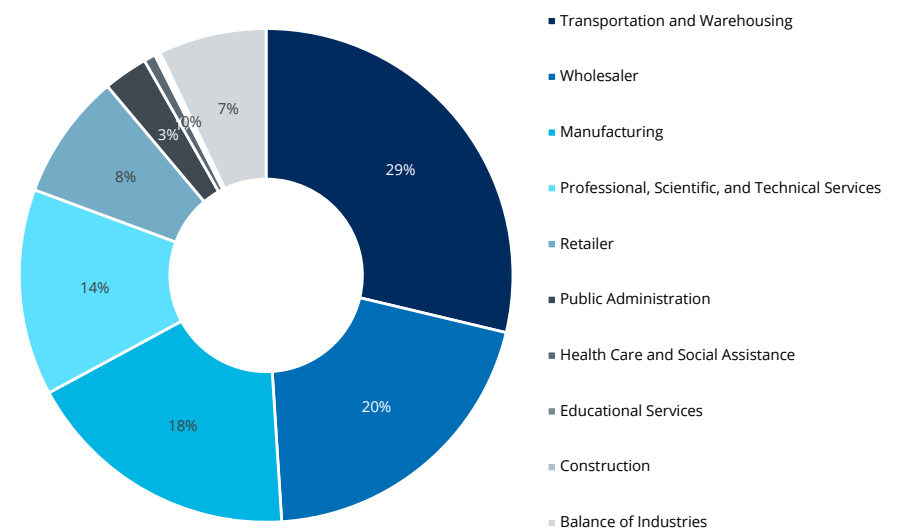
- The market experienced a slight slowdown in occupancy growth as the number of available quality space options needed to fulfill tenant demand continues to diminish.
- Miami’s industrial real estate market absorbed less than one million SF for only the third time in the past ten quarters.
- Positive net absorption occurred in the past 20 quarters resulting in more than 20 million SF of occupancy growth.
- Five submarkets recorded more than 300,000 SF of positive net absorption during the past 12 months.
- Manufacturing companies increased their share of industrial property occupancy during the past 12 months.

NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

SHARE OF LEASING ACTIVITY BY INDUSTRY Q1 2023



Source: CoStar, Transwestern

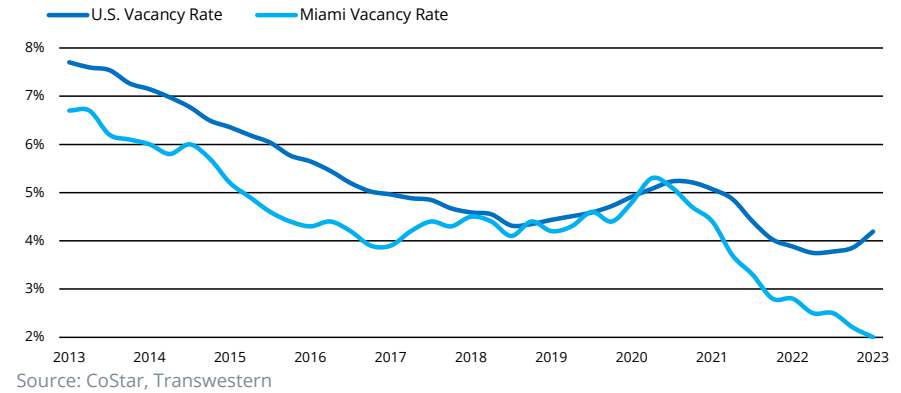


VACANCY

Historically Tight

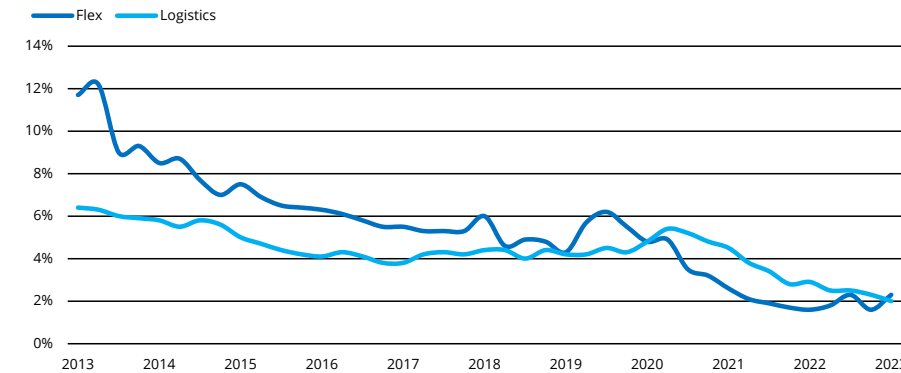
- The level of vacant space fell to another historical low, dropping 20 basis points during the quarter to 2.0%.
- The vacancy rate has fallen 80 basis points in the past 12 months and is 280 basis points lower than the pre-pandemic level.
- Less than 2% of space was vacant in six of eleven submarkets as of Q1 2023.
- The Miami vacancy rate has fallen 340 basis points since the peak of the pandemic despite the addition of nearly 10 million SF of new industrial inventory added to the market.
- The vacancy rate in the Miami industrial market is 220 basis points lower than the U.S. average.

OVERALL VACANCY RATE



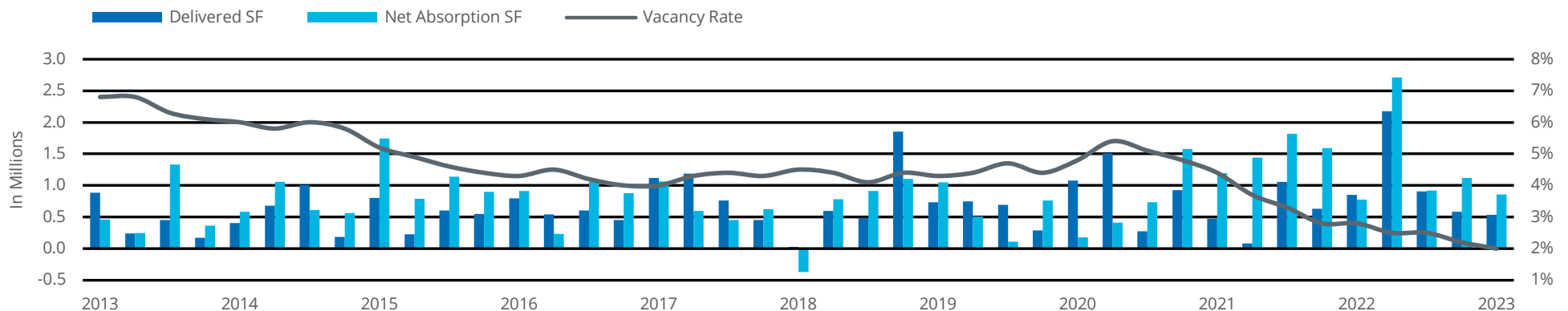
Source: CoStar, Transwestern

OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

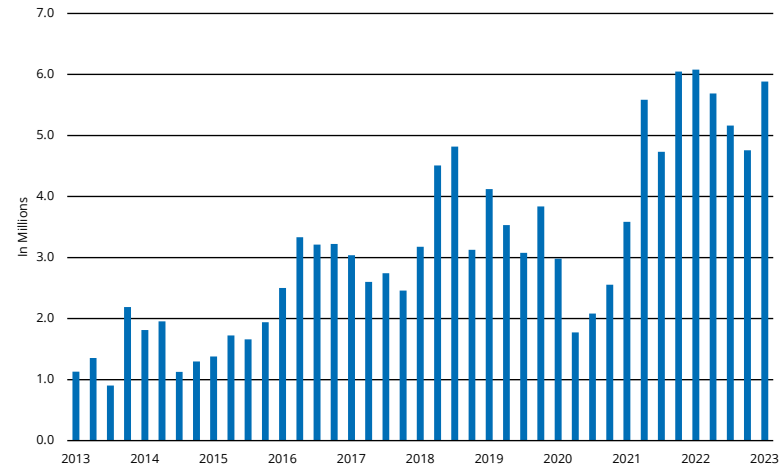


UNDER CONSTRUCTION

Developers Respond to Demand

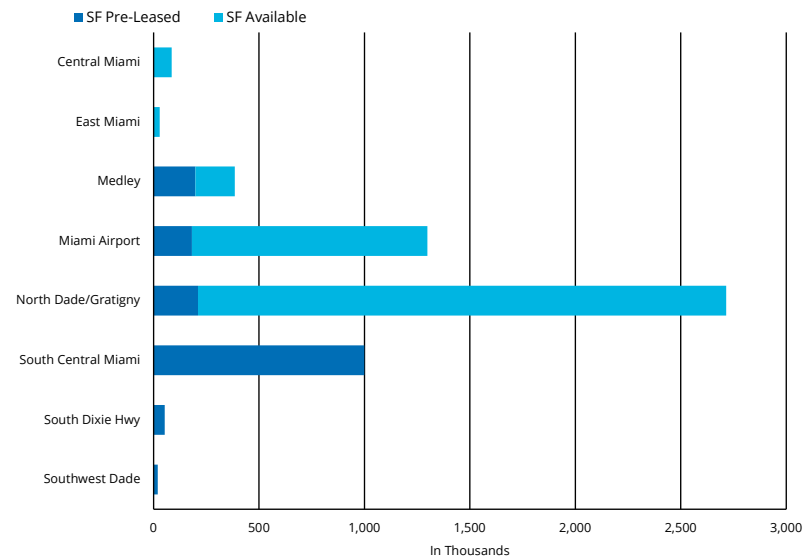
- After falling for three consecutive quarters, industrial real estate under construction increased and is now at its highest level since Q1 2022.
- The amount of new product under construction is nearly double the level entering the pandemic three years ago.
- There was new construction underway in eight of eleven submarkets, with nearly half of the total in North Dade/Gratigny and two others with more than 500,000 square feet in progress.
- More than 90% of the new product delivered to the market since 2021 is leased.
- Despite a looming credit crunch, strong demand and constrained inventory will keep Miami as one of the more favorable markets for continued financing for new industrial real estate projects.

UNDER CONSTRUCTION



Source: CoStar, Transwestern

UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

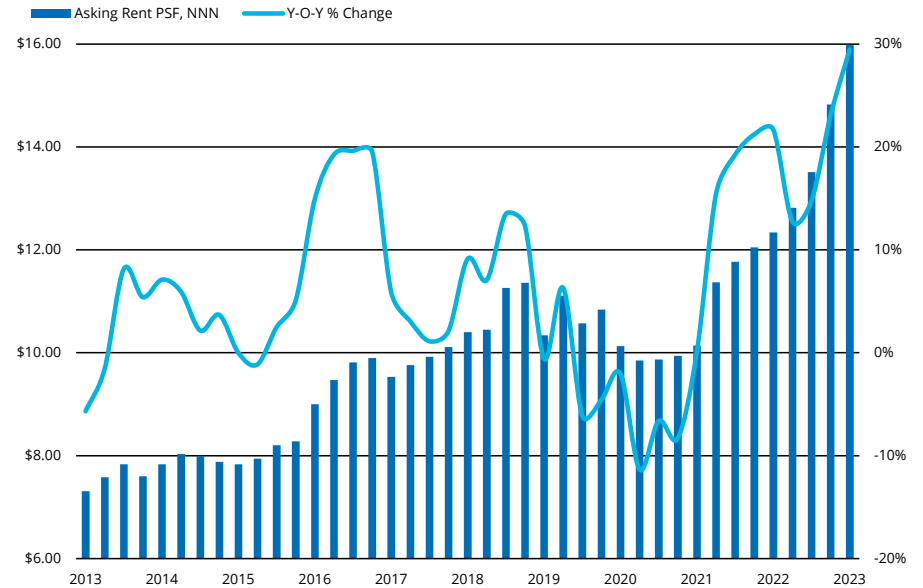


RENTAL RATES

No Ceiling in Sight

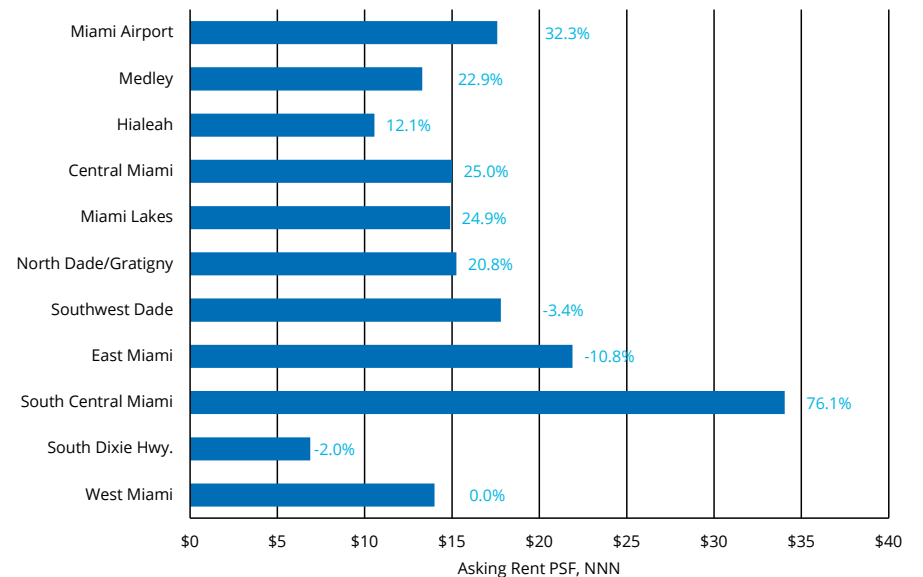
- Quarterly rent grew by more than \$1.00 per square foot (PSF) for the second consecutive quarter and increased by nearly 30% during the past 12 months.
- Rents exceeded the year-over-year growth record in back-to-back quarters and registered the eighth consecutive quarter of double-digit percentage YoY growth.
- The average asking rent has risen for 11 consecutive quarters and was 41% higher than pre-pandemic highs as of Q1 2023.
- Rents increased or remained unchanged year-over-year in eight of eleven submarkets.
- The scarcity of quality available space coupled with new construction with likely push rents even higher throughout 2023.

ASKING RENT



Source: CoStar, Transwestern

ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

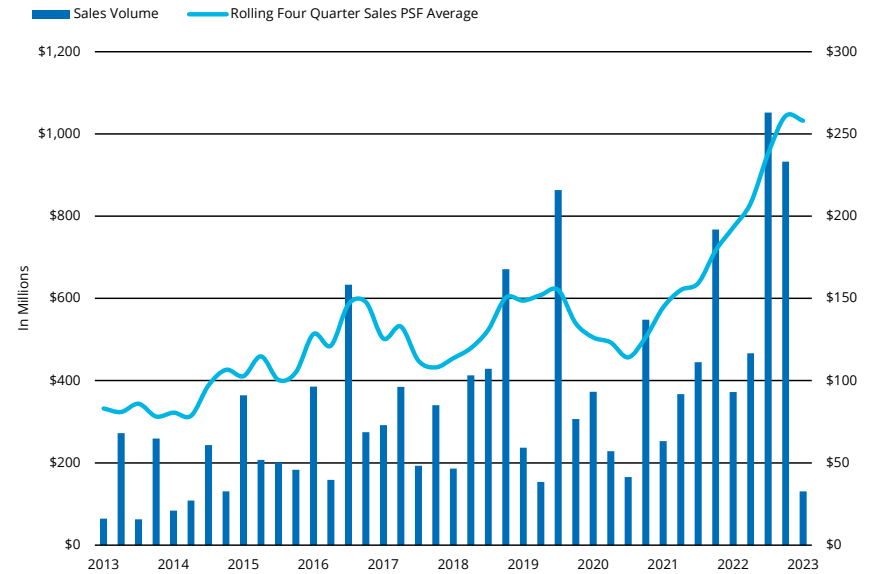


SALES

Took a Breather

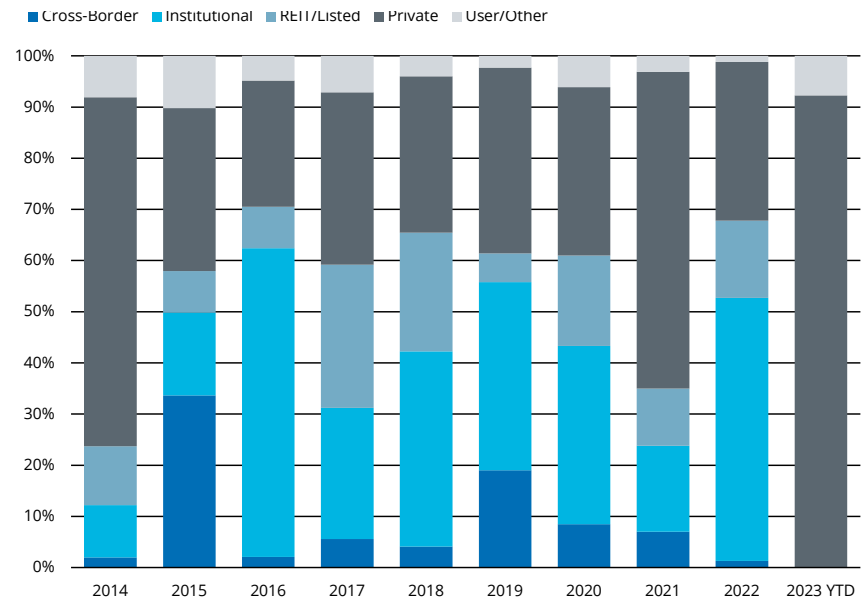
- After setting records in back-to-back quarters, property sales fell considerably as only \$131 million in total volume was recorded, the lowest level since 2014.
- The number of properties which changed hands was half that of the previous quarter on par with the opening quarter of the previous two years.
- Pricing remained near historical levels, with four of the top five highest-priced deals located in the Miami Airport and Medley submarkets.
- Private investors accounted for more than 90% of sales during the quarter.
- While lending is tightening strong fundamentals keep Miami a favorable place to deploy capital.

SALES VOLUME



Source: CoStar, Transwestern

BUYER CAPITAL COMPOSITION



Source: CoStar, Transwestern



NOTABLE LEASES

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
DASI	10000 NW 25th St	Miami Airport	Renewal	200,000
JAS	8406 NW 90th	Medley	New	198,106
PEREZ TRADING	3505 NW 123rd St	North Dade/Gratigny	Renewal	114,000
MODUSLINK	10990-11010 NW 92nd Ter	Medley	Renewal	104,127
MERIDIAN ADHESIVES	16175 NW 49th Ave	Miami Lakes	New	95,228

Source: CoStar, Transwestern

NOTABLE SALES

PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
6500 NW 72 AVE	Miami Airport	\$12,750,000	53,005	\$241	Milestone Pavers	Platinum Brands International Inc
3130 WEST 15TH AVE	Hialeah	\$10,000,000	37,422	\$267	Yoel Gidanian	Jimmy Ng; Mindy Ng; Danny Shiu; Ying Shiu
9051 NORTHWEST 84TH AVE	Medley	\$9,700,000	28,140	\$345	Platinum Equity Advisors	laero Thru St Engine Test Center LLC
12601 WEST OKEECHOBEE RD	Medley	\$7,200,000	27,926	\$258	Triarch Capital Group	Axiom Capital Advisors
10655 NORTHWEST 29TH TER	Miami Airport	\$6,895,350	21,890	\$315	Jacqueline Rivera	PLD Acquisitions LLC

Source: CoStar, Real Capital Analytics, Transwestern

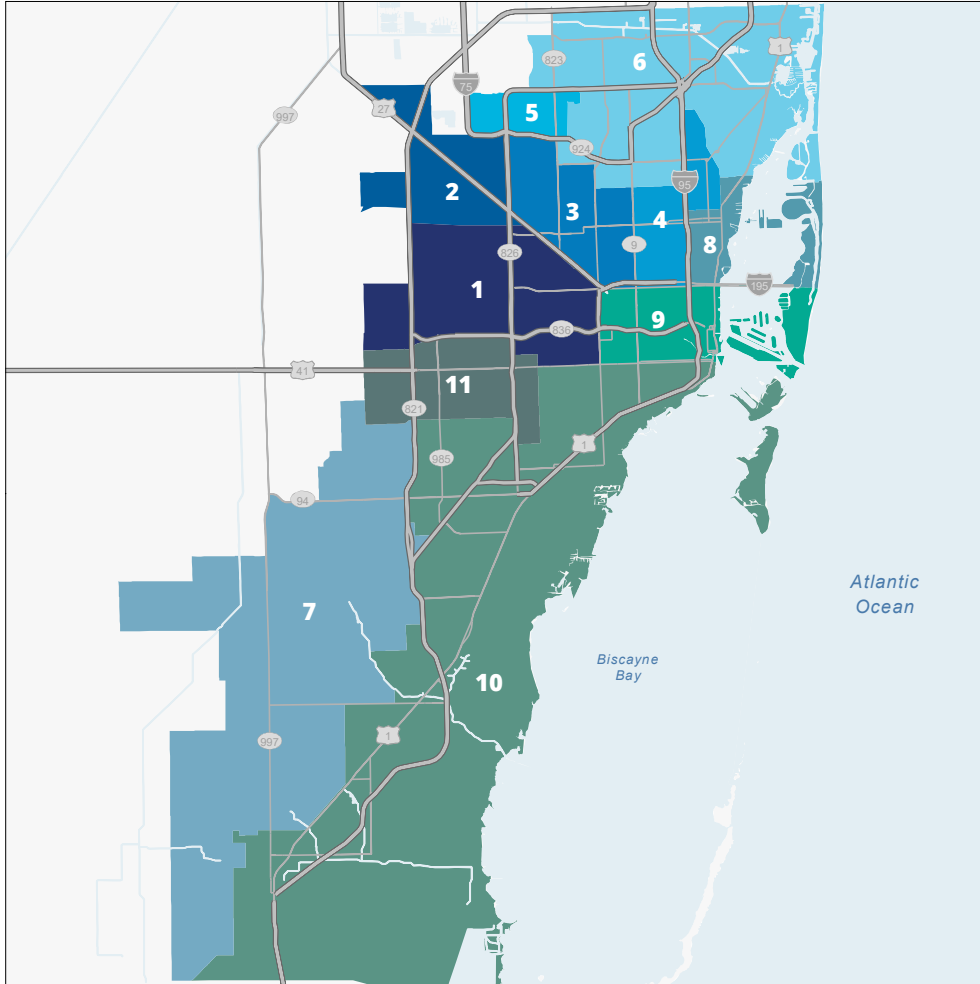


MARKET INDICATORS

All Property Types | First Quarter 2023

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	72,254,532	1,112,411	1.5%	103,345	1,215,756	1.7%	1,298,676	399,157	984,550	\$17.41	\$23.01
MEDLEY	35,323,062	539,718	1.5%	213,960	753,678	2.1%	384,662	522,175	2,641,282	\$13.30	-
HIALEAH	20,789,755	391,851	1.9%	7,000	398,851	1.9%	0	134,650	300,058	\$10.56	-
CENTRAL MIAMI	1,831,133	32,084	1.8%	0	32,084	1.8%	85,376	(32,084)	(3,480)	\$15.00	-
MIAMI LAKES	12,306,709	276,599	2.2%	49,885	326,484	2.7%	0	(173,379)	(30,781)	\$14.65	\$17.96
NORTH DADE/GRATIGNY	36,779,634	924,584	2.5%	39,781	964,365	2.6%	2,715,673	21,847	351,762	\$15.13	\$27.56
SOUTHWEST DADE	7,149,966	86,485	1.2%	0	86,485	1.2%	20,000	(20,739)	107,115	\$15.00	\$19.54
EAST MIAMI	2,339,275	115,893	5.0%	4,000	119,893	5.1%	29,200	(11,500)	(36,900)	\$21.38	\$22.13
SOUTH CENTRAL MIAMI	6,946,796	259,819	3.7%	0	259,819	3.7%	999,145	(10,977)	(103,161)	\$37.15	\$20.00
SOUTH DIXIE HWY	6,833,603	29,856	0.4%	0	29,856	0.4%	52,985	29,149	1,218,902	\$6.89	-
WEST MIAMI	2,461,159	5,988	0.2%	0	5,988	0.2%	0	12	(588)	\$14.00	-
TOTAL	205,015,624	3,775,288	1.8%	417,971	4,193,259	2.0%	5,585,717	858,311	5,428,759	\$15.75	\$22.50

Source: CoStar, Transwestern



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

Matt Dolly

Research Director- Research Services
matthew.dolly@transwestern.com
973.947.9244

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