

# MIAMI INDUSTRIAL MARKET

Q1 2024



## TRENDLINES

	Q1 2024	Q1 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	1.5	1.9	↓	4.2	↑
NET ABSORPTION (MSF)	0.5	0.8	↓	0.9	↑
OVERALL VACANCY RATE	3.2%	2.2%	↑	3.7%	↑
OVERALL VACANT SF (MSF)	6.8	4.7	↑	7.5	↑
UNDER CONSTRUCTION (MSF)	4.9	5.1	↓	4.3	↓
ASKING RENT, NNN (PSF)	\$16.85	\$16.04	↑	\$12.82	↑
SALES VOLUME (MILLIONS)	\$270.8	\$130.7	↓	\$458.9	↓

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

### MIAMI INDUSTRIAL HAS SEEN MODERATION

Throughout 2023 and now into 2024, Miami's industrial space occupancy has moderated. Following a dip in Q3 2023, net absorption saw a modest recovery in the next two quarters, with a combined absorption of over 1.0 million SF. This slowdown can be attributed to reduced lease turnover, high interest rates, and concerns about a potential recession. As a result, the overall vacancy rate slightly increased to 3.2%, which remains very healthy compared to the historical and national rates. In Q1 2024, approximately 605,850 SF of new space was delivered, following 1.3 million SF in Q4 2023. Rent growth moderated, as asking rates remained steady between \$16.80-\$16.85 in the previous three quarters, albeit still at record highs.

Miami's sales volume reached \$271 million during the quarter. However, as expected, the total fell short of the three-year quarterly average of \$524 million due to the negative impact of rising interest rates on capital markets. Sale prices averaged \$235/SF in Q1 2024, retreating from near all-time highs in 2023. Private investors dominated transactions, accounting for 90% in Q1 2024, while institutional buyers reduced their involvement. Despite tightening lending conditions, Miami's robust industrial market fundamentals continue to make it an attractive destination for capital deployment.

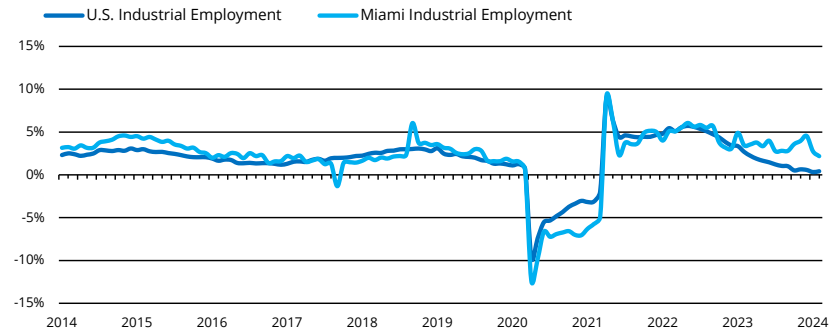


### ECONOMY

#### Record Low Employment Rate with Softened Labor Participation

- The U.S. unemployment rate remained steady at an average of 3.8% during Q1, holding within the range of 3.4% to 3.9% since Q1 2022.
- With the industrial real estate sector absorbing a record number of jobs, national employment growth slowed to 0.4% over the past year, marking one of its lowest rates since early 2021.
- Miami's unemployment rate has consistently been a bright spot as it stayed below 2.0% since Q4 2022, averaging a record low of 1.5% in Q1 2024.
- Miami has not experienced a year-over-year decline in industrial labor participation since March 2021. Although moderating, its growth rate decelerated in February 2024 to 2.2%, still outpacing the U.S. by 180 basis points.

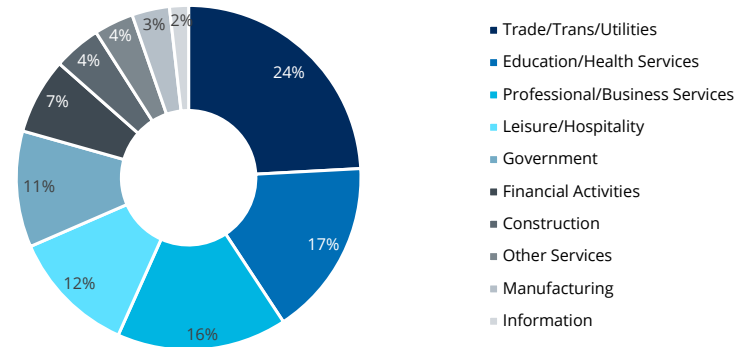
### Y-O-Y CHANGE IN INDUSTRIAL JOBS



Source: Bureau of Labor Statistics, Transwestern

### SHARE OF EMPLOYEES BY INDUSTRY

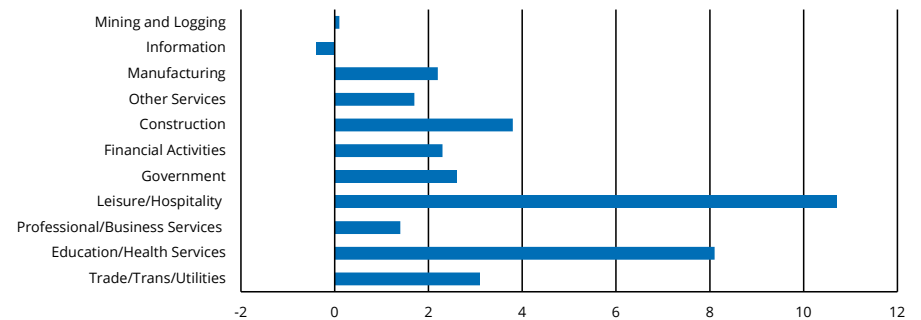
Miami | February 2024



Source: Bureau of Labor Statistics, Transwestern

### Y-O-Y CHANGE IN JOBS BY INDUSTRY

Miami | February 2024



Source: Bureau of Labor Statistics, Transwestern

In Thousands

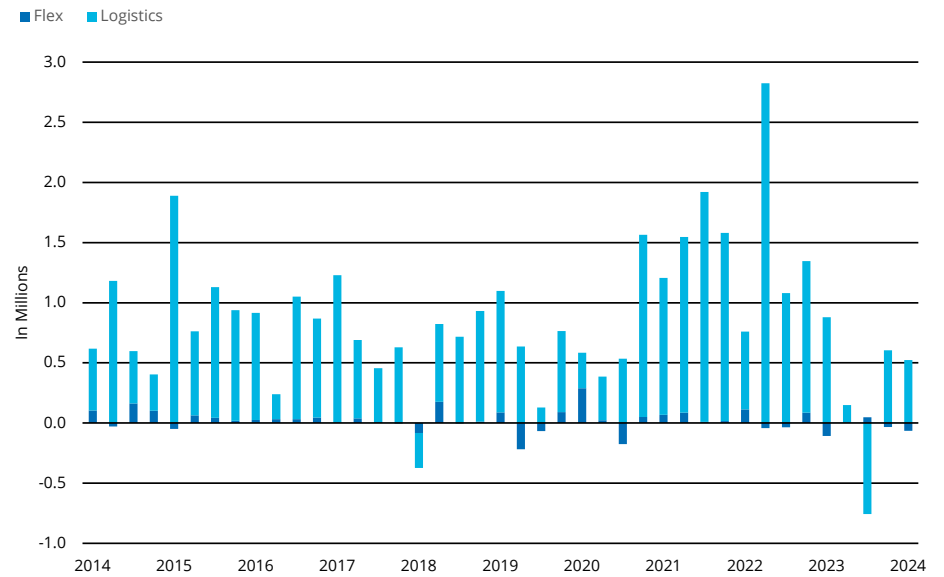


### NET ABSORPTION

#### Modest Continuation of Growth

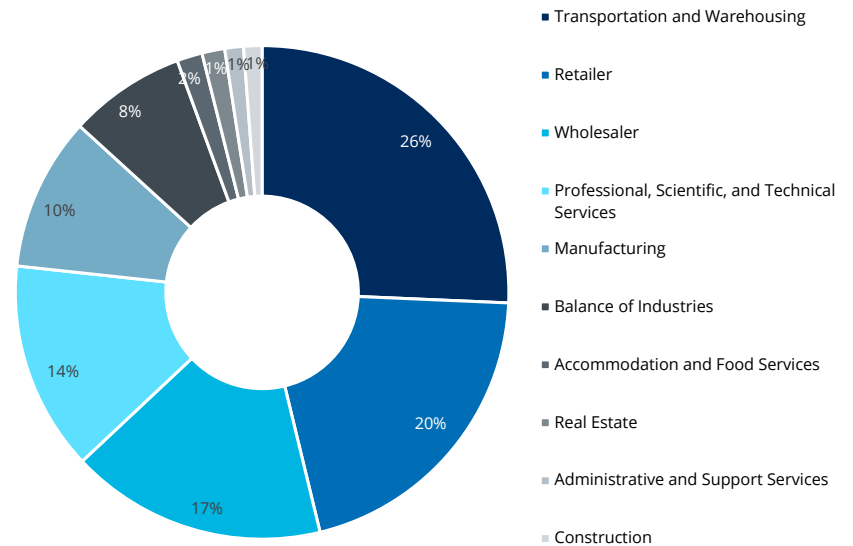
- While Miami’s industrial market goes through a period of moderation, net absorption totaled 455,201 SF in Q1 2024, which is still a strong showing for a market that has averaged 2.4 million SF of annual net absorption for the past 13 years.
- Absorption is expected to remain subdued through 2024 as reduced lease turnover, interest rates, and general economic anxiety weigh on the market.
- Six out of eleven submarkets reported positive quarterly absorption, an improvement from only three in Q4 2023. Miami Airport, Miami’s largest submarket in regards to inventory and product under construction, saw a positive absorption of approximately 550,000 SF in Q1 2024, reversing three consecutive quarters in negative territory.
- North Dade/Gratigny ranks second in terms of inventory, product under construction, and absorption. In Q1 2024, the submarket saw a notable rebound with 141,000 SF of net absorption, marking a strong recovery from the negative absorption recorded in Q4 2023.

### NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

### SHARE OF LEASING ACTIVITY BY INDUSTRY



Source: CoStar, Transwestern

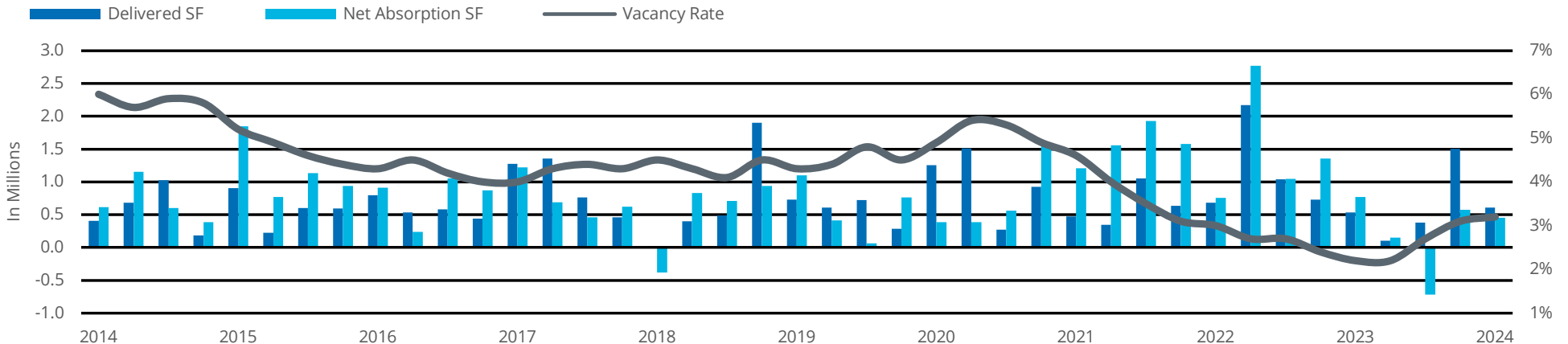


### VACANCY

#### Healthy Despite Upward Trends

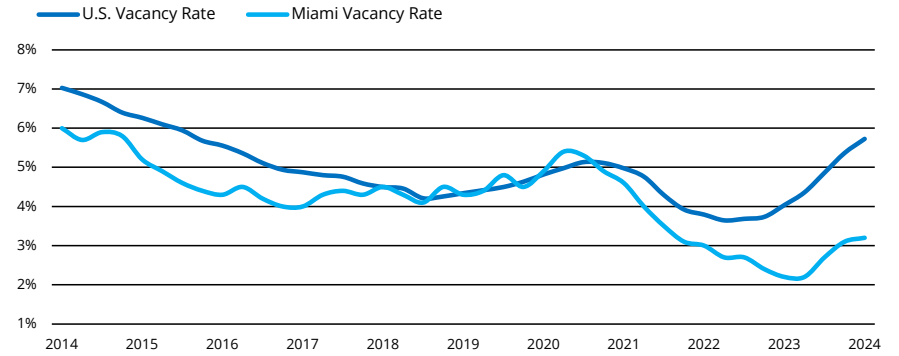
- With slower net absorption and continued deliveries, Miami’s vacancy rate slightly increased to 3.2% in Q1 2024. While 100 basis points higher year-over-year, it remains historically low and 250 basis points below the national average.
- For perspective, Miami’s industrial vacancy rate is lower than any quarter on record before Q3 2021 and is 120 basis points below the three-year average leading up to the pandemic. The recent uptick from all-time lows in 2023 was expected due to new construction combined with a moderating economic environment, while absorption also calmed from fewer lease rolls. As the impact of new supply wanes, vacancy is expected to tighten again.
- On a submarket level, vacancy rates remain incredibly healthy, with six of the eleven reporting a vacancy rate of 2.7% or less.
- With significant international connections via Miami International Airport and PortMiami, the demand for space in this supply constrained market is expected to help keep Miami’s vacancy rate low.

### DELIVERY IMPACT ON KEY INDICATORS



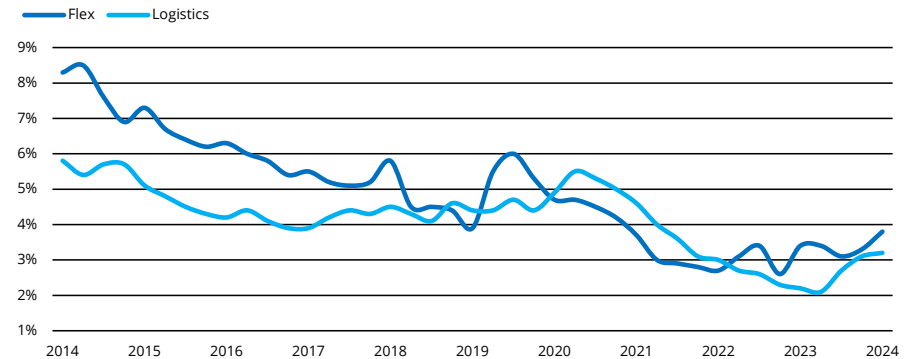
Source: CoStar, Transwestern

### OVERALL VACANCY RATE



Source: CoStar, Transwestern

### OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

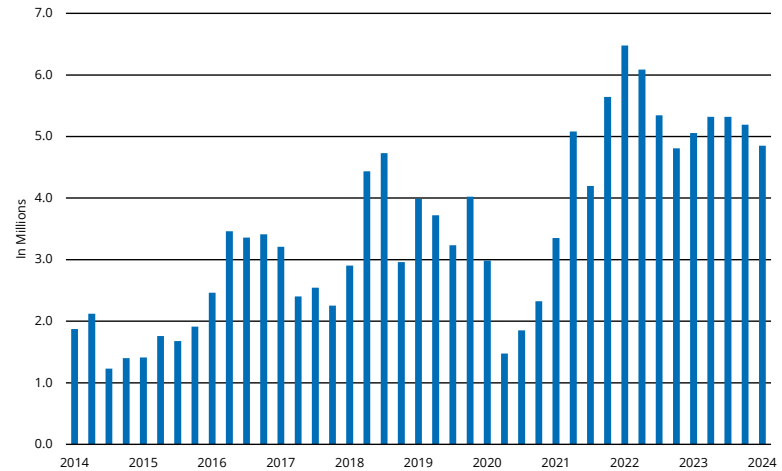


### UNDER CONSTRUCTION

#### Continued Expansion

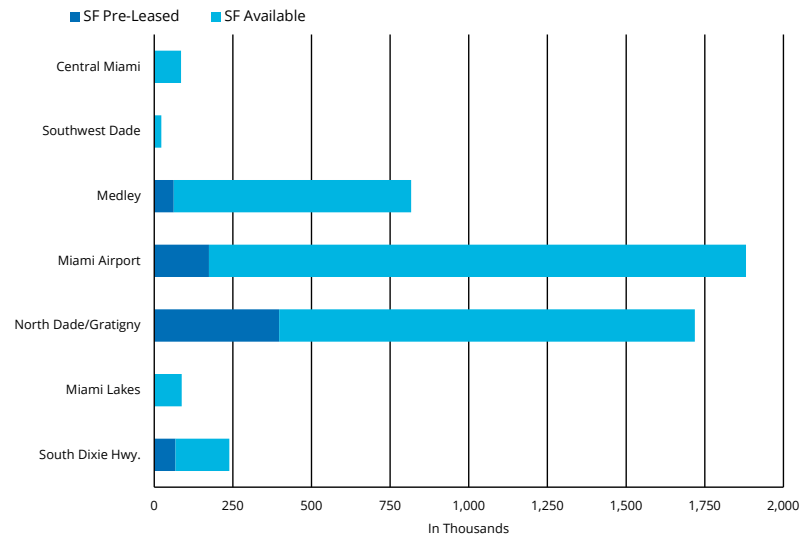
- Over 600,000 SF was delivered in Q1 2024, slightly shy of the average amount of quarterly deliveries in the last five years.
- New product was primarily situated in Miami Airport, with notable additions being buildings one and two in Link Royal Palm Doral, contributing 193,507 and 150,941 SF, respectively.
- Construction activity in Q1 2024 spanned 4.9 million SF across seven out of eleven submarkets, with Miami Airport, Medley, and North Dade/Gratigny being the primary hubs. Miami Airport led with nearly 1.9 million SF in progress.
- Of the last 17 quarters, only four saw construction levels dip below 5.0 million SF, even as 10.3 million SF delivered throughout the same duration.
- Currently, about 85% of the construction in progress is available for lease, an increase from around 72% seen in each of the previous four quarters. Even as the market continues to moderate, there's still expected to be ongoing demand for premium space.
- Despite a slowdown in leasing activity and challenges in the debt market, developers continue to seek opportunities due to robust long-term fundamentals. However, the pace of new project proposals has decelerated.

### UNDER CONSTRUCTION



Source: CoStar, Transwestern

### UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

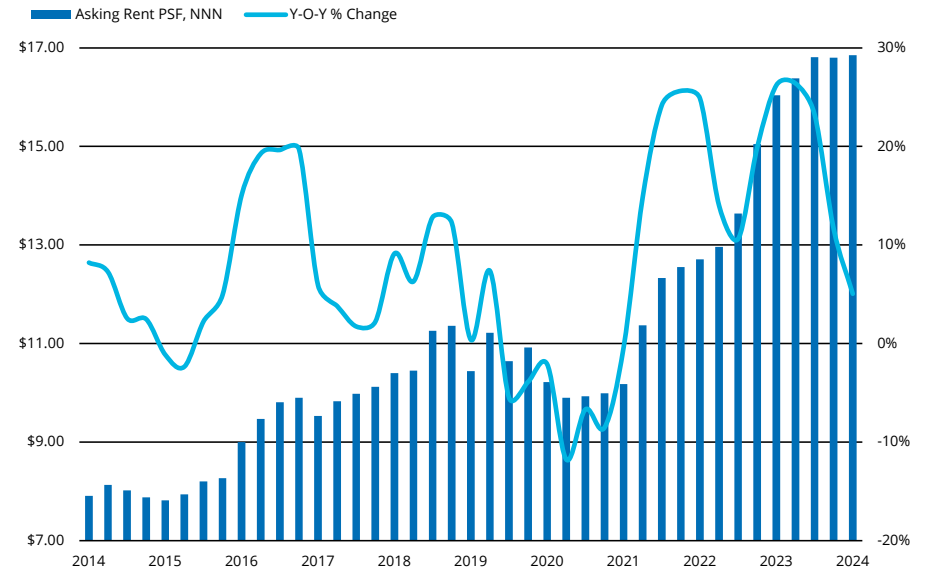


### RENTAL RATES

#### Record Highs Continued With Slower Growth

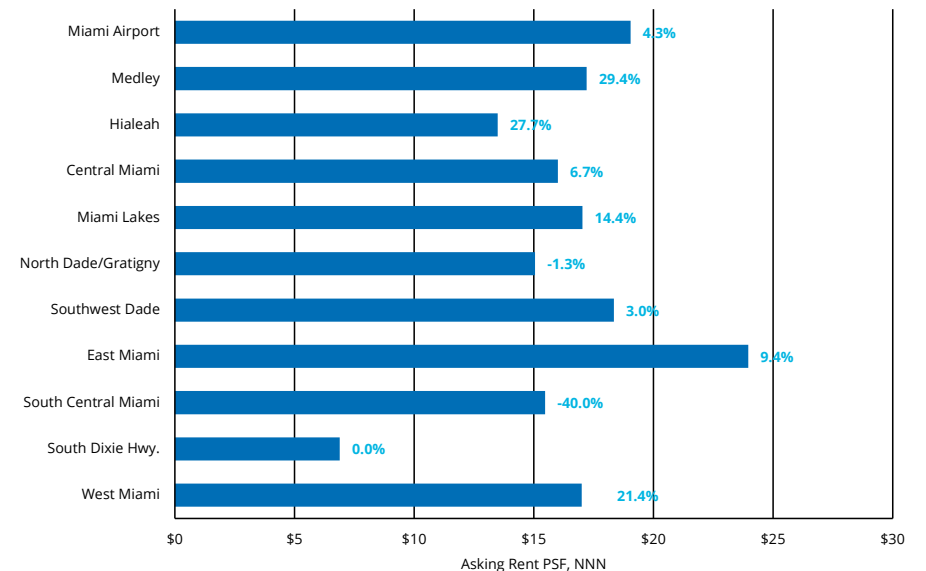
- The average asking rent, which held steady at \$16.80 from Q3 to Q4 2023, nudged up to \$16.85 in Q1 2024, marking another record high.
- Rent growth decelerated throughout 2023 and into 2024. In Q1 2024, Miami saw a 5.0% increase year-over-year, a notable slowdown from the 26.0% recorded three quarters earlier.
- This deceleration was anticipated as the market absorbed double-digit year-over-year rent growth for eleven consecutive quarters until Q1 2024. Among those, seven quarters saw 19.0% or higher year-over-year rent growth.
- The Medley submarket led with the highest year-over-year asking rent growth at 29.0%. Hialeah, historically with lower asking rents in Miami, saw a significant change in Q1 2024, recording a 28.0% year-over-year growth, closing the gap with more expensive submarkets.
- Despite signs of a cooling economy and demand, Miami’s limited geographical space and diverse economic drivers, coupled with its role as a vital logistics hub, suggest rent growth will continue at a sustainable rate.

### ASKING RENT



Source: CoStar, Transwestern

### ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Source: CoStar, Transwestern

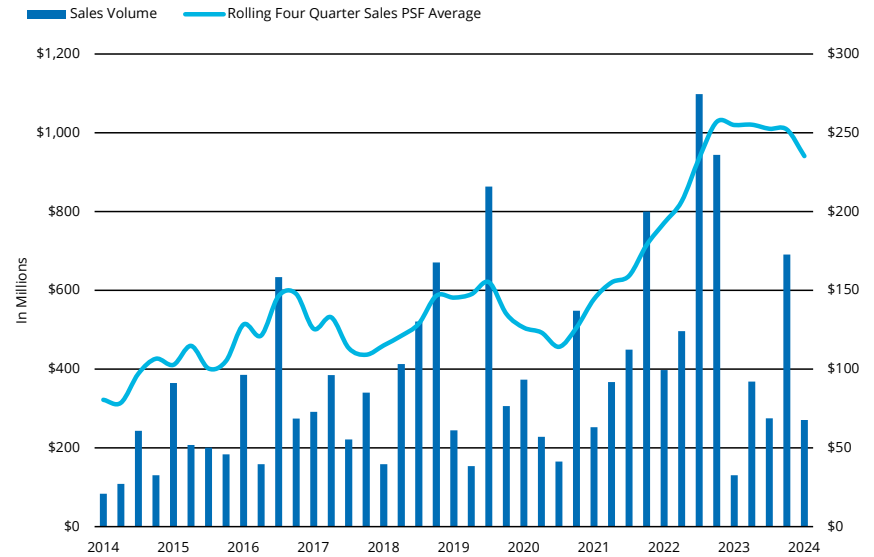


### SALES

#### Prices Retreat with a Softened Sales Volume

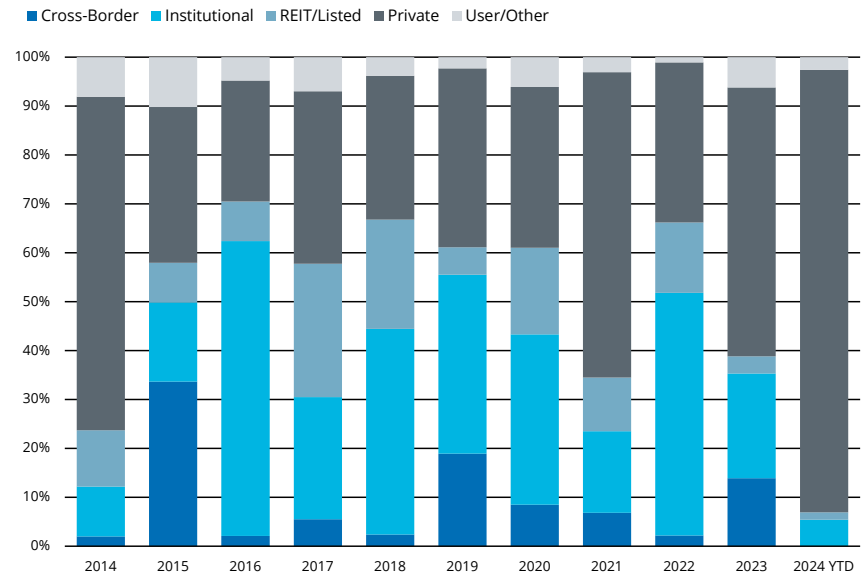
- Despite industrial sales volume softening in response to high interest rates, Miami still achieved \$1.5 billion in 2023. In Q1 2024, \$271 million in sales volume was recorded, surpassing the same period in 2023. However, it falls below the three-year quarterly average of \$503 million.
- The average sale price remained relatively stable around \$254/SF throughout 2023, slightly below its record high of \$257/SF in Q4 2022. However, in Q1 2024, it dropped to \$235/SF, aligning with prices from Q3 2022. Despite this decrease, high-priced deals are still prevalent across various submarkets in Miami, with smaller buildings selling well above the market average.
- Private investors, who nearly doubled their sales footprint from 2022 to 2023, accounted for 90% of all Q1 2024 sales transactions in Miami. Institutional buyers, involved in almost half of all deals in 2022, comprised only 5.4% of transactions in Q1 2024.
- Although the lending environment is expected to remain challenging, posing challenges for many buyers, strong market fundamentals make Miami an attractive destination for capital deployment.

### SALES VOLUME



Source: CoStar, Real Capital Analytics, Transwestern

### BUYER CAPITAL COMPOSITION



Source: CoStar, Real Capital Analytics, Transwestern



**NOTABLE LEASES**

TENANT	PROPERTY	SUBMARKET	TYPE	SF LEASED
<b>MD TURBINES</b>	Prologis Countyline Corporate Park 3761 W 112th Pl	Medley	Expansion	178,201
<b>KUEHNE &amp; NAGEL CONTRACT LOGISTICS</b>	Miami Industrial Logistics Center 10701 NW 140th St	Medley	Renewal	159,033
<b>OCEAN DOORS &amp; WINDOWS</b>	9251 NW 112th Ave	Medley	New	84,741
<b>RUNWAY LOGISTICS</b>	Prologis MIA International Tradeport 11130 NW 122th St	Medley	Sublease	80,000
<b>CARRIER GROUP</b>	Flagler Station 10801 NW 103rd St	Medley	Renewal	73,202

Source: CoStar, Transwestern

**NOTABLE SALES**

PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
<b>BEACON LOGISTICS PARK <sup>4</sup></b> 4120-4221 W 91ST PL, 9221 W 44TH AVE	Outlying Miami-Dade	\$174,350,000	628,639	\$277	Property Reserve, Inc	Codina Partners
<b>2800 NW 39TH AVE</b>	South Central	\$45,000,000	198,500	\$227	Miami-Dade County	Simkins Prop Inc.
<b>7290 NW 77TH CT</b>	Miami Airport	\$42,350,000	143,571	\$295	Parker Davis HVAC Intl. Inc.	Grandview Partners
<b>MIAMI INTERNATIONAL BUSINESS PARK</b> 3605-3615 NW 115TH AVE	Miami Airport	\$14,500,000	50,000	\$290	EQT Exeter	Sall Joint Venture
<b>FIBGER LAKE INDUSTRIAL PARK</b> 8995 NW 12TH ST	Miami Airport	\$9,700,000	28,460	\$341	Parvani Comercial Group, Inc	Stanford Electronic Incorporated

<sup>4</sup> Portfolio sale consisting of four buildings and two out parcels. Two additional buildings are currently under construction and will be purchased after completion by the buyer.

Source: CoStar, Real Capital Analytics, Transwestern

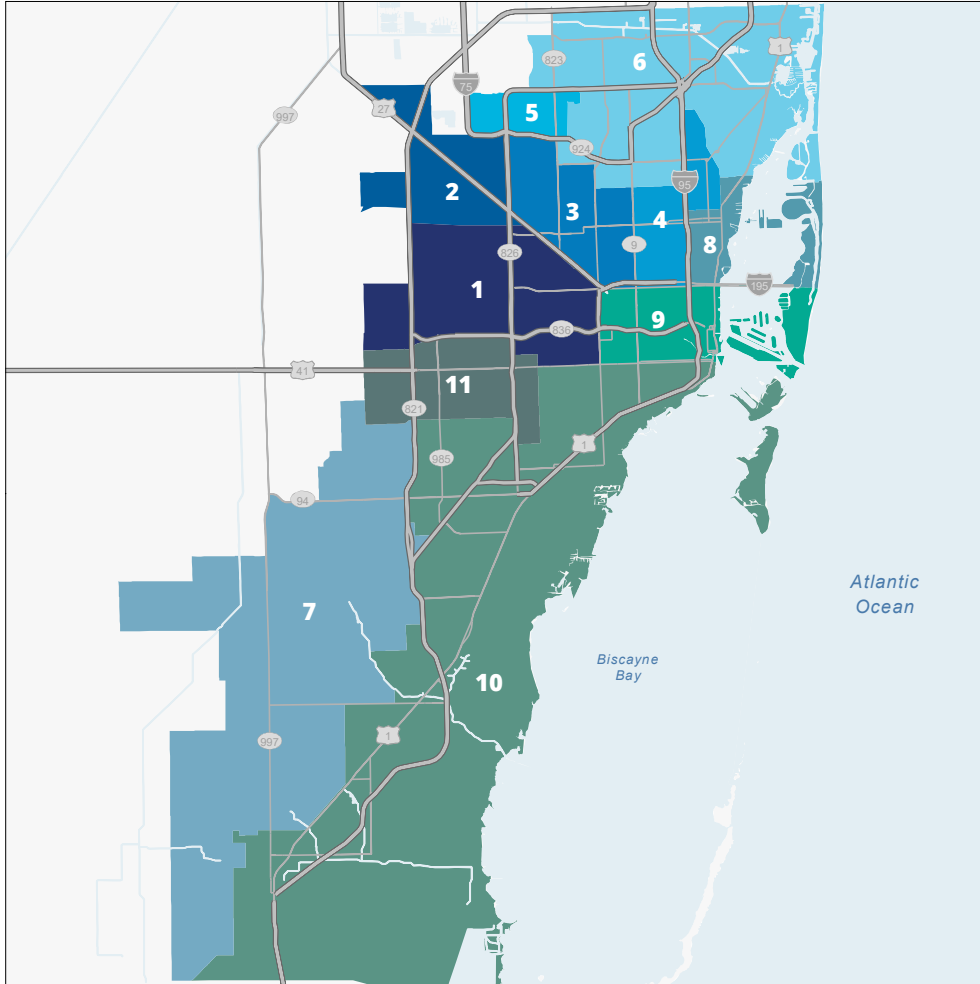


**MARKET INDICATORS**

All Property Types | Q1 2024

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	74,268,850	2,603,515	3.5%	225,253	2,828,768	3.8%	1,881,269	550,185	(565,468)	\$18.23	\$25.72
MEDLEY	36,535,536	988,045	2.7%	217,244	1,205,289	3.3%	816,726	(174,062)	63,675	\$17.21	\$17.75
HIALEAH	21,023,288	552,409	2.6%	12,350	564,759	2.7%	0	(59,817)	(72,074)	\$13.49	-
CENTRAL MIAMI	1,885,765	83,084	4.4%	0	83,084	4.4%	85,376	32,104	(50,200)	\$16.00	-
MIAMI LAKES	12,427,057	206,145	1.7%	49,885	256,030	2.1%	87,268	(43,885)	62,982	\$16.82	\$23.69
NORTH DADE/GRATIGNY	37,328,664	1,263,405	3.4%	75,150	1,338,555	3.6%	1,718,490	141,495	(40,577)	\$15.04	\$25.00
SOUTHWEST DADE	7,279,618	123,135	1.7%	0	123,135	1.7%	22,560	18,138	11,190	\$18.35	\$18.32
EAST MIAMI	2,388,196	119,006	5.0%	17,298	136,304	5.7%	0	17,275	17,689	\$26.79	\$22.68
SOUTH CENTRAL MIAMI	9,749,787	193,992	2.0%	0	193,992	2.0%	0	(19,084)	1,086,719	\$14.02	\$35.00
SOUTH DIXIE HWY	6,800,907	40,268	0.6%	0	40,268	0.6%	238,734	12,365	(10,412)	\$6.89	-
WEST MIAMI	2,484,919	44,328	1.8%	0	44,328	1.8%	0	(19,513)	(38,340)	\$17.00	-
<b>TOTAL</b>	<b>212,172,587</b>	<b>6,217,332</b>	<b>2.9%</b>	<b>597,180</b>	<b>6,814,512</b>	<b>3.2%</b>	<b>4,850,423</b>	<b>455,201</b>	<b>465,184</b>	<b>\$16.47</b>	<b>\$24.72</b>

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

**Ryan Burress**

Research Analyst  
ryan.burress@transwestern.com  
305.357.3839

### ABOUT TRANSWESTERN

The privately held Transwestern companies have been delivering a higher level of personalized service and innovative real estate solutions since 1978. Through an integrated, customized approach that begins with good ideas, the firm drives value for clients across commercial real estate services, development, investment management, and opportunistic endeavors for high net-worth investors. Operating from 33 U.S. offices, Transwestern extends its platform capabilities globally through strategic alliance partners whose unique geographic, cultural, and business expertise fuels creative solutions. Learn more at [transwestern.com](http://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern).