

# MIAMI INDUSTRIAL MARKET

Q4 2024



## TRENDLINES

	Q4 2024	Q4 2023	ONE-YEAR TREND	FIVE-YEAR AVERAGE	12-MONTH FORECAST
UNEMPLOYMENT RATE	2.3	1.7	↑	4.1	↑
NET ABSORPTION (MSF)	-1.0	0.7	↓	0.7	↑
OVERALL VACANCY RATE	5.7%	3.2%	↑	3.7%	↑
OVERALL VACANT SF (MSF)	10.8	5.6	↑	7.4	↑
UNDER CONSTRUCTION (MSF)	3.5	5.0	↓	4.4	↓
ASKING RENT, NNN (PSF)	\$16.03	\$17.70	↓	\$13.91	↓
SALES VOLUME (MILLIONS)	\$1,169.7	\$690.6	↑	\$487.9	↑

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

## MIAMI INDUSTRIAL UNDERGOES CORRECTION

As Miami’s industrial market entered a moderation period, net absorption remained negative for the third consecutive quarter, with Q4 2024 recording over 1.0 million SF of occupancy losses. By year-end 2024, annual absorption stood at negative 1.6 million SF, highlighting a noticeable softening in tenant demand. Vacancy rates have steadily risen from the record low of 2.2% in early 2023 to 5.7% by the end of 2024. This increase was expected due to a combination of new construction deliveries, weaker growth from a cooling economic environment, coupled with a sharp rise in asking rents. In addition, the market is in the later stages of a period of lower lease roll. In Q4 2024, approximately 308,000 SF of industrial space was delivered, bringing the year’s total to 3.9 million SF—well above 2023’s total of 2.8 million SF.

In 2023, industrial sales reached a solid \$1.5 billion, aligning with the six-year pre-2022 average. The first three quarters of 2024 reflected a continuation of this subdued performance following the record-breaking levels of 2022. However, as some institutions needed to raise capital, Q4 2024 experienced a remarkable rebound, with \$1.2 billion in sales—the second-highest quarterly volume on record—bringing the annual total to just under \$2.0 billion.



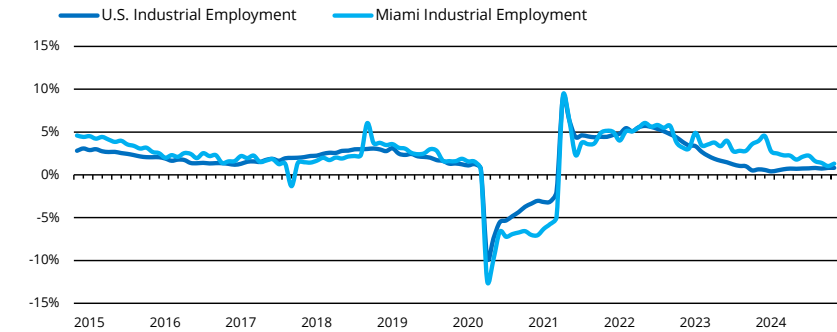
### ECONOMY

#### Healthy Unemployment Rate Despite Upward Trend

- The U.S. unemployment rate held steady at 4.2% in Q4, matching Q3 levels and marking the highest rate since Q3 2021. Despite this, the rate remains comparatively low by historical standards and only slightly above pre-pandemic levels, reflecting a robust labor market amid ongoing economic uncertainties.
- U.S. industrial employment has steadily increased year-over-year since Q2 2021, reaching record highs in Q4 2024. While growth has slowed to under 1.0% from a peak of 5.7% two years ago, this deceleration reflects broader economic cooling and cautious hiring strategies driven by rising operational costs and global challenges.
- Miami's unemployment rate fell to 2.3% in Q4 2024 after a slight rise in Q3, nearing its historic lows in 2023. Despite regional and national economic pressures, this highlights the city's strong economic resilience and ability to weather external headwinds.
- Miami's industrial labor market has achieved consistent year-over-year growth since March 2021, with a 1.3% increase as of November 2024. Although growth has moderated, Miami's industrial sector continues to outperform the national average by 50 basis points, and recent FOMC rate cuts are expected to further bolster local job expansion.

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

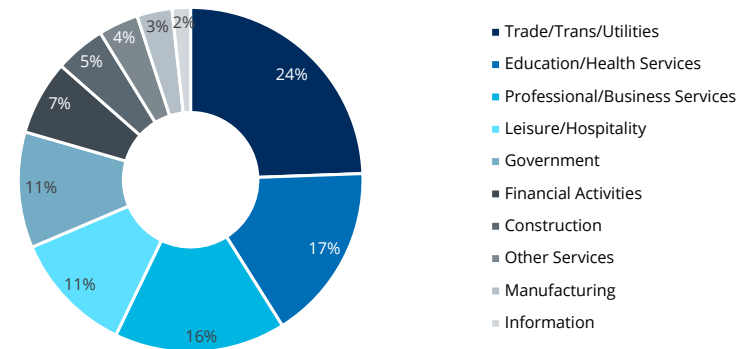
Miami | November 2024



Source: Bureau of Labor Statistics, Transwestern

### SHARE OF EMPLOYEES BY INDUSTRY

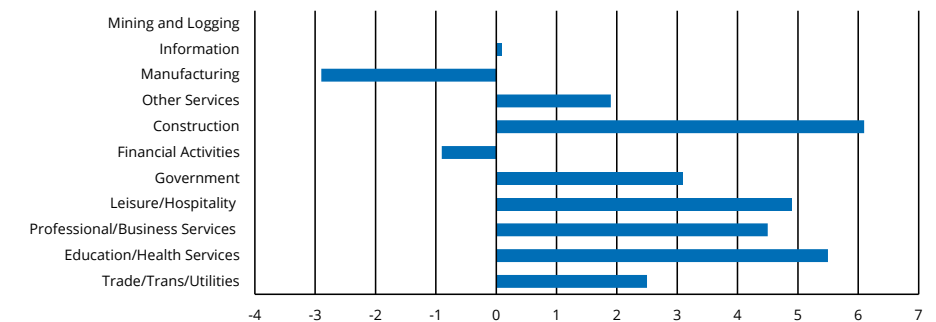
Miami | November 2024



Source: Bureau of Labor Statistics, Transwestern

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

Miami | November 2024



Source: Bureau of Labor Statistics, Transwestern

In Thousands

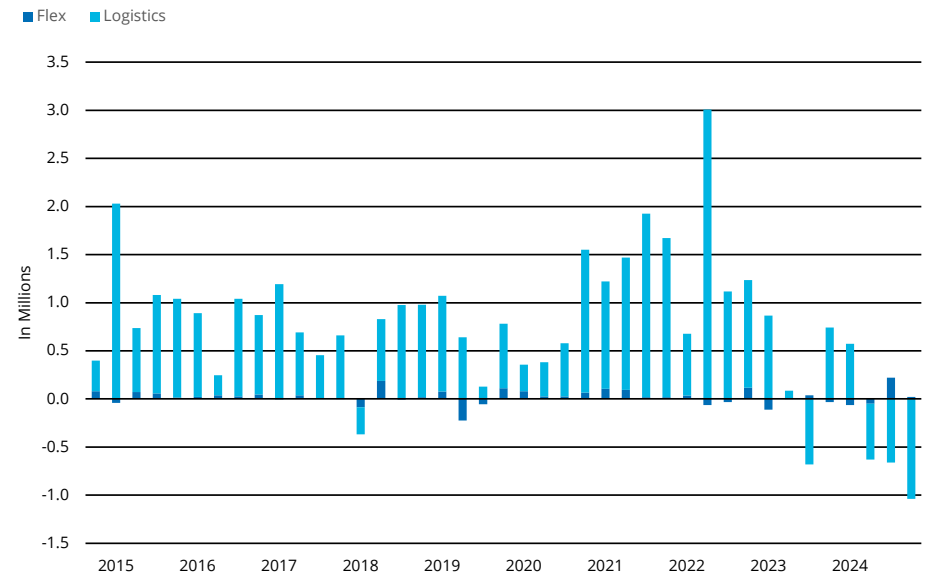


### NET ABSORPTION

#### Market Correction in 2024

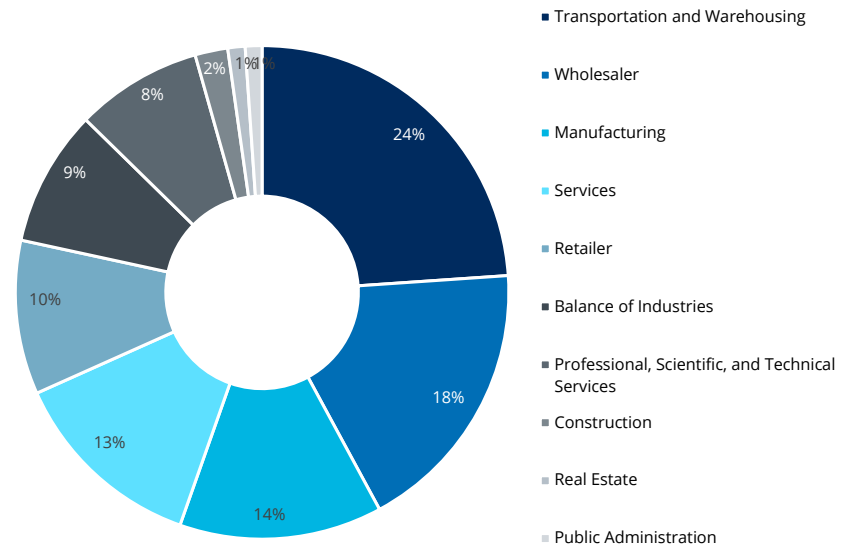
- As Miami’s industrial market entered a moderation period, net absorption remained negative for the third consecutive quarter, with Q4 2024 alone returning over 1.0 million SF. By year-end 2024, annual absorption stood at negative 1.6 million SF, highlighting a noticeable softening in tenant demand.
- While subdued, four of Miami’s eleven submarkets achieved positive net absorption in Q4 2024. Despite an occupancy loss of 178,000 SF in Q4, Miami Airport closed 2024 with a positive net absorption of 151,000 SF—outperforming its peers. In contrast, Medley faced significant challenges, recording a negative 413,000 SF in Q4, contributing to an annual occupancy decline of 830,000 SF.
- Absorption is expected to remain sluggish over the next 12–15 months as tenants adjust to rent increases ranging from 60% to 100% on expiring leases. Additional headwinds, including slower economic growth and broader market uncertainties, are likely to dampen demand further. However, leasing activity is expected to increase in the latter half of 2025 as South Florida returns to a normal lease rollover schedule.

### NET ABSORPTION BY PRODUCT TYPE



Source: CoStar, Transwestern

### SHARE OF LEASING ACTIVITY BY INDUSTRY



Source: CoStar, Transwestern

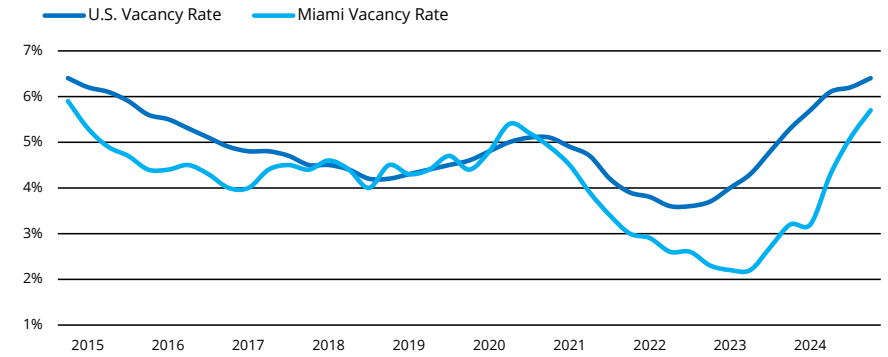


### VACANCY

#### Expected Upward Trend

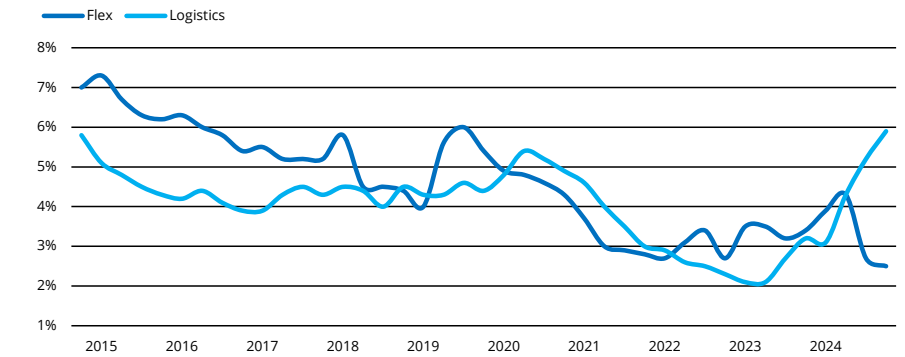
- Miami’s vacancy rate rose to 5.7% in Q4 2024, a 270-basis-point increase year-over-year. While this marks the highest vacancy level in a decade, it remains 70 basis points below the U.S. average, underscoring Miami’s resilience in a challenging market.
- Vacancy rates have steadily climbed from a record low of 2.2% in early 2023 to 5.7% by year-end 2024. This increase was expected due to a combination of robust new construction deliveries, surged asking rents, a cooling economic environment, and a lower lease roll contributing slightly. With absorption projected to remain subdued over the next 12-15 months, vacancy rates will likely follow suit.
- At the submarket level, eight out of eleven submarkets reported vacancy rates below the market-wide average of 5.7%. Notably, North Dade/Gratigny experienced the delivery of 1.6 million SF of new space in Q2 2024, but slower leasing activity caused its vacancy rate to surge from 3.5% in Q1 to 8.7% in Q3. Excluding this submarket, Miami’s overall vacancy rate would stand at a healthier 5.0%.
- Miami’s demand for industrial space remains bolstered by strong international trade through Miami Airport and PortMiami, a thriving hospitality sector, and continued population and business growth, positioning it to better navigate economic headwinds compared to other major markets.

### OVERALL VACANCY RATE



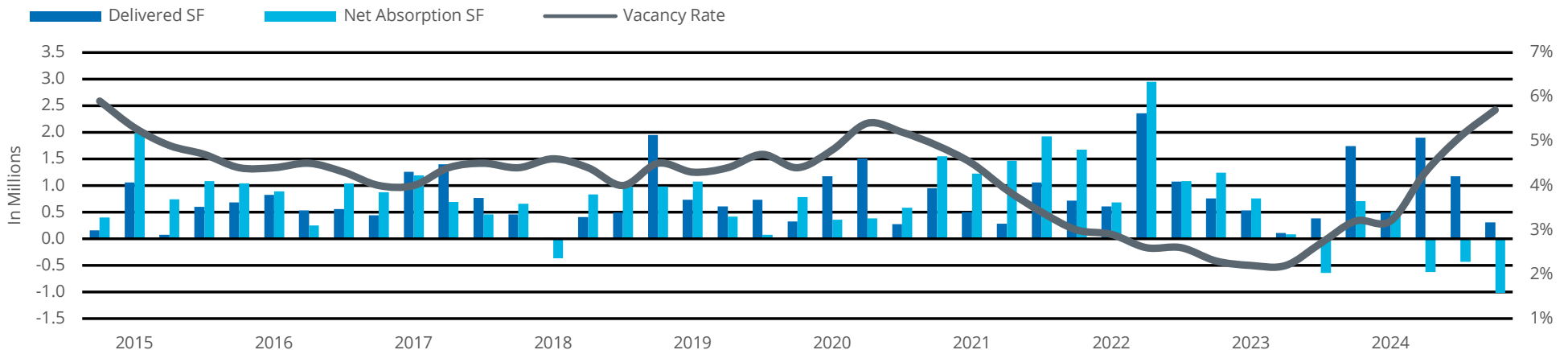
Source: CoStar, Transwestern

### OVERALL VACANCY RATE BY PRODUCT TYPE



Source: CoStar, Transwestern

### DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

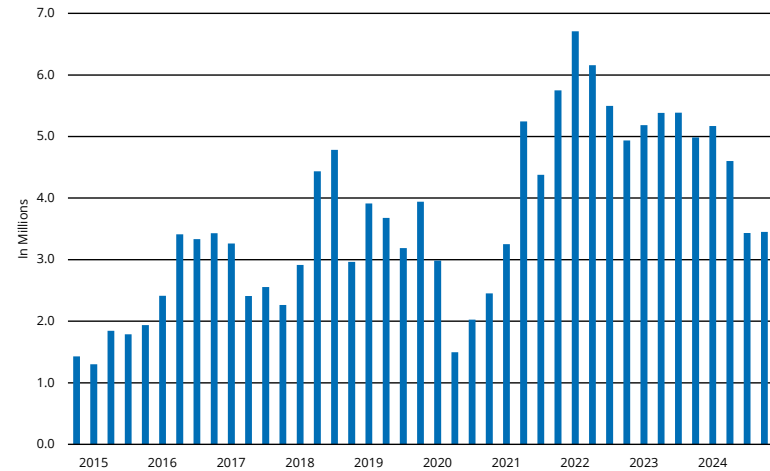


### UNDER CONSTRUCTION

#### Expansion Expected to Slow

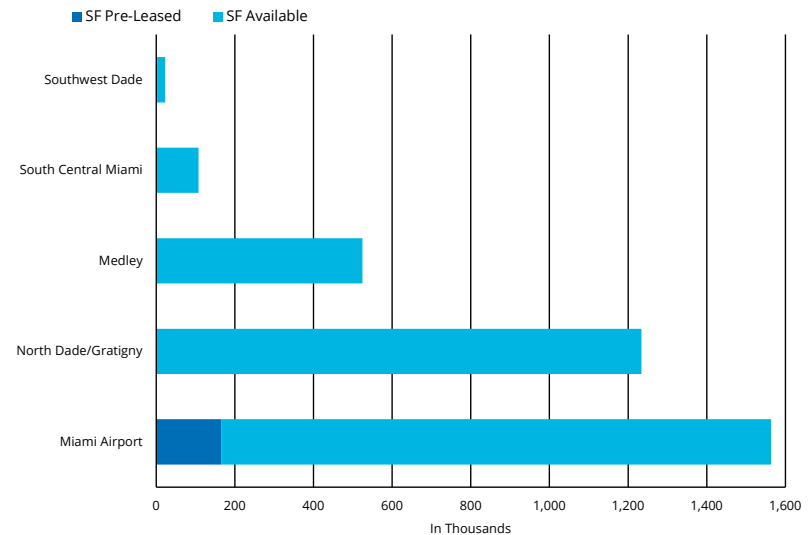
- In Q4 2024, approximately 308,000 square feet of industrial space was delivered, bringing the year's total to 3.9 million square feet—well above 2023's total of 2.8 million SF. This surge in completions, combined with reduced lease rollovers, rising asking rents, and slower economic growth, has contributed to a recalibration of market fundamentals and an uptick in Miami's vacancy rate.
- Notable completions include Buildings A & B of the Sycamore Logistics Center in Medley, which introduced 137,000 and 173,000 SF of premium industrial space, respectively, in a prime logistics hub.
- Construction activity in Q4 2024 amounted to 3.5 million SF across five of Miami's eleven submarkets, with Miami Airport, Medley, and North Dade/Gratigny leading as key development zones. Miami Airport alone accounts for nearly 1.6 million SF under construction, underscoring its strategic importance for trade and logistics.
- After a development boom with product under construction averaging 5.2 million SF per quarter between 2021 and 2023, construction activity has tapered to align with the pre-2021 average of 3.1 million SF per quarter. This slowdown reflects a cautious stance by developers as nearly 95% of current projects remain available for lease.
- Amid ongoing economic uncertainties, the pace of new development proposals is expected to remain subdued. However, Miami is well-positioned to absorb the influx of new supply as leases are signed, with anticipated FOMC rate cuts potentially spurring economic activity in the coming two years.

### UNDER CONSTRUCTION



Source: CoStar, Transwestern

### UNDER CONSTRUCTION BY SUBMARKET



Source: CoStar, Transwestern

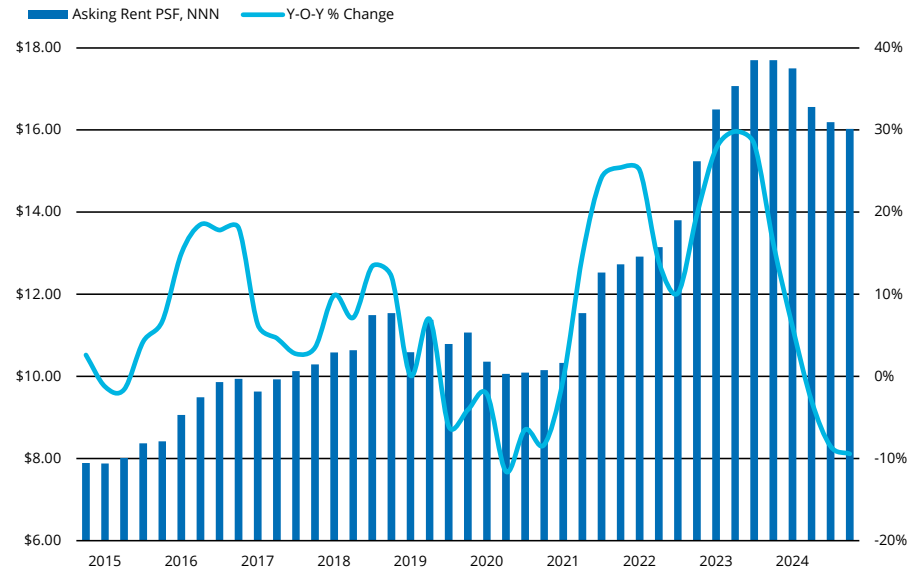


### RENTAL RATES

#### Continued Cooling from Record Highs

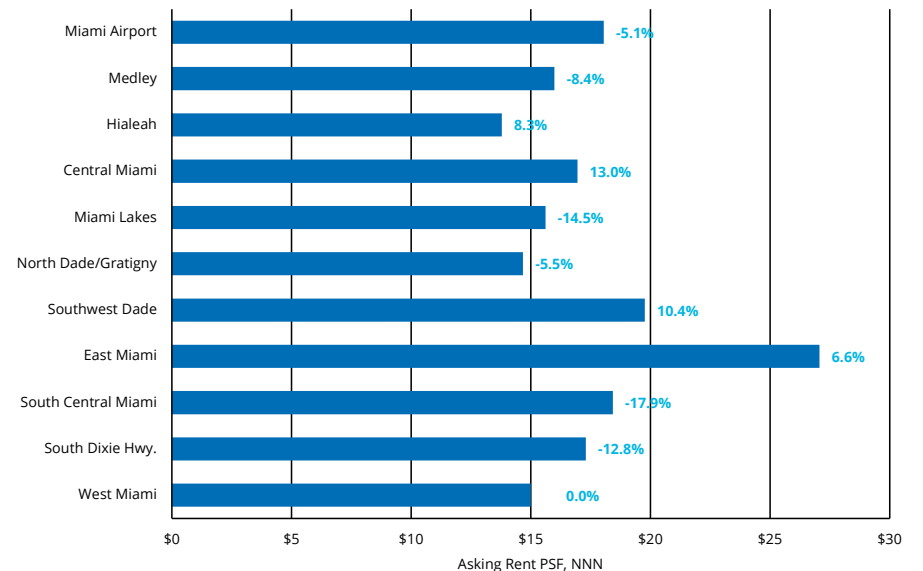
- The average asking rent NNN, which reached a record high of \$17.70/SF in Q4 2023, eased by 9.4% to \$16.03/SF in 2024. This adjustment provided a small relief for tenants following rent increases of 60% to 80% triggered by the post-pandemic surge in demand.
- Year-over-year rent growth slowed significantly in 2024, with Q4 marking the third consecutive quarter of negative annual growth. This decline reflects a natural market recalibration after the sharp 30% rent spike seen just over a year prior.
- A combination of increased supply from new developments, slower tenant absorption, rising vacancies, and economic uncertainty has driven more competitive rental rates. Miami had previously experienced an impressive streak of eleven consecutive quarters of double-digit rent growth, with seven quarters exceeding 19% annually.
- East Miami was the priciest submarket, with rents averaging \$27.06/SF, which has remained relatively stable over the past six quarters.
- Despite current market softening and economic challenges, Miami's limited land availability, strategic importance as a logistics hub, and diverse economic base suggest a rebound in rental growth is on the horizon.

### ASKING RENT



Source: CoStar, Transwestern

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



Source: CoStar, Transwestern

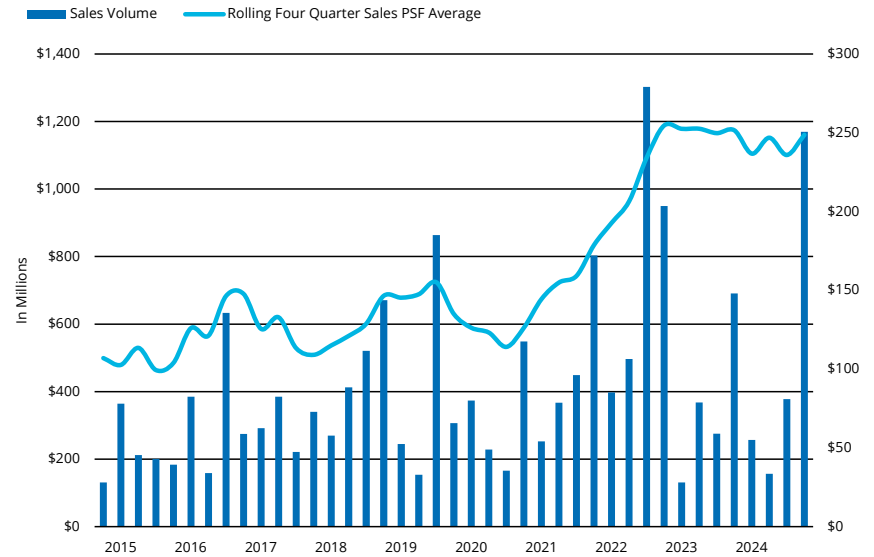


### SALES

#### Prices Fluctuate with a Softened Sales Volume

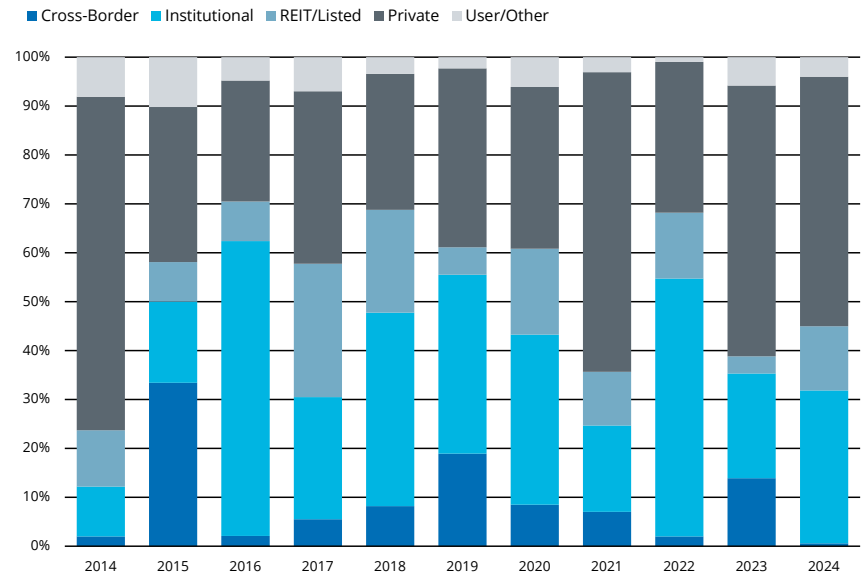
- Industrial sales volume has softened from its record high of \$3.1 billion in 2022, largely due to elevated interest rates dampening investment activity. Nevertheless, 2023 achieved a respectable \$1.5 billion in sales, aligning with the six-year pre-2022 average. The first three quarters of 2024 mirrored 2023's performance, but Q4 2024 saw an impressive \$1.2 billion in sales, marking the second-highest quarterly volume on record and bringing the annual volume to just shy of \$2.0 billion.
- Average pricing in 2024 ranged between \$236/SF and \$249/SF just below the market's historic highs observed in late 2022 and 2023. Premium submarkets continue to drive elevated values for smaller buildings, significantly boosting the overall market average.
- Private investors maintained consistent activity, accounting for over 50% of all acquisitions in 2024. Meanwhile, institutional buyers, who propelled record volumes in 2022, increased their share to 31% of transactions in 2024—a 10% rise compared to 2023.

### 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>STEELCORP</b>	Flagler Station Phase II 10801 NW 103rd St - Bldg 33	Medley	New	254,800
<b>IRON MOUNTAIN</b>	Centerpoint 3355 NW 114th St	North Dade/Gratigny	Renewal	130,000
<b>UNI UNI</b>	Seagis @ 107th 3075 NW 107th Ave	Miami Airport	New	81,898
<b>COLSON ENTERPRISES</b>	Sunshine State Industrial Park 1400 NW 159th St	North Dade/Gratigny	Expansion	69,860
<b>RADIANCE ENGINEERS</b>	5575 NW 36 Ave	Hialeah	New	18,224

Source: CoStar, Transwestern

**NOTABLE SALES**

PROPERTY	SUBMARKET	SALES PRICE	BUILDING SF	PRICE PSF	BUYER	SELLER
<b>7600 NW 82ND PL (COLD STORAGE)</b>	Miami Airport	\$60,000,000	178,428	\$336	BentallGreenOak (BGO)	SunTrust Equity Funding
<b>NORTHWEST DADE LOGISTICS CENTER 10701 NW 142ND ST</b>	Medley	\$58,287,500	266,760	\$219	The Easton Group / TA Realty	LBA Realty
<b>14100 NW 60TH AVE</b>	Miami Lakes	\$38,250,000	190,707	\$201	Ali Ahmed	Brookfield Asset Management
<b>25TH LOGISTICS CENTER 9840-9880 NW 25TH ST</b>	Miami Airport	\$26,200,000	105,364	\$249	TA Realty	LBA Logistics / The Easton Group
<b>1401 NW 78TH AVE</b>	Miami Airport	\$20,600,000	74,786	\$275	EQT Exeter	Terreno Realty

Source: CoStar, Real Capital Analytics, Transwestern

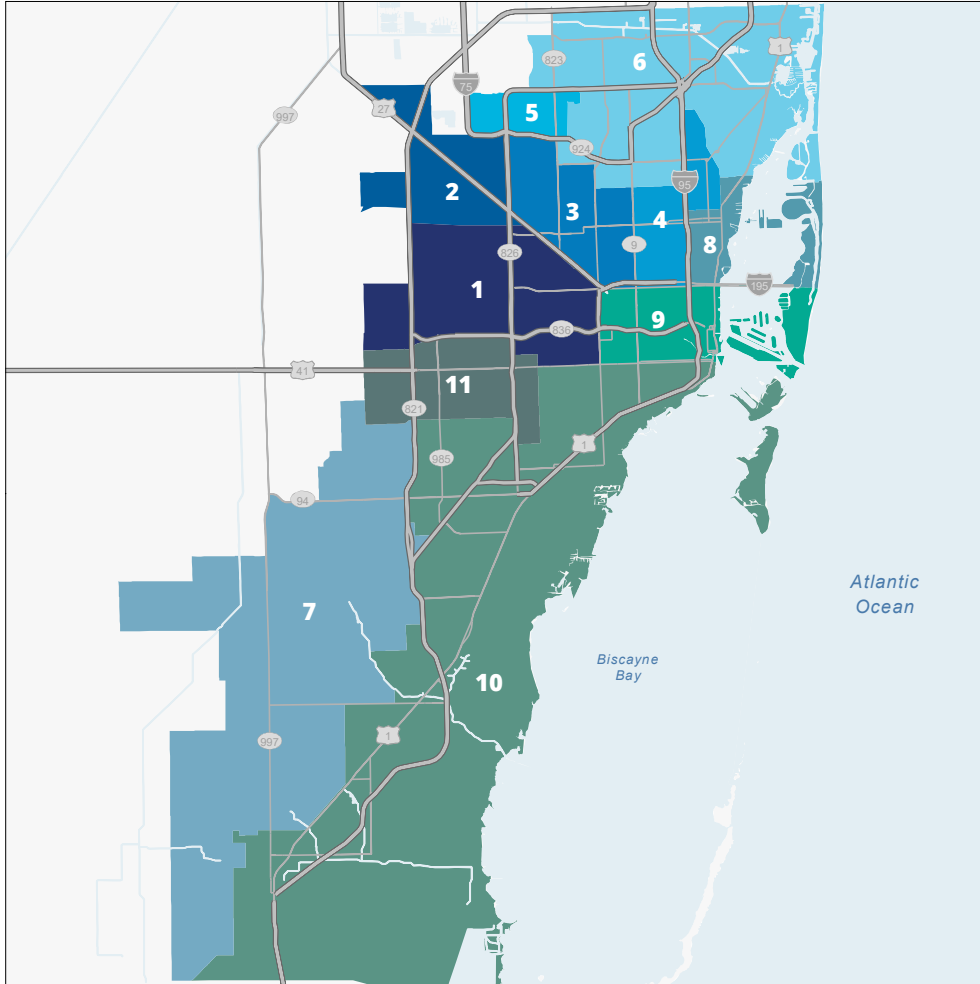


**MARKET INDICATORS**

All Property Types | Q4 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	74,665,745	3,687,958	4.9%	198,779	3,886,737	5.2%	1,563,315	(177,550)	151,446	\$17.24	\$25.42
MEDLEY	36,432,837	1,930,177	5.3%	432,821	2,362,998	6.5%	524,560	(413,326)	(830,220)	\$15.97	\$23.75
HIALEAH	21,057,368	1,019,691	4.8%	5,500	1,025,191	4.9%	0	(132,370)	(494,474)	\$13.79	-
CENTRAL MIAMI	1,994,345	109,608	5.5%	0	109,608	5.5%	0	24,084	104,706	\$16.95	-
MIAMI LAKES	12,402,909	432,704	3.5%	49,885	482,589	3.9%	0	31,737	(133,748)	\$15.40	\$23.72
NORTH DADE/GRATIGNY	38,715,733	2,818,966	7.3%	533,621	3,352,587	8.7%	1,234,298	(336,065)	(283,077)	\$14.67	\$24.00
SOUTHWEST DADE	7,566,109	191,383	2.5%	1,050	192,433	2.5%	22,560	(37,724)	(35,546)	\$19.31	\$22.95
EAST MIAMI	2,405,997	190,525	7.9%	0	190,525	7.9%	0	24,548	(14,446)	\$28.11	\$26.05
SOUTH CENTRAL MIAMI	8,313,960	160,833	1.9%	0	160,833	1.9%	107,632	(9,099)	43,166	\$13.71	\$45.00
SOUTH DIXIE HWY	7,440,244	254,572	3.4%	0	254,572	3.4%	0	(1,068)	(17,886)	\$17.30	\$17.00
WEST MIAMI	2,464,651	84,535	3.4%	0	84,535	3.4%	0	11,670	(62,670)	\$15.00	-
<b>TOTAL</b>	<b>213,459,898</b>	<b>10,880,952</b>	<b>5.1%</b>	<b>1,221,656</b>	<b>12,102,608</b>	<b>5.7%</b>	<b>3,452,365</b>	<b>(1,015,163)</b>	<b>(1,572,749)</b>	<b>\$15.68</b>	<b>\$26.86</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 & Associate  
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).