

MIAMI

The second quarter saw the Miami industrial market's vacancy rate decrease 10 basis points from the previous quarter but hold level at 3.6% with the rate recorded one year ago. Demand held off the 2.1 million square feet of new inventory delivered over the past 12 months. Miami led the region in absorption, reporting more than 1.0 million square feet of absorbed space at the midyear point. Despite showing signs of slowing from previous quarterly performances, Miami's industrial market is outperforming Florida's other major markets and held onto the lowest vacancy rate in the state for a third consecutive quarter. Tight market conditions coupled with healthy pre-leasing activity of new development continued to favor landlords, who in turn have offered far fewer tenant concessions while limiting free rent to mostly larger deals with terms of more than five years. Asking rates continued to climb, with the overall average increasing by \$0.73/SF from \$7.66/SF over the last 12 months. Year over year, warehouse/distribution averages increased by \$1.09/SF from \$7.11/SF. Although rents have reached record levels, they remain well below those in Miami's neighbors to the north. The real story is the 3.5 million square feet of construction currently underway with another 1.0 million plus projected to break ground over the next 12 months. Developers remain bullish on Miami.

LEASING AND DEMAND

Three sales totaling 302,000 square feet took place during second-quarter 2019, bringing midyear sales to 869,000 square feet worth a combined \$106.6 million. This is a significant drop from 2.5 million square feet worth a combined \$334.5 million that sold one year ago. The average sales price ticked up to \$123/SF from \$117/SF one year ago because most of the properties changing hands were lower-tier industrial buildings. So few quality buildings are being offered for sale in Miami that investors and developers continue to buy sites for future development that have complicated entitlement issues. Any sites that are ready to develop are selling at record prices since buyers can immediately put the land into production to take advantage of the strong market fundamentals.

INVESTMENT SALES

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CURRENT CONDITIONS

Miami's industrial sector saw the majority of South Florida's demand growth rising well above Broward and Palm Beach County.

The average asking rate experienced a slight correction from the previous quarter but should likely push upward as more availability comes online from new construction.

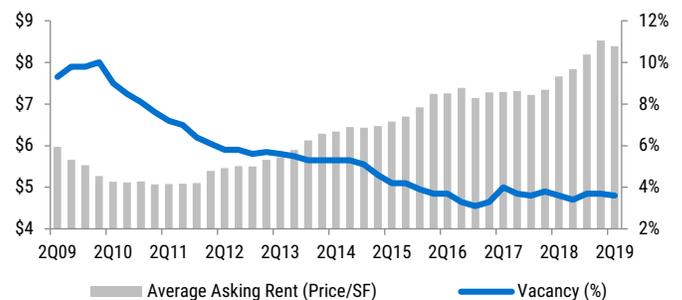
Developers are still breaking ground on projects with over 5.0 million square feet projected to be delivered over the next two years.

Miami dominated leasing activity for South Florida with 61.0% of the total square feet in lease deals.

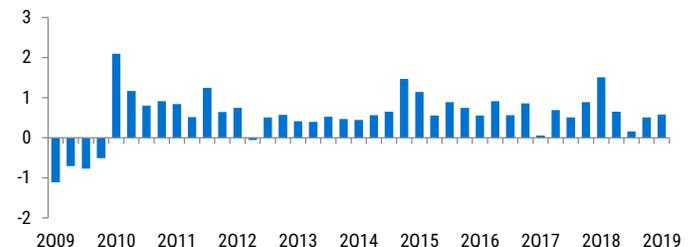
Miami's investment sales fell from previous quarter levels as interest remained high, but limited prime properties are available for sale. Land sales for industrial zoned parcels have been on the rise as investors find an alternative from purchasing buildings.

MARKET ANALYSIS

Asking Rent and Availability



Net Absorption (SF, Millions)



MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	215.8 MSF	215.1 MSF	213.2 MSF	↑
Vacancy Rate	3.6%	3.7%	3.6%	↑
Quarterly Net Absorption	578,809	509,913	1,509,133	↔
Average Asking Rent	\$8.39	\$8.53	\$7.66	↑
Under Construction	3,520,223	4,025,237	2,990,707	↓
Deliveries	505,014	357,500	990,125	↑

MIAMI SUBMARKET STATISTICS

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport East/Central Miami-Dade	28,645,163	191,000	5.9 %	140,473	176,812	\$10.37	\$9.44	\$11.97
Airport West	69,614,944	533,000	3.3 %	-128,055	-199,423	\$7.91	\$12.70	\$8.72
Hialeah/Hialeah Gardens	31,579,698	301,925	2.5 %	51,543	263,200	\$6.83	\$13.80	\$6.51
Medley	26,828,506	419,410	5.0 %	298,826	299,691	\$6.89	\$10.24	\$6.42
Miami Lakes	6,058,313	0	5.2 %	-168,830	-150,316	\$11.45	\$11.19	\$7.12
N Central Miami	25,736,193	2,074,888	3.7 %	396,170	683,150	\$7.76	\$13.57	\$7.18
Northeast Miami-Dade	9,962,800	0	3.1 %	-16,905	-30,223	\$15.11	\$8.57	\$10.59
South Miami-Dade	17,343,254	200,000	1.0 %	5,587	45,831	\$9.37	\$13.29	\$9.97
Totals	215,768,871	3,720,223	3.6 %	578,809	1,088,722	\$8.20	\$12.30	\$8.39

MIAMI LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Home Depot	Countyline Corp Pk-2 Proposed Bld	Hialeah/Hialeah Gardens	Direct	1,100,000
Miami International Freight Solutions	Miami Lakes Bus Pk East-14100 NW 60 th Ave	Miami Lakes	Renewal	192,000
AAR Corp	Medley Com Ctr-9300 NW 100 th St	Medley	Renewal/Expansion	176,000
Freight Logistics International	SFL Logistics Ctr 7-3200 NW 67 th Ave	Airport East/Central Miami-Dade	Direct	152,000
JCA Ventures	Miami Int'l Tradeport F1-11240 NW 22 nd St	Medley	Direct	69,000

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
10900 NW 27 th St	Airport West	\$22,000,000	\$158	139,380
Webster Park	Airport East/Central Miami-Dade	\$25,000,000	\$152	164,000
Beacon Lakes 27-1751 NW 129 th St	Airport West	\$18,500,000	\$166	111,162