

MIAMI

The Miami industrial market posted its 30th consecutive quarter of demand outpacing supply, dominating overall activity in South Florida with more than 609,000 square feet of positive absorption. This accounted for over 82.0% of growth throughout the region as warehouse/ distribution dominated activity with 414,000 square feet of absorbed space. The general industrial segment followed with 176,000 square feet of positive net absorption, while R&D/flex space had 18,000 square feet of net absorption. Despite five buildings totaling 1.4 million square feet of new inventory delivered during first-quarter 2020, vacancy only rose 30 basis points from last quarter to settle at 4.4%. Over 1.4 million square feet remained under construction, falling significantly from the 3.7 million square feet from one year ago as developers pump the breaks on speculative construction. The strong market fundamentals translated into an average asking rental rate of \$8.20/SF, a slight increase from one year ago, but still higher than the previous record of \$8.13/SF set at the start of 2019. Rent growth appeared to be slowing and could begin to shift direction as impacts from the recent COVID-19 outbreak begin to surface. In spite of Miami's commanding growth, the average rate remained below the other two counties in South Florida, making it more affordable, a trend that did not occur in the previous two real estate cycles.

LEASING AND DEMAND

Leasing activity in the first quarter decreased significantly from the 2.7 million square feet which took place this time last year, as 191 transactions totaling 2.1 million square feet occurred at the close of this quarter. Warehouse/distribution space still dominated with 157 leases for a combined 1.7 million square feet, while the general industrial segment lagged with 397,000 square feet. R&D/flex space continued to struggle with only 28,000 square feet of lease transactions. A total of 12 midsize to large lease transactions combined for 616,000 square feet, down by more than half from the total leased this time last year. The majority came from the retail/wholesale sector, which accounted for 436,000 square feet, while logistics and distribution companies fell behind with only 111,000 square feet, while the aviation-aerospace sector jumped into the top three with 69,000 square feet of leases transacted.

INVESTMENT SALES

Sales activity fell sharply from previous quarter performances, as two sales totaling 371,000 square feet for a combined value of \$45.2 million sold during first-quarter 2020. This was down by almost half from the 650,000 square feet that sold last year at this time. The price per square foot was not impacted, as it increased to \$122/SF from \$107/SF one year ago. Investor interest could diminish as impacts surface from the sudden economic downturn as a result of the COVID-19 pandemic outbreak.

CURRENT CONDITIONS

Miami's industrial sector outperformed all other Florida markets as demand outpaced levels seen in the previous quarter and one year ago.

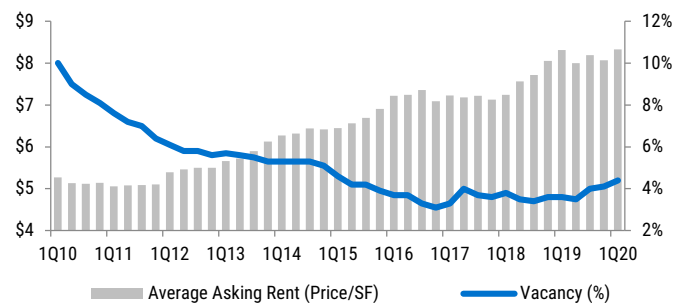
Construction activity cooled after 1.4 million square feet was delivered this quarter and 1.4 million square feet remained under construction as developers pump the breaks on projects coming out of the ground.

Leasing activity decreased by 22.0% during first-quarter 2020 while midsize and large lease deals fell by more than half from one year ago.

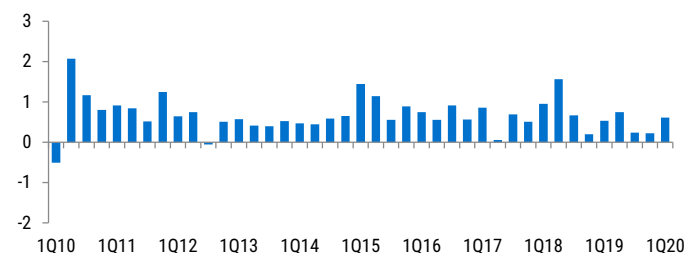
Vacancy rates inched upward due to deliveries of new industrial inventory, but still remain below the 5.0% market signaling continued tight market conditions.

MARKET ANALYSIS

Asking Rent and Availability



Net Absorption (SF, Millions)



MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory	219.1 MSF	217.8 MSF	215.0 MSF	↑
Vacancy Rate	4.4%	4.1%	3.6%	↑
Quarterly Net Absorption	609,614	226,604	536,203	↓
Average Asking Rent	\$8.33	\$8.07	\$8.13	↔
Under Construction	1.4 MSF	2.3 MSF	3.7 MSF	↓
Deliveries	1.4 MSF	653,217	357,500	↓

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	28,804,838	0	5.0 %	218,086	218,086	\$9.39	\$9.63	\$11.13
Airport West	70,046,808	0	3.7 %	246,983	246,983	\$8.47	\$12.58	\$9.01
Hialeah/Hialeah Gardens	32,415,191	652,419	4.0 %	193,719	193,719	\$7.45	\$5.81	\$6.77
Medley	27,055,104	284,330	5.0 %	-135,556	-135,556	\$7.19	\$9.61	\$6.78
Miami Lakes	6,058,313	0	5.1 %	-22,644	-22,644	\$7.54	\$12.08	\$6.75
N Central Miami	27,191,837	483,997	7.9 %	-28,596	-28,596	\$7.96	\$13.36	\$7.52
Northeast Miami-Dade	10,021,550	0	3.0 %	-3,327	-3,327	\$8.86	\$11.40	\$11.13
South Miami-Dade	17,528,722	0	1.3 %	140,949	140,949	\$10.13	\$11.98	\$10.59
Totals	219,122,363	1,420,746	4.4 %	609,614	609,614	\$8.16	\$10.39	\$8.33

MIAMI LEASE/USER TRANSACTIONS

Tenant	Building	Submarket	Type	Square Feet
Anixter Inc.	Prlogis Miami Int'l Tradeport 8	Medley	Direct	148,000
Del Valle Brands	8150 NW 76 th Ave	Medley	Direct	126,000
Innovated Apparel	Medley Log Pk 100-12602 NW 115 th Ave	Medley	Renewal/Expansion	72,000
Cargill	Beacon Logistics Pk E-4220 W 91 st St	Hialeah/Hialeah Gardens	Direct	69,000
Marco Destin Inc.	Flagler Station #32-10800 NW 106 th Ave	Medley	Renewal	43,000

SELECT SALE TRANSACTIONS

Building	Submarket	Sale Price	Price/SF	Square Feet
Southeast Food Dist-18770 NE 6 th Ave	North Central Miami	\$30,500,000	\$130	234,739
MAC Paper Bld-5900 NW 176 th Ave	Miami Lakes	\$14,680,000	\$108	135,939