

## Miami Industrial Market

The Miami industrial market continued to lead the charge in South Florida with its 34th consecutive quarter of demand outpacing supply, as nearly 870,000 square feet of positive absorption took place. Nine buildings totaling over 2.1 million square feet of new inventory delivered during first-quarter 2021, pushing vacancy up 60 basis points to settle at 4.9%. Despite robust construction, the vacancy rate continued to come in below the 5.0% threshold, the signal of strong market fundamentals in place. Over 2.0 million square feet of move-ins are projected to occur through the remainder of 2021, including Home Depot's over 1-million-square-foot move-in during the second quarter. Another nine buildings totaling more than 1.6 million square feet were under construction. Tight market conditions translated into an asking average rental rate of \$8.51/SF, an increase of \$0.22/SF from one year ago. Although rent growth appeared to be leveling off, it should be noted that average increases occurred in all three segments.

Despite Miami's commanding growth, the average rate remained below the other two counties in South Florida, making it more affordable to the competition northward. Tenant-favorable conditions appear to be far from returning as landlords are limiting tenant concessions to larger deals with longer terms. New inventory aided the uptick in warehouse/distribution rents from one year ago to \$8.27/SF, and an 8.3% increase from the previous record rate of \$7.64/SF posted in 2008. The general industrial segment also saw a slight increase from \$8.14/SF to \$8.35/SF, while R&D/flex average rents experienced the strongest year-over year increase of \$2.61/SF, to start 2021 at \$12.87/SF.

### Leasing and Demand

Leasing activity in the first quarter doubled from the 2.1 million square feet which took place this time last year, as 293 transactions totaling 4.2 million square feet occurred at the close of the quarter. Warehouse/distribution space still dominated with 235 leases for a combined 3.7 million square feet, an increase of 2.0 million square feet. The general industrial segment lagged with 252,000 square feet, while R&D/flex space held steady with 184,000 square feet of lease transactions. A total of 30 midsize to large lease transactions combined for 2.9 million square feet, a notable increase from the 1.4 million square feet total leased this time last year. The majority came from the retail/wholesale sector, which accounted for 2.2 million square feet, while logistics and distribution companies fell behind with only 410,000 square feet and the technology sector jumped into the top three with 220,000 square feet of leases.

### Investment Sales

Sales activity increased from previous performances, as 10 sales totaling 1.0 million square feet, for a combined value of \$145.5 million sold during first-quarter 2021. This was up from the 371,000 square feet that sold last year at this time. The price per square foot continued to climb upward, as it increased to \$145/SF from \$122/SF one year ago. Investor interest has not diminished as the industrial sector held strong, despite the economic downturn from the pandemic.

### Current Conditions

Miami saw another quarter of strong demand growth, dominating the industrial sector for South Florida.

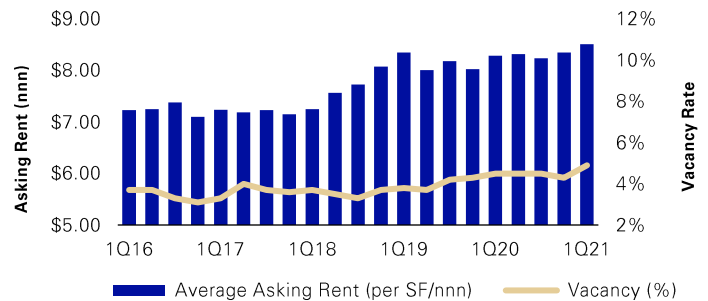
Vacancy rates inched upward from the previous quarter, but with over 2.0 million square feet of move-ins projected for 2021, should not see significant increases through the year.

Landlords held asking rents level, as an increase in available space from lower-tier and secondary industrial buildings keep average rates from seeing significant rises.

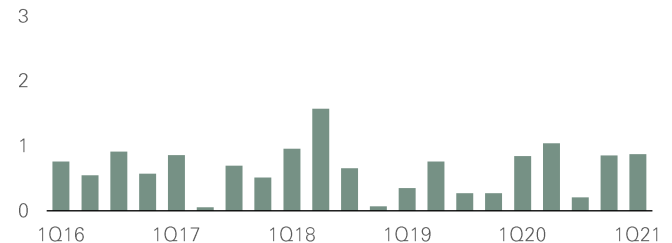
Leasing and investment sale activity rebounded in the first quarter, with notable increases from one year ago.

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION (SF, Millions)



### Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	222.6M	220.4M	218.6M	↑
Vacancy Rate	4.9%	4.3%	4.5%	↔
Quarterly Net Absorption (SF)	869,775	850,519	843,135	↓
Average Asking Rent/SF	\$8.51	\$8.35	\$8.29	↔
Under Construction (SF)	1.6M	3.9M	2.1M	↓
Deliveries	2.2M	351,826	1.4M	↓

## Miami Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability 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	28,143,121	0	5.3 %	-60,336	-60,336	\$7.80	\$9.00	\$9.98
Airport West	70,232,800	127,150	3.4 %	149,679	149,679	\$8.92	\$13.33	\$9.22
Hialeah/Hialeah Gardens	34,774,486	669,629	7.4 %	509,767	509,767	\$7.96	\$11.75	\$7.70
Medley	27,814,143	813,924	5.1 %	163,890	163,890	\$7.78	\$10.65	\$7.45
Miami Lakes	6,138,313	0	6.0 %	-43,582	-43,582	\$7.33	\$13.06	\$6.57
N Central Miami	27,899,248	0	8.0 %	150,400	150,400	\$8.00	\$14.47	\$7.93
Northeast Miami-Dade	10,101,550	0	3.0 %	-6,582	-6,582	\$8.62	\$11.81	\$7.22
South Miami-Dade	17,530,787	0	0.7 %	6,539	6,539	\$9.08	\$13.14	\$9.40
<b>Totals</b>	<b>222,634,448</b>	<b>1,610,703</b>	<b>4.9 %</b>	<b>869,775</b>	<b>869,775</b>	<b>\$8.35</b>	<b>\$12.87</b>	<b>\$8.51</b>

## Miami Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Amazon	Palmer Lakes Logistics Ctr- 3325 NW 24 <sup>th</sup> St	Airport East/Central Miami-Dade	Direct	603,418
City Furniture	Bridge Point Commerce Ctr- 21502 NW 39 <sup>th</sup> Ave	N Central Dade	Direct	286,875
Amazon	Bridge Point Ave- 14350 NW 57 <sup>th</sup> Ave	Hialeah/Hialeah Gardens	Direct	280,000
Expeditors International	International Corporate Pk- 10205 NW 19 <sup>th</sup> St	Airport West	Renewal	206,000
Amazon	Miami Axis Pk- 1080 SE 5 <sup>th</sup> St	Hialeah/Hialeah Gardens	New	145,000

## Miami Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
Countyline Corporate Pk Portfolio- 4021 & 4071 W 108 <sup>th</sup> St	Hialeah/Hialeah Gardens	\$48,100,000	\$176	274,000
6950 Bld-6950 NW 77 <sup>th</sup> Ct	Airport West	\$26,000,000	\$114	228,140
TRX Distribution Bld- 14001 NW 112 <sup>th</sup> Ave	Hialeah/Hialeah Gardens	\$25,800,000	\$158	163,200
Miami Lakes Business Pk- 13900 NW 57 <sup>th</sup> Ct	Miami Lakes	\$17,500,000	\$117	149,910
Seagis Bld- 2101 NW 82 <sup>nd</sup> Ave	Airport West	\$9,500,000	\$175	54,400