

Miami Industrial Market

Miami-Dade continued to dominate South Florida's industrial growth with its third consecutive quarter of positive absorption over 1 million square feet, recording 1.3 million square feet of absorbed inventory during the fourth quarter of 2021. Over 6.1 million square feet of positive net absorption occurred for the year, significantly surpassing the previous 4.0 million square feet record from 2005. Warehouse/distribution space led the charge, with more than 5.5 million square feet of positive net absorption in 2021. Trailing far behind was the general industrial segment, with 450,000 square feet of absorbed space, while the R&D/flex segment remained lackluster, with a modest 114,000 square feet of absorption for the year. Most industrial development took place in Miami-Dade County, with 3.1 million square feet completed, accounting for more than half of all new buildings built in South Florida during 2021. Nineteen buildings totaling over 4.1 million square feet were under construction, accounting for more than 70.7% of buildings underway in the region. Miami-Dade County's location as a global port to the Caribbean Islands and Central and South America continued to aid the strong demand and development.

The overall average asking rate climbed closer to the \$10.00/SF mark as landlords take advantage of these unusual times. The new record high of \$9.95/SF was a 19.3% increase from this time last year, as warehouse/distribution space climbed upward by \$1.19/SF from the \$8.24/SF rate recorded during the fourth quarter of 2020. The general industrial and R&D/flex segments followed closely, seeing similar increases from this time last year. Asking rents will continue to increase through 2022 as building owners have the clear advantage during lease negotiations.

Leasing and Demand

Leasing activity decreased slightly from the previous quarter, with 208 transactions totaling over 4 million square feet. More than 17.8 million square feet of transactions occurred in 2021, a new best and an increase of more than 47% from the previous year. Warehouse/distribution space dominated, with over 16.2 million square feet of transactions, while general industrial space trailed, with 1.3 million square feet of activity. R&D/flex space continued to lag, with only 317,611 square feet leased. Miami-Dade's industrial market led in mid- to large-sized deals, totaling over 10.2 million square feet, as the retail/wholesale sector accounted for 3.5 million square feet of leasing activity. The logistics and distribution industry followed closely, with approximately 3.4 million square feet, while food and beverage companies posted 1.2 million square feet of leases transacted.

Investment Sales

Sales activity ticked upward from the previous quarter, with 23 sales totaling approximately 1.7 million square feet during the fourth quarter of 2021. Overall activity increased from the 3.4 million square feet sold one year ago to 5.4 million square feet, for a combined total of \$858.5 million to close 2021. The demand for industrial investment pushed sale prices upward, with the average increasing to \$157/SF from \$125/SF one year ago as transactions in high-end newer industrial buildings gained momentum from what was sold during the previous year.

Current Conditions

Miami saw record demand during 2021, surpassing 6.1 million square feet of absorbed space for the first time in recorded history.

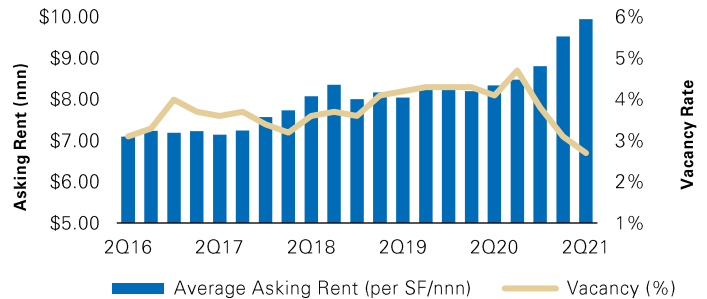
Large move-ins pushed vacancy downward 140 basis points from one year ago to 2.7%, an all-time new low for the industrial segment.

Landlords pushed asking rents up noticeably during 2021 as Miami-Dade appeared to be catching up to Broward and Palm Beach, as the overall average rate inched closer to the \$10.00/SF mark.

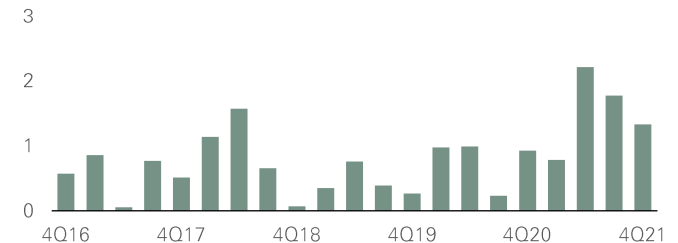
The industrial sector set new records in leasing activity and investment sales during 2021.

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)	223.7M	223.5M	220.7M	↑
Vacancy Rate	2.7%	3.1%	4.1%	↔
Quarterly Net Absorption (SF)	1.3M	1.8M	928,249	↓
Average Asking Rent/SF	\$9.95	\$9.53	\$8.34	↑
Under Construction (SF)	4.2M	4.1M	4.0M	↓
Deliveries	586,844	220,000	351,826	↑

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	28,032,759	0	4.4 %	136,755	216,091	\$10.72	\$11.11	\$10.90
Airport West	70,367,754	622,223	2.5 %	254,768	637,314	\$10.21	\$14.96	\$10.64
Hialeah/Hialeah Gardens	35,459,384	1,703,590	2.7 %	429,193	2,779,364	\$7.67	\$13.36	\$8.01
Medley	28,172,627	1,548,531	1.8 %	339,523	1,136,762	\$8.94	\$11.09	\$7.58
Miami Lakes	6,138,313	0	4.7 %	34,000	36,237	\$7.80	\$14.04	\$7.75
N Central Miami	27,901,504	300,000	3.2 %	124,359	1,356,117	\$8.63	\$18.62	\$9.27
Northeast Miami-Dade	10,101,550	0	3.7 %	14,040	-78,152	\$11.49	\$12.68	\$13.08
South Miami-Dade	17,530,787	0	0.6 %	-137	24,435	\$10.26	\$14.55	\$10.72
Totals	223,704,678	4,174,344	2.7 %	1,332,501	6,108,168	\$9.83	\$14.80	\$9.95

Miami Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
KeHe Distributors LLC	County Line Corp Pk-Phase II	Hialeah/Hialeah Gardens	Direct	360,000
Mr. Glass Doors & Windows	Miami Lakes Ind Pk-5770 Miami Lakes Dr	N Central Miami	Direct	191,929
PODS	County Line Corp Pk-Phase III-#29	Hialeah/Hialeah Gardens	Direct	181,000
International Cargo-King Ocean Services	Prologis Beacon Lakes #24-13155 NW 19 th Ln	Airport West	Direct	157,258
Yusen Logistics	Int'l Corp Pk 5-10200 NW 21 st St	Airport West	Renewal	138,205

Miami Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
SE Frozen Foods Portfolio-18770 NE 6 th Ave	Northeast Miami-Dade	\$74,000,000	\$235	314,739
7101 NW 32 nd Ave	Hialeah/Hialeah Gardens	\$47,250,000	\$170	277,425
Seaboard Ind Pk-10700 NW 36 th Ave-Blackstone Portfolio Purchase	N Central Miami	\$38,000,000	\$168	233,465
Pharmed Ind Pk-3075 NW 107 th Ave	Airport West	\$15,600,000	\$190	81,898
255 NE 181 st St	Northeast Miami-Dade	\$8,000,000	\$132	60,577