

## Miami Industrial Market

The first quarter of 2022 marked Miami's 38th consecutive quarter of demand outpacing supply with over 1.1 million square feet of positive absorption taking place. This quarter's healthy absorption came in large part due to the pre-leasing and occupation of new projects throughout the county. Although demand was sturdy, robust construction activity helped vacancy increase 10 basis points from the previous quarter. However, the 2.8% overall vacancy rate was still down 190 basis points from this time last year as tight market conditions held and limited availability continued to spur construction activity. Construction completions more than doubled from the previous quarter with robust pre-leasing activity keeping noticeable impacts to vacancy from rising. More than 6.1 million square feet of new industrial inventory remained underway, the most recorded in a quarter with 51.0% already leased. Amazon's mega sortation facility totaling over 1.0 million square feet in South Miami-Dade, combined with FedEx's recent lease deal of more than 501,000 square feet at Miami 27 Business Park in Medley, will continue to boost absorbed space while combatting any unoccupied delivered space throughout the remainder of the year.

Despite Miami's commanding growth, the average rate remained below those of the other two counties in South Florida, making it more affordable to the competition northward. However, over the past year, Miami-Dade's overall average rose by 23.4% from one year ago, the highest increase in recorded history. Tenant-favorable conditions are not likely to return anytime soon, as landlords are limiting significant tenant concessions to larger deals with terms of more than five years. The warehouse/distribution sector average rate increased to \$9.81/SF from \$8.09/SF in the first quarter of 2021. General industrial rents grew \$1.91/SF to \$10.30/SF, while R&D/flex average rents moved upward to \$14.67/SF from \$12.87/SF seen one year ago.

### Leasing and Demand

Leasing activity rose slightly from the previous quarter, with 194 transactions totaling approximately 4.2 million square feet. Warehouse/distribution space continued to rule, with over 3.5 million square feet of transactions, while general industrial space trailed, with 572,344 square feet of activity. R&D/flex space continued to trail, with a modest 68,000 square feet leased. Miami-Dade's industrial market dominated in mid- to large-sized deals, comprising 71.5% of the region's top deals, totaling over 2.7 million square feet. The logistics and distribution sector took back the top spot with approximately 1.4 million square feet of leasing activity. The building supply industry jumped into second with 418,000 square feet, while the retail sector saw a noticeable decrease, dropping to third with a modest 344,000 square feet of transactions.

### Investment Sales

Sales activity noticeably decreased from previous performances, with eight buildings totaling approximately 650,000 square feet, for a combined value of \$131.3 million sold during the first quarter of 2022. This was down by more than half of the 1.7 million square feet that sold during the previous quarter and seven of the buildings were a part of one national portfolio sale. Notably, the price per square foot dramatically increased to \$202/SF from \$145/SF one year ago. Investor interest has not diminished as the industrial properties in Miami-Dade are catching top dollar throughout the state of Florida.

### Current Conditions

Miami saw another robust quarter of demand and leasing activity as the industrial sector remained strong at the start of 2022.

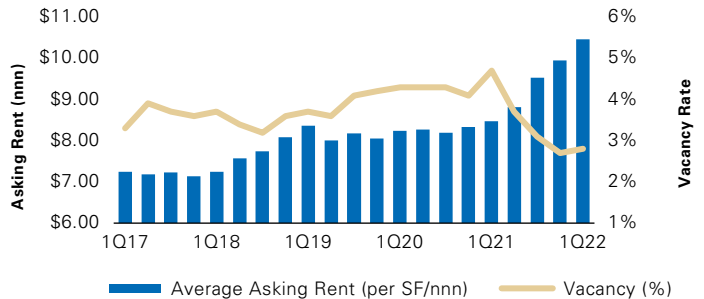
Construction completions of new industrial space pushed overall vacancy slightly upward, but tight market conditions remained as the rate remained under the 3% threshold.

Landlords have increased asking rents even higher, recording the strongest year-over-year average increase in history as Miami-Dade finally caught up to Broward and Palm Beach, pushing the overall average rate over the \$10.00/SF mark.

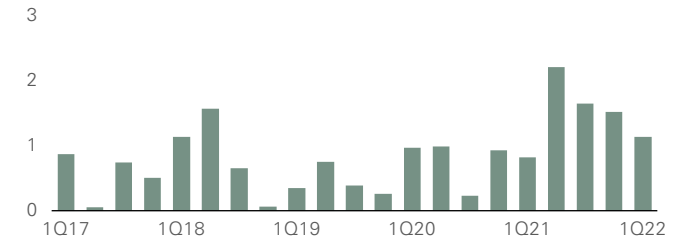
The industrial sector saw a slight drop in midsize to large lease deals with the retail sector seeing a dramatic shift from the 2.2 million square feet leased one year ago to only 344,000 square feet at the close of the first quarter of 2022.

### 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)	225.0M	223.7M	222.7M	↑
Vacancy Rate	2.8%	2.7%	4.7%	↔
Quarterly Net Absorption (SF)	1.1M	1.5M	819,397	↔
Average Asking Rent/SF	\$10.46	\$9.95	\$8.48	↑
Under Construction (SF)	6.1M	5.6M	2.0M	↓
Deliveries	1.4M	666,343	32.1M	↔

## 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	27,956,658	0	4.2 %	53,857	53,857	\$10.55	\$11.11	\$11.71
Airport West	70,235,062	920,548	2.1 %	247,980	247,980	\$10.71	\$14.77	\$11.17
Hialeah/Hialeah Gardens	36,128,697	2,577,070	3.1 %	308,043	308,043	\$8.39	\$14.67	\$8.24
Medley	28,780,034	1,175,319	4.0 %	20,325	20,325	\$10.00	\$13.07	\$8.77
Miami Lakes	6,138,313	0	1.5 %	192,908	192,908	\$9.59	\$12.08	\$9.04
N Central Miami	27,901,504	432,894	2.7 %	90,246	90,246	\$9.26	\$18.62	\$10.10
Northeast Miami-Dade	10,101,550	0	3.6 %	11,397	11,397	\$11.60	\$11.94	\$13.09
South Miami-Dade	17,727,587	1,013,532	0.6 %	210,264	210,264	\$10.57	\$16.62	\$11.32
<b>Totals</b>	<b>224,969,405</b>	<b>6,119,363</b>	<b>2.8 %</b>	<b>1,135,020</b>	<b>1,135,020</b>	<b>\$10.30</b>	<b>\$14.67</b>	<b>\$10.46</b>

## Miami Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
FedEx Ground Packaging	Miami 27 Business Pk 1-10300 NW 121 <sup>st</sup> Wy	Medley	New	501,224
FreezPak Logistics	Bridge Point Cold Logistics-10200 NW 162 <sup>nd</sup> St	Hialeah/Hialeah Gardens	New	312,103
World Electric/Sonepar	LBA Logistics-4220 W 91 <sup>st</sup> Pl	Hialeah/Hialeah Gardens	New	181,000
Satellite Logistics	Prologis-Mia Cargo Pk-11130 NW 122 <sup>nd</sup> St	Medley	New	227,854
Target	Commerce Ctr @ Countyline-3811 W 108 <sup>th</sup> St	Hialeah/Hialeah Gardens	New	225,800

## Miami Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
Seven-Property Portfolio-Equus/Prologis Deal including Countyline Corp Pk 29 & 30	Multiple Submarkets	\$120,600,000	\$200	604,056
1090 NW 23 <sup>rd</sup> St-Sold for Redevelopment	Airport East/Central Miami-Dade	\$10,700,000	\$234	45,711