

3Q23

# Miami-Dade County Industrial Market Overview

An aerial photograph of an industrial facility, likely a water treatment plant, featuring several large, rectangular, light-colored storage tanks or basins arranged in a grid-like pattern. The tanks are separated by narrow channels or walkways. The overall scene is captured from a high angle, showing the geometric layout of the infrastructure.

NEWMARK



# Market Observations

## Economy

- The market's unemployment rate reached an all-time historical low, decreasing by 70 basis points year-over-year to 1.8% and remaining well below the five-year average of 4.4%.
- Although job growth pace has slowed compared with recent highs to 3.4% year-over-year, employment growth continues to significantly outpace pre-pandemic levels, with 2019 growth averaging only 2.0%.
- All sectors, except information and construction, reported employment growth, with education and health leading job gains at 7.7% over the past 12 months.
- Industrial-using jobs in the market continued to reflect yearly growth, with manufacturing and trade/transportation/utilities jobs growing by 6.9% and 2.7% year over year, respectively.

## Major Transactions

- Frito-Lay signed the largest new lease of the third quarter of 2023, taking 130,320 SF of space at Bridge Point Doral – Building 6.
- The 3PL and transportation industry accounted for most new leases and renewals by volume and deal count.
- The top five largest deals signed in the third quarter of 2023 were all located in the Airport West submarket.

## Leasing Market Fundamentals

- The market realized 305,377 SF of negative absorption in the third quarter of 2023, bringing year-to-date totals to 2.2 MSF.
- Overall rental rates grew 22.6% year-over-year to \$14.93/SF, reaching a new historical high.
- Construction deliveries rose in the third quarter of 2023 with 692,308 SF delivered and an additional 6.7 MSF under construction.
- Year to date demand has outpaced supply in 2023, but vacancy has increased 0.8% year-over-year to 3.4%. In the third quarter of 2023, supply outpaced demand for the first time since the fourth quarter of 2022.

## Outlook

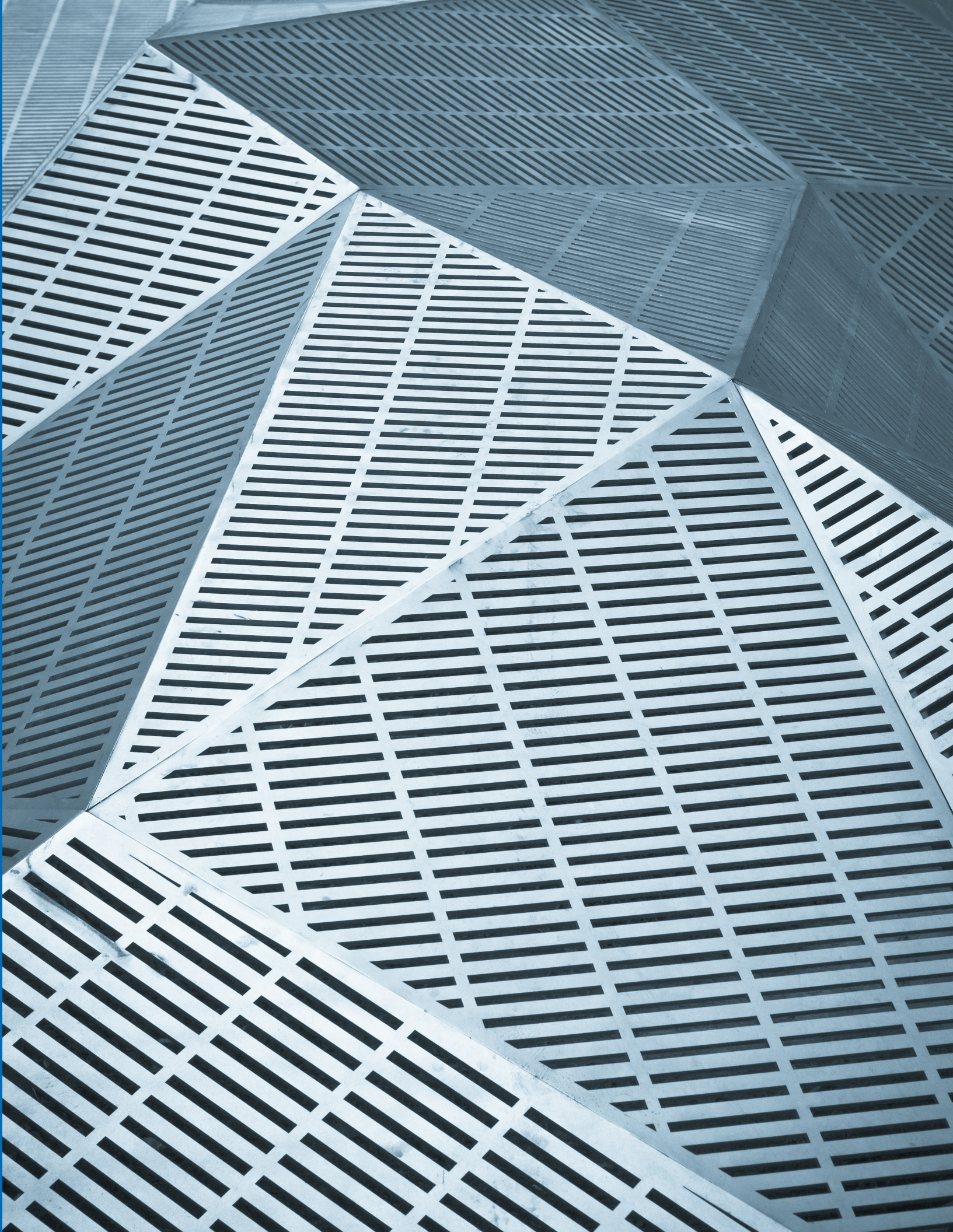
- The Miami industrial market will see an influx of supply delivering to the market in the near term, due to 3.0% of the current market's inventory being under construction.
- Vacancy rates are expected to remain low, but tick upwards over the next few quarters as new supply from a robust construction pipeline hits the market.
- Asking rents will likely remain elevated, but the pace of increase will flatten over time due to additional supply being delivered to the market to satisfy demand.

1. Economy
2. Leasing Market Fundamentals



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# Economy

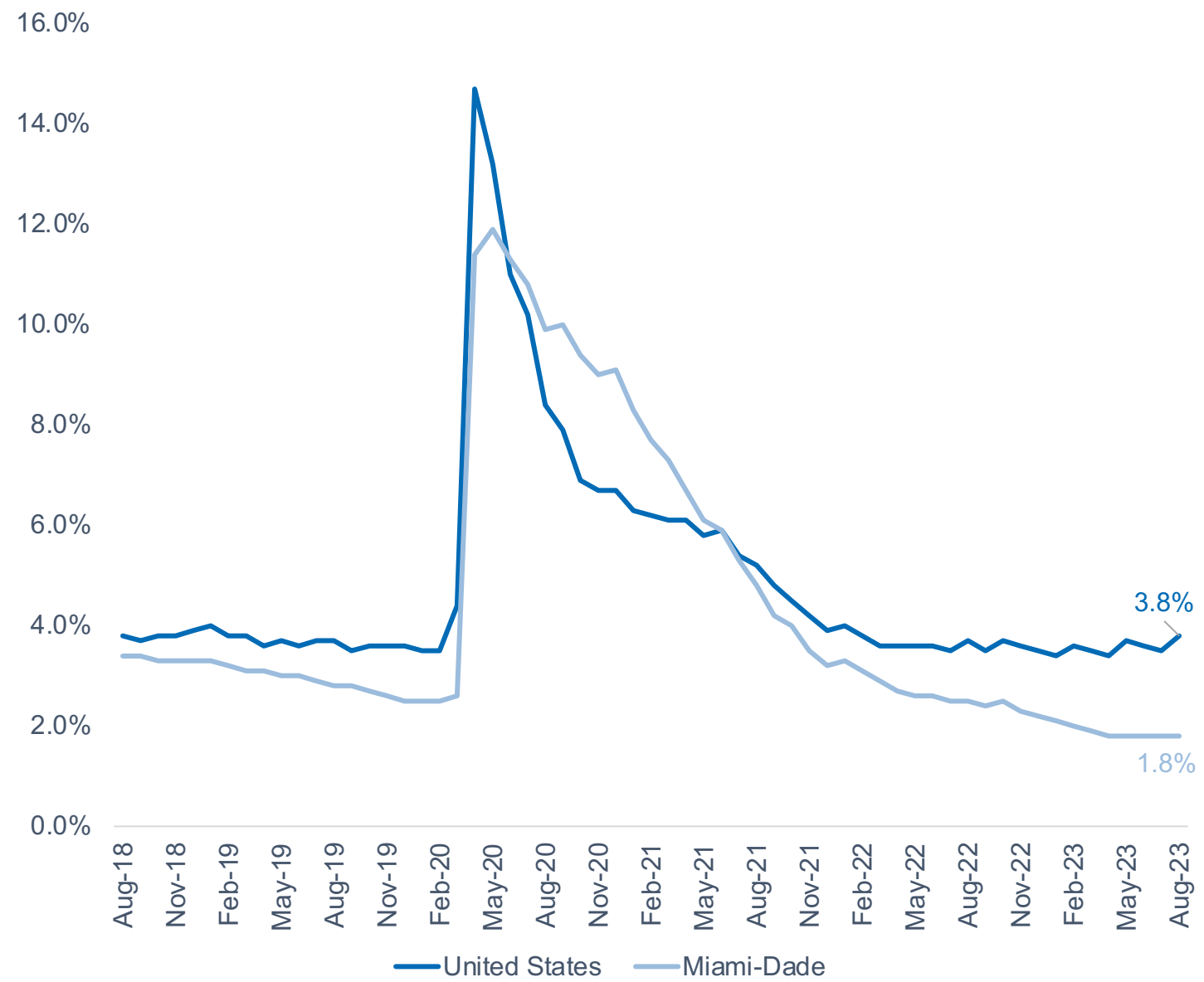




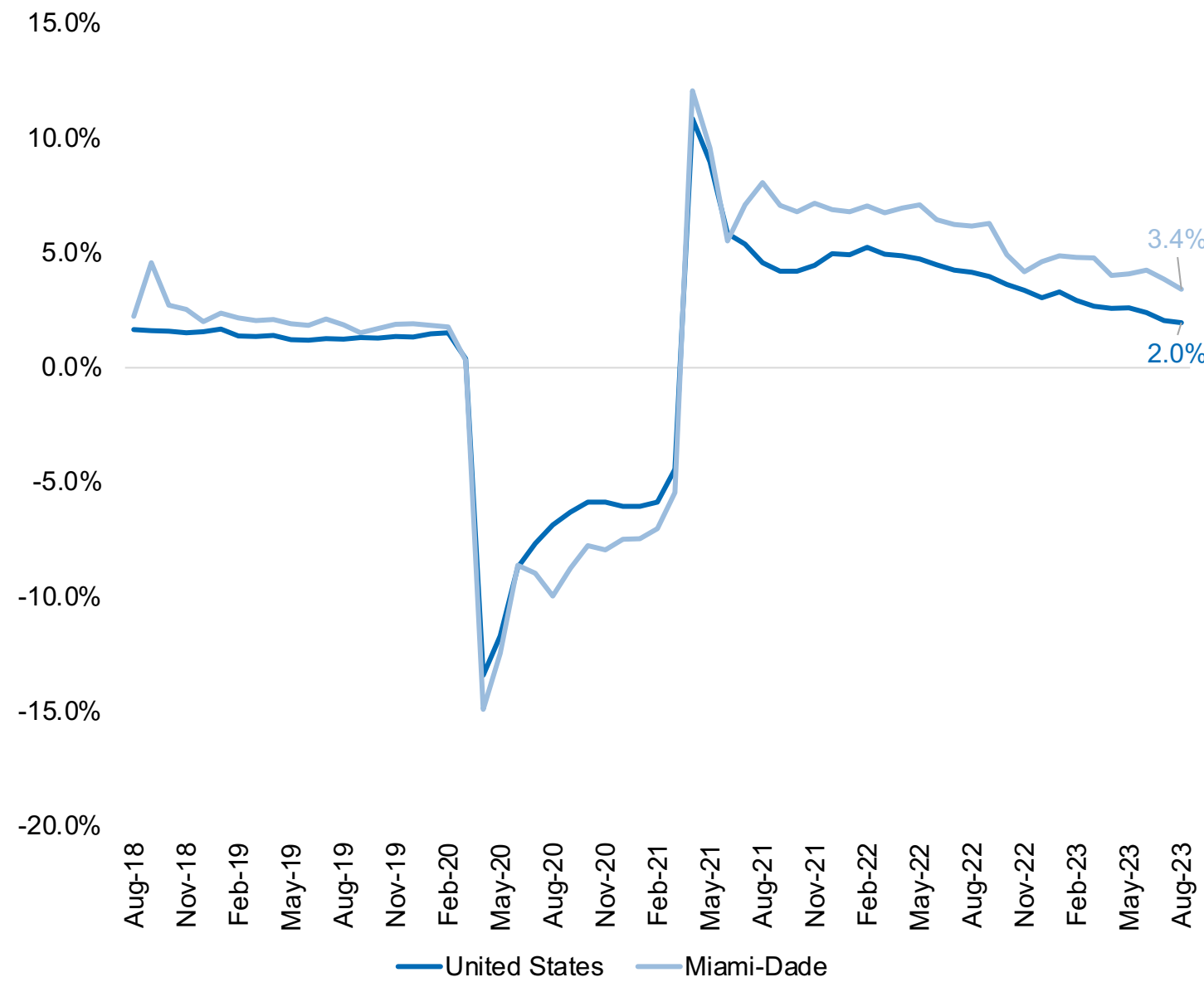
# Unemployment Remains at Historical Low

The Miami-Dade County office market has generally reported lower unemployment rates compared with the national average, while being an outperformer in employment growth. The region’s unemployment rate decreased by 70 basis points year over year to 1.8%, remaining at an all-time historical low for a fifth consecutive quarter. Employment growth continues to remain elevated since 2021, but slowed by 276 basis points year over year, likely impacted by recent national economic headwinds.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

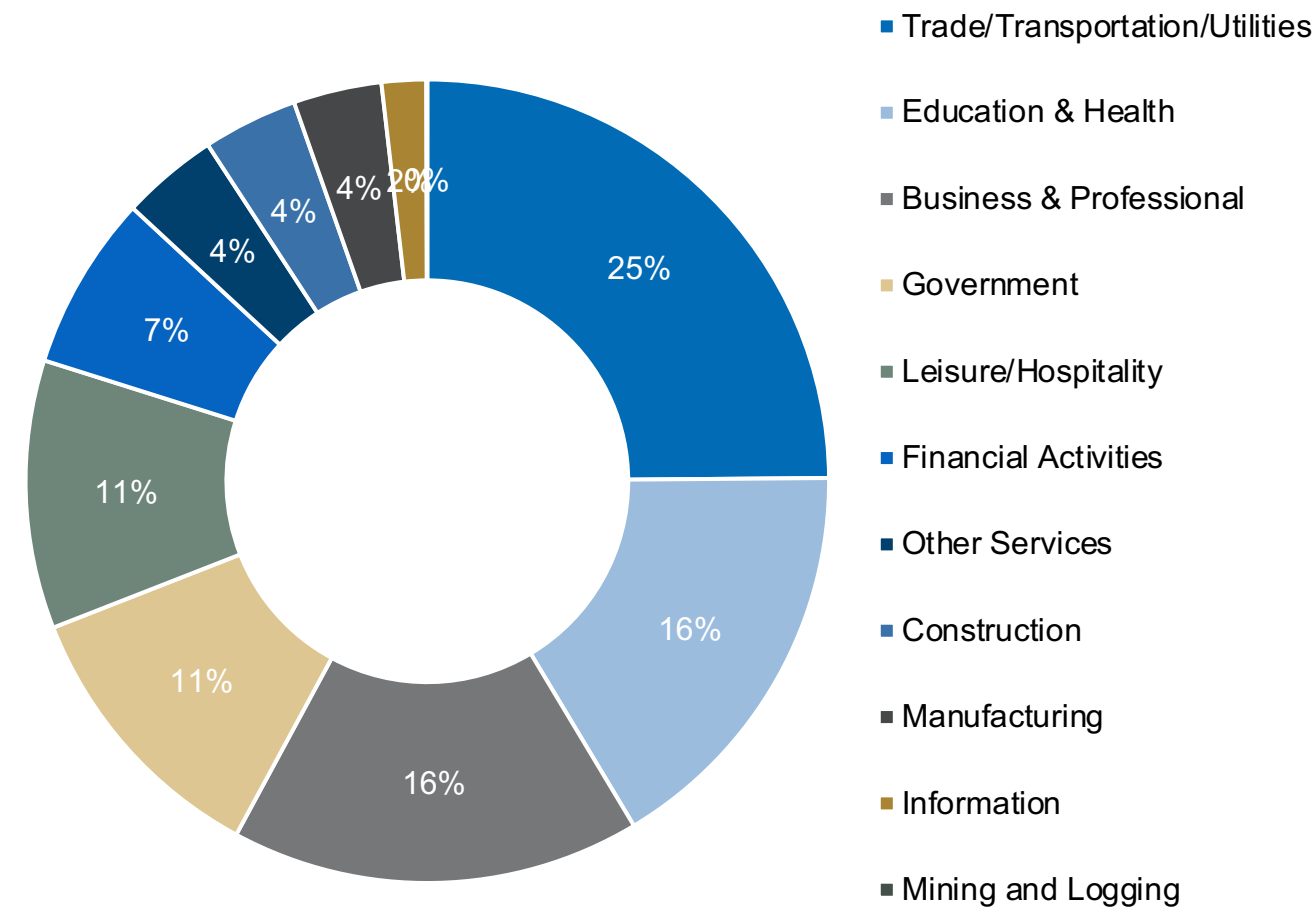


Source: U.S. Bureau of Labor Statistics, Miami-Dade County

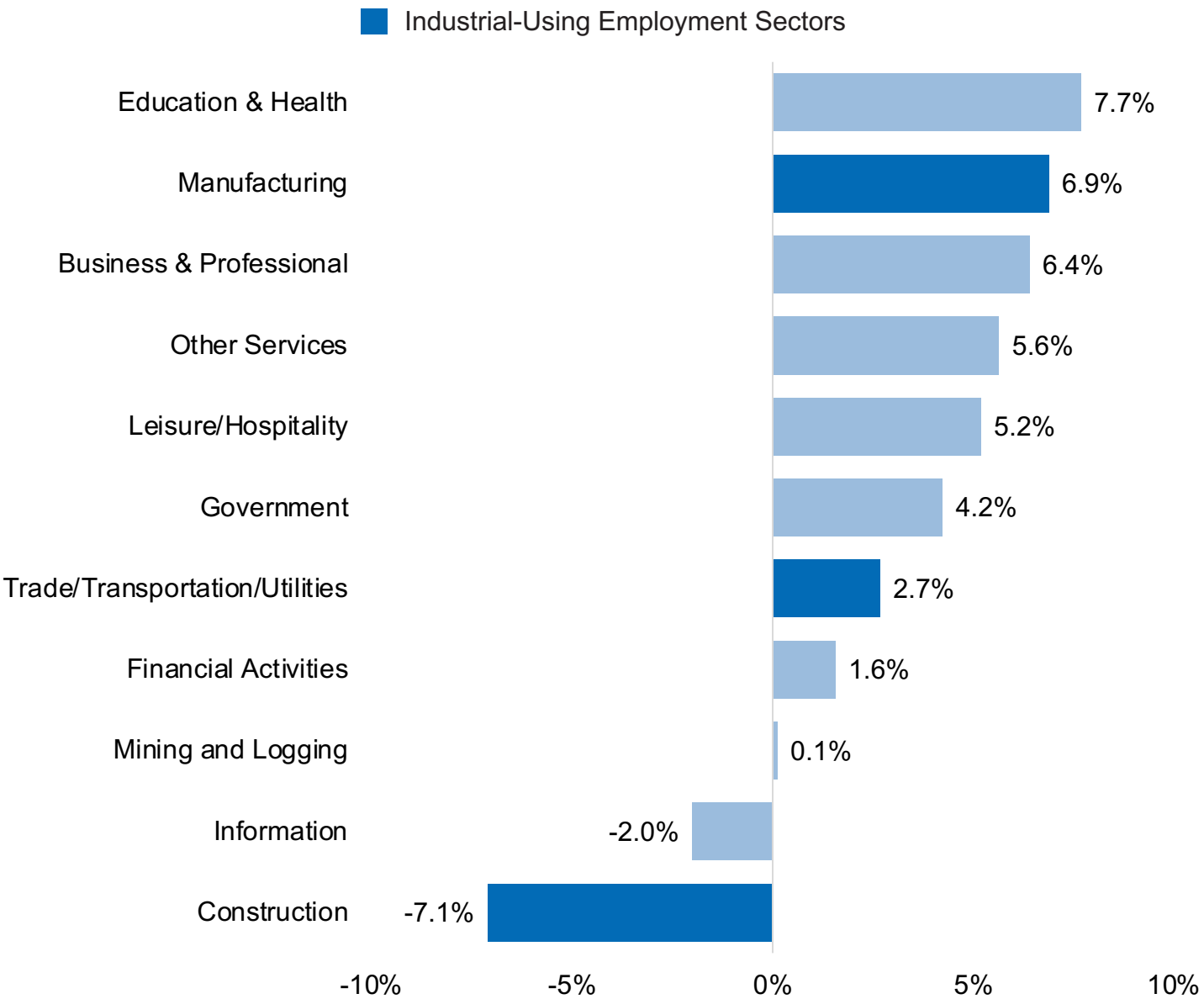
# Manufacturing Sector Reports Second Highest Yearly Growth

Miami-Dade County’s top two employment industries account for 41.4% of market share. The industrial-using employment’s trade/transportation/utilities sector is the largest industry sector in the metroplex at 24.9%. All industries, except for information and construction, reported growth, with industrial-using industries reporting year-over-year growth ranging widely from a decrease of 7.1% to an increase of 6.9%.

Employment by Industry, August 2023



Employment Growth by Industry, 12-Month % Change, August 2023

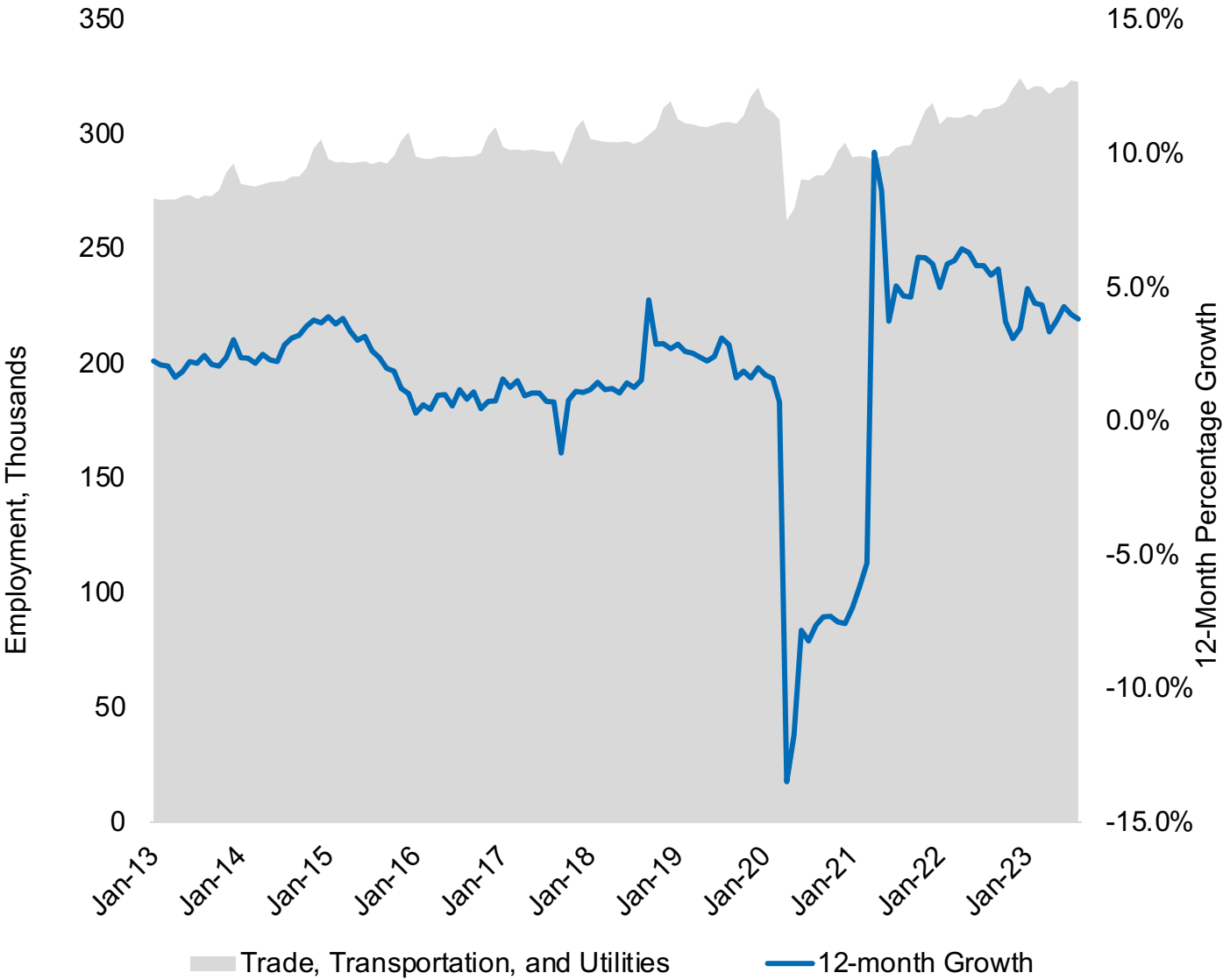


Source: U.S. Bureau of Labor Statistics, Miami-Dade County

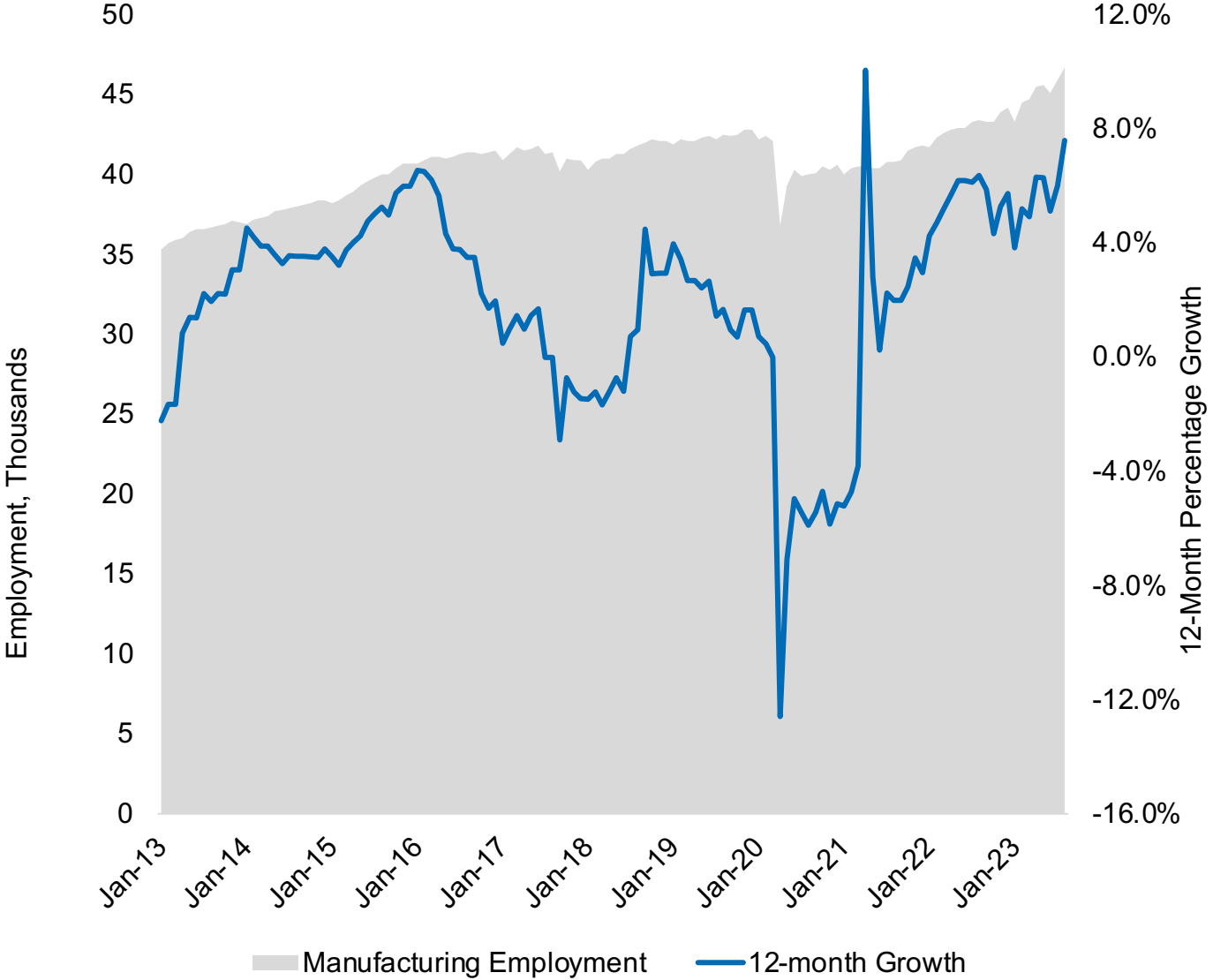
# Industrial Employment Strong with Continued Positive Growth

Trade/transportation/utilities employment remains near all-time highs, reporting 322,700 employees as of the end of August 2023, close to the historical high of 324,200 reported year-end 2022. As of the end of August 2023, manufacturing employment reached an all-time historical high of 46,700 employees. Industrial-using employment continues to show strong yearly growth, albeit cumulatively at a slower pace than before, reflecting a slowing economy.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



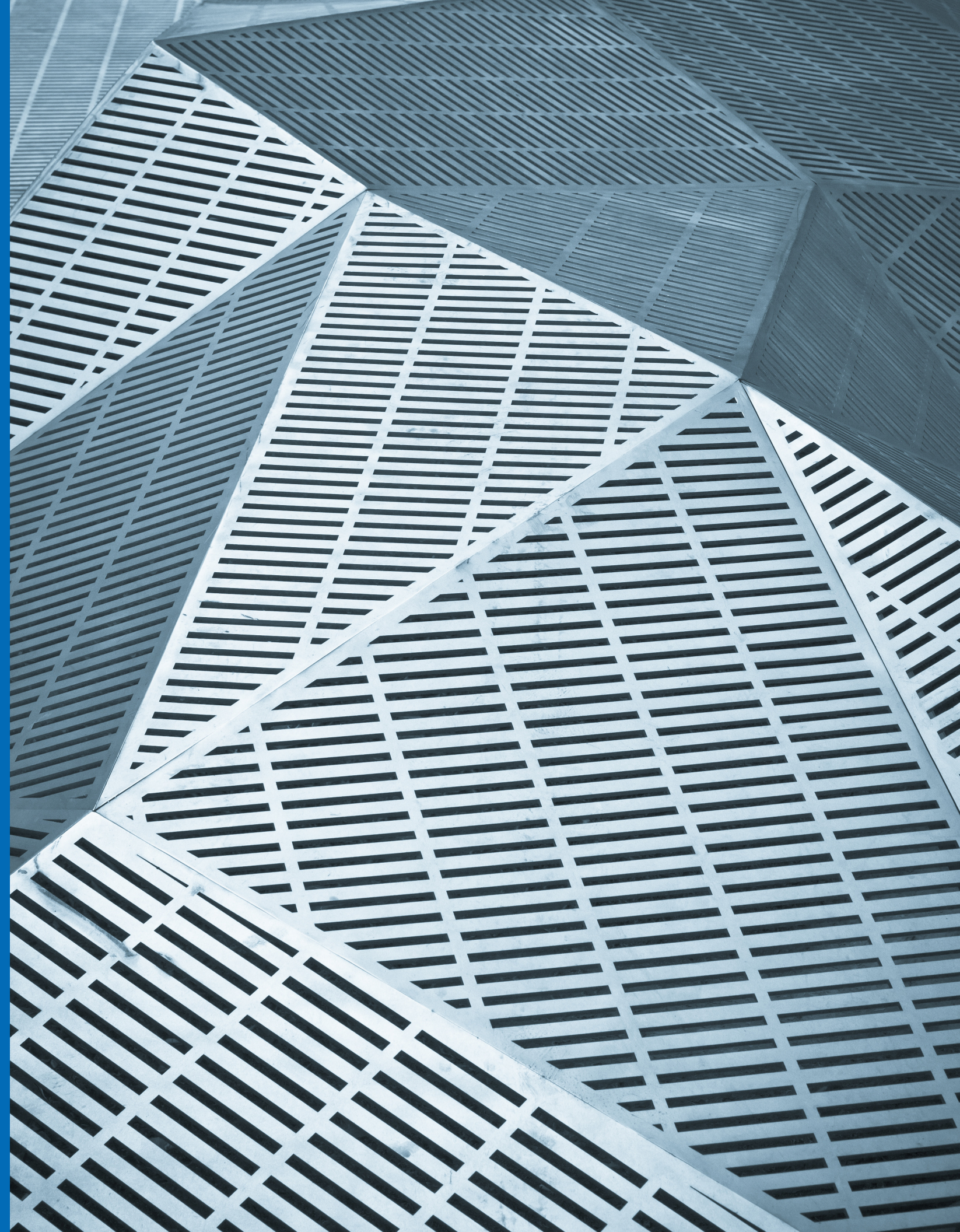
Source: U.S. Bureau of Labor Statistics, Miami-Dade County



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# Leasing Market Fundamentals

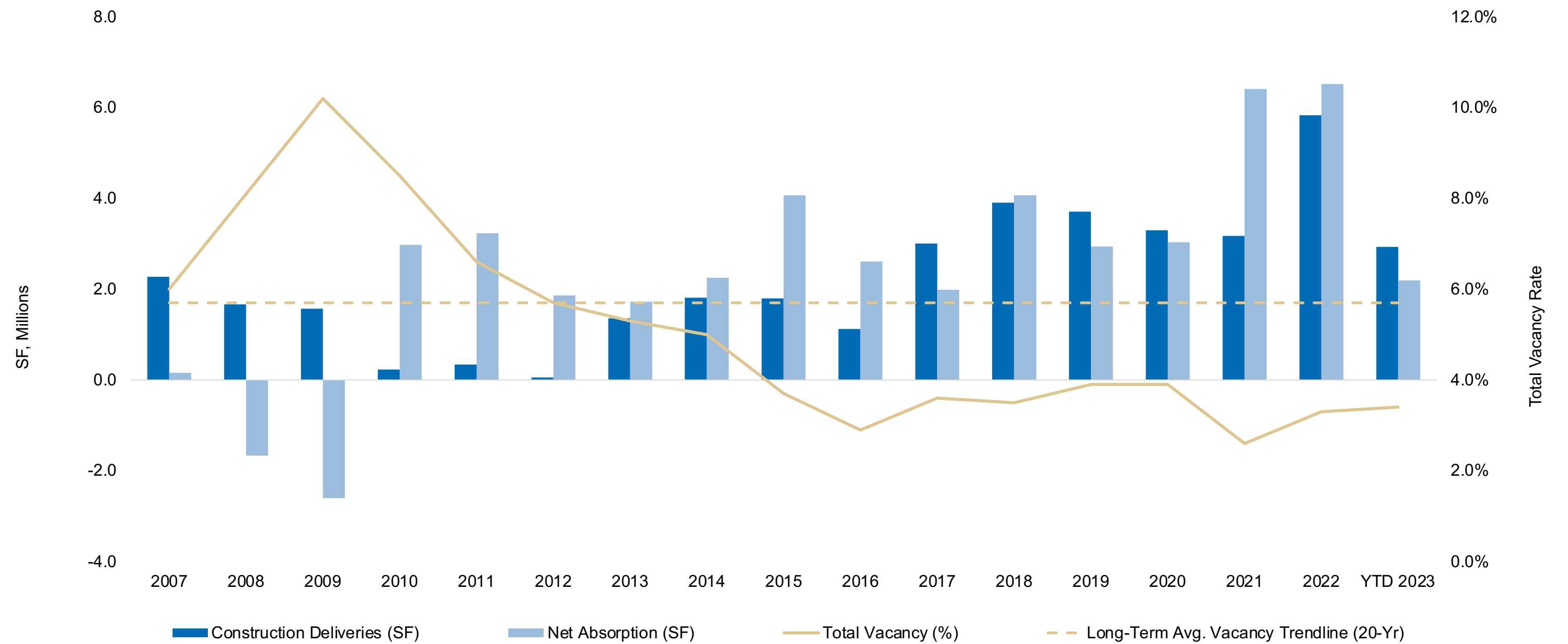




# Supply Outpaces Demand for the Third Quarter

The Miami industrial vacancy rate increased by 80 basis points year-over-year to 3.4% in the third quarter of 2023, with quarterly supply outstripping demand for the first time since the fourth quarter of 2022. Year-to-date deliveries were 2.9 MSF, surpassing the market’s total net absorption of 2.2 MSF during the same period. Strong demand in the market will continue to keep Miami’s industrial market tight with continued low vacancy rates forecasted for the coming quarters.

Historical Construction Deliveries, Net Absorption, and Vacancy

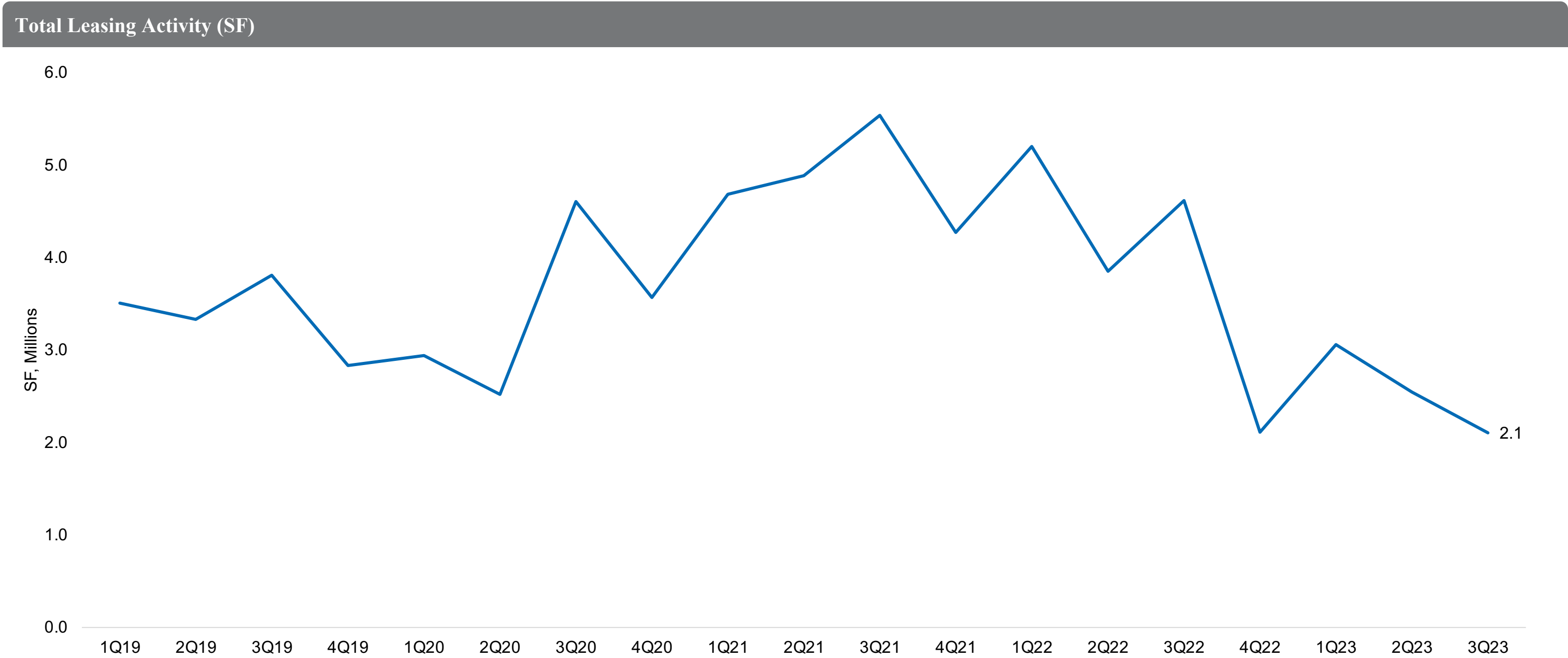


Source: Newmark Research, CoStar



# Industrial Leasing Activity Decelerates to Pre-Pandemic Levels

In the third quarter of 2023, leasing activity decelerated from historical highs reported post-pandemic, ending the quarter at 2.1 MSF. Despite slowing leasing activity likely resulting from national economic headwinds, year-to-date demand continues to remain positive in the market.

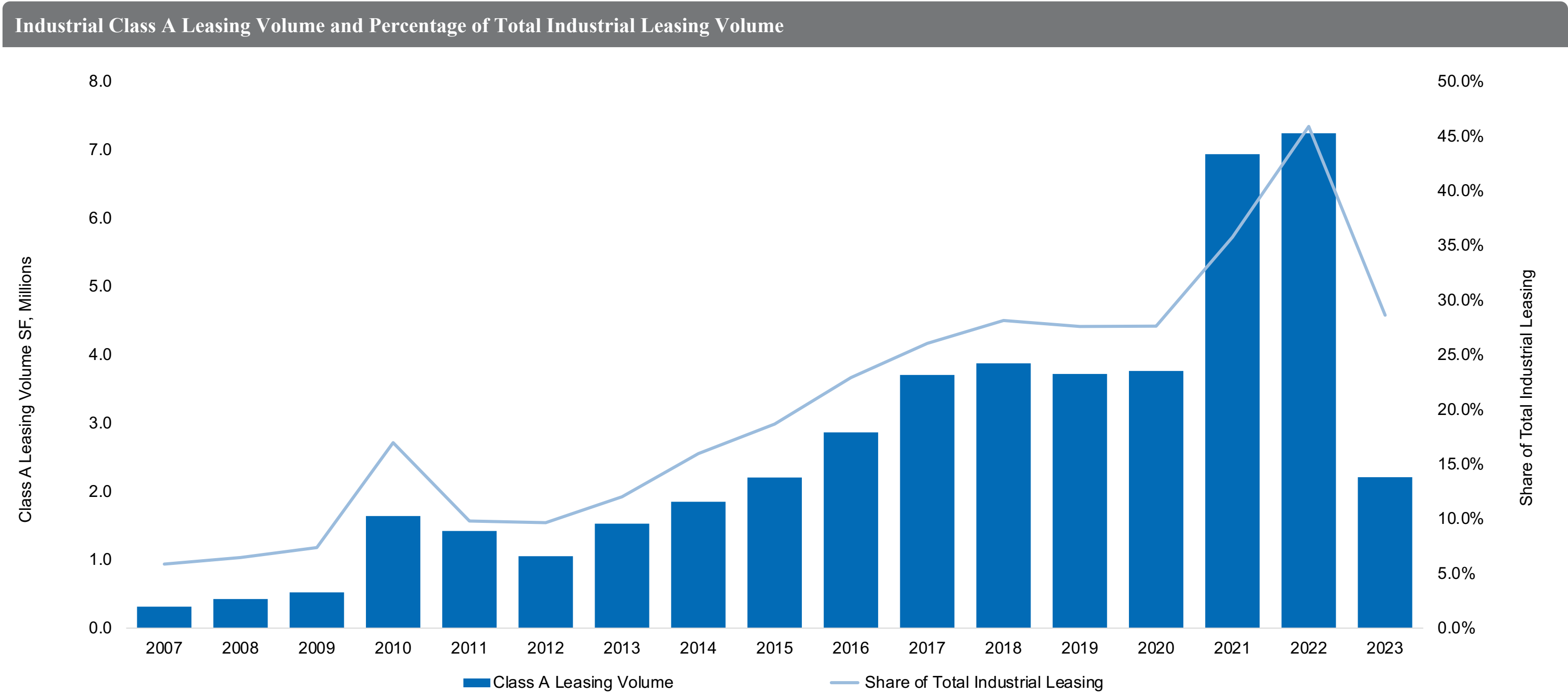


Source: Newmark Research, CoStar



# Class A Warehouse Leasing Declines

Class A warehouse space leasing activity has decreased from historic highs following the pandemic. Class A warehouse leasing represented 28.6% of overall activity so far in 2023, down from 45.9% from the previous year, but well above the pre-pandemic average of 16.0% from 2007 to 2019.

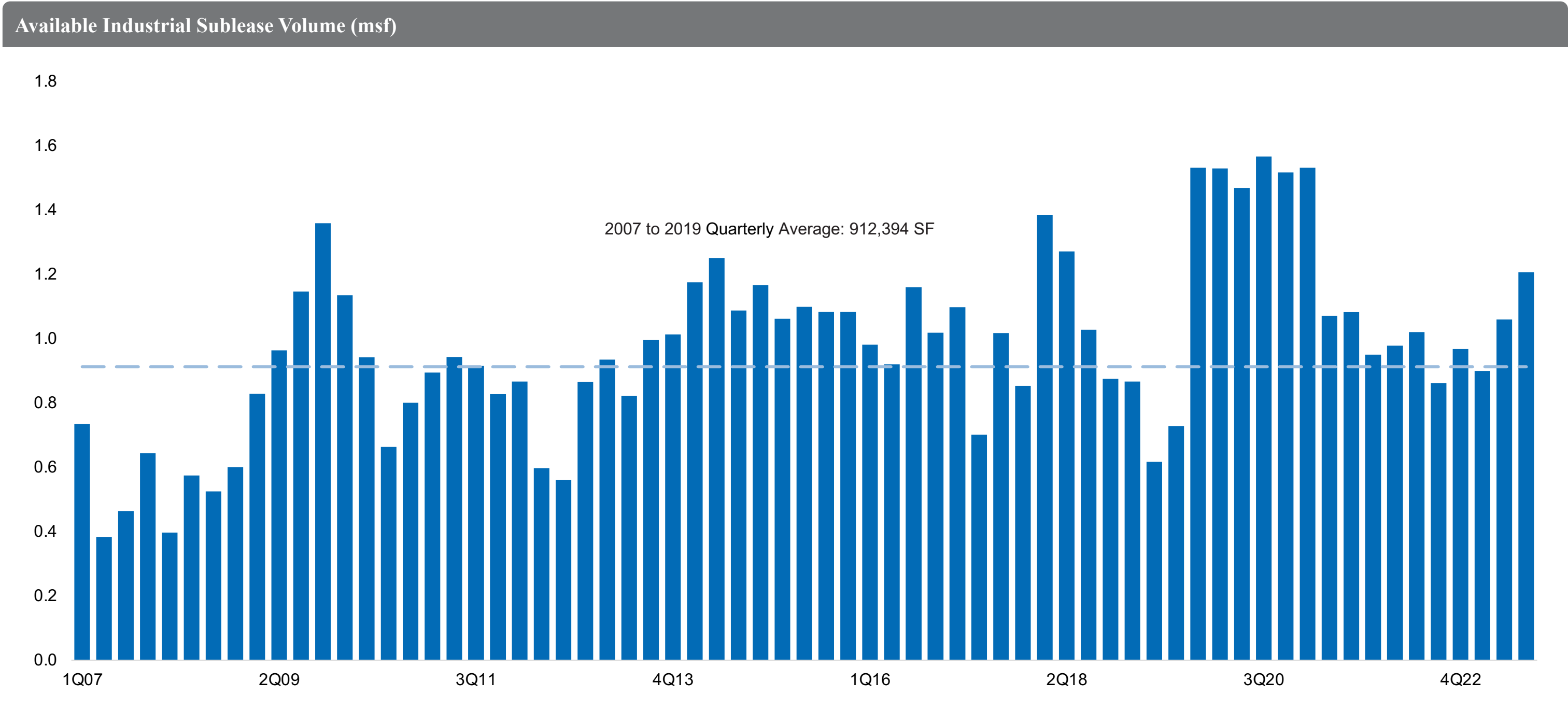


Source: Newmark Research, CoStar



# Industrial Sublease Availabilities Tick Upward

Sublease volume has declined from highs reported from late 2019 to 2021. Currently, as of the end of the third quarter of 2023, sublease space available is at 1.2 MSF. Rising interest rates, an inflationary environment and declining consumer demand are driving some firms to control costs via supply chain optimization and consolidation, which includes putting excess or underutilized space up for sublease.



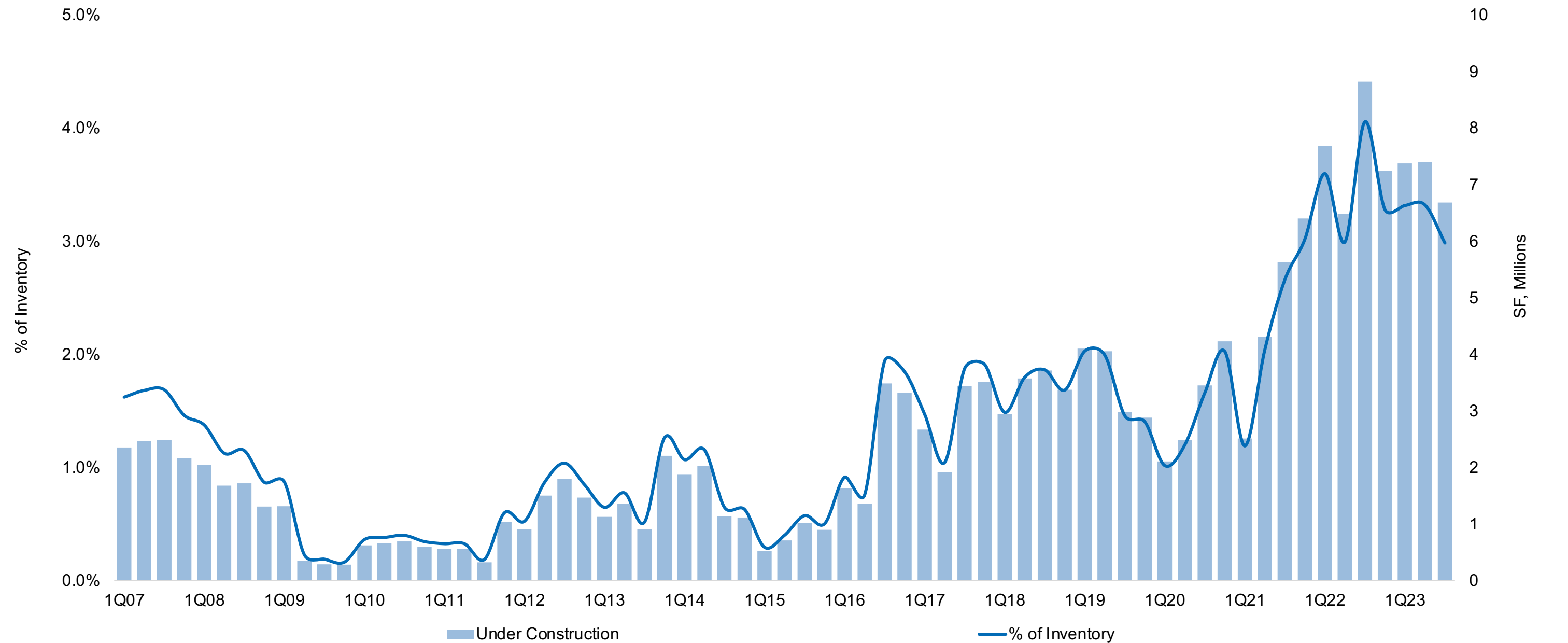
Source: Newmark Research, CoStar



# Industrial Supply Pipeline Remains Steady

The construction pipeline has eased from a historical high of 8.8 MSF reported in the third quarter of 2022. As of the end of the third quarter of 2023, the market reported 6.7 MSF under construction. The construction pipeline is set to deliver several million SF before year-end, providing space options for expanding tenants and new companies moving to the market.

Industrial Under Construction and % of Inventory

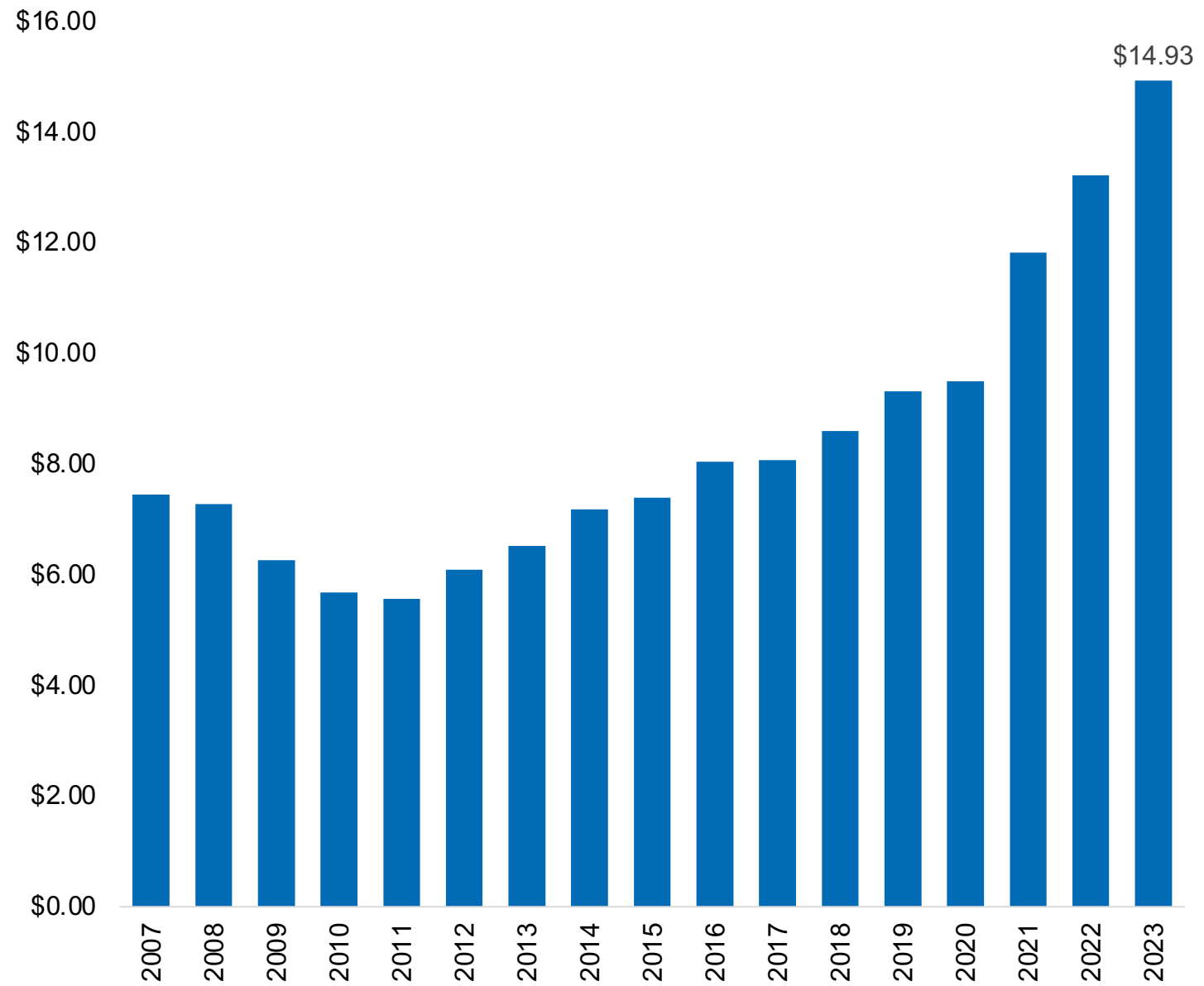


Source: Newmark Research, CoStar

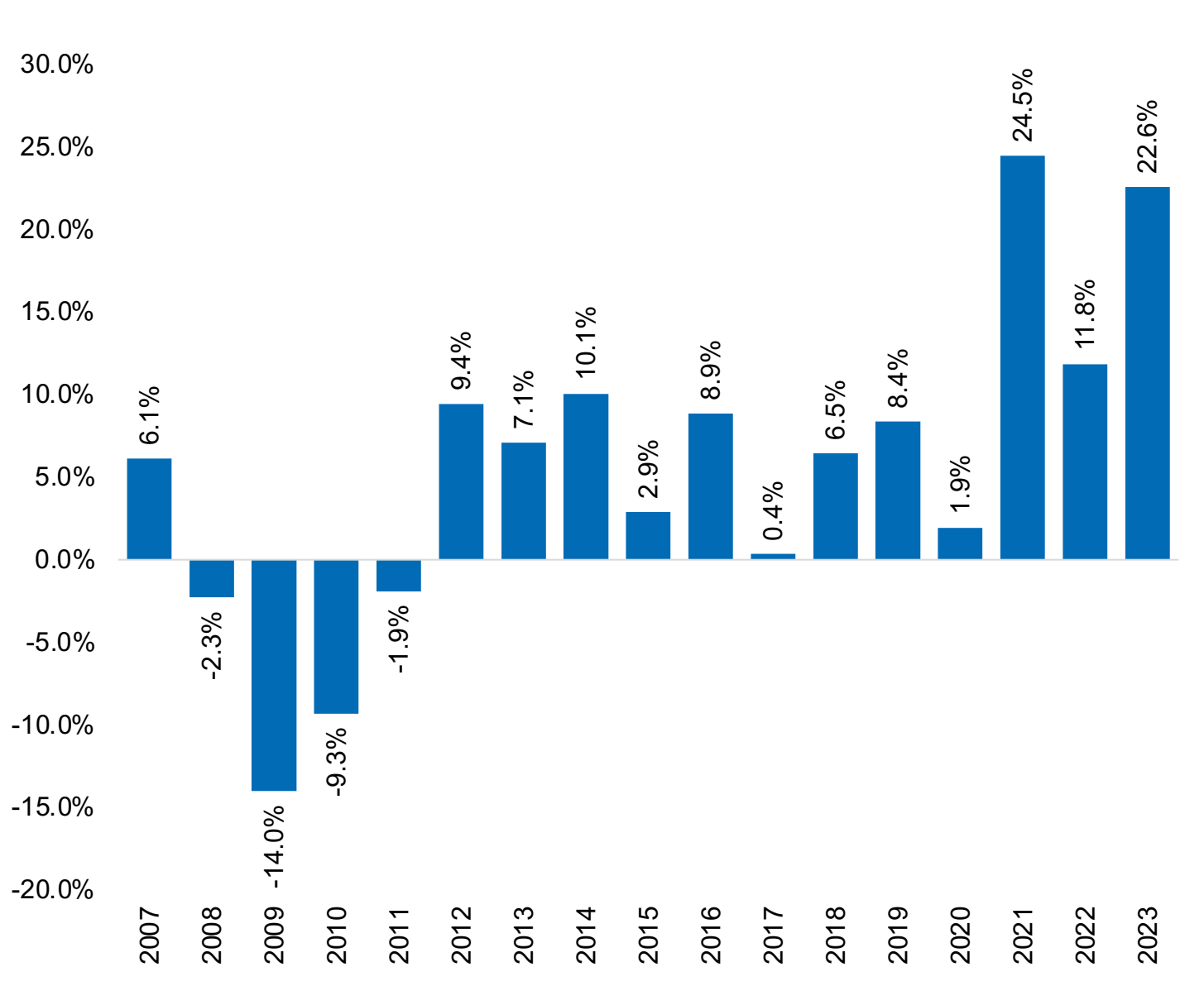
# Asking Rents Reach New Historical High

Industrial average asking rents reached a new high at \$14.93/SF as of the end of the third quarter of 2023, increasing by 22.6% year-over-year. Rent growth is expected to flatten as more new supply delivers to the market.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar



# Notable 3Q23 Lease Transactions

Quarter over quarter leasing activity declined by 17.3% for the third quarter of 2023. Leases in Class A spaces accounted for 26.7% of total lease activity for the quarter.

| Select Lease Transactions  |                                    |              |            |             |
|--|------------------------------------|--------------|------------|-------------|
| Tenant   | Building                           | Submarket    | Type       | Square Feet |
| Frito-Lay<br><i>The snack manufacturer will occupy building 6 upon its completion in mid-2024.</i>   | Bridge Point Doral Building 6      | Airport West | Direct New | 130,320     |
| FedEx<br><i>FedEx also renewed their lease of 92,400 SF in Medley in the third quarter of 2023.</i>  | South Florida Logistics Center 5   | Airport West | Direct New | 116,896     |
| Top Shipping Systems<br><i>Founded in 2010, Top Shipping Systems specializes in air and ocean freight forwarding, customs brokerage, domestic transportation, warehousing, and distribution and cargo insurance.</i> | Prologis Beacon Lakes – Building 9 | Airport West | Direct New | 112,189     |
| Aeropost International Services, Inc.<br><i>Miami-based Aeropost International Services provides courier services to 38 countries.</i>   | International Corporate Park       | Airport West | Direct New | 106,313     |
| Carisam-Samuel Meisel Inc<br><i>Carisam is expanding into a space located just two blocks away from their existing property at 10900 NW 27<sup>th</sup> St in Doral.</i>   | Prologis Beacon Lakes – Building 8 | Airport West | Direct New | 92,318      |

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# Miami-Dade County Industrial Submarket Overview



Please reach out to your  
Newmark business contact for this information



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# Miami-Dade County Industrial Submarket Map



Please reach out to your  
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