

Q3 | 2020

Miami Industrial Market Report



For over 40 years, ComReal IS Commercial Real Estate

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INDUSTRIAL MARKET SUMMARY

The Miami industrial market's Q3 2020 vacancy rate was 6% at the close of the quarter with a \$12.62 per sq. ft. average (gross) lease rate. Vacancies have risen slightly higher due to effects of the coronavirus pandemic, which has caused market uncertainty and pushed decision makers into a holding pattern, making many tenants hesitant to sign substantial leases well ahead of expiration. Deliveries have totaled 4.2 million sq. ft. over the past 12 months. The forecast calls for vacancies to rise mildly and prices to fall for the first time in over a decade.

There is over 4 million sq. ft. of new construction in the works across 25 projects, and 3.9 million sq. ft. was delivered over the past year, which is slightly below the national average, relative to inventory. There have been some projects which have delayed groundbreaking, but due to the shortened construction cycle of the industrial market, supply can adjust quickly to meet demand. The prelease rate remains close to the past year average. The most notable supply trend over the past year is the migration of developers closer to the Everglades, in the outlying Miami-Dade region and the submarkets of North Miami Beach, Hialeah, and Medley where land is more plentiful and cheaper. The largest under-construction project is the 700,000 sq. ft. Home Depot building, located within Flagler's Countyline Corporate Park, which is estimated to deliver in late 2020. Home Depot will be the sole tenant. The second largest is the 352,000 sq. ft. warehouse building located at 13915 NW 107th Ave., in the Outlying Miami-Dade area, estimated to deliver in late 2020. No leases have been reported for this project.

Vacancy rates in Miami are around 6% and leasing activity declined by close to 15%. However, there have been some big deals signed. One noteworthy lease was signed in June by Southeastern Printing, taking 64,000 sq. ft. at 727 SE Ninth Ct. in the Hialeah Submarket. The move-in date is projected for September 2021, and the building is currently under construction.

Though international trade growth has declined in recent quarters, the rise of e-commerce has countered the trade-driven demand loss. Some of the country's largest e-commerce retailers have capitalized on Miami's international connections, especially to Latin America, and have chosen to headquarter their e-commerce distribution in the area. E-commerce will continue to drive demand in Miami's industrial market as more people go online for their shopping needs, and e-retailers use Miami as a base for their Latin American distribution centers.

The Bureau of Labor Statistics' (BLS) release of August jobs figures show the metro was still down about 90,000 jobs since March. As of August, Miami has recovered just 45% of the 160,000 jobs lost since March. It's important to note that no one industry accounts for more than 15% of Miami's jobs, helping to insulate the city from higher losses as a proportion of the workforce during downturns. Miami-Dade County is still one of the largest growing cities in the nation by population. Although growth has slowed due to less international migration and the potential for net negative domestic migration exists due to the pandemic, the growth from the past year still outpaced the National Index. We believe South Florida will continue its growth and benefit greatly from our business-friendly environment. New Yorkers and other residents of high tax, high regulation cities and states continue to flee and seek relief in our state.

MARKET STATISTICS

TOTAL SF INVENTORY	VACANCY RATE (AVG)	LEASE RATE (AVG)	SALE PRICE (AVG)	UNDER CONST.
250 M	6.0%	\$12.62/SF	\$157/SF	4.03 M

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FEATURED LISTING // 1800 NW 89 Place, Doral, FL

COOLER WAREHOUSE SPACE



PROPERTY SIZE:	+/- 106,046 SF
OFFICE:	+/- 36,516 SF
COOLER:	+/- 62,640 SF
DRY WAREHOUSE:	+/- 6,890 SF
LOADING:	22 Docks / 2 Ramps
CLEAR HEIGHT:	20'
PARKING:	207 Spaces

TOP SALES OF THE QUARTER

BUYER	SIZE	ADDRESS	PRICE	PSF
Brookfield Properties	192,454	14100 NW 60th Ave	\$22,200,000	\$115.35
*Ivy Realty Services	80,000	650 NE 185th St	\$13,350,000	\$165.63
The Blackstone Group	59,135	2875 NW 77th Ave	\$10,000,000	\$169.10
The Blackstone Group	62,713	7415-7485 NW 79th St	\$8,700,000	\$138.73
Brookfield Office Properties	44,114	8800 NW 79th Ave	\$8,650,000	\$196.08

*ComReal Deal

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TOP LEASES OF THE QUARTER

TENANT NAME	SIZE	ADDRESS
DHL	201,347	1801 NW 82nd Ave
Software Brokers of America	160,793	10310 NW 121st Way
Schenker	149,935	1801 NW 135th Ave
Estes Express	113,723	11250 NW 122nd St
U.S. Ply	98,478	9400 NW 104th St

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HIALEAH WAREHOUSE SOLD!

595 E 10th Court, Hialeah, FL

The Industrial Team at ComReal announces the successful sale of the 39,000 SF warehouse facility at 595 E 10th Ave in Hialeah, Florida. The seller, 595 Realty Corp, was represented by Patrick McBride, Esq. and Edward Redlich, SIOR, CCIM. CarSafe Storage purchased the warehouse for \$3,350,000. The property was extensively marketed for lease prior to the seller testing the sale market. Our team recognized the strength of the market, lack of buildings for sale, and advised the seller that the building would garner far greater attention on the sale side as prospects prefer to own in this neighborhood.

The property sold for approximately \$112 psf on a footprint basis, as the property features a 6,000 SF concrete mezzanine and 3,000 SF of second story office space. The buyer plans multiple improvements to the building, including a new roof, which makes the purchase price that much more impressive. "This property sold at the top of the market, and perhaps set a new bar in the neighborhood on a per square foot basis when you factor in the second floor mezzanine area and the deferred maintenance needed to make the property suitable for a new user" said McBride.

MIAMI INDUSTRIAL TEAM



For Over 40 Years, ComReal IS Commercial Real Estate.

ComReal was founded in 1979 as a full service commercial real estate firm located in South Florida. The Miami Industrial Team leads the Industrial division for ComReal. Specializing in Sales and Leasing of Industrial Properties. The Team consists of highly trained professionals, experts in the field and committed to delivering results to clients. Through almost 80 years of combined experience, they help business owners and investors Sell, Lease and Purchase Industrial Properties. Their specialties include: Dry and Refrigerated warehouses, Manufacturing facilities, Rail served and Foreign Trade Zone Warehouses. Contact us to find out how Our Team can help you and your business.

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