



Industrial Real Estate Market Q1 2024 // South Florida

ComReal IS Commercial Real Estate

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South Florida Report Summary

Miami-Dade

Inventory (SF): 273.6 M
Vacancy: 3.3%
Lease Rate: \$20.22/SF
Sale Price: \$252.00/SF
Under Construction (SF): 6.4 M

Broward

Inventory (SF): 143.5 M
Vacancy: 4.1%
Lease Rate: \$20.52/SF
Sale Price: \$244.00/SF
Under Construction (SF): 171 K

Palm Beach

Inventory (SF): 69.3 M
Vacancy: 4.7%
Lease Rate: \$17.33/SF
Sale Price: \$190.00/SF
Under Construction (SF): 2.4 M

Data Source: CoStar

Miami-Dade Industrial Market Summary

The Miami industrial market's Q1 2024 vacancy rate held at 3.3%, with the availability rate hitting 6.5% at the close of the quarter, and a \$20.22 per sq. ft. average (gross) lease rate – one of the highest in the country. The 12-month rent growth is 6.5%. Asking rent growth has begun to slow from a peak of over 18% in the second quarter of 2022. A slowdown in absorption, along with a rise in deliveries for properties between 100,000 and 250,000 SF, has resulted in an expansion of vacancy rates since the start of 2023.

Rising interest rates have brought 2023 sales volume back down in line with pre-pandemic levels after historic highs in 2021-2022. The 12-month sales volume is \$1,652,193,443, at a -41.2% 12-month sales volume growth. The average sale pricing in Miami is \$252/SF, and the average market cap rate is 5.8%. Cap rates have begun to rise primarily due to the increase in interest rates. Despite an interest rate-driven cap rate expansion, a limited supply and healthy demand should continue to result in value outperformance relative to other U.S. markets.

There is currently 6,444,730 SF of new construction in the works, with 2.4% of inventory currently under construction. The bulk of construction is happening west of the Turnpike. Over 90% of the buildings under construction are larger than 100,000 SF with 39% larger than 300,000 SF. The largest are two warehouses over 700,000 SF each that are part of Phase II of the Bridge Point Commerce Center in the North Miami Beach submarket.

Population growth is returning to Miami Dade County, but there are still 37,000 fewer residents than in 2019. The influx of high-net-worth individuals have brought \$6.4 billion in new wealth to the metro since 2021 and have driven significant appreciation in home prices. Home values have increased by 71% since 2019. With tourism and hospitality benefiting from higher consumer spending, Miami continued to have slower but robust growth in 2023.

Employment remains well above pre-pandemic levels in the professional and businesses services and financial activities sectors, and Oxford's baseline forecast predicts an average annual growth of 0.7% in office jobs from 2024-2028.

Broward Industrial Market Summary

The Broward County industrial market's Q1 2024 vacancy rate increased to 4.1%, and the availability rate hit 6.2% at the close of the quarter, with a \$20.52 per sq. ft. average (gross) lease rate. Absorption has been largely driven by newer products, with properties built since 2015, between 200,000 SF and 300,000 SF, driving the bulk of newly occupied space.

There is 171,983 SF of construction underway as of the second quarter of 2024, which is 0.1% of inventory. Activity is concentrated in three buildings located in the Coral Springs, West Sunrise, and Southeast Broward submarkets; each totaling over 170,000 SF. Construction starts pulled back significantly in 2023, with around 370,000 SF breaking ground for the year – well below levels of over 1 million SF seen in each of the prior six years.

The 12-month sales volume is \$996,732,781, with a -44.5% 12-month sales volume growth. Average pricing in Broward County is \$244/SF. The average market cap rate is 6.5%. Rising cap rates are more apparent among individual sales of properties smaller than 30,000 SF, as many deals in this category have closed with reported cap rates in the 5-8% range since the second half of 2023. Fully leased distribution centers built since 2010, that are larger than 50,000 SF, are trading at an average price of \$188/SF since the second half of 2023. This number, compared to \$248/SF when interest rates were near record lows in 2021/2022, shows continued normalization in the market.

A slowing economy and higher interest rates will likely slow market activity until a loosening of financial conditions.

Palm Beach Industrial Market Summary

The Palm Beach industrial market's Q1 2024 vacancy rate rose to 4.7%, with the availability rate hitting 8.8% at the close of the quarter. Average (gross) lease rates leveled at \$17.33 per sq. ft., and rent growth reached 7.3% at the end of 2023. A slowdown in absorption for properties less than 100,00 SF caused an increase in vacancy rates since the start of 2023.

About 2.3 million SF of industrial product is underway as of Q1 of 2024, which is some of the highest level of construction activity since CoStar began tracking the market. 3.3% of inventory is currently under construction. Deliveries are expected to peak over the next year, with over 2 million SF expected to be delivered in 2024.

Sales volume activity totaled \$345 million in 2023, which is below the average annual volume of \$405 million over the past 10 years. The 12-month sales volume is \$292,955,000, at a -71.7% 12-month sales volume growth. Average pricing in Pam Beach is \$190/SF. The average market cap rate is 6.5%. Private players make up 70% of the transaction activity. A slowing economy and higher interest rates will continue to drive slower transaction activity relative to the boom of 2021-2022.

Palm Beach County is one of the wealthiest counties in the state and country with the fourth highest personal income in Florida, over 60% higher than the state average. Nonfarm employment has risen over 36% since 2010. New wealthy residents to the area have fueled household and income growth resulting in household buying power gains of over 33%, versus 29% for the U.S. from 2010-2022.

New companies are moving into the area, such as Goldman Sachs and Elliot Management, giving Palm Beach the moniker of the "Wall Street of the South." The newly built 360 Rosemary office building, in downtown West Palm Beach, houses these and other financial services firms which have recently moved to the area. One Flagler, still underway, has seen healthy pre-leasing. Both of these buildings sit near or within Related Companies' The Square, a mixed-use neighborhood development.

Top Sales & Leases (MDC)

Sales & Leases Source: CoStar

<u>Top Sales</u>	Recorded Buyer	Size (SF)	Address	Sale Price
	Miami-Dade County	198,500	2800 NW 39th Ave	\$45,000,000 (\$226.70/SF)
	Parker Davis HVAC International	143,571	7290 NW 77th Ct	\$42,350,000 (\$294.98/SF)
	EQT Exeter	50,000	3605-3615 NW 115th Ave	\$14,500,000 (\$290.00/SF)
	Parvani Commercial Group	28,460	8995 NW 12th St	\$9,700,000 (\$340.83/SF)

<u>Top Leases</u>	Tenant Name	Size (SF)	Address
	MD Turbines	178,201	3761 W 112 Pl
	Winco	146,018	10800 NW 103rd St
	Ocean Doors & Windows	84,741	9251 NW 112th Ave
	Runway Logistics	80,174	11130 NW 122nd St

ComReal's Featured Listing

3680 NW 73rd Street Miami, FL 33147

- +/- 48,000 SF Building on 2 AC of Land
- 18' Clear
- 30' X 23' Column Spacing
- 9 Dock Doors and 1 Ramp
- 4 Rail Doors on FEC
- Three Phase Power



ComReal Congratulates Pat McBride on Achieving SIOR Designation

Miami, April 2024 – ComReal and its Industrial Team is proud to announce and extend our congratulations to **Pat McBride** for achieving the prestigious SIOR designation, awarded by the Society of Industrial and Office REALTORS®. **Pat joins Ed Redlich, SIOR, Chris Spear, SIOR, and Edison Vasquez, SIOR** as members of the ComReal Industrial Team holding the designation.

“It is a great honor to join the ranks of the SIOR community in South Florida and across the Country. Earning the SIOR designation has always been a milestone goal for myself because of the respect that I have for the organization and the SIOR brokers that I have the pleasure of working with daily. I look forward to continuing to broaden our relationships with customers and top producing brokers in our markets and beyond. I could not have achieved this success without my mentors and partners Ed Redlich, Chris Spear, and Edison Vasquez,” said Pat McBride.

To achieve the SIOR designation, Pat completed at least five years of creditable experience in the highly specialized field of industrial real estate; provided proof meeting rigorous deal production requirements; met stringent education requirements; and demonstrated professional ability, competency, ethical conduct, and personal integrity.

ComReal is delighted to have Pat as a valued member of its Industrial Team, and this achievement highlights his contributions to ComReal’s success. “Our Industrial Team believes in fostering a culture of continuous learning and professional development. We are extremely proud of Pat’s accomplishment in earning SIOR designation” said Ed Redlich SIOR.

For more information, please contact **Pat at 305-619-2937** or **email him at pmcbride@comreal.com**.

About SIOR

SIOR is the world’s premier commercial real estate organization for industrial and office professionals. Individuals who earn their SIOR designation adhere to the highest levels of accountability and ethical standards. Only the industry’s top professionals qualify for the SIOR designation, to which there are 3,900 members in 49 countries. SIOR represents today’s most knowledgeable, experienced, and trusted commercial real estate brokerage specialists, and these individuals are proven experts in their market and leaders in the industry. For more information, please visit www.SIOR.com.



ComReal News | 59,700 Sq. Ft. Medley Warehouse Leased

The Industrial Team at ComReal led by **Pat McBride, SIOR, Esq.** has successfully assisted a tenant in securing a +/- 59,700 SF warehouse lease. The property is located at 11825 NW 100th Rd, inside Medley’s Flagler Station.

The ComReal team has been assisting industrial real estate clients in the South Florida area for over 40 years.

If you would like additional information regarding the transaction or have a need in the market, **contact Pat McBride at pmcbride@comreal.com or 305-619-2937.**



Industrial Team

Founded in 1979, ComReal is a full-service commercial real estate firm based in South Florida. Leading the Industrial division for ComReal is the Miami Industrial Team, specializing in the Sales and Leasing of Industrial Properties. Consisting of highly trained and credentialed professionals, our team is comprised of experts dedicated to delivering exceptional results to clients. With nearly 80 years of combined experience, we assist business owners and investors in selling, leasing, and purchasing industrial properties. Our specialties encompass a wide range of industrial real estate, including Industrial Outdoor Storage (IOS), 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.

For Over 40 Years, ComReal IS Commercial Real Estate.



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