

Q2 | 2021

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 Q2 vacancy rate was 3.9% at the close of the quarter with a \$13.78 per sq. ft. average (gross) lease rate. Industrial vacancies have compressed after reaching higher levels in 2020. The annual rent growth is 9.2%. After trending in line with the country for most of 2020, growth in Miami is now three percentage points stronger in recent quarters.

There is over 4.4 million sq. ft. of new construction in the works, and about 4 million sq. ft. was delivered over the past year. This is including the one million SF Home Depot distribution center in Hialeah, which completed construction in early 2021. Most of what is being built is speculative. The largest speculative projects are in the 200,000 SF-300,00 SF range like the two buildings at Gratigny Logistics Center in the North Miami Beach Submarket, which totals 447,000 SF and is due to complete in coming quarters.

Vacancy rates in Miami are around 3.9% and are back below the National Index rate. Though international trade has been impacted by the government pandemic, the e-commerce sector, including Amazon, has been responsible for many of South Florida's largest lease deals in the past seven months. In April, Amazon leased about 220,000 SF at the newly built Prologis Beacon Lakes Industrial Distribution Center in the Miami Airport West Submarket. The company also leased a 210,000 SF property in the Hialeah Submarket, which it will occupy following extensive renovations. Vacancies could stabilize once the 4.5 million SF under construction delivers and leases. Construction starts have slowed, which along with a rebound in leasing in recent months could keep vacancies stable.

Annual rent has been rebounding after two years of slowing significantly stronger here, and annual gains are now about three percentage points stronger than the National Index. The average rent in Miami has grown 68% since 2011, while the National Index grew 56%. Still, at over \$13.50/SF, the average rent in Miami is one of the highest in the country and is more than 50% higher than the national average. Within the market, average rents reach \$21.50/SF in the South Central Miami Submarket, which is more than 130% higher than the national average. Despite high rents, the submarket has maintained growth near 8% in the past year.

Annual industrial sales volume has bounced back and is now about 25% higher than the metro's 10-year average. Deals over \$20 million have become less frequent during the past year, with only nine deals in that range versus 17 deals in 2019. However, there have been a handful of smaller portfolios like the sale of buildings six and seven at County Line Corporate Park in Hialeah. In June, Chicago-based CenterPoint Properties acquired the two buildings totaling 412,000 SF from Miami-based Flagler Real Estate Services for \$61 million. The 12-month sales volume growth is down 20.2%. Market prices are around \$175/SF.

Though the region has regained some of its jobs toward the end of the year, as of the Bureau of Labor Statistics' (BLS) release of April jobs figures, the metro was still down about 100,000 jobs since February 2020. Tourism has been greatly interrupted and the cruise industry with which Miami is intertwined will likely feel the lingering effects for some time. While the shape of the economic recovery from the past year is yet to be seen, in Miami it is likely to be prolonged. The high cost of living is likely to continue driving net negative domestic migration from the city. The good news is 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.

MARKET STATISTICS

TOTAL SF INVENTORY	VACANCY RATE (AVG)	LEASE RATE (AVG)	SALE PRICE (AVG)	UNDER CONST.
254 M	3.9%	\$13.78/SF	\$175/SF	4.4 M

FEATURED LISTING // 7500 NW 25th Street #13A, Miami, FL

AVAILABLE FOR SALE



TOTAL SIZE: +/- 35,270 SF
WAREHOUSE: +/- 34,710 SF
LOADING: 6 Docks & 1 Ramp
POWER: Heavy Power
LOCATION: 1 mile to MIA, 1 mile to Port Miami
IDEAL FOR: Flower or produce companies

TOP SALES OF 1ST QUARTER

BUYER	SIZE (SF)	ADDRESS	PRICE	PSF
Ivy Equities	228,140	6950 NW 77th Ct	\$26,000,000	\$113.97
TA Realty	154,479	14001 NW 112th Ave	\$25,800,000	\$167.01
Brookfield Asset Management, Inc.	145,260	1900 NW 92nd Ave	\$26,300,000	\$181.05
Reich Brothers	133,651	501 NE 183 St	\$14,250,000	\$106.62
Exeter Property Group	115,000	16115 NW 52nd Ave	\$13,450,000	\$116.96

Provided by CoStar

TOP LEASES OF 1ST QUARTER

TENANT NAME	SIZE (SF)	ADDRESS	LEASE RATE
Carbel LLC	368,287	8801 NW 87th Ave	\$12.25/SF (IG)
Agility Logistics	147,748	11140 NW 122nd St	\$10.25/SF (IG)
Exist Inc.	142,191	1722 NW 215th St	\$8.50/SF (NNN)
Hitachi Rail	140,000	11150 NW 122nd St	\$10.00/SF (NNN)
Source Furniture	123,125	11150 NW 32nd Ave	\$5.65/SF (NNN)

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Record Building Sale in Miami's Sunshine State Industrial Park

The Industrial Team at ComReal completed a record sale for a building inside Sunshine State Industrial Park. Highest Price per SF. Building is located at 1100 NW 163rd Dr Miami, FL 33169. This building consists of +/- 23,331 SF freestanding on +/- 1.10 Acre. The building was formerly used as a specialized data center, offering heavy power, fully A/C space, 3 backup generators and fully secured facility. The Seller was AINA Holdings, LLC which owned the property for almost 20 years. The Buyer is 1100 BM Investments, LLC. The sale price was \$3,200,000, \$137/SF, highest price per SF sale in the park.

"This sale is a perfect example of the strong demand for industrial buildings in Miami. Hard to find building selling for record price. The building was offered for sale and lease and we had strong activity. Multiple offers to purchase offering the owner strong options." Mentioned Edison Vasquez, CCIM from ComReal.

This sale adds to the long list of transactions the Industrial Team has completed inside Sunshine State Industrial Park. Last Summer, the team completed the sale of 1585 NW 163rd ST, a +/- 31,000SF on 2.4 Acres for \$2,800,000. Two leases at 1120 NW 165th St. And sale of 16215 NW 15th AVE Miami, FL 33169, +/- 63,683SF on 3.15 Acre for \$6,000,000.

For more information contact the Industrial Team at 786-433-2380 or evasquez@comreal.com.

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.

SELL

LEASE

BUY

INVEST

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