

Industrial Q1 2023

YoY Chg 12-Mo. Forecast

1.6%

Vacancy Rate



685K

YTD Absorption, SF



\$13.83

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

YoY Chg 12-Mo. Forecast

1.3M

Miami Employment



1.7%

Miami Unemployment Rate



3.5%

U.S. Unemployment Rate



Source: BLS, Numbers above are monthly figures, FL Dept. Economic OPP

ECONOMY

Miami's unemployment rate decreased by 120 basis points (bps) to 1.7% at the close of February 2023 from the same time one year ago and remained substantially lower than the national rate. Over 53,000 nonagricultural jobs were added year-over-year (YOY) accounting for a 4.4% increase. Industrial related industries climbed by 11,400 new jobs YOY with the trade, transportation and utilities sector adding 12,100 and manufacturing jobs rising by 2,200 jobs.

SUPPLY

Overall vacancy fell 40 bps from the previous quarter to 1.6% at the close of the first quarter. Vacancy also held steady from this time last year despite nearly 5.4 million square feet (msf) of new industrial inventory added during the one-year period. No major completions took place during the start of 2023 and tight market conditions persisted with limited space options throughout the county. More than 3.7 msf of new product remained under construction at the close of the Q1 with nearly 75.0% already leased. Over 10.2 msf of projects remained proposed with almost 20.0% already spoken for and more than 5.0 msf of planned inventory was in site prep with Bridge Point Commerce Center's two large distribution centers totaling over 790,000 square feet (sf) each, pouring the slab foundation in early Q2. Notably, the remainder of available inventory under construction and proposed makes up over 5.0% of Miami's total industrial inventory and would keep available space near 6.5% if delivered in the near future with no additional preleasing. This would still be below the 8.0% threshold that signifies a softening market favoring tenants during negotiations.

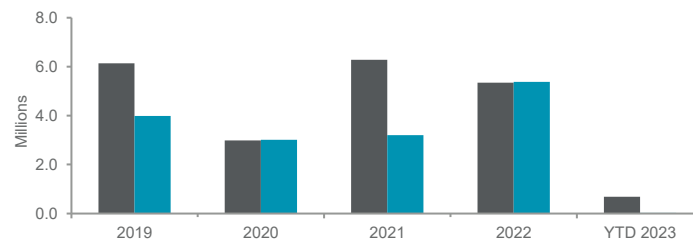
DEMAND

Net absorption during first quarter held positive and remained on par with the previous quarter with more than 684,000 sf of net occupancy gains. Move-ins to new industrial inventory should hold strong throughout the remainder of 2023 but will not likely be at the record-shattering levels seen during 2021 and 2022. For the first time since 2016, quarterly leasing activity fell below the 1.0 msf mark with over 804,000 sf of deals signed during Q1. This was a noticeable decline from the 3.1 msf of transactions recorded during Q1 2022. This was more indicative of the lack of available space in the market as leasing activity is projected to slow from the robust past demand seen since the pandemic to a more normalized but still healthy level.

MARKET PRICING

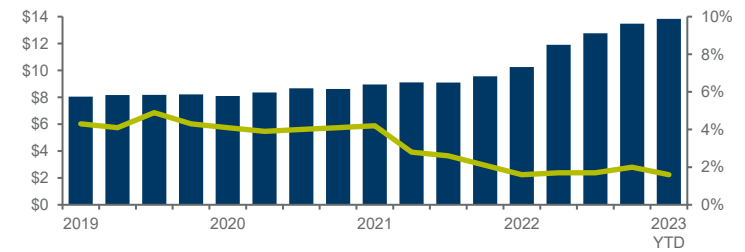
Asking rents continued their record climb as the average asking rate reached \$13.83 per square feet (psf) triple net (NNN), a YOY increase of 34.9%. The lack of available space in new industrial inventory hindered more significant growth as rents for recently completed buildings ranged between the \$15.00 to \$19.00 psf NNN mark. Rate growth is likely to hold steady throughout 2023.

SPACE DEMAND / DELIVERIES



■ Net Absorption, SF ■ Construction Completions, SF

OVERALL VACANCY & ASKING RENT



■ Asking Rent, \$ PSF — Vacancy Rate

Industrial Q1 2023

MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (OS) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|--------------------------|--------------------|---------------------|----------------------|---------------------------------|---------------------------|------------------|-------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Airport East/Downtown | 23,263,823 | 333,536 | 1.4% | -11,500 | 115,192 | 0 | 0 | \$9.23 | \$20.39 | \$8.25 |
| Airport North/Medley | 36,531,515 | 551,854 | 1.5% | 331,887 | 194,606 | 865,677 | 0 | N/A | \$19.12 | \$12.86 |
| Airport West | 45,805,193 | 951,574 | 2.1% | 63,459 | 404,063 | 535,214 | 0 | N/A | \$18.87 | \$14.50 |
| Hialeah | 7,846,539 | 144,508 | 1.8% | 0 | 21,000 | 363,907 | 0 | N/A | \$9.22 | \$21.33 |
| Miami Lakes | 4,791,921 | 16,000 | 0.3% | 0 | 0 | 0 | 0 | N/A | N/A | \$13.95 |
| North Central Dade | 31,416,156 | 555,061 | 1.8% | -12,162 | 4,300 | 619,792 | 0 | \$12.25 | \$20.00 | \$13.25 |
| Northeast Dade | 2,917,884 | 11,740 | 0.4% | -2,300 | 0 | 132,894 | 0 | N/A | \$22.00 | N/A |
| Northwest Dade | 7,157,668 | 81,472 | 1.1% | 295,411 | 62,348 | 1,209,231 | 0 | N/A | N/A | \$15.32 |
| South Dade | 8,595,837 | 24,466 | 0.3% | 20,051 | 3,015 | 20,000 | 20,000 | N/A | \$17.89 | \$17.21 |
| MIAMI-DADE TOTALS | 168,326,536 | 2,670,211 | 1.6% | 684,846 | 804,524 | 3,746,715 | 20,000 | \$11.27 | \$18.43 | \$13.83 |

*Rental rates reflect weighted NNN asking \$psf/year *Renewals not included in leasing statistics **Not reflective of U.S. MarketBeat Tables for UNDR CNSTR (SF)

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

MARKET STATISTICS BY PRODUCT TYPE

| PRODUCT TYPE | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT |
|--------------------------|--------------------|---------------------|----------------------|---------------------------------|---------------------------------|---------------------------|------------------|-------------------------|-------------------------------|
| Manufacturing | 17,699,988 | 249,642 | 1.4% | 54,880 | 54,880 | 64,392 | 300,000 | 0 | \$11.27 |
| Office Service | 8,757,218 | 139,394 | 1.6% | -9,376 | -9,376 | 28,215 | 0 | 0 | \$18.43 |
| Warehouse/Distribution | 141,869,330 | 2,281,175 | 1.6% | 639,342 | 639,342 | 711,917 | 3,446,715 | 20,000 | \$13.83 |
| MIAMI-DADE TOTALS | 168,326,536 | 2,670,211 | 1.6% | 684,846 | 684,846 | 804,524 | 3,746,715 | 20,000 | \$13.83 |

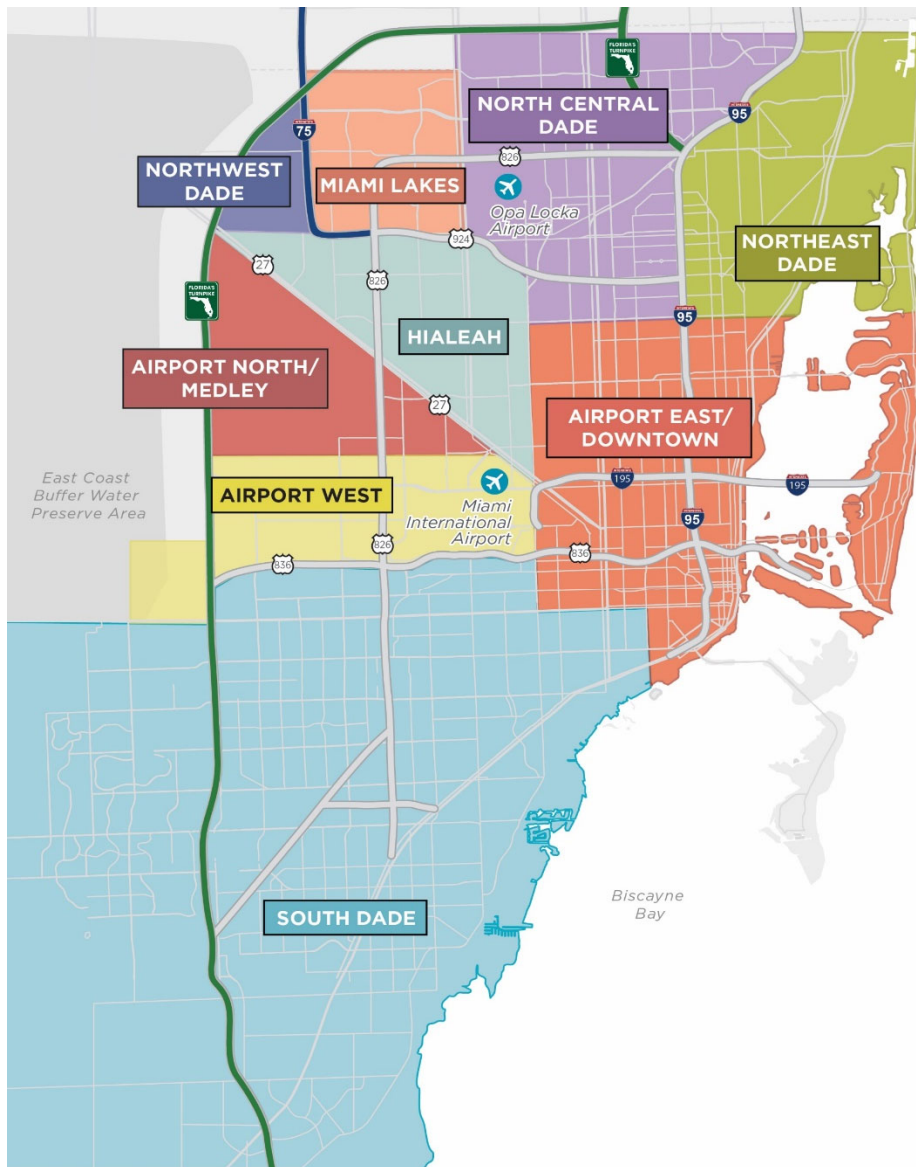
KEY LEASE TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|--------------------------------|----------------|----------------------------|--------|---------|
| 9710 NW 110 Ave - Building 28 | Medley | Avenir Aviation, LLC | 96,838 | Renewal |
| 3200 NW 112th Ave - Building 7 | Airport West | Ascendo Box | 85,424 | New |
| 4280 W 104th Street | Northwest Dade | American Furniture Rentals | 62,348 | New |

KEY SALE TRANSACTIONS Q1 2023

| PROPERTY | SUBMARKET | SELLER BUYER | SF | PRICE \$ PSF |
|------------------|---------------|---|--------|-----------------|
| 6500 NW 72nd Ave | Airport North | Platinum Brands International, Inc. Mlsyns Group, LLC | 53,005 | \$12.8M \$241 |
| 3130 W 15th Ave | Hialeah | Mydj Investments Yosha LLC | 37,422 | \$10M \$267 |

INDUSTRIAL SUBMARKETS



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