

## Miami Industrial Market

In the second quarter of 2022, Miami's industrial market registered nearly 1.0 million square feet of positive absorption, notching a 39th consecutive quarter of demand growth. The construction pipeline, which had grown to historic heights of over 6.0 million square feet last quarter, settled down to 4.0 million square feet on the heels of robust deliveries over the past three months. With deliveries outpacing demand, the market vacancy rate experienced a 50-basis-point increase, to 3.3%. Yet, it is likely that newly-delivered, vacant speculative properties will be swiftly leased this year as an environment of space scarcity persists: of the twelve buildings that delivered in 2022 thus far, only two have any availabilities left.

Average asking rents continue to climb to new heights on the heels of competitive market conditions. The average asking rent crossed the \$12.00/SF threshold in the second quarter of 2022, growing 16.2% from the first quarter to \$12.14/SF. Despite this significant statistical growth, today's asking rent averages are materially understated, as availabilities with cited asking rents are overwhelmingly in older inventory. Rents for modern Class A warehouse space are typically averaging \$14.00/SF NNN.

Developers already face impediments to building in Miami, particularly the market's significant land constraints. The past two years have layered in additional challenges to development in the form of continuing supply chain congestion, labor shortages, and elevated costs due to inflation and resultant hiked interest rates. All have made new project processes increasingly difficult, yet as rents march upward and demand remains elevated above long-term averages, developers continue to seek opportunity. This quarter, Link Logistics purchased 115.7 acres of excess land from Churchill Downs for \$291 million, on which it plans to develop a 2.3-million-square-foot industrial complex, to include not only Class A warehouse space, but production studio space as well.

Leasing activity measured approximately 2.6 million square feet in the second quarter of 2022, a robust volume but a deceleration from the unprecedented peak observed during 2021. Many companies are reconsidering inventory strategies in the face of consumer demand cooling from those unsustainable heights of last year, but companies are unlikely to fully return to lean, "just-in-time" inventory models which are proven to not withstand systemic disruption. Therefore, it is likely that demand for industrial space in Miami will return to levels observed pre-pandemic over the next 12-18 months.

### Current Conditions

Miami saw another strong quarter of demand and leasing activity as the industrial sector remained robust from the previous quarter.

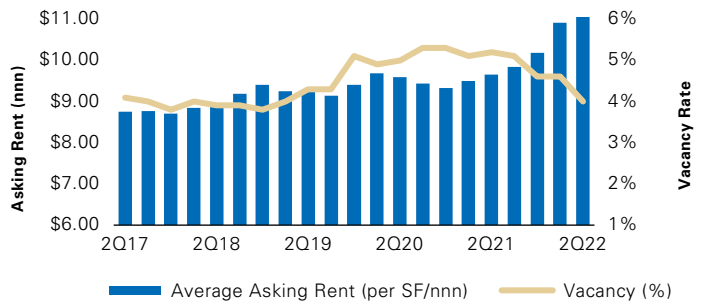
Vacancy rates decreased from the previous quarter, but with an increase of 446,830 square feet of move-ins from the previous quarter projected for 2022, there are unlikely to be significant increases throughout the year.

Landlords have raised asking rents from the previous quarter, recording the strongest year-over-year average increase in history as Miami-Dade caught up to Broward and Palm Beach, pushing the overall average rate over the \$11.00/SF mark.

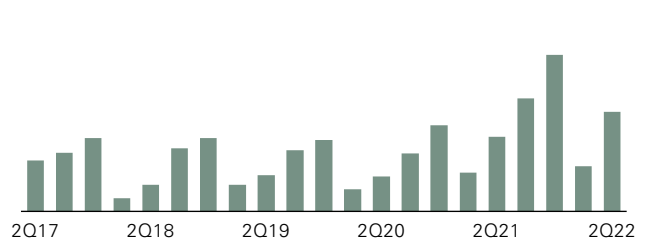
Construction activity cooled after 82,197 square feet was delivered this quarter; 1.5 million square feet remained under construction as developers pumped the brakes on projects coming out of the ground.

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION (SF, Millions)



### Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	112.5M	111.8 M	110.8M	↑
Vacancy Rate	4.0%	4.6%	5.2%	↔
Quarterly Net Absorption (SF)	832,524	699,147	552,118	↔
Average Asking Rent/SF	\$11.10	\$10.91	\$9.65	↑
Under Construction (SF)	1.5M	1.1M	1.1M	↓
Deliveries	82,197	687,491	728,178	↔

## Miami Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport East/Central Miami-Dade	27,924,658	32,000	5.5 %	-314,431	-322,678	\$11.59	\$12.20	\$14.39
Airport West	70,235,062	920,548	2.1 %	-11,456	275,260	\$13.26	\$15.82	\$13.46
Hialeah/Hialeah Gardens	37,008,370	1,600,441	4.7 %	309,579	878,780	\$10.38	\$15.01	\$9.47
Medley	28,962,333	993,020	4.3 %	49,208	257,789	\$11.67	\$11.09	\$9.02
Miami Lakes	6,138,313	0	2.2 %	-44,097	148,811	\$13.30	\$17.02	\$11.35
N Central Miami	27,901,504	432,894	2.6 %	76,840	116,453	\$10.33	\$18.65	\$10.77
Northeast Miami-Dade	10,101,550	0	3.8 %	-22,782	-11,385	\$11.42	\$12.25	\$12.33
South Miami-Dade	18,741,119	0	1.0 %	945,321	1,155,585	\$11.38	\$15.05	\$13.72
<b>Totals</b>	<b>227,012,909</b>	<b>3,978,903</b>	<b>3.3 %</b>	<b>988,182</b>	<b>2,498,615</b>	<b>\$12.46</b>	<b>\$15.61</b>	<b>\$12.14</b>

## Miami Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Rosa Fabrics	4051 NW 26th St	South Central Miami Submarket	2 Star Industrial Warehouse	16,294
Cacao Express	7165 SW 47th St	West Miami/Coral Ter	2 Star Industrial Warehouse Condo	10,900
South Florida Van Lines	8000 NW 37th Ave	Hialeah Submarket	2 Star Industrial Warehouse	14,890
Machin Signs	2530 NW 77th St	Central Miami Submarket	2 Star Industrial Warehouse	13,350
Sneakers 5 LLC	1840-1842 NW 22nd St	South Central Miami Submarket	1 Star Industrial Service	4,065

## Miami Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
1300-1350 NW 74th St	Central Miami Submarket	\$22,750,000	\$226.48	100,453
17707 NW Miami Ct	North Miami Beach Submarket	\$47,500,000	\$905.31	52,468