

2Q25

Miami-Dade County Industrial Market Overview

NEWMARK

Market Observations

Economy

- The region's unemployment rate increased by 20 basis points year over year to 2.6%, continuing a gradual upward trend from the historical low of 1.8% set in June 2023, but remaining well below the five-year average of 4.0%.
- The pace of job growth has slowed compared with recent highs, with year-over-year employment growth now at 1.9%, but still exceeding the national average of 1.1%.
- Most sectors, except information, reported employment growth, with the mining and construction industry leading employment growth at 7.8% year over year.
- All industrial-using jobs in the market continued to reflect yearly growth, with manufacturing, trade/transportation/utilities, and mining and construction jobs reporting growth of 1.6%, 2.6% and 7.8% year over year, respectively.

Major Transactions

- Amazon signed the largest deal of the second quarter of 2025, securing 235,850 SF of space at Prologis Gratigny Industrial Park in the North Central Miami submarket. This facility is within a few blocks of their MIA1 fulfillment center and will specialize in large-item deliveries.
- New leases and renewals signed accounted for nine out of the ten top deals this quarter highlighting the strong demand for industrial space in Miami-Dade County.
- Four of the top ten largest leases signed in the second quarter were in the Medley submarket, whereas N Central Miami, Hialeah/ Hialeah Gardens, and Airport West each had two within the top ten deals.
- Three of the ten largest deals were signed by food and beverage corporations.

Leasing Market Fundamentals

- The market realized 314,672 SF of positive absorption in the second quarter of 2025, bringing total absorption for the year to 344,460 SF. Although net absorption has been weak since 2024, mainly attributed to muted leasing activity - economic uncertainty and delays in tenant buildouts - demand is gradually rising.
- Overall rental rates rose by 0.2% quarter over quarter but declined by 0.9% year over year to \$15.44/SF. Asking rents are 2.4% below the historic high of \$15.82/SF and are expected to remain flat or slow further due to a wave of new supply..
- Construction deliveries totaled 2.1 MSF in the first half of 2025, with another 3.0 MSF of ongoing and newly-started projects underway that are currently 4.5% pre-leased.
- Supply continued to outpace demand through the second quarter of 2025, resulting in vacancy climbing to a recent high of 5.6%. Overall vacancy increased by 40 basis points quarter over quarter.

Outlook

- The Miami industrial market is expected to see a steady influx of new supply in the near term, with 1.3% of the current market's inventory under construction and approximately another 1.3 MSF projected to be delivered by the end of 2025.
- Vacancy rates are expected to remain low relative to many other U.S. metro areas but are likely to increase over the next few quarters as new supply from a robust construction pipeline continues to deliver while demand remains muted.
- Asking rent growth is expected to remain slow in the medium term and likely remain flat in the short term, due to the temporary imbalance between supply and demand.
- Concessions are likely to increase in lieu of rental rates in the near term as landlords compete to lure tenants.

1. Economy
2. Debt/Capital Markets
3. Leasing Market Fundamentals

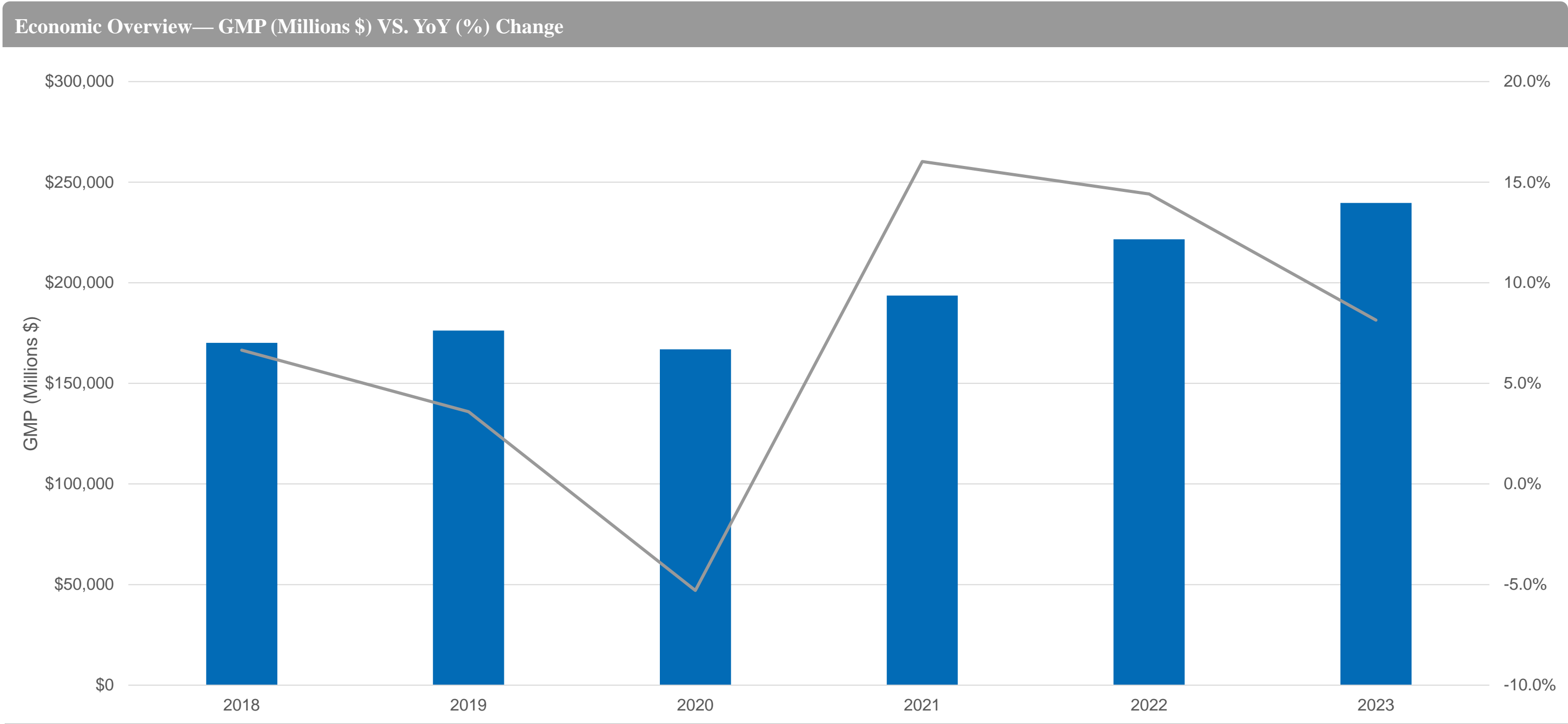
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Economy



Miami Gross Metropolitan Product

The gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. Most recently, the gross metropolitan product rose 8.1% year over year to reach a new all-time high of roughly \$240 billion.

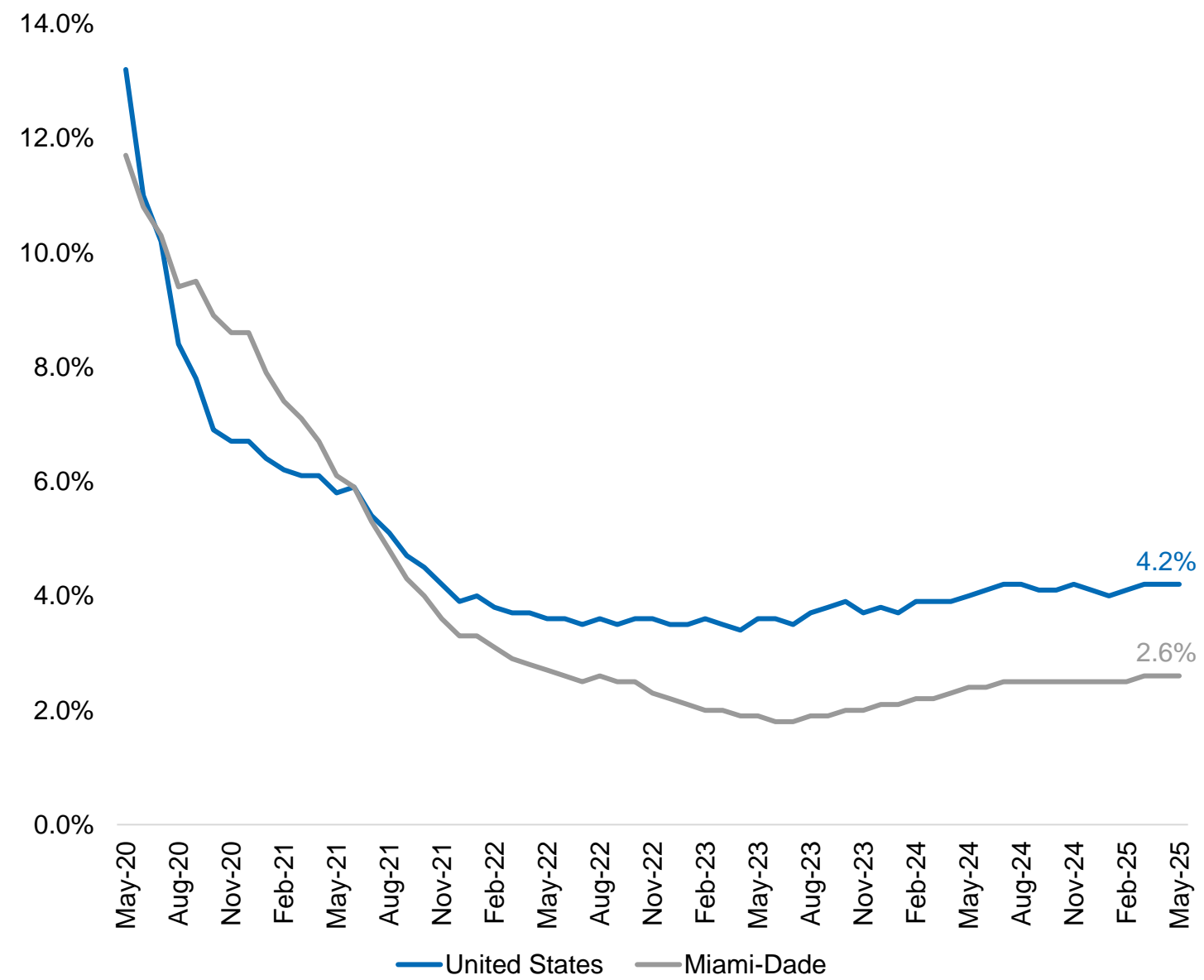


Source: Moody's

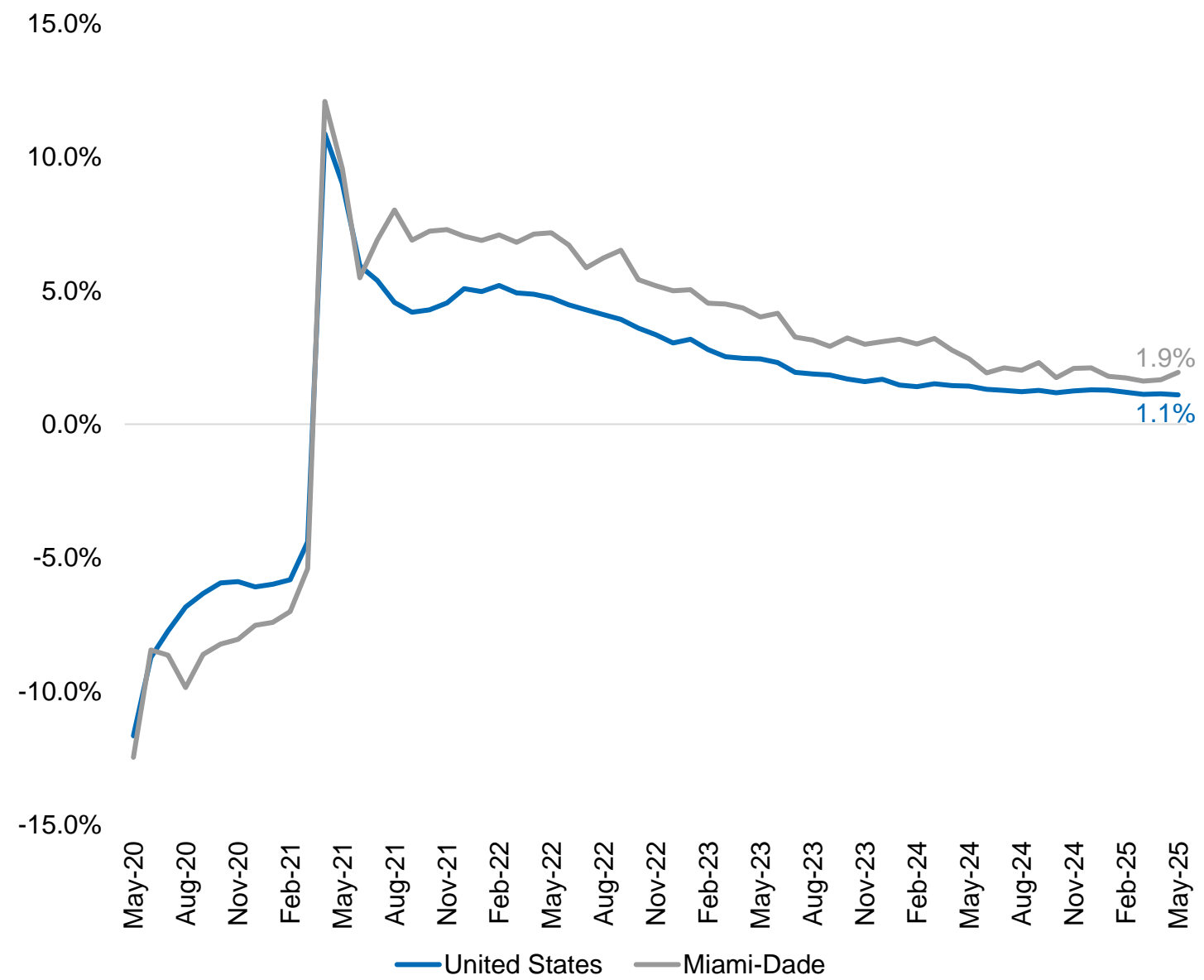
Pace of Job Growth Increases, Rebounding from Recent Lows

Miami-Dade County has generally reported lower unemployment rates compared with the national average, while being an outperformer in employment growth. The region’s unemployment rate increased by 20 basis points year over year to 2.6%, continuing a gradual upward trend from the historical low of 1.8% set in June 2023, but remaining well below the five-year average of 4.0%. The pace of employment growth in Miami-Dade declined by 50 basis points year over year but rose by 33 basis points between March and May of 2025, reaching 1.9% in May. Despite the slowdown from recent highs, Miami-Dade’s growth continued to outpace the national rate by 85 basis points.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

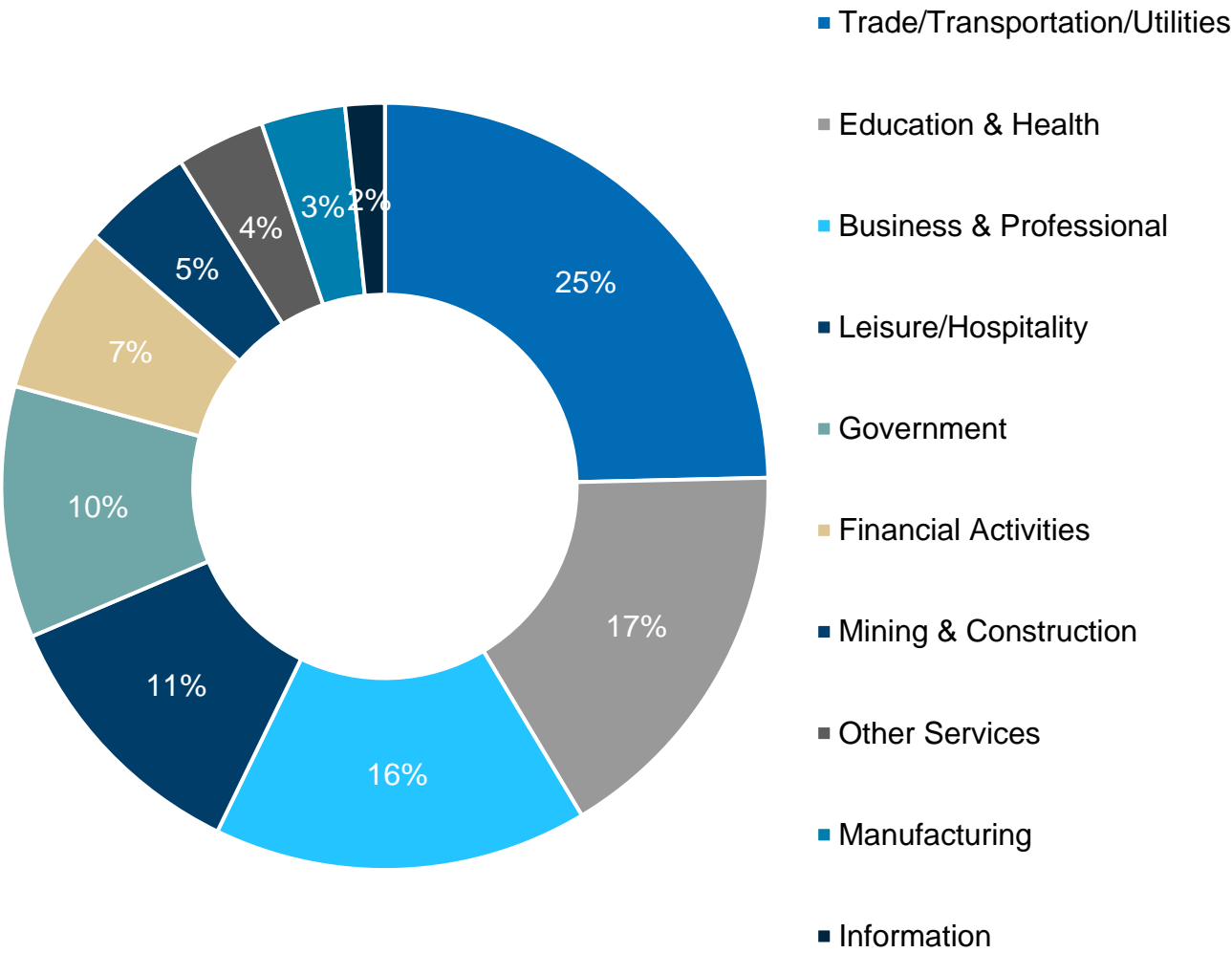


Source: U.S. Bureau of Labor Statistics, Miami-Dade County

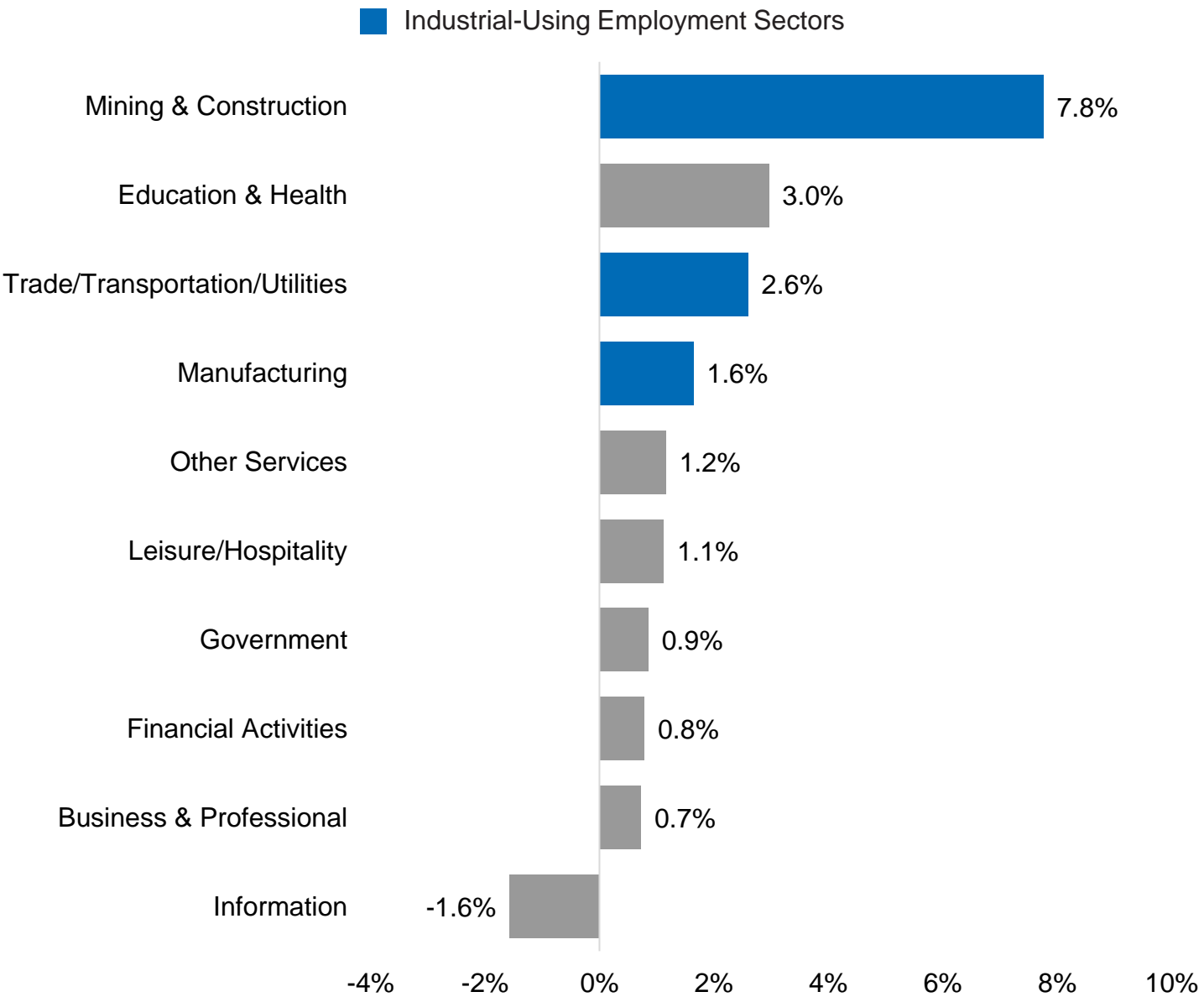
All Industrial-Using Sectors Reported Yearly Growth

The Miami-Dade County’s top two employment industries account for 41.4% of market share. The industrial-using employment’s trade/transportation/utilities sector remained the largest employment sector in the county at 24.6%. Most industries in the county reported growth over the past year, with the exception of the information sector, which contracted by 1.6%. In contrast, industrial-using sectors saw notable gains, with manufacturing expanding by 1.6%, trade/transportation/utilities by 2.6%, and mining and construction by 7.8%.

Employment by Industry, May 2025



Employment Growth by Industry, 12-Month % Change, May 2025

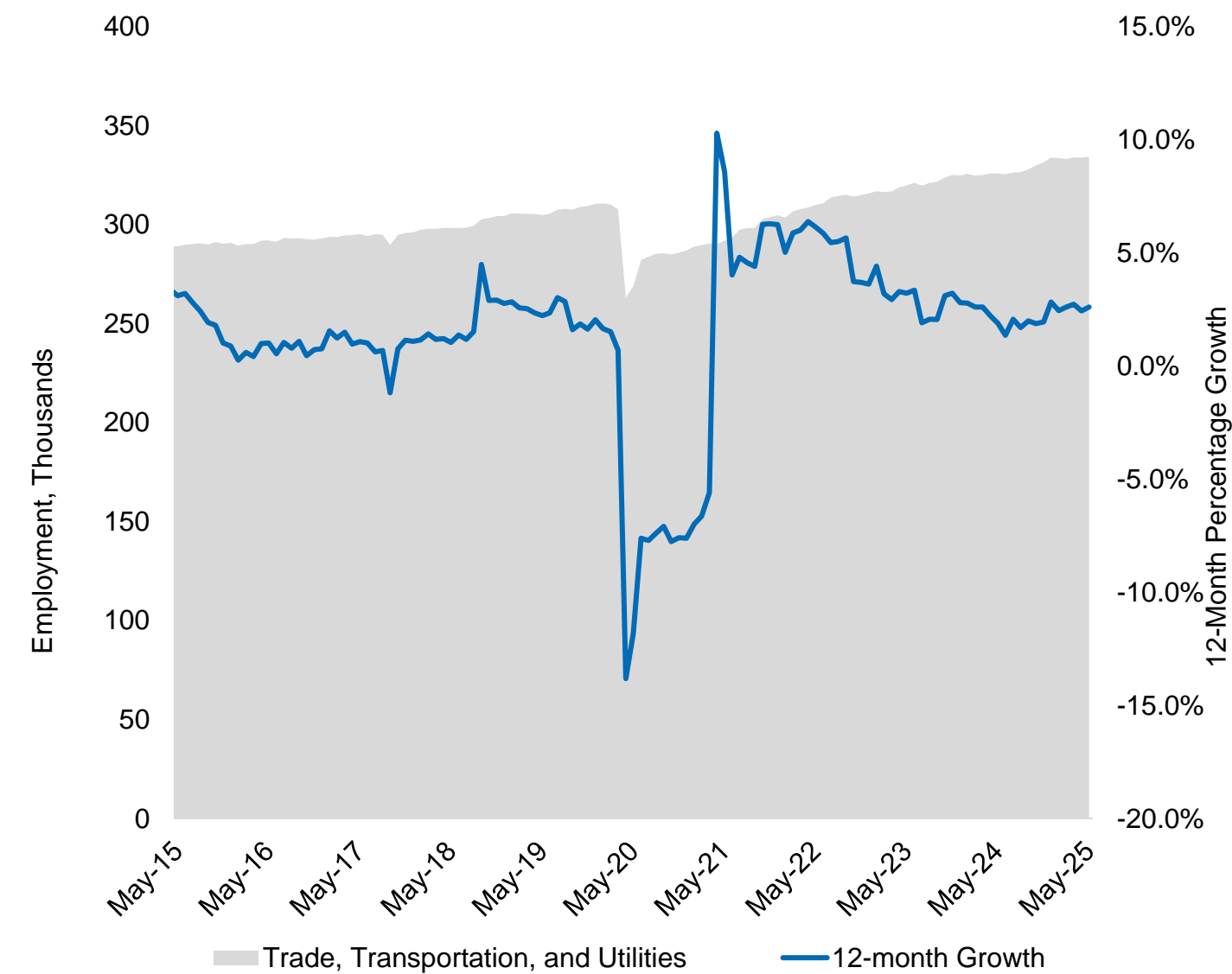


Source: U.S. Bureau of Labor Statistics, Miami-Dade County

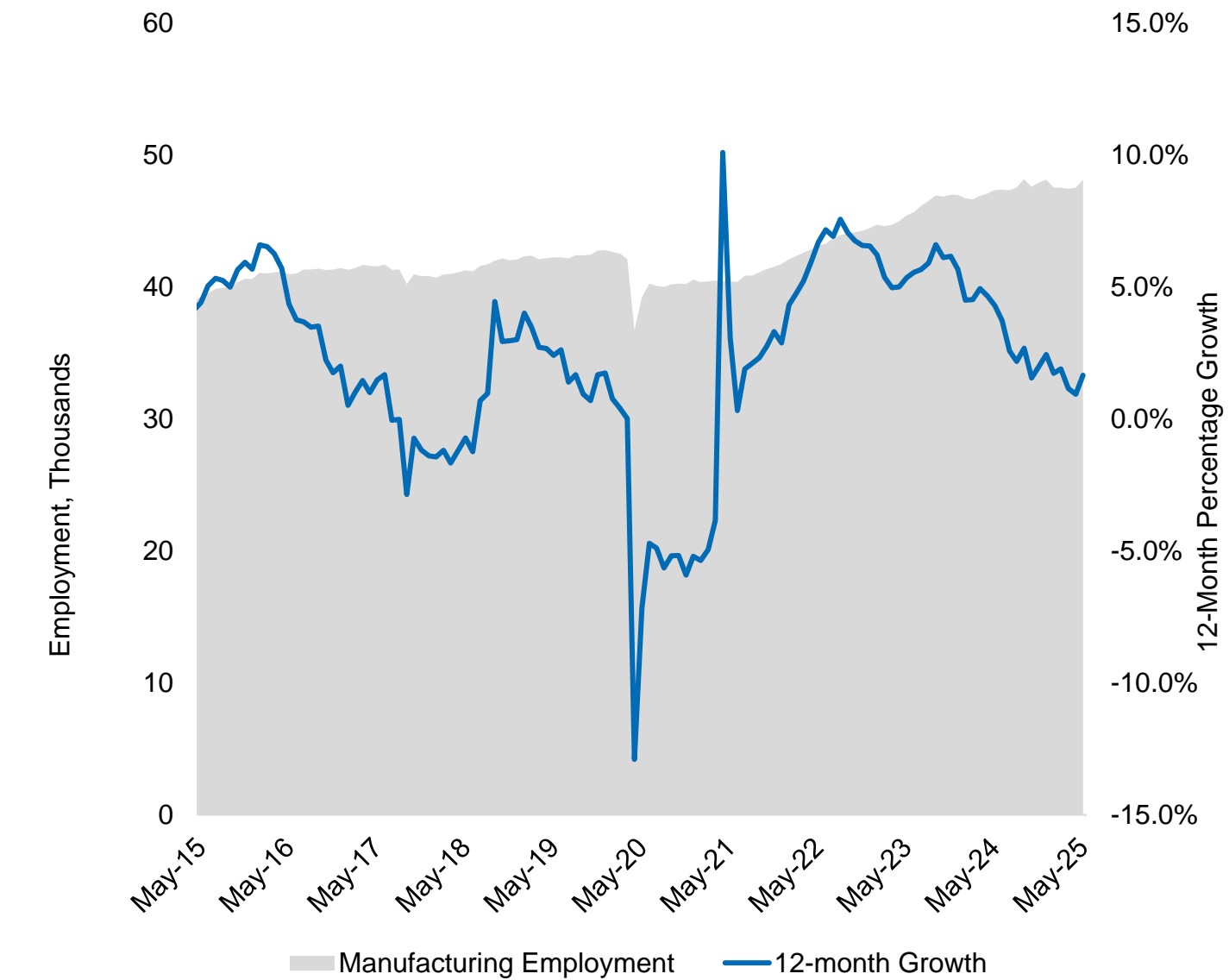
Industrial-Using Jobs Growth Remains Positive

Trade/transportation/utilities employment reached an all-time high, reporting 334,262 employees as of the end of May 2025. Manufacturing employment increased to 48,112 employees as of the end of May 2025, marking a 1.6% increase year over year but remains 0.1% below the all-time high set in September 2024. Overall employment is increasing, with momentum increasing for trade/transportation/utilities, with slower but continued growth for manufacturing.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Miami-Dade County

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Debt/Capital Markets



Higher Loan Volume Due in 2026

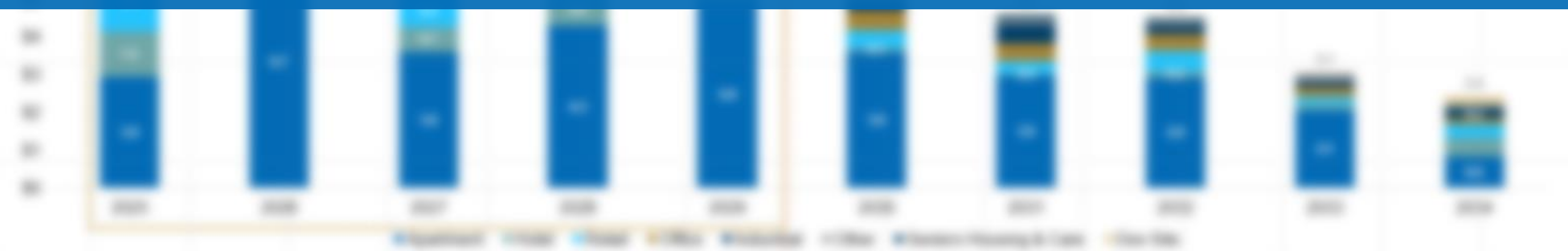
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Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much

Industrial loans comprise 10% of the outstanding loan volume of banks reporting within the next five years, representing the exposure to the industrial sector's challenges. The residential sector comprises 17.5% of outstanding residential mortgages, representing the sector's performance. Lending conditions appear stable with refinancing activity manageable, emphasizing the capital markets focus on credit quality.



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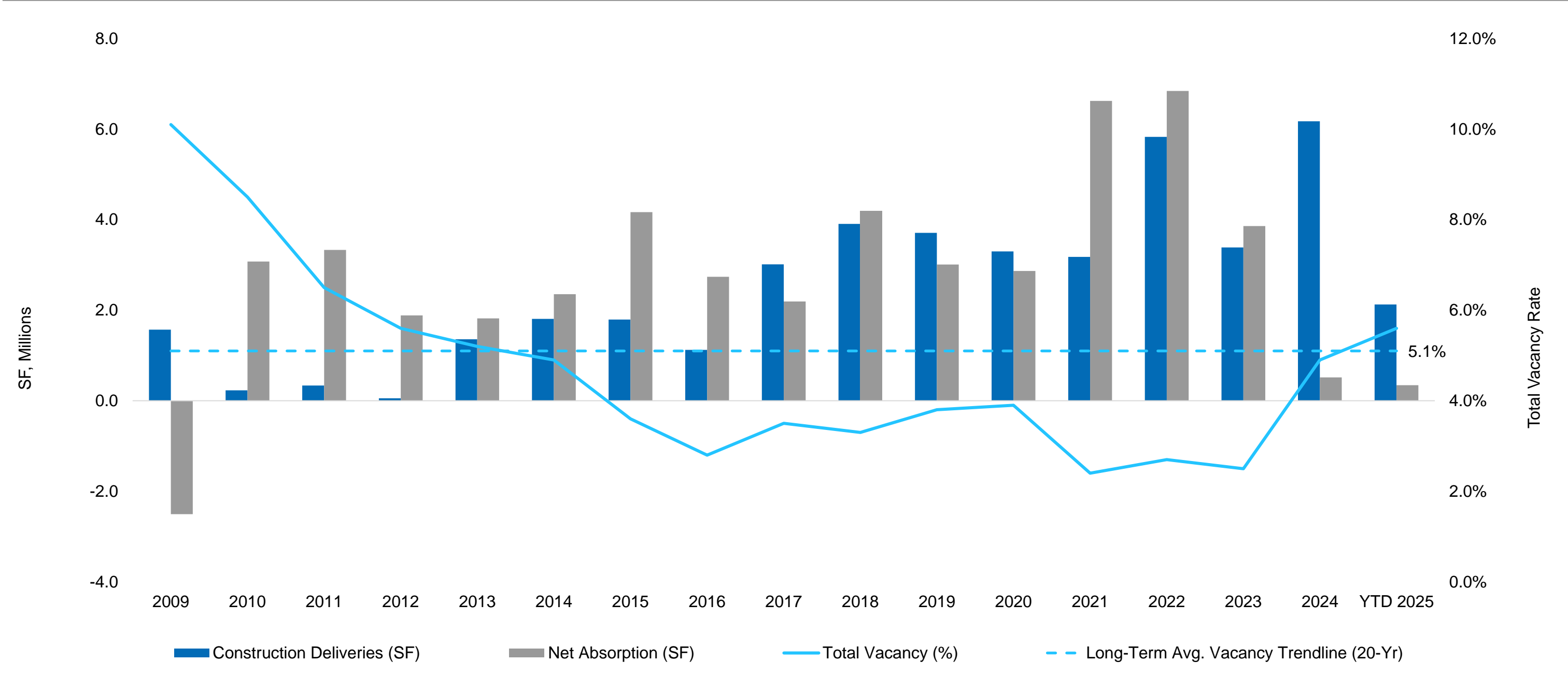
Leasing Market Fundamentals



New Supply Continues to Outpace Demand

In the second quarter of 2025, Miami’s industrial vacancy rate rose 140 basis points year over year to 5.6%, as new supply of 1.2 MSF outpaced positive demand of 314,672 SF. Demand for the first half of 2025 accounts to 66.6% of the total demand recorded in 2024 and is expected to surpass last year’s total by next quarter. However, vacancy has increased to a recent high largely due to a lack of preleasing for new properties. While several large move-ins are anticipated later in 2025, it may take another 12 to 18 months for supply and demand to fully rebalance as demand continues to recover.

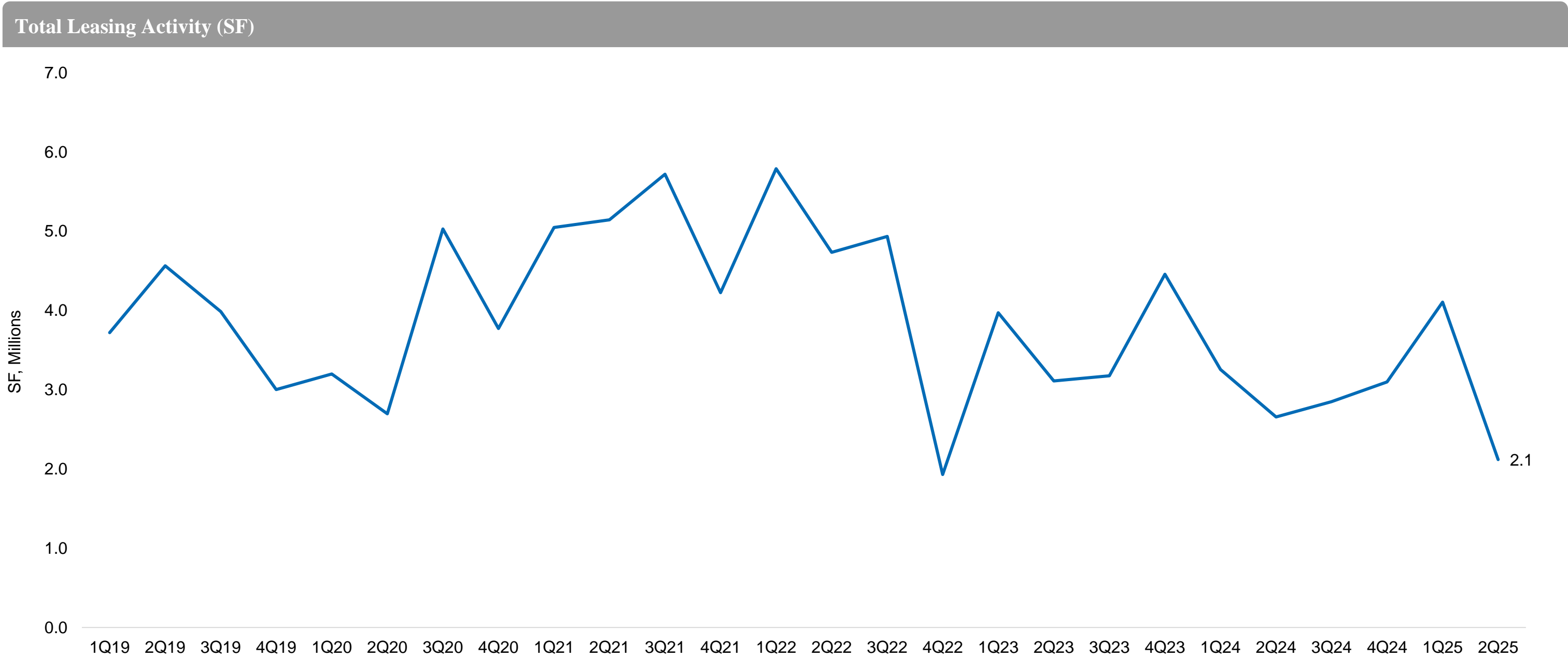
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Leasing Activity Dips After Recent Gains Amid Uncertainty

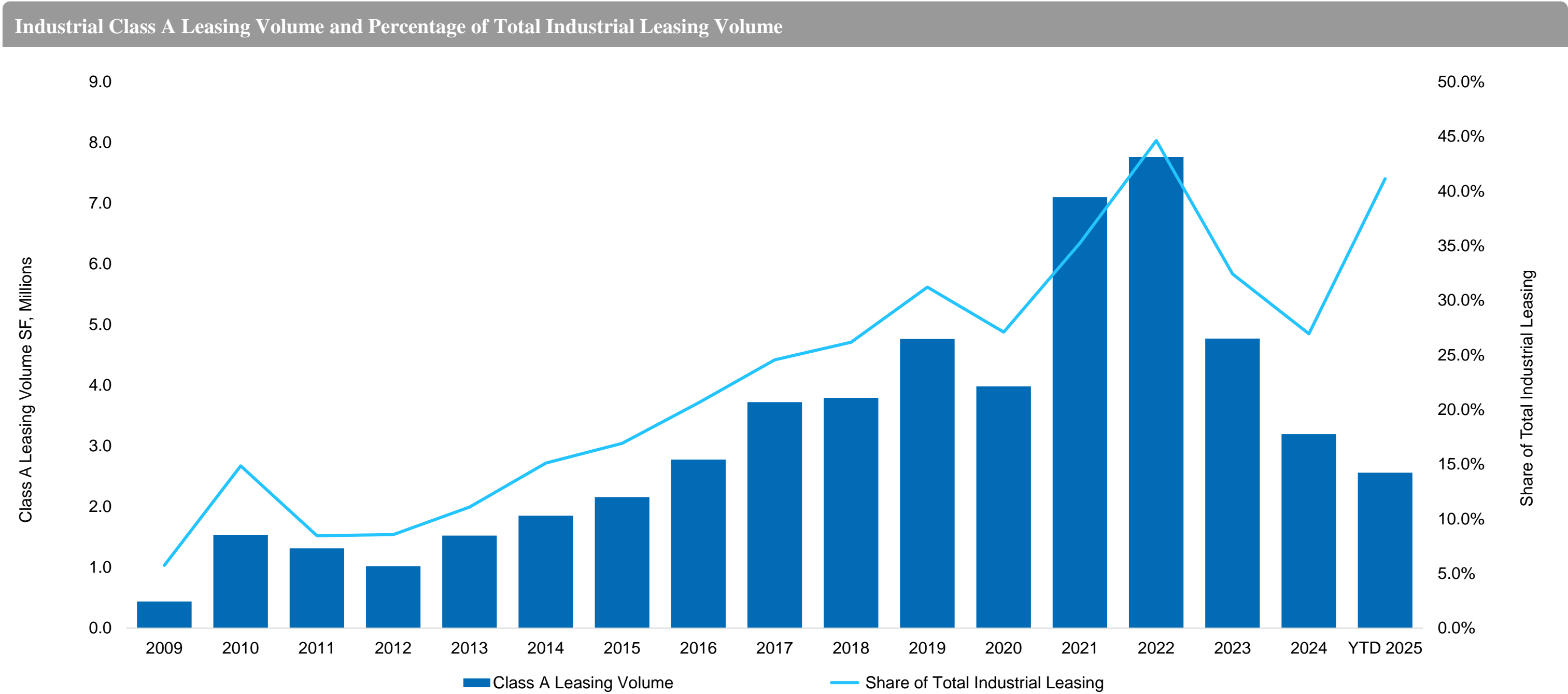
The second quarter of 2025 ended a three-quarter streak of increases, as leasing activity dipped to 2.1 MSF, reflecting a 48.4% decline from the previous quarter and a 20.3% decrease year over year. Despite this decrease, current leasing activity remains 9.7% above the recent low reported in the fourth quarter of 2022. The pullback in leasing is likely attributable to broader national economic headwinds and ongoing uncertainty.



Source: Newmark Research, CoStar

Share of Class A Warehouse Leasing Activity Rebounds, Nearing All-Time High

Following declines in 2023 and 2024, the share of Class A warehouse leasing activity surged at the start of 2025. In the first half of the year, Class A leasing accounted for 41.1% of overall activity, a significant increase from the 26.9% yearly average in 2024 and well above the 15.7% pre-pandemic yearly average from 2008 to 2019. This growth was driven by a wave of high-quality deliveries that entered the market post-pandemic, boosting Class A leasing by square footage. Although Class A leasing volume for the first half of 2025 trails 2024 totals by 634,871 SF, it is on pace to surpass last year's total by the third quarter.



Source: Newmark Research, CoStar

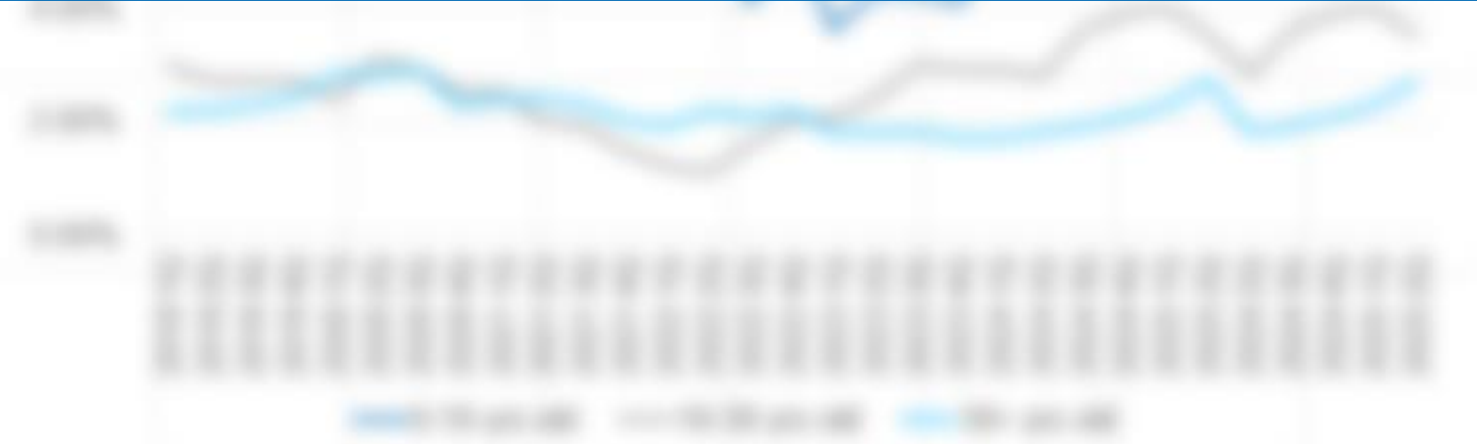
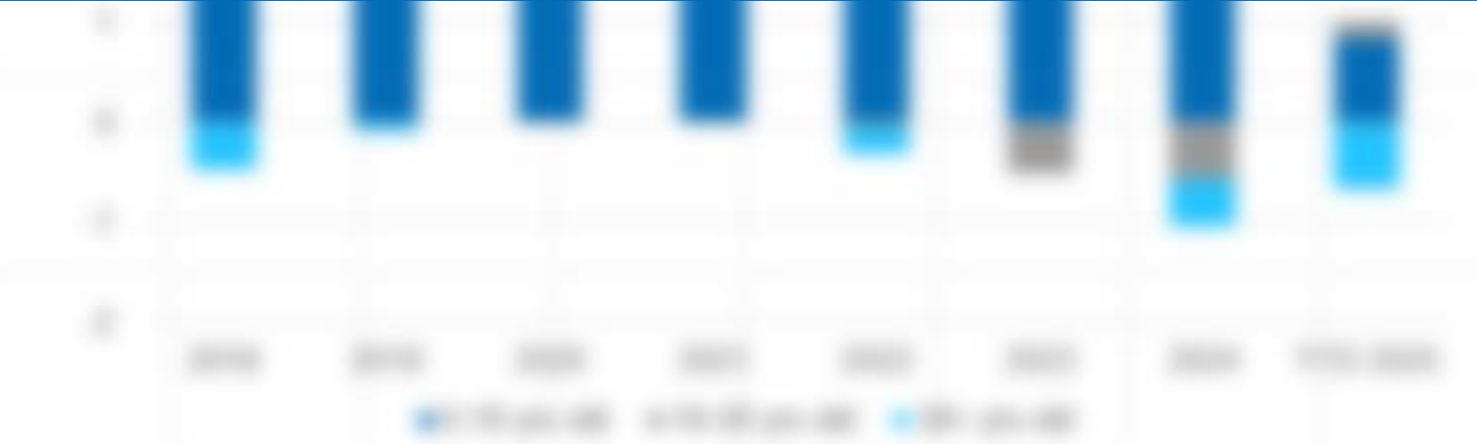
Preference for Modern Industrial Buildings Drives Demand

Modern industrial buildings currently account for 30% of the total supply space in the market. However, modern industrial buildings have contributed to nearly all positive net absorption over the past two years, underscoring strong new demand for modern facilities. The higher vacancy rate for modern construction is largely supply-driven, whereas the greater net is generated among legacy industrial properties is a result of sustained negative net absorption over the past two years, indicating a continued undersupply or oversaturation of demand.

New Absorption by Property Type

Inventory Added by Property Type

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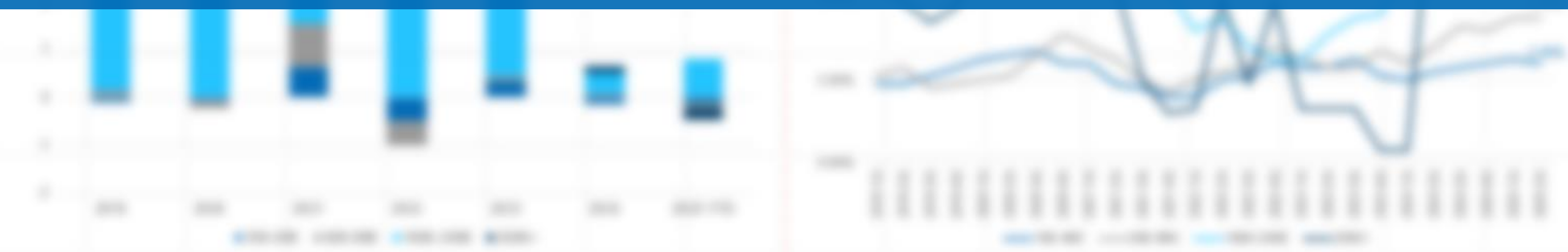


Mid-Sized Bulk Buildings Drive Absorption, Yet Inadequate to Offset Rising Vacancy Rates

Commercial real estate activity during the fourth quarter of 2021 and 2022, however, the 100,000 to 200,000 sq. foot segment has experienced the most significant increase in new deliveries, rising from 1,000 units in 2021 to 2,500 units in 2022. The 200,000 to 300,000 sq. foot segment has seen the most significant increase, rising to 1,500 units in 2022, primarily due to a combination of new construction and the influx of new supply. Meanwhile, the vacancy rate for the 100,000 to 200,000 sq. foot segment has risen to a decade high of 10.5% during the fourth quarter, as new construction in this category has been more successful at replacing units with new deliveries. In contrast, vacancy rates for smaller properties (50,000 to 100,000 sq. ft. and 10,000 to 50,000 sq. ft.) have remained relatively stable, hovering slightly above national levels.

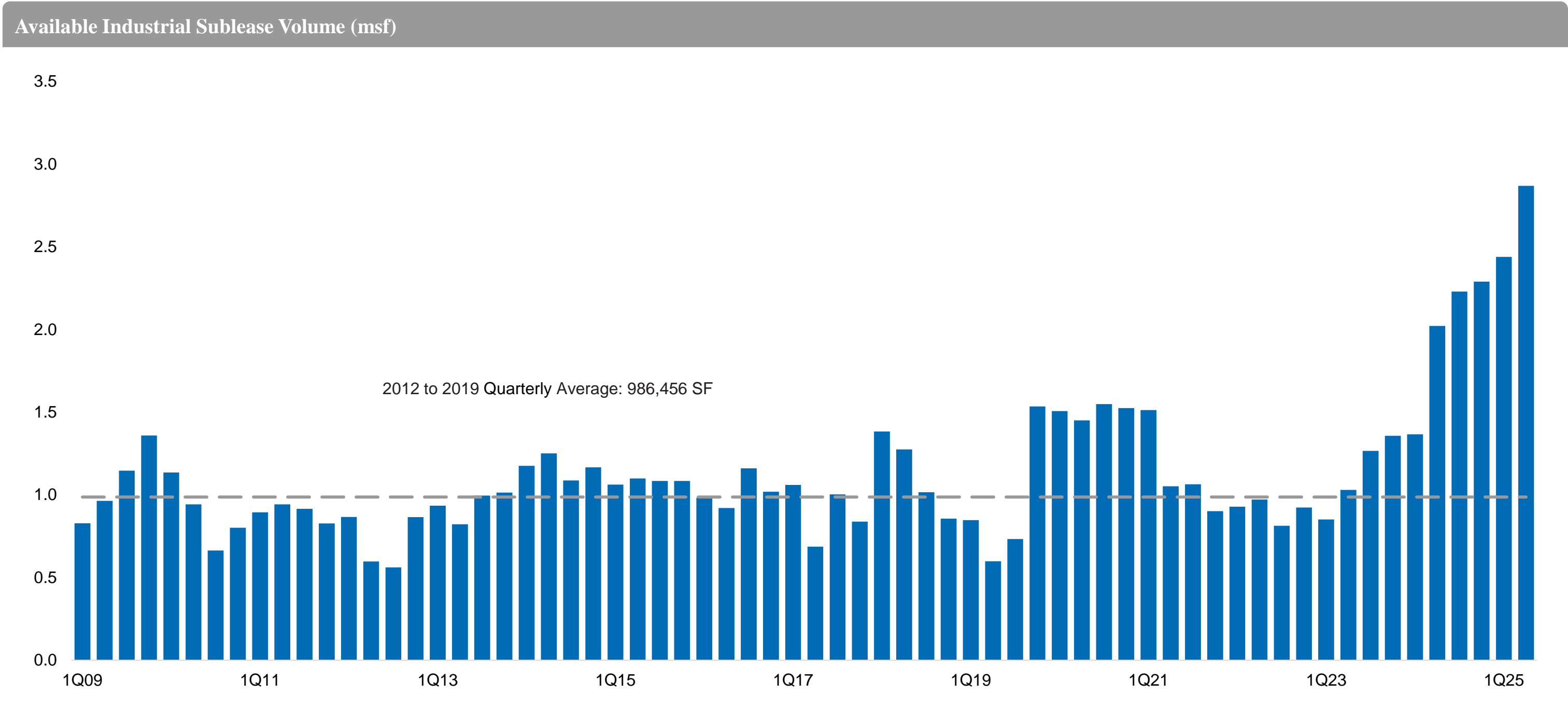


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Industrial Sublease Availabilities Continue Upward Trend to New Record High

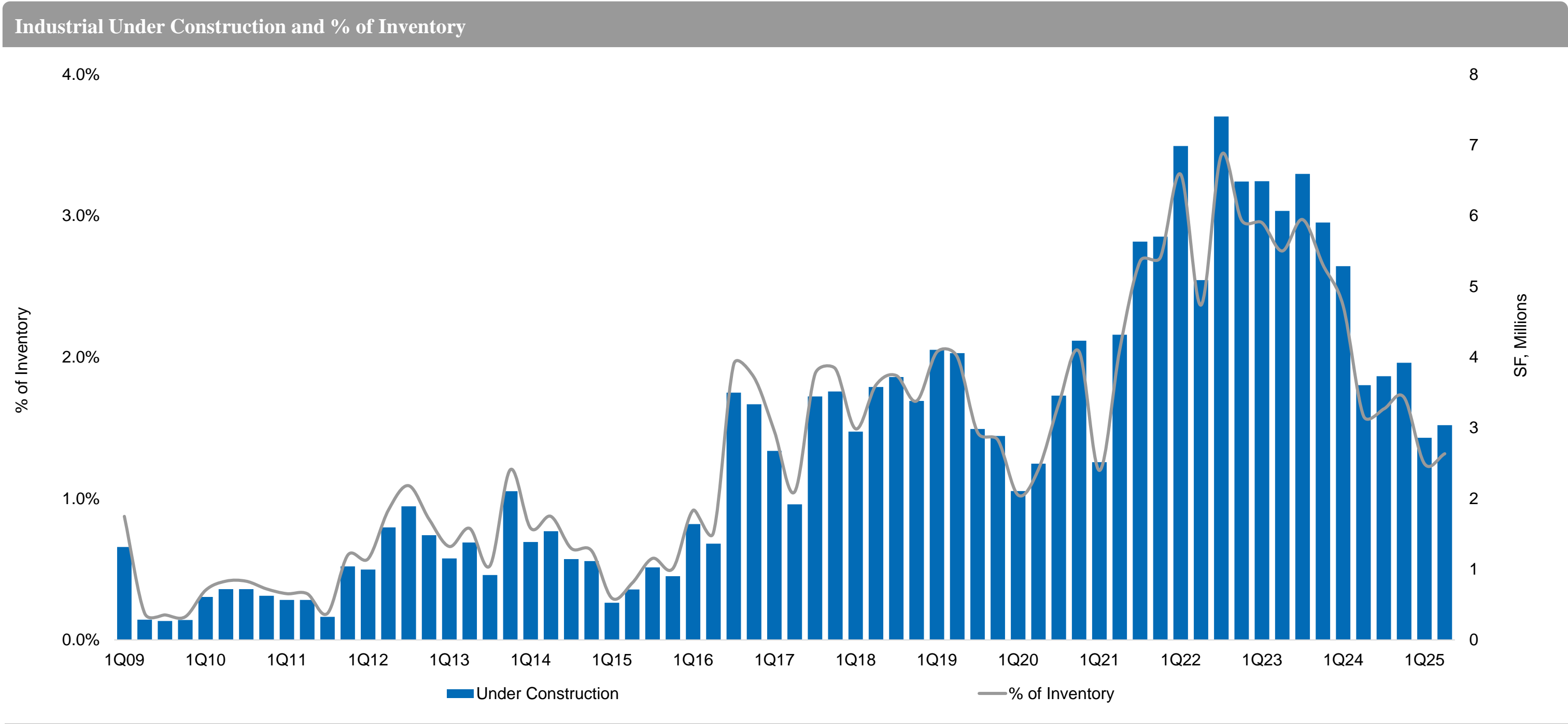
Sublease availability continues its upward trend, reaching a new all-time high of 2.9 MSF in the second quarter of 2025, reflecting a 17.6% increase quarter to quarter and a 41.9% increase year over year. Sublease availability has remained above the pre-pandemic levels observed from 2012 to 2019 since the third quarter of 2023. The uptick is due to some firms aiming to control costs via supply chain optimization and consolidation, which includes putting excess or underutilized space up for sublease.



Source: Newmark Research, CoStar

Construction Pipeline Remains Well Below Peak, Despite Modest Uptick This Quarter

The construction pipeline has generally trended downward from the historical high of 7.4 MSF reported in the third quarter of 2022. By the end of the second quarter of 2025, the market reported 3.0 MSF under construction, slightly up from the 2.9 MSF reported last quarter as Bridge Point Doral begins work on buildings three and four. In the first half of 2025, the construction pipeline delivered a total of 2.1 MSF, offering additional high-quality options for expanding tenants and new entrants to the market. Another 1.3 MSF is expected to be delivered by year-end.



Source: Newmark Research, CoStar

Construction Shifted Away From Hialeah/Hialeah Gardens Submarket

The Hialeah/Hialeah Gardens submarket currently accounts for 17.8% of all construction under construction and is projected to add an additional 1.1 million sq ft of construction within the next year. Following the years of high construction activity in the Hialeah/Hialeah Gardens submarket, the majority of projects now underway are located in the greater west submarket. Although Hialeah/Hialeah Gardens accounted for the largest share of new supply, contributing 1.1 million sq ft of additional space over the past two years, only 107,000 sq ft remains under construction in the submarket as the market has increasingly shifted toward other areas.



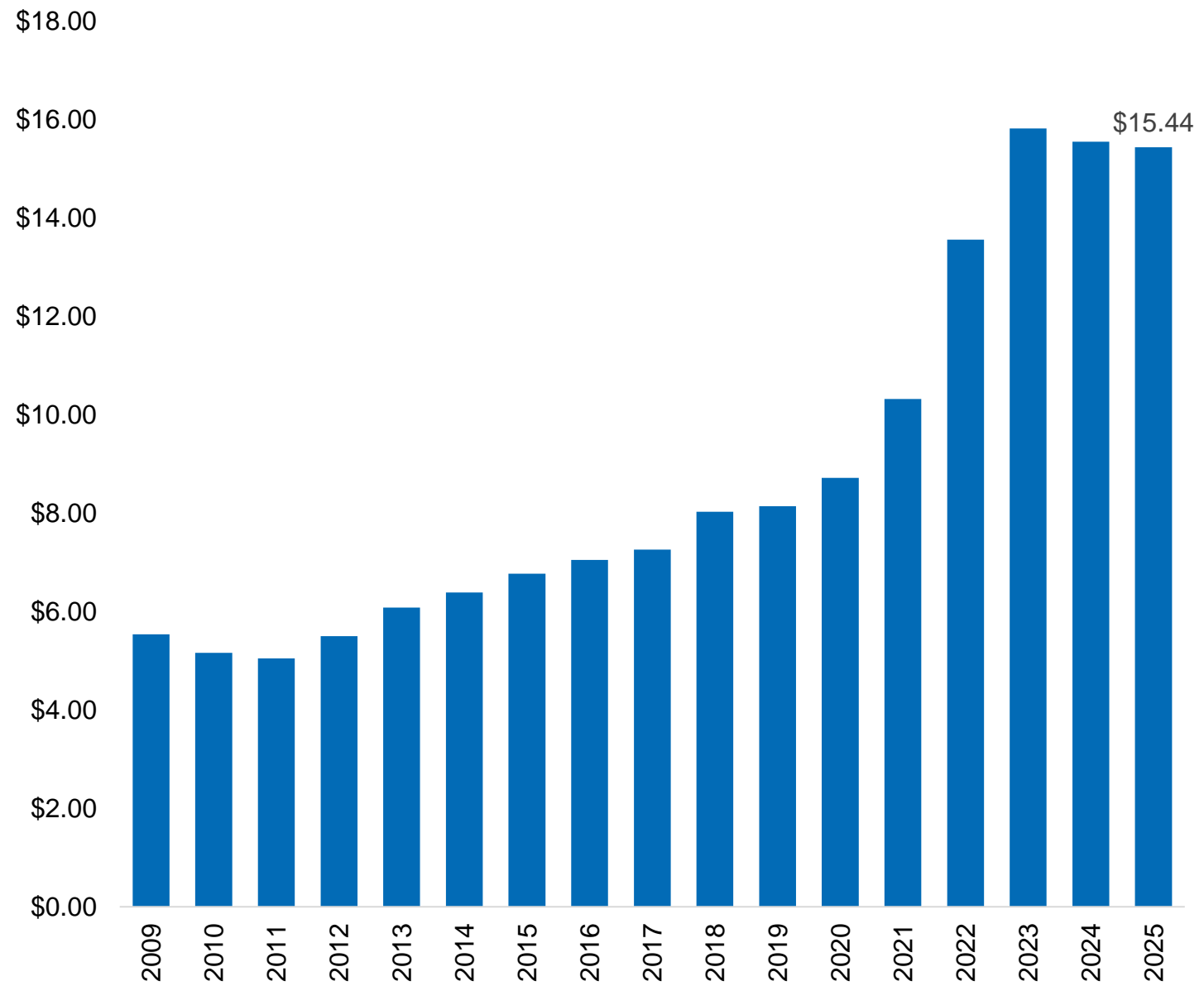
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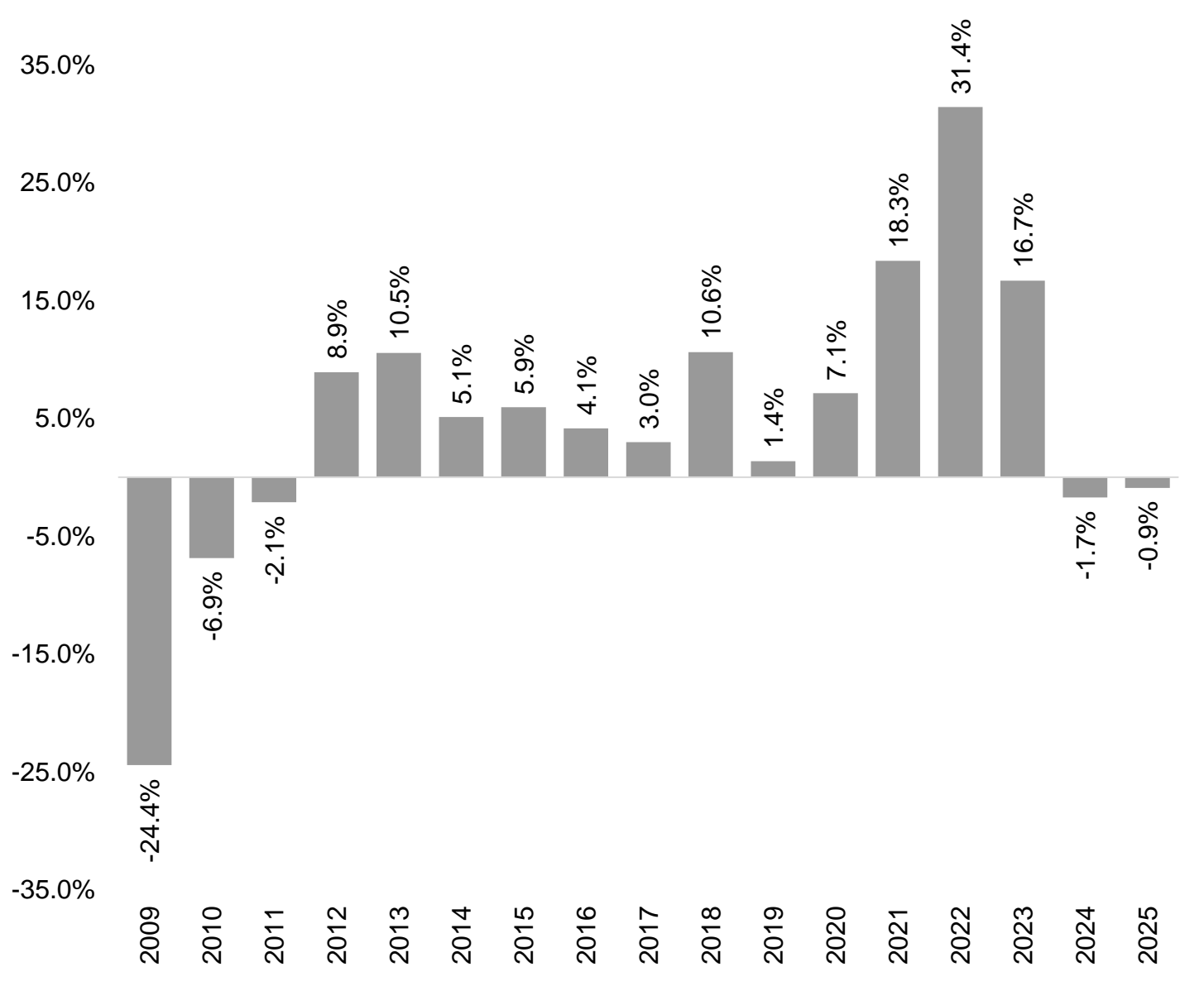
Asking Rents Continue Decreasing Amid Rising Supply

Industrial asking rents continued their downward trend, declining by 0.9% year over year to \$15.44/SF in the second quarter of 2025, despite increasing by 0.2% quarter over quarter. Asking rents remain 2.4% below the historical high of \$15.82/SF observed in the fourth quarter of 2023. Due to the influx of new supply and sluggish leasing activity, rent growth is expected to remain flat and slow further over the medium term as demand catches up to supply.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 2Q25 Lease Transactions

Leasing activity decreased by 48.4% quarter over quarter in the second quarter of 2025 to 2.1 MSF. Leases in Class A spaces accounted for 41.1% of total leasing activity so far in 2025. The pipeline in the second quarter of 2025 was 4.1% pre-leased. Most projects currently under construction are speculative developments, indicating that developers are still bullish on future tenant demand for new industrial space in the market.

Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Amazon <i>Amazon signed a new 10-year lease at 12805 NW 42nd Ave, a few blocks away from its MIA fulfillment center. This additional facility will specialize in the delivery of extra-large items.</i>	Prologis Gragny Industrial Park–Building 15	North Central Miami	New Lease	235,850
Walton & Post <i>Walton & Post specializes in food and personal care products distribution. The renewed space serves as the company's headquarters.</i>	Flagler Station–Building 37	Medley	Renewal	179,652
Miami Trading Zone <i>Miami Trading Zone is a wholesale distributor currently occupying 51,339 SF at 10805 NW 100 St. The company's new lease at Flagler more than triples their existing footprint.</i>	Flagler Station–Building 27	Medley	New Lease	161,968
Caterpillar <i>Caterpillar has occupied more than 60% of Eastview Commerce Center since 1999 and recently renewed its lease at this location.</i>	Eastview Commerce Center–Building 5	North Central Miami	Renewal	115,400
Sunsof, Inc. <i>Sunsof was founded in Miami and has been baking empanadas since 2003. In addition to renewing its existing space, the company expanded by 37,500 square feet, representing roughly 30% of the building.</i>	Centergate at Gratingy–Building A	Hialeah/ Hialeah Gardens	Renewal/Expansion	87,828

Source: Newmark Research

2Q25 South Florida Industrial Market Overview



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Industrial Submarket	Q	1,000,000	100,000
IT/Software	Q	1,000,000	100,000
Manufacturing (Non-Industrial)	Q	100,000	10,000
Manufacturing (Industrial)	Q	100,000	10,000
Manufacturing (Non-Industrial)	Q	100,000	10,000
Manufacturing (Industrial)	Q	100,000	10,000
Manufacturing (Non-Industrial)	Q	100,000	10,000
Manufacturing (Industrial)	Q	100,000	10,000

Miami-Dade County Industrial Submarket Overview



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Industrial Submarket	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Manufacturing	1,000,000	1,200,000	1,400,000	1,600,000	1,800,000	2,000,000	2,200,000	2,400,000	2,600,000	2,800,000
Warehouse	1,500,000	1,700,000	1,900,000	2,100,000	2,300,000	2,500,000	2,700,000	2,900,000	3,100,000	3,300,000
Other	500,000	600,000	700,000	800,000	900,000	1,000,000	1,100,000	1,200,000	1,300,000	1,400,000

Source: Newmark Research

Miami Industrial Market



- Miami benefits from strong international trade links through its airport and port. Miami International Airport is the 4th largest international airport in the country.
- The region boasts major highways, railroads, and ports and is known as a gateway to South American markets.



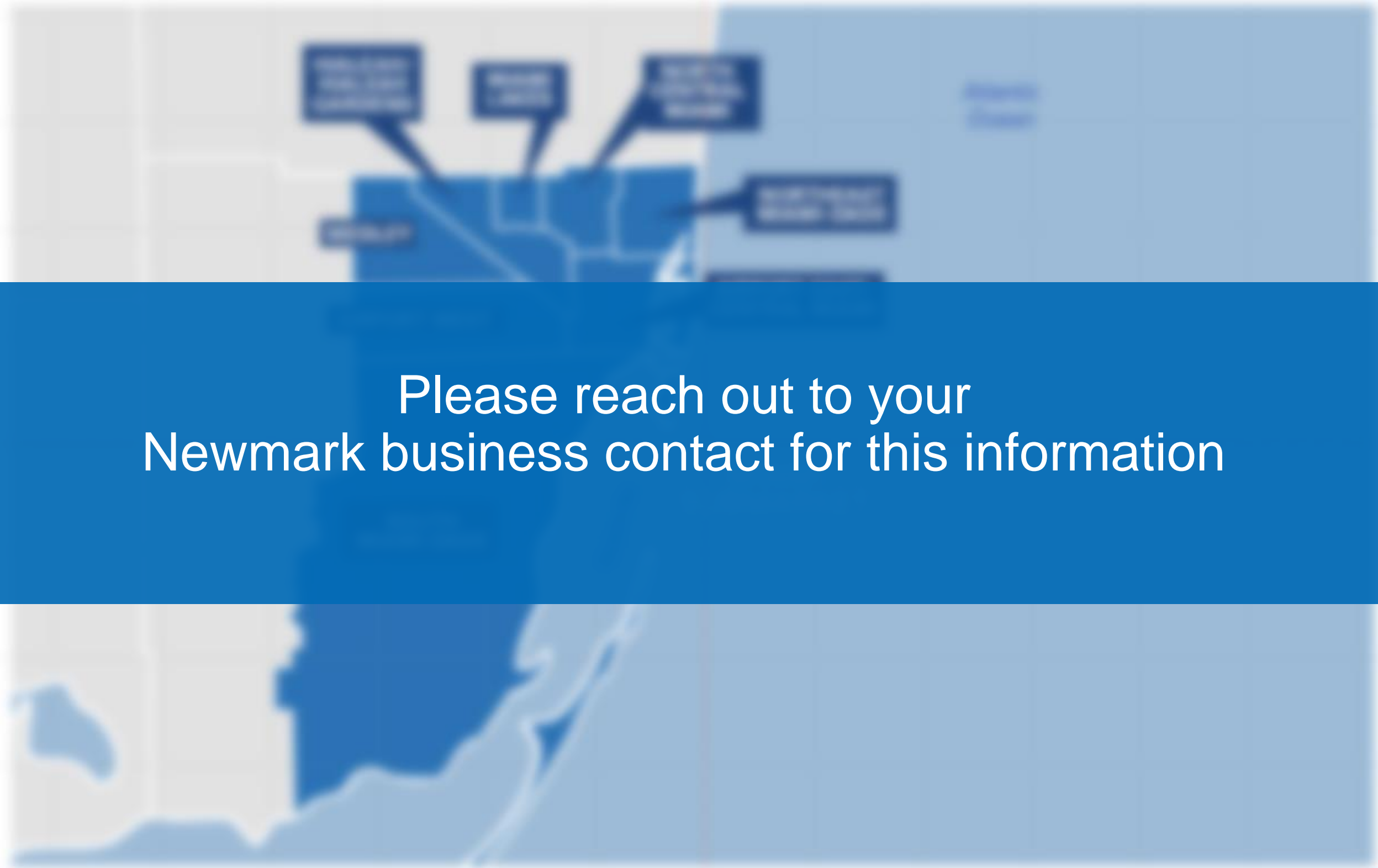
- Rising rental rates can be an obstacle for landlords in the short term.
- Trade/transportation/utilities sector accounts for almost 20% of the market's workforce and is susceptible to economic fluctuations.

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- Expansion of e-commerce offers significant opportunities for industrial space demand.
- Development pipeline remains active, with 6.2 MMF delivered in 2020 and reporting 1.2 MMF under construction in the second quarter of 2020.
- Increasing demand for sustainable and energy-efficient facilities, combined with large supply of Class A space, presents new business opportunities.
- Landlords are offering generous lease incentives to attract tenants.

- Potential economic downturns could reduce industrial space demand.
- Competitive markets like Atlanta may attract businesses away from Miami.
- Rising construction costs and tighter financial conditions create headwinds for landlords.
- Economic uncertainties and dependency on critical sectors for employment can lead to economic hardships.

Miami-Dade County Industrial Submarket Map



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