
4Q24

Miami-Dade County Industrial Market Overview

NEWMARK

Market Observations

Economy

- The market's unemployment rate increased from the all-time historical low at 1.6% in the first quarter of 2024 to 2.4%, reflecting an increase of 70 basis points year over year and remaining well below the five-year average of 4.1%
- Job growth pace has slowed compared with recent highs, with the year-over-year increase at 1.9%, returning to pre-pandemic levels seen in November 2019.
- All sectors, except financial activities and manufacturing reported employment growth, with mining and construction leading job gains at 10.4% over the past 12 months.
- Industrial-using jobs in the market experienced mixed results, with manufacturing, trade/transportation/utilities, and mining and construction jobs growth at -6.1%, 0.8% and 10.4% year over year, respectively.

Major Transactions

- Geodis signed the largest new lease of the fourth quarter of 2024, taking 246,647 SF of space at Northwest Dade Logistics Center II – Bldg 1 in the Hialeah/Hialeah Gardens Submarket.
- Nine of the top ten deals in the fourth quarter were new leases, whereas six of the top ten deals in the prior quarter were renewals.
- Five of the top ten largest leases in the fourth quarter were in the Airport West submarket, three were in the Hialeah/Hialeah Gardens submarket, one was in the Medley submarket, and one was in the Northeast Dade submarket.

Leasing Market Fundamentals

- The market realized 244,965 SF of negative absorption in the fourth quarter of 2024. Muted leasing activity as well as delayed buildout times for new tenants are primarily attributed to the temporary pause in positive absorption.
- Overall rental rates declined by 1.1% quarter over quarter and by 2.3% year over year from the historic high to \$15.40/SF.
- Construction deliveries totaled 407,020 SF in the fourth quarter of 2024 with 3.9 MSF of ongoing and newly-started projects under construction.
- Supply continued to outpace demand through the fourth quarter of 2024 and, as a result, vacancy has climbed to 4.9%, reflecting an increase of 30 basis points quarter over quarter. Of the space under construction, 10.2% is currently preleased, which indicates that the market is still bullish on speculative construction.

Outlook

- The Miami industrial market will see a steady influx of new supply continue to deliver to the market in the near term, due to 1.7% of the current market's inventory being under construction. Approximately 3.1 MSF is expected to deliver in the first half of 2025.
- Vacancy rates are expected to remain low relative to many other U.S. metro areas, but tick upwards over the next few quarters as new supply from a robust construction pipeline continues to hit the market during a temporary period of muted demand.
- Asking rents will likely remain elevated as new deliveries demand higher premiums, but the pace of increases may stall in the near to medium term due to the temporary supply and demand imbalance and increased competition between landlords trying to lure tenants. As a result, concessions are expected to rise in lieu of rental increases for the near term.

1. Economy
2. Leasing Market Fundamentals

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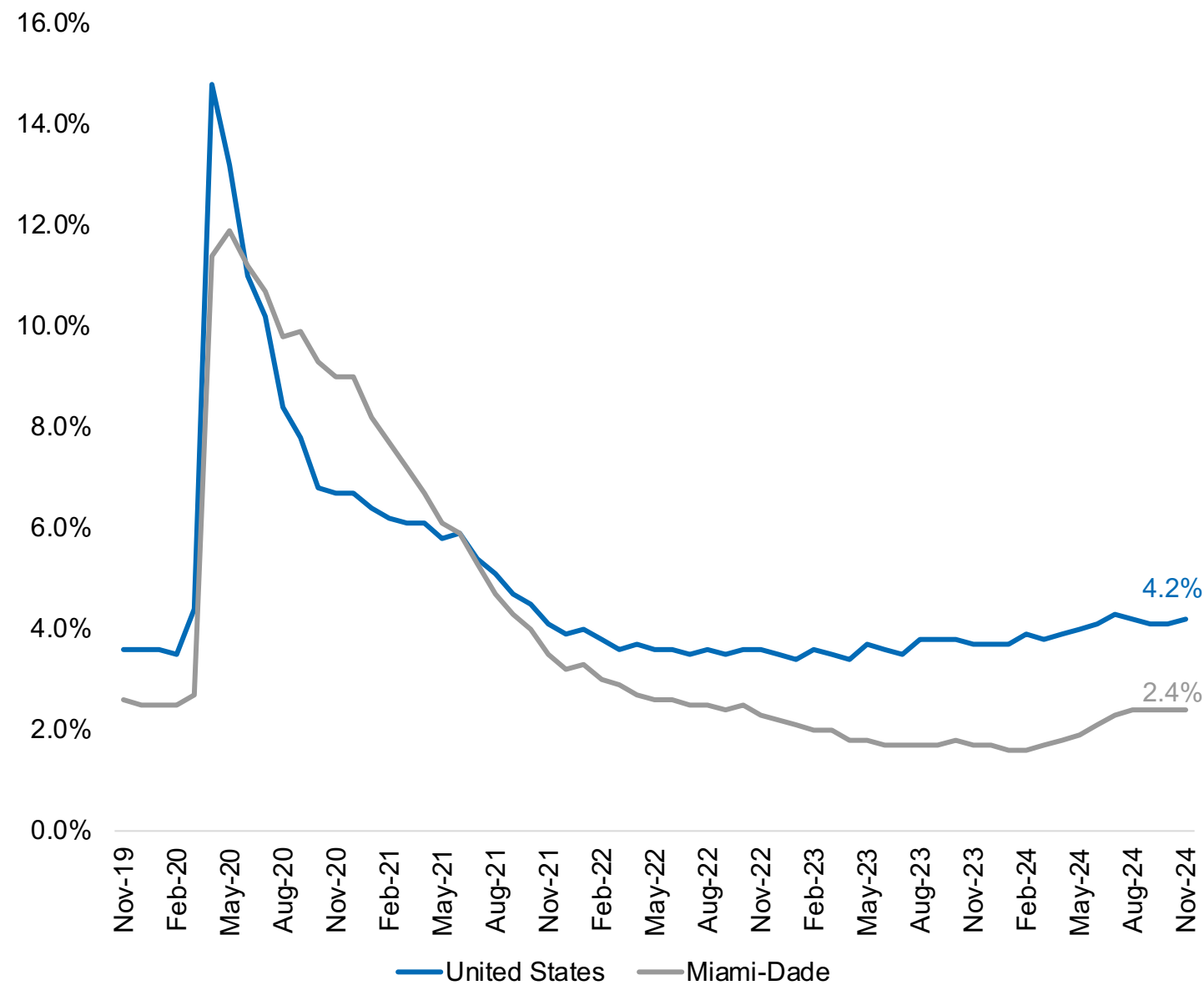
Economy



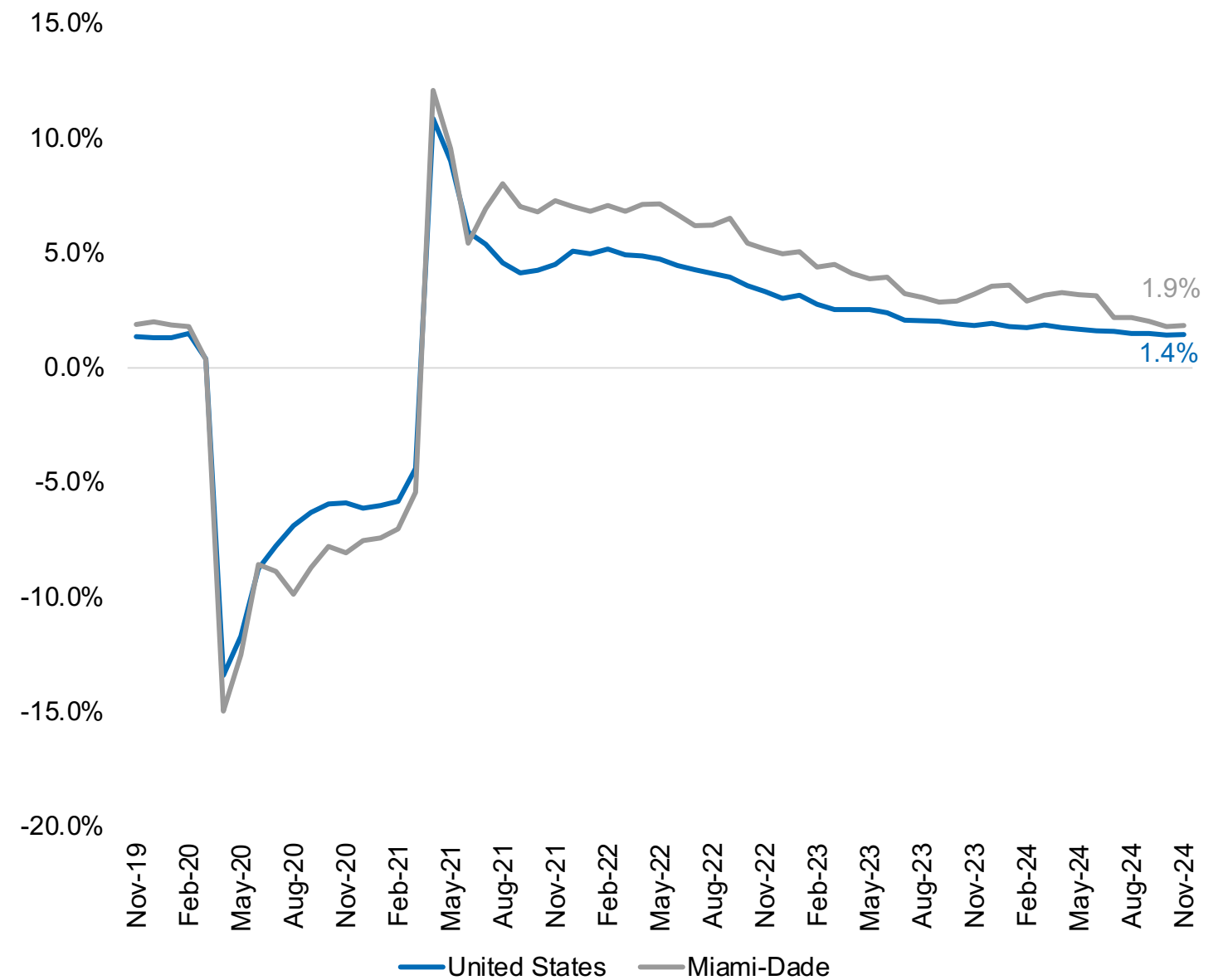
Unemployment Plateaus After Rising From Historical Low

The Miami-Dade County market 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 70 basis points year over year to 2.4%, trending up from the historical low of 1.6% set in January 2024, but remaining well below the 5-year average of 4.1%. Employment growth has fallen to pre-2020 levels, slowing by 135 basis points year over year, likely impacted by national economic headwinds.

Unemployment Rate, Seasonally Adjusted



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

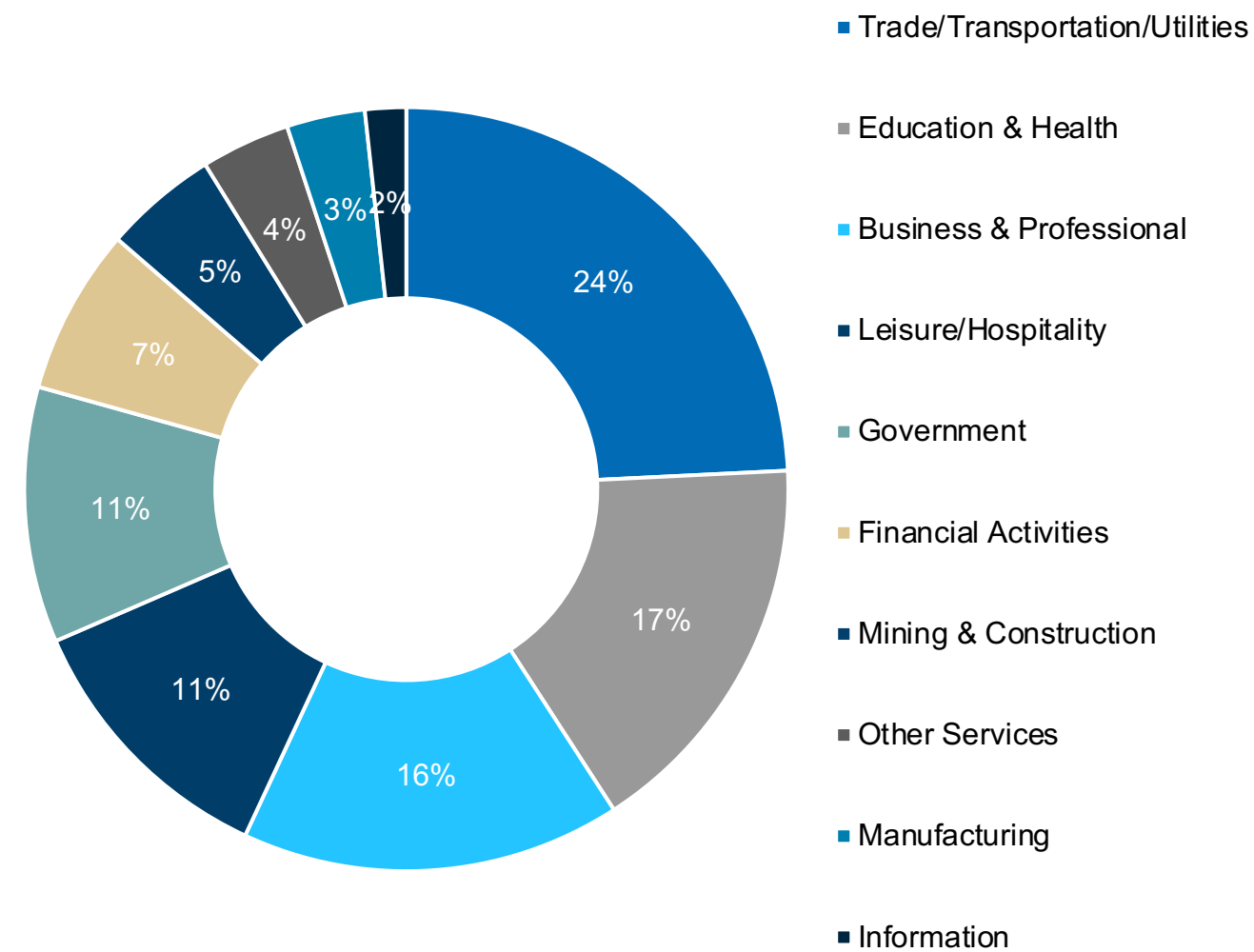


Source: U.S. Bureau of Labor Statistics, Miami-Dade County

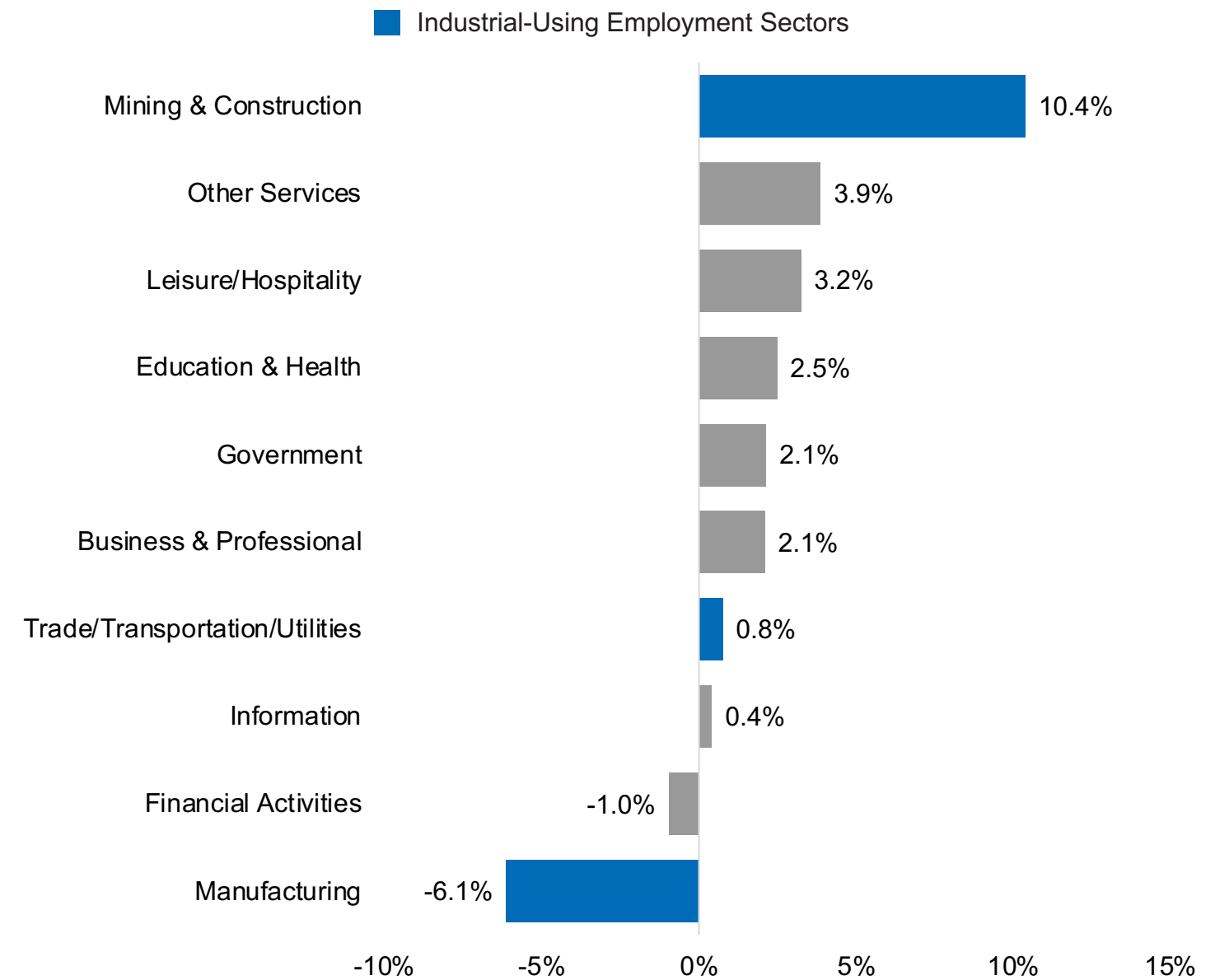
Mining & Construction Leads All Sectors With Highest Yearly Growth

The Miami-Dade County's top two employment industries account for 40.9% of market share. The industrial-using employment's trade/transportation/utilities sector is the largest industry sector in the metroplex at 24.2%. Most industries in the metroplex reported growth while only one industrial-using industry, the manufacturing sector, reported contraction by 6.1%. Industrial-using industries reported year-over-year growth ranging from -6.1% to 10.4%. The mining and construction sector continued to outperform all other sectors with 10.8% year-over-year growth.

Employment by Industry, November 2024



Employment Growth by Industry, 12-Month % Change, November 2024

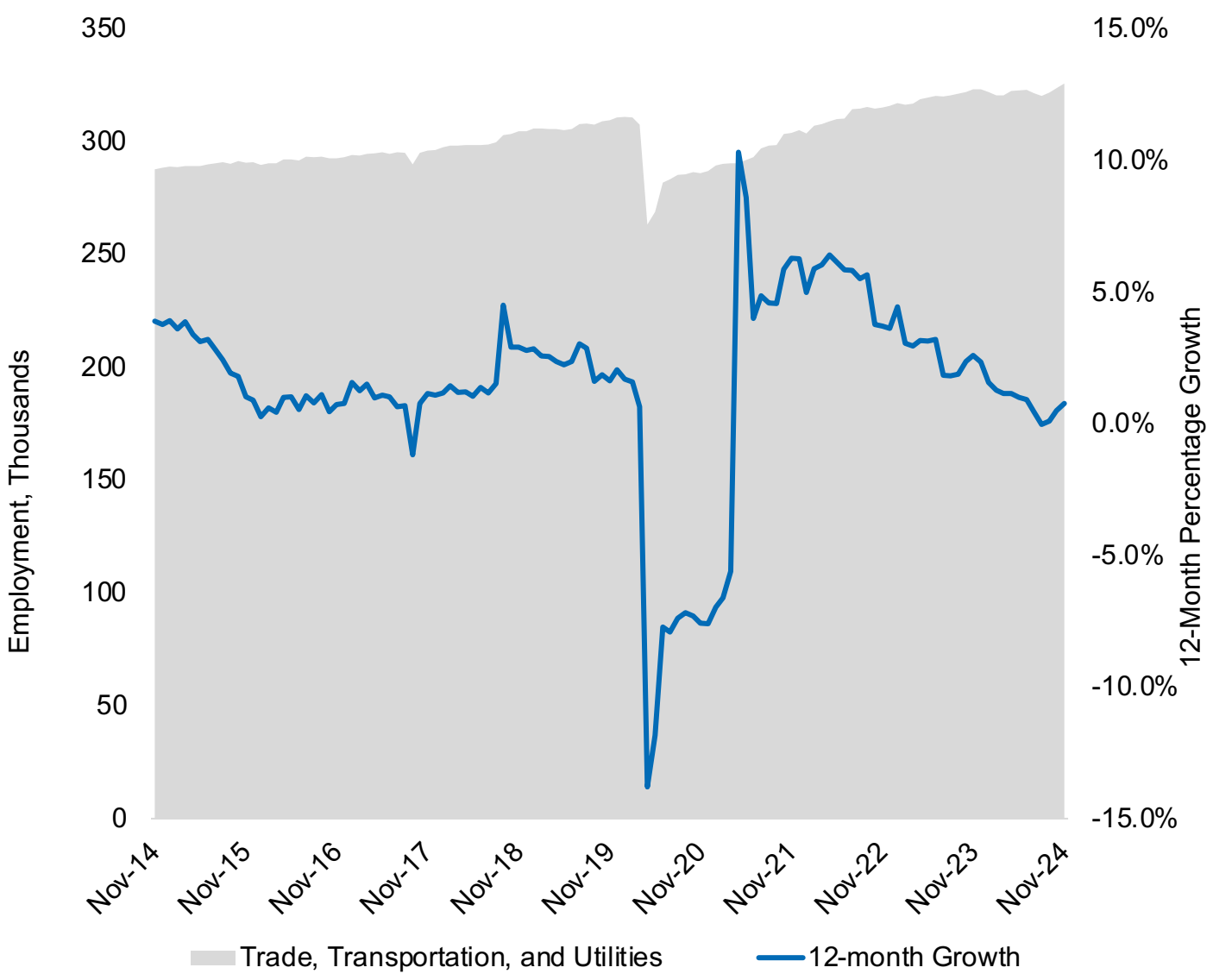


Source: U.S. Bureau of Labor Statistics, Miami-Dade County

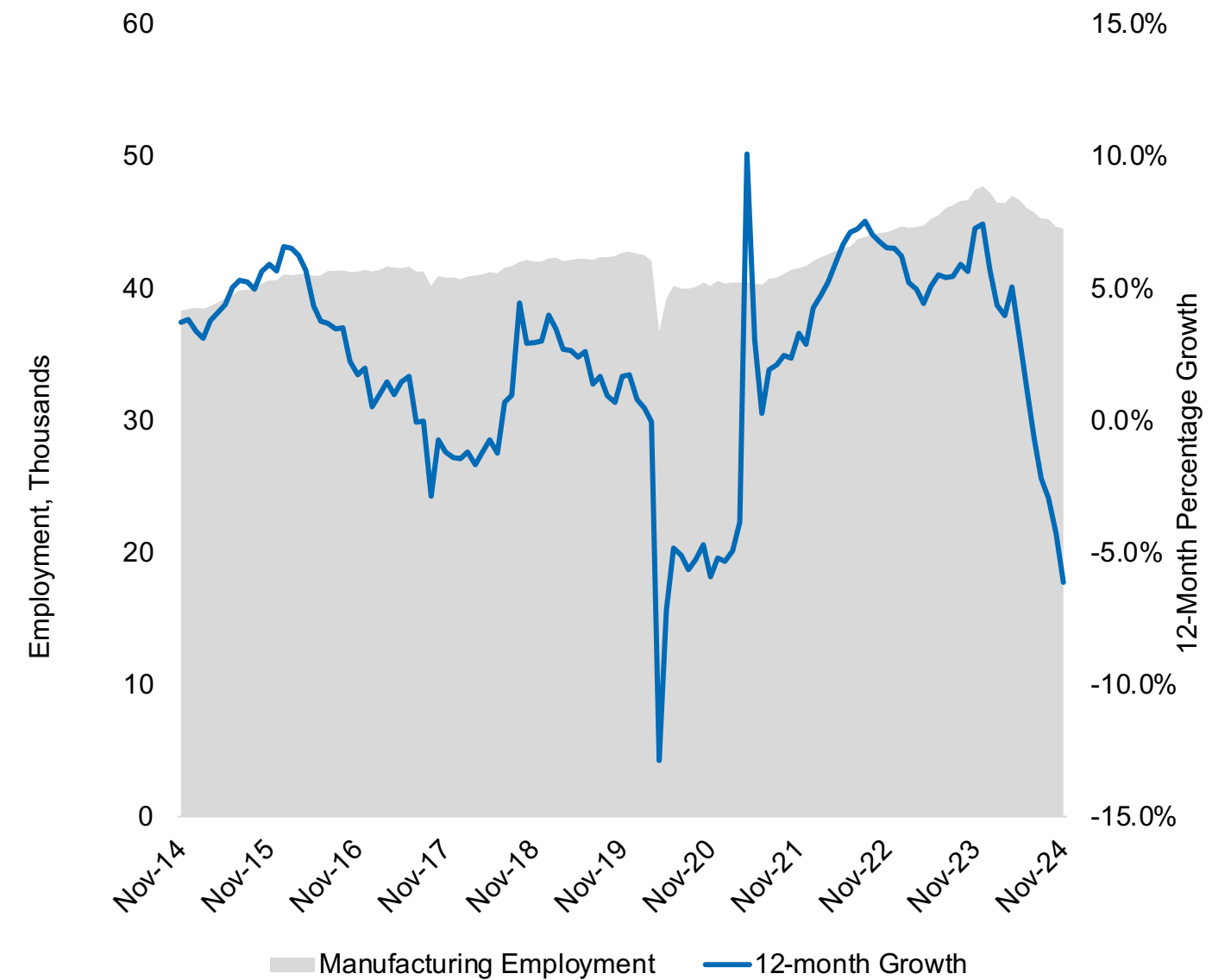
Trade, Transportation, and Utilities Jobs Growth Improves; Manufacturing Declines

Trade/transportation/utilities employment hit a new all-time high, reporting 325,530 employees as of the end of November 2024. Manufacturing employment fell to 44,545 employees as of the end of November 2024, marking a 6.7% decrease from the all-time high set in December 2023 and a 6.1% decrease compared to the previous year. Industrial-using employment growth in the manufacturing sector has declined sharply in recent months while gains are instead being made in other sectors.

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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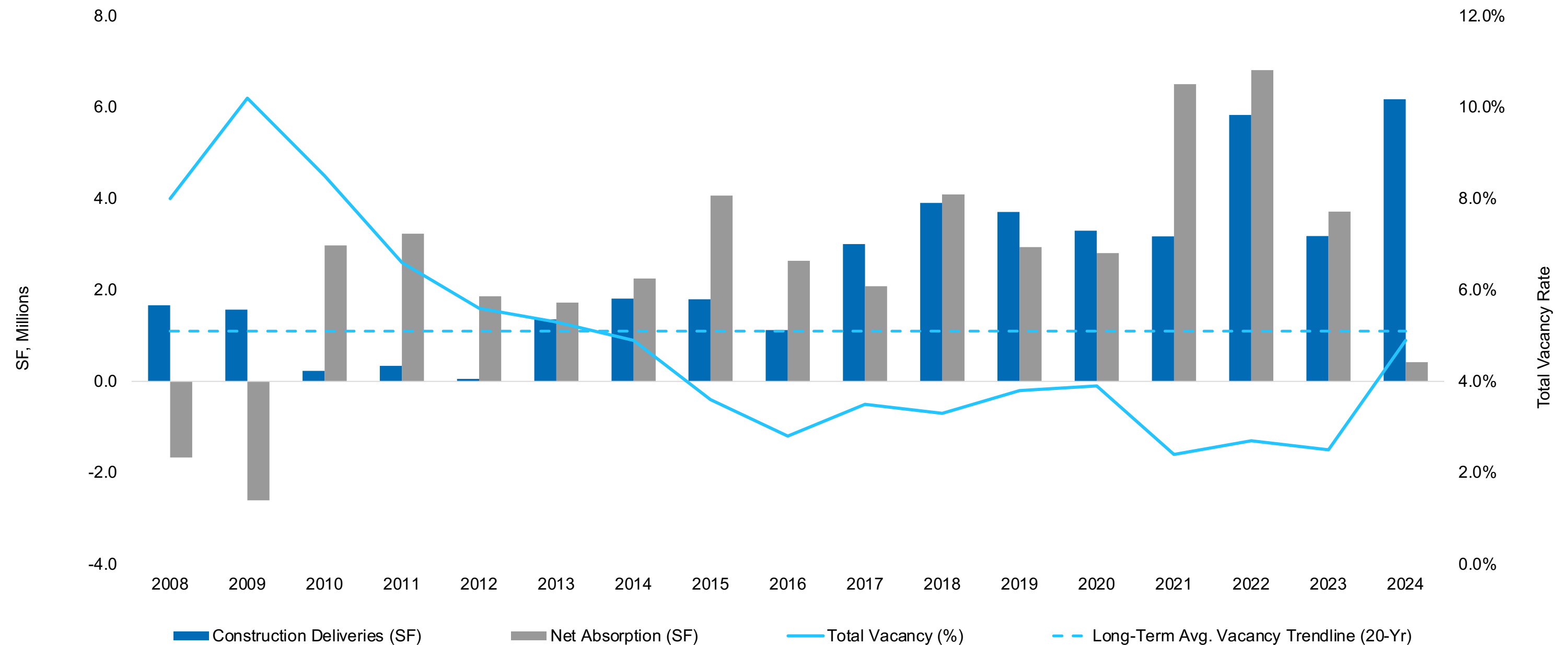
Leasing Market Fundamentals



Record Levels of New Supply Continue to Outpace Demand

The Miami industrial vacancy increased by 240 basis points year over year to 4.9% in the fourth quarter of 2024, with quarterly supply of 407,020 SF outstripping demand of negative 244,965 SF. Yearly deliveries from 2021 through 2023 were well below the market's total net absorption which have contributed to the sustained low vacancy leading up to 2024. New supply in 2024 greatly exceeded the positive demand, but the lack of preleasing for new product has driven up vacancy as a result. Several sizeable move-ins are expected to take place in the first half of 2025, but a normalization of supply and demand will likely take another 12 to 18 months longer to achieve as demand catches up.

Historical Construction Deliveries, Net Absorption, and Vacancy

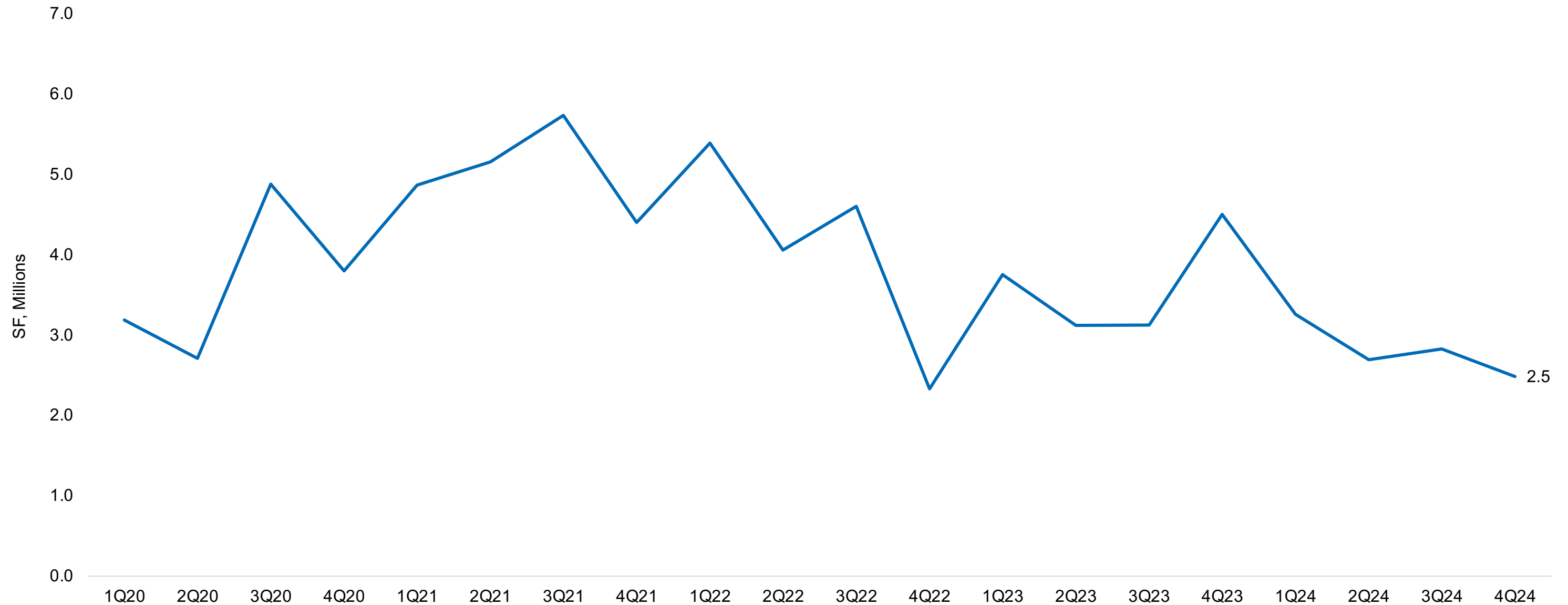


Source: Newmark Research, CoStar

Industrial Leasing Activity Remains Muted

In the fourth quarter of 2024, leasing activity declined from the recent high of 4.5 MSF reported in the fourth quarter of 2023, ending the quarter at 2.5 MSF. Slowing leasing activity likely results from national economic headwinds and shifting demand in some employment sectors, which ultimately led to the second consecutive quarter of negative absorption since 2010.

Total Leasing Activity (SF)

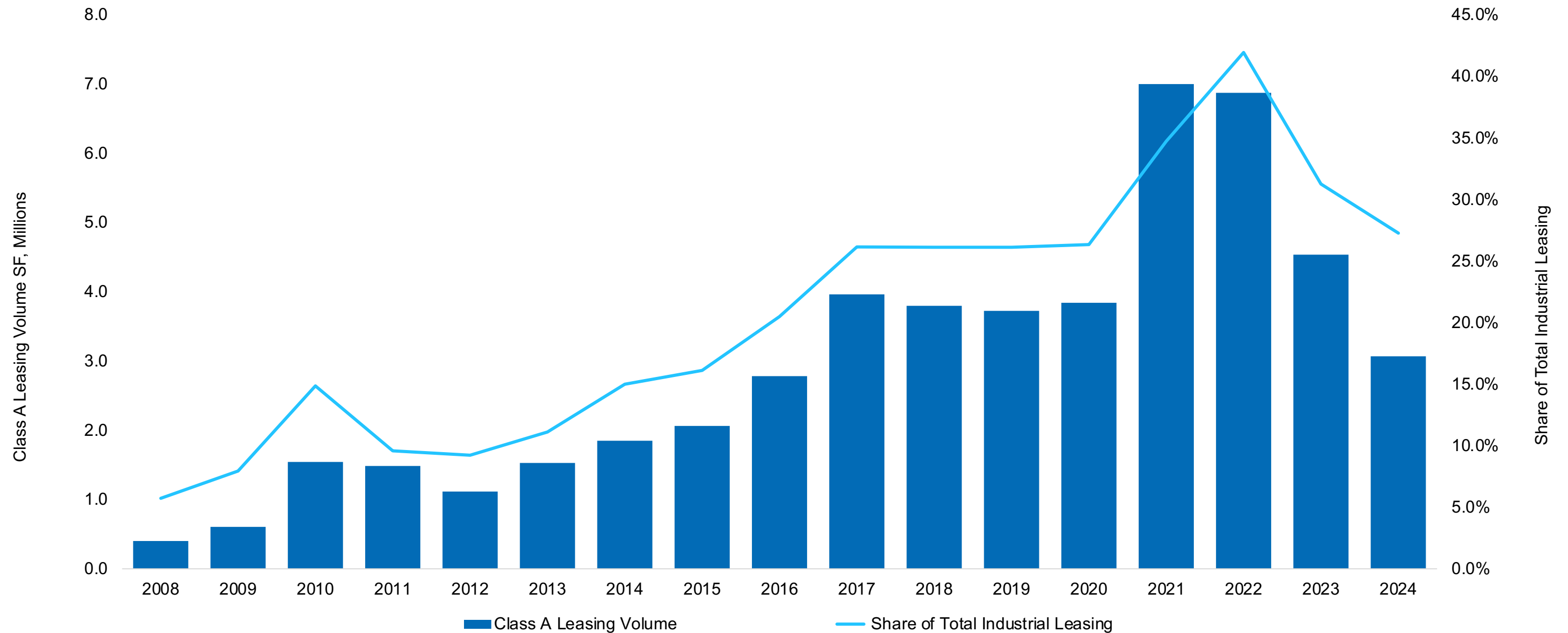


Source: Newmark Research, CoStar

Class A Warehouse Leasing Activity Declines

Class A warehouse space leasing activity has decreased from historic highs reported in 2021 and 2022. Class A warehouse leasing represented 27.3% of overall leasing activity in 2024, down slightly from the 31.3% average reported in 2023, but well above the pre-pandemic annual average of 15.7% from 2008 to 2019. The influx of high-quality deliveries that hit the market post-pandemic allowed class A leasing activity by square footage to increase substantially during this period. For now, this trend seems to have returned to just above pre-2020 levels.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

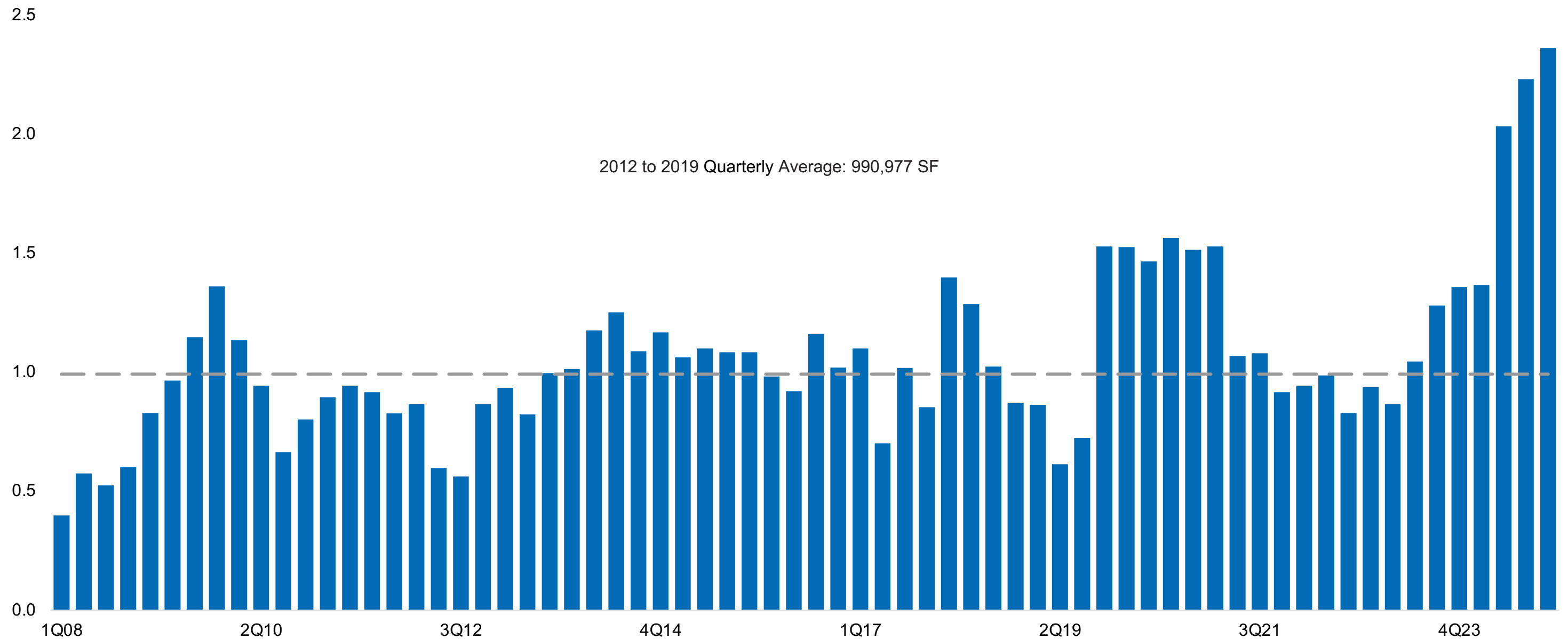


Source: Newmark Research, CoStar

Industrial Sublease Availabilities Jump to Record High

Sublease availability spiked to 2.4 MSF in the fourth quarter of 2024, a 74.0% increase year over year, and the highest level seen in recent years. Some firms are aiming to control costs via supply chain optimization and consolidation, which includes putting excess or underutilized space up for sublease. Conversely, some firms, such as Imperial Dade Co., have relocated and expanded into larger, higher-quality spaces and have consequently listed their former space for sublease.

Available Industrial Sublease Volume (msf)

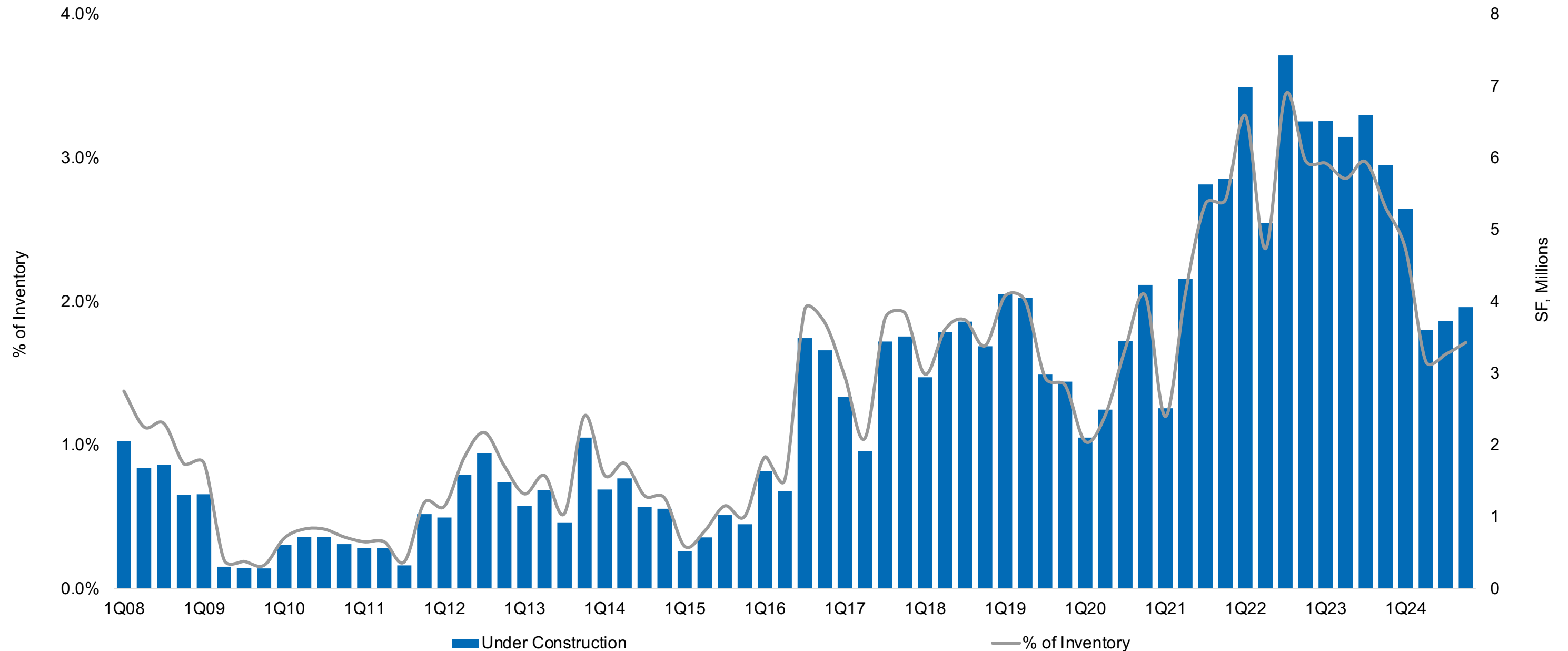


Source: Newmark Research, CoStar

Construction Pipeline Rises With New Projects Breaking Ground

The construction pipeline has fallen from a historical high of 7.4 MSF reported in the third quarter of 2022. As of the end of the fourth quarter of 2024, the market reported 3.9 MSF under construction, a second consecutive quarterly increase. The construction pipeline delivered a total of 6.2 MSF in 2024, providing additional high-quality space options for expanding tenants and new companies moving to the market.

Industrial Under Construction and % of Inventory

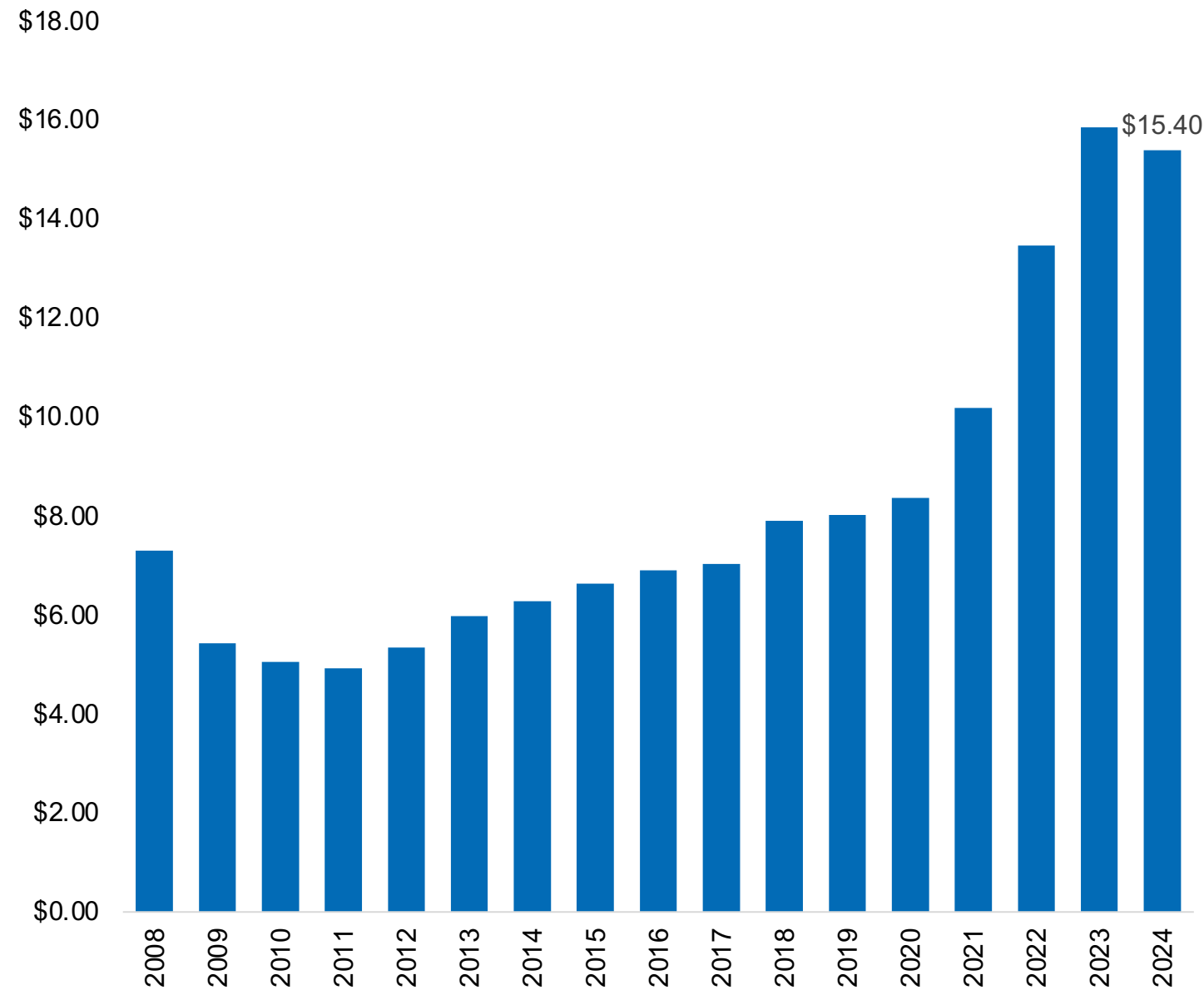


Source: Newmark Research, CoStar

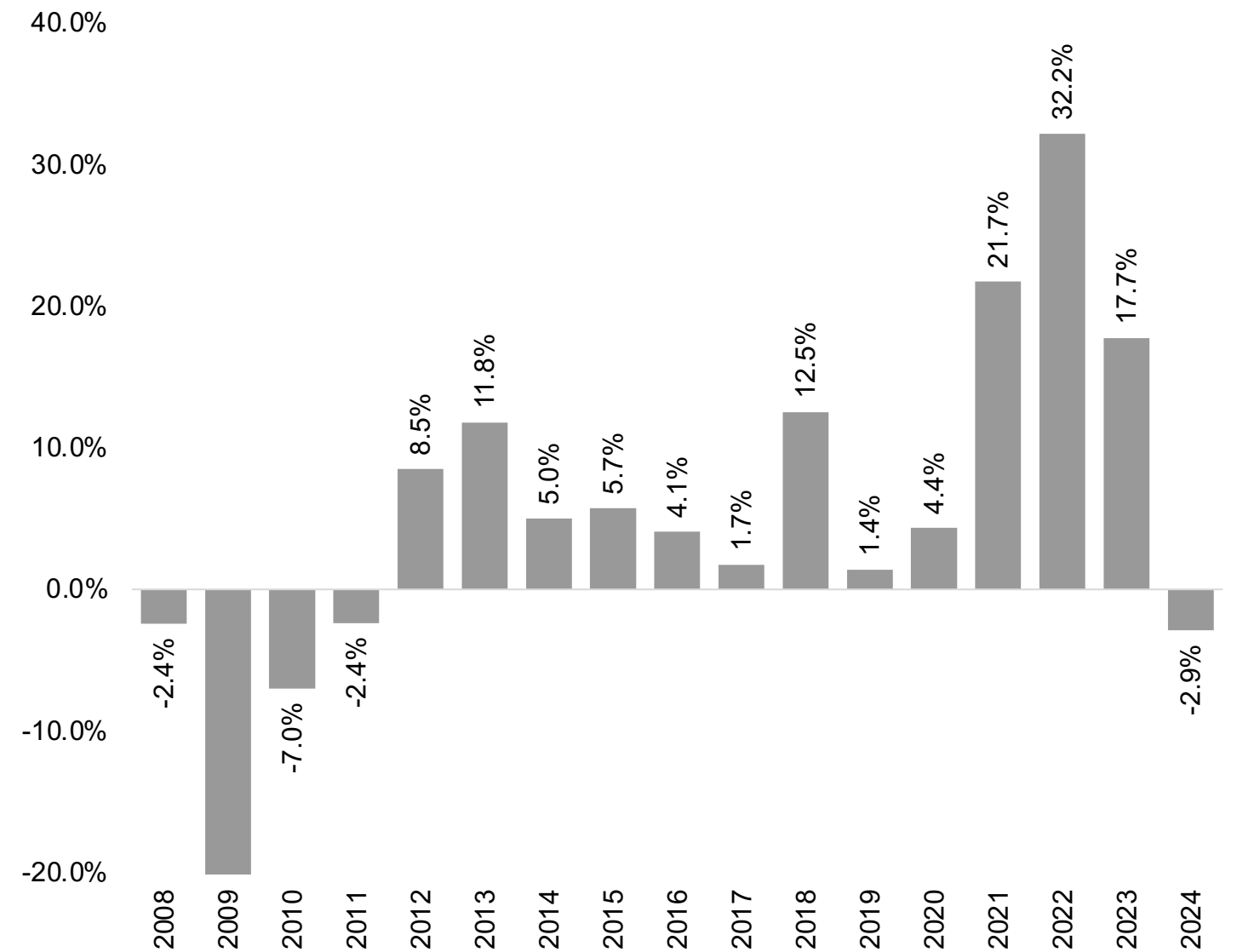
Asking Rents Ease Slightly From Historical High; Down Slightly Over Quarter

Industrial asking rents reached \$15.40/SF in the fourth quarter of 2024, decreasing 2.9% year over year from the historical high. Rent growth is expected to continue to slow in the medium term, and the pace of increases will likely remain flat for the short term due to a historic wave of new supply entering the market alongside muted leasing activity, as demand catches up.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 4Q24 Lease Transactions

Leasing activity declined by 12.1% quarter over quarter in the fourth quarter of 2024 to 2.5 MSF. Leases in Class A spaces accounted for 27.3% of total leasing activity for 2024. Projects currently under construction in the fourth quarter of 2024 are 10.2% pre-leased, an improvement from the third quarter at 3.6%. This change in preleasing figures can be attributed in part to the delivery of new inventory without any preleasing activity.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Geodis <i>The largest deal of the fourth quarter was signed by Geodis, a worldwide transport and logistics leader that focuses on transport services, freight solutions, and warehousing.</i>	Northwest Dade Logistics Center II – Bldg 1	Hialeah/Hialeah Gardens	New Lease	246,647
SteelCorp USA <i>SteelCorp USA is an extension of SteelCorp Brazil, which specializes in industrial construction with light steel frames. The company plans to continue expanding into the U.S. market.</i>	Flagler Station – Building 33	Medley	New Lease	164,080
DP World Logistics USA, Inc. <i>DP World offers specialized warehousing services for automotive customers, featuring secure storage, inventory management, and distribution.</i>	GLP Air Logistics Center – Bldg 3	Airport West	New Lease	107,939
Cooper & Hunter <i>Cooper & Hunter manufactures and distributes a wide range of HVAC equipment and products, primarily focusing on ductless mini-split air conditioning systems known for their energy efficiency.</i>	Midpoint Logistics	Hialeah/Hialeah Gardens	New Lease	95,356
Datatech <i>Datatech provides software solutions for growers, labor contractors, shippers, brokers, packers, and agricultural payroll services.</i>	Prologis Beacon Lakes – Bldg 25	Airport West	New Lease	83,956



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