

Miami-Dade County Industrial Market Report

2011

The Official CIASF Annual Report on Industrial Market Conditions



Summary

- **Industrial and warehouse users are moving from eastern to western Miami-Dade.** This movement is due to better quality (newer) properties available at the same rates as older properties. These institutional grade industrial properties are in demand as the Miami-Dade market has the benefits of the Port of Miami, Miami International Airport and major expressway systems.
- **Companies with vision for the future are securing longer term leases at the current favorable low rates.**
- **Miami is a worldwide (not just Latin American) trading hub with a majority of all US imported perishables passing through the Seaport and Airport.** The completion of the railroad connection between the Port of Miami and Flagler Logistics Park on the west side of the Airport will further enhance Miami-Dade as a cargo destination.
- **Financing is still a major issue for purchases and most are being done by owner/users acquiring Small Business Administration financing.** In addition, commercial foreclosures, short sales, and mortgage note sales are occurring, but are not getting as much media attention as residential transactions.

2011 CIASF Annual Industrial Market Report Committee

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Andrew M. Dixon, --- Dixon Commercial Real Estate, Inc.
Edward P. Lyden, --- Flagler Real Estate Services, LLC.

The CIASF would like to thank the following CIASF members and others for their contribution to this project.

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Ed Redlich ComReal Miami	Ray Mauri Port of Miami	Al Heltman America's Property Management

Purpose of The Commercial Industrial Association of South Florida

The Commercial Industrial Association of South Florida (CIASF) was founded as the Industrial Association of Dade County (IADC) in 1980 as an organization of business leaders involved in the development, design, construction, sales, and leasing of industrial warehouses and commercial real estate in South Florida. For information call Gail Ackermann, Executive Director, at:

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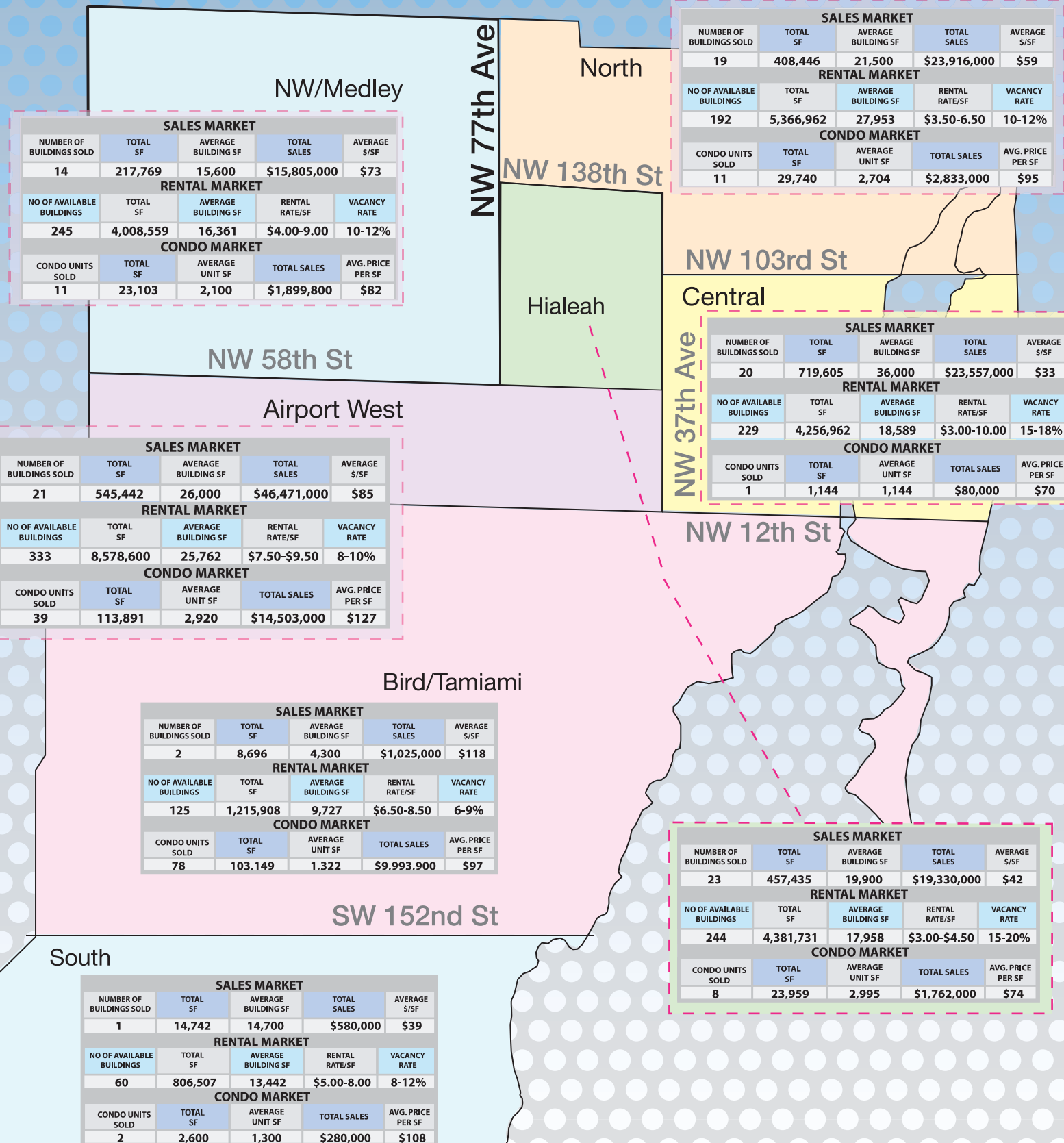
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	* Deceased

Map Of Regions



2011 Market Trends

	2010	2009	2008	2007	2006
Supply of Industrial Space in SF					
North		30,766,000	30,760,000	30,760,000	30,601,000
NW/Medley		30,593,000	29,564,000	29,488,000	28,656,000
Hialeah		23,154,000	23,005,000	22,937,000	22,878,000
Central		22,754,000	22,747,000	22,747,000	22,747,000
Airport West		50,846,000	50,734,000	50,678,000	50,181,000
Bird/Tamiami		8,952,000	8,877,000	8,811,000	8,397,000
South		6,920,000	6,872,000	6,872,000	6,773,000
Totals		173,985,000	172,559,000	172,293,000	170,233,000

Based on information from the Miami-Dade County Property Appraiser's Office, the supply and distribution of industrial space was tabulated in square feet for each region for the years 2006, 2007, 2008, 2009.

Annual Increase in Industrial Space in SF

North	6,000	0	159,000	502,000
NW/Medley	1,029,000	76,000	832,000	599,000
Hialeah	149,000	68,000	59,000	103,000
Central	7,000	0	0	75,000
Airport West	112,000	56,000	497,000	506,000
Bird/Tamiami	75,000	66,000	414,000	297,000
South	48,000	0	99,000	92,000
Totals	1,426,000	266,000	2,060,000	2,174,000

Based on information from the Miami-Dade County Property Appraiser's Office, annual increase of industrial space was tabulated in square feet for each region for the years 2006, 2007, 2008, 2009.

Industrial Employment as of November

Manufacturing	35,000	40,800	45,300	46,800	46,900
Trucking & Warehousing	57,100	59,500	61,500	61,200	61,300
Wholesale Trading	69,800	74,700	75,800	77,100	74,300
Totals	161,900	175,000	182,600	185,100	182,500

Source: Florida Department of Labor Current Employment Statistics Program. www.labormarketinfo.com

Total Freight

Miami Int'l Airport(tons)	1,997,000	1,627,000	2,028,000	2,038,000	1,662,000
Port of Miami(tons)	7,389,000	6,788,000	7,392,000	7,835,131	8,654,000
TEUs	847,250	807,000	833,000	890,355	976,514

* projections based on most current data

Market Activity

Warehouse Market Sales Transaction History

Year	No. of Sales	Total SF	Average Building SF	Total Sales	Average \$/SF
2010	100	2,372,093	23,721	\$130,684,800	\$55
2009	74	1,571,290	21,233	\$108,328,400	\$69
2008	74	3,408,050	46,054	\$243,147,000	\$71
2007	144	5,711,900	39,666	\$485,599,800	\$85

INDUSTRIAL SALES OVER 10,000 SF THROUGH NOVEMBER 1, 2010

	NUMBER OF SALES	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF	AVERAGE YR. BUILT
North	19	408,446	21,497	\$23,916,000	\$59	1978
NW	14	217,769	15,555	\$15,805,000	\$73	1988
Hialeah	23	457,435	19,888	\$19,330,000	\$42	1968
Central	20	719,605	35,980	\$23,557,000	\$33	1960
Airport	21	545,442	25,973	\$46,471,000	\$85	1984
Bird/Tam	2	8,696	4,348	\$1,025,000	\$118	1969
South	1	14,700	14,700	\$580,000	\$39	1988
Total	100	2,372,093	23,721	\$130,684,000	\$55	

Condo Market Sales Transaction History

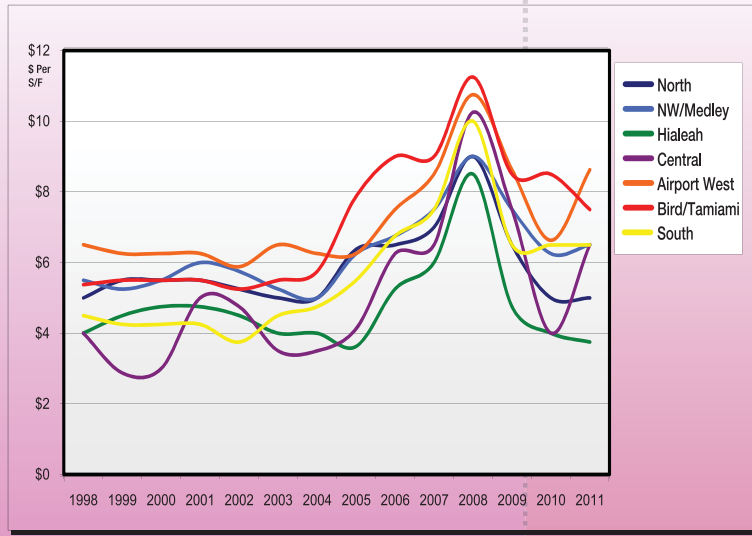
Year	No. of Sales	SF	Avg SF	Total Sales	Price/SF
2010	150	297,600	1,980	\$31,352,000	\$105
2009	165	411,021	2,490	\$50,382,200	\$122
2008	187	467,410	2,500	\$67,765,100	\$144
2007	349	726,193	2,080	\$107,900,500	\$149

INDUSTRIAL CONDOMINIUM SALES THROUGH NOVEMBER 1, 2010

	NUMBER OF SALES	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVERAGE \$/SF	AVERAGE YR. BUILT
North	11	29,740	2,704	\$2,833,000	\$95	1990
NW	11	23,103	2,100	\$1,899,800	\$82	1984
Hialeah	8	23,959	2,995	\$1,762,000	\$74	1985
Central	1	1,144	1,144	\$80,000	\$70	1987
Airport	39	113,891	2,920	\$14,503,310	\$127	1988
Bird/Tam	78	103,149	1,322	\$9,994,000	\$97	1995
South	2	2,600	1,300	\$280,000	\$108	2005
Total	150	297,586	1,984	\$31,352,110	\$105	

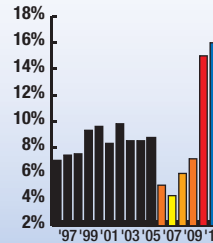
Chart Data

Rental Rates Per SF by Region

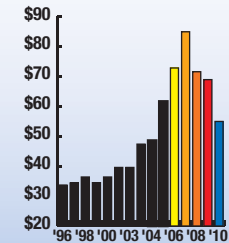


Miami-Dade County Trends

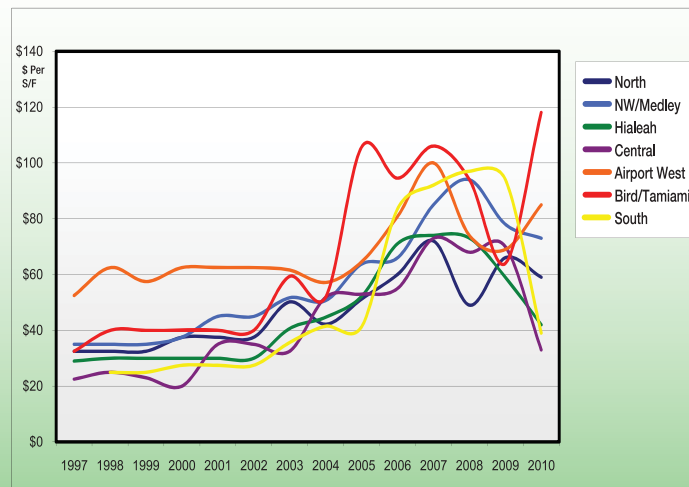
Average Vacancy Rate (%)



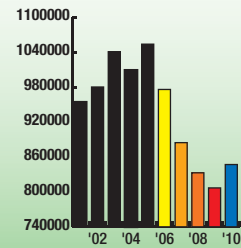
Average Sales Prices \$/SF



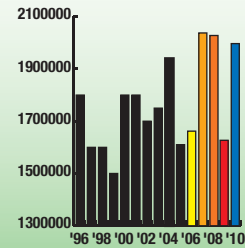
Sales Prices Per SF by Region



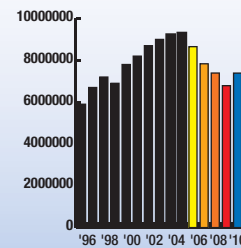
Port of Miami Total Freight(TEU's)



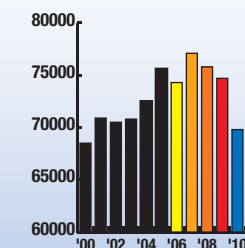
Miami Int. Airport Total Freight(Tons)



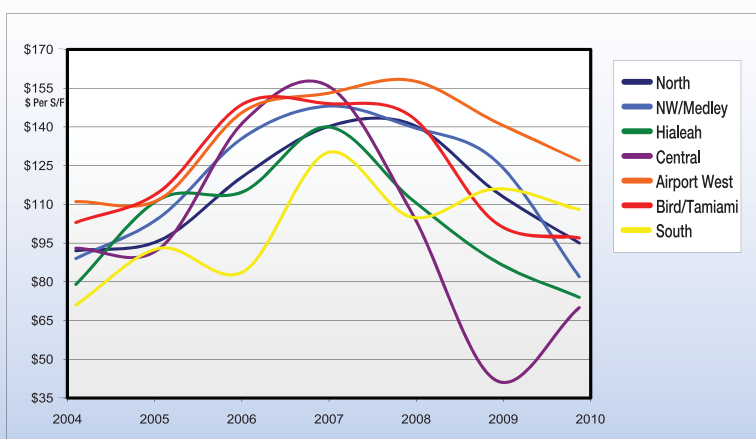
Port of Miami Total Freight(Tons)



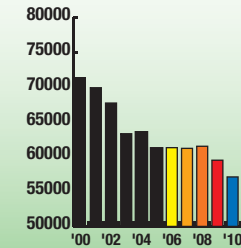
Wholesale Trading Employment



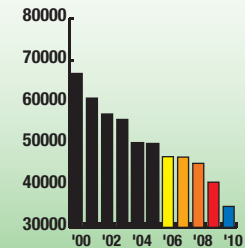
Condo Sales Prices Per SF by Region



Trucking & Warehousing Employment



Manufacturing Employment



Regional Data

Airport West

NW 58th Street to NW 12th Street, between NW 37th Avenue and Miami-Dade/Collier County line.

SALES MARKET					
	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	21	545,442	26,000	\$46,471,000	\$85
2009	15	414,388	27,600	\$28,549,000	\$69
2008	16	1,115,803	69,700	\$82,584,543	\$74

RENTAL MARKET					
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	333	8,578,600	25,762	\$7.50-\$9.50	8-10%
2010	143	5,493,701	38,400	\$6.00-\$7.50	9-11%
2009	144	5,319,153	36,900	\$7.50-\$9.75	9-9%
2008	133	3,366,075	25,300	\$10.75	7%

CONDO MARKET					
	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	39	113,891	2,920	\$14,503,000	\$127
2009	51	188,891	3,704	\$26,777,100	\$142
2008	40	179,996	4,500	\$28,468,900	\$158
2007	72	290,832	4,039	\$44,629,300	\$153

Central

NW 103rd Street to NW 12th Street, between NW 37th Avenue and Miami Beach.

SALES MARKET					
	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	20	719,605	36,000	\$23,557,000	\$33
2009	22	169,254	7,700	\$11,807,000	\$70
2008	14	296,889	21,200	\$20,180,000	\$68

RENTAL MARKET					
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	229	4,256,962	18,589	\$3.00-10.00	15-18%
2010	96	3,438,899	35,800	\$3.00-5.00	14-16%
2009	54	1,021,631	18,900	\$6.50-8.50	9-11%
2008	62	1,569,057	25,300	\$10.25	7%

CONDO MARKET					
	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	1	1,144	1,144	\$80,000	\$70
2009	1	2,458	2,458	\$102,000	\$41
2008	2	2,917	1,459	\$313,000	\$107
2007	2	3,311	1,761	\$516,000	\$156

NW/Medley

Miami-Dade/Broward County line to NW 58th Street, between NW 77th Avenue and Miami-Dade/Collier County line.

SALES MARKET					
	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	14	217,769	15,600	\$15,805,000	\$73
2009	8	288,925	36,100	\$22,479,700	\$78
2008	8	501,967	62,700	\$47,376,300	\$94

RENTAL MARKET					
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	245	4,008,559	16,361	\$4.00-9.00	10-12%
2010	113	3,913,424	34,600	\$5.00-7.50	12-14%
2009	61	2,865,838	47,000	\$6.00-9.00	7-12%
2008	47	1,197,000	25,500	\$9.00	4%

CONDO MARKET					
	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	11	23,103	2,100	\$1,899,800	\$82
2009	34	104,700	3,079	\$11,664,000	\$127
2008	44	110,996	2,523	\$15,556,300	\$140
2007	70	127,107	1,816	\$18,777,000	\$148

North

Miami-Dade/Broward County line to NW 138th Street, east of NW 77th Avenue; and from NW 138th Street, to NW 103rd Street, east of NW 37th Avenue.

SALES MARKET					
	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	19	408,446	21,500	\$23,916,000	\$59
2009	7	134,631	19,233	\$8,836,300	\$66
2008	13	827,382	63,600	\$40,659,400	\$49

RENTAL MARKET					
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	192	5,366,962	27,953	\$3.50-6.50	10-12%
2010	123	4,722,809	38,400	\$4.00-6.00	14-16%
2009	100	3,822,858	38,200	\$5.00-8.00	9-13%
2008	89	2,657,000	29,900	\$9.00	9%

CONDO MARKET					
	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	11	29,740	2,704	\$2,833,000	\$95
2009	7	17,098	2,443	\$1,961,000	\$115
2008	14	27,351	1,954	\$3,846,000	\$141
2007	21	50,643	2,412	\$7,076,500	\$140

Regional Data

Hialeah

NW 138th Street to NW 58th Street, between NW 37th Avenue and NW 77th Avenue.

SALES MARKET

	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	23	457,435	19,900	\$19,330,000	\$42
2009	15	408,222	27,200	\$23,955,400	\$59
2008	16	482,684	30,200	\$35,144,588	\$73

RENTAL MARKET

	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	244	4,381,731	17,958	\$3.00-\$4.50	15-20%
2010	167	4,282,504	25,700	\$3.00-\$5.00	18-20%
2009	91	3,703,431	40,700	\$4.00-\$5.50	10-15%
2008	59	2,178,381	36,900	\$8.50	10%

CONDO MARKET

	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	8	23,959	2,995	\$1,762,000	\$74
2009	9	19,747	2,194	\$1,734,000	\$88
2008	14	34,964	2,497	\$3,914,789	\$112
2007	29	50,251	1,733	\$7,018,000	\$140

Bird/Tamiami

NW 12th Street to SW 152nd Street, between Miami Beach and Miami-Dade/Collier County line.

SALES MARKET

	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	2	8,696	4,300	\$1,025,000	\$118
2009	4	63,065	15,766	\$4,021,000	\$64
2008	5	100,074	20,000	\$9,415,000	\$94

RENTAL MARKET

	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	125	1,215,908	9,727	\$6.50-8.50	6-9%
2010	42	652,949	15,500	\$7.00-10.00	6-8%
2009	18	245,849	13,700	\$7.00-10.00	3%
2008	19	163,371	8,600	\$11.25	2%

CONDO MARKET

	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	78	103,149	1,322	\$9,993,900	\$97
2009	56	68,969	1,232	\$7,086,600	\$103
2008	68	103,420	1,521	\$14,848,390	\$144
2007	143	177,589	1,242	\$26,445,300	\$149

South

SW 152nd Street to Miami-Dade/Monroe County line, between Biscayne Bay and Miami-Dade/Collier County line.

SALES MARKET

	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2011					
2010	1	14,742	14,700	\$580,000	\$39
2009	3	92,808	30,936	\$8,680,000	\$94
2008	2	83,251	41,600	\$8,115,000	\$97

RENTAL MARKET

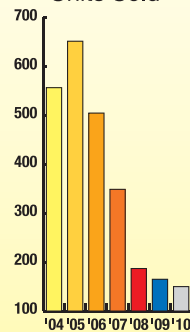
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	RENTAL RATE/SF	VACANCY RATE
2011	60	806,507	13,442	\$5.00-8.00	8-12%
2010	9	139,178	15,500	\$5.00-8.00	4-6%
2009	8	99,977	12,500	\$5.00-8.00	5%
2008	10	184,795	18,500	\$10.00	3%

CONDO MARKET

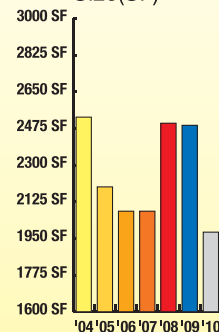
	CONDO UNITS SOLD	TOTAL SF	AVERAGE UNIT SF	TOTAL SALES	AVG. PRICE PER SF
2010	2	2,600	1,300	\$280,000	\$108
2009	7	9,158	1,308	\$1,057,500	\$116
2008	5	7,767	1,553	\$817,682	\$105
2007	12	26,460	2,205	\$3,438,400	\$130

CONDO MARKET DATA

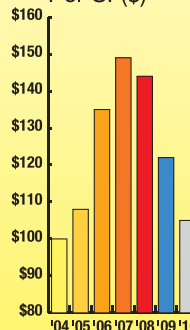
Total Condo Units Sold



Average Unit Size(SF)



Average Price Per SF(\$)



Highlights by Geographic Region

North

Miami-Dade/Broward County line to NW 138th Street, east of NW 77th Avenue; and from NW 138th Street, to NW 103rd Street, east of NW 37th Avenue.

Larger single and multi-tenant, dock-height, storage and manufacturing buildings. Major industrial parks include: Ave Aviation and Commerce Park, Miami Lakes, Palmetto Lakes, Sunshine State, Seaboard Industrial and Gratigny Central.

- 290 NE 181st Street, 14,626 SF, Built in 1964, Sold in January 2010, for \$595,000 or \$40.68 per SF
- 15311 NW 33rd Place, 7,371 SF, Built in 1990, Sold in March 2010, for \$550,000 or \$74.62 per SF.

NW/Medley

Miami-Dade/Broward County line to NW 58th Street, between NW 77th Avenue and Miami-Dade/Collier County line.

Larger multi-tenant, dock-height and street level distribution and manufacturing buildings. Major industrial parks include Flagler Station, Lakeview Industrial Center, Medley International Business Park, Medley International Business Park East, Miami International Logistics Park, Medley Commerce Center and Lincoln Logistics Park, North River Commerce Center. This area continues to serve as a distribution hub for the tri-county area.

- 8570 NW 68th Street, 20,830 SF, Built in 1991, Sold in February 2010, for \$1,831,800 or \$87.94 per SF.
- 2684 W 79th Street, 10,238 SF, Built in 1984, Sold in July 2010, for \$550,000 or \$53.72 per SF.

Hialeah

NW 138th Street to NW 58th Street, between NW 37th Avenue and NW 77th Avenue.

Older street level manufacturing buildings, some of which are fully air-conditioned, have lower ceiling heights, minimal power and/or lack sewer availability. Facilities used for manufacturing are being converted to other industrial uses. This region is noted for its ample supply of skilled bilingual labor.

- 7301 NW 77th Street, 16,284 SF, Built in 1965, Sold in April 2010, for \$1,000,000 or \$61.41 per SF.
- 13181 NW 43rd Avenue, 11,025 SF, Built in 1986, Sold in February 2010, for \$380,000 or \$34.47 per SF.

Central

NW 103rd Street to NW 12th Street, between NW 37th Avenue and Miami Beach.

A mixture of older street level and dock-height storage, distribution and manufacturing buildings. Four districts within this region are the "Wynwood", "Produce", "Garment" and "Design" districts. The conversion of older small warehouses to lofts, offices, retail and art gallery uses has changed the nature of the region east of I-95.

- 70 NW 25th Street, 20,191 SF, Built in 1963, Sold in September 2010, for \$1,220,000 or \$60.42 per SF.
- 2995 NW 76th Street, 12,860 SF, Built in 1955, Sold in August 2010, for \$550,000 or \$42.77 per SF.

Airport West

NW 58th Street to NW 12th Street, between NW 37th Avenue and Miami-Dade/Collier County line.

A mixture of single and multi-tenant dock-height buildings designed for cargo distribution to the airport and seaport. This region is a popular location for corporate headquarters for multi-nationals, third party logistic companies and industrial users requiring more office space.

- 8221 NW 54th Street, 41,581 SF, Built in 1973, Sold in May 2010, for \$2,100,000 or \$50.50 per SF.
- 6903 NW 42nd Street, 8,985 SF, Built in 1964, Sold in March 2010, for \$450,000 or \$50.08 per SF.

Bird/Tamiami

NW 12th Street to SW 152nd Street, between Miami Beach and Miami-Dade/Collier County line.

The northern area "Bird Road Industrial", between SW 40th Street and SW 56th Street, east of State Road 826. The southern area; "Tamiami Airport" between SW 88 Street and SW 152 Street, west of SW 117 Avenue. Both areas offer primarily multi-tenant, street level office/warehouse buildings catering to small and medium sized businesses.

- 5820 Commerce Lane, 5,330 SF, Built in 1964, Sold in September 2010, for \$725,000 or \$136.02 per SF.
- 13925 SW 145th Court, 9,005 SF, Built in 2004, Sold in January 2010, for \$900,000 or \$100.00 per SF.

South

SW 152nd Street to Miami-Dade/Monroe County line, between Biscayne Bay and Miami-Dade/Collier County line.

Small, multi-tenant street level warehouses generally used for manufacturing, repair and small businesses. This region is not a significant factor in Miami-Dade County's overall industrial market. Recent population growth may encourage more industrial warehouse development.

- 727 S Krome Avenue, 10,000 SF, Built in 1984, Sold in September 2010, for \$730,000 or \$73.00 per SF.

Historical Findings of the Industrial Market Report

2010

- First year rental rates have declined from the mid \$7.00/SF to as low as \$3.50/SF on a gross basis. Some industrial property owners in larger buildings are renting for \$1.00/SF plus all expenses (NNN) for the first year of a three year lease. This trend of declining rents will continue until the existing supply of space declines. Existing tenants are requesting rent rate reductions, abatement of rent or other concessions in exchange for longer term leases. Property owners are reviewing these requests on a case by case basis.
- Vacancy rates should continue to increase from 13% and could rise to as high as 18% as a result of no new companies moving into this market. Existing companies are relocating from older less efficient buildings to newer buildings taking advantage of the lower rental rates in newer buildings with better access, parking and loading areas. This is forcing properties with functional problems to become even more rate competitive.
- The major issues facing commercial property owners are the burden of additional governmental regulation and enforcement. Property owners are being forced to install expensive wired fire alarm systems and re-inspection for code compliance whenever a tenant applies for an occupational license.
- The encouraging news in cargo compared to other US Customs districts is that Miami's decline of 15% in trade from June 2008 to June 2009 was the smallest of all districts except Norfolk/Mobile/Charleston. With the construction of two cargo facilities, the Miami International Airport will have an additional 800,000 SF of cargo space plus a new fumigation facility. At the Port of Miami the dredging of the channel to 50' depth will make Miami only one of three ports on the Eastern Seaboard with this depth which can take advantage of the widening of the Panama Canal. These factors will improve Miami's international trade as the economy recovers and secure Miami's future as a major air and sea port.

2009

- Landlords, to maintain high occupancy are accepting lower rents rather than holding out for higher rents. Landlords are offering tenant improvements, short term leases, free rent and in order to retain existing tenants are fixing offices, upgrading equipment and exterior areas.
- Rental rates are again being quoted on a "gross basis" with the landlord responsible for all building expenses. Operating expenses are stable with declines in insurance offset by increases in real estate taxes.
- Sale prices will depend more on the income potential rather than the potential resale value in the future. Based on higher capitalization rates, sales prices for industrial/warehouse properties have declined from 20% to 25% in some areas, from their peaks in 2005-2007, due to declining rents and concerns about the future of the economy.
- Owner/occupants of properties may pursue sale-leasebacks to obtain funds as the mortgage market is so restrictive. Also, in order to sell properties owners may be forced to offer owner financing.
- On the positive side, the weak US dollar has encouraged the expansion of international trade which requires industrial/warehouse space. As a result of the severe overbuilding of residential properties, vacant land which was zoned for residential usage may be rezoned for industrial uses, particularly in the Airport West area. However, due to the decline in rental rates and difficulty of obtaining financing new construction will decline for the next several years.

2008

- Tenants are "right-sizing"; this is a trend to examine their needs and consolidate operations into smaller spaces. Although the number of businesses in the area remains constant they are consuming less square feet. This "right-sizing" could feature tenant's acceptance of a space's value based on the "cube" or volume of space and not just the "square footage"
- One effect of the increase in traffic congestion is the need for distribution companies supplying local needs to have a distribution hub in Miami with additional facilities in Broward and Palm Beach Counties.
- State government has not yet been able to reduce real estate taxes or insurance rates. These continued high costs have discouraged companies to relocate in South Florida. However the lack of any hurricanes for the past two years will theoretically result in lower windstorm insurance rates.
- As a result of the downturn in both the local and national economy rental rates for all sizes of industrial and warehouse properties have stabilized and are trending downward.
- With stable rental rates, industrial property values will be based more on the rental income potential rather than the resale value at a future date. This will result in higher capitalization rates and a decline in the rapid property value appreciation of prior years.

2007

- Rental rates have increased up to \$1.00/SF, in some markets, during 2006 and are continuing to rise based on low vacancy levels, high insurance and real estate tax expenses. As a result of this, rental rates are beginning to be quoted on a "Triple Net," or net, net, net (or all expenses paid by tenant) basis as a result of unpredictable changes in expenses.
- Cultural similarity with Latin America places Miami at a competitive trade advantage over other cities. Offsetting this is the high cost of housing and the high cost of warehouse occupancy which discourages companies from opening and maintaining facilities in this area. However, trading companies continue to need a presence in Miami to service their customers, but may require less space.
- The decline in condo/residential development will impact tradesmen servicing the construction industry resulting in a lower demand for service and manufacturing space.
- Higher occupancy costs will encourage spoke-hub distribution systems, more efficient building use and an increased awareness of the importance of cubic space and pallet positions.
- Older buildings are becoming more attractive for renovation and modification due to the high cost of land and new construction.

2006

- Increasing prices for land is causing developers to use industrial land for residential development and other more intensive uses. This results in a decline in construction for industrial facilities.
- Large numbers of smaller industrial users are attracted to condominium ownership of industrial space. This is due to a combination of favorable interest rates, very high loan to value ratios, and rising rental rates.
- Concentration of institutional ownership will influence rental rates to meet investment objectives, causing an overall rise in rental rates.
- Companies are considering locations outside the area due to traffic congestion, lengthy permitting process, hurricanes, and high cost of living (real estate taxes, insurance, and housing costs). Unless a company must be in Miami-Dade they are considering other locations. – The importance of manufacturing in Miami-Dade County and throughout the US continues to decline. The decline of domestic manufacturing is having an affect on demand for industrial real estate.

2005

- Institutional investors continue to acquire larger industrial properties due to low interest rates and other economic factors. Industrial land prices continue to increase as supply diminishes and industrial land is being purchased for residential and retail uses.
- There is a growing trend of smaller industrial buildings being converted to condominium ownership.
- As a result of declining vacancies rental rates have generally stabilized. There is a slight upward trend in rental rates associated with more functional buildings.
- The importance of manufacturing in Miami-Dade County and throughout the US continues to decline. The decline of domestic manufacturing is having an affect on demand for industrial real estate.

2004

- The overall industrial market has improved due to the anticipation of improving economic conditions. However, vacancies continue to be above average.
- Vacancy and rental rates have declined in older industrial areas.
- Higher land cost has resulted in more intensive office and flex product type developments.
- Population growth in the South Miami-Dade region should stimulate industrial development.

2003

- Due to a global recession, a decline in trade and the threat of war, the demand for industrial space continues to decline.
- The increase in supply of space at NW/Medley exceeded 2,000,000 SF as compared to 1,000,000 SF at Airport West.
- All regions are experiencing significant levels of vacant space for sublease, resulting in market rental rate decreases of up to 20%.
- The popularity of Central Dade is causing dramatic increases in demand for both rental and purchase of smaller industrial properties.

2002

- Due to a national recession, a decline in trade and the effects of terrorism, the demand for industrial space has declined.
- The supply of space at both NW/Medley and Airport West increased by approximately 1,300,000 SF.
- All regions are experiencing significant levels of space for sublease.
- NW/Medley is a distribution hub to the tri-county area and continues to compete with the Airport West Region.
- Central Dade continues to offer redevelopment opportunities.

2001

- The supply and demand of industrial space continues to remain in balance.
- The Airport West area is trending to more office space usage.
- Central Miami-Dade is showing strong upward rental, sales and land rates.
- Increase in industrial space exceeded 4,600,000 SF.
- Northwest/Medley area is becoming hub of distribution to tri-county area.



Miami-Dade County

2011

Industrial Market Report